

Thailand Morning Cuppa

Top Story

Minor International (MINT TB, SELL, TP: THB16.00)

Earnings Are Reality; Keep SELL

Company Update

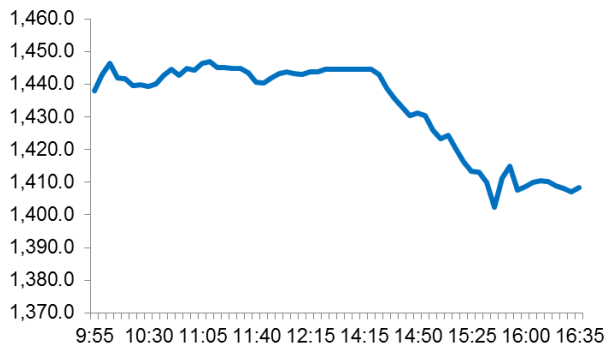
Keep SELL and DCF-based THB16.00 TP, 33% downside. We have no doubt over Minor International's financial discipline and long-term balance sheet and liquidity outlook, but its earnings recovery may be slower than its local hotel peers, as COVID-19 remains within its overseas locations. Although losses are likely to bottom out in 2Q20, the 3Q20 outlook may still be weaker than 1Q20's, when it posted a THB1.77bn net loss.

Analyst: Vatcharut Vacharawongsith +66 2088 9736

Today's Report: [Minor International : Earnings Are Reality; Keep SELL \(10 Jun 2020\)](#)

Previous Report: [Minor International : Hit Globally By Pandemic; D/G To SELL \(13 Apr 2020\)](#)

Chart 1: SET intra-day graph



	Index	Chg	Chg (%)	YTD (%)
Thailand (SET)	1408.37	-30.29	-2.11%	-10.9%
Thailand (SET50)	941.69	-23.43	-2.43%	-11.9%
Thailand (SET100)	2074.03	-51.32	-2.41%	-11.4%
USA (Dow Jones)	27272.30	-300.14	-1.09%	-4.4%
USA (S&P500)	3207.18	-25.21	-0.78%	-0.7%
USA (Nasdaq)	9953.75	29.01	0.29%	10.9%
UK (FTSE)	6335.72	-136.87	-2.11%	-16.0%
Singapore (FSSTI)	2794.17	-2.80	-0.10%	-13.3%
Hong Kong (Hang Seng)	25057.22	280.45	1.13%	-11.1%
Japan (Nikkei)	23091.03	-87.07	-0.38%	-2.4%
Malaysia (KLCI)	1575.16	18.83	1.21%	-0.9%
China (SHANGHAI SE)	2956.11	18.34	0.62%	-3.1%
Indonesia (JCI)	5035.06	-35.51	-0.70%	-20.1%

Foreign Exchange Rates / Oil Market

USD	Closed	Chg	Chg (%)
Baht (Onshore)	31.33	0.02	-0.06
Yen	107.83	0.07	-0.06
Euro	1.13	0.00	-0.05
Oil Price (USD/barrel)			
Brent	39.87	-0.07	-0.18
Nymex-Crude Light	38.36	-0.58	-1.49

Note: *As at 9 Jun 2020 closing

Table 1: Key market indices (10 Jun 2020)

SET	2018	2019	2020F	2021F
PE (x)	16.25	18.02	21.18	16.74
P/BV (x)	1.74	1.71	1.58	1.51
Yield (%)	3.35	3.26	2.67	2.95

SET Value by investor Type: Daily	Sell		Net
	(THBm)		(THBm)
Institution	7,739.73	10,354.48	-2,614.75
Proprietary	10,853.60	10,765.19	88.41
Foreign	37,110.93	36,625.22	485.70
Retail	59,855.65	57,815.01	2,040.64

SET Value by investor Type	MTD	YTD
	(THBm)	(THBm)
Institution	3,440.21	71,026.29
Proprietary	4,326.47	1,796.95
Foreign	5,703.25	-188,225.86
Retail	-13,469.92	115,402.61

SET50 Index Future	Long	Short	Net	MTD	YTD
Institution	42,862	48,841	-5,979	1,605	-9,430
Foreign	80,151	74,850	5,301	-22,729	92,581
Local	110,754	110,076	678	21,124	-83,151

Foreign Fund Flows (USDm)	MTD		YTD	YoY	
Thailand	15.5	-9.6	180.6	-5882.1	-3559.9

Note: *As at 9 Jun 2020 closing

Top BUYs

	TP (THB)	Upside (%)	Catalysts
Advance Info Service (ADVANC TB)	220.00	12.82	<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 fixed broadband units that expect to turn profit on EBITDA level this year
Berli Jucker (BJC TB)	49.00	17.37	<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	9.38	<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
PTT Exploration & Production (PTTEP TB)	108.00	13.09	<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)	16.00	25.00	<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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Kuala Lumpur	Hong Kong	Singapore
RHB Investment Bank Bhd Level 3A, Tower One, RHB Centre Jalan Tun Razak Kuala Lumpur Malaysia Tel : +(60) 3 9280 8888 Fax : +(60) 3 9200 2216	RHB Securities Hong Kong Ltd. 12 th Floor World-Wide House 19 Des Voeux Road Central, Hong Kong Tel : +(852) 2525 1118 Fax : +(852) 2810 0908	RHB Securities Singapore Pte Ltd. 10 Collyer Quay #09-08 Ocean Financial Centre Singapore 049315 Tel : +(65) 6533 1818 Fax : +(65) 6532 6211
Jakarta		Bangkok
PT RHB Sekuritas Indonesia Revenue Tower 11th Floor, District 8 - SCBD Jl. Jendral Sudirman Kav 52-53 Jakarta 12190 Indonesia Tel : +6221 509 39 888 Fax : +6221 509 39 777		RHB Securities (Thailand) PCL 10th Floor, Sathorn Square Office Tower 98, North Sathorn Road, Silom Bangrak, Bangkok 10500 Thailand Tel: +(66) 2 088 9999 Fax : +(66) 2 088 9799