

MARKET NEWS

US stocks were higher on Friday, as gains in the energy, utilities and communication services sectors led shares higher. At the close of the NYSE, the DJIA gained 0.22% while the S&P 500 index rose 0.14%, and the NASDAQ Composite index advanced 0.09%. Advancing stocks outnumbered falling ones on the NYSE by 1,526 to 1,380 and 109 ended unchanged; on the Nasdaq Stock Exchange, 2,308 declined and 1,956 advanced, while 231 ended unchanged. (Source: WSJ, Bloomberg)

During the last trading session, the FSSTI index fell 18.84pt to 3,207.75. Among the top active stocks were Seatrium (-0.7%), Yangzijiang Shipbuilding (+1.2%), SIA (-0.2%), Singapore Telecommunications (-0.9%) and SATS (-1.2%). The FTSE ST Mid Cap index rose 0.2% while the FTSE ST Small Cap Index was down 0.4%. The broader market saw 177 gainers and 184 losers with total trading value of S\$671.5m.

WHAT'S IN THE PACK

Singapore Company Update:

Seatrium - Positive vibes from a tour of an FLNG vessel.

(STM SP/BUY/S\$0.14/Target: S\$0.19)

Our recent tour to Seatrium and Golar's FLNG project showed that there continues to be a high level of interest in such vessels from an energy supply and financing standpoint. The imminent completion of this complex ...

Singapore Technical Analysis:

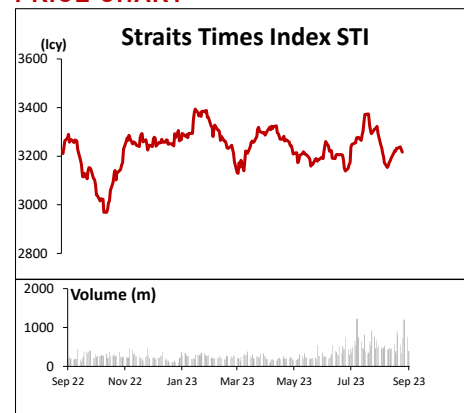
Yangzijiang Financial Holding (YZJFH SP) - Trading BUY

Price is trading above the cloud, keeping the uptrend intact. Conversion and base lines remain in a bullish crossover. The MACD is strong and bullish and a bullish MACD crossover is likely...

Fraser's Centrepont Trust (FCT SP) - Trading BUY

Price broke out from a triangle pattern after consolidating for nearly four months. There is a bullish conversion and base lines crossover that hints at potential upside ahead...

PRICE CHART



KEY INDICES

	Prev Close	1M %	YTD %
DJIA	34576.6	(2.0)	4.3
S&P 500	4457.5	(0.1)	16.1
FTSE 100	7478.2	(0.6)	0.4
AS30	7358.1	(2.6)	1.9
CSI 300	3740.0	(3.7)	(3.4)
FSSTI	3207.8	(2.6)	(1.3)
HSCEI	6314.7	(4.1)	(5.8)
HSI	18202.1	(5.1)	(8.0)
JCI	6924.8	0.7	1.1
KLCI	1455.0	(0.2)	(2.7)
KOSPI	2547.7	(1.7)	13.9
Nikkei 225	32606.8	0.4	25.0
SET	1547.2	0.8	(7.3)
TWSE	16576.0	(0.2)	17.2
BDI	1186	5.0	(21.7)
CPO (RM/mt)	3754	(1.2)	(7.3)
Brent Crude (US\$/bbl)	90	4.1	5.1

Source: Bloomberg

TOP VOLUME

Company	Price (\$)	Chg (%)	Volume ('000s)
Seatrium	0.14	(0.7)	273,588
Yangzijiang Shipbuilding	1.73	1.2	25,753
Genting Singapore	0.88	0.0	21,024
Singapore Telecommunications	2.32	(0.9)	15,809
Thai Beverage	0.59	(0.8)	14,472

TOP GAINERS

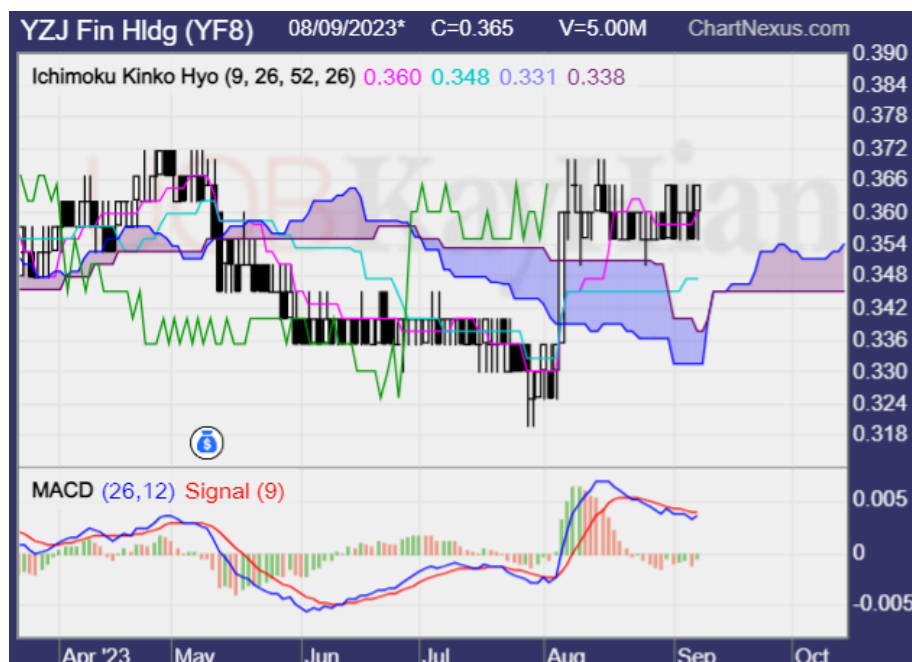
Company	Price (\$)	Chg (%)	Volume ('000s)
Sri Trang Agro Industry	0.66	4.0	10
ESR-LOGOS REIT	0.32	3.2	8,619
CapitaLand Ascott Trust	1.00	2.6	13,874
Ho Bee Land	1.84	1.7	40
UOB-Kay Hian Holdings	1.40	1.4	24

TOP LOSERS

Company	Price (\$)	Chg (%)	Volume ('000s)
Top Glove Corp	0.24	(4.0)	2,994
Nio Inc	10.15	(2.6)	61
Yanlord Land Group	0.67	(2.2)	1,303
OUE Commercial REIT	0.23	(2.2)	8,263
Hutchison Port Holdings Trust	0.23	(2.2)	11

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TRADERS' CORNER



Yangzijiang Financial Holding (YZJFH SP)

Trading buy range: S\$0.360-0.365

Last price: S\$0.365

Target price: S\$0.400

Protective stop: S\$0.350

Price is trading above the cloud, keeping the uptrend intact. Conversion and base lines remain in a bullish crossover. The MACD is strong and bullish and a bullish MACD crossover is likely. We are likely to see price continuing to move higher.

The potential upside target is S\$0.40. Stop-loss could be placed at S\$0.35.

Approximate timeframe on average: 1-2 weeks (initiate this trade idea if the stock hits the entry price range within three trading days)



Fraser's Centrepont Trust (FCT SP)

Trading buy range: S\$2.24-2.25

Last price: S\$2.25

Target price: S\$2.40

Protective stop: S\$2.18

Price broke out from a triangle pattern after consolidating for nearly four months. There is a bullish conversion and base lines crossover that hints at potential upside ahead. The MACD is strong and bullish. These could increase chances of the stock price moving higher.

The potential upside target is S\$2.40. Stop-loss could be placed at S\$2.18.

Approximate timeframe on average: 1-2 weeks (initiate this trade idea if the stock hits the entry price range within three trading days)

Our institutional research has a fundamental BUY and target price of S\$2.52.

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FROM THE REGIONAL MORNING NOTES...

Seatrium (STM SP)

Positive Vibes From A Tour Of An FLNG Vessel

Our recent tour to Seatrium and Golar's FLNG project showed that there continues to be a high level of interest in such vessels from an energy supply and financing standpoint. The imminent completion of this complex vessel underscores Seatrium's ability to safely and successfully deliver a quality project, which is key to maintaining its competitive edge in winning new orders. We are confident that newsflow on new orders will be robust in the next 6-12 months. Maintain BUY. Target price: S\$0.19.

WHAT'S NEW

- **Another quality project will be safely delivered.** We recently had the fortune to visit Golar LNG's newest floating LNG (FLNG) vessel Golar Gimi at Seatrium's (formerly Keppel's) Benoi yard. The vessel was previously an LNG carrier but through extensive works carried out here in Singapore, it has now been converted into a four-train FLNG vessel capable of processing 2.7mtpa.
- **Key highlights of the tour which involved over 100 of Golar and Seatrium's stakeholders, partners and associates are:** a) the presence of a number of banks, which indicates a high level of interest in financing such energy transition/infrastructure projects; b) industry participants viewing the LNG landscape as being the key growth area in energy in the next decade; c) Seatrium's very clear emphasis on safety, which we believe adds to the company's overall appeal as a constructor of choice for its multinational clients – the Gimi project completed 37m man hours of work with no lost-time incidents (or >4,200 years of work); and d) immense complexity of the project which involved the addition of 1,500km of new cables and 44,000 tonnes of steel to the original LNG vessel.

GOLAR LNG'S VESSELS

Vessel name	Built/ converted	Operational from:	Capacity (mtpa)	Charterer	Total conversion cost (US\$b)	Conversion done at:
Hilli Episeyo	1975/2017	2018	2.40	Perenco	1.20	Keppel
Golar Gimi	1976/2023	2023	2.70	BP	1.30	STM
Fuji	2004/TBC	TBC	3.50*	Candidate for future FLNG project	TBC	TBC

Note: Golar has placed orders for items targeted for a 3.5mtpa Mark II FLNG vessel
Source: Golar LNG

KEY FINANCIALS

Year to 31 Dec (S\$m)	2021	2022	2023F	2024F	2025F
Net turnover	1,862	1,947	4,621	5,353	6,942
EBITDA	(1,028)	(7)	256	502	839
Operating profit	(1,224)	(206)	(35)	211	501
Net profit (rep./act.)	(1,171)	(261)	(270)	158	353
Net profit (adj.)	(1,171)	(261)	(270)	158	352
EPS (S\$ cent)	(6.5)	(0.8)	(0.4)	0.2	0.5
PE (x)	n.m.	n.m.	n.m.	60.3	27.1
P/B (x)	0.6	1.2	1.1	1.1	1.1
EV/EBITDA (x)	n.m.	n.m.	45.7	23.3	14.0
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Net margin (%)	(62.9)	(13.4)	(5.8)	3.0	5.1
Net debt/(cash) to equity (%)	45.8	26.5	25.2	19.1	9.1
Interest cover (x)	(14.8)	(1.5)	(0.2)	n.a.	n.a.
ROE (%)	n.a.	n.a.	n.a.	1.9	4.1
Consensus net profit	-	-	(205)	286	524
UOBKH/Consensus (x)	-	-	1.32	0.55	0.67

Source: Seatrium, Bloomberg, UOB Kay Hian
n.m. : not meaningful; negative P/E, EV/EBITDA reflected as "n.m."

STOCK IMPACT

- **Other background information on Gimi.** During our visit, the vessel was undergoing final testing and will imminently sail away in the next 2-3 weeks. While the initial conversion contract was 2.45mtpa, the vessel's capacity has now been upgraded to 2.7mtpa. Gimi will be deployed to BP's Greater Tortue Ahmeyin project located 120km offshore Mauritania and Senegal in 2850m water depth, making it one of the deepest subsea developments in Africa.
- **With a S\$19.7b orderbook, the outlook for new orders remains strong, in our view.** We believe that Seatrrium is in pole position to win Golar's third FLNG project subject to it meeting the former's profit margin hurdles. On our estimates, the former's Tuas yard has ample capacity from 2026 onwards and a large FLNG project would be a welcome addition to the company's orderbook. At present, Seatrrium has bid for two remaining Petrobras FPSOs; however the company was unable to give any guidance on the timeline for this. While 40% of Seatrrium's current orderbook is in the renewable energy space (with the remainder related to oil and gas projects), its addressable market is arguably much larger when taking into account carbon capture usage and storage, floating LNG, and ammonia storage and transport which feeds into the hydrogen energy chain.

EARNINGS REVISION/RISK

- **None.**

VALUATION/RECOMMENDATION

- **We maintain our BUY rating on Seatrrium with a P/B-based target price of S\$0.19.** Our target P/B multiple of 1.5x is 2SD above the company's five-year average of 1.0x and is pegged to its 2024 book value of S\$0.125. Our positive view on the stock reflects our belief that the company will benefit from bullish trends in the offshore marine space. These include: a) the tailwinds from increased construction in the renewables space, and b) the current offshore marine upcycle. Risks include higher-than-expected provisions for 2023, negative newsflow regarding its CPIB case, and volatile oil prices.

SHARE PRICE CATALYST

- New orders for rigs, offshore renewable installations or fabrication works as well as repairs and upgrade works for cruise ships and other commercial vessels.

VIEW OF ONE OF FOUR LNG PROCESSING TRAINS ON THE VESSEL



Source: UOB Kay Hian

VIEW FROM THE TOPSIDE WITH LNG TANK VISIBLE AT THE BOTTOM



Source: UOB Kay Hian

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