

## Thailand Morning Cuppa

### Top Story

**Advanced Info Service (ADVANC TB, BUY, TP: THB220.00)**

Expecting a Weaker 2Q Outlook; Maintain BUY

Company Update

Maintain BUY with new TP of THB220.00 from THB250.00, 16% upside and 4% yield. 1Q20's earnings came in below our and Street estimates, mainly dragged by higher opex with relatively flat topline despite rising data consumption. 2Q20 outlook should weaken due to the tourism-related segment and economic measure launched by the National Broadcasting & Telecommunications Commission.

Analyst: Pakorn Khaeian +66 2088 9627

*Today's Report: [Advanced Info Service : Expecting a Weaker 2Q Outlook; Maintain BUY \(18 May 2020\)](#)*

*Previous Report: [Advanced Info Service : Growth Outlook Remains Solid; Maintain BUY \(7 Feb 2020\)](#)*

### Other Stories

**Bangkok Expressway & Metro (BEM TB, BUY, TP: THB11.50)**

V-Shape Recovery Ahead; Maintain BUY

Company Update

Maintain BUY with new SOP-based TP of THB11.50 from THB9.25, 21% upside and c.2% yield. 1Q20 earnings fell YoY and QoQ due to COVID-19, which affected expressway traffic and mass rapid transit (MRT) passenger numbers, aside from the absence of profit sharing from associates. However, a fast recovery in expressway and MRT numbers is expected, as soon as people resume their normal daily activities. We believe this is a good time to invest in this pure-play stock that represents road and rail transport, especially after the lockdown.

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*Today's Report: [Bangkok Expressway & Metro : V-Shape Recovery Ahead; Maintain BUY \(18 May 2020\)](#)*

*Previous Report: [Bangkok Expressway & Metro : Cash Cow Starts To Milk Again \(28 Feb 2020\)](#)*

**Berli Jucker (BJC TB, BUY, TP: THB49.00)**

A Likely Recovery In 2H20; Keep BUY

Company Update

BUY, new FY20F DCF-based TP of THB49.00 from THB61.00, 32% upside with c.2% FY20F yield. We expect Berli Jucker's key businesses to rebound quickly post COVID-19 in 2H20 – with earnings improving HoH. Its challenging 2Q20 outlook may encourage stock accumulation.

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*Today's Report: [Berli Jucker : A Likely Recovery In 2H20; Keep BUY \(18 May 2020\)](#)*

*Previous Report: [Berli Jucker : Growth To Continue In 2H19; Keep BUY \(30 Aug 2019\)](#)*

### Economic Research

**COVID-19 Pandemic Update: 11-15 May 2020**

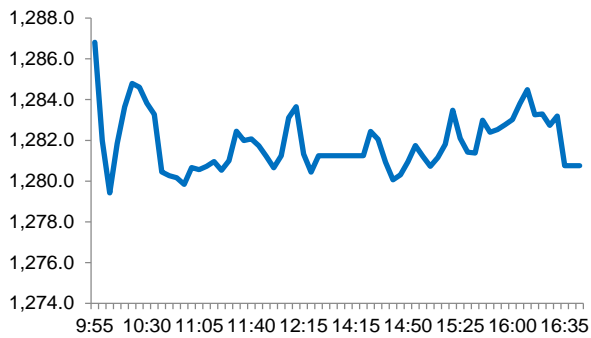
Economics View

- Global confirmed cases hit 4.2m, an increase of 15.7% from a week ago.
- The number of new cases in the US hit 1.3m, but signs of containment are being seen.
- Less than 1% increase in new cases in Thailand over the last week.
- Total confirmed cases: 3,108 – active: 112, recovered: 2,850, fatal: 56.
- Second phase of easing is expected, with zero new daily cases seen last week.
- Thailand's richest man – Charoen Pokphand Group Senior Chairman Dhanin Chearavanont – pushes for a tourism reboot, proposes the Government shift its tourism image from "quantity to quality".

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*Today's Report: [COVID-19 Pandemic Update: 11-15 May 2020 \(15 May 2020\)](#)*

*Previous Report: [Loan Growth Recovery In March On Soft Loans \(14 May 2020\)](#)*

**Chart 1: SET intra-day graph**


SET	2017	2018	2019	2020F
PE (x)	17.60	16.25	18.38	14.96
P/BV (x)	2.03	1.74	1.43	1.36
Yield (%)	2.80	3.35	2.99	3.29

**SET Value by investor Type: Daily**

	Buy (THBm)	Sell (THBm)	Net (THBm)
Institution	4,477.49	5,726.84	-1,249.35
Proprietary	4,866.60	4,372.41	494.19
Foreign	16,859.94	19,510.96	-2,651.02
Retail	24,455.81	21,049.64	3,406.18

**SET Value by investor Type**

	MTD (THBm)	YTD (THBm)
Institution	2,780.59	52,528.67
Proprietary	-688.99	-3,526.63
Foreign	-22,128.00	-184,458.78
Retail	20,036.40	135,456.73

**SET50 Index Future**

	Long	Short	Net	MTD	YTD
Institution	17,819	18,056	-237	6,742	-16,985
Foreign	42,344	49,134	-6,790	-2,545	114,711
Local	69,655	62,628	7,027	-4,197	-97,726

**Foreign Fund Flows (USDm)**

	Daily	WTD	MTD	YTD	YoY
Thailand	-82.7	-411.2	-687.5	-5766.1	117.7

Note: \*As at 15 May 2020 closing

**Table 1: Key market indices (18 May 2020)**

	Index	Chg	% Chg	% YTD
SET	1280.76	0.36	0.03%	-18.9%
SET50	854.57	-1.54	-0.18%	-20.0%
SET100	1875.19	-1.18	-0.06%	-19.9%
Dow Jones	23685.42	60.08	0.25%	-17.0%
S&P500	2863.70	11.20	0.39%	-11.4%
Nasdaq	9014.56	70.84	0.79%	0.5%
FTSE	5799.77	58.23	1.01%	-23.1%
FSSTI	2523.55	1.24	0.05%	-21.7%
Hang Seng	23797.47	-32.27	-0.14%	-15.6%
Nikkei	20037.47	122.69	0.62%	-15.3%
KLCI	1403.44	6.19	0.44%	-11.7%
SHANGHAI SE	2868.46	-1.88	-0.07%	-6.0%
JCI	4507.61	-6.22	-0.14%	-28.4%

**Key Statistics**
**Foreign Exchange Rates / Oil Market**

	Closed	Chg.	%Chg.
USD			
Baht (Onshore)	32.07	-0.01	0.04
Yen	107.23	0.17	-0.16
Euro	1.08	0.00	0.00
<b>Oil Price (USD/barrel)</b>			
Brent	32.38	0.87	2.76
Nymex-Crude Light	30.41	0.98	3.33

Note: \*As at 15 May 2020 closing

**Top BUYs**

	TP (THB)	Upside (%)	Catalysts
<b>Advance Info Service (ADVANC TB)</b>	220.00	15.79	<ul style="list-style-type: none"> <li>Better profitability due to the TOT litigation settlement (for towers and 2G equipment) that could decrease its network opex by THB3.2bn pa</li> <li>Strong convergence services portfolio, with a low base of fixed broadband customers who should benefit from the shift in the industry's acquisition trends</li> <li>The scaling up of FBB units that expect to turn profit on EBITDA level this year</li> </ul>
<b>Berli Jucker (BJC TB)</b>	49.00	32.43	<ul style="list-style-type: none"> <li>A fully integrated consumer supply chain that may strongly benefit the purchase of necessities during the COVID-19 pandemic</li> <li>Expect favourable 1H20F results, to be driven by both total sales and efficient cost management of its Big C Supercenter and consumer products manufacturing, which have contributed as much as 75% to earnings</li> <li>Better packaging sales (18% of earnings) to be driven by massive runs of aluminium cans production for new local customers and exports to Vietnam post the customer transition period throughout 2019</li> <li>Long-term synergy with its parent TCC Group's aggressive business expansion in Cambodia, Lao, Vietnam, and Myanmar</li> </ul>
<b>Charoen Pokphand Foods (CPF TB)</b>	35.00	21.74	<ul style="list-style-type: none"> <li>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</li> <li>Upside from the acquisition of Tesco Thailand and Tesco Malaysia. While we expect the 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, going forward</li> <li>Other positive synergies include cost savings on logistics network sharing, inventory turnover, and cross-selling between retail trading formats</li> </ul>
<b>Chularat Hospital (CHG TB)</b>	2.80	13.82	<ul style="list-style-type: none"> <li>Pure local play for a healthcare provider in Thailand that has limited exposure to the international segment (&lt; 3%)</li> <li>Upward price adjustments from the Social Security Scheme (30% of revenue) will start to fully kick in this year</li> <li>The volume ramp-up of two new projects and expansion in its pipeline should bolster mid-term growth</li> </ul>
<b>Global Power Synergy (GPSC TB)</b>	80.00	11.50	<ul style="list-style-type: none"> <li>We expect two deals to be announced this year in 2H20. One is a 40MW portfolio worth THB3bn. The other is a gas-to-power project. Phase 1 of the c.60-1,200MW project is expected to be in the investment range of c.USD360-960m, depending on size and costs</li> <li>We also like GPSC's shift towards being greener. It will also start to produce semi-solid state batteries by November/December – we believe there is strong growth potential in this business segment</li> </ul>
<b>PTT Exploration &amp; Production (PTTEP TB)</b>	108.00	29.34	<ul style="list-style-type: none"> <li>PTT Exploration &amp; Production is a good proxy for crude oil price. We expect crude oil price to average USD45.00 in 4Q20</li> <li>We expect OPEC+'s 7.7mbpd production restraint in 2H20 to have a positive impact on the global oil market. We expect delivery to recover, higher-cost producers to shut-in uneconomical wells, and the global inventory to drawdown</li> <li>70% of PTTEP's earnings are from natural gas, which is sold to PTT via long-term take or pay contracts. The natural gas price is indirectly linked with crude oil with time lag of 1-6 months. The remaining portion of its products are liquids, which are sold at the market price of crude oil</li> <li>We expect PTTEP'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-tracked into development</li> </ul>
<b>Thai Union Group (TU TB)</b>	18.50	29.03	<ul style="list-style-type: none"> <li>THB depreciation and low inventory cost on hand should become its key catalyst this year</li> <li>Private labels should see a turnaround post sluggish original equipment manufacturers' orders in 2H19. This was due to customer speculation on low tuna price levels</li> </ul>

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