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### KEY HIGHLIGHTS

#### Results

**Bangchak Petroleum (BCP TB/HOLD/Bt26.00/Target: Bt30.00)** Page 2

1Q21: Slim core profit as expected.

**CP ALL (CPALL TB/HOLD/Bt60.75/Target: Bt65.00)** Page 5

1Q21: Disappointing results; downgrade to HOLD.

**Electricity Generating (EGCO TB/BUY/Bt175.00/Target: Bt242.00)** Page 8

1Q21: Results in line; positive outlook.

**PTT Global Chemical (PTTGC TB/BUY/Bt67.25/Target: Bt75.00)** Page 11

1Q21: Result was 10% higher than consensus; 2Q21 earnings expected to be this year's quarterly peak.

**Star Petroleum Refining (SPRC TB/HOLD/Bt9.75/Target: Bt9.60)** Page 14

1Q21: Net profit in line with positive guidance.

**SVI (SVI TB/BUY/Bt4.88/Target: Bt6.00)** Page 17

1Q21: Earnings beat expectations.

#### Update

**KCE Electronics (KCE TB/BUY/Bt63.00/Target: Bt67.00)** Page 20

Still Remain Bullish On Earnings Outlook.

### KEY INDICES

Symbol	Close	Chg	%Chg
SET	1,571.85	(7.08)	(0.45)
SET50	952.55	(4.42)	(0.46)
Value (Btm) - SET	106,631		
Top 5 Sector			
BANK	353.94	(7.39)	(2.05)
PETRO	1,238.71	(16.22)	(1.29)
PROP	218.99	(3.88)	(1.74)
ENERG	23,538.77	(227.65)	(0.96)
ICT	140.57	(0.95)	(0.67)

Source: Bloomberg

### TOP VOLUME

Symbol	Price (Bt)	Chg (%)	Volume ('000)
DELTA	558.00	20.26	18,063.6
TIDLOR	40.25	(6.40)	184,144.5
KBANK	119.50	(4.40)	50,400.5
SAWAD	73.00	(6.71)	45,808.4
KCE	63.00	3.70	55,848.1

### TOP GAINERS

Symbol	Price (Bt)	Chg (%)	Volume ('000)
NEWS	0.02	100.00	12,381.2
BROOK	0.70	29.63	502,037.3
IT	5.00	26.26	11,439.4
UWC	0.10	25.00	647,870.9
TKT	1.62	20.90	47,055.3

### TOP LOSERS

Symbol	Price (Bt)	Chg (%)	Volume ('000)
AQ	0.01	(50.00)	44,529.1
APEX	0.03	(25.00)	120,178.6
GIFT	2.28	(16.18)	12,055.1
MBAX	6.50	(15.03)	13,129.8
JTS	14.30	(11.18)	900.0

### KEY STATISTICS

Commodity	Current Price	%Chg		
		1m	3M	YTD
Brent crude*	68.9	8.9	13.4	33.8
Dubai crude*	66.7	9.5	10.5	32.7
Baltic Dry Index	3,254.0	52.1	143.0	138.2
Gold Spot***	1,814.8	4.0	(0.5)	(4.4)

\*(US\$/bbl), \*\*\* (US\$/toz)

### FOREIGN PORTFOLIO INVESTMENT IN EQUITIES (THAILAND)

Day (Mil US\$)	MTD Net (Mil US\$)	YTD Net (Mil US\$)	YTD Net YoY%
(104.4)	(466.6)	(1,560.4)	2,197.3

Source: Bloomberg

Foreign Exchange Rate - THB/US\$ (onshore) = 31.31

Interest Rate (%) - TH 1-day RP = 1.50

Thai Lending Rate (%)\* - MLR = 5.25

### COMPANY RESULTS

#### Bangchak Corporation(BCP TB)

1Q21: Slim Core Profit As Expected

BCP's 1Q21 net profit of Bt2.3m (which turned from a huge loss of Bt4.7b in 1Q20 and +808% qoq) and core profit of Bt381m (+659% yoy, +375% qoq) was in line with our estimates. We expect BCP's core profit to continue to improve for the rest of the year. However, we recommend that investors switch to IVL and PTTGC due to solid petrochemical prices and spreads. Maintain HOLD. Target price: Bt30.00. Entry price: Bt25.00.

#### 1Q21 Results

	1Q21	1Q20 (Btm)	4Q20	yoy %Chg	qoq %Chg
Turnover	41,230	43,070	33,134	(4)	24
core EBITDA	2,250	150	2,717	1,400	(17)
Inventory gain/(loss)	2,180	(3,345)	144	(165)	1,417
Tax	(408)	1,536	46	(127)	(995)
Extra	0	(1,366)	-	na	na
Net Profit	2,284	(4,661)	251	na	808
EPS	1.68	(3.43)	0.19	na	808
Core profit	381	50	80	659	375

Source: BCP, UOB Kay Hian

### RESULTS

- Slim core profit as expected.** Bangchak Corporation's (BCP) 1Q21 net profit of Bt2.3m (turning from a huge loss of Bt4.7b in 1Q20 and +808% qoq) and core profit of Bt381m (+659% yoy, +375% qoq) were in line with our estimates. BCP's 1Q21 core profit was 16% of our full-year forecast.
- Strong refinery business.** Like its peers, BCP's gross refining margin (GRM) in 1Q21 was US\$3.2/bbl (1Q20: US\$2.9/bbl; 4Q20: US\$3.7/bbl). The qoq decrease in GRM was driven by a higher crude premium while the stronger yoy performance was backed by higher product spreads, especially for gasoline, after the country exited the COVID-19 lockdown. BCP's 1Q21 utilisation rate was 54% vs 87% in 4Q20, reflecting a 45-day scheduled maintenance.
- Non refinery businesses are key earnings drivers.** The EBITDA contribution from the retail marketing business (ex-inventory gain) was Bt670m (flat yoy but +43% qoq) reflecting a healthy marketing margin of Bt0.75/litre (1Q20: Bt0.79/litre; 4Q20 Bt0.77/litre) with good cost control. Profit contribution from the renewable business remained strong, up 27% yoy and 13% qoq, reflecting new capacity addition with seasonal factors.

### KEY FINANCIALS

Year to 31 Dec (Btm)	2019	2020	2021F	2022F	2023F
Net turnover	190,489	136,450	236,580	247,076	234,541
EBITDA	8,885	5,290	11,511	14,219	13,106
Operating profit	3,853	(1,532)	6,061	8,768	7,654
Net profit (rep./act.)	1,732	(6,967)	2,436	4,499	3,363
Net profit (adj.)	3,072	898	2,436	4,499	3,363
EPS (Bt)	2.3	0.7	1.8	3.3	2.5
PE (x)	11.5	39.3	14.5	7.8	10.5
P/B (x)	0.7	0.8	0.9	0.8	0.8
EV/EBITDA (x)	8.6	14.5	6.7	5.4	5.8
Dividend yield (%)	4.0	1.5	3.7	4.2	4.2
Net margin (%)	0.9	(5.1)	1.0	1.8	1.4
Net debt/(cash) to equity (%)	79.0	89.7	103.3	90.6	71.9
Interest cover (x)	5.2	2.7	6.9	8.9	8.2
ROE (%)	3.7	n.a.	5.7	11.2	8.0
Consensus net profit	-	-	2,029	3,413	4,075
UOBKH/Consensus (x)	-	-	1.20	1.32	0.83

Source: BCP, Bloomberg, UOB Kay Hian

n.m. = not meaningful; negative PE, EV/EBITDA reflected as "n.m."

### HOLD

(Maintained)

Share Price	Bt26.00
Target Price	Bt30.00
Upside	+15.4%

### COMPANY DESCRIPTION

BCP is one of the refiners in Thailand. It operates a small complex refinery located in Bangkok with a capacity of 120,000 bbl/day, representing 10% of Thailand's refining capacity. BCP distributes products to clients through its service stations nationwide under the trademark "Bangchak". It also offers products to industrial sectors and exports to overseas markets.

### STOCK DATA

GICS sector	Energy
Bloomberg ticker:	BCP TB
Shares issued (m):	1,357.7
Market cap (Btm):	35,299.8
Market cap (US\$m):	1,134.9
3-mth avg daily t'over (US\$m):	5.8

### Price Performance (%)

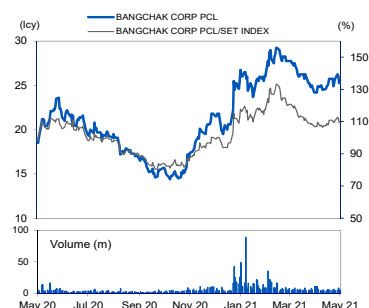
52-week high/low		Bt29.25/Bt14.40		
1mth	3mth	6mth	1yr	YTD
4.0	0.0	51.2	36.1	26.2

### Major Shareholders

	%
PTT	27.2
Ministry of Finance	10.0
-	-

FY21 NAV/Share (Bt)	28.78
FY21 Net Debt/Share (Bt)	29.74

### PRICE CHART



Source: Bloomberg

### ANALYST(S)

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### STOCK IMPACT

- **Strong gasoline and diesel spread to drive refinery business.** In 2Q21, the gasoline spread will continue to increase to US\$11/bbl (from US\$7.10/bbl in 1Q21), and is higher than our assumption of US\$5.00/bbl. Besides, the diesel spread remains healthy at US\$4.80/bbl (1Q21: US\$4.70/bbl). Without a maintenance shutdown, we expect a higher utilisation rate in 2Q21 with lower opex per barrel of production. We estimate the EBITDA contribution from the refinery to be Bt1.0-1.2b in 2Q21
- **Renewable is another key earnings driver in 2Q21.** We also stay positive on BCP's renewable business in 2Q21 as we expect stronger contribution from two hydro power plant projects in Laos with an absence of maintenance shutdown from geothermal power plant in Indonesia.
- **But concerns remain about the biofuel and oil retail businesses.** We have concerns about the biofuel and oil retail businesses in 2Q21 given the projection of lower sales volume following a partial lockdown due to the third wave of COVID-19 in Thailand. This will offset the strong contribution from the renewables business. Overall, we expect BCP to continue to report a slim core profit in 2Q21 (but this should be slightly better than the 1Q21 performance). We expect core profit to jump in 2H21 driven by seasonal factors in the renewables business and a higher contribution from domestic business (biofuel and retail marketing) after improvement in the COVID-19 situation in Thailand.

### EARNINGS REVISION/RISK

- None.

### VALUATION/RECOMMENDATION

**Maintain HOLD with a target price of Bt30.00**, based on 1.1x 2021F P/B, or mean of the stock's five-year historical average. We expect BCP to benefit from a higher GRM outlook, and a higher contribution from renewables and biofuel business in the short term. However, we have some concerns about contributions from the retail business. IVL and PTTGC are our top picks in the O&G sector given the solid petrochemical prices and spreads.

### SHARE PRICE CATALYST

- 2Q21: GRM to improve slightly in 2Q21.

### REFINERY PERFORMANCE - 1Q21

US\$/bbl	1Q21	1Q20	4Q20
GRM	3.2	2.87	3.7
Hedging	(0.04)	0.26	(0.39)
Inventory gain/(loss)	12.26	(9.29)	(0.03)
Total GRM	15.46	(6.16)	3.32

Source: BCP

### CRUDE RUN

	1Q21	1Q20	4Q20
Run rate	54%	87%	83%

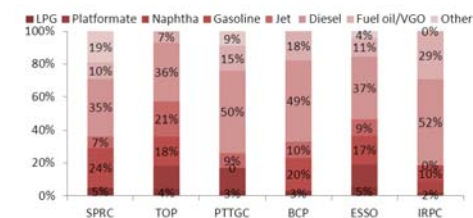
Source: BCP

### OPERATING STATISTICS - 1Q21

EBITDA	1Q21	1Q20	4Q20	yoy	qoq
Refinery (ex inventory)	224	106	718	111	(69)
Retail (ex inventory)	670	672	450	(0)	49
Renewable	979	770	869	27	13
Bio fuel	422	510	590	(17)	(28)
E&P (ex impairment)	31	139	221	(78)	(86)
Others	(76)	(90)	(131)	(16)	(42)
Total	2,250	2,107	2,717	7	(17)

Source: BCP

### BCP PRODUCTION YIELD



Source: UOB Kay Hian

### BCP: 5-YEAR FORWARD P/B



Source: Bloomberg, UOB Kay Hian

## PROFIT & LOSS

Year to 31 Dec (Btm)	2020	2021F	2022F	2023F
Net turnover	136,450	236,580	247,076	234,541
EBITDA	5,290	11,511	14,219	13,106
Deprec. & amort.	6,821	5,450	5,451	5,452
EBIT	(1,532)	6,061	8,768	7,654
Total other non-operating income	n.a.	n.a.	n.a.	n.a.
Associate contributions	(592)	60	60	60
Net interest income/(expense)	(1,969)	(1,680)	(1,600)	(1,601)
Pre-tax profit	(4,093)	4,441	7,228	6,113
Tax	1,589	(755)	(1,229)	(1,100)
Minorities	(1,197)	(1,250)	(1,500)	(1,650)
Net profit	(6,967)	2,436	4,499	3,363
Net profit (adj.)	898	2,436	4,499	3,363

## CASH FLOW

Year to 31 Dec (Btm)	2020	2021F	2022F	2023F
Operating	3,531	(9,204)	4,850	8,815
Pre-tax profit	(4,093)	4,441	7,228	6,113
Tax	1,589	(755)	(1,229)	(1,100)
Deprec. & amort.	6,821	5,450	5,451	5,452
Associates	(1,197)	(1,250)	(1,500)	(1,650)
Working capital changes	5,196	(10,477)	(5,000)	0
Other operating cashflows	(4,785)	(6,613)	(100)	0
Investing	(6,088)	20,137	(150)	0
Capex (growth)	(8,804)	(5,000)	0	0
Others	2,717	25,137	(150)	0
Financing	16,932	(13,397)	(5,446)	(5,445)
Dividend payments	(407)	(1,928)	(1,997)	(1,997)
Issue of shares	n.a.	n.a.	n.a.	n.a.
Proceeds from borrowings	18,568	(3,674)	(3,449)	(3,448)
Others/interest paid	(1,229)	(7,796)	0	0
Net cash inflow (outflow)	14,375	(2,464)	(746)	3,370
Beginning cash & cash equivalent	7,276	21,651	19,187	18,441
Ending cash & cash equivalent	21,651	19,187	18,441	21,812

## BALANCE SHEET

Year to 31 Dec (Btm)	2020	2021F	2022F	2023F
Fixed assets	54,567	54,117	48,666	43,214
Other LT assets	46,460	5,850	6,250	6,250
Cash/ST investment	21,651	19,187	18,441	21,812
Other current assets	25,645	32,020	37,020	37,020
Total assets	148,323	111,174	110,377	108,296
ST debt	9,149	7,424	7,423	7,422
Other current liabilities	16,353	11,300	11,450	11,450
LT debt	54,095	52,146	48,698	45,251
Other LT liabilities	10,409	275	275	275
Shareholders' equity	46,366	39,079	41,581	42,948
Minority interest	11,950	950	950	950
Total liabilities & equity	148,323	111,174	110,377	108,296

## KEY METRICS

Year to 31 Dec (%)	2020	2021F	2022F	2023F
Profitability				
EBITDA margin	3.9	4.9	5.8	5.6
Pre-tax margin	(3.0)	1.9	2.9	2.6
Net margin	(5.1)	1.0	1.8	1.4
ROA	n.a.	1.9	4.1	3.1
ROE	n.a.	5.7	11.2	8.0
Growth				
Turnover	(28.4)	73.4	4.4	(5.1)
EBITDA	(40.5)	117.6	23.5	(7.8)
Pre-tax profit	(260.1)	n.a.	62.7	(15.4)
Net profit	(502.2)	n.a.	84.7	(25.3)
Net profit (adj.)	(70.8)	171.3	84.7	(25.3)
EPS	(70.8)	171.3	84.7	(25.3)
Leverage				
Debt to total capital	52.0	59.8	56.9	54.5
Debt to equity	136.4	152.4	135.0	122.6
Net debt/(cash) to equity	89.7	103.3	90.6	71.9
Interest cover (x)	2.7	6.9	8.9	8.2

## COMPANY RESULTS

### CP ALL (CPALL TB)

1Q21: Disappointing Results; Downgrade To HOLD

**CPALL posted a disappointing 1Q21 net profit of Bt2.6b, down 54% yoy and 27% qoq. The results were 43% and 34% below our and consensus estimates, respectively. The disappointing 1Q21 results were mainly due to a net loss contribution from Lotus and weak SSS growth outlook. Downgrade to HOLD. Target price: Bt65.00. Entry price: Bt56.00.**

#### 1Q21 RESULTS

Year to 31 Dec (Btm)	1Q21	4Q20	1Q20	qoq chg (%)	yoy chg (%)
Revenue from sales and services	128,549	131,823	140,971	(2.5)	(8.8)
Gross profit	27,279	28,813	31,182	(5.3)	(12.5)
EBIT	5,945	6,968	8,760	(14.7)	(32.1)
Core profit	2,471	3,431	5,547	(28.0)	(55.5)
Net profit	2,599	3,573	5,645	(27.2)	(54.0)
EPS (Bt)	0.26	0.37	0.60	(29.2)	(56.4)
<b>Ratios (%)</b>					
SSSG (7-Eleven)	-17.1	-18.0	-4.0		
SSSG (Cash and Carry)	-1.2	0.6	7.0		
Blended gross margin (%)	21.2	21.9	22.1		
Cost to income (%)	19.6	19.8	18.7		

Source: CPALL, UOB Kay Hian

#### RESULTS

- **Net loss contribution from Lotus dragged bottom line.** CP ALL (CPALL) reported a share of profit from C.P. Retail Holding (CPRH), the parent company of Lotus, of Bt36m in 1Q21, which was lower than management's expectation. Management guided that the reasons for the lower-than-expected contribution from CPRH were: a) Lotus' negative same-store sales (SSS) growth of about 11-13%, b) soft rental income, and c) higher-than-expected rebranding costs. Management also said that the interest expenses incurred from Lotus' acquisition were about Bt900m in 1Q21, resulting in a net loss contribution of about Bt864m.
- **Weak 7-Eleven SSS growth.** SSS growth for 7-Eleven under CPALL's management in 1Q21 was -17.1% yoy, dragged by: a) weak domestic consumption, b) the second wave of the COVID-19 outbreak, and c) a lack of foreign tourist arrivals. The foot traffic per store per day in 1Q21 dropped 24.7% yoy to 845. CPALL added 155 convenience stores in 1Q21, bringing the total number of convenience stores to 12,587 stores.

#### KEY FINANCIALS

Year to 31 Dec (Btm)	2019	2020	2021F	2022F	2023F
Net turnover	570,712	546,207	554,655	589,603	621,617
EBITDA	43,999	47,364	40,159	44,020	49,823
Operating profit	33,087	27,469	26,507	32,217	37,394
Net profit (rep./act.)	22,343	16,102	12,794	18,833	24,131
Net profit (adj.)	22,343	16,102	12,794	18,833	24,131
EPS (Bt)	2.5	1.8	1.4	2.1	2.7
PE (x)	24.4	33.9	42.7	29.0	22.6
P/B (x)	5.8	5.6	5.3	4.8	4.4
EV/EBITDA (x)	17.5	16.3	19.2	17.5	15.5
Dividend yield (%)	2.0	2.1	1.2	1.7	2.2
Net margin (%)	3.9	2.9	2.3	3.2	3.9
Net debt/(cash) to equity (%)	122.9	208.6	204.0	182.0	159.4
Interest cover (x)	6.5	5.6	3.4	3.9	4.4
ROE (%)	25.0	16.9	12.8	17.5	20.3
Consensus net profit	-	-	18,542	22,534	26,826
UOBKH/Consensus (x)	-	-	0.69	0.84	0.90

Source: CPALL, Bloomberg, UOB Kay Hian

## HOLD

(Downgraded)

Share Price	Bt60.75
Target Price	Bt65.00
Upside	+7.0%
(Previous TP)	Bt73.00)

#### COMPANY DESCRIPTION

Operator of Thai 7-Eleven stores, controlling more than 50% share of the convenience store market in Thailand.

#### STOCK DATA

GICS sector	Consumer Staples
Bloomberg ticker:	CPALL TB
Shares issued (m):	8,983.1
Market cap (Btm):	545,723.4
Market cap (US\$m):	17,475.5
3-mth avg daily t'over (US\$m):	62.8

#### Price Performance (%)

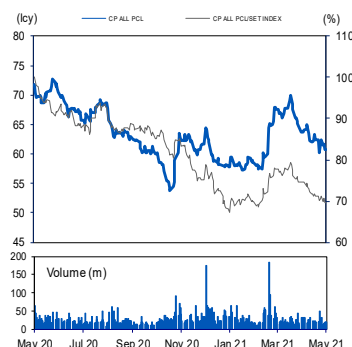
52-week high/low Bt72.75/Bt53.75

1mth	3mth	6mth	1yr	YTD
(4.7)	3.8	(3.2)	(17.3)	4.3

#### Major Shareholders

	%
CP Group	47.1
AIA	7.2
NVDR	3.9
FY21 NAV/Share (Bt)	11.47
FY21 Net Debt/Share (Bt)	23.41

#### PRICE CHART



Source: Bloomberg

#### ANALYST(S)

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- **Lower blended gross margin.** CPALL's blended gross margin dropped 90bp yoy to 21.2% in 1Q21. Due to weak domestic consumption and the negative impact from the COVID-19 pandemic, the company's food sales have shifted towards budgeted food, which caused the food gross margin to drop by 70bp yoy to 26.3% in 1Q21. Also, the sales mix from the cash-and-carry business (Siam Makro), which has a lower gross margin compared with the convenience store business, increased from 36% in 1Q20 to 39% in 1Q21.
- **Resilient cash-and-carry business.** The cash-and-carry business performed very well despite the second wave of the COVID-19 outbreak. The cash-and-carry's 1Q21 SSS growth was -1.2% yoy, and its gross margin increased 10bp yoy to 11.7%. In 1Q21, the company opened a food service store in Khon Kaen 2 with a sales space of 3,300 sqm

### STOCK IMPACT

- **Lower interest expenses in 2H21 from refinancing.** Management guided that it would refinance bridge loans (debts incurred due to the Lotus acquisition) of Bt62b to bonds in 2Q21. The expected interest rate from this refinancing is 3.3-4.0%, which is lower than the bridge loans' interest rate of 4.6%. This refinancing could reduce the company's 2021 interest expenses by Bt200m-400m.
- **SSS growth outlook remains subdued.** In late-Apr 21, there was a third wave of the COVID-19 outbreak. The average daily new cases in Thailand have exceeded 2,000 cases. Although the government has not implemented a second round of lockdown measures, we believe this COVID-19 outbreak will damage CPALL's sales heavily. We lower our CPALL's 2021 SSS growth assumption from 3% yoy to -2% yoy.

### EARNINGS REVISION/RISK

- We lower CPALL's 2020-22 earnings forecasts by 17.0-35.4% to account for a lower SSS growth assumption and Lotus' contribution due to COVID-19.

### NET PROFIT FORECASTS

	2021F	2022F	2023F
Old	19,800	25,262	29,069
New	12,794	18,833	24,131
% chg	-35.4	-25.4	-17.0

Source: UOB Kay Hian

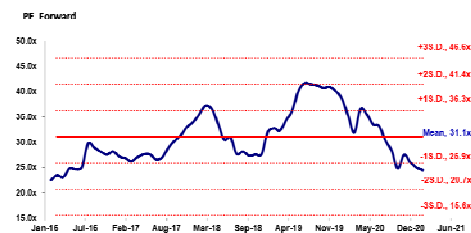
### VALUATION/RECOMMENDATION

- **Downgrade to HOLD.** We downgrade CPALL's recommendation from BUY to HOLD with a target price of Bt65.00. We roll over our target price to 2022. Our target price implies 31x 2022F PE, which is its historical five-year mean.

### SHARE PRICE CATALYST

- The second round of lockdown measures could further damage CPALL's earnings outlook and cause the share price to drop.

### PE BAND



Source: CPALL, UOB Kay Hian

### P/B BAND



Source: CPALL, UOB Kay Hian



### PROFIT & LOSS

Year to 31 Dec (Btm)	2020	2021F	2022F	2023F
Net turnover	546,207	554,655	589,603	621,617
EBITDA	47,364	40,159	44,020	49,823
Deprec. & amort.	19,895	13,652	11,803	12,429
EBIT	27,469	26,507	32,217	37,394
Total other non-operating income	383	244	276	397
Associate contributions	(63)	216	900	1,870
Net interest income/(expense)	(8,526)	(11,846)	(11,236)	(11,383)
Pre-tax profit	19,262	15,121	22,157	28,279
Tax	(2,759)	(1,909)	(2,725)	(3,381)
Minorities	(400)	(418)	(600)	(767)
Net profit	16,102	12,794	18,833	24,131
Net profit (adj.)	16,102	12,794	18,833	24,131

### CASH FLOW

Year to 31 Dec (Btm)	2020	2021F	2022F	2023F
Operating	39,148	29,710	34,317	39,157
Pre-tax profit	18,862	14,703	21,557	27,512
Tax	(2,759)	(1,909)	(2,725)	(3,381)
Deprec. & amort.	19,895	13,652	11,803	12,429
Working capital changes	(5,915)	(757)	3,443	2,295
Non-cash items	(373)	(191)	238	302
Other operating cash flows	9,438	4,212	0	0
Investing	(97,405)	(22,098)	(22,023)	(23,026)
Capex (growth)	(16,407)	(17,101)	(18,433)	(19,451)
Proceeds from sale of assets	125	43	0	0
Others	(81,122)	(5,040)	(3,590)	(3,575)
Financing	68,959	(19,347)	(10,666)	(8,852)
Dividend payments	(11,229)	(6,797)	(9,071)	(12,189)
Issue of shares	0	0	0	0
Proceeds from borrowings	99,991	(14,802)	(3,375)	899
Others/interest paid	(19,803)	2,251	1,780	2,438
Net cash inflow (outflow)	10,703	(11,736)	1,628	7,279
Beginning cash & cash equivalent	29,861	40,589	28,912	30,540
Changes due to forex impact	25	59	0	0
Ending cash & cash equivalent	40,589	28,912	30,540	37,820

### BALANCE SHEET

Year to 31 Dec (Btm)	2020	2021F	2022F	2023F
Fixed assets	120,199	125,991	132,621	139,643
Other LT assets	321,752	326,339	329,929	333,504
Cash/ST investment	40,589	28,912	30,540	37,820
Other current assets	40,815	43,905	46,467	48,983
Total assets	523,354	525,148	539,558	559,951
ST debt	20,882	56,737	64,543	63,169
Other current liabilities	98,114	100,537	106,781	111,895
LT debt	221,503	182,424	171,243	173,516
Other LT liabilities	71,261	67,135	68,316	69,987
Shareholders' equity	96,759	103,041	112,802	124,744
Minority interest	14,836	15,274	15,873	16,640
Total liabilities & equity	523,354	525,148	539,558	559,951

### KEY METRICS

Year to 31 Dec (%)	2020	2021F	2022F	2023F
Profitability				
EBITDA margin	8.7	7.2	7.5	8.0
Pre-tax margin	3.5	2.7	3.8	4.5
Net margin	2.9	2.3	3.2	3.9
ROA	3.6	2.4	3.5	4.4
ROE	16.9	12.8	17.5	20.3
Growth				
Turnover	(4.3)	1.5	6.3	5.4
EBITDA	7.6	(15.2)	9.6	13.2
Pre-tax profit	(28.0)	(21.5)	46.5	27.6
Net profit	(27.9)	(20.5)	47.2	28.1
Net profit (adj.)	(27.9)	(20.5)	47.2	28.1
EPS	(27.9)	(20.5)	47.2	28.1
Leverage				
Debt to total capital	68.5	66.9	64.7	62.6
Debt to equity	250.5	232.1	209.0	189.7
Net debt/(cash) to equity	208.6	204.0	182.0	159.4
Interest cover (x)	5.6	3.4	3.9	4.4

## COMPANY RESULTS

### Electricity Generating (EGCO TB)

1Q21: Results In Line; Positive Outlook

EGCO's reported net profit in 1Q21 reversing from a loss of Bt413m in 1Q20 but down 68% qoq to Bt585m, due to forex fluctuation. Stripping out the forex impact, core profit of Bt2.1b (-11% yoy and +90% qoq), was in line with our estimate. EGCO is trading at 0.8x 2021F P/B with an attractive dividend yield of 4.3% for 2021. We also like EGCO for the long term as it is a high-quality company with solid financials and has opportunities to undertake M&As. Maintain BUY. Target price: Bt242.00.

#### 1Q21 RESULTS

	1Q21A (Btm)	1Q20 (Btm)	4Q20 (Btm)	yoy %Chg	qoq %Chg
Revenue	8,621	10,312	9,113	(16)	(5)
Equity Income	1,884	2,012	694	(6)	171
Fx gain/(loss)	(1,211)	(3,098)	2,141	(61)	(157)
Net income	585	(413)	1,804	(242)	(68)
Normalised profit	2,088	2,357	1,097	(11)	90
EPS	1.11	(0.79)	3.43	(242)	(68)

Source: EGCO, UOB Kay Hian

#### RESULTS

- Earnings in line.** Electricity Generating (EGCO) 1Q21 net profit reversed from a loss of Bt413m in 1Q20 but was down 68% qoq to Bt585m, due to forex fluctuation. Stripping out the forex impact, core profit fell 11% yoy but was up 90% qoq to Bt2.1b, in line with our estimate. 1Q21 core profit accounted for 21% of our full-year forecast.
- Contribution from Paju project was the main factor.** The weaker 11% yoy core profit was mainly due to a 40% yoy weaker contribution from the Paju project reflecting a maintenance shutdown and lower demand due to the COVID-19 pandemic. However, the 90% qoq core profit growth was driven by seasonal factors and the 570% contribution from Paju reflected higher power demand.
- Balance sheet remains healthy.** EGCO has a strong balance sheet with a debt-equity ratio of only 1.0x as at end-Mar 21. EGCO also holds about Bt16b cash that is enough to acquire projects in 2021.

#### KEY FINANCIALS

Year to 31 Dec (Btm)	2019	2020	2021F	2022F	2023F
Net turnover	37,511	33,578	37,444	37,954	37,444
EBITDA	11,946	12,319	12,025	12,677	11,916
Operating profit	8,834	9,165	8,670	8,872	8,411
Net profit (rep./act.)	13,059	8,733	10,229	12,461	12,059
Net profit (adj.)	10,368	8,738	10,229	12,461	12,059
EPS (Bt)	19.7	16.6	19.4	23.7	22.9
PE (x)	8.9	10.5	9.0	7.4	7.6
P/B (x)	0.9	0.9	0.8	0.8	0.7
EV/EBITDA (x)	12.7	12.3	12.6	11.9	12.7
Dividend yield (%)	4.1	4.1	4.3	4.3	4.3
Net margin (%)	34.8	26.0	27.3	32.8	32.2
Net debt/(cash) to equity (%)	66.1	73.9	53.8	45.7	35.9
Interest cover (x)	9.5	2.9	2.9	3.2	3.3
ROE (%)	12.8	8.4	9.7	11.0	9.9
Consensus net profit	-	-	10,428	12,028	13,871
UOBKH/Consensus (x)	-	-	0.98	1.04	0.87

Source: EGCO, Bloomberg, UOB Kay Hian

## BUY

(Maintained)

Share Price	Bt175.00
Target Price	Bt242.00
Upside	+38.3%

#### COMPANY DESCRIPTION

EGCO Group, the first Independent Power Producer in Thailand, is a holding company which has focused on the power business investment both in Thailand and overseas and seen investment opportunities in other related power businesses.

#### STOCK DATA

GICS sector	Utilities
Bloomberg ticker:	EGCO TB
Shares issued (m):	526.5
Market cap (Btm):	92,131.4
Market cap (US\$m):	2,961.9
3-mth avg daily t'over (US\$m):	11.6

#### Price Performance (%)

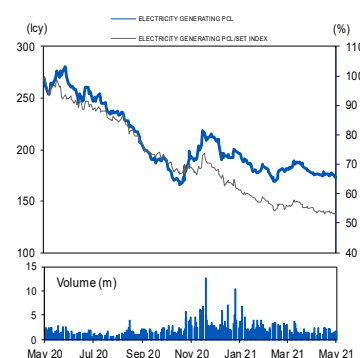
52-week high/low			Bt280.00/Bt166.00	
1mth	3mth	6mth	1yr	YTD
(2.2)	(4.9)	(11.6)	(35.2)	(9.1)

#### Major Shareholders

	%
EGAT	25.4
One Energy Thailand	22.4
NVDR	11.1

FY21 NAV/Share (Bt)	206.89
FY21 Net Debt/Share (Bt)	111.24

#### PRICE CHART



Source: Bloomberg

#### ANALYST(S)

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### PROFIT & LOSS

Year to 31 Dec (Btm)	2020	2021F	2022F	2023F
Net turnover	33,578	37,444	37,954	37,444
EBITDA	12,319	12,025	12,677	11,916
Deprec. & amort.	3,154	3,354	3,804	3,504
EBIT	9,165	8,670	8,872	8,411
Associate contributions	4,838	6,857	8,916	8,535
Net interest income/(expense)	(4,221)	(4,200)	(4,000)	(3,601)
Pre-tax profit	9,782	11,327	13,788	13,345
Tax	(1,022)	(1,042)	(1,268)	(1,228)
Minorities	(27)	(56)	(58)	(59)
Net profit	8,733	10,229	12,461	12,059
Net profit (adj.)	8,738	10,229	12,461	12,059

### BALANCE SHEET

Year to 31 Dec (Btm)	2020	2021F	2022F	2023F
Fixed assets	49,750	51,396	52,591	49,087
Other LT assets	129,776	107,638	110,649	112,649
Cash/ST investment	17,237	26,195	28,617	34,829
Other current assets	17,675	20,650	21,700	22,500
<b>Total assets</b>	<b>214,438</b>	<b>205,878</b>	<b>213,557</b>	<b>219,064</b>
ST debt	11,067	5,400	5,400	5,400
Other current liabilities	5,224	8,055	8,750	8,750
LT debt	81,758	79,358	76,958	74,558
Other LT liabilities	13,556	3,500	4,050	4,051
Shareholders' equity	102,243	108,918	117,695	125,541
Minority interest	591	647	705	764
<b>Total liabilities &amp; equity</b>	<b>214,438</b>	<b>205,878</b>	<b>213,557</b>	<b>219,064</b>

### CASH FLOW

Year to 31 Dec (Btm)	2020	2021F	2022F	2023F
Operating	4,553	41,985	15,461	13,764
Pre-tax profit	9,782	11,327	13,788	13,345
Tax	(1,022)	(1,042)	(1,268)	(1,228)
Deprec. & amort.	3,154	3,354	3,804	3,504
Associates	(27)	(56)	(58)	(59)
Working capital changes	(2,138)	(4,600)	295	(699)
Other operating cash flows	(5,196)	33,002	(1,100)	(1,100)
<b>Investing</b>	<b>(58)</b>	<b>(21,463)</b>	<b>(7,011)</b>	<b>(1,000)</b>
Capex (growth)	(123)	(5,000)	(5,000)	0
Investments	(339)	(259)	(1,011)	(1,000)
Others	404	(16,204)	(1,000)	0
<b>Financing</b>	<b>(7,746)</b>	<b>(11,564)</b>	<b>(6,027)</b>	<b>(6,553)</b>
Dividend payments	(3,709)	(3,554)	(3,685)	(4,212)
Loan repayment	(4,013)	(8,067)	(2,400)	(2,400)
Others/interest paid	(25)	56	58	59
<b>Net cash inflow (outflow)</b>	<b>(3,251)</b>	<b>8,958</b>	<b>2,423</b>	<b>6,211</b>
Beginning cash & cash equivalent	20,488	17,237	26,195	28,617
Ending cash & cash equivalent	17,237	26,195	28,617	34,829

### KEY METRICS

Year to 31 Dec (%)	2020	2021F	2022F	2023F
<b>Profitability</b>				
EBITDA margin	36.7	32.1	33.4	31.8
Pre-tax margin	29.1	30.3	36.3	35.6
Net margin	26.0	27.3	32.8	32.2
ROA	4.1	4.9	5.9	5.6
ROE	8.4	9.7	11.0	9.9
<b>Growth</b>				
Turnover	(10.5)	11.5	1.4	(1.3)
EBITDA	3.1	(2.4)	5.4	(6.0)
Pre-tax profit	(30.1)	15.8	21.7	(3.2)
Net profit	(33.1)	17.1	21.8	(3.2)
Net profit (adj.)	(15.7)	17.1	21.8	(3.2)
EPS	(15.7)	17.1	21.8	(3.2)
<b>Leverage</b>				
Debt to total capital	47.4	43.6	41.0	38.8
Debt to equity	90.8	77.8	70.0	63.7
Net debt/(cash) to equity	73.9	53.8	45.7	35.9
Interest cover (x)	2.9	2.9	3.2	3.3

## COMPANY RESULTS

### PTT Global Chemical (PTTGC TB)

1Q21: Results Are 10% Higher Than Consensus; 2Q21 Earnings To Be This Year's Peak

PTTGC posted a strong set of 1Q21 results due to an improvement in most of its business segments, especially petrochemical related segments. The strong results are in line with our estimate but higher than consensus by 10%. We expect 2Q21 earnings performance to be this year's quarterly peak as its petrochemical price and spreads have remained strong qtd in 2Q21. Besides IVL, PTTGC is one of our top picks in the O&G sector. Maintain BUY. Target price: Bt75.00.

#### 1Q21 RESULTS

Year to 31 Dec	1Q20 (Btm)	4Q20 (Btm)	1Q21 (Btm)	yoy % change	qoq % change
Revenue	93,806	88,362	102,676	9.5	16.2
Operating cost	99,364	78,889	87,920	(11.5)	11.4
SG&A expense	3,570	4,512	3,955	10.8	(12.3)
EBITDA	(2,558)	10,539	16,404	741.3	55.7
EBIT	(9,128)	4,961	10,801	218.3	117.7
Tax expense	1,295	(546)	(721)	(155.6)	(32.0)
Recurring income	1,128	3,848	8,769	677.4	127.9
Inventory gain/(loss)	(8,906)	1,025	2,296	125.8	124.0
FX gain/(loss)	(1,668)	1,461	(639)	61.7	(143.7)
Net income	(8,784)	6,405	9,695	210.4	51.4

Source: PTTGC, UOB Kay Hian

#### RESULTS

- 1Q21 results beat market expectation.** PTT Global Chemical (PTTGC) posted a net profit of Bt9.7b in 1Q21 up 51.4% qoq and 210.4% yoy, in line with our estimate but higher than consensus by 10%. The qoq improvement in 1Q21 net profit was mainly due to a huge inventory gain of Bt2.3b as well as improved operational performance in most of its business units, including olefins & derivatives, high performance material, aromatic and refinery. The yoy improvement in earnings performance was mainly due to: a) the huge inventory gain in 1Q21 vs an inventory loss of Bt8.9b in 1Q20, and b) the better earnings performance in olefins & derivatives and high performance material businesses.
- Extraordinary items in 1Q21 include:** a) net inventory gains of Bt2.3b (4Q20: Bt1.0b gain, 1Q20: Bt8.9b loss); b) forex loss of Bt639m (4Q20: Bt1.5b gain, 1Q20: Bt1.7b loss); and c) hedging loss of Bt226m (4Q20: Bt542m loss, 1Q20: Bt1.2b gain).

#### KEY FINANCIALS

Year to 31 Dec (Btm)	2019	2020	2021F	2022F	2023F
Net turnover	412,810	329,291	372,431	365,974	366,106
EBITDA	27,270	19,891	37,424	38,500	38,637
Operating profit	8,072	(401)	16,494	18,595	19,599
Net profit (rep./act.)	11,682	200	16,647	18,815	19,992
Net profit (adj.)	8,953	7,719	16,647	18,815	19,992
EPS (Bt)	2.0	1.7	3.7	4.2	4.4
PE (x)	34.5	40.0	18.6	16.4	15.4
P/B (x)	1.1	1.1	1.1	1.3	1.2
EV/EBITDA (x)	15.7	21.5	11.5	11.1	11.1
Dividend yield (%)	2.9	1.7	3.8	4.3	4.5
Net margin (%)	2.8	0.1	4.5	5.1	5.5
Net debt/(cash) to equity (%)	25.0	38.3	41.2	78.6	69.1
Interest cover (x)	8.7	5.7	10.1	10.4	10.4
ROE (%)	3.9	0.1	5.7	7.0	7.9
Consensus net profit	-	-	19,878	20,172	22,405
UOBKH/Consensus (x)	-	-	0.84	0.93	0.89

Source: PTTGC, Bloomberg, UOB Kay Hian

## BUY

(Maintained)

Share Price	Bt67.25
Target Price	Bt75.00
Upside	+11.5%

#### COMPANY DESCRIPTION

PTT Global Chemical is a fully integrated petrochemical and chemical company. The company's products - ethylene and propylene - are derived from its main product, olefins.

#### STOCK DATA

GICS sector	Materials
Bloomberg ticker:	PTTGC TB
Shares issued (m):	4,486.5
Market cap (Btm):	307,328.6
Market cap (US\$m):	9,880.4
3-mth avg daily t'over (US\$m):	41.7

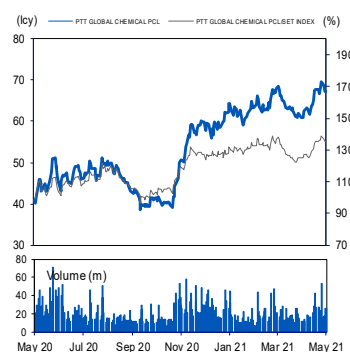
#### Price Performance (%)

52-week high/low		Bt69.50/Bt38.50		
1mth	3mth	6mth	1yr	YTD
10.5	8.3	37.0	69.1	17.1

#### Major Shareholders

	%
PTT	48.9
NDVR	6.1
FY21 NAV/Share (Bt)	65.20
FY21 Net Debt/Share (Bt)	26.90

#### PRICE CHART



Source: Bloomberg

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- **1Q21 core earnings improved both qoq and yoy on stronger petrochemical prices and spreads.** PTTGC posted a core profit of Bt8.8b in 1Q21, up 127.9% qoq and 677.4% yoy. The strong improvement on both qoq and yoy bases was mainly due to a significant improvement in earnings from its olefins and derivative business, which benefitted from the stronger polyethylene (PE) prices, especially high density polyethylene (HDPE) price, which increased 14.5% qoq and 36.5% yoy to US\$1,145/tonne in 1Q21 (4Q20: US\$1,000, 1Q20: US\$839). Utilisation rate of its PE unit remained high at 105% (4Q20: 110%, 1Q20: 89%). Moreover, there was higher profit contribution from its Performance Material business unit, which saw EBITDA increase by 51% qoq and 1,391% yoy in 1Q21 thanks to very strong phenol and Bisphenol A (BPA) spreads on the back of tight supply in the region and a robust downstream market demand especially in electrical & electronic (E&E) and construction sectors. Earnings of its refinery and aromatics business also improved qoq due to improvements in gross refining margin (1Q21: US\$3.2/bbl, 4Q20: US\$1.8), paraxylene spread (1Q21: US\$241/tonne, 4Q20: US\$191) and benzene spread (1Q21: US\$240, 4Q20: US\$160).

#### STOCK IMPACT

- **Expect 2Q21 earnings to be this year's quarterly peak.** We expect PTTGC's core earnings to remain strong in 2Q21 mainly due to the continued rise in petrochemical prices and spreads. In 2Q21 qtd, HDPE price stands at US\$1,249/tonne, up 9% qoq on the back of strong demand and tight supply position. Moreover, the performance material unit's profit is also expected to continue increasing as BPA price has increased by 44.5% qtd in 2Q21 to US\$2,262/tonne (1Q21: US\$1,565). Note that PTTGC has BPA capacity of 150,000 tonnes per year (tpa). Every US\$100/tonne increases in BPA spread would result in PTTGC's earnings increasing by Bt370m per year. In addition, PTTGC will commence operations of two new projects in 2Q21: a) the olefins reconfiguration project (ORP) which will start operation in May 21 (this will increase ethylene capacity by 500,000 tpa and propylene capacity by 250,000 tpa), and b) Purified Terephthalic Acid (PTA) plant 1, which has a capacity of 470,000 tonnes per year that has already started operations in early-Apr 21.
- PTA plant 1 to increase production volume
- **PTTGC's guidance for 2H21.** Expect petrochemical prices and spreads to soften, given the abnormally high petrochemical prices and spreads in 1H21. PTTGC expects paraxylene over naphtha spread to come in at US\$230-260/tonne (1Q21: US\$241). Benzene over naphtha spread is expected to be US\$190-250/tonne (1Q21: US\$240) in 2H21. HDPE price is expected to be US\$1,000-1,100/tonne in 2H21 (1Q21: US\$1,145) while HDPE spread is expected to be US\$480-540/tonne (1Q21: US\$588).

#### EARNINGS REVISION/RISK

- **Potential earnings upgrade.** 1Q21 core earnings account for 52.7% of our full-year forecasts. Thus, there is a potential earnings upgrade as we have used a conservative HDPE price assumption of US\$950/tonne in 2021 (2021 ytd: US\$1,180). Moreover, we do not include the Global Power Synergy (GPSC) sale gain of Bt9.0b in the P&L statement. We are also waiting for the auditor's decision on whether PTTGC needs to book another gain (Bt9.4b) from the mark-to-market of the remaining 10% holding in GPSC shares in the P&L statement. This 10% holding in GPSC can be either a long-term investment or an asset-for-sale in the auditor's view.

#### VALUATION/RECOMMENDATION

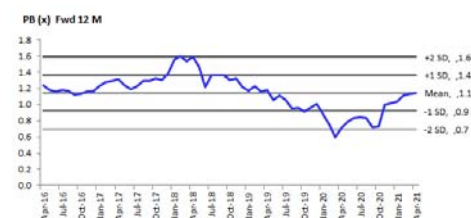
- **Maintain BUY with a target price of Bt75.00,** based on +1SD to its five-year forward P/B mean of 1.2x. The stock is trading at only 1.0x 2021F P/B. We expect PTTGC's earnings momentum to remain solid in 2Q21, driven by the continued increase in petrochemical prices and spreads. In the O&G segment, our top picks are PTTGC and Indorama Ventures (IVL TB/Target: Bt60.0) on good earnings momentum supported by their petrochemical business outlooks.
- **HDPE price sensitivity.** Our sensitivity analysis indicates that every US\$100/tonne increase in our HDPE price assumption will raise our 2021 core profit forecast by 15%, or Bt2.5b. Our current HDPE price assumption for 2021 is US\$950/tonne compared with the market price of US\$1,300 currently.

#### PRICE AND SPREAD ASSUMPTIONS

	1Q20	4Q20	1Q21	UOBKH 2021F
Dubai price (US\$/bbl)	50.7	44.6	60.0	53.0
Refinery (US\$/bbl)				
Jet spread	8.5	2.4	3.3	4.0
Diesel spread	11.0	3.7	4.7	10.0
LSFO spread	19.4	9.9	13.5	4.0
Aromatic (US\$/tonne)				
PX - Condensate Spread	262	191	236	200
BZ - Condensate Spread	165	160	241	100
Olefins (US\$/tonne)				
HDPE Price	839	1,000	1,145	950
HDPE Spread	398	592	588	486

Source: Bloomberg, UOB Kay Hian

#### PTTGC'S P/BV BAND



Source: UOB Kay Hian

### PROFIT & LOSS

Year to 31 Dec (Btm)	2020	2021F	2022F	2023F
Net turnover	329,291	372,431	365,974	366,106
EBITDA	19,891	37,424	38,500	38,637
Deprec. & amort.	20,292	20,930	19,905	19,038
EBIT	(401)	16,494	18,595	19,599
Associate contributions	3,323	5,425	5,696	5,981
Net interest income/(expense)	(3,511)	(3,700)	(3,700)	(3,700)
Pre-tax profit	(939)	18,219	20,591	21,880
Tax	109	(1,822)	(2,059)	(2,188)
Minorities	(452)	250	283	300
Net profit	200	16,647	18,815	19,992
Net profit (adj.)	7,719	16,647	18,815	19,992

### BALANCE SHEET

Year to 31 Dec (Btm)	2020	2021F	2022F	2023F
Fixed assets	64,410	69,835	69,835	69,835
Other LT assets	295,062	308,940	323,427	341,469
Cash/ST investment	44,313	26,781	27,389	22,107
Other current assets	85,598	87,807	88,588	92,613
<b>Total assets</b>	<b>489,383</b>	<b>493,362</b>	<b>509,238</b>	<b>526,024</b>
ST debt	23,092	23,092	23,092	23,092
Other current liabilities	35,949	41,964	41,036	41,876
LT debt	131,991	124,956	194,220	184,051
Other LT liabilities	9,356	9,356	9,356	9,356
Shareholders' equity	288,994	293,995	241,535	267,649
Minority interest	n.a.	n.a.	n.a.	n.a.
<b>Total liabilities &amp; equity</b>	<b>489,383</b>	<b>493,362</b>	<b>509,238</b>	<b>526,024</b>

### CASH FLOW

Year to 31 Dec (Btm)	2020	2021F	2022F	2023F
Operating	22,146	23,929	33,170	28,185
Pre-tax profit	(939)	18,219	20,591	21,880
Tax	109	(1,822)	(2,059)	(2,188)
Deprec. & amort.	20,292	20,930	19,905	19,038
Associates	3,323	5,425	5,696	5,981
Working capital changes	1,910	(8,223)	146	(4,865)
Non-cash items	0	0	0	0
Other operating cashflows	(2,548)	(10,600)	(11,110)	(11,662)
<b>Investing</b>	<b>(28,274)</b>	<b>(34,808)</b>	<b>(34,392)</b>	<b>(34,472)</b>
Capex (growth)	(28,274)	(34,808)	(34,392)	(34,472)
<b>Financing</b>	<b>31,601</b>	<b>(6,653)</b>	<b>1,830</b>	<b>1,005</b>
Dividend payments	(5,024)	(11,653)	(13,170)	(13,995)
Loan repayment	36,818	5,000	15,000	15,000
Others/interest paid	(192)	0	0	0
<b>Net cash inflow (outflow)</b>	<b>25,473</b>	<b>(17,532)</b>	<b>607</b>	<b>(5,281)</b>
Beginning cash & cash equivalent	18,840	44,313	26,781	27,389
Changes due to forex impact	n.a.	n.a.	n.a.	n.a.
<b>Ending cash &amp; cash equivalent</b>	<b>44,313</b>	<b>26,781</b>	<b>27,389</b>	<b>22,107</b>

### KEY METRICS

Year to 31 Dec (%)	2020	2021F	2022F	2023F
<b>Profitability</b>				
EBITDA margin	6.0	10.0	10.5	10.6
Pre-tax margin	(0.3)	4.9	5.6	6.0
Net margin	0.1	4.5	5.1	5.5
ROA	0.0	3.4	3.8	3.9
ROE	0.1	5.7	7.0	7.9
<b>Growth</b>				
Turnover	(20.2)	13.1	(1.7)	0.0
EBITDA	(27.1)	88.1	2.9	0.4
Pre-tax profit	(107.2)	n.a.	13.0	6.3
Net profit	(98.3)	8,239.9	13.0	6.3
Net profit (adj.)	(13.8)	115.7	13.0	6.3
EPS	(13.8)	115.7	13.0	6.3
<b>Leverage</b>				
Debt to total capital	34.9	33.5	47.4	43.6
Debt to equity	53.7	50.4	90.0	77.4
Net debt/(cash) to equity	38.3	41.2	78.6	69.1
Interest cover (x)	5.7	10.1	10.4	10.4

## COMPANY RESULTS

### Star Petroleum Refining (SPRC TB)

1Q21: Net Profit In Line With Positive Guidance

**SPRC's 1Q21 net profit of Bt2.0m is in line with our estimate. Stripping out inventory gains and forex loss, 1Q21 core loss was Bt153m (1Q20: Bt1.0b loss; 4Q20: Bt72m loss), slightly below our forecasts due to lower-than-expected GRM. Despite limited upside, we see positive catalysts in the form of higher gasoline margin that will drive share price in the short term. Note that IVL and PTTGC remain our top picks in the O&G sector. Maintain HOLD. Target price: Bt9.60. Entry price: Bt8.50.**

#### 1Q21 RESULTS

	1Q21 (Btm)	1Q20 (Btm)	4Q20 (Btm)	yoy %Chg	qoq %Chg
Turnover	36,527	39,210	32,875	(7)	11
core EBITDA	551	(287)	747	(292)	(26)
Inventory gain/(loss)	2,743	(9,577)	974	(129)	182
fx	(48)	242	98	(120)	(149)
EBITDA	3,246	(9,622)	1,818	(134)	79
Net Profit	2,006	(8,273)	862	(124)	133
EPS	0.46	(0.29)	0.20	(260)	133
Core profit	(153)	(1,046)	(72)	(85)	113

Source: Star Petroleum Refining, UOB Kay Hian

#### RESULTS

- **Net profit in line.** Star Petroleum Refining (SPRC) announced a net profit of Bt2.0b for 1Q21 (1Q20: Bt8.3b loss, but up 133% qoq). The results are in line with our and consensus estimates. Stripping out inventory gains of Bt2.7b and forex loss of Bt48m, 1Q21 core loss was Bt153m (1Q20: Bt1.0b loss; 4Q20: Bt72m loss) slightly below our forecast. The key difference was slightly lower-than-expected gross refinery margin (GRM) (US\$3.60/bbl vs expectation of US\$3.90/bbl, please see our results preview published on 10 April).
- **Key operating numbers.** Like its peers, SPRC's 85% yoy core earnings improvement was driven by a higher GRM of US\$3.58/bbl (1Q20: US\$1.30/bbl) as a result of economic recovery after the COVID-19 pandemic eased and softening crude premiums reflecting a lower Murban crude (which accounts for 20-30% of SPRC's crude cost). However, the 113% qoq decrease in core profit was due to a lower GRM which reflected a higher Murban crude premium of around US\$1.0/bbl. SPRC's 1Q21 run rate was similar to 4Q20's at 137kbd (78%) (1Q20: 87%; 4Q20 77%). However, SPRC has delivered effective cost reduction with opex at only US\$1.90/bbl in 1Q21. SPRC booked a fund recovery from cyber-attack of US\$0.5m.

#### KEY FINANCIALS

Year to 31 Dec (Btm)	2019	2020	2021F	2022F	2023F
Net turnover	168,840	130,163	161,619	188,128	202,356
EBITDA	(2,343)	(5,085)	8,430	6,626	7,024
Operating profit	(4,908)	(7,917)	5,480	3,626	4,024
Net profit (rep./act.)	(2,809)	(6,005)	4,808	3,221	3,555
Net profit (adj.)	(3,830)	(1,160)	2,635	3,221	3,555
EPS (Bt)	(0.9)	(0.3)	0.6	0.7	0.8
PE (x)	n.m.	n.m.	16.0	13.1	11.9
P/B (x)	1.3	1.6	1.4	1.4	1.3
EV/EBITDA (x)	n.m.	n.m.	4.8	6.1	5.8
Dividend yield (%)	1.9	0.0	4.1	4.1	4.1
Net margin (%)	(1.7)	(4.6)	3.0	1.7	1.8
Net debt/(cash) to equity (%)	20.9	32.6	(6.2)	(4.3)	(10.7)
Interest cover (x)	(50.9)	(28.7)	56.2	66.3	87.8
ROE (%)	n.a.	n.a.	17.1	10.7	11.6
Consensus net profit	-	-	2,395	3,403	4,077
UOBKH/Consensus (x)	-	-	1.10	0.95	0.87

Source: SPRC, Bloomberg, UOB Kay Hian

## HOLD

(Maintained)

Share Price	Bt9.75
Target Price	Bt9.60
Upside	-1.5%

#### COMPANY DESCRIPTION

SPRC is one of the leading refineries in the Asia Pacific. It operates a complex 175,000 barrels/day refinery in Rayong (13.2% of Thailand's refining capacity), which has a high Nelson complexity index of 6.3.

#### STOCK DATA

GICS sector	Energy
Bloomberg ticker:	SPRC TB
Shares issued (m):	4,335.9
Market cap (Btm):	42,275.0
Market cap (US\$m):	1,359.1
3-mth avg daily t'over (US\$m):	7.5

#### Price Performance (%)

52-week high/low Bt9.85/Bt5.10

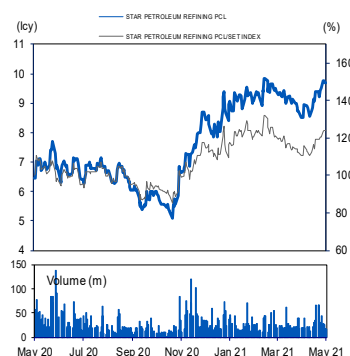
1mth	3mth	6mth	1yr	YTD
11.4	7.7	45.5	52.3	21.1

#### Major Shareholders

	%
Chevron	61
Thai NVDR	4

FY21 NAV/Share (Bt)	6.90
FY21 Net Cash/Share (Bt)	0.43

#### PRICE CHART



Source: Bloomberg

#### ANALYST(S)

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### STOCK IMPACT

- **A key beneficiary of the strong gasoline spread outlook.** SPRC is a key beneficiary of the strong gasoline margin outlook as the company is Thailand's largest gasoline producer. In its analyst meeting yesterday, SPRC guided to keep its gasoline proportion of 29% of its production in 2Q21, which is the highest among Thai refineries. This would help SPRC's GRM remain in an uptrend despite higher Murban crude premium in 2Q21.
- **Strong gasoline and diesel spread.** In 2Q21, gasoline spread will continue to increase to US\$11/bbl (from US\$7.10/bbl in 1Q21, and is higher than our assumption of US\$5.00/bbl). Besides, diesel spread remains healthy at US\$4.80/bbl (1Q21: US\$4.70/bbl). This will result in a higher utilisation rate for SPRC in 2Q21 with lower opex per barrel of production. We estimate SPRC to post a core profit of around Bt500m in 2Q21.
- **Expected to pay dividend payment in 2H21.** Despite its strong net profit in 1Q21, SPRC still recorded a huge retained loss of Bt4.0b in its balance sheet. We expect SPRC to pay dividends from 2H21 onwards.

### EARNINGS REVISION/RISK

- **None.**

### VALUATION/RECOMMENDATION

- **Maintain HOLD with target price of Bt9.60.** We value SPRC based on 1.4x 2021F P/B, or mean of its 4-year historical P/B, in line with its Thai peers (TOP and BCP). Even though we expect upside to be limited, we expect SPRC to benefit on stronger gasoline spread in the short term. This would drive SPRC's share price in 2Q21.
- **GRM sensitivity.** Every US\$1/bbl increase in our GRM assumption will increase our 2021 core net profit forecast by Bt2.0b/year.

### SHARE PRICE CATALYST

- GRM to improve slightly in 2Q21.

### OPERATING STATISTICS

US\$/bbl	1Q21	1Q20	4Q20
GRM	3.53	1.28	3.88
Inventory gain/(loss)	7.14	(21.6)	2.57
Total GRM	10.67	(20.34)	6.45

Source: UOB Kay Hian

### CRUDE RUN

	1Q21	1Q20	4Q20
Crude run (kbd)	137	153	135

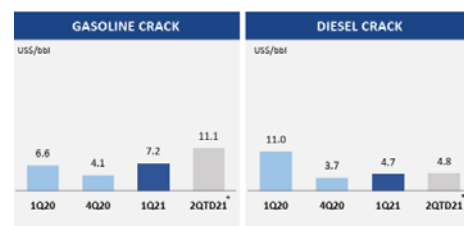
Source: SPRC, UOB Kay Hian

### CRUDE PREMIUM (MURBAN OFFICIAL SELLING PRICE)



Source: SPRC UOB Kay Hian

### SPREAD OUTLOOK



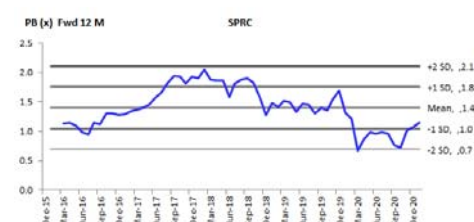
Source: SPRC

### SALES PROPORTION

	2020	1Q21
LPG	4%	5%
PGP	3%	3%
Chemical Naphtha	6%*	6%
Mogas	27%	29%
Jet	3%	2%
Diesel	42%	38%
Fuel Oil	4%*	4%
Asphalt	1%	1%

Source: SPRC

### P/B BAND



Source: UOB Kay Hian

### PROFIT & LOSS

Year to 31 Dec (Btm)	2020	2021F	2022F	2023F
Net turnover	130,163	161,619	188,128	202,356
EBITDA	(5,085)	8,430	6,626	7,024
Deprec. & amort.	2,832	2,950	3,000	3,000
EBIT	(7,917)	5,480	3,626	4,024
Total other non-operating income	534	680	500	500
Associate contributions	n.a.	n.a.	n.a.	n.a.
Net interest income/(expense)	(177)	(150)	(100)	(80)
Pre-tax profit	(7,560)	6,010	4,026	4,444
Tax	1,555	(1,202)	(805)	(889)
Minorities	0	0	0	0
Net profit	(6,005)	4,808	3,221	3,555
Net profit (adj.)	(1,160)	2,635	3,221	3,555

### BALANCE SHEET

Year to 31 Dec (Btm)	2020	2021F	2022F	2023F
Fixed assets	24,156	23,006	21,806	20,606
Other LT assets	3,062	300	300	300
Cash/ST investment	1,635	10,705	8,648	9,237
Other current assets	17,688	15,122	18,671	20,073
Total assets	46,541	49,133	49,426	50,216
ST debt	1,380	1,500	1,500	1,500
Other current liabilities	9,360	10,111	11,809	12,637
LT debt	8,857	7,357	5,857	4,357
Other LT liabilities	517	230	230	230
Shareholders' equity	26,427	29,935	30,030	31,491
Minority interest	n.a.	n.a.	n.a.	n.a.
Total liabilities & equity	46,541	49,133	49,426	50,216

### CASH FLOW

Year to 31 Dec (Btm)	2020	2021F	2022F	2023F
Operating	(1,488)	13,527	4,369	5,982
Pre-tax profit	(7,560)	6,010	4,026	4,444
Tax	1,555	(1,202)	(805)	(889)
Deprec. & amort.	2,832	2,950	3,000	3,000
Working capital changes	3,278	3,494	(1,852)	(573)
Other operating cashflows	(1,594)	2,275	0	0
Investing	(271)	(1,777)	(1,800)	(1,800)
Capex (growth)	(302)	(1,800)	(1,800)	(1,800)
Others	31	23	0	0
Financing	3,374	(2,680)	(4,625)	(3,593)
Dividend payments	(271)	(1,301)	(3,125)	(2,093)
Proceeds from borrowings	2,038	0	(1,500)	(1,500)
Others/interest paid	1,607	(1,380)	0	0
Net cash inflow (outflow)	1,615	9,070	(2,056)	588
Beginning cash & cash equivalent	20	1,635	10,705	8,648
Ending cash & cash equivalent	1,635	10,705	8,648	9,237

### KEY METRICS

Year to 31 Dec (%)	2020	2021F	2022F	2023F
Profitability				
EBITDA margin	(3.9)	5.2	3.5	3.5
Pre-tax margin	(5.8)	3.7	2.1	2.2
Net margin	(4.6)	3.0	1.7	1.8
ROA	n.a.	10.1	6.5	7.1
ROE	n.a.	17.1	10.7	11.6
Growth				
Turnover	(22.9)	24.2	16.4	7.6
EBITDA	n.a.	n.a.	(21.4)	6.0
Pre-tax profit	n.a.	n.a.	(33.0)	10.4
Net profit	n.a.	n.a.	(33.0)	10.4
Net profit (adj.)	n.a.	n.a.	22.2	10.4
EPS	n.a.	n.a.	22.2	10.4
Leverage				
Debt to total capital	27.9	22.8	19.7	15.7
Debt to equity	38.7	29.6	24.5	18.6
Net debt/(cash) to equity	32.6	(6.2)	(4.3)	(10.7)
Interest cover (x)	(28.7)	56.2	66.3	87.8

## COMPANY RESULTS

### SVI (SVI TB)

1Q21: Earnings Beat Expectations

SVI posted 1Q21 net profit of Bt148m (-35% yoy, +46% qoq). The results came in above our and consensus estimates by 50% and 56% respectively. Earnings were above expectations mainly due to higher-than-expected revenue, wider gross margin, and unexpected forex gains. We still expect SVI's strong outlook to continue into 2Q21 and 2H21 thanks to the seasonality effect and strong sales. Maintain BUY. Target price: Bt6.00.

#### 1Q21 Results

Year to 31 Dec (Btm)	1Q21F	1Q20	4Q20	yoy chg (%)	qoq chg (%)
Net turnover	3,460	3,212	3,698	7.7	-6.4
Gross profit	280	289	299	-3.3	-6.5
EBIT	127	100	179	26.1	-29.0
EBITDA	127	185	241	-31.3	-47.5
Net profit	148	227	102	-34.6	45.5
EPS (Bt)	0.07	0.11	0.05	-34.6	45.5
Core profit	107	60	131	79.3	-18.7
Ratio (%)				yoy chg (%)	qoq chg (%)
Gross margin	8.1	9.0	8.1	-0.9	0.0
SG&A as % sales	4.4	5.9	4.7	-1.5	-0.3
Core profit margin	3.1	1.9	3.6	1.2	-0.5

Source: SVI, UOB Kay Hian

## RESULTS

- Earnings above expectations.** SVI posted 1Q21 net profit of Bt148m (-35% yoy, +46% qoq). The results came in above our and market estimations by 50% and 56% respectively. Earnings beat expectations mainly due to higher-than-expected revenue, wider gross margin (actual: 8.1% vs forecast: 7.8%), and unexpected forex gains of Bt27m.
- Earnings down yoy, but up qoq.** 1Q21 earnings declined 35% yoy, pressured by lower gross margin (-0.9ppt) and baht appreciation (1Q20: US\$31.3 vs 1Q21: US\$30.6). However, earnings increased 46% qoq due to gain on exchange and lower income tax ratio. SVI's top-line was Bt3.4m (+5% yoy, flat qoq) due to strong demand from many products, including optical electronics, communication and network, and automobile. Excluding the currency effect, sales in US dollar terms was US\$115m (+12% yoy, -5% qoq). Gross margin was 8.1% (-0.9ppt yoy, flat qoq), pressured by the baht appreciation.

## KEY FINANCIALS

Year to 31 Dec (Btm)	2019	2020	2021F	2022F	2023F
Net turnover	14,961.5	15,282.4	18,589.0	18,960.8	19,710.8
EBITDA	552.8	878.1	964.5	1,058.8	1,140.1
Operating profit	196.8	609.1	679.4	739.5	788.4
Net profit (rep./act.)	339.8	686.5	651.7	741.9	773.2
Net profit (adj.)	121.1	457.6	593.1	630.3	677.1
EPS (Bt)	0.1	0.2	0.3	0.3	0.3
PE (x)	87.1	23.0	18.7	17.6	16.3
P/B (x)	3.0	2.6	2.4	2.2	2.0
EV/EBITDA (x)	21.5	13.5	12.3	11.2	10.4
Dividend yield (%)	0.0	2.3	2.0	2.3	2.4
Net margin (%)	2.3	4.5	3.5	3.9	3.9
Net debt/(cash) to equity (%)	50.3	47.9	30.6	25.3	18.1
Interest cover (x)	17.4	6.1	11.1	12.2	13.2
ROE (%)	6.1	18.3	15.2	15.5	14.6
Consensus net profit	-	-	548	657	679
UOBKH/Consensus (x)	-	-	1.08	0.96	1.00

Source: SVI, Bloomberg, UOB Kay Hian

n.m. : not meaningful; negative P/E, EV/EBITDA reflected as "n.m."

## BUY

(Maintained)

Share Price	Bt4.88
Target Price	Bt6.00
Upside	+23.0%

## COMPANY DESCRIPTION

SVI is an EMS company that provides printed circuit board assembly, box-build products and system build to key customers in Scandinavia and the US.

## STOCK DATA

GICS sector	Information Technology
Bloomberg ticker:	SVI TB
Shares issued (m):	2,153.2
Market cap (Btm):	10,507.7
Market cap (US\$m):	336.5
3-mth avg daily t'over (US\$m):	1.6

## Price Performance (%)

52-week high/low Bt5.85/Bt2.70

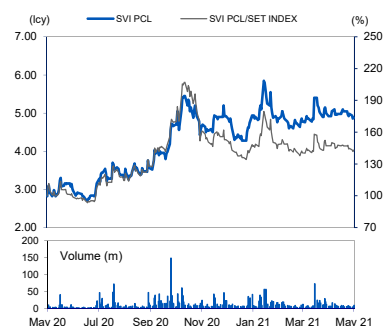
1mth	3mth	6mth	1yr	YTD
(0.8)	0.4	4.7	73.0	14.0

## Major Shareholders

	%
Pongsak Lothongkam	43.4
EAGLE MOUNT ASIA EQUITIES LIMITED	7.9
-	-

FY21 NAV/Share (Bt)	2.00
FY21 Net Debt/Share (Bt)	0.61

## PRICE CHART



Source: Bloomberg

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### STOCK IMPACT

- **Expect revenue to see an improvement from 2Q21 onwards.** Despite the ongoing chip shortage situation, we still expect SVI to ramp up production of many products, such as microelectronics, industrial controls, and automobiles, riding on the seasonality effect from existing and new customers from 2Q21 onwards. As a result, we remain optimistic as we still expect SVI to obtain more orders in 2Q21, which should boost 2021's sales to US\$580m.

### EARNINGS REVISION/RISK

- **None.**

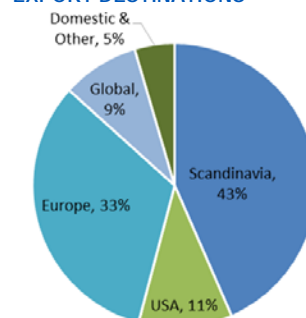
### VALUATION/RECOMMENDATION

- **Maintain BUY with a target price of Bt6.00**, pegged at 21.2x 2021F PE, or +1SD to the stock's 5-year average. We like the stock for its strong sales and room to grow. Although we expect 2021 net profit to drop by 10% yoy mainly due to the absence of one-off forex gains, we expect 2021 to be a strong operating year due to the positive industry outlook and as the company focuses on new key growth products, such as cloud computing, optical electronics, and electric vehicles. Excluding non-core items, we estimate core profit growth of 20% yoy.

### SHARE PRICE CATALYST

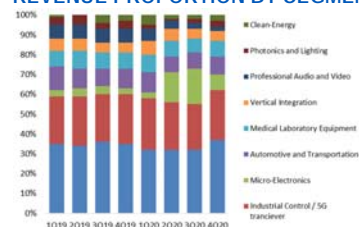
- New orders, baht depreciation, and fiscal and monetary easing policies across the world.

### EXPORT DESTINATIONS



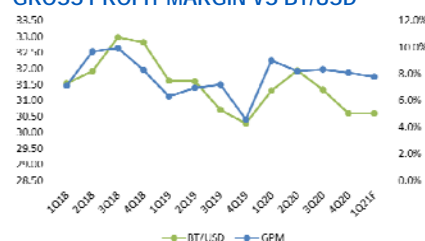
Source: SVI, UOB Kay Hian

### REVENUE PROPORTION BY SEGMENTS



Source: SVI, UOB Kay Hian

### GROSS PROFIT MARGIN VS BT/USD



Source: UOB Kay Hian, Bloomberg

### PE BAND



Source: UOB Kay Hian

**PROFIT & LOSS**

Year to 31 Dec (Btm)	2020	2021F	2022F	2023F
<b>Net turnover</b>	<b>15,282</b>	<b>18,589</b>	<b>18,961</b>	<b>19,711</b>
EBITDA	878	964	1,059	1,140
Deprec. & amort.	269	285	319	352
EBIT	609	679	739	788
Total other non-operating income	246	90	120	103
Associate contributions	0	0	0	0
Net interest income/(expense)	(144)	(87)	(87)	(86)
<b>Pre-tax profit</b>	<b>712</b>	<b>682</b>	<b>773</b>	<b>805</b>
Tax	(25)	(31)	(31)	(32)
Minorities	0	0	0	0
<b>Net profit</b>	<b>686</b>	<b>652</b>	<b>742</b>	<b>773</b>
Net profit (adj.)	458	593	630	677

**CASH FLOW**

Year to 31 Dec (Btm)	2020	2021F	2022F	2023F
<b>Operating</b>	<b>276</b>	<b>1,107</b>	<b>800</b>	<b>973</b>
Pre-tax profit	712	682	773	805
Tax	(25)	(31)	(31)	(32)
Deprec. & amort.	269	285	319	352
Working capital changes	235	93	(249)	(127)
Non-cash items	(914)	78	(12)	(24)
Other operating cash flows	0	0	0	0
<b>Investing</b>	<b>(352)</b>	<b>(400)</b>	<b>(446)</b>	<b>(441)</b>
Capex (growth)	(357)	(411)	(450)	(450)
Investments	0	0	0	0
Others	4	12	4	9
<b>Financing</b>	<b>(1,315)</b>	<b>(560)</b>	<b>(240)</b>	<b>(261)</b>
Dividend payments	0	(231)	(240)	(261)
Issue of shares	0	0	0	0
Proceeds from borrowings	(1,200)	(400)	0	0
Others/interest paid	(115)	71	0	0
<b>Net cash inflow (outflow)</b>	<b>(1,391)</b>	<b>148</b>	<b>114</b>	<b>270</b>
<b>Beginning cash &amp; cash equivalent</b>	<b>2,630</b>	<b>1,239</b>	<b>1,387</b>	<b>1,501</b>
<b>Ending cash &amp; cash equivalent</b>	<b>1,239</b>	<b>1,387</b>	<b>1,501</b>	<b>1,771</b>

**BALANCE SHEET**

Year to 31 Dec (Btm)	2020	2021F	2022F	2023F
<b>Fixed assets</b>	<b>2,425</b>	<b>2,552</b>	<b>2,682</b>	<b>2,781</b>
Other LT assets	53	64	66	68
Cash/ST investment	1,239	1,387	1,501	1,771
Other current assets	6,928	7,807	7,964	8,279
<b>Total assets</b>	<b>10,645</b>	<b>11,810</b>	<b>12,212</b>	<b>12,898</b>
ST debt	2,197	2,197	2,197	2,197
Other current liabilities	3,177	4,227	4,122	4,285
LT debt	977	577	577	577
Other LT liabilities	256	279	284	296
Shareholders' equity	4,038	4,530	5,032	5,544
Minority interest	0	0	0	0
<b>Total liabilities &amp; equity</b>	<b>10,645</b>	<b>11,810</b>	<b>12,212</b>	<b>12,898</b>

**KEY METRICS**

Year to 31 Dec (%)	2020	2021F	2022F	2023F
<b>Profitability</b>				
EBITDA margin	5.7	5.2	5.6	5.8
Pre-tax margin	4.7	3.7	4.1	4.1
Net margin	4.5	3.5	3.9	3.9
ROA	6.2	5.8	6.2	6.2
ROE	18.3	15.2	15.5	14.6
<b>Growth</b>				
Turnover	2.1	21.6	2.0	4.0
EBITDA	58.8	9.8	9.8	7.7
Pre-tax profit	72.0	(4.1)	13.2	4.2
Net profit	102.0	(5.1)	13.8	4.2
Net profit (adj.)	277.9	29.6	6.3	7.4
EPS	279.3	23.1	6.3	7.4
<b>Leverage</b>				
Debt to total capital	44.0	38.0	35.5	33.4
Debt to equity	78.6	61.2	55.1	50.0
Net debt/(cash) to equity	47.9	30.6	25.3	18.1
Interest cover (x)	6.1	11.1	12.2	13.2

## COMPANY UPDATE

### KCE Electronics (KCE TB)

Still Remain Bullish On Earnings Outlook

Despite the risks of a higher copper price, we still remain bullish on KCE's 2021 outlook and expect a better outlook from 2Q21 onwards. We expect KCE's earnings to surge due to strong sales, wider gross margins and a better utilisation rate. Maintain BUY. Target price: Bt67.00.

#### WHAT'S NEW

- Analysts' meeting after 1Q21 results.** After attending an analysts' meeting to get KCE Electronics' (KCE) prospects, we still expect strong 2021 earnings due to robust orders and backlog and expansion of production capacity despite concerns over higher copper prices and shipment issues.

#### STOCK IMPACT

- Still see robust orders and backlogs.** Management still remains bullish on the back of strong orders and backlog. The company has orders from Thai operations until Nov 21 and from European operations until Apr 22.
- Increase space to 5.7m sq ft to achieve full capacity** Due to robust orders and backlog, KCE has already invested and is increasing space to 5.7m sq ft in three plants to boost capacity. The plans are for: a) Latkrabang (an increase of space from 1.7m to 2.1m sq ft by Sep 21), b) Ayutthaya (an increase of space from 1.2m to 1.5m sq ft by Oct 21), and c) Rojana (an increase of space to 2.1m sq ft from 3Q22).
- Expect to see better margins from 2Q21 onwards.** Management believes 1Q21 will be the quarter for the lowest margins and that margins will improve from 2Q21 onwards due to the passing of costs from higher copper prices and new capacity. In terms of sales, management expects the same target of \$US435m, which is the base case for 2021. Moreover, as the copper price has been increasing since end-Mar 21, KCE has negotiated price increases with 90% of its customers. We believe that increasing of the product prices will increase KCE's margins.
- Concern over shipment issues.** KCE has an order backlog of US\$17m that has not been transferred to its customers as the company and its customers cannot book cargo ships. However, management believes that this has been priced in and the company can pass on some costs to its customers.

#### KEY FINANCIALS

Year to 31 Dec (Btm)	2019	2020	2021F	2022F	2023F
Net turnover	12,097.4	11,527.2	13,406.4	14,569.5	14,962.0
EBITDA	1,818.5	2,110.9	3,227.4	3,551.8	3,754.1
Operating profit	841.0	1,062.9	2,104.8	2,360.3	2,496.2
Net profit (rep./act.)	934.5	1,126.8	2,103.9	2,348.2	2,481.5
Net profit (adj.)	934.5	1,126.8	2,103.9	2,348.2	2,481.5
EPS (Bt)	0.8	1.0	1.8	2.0	2.1
PE (x)	79.1	65.6	35.1	31.5	29.8
P/B (x)	6.3	6.2	5.5	4.9	4.5
EV/EBITDA (x)	41.2	35.5	23.2	21.1	19.9
Dividend yield (%)	0.6	0.6	1.2	1.3	1.4
Net margin (%)	7.7	9.8	15.7	16.1	16.6
Net debt/(cash) to equity (%)	9.4	0.1	3.5	(2.6)	(7.3)
Interest cover (x)	29.8	36.7	56.2	61.8	65.3
ROE (%)	7.9	9.5	16.5	16.5	15.8
Consensus net profit	-	-	1,977	2,584	3,356
UOBKH/Consensus (x)	-	-	1.06	0.91	0.74

Source: KCE, Bloomberg, UOB Kay Hian

n.m. : not meaningful; negative PE, EV/EBITDA reflected as "n.m."

## BUY

(Maintained)

Share Price	Bt63.00
Target Price	Bt67.00
Upside	+6.3%

#### COMPANY DESCRIPTION

KCE Electronics manufactures and distributes printed circuit boards under the KCE trademark. The company mainly focuses on the automobile PCB segment.

#### STOCK DATA

GICS sector	Information Technology
Bloomberg ticker:	KCE TB
Shares issued (m):	1,179.9
Market cap (Btm):	74,333.4
Market cap (US\$m):	2,380.3
3-mth avg daily t'over (US\$m):	24.7

#### Price Performance (%)

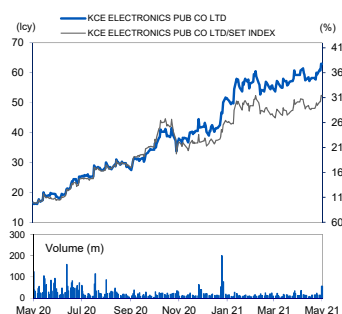
52-week high/low		Bt63.00/Bt16.10		
1mth	3mth	6mth	1yr	YTD
6.3	11.5	70.3	262.1	51.8

#### Major Shareholders

	%
Ongkosit Family	34.0
APCO CAPITAL	7.5
STATE STREET BANK EUROPE LIMITED	3.5

FY21 NAV/Share (Bt)	11.52
FY21 Net Debt/Share (Bt)	0.41

#### PRICE CHART



Source: Bloomberg

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### 1Q21 RESULT RECAP

Year to 31 Dec (Btm)	1Q21	1Q20	4Q20	yoy chg (%)	qoq chg (%)
Net turnover	3,415	3,260	3,418	4.8	-0.1
Gross profit	855	782	826	9.3	3.5
EBIT	453	352	437	28.5	3.5
EBITDA	453	619	694	-26.8	-34.8
Net profit	503	425	388	18.5	29.6
EPS	0.43	0.36	0.33	18.5	29.6
Core profit	396	329	388	20.3	2.2
Ratio				yoy chg (%)	qoq chg (%)
Gross margin	25.0	24.0	24.2	1.0	0.9
SG&A% of sales	11.8	13.2	11.4	-1.4	0.4
Core profit margin	11.6	10.1	11.3	1.5	0.3

Source: KCE, UOB Kay Hian

### KEY OPERATING STATISTICS

Revenue by products (US\$m)	1Q21	1Q20	4Q20	yoy ppt chg	qoq ppt chg
2	13.2	13.6	11.7	-2.8	13.1
4	44.5	44.4	43.6	0.4	2.1
06+	24.9	26.5	24.7	-6.0	0.8
Special grade	16.3	11.5	18.4	41.0	-11.6
Revenue mix by products (%)					
2	13.4	14.2	11.9	-0.8	1.5
4	45.0	46.2	44.3	-1.2	0.7
06+	25.2	27.6	25.1	-2.4	0.1
Special grade	16.4	12.0	18.7	4.4	-2.2

Source: KCE, UOB Kay Hian

- **1Q21 net profit beat our expectations.** KCE posted a 1Q21 net profit of Bt503m (+19% yoy, +30% qoq). The results were above our expectations and consensus by 25% and 26%. The key earnings beat was due to higher-than-expected gross margins (actual: 25.0% vs forecast: 24.3%) and lower-than-expected SG&A-to-sales (actual: 11.8% vs forecast: 12.0%). 1Q21 sales increased by about 5% yoy mainly due to a better product mix mainly contributed by special grade PCBs and aggressive orders from customers, but decreased by 0.09% qoq. Excluding forex movement, sales in dollar terms were US\$113m (+8% yoy, 1% qoq).

- **Impressive margin both yoy and qoq despite many concerns.** Although KCE's gross margin was pressured by unexpected appreciation in the baht, a higher copper price, and transportation logistics issue due to the Suez Canal blockage, the 1Q21 margin still improved to 25% (+1.0 ppt yoy and +0.9 ppt qoq) offset by better production capacity utilization.

### EARNINGS REVISION/RISK

- None

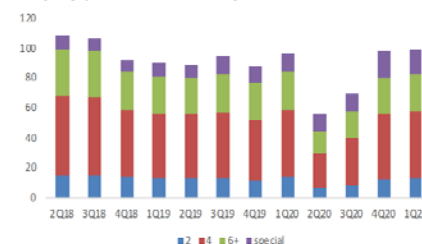
### VALUATION/RECOMMENDATION

- **Maintain BUY with target price of Bt67.00**, based on 37.3x 2021F PE and pegged at +1SD to its five-year mean PE. We still recommend BUY as we believe in KCE's earnings growth in 2Q21 and 2H21 due to: a) expanding capacity at the Latkrabang, Ayutthaya, and Rojana plants, b) our expectation of a baht depreciation, c) robust demand for semiconductors, and d) solid growth for electric vehicles (EV) and autonomous cars.

### SHARE PRICE CATALYST

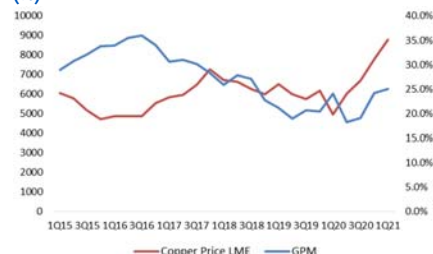
Baht depreciation, lower copper price, automotive sales and the EV trend.

### PRODUCT MIX BREAKDOWN



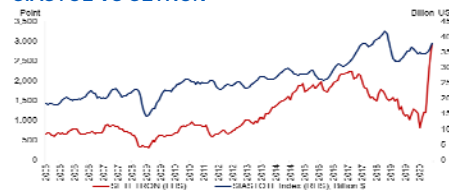
Source: KCE, Bloomberg, UOB Kay Hian

### COPPER PRICE (LME) VS GROSS PROFIT MARGIN (%)



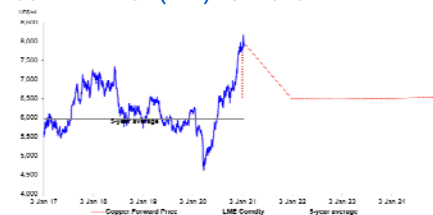
Source: KCE, Bloomberg, UOB Kay Hian

### SIASTOL VS SETRON



Source: Bloomberg

### COPPER PRICE (LME) FORECAST



Source: Bloomberg

### PE BAND



Source: KCE, Bloomberg, UOB Kay Hian

**PROFIT & LOSS**

Year to 31 Dec (Btm)	2020	2021F	2022F	2023F
Net turnover	11,527	13,406	14,569	14,962
EBITDA	2,111	3,227	3,552	3,754
Deprec. & amort.	1,048	1,123	1,192	1,258
EBIT	1,063	2,105	2,360	2,496
Total other non-operating income	215	221	228	235
Associate contributions	10	10	11	11
Net interest income/(expense)	(57)	(57)	(57)	(57)
<b>Pre-tax profit</b>	<b>1,230</b>	<b>2,279</b>	<b>2,541</b>	<b>2,685</b>
Tax	(87)	(159)	(177)	(187)
Minorities	(16)	(16)	(16)	(16)
<b>Net profit</b>	<b>1,127</b>	<b>2,104</b>	<b>2,348</b>	<b>2,482</b>
Net profit (adj.)	1,127	2,104	2,348	2,482

**CASH FLOW**

Year to 31 Dec (Btm)	2020	2021F	2022F	2023F
<b>Operating (BTm)</b>	<b>2,251</b>	<b>2,465</b>	<b>3,056</b>	<b>3,483</b>
Pre-tax profit (BTm)	1,230	2,279	2,541	2,685
Tax (BTm)	(87)	(159)	(177)	(187)
Deprec. & amort. (BTm)	1,048	1,123	1,192	1,258
Working capital changes (BTm)	(10)	(779)	(501)	(273)
Non-cash items (BTm)	69	2	1	0
Other operating cashflows (BTm)	0	0	0	0
<b>Investing (BTm)</b>	<b>(317)</b>	<b>(2,320)</b>	<b>(1,266)</b>	<b>(1,664)</b>
Capex (growth) (BTm)	(236)	(2,370)	(1,297)	(1,674)
Investments (BTm)	(132)	0	0	0
Others (BTm)	52	50	31	10
<b>Financing (BTm)</b>	<b>(549)</b>	<b>(608)</b>	<b>(927)</b>	<b>(1,005)</b>
Dividend payments (BTm)	(952)	(672)	(927)	(1,005)
Issue of shares (BTm)	146	0	0	0
Proceeds from borrowings (BTm)	294	0	0	0
Others/interest paid (BTm)	(37)	64	0	0
<b>Net cash inflow (outflow) (BTm)</b>	<b>1,385</b>	<b>(463)</b>	<b>864</b>	<b>813</b>
<b>Beginning cash &amp; cash equivalent (BTm)</b>	<b>958</b>	<b>2,342</b>	<b>1,879</b>	<b>2,743</b>
<b>Ending cash &amp; cash equivalent (BTm)</b>	<b>2,343</b>	<b>1,879</b>	<b>2,743</b>	<b>3,556</b>

**BALANCE SHEET**

Year to 31 Dec (Btm)	2020	2021F	2022F	2023F
Fixed assets	8,679	9,927	10,032	10,449
Other LT assets	513	531	542	546
Cash/ST investment	2,342	1,879	2,743	3,556
Other current assets	5,843	6,857	6,869	6,455
<b>Total assets</b>	<b>17,377</b>	<b>19,194</b>	<b>20,187</b>	<b>21,007</b>
ST debt	1,675	1,675	1,675	1,675
Other current liabilities	2,541	2,779	2,291	1,605
LT debt	680	680	680	680
Other LT liabilities	419	488	530	544
Shareholders' equity	12,009	13,505	14,927	16,403
Minority interest	52	68	84	100
<b>Total liabilities &amp; equity</b>	<b>17,377</b>	<b>19,194</b>	<b>20,186</b>	<b>21,006</b>

**KEY METRICS**

Year to 31 Dec (%)	2020	2021F	2022F	2023F
<b>Profitability</b>				
EBITDA margin	18.3	24.1	24.4	25.1
Pre-tax margin	10.7	17.0	17.4	17.9
Net margin	9.8	15.7	16.1	16.6
ROA	6.7	11.5	11.9	12.0
ROE	9.5	16.5	16.5	15.8
<b>Growth</b>				
Turnover	(4.7)	16.3	8.7	2.7
EBITDA	16.1	52.9	10.0	5.7
Pre-tax profit	24.2	85.3	11.5	5.6
Net profit	20.6	86.7	11.6	5.7
Net profit (adj.)	20.6	86.7	11.6	5.7
EPS	20.6	86.7	11.6	5.7
<b>Leverage</b>				
Debt to total capital	16.3	14.8	13.6	12.5
Debt to equity	19.6	17.4	15.8	14.4
Net debt/(cash) to equity	0.1	3.5	(2.6)	(7.3)
Interest cover (x)	36.7	56.2	61.8	65.3

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