

Thailand Morning Cuppa

Top Story

Bangkok Bank (BBL TB, BUY, TP: THB132.00)

Still More Resilient Than Peers; Maintain BUY

Company Update

Maintain BUY with new THB132.00 TP from THB138.00, 30% upside and c.5% yield. Post-2Q20 results briefing revealed that Bangkok Bank's asset quality remains the most resilient among large banks in the current economic downturn. Recently acquired Bank Permata will not boost earnings significantly in the near term. Still, we are comforted that it is unlikely to pose a great risk. BBL's defensive qualities and Tier-1 capital of 14% should safeguard dividend prospects while valuation at 0.4x FY21F P/BV is compelling.

Analyst: Kasamapon Hamnilrat +66 2088 9739

Today's Report: [Bangkok Bank: Still More Resilient Than Peers; Maintain BUY \(6 Aug 2020\)](#)

Previous Report: [Bangkok Bank : Superior Balance Sheet Strength; Stay BUY \(23 Apr 2020\)](#)

Economic Research

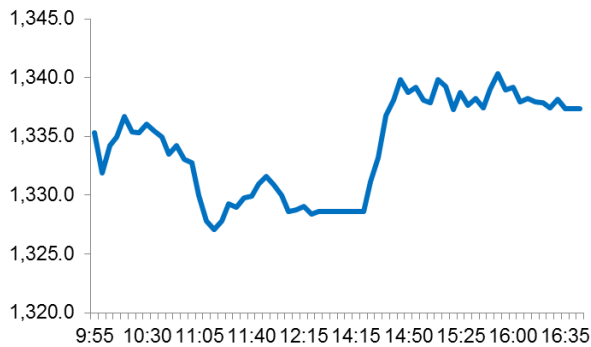
BoT Holds Rate On Signs Of Economic Improvement

- BoT maintained its key policy rate at a record low of 0.5% at its MPC meeting today – in line with expectations – as economic recovery is seen amidst the relaxation of COVID-19 containment measures.
- The committee emphasised the need to expedite debt restructuring for households and businesses as well as to accelerate lending under various measures to address liquidity problems in a targeted and timely manner.
- We maintain our view that the policy rate will remain unchanged at 0.50% for the rest of the year. Downside risks, however, remain especially if the THB were to appreciate rapidly.

Economists: Peck Boon Soon | +603 9280 2163 Billy Toh | +603 9280 2184

Today's Report: [BoT Holds Rate On Signs Of Economic Improvement \(5 Aug 2020\)](#)

Previous Report: [June MPI Down 17.7%; Better Than Expected \(30 Jul 2020\)](#)

Chart 1: SET intra-day graph


	Index	Chg	Chg (%)	YTD (%)
Thailand (SET)	1337.35	6.54	0.49%	-15.3%
Thailand (SET50)	865.49	5.17	0.60%	-19.0%
Thailand (SET100)	1932.47	10.39	0.54%	-17.5%
USA (Dow Jones)	27201.52	373.05	1.39%	-4.7%
USA (S&P500)	3327.77	21.26	0.64%	3.0%
USA (Nasdaq)	10998.40	57.23	0.52%	22.6%
UK (FTSE)	6104.72	68.72	1.14%	-19.1%
Singapore (FSSTI)	2532.69	16.99	0.68%	-21.4%
Hong Kong (Hang Seng)	25102.54	155.91	0.62%	-11.0%
Japan (Nikkei)	22514.85	-58.81	-0.26%	-4.8%
Malaysia (KLCI)	1568.13	-7.81	-0.50%	-1.3%
China (SHANGHAI SE)	3377.57	5.88	0.17%	10.7%
Indonesia (JCI)	5127.05	52.05	1.03%	-18.6%

Foreign Exchange Rates / Oil Market			
USD	Closed	Chg	Chg (%)
Baht (Onshore)	31.02	-0.02	0.07
Yen	105.48	-0.12	0.11
Euro	1.19	0.00	0.15
Oil Price (USD/barrel)			
Brent	44.32	-0.07	-0.16
Nymex-Crude Light	42.16	-0.03	-0.07

Note: *As at 5 Aug 2020 closing

Table 1: Key market indices (6 Aug 2020)

SET	2018	2019	2020F	2021F		
PE (x)	16.25	18.02	21.99	16.63		
P/BV (x)	1.74	1.71	1.51	1.45		
Yield (%)	3.35	3.26	2.53	2.91		
SET Value by investor Type: Daily				Sell (THBm)	Net (THBm)	
Institution		6,267.75	5,214.60	1,053.15		
Proprietary		7,760.08	6,658.87	1,101.22		
Foreign		22,289.28	22,962.14	-672.87		
Retail		24,040.05	25,521.55	-1,481.50		
SET Value by investor Type				MTD (THBm)	YTD (THBm)	
Institution			2,998.51	72,470.90		
Proprietary			1,340.19	2,359.75		
Foreign			-3,949.26	-230,772.81		
Retail			-389.43	155,942.16		
SET50 Index Future		Long	Short	Net	MTD	YTD
Institution		31,425	44,785	-13,360	-3,923	-11,273
Foreign		66,303	74,642	-8,339	-20,484	85,254
Local		120,219	98,520	21,699	24,407	-73,981
Foreign Fund Flows (USDm)				MTD	YTD	YoY
Thailand		-21.7	-127.0	-127.0	-7249.4	-8507.3

Note: *As at 5 Aug 2020 closing

Top BUYs

	TP (THB)	Upside (%)	Catalysts
Advance Info Service (ADVANC TB)	220.00	18.92	<ul style="list-style-type: none"> Its superior spectrum portfolio, highest cumulative investment in its mobile network and largest market share should allow AIS to continue to sustain its cost advantage during this economic crisis. Company also has the highest room (vs peers) to leverage on its mobile subs base to boost organic growth through pre-to-post migration or FBB business expansion, which should allow it to sustain profitability during this unusual low churn rate environment.
AP (Thailand) (AP TB)	7.60	16.92	<ul style="list-style-type: none"> Its impressive presales of low-rise projects even amidst market concerns over the pandemic crisis can be attributed to its solid brand recognition, and this should lead to its escape from the earnings valley in 2Q20 and also in FY20. In spite of currently low presales of condominium project, the role of condominium is still significant in terms of revenue given AP's abundant orderbook, especially from JV projects which can be recognised as revenue in FY20-22.
Bangkok Chain Hospital (BCH TB)	16.00	2.56	<ul style="list-style-type: none"> Hospital's negatives from international travel restrictions and lockdowns should be limited on improved Social Security Office (SSO) payment scheme revenue and proactive COVID-19 strategy. We remain optimistic on double-digit growth prospects, driven by SSO's upward price adjustment – which should outweigh the temporary shortfall in the international patient segment. BCH has also seen positive results from its COVID-19 services launch, which could be an alternative revenue source this year. However, we view its main earnings driver as the utilisation rate ramp up at WMC and KH RAM.
Bangkok Expressway & Metro (BEM TB)	11.50	29.21	<ul style="list-style-type: none"> The company has approached the growth stage – especially after traffic resumption in both expressways and the Blue-Line Mass Rapid Transit (MRT) networks. The strong catalyst ahead is the success in winning the Orange-Line MRT concession as we believe the BEM-led consortium will be the likely bid winner.
Chularat Hospital (CHG TB)	2.80	15.70	<ul style="list-style-type: none"> Chularat Hospital's lowest exposure to the medical tourism segment vs other hospital groups under our coverage and the strong revenue exposure to government healthcare schemes (Social Security Scheme (SSS), National Health Security Office) should see its core operations outlook remain intact during the economic slowdown. The positive impact from the upward payment scheme adjustment by the Social Security Office should outweigh the negative impact from the non-Thai segment due to its higher revenue contribution. We maintain our high single-digit growth forecast on its topline, driven by services expansion in its existing projects and higher utilisation rate of two new hospitals
CP All (CPALL TB)	79.00	15.75	<ul style="list-style-type: none"> Still the best-in-class retailer, even though weak 2Q20F results are inevitable – due to a high base in the same period last year But, we expect a gradual recovery of convenience stores and Siam Makro sales in 2H20, as a V-shaped recovery, thanks to the re-opening of workplaces and schools, as well as increasing road traffic from the domestic tourism boost. As it has the most extensive store network, CP All may strongly benefit the new normal in terms of facilitating delivery of products and services through its developing omni-channel platform.
Global Power Synergy (GPSC TB)	80.00	16.36	<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
Osotspa (OSP TB)	49.00	16.67	<ul style="list-style-type: none"> Robust sales for functional beverage products during COVID-19 pandemic in 2Q20F, mainly C-Vitt Vitamin C drinks, as the market leader with 31% share and it contributes c.9% of the group's revenue. Expect its 2Q20F earnings may slightly weak, before strengthening over 2H20F. The economic impact of COVID-19 may be challenging, but we are optimistic on its product leadership and cost control. Apart from the uptrend profit margins, further earnings drivers in the latter half include the launch numbers of new personal care hygiene products, which prove the firm's success in managing brands to be relevant to current trends and situations, and the planned opening of a new beverage filling facility in Myanmar – to boost production and sales coverage there.
Siam Cement (SCC TB)	440.00	16.09	<ul style="list-style-type: none"> There are three growth drivers including i) an upcycle of petrochemical spreads, ii) a series of new infrastructure projects to start the construction process, and iii) the growth expansion in packaging business especially after SCG Packaging raising funds from IPO. The company's earnings going forward should rely mainly on petrochemical unit's performance normalising to lower levels in 2H20 and growing stronger on a full-year basis in FY21.

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Kuala Lumpur	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 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