

Thailand Morning Cuppa

Top Story

Siam Cement (SCC TB, BUY, TP: THB400.00)

The Last Survivor; Keep BUY

Company Update

Keep BUY and DCF-based THB400.00 TP, 24% upside plus 4.5% yield. We believe Siam Cement is fundamentally sound enough to survive throughout the prolonged negative impact of COVID-19. Firstly, its core performances are diversified into three main businesses. Secondly, its regional experience gives it a competitive edge during the lockdowns in several ASEAN markets. Thirdly, lower naphtha costs and the THB's depreciation vs the USD gives better prospects for the petrochemical wing. Lastly, SCC has abundant cash and a flexible capex allocation plan.

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Today's Report: [Siam Cement : The Last Survivor; Keep BUY \(1 Apr 2020\)](#)

Previous Report: [Siam Cement : Journey Through The Valley; Keep BUY \(30 Jan 2020\)](#)

Chart 1: SET intra-day graph



SET	2017	2018	2019	2020F
PE (x)	17.60	16.25	11.82	13.04
P/BV (x)	2.03	1.74	1.79	1.23
Yield (%)	2.80	3.35	4.46	4.40

SET Value by investor Type: Daily

	Buy (THBm)	Sell (THBm)	Net (THBm)
Institution	10,578.95	4,655.68	5,923.28
Proprietary	3,813.72	4,180.45	-366.73
Foreign	18,859.41	20,508.31	-1,648.90
Retail	23,654.08	27,561.72	-3,907.65

SET Value by investor Type

	MTD (THBm)	YTD (THBm)
Institution	42,335.50	26,073.40
Proprietary	-6,567.68	-7,350.02
Foreign	-78,403.64	-115,354.91
Retail	42,635.83	96,631.52

SET50 Index Future

	Long	Short	Net	MTD	YTD
Institution	33,670	26,260	7,410	-58,000	-72,662
Foreign	71,342	74,923	-3,581	108,567	139,586
Local	116,133	119,962	-3,829	-50,567	-66,924

Note: *As at 31 Mar 2020 closing

Table 1: Key market indices (1 Apr 2020)

	Index	Chg	% Chg
SET	1125.86	+38.04	+3.50
SET50	756.91	+27.00	+3.70
SET100	1648.71	+58.92	+3.71
Dow Jones	21917.64	-410.32	-1.84
Nasdaq	7700.10	-74.05	-0.95
S&P500	2584.59	-42.06	-1.60
FTSE	5671.96	+108.22	+1.95
FSSTI	2481.23	+64.99	+2.69
Hang Seng	23,603.48	+428.37	+1.85
Nikkei	18917.01	-167.96	-0.88
KLCI	1,350.89	+22.01	+1.66
SHANGHAI SE	2750.30	+3.09	+0.11
JCI	4589.93	+124.43	+2.82

Note: *As at 31 Mar 2020 closing

Top BUYs

	TP (THB)	Upside (%)	Catalysts
Advance Info Service (ADVANC TB)	250.00	24.38	<ul style="list-style-type: none"> Better profitability due to the TOT litigation settlement (for towers and 2G equipment) that could decrease its network opex by THB3.2bn pa Strong convergence services portfolio, with a low base of fixed broadband customers who should benefit from the shift in the industry's acquisition trends The scaling up of FBB units that expect to turn profit on EBITDA level this year
Charoen Pokphand Foods (CPF TB)	35.00	44.03	<ul style="list-style-type: none"> The uptrend of its core business should be prolonged, given the tighter supply conditions due to the African Swine Fever outbreak in Asia, with relatively low feed costs that remain in place. Although Charoen Pokphand Foods should benefit from lower policy rates and a weakening THB Upside from the acquisition of Tesco Thailand and Tesco Malaysia. While we expect company to enhance its fresh products distribution channel by tapping into the hypermarket network, we think CPF could also ramp up its food services in Tesco's retail space in future. Other positive synergies include cost savings on logistics network sharing, inventory turnover, and cross selling between retail trading formats
CP ALL (CPALL TB)	84.00	37.70	<ul style="list-style-type: none"> Weak consumption should affect staple retailers less than discretionary ones, and CP ALL is the best-in-class among the former. We expect a moderate 6% earnings growth this year 1Q20F-2Q20F outlook may be challenging on uncertain factors, but we still like its aggressive store network expansion, and outstanding product strategies which engender a resilient longer-term outlook CP ALL is acquiring 40% shares in the biggest hypermarket chain: Tesco Thailand and Tesco Malaysia in 2H20F, and be able to offer a complete range of grocery retailing formats. It has lower valuations vs past deals. We expect that it may deliver limited downside to earnings, but could strengthen its business model in the long run
Global Power Synergy (GPSC TB)	80.00	40.35	<ul style="list-style-type: none"> We expect 2 deals to be announced this year in 2H20. One is a 40MW portfolio worth THB3bn. The other is the gas-to-power project. Phase 1 of the project is expected to be c.60-1,200MW, investment range is c.USD360-960m, depending on size and costs We also like GPSCs shift towards being greener. It will also start to produce semi-solid state batteries by Nov/Dec, and we believe there is strong growth potential in this business segment
Osotspa (OSP TB)	49.00	37.06	<ul style="list-style-type: none"> Optimistic 2020F outlook with expected resilient 15% core profit growth and ROE hike by 2% may be driven by strong functional drinks sales, launching of more personal care products, new facility in Myanmar, and efficient cost management to keep GPM rising Successful reformulation of energy drinks has lowered its sugar content excise tax rate materially, playing a vital role in boosting profit margins The inauguration of its new beverage filling facility in Myanmar by end-1Q20F may also provide upside to the topline, and we expect the plant's performance contribution to be more visible from 3Q20F onwards Its market leadership for energy drinks, which is likely to be maintained, deserves premium valuation. This is along with attractive overseas growth story, while its business expansion may also solidify local operations
Supalai (SPALI TB)	20.00	34.23	<ul style="list-style-type: none"> Six of nine condominiums scheduled to be transferred within FY21F-22F have good presales record over 70% of the respective project value. This ensures its earnings visibility longer than other large developers The company is still aggressively acquiring landbank with this year's budget of THB8bn – a high level in the past 10 years. This implies that it is well prepared for launching new projects as soon as the industry recovers Based on the solid orderbook on hand, we expect net profit growth of 3-5%YoY for FY20F-22F. Supalai is one of few developers with the ability to generate growth in the near term

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