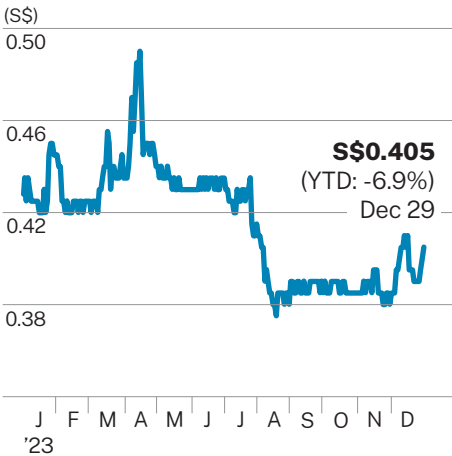


10 Singapore stocks to watch in 2024

Global markets are seeing a tinge of optimism heading into 2024. The signs are pointing to an easing of interest rate hikes this year, which could help lift investor sentiment. The Companies & Markets team at *The Business Times* has come up with the following list of stocks we think will make interesting moves this year – both in terms of their market prices and their operations.

BY BEN PAUL, JUDE CHAN, MEGAN CHEAH, RAPHAEL LIM, NAVENE ELANGOVAN, TAN NAI LUN, TAY PECK GEK, UMA DEVI, YONG HUI TING & YONG JUN YUAN

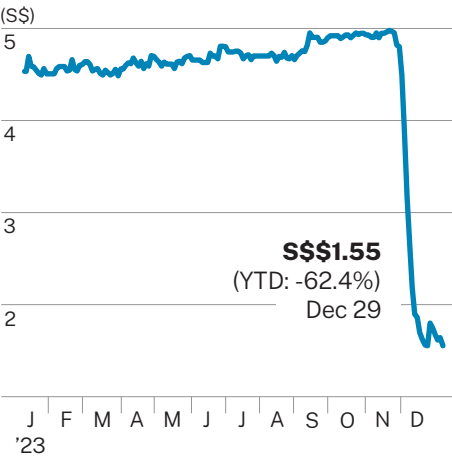


Sabana Reit

Sabana Industrial Real Estate Investment Trust (Sabana Reit) faced an unprecedented situation in 2023, when unitholders led by activist investor Quarz Capital voted to remove the Reit's manager in favour of internalisation.

While a simple majority of unitholders passed the resolutions at an extraordinary general meeting (EGM) in August, hurdles remain for internalisation to be implemented. The trustee had earlier assessed the need for changes to the trust deed, which would require 75 per cent unitholder approval at another EGM. This effectively means that Sabana's sponsor ESR would also need to agree with the move towards internalisation, something it had already been against at the earlier EGM.

The Reit is in an uncertain situation, given that its existing manager has already been voted out, which raises questions on whether existing employees would stay on. It remains unclear what the future holds for Sabana Reit. Can the Reit actually internalise its manager, or would it have to find a new external manager? Would the outgoing Reit manager remain functional while this long process is being undertaken? One way or another, unitholders should get more clarity on the fate of Sabana Reit in 2024.



17Live Group

Vertex Technology Acquisition Corp, since renamed 17Live Group, will be watched for being Singapore's first special purpose acquisition company (Spac) that has undergone business combination, as well as the country's first listed livestreaming operator.

The Spac's merger with livestreaming operator 17Live came two years after rules for the alternative listing route were unveiled in Singapore – and might pave the way for other livestreaming operators to list in the city-state.

The acquisition of 17Live was deemed by some to have been made on a rich valuation, while others noted that the livestreaming operator faces keen competition, evolving regulation, as well as a smaller user base since pandemic restrictions were dropped.

The commercial potential of livestreaming is probably still in the process of being discovered; and 17Live has arguably achieved sufficient scale to be considered a credible player in this emerging field.



iFast

The wealth management platform has reported steady growth in recent quarters, amid a successful bid in diversification.

In its latest financial results, net profit rose 308.4 per cent on the year to S\$8.5 million for its third quarter ended Sep 30. Assets under administration (AUA) grew 12.6 per cent to reach an end-of-quarter record high of S\$19.1 billion.

Growth was driven by its wealth management platforms as well as its ePension division in Hong Kong, which are expected to continue boosting profits in 2024.

iFast is also growing its digital banking business, following the acquisition of a bank in the UK in 2022. Renamed as iFast Global Bank, profit contributions are expected to still be negative in the next three quarters, but will likely play a major role in the growth of the company in the longer term.

iFast's management has also signalled that with substantial growth to profits, there will be room for more dividends. The group is looking at distributing one-third to half of its net profits in 2024 as dividends.



DBS

Profit at South-east Asia's largest bank has grown steadily in the last five years.

In its most recent third quarter ended September, the lender reported a net profit of S\$2.59 billion, just below the S\$2.6 billion it reported in Q2. Though the bank warns of slowing loan growth and net interest margins moderating this year, its size and strength as one of the region's largest lenders put it in a good position to capture opportunities within the region.

The bank is also looking to cash in on the boom in private credit by originating and distributing deals, as it seeks to pair up clients with private credit providers. This opens up another window of opportunity for the bank within the debt capital market, which is expected to pick up this year as macroeconomic conditions and outlook stabilise.

Flush with capital, DBS also expects to have a competitive advantage over its peers, as it can lend at rates cheaper than other private credit rivals.

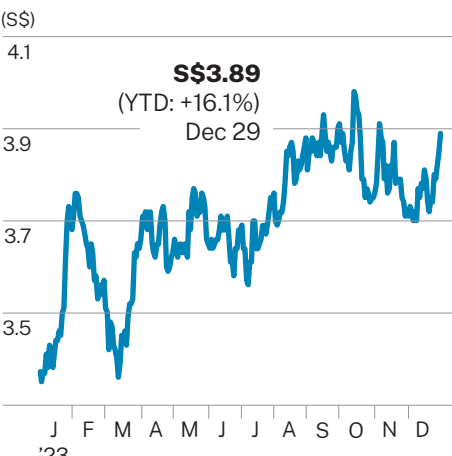


Digital Core Reit

The pure-play data centre Reit was a clear outperformer in 2023, generating a total return of 25.6 per cent in the year to Dec 29. In comparison, the iEdge S-Reit Index delivered a total return of 6.6 per cent over the period, while the benchmark STI returned 4.7 per cent.

In a spurt of announcements in November, the manager of Digital Core Reit said it had entered into agreements to resolve the bankruptcy of its second-largest tenant – removing a key obstacle that had been weighing on investor sentiment. It added that it was entering the Japan market with the acquisition of a 10 per cent interest in an Osaka data centre from Mitsubishi Corp, and also acquiring an additional 20 per cent interest in a fully fitted freehold facility in Frankfurt from sponsor Digital Realty.

With demand for data centres poised to continue growing on the back of the artificial intelligence boom, the year's top-performing Singapore-listed Reit looks set to repeat its act in 2024.



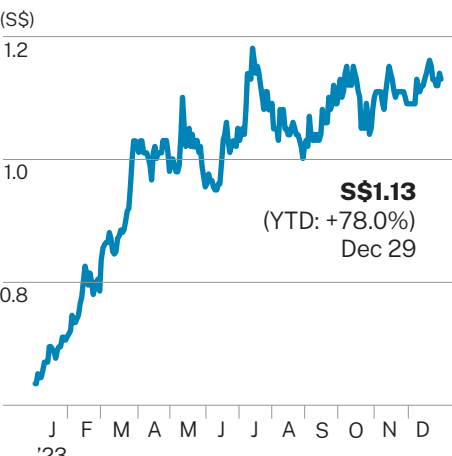
ST Engineering

This blue-chip Straits Times Index (STI) component is riding a post-pandemic recovery in demand for commercial aerospace services, and increased defence spending amid geopolitical tensions and cybersecurity threats.

The group has also made significant investments to position itself for growth – including a US\$2.7 billion acquisition last year of road tolling solutions and congestion pricing company TransCore.

An ongoing reorganisation of its satellite communications business may position it to tap emerging opportunities in that field.

ST Engineering announced S\$11.7 billion worth of contract wins during the first nine months of 2023, more than half of which related to its defence and public security division. Its order book stood at S\$27.5 billion as at Sep 30.



Food Empire

Although the 3-in-1 coffee maker counts war-embroiled Russia and Ukraine among its key markets, investors continue to be bullish on the mainboard-listed company.

Its stock has ascended in the past year, rising to above a dollar from around 60 cents at end-December 2022.

The company appears to be in good shape, despite its nine-month net profit after tax falling 14.8 per cent. Its operating profit was up 55.7 per cent to US\$54.3 million, while revenue climbed 6.7 per cent to US\$305.1 million.

Food Empire is exploring a dual primary listing in Hong Kong, which could stir up further excitement for the consumer products company.



Genting Singapore

The integrated resorts developer saw its earnings beat analyst expectations last year on the back of sustained recovery in travel and tourism.

Genting Singapore posted a net profit of S\$216.3 million for the third quarter ended September 2023, up 59 per cent from S\$135.8 million in the corresponding year-ago period.

The group is making investments to prepare for an increase in tourist arrivals, ahead of a further recovery in the tourism sector. It plans to invest around S\$6.8 billion, from internal resources, to develop its wholly owned subsidiary, Resorts World Sentosa, further as a tourism destination.



Keppel

The group is forging ahead with its plans to turn into an asset-light conglomerate, and has won praise from industry watchers and investors for its corporate actions. These, in turn, have contributed to stronger financials and better returns to shareholders.

Keppel has so far this year taken key steps to divest assets in industries or countries that are underperforming. At the same time, the company is also picking up new assets that will help it reach its goals quicker. For instance, the company said in November that it would buy European fund manager Aermont Capital in two stages – a move that will see Keppel gain an immediate and strong foothold in Europe.

All these actions may well lead to sweeter deals for shareholders. For the financial year ended December, Keppel said its total distribution payout is set to hit about S\$2.70 per share. And investors can expect more generous ones in the near term as the conglomerate's strategy gains momentum.



Venture

High customer inventory levels plagued the local manufacturing sector in 2023, but there are signs of recovering demand for the tech manufacturer.

While the company's nine-month revenue sank 18.8 per cent to S\$2.3 billion year on year, analysts see light at the end of the tunnel on the back of new product introductions and a pickup in orders in the fourth quarter of 2023. The manufacturing linchpin's performance could be a broader signal for how the sector performs this year.

Beyond promises of share buybacks and sustainable dividends, Venture may also need to tell a better growth story. Since the company's restructuring in May 2023, its shares have shed some 13.1 per cent as at Dec 29.

Investors will be looking for greater clarity on the company's strategy from its newly installed dual chief executives.