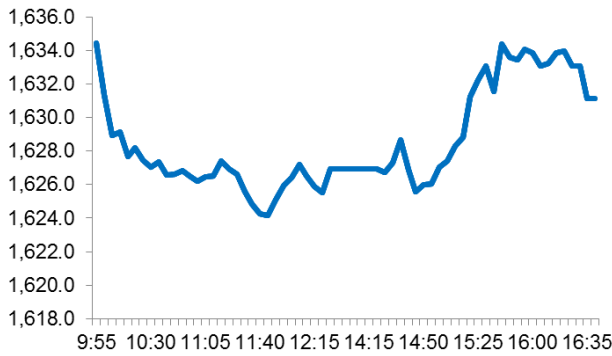


Thailand Morning Cuppa

Top Stories & Bulletin

STOCK/SECTOR	NEWS	COMMENT	RATING
Bangkok Expressway & Metro (BEM TB)	<p>Both expressway traffic and Blue Line Mass Rapid Transit (MRT) ridership improved in September, as expressway traffic on working days stood at 880,000 trips per day. Meanwhile, Blue Line MRT ridership was at 114,000 trips per day during this period.</p> <p>These higher indicator levels – when compared to August – will continue throughout September, Bangkok Expressway & Metro said. <i>(Company)</i></p>	<p>For the pandemic crisis' third wave, we believe bottom for BEM's two major businesses already occurred in August. Hence, its businesses' key indicators started to improve in September when government measures for shopping centres, restaurants, and the like were partially relaxed. Similar to previous COVID-19 waves, the degree of improvement in expressway traffic is normally faster than MRT ridership. As management said expressway traffic in September improved to more than 800,000 trips per day, this number is higher than the less than 600,000 trips per day in August – it is also underway in terms of approaching the saturation level, which is between the 1.1m and 1.2m range.</p> <p>Although MRT ridership also improved to 114,000 trips per day in September from the historical lowest point of 62,000 trips per day in August, this level is still far lower than the pre-pandemic level of more than 400,000 trips per day. Based on less social-distancing practices for MRT travel, the ridership improvement pace will require much more time to improve vis-à-vis expressway traffic, in our view.</p> <p>As BEM's revenue from the expressway segment accounts for 60-70% of core topline, the fact that expressway traffic has begun to improve from its lowest point should be a positive factor for its 4Q21 earnings prospects. Based on the likelihood that expressway traffic will possibly approach pre-pandemic levels in FY22, BEM's earnings should be at its lowest in 3Q21 and start to improve strongly from 4Q21 onwards. We believe this represents a long-term opportunity to buy this stock, and maintain our call and TP on this counter.</p>	BUY, TP: THB9.90

Chart 1: SET intra-day graph


SET	2019	2020	2021F	2022F
PE (x)	18.02	25.96	19.19	17.03
P/BV (x)	1.71	1.61	1.82	1.73
Yield (%)	3.28	3.26	2.53	2.75

SET Value by investor Type: Daily	Buy (THBm)	Sell (THBm)	Net (THBm)
Institution	9,975.11	10,987.88	-1,012.77
Proprietary	13,012.84	11,884.54	1,128.30
Foreign	52,695.39	48,908.81	3,786.59
Retail	64,849.30	68,751.42	-3,902.12

SET Value by investor Type	MTD (THBm)	YTD (THBm)
Institution	-5,229.07	-30,846.40
Proprietary	-69.32	11,280.06
Foreign	11,759.76	-76,082.81
Retail	-6,461.37	95,649.13

SET50 Index Future	Long	Short	Net	MTD	YTD
Institution	47,580	44,975	2,605	-4,242	32,779
Foreign	162,486	166,447	-3,961	-30,511	17,105
Local	118,209	116,853	1,356	34,753	-49,884

Foreign Fund Flows (USDm)	MTD	YTD	YoY		
Thailand	113.4	95.0	357.8	-2457.6	7690.6

Note: *As at 23 Sep 2021 closing

Table 1: Key market indices (27 Sep 2021)

	Index	Chg	Chg (%)	YTD (%)
Thailand (SET)	1631.15	11.56	0.71%	12.5%
Thailand (SET50)	981.73	12.29	1.27%	7.8%
Thailand (SET100)	2233.71	22.36	1.01%	9.7%
USA (Dow Jones)	34798.00	539.68	1.58%	13.7%
USA (S&P500)	4455.48	59.84	1.36%	18.6%
USA (Nasdaq)	15047.70	150.85	1.01%	16.8%
UK (FTSE)	7051.48	-31.89	-0.45%	9.1%
Singapore (FSSTI)	3061.35	13.30	0.44%	7.6%
Hong Kong (Hang Seng)	24192.16	-29.38	-0.12%	-11.2%
Japan (Nikkei)	30248.81	609.41	2.06%	10.2%
Malaysia (KLCI)	1532.06	3.04	0.20%	-5.8%
China (SHANGHAI SE)	3613.07	-15.42	-0.43%	4.0%
Indonesia (JCI)	6144.82	36.55	0.60%	2.8%

Foreign Exchange Rates / Oil Market

USD	Closed	Chg	Chg (%)
Baht (Onshore)	33.42	-0.02	0.04
Yen	110.76	0.03	-0.03
Euro	1.17	0.00	0.02
Oil Price (USD/barrel)			
Brent	77.66	0.77	1.00
Nymex-Crude Light	74.73	0.75	1.01

Note: *As at 23 Sep 2021 closing

Top BUYs

	TP (THB)	Upside (%)	Catalysts
Airports of Thailand (AOT TB)	73.50	17.60	<ul style="list-style-type: none"> 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 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 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
Home Product Center (HMPRO TB)	16.40	17.14	<ul style="list-style-type: none"> 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 HMPRO's investment in Vietnam may strongly benefit growing urbanisation and a potential rise in the construction sector Quarterly earnings momentum will continue its upward trajectory in 1Q21 Rapid improvement in sustainability development may allow the stock to continue trading at a premium
Kasikornbank (KBANK TB)	150.00	14.50	<ul style="list-style-type: none"> One of opening theme plays, given the highest exposure to the small & medium enterprise or SME portion among the banks we cover or TH Banks 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 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 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 Our valuation is conservative and its share price is trading below -1SD from the historical mean, which is compelling
PTT Exploration & Production (PTTEP TB)	132.00	16.81	<ul style="list-style-type: none"> We like PTTEP as a good proxy to stronger commodity prices 2Q21 earnings are expected to register stronger results on the back of stronger sales volumes and crude prices
PTT Global Chemical (PTTGC TB)	73.00	20.66	<ul style="list-style-type: none"> Bumper 1H21 earnings expected from robust petrochemical product spreads to translate into a strong FY21F rebound in YoY performance 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
Siam Cement (SCC TB)	500.00	21.36	<ul style="list-style-type: none"> 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 The improvement in cement & 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 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 & building materials business especially in ASEAN, when construction activities resume to normal
Tisco Financial (TISCO TB)	111.00	19.68	<ul style="list-style-type: none"> Superior asset quality to peers and strong capital base – highest among TH Banks – made TISCO deserve to trade at premium valuation. Its c.7% dividend yield is compelling and relatively highest among TH Banks, with full-year payment basis. We believe TISCO's conservative strategy amidst the pandemic will be proper, allowing the bank to survive post COVID-19 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

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