

Market Indicators

	10-Nov	13-Nov	14-Nov
Mkt. T/O (S\$ mil)	1,305.0	1,196.7	1,637.1
Stock Advances	204	255	155
Stock Declines	242	217	319

Major Indices

	10-Nov	13-Nov	14-Nov
DJ Ind Avg	23,422.2	23,439.7	23,409.5
S & P 500	2,582.3	2,584.8	2,578.9
Nasdaq Comp	6,750.9	6,757.6	6,737.9
Hang Seng	29,120.9	29,182.2	29,152.1

STI Index 3,399.09 (-0.59%)

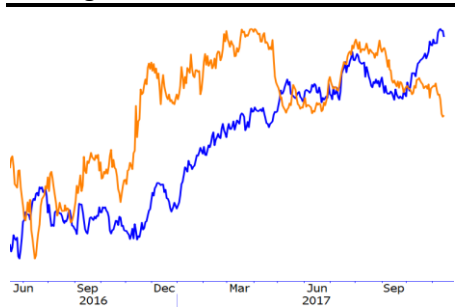


Source: Bloomberg

Commodities

	Current Price	% Chge from Close
Gold (SPOT) US\$ / oz	1,281.02	0.67%
Oil (NYMEX CWT11) US\$ / bbl	55.05	-2.81%
Baltic Dry Index	1445	-1.30%

Exchange Rates



USD : SGD 1.3590 / MYR : SGD 3.0792

Source: Bloomberg

Interest Rates

3-mth Sibor	1.127%
SGS (10 yr)	2.160%

KGI Securities Research Team

Market Colour

The 2% decline in crude oil prices may weigh on energy counters today. Elsewhere, equity markets may take a breather and trade range-bound going into the year-end period given the lack of further upside catalysts. In the US, uncertainties on implementing tax reforms may continue to weigh on sentiments. However, any weakness in prices going into the year-end may present opportunities to accumulate shares of our favourite picks.

Results Update

➤ **Japan Foods Holding Limited (JFOOD SP; BUY; TP: S\$0.530):** Healthy margins and higher dividend payout - Page 2

News

Olam International: Reported a 17.5% YoY rise in 3Q earnings to \$24.1m from \$20.5m. This came on the back of strong volume growth and improved operational performance across most segments. Management remains optimistic on its diversified portfolio to navigate the challenges in both the global economy and commodity markets while expecting macro-economic uncertainties to continue through the year.

SingPost: Earnings fell 9.5% YoY to \$28.5m in 2Q, down from \$31.4m. This was attributed to the absence of a one-off gain a year ago from the dilution of interest in an associated company. Excluding such exceptional items, underlying net profit rose 1.9% YoY to \$27.6m. Postal revenue rose 16.9% YoY to \$148.3m as international mail revenue rose on the back of higher cross-border ecommerce deliveries, largely to higher volumes from the Alibaba Group. Logistics revenue also grew 7.6% YoY to \$165.9m with higher last-mile ecommerce deliveries across Singapore and Australia. **Consensus has a fair value of S\$1.25, implying a 3.8% downside.**

Hong Leong Asia: Reported a 20% YoY rise in losses from S\$13.92m to S\$17.58m, due to weakness in its consumer products unit. Revenue climbed 16% YoY to S\$963.19m, fuelled by growth from its diesel engines unit Yuchai. Yuchai's revenue increased by 28.8% YoY from 3Q16 on the back of increased engine sales. **Earnings have been on a decline since 2014 and management expects full year performance to remain weak, in light of the challenging business environment.**

Healthway Medical: Reported loss of S\$2.8m for 3Q17, from a profit of S\$69,000 a year ago. This came on the back of higher staff costs and other operating expenses. Revenue edged up 6.6% YoY to S\$27.2m, driven by its specialist and wellness healthcare segment. The new management team, which came on board in 3Q, continues to strive to improve its services to provide better patient care and to expand its clinic network.

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

Commentaries From The Trading Desk

8/11	A narrative of a stock entering its 'blow-off' phase
6/11	DBS firing well, however will old exposures haunt it?
27/10	Tapering announced, but no tantrum by stocks! Or is this simply a premature assumption?

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.



Japan Foods Holding Ltd

(JFOOD SP/JPFD.SP)

BUY - Maintain

Price as of 13 Nov 2017	0.435
12M target price (S\$)	0.530
Previous target price (S\$)	0.530
Upside (%)	21.8

Trading data

Mkt Cap (S\$m) / (US\$m)	75 / 55
Issued Shares (m)	174
Ave Daily Traded (3-Month) Vol / Val	0.0m / \$0.0m
52 week lo / hi	\$0.37 / \$0.49
Free Float	23.1%

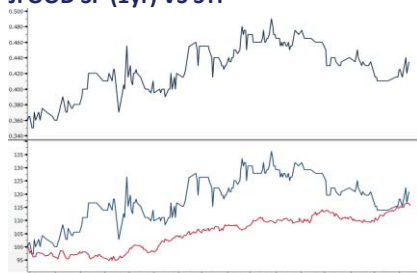
Major Shareholders

Kenichi Takahashi	66.4%
Eugene Wong	5.5%
Chau Mui Chan	4.7%

Previous Recommendations

Date	Rating	Share Price (S\$)	Target Price (S\$)
4-Aug-17	BUY	0.430	0.530
26-May-17	BUY	0.480	0.530
17-Apr-17	BUY	0.450	0.560

JFOOD SP (1yr) VS STI



Source: Bloomberg

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See the last page for important disclosures.

Healthy margins and higher dividend payout

Event

Stable profit margins and higher dividend payout. 2Q18 net profit remained relatively stable at S\$1.3m. On a positive note for shareholders, Japan Foods declared a slightly higher dividend of 0.8 Singapore cents for 1H18 compared to 0.75 cents in the previous year, on the back of a strong net cash position of S\$20m as at end 2Q18. Gross profit margin remained at a healthy 85% in 1H18 despite a challenging operating environment in Singapore.

Impact

Rejuvenation of Ajisen Ramen brand. As part of the group's strategy to increase same-store sales at its most established brand, it launched a brand rejuvenation "Den By Ajisen Ramen" at three of its existing restaurants (Plaza Singapura, Hougang Mall, Square 2 Mall). So far, feedback has been positive as it has increased sales at those restaurants.

From one to four outlets in four months. Japan Foods added a new franchise restaurant brand, Shitamachi Tendon Akimitsu, which opened its first Singapore outlet in Plaza Singapura in July 2017. Since then, the group has opened three new outlets under this brand. The restaurant offers specialty tendon rice set that could complement menu offerings from other restaurant brands under Japan Foods, allowing a rejuvenation of menu for some of its 45 food outlets which could lead to sales improvement. Shitamachi Tendon has received positive reviews from food blogs and we can expect this newest addition to perform well ahead.

Valuation & Action

We maintain our target price at S\$0.530, based on our DCF valuation, and BUY recommendation on Japan Foods. Its business model remains resilient and adaptable even in the face of higher costs, mainly from rental and labour. We may potentially see upside catalyst from both organic growth and acquisitions, given its healthy balance sheet.

Risks

Rising labour costs and rental expenses, lower consumer spending amid slower wage growth; non-renewal of franchise agreements.

Financials & Key Operating Statistics

YE Mar SGD mn	2016	2017	2018F	2019F	2020F
Revenue	62.8	65.5	68.1	71.5	75.5
Gross Profit	52.9	55.6	57.8	60.6	64.0
PATMI	3.8	4.7	4.5	5.0	5.4
Core PATMI	3.2	4.1	3.9	4.3	4.7
Core EPS (SG cents)	1.8	2.3	2.3	2.5	2.7
Core EPS grth (%)	-24.1	27.2	-2.7	9.9	8.8
Core P/E (x)	18.5	16.3	16.4	15.1	14.0
DPS (SG cents)	2.0	2.0	2.2	2.2	2.3
Div Yield (%)	5.0	4.6	5.1	5.1	5.3
Gross Margin (%)	84.2	84.9	84.8	84.8	84.8
Net Margin (%)	6.0	7.1	6.7	6.9	7.1
ROE (%)	12.3	14.9	14.1	14.7	15.2

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	23.76	60,769	0.0%	41.2%	1.1%	2.8%	3.0%
OCBC SP	OCBC	11.69	48,973	(0.3%)	35.5%	(1.0%)	3.2%	3.4%
UOB SP	UOB	25.07	41,689	(1.2%)	26.7%	(0.2%)	2.9%	3.1%
SGX SP	SGX	7.60	8,141	(0.5%)	10.2%	(0.7%)	4.0%	4.2%
PROPERTIES								
AREIT SP	Ascendas REIT	2.64	7,647	0.4%	24.1%	(0.7%)	6.0%	6.2%
CAPL SP	CapitaLand	3.55	15,077	(0.6%)	20.7%	(4.6%)	2.9%	3.0%
CCT SP	CapitaLand Comm Trust	1.84	6,603	(0.5%)	34.8%	0.0%	4.8%	4.8%
CT SP	CapitaLand Mall Trust	2.02	7,164	0.0%	13.3%	0.0%	5.4%	5.4%
CIT SP	City Development	12.09	10,993	(0.3%)	48.2%	(2.9%)	1.3%	1.2%
GLP SP	Global Logistic	3.32	15,595	(0.3%)	53.7%	0.0%	1.8%	2.0%
HKL SP	Hongkong Land USD	7.25	23,217	(0.7%)	17.6%	(2.8%)	2.7%	2.9%
UOL SP	UOL	8.75	7,363	(0.6%)	49.1%	(0.8%)	1.7%	1.7%
TELECOMMUNICATIONS								
ST SP	SingTel	3.70	60,418	(1.1%)	4.2%	(2.1%)	5.6%	4.9%
STH SP	StarHub	2.81	4,859	(1.1%)	6.4%	4.1%	5.7%	5.6%
CONSUMER SERVICES AND GOODS								
JCNC SP	Jardine C&C	39.31	15,537	(0.7%)	(2.4%)	0.5%	2.8%	2.9%
JM SP	Jardine Matheson USD	67.11	66,334	0.0%	24.3%	0.4%	2.4%	2.5%
GENS SP	Genting Singapore	1.33	15,994	(0.7%)	50.9%	4.7%	2.3%	2.3%
SPH SP	SPH	2.69	4,300	(0.7%)	(22.4%)	0.7%	5.1%	5.0%
THBEV SP	ThaiBev	0.95	23,855	(0.5%)	14.9%	(1.0%)	3.1%	3.2%
TRANSPORT								
SIA SP	Singapore Airlines	10.79	12,760	(0.4%)	12.8%	4.6%	2.4%	2.3%
CD SP	ComfortDelGro	2.08	4,500	(1.0%)	(12.2%)	3.0%	5.0%	5.1%
COMMODITIES								
GGR SP	Golden Agri	0.39	4,967	(2.5%)	(7.7%)	(1.3%)	1.7%	2.4%
WIL SP	Wilmar	3.19	20,177	(3.9%)	(9.3%)	(4.5%)	2.3%	2.9%
OFFSHORE & MARINE/INDUSTRIALS								
KEP SP	Keppel Corp	7.59	13,759	(1.3%)	35.1%	(0.4%)	2.8%	3.2%
SCI SP	Sembcorp Industries	3.15	5,621	(0.3%)	13.1%	(3.7%)	2.5%	3.1%
YZJSGD SP	Yangzijiang SGD	1.67	6,628	0.0%	111.7%	6.0%	2.8%	2.7%
SATS SP	SATS	5.15	5,764	0.2%	8.6%	8.6%	3.4%	3.6%
SIE SP	SIA Engineering	3.29	3,679	0.0%	1.2%	0.3%	4.0%	4.3%
STE SP	ST Engineering	3.37	10,501	(0.6%)	8.6%	(2.9%)	4.4%	4.6%
HPHT SP	HPH Trust USD	0.43	5,039	0.0%	5.9%	(1.2%)	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	1.94	5,172	1.0%	24.8%	(0.3%)	5.1%	5.0%
MCT SP	Mapletree Commercial	1.55	4,434	(0.6%)	17.0%	(1.6%)	5.8%	5.8%
VMS SP	Venture Corp	21.29	6,042	(2.0%)	123.6%	(2.8%)	2.9%	2.9%
SIE SP	SIA Engineering	3.29	3,679	0.0%	1.2%	0.3%	4.0%	4.3%
KREIT SP	Keppel REIT	1.18	4,003	0.8%	22.9%	0.8%	5.0%	5.0%

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 14 Nov 17	Yield (%)
Parkway Life Real Estate Invst Trust	9-Nov-17	3Q17	SGD 0.0337	15-Nov-17	17-Nov-17	8-Dec-17	SGD 2.900	1.2
SIA Engrg Co	3-Nov-17	2Q18	SGD 0.0400	15-Nov-17	17-Nov-17	28-Nov-17	SGD 3.290	1.2
Thakral Corp Ltd	9-Nov-17	3Q17	SGD 0.0300	15-Nov-17	17-Nov-17	27-Nov-17	SGD 0.585	5.1
Datapulse Technology Ltd	21-Sep-17	FY17	SGD 0.0050	20-Nov-17	22-Nov-17	1-Dec-17	SGD 0.345	1.4
Golden Agri-Resources Ltd	14-Nov-17	3Q17	SGD 0.00693	20-Nov-17	22-Nov-17	29-Nov-17	SGD 0.390	1.8
Hi-P International Ltd	6-Nov-17	3Q17	SGD 0.0200	20-Nov-17	22-Nov-17	4-Dec-17	SGD 1.840	1.1
Japan Foods	7-Nov-17	1H18	SGD 0.0080	20-Nov-17	22-Nov-17	8-Dec-17	SGD 0.430	1.9
SATS	9-Nov-17	2Q18	SGD 0.0600	21-Nov-17	23-Nov-17	8-Dec-17	SGD 5.150	1.2
Singapore Airlines	7-Nov-17	2Q18	SGD 0.1000	21-Nov-17	23-Nov-17	5-Dec-17	SGD 10.790	0.9
Sunright Ltd	22-Sep-17	FY17	SGD 0.0030	21-Nov-17	23-Nov-17	8-Dec-17	SGD 0.780	0.4
Valuetronics Hldgs	9-Nov-17	2Q18	HKD 0.0700	21-Nov-17	23-Nov-17	5-Dec-17	SGD 1.020	1.2
AEM Holdings Ltd	2-Nov-17	3Q17	SGD 0.03000	22-Nov-17	24-Nov-17	8-Dec-17	SGD 3.310	0.9
Bund Center Investment Ltd	13-Nov-17	3Q17	SGD 0.02000	23-Nov-17	27-Nov-17	4-Dec-17	SGD 0.800	2.5
Sysma Holdings Ltd	20-Sep-17	FY17	SGD 0.0050	23-Nov-17	27-Nov-17	7-Dec-17	SGD 0.168	3.0
Civmec Ltd	22-Aug-17	FY17	SGD 0.0070	28-Nov-17	30-Nov-17	14-Dec-17	SGD 0.555	1.3
Transit-Mixed Concrete Ltd	13-Oct-17	1H18	SGD 0.0100	1-Dec-17	5-Dec-17	22-Dec-17	SGD 0.550	1.8
T T J Holdings Ltd	25-Sep-17	FY17	SGD 0.0070	4-Dec-17	6-Dec-17	20-Dec-17	SGD 0.370	1.9
Khong Guan Ltd	28-Sep-17	FY17	SGD 0.0300	5-Dec-17	7-Dec-17	15-Dec-17	SGD 2.120	1.4
Sinarmas Land Ltd	13-Nov-17	3Q17	SGD 0.0080	5-Dec-17	7-Dec-17	14-Dec-17	SGD 0.415	1.9
BreadTalk Group Ltd	6-Nov-17	3Q17	SGD 0.01000	6-Dec-17	8-Dec-17	21-Dec-17	SGD 1.570	0.6
Singapore Press Hldgs	11-Oct-17	FY17	SGD 0.0300	6-Dec-17	8-Dec-17	22-Dec-17	SGD 2.690	1.1
Singapore Press Hldgs - Special	11-Oct-17	FY17	SGD 0.0600	6-Dec-17	8-Dec-17	22-Dec-17	SGD 2.690	2.2
Vicplas International Ltd	22-Sep-17	FY17	SGD 0.0050	8-Dec-17	12-Dec-17	21-Dec-17	SGD 0.105	4.8

Latest Rights Issue Announcement

Company	Particulars	Ex-Date	Book Close	Rights Trading Period	
				From	To
CWX Global	1 Rts Share @ S\$0.009 for each Rights Share for every 1 existing ord share held, 1 free detachable and transferable warrants (exercise price S\$0.015) for every 4 Rights Shares subscribed	17-Nov-17	21-Nov-17		
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 Listing Issue Announcement

Company	Offer Price	Closing Date	Offeror
GP Batteries International	SGD 1.30 Cash	5.30 p.m. on 17 Nov 2017	GP Industries Limited
Indiabulls Properties Investment Trust	SGD 0.90 Cash	5.30 p.m. on 22 Nov 2017	Brenformexa Ltd
New Wave Holdings Ltd.	S\$0.0130 Cash	5.30 p.m. on 30 Nov 2017	JK Global Assets Pte. 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>13-Nov</p> <p>Q1: Health Mgt Int'l Q2: Accordia Golf Trust / Foreland Fabrictech Hldgs Q3: Amara Hldgs / Asian Pay Television Trust / China Everbright Water / China Sunshine Chemical Hldgs / Sinarmas Land / Spore Reinsurance / Utd Engineers / Wilmar Int'l</p>	<p>14-Nov</p> <p>Q1: ASL Marine Hldgs Q2: RHT Health Trust / Serrano / Shanghai Turbo Enterprise / Spore Post / Tat Hong Hldgs Q3: Fuxing China Grp / Golden Agri-Resources / Hong Leong Asia / Straco Corp / TeleChoice Int'l *Q2: Gaylin Hldgs *Q3: China Sports Int'l / Global Palm Resources Hldgs ^^Q4: Asiatravel.com Hldgs</p>	<p>15-Nov</p> <p>Q1: EMS Energy Q3: Olam Int'l *Q2: AusNet Services</p>	<p>16-Nov</p>	<p>17-Nov</p>
<p>20-Nov</p>	<p>21-Nov</p>	<p>22-Nov</p>	<p>23-Nov</p> <p>SG (Oct 2017): CPI *Q3: TPV Technology</p>	<p>24-Nov</p> <p>SG: 3Q17 GDP (Not later than 24 Nov)</p>
<p>27-Nov</p>	<p>28-Nov</p>	<p>29-Nov</p>	<p>30-Nov</p> <p>STI Review *Q4: EMAS Offshore</p>	<p>1-Dec-17</p>
<p>4-Dec</p>	<p>5-Dec</p>	<p>6-Dec</p>	<p>7-Dec</p>	<p>8-Dec</p> <p>Q3: Cogent Hldgs</p>
<p>11-Dec</p>	<p>12-Dec</p>	<p>13-Dec</p>	<p>14-Dec</p>	<p>15-Dec</p>

* Tentative

Source: Bloomberg

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