

Thailand Morning Cuppa

Top Story

Land and Houses (LH TB, BUY, TP: THB8.65)

Sparkling 4Q20 Earnings Prospects; Keep BUY

Company Update

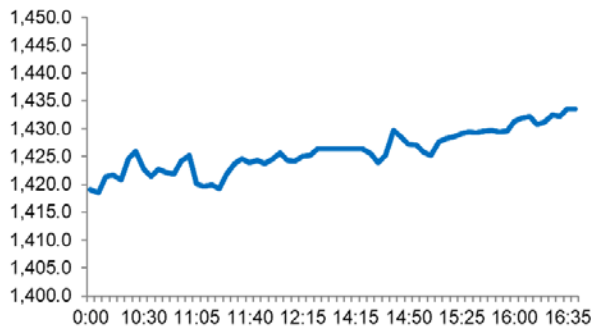
Keep BUY and SOP-based THB8.65 TP, 9% upside and >6% yield. An asset sale transaction announced on 26 Nov is a great example that other developers without recurring-income projects on hand should imitate. In addition to mobilising funds from the maturing project to the construction of new recurring-income ones, the sale transaction should help mitigate the impact of slower core business performances. Land and Houses' FY20 earnings should decline only 11% YoY at a time when most large developers are likely to post steep deep declines in FY20 net profits.

Analyst: Chatree Srismacharoen

Today's Report: [Land and Houses : Sparkling 4Q20 Earnings Prospects; Keep BUY \(27 Nov 2020\)](#)

Previous Report: [Land and Houses : More Certainty Of a Brighter 2021 Outlook; BUY \(13 Nov 2020\)](#)

Chart 1: SET intra-day graph



	Index	Chg	Chg (%)	YTD (%)
Thailand (SET)	1433.56	17.84	1.26%	-9.3%
Thailand (SET50)	933.60	9.18	0.99%	-12.6%
Thailand (SET100)	2076.01	21.18	1.03%	-11.4%
USA (Dow Jones)	29872.47	UNCHG	UNCHG	4.7%
USA (S&P500)	3629.65	UNCHG	UNCHG	12.3%
USA (Nasdaq)	12094.40	UNCHG	UNCHG	34.8%
UK (FTSE)	6362.93	-28.16	-0.44%	-15.6%
Singapore (FSSTI)	2857.48	-12.07	-0.42%	-11.3%
Hong Kong (Hang Seng)	26819.45	149.70	0.56%	-4.9%
Japan (Nikkei)	26542.48	264.00	1.00%	12.2%
Malaysia (KLCI)	1612.11	14.53	0.91%	1.5%
China (SHANGHAI SE)	3369.73	7.41	0.22%	10.5%
Indonesia (JCI)	5759.92	80.67	1.42%	-8.6%

Foreign Exchange Rates / Oil Market

USD	Closed	Chg	Chg (%)
Baht (Onshore)	30.29	0.01	-0.02
Yen	104.12	-0.14	0.13
Euro	1.19	0.00	-0.01
Oil Price (USD/barrel)			
Brent	47.14	-0.99	-2.06
Nymex-Crude Light	45.02	-0.69	-1.51

Note: *As at 26 Nov 2020 closing

Table 1: Key market indices (27 Nov 2020)

SET	2018	2019	2020F	2021F
PE (x)	16.25	18.02	26.83	18.23
P/BV (x)	1.74	1.71	1.65	1.58
Yield (%)	3.35	3.26	2.26	2.69

SET Value by investor Type: Daily	Sell (THBm)	Net (THBm)
Institution	8,027.72	5,874.62
Proprietary	10,061.06	9,839.72
Foreign	30,485.94	31,035.83
Retail	31,834.78	33,659.34

SET Value by investor Type	MTD (THBm)	YTD (THBm)
Institution	-1,787.11	53,270.20
Proprietary	10,187.85	14,390.05
Foreign	37,514.73	-262,035.49
Retail	-45,915.47	194,375.23

SET50 Index Future	Long	Short	Net	MTD	YTD
Institution	40,567	45,223	-4,656	-6,894	-18,504
Foreign	83,992	78,755	5,237	-35,285	76,357
Local	131,216	131,797	-581	42,179	-57,853

Foreign Fund Flows (USDm)	MTD	YTD	YoY		
Thailand	-18.2	209.7	1241.8	-8207.4	-8550.1

Note: *As at 26 Nov 2020 closing

Top BUYs

	TP (THB)	Upside (%)	Catalysts
Advance Info Service (ADVANC TB)	220.00	23.25	<ul style="list-style-type: none"> Outlook should continue to recover with cost management on focus. While we expect the normalisation of prepaid segment demand, subs acquisition activities and easing competition to gradually drive topline to recovery in 2H20, we think a value-to-money strategy through a bundling package should continue to yield additional revenue to the group The toning down of capex guidance should ease investor concern over the imminent margins pressure. We expect the impact from the roll-out of 5G network to be limited, as it should be partially absorbed by network cost saving initiative, staggered payment profile, and tax incentive scheme
Bangkok Chain Hospital (BCH TB)	17.50	22.38	<ul style="list-style-type: none"> We still expect to see robust COVID-19 screening services demand throughout 2H20 on the continuous return of students studying abroad, migrant workers, and business travellers after border restrictions are relaxed. The doubling of its capacity under the alternative state quarantine should boost upside from this new revenue stream and bolster FY20 earnings We expect to see strong 2H20 recovery in SSO revenue, driven by the resumption of pent-up demand from high-cost care, trauma, and dental services. We also think global budget disbursements could bring further upsides this year, thanks to relatively lower insured patients traffic during COVID-19
CP ALL (CPALL TB)	77.00	23.69	<ul style="list-style-type: none"> In 2H20, we expect a gradual recovery of convenience stores sales in 2H20, as a V-shaped recovery, while Siam Makro's operations remain solid 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 Still the best-in-class retailer with intact new store opening plan. Expect full-year earnings returning to pre-pandemic levels in 2021
Global Power Synergy (GPSC TB)	79.00	11.66	<ul style="list-style-type: none"> We expect GPSC's earnings continue to grow steadily at least 2-3 years ahead, mainly on pipeline projects and efficiency improvements. Being power flagship of PTT Group, we believe GPSC would receive more long-term support from the group, e.g. Gas to Power 600 MW in Myanmar, electricity supply for New Yangon City. The current price doesn't reflect acquisition of GLOW and the current 20x P/E is trading below average P/E regional peers, making long-term investment risk/reward attractive.
Siam Cement (SCC TB)	420.00	12.00	<ul style="list-style-type: none"> There are three growth drivers, including an upcycle of petrochemical spreads, a series of new infrastructure projects to start the construction process, and growth expansion in the packaging business especially after SCG Packaging raises funds from its IPO Its earnings going forward should rely mainly on petrochemical unit's performance starting to improve in 2H20 and growing stronger on a full-year basis in FY21
Supalai (SPALI TB)	19.40	7.18	<ul style="list-style-type: none"> Earnings should improve significantly in 2H20, with four condominium projects starting to be transferred during this period. The revenue from these projects should enhance revenue growth and GPM in 2H20. Revenue upside could emerge if Supalai is able to transfer its mega-size Supalai Oriental Sukhumvit 39 condominium project, which is valued at THB10bn, within 4Q20. Consistent earnings growth in FY21F-22F is supported by orderbook of THB12-14bn per year to be recognised in the next two years. In addition, we expect the company to enjoy the advantages of being a well-known developer in the low-rise project segment.
Thai Union Group (TU TB)	17.50	14.38	<ul style="list-style-type: none"> While we expect demand of canned food products to normalise after global lockdowns are lifted, revenue from chilled and frozen seafood and related business segment is likely to recover in 2H20 largely due to HORECA businesses gradually resuming operations. Margin should remain firm, supported by favourable raw materials prices and growth from its pet care business that has relatively high margin.
TISCO Financial (TISCO TB)	84.80	5.34	<ul style="list-style-type: none"> We believe high pre-emptive provisions and robust CAR would lead TISCO to survive amidst uncertainties and get ready to pay outstanding full-year dividends TISCO's asset quality is resilient among peers. Loans under debt relief measures only stand at 24% of total loans in 3Q20, which is one of the lowest among Thai banks. Although management does prudent and cautious policy under uncertainties, they still proactive to find ways to improve NIM as best as they can.

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