

Singapore Stock Picks



PROPERTY/REIT

Ascott Residence Trust: Portfolio Positioning Hits the Spot

Rating: Accumulate | TP: S\$1.19

- Better protected than peers due to high exposure to domestic demand and long average length of stay at properties
- Service Residences are expected to benefit from the return of international travel

City Developments: Locking in Property High and Recovery

Rating: Buy | TP: S\$9.19

- Catching Singapore property's upcycle with a strong development pipeline of 2,000 units
- Recovery of hospitality segment and asset monetisation plans to unfold in the next 12–24 months

Frasers Centrepoint Trust: Reversions Moving into Positive Territory

Rating: Buy | TP: S\$2.83

- Resilience of suburban malls because of their proximity to household catchments and resilience of necessity-driven spending
- Retailer confidence has returned to suburban malls, defying a weak retail outlook
- Well-located suburban malls are expected to draw a disproportionate share of leasing demand

FINANCIAL SERVICES



DBS Group: Interest Rate Tailwinds

Rating: Accumulate | TP: S\$35.90

- Asset quality stable resulting in further general allowances (General Provisions) write-backs due to repayment by weaker exposures and credit upgrades
- Consistent momentum in the wealth management segment will support a more stable income base
- Net Interest Margin will benefit from interest rates hikes

PROFESSIONAL SERVICES



HRnetGroup: Upcycle in Hiring and Wages

Rating: Buy | TP: S\$1.05

- Expected earnings growth of 30% in FY21e as job vacancies in Singapore at record high
- Formidable competitors through a scale of around 500 recruiters and a 30-year track record
- Enjoys attractive metrics of ROEs above 100%, net cash of S\$300m and fixed assets of only S\$2m

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TELECOMMUNICATIONS



Asian Pay TV: Yield Backed by Healthy Cash Flows

Rating: Accumulate | TP: S\$0.15

- Dividend yields of 7.5%, or S\$18m, supported by a free cash flow of S\$70m
- Revenue from 5G data backhaul for mobile operators have the potential to become an additional driver of growth

CONSUMER STAPLES



Del Monte Pacific Limited: A New Chapter

Rating: Buy | TP: S\$0.62

- US subsidiary DMFI enjoys a market leader position, while DMPI holds dominant market shares in the Philippines
- New products, expanding branded retail segment and price increases to support growth in 2022

TRANSPORT



ComfortDelgro: Operating Leverage Kicker

Rating: Buy | TP: S\$1.80

- Lower social restrictions, border re-opening and workforce returning to the office to drive up economic activity and use of public transportation. Earnings will ride on the operating leverage from improvement in traffic
- Since the pandemic, free cash-flows have remained healthy at S\$400m p.a.; balance sheet back to net cash of S\$458m

CONGLOMERATE



Keppel Corp: Transforming into an ESG leader

Rating: Buy | TP: S\$7.07

- Discussions on proposed Keppel O&M and Sembcorp Marine combination and establishment of Asset Co progressing steadily. Timeline for a potential definitive agreement extended to 1Q22 from 4Q21
- Keppel is likely to exceed the S\$3-S\$5b target by the end of 2023, as set in its Vision 2030 plans

HEALTHCARE



Q&M Dental: Record Expansion in Clinics

Rating: Buy | TP: S\$0.82

- Record expansion of 17 clinics in Singapore in FY21, an increase of 20%. Plans for FY22: 20 new clinics per annum. New clinics are the key drivers for future revenue growth
- COVID-19 PCR tests will remain an important component of earnings as it is used for border and travel tests

Source: Phillip Securities Research

To view Singapore Outlook 1Q2022 webinar, please visit



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