

## Market Indicators

	11-Oct	12-Oct	13-Oct
Mkt. T/O (S\$ mil)	1,073.1	1,031.6	1,252.0
Stock Advances	215	262	270
Stock Declines	244	178	181

## Major Indices

	11-Oct	12-Oct	13-Oct
DJ Ind Avg	22,872.9	22,841.0	22,871.7
S & P 500	2,555.2	2,550.9	2,553.2
Nasdaq Comp	6,603.5	6,591.5	6,605.8
Hang Seng	28,389.6	28,459.0	28,476.4

**STI Index** 3,319.11 (+0.49%)



Source: Bloomberg

## Commodities

	Current Price	% Chge from Close
Gold (SPOT) US\$ / oz	1,304.09	0.74%
Oil (NYMEX CWT1) US\$ / bbl	51.82	0.90%
Baltic Dry Index	1485	1.85%

## Exchange Rates



Source: Bloomberg

## Interest Rates

3-mth Sibor	1.126%
SGS (10 yr)	2.051%

KGI Securities Research Team

## Market Colour

U.S. stocks resumed their climb to close near record levels after earnings from major banking stocks including JPMorgan and Citigroup came in better than expected, boosting confidence in the strength of economic growth in the U.S. On a cautionary note, the Fed as well as the ECB predicted inflation would not stay low for much longer and indicated they will continue to push ahead with plans on monetary tightening policy gradually. In China, the PBOC warned of the high debt level undertaken by Chinese companies, hinting towards deleveraging plans ahead.

Key events on investors' radar this week would include corporate earnings from major financial firms including Morgan Stanley and Goldman Sachs and economic data in the U.S. as well as the speech by President Xi Jinping at the upcoming five-yearly party congress and China's GDP data.

## Company Update

➤ **Samudera Shipping Line (SAMU SP; BUY; TP: S\$0.380):** Positive outlook on near-synchronous global growth - Page 2

## News

**AEM Holdings:** Issued a positive update to its profit guidance for the nine months ended September 2017, and for overall FY2017. The electronics manufacturer has revised its 9M 2017 results from S\$17.5 million to between S\$25 million and S\$27 million, and its FY2017 results from S\$24 million to at least S\$32 million.

**Soilbuild REIT:** Declared a DPU of 1.374 cents for the 3Q17 ended Sept, 1.8% lower compared to 1.399 cents from a year ago. Gross revenue rose 4.1% to \$20.5 million while net property income rose 3.0% to \$17.8 million due to higher revenue from Bukit Batok Connection, West Park BizCentral, Solaris, Tuas Connection and Tellus Marine. However, this was partially offset by reduction in revenue from 72 Loyang Way, upon the full utilisation of security deposit in 2Q17.

**Ocean Sky:** Formed a new JV company with Progen Holdings and Seacare Property to develop the recently acquired cluster sites at Balmoral Road. Ocean Sky says its 40% indirect joint venture (JV) company, Tsky Development, has incorporated a new subsidiary company named Tsky Balmoral to undertake the redevelopment.

**Moya Holdings:** Said the Indonesian Supreme Court has dismissed a class action lawsuit against a unit of Moya's recent acquisition, Acuatico. The decision dismisses a class action lawsuit launched in November 2012 by 12 individuals, who had sought to terminate the policy on privatisation of drinking water in Jakarta.

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

## Commentaries From The Trading Desk

4/10	<a href="#">This is why the Stock Market's rally may be about to end</a>
21/9	<a href="#">3 stories that may come in-play along with Oil price latest move</a>
21/9	<a href="#">Beginnings of Normalisation</a>

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.



CHINA  
DEVELOPMENT  
FINANCIAL

# Samudera Shipping Line

(SAMU SP/SAMU.SI)

## Buy - Maintain

Price as of 13 Oct 2017	0.26
12M target price (S\$)	0.38
Previous target price (S\$)	0.26
Upside (%)	49.0

## Trading data

Market Cap (S\$m)	137.5
Issued Shares (m)	539.1
Ave Daily Traded (3-Month) Vol / Val	0.1m / \$0.0m
52 week lo / hi	\$0.16 / \$0.26
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\$)
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
29-Apr-16	HOLD	0.210	0.210

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

See the last page for important disclosures.

## Positive outlook on near-synchronous global growth

### Event

Latest trade data from China is indicating global trade is gaining strength: China's exports grew 9% in September in yuan terms while imports rose by almost 20%. Although this comes on top of a low base in 2016, global growth for both 2017 and 2018 were recently upgraded by the IMF. Trade is also positive elsewhere as countries such as South Korea and Taiwan registered record levels last month.

### Impact

The latest set of trade data from China and other major exporting countries (e.g., South Korea, Taiwan) reaffirms that the near-synchronous global economic growth is picking up momentum and should be positive for shipping stocks like Samudera.

### Valuation & Action

We upgrade our target price for Samudera to 38 Singapore cents from our previous target of 26 Singapore cents, based on 0.6x FY17F P/B. This is still a huge discount to global shipping peers that are trading at an average of 1.5x historical P/B. Furthermore, the surprisingly resilient Baltic Dry Index is lending support to our thesis that the worst is over for Samudera's dry bulk business segment which has been a drag on results over the past years.

Samudera is cheap on all valuation methodologies (P/B, P/E). Global peers are trading at around 0.7x to 2.2x P/B while Samudera is currently trading at 0.4x P/B. Samudera also has a very strong balance sheet – its net gearing of 20% is much lower vs peers' average of 180%. See Figure 3 for the complete list.

### 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)	5.5	40.2	17.7	14.5	11.9
DPS (SG cents)	0.7	0.3	0.3	0.3	0.3
Div Yield (%)	2.8	1.2	1.2	1.2	1.2
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	0.4
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 (%)
<b>FINANCIALS</b>								
DBS SP	DBS	21.42	54,784	(0.5%)	27.3%	(0.4%)	3.1%	3.3%
OCBC SP	OCBC	11.48	48,092	0.3%	33.0%	1.0%	3.2%	3.4%
UOB SP	UOB	24.29	40,389	0.2%	22.7%	(0.3%)	3.0%	3.1%
SGX SP	SGX	7.63	8,173	(0.3%)	9.9%	0.1%	4.0%	4.2%
<b>PROPERTIES</b>								
AREIT SP	Ascendas REIT	2.72	7,849	0.4%	23.7%	1.1%	5.9%	6.0%
CAPL SP	CapitaLand	3.74	15,884	1.4%	27.2%	1.4%	2.7%	2.8%
CCT SP	CapitaLand Comm Trust	1.67	5,305	2.1%	23.0%	1.8%	5.2%	5.2%
CT SP	CapitaLand Mall Trust	2.05	7,269	(0.5%)	13.4%	1.5%	5.4%	5.4%
CIT SP	City Development	12.66	11,512	3.7%	55.1%	9.1%	1.2%	1.2%
GLP SP	Global Logistic	3.30	15,501	(0.3%)	52.8%	0.0%	1.8%	2.0%
HKL SP	Hongkong Land USD	7.65	24,380	0.8%	24.1%	3.9%	2.6%	2.7%
UOL SP	UOL	8.89	7,476	2.2%	51.5%	4.0%	1.7%	1.7%
<b>TELECOMMUNICATIONS</b>								
ST SP	SingTel	3.70	60,418	0.5%	4.2%	0.5%	5.4%	5.0%
STH SP	StarHub	2.67	4,617	1.1%	(0.4%)	1.5%	6.0%	5.8%
<b>CONSUMER SERVICES AND GOODS</b>								
JCNC SP	Jardine C&C	40.91	16,169	1.4%	1.6%	0.2%	2.7%	3.0%
JM SP	Jardine Matheson USD	65.97	64,612	0.6%	22.2%	0.5%	2.4%	2.5%
GENS SP	Genting Singapore	1.20	14,430	0.4%	36.1%	(0.8%)	2.5%	2.6%
SPH SP	SPH	2.73	4,364	0.4%	(21.3%)	0.4%	5.6%	5.6%
THBEV SP	ThaiBev	0.94	23,603	(0.5%)	13.7%	2.7%	3.1%	3.3%
<b>TRANSPORT</b>								
SIA SP	Singapore Airlines	10.20	12,062	(0.1%)	6.6%	(0.8%)	2.4%	2.3%
CD SP	ComfortDelGro	2.05	4,435	1.0%	(13.5%)	2.5%	5.1%	5.3%
<b>COMMODITIES</b>								
GGR SP	Golden Agri	0.39	4,903	1.3%	(8.9%)	2.7%	1.8%	2.5%
WIL SP	Wilmar	3.34	21,125	(0.3%)	(5.0%)	0.6%	2.2%	2.8%
<b>OFFSHORE &amp; MARINE/INDUSTRIALS</b>								
KEP SP	Keppel Corp	7.07	12,817	4.1%	25.9%	5.8%	2.9%	3.4%
SCI SP	Sembcorp Industries	3.23	5,764	1.6%	16.0%	7.0%	2.4%	3.0%
YZJSGD SP	Yangzijiang SGD	1.51	5,973	1.7%	90.8%	1.0%	3.0%	2.9%
SATS SP	SATS	4.63	5,182	0.0%	(2.4%)	(0.9%)	3.8%	4.0%
SIE SP	SIA Engineering	3.20	3,579	0.0%	(1.6%)	0.3%	4.1%	4.4%
STE SP	ST Engineering	3.37	10,501	(0.3%)	8.6%	(0.6%)	4.4%	4.7%
HPHT SP	HPH Trust USD	0.44	5,192	1.1%	9.6%	1.1%	6.3%	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	1.91	5,060	0.5%	20.7%	1.3%	5.2%	5.1%
MCT SP	Mapletree Commercial	1.55	4,460	0.3%	16.0%	0.6%	5.7%	5.7%
VMS SP	Venture Corp	18.39	5,218	(0.2%)	93.5%	(0.3%)	2.9%	2.9%
SIE SP	SIA Engineering	3.20	3,579	0.0%	(1.6%)	0.3%	4.1%	4.4%
KREIT SP	Keppel REIT	1.19	3,976	0.0%	21.0%	0.4%	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 13-Oct-17	Yield (%)
Duty Free Int'l	11-Oct-17	1H18	SGD 0.0050	<b>17-Oct-17</b>	20-Oct-17	2-Nov-17	SGD 0.280	1.8
Karin Technology Hldgs	25-Aug-17	FY17	<b>HKD</b> 0.0980	<b>24-Oct-17</b>	26-Oct-17	16-Nov-17	SGD 0.325	1.7
Ryobi Kiso Hldgs	23-Aug-17	FY17	SGD 0.0040	<b>24-Oct-17</b>	26-Oct-17	8-Nov-17	SGD 0.195	2.1
K1 Ventures Ltd	1-Aug-17	FY17	SGD 0.0650	<b>25-Oct-17</b>	27-Oct-17	8-Nov-17	SGD 0.840	7.7
Ellipsiz	21-Aug-17	FY17	SGD 0.0200	<b>26-Oct-17</b>	30-Oct-17	21-Nov-17	SGD 0.835	2.4
Ellipsiz - Special	21-Aug-17	FY17	SGD 0.0450	<b>26-Oct-17</b>	30-Oct-17	21-Nov-17	SGD 0.835	5.4
GL	25-Aug-17	FY17	SGD 0.0220	<b>26-Oct-17</b>	30-Oct-17	20-Nov-17	SGD 0.855	2.6
GuocoLand	27-Aug-17	FY17	SGD 0.0700	<b>26-Oct-17</b>	30-Oct-17	21-Nov-17	SGD 2.390	2.9
Sin Ghee Huat Corp Ltd	18-Aug-17	FY17	SGD 0.0020	<b>26-Oct-17</b>	30-Oct-17	15-Nov-17	SGD 0.200	1.0
Cordlife Group	29-Aug-17	FY17	SGD 0.0050	<b>31-Oct-17</b>	2-Nov-17	17-Nov-17	SGD 0.810	0.6
PCI	28-Aug-17	FY17	SGD 0.0300	<b>31-Oct-17</b>	2-Nov-17	13-Nov-17	SGD 0.685	4.4
PCI - Special	28-Aug-17	FY17	SGD 0.0050	<b>31-Oct-17</b>	2-Nov-17	13-Nov-17	SGD 0.685	0.7
Spindex Industries	21-Aug-17	FY17	SGD 0.0300	<b>31-Oct-17</b>	2-Nov-17	16-Nov-17	SGD 1.110	2.7

**Latest Rights Issue Announcement**

Company	Particulars	Ex-Date	Book Close	Rights Trading Period	
				From	To
China Medical (Int'l) Grp	3 Rts Shares @ S\$0.001 for each Rights Share for every 1 existing ord share held, 1 free detachable warrant (exercise price S\$0.001) for 1 Rights shares subscribed	29-Sep-17	3-Oct-17	<b>6-Oct-17</b>	<b>16-Oct-17</b>
Manulife US REIT	41 Rights Units @ US\$0.695 per Rights Unit for every 100 existing units held	25-Sep-17	27-Sep-17	<b>2-Oct-17</b>	<b>10-Oct-17</b>
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.	<b>Delisting from SGX: 28-Nov-17</b>	

Source: SGX Announcement

China Medical (Int'l) Grp: Expected date for the listing and commencement of trading of Warrants: 1 November 2017 from 9.00 a.m.

**Latest Listing Issue Announcement**

Company	Offer Price	Closing Date	Offeror
Blumont Group	SGD 0.000182 Cash	5.30 p.m. on 12 Oct 2017	Ultimate Horizon Pte. Ltd.
BRC Asia	SGD 0.925 Cash	5.30 p.m. on 30 Oct 2017	Esteele 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	
16-Oct Q3: Keppel DC REIT / Keppel Infrastructure Trust / M1		17-Oct Q3: Keppel REIT / Keppel Telecoms & Tpt / Qian Hu Corp		18-Oct		19-Oct Q3: Keppel Corp		20-Oct Q2: Mapletree Greater China Commercial Trust Q3: CapitaLand Commercial Trust / CapitaLand Mall Trust / Utd Overseas Q4: EMAS Offshore / Frasers Commercial Trust *Q2: Mapletree Logistics Trust	
23-Oct SG (Sep 2017): CPI  Q2: Mapletree Logistics Trust  Q3: CapitaLand Retail China Trust / First REIT / Sabana Shari'ah Compliant		24-Oct Q2: Mapletree Industrial Trust Q3: Cache Logistics Trust / Great Eastern Hldgs		25-Oct Q1: Spore Exchange Q2: Ascendas India Trust / Mapletree Commercial Trust Q4: Frasers Centrepoint Trust *Q4: Frasers Centrepoint		26-Oct SG (3Q17): Industrial Properties  Q3: OCBC (Before mkt open)		27-Oct SG (Sep 2017): Unemployment Rate & Employment SG: 3Q17 Qtly Property Mkt Updates  Q3: CDL Hospitality Trusts / Suntec REIT Q4: Frasers Hospitality Trust  *Q3: Tuan Sing Hldgs *Q4: Falcon Energy (Release on Sun, 29-Oct)	
30-Oct		31-Oct Q3: Sembcorp Marine Q4: Yorkshire Hldgs		1-Nov Q2: Global Logistic Properties		2-Nov Q3: China Aviation Oil / Sembcorp Industries Q4: Frasers Logistics & Industrial Trust		3-Nov-17 Q2: SIA Engrg Co Q3: Genting Spore PLC / UOB (Before mkt open) *Q3: Venture Corp	
6-Nov		7-Nov		8-Nov		9-Nov Q3: Trendlines Grp		10-Nov Q4: Frasers Centrepoint	
13-Nov Q2: Foreland Fabrictech Hldgs		14-Nov Q2: Serrano / Shanghai Turbo Enterprise *Q3: China Sports Int'l		15-Nov *Q2: AusNet Services		16-Nov		17-Nov	

\* Tentative

Source: Bloomberg

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