

PLEASE CLICK ON THE PAGE NUMBER TO MOVE TO THE RELEVANT PAGE.

### KEY HIGHLIGHTS

Sector

#### Transport, Land

Stellar recovery in 2Q-3Q22 as mobility picks up sharply.

Page 2

### KEY INDICES

Symbol	Close	Chg	%Chg
SET	1,560.02	(14.50)	(0.92)
SET50	945.80	(8.91)	(0.93)
Value (Btm) - SET	61,178		
<b>Top 5 Sector</b>			
BANK	367.06	(4.95)	(1.33)
PETRO	1,055.85	(0.53)	(0.05)
PROP	232.12	(1.56)	(0.67)
ENERG	23,937.53	(214.98)	(0.89)
ICT	176.96	(1.14)	(0.64)

Source: Bloomberg

### TOP VOLUME

Symbol	Price (Bt)	Chg (%)	Volume ('000)
PTTEP	158.00	(3.07)	22,988.1
PTT	33.75	0.00	60,696.2
ADVANC	198.00	(1.49)	8,415.4
BBL	133.00	(1.85)	11,609.6
CPALL	59.00	(1.67)	25,317.3

### TOP GAINERS

Symbol	Price (Bt)	Chg (%)	Volume ('000)
AQ	0.03	50.00	68,222.9
NEWS	0.04	33.33	1,103,279.4
CPR	10.00	24.22	104,676.1
PPPM	0.15	15.38	92,032.6
BWG	1.07	15.05	188,427.7

### TOP LOSERS

Symbol	Price (Bt)	Chg (%)	Volume ('000)
STOWER	0.04	(20.00)	5,491.9
TWZ	0.07	(12.50)	13,327.1
ZIGA	6.10	(9.63)	186,625.0
SIMAT	2.18	(9.17)	17,214.6
ROH	4.06	(8.97)	2,954.4

### KEY STATISTICS

Commodity	Current Price	%Chg		
		1m	3M	YTD
Brent crude*	109.8	(0.9)	(0.6)	45.8
Dubai crude*	106.2	(2.5)	(4.7)	38.9
Baltic Dry Index	2,484.0	(26.3)	(3.5)	12.0
Gold Spot***	1,835.7	(1.0)	(5.6)	0.4

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

### FOREIGN PORTFOLIO INVESTMENT IN EQUITIES (THAILAND)

Day (Mil US\$)	MTD Net (Mil US\$)	YTD Net (Mil US\$)	YTD Net YoY%
(101.5)	(837.2)	3,445.2	8,063.9

Source: Bloomberg

Foreign Exchange Rate - THB/US\$ (onshore) = 35.39

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

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

### SECTOR UPDATE

## Transport, Land – Thailand

Stellar Recovery In 2Q-3Q22 As Mobility Picks Up Sharply

We expect a significant recovery in traffic and ridership for both BEM and BTS due to the gradual resumption of normality and favourable policies following the election of the new Bangkok governor. Moreover, BEM will benefit from its competitive advantage in the bidding for MRT Orange Line while BTS will benefit as the Green Line issue is gradually making progress. Upgrade to OVERWEIGHT with BTS as our top pick.

### WHAT'S NEW

- Sharp recovery in 2Q22.** Traffic volume and ridership made a sharp pick-up in May 22 on a mom basis chiefly from the return to on-site schools, workplaces, and more outdoor activities and events after the number of new COVID-19 cases in Thailand fell. In May 22, the average expressway traffic volume (with Bangkok Expressway and Metro (BEM) as a concessionaire) recovered 6.5% mom to 1,039,603 trips/day while the average ridership on the MRT Blue Line and the core Green Line (BTS Skytrain) increased 28% mom to 229,660 trips/day and 30% mom to around 347,000 trips/day, respectively.
- Expect continuous recovery.** We expect the positive improvement to persist throughout 2Q-3Q22 from: a) the increasing number of international tourists from the removal of border restrictions, b) the removal of mandatory COVID-19 test requirement before entering certain places (such as bars and nightclubs) to facilitate more visits, and c) more outdoor activities and face-to-face business arrangements. From our channel check, in early-Jun 22, weekday traffic volume and ridership have surpassed the high in Dec 21. Hence, we foresee the improvement persisting with stronger growth from ridership figures which are a laggard and gain additional benefit from people changing means of transport as a result of skyrocketing petrol prices.
- Increasing travel due to new policies.** The number of public outdoor activities has been increasing since Chadchart Sittipunt took the position of the Bangkok governor in May 22 based on his policies that aim to revitalise Bangkok, namely Music in the Park (free concerts at outdoor spaces) and the Bangkok Naruemit Pride 2022, which was the first Pride parade by the LGBTQ community in a decade. Among his policies, there are several policies related to public amenities, festivals and renovation of certain infrastructures such as pavement, bike lanes and public car parks that can lead to increasing public events and facilitate the use of public transport which will boost ridership.
- Positive progress on Green Line dispute.** On 17 Jun 22, Tongthong Chandransu, former deputy secretary at the Ministry of Justice, was appointed as the new president of the board of Krungthep Thanakhom (KT), a subsidiary of Bangkok Metropolitan Administration (BMA) and the Green Line extension contract counterparty, to oversee the Green Line issue. The president is carefully inspecting the agreements and will discuss the issues in the next board meeting on 30 Jun 22. Meanwhile, other related organisations, including BMA, Mass Rapid Transit Authority of Thailand (MRTA) and the Transport Ministry, have consistently discussed the issue. Although the problem may require a few months to resolve, there is cooperation between most players and positive progress will be beneficial to BTS Group Holdings (BTS) from the clarification of uncertainties. As previously mentioned, we expect that BTS will benefit in some ways as an order granted by Section 44 that had led to this agreement is deemed legitimate based on Thailand's laws.

### PEER COMPARISON

Company	Ticker	Rec.	Last Price (Bt)	Target Price (Bt)	Upside/Downside (%)	Market Cap (US\$ m)	Core PE			EPS CAGR (%) 2020-22F	PEG 2022F (x)	P/B 2022F (x)	Yield 2022F (%)	ROE 2022F (%)
							2021A (x)	2022F (x)	2023F (x)					
Bangkok Expressway and Metro	BEM TB	BUY	8.75	9.90	13.1	3,821	132.4	45.9	35.0	94.4	0.2	3.3	0.9	7.5
BTS Group Holdings	BTS TB	BUY	8.35	10.20	22.2	3,141	54.9	51.8	33.4	28.8	8.7	1.6	3.7	3.2
Sector						6,963	97.4	48.6	34.2			2.6	2.2	5.5

Source: UOB Kay Hian

## OVERWEIGHT

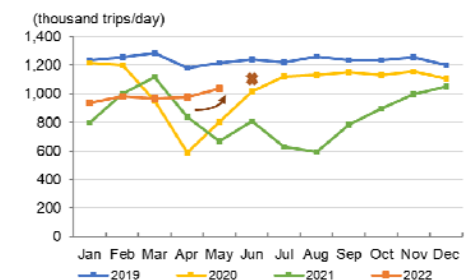
(Upgraded)

### SECTOR TOP PICK

Company	Rec	Share price (Bt)	Target price (Bt)
BTS	BUY	8.35	10.20

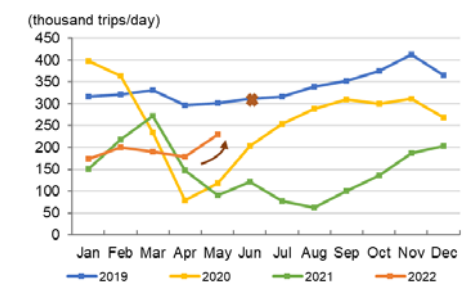
Source: UOB Kay Hian

### EXPRESSWAY TRAFFIC VOLUME



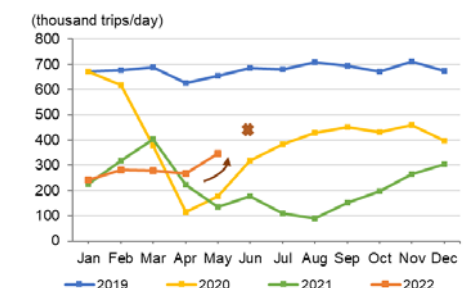
Source: BEM, UOB Kay Hian

### RIDERSHIP – MRT BLUE LINE



Source: BEM, UOB Kay Hian

### RIDERSHIP – CORE GREEN LINE



Source: BTSGIF, UOB Kay Hian

Remarks: The 'X's refer to average weekday figures in Jun 22

### ANALYST(S)

**Waritthorn Kaewmuang**  
+66 2090 8642  
waritthorn@uobkayhian.co.th

• **Orange Line bidding.** MRTA has released the request for proposal documents (RFP) for the new bidding of MRT Orange Line, with the bidding submission date in Jul 22. There were 14 companies that purchased the RFP, including BEM, BTS as well and a few foreign companies. BEM is almost certain to partner with CH. Karnchang (CK) and we expect BTS to partner with Sino-Thai Engineering and Construction (STEC) and a few foreign contractors to meet the required technical qualifications. Although BEM and CK are in an advantageous position mainly from CK's comprehensive expertise, we expect the competition to become more intense from the presence of the third train operating company purchasing the RFP: Incheon Transit Corporation, who runs the Incheon Subway in South Korea. The winners are anticipated to be announced in Oct 22.

### ACTION

• **Upgrade to OVERWEIGHT.** The sector is on a clear path to accelerated recovery in 2Q22 from the recovery of traffic volume and ridership while the share prices remain laggard. We believe the concern on higher finance cost amid the rising interest rate environment has been mostly priced in during the share price correction in the past month. We expect the sector to be more resilient to economic uncertainties. Each stock also has its own individual catalyst as below:

• **Maintain BUY on BEM with a target price of Bt9.90** based on SOTP valuation with the main business derived from DCF methodology with WACC of 5.2%. BEM will benefit from the outstanding earnings growth in 2Q22 of 320% yoy and 150% qoq and higher competitive advantage in the MRT Orange Line bidding.

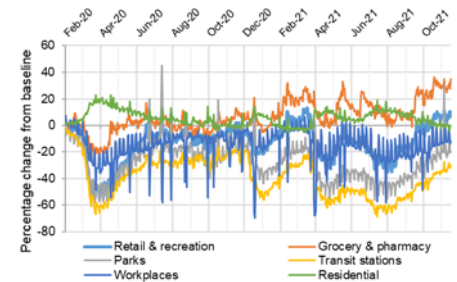
• **Maintain BUY on BTS with a target price of Bt10.20** based on SOTP valuation. Despite less attractive 1QFY23 earnings growth because of lower revenue contribution from construction works in the end phase, BTS will benefit from the pick-up of ridership, which has been more of the investors' emphasis. Additional two main catalysts are: a) the subsequent recovery of advertising income from VGI, and b) positive progress on the Green Line issue. BTS is our top pick from higher upside and we expect the market to have fully priced in negative sentiment regarding the lower likelihood to be granted a 30-year Green Line concession extension based on the absence of significant disparity in share price performance from one week after the election results to date.

### 2Q22 (BEM)/1QFY23 (BTS) RESULTS PREVIEW

	2Q22F	2Q21	1Q22	yoy (%)	qoq (%)
<b>Revenue (Btm)</b>					
BEM	3,414	2,403	3,094	42.1	10.3
BTS	5,452	7,842	4,729	-30.5	15.3
<b>Total</b>	<b>8,866</b>	<b>10,244</b>	<b>7,823</b>	<b>-13.5</b>	<b>13.3</b>
<b>EBITDA (Btm)</b>					
BEM	1,520	649	1,251	134.2	21.5
BTS	975	1,158	1,067	-15.8	-8.6
<b>Total</b>	<b>2,495</b>	<b>1,807</b>	<b>2,319</b>	<b>38.1</b>	<b>7.6</b>
<b>Core profit (Btm)</b>					
BEM	841	200	336	319.7	150.3
BTS	710	908	620	-21.8	14.5
<b>Total</b>	<b>1,551</b>	<b>1,109</b>	<b>956</b>	<b>39.9</b>	<b>62.2</b>
<b>Gross margin (%)</b>					
BEM	42.0	28.3	38.4	48.6	9.4
BTS	27.0	20.0	29.0	35.0	-6.7
<b>Total</b>	<b>32.8</b>	<b>22.0</b>	<b>32.7</b>	<b>49.4</b>	<b>0.3</b>
<b>SG&amp;A-to-revenue (%)</b>					
BEM	8.4	11.8	8.5	-28.6	-1.5
BTS	14.7	8.7	11.7	69.0	25.0
<b>Total</b>	<b>12.3</b>	<b>9.4</b>	<b>10.5</b>	<b>30.3</b>	<b>17.1</b>
<b>Key statistics and assumptions (thousand trips/day)</b>					
Daily expressway traffic	1,132	667	1,042	69.6	8.6
Daily ridership - MRT Blue Line	255	119	188	114.5	36.0
Daily ridership - Green Line core	356	178	267	100.0	33.5

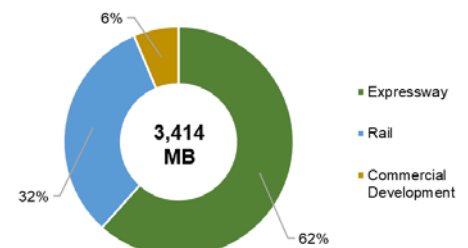
Source: BEM, BTS, BTSGIF, UOB Kay Hian

### THAILAND'S MOBILITY REPORT



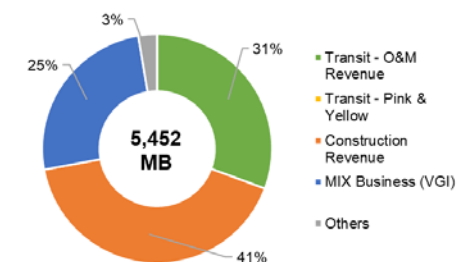
Source: Google, UOB Kay Hian

### BEM'S REVENUE BREAKDOWN (2Q22/1QFY23)



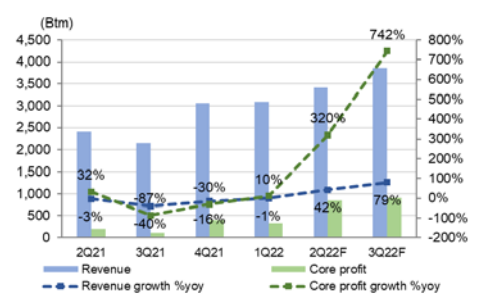
Source: BEM, UOB Kay Hian

### BTS' REVENUE BREAKDOWN (2Q22/1QFY23)



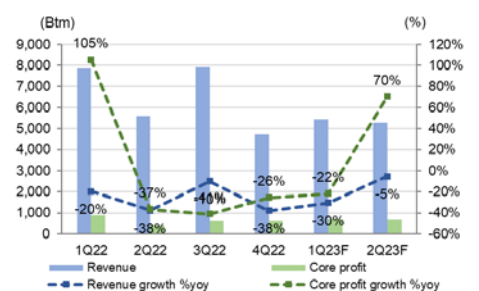
Source: BTS, UOB Kay Hian

### BEM'S QUARTERLY FORECAST



Source: BEM, UOB Kay Hian

### BTS'S QUARTERLY FORECAST



Source: BTS, UOB Kay Hian

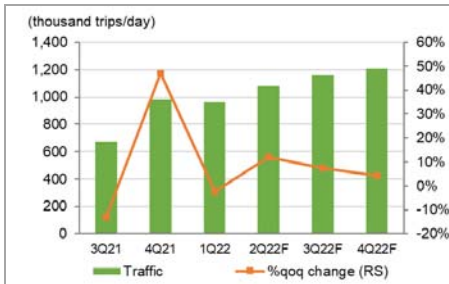
### KEY EARNINGS REVISION

- None.

### ESSENTIALS

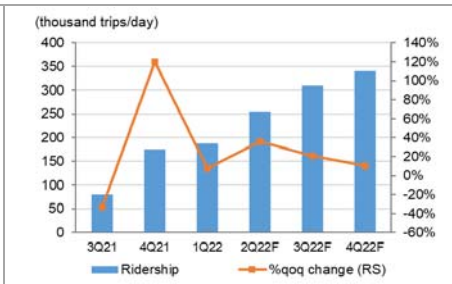
#### QUARTERLY ASSUMPTIONS

#### TRAFFIC VOLUME



Source: BEM, UOB Kay Hian

#### RIDERSHIP – MRT BLUE LINE



Source: BEM, UOB Kay Hian

#### RIDERSHIP – GREEN LINE CORE



Source: BTSGIF, UOB Kay Hian

Remarks: The horizontal axis refers to BTS's fiscal quarter and year.

### SECTOR CATALYSTS

- The continuous recovery of traffic volume and ridership.
- Policies from the Bangkok governor related to outdoor activities, events, development of transport hub, improvement in bus services and renovation of related infrastructures (ie pavements, bike lanes, car parks) that advocate the use of rail services.
- Positive progress regarding the Green Line issue.

### RISKS

- Delays in the bidding of new projects.
- An economic slowdown, although we expect minimal impact compared with other sectors from the ramp up of travels.
- Higher finance cost from borrowings for new investments under the rising interest rate environment given that both BEM and BTS have high debt-to-equity ratio.

### METRO AND SUBURBAN RAILWAY SUMMARY

Operating Lines	Operator	Opened	Ended
Dark Green Line (BTS Silom Line)	BTSC	1999	2029 /2042*
Light Green Line (BTS Sukhumvit Line)	BTSC	1999	2029 /2042*
MRT Blue Line	BEM	2004	2050
Airport Rail Link (AERA1 City Line)**	AERA	2010	2060
MRT Purple Line	BEM	2016	2043
Gold Line	BTSC	2020	2050
SRT Dark Red Line***	SRT	2021	N/A
SRT Light Red Line***	SRT	2021	N/A

Project under construction	Operator	Overall Progress	Exp. Operation
Yellow Line	EBM	92.93%	4Q22
Pink Line	NBM	88.51%	4Q22
ARL Extension**	AERA	N/A	2026
Purple Line - Southern Extension	BEM	0.00%	2027

Projects to put up for bidding	Bid	Results	Exp. Operation
Orange Line	3Q22	4Q22	2025(E)/2027(W)
Grey Line	TBA	TBA	2029
Brown Line	TBA	TBA	2029
Light Blue Line	TBA	TBA	2029

Source: UOB Kay Hian

\* Ending for core concession (under BTSGIF) and the Green Line concession under O&M contract, respectively

\*\* Part of Don Mueang–Suvannabhumi–U-Tapao high-speed railway operated by Asia Era One (AERA),

\*\*\* To announce PPP for operation afterwards

### Disclosures/Disclaimers

This report is prepared by UOB Kay Hian Securities (Thailand) Public Company Limited ("UOBKHST"), which is a licensed corporation providing Securities Brokerage, Securities Dealing, Underwriting, Derivative Agent and Financial Advisory in Thailand.

This report is provided for information only and is not an offer or a solicitation to deal in securities or to enter into any legal relations, nor an advice or a recommendation with respect to such securities.

**This report is prepared for general circulation.** It does not have regard to the specific investment objectives, financial situation and the particular needs of any recipient hereof. Advice should be sought from a financial adviser regarding the suitability of the investment product, taking into account the specific investment objectives, financial situation or particular needs of any person in receipt of the recommendation, before the person makes a commitment to purchase the investment product.

This report is confidential. This report may not be published, circulated, reproduced or distributed in whole or in part by any recipient of this report to any other person without the prior written consent of UOBKHST. This report is not directed to or intended for distribution to or use by any person or any entity who is a citizen or resident of or located in any locality, state, country or any other jurisdiction as UOBKHST may determine in its absolute discretion, where the distribution, publication, availability or use of this report would be contrary to applicable law or would subject UOBKHST and its connected persons (as defined in Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 and the Securities and Exchange Act of Thailand) to any registration, licensing or other requirements within such jurisdiction.

The information or views in the report ("Information") has been obtained or derived from sources believed by UOBKHST to be reliable. However, UOBKHST makes no representation as to the accuracy or completeness of such sources or the Information and UOBKHST accepts no liability whatsoever for any loss or damage arising from the use of or reliance on the Information. UOBKHST and its associate may have issued other reports expressing views different from the Information and all views expressed in all reports of UOBKHST and its connected persons are subject to change without notice. UOBKHST reserves the right to act upon or use the Information at any time, including before its publication herein.

Except as otherwise indicated below, (1) UOBKHST, its associates and its officers, employees and representatives may, to the extent permitted by law, transact with, perform or provide broking, underwriting, corporate finance-related or other services for or solicit business from, the subject corporation(s) referred to in this report; (2) UOBKHST, its associate and its officers, employees and representatives may also, to the extent permitted by law, transact with, perform or provide broking or other services for or solicit business from, other persons in respect of dealings in the securities referred to in this report or other investments related thereto; (3) the officers, employees and representatives of UOBKHST may also serve on the board of directors or in trustee positions with the subject corporation(s) referred to in this report. (All of the foregoing is hereafter referred to as the "Subject Business"); and (4) UOBKHST may otherwise have an interest (including a proprietary interest) in the subject corporation(s) referred to in this report.

As of the date of this report, no analyst responsible for any of the content in this report has any proprietary position or material interest in the securities of the corporation(s) which are referred to in the content they respectively author or are otherwise responsible for.

### IMPORTANT DISCLOSURES FOR U.S. PERSONS

This research report is prepared by UOBKHST, a company authorized, as noted above, to engage in securities and derivative activities in Thailand. UOBKHST is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution by UOBKHST (whether directly or through its US registered broker dealer affiliate named below) to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). All US persons that receive this document by way of distribution from or which they regard as being from UOBKHST by their acceptance thereof represent and agree that they are a major institutional investor and understand the risks involved in executing transactions in securities.

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through UOB Kay Hian (U.S.) Inc ("UOBKHUS"), a registered broker-dealer in the United States. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through UOBKHST.

UOBKHUS accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to and intended to be received by a U.S. person other than a major U.S. institutional investor.

The analyst whose name appears in this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA") and may not be an associated person of UOBKHUS and, therefore, may not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

### Analyst Certification/Regulation AC

Each research analyst of UOBKHST who produced this report hereby certifies that (1) the views expressed in this report accurately reflect his/her personal views about all of the subject corporation(s) and securities in this report; (2) the report was produced independently by him/her; (3) he/she does not carry out, whether for himself/herself or on behalf of UOBKHST or any other person, any of the Subject Business involving any of the subject corporation(s) or securities referred to in this report; and (4) he/she has not received and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. However, the compensation received by each such research analyst is based upon various factors, including UOBKHST's total revenues, a portion of which are generated from UOBKHST's business of dealing in securities.

Reports are distributed in the respective countries by the respective entities and are subject to the additional restrictions listed in the following table.

General	This report is not intended for distribution, publication to or use by any person or entity who is a citizen or resident of or located in any country or jurisdiction where the distribution, publication or use of this report would be contrary to applicable law or regulation.
Hong Kong	This report is distributed in Hong Kong by UOB Kay Hian (Hong Kong) Limited ("UOBKHHK"), which is regulated by the Securities and Futures Commission of Hong Kong. Neither the analyst(s) preparing this report nor his associate, has trading and financial interest and relevant relationship specified under Para. 16.4 of Code of Conduct in the listed corporation covered in this report. UOBKHHK does not have financial interests and business relationship specified under Para. 16.5 of Code of Conduct with the listed corporation covered in this report. Where the report is distributed in Hong Kong and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKHHK (and not the relevant foreign research house) in Hong Kong in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Hong Kong who is not a professional investor, or institutional investor, UOBKHHK accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Indonesia	This report is distributed in Indonesia by PT UOB Kay Hian Sekuritas, which is regulated by Financial Services Authority of Indonesia. Where the report is distributed in Indonesia and contains research analyses or reports from a foreign research house, please note recipients of the analyses or reports are to contact PT UOBKH (and not the relevant foreign research house) in Indonesia in respect of any matters arising from, or in connection with, the analysis or report.
Malaysia	Where the report is distributed in Malaysia and contains research analyses or reports from a foreign research house, the recipients of the analyses or reports are to contact UOBKHM (and not the relevant foreign research house) in Malaysia, at +603-21471988, in respect of any matters arising from, or in connection with, the analysis or report as UOBKHM is the registered person under CMSA to distribute any research analyses in Malaysia.
Singapore	This report is distributed in Singapore by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser regulated by the Monetary Authority of Singapore. Where the report is distributed in Singapore and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKH (and not the relevant foreign research house) in Singapore in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Singapore who is not an accredited investor, expert investor or institutional investor, UOBKH accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Thailand	This report is distributed in Thailand by UOB Kay Hian Securities (Thailand) Public Company Limited, which is regulated by the Securities and Exchange Commission of Thailand.
United Kingdom	This report is being distributed in the UK by UOB Kay Hian (U.K.) Limited, which is an authorised person in the meaning of the Financial Services and Markets Act and is regulated by The Financial Conduct Authority. Research distributed in the UK is intended only for institutional clients.
United States of America ('U.S.')	This report cannot be distributed into the U.S. or to any U.S. person or entity except in compliance with applicable U.S. laws and regulations. It is being distributed in the U.S. by UOB Kay Hian (US) Inc, which accepts responsibility for its contents. Any U.S. person or entity receiving this report and wishing to effect transactions in any securities referred to in the report should contact UOB Kay Hian (US) Inc. directly.

Copyright 2022, UOB Kay Hian Securities (Thailand) Public Company Limited. All rights reserved.

<http://www.utrade.co.th>