

## Thailand Morning Cuppa – Mid-Morning Edition

This report is an update of the “Thailand Morning Cuppa” we provided earlier today.

### Story Update

#### **Ratch Group (RATCH TB, BUY, TP: THB68.00) – UPGRADE**

More Room For Growth; Upgrade To BUY

Company Update

Upgrade to BUY from Neutral, new THB68.00 TP from THB75.00, 21% upside. Although Ratch Group’s share price has rallied recently, we think it is still a laggard play for the sector. Numbers indicate that its absolute share price return has generally outperformed that of other dividend-play utility stocks in recent years. We also can expect steady growth in upside over the next 1-3 years. Note that RATCH’s dividend yield, at c.4% for FY21F, is higher than bond yields or Electricity Generating’s yield.

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*Today’s Report:* [Ratch Group : More Room For Growth; Upgrade To BUY \(17 Dec 2020\)](#)

*Previous Report:* N/A

### Top Story

#### **Taokaenoi Food & Marketing (TKN TB, NEUTRAL, TP: THB11.00)**

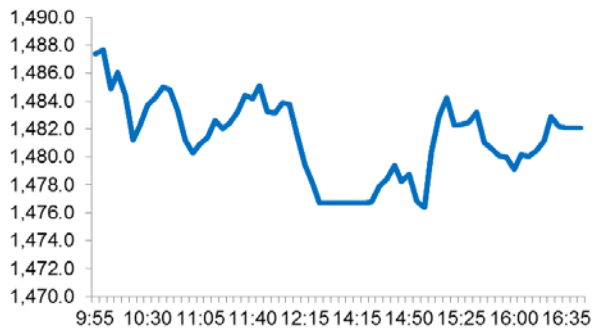
Outlook Brightens, But Uncertainties Stay High

Company Update

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*Today’s Report:* [Taokaenoi Food & Marketing : Outlook Brightens, But Uncertainties Stay High \(16 Dec 2020\)](#)

*Previous Report:* [Taokaenoi Food & Marketing : Building Blocks For Turnaround; U/G NEUTRAL \(21 Sep 2020\)](#)

**Chart 1: SET intra-day graph**


	Index	Chg	Chg (%)	YTD (%)
<b>Thailand (SET)</b>	1482.09	4.88	0.33%	-6.2%
<b>Thailand (SET50)</b>	950.90	1.62	0.17%	-11.0%
<b>Thailand (SET100)</b>	2121.15	6.56	0.31%	-9.4%
<b>USA (Dow Jones)</b>	30154.54	-44.77	-0.15%	5.7%
<b>USA (S&amp;P500)</b>	3701.17	6.55	0.18%	14.6%
<b>USA (Nasdaq)</b>	12658.19	63.13	0.50%	41.1%
<b>UK (FTSE)</b>	6570.91	57.59	0.88%	-12.9%
<b>Singapore (FSSTI)</b>	2872.80	16.08	0.56%	-10.9%
<b>Hong Kong (Hang Seng)</b>	26460.29	253.00	0.97%	-6.1%
<b>Japan (Nikkei)</b>	26740.08	-108.91	-0.41%	13.0%
<b>Malaysia (KLCI)</b>	1681.41	7.39	0.44%	5.8%
<b>China (SHANGHAI SE)</b>	3366.98	-0.25	-0.01%	10.4%
<b>Indonesia (JCI)</b>	6118.40	108.27	1.80%	-2.9%

**Foreign Exchange Rates / Oil Market**

USD	Closed	Chg	Chg (%)
Baht (Onshore)	30.01	-0.01	0.04
Yen	103.54	0.07	-0.07
Euro	1.22	0.00	-0.04
<b>Oil Price (USD/barrel)</b>			
Brent	50.89	0.48	0.95
Nymex-Crude Light	47.87	0.05	0.10

Note: \*As at 16 Dec 2020 closing

**Table 1: Key market indices (17 Dec 2020)**

SET	2018	2019	2020F	2021F
PE (x)	16.25	18.02	27.49	18.62
P/BV (x)	1.74	1.71	1.69	1.62
Yield (%)	3.35	3.26	2.15	2.61

SET Value by investor Type: Daily	Sell (THBm)	Net (THBm)
Institution	6,999.80	7,332.55
Proprietary	10,673.23	10,170.70
Foreign	31,203.91	30,064.83
Retail	57,544.99	58,853.87

SET Value by investor Type	MTD (THBm)	YTD (THBm)
Institution	-7,309.22	44,643.81
Proprietary	106.76	16,656.93
Foreign	7,501.23	-259,405.24
Retail	-298.77	198,104.48

SET50 Index Future	Long	Short	Net	MTD	YTD
Institution	41,475	35,777	5,698	2,380	-20,525
Foreign	78,305	82,928	-4,623	-12,270	64,765
Local	98,088	99,163	-1,075	9,890	-44,240

Foreign Fund Flows (USDm)	MTD	YTD	YoY		
Thailand	37.9	-12.8	249.4	-8118.8	-6995.5

Note: \*As at 16 Dec 2020 closing

**Top BUYs**

	TP (THB)	Upside (%)	Catalysts
<b>Advance Info Service (ADVANC TB)</b>	220.00	17.02	<ul style="list-style-type: none"> <li>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</li> <li>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</li> </ul>
<b>Bangkok Chain Hospital (BCH TB)</b>	17.50	26.81	<ul style="list-style-type: none"> <li>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</li> <li>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</li> </ul>
<b>CP ALL (CPALL TB)</b>	77.00	22.71	<ul style="list-style-type: none"> <li>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</li> <li>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</li> <li>Still the best-in-class retailer with intact new store opening plan. Expect full-year earnings returning to pre-pandemic levels in 2021</li> </ul>
<b>Global Power Synergy (GPSC TB)</b>	79.00	12.06	<ul style="list-style-type: none"> <li>We expect GPSC's earnings continue to grow steadily at least 2-3 years ahead, mainly on pipeline projects and efficiency improvements.</li> <li>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.</li> <li>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.</li> </ul>
<b>Siam Cement (SCC TB)</b>	420.00	7.97	<ul style="list-style-type: none"> <li>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</li> <li>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</li> </ul>
<b>Thai Union Group (TU TB)</b>	17.50	19.05	<ul style="list-style-type: none"> <li>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.</li> <li>Margin should remain firm, supported by favourable raw materials prices and growth from its pet care business that has relatively high margin.</li> </ul>

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[Taokaenoi Food & Marketing : Outlook Brightens, But Uncertainties Stay High](#)

[RHB | Thailand Morning Cuppa : 15 December 2020](#)

[Home Product Center : Seeking Growth Recovery Next Year; U/G To BUY](#)

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[Construction: All About Rail; Maintain OVERWEIGHT](#)

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[3Q20 GDP Growth Surprised High, 4Q20 Momentum Weaker](#)

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