

Stock Picks 1Q2021



Property/REIT



Ascott REIT: Potentially faster recovery than peers

Rating: Buy | TP: S\$1.15

- 74% exposure to countries with large domestic markets
- No-frill, select-service accommodations in a sweet spot
- S\$2.2bn debt headroom for portfolio rebalancing and M&A growth potential

CapitaLand Limited: Here to stay

Rating: Buy | TP: S\$3.82

- Earning stability from diversified portfolio
- High proportion of recurring income
- Unlocking value by recycling funds from mature, non-core assets to new economy assets
- Trading at an attractive 31% discount to RNAV

Frasers Centrepoint Trust: Boon from increased weekday catchment

Rating: Buy | TP: S\$2.79

- Suburban malls resilient - 54% GRI from essential services
- Increase in catchment size to lift tenant sales
- Leveraged scale to drive operational synergies through better contract terms from third parties

Manulife US REIT: Riding a long WALE

Rating: Buy | TP: US\$0.92

- Long WALE of 5.7 years, rent escalation of 2% p.a. and occupancy of 94.3%
- High collection rate of 94%
- US faces less impact from WFH adoption

PropNex: 2021 can surprise

Rating: Buy | TP: S\$0.85

- Market share of around 50% in private and HDB home sales
- ROE unleveraged 28% on fixed assets of S\$4mn and net cash S\$93mn
- Sustainable yield of 5%

Transport



ComfortDelgro: Recovering and taking share

Rating: Buy | TP: S\$1.83

- Stock 30% down from pre-Covid, our proxy to reopening and recovery
- Rail passengers recovering
- Taxi and bus market share of 60%; attractive rental model
- Grab still a formidable competitor with rising fleet share

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Consumer Staples

Telecommunication

Thai Beverage: Dominate the spirit

Rating: Buy | TP: S\$0.86

- FY20 spirits volume up 0.2%; Results resilient due to aggressive cost-cutting
- Attractive valuations at 14x PE on vs 18x historical
- Generated FCF of THB 32bn / S\$1.4bn in FY9/20

Asian PayTV: Stable cash-flow and 5G

Rating: Buy | TP: S\$0.15

- Monopoly cable TV provider in four counties in Taiwan
- Growth of broadband along with stable growth of subscribers
- Sustainable dividends and optionality of high margin 5G back-haul service are reasons to be positive



Conglomerate

Yoma Strategic: Solidly anchored by property and Wave Money

Rating: Buy | TP: S\$0.46

- Huge property land bank equivalent to 10-15 years of sales
- Financial services continue to grow as Wave Money doubled its net profit YoY in FY20
- Unrecognised revenue from Yoma Land and Yoma Motors to contribute 33% of FY21e topline
- Attractive valuations, affirmed by Ayala's investment at S\$0.45/share

Keppel Corp: Strategic review of O&M unit and divestments to drive potential re-rating

Rating: Buy | TP: S\$6.12

- Identified S\$17.5bn of assets for monetisation over time
- Resolution on Keppel O&M to remove key overhang
- Long-term ROE target of 15% reaffirmed

Source: <https://www.stocksbnb.com/forums/topic/strategy-stock-picks-1q2021-2021-strategy/>

To view Singapore Outlook 1Q2021 webinar, please visit



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