

Weekly Wrap of STI

The STI ended 0.77% or 24.80 points lower on Friday to close at 3,205.46 in another torrid week that was dominated by mounting trade tensions between the US and China.

The STI started the week in the negative territory as the US and China remained in a deadlock over their trade deal negotiation and the US sharply raising tariffs last Friday. In a retaliation move, China said it would raise tariffs on US\$60 billion of American goods which threatened to deteriorate the situation even further. Optimism returned to the regional market in midweek, boosted by positive showing by Wall Street and remarks made by the US and China that eased trade worries. However, the Singapore bourse failed to pick up due to mixed earnings from index firms. Volatility surrounding trade relations remained the central theme in the market as the US banned US companies from using foreign telecom equipment, which market watchers see as targeting Chinese telecoms giant Huawei, adding to the already tense flare-up in trade relations between the US and China.

Year to date, the STI index is up by 4.5% while the Catalyst index is down by 8.2%.

Week Ahead: 20 May – 24 May 2019

Economic Calendar: US Existing Home Sales (21 May), US Fed Chair Speaks (21 May), EU ECB President Speaks (22 May), UK CPI (22 May), US EIA Petroleum Status Report (22 May), EU ECB Minutes (23 May), SG CPI (23 May), UK Retail Sales (23 May), US FOCM Minutes (23 May), US New Home Sales (23 May), US Jobless Claims (23 May), SG GDP (24 May), SG Industrial Production (24 May), US Durable Goods Orders (24 May)

Company Results: 800 Super (24 May)

Companies News

1. ISOTeam reported a 106.3% increase in revenue for 3Q2019

Catalist-listed ISOTeam Ltd. (“ISOTeam”) announced that revenue for 3Q2019 increased by S\$15.7 million or 106.3% to S\$30.4 million. The strong growth was contributed by robust growth across all business segments. The strong top line performance translated to a profit attributable to equity holders of S\$1.7 million for the period, which is a 251.5% increase as compared to the S\$0.5 million recorded in 3Q2018. The significant improvement in ISOTeam’s 3Q2019 performance was attributed to the success of its new tendering strategy, centralise support function and project cash flow management which was adopted to mitigate intensified industry competition. As of 30 April 2019, ISOTeam’s order book stood at S\$128.8 million, which is expected to be delivered over the next two years.

2. ANH announced 23.8% growth for 1Q2019 revenue

Catalist-listed Atlantic Navigation Holdings (Singapore) Limited (“ANH”) reported a 23.8% increase in revenue for 1Q2019 to US\$15.2 million. The increase was mainly contributed by the Marine Logistics Services Segment, which saw a higher rate of utilisation of owned vessels, coupled with the deployment of the Group’s seven new vessels to support long-term charter contracts with a Middle Eastern National Oil Company. The increase in revenue was partially offset by lower contribution from the Ship Repair, Fabrication and Other Marine Services Segment due to the lower level of repairs works undertaken on third party vessels. Overall, loss for the period decreased by 4.8% to US\$ 6 million.

3. Starburst awarded S\$3.6 million contract

Catalist-listed Starburst Holdings Limited (“Starburst”) announced that its wholly-owned subsidiary, Starburst Engineering Pte Ltd, was awarded a contract of S\$3.6 million for the design, supply and installation of an underwater training facility in Southeast Asia. It is scheduled to commence in May 2019 and be completed in April 2020.

4. Trittech awarded contract worth S\$16.9 million from LTA

Catalist-listed Trittech Group Limited (“Trittech”) announced that its indirectly wholly-owned subsidiary, Trittech Engineering & Testing (Singapore) Pte. Ltd., had been awarded a S\$16.879 million contract by the Land Transport Authority (“LTA”) for the instrumentation and monitoring for North-South Corridor. The commencement date for the services is 17 May 2019 and the completion date is estimated to be 31 December 2026.

5. Clearbridge announced 1Q2019 results

Catalist-listed Clearbridge Health Limited (“Clearbridge”) announced a 487.3% increase in revenue for 1Q2019 to S\$2.21 million. The increase was mainly due to expansion in the operations of the Group’s medical clinics/centres in Hong Kong, Malaysia and the Philippines for the medical clinics/centres segment and revenue recorded by PT Tirta Medika Jaya (“PT TMJ”) which was acquired by the Group post 1Q2018 for the healthcare systems business. As a result, loss for 1Q2019 fell 94.7% to S\$0.94 million.

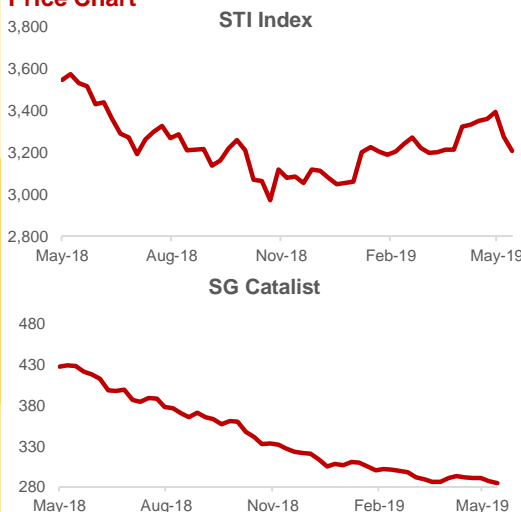
6. UG Healthcare maintained growth momentum in revenue for 3Q2019

Catalist-listed UG Healthcare Corporation Limited (“UG Healthcare”) recorded 22.3% growth in revenue to S\$23.7 million for 3Q2019 due to higher volume of gloves produced and sold through its integrated supply chain with the additional annual capacity of 500 million pieces of gloves from the new production facility achieving full commercialisation at end January 2019.

Market Snapshot

Symbol	Price	Change	1D % Change	5D % Change	YTD % Change
STI	3205.5	▼24.8	▼0.8%	▼2.1%	▲4.5%
SG Mid Cap	740.3	▼5.0	▼0.7%	▼1.1%	▲8.1%
SG Catalist	284.3	▼0.2	▼0.1%	▼0.8%	▼8.2%
SG Small Cap	339.1	▼0.4	▼0.1%	▼0.4%	▲3.4%

Price Chart



IPO News

EHT set IPO price at US\$0.78 per stapled security

Eagle Hospitality Trust (“EHT”), backed by US-based property investor and developer Urban Commons, had registered a prospectus and finalised its IPO price at US\$0.78 per stapled security trust. The offering price at US\$0.78 per stapled security is below the indicated range of US\$0.80 to US\$0.81. In total, 580.6 million stapled securities will be offered, which comprise an international placement of 537.7 million stapled securities to investors, including institutional and other investors in Singapore, and an offering of 44.9 million stapled securities to the public. EHT intends to raise gross proceeds of US\$565.8 million, which will be used for payment for the purchase price of the initial portfolio, payment of the related acquisition costs of the initial portfolio, payment of issue and debt-related costs and working capital. EHT has an initial portfolio of 18 full-service hotel properties, span across states such as California, Texas, Colorado, Utah, Georgia, Florida, New Jersey and Connecticut. With a total of 5,420 rooms, it has an aggregate valuation of about US\$1.27 billion.

Vertex raised US\$230 million for 4th SEA fund

Vertex Venture Holdings (“Vertex”), a Singapore-based venture capital arm of Temasek Holdings, raised US\$230 million in the first close of its 4th South-East Asia (“SEA”) fund to back technology startups across the region and India. Most of the investors in the previous fund, including Cathay Financial Holding, had backed the new one. Vertex plans to continue backing early-stage technology for financial services, enterprises and consumers in the region after its success on ride-hailing app Grab, now South-east Asia’s most valuable startup. Currently, Vertex manages portfolios in China, Israel, India, South-east Asia and the US. The new fund comes amid a flurry of fundraising activities in the region, such as Jungle Ventures, Golden Gate Ventures and South Korea’s Hanwha Asset Management.