

Thailand Equity Research

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Morning Brief

4 September 2009

News SPALI (Buy) - 2009 revenue target revised up

Spotting Trends Oil Spotlight - OPEC expected to maintain output

Where Fundamentals and Timing Converge

Fundamentally 'BUY' rated with technical stop loss & break out signals							Fundamentally 'SELL' rated with technical resistance & stop loss warnings					
#	Stock	Current Price	Fundamental Target	Technical Support			#	Stock	Current Price	Fundamental Target	Technical Resistance	
				Stop Loss	Upside target	Breakout if above					Resistance	Downside target
1	PTTEP	140.00	194.00	will update	158, 163	149						
2	DELTA	17.70	17.30	will update	18.3, 20.7	-						
3	TSTH	2.04	2.00	will update	2.08-2.10, 2.7	-						
4	PTTAR	22.10	22.70	19 (closing)	26.25, 28	-						
5	CENDEL	3.76	4.34	will update	4.24-4.26	4						

The information, statements, forecasts and projections contained herein, including any expression of opinion, are based upon sources believed to be reliable, but their accuracy, completeness or correctness are not guaranteed. Expressions of opinion herein were arrived at after due and careful consideration and they were based upon the best information known to us then, and in our opinion are fair and reasonable in the circumstances prevailing at the time. Expressions of opinion contained herein are subject to change without notice.

News Comment

4 September 2009

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SPALI (FP Bt6.0, Buy)

2009 revenue target revised up

Mr Prateep Tangmatitham, the CEO of SPALI, has revised up the company's 2009 revenue target to Bt8.5bn from Bt8.0bn after pre-sales in July and August 2009 surged to Bt1.0bn and Bt1.5bn respectively, from a monthly average of Bt588mn in 6M09. As these latest pre-sales numbers came mainly from low-rise housing and completed condominium projects, SPALI believes it can deliver much better 2009 revenue than it had earlier expected. Despite this, its 2009 pre-sales target of Bt10bn remains unchanged.

KS Comments

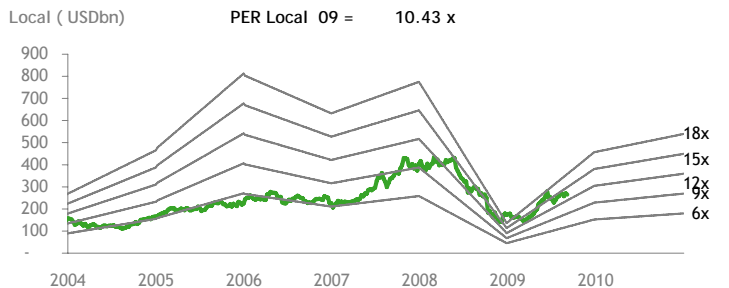
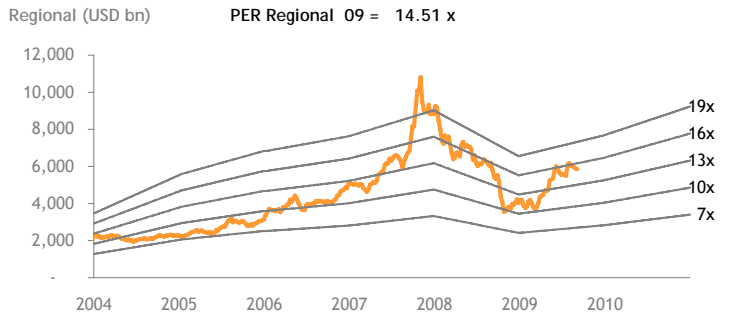
Positive outlook with potential upside from consensus

We believe this revision will act as a new catalyst for SPALI's share price as: 1) it indicates that large developers are still sitting on strong positions despite the global economic uncertainty; and 2) this new target creates potential upside from the consensus estimate. Although SPALI's new target is in line with our current forecast of Bt8.7bn, we see a high possibility of an upward revision of the consensus estimate, which stands at Bt8.0bn. Also, our earnings projection of Bt2.2bn is about 17% higher than the consensus number of Bt1.9bn. Note that pre-sales at Riva Vista II, a recently completed condominium project worth Bt0.6bn that was launched just a week ago, reached 70% and most of these units could be ready for rights transfer in 4Q09. In our view, this will be another key revenue driver for SPALI this year and allows it to lift its revenue target. Buy maintained with end-June 2010 fair value of Bt6.0.

Oil Spotlight: OPEC expected to maintain output

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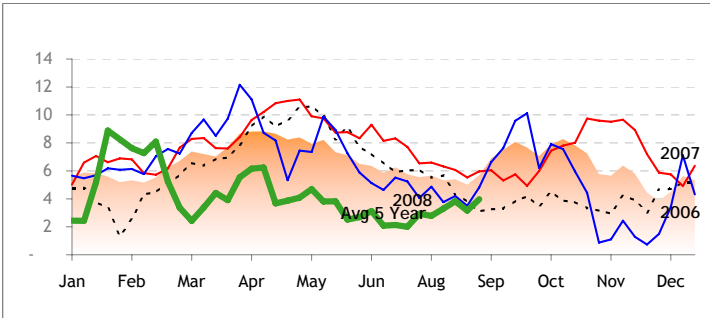
- October Nymex crude futures slid 6.2% WoW to USD67.96/bbl, the lowest settlement level since August 17. This was due to concerns that a slowdown in lending in China may hurt the economic recovery in the world's second-largest energy-consuming country. With the drop in the price of crude, GRM increased by 19% WoW to USD4.4/bbl.
- Watch out: The market expects OPEC to leave its output target at its current level (24.8mn bpd) when it meets on September 9 if the oil price remains at around USD70/bbl.
- Both regional and local PERs for 2009 declined further to 14.5x from 15x and to 10.4x from 10.5x, respectively.



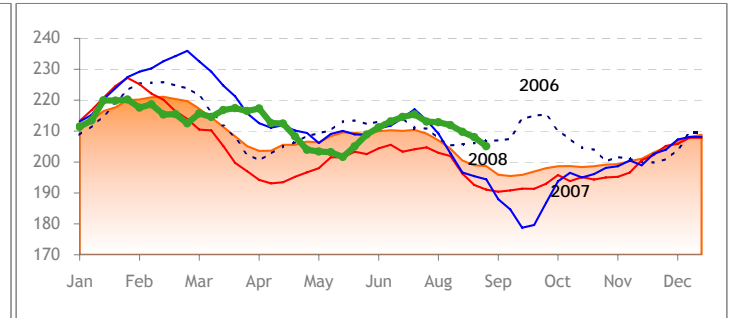
Sources: Bloomberg, Reuters, Bisnews

Note: Local stocks comprise PTT, TOP, PTTAR and IRPC

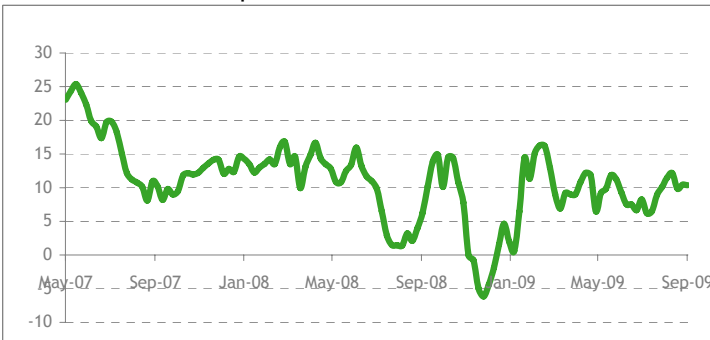
Dubai Refinery Cracking Margin – Singapore (weekly)



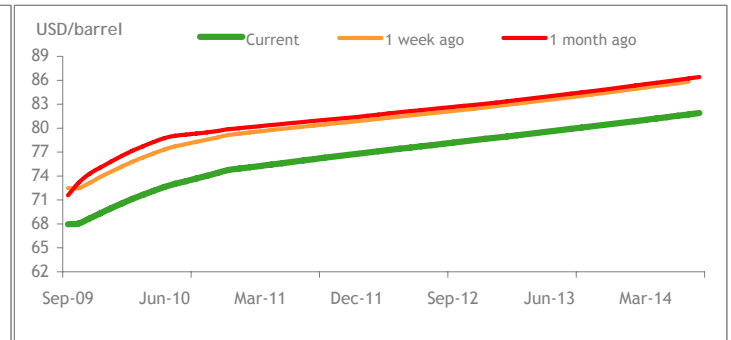
DOE Motor Gasoline Total Inventory Data



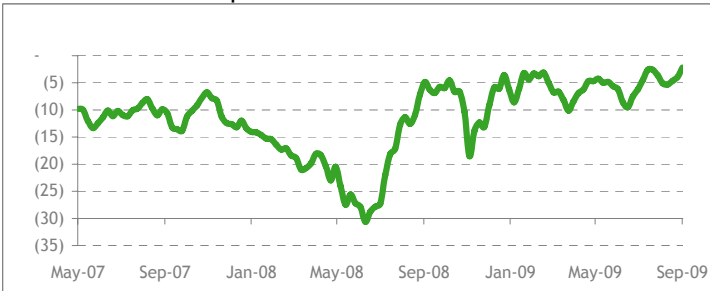
Gasoline - Dubai Crude Oil Spread



NYMEX Forwards



Fuel Oil - Dubai Crude Oil Spread



Gasoil - Dubai Crude Oil Spread



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