

Invest

A Weekly e-Publication by SHAREINVESTOR.com

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Via email, every Friday

REITSMANUAL SYMPOSIUM

Hear from our panel of speakers across 1 day



Adrian Chew

Senior Vice President at CSOP AM



Adrian Chui

CEO & Executive Director of ESR-LOGOS REIT



Ang Sock Cheng

CFO of Keppel Capital



Chan Iz-Lynn

CEO of BHG Retail REIT



Chan Kum Kong

Managing Director, Head of Research & FinLit Equities at SGX



Christopher Lee

CEO & Director of ShareInvestor



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Co-Founder of DollarsAndSense



Donald Han

CEO of Sabana Industrial REIT



Edward Choy

Professional Moderator



Elena Arabadjieva

COO & Head of Investor Relations at Cromwell European REIT



Emelia Tan

Director, Research & FinLit Equities at SGX



Gabriel Yap

Executive Chairman of GCP Global



Gerard Yuen

CFO of United Hampshire US REIT



Harmeet Singh Bedi

CEO of Prime US REIT



James Yeo

Founder of SmallCapAsia



Kenny Loh

REIT Specialist & Independent Financial Advisor



Lim Jun Yuan

Full Time Investor & Founder of The Singaporean Investor Blog



Nupur Joshi

CEO of REITAS



Olivia Higgins

Lead Presenter & Host at Moomoo Singapore



Patrick Daniel

Chairman of ShareInvestor, Former Interim CEO & Current Director of SPH Media Trust



Russell Ng

CEO of AIMS APAC REIT



Sanjeev Dasgupta

CEO of CapitalLand India Trust



Shaldine Wang

CEO of Elite Commercial REIT



Song Seng Wun

Economist at CIMB Private Banking



Terence Wong

Founder & CEO of Azure Capital



Timothy Phillips

Head of Content & Investment Lead of CGS-CIMB Securities



Victor Tan

Executive Director & CEO of First REIT



Victor Wong

Executive Director, Head of Sustainability Office at UOB Asset Management



Willie Keng

CEO & Founder Of Dividend Titan



Winston Lum

Senior Portfolio Manager, Nikko Asset Management Asia Limited

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20 May 2023 \ 9am-6pm

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Data &
Investing
Ideas

COMPANY SPOTLIGHT 

See
more on
pages
15-21

Katrina Group - 2x PE Ratio Companies: Can You Invest? Here's What You Need To Know Before Investing



PLUS

**Company
Spotlight:
DuPoint
Analysis For
Sheng Siong**
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Advice from a securities professional is strongly advised.

Market at a Glance

Over 5 trading days as at yesterday

www.shareinvestor.com | market data at your fingertips



ShareInvestor WebPro (www.shareinvestor.com)

Prices > Stock Prices > SGX > click Stocks tab

1. mouse over Ranking > select Top Active > mouse over Column Layout > select Edit Customs > select Name > select Volume > select Last Done Price > Mouse Over Column Layout > select Custom
2. mouse over Ranking > select Top Turnover > mouse over Column Layout > select Edit Customs > select Name > select Last Done Price > select Value > Mouse Over Column Layout > select Custom
3. mouse over Ranking > select Top Gainers (Over 5 Trading Days) > mouse over

- Column Layout > select Edit Customs > select Name > select Last Done Price > select 5 Days Change > select 5 Days % Change > Mouse Over Column Layout > select Custom
4. mouse over Ranking > select Top Losers (Over 5 Trading Days)
5. mouse over Ranking > select Top % Gainers (Over 5 Trading Days)
6. mouse over Ranking > select Top % Losers (Over 5 Trading Days)

Singapore Top Actives

(as at yesterday)

Name	Last Done	Volume
Sembcorp Marine	0.123	660,530.6
ICP Ltd	0.011	218,671.6
Beng Kuang	0.081	59,083.5
HSI 22200MBeCW230630	0.060	56,750.0
HSI 18400MBePW230630	0.064	50,937.0
Genting Sing	1.140	40,984.8
Rex Intl	0.175	23,765.5
Singtel	2.550	22,857.1
HSI 21800MBeCW230530	0.049	20,298.0
Jubilee	0.070	17,434.4

Top Gainers

(over 5 Trading days as at yesterday)

Name	Last Done	5 Days Chg
SPDR S&P500 US\$	413.320	3.960
PetroCH 5xLongSG241030	2.700	1.550
NC22300W 720801	113.000	1.500
Jardine C&C	33.340	0.790
PHILLIP MM US\$D	76.680	0.780
Kuaisho 5xShortSG231220	1.975	0.770
KepCorp 5xLongSG240424	2.260	0.595
HKEEx 5xLongSG231102	2.960	0.590
JD 5xShortUB250127	2.370	0.590
CMOB 5xLongSG250213	2.190	0.535

Top Losers

(over 5 Trading days as at yesterday)

Name	Last Done	5 Days Chg
GLD SG\$	247.650	-1.140
GLD US\$	185.600	-1.000
NIO Inc. USD OV	8.610	-0.780
XT Vietnam US\$	26.380	-0.520
Alibaba 5xLongSG231024	1.210	-0.450
AAC 5xLongSG240327	0.123	-0.427
Digilife Tech	2.450	-0.410
Sunny 5xLongSG240327	0.660	-0.385
Meituan 5xShortUB250127	0.825	-0.380
Sunny 5xLongUB250321	0.680	-0.335

Singapore Top Turnover

(as at yesterday)

Name	Last Done	Value
DBS	32.670	163,117,700
UOB	29.720	114,242,864
Sembcorp Marine	0.123	80,174,730
OCBC Bank	12.810	63,778,051
Singtel	2.550	57,944,326
Genting Sing	1.140	46,646,078
Keppel Corp	6.270	35,839,146
CapLand Ascendas REIT	2.880	30,905,444
Mapletree Log Tr	1.760	30,682,528
CapLand IntCom T	2.020	28,134,584

Top % Gainers

(over 5 Trading days as at yesterday)

Name	Last Done	5 Days % Chg
PetroCH 5xLongSG241030	2.700	134.78
Courage Inv	0.027	125.00
Beng Kuang	0.081	102.50
AP Strategic	0.002	100.00
CapAllianz	0.002	100.00
Hoe Leong	0.002	100.00
Jasper Inv	0.002	100.00
JD 5xShortSG240327	0.970	86.54
COSCO 5xLongUB250430	0.098	66.10
Kuaisho 5xShortSG231220	1.975	63.90

Top % Losers

(over 5 Trading days as at yesterday)

Name	Last Done	5 Days % Chg
HSI 22200MBeCW230427	0.001	-85.71
AAC 5xLongSG240327	0.123	-77.64
HSI 18400MBePW230427	0.002	-75.00
HSI 21400MBeCW230427	0.009	-70.00
HSI 19400MBePW230427	0.011	-63.33
HSI 23000MBeCW230427	0.002	-60.00
Alibaba MB eCW230503	0.030	-50.00
CNOOC 5xShortSG240201	0.005	-50.00
Rich Capital	0.001	-50.00
ANTA 5xLongUB250430	0.198	-49.87

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**SELAMAT
HARI RAYA**

Aidilfitri

Maaf Zahir & Batin
1444H/2023M

From all of us at

SHAREINVESTOR

Regional Markets

Over 5 trading days



ShareInvestor WebPro (www.shareinvestor.com)

1. Price > Stock prices
2. select Market: Bursa / HKEX / NYSE / NASDAQ (one bourse at a time)
3. select Stocks Tab
4. select Ranking Top Gainers or Top Losers (Over 5 Trading Days)
5. Mouse over Column Layout > select Edit Customs > select Name > select Last Done Price > select 5 Days Change > select 52 Weeks High > select 52 Weeks Low > Mouse Over Column Layout > select Custom

BURSA (RM)

Top Gainers

Name	Last Done	5 Days Change	52 Weeks High	52 Weeks Low
BLDPLNT	10.820	0.800	11.000	8.230
DIN045801028	103.900	0.650	104.500	101.170
HEIM	27.400	0.600	30.000	21.880
RAPID	17.840	0.280	17.980	10.480
HLBANK	20.280	0.240	21.880	19.820

Top Losers

Name	Last Done	5 Days Change	52 Weeks High	52 Weeks Low
NESTLE	134.600	-1.800	140.600	127.200
KLK	21.440	-0.460	29.800	19.420
HEXTECH	22.600	-0.440	30.600	3.500
HAPSENG	4.670	-0.350	8.300	4.700
PPB	16.160	-0.340	18.000	14.900

HONG KONG (HKD)

Top Gainers

Name	Last Done	5 Days Change	52 Weeks High	52 Weeks Low
ORIENT OVERSEAS INT	170.400	16.700	284.800	112.000
MEITUAN	140.400	9.400	211.600	112.800
CHINA INTL CAP CORP HK ASSET MGMT ICBC CICC USD MONEY MARKET ETF	8,351.600	8.950	8,350.300	8,087.250
ENN ENERGY HOLDINGS LTD	110.000	7.200	134.800	75.000
XTRACKERS MSCI USA SWAP UCITS ETF 1C	935.400	7.200	1,015.000	808.200

Top Losers

Name	Last Done	5 Days Change	52 Weeks High	52 Weeks Low
ANGELALIGN TECHNOLOGY INC	105.700	-13.000	184.800	64.550
ANTA SPORTS PRODUCTS	99.750	-12.450	125.300	67.850
SPDR GOLD TRUST GOLD SHARES NPV	1,457.000	-11.000	1,493.500	1,181.000
DPC DASH LTD	52.950	-10.650	65.300	45.100
JD.COM INC	142.900	-10.100	286.000	138.900

NYSE (USD)

Top Gainers

Name	Last Done	5 Days Change	52 Weeks High	52 Weeks Low
BERKSHIRE HATHAWAY INC	494,947.980	4,187.980	526,900.000	393,012.250
NVR INC	5,861.130	281.660	5,873.030	3,576.010
CHIPOTLE MEXICAN GRILL	1,805.000	87.110	1,809.660	1,196.280
AUTOZONE INC	2,663.160	44.510	2,691.989	1,703.320
WHITE MOUNTAINS INSURANCE GROUP	1,470.280	43.780	1,560.210	1,030.380

Top Losers

Name	Last Done	5 Days Change	52 Weeks High	52 Weeks Low
TEXAS PACIFIC LAND CORPORATION	1,577.560	-150.190	2,739.000	1,250.010
HUMANA INC	492.900	-42.360	571.300	410.870
UNITEDHEALTH GROUP INC	486.200	-40.030	558.100	436.510
ELEVANCE HEALTH INC	457.330	-38.870	549.520	440.020
MADISON SQUARE GARDEN ENTMT CORP	31.870	-36.190	35.000	31.750

NASDAQ (USD)

Top Gainers

Name	Last Done	5 Days Change	52 Weeks High	52 Weeks Low
PROMETHEUS BIOSCIENCES INC	193.985	81.125	194.995	21.500
FIRST CITIZENS BANCSHARES INC NRTH	1,063.400	74.110	1,021.620	505.840
MADRIGAL PHARMACEUTICALS INC	293.190	53.470	315.450	57.153
BOOKING HOLDINGS INC	2,676.280	46.650	2,721.850	1,616.850
INTUITIVE SURGICAL INC	298.570	32.010	308.000	180.070

Top Losers

Name	Last Done	5 Days Change	52 Weeks High	52 Weeks Low
ASML HOLDING NV EURO.09 NY REGISTRY SHS 2012	623.600	-41.810	698.590	363.150
ATRION CORP	608.000	-40.200	733.760	534.990
HINGHAM INSTITUTION FOR SAVINGS	198.360	-35.150	347.760	195.879
MICROSTRATEGY	314.720	-26.000	477.280	132.560
CDW CORP	165.120	-24.090	215.000	147.910



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- ▶ Stock Alert
- ▶ News & Events filtering
- ▶ Customizable column layout

8 Markets Data

- ▶ Get access to data from Bursa, NYSE, Nasdaq, HKEX, SGX, IDX, SET & ASX

Fundamental Analysis

Financial Analysis Statement

- ▶ Profit & Loss
- ▶ Balance Sheet
- ▶ Cash Flow Statement
- ▶ More than 20 Financial Ratios
- ▶ Dividend Analysis

Technical Charting

- ▶ C² chart (Customisable & Comprehensive)

Brokers' Call

Intrinsic Value Calculator

FactSheet

- ▶ Key Stock Information
- ▶ Ownership
- ▶ Consensus Estimates
- ▶ Annual Report
- ▶ Historical Price
- ▶ Insider Trades

What's new on WebPro (Stable Release 12.1.0)

In our effort to keep our platform at the forefront of trading technology, we have added on some new features onto our C2 Chart in WebPro

ADDITIONAL NEW FEATURES:

- ▶ Anchor selector for AVWAP, PVAT, and PAV indicators
- ▶ Volume profile indicator by date range
- ▶ Moving Average Cross indicator
- ▶ Guppy Multiple Moving Average (GMMA) indicator
- ▶ GoNoGo Trend Signal indicators
- ▶ SignalIQ

So what are you waiting for? Head to our platform today and check out our new trading chart features and indicators. We're confident that you'll love the improvements we've made and that they'll help you become a more successful trader.

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Dividend Stocks

Price & Total Shareholder Return (as at yesterday)



DEFINITION Company is paying out dividend with low or moderate leverage.

CHART GUIDE Total Shareholder Return (TSR) combines share price appreciation and distributions paid to show the total return to the shareholder expressed as a percentage.



ShareInvestor WebPro > Screener > Market Screener (FA & TA) > select SGX > add criteria

A. Criteria

- > click Add Criteria
- Fundamental Analysis Conditions tab >select (i) Dividend Yield
- Fundamental Analysis Conditions tab >select (ii) Dividend Payout (Historical)
- Fundamental Analysis Conditions tab >select (iii) Total Debt To Equity
- Fundamental Analysis Conditions tab >select (iv) Total Shareholder Returns

- Fundamental Analysis Conditions tab >select (v) Total Shareholder Returns
- Fundamental Analysis Conditions tab / >select (vi) CAGR of Dividend Per Share
- Fundamental Analysis Conditions tab >select (vii) CAGR of Dividend Per Share

B. Conditions (Criteria Filters)

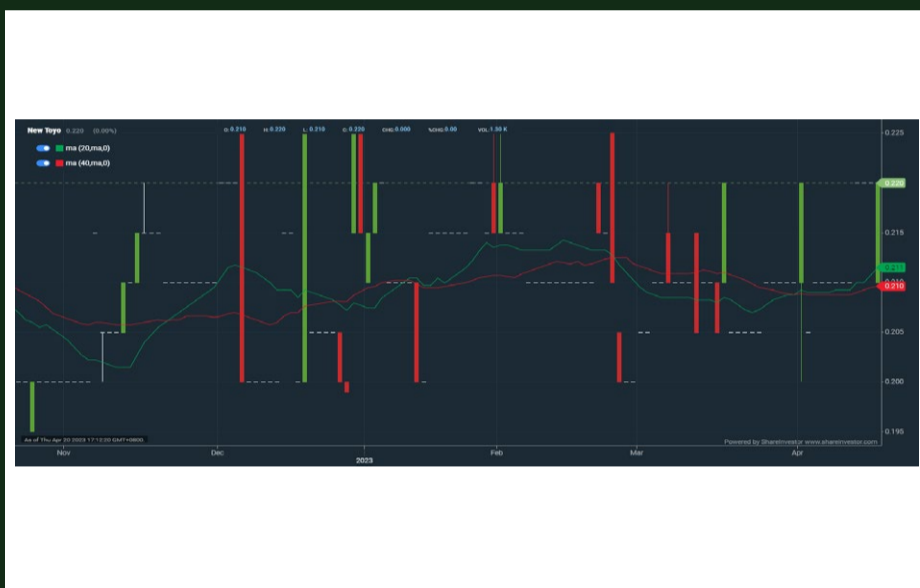
1. Dividend Yield - select (more than) type (1) % for the past select (1) financial year(s)
2. Dividend Payout (Historical) - select (between) type (0.5) to type (1) times for the past select (1) financial year(s)
3. Total Debt to Equity – select (less than) type (1) for the past select (1) financial year(s)
4. Total Shareholder Return - – select (more than) type (5) % for the past select (3) financial year(s)
5. Total Shareholder Return - – select (more than) type (5) % for the past select (5) financial year(s)

6. CAGR of Dividend Per Share - – select (less than) type (30) % for the past select (5) financial year(s)
 7. CAGR of Dividend Per Share - – select (more than) type (1) % for the past select (5) financial year(s)
- > click Save Template > Create New Template type (Dividend Companies) > click Create
 - > click Save Template as > select Dividend Companies > click Save
 - > click Screen Now (may take a few minutes)
 - > Sort By: Select (Dividend Yield) Select (Desc)
 - > Mouse over stock name > Factsheet > looking for Total Shareholder Return



New Toyo (SGX:N08)

ANALYSIS



Period	Dividend Received	Capital Appreciation	Total Shareholder Return	
Short Term Return	5 Days	-	+0.010	+4.76%
	10 Days	-	+0.010	+4.76%
	20 Days	-	+0.015	+7.32%
Medium Term Return	3 Months	-	+0.005	+2.33%
	6 Months	-	+0.020	+10.00%
	1 Year	0.018	+0.015	+18.10%
Long Term Return	2 Years	0.033	+0.015	+23.41%
	3 Years	0.048	+0.065	+88.52%
	5 Years	0.073	-0.030	+17.20%
Annualised Return	Annualised	-	-	+3.23%



YHI Intl (SGX: BPF)

ANALYSIS



Period	Dividend Received	Capital Appreciation	Total Shareholder Return	
Short Term Return	5 Days	-	+0.005	+0.98%
	10 Days	-	+0.020	+4.04%
	20 Days	-	-	-
Medium Term Return	3 Months	-	+0.010	+1.98%
	6 Months	-	+0.035	+7.29%
	1 Year	0.036	+0.015	+3.96%
Long Term Return	2 Years	0.069	+0.020	+17.98%
	3 Years	0.091	+0.205	+95.48%
	5 Years	0.130	+0.045	+37.23%
Annualised Return	Annualised	-	-	+6.54%



Hong Leong Fin (SGX: S41)

ANALYSIS



Period	Dividend Received	Capital Appreciation	Total Shareholder Return	
Short Term Return	5 Days	-	+0.100	+3.97%
	10 Days	-	+0.110	+4.38%
	20 Days	-	+0.130	+5.22%
Medium Term Return	3 Months	-	+0.220	+9.17%
	6 Months	-	+0.260	+11.02%
	1 Year	0.120	+0.060	+7.03%
Long Term Return	2 Years	0.213	+0.110	+12.87%
	3 Years	0.348	+0.370	+31.91%
	5 Years	0.638	-0.140	+18.04%
Annualised Return	Annualised	-	-	+3.37%



DEFINITION Company revenue is growing and making good quality of earnings with positive Free Cash Flow.

CHART GUIDE Total Shareholder Return (TSR) combines share price appreciation and distributions paid to show the total return to the shareholder expressed as a percentage.



ShareInvestor WebPro > Screener > Market Screener (FA & TA) > select SGX > add criteria

A. Criteria

1. Fundamental Analysis Conditions tab >select (i) Free Cash Flow, (ii) Revenue Growth, (iii) Gross Profit (Earnings) Margin, (iv) Quality of Earnings, (v) Total Shareholder Returns, > click Add Criteria
2. Fundamental Analysis Conditions tab >select (vi) Total Shareholder Returns > click Add Criteria

B. Conditions (Criteria Filters)

1. Free Cash Flow - select (more than) type (1) for the past select (1) financial year(s)
 2. Revenue Growth - select (more than) type (1) for the past select (1) financial year(s)
 3. Gross Profit (Earnings) Margin - select (more than) type (30) % for the past select (1) financial year(s)
 4. Quality of Earnings - select (more than) type (1) for the past select (1) financial year(s)
 5. Total Shareholder Return - select (more than) type (5) % for the past select (3) financial year(s)
 6. Total Shareholder Return - select (more than) type (5) % for the past select (5) financial year(s)
- > click Save Template > Create New Template type (Growth Companies) > click Create

- > click Save Template as > select Growth Companies > click Save
- > click Screen Now (may take a few minutes)
- > Sort By: Select (Revenue Growth) Select (Desc)
- > Mouse over stock name > Factsheet > looking for Total Shareholder Return



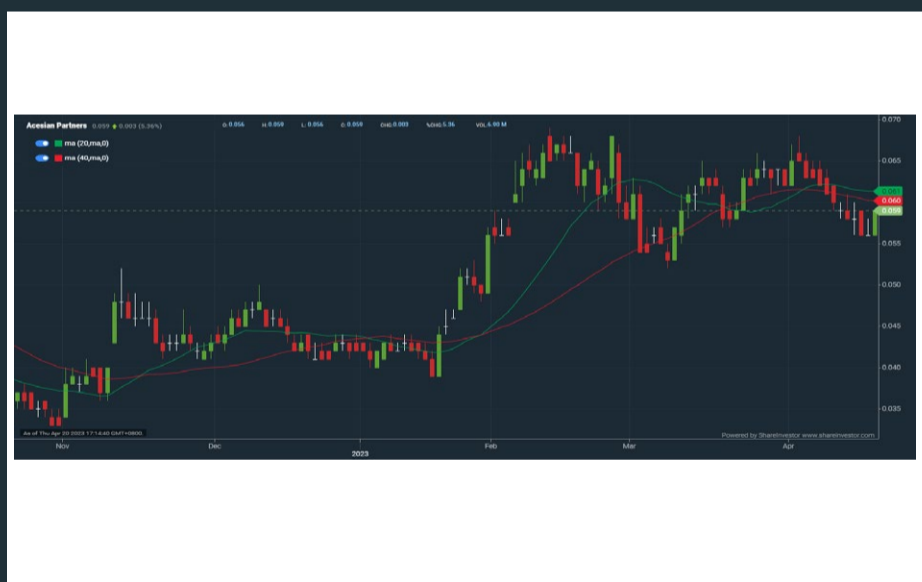
Golden Energy (SGX: AUE)



Period	Dividend Received	Capital Appreciation	Total Shareholder Return
Short Term Return	5 Days	-	-2.94 %
	10 Days	-	-1.88 %
	20 Days	-	+2.06 %
Medium Term Return	3 Months	-	+22.98 %
	6 Months	-	+16.12 %
	1 Year	-	+54.69 %
Long Term Return	2 Years	-	+58.43 %
	3 Years	-	+435.14 %
	5 Years	0.027	+0.625
Annualised Return	Annualised	-	+22.75 %



Acesian Partners (SGX: 5FW)



Period	Dividend Received	Capital Appreciation	Total Shareholder Return
Short Term Return	5 Days	-	-1.67 %
	10 Days	-	-8.36 %
	20 Days	-	-
Medium Term Return	3 Months	-	+34.09 %
	6 Months	-	+68.57 %
	1 Year	-	+210.53 %
Long Term Return	2 Years	-	+321.43 %
	3 Years	-	+1080.00 %
	5 Years	-	+247.86 %
Annualised Return	Annualised	-	+28.26 %



SamuderaShipping (SGX: S56)



Period	Dividend Received	Capital Appreciation	Total Shareholder Return	
Short Term Return	5 Days	-	-2.14 %	
	10 Days	-	+6.26 %	
	20 Days	-	+3.79 %	
Medium Term Return	3 Months	-	+33.01 %	
	6 Months	-	+73.42 %	
	1 Year	0.205	+0.500	+81.03 %
Long Term Return	2 Years	0.221	+1.099	+87.08 %
	3 Years	0.228	+1.262	+1379.63 %
	5 Years	0.243	+1.176	+731.44 %
Annualised Return	Annualised	-	+52.74 %	

MAKE BETTER TRADING STRATEGIES with SHARE INVESTOR STATION



8 Markets Data

- ▶ Get access to data from Bursa, NYSE, Nasdaq, HKEX, SGX, IDX, SET & ASX

Dynamic Chart

- ▶ Candlestick Pattern Recognition
- ▶ 111 Indicators
- ▶ 39 Drawing Tools
- ▶ Performance Comparison Chart

Intraday Data

- ▶ Market Depth
- ▶ Trade Summary Matrix & Chart
- ▶ Times & Sales
- ▶ Intraday Market Ticker

Market Screener

- ▶ 96 criteria ranging from FA, TA, Consensus Estimate
- ▶ Real-time Data

Power Frame

- ▶ Combining few Dynamic Charts together with intraday information in one frame

Technical Analysis

Fundamental Analysis

Financial Analysis Statement

- ▶ Profit & Loss
- ▶ Balance Sheet
- ▶ Cash Flow Statement
- ▶ More than 20 Financial Ratios
- ▶ Dividend Analysis

FactSheet

- ▶ Key Stock Information
- ▶ Ownership
- ▶ Consensus Estimates
- ▶ Annual Report
- ▶ Historical Price
- ▶ Insider Trades

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DEFINITION Share price of a company trading at a lower price as compared to its fundamentals (FA) such as financial performance and dividend, allowing it to be attractive to value investors.
CHART GUIDE Total Shareholder Return (TSR) combines share price appreciation and dividend distributions paid to show the total return to the shareholder expressed as a percentage.



ShareInvestor WebPro > Screener > Market Screener (FA & TA) > select SGX > add criteria

- A. Criteria**
 > click Add Criteria
- Fundamental Analysis Conditions tab (i) Price Earnings Ratio
 - Fundamental Analysis Conditions tab >select (ii) CAGR of Net Earnings
 - Fundamental Analysis Conditions tab >select (iii) Net Debt To Equity
 - Fundamental Analysis Conditions tab >select (iv) Return On Equity (ROE)

B. Conditions

1. Price Earnings Ratio - select (less than) type (15) times now
2. CAGR of Net Earnings - select (more than) type (10) % for the past type (3) financial year(s)
3. Net Debt To Equity – select (less than) type (1) for the past select (1) financial year(s)
4. Return On Equity (ROE) – select (more than) type (10) % for the past select (1) financial year(s)

- > click Save Template > Create New Template type (Value Stock) > click Create
- > click Save Template as > select Value Companies > click Save
- > click Screen Now (may take a few minutes)
- > Mouse over stock name > Factsheet > looking for Total Shareholder Return
- > Mouse over stock name > Charts > click C2 Charts tab



China Intl (SGX: BEH)

ANALYSIS



Period	Dividend Received	Capital Appreciation	Total Shareholder Return
Short Term Return	5 Days	-	+1.10 %
	10 Days	-	+1.10 %
	20 Days	-	+2.22 %
Medium Term Return	3 Months	-	-14.81 %
	6 Months	-	-13.21 %
	1 Year	-	-45.24 %
Long Term Return	2 Years	0.030	-55.14 %
	3 Years	0.030	-33.33 %
	5 Years	0.030	-70.66 %
Annualised Return	Annualised	-	-21.72 %



Straits Trading (SGX:S20)

ANALYSIS



Period	Dividend Received	Capital Appreciation	Total Shareholder Return
Short Term Return	5 Days	0.000	+0.45 %
	10 Days	0.000	-
	20 Days	0.000	+4.19 %
Medium Term Return	3 Months	0.000	-5.88 %
	6 Months	0.000	+5.74 %
	1 Year	0.000	-16.88 %
Long Term Return	2 Years	0.160	-1.53 %
	3 Years	0.220	+77.74 %
	5 Years	0.340	+34.12 %
Annualised Return	Annualised	-	+6.05 %



Samudera Shipping (SGX:S56)

ANALYSIS

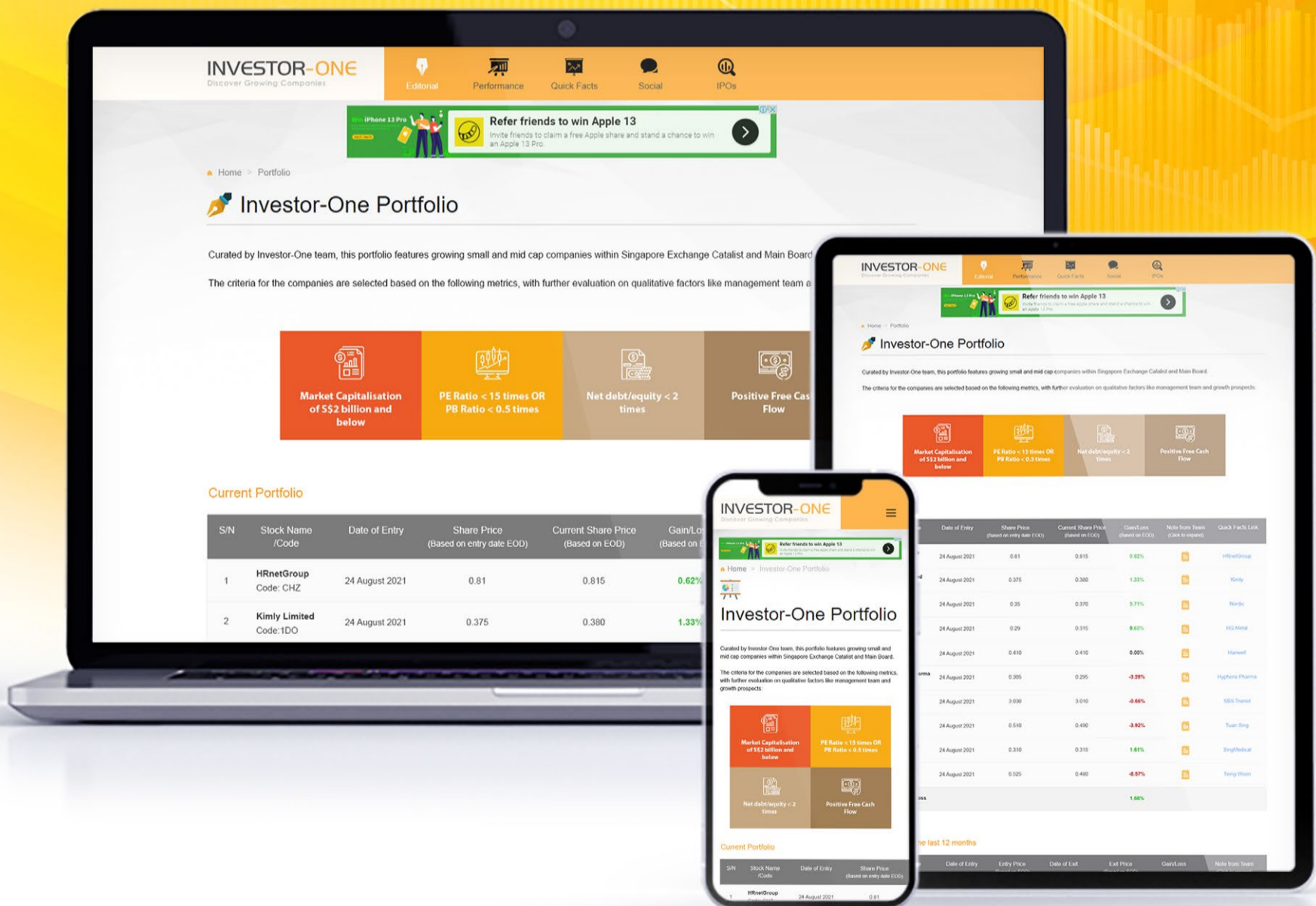



Period	Dividend Received	Capital Appreciation	Total Shareholder Return
Short Term Return	5 Days	-	-2.14 %
	10 Days	-	+6.20 %
	20 Days	-	+3.79 %
Medium Term Return	3 Months	-	+33.01 %
	6 Months	-	+73.42 %
	1 Year	0.205	+81.03 %
Long Term Return	2 Years	0.221	+487.08 %
	3 Years	0.228	+1379.63 %
	5 Years	0.243	+731.41 %
Annualised Return	Annualised	-	+52.74 %

INVESTOR-ONE PORTFOLIO

Curated and managed by the Investor-One team under ShareInvestor, this **free-to-access** portfolio will feature local small and mid-cap companies within Singapore Exchange's Mainboard and Catalyst.

Join us on the journey and watch as we manage a locally vested portfolio with a **fund of \$100,000**.



 **ENTER PORTFOLIO** >

INVESTOR-ONE

Discover Growing Companies

Investor-One Portfolio

Curated by Investor-One team, this portfolio features growing small and mid cap companies within Singapore Exchange Catalist and Main Board.

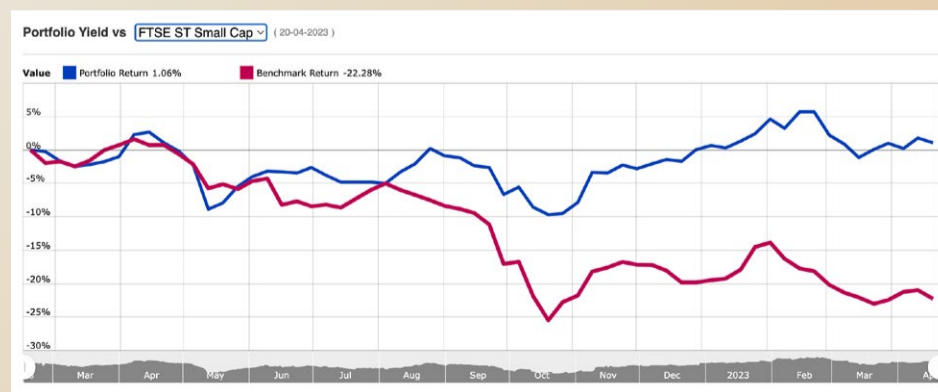
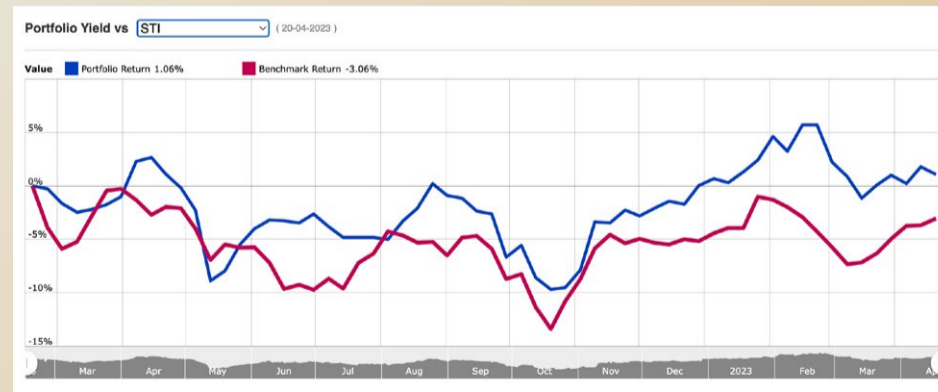
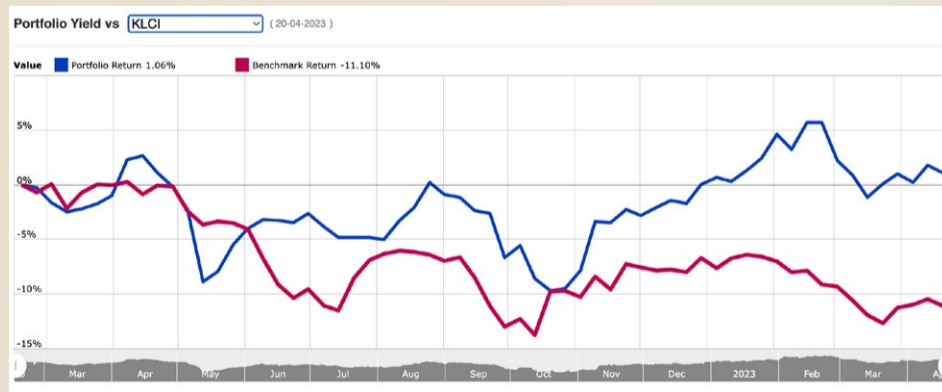
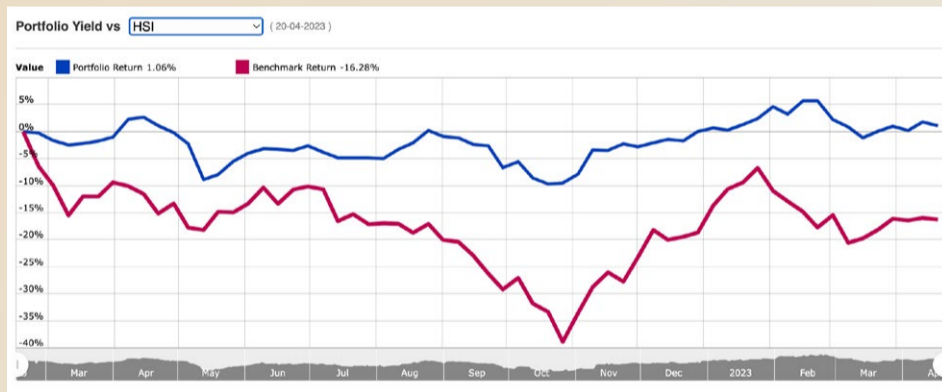
The criteria for the companies are selected based on the following metrics, with further evaluation on qualitative factors like management team and growth prospects:

 <p>Market Capitalisation of S\$3 billion and below</p>	 <p>PE Ratio < 15 times OR PB Ratio < 0.5 times</p>	 <p>Net Debt/Equity < 2 times</p>	 <p>Positive Free Cash Flow</p>
--------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------

2.4%

Total Return

ROI(%)	YTD(%)	Value	P/L	Dividend	P/L + Dividend	Cash	Currency
2.42	0.65	56,909	-154	2,571	2,417	45,508	SGD



Note: The Portfolio Return indicated in the chart does not include dividend income, as opposed to Total Return that is inclusive of Dividend Income.

continued on next page...

INVESTOR-ONE

Discover Growing Companies

Summary (20-04-2023)

Open Positions

Unrealized P/L ↑ 2,746

Name↑	Weightage	Entry	Last	Chg	Share	P/L	Div	P/L + Div	Cost	Value
Geo Energy Res	18.73%	0.31	0.33	-0.005 (-1.49%)	32300	646 (6.45%)	-	646	10,013	10,659
Hock Lian Seng	9.31%	0.29	0.265	-	20000	-500 (-8.62%)	250	-250	5,800	5,300
HRnetGroup	28.12%	0.77	0.8	-0.005 (-0.62%)	20000	600 (3.90%)	1,026	1,626	15,400	16,000
Hyphens Pharma	29.87%	0.3	0.34	-	50000	2,000 (13.33%)	335	2,335	15,000	17,000
Kimly	5.80%	0.4	0.33	-	10000	-700 (-17.50%)	168	-532	4,000	3,300
Nordic	8.17%	0.395	0.465	-	10000	700 (17.72%)	192	892	3,950	4,650

Summary (20-04-2023)

Closed Positions

Realized Profit ↓ -2,900

Name↑	Avg Buy	Avg Sell	Shares	Comm	P/L	P/L + Div	Proceeds
HG Metal	0.375	0.34	10000	-	-350	50	3,400
InnoTek	0.735	0.48	10000	-	-2,550	-2,350	4,800

Transaction (20-04-2023)

Action	Stock	Price	Shares	Exchange Rate	Comm	Amount	Date↓	Notes
Sell	HG Metal	0.340	10000	N/A	0.00	3,400	13 Mar 2023	-
Sell	InnoTek	0.480	10000	N/A	0.00	4,800	13 Mar 2023	-
Buy	Geo Energy Res	0.310	32300	N/A	0.00	10,013	13 Mar 2023	-
Buy	HRnetGroup	0.770	20000	N/A	0.00	15,400	16 Feb 2022	-
Buy	Kimly	0.400	10000	N/A	0.00	4,000	16 Feb 2022	-
Buy	HG Metal	0.375	10000	N/A	0.00	3,750	16 Feb 2022	-
Buy	InnoTek	0.735	10000	N/A	0.00	7,350	16 Feb 2022	-
Buy	Nordic	0.395	10000	N/A	0.00	3,950	16 Feb 2022	-
Buy	Hyphens Pharma	0.300	50000	N/A	0.00	15,000	16 Feb 2022	-
Buy	Hock Lian Seng	0.290	20000	N/A	0.00	5,800	16 Feb 2022	-
Cash	Deposit	-	-	N/A	-	100,000	15 Feb 2022	-

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INVESTOR-ONE

Discover Growing Companies

Dividend (20-04-2023)

YTD

SGD 112.00

TRAILING 12 MONTHS

SGD 2571.20

2022

SGD 2459.20

Stock	Ex-Date	Payable Date	Amt	Amt(SGD)	Total
Hyphens Pharma	10 May 2023	24 May 2023	SGD 0.0111	0.0111	555
Geo Energy Res	09 May 2023	17 May 2023	SGD 0.0400	0.0400	1292
Nordic	08 May 2023	17 May 2023	SGD 0.0091	0.0091	90.60
Hock Lian Seng	08 May 2023	08 May 2023	SGD 0.0100	0.0100	200
Kimly	27 Jan 2023	08 Feb 2023	SGD 0.0112	0.0112	112
HRnetGroup	29 Aug 2022	06 Sep 2022	SGD 0.0213	0.0213	426
Nordic	17 Aug 2022	02 Sep 2022	SGD 0.0116	0.0116	116.20
Kimly	30 Jun 2022	15 Jul 2022	SGD 0.0056	0.0056	56
Hyphens Pharma	12 May 2022	12 May 2022	SGD 0.0067	0.0067	335
InnoTek	11 May 2022	25 May 2022	SGD 0.0200	0.0200	200
HRnetGroup	09 May 2022	18 May 2022	SGD 0.0300	0.0300	600
Hock Lian Seng	09 May 2022	20 May 2022	SGD 0.0125	0.0125	250
Nordic	06 May 2022	17 May 2022	SGD 0.0061	0.0061	60.80
Nordic	06 May 2022	17 May 2022	SGD 0.0015	0.0015	15.20
HG Metal	06 May 2022	20 May 2022	SGD 0.0400	0.0400	400

This portfolio is managed by Investor-One research team, under ShareInvestor.

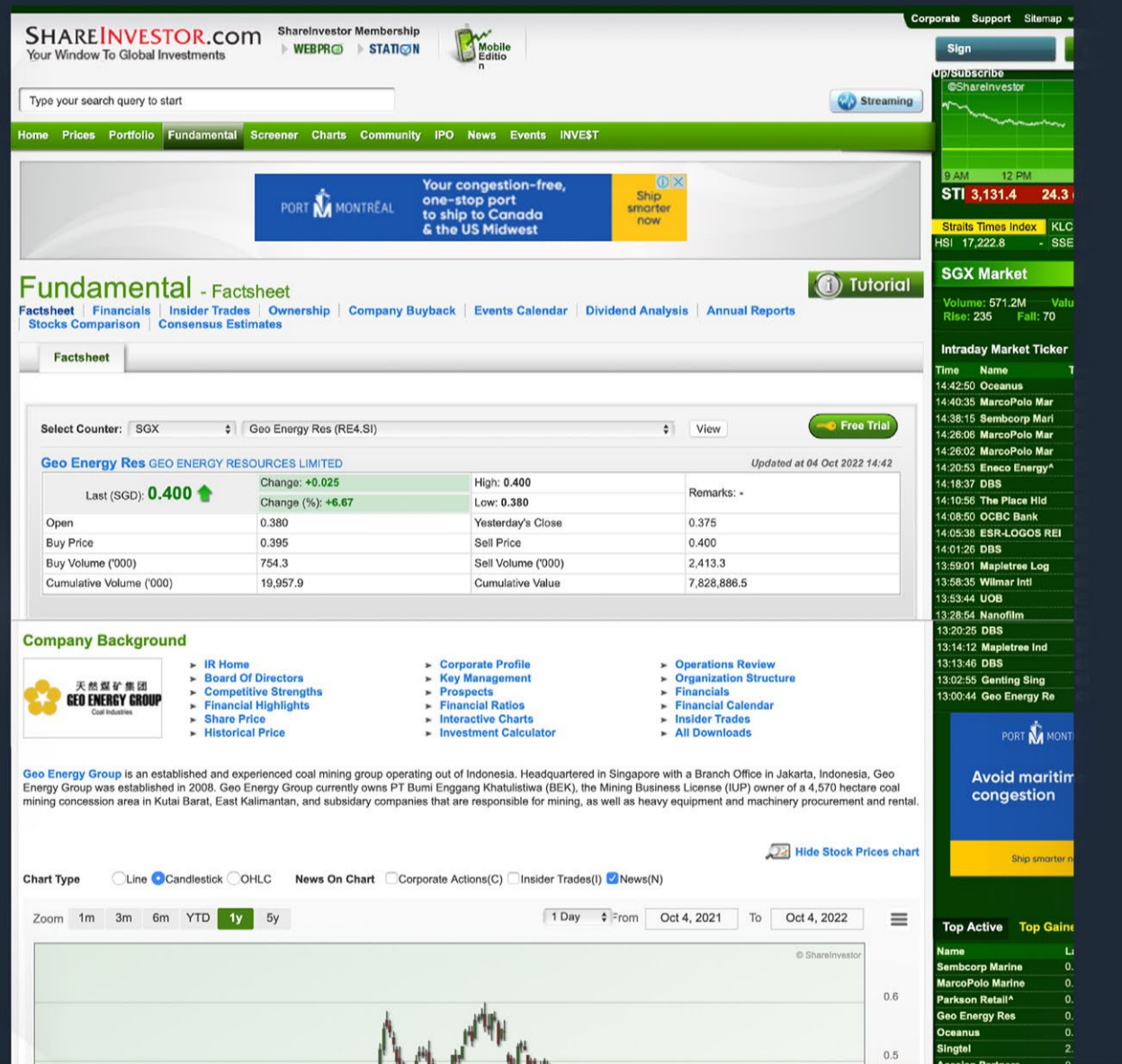
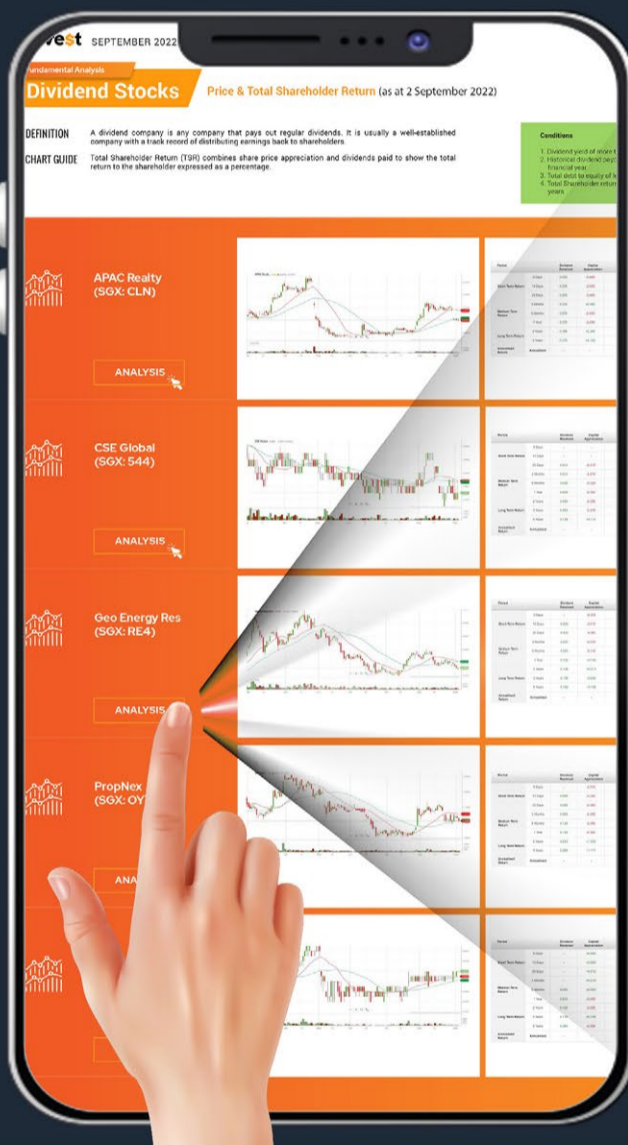
Disclaimer:

1. The Investor-One portfolio is aggregated for educational and illustration purposes only. It is curated based on fixed financial parameters as indicated above. The investor-one team select their stocks solely base on the these fixed parameters. The featured companies are for information only and does not constitute investment advice.
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3. Current Price, current value and gain/loss (%) under current portfolio are based on 10 minutes delayed data.
4. Purchase Price and Exit Price are based on EOD price.
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COMPANY SPOTLIGHT

Katrina Group – 2x PE Ratio Companies: Can you Invest? Here's What You Need to Know Before Investing

Vincent Wong, Investor-One / Thu, Apr 13, 7:00 PM



A common phenomenon to highlight within Singapore's small cap market are when companies with seemingly astronomical valuations are of frequent occurrence. It's a perplexing situation which requires a closer look to determine whether these stocks are truly worth the investment, or if they're simply a "value trap" waiting to ensnare unsuspecting investors.

In this "2xPE Ratio Companies" series, we'll be giving insights on multiple stocks and explore why they are trading at such levels. We'll also analyze whether these stocks are truly "value stocks" or potential "value traps", aiding you to make sound investment decisions. Get ready to dive into the world of small-cap stocks in Singapore and uncover some hidden gems.

Katrina Group – P/E Ratio 1.87

Katrina Group, a Singapore-based enterprise, has its footprint in the Food & Beverage and hospitality sectors. With F&B brands like So Pho, Bali Thai, Streats, Hongguo, and Tomo Izakaya in its portfolio, the group also boasts businesses such as ST Residences & ST

continued on next page...

continued... [Katrina Group – 2x PE Ratio Companies: Can you Invest? Here's What You Need to Know Before Investing]

Signature in the hospitality industry. Regrettably, the stock has seen a lengthy and painful downtrend, with share prices plunging from \$0.2 per share five years ago to a mere \$0.028 per share today.



Why The Stock Is Trading at Such Valuation?

Higher Earning due to Industry Recovery

The low market cap can be attributed to the company's operational performance and the setbacks faced by the industry due to COVID. However, post-pandemic, earnings have started to normalize to pre-COVID levels, while the share price has yet to reflect these earnings.

Stagnant Share Price and Extreme Illiquidity

A mere 1,604,500 shares were transacted throughout 2022, which translates to approximately SGD 67,000-70,000 for the entire year. Consequently, it is unsurprising that the stock price has remained so low.

So, Is It a Value Trap?

Expanding Gross Margin

Although total revenue has not rebounded to pre-COVID levels, gross profit has increased significantly, surpassing pre-pandemic earnings thanks to higher gross profit margins. This points towards improved cost management, despite the persistently high administrative expenses.

	Trend	Full Year Dec 2022	Full Year Dec 2021	Full Year Dec 2020	Full Year Dec 2019	Full Year Dec 2018
Revenue	▲▲▲	64,458	53,798	57,419	84,356	64,793
Cost of Revenue	▼▼▼	(52,524)	(53,308)	(61,206)	(76,781)	(58,618)
Gross Profit	▲▲	11,934	490	(3,789)	7,575	6,175

Historically, gross margin expansion has been a crucial indicator of stock price appreciation. The charts below illustrate the gross margin trend since the company's IPO inception and its historical stock price by year. Interestingly, the current gross margin is at a record high, even higher than during its first year as a publicly traded company, when the price stood at SGD 0.3257 (Volume Weighted Average Price). For now, the stock price remains at a record low.

continued on next page...

continued... [Katrina Group – 2x PE Ratio Companies: Can you Invest? Here's What You Need to Know Before Investing]



Year	Date Range	Open	High	Low	Close	VWAP ^b
2023	03 Jan to 05 Apr	0.042	0.047	0.028	0.028	0.0389
2022	03 Jan to 30 Dec	0.095	0.095	0.032	0.042	0.0488
2021	04 Jan to 31 Dec	0.168	0.168	0.065	0.095	0.0923
2020	02 Jan to 31 Dec	0.165	0.179	0.062	0.168	0.1201
2019	02 Jan to 31 Dec	0.200	0.205	0.105	0.136	0.1643
2018	02 Jan to 31 Dec	0.199	0.250	0.140	0.200	0.2102
2017	03 Jan to 29 Dec	0.220	0.275	0.183	0.187	0.2256
2016	26 Jul to 30 Dec	0.360	0.405	0.210	0.225	0.3257

Industry Performance

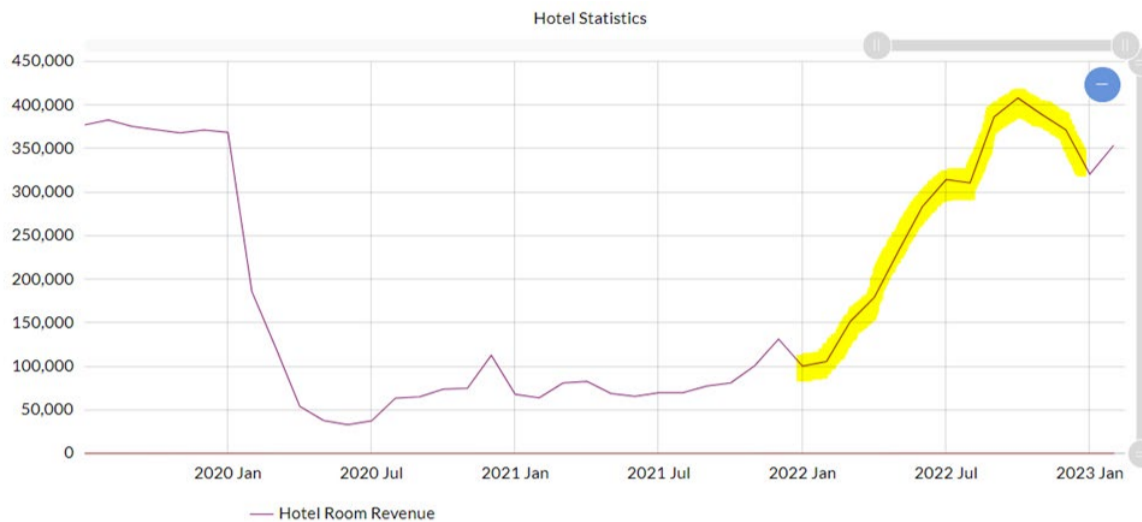
Singapore's F&B sector has demonstrated strong performance recently, with retail sales in the industry witnessing a YoY increase of 47.2% between December 2021 and December 2022. This growth implies that consumer demand for dining experiences and a variety of culinary options is still strong. So, for now, a stronger or at least on-par performance for Katrina in 1H23 can be anticipated.



continued on next page...

continued... [Katrina Group – 2x PE Ratio Companies: Can you Invest? Here's What You Need to Know Before Investing]

For the hospitality sector, the improvement is even more significant for obvious reason: pandemic recovery. This should provide growth and continued improved margin for Katrina's hospitality business.



Source: SingStats

No Ability to Distribute Cash Currently

Even though profits are improving, the company's latest Financial Result tells a different story.

Current liabilities significantly outweigh current assets, as shown in the FY22 results above. This indicates that the company may struggle to meet its one-year obligations with its available short-term asset. And the management has addressed the negative working capital issue in the financial note:

Negative working capital

As at 31 December 2022, the Group was in a negative working capital position of \$20.0 million (31 December 2021: \$19.0 million). The management had prepared cash flow forecasts which was derived from the financial budget to assess whether the Group can meet its debt obligations as and when they fall due.

The Board of Directors of the Company ("Board") noted that a controlling shareholder had provided a letter of undertaking to provide the financial support to the Group, as and when required, for 15 months from 24 February 2023 to enable the Group to meet its liabilities as and when the Group is unable to meet such liabilities. Also, the Group would continue to implement various strategic measures to contain cost and preserve cash liquidity.

Source: Katrina FY22 Financial Result

What the statement means is that [Mr. Goh Keng Chian](#) or [Tan Kim Wah](#) is committed to provide financial support to the Group as needed for 15 months starting from 24 February 2023. Nevertheless, it is a serious risk that retail investors should take note of.

Fortunately, Katrina operates in the restaurant business, which usually boasts good working capital turnover (indicating a cash-generating enterprise), despite low margins:

	Trend	Full Year Dec 2022	Full Year Dec 2021	Full Year Dec 2020	Full Year Dec 2019
Average Days Inventory (365/Inventory Turnover)	■■■	1.046	1.092	1.014	0.901
Average Days Receivable (365/Accounts Receivable Turnover)	■■■	6.775	8.725	10.323	6.144
Average Days Payable (365/Accounts Payable Turnover)	■■■	54.197	65.327	47.626	27.943
Cash Conversion Cycle (Average Days Inventory + Average Days Receivable - Average Days Payable)	■■■	-46.376	-55.510	-36.289	-20.898

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	Note	31 December 2022 \$'000 (Unaudited)
ASSETS		
Non-current assets		
Property, plant and equipment	9	4,982
Right-of-use assets	10	32,803
Investment property		802
Investment in subsidiaries		-
Refundable deposits		3,980
		42,567
Current assets		
Inventories		146
Trade receivables		1,066
Other receivables		614
Refundable deposits		1,794
Prepayments		260
Amount due from a joint venture		103
Amounts due from subsidiaries		-
Cash and cash equivalents		5,490
		9,473
Total assets		52,040
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables		6,838
Amount due to subsidiaries		-
Other liabilities		2,381
Lease liabilities	10	14,430
Provision	11	312
Contract liabilities		783
Loans and borrowings	12	4,704
		29,448
Net current (liabilities)/assets		(19,975)

Source: Katrina FY22 Financial Result

continued... [Katrina Group – 2x PE Ratio Companies: Can you Invest? Here's What You Need to Know Before Investing]

To understand the financial statements of a restaurant group or other retail businesses that deal with leases. You should probably understand the IFRS 16 accounting standard.

This new accounting standard transforms leases into balance sheet items, necessitating an alternate approach to valuation metrics like FCF.

You could learn about the accounting standard and how it applies to F&B business in the following link:

<https://www.investor-one.com/editorial/22835-How-an-Accounting-Rule-Significantly-Affects-Your-Fundamental-Analysis>

The SGD 18 million lease payment should be accounted for as an operating cost, as most, if not all, of it constitutes outlet rentals. The free cash flow for FY2022 equaled:

$$\text{SGD } 20,608,000 - 18,485,000 = 2,123,000$$

The 2.1 million FCF was entirely used for debt repayment as part of the SGD 3.65 million debt repayment in FY2022. Consequently, total debt decreased from SGD 10.3 million as of 31 December 2021 to SGD 6.6 million as of 31 December 2022.

Other income

Other income mainly relates to the government grants, which include Jobs Support Scheme, Wage Credit Scheme, cash grants as well as the rental rebates under the Rental Relief Framework legislated by the government under the Covid-19 (Temporary Measures) Act 2020.

Other income decreased by \$8.1 million or 79.9% from \$10.2 million in FY2021 to \$2.1 million in FY2022.

Source: Katrina FY22 Financial Result

But sadly, if we deduct the non-operational, one-time grant income of SGD 2.1 million. We got 0 FCF.

Financing activities

Proceeds from loan and borrowings	-	-	-	1,000
Repayments of loan and borrowings	(1,047)	(778)	(3,655)	(2,494)
Interest received	4	-	4	-
Interest paid	(71)	(72)	(292)	(312)
Lease payments	(4,817)	(5,241)	(18,485)	(22,576)
Bank deposits pledged	-	167	(800)	(500)
Net cash flows used in financing activities	(5,931)	(5,924)	(23,228)	(24,882)
Net change in cash and cash equivalents	97	2,747	(2,510)	(3,938)
Cash and cash equivalents at 1 January / 1 Oct	4,093	-	6,700	10,638
Cash and cash equivalents at 31 December ⁽¹⁾	4,190	2,747	4,190	6,700

Source: Katrina FY22 Financial Result

Nonetheless, the company continues to pay back its debt and could ultimately become debt-free if they manage to survive.

continued on next page...

continued... [Katrina Group – 2x PE Ratio Companies: Can you Invest? Here's What You Need to Know Before Investing]

Industry-related risk

4.1. Reportable segments

	Hospitality		Food and beverages	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
1 January to 31 December (Unaudited)				
<i>Revenue:</i>				
External customers	17,135	12,830	47,323	40,968
	<u>17,135</u>	<u>12,830</u>	<u>47,323</u>	<u>40,968</u>

For the industry risk, we will focus more on its F&B business. As it is still the major source of Katrina's revenue. The potential risks associated with the food business are:

- High ingredient cost relative to what customers are willing to pay for their ordinary meals.
- increasing labor costs and a decreasing labor supply.
- Ever-increasing shop floor rental prices in Singapore.
- Operational complexities: food quality and safety management, labor management, etc....

These combined risks lead to razor-thin profit margins, making it difficult for Katrina Group to generate sufficient profits, cover expenses, and grow. Consequently, this may result in a lower return on investment for shareholders and potential financial struggles for the business in the long run.

let's delve deeper into the capital structure of the F&B business, and how it relates to their success in terms of return on equity (ROE). In the F&B industry, particularly for businesses operating on thin profit margins, achieving high asset turnover is crucial for their success.

This is primarily because their profitability is largely dependent on the volume of sales, as opposed to high markups on individual items.

Now, when it comes to full-service restaurants, like some within the Katrina Group, the high turnover model might not be as well suited. This is because full-service restaurants tend to rely more heavily on labor, as they require more staff per customer to provide the higher level of service associated with this type of dining experience.

In addition, full-service restaurants need more shop space compared to other F&B establishments, as customers demand more space for a better dining experience. The optimal revenue per square feet would be harder to achieve.

Potential Upside and Downside

Upside

Due to the unpredictability and volatility of Katrina's earnings and FCF, as well as its capital structure, using a DCF model may not yield accurate results. However, Katrina operates over 30 restaurants and 4 co-living sites, If these establishments perform well post-pandemic and the company improves its capital structure and margins, it isn't far-fetched to conservatively estimate that they could generate over \$1 million in FCF.

continued on next page...

continued... [Katrina Group – 2x PE Ratio Companies: Can you Invest? Here's What You Need to Know Before Investing]

Let's assume that, after paying off all its debt, the company could generate \$2 million in FCF (after accounting for government grants). With the current market cap of \$6.5 million, if all FCF were to be used for dividend payments, it could result in a yield rate of 30+%. Due to dividends, the liquidity could improve. Hence, price could increase by a significant percentage due to its low-price base. However, this projection is merely an assumption and is quite optimistic.

Potential Downside

The downside is all too apparent: the company's negative working capital of 10 units leaves it teetering on thin ice. Though the principal investor has pledged to bail the company out within a specified timeframe, the outcome remains uncertain. Additionally, the firm's lackluster history of operational efficiency is cause for concern, and we can only hope that recent progress will be sustained. Due to illiquidity, one may find themselves trapped with losses and no viable exit strategy.

Conclusion

Investors should remain cautious and consider various scenarios when evaluating the potential risks and rewards of investing in Katrina Group. As the situation unfolds, investors should closely monitor the company's progress in debt reduction and the F&B industry's performance. Furthermore, it's crucial to weigh the stock's extreme illiquidity and the company's inability to distribute cash in the short term when making an informed investment decision.

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TOP SIGNIFICANT INSIDER ACTIVITY



Data extracted from WebPro, accurate as at yesterday

Effective Change Date (Notice Date)	Stock Name	Buyer / Seller Name (Classification ^a)	Security Types ^b	Acquired / (Disposed) ['000]			Price	Closing Price ^d	No. of Shares After Trade ['000]			
				Direct	Deemed	Total			Direct	Deemed	Total	% Held ^c
14 Sep 2022 (19 Apr 2023)	Medi Lifestyle	LIW CHAI YUK [SSH]	S/U	-3,670		-3,670	0.012	0.013	34,696		34,696	5.810
13 Sep 2022 (19 Apr 2023)	Medi Lifestyle	LIW CHAI YUK [SSH]	S/U	-5,000		-5,000	0.013	0.013	38,366		38,366	6.430
18 Apr 2023 (19 Apr 2023)	Progen	Lee Ee @ Lee Eng [Dir/CEO]	S/U	1,480		1,480		0.050	170,547	28,113	198,660	50.872
17 Apr 2023 (19 Apr 2023)	G K Goh	Marie Elaine Teo [Dir/CEO]	S/U		-375	-375		1.270				
14 Apr 2023 (19 Apr 2023)	IHH	EMPLOYEES PROVIDENT FUND BOARD [SSH]	S/U	-10		-10		1.740	918,321		918,321	10.427
18 Apr 2023 (19 Apr 2023)	GRP	Kwan Chee Seng [Dir/CEO]	S/U		299	299		0.090	64,064	823	64,888	36.010
14 Apr 2023 (18 Apr 2023)	CapLand China T	Tan Tze Wooi [Dir/CEO]	R/O/W	153		153		1.140				
14 Apr 2023 (18 Apr 2023)	CapitaLandInvest	Lee Chee Koon [Dir/CEO]	R/O/W	395		395		3.770				
14 Apr 2023 (18 Apr 2023)	CapLand Ascendas REIT	William Tay Wee Leong [Dir/CEO]	R/O/W	110		110		2.880				
18 Apr 2023 (18 Apr 2023)	Global Inv	Boon Swan Foo [Dir/CEO]	S/U	9,887		9,887	0.120	0.107	306,490		306,490	19.490
14 Apr 2023 (18 Apr 2023)	CapLand IntCom T	Tan Tee Hieong [Dir/CEO]	R/O/W	111		111		2.030				
13 Apr 2023 (18 Apr 2023)	IHH	EMPLOYEES PROVIDENT FUND BOARD [SSH]	S/U	12		-40		1.750	918,331		918,331	10.427
14 Apr 2023 (18 Apr 2023)	CapLand India T	Sanjeev Durjhati Prasad Dasgupta [Dir/CEO]	R/O/W	221		221		1.080				
17 Apr 2023 (18 Apr 2023)	Progen	Lee Ee @ Lee Eng [Dir/CEO]	S/U	1,790		1,790		0.050	169,067	28,113	197,180	50.493
14 Apr 2023 (18 Apr 2023)	Mapletree Log Tr	BlackRock, Inc. [SSH]	S/U		-1,530	-1,530		1.770		246,361	246,361	4.990
17 Apr 2023 (18 Apr 2023)	G K Goh	Nagaraj Sivaram [Dir/CEO]	S/U	-304		-304		1.270				
14 Apr 2023 (18 Apr 2023)	CapLand Ascott T	Teo Joo Ling Serena [Dir/CEO]	R/O/W	170		170		1.070				
17 Apr 2023 (17 Apr 2023)	G K Goh	Thomas Teo Liang Huat [Dir/CEO]	S/U	-256		-256		1.270				
17 Apr 2023 (17 Apr 2023)	A-Sonic Aero	JANET LC TAN [Dir/CEO]	S/U	15		15		0.525	65,977		65,977	61.840
13 Apr 2023 (17 Apr 2023)	A-Sonic Aero	JANET LC TAN [Dir/CEO]	S/U	111		111		0.535	65,962		65,962	61.820
17 Apr 2023 (17 Apr 2023)	G K Goh	David Lim Teck Leong [Dir/CEO]	S/U	-10		-10		1.270				
12 Apr 2023 (17 Apr 2023)	IHH	EMPLOYEES PROVIDENT FUND BOARD [SSH]	S/U	-68		-68		1.750	918,371		918,371	10.428
13 Apr 2023 (17 Apr 2023)	Cortina	Yu Chuen Tek [Dir/CEO]	S/U	500		500		3.680	9,335	7,428	16,763	10.124
13 Apr 2023 (17 Apr 2023)	Cortina	Maria Norma D Yu [SSH]	S/U		500	500		3.680	118	16,645	16,763	10.124
12 Apr 2023 (14 Apr 2023)	ESR-LOGOS REIT	Trent Alexander Iliffe [Dir/CEO]	R/O/W	102		102		0.330				
11 Apr 2023 (14 Apr 2023)	Mapletree Log Tr	Temasek Holdings (Private) Limited ("Temasek") [SSH]	S/U		1,977	1,977	1.649	1.760		1,620,968	1,620,968	32.830
13 Apr 2023 (14 Apr 2023)	Envictus	Richard Lee Keng Chian [SSH]	S/U	361	361	722		0.176	15,336	15,336	30,672	10.084
13 Apr 2023 (14 Apr 2023)	Envictus	Kwan Hoi Chee Deborah Connie [SSH]	S/U	361	361	722		0.176	15,336	15,336	30,672	10.084
12 Apr 2023 (14 Apr 2023)	Cortina	Ming Yaw Pte Ltd [SSH]	S/U	1,600		1,600		3.670	19,804		19,804	11.960
12 Apr 2023 (14 Apr 2023)	Cortina	Chia Nyok Song@Cheah Yoke Heng [SSH]	S/U		1,600	1,600		3.670		72,461	72,461	43.762

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COMPANY SPOTLIGHT

DuPont Analysis for Sheng Siong

Vincent Wong, Investor-One / Tue, Apr 18, 6:30 PM



"If you earn high enough returns on equity and you can keep employing more of that equity at the same rate – that's also difficult to do – you know, the world compounds very fast." - Warren Buffett

"What we really want to do is buy a business that's a great business, which means that business is going to earn a high return on capital employed for a very long period of time, and where we think the management will treat us right." - Warren Buffett

As we have previously discussed ROE and P/B in this [article](#), let's now take a deeper dive into the ratio and explore how you can deduce a company's strategy based on ROE. First, let's discuss DuPont analysis.

$$\text{Return on Equity} = \frac{\text{Net Income}}{\text{Sales}} \times \frac{\text{Assets}}{\text{Equity}} \times \frac{\text{Sales}}{\text{Assets}}$$

(Net Margin)
(Leverage)
(Asset Turnover)

DuPont analysis is a financial performance assessment technique that breaks down Return on Equity (ROE) into three key components. By decomposing ROE, you can better understand the profitability drivers and management efficiency.

Sheng Siong (SGX: OV8)

Now, let's use a case study, Sheng Siong, as an example to demonstrate how they increase their ROE:

continued on next page...

continued... [DuPont Analysis for Sheng Siong]

Net Margin

The profit margin represents the profitability of a company's products and the level of earnings. Companies that produce at a low cost and sell at a high price, like Mao Tai (SHA: 600519), can achieve profit margins of 90% or more. To increase the profit margin, one can raise sales prices.

Considering the feasibility of this approach for retail companies like Sheng Siong in Singapore, it is important to note that current retail prices are driven by market competition. Increasing them further would result in customers going to NTUC instead, negatively impacting sales. Moreover, the retail industry is characterized by low margins, making it challenging to raise prices without losing customers. Therefore, let's just set the profit margin around 10%, depending on NTUC's pricing strategy.

Leverage

Next, let's examine the DuPont analysis formula, which is related to the debt ratio. A higher debt ratio (leverage) results in a larger equity multiplier, thereby increasing ROE.

Companies like banks use leverage to increase ROE by borrowing funds (deposits, interbank loans) at lower rates and lending or investing them at higher rates.

Grocery Retails, like banks, also know how to use other people's money to make a profit, just not from depositors. They tend to have high accounts payable compared to their accounts receivable as they receive cash from customers when they purchase items, but only pay their suppliers after a certain period. For example, they receive cash from you first when you buy a shampoo but then pay their shampoo supplier only after 79 days later.



Source: ShareInvestor WebPro

This effectively allows them to use suppliers' money for their working capital as well as expansion to some extent. This method increases leverage (adding current liabilities) to enhance ROE. On the other hand, since Sheng Siong only has limited expansion opportunities in Singapore due to its size and population, and they can utilize the free money from their cash conversion cycle, there is no point in raising more money through debt. So, for now, they cannot simply increase leverage (borrowing more money) to boost ROE.

Asset Turnover

With two of the three indicators unable to significantly contribute to ROE improvement, the only remaining option is to improve asset turnover. The core of asset turnover is Speed.

Grocery stores can achieve higher asset turnover because their products are less expensive and sell quickly. Customers visit grocery stores more often, and various price cut can increase their purchase frequency.

For a hypothetical example, a Sheng Siong store may sell 1,000 shampoo bottles every month, while a furniture store next door sells only four chairs every month. Although the chairs have a higher profit margin of 50%, earning \$100 per chair and making \$400 in total, the shampoo

continued on next page...

continued... [DuPont Analysis for Sheng Siong]

bottles, each earning only \$0.6, have a faster turnover and generate a gross profit of \$600 per month versus the chairs' \$400 gross profit in one month.

When external sales growth is constrained in Singapore, increasing turnover speed becomes a crucial method for improving internal profitability. To further enhance turnover, Sheng Siong must ensure they offer the best deals in town and run various promotions. This serves as an example of finance guiding business decisions.

The high-turnover model is not uncommon. Many other industries, such as Apparel (Fast Retail, Zara etc...) or F&B, also use this model to boost their ROE.

You might think that the high-turnover strategy sounds like a good plan, but not all business is suited to that. Some industries naturally have lower turnover rates due to the nature of their products and services. For example, industries with long lead times for product development or high-value items with long sales cycles, such as heavy machinery or real estate, cannot simply adopt a high-turnover strategy.

Conclusion

Understanding a company's ROE and the factors affecting it through DuPont analysis can provide valuable insights into a firm's financial health and management efficiency. While not every industry or company can adopt a high-turnover strategy, businesses like Sheng Siong can optimize their asset turnover to boost ROE. By analyzing ROE and its components, investors can have comprehensive understanding of their capital structure and their efficiency, business strategy when compare to its peers.

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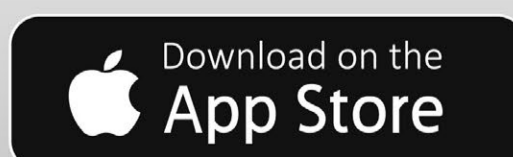
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IR Announcements



Rex: Oman & Norway Production Update For March 2023.

Masirah Oil Limited announced that gross oil production in March 2023 from the Yumna Field in offshore Block 50 Oman, amounted to an average of 5,076 stock tank barrels per day over 31 days. Lime Petroleum AS announced that oil production in March from the Brage Field in Norway, net to LPA, amounted to 2,188 barrels of oil equivalent per day.

<http://rex.listedcompany.com/news.html/id/2434233>

Sabana Industrial REIT: Announces Strong Leasing Momentum.

Driven by significant growth in demand for the REIT's Warehouse and Logistics properties by third-party logistics providers. Signed a forward renewal for master tenant, next master lease renewal due only in 2H 2024.

<http://sabana.listedcompany.com/news.html/id/2433910>



HRnetGroup: Shanghai Joint-Venture RecruitFast.

HRnetGroup Limited has incorporated RecruitFast (Shanghai) Limited in The People's Republic of China through its wholly-owned subsidiary, HRnetOne (Shanghai) Limited. The business scope of RecruitFast includes recruitment process outsourcing and flexible staffing. The company is registered with a share capital of CNY 10 million, of which the initial funding of CNY 2 million has been contributed by HRSB and 2 co-owners Rita Dong and Joyce Li.

<http://hrnetgroup.listedcompany.com/news.html/id/2434212>

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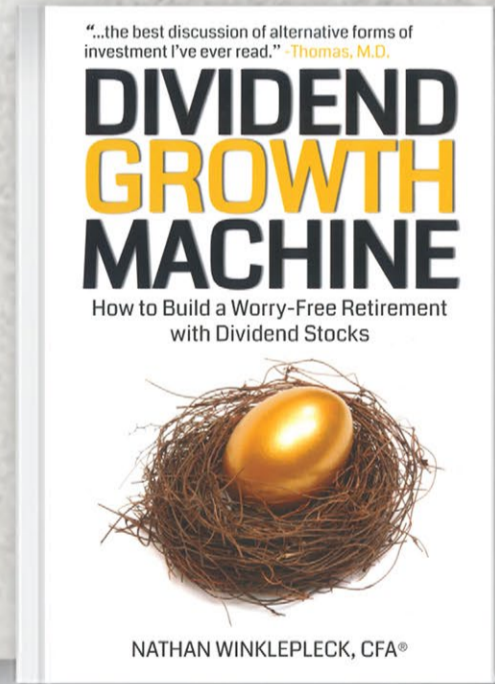
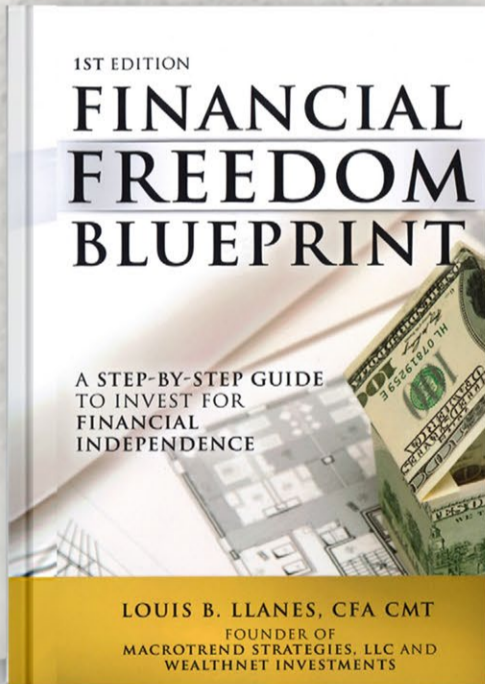
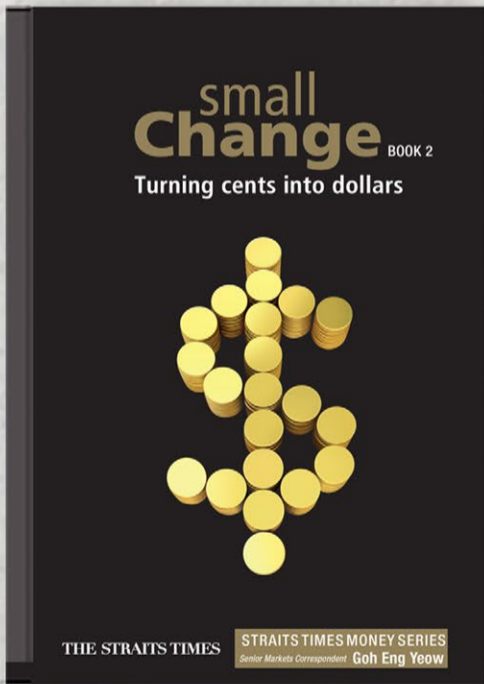
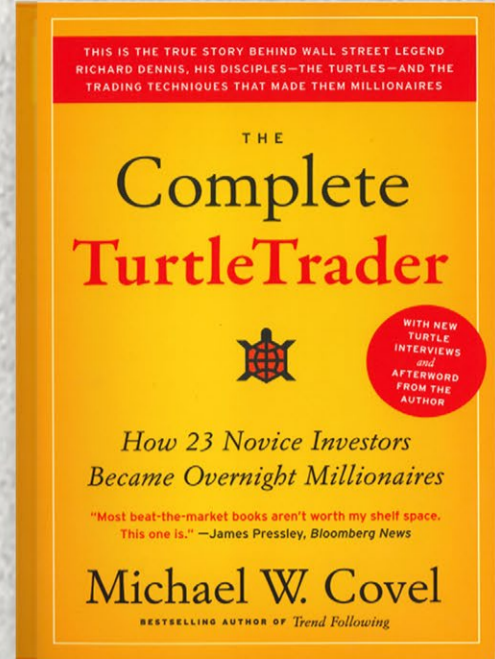
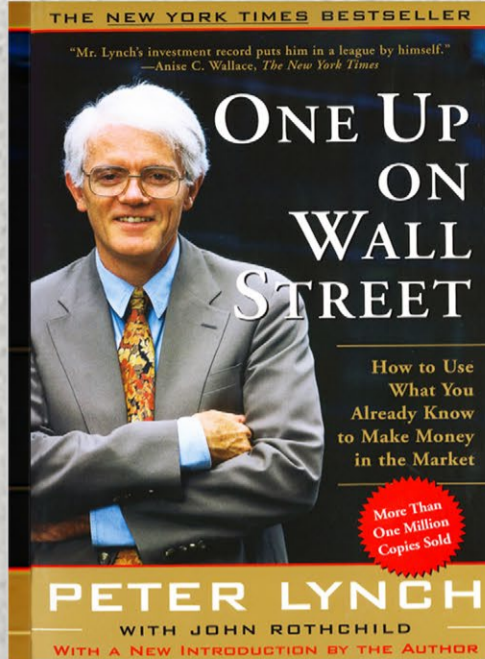
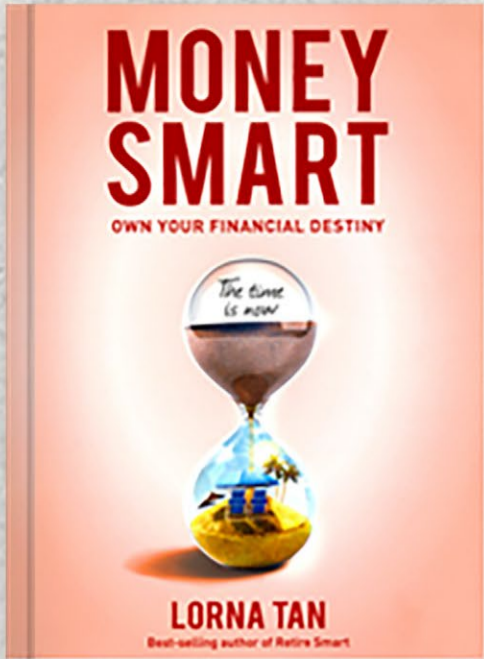
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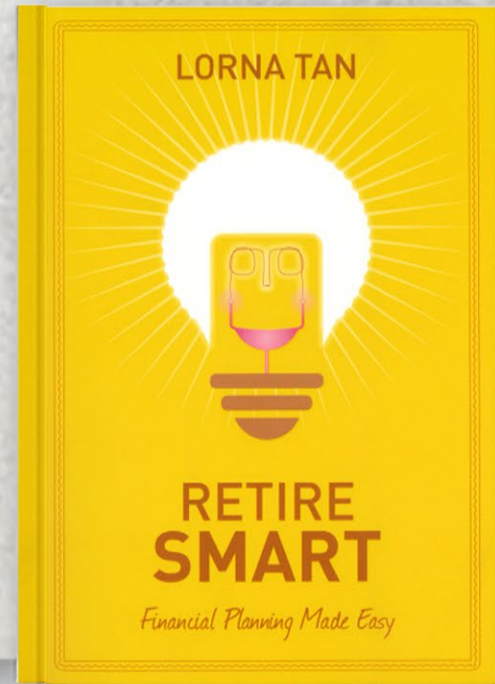
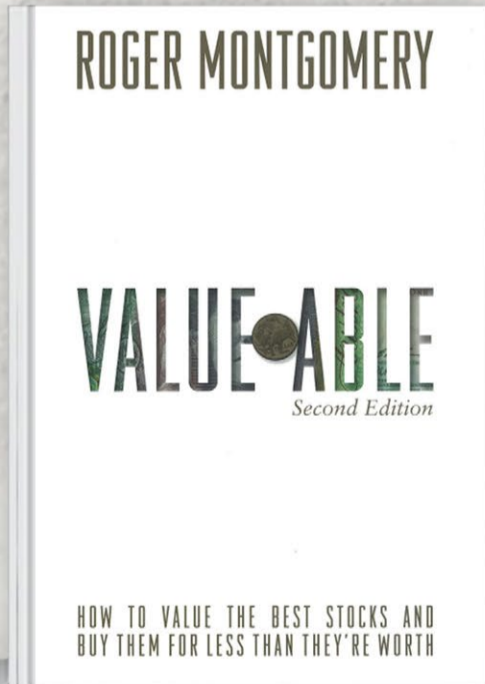
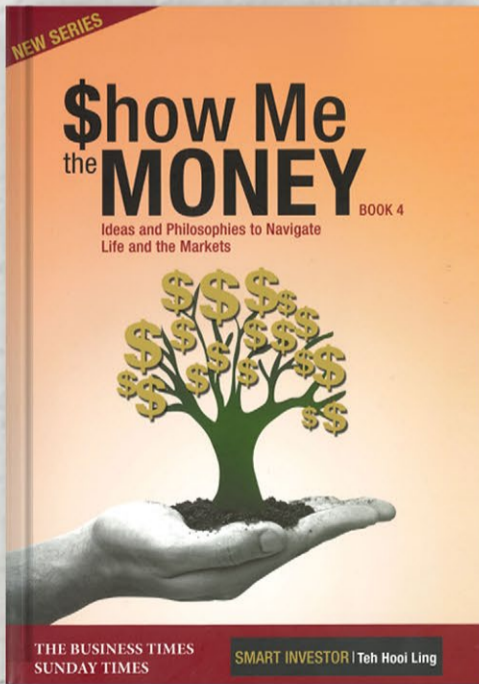
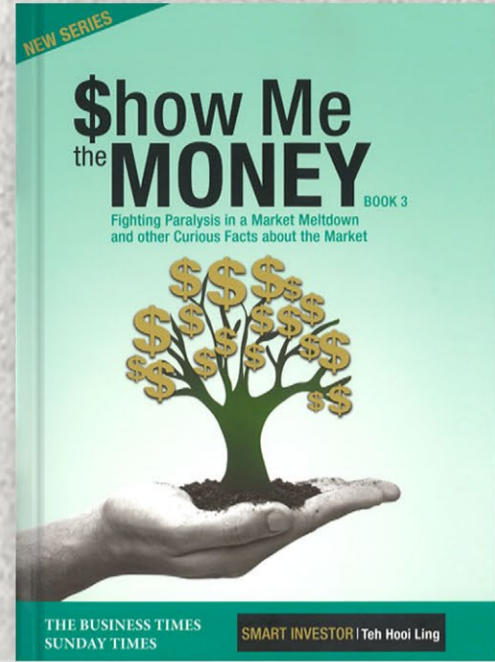
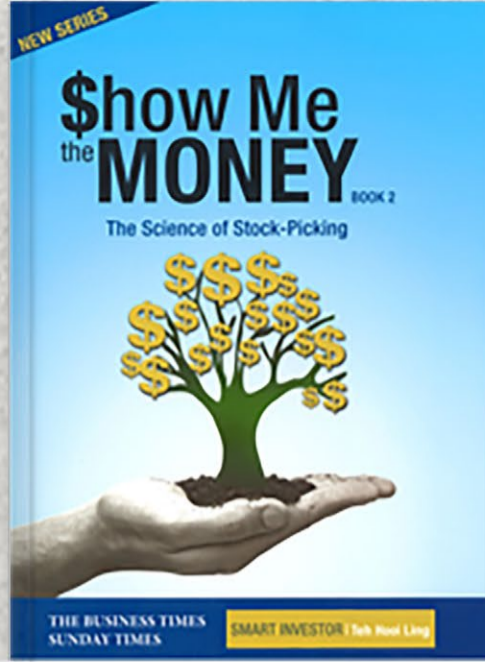
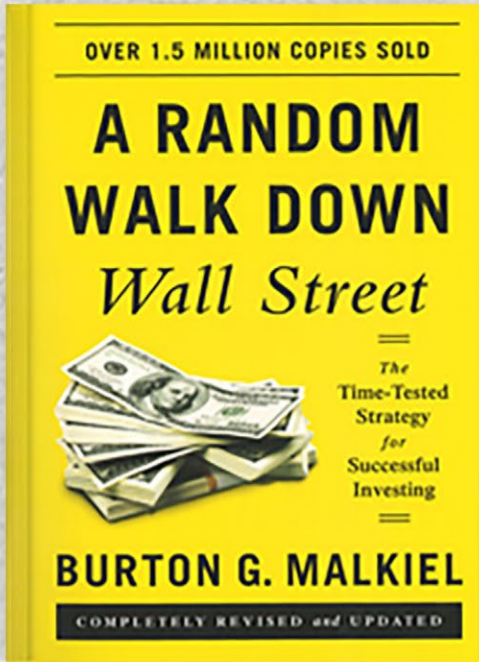


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