

WHAT HAPPENED LAST NIGHT

US stocks closed higher on Wednesday, led by gains in the oil & gas, financials and healthcare sectors. The DJIA added 1.3%, the S&P 500 index added 1.3% and the NASDAQ Composite index gained 0.9%. Rising stocks outnumbered declining ones on the NYSE by 2,437 to 649, with 101 ended unchanged. On the Nasdaq Stock Exchange, 1,685 rose and 848 declined, while 134 ended unchanged.

WHAT'S IN THE PACK

SATS (SATS SP)

(SATS SP/BUY/S\$5.28/Target: S\$5.70)

4QFY18 results are below expectation mainly due to lower associate & JV profits. SATS however indicated that this was due to a one-off accounting treatment. We are also pleased with the fact that SATS' gateway services revenue, ex-deconsolidation of SHK, rose 8% in 4QFY18, while ROE for the division at 19.6% was the highest in six years. Going forward, SATS expects continued pax and cargo traffic growth, which should underpin gateway services growth. Maintain BUY. Target price: S\$5.70.

Boustead Singapore (BOCS SP) - Trading BUY

The daily chart shows the stock attempted to establish higher lows. A breakout of S\$0.82 increases the odds for further upside...

Singapore Post (SPOST SP) - Trading BUY

The daily chart shows the stock could be forming a rounding bottom and attempted to establish higher lows. At the moment, the golden cross...

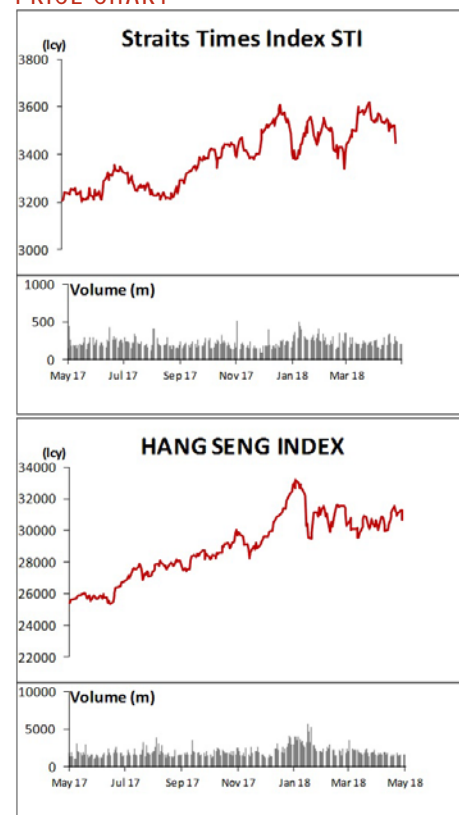
Anta Sports (2020 HK)

(2020 HK/BUY/HK\$43.35/ Target HK\$50.00)

Anta Sports' IR Director Suki Wong shared the group's outlook and strategies for the next few years. Overall, guidance remains unchanged. Anta maintains its long-term target of 15-20% retail sales growth, driven by Fila, e-commerce and Descente. Kingkow and Kolon Sports remain in the restructuring phase this year. Maintain BUY. Target price: HK\$50.00.

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PRICE CHART



KEY INDICES

	Prev Close	Chg (%)	YTD (%)
DJIA	24667.8	1.3	(0.2)
S&P 500	2724.0	1.3	1.9
FTSE 100	7689.6	0.7	0.0
CSI 300	3723.4	(2.1)	(7.6)
FSSTI	3444.0	(2.1)	1.2
HSCEI	11769.2	(1.6)	0.5
HSI	30056.8	(1.4)	0.5
JCI	6011.1	(0.9)	(5.4)
KLCI	1719.3	(3.2)	(4.3)
KOSPI	2409.0	(2.0)	(2.4)
Nikkei 225	22018.5	(1.5)	(3.3)
SET	1720.2	(0.8)	(1.9)
TWSE	10821.2	(1.3)	1.7
BDI	1057.0	(1.9)	(22.6)
CPO (RM/mt)	2426.0	0.5	(0.7)
Nymex Crude(US\$/bbl)	67.0	0.4	10.8

Source: Bloomberg

Retail Market Monitor

Thursday, 31 May 2018

YESTERDAY IN SINGAPORE

The FSSTI index ended 18.96pt higher at 3,548.23 yesterday, taking ytd performance to +4.3%. The top active stocks were DBS (+1.4%), OCBC (+0.7%), UOB (+0.1%), Venture (+2.6%) and Singtel (unchanged). The FTSE ST Mid Cap Index gained 0.06%, while the FTSE ST Small Cap Index rose 0.01%. The three most active ETFs by value were IS MSCI India (-1.2%), SPDR Gold Shares (-0.4%) and STI ETF (+0.4%). The broader market saw 193 gainers and 201 losers with total trading value of S\$1,036.9m.

SINGAPORE

TOP VOLUME

Stock	Price (S\$)	Chg (%)	Vol ('000)
Hutchison Port Holdings Trust US\$	0.295	(7.8)	110,148
Golden Agri-Resources	0.310	1.6	63,119
Yangzijiang Shipbuilding Singapore	0.925	(2.6)	63,097
Telecommunications	3.280	(1.5)	46,240
Genting Singapore	1.250	(3.8)	45,520

TOP GAINERS

Stock	Price (S\$)	Chg (%)	Vol ('000)
Dairy Farm Intl US\$	8.950	3.5	4,514
Singapore Post	1.350	3.1	7,252
Mandarin Oriental Intl	2.700	2.7	1,149
Golden Agri-Resources	0.310	1.6	63,119
Fragrance Group	0.153	1.3	12

TOP LOSERS

Stock	Price (S\$)	Chg (%)	Vol ('000)
Yoma Strategic	0.400	(8.0)	10,753
Hutchison Port Holdings Trust US\$	0.295	(7.8)	110,148
Starhub	2.000	(4.8)	16,500
Genting Singapore	1.250	(3.8)	45,520
Siic Environment	0.420	(3.4)	364

HONG KONG

TOP VOLUME

Stock	Price (HK\$)	Chg (%)	Vol ('000)
CCB-H	7.82	(2.0)	494,908
BANK OF CHINA-H	4.06	(1.7)	474,632
ICBC-H	6.41	(2.0)	378,330
SINOPEC CORP-H	7.23	(0.3)	158,051
ABC-H	3.99	(1.7)	155,961

TOP GAINERS

Stock	Price (HK\$)	Chg (%)	Vol ('000)
BRILLIANCE CHINA	14.50	3.6	20,541
POSTAL SAVINGS-H	5.31	1.1	57,148
BJ ENT HLDGS	42.15	0.8	1,746
CNOOC	12.88	0.8	78,912
MENGNU DAIRY	27.10	0.6	13,003

TOP LOSERS

Stock	Price (HK\$)	Chg (%)	Vol ('000)
KUNLUN ENERGY	6.91	(4.7)	23,512
CHINA MERCHAN-H	10.90	(3.5)	1,008
CQRC BANK-H	5.21	(3.3)	16,283
WH GROUP	8.11	(3.0)	44,764
SINOPHARM-H	33.90	(2.7)	5,215

SINGAPORE TRADERS' CORNER



Source: Nextview

Boustead Singapore (BOCS SP)

Trading BUY

Last price: S\$0.80

Target price: S\$0.87-0.88

Protective stop: S\$0.76

The daily chart shows the stock attempted to establish higher lows. A breakout of S\$0.82 increases the odds for further upside.

At the moment, there is a bullish MACD crossover and the RSI could trade above its centreline as well. The initial upside could be seen at the 50%FR or S\$0.87-0.88 while stops could be placed at S\$0.76.

Approximate timeframe on average: 2 weeks.



Source: Nextview

Singapore Post (SPOST SP)

Trading BUY

Last price: S\$1.35

Target price: S\$1.45-1.50

Protective stop: S\$1.27-1.28

The daily chart shows the stock could be forming a rounding bottom and attempted to establish higher lows. At the moment, the golden cross, which has formed since the beginning of this year, remains intact.

A MACD bullish crossover at above its centreline could form as stock price continues to edge higher. We peg the initial upside target at S\$1.45-1.50, and S\$1.70 over the longer horizon. However, trading below S\$1.27-1.28 could ring warning bells for longs.

Approximate timeframe on average: 2 weeks.

Our institutional research has a fundamental BUY and target price of S\$1.59.

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FROM THE REGIONAL MORNING NOTES...

SATS (SATS SP)

Core net profit flat yoy, below our expectations. Excluding one-offs, 4QFY18 net profit would have been flat yoy, and was 1.9% and 22% below street and our estimates respectively. JV & associates income fell 16.7% yoy, solely due to amortisation of intangibles and a S\$4m reduction in surplus on Purchasing Price Allocation (PPA) at associate Evergreen Sky Catering. SATs declared a final dividend of 12 S cents, bringing total dividend to 18 S cents, up 1 S cent from FY17. Headline ROE was flat at 16.2%, but underlying ROE declined 0.4 ppt to 14.8%, due mainly to lower ROE from the food solution segment.

Operating profit was flat yoy but SATS still demonstrated operating leverage in 4QFY18, excluding deconsolidation of SATS HK (SHK). Excluding deconsolidation impact, 4Q's and FY18's revenue rose 2.2% and 1.5% respectively, mainly due to strong gateway services revenue (+8.3% in 4QFY18) out of Singapore. License fees rose by S\$4.5m in 4QFY18 due to cessation of rebates at Changi. Excluding this, operating profit would have risen by 10.4% yoy in 4Q18.

SATS is optimistic of pax and cargo business, though it expects pressure on local inflight catering to continue. We had initially expected pricing pressure to abate somewhat as pax yields rise, but SATS does not expect that. Still, SATS could still wring out operating leverage from incremental gateway services. SATS also guided for S\$20m- 40m in capex for Turkish Airways kitchen.

Key challenge is to improve returns on JVs and associate, especially since SATS will be investing a substantial amount in these ventures. In FY18, food solutions and gateway services associates generated ROE of 9.7% (-2.3ppt) and 9.2% (-0.8ppt) respectively. We are also not confident that SATS' gateway services JV with AirAsia will boost ROE, given that operating margins for Malaysian ground services handlers amounted to just 4.6% in 2016. In comparison, SATS generated an operating margin of 10.1% in FY18 for the gateway services division.

Maintain BUY, with a target price of S\$5.70 (S\$5.80 previously). We continue to value the company with WACC of 6.3%, long-term ROIC of 15.4% (previously 15.7%) and growth rate at 3%. At our fair value, the stock will trade at 24.3x FY19F PE and an excash PE of 23x. Including the dividend of 18 S cents, the total return on the stock is 11%.

KEY FINANCIALS

Year to 31 Mar (S\$m)	2017	2018	2019F	2020F	2021F
Net turnover	1,729	1,725	1,747	1,782	1,821
EBITDA	324	304	307	327	348
Operating profit	231	226	238	256	275
Net profit (rep./act.)	258	266	261	278	299
Net profit (adj.)	234	251	259	278	299
EPS (S\$ cents)	21.1	22.5	23.2	24.9	26.9
PE (x)	25.0	23.5	22.8	21.2	19.6
P/B (x)	3.7	3.6	3.5	3.3	3.1
EV/EBITDA (x)	17.8	19.0	18.8	17.6	16.5
Dividend yield (%)	3.2	3.4	3.4	3.5	3.6
Net margin (%)	14.9	15.4	14.9	15.6	16.4
Net debt/(cash) to equity (%)	(24.9)	(16.3)	(15.7)	(15.4)	(19.0)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.	n.a.
ROE (%)	16.7	16.5	15.6	15.9	16.3
Consensus net profit	-	-	268	292	319
UOBKH/Consensus (x)	-	-	0.97	0.95	0.94

Source: SATS, Bloomberg, UOB Kay Hian

*For a more detailed corporate note, please contact your trading representative.

FROM THE REGIONAL MORNING NOTES...

Anta Sport (2020 HK)

Despite strong 1Q18 performance, guidance unchanged. Group sales are expected to increase 15-20% yoy - "mid-teens" growth at core brands and 30% yoy growth at Fila. April sales looked "quite solid" with retail discount rate unchanged yoy. IR Director Suki Wong explained that the second quarter would normally not be a discount season since the inventories are still in demand in the third quarter. Going forward, Anta would put margins as priority and would strive to boost sales while keeping margins up at the same time.

Growth in e-commerce generally boosts margins. About 60% of its e-commerce sales are sold via Anta's retail online store (Anta.com) with a higher "retail" e-commerce gross margin of 50%. However, to support its O2O brand platform, 40% of e-commerce sales are done via Anta's distribution partners (such as Anta Shanghai) which make the same margins as if they are sold at wholesale to their offline distributors. Thus, the "wholesale" e-commerce gross margin is slightly lower at about 40%.

The hot weather has little impact on business, although traffic has heavily shifted to its shops in shopping malls. On a product level, the hot weather should have no impact on shoe sales. Generally speaking, a sudden cold spell would be positive to sales as customers buy more to keep warm; however, rainstorm, snowstorm and smog are negative to sales as customers do not come out to shop.

Products sold online comprise three categories: a) 60-70% are online exclusive products that are more casual-focused, b) identical products with the same prices as with offline products, and c) out-of-season inventories. Going forward, Anta expects online sales to keep growing with the following target proportions: a) wholesale e-commerce accounts for 30% of total wholesale business, and b) retail e-commerce accounts for 20% of total retail business.

Maintain BUY as we believe Anta is on a growth trajectory based on the development of its non-core brand business. We think management is opting to be conservative as it has not upgraded nor provided any 2018 guidance despite a stellar 1Q18 performance, although we note the company tends to "under-promise and over-deliver". Given the prospective higher-than-peers' average earnings growth in 2018-20, we believe Anta deserves an above-peer average PE multiple. Our target price is kept at HK\$50.00, based on 28x 2018F PE, or over 2SD above the stock's historical mean.

KEY FINANCIALS

Year to 31 Dec (Rmbm)	2016	2017	2018F	2019F	2020F
Net turnover	13,346	16,692	22,014	26,669	32,177
EBITDA	3,170	3,781	5,005	6,148	7,692
Operating profit	2,944	3,531	4,755	5,898	7,442
Net profit (rep./act.)	2,386	3,087	3,887	4,739	5,893
Net profit (adj.)	2,386	3,087	3,887	4,739	5,893
EPS (Rmb cent)	95	117	145	176	219
PE (x)	35.3	28.8	23.2	19.1	15.3
P/B (x)	8.8	6.5	6.1	5.5	5.0
EV/EBITDA (x)	28.0	23.0	17.3	14.0	11.1
Dividend yield (%)	1.9	2.4	2.9	3.6	4.4
Net margin (%)	17.9	18.5	17.7	17.8	18.3
Net debt/(cash) to equity (%)	(50.8)	(49.8)	(48.6)	(48.9)	(49.7)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.	n.a.
ROE (%)	26.3	26.6	27.2	30.4	34.3
Consensus net profit	-	-	3,706	4,495	5,435
UOBKH/Consensus (x)	-	-	1.05	1.05	1.08

Source: Anta, Bloomberg, UOB Kay Hian

*For a more detailed corporate note, please contact your trading representative.

CORPORATE NEWS

Creative Technology: Partners Taiwan live-streaming app to showcase Super X-Fi headphone holography. Around 200 of the most popular broadcasters on one of Taiwan's largest live-streaming apps have been selected to sit through Creative's demo sessions in Taipei in 5-8 June. After each session, these influencers will stream live broadcasts of the event to their followers to promote the new technology. (Source: *The Business Times*)

Courts Asia: In the red for 4QFY18; full-year profit dives. Courts Asia made a net loss of S\$3.0m for 4QFY18 on the back of poor performance in Malaysia. Revenue for the quarter dropped 9.5% yoy to S\$163.3m while loss per share was 0.59 S cent (FY17: +0.78 S cent). (Source: *The Business Times*)

Old Chang Kee: Back in black, net profit of S\$1.4m for 4QFY18. For the three months ended 31 Mar 18, revenue grew 10.5% yoy to S\$21.3m, mainly due to growth in other income and a fall in other expenses. Revenue for the full year increased by S\$7.1m, mainly due to contributions from new outlets and higher revenue from existing outlets, partially offset by the absence of revenue from closed outlets. Net profit for the year more than doubled yoy to S\$5.1m. (Source: *The Business Times*)

Roxy-Pacific: 27 Moulmein Rise sold to associate. A Roxy-Pacific Holdings associated company, RH Novena, has bagged two adjacent freehold residential sites at 27 Moulmein Rise for S\$106m from 27 Moulmein Rise. Located near Novena MRT, the total land area stands at 22,198sf and can be redeveloped into a 20-storey apartment building with a maximum permissible gross floor area of 72,003sf. (Source: *The Business Times*)

San Teh: Subsidiary ordered by Yunnan court to pay Rmb11.3m. San Teh's subsidiary Dali San Teh Xing Real Estate has been ordered by the Yunnan court to pay Rmb11.3m (S\$2.3m to its main contractor for the return of security deposit of Rmb8m and compensation for work stoppage damages of about Rmb4.4m). (Source: *The Business Times*)

ST Engineering: To rename corporate brands. The brand harmonisation will first cover ST Engineering subsidiaries in Singapore and all its global subsidiaries in the aerospace sector, followed by other overseas companies. (Source: *The Business Times*)

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