

Company Results/Updates

Sheng Siong Group

Singapore Exchange Ltd

Sing Investments & Finance

Oversea-Chinese Banking Corp

CapitaLand Retail China Trust

Frasers Centrepoint Trust

Ezion Holdings

Disclaimer

The information contained in this presentation has been obtained from public sources which Phillip Securities Research Pte Ltd (“PSR”) has no reason to believe are unreliable and any analysis, forecasts, projections, expectations and opinions (collectively the “Research”) contained in this presentation are based on such information and are expressions of belief only. PSR has not verified this information and no representation or warranty, express or implied, is made that such information or Research is accurate, complete or verified or should be relied upon as such. Any such information or Research contained in this presentation is subject to change, and PSR shall not have any responsibility to maintain the information or Research made available or to supply any corrections, updates or releases in connection therewith. In no event will PSR be liable for any special, indirect, incidental or consequential damages which may be incurred from the use of the information or Research made available, even if it has been advised of the possibility of such damages.

This presentation is intended for general circulation only and does not take into account the specific investment objectives, financial situation or particular needs of any particular person.

You should seek advice from a financial adviser regarding the suitability of the investment product, taking into account your specific investment objectives, financial situation or particular needs, before making a commitment to invest in such products.

Sheng Siong Group

The consumer has returned

Soh Lin Sin

Phillip Securities Research Pte Ltd

30 October 2017

Sheng Siong Group (▲ Buy, ▲ TP: \$1.13 (prev. \$1.06), Last: \$0.94)

(SGD mn)	3Q17	3Q16	YoY (%)	Comments
Revenue	210.9	202.4	4.2%	New stores +3.9%, SSSG +1.7% (ex. Woodlands 6A store, SSSG +2.7%), Loyang Point and Verge -1.4%
Gross profit	54.5	52.5	3.8%	Stable gross margin <i>Gross margin: 25.8% in 3Q17 vs 25.9% in 3Q16</i>
EBITDA	23.2	21.1	9.9%	
EBIT	21.0	19.1	10.3%	Lower operating expenditures <i>Operating margin: 10.0% in 2Q17 vs 9.4% in 2Q16</i>
PATMI	19.7	15.7	25.7%	\$2.2m tax refunds; ex. tax refunds, PATMI +12.0%

Source: Company, PSR

Closure of two underperforming stores to lift profitability in FY17/18e

- Expect FY18e operating margin should steady at the current 10% level; Store productivity to improve from S\$1.8k psf to S\$2k psf

Gross margin to sustain at 26.0%/26.2% in FY17/18e

New stores continue to drive FY18e growth; Three new stores to open in Dec-17

- Four new stores opened in 2017 (including Fajar store), coupled with the improving consumer's sentiment to lift FY18e Revenue and PATMI by 5% and 6.9% respectively

Retail area -0.9% YoY

Changes in Retail Space/ Business Area

	Location	Targeted / Effective Date	Total Gross Floor Area	Remarks
A. Closure				
1.	The Verge	Jun-17	45,000 sqft	
2.	Woodlands Blk 6A	Oct-17 (postponed from Aug-17)	41,500 sqft	HDB is redeveloping the area. Used to be key store contributing between 5% and 10% of total revenue. However, sales are slowing as residents gradually moved out with the impending date of closure for redevelopment works. Notwithstanding that, the store remains profitable, contributed 4.5% to 9M17 sales.
B. New				
3.	Fajar, Bukit Panjang	Sep-17	4,000 sqft	
4.	Woodlands St 12	Dec-17	11,800 sqft	
5.	Edgedale Plains Blk 660A	Dec-17	3,100 sqft	
6.	Anchovale Crescent Blk 338	Dec-17	5,100 sqft	
C. Larger Retail Area				
7.	Loyang Point	Feb-17	8,000 sqft	Retail area expanded by an additional 2,000 sqft.
8.	Blk 506 Tampines Central	Jun-17	25,000 sqft	Retail area expanded by an additional 15,000 sqft.
D. Other				
9.	Kunming, China	end-17	50,000 sqft	Renovation of the supermarket has been completed and the new supermarket is expected to be operational in end-2017 once regulatory approvals are obtained. It will be partially rented to concessionaires.
10.	Land adjacent to central warehouse	4Q18	550,000 sqft	50,000 sqft of additional storage space to cater the demand for 50 to 53 stores. Construction cost is estimated to be c.S\$20mn.

Source: Company, PSR

Healthy pipeline of new stores up for bidding in the next 6 months

- 10 new supermarkets units pending completion by Mar-18
- 18 more in 2Q2018 to 4Q2021 according to data on HDB HBiz website.

However, these locations have existing players in proximity, which include those its own stores.

Also, more rational bidding prices.

Singapore Exchange Ltd

Strong Performance as Markets Spur into Action

Jeremy Teong
Phillip Securities Research Pte Ltd
30 October 2017

Singapore Exchange Limited

(Maintain Accumulate with Lower TP: S\$8.31, previous TP: S\$8.39. Last close price: S\$7.69)



Results at a glance

(SGD mn)	1Q18	1Q17	YoY	4Q17	QoQ	Comments
Securities	51.2	47.1	9%	50.5	1%	SDAV increase 18% YoY, avg clearing fee down from 2.89 in 1Q17 to 2.70 in 1Q18.
Derivatives	80.6	70.8	14%	82.1	-2%	Total volumes increased 15% as all key derivative products improved.
Others	72.7	72.9	0%	75.1	-3%	Declining contract processing services revenue.
Total Revenue	204.5	190.8	7%	207.7	-2%	
Opex	98.5	93.7	5%	108.4	-9%	Higher Processing and Royalties expense YoY due to increase in Derivatives traded volume.
Net Income	90.7	83.1	9%	85.2	6%	

Source: Company, PSR

Securities trading and clearing revenue up 9% YoY to S\$51.2mn

- 1Q18 Traded value in equities increased 14% YoY to S\$67.5bn.
- The traded value in other securities products increased 82% to S\$5.7bn.

Derivatives revenue increased 14% YoY to S\$80.6mn, accounting for 39% of total revenue.

Listing revenue up 6% YoY to S\$13mn

- Higher number of new bond listings.

Positive Jaw of 2%.

- Revenue was up 7% and operating expenses was up 5%, an improvement of a flat jaw in FY17.

Securities average clearing fee have been declining sequentially.

- Increase in trading of warrants, ETFs, recently launched DLCs and higher trading volumes by MMLP.

Post Trade Services down 9% YoY to S\$26.4mn, accounting for 12% of total revenue.

- Brokers are migrating to their own systems and no longer need SGX's contract processing services.
- Securities settlement revenue remains stable and makes up c.88% of the Post Trade Services revenue.

New IPOs in FY18 expected to be in the high 20s compared to FY17's 22.

Lower target price

- Weak revenue growth outlook in Post Trade Services in FY18e and low securities clearing fee due to the higher contribution from low margin products.

Sing Investments & Finance Limited

A Stellar Performance

Jeremy Teong
Phillip Securities Research Pte Ltd
30 October 2017

Sing Investments & Finance Limited

(Maintain Accumulate with Higher TP:S\$1.725, previous TP:S\$1.67. Last close price:S\$1.60)



Results at a glance

(SGD '000)	3Q17	3Q16	y-o-y (%)	2Q17	QoQ (%)	Comments
Net II	11,306	9,606	18%	10,662	6%	Lower deposit costs and higher LDR YoY
Fee & Comm	205	263	-22%	218	-6%	
Other Non II	930	1,117	-17%	3,532	-74%	S\$2.4mn gain from SGS portfolio in 2Q17
Inc before Op Ex	12,440	10,986	13%	14,412	-14%	
Op Ex	-5,829	-5,444	7%	-5,766	1%	Higher staff costs
Allowances	-340	-625	-46%	-1,515	NM	Lower SP
Net Profit	5,164	4,102	26%	6,013	-14%	

Source: Company, PSR

Net interest income growth higher 16% YoY

- LDR expanded from 82% in 2016 to 85.7% by 3Q17
- Deposit cost may have declined at an annualized rate of 2bps QoQ.
- Customer loans rates may have increased at an annualized rate of c.30bps QoQ.
- Customer loans volume declined 0.5% QoQ
- NIM may have improved from 1.72% in 2Q17 to 1.92% in 3Q17 (FY16 NIM: 1.5%)

Provision expense improved as expected

- Moderate economic growth amid low macro volatility should support asset quality.

Outlook

- Revised FY17e NIM upwards to 1.88% from previous estimate of 1.77%
- FY17e NII growth projected to improve 14.5% from previous estimate of 7%.
- FY17e PATMI estimate revised to S\$22mn from previous estimate of S\$20mn.
- Expect an increase in dividends declared in 4Q17

Oversea-Chinese Banking Corp

Powering ahead into 2018

Jeremy Teong
Phillip Securities Research Pte Ltd
30 October 2017

Oversea-Chinese Banking Corp

(Upgrade Buy from Accumulate with Higher TP: S\$13.48, previous TP S\$11.95. Last close price:S\$11.80)



Results at a glance

(SGD mn)	3Q17	3Q16	YoY (%)	2Q17	QoQ (%)	Comments
Net interest income	1,382	1,234	12%	1,345	3%	NIMs +4bps YoY. Loans +11% YoY
Fees & Comm	488	428	14%	492	-1%	Higher WM fee income
Insurance	238	199	20%	278	-14%	Higher Life Assurance profit YoY
Other NII	252	343	-27%	283	-11%	Weaker net trading income
Total income	2,360	2,204	7%	2,398	-2%	
Expenses	-1,001	-953	5%	-992	1%	Incl. Barclays WM staff costs
Allowances	-156	-166	-6%	-169	-8%	
PATMI	1,057	943	12%	1,083	-2%	

Source: Company, PSR

Strong loans growth as global and domestic economic outlook improves.

- 11% loans growth YoY. Beating consensus and management guidance.
- Loans growth outpaced Singapore domestic loans growth in 3Q17.
- Loans growth led by Singapore corporate overseas projects and Hong Kong based loans.

Stronger NII as LDR and NIM expanded

- LDR expanded to 85.3% in 3Q17 from 83.1% in 3Q16
- NIM increased to 1.66%, 4bps higher YoY as Singapore and Hong Kong benchmark rates increased.
- Higher rates on interbank placements supported the NIM expansion

NPL ratio stable as O&G sector stabilises

- NPL ratio is stable at 1.26% for the past four quarters.
- New NPAs formation has been declining over the four quarters too.
- Better utilisation of offshore O&G assets though charter rates and duration remain low.
- No new names going into NPA and specific provisions were largely set aside for existing restructured loans.

Other developments

- WM Income declined QoQ due to lower number of blockbuster funds launched in 3Q17.
- Volatility in OCBC China's treasury business caused OCBC WH NIM to decline QoQ to 1.57% from 1.60%
- Net trading income weak as banks globally are experiencing a challenging trading environment.

Outlook

- Management guided for 7-8% loans growth.

CapitaLand Retail China Trust

Mall rejuvenations at multi-tenanted malls driving NPI

Tan Dehong
Phillip Securities Research Pte Ltd
30 October 2017

Results at a glance

(SGD mn)	3Q17	3Q16	YoY (%)	Comments
Gross Revenue	56.0	50.6	10.7%	Up 10.5% in RMB terms. Contribution from CapitaMall Xinnan acquired in Sept 2016, and rental growth from multi tenanted malls. Offset by weaker revenue from Qibao (competition in vicinity) and divestment of Anzhen.
Net property income	36.0	32.8	9.7%	Higher property expenses from Xinnan
Distributable income	21.4	20.6	4.2%	Higher management and finance fees from Xinnan acquisition
DPU (SG Cents)	2.37	2.36	0.4%	

Source: Company, PSR

Stripping out investments, NPI grew 6.1% YoY in RMB terms

- Multi-tenanted (non-Master lease) malls grew NPI by 4.9%, stable portfolio occupancy

Shift away from department stores into higher yielding trade sectors

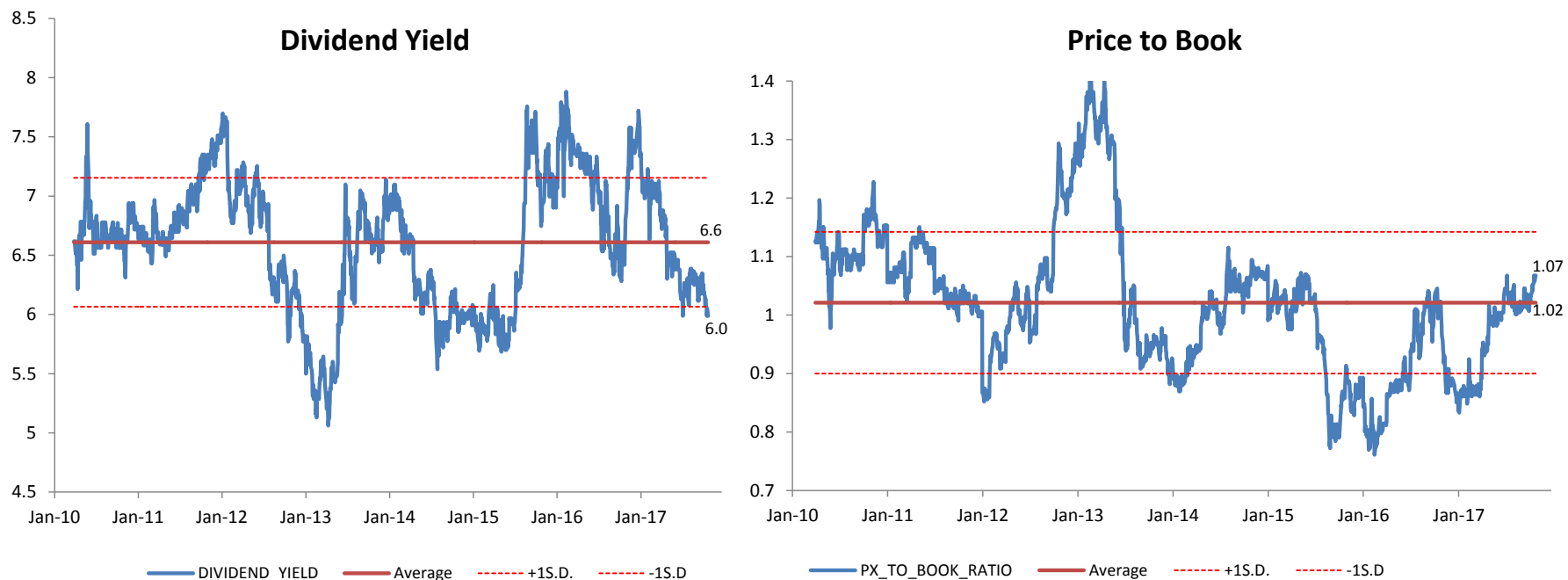
- Sept17: 6.6% of total GRI (FY16: 16.8%)

Tenant sales slowing, 3Q17 down 2.0% YoY (2Q up 1.9% YoY)

- Leisure/supermarkets weaker, F&B strong

Maintain NEUTRAL, FY18e yield of 6.4% and P/NAV 1.0

- Current yield of 6% at -1s.d.post-GFC levels, we deem fair given tenant sales and rental reversions stabilising around mid single digits as malls mature



Source: Bloomberg, PSR

Frasers Centrepoint Trust

Holding up in a tough environment

Tan Dehong
Phillip Securities Research Pte Ltd
30 October 2017

Results at a glance

(SGD mn)/Sept Yr End	FY17	FY16	YoY (%)	Comments
Gross Revenue	181.6	183.8	(1.2)	Mainly impacted by planned vacancies in Northpoint AEI. Up 0.5%, excluding AEI and impact of new acquisition
Net property income	129.6	129.9	(0.2)	Lower utilities tariff rates and other property expenses
Distributable income	109.8	108.1	1.6	Higher proportion of management fees paid in units (FY17: 70% vs FY16: 42%)
DPU (Cents)	11.90	11.76	1.2	

Source: Company, PSR

Strong rental reversions for FY17 despite a tough operating environment

- FY17 rental reversions 5.1%, lowest in FCT history. Able to build on low occupancy cost of 15.7% in FY16.

Catalysts for better upcoming performances in Northpoint and Changi City Point

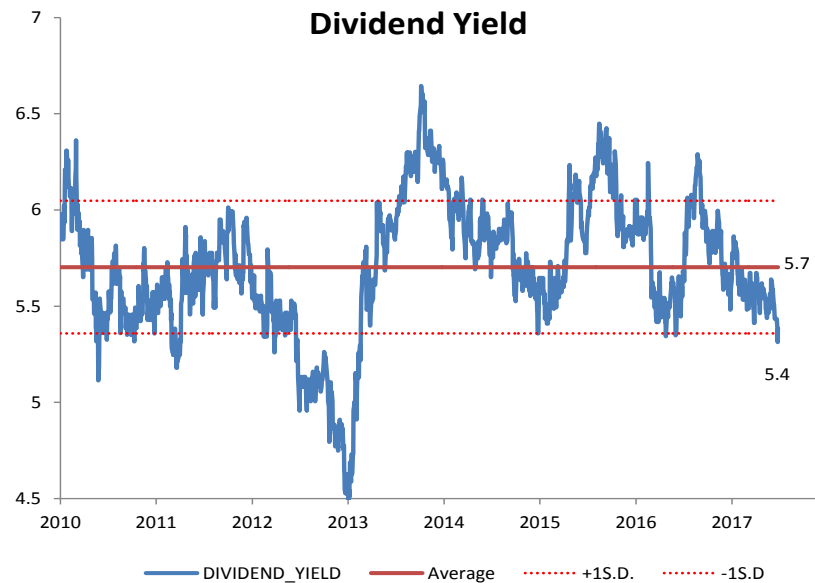
- Optimistic at filling out NPNW before CNY 18, Downtown Line 3 opening to benefit CCP

Rising occupancy costs may make it harder to sustain future rental reversions unless tenant sales improve

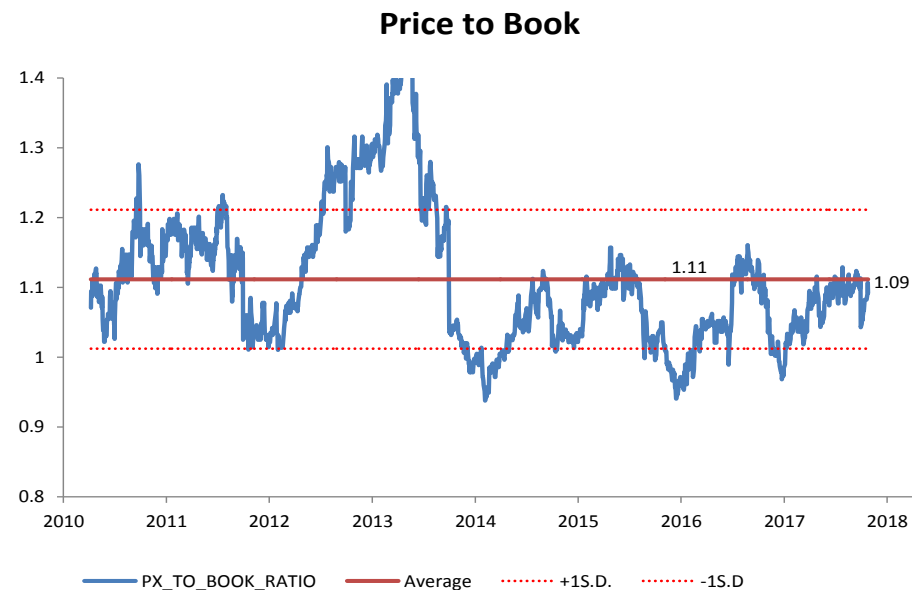
- Tenant sales fell mid single digits for FY17 (incl NPNW c.-7.5%)
- 15.7% at FY16 vs 18% currently. F&B/services tenants did well, supermarkets stable, Fashion laggard

Maintain NEUTRAL, FY18e yield of 5.8% and P/NAV 1.06.

- Current yield of 5.4% at -1s.d.post-GFC levels, positives are in the price given headwinds in retail sector and high occupancy costs



Source: Bloomberg, PSR



Ezion Holdings Limited

To resolve through warrants, bonds and convertibles

Chen Guangzhi

Phillip Securities Research Pte Ltd

30 October 2017

Ezion Holdings Limited

(Rating suspended)

Banks offered a conditional refinancing plan:

- 6 banks will provide up to US\$100mn to the group to fund its working capital
- Banks are willing to take 200bps reduction of interest rate
- Ezion must repay a minimal fixed principal every month over the next 6 years
- **All the terms are on the condition of the approval of consent solicitation statement (CSE) from noteholders of all series**

Ezion proposed options for creditors:

- The group provided a [proposal](#) of notes restructuring for Series 003 - 007 and Series 008 respectively
- Ezion will raise additional S\$344mn if warrants are fully exercised at the price of S\$0.2763
- The proposal will trigger potential dilutions of existing shares

Figure 1. Notes payable

Notes	Due date	Nominal value (S\$ mn)	Coupon rate
Series 003	2019	110	4.700%
Series 004	2018	60	4.600%
Series 005	2019	50	4.850%
Series 006	2020	55	5.100%
Series 007	2021	150	4.875%
Subtotal		425	
Series 008	Perpetual	150	7.00%
Total		575	

Source: Company, PSR

Ezion Holdings Limited

(Rating suspended)

Figure 2: Potential dilution to existing shareholders

	No. of shares (in mn)	% of shareholding
No of shares issued and outstanding as of Sep-17	2,074	31.3%
Existing warrants (2016) by shareholders	Up to 355	5.4%
Warrants (2018-Shareholders) to be issued to existing shareholders (assuming 100% exercised)	Up to 1,244	18.8%
Warrants (2018-Securityholders) to be issued to holders who exercise their conversion rights during the early conversion period (assuming S\$575mn in principal amount converted and 100% of the Warrants (2018-Securityholders) are exercised)	Up to 575	8.7%
Shares to be issued with respect to accrued interest (assuming 1. all opt for Option B and Option D 2. estimated interest accrued from immediately preceding interest payment date/distribution payment date prio to 20 Nov 2017 3. issued at minimum conversion price of S\$0.2763)	Up to 48	0.7%
Consent fee shares (assuming all securityholders are eligible for the consent fee)	Up to 13.8	0.2%
Conversion of refinancing Series B convertible bonds and amended Series 008 securities (assuming full conversion of S\$575mn at minimum conversion price with 10% discounted conversion price of S\$0.2487)	Up to 2,312	34.9%
Total	Up to 6,622	100%

Source: Company, PSR

Ezion Holdings Limited

(Rating suspended)

Strategic transformation of deployment of assets:

- Focusing on 100% deployment of liftboats (consider converting several service rigs into liftboats)
- Expecting improvement of day rate from 2H18
- Enhancing deployment of other assets
- Minimise capex costs
- Disposal of assets that generate low returns, require high capex, and are difficult to deploy due to oversupply
- **The prerequisite for the implementation of these plans is to clear the overhang of liquidity issues mentioned before**

Timetable for subsequent events:

Event	Date
Notice of meeting for consent solicitation exercise (CSE)	23-Oct
Submission of circular to SGX for shareholders's EGM	4-Nov
Early consent fee eligibility	15-Nov
Consent solicitation exercise meeting	20-Nov
Adjourned CSE meeting (if required)	8-Dec
Shareholder's EGM	Early Jan-18

Source: Company, PSR

The information contained in this presentation has been obtained from public sources which Phillip Securities Research Pte Ltd (“PSR”) has no reason to believe are unreliable and any analysis, forecasts, projections, expectations and opinions (collectively the “Research”) contained in this presentation are based on such information and are expressions of belief only. PSR has not verified this information and no representation or warranty, express or implied, is made that such information or Research is accurate, complete or verified or should be relied upon as such. Any such information or Research contained in this presentation is subject to change, and PSR shall not have any responsibility to maintain the information or Research made available or to supply any corrections, updates or releases in connection therewith. In no event will PSR be liable for any special, indirect, incidental or consequential damages which may be incurred from the use of the information or Research made available, even if it has been advised of the possibility of such damages.

This presentation is intended for general circulation only and does not take into account the specific investment objectives, financial situation or particular needs of any particular person.

You should seek advice from a financial adviser regarding the suitability of the investment product, taking into account your specific investment objectives, financial situation or particular needs, before making a commitment to invest in such products.

Ask Questions!

Archived Webinar videos can be accessed at:

<https://www.poems.com.sg/education/webinars/>



Analysts

Paul Chew, Head of Research

Pei Sai Teng, Macro

Jeremy Ng, Technical Analysis

Jeremy Teong, Banking & Finance

Soh Lin Sin, Consumer | Healthcare

Richard Leow, Transport | REITs (Industrial)

Dehong Tan, REITs (Commercial, Retail, Healthcare) | Property

Ho Kang Wei, US Equity

Chen Guangzhi, Oil and Gas | Energy

By Phillip Securities Research

Mohamed Amiruddin, Operations Exec