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This is SAC weekly newsletter for 1 Dec 2021

Market Moves

The Omicron variant upended global equity markets, and stopped border re-opening plans in their tracks. It will be several weeks before scientists could tell the damage this new variant could inflict and if existing vaccines are effective. Expect more volatility as uncertainty drives higher risk premium.

Before this, Asia's manufacturing activities were bouncing back nicely. PMIs were expansionary - Indonesia 57.2, Philippines 51, Thailand 50.9, Vietnam 52.1. China's factory activity also picked up in Nov (PMI:50.1) with lower commodity prices and ease in power constraints. However, the low vaccination rates (Indonesia 35%, Thailand 42%, Vietnam 54%, Philippines 42%) put these economies at greater risks. If they were to roll back their re-opening plans, the supply chain bottleneck might last longer.

Singapore's Oct industrial output also impressed with 16.9% yoy growth (+2.4% mom). What's encouraging is the 35.2% yoy gain in transport engineering, led by marine and offshore (+77%) and aerospace (+27%). In fact, output at marine and offshore was 10.2% higher than 2019's level, the first positive growth. Corporates we spoke to also reported more enquiries from owners of FPSOs, and for shipbuilding and repairs. We think further relaxation in foreign manpower will help the offshore and marine and construction in Q4 2020 and Q1 2021.

Construction activities are expected to pick up strongly to meet pent up demand for HDB flats. A slew of successful collective sales of private estates in recent weeks would remove supply down the road, further tightening the gap and holding up residential property prices.

GRAB begins trading in the US Nasdaq on 2 Dec 2021 at a valuation of US\$40bn. It might seek a secondary listing on SGX on a later date, we believe. GRAB reported Q3 net loss of US\$988m (Q2: net loss US\$172m) on revenue of US\$157m (Q2: US\$172m). Monthly transacting users of 22.1m (Q3 20: 23.9m) was affected by the lockdown in Vietnam. In comparison, DiDi Global is valued at US\$37.7bn with annual active users of 493m. The latter, however, faces pressure from China's regulatory clampdowns.

Analysts' Notes

Asian Healthcare Specialists | A full year contribution from Cornerstone Asia Health (FY20:

Company News

UnUsUal Limited (BBG: UNU) through its wholly-owned subsidiary has partnered with

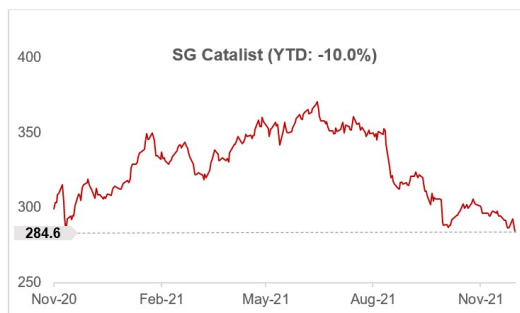
7 months) lifted FY21 (Sep) revenue by 63% to S\$27.6m and net profit by 73% to S\$4.5m. AHS raised its stake in CAH to 100% (from 51%) in end July 2021, and thus FY22E will further gain from full consolidation. Core orthopedic and anesthetic services also grew ~30%, led by return of patient load, though foreign patients (which used to account for 10-15% of revenue) are still absent. We are hopeful that the VTL might revive medical tourism. At an enlarged market cap of S\$90.7m, FY21 fully diluted PE is 20.2x and P/B is 1.8x. *(Peggy Mak)*

Beng Kuang Group | Beng Kuang held an analyst briefing to provide an update. The company plans to consolidate all shipyard operations in Batam and retire its Singapore yard when the lease expires. It also plans to bareboat charter the 2 livestock carriers to cut costs and reduce earnings volatility. Enquiries have picked up at its core infrastructure engineering division from operators and owners of FPSOs for repairs, engineering, maintenance and decommissioning jobs. *(Lim Shu Rong)*

Marco Polo Marine | Marco Polo Marine reversed its loss-making position with a net profit of S\$14.8m generated in FY21. Topline improvement for both ship chartering and shipyard segments were supported by higher vessel utilisation rates, higher ship repair volume and completion of smart fish farm project. FY21 revenue jumped 49.4% and gross margin rose to 26.1% (+11.8pp). Going forward, in FY22, ship chartering segment will be the earnings driver from rising charter rates and utilisation rates as close to 50% of its vessels are due for charter renewal by 1H22. The Group is also planning to increase its vessels working on Taiwanese windfarm projects to 40%. (Current: 20%) Margin from windfarm projects are 15-20% higher than o&g projects. Downside risk is worsening

Season Culture and a third-party angel investor to expand into the NFT market. A new entity, FunBase Pte Ltd will be jointly incorporated for the venture. UnUsUal will hold a 30% stake with the option to increase to 51% over the next 3 years. NFT can be used to represent tokenised versions of song tracks, concert tickets and special edition merchandises and many more which could see more uptake of the technology in the music industry. NFTs has recently garnered interests from many artists and musicians including Rolling Stones and Linkin Park.

development of Omicron variant. The Group has a net cash of S\$16.1m at end FY21. (Lim Shu Rong)



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