

Thailand Morning Cuppa

Top Story

TOA Paint (TOA TB, NEUTRAL, TP: THB27.50)

Foreseeable Limited Growth

Company Update

Keep NEUTRAL with THB27.50 DCF TP, 7% upside and c.2% yield. Although TOA Paint reported solid earnings for 2Q23, we maintain our pessimistic view on its sales revenue growth moving forward. The growth from FY24 onwards has to solely rely on sales volume, which is normally susceptible to the construction and renovation activities within Thailand.

Analyst: Chatree Srismacharoen +66 2088 9743

Today's Report: [TOA Paint : Foreseeable Limited Growth \(18 Aug 2023\)](#)

Previous Report: [TOA Paint : More Prone To Slower Demand; D/G To NEUTRAL \(7 Jul 2023\)](#)

Thematics / Ground Checks

- ◆ [Energy : Carbon Trading In The Era Of Decarbonisation \(31 Jul 2023\)](#)
- ◆ [Regional Market Strategy : ASEAN On the Mend \(26 Jul 2023\)](#)
- ◆ [Construction : Net Zero Construction \(25 Jul 2023\)](#)
- ◆ [Airports of Thailand : Ground Checks: BKK Free Zone Site Visit KTA; Keep BUY \(15 Jun 2023\)](#)
- ◆ [PTT : Ground Checks: KTAs From East Coast Site Visit; Keep BUY \(12 Jun 2023\)](#)
- ◆ [RHB Top 20 Thailand Small Cap Companies Jewels 2023 \(2023 Edition\)](#)
- ◆ [Regional Thematic : ESG – Envisioning a Better Future: Change In Methodology \(2 May 2023\)](#)
- ◆ [Telecommunications : The Rise Of Data Centres In ASEAN \(13 Apr 2023\)](#)
- ◆ [ESG Diamonds In The Rough : Our Best Investment Ideas \(14 Feb 2023\)](#)
- ◆ [Logistics : The Future Of ASEAN Logistics \(29 Nov 2022\)](#)

Recent Stories

[Thailand Morning Cuppa : 17 August 2023
Central Retail Corporation : Seeing a Better 2H23 Outlook; Still BUY](#)

[Thailand Morning Cuppa : 16 August 2023
Construction : Quarter Of Missed Earnings Charoen Pokphand Foods : Waiting For Stimulating Catalysts; D/G To NEUTRAL](#)

[Thailand Morning Cuppa : 15 August 2023
Minor International : The Record Quarter; Maintain BUY
Land and Houses : 2Q23 In Line, Positives To Come In 4Q23; Still BUY](#)

[Thailand Morning Cuppa : 11 August 2023
Bangkok Expressway and Metro : Growth Engines Rumble On; Keep BUY
Osotspa : Improving Profit Margins Visible; Still BUY](#)

[Thailand Morning Cuppa : 10 August 2023
Berli Jucker : Big C Still Strong; Maintain BUY
Thai Oil : Bottoming Out, Healthier Path Ahead; Keep BUY](#)

[Thailand Morning Cuppa : 9 August 2023
AP \(Thailand\) : Strong As Ever In 2Q23; Maintain BUY](#)

Top BUYs

	TP (THB)	Upside (%)	Catalysts
Advanced Info Service (ADVANC TB)	252	13.00	<ul style="list-style-type: none"> A further recovery in mobile revenue from higher roaming and prepaid sales (increased tourist flows). The earlier removal of fixed speed unlimited plans should mitigate the pressure on ARPU from weaker economic sentiment Sustained double-digit growth in the fixed broadband or FBB segment on higher homes passed (strengthened further by the acquisition of TTT Broadband) The potential monetisation of its tower assets looks to be share price catalyst in the mid to longer-term Key downside risks are competition, weaker than expected earnings and political/economic headwinds
Airports of Thailand (AOT TB)	82	15.90	<ul style="list-style-type: none"> Flights between Thailand and China slated to ramp up to 430 per week (one-third of 2019 levels) from Jun onwards (from 100 weekly flights in May) has unlocked the travel bottleneck Suvarnabhumi Airport's (BKK) new Satellite Terminal opening in Sep 2023 may drive AOT's earnings from FY24 onwards Long-term upsides; i) Plans to boost non-aeronautical revenues to 50% from c.45% currently, ii) the idea of PSC collections for air transit/transfer passengers, iii) expansions of BKK and Don Mueang, and iv) the planned transfers of three airports to AOT Earnings turnaround to THB11.5bn in FY23F, with aircraft and passenger numbers at 74% and 67% of 2019's levels vis-à-vis FY22's 44% and 33%
Bangkok Dusit Medical Services (BDMS TB)	35.25	24.78	<ul style="list-style-type: none"> 2H23 net profit may improve HoH, on the continued return of Thai and foreign patients to its hospitals. BDMS may see growing numbers from the Middle East and China – the latter should provide additional support for earnings growth, aside from the solid income already coming from hospital billings for China expatriates. 3Q23 earnings may grow YoY and QoQ from the high season for medical treatments BDMS targets a 3-year organic revenue of 6-8% CAGR (2022-2025) and superior 23-24% EBITDA margin – to be driven by more revenue intensity and case mix (ie fly-in patients and Centres of Excellence). BDMS is looking to increase market share in Social Security and enhance health insurance revenues for Thai and expatriate patients. Expect healthy core profit expansion by 6% in 2023. Stable bed occupancy rates vs 2022's 73% (including COVID-19 treatments) are assumed. Profit margins may jointly benefit from patients and price intensity.
Bangkok Expressway and Metro (BEM TB)	11.22	26.78	<ul style="list-style-type: none"> After schools and universities' new academic years began in May, average expressway traffic crawled up while average weekday traffic marked a bit higher number. While January to June numbers were still below their comparable months during FY19's pre-pandemic period, this may imply that there is ample room (>10%) for BEM's expressway traffic to improve. Similar to expressway traffic numbers' upwards direction, Blue Line MRT ridership also rose at a stronger growth rate. Note: June's ridership grew 10% MoM. Contrary to the expressway traffic levels, ridership numbers from January to June were higher than FY19 numbers – every single month. We expect BEM to post new ridership number highs within the remainder of 2023. For FY23, we think traffic and ridership numbers should strengthen in 2H23. Expressway traffic should continue to crawl up to pre-pandemic levels (>1.2m trips/day) while Blue Line MRT ridership ought to hit new high records (likely in 4Q23).
Central Pattana (CPN TB)	85	25.46	<ul style="list-style-type: none"> Benefits from the normalising rental rate discounts given to mall tenants and rising customer traffic to CPN's malls at tourism destinations Secured new project openings this year, including two retail malls, seven hotels, and seven residential sites. The opening of the Central WestVille mall (32,000sq m) in 4Q23 and scheduled transfers of c.THB2.5bn residential units (mainly high-rise projects) in 2H23 to strengthen 2H23F earnings Positive to a clarity on the renewal of lease terms and contracts of two shopping malls with CPNREIT 2023F core profit to grow strongly by 18% YoY – beating pre-COVID-19 levels, while 3Q23F earnings may expand both YoY and QoQ
Central Retail Corp (CRC TB)	54	38.46	<ul style="list-style-type: none"> Performance of fashion and leasable property segments to bring revenue back to pre-pandemic levels, and improve the profit margin expansions Sales from international tourists is at >10%, beating 2019's c.5%, and this momentum may improve throughout the rest of 2023, to be driven by an increasing Chinese arrivals A better outlook for the hardline unit in 2H23F on the aggressive opening of 10 Thai Watsadu stores, healthier sales momentum of Ngyuen Kim appliance stores in Vietnam post its business restructuring, and utility costs optimisation Expect 19% core profit growth in 2023, while 3Q23F earnings may expand YoY

Top BUYs

	TP (THB)	Upside (%)	Catalysts
CP All (CPALL TB)	76	21.60	<ul style="list-style-type: none"> Convenience store or CVS traffic is strongly benefiting from the rebound in out-of-home activities and foreign tourist arrivals, supporting a better product mix on high GPM food and personal care sales CPALL's 2H23F outlook is still attractive, and the CVS business may remain its key growth driver. Support factors: i) The ongoing Chinese tourism recovery, ii) decreasing electricity costs, iii) on-track openings of new 7-Eleven CVS stores (and acceleration in Makro and Lotus's new stores vs 1H23) CPAXT's completion of debt restructuring in April may lower CPALL's average interest rates and interest expenses, and limit currency risks after paying off USD loans Expect robust earnings growth of 34% (78% of pre-pandemic levels) and 22% YoY in 2023 and 2024
Land and Houses (LH TB)	10.85	29.94	<ul style="list-style-type: none"> Due to limited activities of launching new projects and none of these new projects commanding strong presales since their respective launches, the company showed a weak performance in 1H23, especially in terms of presales and transfers based on 22% of its overall new project value being launched within 1H23 under its FY23 plan (THB35bn) As new project launches for F23 will be heavily loaded in 4Q23, we expect the company's presales to follow suit in tandem with these new launches. Likewise, there should be a likely trend of presales hitting FY23's highest quarter in 4Q23 when LH launches 78% of its full-year plan to unveil new projects within 2H23 Its presales speed can step up when a new condominium project will be launched in 4Q23. We also expect the Vive brand in the SDH segment to be launched in 3Q23 to attract solid demand from the high-end market Up to now, LH remains committed to its plan to sell two Grand Centre Point hotels in Pattaya to a REIT within 4Q23. As these two hotels have performed superbly in terms of average room and occupancy rates (>90% on average), we think the company will secure this opportunity to record extra gains from the spinning-off of these two hotels by 4Q23
PTT Exploration & Production (PTTEP TB)	186	17.72	<ul style="list-style-type: none"> OPEC+ recently announced huge production cuts of 1.15mbpd, starting from May 2023 till year's end. This is a positive surprise and should strongly enhance oil prices in 2023 Gas sales volumes in 2023 are likely to improve and should be in the range of 470-510kboed vs 468kboed in 2022. The Erawan G1/61 site, which previously had issues with site access, is now seeing more developments, as the company has sited eight production rigs there. Production should therefore increase from 200mmcf in 2022 to 600mmcf by the end of the year China and India are the largest growth demand factors in 2023 on the back of a recovery in transportation and industrial fuel demand. It will take some time before the impact of China's re-opening of borders is fully recognised – this may gather momentum in 2Q23-3Q23, and we expect an oil supply deficit in 2023
Siam Commercial Bank (SCB TB)	150	31.58	<ul style="list-style-type: none"> We fine-tune our FY22F-23F earnings to in line with FY22's financial targets. Net-net, earnings will rise 3.4% for FY22F and fall by 3.2% for FY23F post assumptions of lower loan growth and higher opex despite elevated non-ll and credit costs. Our TP stays at THB150. We maintain our 2% ESG premium based on RHB's proprietary methodology
Sino-Thai Engineering & Construction (STEC TB)	16.20	47.27	<ul style="list-style-type: none"> Based on the current political situation, we expect almost all prioritised infrastructure projects listed by the Transport Ministry to be delayed until we get a new post-election government. The bulk of these involve rail transits, which should be an advantage for the large construction players including STEC The Red Line MRT extension and three new double-track railway lines can be actually executed in terms of the bidding process within this year, in our view Without any new infrastructure bids, we expect limited impacts on STEC which have moderate amounts of orderbooks on hand cushioning the vacuum in public sector bidding activities and an uptrend of GPM. For STEC, it is monopolising the mega-sized c.THB27bn U-Tapao International Airport's expansion, which is likely to be awarded soon

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

Investment Research Disclaimers

RHB has issued this report for information purposes only. This report is intended for circulation amongst RHB and its affiliates' clients generally or such persons as may be deemed eligible by RHB to receive this report and does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. This report is not intended, and should not under any circumstances be construed as, an offer or a solicitation of an offer to buy or sell the securities referred to herein or any related financial instruments.

This report may further consist of, whether in whole or in part, summaries, research, compilations, extracts or analysis that has been prepared by RHB's strategic, joint venture and/or business partners. No representation or warranty (express or implied) is given as to the accuracy or completeness of such information and accordingly investors should make their own informed decisions before relying on the same.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to the applicable laws or regulations. By accepting this report, the recipient hereof (i) represents and warrants that it is lawfully able to receive this document under the laws and regulations of the jurisdiction in which it is located or other applicable laws and (ii) acknowledges and agrees to be bound by the limitations contained herein. Any failure to comply with these limitations may constitute a violation of applicable laws.

All the information contained herein is based upon publicly available information and has been obtained from sources that RHB believes to be reliable and correct at the time of issue of this report. However, such sources have not been independently verified by RHB and/or its affiliates and this report does not purport to contain all information that a prospective investor may require. The opinions expressed herein are RHB's present opinions only and are subject to change without prior notice. RHB is not under any obligation to update or keep current the information and opinions expressed herein or to provide the recipient with access to any additional information. Consequently, RHB does not guarantee, represent or warrant, expressly or impliedly, as to the adequacy, accuracy, reliability, fairness or completeness of the information and opinion contained in this report. Neither RHB (including its officers, directors, associates, connected parties, and/or employees) nor does any of its agents accept any liability for any direct, indirect or consequential losses, loss of profits and/or damages that may arise from the use or reliance of this research report and/or further communications given in relation to this report. Any such responsibility or liability is hereby expressly disclaimed.

Whilst every effort is made to ensure that statement of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable and must not be construed as a representation that the matters referred to therein will occur. Different assumptions by RHB or any other source may yield substantially different results and recommendations contained on one type of research product may differ from recommendations contained in other types of research. The performance of currencies may affect the value of, or income from, the securities or any other financial instruments referenced in this report. Holders of depositary receipts backed by the securities discussed in this report assume currency risk. Past performance is not a guide to future performance. Income from investments may fluctuate. The price or value of the investments to which this report relates, either directly or indirectly, may fall or rise against the interest of investors.

This report may contain comments, estimates, projections, forecasts and expressions of opinion relating to macroeconomic research published by RHB economists of which should not be considered as investment ratings/advice and/or a recommendation by such economists on any securities discussed in this report.

This report does not purport to be comprehensive or to contain all the information that a prospective investor may need in order to make an investment decision. The recipient of this report is making its own independent assessment and decisions regarding any securities or financial instruments referenced herein. Any investment discussed or recommended in this report may be unsuitable for an investor depending on the investor's specific investment objectives and financial position. The material in this report is general information intended for recipients who understand the risks of investing in financial instruments. This report does not take into account whether an investment or course of action and any associated risks are suitable for the recipient. Any recommendations contained in this report must therefore not be relied upon as investment advice based on the recipient's personal circumstances. Investors should make their own independent evaluation of the information contained herein, consider their own investment objective, financial situation and particular needs and seek their own financial, business, legal, tax and other advice regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report.

This report may contain forward-looking statements which are often but not always identified by the use of words such as "believe", "estimate", "intend" and "expect" and statements that an event or result "may", "will" or "might" occur or be achieved and other similar expressions. Such forward-looking statements are based on assumptions made and information currently available to RHB and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement to be materially different from any future results, performance or achievement, expressed or implied by such forward-looking statements. Caution should be taken with respect to such statements and recipients of this report should not place undue reliance on any such forward-looking statements. RHB expressly disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or circumstances after the date of this publication or to reflect the occurrence of unanticipated event

The use of any website to access this report electronically is done at the recipient's own risk, and it is the recipient's sole responsibility to take precautions to ensure that it is free from viruses or other items of a destructive nature. This report may also provide the addresses of, or contain hyperlinks to, websites. RHB takes no responsibility for the content contained therein. Such addresses or hyperlinks (including addresses or hyperlinks to RHB own website material) are provided solely for the recipient's convenience. The information and the content of the linked site do not in any way form part of this report. Accessing such website or following such link through the report or RHB website shall be at the recipient's own risk.

This report may contain information obtained from third parties. Third party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. Third party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of their content.

The research analysts responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously. The research analysts that authored this report are precluded by RHB in all circumstances from trading in the securities or other financial instruments referenced in the report, or from having an interest in the company(ies) that they cover.

The contents of this report is strictly confidential and may not be copied, reproduced, published, distributed, transmitted or passed, in whole or in part, to any other person without the prior express written consent of RHB and/or its affiliates. This report has been delivered to RHB and its affiliates' clients for information purposes only and upon the express understanding that such parties will use it only for the purposes set forth above. By electing to view or accepting a copy of this report, the recipients have agreed that they will not print, copy, videotape, record, hyperlink, download, or otherwise attempt to reproduce or re-transmit (in any form including hard copy or electronic distribution format) the contents of this report. RHB and/or its affiliates accepts no liability whatsoever for the actions of third parties in this respect.

The contents of this report are subject to copyright. Please refer to Restrictions on Distribution below for information regarding the distributors of this report. Recipients must not reproduce or disseminate any content or findings of this report without the express permission of RHB and the distributors.

The securities mentioned in this publication may not be eligible for sale in some states or countries or certain categories of investors. The recipient of this report should have regard to the laws of the recipient's place of domicile when contemplating transactions in the securities or other financial instruments referred to herein. The securities discussed in this report may not have been registered in such jurisdiction. Without prejudice to the foregoing, the recipient is to note that additional disclaimers, warnings or qualifications may apply based on geographical location of the person or entity receiving this report.

The term "RHB" shall denote, where appropriate, the relevant entity distributing or disseminating the report in the particular jurisdiction referenced below, or, in every other case, RHB Investment Bank Berhad and its affiliates, subsidiaries and related companies.

RESTRICTIONS ON DISTRIBUTION

Malaysia

This report is issued and distributed in Malaysia by RHB Investment Bank Bhd. The views and opinions in this report are our own as of the date hereof and is subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Conduct Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. RHB Investment Bank Bhd has no obligation to update its opinion or the information in this report.

Thailand

This report is issued and distributed in the Kingdom of Thailand by RHB Securities (Thailand) PCL, a licensed securities company that is authorised by the Ministry of Finance, regulated by the Securities and Exchange Commission of Thailand and is a member of the Stock Exchange of Thailand. The Thai Institute of Directors Association has disclosed the Corporate Governance Report of Thai Listed Companies made pursuant to the policy of the Securities and Exchange Commission of Thailand. RHB Securities (Thailand) PCL does not endorse, confirm nor certify the result of the Corporate Governance Report of Thai Listed Companies.

Indonesia

This report is issued and distributed in Indonesia by PT RHB Sekuritas Indonesia. This research does not constitute an offering document and it should not be construed as an offer of securities in Indonesia. Any securities offered or sold, directly or indirectly, in Indonesia or to any Indonesian citizen or corporation (wherever located) or to any Indonesian resident in a manner which constitutes a public offering under Indonesian laws and regulations must comply with the prevailing Indonesian laws and regulations.

Singapore

This report is issued and distributed in Singapore by RHB Bank Berhad (through its Singapore branch) which is an exempt capital markets services entity and an exempt financial adviser regulated by the Monetary Authority of Singapore. RHB Bank Berhad (through its Singapore branch) may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, RHB Bank Berhad (through its Singapore branch) accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact RHB Bank Berhad (through its Singapore branch) in respect of any matter arising from or in connection with the report.

United States

This report was prepared by RHB is meant for distribution solely and directly to "major" U.S. institutional investors as defined under, and pursuant to, the requirements of Rule 15a-6 under the U.S. Securities and Exchange Act of 1934, as amended (the "Exchange Act") via a registered U.S. broker-dealer as appointed by RHB from time to time. Accordingly, any access to this report via Bursa Marketplace or any other Electronic Services Provider is not intended for any party other than "major" US institutional investors (via a registered U.S broker-dealer), nor shall be deemed as solicitation by RHB in any manner. RHB is not registered as a broker-dealer in the United States and currently has not appointed a U.S. broker-dealer. Additionally, RHB does not offer brokerage services to U.S. persons. Any order for the purchase or sale of all securities discussed herein must be placed with and through a registered U.S. broker-dealer as appointed by RHB from time to time as required by the Exchange Act Rule 15a-6. For avoidance of doubt, RHB reiterates that it has not appointed any U.S. broker-dealer during the issuance of this report. This report is confidential and not intended for distribution to, or use by, persons other than the recipient and its employees, agents and advisors, as applicable. Additionally, where research is distributed via Electronic Service Provider, the analysts whose names appear in this report are not registered or qualified as research analysts in the United States and are not associated persons of any registered U.S. broker-dealer as appointed by RHB from time to time and therefore may not be subject to any applicable restrictions under Financial Industry Regulatory Authority ("FINRA") rules on communications with a subject company, public appearances and personal trading. Investing in any non-U.S. securities or related financial instruments discussed in this research report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in the United States. The financial instruments discussed in this report may not be suitable for all investors. Transactions in foreign markets may be subject to regulations that differ from or offer less protection than those in the United States.

Please refer to the following link ([RHB Research Conflict Disclosures - Aug 2023](#)) and the Disclosure of Conflict of Interest in each of the research reports provided in this email for more details.

Kuala Lumpur

RHB Investment Bank Bhd
Level 3A, Tower One, RHB Centre
Jalan Tun Razak
Kuala Lumpur
Malaysia
Tel : +(60) 3 9280 8888
Fax : +(60) 3 9200 2216

Singapore

RHB Bank Berhad (Singapore branch)
90 Cecil Street
#04-00 RHB Bank Building
Singapore 069531
Fax: +65 6509 0470

Jakarta

PT RHB Sekuritas Indonesia
Revenue Tower, 11th Floor, District 8 - SCBD
Jl. Jendral Sudirman Kav 52-53
Jakarta 12190
Indonesia
Tel : +6221 509 39 888
Fax : +6221 509 39 777

Bangkok

RHB Securities (Thailand) PCL
10th Floor, Sathorn Square Office Tower
98, North Sathorn Road, Silom
Bangrak, Bangkok 10500
Thailand
Tel: +(66) 2 088 9999
Fax : +(66) 2 088 9799