

Thailand Morning Cuppa

Top Story

True Corp (TRUE TB, NEUTRAL, TP: THB3.40)

Beat Estimates, But Outlook Still Under Challenge

Company Update

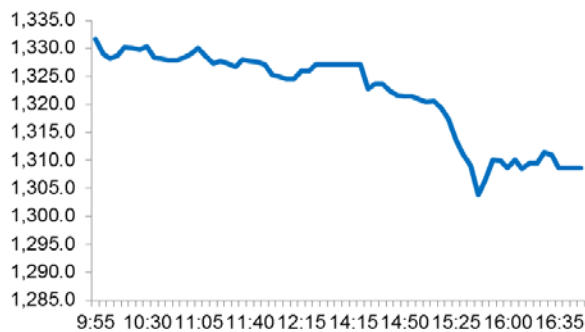
Stay NEUTRAL and THB3.40 TP, 3% downside with c.1% yield. While True Corp continues to outperform peers in terms of market share acquisition, core earnings and liquidity remain our key concerns. This is on the rise in fixed asset costs and sluggish monetisation prospects.

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Today's Report: [True Corp : Beat Estimates, But Outlook Still Under Challenge \(19 Aug 2020\)](#)

Previous Report: [True Corp : Outlook Softens; Stay NEUTRAL \(20 May 2020\)](#)

Chart 1: SET intra-day graph



	Index	Chg	Chg (%)	YTD (%)
Thailand (SET)	1308.67	-21.44	-1.61%	-17.2%
Thailand (SET50)	850.57	-17.29	-1.99%	-20.4%
Thailand (SET100)	1894.14	-37.08	-1.92%	-19.1%
USA (Dow Jones)	27692.88	-85.19	-0.31%	-3.0%
USA (S&P500)	3374.85	-14.93	-0.44%	4.5%
USA (Nasdaq)	11146.46	-64.38	-0.57%	24.2%
UK (FTSE)	6111.98	35.36	0.58%	-19.0%
Singapore (FSSTI)	2561.04	-2.05	-0.08%	-20.5%
Hong Kong (Hang Seng)	25178.91	-188.47	-0.74%	-10.7%
Japan (Nikkei)	23051.29	0.21	0.00%	-2.6%
Malaysia (KLIC)	1575.38	-2.47	-0.16%	-0.8%
China (SHANGHAI SE)	3408.13	-42.96	-1.24%	11.7%
Indonesia (JCI)	5272.81	-22.36	-0.42%	-16.3%

Foreign Exchange Rates / Oil Market

USD	Closed	Chg	Chg (%)
Baht (Onshore)	31.36	0.08	-0.26
Yen	106.10	-0.02	0.02
Euro	1.18	0.00	0.08
Oil Price (USD/barrel)			
Brent	44.33	0.01	0.02
Nymex-Crude Light	42.60	-0.33	-0.77

Note: *As at 19 Aug 2020 closing

Table 1: Key market indices (20 Aug 2020)

SET	2018	2019	2020F	2021F
PE (x)	16.25	18.02	22.11	17.10
P/BV (x)	1.74	1.71	1.48	1.42
Yield (%)	3.35	3.26	2.72	2.99

SET Value by investor Type: Daily	Sell (THBm) Net (THBm)		
Institution	6,614.97	5,572.56	1,042.41
Proprietary	6,952.62	7,009.42	-56.81
Foreign	18,795.09	22,821.48	-4,026.40
Retail	24,920.96	21,880.16	3,040.80

SET Value by investor Type	MTD (THBm)	YTD (THBm)
Institution	3,616.71	73,089.10
Proprietary	-457.98	561.59
Foreign	-11,879.62	-238,703.17
Retail	8,720.89	165,052.48

SET50 Index Future	Long	Short	Net	MTD	YTD
Institution	37,440	36,862	578	2,188	-5,162
Foreign	64,104	73,262	-9,158	-8,042	97,696
Local	127,777	119,197	8,580	5,854	-92,534

Foreign Fund Flows (USDm)	MTD			YTD	YoY
Thailand	-129.2	-112.2	-381.7	-7504.1	-7037.9

Note: *As at 19 Aug 2020 closing

Top BUYs

	TP (THB)	Upside (%)	Catalysts
Advance Info Service (ADVANC TB)	220.00	17.65	<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	20.63	<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	6.67	<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	26.37	<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	6.06	<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)	77.00	20.31	<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	15.94	<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	25.64	<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	20.88	<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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