

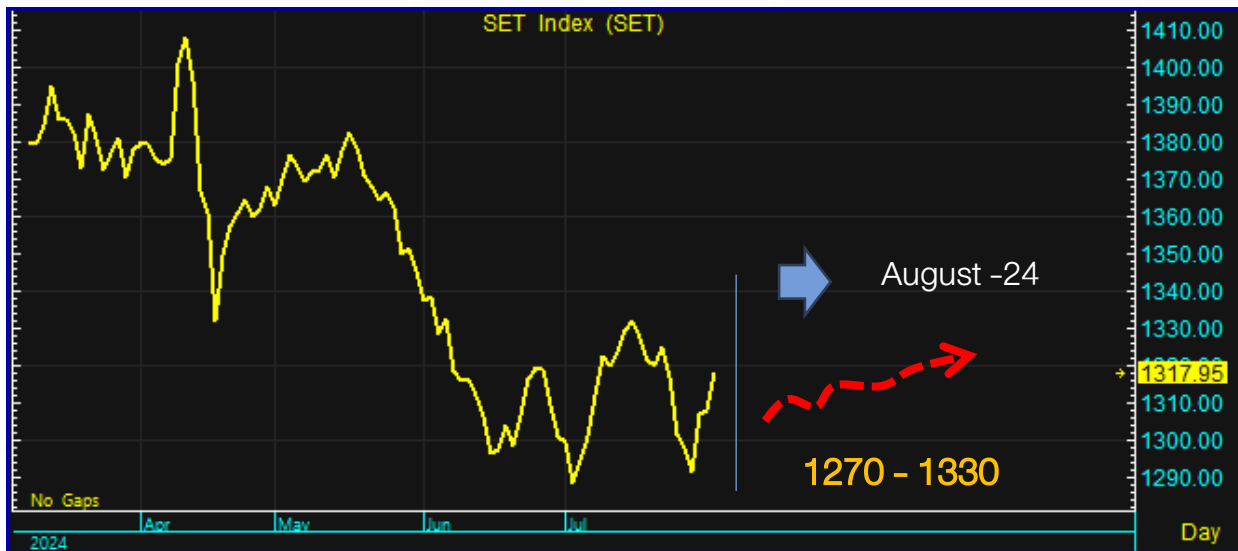


Monthly Insights

August 2024

SET Index Target 1300 –1340 จุด

DAOL SEC



- **Market outlook:** We anticipated the SET Index to trade within a range of 1,300-1,340 during August.
- **Key factors:**
 - Ongoing 2Q24 earnings reporting
 - Fed's stance on rates
 - China's stimulus measures
 - Domestic economic policies
- **Investment strategy:** Short-term focus on stocks with strong earnings growth stories
- **Top picks:** AURA, CK, CKP, CPAXT, KTB, MASTER, and SPRC

KEY FACTORS



(+/-) 2Q24E earnings reporting: The earnings reporting season is set to conclude on August 14th. We forecast a strong +27% YoY increase in the SET Index's aggregate net profit.



(+/-) Fed's stance: While the Fed maintained its interest rate in the latest meeting, the recent economic and inflation reports point to potential three rate cuts in 2024E, with the first expected in September. The move could boost economic growth and attract foreign inflows.



(+/-) Domestic landscape: The Constitutional Court is expected to rule on the dissolution of the Move Forward Party on Aug. 7th and PM Srettha's status on Aug. 14th. A favorable outcome will provide positive sentiment to the SET Index. In addition to the "digital wallet" scheme, the Thai government is expected to roll out more economic packages.



(+/-) China's economic revival: Post-Politburo on July 30th, Beijing is committed to economic stimulus, targeting a +5% GDP growth in 2024E. Increased consumption is a key focus.

July recap

The SET Index exhibited a sideways trend during July, fluctuating within a narrow range of 1,286 to 1,330. Despite the limited upside, the index held above the prior low of 1,281.

August outlook

A break above 1,330 could open an upside towards 1,340-1,360. However, given the historical significance of the 1,350 level as a strong support, a break above this level is seen as challenging. Should the index fail to breach the 1,330 level, a return to the 1,280-1,332 range is likely.



Support: 1,300-1,280

Resistance: 1,340-1,360

- **AURA:** 2Q24E earnings poised for robust growth on GPM and pawning strength
- **CK:** Strong earnings and MEGA-project pipeline drive growth
- **CKP:** Peak season and La Niña boosts growth potential
- **CPAXT:** Strong 2Q24E earnings and retail momentum
- **KTB:** Strong asset quality and profit growth outlook
- **MASTER:** Strong 2Q24E earnings and accelerating growth
- **SPRC:** Strong 2Q24E earnings and improving outlook in 3Q24E

Stock	Rec	Price 31-Jul-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
AURA	BUY	15.10	18.50	22.5	26.5	18.7	28.3	18.7	18.0	15.2	3.1	2.7	2.8	3.2
CK	BUY	19.40	29.00	49.5	20.5	16.7	24.6	16.7	17.9	15.3	1.2	1.2	2.4	2.9
CKP	BUY	3.88	4.50	16.0	24.6	12.6	20.7	12.6	17.6	15.6	0.3	0.3	2.0	2.2
CPAXT	BUY	30.50	36.00	18.0	22.6	9.8	22.6	9.8	30.1	27.4	1.0	1.0	1.7	1.8
KTB	BUY	18.10	21.00	16.0	14.8	4.9	14.8	4.9	6.0	5.7	0.6	0.5	5.5	5.8
MASTER	BUY	49.50	86.00	73.7	39.2	25.6	39.2	25.6	25.0	19.9	4.5	4.1	2.4	3.0
SPRC	BUY	7.70	10.50	36.4	n.m.	-18.1	n.m.	-17.5	6.5	8.0	0.8	0.8	6.1	5.4

Aurora Design (AURA): BUY, Target Bt18.50

2Q24E earnings poised for robust growth on GPM and pawning strength



End-December (Bt mn)	2022A	2023A	2024E	2025E
Revenue	29,581	29,878	31,401	34,621
EBITDA	1,496	1,731	2,071	2,356
Net profit	708	850	1,075	1,276
EPS (Bt)	0.53	0.64	0.81	0.96
EPS growth	-9.5%	20.1%	26.5%	18.7%
Core EPS (Bt)	0.50	0.63	0.81	0.96
Core EPS growth	-3.8%	24.7%	28.3%	18.7%
DPS (Bt)	1.39	0.31	0.40	0.47
Dividend yield	9.6%	2.1%	2.8%	3.2%
PER (x)	27.3	22.8	18.0	15.2
Core PER (x)	28.8	23.1	18.0	15.2

HIGHLIGHTS

- Record 2Q24E earnings:** We forecast a record-breaking 2Q24E profits of Bt359mn, reflecting an +80% YoY and +31% QoQ increase. Key drivers are a surge in gross profit margin in the retail gold jewelry segment to 11.8% (from 8.5% in 2Q23 and 9.6% in 1Q24), fueled by increased margins and efficient inventory management (90-day inventory turnover) that capitalizes on rising gold prices. Additionally, the pawning segment is expected to achieve a new record high in both revenue and gross profit of Bt140mn, up +99% YoY and +42% QoQ, supported by a growing pawning portfolio to Bt4.0bn from Bt3.2bn in 1Q24.

EARNINGS OUTLOOK

- Robust 2024E profit growth expected:** We forecast a +27% YoY growth in net profit to Bt1.1bn in 2024E. Earnings momentum is expected to persist in 2H24E, fueled by ongoing expansion and the thriving pawning segment.

Notably, the pawning portfolio is projected to reach Bt4.2bn at YE2024E, compared to Bt2.7bn at YE2023.

PERFORMANCE & VALUATION

- BUY rating with Bt18.50 target price:** Based on a 2024E PER of 23x (-0.5 SD below 2-year average).
- Key catalyst:** An interest rate cut could further enhance profitability.



CH. Karnchang (CK): BUY, Target Bt29.00

Strong earnings and MEGA-project pipeline drive growth



End-December (Bt mn)	2022A	2023A	2024E	2025E
Revenue	18,097	36,485	38,459	41,377
EBITDA	2,968	4,576	5,114	5,424
Net profit	1,105	1,501	1,809	2,111
EPS (Bt)	0.67	0.89	1.07	1.25
EPS growth	22.0%	33.6%	20.0%	16.7%
Core EPS (Bt)	0.53	0.86	1.07	1.25
Core EPS growth	783.4%	61.9%	24.0%	16.7%
DPS (Bt)	0.25	0.30	0.45	0.55
Dividend yield	1.3%	1.6%	2.4%	2.9%
PER (x)	28.7	21.5	17.9	15.3
Core PER (x)	35.9	22.2	17.9	15.3

HIGHLIGHTS

- **Orange Line construction set in 3Q24E:** CK secures a record-breaking Bt220bn backlog (from Bt110bn at end-2Q24), ensuring a stable revenue stream for at least five years. Construction is set to commence in 3Q24E.
- **Solid 2Q24E growth:** Despite increased SG&A expenses, particularly from JV, we expect a +1% YoY and +305% QoQ profit growth to Bt490mn in 2Q24E. The QoQ surge is driven by CKP’s favorable seasonal factors and dividend income from TTW.

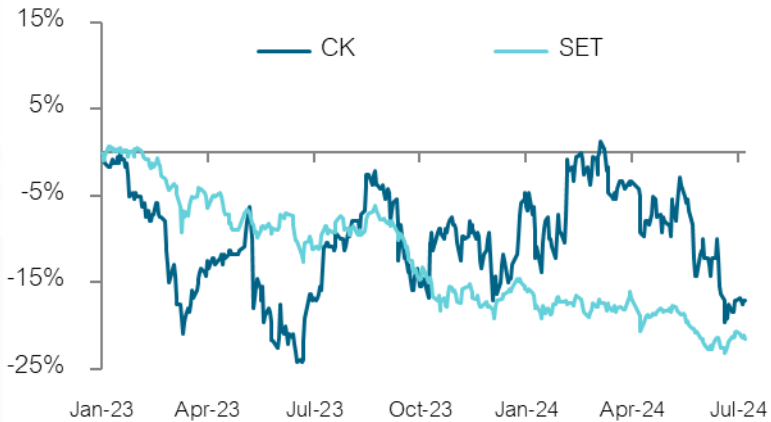
EARNINGS OUTLOOK

- **Robust growth:** We anticipate +25% YoY profit growth to Bt1.8bn in 2024E, driven by core business and project execution. Looking ahead, while we project continued YoY growth of +17% to Bt2.1bn in 2025E, large-scale projects like the Orange Line, Purple Line South, Luang Prabang hydropower plant, and Denchai-Chiangrai-Chiangkhong double-track rail offer

significant upside for 2025E.

PERFORMANCE & VALUATION

- **BUY rating with Bt29.00 target price:** Based on an SOTP valuation.
- **Key catalysts:** Upcoming Khon Kaen-Nongkhai double-track rail project bidding, with envelopes set to sell on August 20th, and BEM’s double deck project development, expected in 2H24-1H25E.



Peak season and La Niña boosts growth potential



HIGHLIGHTS

- **High season advantage:** We expect strong QoQ growth in 2Q-3Q24E, as Xayaburi and Nam Ngum 2 hydropower plants benefit from increased monsoon season water levels.
- **La Niña tailwind:** IRI forecasts a high chance (over 70%) of La Niña developing in 2H24E, potentially bringing more rain compared to El Niño in 2H23.

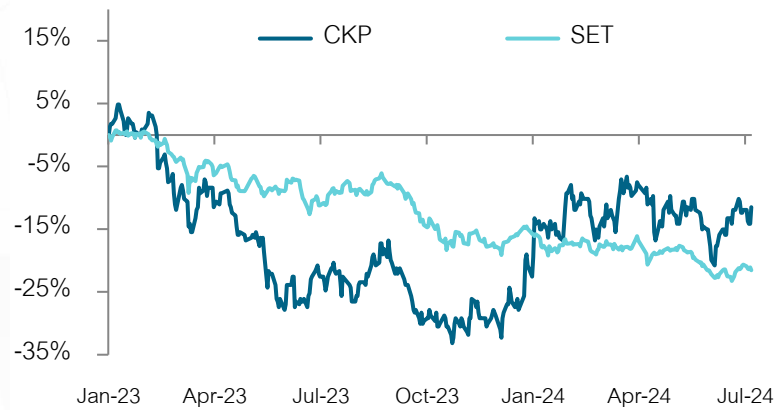
EARNINGS OUTLOOK

- **Solid 2024E growth:** We project a +21% YoY increase in core profit to Bt1.8bn in 2024E, driven by the end of El Niño's influence and potential La Niña impact.

PERFORMANCE & VALUATION

- **BUY rating with Bt4.50 target price:** Based on a DCF analysis using a 5.5% WACC with no terminal growth value.
- **Key catalysts:** Potential end of El Niño in 2H24E and strong electricity generation season in Q3.

End-December (Bt mn)	2022A	2023A	2024E	2025E
Revenue	10,904	10,286	10,444	10,944
EBITDA	5,540	4,649	5,477	5,760
Net profit	2,436	1,462	1,822	2,052
EPS (Bt)	0.30	0.18	0.22	0.25
EPS growth	11.8%	-40.0%	24.6%	12.6%
Core EPS (Bt)	0.31	0.19	0.22	0.25
Core EPS growth	27.0%	-39.8%	20.7%	12.6%
DPS (Bt)	0.08	0.08	0.08	0.09
Dividend yield	2.0%	2.2%	2.0%	2.2%
PER (x)	13.1	21.9	17.6	15.6
Core PER (x)	12.8	21.2	17.6	15.6



Strong 2Q24E earnings and retail momentum



End-December (Bt mn)	2022A	2023A	2024E	2025E
Revenue	466,082	486,491	510,037	540,042
EBITDA	35,083	30,343	34,178	36,638
Net profit	7,697	8,448	10,359	11,371
EPS (Bt)	0.73	0.80	0.98	1.07
EPS growth	-43.8%	9.8%	22.6%	9.8%
Core EPS (Bt)	0.73	0.80	0.98	1.07
Core EPS growth	10.4%	9.8%	22.6%	9.8%
DPS (Bt)	0.36	0.40	0.49	0.54
Dividend yield	1.2%	1.4%	1.7%	1.8%
PER (x)	40.6	36.9	30.1	27.4
Core PER (x)	40.6	36.9	30.1	27.4

HIGHLIGHTS

• **Strong fresh food demand amidst retail strength in 2Q24E:** The wholesale and retail segments are expected to experience same-store sales growth of +2-4%, driven by strong fresh food demand and store renovations. Overall gross profit margin is expected to increase YoY, supported by both domestic wholesale and retail segments, although the Malaysia division is expected to witness shrinking margins due to its market share boost efforts. SG&A expenses are expected to see improvement, despite investment in O2O and DC, resulting in SG&A to sales ratio to maintain stability QoQ but to improve YoY on economies of scale.

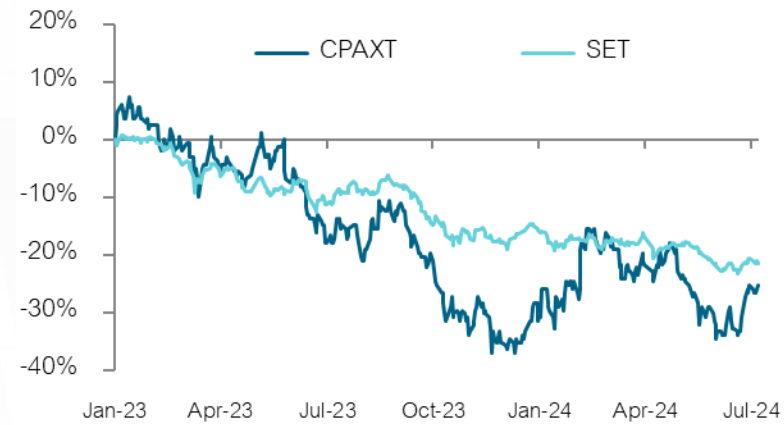
EARNINGS OUTLOOK

• **Retail-driven growth in 2H24E:** We project a +20% profit rise to Bt10.4bn in 2024E and +10% to Bt11.4bn for 2025E. While 1H24E profits are expected to reach 44% of our full-year estimate,

we anticipate HoH stronger performance in 2H24E, with the retail segment leading the charge in both Thailand and Malaysia. Additionally, the SG&A to sales ratio is forecast to improve in 2H24E following substantial investments for DC and omnichannel.

PERFORMANCE & VALUATION

- **BUY rating with Bt36.00 target price:** Based on a 2024E PER of 37x (+0.25 SD above the 5-year average).
- **Key catalysts:** Continued retail segment improvement.



Strong asset quality and profit growth outlook



End-December (Bt mn)	2022A	2023A	2024E	2025E
Net interest income	90,404	113,419	118,666	123,749
Net fees income	20,316	20,872	21,297	21,766
Pre-provision profit	70,620	87,309	89,672	92,252
Provision	24,338	37,085	32,490	32,490
Net profit	33,697	36,616	42,040	44,104
EPS (Bt)	2.41	2.62	3.01	3.15
EPS growth (%)	56.1%	8.7%	14.8%	4.9%
NIM (%)	2.7%	3.3%	3.3%	3.2%
BVPS (Bt)	26.9	28.8	30.9	33.1
DPS (Bt)	0.7	0.9	1.0	1.0
PER (x)	7.4	6.8	6.0	5.7

HIGHLIGHTS

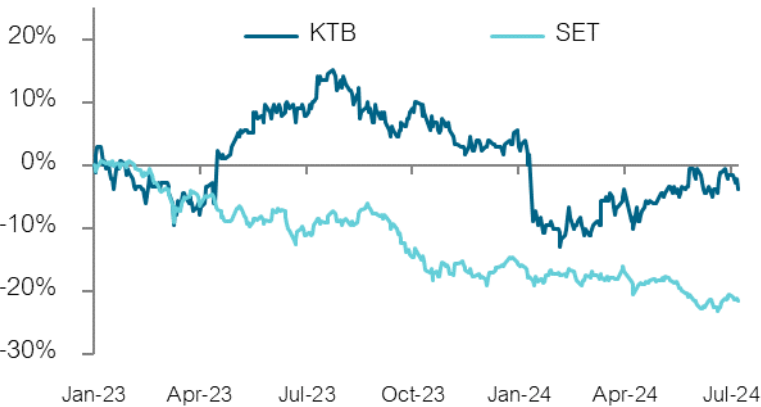
- **Superior asset quality:** KTB maintains industry-leading asset quality with a strong coverage ratio of 181%.
- **Earnings momentum:** We anticipate continued YoY profit growth in 3Q24E, driven by lower provisions.

EARNINGS OUTLOOK

- **Robust 2024E:** We project a +15% YoY net profit growth to Bt42.0bn, supported by normalized provisions and expanding lending to the state sector.

PERFORMANCE & VALUATION

- **BUY rating with Bt21.00 target price:** Based on a 2024E PBV of 0.68x, positioned at -0.75 SD below the 10-year average. The current valuation of 0.57x PBV is below its 10-year historical average (-1.0 SD) and the sector average (0.6x). Moreover, we believe the recent share price peak of Bt21.00 doesn't fully capture the bank's potential for future growth.



Master Style (MASTER): BUY, Target Bt86.00

Strong 2Q24E earnings and accelerating growth



End-December (Bt mn)	2022A	2023A	2024E	2025E
Revenue	1,483	1,917	2,330	2,807
EBITDA	421	596	841	1,011
Net profit	301	416	579	727
EPS (Bt)	1.00	1.38	1.92	2.41
EPS growth	84.9%	38.5%	39.2%	25.6%
Core EPS (Bt)	1.00	1.38	1.92	2.41
Core EPS growth	84.9%	38.5%	39.2%	25.6%
DPS (Bt)	1.73	0.25	1.15	1.45
Dividend yield	3.6%	0.5%	2.4%	3.0%
PER (x)	48.2	34.8	25.0	19.9
Core PER (x)	48.2	34.8	25.0	19.9

HIGHLIGHTS

- Strong 2Q24E:** We expect net profit to grow +49% YoY and +15% QoQ to Bt121mn in 2Q24E. Expanding customer base, particularly in Indonesia, and rising surgery revenue are expected to drive revenue up +12% YoY. Gross profit margin is also poised for expansion given a low base in 2Q23. Furthermore, equity income is forecast to reach Bt15.0mn, compared to Bt5.0mn in 4Q23 and Bt10.0mn in 1Q24), supported by Wind, Kin, Rattinan, Dr. Chen, TYP, Twinkle, and V Square.
- Momentum building:** July revenue hits all-time high, fueled by growing customer base and margin expansion. V Square and S45 are expected to contribute fully from 3Q24E onwards.

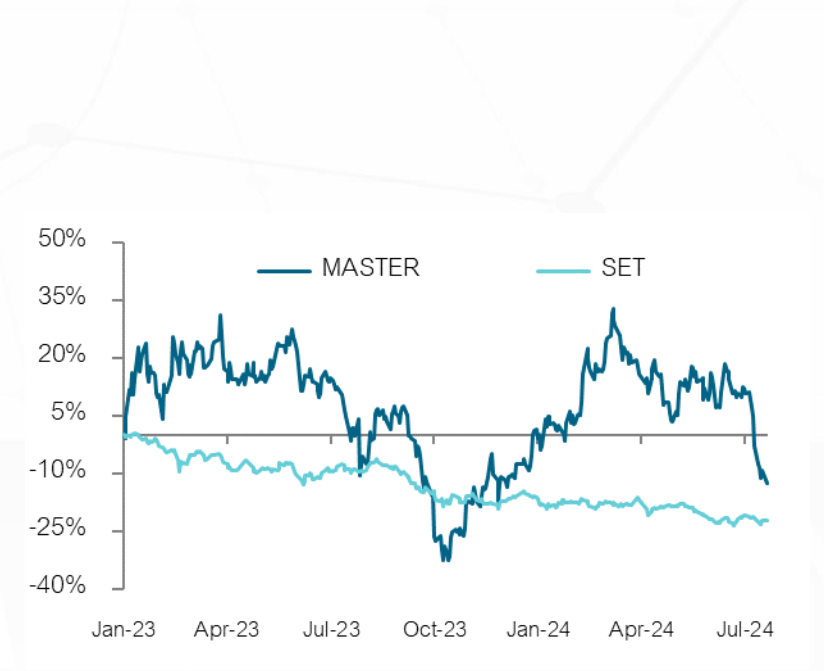
EARNINGS OUTLOOK

- Robust growth:** We project a +39 YoY surge in net profit to Bt579mn in 2024E. The company's ongoing M&A explorations could create an

upside to our earnings forecast.

PERFORMANCE & VALUATION

- Buy rating with Bt86.00 target price:** Based on a 2024E PER of 45x. While we expect earnings to ride upward trends, the recent 23% stock price decline offers a compelling entry point.



Star Petroleum Refining (SPRC): BUY, Target Bt10.50

Strong 2Q24E earnings and improving outlook in 3Q24E



End-December (Bt mn)	2022A	2023A	2024E	2025E
Revenue	285,264	238,284	224,427	205,081
EBITDA	13,590	1,522	9,496	8,424
Net profit	7,674	-1,230	4,925	4,032
EPS (Bt)	1.77	-0.28	1.14	0.93
EPS growth	61.7%	n.m.	n.m.	-18.1%
Core EPS (Bt)	2.04	-0.23	1.21	1.00
Core EPS growth	93.3%	n.m.	n.m.	-17.5%
DPS (Bt)	1.11	0.00	0.45	0.40
Dividend yield	15.0%	0.0%	6.1%	5.4%
PER (x)	4.2	n.m.	6.5	8.0
Core PER (x)	3.6	n.m.	6.1	7.4

HIGHLIGHTS

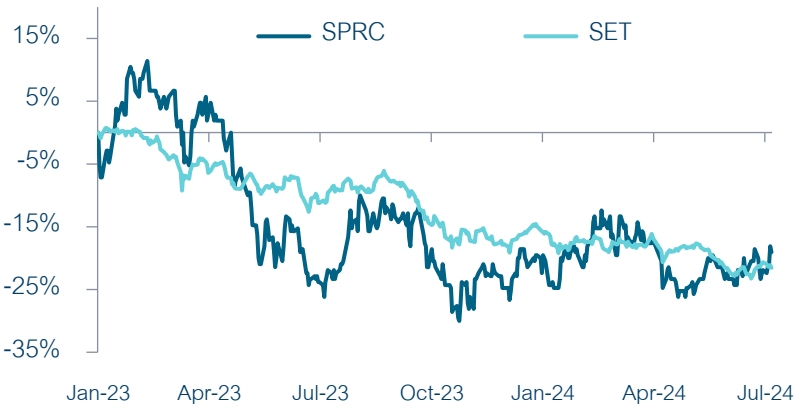
- **Profit resurgence:** We estimate net profit at Bt133mn in 2Q24E, a turnaround from a loss of bt2.1bn in 2Q23 but a reduction from a profit of Bt3.9bn in 1Q24. The YoY improvement is driven by oil stock gains and increased market GRM, alongside lower crude premiums.
- **Market GRM on track for expansion in 3Q24E:** We expect market GRM to rise further, supported by lower Middle East crude premiums (95% of total consumption) and reduced logistics costs following Single Point Mooring (SPM) resumption.

EARNINGS OUTLOOK

- **Full-year turnaround:** We project a net profit of Bt4.9bn in 2024E, compared to a loss of Bt1.2bn in 2023, driven by higher market GRM, increased refinery intake, and substantial oil stock gains.

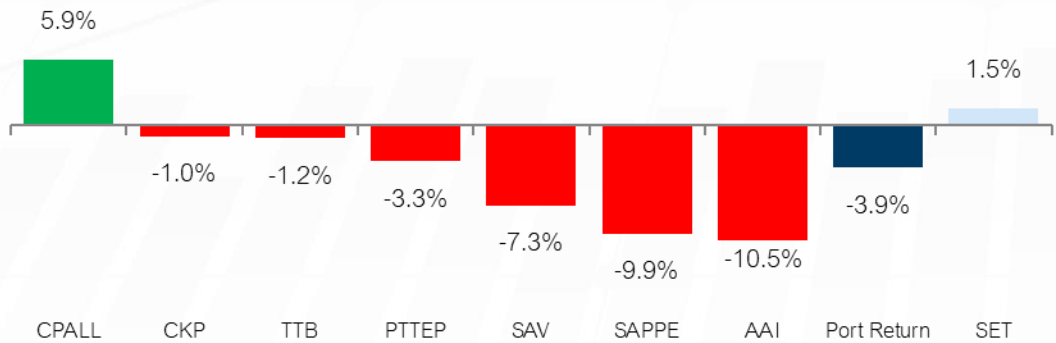
PERFORMANCE & VALUATION

- **BUY rating with Bt10.50 target price:** Based on a 2024E PBV of 1.13x, positioned at -1.0 SD below the 5-year average. The current stock price offers a dividend yield of 5.4-6.1% for the next two years.



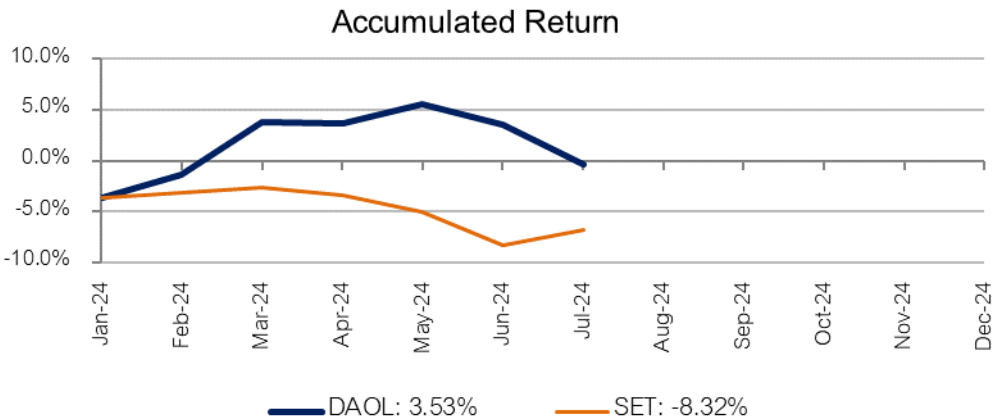
Last month performance

Stocks	Action	Entry Price (28 Jun 24)	Exit Price (31 Jul 24)	XD	Monthly Return
CPALL	BUY	55.00	58.25		5.91%
CKP	BUY	3.92	3.88		-1.02%
TTB	BUY	1.71	1.69		-1.17%
PTTEP	BUY	152.00	147.00		-3.29%
SAV	BUY	21.90	20.30		-7.31%
SAPPE	BUY	101.50	91.50		-9.85%
AAI	BUY	6.20	5.55		-10.48%
Port Return					-3.89%
SET		1,300.96	1,320.86		1.53%
Port - SET					-5.42%



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%



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