

Market Indicators

	28-Dec	29-Dec	2-Jan
Mkt. T/O (S\$ mil)	652.2	1,012.8	912.9
Stock Advances	269	238	342
Stock Declines	132	191	123

Major Indices

	28-Dec	29-Dec	2-Jan
DJ Ind Avg	24,837.5	24,719.2	24,824.0
S & P 500	2,687.5	2,673.6	2,695.8
Nasdaq Comp	6,950.2	6,903.4	7,006.9
Hang Seng	29,863.7	29,919.2	30,515.3

STI Index 3,430.30 (+0.80%)



Source: Bloomberg

Commodities

	Current Price	% Chge from Close
Gold (SPOT) US\$ / oz	1,320.63	0.78%
Oil (NYMEX CWT1) US\$ / bbl	60.44	-0.10%
Baltic Dry Index	1366	-4.48%

Exchange Rates



USD : SGD 1.3290 / MYR : SGD 3.0234

Source: Bloomberg

Interest Rates

3-mth Sibar	1.502%
SGS (10 yr)	1.986%

KGI Securities Research Team

Market Colour

Global equities began the New Year on a strong footing, with major stock indices reclaiming most of the losses during the holiday period. The NASDAQ closed above 7,000 for the first time while the S&P 500 also reached a new record high. Strong economic numbers contributed to the gains as a reading of IHS Market US Manufacturing PMI pointed to the fastest expansion in factory activity since March 2015.

In Asia, the positive tone was set by Chinese and Hong Kong shares, which surged between 1-2% on Tuesday, helped by better-than-expected Caixin PMI figures of 51.5. The Hang Seng traded to its highest levels in more than 10 years as technology, financials and property shares led the index higher. Among the gainers included Apple-related counters, Sunny Optical and AAC Technologies, which gained between 7-9%. Property developers including Country Garden, China Evergrande Group and Sunac rose 5-11%.

On a fundamental basis, the economic and financial backdrop remains supportive of the positive momentum driven by the near-synchronous growth of major economies in an environment of muted inflationary pressures. Among sectors in Singapore that we expect to ride on the positive global trends are the banks, property developers, REITs and oil & gas. We also have a few bottom-fishing buying opportunities among the STI laggards. These include ComfortDelGro, SPH, ST Engineering and SingTel, which are all trading near their 52-week lows and where downside risks may be limited by their 4-5% dividend yields.

Company Update

➤ **ComfortDelGro Corporation Limited (CD SP; BUY; TP: S\$2.240):** Attractive dividend yield; resilience amid disruption - Page 2

News

Cosco Shipping: The S\$1.02 cash offer for Cogent Holdings has become unconditional with the offer having received valid acceptances of about 92.05% of the total number of shares as at 5pm Jan 2. Cosco will exercise its compulsory acquisition right and proceed to delist Cogent Holdings from the Singapore Exchange. **The offer will close on Jan 19 at 5:30pm.**

Wing Tai: Has appointed two new directors, Guy Daniel Harvey-Samuel and Dr Zulkurnain bin Hj Awang, as non-executive directors to its board. Mr Harvey-Samuel is currently serving as a non-executive chairman of HSBC (Singapore) while Dr Zulkurnain was, until Nov 29, 2017, an independent non-executive director of Wing Tai Malaysia Sdn Bhd. James Lee Kim Wah retired from the board on Tuesday, having turned 80 years of age. **Consensus has a fair value of S\$2.58 on Wing Tai, implying a potential upside of 12%.**

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

Commentaries From The Trading Desk

- 6/12 [Spiking SIBOR could play a dampener on high flying property names](#)
- 4/12 [What Tencent giveth, Tencent can also take back!](#)
- 8/11 [A narrative of a stock entering its 'blow-off' phase](#)

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.



ComfortDelGro Corporation

(CD SP/CMDG.SI)

BUY

Price as of 2 Jan 2018	2.02
12M target price (S\$)	2.24
Previous target price (S\$)	-
Upside (%)	10.9

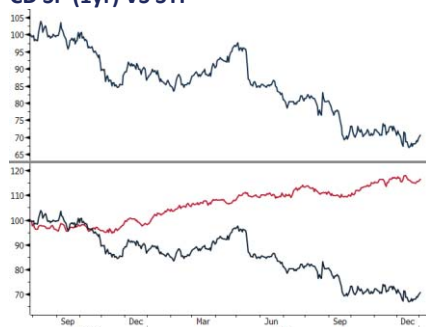
Trading data

Mkt Cap (S\$m) / (US\$m)	4,370 / 3,283
Issued Shares (m)	2,163.4
Ave Daily Traded (3-Month) Vol / Val	10.3m / \$20.7m
52 week lo / hi	\$1.89 / \$2.80
Free Float	99.6%

Major Shareholders

Blackrock	6.1%
Schroders	5.0%

CD SP (1yr) VS STI



Source: Bloomberg

Attractive dividend yield; resilience amid disruption

Event

CD's share price has underperformed the STI and has declined almost 30% over the last two years compared to the STI's 25% gain during the same period. One of the main reasons for the underperformance was due to the disruption to the traditional taxi business model from the entrance of ride-hailing platforms such as Uber and Grab. Until now, many of these ride-hailing platforms have aggressively focused on grabbing market share by subsidising fares. In the long-term, the current structures of these ride-hailing companies are simply unsustainable. Recently, there have been several notable events indicating the change of business direction for these ride-hailing companies that may eventually benefit CD's taxi and engineering businesses.

Impact

The selling pressure may be over for CD, in our view, on the back of several factors. First, CD's free cash flow is sufficient to support its current dividend of 10 SG cents per share, which translates to an attractive dividend yield of >5%. Second, the acquisition of 51% stake in Uber's Singapore car rental business and platform collaboration may mean lesser competition for CD's taxi business. Third, car-sharing companies like Uber and Grab may potentially face stricter regulations in Asia following the ruling by the European Court of Justice (ECJ). In Dec-17, the ECJ had ruled that Uber is a transport company and required it to accept stricter regulation and licensing within the EU as a taxi operator.

Valuation & Action

Opportunity to accumulate; downside limited in our view. CD currently offers an attractive 5% dividend yield over the next three years based on consensus forecasts, which may provide downside protection. Upside catalysts may include a better-than-expected contribution from its acquisition of Uber's car rental business, as well as stricter regulations of ride-hailing companies. We estimate CD's fair value to be S\$2.24 based on 16x FY18F consensus earnings (10-year P/E average), implying ~15% upside including dividends. CD's balance sheet remains in a healthy net cash position despite the recent Uber tie-up.

Risks

Key risk mainly from a deterioration of CD's taxi business from aggressive pricing or enticement of drivers from ride-hailing competitors.

YE Dec (S\$ m)	2012	2013	2014	2015	2016
Revenue	3545.3	3747.7	4051.3	4111.5	4059.5
Net Income	248.9	263.2	283.5	301.9	317.1
EPS (Cents)	11.9	12.4	13.2	14.0	14.7
EPS grth (%)	5.3	4.4	6.9	5.9	4.8
P/E (x)	16.9	16.2	15.2	14.3	13.7
DPS (SG Cents)	6.4	7.0	8.3	9.0	10.3
Div Yield (%)	3.2	3.5	4.1	4.5	5.1
Net Margin (%)	7.0	7.0	6.9	7.2	7.9
Net Debt (\$m)	9.0	-27.7	-88.7	-229.2	-434.2
Price / Book (x)	1.9	2.0	2.5	2.8	2.2
ROE (%)	12.7	12.6	13.1	13.3	13.2

Source: Company Data, KGI Research (negative net debt=net cash)

Joel Ng
65 6202 1192
joel.ng@kgi.com

See the last page for important disclosures.

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	25.20	64,452	1.4%	1.4%	2.2%	2.6%	2.9%
OCBC SP	OCBC	12.49	52,292	0.8%	0.8%	1.6%	3.0%	3.2%
UOB SP	UOB	26.63	44,287	0.7%	0.7%	3.3%	2.8%	3.0%
SGX SP	SGX	7.47	8,001	0.4%	0.4%	0.9%	4.1%	4.3%
PROPERTIES								
AREIT SP	Ascendas REIT	2.75	7,941	1.1%	1.1%	2.2%	5.8%	6.0%
CAPL SP	CapitaLand	3.55	15,077	0.6%	0.6%	1.7%	2.8%	3.0%
CCT SP	CapitaLand Comm Trust	1.98	7,144	2.6%	2.6%	3.7%	4.4%	4.4%
CT SP	CapitaLand Mall Trust	2.15	7,625	0.9%	0.9%	0.9%	5.1%	5.1%
CIT SP	City Development	12.69	11,539	1.6%	1.6%	4.0%	1.2%	1.2%
GLP SP	Global Logistic	3.36	15,783	(0.3%)	(0.3%)	(0.3%)	1.8%	1.9%
HKL SP	Hongkong Land USD	7.06	22,069	0.3%	0.3%	0.3%	2.8%	3.0%
UOL SP	UOL	8.93	7,517	0.7%	0.7%	3.1%	1.7%	1.7%
TELECOMMUNICATIONS								
ST SP	SingTel	3.60	58,785	0.8%	0.8%	0.0%	5.8%	5.1%
STH SP	StarHub	2.89	4,997	1.4%	1.4%	(0.3%)	5.5%	5.4%
CONSUMER SERVICES AND GOODS								
JCNC SP	Jardine C&C	40.88	16,157	0.5%	0.5%	1.7%	2.6%	2.8%
JM SP	Jardine Matheson USD	60.82	58,685	0.1%	0.1%	(0.1%)	2.6%	2.7%
GENS SP	Genting Singapore	1.32	15,892	0.8%	0.8%	0.8%	2.3%	2.3%
SPH SP	SPH	2.76	4,412	4.2%	4.2%	4.2%	5.0%	4.9%
THBEV SP	ThaiBev	0.92	22,976	(0.5%)	(0.5%)	1.1%	3.2%	3.4%
TRANSPORT								
SIA SP	Singapore Airlines	10.67	12,618	0.0%	0.0%	0.7%	2.5%	2.3%
CD SP	ComfortDelGro	2.01	4,349	1.5%	1.5%	4.1%	5.2%	5.3%
COMMODITIES								
GGR SP	Golden Agri	0.38	4,776	1.4%	1.4%	2.7%	1.8%	2.1%
WIL SP	Wilmar	3.14	19,863	1.6%	1.6%	1.6%	2.3%	2.8%
OFFSHORE & MARINE/INDUSTRIALS								
KEP SP	Keppel Corp	7.53	13,654	2.4%	2.4%	3.3%	2.8%	3.3%
SCI SP	Sembcorp Industries	3.08	5,496	1.7%	1.7%	2.7%	2.5%	3.1%
YZJSGD SP	Yangzijiang SGD	1.51	5,993	2.7%	2.7%	3.4%	3.1%	3.0%
SATS SP	SATS	5.25	5,876	1.0%	1.0%	0.2%	3.3%	3.5%
SIE SP	SIA Engineering	3.16	3,534	1.0%	1.0%	1.3%	4.2%	4.4%
STE SP	ST Engineering	3.27	10,188	0.3%	0.3%	1.6%	4.5%	4.7%
HPHT SP	HPH Trust USD	0.41	4,745	(1.2%)	(1.2%)	0.0%	6.4%	6.6%

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

STI Reserve List (by market cap) - STI next review date: March 2018

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 (%)
VMS SP	Venture Corp	21.42	6,096	4.6%	4.6%	6.6%	2.9%	2.9%
SUN SP	Suntec REIT	2.17	5,756	0.9%	0.9%	3.8%	4.6%	4.6%
MCT SP	Mapletree Commercial	1.65	4,750	1.9%	1.9%	1.2%	5.4%	5.4%
KREIT SP	Keppel REIT	1.26	4,247	0.0%	0.0%	0.0%	4.8%	4.8%
SMM SP	Semcorp Marine	1.87	3,904	1.6%	1.6%	0.0%	1.0%	1.2%

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 2 Jan 18	Yield (%)
Second Chance Properties Ltd	30-Oct-17	FY17	SGD 0.0030	3-Jan-18	5-Jan-18	15-Jan-18	SGD 0.255	1.2
AF Global Ltd	6-Nov-17	3Q17	SGD 0.01000	4-Jan-18	8-Jan-18	16-Jan-18	SGD 0.240	4.2
JB Foods Ltd	13-Nov-17	3Q17	SGD 0.0200	24-Jan-18	26-Jan-18	1-Mar-18	SGD 0.555	3.6
Fraser and Neave	8-Nov-17	FY17	SGD 0.03000	31-Jan-18	2-Feb-18	14-Feb-18	SGD 2.590	1.2
Frasers Centrepoint	10-Nov-17	FY17	SGD 0.06200	31-Jan-18	2-Feb-18	14-Feb-18	SGD 2.100	3.0
Thai Beverage PCL	23-Nov-17	FY17	Baht 0.4700	8-Feb-18	12-Feb-18	28-Feb-18	SGD 0.915	2.1

Latest Rights Issue Announcement

Company	Particulars	Ex-Date	Book Close	Rights Trading Period	
				From	To
Asia-Pacific Strategic Invts	2 Rts Shares @ S\$0.003 for each Rights Share for every 1 existing share held, 1 free detachable warrant (exercise price S\$0.003) for every 1 Rts Share subscribed	3-Jan-18	5-Jan-18	5-Jan-18	1-Feb-18

Source: SGX Announcement

Latest Listing Issue Announcement

Company	Particulars	Ex-Date	Book Close	Payable / Crediting Date	Listing Date
Pan-Utd Corp	Entitlements of Xinghua shares on the basis of 1 Xinghua share for every share held	5-Jan-18	9-Jan-18	-	-

Source: SGX Announcement

Company	Offer Price	Closing Date	Offeror
Cogent Holdings Ltd	SGD 1.02 Cash	5.30 p.m. on 5 Jan 2018	COSCO Shipping Int'l (Singapore) Co., Ltd.
Global Logistic Properties Ltd	SGD 3.38 Cash	5.00 p.m. on 9 Jan 2018	Nesta Investment Hldgs Ltd
Rotary Engineering	SGD 0.460 Cash	5.30 p.m. on 24 Jan 2018	OROCHEM PTE. LTD.

Source: SGX Announcement

Appendix 2: Financial Calendar

Monday	Tuesday	Wednesday	Thursday	Friday
<p>1-Jan-18</p> <p><i>New Year's Day</i></p>	<p>2-Jan</p> <p>SG: 4Q17 Advance GDP Estimates</p>	<p>3-Jan</p>	<p>4-Jan</p>	<p>5-Jan</p> <p>Q1: SPH REIT</p> <p>*Q1: Triyards Hldgs</p>
<p>8-Jan</p>	<p>9-Jan</p>	<p>10-Jan</p>	<p>11-Jan</p>	<p>12-Jan</p> <p>Q1: Spore Press Hldgs</p>
<p>15-Jan</p>	<p>16-Jan</p>	<p>17-Jan</p>	<p>18-Jan</p>	<p>19-Jan</p> <p>Q2: Spore Exchange</p>
<p>22-Jan</p>	<p>23-Jan</p> <p>SG (Dec 2017): CPI Overall index and sub-indices</p> <p>Q3: Mapletree Industrial Trust</p>	<p>24-Jan</p> <p>Q3: Mapletree Commercial Trust</p>	<p>25-Jan</p> <p>SG (4Q17): Industrial Properties</p>	<p>26-Jan</p> <p>SG (Dec 2017): Index of Industrial Production Unemployment Rate & Employment</p> <p>SG (4Q17): Private Residential, Retail and Office Properties</p> <p>Q4: AGV Grp (Release on Sun, 28-Jan)</p> <p>*Q4: CDL Hospitality Trusts</p>
<p>29-Jan</p>	<p>30-Jan</p>	<p>31-Jan</p>	<p>1-Feb-18</p>	<p>2-Feb</p>

* Tentative

Source: Bloomberg

Disclaimer This report is provided for information only and is not an offer or a solicitation to deal in securities or to enter into any legal relations, nor an advice or a recommendation with respect to such securities. This report is prepared for general circulation. It does not have regard to the specific investment objectives, financial situation and the particular needs of any recipient hereof. You should independently evaluate particular investments and consult an independent financial adviser before dealing in any securities mentioned in this report.

This report is confidential. This report may not be published, circulated, reproduced or distributed and/or redistributed in whole or in part by any recipient of this report to any other person without the prior written consent of KGI Securities. This report is not intended for distribution and/or redistribution, publication to or use by any person in any jurisdiction outside Singapore or any other jurisdiction as KGI Securities may determine in its absolute discretion, where the distribution, publication or use of this report would be contrary to applicable law or would subject KGI Securities and its connected persons (as defined in the Financial Advisers Act, Chapter 110 of Singapore) to any registration, licensing or other requirements within such jurisdiction.

The information or views in the report ("Information") has been obtained or derived from sources believed by KGI Securities to be reliable. However, KGI Securities makes no representation as to the accuracy or completeness of such sources or the Information and KGI Securities accepts no liability whatsoever for any loss or damage arising from the use of or reliance on the Information. KGI Securities and its connected persons may have issued other reports expressing views different from the Information and all views expressed in all reports of KGI Securities and its connected persons are subject to change without notice. KGI Securities reserves the right to act upon or use the Information at any time, including before its publication herein.

Except as otherwise indicated below, (1) KGI Securities, its connected persons and its officers, employees and representatives may, to the extent permitted by law, transact with, perform or provide broking, underwriting, corporate finance-related or other services for or solicit business from, the subject corporation(s) referred to in this report; (2) KGI Securities, its connected persons and its officers, employees and representatives may also, to the extent permitted by law, transact with, perform or provide broking or other services for or solicit business from, other persons in respect of dealings in the securities referred to in this report or other investments related thereto; and (3) the officers, employees and representatives of KGI Securities may also serve on the board of directors or in trustee positions with the subject corporation(s) referred to in this report. (All of the foregoing is hereafter referred to as the "Subject Business".)

However, as of the date of this report, neither KGI Securities nor its representative(s) who produced this report (each a "research analyst"), has any proprietary position or material interest in, and KGI Securities does not make any market in, the securities which are recommended in this report.

Each research analyst of KGI Securities who produced this report hereby certifies that (1) the views expressed in this report accurately reflect his/her personal views about all of the subject corporation(s) and securities in this report; (2) the report was produced independently by him/her; (3) he/she does not carry out, whether for himself/herself or on behalf of KGI Securities or any other person, any of the Subject Business involving any of the subject corporation(s) or securities referred to in this report; and (4) he/she has not received and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. However, the compensation received by each such research analyst is based upon various factors, including KGI Securities's total revenues, a portion of which are generated from KGI Securities's business of dealing in securities.

Copyright 2018. KGI Securities (Singapore) Pte. Ltd. All rights reserved.