

FSS Daily Focus

Today's Strategy >> Bet on earnings play. Accumulate on weakness.

2018SET Target : 1900

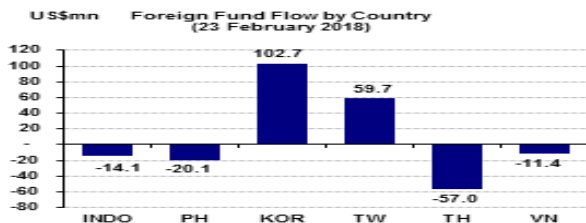
Last Friday's market: The SET climbed in line with foreign equity markets. However, the gain was higher than expected. Most of the buying came from domestic institutions which recorded a net buy position of about Bt1.7bn in equity (and a net long position in bond, the seventh straight day, by Bt20bn), while foreign investors turned to register a net sell position of about the same size.

Today's outlook: We expect the SET to rise to test 1,815-1,820 since investment sentiment remains bright after U.S. bond yield begins to decrease. Moreover, crude continues to increase. This should continue to provide support for equity to rise. However, there is a low probability that the Thai main index will instantly surge as there continue to be factors that need monitoring this week. They include Fed Chair Jerome Powell's policy statement before Congress and U.S. 4Q17 GDP (2nd forecast), while we are approaching the end of 4Q17 earnings season in Thailand. In this regard, a retreat will serve as an opportunity to accumulate stocks with solid fundamentals.

Strategy: Bet on stocks with strong 4Q17 profit outlook. Accumulate fundamental stocks on weakness.

Top picks in February: AMATA, BBL, BCH, MGT, SAPPE

Fund Flow Last Friday, international funds flowed into regional equity markets by US\$60mn. To elaborate, foreign investors registered a net buy position in South Korea by US\$103mn, while recording a net sell position in Thailand by US\$57mn. Looking ahead, funds look set to stream out of the region, while markets keep their eye on the new Fed Chair's the first monetary policy statement before Congress.



Market Summary (Bloomberg)				
	23-02-18	%1 Day	%WTD	%MTD
SET	1,808.06	1.09	0.00	-1.03
SET50	1,183.47	1.03	0.00	-0.23
Daily turnover (Bt mn)	58,519.40			
Market cap (Bt bn)	18,086.77			
Market P/E (x)	19.03			
Market P/BV (x)	2.12			
Market yield (%)	2.73			

Forward P/E (Bloomberg)			
	2017E	2018E	
SET	16.29	14.81	
China	12.79	11.03	
Hong Kong	12.20	11.04	
Indonesia	16.97	15.24	
Korea	9.52	8.89	
Philippines	18.63	16.58	
Taiwan	14.00	13.17	
S&P500	17.61	15.96	

Investors Summary (SET)				
	23-02-18	Buy	Sell	Net
Foreign (Bt mn)	20,394.38	22,184.02	-1,789.64	
Proprietary (Bt mn)	7,342.57	7,166.11	176.46	
Local Institution (Bt mn)	6,309.32	4,653.90	1,655.42	
Retail (Bt mn)	24,473.10	24,515.34	-42.24	

SET50 Index Future - Contract (www.tfex.co.th)				
	23-02-18	Buy	Sell	Net
Institution	29,335	29,408	-73	
Foreign	21,888	17,768	4,120	
Local	68,787	72,834	-4,047	

Top 5 Short sell Turnover THBmn (SET)					
Stock	23 Feb	22 Feb	21 Feb	20 Feb	19 Feb
BANPU	155.69	111.33	65.33	92.42	27.84
PTT	127.60	458.50	1027.95	102.39	-
BEAUTY	53.83	15.47	10.17	1.98	2.91
PTTEP	49.25	70.63	53.10	122.97	42.99
EA	28.03	95.65	30.72	36.44	99.81

Stock of the Day >> MINT <<

- MINT's analyst meeting ended on a positive note. The company's management expects 2018 to be a good year. In particular, they anticipate both revenues and margins to increase.
- To elaborate, its hotel unit's Rev Par is anticipated to increase in all markets. Such gain will be led by the Rev Par in Thailand and Portugal, while its food business is predicted to see a recovery in same-store-sales growth (SSSG), particularly in Thailand. What's more, MINT will close unprofitable branches in troubled markets.
- In 1Q18, profit will hit the peak of the year. Specifically, we expect 2018 profit to +20% Y-Y. However, the counter has decreased by nearly 10% in the past week, which is not in line with such positive picture. Hence, the fall serves as an opportunity to buy MINT at our TP of Bt48.

Today's Highlights

(+) **K.** The company's management targets 2018 revenues to +25-30%. Currently, its backlog stands at Bt800mn, all of which are expected to be realized as revenues in 9M18. Moreover, K will participate in auctions with a combined value of Bt1.8bn. We believe performance has passed its bottom and K will turn to report a net profit of Bt57mn this year (from its net loss of Bt15mn last year). We rate K as BUY at our TP of Bt6.5.

(+) **BEAUTY.** 4Q17 net profit hit a new high of Bt408mn (+17% Q-Q, +129% Y-Y). What's more, revenues increased while SG&A expense increased at a lower rate after sales through exports (to China) and online channel sharply increased. Given that, 2017 net profit amounts to Bt1.2bn (+87% Y-Y). For 2018, we expect net profit to +28% Y-Y to Bt1.6bn. However, 1Q18 net profit might slow Q-Q after China has placed large orders in 4Q17. At the current share price, BEAUTY is fully valued at Bt20.5. Hence, we rate the stock as SELL.

(+) **SVI.** 4Q17 net profit amounts to Bt112mn (+40% Q-Q, -46% Y-Y), in line. Excluding extra items, normalized earnings are equal to Bt152mn (+108% Q-Q, -3% Y-Y). quite strong. In the October-December quarter, revenues hit a new high of US\$100mn (+5% Q-Q, +19% Y-Y), even though it's the export industry's low season. Moreover, gross margin widened. Although the profit remains below its normal level, it started to recover. Looking ahead, we expect profit to sharply recover from 2Q18 onward after the shortage of raw materials begins to ease. In addition, SVI will realize revenues from the two new customers that it signed up last year and looks set to continue to get new ones this year. We stand by our 2018E profit at Bt656mn (+33% Y-Y) and maintain our TP of Bt4.9. However, we raise our rating on SVI to BUY from HOLD.

(-) **LIT.** We have revised down our 2018E profit to Bt162mn (+11% Y-Y). Such downward revision factors in the company's policy to increase loan loss provision to 7% of outstanding loans (from <5% last year) to cope with the IFRS 9. Given that, loan loss reserve should +40% Y-Y. However, coverage ratio will increase to 130-140% (vs. 102% in 2017). In this regard, we now expect profit in the next three years to +16% on average (from 20%). Similarly, we have decreased our TP to Bt10.4 (from Bt11.7) and lowered our rating on LIT to HOLD from BUY. Moreover, we recommend investors switch to TK (TP Bt19.5).

Factors to watch

Feb 26	- US: New home sales (Jan 18)
Feb 27	- US: Durable goods orders and Consumer confidence index (Jan 18)
Feb 28	- US: 4Q17 GDP (2nd forecast) - Eurozone: Inflation (Feb 18) - China: Manufacturing PMI
Mar 1	- US: ISM Manufacturing
Mar 20-21	- US: FOMC meeting

Contact person : Jitra Amornthum Register : 014530

Tel: 02-646-9966

www.fnsyrus.com FB: Finansia Syrus Research

Cash Balance			
(Col= excluded from credit limit ; xNet= prohibit Net settlement)			
Stocks (Rank A-Z)		Start Date	End Date
ASAP	(T/O)	19/02/2018	09/03/2018
DDD	(T/O)	19/02/2018	09/03/2018
GULF	(T/O)	19/02/2018	09/03/2018
HUMAN	(T/O)	19/02/2018	09/03/2018
JKN	(T/O)	19/02/2018	09/03/2018
SOLAR	(T/O)	12/02/2018	23/03/2018
TTCL	(T/O)	12/02/2018	23/03/2018
TVD	(T/A)	15/02/2018	7/03/2018

Cash Balance			
(Col= excluded from credit limit ; xNet= prohibit Net settlement)			
Stocks (Rank A-Z)		Start Date	End Date

DISCLAIMER: This report has been prepared by Finansia Syrus Securities Public Company Limited (FSS). The information herein has been obtained from sources believed to be reliable and accurate; however FSS makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSS has no intention to solicit investors to buy or sell any security in this report. In addition, FSS does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSS. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

Finansia Syrus Securities Public Company Limited may act as market maker and issuer of DWs. The company may prepare the research reports on those underlying securities. Investors should carefully read the details of the derivative warrants in the prospectus before making investment decisions.