STI flat as investors look for new cues

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The Straits Times

SINGAPORE shares inched up on relatively thin volumes yesterday as investors awaited fresh cues to drive the market.

The benchmark Straits Times Index (STI) rose 5.91 points, or 0.19 per cent, to 3,105.84, a move that underlined the recent trend.

The STI has risen 145.75 points, or 4.9 per cent, since its recent closing low of 2,960.09 on Feb 5, hurdling past the psychological barriers of 3,000 and 3,100 points in the process.

Investors are now taking a breather after the strong rise – and looking for cues for their next move.

As a result, turnover was relatively soft yesterday. About 1.89 billion shares changed hands, but they were worth only $846 million.

Investors were also analysing Friday's Budget statement for hints of where they should allocate their funds.

"Singapore Budget 2014 offered no surprises," said Maybank Kim Eng Research.

"Given that most measures were already in the mainstream, we do not anticipate any major implications for the stock market."

It said the Budget will be marginally positive for the health-care and telecoms sectors.

Health-care firms will benefit from policy tweaks that make private medical services more affordable to lower- to middle-income groups, it said.

The telecoms sector should benefit from a $500 million information, communications and technology initiative for small and medium-sized enterprises over the next three years.

"On the other hand, the construction sector is a marginal loser with a $100 increase in levy on basic-skilled foreign workers, to be imposed starting July 2016."

Maybank Kim Eng thinks that the STI will hit 3,500 points by the end of the year.

"Our top five market picks are DBS Group Holdings, Wilmar International, Sembcorp Marine, SIA Engineering Company and Ezion Holdings."

OCBC Investment Research thinks the Budget will be most positive to health-care firms. It remained "overweight" on the sector, with Raffles Medical Group its top pick.

Raffles Medical was flat at $3.31 yesterday. It said before markets opened that full-year net profit rose 49.3 per cent to $84.9 million.

Commodities trader Noble Group inched up one cent to 99.5 cents.

It said on Friday that full-year earnings fell 48 per cent to US$243.5 million (S$308.5 million) as losses on supply chain assets and from associates spiked. Revenue inched up 4 per cent to a new high of US$97.9 billion, on record trading volumes.

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Optus still financially disciplined

IN RESPONSE to Moody's Investors Services' downgrade of Optus, SingTel said yesterday that Optus remains financially disciplined in its approach to investments.

SingTel said its Australian unit is also committed to maintaining an investment-grade credit rating.

"Optus' credit rating continues to be strong among its peers in the global telecommunications industry," SingTel said.

Earlier yesterday, the credit rating agency downgraded the senior unsecured long-term ratings of Optus Finance Pty Limited to A1/ (P)A1 from Aa3/ (P)Aa3. The outlook was revised to stable, from negative.

Optus Finance Pty Limited is a wholly owned and guaranteed subsidiary of SingTel Optus Pty Ltd (together with Optus Finance).

"The downgrade reflects the weakening in Optus' credit profile at the previous rating level, with trend in elevated leverage, intensely competitive operating environment and a business profile that is comparatively weak compared to major telcos at that rating level," said Mr Ian Lewis, a Moody's senior vice-president.

For the nine months ended December last year, Optus contributed around 50 per cent of SingTel's reported earnings before interest, tax, depreciation and amortisation.

THE BUSINESS TIMES

UIC to take SingLand private

UNITED Industrial Corp (UIC) is offering S$762 million for the remaining 20 per cent of Singapore Land it doesn't own to take the company private.

Partly owned by Singapore's richest man, Mr Wee Cho Yaw, UIC will pay S$9.40 for each stock in Singapore Land, one of the city's biggest office landlords, according to a filing to the Singapore stock exchange yesterday.

That's an 11 per cent premium over the closing price of $8.45 on Wednesday, the last trading day before the stock was suspended.

The transaction adds to a list of real estate related companies taken private by their biggest shareholders in the past 18 months, including SC Global Developments and Pan Pacific Hotels Group. UIC said delisting Singapore Land will help manage it more effectively.

"UIC believes that privatising the company will give the UIC Group and the management of the company more flexibility to manage the business of the group, and optimise the use of its management and capital resources," the company said in the statement.

Before trading in the two stocks was halted, about 136,000 Singapore Land shares changed hands on Wednesday, five times more than the three-month average volume. The stock climbed 3.7 per cent that day, the most in 14 months.

SEEKING FLEXIBILITY: UIC – partly owned by Singapore's richest man, Mr Wee Cho Yaw – will pay S$9.40 for each stock in Singapore Land, one of the city's biggest office landlords.

UIC also said the offer allows Singapore Land shareholders to sell their shares easily because of "generally low trading liquidity" in the stock. UIC currently owns or controls 331 million shares in Singapore Land, according to the statement.

Mr Wee has a net worth of US$7.2 billion (S$9.1 billion), according to the Bloomberg Billionaires Index.

BLOOMBERG

Raffles Med sees 50% jump in profit

RAFFLES Medical Group yesterday posted a 49.3 per cent jump in net profit attributable to owners of S$84.9 million for the full year ended Dec 31.

It said that its bottom line was boosted by strong revenue growth, improved operating leverage and operational efficiencies, as well as revaluation gain and the disposal of the subsidiary that owned the property at 30 Bideford Road.

Excluding the gain of S$20.4 million from the disposal and fair-value gain on investment properties of S$3.9 million, the group's net profit after tax would have risen 14.5 per cent year-on-year to S$61 million, the group added.

For the year, revenue rose 9.4 per cent to a record S$341 million, helped by contributions from its hospital services and health-care services divisions.

The company did not provide a separate set of Q4 earnings and turnover.

It recommends a final dividend of 4 cents per share. Including the 1-cent interim dividend given out last August, the total dividend for the fiscal year 2013 would amount to 5 cents per share, up 0.5 cent or 11.1 per cent from 2012.

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