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AMTEK ENGINEERING

* Broker: UOB Kay Hian

TD

* Call: **Buy**

* Target price: 63 cents

AMTEK is gearing up for a cyclical recovery. After the proposed acquisition of United States-based Interplex Industries, Amtek will become one of the world's largest precision engineering companies with global sales of about US\$1 billion (S\$1.3 billion). The acquisition is expected to be completed in the first half of next year, subject to regulatory and shareholder approval.

With Interplex's expertise in electronic packaging applications, Amtek will become an even more comprehensive end-to-end manufacturing service provider. It is also given immediate entry to some of the world's largest markets, with a **group** of blue-chip customers and a quality brand that Interplex has spent the past 50 years building.

Like Amtek, Interplex serves cyclical sectors like the automotive industry, which tend to do well in an economic recovery. Given Interplex's strong presence in markets such as the US, its acquisition will make Amtek an even better proxy for the global economic recovery driven by the US.

We see three ways in which Amtek can improve its profitability: intrinsic growth from Interplex and Amtek as they ride on the global economic recovery; synergies from the integration of the two businesses; and a gradual decline in interest expense as Amtek pares down its loan used to acquire Interplex.

FRASERS CENTREPOINT

* Broker: DBS **Group** Research

* Call: **Buy**

* Target price: \$2.08

FRASERS Centrepoint (FCL) had a meeting with 17 investors during its recent **Hong Kong** non-deal roadshow.

Investors welcomed a new **property** name with a decent market cap in excess of \$4 billion within the listed space.

Highlights of discussions centred on the **group**'s business model, including geographic and asset class allocations, potential for value-unlocking from its hospitality assets, market outlook and future direction.

The management is keen to selectively landbank in Singapore under current market conditions. In Australia, in addition to Perth and Sydney, it could look at Brisbane and Melbourne in the medium term. In **China**, it would remain in its existing footprint for economies of scale.

The **commercial property** business should continue to expand with its two Reit platforms and clear growth pipeline from Changi City Point as well as three development assets.

Given the **company's** strong balance sheet and strong income visibility, we believe the gap between its share price and asset backing would narrow once the limited free-float issue is addressed.

UNITED ENVIROTECH

* Broker: OCBC Investment Research

* Call: **Buy**

* Target price: \$1.36

UNITED Envirotech (UEL) recently announced that it has won a contract worth 580 million yuan (\$120 million) to design and build **China's** largest membrane bio-reactor waste-water treatment.

UEL will start construction of the 200,000 cubic metre/day municipal plant, which will be in Fuzhou City, Fujian province, immediately and aims to complete it by the end of the year.

The recent winning of EPC (engineering, procurement and construction) contracts is a testimony to the **company's** technology and good execution track record, but UEL will continue to invest in more water treatment plants to boost its recurring income.

Based on our estimate, we believe that UEL should be able to generate close to \$100 million of treatment revenue in FY2015.

Because of the recent pull-back in UEL's share price due to post-results profit-taking, we note that there is now a healthy 15 per cent upside and hence we upgrade our rating from hold to **buy**.

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