

Thailand Morning Cuppa

Top Story

Construction (OVERWEIGHT)

Orange Dream Comes True; Stay OVERWEIGHT

Sector Update

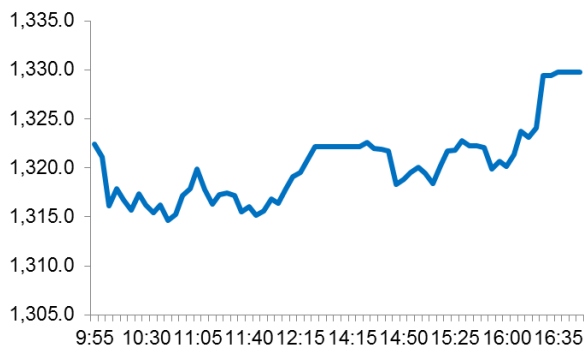
Stay OVERWEIGHT; Top Pick: CH Karnchang (CK). It is more than certain now that the Orange-Line Mass Rapid Transit's (MRT) operations concession bid and west side construction work will be executed soon. Pre-bid, we expected this to be the major sector highlight within 2020. Post bid, the winner will get solid catalysts, given the project's sizable scale and attractiveness as a first-tier MRT route. The first beneficiary should be the bid winner's construction partner. We stand on the side of CK and its affiliates, given their high chance of winning this bid.

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[Today's Report: Construction : Orange Dream Comes True; Stay OVERWEIGHT \(30 Jun 2020\)](#)

[Previous Report: Construction : Project Bid Episode Still Ongoing; Maintain O/W \(6 Feb 2020\)](#)

Chart 1: SET intra-day graph



	Index	Chg	Chg (%)	YTD (%)
Thailand (SET)	1329.76	-0.58	-0.04%	-15.8%
Thailand (SET50)	878.64	0.03	0.00%	-17.8%
Thailand (SET100)	1944.37	0.47	0.02%	-17.0%
USA (Dow Jones)	25595.80	580.25	2.32%	-10.3%
USA (S&P500)	3053.24	44.19	1.47%	-5.5%
USA (Nasdaq)	9874.15	116.93	1.20%	10.0%
UK (FTSE)	6225.77	66.47	1.08%	-17.5%
Singapore (FSSTI)	2574.10	-30.41	-1.17%	-20.1%
Hong Kong (Hang Seng)	24301.28	-248.71	-1.01%	-13.8%
Japan (Nikkei)	21995.04	-517.04	-2.30%	-7.0%
Malaysia (KLCI)	1494.43	6.29	0.42%	-5.9%
China (SHANGHAI SE)	2961.52	-18.03	-0.61%	-2.9%
Indonesia (JCI)	4901.82	-2.27	-0.05%	-22.2%

Foreign Exchange Rates / Oil Market

USD	Closed	Chg	Chg (%)
Baht (Onshore)	30.87	-0.02	0.06
Yen	107.57	-0.01	0.01
Euro	1.12	0.00	0.06
Oil Price (USD/barrel)			
Brent	41.17	1.15	2.87
Nymex-Crude Light	39.60	-0.10	-0.25

Note: *As at 29 Jun 2020 closing

Table 1: Key market indices (30 Jun 2020)

SET	2018	2019	2020F	2021F				
PE (x)	16.25	18.02	20.34	15.97				
P/BV (x)	1.74	1.71	1.49	1.42				
Yield (%)	3.35	3.26	2.79	3.08				
SET Value by investor Type: Daily				Sell	Net			
				(THBm)	(THBm)			
Institution		6,104.40	4,252.21		1,852.18			
Proprietary		6,977.93	5,908.35		1,069.58			
Foreign		17,536.91	18,179.47		-642.55			
Retail		18,284.01	20,563.21		-2,279.20			
SET Value by investor Type				MTD	YTD			
				(THBm)	(THBm)			
Institution				3,064.53	70,650.62			
Proprietary				3,069.57	540.05			
Foreign				-21,543.04	-215,472.15			
Retail				15,408.94	144,281.47			
SET50 Index Future		Long	Short	Net	MTD	YTD		
Institution		39,331	35,900	3,431	4,422	-6,613		
Foreign		92,760	90,844	1,916	-8,498	106,812		
Local		102,311	107,658	-5,347	4,076	-100,199		
Foreign Fund Flows (USDm)				MTD	YTD	YoY		
Thailand				-20.8	-20.8	-699.1	-6761.8	-7985.0

Note: *As at 29 Jun 2020 closing

Top BUYs

	TP (THB)	Upside (%)	Catalysts
Advance Info Service (ADVANC TB)	220.00	17.65	<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 a profit on EBITDA level this year
Berli Jucker (BJC TB)	49.00	24.05	<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	10.24	<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	16.67	<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	18.36	<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	25.98	<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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