

5 reasons why Straits Trading is a bargain

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SINGAPORE (July 6): The Straits Trading Co, among Singapore's oldest listed companies, is a real estate investor with stakes in a tin mining and smelting business, and a hospitality business. Here's why you should take a closer look at it.

1. It trades below book value

As of March 31, Straits Trading had a net asset value of \$3.52 per share. This consists mostly of investment properties and securities, as well as its stakes in listed and unlisted entities. But the stock was trading at just \$2.00 as at 11am today.

2. ARA's relisting will boost its value

Straits Trading was part of a consortium that privatised real estate fund manager ARA Asset Management. Straits Trading now owns 21% of ARA, which will relist once it hits an internal target. ARA was valued at \$1.8 billion in the privatisation, but it has since more than doubled its assets under management.

3. Malaysia Smelting's earnings could recover

Tin miner and smelter Malaysia Smelting Corp, which is listed in Kuala Lumpur and Singapore and is 54.8% owned by Straits Trading, has bought a lead smelting plant and is refurbishing it for tin. The new plant will help MSC reduce tin leakage and cut manpower.

4. MSC is an EV play

Chew Gek Khim, executive chairman of Straits Trading, has a "blue sky" target for MSC because the tin that it produces could end up being used in electric vehicle batteries. The technology is still being tested but shows promise.

5. Straits Real Estate is still building its portfolio

Straits Trading owns 89.5% of Straits Real Estate, which buys properties, improves their value and then resells them. By the time Straits Trading has fully invested the targeted \$950 million in SRE, Chew expects annual returns to be at least 10%.

BONUS: Chew is a forward-looking chairman who is striving to modernise Straits Trading so its business is in line with contemporary trends. Read our story in the print edition of *The Edge Singapore* this week to find out why that helps investors.