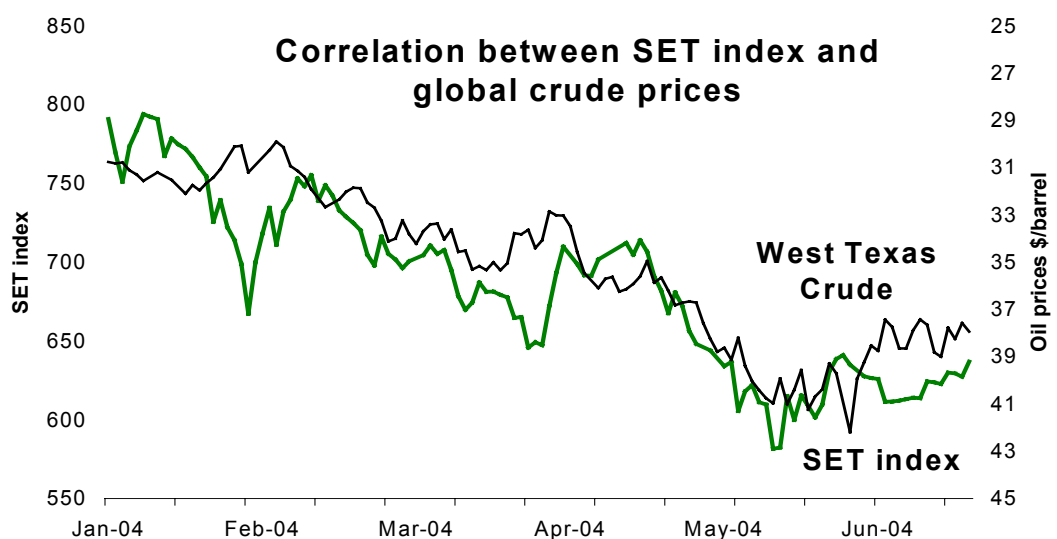


Investment Strategy :

Banking on a stock market turnaround

- After five months of declines, Thai stocks showed signs of stabilising in June, aided by a steady retreat in global oil prices. As of June 24, the SET index had rebounded 9.5% from its 2004 low of 581.61 reached in mid-May.
- We expect trading volumes to remain subdued until investors get a clearer picture on interest rate trends. On June 30, the US Federal Reserve is widely expected to raise US interest rates by 25 basis points from a 46-year low of 1%, the first in an anticipated cycle of tightening aimed at curbing inflation..
- Stock market turnover should pick up by mid-July as investors rebuild portfolios ahead of banks and finance companies' 2Q04 results. We expect the banking sector to report another strong set of quarterly earnings due to the pick-up in loan growth and lower funding costs.
- Banking, telecom, chemicals and building materials remain our favourite sectors as these will continue to directly benefit from Thailand's economic expansion. Within these sectors, we prefer BBL, SCB, PTT, TPC, SCC and UCOM. We also like several small and medium cap stocks at current levels including MAJOR, BECL, TRU, KTC, BCP, UVAN and TRU.

Figure 1 : SET Index and global crude prices



Market shows signs of bottoming out

After five months of declines, Thai stocks showed signs of stabilising in June, aided by a steady retreat in global oil prices. As of June 24, the SET index had rebounded 9.5% from its 2004 low of 581.61 reached in mid-May, leaving it down 17.5% on the year so far.

Confidence remains fragile, however, as can be seen by recent low trading volumes. So far, not one trading session in June has topped the Bt20bn level – the first time this has happened since March last year. We expect trading volumes to remain depressed until investors get a clearer picture on US interest rate trends.

On June 30, the US Federal Reserve is widely expected to raise US interest rates by 25 basis points from a 46-year low of 1%, the first in an anticipated cycle of tightening aimed at curbing inflation. June 30 also marks the handover of power in US-occupied Iraq to an interim Iraqi government, a date many investors fear could lead to a renewed surge of violence.

Stock market turnover should pick up by mid-July as investors rebuild portfolios ahead of banks and finance companies' 2Q04 results. We expect the banking sector to report another strong set of quarterly earnings due to the pick-up in loan growth and lower funding costs. Overall loan growth among banks in May rose 1% mom and 4.4% YTD and should remain robust in 2H04 due to high capacity utilisation levels in the manufacturing sector.

Finance firms should also report impressive credit growth given continuing strong demand for auto loans. However, loan growth for car purchases looks set to decelerate in 2H04 following recent hikes in retail petrol prices and the risk of higher domestic interest rates.

OPEC opens up the taps

In the short-term, the SET index is likely to trade in a narrow range of 620-660, with market direction determined by oil price fluctuations and the outlook for US interest rates. Oil prices have recently fallen from record highs at the beginning of June after OPEC agreed to raise output by 2mn barrels per day (bpd) and a further 500,000 bpd a day from August. This has brought the price of US light crude from an all-time high of US\$42.45 a barrel on June 2 to US\$37.93 a barrel (as of June 24), a retracement of US\$4.52 or 10.6%. According to Reuters, a survey of 14 analysts and consultants forecast that US crude prices will fall to US\$30 a barrel next year, down 18% from an average of US\$36.77 so far in 2004.

This year's surge in oil prices has forced the the National Economic and Social Development Board (NESDB), to cut its 2004 GDP growth forecast by a full percentage point to 6-7% from 7-8% previously projected last March. In July the Bank of Thailand (BOT) will trim its forecast for economic growth, which it had previously estimated at 6.8-7.8%. The BOT's downwards revision is no surprise given that Thailand's economy grew 6.5% yoy in 1Q04, well below consensus forecasts of 7.5%. Growth is likely to decelerate further in the second quarter due to sustained high oil prices.

Downgrades in GDP growth forecasts have provided foreign investors with one more reason to sell Thai stocks. Foreigners were net sellers of Bt17.8bn of stocks in May and more than Bt6bn in the first three weeks of June. Foreign investors sold a net total of Bt61.2bn of Thai equities YTD. This contrasts sharply with local institutions who have been net buyers of Bt31.5bn YTD.

Bad news is already in the price

As we stated in our previous strategy report, most of the bad news is already priced into the Thai market. Given recent falls in global oil prices, coupled with the market's cheap valuation, we believe downside risk at current levels is low. Meanwhile many quality stocks are trading at steep discounts to our fair value and offer very attractive returns when sentiment turns.

Indeed, the strongest argument for buying into Thai stocks is the current cheap valuations and generous dividend yields at a time of negative real deposit rates. At the June 24 SET index close of 637.03, the market is trading on a 2004 PER of 11.5x, a 3.8% dividend yield and price/book value of 2.4x.

Banking, telecom, chemicals and building materials remain our favourite sectors as these will continue to directly benefit from Thailand's economic expansion. Within these sectors, we prefer BBL, SCB, PTT, TPC, SCC and UCOM. We also like several small and medium cap stocks at current levels including MAJOR, BECL, TRU, KTC, BCP, UVAN and TRU.

Thai interest rates unlikely to rise much this year, if at all

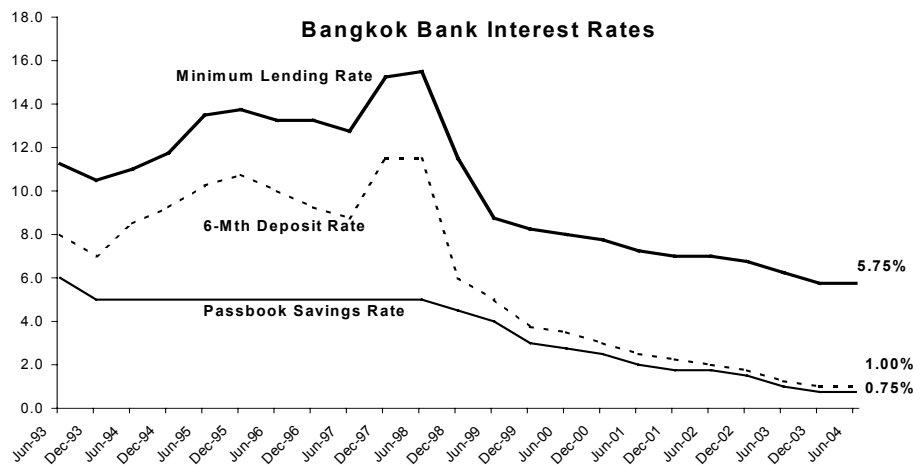
The Thai stock market appears to have already factored in a 0.75-1.00% rise in interest rates over the course of the next year. Although markets tend to look ahead six months to one year, we believe the Thai stock market has over-reacted to the timing and the scope of the potential interest rate rise.

We are assuming that Thai interest rates increase 0.25-0.50% at the end of this year or early next year. We also assume that the US Federal Reserve raises the discount rate 25 basis points at its next meeting on June 30, the first of a series of expected rate hikes in the US that could add 0.75% to dollar rates during 2004.

We don't believe that Thai interest rates will increase as soon and as fast. The primary reasons are excess liquidity in the Thai financial system and the fact that commercial banks in Thailand are allowed flexibility in managing their own liquidity positions. All banks are trying to grow their loan books to improve asset yield. Rising interest rates would not benefit them at this time.

Meanwhile, with banks flush with deposits there should be no competitive pressure until some of the excess liquidity dries up. A few smaller banks may raise long-term deposit rates, but they are likely to adjust rates back in line with the big banks after achieving their deposit target.

Figure 2 : Thai interest rates are not expected to rise much

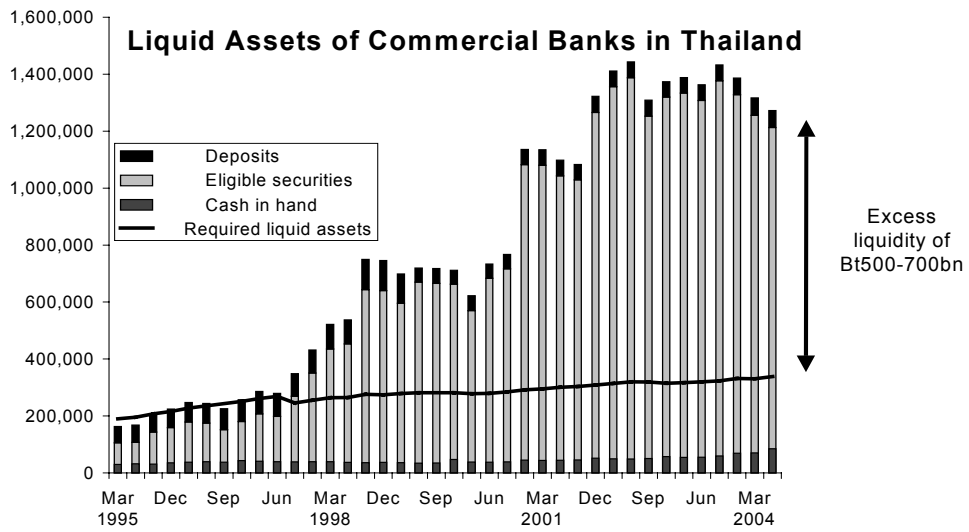


Source: Bank of Thailand

Even though credit demand is picking up, deposits are still growing at a faster rate. The banking sector's loan-to-deposit ratio fell to 0.869x in April. This compares to 0.873x in February and 0.892x in April 2003.

Several of the large commercial banks have stated that they see no scope for an increase in interest rates this year, even if loan demand continues to pick up and the government launches additional infrastructure development projects to absorb some of the excess liquidity. According to one bank, if loans in the system increase by 6% and deposit growth remains at 3%, the net increase in loans would be Bt150bn, compared to the estimated current excess liquidity of Bt500-700bn.

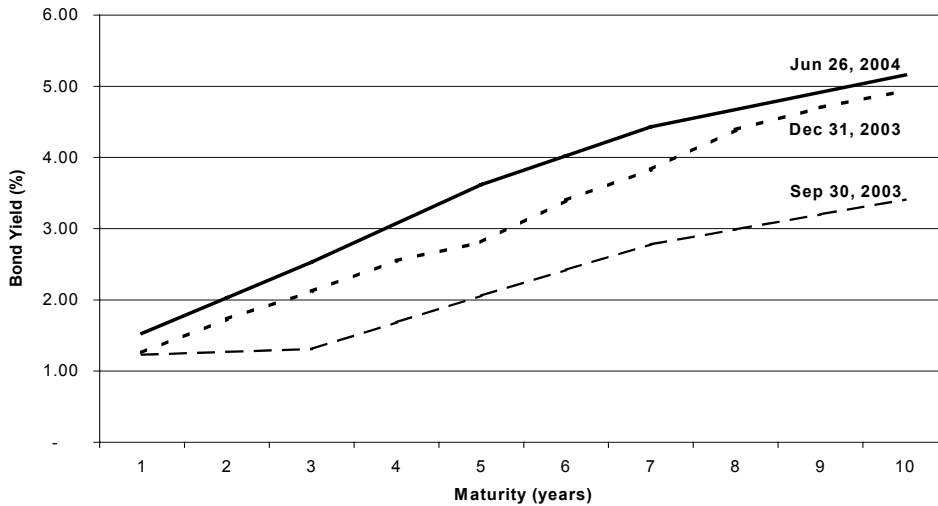
Figure 3 : Excess liquidity should keep interest rates low



Source: Bank of Thailand

Although it will take a year or two for loan demand to absorb the excess liquidity, the bond market has already largely reflected the increase in long-term interest rates. Over the last nine months, yields on government bonds with five-year or longer maturity have risen 1.50-1.75%. One and two-year maturities, meanwhile, have increased only 0.30% and 0.76%, respectively.

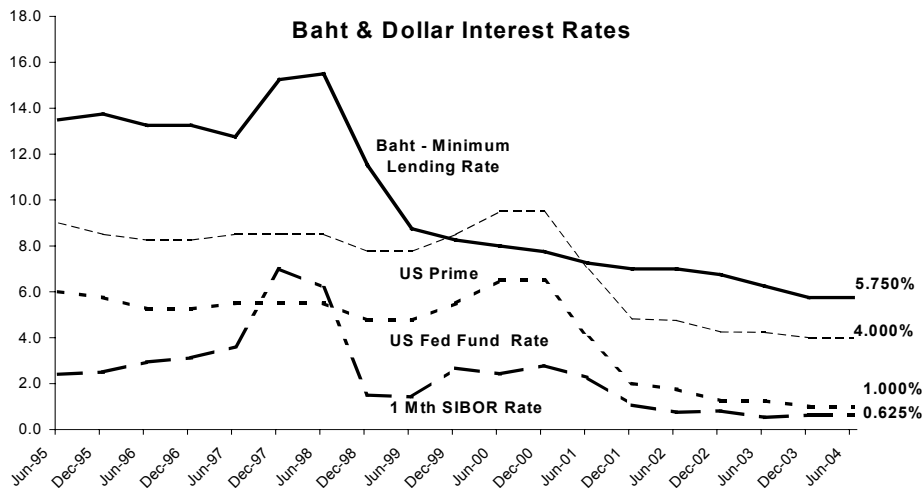
Figure 4 : Bond market already reflects increase in long-term rates



Source: Bond Dealers' Club

Given Thailand's current ample liquidity, the gap between dollar and baht interest rates could narrow substantially in the short-term without undue negative consequences. We could see a psychological impact on the baht/dollar exchange rate. However, a weakening baht would be largely welcomed as enhancing the country's competitiveness in the export market.

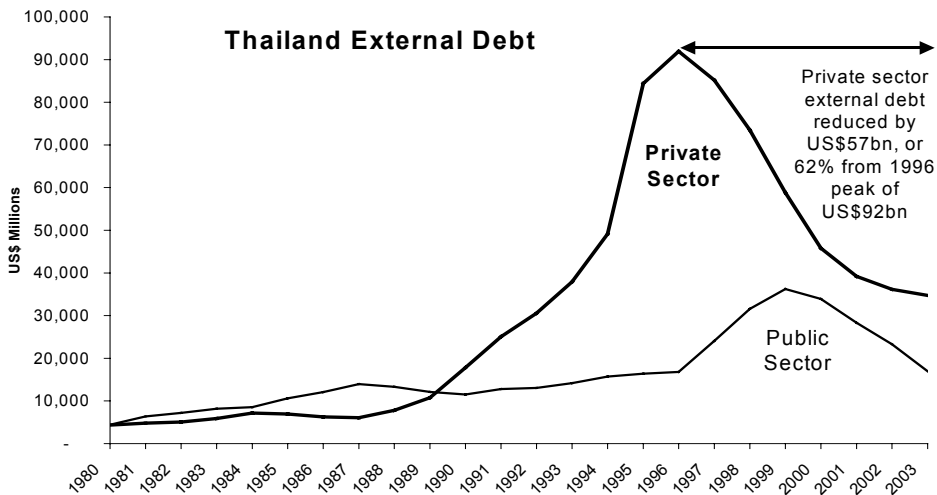
Figure 5 : Gap between dollar and baht interest rates should narrow



Source: Bank of Thailand

The fact is that Thailand is no longer dependent on cheap dollar loans to finance the country's economic development. In the six years, after the Asian economic crisis, Thailand has already incurred large net fund outflows from the repayment of external debt. Since the peak in 1996, private sector external debt has fallen by US\$57bn, or 62% to US\$34.7bn at the end of last year.

Figure 6 : External borrowing has already been substantially reduced



Source: Bank of Thailand

Even if the US Federal Reserve raises its Fed Fund rate in a series of adjustments, we do not anticipate the Bank of Thailand's Monetary Policy committee to take similar action in either of its next two meetings on July 21 and August 25.

Even if the MPC were to adjust the 14-day repo rate from the current 1.25%, the excess liquidity in the system means that this rate is largely symbolic. At the end of the day, the Bank of Thailand should continue to let the commercial banks manage their own liquidity positions and set interest rates accordingly.

The MPC made clear after its last meeting on June 9 that its biggest concern is higher oil prices which would fuel inflationary pressure later this year. However, the recent weakening of oil prices should help keep inflation relatively benign and well below the central bank's target.

Another factor is slower-than-expected GDP growth in the first quarter of this year of 6.5%. The slowdown in the growth rate was due to short-term factors, such as the impact of the avian flu and the drought effects on agriculture. The key point, though, is that economic growth is being achieved at a moderate and sustainable level in the range of 6-7%.

If consumer spending or household debt appears to be getting out of hand, the central bank has more effective measures at its disposal than adjusting interest rates, such as credit card restrictions.

	Sector Weighted 2003 EPS	Sector Weighted 2004 EPS	Sector Weighted 2005 EPS	Sector Weighted 2003 PER	Sector Weighted 2004 PER	Sector Weighted 2005 PER
Agribusiness	-20.5%	-24.3%	12.8%	9.98	13.48	11.91
Banking	57.6%	26.5%	4.4%	11.06	9.28	9.04
Building & Furnishing Materials	26.6%	8.1%	14.9%	11.98	11.28	9.73
Chemicals & Plastics	791.8%	45.3%	36.5%	17.64	12.13	8.67
Commerce	6.2%	12.2%	10.1%	14.27	12.65	11.47
Communication	69.0%	3.9%	9.6%	12.88	17.04	11.28
Electrical Products & Computer	43.9%	13.1%	4.2%	11.97	10.54	10.14
Energy	7.2%	24.8%	21.9%	25.83	19.76	13.95
Electronic Components	-19.5%	67.7%	26.5%	11.71	6.76	5.33
Finance & Securities	65.7%	10.9%	11.5%	10.72	9.54	8.60
Food & Beverages	38.2%	-13.2%	18.2%	6.47	7.45	6.31
Hotels & travel Service	97.8%	28.1%	12.9%	8.65	6.75	6.02
Health Care Service	195.4%	19.1%	-19.1%	3.31	2.78	3.43
Household Goods	-0.8%	32.9%	8.0%	10.83	8.54	7.91
Mining	0.0%	NA	32.7%	NA	13.27	10.00
Packaging	70.9%	-7.5%	2.8%	5.59	6.04	5.88
Printing & Publishing	0.0%	-25.5%	21.4%	16.70	22.43	18.47
Property Development	30.0%	6.2%	37.7%	17.46	15.55	10.92
Transportation	-34.9%	36.8%	7.7%	6.73	4.75	4.26
Vehicles & Parts	31.9%	61.3%	14.2%	16.48	10.13	8.95
MAI	-51.1%	91.4%	37.6%	19.46	9.75	7.47
SET - Total	62.8%	17.2%	11.4%	12.52	11.48	9.61

	Sector Weighted 2003 P/BV	Sector Weighted 2004 P/BV	Sector Weighted 2005 P/BV	Sector Weighted 2003 Yield	Sector Weighted 2004 Yield	Sector Weighted 2005 Yield
Agribusiness	0.92	1.12	1.06	6.16%	4.65%	5.31%
Banking	1.77	1.56	1.39	1.61%	3.87%	3.96%
Building & Furnishing Materials	2.39	2.15	1.89	2.51%	3.16%	3.70%
Chemicals & Plastics	1.62	1.71	1.51	2.30%	4.07%	4.66%
Commerce	2.28	2.14	1.91	3.04%	3.02%	3.36%
Communication	4.20	3.22	2.79	4.01%	4.24%	4.39%
Electrical Products & Computer	3.50	2.93	2.58	2.69%	2.70%	2.74%
Energy	6.98	5.45	3.98	3.60%	3.44%	3.82%
Electronic Components	4.45	7.43	11.65	5.53%	9.01%	12.52%
Finance & Securities	1.79	1.61	1.39	4.60%	4.70%	5.31%
Food & Beverages	2.46	2.24	1.82	4.27%	4.47%	5.28%
Hotels & travel Service	0.72	0.68	0.65	4.37%	5.97%	6.68%
Health Care Service	1.75	0.90	0.71	0.00%	0.00%	0.00%
Household Goods	1.39	1.34	1.28	7.54%	7.57%	7.82%
Mining	1.04	1.01	0.98	0.00%	0.00%	0.00%
Packaging	1.20	1.00	0.85	0.00%	0.00%	0.00%
Printing & Publishing	1.15	1.13	1.09	3.50%	2.23%	2.68%
Property Development	2.45	2.25	2.07	4.40%	8.29%	11.94%
Transportation	1.63	0.68	0.54	1.21%	2.06%	1.92%
Vehicles & Parts	2.67	2.15	1.79	3.20%	4.62%	5.75%
MAI	2.68	2.16	1.79	6.07%	7.41%	12.35%
SET - Total	2.80	2.37	2.14	2.82%	3.83%	4.33%

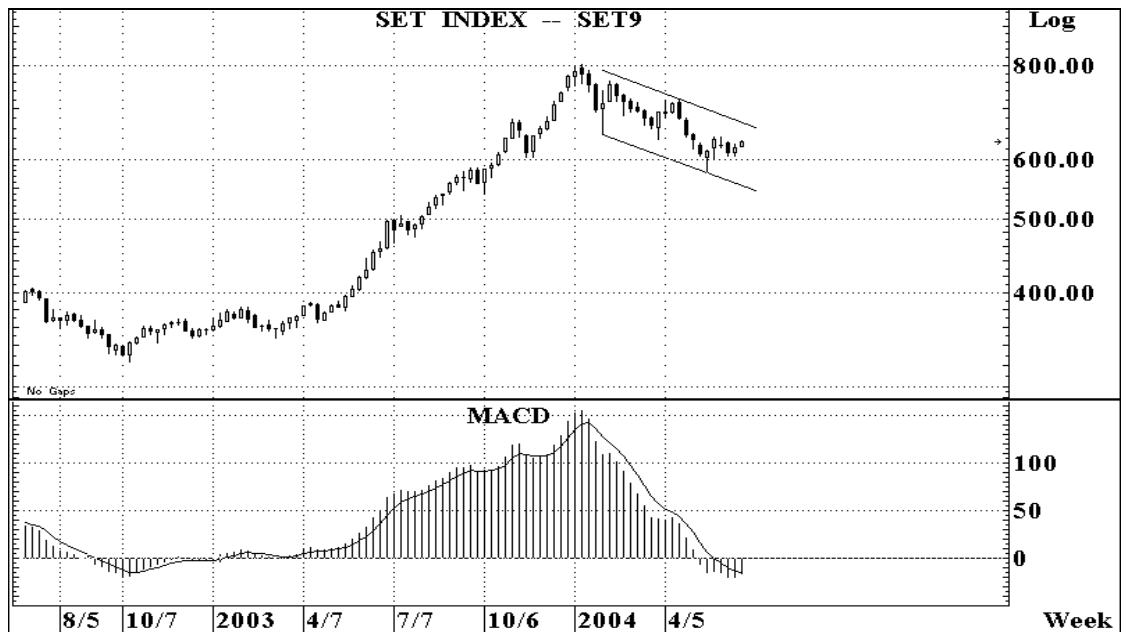
	Sector Weighted 2003 ROE	Sector Weighted 2004 ROE	Sector Weighted 2005 ROE
Agribusiness	9.98%	9.45%	9.76%
Banking	7.76%	17.53%	16.26%
Building & Furnishing Materials	19.52%	19.27%	19.27%
Chemicals & Plastics	10.23%	15.00%	17.73%
Commerce	15.65%	16.42%	16.07%
Communication	6.95%	22.26%	17.77%
Electrical Products & Computer	29.02%	27.61%	25.02%
Energy	10.36%	20.78%	23.71%
Electronic Components	20.21%	27.84%	34.53%
Finance & Securities	17.89%	16.11%	15.48%
Food & Beverages	38.00%	30.00%	28.89%
Hotels & travel Service	7.64%	9.34%	9.82%
Health Care Service	53.01%	32.46%	20.72%
Household Goods	13.57%	18.86%	19.45%
Mining	0.00%	7.60%	9.77%
Packaging	21.42%	16.55%	14.54%
Printing & Publishing	6.86%	5.04%	5.90%
Property Development	20.61%	17.42%	18.90%
Transportation	12.50%	12.07%	8.33%
Vehicles & Parts	15.70%	20.90%	19.36%
MAI	15.78%	21.87%	21.89%
SET - Total	16.24%	20.27%	18.92%

Sector Performance				
	Index Close	Index change 1-month	Index change 3-months	Index change 1-Years
SET Index	637.03	28.13	-40.58	187.01
Chemicals & Plastics	484.60	14.06	-6.26	91.31
Agribusiness	54.16	12.34	0.91	-2.04
Machinery & Equipment	8.34	10.90	-3.70	10.90
Warehouse & Silo	13.53	10.00	-12.93	29.60
Professional Services	467.40	8.24	-14.08	31.24
Packaging	2,077.63	7.96	-9.90	10.19
Entertainment & Recreation	46.85	7.01	-10.83	-14.41
Building & Furnishing Materials	6,708.40	6.82	-3.13	40.75
Energy	9,921.60	5.84	1.61	91.52
Health Care Service	288.56	5.75	0.28	49.46
Pulp & Paper	346.55	5.41	-6.81	22.47
Others	7.94	5.03	-4.68	29.32
Vehicles & Parts	444.20	4.47	-18.02	41.56
Printing & Publishing	648.64	4.31	-1.77	31.25
Communication	88.04	3.42	-7.80	54.08
Household Goods	15.30	3.31	-17.39	-11.92
Electronic Components	771.28	2.71	-9.28	-1.36
Textiles , Clothing & Footwear	518.47	2.31	-6.76	4.34
Commerce	2,640.88	2.23	-2.94	39.04
Finance & Securities	1,467.12	1.97	-10.36	27.24
Jewelry & Ornaments	50.69	1.69	-1.76	13.81
Property Development	127.54	1.29	-24.74	23.35
Transportation	137.32	0.90	-1.91	87.52
Hotels & travel Service	178.67	0.54	-7.26	8.71
Insurance	3,086.86	0.06	-3.74	17.55
Banking	226.70	-0.06	-4.35	24.32
Electrical Products & Computer	345.69	-1.83	-19.30	14.33
Foods & Beverages	2,568.02	-4.27	-9.31	-2.45
Mining	12.90	-7.79	-7.13	16.11
Pharmaceutical Products & Cosmetics	236.86	-20.67	-15.97	26.37

Stock Performance			Stock Performance		Stock Performance	
Value (Bt mn)			Price change		Price change	
1-month			1-month		1-month	
Most Active			30 top gainers		30 top losers	
1	AST	20,881.53	LANNA	68.07	DTDB	-33.99
2	TPI	19,092.94	BFIT	61.08	STHAI	-29.41
3	PTT	17,687.65	TGP	51.35	ROCK	-25.42
4	TTA	9,193.18	DTM	48.15	IFCT	-21.47
5	ATC	7,983.79	CEI	42.31	N-PARK	-20.57
6	SCC	7,812.56	BC	41.28	S & J	-18.49
7	AOT	7,736.72	ESTAR	38.46	NNCL	-17.68
8	ITD	7,676.23	KRP	36.94	MIDA	-17.14
9	BBL	7,099.28	STRD	33.75	EMC	-17.12
10	ADVANC	6,906.33	AIT	32.71	TNPC	-16.67
11	BANPU	6,886.61	SICCO	29.75	PRG	-15.38
12	TOC	6,748.14	TLI	27.85	MEDIAS	-14.86
13	SCB	6,738.12	TONHUA	27.27	HTX	-14.53
14	KEST	6,384.05	SGF	26.72	UFM	-14.29
15	JAS	6,079.53	THL	26.61	TUF	-11.25
16	LOXLEY	6,027.28	ATC	24.71	ROJANA	-10.97
17	LANNA	5,073.29	BTC	24.58	SPG	-10.90
18	ZMICO	5,032.86	QH	23.81	SPC	-10.83
19	TPIPL	4,828.07	VNT	23.76	TRS	-10.53
20	KTB	4,636.21	GRAND	23.47	NPK	-10.00
21	TMB	4,560.44	CPF	22.35	SPORT	-9.92
22	ITV	4,349.79	BANPU	22.33	HFT	-9.81
23	THAI	4,278.33	SMC	21.85	SRI	-9.71
24	UCOM	4,102.93	GENCO	21.15	BT	-9.53
25	CNS	4,032.09	LALIN	21.15	ZMICO	-9.41
26	PTTEP	3,755.99	TFI	20.63	MATI	-9.19
27	PSL	3,751.39	KWH	20.54	SIRI	-9.16
28	PICNI	3,493.77	EGV	20.00	GYT	-9.09
29	KBANK	3,483.33	CPH	20.00	DAIDO	-9.09
30	BFIT	3,376.57	TEAM	19.81	TTTM	-8.43

Technical analysis

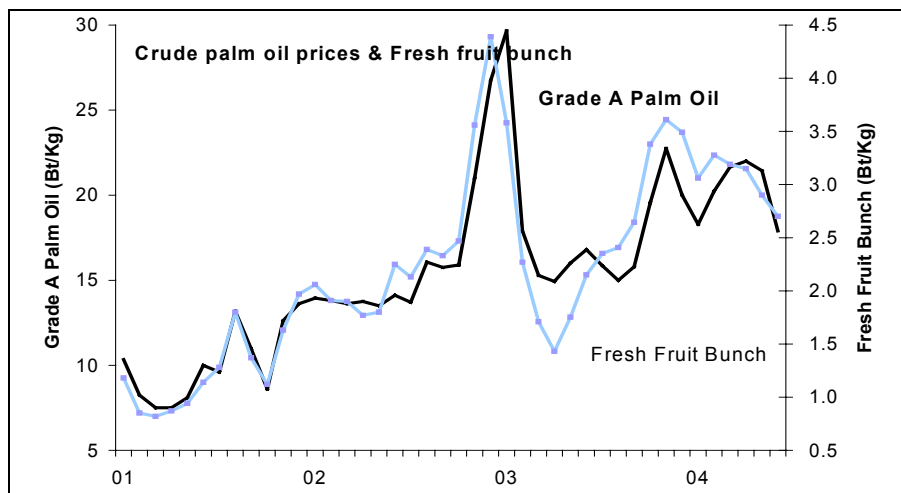
During June, the SET index has consolidated within a narrow trading range, though there was some speculation on occasion of deep retracement especially on some small cap securities. This slow rebound supported by foreign indices has not been able to change the major corrective wave pattern. However, it is perceived that the index has corrected for quite a period of time. The market is now waiting for a leading issue in either a positive or a negative view to lead to a clearer direction. The MACD is holding in a negative area, which must be closely watched. The upper parallel frame is at 665 points and will leveled down 5 points each week going forward. The balance level is around 600 points. If there are no severe negative factors coming into the market, a deep retracement is not expected. Resistance sensitivity levels are at 627, 643 and 660-664 points with support levels around 603, 591 and 561 points..



Sector recommendations

Agribusiness – Underweight : The overall picture of the chicken industry continues to improve after concerns about bird flu even though Thailand has not yet announced being free of the disease. Chicken consumption has rebounded to normal levels with favourable chicken prices. Although raw chicken still cannot be exported, export orders for cooked chicken are expected to grow 89% to Bt37.8bn this year. However, the shrimp industry outlook remains poor, with relatively low prices. Farmers have delayed shrimp cultivation while waiting for the results of US anti-dumping regulations on Thai shrimp exports expected to be announced in July or August.

Palm Oil: In June, average fresh fruit prices weakened to Bt2.7/kg from Bt2.9/kg last month and average crude palm oil (CPO) prices dropped to around Bt17.9 - 18.0 per kg due to the 2-month seasonal supply increase in the market. The near-term outlook for fresh fruit and CPO prices remain weak but prices will be supported by the lack of new supply and production below normal levels. We recommend a LONG-TERM BUY on **UVAN** (fair value of Bt37) and **CPI** (fair value of Bt6.80).



Banking – Overweight : We reiterate our **OVERWEIGHT** rating on the banking sector based on several positive factors: 1) loan growth accelerating in May to 1% MOM or 4.4% YTD; 2) a positive view from an international credit rating agency which has upgraded Thai commercial banks; and 3) 2Q04 earnings are likely to be favorable as some banks will enjoy interest expense savings from hybrid debt redemptions, while others will see rising income from loan growth and the sale of investments.

In May, overall lending (net of allowance for doubtful debts) rose 1% MOM and 4.4% YTD. SCB recorded the fastest growth in the month with loans increasing 2.2% MOM and 9.9% YTD. According to SCB management, corporate loan growth is now ahead of target with most of the new loan demand coming from new investment instead of for use as working capital. BBL loans also picked up in the month, rising 1.5% MoM and 5.8% YTD, mainly from the corporate sector.

Since Fitch credit ratings and S&P upgraded their ratings on Thai commercial banks on May 31 and in June 24 respectively, we believe that this reflects the overall financial strength in the Thai banking industry.

We believe that many banks are now enjoying the benefits of interest expense savings after redemption of their expensive hybrid capital, which should be evident in upcoming 2Q04 earnings results. Also, interest income should pick up from recent loan growth, while some banks may have extra income from selling investments, taking advantage of the tax shield, which will expire this year.

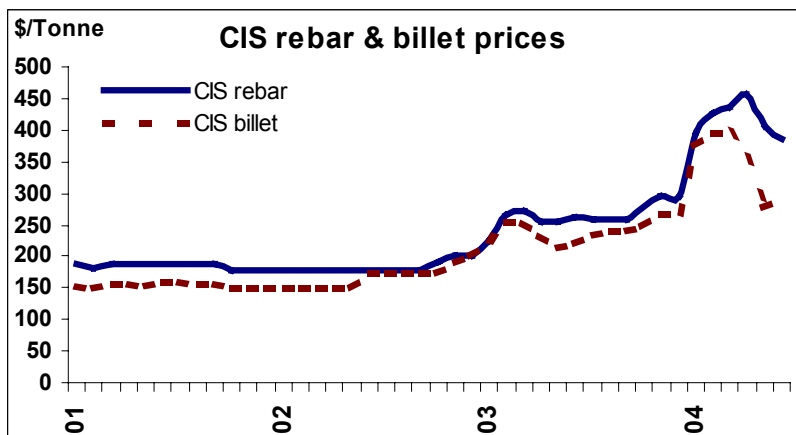
However, market sentiment may still be effected by new measures to be adopted by the BOT to resolve the remaining NPL problem and bank provisioning requirements. However, we believe that the picture will be clearer after the BOT announcement, tentatively scheduled for July. In the long run, we are positive on this measure, as it will help to sort out non-performing loans still left in the financial system.

Secondly, we expect to see a reversal in the Thai interest rate trend this year. But, with high liquidity in the Thai financial system, large commercial banks have a big enough buffer to adjust interest rates at a time that is suitable and most beneficial. If the excess liquidity in the system begins to dry up from rising loan growth, this will mean that commercial banks have been able to successfully restructure their assets more in favour of high-yielding loans, rather than the current lower yield money market and debt instruments.

Our favorite banks in the sector are BBL and SCB. For BBL, we believe that cost savings on interest expenses will boost its 2Q04 bottom line, as well as rising interest income from recent loan growth. We also like SCB in terms of the bank achieving the strongest loan growth within the sector. In addition, SCB should have other income from sales of some of its investments this quarter.

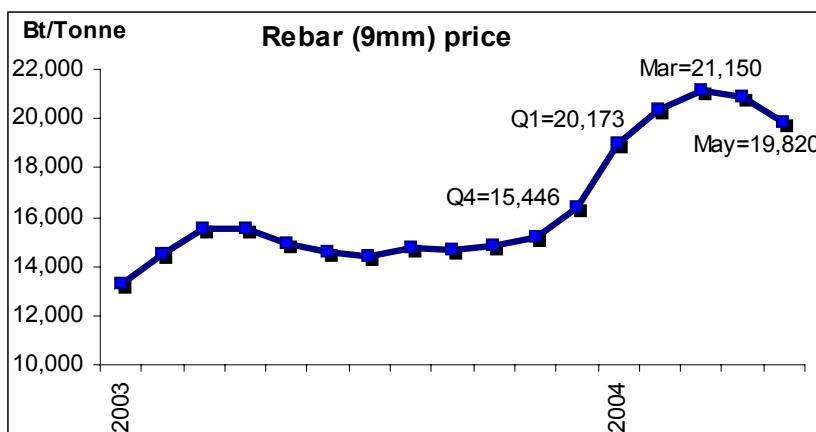
Building materials – Overweight : We expect demand for cement and construction materials will slow from the first quarter due to the various holidays in April-May and the start of the rainy season. However strong investment in both private and government projects should support construction activity on a higher yoy basis. In the first quarter, private and government investment grew by 17.8% and 10.9% respectively.

World steel prices have fallen since China announced measures to cool its economy. The CIS Rebar price was down to \$385/tonne in June after a peak of \$455/tonne in April and CIS Billet prices were down to \$295/tonne in June from the peak of \$395/tonne in March.



source : Bloomberg

In the domestic rebar market, prices were also down, in line with lower world prices. According to the Bureau of Trade, Economic Indices, 9 mm. rebar was down to Bt19,820/tonne in May from Bt21,150/tonne in March. A lower rebar price means that the steel shortage will ease, a very positive development for the construction sector.



source : Bureau of Trade and Economic indices.

Government mega-projects worth Bt2,000bn are in the pipeline and will drive the construction industry over the long run.

Stocks that will benefit from increased government infrastructure spending are **CCP** "BUY" (target price Bt45), **TPIPL** "BUY" (target price Bt57), **SCC** "BUY" (target price Bt308) and **SCCC** "LONG TERM BUY" (target price Bt282).

After China announced measures to cool its economy, steel prices softened. However, the world hot rolled coil (HRC) selling price has remained high. The CIS HRC price was \$500/tonne in June, down slightly from a peak of \$525/tonne in March and still higher than the fourth quarter at \$308/tonne. Steel stocks that we recommend are **SSI** "SPECULATIVE BUY" (target price Bt35) and **TYCN** "LONG TERM BUY" (target price Bt18).

Building material stocks that we recommend are: **VNG** "BUY" (target price Bt18), **SINGHA** "LONG TERM BUY" (target price Bt31), **Q-CON** "LONG TERM BUY" (target price Bt18) and **DCC** "ACCUMULATE" (target price Bt28)

Construction – Neutral : Second quarter results of most contractors should remain weak following a narrowing of margins. Rises in material costs have hurt contractors' gross margins as most of the raw material used in 2Q04 were bought in 1Q04, when material prices were at peak levels. Gross margins should gradually improve in 2H04 from new projects, which have adjusted prices to reflect higher costs and declining material costs.

However, the construction industry outlook remains positive over the long term driven by public spending on large infrastructure projects over the next 5-6 years. This should benefit ITD, CK and STECON, the top three contractors in Thailand who specialise in infrastructure work. We have a **BUY** rating for ITD, STECON and EMC with target prices of Bt12.00, 18.50 and 6.40, respectively. CK is rated a **BUY ON WEAKNESS**, with a target price of Bt14.40

Chemicals and plastics – Overweight : The chemical sector is projected to report strong earnings growth in 2Q04 due to a 30-50% yoy surge in average petrochemical prices. Accordingly, we expect petrochemical companies under our coverage (NPC, TOC, TPC and VNT) to record 2Q04 earnings growth of not less than an average of 50%.

At current levels, petrochemical stocks offer an attractive upside of 33-89% to our fair value estimates based on our conservative assumptions on ethylene prices averaging \$600/tonne and PVC prices averaging \$720/tonne. These are still sizeable discounts to current spot prices. Additionally, TPC and NPC offer generous dividend yields of 7.8% and 7.5% respectively.

Given the industry's bright prospects, we are keeping our OVERWEIGHT rating on the petrochemical sector. Our top pick in terms of upside and attractive dividend yield is TPC (**STRONG BUY**) with a target price of Bt338. We also like NPC (**BUY**), whose new High-Density Polyethylene plant (HDPE) will commence commercial operations in 3Q04, and VNT (**BUY**) with a target price of Bt21. For TOC, we recommend that investors **ACCUMULATE** the stock. TOC's key earnings drivers are its new ethylene expansion capacity, the EO/EG project, a de-bottlenecking project and also a new Phenol project in 2005-2007

Petrochemical sector

	Price (Bt)	Target (Bt)	Upside (%)	Recommendation	PER		EPS growth (%)		Dividend yield (%)	
					2004F	2005F	2004F	2005F	2004F	2005F
NPC	92.5	149	61%	BUY	9.3	7.2	33%	29%	7.5%	9.7%
TOC	56.5	75	33%	ACCUMULATE	16.6	10.5	50%	58%	1.8%	1.8%
TPC	179	338	89%	STRONG BUY	6.9	6.5	74%	6%	7.8%	7.8%
VNT	12.5	21	68%	BUY	9.2	7.3	41%	26%	0.0%	0.0%

Source : : KELIVE Research estimate

Commerce – Neutral : Prospects of retail companies remain promising based on growing consumer spending driven by economic growth. The Euro 2004 competition, the Bangkok governor's election in August and general elections early next year will be other major growth drivers for consumption. We also have a BUY rating on **HMPRO** (fair value of 5.60) and **BIGC** (fair value of Bt22.20). We also like **CP7-11** (fair value of Bt72). The performance of these companies will be boosted by same-store-sales growth and branch expansion.

Retail sector

Stock	Recommendation	Price (Bt)	Fair value (Bt)	Upside (%)	EPS04F (Bt)	PER04F (x)	DPS (Bt)	Yield (%)
BIGC	LONG-TERM BUY	18.20	22.20	22%	1.89	9.6	0.76	4%
MAKRO	HOLD	51.50	50.00	-3%	4.35	11.8	1.75	3%
HMPRO	BUY	4.28	5.60	31%	0.28	15.3	0.12	3%
CP7-11	BUY	60.00	72.00	20%	3.92	15.3	2.00	3%

Source : KELIVE Research estimates

Communications – Overweight : We are maintaining our OVERWEIGHT rating on the communications sector since most of the communication stocks are currently trading at sizable discounts to our fair values based on the current regulatory environment.

We expect the two leading mobile operators to continue with strong performance especially DTAC, which we estimate 2004 earnings to grow 75%. Its holding company, **UCOM**, is therefore one of our top picks in this sector besides **ADVANC** and **SHIN** which have strong financial status.

Furthermore, we also like companies, which are likely to benefit from the increase of IT spending this year. We have a BUY rating on **SAMART** and **AIT** and a LONG-TERM BUY rating on **MFEC**.

In addition, we also recommend a BUY for **INET**, **TRUE**, **SIM** and **SATTEL**, while we rate an ACCUMULATE on **CSL**.

Energy – Neutral : We expect the sector's 2Q04 earnings will increase following the continued rise in global crude oil prices from \$24-28/barrel in 2Q03 to a high of \$32-38/barrel. BCP-DR1, PTT, PTTEP and SUSCO should announce very strong results in 2Q04, compared to the same period last year, based on global oil price rises. BCP-DR1 and PTT will benefit from higher gross refinery margins (GRM) and also a huge stockpile gain while PTTEP will also benefit from increasing petroleum prices. SUSCO is expected to record stock gains from the two Bt0.60/litre hikes in retail petrol prices in June. Our top picks in the sector are **BCP-DR1**, **PTT**, **PTTEP** and **SUSCO**.

Energy sector

	Price (Bt)	Target (Bt)	Upside (%)	Recommendation	PER		EPS growth (%)		Dividend yield (%)	
					2004F	2005F	2004F	2005F	2004F	2005F
BAFS	10.7	11	3%	HOLD	10.5	10.3	3%	2%	5.6%	5.6%
BANPU	126	169	34%	ACCUMULATE	12.5	10.7	30%	16%	2.0%	2.0%
BCP-DR1	15.9	21	32%	SPECULATIVE BUY	9.3	6.5	N.A.	42%	0.0%	0.0%
EGCOMP	68.5	89	30%	HOLD	7.7	7.2	-22%	7%	4.0%	4.0%
PTT	156	227	46%	BUY	9.9	9.5	8%	4%	2.7%	2.7%
PTTEP	270	284	5%	BUY ON WEAKNESS	11.9	11.8	23%	1%	2.5%	2.5%
RATCH	37.75	46	22%	ACCUMULATE	8.2	8.3	23%	-2%	4.6%	4.9%
SUSCO	1.17	1.96	68%	SPECULATIVE BUY	12.3	9.3	23%	32%	4.3%	4.3%

Source : : KELIVE Research estimate

Entertainment – Neutral : Adspend grew 17% in the first five months and is projected to grow 20% to Bt85bn this year. The industry is supported by economic growth and several events including Euro 2004, the summer Olympics and the Bangkok governor's election. One company that will benefit from increasing adspend is **BEC** (fair value of Bt21) which has achieved higher utilisation and may raise its ad rate once again in October. **GMMM** (fair value of Bt39.25) will also be a beneficiary given that its major revenues derive from media sources, like TV, radio and publishing. **MACO** (fair value of Bt19.50), the leader in outdoor ads, will benefit from increasing adspend, as well. We also recommend a BUY on **MAJOR** (fair value of Bt21) due to its leading position in the theatre business and strong growth potential following its merger with EGV.

Entertainment sector

Stock	Recommendation	Price (Bt)	Fair value (Bt)	Upside (%)	EPS04F (Bt)	PER04F (x)	DPS (Bt)	Yield (%)
BEC	ACCUMULATE	18.30	21.00	15%	1.05	17.4	1.00	5%
GRAMMY	LONG-TERM BUY	15.10	20.20	34%	1.19	12.7	0.70	5%
GMMM	BUY	26.00	39.25	51%	2.31	11.3	2.00	8%
MAJOR	BUY	13.40	21.00	57%	0.9	14.9	0.70	5%
EGV	SWITCH	6.00	7.20	20%	0.32	18.8	0.13	2%
ITV	HOLD	15.40	18.20	18%	-0.26	N.A.	0.00	0%
UBC	ACCUMULATE	19.20	23.00	20%	0.45	42.7	0.00	0%
RS	FULLY-VALUED	16.80	16.40	-2%	0.09	186.7	0.03	0%
CVD	HOLD	18.80	28.00	49%	1.76	10.7	1.00	5%
MEDIAS	ACCUMULATE	14.90	22.40	50%	1.40	10.6	0.56	4%
MACO	BUY	12.00	19.50	63%	1.09	11.0	0.44	4%
PICO	BUY	4.02	7.43	85%	0.62	6.48	0.25	6%

Source : KELIVE Research estimates

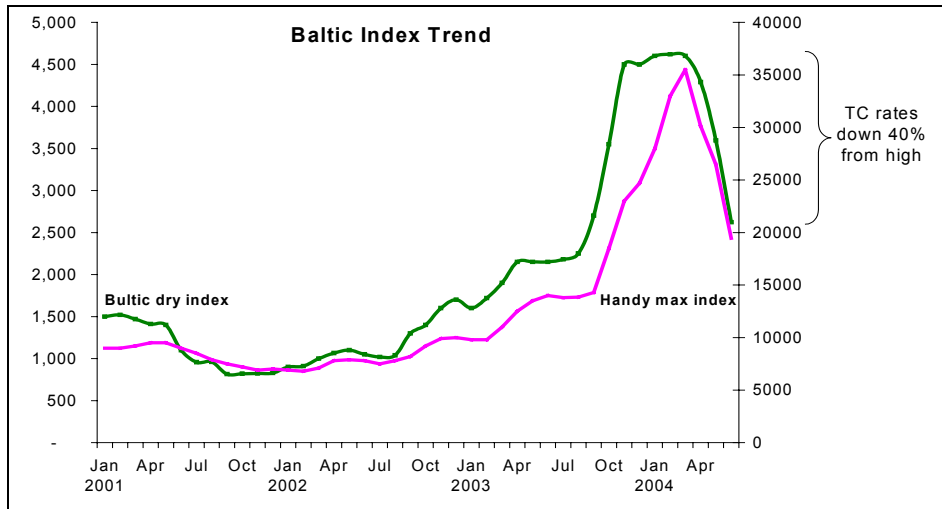
Finance – Underweight : Finance firms should report impressive 2Q04 earnings, aided by a 9.7% yoy increase in auto sales. However, loan growth for car purchases looks set to decelerate in 2H04 following recent hikes in retail petrol prices and the risk of higher domestic interest rates. The sector also faces uncertainty as the end of July marks the end of the period under which finance firms can submit their applications to become commercial banks under the Bank of Thailand's financial master plan. NFS is our top pick in the sector as the company has a clear plan to reorganise its group to acquire a full-banking licence. NFS is trading at an attractive 0.9x price to projected 2004 book value.

Securities sector – Underweight : Average daily trading volumes fell 19% mom to only Bt15.1bn between June 1- June 25. As a result, average trading volumes between April 1 and June 25 declined to Bt18.8bn a day, a steep drop from the 1Q04 average of Bt28.8bn. Also hurting brokerages' bottom lines in 2Q04 is a decline in investment banking income as many IPOs deals have been postponed until 2H04. **AST** remains our top pick in the securities sector due to improved synergy and economies of scale following its recent merger with ASSET.

Property – Underweight : Rises in housing prices and an expected interest rate hike should dampen demand for property. The sector also faces higher promotion and marketing costs due to the rising supply of new projects. In the first five months of the year new projects worth Bt65,590mn and comprising 17,670 units were launched. With a limited rise in selling prices due to increasing competition, developers will not be able to fully pass on higher land prices, business taxes, transfer fees and construction costs to home buyers. This will result in lower margins for most developers in 2H04. Companies who sell pre-built houses may face the problem of excessive inventory, if their sales volume falls below targets. Accordingly we have downgraded our sector rating to **UNDERWEIGHT**.

Shipping – Neutral : We are downgrading our recommendation from Overweight to **Neutral** due to the continuing downtrend in spot/time charter rates. However, we still believe that the strong fundamentals of shipping stocks remain intact and expect the sector to outperform the SET index given a 2-3x jump in earnings over 2003 results.

Short-term time charter rates (TC rate) are continuing to drop, with the Baltic Index retreating 40% from the high in February. Although rates are unlikely to post new highs soon, they are still much higher than last year's average.

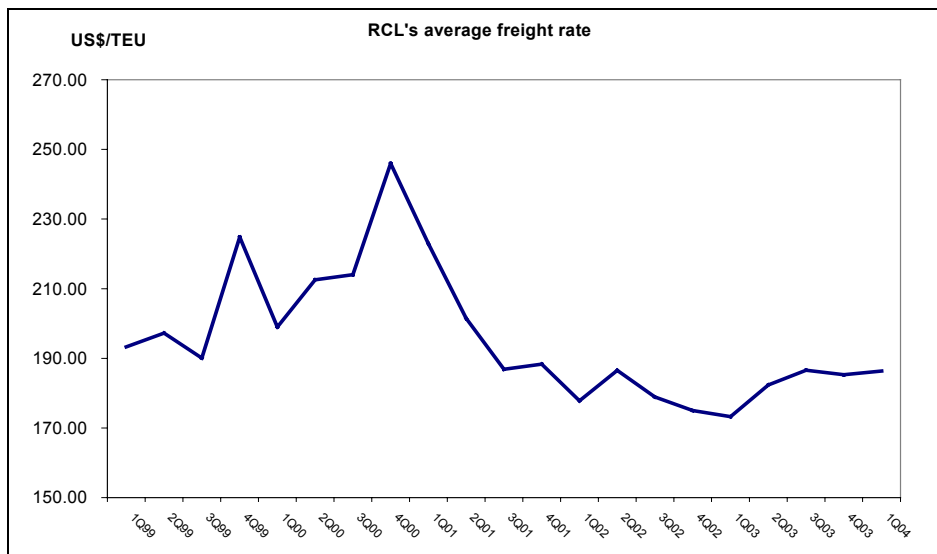


Source: Maxmart.com

TTA and PSL, which are dry bulk carriers, both plan to increase the number of fixed contract vessels in their fleets. Currently, TTA and PSL have L-T fixed contract vessels totaling 16% and 38%, respectively. These numbers will help maintain the average fleet TC rate at a high level in 2004. Also both operators have increased their fleet size in the past year.

We still have confidence in the strong performance of TTA and PSL, due to their fleet expansions with larger vessels this year. TTA and PSL will expand their fleets by 12 and 20 vessels, respectively. They also plan to increase the average DWT of their fleets, thereby increasing TC rates going forward.

We believe TTA and PSL will not be affected much from the downtrend in TC rates due to the number of long-term fixed contract vessels that will maintain the fleet average TC rate for the next few years. The two shippers' share prices have fallen from highs of just over Bt50 last January but have limited downside risk given their high dividend yields. We expect TTA and PSL to announce dividends of Bt2.5/share and Bt1.5/share, which will put the dividend yield at 8.8% and 4.7%, respectively. We are maintaining our BUY recommendations on both stocks with price targets of Bt50/share for TTA and Bt56/share for PSL.



Source: RCL

Container freight rates have maintained their uptrend, with RCL's 1Q04 average freight rate, increasing 8% yoy and 1% qoq. We believe that this rate will continue to increase due to the lack of fleet supply over the next 1-2 years.

Strong growth in regional economies continues to drive Thailand's international trade. In April, Thailand's total exports and imports grew by 21% and 30.4% yoy respectively. Additionally, the Port Authority of Singapore (Hub port) reported total liftings since Jan-April 2004 of 6.5mnTEUs, an increase of 15% yoy from 5.7mnTEUs over the same period of last year.

RCL should see strong earnings growth this year due to the expansion of regional trading activity as well as container freight rate rises. We maintain our BUY rating on the stock with an estimated fair value of Bt32/share.

Shipping sector comparable

Company	Price (Bt)	Target (Bt)	Upside (%)	EPS (Bt)	PER (x)	Dividend (Bt)	Yield (%)
					2004F		
PSL	32.25	56.00	74%	5.65	5.71	1.50	4.7%
TTA	28.50	50.00	75%	6.26	4.55	2.50	8.8%
RCL	14.70	32.00	118%	2.19	6.71	0.83	5.6%

Source : Company reports and KELIVE Research estimates

Vehicles – Underweight : Domestic car sales remain strong. May figures show 49,276 units were sold, a growth rate of 15%. For the first five months of 2004, domestic car sales totaled 248,176 units, up 22% yoy. It is likely that domestic car sales this year will rise 13% to 600,000 units.

Thailand's car production was 750,512 units in 2003, ranking it 15 in the world and 5th in Asia, below Japan, China, South Korea and India. The Thai government is trying to move Thailand's rank to 9 among world car producers and 4 in Asia by encouraging major auto firms to move their production base to Thailand.

Vehicle stocks are affected by high raw material costs in plastics, synthetic rubber, lead and steel. However current prices have already reflected these risks and many stocks are looking attractive. Stocks that we recommend as a "LONG TERM BUY" are **AH** (target price Bt35), **BAT-3K** (target price Bt78), **HFT** (target price Bt35), **IRC** (target price Bt16.7), **STANLY** (target price Bt194) and **TRU** (target price Bt20). We recommend an "ACCUMULATE" on **SPSU** (target price Bt15).

Stock picks

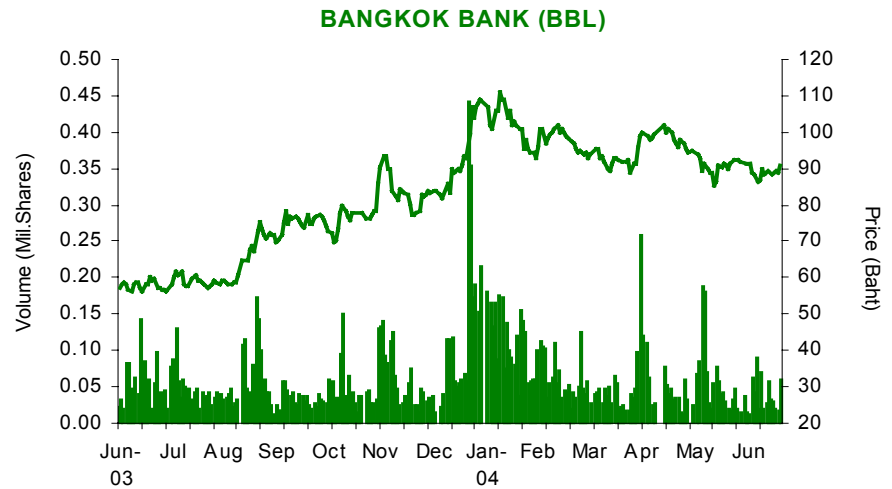
	Close	Fair Value	EPS04F	PER04F	P/BV	EV/EBITDA	CF/Shr	DPS	Yield
BBL	91.00	133.00	7.48	12.00	1.50	-	-	2.24	2.50%
BCP-DR1	15.90	21.00	1.71	9.20	1.30	9.90	(4.10)	-	-
BECL	23.60	33.00	2.26	10.40	1.10	8.50	5.14	1.70	7.20%
ITD	9.50	12.00	0.36	26.30	2.40	15.30	0.61	0.07	0.80%
KTC	28.00	35.00	2.46	11.38	1.34	-	-	0.98	3.52%
MAJOR	13.40	21.00	0.90	15.00	3.80	9.20	1.40	0.70	5.20%
PICO	4.02	7.43	0.62	6.50	0.90	1.50	0.40	0.25	6.20%
PTT	156.00	227.00	15.16	10.30	3.00	7.50	14.00	4.00	2.60%
SCC	222.00	308.00	17.96	12.40	2.20	9.60	23.50	7.20	3.20%
SCB	45.25	62.00	5.22	8.67	1.65	-	-	1.97	4.40%
TPC	179.00	338.00	26.01	6.90	1.80	5.90	34.20	14.00	7.80%
TRU	15.40	20.00	1.54	10.00	2.70	5.50	2.25	0.77	5.00%
UCOM	47.25	61.70	4.86	9.70	1.80	16.20	2.20	-	-
UVAN	29.00	37.00	4.02	7.20	2.50	4.90	5.40	2.40	8.30%

Bangkok Bank Plc. (BBL)

BANKING

Recommendation **BUY**

Share Price **Bt91.00**
Fair Value **Bt133.00**



We are still positive on BBL as loan expansion for the first 5 months of 2004, which rose 5.8% YTD or an increase of Bt41bn since Dec 2003. In comparison with the overall banking industry, loan growth has increased only 4.4% YTD.

Based on our assumptions, we believe that BBL will achieve Bt14.2bn in bottom line earnings this year, up 26% yoy. It is most likely that the huge savings in interest expense from the CAPS redemption, income from debt restructuring and normal interest income from loan expansion will drive earnings. We have a positive outlook on BBL earnings.

Currently, BBL is trading at 1.5x of BVPS, somewhat lower than its peers (KBANK at 1.9x and SCB at 1.6x). Given our long-term positive outlook, we reiterate a **BUY** recommendation on BBL with a target price of Bt133.0/share or 2.3x of 2004F BVPS.

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BBL's earnings summary

	2001	2002	2003	2004F	2005F
PPP (Btmn)	11,597	10,566	16,087	17,166	17,469
Net profit (Btmn)	6,484	6,271	11,342	14,280	14,376
PPP/Share (Bt)	7.91	7.20	8.43	8.99	9.15
EPS (Bt)	4.42	4.28	7.69	7.48	7.53
BVPS (Bt)	29.45	37.84	53.56	58.79	64.06
DPS (Bt)	0.00	0.00	0.00	2.24	2.26
P/PPP (x)	11.5	12.6	10.8	10.0	9.8
P/E (x)	20.6	21.3	11.8	12.0	11.9
P/B (x)	3.1	2.4	1.7	1.5	1.4
Dividend yield (%)	0.0%	0.0%	0.0%	2.5%	2.5%
ROE (%)	16.8%	12.7%	14.4%	13.3%	12.3%

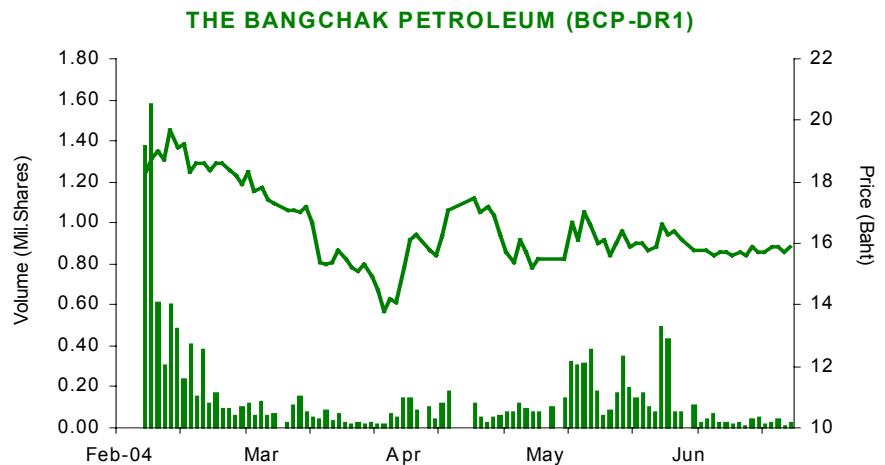
Source : Company reports and KELIVE Research estimates

Bangchak Petroleum (BCP-DR1)

ENERGY

Recommendation **SPEC. BUY**

Share Price **Bt15.90**
Fair Value **Bt21.00**



The increase in retail gasoline prices by Bt0.60/litre is mildly positive for Bangchak Petroleum (BCP-DR1). This is because BCP's inventory in gas stations will boost its marketing margin by Bt0.60/litre on the first day of the price hike. However, the marketing margin will return to normal levels of Bt1.10 - 1.20/litre, once this inventory is used up.

Fluctuations in global oil prices will have a much more important effect on BCP's 2Q04 net profit than the rise in retail prices. The company had crude oil inventory of 5 million barrels at the end of March at a cost of \$33/barrel. Every \$1/barrel rise or decrease in global crude oil prices will cause BCP to realise an inventory gain or loss of Bt200mn. At the current crude oil price of \$35/barrel, BCP can book an inventory gain of Bt400mn. However, oil prices have seen sharp swings over the last few weeks following the OPEC decision a week ago to boost the cartel's crude output by 2mn barrels a day or 8%.

BCP profitability has improved as a result of wider refinery margins (GRM) and higher volume sales following a jump in oil demand. The stock is trading on a 2004 PER of 9.2x and offers a 32% potential upside to our fair value estimate of Bt21.

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BCP-DR1's earnings summary

	2001	2002	2003	2004F	2005F
Sales (Btmn)	48,483	51,804	61,930	72,252	73,726
EBITDA (Btmn)	(559)	2,888	1,354	2,470	2,813
Normalised earnings (Btmn)	(2,972)	519	(418)	964	1,368
Earnings (Btmn)	(2,987)	534	(1,298)	964	1,368
EPS (Bt)	(5.72)	1.02	(2.49)	1.71	2.43
PER (x)	N.A.	15.5	N.A.	9.2	6.5
EV/EBITDA (x)	(45.4)	8.3	16.8	9.9	8.1
Free cash flow (Btmn)	993	37	2,386	(1,980)	2,233
CF/share (Bt)	0.1	0.6	5.1	(4.1)	3.4
BVPS (Bt)	4.7	8.8	5.9	12.1	14.6
P/BV (x)	3.4	1.8	2.7	1.3	1.1
DPS (Bt)	0.00	0.00	0.00	0.00	0.00
Dividend yield (%)	0%	0%	0%	0%	0%
Net debt/equity (x)	7.1	3.5	4.7	2.3	1.7
ROA (%)	-11%	2%	-5%	3%	5%
ROE (%)	-73%	15%	-34%	19%	18%

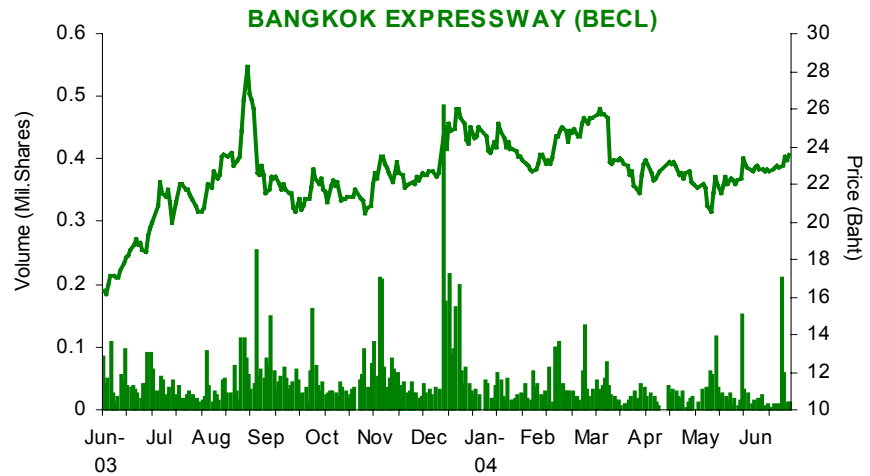
Source : Company reports and KELIVE Research estimates

Bangkok Expressway Plc. (BECL)

TRANS.

Recommendation **BUY**

Share Price **Bt23.60**
Fair Value **Bt33.00**



After exceptionally low traffic volume in April, owing to the long holiday during Songkran, BECL average traffic volume rose 3% to 863,000 trips/day in May. Meanwhile toll revenue grew 6% mom and 7% yoy to Bt536mn. This is quite close to our full-year revenue growth forecast of 6%.

The expected up-trend in interest rates will not affect BECL earnings given the fixed interest rate charged on its debt until 4Q08. Since October last year, banks have changed the interest charged on BECL debts from a floating rate to a fixed rate of 2.5-5%, until September 08. From 2008, interest will be charged at MLR-2%.

BECL revenue is projected to grow 6% this year driven by increasing traffic volume and other business activities. Lower interest expenses and tax savings from the sale of NECL should drive full-year profits by 40% to Bt1.74bn in 2004 and 4% to Bt1.81bn in 2005. Given the strong cash flow of Bt5.01/share this year, we expect BECL to pay a generous dividend of Bt1.70/share, implying an attractive dividend yield of 7.2%. We are maintaining BECL's NPV estimate at Bt33.0 per share, or a 40% upside from the current price.

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BECL's earnings summary

	2001	2002	2003	2004F	2005F
Sales (Btmn)	5,945	6,352	6,184	6,576	6,652
EBITDA (Btmn)	5,208	5,733	5,413	5,720	5,786
Normalised earnings (Btmn)	874	1,084	1,218	1,740	1,810
Earnings (Btmn)	874	878	1,233	1,740	1,810
EPS (Bt)	1.14	1.14	1.60	2.26	2.35
PER (x)	20.8	20.7	14.7	10.4	10.0
EV/EBITDA (x)	10.6	9.3	9.5	8.5	7.9
Free cash flow (Btmn)	2,543	2,777	3,086	3,962	3,912
CF/share (Bt)	3.67	4.36	5.01	5.14	5.29
BVPS (Bt)	19.1	20.4	21.2	22.0	22.7
P/BV (x)	1.2	1.2	1.1	1.1	1.0
DPS (Bt)	0.2	0.8	1.5	1.7	1.9
Dividend yield (%)	0.8%	3.2%	6.4%	7.2%	8.0%
Net debt/equity (x)	2.7	2.5	2.3	2.0	1.8
ROA (%)	6.9%	5.6%	5.5%	5.8%	6.0%
ROE (%)	6.5%	7.8%	8.4%	11.7%	11.8%

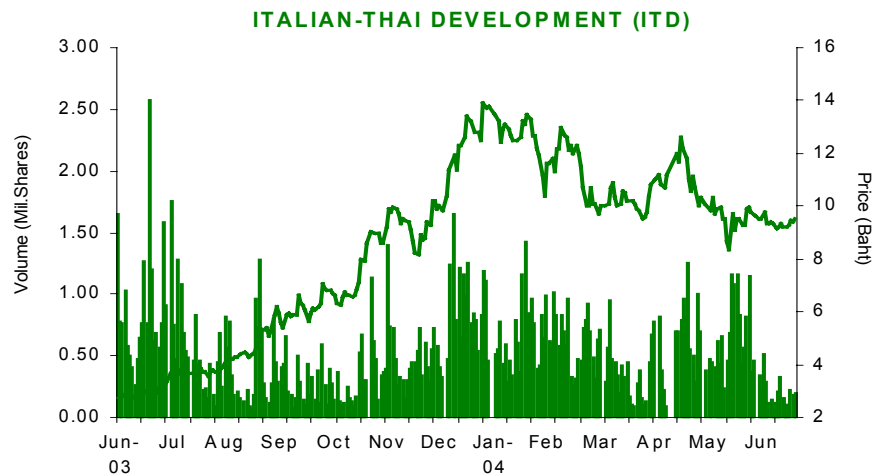
Source : Company reports and KELIVE Research estimates

Italian-Thai Development Plc. (ITD)

CONSTRUCTION

Recommendation **BUY**

Share Price **Bt9.50**
Fair Value **Bt12.00**



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ITD's backlog growth prospects remain strong following the government's plan to invest in large-scale infrastructure projects over the next 5-6 years. After winning a contract for an overpass on Ramindra Road worth Bt173mn in June, ITD's backlog rose to Bt67.09bn from Bt39.97bn last year. In addition, ITD submitted the lowest bid on an airfield pavement project at Suvarnabhumi airport worth Bt1.14bn. We expect ITD to win this contract soon.

However, rises in material costs have put pressure on ITD's gross margins, especially projects at the Suvarnabhumi airport which are not shielded with a "K factor." We expect steel prices to decline gradually after China implements measures to cool its overheated economy. We believe ITD gross margins will widen in 2H04 from lower costs and the initiation of better-margin projects. However, we still expect full-year gross margins to narrow to 9.1% in 2004.

We are forecasting ITD net profit to rise 64% to Bt1,514mn for 2004 and 127% to Bt3,442mn for 2005. Given the bright growth prospects in the construction industry, we are still basing our fair value estimate on a 2005 PER of 15x. At the current price, ITD is offering a 26% upside to our fair value estimate of Bt12.00.

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ITD's earnings summary

	2001	2002	2003	2004F	2005F
Sales (Btmn)	17,936	21,034	17,920	27,075	38,645
EBITDA (Btmn)	1,337	2,512	2,070	2,639	4,818
Normalised earnings (Btmn)	(622)	822	761	1,514	3,442
Earnings (Btmn)	(2,528)	6,336	921	1,514	3,442
EPS (Bt)	(0.92)	2.31	0.25	0.36	0.82
PER (x)	-	4.1	38.6	26.3	11.6
EV/EBITDA (x)	33.3	16.9	20.9	15.3	9.3
Free cash flow (Btmn)	571	(3,444)	(868)	(1,926)	(3,257)
CF/share (Bt)	0.15	0.61	0.51	0.61	1.11
BVPS (Bt)	(0.31)	3.41	2.84	3.95	4.73
P/BV (x)	(30.4)	2.8	3.3	2.4	2.0
DPS (Bt)	-	-	0.05	0.07	0.16
Dividend yield (%)	0.0%	0.0%	0.5%	0.8%	1.7%
Net debt/equity (x)	(7.28)	0.43	0.33	0.13	0.11
ROA (%)	4.5%	3.4%	4.2%	6.2%	10.8%
ROE (%)	-97.7%	8.9%	8.5%	10.8%	18.6%

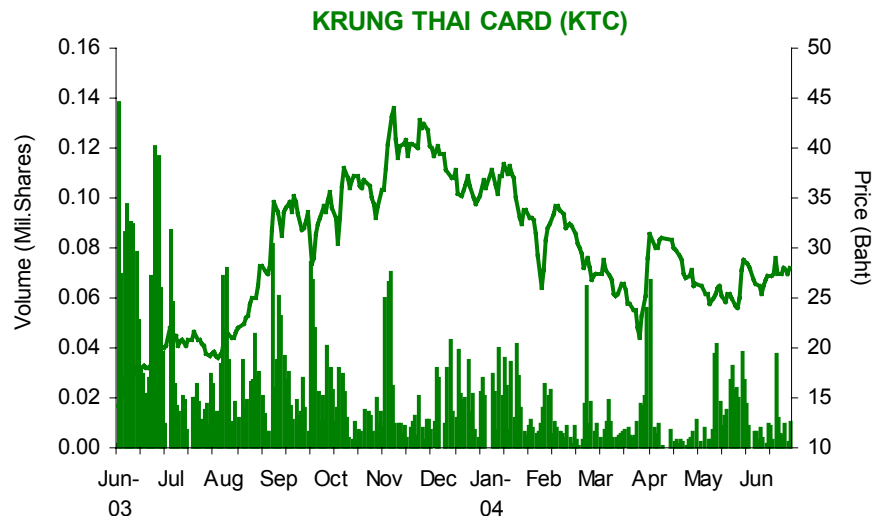
Source : Company reports and KELIVE Research estimates

Krung Thai Card Plc. (KTC)

BANKING

Recommendation L-T BUY

Share Price Bt28.00
Fair Value Bt35.00



After meeting with the management of Krung Thai Card (KTC), we continue to be quite positive on the company's long-term growth prospects. We don't believe the potential uptrend in interest rates will have a significant impact on KTC's spread, as the company has already fixed its cost of funds by issuing debentures earlier this year. Besides, KTC is flexible in controlling its operating costs and the outstanding balances on most credit cards are revolving in the short-term.

Based on our assumptions, we believe that KTC will achieve earnings of Bt615mn this year, a rise of 74% yoy over 2003. This is mainly due to expansion of its loan base, especially personal loans, which are targeted to reach Bt5-7bn by the end of this year. The financial status is sound with the debt-to-equity ratio at the end of March of 2.0:1.0, providing room to further expand its loan and account receivables.

At the current share price of Bt28.0, KTC is trading at an attractive 2004 projected PER of 11x, BVPS of 1.3x and a dividend yield of 3.78%. Our target price of Bt35 is based on a PER of 14x or BVPS of 1.7x. With a potential upside to target price of approximately 25%, we reiterate our LONG-TERM BUY recommendation on KTC shares.

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KTC's earnings summary

	2001	2002	2003	2004F	2005F
PPP (Btmn)	81	160	665	915	1,007
Net profit (Btmn)	120	141	353	615	707
PPP/Share (Bt)	1.79	1.60	2.66	3.66	4.03
EPS (Bt)	2.67	1.41	2.91	2.46	2.83
BVPS (Bt)	2.49	15.55	19.38	20.85	22.55
DPS (Bt)	0.00	0.55	0.70	0.98	1.13
P/PPP (x)	15.60	17.55	10.53	7.65	6.95
P/E (x)	10.47	19.82	9.62	11.38	9.89
P/B (x)	11.24	1.80	1.45	1.34	1.24
Dividend yield (%)	0.00	1.96%	2.50%	3.52%	4.04%
ROE (%)	107.3%	16.96%	11.03%	12.23%	13.04%

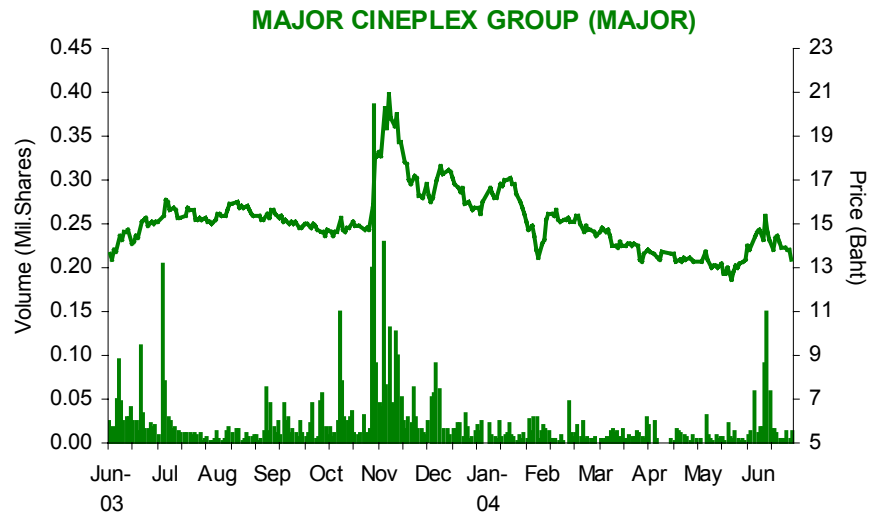
Source : Company reports and KELIVE Research estimates

Major Cineplex Group (MAJOR)

ENTERTAIN

Recommendation BUY

Share Price Bt13.40
Fair Value Bt21.00



We are quite positive on the merger of MAJOR and EGV. The new company should benefit from higher economies of scale and increased negotiating power with film distributors. Total market share is expected to increase to 72%.

The financial statement of the two companies is projected to consolidate from 4Q04. We are, however, maintaining our earnings forecast of MAJOR, as a lack of information about cost and expense savings and the amortisation of goodwill. A rough estimate by adding revenues of MAJOR and EGV, without cost cutting factors and goodwill amortisation consideration, we expect the combined company to achieve a 2005 net profit of Bt772mn or Bt0.94/share (fully-diluted). This would represent a PER of 14.3x.

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We value MAJOR (before the merger) by sum-of-the-parts method of its affiliates including SF and CFCL and come up with a fair value estimate of Bt21. However, we will revise up the fair value estimate after the consolidation of financial statements of MAJOR and EGV.

MAJOR's earnings summary

	2001	2002	2003	2004F	2005F
Sales (Btmn)	1,256	1,740	2,339	2,751	3,302
EBITDA (Btmn)	390	694	895	1,034	1,213
Normalised earnings (Btmn)	83	315	423	577	660
Earnings (Btmn)	83	315	423	577	660
EPS (Bt)	0.19	0.57	0.72	0.90	0.94
PER (x)	70.8	23.3	18.6	15.0	14.2
EV/EBITDA (x)	16.7	10.7	9.4	9.2	8.5
Free cash flow (Btmn)	305	699	667	889	1,042
CF/share (Bt)	0.7	1.3	1.1	1.4	1.5
BVPS (Bt)	1.2	3.0	3.5	3.6	3.7
P/BV (x)	11.0	4.5	3.8	3.8	3.6
DPS (Bt)	-	0.40	0.60	0.70	0.75
Dividend yield (%)	0.0%	3.0%	4.5%	5.2%	5.6%
Net debt/equity (x)	0.9	Cash	0.2	0.4	0.4
ROA (%)	6.5%	13.7%	13.1%	14.5%	14.4%
ROE (%)	21.4%	26.6%	21.7%	25.5%	26.1%

Source : Company reports and KELIVE Research estimates

Pico (Thailand) Plc.(PICO)

MAI

Recommendation BUY

Share Price Bt4.02
Fair Value Bt7.43



PICO reported a net profit of Bt13mn in 2Q04 (February 1 to April 30), an increase of 52% qoq and 28% yoy. Its strong earnings were due to exhibition income from the Bangkok International Motor Show last April, as well as solid growth in the event marketing business. The company's financial position remains strong with net cash of Bt100mn or Bt1.54/share.

PICO's second half prospects look promising as the company expects to win a government exhibition project in September and is also preparing for a major museum project in 3Q04. PICO also has an event marketing contract for the Chevrolet Colorado through early 2005, which includes road shows in various Thai provinces.

The stock has fallen 36% since its listing on the MAI last April, mainly due to the market's current bearish sentiment. PICO is currently trading on a PER of only 6.5x and offers 85% upside to our fair value estimate at Bt7.43/share based on a PER multiple of 12x.

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PICO's earnings summary

	2001	2002	2003	2004F	2005F
Sales (Btmn)	255	370	447	563	681
EBITDA (Btmn)	30	45	57	69	81
Normalised earnings (Btmn)	17	23	30	40	56
Earnings (Btmn)	17	23	30	40	56
EPS (Bt)	0.26	0.36	0.46	0.62	0.86
PER (x)	15.6	11.3	8.7	6.5	4.7
EV/EBITDA (x)	9.2	6.0	4.2	1.5	0.7
Free cash flow (Btmn)	3	28	27	29	79
CF/share (Bt)	0.1	0.4	0.4	0.4	1.2
BVPS (Bt)	4.9	5.7	7.8	4.2	4.9
P/BV (x)	0.8	0.7	0.5	0.9	0.8
DPS (Bt)	-	0.33	0.18	0.25	0.34
Dividend yield (%)	0.0%	8.3%	4.5%	6.2%	8.5%
Net debt/equity (x)	0.2	0.1	Cash	Cash	Cash
ROA (%)	21.8%	13.7%	14.3%	12.5%	12.5%
ROE (%)	43.4%	27.8%	28.4%	19.9%	18.4%

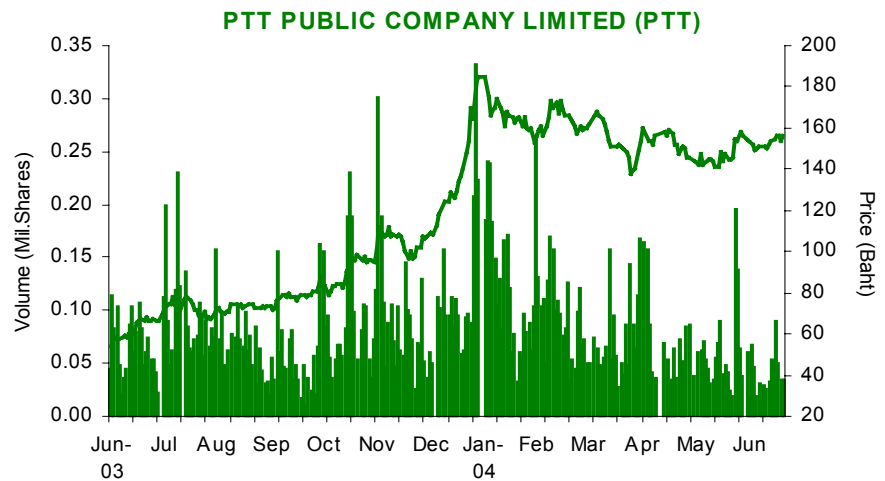
Source : Company reports and KELIVE Research estimates

PTT Plc.(PTT)

ENERGY

Recommendation **BUY**

Share Price **Bt156.00**
Fair Value **Bt227.00**



The fall in global crude oil prices over the last few days will have little impact on the company's profitability. First, more than 80% of PTT earnings are derived from the gas business, while oil accounts for less than 10% of total net profit. Second, our 2004 earnings forecast is based on a conservative assumption that Brent crude oil is traded at an average of \$27/barrel, well below its current price of \$35/barrel.

The increase in the retail ceiling price by Bt0.60/litre, twice this month should provide a one or two-day gain to oil traders, such as BCP, PTT and SUSCO depending on their inventory levels. This is due to the subsidy being paid at the refinery level and the ceiling being applied at the retail level. We expect PTT to gain around Bt10mn on this situation.

PTT remains our top pick in the energy sector due to its strong fundamentals and cheap valuation. We expect its earnings to grow 7% this year to Bt42.4bn due to a wider GRM in its refinery business, surging petrochemical prices, higher contributions from PTTEP and a 5-6% increase in gas demand. The stock is trading on an attractive 2004 PER of 10.3x and offers potential upside of 46% to our fair value estimate of Bt227.

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PTT's earnings summary

	2001	2002	2003	2004F	2005F
Sales (Btmn)	377,902	399,752	494,009	501,194	530,781
EBITDA (Btmn)	49,840	58,148	64,313	66,621	70,360
Normalised earnings (Btmn)	18,551	23,935	38,066	42,400	44,020
Earnings (Btmn)	21,565	24,485	39,401	42,400	44,020
EPS (Bt)	7.71	8.75	14.09	15.16	15.74
PER (x)	20.2	17.8	11.1	10.3	9.9
EV/EBITDA (x)	10.6	9.2	7.8	7.5	7.3
Free cash flow (Btmn)	(26,970)	19,316	30,191	5,909	33,678
CF/share (Bt)	7.5	10.5	18.5	14.0	15.6
BVPS (Bt)	20.7	28.9	40.2	51.3	62.3
P/BV (x)	7.5	5.4	3.9	3.0	2.5
DPS (Bt)	2.50	2.85	4.00	4.00	4.00
Dividend yield (%)	1.6%	1.8%	2.6%	2.6%	2.6%
Net debt/equity (x)	1.5	1.2	0.6	0.4	0.5
ROA (%)	8.2%	8.3%	12.6%	12.1%	11.3%
ROE (%)	48.7%	35.3%	40.8%	33.1%	27.7%

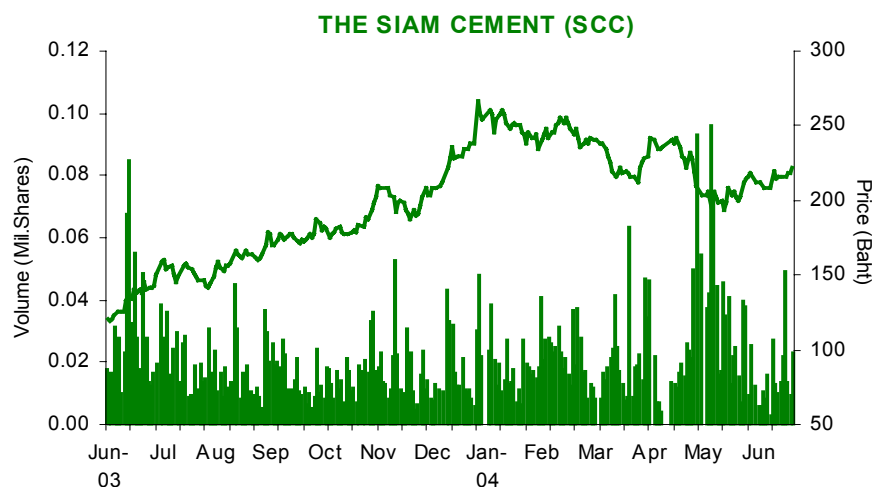
Source : Company reports and KELIVE Research estimates

Siam Cement Plc. (SCC)

BUILDING

Recommendation **BUY**

Share Price **Bt222.00**
Fair Value **Bt308.00**



SCC cement and building materials operations are expected to benefit from larger government spending on infrastructure projects in the period 2004-2009.

The petrochemical businesses should continue to benefit from high petrochemical prices from the regional shortage and global crude prices. Even though China is initiating measures to cool its overheating economy, the fact remains that China faces a petrochemical supply shortage and needs to import large volumes from regional producers. We are still confident that the petrochemical cycle will peak during 2005-2006 based on demand-supply projections.

Pulp & paper should see demand increasing in line with economic growth and rising domestic consumption in Thailand and throughout the region.

We estimate SCC fair value at Bt308 per share. This is based on a DCF model using a WACC of 9% and projected cash flow from 2003 to 2013. At the current price of Bt222, SCC is trading on a PER of 12.4x and an EV/EBITDA 9.6x and a P/BV 2.2x, which is not too expensive since the company has considerable growth potential yet this year.

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SCC's earnings summary

	2001	2002	2003	2004F	2005F
Sales (Btmn)	120,353	128,201	148,865	159,995	174,394
EBITDA (Btmn)	26,496	28,659	33,704	38,824	42,326
Normalised earnings (Btmn)	4,467	11,214	17,806	21,554	25,443
Extra items	3,167	3,462	2,148	-	-
Earnings (Btmn)	7,634	14,676	19,954	21,554	25,443
EPS (Bt)	6.36	12.23	16.63	17.96	21.20
PER (x)	34.9	18.2	13.4	12.4	10.5
EV/EBITDA (x)	15.0	13.1	10.6	9.6	8.6
CF/share (Bt)	18.1	21.1	22.3	23.5	24.6
BVPS (Bt)	48.7	63.7	87.5	99.4	113.5
P/BV (x)	4.6	3.5	2.5	2.2	2.0
DPS (Bt)	1.0	3.0	6.0	7.2	8.5
Dividend yield (%)	0.5%	1.4%	2.7%	3.2%	3.8%
Net debt/equity (x)	2.5	1.6	1.1	0.9	0.7
ROA (%)	3.2%	6.2%	8.2%	8.5%	9.6%
ROE (%)	13.3%	21.8%	22.0%	19.2%	19.9%

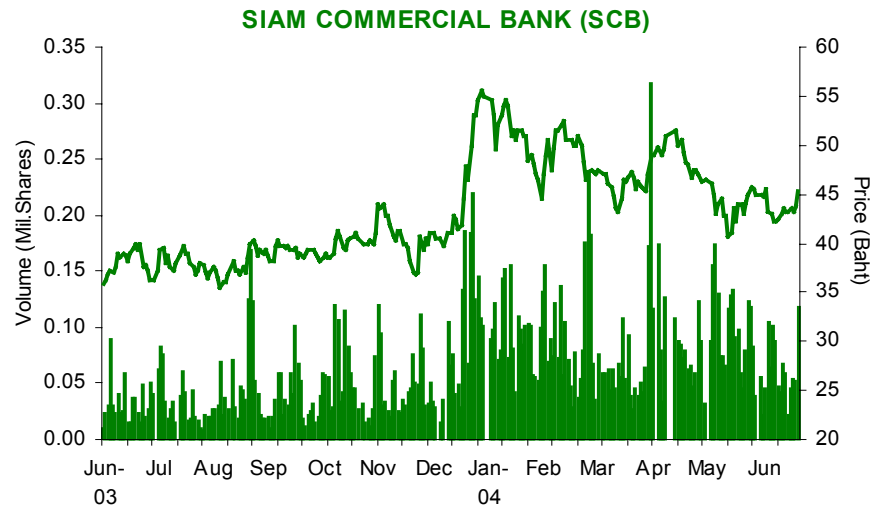
Source : Company reports and KELIVE Research estimates

Siam Commercial Bank Plc. (SCB)

BANKING

Recommendation BUY

Share Price Bt45.25
Fair Value Bt62.00



We are positive on Siam Commercial Bank (SCB) due to several factors, which are 1) a steady rise in loan growth from Bt433bn in Dec 03 to Bt476bn at the end of May 04, or up 9.9%, 2) SCB has a clear policy to sell off some subsidiaries to be in line with the One Presence rule of the new financial master plan and 3) Gains on investment are likely to increase.

We foresee SCB will achieve bottom line earnings of Bt16.5bn for 2004, reflecting strong growth this quarter. We believe that SCB will achieve this projection, if the bank continues to grow in both credit expansion and fee based income. According to our estimate, SCB will achieve full-year ROE of 20.4%, while the bank's target is 22.6%.

SCB financial status is quite strong with a BIS ratio of 12.3%, and NPLs have dropped slightly from 17.51% in 4Q03 to 16.37% in 1Q04.

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Given SCB's strong growth in both profitability and lending operations, we reiterate our BUY recommendation with a target price of Bt62.0, which is based on 2.3x 2004 projected BVPS and a 12x PER.

SCB's earnings summary

	2001	2002	2003	2004F	2005F
PPP (Btmn)	9,612	12,338	14,860	18,930	17,532
Net profit (Btmn)	405	(12,488)	12,460	16,519	14,685
PPP/Share (Bt)	3.07	3.94	4.70	5.98	5.54
EPS (Bt)	0.13	(3.99)	3.66	5.22	4.64
BVPS (Bt)	19.78	16.64	23.88	27.37	30.39
DPS (Bt)	0.00	0.00	1.40	1.97	1.55
P/PPP (x)	14.74	11.49	9.63	7.56	8.16
P/E (x)	350.02	(11.35)	12.36	8.67	9.75
P/B (x)	2.29	2.72	1.90	1.65	1.49
Dividend yield (%)	0.0%	0.0%	3.1%	4.4%	3.4%
ROE (%)	0.7%	-21.9%	19.5%	20.4%	16.1%

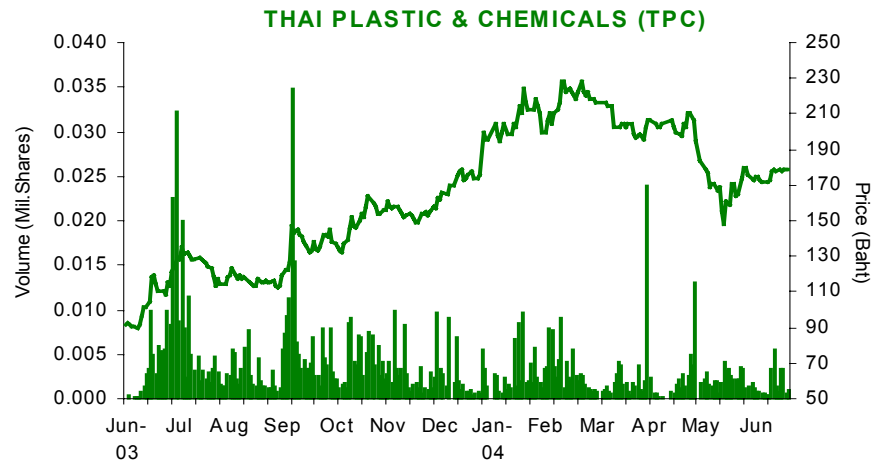
Source : Company reports and KELIVE Research estimates

Thai Plastic and Chemicals Plc. (TPC)

CHEMICAL

Recommendation **BUY**

Share Price **Bt179.00**
Fair Value **Bt338.00**



Siam Cement (SCC), the largest shareholder of Thai Plastic and Chemicals (TPC) with a 26.13% stake announced that it had signed a contract to purchase an additional 10.14% stake in TPC from Thai Asahi Chemicals at Bt180 per share. Thai Asahi Chemicals currently owns 25% of TPC.

This acquisition will raise SCC's stake in TPC from the current 26.13% to 36.27%. When including a 20.95% stake held by CPB Equity, a subsidiary of the Crown Property Bureau, the group's holding will increase to 57.22%.

SCC announced that the tender offer price will be the same as the acquisition price of Bt180. We believe that SCC is getting TPC shares at a bargain and we do not recommend minority shareholders to take up SCC's tender offer. We believe that SCC does not intend to delist TPC's shares from the SET.

This transaction is between TPC shareholders and does not directly impact the company's fundamentals.

We conservatively forecast TPC to generate 2004 earnings of Bt2,276mn or EPS of Bt26, up 74% yoy, based on our assumption of PVC prices averaging \$720/tonne. We also expect the company to pay a dividend of at least Bt14, representing an attractive yield of 7.9% at the current share price.

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TPC's earnings summary

	2001	2002	2003	2004F	2005F
Sales (Btmn)	13,695	16,009	18,063	19,735	20,520
EBITDA (Btmn)	1,411	2,505	2,509	3,474	3,552
Normalised earnings (Btmn)	(465)	1,198	1,278	2,276	2,418
Earnings (Btmn)	135	1,217	1,306	2,276	2,418
EPS (Bt)	1.54	13.91	14.93	26.01	27.64
PER (x)	116.8	12.9	12.1	6.9	6.5
EV/EBITDA (x)	16.9	9.3	9.0	5.9	5.2
Free cash flow (Btmn)	282	906	1,393	2,962	3,108
CF/share (Bt)	9.2	16.5	21.7	34.2	35.5
BVPS (Bt)	65.4	75.4	90.6	102.6	116.2
P/BV (x)	2.8	2.4	2.0	1.8	1.5
DPS (Bt)	1.50	7.00	10.00	14.00	14.00
Dividend yield (%)	0.8%	3.9%	5.6%	7.8%	7.8%
Net debt/equity (x)	1.4	1.2	0.9	0.5	0.3
ROA (%)	0.8%	6.9%	7.4%	13.4%	14.8%
ROE (%)	2.4%	19.8%	18.0%	26.9%	25.3%

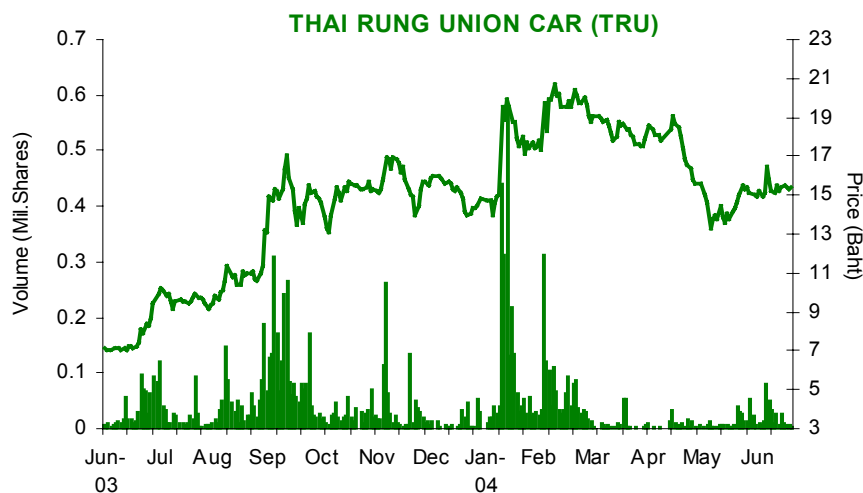
Source : Company reports and KELIVE Research estimates

Thai Rung Union Plc. (TRU)

VEHICLES

Recommendation **L-T BUY**

Share Price **Bt15.40**
Fair Value **Bt20.00**



This year's earnings prospects are for strong improvement over 2003, as this year will account for full modified model TR Adventure Master (TRAM) income with expected sales of 7,000 units compared with last year at 3,723 units for both the Exciter and the Adventure Master models. In addition TRU has new contracts with GM for car painting and OEM auto parts. The SKD (semi knocked-down vehicle kits) business expects to continue winning more orders.

We have forecast TRU sales this year to jump 40% to Bt4.53bn with a net profit jump by 131% to Bt774mn.

At the current price of Bt15.4, TRU is trading on a 2004 PER of 10x with an EV/EBITDA 5.5x and a P/BV 2.7x. Earnings are expected to strongly improve this year and the financial position is now very strong with net cash. The stock is trading below our fair value estimate of Bt20, which is based on 2004 PER of 13x, so we are maintaining our "LONG TERM BUY" on TRU.

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We may upgrade our target price to Bt22, if the government approves the new tax plan, which is based on a pick-up car that TRU produces.

TRU's earnings summary

	2001	2002	2003	2004F	2005F
Sales (Btmn)	2,889	2,907	3,222	4,526	4,979
EBITDA (Btmn)	851	665	637	1,134	1,266
Normalised earnings (Btmn)	563	403	335	771	835
Earnings (Btmn)	563	403	335	771	835
EPS (Bt)	1.13	0.81	0.67	1.54	1.67
PER (x)	13.7	19.1	23.0	10.0	9.2
EV/EBITDA (x)	8.1	10.6	11.0	5.5	4.8
CF/share (Bt)	1.14	0.84	0.88	2.25	1.46
BVPS (Bt)	4.4	4.6	4.6	5.8	6.7
P/BV (x)	3.5	3.4	3.3	2.7	2.3
DPS (Bt)	0.85	0.60	0.40	0.77	0.83
Dividend yield (%)	4.4%	3.9%	2.6%	5.0%	5.4%
Net debt/equity (x)	Cash	Cash	Cash	Cash	Cash
ROA (%)	21.3%	13.7%	10.9%	22.0%	21.0%
ROE (%)	27.5%	17.9%	14.6%	29.6%	26.8%

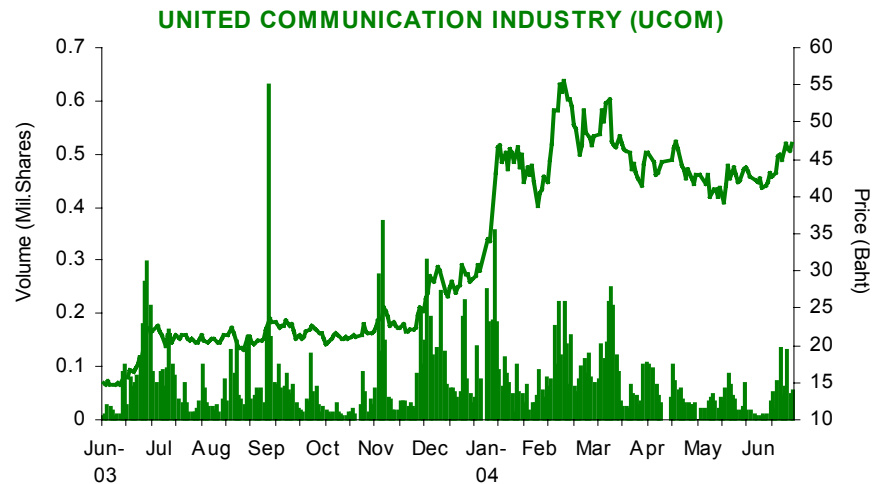
Source : Company reports and KELIVE Research estimates

United Communication Industry Plc. (UCOM)

COMMU

Recommendation BUY

Share Price Bt47.25
Fair Value Bt61.70



We expect UCOM's 41.6%-owned TAC to have 1.35mn net additions this year with a stable ARPU level due mainly to the rise in non-voice revenues. We, therefore, estimate that TAC will post 75% earnings growth to Bt4.5bn this year. We value TAC, which is trading on the Singapore exchange at US\$2.74/share.

UCOM data communication business is expected to have stable growth with the rise of broadband demand in the country. The company, moreover, enjoys wider gross margin this year after adjusting the software in 2H03.

Due mainly to the strong growth of its 41.6%-owned TAC and the expected steady growth of data communication business, we expect UCOM to have 2004 earnings of Bt2.1bn, up 78% more than the previous year.

We estimate UCOM break-up NAV at Bt61.7, comprised of Bt10.8/share from UCOM's core businesses and Bt50.9/share from its holding in TAC.

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UCOM's earnings summary

	2001	2002	2003	2004F	2005F
Services and Sales (Btmn)	16,627	17,509	22,189	24,350	26,825
EBITDA (Btmn)	2,132	1,779	1,443	1,596	1,612
Normalised earnings (Btmn)	1,515	1,230	1,214	2,114	2,402
Earnings (Btmn)	1,650	350	1,186	2,114	2,402
EPS (Bt)	3.80	0.81	2.73	4.86	5.53
PER (x)	12.4	58.7	17.3	9.7	8.5
EV/EBITDA (x)	13.0	14.9	17.6	16.2	16.1
Operating cash flow (Btmn)	2,347	1,478	896	975	985
CF/share (Bt)	5.4	3.4	2.1	2.2	2.3
BVPS (Bt)	15.7	18.2	21.0	25.8	31.4
P/BV (x)	3.0	2.6	2.3	1.8	1.5
DPS (Bt)	-	-	-	-	-
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Net debt/equity (x)	1.0	0.7	0.5	0.5	0.4
ROA (%)	8.2%	1.6%	5.8%	9.3%	9.6%
ROE (%)	27.5%	4.8%	13.9%	20.8%	19.3%

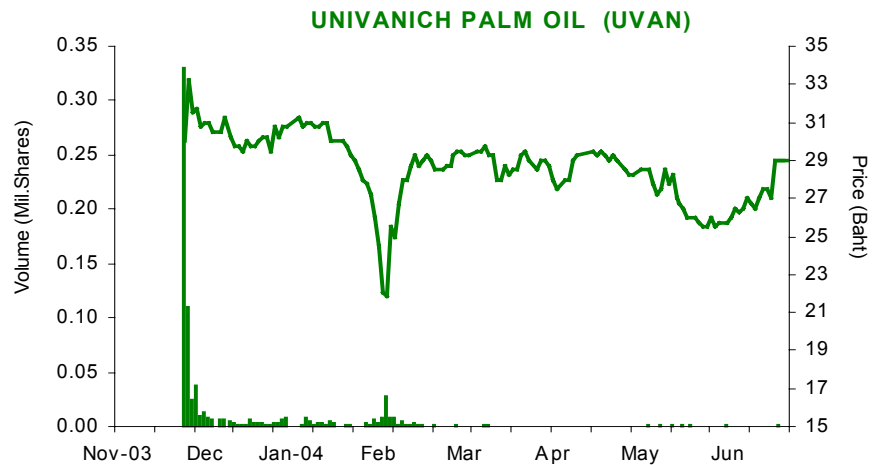
Source : Company reports and KELIVE Research estimates

Univanich Palm Oil Plc. (UVAN)

AGRIBUSINESS

Recommendation **L-T BUY**

Share Price **Bt29.00**
Fair Value **Bt37.00**



We have a positive outlook on UVAN with 1) the palm oil business still good as crude palm oil prices have increased from last year, 2) UVAN will benefit from tax savings from the BOI, 3) the new factory will increase production efficiency and decrease variable costs significantly and 4) the attractive dividend yield of 8.3%.

UVAN reported 1Q04 net profit of Bt108mn for growth of 32% yoy. We forecast 2004 earnings of Bt378mn from sales of Bt1,887mn. We expect gross margins to narrow to 26.5% from 28% last year due to the company still has competition buying raw materials from farmers. Although the company should benefit from a continuing uptrend in palm oil prices this year, we don't believe UVAN deserves a high share price rating due to the cyclical nature of the industry.

We are maintaining our LONGTERM BUY rating on UVAN as the share price is cheap, trading on 2004 PER of 7.2x and an EV/EBITDA of 4.9x. We forecast UVAN to announce a dividend of Bt2.4/share, represent a yield of 8.3% at the current share price. Based on a 2004 EV/EBITDA of 6.5x, our fair value is Bt37 a share.

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UVAN's earnings summary

	2001	2002	2003	2004F	2005F
Sales (Btmn)	1,443	1,589	1,955	1,887	2,039
EBITDA (Btmn)	277	297	487	473	514
Normalised earnings (Btmn)	207	223	400	378	410
Earnings (Btmn)	207	223	400	378	410
EPS (Bt)	2.50	2.69	4.26	4.02	4.36
PER (x)	11.6	10.8	6.8	7.2	6.7
EV/EBITDA (x)	8.4	8.4	5.0	4.9	4.1
Free cash flow (Btmn)	157	217	325	174	460
CF/share (Bt)	3.3	3.8	4.5	5.4	5.4
BVPS (Bt)	9.0	6.7	11.2	11.7	13.7
P/BV (x)	3.2	4.3	2.6	2.5	2.1
DPS (Bt)	1.75	4.75	3.50	2.40	2.60
Dividend yield (%)	17.2%	9.5%	12.1%	8.3%	9.0%
Net debt/equity (X)	Cash	0.2	Cash	Cash	Cash
ROA (%)	25.4%	27.6%	39.6%	28.3%	28.1%
ROE (%)	28.6%	34.2%	49.9%	35.2%	34.4%

Source : Company reports and KELIVE Research estimates

Sector recommendations

Stock	Rec	24/06/2004 Price (Bt)	Fair Value	Net Profit (Bt mn)			EPS (Bt)			PER		
				2003	2004F	2005F	2003	2004F	2005F	2003	2004F	2005F
Agribusiness												
CPF	FULLY VALUED	4.16	3.50	2,242	2,229	2,552	0.40	0.29	0.33	10.40	14.34	12.61
CPI	LONG-TERM BUY	5.45	6.80	195	224	199	0.74	0.85	0.76	7.36	6.41	7.17
T-LUXE	HOLD	14.50	13.70	48	29	43	1.92	1.14	1.72	7.55	12.72	8.43
UVAN	LONG-TERM BUY	29.00	37.00	400	378	410	4.26	4.02	4.36	6.81	7.21	6.65
Bank												
BAY	ACCUMULATE	12.10	16.25	3,053	5,393	6,828	1.39	1.89	2.40	8.71	6.40	5.05
BBL	BUY	91.00	133.00	11,342	14,280	14,376	7.69	7.48	7.53	11.83	12.17	12.08
BOA	HOLD	5.15	5.80	1,818	2,061	2,127	0.36	0.40	0.42	14.31	12.88	12.26
KTB	BUY	10.80	15.25	8,697	14,839	16,773	0.78	1.33	1.50	13.85	8.12	7.20
SCB	BUY	45.25	62.00	12,460	16,519	14,685	3.66	5.22	4.64	12.36	8.67	9.75
SCIB	ACCUMULATE	24.00	30.70	3,606	5,709	5,984	1.71	2.70	2.83	14.04	8.89	8.48
KBANK	LONG-TERM BUY	47.50	65.00	14,814	14,678	15,836	6.30	6.24	6.73	7.54	7.61	7.06
TMB	HOLD	3.68	4.60	(14,054)	5,069	6,278	(3.79)	0.49	0.60	Na	7.51	6.13
Building Material												
CCP	BUY	33.00	45.00	151	182	247	3.65	2.94	3.98	9.04	11.22	8.29
DCC	LONG-TERM BUY	19.50	28.00	502	846	1,007	1.24	2.07	2.47	15.73	9.42	7.89
KWH	HOLD	2.70	3.24	51	61	81	0.17	0.20	0.27	15.88	13.50	10.00
MS	HOLD	1.79	2.52	(42)	982	1,226	(0.01)	0.17	0.21	Na	10.53	8.52
Q-CON	LONG-TERM BUY	14.40	18.20	260	394	622	1.10	0.99	1.56	13.09	14.55	9.23
SCC	BUY	222.00	308.00	19,954	21,554	25,443	16.63	17.96	21.20	13.35	12.36	10.47
SCCC	LONG-TERM BUY	216.00	282.00	3,288	4,199	4,545	13.15	16.80	18.18	16.43	12.86	11.88
SINGHA	LONG-TERM BUY	21.30	31.00	110	146	168	2.45	2.27	2.62	8.69	9.38	8.13
SSI	SPEC. BUY	23.20	35.00	4,702	4,213	4,526	5.47	3.22	3.45	4.24	7.20	6.72
TASCO	HOLD	28.50	32.00	(5)	180	360	(0.05)	1.58	3.15	Na	18.04	9.05
TGP	NO RATING	6.75	-	504	552	628	0.50	0.55	0.63	13.50	12.27	10.71
TPIPL	BUY	34.25	57.00	4,783	7,452	5,366	9.77	9.23	6.65	3.51	3.71	5.15
TYCN	LONG-TERM BUY	11.50	18.00	555	994	1,293	1.08	1.58	2.06	10.65	7.28	5.58
VNG	BUY	10.40	18.00	1,022	1,566	1,934	0.88	1.20	1.48	11.82	8.67	7.03
Chemical												
NPC	BUY	92.50	149.00	2,317	3,075	3,976	7.47	9.92	12.83	12.38	9.32	7.21
TCB	LONG-TERM BUY	16.70	26.20	541	479	498	1.80	1.60	1.66	9.28	10.44	10.06
TOC	ACCUMULATE	56.50	75.00	1,407	2,797	4,406	2.27	3.41	5.37	24.89	16.57	10.52
TPC	STRONG BUY	179.00	338.00	1,306	2,276	2,418	14.93	26.01	27.64	11.99	6.88	6.48
VNT	BUY	12.50	21.00	871	1,289	1,620	0.96	1.36	1.71	13.02	9.19	7.31
Commerce												
BIGC	LONG-TERM BUY	18.20	22.20	1,413	1,513	1,635	1.76	1.89	2.04	10.34	9.63	8.92
CP7-11	BUY	60.00	72.00	1,339	1,726	1,908	3.35	3.92	4.34	17.91	15.31	13.82
HMPRO	BUY	4.28	5.60	207	262	304	0.27	0.28	0.32	15.85	15.29	13.38
LOXLEY	BUY	3.64	6.60	543	617	726	0.27	0.31	0.36	13.48	11.74	10.11
MAKRO	HOLD	51.50	50.00	944	1,044	1,124	3.93	4.35	4.68	13.10	11.84	11.00
Commun												
ADVANC	BUY	85.50	104.00	18,529	19,740	19,973	6.31	6.72	6.80	13.55	12.72	12.57
AIT	BUY	35.50	56.00	117	150	174	3.30	3.74	4.36	10.76	9.49	8.14
CSL	ACCUMULATE	9.00	11.30	78	311	410	0.16	0.50	0.66	56.25	18.00	13.64
INET	BUY	7.85	11.00	95	155	179	0.38	0.47	0.54	20.66	16.70	14.54
MFEC	LONG-TERM BUY	6.10	10.00	70	125	146	0.61	0.62	0.73	10.00	9.84	8.36
SAMART	BUY	7.10	9.00	1,790	541	642	1.89	0.58	0.68	3.76	12.24	10.44
SATTEL	BUY	12.50	21.50	1,080	701	1,207	2.47	1.29	2.22	5.06	9.69	5.63
SIM	BUY	11.70	19.50	240	438	475	0.56	1.02	1.10	20.89	11.47	10.64
SHIN	BUY	36.50	48.40	9,723	8,583	8,823	3.31	2.92	3.00	11.03	12.50	12.17
TRUE	BUY	5.75	9.60	(5,674)	(3,303)	(5,162)	(1.89)	(1.10)	(1.72)	Na	Na	Na
TT&T	HOLD	3.86	4.10	984	63	183	0.35	0.02	0.06	11.03	193.00	64.33
UCOM	BUY	47.25	61.70	1,186	2,114	2,402	2.73	4.86	5.53	17.31	9.72	8.54
Energy												
BAFS	HOLD	10.70	11.00	313	348	354	0.92	1.02	1.04	11.63	10.49	10.29
BANPU	ACCUMULATE	126.00	169.00	2,046	2,746	3,189	7.75	10.10	11.74	16.26	12.48	10.73
BCP-DR1	SPEC. BUY	15.90	21.00 (DR)	(1,298)	964	1,368	(2.49)	1.71	2.43	Na	9.24	6.50
EGCOMP	HOLD	68.50	89.00	5,994	4,691	5,003	11.39	8.91	9.50	6.01	7.69	7.21
PICNI	SPEC. BUY	15.40	18.20	265	566	704	0.44	0.94	1.17	35.00	16.38	13.16
PTT	BUY	156.00	227.00	39,401	42,400	44,020	14.09	15.16	15.74	11.07	10.29	9.91
PTTEP	BUY ON WEAK	270.00	284.00	12,028	14,834	14,921	18.45	22.75	22.89	14.63	11.87	11.80
RATCH	ACCUMULATE	37.75	46.00	5,436	6,675	6,599	3.75	4.60	4.55	10.07	8.21	8.30
RPC	LONG-TERM BUY	28.75	41.00	236	270	326	3.62	3.24	3.92	7.94	8.87	7.33
SUSCO	SPEC. BUY	1.17	1.96	92	113	149	0.10	0.10	0.13	11.70	11.70	9.00

Sector recommendations (continued)

Stock	Rec	24/06/2004 Price (Bt)	Fair Value	Net Profit (Bt mn)			EPS (Bt)			PER		
				2003	2004F	2005F	2003	2004F	2005F	2003	2004F	2005F
Entertainment												
BEC	ACCUMULATE	18.30	21.00	1,970	2,101	2,255	0.98	1.05	1.13	18.67	17.43	16.19
CVD	ACCUMULATE	18.80	26.00	94	57	65	1.48	1.76	2.00	12.70	10.68	9.40
EGV	SWITCH	6.00	8.30	89	119	125	0.24	0.27	0.28	25.00	22.22	21.43
GMMM	BUY	26.00	39.25	386	453	549	1.97	2.31	2.80	13.20	11.26	9.29
GRAMMY	LONG-TERM BUY	15.10	20.20	525	582	655	1.07	1.19	1.34	14.11	12.69	11.27
ITV	HOLD	15.40	18.20	(660)	(370)	(194)	(0.57)	(0.26)	(0.14)	Na	Na	Na
MAJOR	BUY	13.40	21.00	423	577	660	0.72	0.90	0.94	18.61	14.89	14.26
MATCH	FULLY VALUED	9.75	8.50	48	86	101	0.36	0.57	0.39	27.08	17.11	25.00
MEDIAS	ACCUMULATE	14.90	22.40	459	458	469	1.76	1.40	1.43	8.47	10.64	10.42
RS	FULLY VALUED	16.80	16.40	108	12	74	0.83	0.09	0.53	20.24	186.67	31.70
UBC	ACCUMULATE	19.20	23.00	131	337	508	0.18	0.45	0.68	106.67	42.67	28.24
Electronics												
CCET	BUY	33.00	45.00	1,485	1,611	1,740	4.87	5.28	5.70	6.78	6.25	5.79
DELTA	BUY ON WEAK	23.80	30.00	1,896	3,747	5,108	1.60	3.16	4.30	14.87	7.53	5.53
HANA	BUY	24.90	160.00	1,615	2,010	2,339	10.30	12.80	14.90	2.42	1.95	1.67
KCE	BUY	11.50	18.00	299	460	555	0.96	1.48	1.78	11.98	7.77	6.46
Finance												
AEONTS	LONG-TERM BUY	29.75	34.20	623	716	841	2.49	2.86	3.36	11.94	10.39	8.85
AST	BUY	87.00	116.00	786	1,222	1,259	5.99	6.24	6.43	14.52	13.94	13.53
CNS	BUY	71.50	88.00	123	517	559	1.71	7.22	7.80	41.81	9.90	9.16
FNS	ACCUMULATE	38.00	43.00	579	677	703	5.59	6.15	6.39	6.80	6.18	5.95
KGI	SWITCH	3.64	4.50	916	728	909	0.49	0.37	0.47	7.43	9.84	7.74
KK	LONG-TERM BUY	35.00	55.75	2,065	2,420	2,539	5.74	5.33	5.59	6.10	6.57	6.26
KTC	LONG-TERM BUY	28.00	35.00	353	615	707	2.91	2.46	2.83	9.62	11.38	9.89
NFS	BUY	14.30	21.25	2,669	2,432	2,579	2.00	1.82	1.93	7.15	7.86	7.41
TISCO	ACCUMULATE	26.25	33.50	1,890	1,987	2,380	2.66	2.79	3.34	9.87	9.41	7.86
TK	LONG-TERM BUY	8.35	11.80	391	492	579	1.49	0.98	1.16	5.60	8.52	7.20
TNITY	HOLD	24.90	43.00	191	244	262	1.37	1.75	1.88	18.18	14.23	13.24
US	HOLD	10.20	13.25	216	147	188	1.43	1.19	1.52	7.13	8.57	6.71
ZMICO	LONG-TERM BUY	9.15	12.80	730	834	901	1.04	1.01	1.09	8.80	9.06	8.39
Food												
TIPCO	LONG-TERM BUY	4.92	6.60	298	285	335	0.76	0.66	0.78	6.47	7.45	6.31
TUF	LONG-TERM BUY	21.30	25.60	2,279	1,889	2,100	2.65	2.13	2.37	8.04	10.00	8.99
Hotel												
CENDEL	BUY	14.20	42.00	270	358	432	3.00	3.97	4.80	4.73	3.58	2.96
Household												
SITHAI	HOLD	6.85	8.00	159	171	183	0.56	0.60	0.64	12.23	11.42	10.70
MODERN	LONG-TERM BUY	30.00	44.00	203	233	255	2.54	2.91	3.18	11.81	10.31	9.43
OGC	LONG-TERM BUY	61.00	111.00	180	216	226	8.72	10.44	10.90	7.00	5.84	5.60
Mining												
PDI	SELL	13.00	11.10	0	222	293	0.00	0.98	1.30	0.00	13.27	10.00
Packaging												
CSC	LONG-TERM BUY	19.40	32.00	180	167	172	3.47	3.21	3.30	5.59	6.04	5.88
S-PAC	BUY	14.30	24.50	115	128	155	2.40	2.13	2.58	5.96	6.71	5.54
Printing												
NMG	HOLD	15.70	15.57	151	145	174	0.94	0.70	0.85	16.70	22.43	18.47
Property												
AP	BUY	4.08	7.00	1,192	1,205	1,239	0.60	0.54	0.55	6.80	7.56	7.42
AMARIN	BUY	2.68	17.10	316	338	362	1.31	1.40	1.50	2.05	1.91	1.79
AMATA	BUY	11.70	17.20	812	910	846	0.76	0.85	0.79	15.39	13.76	14.81
BLAND	SPEC. BUY	0.88	2.21	19,030	476	895	1.87	0.05	0.09	0.47	17.60	9.99
CK	BUY ON WEAK	13.20	14.40	285	416	848	0.27	0.40	0.81	48.89	33.00	16.30
CPN	LONG-TERM BUY	9.10	10.60	1,197	1,327	1,486	0.57	0.61	0.68	15.96	14.92	13.38
EMC	BUY	4.60	6.40	109	195	228	1.85	0.53	0.62	2.49	8.68	7.42
GOLD	BUY	8.50	17.00	454	713	865	0.73	1.14	1.38	11.64	7.46	6.16
ITD	BUY	9.50	12.00	921	1,514	3,442	0.25	0.36	0.82	38.60	26.30	11.60
LALIN	BUY	6.30	15.00	784	967	922	0.95	1.17	1.12	6.63	5.38	5.63
LH	BUY	8.95	12.00	6,191	5,808	5,634	0.96	0.82	0.79	9.32	10.91	11.33
LPN	BUY	2.60	5.40	465	562	640	5.10	4.80	5.40	0.51	0.54	0.48
NOBLE	BUY	7.70	14.00	747	623	502	1.64	1.36	1.10	4.70	5.66	7.00
PF	BUY	7.20	14.00	1,157	1,081	987	1.55	1.45	1.32	4.65	4.97	5.45
QH	HOLD	1.30	1.40	1,175	1,019	841	0.20	0.17	0.14	6.50	7.65	9.29
SC	BUY ON WEAK	17.10	18.25	284	216	443	1.29	0.67	1.38	13.26	25.52	12.39
SIRI	BUY	4.86	12.00	580	1,484	1,596	0.44	0.96	1.03	11.05	5.06	4.72
SPALI	BUY ON WEAK	3.08	4.70	1,222	762	665	0.94	0.59	0.51	3.28	5.22	6.04
STECON	BUY	12.00	18.50	604	674	1,252	0.60	0.67	1.24	20.00	17.91	9.68
TICON	HOLD	7.00	10.30	208	278	337	0.52	0.52	0.63	13.46	13.46	11.11

Sector recommendations (continued)

Stock	Rec	24/06/2004 Price (Bt)	Fair Value	Net Profit (Bt mn)			EPS (Bt)			PER		
				2003	2004F	2005F	2003	2004F	2005F	2003	2004F	2005F
Trans												
AOT	LONG-TERM BUY	51.50	56.00	3,808	4,172	5,169	3.81	2.92	3.62	13.52	17.64	14.23
BECL	BUY	23.60	33.00	1,233	1,740	1,810	1.60	2.26	2.35	14.75	10.44	10.04
PSL	BUY	32.25	56.00	1,537	2,939	2,273	2.95	5.65	4.37	10.93	5.71	7.38
RCL	BUY	14.70	32.00	791	1,463	2,180	1.19	2.21	3.29	12.35	6.65	4.47
TTA	BUY	28.50	50.00	1,003	4,039	3,413	1.83	6.26	5.29	15.57	4.55	5.39
Vehicle												
AH	LONG-TERM BUY	29.25	35.00	310	623	651	1.45	2.60	2.71	20.17	11.25	10.79
BAT-3K	LONG-TERM BUY	52.50	78.00	125	131	151	6.24	6.53	7.55	8.41	8.04	6.95
HFT	LONG-TERM BUY	19.30	35.00	66	81	109	2.17	2.10	2.82	8.89	9.19	6.84
IRC	LONG-TERM BUY	8.85	16.70	204	221	253	1.02	1.11	1.26	8.68	7.97	7.02
SPSU	ACCUMULATE	9.15	15.00	155	161	172	0.98	1.02	1.07	9.34	8.97	8.55
STANLY	LONG-TERM BUY	125.00	194.00	764	928	1,172	9.97	12.11	15.30	12.54	10.33	8.17
TRU	LONG-TERM BUY	15.40	20.00	335	771	835	0.67	1.55	1.67	22.99	9.94	9.22
MAI												
IRCP	BUY	10.60	20.00	44	75	87	0.92	1.36	1.58	11.52	7.79	6.71
MACO	BUY	12.00	19.50	65	136	162	0.52	1.09	1.30	23.08	11.01	9.23
PICO	BUY	4.02	7.43	30	40	56	0.46	0.62	0.86	8.70	6.48	4.67
YUASA	HOLD	4.86	7.00	20	52	113	0.18	0.49	1.05	26.70	9.96	4.65

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