



Sing Holdings

(SING SP/SHDS.SI)

BUY

Price as of 30 Aug 2017	0.41
12M target price (S\$)	0.54
Previous target price (S\$)	na
Upside (%)	31.0

Trading data

Mkt Cap (S\$m) / (US\$m)	164.4 / 121
Issued Shares (m)	401.0
Ave Daily Traded (3-Month) Vol / Val	0.3m / \$0.1m
52 week lo / hi	\$0.29 / \$0.43
Free Float	60.5%

Major Shareholders

Lee Family	35.4%
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SING SP (1yr) VS STI



SING SP Equity (Sing Holdings Ltd) (SING SP) TEMPLATE 6/16/16 2 Daily 070A2016-08A Copyright 2017 Bloomberg Finance L.P. 30-Aug-2017 09:46:52

Source: Bloomberg

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Riding on recent upturn in property sentiments

Event

Short-term catalyst from launch of its Fernvale private residential project. Sing Holdings is expected to launch its 735-unit private residential project at Fernvale Road in the next two quarters. Going by the recent upturn in new property sales transactions, we expect its upcoming launch to be able to sell well. High Park Residences - developed by Chip Eng Seng and located just next to Sing Holding's project - fully sold all 1,399 units within 20 months from launch despite a weak property market in 2015 and 2016.

Upturn in property sentiments. Singapore property prices have declined for a consecutive 15 quarters, with home prices lower by around 12% from their peak in 2013. However, sentiments have started to improve lately, going by the increased transactions and slower decline of property prices in the last two quarters. Singapore developers have sold a total of more than 7,000 private homes in the first seven months of 2017, a 50% YoY increase.

Impact

We estimate Sing Holding's RNAV to be S\$0.77 following the sale of its BizTech Centre, Robin Residences, and its private residential project at Fernvale Road (See Figure 2 for details on each property).

Valuation & Action

We recommend a BUY with a fair value of S\$0.54, based on a 30% discount to its RNAV of S\$0.77. Our fair value is an implied 0.83x FY16 P/B. The better-than-expected selling price of its Fernvale project may provide a short-term upside catalyst for the company. We have assumed an average selling price of S\$1,000 psf compared to recent transactions around the area of \$970 to 1060 psf.

Risks

Sing Holdings does not have any more projects after its Fernvale development. The company has diversified into the Australian hospitality business but upside may be limited in the short-mid term in this business segment.

Financials & Key Operating Statistics

YE Dec (S\$ m)	2012	2013	2014	2015	2016
Revenue	290.5	226.8	35.8	263.6	279.5
Net Income	41.1	28.9	0.0	20.3	26.3
EPS (Cents)	10.3	7.2	0.0	5.1	6.6
DPS (SG Cents)	1.6	1.5	1.0	1.3	1.4
Div Yield (%)	3.9	3.7	2.4	3.0	3.4
Net Debt (\$m)	275.0	202.4	103.9	78.8	170.5
Price / Book (x)	0.8	0.7	0.6	0.6	0.5
ROE (%)	22.3	13.5	0.0	8.9	10.7

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

See the last page for important disclosures.

Figure 1: Parc Botania development and RNAV valuation

Parc Botania development		
Sing Holdings	70.0%	
Wee Hur	30.0%	
Land cost (psf ppr)	517	
Development cost (psf)	380	
Total costs	897	
Avg sale price (psf)	1000	Nearby "High Park Residences" sold at an average of \$988 psf in 2016.
Profit (psf)	103	Other projects near Fernvale Road are selling at \$970-1060 psf.
Sellable area (sq ft)	555,288	
Profit (\$m)	57	11.0% Profit margins
Profit / sh (Parc Botania - 70% share)	0.10	
Profit / sh (Completed properties)	0.02	BizTech Centre, 34 units in Robin Residences, 2 units in Waterwoods

RNAV Valuation		
RNAV	0.77	Mainly contribution from Parc Botania, BizTech, Robin Residences this year
Discount	30.0%	
Target price	0.54	
Upside	31.0%	
Implied P/B	0.83x	

Source: Company data, KGI Research

Figure 2: Current projects

Parc Botania at Fernvale Road	This property is a 99-year leasehold property with a gross floor area of about 51,588 square metres. It is situated next to the Thanggam LRT station and is easily accessible via the Tampines Expressway. The site enjoys close proximity to schools and amenities such as The Seletar Mall, eateries along Jalan Kayu, Sengkang Sports Centre and Sengkang Riverside Park. The purchase price of the land was \$287m. The proposed private condominium development shall comprise 4 blocks of 22-storey buildings with about 735 apartment units. Construction is expected to commence in 2H2017. Sing Holdings has a 70% interest in this development project.
Robin Residences	Robin Residences is a private condominium development along Bukit Timah Road/Robin Road. The development comprises 5 blocks of 5-storey buildings with 134 apartment units. TOP was obtained in December 2015. Approximately 78% of the units were sold on strata basis to individual purchasers, amounting to contracted sales value of about \$202.7m. These sales proceeds were substantially recognised as revenue by end of FY2016. The remaining 29 units is expected to sold for \$73m in FY2017.
BizTech Centre	BizTech Centre is a light industrial building along Aljunied Road, across the upcoming Mattar MRT station. Sing Holdings currently owns 46 strata units in the building with a saleable area of 48,010 square feet, of which about 89% are tenanted.

Source: Company data, KGI Research

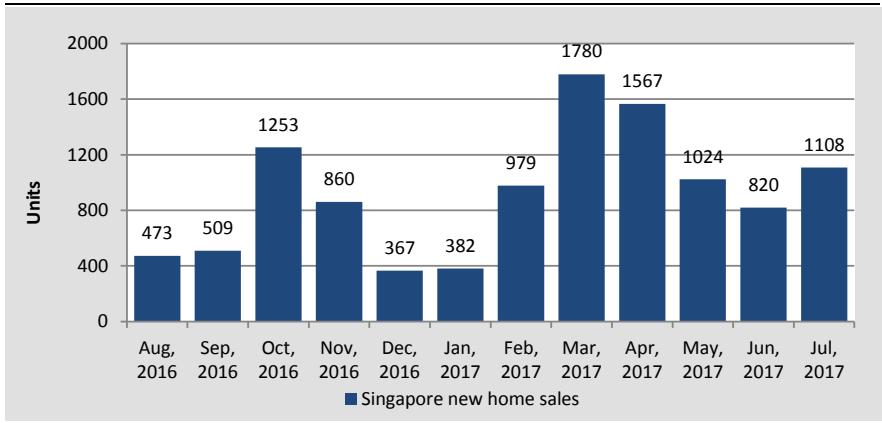
Diversification into Australian hospitality industry

Travelodge Docklands is a freehold, 14-storey hotel in Docklands, Melbourne. It comprises 291 guestrooms, a food and beverage outlet, a business centre, meeting rooms and other basic amenities. The hotel is in the immediate vicinity of the Southern Cross Railway Station and within minutes' walk to the 53,000-seat all-purpose Etihad Stadium, the Melbourne Convention & Exhibition Centre and the Crown Casino. It is also near to many existing and upcoming corporate offices. The purchase price of the hotel is AUD107 million. The hotel is on a long-term lease to TFE Hotels group, one of Australia's largest hotel companies which operates hotels across Australia, New Zealand and Europe.

Property is getting interesting again

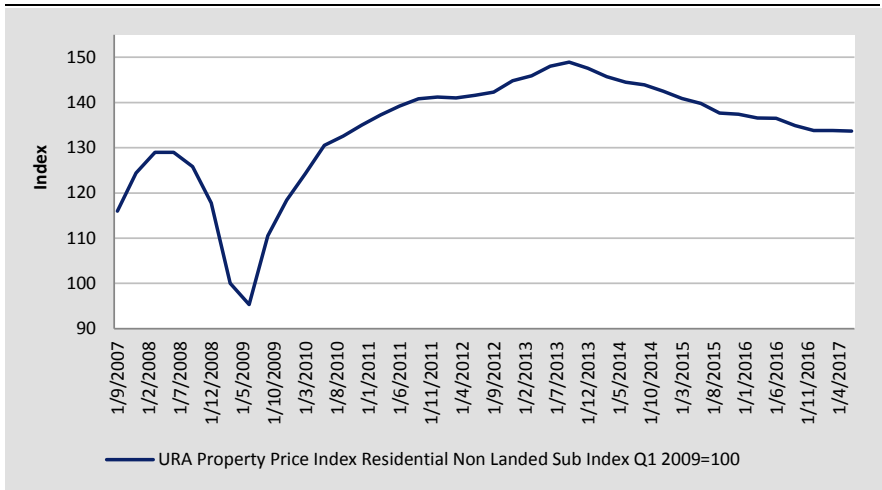
Going by the increased property transaction volume and slower property price decline, property prices may finally be able to start moving up again despite most of the property cooling measures still in place. New home sales year-to-date in Singapore has increased 50% YoY, while the pace of decline in private residential property prices has remained almost flat in 2017.

Figure 3: New homes in 2017 have increased around 50% compared to 2016



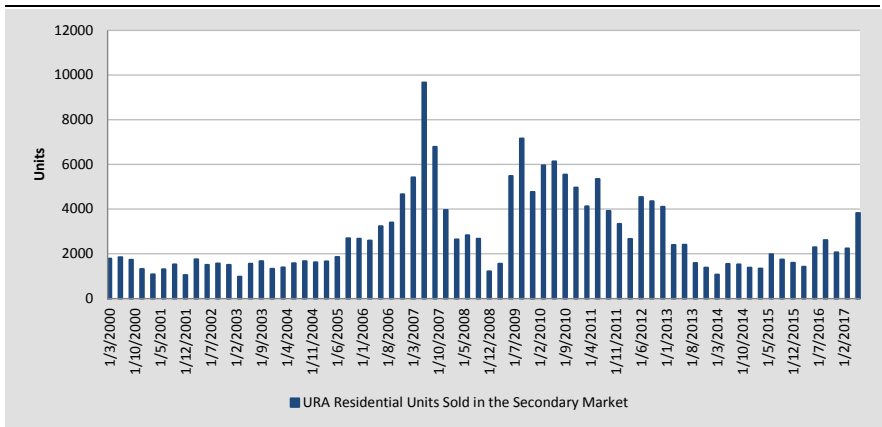
Source: Bloomberg, URA, KGI Research

Figure 4: The pace of decline in property prices has slowed in 2017



Source: Bloomberg, URA, KGI Research

Figure 5: Transactions in the secondary market have picked up in 2017



Source: Bloomberg, URA, KGI Research

KGI's Ratings

Rating	Definition
	KGI Securities Research's recommendations are based on an Absolute Return rating system.
BUY	>10% total return over the next 12 months
HOLD	-10% to +10% total return over the next 12 months
SELL	<-10% total return over the next 12 months

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