OSK | DMG

Retail Research

Key Stock News

Food Empire reported an 11% growth in 1Q13 earnings of USD5.6m. Results are in-line with expectations, accounting for 25% of our full year estimates. Sales in Russia grew at a stronger pace of 18% y-o-y vs our forecast of 15% due to a change in business model. Previously the Group would buy ingredients, book sales upon selling them to its main distributor who has an agreement with Food Empire's Russian plant. This agreement was previously set up to alleviate inventory risk. Now it will cut off that layer and only book sales upon finished goods to the distributor. Sales for the quarter were also boosted by a raising of average selling prices (ASPs) for products last year. We also note an expansion in gross margins by 5ppt for the quarter. We maintain our estimates and BUY call with TP of SGD0.84, pegged to 16x FY13F P/E. *(OSK|DMG)*

Intraco, Tat Hong venture into Myanmar. Intraco, a Singapore listed investment holding company, formed a JV with crane operator Tat Hong and a Myanmar businessman with 40%, 40% and 20% stake respectively. The new venture is in the distribution and rental of cranes in Myanmar. In view of the opening up of the market and the massive infrastructure buildup plans going forward, demand for heavy lifting equipment is expected to soar. As such, we expect the counters to be positively impacted by the news. *(SGX, OSK|DMG)*

YHI now an official supplier to Formula One. Starting from this year, YHI will sponsor its *Advanti Racing* Alloy Wheels for all the Mercedes AMG Petronas F1 racing cars exclusively. The group is able to display the *Advanti Racing* name on the wheels of the Mercedes F1 cars which will be showcased during the races and tests, as well as auto show. This is expected to greatly enhance YHI's marketing efforts, making its *Advanti Racing* a globally recognised brand. *(SGX, OSK|DMG)*

Eu Yan Sang increases China exposure. Eu Yan Sang has announced the setting up of a 50:50 JV with Chengdu-based Sichuan Neautus Traditional Chinese Medicine (TCM) Co to improve the Group's supply chain and margins. The JV will entail the setting up of a TCM decoction pieces (processed herbs) plant in China. Capex for this project is ~SGD8m. To recap, the Group just reported a 54% y-o-y rise in 3Q13 earnings which exceeded expectations largely due to a faster turnaround in its Australian operations which prompted our upgrade from a Neutral to Buy. Pending a discussion with management, we maintain our estimates. Maintain BUY with TP of SGD0.80 based on 18x FY13F earnings. *(OSK|DMG)*

SIA group's operating losses widens in 4QFY2013. The group reported net profits of SGD68.3m, up from a loss of SGD38.2m from the previous year. However, the reversal was due to a one-time SGD54.7m gain on disposal of equipment. Operating losses actually increased from SGD5.2m a year ago to SGD44.2m during the quarter. The parent airline company was the only one with increased operating profits; SIA engineering, SIA cargo and SilkAir all reported a fall in operating profits. The outlook remains challenging; forward passenger bookings for the next few months remain flat YOY, exacerbated by weak economic sentiment and weakening key revenue-generating currencies. Group EPS for the year stood at 32.2. A final dividend of 17 cents per share has been declared. *(Business Times)*

RHB Guide to Investment Ratings

Buy: Share price may exceed 10% over the next 12 months
Trading Buy: Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain
Neutral: Share price may fall within the range of +/- 10% over the next 12 months
Take Profit: Target price has been attained. Look to accumulate at lower levels
Sell: Share price may fall by more than 10% over the next 12 months
Not Rated: Stock is not within regular research coverage

Disclosure & Disclaimer

All research is based on material compiled from data considered to be reliable at the time of writing, but RHB does not make any representation or warranty, express or implied, as to its accuracy, completeness or correctness. No part of this report is to be construed as an offer or solicitation of an offer to transact any securities or financial instruments whether referred to herein or otherwise. This report is general in nature and has been prepared for information purposes only. It is intended for circulation to the clients of RHB and its related companies. Any recommendation contained in this report does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This report is for the information of addressees only and is not to be taken in substitution for the exercise of judgment by addressees, who should obtain separate legal or financial advice to independently evaluate the particular investments and strategies.

RHB, its affiliates and related companies, their respective directors, associates, connected parties and/or employees may own or have positions in securities of the company(ies) covered in this research report or any securities related thereto, and may from time to time add to, or dispose off, or may be materially interested in any such securities. Further, RHB, its affiliates and related companies do and seek to do business with the company(ies) covered in this research report and may from time to time act as market maker or have assumed an underwriting commitment in securities of such company(ies), may sell them or buy them from customers on a principal basis and may also perform or seek to perform significant investment banking, advisory or underwriting services for or relating to such company(ies), as well as solicit such investment, advisory or other services from any entity mentioned in this research report.

RHB and its employees and/or agents do not accept any liability, be it directly, indirectly or consequential losses, loss of profits or damages that may arise from any reliance based on this report or further communication given in relation to this report, including where such losses, loss of profits or damages are alleged to have arisen due to the contents of such report or communication being perceived as defamatory in nature.

The term "RHB" shall denote where applicable, the relevant entity distributing the report in the particular jurisdiction mentioned specifically herein below and shall refer to RHB Research Institute Sdn Bhd, its holding company, affiliates, subsidiaries and related companies.

Malaysia

This report is published and distributed in Malaysia by RHB Research Institute Sdn Bhd (233327-M), Level 11, Tower One, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur, a wholly-owned subsidiary of RHB Investment Bank Berhad (RHBIB), which in turn is a wholly-owned subsidiary of RHB Capital Berhad.

Singapore

This report is published and distributed in Singapore by DMG & Partners Research Pte Ltd (Reg. No. 200808705N), a wholly-owned subsidiary of DMG & Partners Securities Pte Ltd, a joint venture between Deutsche Asia Pacific Holdings Pte Ltd (a subsidiary of Deutsche Bank Group) and OSK Investment Bank Berhad, Malaysia which have since merged into RHB Investment Bank Berhad (the merged entity is referred to as "RHBIB", which in turn is a wholly-owned subsidiary of RHB Capital Berhad). DMG & Partners Securities Pte Ltd is a Member of the Singapore Exchange Securities Trading Limited. DMG & Partners Securities Pte Ltd may have received compensation from the company covered in this report for its corporate finance or its dealing activities; this report is therefore classified as a non-independent report.

As of 17 May 2013, DMG & Partners Securities Pte Ltd and its subsidiaries, including DMG & Partners Research Pte Ltd do not have proprietary positions in the securities covered in this report, except for:
a) -

As of 17 May 2013, none of the analysts who covered the securities in this report has an interest in such securities, except for:
a) -

Special Distribution by RHB

Where the research report is produced by an RHB entity (excluding DMG & Partners Research Pte Ltd) and distributed in Singapore, it is only distributed to "Institutional Investors", "Expert Investors" or "Accredited Investors" as defined in the Securities and Futures Act, CAP. 289 of Singapore. If you are not an "Institutional Investor", "Expert Investor" or "Accredited Investor", this research report is not intended for you and you should disregard this research report in its entirety. In respect of any matters arising from, or in connection with this research report, you are to contact our Singapore Office, DMG & Partners Securities Pte Ltd.

Hong Kong

This report is published and distributed in Hong Kong by RHB OSK Securities Hong Kong Limited ("RHBSHK") (formerly known as OSK Securities Hong Kong Limited), a subsidiary of OSK Investment Bank Berhad, Malaysia which have since merged into RHB Investment Bank Berhad (the merged entity is referred to as "RHBIB"), which in turn is a wholly-owned subsidiary of RHB Capital Berhad.

RHBSHK, RHBIB and/or other affiliates may beneficially own a total of 1% or more of any class of common equity securities of the subject company. RHBSHK, RHBIB and/or other affiliates may, within the past 12 months, have received compensation and/or within the next 3 months seek to obtain compensation for investment banking services from the subject company.

Risk Disclosure Statements

The prices of securities fluctuate, sometimes dramatically. The price of a security may move up or down, and may become valueless. It is as likely that losses will be incurred rather than profit made as a result of buying and selling securities. Past performance is not a guide to future performance. RHBSHK does not maintain a predetermined schedule for publication of research and will not necessarily update this report.

Indonesia

This report is published and distributed in Indonesia by PT RHB OSK Securities Indonesia (formerly known as PT OSK Nusadana Securities Indonesia), a subsidiary of OSK Investment Bank Berhad, Malaysia, which have since merged into RHB Investment Bank Berhad, which in turn is a wholly-owned subsidiary of RHB Capital Berhad.

Thailand

This report is published and distributed in Thailand by RHB OSK Securities (Thailand) PCL (formerly known as OSK Securities (Thailand) PCL), a subsidiary of OSK Investment Bank Berhad, Malaysia, which have since merged into RHB Investment Bank Berhad, which in turn is a wholly-owned subsidiary of RHB Capital Berhad.

Other Jurisdictions

In any other jurisdictions, this report is intended to be distributed to qualified, accredited and professional investors, in compliance with the law and regulations of the jurisdictions.

Kuala Lumpur	Hong Kong	Singapore
Malaysia Research Office RHB Research Institute Sdn Bhd Level 11, Tower One, RHB Centre Jalan Tun Razak Kuala Lumpur Malaysia Tel : +(60) 3 9280 2185 Fax : +(60) 3 9284 8693	**RHB OSK Securities Hong Kong Ltd. (formerly known as OSK Securities Hong Kong Ltd.)** 12th Floor World-Wide House 19 Des Voeux Road Central, Hong Kong Tel : +(852) 2525 1118	**DMG & Partners Securities Pte. Ltd.** 10 Collyer Quay #09-08 Ocean Financial Centre Singapore 049315 Tel : +(65) 6533 1818 Fax : +(65) 6532 6211

Jakarta	Shanghai	Phnom Penh
PT RHB OSK Securities Indonesia (formerly known as PT OSK Nusadana Securities Indonesia) Plaza CIMB Niaga 14th Floor Jl. Jend. Sudirman Kav.25 Jakarta Selatan 12920, Indonesia Tel : +(6221) 2598 6888 Fax : +(6221) 2598 6777	**RHB OSK (China) Investment Advisory Co. Ltd. (formerly known as OSK (China) Investment Advisory Co. Ltd.)** Suite 4005, CITIC Square 1168 Nanjing West Road Shanghai 20041 China Tel : +(8621) 6288 9611	**RHB OSK Indochina Securities Limited (formerly known as OSK Indochina Securities Limited)** No. 1-3, Street 271 Sangkat Toeuk Thla, Khan Sen Sok Phnom Penh Cambodia Tel: +(855) 23 969 161 Fax: +(855) 23 969 171

Bangkok
RHB OSK Securities (Thailand) PCL (formerly known as OSK Securities (Thailand) PCL) 10th Floor, Sathorn Square Office Tower 98, North Sathorn Road,Silom Bangrak, Bangkok 10500 Thailand Tel: +(66) 862 9999 Fax : +(66) 108 0999