

Equity Capital Markets Watch

Singapore: 2019 year in review
#StrategyandGrowth



Agenda

1. Overview of Initial Public Offerings

- Global
- Singapore

2. Focus industries

- REITs and Business Trusts
- Healthcare
- Food & Beverage

3. Delisting trend

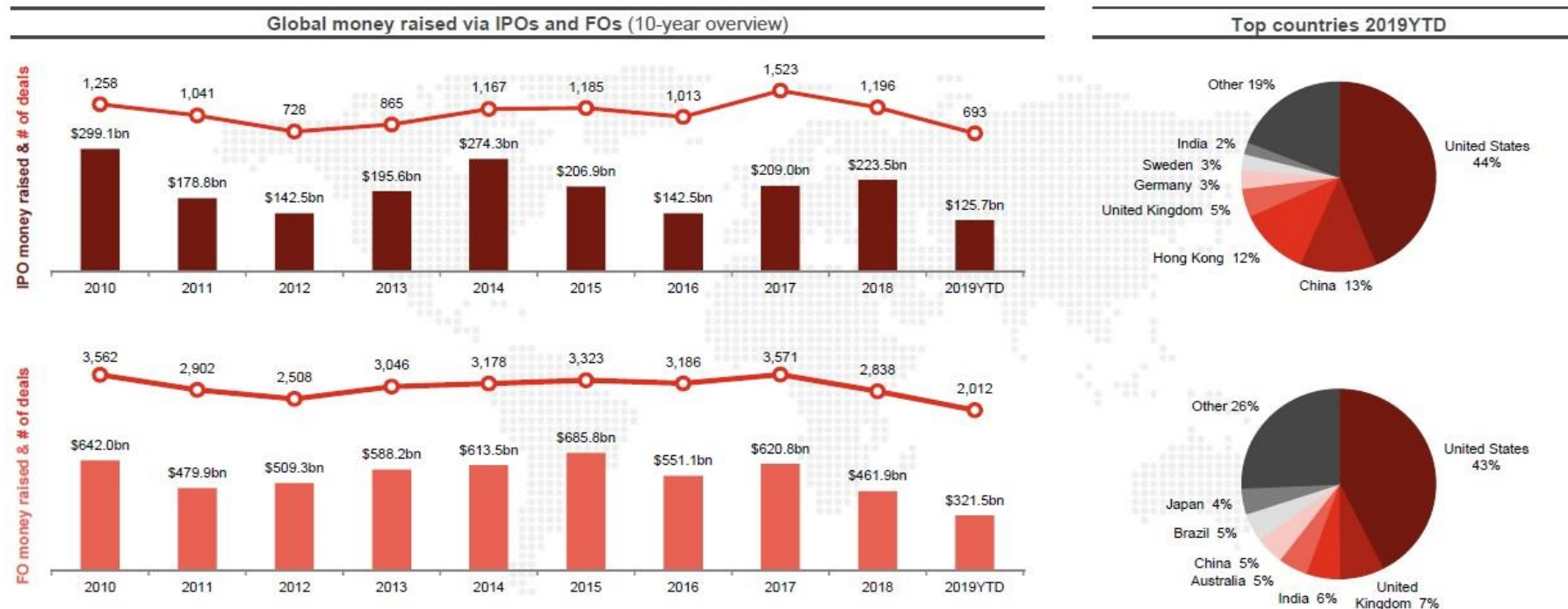
4. Competition from Asian bourses

- Hong Kong
- Thailand
- Malaysia

5. Going forward – 2020

Overview of Initial Public Offerings - Global

- Global Initial Public Offerings (IPO) transactions declined to 693 with money raised at US\$125.7 billion, as at 30 September 2019 (Q3 2019), compared with 895 for the same period in 2018 raising US\$166 billion.
- This is mainly due to the effects of the continuation of trade war between US and China and geopolitical uncertainties, which we expect to spill over towards the end of 2019 and early 2020.
- As at Q3 2019, US Exchanges continues to lead the global markets, following by China and Hong Kong as the countries with top funds raised.



Note: Top countries have been selected based on money raised in as at Q3 2019 in US\$.

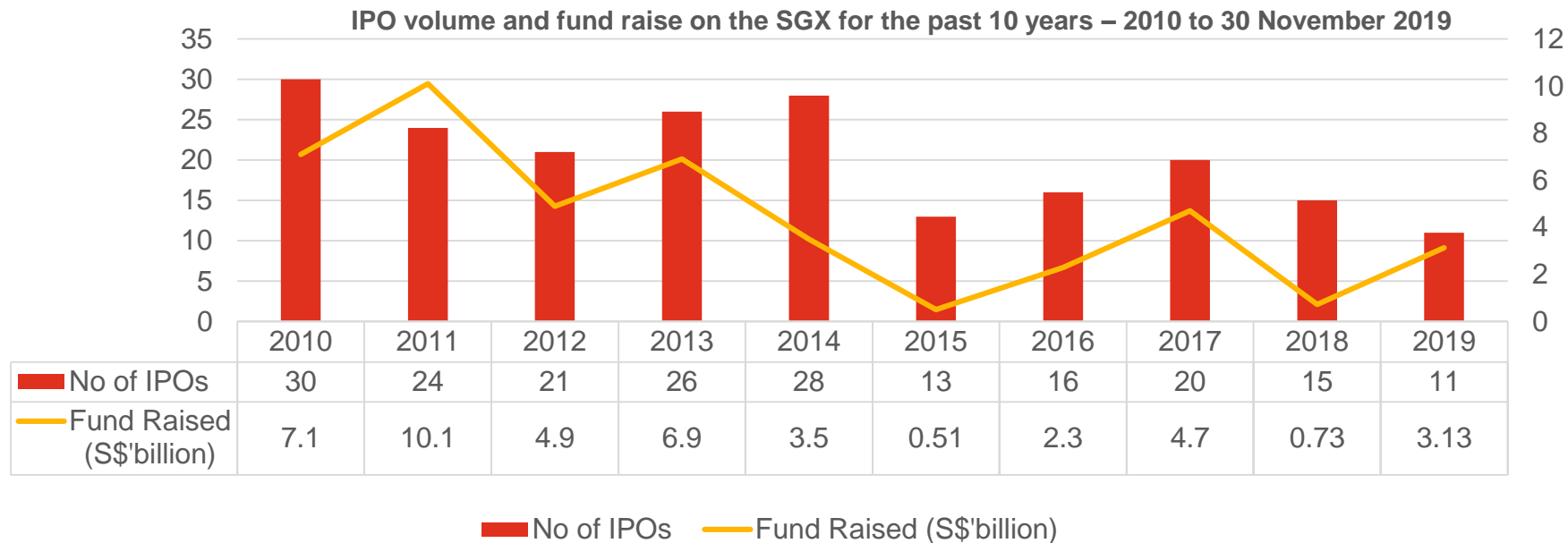
Overview of Initial Public Offerings - Global

- NASDAQ is leading the contribution of money raised globally of US\$32 billion as at 30 September 2019 (Q3 2019), following by NYSE at US\$28 billion.
- HKEx is trailing behind and has seen a large fall in transactions from previous year 2018, with 91 transactions and raised US\$15 billion by Q3 2019.
- Budweiser Brewing Company APAC listing in the HKEx on 24 September 2019, had raised over US\$5 billion. This became the second largest IPO by Q3 2019.
- Alibaba Group came later to the pack of such mega IPOs, continues to shatter records since its initial IPO on the NYSE that raised US\$25 billion in 2014. Overtaking the chart for the largest listing as at 30 November 2019, its dual listing on the HKEx raised over US\$11 billion. Although the IPO transaction in HKEx has been lower compared to 2018, it continues to gain traction as one of the top spot for mega listings, and it can be expected that IPOs in HKEx may surpass its 2018 performance in term of funds raised.
- The largest IPO by Q3 2019 was unicorn Uber Technologies, listed on the NYSE. It raised over US\$8.1 billion, however poor earning results had seen its share price tumbling approximately 30% since IPO.



Overview of Initial Public Offerings - Singapore

- An encouraging year for the Singapore capital market amidst the global uncertainties, Singapore saw a total of 11 IPOs with 4 listings on the Mainboard and 7 on the Catalist Board with total funds raised at S\$3.07 billion and S\$60 million respectively, based on YTD 30 November 2019 (YTD 2019).
- The major fund raised is supported by multiple REITs (Real Estate Investment Trust) listings. These are listed on the Mainboard and continue to place Singapore as a top destination for REITs and Business Trusts.

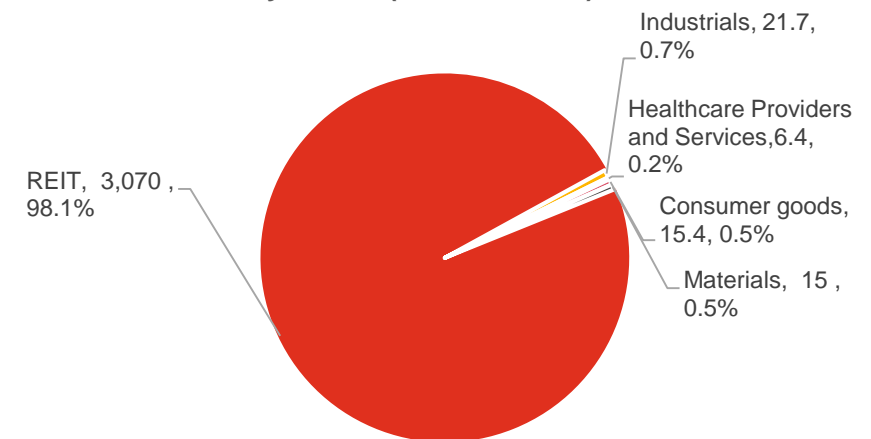


Source: [SGX](#), as of 30th November 2019, exclude RTO and secondary listing.

Overview of Initial Public Offerings - Singapore

- 4 real estate investment trusts (REITs) listed on the Mainboard continue to lead the pack. A total of S\$3.07 billion was raised and it contributed to 98.1% of total fund raised as at 30 November 2019 (YTD 2019).
- This year saw a trend of 3 out of 4 REITs with portfolio mainly comprising of assets located in the United States of America (USA) –
 - (1) ARA US Hospitality Trust listed on 9 May 2019 raising S\$692 million, has portfolio comprising of 38 upscale hotels located across USA;
 - (2) Eagle Hospitality Trust listed on 24 May 2019 raised S\$787 million, has 18 hotel properties across USA;
 - (3) Prime US REIT focuses on office buildings mainly in the USA, was listed on 19 July 2019 and raised S\$851 million.
- Industrials sector took second spot at 0.7% with total funds raised at S\$22 million. It saw 3 entrants, with the largest contribution by Grand Venture Technology Limited, listing on the Catalist board on 23 January 2019, providing manufacturing solution to various industries.
- There were 2 from the Consumer sector which contributed S\$15 million. This included the listing of Food and Beverage (F&B) company - ST Group Food Industries Holdings Limited, holder of several F&B franchises with outlets operating mainly in Australia.
- Only 1 listed in 2019 was from the Healthcare sector - Alliance Healthcare Group Ltd was listed on the Catalist Board on 31 May 2019. Compared to 2018, there were 4 healthcare companies debuted on the Catalist Board.

IPO fund raised by sector (S\$'million, %)



Source: [SGX](#), as of 30th November 2019, exclude RTO and secondary listing.

Closing performance* of newly listed companies in Singapore

Mainboard:

Issuer	Sector	Listing Date	Offer Price S\$	Last Close* S\$	% Change
ARA US Hospitality Trust	REIT	9 May 2019	US\$0.880	US\$0.855	-2%
Eagle Hospitality Trust	REIT	24 May 2019	US\$0.780	US\$0.525	-24%
Prime US REIT	REIT	19 Jul 2019	US\$0.880	US\$0.985	9%
Lendlease Global Commercial REIT	REIT	2 Oct 2019	0.880	0.935	6%

Catalist Board:

Issuer	Sector	Listing Date	Offer Price S\$	Last Close* S\$	% Change
Grand Venture Technology Ltd	Industrials	23 Jan 2019	0.275	0.235	-15%
Sim Leisure Group Ltd.	Consumer Discretionary	1 Mar 2019	0.220	0.215	-2%
Reclaims Global Limited	Industrials	11 Mar 2019	0.230	0.250	9%
Fortress Minerals Limited	Materials	27 Mar 2019	0.200	0.200	0%
Alliance Healthcare Group Ltd	Healthcare	31 May 2019	0.200	0.135	-33%
TrickleStar Limited	Industrials	18 Jun 2019	0.260	0.350	35%
ST Group Food Industries Holdings Limited	Consumer Discretionary	3 Jul 2019	0.260	0.265	2%

Source: [SGX](#) and [Bloomberg](#)

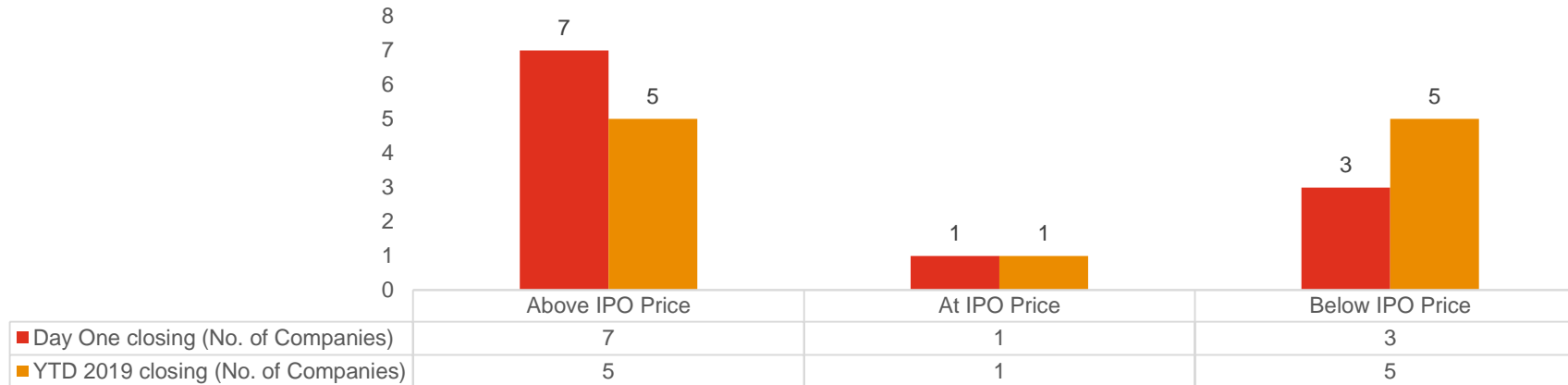
*Last Close/YTD 2019 as at 30 November 2019

PwC

#StrategyandGrowth

Day one vs YTD 2019 of newly listed companies in Singapore

- The first day closing performance saw 7 out of 11 IPOs closing above IPO price while 3 went below IPO price, showing similar results to 2018's IPOs.
- As Singapore braces through the market uncertainties with muted global growth outlook, YTD 2019 newly listed companies have been tested throughout the year since their debut on SGX.
- Despite the macroeconomics challenges, we've seen companies have their share prices staying higher than IPO prices. These companies have reported positive earning results, indicating that investors are still confident with SGX companies that shows quality in their earnings and potential in their growth.



Top 3 performers among 2019 newly listed companies

Issuer	Sector	Fund raised S\$ million	Listing Date	Offer Price S\$	Last Close* S\$	% Change
TrickleStar Limited	Industrials	3.9	18 June 2019	0.26	0.35	+35%
Prime US REIT	Office REIT	851	19 July 2019	US\$0.88	US\$0.985	+9%
Reclaims Global Limited	Industrials	4.6	11 March 2019	0.23	0.25	+8%

- TrickeStar Limited topped the spot for both first day closing as well as at 30 November 2019 (YTD 2019) performance with 35% gains. Debuted on the Catalist Board, TrickleStar Limited is a growing technology products company, design and supplies energy-saving products as its core business. Although its headquarters are in Kuala Lumpur, the key focus markets are in the US and Canada. Main driving force of the share price's increase can be a result of individual management share purchase from the market.
- Prime US REIT held the highest gains on the Mainboard for 2019 IPO entrants. It is the only REIT this year with pure office properties located in the US, joining in as the third US Office REIT also listed on the Mainboard – Manulife US REIT and Keppel Pacific Oak US REIT (previously known as Keppel-KBS US REIT). Its shares have been boosted by positive earning results and a higher than forecast dividend pay-out.
- Reclaims Global rebound from the worst performer from a 36% loss on day one trading to a positive of 8% gains YTD 2019 on the Catalist Board. The Singapore-based company specialises in recycling construction wastes, as well as excavation projects and logistics. Its key market are public sector construction projects in Singapore, eyeing for the growth in major infrastructure demand locally. The company has posted improved results than prior period, supporting its share to higher prices.

Source: [SGX](#) and [Bloomberg](#)

*Last Close as at 30 November 2019

PwC

#StrategyandGrowth

9

Lowest 3 performers among 2019 newly listed companies

Issuer	Sector	Fund raised S\$ million	Listing Date	Offer Price S\$	Last Close* S\$	% Change
Alliance Healthcare Group Limited	Healthcare	6.4	31 May 2019	0.20	0.135	-33%
Eagle Hospitality Trust	Industrials	787	24 May 2019	US\$0.78	US\$0.525	-24%
Grand Venture Technology Limited	Machinery	13.2	23 January 2019	0.275	0.235	-15%

- Alliance Healthcare Group Limited, with key business segments of providing healthcare solutions and General Practitioner clinics, saw its shares fall 33% YTD 2019. Probe from the Ministry of Manpower in November on one of its clinic's locum doctor has this clinic suspended from applying new work passes. Although the Company responded that this suspension does not materially affect its overall operations, share price remained underwater till date.
- Eagle Hospitality Trust portfolio comprises of mainly US Hotel properties. The stock was hit by numerous factors, including a disclosure of properties sold to the sponsors ahead of the IPO in which SGX raises queries and by talks of extensive repairs needed to its floating hotel Queen Mary (One of its 18 properties in the portfolio).
- Grand Venture debuted on the Catalist board in January. They provide manufacturing solutions and service provider for semiconductor, analytical life science and other industries. It operates its facilities in Singapore, Malaysia and China. The half year results reported in August 2019 seen a 47% drop in profit after tax year on year due to softer demands on semiconductor. Its share price remains lower than IPO price.

Focus industries: REITs and Business Trusts

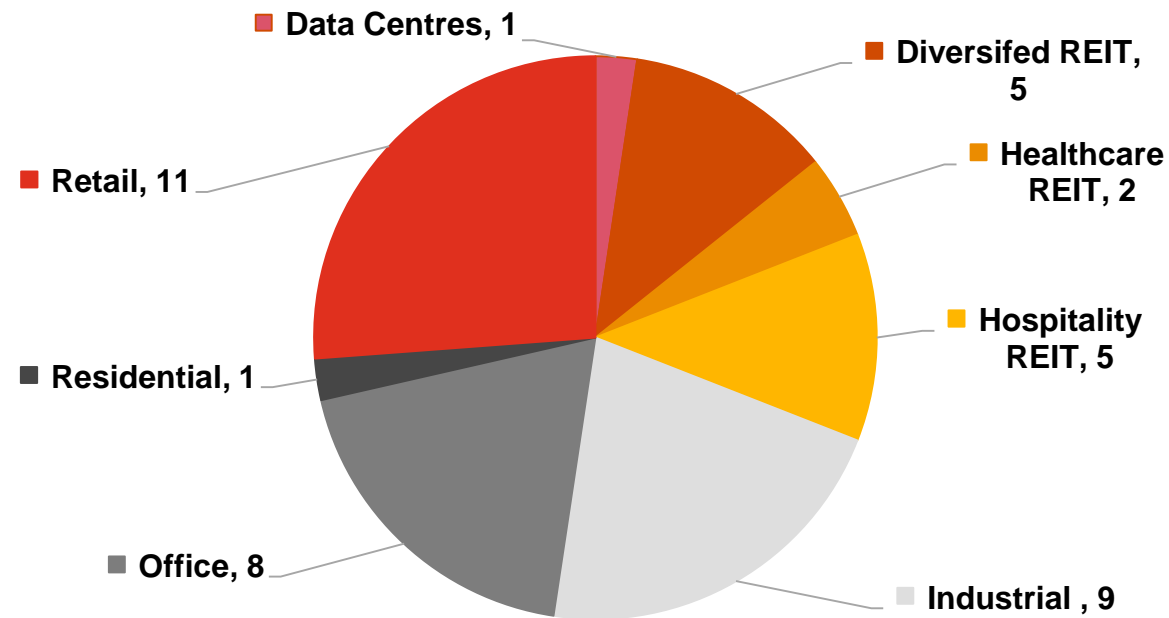
- Since 2015, SGX welcomed the listing of 14 real estate investment trusts (REITs) and business trusts (BTs), which combined raised a total of S\$9.8 billion in gross proceeds.
- This contributed to 87% of total IPO funds raised over the past five years:

Year	2015	2016	2017	2018	2019	Total
Number of REIT/BT Listing	2	3	4	1	4	14
Funds raised (S\$' million)	276	1,906	4,123	422	3,070	9,795
% of total proceeds raised	54%	85%	88%	58%	98%	87%

- REITs and BTs continues to anchor in Singapore's capital market, with all 4 listings on the Mainboard contributing 98% of total IPO proceeds this year, raising a total of S\$3.07 billion.
- The S&P Singapore REIT Index (tracked in Singapore Dollar), designed to measure the performance of publicly traded REITs in Singapore, increased 19% for the eleven months of 2019. As compared to the Straits Times Index (STI) which rose 5% in the same period, REITs have seen remarkable performance.

Focus industries: REITs and Business Trusts

- As at 30 November 2019 (YTD 2019), a total of 51 REITs/BTs of which 42 are property trusts with an average yield of approximately 6.20% for property trusts (2018: 7.23%).
- More than 81% of these listed property trusts invested in assets out of Singapore.
- Break down of the type of asset classes of these 42 property trusts are as follows:



Top 10 REITs / BTs by market capitalisation on SGX

Issuer	Sector	Yield	NAV	Last Close* S\$	Sector Average Yield
Ascendas REIT	Industrial	5.33%	\$2.05	2.98	6.20%
Mapletree Log Tr	Industrial	4.66%	\$1.17	1.69	
Mapletree Ind Tr	Industrial	4.77%	\$1.52	2.51	
CapitaMall Trust	Retail	4.68%	\$2.07	2.52	5.83%
Mapletree Com Tr	Retail	3.99%	\$1.59	2.36	
CapitaCom Trust	Office	4.43%	\$1.81	2.01	5.79%
Keppel Reit	Office	4.40%	\$1.36	1.23	
Suntec Reit	Diversified REIT	5.37%	\$2.07	1.84	7.20%
MapletreeNACTr	Diversified REIT	6.75%	\$1.44	1.18	
Keppel DC REIT	Data Centres	3.95%	\$1.06	2.00	n/a

- Most of the top 10 largest REITs/BTs are trading at a premium above the Net Asset Value (NAV). The strong run in the REIT sectors this year may well reflect the market sentiments where investors prefer such defensive assets in their portfolio paying out regular dividends.
- In 2019, diversified REITs have the highest average yield among all sectors. This suggest that a mixture of assets class could see better returns than REITs with a focussed sector in this dynamic market. During the year, we have seen multiple announcements of mergers between REITS that will bring more mixtures of asset portfolio to investors.
- With the current low interest rate environment and the possible loosening of debt limit of REITs from Monetary Authority of Singapore (MAS) (Singapore's Central Bank), we expect this will spur more acquisition of assets by property managers, and Singapore to continue to attract more REITs and BTs listing in the year 2020 and beyond.

Top 10 REITs / BTs by market capitalisation on SGX

- Mergers and takeover reshaping REITs and BTs market in 2019:
 - i. Capitaland acquisition of Ascendas-Singbridge , creating one of Asia's largest diversified real estate group;
 - ii. OUE Commercial REIT taking over OUE Hospitality Trust, creating one of the 10 largest REITS in Singapore;
 - iii. Ascott Residence Trust agreed to take over Ascendas Hospitality Trust creating the largest hospitality trust in the Asia-Pacific Region;
 - iv. Talks of Frasers Logistics & Industrial Trust to merge with Frasers Commercial Trust is underway. After the merger, it will propel the combined REIT sit among Singapore Top 10 REITs in market value.
- Benefits for such mergers/acquisition include increasing economy of scales based on the combined management and enlarged assets scale, better negotiation on cost of debt with the higher profile, making it more attractive to place itself into global benchmarks and portfolio. Synergies deriving from mix assets, greater geographic presence and increased debt funding capabilities are also some rationale for the mergers.
- The market will be expecting more mergers or acquisitions, especially between the smaller REITs in terms of market capitalisation to increase their visibility from the enlarged capital, as smaller REITs may face being overlooked by institutional funds, risking its low trading liquidity.

Focus industries: Healthcare

- 2019 saw one healthcare company make their trading debut on SGX Catalist market, compared to 4 companies in 2018.
 - Alliance HealthCare Group Limited has its stock closed on Day one above IPO price by 2%.
 - However, its shares falls 33% as at YTD 2019 due to poor earning results, and issues as highlighted in Page 10 of this report.
- Singapore's listed healthcare sector, as measured by the SGX All Healthcare Index, stayed level compared to 2018 while overall STI performance grew 5% for YTD 2019.
- Other asian bourses also attracted new healthcare listings, but also saw muted results:
 - i. Smile-Link Healthcare Global Berhad, listed on Malaysia's LEAP market in April 2019 at RM\$0.11, raising RM\$10 million, saw its Day One rose to a high of RM\$0.135, but ended YTD 2019 at RM\$0.08.
 - ii. Inter Pharma Public Company Limited, listed on Thailand's Mai (Market for Alternative Investment) board, made debut with a 28% gain to THB9.0 on first day in November, but saw a lost in momentum and ended YTD 2019 at THB7.6, just slightly above its launch price of THB7.0.
- IHH Healthcare Bhd, the largest healthcare service provider by market capitalisation (S\$15 billion) listed on both SGX and Bursa Malaysia, saw a dip of 3% in share price as at YTD 2019. However the share performance may improve going forward as it posted third quarter to September result with a net profit of S\$77.37 million, reversing from a loss of S\$34 million a year ago.
- Raffles Medical Group, one of the biggest private healthcare provider with market capitalisation of S\$1.8 billion, ended with a share price down by 10% YTD 2019 since the beginning of the year, but posted its 2019 third quarter result with revenue growth of 7.8% compared with the same period in 2018, but a decrease in net profit after tax due to start-up costs of its Chongqing hospital.
- Despite the headwinds faced in Singapore's healthcare sector and competition from Malaysia and Thailand, we expect Singapore to continue to place itself a top destination for patients, boosting from the high skills level of specialists, and the strong reputation of Singapore's healthcare system. This sector will remain a key segment on the SGX as companies listed have seen averaging 47 times price earning ratio.

Focus industries: Food & Beverage (F&B)

- ST Group Food Industries Holdings Limited made debut on the Catalist board on 3 July 2019, raising S\$9.6 million with a market capitalisation of S\$64 million. It holds several F&B brand franchises. All operations are located outside of Singapore mainly in Australia and the rest in New Zealand and Malaysia.
- Tough competition on F&B retail market shows most companies losing steam with share price lower than IPO prices:

Companies	IPO date	IPO Price (\$)	Last Close Price (\$) ^	% Changes in share price since IPO
Jumbo Group	9 Nov 2015	0.25	0.375	50%
Katrina Group	26 Jul 2016	0.21	0.145	-31%
Kimly Limited	20 Mar 2017	0.25	0.245	-2%
RE&S Holdings Limited	22 Nov 2017	0.22	0.155	-30%
No Signboard Holdings Ltd	30 Nov 2017	0.28	0.058	-79%
Koufu Group Limited	18 July 2018	0.63	0.766	22%
ST Group Food Industries Holdings Limited	3 July 2019	0.26	0.265	2%

- F&B companies with mainly local presence – RE&S Holdings, Kimly Limited and No Signboard saw decrease in share prices YTD 2019 from lower profits with increasing competition and costs.
- Two similar F&B retail companies from Singapore listed on the HKEx in 2019 faced similar situations. K2 F&B Holdings Limited and Snack Empire Holdings Limited, faced similar fall in share prices, with K2 F&B Holdings falling 67% and Snack Empire Holdings falling 42% YTD 2019.
- With strong branding and overseas expansion, Jumbo Group saw an increase in 50% in share price YTD 2019, a trend we expect to see more companies adopt for overseas expansion play. Koufu Group also sees a strong 22% gain in share price. With its recent result announcement, Koufu will be deepening its presence via Macau, and its maiden entry into Indonesian market will create growth opportunities for exporting its brands overseas.
- As Singapore F&B brands establish its status overseas and with the growing of Singapore food quality's reputation, we expect more F&B listings from 2020 and beyond.

Delisting trend

- 24 companies delisted from SGX in 2019 as at 30 November 2019 (2018: 24).
- Companies that have been delisted in 2019 include:
 - i. Telecommunications company M1 Limited, privatised by major shareholders, citing to transform the company to better compete in the market;
 - ii. Corporate secretarial services firm Boardroom Limited had the majority shareholder acquiring the remaining shares in view of greater control and management flexibility after the delisting.
- SGX has revised its rules on delisting process in July 2019 to enhance minority shareholder protection.
 - Under the new ruling, higher premiums will be required for companies looking for voluntary delisting as the exit offer requires the appointed independent financial advisor to opine if the offer is fair and reasonable.
 - Companies are also required to receive 75% approval for shares held by independent shareholders. With the new ruling in place, we may expect a decreasing trend of delisting in the future.

Competition from Asian bourses – Hong Kong

- Performance of the benchmark index for Singapore and Hong Kong – Straits Times Index (STI) and Hang Seng Index (HSI) has risen since the beginning of 2019[^] by 5% and 5% respectively.
- A total of 158 companies were listed on the HKEx from 1 January 2019 to 30 November 2019, approximately 19% less than 2018 where HKEx saw the listing of 196 companies.
- However, total funds raised have seen an increase to approximately S\$47 billion in YTD 2019 versus S\$45 billion in 2018, as HKEx continues to attract mega-IPOs such as Alibaba Group and Budweiser Company APAC.
- Hong Kong continues to attract small and medium sized Singapore companies, in which 9 companies listed on HKEx in YTD 2019 raised approximately S\$192 million, compared to 15 in 2018, which raised S\$241 million. Key consideration attracting companies to list on HKEx observed are perceptions of higher valuations and liquidity, as well as building its brand presence in reach of China and Hong Kong.
- Out of the 9 Singapore companies listed in HKEx based on data YTD 2019, only 2 counters remained above IPO price. Optima Automobile Group Holdings Limited, an after-market automobile service provider, saw 563% increase in share price.
- Small, medium enterprises considering listing on HKEx should be aware that HKEx has a market capitalisation approximating 4 to 8 times of SGX. Liquidity and price sustainability post-listing may be a concern as SMEs may not attract enough focus of attention from investors as they would have received from a smaller exchange comparatively.

Competition from Asian bourses – Thailand

- Thailand IPO market recorded 27 listings as at 30 November 2019, raising a total of approximately US\$2.6 billion, clinching the top place in the South-East Asia.
- The largest funds raised during the year was Asset World Corp Public Company Limited, the property development arm of conglomerate TCC Group, chaired by Thai billionaire Chareon Sirivadhanabhakdi. This contributed half of the total funds raised with US\$1.3 billion IPO proceeds. Mr Chareon also controls three publicly traded companies listed on the SGX – Fraser & Neave, Frasers Property and Thai Beverage.
- The Stock Exchange of Thailand has also ramped up marketing efforts to attract regional companies to raise funds via listing of real estate investment trusts (REITs), tapping into the gap in investment alternatives for Thai investors while central bank interest rates remain low. This is a relatively recent initiative that has yet to seen immediate results. However, this may pose as a threat to SGX in attracting foreign REITs considering to list in the region.

Competition from Asian bourses – Malaysia

- Malaysia saw 28 listings as at 30 November 2019, raising a total of US\$477 million compared with 21 listing with funds raised at US\$165 million in 2018.
- Leong Hup International Bhd, a poultry services company, raised US\$0.2 billion on May 2019, It became the biggest IPO in 2 years for the Malaysian market.
- Smile-Link Healthcare Global Berhad, an organisation operating a group of dental clinics, was listed on Malaysia's LEAP market in April 2019. It raised US\$2.5 million, raising the competition in the healthcare sector from regional bourses which we expect from recent trends.
- As global economy faces uncertainties, South-East Asian (SEA) markets continue to shine as we seen through the increased transactions and fund raised in the region. We expect to see the momentum of SEA's capital market to continue to grow as investors may look to tap into the growing economies in the region.

Going forward - 2020

- As market volatility from geopolitical tensions continues, we may see an adverse impact in the global capital market activities, and expect investors and companies staying cautious amid the uncertainties.
- We foresee SGX to remain relevant and competitive especially in the niche sectors of REITs and BTs, as well as F&B and healthcare segments in 2020 and beyond.
- Singapore provides a conducive environment with strong regulations and attractive valuations that competes with other exchanges in the region.
- SGX continues to pursue several initiatives to maintain its competitiveness in the region. Some of the major ones are as follows:
 - SGX Fast Track programme was launched to reward companies with good corporate governance with incentives in the form of prioritised clearance for selected corporate-action submissions;
 - Grant for Equity Market Singapore (GEMS) was introduced to help issuers to defray some of the listing costs, with the main focus on new technology and high growth sector companies whom are planning to list on SGX. All other sectors are also considered to be eligible for the grant to offset part of the qualifying listing costs;
 - SGX collaborates with Nasdaq on a concurrent or sequential listing on both exchanges, benefiting companies with larger liquidity pool and increasing investor base;
 - SGX partners with Tel-Aviv Stock Exchange to raise opportunities for companies, particularly technology and healthcare sector, to fund their growth in Asia and globally, allowing companies to a dual-listing or a simultaneous IPO on both exchanges.

Thank you



Marcus Lam

Assurance Leader, PwC Singapore
Email: marcus.hc.lam@pwc.com
DID: +65-6236 3678
Mobile: +65-9661 6308



Tham Tuck Seng

Capital Markets Leader, PwC Singapore
Email: tuck.seng.tham@pwc.com
DID: +65-6236 3048
Mobile: +65-9618 3776



Rebekah Khan

Capital Markets Partner, PwC Singapore
Email: rebekah.khan@pwc.com
DID: +65-6236 7218
Mobile: +65-9731 4358



Alex Toh

Capital Markets Partner, PwC Singapore
Email: alex.wk.toh@pwc.com
DID: +65-6236 7188
Mobile: +65-9112 7130



This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PricewaterhouseCoopers LLP, its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

© 2019 PricewaterhouseCoopers LLP. All rights reserved. “PricewaterhouseCoopers” and “PwC” refer to the network of members firms of PricewaterhouseCoopers International Limited (PwCIL), each of which is a separate and independent legal entity.