

# Thailand Morning Cuppa

## Top Story

### Bangkok Dusit Medical Services (BDMS TB, BUY, TP: THB26.50)

2H21 Growth To Continue; Keep BUY

Company Update

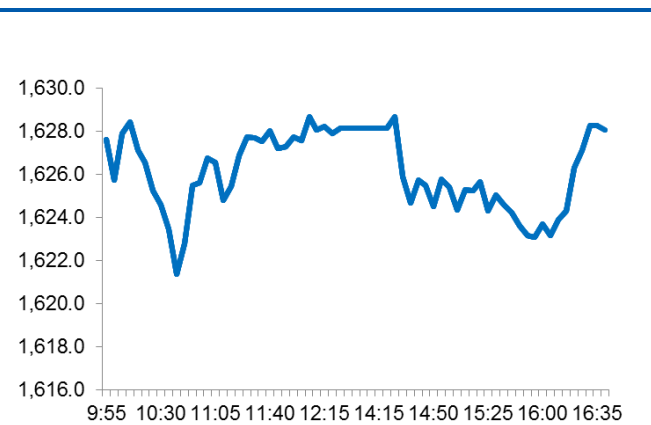
BUY, new DCF-based THB26.50 TP from THB23.50, 18% upside with c.1% yield. Bangkok Dusit Medical Services should continue to deliver robust earnings in 3Q21, due to the third wave of COVID-19 infections, while 4Q21 core profit may continue growing YoY from a low base. Apart from pent-up demand from non-COVID-19 patients, a possible increase in foreign and insurance patients may support its 2022 growth outlook. This report marks the transfer of coverage to Vatcharut Vacharawongsith.

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Today's Report: [Bangkok Dusit Medical Services : 2H21 Growth To Continue; Keep BUY \(16 Sep 2021\)](#)

Previous Report: [Bangkok Dusit Medical Services : Recovery Prospects Remain Intact; BUY \(11 May 2021\)](#)

Chart 1: SET intra-day graph



SET	2019	2020	2021F	2022F
PE (x)	18.02	25.96	19.15	17.05
P/BV (x)	1.71	1.61	1.81	1.73
Yield (%)	3.28	3.26	2.53	2.75

SET Value by investor Type: Daily	Buy	Sell	Net
	(THBm)	(THBm)	(THBm)
Institution	5,005.39	4,261.10	744.29
Proprietary	7,501.79	7,182.53	319.25
Foreign	30,716.63	31,383.76	-667.14
Retail	29,963.60	30,360.00	-396.41

SET Value by investor Type	MTD	YTD
	(THBm)	(THBm)
Institution	-2,744.60	-28,361.93
Proprietary	439.81	11,789.18
Foreign	8,108.09	-79,734.47
Retail	-5,803.30	96,307.20

SET50 Index Future	Long	Short	Net	MTD	YTD
Institution	22,113	23,391	-1,278	-494	36,527
Foreign	64,793	65,388	-595	-27,806	19,810
Local	76,082	74,209	1,873	28,300	-56,337

Foreign Fund Flows (USDm)	MTD	YTD	YoY		
Thailand	-20.3	6.1	248.2	-2567.2	7097.3

Note: \*As at 15 Sep 2021 closing

Table 1: Key market indices (16 Sep 2021)

	Index	Chg	Chg (%)	YTD (%)
Thailand (SET)	1628.04	4.20	0.26%	12.3%
Thailand (SET50)	975.79	1.21	0.12%	7.2%
Thailand (SET100)	2224.25	3.78	0.17%	9.2%
USA (Dow Jones)	34814.39	236.82	0.68%	13.7%
USA (S&P500)	4480.70	37.65	0.85%	19.3%
USA (Nasdaq)	15161.53	123.77	0.82%	17.6%
UK (FTSE)	7016.49	-17.57	-0.25%	8.6%
Singapore (FSSTI)	3058.61	-21.76	-0.71%	7.6%
Hong Kong (Hang Seng)	25033.21	-469.02	-1.84%	-8.1%
Japan (Nikkei)	30606.78	-63.32	-0.21%	11.5%
Malaysia (KLCI)	1555.26	-0.25	-0.02%	-4.4%
China (SHANGHAI SE)	3656.22	-6.38	-0.17%	5.3%
Indonesia (JCI)	6110.23	-18.87	-0.31%	2.2%

Foreign Exchange Rates / Oil Market			
USD	Closed	Chg	Chg (%)
Baht (Onshore)	32.87	-0.01	0.02
Yen	109.42	0.04	-0.04
Euro	1.18	0.00	0.00

Oil Price (USD/barrel)			
		Chg	Chg (%)
Brent	75.26	1.58	2.14
Nymex-Crude Light	72.50	-0.11	-0.15

Note: \*As at 15 Sep 2021 closing

**Top BUYs**

	TP (THB)	Upside (%)	Catalysts
<b>Airports of Thailand (AOT TB)</b>	73.50	19.03	<ul style="list-style-type: none"> <li>3QFY21 (Sep) is likely the weakest quarter, as domestic aviation has led AOT's performance and the severe COVID-19 third wave may dampen local tourism activities. Cost optimisation efforts have been implemented effectively since 3QFY20, but variable expenses rose in tandem with a recovery in aeronautical activities post lockdown</li> <li>Regarding the Government's border re-opening scheme from Jul 2021 onwards, we expect some positive sentiment on the Phuket Sandbox Model towards AOT, as Phuket International Airport is its third-largest property</li> <li>As the first-tier tourism player, AOT may strongly underpin the revival of the tourism industry, while the weakening short-term sentiment and earnings present investors with an opportunity to BUY</li> </ul>
<b>Home Product Center (HMPRO TB)</b>	16.40	16.31	<ul style="list-style-type: none"> <li>Expecting normalising earnings in FY21 – to be supported by full-year operations of all stores and retail malls vs a temporary closure from late March to mid-May, with profit margins approaching pre-pandemic levels</li> <li>HMPRO's investment in Vietnam may strongly benefit growing urbanisation and a potential rise in the construction sector</li> <li>Quarterly earnings momentum will continue its upward trajectory in 1Q21</li> <li>Rapid improvement in sustainability development may allow the stock to continue trading at a premium</li> </ul>
<b>Kasikornbank (KBANK TB)</b>	150.00	22.95	<ul style="list-style-type: none"> <li>One of opening theme plays, given the highest exposure to the small &amp; medium enterprise or SME portion among the banks we cover or TH Banks</li> <li>Investors should look forward to an eventual recovery, as the recovery in the short term is likely to be uneven and take time before reaching pre-COVID-19 levels</li> <li>The bank trends to disrupt itself with new technologies. We believe this strategy will help the bank to improve profitability and quality in the long run</li> <li>FY21F earnings outlook is forecasted to rebound 8.5% in line with sector earnings. This is due to lower provisions and a rebound in net fees income</li> <li>Our valuation is conservative and its share price is trading below -1SD from the historical mean, which is compelling</li> </ul>
<b>PTT Exploration &amp; Production (PTTEP TB)</b>	132.00	17.33	<ul style="list-style-type: none"> <li>We like PTTEP as a good proxy to stronger commodity prices</li> <li>2Q21 earnings are expected to register stronger results on the back of stronger sales volumes and crude prices</li> </ul>
<b>PTT Global Chemical (PTTGC TB)</b>	73.00	21.67	<ul style="list-style-type: none"> <li>Bumper 1H21 earnings expected from robust petrochemical product spreads to translate into a strong FY21F rebound in YoY performance</li> <li>Current uptrend in oil prices also expected to see PTTGC regain its gas-based crackers' relative cost advantage over industry peers operating naphtha-based crackers</li> </ul>
<b>Siam Cement (SCC TB)</b>	500.00	20.19	<ul style="list-style-type: none"> <li>Petrochemicals is currently in an upcycle. HDPE-naphtha spread in 1Q21 should remain as high as levels recorded in 4Q20, while the polypropylene-naphtha spread reached another high in 1Q21. SCC's polyolefin sales volumes returned to normal levels after the turnaround of the Map Ta Phut olefin cracker was completed in 4Q20</li> <li>The improvement in cement &amp; building materials business should be noticeable in 1Q21, with cement demand growing 1-2% in Thailand. This would be due to stronger demand from the residential property sector in provincial areas, and continuously solid demand stemming from government infrastructure projects</li> <li>FY21 will start out with strong earnings growth in 1Q21, while the petrochemical division may be driven by higher production volume after de-bottlenecking the Map Ta Phut olefin cracker finishing 2Q21. For 2H21, we expect a brighter outlook for the cement &amp; building materials business especially in ASEAN, when construction activities resume to normal</li> </ul>
<b>Tisco Financial (TISCO TB)</b>	111.00	20.65	<ul style="list-style-type: none"> <li>Superior asset quality to peers and strong capital base – highest among TH Banks – made TISCO deserve to trade at premium valuation.</li> <li>Its c.7% dividend yield is compelling and relatively highest among TH Banks, with full-year payment basis.</li> <li>We believe TISCO's conservative strategy amidst the pandemic will be proper, allowing the bank to survive post COVID-19</li> <li>FY21 earnings is expected to rebound 7%YoY mainly on lower provisions and a rebound in net fees income, despite moderated NII and a slight increase in overheads</li> </ul>

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