Market Strategy
2Q 2019

All that glitters is not gold

PTTEP, IVL, IRPC, TU, GFPT

SCBS

Research Group

Head of Research
Andy Jenwipakul, CFA
andy@scb.co.th, (662) 949-1022

Office Manager
Kanyarat Kawiya
kanyarat.kawiya@scb.co.th, (662) 949-1011

Fundamental Research

Automotive, Healthcare, Tourism, Transportation
Raweenuch Piyakriengkai
raweenuch.piyakriengkai@scb.co.th, (662) 949-1002

Banks, Finance, Insurance, Securities
Kittima Sattayapan, CFA
kittima.sattayapan@scb.co.th, (662) 949-1003

Building Materials, Commerce, Food
Sirima Dissara, CFA
sirima.dissara@scb.co.th, (662) 949-1004

Energy, Petrochemicals
Chaipat Thanawattano
chaipat.thanawattano@scb.co.th, (662) 949-1005

Property, Industrial Estate, Property Fund
Sirikarn Krisnipat
sirikarn.krisnipat@scb.co.th, (662) 949-1020

Investment Strategy

Retail Strategy and Technical
Ekpawin Suntarapichard
ekpawin.suntarapichard@scb.co.th, (662) 949-1029

Derivatives Strategy
Banyart Kongkachan
banyart.kongkachan@scb.co.th, (662) 949-1088

Research Assistant
Jaradsak Woragidbumrung
jaradsak.woragidbumrung@scb.co.th, (662) 949-1018

Research Support

Database
Sureeporn Charoenchongsuk
sureeporn.charoenchongsuk@scb.co.th, (662) 949-1025

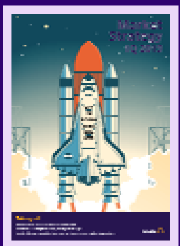
Database
Supattra Jairew
supattra.jairew@scb.co.th, (662) 949-1023

Thai Editor
Pongkanit Paocharoen
pongkanit.paocharoen@scb.co.th, (662) 949-1027

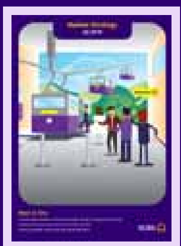
Production
Saranjit Onaree
saranjit.onaree@scb.co.th, (662) 949-1028

SCBS Market Strategy Reports

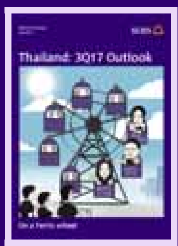
2019



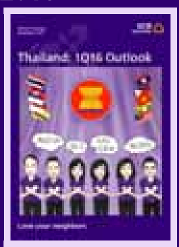
2018

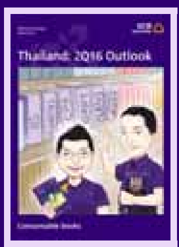



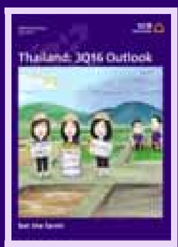
2017



2016







See the end of this report for important disclaimer

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Stock Picks

Sector updates

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SCBS strategy

SET index	Close: 25/3/2019	1,625.91	-20.38 / -1.24%	Bt47,065mn
SET50 index	Close: 25/3/2019	1,083.05	-15.80 / -1.44%	Bt33,754mn

All that glitters is not gold

The macroeconomics picture indicates that Thailand remains in the late cycle but the shift to a less hawkish monetary policy and economic stimulus packages in China will keep late-cycle worries elevated. Moves forward in the trade war and Brexit hint of spring. With a cloudy post-election picture, Thailand is gripped by political uncertainty that could keep pressure on the upside at 1,750-1,800. Thus, we believe a level below 1,600 offers a sufficiently wide margin of safety. Sector-wise, we prefer cyclical over defensive in 2Q19. We overweight energy, petrochemicals and agribusiness, backed by their earnings recovery. We recommend keeping an eye on small-cap stocks. We underweight automotive, electronics and property.

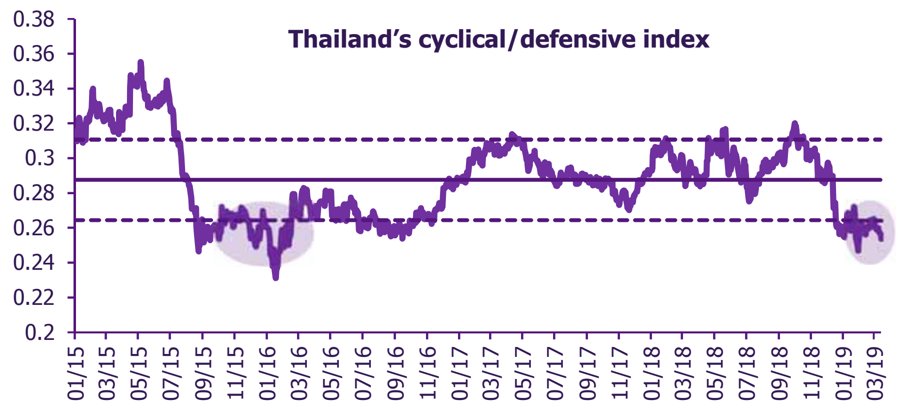
What has happened so far? Since the beginning of 2019, global financial markets, have come back up substantially. Behind this is the switch in the stance of central banks from tightening to relaxing. The US Federal Reserve (Fed) is unlikely to hike interest rate this year and will also end its program of balance sheet shrinkage by the fourth quarter. The European Central bank (ECB), the Bank of Japan (BoJ) and the People's Bank of China are also relaxing monetary policies. China's government also announced massive fiscal stimulus amounting to CNY6.2tn to stimulate the economy. We believe the stimulus will help support consumption and investment in the next few quarters that could ease concerns of a global economic slowdown.

Year of two halves. Thailand's economy will face a year of two different halves. Its GDP growth is expected to drop sharply in 1H19, following exports down. Then in 2H19, private investment is expected to drop due to the slowdown in exports, which will hurt sales and/or revenue for exporters. Declining consumption growth will also contribute to a reduction in investment in 2H19.

What to do in 2Q19. We recommend allowing for a wider margin of safety amid high uncertainty surrounding the post-election transition and economic slowdown. We see a buying zone between 1,550-1,600, implying a P/E of 14x. We prefer cyclical over defensive in 2Q19 and overweight energy, petrochemicals and agribusiness in response to earnings recovery and relatively cheap valuations to benchmark and historical levels.

Our 2Q19 top picks. PTTEP (Oil price up and investment opportunities), **IVL** (portfolio transformation), **IRPC** (better product spread and cheap), **GFPT** (good in both domestic and export markets) and **TU** (earnings improvement). We also suggest keeping an eye on good-quality small cap stocks. Investors should avoid automotive, electronics and property to avoid undue damage.

Is it time for cyclicals?



Source: SCBS Wealth Research

2Q19 Top picks

	Rating	Price (Bt)	TP (Bt)	ETR (%)
GFPT	Buy	13.50	19.0	42.9
IRPC	Buy	5.70	8.6	57.0
IVL	Buy	48.25	82.0	73.5
PTTEP	Buy	124.00	150.0	25.0
TU	Buy	18.80	23.0	25.1

	PE (x)		EPS growth (%)	
	19F	20F	19F	20F
GFPT	11.9	10.3	25	15
IRPC	8.0	7.3	109	11
IVL	8.8	8.4	28	5
PTTEP	12.0	11.9	13	2
TU	17.9	15.3	24	17
Average	**11.7**	**10.6**	**39.6**	**9.9**

	PBV (x)		ROE (%)	
	19F	20F	19F	20F
GFPT	1.2	1.1	11	11
IRPC	1.2	1.1	16	16
IVL	1.6	1.4	20	18
PTTEP	1.2	1.1	10	10
TU	1.8	1.7	10	11
Average	**1.4**	**1.3**	**13**	**13**

	Div. Yield (%)		EV/EBITDA (x)	
	19F	20F	19F	20F
GFPT	2.2	2.2	6.5	6.0
IRPC	6.1	6.8	6.0	5.7
IVL	3.5	3.7	6.5	5.8
PTTEP	4.0	4.0	3.1	3.0
TU	2.8	3.3	14.2	12.8
Average	**3.7**	**4.0**	**7.3**	**6.6**

Analysts

Dr. Piyasak Manason
Fundamental Investment Analyst on Securities

Sittichai Duangrattanachaya
Fundamental Investment Analyst on Securities

Market Strategy: 2Q19

"No more hiking!"

In the face of a deteriorating global economy, authorities across the globe will relax policies to jump-start their economies. This will give a boost to the global economy in the latter part of this year. In Thailand, the policy rate will be on hold for the rest of the year and we see downside risk to SCB EIC's forecast of 3.8% economic growth. Economic headwinds will slow exports and GDP growth in the first half while private investment and consumption will decline in the second half.

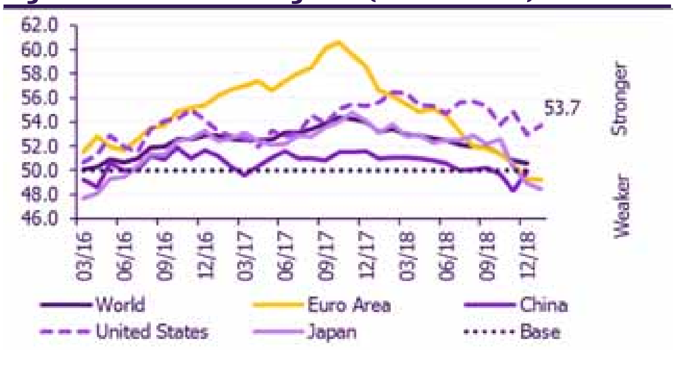
What has happened so far?

Since the beginning of 2019, four snapshots can be taken of the global economic and investment perspective. The first is the financial market scenario. Since the beginning of this year, global financial markets, especially stock markets, have come back up substantially. Stock market indices around the globe have rebounded 10-20% year-to-date. At the same time, yield of Treasury bonds as well as commodities prices have headed down. For Treasury bonds with different maturities, yield has fallen 5-10 basis points, weighted especially to the short end. Commodity price indices have deteriorated since the beginning of this year as well.

The reason behind the rebound in risk assets is the change in the economic picture, i.e., a switch in the stance of central banks from tightening to relaxing. This implies that policymakers are concerned about the market. Further declines in commodity prices in general as well as the persistently low bond yield imply that global demand is still weak.

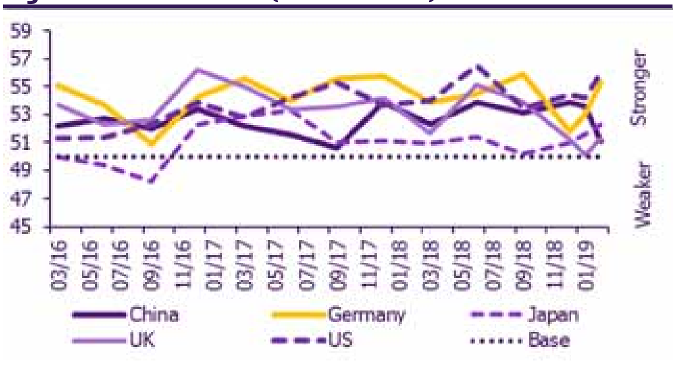
The second snapshot depicts the global economy. Since the synchronized deterioration of manufacturing PMIs (Purchasing Manager Index) in major economies is as harsh as in the 2015-16 China hard landing, the implication is that global manufacturing is truly weak, partly due to a late electronic cycle and partly due to the trade skirmish. Service PMI is holding up relatively well, despite some deterioration. This reflects the fact that in a global slowdown, the tradable sector (where manufacturing products are placed) performs relatively poorly compared to the non-tradable sector.

Figure 1: Manufacturing PMI (50 = Normal)



Source: CEIC, SCBS Wealth Research

Figure 2: Service PMI (50 = Normal)



Source: CEIC, SCBS Wealth Research

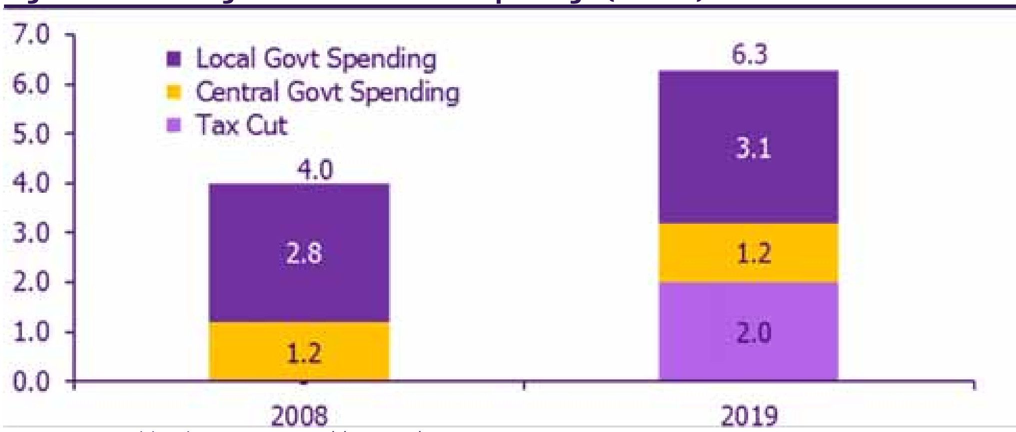
The third snapshot reveals a concerted effort by authorities in major economies to support growth for the first time since the global financial crisis in 2008-9. The US Federal Reserve (Fed) says it will be patient and wait until the economic condition allows further tightening in monetary policy. This is an abrupt about-face by chairman Jay Powell from his stated plan to adhere to the tightening cycle just a few months ago.

The European Central bank (ECB) also signaled no raise in its policy rate this year, a change from some months ago when Mario Draghi signaled that the first rate hike would take place in the summer of 2019. The central bank also started its third "Targeted Longer-term Refinancing Operations (TLTRO)" which in effect is a lending program at a special interest rate to commercial banks.

In Japan, the Bank of Japan (BoJ) held its short-term interest rate target at -0.1% at its March meeting and said it will maintain purchases of 10-year Japanese government bonds so that yields remain at around 0%. It also noted that while it expects the country's economy to maintain its moderate expansion, Japan is feeling the effects of a global slowdown. The implication is that a relaxed monetary policy will hang around for the foreseeable future.

In China, the People's Bank of China has cut commercial banks' reserve requirement ratio (RRR) five times since the beginning of last year to shore up growth, which has been deteriorating. Apart from that, the government, in its annual National People's Congress, announced massive fiscal stimulus amounting to CNY6.2tn to stimulate the economy.

Figure 3: Chinese government stimulus package (CNY tn)

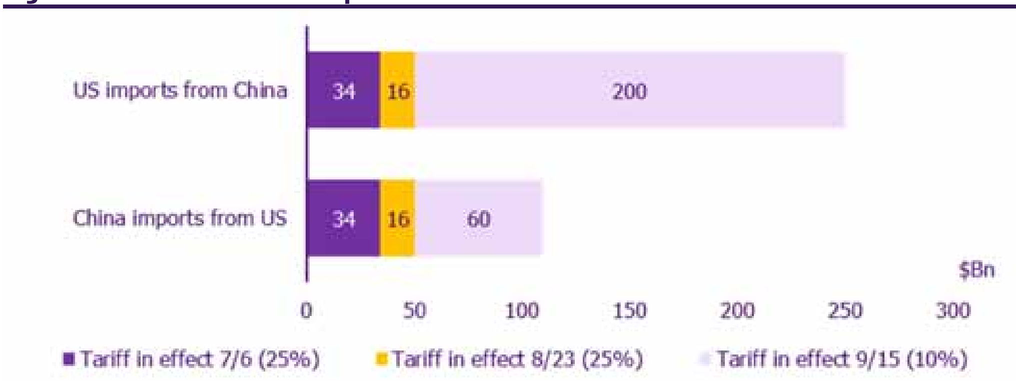


Source: CEIC, Natixis Asia, WSJ, SCBS Wealth Research

The fourth and final snapshot is that, as a whole, global events that can shape the global economy will turn out as we expect. The three primary events are: 1) trade conflict between the US and China, 2) Brexit and 3) the OPEC production cut.

On the trade conflict, US president Donald Trump stated that he postponed the increase in tariff rate to 25% from 10% on US$200bn of imported goods from China on the grounds that the US and China are negotiating a new trade deal. The new trade deal will require China to abolish the practice of forcing technological transfer and to respect intellectual property rights. This is a de-escalation from last year's conflict in which both parties imposed tit-for-tat tariffs without meaningful negotiation. We believe the tariff rate will remain as is, since an increase in tariff rate, especially on this tranche, which is chiefly consumer goods, will hurt the US consumer and economy more than the first US$50bn batch.

Figure 4: US' and China's imposed and threatened tariffs



Source: Bloomberg, SCBS Wealth Research

The second event, Brexit, is also turning out as expected. On March 13, the British government's Brexit deal was defeated in parliament for the second time. However, the vote to extend the March 29 deadline was passed. The next step is for PM Theresa May to request an extension from the EU, which is expected to be granted. The EU is widely expected to grant a long extension, perhaps one year, that will give the government time to undertake a second referendum which may in the end leave the UK in the EU.

The third event is OPEC's oil production cut. In December 2018, OPEC-plus (OPEC plus allies led by Russia) agreed to cut production by 1.2 million barrels a day. Since then, OPEC's oil exports have fallen by approximately 200,000 barrels per day. The cuts have been successful in raising prices of crude oil, with Brent crude price rising 27.5% YTD. Despite the difference in views between Saudi Arabia - which likes the cut - and Russia - which does not, we believe the coordinated production restraint will extend to the rest of this year to stabilize prices despite a slowing in demand globally. Hence, we expect Brent oil price of US$60-70 per barrel, with the price hovering in the upper bound in 2Q-3Q before subsiding in 4Q. We note, however, that the risk of this assumption is US shale production, which has been restrained around the Permian fields. If the supply distribution constraint in the Permian area is resolved, global oil production will increase and lead price down.

Economic and Market Outlook

To ascertain the outlook, we attempt to answer four questions.

1. Will the Fed hike rates further this year?

2. When will China's economy rebound?

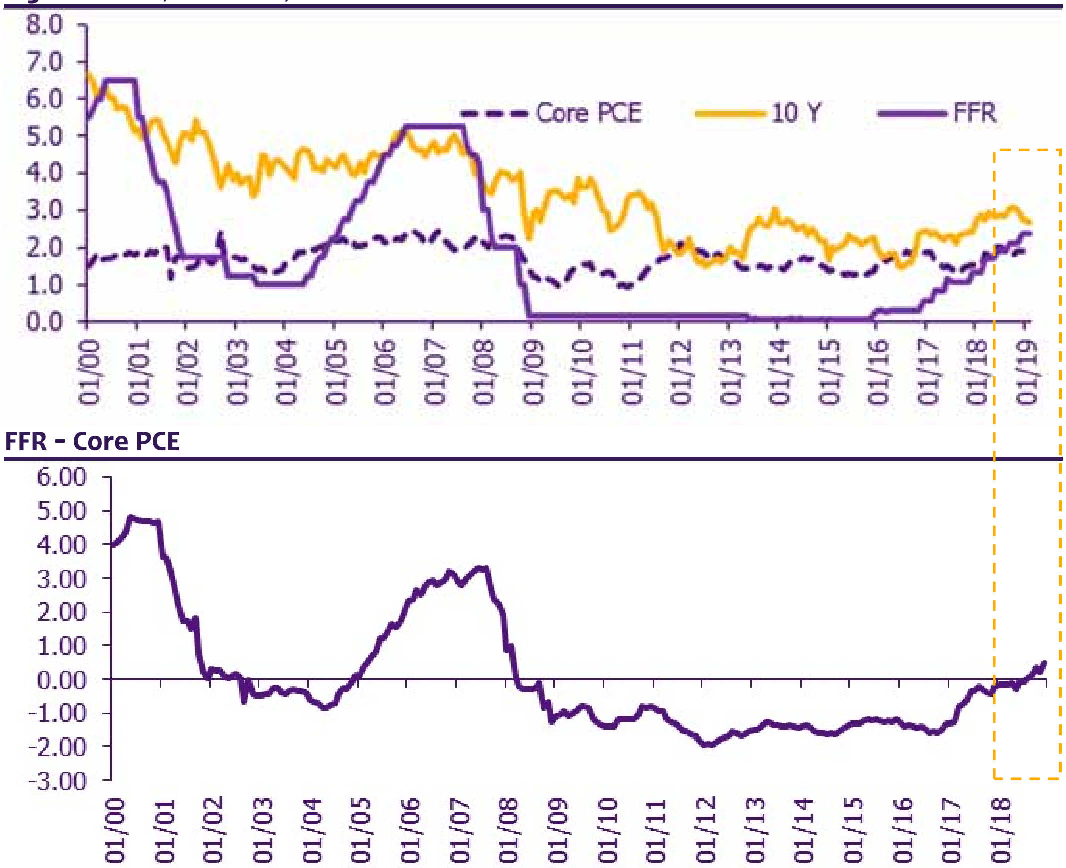
3. Thailand's economy is in the late cycle, but which economic component will be the last one to slow?

4. Where will the baht end up this year?

Will the Fed hike rates further this year? The answer to this question was clearer after the March FOMC meeting. According to the revised dot plot, the Fed will refrain from raising interest rate for the rest of the year in the face of waning economic momentum in the US and overseas. This is a big change from last year where the median interest rate forecast by Fed officials implied two additional rises in 2019. The Fed also downgraded US economic prospects, cutting projected 2019 GDP growth to 2.1% from 2.3%. It also announced plans to end the reduction of its balance sheet, slowing the monthly reduction of its Treasury holdings from US$30bn to US$15bn and halting the drawdown altogether at the end of September. In October, the Fed will roll its maturing holdings of mortgage-backed securities (MBS) into Treasuries, with a cap of US$20bn per month. Investment in new Treasury bonds will roughly match the maturity composition of Treasury securities outstanding.

We believe this has three implications. The first is that we believe that the change in monetary policy stance is proof that the Fed's latest Fed fund rate (FFR) hike in December 2018 was a mistake. During that period, the Fed raised FFR to 2.25-2.50% from 2.00-2.25%, greater than core PCE (the US inflation measure preferred by the Fed) growth of 1.8%YoY. This is the first time in a decade that US real interest rate turned positive. In our view, the US economy as well as the financial market was unable to accept this tightened monetary condition. The US10-year bond yield, the indicator of growth and inflation prospects, has declined substantially since the peak of 3.21% in November 2018 to 2.51% in March 2019.

Figure 5: FFR, Core PCE, US10YY



Source: CEIC, SCBS Wealth Research

The second implication is that, despite the dot plot indicating that the FOMC members prefer to hike interest rate just one time next year, we believe the hiking cycle is over. In our view, the three conditions that the Fed needs to fulfill before raising its rate are: 1) manufacturing PMI rises to around 55, 2) core PCE exceeds 2.25% and 3) the 2-10 year yield differential reaches 25-30 basis points (from the current 10 basis points).

The third implication is the change in the Quantitative Tightening (QT) plan. We believe the switch of the composition between MBS to Treasuries implies that the Fed is concerned that the rising fiscal deficit in the US will lead to higher yield, especially the long-end. By purchasing Treasuries, especially the long-end, the implication is that yield curve will be flat.

When will China rebound? We believe that after using CNY4tn to stimulate the economy to support growth during the global financial crisis in 2008-09, China is suffering from the legacy of that period, which led to huge aggregate debt of about 260% of GDP. To lower the risk of a debt-laden bubble burst, the People's Bank of China (PBOC) took several measures to tighten the financial sector (deleveraged) in 2017-18, especially in the "shadow banking" sector, with Wealth Management Products offered by both financial and non-financial institutions.

But in the middle of 2018, the Chinese economy faced an economic slowdown as well as the trade war. In response, China began stimulating the economy through financial measures via reducing the reserve requirement ratio (RRR) for commercial banks. Then, in the National People's Congress (NPC) meeting in early March, China announced massive fiscal measures of CNY6.2tn to stimulate the economy. This stimulus measure is different from previous measures, with tax cuts to stimulate consumption together with an increase in public spending. These moves indicate that China's monetary policy, as well as fiscal, will be relaxed for at least the next 1-2 years. We believe the stimulus will help support consumption and investment in the next few quarters, but in the longer term, the stimulus will create a further economic imbalance, reflected in higher leverage, local government and state enterprise ineffectiveness and a real estate bubble.

Figure 6: China's 2019 government stimulus announced in NPC

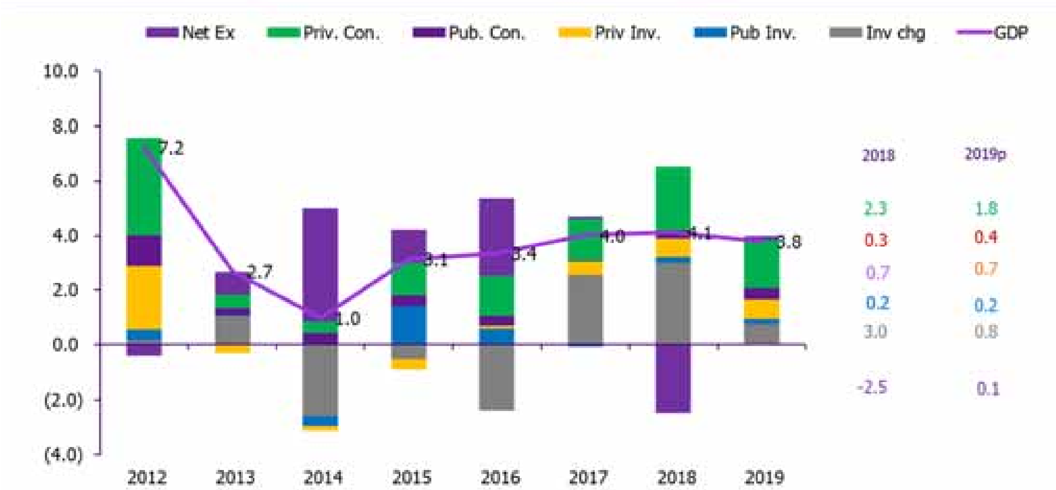
F/M/G	Measures
F1	Budget deficit at 2.8% (2.6% in 2018)
F2	CNY2tn in tax cuts (incl. 3% cut of top VAT bracket)
F3	Central government defense spending up 7.5% (CNY1.2tn)
F4	Sell CNY2.15tn special local government bonds
F5	Sell CNY930bn general local government bonds
M1	Lower real interest rate via market-oriented reform
M2	Keep CNY stable at equilibrium rate
M3	Lower targeted RRR for smaller bank
G1	GDP target at 6-6.5%
G2	Prevent property market risk; abnormal fluctuation in financial markets.
G3	Consider policies to boost auto & appliance consumption

Source: PIMCO, Natixis Asia, SCBS Wealth Research

Thailand's economy is in the late cycle, but which economic component will be the last one to slow? It is widely accepted that Thailand's economic growth in 2019 will be slower than in 2018. However, the question is which economic component will the last to slow in 2019? To answer that, we investigate growth components and their contribution to overall GDP growth in 2018. We find that 2H18 GDP growth was driven by reviving domestic demand, i.e., growth in private consumption and private investment, as well as inventory accumulation, while external demand, which was the main economic growth engine in the first half of 2018, seems to have dissipated.

Looking forward, there is material downside risk to the economy. From our decomposition of GDP growth, we find that in order to achieve 3.8% GDP growth in 2019 as projected by SCB EIC, either components of GDP will have to grow more strongly than in 2018 (which seems unlikely due to headwinds from the global economy) or inventory will have to be accumulated for the third year (which is also unlikely, as since the GDP growth components were outlined in 1993, inventory accumulation has not been a source of growth for more than two consecutive years). This implies slower growth in 2019 than 3.8%.

Figure 7: Contribution to Thailand's GDP Growth (2019 projection)

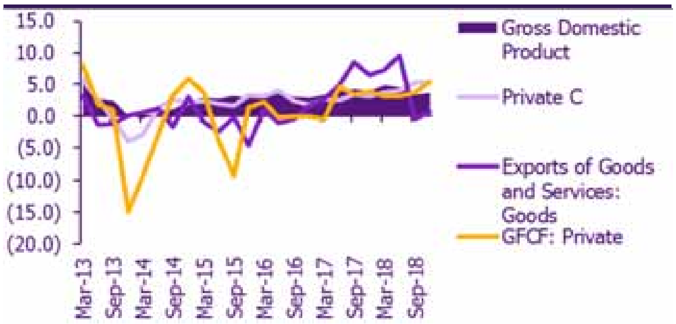


Source: CEIC, NESDB, SCBS Wealth Research

To answer the question of which growth component will be the last to slow we use trend analysis. Historical data shows that GDP growth moved with export volume of goods and services. In 1H18, export growth was strong, which contributed to a strong GDP growth. In 2H18, export growth dropped sharply - as did GDP growth. Private consumption and investment, on the other hand, do not move with GDP growth. Private consumption growth increased gradually throughout 2018, backed by reviving demand. The second half of 2018 is the first time since the 2014 political crisis in which consumption grew faster than GDP. In the past two years, consumption was fostered primarily by the purchase of vehicles (due to the expiration of first-car scheme). Most recently, durable consumption, though up briskly compared to other types, has begun to decelerate.

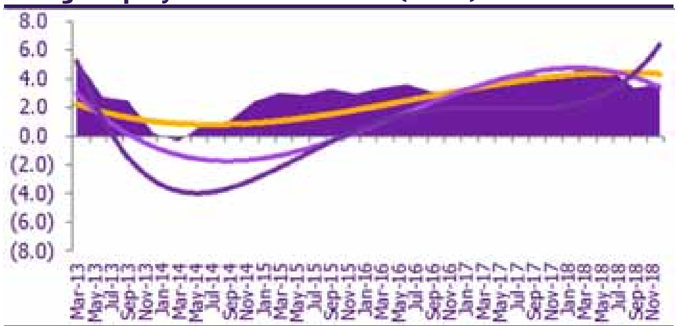
Private investment, meanwhile, started to pick up in 2H18 due to: 1) reviving domestic demand and an already high capital utilization rate for some industries, 2) strong exports, especially in the first half and 3) existing government projects that led to some crowding-in effect. Still, private investment is in the main concentrated on replacing old machinery and equipment (reflected by rising domestic machinery sales), while construction investment continued to contract.

Figure 8: Thailand's GDP growth and its components



Source: CEIC, NESDB, SCBS Wealth Research

Figure 9: Thailand's GDP growth and its components 3-degree polynomial trend line (%YoY)



Source: CEIC, NESDB, SCBS Wealth Research

Looking forward, however, Thailand's economy will face a year of two different halves. Thailand's GDP growth in the first half is expected to drop sharply, following exports down, with low agricultural exports and a downswing in the global electronic cycle. Private investment is expected to grow in the first half on a delay in the investment process. However, in the second half, private investment is expected to drop due to the slowdown in exports, which will hurt sales and/or revenue for exporters. Declining consumption growth in second half due to expected slower car sales, fewer tourist arrivals and stagnant wages will also contribute to a drop in investment in the second half.

Figure 10: Thailand's GDP growth and its component

	Size	2017				2018				2019e				
	(% of GDP)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	(Momentum)
Domestic D.	99.6%	3.4	4.0	4.7	4.2	5.2	4.7	3.2	3.5					
Priv. Cons.	49.3%	2.7	2.5	3.4	3.2	3.8	4.1	5.2	5.3					(1-2Q->3Q->4Q)
Public. Cons.	14.3%	-1.3	0.6	2.0	-1.0	1.8	2.3	1.9	1.4					
Priv. Inv.	15.3%	0.4	5.1	5.0	5.3	3.1	3.3	3.4	5.6					(1H->2H)
Public. Inv.	1.3%	13.2	9.2	-1.0	-2.9	16.5	13.6	4.1	-6.1					
Net Export	5.2%	-8.5	-11.0	16.4	11.3	2.8	16.6	-67.8	-38.6					
X of G&S	74.3%	2.5	4.1	7.8	7.4	8.0	9.6	-0.9	0.6					(1H->2H)
M of G&S	6.9%	5.2	6.3	6.4	7.0	9.1	8.8	11.0	5.6					
Inventory	6.3%	52.4	67.8	29.5	128.2	71.9	23.1	250.0	84.6					
GDP Growth	100.0%	3.5	4.2	4.5	3.9	5.0	4.7	3.2	3.7					(1H->2H)

Source: CEIC, NESDB, SCBS Wealth Research

Where will the baht end up this year? In 2019, the baht is projected to continue strengthening, from an average of 32.3 baht per US dollar in 2018 to a range of 31-32. There are four reasons for this. The first is the weakening US dollar. With a recently ultra-dovish Fed, a shift in interest rate expectations may stimulate risk appetite, which may lead to a depreciation in the US dollar and an appreciation in emerging market currencies such as the Thai baht.

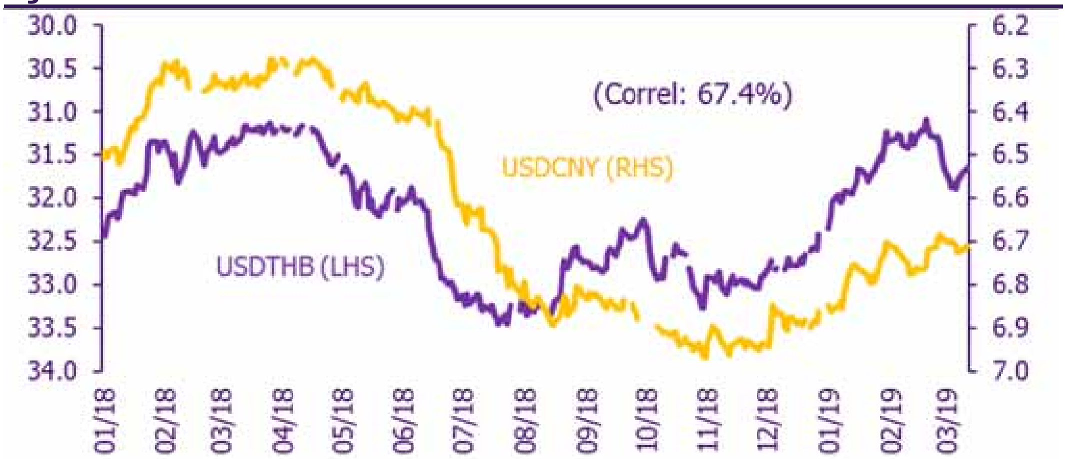
Figure 11: THB/USD (2016-Now)

Source: CEIC, SCBS Wealth Research

The second reason is the projected strong current account surplus. The latest Bank of Thailand economic projection puts Thailand's current account surplus in 2019 at US$34.5bn, or 6.3% of GDP, a decrease from 7.2% of GDP in 2018, but sizable nonetheless. The strong current account surprise implies that Thailand continues to pull in a substantial amount of foreign currency through trade channels, which will place upward pressure on the baht.

The third reason is demand for safe-haven currency should there be global financial turbulence. This is evident in last year's baht performance: the baht appreciated 1.4% despite global financial turbulence that resulted in the depreciation of emerging market currencies ranging from 1.6% (the Malaysian ringgit) to 49.8% (the Argentina peso). Backing this is Thailand's strong fundamentals that include a high current account surplus, high reserves and low inflation. If there is financial turbulence in global financial markets again this year, the Thai baht is still likely to be a regional safe haven.

Figure 12: USDTHB vs USDCNY



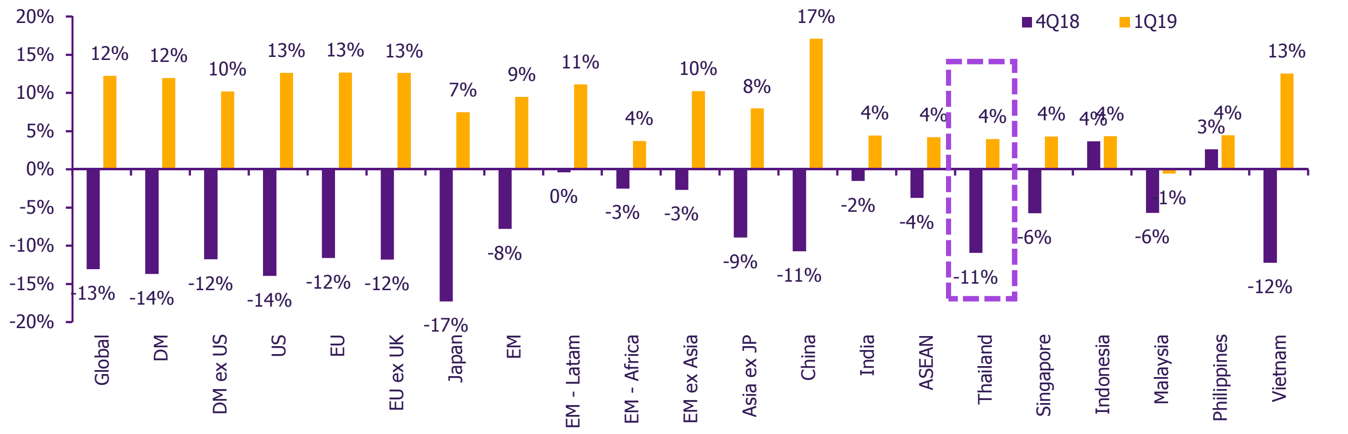
Source: CEIC, SCBS Wealth Research

The fourth and final reason is the strong correlation between the movement of the baht and the Chinese yuan against the US dollar. Since 2018, the correlation between the two, at 67.4%, is strong. Since the beginning of this year to the middle of March, the yuan has appreciated roughly 2.0% while the baht appreciated 2.2%. Since the yuan is projected by consensus to appreciate 2-3% this year, it is possible that the baht will also appreciate a similar amount.

Sunshine after the rain for risky assets in 1Q19

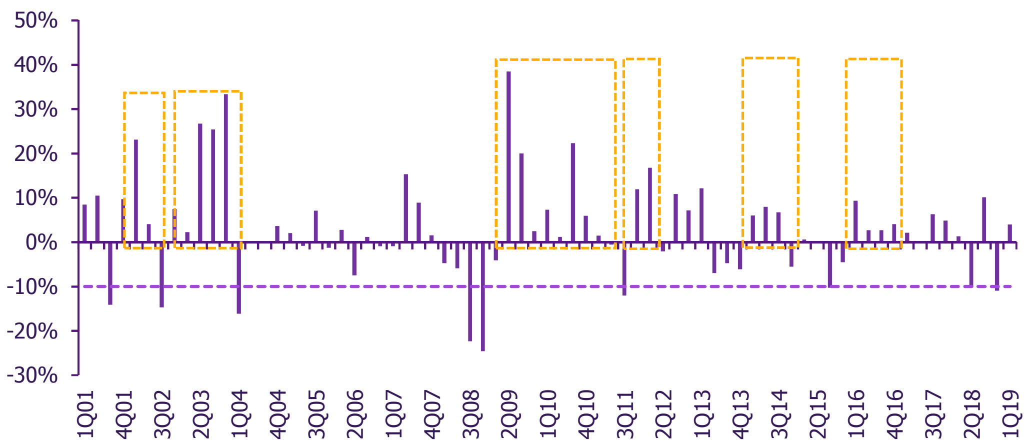
Equity markets in Asia, including Thailand, have rallied strongly so far this year with a price appreciation of 10% YTD after the 9% correction in 4Q18. The big macroeconomics picture indicates that Thailand remains in the late cycle. However, the shift to a less hawkish monetary policy by key central banks and sizeable economic stimulus packages in China will keep late-cycle worries elevated, which is positive to equity markets. In addition, we see the risk that fading geopolitical risk as the US and China manage to call a truce to their trade war and further traversal of the path towards a Brexit deal could back a continued rally. Based on the share price movement pattern in 2010-2019, share prices usually recover more than 60% from bottom to level off before heading back down within 2-3 quarters.

Figure 13: Equity market performance



Source: Bloomberg, SCBS Wealth Research

Figure 14: Anatomy of the SET recovery

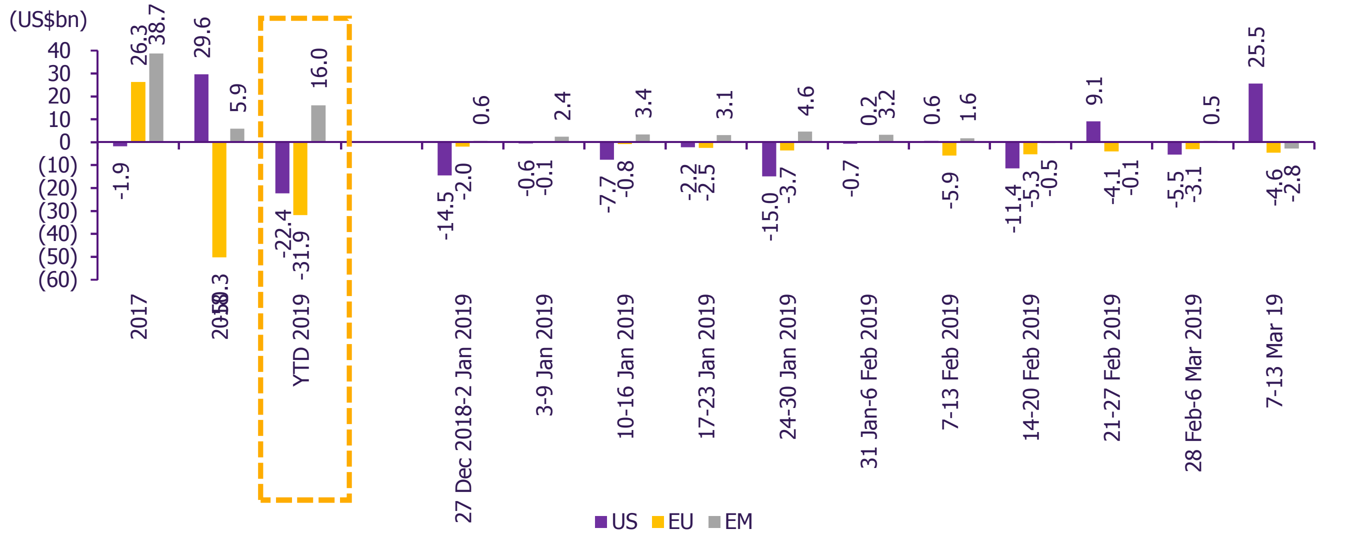


Source: Bloomberg, SCBS Wealth Research

...Domestic political risks pressuring the SET and fund flows

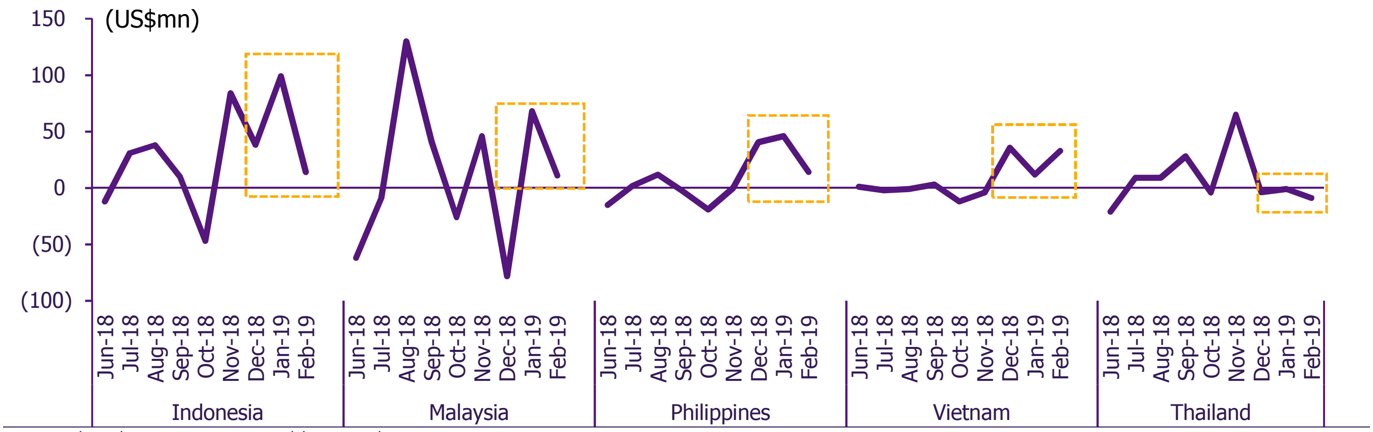
YTD, the SET has underperformed Asia and the Emerging Market index by 6% and 5% respectively. The Thai market saw another setback in March 2019 when the Constitutional Court disbanded the Thai Raksa Chart Party (an affiliate of the Pheu Thai Party) and several key political parties announced they would be making a minimum wage hike a priority once they took office. Fund flow movement shows that Thailand has faced a net ETF outflow during Dec 2018-Feb 2019 while all other ASEAN equity markets are enjoying a net ETF inflow. Foreign investors have dumped US$589mn in Thai equities and US$150mn in the bond market since Feb 2019, suggesting they are concerned about potential political instability and a weak coalition taking the helm of the government after the election.

Figure 15: Fund flow is shifting from DM to EM



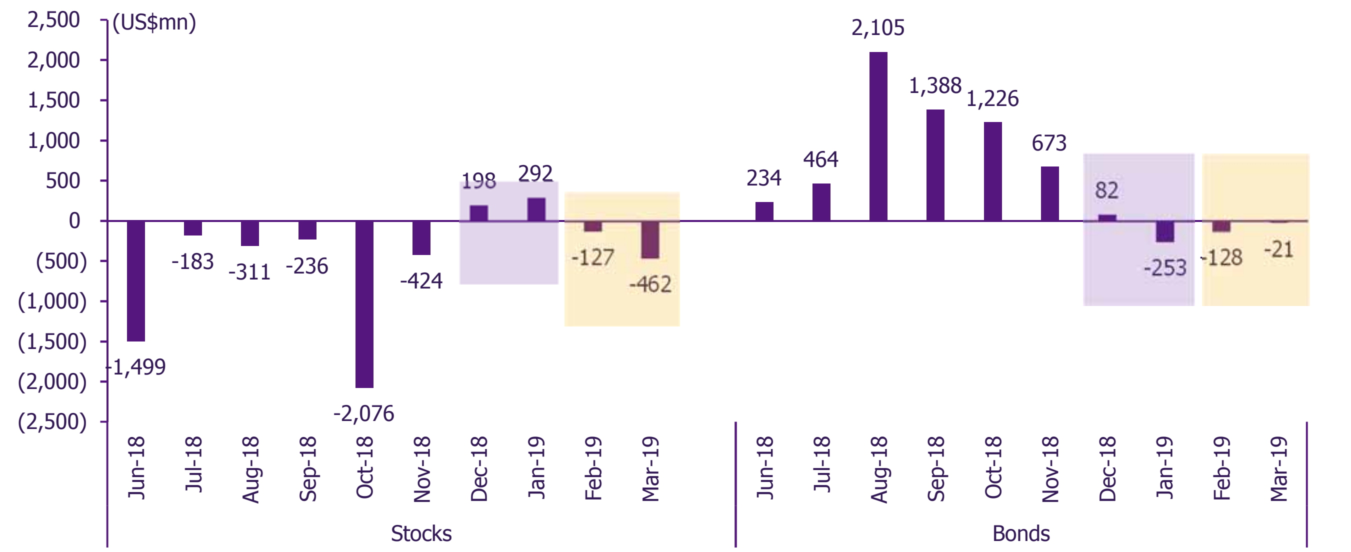
Source: Bloomberg, EPFR, SCBS Wealth Research

Figure 16: ETF flowing out from Thailand while others are enjoying new money



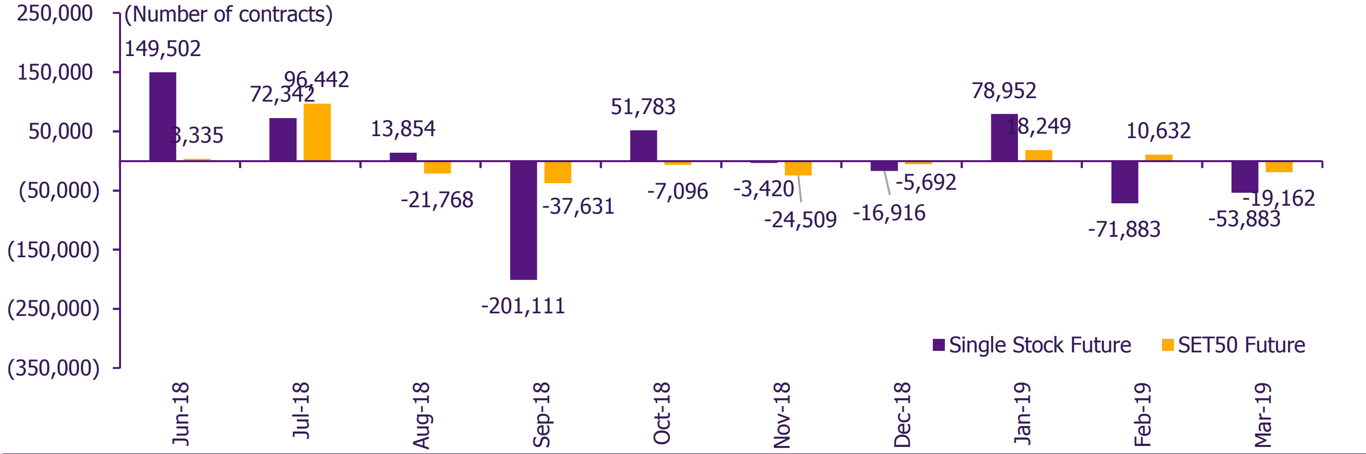
Source: Bloomberg, EPFR, SCBS Wealth Research

Figure 17: No new money from foreign investors



Source: SET, SCBS Wealth Research

Figure 18: ...also shorting in the futures market



Source: SET, SCBS Wealth Research

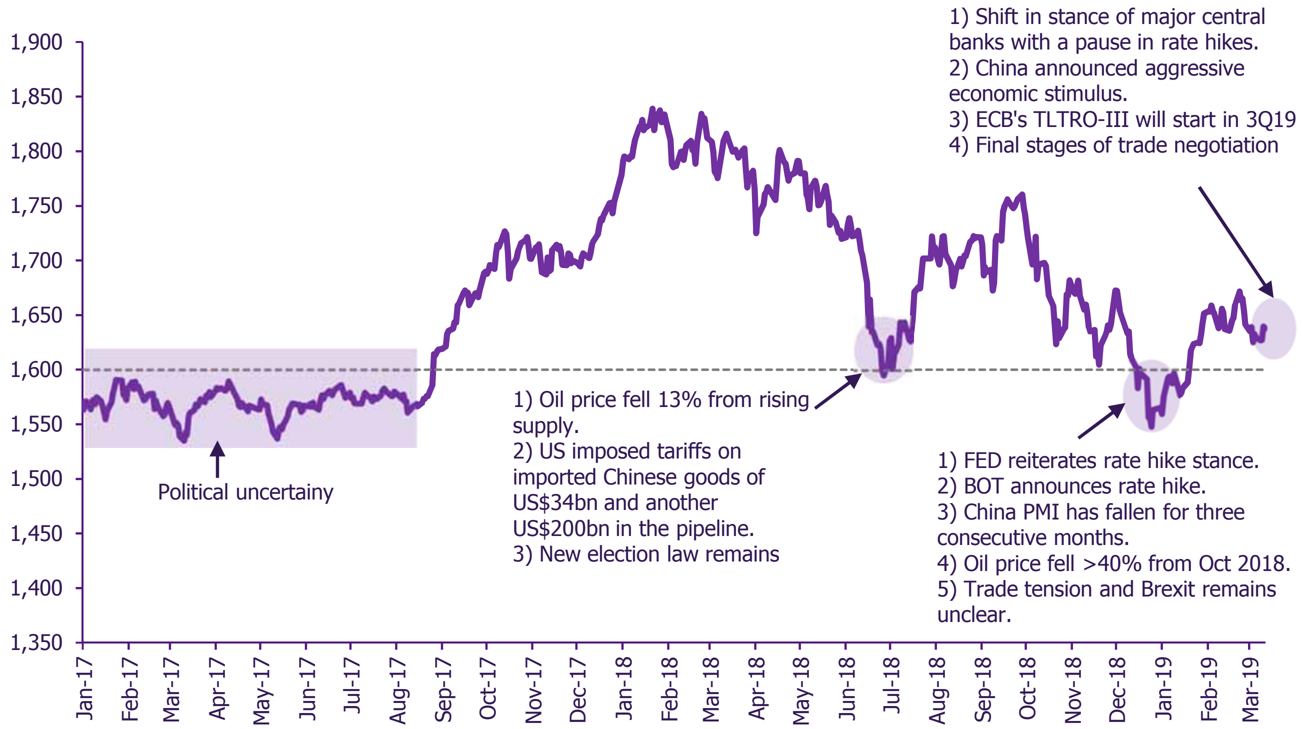
Cautious view on political risk after the election

We have a positive bias to stability and a smooth transition from the current regimen to a new, elected government. We see protest rallies and political unrest as unlikely. Thus, we expect an improvement in liquidity and inflow in the lead-up to the election and for a short while after. We do at the same time anticipate a political gridlock after the election in terms of financial management under the new framework of the Fiscal Responsibility Act and the 20-year national development blueprint. Under the new law, the new government will be facing some limits and this will make it more difficult to formulate economic policy. In addition, changing the details of the charter after the election could trigger political uncertainty and fund outflow, weaken the coalition and be negative for stability and the investment environment.

SET downside is limited

The market is moving sideways after a strong recovery in Jan 2019, with most investors sidelined ahead of the election and the transition to a new government. Furthermore, the global economic outlook remains weak. Weak share prices and foreign outflow is reflective of the perceived political risk. We do not expect the market to break down through earlier lows in Jul 2018 at 1,600 and Dec 2018 at 1,550 as the investment situation and sentiment now are much better, thanks to stimulus from the Chinese government and the ECB. On top of that, the US FOMC will be patient in terms of rate hikes and suspend its balance sheet unwinding in 2019, both positive for risky assets. Thus, we see downside as limited for the SET.

Figure 19: Comparison of macro and events with the previous low

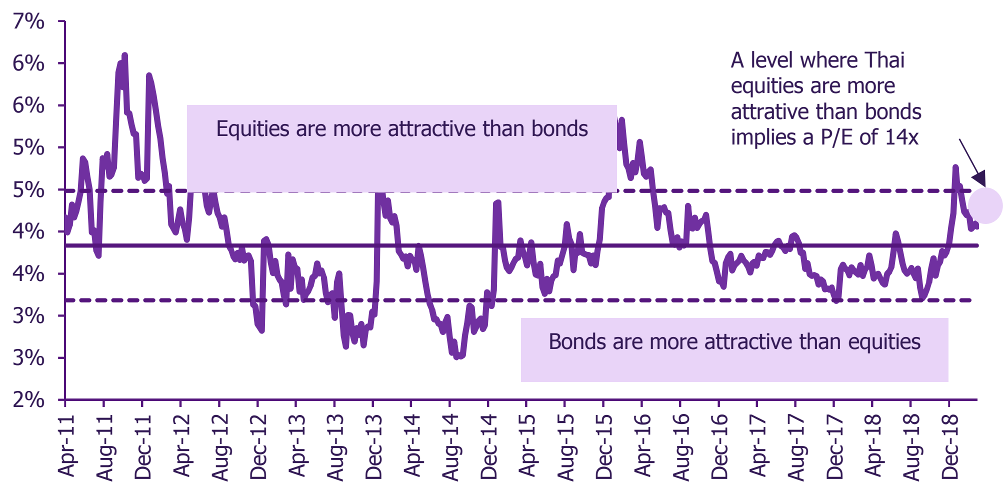


Source: SCBS Wealth Research

...Waiting for a wider margin of safety

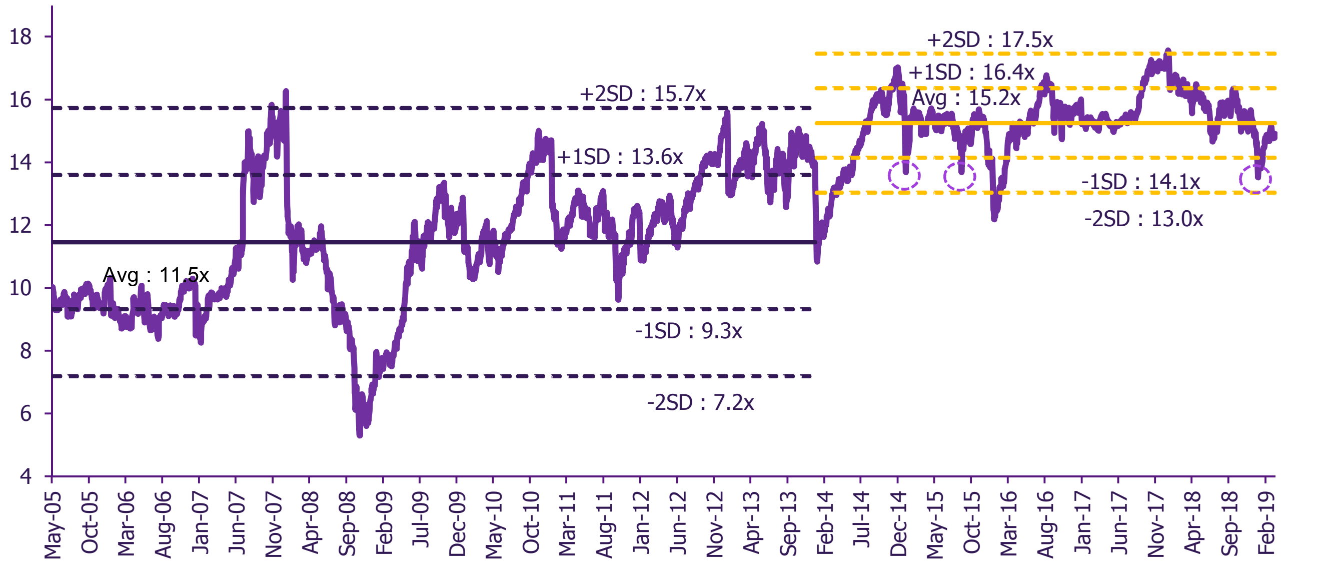
We recommend a wider margin of safety before buying Thai stocks amid very high uncertainty surrounding the post-election transition and global economic slowdown. Based on forward P/E and the earnings yield gap, an attractive valuation level is at a P/E of 14x. We believe the buying zone is between 1,550-1,600, while the selling zone is between 1,750-1,800 or 8-10% from the current level. According to our country valuation scorecard, which is based on relative P/E, P/V, dividend yield and EV/EBITDA to benchmark and long-term average, Thailand appears mildly expensive at 15x P/E, 1.8x P/B and 10x EV/EBITDA on the Asia valuation scorecard relative to other markets. This implies Thailand may not see a large money inflow from foreign investors in view of its higher valuation, weaker growth profile and more political risks than other markets, in our view.

Figure 20: Earnings yield gap



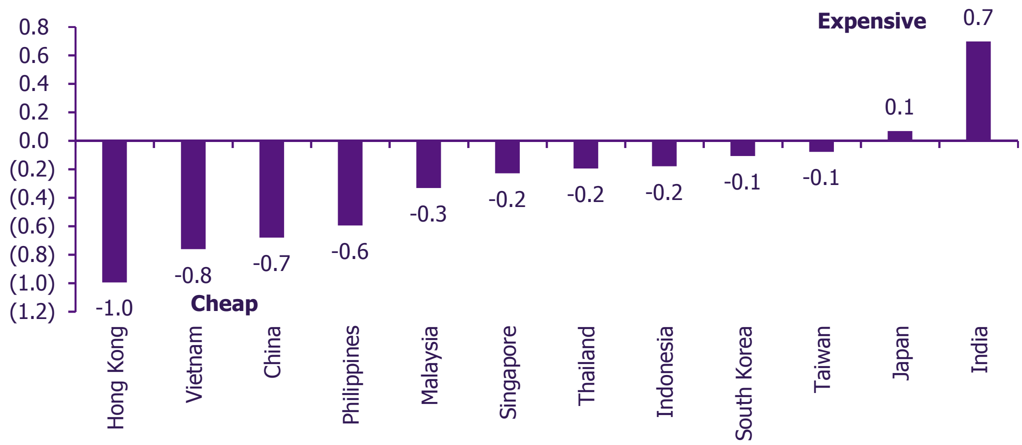
Source: SET, ThaiBMA, SCBS Wealth Research

Figure 21: Forward P/E



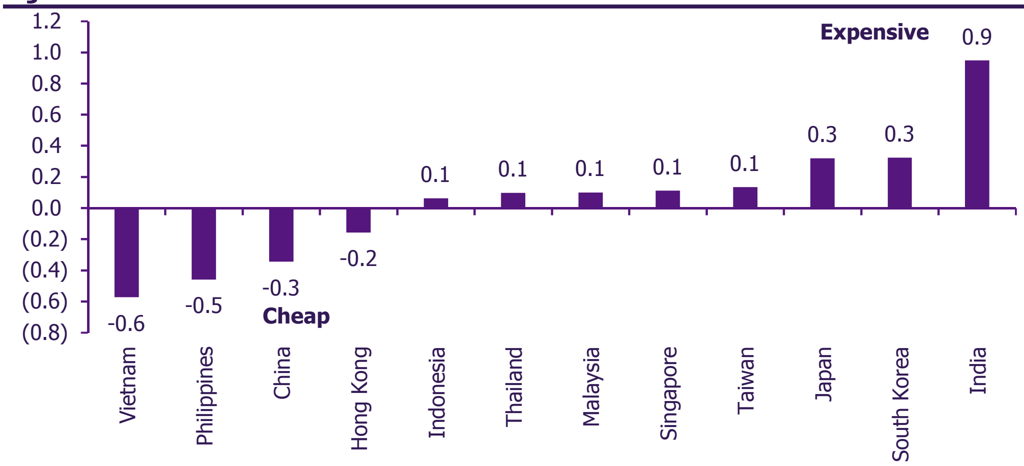
Source: Bloomberg, SET, SCBS Wealth Research

Figure 22: Valuation scorecard relative to benchmark



Source: Bloomberg, SCBS Wealth Research

Figure 23: Valuation scorecard relative to historical level



Source: Bloomberg, SCBS Wealth Research

New wage policy is negative for LT growth

All parties plan to raise the minimum wage to at least Bt400/day. In addition, Palang Pracharat and Phei Thai want a minimum salary for those with a bachelor's degree of at least Bt18,000 per month.

Figure 24: Political campaign for minimum wage

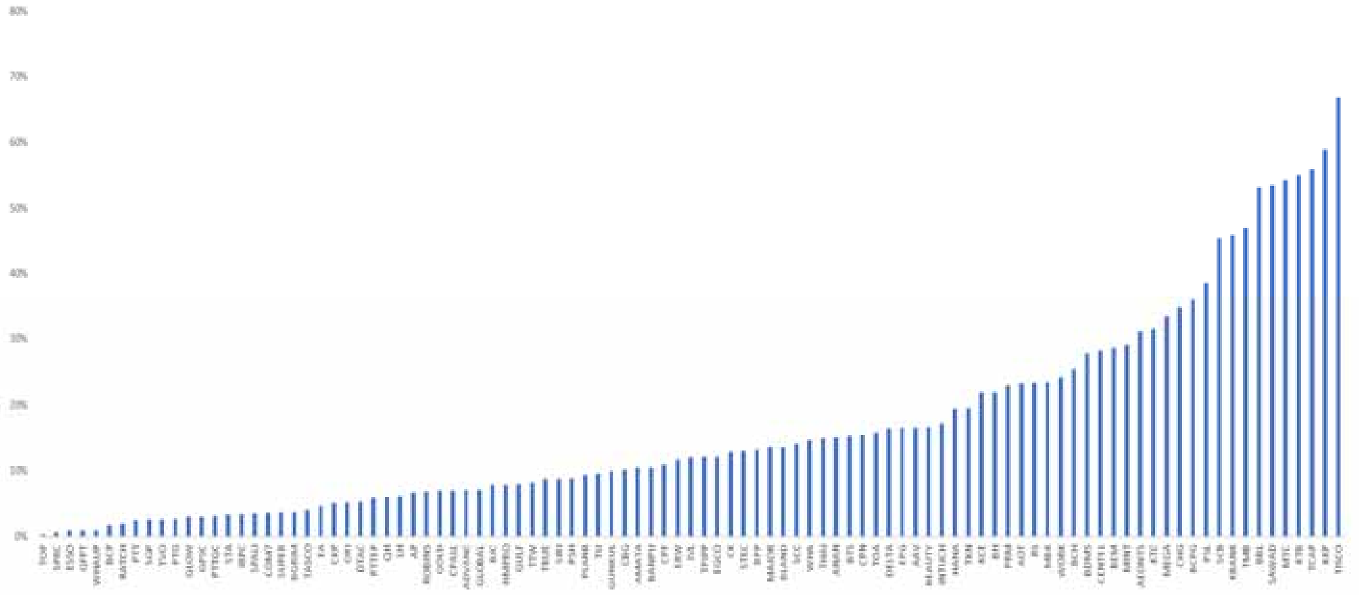
	Minimum wage	Minimum salary for bachelor's degree holder
Palang Pracharat	400-425	20,000
Pheu Thai	400	18,000
Democrat Party	400	-
Future Forward	450	-

Source: Bangkok Post, The Nation, SCBS Wealth Research

According to our analysis, this will be detrimental for manufacturing sectors such as electronics and automotive. In these labor-intensive industries, labor costs are much more important than capital costs. Labor cost accounts for 19-22% of operating costs and 18-19% of sales for electronics manufacturers and more than 15%/10% of operating costs/sales for auto parts makers. Equally important, contractors will lose, as for them, labor accounts for 13% and 12% of operating expenses and sales as labor cost accounts for 10% of total project costs. This rise in labor costs would add yet another headwind for property developers in addition to LVT and weakening demand. Banking and financial sectors are not immune to the damage from this populist policy as it will raise the minimum salary for bachelor's degree holders – most of their intake of new employees. There will be indirect pressure on service sectors such as hotel and healthcare where personnel expenses account for more than 20% of operating expenses and sales. We believe the wages of skilled laborers will be adjusted upward in order to maintain the Bt100-200/day gap over unskilled laborers. Airlines will also be hit by this new risk of rising labor cost, currently at 15-17% of operating cost and 16% of sales amid intense competition. As a result, the new wage rate could cause supply and price shock via raising operating cost that would lead to production relocation as Thailand has higher wages but lower productivity than neighboring countries. The timing and type of this wage hike will lead to deadweight loss from distorted resources allocation from political campaigns rather than being based on economic fundamentals. This will lead to a risk of unemployment for unskilled labor and income inequity in the long run.

At the same time, the impact on earnings may not be high because large companies already pay workers more than minimum wage. They are able to ask suppliers to absorb some of the incremental costs but cost pass-through to customers at this time would be difficult as economic outlook is fragile.

Figure 25: Percentage of labor cost to total operating expenses

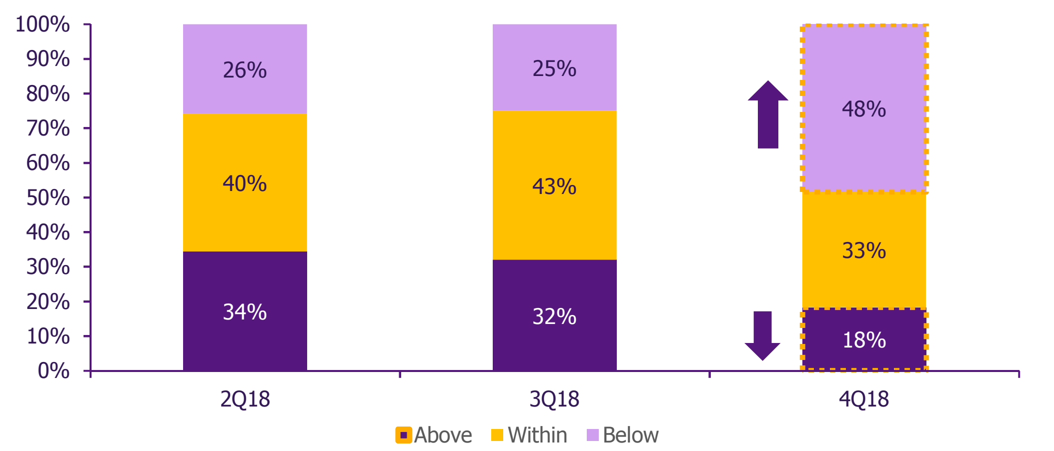


Source: Company data, SCBS Wealth Research

Earnings downgrades almost over

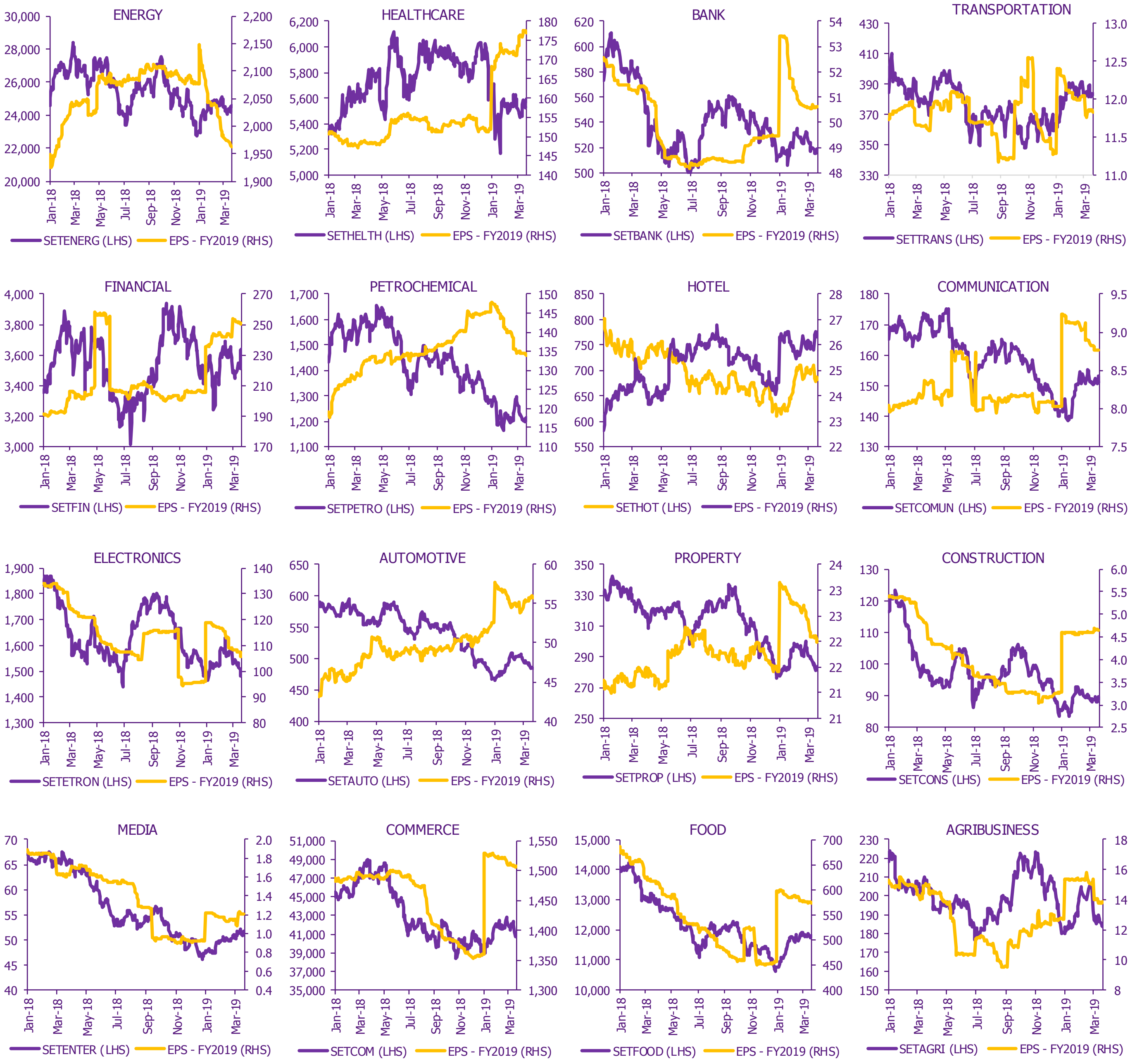
About 48% of companies under our coverage reported lower-than-expected net profit in 4Q18 (vs 25%/26% in 3Q18/2Q18), while only 18% reported earnings beats, as growth slowed (vs 32%/34% beats in 3Q18/2Q18). This has led to earnings downgrades of 5% since the beginning of 2019, much more than the 1.5% in the second half of last year. We believe analysts have a more cautious view on growth in 2019, so there is a low possibility of a material earnings downgrade. Based on consensus estimates, we see some mismatch between industry outlook and earnings adjustment. We expect earnings downgrades in automotive, electronics, property and food as sector growth outlook is weakening. At the same time, we expect earnings upgrades in construction materials, energy and tourism as oil price and tourist arrivals are recovering.

Figure 26: 4Q18 earnings misses



Source: Bloomberg, Factset, SCBS Wealth Research

Figure 27: EPS adjustment by sector and performance

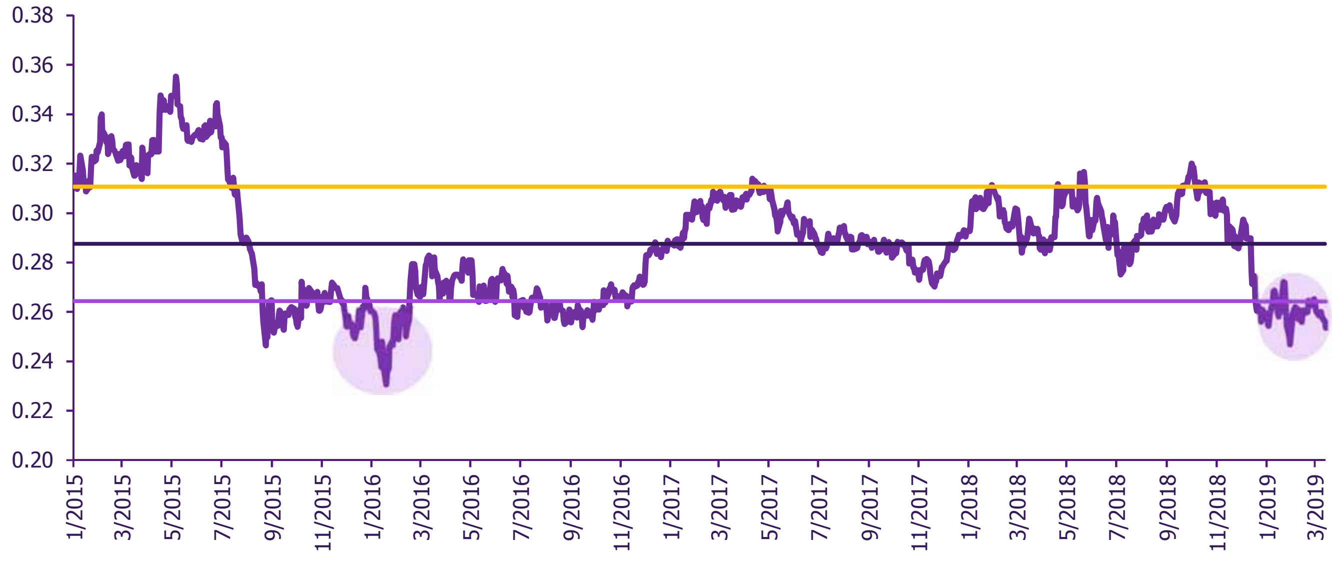


Source: Bloomberg, Factset, SCBS Wealth Research

Prefer Cyclical over defensive in 2Q19

Our index of Thailand defensives has outperformed cyclicals (excludes financials) by 3% since the start of the year, reflecting the conservative stance of investors in terms of earnings growth outlook. In addition, the cyclical to defensive index ratio is falling to near its lowest since 1Q16. In 2Q19, we prefer cyclicals over defensives, given our expectations of: 1) a mild increase in short-term yield, THB appreciation and normalization of global policy uncertainty, which will weigh on Thailand defensives and 2) a recovery in Asia's PMIs over the coming months, stable oil price and continued service sector recovery, helping cyclicals. Taken together, our macro expectations suggest cyclicals are set to outperform defensives in 2Q19. Inside the cyclical space, we like energy, petrochemicals and agribusiness. Our top picks in 2Q19 are IVL, IRPC, PTTEP, GFPT and TU.

Figure 28: Cyclical and defensive index



Source: SCBS Wealth Research

Figure 29: Sector weighting

	Rating	Valuations Relative to market	Relative to LT avg	Drivers
Petrochemical	Overweight	-0.9	-0.7	Spread recovery (+), earnings growth momentum (+), macro improvement (+)
Agribusiness	Overweight	-0.5	-0.3	El Nino (+), demand recovery (+), positive outcome from US-China trade talks (+)
Bank	Neutral	-1.2	-1.0	Loan growth continues (+), concerns on NPLs and fee income (-)
Energy & Utilities	Neutral	0.2	0.6	Energy - Oil price recovery, cheap valuations; Utilities - Rich valuations
Tourism	Neutral	0.1	0.2	Tourism recovery (+), visa-on-arrival waiver expires (-), substantial supply growth (-)
Food & beverage	Neutral	0.1	0.1	Rising competition (-), sugar tax (-), weak export market (-)
Telecoms	Neutral	-0.9	-0.4	Cheap valuation (+), delay in 900MHz payment (+), competition (-)
Material	Neutral	-0.5	-0.1	China growth momentum (+), THB appreciation (-)
Commerce	Neutral	0.1	0.2	Consumption recovery (+), high valuations (-)
Healthcare	Neutral	0.1	0.1	Strong patient traffic growth (+), flu outbreak (+), falling valuation (+), drug price regulation (-)
Transportation	Neutral	1.6	1.4	Tourism recovery (+), visa-on-arrival waiver expires (-), oil price recovery (-)
Construction	Neutral	-1.1	-1.1	Political risk (-), slow disbursement from government (-), recognizing existing projects (+)
Automotive	Underweight	-0.5	-0.4	High base last year (-), weak export market (-), high inventory (-), earnings downgrade (-)
Electronics	Underweight	0.3	0.3	Weakening global demand (-), rising copper and gold price (-), THB appreciation (-), profit warnings (-)
Property	Underweight	-0.5	-0.2	New Loan-to-Value rule (-), high inventory (-), fewer new launches (-), weak China demand (-)

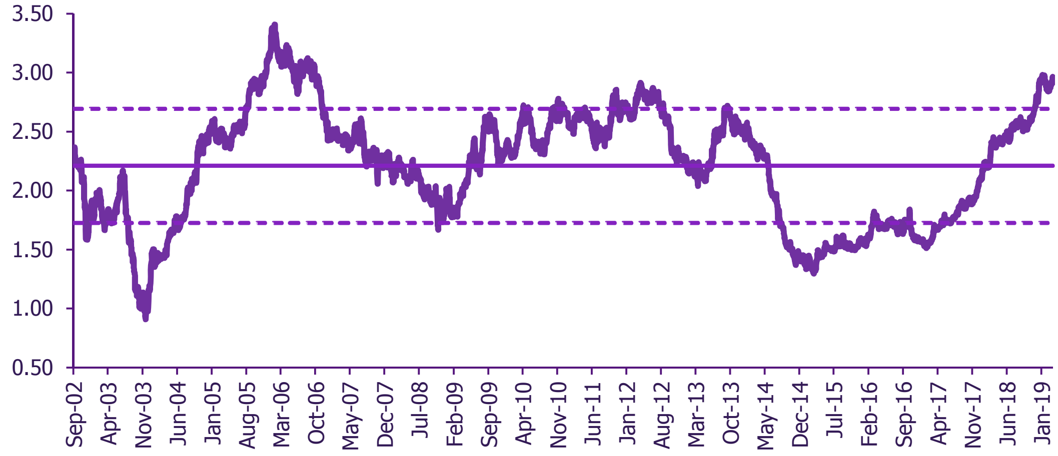
Source: SCBS Wealth Research

Keep small-cap stocks on the radar

During 2015-2018, small-cap stocks underperformed large-cap stocks by 63%, aligning with the earnings growth trend and also the lower expectations. Based on the share price pattern, the small-cap index generally outperformed the large-cap index after 2-3 years of laggard performance, confirmed by the earnings cycle. Small-cap net profit growth was also higher than large-cap in 2017-2018 while share prices underperformed large-cap. This indicates investors not only have low expectations for small-cap stocks but are also ignoring the growth recovery story. Valuation-wise, small-cap stocks are trading at the lowest premium since 2012. The valuation of small-cap stocks thus looks attractive, in our view.

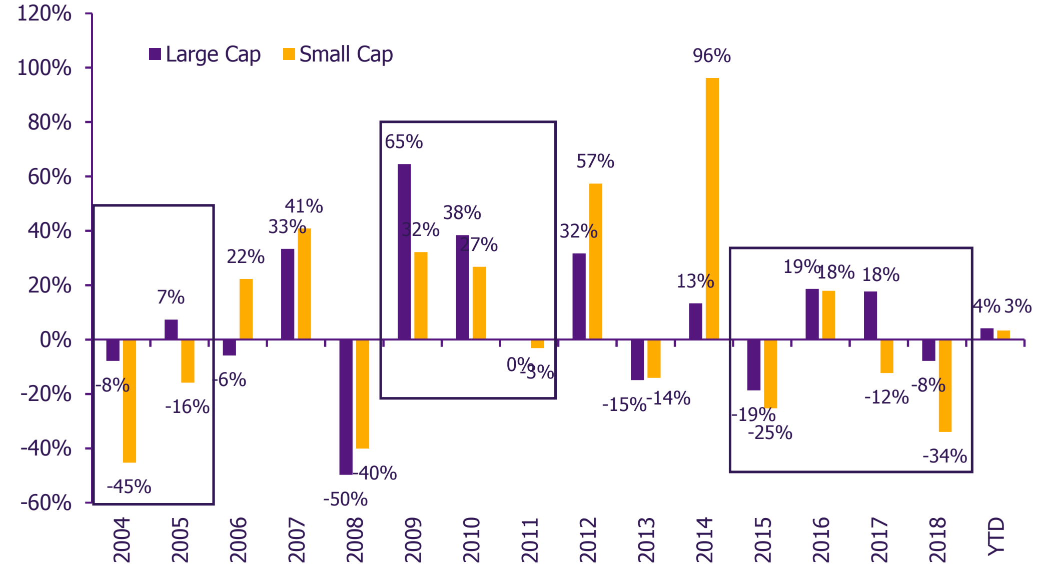
We prefer small-cap stocks that have good earnings quality, reliable management, higher earnings growth than the industry average and reasonable valuations. Our most interesting small-cap stocks are RJH and III in 2Q19 and DOD and JKN in 2H19.

Figure 30: Small-caps look attractive relative to large-cap



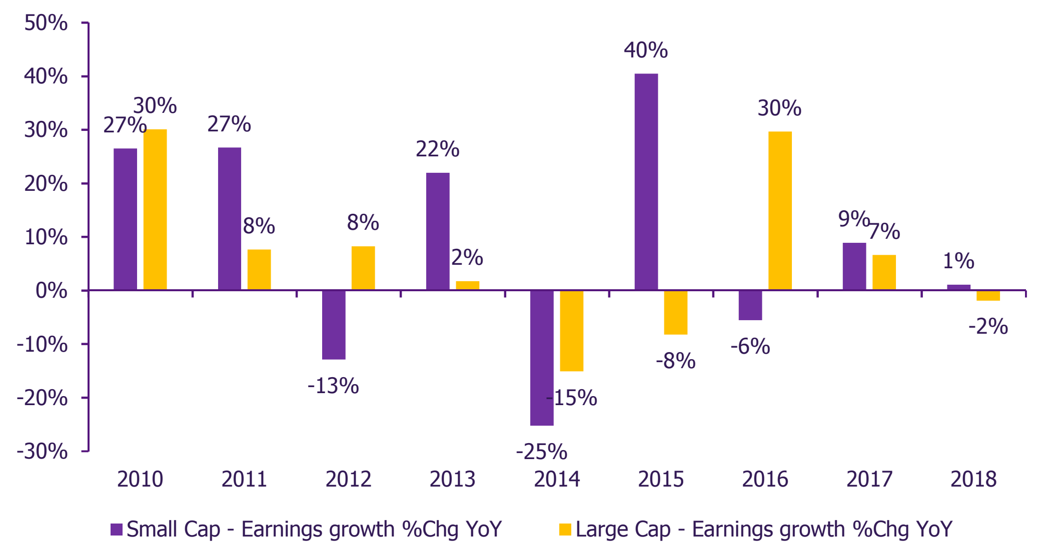
Source: SET, MSCI, SCBS Wealth Research

Figure 31: Share price performance



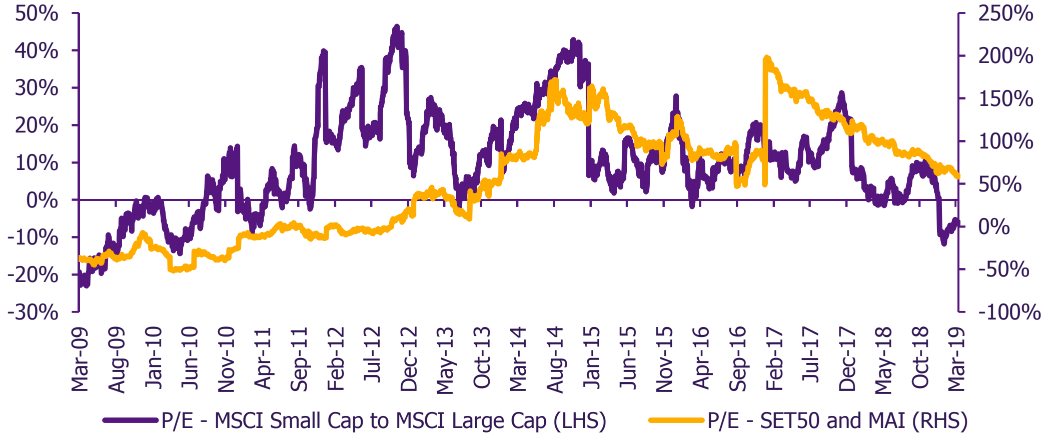
Source: SET, MSCI, SCBS Wealth Research

Figure 32: Sales & earnings



Source: SET, MSCI, SCBS Wealth Research

Figure 33: Relative valuation is at the lowest level in two years

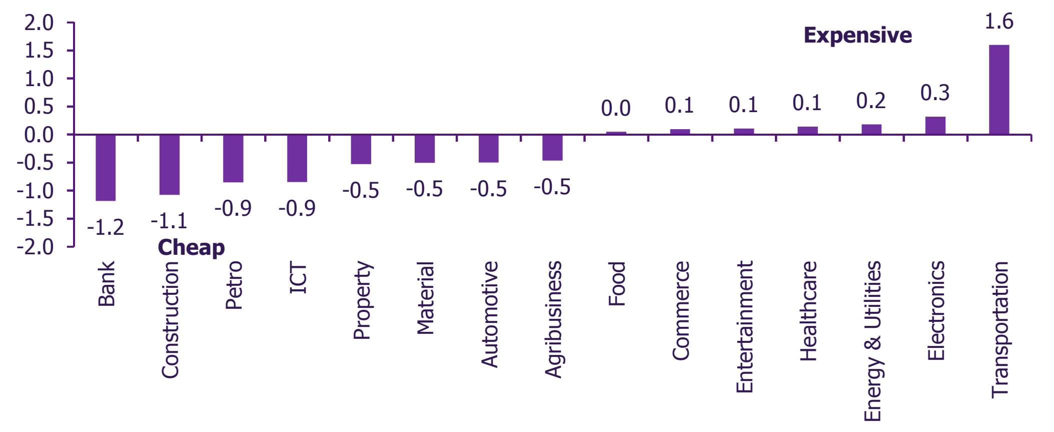


Source: SET, MSCI, SCBS Wealth Research

Who is cheap, who is expensive and who is a value trap?

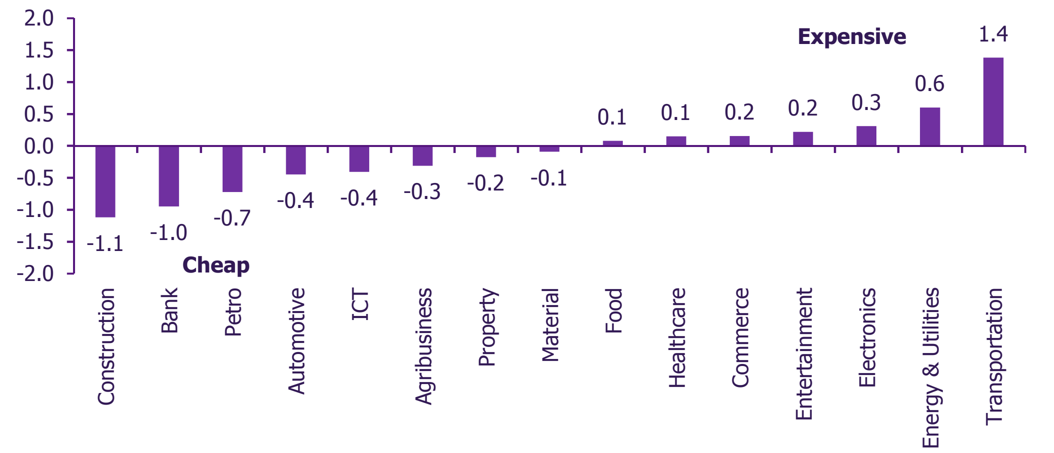
According to our sector valuation scorecard, which is based on relative P/E, P/V and EV/EBITDA to benchmark and long-term average, transportation, electronics and utilities appear expensive on the sector valuation scorecard relative to other sectors, while bank, construction and petrochemicals look relatively cheaper than other sectors. Automotive and property look attractive in terms of valuation, but as we expect to see earning downgrades in 2Q19, this could represent a value trap, as short-term risks could derail growth.

Figure 34: Sector valuation scorecard relative to benchmark



Source: SCBS Wealth Research

Figure 35: Sector valuation scorecard relative to historical level



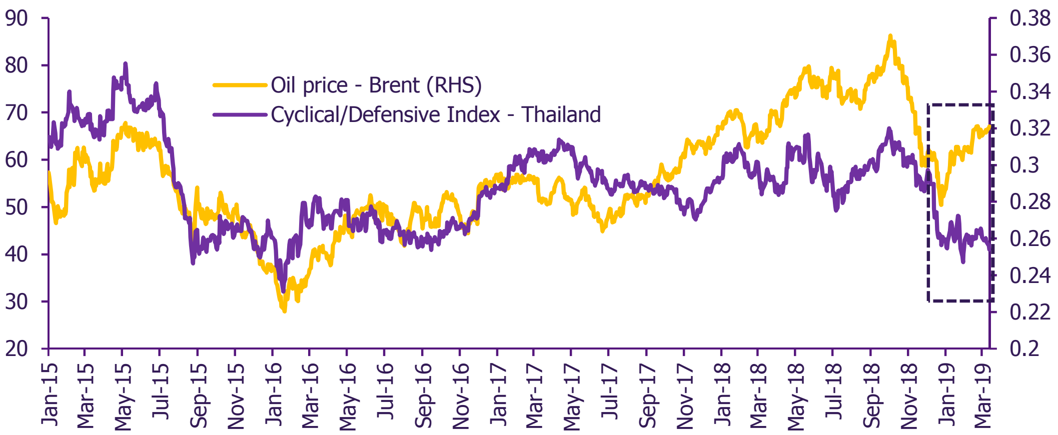
Source: SCBS Wealth Research

2Q19 sector highlights

Positive on oil

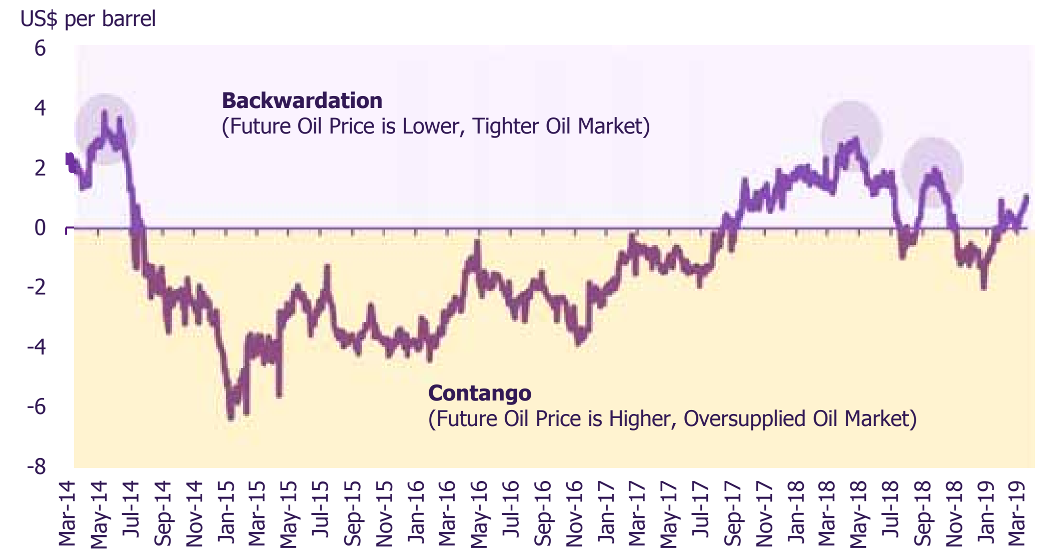
We have a positive view on an oil price rally in 2Q19 thanks to expectation of PMI recovery in Asia as oil price will be influenced by developments in the global economy, including trade negotiations between China and US. Supply-wise, OPEC-plus announced they would take 1.2m barrels per day (OPEC 0.8m bpd, Russia 0.2m bpd) off the market for the rest of 1H19. In addition, we see signs of an extension into 2H19 that would support oil price. On top of that, the sanctions waivers allowing some countries to buy Iran's crude oil will expire in early May and will thereafter tighten oil supply. Sentiment-wise, the Brent curve shifted into backwardation after three months of contango thanks to easing supply growth. There is still room to grow until the spread of 1-month and 6-month contracts hit US$2 per barrel.

Figure 36: Minding the gap



Source: Reuter, SCBS Wealth Research

Figure 37: Shift into backwardation

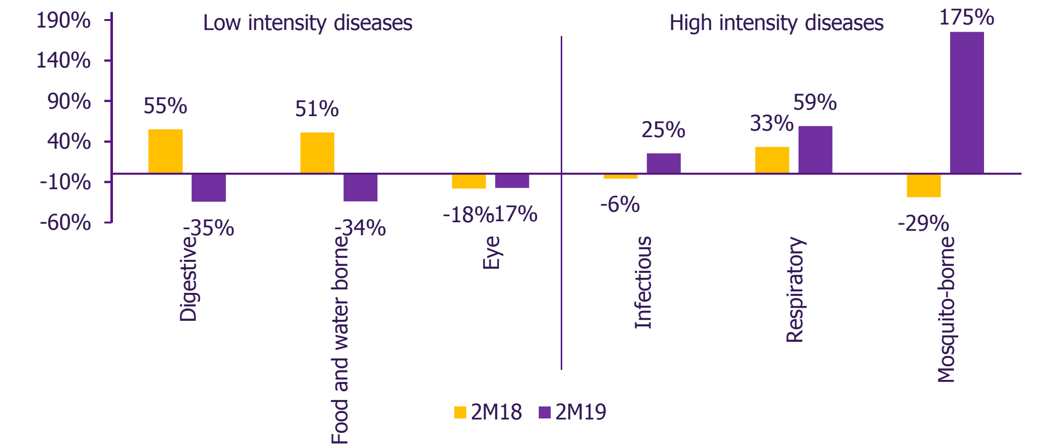


Source: Reuter, SCBS Wealth Research

Keep an eye on Healthcare Service stocks

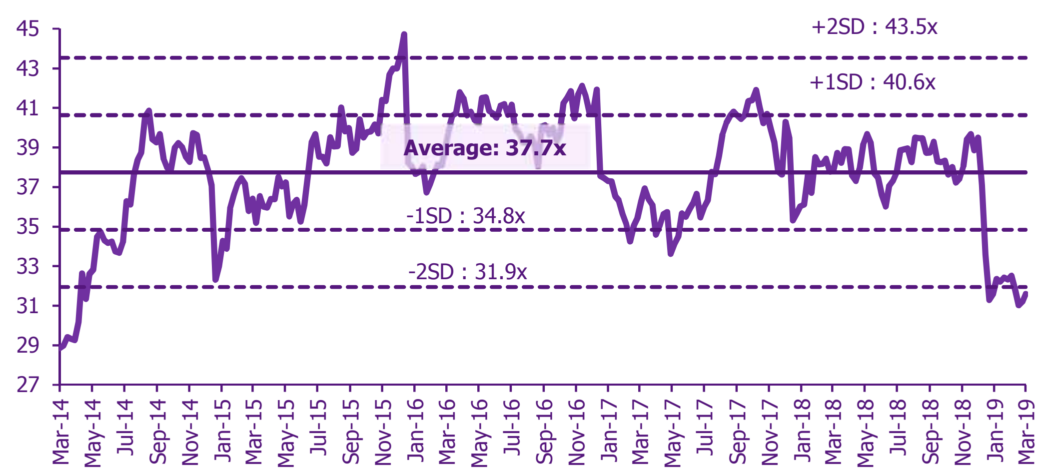
The Healthcare Services sector has fallen 0.9% YTD, underperforming the SET and Asia Pacific Healthcare Service Index by 5.5% and 13.4% respectively on: 1) slow earnings growth in 4Q18 and 2) the placing of medicine, medical supplies and medical services on the government price control list. This generated a short-term overhang, although there will be some limits in the application of the new regulations. Share prices will continue to move sideways until the price control measures are clear. In 2M19, the number of high-intensity patients suffering from infectious, respiratory and mosquito-borne diseases surged 25%, 59% and 175% YoY respectively, while digestive and food and water-borne diseases fell 35% and 34% YoY. Hence, we think earnings growth in 1Q19 will be stronger than consensus expectations for both revenue and margin. Valuation-wise, the sector is trading at a P/E of 32x, its long-term average. The Thai Healthcare Services sector is trading at a deep discount to regional peers of 15%. In view of the uncertainties in the offing, we suggest a wider margin of safety at a P/E below 30x before buying into Thai healthcare.

Figure 38: Rising high-intensity cases in 2M19



Source: Ministry of Public Health, SCBS Wealth Research

Figure 39: Valuation looks attractive

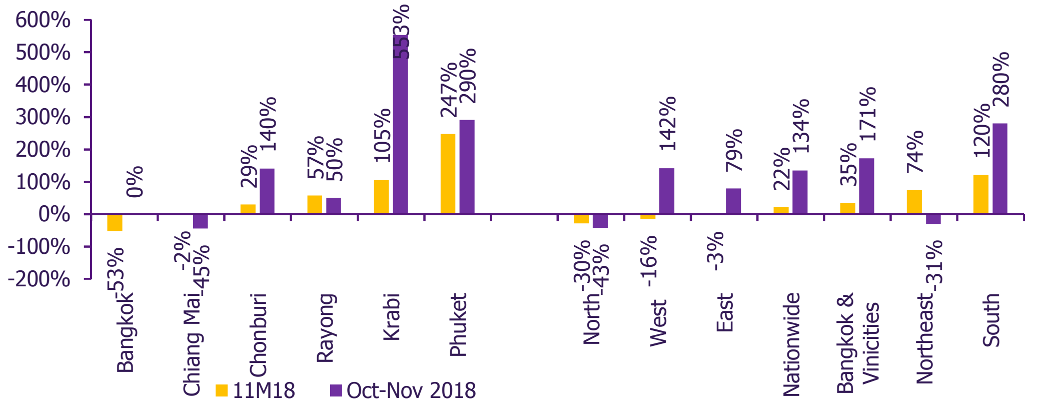


Source: Bloomberg, SET, SCBS Wealth Research

All about supply growth for tourism-related stocks

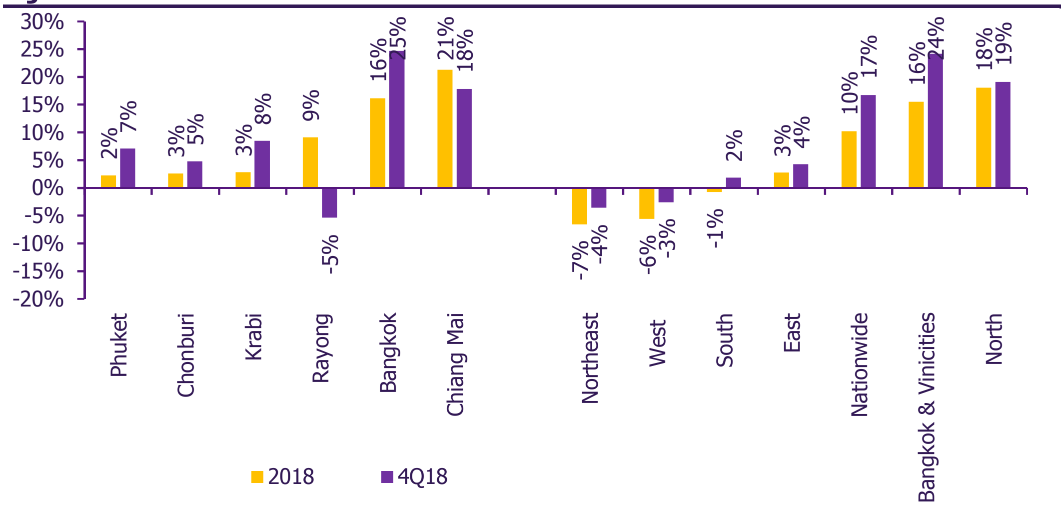
Tourist arrivals began recovering in Dec 2018 and we believe the strong share price rally for hotel operators YTD (SETHOT +10%, MINT +14%, ERW +14%, CENTEL +8%) has priced in the Thai hotel recovery. The expiry of the visa-on-arrival fee waiver in Apr 2019 is expected to slow the growth in 2Q19. On the supply side, rooms in the pipeline are growing steadily. Hotel building construction permits rose 134% YoY in Oct-Nov 2018, while 11M18 growth reached 22% YoY to nearly 3,200 hotels. This indicates that hotel investors are accelerating expansion, aligned with the tourism recovery trend. In addition, the incremental value of outstanding loans to hotels and resorts nationwide was Bt37.7bn in 4Q18, surging from Bt10.4bn in 4Q17. Areas that show strong supply growth include Chonburi, Phuket and Krabi. Room rate growth is likely to come under pressure if tourist arrivals growth is below 7-10%. Apart from the hotel business, the quick service restaurant (QSR) business, contributing roughly 40-50% of MINT and CENTEL revenue, is facing downside risks from intense competition and online ordering.

Figure 40: Hotel building construction permits are on the rise



Source: CBRE, JIL, STR Global, SCBS Wealth Research

Figure 41: ...as are loans for hotel investment

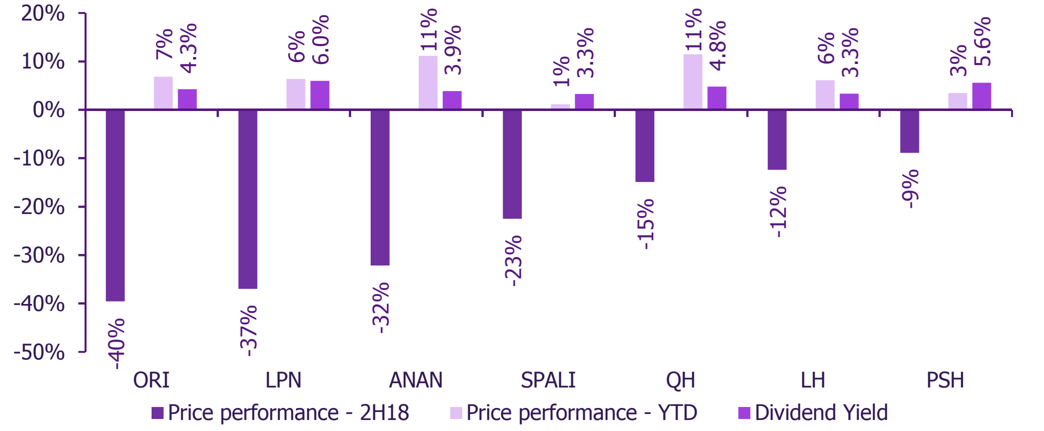


Source: Bank of Thailand, SCBS Wealth Research

Sell on strength and wait for bottom for the Property sector

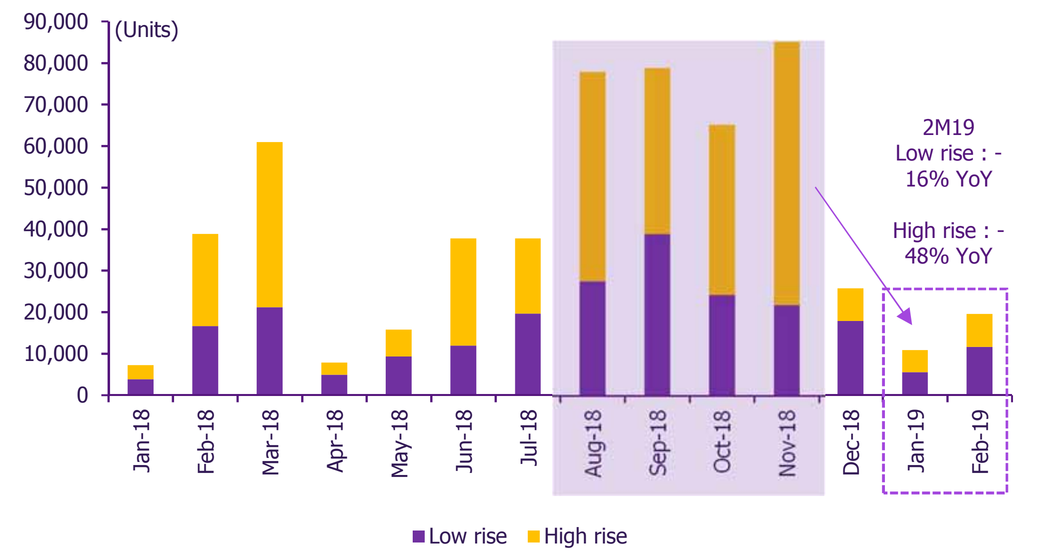
Average return of key residential developers (LH, AP, QH, LPN, ORI, ANAN, SPALI, PSH) outperformed the market by 3% YTD due to decent dividend yield and cheap valuations at P/E 5x-7x. However, we recommend selling residential developers after the recent share price rally, as we see a variety of headwinds in 2Q19, including the stricter mortgage rule, rising inventory, weakening domestic and foreign demand for condominiums and tightening bank loans. In addition, the property consultant CBRE sees a lot of unsold inventory, which will lead to a slowdown in new supply launches in 2019 already seen in a fall of 34% YoY in Bangkok in 2M19 (low rise -16% YoY and high rise -48% YoY). These factors could lead to sector sell-off and also earnings downgrades in 2Q19. However, we think the sell-off would be an opportunity to accumulate as we believe this will be the bottom for 2019.

Figure 42: Share price outperforming market while the road ahead is bumpy



Source: Bloomberg, SET, SCBS Wealth Research

Figure 43: New launches in Bangkok

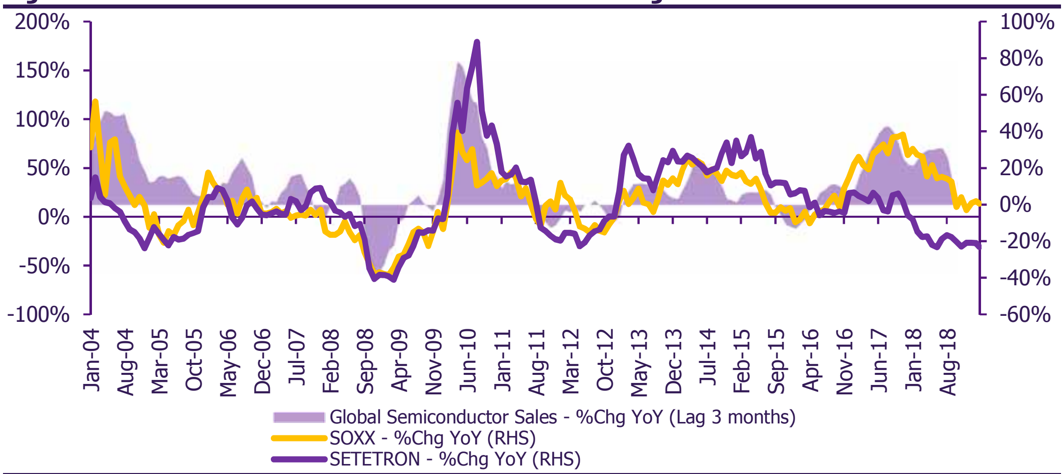


Source: CBRE, SCBS Wealth Research

Avoid Automotive and Electronics stocks

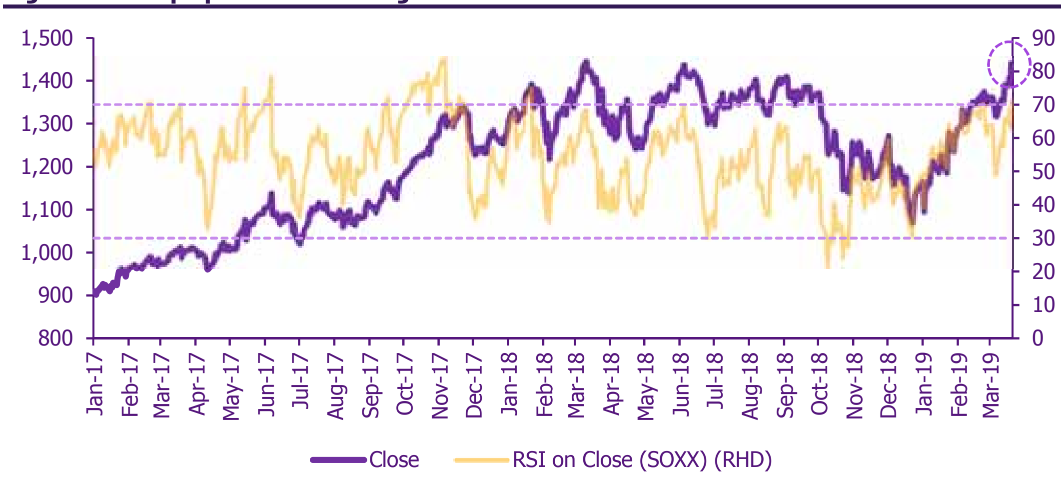
We see downside risk to automotive and electronics from ripples from the global economic slowdown and THB appreciation. Semiconductor demand has been softening as tech-related producers attempt to reduce inventories and control investment along with price pressure. Global semiconductor sales were down 5.7% YoY in Jan 2019. Sales were down across all major product categories and regional markets. Recent election campaigns touting a minimum wage hike will also put pressure on profitability in the future. We expect both operating and financial performances to be weak in the Electronics sector in 1H19, meaning earnings downgrades are possible. For automotive, we are concerned about the outlook for domestic car sales growth from Apr 2019 onward because Toyota and Honda undertook aggressive promotions that led to strong domestic car sales growth of 20% on average in Apr-Dec 2018. Our Bank analyst expects demand for auto lease loans to decline in tandem with the slowdown in car sales growth, which confirms our view. Based on the latest data, China's car sales fell 18% YoY in 2M19 and Europe's car sales also dropped 5% YoY in Jan 2019. These could put pressure on car export growth. Because of lower demand in both the domestic and export markets, inventories are actually piling up, as seen in the latest automotive inventory to shipment ratio, which rose 41% YoY on the back of inventory growth of 55% in Jan 2019. Thus, we recommend investors avoid the Automotive and Electronics sectors in 1H19 despite the fall in valuations.

Figure 44: Global semiconductor sales are weakening



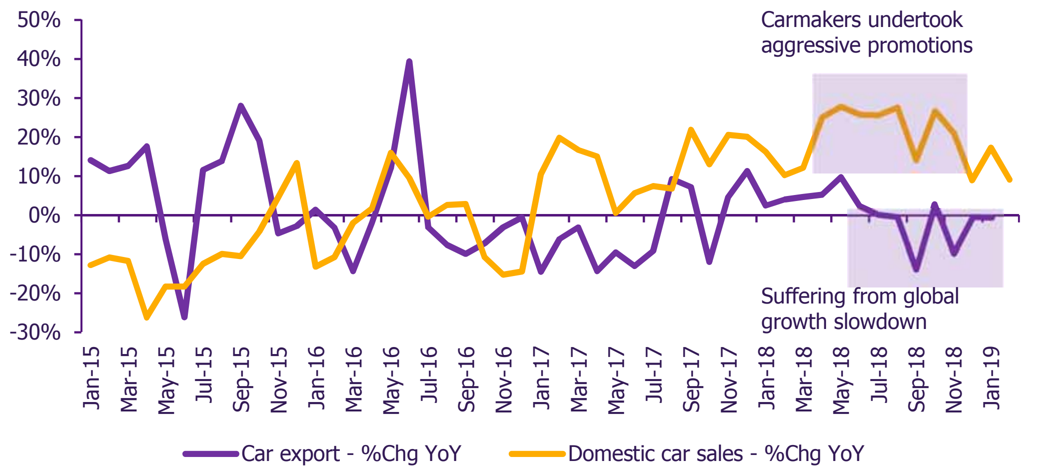
Source: SIA, Bloomberg, SCBS Wealth Research

Figure 45: Chips put in record high



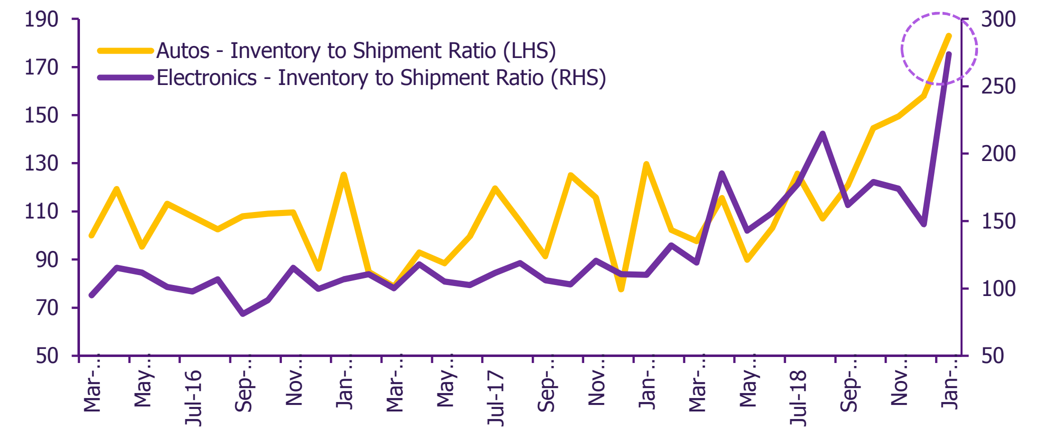
Source: ICE Futures, SCBS Wealth Research

Figure 46: High base effect for domestic car sales, export outlook is deteriorating



Source: Thai Automotive Industry Association, SCBS Wealth Research

Figure 47: Automotive inventory to shipment ratio is concerning



Source: Ministry of Industry, SCBS Wealth Research

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IRPC

IRPC
Public Company Limited

IRPC

Bloomberg	IRPC TB
Reuters	IRPC.BK

SCBS

Timing is good whetting appetites

We expect an about-face in IRPC in 2019F as US-China trade talks look good plus there will be higher demand for diesel and low-sulfur fuel oil ahead of the IMO's sulfur cap. IRPC is trading at the low end of its 6-month range (-1.5SD vs. -1.2SD average for other oil refiners). Current valuation at 8.2x PE (2019) is undemanding and despite sizable investment for the next five years, we expect its strong cash flow to allow dividend yield of 6-8%. We BUY with TP of Bt8.6/share; IRPC is our top oil refiner pick.

Better product spreads. Spreads of IRPC's key products (Figures 7 and 8) are improving as the market becomes more positive on petrochemicals as the US and China appear to be close to a deal. IRPC's ABS, a key profit driver, was hit in 2018 by a 14% YoY drop in product spread – but this has already come back up 8% QoQ thus far in 1Q19. GRM has also improved to above US$5/bbl from below US$3/bbl in early 2019. We expect middle distillate product crack spread to rise as demand returns to health in line with the global economy plus the IMO-2020 impact. IRPC is one of few Thai oil refiners able to supply LSFO for the bunker market as it can modify its fuel oil unit to desulfurize the existing HSFO at minimal cost.

Crude run to rise despite shutdown. We estimate 2019 crude run at 213kbd (99% of nameplate capacity) including a 28-day shutdown in 1Q19 that will cut crude run QoQ to 203-205kbd; however, this may be offset by high crude run at the end of the year as it can ramp up to 223-225kbd if market economics support.

Catalyst cooler adds US$0.3/bbl to GIM. IRPC installed a new support unit, a catalyst cooler, at a cost of Bt1.32bn and projected IRR of 35%. This unit will increase crude selection flexibility with a greater proportion of heavy crude oil. The excess heat from the unit can be used to produce steam to power a 12MW generator. All told, the catalyst cooler will improve GIM by US$0.3/bbl over the long term, divided equally between lower feedstock and utility costs. A narrower price gap between light and heavy crude oil will reduce the benefit in the near term.

Financially strong. IRPC plans to invest Bt71bn over 2019-23 for efficiency and product improvement (Euro-5 fuel) and aromatics capacity expansion under Project MARS (58% of total capex). It has set up a Bt34bn contingency budget for opportunities. We believe internal cash flow of Bt27-28bn p.a. over the next five years will be able to accommodate this investment plan, with room for more debt.

TP of Bt8.6/share based on 8x EV/EBITDA. We value IRPC based on 8x EV/EBITDA for 2019F, slightly above regional peers but below its historical average of 9.7x. It is trading at an undemanding PE (2019) of 8.2x vs. 10x for regional peers. Key risks to our earnings forecast and valuation are oil price volatility, which could result in stock loss, and lower than expected spread for petrochemical products.

Forecasts and valuation

Year to 31 Dec	Unit	2017	2018	2019F	2020F	2021F
Revenue	(Btmn)	214,101	280,551	292,054	293,438	296,205
EBITDA	(Btmn)	21,856	17,639	26,586	27,387	32,173
Core profit	(Btmn)	10,928	6,940	14,481	16,022	20,415
Reported profit	(Btmn)	11,354	7,735	14,481	16,022	20,415
Core EPS	(Bt)	0.53	0.34	0.71	0.78	1.00
DPS	(Bt)	0.29	0.19	0.35	0.39	0.50
P/E, core	(x)	10.7	16.8	8.0	7.3	5.7
EPS growth, core	(%)	(14.4)	(36.5)	108.7	10.6	27.4
P/BV, core	(x)	1.3	1.3	1.2	1.1	1.0
ROE	(%)	13.0	7.9	15.8	15.9	18.5
Dividend yield	(%)	5.1	3.3	6.1	6.8	8.8
FCF yield	(x)	4.1	7.0	11.2	4.4	8.5
EV/EBIT	(x)	11.7	18.2	8.8	8.2	6.6
EBIT growth, core	(%)	2.0	(36.4)	94.5	4.4	25.1
EV/CE	(x)	1.2	1.3	1.2	1.1	1.1
ROCE	(%)	8.5	5.6	11.6	11.8	13.6
EV/EBITDA	(x)	7.9	9.7	6.0	5.7	4.9
EBITDA growth	(%)	5.3	(19.3)	50.7	3.0	17.5

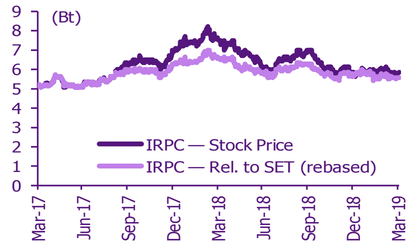
Source: SCBS Investment Research

BUY

Stock data

Last close (Mar 25) (Bt)	5.70
12-m target price (Bt)	8.60
Upside (Downside) to TP (%)	50.88
Mkt cap (Btbn)	116.48
Mkt cap (US$mn)	3,689
Risk rating	H
Mkt cap (%) SET	0.69
Sector % SET	22.17
Shares issued (mn)	20,434
Par value (Bt)	1.00
12-m high / low (Bt)	7.6 / 5.5
Avg. daily 6m (US$mn)	14.44
Foreign limit / actual (%)	49 / 12
Free float (%)	51.9
Dividend policy (%)	≤ 25

Price performance



Source: SET, SCBS Investment Research

Share performance

(%)	1M	3M	12M
Absolute	(7.3)	(0.9)	(23.5)
Relative to SET	(4.7)	(3.0)	(15.2)

Source: SET, SCBS Investment Research

Expected total return (ETR)

Target price	(Bt)	8.60
12-month dividend	(Bt)	0.35
Capital gain	(%)	50.88
Dividend yield	(%)	6.14
Total return	(%)	57.02

Source: SET, SCBS Investment Research

Analyst

Chaipat Thanawattano
Fundamental Investment
Analyst on Securities
(66-2) 949-1005
chaipat.thanawattano@scb.co.th

Financial statement

Profit and Loss Statement

FY December 31	Unit	2014	2015	2016	2017	2018	2019F	2020F	2021F
Total revenue	(Btmn)	281,589	214,172	185,041	214,101	280,551	292,054	293,438	296,205
Cost of goods sold	(Btmn)	287,930	197,913	164,900	192,946	264,637	265,504	266,079	263,978
Gross profit	**(Btmn)**	**(6,341)**	**16,258**	**20,140**	**21,155**	**15,914**	**26,550**	**27,359**	**32,227**
SG&A	(Btmn)	5,444	6,172	6,072	6,897	6,973	8,762	8,803	8,886
Other income	(Btmn)	686	474	437	536	461	501	535	536
Interest expense	(Btmn)	1,536	999	1,556	2,067	1,961	2,304	1,342	1,289
Pre-tax profit	**(Btmn)**	**(12,635)**	**9,561**	**12,949**	**12,726**	**7,441**	**15,986**	**17,749**	**22,587**
Corporate tax	(Btmn)	(2,398)	2,346	282	2,181	1,147	2,170	2,393	2,838
Equity a/c profits	(Btmn)	(139)	(184)	125	388	679	700	700	700
Minority interests	(Btmn)	(21)	(21)	(31)	(5)	(34)	(34)	(34)	(34)
Core profit	**(Btmn)**	**(10,397)**	**7,010**	**12,761**	**10,928**	**6,940**	**14,481**	**16,022**	**20,415**
Extra-ordinary items	(Btmn)	5,163	2,392	(3,040)	427	795	0	0	0
Net Profit	**(Btmn)**	**(5,235)**	**9,402**	**9,721**	**11,354**	**7,735**	**14,481**	**16,022**	**20,415**
EBITDA	(Btmn)	(5,889)	16,016	20,754	21,856	17,639	26,586	27,387	32,173
Core EPS	**(Btmn)**	**(0.51)**	**0.34**	**0.62**	**0.53**	**0.34**	**0.71**	**0.78**	**1.00**
Net EPS	(Bt)	(0.26)	0.46	0.48	0.56	0.38	0.71	0.78	1.00
DPS	(Bt)	0.08	0.22	0.23	0.29	0.19	0.35	0.39	0.50

Balance Sheet

FY December 31	Unit	2014	2015	2016	2017	2018	2019F	2020F	2021F
Total current assets	(Btmn)	44,142	35,984	39,848	47,583	46,629	56,500	52,739	52,396
Total fixed assets	(Btmn)	118,656	127,189	132,530	136,961	135,817	136,602	141,670	156,475
Total assets	**(Btmn)**	**162,798**	**163,174**	**172,378**	**184,544**	**182,446**	**193,102**	**194,408**	**208,872**
Total loans	(Btmn)	60,791	53,704	62,587	58,769	57,365	53,761	46,501	49,868
Total current liabilities	(Btmn)	46,829	36,210	52,429	49,365	48,896	54,314	53,758	52,394
Total long-term liabilities	(Btmn)	48,065	51,086	38,944	47,529	46,170	42,410	35,777	40,249
Total liabilities	**(Btmn)**	**94,894**	**87,296**	**91,373**	**96,894**	**95,066**	**96,724**	**89,535**	**92,642**
Paid-up capital	(Btmn)	20,434	20,434	20,434	20,434	20,434	20,434	20,434	20,434
Total equity	**(Btmn)**	**67,904**	**75,878**	**81,005**	**87,650**	**87,380**	**96,378**	**104,873**	**116,229**
BVPS	**(Bt)**	**3.32**	**3.71**	**3.96**	**4.28**	**4.27**	**4.71**	**5.12**	**5.68**

Cash Flow Statement

FY December 31	Unit	2014	2015	2016	2017	2018	2019F	2020F	2021F
Core Profit	(Btmn)	(10,397)	7,010	12,761	10,928	6,940	14,481	16,022	20,415
Depreciation and amortization	(Btmn)	5,210	5,456	6,249	7,062	8,237	8,296	8,296	8,296
Operating cash flow	(Btmn)	4,596	27,840	7,224	20,245	18,304	25,657	25,665	29,585
Investing cash flow	(Btmn)	(21,040)	(11,271)	(10,686)	(9,768)	(6,537)	(9,081)	(13,364)	(23,102)
Financing cash flow	(Btmn)	13,328	(15,001)	1,929	(10,375)	(11,575)	(9,087)	(14,787)	(5,693)
Net cash flow	**(Btmn)**	**(3,116)**	**1,567**	**(1,534)**	**103**	**193**	**7,488**	**(2,486)**	**790**

Key Financial Ratios

FY December 31	Unit	2014	2015	2016	2017	2018	2019F	2020F	2021F
Gross margin	(%)	(2.3)	7.6	10.9	9.9	5.7	9.1	9.3	10.9
Operating margin	(%)	(4.2)	4.7	7.6	6.7	3.2	6.1	6.3	7.9
EBITDA margin	(%)	(2.1)	7.5	11.2	10.2	6.3	9.1	9.3	10.9
EBIT margin	(%)	(3.9)	4.9	7.8	6.9	3.4	6.3	6.5	8.1
Net profit margin	(%)	(1.9)	4.4	5.3	5.3	2.8	5.0	5.5	6.9
ROE	(%)	(14.5)	9.8	16.3	13.0	7.9	15.8	15.9	18.5
ROA	(%)	(6.4)	4.3	7.6	6.1	3.8	7.7	8.3	10.1
Net D/E	(x)	0.9	0.7	0.7	0.6	0.6	0.5	0.4	0.4
Interest coverage	(x)	(3.8)	16.0	13.3	10.6	9.0	11.5	20.4	25.0
Debt service coverage	(x)	(0.3)	2.9	0.8	1.4	1.1	1.6	1.9	2.4
Payout Ratio	(%)	(31.2)	47.8	48.3	52.2	50.2	49.4	49.7	50.0

Main Assumptions

FY December 31	Unit	2014	2015	2016	2017	2018	2019F	2020F	2021F
Crude run	(kbd)	172	183	183	180	208	213	213	213
Utilization rate - petchem	(%)	96.7	96.7	90.5	88.5	97.5	96.7	96.7	96.7
Crack spread - ULG95	(US$/bbl)	14.3	18.3	14.9	14.8	10.5	11.0	11.0	11.0
Crack spread - Diesel	(US$/bbl)	16.0	13.7	10.8	12.5	14.6	16.0	18.0	18.0
Spread - PP	(US$/t)	782	667	656	656	653	700	700	700
Spread - ABS	(US$/t)	1,141	991	957	1,334	1,272	972	972	972

Financial statement

Profit and Loss Statement

FY December 31	Unit	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
Total revenue	(Btmn)	39,929	54,558	56,724	62,891	66,094	70,902	73,819	69,736
Cost of goods sold	(Btmn)	35,743	50,911	50,195	56,098	61,172	64,625	69,069	69,771
Gross profit	**(Btmn)**	**4,186**	**3,647**	**6,529**	**6,793**	**4,922**	**6,277**	**4,749**	**(35)**
SG&A	(Btmn)	1,518	1,621	1,642	2,116	1,602	1,765	1,755	1,851
Other income	(Btmn)	85	244	138	69	78	112	95	176
Interest expense	(Btmn)	573	547	480	467	480	489	504	488
Pre-tax profit	**(Btmn)**	**2,180**	**1,723**	**4,545**	**4,279**	**2,918**	**4,135**	**2,585**	**(2,197)**
Corporate tax	(Btmn)	408	190	846	737	391	795	395	(434)
Equity a/c profits	(Btmn)	93	66	67	161	170	201	203	105
Minority interests	(Btmn)	(5)	2	(1)	(1)	(3)	(13)	(10)	(8)
Core profit	**(Btmn)**	**1,860**	**1,600**	**3,765**	**3,702**	**2,694**	**3,528**	**2,383**	**(1,666)**
Extra-ordinary items	(Btmn)	506	(372)	(518)	811	58	521	177	39
Net Profit	**(Btmn)**	**2,366**	**1,228**	**3,248**	**4,513**	**2,752**	**4,050**	**2,560**	**(1,627)**
EBITDA	(Btmn)	3,843	4,189	7,054	6,770	5,437	6,671	5,135	395
Core EPS	**(Btmn)**	**0.09**	**0.08**	**0.18**	**0.18**	**0.13**	**0.17**	**0.12**	**(0.08)**
Net EPS	(Bt)	0.12	0.06	0.16	0.22	0.13	0.20	0.13	(0.08)

Balance Sheet

FY December 31	Unit	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
Total current assets	(Btmn)	36,590	38,756	44,396	47,583	46,208	51,373	55,089	46,629
Total fixed assets	(Btmn)	137,099	137,663	138,124	136,961	136,000	135,437	136,191	135,817
Total assets	**(Btmn)**	**173,689**	**176,420**	**182,520**	**184,544**	**182,208**	**186,810**	**191,279**	**182,446**
Total loans	(Btmn)	63,355	69,094	65,398	58,769	53,639	56,492	63,747	57,365
Total current liabilities	(Btmn)	55,025	43,725	52,463	49,365	45,307	56,898	55,003	48,896
Total long-term liabilities	(Btmn)	35,167	52,648	46,666	47,529	46,504	41,448	47,280	46,170
Total liabilities	**(Btmn)**	**90,192**	**96,373**	**99,128**	**96,894**	**91,811**	**98,346**	**102,283**	**95,066**
Paid-up capital	(Btmn)	20,434	20,434	20,434	20,434	20,434	20,434	20,434	20,434
Total equity	**(Btmn)**	**83,498**	**80,046**	**83,392**	**87,650**	**90,397**	**88,464**	**88,996**	**87,380**
BVPS	**(Bt)**	**4.08**	**3.91**	**4.07**	**4.28**	**4.42**	**4.33**	**4.35**	**4.27**

Cash Flow Statement

FY December 31	Unit	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
Core Profit	(Btmn)	1,860	1,600	3,765	3,702	2,694	3,528	2,383	(1,666)
Depreciation and amortization	(Btmn)	1,090	1,919	2,029	2,024	2,039	2,047	2,046	2,105
Operating cash flow	(Btmn)	(2,252)	9,151	7,765	5,582	7,259	4,403	(1,997)	8,639
Investing cash flow	(Btmn)	(4,434)	(3,291)	(1,708)	(335)	(998)	(1,492)	(2,781)	(1,265)
Financing cash flow	(Btmn)	6,552	(5,567)	(4,468)	(6,892)	(5,556)	(3,410)	4,763	(7,372)
Net cash flow	**(Btmn)**	**(134)**	**293**	**1,589**	**(1,646)**	**705**	**(499)**	**(15)**	**2**

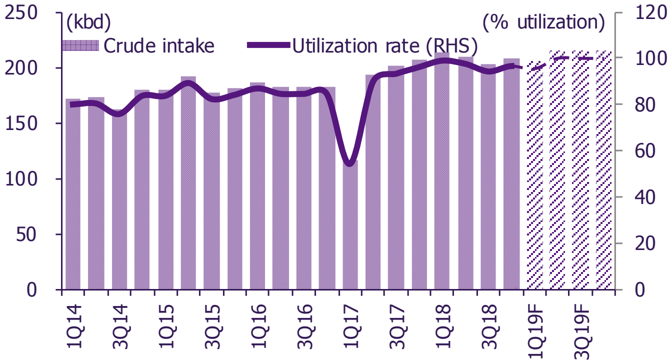
Key Financial Ratios

FY December 31	Unit	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
Gross margin	(%)	10.5	6.7	11.5	10.8	7.4	8.9	6.4	(0.0)
Operating margin	(%)	6.7	3.7	8.6	7.4	5.0	6.4	4.1	(2.7)
EBITDA margin	(%)	9.6	7.7	12.4	10.8	8.2	9.4	7.0	0.6
EBIT margin	(%)	6.9	4.2	8.9	7.5	5.1	6.5	4.2	(2.5)
Net profit margin	(%)	5.9	2.3	5.7	7.2	4.2	5.7	3.5	(2.3)
ROE	(%)	9.0	7.8	18.4	17.3	12.1	15.8	10.7	(7.6)
ROA	(%)	4.3	3.7	8.4	8.1	5.9	7.6	5.0	(3.6)
Net D/E	(x)	0.7	0.8	0.7	0.6	0.6	0.6	0.7	0.6
Interest coverage	(x)	6.7	7.7	14.7	14.5	11.3	13.7	10.2	0.8
Debt service coverage	(x)	0.1	0.1	1.2	1.7	1.9	1.4	1.0	0.1

Main Assumptions

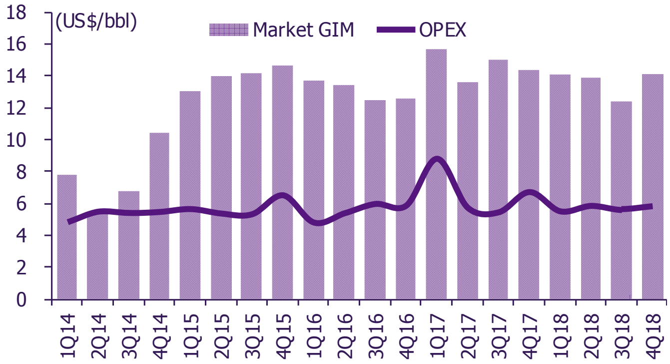
FY December 31	Unit	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
Crude run	(kbd)	116	194	201	207	213	210	203	208
Utilization rate - petchem	(%)	58.5	96.0	100.5	100.5	95.5	98.5	96.0	101.0
Crack spread - ULG95	(US$/bbl)	14.8	14.2	16.1	14.4	13.7	12.1	11.6	4.7
Crack spread - Diesel	(US$/bbl)	11.8	11.4	13.9	13.0	14.8	14.6	14.4	14.8
Spread - PP	(US$/t)	663	661	679	621	693	660	617	641
Spread - ABS	(US$/t)	1,382	1,226	1,377	1,353	1,428	1,379	1,248	1,032

Figure 1: Crude intake



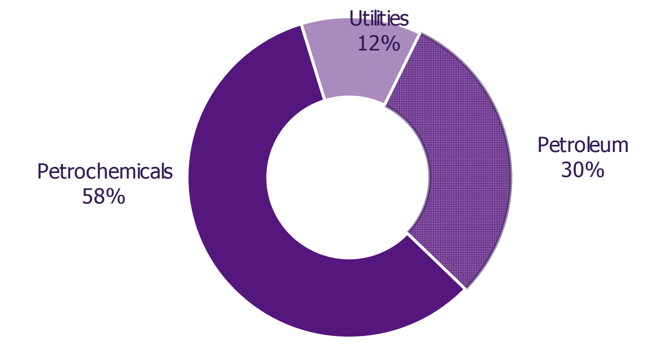
Source: IRPC, SCBS Investment Research

Figure 2: Gross integrated margin vs. opex



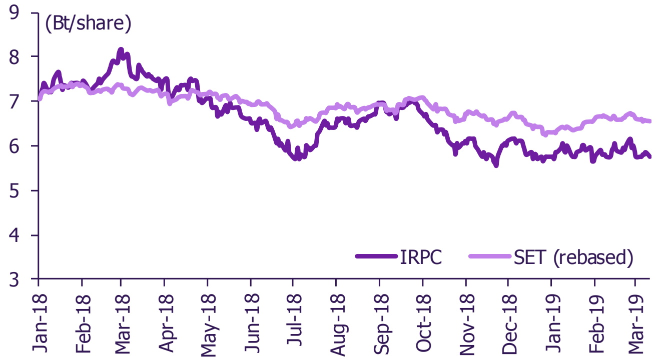
Source: IRPC, SCBS Investment Research

Figure 3: EBITDA breakdown (2018)



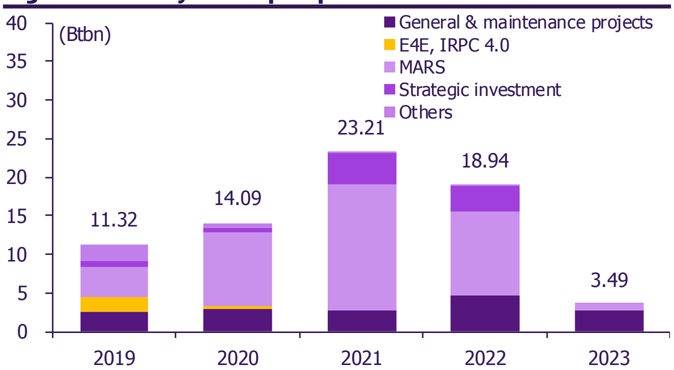
Source: IRPC, SCBS Investment Research

Figure 4: Share price performance



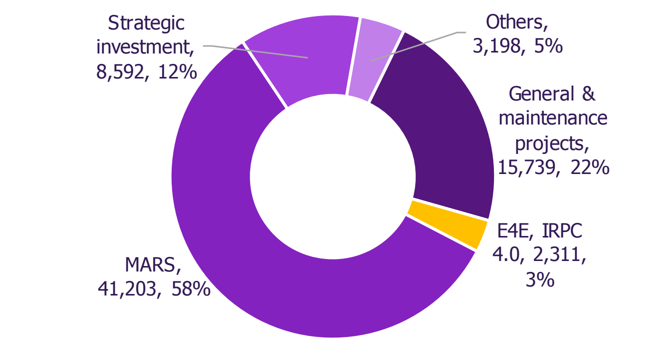
Source: Bloomberg Finance LP, SCBS Investment Research

Figure 5: Five-year capex plan



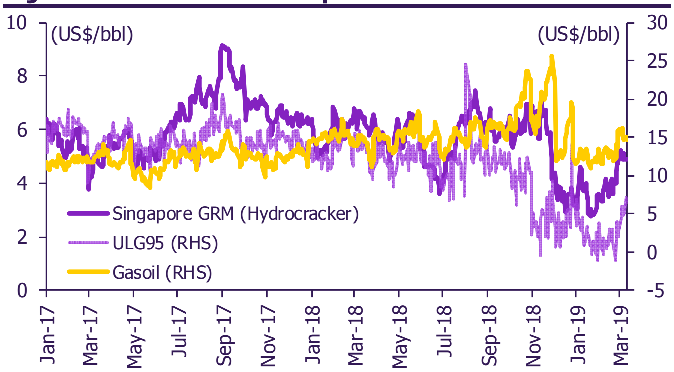
Source: IRPC, SCBS Investment Research

Figure 6: Capex breakdown



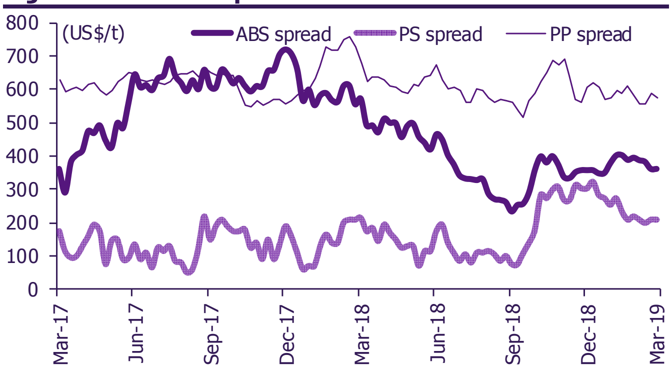
Source: IRPC, SCBS Investment Research

Figure 7: GRM and crack spread



Source: Bloomberg Finance LP, SCBS Investment Research

Figure 8: Product spreads



Source: Bloomberg Finance LP, SCBS Investment Research

Indorama Ventures IVL

Indorama Ventures Public Company Limited

Bloomberg	IVL TB
Reuters	IVL.BK

SCBS

EBITDA doubling as portfolio is transformed

BUY

IVL has underperformed local petrochemical peers YTD (-11%), which we believe reflects investor concern about its business outlook after the peak year for PET in 2018. We view this as overdone and expect the recovery of PET spread and the company's plan to transform its portfolio will attract investor interest in 2019; plus, current 2019F valuation is undemanding at 8.7x and 1.6x PBV (-0.6SD). IVL reaffirmed plans to expand capacity, mainly specialty products and packaging, to further its ambition to double core EBITDA in the next five years. We rate the stock as a BUY with TP of Bt82 (10x EV/EBITDA), offering potential upside of 71% plus dividend yield of 3.6-3.8% in 2019-21F.

Transforming asset portfolio. IVL is in the process of transforming its three key segments – PET, fiber and feedstock - into five new businesses (Figure 1) to improve investor understanding of its business and to identify the key drivers for future growth. Among these, three new growth engines were identified: packaging, specialty chemicals and an integrated olefins value chain, as demand for these products are highly correlated to global GDP growth (1-1.5x of GDP growth). Its mainstream business, i.e. integrated PET, will continue to support long-term earnings from the lofty heights of its lead position in the premium market in western countries.

EBITDA to double in five years. IVL was upbeat on its core EBITDA target for 2019F with growth of 21% YoY, reaffirming our view on its earnings outlook. This implies core EBITDA of >US$140/t, which lines up with our expectation based on 88% utilization of total capacity of 14.1mtpa by end-2019. IVL aims to repeat its success in achieving strong core EBITDA growth with 3-year CAGR of 31% during 2015-18, supported by debt headroom of US$4bn for new investment via M&A. The medium-term target is core EBITDA of ~US$3bn, then doubling in the next five years from US$1.4bn earned in 2018. This will be facilitated by a new product portfolio, strict financial discipline and leveraging success factors: global presence and integration.

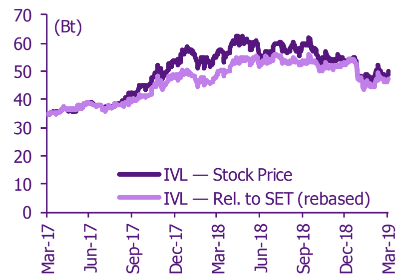
Healthy financial position despite active investment. Although the company spent US$2.2bn on investment capex, its financial status remains solid with net debt to equity of 0.87x. This will allow it not only to invest more for growth but to repurchase its high-cost perpetual bond of Bt15bn (~US$458mn) that was issued in 2014.

Key risks to our earnings forecast and valuation are: 1) global trade war eroding demand for its products, 2) lower efficiency improvement at new assets than expected and 3) changes in regulations on plastic products.

Stock data

Last close (Mar 25) (Bt)	48.25
12-m target price (Bt)	82.00
Upside (Downside) to TP (%)	69.95
Mkt cap (Btbn)	270.90
Mkt cap (US$mn)	8,581
Risk rating	H
Mkt cap (%) SET	1.61
Sector % SET	4.00
Shares issued (mn)	5,615
Par value (Bt)	1.00
12-m high / low (Bt)	63 / 45
Avg. daily 6m (US$mn)	36.52
Foreign limit / actual (%)	100 / 75
Free float (%)	33.5
Dividend policy (%)	≥ 30

Price Performance



Source: SET, SCBS Investment Research

Share performance

(%)	1M	3M	12M
Absolute	(4.5)	(10.6)	(16.1)
Relative to SET	(1.8)	(12.6)	(7.0)

Source: SET, SCBS Investment Research

Expected total return (ETR)

Target price	(Bt)	82.00
12-month dividend	(Bt)	1.70
Capital gain	(%)	69.95
Dividend yield	(%)	3.52
Total return	(%)	73.47

Source: SET, SCBS Investment Research

Forecasts and valuation

Year to 31 Dec	Unit	2017	2018	2019F	2020F	2021F
Revenue	(Btmn)	286,332	347,171	413,025	423,099	429,814
EBITDA	(Btmn)	35,020	45,652	55,499	57,275	58,326
Core profit	(Btmn)	20,150	24,053	30,801	32,434	33,360
Reported profit	(Btmn)	20,883	26,465	30,801	32,434	33,360
Core EPS	(Bt)	3.84	4.28	5.49	5.78	5.94
DPS	(Bt)	1.00	1.40	1.70	1.80	1.80
P/E, core	(x)	12.6	11.3	8.8	8.4	8.1
EPS growth, core	(%)	93.4	11.5	28.1	5.3	2.9
P/BV, core	(x)	2.2	1.9	1.6	1.4	1.3
ROE	(%)	19.6	18.4	19.8	18.2	16.6
Dividend yield	(%)	2.1	2.9	3.5	3.7	3.7
FCF yield	(x)	0.0	(8.8)	16.2	15.6	26.5
EV/EBIT	(x)	15.0	12.8	8.8	7.7	6.1
EBIT growth, core	(%)	40.8	37.7	30.9	4.0	2.2
EV/CE	(x)	1.7	1.5	1.4	1.3	1.3
ROCE	(%)	11.7	9.3	12.6	13.5	16.1
EV/EBITDA	(x)	9.8	8.8	6.5	5.8	4.6
EBITDA growth	(%)	28.5	30.4	21.6	3.2	1.8

Source: SCBS Investment Research

Analyst

Chaipat Thanawattano
Fundamental Investment
Analyst on Securities
(66-2) 949-1005
chaipat.thanawattano@scb.co.th

Financial statement

Profit and Loss Statement

FY December 31	Unit	2014	2015	2016	2017	2018	2019F	2020F	2021F
Total revenue	(Btmn)	243,907	234,698	254,620	286,332	347,171	413,025	423,099	429,814
Cost of goods sold	(Btmn)	221,869	208,177	218,198	240,889	289,232	341,274	349,336	354,757
Gross profit	**(Btmn)**	**22,038**	**26,521**	**36,422**	**45,444**	**57,939**	**71,750**	**73,762**	**75,058**
SG&A	(Btmn)	16,627	19,293	21,823	23,925	28,760	32,789	33,580	34,385
Other income	(Btmn)	1,644	1,761	1,584	1,263	2,200	2,104	2,531	2,964
Interest expense	(Btmn)	3,555	3,652	4,222	3,864	4,227	4,839	4,607	4,446
Pre-tax profit	**(Btmn)**	**3,501**	**5,337**	**11,961**	**18,917**	**27,151**	**36,226**	**38,106**	**39,191**
Corporate tax	(Btmn)	1,625	1,881	2,062	(1,400)	3,812	5,705	5,937	6,086
Equity a/c profits	(Btmn)	(1,356)	(242)	(173)	28	586	586	586	586
Minority interests	(Btmn)	(285)	(279)	(162)	(195)	128	(305)	(322)	(331)
Core profit	**(Btmn)**	**234**	**2,935**	**9,563**	**20,150**	**24,053**	**30,801**	**32,434**	**33,360**
Extra-ordinary items	(Btmn)	1,441	3,674	6,634	733	2,413	0	0	0
Net Profit	**(Btmn)**	**1,675**	**6,609**	**16,197**	**20,883**	**26,465**	**30,801**	**32,434**	**33,360**
EBITDA	(Btmn)	14,164	18,315	27,248	35,020	45,652	55,499	57,275	58,326
Core EPS	**(Btmn)**	**0.05**	**0.61**	**1.99**	**3.84**	**4.28**	**5.49**	**5.78**	**5.94**
Net EPS	(Bt)	0.35	1.37	3.36	3.98	4.71	5.49	5.78	5.94
DPS	(Bt)	0.38	0.48	0.66	1.00	1.40	1.70	1.80	1.80

Balance Sheet

FY December 31	Unit	2014	2015	2016	2017	2018	2019F	2020F	2021F
Total current assets	(Btmn)	72,180	70,548	84,495	92,953	124,284	141,135	171,724	203,374
Total fixed assets	(Btmn)	122,354	151,092	173,885	189,405	254,911	238,472	227,200	215,800
Total assets	**(Btmn)**	**194,534**	**221,641**	**258,380**	**282,358**	**379,195**	**379,607**	**398,924**	**419,174**
Total loans	(Btmn)	73,272	83,590	102,074	95,506	136,266	125,491	120,860	116,833
Total current liabilities	(Btmn)	48,066	57,383	65,862	65,622	113,700	95,454	95,847	95,994
Total long-term liabilities	(Btmn)	71,858	81,305	100,704	97,750	113,639	109,894	105,887	102,406
Total liabilities	**(Btmn)**	**119,924**	**138,688**	**166,566**	**163,372**	**227,339**	**205,348**	**201,734**	**198,399**
Paid-up capital	(Btmn)	4,814	4,814	4,814	5,245	5,615	5,615	5,615	5,615
Total equity	**(Btmn)**	**72,553**	**79,825**	**89,055**	**117,062**	**144,838**	**166,937**	**189,545**	**212,799**
BVPS	**(Bt)**	**15.07**	**16.58**	**18.50**	**22.32**	**25.80**	**29.73**	**33.76**	**37.90**

Cash Flow Statement

FY December 31	Unit	2014	2015	2016	2017	2018	2019F	2020F	2021F
Core Profit	(Btmn)	234	2,935	9,563	20,150	24,053	30,801	32,434	33,360
Depreciation and amortization	(Btmn)	7,108	9,326	11,065	12,239	14,273	14,433	14,561	14,689
Operating cash flow	(Btmn)	22,293	24,800	24,953	28,907	32,362	41,889	45,549	75,012
Investing cash flow	(Btmn)	(18,503)	(21,300)	(36,382)	(28,786)	(56,227)	2,094	(3,200)	(3,200)
Financing cash flow	(Btmn)	(2,565)	(5,607)	12,223	2,730	22,567	(16,159)	(14,135)	(13,802)
Net cash flow	**(Btmn)**	**1,225**	**(2,107)**	**793**	**2,851**	**(1,299)**	**27,824**	**28,214**	**58,010**

Key Financial Ratios

FY December 31	Unit	2014	2015	2016	2017	2018	2019F	2020F	2021F
Gross margin	(%)	9.0	11.3	14.3	15.9	16.7	17.4	17.4	17.5
Operating margin	(%)	2.2	3.1	5.7	7.5	8.4	9.4	9.5	9.5
EBITDA margin	(%)	5.8	7.8	10.7	12.2	13.1	13.4	13.5	13.6
EBIT margin	(%)	2.9	3.8	6.4	8.0	9.0	9.9	10.1	10.2
Net profit margin	(%)	0.7	2.8	6.4	7.3	7.6	7.5	7.7	7.8
ROE	(%)	0.4	3.9	11.3	19.6	18.4	19.8	18.2	16.6
ROA	(%)	0.1	1.4	4.0	7.5	7.3	8.1	8.3	8.2
Net D/E	(x)	0.9	1.0	1.1	0.8	0.9	0.6	0.3	(0.0)
Interest coverage	(x)	4.0	5.0	6.5	9.1	10.8	11.5	12.4	13.1
Debt service coverage	(x)	0.6	1.1	1.3	1.5	2.4	1.2	1.4	1.5
Payout Ratio	(%)	109.2	35.0	19.6	25.1	29.7	31.0	31.2	30.3

Main Assumptions

FY December 31	Unit	2014	2015	2016	2017	2018	2019F	2020F	2021F
Total capacity (period-end)	(ktpa)	7,510	8,776	10,470	10,665	13,029	14,131	14,362	14,398
Total sales volume	(kt)	6,249	7,024	8,729	9,103	10,420	12,300	12,600	12,800
Core EBITDA/t	(US$/t)	96	91	89	110	138	140	140	140
Reported EBITDA/t	(US$/t)	79	80	88	112	140	140	140	140
Average selling price	(US$/t)	1,202	975	827	927	1,031	1,049	1,049	1,049
FX	(Bt/US$)	32.48	34.35	35.29	33.93	32.32	32.00	32.00	32.00

Financial statement

Profit and Loss Statement

FY December 31	Unit	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
Total revenue	(Btmn)	71,650	71,661	72,605	70,417	76,143	83,591	96,001	91,436
Cost of goods sold	(Btmn)	59,902	61,538	60,004	59,445	63,416	68,010	77,055	80,751
Gross profit	**(Btmn)**	**11,748**	**10,123**	**12,601**	**10,972**	**12,727**	**15,581**	**18,946**	**10,685**
SG&A	(Btmn)	5,746	5,863	6,062	6,255	6,262	7,132	7,487	7,879
Other income	(Btmn)	192	239	239	593	976	395	365	463
Interest expense	(Btmn)	1,005	991	963	905	891	887	1,122	1,327
Pre-tax profit	**(Btmn)**	**5,189**	**3,508**	**5,814**	**4,405**	**6,550**	**7,957**	**10,703**	**1,941**
Corporate tax	(Btmn)	850	329	569	(3,149)	881	1,145	1,018	768
Equity a/c profits	(Btmn)	146	(120)	47	(45)	(42)	206	479	(57)
Minority interests	(Btmn)	(71)	(68)	(30)	(26)	(27)	(26)	64	117
Core profit	**(Btmn)**	**4,415**	**2,990**	**5,262**	**7,483**	**5,600**	**6,993**	**10,227**	**1,233**
Extra-ordinary items	(Btmn)	12	(53)	(1,745)	2,520	214	1,250	(173)	1,122
Net Profit	**(Btmn)**	**4,426**	**2,937**	**3,516**	**10,003**	**5,814**	**8,243**	**10,054**	**2,355**
EBITDA	(Btmn)	9,005	7,374	9,911	8,730	10,493	12,064	15,657	7,438
Core EPS	**(Btmn)**	**0.92**	**0.62**	**1.00**	**1.43**	**1.03**	**1.26**	**1.82**	**0.22**
Net EPS	(Bt)	0.92	0.61	0.67	1.91	1.07	1.49	1.79	0.42

Balance Sheet

FY December 31	Unit	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
Total current assets	(Btmn)	87,741	89,032	86,145	92,953	101,644	123,981	127,413	124,284
Total fixed assets	(Btmn)	171,183	181,745	183,387	189,405	185,224	209,820	229,300	254,911
Total assets	**(Btmn)**	**258,923**	**270,777**	**269,532**	**282,358**	**286,868**	**333,801**	**356,713**	**379,195**
Total loans	(Btmn)	98,457	106,423	92,506	95,506	90,462	113,269	117,404	136,266
Total current liabilities	(Btmn)	69,137	66,559	57,758	65,622	67,146	86,331	101,943	113,700
Total long-term liabilities	(Btmn)	96,346	109,422	101,138	97,750	91,809	104,689	104,738	113,639
Total liabilities	**(Btmn)**	**165,483**	**175,981**	**158,896**	**163,372**	**158,955**	**191,020**	**206,681**	**227,339**
Paid-up capital	(Btmn)	4,814	4,814	5,245	5,245	5,412	5,548	5,615	5,615
Total equity	**(Btmn)**	**90,806**	**92,788**	**108,629**	**117,062**	**126,126**	**139,640**	**144,178**	**144,838**
BVPS	**(Bt)**	**18.86**	**19.27**	**20.71**	**22.32**	**23.31**	**25.17**	**25.68**	**25.80**

Cash Flow Statement

FY December 31	Unit	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
Core Profit	(Btmn)	4,415	2,990	5,262	7,483	5,600	6,993	10,227	1,233
Depreciation and amortization	(Btmn)	2,810	2,876	3,133	3,420	3,052	3,219	3,832	4,170
Operating cash flow	(Btmn)	7,727	8,238	5,840	7,102	7,554	7,287	9,123	8,398
Investing cash flow	(Btmn)	(4,933)	(11,814)	(5,428)	(6,611)	(4,493)	(16,275)	(14,196)	(21,263)
Financing cash flow	(Btmn)	(1,991)	3,769	(994)	1,946	3,147	18,678	(6,585)	7,327
Net cash flow	**(Btmn)**	**803**	**193**	**(581)**	**2,437**	**6,208**	**9,689**	**(11,658)**	**(5,538)**

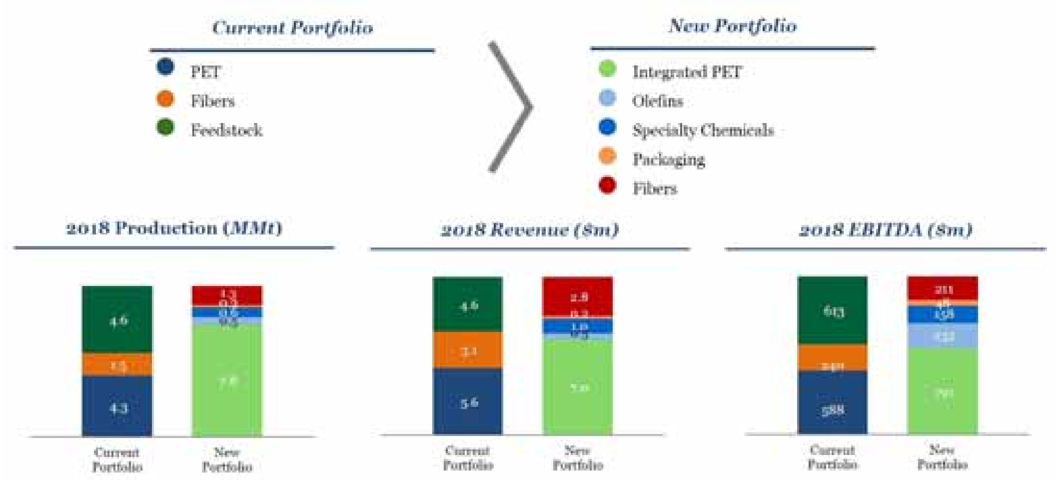
Key Financial Ratios

FY December 31	Unit	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
Gross margin	(%)	16.4	14.1	17.4	15.6	16.7	18.6	19.7	11.7
Operating margin	(%)	8.4	5.9	9.0	6.7	8.5	10.1	11.9	3.1
EBITDA margin	(%)	12.6	10.3	13.7	12.4	13.8	14.4	16.3	8.1
EBIT margin	(%)	8.6	6.3	9.3	7.5	9.8	10.6	12.3	3.6
Net profit margin	(%)	6.2	4.1	4.8	14.2	7.6	9.9	10.5	2.6
ROE	(%)	19.6	13.0	20.9	26.5	18.4	21.0	28.8	3.4
ROA	(%)	6.8	4.5	7.8	10.8	7.9	9.0	11.8	1.3
Net D/E	(x)	1.0	1.1	0.8	0.8	0.6	0.6	0.7	0.9
Interest coverage	(x)	9.0	7.4	10.3	9.6	11.8	13.6	14.0	5.6
Debt service coverage	(x)	1.5	1.5	2.6	1.9	2.2	1.6	1.7	0.6

Main Assumptions

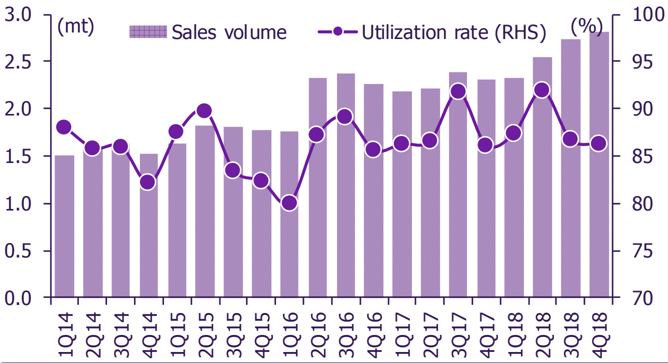
FY December 31	Unit	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
Total capacity (period-end)	(ktpa)	10,145	10,270	10,405	10,665	10,638	11,084	12,587	13,029
Total sales volume	(kt)	2,188	2,223	2,387	2,306	2,325	2,546	2,730	2,820
Core EBITDA/t	(US$/t)	100	107	122	111	140	153	150	113
Reported EBITDA/t	(US$/t)	117	97	125	117	148	156	175	85
Average selling price	(US$/t)	933	940	911	926	1,038	1,028	1,070	989
FX	(Bt/US$)	35.11	34.29	33.37	32.95	31.54	31.95	32.98	32.82

Figure 1: IVL – Transformation of product portfolio



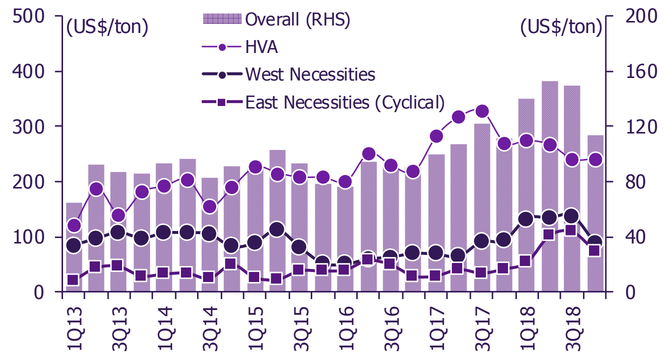
Source: IVL, SCBS Investment Research

Figure 2: Sales volume



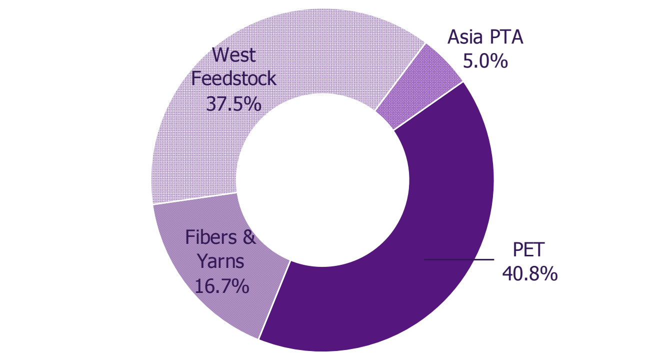
Source: IVL, SCBS Investment Research

Figure 3: Core EBITDA/t



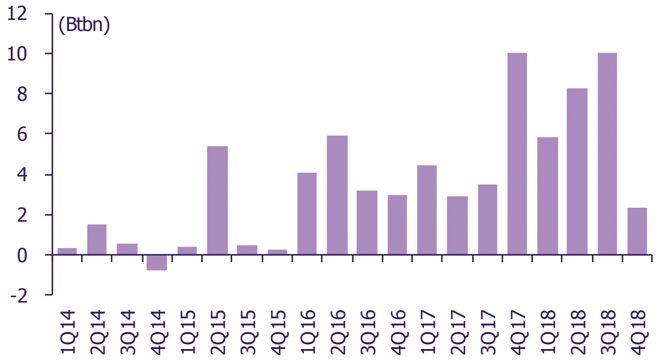
Source: IVL, SCBS Investment Research

Figure 4: Core EBITDA breakdown (2018)



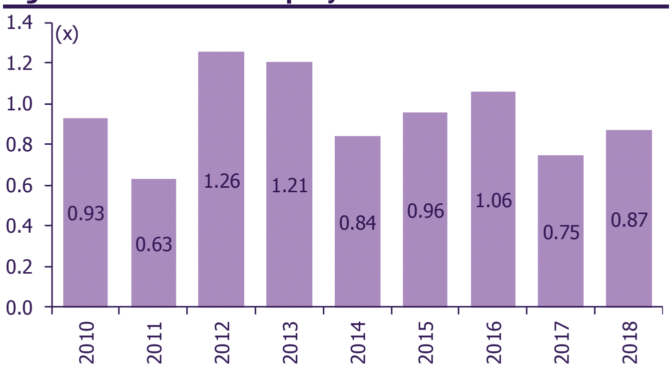
Source: IVL, SCBS Investment Research

Figure 5: Quarterly net profit



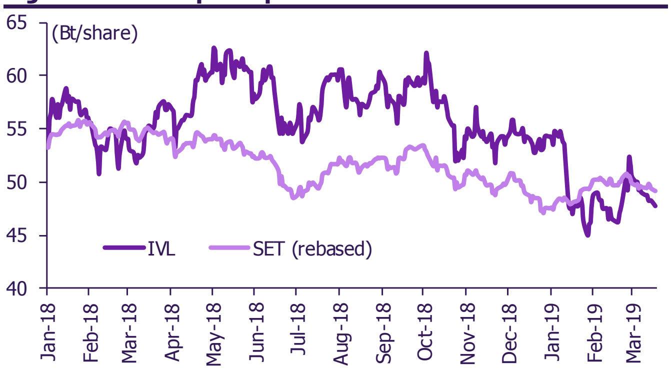
Source: IVL, SCBS Investment Research

Figure 6: Net debt to equity



Source: IVL, SCBS Investment Research

Figure 7: Share price performance



Source: Bloomberg Finance LP, SCBS Investment Research

PTT E&P

PTT Exploration and Production Public Company Limited

PTTEP

Bloomberg	PTTEP TB
Reuters	PTTEP.BK

Coming home to lower risk

PTTEP's investment is designed to create a solid foundation and long-term profitable growth with a focus on Thailand and neighbors where its track record is well established. This improves its risk profile from a few years ago when it entered new frontiers far from home. Staying close to home will reduce investor concerns and increase appetite for the stock. Coupled with our positive view on oil price outlook at least until OPEC's supply curb ends in mid-2019, PTTEP is our pick for 2Q19. We rate it a BUY with DCF-based TP of Bt150/sh, assuming LT Dubai oil price at US$72/bbl.

Oil price up, a boon. PTTEP's profitability in 1H19 is poised to benefit from higher Dubai price, which has risen 27% YTD. Apart from supply cuts by OPEC and allies, which may be extended to end-2019, lower heavy crude supply from Iran and Venezuela is also fostering the rise in Dubai crude, to which PTTEP's liquid product prices are pegged. We estimate a tiny 2% QoQ weakening in average selling price in 1Q19 to US$46.8/BOE with a 6% rise YoY and an EBITDA margin above 70%. We also expect gas price to ease by only 1% in the next price adjustment round in 2Q.

Strategy focuses on familiar but high-potential regions. PTTEP's strategy to ensure a strong foundation with long-term profitable growth confirms a greater focus on expansion and execution of new projects in Southeast Asia and the Middle East to capitalize on its high petroleum reserves potential and home base familiarity. Apart from the new contracts (PSCs) for Erawan and Bongkot, which were signed in Feb 2019, the company has more potential assets in Thailand, Myanmar, Malaysia, Vietnam and Indonesia. It also re-entered the Middle East with new strategic alliances, starting with new exploration blocks in the United Arab Emirates under a partnership with well-experienced operator ENI.

Mozambique LNG project up next. After a long wait, we believe the final investment decision for the Mozambique LNG project will be made in 1H19 as planned after another two sales purchase agreements (SPAs) were signed in Feb 2019. This brought total long-term SPAs to 9.5mtpa, meaning 74% of the initial gas production of 12.88mtpa will be secured by long-term SPAs. With substantial recoverable reserves and resources of up to 75tcf, the project could add one year to PTTEP's reserves life index from the five years at the end of 2018.

New business opportunity in gas to power business in Myanmar. Building on its familiarity with Myanmar, PTTEP plans to move down the gas value chain to the power business via partnerships with IPPs, within or outside the PTT group with the goal of enhancing the value of its existing assets in Myanmar, Zawtika and M3. M3 remains sub-commercial, but PTTEP hopes that this new business will make the development of the project feasible.

Forecasts and valuation

Year to 31 Dec	Unit	2017	2018	2019F	2020F	2021F
Revenue	(Btmn)	147,725	171,809	179,584	182,705	184,347
EBITDA	(Btmn)	107,702	127,315	129,895	131,971	131,842
Core profit	(Btmn)	38,384	36,291	40,891	41,507	40,188
Reported profit	(Btmn)	20,579	36,206	40,891	41,507	40,188
Core EPS	(Bt)	9.67	9.14	10.30	10.46	10.12
DPS	(Bt)	4.25	5.00	5.00	5.00	5.00
P/E, core	(x)	12.8	13.6	12.0	11.9	12.2
EPS growth, core	(%)	114.8	(5.5)	12.7	1.5	(3.2)
P/BV, core	(x)	1.3	1.3	1.2	1.1	1.1
ROE	(%)	9.8	9.5	10.2	9.8	9.1
Dividend yield	(%)	3.4	4.0	4.0	4.0	4.0
FCF yield	(x)	(0.2)	22.2	5.9	6.8	7.0
EV/EBIT	(x)	8.3	6.1	5.9	5.7	5.7
EBIT growth, core	(%)	44.1	30.5	0.7	(0.4)	(3.3)
EV/CE	(x)	0.9	0.8	0.8	0.8	0.7
ROCE	(%)	8.8	7.9	8.3	8.5	8.2
EV/EBITDA	(x)	4.0	3.2	3.1	3.0	2.8
EBITDA growth	(%)	(1.4)	18.2	2.0	1.6	(0.1)

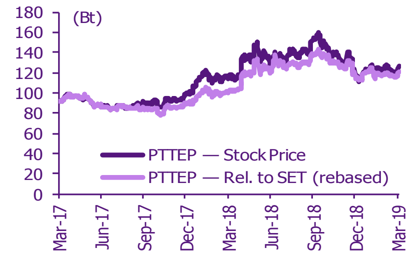
Source: SCBS Investment Research

BUY

Stock data

Last close (Mar 25) (Bt)	124.00
12-m target price (Bt)	150.00
Upside (Downside) to TP (%)	20.97
Mkt cap (Btbn)	492.28
Mkt cap (US$mn)	15,593
Risk rating	H
Mkt cap (%) SET	2.93
Sector % SET	22.17
Shares issued (mn)	3,970
Par value (Bt)	1.00
12-m high / low (Bt)	160 / 110.5
Avg. daily 6m (US$mn)	57.52
Foreign limit / actual (%)	40 / 12
Free float (%)	34.7
Dividend policy (%)	≤ 30

Price Performance



Source: SET, SCBS Investment Research

Share performance

(%)	1M	3M	12M
Absolute	(2.7)	6.4	5.5
Relative to SET	(0.0)	4.2	16.9

Source: SET, SCBS Investment Research

Expected total return (ETR)

Target price	(Bt)	150.00
12-month dividend	(Bt)	5.00
Capital gain	(%)	20.97
Dividend yield	(%)	4.03
Total return	(%)	25.00

Source: SET, SCBS Investment Research

Analyst

Chaipat Thanawattano
Fundamental Investment
Analyst on Securities
(66-2) 949-1005
chaipat.thanawattano@scb.co.th

Financial statement

Profit and Loss Statement

FY December 31	Unit	2014	2015	2016	2017	2018	2019F	2020F	2021F
Total revenue	(Btmn)	242,071	184,411	150,217	147,725	171,809	179,584	182,705	184,347
Cost of goods sold	(Btmn)	141,580	136,518	108,964	91,374	97,350	104,250	106,860	110,120
Gross profit	**(Btmn)**	**100,491**	**47,893**	**41,253**	**56,351**	**74,459**	**75,334**	**75,845**	**74,227**
SG&A	(Btmn)	12,247	9,584	7,895	8,459	9,405	9,731	9,720	9,933
Other income	(Btmn)	5,831	2,641	2,528	3,827	4,338	2,376	1,605	1,208
Interest expense	(Btmn)	8,430	8,582	8,274	7,676	7,707	5,339	4,155	3,970
Pre-tax profit	**(Btmn)**	**84,307**	**32,368**	**27,612**	**44,042**	**59,799**	**62,640**	**63,574**	**61,531**
Corporate tax	(Btmn)	35,535	17,085	10,040	5,987	23,764	22,018	22,350	21,640
Equity a/c profits	(Btmn)	719	311	301	329	256	269	283	297
Minority interests	(Btmn)	0	0	0	0	0	0	0	0
Core profit	**(Btmn)**	**49,491**	**15,593**	**17,873**	**38,384**	**36,291**	**40,891**	**41,507**	**40,188**
Extra-ordinary items	(Btmn)	(28,000)	(47,184)	(5,014)	(17,804)	(85)	0	0	0
Net Profit	**(Btmn)**	**21,490**	**(31,590)**	**12,860**	**20,579**	**36,206**	**40,891**	**41,507**	**40,188**
EBITDA	(Btmn)	175,914	133,771	109,254	107,702	127,315	129,895	131,971	131,842
Core EPS	**(Bt)**	**12.47**	**3.93**	**4.50**	**9.67**	**9.14**	**10.30**	**10.46**	**10.12**
Net EPS	(Bt)	5.41	(7.96)	3.24	5.18	9.12	10.30	10.46	10.12
DPS	(Bt)	4.50	3.00	3.25	4.25	5.00	5.00	5.00	5.00

Balance Sheet

FY December 31	Unit	2014	2015	2016	2017	2018	2019F	2020F	2021F
Total current assets	(Btmn)	183,410	169,642	185,973	188,400	186,783	164,332	178,922	188,922
Total fixed assets	(Btmn)	583,663	539,222	490,917	439,721	448,304	465,515	459,516	461,125
Total assets	**(Btmn)**	**767,073**	**708,864**	**676,890**	**628,121**	**635,087**	**629,847**	**638,438**	**650,047**
Total loans	(Btmn)	139,391	108,455	101,459	81,946	49,932	17,932	17,932	12,932
Total current liabilities	(Btmn)	94,292	50,804	39,443	52,330	80,663	81,670	86,855	82,049
Total long-term liabilities	(Btmn)	259,162	249,248	229,463	199,416	164,361	119,152	100,892	96,969
Total liabilities	**(Btmn)**	**353,453**	**300,053**	**268,906**	**251,747**	**245,024**	**200,822**	**187,747**	**179,018**
Paid-up capital	(Btmn)	3,970	3,970	3,970	3,970	3,970	3,970	3,970	3,970
Total equity	**(Btmn)**	**413,620**	**408,811**	**407,984**	**376,375**	**390,063**	**411,104**	**432,771**	**453,109**
BVPS	**(Bt)**	**104.19**	**102.98**	**102.77**	**94.81**	**98.25**	**103.55**	**109.01**	**114.13**

Cash Flow Statement

FY December 31	Unit	2014	2015	2016	2017	2018	2019F	2020F	2021F
Core Profit	(Btmn)	49,491	15,593	17,873	38,384	36,291	40,891	41,507	40,188
Depreciation and amortization	(Btmn)	83,177	92,822	73,368	55,983	59,809	61,916	64,241	66,340
Operating cash flow	(Btmn)	141,429	108,393	80,188	85,357	105,704	90,232	91,899	102,217
Investing cash flow	(Btmn)	(97,505)	(73,029)	(96,000)	(86,474)	3,755	(61,207)	(58,242)	(67,949)
Financing cash flow	(Btmn)	8,290	(56,821)	(19,211)	(22,540)	(55,685)	(51,850)	(19,840)	(24,850)
Net cash flow	**(Btmn)**	**52,214**	**(21,457)**	**(35,023)**	**(23,657)**	**53,774**	**(22,825)**	**13,817**	**9,418**

Key Financial Ratios

FY December 31	Unit	2014	2015	2016	2017	2018	2019F	2020F	2021F
Gross margin	(%)	41.5	26.0	27.5	38.1	43.3	41.9	41.5	40.3
Operating margin	(%)	36.5	20.8	22.2	32.4	37.9	36.5	36.2	34.9
EBITDA margin	(%)	72.7	72.5	72.7	72.9	74.1	72.3	72.2	71.5
EBIT margin	(%)	38.3	22.2	23.9	35.0	39.3	37.9	37.1	35.5
Net profit margin	(%)	8.9	(17.1)	8.6	13.9	21.1	22.8	22.7	21.8
ROE	(%)	12.4	3.8	4.4	9.8	9.5	10.2	9.8	9.1
ROA	(%)	6.7	2.1	2.6	5.9	5.7	6.5	6.5	6.2
Net D/E	(x)	0.0	(0.0)	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)	(0.3)
Interest coverage	(x)	20.9	15.6	13.2	14.0	16.5	24.3	31.8	33.2
Debt service coverage	(x)	5.3	15.6	13.2	14.0	16.5	24.3	14.4	33.2
Payout Ratio	(%)	83.1	(37.7)	100.3	82.0	54.8	48.5	47.8	49.4

Main Assumptions

FY December 31	Unit	2014	2015	2016	2017	2018	2019F	2020F	2021F
Sales volume	(kBOED)	313	322	320	299	306	315	322	326
- Liquid product	(% of total)	33.2	30.4	30.7	30.1	28.1	27.0	26.0	25.0
- Gas product	(% of total)	66.8	69.6	69.3	69.9	71.9	73.0	74.0	75.0
Dubai crude oil price	(US$/bbl)	96.6	51.2	41.3	53.1	69.2	72.0	72.0	72.0
Avg selling price	(US$/BOE)	63.7	45.3	35.9	39.2	46.7	48.1	47.9	47.7
CAPEX	(US$mn)	2,052	1,740	998	1,331	1,081	1,906	1,813	2,116

Financial statement

Profit and Loss Statement

FY December 31	Unit	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
Total revenue	(Btmn)	36,999	34,063	36,337	40,325	37,343	42,115	45,088	47,263
Cost of goods sold	(Btmn)	22,985	21,883	22,499	24,007	20,681	24,082	26,469	26,119
Gross profit	**(Btmn)**	**14,014**	**12,180**	**13,839**	**16,318**	**16,663**	**18,033**	**18,619**	**21,144**
SG&A	(Btmn)	1,484	1,771	1,714	3,489	1,814	1,862	2,297	3,431
Other income	(Btmn)	1,033	984	739	1,071	967	917	1,003	1,451
Interest expense	(Btmn)	1,997	1,903	1,889	1,888	1,799	1,822	1,893	2,193
Pre-tax profit	**(Btmn)**	**11,566**	**9,490**	**10,975**	**12,012**	**14,018**	**15,265**	**15,432**	**15,084**
Corporate tax	(Btmn)	(298)	2,314	1,889	2,082	112	10,534	3,483	9,636
Equity a/c profits	(Btmn)	76	91	77	85	66	60	75	56
Minority interests	(Btmn)	0	0	0	0	0	0	0	0
Core profit	**(Btmn)**	**11,939**	**7,267**	**9,163**	**10,015**	**13,971**	**4,792**	**12,024**	**5,504**
Extra-ordinary items	(Btmn)	345	268	(17,844)	(573)	(591)	(1,202)	(1,623)	3,330
Net Profit	**(Btmn)**	**12,284**	**7,536**	**(8,682)**	**9,441**	**13,381**	**3,590**	**10,401**	**8,834**
EBITDA	(Btmn)	28,309	24,476	26,669	28,247	28,683	31,763	33,691	33,179
Core EPS	**(Bt)**	**3.01**	**1.83**	**2.31**	**2.52**	**3.52**	**1.21**	**3.03**	**1.39**
Net EPS	(Bt)	3.09	1.90	(2.19)	2.38	3.37	0.90	2.62	2.23

Balance Sheet

FY December 31	Unit	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
Total current assets	(Btmn)	193,181	179,223	177,198	188,400	194,738	158,971	164,567	186,783
Total fixed assets	(Btmn)	470,026	462,091	444,006	439,721	421,924	484,575	457,957	448,304
Total assets	**(Btmn)**	**663,207**	**641,314**	**621,204**	**628,121**	**616,662**	**643,546**	**622,525**	**635,087**
Total loans	(Btmn)	96,116	95,165	83,133	81,946	79,421	50,768	49,880	49,932
Total current liabilities	(Btmn)	52,082	31,498	48,277	52,330	52,139	75,527	72,412	80,663
Total long-term liabilities	(Btmn)	216,627	213,598	198,222	199,416	191,952	180,661	168,457	164,361
Total liabilities	**(Btmn)**	**268,710**	**245,096**	**246,499**	**251,747**	**244,091**	**256,188**	**240,869**	**245,024**
Paid-up capital	(Btmn)	3,970	3,970	3,970	3,970	3,970	3,970	3,970	3,970
Total equity	**(Btmn)**	**394,497**	**396,218**	**374,705**	**376,375**	**372,571**	**387,358**	**381,656**	**390,063**
BVPS	**(Bt)**	**99.37**	**99.80**	**94.38**	**94.81**	**93.85**	**97.57**	**96.14**	**98.25**

Cash Flow Statement

FY December 31	Unit	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
Core Profit	(Btmn)	11,939	7,267	9,163	10,015	13,971	4,792	12,024	5,504
Depreciation and amortization	(Btmn)	14,747	13,083	13,806	14,348	12,866	14,675	16,366	15,901
Operating cash flow	(Btmn)	21,719	14,593	(18,961)	18,109	30,181	11,228	31,286	33,009
Investing cash flow	(Btmn)	(44,066)	34,183	(5,926)	(70,666)	30,376	(6,226)	(123)	(20,272)
Financing cash flow	(Btmn)	(465)	(12,746)	(7,097)	(2,232)	(3,474)	(31,554)	(18,200)	(2,458)
Net cash flow	**(Btmn)**	**(22,812)**	**36,031**	**(31,984)**	**(54,788)**	**57,083**	**(26,553)**	**12,964**	**10,280**

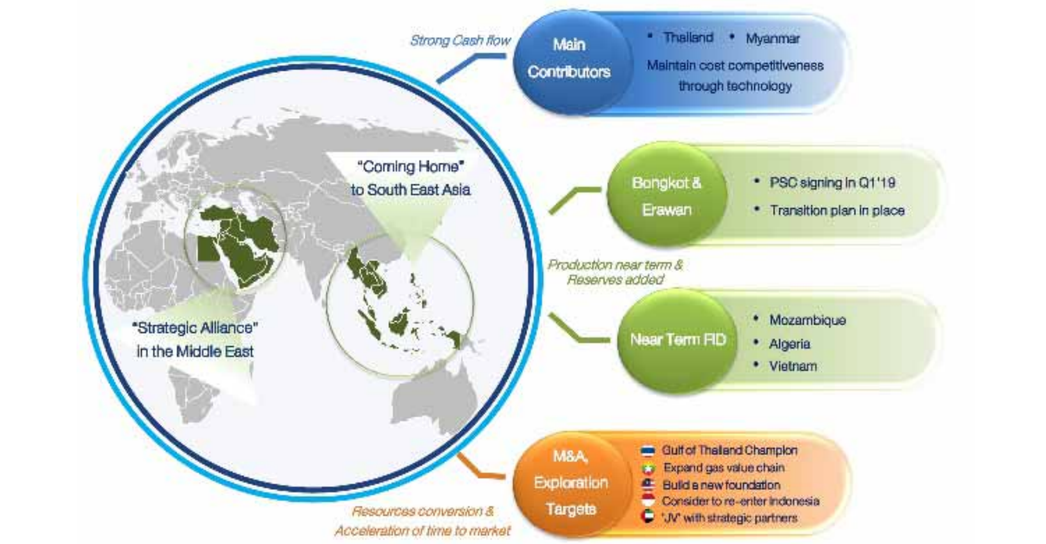
Key Financial Ratios

FY December 31	Unit	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
Gross margin	(%)	37.9	35.8	38.1	40.5	44.6	42.8	41.3	44.7
Operating margin	(%)	33.9	30.6	33.4	31.8	39.8	38.4	36.2	37.5
EBITDA margin	(%)	76.5	71.9	73.4	70.0	76.8	75.4	74.7	70.2
EBIT margin	(%)	37.1	34.0	36.2	35.1	43.2	41.4	39.3	37.3
Net profit margin	(%)	33.2	22.1	(23.9)	23.4	35.8	8.5	23.1	18.7
ROE	(%)	11.9	7.4	9.5	10.7	14.9	5.0	12.5	5.7
ROA	(%)	7.1	4.5	5.8	6.4	9.0	3.0	7.6	3.5
Net D/E	(x)	(0.1)	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Interest coverage	(x)	14.2	12.9	14.1	15.0	15.9	17.4	17.8	15.1
Debt service coverage	(x)	14.2	12.9	14.1	15.0	15.9	17.4	17.8	15.1

Main Assumptions

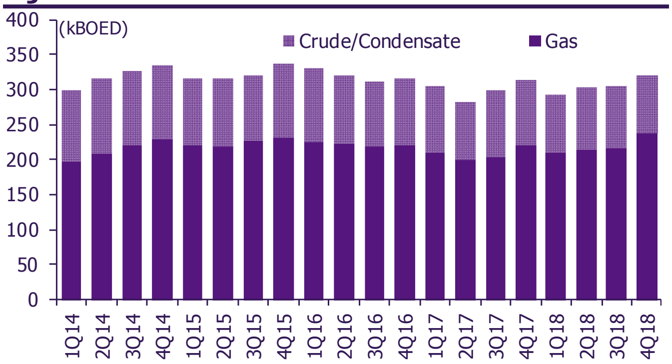
FY December 31	Unit	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
Sales volume	(kBOED)	304	281	298	313	293	303	305	321
- Liquid product	(% of total)	30.7	28.9	31.5	29.3	28.4	29.5	28.8	25.9
- Gas product	(% of total)	69.3	71.1	68.5	70.7	71.6	70.5	71.2	74.1
Dubai crude oil price	(US$/bbl)	53.0	49.7	50.4	59.3	64.0	72.1	74.2	68.3
Avg selling price	(US$/BOE)	38.0	38.1	38.8	41.7	44.0	46.9	47.7	47.8

Figure 1: PTTEP – strategy for long-term profitable growth



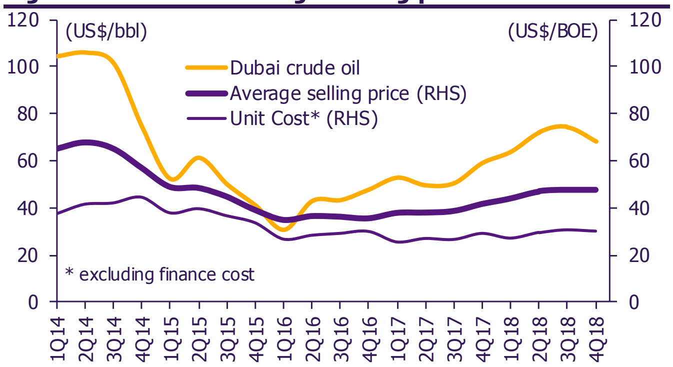
Source: PTTEP, SCBS Investment Research

Figure 2: PTTEP – sales volume



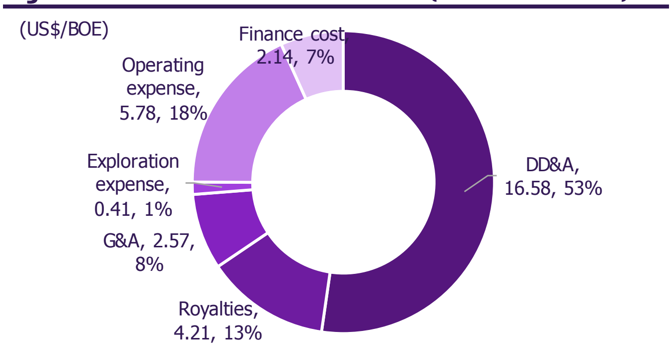
Source: PTTEP, SCBS Investment Research

Figure 3: PTTEP – average selling price vs. unit cost



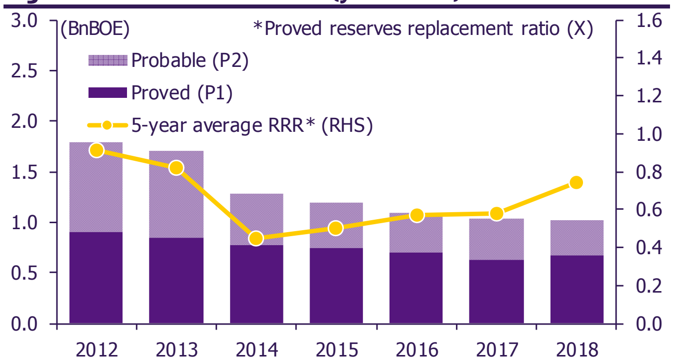
Source: PTTEP, SCBS Investment Research

Figure 4: PTTEP – cost breakdown (last 12 months)



Source: PTTEP, SCBS Investment Research

Figure 5: PTTEP's reserves (year-end)



Source: PTTEP, SCBS Investment Research

Figure 6: Sensitivity of oil price to profit and TP

Brent oil price (US$/bbl)	**55**	**60**	**65**	**70**	**75**
2019 Net profit (Btmn)	24,554	28,638	32,722	36,806	40,891
% change from the current forecast	*-40%*	*-30%*	*-20%*	*-10%*	*0%*
Target price (Bt/sh)	115	124	133	141	150
% change from the current TP	*-23%*	*-17%*	*-11%*	*-6%*	*0%*

Source: SCBS Investment Research

GFPT

GFPT
Public Company Limited

GFPT

Bloomberg	GFPT TB
Reuters	GFPT.BK

BUY

Earnings reviving from 1Q19

In 1Q19TD, there are some positives in the broiler industry: a rise in local price, strong export sales volume and lower feed costs, together aiding broiler margin. With a better broiler market and revived equity income (off a low base from both McKey and GFN), we expect GFPT to show YoY growth in 1Q19F for the first time since 3Q17, with more to come in the rest of this year. GFPT is trading at 12x 2019PE (equivalent to its average 10-year PE), ignoring its earnings upcycle. BUY with a SOTP TP of Bt19.

Improved domestic market. In 1Q19TD, broiler price improved YoY for the first time since late 2017 to Bt34/kg (+5% YoY and +2% QoQ). There are several reasons for this. First, supply has adjusted after a lengthy period of low local price (since 4Q17). Second, a recent surge in local swine price to reach a two-year high YTD will support broiler prices as there is a certain level of substitution. In 2014-2018, the gap between local swine price and broiler price was Bt28/kg on average, with a maximum of Bt40/kg and minimum of Bt14/kg. Prices in 1Q19TD show a gap between local swine price and broiler price of Bt40/kg, equivalent to the high end seen over the past five years.

Better export market, mainly China. Based on OAE, Thai broiler export sales volume grew 11% YoY in 2018 and 10% in 2M19, while US$ export price was stable YoY in 2018 and 2M19. On March 6, 2018, China certified seven Thai broiler plants for chicken imports - GFPT, CPF (two plants), TFG, Saha Farm (two plants) and F&F Food. OAE reports that China became a new export market for Thailand in March 2018 and Thai broiler export sales volume to China accounted for 2% of total broiler exports (Bt2bn) in 2018. By quarter, of total Thai broiler exports, 0.1% (Bt13mn) was exported to China in 1Q18, 1% (Bt262mn) in 2Q18, 2% (Bt468mn) in 3Q18, 5% (Bt1.3bn) in 4Q18, and 6% (Bt1bn) in 2M19. As penetration into this new market steps up, China will become one of the key export markets supporting Thailand's export growth in 2019F. Note that of GFPT's export sales volume, 8% was exported to China in 2018.

Wider broiler margin. A better market outlook and lower feed costs will help widen broiler margin. In 1Q19TD, feed costs declined slightly with the first drop since late 2017: corn price fell to Bt9.7/kg (-2% YoY and QoQ) and soybean meal price to Bt14.6/kg (-9% YoY and -6% QoQ).

Better contribution from associates. In 2019F, we expect equity income to jump to Bt257mn (+289% YoY) off the low 2018 base for both McKey and GFN. In 2019F, McKey's contribution is set to rise to Bt196mn (+38% YoY) from a greater production ramp-up at its new plant to 70-80% in 2019F from 60% in 2018. This year GFN's contribution will also improve to Bt61mn (turnaround from -Bt76mn in 2018) in tandem with a better broiler industry.

Forecasts and valuation

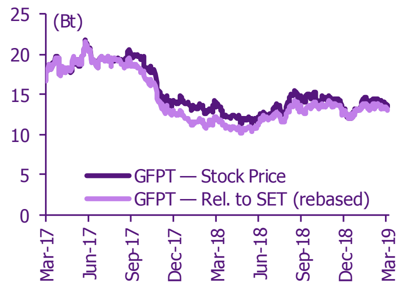
Year to 31 Dec	Unit	2017	2018	2019F	2020F	2021F
Revenue	(Btmn)	16,928	16,647	16,686	17,316	17,958
EBITDA	(Btmn)	3,004	2,694	2,816	2,927	3,006
Core profit	(Btmn)	1,748	1,144	1,426	1,640	1,779
Reported profit	(Btmn)	1,662	1,038	1,426	1,640	1,779
Core EPS	(Bt)	1.39	0.91	1.14	1.31	1.42
DPS	(Bt)	0.30	0.25	0.30	0.30	0.30
P/E, core	(x)	9.7	14.8	11.9	10.3	9.5
EPS growth, core	(%)	9.7	(34.6)	24.7	15.0	8.5
P/BV, core	(x)	1.4	1.3	1.2	1.1	1.0
ROE	(%)	15.2	9.2	10.7	11.3	11.2
Dividend yield	(%)	2.2	1.8	2.2	2.2	2.2
FCF yield	(x)	6.5	6.5	6.8	6.8	7.6
EV/EBIT	(x)	11.1	13.5	12.1	10.9	10.0
EBIT growth, core	(%)	15.6	(20.5)	6.2	6.1	3.7
EV/CE	(x)	1.9	1.8	1.7	1.6	1.5
ROCE	(%)	12.3	8.8	9.3	9.6	9.7
EV/EBITDA	(x)	6.6	7.1	6.5	6.0	5.5
EBITDA growth	(%)	12.3	(10.4)	4.5	4.0	2.7

Source: SCBS Investment Research

Stock data

Last close (Mar 25) (Bt)	13.50
12-m target price (Bt)	19.00
Upside (Downside) to TP (%)	40.74
Mkt cap (Btbn)	16.93
Mkt cap (US$mn)	536
Risk rating	H
Mkt cap (%) SET	0.10
Sector % SET	0.37
Shares issued (mn)	1,254
Par value (Bt)	1.00
12-m high / low (Bt)	15.6 / 11.2
Avg. daily 6m (US$mn)	1.21
Foreign limit / actual (%)	49 / 16
Free float (%)	50.2
Dividend policy (%)	≤ 50

Price performance



Source: SET, SCBS Investment Research

Share performance

(%)	1M	3M	12M
Absolute	(6.3)	6.3	0.0
Relative to SET	(3.6)	4.0	10.8

Source: SET, SCBS Investment Research

Expected total return (ETR)

Target price	(Bt)	19.00
12-month dividend	(Bt)	0.30
Capital gain	(%)	40.74
Dividend yield	(%)	2.19
Total return	(%)	42.93

Source: SET, SCBS Investment Research

Analyst

Sirima Dissara, CFA
Fundamental Investment
Analyst on Securities
(66-2) 949-1004
sirima.dissara@scb.co.th

Financial statement

Profit and Loss Statement

FY December 31	Unit	2014	2015	2016	2017	2018	2019F	2020F	2021F
Total revenue	(Btmn)	17,829	16,467	16,693	16,928	16,647	16,686	17,316	17,958
Cost of goods sold	(Btmn)	(15,334)	(14,463)	(14,191)	(14,151)	(14,186)	(14,150)	(14,684)	(15,228)
Gross profit	**(Btmn)**	**2,495**	**2,003**	**2,502**	**2,778**	**2,461**	**2,536**	**2,632**	**2,730**
SG&A	(Btmn)	(1,165)	(1,170)	(1,243)	(1,316)	(1,340)	(1,335)	(1,351)	(1,401)
Other income	(Btmn)	224	229	280	318	293	300	312	323
Interest expense	(Btmn)	(145)	(123)	(98)	(74)	(79)	(63)	(40)	(39)
Pre-tax profit	**(Btmn)**	**1,407**	**938**	**1,441**	**1,705**	**1,335**	**1,439**	**1,553**	**1,613**
Corporate tax	(Btmn)	42	20	(206)	(219)	(252)	(259)	(280)	(290)
Equity a/c profits	(Btmn)	326	249	371	272	71	257	377	468
Minority interests	(Btmn)	(19)	(18)	(13)	(10)	(10)	(10)	(11)	(11)
Core profit	**(Btmn)**	**1,756**	**1,189**	**1,594**	**1,748**	**1,144**	**1,426**	**1,640**	**1,779**
Extra-ordinary items	(Btmn)	23	6	50	(86)	(106)	0	0	0
Net Profit	**(Btmn)**	**1,780**	**1,195**	**1,644**	**1,662**	**1,038**	**1,426**	**1,640**	**1,779**
EBITDA	(Btmn)	2,558	2,132	2,676	3,004	2,694	2,816	2,927	3,006
Core EPS (Bt)	**(Btmn)**	**1.40**	**0.95**	**1.27**	**1.39**	**0.91**	**1.14**	**1.31**	**1.42**
Net EPS (Bt)	(Bt)	1.42	0.95	1.31	1.33	0.83	1.14	1.31	1.42
DPS (Bt)	(Bt)	0.40	0.25	0.30	0.30	0.25	0.30	0.30	0.30

Balance Sheet

FY December 31	Unit	2014	2015	2016	2017	2018	2019F	2020F	2021F
Total current assets	(Btmn)	4,469	4,809	4,915	5,372	5,770	6,017	6,111	7,145
Total fixed assets	(Btmn)	9,269	10,167	11,245	11,994	12,360	12,640	13,039	13,439
Total assets	**(Btmn)**	**13,737**	**14,976**	**16,160**	**17,366**	**18,130**	**18,657**	**19,150**	**20,584**
Total loans	(Btmn)	3,574	4,145	3,806	3,577	3,440	2,760	1,910	1,860
Total current liabilities	(Btmn)	2,339	2,953	3,198	2,975	2,988	2,106	1,355	1,405
Total long-term liabilities	(Btmn)	2,665	2,581	2,183	2,229	2,415	2,617	2,592	2,567
Total liabilities	**(Btmn)**	**5,004**	**5,533**	**5,381**	**5,205**	**5,403**	**4,722**	**3,947**	**3,972**
Paid-up capital	(Btmn)	1,254	1,254	1,254	1,254	1,254	1,254	1,254	1,254
Total equity	**(Btmn)**	**8,733**	**9,443**	**10,779**	**12,161**	**12,726**	**13,844**	**15,113**	**16,521**
BVPS (Bt)	**(Bt)**	**6.97**	**7.53**	**8.60**	**9.70**	**10.15**	**11.04**	**12.05**	**13.18**

Cash Flow Statement

FY December 31	Unit	2014	2015	2016	2017	2018	2019F	2020F	2021F
Core Profit	(Btmn)	1,756	1,189	1,594	1,748	1,144	1,426	1,640	1,779
Depreciation and amortization	(Btmn)	1,005	1,070	1,137	1,225	1,279	1,314	1,334	1,354
Operating cash flow	(Btmn)	2,513	1,764	2,089	2,456	2,478	2,746	2,878	3,034
Investing cash flow	(Btmn)	(1,340)	(1,386)	(1,613)	(1,350)	(1,375)	(1,595)	(1,733)	(1,754)
Financing cash flow	(Btmn)	(1,214)	(55)	(757)	(680)	(599)	(989)	(1,221)	(421)
Net cash flow	**(Btmn)**	**(41)**	**323**	**(282)**	**425**	**504**	**163**	**(76)**	**860**

Key Financial Ratios

FY December 31	Unit	2014	2015	2016	2017	2018	2019F	2020F	2021F
Gross margin	(%)	14.0	12.2	15.0	16.4	14.8	15.2	15.2	15.2
Operating margin	(%)	7.5	5.1	7.5	8.6	6.7	7.2	7.4	7.4
EBITDA margin	(%)	14.3	12.9	16.0	17.7	16.2	16.9	16.9	16.7
EBIT margin	(%)	8.7	6.4	9.2	10.5	8.5	9.0	9.2	9.2
Net profit margin	(%)	10.0	7.3	9.8	9.8	6.2	8.5	9.5	9.9
ROE	(%)	21.8	13.1	15.8	15.2	9.2	10.7	11.3	11.2
ROA	(%)	13.1	8.3	10.2	10.4	6.4	7.8	8.7	9.0
Net D/E	(x)	0.4	0.4	0.3	0.2	0.2	0.1	0.0	(0.0)
Interest coverage	(x)	17.6	17.3	27.3	40.4	34.2	44.6	73.7	77.7
Debt service coverage	(x)	1.6	1.0	1.2	1.5	1.5	3.3	73.7	77.7
Payout Ratio	(%)	28.2	26.2	22.9	22.6	27.0	26.0	22.6	20.8

Main Assumptions

FY December 31	Unit	2014	2015	2016	2017	2018	2019F	2020F	2021F
Sales growth	('%)	6.8	(7.6)	1.4	1.4	(1.7)	0.2	3.8	3.7
Feed revenue	(Bt mn)	4,887	4,458	3,908	3,380	3,129	3,119	3,164	3,209
Farm revenue	(Bt mn)	4,840	4,507	4,680	5,168	5,264	4,904	5,101	5,307
Food revenue	(Bt mn)	8,101	7,501	8,106	8,381	8,254	8,664	9,051	9,441
Chicken meat volume	(000 tons)	102.8	104.9	106.9	112.3	117.1	121.1	124.5	128.1
FX	(Bt/US$1)	32.5	34.2	35.3	33.9	32.3	32.0	32.0	32.0

Financial statement

Profit and Loss Statement

FY December 31	Unit	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
Total revenue	(Btmn)	4,119	4,165	4,399	4,245	3,958	3,982	4,517	4,190
Cost of goods sold	(Btmn)	(3,490)	(3,486)	(3,604)	(3,571)	(3,408)	(3,395)	(3,811)	(3,572)
Gross profit	**(Btmn)**	**629**	**680**	**795**	**673**	**550**	**588**	**706**	**618**
SG&A	(Btmn)	(336)	(320)	(348)	(312)	(341)	(340)	(334)	(324)
Other income	(Btmn)	64	73	96	85	80	72	64	77
Interest expense	(Btmn)	(20)	(19)	(17)	(18)	(18)	(20)	(20)	(20)
Pre-tax profit	**(Btmn)**	**337**	**413**	**526**	**429**	**270**	**299**	**415**	**352**
Corporate tax	(Btmn)	(19)	(40)	(68)	(93)	(46)	(77)	(64)	(65)
Equity a/c profits	(Btmn)	82	108	65	17	(45)	(22)	78	60
Minority interests	(Btmn)	(1)	(2)	(3)	(3)	(3)	(3)	(3)	(2)
Core profit	**(Btmn)**	**399**	**479**	**521**	**350**	**177**	**197**	**426**	**345**
Extra-ordinary items	(Btmn)	25	15	(15)	(111)	(31)	14	11	(100)
Net Profit	**(Btmn)**	**424**	**494**	**506**	**239**	**146**	**212**	**437**	**245**
EBITDA	(Btmn)	659	747	846	753	599	639	762	695
Core EPS (Bt)	**(Btmn)**	**0.32**	**0.38**	**0.42**	**0.28**	**0.14**	**0.16**	**0.34**	**0.28**
Net EPS (Bt)	(Bt)	0.34	0.39	0.40	0.19	0.12	0.17	0.35	0.20

Balance Sheet

FY December 31	Unit	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
Total current assets	(Btmn)	5,160	5,343	4,984	5,372	6,414	5,482	5,773	5,770
Total fixed assets	(Btmn)	11,455	11,569	11,830	11,994	10,995	11,979	12,132	12,360
Total assets	**(Btmn)**	**16,615**	**16,912**	**16,814**	**17,366**	**17,408**	**17,460**	**17,904**	**18,130**
Total loans	(Btmn)	3,719	3,493	3,260	3,577	3,303	3,654	3,643	3,440
Total current liabilities	(Btmn)	3,462	3,365	2,754	2,975	3,056	3,264	3,103	2,988
Total long-term liabilities	(Btmn)	1,949	2,223	2,228	2,229	2,129	2,135	2,300	2,415
Total liabilities	**(Btmn)**	**5,411**	**5,588**	**4,981**	**5,205**	**5,185**	**5,399**	**5,403**	**5,403**
Paid-up capital	(Btmn)	1,254	1,254	1,254	1,254	1,254	1,254	1,254	1,254
Total equity	**(Btmn)**	**11,204**	**11,324**	**11,833**	**12,161**	**12,223**	**12,061**	**12,501**	**12,726**
BVPS (Bt)	**(Bt)**	**8.93**	**9.03**	**9.44**	**9.70**	**9.75**	**9.62**	**9.97**	**10.15**

Cash Flow Statement

FY December 31	Unit	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
Core Profit	(Btmn)	424	494	506	239	146	212	437	245
Depreciation and amortization	(Btmn)	302	314	303	306	310	320	326	323
Operating cash flow	(Btmn)	495	1,126	732	103	579	921	545	432
Investing cash flow	(Btmn)	(354)	(258)	(379)	(359)	(305)	(301)	(317)	(451)
Financing cash flow	(Btmn)	(108)	(621)	(251)	299	(292)	(45)	(32)	(230)
Net cash flow	**(Btmn)**	**33**	**247**	**103**	**44**	**(18)**	**574**	**196**	**(249)**

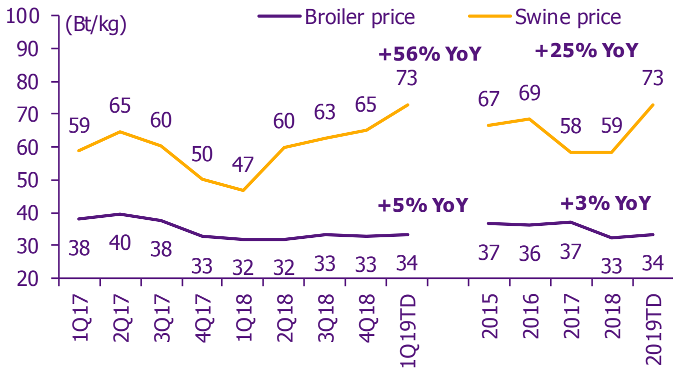
Key Financial Ratios

FY December 31	Unit	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
Gross margin	(%)	15.3	16.3	18.1	15.9	13.9	14.8	15.6	14.7
Operating margin	(%)	7.1	8.6	10.2	8.5	5.3	6.2	8.2	7.0
EBITDA margin	(%)	16.0	17.9	19.2	17.7	15.1	16.0	16.9	16.6
EBIT margin	(%)	8.7	10.4	12.4	10.5	7.3	8.0	9.6	8.8
Net profit margin	(%)	10.3	11.9	11.5	5.6	3.7	5.3	9.7	5.8
ROE	(%)	14.5	17.0	18.0	11.7	5.8	6.5	13.9	10.9
ROA	(%)	9.7	11.4	12.4	8.2	4.1	4.5	9.6	7.7
Net D/E	(x)	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2
Interest coverage	(x)	32.3	38.6	49.5	43.0	32.5	31.8	37.3	35.1
Debt service coverage	(x)	1.1	1.6	2.1	1.5	1.3	1.2	1.6	1.6

Key statistics

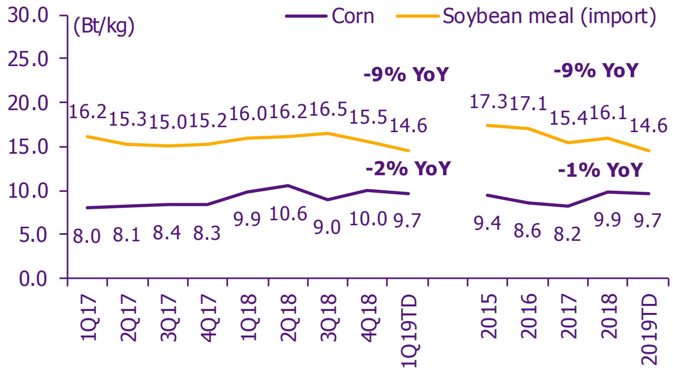
FY December 31	Unit	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
Sales growth	('%)	5.6	6.7	(0.3)	(5.2)	(3.9)	(4.4)	2.7	(1.3)
Feed revenue	(Bt mn)	858	823	898	801	706	759	866	798
Farm revenue	(Bt mn)	1,215	1,251	1,318	1,383	1,449	1,301	1,400	1,114
Food revenue	(Bt mn)	2,046	2,091	2,183	2,061	1,803	1,922	2,252	2,277
Chicken meat volume	(000 tons)	27.3	28.1	28.7	28.4	27.2	27.1	31.5	31.9
FX	(Bt/US$1)	35.1	34.3	33.4	33.0	31.5	31.9	32.9	32.8

Figure 1: In 1Q19TD, broiler price rose 5% YoY, from supply adjustment and better swine price



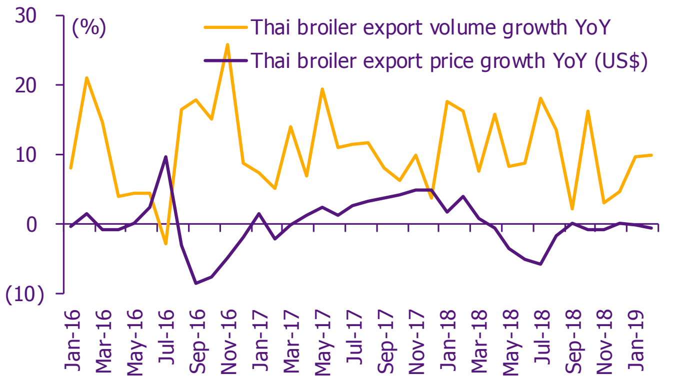
Source: Industry sources and SCBS Investment Research

Figure 2: In 1Q19TD, corn costs dropped 2% YoY, while soybean meal cost declined 9% YoY



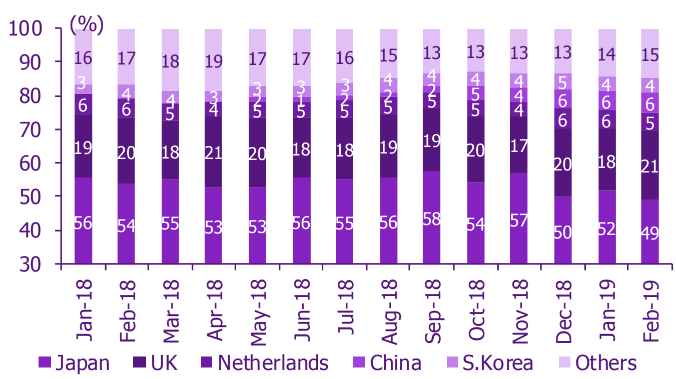
Source: Industry sources and SCBS Investment Research

Figure 3: In 2M19, Thai broiler export sales volume grew 10% YoY, while US$ export price was stable YoY



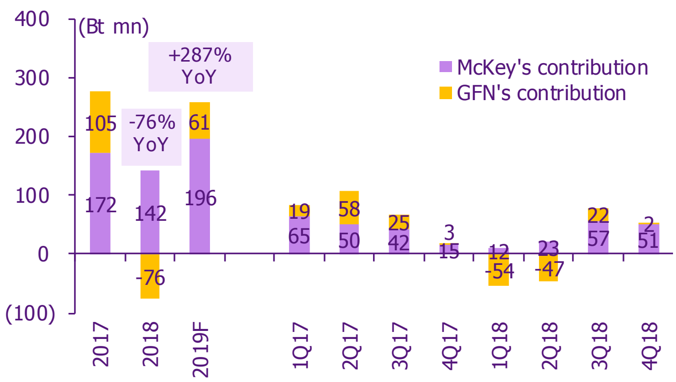
Source: OAE, MOC and SCBS Investment Research

Figure 4: The portion of Thai broiler export volume to China continued to rise



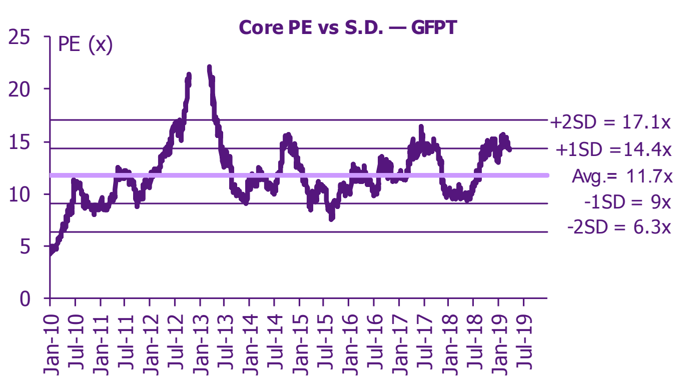
Source: OAE, MOC and SCBS Investment Research

Figure 5: GFPT's equity income set to rise in 2019F



Source: SCBS Investment Research

Figure 6: GFPT's historical PE band



Source: SCBS Investment Research

Thai Union Group

TU

Thai Union Group Public Company Limited

Bloomberg	TU TB
Reuters	TU.BK

Earnings heading to a turnaround

TU's share price has outperformed the SET by 11% over the past three months, spurred by the revival of core operations in 2H18. We expect earnings to continue to improve YoY in 2019F, backed by low tuna prices (up to 6-month lag from currently low spot tuna price) and product repricing. In contrast to the earlier downturn in tuna price which led TU's share price to jump, share price has been unchanged during the steady fall in tuna price since Oct 2017. BUY with 12-month TP of Bt23.

Tuna operations back to life. Skipjack tuna price fell to US$1,530/ton (-18% YoY) in 2018 and dropped further to a 3-year low of US$1,380/ton (-13% YoY and -2% QoQ) in 2M19. As TU keeps an inventory level up to six months, we expect actual raw material cost to stay low until at least mid-2019F. On the price side, in February, TU negotiated a new 1-year branded product repricing in France, with the new price effective from 2Q19. We expect price is at least stable or better than to last year, as it is offering more high-value products despite the recent drop in raw material cost. The favorable raw material cost and product price will help to support TU's tuna margin and earnings.

Moderate contribution from other units. After closing its salmon plant (ESCO) in Dec 2018, TU booked all the one-off expenses related to the closure of about Bt500mn in 2H18. Without the loss contribution from this plant of US$5mn/year, by our estimates the closure will add 4% to core earnings growth in 2019F. Raw material prices in other units continue at manageable levels. In 1Q19TD, salmon price was NOK59/kg (-5% YoY but +3% QoQ), while local shrimp price was Bt158/kg (-10% YoY but +15% QoQ).

Working on Red Lobster. Red Lobster's contribution to TU consists of share of profit, tax credit, management fees and interest income sufficient to offset interest expense. In 2018, Red Lobster (excluding one-off items) contributed Bt397mn (8% of TU's core profit), down 24% YoY from lower tax credit. Share of profit alone was a loss of Bt186mn in 2018 (vs -Bt196mn in 2017). In 2019F, TU plans to pull Red Lobster's operations up to above breakeven via offering more attractive menus and "happy hours" to draw in traffic and exert more stringent control over marketing expenses.

TU's price not yet factoring in low tuna costs. In the past, when skipjack tuna price fell from a peak of US$1,945/ton in Jun 2008 to US$850/ton (-56%) in Dec 2008 and Nov 2009, share price rose 7% and 57%, respectively. Then again, when skipjack tuna price dipped from US$2,325/ton in Mar 2013 to US$1,175/ton (-49%) in Mar 2014 and US$1,010/ton (-57%) in Mar 2015, share price increased 4% and 25%, respectively. This time, skipjack tuna price has fallen from US$2,300/ton in Oct 2017 to US$1,480/ton (-36%) in Feb 2019, but share price has not followed.

Forecasts and valuation

Year to 31 Dec	Unit	2017	2018	2019F	2020F	2021F
Revenue	(Btmn)	134,937	133,285	138,879	144,599	148,966
EBITDA	(Btmn)	9,972	9,380	10,567	11,603	12,297
Core profit	(Btmn)	4,755	4,051	5,014	5,858	6,462
Reported profit	(Btmn)	5,989	3,256	5,014	5,858	6,462
Core EPS	(Bt)	1.00	0.85	1.05	1.23	1.35
DPS	(Bt)	0.66	0.40	0.53	0.61	0.68
P/E, core	(x)	18.9	22.1	17.9	15.3	13.9
EPS growth, core	(%)	(8.0)	(14.8)	23.8	16.8	10.3
P/BV, core	(x)	1.9	1.9	1.8	1.7	1.6
ROE	(%)	10.0	8.6	10.4	11.4	11.8
Dividend yield	(%)	3.5	2.1	2.8	3.3	3.6
FCF yield	(x)	4.9	10.5	4.3	5.1	6.3
EV/EBIT	(x)	21.6	23.9	20.2	17.7	16.1
EBIT growth, core	(%)	(11.8)	(11.4)	16.8	12.6	7.9
EV/CE	(x)	1.5	1.6	1.5	1.5	1.4
ROCE	(%)	4.8	4.5	5.1	5.7	6.1
EV/EBITDA	(x)	15.6	16.3	14.2	12.8	11.9
EBITDA growth	(%)	(10.6)	(5.9)	12.7	9.8	6.0

Source: SCBS Investment Research

SCBS

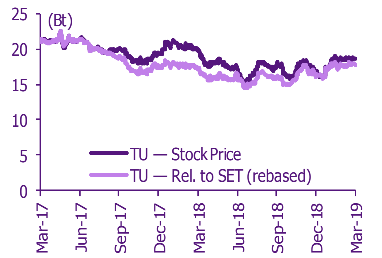
BUY

Stock data

Last close (Mar 25) (Bt)	18.80
12-m target price (Bt)	23.00
Upside (Downside) to TP (%)	22.34
Mkt cap (Btbn)	89.71
Mkt cap (US$mn)	2,842

Risk rating	M
Mkt cap (%) SET	0.53
Sector % SET	0.37
Shares issued (mn)	4,772
Par value (Bt)	0.25
12-m high / low (Bt)	19.5 / 14.7
Avg. daily 6m (US$mn)	6.47
Foreign limit / actual (%)	45 / 33
Free float (%)	67.4
Dividend policy (%)	≥ 50

Price performance



Source: SET, SCBS Investment Research

Share performance

(%)	1M	3M	12M
Absolute	1.1	14.6	(0.5)
Relative to SET	3.9	12.2	10.2

Source: SET, SCBS Investment Research

Expected total return (ETR)

Target price	(Bt)	23.00
12-month dividend	(Bt)	0.53
Capital gain	(%)	22.34
Dividend yield	(%)	2.79
Total return	(%)	25.13

Source: SET, SCBS Investment Research

Analyst

Sirima Dissara, CFA
Fundamental Investment Analyst on Securities
(66-2) 949-1004
sirima.dissara@scb.co.th

Financial statement

Profit and Loss

FY December 31	Unit	2014	2015	2016	2017	2018	2019F	2020F	2021F
Total revenue	(Btmn)	121,402	124,904	134,375	134,937	133,285	138,879	144,599	148,966
Cost of goods sold	(Btmn)	(102,382)	(104,937)	(114,272)	(115,628)	(114,393)	(118,894)	(123,637)	(127,261)
Gross profit	**(Btmn)**	**19,020**	**19,967**	**20,103**	**19,310**	**18,892**	**19,984**	**20,962**	**21,705**
SG&A	(Btmn)	(11,232)	(11,749)	(13,138)	(14,078)	(14,222)	(14,485)	(14,605)	(14,748)
Other income	(Btmn)	1,045	702	1,206	1,980	1,889	1,965	2,046	2,108
Interest expense	(Btmn)	(1,673)	(1,356)	(1,572)	(2,136)	(2,025)	(1,955)	(1,907)	(1,831)
Pre-tax profit	**(Btmn)**	**7,160**	**7,564**	**6,600**	**5,075**	**4,365**	**5,509**	**6,496**	**7,234**
Corporate tax	(Btmn)	(1,040)	(1,290)	(1,019)	(305)	(208)	(441)	(585)	(723)
Equity a/c profits	(Btmn)	162	336	194	456	292	307	322	338
Minority interests	(Btmn)	(676)	(616)	(606)	(471)	(398)	(361)	(376)	(387)
Core profit	**(Btmn)**	**5,607**	**5,993**	**5,170**	**4,755**	**4,051**	**5,014**	**5,858**	**6,462**
Extra-ordinary items	(Btmn)	(515)	(621)	84	1,234	(795)	0	0	0
Net Profit	**(Btmn)**	**5,092**	**5,373**	**5,254**	**5,989**	**3,256**	**5,014**	**5,858**	**6,462**
EBITDA	(Btmn)	11,351	11,646	11,155	9,972	9,380	10,567	11,603	12,297
Core EPS (Bt)	**(Btmn)**	**1.21**	**1.26**	**1.08**	**1.00**	**0.85**	**1.05**	**1.23**	**1.35**
Net EPS (Bt)	(Bt)	1.10	1.13	1.10	1.26	0.68	1.05	1.23	1.35
DPS (Bt)	(Bt)	0.55	0.63	0.63	0.66	0.40	0.53	0.61	0.68

Balance Sheet

FY December 31	Unit	2014	2015	2016	2017	2018	2019F	2020F	2021F
Total current assets	(Btmn)	60,864	57,097	60,079	62,571	59,021	60,915	63,393	65,412
Total fixed assets	(Btmn)	54,052	53,814	82,287	83,521	82,895	82,996	83,175	83,135
Total assets	**(Btmn)**	**114,916**	**110,911**	**142,365**	**146,092**	**141,916**	**143,911**	**146,567**	**148,547**
Total loans	(Btmn)	46,672	39,118	65,918	67,142	64,346	61,984	59,984	57,434
Total current liabilities	(Btmn)	40,354	38,674	59,242	36,657	43,527	38,459	41,871	38,480
Total long-term liabilities	(Btmn)	27,095	24,267	35,688	61,383	51,895	55,853	51,746	53,584
Total liabilities	**(Btmn)**	**67,449**	**62,941**	**94,930**	**98,040**	**95,422**	**94,312**	**93,617**	**92,064**
Paid-up capital	(Btmn)	1,193	1,193	1,193	1,193	1,193	1,193	1,193	1,193
Total equity	**(Btmn)**	**47,467**	**47,970**	**47,436**	**48,051**	**46,494**	**49,599**	**52,950**	**56,483**
BVPS (Bt)	**(Bt)**	**10.25**	**10.05**	**9.94**	**10.07**	**9.74**	**10.39**	**11.10**	**11.84**

Cash Flow Statement

FY December 31	Unit	2014	2015	2016	2017	2018F	2019F	2020F	2021F
Core Profit	(Btmn)	5,607	5,993	5,170	4,755	4,051	5,014	5,858	6,462
Depreciation and amortization	(Btmn)	2,518	2,726	2,983	2,761	2,989	3,102	3,199	3,232
Operating cash flow	(Btmn)	9,276	15,727	7,770	6,818	12,866	7,059	7,953	8,850
Investing cash flow	(Btmn)	(8,691)	742	(29,400)	(2,424)	(3,403)	(3,204)	(3,378)	(3,192)
Financing cash flow	(Btmn)	1,022	(15,701)	19,801	(4,552)	(8,704)	(4,271)	(4,507)	(5,479)
Net cash flow	**(Btmn)**	**1,607**	**767**	**(1,829)**	**(158)**	**759**	**(416)**	**69**	**179**

Key Financial Ratios

FY December 31	Unit	2014	2015	2016	2017	2018F	2019F	2020F	2021F
Gross margin	(%)	15.7	16.0	15.0	14.3	14.2	14.4	14.5	14.6
Operating margin	(%)	6.4	6.6	5.2	3.9	3.5	4.0	4.4	4.7
EBITDA margin	(%)	9.4	9.3	8.3	7.4	7.0	7.6	8.0	8.3
EBIT margin	(%)	7.3	7.1	6.1	5.3	4.9	5.4	5.8	6.1
Net profit margin	(%)	4.2	4.3	3.9	4.4	2.4	3.6	4.1	4.3
ROE	(%)	12.3	12.6	10.8	10.0	8.6	10.4	11.4	11.8
ROA	(%)	5.0	5.3	4.1	3.3	2.8	3.5	4.0	4.4
Net D/E	(x)	0.9	0.8	1.4	1.4	1.3	1.2	1.1	1.0
Interest coverage	(x)	6.8	8.6	7.1	4.7	4.6	5.4	6.1	6.7
Debt service coverage	(x)	0.4	0.5	0.3	0.5	0.4	0.6	0.5	0.7
Payout Ratio	(%)	50.0	56.0	57.2	52.6	58.6	50.0	50.0	50.0

Main Assumptions

FY December 31	Unit	2014	2015	2016	2017	2018F	2019F	2020F	2021F
Sales growth in THB	(%)	7.6	2.9	7.6	0.4	(0.2)	3.1	4.1	3.0
Sales value	(mn US$)	3,867	3,656	3,807	4,023	4,169	4,340	4,519	4,655
Sales volume	('000 tons)	706	706	755	764	768	776	784	792
Sales volume growth	(%)	(3.0)	0.0	6.9	1.2	0.6	1.0	1.0	1.0
GPM (%)	(US$/ton)	15.7	16.0	15.0	14.3	14.2	14.4	14.5	14.6
FX	(Bt/US$1)	32.4	34.2	35.3	33.9	32.3	32.0	32.0	32.0

Financial statement

Profit and Loss

FY December 31	Unit	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
Total revenue	(Btmn)	31,427	34,818	34,852	33,840	29,703	34,137	34,174	35,272
Cost of goods sold	(Btmn)	(26,876)	(29,863)	(29,896)	(28,992)	(26,343)	(29,428)	(28,795)	(29,827)
Gross profit	**(Btmn)**	**4,551**	**4,954**	**4,956**	**4,849**	**3,360**	**4,709**	**5,378**	**5,445**
SG&A	(Btmn)	(3,631)	(3,335)	(3,445)	(3,667)	(3,335)	(3,567)	(3,545)	(3,776)
Other income	(Btmn)	484	418	453	624	403	485	450	550
Interest expense	(Btmn)	(498)	(563)	(547)	(528)	(505)	(500)	(504)	(516)
Pre-tax profit	**(Btmn)**	**906**	**1,463**	**1,413**	**1,294**	**(77)**	**1,112**	**1,704**	**1,627**
Corporate tax	(Btmn)	(179)	(124)	(59)	57	(26)	(43)	(146)	8
Equity a/c profits	(Btmn)	266	123	132	(65)	301	44	84	(137)
Minority interests	(Btmn)	(91)	(120)	(124)	(137)	(98)	(110)	(66)	(124)
Core profit	**(Btmn)**	**902**	**1,342**	**1,362**	**1,149**	**100**	**1,002**	**1,576**	**1,374**
Extra-ordinary items	(Btmn)	530	79	361	264	769	(992)	(265)	(307)
Net Profit	**(Btmn)**	**1,432**	**1,421**	**1,723**	**1,413**	**869**	**10**	**1,310**	**1,067**
EBITDA	(Btmn)	2,082	2,703	2,641	2,546	1,138	2,340	2,951	2,951
Core EPS (Bt)	**(Btmn)**	**0.19**	**0.28**	**0.29**	**0.24**	**0.02**	**0.21**	**0.33**	**0.29**
Net EPS (Bt)	(Bt)	0.30	0.30	0.36	0.30	0.18	0.00	0.27	0.22

Balance Sheet

FY December 31	Unit	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
Total current assets	(Btmn)	59,079	61,274	63,379	62,747	57,824	58,357	59,061	59,021
Total fixed assets	(Btmn)	81,535	83,612	84,064	83,521	84,228	85,033	83,360	82,895
Total assets	**(Btmn)**	**140,613**	**144,886**	**147,443**	**146,268**	**142,052**	**143,390**	**142,421**	**141,916**
Total loans	(Btmn)	64,854	65,477	67,449	67,297	36,138	65,923	64,830	64,346
Total current liabilities	(Btmn)	31,983	35,250	38,002	36,657	35,724	38,930	44,646	43,527
Total long-term liabilities	(Btmn)	60,730	61,037	60,874	61,383	58,060	58,346	52,168	51,895
Total liabilities	**(Btmn)**	**92,713**	**96,286**	**98,876**	**98,040**	**93,783**	**97,276**	**96,814**	**95,422**
Paid-up capital	(Btmn)	28,146	28,088	28,298	29,370	30,063	28,450	28,568	29,697
Total equity	**(Btmn)**	**47,900**	**48,600**	**48,566**	**48,227**	**48,269**	**46,114**	**45,607**	**46,494**
BVPS (Bt)	**(Bt)**	**10.04**	**10.18**	**10.18**	**10.11**	**10.12**	**9.66**	**9.56**	**9.74**

Cash Flow Statement

FY December 31	Unit	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
Core Profit	(Btmn)	1,432	1,421	1,723	1,413	869	10	1,310	1,067
Depreciation and amortization	(Btmn)	679	677	682	723	709	728	743	808
Operating cash flow	(Btmn)	1,695	2,581	1,217	1,325	2,532	4,997	3,122	2,215
Investing cash flow	(Btmn)	(892)	(948)	(726)	141	(1,052)	(1,072)	(673)	(606)
Financing cash flow	(Btmn)	(1,531)	(1,171)	(113)	(1,736)	(1,857)	(3,451)	(2,578)	(818)
Net cash flow	**(Btmn)**	**(728)**	**461**	**379**	**(270)**	**(377)**	**474**	**(129)**	**791**

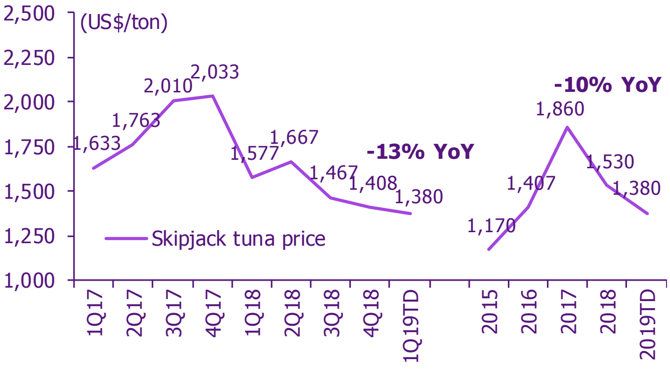
Key Financial Ratios

FY December 31	Unit	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
Gross margin	(%)	14.5	14.2	14.2	14.3	11.3	13.8	15.7	15.4
Operating margin	(%)	2.9	4.7	4.3	3.5	0.1	3.3	5.4	4.7
EBITDA margin	(%)	6.6	7.8	7.6	7.5	3.8	6.9	8.6	8.4
EBIT margin	(%)	4.5	5.9	5.6	5.3	1.4	4.8	6.7	6.3
Net profit margin	(%)	4.6	4.1	4.9	4.2	2.9	0.0	3.8	3.0
ROE	(%)	7.6	11.1	11.2	9.5	0.8	8.5	13.7	11.9
ROA	(%)	2.6	3.8	3.7	3.1	0.3	2.8	4.4	3.9
Net D/E	(x)	1.3	1.3	1.4	1.4	0.7	1.4	1.4	1.3
Interest coverage	(x)	4.2	4.8	4.8	4.8	2.3	4.7	5.9	5.7
Debt service coverage	(x)	0.5	0.7	0.6	0.6	0.2	0.5	0.5	0.5

Key statistics

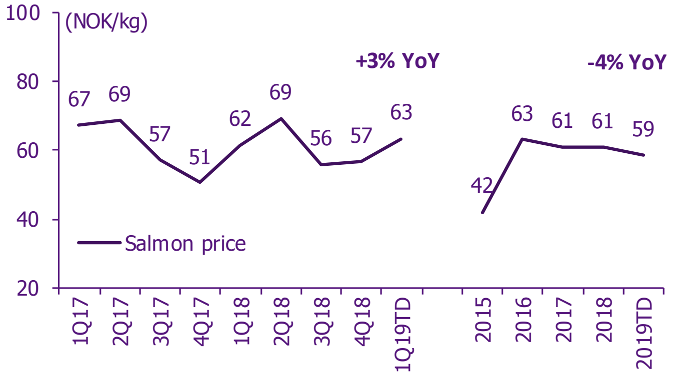
FY December 31	Unit	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18
Sales growth in THB	(%)	0.7	1.2	(0.6)	0.4	(5.5)	(2.0)	(1.9)	4.2
Sales value	(mn US$)	895	1,015	1,044	1,027	942	1,069	1,037	1,075
Sales volume	('000 tons)	177	194	198	192	174	194	196	0
Sales volume growth	(%)	0.2	(0.2)	2.4	1.3	(1.5)	(0.2)	(0.9)	(100.0)
GPM (%)	(US$/ton)	14.5	14.2	14.2	14.3	11.3	13.8	15.7	15.4
FX	(Bt/US$1)	35.1	34.3	33.4	33.0	31.5	31.9	33.0	32.8

Figure 1: In 2M19, skipjack tuna price has fallen YoY from better tuna catches



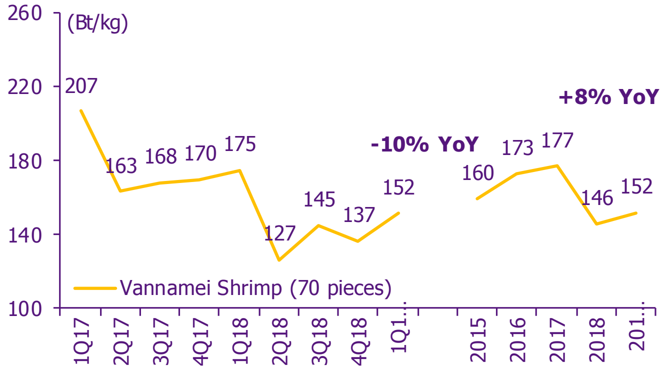
Source: Industry sources and SCBS Investment Research

Figure 2: In 2M19, salmon price was relatively stable YoY



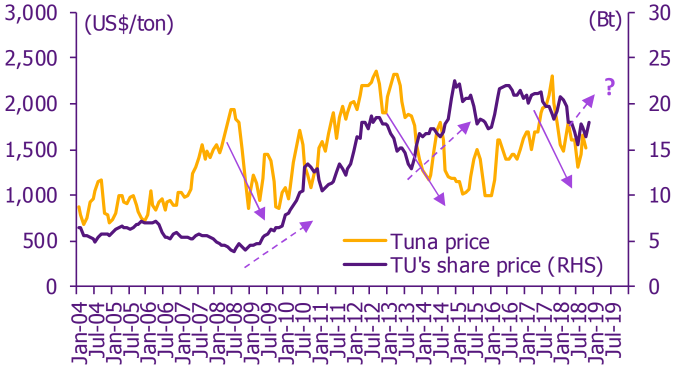
Source: Fishpool and SCBS Investment Research

Figure 3: In 2M19, local shrimp price was low, down YoY from more global supply



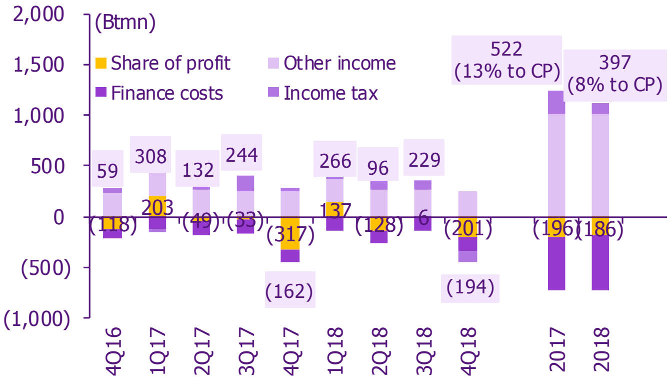
Source: Industry sources and SCBS Investment Research

Figure 4: The drop in tuna raw material cost is a share price catalyst for TU



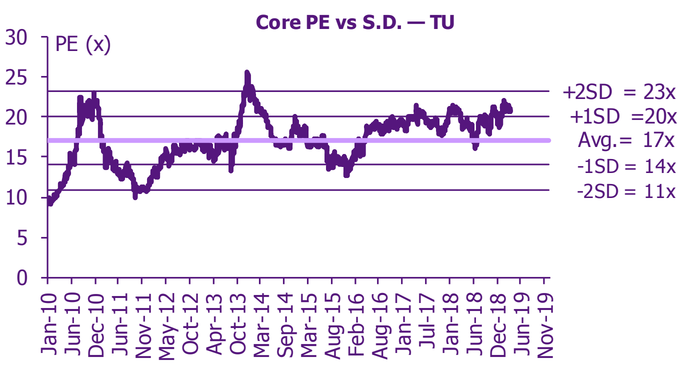
Source: Industry sources and SCBS Investment Research

Figure 5: Red Lobster's core profit contribution to TU



Source: SCBS Investment Research

Figure 6: TU's historical core PE band



Source: SCBS Investment Research

Automotive

SET AUTO index	Close: 25/3/2019	480.46	-2.74 / -0.57%	Bt22mn
Bloomberg ticker:	SETAUTO			

Low valuation and high dividend yield

We forecast Thai auto production growth in 2019 at 2% YoY to 2.21mn units. Despite the slow growth of the industry, we estimate sector core earnings growth at 11% YoY in 2019, amplified by gross margin expansion from improved efficiency. Key risk is the effect the trade war will have on demand for discretionary goods such as automobiles. However, we view see price downside should be sheltered by the low valuation and high dividend yield. Our top picks are SAT and STANLY.

Production up in Jan-Feb, 2Q19 down on seasonality. Thailand produced 363K autos in January–February, up 5% YoY, driven by strong domestic auto sales at 160K units, growing 13% YoY, while auto exports were weak at 182K units, down 1% YoY. We expect auto production in 1Q19 will be supported by growing domestic auto demand backed by a better economy and consumer confidence plus the annual Motor Show held March 27–April 7. Auto exports are expected to remain weak, dragged by a slow economy in key export markets such as Australia and New Zealand (31% of auto exports by units) and Europe (13%). Thai auto production will fall QoQ in 2Q19 on seasonality of the long holiday during April's Songkran festival.

2% auto production growth in 2019. After the robust 2018 when auto production jumped 9% YoY, we forecast a normalization in Thai auto production growth in 2019 of 2% YoY to 2.21mn units, taken up by 1.08mn domestic auto sales (+4% YoY) and 1.14mn auto exports (flat YoY). Despite the slow growth of the industry, we estimate sector core earnings growth at 11% YoY in 2019, amplified by gross margin expansion from better efficiency.

Top picks are SAT and STANLY: valuations are undemanding and dividend yield is high. Thus far in 1Q19, SAT's share price has risen 17% and STANLY's by 6%. However, we see this as simply a rebound from their 2018 low when they were hit by market concerns on the effect of the trade war that will have on international trade and demand for discretionary goods such as automobiles. However, we see price downside should be sheltered by the low valuation and high dividend yield. SAT is trading at 7.9x 2019PE, below its crisis level in 2016 (-1SD) when Thai domestic auto demand fell to its lowest since 2010 and SAT's earnings fell to a five-year low. STANLY is trading at 7.7x FY2020PE, below its historical average of -2SD. SAT and STANLY both offer high dividend yield at 6% and 4%, respectively.

Valuation summary

	Rating	Price (Bt)	TP (Bt)	ETR (%)	P/E (x) 19F	P/E (x) 20F	P/BV (x) 19F	P/BV (x) 20F
AH	Buy	18.9	38.0	109.3	5.3	4.3	0.6	0.5
PCSGH	Neutral	6.8	7.2	11.4	14.8	11.8	2.0	1.9
SAT	Buy	17.9	28.0	62.1	7.9	7.2	1.0	1.0
STANLY	Buy	226.0	320.0	45.4	7.7	7.1	1.0	0.9
Average					**10.0**	**8.1**	**1.3**	**1.2**

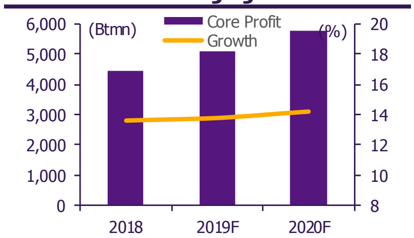
Source: SCBS Investment Research

Price performance

	Absolute			Relative to SET		
(%)	1M	3M	12M	1M	3M	12M
AH	(22.5)	(6.0)	(44.4)	(20.4)	(8.0)	(38.4)
PCSGH	(2.2)	(2.9)	(3.6)	0.6	(4.9)	6.8
SAT	(11.8)	11.2	(13.5)	(9.3)	8.8	(4.2)
STANLY	(1.7)	5.1	(4.2)	1.0	2.9	6.1

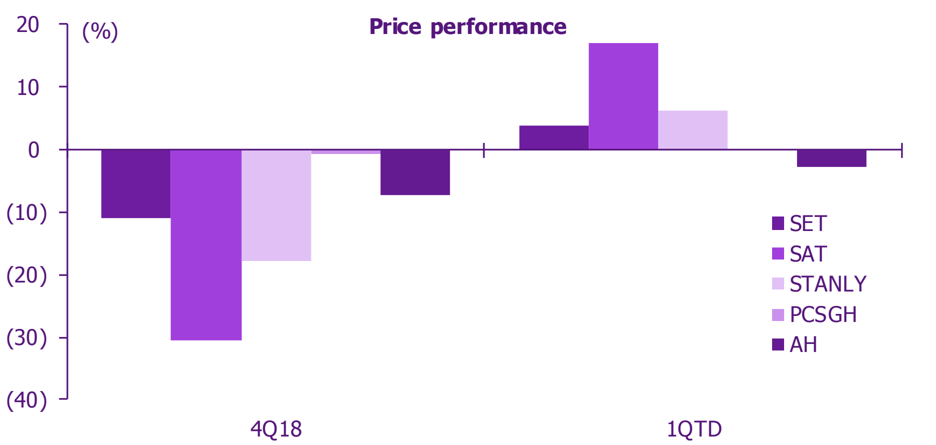
Source: SET, SCBS Investment Research

Sector core earnings growth



Source: SET, SCBS Investment Research

Share price increase is just a rebound from over-punished 4Q18

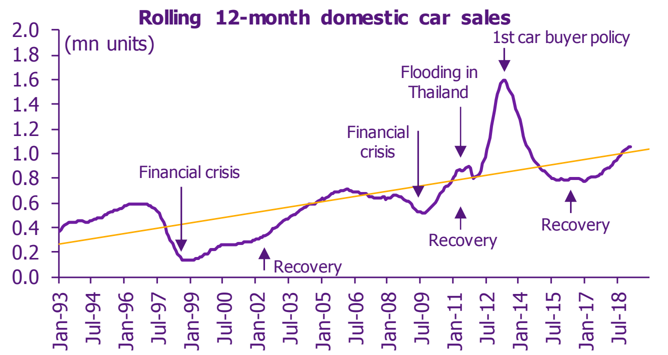


Source: SET and SCBS Investment Research

Analyst

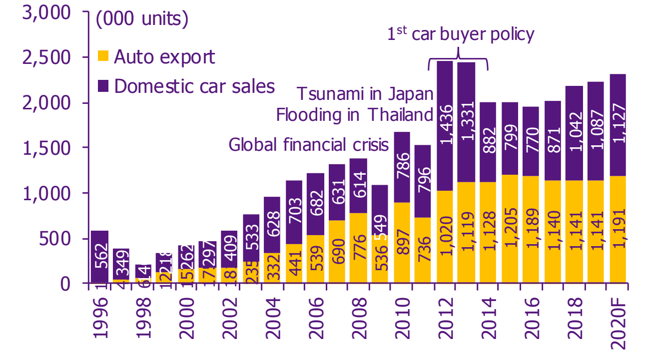
Raweenuch Piyakriengkai
Fundamental Investment
Analyst on Securities
(66-2) 949-1002
raweenuch.piyakriengkai@scb.co.th

Figure 1: Rolling 12-mth domestic auto sales suggest auto demand is increasing



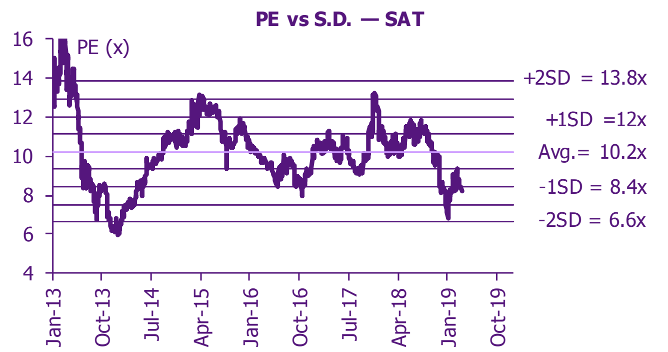
Source: Federation of Thai Industries and SCBS Investment Research

Figure 2: Thai auto production to grow 2% in 2019



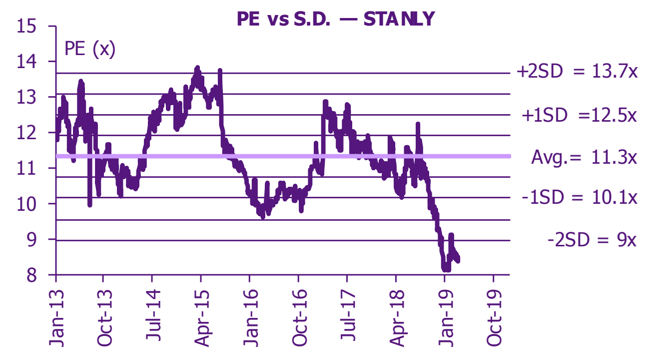
Source: Federation of Thai Industries and SCBS Investment Research

Figure 3: SAT: PE band



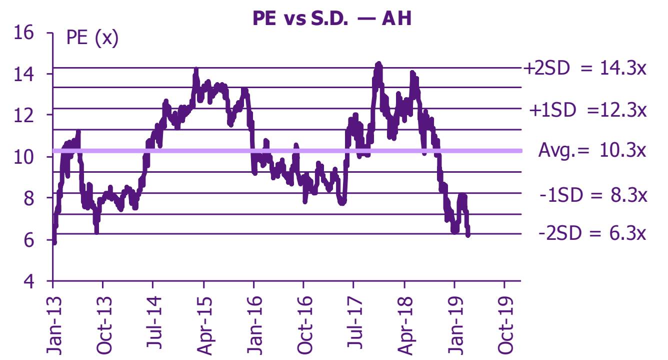
Source: SET and SCBS Investment Research

Figure 4: STANLY: PE band



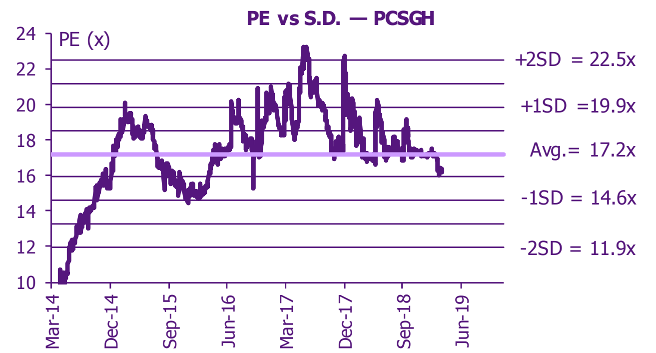
Source: SET and SCBS Investment Research

Figure 5: AH: PE band



Source: SET and SCBS Investment Research

Figure 6: PCSGH: PE band



Source: SET and SCBS Investment Research

Figure 7: Valuation summary

	Rating	Price	Target	ETR	P/E (x)			EPS growth (%)			P/BV (x)			ROE (%)			Div. Yield (%)			EV/EBITDA (x)		
		(Bt/Sh)	(Bt/Sh)	(%)	18A	19F	20F	18A	19F	20F	18A	19F	20F	18A	19F	20F	18A	19F	20F	18A	19F	20F
AH	Buy	18.90	38.0	109.3	6.5	5.3	4.3	3	25	21	0.8	0.6	0.5	12	13	13	6.9	8.2	8.0	7.3	6.1	5.2
PCSGH	Neutral	6.75	7.2	11.4	16.6	14.8	11.8	(2)	12	26	2.0	2.0	1.9	12	14	16	4.0	4.7	5.9	8.6	7.9	6.4
SAT	Buy	17.90	28.0	62.1	8.3	7.9	7.2	27	6	9	1.1	1.0	1.0	14	13	14	7.5	5.7	6.2	4.0	2.6	2.1
STANLY	Buy	226.00	320.0	45.4	8.7	7.7	7.1	20	13	9	1.1	1.0	0.9	13	14	13	3.5	3.8	4.2	3.5	2.9	2.3
Average					**10.1**	**8.9**	**7.6**	**12**	**14**	**16**	**1.3**	**1.2**	**1.1**	**13**	**13**	**14**	**5.5**	**5.6**	**6.1**	**5.9**	**4.9**	**4.0**

Source: SCBS Investment Research

Aviation

SET TRANS index	Close: 25/03/2019	384.47	-2.21 / -0.57%	Bt2,543mn
Bloomberg ticker:	SETTRANS			

Bottom passed

After the sluggish earnings in 4Q18, we see short-term positives including improving Thai tourism, lower jet fuel cost and a stable baht that will help support airline earnings in 1Q19. However, a laggard price performance compared to other tourism plays suggests the earnings improvement is not yet priced in. Our top pick is AAV.

Airline sector is a laggard among tourism plays. AAV and THAI reported losses in 4Q18, with Thai tourism recovery just beginning in December (after the government waived visa-on-arrival fees in mid-November) and thus unable to offset the rise in jet fuel cost (average spot jet fuel cost was US$83.4/bbl, up 18% YoY but down 3% QoQ). This poor showing has been a drag on price performance of airline stocks in 1QTD - AAV at -7% and THAI at -2% - far underperforming other tourism plays - MINT at +13%, ERW at +13%, CENTEL at +7% and AOT at +5%.

Better earnings in 1Q19F. There are three short-term positive factors that will support airline earnings in 1Q19, allowing them to return to the black, though they will still fall YoY off 1Q18's high base. These include: 1) improving Thai tourism, with the number of international tourist arrivals growing 3% YoY in January – February, 2) a fall in average jet fuel price QTD to US$74.3/bbl, down 5% YoY and 11% QoQ and 3) a strengthening in the baht of 4% QoQ (flat YoY) to average Bt31.6/US$.

AAV is our top pick. We maintain our positive view on AAV's earnings recovery in 2019 at Bt968mn, up from a Bt68mn core loss in 2018, boosted by growing passenger numbers and higher average fare from better Thai tourism. We like its bright long-term prospects from growth in India and CLMV markets that will drive earnings growth and balance revenue contribution from China. Over the next five years, it targets revenue from India and CLMV to reach 10% (from 5% currently) and 15% (from 10%) of total revenue, respectively. AAV is trading at 0.9x 2019 P/B, below its historical average of -1SD.

Maintain Neutral view on AOT. AOT is putting on hold the bidding for contracts to operate duty-free and retail area concessions in order to clarify market controversies, primarily the perception of a monopoly. The length of the delay has not been specified, but the company expects it to be approximately two weeks. Previously, AOT planned to invite interested bidders and sell the bidding documents during March 19–April 1, 2019. The uncertainty of the bidding is sentimentally negative. However, AOT's share price fell 2% after the news came out on March 15, suggesting the negative is priced in. A share price catalyst will appear when the bidding process resumes. We maintain our earnings projection of 14% core earnings growth in FY2019 (October 2018–September 2019) and rate Neutral on AOT with TP at Bt70/share.

Valuation summary

	Rating	Price (Bt)	TP (Bt)	ETR (%)	P/E (x) 19F	P/E (x) 20F	P/BV (x) 19F	P/BV (x) 20F
AAV	Buy	4.0	5.8	46.0	20.2	16.3	0.9	0.9
AOT	Neutral	67.8	70.0	4.9	38.7	33.9	6.7	6.2
THAI	Sell	12.3	14.0	13.8	n.m.	41.5	1.3	0.8
Average					**29.5**	**30.5**	**3.0**	**2.6**

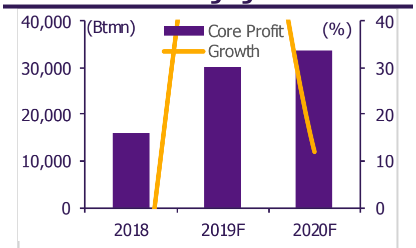
Source: SCBS Investment Research

Price performance

	Absolute			Relative to SET		
(%)	1M	3M	12M	1M	3M	12M
AAV	(12.6)	(4.3)	(22.3)	(10.1)	(6.3)	(13.9)
AOT	(1.8)	4.2	0.0	1.0	2.0	10.8
THAI	(8.9)	(3.1)	(23.1)	(6.3)	(5.2)	(14.8)

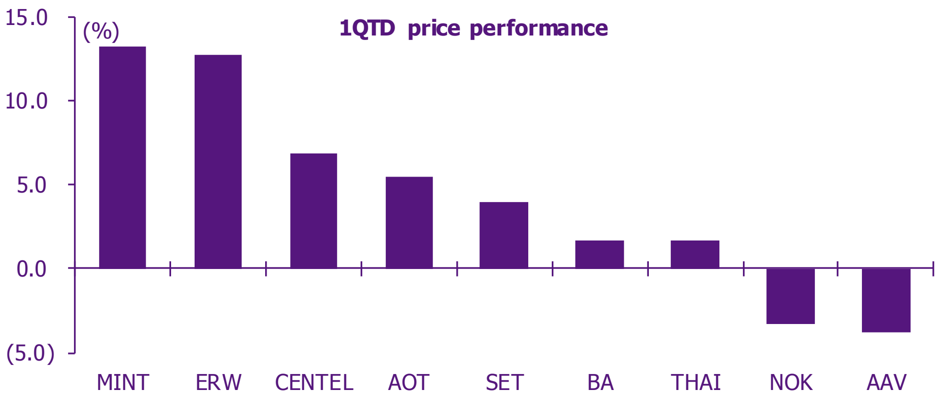
Source: SET, SCBS Investment Research

Sector core earnings growth



Source: SET, SCBS Investment Research

Airline stocks are laggard among tourism-related plays

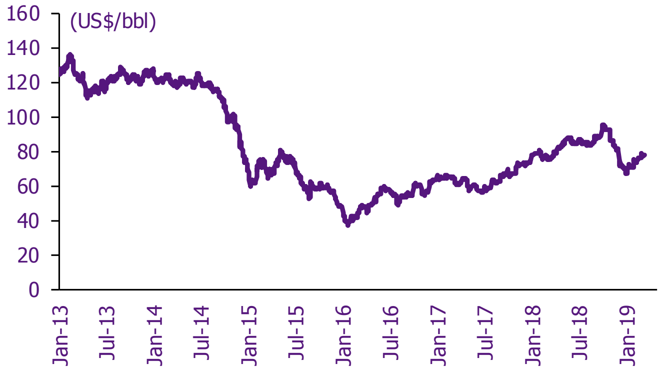


Source: SET and SCBS Investment Research

Analyst

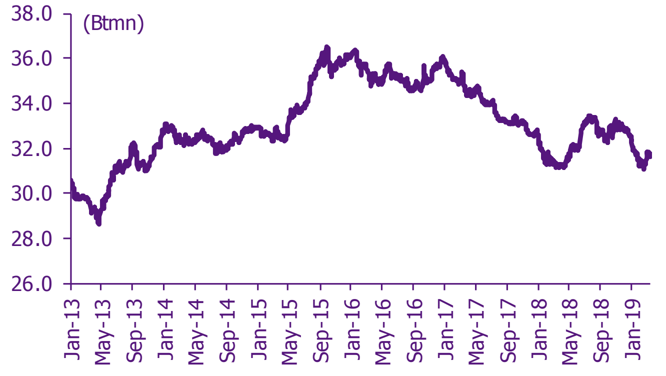
Raweenuch Piyakriengkai
Fundamental Investment
Analyst on Securities
(66-2) 949-1002
raweenuch.piyakriengkai@scb.co.th

Figure 1: Jet fuel price trend



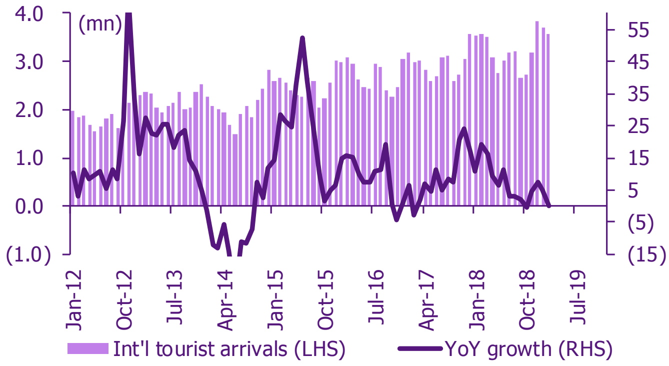
Source: Bloomberg and SCBS Investment Research

Figure 2: Baht trend



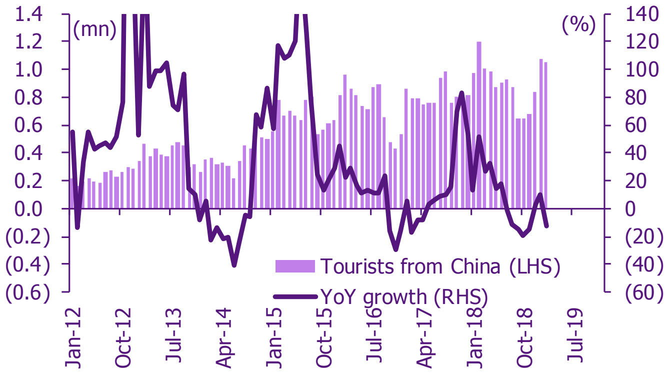
Source: Bloomberg and SCBS Investment Research

Figure 3: Thai tourism trend



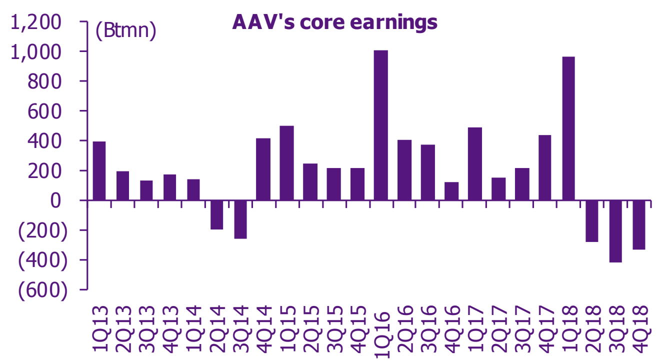
Source: Ministry of Tourism and Sport and SCBS Investment Research

Figure 4: Tourists from China



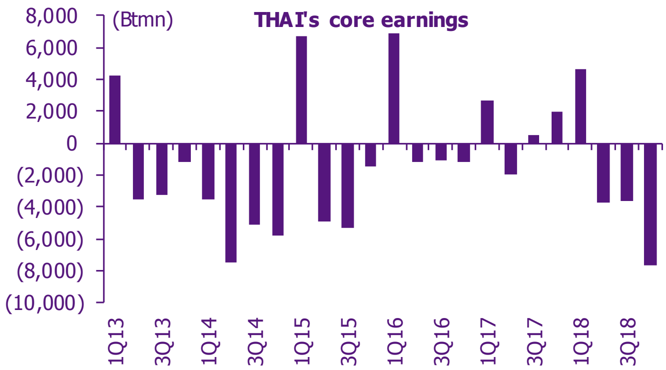
Source: Ministry of Tourism and Sport and SCBS Investment Research

Figure 5: AAV's quarterly earnings



Source: Company data and SCBS Investment Research

Figure 6: THAI's quarterly earnings



Source: Company data and SCBS Investment Research

Figure 7: Valuation summary

	Rating	Price	Target	ETR	P/E (x)			EPS growth (%)			P/BV (x)			ROE (%)			Div. Yield (%)			EV/EBITDA (x)		
		(Bt/Sh)	(Bt/Sh)	(%)	18A	19F	20F	18A	19F	20F	18A	19F	20F	18A	19F	20F	18A	19F	20F	18A	19F	20F
AAV	Buy	4.04	5.8	46.0	n.m.	20.2	16.3	n.m.	n.m.	24	1.0	0.9	0.9	(0)	5	6	8.3	2.5	3.1	22.8	11.2	9.9
AOT	Neutral	67.75	70.0	4.9	44.4	38.7	33.9	14	15	14	7.3	6.7	6.2	17	18	19	1.3	1.5	1.5	27.0	24.2	21.7
THAI	Sell	12.30	14.0	13.8	8.7	n.m.	41.5	(9)	n.m.	n.m.	0.8	1.3	0.8	9	(35)	2	0.0	0.0	0.0	7.1	10.9	7.3
Average					**26.5**	**29.5**	**30.5**	**3**	**15**	**19**	**3.0**	**3.0**	**2.6**	**9**	**(4)**	**9**	**3.2**	**1.3**	**1.5**	**19.0**	**15.5**	**13.0**

Source: SCBS Investment Research

Bank

SET BANK index	Close: 25/03/2019	517.16	-6.44 / -1.23%	Bt5,063mn
Bloomberg ticker:	SETBANK			

Modest recovery in the offing

We expect a modest earnings recovery in 2019, underpinned by a slight improvement in loan growth, NIM and credit cost with non-NII continuing to be dull. We expect flat 1Q19F earnings YoY but up seasonally QoQ. We keep BBL and KTB as the sector's top picks.

1Q19 preview: Flattish YoY, seasonally up QoQ. We expect the bank sector's 1Q19 earnings to be flat YoY as a fall in fee income from the waiver of digital banking transaction fees will be offset by lower provisions. On a QoQ basis, we look for a rise of around 20% in 1Q19 earnings as a result of a seasonal drop in opex and reduction in provisions, offsetting seasonally stagnant loan growth, narrowed NIM from a 25 bps hike in interest rate on time deposits and slowing fee income.

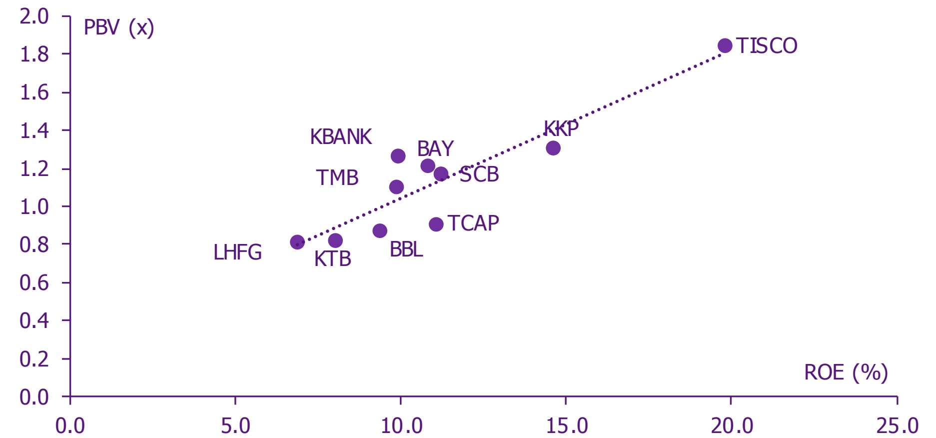
Narrowing NIM in 1H19 with downside to 2019F NIM. We expect NIM to slip in 1H19 as a result of a 25 bps increase in rate on time deposits following a 25 bps hike in the policy rate in December last year. There is a rising possibility of no further rate hike this year as a result of: 1) a continued fall in headline inflation to 0.27% in January (the lowest rate in 18 months and well below the BoT's target range of 1-4%) and 2) the US Federal Reserve's signals that the current rate hike season is ending. If there is no further hike in the policy rate this year, the chance that lending rate can be raised will be dimmed. We have factored another 25 bps raise in the policy rate this year into our forecast of a 5 bps improvement in the sector's 2019 NIM. There is NIM downside for non-HP focused banks and upside for HP-focused banks (TCAP, TISCO and KKP).

Gradual recovery in loan growth. Despite the expectation of slow loan growth in 1Q19, which is high season for loan repayment, we continue to expect a gradual recovery in the sector's loan growth to 6.3% in 2019F from 5.4% in 2018, mainly off a continued pick-up in domestic investment through 2019 on a crowding-in effect from government mega projects and promotion of the EEC. Banks' 2019 guidance suggests an acceleration in growth of corporate loans, an increasing focus on unsecured personal loans via the digital platform and a return to prudently grow SME loans.

Modest earnings growth for 2019. We expect the sector's earnings to grow 5% in 2019 vs. 9% in 2018, underpinned by a slight improvement in loan growth, NIM and credit cost with slack non-NII.

Reiterate BBL and KTB as sector top picks. We keep BBL and KTB as our sector picks as they are positioned to benefit the most from the return of an investment cycle and have the most attractive valuation.

Valuation map suggests BBL and KTB are the laggards



Source: Banks and SCBS Investment Research

Valuation summary

	Rating	Price (Bt)	TP (Bt)	ETR (%)	P/E (x) 19F	P/E (x) 20F	P/BV (x) 19F	P/BV (x) 20F
BAY	Buy	37.0	43.0	19.2	10.1	9.1	1.0	1.0
BBL	Buy	207.0	250.0	24.3	10.0	9.0	0.9	0.8
KBANK	Neutral	190.5	196.0	5.5	11.0	9.8	1.1	1.0
KKP	Neutral	69.3	70.0	7.7	9.8	9.8	1.3	1.3
KTB	Buy	18.9	23.0	25.8	9.0	8.7	0.8	0.8
LHFG	Neutral	1.5	1.5	5.1	9.9	9.3	0.7	0.7
TCAP	Buy	54.8	64.0	21.3	8.1	7.8	0.9	0.8
TISCO	Buy	89.0	97.0	15.9	9.7	9.6	1.8	1.7
TMB	Buy	2.1	2.5	22.2	9.5	8.1	0.9	0.8
Average					**9.8**	**9.1**	**1.1**	**1.0**

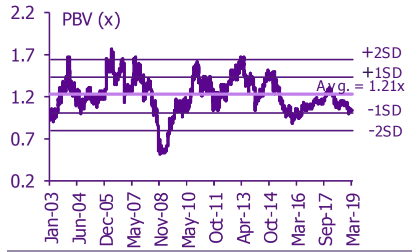
Source: SCBS Investment Research

Price performance

	Absolute			Relative to SET		
(%)	1M	3M	12M	1M	3M	12M
BAY	(3.9)	(6.3)	(11.4)	(1.2)	(8.3)	(1.8)
BBL	(2.4)	0.5	3.5	0.4	(1.7)	14.7
KBANK	(3.8)	2.7	(14.2)	(1.1)	0.5	(4.9)
KKP	(2.5)	4.1	(7.7)	0.3	1.9	2.3
KTB	(3.1)	(5.0)	(4.5)	(0.3)	(7.0)	5.7
LHFG	(2.0)	5.8	5.8	0.8	3.5	17.2
TCAP	2.8	3.3	1.9	5.7	1.1	12.8
TISCO	2.9	14.5	(1.4)	5.8	12.0	9.2
TMB	(7.9)	(6.3)	(25.0)	(5.3)	(8.2)	(16.9)

Source: SET, SCBS Investment Research

Banking sector's PBV

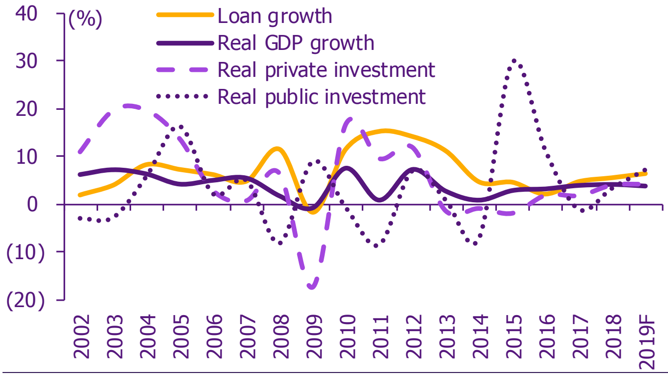


Source: SET, SCBS Investment Research

Analyst

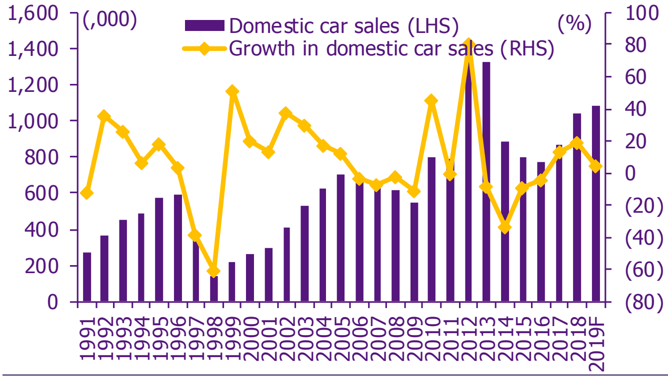
Kittima Sattayapan, CFA
Fundamental Investment
Analyst on Securities
(66-2) 949-1003
kittima.sattayapan@scb.co.th

Figure 1: Loans vs. GDP & investment growth



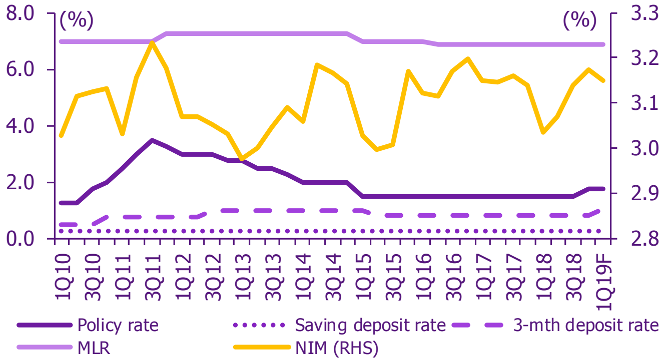
Source: NESDB, SCB EIC and SCBS Investment Research

Figure 2: Domestic car sales



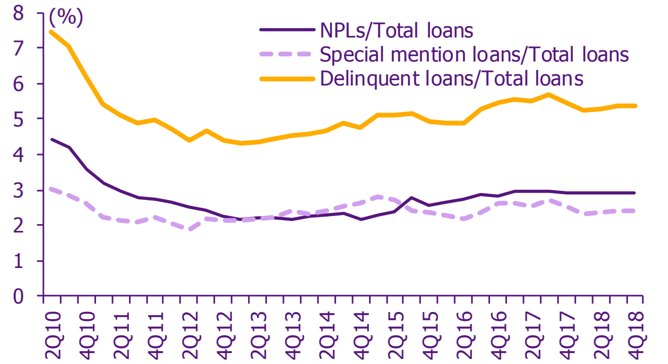
Source: Toyota (Thailand) and SCBS Investment Research

Figure 3: NIM and interest rates



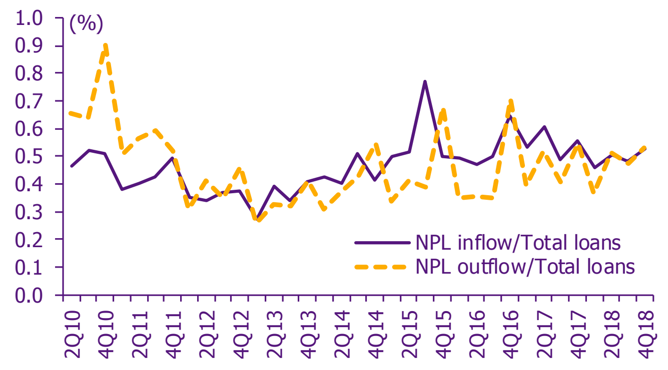
Source: SCBS Investment Research

Figure 4: NPL ratio and special-mention loans



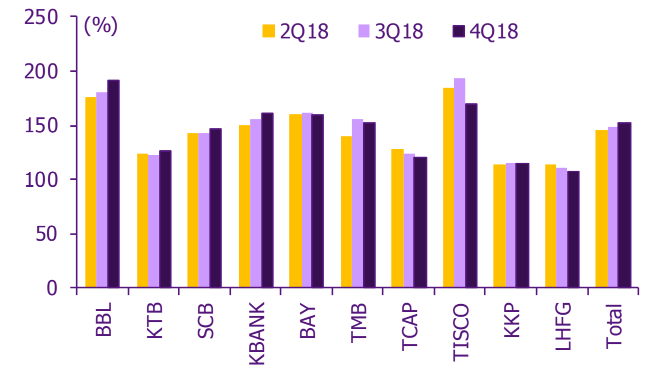
Source: BoT and SCBS Investment Research

Figure 5: NPL inflow and outflow



Source: BoT and SCBS Investment Research

Figure 6: LLR coverage



Source: BoT and SCBS Investment Research

Figure 7: Valuation summary

	Rating	Price	Target	ETR	P/E (x)			EPS growth (%)			P/BV (x)			ROE (%)			Div. Yield (%)		
		(Bt/Sh)	(Bt/Sh)	(%)	18A	19F	20F	18A	19F	20F	18A	19F	20F	18A	19F	20F	18A	19F	20F
BAY	Buy	37.00	43.0	19.2	11.0	10.1	9.1	7	8	11	1.1	1.0	1.0	11	11	11	2.7	3.0	3.3
BBL	Buy	207.00	250.0	24.3	11.2	10.0	9.0	7	12	11	1.0	0.9	0.8	9	9	10	3.1	3.5	3.9
KBANK	Neutral	190.50	196.0	5.5	11.9	11.0	9.8	12	8	12	1.2	1.1	1.0	11	11	11	2.4	2.6	3.1
KKP	Neutral	69.25	70.0	7.7	9.7	9.8	9.8	5	(1)	1	1.4	1.3	1.3	14	14	13	7.2	6.6	6.1
KTB	Buy	18.90	23.0	25.8	9.3	9.0	8.7	27	4	2	0.9	0.8	0.8	10	9	9	3.8	4.1	4.2
LHFG	Neutral	1.47	1.50	5.1	10.0	9.9	9.3	19	2	6	0.8	0.7	0.7	8	8	8	3.0	3.0	3.2
TCAP	Buy	54.75	64.0	21.3	8.1	8.1	7.8	16	1	4	1.0	0.9	0.8	12	12	11	4.2	4.4	4.9
TISCO	Buy	89.00	97.0	15.9	10.2	9.7	9.6	15	4	2	1.9	1.8	1.7	19	19	18	6.7	6.9	6.9
TMB	Buy	2.10	2.50	22.2	7.9	9.5	8.1	34	(16)	18	0.9	0.9	0.8	12	10	10	3.8	3.2	3.7
Average					**10.1**	**9.8**	**9.1**	**(2)**	**7**	**6**	**1.1**	**1.1**	**1.0**	**12**	**11**	**11**	**4.0**	**4.1**	**4.3**

Source: SCBS Investment Research

Commerce

SET COMM index	Close: 25/3/2019	40,418.41	-784.21 / -1.90%	Bt5,033mn
Bloomberg ticker:	SETCOMM			

A year of organic growth

Even off a normal base in 2018, we expect sector same-store sales (SSS) to grow 2.6% YoY in 1Q19TD and 2.5% YoY in 2019F (vs 2.7% YoY in 2018), underwritten by better sentiment and farm income, fading food deflation, normalized tourist arrival growth and a boost to spending from the March 24 general election and the May 4-6 coronation ceremony. Any stimulus measures from new government will add inorganic growth in 2H19F. The positive SSS growth together with store and margin expansion will grow sector core earnings by 13% YoY in 2019F (vs 10% YoY in 2018). Top picks are CPALL, BJC, and GLOBAL.

Gradually improving sentiment and purchasing power. The Consumer Confidence Index (CCI), an indicator of consumer sentiment, grew for the second month to 82.0 points in February from 80.7 points in January. Farm income grew 5% YoY in January and 4% in February, promoted by a rise in agricultural production amid stable agricultural price.

Food inflation back. In 2019TD, food inflation returned on meat prices, off 1H18's low base and better adjustment of demand and supply. Based on OAE, swine prices increased by 40% YoY in 1Q19TD (vs -21% YoY in 1Q18 and -5% YoY in 2018), while broiler prices turned to rise 2% YoY in 1Q19TD (vs flat YoY in 1Q18 and -7% YoY in 2018). This will be another catalyst. Meat products account for 15% of MAKRO's sales and 3% of BJC's sales.

Normalized tourist arrivals. After the government's waiver of the visa-on-arrival fees for 21 countries including China in Dec 2018 through April 2019, tourist arrival growth was slightly better at 5% YoY in 4Q18 and 3% YoY in 2M19, backed by stronger tourists from ASEAN and India. SCBS expects tourist arrival growth of 7% YoY in 2019F (vs 8% YoY in 2018), which implies moderately positive impact on private consumption in the local market (22% contributed by tourist spending).

Impact of events/government policies. Consumption sentiment and SSS growth will be driven by special events in 1H19: the general election on March 24 and the coronation ceremony on May 4-6, with the government announcing May 6 as a special holiday. After the setup of a new government, the market will hope for new stimulus measures to lift private consumption. If any, this would add a positive for the rest of the year.

Top picks: CPAL, BJC and GLOBAL. We like CPALL, whose earnings have bottomed out and is looking at stronger 2019F growth. We also like BJC for better sales and margin, plus lower tax after the completion of group tax restructuring in 1H19F, and GLOBAL as the sector's growth leader in 2019F.

Valuation summary

	Rating	Price (Bt)	TP (Bt)	ETR (%)	P/E (x) 19F	P/E (x) 20F	P/BV (x) 19F	P/BV (x) 20F
BJC	Buy	49.8	65.0	32.1	27.0	24.0	1.7	1.7
CPALL	Buy	74.0	90.0	23.2	32.9	28.5	6.7	5.9
GLOBAL	Buy	17.2	21.9	28.5	36.1	30.8	4.9	4.4
HMPRO	Buy	15.0	17.5	19.3	30.6	27.1	9.1	8.3
MAKRO	Neutral	35.5	40.0	15.4	28.7	27.7	8.8	8.2
ROBINS	Buy	57.0	75.0	34.2	18.9	16.6	3.1	2.8
Average					**29.0**	**25.8**	**5.7**	**5.2**

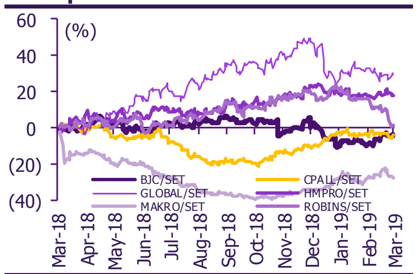
Source: SCBS Investment Research

Price performance

(%)	Absolute 1M	Absolute 3M	Absolute 12M	Relative to SET 1M	Relative to SET 3M	Relative to SET 12M
BJC	1.5	(5.7)	(15.0)	4.4	(7.7)	(5.8)
CPALL	(7.8)	6.5	(16.4)	(5.2)	4.2	(7.4)
GLOBAL	(4.9)	(10.6)	17.3	(2.3)	(12.5)	29.9
HMPRO	(2.0)	(2.0)	6.4	0.8	(4.0)	17.8
MAKRO	(6.0)	10.1	(33.0)	(3.3)	7.7	(25.8)
ROBINS	(12.6)	(14.3)	(12.3)	(10.2)	(16.1)	(2.9)

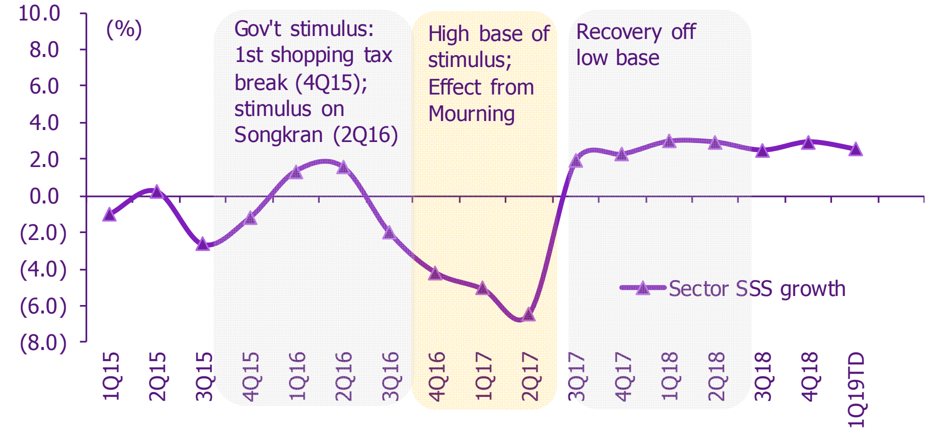
Source: SET, SCBS Investment Research

Price performance relative to SET



Source: SET, SCBS Investment Research

Sector SSS is set to grow 2.6% YoY in 1Q19TD

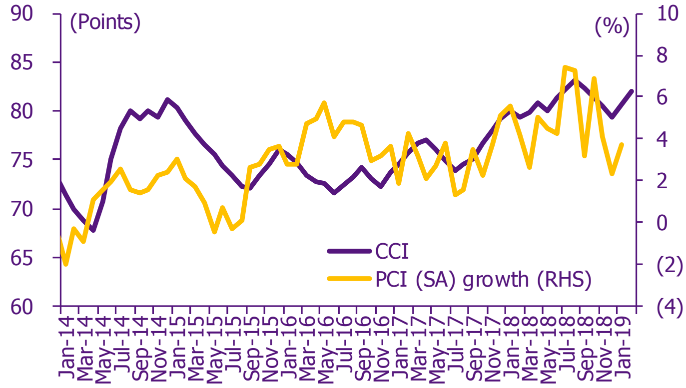


Source: SCBS Investment Research

Analyst

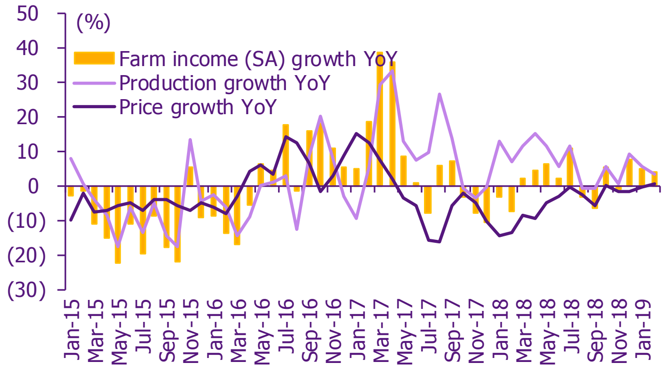
Sirima Dissara, CFA
Fundamental Investment
Analyst on Securities
(66-2) 949-1004
sirima.dissara@scb.co.th

Figure 1: CCI rose for the second month in February



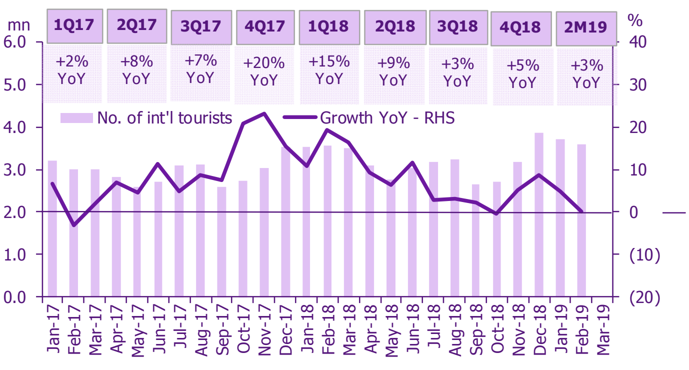
Source: UTCC, BOT and SCBS Investment Research

Figure 2: Farm income grew 5% YoY in January and 4% in February



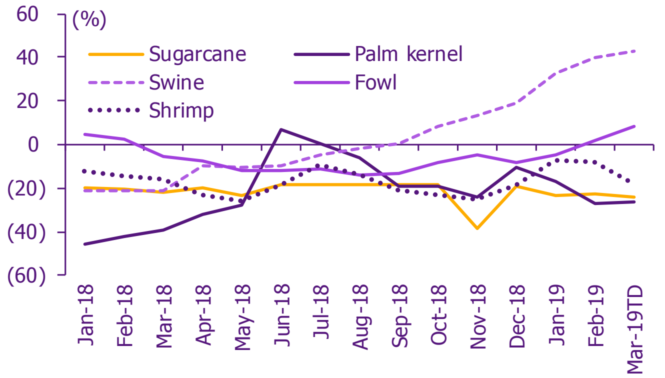
Source: OAE and SCBS Investment Research

Figure 3: Tourist arrivals improved slightly in 4Q18 and 2M19



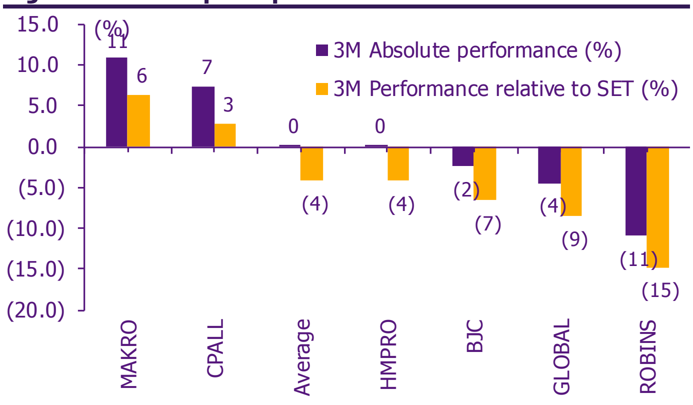
Source: Immigration Bureau and SCBS Investment Research

Figure 4: Food inflation has returned in meat prices YTD



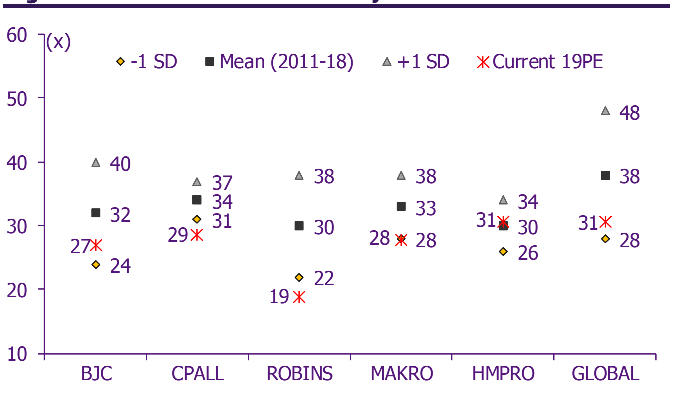
Source: OAE and SCBS Investment Research

Figure 5: Sector price performance over three months



Source: SCBS Investment Research

Figure 6: Current 2019PE vs 8-year historical PE



Source: SCBS Investment Research

Figure 7: Valuation summary

	Rating	Price	Target	ETR	P/E (x)			EPS growth (%)			P/BV (x)			ROE (%)			Div. Yield (%)			EV/EBITDA (x)		
		(Bt/Sh)	(Bt/Sh)	(%)	18A	19F	20F	18A	19F	20F	18A	19F	20F	18A	19F	20F	18A	19F	20F	18A	19F	20F
BJC	Buy	49.75	65.0	32.1	30.9	27.0	24.0	26	14	13	1.7	1.7	1.7	6	6	7	1.5	1.5	1.7	16.8	15.5	14.5
CPALL	Buy	74.00	90.0	23.2	34.6	32.9	28.5	16	5	15	8.3	6.7	5.9	28	24	23	1.5	1.6	1.8	19.5	18.2	16.3
GLOBAL	Buy	17.20	21.9	28.5	44.9	36.1	30.8	(4)	25	17	5.4	4.9	4.4	13	14	15	1.0	1.2	1.0	28.9	23.9	21.0
HMPRO	Buy	15.00	17.5	19.3	34.8	30.6	27.1	16	14	13	9.9	9.1	8.3	29	31	32	2.3	2.6	3.0	20.0	18.1	16.4
MAKRO	Neutral	35.50	40.0	15.4	27.6	28.7	27.7	14	(4)	3	9.5	8.8	8.2	37	32	31	2.7	2.7	2.7	16.8	17.0	16.6
ROBINS	Buy	57.00	75.0	34.2	21.2	18.9	16.6	7	11	12	3.4	3.1	2.8	16	17	18	2.4	2.7	3.0	11.7	10.9	9.7
Average					**32.3**	**29.0**	**25.8**	**13**	**11**	**12**	**6.4**	**5.7**	**5.2**	**22**	**21**	**21**	**1.9**	**2.0**	**2.2**	**18.9**	**17.3**	**15.8**

Source: SCBS Investment Research

Construction Materials

SET CONMAT index	Close: 25/03/2019	11,507.49	-71.35 / -0.62%	Bt1,113mn
Bloomberg ticker:	SETCONMT			

SCBS

Demand on the rise in 2019F

After declining over the past several years, local demand finally began to pick up in 3Q18 and greater public investment and gradually better private investment will keep it moving up. With demand reviving, product prices have inched up YTD. Meanwhile, the recent drop in fuel costs YTD will help alleviate cost pressures this year. Top picks are SCC and SCCC.

Demand reviving. Based on OAE data, after contracting for the past 4-5 years, cement and ceramic tile demand turned around with a rise of 2% YoY and 5% YoY in 2018. We expect cement and ceramic tile demand to continue to improve by 3% YoY in 2019F, backed by stronger public and private investment. SCB EIC expects public investment growth to accelerate to 7.2% in 2019F from 3.3% in 2018 and private investment to rise slightly to 4.1% in 2019F from 3.9% in 2018.

Private projects: More positive signs. The value of BOI applications jumped by 43% YoY in 2018, primarily on a surge in applications for projects in EEC (+137% YoY). Some of these new projects may start investment in 2019F. Meanwhile, construction area permits (9-month moving average), a leading indicator for local building material demand, began to move up in August 2018. These are positive signs for cement and ceramic tile demand this year.

Public projects: More disbursement. After adjusting to accommodate the new Public Procurement and Supplies Management Act, B.E. 2560, government investment disbursement rate began to improve in mid-2018. The FY2019 (Oct 2018 - Sep 2019) government investment budget was bumped up 20% YoY to Bt648bn. A larger investment budget and higher disbursement rate for the government imply better private investment this year. The disbursement for mega projects is set to accelerate in 2019-20F; approval and start of construction of these projects will help lift sentiment and spur more private investment.

Recent drop in fuel costs alleviates cost pressure. In 2018, in THB terms, spot coal price grew 15% YoY and oil price rose 25% YoY. However, in 2019TD, in THB terms, spot coal price and oil price have both fallen 6% YoY. In Jan-Feb 2019, the cement price index picked up 1% YoY while the ceramic tile price index grew 3% YoY. Normally, cement producers lock in coal price 6-12 months in advance and gas price lags oil price by around six months. The recent drop in fuel costs should help alleviate the cost pressure for building material players this year.

Top picks. We like SCC, which is poised to report better core earnings QoQ in 1Q19 on potential inventory gain, benefit from low fuel costs and continued improvement in the cement and building materials unit. Beginning in mid-2018, SCCC will save on costs after a successful business transformation plan.

Valuation summary

	Rating	Price (Bt)	TP (Bt)	ETR (%)	P/E (x) 19F	P/E (x) 20F	P/BV (x) 19F	P/BV (x) 20F
DCC	Neutral	2.2	2.6	26.0	13.3	12.2	3.0	2.8
SCC	Buy	482.0	550.0	17.8	12.9	12.2	1.8	1.7
SCCC	Buy	222.0	270.0	25.2	21.5	18.1	1.9	1.9
Average					**15.9**	**14.2**	**2.2**	**2.1**

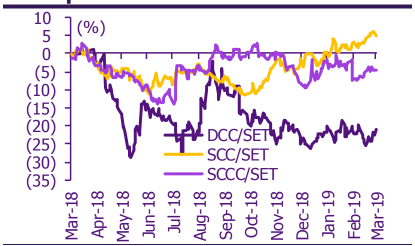
Source: SCBS Investment Research

Price performance

	Absolute			Relative to SET		
(%)	1M	3M	12M	1M	3M	12M
DCC	(0.9)	5.9	(28.0)	1.9	3.6	(20.2)
SCC	1.3	13.1	(3.2)	4.1	10.7	7.2
SCCC	(1.3)	5.7	(14.0)	1.4	3.5	(4.7)

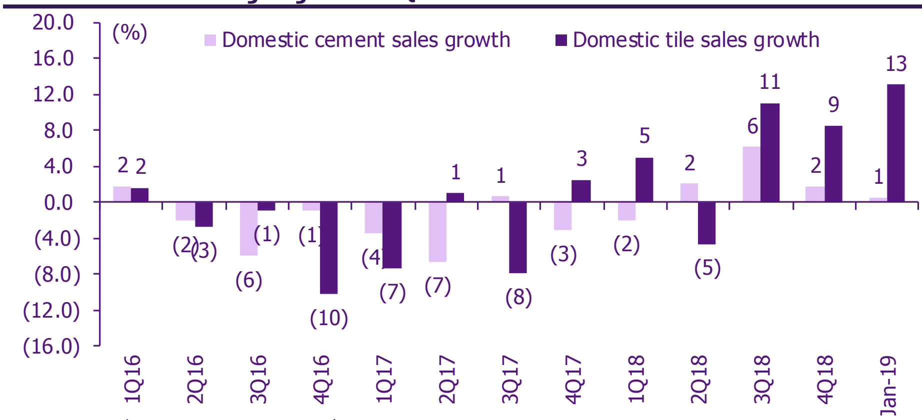
Source: SET, SCBS Investment Research

Price performance relative to SET



Source: SET, SCBS Investment Research

Local sales volume began grow in 3Q18

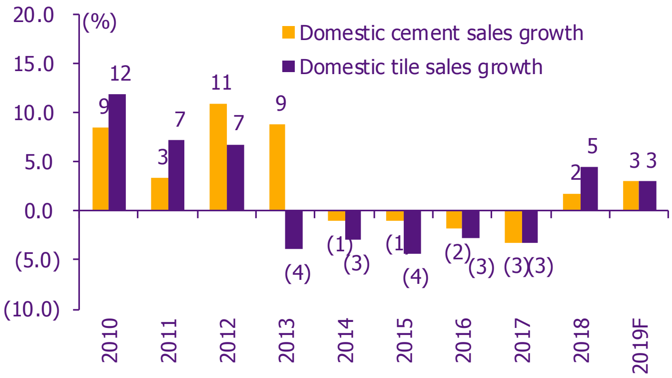


Source: OIE and SCBS Investment Research

Analyst

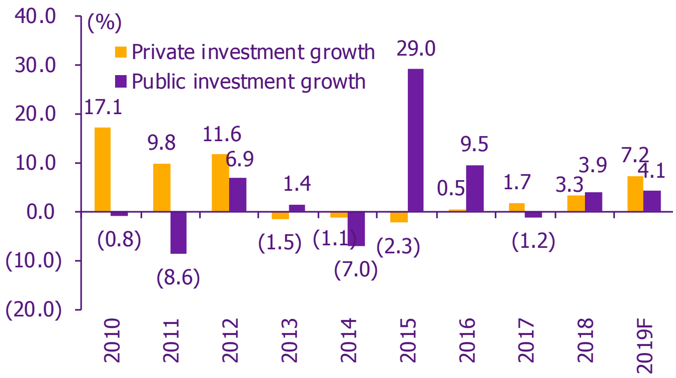
Sirima Dissara, CFA
Fundamental Investment
Analyst on Securities
(66-2) 949-1004
sirima.dissara@scb.co.th

Figure 1: Local sales volume growth in 2019F



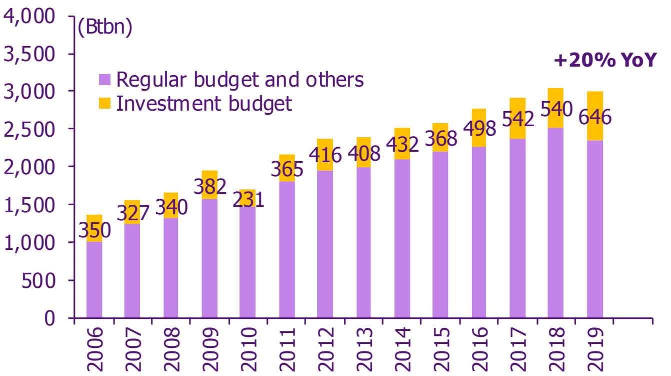
Source: OIE and SCBS Investment Research

Figure 2: Public and private investment growth



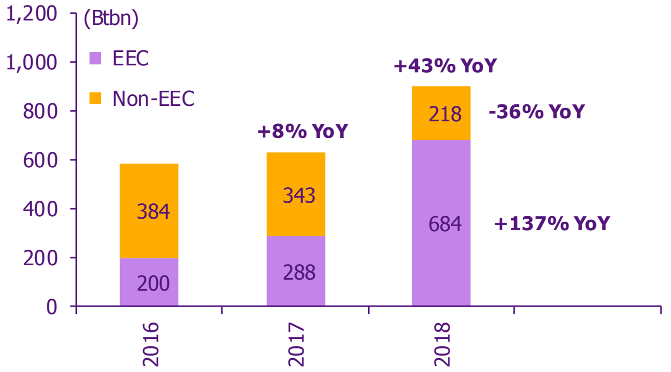
Source: SCB EIC and SCBS Investment Research

Figure 3: Government investment budget raised to Bt646bn (+20% YoY) in FY2019 (Oct 2018-Sep 2019)



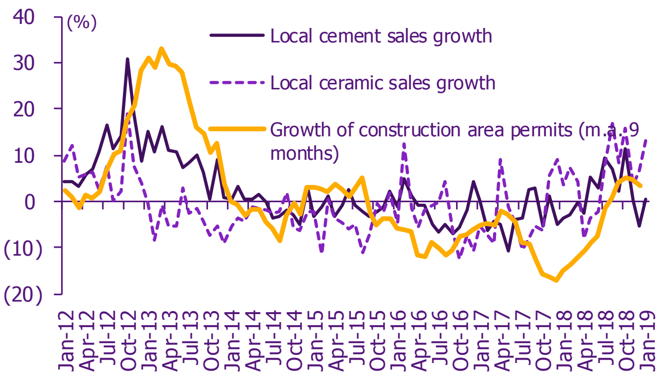
Source: FPO, NESDB and SCBS Investment Research

Figure 4: The value of BOI applications on the rise (+43% YoY) in 2018, notably on EEC (+137% YoY)



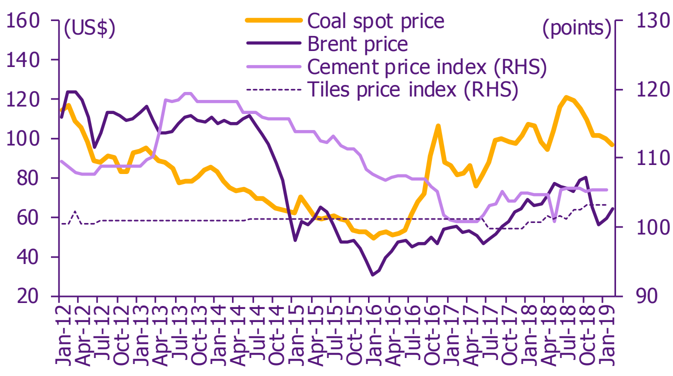
Source: BOI and SCBS Investment Research

Figure 5: Construction area permits (9-month moving average) began to head up



Source: BOT, OIE and SCBS Investment Research

Figure 6: In 2019TD, product prices picked up slightly, amid the recent drop in fuel costs



Source: REIC, NEX, Bloomberg and SCBS Investment Research

Figure 7: Valuation summary

	Rating	Price (Bt/Sh)	Target (Bt/Sh)	ETR (%)	P/E (x) 18A	P/E (x) 19F	P/E (x) 20F	EPS growth (%) 18A	EPS growth (%) 19F	EPS growth (%) 20F	P/BV (x) 18A	P/BV (x) 19F	P/BV (x) 20F	ROE (%) 18A	ROE (%) 19F	ROE (%) 20F	Div. Yield (%) 18A	Div. Yield (%) 19F	Div. Yield (%) 20F	EV/EBITDA (x) 18A	EV/EBITDA (x) 19F	EV/EBITDA (x) 20F
DCC	Neutral	2.16	2.6	26.0	14.4	13.3	12.2	(12)	9	9	3.3	3.0	2.8	24	24	24	5.4	5.7	6.1	8.6	8.0	7.4
SCC	Buy	482.00	550.0	17.8	11.1	12.9	12.2	(4)	(14)	5	1.9	1.8	1.7	18	14	14	3.9	3.7	3.7	8.8	9.7	8.9
SCCC	Buy	222.00	270.0	25.2	23.4	21.5	18.1	(39)	9	18	1.7	1.9	1.9	9	9	10	4.5	3.6	3.6	11.4	11.3	10.4
Average					**16.3**	**15.9**	**14.2**	**(19)**	**1**	**11**	**2.3**	**2.2**	**2.1**	**17**	**16**	**16**	**4.6**	**4.3**	**4.5**	**9.6**	**9.7**	**8.9**

Source: SCBS Investment Research

Energy – Oil and Gas

SET ENERG index	Close: 25/03/2019	24,397.35	-406.18 / -1.64%	Bt10,523mn
Bloomberg ticker:	SETENERG			

More balanced oil demand/supply is key driver

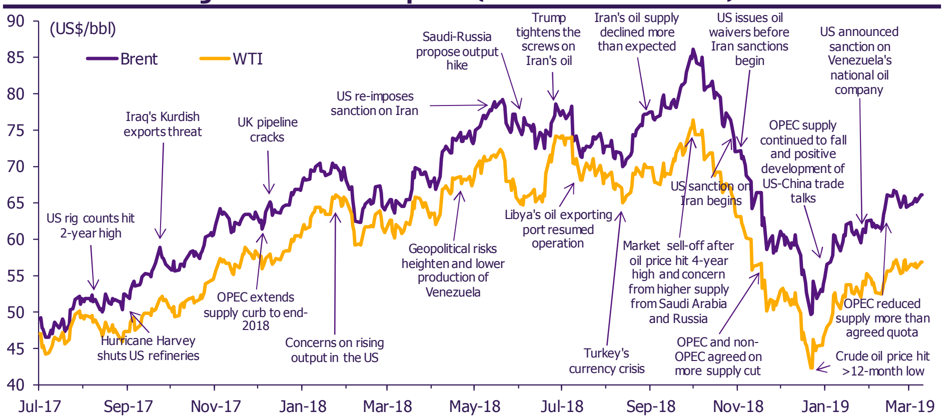
Oil price recovery will lead the sector in 2Q19, in our view, as global oil demand/supply balance is improving on the back of the supply cap by OPEC+. Demand may firm as talks between the US and China progress, lifting sentiment in both markets. Thus far this year, however, share prices of oil and gas stocks (+4% YTD) are still far behind oil price movement (+28% YTD for Brent). We expect this gap to narrow in 2Q19 on the positive side. Our sector picks are PTTEP as an upstream play and IRPC for integrated oil refinery and petrochemicals.

2018 profit hit by stock losses, but recovery expected. The huge inventory loss in 4Q18 caused oil and gas company earnings to fall 16% YoY in 2018 despite a 31% YoY rise in higher average oil price. The biggest drag came from oil refiners, where profit plunged 57% YoY due to huge inventory losses in 4Q18 as well as a 40% YoY fall in gross refining margin in 4Q18 from a record-low gasoline crack spread due to a global supply glut. We expect sector earnings to recover QoQ in 1Q19 without a huge stock loss and with oil price recovery.

Oil price continues to pick up on supply control. Crude oil price recovered strongly in 1Q19 after hitting a >12-month low in Dec 2018. In March, Brent had jumped 32% from a low in late Dec 2018 and 24% YTD to US$65-66/bbl, returning to the level seen in March 2018, backed by a supply curb by OPEC and its allies, mainly Saudi Arabia, at above the agreed quota of 1.2mbpd to support oil price, plus lower supply from Venezuela due to US sanctions. OPEC supply fell to 30.68mbpd, the lowest since 2015. Adding to the positives on the supply side was improving market sentiment on the progress of US-China trade negotiations, which will give a boost to the demand side on eased concerns of a global economic slowdown if the trade dispute between these two major economies continued to worsen. We believe these positive factors will continue to drive oil price in 2Q19 though the key risk of US supply will continue to derail the market from time to time.

Refining margin improved back to 5-year range. Singapore GRM improved gradually in late-1Q19 to >US$5/bbl, back to the 5-year range after nosediving during late 4Q18-early 1Q19 due to weak gasoline crack spread. Global refinery outage increased to >6mbpd in Mar 2019 vs. <2mbpd in early 2019, chiefly from the post-winter annual refinery shutdown in the US and north Asia. On the demand front, higher demand for gasoline brought with it stronger GRM. We expect market GRM to continue to improve in 2Q19 as the global outage is normally high until late 2Q while demand for refined oil will continue to improve on more positive sentiment with regards to the global economy as the prolonged US-China trade dispute heads toward resolution. In the medium term, oil refineries will benefit from higher demand for marine diesel to replace high sulfur fuel oil to comply with the International Maritime Organization's (IMO) sulfur limit of <0.5%.

Factors affecting benchmark oil price (Jul 2017 – Mar 2019)



Source: Bloomberg Finance LP and SCBS Investment Research

Valuation summary

	Rating	Price (Bt)	TP (Bt)	ETR (%)	P/E (x) 19F	P/E (x) 20F	P/BV (x) 19F	P/BV (x) 20F
BCP	Buy	32.5	47.0	50.8	7.4	8.0	1.0	0.9
ESSO	Neutral	11.0	12.4	20.0	7.1	6.1	1.2	1.1
IRPC	Buy	5.7	8.6	57.0	8.0	7.3	1.2	1.1
PTT	Buy	47.8	61.0	32.6	9.6	8.9	1.4	1.3
PTTEP	Buy	124.0	150.0	25.0	12.0	11.9	1.2	1.1
SPRC	Buy	10.9	13.0	22.9	16.3	7.6	1.2	1.1
TOP	Buy	70.5	97.0	42.4	8.5	6.9	1.0	0.9
Average				**35.8**	**9.9**	**8.1**	**1.2**	**1.1**

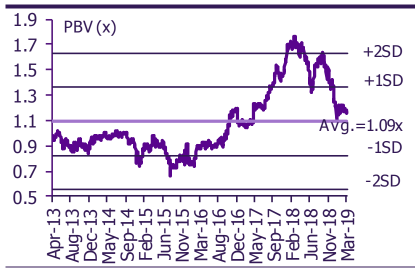
Source: SCBS Investment Research

Price performance

(%)	Absolute 1M	Absolute 3M	Absolute 12M	Relative to SET 1M	Relative to SET 3M	Relative to SET 12M
BCP	(1.5)	1.6	(15.0)	1.3	(0.6)	(5.9)
ESSO	3.8	2.8	(38.9)	6.7	0.6	(32.3)
IRPC	(7.3)	(0.9)	(23.5)	(4.7)	(3.0)	(15.2)
PTT	(4.0)	0.5	(14.7)	(1.3)	(1.6)	(5.5)
PTTEP	(2.7)	6.4	5.5	(0.0)	4.2	16.9
SPRC	7.9	9.5	(35.1)	11.0	7.2	(28.1)
TOP	(4.7)	5.6	(26.4)	(2.0)	3.4	(18.4)

Source: SET, SCBS Investment Research

PBV band – SETENERG

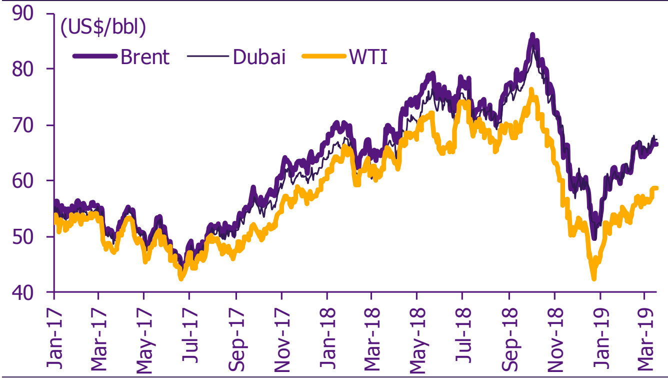


Source: SET, SCBS Investment Research

Analyst

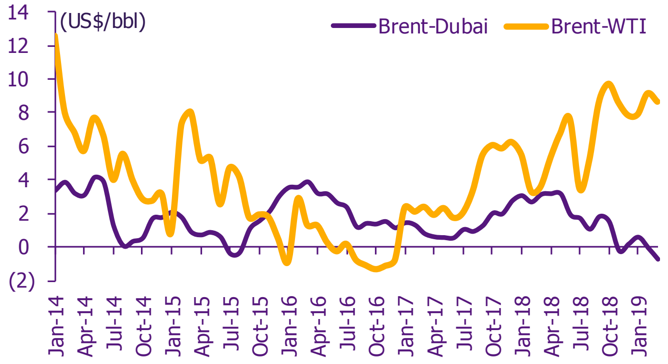
Chaipat Thanawattano
Fundamental Investment
Analyst on Securities
(66-2) 949-1005
chaipat.thanawattano@scb.co.th

Figure 1: Benchmark crude oil price



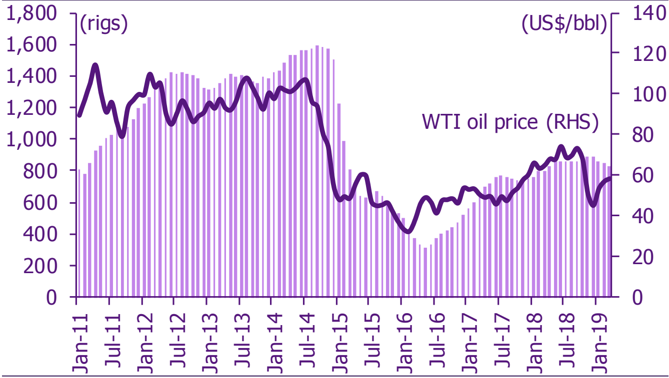
Source: Bloomberg Finance LP, SCBS Investment Research

Figure 2: Oil price differentials



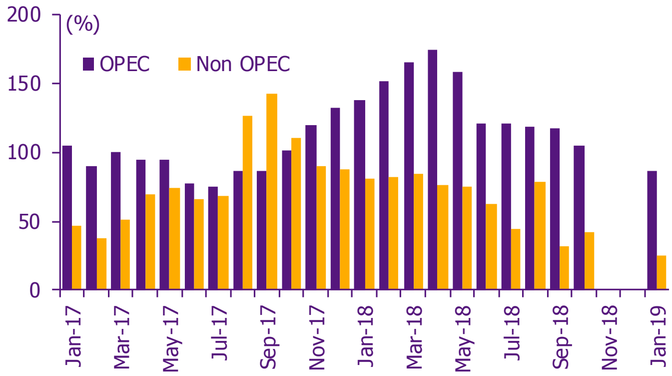
Source: Bloomberg Finance LP, SCBS Investment Research

Figure 3: US oil rig counts vs. WTI oil price



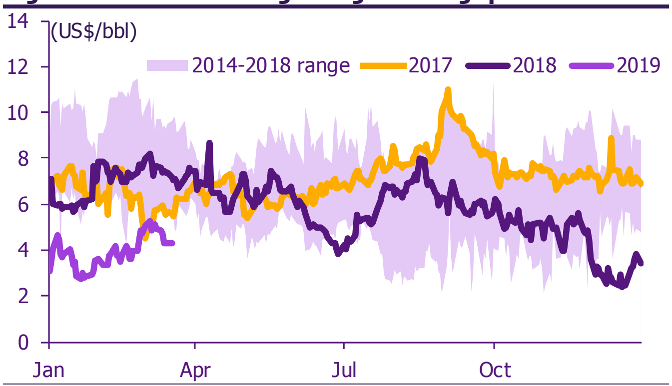
Source: Baker Hughes, SCBS Investment Research

Figure 4: OPEC 12 & Non-OPEC output compliance



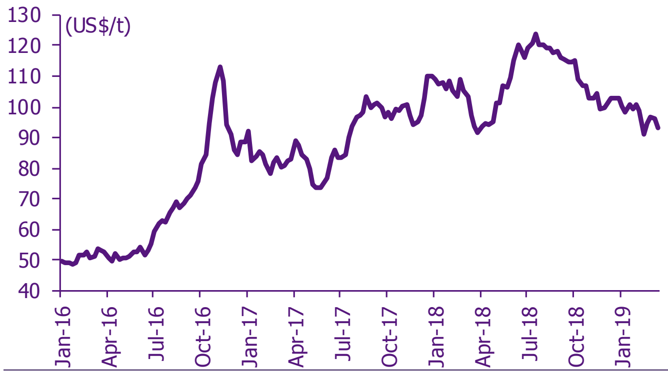
Source: IEA, Bloomberg Finance LP, SCBS Investment Research

Figure 5: Gross refining margin – Singapore



Source: Bisnews, Bloomberg Finance LP, SCBS Investment Research

Figure 6: Regional coal price



Source: BANPU, Bloomberg Finance LP, SCBS Investment Research

Figure 7: Valuation summary

	Rating	Price (Bt/Sh)	Target (Bt/Sh)	ETR (%)	P/E (x) 18A	P/E (x) 19F	P/E (x) 20F	EPS growth (%) 18A	EPS growth (%) 19F	EPS growth (%) 20F	P/BV (x) 18A	P/BV (x) 19F	P/BV (x) 20F	ROE (%) 18A	ROE (%) 19F	ROE (%) 20F	Div. Yield (%) 18A	Div. Yield (%) 19F	Div. Yield (%) 20F	EV/EBITDA (x) 18A	EV/EBITDA (x) 19F	EV/EBITDA (x) 20F
BCP	Buy	32.50	47.0	50.8	16.2	7.4	8.0	(55)	119	(7)	1.0	1.0	0.9	6	14	12	4.2	6.2	6.2	8.2	6.5	6.5
ESSO	Neutral	11.00	12.4	20.0	17.1	7.1	6.1	(69)	140	16	1.5	1.2	1.1	8	19	19	1.8	7.3	8.2	13.8	6.4	5.2
IRPC	Buy	5.70	8.6	57.0	16.8	8.0	7.3	(36)	109	11	1.3	1.2	1.1	8	16	16	3.3	6.1	6.8	9.7	6.0	5.7
PTT	Buy	47.75	61.0	32.6	12.0	9.6	8.9	(23)	26	7	1.6	1.4	1.3	9	10	10	4.2	4.8	5.2	4.1	3.4	2.9
PTTEP	Buy	124.00	150.0	25.0	13.6	12.0	11.9	(5)	13	2	1.3	1.2	1.1	9	10	10	4.0	4.0	4.0	3.2	3.1	3.0
SPRC	Buy	10.90	13.0	22.9	32.2	16.3	7.6	(80)	97	115	1.2	1.2	1.1	4	7	15	5.4	3.7	6.6	9.8	6.3	3.4
TOP	Buy	70.50	97.0	42.4	13.9	8.5	6.9	(53)	64	24	1.1	1.0	0.9	8	13	14	3.8	4.8	6.0	6.4	5.7	5.8
Average					**17.4**	**9.9**	**8.1**	**(37)**	**44**	**10**	**1.3**	**1.2**	**1.1**	**8**	**13**	**14**	**3.8**	**5.3**	**6.1**	**7.9**	**5.3**	**4.6**

Source: SCBS Investment Research

Finance

SET FIN index	Close: 25/03/2019	3,597.90	-48.92 / -1.34%	Bt1,370mn
Bloomberg ticker:	SETFIN			

Door open to new business but ups provisions

A regulation change has enlarged business opportunities for KTC and AEONTS. Both are expected to see upside to loan growth but higher provisions in 2019. We expect both to report YoY and QoQ earnings growth in the upcoming results season. We prefer AEONTS to KTC on valuation.

Regulatory change enlarges business opportunity. Effective in February this year, the BoT revised personal loan regulations by enlarging the scope of business to include vehicle title loans in addition to unsecured loans, with interest rate capped at 28%. This opens the door to more business opportunities for KTC and AEONTS. KTC is in the process of setting up a 75%-owned subsidiary (another 25% owned by KTB) to offer unsecured loans under the Nano & Pico finance scheme (36% interest rate cap vs. 18% for credit card and 28% for personal loans) and vehicle title loans. We expect AEONTS to expand its business into car title loans soon. This offers upside to our loan growth forecast for KTC (8% for 2019) and AEONTS (10% for FY2019).

Rising competition from commercial banks. Several large commercial banks aim to increase their focus on unsecured personal loans to enhance loan yield this year, mainly cross selling from their digital banking clients. This could be a threat for non-bank operators. Personal loans have been picking up over the past few months, but mainly at banks not non-bank operators.

Rising provision. KTC expects provisions to rise this year to support its expansion into Nano & Pico finance, which offer a higher return but have a higher risk than credit card and personal loans. KTC's high LLR coverage of 616% should help ease the provisioning pressure from its expansion into a higher risk segment. We forecast KTC to have a stable credit cost at 7.5% with an 8% increase in provisions in 2019. For AEONTS, we expect a slight increase in credit cost in from 6.6% in FY2018F to 6.7% in FY2019F and 6.8% in FY2020F as a result of the implementation of the IFRS9 in January 2020.

Result preview: Up YoY and QoQ. For AEONTS, we expect earnings to inch up 1% YoY and 4% QoQ to Bt935mn in 4QFY18 (December-February), supported by continued good loan growth, improving NIM, hefty bad debt recovery, seasonal gain from NPL sales and stable provisions. For KTC, we forecast 1Q19 earnings at Bt1.32bn, an increase of 9% YoY due to higher top lines (both net interest income and non-interest income) and 7% QoQ due to seasonally lower opex (partly offset by seasonally lower net interest income and fee income) and higher bad debt recovery.

Prefer AEONTS to KTC. We prefer AEONTS to KTC on a more attractive valuation. AEONTS is trading at 10.8x PER and 2.1x PBV for FY2019 while KTC is trading at a demanding valuation of 15x PER and 4.4x PBV for 2019. We maintain Buy for AEONTS and Neutral for KTC.

Valuation summary

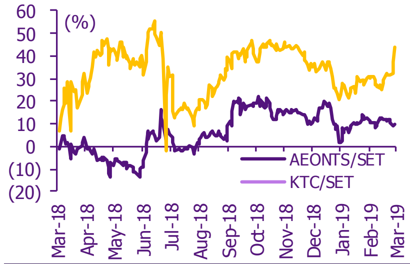
	Rating	Price (Bt)	TP (Bt)	ETR (%)	P/E (x) 19F	P/E (x) 20F	P/BV (x) 19F	P/BV (x) 20F
AEONTS	Buy	180.0	220.0	25.5	10.8	9.3	2.1	1.8
KTC	Neutral	34.3	30.0	(9.7)	15.0	13.6	4.4	3.6
Average					**12.9**	**11.5**	**3.3**	**2.7**

Source: SCBS Investment Research

Price performance

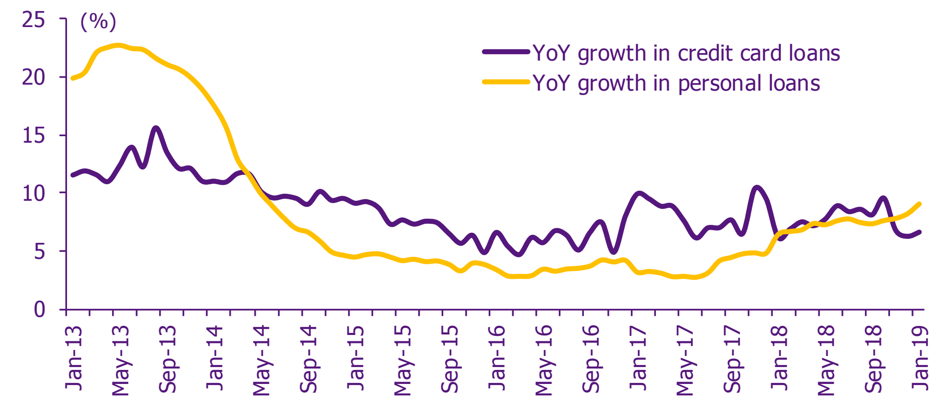
	Absolute			Relative to SET		
(%)	1M	3M	12M	1M	3M	12M
AEONTS	(2.2)	0.8	(1.1)	0.6	(1.3)	9.6
KTC	7.9	8.7	16.9	10.9	6.4	29.5

Price performance relative to SET



Source: SET, SCBS Investment Research

Picking-up growth in personal loans from commercial banks

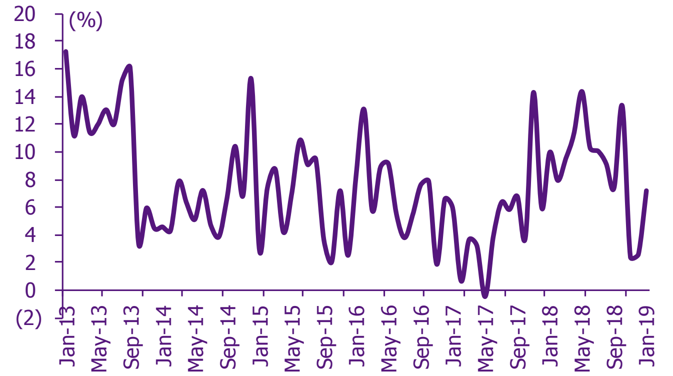


Source: BoT and SCBS Investment Research

Analyst

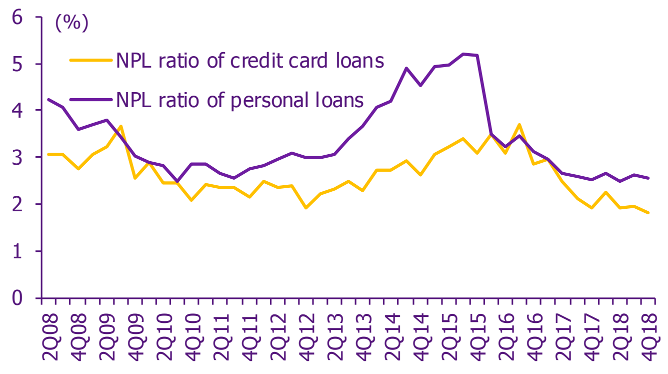
Kittima Sattayapan, CFA
Fundamental Investment
Analyst on Securities
(66-2) 949-1003
kittima.sattayapan@scb.co.th

Figure 1: YoY growth in credit card spending



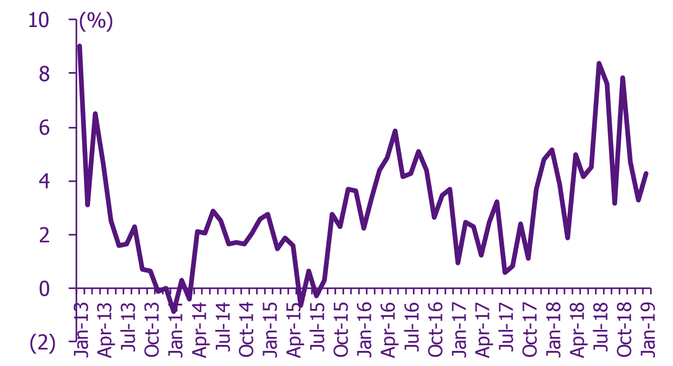
Source: BoT and SCBS Investment Research

Figure 2: Credit card and personal loan NPLs



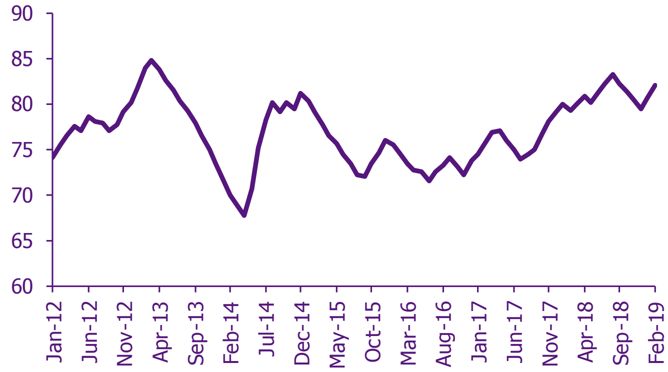
Source: BoT and SCBS Investment Research

Figure 3: YoY change in Private Consumption Index



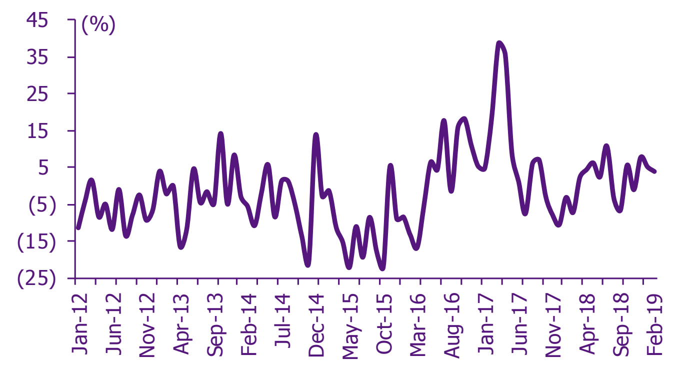
Source: BoT and SCBS Investment Research

Figure 4: Consumer Confidence Index



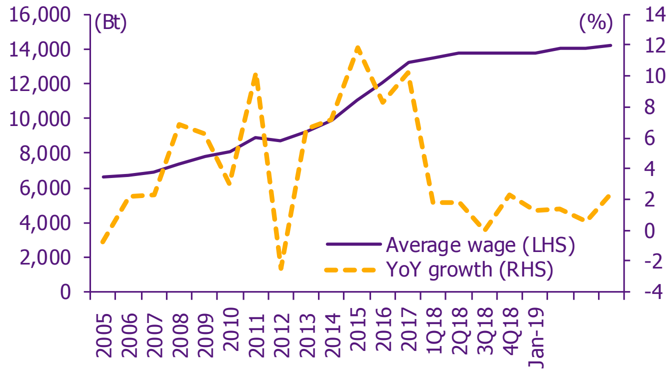
Source: UTCC, BOT and SCBS Investment Research

Figure 5: Farm income growth



Source: OAE and SCBS Investment Research

Figure 6: Average wage



Source: BoT and SCBS Investment Research

Figure 7: Valuation summary

	Rating	Price (Bt/Sh)	Target (Bt/Sh)	ETR (%)	P/E (x)			EPS growth (%)			P/BV (x)			ROE (%)			Div. Yield (%)		
					18A	19F	20F	18A	19F	20F	18A	19F	20F	18A	19F	20F	18A	19F	20F
AEONTS	Buy	180.00	220.0	25.5	12.4	10.8	9.3	22	15	15	2.5	2.1	1.8	21	21	21	2.8	3.3	3.7
KTC	Neutral	34.25	30.0	(9.7)	17.2	15.0	13.6	56	14	11	5.4	4.4	3.6	36	32	29	2.3	2.7	2.9
Average					**14.8**	**12.9**	**11.5**	**39**	**15**	**13**	**3.9**	**3.3**	**2.7**	**28**	**27**	**25**	**2.6**	**3.0**	**3.3**

Source: SCBS Investment Research

Food

SET FOOD index	Close: 25/03/2019	11,741.99	-127.75 / -1.08%	Bt1,625mn
Bloomberg ticker:	SETFOOD			

Good news for livestock unit in 1Q19TD

In 1Q19TD, the local livestock segment has seen good news in a surge in swine price and a slight rise in broiler price YoY amid lower feed costs, giving a better margin. Thus far in the quarter, high swine price in Vietnam and low spot tuna price are also good news. We rate BUY on all players, all of whom are looking at stronger earnings growth off a wider margin in 2019F. Our top picks are GFPT and TU.

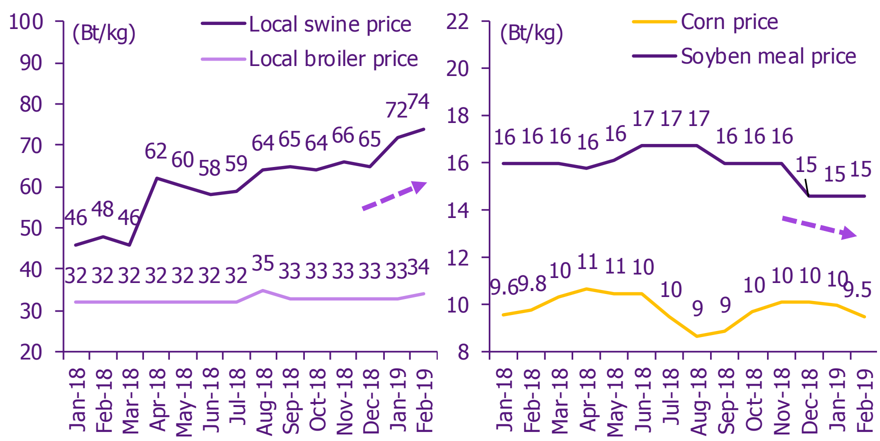
4Q18 recap. Sector core earnings surged YoY in 4Q18 (+412% YoY), a second quarter of growth, led by CPF (profit turnaround from loss) from a revival of swine price in Vietnam and TU (+20% YoY) from low tuna fish costs. Meanwhile, GFPT reported flat growth YoY, with better equity income balancing the weak broiler margin on low product price amid high feed costs.

1Q19TD: Better livestock prices, lower feed costs. Swine in Thailand. Swine price jumped to Bt74/kg (+54% YoY and +3% MoM) in Feb and Bt73/kg (+56% YoY and +12% QoQ) in 1Q19TD, comfortably above breakeven of Bt58-60/kg, mainly from supply adjustment. Feed costs turned down slightly, with lower corn price of Bt9.5/kg (-3% YoY and -5% MoM) in Feb and Bt9.7/kg (-2% YoY and MoM) in 1Q19TD, and lower soybean meal price of Bt14.6/kg (-9% YoY but flat MoM) in Feb and Bt14.6/kg (-9% YoY and -6% QoQ) in 1Q19TD. The better prices and lower costs pushed swine spread (price minus feed costs) up 200% YoY in 1Q19TD. Broilers in Thailand. Broiler price improved YoY for the first time in six months to Bt34/kg (+6% YoY and +3% MoM) in Feb and Bt34/kg (+5% YoY and +2% QoQ) in 1Q19TD, close to operator breakeven. With better price and lower costs, broiler spread rose 24% YoY in 1Q19TD. Swine in Vietnam. Swine price was robust at VND46,000/kg (+42% YoY but -4% MoM) in Feb and VND47,000/kg (+51% YoY but -5% QoQ) in 1Q19TD, well above operator breakeven of VND35,000/kg.

1Q19TD: Manageable aquatic raw material costs. Tuna. Skipjack tuna price moved up for the first time in five months to US$1,480/ton (flat YoY but +16% MoM) in Feb but remained low at US$1,380/ton (-13% YoY and -2% QoQ) in 1Q19TD. As spot tuna price has come down and TU keeps around six months of inventory, we expect actual raw material cost to stay low until at least mid-2019. Salmon. Salmon price dropped to NOK56/kg (-4% YoY and -7% MoM) in Feb and NOK59/kg (-5% YoY but +3% QoQ) in 1Q19TD. Shrimp. Local shrimp price dropped to Bt155/kg (-18% YoY and -14% MoM) in Feb and Bt158/kg (-10% YoY but +15% QoQ) in 1Q19TD.

Top picks: GFPT and TU. We BUY all players, whose growth will be stronger (+25% YoY on average) in 2019F, with a wider margin from high livestock prices and low aquatic raw material costs. We prefer GFPT and TU to CPF, as the outbreak of African Swine Fever (ASF) in live pigs in China and Vietnam might eventually impact CPF's operations if prolonged; we will be monitoring this.

Higher local livestock prices and lower feed costs first seen in 1Q19TD



Source: Industry sources and SCBS Investment Research

Valuation summary

	Rating	Price (Bt)	TP (Bt)	ETR (%)	P/E (x) 19F	P/E (x) 20F	P/BV (x) 19F	P/BV (x) 20F
CPF	Buy	25.75	32.0	26.8	24.9	20.3	1.0	0.9
GFPT	Buy	13.50	19.0	42.9	11.9	10.3	1.2	1.1
TU	Buy	18.80	23.0	25.1	17.9	15.3	1.8	1.7
Average					**18.2**	**15.3**	**1.3**	**1.2**

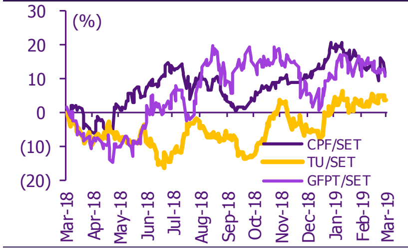
Source: SCBS Investment Research

Price performance

(%)	Absolute 1M	Absolute 3M	Absolute 12M	Relative to SET 1M	Relative to SET 3M	Relative to SET 12M
CPF	(2.8)	4.3	3.0	(0.1)	2.0	14.1
GFPT	(6.3)	6.3	0.0	(3.6)	4.0	10.8
TU	1.1	14.6	(0.5)	3.9	12.2	10.2

Source: SET, SCBS Investment Research

Price performance relative to SET

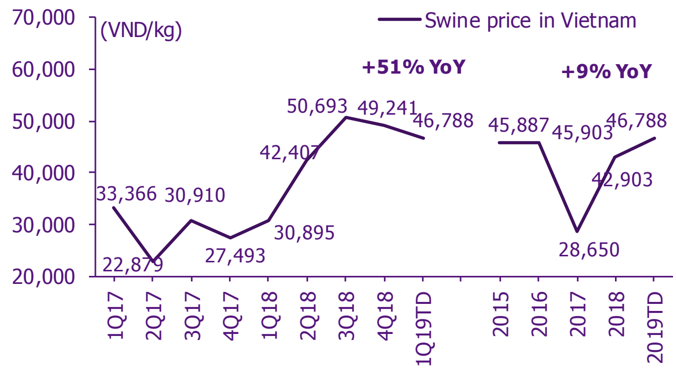


Source: SET, SCBS Investment Research

Analyst

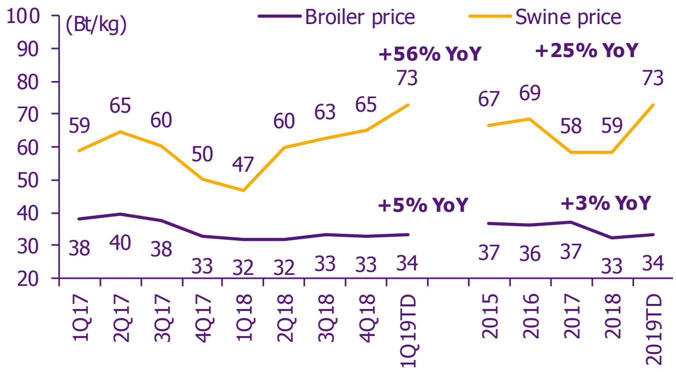
Sirima Dissara, CFA
Fundamental Investment Analyst on Securities
(66-2) 949-1004
sirima.dissara@scb.co.th

Figure 1: In 2019TD, swine price in Vietnam jumped 51% YoY as supply continued to adjust



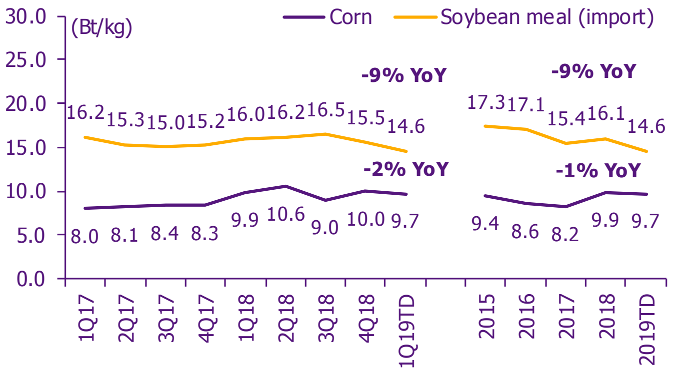
Source: Industry sources and SCBS Investment Research

Figure 2: In 1Q19TD, local swine price surged 56% YoY and broiler price rose 5% YoY



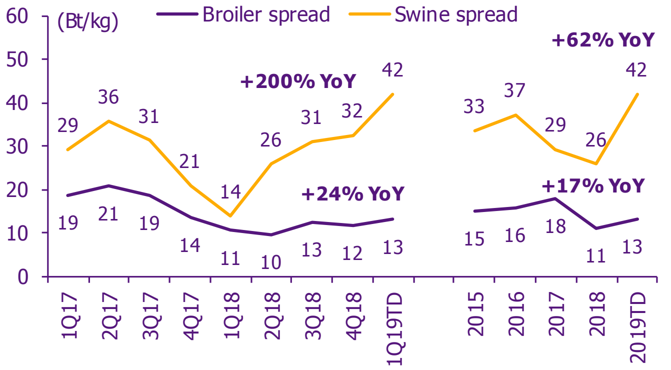
Source: Industry sources and SCBS Investment Research

Figure 3: In 1Q19TD, corn costs dropped 2% YoY, while soybean meal cost declined 9% YoY



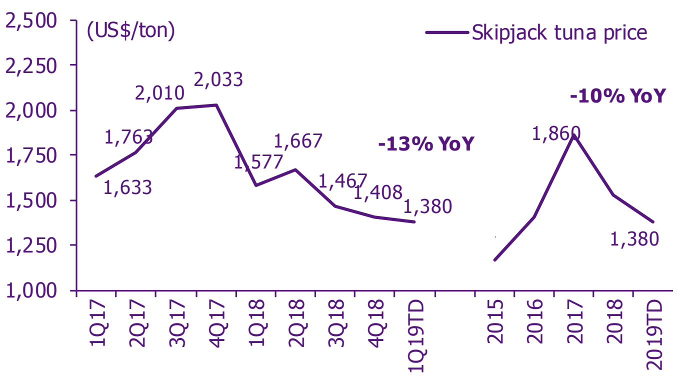
Source: Industry sources and SCBS Investment Research

Figure 4: In 1Q19TD, local swine and broiler spreads (price minus feed costs) rose YoY



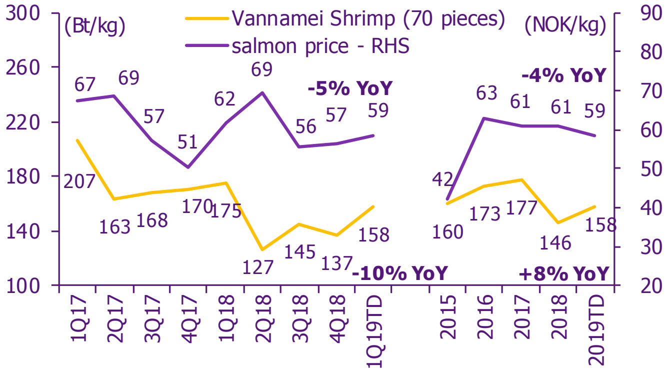
Source: Industry sources and SCBS Investment Research

Figure 5: In 1Q19TD, skipjack tuna price dropped YoY



Source: Industry sources and SCBS Investment Research

Figure 6: In 1Q19TD, salmon and shrimp price dropped



Source: Industry sources, Fishpool and SCBS Investment Research

Figure 7: Valuation summary

	Rating	Price	Target	ETR	P/E (x)			EPS growth (%)			P/BV (x)			ROE (%)			Div. Yield (%)			EV/EBITDA (x)		
		(Bt/Sh)	(Bt/Sh)	(%)	18A	19F	20F	18A	19F	20F	18A	19F	20F	18A	19F	20F	18A	19F	20F	18A	19F	20F
CPF	Buy	25.75	32.0	26.8	31.4	24.9	20.3	4	26	22	1.0	1.0	0.9	3	4	5	2.5	2.5	2.5	14.1	13.0	12.5
GFPT	Buy	13.50	19.0	42.9	14.8	11.9	10.3	(35)	25	15	1.3	1.2	1.1	9	11	11	1.8	2.2	2.2	7.1	6.5	6.0
TU	Buy	18.80	23.0	25.1	22.1	17.9	15.3	(15)	24	17	1.9	1.8	1.7	9	10	11	2.1	2.8	3.3	16.3	14.2	12.8
Average					**22.8**	**18.2**	**15.3**	**(15)**	**25**	**18**	**1.4**	**1.3**	**1.2**	**7**	**8**	**9**	**2.2**	**2.5**	**2.7**	**12.5**	**11.2**	**10.4**

Source: SCBS Investment Research

Healthcare

SET HELTH index	Close: 25/03/2019	5,553.43	-67.81 / -1.21%	Bt1,626mn
Bloomberg ticker:	SETHELTH			

In the spotlight: prices over-punished

Over the past three months, of all the SET's sectors, Healthcare Services has performed the worst, falling 5% vs. an increase of 4% in the SET, dragged down by market concerns about government control over medical prices as well as in response to the weak 4Q18 results. We see share prices as over-punished, protecting against any downside for long-term investors. We like BCH and BDMS as earnings plays.

Healthcare Services has performed worst 1QTD. Over the past three months, the Healthcare Services sector has done the worst, falling 5% vs. a rise of 4% in the SET. Of our coverage, BH was hit the hardest with an 8% drop, followed by BDMS at 8%, BCH at 7% and CHG at 1%. Behind this is market concern over government control over medical prices plus the weak 4Q18 results. We maintain our positive view on the sector, which will benefit from rising healthcare demand, and believe share prices are over-punished, protecting against downside for LT investors.

Control over medical-related fees is still distant. On January 22, medical supplies and service charges were put on the price control list (drugs were already on the list) in response to consumer complaints of high charges at private hospitals. The government said that it is not trying to cap medical prices and has set up a subcommittee to study and determine fair prices for medical-related fees for all parties, including consumers and private hospitals, with no timeline set. In our view, determining reasonable rates will be difficult given the many variables contained in each treatment regimen and the differing cost structures in each hospital (both private and public) for the same diagnosis. This means it will take a considerable amount of time to set up a list of reasonable prices, making any control still in the far-distant future.

9% sector earnings growth in 2019. We expect sector core earnings growth of 9% YoY thanks to rising revenue from a favorable backdrop of an improving economy and addition of specialty services that boost patient volume and revenue intensity. Note that core earnings YoY growth will be backloaded to 2H19 because of the high earnings base in 1H18.

Prefer BCH and BDMS as earnings plays. BCH is in the lead in the Healthcare Service sector with the strongest core earnings growth at 18% YoY in 2019 – double the sector's projected 9%. Behind this is a doubled profit at WMC through capacity expansion and a wider range of services plus rising numbers of those insured by the social security service plus a ramp-up of operations at the hospital that was upgraded - which was a drag in 2018. We estimate 11% core earnings growth for BDMS in 2019. Its earnings will be best in 1Q19, lifted by better operations and an extra gain on the disposal of its investment in RAM of Bt6.1bn.

Valuation summary

	Rating	Price (Bt)	TP (Bt)	ETR (%)	P/E (x) 19F	P/E (x) 20F	P/BV (x) 19F	P/BV (x) 20F
BCH	Buy	16.7	23.0	39.3	32.3	28.8	6.6	5.9
BDMS	Buy	24.2	30.0	26.5	34.4	29.4	4.8	4.5
BH	Neutral	175.5	185.0	7.1	28.9	27.1	6.3	5.6
CHG	Buy	1.9	2.7	42.8	32.1	26.7	5.8	5.3
Average					**31.9**	**28.0**	**5.9**	**5.3**

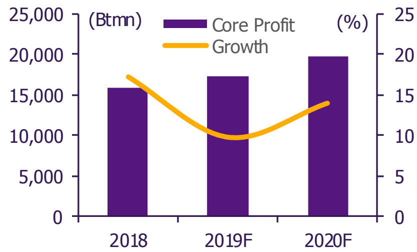
Source: SCBS Investment Research

Price performance

	Absolute			Relative to SET		
(%)	1M	3M	12M	1M	3M	12M
BCH	(0.6)	(9.7)	0.0	2.2	(11.7)	10.8
BDMS	(0.4)	(8.7)	6.1	2.4	(10.6)	17.6
BH	(5.4)	(10.2)	(16.8)	(2.7)	(12.1)	(7.9)
CHG	0.0	(6.8)	1.1	2.8	(8.8)	11.9

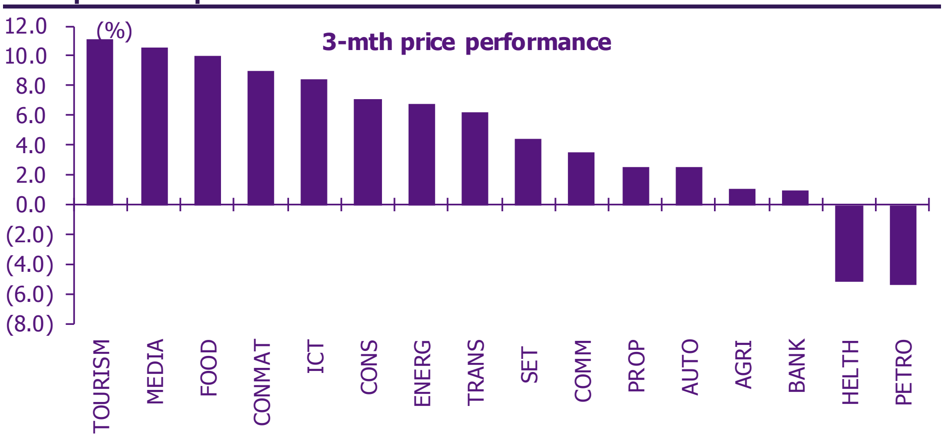
Source: SET, SCBS Investment Research

Sector core earnings growth



Source: SET, SCBS Investment Research

Over-punished performance on healthcare sector

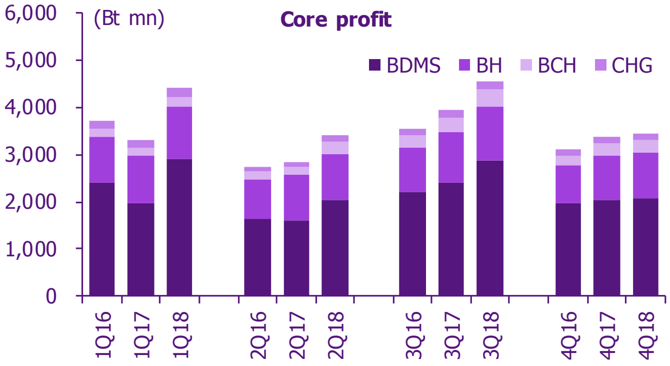


Source: SCBS Investment Research

Analyst

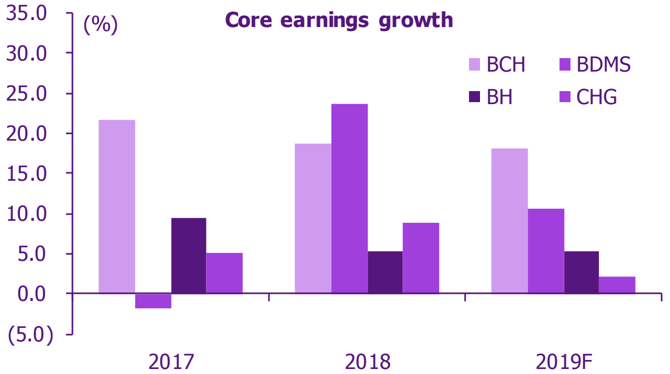
Raweenuch Piyakriengkai
Fundamental Investment
Analyst on Securities
(66-2) 949-1002
raweenuch.piyakriengkai@scb.co.th

Figure 1: High earnings base in 1H18



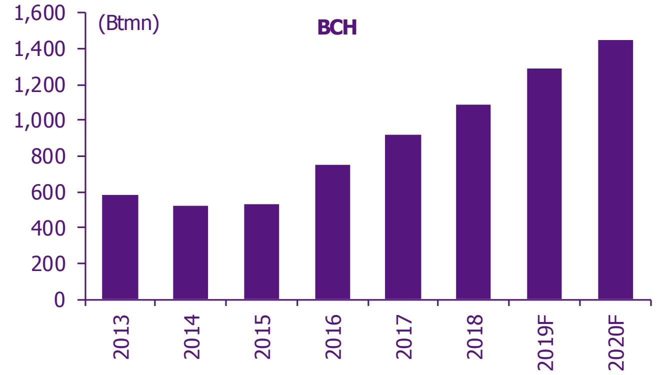
Source: Company data and SCBS Investment Research

Figure 2: BCH and BDMS are earnings plays



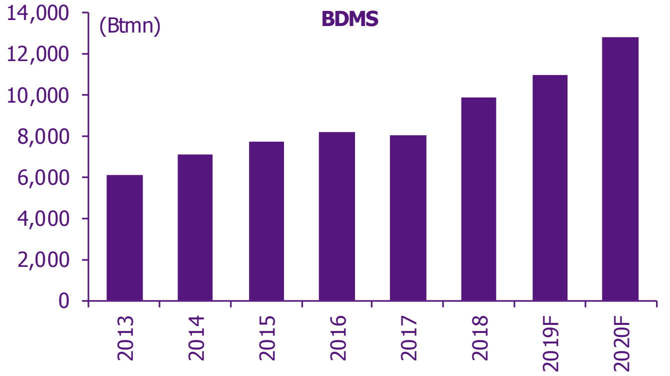
Source: Company data and SCBS Investment Research

Figure 3: BCH earnings forecast



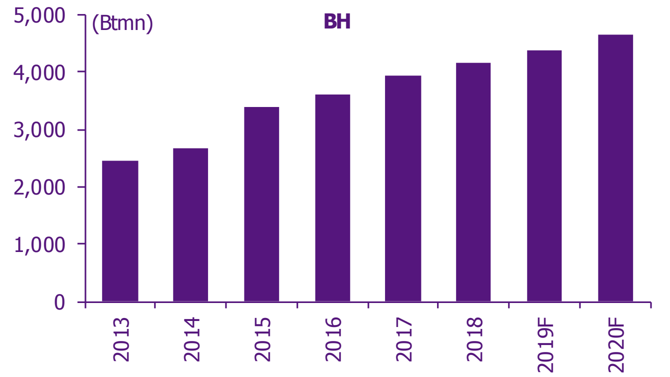
Source: SET and SCBS Investment Research

Figure 4: BDMS earnings forecast



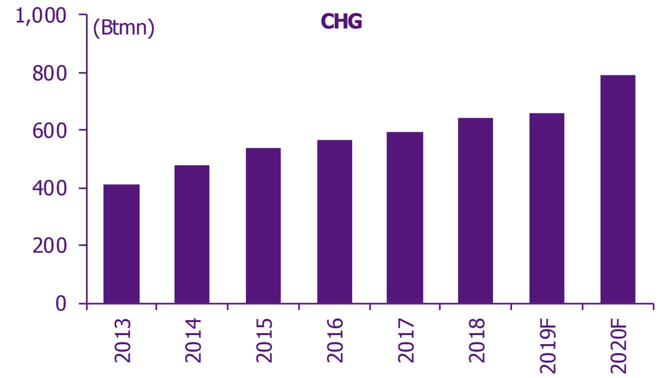
Source: Bloomberg and SCBS Investment Research

Figure 5: BH earnings forecast



Source: SCBS Investment Research

Figure 6: CHG earnings forecast



Source: SCBS Investment Research

Figure 7: Valuation summary

	Rating	Price (Bt/Sh)	Target (Bt/Sh)	ETR (%)	P/E (x)			EPS growth (%)			P/BV (x)			ROE (%)			Div. Yield (%)			EV/EBITDA (x)		
					18A	19F	20F	18A	19F	20F	18A	19F	20F	18A	19F	20F	18A	19F	20F	18A	19F	20F
BCH	Buy	16.70	23.0	39.3	38.2	32.3	28.8	18.8	18.2	12.2	7.3	6.6	5.9	18	19	19	1.3	1.5	1.7	20.5	17.0	15.3
BDMS	Buy	24.20	30.0	26.5	38.1	34.4	29.4	22.7	10.7	16.8	5.4	4.8	4.5	14	14	15	1.3	2.5	1.9	23.9	20.7	18.1
BH	Neutral	175.50	185.0	7.1	30.8	28.9	27.1	5.3	6.5	6.7	6.9	6.3	5.6	23	22	22	1.7	1.7	1.8	23.5	17.8	16.4
CHG	Buy	1.92	2.7	42.8	32.8	32.1	26.7	8.8	2.1	20.0	5.9	5.8	5.3	18	17	20	2.6	2.2	2.6	20.8	19.9	16.5
Average					**35.0**	**31.9**	**28.0**	**13.9**	**9.4**	**13.9**	**6.4**	**5.9**	**5.3**	**18**	**18**	**19**	**1.7**	**2.0**	**2.0**	**22.2**	**18.8**	**16.6**

Source: SCBS Investment Research

Industrial Estates

SET PROP index	Close: 25/03/2019	282.92	-2.20 / -0.77%	Bt1,955mn
Bloomberg ticker:	SETPROP			

Smooth sailing

Prospects for IE developers are sound. Seamless development of EEC will lead to strong FDI and demand for industrial properties. We look for solid growth in both land sales and earnings, improving from last year, with land sales and deed transfers growing 33% each, giving earnings growth of 37%. A 137% jump in BoI applications will secure land sales and large backlog will secure income. A rapid rise in land price is encouraging active raw land acquisition, which is a positive in our view. AMATA, ROJNA and WHA are our favorites.

2018 wrap-up. Land sales and earnings missed expectations in 2018, but land sales for AMATA, ROJNA and WHA still rose 18% to 2,124 rai. However, since these came at the end of the year, there was no time for title deed transfer. This left a healthy backlog of 2,100 rai, +59%. Logistics did well with new contracts up 61% to 259,853 sqm for WHA on strong demand from global e-commerce players.

Seamless EEC development. An EEC spokesman said public/private partnerships for infrastructure (high speed train, MRO U-Tapao, U-Tapao airport, Laemchabang seaport P3, Maptaphut seaport P3) will be finalized and submitted to cabinet for approval by April. The JV between THAI and Airbus for MRO U-Tapao will be signed by March. This implies a seamless development of EEC which will attract FDI and demand for industrial property.

Ample demand in 2019. We expect 33% growth in land sales to 2,828 rai for AMATA, ROJNA and WHA, backed by EEC. BoI applications from EEC surged 137% in 2018 to Bt231bn, a good sign of future demand for industrial property. China's production relocation will continue due to its higher production cost. We believe the EEC will attract FDI from China and also divert FDI originally destined for China.

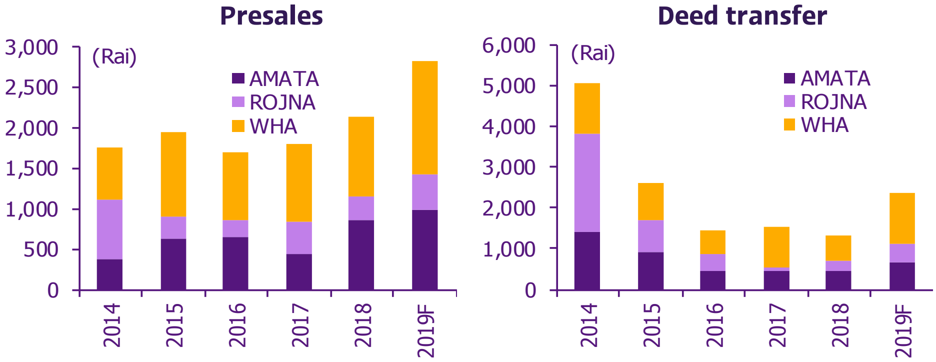
Property price hike. Selling price of IE land continues to go up in the EEC area (Chonburi, Rayong, Chachoengsao) and Prachinburi. AMATA raised its list price 29% to Bt11mn/rai for Chonburi and 18% to Bt4.5mn/rai for Rayong and we expect other developers to follow suit.

Buying up raw land. AMATA and ROJNA are actively buying raw land in EEC. They raised raw land acquisition spending by 77% to Bt13.6bn last year and will continue to buy this year. WHA will grow purchases through its JV. We view this as good as it is early in the investment cycle and selling prices will go up rapidly. Net gearing ratios are still fine at 0.6X for AMATA, 1.2X for ROJNA and 1.0X for WHA.

Earnings jump. We expect earnings to jump 37% this year on a 33% increase to 2,534 rai in title deed transfers. This is backed by large backlog of 2,100 rai, which will provide income for 2019-2020. Power profit will grow, backed by a full year of operations for SPPs and extension of SPPs that expire over 2016-2025. AMATA and ROJNA are doing well from this, with earnings and valuation upside.

Sector top picks: AMATA, ROJNA and WHA. We like the robust outlook for industrial property in Thailand that will support IE developers' land sales and earnings growth prospects. Our BUY and top picks are AMATA, ROJNA and WHA.

Growing land sales and deed transfers



Source: Company, SCBS Investment Research

Valuation summary

	Rating	Price (Bt)	TP (Bt)	ETR (%)	P/E (x) 19F	P/E (x) 20F	P/BV (x) 19F	P/BV (x) 20F
AMATA	Buy	21.1	32.0	54.9	12.4	10.1	1.6	1.4
AMATAV	Neutral	5.3	5.8	11.3	14.5	12.5	1.6	1.4
ROJNA	Buy	5.0	8.5	76.8	14.6	10.5	0.8	0.8
WHA	Buy	4.2	6.0	46.0	16.8	15.0	1.9	1.8
Average					**14.6**	**12.0**	**1.5**	**1.4**

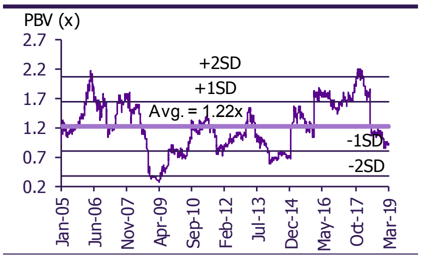
Source: SCBS Investment Research

Price performance

	Absolute			Relative to SET		
(%)	1M	3M	12M	1M	3M	12M
AMATA	(5.4)	0.5	(1.9)	(2.7)	(1.7)	8.7
AMATAV	4.0	7.6	(30.0)	6.9	5.3	(22.5)
ROJNA	(2.9)	(1.0)	(25.9)	(0.2)	(3.1)	(17.9)
WHA	(2.3)	(2.3)	5.6	0.4	(4.4)	16.9

Source: SET, SCBS Investment Research

IE sector's PBV

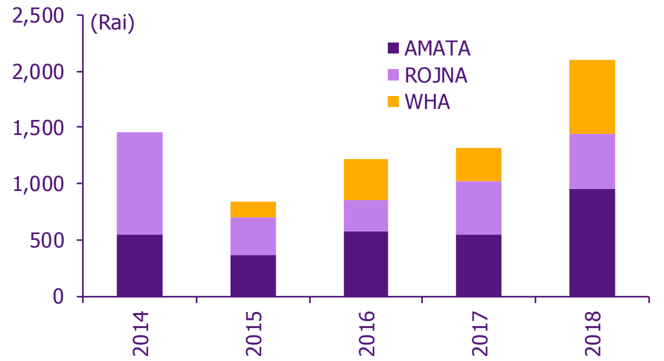


Source: SET, SCBS Investment Research

Analyst

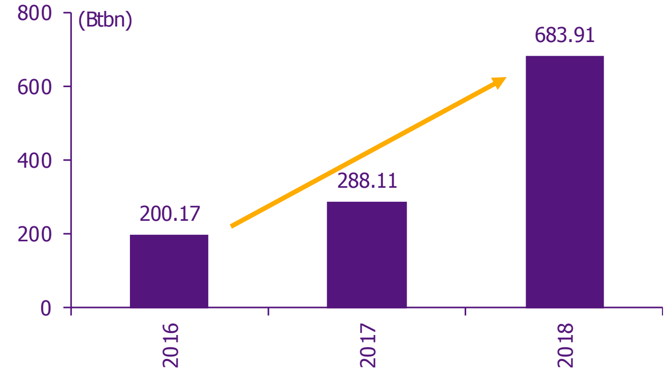
Sirikarn Krisnipat
Fundamental Investment Analyst on Securities
(66-2) 949-1020
sirikarn.krisnipat@scb.co.th

Figure 1: Backlog jumped in 2018, providing income for 2019-2020



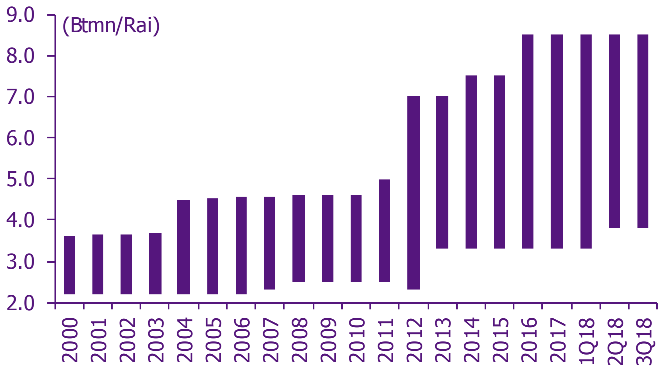
Source: Company

Figure 2: BoI applications in EEC surged 137% in 2018, a positive sign for industrial property demand



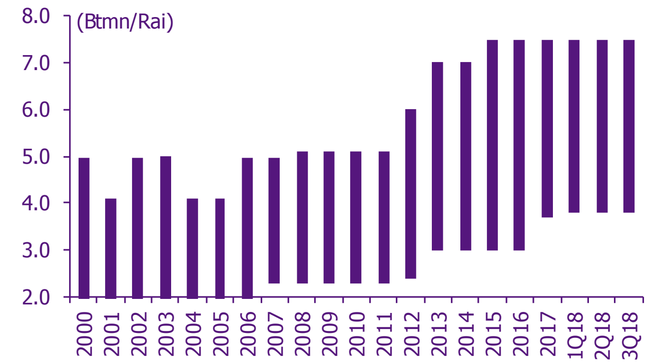
Source: BoI

Figure 3: List price for IE in Chonburi



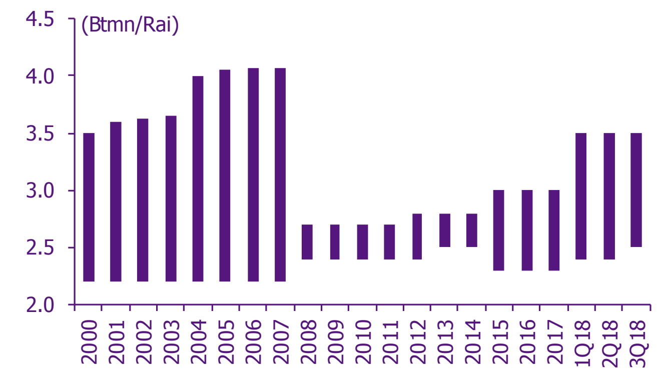
Source: CBRE

Figure 4: List price for IE in Rayong



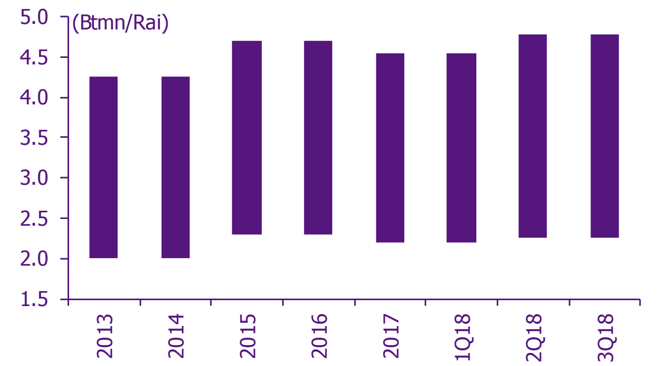
Source: CBRE

Figure 5: List price for IE in Chachoengsao



Source: CBRE

Figure 6: List price for IE in Prachinburi



Source: CBRE

Figure 7: Valuation summary

	Rating	Price	Target	ETR	P/E (x)			EPS growth (%)			P/BV (x)			ROE (%)			Div. Yield (%)			EV/EBITDA (x)		
		(Bt/Sh)	(Bt/Sh)	(%)	18A	19F	20F	18A	19F	20F	18A	19F	20F	18A	19F	20F	18A	19F	20F	18A	19F	20F
AMATA	Buy	21.10	32.0	54.9	18.0	12.4	10.1	(19)	45	23	1.7	1.6	1.4	8	11	13	1.9	3.2	4.0	18.3	20.7	16.9
AMATAV	Neutral	5.25	5.8	11.3	12.4	14.5	12.5	(21)	(15)	16	1.8	1.6	1.4	13	11	11	0.8	0.8	0.8	10.5	13.4	12.0
ROJNA	Buy	5.00	8.5	76.8	32.0	14.6	10.5	14	119	39	0.8	0.8	0.8	2	4	5	12.0	6.8	9.5	10.3	9.3	7.8
WHA	Buy	4.18	6.0	46.0	20.6	16.8	15.0	5	22	12	2.2	1.9	1.8	10	11	11	2.0	2.4	2.7	27.7	22.9	19.9
Average					**20.8**	**14.6**	**12.0**	**(5)**	**43**	**23**	**1.6**	**1.5**	**1.4**	**8**	**9**	**10**	**4.2**	**3.3**	**4.3**	**16.7**	**16.6**	**14.1**

Source: SCBS Investment Research

Insurance

SET INSUR index	Close: 25/03/2019	11,480.19	-112.01 / -0.97%	Bt80mn
Bloomberg ticker:	SETINS			

Another tough year

We expect 2019 to be another tough year for insurance companies under coverage. BLA is facing the risk of unsustainable new business premiums and THREL is seeing a worsening combined ratio. THRE is expected to turn around due to the absence of extra expenses but profitability will still be weak. We prefer BLA, whose valuation is attractive.

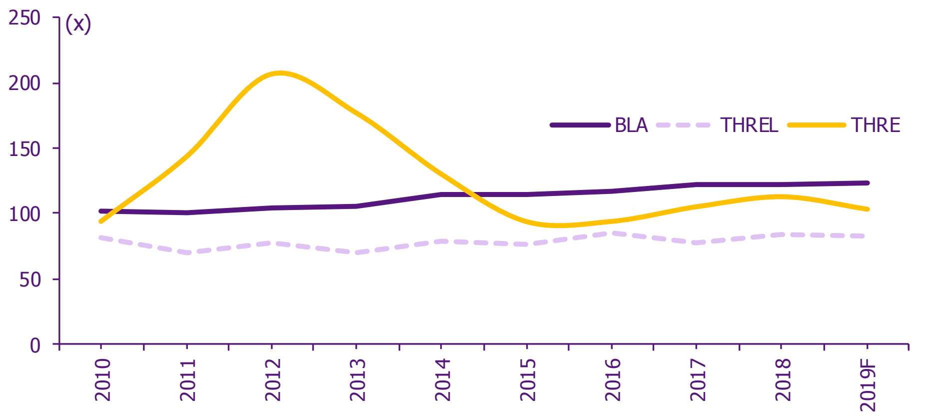
BLA: Premiums coming down. We expect a 6% decrease in total premiums with a 15% fall in new business premiums in 2019 (vs. -8% YoY in 2018) on three factors: 1) the full materialization of BBL's bancassurance partnership with AIA and 2) a rising amount of matured premiums. However, BLA plans to grow its first-year premiums by >10 in 2019. Via agents, it will introduce an agency office platform (instead of branches) with a greater emphasis on health insurance riders and launch unit-linked products. For the bancassurance channel, it will increase its focus on loan protection products with greater penetration into the business and commercial loan segments. We expect it to take some time to accomplish its business plan and postulate a return to growth for new business premiums.

THREL: Temporarily worsening combined ratio. THREL's combined ratio is expected to be temporarily higher than usual during 2018-2020 and improve from 2020 for two reasons. Firstly, the proportion of S-T products (health, group life and personal accident), which have a high combined ratio, is rising. In line with the industry's move to meet the needs of an aging society, its proportion of S-T products increased from 48% in 2017 to 52% in 2018. The S-T products typically have a high combined ratio of around 90% vs. 70-80% for L-T products. Secondly, life policy reserve for L-T products (individual life and credit life) is increasing over 4Q17-2021 (mainly in 2018-2019) due to a recapture to shorten some L-T contracts (which will raise the cash value of reserves) in order to reduce L-T reserve liability, increase capital capacity for new opportunities and reduce impact from IFRS17 (tentatively effective in 2023).

THRE: Turning around but profitability still weak. We expect its bottom line to turn around in 2019 as a result of the absence of extra expenses (chiefly an investment loss from marking THREL to market and an impairment of deferred tax assets), a pickup in premium growth to 9-10% in 2019 from 2% in 2018 and an improved combined ratio, but to remain weak with an expected ROE of merely 4%. We expect an improvement in combined ratio from 113% in 2018 to 105% in 2019 and 96% in 2020 on the depletion of the loan protection insurance for teachers, which has an unusually high loss ratio.

BLA is our sector pick. We prefer BLA as it offers the most attractive valuation of the three insurance stocks, trading at a big discount to embedded value.

Combined ratio



Source: Bloomberg and SCBS Investment Research

Valuation summary

	Rating	Price (Bt)	TP (Bt)	ETR (%)	P/E (x) 19F	P/E (x) 20F	P/BV (x) 19F	P/BV (x) 20F
BLA	Buy	27.0	41.0	54.7	8.9	9.0	1.1	1.0
THRE	Sell	0.8	0.8	8.6	20.3	9.2	0.8	0.8
THREL	Neutral	5.7	6.7	24.5	10.1	8.2	2.1	1.9
Average					**13.1**	**8.8**	**1.4**	**1.2**

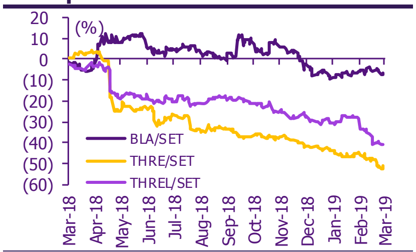
Source: SCBS Investment Research

Price performance

	Absolute			Relative to SET		
(%)	1M	3M	12M	1M	3M	12M
BLA	(6.9)	(3.6)	(16.3)	(4.3)	(5.6)	(7.3)
THRE	(12.8)	(15.7)	(56.9)	(10.3)	(17.5)	(52.3)
THREL	(11.6)	(13.6)	(44.1)	(9.1)	(15.5)	(38.1)

Source: SET, SCBS Investment Research

Price performance relative to SET

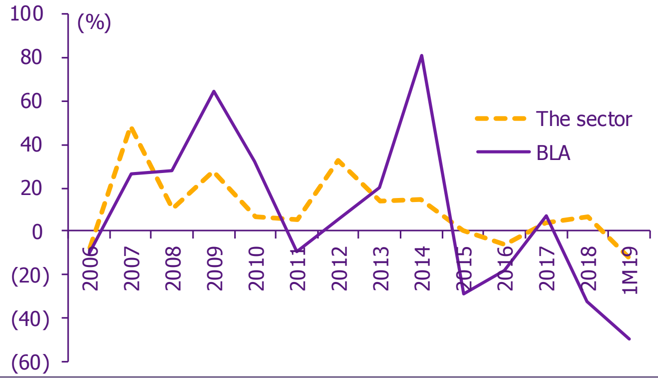


Source: SET, SCBS Investment Research

Analyst

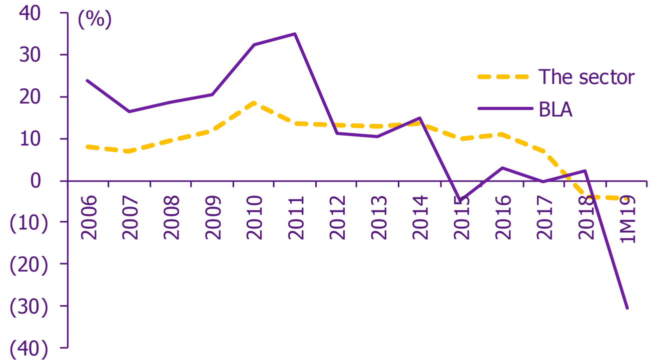
Kittima Sattayapan, CFA
Fundamental Investment
Analyst on Securities
(66-2) 949-1003
kittima.sattayapan@scb.co.th

Figure 1: New business premium growth



Source: The Thai Life Assurance Association and SCBS Investment Research

Figure 2: Renewal premium growth

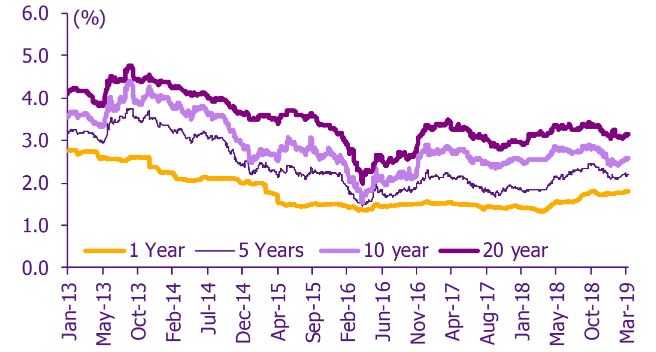


Source: The Thai Life Assurance Association and SCBS Investment Research

Figure 3: Total premium growth

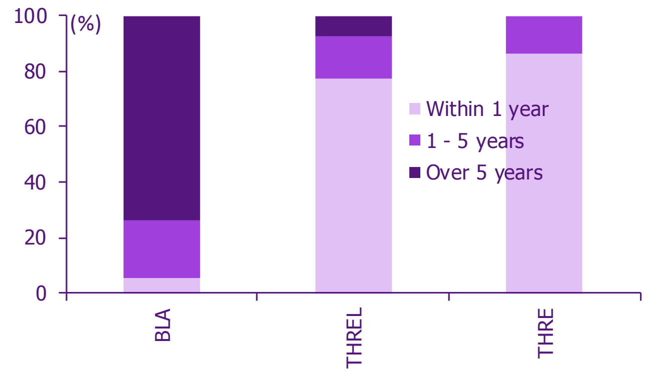
Source: The Thai Life Assurance Association and SCBS Investment Research

Figure 4: Government bond yield



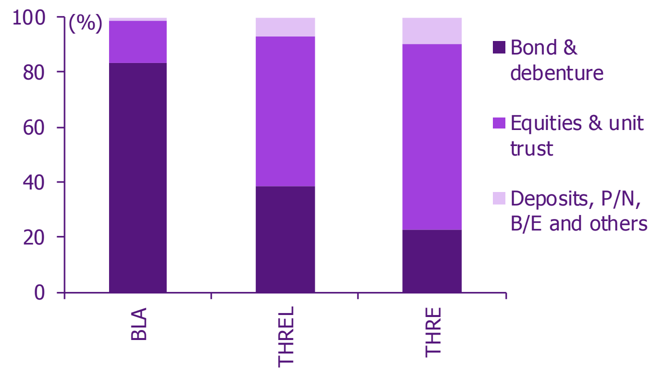
Source: Thai BMA and SCBS Investment Research

Figure 5: Investment in debt securities by maturity



Source: BLA, THRE, THREL and SCBS Investment Research

Figure 6: Investment portfolio



Source: BLA, THRE, THREL and SCBS Investment Research

Figure 7: Valuation summary

	Rating	Price (Bt/Sh)	Target (Bt/Sh)	ETR (%)	P/E (x) 18A	P/E (x) 19F	P/E (x) 20F	EPS growth (%) 18A	EPS growth (%) 19F	EPS growth (%) 20F	P/BV (x) 18A	P/BV (x) 19F	P/BV (x) 20F	ROE (%) 18A	ROE (%) 19F	ROE (%) 20F	Div. Yield (%) 18A	Div. Yield (%) 19F	Div. Yield (%) 20F
BLA	Buy	27.00	41.0	54.7	9.3	8.9	9.0	37	4	(0)	1.2	1.1	1.0	13	13	12	2.7	2.8	2.8
THRE	Sell	0.75	0.8	8.6	n.m.	20.3	9.2	(810)	n.m.	120	0.9	0.8	0.8	(24)	4	9	0.0	2.0	4.3
THREL	Neutral	5.70	6.7	24.5	13.5	10.1	8.2	(42)	33	23	2.4	2.1	1.9	17	22	25	5.2	6.9	8.5
Average					**11.4**	**13.1**	**8.8**	**(272)**	**19**	**47**	**1.5**	**1.4**	**1.2**	**2**	**13**	**15**	**2.6**	**3.9**	**5.2**

Source: SCBS Investment Research

Petrochemicals

SET PETRO index	Close: 25/03/2019	1,203.16	-26.99 / -2.19%	Bt3,223mn
Bloomberg ticker:	SETPETRO			

Better sentiment expected for 2Q19

Market sentiment toward the Petrochemical sector remained clouded by the US-China trade dispute in 1Q19, seen in the 6% YTD fall in the sector index vs. +4% for the SET. Behind this is further weakening in product spread in 1Q19 from 4Q18, especially for the olefins chain, due to fears of new supply in the region, while PX spread keeps improving on tight supply. We expect progress in US-China trade negotiations and the positive outlook of oil price to increase investor appetite for the sector in 2Q19 and narrow the gap with the overall market. Our top pick for the sector remains IVL on undemanding valuation and improving earnings outlook driven by higher core EBITDA/t and sales volume from new assets.

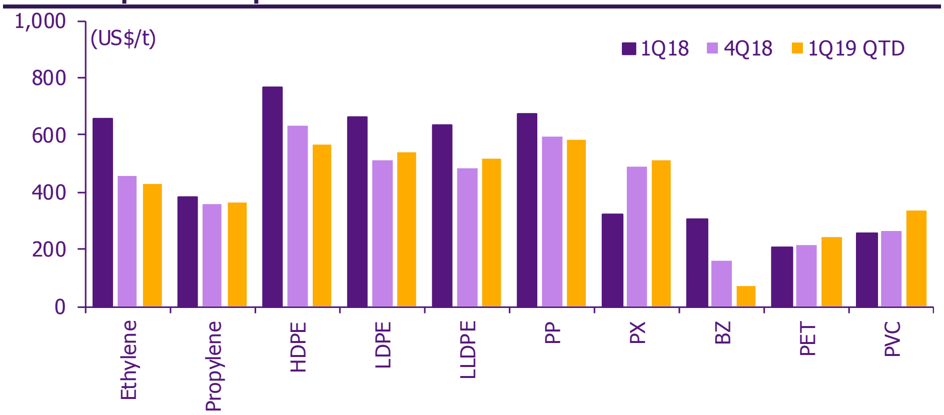
2018 net profit up 8% YoY despite weak 4Q18. Despite huge inventory losses in 4Q18 and the one-off loss at GGC, net profit for petrochemical companies under SCBS coverage grew 8% YoY in 2018. This was fueled primarily by IVL, whose net profit was supported by stronger integrated PET spread in 9M18 due to supply disruption and healthy demand. PTTGC's profit was also boosted by favorable PX spread and healthy EBITDA margin for the olefins segment but was hurt by extra losses at its bio-based chemicals firm, GGC. We expect the sector's core profit to recover QoQ in 1Q19 on improving oil and petrochemical prices.

PE spread remains in the doldrums. Product spread of HDPE remained weak in 1Q19, down 26% YoY and 10% QoQ to <US$600/t as buying sentiment was affected indirectly by the US-China trade dispute. Spread has begun to fall behind that of PP-naphtha which has been hurt by an unfavorable demand-supply balance since 2015-16. We believe the PP spread outlook will begin to outperform PE in 2019 on tighter supply and healthy demand. According to Platts, the Asian market will see a net shortage of PP supply of 2mt in 2019.

Cautious outlook for PX spread. PX spread over condensate and ULG95 remained strong in 1Q19, though down 8% QoQ, at US$522/t and US$492/t respectively vs. the 5-year average of US$416 and US$319/t. Though demand continued to rise, capacity additions in the region were unable to catch up due to delayed startups. In 2019, however, new PX capacity of 10.7mtpa in Asia, mainly China, will be a key risk to spread, in line with China's self-sufficiency policy in producing adequate PX to supply its PTA and PET plants. The impact will be seen after the turnaround season in 1Q-2Q.

Integrated PET spread weakened slightly QoQ. The integrated PET spread in 1Q19 of nearly US$400/t in the Asian market was down 4% QoQ but remained above the 5-year average of US$316/t. Spread recovered in late 1Q19 on better market sentiment after Chinese New Year. PET/PTA producers will gradually feel the impact of declining PX throughout the year as new PX supply enters the market. We expect spread to normalize in 2019 as some closed capacity may start back up after sale of assets is completed, while demand will continue to improve.

Product spread comparison



Source: Bloomberg Finance LP and SCBS Investment Research

Valuation summary

	Rating	Price (Bt)	TP (Bt)	ETR (%)	P/E (x) 19F	P/E (x) 20F	P/BV (x) 19F	P/BV (x) 20F
GGC	Neutral	10.3	11.0	10.7	8.9	8.4	1.0	0.9
IVL	Buy	48.3	82.0	73.5	8.8	8.4	1.6	1.4
PTTGC	Buy	67.5	110.0	70.0	7.1	6.8	1.0	0.9
Average					**8.3**	**7.8**	**1.2**	**1.1**

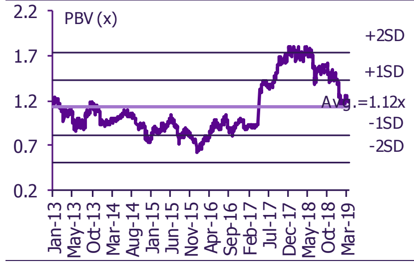
Source: SCBS Investment Research

Price performance

(%)	Absolute 1M	Absolute 3M	Absolute 12M	Relative to SET 1M	Relative to SET 3M	Relative to SET 12M
GGC	(2.8)	4.0	(28.5)	(0.1)	1.8	(20.8)
IVL	(4.5)	(10.6)	(16.1)	(1.8)	(12.6)	(7.0)
PTTGC	(9.1)	(7.5)	(31.8)	(6.5)	(9.5)	(24.5)

Source: SET, SCBS Investment Research

PBV band – SETPETRO

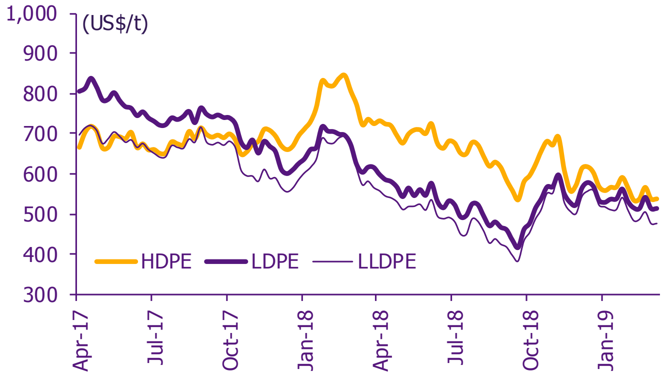


Source: SET, SCBS Investment Research

Analyst

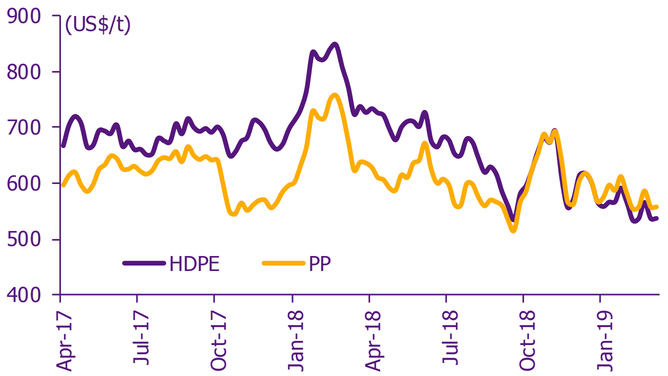
Chaipat Thanawattano
Fundamental Investment
Analyst on Securities
(66-2) 949-1005
chaipat.thanawattano@scb.co.th

Figure 1: PE-naphtha spread



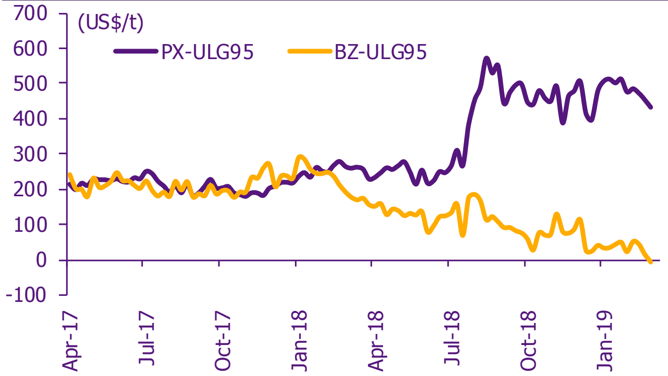
Source: Bloomberg Finance LP, SCBS Investment Research

Figure 2: HDPE/PP-naphtha spread



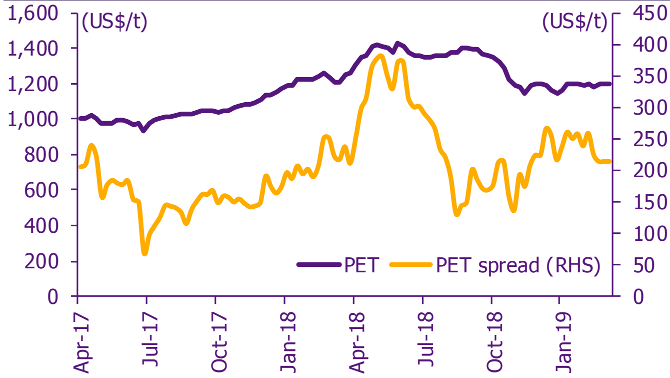
Source: Bloomberg Finance LP, SCBS Investment Research

Figure 3: Aromatics product spread vs. ULG95



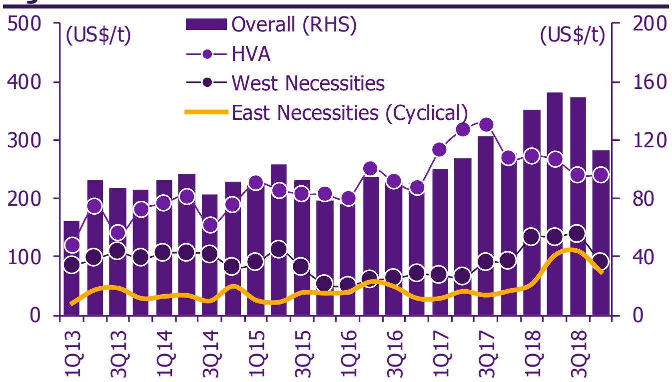
Source: Bloomberg Finance LP, SCBS Investment Research

Figure 4: PET spread



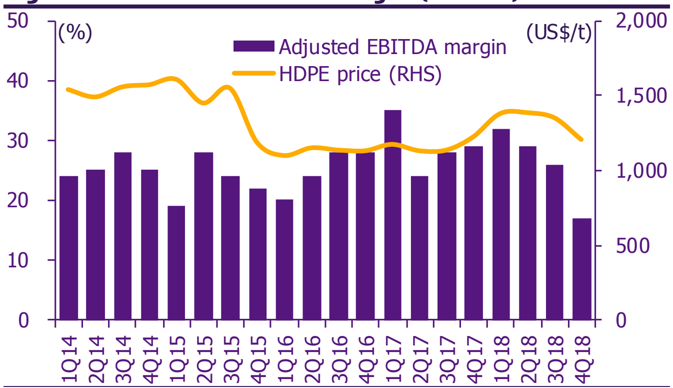
Source: Bloomberg Finance LP, SCBS Investment Research

Figure 5: IVL – core EBITDA/t



Source: IVL, SCBS Investment Research

Figure 6: PTTGC – EBITDA margin (olefins)



Source: PTTGC, SCBS Investment Research

Figure 7: Valuation summary

	Rating	Price	Target	ETR	P/E (x)			EPS growth (%)			P/BV (x)			ROE (%)			Div. Yield (%)			EV/EBITDA (x)		
		(Bt/Sh)	(Bt/Sh)	(%)	18A	19F	20F	18A	19F	20F	18A	19F	20F	18A	19F	20F	18A	19F	20F	18A	19F	20F
GGC	Neutral	10.30	11.0	10.7	18.7	8.9	8.4	(6)	110	7	1.1	1.0	0.9	5	11	11	0.0	3.9	4.1	9.1	5.8	4.9
IVL	Buy	48.25	82.0	73.5	11.3	8.8	8.4	12	28	5	1.9	1.6	1.4	18	20	18	2.9	3.5	3.7	8.8	6.5	5.8
PTTGC	Buy	67.50	110.0	70.0	7.5	7.1	6.8	(0)	6	5	1.0	1.0	0.9	14	14	13	6.3	7.0	7.4	5.8	5.2	4.8
Average					**12.5**	**8.3**	**7.8**	**2**	**48**	**6**	**1.3**	**1.2**	**1.1**	**13**	**15**	**14**	**3.1**	**4.8**	**5.1**	**7.9**	**5.8**	**5.2**

Source: SCBS Investment Research

Residential property

SET PROP index	Close: 25/03/2019	282.92	-2.20 / -0.77%	Bt1,955mn
Bloomberg ticker:	SETPROP			

SCBS

Not the right time to get into the sector

An AREA survey records many new launches and good take-up in 2M19 – but only from one large condo. Though there is less risk of interest rate hikes, we expect housing demand to slip 5%; a new stricter LTV rule and high rejection rate are concerns. 1Q19 looks good on sale of inventory and expedited deed transfers. Now is not a good time to overweight the sector: uncertainties are ahead and 2Q19 will weaken. We like LH and QH: dividend yield is high and risk is low.

High new launches and presales in 2M19. AREA reports new launches jumped 65% to 16,380 units in 2M19 with the amount sold up 42% YoY to 7,362 units, implying a 45% take-up rate. However, this came from just one low-end condo, *Regent Home @ Bangson II,* where take-up rate was 82% aided by the fact there is no housing priced below Bt1mn in the area. Excluding condos priced <Bt1mn, new launches would fall 14% YoY in unit terms and 24% YoY in value terms and units sold would plunge 57% YoY.

1Q19 up, 2Q19 down. Ahead of the April 1 effective date of the new LTV, we expect higher finished inventory sales and expedited deed transfers, backed by aggressive marketing, implying better results YoY in 1Q19. Those doing best will be developers with large backlog, i.e. AP, PSH, SIRI and SPALI. Performances will fall in 2Q19, then step up in 3Q19 and 4Q19.

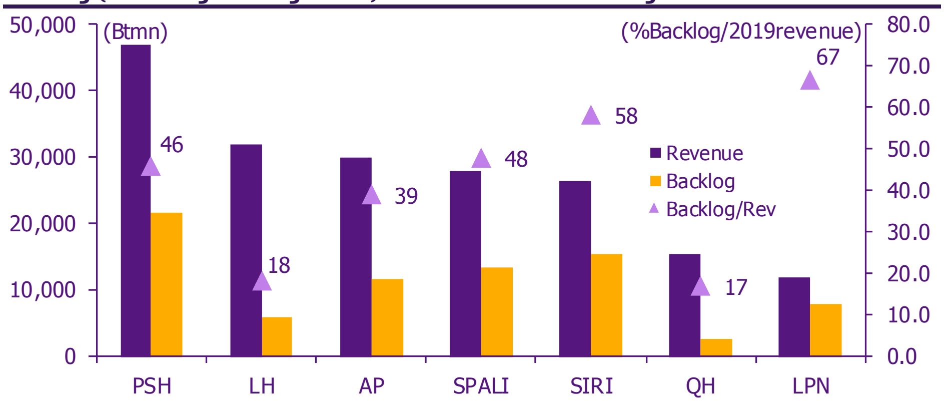
Interest rate hike less likely. Rather than the 1-2 rate hikes earlier expected, the BoT looks less likely to raise interest rate more than once this year (25bps).

2019: many new launches, fewer presales. Our residential developers plan to grow new launches by 15% to Bt273bn (low-rise +36% to Bt168bn, but condo -8% to Bt106bn), but expect presales to drop by 2% to Bt227bn, sunk by an 8% decline in condo presales. Developers are cautious, as demand is uncertain after the new LTV takes effect and they expect less foreign buying. Presales contribution from JV will continue to fall on a 68% cut in SIRI JV new launches to only Bt5.6bn.

2019 outlook. We maintain our view that overall housing demand will drop by 5% this year, buffeted by headwinds, with high rejection rate a concern – heightened by the high 80% rejection rate for "A Million Houses" program (unit price no >Bt1mn). We look for revenue growth of 5% to Bt182bn but flat core profit as we expect gross margin to narrow 90bps to 33.6% as developers cut prices to move inventory, especially in 1Q19 ahead of the new LTV rule. We expect SPALI and LPN to have the best core earnings growth of 12% and 19% respectively. Backlog of Bt196bn (including stakes in JVs), secure 41% of 2019F.

Sector top picks LH and QH. LH and QH are diversified into recurring rentals and focus on mid- to high-end real demand low-rise housing which we believe risk is low. Dividend yield is good at 6.7% and 8.0%. LH has Bt1.5bn (17% of 2019F core profit) in earnings and DPS upside from sale of *Grande Centre Point Sukhumvit 55*. QH is cheap at 35% below investment value.

Backlog (including holding in JVs) secures 41% of 2019 target



Source: SCBS Investment Research

Valuation summary

	Rating	Price (Bt)	TP (Bt)	ETR (%)	P/E (x) 19F	P/E (x) 20F	P/BV (x) 19F	P/BV (x) 20F
AP	Buy	6.7	8.0	24.8	6.5	6.3	0.8	0.7
LH	Buy	10.6	13.0	29.4	14.1	13.3	2.6	2.5
LPN	Neutral	6.7	6.8	12.1	6.1	5.6	0.7	0.7
PSH	Neutral	17.8	19.5	18.5	6.3	6.2	0.9	0.8
QH	Buy	2.9	3.8	38.1	7.5	6.9	1.1	1.0
SIRI	Neutral	1.3	1.4	12.8	9.9	7.5	0.6	0.6
SPALI	Buy	18.3	24.0	37.2	6.1	5.6	1.1	0.9
Average					**8.1**	**7.3**	**1.1**	**1.1**

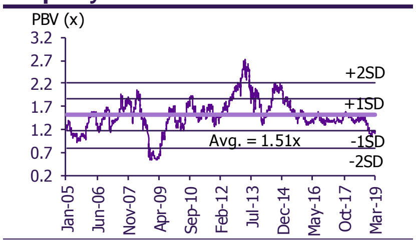
Source: SCBS Investment Research

Price performance

	Absolute			Relative to SET		
(%)	1M	3M	12M	1M	3M	12M
AP	(11.3)	9.8	(19.8)	(8.8)	7.5	(11.1)
LH	(0.9)	7.6	0.0	1.9	5.3	10.8
LPN	(11.8)	3.9	(34.3)	(9.4)	1.7	(27.2)
PSH	(7.3)	(0.0)	(17.6)	(4.7)	(2.1)	(8.7)
QH	(5.2)	10.6	(1.4)	(2.5)	8.3	9.3
SIRI	(7.1)	2.4	(24.0)	(4.5)	0.2	(15.8)
SPALI	(7.6)	(0.0)	(17.2)	(5.0)	(2.1)	(8.3)

Source: SET, SCBS Investment Research

Property sector's PBV

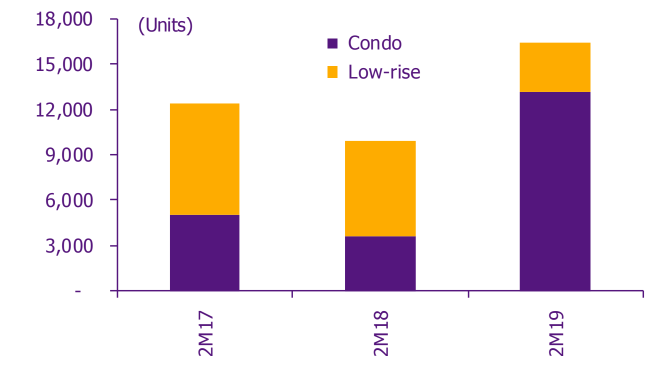


Source: SET, SCBS Investment Research

Analyst

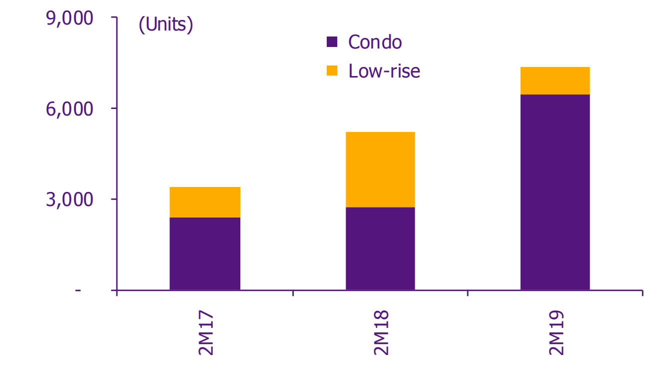
Sirikarn Krisnipat
Fundamental Investment
Analyst on Securities
(66-2) 949-1020
sirikarn.krisnipat@scb.co.th

Figure 1: Growing new launches in 2M19...



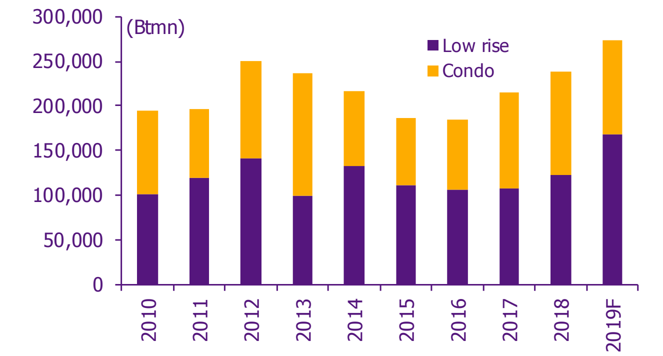
Source: AREA

Figure 2: ... and presales



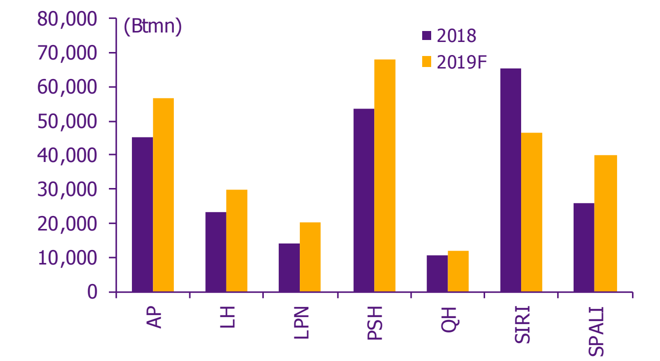
Source: AREA

Figure 3: New launches rose 11% in 2018 (low-rise +15% and condo +7%) and will rise 15% in 2019 (low-rise +36%, condo -8%)



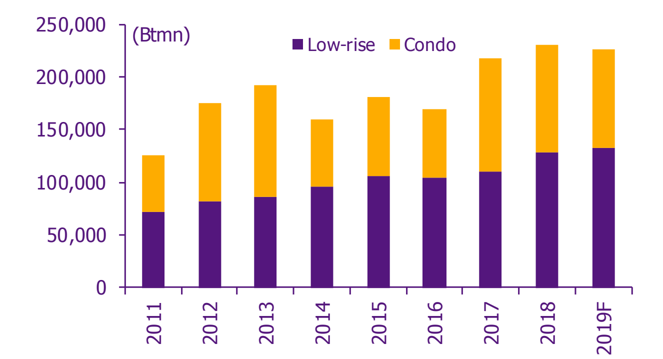
Source: AP, LH, LPN, PSH, QH, SIRI, SPALI

Figure 4: Total new launches by developer



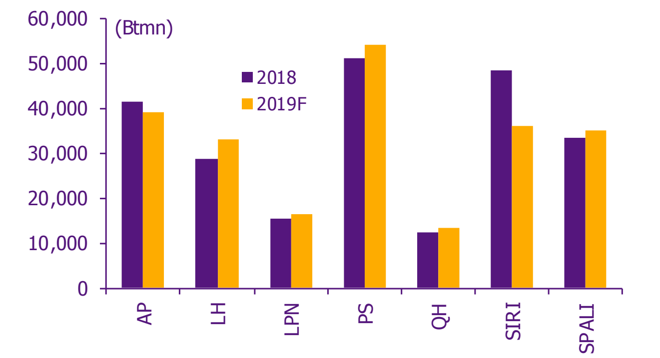
Source: AP, LH, LPN, PSH, QH, SIRI, SPALI

Figure 5: Presales grew only 6% in 2018 (low-rise +17%, condo -6%), but are expected to drop 2% in 2019 (low-rise +3%, condo -8%)



Source: AP, LH, LPN, PSH, QH, SIRI, SPALI

Figure 6: Total presales by developer



Source: AP, LH, LPN, PSH, QH, SIRI, SPALI

Figure 15: Valuation summary

	Rating	Price	Target	ETR	P/E (x)			EPS growth (%)			P/BV (x)			ROE (%)			Div. Yield (%)			EV/EBITDA (x)		
		(Bt/Sh)	(Bt/Sh)	(%)	18A	19F	20F	18A	19F	20F	18A	19F	20F	18A	19F	20F	18A	19F	20F	18A	19F	20F
AP	Buy	6.70	8.0	24.8	5.5	6.5	6.3	25	(15)	2	0.9	0.8	0.7	17	13	12	11.2	5.4	5.5	8.2	10.4	11.0
LH	Buy	10.60	13.0	29.4	13.5	14.1	13.3	5	(4)	6	2.6	2.6	2.5	19	18	19	7.1	6.7	7.1	12.7	14.5	13.9
LPN	Neutral	6.70	6.8	12.1	7.3	6.1	5.6	28	18	9	0.8	0.7	0.7	11	12	13	9.0	10.6	11.6	8.1	7.9	8.0
PSH	Neutral	17.80	19.5	18.5	6.5	6.3	6.2	10	2	2	1.0	0.9	0.8	15	14	14	8.7	8.9	9.1	7.8	7.8	7.7
QH	Buy	2.92	3.8	38.1	8.1	7.5	6.9	17	8	10	1.2	1.1	1.0	15	15	16	7.3	8.0	8.7	10.3	9.8	9.2
SIRI	Neutral	1.30	1.4	12.8	9.2	9.9	7.5	(29)	(7)	31	0.6	0.6	0.6	7	6	8	6.2	5.1	6.6	17.8	17.7	14.6
SPALI	Buy	18.30	24.0	37.2	6.8	6.1	5.6	(15)	11	10	1.2	1.1	0.9	19	18	18	5.5	6.1	6.7	6.9	6.1	5.5
Average					**8.1**	**8.1**	**7.3**	**6**	**2**	**10**	**1.2**	**1.1**	**1.1**	**15**	**14**	**14**	**7.8**	**7.3**	**7.9**	**10.3**	**10.6**	**10.0**

Source: SCBS Investment Research

Securities

SET FIN index	Close: 25/03/2019	3,597.90	-48.92 / -1.34%	Bt1,370mn
Bloomberg ticker:	SETFIN			

Struggling amidst falling market turnover

We cut our assumption of daily market turnover to Bt45bn from Bt47bn to fine tune with the YTD figure. Because of the low daily turnover, we expect ASP and MBKET to report a big YoY fall in 1Q19 earnings. We rate both ASP and MBKET as Neutral on a moderate dividend yield.

Cut daily market turnover assumption. Average daily market turnover (excluding proprietary trading) has fallen to Bt40.3bn QTD (as of March 21) in 1Q19, 20% lower than Bt50.6bn in 2018. This 1Q19 daily market turnover of Bt40.3bn is down 35% YoY but up a tiny 1% QoQ. We cut our full-year assumption of daily market turnover to Bt45bn from Bt47bn to incorporate our expectation of lower liquidity.

1Q19 market share up for MBKET but down for ASP. MBKET's market share was 6.3% in 1Q19 (as of March 21), slightly higher than 6.14% in 2018. ASP's market share was 1.97% in 1Q19, slightly below 2.29% in 2018. We maintain MBKET's 2019F market share at 6.1% and ASP's 2019F market share at 2.1%.

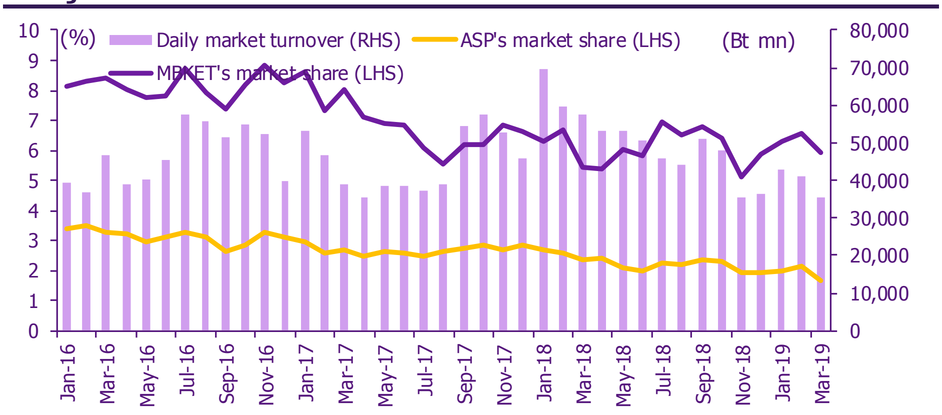
MBKET 1Q19F preview: Down YoY, flat QoQ. We tentatively forecast 1Q19 earnings of Bt75mn. On a YoY basis, this will reflect a plunge of 50% YoY due to a 35% YoY drop in daily market turnover and a smaller gain on investment. On a QoQ basis, 1Q19F will be flattish as an expected 8% increase in brokerage income (a rise in market share to 6.31% in 1Q19 from 5.85% in 4Q18) is expected to be offset by higher personnel expenses.

ASP 1Q19F preview: Down YoY, up QoQ. We tentatively forecast 1Q19 earnings at Bt58mn. On a YoY basis, earnings are forecast to plunge 75% YoY off the 35% YoY drop in daily market turnover, a fall in market share to 1.97% QTD in 1Q19 from 2.55% in 1Q18, lower non-brokerage fee income and a smaller gain on investment. On a QoQ basis, earnings are expected to rise 121% on higher gain on investment and lower personnel expenses sufficient to make up for the drag from an expected 12% fall in brokerage income from a slippage in market share to 1.97% in 1Q19 from 2.09% in 4Q18.

MBKET has upside from a court case. On August 30, 2018 the Civil Court ruled that Yuanta executives have to pay Bt578mn plus 7% interest to MBKET for using confidential information to lure MBKET clients to Yuanta Securities. This is the first verdict. We have not included this in our forecast as we will have to wait for the final verdict, which will take time.

Maintain Neutral. We keep our Neutral on ASP and MBKET on the back of a moderate 2019F dividend yield of around 5.8% for MBKET and 5.9% for ASP. We cut TP slightly to Bt3.0 from Bt3.2 for ASP and to Bt9.8 from Bt10 for MBKET to reflect our reduction in our assumption of daily market turnover to Bt45bn from Bt47bn.

Falling market turnover



Source: Banks and SCBS Investment Research

Valuation summary

	Rating	Price (Bt)	TP (Bt)	ETR (%)	P/E (x) 19F	P/E (x) 20F	P/BV (x) 19F	P/BV (x) 20F
ASP	Neutral	3.1	3.0	5.0	12.2	12.2	1.3	1.3
MBKET	Neutral	10.1	9.8	3.3	16.0	20.3	1.3	1.3
Average					**14.1**	**16.3**	**1.3**	**1.3**

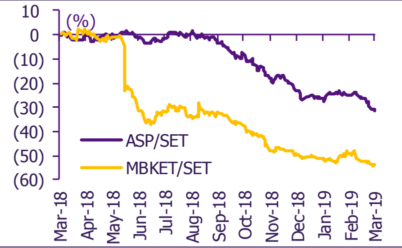
Source: SCBS Investment Research

Price performance

(%)	Absolute 1M	Absolute 3M	Absolute 12M	Relative to SET 1M	Relative to SET 3M	Relative to SET 12M
ASP	(8.9)	(4.4)	(20.3)	(6.4)	(6.4)	(11.7)
MBKET	(9.8)	(1.9)	(46.6)	(7.3)	(4.0)	(40.8)

Source: SET, SCBS Investment Research

Price performance relative to SET



Source: SET, SCBS Investment Research

Analyst

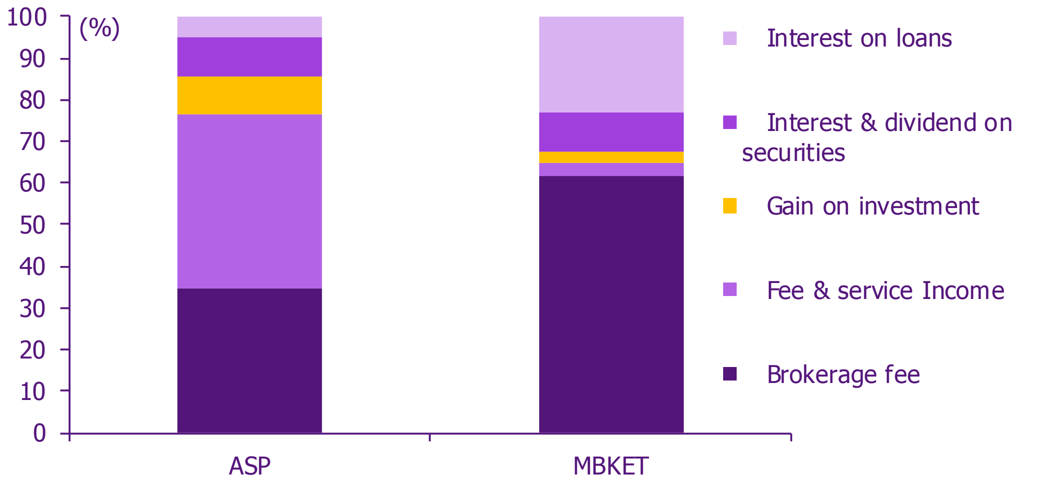
Kittima Sattayapan, CFA
Fundamental Investment
Analyst on Securities
(66-2) 949-1003
kittima.sattayapan@scb.co.th

Figure 1: Target price sensitivity to turnover

	ASP	MBKET
Target price at 2019F various daily mkt. turnover		
Bt42bn	2.8	7.6
Bt45bn — base case	3.0	9.8
Bt48bn	3.2	12.1
2019F EPS (Bt) at various daily mkt. turnover		
Bt42bn	0.19	0.45
Bt45bn — base case	0.20	0.59
Bt48bn	0.21	0.72
2019F DPS (Bt) at various daily mkt. turnover		
Bt42bn	0.17	0.45
Bt45bn — base case	0.18	0.59
Bt48bn	0.19	0.72
Dividend payout	90%	100%
Target PE (x)	**15.0**	**16.7**

Source: SCBS Investment Research

Figure 2: 2019F revenue breakdown



Source: ASP, MBKET and SCBS Investment Research

Figure 3: Valuation summary

	Rating	Price	Target	ETR	P/E (x)			EPS growth (%)			P/BV (x)			ROE (%)			Div. Yield (%)		
		(Bt/Sh)	(Bt/Sh)	(%)	18A	19F	20F	18A	19F	20F	18A	19F	20F	18A	19F	20F	18A	19F	20F
ASP	Neutral	3.06	3.0	5.0	14.8	12.2	12.2	(41)	22	(0)	1.4	1.3	1.3	9	11	11	5.9	7.0	7.0
MBKET	Neutral	10.10	9.8	3.3	14.7	16.0	20.3	(39)	(8)	(21)	1.3	1.3	1.3	8	8	6	6.8	6.3	4.9
Average					**14.8**	**14.1**	**16.3**	**(40)**	**7**	**(11)**	**1.3**	**1.3**	**1.3**	**9**	**10**	**9**	**6.4**	**6.6**	**5.9**

Source: SCBS Investment Research

Tourism

SET TOURISM index	Close: 25/03/2019	682.71	-6.22 / -0.90%	Bt315mn
Bloomberg ticker:	SETHOT			

Expect quiet after a strong run up

A strong share price rally for hoteliers in 1QTD suggests the Thai tourism recovery has now been priced in. This plus the ending of the waiver of visa-on-arrival fees in April suggests 2Q19 will be quiet for hotelier price performance. We maintain our long-term positive view on Thai tourism and like ERW and MINT for their projected strong earnings growth.

Strong rally 1QTD suggests the recovery is priced in. QTD, hotelier stocks have performed well: +13% for MINT, +13% for ERW and +7% for CENTEL, beating the SET's rise of 4%, driven by the return of tourists from China, a key feeder of tourists to Thailand at 28% of international arrivals in 2018. After the government waived visa-on-arrival fees in mid-Nov 2018, the number of tourists from China resumed growing in Dec 2018 and grew 10% YoY in Jan 2019 after falling since July's boat accident in Phuket. Most recent data in February shows a drop of 12% YoY in tourists from China; however, we see this is off a record high of 1.2mn tourists from China in Feb 2018. In our view, the strong rally in hotelier share prices has priced in Thai tourism recovery, implying price momentum will quiet down in 2Q19 without a catalyst after waiver of visa-on-arrival fee ends on Apr 30.

2019 international arrivals to grow 7%. The number of international tourist arrivals numbered 7.3mn in Jan-Feb, up 3% YoY. We expect 7% growth in international tourist arrivals in 2019 to 40.8mn. We still see China as key for Thai tourism with 11mn tourists from China in 2019, up 6% YoY and accounting for 27% of total international arrivals. We expect the resumption of YoY growth in Thai tourists as of 2Q19 after passing the high base in 1Q18, which was a record quarter for Thai tourism with strong tourist flows from China, Russia and India.

Slow earnings growth in 1Q19F; 2019's earnings uptrend is intact. After talking with hoteliers, we find that thus far in first quarter, operations have been slow with low growth in revenue per available room (RevPar) off the high base in 1Q18 and the delay of events during the election in Thailand. This suggests unexciting 1Q19F earnings for hoteliers YoY (but up QoQ). We expect earnings YoY growth to accelerate from 2Q19 through 4Q19, backed by improving Thai tourism.

Prefer ERW and MINT. ERW is our lead pick. As a pure hotel play, ERW should directly benefit from the improvement in Thai tourism. After a soft 1Q19F, ERW's earnings growth will accelerate through the rest of the year, with 16% YoY growth in 2019. Renovations at its flagship JW Marriott will wind up this year and the renovated rooms will attract higher room rates and drive earnings going forward. For MINT, we forecast 20% core earnings growth in 2019, boosted by the full-year contribution from NH Hotel Group, with which we see long-term growth potential through synergy with its large hotel portfolio combined with MINT's.

Valuation summary

	Rating	Price (Bt)	TP (Bt)	ETR (%)	P/E (x) 19F	P/E (x) 20F	P/BV (x) 19F	P/BV (x) 20F
CENTEL	Neutral	42.8	46.0	9.2	25.8	22.5	3.9	3.5
ERW	Buy	7.1	9.0	28.0	27.2	24.5	2.9	2.7
MINT	Buy	38.5	47.0	23.5	24.6	21.2	2.0	1.9
Average					**25.9**	**22.7**	**2.9**	**2.7**

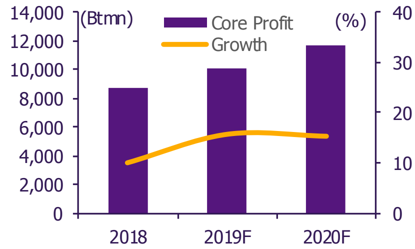
Source: SCBS Investment Research

Price performance

	Absolute			Relative to SET		
(%)	1M	3M	12M	1M	3M	12M
CENTEL	(4.5)	2.4	(10.0)	(1.8)	0.2	(0.3)
ERW	(5.3)	10.1	(5.3)	(2.7)	7.7	4.9
MINT	2.7	10.8	3.4	5.6	8.4	14.5

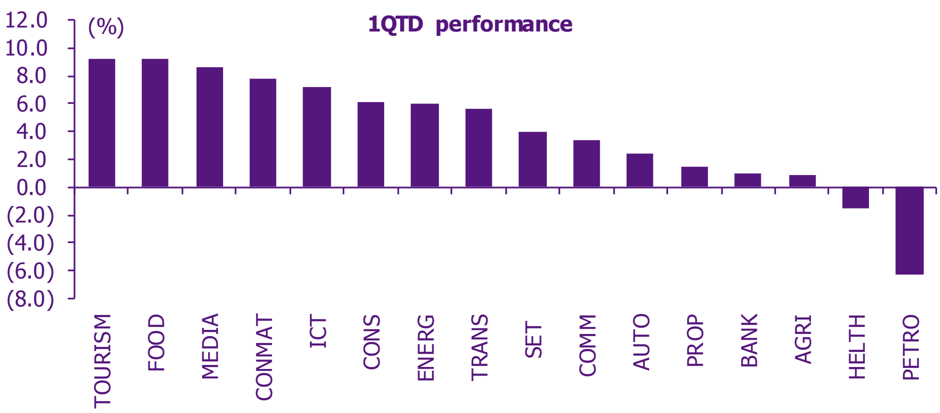
Source: SET, SCBS Investment Research

Sector core earnings growth



Source: SET, SCBS Investment Research

Tourism sector is an outperformer 1QTD

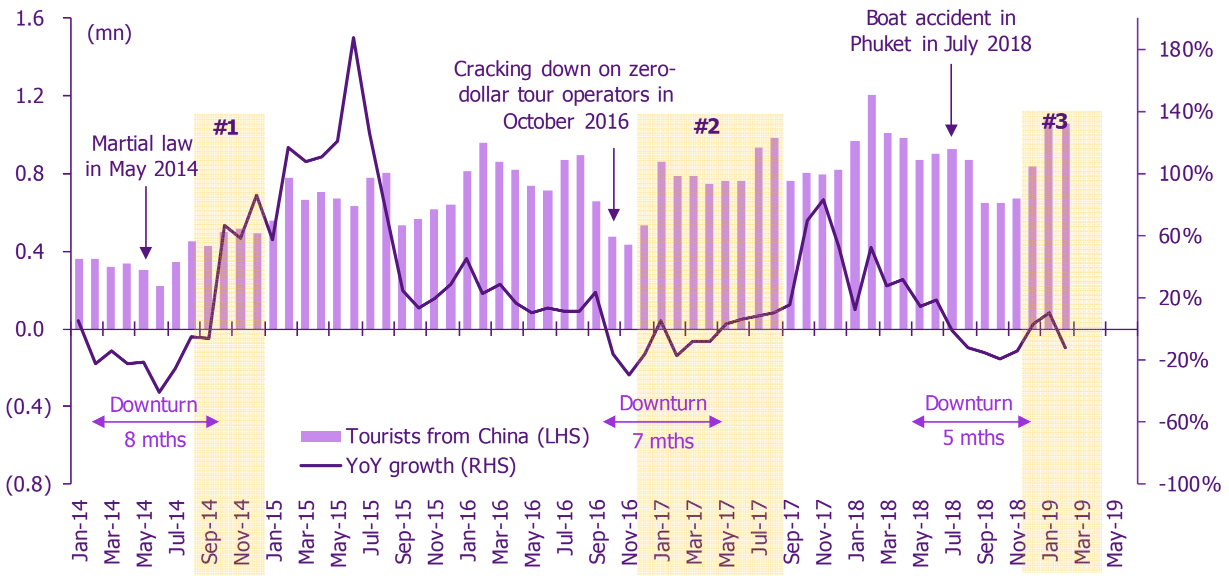


Source: SET and SCBS Investment Research

Analyst

Raweenuch Piyakriengkai
Fundamental Investment
Analyst on Securities
(66-2) 949-1002
raweenuch.piyakriengkai@scb.co.th

Figure 1: Government measures effectively shored up the China market



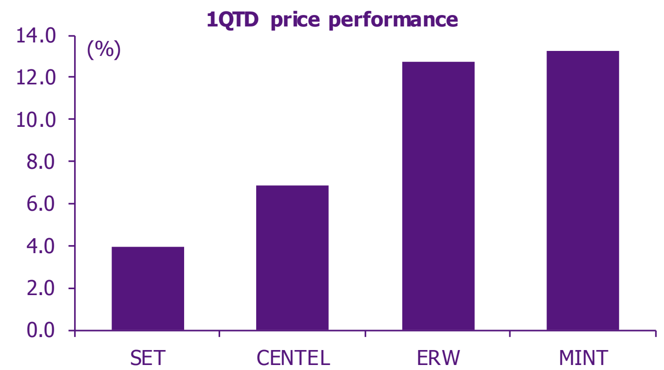
	Year	Event	Measures	Period
#1	2014	Political tension: Martial law in May	Visa fee exemption for Chinese and Taiwanese tourists for three months from August 8–November 8, 2014	3 months
#2	2016	Crackdown on zero-dollar tour operators in October	Waiver of fees on visas obtained at Thai embassies (Bt1,000) and halved the visa-on-arrival fee from Bt2,000 to Bt1,000 for tourists from 21 countries including China (this was raised to Bt2,000 on September 27) beginning December 1, 2016 and lasting through August 31, 2017 (extended from February 28, 2017)	9 months
#3	2018	Boat accident in Phuket in July 2018	Visa-on-arrival fees (Bt2,000) waived from mid-November 2018 through April 30, 2019 (originally to end on January 13, 2019) for tourists from 21 countries including China	5.5 months

Source: Ministry of Tourism and Sport and SCBS Investment Research

Figure 2: High base for Thai tourism in 1Q18

Source: Ministry of Tourism and Sport and SCBS Investment Research

Figure 3: Price performance



Source: SET and SCBS Investment Research

Figure 4: Valuation summary

	Rating	Price (Bt/Sh)	Target (Bt/Sh)	ETR (%)	P/E (x) 18A	P/E (x) 19F	P/E (x) 20F	EPS growth (%) 18A	EPS growth (%) 19F	EPS growth (%) 20F	P/BV (x) 18A	P/BV (x) 19F	P/BV (x) 20F	ROE (%) 18A	ROE (%) 19F	ROE (%) 20F	Div. Yield (%) 18A	Div. Yield (%) 19F	Div. Yield (%) 20F	EV/EBITDA (x) 18A	EV/EBITDA (x) 19F	EV/EBITDA (x) 20F
CENTEL	Neutral	42.75	46.0	9.2	26.5	25.8	22.5	8.0	2.7	14.4	4.3	3.9	3.5	17.1	15.9	16.5	1.5	1.6	1.8	12.7	13.0	12.1
ERW	Buy	7.10	9.0	28.0	31.7	27.2	24.5	9.8	16.4	11.2	3.1	2.9	2.7	10.0	10.9	11.3	1.3	1.3	1.4	13.6	13.0	11.7
MINT	Buy	38.50	47.0	23.5	29.6	24.6	21.2	6.6	20.3	15.9	2.1	2.0	1.9	9.0	8.5	9.3	1.0	1.4	1.6	18.5	12.1	11.1
Average					**29.2**	**25.9**	**22.7**	**8.1**	**13.1**	**13.9**	**3.2**	**2.9**	**2.7**	**12.0**	**11.8**	**12.4**	**1.3**	**1.4**	**1.6**	**15.0**	**12.7**	**11.6**

Source: SCBS Investment Research

SCBS Investment Recommendations

Price as of : 25-Mar-19

Company	Rec.	Price (Bt)	Target Price	% Up/(Down)	12-mth BB-CON	Core Profit (Btm) 18A	Core Profit (Btm) 19F	Core Profit (Btm) 20F	Core EPS (Bt) 18A	Core EPS (Bt) 19F	Core EPS (Bt) 20F	Core EPS growth (%) 18A	Core EPS growth (%) 19F	Core EPS growth (%) 20F	Core PER (x) 18A	Core PER (x) 19F	Core PER (x) 20F	BVPS(Bt) 18A	BVPS(Bt) 19F	BVPS(Bt) 20F	P/BV (x) 18A	P/BV (x) 19F	P/BV (x) 20F	ROE (%) 18A	ROE (%) 19F	ROE (%) 20F
Agribusiness				**40.7**		**1,144**	**1,426**	**1,640**							**14.8**	**11.9**	**10.3**				**1.33**	**1.22**	**1.12**	**9**	**11**	**11**
GFPT	Buy	13.50	19.00	40.7	16.4	1,144	1,426	1,640	0.91	1.14	1.31	(35)	25	15	14.8	11.9	10.3	10.1	11.0	12.1	1.33	1.22	1.12	9	11	11
Automotive				**44.4**		**4,452**	**5,065**	**5,784**							**10.1**	**8.9**	**7.6**				**1.26**	**1.15**	**1.07**	**13**	**13**	**14**
AH	Buy	18.90	38.00	101.1	28.7	931	1,161	1,411	2.89	3.60	4.37	3	25	21	6.5	5.3	4.3	23.8	30.5	35.2	0.79	0.62	0.54	12	13	13
PCSGH	Neutral	6.75	7.20	6.7	7.1	629	705	885	0.41	0.46	0.57	(2)	12	26	16.6	14.8	11.8	3.3	3.4	3.6	2.04	1.96	1.87	12	14	16
SAT	Buy	17.90	28.00	56.4	25.4	912	964	1,053	2.15	2.27	2.48	27	6	9	8.3	7.9	7.2	16.2	17.4	18.8	1.11	1.03	0.95	14	13	14
STANLY	Buy	226.00	320.00	41.6	297.3	1,980	2,235	2,436	25.84	29.17	31.79	20	13	9	8.7	7.7	7.1	205.5	225.9	248.2	1.10	1.00	0.91	13	14	13
Banking				**20.7**		**202,767**	**213,526**	**232,596**							**10.1**	**9.8**	**9.1**				**1.13**	**1.06**	**0.99**	**11**	**10**	**10**
Large Banks																										
BBL	Buy	207.00	250.00	20.8	229.8	35,330	39,445	43,734	18.51	20.66	22.91	7	12	11	11.2	10.0	9.0	216.3	230.5	246.1	0.96	0.90	0.84	9	9	10
KBANK	Neutral	190.50	196.00	2.9	221.2	38,459	41,593	46,481	16.07	17.38	19.42	12	8	12	11.9	11.0	9.8	157.2	170.1	184.5	1.21	1.12	1.03	11	11	11
KTB	Buy	18.90	23.00	21.7	20.8	28,491	29,512	30,202	2.04	2.11	2.16	27	4	2	9.3	9.0	8.7	21.9	23.3	24.6	0.86	0.81	0.77	10	9	9
Mid/small banks																										
BAY	Buy	37.00	43.00	16.2	41.0	24,813	26,897	29,885	3.37	3.66	4.06	7	8	11	11.0	10.1	9.1	33.0	35.6	38.6	1.12	1.04	0.96	11	11	11
KKP	Neutral	69.25	70.00	1.1	75.8	6,042	5,963	6,002	7.14	7.04	7.09	5	(1)	1	9.7	9.8	9.8	49.8	51.9	54.4	1.39	1.34	1.27	14	14	13
LHFG	Neutral	1.47	1.50	2.0	1.6	3,108	3,159	3,336	0.15	0.15	0.16	19	2	6	10.0	9.9	9.3	1.9	2.0	2.1	0.78	0.74	0.70	8	8	8
TCAP	Buy	54.75	64.00	16.9	58.0	7,839	7,905	8,209	6.73	6.78	7.05	16	1	4	8.1	8.1	7.8	56.4	60.9	65.5	0.97	0.90	0.84	12	12	11
TISCO	Buy	89.00	97.00	9.0	91.8	7,016	7,319	7,435	8.76	9.14	9.29	15	4	2	10.2	9.7	9.6	47.1	50.6	53.8	1.89	1.76	1.66	19	19	18
TMB	Buy	2.10	2.50	19.0	2.4	11,601	9,706	11,440	0.26	0.22	0.26	34	(16)	18	7.9	9.5	8.1	2.3	2.4	2.6	0.93	0.88	0.81	12	10	10
Commerce				**21.9**		**44,244**	**49,961**	**56,271**							**30.8**	**27.3**	**24.2**				**5.89**	**5.40**	**4.90**	**20**	**20**	**21**
BJC	Buy	49.75	65.00	30.7	59.7	6,444	7,373	8,300	1.61	1.84	2.08	26	14	13	30.9	27.0	24.0	28.8	29.2	29.5	1.73	1.71	1.68	6	6	7
CPALL	Buy	74.00	90.00	21.6	84.7	21,203	24,301	27,635	2.25	2.59	2.96	5	15	14	32.9	28.5	25.0	11.1	12.5	14.3	6.66	5.91	5.19	24	23	23
GLOBAL	Buy	17.20	21.90	27.3	20.4	2,003	2,346	2,749	0.48	0.56	0.65	25	17	17	36.1	30.8	26.3	3.5	3.9	4.4	4.85	4.40	3.92	14	15	16
HMPRO	Buy	15.00	17.50	16.7	16.6	5,663	6,442	7,292	0.43	0.49	0.55	16	14	13	34.8	30.6	27.1	1.5	1.7	1.8	9.91	9.07	8.26	29	31	32
MAKRO	Neutral	35.50	40.00	12.7	36.7	5,942	6,142	6,474	1.24	1.28	1.35	(4)	3	5	28.7	27.7	26.3	4.0	4.3	4.7	8.85	8.24	7.55	32	31	30
ROBINS	Buy	57.00	75.00	31.6	72.6	2,989	3,356	3,821	2.69	3.02	3.44	11	12	14	21.2	18.9	16.6	16.9	18.6	20.5	3.36	3.07	2.78	16	17	18
Construction Materials				**16.0**		**49,971**	**53,304**	**57,745**							**16.5**	**14.5**	**13.2**				**2.18**	**2.05**	**1.91**	**14**	**15**	**15**
Cement																										
SCC	Buy	482.00	550.00	14.1	501.5	44,858	47,310	51,218	37.38	39.42	42.65	(14)	5	8	12.9	12.2	11.3	264.9	284.6	309.1	1.82	1.69	1.56	14	14	14
SCCC	Buy	222.00	270.00	21.6	263.5	3,083	3,648	3,916	10.35	12.24	13.14	9	18	7	21.5	18.1	16.9	115.9	119.3	124.5	1.92	1.86	1.78	9	10	11
Others																										
DCC	Neutral	2.16	2.60	20.4	2.7	979	1,062	1,153	0.15	0.16	0.18	(12)	9	9	14.4	13.3	12.2	0.7	0.7	0.8	3.26	3.01	2.76	24	24	24
EPG	Buy	6.50	10.00	53.8	9.1	1,050	1,284	1,459	0.38	0.46	0.52	(2)	22	14	17.3	14.2	12.5	3.7	3.9	4.2	1.74	1.65	1.53	10	12	13
Electronic Components				**32.1**		**10,502**	**13,037**	**14,448**							**14.0**	**10.9**	**9.8**				**1.81**	**1.63**	**1.47**	**14**	**16**	**16**
DELTA	Neutral	70.50	73.00	3.5	68.7	5,322	6,178	6,781	4.27	4.95	5.44	(8)	16	10	16.5	14.2	13.0	28.1	30.4	32.8	2.51	2.32	2.15	16	17	17
HANA	Buy	31.00	45.00	45.2	34.1	2,164	2,511	2,724	2.69	3.12	3.38	(8)	16	8	11.5	9.9	9.2	26.4	27.5	28.9	1.17	1.13	1.07	10	12	12
KCE	Buy	24.20	50.00	106.6	30.9	2,320	3,372	3,840	1.98	2.88	3.27	(1)	45	14	12.2	8.4	7.4	11.1	13.4	16.0	2.18	1.80	1.51	19	23	22
SVI	Buy	4.78	6.60	38.1	6.3	696	977	1,103	0.31	0.43	0.49	55	40	13	15.6	11.1	9.8	3.4	3.8	4.2	1.40	1.27	1.15	9	12	12
Energy & Utilities				**23.9**		**216,486**	**275,430**	**298,947**							**20.0**	**14.5**	**11.5**				**1.73**	**1.62**	**1.51**	**11**	**13**	**14**
Oil & Gas and Coal																										
PTT	Buy	47.75	61.00	27.7	54.9	113,330	142,484	152,402	3.97	4.99	5.34	(23)	26	7	12.0	9.6	8.9	30.6	33.5	36.5	1.56	1.43	1.31	9	10	10
PTTEP	Buy	124.00	150.00	21.0	144.7	36,291	40,891	41,507	9.14	10.30	10.46	(5)	13	2	13.6	12.0	11.9	98.3	103.6	109.0	1.26	1.20	1.14	9	10	10
Refineries																										
BCP	Buy	32.50	47.00	44.6	36.6	2,769	6,069	5,616	2.01	4.41	4.08	(55)	119	(7)	16.2	7.4	8.0	31.0	33.9	35.9	1.05	0.96	0.90	6	14	12
ESSO	Neutral	11.00	12.40	12.7	13.5	2,225	5,336	6,199	0.64	1.54	1.79	(69)	140	16	17.1	7.1	6.1	7.5	8.8	9.8	1.47	1.25	1.12	8	19	19
IRPC	Buy	5.70	8.60	50.9	6.7	6,940	14,481	16,022	0.34	0.71	0.78	(36)	109	11	16.8	8.0	7.3	4.3	4.7	5.1	1.33	1.21	1.11	8	16	16
SPRC	Buy	10.90	13.00	19.3	11.6	1,470	2,894	6,211	0.34	0.67	1.43	(80)	97	115	32.2	16.3	7.6	8.9	9.0	9.9	1.23	1.21	1.10	4	7	15
TOP	Buy	70.50	97.00	37.6	82.3	10,343	16,970	20,987	5.07	8.32	10.29	(53)	64	24	13.9	8.5	6.9	62.0	68.4	75.2	1.14	1.03	0.94	8	13	14
Utilities																										
BCPG	Neutral	16.30	19.00	16.6	19.1	1,754	2,188	2,579	0.88	1.10	1.29	25	25	18	18.5	14.8	12.6	7.8	8.3	8.9	2.08	1.97	1.83	12	14	15
BPP	Buy	22.30	29.00	30.0	26.6	5,802	6,319	6,949	1.90	2.07	2.28	4	9	10	11.7	10.8	9.8	13.8	15.3	16.9	1.62	1.46	1.32	14	14	14
CKP	Neutral	4.86	4.00	(17.7)	5.0	455	670	1,402	0.06	0.09	0.19	118	47	109	78.6	53.4	25.5	2.4	2.5	2.7	1.99	1.94	1.82	3	4	7
EGCO	Buy	286.00	273.00	(4.5)	293.8	10,275	10,736	11,778	19.52	20.39	22.37	1	4	10	14.7	14.0	12.8	200.4	213.5	228.4	1.43	1.34	1.25	11	10	10
GLOW	Neutral	90.75	93.00	2.5	95.7	8,587	8,733	8,711	5.87	5.97	5.95	10	2	(0)	15.5	15.2	15.2	33.9	34.1	34.3	2.68	2.66	2.64	17	18	17
GPSC	Neutral	56.75	72.00	26.9	66.4	4,116	4,686	5,446	2.75	3.13	3.64	30	14	16	20.7	18.1	15.6	27.2	28.9	30.8	2.08	1.97	1.84	10	11	12
RATCH	Buy	57.25	64.00	11.8	60.8	7,018	7,479	7,625	4.84	5.16	5.26	8	7	2	11.8	11.1	10.9	46.1	48.8	51.7	1.24	1.17	1.11	11	11	10
TTW	Buy	12.20	13.50	10.7	14.4	2,867	3,017	3,321	0.72	0.76	0.83	8	5	10	17.0	16.1	14.7	3.1	3.3	3.5	3.94	3.75	3.50	24	24	25
WHAUP	Buy	5.75	8.75	52.2	7.9	2,244	2,477	2,189	0.59	0.65	0.57	78	10	(12)	9.8	8.9	10.0	3.7	4.1	4.4	1.57	1.40	1.29	17	17	13

SCBS Investment Recommendations

Price as of : 25-Mar-19

Company	Rec.	Price	Target Price	%	12-mth	Core Profit (Btm)			Core EPS (Bt)			Core EPS growth (%)			Core PER (x)			BVPS(Bt)			P/BV (x)			ROE (%)		
		(Bt)		Up/(Down)	BB-CON	18A	19F	20F	18A	19F	20F	18A	19F	20F	18A	19F	20F	18A	19F	20F	18A	19F	20F	18A	19F	20F
Finance & Securities				**(0.9)**		**9,598**	**10,946**	**12,142**							**14.8**	**13.5**	**13.9**				**2.63**	**2.28**	**2.02**	**19**	**18**	**17**
Credit card																										
AEONTS	Buy	180.00	220.00	22.2	219.1	3,633	4,185	4,820	14.53	16.74	19.28	22	15	15	12.4	10.8	9.3	72.9	84.5	98.0	2.47	2.13	1.84	21	21	21
KTC	Neutral	34.25	30.00	(12.4)	36.8	5,140	5,871	6,509	1.99	2.28	2.52	56	14	11	17.2	15.0	13.6	6.3	7.8	9.4	5.40	4.38	3.63	36	32	29
Securities																										
ASP	Neutral	3.06	3.00	(2.0)	3.7	434	530	529	0.21	0.25	0.25	(41)	22	(0)	14.8	12.2	12.2	2.2	2.3	2.3	1.39	1.35	1.33	9	11	11
MBKET	Neutral	10.10	9.80	(3.0)	10.2	391	361	284	0.69	0.63	0.50	(39)	(8)	(21)	14.7	16.0	20.3	8.0	7.9	7.8	1.26	1.27	1.29	8	8	6
Food & Beverage				**23.1**		**17,377**	**21,404**	**25,312**							**27.7**	**22.5**	**19.0**				**1.68**	**1.60**	**1.51**	**7**	**8**	**9**
CPF	Buy	25.75	32.00	24.3	30.9	7,321	9,166	11,078	0.82	1.04	1.27	4	26	22	31.4	24.9	20.3	26.7	26.9	27.6	0.96	0.96	0.93	3	4	5
MINT	Buy	38.50	47.00	22.1	45.0	6,005	7,224	8,376	1.30	1.56	1.81	7	20	16	29.6	24.6	21.2	18.0	19.0	20.2	2.14	2.03	1.91	9	8	9
TU	Buy	18.80	23.00	22.3	20.3	4,051	5,014	5,858	0.85	1.05	1.23	(15)	24	17	22.1	17.9	15.3	9.7	10.4	11.1	1.93	1.81	1.69	9	10	11
Health Care Services				**21.4**		**15,804**	**17,346**	**19,778**							**35.0**	**31.9**	**28.0**				**6.38**	**5.86**	**5.33**	**18**	**18**	**19**
BDMS	Buy	24.20	30.00	24.0	28.6	9,918	10,980	12,829	0.64	0.70	0.82	23	11	17	38.1	34.4	29.4	4.5	5.0	5.4	5.37	4.84	4.51	14	14	15
BH	Neutral	175.50	185.00	5.4	197.6	4,152	4,420	4,715	5.70	6.07	6.47	5	6	7	30.8	28.9	27.1	25.3	28.0	31.3	6.93	6.28	5.62	23	22	22
BCH	Buy	16.70	23.00	37.7	21.3	1,089	1,288	1,444	0.44	0.52	0.58	19	18	12	38.2	32.3	28.8	2.3	2.5	2.8	7.30	6.56	5.89	18	19	19
CHG	Buy	1.92	2.70	40.6	2.4	645	658	790	0.06	0.06	0.07	9	2	20	32.8	32.1	26.7	0.3	0.3	0.4	5.93	5.77	5.29	18	17	20
Information & Communication Technology				**10.7**		**38,594**	**52,933**	**55,745**							**26.8**	**22.2**	**22.7**				**4.12**	**4.12**	**3.91**	**18**	**22**	**22**
Mobile																										
ADVANC	Buy	181.50	200.00	10.2	208.1	29,697	31,174	32,640	9.99	10.49	10.98	(1)	5	5	18.2	17.3	16.5	19.3	20.2	22.8	9.38	9.00	7.95	55	53	51
DTAC	Sell	50.50	37.00	(26.7)	49.7	2,191	4,395	4,734	0.93	1.86	2.00	10	101	8	54.6	27.2	25.3	9.3	8.8	8.4	5.45	5.71	6.01	9	21	23
TRUE	Buy	4.78	6.00	25.5	5.8	-5,205	3,846	4,550	-0.21	0.16	0.19	(49)	n.m.	18	n.m.	30.5	25.8	5.4	4.5	4.7	0.88	1.06	1.02	(4)	3	4
Internet																										
THCOM	Neutral	7.15	9.50	32.9	8.2	420	353	241	0.38	0.32	0.22	144	(16)	(32)	18.7	22.2	32.5	14.3	13.1	13.1	0.50	0.55	0.54	3	2	2
Other																										
INTUCH	Buy	57.00	70.00	22.8	62.6	11,491	13,166	13,580	3.58	4.11	4.24	(7)	15	3	15.9	13.9	13.5	12.9	13.3	14.1	4.41	4.30	4.03	29	31	31
Insurance				**46.9**		**4,212**	**5,658**	**5,898**							**11.4**	**13.1**	**8.8**				**1.48**	**1.35**	**1.23**	**2**	**13**	**15**
BLA	Buy	27.00	41.00	51.9	35.1	4,970	5,163	5,141	2.91	3.02	3.01	37	4	(0)	9.3	8.9	9.0	22.5	24.9	27.1	1.20	1.09	1.00	13	13	12
THRE	Sell	0.75	0.80	6.7	0.8	-1,011	156	343	-0.24	0.04	0.08	(810)	n.m.	120	n.m.	20.3	9.2	0.9	0.9	1.0	0.87	0.84	0.78	(24)	4	9
THREL	Neutral	5.70	6.70	17.5	6.7	253	338	415	0.42	0.56	0.69	(42)	33	23	13.5	10.1	8.2	2.4	2.7	3.0	2.38	2.14	1.92	17	22	25
Media & Publishing				**16.4**		**3,355**	**1,686**	**2,772**							**102.2**	**82.5**	**54.1**				**4.63**	**4.26**	**3.77**	**8**	**1**	**5**
TV broadcasting																										
BEC	Neutral	6.50	7.70	18.5	6.2	-13	37	63	-0.01	0.02	0.03	n.m.	n.m.	1	n.m.	350.5	206.5	2.9	2.9	2.9	2.25	2.24	2.23	(0)	1	1
GRAMMY	Sell	8.05	6.50	(19.3)	7.1	15	-295	-23	0.02	-0.36	-0.03	n.m.	n.m.	92	427.6	n.m.	n.m.	1.0	1.2	1.8	7.67	6.61	4.37	2	(32)	(2)
MCOT	Sell	10.00	6.00	(40.0)	8.5	-376	-2,831	-3,164	-0.55	-4.12	-4.60	85	(653)	(12)	n.m.	n.m.	n.m.	8.9	8.5	8.1	1.12	1.17	1.24	(6)	(47)	(56)
RS	Neutral	17.80	16.50	(7.3)	21.7	401	506	606	0.40	0.50	0.60	40	26	20	44.8	35.5	29.6	2.0	2.2	2.4	9.12	8.26	7.43	21	24	26
WORK	Buy	23.10	27.00	16.9	24.6	345	407	482	0.78	0.93	1.09	(62)	18	18	29.5	25.0	21.1	11.2	12.4	13.7	2.07	1.87	1.68	7	8	8
Cinema																										
MAJOR	Buy	28.00	30.00	7.1	29.0	1,032	1,186	1,283	1.15	1.33	1.44	30	15	8	24.3	21.1	19.5	7.4	7.7	7.9	3.77	3.66	3.56	16	18	18
Other																										
PLANB	Buy	6.50	9.00	38.5	7.7	643	911	1,192	0.18	0.26	0.34	40	42	31	35.7	25.2	19.2	1.1	1.2	1.4	6.04	5.39	4.73	17	23	26
VGI	Buy	7.85	10.00	27.4	8.6	1,307	1,764	2,333	0.15	0.21	0.27	29	35	32	51.4	38.1	28.8	1.6	1.6	1.6	4.98	4.88	4.88	10	13	17
Petrochemicals & Chemicals				**65.2**		**65,201**	**74,823**	**78,593**							**12.5**	**8.3**	**7.8**				**1.33**	**1.18**	**1.07**	**0**	**0**	**0**
GGC	Neutral	10.30	11.00	6.8	12.8	565	1,184	1,262	0.55	1.16	1.23	(6)	110	7	18.7	8.9	8.4	9.5	10.6	11.5	1.09	0.97	0.90	5%	11%	11%
IVL	Buy	48.25	82.00	69.9	67.9	24,053	30,801	32,434	4.28	5.49	5.78	12	28	5	11.3	8.8	8.4	25.8	29.7	33.8	1.87	1.62	1.43	18%	20%	18%
PTTGC	Buy	67.50	110.00	63.0	83.9	40,583	42,837	44,897	9.00	9.50	9.96	(0)	6	5	7.5	7.1	6.8	65.7	70.7	75.8	1.03	0.95	0.89	14%	14%	13%
Property Development				**27.4**		**37,010**	**39,255**	**42,968**							**12.7**	**10.4**	**9.1**				**1.33**	**1.25**	**1.17**	**12**	**12**	**13**
Industrial Estate																										
AMATA	Buy	21.10	32.00	51.7	26.5	1,250	1,808	2,223	1.17	1.69	2.08	(19)	45	23	18.0	12.4	10.1	12.2	13.5	14.9	1.74	1.57	1.42	8	11	13
AMATAV	Neutral	5.25	5.80	10.5	7.2	176	338	392	0.42	0.36	0.42	(21)	(15)	16	12.4	14.5	12.5	3.0	3.3	3.7	1.77	1.59	1.43	13	11	11
ROJNA	Buy	5.00	8.50	70.0	7.7	315	691	963	0.16	0.34	0.48	14	119	39	32.0	14.6	10.5	6.2	5.9	6.1	0.81	0.84	0.82	2	4	5
WHA	Buy	4.18	6.00	43.5	4.8	2,907	3,844	4,301	0.20	0.25	0.28	5	22	12	20.6	16.8	15.0	1.9	2.2	2.3	2.20	1.94	1.80	10	11	11
Residential																										
AP	Buy	6.70	8.00	19.4	8.4	3,860	3,264	3,344	1.23	1.04	1.06	25	(15)	2	5.5	6.5	6.3	7.8	8.3	9.0	0.86	0.81	0.75	17	13	12
LH	Buy	10.60	13.00	22.6	12.0	9,389	8,980	9,499	0.79	0.75	0.79	5	(4)	6	13.5	14.1	13.3	4.1	4.1	4.2	2.57	2.57	2.52	19	18	19
LPN	Neutral	6.70	6.80	1.5	8.0	1,358	1,609	1,756	0.92	1.09	1.19	28	18	9	7.3	6.1	5.6	8.7	9.2	9.7	0.77	0.73	0.69	11	12	13
PSH	Neutral	17.80	19.50	9.6	19.7	6,022	6,165	6,308	2.75	2.82	2.88	10	2	2	6.5	6.3	6.2	18.5	19.7	21.0	0.96	0.90	0.85	15	14	14
QH	Buy	2.92	3.80	30.1	3.5	3,865	4,166	4,564	0.36	0.39	0.43	17	8	10	8.1	7.5	6.9	2.5	2.6	2.8	1.19	1.11	1.04	15	15	16
SIRI	Neutral	1.30	1.40	7.7	1.4	2,098	1,958	2,568	0.14	0.13	0.17	(29)	(7)	31	9.2	9.9	7.5	2.1	2.1	2.2	0.63	0.61	0.58	7	6	8
SPALI	Buy	18.30	24.00	31.1	23.1	5,770	6,432	7,050	2.69	3.00	3.29	(15)	11	10	6.8	6.1	5.6	15.5	17.4	19.5	1.18	1.05	0.94	19	18	18

SCBS Investment Recommendations

Price as of : 25-Mar-19

Company	Rec.	Price (Bt)	Target Price	% Up/(Down)	12-mth BB-CON	Core Profit (Btm) 18A	19F	20F	Core EPS (Bt) 18A	19F	20F	Core EPS growth (%) 18A	19F	20F	Core PER (x) 18A	19F	20F	BVPS(Bt) 18A	19F	20F	P/BV (x) 18A	19F	20F	ROE (%) 18A	19F	20F
Tourism & Leisure				**12.1**		**2,737**	**2,887**	**3,283**							**29.1**	**26.5**	**23.5**				**3.69**	**3.39**	**3.11**	**14**	**13**	**14**
CENTEL	Neutral	42.75	46.00	7.6	46.8	2,182	2,241	2,564	1.62	1.66	1.90	8	3	14	26.5	25.8	22.5	9.9	10.9	12.1	4.30	3.91	3.54	17	16	17
ERW	Buy	7.10	9.00	26.8	8.6	555	646	719	0.22	0.26	0.29	10	16	11	31.7	27.2	24.5	2.3	2.5	2.7	3.08	2.88	2.67	10	11	11
Transportation & Logistics				**4.4**		**23,814**	**38,692**	**44,211**							**39.2**	**32.5**	**22.5**				**3.34**	**3.05**	**2.84**	**1**	**10**	**12**
Aviation																										
AAV	Buy	4.04	5.80	43.6	4.9	-68	968	1,205	-0.01	0.20	0.25	n.m.	n.m.	24	n.m.	20.2	16.3	4.2	4.3	4.4	0.96	0.94	0.91	(0)	5	6
AOT	Neutral	67.75	70.00	3.3	72.1	25,036	28,540	29,404	1.75	2.00	2.06	15	14	3	38.7	33.9	32.9	10.1	11.0	12.0	6.71	6.17	5.62	18	19	18
THAI	Sell	12.30	14.00	13.8	13.4	-9,077	648	3,162	-4.16	0.30	1.45	n.m.	n.m.	388	n.m.	41.5	8.5	9.4	14.8	16.2	1.31	0.83	0.76	(35)	2	9
Mass Transit																										
BEM	Neutral	10.20	11.00	7.8	11.3	5,317	4,774	5,894	0.35	0.31	0.39	70	(10)	23	29.3	32.7	26.5	2.1	2.3	2.5	4.76	4.46	4.16	17	14	16
BTS	Buy	10.90	11.00	0.9	11.4	2,606	3,763	4,547	0.22	0.32	0.38	46	44	21	49.5	34.3	28.4	3.7	3.8	4.0	2.95	2.84	2.75	6	8	10
SCBS Coverage		**1625.91**		**21.3**		**747,268**	**877,378**	**958,133**	**94.51**	**110.97**	**121.18**	**(5)**	**17**	**9**	**17.2**	**14.7**	**13.4**				**1.71**	**1.60**	**1.48**	**11**	**12**	**12**

SCBS Investment Recommendations

Price as of : 25-Mar-19

Company	Rec.	Price (Bt)	Target Price	% Up/(Down)	12-mth BB-CON	DPS (Bt) 18A	19F	20F	Dividend Yield (%) 18A	19F	20F	EV/EBITDA (x) 18A	19F	20F	EBITDA Growth (%) 18A	19F	20F	Net Debt (Btm) 18A	19F	20F	Shares (m Shrs.)	Mkt. Cap. (Btm)	%Mkt.Cap / SET
Agribusiness				**40.7**					**1.82**	**2.19**	**2.19**	**7.10**	**6.46**	**5.95**	**-10**	**5**	**4**	**2,200**	**1,267**	**493**		**16,927**	**0.10**
GFPT	Buy	13.50	19.00	40.7	16.4	0.25	0.30	0.30	1.82	2.19	2.19	7.10	6.46	5.95	-10	5	4	2,200	1,267	493	1,254	16,927	0.10
Automotive				**44.4**					**5.47**	**5.63**	**6.09**	**5.87**	**4.88**	**4.01**	**14**	**2**	**6**	**-2,117**	**-8,027**	**-12,544**		**41,319**	**0.25**
AH	Buy	18.90	38.00	101.1	28.7	1.30	1.56	1.51	6.88	8.24	7.99	7.31	6.12	5.24	35	-2	-2	5,884	3,787	2,193	323	6,097	0.04
PCSGH	Neutral	6.75	7.20	6.7	7.1	0.27	0.32	0.40	4.00	4.73	5.94	8.63	7.87	6.41	3	6	17	(498)	(808)	(1,284)	1,525	10,294	0.06
SAT	Buy	17.90	28.00	56.4	25.4	1.35	1.02	1.11	7.54	5.70	6.23	4.04	2.63	2.12	4	-5	1	(1,053)	(3,563)	(4,304)	425	7,611	0.05
STANLY	Buy	226.00	320.00	41.6	297.3	7.80	8.70	9.50	3.45	3.85	4.20	3.49	2.91	2.26	12	9	6	(6,450)	(7,442)	(9,149)	77	17,317	0.10
Banking				**20.7**					**4.05**	**4.10**	**4.35**											**2,155,874**	**12.97**
Large Banks																							
BBL	Buy	207.00	250.00	20.8	229.8	6.48	7.23	8.02	3.13	3.49	3.87							-	-	-	1,909	395,130	2.38
KBANK	Neutral	190.50	196.00	2.9	221.2	4.50	5.00	6.00	2.36	2.62	3.15							-	-	-	2,393	455,916	2.74
KTB	Buy	18.90	23.00	21.7	20.8	0.72	0.78	0.80	3.80	4.13	4.23							-	-	-	13,976	264,148	1.59
Mid/small banks																							
BAY	Buy	37.00	43.00	16.2	41.0	1.01	1.10	1.22	2.74	2.96	3.29							-	-	-	7,356	272,163	1.64
KKP	Neutral	69.25	70.00	1.1	75.8	5.00	4.58	4.25	7.22	6.61	6.14							-	-	-	847	58,638	0.35
LHFG	Neutral	1.47	1.50	2.0	1.6	0.04	0.04	0.05	2.99	3.04	3.21										21,184	31,140	0.19
TCAP	Buy	54.75	64.00	16.9	58.0	2.30	2.40	2.68	4.20	4.38	4.89							-	-	-	1,165	63,790	0.38
TISCO	Buy	89.00	97.00	9.0	91.8	5.96	6.12	6.13	6.69	6.88	6.89							-	-	-	801	71,257	0.43
TMB	Buy	2.10	2.50	19.0	2.4	0.08	0.07	0.08	3.78	3.16	3.73							-	-	-	43,852	92,089	0.55
Commerce				**21.9**					**1.96**	**2.04**	**2.26**	**17.95**	**16.41**	**14.92**	**8**	**8**	**9**	**301,514**	**281,361**	**258,252**		**1,363,698**	**8.21**
BJC	Buy	49.75	65.00	30.7	59.7	0.73	0.74	0.83	1.47	1.48	1.67	16.84	15.53	14.51	5	8	6	155,208	152,669	149,973	4,003	199,147	1.20
CPALL	Buy	74.00	90.00	21.6	84.7	1.20	1.35	1.54	1.62	1.83	2.08	18.24	16.30	14.74	5	10	8	118,667	103,491	86,917	8,983	664,749	4.00
GLOBAL	Buy	17.20	21.90	27.3	20.4	0.21	0.17	0.20	1.20	0.97	1.14	23.94	21.00	18.35	21	13	13	11,761	11,131	9,920	4,001	68,825	0.41
HMPRO	Buy	15.00	17.50	16.7	16.6	0.35	0.39	0.44	2.33	2.61	2.96	19.96	18.08	16.41	10	10	9	11,020	9,723	7,694	13,151	197,268	1.19
MAKRO	Neutral	35.50	40.00	12.7	36.7	0.96	0.96	0.96	2.70	2.70	2.70	17.03	16.59	15.80	0	3	5	6,081	6,053	6,543	4,800	170,400	1.03
ROBINS	Buy	57.00	75.00	31.6	72.6	1.37	1.51	1.72	2.41	2.65	3.02	11.70	10.95	9.72	5	6	11	-1,223	-1,704	-2,795	1,111	63,308	0.38
Construction Materials				**16.0**					**4.14**	**4.13**	**4.37**	**10.21**	**9.38**	**8.60**	**3**	**8**	**7**	**185,724**	**187,663**	**185,664**		**676,856**	**4.07**
Cement																							
SCC	Buy	482.00	550.00	14.1	501.5	18.00	18.00	18.00	3.73	3.73	3.73	9.70	8.86	8.39	-9	10	6	154,615	158,391	159,129	1,200	578,400	3.48
SCCC	Buy	222.00	270.00	21.6	263.5	8.00	8.00	8.00	3.60	3.60	3.60	11.32	10.44	9.95	4	7	3	28,277	27,075	25,351	298	66,156	0.40
Others																							
DCC	Neutral	2.16	2.60	20.4	2.7	0.12	0.12	0.13	5.37	5.65	6.13	8.62	8.02	7.37	7	8	8	2,280	2,301	2,230	6,528	14,100	0.08
EPG	Buy	6.50	10.00	53.8	9.1	0.25	0.23	0.26	3.85	3.53	4.01	11.21	10.21	8.70	9	6	11	552	-103	-1,047	2,800	18,200	0.11
Electronic Components				**32.1**					**4.14**	**4.35**	**4.56**	**7.48**	**5.97**	**5.09**	**10**	**23**	**12**	**-31,632**	**-33,389**	**-39,806**		**152,104**	**0.92**
DELTA	Neutral	70.50	73.00	3.5	68.7	2.30	3.00	3.00	3.26	4.26	4.26	10.06	8.74	7.49	-5	15	10	-20,166	-19,883	-23,864	1,247	87,940	0.53
HANA	Buy	31.00	45.00	45.2	34.1	2.00	2.00	2.00	6.45	6.45	6.45	4.15	3.87	3.04	-3	13	7	-10,605	-9,878	-12,226	805	24,951	0.15
KCE	Buy	24.20	50.00	106.6	30.9	1.10	1.20	1.40	4.55	4.96	5.79	8.76	6.07	5.39	1	32	13	1,851	-769	-775	1,173	28,382	0.17
SVI	Buy	4.78	6.60	38.1	6.3	0.11	0.08	0.08	2.30	1.74	1.74	6.97	5.22	4.44	46	31	16	-2,713	-2,859	-2,942	2,266	10,830	0.07
Energy & Utilities				**23.9**					**3.46**	**4.36**	**4.80**	**15.11**	**12.55**	**11.42**	**-6**	**21**	**7**	**296,646**	**169,570**	**-9,864**		**2,904,984**	**17.48**
Oil & Gas and Coal																							
PTT	Buy	47.75	61.00	27.7	54.9	2.00	2.30	2.50	4.19	4.82	5.24	4.14	3.36	2.94	-2	14	2	109,030	-4,152	-153,369	28,563	1,363,883	8.21
PTTEP	Buy	124.00	150.00	21.0	144.7	5.00	5.00	5.00	4.03	4.03	4.03	3.24	3.10	2.95	18	2	2	-79,887	-89,062	-102,879	3,970	492,278	2.96
Refineries																							
BCP	Buy	32.50	47.00	44.6	36.6	1.35	2.00	2.00	4.15	6.15	6.15	8.15	6.49	6.45	-20	34	-4	38,652	44,466	40,001	1,377	44,750	0.27
ESSO	Neutral	11.00	12.40	12.7	13.5	0.20	0.80	0.90	1.82	7.27	8.18	13.81	6.43	5.18	-59	92	12	24,458	17,760	12,321	3,461	38,069	0.23
IRPC	Buy	5.70	8.60	50.9	6.7	0.19	0.35	0.39	3.33	6.14	6.84	9.72	6.03	5.68	-19	51	3	55,028	43,935	39,161	20,434	116,476	0.70
SPRC	Buy	10.90	13.00	19.3	11.6	0.59	0.40	0.72	5.44	3.67	6.61	9.84	6.31	3.41	-61	45	62	-74	-3,489	-8,965	4,336	47,261	0.28
TOP	Buy	70.50	97.00	37.6	82.3	2.65	3.40	4.20	3.76	4.82	5.96	6.36	5.71	5.80	-40	39	17	-202	36,008	69,995	2,040	143,822	0.87
Utilities																							
BCPG	Neutral	16.30	19.00	16.6	19.1	0.64	0.68	0.72	3.93	4.17	4.42	20.01	16.80	14.60	2	15	10	17,734	16,054	13,992	1,997	32,551	0.20
BPP	Buy	22.30	29.00	30.0	26.6	0.60	0.65	0.70	2.69	2.91	3.14	48.19	38.81	31.29	-5	23	19	6,333	5,439	2,737	3,051	68,038	0.41
CKP	Neutral	4.86	4.00	(17.7)	5.0	0.03	0.03	0.06	0.58	0.62	1.23	15.58	15.50	14.75	21	2	0	23,286	23,988	21,267	7,370	35,818	0.22
EGCO	Buy	286.00	273.00	(4.5)	293.8	9.50	7.50	7.75	3.32	2.62	2.71	15.56	14.73	14.08	13	0	0	47,333	37,342	28,842	526	150,569	0.91
GLOW	Neutral	90.75	93.00	2.5	95.7	2.79	5.75	5.75	3.07	6.34	6.34	9.27	9.09	9.34	2	0	-4	25,054	22,283	20,213	1,463	132,755	0.80
GPSC	Neutral	56.75	72.00	26.9	66.4	1.25	1.70	1.90	2.20	3.00	3.35	14.03	13.94	12.82	41	1	4	9,213	9,076	5,204	1,498	85,029	0.51
RATCH	Buy	57.25	64.00	11.8	60.8	2.40	2.40	2.40	4.19	4.19	4.19	15.69	15.58	15.25	1	-6	-4	5,958	-293	-5,557	1,450	83,013	0.50
TTW	Buy	12.20	13.50	10.7	14.4	0.60	0.60	0.60	4.92	4.92	4.92	11.54	10.90	10.00	3	3	5	6,592	5,045	3,201	3,990	48,678	0.29
WHAUP	Buy	5.75	8.75	52.2	7.9	0.21	0.23	0.21	3.68	4.05	3.58	36.57	28.02	28.24	16	18	-5	8,139	5,170	3,973	3,825	21,994	0.13

SCBS Investment Recommendations

Price as of : 25-Mar-19

Company	Rec.	Price (Bt)	Target Price	% Up/(Down)	12-mth BB-CON	DPS (Bt) 18A	DPS (Bt) 19F	DPS (Bt) 20F	Dividend Yield (%) 18A	Dividend Yield (%) 19F	Dividend Yield (%) 20F	EV/EBITDA (x) 18A	EV/EBITDA (x) 19F	EV/EBITDA (x) 20F	EBITDA Growth (%) 18A	EBITDA Growth (%) 19F	EBITDA Growth (%) 20F	Net Debt (Btm) 18A	Net Debt (Btm) 19F	Net Debt (Btm) 20F	Shares (m Shrs.)	Mkt. Cap. (Btm)	%Mkt.Cap / SET
Finance & Securities				**(0.9)**					**4.47**	**4.79**	**4.65**											**145,516**	**0.88**
Credit card																							
AEONTS	Buy	180.00	220.00	22.2	219.1	5.09	5.86	6.75	2.83	3.25	3.75										250	45,000	0.27
KTC	Neutral	34.25	30.00	(12.4)	36.8	0.80	0.91	1.01	2.33	2.66	2.95										2,578	88,308	0.53
Securities																							
ASP	Neutral	3.06	3.00	(2.0)	3.7	0.18	0.21	0.21	5.93	6.99	6.98										2,106	6,443	0.04
MBKET	Neutral	10.10	9.80	(3.0)	10.2	0.69	0.63	0.50	6.79	6.26	4.92										571	5,765	0.03
Food & Beverage				**23.1**					**1.90**	**2.25**	**2.48**	**16.29**	**13.11**	**12.11**	**17**	**23**	**7**	**474,119**	**455,262**	**451,315**		**489,278**	**2.94**
CPF	Buy	25.75	32.00	24.3	30.9	0.65	0.65	0.65	2.52	2.52	2.52	14.09	13.00	12.47	16	7	5	297,260	289,712	291,122	8,611	221,739	1.33
MINT	Buy	38.50	47.00	22.1	45.0	0.40	0.55	0.63	1.04	1.42	1.65	18.53	12.08	11.07	40	48	8	114,098	104,736	101,448	4,619	177,828	1.07
TU	Buy	18.80	23.00	22.3	20.3	0.40	0.53	0.61	2.13	2.79	3.26	16.26	14.24	12.79	-6	13	10	62,760	60,814	58,745	4,772	89,710	0.54
Health Care Services				**21.4**					**1.72**	**1.99**	**2.02**	**22.16**	**18.84**	**16.57**	**2**	**17**	**13**	**33,346**	**22,118**	**16,000**		**569,866**	**3.43**
BDMS	Buy	24.20	30.00	24.0	28.6	0.32	0.60	0.45	1.32	2.49	1.87	23.87	20.69	18.06	11	12	13	33,999	23,050	18,991	15,669	379,189	2.28
BH	Neutral	175.50	185.00	5.4	197.6	2.90	3.03	3.24	1.65	1.73	1.84	23.54	17.83	16.42	-15	32	7	(5,414)	(5,599)	(7,263)	729	127,912	0.77
BCH	Buy	16.70	23.00	37.7	21.3	0.22	0.26	0.29	1.31	1.55	1.73	20.47	16.95	15.30	8	20	10	4,044	3,753	3,611	2,494	41,646	0.25
CHG	Buy	1.92	2.70	40.6	2.4	0.05	0.04	0.05	2.60	2.18	2.62	20.77	19.89	16.48	6	5	19	718	914	661	11,000	21,120	0.13
Information & Communication Technology				**10.7**					**6.32**	**3.34**	**3.39**	**8.30**	**8.52**	**8.31**	**2**	**6**	**-2**	**339,482**	**417,262**	**427,782**		**1,009,294**	**6.07**
Mobile																							
ADVANC	Buy	181.50	200.00	10.2	208.1	7.12	7.34	7.69	3.92	4.04	4.23	8.71	8.63	8.42	3	3	4	92,742	103,139	110,001	2,973	539,617	3.25
DTAC	Sell	50.50	37.00	(26.7)	49.7	1.01	0.93	1.00	2.00	1.84	1.98	6.99	6.77	8.21	-7	10	-17	78,976	91,708	92,500	2,368	119,574	0.72
TRUE	Buy	4.78	6.00	25.5	5.8	0.09	0.08	0.09	1.88	1.64	1.94	7.98	7.80	7.85	-5	20	2	160,463	208,343	217,884	33,368	159,500	0.96
Internet																							
THCOM	Neutral	7.15	9.50	32.9	8.2	1.36	0.14	0.10	19.02	1.98	1.35	3.00	5.29	3.49	15	-7	-5	2,852	9,724	3,149	1,096	7,837	0.05
Other																							
INTUCH	Buy	57.00	70.00	22.8	62.6	2.71	4.11	4.24	4.75	7.20	7.43	14.83	14.11	13.56	4	5	4	4,449	4,349	4,249	3,206	182,766	1.10
Insurance				**46.9**					**2.63**	**3.90**	**5.20**											**52,686**	**0.32**
BLA	Buy	27.00	41.00	51.9	35.1	0.73	0.76	0.75	2.69	2.80	2.79										1,708	46,104	0.28
THRE	Sell	0.75	0.80	6.7	0.8	0.00	0.01	0.03	0.00	1.98	4.34										4,215	3,161	0.02
THREL	Neutral	5.70	6.70	17.5	6.7	0.30	0.39	0.48	5.19	6.92	8.49										600	3,420	0.02
Media & Publishing				**16.4**					**1.60**	**2.85**	**4.42**	**11.92**	**10.71**	**8.75**	**14**	**12**	**13**	**11,306**	**9,984**	**-440**		**169,815**	**1.02**
TV broadcasting																							
BEC	Neutral	6.50	7.70	18.5	6.2	0.00	0.02	0.03	0.00	0.26	0.44	2.76	2.20	1.46	10	10	12	-788	-2,236	-4,996	2,000	13,000	0.08
GRAMMY	Sell	8.05	6.50	(19.3)	7.1	0.00	0.00	0.00	0.00	0.00	0.00	15.45	14.30	6.35	56	21	21	5,453	6,853	633	820	6,601	0.04
MCOT	Sell	10.00	6.00	(40.0)	8.5	0.00	1.00	2.00	0.00	10.00	20.00	-4.42	-3.78	-3.30	n.m.	n.m.	n.m.	5,309	5,022	4,934	687	6,871	0.04
RS	Neutral	17.80	16.50	(7.3)	21.7	0.45	0.30	0.36	2.53	1.69	2.02	12.95	12.07	11.09	-12	7	9	-475	-476	-476	1,010	17,981	0.11
WORK	Buy	23.10	27.00	16.9	24.6	0.45	0.47	0.55	1.95	2.02	2.39	8.56	8.03	7.29	-35	7	10	-520	-520	-520	442	10,200	0.06
Cinema																							
MAJOR	Buy	28.00	30.00	7.1	29.0	1.35	1.29	1.39	4.82	4.60	4.97	11.11	10.64	9.90	21	3	6	3,265	2,978	2,496	895	25,051	0.15
Other																							
PLANB	Buy	6.50	9.00	38.5	7.7	0.09	0.13	0.17	1.40	1.98	2.60	16.91	13.02	10.11	39	26	24	-952	-1,590	-2,376	3,530	22,942	0.14
VGI	Buy	7.85	10.00	27.4	8.6	0.16	0.18	0.23	2.06	2.23	2.95	32.04	29.20	27.12	23	10	8	15	-48	-134	8,557	67,170	0.40
Petrochemicals & Chemicals				**65.2**					**3.07**	**4.82**	**5.08**	**7.90**	**5.83**	**5.15**	**2**	**31**	**3**	**170,937**	**122,235**	**65,857**		**585,793**	**3.53**
GGC	Neutral	10.30	11.00	6.8	12.8	0.00	0.40	0.42	0.00	3.91	4.11	9.10	5.75	4.93	-17	63	6	-1,710	-1,467	-2,310	1,024	10,544	0.06
IVL	Buy	48.25	82.00	69.9	67.9	1.40	1.70	1.80	2.90	3.52	3.73	8.79	6.54	5.76	30	22	3	130,554	91,955	59,110	5,615	270,902	1.63
PTTGC	Buy	67.50	110.00	63.0	83.9	4.25	4.75	5.00	6.30	7.04	7.41	5.82	5.19	4.77	-9	9	1	42,093	31,748	9,057	4,509	304,347	1.83
Property Development				**27.4**					**6.50**	**5.83**	**6.59**	**12.60**	**12.76**	**11.48**	**0**	**6**	**11**	**233,392**	**257,376**	**266,276**		**384,094**	**2.31**
Industrial Estate																							
AMATA	Buy	21.10	32.00	51.7	26.5	0.40	0.68	0.84	1.90	3.24	3.99	18.26	20.72	16.88	-14	34	25	9,397	25,866	26,728	1,067	22,514	0.14
AMATAV	Neutral	5.25	5.80	10.5	7.2	0.04	0.04	0.04	0.75	0.78	0.80	10.54	13.42	11.97	-13	-18	14	2,065	2,417	2,530	935	4,909	0.03
ROJNA	Buy	5.00	8.50	70.0	7.7	0.60	0.34	0.48	12.00	6.84	9.53	10.27	9.29	7.81	1	10	10	21,701	21,416	19,174	2,020	10,102	0.06
WHA	Buy	4.18	6.00	43.5	4.8	0.08	0.10	0.11	1.99	2.44	2.73	27.66	22.94	19.90	-21	29	17	32,402	33,932	35,448	14,391	60,156	0.36
Residential																							
AP	Buy	6.70	8.00	19.4	8.4	0.75	0.36	0.37	11.19	5.40	5.53	8.21	10.39	10.97	22	-14	2	19,323	22,650	25,950	3,146	21,078	0.13
LH	Buy	10.60	13.00	22.6	12.0	0.75	0.71	0.76	7.08	6.74	7.12	12.74	14.47	13.88	-2	-10	5	42,832	46,347	47,630	11,950	126,667	0.76
LPN	Neutral	6.70	6.80	1.5	8.0	0.60	0.71	0.78	8.96	10.61	11.58	8.14	7.87	7.96	27	16	9	4,813	6,605	8,314	1,476	9,887	0.06
PSH	Neutral	17.80	19.50	9.6	19.7	1.55	1.59	1.62	8.71	8.91	9.12	7.76	7.74	7.65	6	3	3	25,655	27,424	28,634	2,189	38,955	0.23
QH	Buy	2.92	3.80	30.1	3.5	0.21	0.23	0.26	7.29	7.99	8.75	10.26	9.79	9.17	15	7	9	19,613	20,705	21,689	10,714	31,286	0.19
SIRI	Neutral	1.30	1.40	7.7	1.4	0.08	0.07	0.09	6.15	5.07	6.65	17.84	17.69	14.59	-21	-6	22	41,878	37,525	37,793	14,863	19,322	0.12
SPALI	Buy	18.30	24.00	31.1	23.1	1.00	1.11	1.22	5.46	6.09	6.68	6.89	6.08	5.51	4	11	10	13,712	12,489	12,387	2,143	39,218	0.24

SCBS Investment Recommendations

Price as of : 25-Mar-19

Company	Rec.	Price (Bt)	Target Price	% Up/(Down)	12-mth BB-CON	DPS (Bt) 18A	DPS (Bt) 19F	DPS (Bt) 20F	Dividend Yield (%) 18A	Dividend Yield (%) 19F	Dividend Yield (%) 20F	EV/EBITDA (x) 18A	EV/EBITDA (x) 19F	EV/EBITDA (x) 20F	EBITDA Growth (%) 18A	EBITDA Growth (%) 19F	EBITDA Growth (%) 20F	Net Debt (Btm) 18A	Net Debt (Btm) 19F	Net Debt (Btm) 20F	Shares (m Shrs.)	Mkt. Cap. (Btm)	%Mkt.Cap / SET
Tourism & Leisure				**12.1**					**1.39**	**1.42**	**1.60**	**13.16**	**12.96**	**11.93**	**5**	**6**	**10**	**13,396**	**17,580**	**19,172**		**75,548**	**0.45**
CENTEL	Neutral	42.75	46.00	7.6	46.8	0.65	0.66	0.76	1.52	1.55	1.78	12.70	12.97	12.13	5	3	10	4,843	8,026	9,748	1,350	57,713	0.35
ERW	Buy	7.10	9.00	26.8	8.6	0.09	0.09	0.10	1.27	1.29	1.43	13.63	12.96	11.73	4	9	10	8,552	9,554	9,424	2,512	17,836	0.11
Transportation & Logistics				**4.4**					**2.62**	**1.68**	**2.01**	**21.17**	**18.35**	**16.23**	**-9**	**38**	**12**	**170,387**	**203,250**	**192,982**		**1,299,320**	**7.82**
Aviation																							
AAV	Buy	4.04	5.80	43.6	4.9	0.34	0.10	0.12	8.29	2.47	3.07	17.47	8.64	7.64	-53	104	14	16,680	16,987	17,315	4,850	19,594	0.12
AOT	Neutral	67.75	70.00	3.3	72.1	1.05	1.00	1.03	1.55	1.47	1.52	24.25	21.74	20.33	10	11	7	-54,899	-55,592	-58,815	14,286	967,856	5.82
THAI	Sell	12.30	14.00	13.8	13.4	0.00	0.00	0.00	0.00	0.00	0.00	10.95	7.32	6.00	-38	41	11	137,585	128,272	114,404	2,183	26,848	0.16
Mass Transit																							
BEM	Neutral	10.20	11.00	7.8	11.3	0.17	0.22	0.27	1.64	2.14	2.65	20.86	17.89	18.10	9	9	3	47,683	35,046	43,741	15,285	155,907	0.94
BTS	Buy	10.90	11.00	0.9	11.4	0.18	0.25	0.31	1.62	2.33	2.82	32.34	36.14	29.09	27	22	23	23,338	78,536	76,336	11,845	129,115	0.78
SCBS Coverage		**1625.91**		**21.3**					**3.15**	**3.49**	**3.74**	**11.04**	**9.76**	**9.18**	**-1**	**12**	**4**	**2,198,700**	**2,103,514**	**1,821,141**		**12,092,972**	**72.77**

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CG Rating 2018 Companies with CG Rating

ADVANC, AKP, AMATA, AMATAV, ANAN, AOT, AP, BAFS, BANPU, BAY, BCP, BCPG, BRR, BTS, BWG, CFRESH, CHO, CK, CKP, CM, CNT, COL, CPF, CPI, CPN, CSL, CSS, DELTA, DEMCO, DRT, DTAC, DTC, EA, EASTW, EGCO, GC, GEL, GFPT, GGC*, GOLD, GPSC, GRAMMY, GUNKUL, HANA, HMPRO, ICC, ICHI, INTUCH, IRPC, IVL, JSP, KBANK, KCE, KKP, KSL, KTB, KTC, LHFG, LIT, LPN, MAKRO, MBK, MCOT, MINT, MONO, MTC, NCL, NKI, NVD, NYT, OISHI, OTO, PCSGH, PDJ, PG, PHOL, PLANB, PLANET, PPS, PRG, PSH, PSL, PTG, PTT, PTTEP, PTTGC, PYLON, Q-CON, QH, QTC, RATCH, ROBINS, S & J, SABINA, SAMART, SAMTEL, SAT, SC, SCB, SCC, SCCC, SDC, SE-ED, SIS, SITHAI, SNC, SPALI, SPRC, SSSC, STEC, SVI, SYNTEC, TASCO, TCAP, THAI, THANA, THANI, THCOM, THIP, THREL, TIP, TISCO, TKT, TMB, TNDT, TOP, TRC, TRU, TRUE, TSC, TSTH, TTCL, TU, TVD, UAC, UV, VGI, VIH, WACOAL, WAVE, WHA, WINNER

2S, AAV, ACAP, AGE, AH, AHC, AIRA, AIT, AKR, ALLA, ALT, AMA, AMANAH, APCO, AQUA, ARIP, ARROW, ASIA, ASIMAR, ASK, ASN, ASP, ATP30, AU, AUCT, AYUD, BA, BBL, BDMS, BEC, BEM, BFIT, BGRIM, BIZ, BJC, BJCHI, BLA, BOL, BPP, BROOK, BTW, CBG, CEN, CENTEL, CGH, CHEWA, CHG, CHOW, CI, CIMBT, CNS, COM7, COMAN, CPALL, CSC, CSP, DCC, DCORP, DDD, EASON, ECF, ECL, EE, EPG, ERW, ETE, FN, FNS, FORTH, FPI, FSMART, FVC, GBX, GCAP, GLOBAL, GLOW, GULF, HARN, HPT, HTC, HYDRO, ICN, ILINK, INET, IRC, ITD*, JAS, JCKH, JKN, JWD, K, KBS, KCAR, KGI, KKC, KOOL, KTIS, L&E, LANNA, LDC, LH, LHK, LOXLEY, LRH, LST, M, MACO, MAJOR, MALEE, MBKET, MC, MEGA, METCO, MFC, MFEC, MK, MOONG, MSC, MTI, NCH, NEP, NINE, NOBLE, NOK, NSI, NTV, NWR, OCC, OGC, ORI, PAP, PATO, PB, PDI, PJW, PLAT, PM, PORT, PPP, PREB, PRECHA, PRINC, PRM, PT, QLT, RICHY, RML, RS, RWI, S, S11, SALEE, SANKO, SAWAD, SCG, SCI, SCN, SE, SEAFCO, SEAOIL, SELIC, SENA, SFP, SIAM, SINGER, SIRI, SKE, SMK, SMPC, SMT, SNP, SORKON, SPC, SPI, SPPT, SPVI, SR, SSF, SST, STA, SUC, SUSCO, SUTHA, SWC, SYMC, SYNEX, TACC, TAE, TAKUNI, TBSP, TCC, TEAM, TFG, TFMAMA, THRE, TICON, TIPCO, TK, TKN, TKS, TM, TMC, TMI, TMILL, TMT, TNITY, TNL, TNP, TNR, TOA, TOG, TPA, TPAC, TPBI, TPCORP, TRITN, TRT, TSE, TSR, TSTE, TTA, TTW, TVI, TVO, TWP, TWPC, U, UMI, UOBKH, UP, UPF, UPOIC, UT, UWC, VNT, WHAUP, WICE, WIIK, XO, YUASA, ZMICO

7UP, ABICO, ABM, AEC, AEONTS, AF, AJ, ALUCON, AMARIN, AMC, AS, ASAP, ASEFA, ASIAN, BCH, BEAUTY, BGT, BH, BIG, BLAND, BM, BR, BROCK, BSBM, BTNC, CCET, CCP, CGD, CHARAN, CHAYO, CITY, CMO, CMR, COLOR, CPL, CPT, CRD, CSR, CTW, CWT, D, DCON, DIGI, DIMET, EKH, EMC, EPCO, ESSO, ESTAR, FE, FLOYD, FOCUS, FSS, FTE, GENCO, GIFT, GJS, GLAND, GPI, GREEN, GTB, GYT, HTECH, IFS, IHL, III, INOX, INSURE, IRCP, IT, ITEL, J, JCK, JMART, JMT, JTS, JUBILE, KASET, KCM, KIAT, KWC, KWG, KYE, LALIN, LEE, LPH, MATCH, MATI, MBAX, M-CHAI, MDX, META, MILL, MJD, MM, MODERN, MPG, NC, NDR, NETBAY, NNCL, NPK, OCEAN, PAF, PDG, PF, PICO, PIMO, PK, PL, PLE, PMTA, PPPM, PRIN, PSTC, PTL, RCI, RCL, RJH, ROJNA, RPC, RPH, SAMCO, SAPPE, SCP, SF, SGF, SGP, SKN, SKR, SKY, SLP, SMIT, SOLAR, SPA, SPCG, SPG, SQ, SRICHA, SSC, SSP, STANLY, STPI, SUN, SUPER, SVOA, T, TCCC, TCMC, THE, THG, THMUI, TIC, TITLE, TIW, TMD, TOPP, TPCH, TPIPP, TPOLY, TTI, TVT, TYCN, UEC, UMS, UNIQ, VCOM, VIBHA, VPO, WIN, WORK, WP, WPH, ZIGA

Corporate Governance Report

The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not base on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. SCB Securities Company Limited does not conform nor certify the accuracy of such survey result.

To recognize well performers, the list of companies attaining "Good", "Very Good" and "Excellent" levels of recognition

(Not including listed companies qualified in the "no announcement of the results" clause from 1 January 2017 to 19 October 2018) is publicized.

CSL was voluntarily delisted from the Stock Exchange of Thailand effectively on July 26, 2018

* บริษัทหรือกรรมการหรือผู้บริหารของบริษัทที่มีข่าวด้านการกำกับดูแลกิจการ เช่น การกระทำผิดเกี่ยวกับหลักทรัพย์ การทุจริต คอร์รัปชัน เป็นต้น ซึ่งการใช้ข้อมูล CGR ควรตระหนักถึงข่าวดังกล่าวประกอบด้วย

Anti-corruption Progress Indicator

Certified (ได้รับการรับรอง)

ADVANC, AKP, AMANAH, AP, APCS, ASK, ASP, AYUD, BAFS, BANPU, BAY, BBL, BCH, BCP, BCPG, BGRIM, BJCHI, BKI, BLA, BROOK, BRR, BSBM, BTS, BWG, CENTEL, CFRESH, CHEWA, CIG, CM, CNS, COM7, CPALL, CPF, CPI, CPN, CSC, DCC, DEMCO, DIMET, DRT, DTAC, DTC, EASTW, ECL, EGCO, EPCO, FE, FNS, FPT, FSS, GBX, GC, GCAP, GEL, GFPT, GGC, GJS, GLOW, GOLD, GPSC, GSTEL, GUNKUL, HANA, HARN, HMPRO, HTC, ICC, IFEC, IFS, INET, INTUCH, IRPC, IVL, K, KASET, KBANK, KBS, KCAR, KCE, KGI, KKP, KSL, KTB, KTC, KWC, L&E, LANNA, LHFG, LHK, LPN, M, MAKRO, MALEE, MBAX, MBK, MBKET, MC, MCOT, MFC, MINT, MONO, MOONG, MSC, MTI, NBC, NINE, NKI, NMG, NNCL, NSI, OCC, OCEAN, OGC, PATO, PB, PCSGH, PDG, PDI, PDJ, PE, PG, PHOL, PL, PLANET, PLAT, PM, PPP, PPPM, PPS, PREB, PRG, PRINC, PSH, PSTC, PT, PTG, PTT, PTTEP, PTTGC, Q-CON, QH, QLT, RATCH, RML, ROBINS, S & J, SABINA, SAT, SC, SCB, SCC, SCCC, SCG, SCN, SE-ED, SELIC, SENA, SGP, SINGER, SIRI, SIS, SITHAI, SMIT, SMK, SMPC, SNC, SNP, SORKON, SPACK, SPC, SPI, SPRC, SRICHA, SSF, SSI, SSSC, STA, SUSCO, SVI, SYNTEC, TAE, TASCO, TCAP, TCMC, TFG, TFI, TFMAMA, THANI, THCOM, THRE, THREL, TIP, TIPCO, TISCO, TKT, TMB, TMD, TMILL, TMT, TNITY, TNL, TNP, TOG, TOP, TPA, TPCORP, TRU, TRUE, TSC, TSTH, TTCL, TU, TVD, TVI, TWPC, U, UBIS, UOBKH, VGI, VNT, WACOAL, WHA, WICE, WIIK

Declared (ประกาศเจตนารมณ์)

A, ABICO, AIE, AJ, AMATA, AMATAV, ANAN, AOT, APCO, ARROW, ASIAN, B, BJC, BLAND, BLISS, BM, BPP, BR, BUI, CEN, CGH, CHG, CHO, CHOTI, CI, CIMBT, CITY, COL, CPR, DDD, EFORL, EKH, ESTAR, ETE, FLOYD, FN, FPI, FTE, GPI, GYT, ICHI, ILINK, INSURE, IRC, ITEL, JAS, JTS, KWG, LDC, LEE, LIT, LRH, MATCH, MATI, META, MFEC, MILL, MTC, NCL, NEP, NWR, ORI, PAP, PK, PLANB, POST, PRM, PRO, PSL, PYLON, QTC, ROJNA, RWI, SAPPE, SCI, SHANG, SPALI, SST, STANLY, SUPER, SWC, SYMC, SYNEX, TAKUNI, THE, THIP, TKN, TMC, TNR, TOPP, TPP, TRITN, TTI, TVO, UEC, UKEM, UPA, UREKA, UV, UWC, VIH, XO, YUASA

N/A

2S, 7UP, AAV, ABM, ACAP, ACC, ADAM, ADB, AEC, AEONTS, AF, AFC, AGE, AH, AHC, AI, AIRA, AIT, AJA, AKR, ALLA, ALT, ALUCON, AMA, AMARIN, AMC, APEX, APURE, AQ, AQUA, ARIP, AS, ASAP, ASEFA, ASIA, ASIMAR, ASN, ATP30, AU, AUCT, BA, BAT-3K, BCT, BDMS, BEAUTY, BEC, BEM, BFIT, BGC, BGT, BH, BIG, BIZ, BKD, BOL, BROCK, BSM, BTNC, BTW, CAZ, CBG, CCET, CCP, CGD, CHARAN, CHAYO, CHOW, CHUO, CK, CKP, CMAN, CMC, CMO, CMR, CNT, COLOR, COMAN, COTTO, CPH, CPL, CPT, CRANE, CRD, CSP, CSR, CSS, CTW, CWT, D, DCON, DCORP, DELTA, DIGI, DOD, DTCI, EA, EARTH, EASON, ECF, EE, EIC, EMC, EPG, ERW, ESSO, EVER, F&D, FANCY, FC, FMT, FOCUS, FORTH, FSMART, FVC, GENCO, GIFT, GL, GLAND, GLOBAL, GRAMMY, GRAND, GREEN, GSC, GTB, GULF, HFT, HPT, HTECH, HUMAN, HYDRO, ICN, IEC, IHL, III, INGRS, INOX, IRCP, IT, ITD, J, JCK, JCKH, JCT, JKN, JMART, JMT, JSP, JUBILE, JUTHA, JWD, KAMART, KC, KCM, KDH, KIAT, KKC, KOOL, KTECH, KTIS, KWM, KYE, LALIN, LH, LOXLEY, LPH, LST, LTX, LVT, MACO, MAJOR, MANRIN, MAX, M-CHAI, MCS, MDX, MEGA, METCO, MGT, MIDA, MJD, MK, ML, MM, MODERN, MORE, MPG, MPIC, MVP, NC, NCH, NDR, NER, NETBAY, NEW, NEWS, NFC, NOBLE, NOK, NPK, NPPG, NTV, NUSA, NVD, NYT, OHTL, OISHI, OSP, OTO, PACE, PAE, PAF, PERM, PF, PICO, PIMO, PJW, PLE, PMTA, POLAR, POMPUI, PORT, PPM, PR9, PRAKIT, PRECHA, PRIN, PTL, RAM, RCI, RCL, RICH, RICHY, RJH, ROCK, ROH, RP, RPC, RPH, RS, RSP, S, S11, SAAM, SAFARI, SALEE, SAM, SAMART, SAMCO, SAMTEL, SANKO, SAUCE, SAWAD, SAWANG, SCP, SDC, SE, SEAFCO, SEAOIL, SF, SFP, SGF, SIAM, SIMAT, SISB, SKE, SKN, SKR, SKY, SLP, SMART, SMM, SMT, SOLAR, SONIC, SPA, SPCG, SPG, SPORT, SPPT, SPVI, SQ, SR, SSC, SSP, STAR, STEC, STHAI, STI, STPI, SUC, SUN, SUTHA, SVH, SVOA, T, TACC, TAPAC, TBSP, TC, TCC, TCCC, TCJ, TCOAT, TEAM, TEAMG, TGPRO, TH, THAI, THANA, THG, THL, THMUI, TIC, TIGER, TITLE, TIW, TK, TKS, TM, TMI, TMW, TNDT, TNH, TNPC, TOA, TPAC, TPBI, TPCH, TPIPL, TPIPP, TPLAS, TPOLY, TQM, TR, TRC, TRT, TRUBB, TSE, TSF, TSI, TSR, TSTE, TTA, TTL, TTTM, TTW, TVT, TWP, TWZ, TYCN, UAC, UMI, UMS, UNIQ, UP, UPF, UPOIC, UT, UTP, UVAN, VARO, VCOM, VI, VIBHA, VNG, VPO, WAVE, WG, WHAUP, WIN, WINNER, WORK, WORLD, WP, WPH, WR, YCI, YNP, ZEN, ZIGA, ZMICO

Explanations

Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of November 30, 2018) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.

Bangkok - Head Office

19 Tower 3, 2nd, 20th-21st Fl., SCB Park Plaza,
Ratchadapisek Rd., Chatuchak, Chatuchak,
Bangkok 10900
Tel: (662) 949-1000
Fax: (662) 949-1001

Bangkok - Ratchayothin Branch

9, LB Floor, Ratchadapisek Rd.,
Chatuchak, Chatuchak,
Bangkok 10900
Tel: (662) 949-1351
Fax: (662) 949-1344

Bangkok - Sindhorn Branch

130-132, G Floor, Sindhorn Tower 1 Building,
Wireless Road, Lumpini, Pathumwan,
Bangkok 10330
Tel: (662) 686-2068
Fax: (662) 263-3822

Bangkok - Chaloem Nakorn Branch

269 Charoen Krung Road,
Pomprab, Pomprab Sattru Phai,
Bangkok 10100
Tel: (662) 688-9200
Fax: (662) 688-9020

Bangkok – Central Plaza Westgate Branch

199, 199/1, 199/2 MU 6, 3 rd FL.,
Saothonghin, Bangyai,
Nonthaburi 11140
Tel: (662) 949-1358
Fax: (662) 194-2896

Bangkok – Central Plaza Pinklao Branch

7/222, Central Plaza Pinklao, Room K414, 4 Fl.,
Boromratchonni Rd., Arun Amarin, Bangkoknoi,
Bangkok 10700
Tel: (662) 949 1429
Fax: (662) 884 7962

Chiang Mai – Si Nakhonphing 1 Branch

100 Fl. 2 Room 1, Ratchawong Road,
Chang Moay Sub District, Mueang District,
Chiang Mai 50300
Tel: (66-53) 235-933
Fax: (66-53) 235-944

Chiang Mai – Si Nakhonphing 2 Branch

100 Fl. 2 Room 2, Ratchawong Road,
Chang Moay Sub District, Mueang District,
Chiang Mai 50300
Tel: (66-53) 235-988
Fax: (66-53) 235-966

Chiang Mai - Tha Phae Branch

17, 2nd Floor, Tha Phae Road,
Chang Klan, Mueang Chiang Mai,
Chiang Mai 50000
Tel : (66-53) 818-422
Fax : (66-53) 818-433

Hat Yai - Thanon Rat Yindi Branch

16/4 2nd Floor, Rat Yindi Road
Hat Yai, Hat Yai,
Songkhla 90110
Tel: (66-74) 209-788
Fax: (66-74) 209-737