

Top Story

Regional Oil & Gas

Volatile Week Ahead For The Oil Market Sector News Flash

Top Picks: PTTEP, Dialog and Keppel. Tensions between Saudi Arabia and Russia erupted over the weekend. OPEC+ meeting is now expected on 9 Apr. The US Government has resolved that it will let market forces determine oil prices. However, President Trump is encouraging 10+mbpd production cut from other nations. Norway has indicated that it will consider production cuts should there be a global agreement. We expect negative momentum for stocks under coverage until some positive news comes along. Analysts: Kannika Siamwalla CFA +66 2088 9744, Leng Seng Choon CFA, PBM +65 6232 3890,

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Today's Report: <u>Regional Oil & Gas : Volatile Week Ahead For The Oil Market</u> (6 Apr 2020) Previous Report: <u>Regional Oil & Gas : Urgent Meeting With OPEC+ And G20 Nations</u> (3 Apr 2020)

Regional Research

Plantation (NEUTRAL)

Biofuel Losing Speed? Regional Sector Update

Biodiesel mandates are important to the economy, maintain NEUTRAL on sector. We hosted a conference call with UR Unnithan, Chairman of the Malaysian Biodiesel Association. He believes a pullback of biodiesel mandates would be more damaging to the economy, given the leverage of CPO prices on GDP.

Analysts: Christopher Andre Benas +6221 5093 9847, Hoe Lee Leng +603 9280 8860, Singapore Research +65 6533 0781 Today's Report: <u>Plantation : Biofuel Losing Speed?</u> (7 Apr 2020)

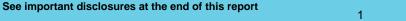
Previous Report: Plantation : Murphy's Law In Full Swing; D/G To NEUTRAL (24 Mar 2020)

Economic Research

COVID-19 Pandemic Update: 30 Mar-3 Apr 2020

- Global confirmed cases have surpassed 1m
- The US is the new epicentre of the pandemic
- Thailand's confirmed COVID-19 cases reached 1,875 despite an imposed lockdown
- Thailand's confirmed cases: 1,875, active cases: 1,355, recovered cases: 505, fatal cases: 15
- · Countries that have closed borders to non-citizens and non-residents
- Thailand imposes a nationwide night-time curfew (22.00-04.00) effective 3 Apr 2020

Economists: Peck Boon Soon | +603 9280 2163 Billy Toh | +603 9280 2184 Today's Report: <u>COVID-19 Pandemic Update: 30 Mar-3 Apr 2020</u> (3 Apr 2020) Previous Report: COVID-19 Pandemic Update: 23-27 Mar 2020 (27 Mar 2020)

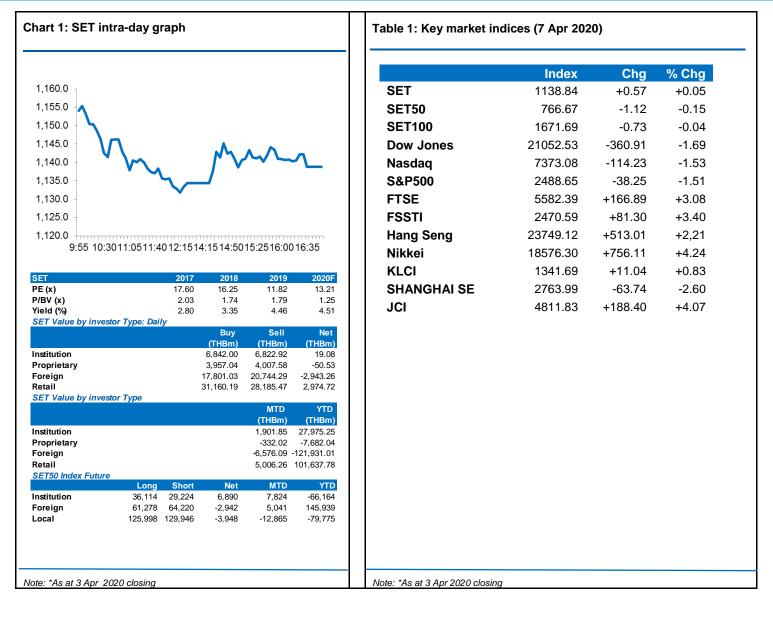






Thailand Daily

7 April 2020







Top BUYs			
	TP	Upside	Catalysts
	(THB)	(%)	,
Advance Info Service (ADVANC TB)	250.00	28.21	 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	38.61	 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	38.27	 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	 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	 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	30.72	 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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