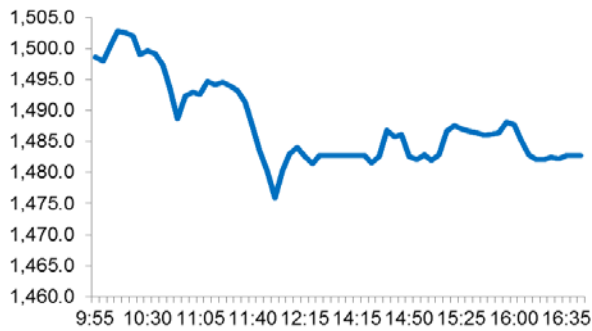


Thailand Morning Cuppa

Bulletin

STOCK/SECTOR	NEWS	COMMENT	RATING
Hospitality Minor International (MINT TB)	<p>Thai economist Anusorn Tamajai – a former dean at Rangsit University's Faculty of Economics – estimates the second wave of COVID-19 infections will cost the local tourism industry THB14.1-16.9bn in lost revenue during the New Year festivities. His analysis comes amid rising cases of local infections after some infected patients entered Thailand illegally via Myanmar – this situation is expected to discourage many people from travelling and spending during the year-end holiday season.</p> <p>Thailand ranks 151st among countries with over 4,000 cases and Tamajai was optimistic that the number of new cases in the kingdom would be contained, as the Government had put in place an effective tracing system. Revenue from Thai travellers during the last New Year festivities stood at THB28bn, and Tamajai said that many research houses estimate Thai consumers will cut their spending significantly, while those who live in Bangkok are expected to spend about THB30bn – still below the average spending of the past two decades.</p> <p>Tamajai added that, if Thailand could not contain this second wave, the Thai economy next year could grow less than 4%, while the rising number of new cases in the countries that the kingdom trades with could adversely affect Thai exports up to 1Q21. The National Economic & Social Development Council forecasts the Thai economy to expand 4-5% in 2021. (<i>The Nation</i>)</p>	<p>The resurgence in the number of local infections has impacted tourism activities, mostly in the northern region – ie Chiang Mai and Chiang Rai – where hotel room bookings were cancelled, while other destinations may see limited effects. Hotel room bookings under the Government's tourism boost campaign – “We Travel Together” – accelerated during the past month, and the scheme has already run out of its first batch of 5m room night privileges on Saturday.</p> <p>This early indication may be indicative of this campaign's success during the upcoming festive season and could benefit hoteliers' room revenues in December and January. A second batch – with an additional 1m room nights – will be released from 16 Dec onwards. We believe locals will continue traveling to resort destinations and be more cautious when it comes to practising intensive social distancing measures. Based on our estimate of 70m trips (-58% YoY) and THB400bn in receipts (-63% YoY) for 2020 domestic tourism, the expected losses in revenue for the industry – with regards to the COVID-19 resurgence – will provide minimal 3-4% downside.</p> <p>We see no material impacts from hotel booking cancellations in the northern provinces to the listed hoteliers, as they operate few properties there. We still expect Thai hoteliers to continue delivering negative earnings in 4Q20 and 1H21. We also maintain our sector call, as well as our rating and TP for Minor International (MINT).</p>	<p>Sector: UNDERWEIGHT</p> <p>Stock: MINT: TRADING BUY, TP: THB27.00</p>

Chart 1: SET intra-day graph


	Index	Chg	Chg (%)	YTD (%)
Thailand (SET)	1482.67	3.75	0.25%	-6.2%
Thailand (SET50)	958.49	2.74	0.29%	-10.3%
Thailand (SET100)	2131.90	2.49	0.12%	-9.0%
USA (Dow Jones)	30046.37	-127.51	-0.42%	5.3%
USA (S&P500)	3663.46	-38.79	-1.05%	13.4%
USA (Nasdaq)	12377.87	-204.90	-1.63%	38.0%
UK (FTSE)	6546.75	-12.07	-0.18%	-13.2%
Singapore (FSSTI)	2821.70	-3.93	-0.14%	-12.4%
Hong Kong (Hang Seng)	26505.87	201.31	0.77%	-6.0%
Japan (Nikkei)	26782.15	115.89	0.43%	13.2%
Malaysia (KLCI)	1684.58	52.88	3.24%	6.0%
China (SHANGHAI SE)	3347.19	-62.99	-1.85%	9.7%
Indonesia (JCI)	5938.33	-6.08	-0.10%	-5.7%

Foreign Exchange Rates / Oil Market

USD	Closed	Chg	Chg (%)
Baht (Onshore)	30.09	-0.03	0.11
Yen	103.97	-0.07	0.07
Euro	1.21	0.00	0.13
Oil Price (USD/barrel)			
Brent	49.76	-0.38	-0.76
Nymex-Crude Light	46.69	0.12	0.26

Note: *As at 9 Dec 2020 closing

Table 1: Key market indices (14 Dec 2020)

SET	2018	2019	2020F	2021F
PE (x)	16.25	18.02	27.63	18.80
P/BV (x)	1.74	1.71	1.70	1.63
Yield (%)	3.35	3.26	2.16	2.60

SET Value by investor Type: Daily

	Sell (THBm)	Net (THBm)
Institution	8,555.75	10,239.46
Proprietary	13,777.36	13,604.59
Foreign	40,241.80	42,815.40
Retail	60,821.82	56,737.28

SET Value by investor Type

	MTD (THBm)	YTD (THBm)
Institution	283.79	52,236.82
Proprietary	-370.20	16,179.97
Foreign	7,893.61	-259,012.86
Retail	-7,807.20	190,596.06

SET50 Index Future

	Long	Short	Net	MTD	YTD
Institution	55,010	46,714	8,296	6,889	-16,016
Foreign	104,919	109,219	-4,300	1,943	78,978
Local	122,019	126,015	-3,996	-8,832	-62,962

Foreign Fund Flows (USDm)

	MTD	YTD	YoY
Thailand	-85.6	137.1	262.3
		-8105.9	-7731.1

Note: *As at 9 Dec 2020 closing

Top BUYs

	TP (THB)	Upside (%)	Catalysts
Advance Info Service (ADVANC TB)	220.00	16.40	<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	27.74	<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	24.70	<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	10.49	<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	6.33	<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	N/A	<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	19.05	<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.

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