

## MONTHLY REVIEW AND OUTLOOK

**REVIEW:** The FSSTI fell 0.5% mom in Sep 23 to 3,217.41. During the month, the index was weighed down by declines across most sectors such as the technology (-5.6% mom) and shipyard (-4.1% mom) sectors, offset by increases across the land transport (+2.4% mom), telecommunications (+1.6% mom) and finance (+1.1% mom) sectors.

Singapore's factory activity has recorded its first expansion in seven months. The PMI rose 0.2ppt in Sep 23 to 50.1, mainly due to marginal improvement in new exports, imports and order backlog. Electronics PMI continued to contract, albeit at a slower pace, for the 14th straight month, improving 0.3ppt mom to 49.8 amid the challenging outlook.

With improved readings posted since May this year, Singapore's factory activity sparks hope that the manufacturing slump may be coming to an end. Looking forward, Singapore's manufacturing sector may continue to see a slight uptick in activity despite continued volatility in the geopolitical landscape.

**STRATEGY:** Some of our top large-cap picks are Bumitama, CapitaLand Ascott Trust, Mapletree Industrial Trust, Sembcorp Industries and Thai Beverage. For the small/mid-cap sector, our top picks are Civmec, CSE Global and Marco Polo Marine.

## TOP BUY

Company	Target Price (\$)	Last Price (\$)	Return (%)
Bumitama	0.65	0.57	14.0
CapLand Ascott T	1.35	0.96	40.6
ComfortDelGro	1.56	1.3	20.0
Keppel Corp	9.09	6.8	33.7
MapletreeInd	2.89	2.26	27.9
O C B C	18.22	12.81	42.2
RH PetroGas	0.238	0.23	3.5
Sea Ltd (in US\$)	94.34	43.12	118.8
Seatrium	0.19	0.134	41.8
Sembcorp Ind	7.2	5.09	41.5
Thai Beverage	0.83	0.575	44.3
Civmec	1.23	0.805	52.8
CSE Global	0.61	0.455	34.1
MarcoPolo Marine	0.06	0.053	13.2

Source: Bloomberg, UOB Kay Hian

\*last price based on closing price on 30 Sep 23

## TOP SELL

Company	Target Price (\$)	Last Price (\$)	Return (%)
Rex Intl	0.10	0.196	(49.0)

Source: Bloomberg, UOB Kay Hian

\*last price based on closing price on 30 Sep 23

## Singapore Research Team

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Sector	mom (% chg)	Recommendation	Top Buys	Analyst's Views
FSSTI	(0.5)			
Shipyard	(4.1)	Overweight	Keppel Corp, SCI, SMM, YZJSGD	Demand across the offshore marine asset classes has continued since our last update in Jul 23. Company managements' comments during the 1H23 reporting season in the US and Europe indicated a strong belief that the current cycle will be resilient and have a long duration. With oil prices likely to remain at elevated levels in the medium term, sentiment towards the sector should be positive, in our view. Maintain OVERWEIGHT on the sector. Key stock pick is Seatrium.
Others	(1.0)	-	-	-
Telecoms	1.6	Overweight	Singtel	-
Technology	(5.6)	Overweight	-	-
Property	(0.5)	Overweight	CLI, City Devt	-
Plantation	(1.1)	Overweight	Wilmar, Bumitama	-
Finance	1.1	Overweight	DBS, OCBC	-
REITs	(2.2)	Overweight	CICT, CLAS, CLAR, FLT, MINT	The recovery of the hospitality segment is driven by the normalisation of leisure and business travel and return of Chinese tourists. We see a seasonally stronger 2H23 and continued recovery in 2024. Growth is supported by large-scale MICE events and enhancements to Singapore's tourism infrastructure. The sector provides an attractive 2024 distribution yield of 6.4% and trades at a low P/NAV of 0.77x. BUY FEHT (Target: S\$0.75) and CLAS (Target: S\$1.35), followed by CDREIT (Target: S\$1.48). Maintain OVERWEIGHT.
Aviation	(2.3)	Market Weight	SIA Engrg, SATS, ST Engrg	-
Healthcare	(0.8)	Overweight	Raffles Medical	-
LandTransport	2.4	Overweight	ComfortDelGro	-

Source: Bloomberg, UOB Kay Hian

**OUR TOP YIELD STOCK PICKS**

Company	Rec	Target Price (S\$)	Price 29 Sep 23 (S\$)	Upside (%)	Monthly Performance % Chg	PE 2022 (x)	PE 2023F (x)	Yield 2023F (%)
Prime US ReitUSD	BUY	0.59	0.138	327.5	0.0	2.4	2.9	36.3
KepPacOakReitUSD	BUY	0.50	0.22	127.3	0.0	2.6	4.2	22.8
UtdHampshReitUSD	BUY	0.76	0.43	76.7	0.0	9.2	8.0	11.8
Sasseur Reit	BUY	0.96	0.675	42.2	(3.6)	10.6	9.6	9.3
Lendlease REIT	BUY	0.83	0.545	52.3	(5.2)	10.9	20.9	8.6

**OUR TOP LARGE MARKET CAPITALISATION STOCK PICKS**

Company	Rec	Target Price (S\$)	Price 29 Sep 23 (S\$)	Upside (%)	Monthly Performance % Chg	PE 2022 (x)	PE 2023F (x)	Yield 2023F (%)
Bumitama	BUY	0.65	0.57	14.0	3.6	3.8	5.2	7.7
CapLand Ascott T	BUY	1.35	0.96	40.6	(1.0)	30.3	26.6	5.8
ComfortDelGro	BUY	1.56	1.3	20.0	2.4	16.3	14.4	4.6
Keppel Corp	BUY	9.09	6.8	33.7	(2.0)	13.1	13.0	3.1
MapletreeInd	BUY	2.89	2.26	27.9	(1.7)	17.1	16.3	6.1
O C B C	BUY	18.22	12.81	42.2	2.1	10.1	8.1	5.9
RH PetroGas	BUY	0.238	0.23	3.5	18.6	6.9	12.6	-
Sea Ltd (in US\$)	BUY	94.34	43.12	118.8	14.6	n.a.	25.8	-
Seatrium	BUY	0.19	0.134	41.8	(7.6)	n.a.	n.a.	-
Sembcorp Ind	BUY	7.2	5.09	41.5	(4.9)	10.7	9.6	3.2
Thai Beverage	BUY	0.83	0.575	44.3	0.9	12.0	12.1	4.1

**OUR TOP MID-SMALL MARKET CAPITALISATION STOCK PICKS**

Company	Rec	Target Price (S\$)	Price 29 Sep 23 (S\$)	Upside (%)	Monthly Performance % Chg	PE 2022 (x)	PE 2023F (x)	Yield 2023F (%)
Civmec	BUY	1.23	0.805	52.8	0.6	8.1	7.7	5.5
CSE Global	BUY	0.61	0.455	34.1	(6.2)	51.1	13.5	6.0
MarcoPolo Marine	BUY	0.06	0.053	13.2	8.2	8.5	12.3	-

Source: Bloomberg, UOB Kay Hian

**OUR INSTITUTIONAL RESEARCH COVERAGE**

Company	Rec	Target Price (\$)	Price 29 Sep 23 (\$)	Upside (%)	Monthly Performance % Chg	PE 2022 (x)	PE 2023F (x)	Yield 2023F (%)	Analyst's Views
<b>AVIATION</b>									
SIA	SELL	6.44	6.46	(0.3)	(6.0)	8.9	9.3	5.9	
SIA Engineering	BUY	2.67	2.39	11.7	(0.4)	40.4	22.3	3.8	
SATS	BUY	2.99	2.6	15.0	0.4	n.a.	43.3	0.0	
ST Engineering	BUY	4.20	3.91	7.4	2.6	22.8	21.5	4.1	
<b>Sector</b>						<b>13.9</b>	<b>13.4</b>	<b>4.6</b>	
<b>FINANCE</b>									
DBS	BUY	44.35	33.64	31.8	1.0	10.7	8.7	5.1	
★ OCBC	BUY	18.22	12.81	42.2	2.1	10.1	8.1	5.9	Management intends to maintain dividend payout ratio at 50% going forward. OCBC provides attractive dividend yield of 6.3% for 2023. CET-1 CAR improved 0.5ppt yoy to 15.4% in 2023. OCBC is comfortable with CET-1 CAR receding lower to 14.0% over the short to medium term (3-5 years). Management will consider all options for capital management, including special dividends. Management aims to deliver incremental revenue of S\$3b cumulatively over 2023-25 with a refreshed strategy, driven by four growth pillars: a) Asian wealth, b) trade and investment flows, c) new economy, and d) sustainability. Management aims to deliver ROE of 12-13% with additional contribution of 1ppt from the incremental revenue of S\$3b. Maintain BUY with a target price of S\$18.22 based on 1.45x 2024F P/B, derived from the Gordon Growth Model (ROE: 13.1%, COE: 9.0%, growth: 0.0%).
SGX	HOLD	10.46	9.75	7.3	1.2	23.1	18.3	3.3	
UOB @	NR	n.a.	28.5	n.a.	0.2	10.6	8.6	5.6	
<b>Sector</b>						<b>10.7</b>	<b>8.7</b>	<b>5.3</b>	
<b>HEALTHCARE</b>									
Raffles Medical	BUY	1.70	1.25	36.0	(0.8)	16.2	21.3	2.8	
<b>Sector</b>						<b>16.2</b>	<b>21.3</b>	<b>2.8</b>	

**OUR INSTITUTIONAL RESEARCH COVERAGE**

Company	Rec	Target Price (\$)	Price 29 Sep 23 (\$)	Upside (%)	Monthly Performance % Chg	PE 2022 (x)	PE 2023F (x)	Yield 2023F (%)	Analyst's Views
<b>LAND TRANSPORT</b>									
★ ComfortDelGro	BUY	1.56	1.3	20.0	2.4	16.3	14.4	4.6	For the public transport segment, 1H23 core operating profit (-34.5% yoy, +21.3% hoh) grew sequentially, backed by higher rail ridership, improved charter activities in Australia and tapering inflationary pressures. We reckon that earnings from the public transport segment have bottomed out in 2Q23, and are expected to continue the upward momentum moving forward, backed by favourable tailwinds. For the taxi segment, core operating profit surged to S\$26m (+104.8% yoy, +53.6% qoq), higher than our initial S\$18m forecast. This was largely driven by the reduction of CD's daily taxi rental rebates. Recovery for CD's taxi operations in China remains muted but management noted that the group expects a stronger gradual recovery in 2H23. Starting 3Q23, CD implemented a platform fee of S\$0.70 for every point-to-point online booking made through its Zig app. Based on our estimates, this would imply a S\$11m-12m hoh increase in revenue for 2H23, which would most likely flow down to taxi segmental operating profit. Furthermore, we expect potential upward revisions for CD's 5% commission rate in 2H23, given that it is considerably lower when compared with major competitors Grab (20%) and GoJek (15%). According to our estimates, a 1% increase in commission rate would raise our 2024 full-year taxi operating profit by 4-5%. Maintain BUY with a PE-based target price of S\$1.56.
<b>Sector</b>						<b>16.3</b>	<b>14.4</b>	<b>4.6</b>	
<b>PLANTATION</b>									
★ Bumitama	BUY	0.65	0.57	14.0	3.6	3.8	5.2	7.7	Bumitama would have strong earnings sensitivity towards CPO prices as compared with its Indonesian peers listed on SGX due to it: a) being a pure upstream player, and b) selling 100% of its CPO at spot prices. We also expect margin expansion in 2H23 and 2024 with cost of production forecasted to drop by 10-15% due to lower fertiliser cost. On top of this, we expect an attractive high dividend yield of 6-7% for 2023-24 with the company's dividend payout policy of up to 40%. Maintain BUY with a target price of S\$0.65, where we peg the target price at 6.0x 2024F PE.
FirstRes	HOLD	1.65	1.53	7.8	(1.3)	5.4	10.3	6.8	
Wilmar	BUY	4.30	3.73	15.3	(1.3)	7.1	12.8	3.3	
<b>Sector</b>						<b>6.6</b>	<b>11.7</b>	<b>3.9</b>	
<b>PROPERTY</b>									
CapitalLandInvest	BUY	4.25	3.1	37.1	(4.3)	18.5	17.5	3.4	
CityDev	BUY	8.00	6.61	21.0	(1.0)	4.7	34.3	1.2	
<b>Sector</b>						<b>4.7</b>	<b>34.3</b>	<b>1.2</b>	

**OUR INSTITUTIONAL RESEARCH COVERAGE**

Company	Rec	Target Price (\$)	Price 29 Sep 23 (\$)	Upside (%)	Monthly Performance % Chg	PE 2022 (x)	PE 2023F (x)	Yield 2023F (%)	Analyst's Views
<b>SHIPYARD</b>									
★ Keppel Corp	BUY	9.09	6.80	33.7	(2.0)	13.1	13.0	3.1	<p>Last week, KEP reported a solid set of results for 1H23 with stronger-than-expected revenue of S\$3.7b (+11% yoy) which generated a pretax profit of S\$602m (+9% yoy) and a net profit from continuing operations of S\$445m (+3% yoy). Including the S\$3.3b in disposal gain from the divestment of Keppel Offshore Marine (KOM), net profit was S\$3.6b which made it the highest in the company's 55-year history. 1H23 ROE (excluding discontinued operations) was 8.0% vs 7.3% in 1H22. KEP declared a S\$0.15 interim dividend (1H22: S\$0.15) as well as a special dividend comprising a dividend in-specie (DIS) of one Keppel REIT (KREIT) unit for every five KEP shares held. After the distribution, the company will remain the largest unitholder of KREIT with a 37.1% stake. The DIS is part of KEP's capital management initiative and will be subject to its shareholders' approval at an EGM later this year. We maintain our BUY rating on KEP with pro forma SOTP-based target price of S\$9.09.</p>
★ Sembcorp Ind	BUY	7.20	5.09	41.5	(4.9)	10.7	9.6	3.2	<p>In early-Aug 23, SCI reported a 50% yoy increase in adjusted EBITDA of S\$1.14b that was driven by profit margin strength in its conventional energy segment as well as the inclusion of newly-acquired assets in its renewables segment. SCI declared a higher interim dividend of S\$0.05/share vs S\$0.04/share in 1H22. Annualised ROE before extraordinary items expanded by an impressive 8.3ppt yoy to 26.6%. During the analyst briefing, management highlighted that in 2H23, around two-thirds of its Singapore capacity will be contracted and underpinned by Power Purchase Agreements. With this contracted position persisting through into 2024 and beyond, earnings from the conventional energy segment will be more stable. Maintain BUY with a target price of S\$7.20.</p>
★ Seatrium	BUY	0.19	0.134	41.8	(7.6)	n.a.	n.a.	0.0	<p>Seatrium's reported loss for 1H23 was due to provisions, however we note that the company has seen a strong recovery in its EBITDA since 1H22, and we strongly believe that it is well placed to continue on this track given its S\$19.7b net orderbook. In our view, news flow from Seatrium on new orders will continue to be robust in the next 6-12 months. During its 1H23 results briefing, management stated that the integration with KOM is proceeding well and it expects this process to be completed by year-end, and it will continue to focus on EBITDA performance which it views as an indicator of how well it is doing operationally. We believe that the company will likely "kitchen sink" its 2023 numbers with various merger-related exceptional items to start off with a clean slate for 2024. We maintain our BUY rating with a P/B-based target price of S\$0.19.</p>
YZJ ShipBldg SGD Sector	BUY	1.88	1.66	13.3	(1.8)	12.0 17.6	10.0 15.8	4.1 2.6	

**OUR INSTITUTIONAL RESEARCH COVERAGE**

Company	Rec	Target Price (\$)	Price 29 Sep 23 (\$)	Upside (%)	Monthly Performance % Chg	2022 (x)	PE 2023F (x)	Yield 2023F (%)	Analyst's Views
TECHNOLOGY									
★ Sea Ltd (in US\$)	BUY	94.34	43.12	118.8	14.6	n.a.	25.8	0.0	Shopee would benefit from the recent revised regulations by the Indonesian Minister of Trade. Its ongoing investment in livestream e-commerce will also likely: a) boost its market share, b) attract more influencers, and c) allow it to capitalise on this shopping trend. Garena reintroduced Free Fire to the Indian market, following a ban by the government that lasted over 18 months. Note that Garena has postponed the relaunch of Free Fire India due to the overwhelmingly enthusiastic response from the Indian community, and Garena is in the midst of refining the gameplay for better gaming experience. No date has been officially announced. Note that India used to make up around 10% of Garena's monthly active users. If we assume a similar rate of growth in the gaming segment's EBITDA, this would lift EBITDA by about 5%. Maintain BUY with a target price of US\$94.34 buoyed by SEA's unparalleled profitability in the ASEAN region. Anticipated earnings for upcoming quarters are projected to outperform market expectations.
Venture Corp Sector	HOLD	14.60	12.37	18.0	(5.6)	9.7	12.8	6.1	
						9.7	12.8	6.1	
TELECOMS									
NetLink NBN Tr	BUY	1.05	0.84	25.0	(2.9)	30.0	27.4	6.4	
SingTel	BUY	3.15	2.42	30.2	1.7	18.0	16.9	4.1	
StarHub	BUY	1.37	1.11	23.4	8.8	35.8	13.6	4.5	
Sector						18.8	17.2	4.3	
OTHERS									
DFIRG USD	BUY	3.49	2.66	31.2	7.7	n.a.	38.6	1.6	For 9MFY23, THBEV reported overall revenue and core EBITDA of Bt215.9b (+3.8% yoy) and Bt37.8b (-3.4% yoy), exceeding our expectations. We now expect THBEV's FY23 PATMI to grow by 6.2% yoy against our previous expectations of a 3.1% yoy drop. 3QFY23 spirits revenue and EBITDA surged 12.0% yoy and 13.5% yoy respectively, backed by ASP hikes in 1QFY23 and improving tourist arrivals. Moving forward, we expect the spirits segment to continue its upward momentum, driven by expected ASP hikes for the brown spirits and a continually improving product sales mix. For the beer segment, sales volumes are likely to stay muted till 1QFY24, supported by higher Chinese tourist arrivals to Vietnam. We also expect margins to stabilise from further cost savings and better efficiencies. Maintain BUY with an SOTP-based target price of S\$0.83.
Genting SP	BUY	1.25	0.845	47.9	(3.4)	30.0	16.3	4.7	
★ Thai Beverage	0.83	0.575	44.3	0.9	12.0	12.1	4.1	0.83	
SingPost Sector	0.52	0.485	6.2	(2.0)	83.6	20.1	2.1	0.52	
					16.4	13.7	4.3		

**Retail Market Monitor**

Wednesday, 04 October 2023

**OUR INSTITUTIONAL RESEARCH COVERAGE**

Company	Rec	Target Price (\$)	Price 29 Sep 23 (\$)	Upside (%)	Monthly Performance % Chg	PE 2022 (x)	PE 2023F (x)	Yield 2023F (%)	Analyst's Views
<b>REITS</b>									
CapLand Ascendas Reit	BUY	3.30	2.75	20.0	(0.7)	20.7	18.5	5.6	Portfolio RevPAU grew 20% yoy to S\$149 in 2Q23, reaching 98% of pre-pandemic levels. The increase was largely driven by room rates. There is room to improve portfolio occupancy, which currently hovers at about 75%. RevPAU for key markets in Australia, Japan, Singapore, The UK and the US were above pre-pandemic levels based on a same-store basis. China and Vietnam outperformed with RevPAU growth of 78% and 83% yoy respectively. CLAS also invested in 12 longer-stay accommodations, comprising student accommodation properties in the US and rental housing in Japan. These asset classes currently account for 19% of portfolio valuation. Management has raised the asset allocation for longer-stay accommodation by 10ppt from 15-20% to 25-30% in the medium term. Maintain BUY. Our target price of S\$1.35 for CLAS is based on DDM (cost of equity: 7.5%, terminal growth: 2.8%).
★ CapLand Ascott T	BUY	1.35	0.96	40.6	(1.0)	30.3	26.6	5.8	
CapLand IntCom T	BUY	2.20	1.85	18.9	(3.1)	16.2	16.5	5.8	
CDL Htrust	BUY	1.48	1.04	42.3	1.0	17.9	27.1	5.9	
DigiCore Reit USD	BUY	0.73	0.53	37.7	(4.5)	21.2	14.4	6.9	
Far East HTrust	BUY	0.75	0.635	18.1	0.0	25.5	16.3	6.0	
Frasers Cpt Tr	BUY	2.50	2.19	14.2	(2.2)	18.7	17.9	5.6	
Frasers L&C Tr	BUY	1.56	1.07	45.8	(10.8)	29.7	18.3	6.6	
Kep REIT	BUY	1.12	0.855	31.0	(1.2)	23.6	18.0	6.7	
KepPacOakReitUSD	BUY	0.50	0.22	127.3	0.0	2.6	4.2	22.8	
Lendlease REIT	BUY	0.83	0.545	52.3	(5.2)	10.9	20.9	8.6	MINT is strategically diversifying to Japan's data centre market, with an acquisition of an effective interest of 98.5% in a newly-built data centre in Osaka, Japan for ¥52.0b (\$507.9m). We expect MINT to continue to expand in Japan due to positive yield spread with cap rates of 3-4% and low funding cost in JPY. MINT is also in advanced negotiations with a potential replacement tenant for its data centre at Brentwood, Tennessee with NLA of 347,515sf currently occupied by AT&T (expiry: Nov 23). The new tenant intends to sign a long-term lease for the entire data centre with rental escalation. Maintain BUY. Our target price of S\$2.89 is based on DDM (cost of equity: 7.0%, terminal growth: 2.2%).
ManulifeReit USD	BUY	0.22	0.057	286.0	(16.2)	1.5	1.9	0.0	
Mapletree PanAsia Com Tr	BUY	1.90	1.43	32.9	(5.9)	15.7	16.8	6.4	
★ MapletreeInd	BUY	2.89	2.26	27.9	(1.7)	17.1	16.3	6.1	
MapletreeLog	BUY	1.86	1.68	10.7	0.0	29.5	23.9	5.0	
PLife REIT	BUY	4.49	3.69	21.7	(3.9)	23.4	19.2	3.8	
Prime US ReitUSD	BUY	0.59	0.138	327.5	0.0	2.4	2.9	36.3	
Sasseur Reit	BUY	0.96	0.675	42.2	(3.6)	10.6	9.6	9.3	
Suntec REIT	HOLD	1.37	1.16	18.1	(4.1)	17.8	21.4	6.7	
UtdHampshReitUSD	BUY	0.76	0.43	76.7	0.0	9.2	8.0	11.8	

If year-end is before June, earnings are shown in the previous period

**OUR RETAIL RESEARCH COVERAGE**

Company	Rec	Target Price (S\$)	Price 29 Sep 23 (S\$)	Upside (%)	Monthly Performance % Chg	PE 2022 (x)	PE 2023F (x)	Yield 2023F (%)	Analyst's Views
AEM	BUY	3.65	3.44	6.1	(2.3)	8.4	n.a.	0.0	
Aztech Gbl	BUY	1.00	0.805	24.2	(1.2)	9.3	6.9	6.5	
BRC Asia	HOLD	1.73	1.68	3.0	0.0	5.1	6.8	6.0	
Centurian	BUY	0.5	0.405	23.5	(3.6)	4.8	5.1	5.9	
ChinaSunsine	BUY	0.575	0.41	40.2	2.5	3.0	4.3	4.4	
★ Civmec	BUY	1.23	0.805	52.8	0.6	8.1	7.7	5.5	<p>We expect Civmec to deliver record earnings growth of 11% yoy in FY23 and a potential dividend surprise given a strong balance sheet, backed by a robust orderbook of around A\$1.2b. 9MFY23 earnings grew 20% yoy with net margin growing 1.5ppt yoy to 7.8%. Civmec sees a strong pipeline of new projects in the sectors it operates in and new opportunities in the green energy space. Civmec successfully secured several notable contracts in 3QFY23. These are: a) three contracts for Albermarle's Kemerton Lithium refinery trains 3 and 4, b) additional fabrication work for the Iron Bridge magnetite project, c) several contracts for the manufacture of dump truck tray bodies on the east coast of Australia, and d) a time-critical contract to manufacture components for rebuilding a flood-damaged bridge. Civmec continues to see strong tendering activity across all sectors. It continues to focus on securing good return projects, optimising workforce utilisation and maintaining a strong, high-quality orderbook. Also, Civmec is increasingly regarded by its clients as the go-to contractor for reliable delivery and time-critical services. Maintain BUY with a target price of S\$1.23.</p>
★ CSE Global	BUY	0.61	0.455	34.1	(6.2)	51.1	13.5	6.0	<p>We expect CSE to achieve 338% yoy growth in 2023 earnings as it recovers from the low base earnings of S\$5m in 2022. As the supply chain disruptions ease, CSE will be able to deliver its contracts faster and enjoy margins recovery. Also, CSE's strong orderbook of S\$522m as of 1H23 (+34% yoy) should ensure robust earnings in 2H23 and 2024. CSE's 1H23 orderbook reached an all-time high of S\$522m (+34% yoy) due to strong order intake in the infrastructure and mining &amp; minerals segments, which has grown 12% and 15% yoy respectively. This robust orderbook coupled with strong order flow should drive a better 2H23 earnings on a hoh basis. CSE will expand its engineering capabilities and technology solutions to pursue new market opportunities and diversify into new markets brought about by the emerging trends towards urbanisation, electrification and decarbonisation. Maintain BUY and target price of S\$0.61.</p>
Delfi	BUY	1.83	1.27	44.1	1.6	12.8	12.1	4.1	
Emperador Inc.	HOLD	0.57	0.51	11.8	0.0	31.6	36.4	1.5	
Food Empire	BUY	1.36	1.11	22.5	7.8	7.1	8.7	4.0	
Frencken	BUY	1.00	1.12	(10.7)	7.7	9.2	18.7	1.6	
iFAST	HOLD	4.81	5.61	(14.3)	(1.2)	n.a.	58.0	0.5	
Japfa	HOLD	0.23	0.215	7.0	(8.5)	39.0	8.6	4.7	
Kimly	HOLD	0.36	0.315	14.3	(1.6)	11.5	11.2	5.4	
LHN	BUY	0.55	0.335	64.2	(1.5)	3.0	5.5	6.9	



**OUR RETAIL RESEARCH COVERAGE**

Company	Rec	Target Price (\$)	Price 29 Sep 23 (\$)	Upside (%)	Monthly Performance % Chg	PE 2022 (x)	PE 2023F (x)	Yield 2023F (%)	Analyst's Views
★ MarcoPolo Marine	BUY	0.06	0.053	13.2	8.2	8.5	12.3	0.0	<p>MPM reported a strong improvement in 3QFY23 revenue to S\$36.8m (+28.9% yoy) due to an uptick in utilisation levels in both its core businesses, bringing 9MFY23 revenue up to S\$92.7m (+65.1% yoy). Though the surge in demand should lead to newbuilding, vessel supply is set to remain constrained on the horizon. With its growing presence in the region such as recent partnerships into Japan and South Korea, MPM is placed in a favourable position. MPM has recently announced plans to build a 240m Dry Dock 4 in Nov 23, funded by a mix of operational cashflows and external bank financing. This will increase ship repair capacity by up to 25%, allowing MPM to capture growing demand for ship repairs. With completion expected to be in 1QFY25, it will likely contribute to higher earnings then. MPM has also announced plans to build and operate a new Commissioning Service Operation Vessel to support commissioning work for the construction and maintenance of offshore wind farms. This will provide charter services to support the Taiwan, Japan and South Korea markets. The CSOV's expected completion in 3QFY24 will be timely to meet the growing offshore windfarm industry in Asia. Maintain BUY with a target price of S\$0.060.</p>
Nanofilm	HOLD	1.00	0.94	6.4	(11.3)	14.1	41.1	0.5	
PropNex	BUY	1.23	0.88	39.8	(2.8)	10.4	10.1	8.0	
Rex Intl	SELL	0.10	0.196	(49.0)	37.1	n.a.	3.4	10.2	
★ RH PetroGas		0.24	0.23	3.5	18.6	6.9	12.6	0.0	<p>RHP has spudded two out of four wells in its near-term exploration programme. These include Riam-1, which is targeting 5mmmbbl in recoverable reserves, and the high-impact gas well, Karuka-1 which is targeting 1.8tcf (equivalent to 300mmble) in unrisked gas resources. Clearly, the gas well would be material to a company of RHP's size. Using recovery factors of 10-25% and risking the four wells at 50-80% for both geological and commercial risk, we arrive at a total valuation of S\$0.13/share for RHP's drilling programme. This represents potential upside of &gt;53% based on RHP's 29 September closing price. Note that we have factored in much higher risking factors for both Piarawi-1 and Karuka-1 given that they are both deeper wells and are targeting new geological play types. For exposure to upstream oil &amp; gas in Singapore, we prefer RHP. Compared with REX, RHP is a more focused oil play as it has exposure only to onshore Indonesia, does not undertake interested party transactions, and more importantly has been able to demonstrate a higher level of operational excellence having increased production at its two mature onshore oil fields in the past five years. Maintain BUY and a target price of S\$0.24.</p>
Riverstone	BUY								
Sheng Siong	HOLD	0.67	0.6	11.7	(4.8)	10.5	9.8	8.7	
UMS	BUY	1.97	1.52	29.6	0.0	17.1	16.6	4.2	
Valuetronics	BUY	1.56	1.3	20.0	4.0	8.8	14.6	4.2	
	HOLD	0.56	0.525	6.7	(0.9)	10.3	9.5	4.2	

Source: Bloomberg, UOB Kay Hian

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