8 January 2020

Market Outlook & Strategy

Adopting a Barbell Investment Strategy

Stocks Covered	63
Ratings (Buy/Neutral/Sell):	36 / 26 / 1
Last 12m Earnings	Negative

- **Singapore's economic growth expected to recover in 2020.** We conservatively estimate Singapore's GDP growth at 0.8% for 2020 (Street median growth estimate of 1.4%), aided by an increase in domestic investment activity and a bottoming out of the manufacturing sector. We believe some resolution to trade disputes between the US and China, plus improvements in the global technology cycle, could support stronger recovery in growth. The Ministry of Trade & Industry has a 2020 GDP growth forecast range of 0.5-2.5%.
- **A broad-based recovery in earnings growth is on the cards.** The market is expecting the STI's 2020 net income to grow 4.8%. Net income growth for stocks under RHB's coverage stands at 5% vs an estimated 2.8% growth in 2019. Earnings recovery is expected to be broad-based, as all sectors under our coverage are expected to report YoY improvements in earnings. The capital goods, commodities, and property sectors are expected to deliver their highest earnings growth in 2020.
- **Position for earnings growth recovery...** With the expectation of recovery in earnings growth, we believe investors should build positions in cyclical stocks that would deliver meaningful upside – as the growth cycle improves and if better-than-expected GDP growth gets delivered. Our preferred stocks for this theme are CapitaLand, Keppel Corp, ST Engineering, and United Overseas Bank (UOB).
- **…and balance the risks with yield investments.** We do note that macroeconomic risks still remain, like a further escalation of the US-China trade dispute, a sharper-than-anticipated slowdown of the latter nation's economic growth and the recent increase in geopolitical tensions in the Middle East, which could derail the expected economic recovery in 2020. To cover for such risks, investors should buy into REITs and stocks that offer stable earnings growth and sustainable yields. Our preferred REITs are CDL Hospitality Trusts (CDREIT), ESR REIT, Manulife US REIT (MUST), and Suntec REIT. We also like Sheng Siong for its defensive earnings growth.
- **Other Top Picks.** We like Wilmar International for its potential value-unlocking from the upcoming listing of its China subsidiary. CSE Global, Fu Yu, Oxley, and UnUsUaL are our preferred small-mid-cap (SMID) picks.
- **Market valuations remain undemanding.** The STI's 12.8x 1-year forward P/E sits below its historical average of 13.3x. With expectations of recovery in GDP growth and better corporate earnings growth outlook for 2020, the index's valuation does not seem expensive. There is scope for P/E growth and based on a P/E of 13.5x, we estimate an end-2020 STI target of 3,460. The STI's forward P/E is also lowest amongst the ASEAN markets under our coverage. The STI's yield of 4.2% remains the highest in Asia.

Company	Rating	TP (SGD)	% Upside (Downside)	P/E (x) Dec-20F	P/BV (x) Dec-20F	Yield (%) Dec-20F
CapitaLand	Buy	4.20	9.4	11.0	0.8	3.6
CDL Hospitality	Buy	1.78	9.2	15.8	1.0	5.8
CSE Global	Buy	0.69	23.2	9.7	1.5	4.9
ESR REIT	Buy	0.60	9.1	13.8	1.2	7.5
Fu Yu Corp	Buy	0.27	5.9	13.5	1.2	6.7
Keppel Corp	Buy	7.80	14.0	11.5	1.0	4.4
Manulife US REIT^	Buy	1.10	11.1	14.2	1.2	6.4
Oxley Holdings**	Buy	0.43	14.7	5.9	0.8	4.0
Sheng Siong	Buy	1.39	10.3	22.1	5.7	3.2
ST Engineering	Buy	4.55	13.2	19.9	5.2	3.7
Suntec REIT	Buy	2.08	12.4	15.1	0.9	5.2
UnUsUaL***	Buy	0.42	47.4	13.8	3.2	-
UOB	Buy	29.50	10.5	10.2	1.1	5.2
Wilmar	Buy	4.75	10.7	15.5	1.1	2.5

*Note: Data as at 7 Jan 2020; ^Priced in USD; *Refers to Jun 2020; ***Refers to Mar 2020*
Source: Company data, RHB

Singapore sector ratings

OVERWEIGHT	Capital Goods, Commodities Manufacturing, REITs
NEUTRAL	Consumer, Financials, Property, Technology, Telecom
NOT RATED	Materials

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Sectors and preferred picks

Sector	Preferred pick
Capital Goods	KEP, STE
Commodities	FR, WIL
Consumer	SSG, UNU
Financials	UOB
Healthcare	N/A
Manufacturing & tech	AVIT, CSE, FUYU
Property	CAPL, OHL
REITs	CDREIT, EREIT, MUST, SUN
Telecom & media	ST
Transport	CD

Source: RHB

Position For Growth, Stay Invested In Yields

Position for earnings growth recovery

The market is expecting the STI's 2020 net income to grow 4.8% (calendar year-end and in SGD terms). This earnings growth expectation is similar for the MSCI Singapore Index as well. The 2020 net income growth for Singapore stocks under RHB's coverage stands at 5%.

We, and the market, are expecting a broad-based earnings recovery, as all sectors are expected to report YoY earnings growth. For our coverage universe, strong earnings contributions are expected to come from the capital goods, commodities, and property sectors. While there are still multiple macroeconomic uncertainties, we believe these sectors could deliver meaningful upside as the growth cycle improves and a better-than-expected economic growth gets delivered.

We have an OVERWEIGHT call on the capital goods sector. We expect strong earnings growth contributions from Keppel, Sembcorp Industries, and ST Engineering, where each company is expected to deliver double-digit earnings growth in 2020. We also expect Sembcorp Marine to swing to a profit in 2020 from losses previously. Given the diversified nature of its earnings base, we prefer exposure to Keppel over Sembcorp Marine.

We are OVERWEIGHT on the commodities sector, as we expect a favourable demand supply situation to keep CPO prices elevated in 2020. We have a CPO price assumption of MYR2,400 per tonne for 2020, and expect the commodity to trade between MYR2,200 and MYR2,800 per tonne during the year. Commodity companies are expected to deliver significant earnings growth, aided largely by the improvement in CPO prices. First Resources is the best proxy for rising CPO prices. Wilmar, which should also benefit from rising CPO prices, should see a further re-rating once its China subsidiary, Yihai Kerry, is listed on the Shenzhen Stock Exchange in 1H20.

While we have a NEUTRAL call on the property sector, we expect property sales volumes to remain resilient, and estimate a 0-3% rise in prices. We prefer property players with well-diversified exposure and strong recurring income growth. CapitaLand is our preferred pick, as we expect its growing recurring income base from its fund management and lodging sectors, as well as an asset-recycling strategy, to drive future ROE improvements. We estimate the company to deliver 18% YoY earnings growth in 2020, which is conservative when compared to the market – Street is expecting CapitaLand to deliver 28% YoY earnings growth in 2020.

Figure 1: Cyclical BUY stocks (ex-REITs) in our coverage universe

		Market cap	Target	1FY	P/E (x)		P/BV (x)		Yield (%)		ROE (%)	
Company name	**Sector**	**(USDm)**	**price**	**year**	**1FY**	**2FY**	**1FY**	**2FY**	**1FY**	**2FY**	**1FY**	**2FY**
Keppel Corp	Capital Goods	9,214	7.80	Dec-19	16.1	11.5	1.1	1.0	3.1	4.4	6.7	9.1
Sembcorp Industries	Capital Goods	3,084	2.68	Dec-19	11.8	8.8	0.6	0.6	1.7	2.3	5.1	6.5
Sembcorp Marine	Capital Goods	2,126	1.60	Dec-19	-	70.2	1.3	1.3	-	-	(3.3)	1.8
ST Engineering	Capital Goods	9,288	4.55	Dec-19	21.9	19.9	5.6	5.2	3.7	3.7	24.7	26.3
Unusual	Consumer	218	0.42	Mar-20	17.3	13.8	4.2	3.2	-	-	24.3	23.3
UOB	Financial	33,035	29.50	Dec-19	10.2	10.2	1.2	1.1	4.9	5.2	11.9	11.7
CSE Global	Manufacturing & Technology	211	0.69	Dec-19	11.7	9.7	1.6	1.5	4.9	4.9	13.9	15.4
Fu Yu Corp	Manufacturing & Technology	142	0.27	Dec-19	14.3	13.5	1.2	1.2	6.3	6.7	8.1	8.5
CapitaLand	Property	14,360	4.20	Dec-19	10.7	11.0	0.8	0.8	3.4	3.6	7.1	7.2
Oxley Holdings	Property	1,176	0.43	Jun-20	4.2	5.9	0.9	0.8	8.0	4.0	21.4	13.6
China Aviation Oil	Transport	817	1.55	Dec-19	8.7	8.4	1.0	0.9	3.5	3.6	11.8	11.3

Note: Prices are as at 7 Jan 2020
Source: Bloomberg, RHB

Figure 2: Non-cyclical BUY-rated stocks (ex-REITs) in our coverage universe

		Market cap	Target	1FY	P/E (x)		P/BV (x)		Yield (%)		ROE (%)	
Company name	**Sector**	**(USDm)**	**price**	**year**	**1FY**	**2FY**	**1FY**	**2FY**	**1FY**	**2FY**	**1FY**	**2FY**
Bumitama Agri	Commodities	999	0.80	Dec-19	29.1	18.1	1.8	1.7	1.6	2.6	6.3	9.7
First Resources	Commodities	2,256	1.95	Dec-19	29.2	18.6	2.3	2.1	0.9	1.4	8.0	11.7
Wilmar International	Commodities	20,177	4.75	Dec-19	16.6	15.5	1.2	1.1	2.4	2.5	7.2	7.4
Sheng Siong	Consumer	1,405	1.39	Dec-19	24.2	22.1	6.1	5.7	2.9	3.2	25.5	25.8

Note: Prices are as at 7 Jan 2020
Source: Bloomberg, RHB

Stay invested in yields to protect from macroeconomic uncertainties

We believe there are sufficient macroeconomic headwinds that could derail the expected economic recovery in 2020. Therefore, we recommend investors to balance their portfolios by holding REITs and sustainable yield stocks, with growth potential that are trading at reasonable valuations.

Trade-related risk persists. While investors are expecting some easing in the US-China trade dispute from the anticipated Phase One agreement, recent history and President Donald Trump's mercurial character imply that markets may be less than willing to view it positively until the agreement is finalised. Moreover, there is still scope for a further deterioration in the US-China trade relationship, which could turn business sentiment more bearish and further delay the investment cycle.

Beyond the fractured US-China trade ties, there are other related disputes in various jurisdictions that could have a cumulative effect of further slowing down global trade flows.

US politics. The commencement of impeachment proceedings against President Trump by the US Congress adds another layer of political uncertainty, which may ultimately have implications on whether or not there is a resolution to the US-China trade dispute.

Global economic cycle is at a mature stage. We are now in the 11th year of uninterrupted global economic growth. As the late-stage economic cycle becomes extended, the possibility for the next recession becomes greater. With debt at record levels, the scope for a renewed synchronised global fiscal stimulus is limited, while room for monetary policy easing is also lessening due to recent rounds of easing. Policymakers in many major global jurisdictions have limited policy ammunition, should global growth take a turn for the worse.

Accommodative monetary policy in the US. With the US Federal Reserve having delivered a third rate cut as part of its "mid-cycle adjustment", US monetary policy is already seen as being at accommodative levels and sufficient to support the American economy against trade-related risks and slowing global growth. We expect the direction and magnitude of rate changes to be data-dependent.

Hard landing for China's economy. A steeper-than-expected slowdown of the Chinese economy could be precipitated by additional tariffs imposed by the US, and a sharper-than-anticipated tightening of financial conditions due to domestic deleveraging efforts. This could, in turn, lead to a sharp fall in Chinese import demand, and negatively affect the region's growth.

We expect the REIT sector to remain in favour in 1H20, aided by persistent low interest rates and a favourable demand-supply outlook. However, we recommend investors to be more selective and prefer the laggards – mainly in the SMID-cap space – with stock-specific catalysts. Additional factors that may provide tailwinds to REITS are an increase in the debt ceiling limit and interest cost savings. Our preference is for industrial, hospitality, office, and US office REITs.

Amongst the industrial REITs, we prefer exposure to ESR REIT and Suntec REIT (our preferred office sector pick). For US office REITs, MUST remains our preferred exposure. We believe hospitality REITs will see positive revenue per available room (RevPAR) growth in 2020, aided by a strong line-up of events, steady tourism inflows, and favourable industry demand-supply dynamics. CDREIT should gain from this favourable industry outlook.

Figure 3: BUY-rated REITs in our coverage universe with +4% yield

Company name	Sector	M Cap (USDm)	Target price	1FY year	P/E (x) 1FY	P/E (x) 2FY	P/BV (x) 1FY	P/BV (x) 2FY	Yield (%) 1FY	Yield (%) 2FY	ROE (%) 1FY	ROE (%) 2FY
Cache Logistics Trust	REIT - Industrial	577	0.80	Dec-19	10.3	9.8	1.1	1.1	8.4	8.7	10.4	10.8
CDL Hospitality Trusts	REIT - Hospitality	1,466	1.78	Dec-19	16.5	15.8	1.1	1.0	5.7	5.8	6.4	6.6
EC World REIT	REIT - Overseas	440	0.82	Dec-19	8.8	6.9	0.8	0.8	8.6	8.8	7.0	7.5
ESR REIT	REIT - Industrial	1,422	0.60	Dec-19	14.5	13.8	1.2	1.2	7.3	7.5	9.8	9.9
Keppel Pacific Oak US REIT	REIT - Overseas	729	0.88	Dec-19	11.6	11.2	1.0	0.9	7.8	8.1	10.1	10.3
Manulife US REIT	REIT - Overseas	1,553	1.10	Dec-19	14.8	14.2	1.2	1.2	6.1	6.4	7.1	8.2
Suntec REIT	REIT - Office	3,843	2.08	Dec-19	15.4	15.1	0.9	0.9	5.2	5.2	5.7	5.9

Note: Prices are as at 7 Jan 2020
Source: Bloomberg, RHB

Beyond the REITs sector, we look at BUY-recommended stocks under our coverage that offer yields that are higher than the STI – ie more than 4.2%. To ensure that these high yields are sustainable, we screened for stocks that offer earnings growth and have a relatively strong balance sheet – ie firms that have low gearing ratios or preferably have a net cash balance sheet.

Amongst the large-cap companies, UOB remains our preferred defensive yield play. Although the market is not expecting any earnings growth, the counter's below-historical average P/BV and lower exposure to Greater China – vis-à-vis other Singapore-listed banks – should offer investors some comfort. In the SMID-cap space, we favour exposure to Avi-Tech Electronics, CSE Global and Fu Yu.

Figure 4: BUY-rated non REIT stocks in our coverage universe with +4% yield

		M Cap	Target	1FY	P/E (x)		P/BV (x)		Yield (%)		ROE (%)		D/E (%)
Company name	Sector	(USDm)	price	year	1FY	2FY	1FY	2FY	1FY	2FY	1FY	2FY	2FY
APAC Realty	Property	134	0.60	Dec-19	12.0	10.8	1.2	1.2	5.0	5.5	10.3	11.0	5.4
Avi-Tech Electronics	Manufacturing & Technology	53	0.44	Jun-20	13.9	13.6	1.4	1.4	5.5	5.6	10.1	10.1	net cash
CSE Global	Manufacturing & Technology	211	0.69	Dec-19	11.7	9.7	1.6	1.5	4.9	4.9	13.9	15.4	24.5
Fu Yu Corp	Manufacturing & Technology	142	0.27	Dec-19	14.3	13.5	1.2	1.2	6.3	6.7	8.1	8.5	net cash
HRnet Group	Consumer	463	0.81	Dec-19	12.0	11.4	1.7	1.6	4.2	4.4	14.4	14.0	net cash
Talkmed	Healthcare	497	0.62	Dec-19	20.3	19.0	9.0	8.9	4.8	5.2	41.9	44.6	net cash
UOB	Financial	33,035	29.50	Dec-19	10.2	10.2	1.2	1.1	4.9	5.2	11.9	11.7	net cash

Note: Prices are as at 7 Jan 2020
Source: Bloomberg, RHB

Expect Moderate Economic Recovery

Singapore's GDP growth to recover in 2020

Singapore's real GDP growth is expected at 0.8% for 2020 from 0.5% in 2019, aided by an increase in domestic investment activity and a bottoming out of the manufacturing sector. External conditions are likely to remain sluggish, though. Among the concerns next year are the unresolved US-China trade war. Until a concrete resolution is achieved, it is unlikely to expect material improvement in business sentiment – which will keep investment and trade on a sluggish path, with negative repercussions on economic growth. While Singapore may see some benefit from a trade diversion, data so far remains inconclusive.

In 2019, exports have weakened considerably and are likely to remain subdued in 2020 as well, amidst weaker growth prospects for the US and China. In addition, the ongoing trade war could keep business investments at bay, lowering trade in capital goods. On the plus side, we may see some recovery in the electrical & electronics sector.

We expect domestic demand to stay resilient, owing to a further recovery in investments. Although private consumption may moderate as weaker economic growth keeps employment and wage growth sluggish, sustained contributions from investments are expected to come from a pick-up in public sector works, as well as an increase in residential building construction.

Figure 5: Singapore's economic forecasts summary

	2018	2019E	2020E
Real GDP growth, %	3.2	0.5	0.8
Private consumption, % YoY	2.8	4.0	2.4
Government consumption, % YoY	3.9	2.2	2.7
Gross fixed capital formation, % YoY	(4.0)	0.9	1.5
Industrial production (%)	7.2	(1.5)	3.0
CPI inflation, % YoY (year-end)	0.4	0.5	1.2
SIBOR: 3M, % (year-end)	1.9	1.8	1.6
SGD/USD (year-end)	1.36	1.40	1.38

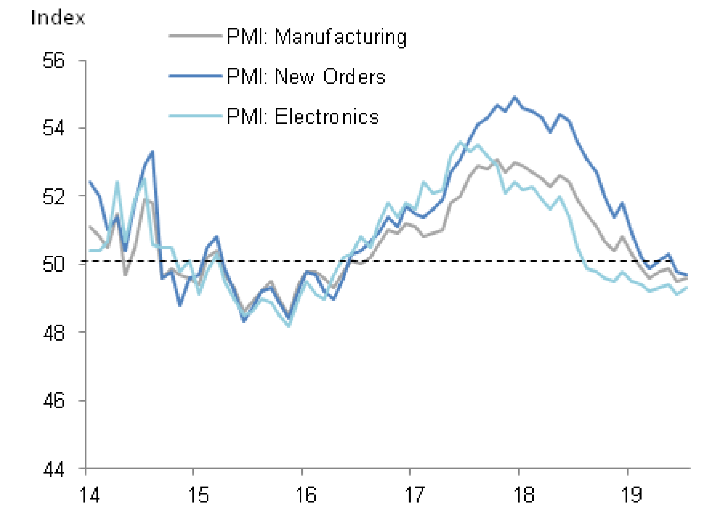
Source: Monetary Authority of Singapore (MAS), Ministry of Trade & Industry (MTI), RHB

The manufacturing sector is likely to record a lesser rate of contraction in 2020. This is anchored on a slight recovery in the electronics sector, although most other sectors are likely to see further weakness.

Growth in the services industry is forecasted to improve slightly, as support should come from the modern services and domestic-oriented industries, although a weaker external outlook may cap the upside. The modern services industries are set to experience robust growth amid the Government's focus on digitisation and technological upgrading through cloud storage, digital payments, and ICT adoption. This should help spur further productivity in industries such as information & communication, finance & insurance, as well as business services. In addition, the increased budget allocation for healthcare spending should also keep the health & social services cluster resilient.

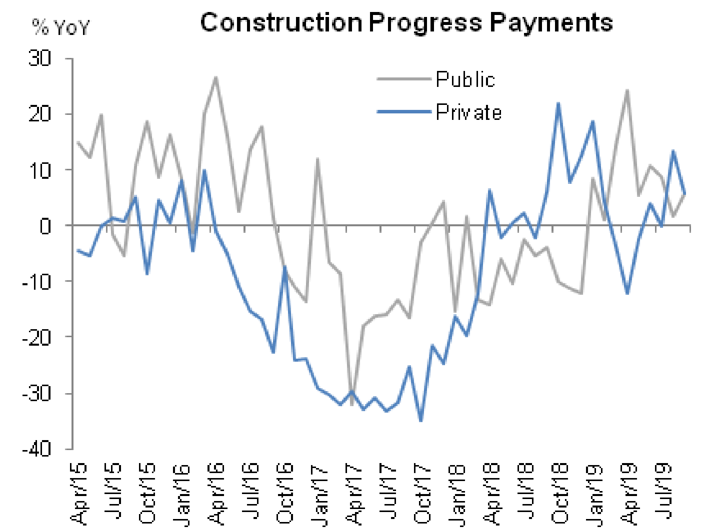
On construction, growth is likely to be stable going forward. Construction progress payments for the public sector have recovered considerably in 2019, while growth in the private sector has also started to recover. With moderate improvement in property prices, the increase in the approvals of new building plans and commencement of new building construction, we think private sector construction should see healthy growth ahead. Meanwhile, ongoing government infrastructure projects should support public sector construction activity.

Figure 6: Manufacturing PMI seems to be bottoming



Source: Markit

Figure 7: Robust construction activities should continue



Source: SingStat

Market Earnings Growth To Recover

At the time of writing this report, the market is expecting the STI's 2020 net income to grow 5% (calendar year-end and in SGD terms). The market is also expecting similar earnings growth for the MSCI Singapore Index in 2020. RHB's bottom-up net income growth estimate for the STI is slightly less optimistic on 2020: we expect 2020 net income for the index to grow 3.8%. 2020 net income growth for Singapore stocks under RHB's coverage stands at 5%.

Figure 8: STI's 2020 net profit growth by sector (Street estimates)

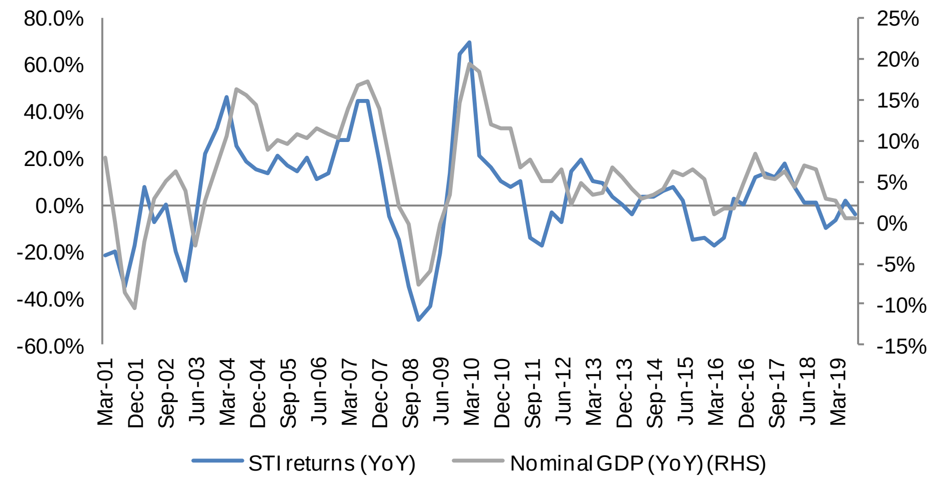
STI net profit	% of STI (by market cap)	2019 (SGDm)	2020 (SGDm)	2020 (YoY %)
Financial	30%	15,801	15,921	0.8%
Capital Goods	24%	7,210	7,481	3.8%
Telecommunications & Media	10%	3,026	3,234	6.9%
Consumer	10%	3,444	3,754	9.0%
Property	10%	3,423	3,939	15.1%
Commodities	5%	1,580	1,756	11.1%
Transport	4%	1,244	1,323	6.4%
REIT - Industrial	3%	786	843	7.2%
REIT - Retail	3%	715	781	9.3%
REIT - Office	1%	367	361	-1.7%
Manufacturing & Technology	1%	354	362	2.1%
Total		**37,950**	**39,754**	**4.8%**

Source: Bloomberg

STI Market Outlook & Valuations

As seen in Figure 9, Singapore's stock index returns are closely correlated with the country's nominal and real GDP growth. With the expectation of an uplift in economic growth in 2020, we believe the STI could generate strong positive returns.

Figure 9: STI returns are highly correlated to the country's GDP growth

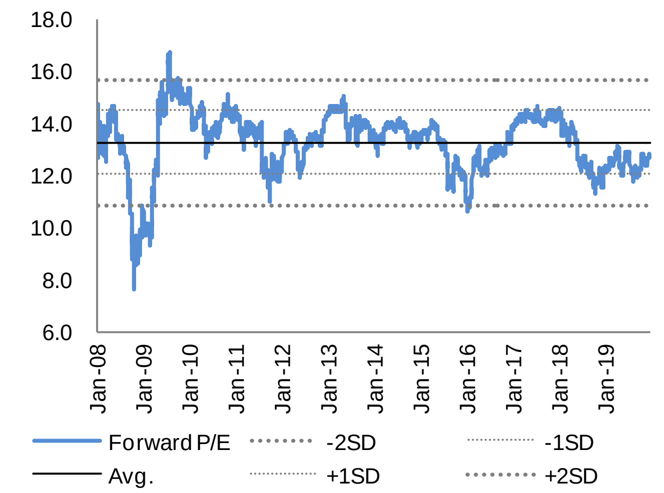


Source: Bloomberg

We use a top-down method to derive our STI target, based on a P/E on 2020F EPS. The index's 12.8x 1-year forward P/E sits marginally above its -1SD band, but below its historical average of 13.3x. With expectations of a rebound in GDP growth, we believe there is potential for the P/E to increase.

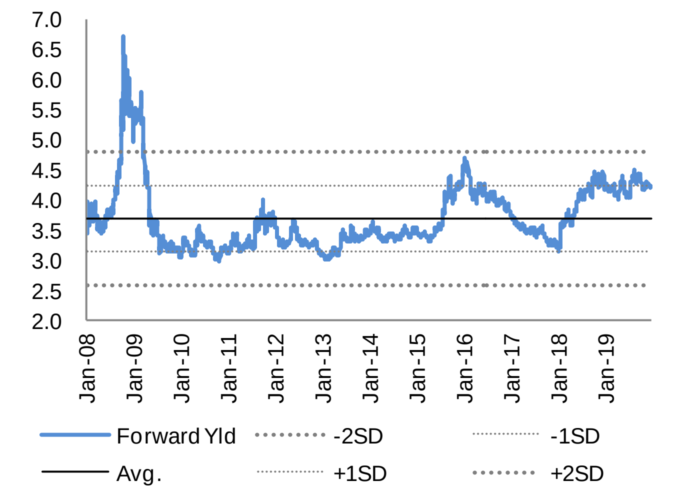
We value the STI based on an average forward P/E of 13.5x. Applying this to our 2020 EPS estimate, we derive an index target of 3,460 pts for end-2020. STI Index also offers a dividend yield of 4.2%.

Figure 10: STI – forward P/E



Source: Bloomberg

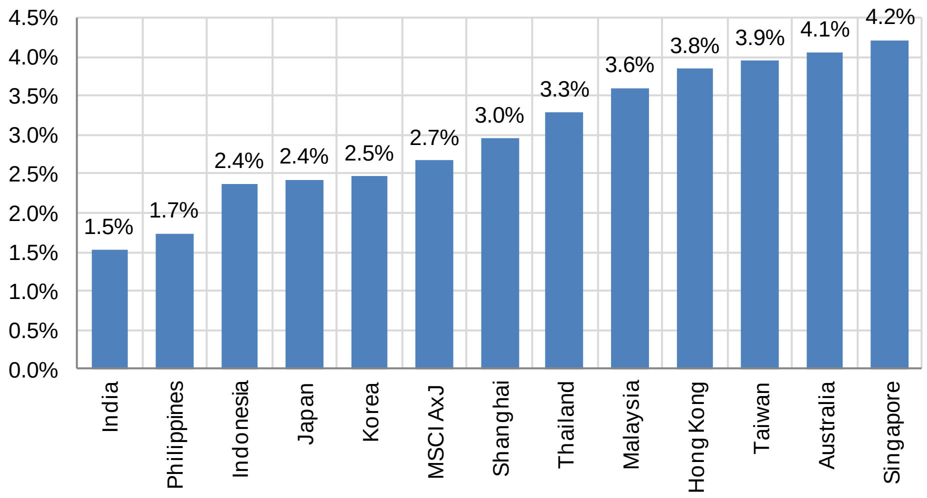
Figure 11: STI – forward dividend yield



Source: Bloomberg

The STI is currently trading at a forward yield of 4.2%. This is the highest among all Asian markets, exceeding Australia and Taiwan's 4.1% and 3.9% yields, respectively. We believe such a relatively high yield should provide downside support in case there is a delay in economic growth recovery.

Figure 12: STI offers the highest yield amongst the Asian markets



Source: Bloomberg

Figure 13: Regional comparison (based on Street estimates)

	EPS growth (%)	P/E		Dividend yield		P/BV		ROE	
	2FY	1FY	2FY	1FY	2FY	1FY	2FY	1FY	2FY
Developed Asia									
Australia	3.7	18.1	17.4	4.0	4.0	2.1	2.1	12.1	11.7
Hong Kong	8.2	10.7	9.9	3.8	4.1	1.1	1.1	11.6	11.3
Japan	7.3	14.5	13.6	2.3	2.4	1.2	1.2	6.9	6.8
Korea	21.7	11.6	9.6	2.3	2.5	0.9	0.8	6.4	12.6
Singapore	4.8	12.9	12.2	4.2	4.4	1.1	1.0	9.2	9.8
Taiwan	10.7	16.1	14.5	4.0	4.2	1.8	1.8	13.0	14.1
Emerging Asia									
India	26.4	21.8	17.3	1.5	1.7	2.8	2.6	13.3	15.5
Indonesia	15.0	14.5	12.6	2.3	3.0	2.0	1.9	17.1	17.5
Malaysia	5.7	16.0	15.1	3.6	3.8	1.5	1.4	9.6	9.7
Philippines	10.2	15.4	13.9	1.7	1.9	1.8	1.6	11.7	11.9
Shanghai	11.9	11.3	10.1	2.6	3.0	1.3	1.2	11.1	11.0
Thailand	8.5	15.6	14.4	3.2	3.4	1.7	1.6	9.9	10.1
MSCI APxJ	**12.9**	**14.4**	**12.8**	**2.9**	**3.1**	**1.6**	**1.5**	**11.7**	**11.6**

Source: Bloomberg

Top Picks For 2020

Figure 14: Top Picks for 2020

Company name	Market cap (USDm)	Rating	Target price	% Upside (Downside)	1FY year	P/E (x) 1FY	P/E (x) 2FY	P/BV (x) 1FY	P/BV (x) 2FY	Yield (%) 1FY	Yield (%) 2FY	ROE (%) 1FY	ROE (%) 2FY
Large Cap													
CapitaLand	14,360	Buy	4.20	9.4	Dec-19	10.7	11.0	0.8	0.8	3.4	3.6	7.1	7.2
Keppel Corp	9,214	Buy	7.80	14.0	Dec-19	16.1	11.5	1.1	1.0	3.1	4.4	6.7	9.1
ST Engineering	9,288	Buy	4.55	13.2	Dec-19	21.9	19.9	5.6	5.2	3.7	3.7	24.7	26.3
Suntec REIT	3,843	Buy	2.08	12.4	Dec-19	15.4	15.1	0.9	0.9	5.2	5.2	5.7	5.9
United Overseas Bank Ltd	33,035	Buy	29.50	10.5	Dec-19	10.2	10.2	1.2	1.1	4.9	5.2	11.9	11.7
Wilmar International	20,177	Buy	4.75	10.7	Dec-19	16.6	15.5	1.2	1.1	2.4	2.5	7.2	7.4
SMID Cap													
CDL Hospitality Trusts	1,466	Buy	1.78	9.2	Dec-19	16.5	15.8	1.1	1.0	5.7	5.8	6.4	6.6
CSE Global	211	Buy	0.69	23.2	Dec-19	11.7	9.7	1.6	1.5	4.9	4.9	13.9	15.4
ESR REIT	1,422	Buy	0.60	9.1	Dec-19	14.5	13.8	1.2	1.2	7.3	7.5	9.8	9.9
Fu Yu Corp	142	Buy	0.27	5.9	Dec-19	14.3	13.5	1.2	1.2	6.3	6.7	8.1	8.5
Manulife US REIT	1,553	Buy	1.10	11.1	Dec-19	14.8	14.2	1.2	1.2	6.1	6.4	7.1	8.2
Oxley Holdings	1,176	Buy	0.43	14.7	Jun-20	4.2	5.9	0.9	0.8	8.0	4.0	21.4	13.6
Sheng Siong Group	1,405	Buy	1.39	10.3	Dec-19	24.2	22.1	6.1	5.7	2.9	3.2	25.5	25.8
Unusual Ltd	218	Buy	0.42	47.4	Mar-20	17.3	13.8	4.2	3.2	-	-	24.3	23.3

Note: Prices are as at 7 Jan 2020
Source: Bloomberg, RHB

Sector Outlook Summary

Figure 15: Sector averages for stocks under RHB's coverage

Sector name	Rating	P/E (x) 1FY	P/E (x) 2FY	P/BV (x) 1FY	P/BV (x) 2FY	Yield (%) 1FY	Yield (%) 2FY	ROE (%) 1FY	ROE (%) 2FY
Capital goods	OW	16.4	19.6	2.8	2.6	2.9	3.4	12.6	14.8
Commodities	OW	16.7	20.5	1.3	1.2	2.0	2.3	6.4	7.3
Consumer	N	19.4	18.5	3.5	3.3	3.1	3.3	17.8	17.4
Financial	N	11.0	11.0	1.6	1.5	4.6	4.9	13.8	13.3
Healthcare	N	25.6	24.6	3.7	3.7	3.0	3.1	16.0	16.8
Manufacturing & Technology	OW	13.3	12.9	2.3	2.1	4.8	5.2	16.6	15.9
Property	N	13.2	13.1	0.9	0.9	3.1	3.1	7.3	7.0
REITs	OW	16.6	16.7	1.1	1.1	5.3	5.4	6.9	7.0
Telecommunications & Media	N	18.3	18.1	2.0	2.0	5.3	5.3	11.4	11.1
Transport	N	16.1	15.1	1.9	1.8	3.9	4.1	9.8	9.7

Note: Prices are as at 7 Jan 2020
Source: Bloomberg, RHB

Capital goods (OVERWEIGHT)

Growing orderbook across the sector. Keppel's offshore & marine business has secured SGD1.9bn worth of orders in 2019 – ahead of 12M18's SGD1.7bn – with LNG and renewable-related projects accounting for c.60% of order wins. The company has an outstanding offshore & marine orderbook of SGD5.1bn vs end-Dec 2018's SGD4.3bn. YTD, Sembcorp Marine has won new contracts worth SGD845m (+16% YoY). We expect the ramp-up in offshore & marine orders to be sustained in 2020 on the expected stability in crude oil prices. Keppel and Sembcorp Marine's settlement agreements with Sete Brasil also pave the way for construction completion of some rigs and drill ships. With order wins worth SGD5.4bn in 9M19 (2018: SGD5.2bn), ST Engineering has amassed outstanding orders worth SGD15.9bn – an all-time high. This provides revenue visibility of 2.5 years.

Preferred exposure to the sector: Keppel and ST Engineering.

Figure 16: Capital goods – a sector comparison

Company name	M Cap (USDm)	Rating	Target price	% Upside (Downside)	1FY year	P/E (x) 1FY	P/E (x) 2FY	P/BV (x) 1FY	P/BV (x) 2FY	Yield (%) 1FY	Yield (%) 2FY	ROE (%) 1FY	ROE (%) 2FY
ISOTeam	50	Buy	0.31	31.9	Jun-20	9.5	7.3	1.0	0.9	2.1	2.7	9.5	11.4
Keppel Corp	9,214	Buy	7.80	14.0	Dec-19	16.1	11.5	1.1	1.0	3.1	4.4	6.7	9.1
Moya Holdings Asia	256	Buy	0.08	1.2	Dec-19	19.5	17.1	1.2	1.1	-	-	6.2	6.5
Sembcorp Industries	3,084	Buy	2.68	15.0	Dec-19	11.8	8.8	0.6	0.6	1.7	2.3	5.1	6.5
Sembcorp Marine	2,126	Buy	1.60	16.8	Dec-19	-	70.2	1.3	1.3	-	-	(3.3)	1.8
ST Engineering	9,288	Buy	4.55	13.2	Dec-19	21.9	19.9	5.6	5.2	3.7	3.7	24.7	26.3

Note: Prices are as at 7 Jan 2020
Source: Bloomberg, RHB

Commodities (OVERWEIGHT)

CPO prices climbed sharply since mid-Oct 2019. While we expected this increase, we believe the sudden spike may be a bit too sharp. We expect to see a slight pullback before prices start picking up again in 1Q20. Our CPO price assumption is MYR2,400 per tonne for 2020, and we expect the commodity to trade between MYR2,200 and MYR2,800 per tonne in 2020, with 1H prices being stronger than 2H levels.

We detail the three factors that should buoy prices in 2020:

- A CPO deficit is imminent in 2020, as demand growth outstrips supply growth. CPO stocks are on their way down, as production growth slows in 2020 – due to the impact of the dry weather last year and fertiliser application reduction by smallholders in 2019;
- Biodiesel – the largest demand catalyst. The B30 biodiesel mandate in Indonesia will mop up any excess supply from the market in 2020. Although the price gap between CPO and gasoil or palm oil-gas oil (POGO) is now in negative territory – at -USD15.20 per bbl – we believe Indonesia's mandate remains achievable due to the availability of USD2bn in the country's biodiesel fund;
- Food demand should remain strong. China's CPO imports have been very strong – up 43% YoY in YTD-October, while edible oil imports rose 53%. This should continue as long as the African Swine Fever (ASF) is still prevalent. In addition, as it took 1-2 years to fully replenish hog inventory after such epidemics in the past, we believe demand will remain robust from China as we move into 2020.

Preferred exposure to the sector: First Resources and Wilmar.

Figure 17: Commodities – a sector comparison

Company name	Market cap (USDm)	Rating	Target price	% Upside (Downside)	1FY year	P/E (x) 1FY	P/E (x) 2FY	P/BV (x) 1FY	P/BV (x) 2FY	Yield (%) 1FY	Yield (%) 2FY	ROE (%) 1FY	ROE (%) 2FY
Bumitama Agri	999	Buy	0.80	3.2	Dec-19	29.1	18.1	1.8	1.7	1.6	2.6	6.3	9.7
First Resources	2,256	Buy	1.95	1.6	Dec-19	29.2	18.6	2.3	2.1	0.9	1.4	8.0	11.7
Wilmar International	20,177	Buy	4.75	10.7	Dec-19	16.6	15.5	1.2	1.1	2.4	2.5	7.2	7.4
Golden Agri	2,267	Neutral	0.25	2.3	Dec-19	-	67.7	0.6	0.6	-	0.7	(2.6)	0.8

Note: Prices are as at 7 Jan 2020
Source: Bloomberg, RHB

Consumer & Gaming (NEUTRAL)

While we expect sector earnings to be resilient in 2020, slow economic growth in the region, coupled with macroeconomic uncertainties, could mean consumer spending will remain sluggish. This should limit upside potential for consumer discretionary companies. Currently, we are neutral on most of the large-cap consumer stocks due to tepid earnings growth profiles and fairly-priced valuations. However, there is potential for a share price re-rating for Thai Beverage and Genting Singapore on event-driven catalysts. Thai Beverage is evaluating the listing of its beer business – while still at the early stages – a spin-off could help unlock some of its value and improve gearing. Meanwhile, Genting Singapore is one of three bidders for an integrated resort (IR) in Osaka. It is also preparing for another IR bid in Yokohama. We believe winning a Japanese IR bid will be a key share price catalyst.

Preferred exposure to the sector: Sheng Siong and UnUsUaL.

Figure 18: Consumer & Gaming – a sector comparison

Company name	Market cap (USDm)	Rating	Target price	% Upside (Downside)	1FY year	P/E (x) 1FY	P/E (x) 2FY	P/BV (x) 1FY	P/BV (x) 2FY	Yield (%) 1FY	Yield (%) 2FY	ROE (%) 1FY	ROE (%) 2FY
Amara Holdings	196	Buy	0.88	91.3	Dec-19	14.7	12.2	0.7	0.6	2.2	2.2	4.5	5.2
Delfi	458	Buy	1.68	66.3	Dec-19	16.8	14.7	2.1	1.9	3.0	3.4	12.4	13.2
Food Empire Holdings	257	Buy	0.83	28.7	Dec-19	10.2	9.3	1.3	1.2	1.3	1.6	12.9	12.5
HRnet Group	463	Buy	0.81	30.6	Dec-19	12.0	11.4	1.7	1.6	4.2	4.4	14.4	14.0
Jumbo Group	183	Buy	0.44	14.3	Sep-20	19.0	17.1	3.3	3.1	3.4	3.8	17.8	18.4
MindChamps Preschools	82	Buy	0.83	82.4	Dec-19	14.4	12.3	1.7	1.6	3.1	3.3	11.8	12.7
Sheng Siong Group	1,405	Buy	1.39	10.3	Dec-19	24.2	22.1	6.1	5.7	2.9	3.2	25.5	25.8
Unusual	218	Buy	0.42	47.4	Mar-20	17.3	13.8	4.2	3.2	-	-	24.3	23.3
BreadTalk Group	267	Neutral	0.67	4.7	Dec-19	31.5	25.4	2.6	2.5	2.3	2.5	8.4	10.0
Dairy Farm International	7,805	Neutral	6.63	14.9	Dec-19	22.0	21.3	5.0	4.8	3.8	4.0	23.4	23.1
Genting Singapore	8,316	Neutral	0.97	4.3	Dec-19	16.7	17.9	1.4	1.4	3.8	3.8	8.4	7.6
Japan Foods Holding	59	Neutral	0.40	(13.0)	Mar-20	24.4	22.2	2.4	2.4	4.6	5.0	9.7	10.7
Kimly	209	Neutral	0.24	(2.0)	Sep-20	12.8	12.4	3.0	2.9	5.9	6.0	23.8	23.1
Thai Beverage	16,483	Neutral	0.95	7.3	Sep-20	19.5	17.8	3.8	3.4	2.6	2.8	19.7	19.4

Note: Prices are as at 7 Jan 2020
Source: Bloomberg, RHB

Financial (NEUTRAL)

Our forecast of a flat YoY 2020 combined net profit of the three banks we cover points to a NEUTRAL stance. Total income next year should mainly be from non-II (including wealth management), while NII growth should be flattish, given the banks guiding for NIM pressure and soft loan growth.

We expect 2020 loan growth to average 3.5% YoY for the three banks and estimate NIM to narrow by 4-7bps – factoring in a falling Singapore Interbank Offered Rate (SIBOR) and recent competitive home mortgage rates, which will cut lending yields for the banks.

If the US-China trade war is resolved smoothly and within a short timeframe, there will be higher expectations of a stronger economic growth for Singapore – and banks' earnings could rise more sharply. Conversely, if the US-China trade war worsens, weakening global growth could increase non-performing assets of Singapore's banks.

Preferred exposure to the sector: UOB.

Figure 19: Financial – a sector comparison

Company	Market cap (USDm)	Rating	Target price	% Upside (Downside)	1FY year	P/E (x) 1FY	P/E (x) 2FY	P/BV (x) 1FY	P/BV (x) 2FY	Yield (%) 1FY	Yield (%) 2FY	ROE (%) 1FY	ROE (%) 2FY
UOB	33,035	Buy	29.50	10.5	Dec-19	10.2	10.2	1.2	1.1	4.9	5.2	11.9	11.7
DBS	49,344	Neutral	25.80	(1.0)	Dec-19	10.4	10.4	1.4	1.3	4.6	5.0	13.1	12.5
OCBC	35,900	Neutral	11.50	4.5	Dec-19	10.2	10.4	1.1	1.0	4.5	4.6	11.7	11.0
Singapore Exchange	6,886	Neutral	8.80	1.5	Jun-20	23.5	22.2	8.1	7.7	3.6	3.8	38.2	38.6

Note: Prices are as at 7 Jan 2020
Source: Bloomberg, RHB

Manufacturing & Technology (OVERWEIGHT)

Our economist believes that the manufacturing sector could be bottoming out. However, sector growth may remain lacklustre amid weak global demand and uncertainties around the final resolution of the trade dispute between the US and China. Nevertheless, recent market optimism – given the likely signing of a Phase One trade deal between the disputing parties – makes us believe that the re-rating of technology stocks should continue into early 2020 as well.

The semiconductor sector has also showed signs of bottoming out, with global industry leaders guiding for a better outlook. According to Semiconductor Equipment & Materials International (SEMI), growth in global sales of semiconductor manufacturing equipment by original equipment manufacturers is expected to resume in 2020, with a 11.6% YoY jump. This compares with an estimated 18.4% drop in equipment sales in 2019.

Preferred exposure to the sector: Avi-Tech Electronics, CSE Global, and Fu Yu.

Figure 20: Manufacturing & Technology – a sector comparison

Company name	Market cap (USDm)	Rating	Target price	% Upside (Downside)	1FY year	P/E (x) 1FY	P/E (x) 2FY	P/BV (x) 1FY	P/BV (x) 2FY	Yield (%) 1FY	Yield (%) 2FY	ROE (%) 1FY	ROE (%) 2FY
Avi-Tech**	53	Buy	0.44	6.0	Jun-20	13.9	13.6	1.4	1.4	5.5	5.6	10.1	10.1
CSE Global	211	Buy	0.69	23.2	Dec-19	11.7	9.7	1.6	1.5	4.9	4.9	13.9	15.4
Fu Yu Corp	142	Buy	0.27	5.9	Dec-19	14.3	13.5	1.2	1.2	6.3	6.7	8.1	8.5
Valuetronics*	265	Buy	0.81	(1.2)	Mar-20	10.3	10.8	1.6	1.5	5.1	5.2	15.3	14.7
Frencken Group	291	Neutral	0.91	(1.6)	Dec-19	10.2	9.9	1.3	1.2	3.0	3.1	13.1	12.4
Silverlake Axis**	802	Neutral	0.46	12.2	Jun-20	16.2	16.0	5.1	4.7	7.2	9.6	31.6	29.3
Venture Corp	3,487	Neutral	16.30	-	Dec-19	13.2	12.8	1.9	1.8	4.3	4.3	14.3	13.7

Note: Prices are as at 7 Jan 2020
Source: Bloomberg, RHB

Property (NEUTRAL)

We expect 2020's market to be largely similar to 2019's, ie volumes staying resilient but with little upside (0-3%-plus) to property prices. With elections likely by end-1H20, buying sentiment should remain cautious, but there may be a recovery in 2H20 if the outcome results in a favourable mandate for the ruling party vs the previous term. Amidst uncertainties, we prefer players with well-diversified exposure and strong recurring income growth.

While developers have been calling for some relaxation in property cooling measures, we believe it is unlikely in the near term, as prices continue to rise. Such a move is also likely to be unpopular ahead of the upcoming general election and could potentially spike up prices amidst volatile market conditions in neighbouring countries.

Household balance sheets remain strong, with average loan-to-value of outstanding housing loans falling to 49% in 3Q19 – from 54% on average in 2017 – according to data from the Monetary Authority of Singapore (MAS). Most developers' balance sheets also remain largely prudent (gearing of less than 0.8x). Strong balance sheets, coupled with the current low interest rate environment, should continue to support the property market and limit downside risks.

Preferred exposure to the sector: CapitaLand and Oxley.

Figure 21: Property – a sector comparison

Company name	Market cap (USDm)	Rating	Target price	% Upside (Downside)	1FY year	P/E (x) 1FY	P/E (x) 2FY	P/BV (x) 1FY	P/BV (x) 2FY	Yield (%) 1FY	Yield (%) 2FY	ROE (%) 1FY	ROE (%) 2FY
APAC Realty	134	Buy	0.60	17.6	Dec-19	12.0	10.8	1.2	1.2	5.0	5.5	10.3	11.0
CapitaLand	14,360	Buy	4.20	9.4	Dec-19	10.7	11.0	0.8	0.8	3.4	3.6	7.1	7.2
Oxley Holdings	1,176	Buy	0.43	14.7	Jun-20	4.2	5.9	0.9	0.8	8.0	4.0	21.4	13.6
Centurion Corp	274	Neutral	0.47	6.8	Dec-19	10.9	9.9	0.7	0.7	4.5	4.5	6.5	6.8
City Developments	7,620	Neutral	10.50	(7.3)	Dec-19	19.3	18.4	1.0	1.0	1.8	1.8	5.5	5.5

Note: Prices are as at 7 Jan 2020
Source: Bloomberg, RHB

REITs (OVERWEIGHT)

We expect the REITs sector to remain in favour in 1H20, aided by persistent low interest rates and a favourable demand-supply outlook. However, we recommend investors to be more selective and prefer the laggards – mainly in the SMID-cap space – with stock-specific catalysts. Among sub-segments, our preference is for industrial, hospitality, and US office REITs.

Three key factors supporting REITs in 2020: expectations of a prolonged low interest rate environment, inorganic DPU growth from the acquisitions made this year, and a benign supply outlook across most of the real estate sectors. Additional factors that could provide tailwinds to REITS could be an increase in debt ceiling limits and interest cost savings.

- **Industrial – market stabilising after a slowdown, demand remains the wild card.** The industrial property market is showing signs of stabilising occupancy and a marginal rise in rental rates. While there is a large supply jump expected in 2020, about one-third of supply is for single tenants for their own use. Another 36% is meant for replacement for lessees affected by JTC Corp's industrial revolution programme. While the impact from trade tensions between the US and China has caused some drag-down effect in industrial leases, we expect recent signs of a pick-up to sustain into 2020. Among the sub-segments, our preference remains the business & science parks and high-tech industrial segments, which are likely to benefit from the Government's push to transform Singapore into a smart nation.

- **Hospitality – on course for a multi-year recovery.** After a supply wave from 2013-2018 (c.4% pa), Singapore's hotel supply situation should turn highly favourable for hoteliers, with only c.1% pa supply growth over the next three years. Meanwhile, a rise in corporate demand on a packed 2020 events calendar and meetings pipeline, increases in leisure travel demand, and plans for large-scale tourism redevelopments over the next few years should help make Singapore's hospitality scene more vibrant.

- **Office – rental growth to moderate, as demand outlook remains murky.** Office rent continues to be on an uptrend since bottoming out in 2Q17, with Grade-A rent up by nearly 28% from the bottom. However, the pace of rental growth has been moderating, with 3Q19 at 1.3% QoQ – impacted by the overall demand slowdown. A key risk to office sector demand should be a sharp pullback in co-working office demand, which has been one of the key drivers of demand over the last four years. Other demand growth sectors – expected to remain relatively resilient – include technology, media, telecommunications, and financial.

- **Retail – exit of popular brands a concern, but limited supply ahead.** Retail sales are on a declining trend. Signs of strain in retail operators are also visible with the announced exit of popular retail operators like SaSa, DFA, and the downsizing of Metro retail stores. While the e-commerce threat remains limited for now, the rapid growth of food delivery platforms like Food Panda, Deliveroo and GrabFood could pose medium-term challenges to retail demand. However, the supply pipeline is expected to fall sharply below the 5-year historical average, thereby providing some support to rental rates.

- **US office REITs – riding on strong economic growth.** The market's fundamentals remain sound on continued office demand, underpinned by strong jobs growth and healthy corporate profits. Micro-market supply – which the US office REITs have exposure to – also remain favourable. Other factors limiting supply growth are high replacement costs and prudent bank lending, which limit supply. A key risk for the sector is the recent fallout in co-working operator WeWork, which is expected to rationalise its growth in the coming years.

  Nevertheless, US office REITs' exposure to co-working players also remains small – at less than 3% of cash rental income. As such, we expect any potential impact to be limited.

Preferred exposure to the sector: CDREIT, ESR REIT, MUST, and Suntec REIT

Figure 22: S-REITs – a sector comparison

Company name	Market cap (USDm)	Rating	Target price	% Upside (Downside)	1FY year	P/E (x) 1FY	P/E (x) 2FY	P/BV (x) 1FY	P/BV (x) 2FY	Yield (%) 1FY	Yield (%) 2FY	ROE (%) 1FY	ROE (%) 2FY
Cache Logistics Trust	577	Buy	0.80	11.1	Dec-19	10.3	9.8	1.1	1.1	8.4	8.7	10.4	10.8
CDL Hospitality	1,466	Buy	1.78	9.2	Dec-19	16.5	15.8	1.1	1.0	5.7	5.8	6.4	6.6
EC World REIT	440	Buy	0.82	10.8	Dec-19	8.8	6.9	0.8	0.8	8.6	8.8	7.0	7.5
ESR REIT	1,422	Buy	0.60	9.1	Dec-19	14.5	13.8	1.2	1.2	7.3	7.5	9.8	9.9
Keppel Pacific Oak	729	Buy	0.88	12.8	Dec-19	11.6	11.2	1.0	0.9	7.8	8.1	10.1	10.3
Manulife US REIT	1,553	Buy	1.10	11.1	Dec-19	14.8	14.2	1.2	1.2	6.1	6.4	7.1	8.2
Suntec REIT	3,843	Buy	2.08	12.4	Dec-19	15.4	15.1	0.9	0.9	5.2	5.2	5.7	5.9
Ascendas REIT*	8,091	Neutral	3.00	(0.7)	Mar-20	14.6	14.6	1.4	1.4	5.4	5.5	9.2	9.0
CCT	5,808	Neutral	1.98	(2.5)	Dec-19	22.6	22.5	1.1	1.1	4.5	4.5	4.9	4.9
CMT	6,730	Neutral	2.38	(3.3)	Dec-19	17.0	16.2	1.2	1.2	4.8	5.1	7.1	7.3
FCT**	2,304	Neutral	2.55	(8.3)	Sep-20	18.2	18.8	1.2	1.2	4.5	4.6	6.8	6.5
Keppel REIT	3,096	Neutral	1.23	(0.8)	Dec-19	17.9	22.0	0.8	0.8	4.4	4.7	4.6	3.7
Starhill Global***	1,182	Neutral	0.78	6.8	Jun-20	11.3	12.6	0.8	0.8	6.4	6.5	3.4	7.1
FCOT**	1,120	Take Profit	1.68	1.8	Sep-20	14.0	15.8	1.0	1.0	5.9	6.1	7.1	6.4

Note: Prices are as at 7 Jan 2020
Source: Bloomberg, RHB

Telecommunications & Media (NEUTRAL)

The telecommunications sector's risk-reward profile appears largely balanced in our view, with stocks having priced in the prospects of elevated competition over the past two years from new entrants and structural revenue/EBITDA pressures. The sector's 1-year forward EV/EBITDA at -1SD from the historical mean is fair, supported by the telcos' decent yields of 5.2-6.3%.

5G not likely to be a game changer. We believe the frontrunners are Singtel and a JV between StarHub and M1. Some of the key features of the call-for-proposal include the rollout of a 5G standalone network on the outset, requirements for mobile network operators to provide wholesale services to other operators – including mobile virtual network operators, and 50% 5G coverage on the 3.5GHz band within 24 months, or by end-2022. While Singapore will be one of the first in the region to roll out 5G on the mid-band spectrum (3.5GHz), we see little impact on the sector in the medium term. This is due to the already-extensive fibre penetration/adoption nationwide and selected-use cases – mostly confined to enterprise verticals and smart solutions for cities.

Preferred exposure to the sector: Singtel

Figure 23: Telecommunications – a sector comparison

	Market cap		Target	% Upside	1FY	P/E (x)		P/BV (x)		Yield (%)		ROE (%)	
Company name	**(USDm)**	**Rating**	**price**	**(Downside)**	**year**	**1FY**	**2FY**	**1FY**	**2FY**	**1FY**	**2FY**	**1FY**	**2FY**
SingTel	40,690	Neutral	3.50	4.2	Mar-20	18.5	18.1	1.8	1.8	5.2	5.2	9.7	9.9
StarHub	1,875	Neutral	1.44	(1.4)	Dec-19	13.5	18.0	6.5	6.8	6.2	6.2	48.8	38.1

Note: Prices are as at 7 Jan 2020
Source: Bloomberg, RHB

Transportation (NEUTRAL)

Although a benign oil price environment will be positive for transport operators in a low domestic economic growth scenario, we prefer exposure to defensive names in the transport sector – an industry sector that tends to be cyclical in nature. A strong recovery in global economic growth could be positive for aviation players like Singapore Airlines (SIA SP, NR), SATS (SATS SP, NR) and China Aviation Oil.

Preferred exposure to the sector: ComfortDelGro (CD)

Figure 24: Transportation – a sector comparison

	Market cap		Target	% Upside	1FY	P/E (x)		P/BV (x)		Yield (%)		ROE (%)	
Company name	**(USDm)**	**Rating**	**price**	**(Downside)**	**year**	**1FY**	**2FY**	**1FY**	**2FY**	**1FY**	**2FY**	**1FY**	**2FY**
China Aviation Oil Singapore	817	Buy	1.55	21.1	Dec-19	8.7	8.4	1.0	0.9	3.5	3.6	11.8	11.3
ComfortDelGro	3,758	Neutral	2.38	1.7	Dec-19	17.7	16.5	2.1	1.9	3.9	4.2	9.4	9.4

Note: Prices are as at 7 Jan 2020
Source: Bloomberg, RHB

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