

Thailand Morning Cuppa

Top Story

IRPC (IRPC TB, BUY, TP: THB4.50)

Strong GRM Supports Refinery Business; Still BUY

Company Update

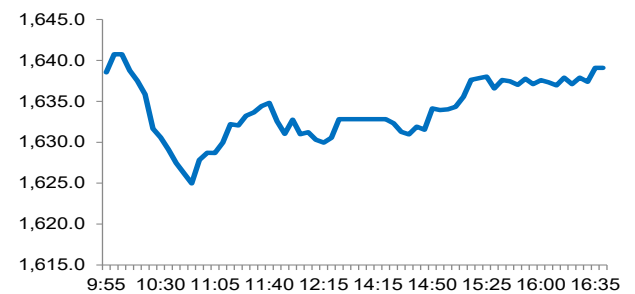
Still BUY with new THB4.50 TP from THB4.60, 18% upside with c.5% yield. IRPC should benefit from the global economic recovery. 4Q21 remains strong, with support from higher GRM and better utilisation rates. The refinery portion is performing well, which can help alleviate the soft petrochemical market. IRPC provides a good yield at current prices and is aiming to move further into the high-potential speciality business.

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Today's Report: IRPC : Strong GRM Supports Refinery Business; Still BUY (26 Jan 2022)

Previous Report: IRPC : Better Oil Demand And Margin Ahead; Keep BUY (11 Nov 2021)

Chart 1: SET intra-day graph



SET	2020	2021	2022F	2023F
PE (x)	37.27	15.12	17.41	15.23
P/BV (x)	1.56	1.77	1.70	1.61
Yield (%)	2.75	2.65	2.68	2.97

SET Value by investor Type: Daily	Buy (THBm)	Sell (THBm)	Net (THBm)
Institution	5,365.11	5,722.02	-356.91
Proprietary	6,938.42	7,208.46	-270.04
Foreign	43,269.73	39,848.69	3,421.04
Retail	29,197.37	31,991.45	-2,794.09

SET Value by investor Type	MTD (THBm)	YTD (THBm)
Institution	-23,784.50	-23,784.50
Proprietary	3,663.97	3,663.97
Foreign	14,944.84	14,944.85
Retail	5,175.69	5,175.69

SET50 Index Future	Long	Short	Net	MTD	YTD
Institution	43,365	42,786	579	9,247	9,247
Foreign	71,793	69,452	2,341	-29,008	-29,008
Local	105,470	108,390	-2,920	19,761	19,761

Foreign Fund Flows (USDm)	MTD	YTD	YoY
Thailand	103.5	170.2	449.2
			449.2
			6830.1

Note: *As at 25 Jan 2022 closing

Table 1: Key market indices (26 Jan 2022)

	Index	Chg	Chg (%)	YTD (%)
Thailand (SET)	1639.09	-1.45	-0.09%	-1.1%
Thailand (SET50)	985.44	0.29	0.03%	-0.5%
Thailand (SET100)	2243.01	0.03	0.00%	-1.0%
USA (Dow Jones)	34297.73	-66.77	-0.19%	-5.6%
USA (S&P500)	4356.45	-53.68	-1.22%	-8.6%
USA (Nasdaq)	13539.29	-315.84	-2.28%	-13.5%
UK (FTSE)	7371.46	74.31	1.02%	-0.2%
Singapore (FSSTI)	3247.76	-35.59	-1.08%	4.0%
Hong Kong (Hang Seng)	24243.61	-412.85	-1.67%	3.6%
Japan (Nikkei)	27131.34	-457.03	-1.66%	-5.8%
Malaysia (KLCI)	1508.91	-12.95	-0.85%	-3.7%
China (SHANGHAI SE)	3433.06	-91.04	-2.58%	-5.7%
Indonesia (JCI)	6568.17	-86.99	-1.31%	-0.2%

Foreign Exchange Rates / Oil Market

USD	Closed	Chg	Chg (%)
Baht (Onshore)	33.00	0.02	-0.07
Yen	113.85	-0.03	0.03
Euro	1.13	0.00	0.03
Oil Price (USD/barrel)			
Brent	87.61	0.98	1.13
Nymex-Crude Light	85.24	-0.36	-0.42

Note: *As at 25 Jan 2022 closing

Top BUYs

	TP (THB)	Upside (%)	Catalysts
Airports of Thailand (AOT TB)	77.00	24.19	<ul style="list-style-type: none"> 2QFY21F's performance may be the weakest of the year, before gradually improving with smaller losses throughout 2HFY21, while an earnings turnaround in FY22 may also support AOT's long-term outlook. Local aviation sees favourable recovery: its domestic recovery may approach pre-pandemic levels by FY23, a year ahead of the international side. The Government's latest approval for Phase 3 of the "We Travel Together" local tourism stimulus campaign, from May to August, may be a catalyst and boost flight numbers. 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.
Bangkok Expressway and Metro (BEM TB)	10.10	23.93	<ul style="list-style-type: none"> Both BEM's expressway traffic and mass rapid transit (MRT) ridership decreased further in 3Q21, making it the hardest hit quarter YTD. For FY21, Aug-21 was the lowest month for recording expressway traffic and also MRT ridership. We expect the company's performance to improve QoQ in 4Q21, as we expect BEM's expressway traffic and MRT ridership numbers to bounce back – when the number of vaccinated persons exceed >90% of the total in Bangkok and the surrounding areas. Although the bidding process for the MRT Orange Line has been delayed due to legal issues between Mass Rapid Transit Authority and one bidder, BEM still has an edge over its competitor. We expect the results of this bid to occur to FY22.
Central Pattana (CPN TB)	65.50	25.96	<ul style="list-style-type: none"> Vaccination progress and less new COVID-19 cases have improved public confidence on out-of-home activities. They may strongly support CPN's operational recovery from 4Q21 onwards. Its retail mall traffic picked up to 70-80% of normal levels, with in-line tenant sales revival. Rental rate discounts may improve to c.20-30% in 4Q21. Recent ground checks at major CPN malls in Bangkok found lively traffic on weekends. The country's re-opening may be positive for its eight malls in tourism locations from 1 Nov. Opening of three new projects are on schedule and could be another earnings support in 4Q21-1H22F, with the secured c.80% leasable progress and may be profitable at their openings. Optimistic 2022 outlook, to be mainly driven by stronger performances from all businesses, lowering average rental rate discounts to 15% (2021: 40%), profit margin revivals from an improving operating leverage.
Kasikornbank (KBANK TB)	165.00	14.98	<ul style="list-style-type: none"> KBANK is ready for the new digital era, as it has business units that are fully equipped with new tech. This will be hidden value waiting to be unlocked in future. Historical price trends suggest its share price should outperform peers when the economy is on a recovery path. KBANK offers lowest CIR in the banking industry, while its asset quality remains manageable. We expect 4Q21 earnings to rise QoQ, mainly on a rebound in non-ll and lower ECL, despite seasonally higher opex.
PTT Exploration & Production (PTTEP TB)	145.00	16.00	<ul style="list-style-type: none"> Oil price is likely to move in the high range due to high demand and low supply in late 2021 and in 2022, PTTEP acts as a direct beneficiary of stronger oil prices. 2H21 earnings is expected to manifest strong results on the grounds of stronger sales volume and crude prices. 4Q21 is entering winter season, leading to more oil demand as heating energy.
PTT Global Chemical (PTTGC TB)	76.00	33.92	<ul style="list-style-type: none"> Strong gross refinery margin from economic recovery is expected to support 2H21 earnings. Winter season will also boost refinery margin via higher diesel oil demand. PTTGC have cushion on its cost on the way of high oil price, thanks to its gas-based structure (ie. ethane and propane), which provides cost advantage over its industry rivals, operating oil/naphtha-based plants. PTTGC continuously develops high valued-added businesses
PTT Oil and Retail Business (OR TB)	35.00	40.00	<ul style="list-style-type: none"> The reopening of Thai economy will boost the demand for consumption and travelling along its oil stations. OR will get benefit from its oil and retail businesses via more than 2,300 nationwide oil stations. Thailand has opened the country to welcome tourists, which will support the demand for aviation oil which will provides higher gross margin.
Siam Commercial Bank (SCB TB)	150.00	21.46	<ul style="list-style-type: none"> The growth momentum should gain pace with the expected economic recovery and start of the interest rate upcycle. Its wealth management delivers superior growth among peers, while efforts to accelerate digital migration have been bearing fruit so far and beyond. We believe investors are looking ahead to the corporate restructuring and potential unlocking of value, though it will take years. Hence, downside to share price should be limited from any insignificant news.

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