



# Monthly Insights

October 2024



- **Target range:** The SET Index is projected to trade within a range of 1,434 to 1,545 points in October.
- **Key factors:**
  - Monetary policy meeting: The Bank of Thailand's Monetary Policy Committee meeting on October 16th will be closely watch for potential interest rate cut.
  - Government stimulus: The Thai government's Bt10,000 cash handout scheme, known as "digital wallet", is expected to boost consumer spending and support economic growth.
  - Vayuphak Fund: Investments in Vayuphak Fund, a government-backed mutual fund, are going to provide additional liquidity to the market.
  - China's economic stimulus: China's economic stimulus measures may provide positive sentiment to global equities.
  - Geopolitical tensions: escalating conflicts between Israel and Lebanon could introduce volatility and uncertainty into global markets.
- **Investment Strategy:** We recommend focusing on domestic plays, particularly retailers that are well-positioned to benefit from the government's digital wallet scheme.
- **Top Picks:** Our top picks for October comprise BAFS, COCOCO, KBANK, MAGURO, PTTEP, SFLEX, and SISB.

## KEY FACTORS



**(+) Fed funds rate outlook:** Following the 50-bps interest rate cut in September, the Fed is anticipated to continue easing monetary policy with another rate reduction at its upcoming meeting on November 17<sup>th</sup>. While economic data shows a slowing economy, recessionary indicators are not yet apparent.



**(+) Domestic economic factors:** Thailand's equity market is expected to benefit from political stability, stimulus measures, and the upcoming MPC meeting on October 16<sup>th</sup>, which could set the direction of the policy rate. The Vayuphak Fund's investment initiatives starting in October will also contribute to market optimism.



**(+) China's economic stimulus:** China's economic stimulus measures include a 50-bps cut in the RRR, injecting approx. CNY1tn into the economy, capital & property market stimulus measures, and helicopter money. Following the announcement, the CSI 300 Index surged by more than 10%, or 300 points, over the week. Additionally, Chinese arrivals to Thailand are expected to increase during the country's Golden Week holiday.



**(-) Geopolitical concerns:** The recent assassination of a Hezbollah leader by Israel, despite ceasefire efforts and hostage releases, has raised concerns about escalating tension between Lebanon and Israel. A peaceful resolution could positively impact global equities but may negatively affect bullion and crude oil prices.

## September recap

The SET Index rebounded its monthly low of 1,352 in September, reaching a 10-month high of 1,471 by the end of the month. This breakthrough above the 1,430 level, previously acted as a key resistance level since November 2023, indicates a positive trend. While the weekly MACD has crossed back into positive territory, suggesting a medium-term uptrend, a potential short-term pullback is possible.

## October outlook

The SET Index is projected to continue its upward move in October. However, a temporary dip is likely, with the recent 1,430 resistance level now serving as a key support. Support levels are anticipated at 1,430 and 1,410, while resistance levels are expected at 1,490 and 1,530.



- **BAFS:** Earnings expected to surge in 2H24E
- **COCOCO:** Expanding capacity to meet growing export demand
- **KBANK:** Earnings growth expected in 3Q24E
- **MAGURO:** Lower salmon costs boost earnings outlook
- **PTTEP:** Sales volume recovery and potential oil price upside
- **SFLEX:** Strong demand for flexible packaging amidst M&A momentum
- **SISB:** High season boosts earnings outlook

Stock	Rec	Price 30-Sep-24	Target price	Upside (%)	Net profit gwth (%)		Core profit gwth (%)		PER (x)		PBV (x)		Div. yield (%)	
					24E	25E	24E	25E	24E	25E	24E	25E	24E	25E
BAFS	BUY	16.30	22.00	35.0	n.m.	46.0	n.m.	46.0	43.5	29.8	1.9	1.8	1.6	2.2
COCOCO	BUY	11.30	15.00	32.7	71.2	32.3	59.5	34.2	18.8	14.2	8.0	5.7	2.1	2.8
KBANK	BUY	150.50	176.00	16.9	13.1	8.1	13.1	8.1	7.4	6.8	0.6	0.6	5.5	6.0
MAGURO	BUY	17.30	21.40	23.7	23.1	37.3	32.3	27.7	24.4	17.8	3.5	3.3	2.7	3.7
PTTEP	BUY	131.50	180.00	36.9	-8.0	1.5	-11.6	0.8	7.4	7.3	1.0	0.9	7.0	7.0
SFLEX	BUY	3.18	4.80	50.9	40.1	13.3	41.8	13.8	10.1	8.9	2.2	1.9	4.1	4.7
SISB	BUY	35.00	40.00	14.3	46.3	32.5	37.6	32.5	35.8	27.0	9.8	7.8	0.8	1.1

Earnings expected to surge in 2H24E



End-December (Bt mn)	2022A	2023A	2024E	2025E
Revenue	2,194	2,976	3,426	3,743
EBITDA	1,008	1,489	1,788	1,905
Net profit	(281)	(138)	237	346
EPS (Bt)	(0.44)	(0.22)	0.37	0.54
EPS growth	-64.1%	-50.9%	n.m.	46.0%
Core EPS (Bt)	(0.50)	(0.07)	0.37	0.54
Core EPS growth	-59.3%	-86.2%	n.m.	46.0%
DPS (Bt)	0.00	0.22	0.26	0.35
Dividend yield	0.0%	1.4%	1.6%	2.2%
PER (x)	n.m.	n.m.	43.5	29.8
Core PER (x)	n.m.	n.m.	43.5	29.8

HIGHLIGHTS

- **Positive earnings outlook:** BAFS is projected to have a strong 2H24E, with an estimated core profit of Bt50mn in 3Q24E, a significant improvement from a Bt5mn loss in 3Q23 and a QoQ increase of +14%. 4Q24E earnings are expected to accelerate further, driven by the high tourism and travel season.
- **Valuation reflects headwinds:** BAFS’ share price has declined by -32% YTD, possibly reflecting concerns about the upcoming expiration of its jet refueling concession contract at Suvarnabhumi Airport, due in September 2026. However, a renewal of this contract is highly likely.

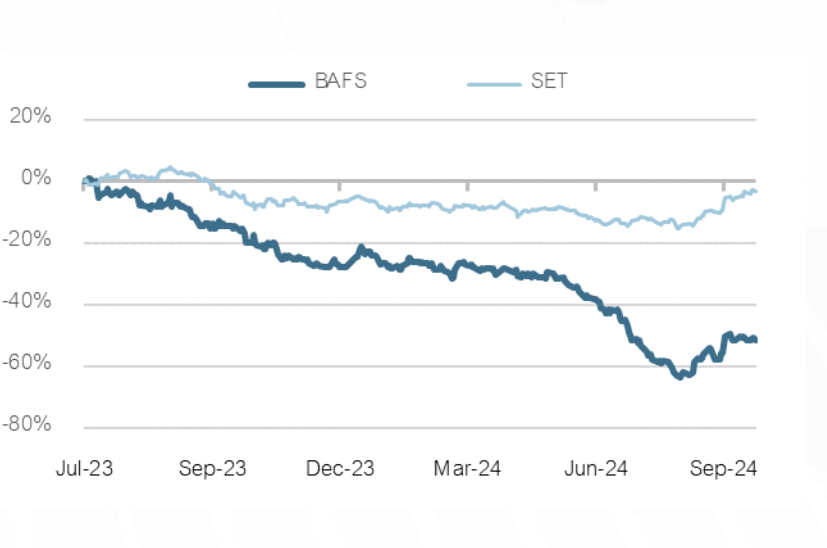
EARNINGS OUTLOOK

- **Turnaround and growth:** BAFS is anticipated to achieve a turnaround in 2024E, with core profit projected to reach Bt237mn compared to a loss of Bt44mn in 2023. Looking ahead to 2025E, earnings are expected to grow by +46% to Bt346mn, driven by increased jet refueling demand, the tourism boom, and the expansion of airport infrastructure (SAT-1 and

Runway 3 at Suvarnabhumi Airport). The company’s proactive marketing efforts for pipeline oil transport are also expected to contribute to growth.

PERFORMANCE & VALUATION

- **A BUY rating with a Bt22.00 target price:** This valuation is based on a DCF analysis and is supported by key catalysts, including the signing of a pipeline oil transport contract to the eastern region, the peak tourist season, and a potential downward trend in interest rates.





# Thai Coconut (COCOCO): BUY, Target Bt15.00

## Expanding capacity to meet growing export demand



### HIGHLIGHTS

- **Capacity expansion amidst rising demand:** The global fruit juice and plant-based beverage market is experiencing significant growth, projected a CAGR of 12.7% from 2020 to 2024E, driven by health-conscious consumer trends. COCOCO is strategically expanding its PET bottle production capacity by +150% to 180,000 tons, positioning itself to capitalize on this expanding market. This expansion is expected to significantly boost gross profit margin in 2025E.

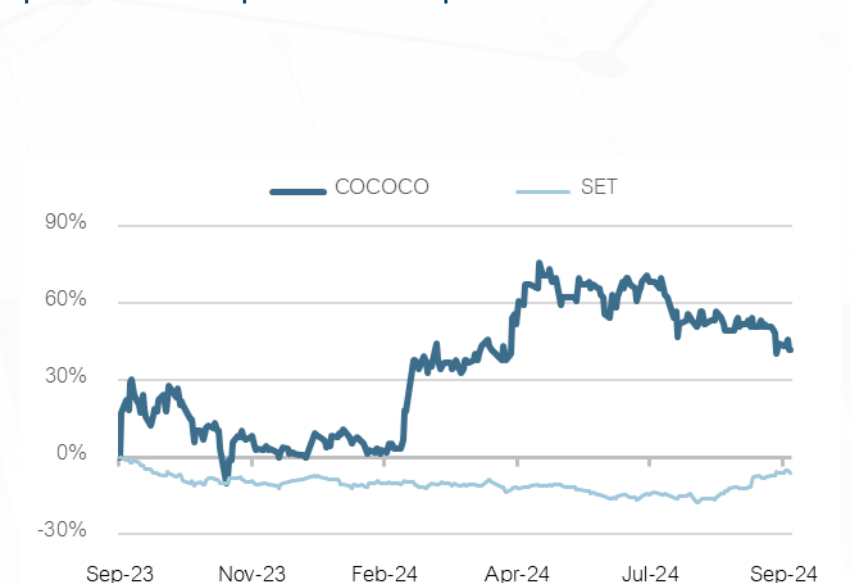
### EARNINGS OUTLOOK

- **Revenue growth and profitability:** COCOCO's net profit is projected to grow by +71% to Bt875mn in 2024E and by an additional +32% to Bt1.15bn in 2025E. The company's increased PET bottle capacity and strong market demand, particularly from China, are expected to drive higher gross profit margins.
- **Positive 2H24E outlook:** 2H24E is anticipated to be particularly strong for COCOCO, with profits expected to increase HoH and YoY. While we project a continued QoQ profit growth in 3Q24E due to the summer

season, a substantial backlog of Chinese orders is expected to contribute to 4Q24E growth.

### PERFORMANCE & VALUATION

- **A BUY with a target price of Bt15.00:** This valuation is based on a 2025E PER of 19x, which is positioned at +0.4 SD above the sector average of 17.3x. This premium reflects the company's strong product positioning, global brand recognition, and potential for rapid market expansion.



End-December (Bt mn)	2022A	2023A	2024E	2025E
Revenue	3,365	4,655	6,187	8,192
EBITDA	529	772	943	1,236
Net profit	381	511	875	1,157
EPS (Bt)	0.26	0.35	0.59	0.79
EPS growth	25.8%	34.0%	71.2%	32.3%
Core EPS (Bt)	0.26	0.37	0.59	0.79
Core EPS growth	27.8%	42.8%	59.5%	34.2%
DPS (Bt)	0.14	0.14	0.24	0.31
Dividend yield	1.2%	1.2%	2.1%	2.8%
PER (x)	43.2	32.2	18.8	14.2
Core PER (x)	43.5	30.5	19.1	14.2

# Kasikornbank (KBANK): BUY, Target Bt176.00

## Earnings growth expected in 3Q24E



End-December (Bt mn)	2022A	2023A	2024E	2025E
Net interest income	132,999	148,444	149,337	153,083
Net fees income	32,882	31,181	32,173	33,132
Pre-provision profit	98,505	107,685	109,691	111,573
Provision	51,919	51,840	46,398	43,174
Net profit	35,769	42,405	47,941	51,809
EPS (Bt)	15.10	17.90	20.23	21.87
EPS growth (%)	-6.0%	18.6%	13.1%	8.1%
NIM (%)	3.3%	3.7%	3.6%	3.6%
BVPS (Bt)	212.4	224.7	238.4	252.0
DPS (Bt)	4.0	6.5	8.3	9.0
PER (x)	9.9	8.4	7.4	6.8

### HIGHLIGHTS

- **Attractive Valuation:** KBANK presents a compelling investment opportunity due to its potential for lower loan-loss provisions and its undervalued valuation. The stock is currently trading at a discount of -1.0 SD below its 10-year historical average.

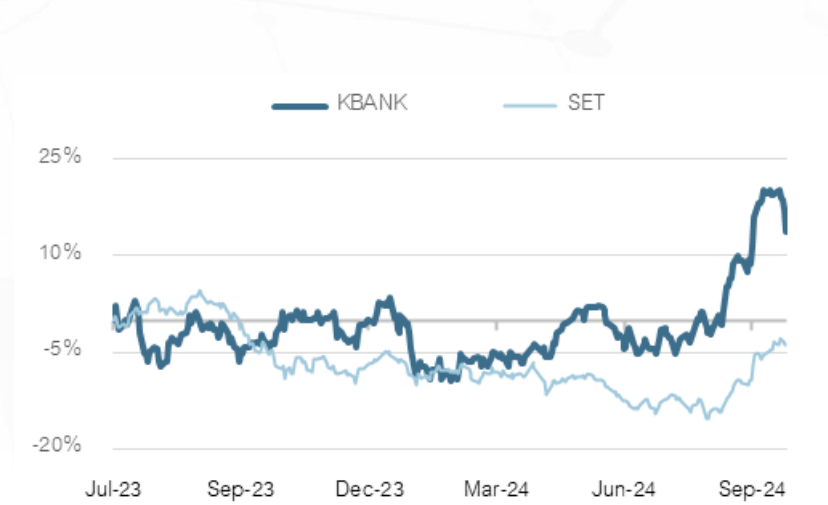
### EARNINGS OUTLOOK

- **3Q24E expectations:** KBANK is anticipated to report mixed earnings in 3Q24E. While net profit is expected to increase by +7% YoY, it may decline by -5% QoQ due to a high base from substantial FVTPL gains in 2Q24.
- **2024E forecast:** For the entire year, KBANK's net profit is projected to grow by +13%, primarily driven by lower loan-loss provisions. Additionally, there is potential for upside to the 2024E dividend and ROE given the unexpectedly high 1H24 dividend (Bt1.50 vs. Bt0.50).
- **Effective NPL management:** KBANK's recent JV with BAM asset management is expected to enhance

its ability to sell off NPLs at favorable prices, leading to a long-term downward trend in NPLs.

### PERFORMANCE & VALUATION

- **A BUY rating with a target price of Bt176.00:** This valuation is based on a 2025E PBV of 0.7x, which is positioned at -1.0 SD below the 10-year average. At its current trading price of 0.65x PBV, the stock offers a significant discount compared to both the sector average (0.7x) and a key rival, SCB (0.8x).



# Maguro Group (MAGURO): BUY, Target Bt21.40

## Lower salmon costs boost earnings outlook



End-December (Bt mn)	2022A	2023A	2024E	2025E
Revenue	664	1,044	1,340	1,610
EBITDA	115	218	302	354
Net profit	31	72	89	122
EPS (Bt)	0.25	0.58	0.71	0.97
EPS growth	227.6%	131.1%	23.1%	37.3%
Core EPS (Bt)	0.25	0.58	0.76	0.97
Core EPS growth	227.6%	131.1%	32.3%	27.7%
DPS (Bt)	0.24	0.68	0.46	0.63
Dividend yield	1.4%	3.9%	2.7%	3.7%
PER (x)	69.5	30.1	24.4	17.8
Core PER (x)	69.5	30.1	22.7	17.8

### HIGHLIGHTS

- **3Q24E outlook:** MAGURO’s expanding restaurant network and declining salmon costs are expected to drive significant growth in gross profit margin in 3Q24E. The company’s increased focus on higher-margin Hitori Shabu restaurants, through new openings and menu additions like Sukiyaki, will further enhance profitability.
- **Reduced salmon costs:** Salmon prices have dropped by -41% QoQ, from Bt500/kg in 2Q24 to Bt320/kg in 3Q24. This reduction is expected to positively impact MAGURO’s gross profit margins, as a Bt50 increase in salmon prices typically reduces margins by 60-70 bps.

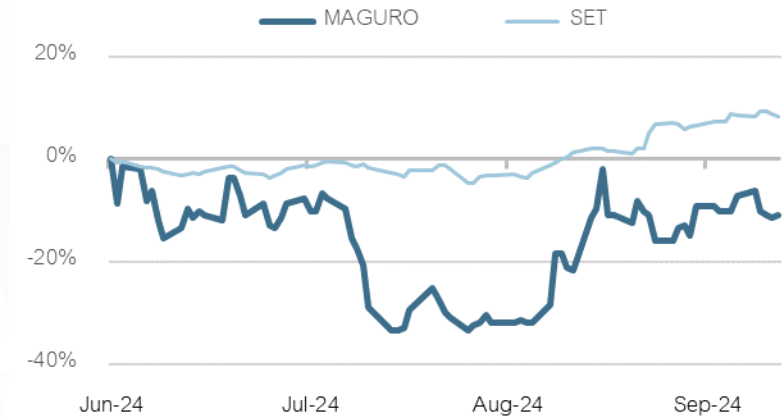
### EARNINGS OUTLOOK

- **2024-25E projections:** MAGURO’s net profit is projected to grow by +32% to Bt96mn in 2024E and by an additional +28% to Bt122mn in 2025E, reaching new all-time highs. This growth is fueled by the company’s ambitious expansion plan of 13 restaurants, including seven opening YTD and the

introduction of two new brands, “All Day Dining” and “Tonkatsu Aok”.

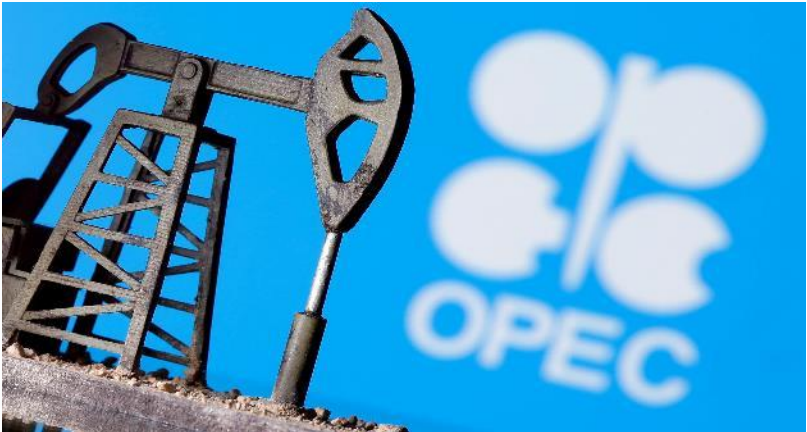
### PERFORMANCE & VALUATION

- **A BUY rating with a target price of Bt21.40:** This valuation is based on a 2025E core PER of 22x. The stock is currently trading at a discount of 17.8x compared to the sector average of 19.5x. Among our covered QSR stocks, MAGURO stands out due to its significant growth potential, bottoming-out earnings in 2Q24, and attractive valuation amidst its potential for record-breaking profits in the coming years.





Sales volume recovery and potential oil price upside



End-December (Bt mn)	2022A	2023A	2024E	2025E
Revenue	331,350	300,694	304,538	294,879
EBITDA	249,871	223,891	221,400	216,989
Net profit	70,901	76,706	70,597	71,669
EPS (Bt)	17.86	19.32	17.78	18.05
EPS growth	82.4%	8.2%	-8.0%	1.5%
Core EPS (Bt)	23.02	20.26	17.91	18.05
Core EPS growth	111.0%	-12.0%	-11.6%	0.8%
DPS (Bt)	9.25	9.50	9.25	9.25
Dividend yield	7.0%	7.2%	7.0%	7.0%
PER (x)	7.4	6.8	7.4	7.3
Core PER (x)	5.7	6.5	7.4	7.3

HIGHLIGHTS

- **4Q24E outlook:** PTTEP is expected to experience a significant increase in fuel sales volume in 4Q24E, as its Gulf of Thailand projects resume operations following maintenance shutdowns in 3Q24. The company is projected to achieve record-breaking sales volumes, aligning with its 2024 target of approx. 540 kboed.
- **Upside potential for oil prices:** With a sharp decline in oil prices, there is potential for an upward rebound. This outlook is supported by factors such as OPEC+'s delayed crude production ramp-up, the Fed's recent interest rate cut, and increasing heating demand in Western countries.

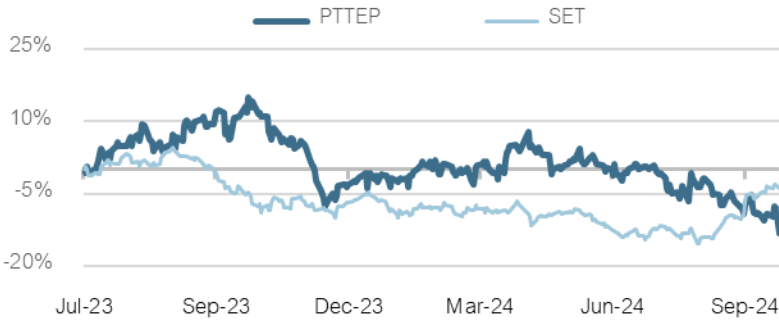
EARNINGS OUTLOOK

- **2024-25E projections:** PTTEP's net profit is estimated to reach Bt70.6bn and Bt71.7bn in 2024E and 2025E. These projections are based on assumptions of sales volume between 509-525 kboed (compared to 462 kboed in 2023), gas average selling prices of USD5.8-5.9/mmbut (vs. USD6.0/mmbut in

2023), and average Dubai crude prices of USD 75-80/bbl.

PERFORMANCE & VALUATION

- **A BUY with a target price of bt180.00:** This valuation is derived from a DCF analysis, using a WACC of 6.7% and no terminal growth value. The long-term Dubai crude price assumption is USD65/bbl. The current share price offers an attractive dividend yield of 7.0% for the 2024-25E period.



# StarFlex (SFLEX): BUY, Target Bt4.80

## Strong demand for flexible packaging amidst M&A momentum



End-December (Bt mn)	2022A	2023A	2024E	2025E
Revenue	1,669	1,795	1,920	2,247
EBITDA	124	291	354	422
Net profit	55	184	258	293
EPS (Bt)	0.07	0.22	0.31	0.36
EPS growth	-63.1%	234.6%	40.1%	13.3%
Core EPS (Bt)	0.07	0.22	0.31	0.36
Core EPS growth	-63.4%	231.2%	41.8%	13.8%
DPS (Bt)	0.03	0.09	0.13	0.15
Dividend yield	0.9%	2.8%	4.1%	4.7%
PER (x)	47.4	14.2	10.1	8.9
Core PER (x)	47.6	14.4	10.1	8.9

### HIGHLIGHTS

- **Growing flexible packaging demand:** SFLEX is benefiting from a growing demand for flexible packaging, driven by changing consumer preferences. The shift away from bottles and towards flexible packaging, combined with customer capacity expansions, is fueling market growth.
- **Recent M&A deals:** SFLEX has recently acquired SPV, a leading producer of high-quality paper packaging in Vietnam, with profit contribution coming on stream since 1Q24. Additionally, SFLEX joined forces with TU to acquire Star Union, a producer and distributor of flexible packaging. Profits from this acquisition are expected to start flowing in late 2024E.

### EARNINGS OUTLOOK

- **2H24E outlook:** SFLEX's profits are projected to grow by 40% to Bt258 million in 2024, driven by consistent new orders, contributions from SPV, and the favorable seasonality of the business. Gross profit margins are expected to remain strong due to lower raw material costs and a stronger baht. Approx. 20%

of the company's total expenses are denominated in US dollars.

### PERFORMANCE & VALUATION

- **A BUY rating with a target price of Bt4.80:** This valuation is based on a 2025E PER of 13.5x, which is -1.25 SD the 4-year average. This implies a PEG ratio of 1.0x. The stock is currently trading at a discount of -1.75 SD below its historical average PER, making it even more attractive compared to the sector average of 16.0x.



# SISB (SISB): BUY, Target Bt40.00

## High season boosts earnings outlook



End-December (Bt mn)	2022A	2023A	2024E	2025E
Revenue	1,319	1,803	2,304	2,795
EBITDA	556	828	1,132	1,444
Net profit	369	633	926	1,227
EPS (Bt)	0.39	0.67	0.99	1.30
EPS growth	77.3%	72.6%	46.3%	32.5%
Core EPS (Bt)	0.39	0.67	0.99	1.30
Core EPS growth	77.3%	72.6%	46.3%	32.5%
DPS (Bt)	0.10	0.20	0.30	0.39
Dividend yield	0.3%	0.6%	0.8%	1.1%
PER (x)	90.4	52.4	35.8	27.0
Core PER (x)	90.4	52.4	35.8	27.0

### HIGHLIGHTS

- **Favorable industry conditions:** The international education landscape is experiencing a surge in demand, driven by a growing preference for quality education and the influx of expatriates, particularly from China. SISB's unique offering of a Chinese-focused curriculum positions it well to capitalize on this trend.
- **High season and enrollment growth:** SISB is entering its high season in 2H24, with a significant increase in student enrollment expected due to the start of the new academic term. The school is projected to reach approx. 4,580 students in 3Q24E, nearing its target of 4,600. Additionally, tuition fees are anticipated to increase by +5% for the new academic year.

### EARNINGS OUTLOOK

- **2024E projection:** SISB's profits are expected to grow by +35% YoY to Bt914mn in 2024E. This growth is primarily driven by the anticipated increase in student enrollment to 4,600 (+10% YoY) and the

annual tuition fee adjustment (+5%).

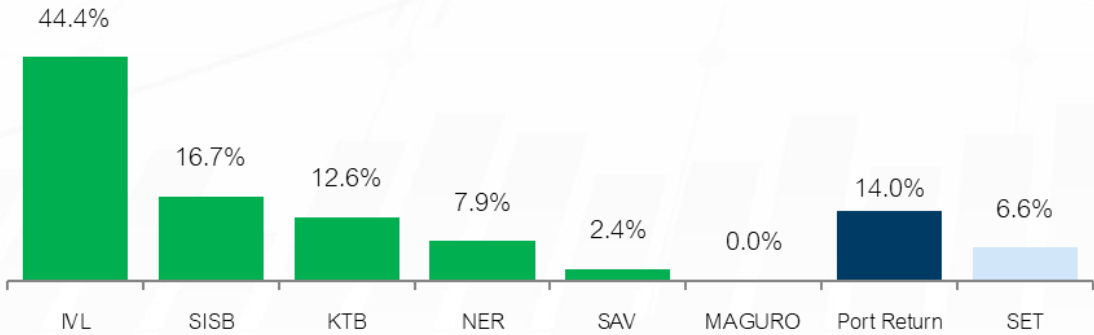
### PERFORMANCE & VALUATION

- **A BUY with a target price of Bt40.00:** This valuation is based on a DCF analysis, using a WACC of 7.2% and a terminal growth rate of 3%. Key catalysts include the expected increase in student enrollment and the annual tuition fee adjustment.

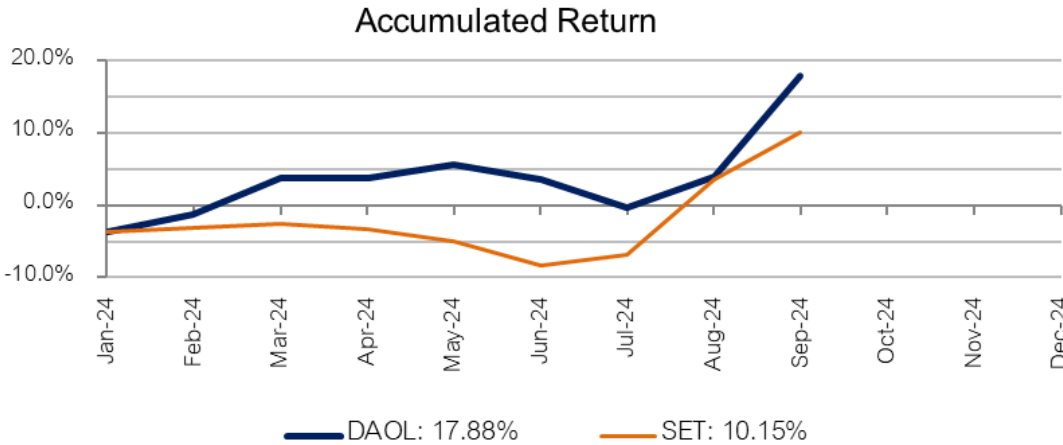




Last month performance					
Stocks	Action	Entry Price (30 Aug 24)	Exit Price (30 Sep 24)	XD	Monthly Return
IVL	BUY	17.10	24.70		44.44%
SISB	BUY	30.00	35.00		16.67%
KTB	BUY	18.30	20.60		12.57%
NER	BUY	4.96	5.35		7.86%
SAV	BUY	20.80	21.30		2.40%
MAGURO	BUY	17.30	17.30		0.00%
Port Return					13.99%
SET		1,359.07	1,448.83		6.60%
Port - SET					7.39%



YTD performance					
Month	Monthly Return		Accumulated Return		DAOL - SET
	DAOL	SET	DAOL	SET	
Jan-24	-3.63%	-3.63%	-3.63%	-3.63%	-0.01%
Feb-24	2.29%	0.45%	-1.34%	-3.17%	1.83%
Mar-24	5.13%	0.53%	3.79%	-2.64%	6.44%
Apr-24	-0.05%	-0.72%	3.75%	-3.37%	7.11%
May-24	1.80%	-1.63%	5.55%	-5.00%	10.55%
Jun-24	-2.02%	-3.32%	3.53%	-8.32%	11.85%
Jul-24	-3.89%	1.53%	-0.36%	-6.79%	6.43%
Aug-24	4.25%	10.34%	3.88%	3.55%	0.34%
Sep-24	13.99%	6.60%	17.88%	10.15%	7.72%





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# DAOL

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