

Thailand Morning Cuppa

Top Story

Home Product Center (HMPRO TB, BUY, TP: THB17.00) – UPGRADE

Seeking Growth Recovery Next Year; U/G To BUY

Company Update

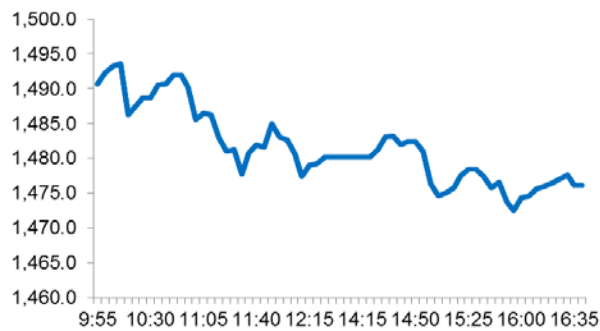
Upgrade to BUY from Take Profit with new TP of THB17.00 from THB12.60, 17% upside and c.2% yield. We are optimistic on FY21F earnings rebounding to a solid 23% growth. Profit margins are approaching pre-pandemic levels, and quick improvement in sustainability development, should allow Home Product Center to continue trading at a premium. Weak 4Q20F performance may be an opportunity to accumulate the stock.

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Today's Report: [Home Product Center : Seeking Growth Recovery Next Year; U/G To BUY \(15 Dec 2020\)](#)

Previous Report: [Home Product Center : Short-Term Outlook Unattractive; TAKE PROFIT \(4 Nov 2020\)](#)

Chart 1: SET intra-day graph



	Index	Chg	Chg (%)	YTD (%)
Thailand (SET)	1476.13	-6.54	-0.44%	-6.6%
Thailand (SET50)	947.82	-10.67	-1.11%	-11.3%
Thailand (SET100)	2111.04	-20.86	-0.98%	-9.9%
USA (Dow Jones)	29861.55	-184.82	-0.62%	4.6%
USA (S&P500)	3647.49	-15.97	-0.44%	12.9%
USA (Nasdaq)	12440.04	62.17	0.50%	38.6%
UK (FTSE)	6531.83	-14.92	-0.23%	-13.4%
Singapore (FSSTI)	2858.14	36.44	1.29%	-11.3%
Hong Kong (Hang Seng)	26389.52	-116.35	-0.44%	-6.4%
Japan (Nikkei)	26688.24	-93.91	-0.35%	12.8%
Malaysia (KLCI)	1662.74	-21.84	-1.30%	4.7%
China (SHANGHAI SE)	3369.12	21.93	0.66%	10.5%
Indonesia (JCI)	6012.52	74.19	1.25%	-4.6%

Foreign Exchange Rates / Oil Market

USD	Closed	Chg	Chg (%)
Baht (Onshore)	30.09	-0.02	0.06
Yen	104.04	-0.01	0.01
Euro	1.22	0.00	0.09
Oil Price (USD/barrel)			
Brent	50.02	0.26	0.52
Nymex-Crude Light	46.96	-0.03	-0.06

Note: *As at 14 Dec 2020 closing

Table 1: Key market indices (15 Dec 2020)

SET	2018	2019	2020F	2021F		
PE (x)	16.25	18.02	27.44	18.67		
P/BV (x)	1.74	1.71	1.69	1.62		
Yield (%)	3.35	3.26	2.16	2.62		
SET Value by investor Type: Daily		Sell (THBm) Net (THBm)				
Institution	6,493.72	9,997.26	-3,503.55			
Proprietary	11,557.11	11,203.28	353.83			
Foreign	42,611.57	45,574.29	-2,962.72			
Retail	46,689.87	40,577.43	6,112.44			
SET Value by investor Type		MTD (THBm)		YTD (THBm)		
Institution		-3,219.76	48,733.27			
Proprietary		-16.37	16,533.80			
Foreign		4,930.88	-261,975.59			
Retail		-1,694.75	196,708.50			
SET50 Index Future		Long	Short	Net	MTD	YTD
Institution	50,520	53,675	-3,155	3,734	-19,171	
Foreign	108,450	118,700	-10,250	-8,307	68,728	
Local	107,123	93,718	13,405	4,573	-49,557	
Foreign Fund Flows (USDm)		MTD		YTD	YoY	
Thailand	-98.4	-98.4	163.8	-8204.4	-6914.7	

Note: *As at 14 Dec 2020 closing

Top BUYs

	TP (THB)	Upside (%)	Catalysts
Advance Info Service (ADVANC TB)	220.00	15.18	<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	19.38	<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	12.46	<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	7.42	<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
Thai Union Group (TU TB)	17.50	18.24	<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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