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SG Weekly (8 May - 12 May 2023)

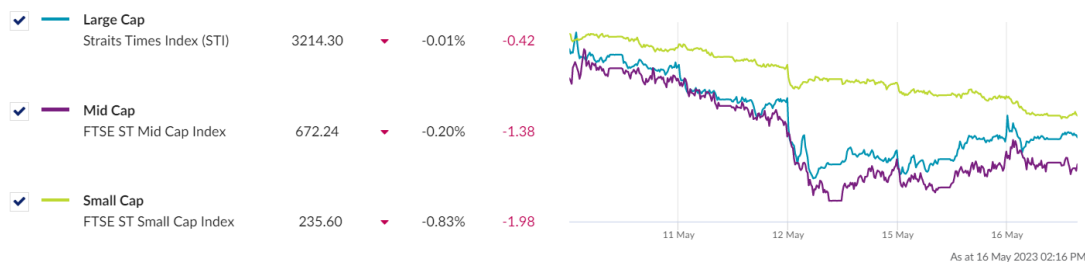
Global Market Movements:

INDEX	LAST PRICE	YTD	MTD
DOW JONES INDUS. AVG	33348.6	0.6%	-2.2%
S&P 500 INDEX	4136.28	7.7%	-0.8%
NASDAQ COMPOSITE	12365.21	18.1%	1.1%
Euro Stoxx 50 Pr	4316.41	13.8%	-1.0%
NIKKEI 225	29842.99	14.4%	3.4%
HANG SENG INDEX	19956.16	0.9%	0.3%
Straits Times Index STI	3213.59	-1.2%	-1.7%

(Source: Bloomberg, SAC Capital)

STI Movements

Equity Indices



(Source: SGX, SAC Capital)

Global News Highlights:

1. US-China Talks Give Hope to Investors After Tumultuous Period (BBG)
2. US Inflation Slowdown in Sight as Key Drivers Show Cooling (BBG)
3. China's Credit, New Loans Plunge as Worries Over Recovery Mount (BBG)
4. Jamie Dimon Says US Needs to 'Finish' the Bank Crisis (BBG)
5. Goldman Sees Opportunity in Hong Kong Banks Amid Surging Hibor (BBG)

Singapore Announcements:

1. ASL Marine triggers SGX query after 70.6% surge in share price (The Edge)
2. Hot stock: Heavy trading in The Place Holdings amid talks to sell 11% stake in Realty Centre site (The Edge)
3. Branded Lifestyle Asia lodges preliminary prospectus for mainboard IPO (BT News)
4. Tackle the decline in the local stock market (BT News)
5. Kim Heng awarded additional contract worth US\$7.8 mil (The Edge)

Company Highlights

<Sasseur REIT, SASSR SP>

- 1Q23 rental income decreased by 2.1% yoy to S\$33.1m due to the depreciation of RMB against SGD. In RMB terms, it increased by 7.7% yoy driven by 3% rental escalation and 17.9% yoy increase in variable components from higher sales. DPU rose by 1.5% to 1.85 sg cents.
- WADM is 3.5yrs (FY22: 0.2yrs) and the cost of debt edged up by 100bp due to a rise in interest rate. The team forecast the cod to be between 5.5-6%. RMB/SGD/USD loan is 54.5%/43.9%/5.5% of total borrowings in 1Q23 and 77.2% of it is fixed. No significant refinancing is needed till 2026.
- Gearing is at 25.7% and management conveyed that lower than 40% is a comfortable level, hence there will be a headroom of S\$422.5 for expansion.
- WALE is deliberately low at 2.1/0.9 for NLA/GR to optimize tenant mix by adjusting to rapidly shifting consumer taste and flexibility to swap out underperforming tenants with thriving brands.
- The team has the ROFR to acquire Xi'an and Guiyang outlets for about S\$550m in valuation and will maximize raising onshore debt due to lower interest than offshore debt.

The Group is trading at a PB of 0.74x and a 10.1% dividend yield.

<Food Empire, FEH SP>

- 1Q23 revenue grew 24.2% yoy to US\$102.6m and EBITDA increased 62.7% to US\$21.7m, fuelled by a lower base effect from the Russian-Ukraine conflict. This is offset by the ongoing normalization process following the COVID-19 pandemic in the Vietnamese market and a decrease in output from the non-dairy creamer factory in Malaysia as some UK raw ingredients are unable to reach them due to a one-off supply chain issue.
- Of the 44% revenue growth in Russia, 25% comes from the appreciation of USD against Ruble.
- Gross margins surged by 4.7pp to 35.6%. Net profit rose 50.9% to US\$13.8m and management aims for at least double-digit net margin every quarter.
- Despite the strong demand for its potato chips, the Group continues to receive interest from private-label customers. Its spray fry and freeze-dry coffee plans are running at maximum capacity to satisfy strong international demand and anticipate pricing it higher from the ongoing supply shortfall.
- The Group plans to continue investing in its brands to gain market share in Russia, Ukraine, Kazakhstan and CIS, and increase advertising and promotion efforts in its Vietnam branch. The expansion of capacity of the non-dairy creamer factory is set to run in 4Q23.
- The team is actively looking for synergistic acquisitions and is currently testing markets in Cambodia.

The Group is trading at an EV/EBITDA and P/E of 5.5x and 7.0x respectively.

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