

9 July 2020

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Market Strategy

Recovery To Come In Three Shapes

- The SET Index has risen by 19% since end-March**, after the economy reopened – as Thailand has had zero new domestic COVID-19 cases for over 43 straight days. The Government will soon ease restrictions on high-risk sectors, with controls put in place. Key sectors should take 6-18 months to recover fully, barring a spike in infections. Retail, telco, infrastructure, utilities, financial services, and healthcare should see a V-shaped recovery (6-12 months). Airports, manufacturing, tourism, and the automotive sectors should recover in over 12 months – implying a U-shaped recovery.
- Bumpy road ahead.** The Bank of Thailand (BOT) cut its 2020 GDP growth forecast to -8.1% YoY from -5.3% YoY (+5.0% YoY in 2021), which is lower than 1997's -7.8% YoY. This implies that COVID-19 has cost the economy about THB1.4trn (USD43.4bn) this year. Also, the deployment of a massive government stimulus package worth c.14% of GDP indicates that it may take at least two years before the Thai economy fully recovers. Recent successful containment of the virus provides grounds for relative optimism, but new risks to growth continue to emerge. The significant rise of the household debt-to-GDP ratio in 1Q20 to 79.8%, NPLs, and banks' asset quality are of top priority, and will be closely monitored.
- High price risk.** Due to the full-quarter impact of the virus, we expect the Stock Exchange of Thailand's (SET) 2Q20 earnings to fall by over 12.6% QoQ (>12-quarter average, see Figure 5). We revise our SET earnings growth forecast to -21% YoY for this year, from -12% YoY (Figure 6). We view the SET's current valuation as high, in light of its weaker fundamental outlook.
- Shape of recovery after COVID-19.** In the Street's top-down approach, Thailand's GDP may decline by 5% YoY this year, before picking up to a 4% YoY increase in 2021. This implies that the economic recovery may be closer to being V-shaped, ie growth should normalise in 2021. Our stock picks are based on V- and U-shaped recoveries, as detailed below.
 - V-shaped: A quicker recovery. We expect earnings of these stocks to normalise in 2021. Top Picks: Bangkok Expressway & Metro, Bangkok Chain Hospital, Global Power Synergy, CP ALL, Chularat Hospital, Osotspa, and Advanced Info Service.
 - U-shaped: A sharp recession, before a longer recovery, ie earnings are estimated to normalise in 2022. Our preferred picks in this segment are: Kasikornbank, Siam Cement, AP (Thailand), and Bangkok Dusit Medical Services.
 - L-shaped: A sharp recession, accompanied by the longest industry disruption. Earnings are anticipated to normalise from 2023 onwards only. SELL calls on: LPN Development, Minor International, The Erawan Group, Central Plaza Hotel, and Airports of Thailand.

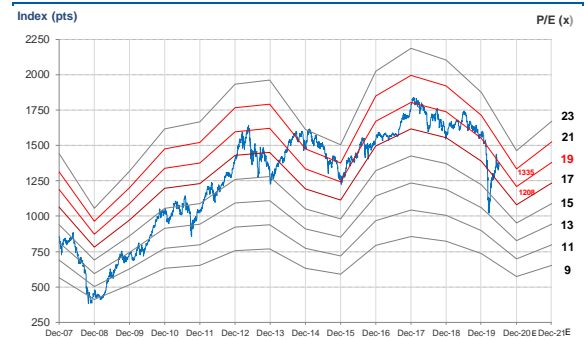
Stocks Covered 61
 Rating (Buy/Neutral/Sell): 42/11/8
 Last 12m Earnings Revision Trend: Negative

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P/E band: Strong resistance at 19x



Source: Company data, RHB

SET targets: 1,358 pts (2020) and 1,554 pts (2021)

Key Inputs	SET				
	2017	2018	2019	2020E	2021E
Return on Equity	11.8%	10.9%	9.6%	7.3%	7.9%
EPS (THB)	95.01	91.45	81.56	63.56	72.73
EPS growth	7.9%	-3.7%	-10.8%	-22.6%	14.4%
BV (THB)	800.3	828.5	848.3	867.9	911.3
Dividend yield	2.9%	3.1%	2.7%	1.8%	2.1%
P/E (x)	18.5	17.1	19.4	21.7	19.0
P/BV (x)	2.19	1.89	1.86	1.58	1.51
SET index (pts)	1,754	1,564	1,580	1,358	1,554
SET/Market return	13.7%	-10.8%	1.0%	-14.1%	14.4%
Dividend yield	2.9%	3.1%	2.7%	1.8%	2.1%
Total return	16.5%	-7.7%	3.8%	-12.2%	16.5%

Source: Company data, RHB

Company Name	Rating	Target Price(THB)	% Upside (Downside)	P/E (x) Dec-20F	P/B (x) Dec-20F	Yield (%) Dec-20F
Advanced Info Service	BUY	THB220.00	17.0	17.5	7.0	4.0
AP (Thailand)	BUY	THB7.60	21.6	6.3	0.7	6.5
Bangkok Chain Hospital	BUY	THB16.00	8.9	28.9	5.3	1.7
Bangkok Expressway and Metro	BUY	THB11.50	21.1	30.4	3.6	1.7
Chularat Hospital	BUY	THB2.80	15.8	34.0	6.8	2.1
CP ALL	BUY	THB84.00	24.4	24.9	6.5	2.0
Global Power Synergy	BUY	THB80.00	4.6	31.6	2.1	1.6
Kasikornbank	BUY	THB124.00	36.6	6.8	0.5	4.4
Osotspa PCL	BUY	THB49.00	24.1	31.9	6.2	2.2
Siam Cement	BUY	THB400.00	5.3	12.0	1.4	3.8

Source: Company data, RHB

Key Sector Highlights

We summarise our outlook for the sectors, according to the points below:

- i. A brief background based on general observations, development, and trends like consumer behaviour, lifestyle, work-from-home practises.
- ii. Recent government policies or restrictions, which could create future risks or potential upsides to the sector.
- iii. Recovery period, prior to which we expect the sector's earnings to hit a bottom.
- iv. Companies that have greater potential to weather the challenges besetting its sector.

Banks

We have a NEUTRAL weighting on this sector. Thailand has a relatively high digital adoption rate, with mobile internet penetration at c.110%, fixed internet at 46.7%, and social media at 86%. As a result, mobile banking penetration was at a lofty 98.5% in late 2019, with internet banking at 48% and e-Money at 146%. There were also 49.5m PromptPay registrants. Hence, it is no surprise that the COVID-19 pandemic has further encouraged digital adoption.

To receive the THB15,000 handout for those affected by COVID-19 from the Government, individuals eligible for this financial assistance had to register online first. After that, many Thais made their first online transaction. Directives to work from home also increased the number of digital banking transactions, while lockdown measures saw consumers making greater use of food delivery services and online shopping channels. Kasikornbank and Siam Commercial Bank, both leaders in digital banking, reported a noticeable uptick in digital transactions in 1Q20.

Of greater near-term impact is the BOT's relief measures for retail borrowers, ie the extension of the moratorium on loan repayments for another three months to Dec 2020, lowering interest rates on certain retail loans, and restructuring outstanding balances to better fit borrowers' repayment ability. The moratorium, we believe, will provide breathing space for borrowers to work out their financial obligations. For banks, the repayment holiday will likely result in a prolonged NPL upcycle that may keep credit cost elevated beyond the average two years.

The BOT's recent downgrade of its real GDP forecast to -8.1% YoY for 2020, coupled with the directive for banks to not pay interim dividends, suggest that our projected 15% YoY decline in 2020 earnings may still be too optimistic. Our forecasted 14.8% YoY rebound in 2021 net profit will depend on the shape of the economic recovery. We believe sector ROE will not rebound to 9.3%, even in 2022.

Kasikornbank and Siam Commercial Bank stand out as banks that are better prepared to capitalise on the growing preference for digital banking services. That said, given near-term concerns on asset quality, we prefer Bangkok Bank for its lower exposure to the SME and retail segments, robust capital position, and resilient asset quality.

Hospitality

We have an UNDERWEIGHT rating on the hospitality sector. Hotels in Thailand have started to re-open their doors since mid-May, with the majority of their source markets being Thai locals and expatriates. This follows the easing of COVID-19 lockdown measures. Many of them offered flash deals on room pre-sales, for stays up until the end of 2020, to attract guests. Some hotels sold out rooms within a couple of days. This led to hotels in Pattaya and Hua Hin – both located within a short driving distance from Bangkok – being fully booked on weekends.

In the meantime, international air transportation restrictions were relaxed on 1 Jul, and visitors of certain countries are now allowed to enter, with quarantine requirements to be met. Tourists may be allowed to enter Thailand under the "travel bubble" scheme, which takes effect on 1 Aug. That said, we still see no material upside to airport and hotel earnings, with regards to this scheme.

Domestic tourists have become the industry's only saving grace. Recently, the Government approved three key promotions for Jul-Oct 2020, armed with a THB22.4bn budget to push domestic tourism. The biggest scheme would subsidise 40% of room rates or <THB3,000/day for 1m travellers for up to five nights. These campaigns should attract hoteliers and travellers alike, in our view.

Some other measures include:

- i. The exemption of hotel operating fees (worth THB40.00 per room annually) for two years until 30 Jun 2022;
- ii. The Social Security Office's wage aid for hotel staff; and
- iii. Possible approvals for soft loans taken out by hotel operators and airline companies.

We expect the Thai hospitality sector to undergo a U-shaped recovery. Although 2Q20 may bring the worst results for hospitality players – due to hotel closures and the ban on air travel – we remain bearish on the tourism sector for the rest of this year. Obstacles impeding the influx of foreign visitors are likely to stay in place, while there has yet to be a concrete solution to prevent the import of COVID-19 cases from abroad.

A focus on the local market may not be sufficient to turn hotel operations around, given that this segment usually accounts for just one-third of Thailand's total tourism receipts. 3Q20 and 4Q20 earnings are likely to be in the red, and weaker than that of 1Q20. We expect hoteliers to record an average occupancy rate of c.30% this year, which is lower than the breakeven level of >50%. Average room rates may be halved, to attract price-sensitive locals. We believe the industry numbers for 2021F may remain at half of pre-pandemic levels. It could also result in Thai hospitality players' earnings being at half of their 2019 numbers. We think normal levels will be seen by mid-2022F.

We do not have a sector pick at this time, but expect Central Plaza Hotel's earnings to recover more swiftly than that of other hoteliers. This is premised on its diversification into quick-service restaurants, which are a locally-based business.

Consumer

Only staple product retailers (convenience stores, supermarkets, and hypermarkets without non-food sections) were allowed to open during the lockdown. Stores in other formats resumed operating only in 17 May. All retailing formats have resumed normal business hours, but with social distancing measures applied in-store. There was rising confidence among the public to get out of their homes, since there were no new domestic cases of COVID-19 for >30 days in row. This led to improving traffic to stores, staple and discretionary retailers, and shopping malls. Attractive promotional campaigns by retailers were also another support. Nonetheless, we think COVID-19 may increase the popularity of online retailing transactions, ie the industry's new normal, which would present another challenge for physical store operators to deliver seamless services via their developing omni-channel platforms. The "work-from-home" practice may escalate to "work-from-anywhere", and stimulate demand for such working spaces in retail malls.

The Government has yet to further policies to boost domestic consumption, except the THB5,000 per month cash handout for the lower-income segment for three months, until June. However, the private sector has submitted petitions to the Government for assistance to help both retailers and consumers, including a "Shop for the Nation" tax-break shopping campaign, soft loans to help suppliers and SMEs, and rate cuts (ie corporate tax, personal income tax, utilities tariffs).

We expect to see a V-shaped recovery for the Thai retailers, albeit with a smaller negative SSSG momentum throughout 2H20F. 2Q20F may bring their worst performance, but the resumption of store operations since May has led to pent-up demand for goods sold in shopping malls and home improvement outlets. Also, many retailers have postponed opening their new stores to 2021. These may be the factors likely to support retailers' earnings rebounding to pre-COVID-19 levels by end-2021. However, the after-effect of the pandemic on the economy may still be a major headwind.

We have an OVERWEIGHT rating on the retailer stocks, with CP ALL as our Top Pick. This is still the best-in-class retailer, even though weak 2Q20F results are inevitable – due to a high base in the same period last year. We expect a gradual recovery of CVS and Siam Makro sales in 2H20, thanks to the re-opening of workplaces and schools, as well as increasing road traffic from the domestic tourism boost. As it has the most extensive store network in the country, we believe CP ALL will benefit from synergies with its parent company, CP Group – in terms of facilitating delivery of products and services through its developing omni-channel platform.

Healthcare

We are NEUTRAL on the healthcare sector. The absence of medical tourism since COVID-19 outbreaks began spreading across the globe significantly impacted the hospitals that heavily rely on international patients. Sector margins should be soft, as the industry shifts towards competitive pricing to attract local tourists, to offset the shortfall from medical tourism. New hospital projects that will be, or have just been, launched by most of the operators are more or less focused on medical tourism. The prolonged international travel restrictions could keep these projects in the red, and drag down their operators' bottomlines this year.

As part of the “travel bubble” scheme to support medical tourism, the Government plans to conduct “special medical flights”, a pilot project of chartered flights with a cost-sharing model between local operators to facilitate the fly-in patient during the international travel ban. This includes the alternative state quarantine policy, where the Government will allow travellers to quarantine at government-approved hotels (partnered with hospitals) in Thailand, at the traveller's own expense.

Sector earnings should bottom out in the upcoming quarter, but the ensuing recovery will only be gradual. Despite the relaxation in quarantine measures, we still believe that medical tourism may take at least two years before international patient traffic returns to pre-pandemic levels.

Despite the limited impact from the shortfall in medical tourism, small-cap hospitals' valuations also look attractive vs their big-cap peers. We prefer Chularat Hospital over Bangkok Chain Hospital, which should record double-digit net profit growth in 2020-2021. Both are still trading at discounts to the industry and their historical averages.

Residential property

We are UNDERWEIGHT on this sector. Social distancing has been the major factor to consider for homebuyers in the past few months. As such, there has been a strong jump in low-rise project presales since April, and a large drop in condominium presales. Almost all developers focused on developing low-rise and condominium projects recorded unexpectedly robust townhouse and single-detached house (SDH) sales in May. Most low-rise project presales have been concentrated in the mid-end market (THB5-10m per unit) as homebuyers veered away from buying condominiums to landed properties.

Another factor was work-from-home policies, which compelled homebuyers to consider additional space for working purposes. This may support the stronger demand for SDH among the high-income segment. Low-rise project presales have benefited from these trends, as the pandemic has ignited concerns on social distancing since early 2020. We expect these factors to dominate the industry throughout this year. The condominium market can revive, as soon as these concerns disappear – at the earliest, within the next year.

We believe that the Government will not make any aggressive move to perk up the industry. Based on the view from developers, the most desirable scenario should be the cancellation of the strict loan-to-value (LTV) measures imposed by the BOT. However, we believe the regulator will not relax any measure soon.

Most developers – especially condominium builders – should book a QoQ decline in earnings in 2Q20, before recording a slight improvement in 3Q20 and 4Q20. We expect this earnings growth to be industry-wide in FY22 at the earliest, as most companies will require additional time to liquidate the majority of their condominium inventories, and sacrifice their margins during this time.

AP Thailand (AP) is riding on this trend, and has performed impressively in terms of low-rise project presales. This should lead to strong growth in its 2Q20 and FY20 earnings. The solid presales – even amidst market concerns over the pandemic – can be attributed to its solid brand recognition.

Construction materials

We have a NEUTRAL weighting on the construction materials sector. The construction materials market in Thailand may shift to focus more on environmental-friendly products, in term of production processes and the user experience. The major characteristics of these products should be: hygienic, dust-free, easy-to-clean, and pollution-free, among others. Companies that have focused on these products can take this opportunity to mark up their selling prices, and enjoy higher sales volumes.

We also expect companies that place less emphasis on the characteristics mentioned above to shift their product portfolio to focus more on high value-added (HVA) products soon, to retain their market shares. Currently, Siam Cement seems to be the most advanced player in this market, as its HVA product portfolio accounts for 40% of sales revenue. Other players are still lagging behind, with only less than 10% of sales coming from HVA products. This trend will evolve over the long term – and it will not boost demand in the short run. However, more time spent working on home should be another factor that could boost the demand for HVA products.

Up until now, there has been a lack of government policies supporting HVA products, in terms of subsidies, tax deductions, etc. Instead, these basic materials companies are voluntarily developing this segment, based on their own corporate philosophies. After the pandemic is over, though, we believe the Government may take steps to promote the usage of HVA products for the long term.

Earnings from this sector have been partially affected by the pandemic. Producers that rely heavily on modern trade have been affected by the temporary closure of physical stores. Meanwhile, basic materials producers that rely on their own retail channels have benefited. Dynasty Ceramic is a good example of the latter, as almost all of its sales depend on its own store network. After the resumption of modern trade operations in May, basic materials businesses have normalised, while demand for products from renovations should be the major sales growth engine this year.

Being the most advanced player in the HVA segment, SCC has the edge over its competitors – as it is better able to keep up with changes in consumer behaviour. This is because the company can synergize HVA products among its three core businesses (petrochemicals, building materials, and packaging). For example, medical-grade plastics produced by its petrochemical unit can be used as a component for its building materials. In addition, the company has built its brand recognition on health-conscious building materials for the past decade. Based on the ongoing social trend, we expect its HVA product proportion to rise consistently, and HVA revenue accounting for 50% of total revenue should be the near-term milestone for the company to achieve.

Rail & Road Transportation

We are NEUTRAL on this sector. Work-from-home initiatives have negatively impacted traffic on the roads, while social distancing measures have discouraged ridership on mass transit routes. Both expressway traffic, the Blue-Line MRT ridership, and Bangkok Train System (BTS) ridership fell to trough levels in April, marking an over 50% plunge from normal times.

All of these metrics began to recover in May, however. Expressway traffic – which is not as affected by social distancing measures as other travel mediums – recovered faster than ridership on the BTS lines or the Blue-Line MRT. As these rail & road transportation modes are a necessary part of daily urban life, consumer attitudes towards road and rail travel should not be impacted much, post-pandemic. Any disturbances affecting traffic and ridership numbers should be short-term in nature, and dissipate when normal activities resume.

Despite the pandemic still going strong, the new MRT project should not be delayed further. The schedule of works on the Orange-Line MRT includes bids for the operations concession for the overall route, and the remaining construction works on the west route. This long-awaited project is still expected to be completed within 2H20. The overall bid value should be at around THB120bn, including THB90bn in construction works and a THB30bn operations concession.

Sector earnings are expected to bottom in 2Q20, in tandem with the decline in expressway traffic and MRT passengers. Net profit should recover sharply in 3Q20, as expressway traffic has rebounded and is close to normalised levels of 1.1-1.3m trips a day. For both the BTS line and Blue-Line MRT, their ridership has gradually recovered – passenger numbers in June almost doubled that of May – and should climb back up to pre-pandemic levels within 3Q20.

Bangkok Expressway & Metro is our preferred pick for this sector, as it has come to the growth stage – especially after traffic returns to normal levels on both expressways and the Blue-Line Mass Rapid Transit (MRT) networks. The strong catalyst ahead: winning the Orange-Line MRT concession, as we believe the Bangkok Expressway & Metro-led consortium will be the likely bid winner.

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SET earnings estimate downgrade and valuation

End-2020 target of 1,358 pts. We tone down the SET's outlook for 2020, and cut our earnings growth expectation to -20.9% YoY, from -11.9%. We also upgrade our 2021F earnings growth to 14.4%, from 8.2%. This indicates a swifter V-shaped recovery. Key sector earnings downgrades are for banks (to -15% YoY, from -12% YoY), tourism, and transportation (downgrading to a year in the red, largely due to losses expected to be recorded by the aviation companies). Our EPS estimates for the SET are now at THB63.60 for 2020, and THB72.30 for 2021.

Our end-2020 SET target is derived by using the highest P/E over the past 12-year cycle (from 2008 to 2019) – which was at 21.4x in 2014. This translates to an end-SET level of 1,358 pts for end-2020, and 1,554 pts for end-2021.

Figure 1: SET – earnings and key ratios

Year	Net Profit (THB mn)	+/-	EPS (THB)	+/-	BPS (THB)	ROE	P/BV (x)	P/E (x)	Div. Yield
2006	454,351	-9.0%	60.8	-12.8%	413.3	14.7%	1.65	11.18	4.9%
2007	484,464	6.6%	62.6	3.0%	430.9	14.5%	1.99	13.70	3.4%
2008	364,006	-24.9%	45.9	-26.7%	438.9	10.5%	1.03	9.80	7.5%
2009	457,863	25.8%	57.3	24.8%	472.0	12.1%	1.56	12.83	3.6%
2010	567,772	24.0%	70.4	22.9%	511.9	13.7%	2.02	14.68	3.1%
2011	594,419	4.7%	72.5	3.0%	541.8	13.4%	1.89	14.14	3.6%
2012	714,534	20.2%	84.1	16.0%	602.8	13.9%	2.31	16.56	3.2%
2013	755,587	5.7%	85.4	1.5%	638.4	13.5%	2.03	15.22	3.5%
2014	648,800	-14.1%	70.1	-17.8%	669.0	10.6%	2.24	21.36	2.5%
2015	622,277	-4.1%	65.3	-22.4%	707.3	9.2%	1.82	19.74	2.7%
2016	860,236	38.2%	88.0	34.9%	756.3	11.6%	2.04	17.53	3.0%
2017	952,818	10.8%	95.0	7.9%	800.3	11.8%	2.19	18.46	2.9%
2018	934,323	-1.9%	91.4	-3.7%	828.5	10.9%	1.89	17.10	3.1%
2019	864,639	-7.5%	81.6	-10.8%	848.3	9.6%	1.86	19.37	2.7%
2020E	683,952	-20.9%	63.6	-22.6%	867.9	7.3%	1.58	21.74	1.8%
2021E	782,697	14.4%	72.7	14.4%	911.3	7.9%	1.51	18.99	2.1%

Source: RHB

Figure 2: Year-end SET targets

P/E (x)	EPS (THB)		P/BV (x)	BV (THB)		
	2020E	2021E		2020E	2021E	
	63.56	72.73		873.92	917.57	
Highest level in 12 yr	15.00	954	1,091	2.03	1,774	1,862
	16.00	1,017	1,164	1.98	1,731	1,817
	17.00	1,081	1,237	2.01	1,757	1,845
	18.00	1,144	1,309	1.96	1,713	1,799
	19.00	1,208	1,382	1.20	1,049	1,101
	20.00	1,271	1,455	1.40	1,223	1,285
	21.36	1,358	1,554	1.60	1,398	1,468
22.00	1,399	1,600	1.80	1,573	1,652	
SET Target	1,358	1,554	Mean	P/E	P/BV	
Market return	0.6%	14.4%	3-year	18.30	1.98	
Div. Yield	1.8%	2.1%	5-year	18.43	1.96	
Total return	2.5%	16.5%	7-year	18.39	2.01	
ROE	7.3%	7.9%	10-year	17.41	2.03	

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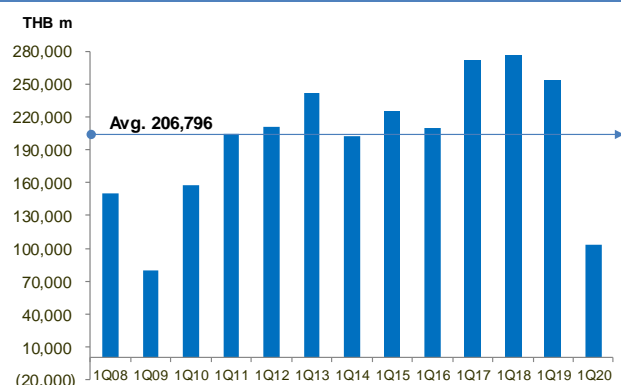
Figure 3: SET's net profit in 1Q20 – a sectorial breakdown

Sector	Net Profit (THB m)					+/-		Common size				
	1Q20	1Q19	1Q18	1Q17	4Q19	YoY	QoQ	1Q20	1Q19	1Q18	1Q17	4Q19
Agro & Food Industry	11,945	12,001	10,898	13,753	12,676	-0.5%	-5.8%	11.6%	4.7%	3.9%	5.1%	6.4%
-- Agribusiness	1,380	(373)	1,290	727	(364)	n.m.	n.m.	1.3%	-0.1%	0.5%	0.3%	-0.2%
-- Food and Beverage	10,565	12,374	9,608	13,026	13,041	-14.6%	-19.0%	10.2%	4.9%	3.5%	4.8%	6.6%
Consumer Products	388	1,168	1,438	1,737	191	-66.8%	103.5%	0.4%	0.5%	0.5%	0.6%	0.1%
-- Fashion	(18)	1,032	1,004	1,490	(1)	n.m.	n.m.	0.0%	0.4%	0.4%	0.5%	0.0%
-- Home & Office Products	217	(18)	96	94	223	n.m.	-2.6%	0.2%	0.0%	0.0%	0.0%	0.1%
-- Personal Products & Pharmaceuticals	189	154	338	152	(31)	22.3%	n.m.	0.2%	0.1%	0.1%	0.1%	0.0%
Financials	58,615	64,900	61,438	60,037	56,897	-9.7%	3.0%	56.7%	25.6%	22.2%	22.1%	28.9%
-- Banking	50,360	55,951	52,533	51,986	47,439	-10.0%	6.2%	48.8%	22.1%	19.0%	19.2%	24.1%
-- Finance and Securities	6,980	5,972	5,844	5,355	8,417	16.9%	-17.1%	6.8%	2.4%	2.1%	2.0%	4.3%
-- Insurance	1,275	2,977	3,061	2,696	1,040	-57.2%	22.6%	1.2%	1.2%	1.1%	1.0%	0.5%
Industrials	(3,669)	13,538	23,761	25,715	4,090	n.m.	n.m.	-3.6%	5.3%	8.6%	9.5%	2.1%
-- Automotive	1,592	1,642	1,752	1,425	266	-3.1%	497.7%	1.5%	0.6%	0.6%	0.5%	0.1%
-- Industrial Materials & Machinery	221	(99)	269	430	(47)	n.m.	n.m.	0.2%	0.0%	0.1%	0.2%	0.0%
-- Paper & Printing Materials	306	198	167	62	213	54.7%	43.5%	0.3%	0.1%	0.1%	0.0%	0.1%
-- Petrochemicals & Chemicals	(5,374)	11,474	19,565	19,965	868	n.m.	n.m.	-5.2%	4.5%	7.1%	7.4%	0.4%
-- Packaging	850	1,285	475	1,026	1,059	-33.9%	-19.7%	0.8%	0.5%	0.2%	0.4%	0.5%
-- Steel	(1,264)	(964)	1,533	2,806	1,730	n.m.	n.m.	-1.2%	-0.4%	0.6%	1.0%	0.9%
Property & Construction	21,141	37,492	25,720	33,642	35,894	-43.6%	-41.1%	20.5%	14.8%	9.3%	12.4%	18.2%
-- Construction Materials	8,726	15,396	14,391	20,550	9,275	-43.3%	-5.9%	8.4%	6.1%	5.2%	7.6%	4.7%
-- Property Development	11,587	18,625	10,414	11,807	25,867	-37.8%	-55.2%	11.2%	7.4%	3.8%	4.4%	13.1%
-- Property Fund	0	0	-	0	0	n.m.	n.m.	0.0%	0.0%	0.0%	0.0%	0.0%
-- Construction	828	3,471	915	1,284	752	-76.2%	10.1%	0.8%	1.4%	0.3%	0.5%	0.4%
Resources	(22,110)	69,580	99,639	89,767	40,376	n.m.	n.m.	-21.4%	27.5%	36.1%	33.1%	20.5%
-- Energy & Utilities	(22,181)	69,510	99,517	89,468	40,342	n.m.	n.m.	-21.5%	27.5%	36.0%	33.0%	20.5%
-- Mining	71	70	122	299	33	0.5%	111.4%	0.1%	0.0%	0.0%	0.1%	0.0%
Services	24,029	37,742	35,597	31,520	33,319	-36.3%	-27.9%	23.3%	14.9%	12.9%	11.6%	16.9%
-- Commerce	13,632	13,835	13,419	13,310	16,044	-1.5%	-15.0%	13.2%	5.5%	4.9%	4.9%	8.1%
-- Health Care Services	5,224	11,523	6,232	4,380	4,790	-54.7%	9.1%	5.1%	4.6%	2.3%	1.6%	2.4%
-- Media & Publishing	(1,529)	330	1,055	612	959	n.m.	n.m.	-1.5%	0.1%	0.4%	0.2%	0.5%
-- Professional Services	77	48	77	51	141	59.2%	-45.3%	0.1%	0.0%	0.0%	0.0%	0.1%
-- Tourism & Leisure	(49)	1,447	2,114	1,630	1,363	n.m.	n.m.	0.0%	0.6%	0.8%	0.6%	0.7%
-- Transportation & Logistics	6,673	10,557	12,700	11,537	10,021	-36.8%	-33.4%	6.5%	4.2%	4.6%	4.3%	5.1%
Technology	12,957	16,792	17,755	14,897	13,711	-22.8%	-5.5%	12.5%	6.6%	6.4%	5.5%	7.0%
-- Electronic Components	1,895	1,746	1,899	3,441	809	8.5%	134.2%	1.8%	0.7%	0.7%	1.3%	0.4%
-- Information & Communication Technology	11,062	15,046	15,856	11,457	12,902	-26.5%	-14.3%	10.7%	5.9%	5.7%	4.2%	6.5%
Medium-Sized Enterprise	705	2,088	1,558	1,186	1,229	-66.3%	-42.7%	0.7%	0.8%	0.6%	0.4%	0.6%
SET+MAI	103,999	255,300	277,804	272,254	198,383	-59.3%	-47.6%	100.7%	100.8%	100.6%	100.4%	100.6%
SET	103,295	253,213	276,246	271,068	197,154	-59.2%	-47.6%	100.0%	100.0%	100.0%	100.0%	100.0%
Ex. Banking	52,935	197,262	223,713	219,082	149,714	-73.2%	-64.6%	51.2%	77.9%	81.0%	80.8%	75.9%
Ex. Energy & Petrochemicals	130,849	172,229	157,164	161,634	155,943	-24.0%	-16.1%	126.7%	68.0%	56.9%	59.6%	79.1%
Ex. Banking, Energy, Petrochemicals	80,489	116,278	104,631	109,648	108,504	-30.8%	-25.8%	77.9%	45.9%	37.9%	40.5%	55.0%

Note: As of 12 Jun, total companies that announced their results numbered 524 out of 611, ie 86% of total. These exclude property funds (REITs)

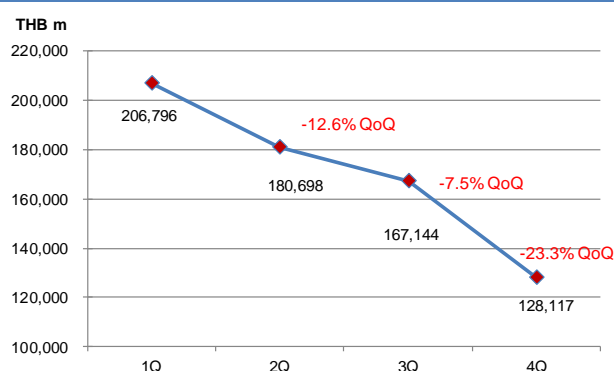
Source: SETSmart, RHB

Figure 4: Net profit in 1Q20 was at its lowest level since 1Q19



Source: RHB

Figure 5: Average of 12 quarters on each corresponding period



9 July 2020

Market Outlook | Market Strategy

Figure 8: SET's 2020F P/E has risen to a peak

P/E (x)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E
Agribusiness	6.16	8.29	11.60	11.86	19.62	13.67	18.1	17.4	38.9	51.7	15.3	719.0	21.5	19.2
Food & Beverage	8.99	6.33	15.89	14.01	14.92	22.94	19.3	17.6	22.3	22.3	19.8	19.1	16.5	14.4
Household Goods	6.81	14.72	8.38	9.33	11.75	12.77	32.0	15.5	14.7	30.9	16.2	n.m.	279.6	43.0
Bank	6.38	13.01	14.12	11.41	13.49	9.36	11.7	9.2	10.4	13.0	10.7	9.1	7.6	7.4
Finance & Securities	12.61	15.89	9.51	15.08	13.16	9.19	14.3	18.7	23.0	21.4	17.0	17.6	14.1	13.0
Petrochemical	4.56	13.64	31.30	20.20	11.05	12.94	18.9	11.7	10.4	10.3	9.7	22.7	21.8	18.7
Automotive	7.25	56.05	16.54	14.02	11.04	8.69	14.1	12.3	13.5	17.1	11.7	14.6	24.0	21.3
Construction Materials	11.62	11.46	12.37	12.06	22.04	14.41	17.9	14.0	12.0	14.2	14.8	16.7	19.8	16.9
Property	8.12	12.87	12.93	16.59	17.95	12.84	16.4	15.5	16.7	17.5	15.4	14.6	19.7	20.5
Contractor							23.8	29.6	26.4	84.7	68.9	17.5	18.2	15.8
Energy	11.40	10.59	12.00	10.01	11.07	11.03	24.6	35.3	13.1	12.9	13.3	18.2	22.7	19.2
Commerce	15.17	14.84	21.79	23.82	33.26	28.65	31.7	24.5	31.7	33.4	27.3	28.1	31.9	30.4
Media	13.45	17.13	15.59	18.05	26.18	21.64	50.2	56.2	641.3	214.0	45.8	48.2	218.2	194.0
Healthcare	12.20	14.68	17.85	23.03	20.36	25.27	32.4	39.8	39.4	33.1	35.2	28.6	24.2	21.5
Tourism	10.96	n.m.	n.m.	56.59	41.47	15.52	35.5	33.7	30.8	31.5	25.4	34.9	n.m.	81.7
Transportation	n.m.	17.14	14.14	(37.84)	13.72	76.16	218.9	501.4	46.6	51.3	61.4	66.1	n.m.	320.9
ICT	17.31	16.56	18.31	17.96	24.73	22.28	27.5	12.7	22.8	30.1	25.3	23.4	20.3	19.2
Electronics	5.08	10.12	9.28	28.49	9.98	12.50	13.6	13.8	17.9	18.3	15.8	24.0	26.1	20.5
SET	9.80	12.83	14.68	14.14	16.56	15.22	21.4	19.7	17.5	18.5	17.1	19.4	21.7	18.9
MAI	29.15	29.11	25.22	27.06	23.73	35.55	73.0	76.9	56.2	113.9	46.2	20.8	68.0	57.5

Source: RHB

Figure 9: ROEs are expected to hit a bottom in 2020-2021

ROE	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E
Agribusiness	10.3%	18.0%	19.0%	11.9%	7.5%	9.7%	7.7%	6.0%	4.2%	2.5%	6.8%	0.1%	6.1%	6.9%
Food & Beverage	14.1%	32.0%	17.3%	21.0%	17.9%	12.0%	13.7%	12.5%	12.2%	11.0%	9.9%	11.3%	12.0%	12.5%
Household Goods	7.2%	5.4%	11.0%	10.3%	10.4%	10.0%	7.5%	9.9%	10.7%	4.2%	6.3%	1.1%	0.3%	1.8%
Bank	11.1%	10.9%	12.4%	13.5%	14.2%	15.4%	14.3%	11.8%	11.3%	9.7%	9.9%	9.4%	7.5%	7.4%
Finance & Securities	4.6%	5.5%	11.1%	7.1%	9.1%	17.0%	15.4%	12.9%	13.0%	13.9%	16.1%	15.5%	15.4%	15.2%
Petrochemical	12.5%	8.6%	9.5%	7.8%	13.9%	11.0%	5.7%	9.2%	13.7%	16.2%	14.3%	4.8%	4.1%	4.8%
Automotive	7.7%	1.7%	9.3%	9.0%	13.9%	14.7%	10.5%	10.0%	9.2%	9.4%	10.2%	6.8%	3.4%	3.7%
Construction Materials	8.3%	16.1%	18.2%	17.9%	12.8%	16.4%	15.0%	18.0%	19.1%	15.7%	12.5%	10.2%	7.5%	8.3%
Property	12.0%	10.5%	12.3%	9.4%	13.6%	16.9%	12.5%	10.8%	10.0%	10.9%	9.8%	9.7%	5.5%	5.1%
Contractor							11.0%	8.4%	9.0%	2.4%	2.2%	6.3%	5.5%	5.9%
Energy	11.7%	16.8%	17.3%	17.6%	15.3%	12.8%	5.4%	3.0%	10.8%	13.6%	11.8%	9.4%	6.4%	7.2%
Commerce	12.1%	15.6%	18.2%	20.4%	20.7%	20.5%	17.3%	18.6%	14.2%	15.6%	15.5%	15.8%	13.9%	13.2%
Media	17.7%	14.6%	21.1%	21.6%	23.5%	23.1%	9.6%	6.9%	0.6%	2.7%	9.5%	9.3%	1.6%	1.9%
Healthcare	16.6%	15.7%	16.9%	15.9%	22.2%	17.2%	17.2%	16.1%	16.0%	15.5%	14.1%	15.1%	14.0%	14.2%
Tourism	6.7%	-2.2%	3.3%	1.9%	3.8%	10.8%	5.5%	6.9%	6.9%	8.5%	7.9%	3.4%	-7.8%	1.5%
Transportation	11.2%	4.5%	7.3%	-2.2%	9.2%	2.3%	1.1%	0.5%	6.5%	8.1%	6.6%	6.5%	-4.1%	1.4%
ICT	10.4%	13.1%	17.0%	30.5%	34.6%	40.7%	30.1%	34.7%	17.9%	14.6%	15.5%	18.9%	17.8%	17.2%
Electronics	12.7%	10.8%	16.9%	3.9%	14.0%	13.7%	15.1%	16.0%	14.0%	11.4%	10.7%	5.8%	4.6%	5.7%
SET	10.4%	12.1%	13.7%	13.4%	13.8%	13.5%	10.6%	9.2%	11.6%	11.8%	10.9%	9.6%	7.3%	7.9%
MAI	3.9%	5.5%	7.8%	8.3%	12.9%	13.0%	6.3%	4.3%	6.6%	2.3%	3.8%	7.4%	2.1%	2.5%

Source: RHB

Figure 10: We assume that the SET's dividend payout ratio in 2020 is at 40%, lower than its 5-year average of 54%

Dividend Yield	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E
Agribusiness	7.2%	3.5%	3.9%	5.9%	1.0%	1.5%	2.2%	2.3%	1.0%	0.8%	2.6%	0.1%	0.5%	1.6%
Food & Beverage	6.6%	5.1%	2.8%	2.8%	2.0%	1.3%	2.1%	2.3%	1.8%	1.8%	1.5%	2.1%	1.8%	2.1%
Household Goods	7.3%	4.8%	5.4%	6.8%	0.9%	0.8%	1.4%	2.9%	2.7%	1.3%	2.5%	0.0%	0.0%	0.7%
Bank	4.8%	2.4%	3.2%	2.8%	2.2%	3.2%	2.6%	3.3%	2.9%	2.3%	2.8%	3.3%	3.9%	4.1%
Finance & Securities	10.1%	5.8%	4.7%	6.6%	3.8%	5.4%	3.5%	2.7%	2.2%	2.3%	2.9%	2.8%	2.8%	2.3%
Petrochemical	17.6%	3.2%	1.4%	2.0%	3.6%	3.1%	1.6%	2.6%	2.9%	2.9%	3.1%	1.3%	1.8%	1.6%
Automotive	7.1%	3.6%	2.7%	4.1%	0.9%	1.2%	0.7%	0.8%	0.7%	0.6%	0.9%	0.7%	0.4%	0.5%
Construction Materials	8.5%	2.8%	3.6%	4.2%	1.8%	2.8%	2.2%	2.9%	3.3%	2.8%	2.7%	2.4%	0.5%	1.8%
Property	5.7%	3.4%	3.5%	3.4%	2.5%	3.5%	2.7%	2.9%	2.7%	2.6%	2.9%	3.1%	0.5%	1.5%
Contractor							0.8%	0.7%	0.8%	0.1%	0.1%	0.9%	0.6%	1.3%
Energy	8.1%	3.6%	3.7%	4.3%	3.6%	3.6%	1.6%	1.1%	3.1%	3.1%	3.0%	2.2%	1.8%	1.6%
Commerce	4.1%	3.4%	2.1%	1.8%	1.2%	1.4%	1.3%	1.6%	1.3%	1.2%	1.5%	1.4%	0.9%	1.0%
Media	7.1%	5.3%	2.9%	5.0%	2.3%	2.8%	1.2%	1.1%	0.1%	0.3%	1.3%	1.2%	0.0%	0.1%
Healthcare	3.1%	2.7%	2.5%	1.4%	1.5%	1.2%	0.9%	0.8%	0.8%	0.9%	0.9%	1.1%	1.2%	1.4%
Tourism	4.8%	0.0%	n.m.	4.8%	0.0%	0.0%	0.8%	0.9%	1.0%	1.0%	1.2%	0.9%	0.0%	0.1%
Transportation	0.0%	4.5%	3.2%	0.0%	0.7%	0.1%	0.1%	0.0%	0.3%	0.3%	0.2%	0.2%	0.0%	0.0%
ICT	7.9%	6.2%	2.5%	5.3%	2.0%	2.2%	3.5%	7.5%	2.6%	2.0%	2.4%	2.6%	2.5%	2.6%
Electronics	14.0%	6.9%	4.8%	7.2%	3.0%	2.4%	2.9%	2.9%	2.2%	2.5%	2.8%	1.9%	1.1%	1.0%
SET	7.5%	3.6%	3.1%	3.6%	3.2%	3.5%	2.5%	2.7%	3.0%	2.9%	3.1%	2.7%	1.8%	2.1%
MAI	7.7%	3.5%	1.8%	2.8%	0.8%	0.6%	0.7%	0.6%	0.9%	0.4%	1.1%	2.4%	0.3%	0.5%

Source: RHB

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Analyst	Company
-	-

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100 - 100		ดีเลิศ	Excellent
80 - 80		ดีมาก	Very Good
70 - 70		ดี	Good
60 - 60		ดีพอใช้	Satisfactory
50 - 50		ผ่าน	Pass
ต่ำกว่า 50	No logo give	N/A	N/A

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ข้อมูล Anti-Corruption Progress Indicator 2560

ประกาศเจตนาธรรม CAC

A	ASK	CHG	FC	GREEN	JUTHA	MATCH	NINE	PIMO	RWI	SPPT	TFI	TU	VNT
AI	AU	CHOTI	FER	GSTEL	KASET	MATI	NMG	PK	SANKO	SPRC	THE	TVD	WAVE
AIE	BCH	CHOW	FPI	GUNKUL	KBS	MBAX	NNCL	PL	SAUCE	SR	TICON	TVO	WHA
AIRA	BJC	CIG	FSMART	HARN	KCAR	MC	NTV	PLANB	SC	SRICHA	TIP	TVT	WICE
AJ	BJCHI	COL	GEL	IFS	KTECH	MFEC	NUSA	POST	SCCC	SST	TKN	TWPC	WIJK
ALUCON	BLAND	COM7	GFPT	ILINK	KWC	MIDA	NWR	PRINC	SCN	STA	TLUXE	U	TRUE
AMATAV	BR	CPALL	GGC	INET	KYE	MILL	OGC	PRO	SEAOIL	SUPER	TMILL	UPA	
AOT	BROCK	CPF	GIFT	IRC	L&E	ML	PACE	PSTC	SE-ED	SUSCO	TMT	UREKA	
APCO	BRR	CPR	GJS	J	LEE	MTLS	PAF	PYLON	SENA	SWC	TNP	UWC	
AQUA	CEN	CSC	GLOBAL	JMART	LIT	NBC	PAP	QTC	SIRI	SYMC	TPA	VGI	
ARROW	CGH	EKH	GOLD	JMT	LVT	NCL	PATO	ROH	SMART	TAKUNI	TSE	VIBHA	
ASIA	CHEWA	EPCO	GPSC	JUBILE	MAKRO	NEP	PCSGH	ROJNA	SPACK	TBSP	TTI	VIH	

ได้รับการรับรอง CAC

ADVANC	BKI	CPN	FE	INTUCH	LANNA	MSC	PLAT	PTT	SAT	SNP	TCMC	TMD	UOBKH
AKP	BLA	CSL	FNS	IRPC	LHBANK	MTI	PM	PTTEP	SCB	SORKON	TFG	TNITY	WACOAL
AMANAH	BROOK	DCC	FSS	IVL	LHK	NKI	PPP	PTTGC	SCC	SPC	TGCI	TNL	
AP	BTS	DEMCO	GBX	K	LPN	NSI	PPS	Q-CON	SCG	SPI	THANI	TOG	
ASP	BWG	DIMET	GCAP	KBANK	MBK	OCC	PRANDA	QH	SGP	SSF	THCOM	TOP	
AYUD	CENTEL	DRT	GLOW	KCE	MBKET	OCEAN	PREB	QLT	SINGER	SSI	THRE	TPCORP	
BAFS	CFRESH	DTAC	HANA	KGI	MCOT	PB	PRG	RATCH	SIS	SSSC	THREL	TRU	
BANPU	CIMBT	DTC	HMPRO	KKP	MFC	PDI	PSH	RML	SITHAI	SVI	TIPCO	TSC	
BAY	CM	EASTW	HTC	KSL	MINT	PE	PSL	ROBINS	SMIT	SYNTEC	TISCO	TSSTH	
BBL	CNS	ECL	ICC	KTB	MONO	PG	PT	S & J	SMPC	TAE	TKT	TTCL	
BCP	CPI	EGCO	IFEC	KTC	MOONG	PHOL	PTG	SABINA	SNC	TCAP	TMB	TVI	

N/A

2S	ARIP	BSM	CSS	FMT	INOX	LTX	NPK	RCL	SFP	SUC	TITLE	TSR	VPO
AAV	AS	BTC	CTW	FN	INSURE	M	NPP	RICH	SGF	SUN	TIW	TSTE	VTE
ABICO	ASAP	BTNC	CWT	FOCUS	IRCP	MACO	NVD	RICHY	SHANG	SUTHA	TK	TTA	WG
ACAP	ASEFA	BTW	D	FORTH	IT	MAJOR	NYT	RJH	SIAM	SVH	TKS	TTL	WHAUP
ACC	ASIAN	BUI	DCON	FTE	ITD	MALEE	OHTL	ROCK	SIMAT	SVOA	TM	TTTM	WIN
ADAM	ASIMAR	CBG	DCORP	FVC	ITEL	MANRIN	OISHI	RP	SKE	SYNEX	TMC	TTW	WINNER
ADB	ASN	CCET	DDD	GC	JAS	MAX	ORI	RPC	SKN	T	TMI	TUCC	WORK
AEC	ATP30	CCP	DELTA	GENCO	JCT	M-CHAI	OTO	RPH	SKR	TACC	TMW	TWP	WORLD
AEONTS	AUCT	CGD	DIGI	GL	JKN	MCS	PAE	RS	SKY	TAPAC	TNDT	TWZ	WP
AF	BA	CHARAN	DNA	GLAND	JSP	MDX	PDG	RSP	SLP	TASCO	TNH	TYCN	WPH
AFC	BAT-3K	CHO	DTCI	GPI	JTS	MEGA	PERM	S	SMK	TC	TNPC	UAC	WR
AGE	BCPG	CHUO	EA	GRAMMY	JWD	METCO	PF	S11	SMM	TCB	TNR	UBIS	XO
AH	BDMS	CI	EARTH	GRAND	KAMART	MGT	PICO	SAFARI	SMT	TCC	TOA	UEC	YCI
AHC	BEAUTY	CITY	EASON	GTB	KC	MJD	PJW	SALEE	SOLAR	TCCC	TOPP	UKEM	YNP
AIT	BEC	CK	ECF	GULF	KCM	MK	PLANET	SAM	SPA	TCJ	TPAC	UMI	YUASA
AJA	BEM	CKP	EE	GYT	KDH	MM	PLE	SAMART	SPALI	TCOAT	TPBI	UMS	ZIGA
AKR	BFIT	CMO	EFORL	HFT	KIAT	MODERN	PMTA	SAMCO	SPCG	TEAM	TPCH	UNIQU	ZMICO
ALLA	BGRIM	CMR	EIC	HOTPOT	KKC	MPG	POLAR	SAMTEL	SPG	TFD	TIPL	UP	
ALT	BGT	CNT	EMC	HPT	KOOL	MPIC	POMPUI	SAPPE	SPORT	TFMAMA	TIPIP	UPF	
AMA	BH	COLOR	EPG	HTECH	KTIS	NC	PORT	SAWAD	SPVI	TGPRO	TPOLY	UPOIC	
AMARIN	BIG	COMAN	ERW	HUMAN	KWG	NCH	PPM	SAWANG	SQ	TH	TPP	UT	
AMATA	BIZ	CPH	ESSO	HYDRO	LALIN	NDR	PRAKIT	SCI	SSC	THAI	TR	UTP	
AMC	BKD	CPL	ESTAR	ICHI	LDC	NETBAY	PRECHA	SCP	SSP	THANA	TRC	UV	
ANAN	BLISS	CPT	ETE	ICN	LH	NEW	PRIN	SDC	STANLY	THG	TRITN	UVAN	
APCS	BM	CRANE	EVER	IEC	LOXLEY	NEWS	PRM	SE	STAR	THIP	TRT	VARO	
APEX	BOL	CRD	F&D	IHL	LPH	NFC	PTL	SEAFCO	STEC	THL	TRUBB	VCOM	
APURE	BPP	CSP	FANCY	III	LRH	NOBLE	RAM	SELIC	STHAI	THMUI	TSF	VI	
AQ	BSBM	CSR	FLOYD	INGRS	LST	NOK	RCI	SF	STPI	TIC	TSI	VNG	

Source: Thai Institute of Directors

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- ได้รับการรับรอง CAC

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