

Thailand Morning Cuppa

Top Story

Bangkok Dusit Medical Services (BDMS TB, BUY, TP:THB23.00)

Long-Term Outlook Still Robust; Keep BUY

Company Update

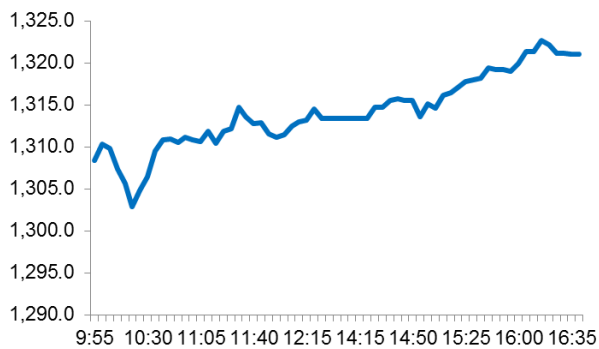
BUY, new THB23.00 TP from THB25.00, 10% upside with 1.5% FY20F yield. International travel restrictions imposed in late March led to a higher-than-expected negative impact to Bangkok Dusit Medical Services' 1Q20 revenue. However, Thai patient revenue should bottom out in the quarters ahead, as travel and movement restrictions come to an end. Its outlook remains healthy, and valuations remain compelling for long-term play.

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Today's Report: [Bangkok Dusit Medical Services : Long-Term Outlook Still Robust; Keep BUY \(26 May 2020\)](#)

Previous Report: [Bangkok Dusit Medical Services : Short-Term Impact From COVID-19; Keep BUY \(3 Mar 2020\)](#)

Chart 1: SET intra-day graph



SET	2017	2018	2019	2020F
PE (x)	17.60	16.25	19.44	15.60
P/BV (x)	2.03	1.74	1.48	1.41
Yield (%)	2.80	3.35	2.86	3.15

SET Value by investor Type: Daily	Sell		Net	
	(THBm)		(THBm)	
Institution	6,109.22	4,703.52	1,405.70	
Proprietary	4,842.34	4,497.56	344.78	
Foreign	14,984.91	15,140.94	-156.03	
Retail	27,869.64	29,464.09	-1,594.45	

SET Value by investor Type	MTD		YTD	
	(THBm)		(THBm)	
Institution	10,531.47	60,279.55		
Proprietary	311.59	-2,526.05		
Foreign	-33,248.75	-195,579.53		
Retail	22,405.69	137,826.03		

SET50 Index Future	Long	Short	Net	MTD	YTD
Institution	25,216	22,380	2,836	11,667	-12,060
Foreign	35,219	30,288	4,931	-9,994	107,262
Local	56,779	64,546	-7,767	-1,673	-95,202

Foreign Fund Flows (USDm)	MTD		YTD		YoY
Thailand	-4.9	-4.9	-1036.3	-6114.9	-954.6

Note: *As at 25 May 2020 closing

Table 1: Key market indices (26 May 2020)

	Index	Chg	Chg (%)	YTD (%)
SET	1320.98	17.01	1.30%	-16.4%
SET50	878.06	10.25	1.18%	-17.8%
SET100	1936.70	25.49	1.33%	-17.3%
Dow Jones	24465.16	UNCHG	UNCHG	-14.3%
S&P500	2955.45	UNCHG	UNCHG	-8.5%
Nasdaq	9324.59	UNCHG	UNCHG	3.9%
FTSE	5993.28	UNCHG	UNCHG	-20.5%
FSSTI	2499.83	UNCHG	UNCHG	-22.4%
Hang Seng	22952.24	22.10	0.10%	-18.6%
Nikkei	20741.65	353.49	1.73%	-12.3%
KLCI	1436.76	UNCHG	UNCHG	-9.6%
SHANGHAI SE	2817.97	4.20	0.15%	-7.6%
JCI	4545.95	UNCHG	UNCHG	-27.8%

Foreign Exchange Rates / Oil Market

USD	Closed	Chg	Chg (%)
Baht (Onshore)	31.97	-0.01	0.02
Yen	107.72	0.01	-0.01
Euro	1.09	0.00	0.02
Oil Price (USD/barrel)			
Brent	35.08	0.09	0.26
Nymex-Crude Light	33.96	0.71	2.14

Note: *As at 25 May 2020 closing

Top BUYs

	TP (THB)	Upside (%)	Catalysts
Advance Info Service (ADVANC TB)	220.00	16.09	<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	22.50	<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	10.24	<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	1.59	<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	26.32	<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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