

Thailand Morning Cuppa

Top Story

Central Pattana (CPN TB, BUY, TP: THB56.00)

Seeking Rebound From Re-Opening Malls; BUY

Company Update

BUY, with a new DCF-based THB56.00 TP from THB54.00, 12% upside. We expect a continuous rebound in customer traffic to retail malls and smaller rental rate discounts post mall re-openings. 2020 earnings may fall 41%, turn to 53% growth in 2021, and return to pre-pandemic levels in 2022

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Today's Report: [Central Pattana : Seeking Rebound From Re-Opening Malls; BUY \(22 May 2020\)](#)

Previous Report: [Central Pattana : Shopping Lockdown But Stock Remains a BUY \(2 Apr 2020\)](#)

Chart 1: SET intra-day graph



SET	2017	2018	2019	2020F
PE (x)	17.60	16.25	19.22	15.55
P/BV (x)	2.03	1.74	1.48	1.41
Yield (%)	2.80	3.35	2.88	3.17

SET Value by investor Type: Daily	Sell		Net
	(THBm)		(THBm)
Institution	7,309.33	6,259.98	1,049.35
Proprietary	5,934.20	5,810.89	123.31
Foreign	21,297.75	24,647.40	-3,349.65
Retail	35,671.10	33,494.10	2,177.00

SET Value by investor Type	MTD	YTD
	(THBm)	(THBm)
Institution	12,116.89	61,864.97
Proprietary	258.59	-2,579.05
Foreign	-31,092.98	-193,423.75
Retail	18,717.49	134,137.82

SET50 Index Future	Long	Short	Net	MTD	YTD
Institution	19,787	18,166	1,621	13,122	-10,605
Foreign	37,413	38,309	-896	-7,629	109,627
Local	60,571	61,296	-725	-5,493	-99,022

Foreign Fund Flows (USDm)	MTD	YTD	YoY		
Thailand	-105.3	-281.3	-968.8	-6047.4	-711.0

Note: *As at 21 May 2020 closing

Table 1: Key market indices (22 May 2020)

	Index	Chg	Chg (%)	YTD (%)
SET	1320.69	-1.51	-0.11%	-16.4%
SET50	881.97	-1.11	-0.13%	-17.5%
SET100	1939.50	-2.21	-0.11%	-17.2%
Dow Jones	24474.12	-101.78	-0.41%	-14.2%
S&P500	2948.51	-23.10	-0.78%	-8.7%
Nasdaq	9284.88	-90.90	-0.97%	3.5%
FTSE	6015.25	-51.91	-0.86%	-20.2%
FSSTI	2555.34	-6.60	-0.26%	-20.7%
Hang Seng	24280.03	-119.92	-0.49%	-13.9%
Nikkei	20552.31	-42.84	-0.21%	-13.1%
KLCI	1452.11	16.99	1.18%	-8.6%
SHANGHAI SE	2867.92	-15.82	-0.55%	-6.0%
JCI	4545.95	0.00	0.00%	-27.8%

Foreign Exchange Rates / Oil Market

USD	Closed	Chg	Chg (%)
Baht (Onshore)	31.85	0.00	-0.01
Yen	107.61	0.00	0.00
Euro	1.09	0.00	-0.01

Oil Price (USD/barrel)		Chg	
Brent	35.35	0.29	0.83
Nymex-Crude Light	33.97	0.05	0.15

Note: *As at 21 May 2020 closing

Top BUYs

	TP (THB)	Upside (%)	Catalysts
Advance Info Service (ADVANC TB)	220.00	14.58	<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
Berli Jucker (BJC TB)	49.00	20.99	<ul style="list-style-type: none"> A fully integrated consumer supply chain that may strongly benefit the purchase of necessities during the COVID-19 pandemic 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 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 Long-term synergy with its parent TCC Group's aggressive business expansion in Cambodia, Lao, Vietnam, and Myanmar
Charoen Pokphand Foods (CPF TB)	35.00	21.74	<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 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 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	8.53	<ul style="list-style-type: none"> Pure local play for a healthcare provider in Thailand that has limited exposure to the international segment (< 3%) Upward price adjustments from the Social Security Scheme (30% of revenue) will start to fully kick in this year The volume ramp-up of two new projects and expansion in its pipeline should bolster mid-term growth
Global Power Synergy (GPSC TB)	80.00	5.96	<ul style="list-style-type: none"> 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 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
PTT Exploration & Production (PTTEP TB)	108.00	21.35	<ul style="list-style-type: none"> PTT Exploration & Production is a good proxy for crude oil price. We expect crude oil price to average USD45.00 in 4Q20 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 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 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
Thai Union Group (TU TB)	18.50	26.98	<ul style="list-style-type: none"> THB depreciation and low inventory cost on hand should become its key catalyst this year 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

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