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This is SAC's weekly newsletter for 7 September 2022. Thank you for reading.

Analysts' Notes

TOTM Technologies <Business Update> | TOTM sealed a S\$6.9m biometric project with Indonesia's law enforcement agency, providing facial recognition and surveillance systems to boost security. It should be completed before 2023. Being the backbone of Indonesia's National ID program, TOTM contract wins in the government further testify to the quality of their solutions. The digital identity market is huge and we expect the Group to secure more contracts in the government agencies and private sectors. *(Yeo Peng Joon)*

First REIT <Cash tender offer for S\$60m 4.9817% notes> | First REIT has received acceptance from 44.6% of the S\$60m 4.9817% note holders for its cash offer to buy them out at 70% of face value. The consideration of S\$18.7m will be paid out from cash reserves and proceeds from the sale of the Surabaya project (~S\$40m). The remaining outstanding notes amount to S\$33.25m. We estimate an annual interest savings of ~S\$1.3m, which could add to DPU. *(Peggy Mak)*

Silkroad Nickel <General Offer> | Major shareholders holding 85.2% of Silkroad Nickel has launched a GO for the remaining shares at S\$0.42 cash per share or a swap into the new private holdco at the same price. This prices it at 5.1x P/B as at Jun 2022, and FY2022E annualized PE of 9.4x. The deal values Silkroad Nickel at ~S\$110m. The company conducts open-pit mining of nickel ore at Central Sulawesi Indonesia. Nickel is a key mineral for the production of batteries, whose demand rides on the rising share of electric vehicles. *(Peggy Mak)*

Telechoice <Management Meeting> | 2H22 could see a turnaround in profitability to bring full year FY2022 to breakeven, through 1) growth in unified communication services, which is expected to grow >10%; and 2) cost rationalization with the change in revenue mix to more software and IT services.

Telechoice has become a dominant player in unified communications after the acquisition of Radiance Communications in 2021. The division helps corporates pull the omni channels onto a single platform, and migrate to Telechoice's server on the cloud, hence converting from capex to an opex model. The uplift to the segment's growth would come from expansion into the region. Engineering services, in particular Indonesia, have not yet return to pre-COVID level, though orders remain firm. The relocation of the capital to East Kalimantan, if it materializes, could fuel demand for engineering services. Telechoice trades at 1x P/B, and it has net cash of 3.4 ct/share. *(Peggy Mak)*

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