

Market Indicators

	28-Feb	1-Mar	2-Mar
Mkt. T/O (S\$ mil)	2,040.6	1,434.1	1,262.8
Stock Advances	156	153	168
Stock Declines	302	264	298

Major Indices

	28-Feb	1-Mar	2-Mar
DJ Ind Avg	25,029.2	24,609.0	24,538.1
S & P 500	2,713.8	2,677.7	2,691.3
Nasdaq Comp	7,273.0	7,180.6	7,257.9
Hang Seng	30,844.7	31,044.3	30,583.5

STI Index 3,479.20 (-0.99%)



Source: Bloomberg

Commodities

	Current Price	% Chge from Close
Gold (SPOT) US\$ / oz	1,324.60	0.55%
Oil (NYMEX CWT1) US\$ / bbl	61.62	1.40%
Baltic Dry Index	1207	0.92%

Exchange Rates



USD : SGD 1.3181 / MYR : SGD 2.9523

Source: Bloomberg

Interest Rates

3-mth Sibor	1.373%
SGS (10 yr)	2.313%

KGI Securities Research Team

Market Colour

Last week, global equities closed lower (Dow Jones -3% WoW, S&P 500 +2% WoW, Euro Stoxx -3% WoW) after the European Union, China and Canada criticised President Trump's decision to impose tariffs on steel and aluminium imports. In response, the USD Index dropped 0.4% to 89.94 and 10Y treasury yields rose to 2.86%. Volatility remains subdued with the VIX closing below 20 but could rise if tariffs rhetoric continues before the Federal Reserve meets for FOMC this month.

In Singapore, the STI declined 1.5% WoW to 3,479, led by Yangzijiang (-7% WoW), SATS (-3.9% WoW), SPH (-3.8% WoW). As earnings season draws to an end, investors can expect to take direction from global markets, especially as trade tensions between the United States and its allies continue to rise.

Results Update

➤ **Cityneon Holdings Limited (CITN SP; BUY; TP: S\$1.54):** Fantastic set of results; Growth story still intact - Page 2

News

AEM: On Sunday, the firm's largest shareholder, Orion Phoenix, announced that they sold a 6% stake to long-only institutional investors. Orion Phoenix, controlled by Novo Tellus Capital Partners, sold 4mn shares to investors at S\$6.10. **The transaction brings Orion Phoenix's interest in AEM to 17.3% from 23.3%. AEM currently trades at 10x 2018F EPS compared to its peers who are trading at 14x 2018 EPS. Consensus estimates the firm's 2018F dividend yield at 2.34%.**

Uni-Asia Group: Reported FY17 net profit of US\$6.2mn, a reversal from the US\$14.2mn loss in the prior year period. FY17 charter income and hotel income increased 10% YoY and 15% YoY respectively while investment returns increased 3x mainly due to gains from its second Hong Kong property. **We currently have a BUY recommendation and fair value of S\$1.85 (+32% upside). We will give an update after the results briefing.**

Geo Energy: FY17 net profit surged 56% as coal sales hit a new record of 7.7mn tonnes and as coal prices remained resilient, averaging around US\$43/tonne in 2017. The group has a strong cash position of US\$266mn as at end Dec-17 and is targeting acquisitions to increase its coal reserves. **Short-term catalysts include offtake agreements and the upcoming start of its TBR mine. The start of its TBR mine is expected to increase the group's total production to 11-12mn tonnes in 2018.**

Recent In depth Regional Reports

2/3	TH Strategy: March model portfolio: Positioned for global turbulence
2/3	TH Economic: Economy continued to expand in January
2/3	TH AMATA Corporation PCL (AMATA TB; Outperform; TP: Bt 31.50): 4Q17 earnings review: Softer than expected
2/3	TH B. Grimm Power (BGRIM TB; Neutral; TP: Bt 26.00): 4Q17 earnings review: In line with our forecast
2/3	TH Bangchak Corporation (BCP TB; Outperform; TP: Bt 43.00): 4Q17 earnings review: Lower than expected
2/3	TH Bangkok Dusit Medical Services (BDMS TB; Outperform; TP: Bt 25.00): 4Q17 earnings review: Below our forecast
2/3	TH CH. Karnchang (CK TB; Outperform; TP: Bt 36.20): 4Q17 earnings review: Weak revenue, higher expenses
2/3	TH Charoen Pokphand Foods (CPF TB; Under Review; TP: Under Review): 4Q17 earnings review: Cloud cover
2/3	TH GFPT PCL (GFPT TB; Under Review; TP: Under Review): 4Q17 earnings review: Softer quarter
2/3	TH HANA Microelectronics PCL (HANA TB; Neutral TP: Bt 48.00): 4Q17 earnings review: Below expectation
2/3	TH Land and Houses (LH TB; Outperform; TP: Bt 13.40): 4Q17 earnings review: 24% below our forecast
2/3	TH Malee Group (MALEE TB; Neutral; TP: Bt 26.00): Recovery takes longer
2/3	TH Nok Airlines (NOK TB; Neutral; TP: Bt 3.49): 4Q17 earnings review: Looks better, but still in the red
2/3	TH Quality Houses (QH TB; Neutral; TP: Bt 3.20): Earnings trajectory remains modest
2/3	TH Sansiri (SIRI TB; Neutral; TP: Bt 2.10): 4Q17 earnings review: In line with our forecast
2/3	TH Sappe (SAPPE TB; Neutral; TP: Bt 27.00): 4Q17 earnings review: Weak as expected
2/3	TH Siam Makro (MAKRO TB; Neutral; TP: Bt 42.00): Preparing for new challenges
2/3	TH Srisawad Corporation (SAWAD TB; Neutral; TP: Bt 62.50): 4Q17 earnings review: Weak core earnings
2/3	TH True Corporation (TRUE TB; Under Review): 4Q17 earnings review: DIF saved the results
2/3	TH Unique Engineering and Construction (UNIQ TB; Outperform; TP: Bt 20.00): 4Q17 earnings review: In line with our forecast
1/3	TW Casetek Holdings (5264 TT; Neutral; TP: NT\$102.0): 4Q17 gross margin a big miss; looking at sluggish 1H18F
1/3	TW Chipbond (6147 TT; Outperform; TP: NT\$78.00): 4Q17 beats on margin; 1Q18F sales to enter seasonality
1/3	TW Delta Electronics (2308 TT; Outperform; TP: NT\$156.00): Risk-reward profile has become more attractive
1/3	TW King Slide (2059 TT; Outperform; TP: NT\$463.0): Worst has passed; bright outlook intact
1/3	TW MediaTek (2454 TT; Outperform; TP: NT\$390.00): Android smartphone demand to recover starting late-March
1/3	TW President Chain Store (2912 TT; Underperform; TP: NT\$226.00): Valuation stretched on muted earnings outlook
1/3	HK ANTA Sports (2020 HK; Outperform; TP: HK\$43.50): Easing impact of higher costs & inventory
1/3	CN/HK Economy: Manufacturing sector weaker MoM partially due to Chinese New Year; slight downtrend confirmed

For full reports, please contact Research Department at 6202 1190 or sgp.researchcom@kgi.com



Cityneon Holdings Limited

(CITN SP/CNHL.SI)

BUY - Maintain

Price as of 2 Mar 2018	1.06
12M target price (S\$)	1.54
Previous target price (S\$)	1.38
Upside, incl. div (%)	44.8

Trading data

Mkt Cap (S\$m) / (US\$m)	259 / 196
Issued Shares (m)	245
Ave Daily Traded (3-Month) Vol / Val	1.1m / \$1.1m
52 week lo / hi	\$0.78 / \$1.26
Free Float	31.0%

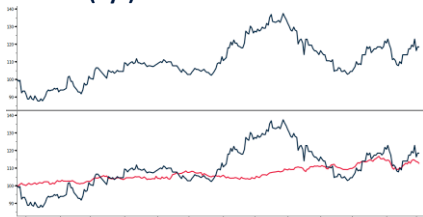
Major Shareholders

Lucrum 1 Investment	69.0%
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Previous Recommendations

Date	Rating	Share Price (S\$)	Target Price (S\$)
10-Nov-17	BUY	1.10	1.38

CITN SP (1yr) VS STI



Source: Bloomberg

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See the last page for important disclosures.

Fantastic set of results; Growth story still intact

Event

Positive FY2017 earnings surprise. Cityneon reported its FY2017 net profit of S\$17.4mn (+163% YoY), exceeding our expectations of S\$16.4mn. The stellar performance was mainly driven by its IP rights segment, which saw revenues grow 187% YoY, but was partially offset by a 32% YoY decline in its core traditional business segments. Collectively, the group's revenues grew 21% YoY.

Impact

Added a US\$60mn (S\$79mn) secured loan to its war chest to scale IP business. Cityneon has obtained a loan which it intends use to finance the acquisition of its 4th IP as well as construction of new travelling exhibition sets. Apart from additional exhibition sets to scale its business, Cityneon intends to add new characters to its Avengers exhibition set this year and has announced that Marvel's Black Panther will be making its debut in Melbourne in March 2018. We would like to think that entering into the stated facility agreement suggests that a potential acquisition could be around the corner and would be a re-rating catalyst for Cityneon.

Positioning itself to assume a design role. Cityneon will continue to expand its traditional core business (Design & Build) and is expecting to do so at the upcoming 2020 World Expo in Dubai. Given its successful run at previous World Expos in Shanghai (2010) and Milan (2015), we expect Cityneon to be awarded contracts to design and build areas of the Expo. Moving forward, the management also intends to move up the value chain of the creative business, by providing more design services (higher margins) and less of building/construction (lower margins).

Valuation & Action

Maintained BUY with upgraded P/E based target price of S\$1.54, implying an upside of 45%. Since our initiation report in Nov-17, our investment thesis for Cityneon has not changed. We still like the company for its growth prospects and like that the management was able to deliver a strong set of results in 2017. We have factored in revenue contributions from the digital signage at Treasure Island, Las Vegas's Avengers exhibition and maintained a total a 8 exhibition sets for FY2018. Our revised target price of S\$1.54 is based on a FY2018F EPS of S\$0.11 and a FY2018F P/E of 14.0x, representing a 20% discount to its peers for its short track record.

Risks

Renewal of IP rights.

Financials & Key Operating Statistics

YE Dec SGD mn	2016	2017	2018F	2019F	2020F
Revenue	96.8	116.7	138.0	159.3	166.3
PATMI	6.7	17.4	26.9	31.3	32.4
Core PATMI	6.7	17.4	26.9	31.3	32.4
Core EPS (SGD cents)	2.8	7.1	11.0	12.8	13.2
Core EPS grth (%)	302.6	151.1	54.5	16.5	3.4
Core P/E (x)	33.4	13.2	9.6	8.3	8.0
DPS (SGD cents)	0.0	0.0	0.0	0.0	0.0
Div Yield (%)	0.0	0.0	0.0	0.0	0.0
Net Margin (%)	6.9	14.9	19.5	19.7	19.5
Gearing (%)	26.3	54.7	47.7	41.5	36.6
Price / Book (x)	3.2	2.8	2.4	1.8	1.5
ROE (%)	11.2	22.9	27.9	24.9	20.5

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 FY18 (%)	Div Yield FY19 (%)
FINANCIALS								
DBS SP	DBS	28.41	72,840	(1.4%)	14.3%	(4.0%)	4.0%	4.2%
OCBC SP	OCBC	13.06	54,656	(1.1%)	5.4%	(2.3%)	3.2%	3.4%
UOB SP	UOB	27.75	46,128	(1.0%)	4.9%	(1.1%)	3.3%	3.5%
SGX SP	SGX	7.48	8,006	(0.8%)	1.2%	(0.7%)	4.0%	4.3%
PROPERTIES								
AREIT SP	Ascendas REIT	2.61	7,537	0.4%	(4.0%)	0.8%	6.1%	6.4%
CAPL SP	CapitaLand	3.59	15,197	(0.6%)	1.7%	0.0%	3.2%	3.3%
CCT SP	CapitaLand Comm Trust	1.72	6,212	(1.7%)	(8.9%)	1.8%	5.1%	5.2%
CT SP	CapitaLand Mall Trust	2.00	7,096	(1.0%)	(4.8%)	1.5%	5.5%	5.6%
CIT SP	City Development	12.69	11,539	(1.0%)	1.6%	0.2%	1.3%	1.3%
HKL SP	Hongkong Land USD	6.99	21,715	0.4%	(0.7%)	(2.2%)	2.8%	2.9%
UOL SP	UOL	8.48	7,141	(0.7%)	(4.4%)	1.2%	1.9%	1.9%
TELECOMMUNICATIONS								
ST SP	SingTel	3.35	54,702	(0.3%)	(6.2%)	(0.9%)	6.1%	5.4%
STH SP	StarHub	2.46	4,254	(0.4%)	(13.7%)	(1.6%)	6.4%	6.3%
CONSUMER SERVICES AND GOODS								
JCNC SP	Jardine C&C	36.61	14,470	(0.9%)	(10.0%)	(3.2%)	3.3%	3.5%
JM SP	Jardine Matheson USD	63.24	60,644	(0.6%)	4.1%	1.8%	2.5%	2.7%
JS SP	Jardine Strategic Holding	39.20	57,335	(1.4%)	(1.0%)	3.2%	0.8%	0.9%
GENS SP	Genting Singapore	1.15	13,852	0.0%	(12.2%)	(11.5%)	3.0%	3.1%
SPH SP	SPH	2.55	4,079	(1.2%)	(3.8%)	(3.4%)	5.4%	5.2%
THBEV SP	ThaiBev	0.83	20,717	(1.2%)	(8.4%)	1.9%	3.3%	3.6%
VMS SP	Venture Corp	26.84	7,669	(0.3%)	31.1%	0.7%	2.6%	2.7%
TRANSPORT								
SIA SP	Singapore Airlines	10.98	12,984	(0.6%)	2.9%	(1.7%)	2.8%	2.6%
CD SP	ComfortDelGro	2.00	4,327	(0.5%)	1.0%	0.0%	5.2%	5.4%
COMMODITIES								
GGR SP	Golden Agri	0.36	4,585	1.4%	(2.7%)	0.0%	1.8%	2.2%
WIL SP	Wilmar	3.18	20,116	(1.5%)	2.9%	1.6%	3.1%	3.4%
OFFSHORE & MARINE/INDUSTRIALS								
KEP SP	Keppel Corp	7.87	14,256	(1.7%)	7.1%	(1.1%)	3.3%	3.5%
SCI SP	Sembcorp Industries	3.12	5,574	(1.6%)	3.0%	(3.7%)	2.9%	3.4%
YZJSGD SP	Yangzijiang SGD	1.41	5,596	(2.8%)	(4.1%)	(4.1%)	3.2%	3.2%
SATS SP	SATS	5.00	5,587	(2.5%)	(3.8%)	(3.8%)	3.5%	3.7%
STE SP	ST Engineering	3.36	10,469	(0.6%)	3.1%	(0.9%)	4.6%	4.9%
HPHT SP	HPH Trust USD	0.36	4,083	(1.4%)	(10.9%)	(1.4%)	7.4%	7.6%

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 FY18 (%)	Div Yield FY19 (%)
SUN SP	Suntec REIT	1.92	5,109	(1.0%)	(9.6%)	(0.5%)	5.2%	5.2%
MCT SP	Mapletree Commercial	1.55	4,464	(0.6%)	(3.0%)	(1.3%)	5.7%	5.8%
KREIT SP	Keppel REIT	1.18	4,000	0.0%	(5.3%)	(1.7%)	5.0%	5.0%
SMM SP	Semcorp Marine	2.02	4,218	(2.9%)	9.8%	(9.4%)	1.0%	1.3%

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 Mar 18	Yield (%)
Ireit Global	15-Feb-18	FY17	SGD	0.0288	5-Mar-18	7-Mar-18	15-Mar-18	SGD 0.805	3.6
Global Invts	20-Feb-18	FY17	SGD	0.00600	6-Mar-18	8-Mar-18	24-Apr-18	SGD 0.149	4.0
Tai Sin Electric	9-Feb-18	2Q18	SGD	0.0075	7-Mar-18	9-Mar-18	16-Mar-18	SGD 0.405	1.9
BHG Retail REIT	23-Feb-18	FY17	SGD	0.02730	8-Mar-18	12-Mar-18	28-Mar-18	SGD 0.785	3.5
Koda Ltd	13-Feb-18	2Q18	SGD	0.0025	12-Mar-18	14-Mar-18	28-Mar-18	SGD 0.630	0.4
Asian Pay Television Trust	26-Feb-18	FY17	SGD	0.01625	14-Mar-18	16-Mar-18	23-Mar-18	SGD 0.565	2.9

Latest Rights Issue Announcement

Company	Particulars	Ex-Date	Book Close	Rights Trading Period	
				From	To
SingHaiyi Group Ltd	1 Rts Share @ S\$0.100 for each Rts Share for every 2 existing ord shares	13-Feb-18	15-Feb-18	21-Feb-18	1-Mar-18
Vashion Grp	10 Rights Shares @ S\$0.005 for each Rights Share for every 1 existing Share held, 1 Warrant (exercise price S\$0.005) for every 2 Rights Shares subscribed	9-Feb-18	13-Feb-18	19-Feb-18	27-Feb-18

Source: SGX Announcement

Vashion Grp: Expected date for commencement of trading of warrants: 9.00 a.m., Wednesday, 14 March 2018

Company	Offer Price		Closing Date	Offeror
CWG Int'l	SGD 0.195	Cash	5.30 p.m. on 5 Mar 2018	Elidom Investment Co., Ltd

Source: SGX Announcement

Appendix 2: Financial Calendar

Monday	Tuesday	Wednesday	Thursday	Friday
5-Mar	6-Mar	7-Mar	8-Mar *Q4: Dairy Farm Int'l / Hongkong Land Hldgs / Jardine Matheson / Jardine Strategic Hldgs / Mandarin Oriental Int'l	9-Mar
12-Mar	13-Mar	14-Mar *Q4: Far East Grp	15-Mar	16-Mar
19-Mar	20-Mar	21-Mar	22-Mar	23-Mar SG (Feb 2018): CPI Overall index and sub-indices
26-Mar SG (Feb 2018): Index of Industrial Production	27-Mar	28-Mar	29-Mar	30-Mar
2-Apr-18	3-Apr	4-Apr	5-Apr	6-Apr

* Tentative

Source: Bloomberg

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