

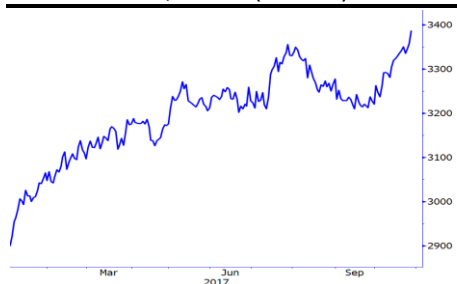
Market Indicators

	25-Oct	26-Oct	27-Oct
Mkt. T/O (S\$ mil)	1,117.4	1,100.2	1,330.4
Stock Advances	241	215	247
Stock Declines	179	220	196

Major Indices

	25-Oct	26-Oct	27-Oct
DJ Ind Avg	23,329.5	23,400.9	23,434.2
S & P 500	2,557.2	2,560.4	2,581.1
Nasdaq Comp	6,563.9	6,556.8	6,701.3
Hang Seng	28,302.9	28,202.4	28,438.9

STI Index 3,386.44 (+0.90%)

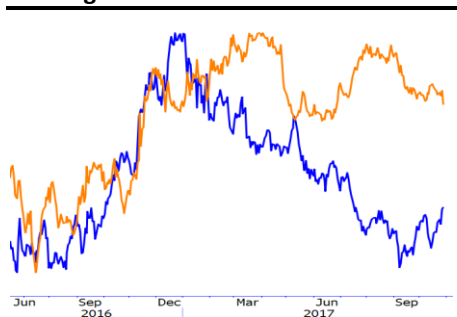


Source: Bloomberg

Commodities

	Current Price	% Chge from Close
Gold (SPOT) US\$ / oz	1,272.67	0.44%
Oil (NYMEX CWT1) US\$ / bbl	54.06	2.81%
Baltic Dry Index	1546	-0.58%

Exchange Rates



Source: Bloomberg

Interest Rates

3-mth Sibor	1.126%
SGS (10 yr)	2.258%

Market Colour

U.S. equities continue to climb amid a stronger economic outlook. A tax cut is expected later this week and has been the subject of debate in the recent weeks. The tax reform has raised concerns over the future tax revenues for high tax states and is estimated to reduce overall federal revenues by US\$2.4t over the next 10 years and by US\$3.2t over the following 10 years. In the local scene, Singapore GDP is expected to come in at the upper half of 2 – 3% forecast range this year, largely due to the strong support from the manufacturing sector.

Company Update

➤ **Samudera Shipping Line (SAMU SP; BUY; TP: S\$0.380):** Profitable and severely undervalued - Page 2

News

iFast Corporation: 3Q17 net profit came in at S\$2.32m, representing a 21.5% increase from 3Q16. Driven by higher assets under administration (AUA) and revenues, iFast's EPS rose from S\$0.72 in 3Q16 to S\$0.88 in 3Q17. Net profits for the first nine months rose 51.9% to S\$6.53m. **Consensus has a fair value of S\$1.13 on iFast vs current price of S\$0.94, implying a 20% upside potential.**

Falcon Energy: Full-year net loss widens to US\$121.2m in FY17 from US\$5m in FY16. Revenue slumped 56% US\$106.82m due mainly to a lower volume of works at the group's oilfield and drilling services division in FY17, and lower deployment rate of vessels and drop in charter rates at its marine division. Another factor for the worse bottom line was a US\$133.15m jump in allowance for impairment of assets to US\$153.09m in FY17 from US\$19.94m in FY16. With another bad year, the company will not be paying any dividends for FY17 just like FY16. **Falcon currently trades at less than 0.2x P/B.**

Raffles Medical: 3Q17 net profit grew by 1% to S\$16.4m, as lower renewal rates for expatriate plans offset higher local patient loads at the hospitals. For the first nine months of the year, net profit has increased by 0.5% to S\$48.7m, or 2.77 Singapore cents per share. Moving into 4Q, the company is opening new clinics in Changi Airport's T4 and Transit 4. It also plans to open the extension of Raffles Hospital to increase capacity. Looking further ahead, Raffles Hospital Chongqing is slated for operational start by the 2H18, while Raffles Hospital Shanghai has a target start in 2H19. **Consensus indicates a fair value of S\$1.24 vs its current price of S\$1.15 for Raffles Medical.**

Business Times / Bloomberg / Straits Times / The Edge Markets / SGX

Commentaries From The Trading Desk

23/10	Hang Seng is having a "Minsky Moment" while the SET may be going through a "Blumont Impact"
4/10	This is why the Stock Market's rally may be about to end
21/9	3 stories that may come in-play along with Oil price latest move

Note: The comments and views in this section are those of the Trading Desk team and do not necessarily coincide with the views of the Fundamental Equities Research team.

KGI Securities Research Team



CHINA
DEVELOPMENT
FINANCIAL

Samudera Shipping Line

(SAMU SP/SAMU.SI)

Buy - Maintain

Price as of 27 Oct 2017	0.23
12M target price (S\$)	0.38
Previous target price (S\$)	0.38
Upside (%)	65.2

Trading data

Market Cap (S\$m)	124.0
Issued Shares (m)	539.1
Ave Daily Traded (3-Month) Vol / Val	0.3m / \$0.1m
52 week lo / hi	\$0.16 / \$0.27
Free Float	34.9%

Major Shareholders

PT Samudera Indonesia	65.3%
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Previous Recommendations

Date	Rating	Share Price (S\$)	Target Price (S\$)
10-Oct-17	BUY	0.260	0.380
25-Apr-17	BUY	0.190	0.260
27-Oct-16	BUY	0.180	0.220
15-Sep-16	HOLD	0.180	0.180
28-Jul-16	HOLD	0.180	0.190

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See the last page for important disclosures.

Profitable and severely undervalued

Event

Samudera reported a 3Q17 core net profit of US\$1.3m (3Q16: losses of US\$3.2m) on the back of a 14% YoY increase in revenue. Its container shipping business contributed the majority of topline improvement as both container volumes and freight rates improved.

Impact

Although results were below expectations, Samudera continued to generate a healthy positive free cash flow of US\$5.8m in the quarter. As a result, net gearing declined to 11% as at end 3Q17 vs 24%/13% as at end FY15/16.

Valuation & Action

We maintain our BUY recommendation and target price of 38 Singapore cents. Our fair value is pegged to 0.6x FY17F P/B, a huge discount to global shipping peers who are trading at an average of 1.5x P/B. The group is well placed to ride on improving macro tailwinds (synchronised global economic growth, YoY rise in exports/imports in major exporting countries such as China and South Korea) and a much stronger balance sheet compared to peers. Its net gearing of 11% is an envy of peers who are averaging 180% (Figure 3).

The 60% discount to its NAV of US\$0.45 is a bargain, in our view, given that it recently sold two old vessels at a premium to book value. The huge discount indicates that markets are still cautious on the shipping outlook and may have reservations in investing in this space. This presents opportunity for investors who have a 6-12 months investment horizon to accumulate shares of this undervalued company that continues to be profitable and generate positive free cash flows every year.

We retain Samudera in our Top Picks for a potential return of >50% over the next 6-12 months.

Risks

Oversupply in container vessels or a drop in global trade due to increased protectionism may negatively affect shipping rates.

Financials & Key Operating Statistics

YE Dec (US\$ m)	2015	2016	2017F	2018F	2019F
Revenue	317.7	260.5	266.2	274.1	282.5
PATMI	4.2	-5.4	5.5	6.8	8.2
Core PATMI	17.9	2.4	5.5	6.8	8.2
Core EPS	3.3	0.5	1.0	1.3	1.5
Core EPS grth (%)	25.4	-86.4	126.8	22.5	21.3
Core P/E (x)	4.9	36.3	16.0	13.1	10.8
DPS (SG cents)	0.7	0.3	0.3	0.3	0.3
Div Yield (%)	3.1	1.3	1.3	1.3	1.3
Net Margin (%)	1.3	-2.1	2.1	2.5	2.9
Gearing (%)	24.3	12.5	2.2	-4.3	-11.4
Price / Book (x)	0.4	0.4	0.4	0.4	0.3
ROE (%)	1.7	-2.2	2.2	2.7	3.1

Source: Company Data, KGI Research

STI Components and Key Metrics

Ticker	Company Name	Last Price (Lcl)	Market Cap (SGDm)	1 Day Change (%)	Total Return YTD (%)	Total Return 1 Week (%)	Div Yield FY16 (%)	Div Yield FY17 (%)
FINANCIALS								
DBS SP	DBS	22.68	58,007	1.5%	34.8%	3.8%	2.9%	3.1%
OCBC SP	OCBC	11.80	49,436	2.0%	36.7%	2.7%	3.1%	3.3%
UOB SP	UOB	25.00	41,571	0.8%	26.3%	2.9%	2.9%	3.0%
SGX SP	SGX	7.69	8,237	1.1%	10.8%	0.7%	3.9%	4.2%
PROPERTIES								
AREIT SP	Ascendas REIT	2.73	7,878	(0.4%)	24.1%	0.4%	5.9%	6.0%
CAPL SP	CapitaLand	3.72	15,799	(0.3%)	26.5%	0.3%	2.7%	2.8%
CCT SP	CapitaLand Comm Trust	1.68	6,060	(0.6%)	23.7%	1.2%	5.2%	5.2%
CT SP	CapitaLand Mall Trust	2.01	7,127	(0.5%)	12.7%	(0.1%)	5.5%	5.5%
CIT SP	City Development	12.89	11,721	0.5%	58.0%	(0.5%)	1.2%	1.2%
GLP SP	Global Logistic	3.32	15,595	0.9%	53.7%	0.9%	1.9%	2.0%
HKL SP	Hongkong Land USD	7.35	23,669	(0.1%)	19.2%	(3.7%)	2.7%	2.8%
UOL SP	UOL	8.95	7,531	0.6%	52.6%	1.2%	1.7%	1.7%
TELECOMMUNICATIONS								
ST SP	SingTel	3.79	61,888	0.8%	6.7%	0.8%	5.2%	4.8%
STH SP	StarHub	2.68	4,634	0.8%	0.0%	(0.7%)	6.0%	5.8%
CONSUMER SERVICES AND GOODS								
JCNC SP	Jardine C&C	39.75	15,711	0.5%	(1.3%)	(1.0%)	2.8%	2.9%
JM SP	Jardine Matheson USD	65.12	64,726	0.2%	20.6%	(1.4%)	2.4%	2.5%
GENS SP	Genting Singapore	1.25	14,971	(0.4%)	41.2%	3.7%	2.4%	2.5%
SPH SP	SPH	2.71	4,332	0.7%	(21.9%)	(0.7%)	5.5%	5.4%
THBEV SP	ThaiBev	0.98	24,608	1.0%	18.6%	2.1%	3.0%	3.1%
TRANSPORT								
SIA SP	Singapore Airlines	10.29	12,168	0.7%	7.5%	0.5%	2.4%	2.3%
CD SP	ComfortDelGro	2.02	4,370	1.0%	(14.7%)	0.0%	5.2%	5.4%
COMMODITIES								
GGR SP	Golden Agri	0.39	4,967	0.0%	(7.7%)	2.6%	1.8%	2.5%
WIL SP	Wilmar	3.37	21,315	0.9%	(4.1%)	1.5%	2.2%	2.8%
OFFSHORE & MARINE/INDUSTRIALS								
KEP SP	Keppel Corp	7.46	13,524	0.8%	32.8%	2.2%	2.7%	3.2%
SCI SP	Sembcorp Industries	3.30	5,889	0.9%	18.5%	2.5%	2.4%	3.0%
YZJSGD SP	Yangzijiang SGD	1.54	6,092	0.7%	94.6%	0.7%	2.9%	2.8%
SATS SP	SATS	4.66	5,216	(0.4%)	(1.8%)	(0.6%)	3.7%	3.9%
SIE SP	SIA Engineering	3.27	3,657	1.2%	0.5%	1.6%	4.0%	4.3%
STE SP	ST Engineering	3.51	10,937	1.4%	13.1%	3.8%	4.2%	4.5%
HPHT SP	HPH Trust USD	0.45	5,306	1.1%	10.9%	(1.1%)	6.2%	6.4%

Dividend Yield based on Bloomberg consensus. Total return includes dividends.
Source: Bloomberg

STI Reserve List (by market cap) - STI next review date: 30 November 2017

Ticker	Company Name	Last Price (Lcl)	Market Cap (SGDm)	1 Day Change (%)	Total Return YTD (%)	Total Return 1 Week (%)	Div Yield FY16 (%)	Div Yield FY17 (%)
SUN SP	Suntec REIT	1.93	5,113	0.0%	22.0%	1.0%	5.1%	5.1%
MCT SP	Mapletree Commercial	1.57	4,503	(0.9%)	17.2%	1.0%	5.7%	5.7%
VMS SP	Venture Corp	18.53	5,267	(0.3%)	95.0%	1.8%	2.9%	2.9%
SIE SP	SIA Engineering	3.27	3,657	1.2%	0.5%	1.6%	4.0%	4.3%
KREIT SP	Keppel REIT	1.18	3,942	(0.8%)	21.3%	0.7%	5.1%	5.1%

Dividend Yield based on Bloomberg consensus. Total return includes dividends.
Source: Bloomberg

Appendix 1: Corporate Action

Company	Results Ann Date	Period	DPS	Ex-Date	Book Close	Payable	Share Price 27 Oct 17	Yield (%)
800 Super Hldgs	24-Aug-17	FY17	SGD 0.0300	30-Oct-17	1-Nov-17	10-Nov-17	SGD 1.220	2.5
Cache Logistics Trust	24-Oct-17	3Q17	SGD 0.01541	30-Oct-17	1-Nov-17	28-Nov-17	SGD 0.840	1.8
Mapletree Industrial Trust	24-Oct-17	2Q18	SGD 0.03000	30-Oct-17	1-Nov-17	28-Nov-17	SGD 1.960	1.5
Cordlife Group	29-Aug-17	FY17	SGD 0.0050	31-Oct-17	2-Nov-17	17-Nov-17	SGD 0.800	0.6
Frasers Centrepoint Trust	25-Oct-16	FY17	SGD 0.02970	31-Oct-17	2-Nov-17	29-Nov-17	SGD 2.170	1.4
Koda Ltd	29-Aug-17	FY17	SGD 0.0100	31-Oct-17	2-Nov-17	22-Nov-17	SGD 1.875	0.5
Koda Ltd - Special	29-Aug-17	FY17	SGD 0.0200	31-Oct-17	2-Nov-17	22-Nov-17	SGD 1.875	1.1
Mapletree Commercial Trust	25-Oct-17	2Q18	SGD 0.02240	31-Oct-17	2-Nov-17	29-Nov-17	SGD 1.565	1.4
PCI	28-Aug-17	FY17	SGD 0.0300	31-Oct-17	2-Nov-17	13-Nov-17	SGD 0.765	3.9
PCI - Special	28-Aug-17	FY17	SGD 0.0050	31-Oct-17	2-Nov-17	13-Nov-17	SGD 0.765	0.7
Singapore Exchange - Base	25-Oct-17	1Q18	SGD 0.0500	31-Oct-17	2-Nov-17	9-Nov-17	SGD 7.690	0.7
Spindex Industries	21-Aug-17	FY17	SGD 0.0300	31-Oct-17	2-Nov-17	16-Nov-17	SGD 1.115	2.7

Latest Rights Issue Announcement

Company	Particulars	Ex-Date	Book Close	Rights Trading Period	
				From	To
Z-Obee Holdings	2 offer shares @ US\$0.16 (equivalent to approximately HK\$1.248) per offer share for every 5 consolidated shares held		27-Oct-17 at 5.00 p.m.	Delisting from SGX: 28-Nov-17	

Source: SGX Announcement

Latest Bonus & Listing Issue Announcement

Company	Particulars	Ex-Date	Book Close	Payable / Crediting Date	Listing Date
Koda	1 Bonus share for every 1 existing shares held	31-Oct-17	2-Nov-17		
UMS Holdings	1 Bonus share for every 4 existing shares held	24-Oct-17	26-Oct-17	-	-

Source: SGX Announcement

Company	Offer Price	Closing Date	Offeror
BRC Asia	SGD 0.925 Cash	5.30 p.m. on 30 Oct 2017	Estee Enterprise Pte. Ltd.
CWT	SGD 2.33 Cash	5.30 p.m. on 2 Nov 2017	HNA Belt and Road Invts (Spore) Pte. Ltd.
GP Batteries International	SGD 1.30 Cash	5.30 p.m. on 3 Nov 2017	GP Industries Limited
Lafe Corporation	SGD 0.90 Cash	5.30 p.m. on 30 Oct 2017	Sino Capital Resources Ltd
Poh Tiong Choon Logistics	SGD 1.30 Cash	5.30 p.m. on 20 Nov 2017	Respond Logistics Pte. Ltd.

Source: SGX Announcement

Appendix 2: Financial Calendar

Monday	Tuesday	Wednesday	Thursday	Friday
<p style="text-align: right;">30-Oct</p> <p>Q1: Micro-Mechanics Hldgs</p> <p>Q2: Ascendas REIT</p> <p>Q3: Hutchison Port Hldgs Trust / Raffles Medical Grp / Roxy-Pacific</p> <p>Q4: Second Chance Properties</p>	<p style="text-align: right;">31-Oct</p> <p>Q3: Sembcorp Marine</p> <p>Q4: Yorkshire Hldgs</p> <p>*Q3: Tianjin ZhongXin Pharmaceutical Grp</p>	<p style="text-align: right;">1-Nov</p> <p>Q3: OUE Hospitality Trust</p>	<p style="text-align: right;">2-Nov</p> <p>Q3: China Aviation Oil / Far East Hospitality Trust / Lippo Malls Indonesia Retail Trust / OUE Commercial REIT / Sembcorp Industries / StarHub</p> <p>Q4: Frasers Logistics & Industrial Trust</p>	<p style="text-align: right;">3-Nov-17</p> <p>Q2: SIA Engrg Co</p> <p>Q3: Challenger Technologies / Halcyon Agri Corp / Manulife US REIT / UOB (Before mkt open)</p> <p>*Q3: Venture Corp</p>
<p style="text-align: right;">6-Nov</p> <p>Q2: Ascendas Hospitality Trust</p> <p>Q3: BreadTalk Grp / DBS (Before mkt open) / Genting Spore PLC</p>	<p style="text-align: right;">7-Nov</p> <p>Q2: Hi-P Int'l / RHT Health Trust / Spore Airlines</p> <p>Q3: BHG Retail REIT / Perennial Real Estate Hldgs</p>	<p style="text-align: right;">8-Nov</p> <p>Q3: CapitaLand / Spore Technologies Engrg / Vicom</p> <p>*Q2: Meghmani Organics</p>	<p style="text-align: right;">9-Nov</p> <p>Q2: SATS / Spore Telecoms</p> <p>Q3: City Devpts / Ezion / Ho Bee Land / IREIT Global / KrisEnergy / Parkway Life REIT / SBS Transit / Thakral Corp / Trendlines Grp / UOL Grp</p>	<p style="text-align: right;">10-Nov</p> <p>Q2: Global Logistic Properties</p> <p>Q3: ComfortDelGro Corp / Htl Royal / IFS Capital / Mewah Int'l Inc / Vard Hldgs</p> <p>Q4: Frasers Centrepoint</p> <p>*Q3: Sarine Technologies (Release on Sun, 12-Nov)</p>
<p style="text-align: right;">13-Nov</p> <p>Q2: Accordia Golf Trust / Foreland Fabrictech Hldgs</p> <p>Q3: Amara Hldgs / Asian Pay Television Trust / Wilmar Int'l</p>	<p style="text-align: right;">14-Nov</p> <p>Q1: ASL Marine Hldgs</p> <p>Q2: Serrano / Shanghai Turbo Enterprise</p> <p>Q3: Straco Corp</p> <p>*Q3: China Sports Int'l</p>	<p style="text-align: right;">15-Nov</p> <p>*Q2: AusNet Services</p>	<p style="text-align: right;">16-Nov</p>	<p style="text-align: right;">17-Nov</p>
<p style="text-align: right;">20-Nov</p>	<p style="text-align: right;">21-Nov</p>	<p style="text-align: right;">22-Nov</p>	<p style="text-align: right;">23-Nov</p> <p>SG (Oct 2017): CPI</p>	<p style="text-align: right;">24-Nov</p> <p>SG: 3Q17 GDP (Not later than 24 Nov)</p>
<p style="text-align: right;">27-Nov</p>	<p style="text-align: right;">28-Nov</p>	<p style="text-align: right;">29-Nov</p>	<p style="text-align: right;">30-Nov</p> <p>STI Review</p>	<p style="text-align: right;">1-Dec-17</p>

* Tentative

Source: Bloomberg

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