

Thailand Morning Cuppa

Top Story

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

Passing Through The Valley In 1Q20; Keep BUY
 Company Update

Keep BUY with unchanged DCF-based TP of THB400.00, 24% upside and c.5% dividend yield. Although Siam Cement is expected to announce weak YoY earnings in 1Q20, we expect the critical period to be 2Q20, when petrochemicals should turn around strongly and dominate the company's overall earnings.

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Today's Report: [Siam Cement : Passing Through The Valley In 1Q20; Keep BUY \(16 Apr 2020\)](#)

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

Chart 1: SET intra-day graph



SET	2017	2018	2019	2020F
PE (x)	17.60	16.25	11.82	14.39
P/BV (x)	2.03	1.74	1.79	1.35
Yield (%)	2.80	3.35	4.46	4.17

SET Value by investor Type: Daily

	Buy (THBm)	Sell (THBm)	Net (THBm)
Institution	8,512.15	7,045.60	1,466.55
Proprietary	5,012.23	6,333.90	-1,321.67
Foreign	21,364.27	24,696.23	-3,331.97
Retail	34,530.22	31,343.13	3,187.09

SET Value by investor Type

	MTD (THBm)	YTD (THBm)
Institution	10,769.16	36,842.57
Proprietary	2,191.07	-5,158.95
Foreign	-24,818.58	-140,173.50
Retail	11,858.35	108,489.87

SET50 Index Future

	Long	Short	Net	MTD	YTD
Institution	38,857	36,674	2,183	38,624	-35,364
Foreign	55,704	59,342	-3,638	-24,156	116,742
Local	109,660	108,205	1,455	-14,468	-81,378

Note: *As at 15 Apr 2020 closing

Table 1: Key market indices (16 Apr 2020)

	Index	Chg	% Chg
SET	1236.10	-20.25	-1.61
SET50	828.38	-16.94	-2.00
SET100	1815.18	-36.59	-1.98
Dow Jones	23504.35	-445.41	-1.86
Nasdaq	8393.18	-122.56	-1.44
S&P500	2783.36	-62.70	-2.20
FTSE	5597.65	-193.66	-3.34
FSSTI	2605.56	-29.01	-1.10
Hang Seng	24145.34	-290.06	-1.19
Nikkei	19550.09	-88.72	-0.45
KLCI	1387.79	+16.13	+1.18
SHANGHAI SE	2811.17	-16.11	-0.57
JCI	4625.91	-80.58	-1.71

Note: *As at 15 Apr 2020 closing

Top BUYs

	TP (THB)	Upside (%)	Catalysts
Advance Info Service (ADVANC TB)	250.00	31.58	<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
Bangkok Expressway & Metro (BEM TB)	9.25	3.93	<ul style="list-style-type: none"> Its future performance of its expressway business is secured after it signed a concession renewal with the Expressway Authority of Thailand (EXAT) and lock in the recurring-income feature of its expressway business for the next 15 years and 8 months. MRT business should be the growth driver from FY20 onwards due to the full loop of the Blue-Line MRT network. The commercial development business with in MRT stations should be another area with growth potential. All of its major businesses can recover immediately from pandemic situation as soon as local people's daily activities are back to normal.
Berli Jucker (BJC TB)	61.00	49.69	<ul style="list-style-type: none"> A fully-integrated consumer supply chain who may strongly benefit the purchase of necessities during COVI-19 pandemic. Expect favourable 1H20F results, to be driven by both total sales and efficient cost managements of its Big C Supercenter and consumer product manufacturing, which have contributed as much as 75% to the group's earnings. Better packaging sales (18% of earnings) to be driven by massive runs of aluminium can production for local new customers and exports to Vietnam, post-customer transition period throughout 2019. Long-term synergy with its parent TCC Group's aggressive business expansion over the Cambodia, Lao, Vietnam, and Myanmar region.
Charoen Pokphand Foods (CPF TB)	35.00	35.92	<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
Chularat Hospital (CHG TB)	2.80	19.66	<ul style="list-style-type: none"> Pure local play for healthcare provider in Thailand which has limited exposure to international segment (< 3%). Upward price adjustment from Social security scheme (30% of revenue) will start fully kick-in this year. The volume ramp-up of 2 new-opening projects and the expansion in its pipeline should bolster its growth in the mid-term.
Global Power Synergy (GPSC TB)	80.00	26.48	<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
PTT Exploration & Production (PTTEP TB)	91.00	16.29	<ul style="list-style-type: none"> PTTEP is a good proxy for crude oil price. We expect crude oil price to average USD45 in 4Q20. We expect OPEC+ 7.7mbpd production restraint in the 2H20 to have positive impact in the global oil market. We expect delivery to recover, higher cost producers shut-in uneconomical wells and global inventory to drawdown. PTTEP's earnings are 70% from natural gas, which are sold to PTT via long-term take or pay contacts. The natural gas price is indirectly linked with crude oil with time lag of 1-6months. The remaining portion of its product are liquids that are sold at market price of crude oil. We expect it's sales volume to be boosted YOY as a result of its recent acquisitions (Murphy and Partex). We are also positive on its SK410B natural gas find in Malaysia, which may be fast track into development.
Thai Union Group (TU TB)	18.50	42.31	<ul style="list-style-type: none"> THB depreciation and low inventory cost on hand should will become its key catalyst this year. Private label should see its turnaround following the sluggish OEM's order in 2H19 due to the customer's speculation of low tuna price level.

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