

11 Dec 17, 8.15am/11.15am Morning Call/Webinar

Company Update

ComfortDelGro Corp Ltd

Sector Report

Singapore Coal

Singapore Banking

Singapore Strategy

US Trades Monthly Update

The Phillip 20 November Monthly Review

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ComfortDelGro Corp Ltd

From competitors to partners

Richard Leow

Phillip Securities Research Pte Ltd

11 December 2017

ComfortDelGro Corp Ltd

(Buy, TP: \$2.69, FY17e DPS: 10.3 cents (5.4%) , Last: \$1.91)



Acquiring 51% stake in Lion City Holdings, which owns 100% of Lion City Rental (“LCR”)

LCR has a fleet of ~14,000 vehicles

Sale consideration of S\$295mn based on NAV of S\$642mn of 12,450 vehicles

The positives

- Access to the burgeoning PHV business, offsetting some of the decline in Taxi segment
- Alliance between the two market leaders in terms of fleet size
- Net positive of the Engineering Maintenance segment

The negatives

- Does not directly address the decline in Taxi business
- Asset-heavy vehicle rental business will incur capex

No changes to forecast made, pending more details and conclusion of the deal

Singapore Coal Monthly

Only seasonal headwinds

Chen Guangzhi

Phillip Securities Research Pte Ltd

11 December 2017

China

- National Development and Reform Commission (NDRC) urged domestic coal suppliers and purchasers to enter into the medium and long-term contracts for 2018

Indonesia

- Governments have revoked 406 coal-mining permits in East Kalimantan province, and another 403 permits are awaited to be revoked in the future.

How do we view?

China is gradually subduing coal price volatility via regulating market mechanism

- Coal price was still traded at the red zone in recent months
- Shortage of coal supply to power plants
- More visibility of coal supply and demand

Stamping out irregularities will only cause regional temporary supply shorts

- Minor speed bump in the mining sector
- National electrification project is a priority in Indonesia
- Mining activities in the region will be resume once issues are rectified

Three counters encountered 10% to 30% of price correction

- Major power and heating plants had gradually completed stocking piling coal for winter
- Chinese authorities accelerated gas-replacing-coal campaign
- It also banned the burning of low-quality coal briquettes for residential heating

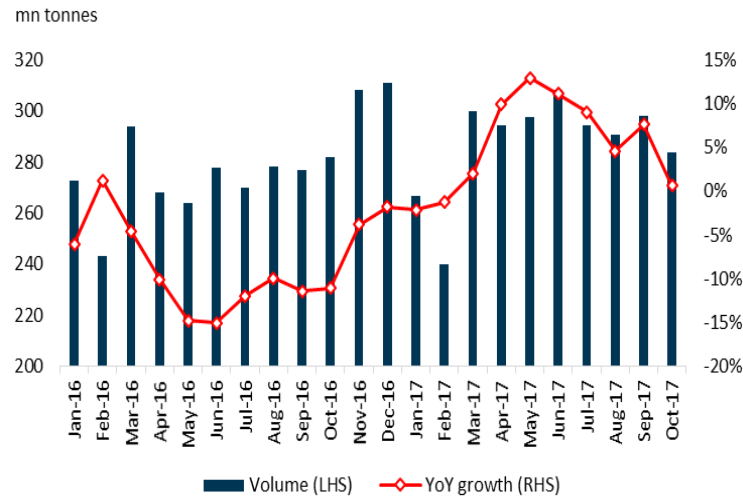
Seasonal headwinds

- China has been intensifying the regulation and control of air pollution during winter
- The shift from coal to gas is a long-lasting move which cannot be completed overnight

Stable coal outlook and the ramp-up of production of 40% in FY18, we maintain our BUY rating on coal sector.

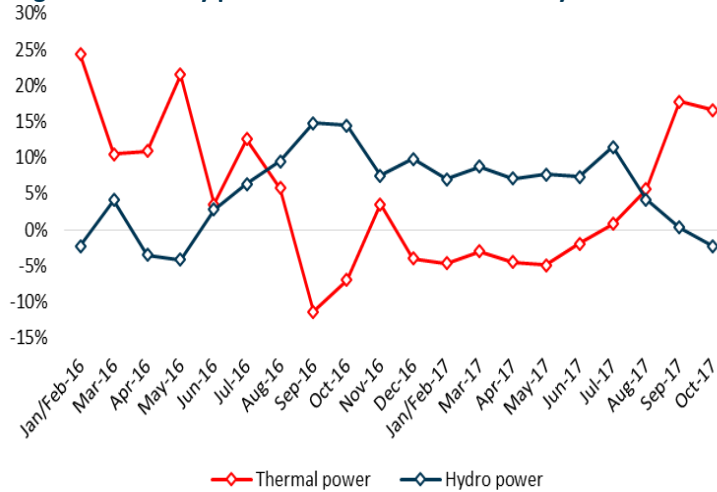
Phillip Coal Tracker

Figure 1: Monthly coal production in PRC slowing down



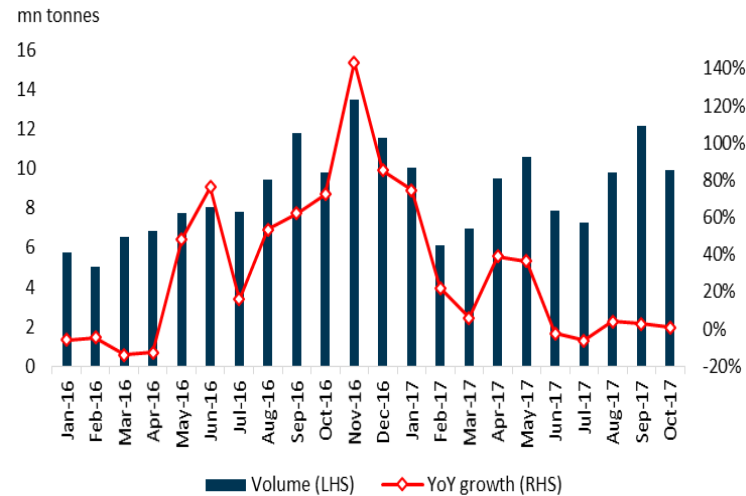
Source: National Bureau Statistics of PRC, PSR

Figure 3: Monthly power demand YoY still healthy in PRC



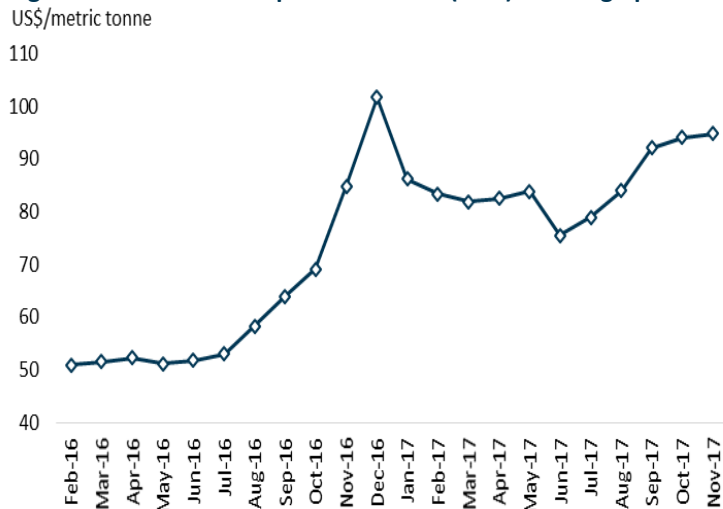
Source: National Bureau Statistics of PRC, PSR

Figure 2: Coal import from Indonesia by China stable



Source: General Administration of Customs of PRC, PSR

Figure 4: Indonesia coal price reference (HBA) climbing up

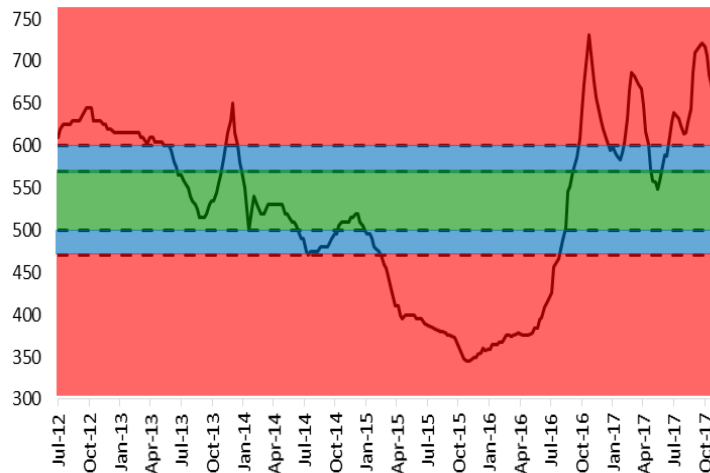


Source: Coalspot.com, PSR

Phillip Coal Tracker

Figure 5: Qinghuangdao 5,500 GAR weekly FOB spot price

Rmb/tonne

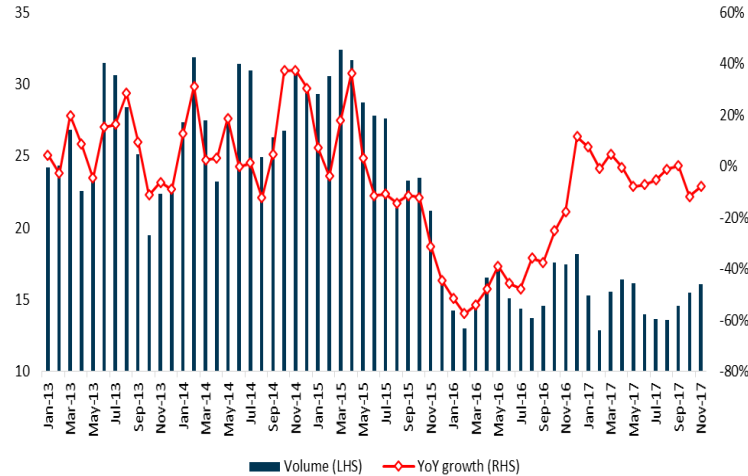


Source: Bloomberg, PSR, NDRC price zones (red/blue/green)

*The total port coal inventory includes coal stockpile at Qinghuangdao Port, Tianjin Port, Caofeidian Port, Guangzhou Port, Jingzhou Port, Lianyungang Port, Dandong Port, Jingtang Port, Yinkou Port, Qingdao Port, and Huanghuagang Port.

Figure 6: Total port coal inventory declining

mn tonnes



*Source: Bloomberg, PSR

Peer comparison

Company	Bloomberg Ticker	Mkt Cap (SGD mn)	EV (SGD mn)	EV/EBITDA TTM	RESERVE (MN TONNES)	EV/RESERVE (SGD/TONNE)	PRODUCTION (MN TONNES) FY16	PRODUCTION (MN TONNES) FY17e	FY18 P/E	FY17 P/E	FY17 P/B	Net D/E (%)	ROA (%)	ROE (%)
Singapore														
Golden Energy & Resources	GER SP	918	999	5.5	780	1.3	9.5	14.0	9.3	18.7	2.1	Net Cash	9.6	21.0
Geo Energy Resources	GERL SP	346	388	3.2	100	3.9	5.5	7.0 - 8.0	5.0	5.0	1.6	0.8	16.5	35.8
BlackGold Natural Resources	BHR SP	81	83	N/A	147	0.6	0.3	0.5	N/A	N/A	5.2	39.1	-20.8	-31.6
Indonesia														
Adaro Energy	ADRO IJ	5,701	6,313	4.0	1,200	5.3	52.5	52.0-54.0	8.8	8.5	1.2	9.4	7.7	15.3
Bukit Asam Persero	PTBA IJ	2,644	2,375	3.6	3,300	0.7	19.6	21.9	7.6	6.6	1.9	Net Cash	19.5	32.2
Indo Tambangraya Megah	ITMG IJ	2,385	1,840	2.7	198	9.3	25.6	22.6	7.5	7.4	1.8	Net Cash	18.5	25.1
Harum Energy*	HRUM IJ	555	335	3.4	113	3.0	4.0	4.0-4.5	9.5	11.3	1.3	Net Cash	8.5	12.0
Baramulti Suksessarana**	BSSR IJ	651	623	4.0	114	5.5	7.9	10.0	6.0	6.4	3.1	9.2	38.6	55.2
Market-cap Weighted Average				3.6		5.0			8.2	8.1	1.9	9.3	18.6	28.0

Source: Bloomberg, Company, PSR

Coal reserve estimate was as of 2016

*Harum Energy: coal reserve estimate was as of 2009

**Baramulti Suksessarana: coal reserve estimate was as of 2012

Singapore Banking Monthly

All Looking Good

Jeremy Teong

Phillip Securities Research Pte Ltd

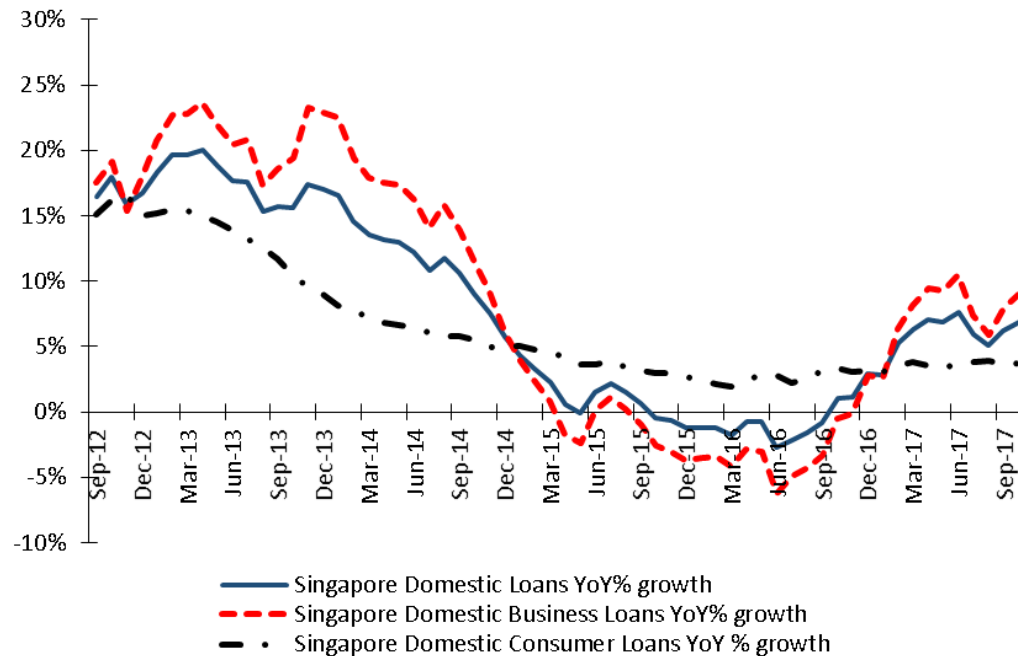
11 December 2017

Updates on key drivers

- Singapore October domestic loans growth was up 6.8% YoY, 2nd consecutive month of acceleration. Loan demand driven by stronger property related business loans.
- Hong Kong October domestic loans growth was 22.3% YoY, driven by IPO loans.
- SIBOR and HIBOR spiked up at the end of November signalling an increase in mortgage rates in Hong Kong and Singapore.
- Narrowing spread between 1mth and 3mth HIBOR is tailwind for Hong Kong NIMs.
- The strong economic growth continues to support asset quality.
- Maintain Accumulate for the Singapore Banking Sector.

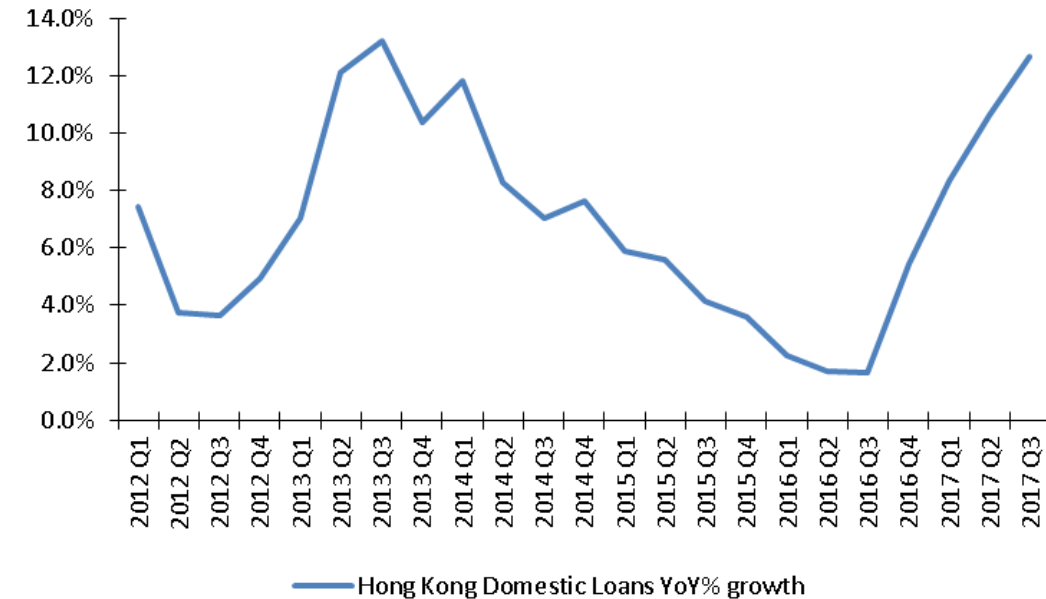
Loans growth continues to be strong

Figure 1: Singapore domestic business loans continue to lead the growth as 3Q GDP YoY growth surpassed expectations.



Source: MAS, PSR estimates

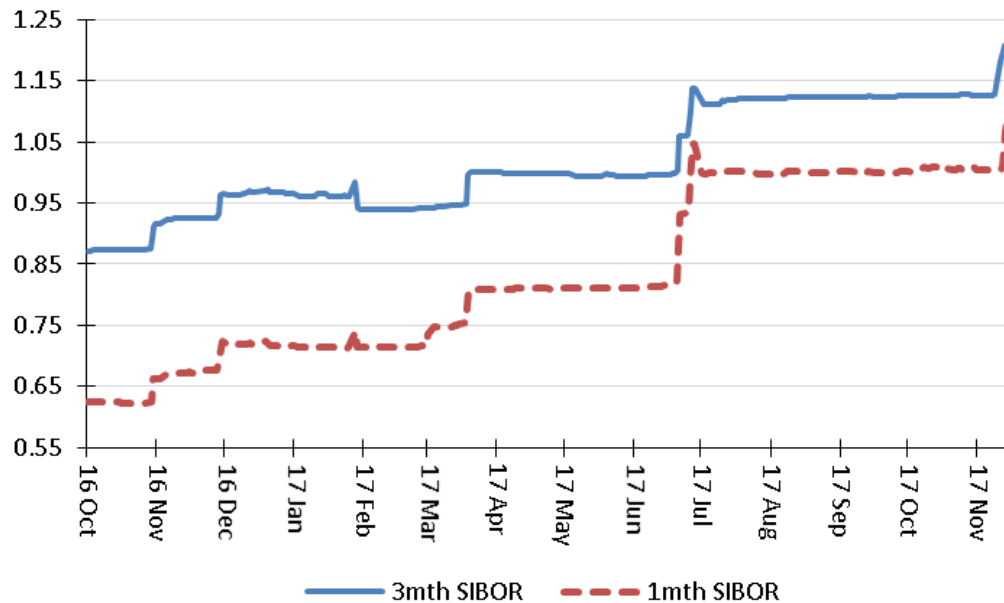
Figure 2: Unprecedented demand for Hong Kong IPO loans boosted stronger loans growth in late October and early November.



Source: HKMA, PSR estimates

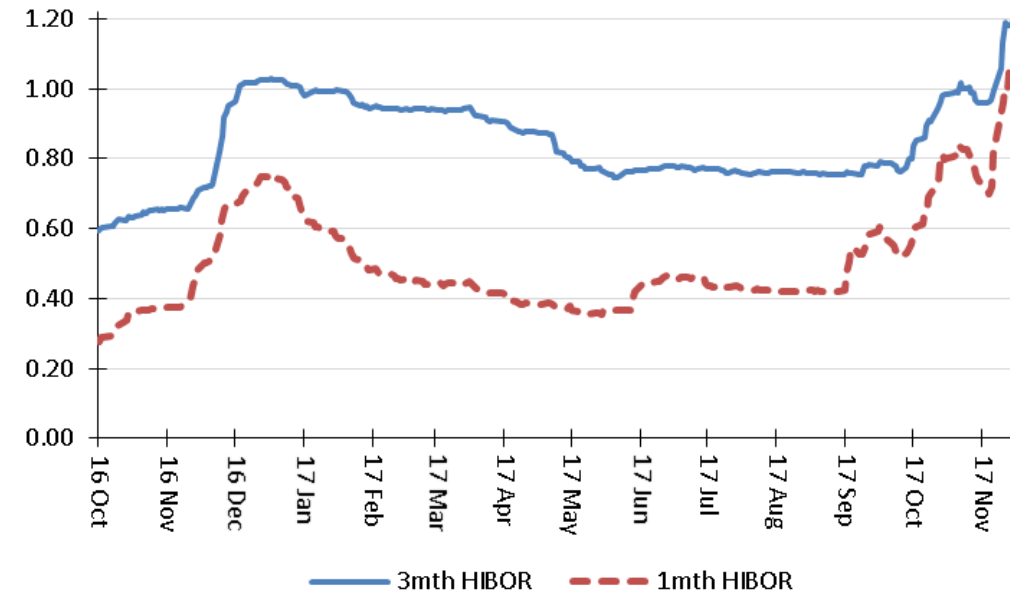
Benchmark rates are rising

Figure 3: 3 month SIBOR and 1 month SIBOR have risen by c.8bps at the end of November.



Source: MAS, PSR estimates

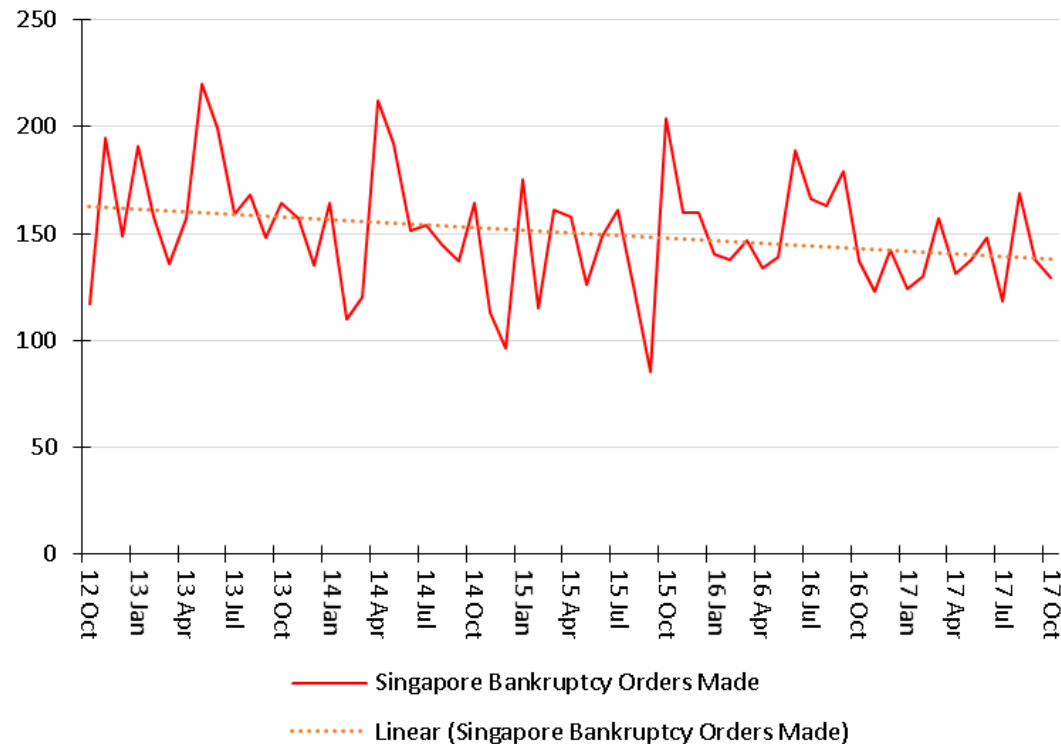
Figure 4: DBS' and OCBC's Hong Kong NIMs are expected improve as the spread between the 1-month HIBOR and 3-month HIBOR continues to narrow.



Source: MAS, PSR estimates

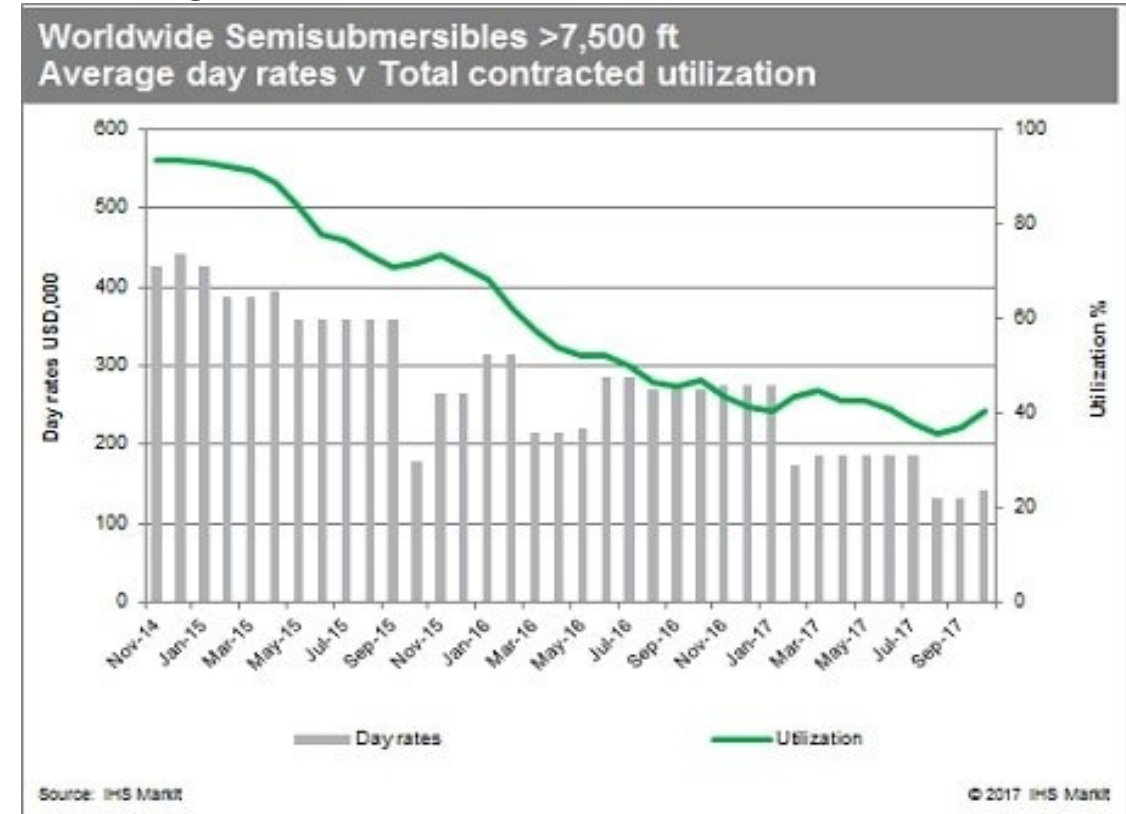
Asset quality expected to be robust

Figure 3: Singapore's bankruptcy orders is on a declining trend.



Source: Singstats, PSR estimates

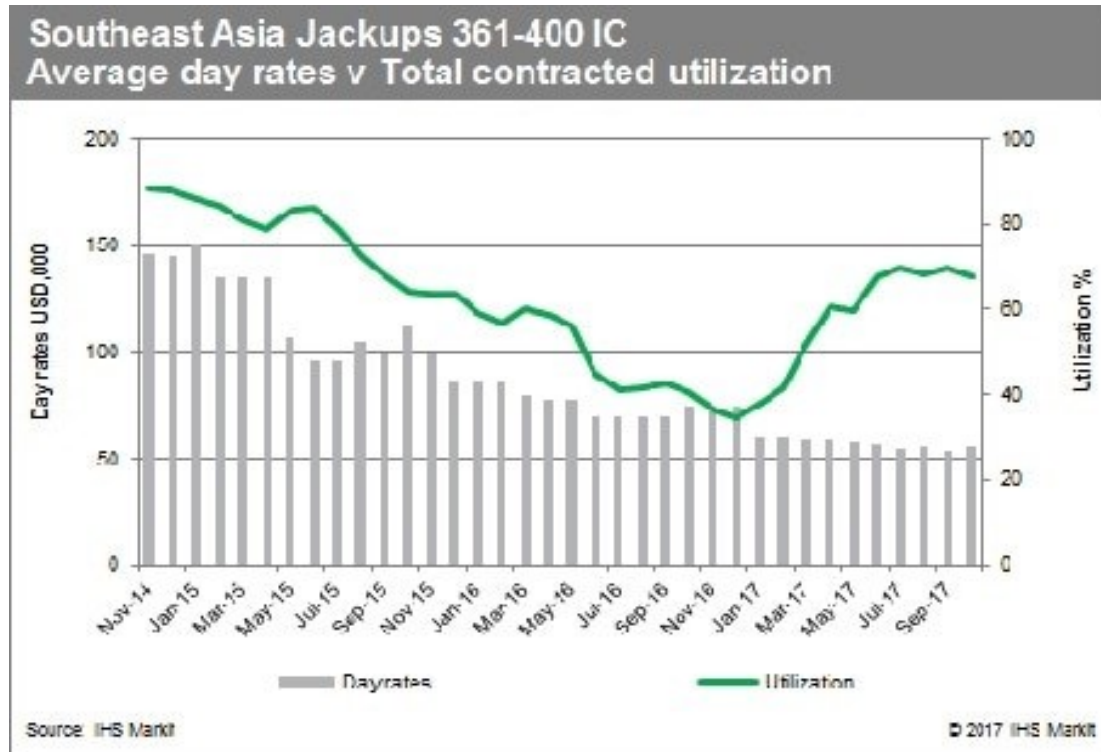
Figure 4: Worldwide Semisubmersibles utilisation has bottomed out since Sept 2017 but day rates have not showed signs of bottoming out.



Source: IHS Markit

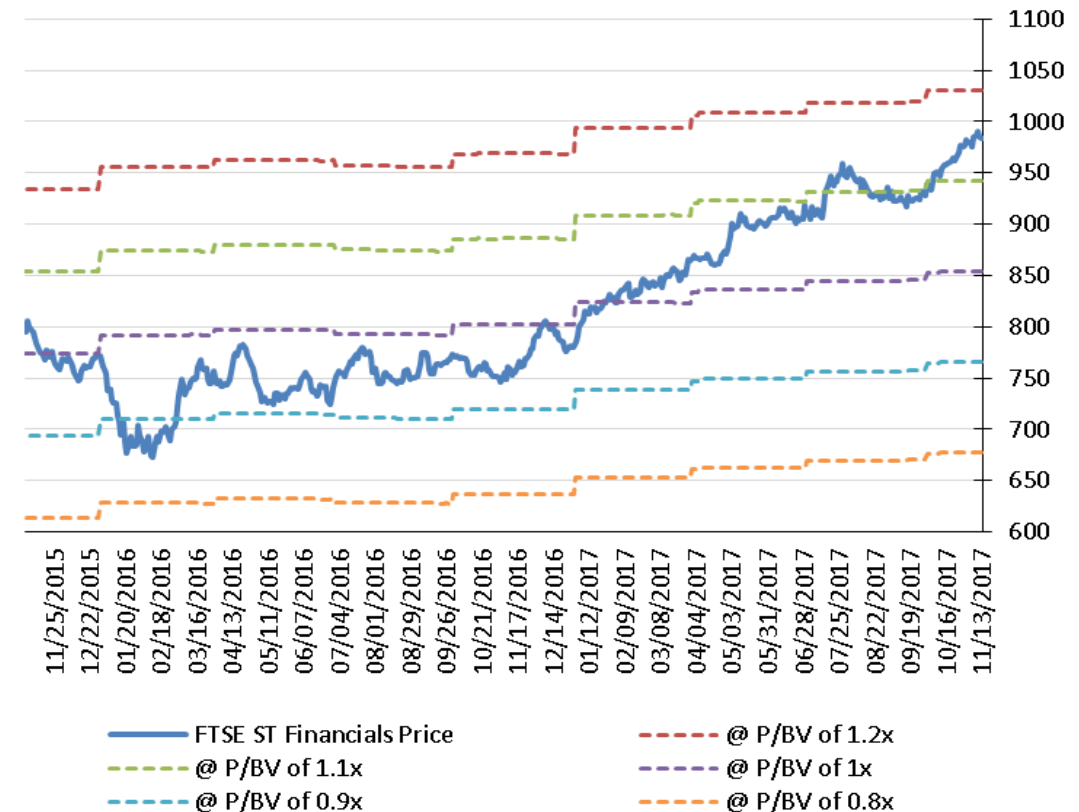
Valuation undemanding

Figure 5: Southeast Asia Jackups utilisation has tapered since it rebounded in March 2017. Day rates appear to be stable YTD.



Source: IHS Markit

Figure 6: Singapore banks' valuation is undemanding at between 1.1x and 1.2x P/BV.



Source: Bloomberg, PSR estimates

Singapore Strategy update

Paul Chew

Phillip Securities Research Pte Ltd

11 December 2017

- Macro/Sector
 - 4Q17 looking good: indicators still on an uptrend – October semi sales +22%, US ISM new orders 12-year highs, China PMIs 5-year highs, SG PMI 8-year high; US imports 5-year highs.
 - China slowing down: activity indicators such as electricity, steel, railway, property.
 - Singapore sectors: Banking volume and margins holding up well; Property a bit slower but secondary sales performing well.

- BUY sustainable yield, Overweight cyclicals such as property, banks and electronics
 - Yield: AsianPayTV, CCT, Ascendas REIT
 - Property: CapitaLand, ChipEng Seng, Wheelock
 - Banyan Tree: large pipeline of hotel-management contracts for the next several years
 - Micro-Mechanics: exposure to semiconductor cycle
 - Banking: heading into a perfect 2018 with rising margins + loans growth + WMP + special dividends + lower credit cost
 - Consumer: Laggard beneficiary – ShengSiong, DairyFarm, Thai Beverage, F&N

US Trades Monthly Update

Ho Kang Wei

Phillip Securities Research Pte Ltd

11 December 2017

Summary of Closed Trade Positions

Name	Trade Position	Entry	Target Price	Take Profit Price	Stop Loss	Performance
Alibaba Group Holdings Ltd	Closed (29/03/17)	94.91	109.00	109.00	85.9	14.85%
Facebook Inc	Closed (03/02/17)	124.9	140.00	130.98	113.45	12.09%
Medtronic plc	Closed (02/05/17)	75.09	84.28	84.28	69.25	12.24%
NVIDIA Corporation	Closed (17/05/17)	124.9	127.50	130.98	95.07	20.03%
Advanced Micro Devices	Closed (23/06/17)	12.5	14.50	14.50	11.00	16.00%
Aflac Inc	Closed (09/06/17)	71.44	77.00	77.00	66.4	7.78%
Synchrony Financial	Closed (29/11/17)	29.5	35.00	35.00	26.5	18.64%
GNC Holdings Inc	Closed (26/10/17)	8.47	14.00	7.62	7.62	-10.04%
Nike Inc.	Closed (30/11/17)	53.42	60.21	60.21	48.91	12.71%
Average Return						11.59%

Source: PSR, Bloomberg

Monthly Index Performance

Name	Price at 30/11/17	YTD Performance
S&P500 INDEX	2,647.58	9.43%
DOW JONES INDEX	24,272.35	14.67%
NASDAQ INDEX	6,873.97	10.50%

Source: PSR, Bloomberg

Summary of Open Trades Positions

Name	Trade Position	Entry	Last Done	Target Price	Stop Loss	Performance
Walt Disney Co.	Open	107.72	104.23	116.00	102.62	-3.24%
GameStop Corporation	Open	16.80	19.20	20.00	14.95	14.29%
AT&T Inc	Open	36.44	36.73	41.70	33.95	0.80%
Applied Optoelectronics Inc	Open	43.64	38.69	47.54	N/A	-11.34%

- **Walt Disney Co (DIS)**
 - Views unchanged
 - Optimistic on DIS strong library of content and future streaming plans
 - Rumours of acquiring Fox's media content
 - Highly anticipated upcoming movies
- **GameStop Corp. (GME)**
 - Second entry
 - New cycle of Video Game hardware
 - Nintendo Switch & Xbox One X
 - Holiday season

Summary of Open Trade Positions (cont)

Name	Trade Position	Entry	Last Done	Target Price	Stop Loss	Performance
Walt Disney Co.	Open	107.72	104.23	116.00	102.62	-3.24%
GameStop Corporation	Open	16.80	19.20	20.00	14.95	14.29%
AT&T Inc	Open	36.44	36.73	41.70	33.95	0.80%
Applied Optoelectronics Inc	Open	43.64	38.69	47.54	N/A	-11.34%

- **AT&T (T)**
 - Merger with Time Warner objected by DOJ
 - Proposed hearing date 7 May 2018, T requested earlier date of 20 Feb 2018
 - T has offered compromise of 7 year blackout ban
 - FCC 14 Dec 2017 vote on Net Neutrality
- **Applied Optoelectronics Inc (AAOI)**
 - Views unchanged
 - Non-Amazon revenue continues to grow
 - Market has overreacted to lower demand from AMZN

The Phillip 20

November Monthly Review

Jeremy Ng
Phillip Securities Research Pte Ltd
11 December 2017

Straits Times Index – Technical Analysis

STI Weekly Chart : Immediate roadblock ahead at 3457 resistance area



+1.76% in Nov 17

Source: Bloomberg, PSR Red line = 20 period moving average, Blue line = 60 period moving average, Green line = 200 period moving average

Straits Times Index – Technical Analysis

STI Daily Chart : 20 and 60 day moving average seemed to be supporting price



Source: Bloomberg, PSR Red line = 20 period moving average, Blue line = 60 period moving average, Green line = 200 period moving average

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Realised P&L for November 17

The Phillip 20 Portfolio - Realised P&L for Nov 2017

Company Name	Ticker	L	Entry Date	Entry price	Exit date	Exit Price	P&L
VALUETRONICS	BN2	Long	14-Jul-17	0.825	2-Nov-17	1.005	21.82%
HAW PAR	H02	Long	18-Aug-17	10.930	14-Nov-17	11.98	9.61%
CHASEN	5NV	Long	9-Oct-17	0.093	24/12/2017	0.081	-12.90%
OUE	LJ3	Long	9-Oct-17	2.010	24/12/2017	1.895	-5.72%
BLACKGOLDNATURAL	41H	Long	6-Jul-17	0.137	24/12/2017	0.103	-24.82%

Source: Bloomberg, PSR

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New Entries for November 17

The Phillip 20 Portfolio - November new entries as of 4 December 17

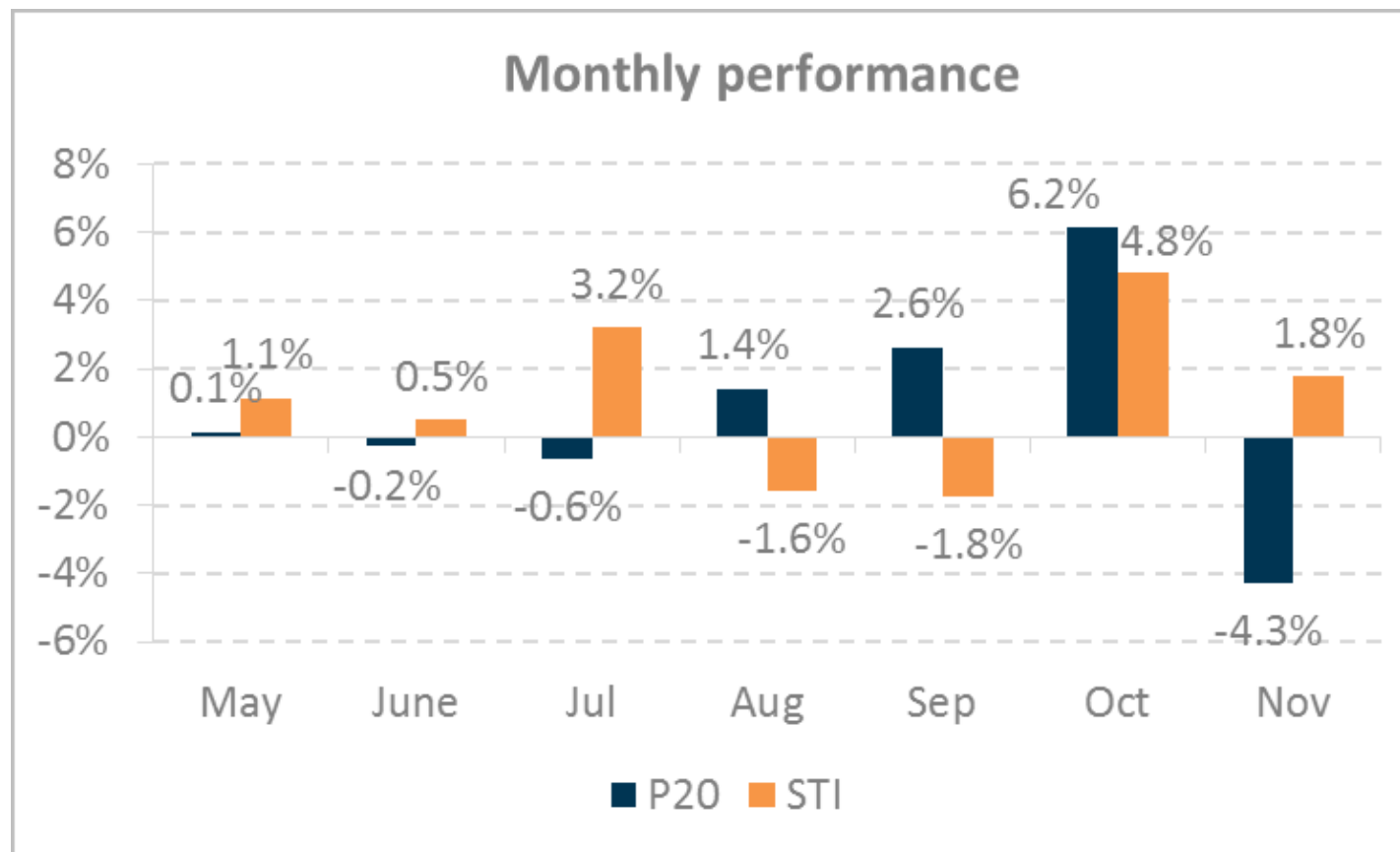
Company Name	Ticker	L	Entry Date	Entry price	Stop Loss	Last price	Current gain/loss (%)
BREADTALK	5DA	Long	2-Nov-17	1.645	1.470	1.570	-4.56%
GOLDEN AGRI-RES	E5H	Long	9-Nov-17	0.400	0.350	0.375	-6.25%
SINOSTAR PEC	C9Q	Long	28-Nov-17	0.194	0.149	0.205	5.67%

Source: Bloomberg, PSR

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Monthly performance

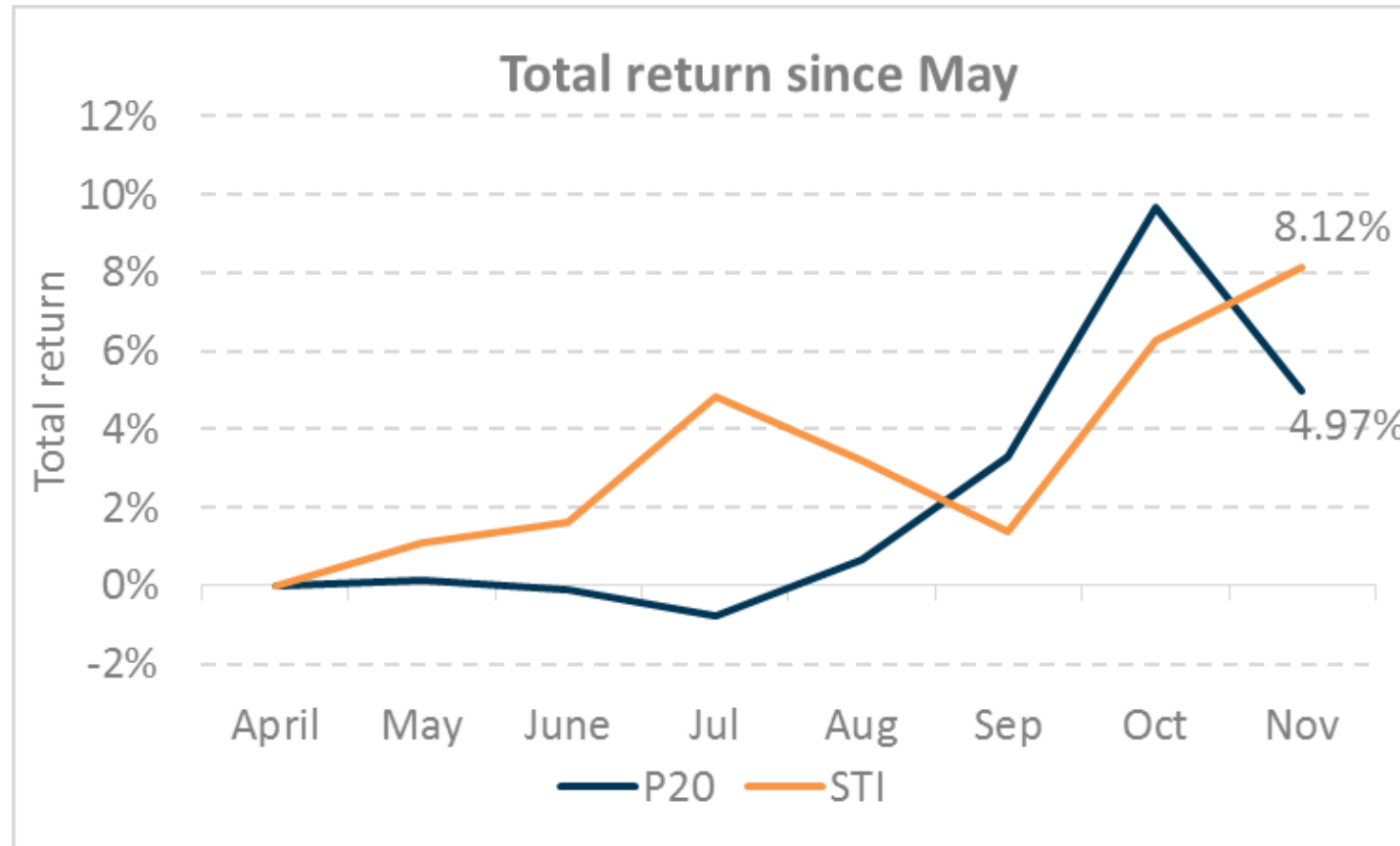


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Total return since May, as of 31 Nov 2017



Source: Bloomberg, PSR

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Watchlist

- China Sunsine
- Sunningdale Tech
- Falcon Energy
- Jiutian Chemical
- GSH
- Hotung Inv
- Lian Beng
- Wing Tai
- Valuetronics
- Asian Pay TV
- UOL
- Avi-Tech
- SingHoldings
- HG Metal
- Yongnam
- Allied Tech
- Frasers Cpt
- Chip Eng Seng
- CityDev
- InnoTek
- Food Empire
- China Aviation
- OCBC
- Frasers L&I Tr
- Micro-Mechanics
- Hi-P
- YZJ Shipbldg SGD
- AEM
- Genting Sing
- Memtech Intl
- Wheelock Prop
- Venture
- Banyan Tree
- Serial System
- Sunright
- Oxley
- Cityneon
- Centurion
- SATS
- SBS Transit
- Starhub
- Hong Fok
- Ho Bee Land
- Olam
- DBS
- UOB

Current Portfolio

The Phillip 20 Portfolio - Our top technical picks as of 8 December

Company Name	Ticker	L	Entry Date	Entry price	Stop Loss	Last price	Current gain/loss (%)
BREADTALK	5DA	Long	2-Nov-17	1.645	1.470	1.570	-4.56%
COGENT	KJ9	Long	22-Mar-17	0.780	0.725	1.010	29.49%
ELLIPSIZ	BIX	Long	3-Aug-17	0.645	0.575	0.730	13.18%
FRENCKEN	E28	Long	20-Jul-17	0.525	0.445	0.525	0.00%
F & N	F99	Long	24-Mar-17	2.220	2.220	2.610	17.57%
GOLDEN AGRI-RES	E5H	Long	26-Oct-17	0.400	0.350	0.370	-7.50%
GOLDEN ENERGY	AUE	Long	2-Aug-17	0.425	0.360	0.385	-9.41%
JUMBO	42R	Long	22-Sep-17	0.575	0.525	0.570	-0.87%
MIYOSHI	M03	Long	23-Aug-17	0.074	0.062	0.070	-5.41%
PANUNITED	P52	Long	22-Aug-17	0.550	0.500	0.550	0.00%
RIVERSTONE	AP4	Long	12-Jul-17	1.065	0.995	1.040	-2.35%
SINOSTAR PEC	C9Q	Long	28-Nov-17	0.194	0.149	0.187	-3.61%
SPH	T39	Long	25-Sep-17	2.750	2.530	2.650	-3.64%
SINGAPORE O&G	1D8	Long	14-Sep-17	0.490	0.420	0.445	-9.18%
THAIBEV	Y92	Long	14-Mar-17	0.955	0.825	0.950	-0.52%
YOMA STRATEGIC	Z59	Long	1-Dec-17	0.505	0.470	0.535	5.94%

Source: Bloomberg, PSR

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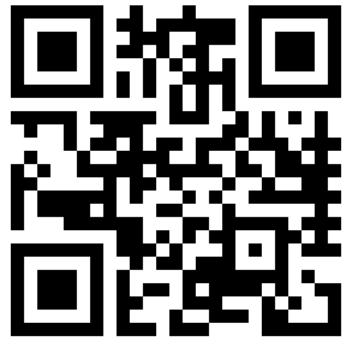
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