

Singapore Daily Newsletter

MARKET SHAPING NEWS

UPGRADE. **UMS's** key customer AMAT raised its 4Q23 revenue and profit guidance which should benefit UMS as AMAT's inventory levels should be depleted at a faster rate, increasing the chances of a rebound in components orders in FY24E. UMS also renewed its integrated system contract until end-2025 and received an in-principle three year agreement with a new customer. Given better prospects, we upgrade UMS to BUY from HOLD, based on a higher 11x FY24E P/E (from 9x), resulting in a higher TP of SGD1.44.

POSITIVE. **Geo Energy Resources** has secured USD220mn term loan facilities from Bank Mandiri to be used for funding of certain M&A, general working capital and other capex requirements. According to management, this will provide a key growth driver for the group after the recent acquisition of a controlling stake in the listed Indonesian coal mining company. The core asset of this listed group, PT Triaryani (TRA mine) has 2P reserves of almost 300m tonnes. The loan facilities will provide Geo with strong working capital and liquidity to unlock the value of these reserves. In addition, these facilities will allow the group to ramp up production levels and fund the mining and infrastructure development required to support and achieve the TRA mine's targeted production volume of 25m tonnes annually.

NEUTRAL. **SingPost** has signed a MOU with FedEx Express, to conduct a trial for its post offices to receive FedEx parcels. The MOU comes in a bid to expand drop-off options to more locations for cross-border shipments. From now till Dec, FedEx customers will have the option of leaving their parcels at POPStop counters located within six post offices around Singapore at no additional charge. SingPost will handover these parcels to FedEx daily. This follows the group's recent announcement that it will raise domestic postage rates by 20c to 51c wef 9 Oct. This translates to a more than 64.5% increase in postage rate for standard regular mail.

NEUTRAL. **CapitaLand Ascott Trust (CLAS)** has completed the divestment of four mature serviced residences in regional France to an unrelated third party for a total of EUR44.4m (SGD64.7m). These four properties were divested at 63% above book value and net proceeds is about EUR34.1m (SGD49.7m). The exit yield is about 4% and CLAS received a net gain of about EUR1.2m (SGD1.8m). Post-divestment, CLAS has 12 properties in France. The properties are predominantly located in Paris, including La Clef Tour Eiffel Paris and Citadines Les Halles Paris that are undergoing asset enhancement initiative (AEI) to uplift their value and profitability. AEI works include refurbishment of guest rooms and general public areas and both properties will remain open, receiving rent throughout the AEI.

UPCOMING EVENTS

26/09/2023	Industrial Production	Economics
29/09/2023	Bank Lending	Economics
29/09/2023	PPI	Economics
03/10/2023	URA Property Index	Economics
03/10/2023	Manufacturing PMI	Economics
05/10/2023	Retail Sales	Economics
06/10/2023	FX Reserves	Economics

Source: Bloomberg

Equity Indices	Last Close	Δ (abs)	Δ (%)
Dow Jones	34,007	43	0.1%
S&P500	4,337	17	0.4%
Nasdaq	13,271	60	0.5%
Nikkei 225	32,679	276	0.9%
HSI	17,729	-328	-1.8%
SH Comp	3,116	-17	-0.5%
Kospi	2,496	-12	-0.5%
TWSE	16,452	108	0.7%
STI	3,215	11	0.3%
KLCI	1,443	-7	-0.5%
JKSE	6,998	-18	-0.3%
SET	1,507	-15	-1.0%

FX Movers	Last Close	Δ (abs)	Δ (%)
USDSGD	1.3663	0.0011	0.1%
GBPSGD	1.6685	-0.0022	-0.1%
EURSGD	1.4474	-0.0066	-0.5%
CHFSGD	1.4983	-0.0068	-0.5%
AUDSGD	0.8777	-0.0019	-0.2%
NZDSGD	0.8153	0.0015	0.2%
JPYSGD	0.9177	-0.0022	-0.2%
SGDMYR	3.4309	-0.0028	-0.1%

Yields	Last Close	Δ (pts)	Δ (%)
US10Y	4.53	0.10	2.2%
SG10Y	3.42	0.02	0.6%
SIBOR3M	4.06	0.00	0.0%

Commodities	Last Close	Δ (pts)	Δ (%)
Brent Crude	93.3	0.0	0.0%
WTI	89.7	-0.3	-0.4%
Gold	1,916	-9	-0.5%

Crypto	Last Close	Δ (pts)	Δ (%)
Bitcoin/USD	26,289	-216	-0.8%
ETH/USD	1,587	-4	-0.2%

Source: Bloomberg

TOP EQUITY IDEAS



Grab Holdings - [Foodpanda up for grabs](#)

Delivery Hero (DHER GR, NR, CP: EUR31.19) confirmed it is in talks to sell part of Foodpanda delivery business in Southeast Asia. The discussions are still preliminary and we do not know whether the sale will go ahead. Sources cited Grab as one of the interested parties and that it could pay more than EUR1b (~SGD1.5b) for the stake. Foodpanda ranked No.2 by market share in Singapore, Malaysia and the Philippines, and No.3 in Thailand in 2022 with an estimated Southeast Asia GMV of USD3.1b.



Singtel - [Deal unlocks value, potential for special dividend](#)

Singtel has entered into a strategic partnership with KKR to divest up to 20% of its regional data centre (RDC) business for SGD1.1b. This values the RDC business at an enterprise value of SGD5.5b (translating to 31x FY24E EV/EBITDA). KKR has the option to increase its stake to 25% by 2027 at the pre-agreed valuation. The cash proceeds from this deal will be used as growth capital and may lead to a high special dividend. Reiterate BUY and SOTP-based TP of SGD3.10.

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