

# Thailand Morning Cuppa

## Top Story

**Sino-Thai Engineering & Construction (STEC TB, BUY, TP: THB12.50)**

1Q24 Set To Disappoint; Keep BUY

Company Update

Maintain BUY, with unchanged THB12.50 TP, 24% upside and c.2% yield. 1Q24 is not expected to be a good period for construction players, including Sino-Thai Engineering & Construction, which is set to record an earnings loss after taking a hard hit from its associate companies. However, the situation will gradually improve when newly-awarded construction contracts' revenue recognition comes into play.

Analyst: Chatree Srismaicharoen +66 2088 9743

[Today's Report: Sino-Thai Engineering & Construction : 1Q24 Set To Disappoint; Keep BUY \(7 May 2024\)](#)

[Previous Report: Sino-Thai Engineering & Construction : Key Takeaways From STEC's Presentation; BUY \(27 Feb 2024\)](#)

## Thematics / Ground Checks

- ◆ [Banks : In Pursuit Of Net Zero](#)
- ◆ [ESG Diamonds In The Rough : Our Best Investment Ideas](#)
- ◆ [Market Strategy : Small Cap Corporate Access 2024 – Key Takeaways](#)
- ◆ [Regional Market Strategy : Brightening Skies](#)
- ◆ [Auto & Autoparts : ASEAN In The EV Supply Chain](#)
- ◆ [Telecommunications : Taking The Second Plunge](#)
- ◆ [Telecommunications : The Road To NZE](#)
- ◆ [Ageing ASEAN : All That Glitters In The Silver Economy](#)
- ◆ [Energy : Carbon Trading In The Era Of Decarbonisation](#)
- ◆ [Regional Market Strategy : ASEAN On the Mend](#)
- ◆ [Construction : Net Zero Construction](#)
- ◆ [Airports of Thailand : Ground Checks: BKK Free Zone Site Visit KTA; Keep BUY](#)
- ◆ [PTT : Ground Checks: KTAs From East Coast Site Visit; Keep BUY RHB Top 20 Thailand Small Cap Companies Jewels 2023 \(2023 Edition\)](#)
- ◆ [Regional Thematic : ESG – Envisioning a Better Future: Change In Methodology](#)
- ◆ [Telecommunications : The Rise Of Data Centres In ASEAN](#)
- ◆ [ESG Diamonds In The Rough : Our Best Investment Ideas](#)

## Recent Stories

[Thailand Morning Cuppa : 3 May 2024  
Bangkok Expressway and Metro : MRT Business To Drive Growth; BUY](#)

[Thailand Morning Cuppa : 2 May 2024  
Home Product Center : 1Q24 Results Close To Forecasts; Still BUY  
Advanced Info Service : A Sprightly Start; Keep BUY](#)

[Thailand Morning Cuppa : 30 April 2024  
Central Pattana : Traffic At Tourist Malls Beating 2019 Levels; Keep BUY](#)

[Thailand Morning Cuppa : 29 April 2024  
CH Karnchang : Look Beyond 1Q24; Stay BUY](#)

[RHB | Thailand Morning Cuppa : 26 April 2024](#)

[Thailand Morning Cuppa : 25 April 2024  
Siam Cement : 1Q24 Earnings Results: Improving As Expected; BUY  
Home Product Center : 1H24 Earnings Growth Likely Minimal; Still BUY](#)

## Top BUYs

	TP (THB)	Upside (%)	Catalysts
<b>Advanced Info Service (ADVANC TB)</b>	256	23.67	<ul style="list-style-type: none"> <li>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</li> <li>Sustained double-digit growth in the fixed broadband or FBB segment on higher homes passed (strengthened further by the acquisition of TTT Broadband)</li> <li>The potential monetisation of its tower assets looks to be share price catalyst in the mid- to longer-term</li> <li>Key downside risks are competition, weaker than expected earnings and political/economic headwinds</li> </ul>
<b>Airports of Thailand (AOT TB)</b>	80	21.67	<ul style="list-style-type: none"> <li>Earnings growth to improve, as its quarterly profit may expand YoY and QoQ during the peak travel period in 1QFY24F-2QFY24F (Sep)</li> <li>A permanent visa-free policy between Thailand and China starting from 1 Mar 2024 could be a major boost for the Chinese aircraft movement and air passengers</li> <li>Apart from China, increases of passengers from Thailand (19% of FY23 international traffic), India (6%), Korea (5%), Russia (4%), the Middle East and the EU could be another air traffic drivers</li> <li>Extension of assistance measures for commercial area concessionaires has no effect on revenue recognition, but impacts operating cash flow – which may be supported by AOT's improving leverage. The measures may be discontinued once the operators' performances improve</li> <li>Planned major passenger service charge (PSC) increase may act as a long-term upside – our sensitivity analysis: Every THB10 change in PSC may affect its core profit by c.1.7%</li> </ul>
<b>Bangkok Bank (BBL TB)</b>	164	21.03	<ul style="list-style-type: none"> <li>We like Bangkok Bank, as we see it as the sector's most defensive stock, with the ability to manage impending headwinds – given Thailand's anticipated modest economic recovery in 2024 – with lingering challenges in asset quality</li> <li>We see four key catalysts to drive share price vs peers: i) Top defensive play, ii) the bank's outstanding international presence, iii) resilient earnings outlook, and iv) appealing valuation</li> <li>We expect BBL's superior international presence vs peers to continue to boost its earnings</li> <li>We believed BBL is well positioned to be the main gainer from Thailand's modest economic recovery</li> <li>BBL's ample reserve vs peers gives it more room to lower credit costs to manage bottomline growth</li> <li>BBL's inexpensive valuations – P/BV below -1SD – provides investors with a good buying opportunity</li> </ul>
<b>Bangkok Chain Hospital (BCH TB)</b>	25	26.90	<ul style="list-style-type: none"> <li>Target to enhance foreign patient revenue to 20% via networking and marketing activities in Myanmar, Cambodia, and the Middle East, while Chinese patients may increase from anti-aging and fertility treatments</li> <li>The opening of a heart centre at Kasemrad Hospital Chachoengsao in Jan-2024 and the Kasemrad Ari Radiation Oncology Clinic by 3Q24, and completion of renovation projects at its key hospitals, would act as another revenue supports.</li> <li>Seek a 4% growth in registered social security (SSO) members at BCH hospitals and a potential hike in SSO reimbursement for dental care from THB900/member pa to THB1,200 as upside.</li> <li>Its three hospitals opened in 2020-2021 may deliver improving performance.</li> <li>Expect 4Q23F earnings growth of 73% YoY and 6% QoQ to THB467m, making it the best quarter of the year. Its 2024 earnings may strongly expand by 33%, to THB1.93bn.</li> </ul>
<b>Central Plaza Hotel (CENTEL TB)</b>	50	12.99	<ul style="list-style-type: none"> <li>The ongoing recovery for its hotel operations should help 2024 core profit grow 42% to THB2.03bn (18% above pre-pandemic levels).</li> <li>Key beneficiary among the Thai hotel and quick-service restaurant players, regarding the Government's Easy E-Receipt programme, which allows a tax rebate of up to THB50,000 for purchases of goods and services from 1 Jan to 15 Feb 2024.</li> <li>4Q23F earnings may expand QoQ on seasonality, but decline YoY due to the hotel segment's higher leases and depreciation – despite favourable results from the food segment this quarter (c.+3% YoY SSSG and lower food opex).</li> </ul>

## Top BUYs

	TP (THB)	Upside (%)	Catalysts
<b>Central Pattana (CPN TB)</b>	85	35.46	<ul style="list-style-type: none"> <li>Malls' occupancy rates may gradually increase via a plan to ramp-up activities in common areas, while seeking more global brands' flagship store tenants at key properties</li> <li>Back-to-normal performance at its local demand-oriented malls, while that of tourist malls may improve further</li> <li>Opening of three new malls - Central WestVille (Nov 2023), Nakhon Sawan (1Q24), and Nakhon Pathom (2Q24) - and 5-7 new hotels and residential projects each may help secure its 2024F earnings growth</li> <li>45% of a total THB6.5bn backlog for residential rental business (9% sales mix) will be transferred in 2024</li> <li>Easing concerns over CPN Retail Growth Leasehold REIT - CPN may raise its stake in CPNREIT to 40%, and will have no full consolidation of CPNREIT's financials</li> <li>4Q23 - a high season for malls, hotels, and residential businesses could propel 2023F earnings to beat 2019 levels by 11%</li> </ul>
<b>Central Retail Corp (CRC TB)</b>	47.50	47.29	<ul style="list-style-type: none"> <li>Performance of fashion and leasable property segments to bring revenue back to pre-pandemic levels, and improve the profit margin expansions</li> <li>Sales from international tourists is at &gt;10%, beating 2019's c.5%, and this momentum may improve in 2024, to be driven by an increasing Chinese arrivals</li> <li>A better outlook for the hardline unit on the aggressive opening of Thai Watsadu stores, healthier sales momentum of Ngyuen Kim appliance stores in Vietnam post its business restructuring and its food business units in Vietnam based on an improving economic outlook</li> <li>CRC's penetration into the wholesale store format may capture growth in food-related businesses and help drive earnings in the longer term, while its synergies with parent Central Group may secure the platform's expansion and optimise profit margin</li> <li>Expect CRC to deliver its highest quarterly earnings this year in 4Q23 with a material QoQ rebound and continuing YoY growth</li> </ul>
<b>PTT (PTT TB)</b>	44	30.37	<ul style="list-style-type: none"> <li>PTT's movement into the EV venture is not emphasised merely by growth, but it also targets this as a strategic move to diversify and position itself on the industry's green energy megatrend to grow away from its traditional energy business</li> <li>Inflation in Thailand fell to 0.30% in Sep 2023 from 0.88% in Aug 2023 due mainly to lower energy (backed by government subsidies) and food prices. After the price subsidies expired - and without further extension periods - inflation can retun and may be spike in 1Q24. It is suitable to have defensive stock like PTT as a buffer against inflation. PTT is expected to continuously pay an attractive dividend yield of 5% in 2023</li> <li>Continue on several new businesses with high margins such as pharmaceutical and life science products</li> </ul>
<b>Supalai (SPALI TB)</b>	24.70	22.89	<ul style="list-style-type: none"> <li>FY23 earnings growth will rely heavily on 4Q23 earnings performance as majority of 4Q23 revenue from the condominium segment will come from Supalai Premier Si Phraya - Samyan project, with THB1.27bn orderbooks to be recognised in 4Q23</li> <li>We also expect solid FY24 growth from the condominium segment as there will be five new condominium projects to be transferred in FY24 vs only two in FY23</li> <li>SPALI will start another round of aggressive investment in Australia from 2Q24 onwards, and we expect it to begin recognising the 12 projects' performance from 3Q24 via profit-sharing from the JV. The full-year impact will occur in FY25 and we expect its FY25 profit-sharing from the JV to expand to &gt;THB1bn from the THB300m expected for FY23</li> </ul>

## RHB Guide to Investment Ratings

<b>Buy:</b>	Share price may exceed 10% over the next 12 months
<b>Trading Buy:</b>	Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain
<b>Neutral:</b>	Share price may fall within the range of +/- 10% over the next 12 months
<b>Take Profit:</b>	Target price has been attained. Look to accumulate at lower levels
<b>Sell:</b>	Share price may fall by more than 10% over the next 12 months
<b>Not Rated:</b>	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 – May 2024](#)) and the Disclosure of Conflict of Interest in each of the research reports provided in this email for more details.

Kuala Lumpur	Singapore
<b>RHB Investment Bank Bhd</b> Level 3A, Tower One, RHB Centre Jalan Tun Razak Kuala Lumpur Malaysia Tel : +(60) 3 2302 8100 Fax : +(60) 3 2302 8134	<b>RHB Bank Berhad (Singapore branch)</b> 90 Cecil Street #04-00 RHB Bank Building Singapore 069531 Fax: +65 6509 0470
Jakarta	Bangkok
<b>PT RHB Sekuritas Indonesia</b> 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	<b>RHB Securities (Thailand) PCL</b> 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