

# Singapore Daily Newsletter

## MARKET SHAPING NEWS

**UPDATE.** [Frasers Centrepoint Trust](#) announced divestment of Changi City Point for SGD338m, approx. 4% above valuation and implying 4.31% exit yield based on FY22 net property income. FCT will use the proceeds to repay loans with higher interest rates, strengthen its financial base and position for further portfolio reconstitution. We view the deal favourably as FCT's portfolio attributes and debt metrics will improve following the divestment. Maintain BUY.

**POSITIVE.** [Hyphens Pharma](#) updated that the botulinum toxin formulation Nabota® from Daewoong Pharmaceutical has been successfully registered in Malaysia. Botulinum toxin, commonly referred to as botox, is a neuromodulator for cosmetic use, such as facial wrinkle improvement. Nabota® is approved by the US FDA and its subsidiary Hyphens Pharma will be handling the distribution and sales in Malaysia. This will allow the group to capture a growing market for medical aesthetic products, while further cementing its position as a leading specialty pharmaceutical company in ASEAN.

**POSITIVE.** [OKP Holdings](#) has secured a contract worth about SGD188.3m by the LTA, for the construction of a new Cycling Path Network (CPN) in seven towns islandwide. This encompasses Geylang, Hougang, Kaki Bukit, Marine Parade, Potong Pasir, Sengkang and Serangoon, under the next phase of LTA's islandwide Cycling Network programme. This 18-month contract is expected to be completed by 17 Feb 2025. Currently, the group's net construction order book amounts to about SGD572m, with contracts extending till 2026.

**POSITIVE.** According to a SGX filing, Fullerton Fund Management has paid SGD16.45m for nearly 116.9m [Seatrium](#) shares, which works out to just above 14 cents per share. Temasek, via its various other linked entities, such as Keppel Corp, now holds a total deemed interest of 25.97b Seatrium shares, equivalent to 38.07%. Seatrium recently secured a LOI to help build a rig for Shell and Norway's Equinor, to be used in the Gulf of Mexico.

**NEUTRAL.** [Olam Group](#) has secured a multi-tranche sustainability-linked facility aggregating USD1,750m. The facility is initially guaranteed by the Group which will transfer to ofi Group Limited following the planned IPO and demerger of ofi. Net proceeds will be applied towards refinancing of ofi's existing loans and general corporate purposes. The facility comprises a two-year and three-year Revolving Credit Facility and a three-year term loan. The interest margin on the facility is linked to the achievement of certain sustainability targets and could reduce if those targets are met.

## UPCOMING EVENTS

Date	Event	Category
31/08/2023	Bank Lending	Economics
01/09/2023	Manufacturing PMI	Economics
05/09/2023	Retail Sales	Economics
07/09/2023	FX Reserves	Economics
14/09/2023	Unemployment Rate	Economics
15/09/2023	NODX	Economics
15/09/2023	Balance of Trade	Economics

Source: Bloomberg

Equity Indices	Last Close	Δ (abs)	Δ (%)
Dow Jones	34,890	38	0.1%
S&P500	4,515	17	0.4%
Nasdaq	14,019	76	0.5%
Nikkei 225	32,333	106	0.3%
HSI	18,483	-1	0.0%
SH Comp	3,137	1	0.0%
Kospi	2,561	9	0.4%
TWSE	16,720	96	0.6%
STI	3,220	-3	-0.1%
KLCI	1,452	-3	-0.2%
JKSE	6,967	9	0.1%
SET	1,577	8	0.5%

FX Movers	Last Close	Δ (abs)	Δ (%)
USDSGD	1.3497	0.0001	0.0%
GBPSGD	1.7170	0.0105	0.6%
EURSGD	1.4746	0.0062	0.4%
CHFSGD	1.5366	0.0003	0.0%
AUDSGD	0.8740	-0.0006	-0.1%
NZDSGD	0.8038	-0.0022	-0.3%
JPYSGD	0.9235	-0.0017	-0.2%
SGDMYR	3.4295	-0.0010	0.0%

Yields	Last Close	Δ (pts)	Δ (%)
US10Y	4.11	-0.01	-0.1%
SG10Y	3.16	-0.05	-1.7%
SIBOR3M	4.06	0.00	0.0%

Commodities	Last Close	Δ (pts)	Δ (%)
Brent Crude	85.9	0.4	0.4%
WTI	81.6	0.5	0.6%
Gold	1,942	5	0.2%

Crypto	Last Close	Δ (pts)	Δ (%)
Bitcoin/USD	27,253	-326	-1.2%
ETH/USD	1,704	-23	-1.3%

Source: Bloomberg

## TOP EQUITY IDEAS



### Singtel - [Driving ROIC higher](#)

In the recent Singtel Investor Day management reiterated its commitment to improve ROIC to low double-digits by FY26 (FY23: 8%) by: a) increasing cost synergies from the recent consolidation of its enterprise and consumer business, b) reducing its capital intensity further, c) leveraging on positive price momentum in Airtel to grow ARPU and d) unlocking value from asset recycling and capital partnerships to fund growth investment. Singtel also intends to drive EBITDA through its growth engines.



### Civmec Ltd - [Strong execution](#)

2H23 net profit rose 4.4% YoY to AUD29.4m, roughly in line with our and market expectations. This took FY23 earnings to AUD57.7m (+13.6% YoY) at 103% of MIBG/street's full-year forecasts. To our surprise, the group increased its final DPS by 50% to AUD0.03, bringing total DPS to AUD0.05 for FY23 (FY22: AUD0.03). Maintain BUY with a higher TP of SGD1.05 (+5%), now pegged at 10x FY24E P/E (from 9x previously) due to its strong execution capabilities and strengthening balance sheet.

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