Thailand

Daily Focus

DBS Group Research . Equity

15 October 2012

Comments

Economic

Policy rate to stay on hold

The central bank (BoT) is likely to keep the policy rate at 3.00% at the monetary policy meeting on Wednesday. Essentially, the tug of war between growth and inflation continues. In terms of price pressures, there are no immediate problems. Although headline inflation pushed to a six-month high of 3.4% in September from 2.7% in the preceding month, this is due in part to an increase in alcohol and cigarette taxes. Comparatively, core inflation stayed relatively stable at 1.9% YoY in September from 1.8% in August. Growth risks are tilted to the downside in the immediate term amid lackluster external demand. The value of electronics exports have also been sliding since the post-flood high in March. In recent months, exports have been propped up by strong vehicle exports, but it is not clear that this trend can be sustained. Meanwhile, the domestic economy's growth momentum remains strong amid the authorities' pro-growth stance. Overheating is not a near-term risk, but could become so in the later months of 2013.

Highlights

Bangkok Expressway: Buy; Bt30.00

Price Target : Bt36.00 ; BECL TB

CKP listing could rerate stock

Expect 3Q12F profit to come in at Bt453m (EPS Bt0.59), up 6% y-o-y, but down 57% q-o-q due to an extra gain booked in 2Q12

Listing of CKP in 1Q13F will unlock BECL's investment portfolio value

Maintain BUY rating and Bt36 TP; stock offers 20% upside plus 4.3% dividend yield (FY13F)

Key Indices

	Current	% Chng
SET Index	1296.98	0.16%
SET 100 Index	1929.27	0.27%
SET 50 Index	879.31	0.25%
Bt/US$ Exchange Rate	30.67	-0.03%
Daily Volume (m shrs)	736	
Daily Turnover (US$m)	1,128	
Daily Turnover (Btm)	34,581	

Market Key Data

(%)	EPS Gth	Div Yield
2011A	2.9	3.6
2012F	11.8	3.5
2013F	17.6	4.0
(x)	PE	EV/EBITDA
2011A	15.4	8.6
2012F	13.3	7.7
2013F	11.3	6.6

High Conviction Stock Picks – Big Caps

Company	Price (Bt) 12-Oct	Target Price (Bt)
Central Pattana	67.50	70.60
KASIKORNBANK	180.00	216.00
Advanced Info Service	202.00	252.00

High Conviction Stock Picks – Small and Mid Caps

Company	Price (Bt) 12-Oct	Target Price (Bt)
Asian Property Development	9.10	9.78
Bangkok Expressway	30.00	36.00
Hemaraj Land And Development	3.10	3.52

Corporate Access

Indorama Ventures – NDR

Date: 15-19 Oct 2012 : Location: US

Market Tip

Date: 17-19 Oct 2012 : Location: SG

Date: 24-25 Oct 2012 : Location: KL

Major Reports – Recently Published

IRPC PCL – 11 Oct

Expansion will bring IRPC's operations on par with peers; expect first land sale in 4Q12

Debt, internal CFs to fund expansion; Net debt/equity to peak at 0.7x in 2014

Maintain BUY and Bt5.30 TP; hidden value in non-core assets could provide upside surprise

Siam Commercial Bank – 10 Oct

Expect 3Q12 net profit 22% higher y-o-y; flat q-o-q

Growth undeterred by short-term risk

Maintain BUY; TP lowered to Bt180

ThaiCom – 8 Oct

May secure new iPSTAR contracts from Thailand and India by end-2012

Earnings may be lifted by c. Bt500m p.a. from 2013F onwards if it divests loss-making Mfon by end-2012 as planned

Regulatory cost-savings from licenses to operate satellite will kick in from 2014F onwards

Reiterate BUY with revised DCF-based TP of Bt24.50; earnings turnaround a share price catalyst

Monthly review – 5 Oct

The Thai market rose 5.8% last month, a notch behind regional peers' 6.1% average gain. Our 12-month SET Index target is now 1,461 based on a bottom-up approach and implies 12.9x FY13F PE. Top picks for October. For large caps, we like Airports of Thailand (AOT) and Krung Thai Bank (KTB). Our small/mid cap picks are CS Loxinfo (CSL), Jasmine International (JAS), Sino-Thai Engineering & Construction (STEC), and Sansiri (SIRI).

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STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)
BUY (>15% total return over the next 12 months for small caps, >10% for large caps)
HOLD (-10 to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)
FULLY VALUED (negative total return i.e. > -10% over the next 12 months)
SELL (negative total return of > -20% over the next 3 months, with identifiable catalysts within this time frame)

Share price appreciation + dividends

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