Ascott Residence Trust: Stability and outperformance of select service

**Rating:** Buy | **TP:** S$1.25

- 88 properties, across 15 countries - low concentration risk per asset
- Corporate 41%, Leisure 59%
- Stability from geographical and lease structure diversification
- 20 ROFR properties, S$2.1bn debt headroom (assuming gearing of 50%)
- Global footprint and increased brand recognition and loyalty programs
- Popularity of select-service accommodation - preference for value, lower price point
- FY20e dividend yield 6.7%

CapitaLand: Building recurring income and unlocking value

**Rating:** Buy | **TP:** S$4.20

- Quality recurring income growing - 1/3 of FY19 revenues are recurring
- Capital-efficient - disciplined asset recycling and tapping on external capital providers
- Unlocking value in new geographies (India) and asset classes (business parks)
- 10% ROE in 2019

PropNex: Best financial metrics but cyclical

**Rating:** Buy | **TP:** S$0.60

- Dominant
  - (i) Largest real estate agency in Singapore
  - (ii) Market share: private residential new launch 48%, private resale 45%, HDB resale 51%
- 2020 results will feel Covid-19 impact
- Attractive metrics: ROE 24% on fixed assets of S$3.5mn
- Sustainable yield of 6.7% (S$13mn p.a. vs S$89.8mn cash)

Frasers Centrepoint Trust: Powered by resilient growth

**Rating:** Accumulate | **TP:** S$2.61

- Resilient necessity spending and outperformance of fringe rents
- Organic growth: Projected 677% leap in HDB units surrounding three largest malls
- Inorganic Growth: 3 Pipeline assets from Sponsor and 6 PGIM's 5G assets
- FY20e dividend yield: 4.2%

DBS: Earnings resilience with attractive yield

**Rating:** Neutral | **TP:** S$20.60

- Strong business momentum in 1Q20
  - (i) Robust growth across segments
  - (ii) Buffer for slower growth subsequently
- Net Fees & Commission poised for recovery
- (i) Wealth Management and brokerage-related fees to benefit
- (ii) Stronger investment Banking franchise
- Attractive quarterly dividend
- (i) $0.35 of quarterly dividend represents c.6% annualised yield

Yoma Strategic: Structural growth at a cheap price

**Rating:** Buy | **TP:** S$0.46

- Conglomerate with entrenched foothold in Myanmar’s fast-growing and most attractive consumer segments
- Large property land bank equivalent to 10-15 years of sale - Yoma Central / Star City / Peninsula Yangon
- Financial services poised for stellar growth on the back of a 5x YoY revenue leap in Wave Money
- F&B growth underpinned by at least 60% growth in KFC stores over the next three years (6% à 75)
- Current valuations depressed in view of structural growth prospects
**Netlink NBN Trust: Slow and stable**

**Rating:** Accumulate | **TP:** S$1.03

- Monopoly fibre provider with regulatory protected return (pretax RR 7%)
- Recurrent S$13.80 per month from 1,427mn households = -$236mn
- Impact from COVID-19 is minimal
- Household formation and capex will ensure growth
- Stable dividend yield 5.3%

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**Asian PayTV: Dividends is sustainable**

**Rating:** Buy | **TP:** S$0.15

- Monopoly fibre provider for cable TV and broadband in Taiwan
- 2 reasons to be positive
  1. Dividend is sustainable: S$50mn FCF vs S$18mn dividend
  2. Optionality of high margin 5G back-haul service for mobile operators
- Dividend payout is after capex: S$200mn dividend vs S$250mn operating cash-flow
- Distribution yield -7.8%

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**Consumer Staples**

**Thai Beverage: Buying the dominance**

**Rating:** Buy | **TP:** S$0.82

- -90% of earnings from spirits business
- Dominant market share: 95% spirits (Thailand) / 70% (Myanmar) / 40% beer (Thailand and Vietnam)
- 3-week alcohol ban in Thailand: April -51% YoY and May +32% YoY
- Sabeco problematic in medium term due to decree 100 driving penalties and advertising limits + COVID-19 + interest expenses
- Valuations attractive at 14x PE on COVID-19 depressed earnings

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**Technology**

**Venture: SE Asia outsourcing winner**

**Rating:** Accumulate | **TP:** S$16.60

- Supply chain shifts to SE Asia from China
- Production disruption spill into 2Q20
- Grabbing profit share from global contract manufacturers
- 15x PE FY20e + Net cash of S$852mn = Dividend yield 4.2% + ROE 12%

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**Source:** [https://www.stocksnb.com/forums/topic/3q20-strategy-outlook-presentation-slides-4-july-2020/](https://www.stocksnb.com/forums/topic/3q20-strategy-outlook-presentation-slides-4-july-2020/)

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