

10 stocks to watch in 2022

The year 2021 has come and gone, and Covid-19 remains foremost in most investors' minds. But there is more hope in the air than there was a year ago. With this backdrop in mind, the *Companies & Markets* team at *The Business Times* has come up with the following list of stocks we think will make interesting moves next year – both in terms of their market prices and their operations. The list includes counters that some of us also hold in our personal portfolios, and in which we have taken a long position.

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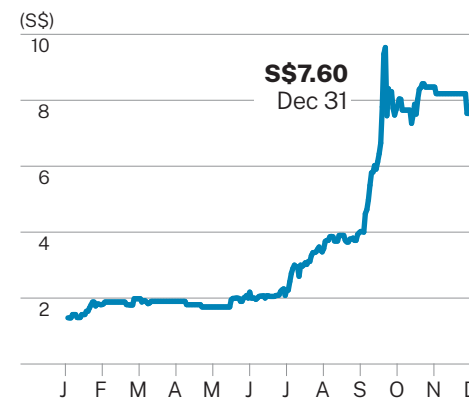


1 Azeus Systems

Azeus Systems may not be a blue-chip heavyweight like some other stocks on this list, but it punches above its weight – and now can be said to be in a leading position among those in Singapore that represent the future of company meetings in this new era.

The IT services provider has benefited greatly from the ongoing Covid-19 pandemic: it has carved a notable niche for itself as a provider of software solutions that enable the conduct of virtual or hybrid company meetings, be they smaller-scale board meetings or larger-scale shareholder meetings.

With the pandemic showing little sign of easing, Azeus looks set to continue to ride the wave of growing demand for virtual meeting services, especially as it continues to innovate and improve its offerings.

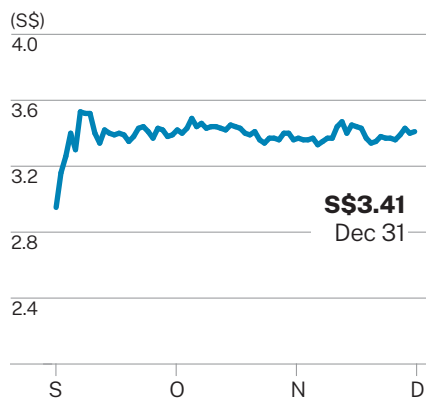


2 CapitaLand Investment

From its initial strategy of establishing a multi-sector real estate portfolio and exporting its expertise overseas, CapitaLand has come a long way with its different restructuring plans over the years. 2021 saw the company complete another transformation, splitting itself into its real estate development business, which is unlisted, and a listed investment management platforms and lodging arm, now known as CapitaLand Investment (CLI).

The new listed entity is focused on growing funds under management, fee-related earnings (FRE) and real estate assets under management. Already, CLI has booked a 33 per cent growth in FRE for Q3 FY2022, while also establishing 2 private funds in Japan and South Korea to grow its FUM by S\$688 million. The restructuring has also shielded the listed entity from the latest round of property cooling measures.

While analysts like that the company has become nimbler as a result of its restructuring, all eyes are on how CLI continues to recycle its capital and deploy its large balance sheet towards strategic asset acquisitions.



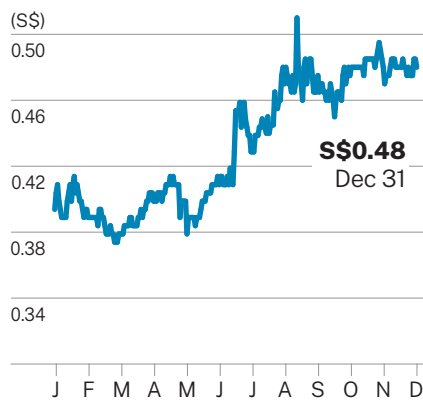
3 ESR-Reit

ESR-Reit is on track to merge with Ara Logos Logistics Trust (ALog Trust) in early 2022 to create a real estate investment trust (Reit) with some S\$5.4 billion in total assets. The combined entity, which will be renamed as ESR-Logos Reit, is expected to be among the 10 largest Reits listed in Singapore based on its theoretical free-float market capitalisation.

ALog Trust itself was one of the top performing Singapore-listed Reits in 2021. And both ESR-Reit and ALog trust were among the top 3 S-Reits with the most institutional net buys last year.

One of the conditions for the merger – the “mothership” merger between the Reits’ respective sponsors ESR Cayman and Ara Asset Management to create the third-largest listed real estate asset manager in the world and largest in Asia-Pacific – was approved by shareholders in November 2021.

Backed by a strong sponsor, ESR-Logos Reit could be the Reit to watch in 2022 as it attempts to continue to capitalise on the “in-demand new economy real estate” of logistics and high-specs industrial assets.



4 Genting Singapore

The operator of one of Singapore's two integrated resorts has taken a severe beating from the Covid-19 pandemic. Although it began to welcome guests back to its hotel, casino and theme park last year, capacity was greatly reduced.

For the half year ended Jun 30, 2021, Genting Singapore reported revenue of S\$554.8 million and net profit of S\$88.2 million – a fraction of what it had been reporting before the pandemic. In FY2019, Genting Singapore's revenue was S\$2.5 billion and its net profit S\$688.6 million.

But global patience with Covid-related restrictions is wearing thin and many economies are unable to keep their borders shut and their citizens confined for much longer. If tourists return to Singapore, Genting Singapore will be a definite beneficiary.

The counter has rebounded from a pandemic low of S\$0.58 in March 2020, but remains significantly below its 2019 peak of S\$1.11 and its all-time high of S\$2.27 in November 2010.



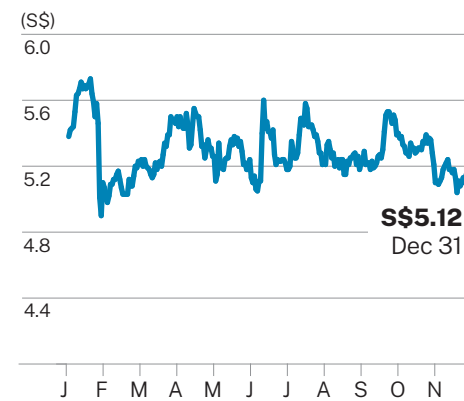
5 Keppel Corporation

After a torrid period in 2020, Keppel Corp has shown it has what it takes to remake itself and prepare for a different world order.

Under a major reboot, the group has unshackled itself from the cyclical vagaries of its flagging offshore and marine (O&M) operations. In place, the diversified company has chiselled its focus on 4 areas. Among them: green energy and urban solutions – both of which are sectors bursting with opportunities world over.

Its M&A plays this year, from renewable assets to a bid for Singapore Press Holdings (SPH), to scale up existing growth engines, plus a well-articulated and on-track asset monetisation goal, have also turned the investing fraternity giddy with excitement.

All that, plus a two-is-better-than-one plan to merge its mammoth O&M unit with Sembcorp Marine that remains in the works, ought to mean a lot more sizzle ahead from this Temasek linked-company.



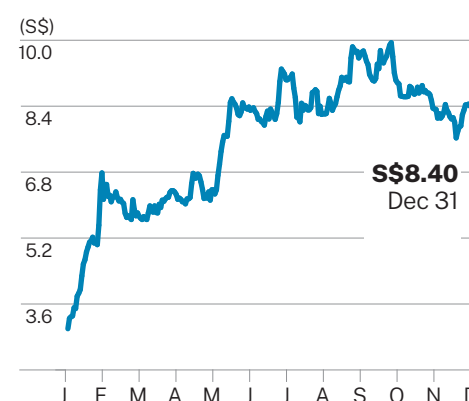
6 iFast Corporation

Investment and asset management platform iFast Corporation has been one of the top performers in the Singapore market in 2021, as demand for wealth management services grew exponentially. The company hit record highs in profits, and the stock's price has advanced alongside growing investor interest.

In spite of its share price surge, there are several potential catalysts that could push the stock higher this year. It has already submitted an application for a digital banking licence in Malaysia, and is eyeing opportunities in Hong Kong that could boost its business.

iFast also plans to hit assets under administration (AUA) of S\$100 billion by 2028, and the company's AUA is growing at a faster pace than expected.

Analysts are also focusing on iFast's scalable platform business model, which could broaden the company's reach across different financial markets.



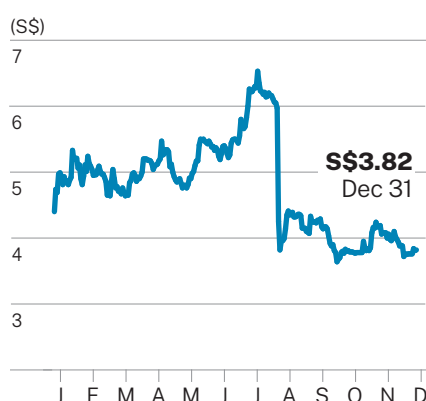
7 Nanofilm Technologies International

The fever pitch excitement over the local bourse's first tech unicorn listing in a while fizzled out last year as investor sentiment was dented by leadership changes and disappointing financials. From a high of S\$6.53 on Jul 26, shares of Nanofilm Technologies International fell to S\$4.25 on Aug 16 following its results announcements.

But things could be looking up for the group as global supply chain bottlenecks ease. Its consumer electronics, communication and computers segment has already seen a rebound in production output.

Nanofilm has maintained its commitment to invest over 5 per cent of revenue in research & development, and in engineering. Its venture into the hydrogen economy has made significant headway and is expected to make its maiden contribution to the group's revenue in 2022.

From Jan 1, 2022, Gary Ho (pictured) takes the helm of the company as the new chief executive while Gian Yi Hsen will assume the role of chief commercial and strategy officer. Investors will be observing how the refreshed management team navigates its next challenges.



8 Singapore Airlines

After what was arguably its toughest year ever, mainboard-listed national carrier Singapore Airlines (SIA) started to witness a meaningful resumption of travel demand when Singapore reopened its borders under the quarantine-free vaccinated travel lane scheme in 2021.

On the strength of that optimism, SIA shares rose to reach a high of S\$5.78, until the emergence of the Omicron variant. The Omicron strain threatens to stall the recovery of the airline group as global border closures, testing and movement restrictions are re-imposed.

How governments handle Omicron will be instructive to investors trying to project SIA's recovery trajectory and the future impact of any new virus strains.

Elevated oil prices are another factor investors might want to watch for the counter, given SIA has closed out some hedged positions and fuel is one of its main cost items.



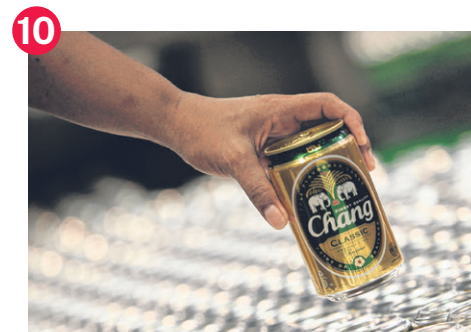
9 Straits Trading Co

Straits Trading is set to celebrate its 135th anniversary in 2022 – a year likely to be marked by a sharp increase in its net asset value, improved underlying profitability and a special dividend. The result could be a further significant rise in its shares, which have already delivered a total return of 64.9 per cent in 2021 thanks to a boost from its stake in Ara Asset Management. The latter was acquired by Hong Kong-listed ESR Cayman for US\$5.2 billion last year.

In 2022 Straits Trading could see further growth in its main earnings contributor Straits Real Estate, which is invested in some of the most exciting segments of the global property sector. The group also has exposure to a possible recovery in the hotel sector through its stake in Far East Hospitality Holdings.

On top of that, its tin business is likely to see improved profitability following the steep rise in the price of the commodity over the past year and the transfer of its tin smelting operations to a more efficient facility.

Straits Trading is also a backer of digital securities exchange SDAX Financial, which could provide it with an interesting new avenue to securitise its real estate assets and a potentially interesting foothold in the fintech space.



10 Thai Beverage

Thai Beverage (ThaiBev) may be an interesting recovery play for investors going into 2022, as it stands to benefit if the Covid-19 situation worldwide finally improves.

Spirits and beer are the largest revenue segments for ThaiBev. The spirits segment has been relatively resilient, but FY21 revenue for the beer segment fell 7.2 per cent due to strict Covid-19 control measures in its key markets of Thailand and Vietnam.

With higher vaccination rates worldwide and people beginning to take holidays after a 2-year hiatus, a rebound in tourism to key markets could mean better sales revenues for beer and spirits.

A potential spin-off and listing of its subsidiary brewery unit, announced in February 2021 but put on ice in April for review at the “appropriate time”, could be revived to unlock value for investors.

Nevertheless, Covid-19 remains a risk. The Omicron variant has already put a dent into Thailand's plans for reopening, and other variants could also create uncertainty on the pace of recovery.

