

30 NOVEMBER 2021

Thailand Market Strategy

Finding the winning “gorillas in the SET”

From 2020-21 survival to 2022 revival

We believe Thailand is one of the few countries that will see stronger-than-expected GDP growth in 2022 (key authorities estimate 3.8% y-y), thanks to its strong export industry and the endemic growth in both investments (private and public) and consumer spending, multiplied by the velocity of money (M2) at 0.68x in 9M21 on the back of the country's effective healthcare system and, most importantly, the extensive vaccine rollouts nationwide to gradually draw tourists back to the country. As an export-driven, tourism-centric country, we expect Thailand to benefit from the ongoing domestic and global economic reopenings and recoveries starting in 4Q21 into 2022, with the backdrop of accommodative fiscal and monetary policies with a sub-3% inflation rate and a low BoT policy rate.

“Finding the gorillas” in the SET

Our “finding the gorillas” investment strategy means searching for the most likely winners in the SET with a set of three key characteristics – visionary management, being a fast or first mover, and having a fluid organisational structure/culture – to thrive in the fast-changing and dynamic industry landscape where disruptions and black swan events are increasingly normal rather than a rarity. We have identified groups of listed companies as potential “gorillas” in the SET, including 1) SCB and KBANK as digital financial leaders; 2) JMART group (JMART, SINGER, JMT, BTS) for its first mover advantage and integrated business model of big data and digital platforms; 3) GULF group (GULF, ADVANC, INTUCH) for its integrated portfolio of infrastructure, utilities products and digital platforms; 4) EA group (EA, NEX) as leaders in the EV industry; and 5) CP group with the TRUE and DTAC merger.

Transition, synergy integration, and transformation themes to play for 2022

With the three characteristics in mind and our economic recovery and corporate earnings growth projections, we have identified the winning sectors for 2022 as tourism, commerce, industrial estate, finance, utilities, petrochemical, and transportation. Our three investment themes and top picks are 1) ‘Covid-19 transition’ with top picks – AOT, MINT, HMPRO and AMATA; 2) ‘Synergy integration’ with top picks – BA, JMT, BGRIM and IVL; 3) ‘Digital transformation’ with top picks – BTS, SCB, KBANK, GULF and EA.

SET Index target of 1,892 with 23.4% EPS growth in 2022

We remain OVERWEIGHT on the SET Index. We project a strong economic recovery in Thailand in 2022 with c3-4% GDP growth and favourable fiscal and monetary policies as key backdrops for solid corporate earnings growth to drive the SET Index higher to our 12-month target of 1,892, based on 17.2x 2022E P/E, or its 10-year average, backed by our EPS growth forecast of 23.4% y-y in 2022 at THB110.



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From 2020-21 survival to 2022 revival

In today's fast-changing and more disruptive environment, companies with proven operational capability and efficiency may not only be able to survive but also thrive given the unpredictable changes in the industry dynamics and consumer behaviour toward more convenient, compact, and competitive products and services.

Successful corporations, in our view, are those that embrace visionary, highly adaptable, and capable management, organisational structures and cultures. We think these characteristics will be critical to monitor and can eventually allow us to identify the 'winning' companies in listed equity markets as we strive for successful investment strategies.

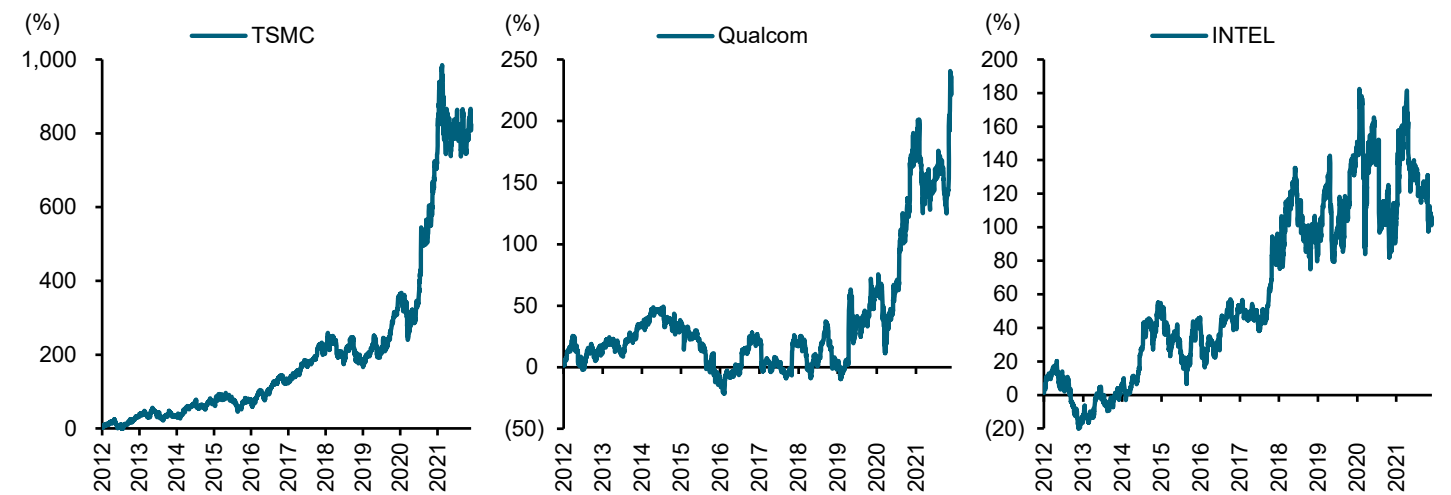
"Finding the gorillas" investment strategy

In the Thai stock market, we believe the "finding the gorillas" investment strategy can be applied to find winning stocks for the medium to long-term investment horizon. We define the "finding the gorillas" investment strategy as the search for the most successful companies among the industries where they are competing and operating in with a set of characteristics that we think would effectively turn them into winners, if not "winners take all", in their respective industries.

Under the finding the gorillas strategy, a "gorilla" is a market leading company, which has a dominant position thanks to its proprietary technology or other advantages, and as a result this company can be likened to a huge gorilla which dominates its part of the jungle.

While the finding the gorillas strategy mostly applies to successful investments in high-tech, high-growth industries that have revolutionised the global industry landscape, we think the strategy is a good fit for Thai listed companies with sustainable competitive advantages by virtue of having an ecosystem that sustains them.

Exhibit 1: Share price performance of Intel, Qualcomm, and TSMC – three gorillas in their industries



Qualcomm Inc. (QCOM US); Taiwan Semiconductor Manufacturing (TSMC TW), Intel Corp (INTEL US); as of 29 Nov 2021
Source: Bloomberg

Three examples of gorillas. Examples are Intel Corporation (INTC, NASDAQ), the world's largest semiconductor chip manufacturer of computer chips used for personal computers and notebooks, Qualcomm (QCOM, NASDAQ), the leading producer of semiconductors, software, and services related to mobile and wireless technology and chipsets, and Taiwan Semiconductor (TSMC TW) for its semiconductor foundries, all being the undisputed leaders in their respective industries and commanding market shares and much higher net margins than their peers in their respective industries.

These “winners take all” examples indicate that marketplace gorillas, at the end of the industry competition cycle, can emerge as winners, with their earnings growing at astronomical rates, thereby driving up their share prices higher by several times and providing investors with phenomenal investment returns within a few years.

Intel, one of the world's first gorillas of semiconductor chipsets. During the 1980s-2000s, during the onset of the transition into computer-based technology, Intel succeeded and outpaced its competitors, Motorola, AMD, and other chip makers, to emerge as the world's largest producer of semiconductor chips. Intel's share price had jumped by over 183x within 20 years, declining from its peak during the dotcom bubble, but recovering since 2000.

However, Intel has lost out in the battle for the next shift in the global computer technology industry from the personal computing world into a mobile, wireless telecommunication and smart phone reality to Qualcomm, which in turn has become the world's dominant player in wireless semiconductor microprocessor chips and telecommunications.

Qualcomm, a gorilla assuming world dominance in semiconductor wireless chipsets. In the era of wireless and mobile technology, Qualcomm has stood out as the world's leading producer of semiconductor microprocessor chipsets for wireless and mobile technology in its evolution from 1G to the current 5G technology.

TSMC is the most prominent example of a gorilla in semiconductor contract manufacturing and design with over 50% of the global foundry market share as of 3Q21, according to TrendForce's latest data. TSMC's share price has risen by over 30x within 25 years and is still rerating thanks to the fast-growing demand for semiconductors and chips.

Exhibit 2: “Finding the gorillas” investment strategy for 2022 in the SET

	Strategy	Targets	Actions
Step 1	Identify the industries that are currently in the process of transitioning into hyper-growth industries to ride the dynamic changes	Finance, commerce, tourism, utilities, telecommunication, transportation, petrochemical, industrial estate	Narrow down the potential long-term industries
Step 2	Identify the companies that could be long-term winners in the leading industries, with the three key characteristics of 1) visionary management; 2) highly adaptable culture and organisation; 3) being a fast or first mover	SCB, KBANK and JMT in finance; HMPRO in commerce; MINT in tourism; GULF, EA and BGRIM in utilities; BA, BTS and AOT in transportation; IVL in petrochemical; AMATA in industrial estate	Establish a set of potential gorillas in their respective industries
Step 3	Buy the “winning” stocks which have a more manifest chance at becoming a gorilla	Our top picks	Invest in the gorilla stocks
Step 4	As the gorillas manifest themselves as winners, sell other competitors' stocks and buy more gorilla stocks	Drill down from the 13 apostles down to 3-5 gorillas	Sell underperforming gorillas and buy more outperforming gorillas, based on earnings growth and sustainability
Step 5	Hold gorilla stocks until a new category emerges which could disrupt or even eliminate the gorillas' customer bases	High-performing stocks	Sell the gorilla stocks when returns hit the target or the gorillas' advantage fade

Source: FSSIA estimates

Finding the gorillas in the SET

Under the finding the gorillas investment strategy, we have identified three key characteristics that we believe most winners share as a set of key success factors – visionary management, being a fast or first mover, and having a fluid organisational structure and culture. These characteristics, in our view, can allow the companies to survive, succeed, and stay ahead of their industries in the fast-changing and dynamic industry landscape with disruptions and black swan events increasingly becoming the norm rather than a rarity.

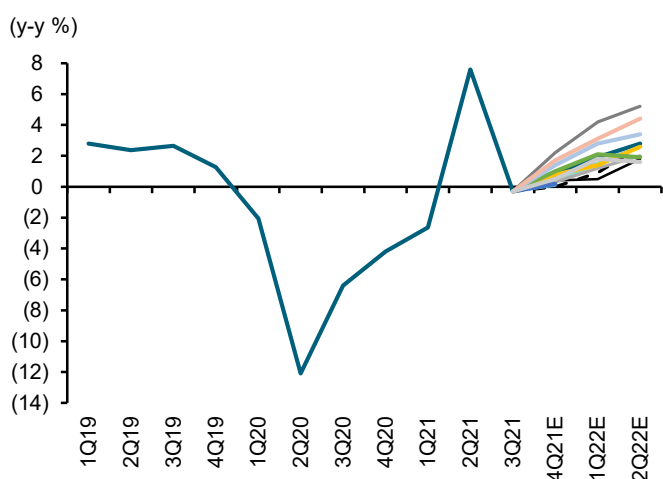
We remain Overweight on the Thai equity market and project a strong economic recovery in Thailand in 2022 with c3-4% GDP growth and favourable fiscal and monetary policies as key backdrops for solid corporate net profit growth to drive the SET Index higher to our 12-month target of 1,892, based on 17.2x 2022E P/E, or its 10-year average, backed by our aggregate net profit growth forecast for the stocks under our coverage of 23.4% y-y in 2022 and EPS of THB110.

We see a transition that should gradually transcend Thailand's economy from a damaged, pandemic-hit one into a healthy and growing economy in 2022-23. We expect Thai corporate earnings to rebound y-y on the back of higher economic activities on the country's full reopening and rising tourism revenue, directly benefiting the service and hospitality sectors for a transition toward the new normal. The winning sectors under this theme include hotels, hospitals, airlines, commerce, industrial estates, and entertainment.

However, the transition will be a bumpy one for Thailand, with economic growth volatility likely given the higher inflation regime as a result of the high commodity prices of oil, gas, and coal due to the tightening demand-supply balance caused by the global supply disruption, China's power crunch, and global emissions policies. This could lead to a more muted fiscal policy by the Bank of Thailand (BOT) in response to the mildly high-inflation environment, potentially driving the SET Index higher to our target of 1,892 by the end of 2022, led by the commodity and tourism-related sectors.

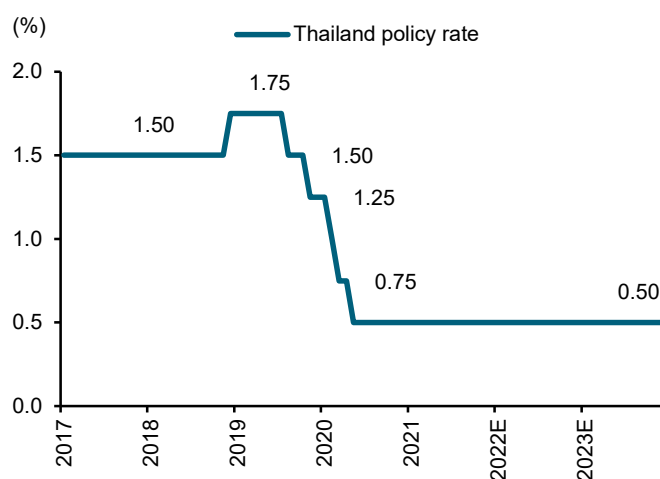
Economic growth with GDP growth of 3-4% y-y in 2022. Thailand's economic restart is slow but resilient, thanks to a faster vaccination rollout (55% of the total population fully vaccinated with two doses). All economic growth engines are working together, in our estimation, including rising government spending, higher public and private investment, faster domestic consumption recovery after the reopening of the country, and strong export growth.

Exhibit 3: Thailand GDP growth consensus trend, quarterly



Sources: Bloomberg consensus as of 18 Nov 2021; FSSIA's compilation

Exhibit 4: Thailand policy rate outlook in 2022-23



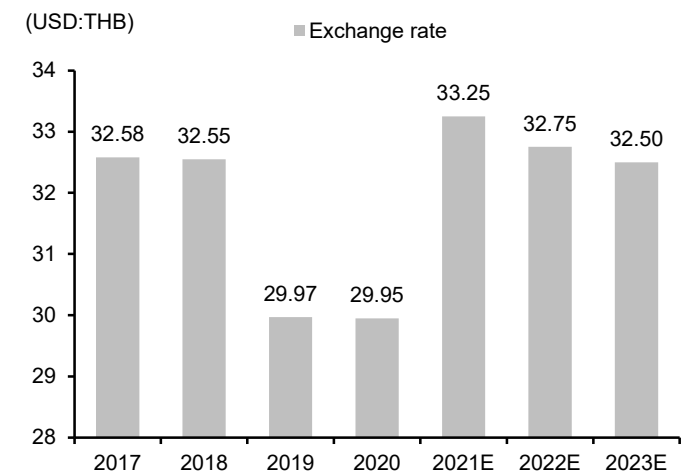
Source: FSSIA estimates

Exhibit 5: Thailand's core inflation price



Sources: Bloomberg; FSSIA estimates

Exhibit 6: Thailand's currency exchange rate forecast



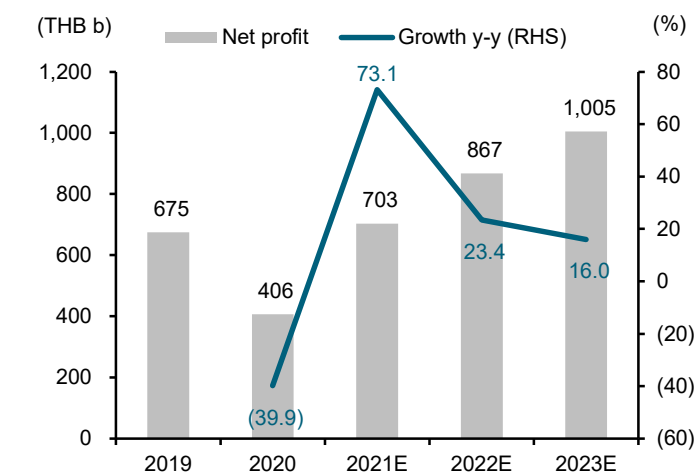
Sources: Bloomberg; FSSIA estimates

As an export-driven, tourism-centric country, we expect Thailand to benefit from the ongoing domestic and global economic reopenings and recoveries starting in 4Q21 into 2022. The global and Thailand's fiscal and monetary policies should remain the key pillars to drive the country's economic growth back on track to over 3.8% y-y GDP growth in 2022, based on our estimate.

2022E SET corporate earnings growth of 23.4% y-y. We see higher earnings visibility for the SET's corporate earnings beyond the economic restart. We forecast the SET's earnings to grow briskly by 23.4% y-y in 2022, driven by commerce (+8.5%), food & beverage (+7%), utilities (+3.7%), media (+2.6%), property (+2.1%), ICT (+1.5%), energy (+1.4%), finance (+1.2%), and banks (+1.1%). Meanwhile, we expect the transportation and tourism sector's earnings to rebound sharply but still remain in red territory.

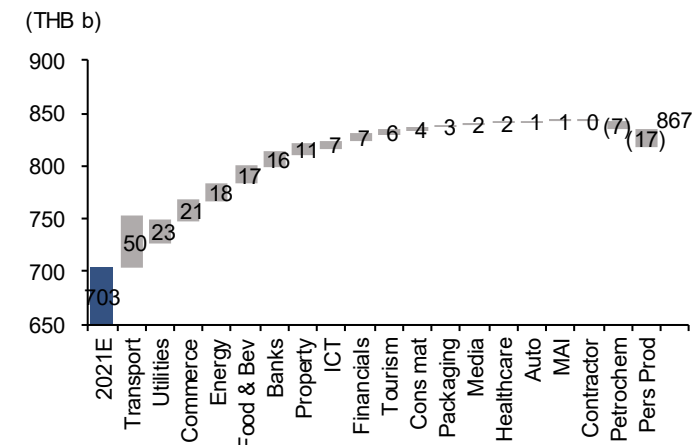
Our core investment theme in 2022 revolves around corporate earnings growth and economic growth, which we divide into post-Covid beneficiary plays, synergy integration stocks and transformation stocks. Meanwhile, we believe that economically sensitive sectors could experience a gradual economic restart in 2022 and 2023.

Exhibit 7: SET's corporate earnings forecast by FSSIA



Sources: Bloomberg; FSSIA estimates

Exhibit 8: SET's 2022E net profit breakdown by sector



Source: FSSIA estimates

Our sector and stock picks for 2022

With the three characteristics in mind and our economic recovery and corporate earnings growth projections, we have identified the winning sectors for 2022 as tourism, commerce, industrial estate, finance, utilities, petrochemical, and transportation. Our 13 winning companies under our three investment themes are:

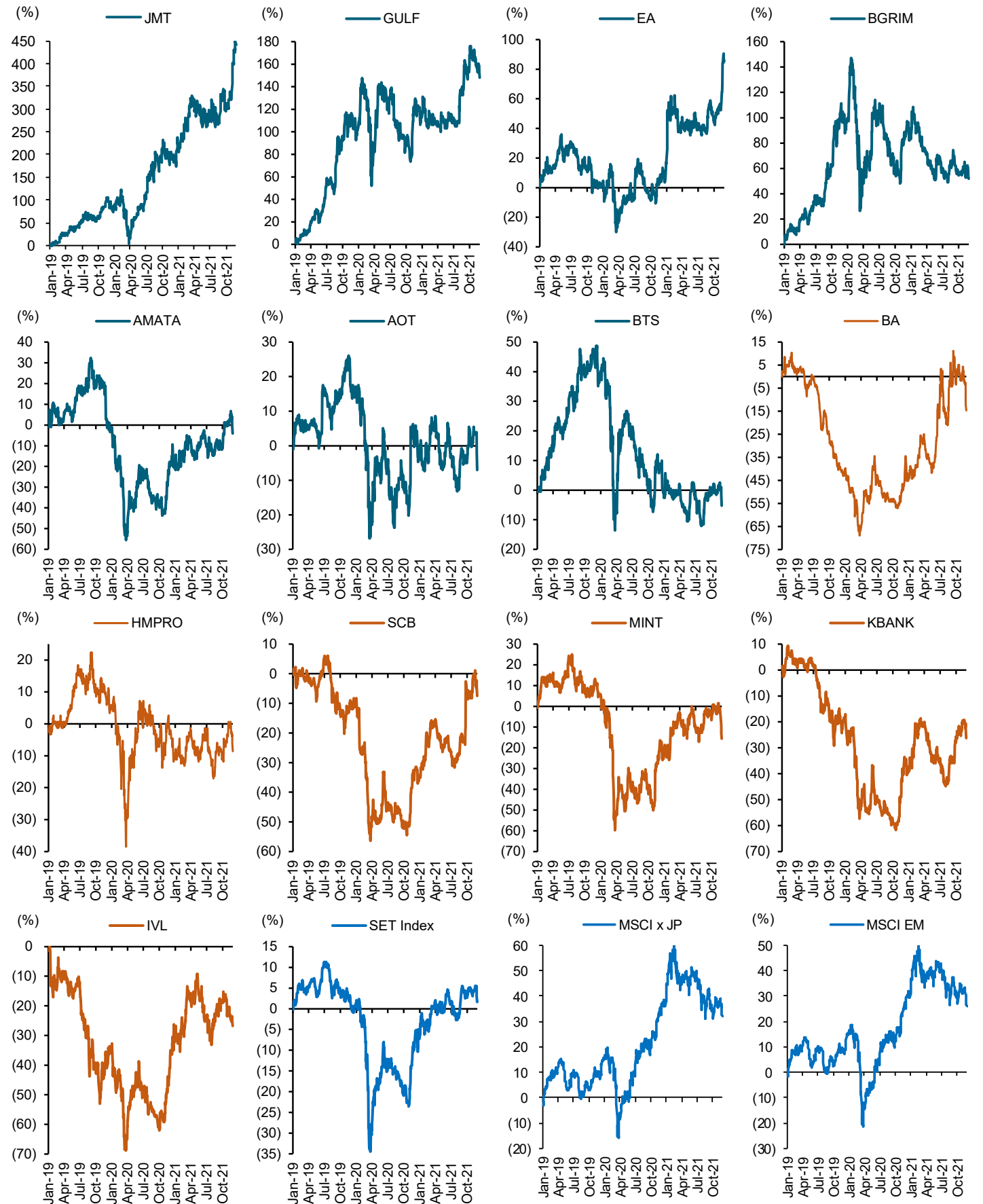
- 1) Covid-19 transition theme with top picks AOT, MINT, HMPRO and AMATA;
- 2) Synergy integration theme with top picks BA, JMT, BGRIM and IVL;
- 3) Digital transformation theme with top picks BTS, SCB, KBANK, GULF and EA.

Exhibit 9: Our top picks for 2022 and 1Q22 with tactical views

Stocks	BBG	Rationale on resilience in business model and strong fundamentals
Airports of Thailand	AOT	The key driver for a turnaround for AOT would be higher revenue from new concession contracts with King Power. AOT has waived the MG for the concession contract until Mar-22. Thus, AOT would receive higher concession revenue from Apr-22 onward. We expect the passenger volume to gradually recover to the pre-Covid level by FY24. However, concession revenue should surpass pre-Covid since FY23. Thus, we forecast earnings to exceed the pre-Covid level by FY23. Compared to other tourism stocks, AOT has highest potential to be the first stock whose earnings exceed the pre-Covid level, in our view.
Minor International	MINT	We believe MINT has the potential to turn around in 2Q22 and its earnings should be back at the pre-Covid level by 2023, with a potential upside from a better margin, as MINT has trimmed its costs since the start of Covid. The concern over the company's balance sheet has been dismissed, given that its free cash flow has turned positive since June, while it has cash on hand of THB23b and working capital facilities of up to THB33b. MINT is trading at an attractive valuation of 27x 2023E P/E, lower than its 5-year average of 32x.
Home Product Center	HMPRO	We expect the sector's 2022 earnings to post a strong recovery at 66% y-y due to economic recovery and the reopening of the tourism sector. The sector's earnings could return to the pre-Covid level in 2019 at above THB60b, supported by new store's expansion and improving profitability even though the tourism sector may not have returned to normal.
Amata Corp	AMATA	AMATA should be a prime winner on the return of FDI to both Thailand and Vietnam after travel restrictions are eased. We project AMATA to have net profit growth of 44% y-y to THB1.5b in 2022, driven by 1) the recovery of land presales in Thailand to 600-700 rai, its pre-Covid level; and 2) solid demand for land presales in Vietnam after the country's easing of the full lockdown in 4Q21. We think AMATA has the potential to have a new record net profit in the following year, supported by the positive factors mentioned above.
Bangkok Airways	BA	We believe BA will start to benefit from its airport business in 2022 onward. Looking back, in 2019, the profit of the airport business was thin as the operating cost for Samui Airport was embedded in BA's financials, while BA only recognised c30% of the total passenger service charges and landing fees for Samui Airport through Samui Property Fund (SPF). After the termination of the lease contract with SPF, BA has consolidated Samui Airport and will recognise all passenger service charges and landing fees.
JMT Network Services	JMT	We reiterate JMT as one of our top picks among diversified financial companies, with our GGM-based TP of THB70. We think there is more room for its share price to rerate, supported by its high 2022E net profit growth of 69% y-y (EPS of 30% y-y); 2) low earnings volatility – it is easy to predict its earnings pattern; and 3) efficient NPL management. We view JMT as a stock to hedge against the economic downturn, supported by its unsecured portfolio. It should also grow with the economic recovery via its secured portfolio.
B.Grimm Power	BGRIM	Strong 2022-23E net profit growth, driven by 1) five new SPPs under SPP replacement power purchase agreements with over 0.7MW capacity; 2) lower gas costs by up to USD1/mmbtu from the imported LNG of 0.65mt; and 3) multiple new growth projects from its organic and inorganic growth strategies.
Indorama Ventures	IVL	We expect IVL's net profit to rise in 4Q21-2022 on stronger product margins and higher utilisation rates for the IOD, PET-PTA, and fibre groups, with q-q improving MTBE and MEG margins. Key potential drivers are: 1) a stronger PET-PTA margin due to China's lower export volumes and solid demand; 2) a polyester fibre margin recovery for the automotive and lifestyle segments; and 3) the start-up of its ethane cracker in Nov-21 after the lightning strike in 2H20.
BTS Group Holdings	BTS	After the announcement to be partnership with JMART by sending VGI and U to invest in JMART, totally 24% of outstanding shares, BTS, as a holding company, should be able to expand its ecosystem to other businesses such as retailer services through J Mobile and SINGER and cryptocurrency and the blockchain via J Ventures. This partnership could create various opportunities between the two group. This is a win-win situation that could create strong synergies in its ecosystem.
Siam Commercial Bank	SCB	We like SCB's strategy to break out of the traditional way of doing business. We see four potential benefits from this transformation: 1) flexibility and independence; 2) less supervision from the BoT; 3) unlocking subsidiaries' values; and 4) gaining more benefits from leveraging after listing SCBX's subsidiaries. This should enhance its valuation in terms of long-term growth, its dividend payout ratio, and ROE.
Kasikornbank	KBANK	We believe that KBANK's business is almost running parallel with SCB's. First, KBANK is one of the leading banks in terms of digital platforms and technologies. Accordingly, we believe that it is one of the best positioned banks to benefit from the country's digital age. Second, KBANK's retail lending market share is always ranked among the top three spots. Retail lending in Thailand has high growth potential, with the most attractive risk-reward vs other segments, in our view. As a result, investors typically give premium valuations to retail lending-oriented stocks.
Gulf Energy	GULF	We expect GULF's 4Q21 core net profit to rise to over THB2b, driven by 1) earnings from BKR2 and GSRC; 2) higher earnings from SPPs and IPPs on high demand after the reopening; and 3) the share of profits from INTUCH. Following the COD of its first Gulf SRC IPP unit, GULF commenced the COD of its second unit on 30 Sep-21, bringing Gulf SRC's total operating capacity to 1.32GW. In 2022-24, GULF will still have six IPP units with capacities of 662.5MW each to COD, which would turn GULF into Thailand's largest power producer by 2024 with a total capacity of 5.3GW. This should allow GULF to import a sizable amount of LNG for its power plants via its 70%-owned LNG terminal in Maptaphut phase 3.
Energy Absolute	EA	We think EA's net profit growth will accelerate starting in 4Q21 to boost its 2022E net profit growth by 19% y-y and 2023E by 14% y-y, driven by the start-ups of its multiple S-curve growth projects, which include the expected deliveries of 200-300 e-buses in 4Q21 and the 1GWh battery phase 1 plant in Dec-21; the delivery of 2,000-3,000 EVs in 2022; and the ongoing construction of its EV charging stations.

Source: FSSIA estimates

Exhibit 10: Share price performance of FSSIA's top picks, 2019 to 29 Nov 2021



Source: Bloomberg

Thai economic recovery is highly visible in 2022

We believe Thailand is one of the few countries that will see stronger-than-expected GDP growth in 2022, thanks to the country's strong export industry and the endemic growth in both investments (private and public) and consumer spending, multiplied by the velocity of money (M2) at 0.68x in 9M21 on the back of the country's effective healthcare system and, most importantly, the extensive vaccine rollouts nationwide.

3.8% GDP growth expected in 2022, up from 0.9% estimated in 2021. Based on the most recent GDP forecasts for 2021-22 by the Thai government agencies, the Office of the National Economic and Social Development Council (NESDC), the BoT, the Fiscal Policy Office (FPO), a private information provider for Bloomberg (BBG)'s consensus, and two key commercial banks, Siam Commercial Bank (SCB), and Kasikornbank (KBANK), the average GDP growth in 2021 is forecast at 0.68%. For 2022, the average 2022E GDP growth is 3.8% y-y, which is in line with our projection in the 3.0-4.0% range.

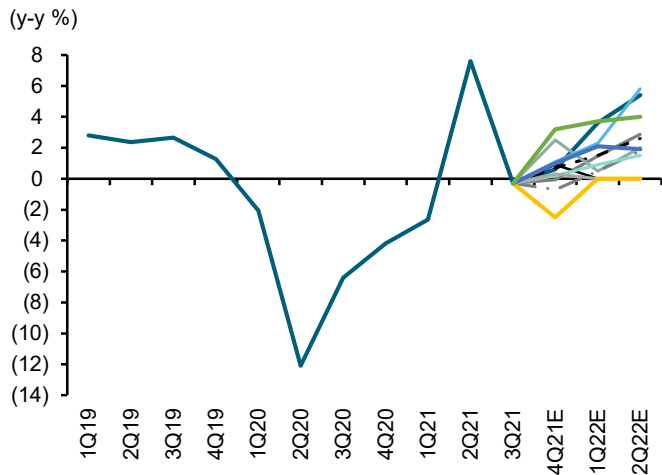
Exhibit 11: Economic forecasts by key authorities, KBANK, SCB, and Bloomberg consensus

(y-y%)	2021E								2022E				
	9M20	9M21	NESDC Nov-21	BoT Sep-21	FPO Oct 21	BBG Nov-21	SCB Oct-21	KBANK Oct-21	NESDC Nov-21	BoT Sep-21	FPO Oct 21	BBG Nov-21	SCB Oct-21
Real GDP growth			1.2	0.7	1.0	1.0	0.7	0.2	3.5-4.5	3.9	4.0	3.9	3.4
Gross fixed capital	(5.6)	4.7	4.4					4.6	4.3				
- Private			4.3	4.2	4.0		2.5	3.7	4.2	6.7	5.0		4.8
- Public			4.8	8.0	8.1		5.5	7.8	4.6	6.4	5.0		6.5
Private consumption	(1.6)	0.4	1.2	0.0	0.8		(0.8)	(0.1)	4.3	5.7	4.2		2.8
Public consumption	0.4	1.9	2.3	3.3	3.8		3.5	3.5	0.3	(0.5)	1.1		(0.7)
Exports	(18.8)	7.8	16.8	8.7	8.4		8.7		4.9	6.1	7.3		6.3
Imports	(15.3)	18.6	23.2	15.3	17.8		12.3		5.7	4.8	6.1		4.9
@ current prices													
USD export	(19.1)	11.4	16.8	16.5	16.3		15.0	14.0	4.9	3.7	3.8		4.7
USD import	(16.3)	28.6	23.2	23.8	29.2		18.0	27.0	5.7	4.8	5.4		5.3
Benchmark rate+	0.50	0.50				0.50	0.50	0.50				0.55	0.50
Current A/C (USD b)			(12.7)	(15.3)	(18.3)			(15.0)	5.4	1.0	0.3		
Current A/C to GDP (%)	4.8	(2.9)	(2.5)		(3.7)	(1.7)			1.0		0.1	1.0	
Inflation - headline (%)*	(0.94)	0.99	1.2	1.0	1.0	1.1	0.9	1.2	0.9-1.9	1.4	1.4	1.5	1.0
Inflation - core (%)	0.31	0.23		0.2	0.3					0.3	0.4		
Fx avg (USDTHB)	31.52	31.52	31.9		31.9	33.0			32-33		32.7	32.2	
Dubai crude oil (USD/bbl)	41.4	67.5	70.0	66.4	69.4				67-77	65.5	68.6		
Tourist arrivals (m)	6.69	0.09	0.20	0.20	0.20		0.17		5.00	6.00	7.00		6.30
Tourist receipts (THBt)			0.13						0.44				

As of 26 Nov 2021

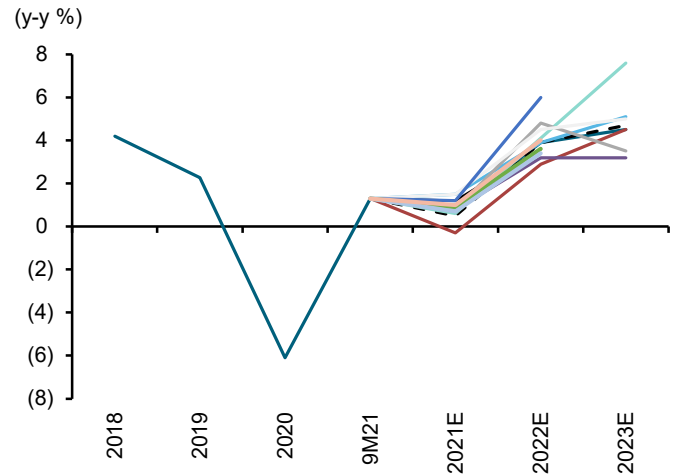
Sources: National Economic and Social Development Council (NESDC), Bank of Thailand and Ministry of Finance; Bloomberg consensus; Siam Commercial Bank 3Q21 presentation; Kasikornbank's 3Q21 presentation; FSSIA's compilation

Exhibit 12: Thailand GDP growth consensus trend, quarterly



Sources: Bloomberg consensus as of 18 Nov 2021; FSSIA's compilation

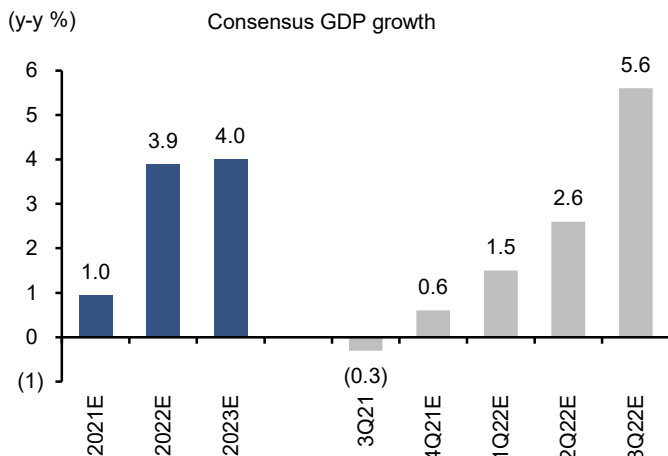
Exhibit 13: Thailand GDP growth consensus trend, annually



Sources: Bloomberg consensus as of 18 Nov 2021; FSSIA's compilation

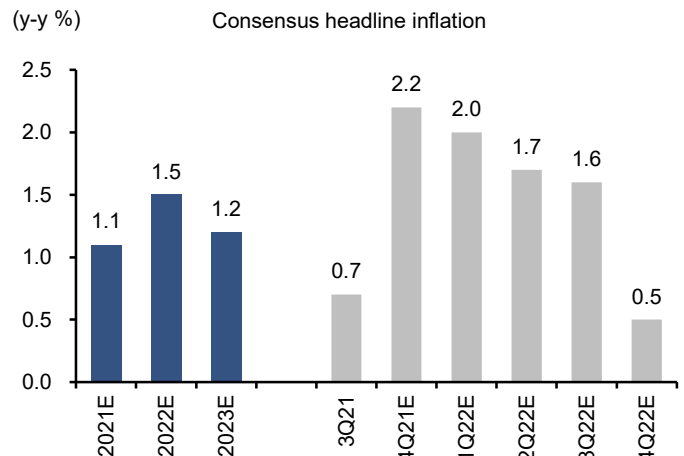
Stronger quarterly GDP momentum ahead. In terms of quarterly GDP forecasts, based on BBG's consensus estimates, Thailand's GDP is projected to stay positive and gradually rise throughout 2022, rising from 0.6% y-y in 4Q21 to 5.6% in 3Q22 before slowing down to 5.0% in 4Q22, amounting to average annual GDP growth of 3.9% in 2022, driven by continued strong net exports (export-import), higher public and private investments and consumer spending.

Exhibit 14: Thailand consensus GDP forecasts



Source: Bloomberg consensus as of 26 Nov 2021

Exhibit 15: Thailand consensus headline inflation forecasts

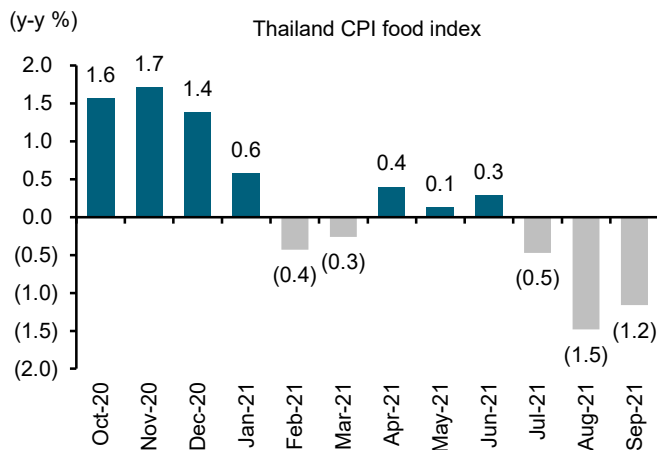


Source: Bloomberg consensus as of 26 Nov 2021

Stagflation risk remains few and far between for Thailand in 2022. We believe Thailand's economy is unlikely to face the risk of stagflation – a concurrent economic slowdown and hyperinflation – amid the global spike in commodity prices, supply chain disruptions, and the heightened uncertainty of the global economic growth outlook post economic reopenings in 2022 onward.

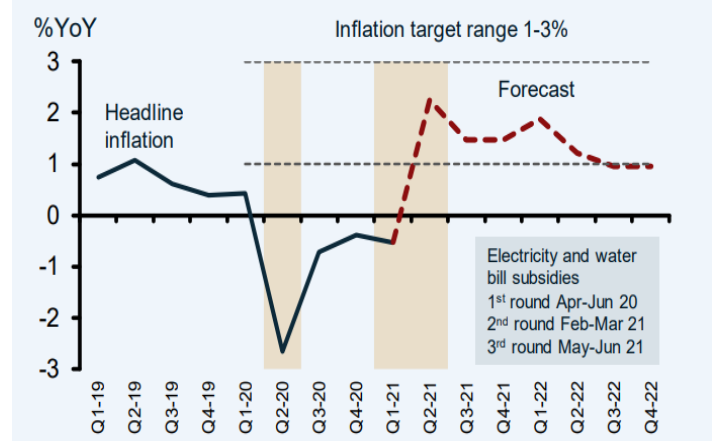
We think that mild inflation and GDP growth in 2022 should ensure that Thailand will not face stagflation in 2022, potentially allowing the private and public sectors to see decent growth after the country reopens its economic activities and tourism ramps up in Nov-21.

Exhibit 16: Thailand food inflation



Source: Ministry of Commerce

Exhibit 17: Thailand's inflation is forecast to remain low at around 1-1.5% in 2021-22



Source: Ministry of Commerce

Low headline Consumer Price Index (CPI) inflation level, which remained below 2% y-y in Sep-21. The core inflation level, excluding energy inflation, was even lower at only 0.2% y-y despite the surging crude oil import prices for Thailand. Unlike most other countries which are food importers, Thailand is one of the global leading exporters of food, including rice, sugar, cassava, poultry, fruits, and a number of processed food products such as canned tuna, frozen chicken and seafood.

As a result, Thailand's food inflation was at -1.2% y-y in Sep-21, slightly up from -1.5% y-y in Aug-21 thanks to the domestic oversupply. The BoT forecasts the country's headline inflation to remain close to the lower bound of its target range at 1% in 2021, and could increase to 1.4% y-y in 2022, as the food oversupply problem is expected to subside. This would also be due to the lower base effect in 2021.

Meanwhile, based on BBG's forecasts, Thailand's core inflation is forecasted to decline markedly in the next five quarters, down from 2.1% y-y in 4Q21 to only 0.5% y-y in 4Q22.

As an importer of crude oil, which accounts for 80% of Thailand's oil consumption, the higher energy prices should drive up Thailand's overall inflation in the short term and increase the country's cost of production and transportation.

However, the negative impacts from the coal, gas, and crude oil price spikes should be offset by the limited consumption of coal for the country's power generating capacity, which accounted for less than one-fifth of Thailand's total power generating capacity of 50GW as of 2Q21. Meanwhile, this should be partially offset by the government's subsidy measures for the price of diesel for both sea and land transportation and the price of LPG for cooking gas and industrial consumption (for more details please see the latest [Thai Market Strategy report, "Inflation: a friend to the SET but foe to Thai economy", dated 20 Oct-21](#)).

Effective vaccination rollout and healthcare system. Another critical factor that we think will provide a favourable backdrop to accommodate our projected strong corporate earnings growth in 2022 is the country's effective healthcare and extensive vaccination rate nationwide. As of Oct-21, Thailand's fully vaccinated rollout has reached 56.9% of the total population, and we expect the fully vaccinated rate to rise to 90% in 1Q22, resulting in business activities returning to normal.

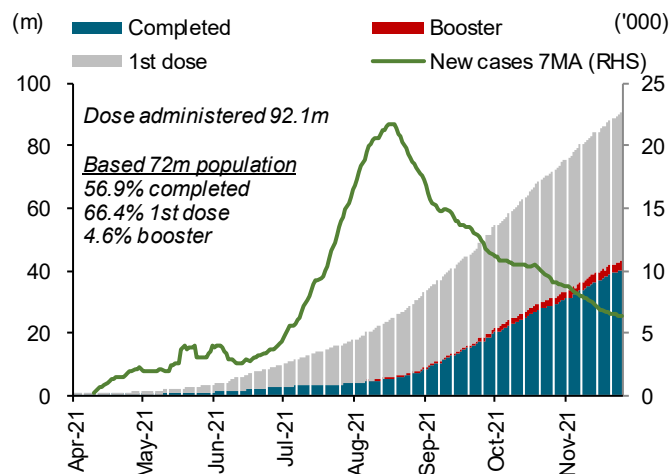
Exhibit 18: Thailand's reopening scheme from 1 Nov 2021

The first phase of the reopening scheme, 1-30 Nov 2021 Provinces (tourist locations)	
Bangkok	Chon Buri (Pattaya, Bang Lamung district, Na Jom Tian, Bang Sarea, Koh Sichang, Si Racha)
Samut Prakarn (Suvarnabhumi Airport)	Ranong (Koh Phayam)
Krabi	Rayong Koh Samet)
Phangnga	Trat (Koh Chang)
Prachuap Khiri Khan (Hua-Hin and Nong Kae)	Loei (Chiang Khan)
Phetchaburi (Cha-am)	Buri Ram (Muang)
Chiang Mai (Muang, Maerim, Mae Taeng, Doi Tao)	Nong Khai (Muang, Sri Chiang Mai, Tha Bo, Sangkhom)
	Udon Thani (Muang, Na Yoong, Nong Han, Prachak Silpakhom, Kumphawapi, Ban Dung)

For the second phase in December, sixteen more provinces are expected to be added: Chiang Rai, Mae Hong Son, Lamphum, Phrae, Sukhothai, Phetchabun, Pathum Thani, Ayuttaya, Khon Kaen, Nakhon Ratchasima, Nakhon Si Thammarat, Trang, Phatthalung, Songkhla, Yala, and Narathiwat

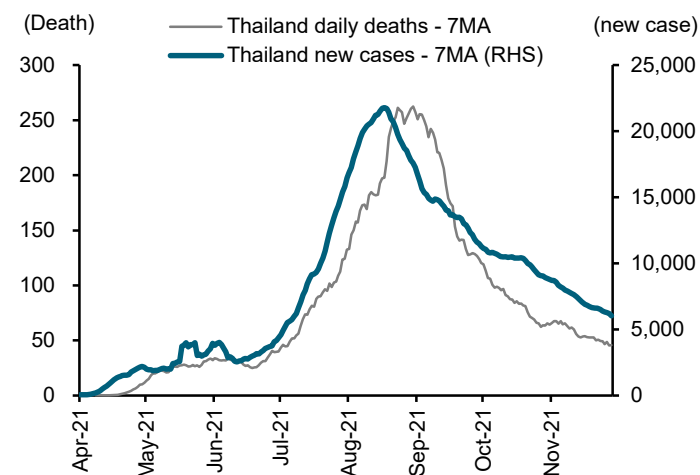
Sources: The Centre for Covid-19 Situation Administration (CCSA)

Exhibit 19: Thailand vaccine rollout to 29 Nov 2021



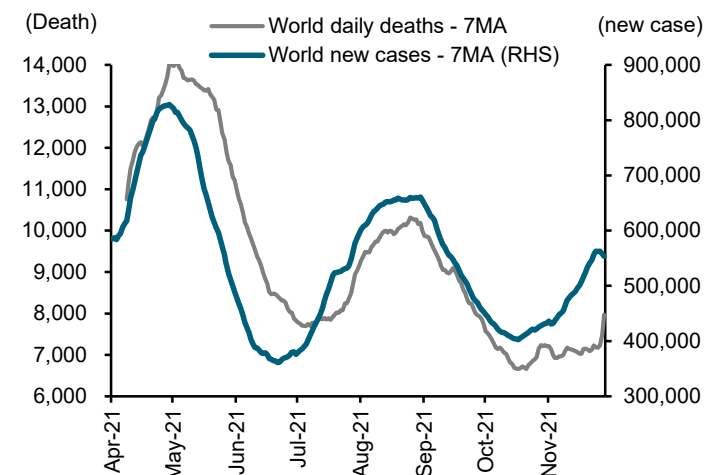
Based on 72m population
Source: Ministry of Higher Education, Science, Research and Innovation (MHESI)

Exhibit 20: Thailand's Covid-19 daily deaths vs new cases since Apr - 29 Nov 2021



Source: MHESI

Exhibit 21: World Covid-19 daily deaths vs new cases since Apr - 29 Nov 2021

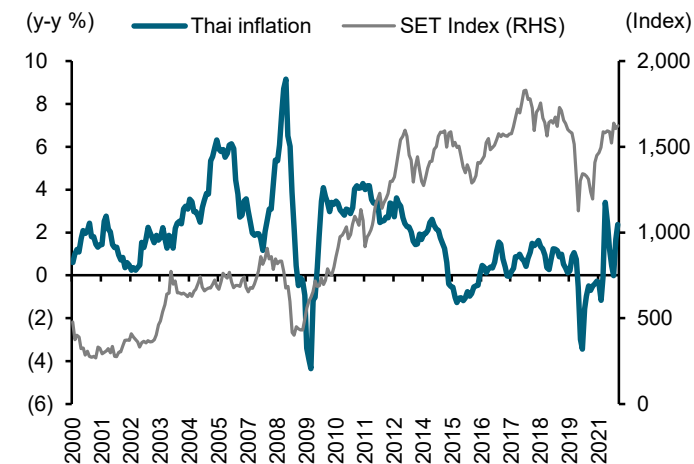


Source: MHESI

An accommodative, low-interest rate environment should continue in 2022.

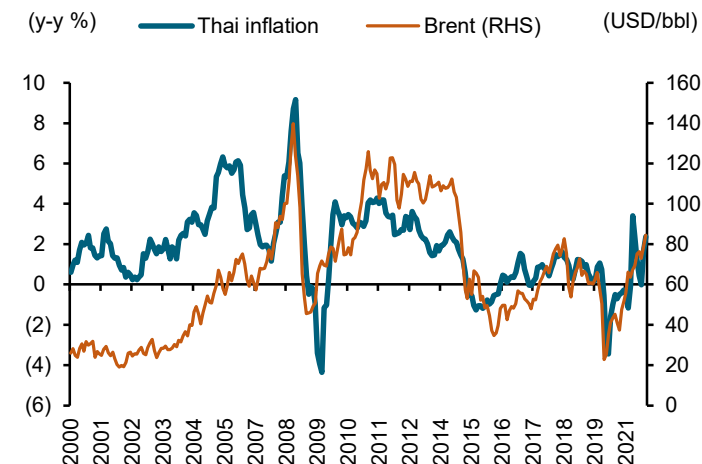
Unlike most other countries, we believe Thailand has a unique economic structure consisting of low inflation (low food and energy inflation rates), healthy GDP growth of over 3% y-y on the back of strong exports, higher investments and consumption, and a relatively stable exchange rate in the range of THB32-33/USD. This should allow Thailand to avoid the “stagflation” risk for its economy amid the currently high global commodity prices and rising costs of imported food and consumer products.

Exhibit 22: Thailand inflation vs SET Index



Source: Bloomberg

Exhibit 23: Thailand's CPI vs Brent crude price

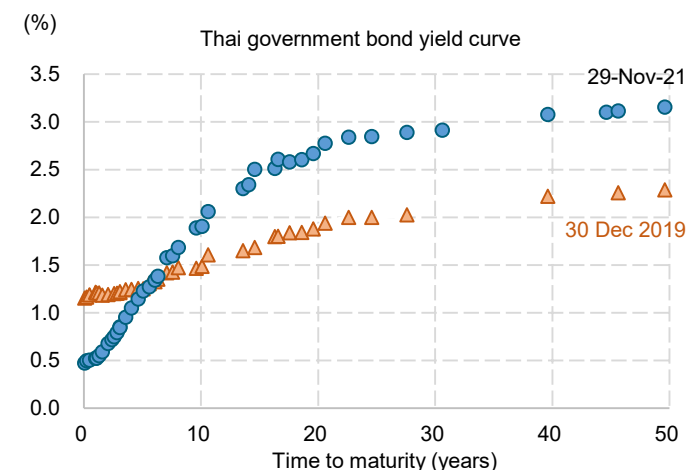


Source: Bloomberg

The BoT has been dovish in its monetary policy despite the ongoing global commodity price uptrends for coal, gas, and oil. We believe Thailand has ample food production volumes for export and should see a limited impact from the higher commodity prices. The headline Consumer Price Index (CPI) inflation level was still below 2% y-y in Sep-21 and the core inflation level, excluding energy inflation, was even lower at only 0.2% y-y.

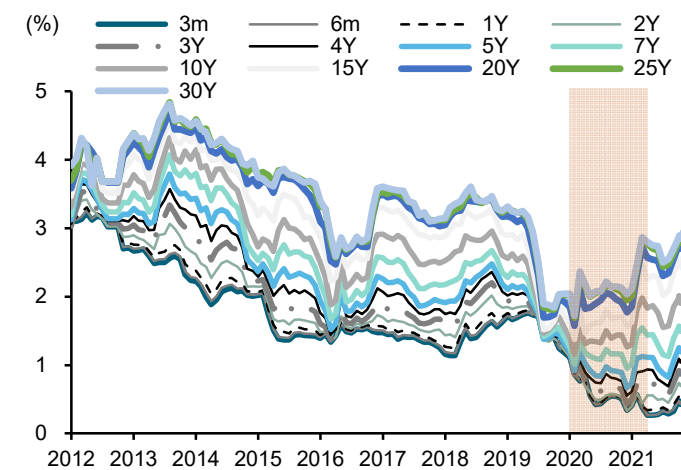
The potential ensuing impacts could be highly damaging, from energy supply shortages to price spikes, possibly disrupting industrial production and supply chains worldwide and eventually leading to higher inflation globally. However, Thailand's industrial sectors have benefited from the higher production demand for a number of products that have faced supply disruptions, along with China's energy crunch in Sep-Oct 2021. The higher inflation trend could drive up the interest rate curve of government bond yields and has already resulted in higher volatility for equity and bond markets globally in the past few weeks.

Exhibit 24: Yield curve, current vs end-2019



Sources: Thai Bond Market Association (ThaiBMA); FSSIA's compilation

Exhibit 25: Thai government yield from 2012 to 29 Nov 2021



Sources: Thai Bond Market Association (ThaiBMA); FSSIA's compilation

Three growth engines to drive Thailand's GDP in 2022

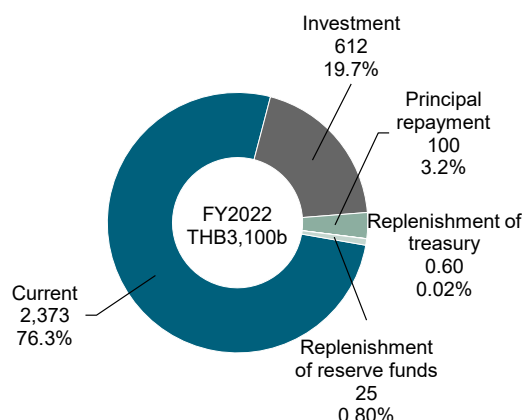
We think that there are three major catalysts that will drive Thailand's SET Index higher in 2022 – strong GDP growth, rising service revenue, and the new industry reforms that will be accommodated by the Thai government's policies.

Catalyst #1: Four economic growth engines

We believe that the four major economic engines working together will provide an accommodative backdrop for Thai corporates to grow their earnings in 2022. The projected average 3.8% y-y GDP growth, driven by the substantial additional fiscal spending and the increase in the public debt ceiling should allow the Thai government to raise its fiscal spending amid the country's low inflation and monetary policy rate environment.

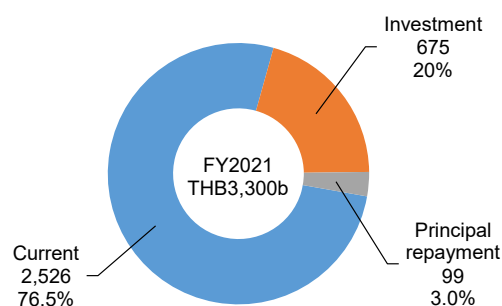
While Thailand's GDP has not yet surpassed its pre-Covid level, we think there is room for the economy to grow in 2022, reflected in the significant GDP growth y-y from 0.68% in 2021E to 3.8% in 2022E.

Exhibit 26: Fiscal budget FY22 from 1 Oct 2021 to 30 Sep 2022 – THB3,100b with THB700b deficit



Source: [Budget Bureau](#), Ministry of Finance

Exhibit 27: Fiscal budget FY21 from 1 Oct 2020 to 30 Sep 2021 – THB3,300b with THB623b deficit



Source: Budget Bureau, Ministry of Finance

The four major growth economic engines that should drive Thailand's GDP in 2022 are:

Growth engine #1: Accelerated government spending. With a higher public debt to GDP ceiling at 70% (from 60%), we anticipate 2022 government spending of up to THB2tr to kick-start a new post-pandemic CAPEX investment cycle and boost Thai economic growth to over 3% y-y during 2022-23. Meanwhile, the government is implementing stimulus measures to alleviate the impact of Covid-19, and we think this money will be injected into the economic system.

Exhibit 28: Funding of FY22 action plan and quarterly spending plan

	FY22 action plan		FY22 quarterly investment plan					
	Value (THB m)	Of total (%)	1Q22E (THB m)	2Q22E (THB m)	3Q22E (THB m)	4Q22E (THB m)	Total (THB m)	Of total (%)
Fiscal budget	106,828	27.0	1,295	764	937	4,155	7,150	25.5
Borrowing	135,771	34.3				7,452	7,452	26.6
PPP	44,323	11.2					0	0.0
Fiscal revenue	32,386	8.2		1,907	1,092	1,642	4,642	16.6
Fund	19,700	5.0				2,955	2,955	10.6
Pending consideration	57,079	14.4					5,790	20.7
Total in FY22 investment plan	396,086	100.0	1,295	2,671	2,029	16,205	27,989	100.0
Of which - On-going from previous action plan	328,923							
- New projects initiated in FY22	67,163							

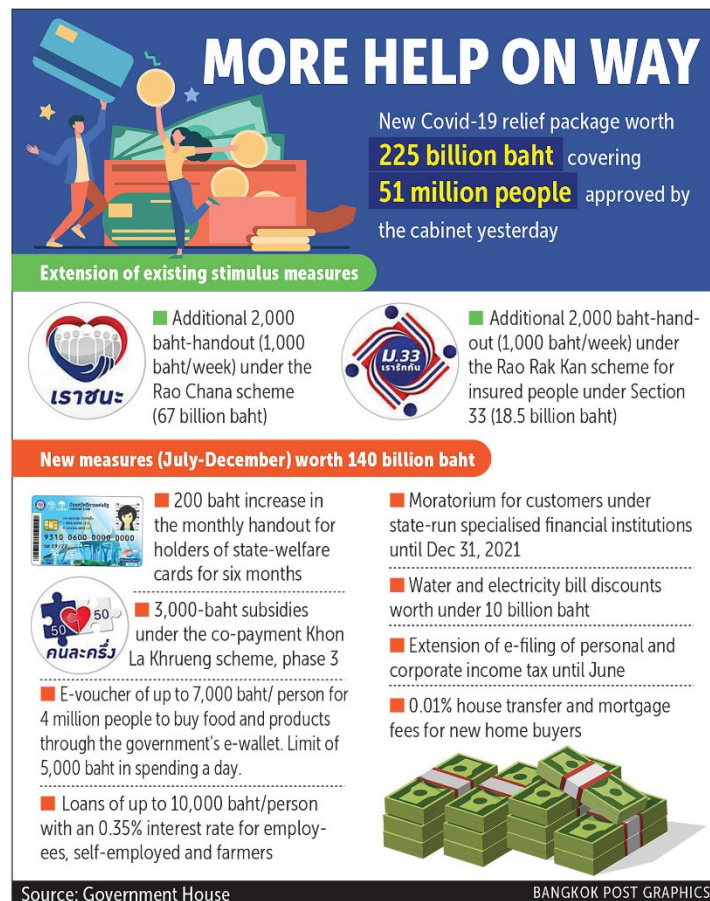
Sources: [Office of Transport and Traffic Policy and Planning \(OTP\)](#); FSSIA's compilation

Exhibit 29: Government stimulus measures: Shop Dee Mee Kuen could boost GDP by 0.7-1%



Sources: Local newspaper, [Thanethakij](#) dated 9 Nov 2021

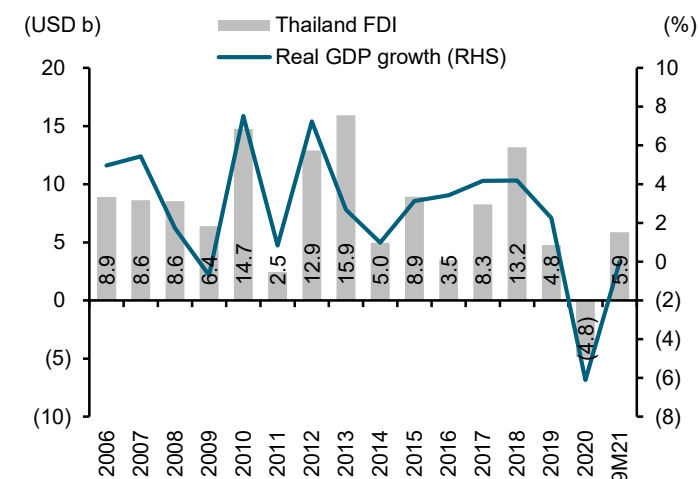
Exhibit 30: Government extension of exiting stimulus measures



Source: [Bangkok Post](#) dated 6 May 2021

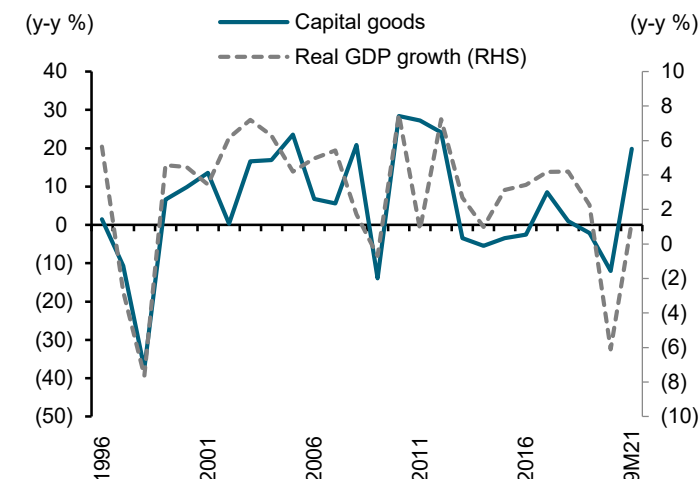
Growth engine #2: The recovery of private investment. We project Thailand to witness a strong demand recovery from private investment after the full economic reopening on 1 Nov-21. We project a new post-pandemic CAPEX investment cycle in 2022-23 from the private sectors to boost Thai economic growth to surpass 3% y-y in 2022-23. The advent of a new CAPEX cycle would be a boon for investment in the stock market, with the industrial estate, property, transportation, construction & material and banking sectors likely to outperform the SET Index in 4Q21 and 2022. Our conviction is backed by two key factors:

Exhibit 31: Thailand FDI vs GDP growth



Sources: Bank of Thailand; NESDC

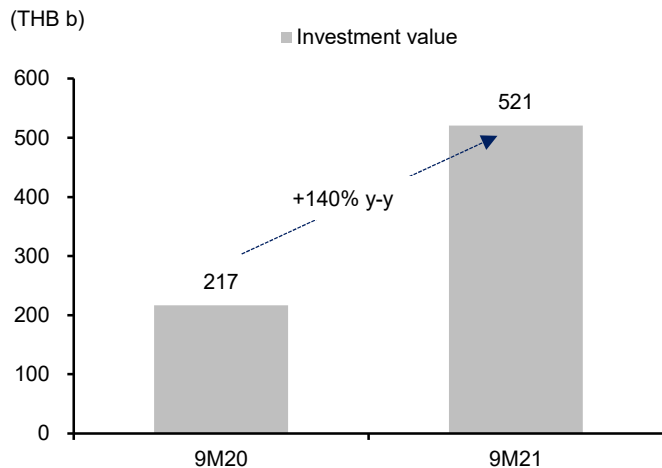
Exhibit 32: Thailand's capital goods imports



Sources: Bank of Thailand; NESDC

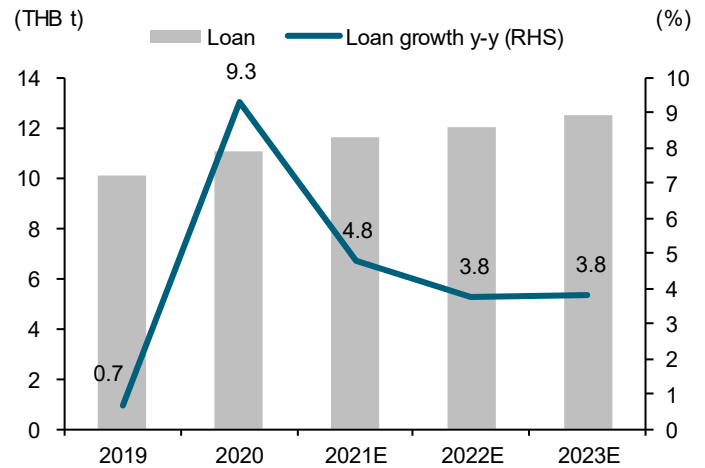
Thailand is poised to see a strong rebound in 2022 private investment, in our estimation. Currently, businesses appear to be less risk-averse, supported by higher foreign direct investment (FDI) in the Eastern Economic Corridor (EEC) area. This should allow private sectors to leverage the government's initiatives for a number of infrastructure projects and initiatives in the areas of transit-oriented development, EVs, smart cities, renewable energy, power trading and 5G telecommunications to transform the country into a green economy and digital-based ecosystem, thereby strengthening GDP growth in 2022.

Exhibit 33: Investment value submitted to Board of Investment in 9M21



Source: BOI

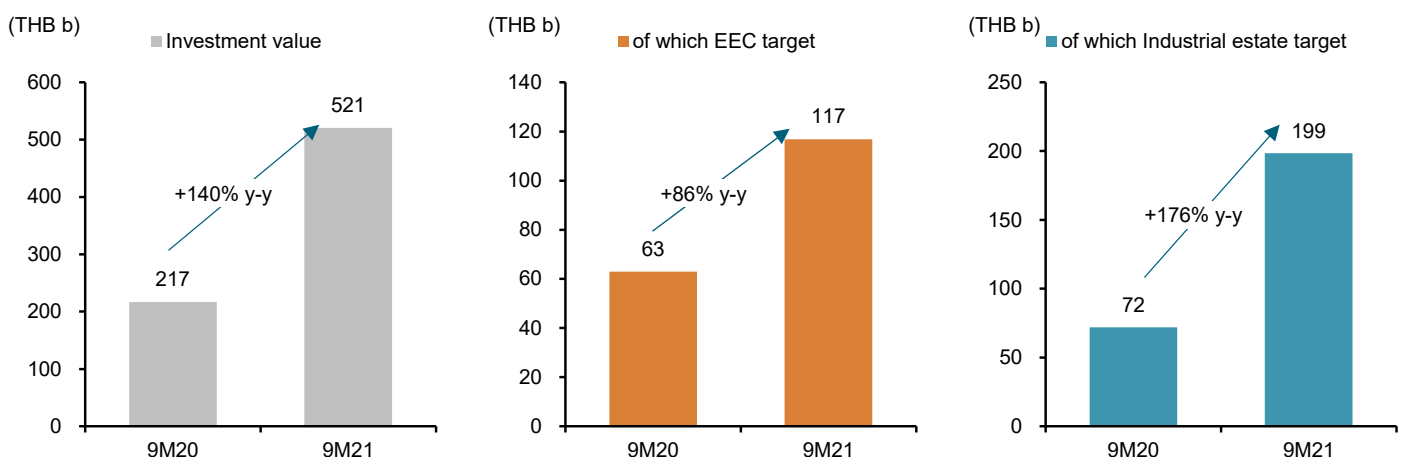
Exhibit 34: Banking sector loan growth



Sources: BOT; FSSIA estimates

Thanks to the EEC investment scheme, a host of infrastructure project investments in Thailand have been concentrated in the EEC area, covering three provinces in Eastern Thailand – Chacheongsao, Chonburi, and Rayong. The four EEC flagship projects are 1) the high-speed railway linking three airports; 2) U-Tapao Airport and the Eastern Aviation City development project; 3) Laemchabang seaport phase 3; and 4) Map Ta Phut seaport phase 3. These are all being implemented under the public private partnership (PPP) model and have a total estimated investment value of THB633b.

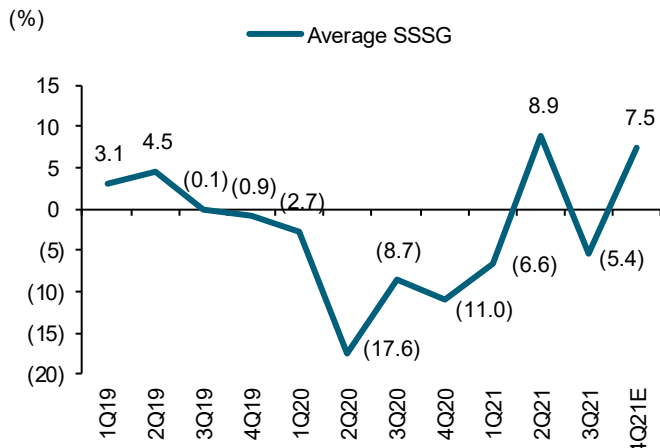
Exhibit 35: Investment value submitted to Board of Investment in 9M21



Source: [Board of Investment \(BoI\)](#)

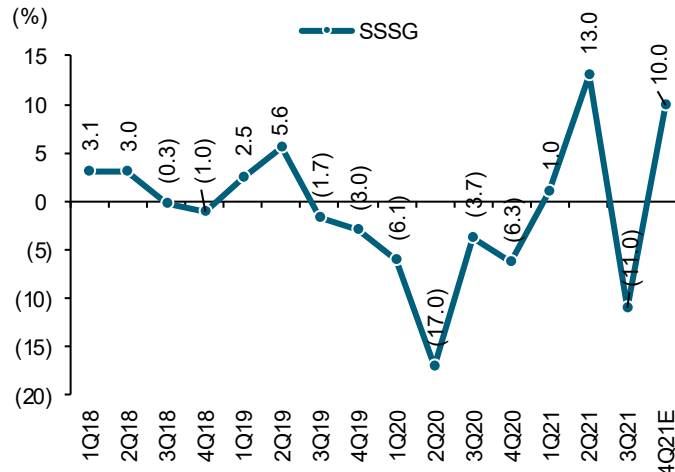
Growth engine #3: improving consumer spending. Consumer spending, which accounts for about half of Thailand's economic output, is driving the early stage of the recovery. We believe that Thailand's economy will pick up significantly in 2022, driven by a strong rebound in domestic consumption in 4Q21 when the country fully reopens for economic activities and tourism, thanks to the dwindling Covid-19 cases due to the rising vaccination rate nationwide.

Exhibit 36: Expect average SSSG of retailers to recover to positive mid to high single-digits in 4Q21



Sources: Companies; FSSIA estimates

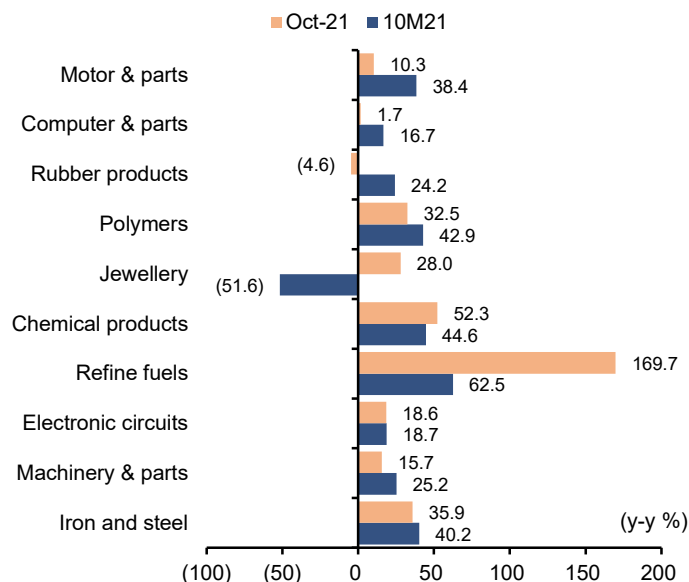
Exhibit 37: Expect HMPRO to post solid SSSG in 4Q21



Sources: HMPRO; FSSIA estimates

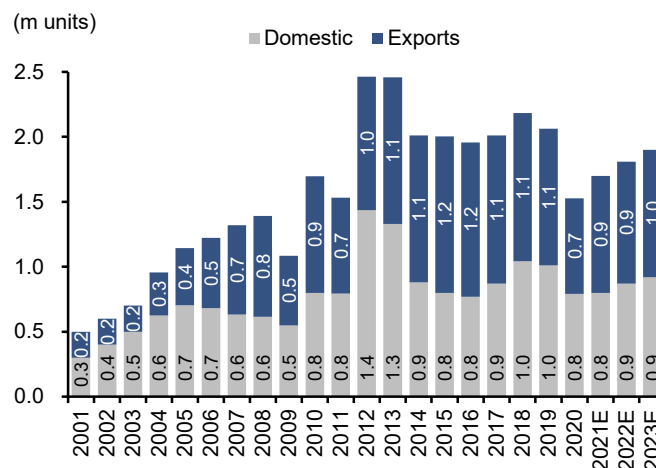
Growth engine #4: Sustainable export growth should remain a key support driver for Thailand's GDP in 4Q21-2022: Export growth recoveries in the Euro zone, US, Japan and across Asia should drive up the demand for the country's goods exports, potentially stabilising the THB in the range of THB32-33/USD in the next year, based on our estimate.

Exhibit 38: Thailand export growth of top ten products, Oct-21 vs 10M21



Sources: Ministry of Commerce; FSSIA's compilation

Exhibit 39: Thailand car sales (domestic and export)



Sources: The Federation of Thai Industries (FTI); FSSIA estimates

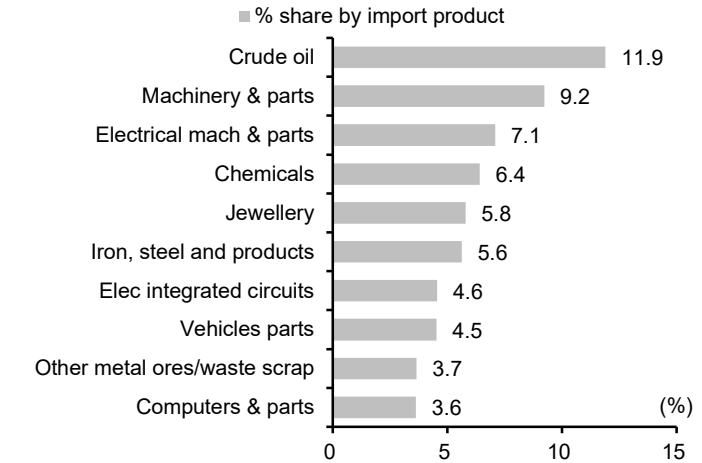
Since 2010, Thailand's exports have been mainly driven by automobiles (10.6%), electronics (11.4%, computer parts and electronic integrated circuits), oil & chemical derivatives (15.1%), and rubber products (6.8%). These four key industries have long been the key pillars of Thailand's export growth and are likely to continue in 2022, as we project that the demand for these products will remain strong amid the global economic recovery.

Exhibit 40: Top 10 exports during 2010-19



Sources: Ministry of Commerce; FSSIA's compilation

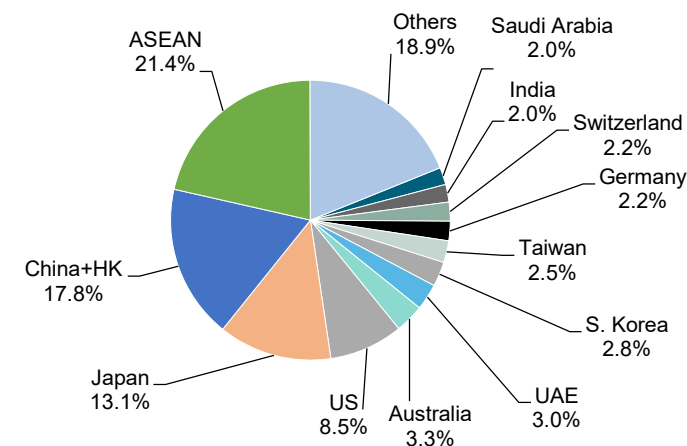
Exhibit 41: Top 10 imports during 2010-19



Sources: Ministry of Commerce; FSSIA's compilation

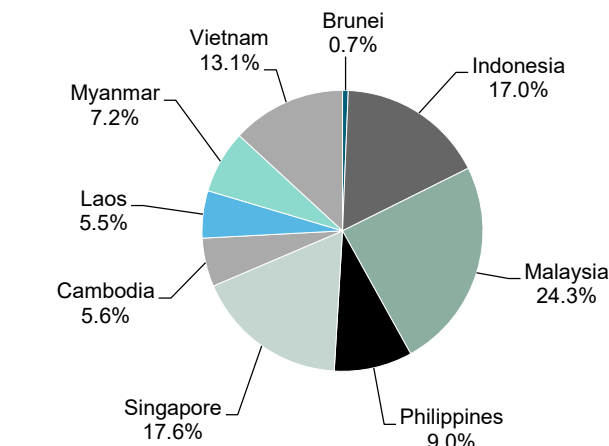
On average during 2010-19, most of Thailand's exports headed to ASEAN countries (21.4%), China & HK (17.8%), Japan (13.1%), and the US (8.5%). The trend has continued in 2020-21, even during the pandemic period, thanks to Thailand's relatively intact industrial production as a result of the country's effective control of the Covid-19 outbreak and its efficient healthcare system as one of the world's major healthcare hubs for foreign patients.

Exhibit 42: Thailand's key trade partners by total trading value during 2010-19



Sources: Bank of Thailand; FSSIA's compilation

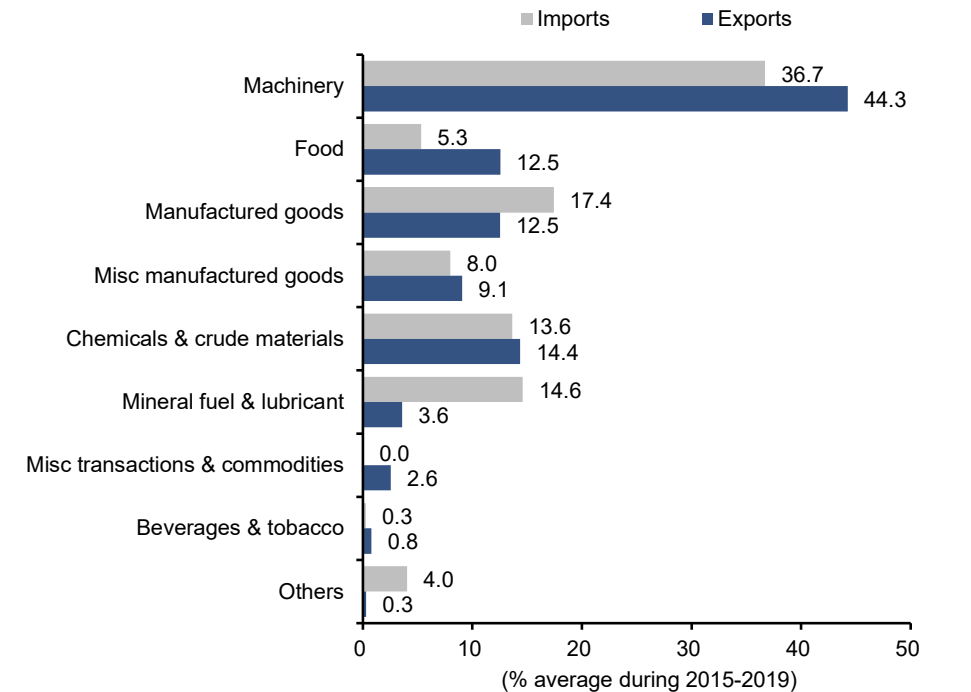
Exhibit 43: Thailand's ASEAN trade partners by total trading value during 2010-19



Sources: Bank of Thailand; FSSIA's compilation

However, in terms of net exports (export-import value), Thailand has seen a different picture with only machinery and food sectors creating true value-added trading where the export value is far exceeding the import value. Most other sectors have all seen much less value-added trading, with the export value remaining lower than the import value. This indicates that Thailand remains an agriculture-driven country with low value-added capability.

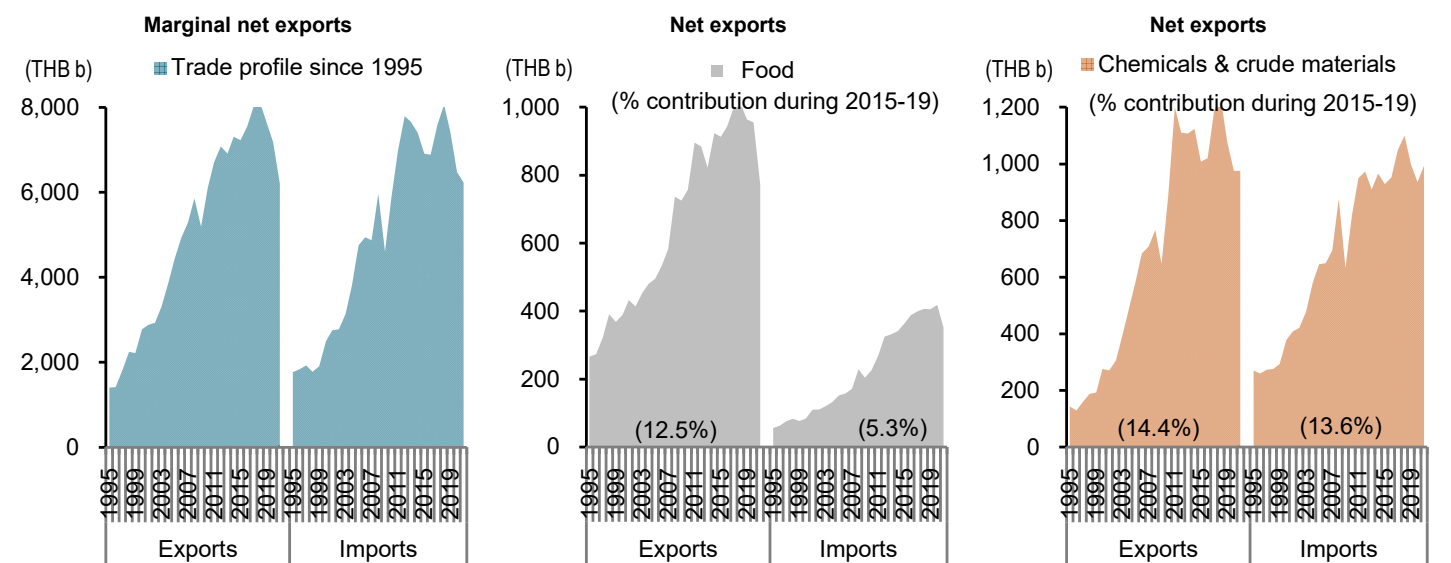
Exhibit 44: Thailand – structure of imports and exports, average from 2015-19



Sources: Bank of Thailand; FSSIA's compilation

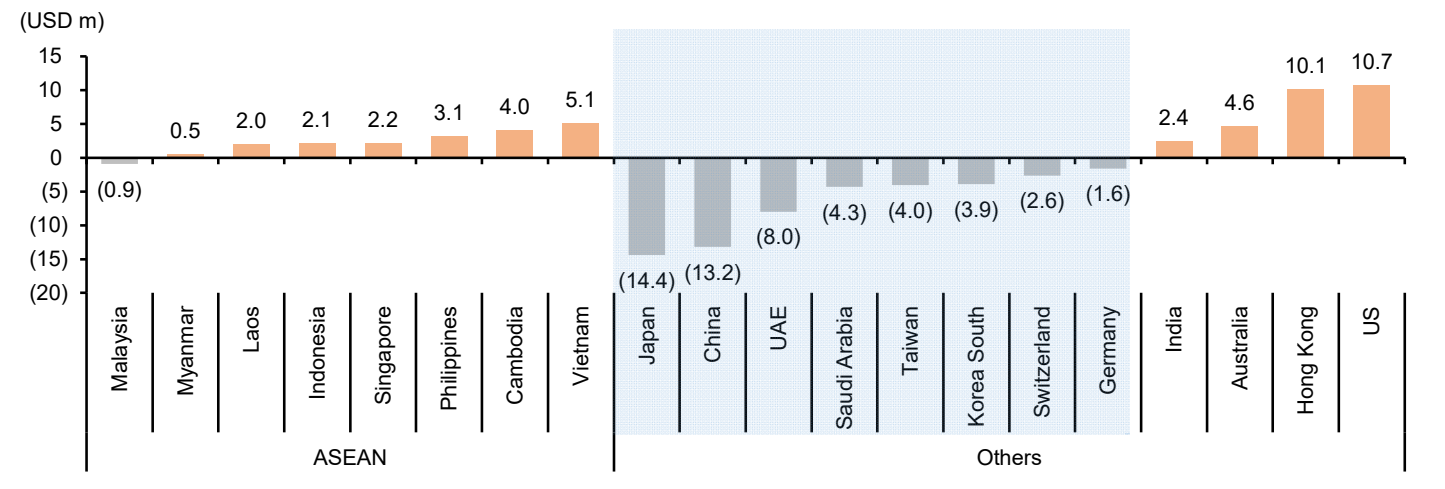
Other sectors that we think would be classified as value-enhanced sectors are the refinery and petrochemical sectors, thanks to the country's more advanced and well-developed industries for the downstream oil & gas industries to produce refined oils and chemical products for export.

Exhibit 45: Thailand trade profile – net exports weighted by food and chemical + crude materials, 1995 to 9M21



Sources: Bank of Thailand; FSSIA's compilation

Exhibit 46: Net exports (imports) during 2010-19 by key trade partners

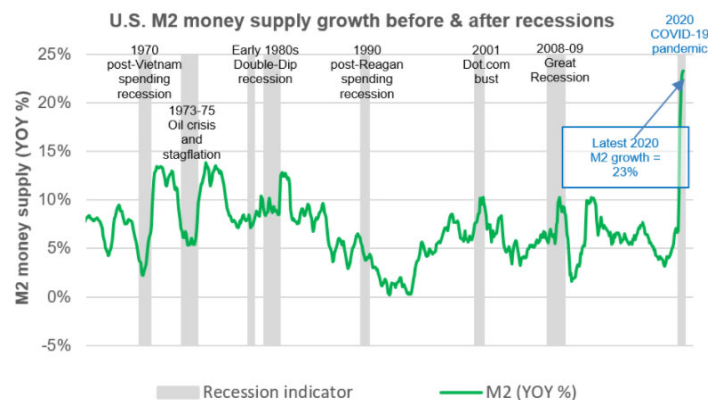


Sources: Bank of Thailand; FSSIA's compilation

Velocity of money and capital market efficiency

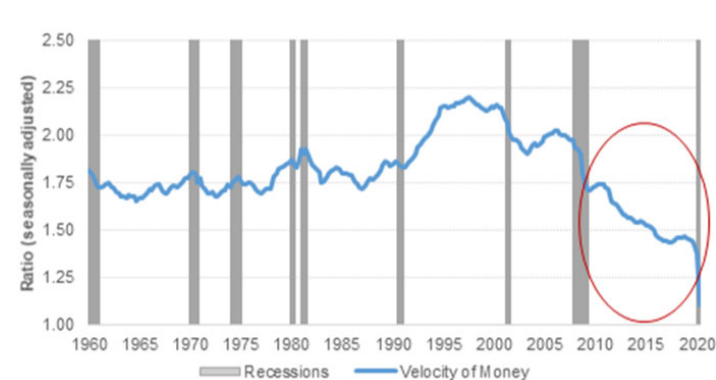
To roughly assess how efficient investments from fiscal and monetary policies would be to boost the country's GDP, we employ the concept called "velocity of money", which measures economic growth (nominal GDP) over money supply, or in other words the ratio at which money changes hands, to ascertain the direction of growth and risks to the economic outlook from inflation.

Exhibit 47: US M2 money supply has shot up during the Covid-19 pandemic period



Sources: [Real Economy](#)

Exhibit 48: US velocity of money has sharply declined post subprime crisis

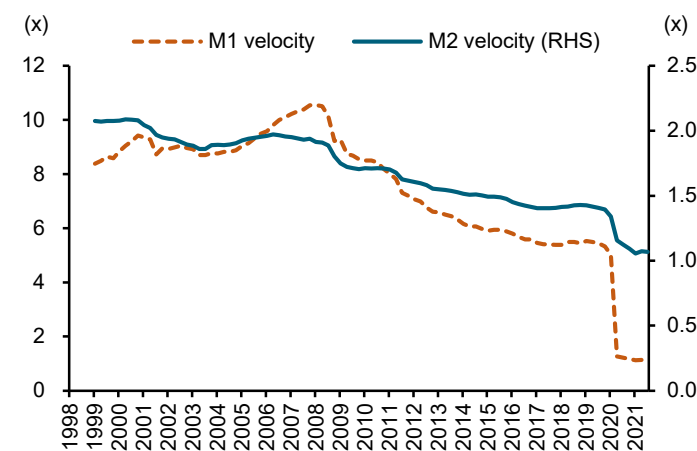


Sources: [Real Economy](#)

US velocity of money is in a downtrend. The US Federal Reserve (Fed) has long employed its monetary policy to boost the economic growth rate via changes in the short-term policy interest rate (Fed rate) to settle on a dual mandate of maintaining price stability while minimising unemployment. The Fed's current long-term strategy is to focus on an average inflation rate target, rather than an absolute inflation rate, to decide when it should raise its Fed rate, to seek full employment and a 2% inflation rate.

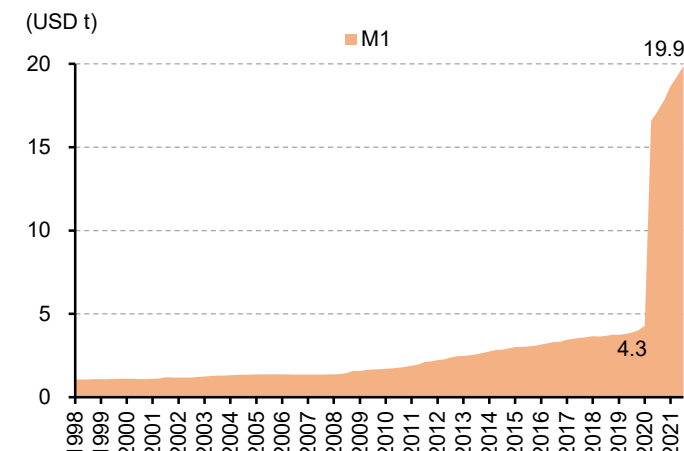
However, its quantitative easing (QE) policy to inject cash into the economic system has already lost power, with the velocity of money sharply declining to a decade's low in 2020 after the Fed's mammoth QE programs to pump a money supply of over USD15t into the economy did not create the desired economic growth rate, as it was used to achieve before the subprime crisis in 2008. As a result, US M1 has jumped by almost 5x from USD4.3t in 2020 to USD19.9t in 9M21.

Exhibit 49: US velocity of money



Source: Bloomberg

Exhibit 50: US M1 money supply



Source: Bloomberg

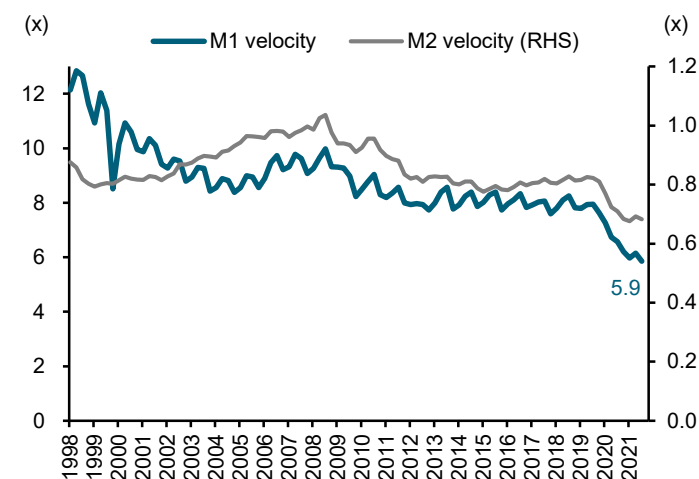
Post subprime crisis in 2008, the US velocity of money to M1 has plunged from over 10x during the 2000s to 0.3x in 2020-9M21, thanks to the higher savings and lower consumer spending despite the higher money on hand. Many people put their money into investments, particularly the stock market, which has seen multiple record highs in the past five years, even during the pandemic period in 2020-21.

The sharp drop in the velocity of money in the US economy and the fast depreciation of the USD have led to a high inflation rate for the US. The USD depreciation has been mainly caused by the USD demand from China and Russia, two dominant producers and consumers of commodities, who have simultaneously shunned using the USD as a key currency for their oil, gas, and coal trading, effectively reducing the USD demand as a “petrodollar” for oil & gas trading with OPEC.

Thailand’s velocity of money. Thailand has similarly seen its velocity of money to M1 decline from over 11x in 1997 (Tomyumkung Crisis) down to only 5.7x in 9M21. M1 is defined as the amount of money readily available to the public (cash plus checking account deposits).

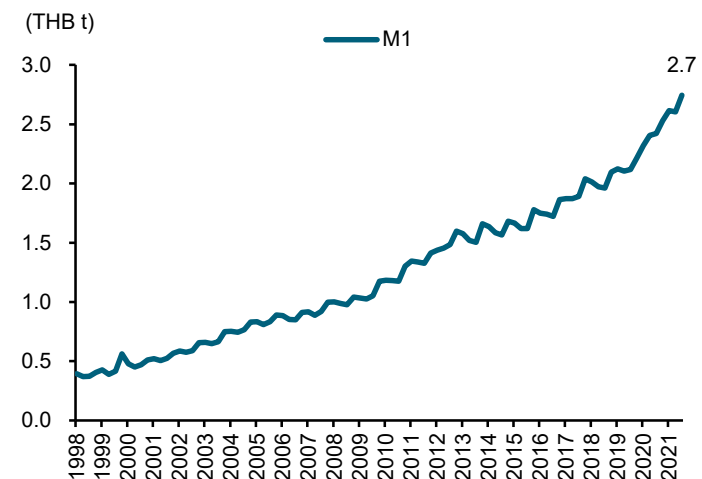
However, while the velocity of money to M2 (cash plus checking accounts and savings deposits), which includes the savings deposits during the pandemic downturn, has declined from 1.05x in 2008 to 0.68x in 9M21, we think Thailand’s velocity of money remains sufficiently high to multiply the money injected by investments and consumer spending in 2022-23.

Exhibit 51: Thailand’s velocity of money



Source: Bloomberg

Exhibit 52: Thailand’s M1 at end of Sep 2021



Source: Bloomberg

Hence, with a high velocity of money, we believe that higher public and private investments and rising consumer spending should lead to stronger economic growth for Thailand in 2022.

As a result of the high money velocity, the liquidity in the Thai economy has remained high, reflected partly in the success of Thai corporates to raise funds worth THB1.2t in only the first 10 months of 2021, even as foreign investors have continued to withdraw their investments out of Thai capital markets.

Exhibit 53: Overwhelming domestic funding in 2021 YTD

No.	Category	Issued size (THB m)
1.	IPO (SET & MAI)	89,569
2.	Capital increase (XR/PP)	140,200
3.	Debenture	969,612
Total		1,199,380

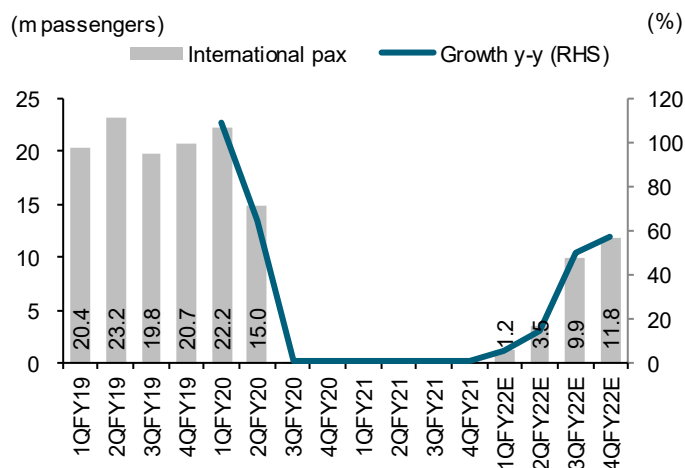
Sources: SET; Thai Bond Market Association; SEC

Catalyst #2: Service spending to drive economic growth piecemeal in 2022

Unlike the goods and consumer spending that are expected to recover back to the pre-Covid-19 level by mid-2022, backed by resurging domestic travel and the resumption of international tourism, we think that service spending still remains low and will gradually rebound in 2022-23 to potentially reach the pre-Covid-19 level by mid-2023, almost a year later than the goods and consumer spending, based on our estimate. The revenue from tourism alone accounted for over 13% of GDP in 2019 before Covid, but could take 18-24 months to return to the pre-Covid-19 level.

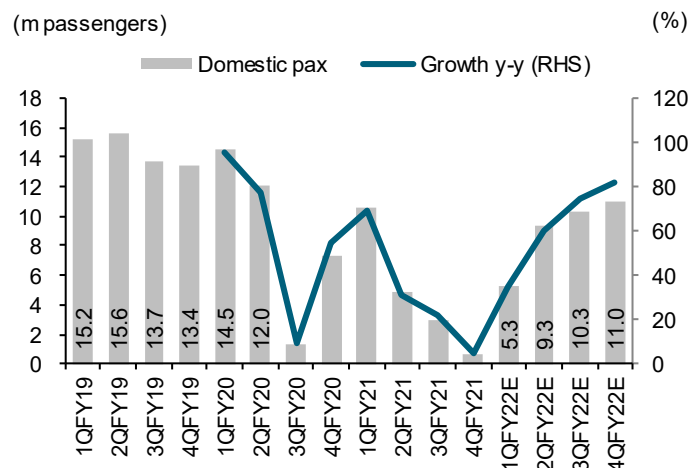
Meanwhile, we believe non-residential fixed investments – i.e. companies spending on physical assets like buildings, machinery and technology – could provide a further boost to growth when it picks up pace again, possibly in 2022 as uncertainty eases.

Exhibit 54: AOT's international passenger volume, quarterly



Sources: AOT; FSSIA estimates

Exhibit 55: AOT's domestic passenger volume, quarterly



Sources: AOT; FSSIA estimates

Catalyst #3: Post-Covid growth on new economic and industry structures

In the past two years, Thailand has witnessed an increasing number of industry consolidations, M&A, JVs, and entries into start-ups and platform-based ecosystems (CMJE). Many large-cap companies have moved into new growth engines via CMJE, with most of them having a visionary, highly adaptable, and capable management team and a fluid organisational structure and culture. These are the key success factors that separate the winners from the rest of the industry, in our view.

During the transition period from a pre- to post-Covid era, a number of Thai companies have begun to transform themselves either in response to the fast-changing industry and consumer behaviour environment or in preparation for future growth roadmaps and organic and inorganic growth strategies.

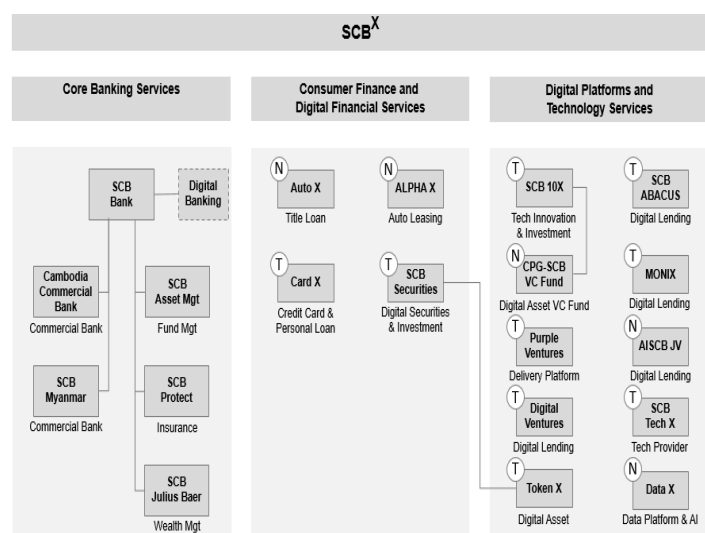
We identify five major groups under the transformation and amalgamation investment themes, including:

- 1) SCB and KBANK (banks) – both have been ahead of their local peers in solidifying their business platforms in preparation for growth in the digital financial market.
- 2) JMART group (JMART, SINGER, JMT, BTS) announced JVs between JMART group and BTS group to integrate and create operational synergies on big data and digital platform technologies.
- 3) GULF group (GULF, ADVANC, INTUCH). GULF acquired a 42% stake in INTUCH, which owns a 40% stake in ADVANC and a 41% stake in THCOM, to create a large integrated portfolio of products (GULF's infrastructure of utilities, transportation and ADVANC's mobile services) and a technology platform (ADVANC's 4G and 5G telecommunications technology network).

4) EA group (EA, NEX). EA acquired a 40% stake in NEX, a leading marketer and service provider of commercial fleet vehicles (buses and trucks) in Thailand. While EA should benefit from NEX's strengths via its marketing and maintenance network, NEX should greatly benefit from EA's fully integrated manufacturing battery and EV plants.

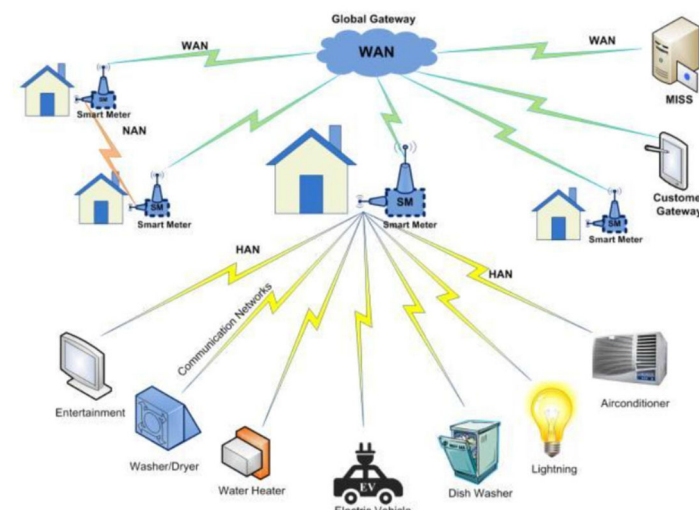
5) CP group, with the recent announcement of a potential amalgamation between TRUE and DTAC (ranked #2 and #3 in terms of subscriber market share in Thailand's mobile industry). The JV to create a new merged company is in response to the GULF-INTUCH-ADVANC merger, creating a dual market structure for the mobile and telecommunications industry in Thailand.

Exhibit 56: SCB eager to usher in digital transformation



Source: SCB

Exhibit 57: CP group with its recent announcement of the potential amalgamation between TRUE and DTAC

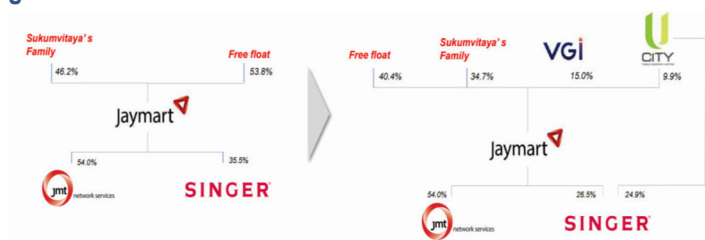


Source: TRUE

Transformation for growth and sustainability. We believe that the CMJE by a number of leading corporate groups in the SET should lead to higher earnings growth and sustainability ahead of the ongoing changes in technology and consumer lifestyles and behaviours.

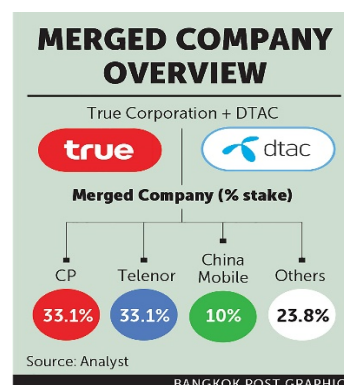
As a result, we think these high-growth stocks are poised to rerate ahead of the significant net profit growth momentum that we project from major companies making new partners/ventures, M&A and a business upcycle, which we estimate to start in 4Q21 onward. GULF should realise powerful synergy between power and telecommunications. The big M&A deal for the CP group should unlock the value of CPALL and MAKRO after the CP group internally restructures. We expect the handover of Lotus (not listed) to be completed in 1Q22.

Exhibit 58: JMART to open a strategic partnership with BTS and VGI to expand its financial business for exponential growth



Source: JMART

Exhibit 59: TRUE & DTAC merger for market integration



Source: Bangkok Post

Drivers for our 1,892 SET Index target by end-2022

After a c11% rally YTD, we still see more upside for the SET Index, which is now trading at close to the pre-Covid level. We believe the key catalysts to drive the SET up higher include potential upgrades by BBG consensus for the SET Index's 2022E EPS as Thai economic growth resumes at a fast pace, driven by four major economic engines and higher domestic fund inflows from the ample Thai household savings.

The bottom line is that we still see above-trend corporate earnings growth in the SET in the range of 3-4% in 2022-23, up from 0.9% in 2021, based on BNP Paribas' forecasts. While a downside risk remains from the potential resurgence of Covid-19, as Thailand has opened up the country to foreign tourism, including to those European countries with rising infection rates and renewed lockdowns, we think Thailand's GDP growth should remain highly resilient and stay above 3% y-y in 2022-23.

The key supporting factors would be the projected low real rates, strong export growth, and a solid rebound in domestic investments and spending for both the public and private segments, backed by the high velocity of money as a key engine to multiply the monies injected into the economic system.

Exhibit 60: History isn't repeating itself with a bright outlook in 2022E

Key assumption for market outlook	2021E	2022E	2023E
Global GDP growth, by BNP	5.7	5.1	3.7
Thailand GDP growth	0.9	3.8	4.5
BOT's policy rate	0.5	0.5	0.5
Fed's policy rate	0.15	0.40	1.15
Thailand Inflation rate	0.7	1.0	1.0
Vaccination rate (fully vaccinated)	68%	90%	90%
SET's corporate earnings growth	73%	23.4%	16%
Average Brent crude oil price (US/bbl)	75	70	70
International tourists	0.7m	18m	40m
Year-end foreign exchange rate (THB:US)	33.25	32.75	32.50

Sources: BNP Paribas; FSSIA estimates

We think there are three key drivers to boost the SET Index higher – visibly strong corporate EPS growth, potential EPS upgrades for the SET's aggregate earnings by BBG consensus, and a limited downside for foreign fund outflows from the SET Index.

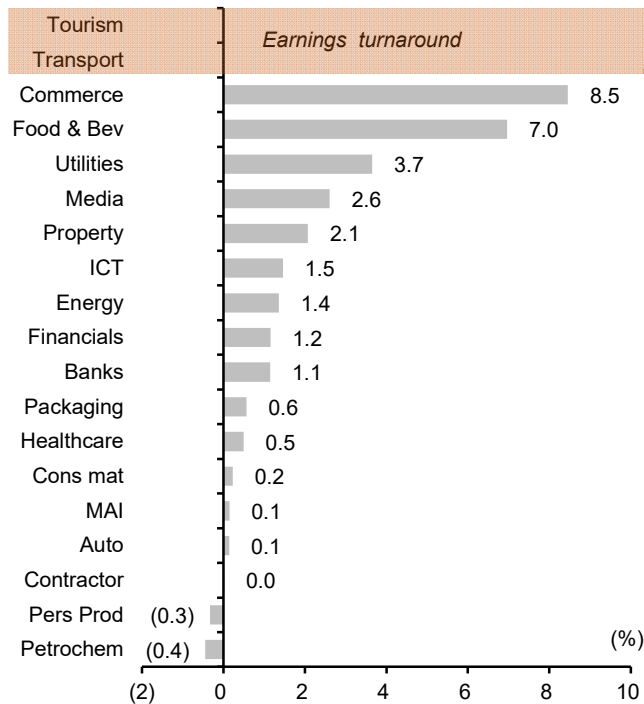
Driver #1: SET's strong corporate earnings growth trajectory into 2022

While the SET's rally via those sectors that have benefitted from the economic reopening has been largely priced in, we think SET's earnings growth outlook in 2022 remains highly sanguine. The earnings revisions ratio by BBG consensus – the number of companies with upward revisions versus those with downward revisions – remains in positive territory, indicating that the earnings upgrades for most Thai corporates have continued to increase.

FSSIA's 2022E EPS growth of 23.4% y-y. Based on our earnings forecasts for the stocks under our coverage, we forecast the SET's earnings to grow briskly at 23.4% y-y in 2022, driven mostly by the domestic sectors. From the highest to the lowest growth sectors, these include 1) commerce (+8.5% y-y); 2) food & beverage (+7%); 3) utilities (+3.7%); 4) media (+2.6%); 5) property (+2.1%); 6) ICT (+1.5%); 7) energy (+1.4%); 8) finance (+1.2%); and 9) banks (+1.1%). While our earnings forecasts for the transportation and tourism sectors show a sharp rebound y-y, we still expect them to be in red territory, as we expect the earnings recovery from tourism to be slow and reach the pre-Covid-19 level by mid-2023.

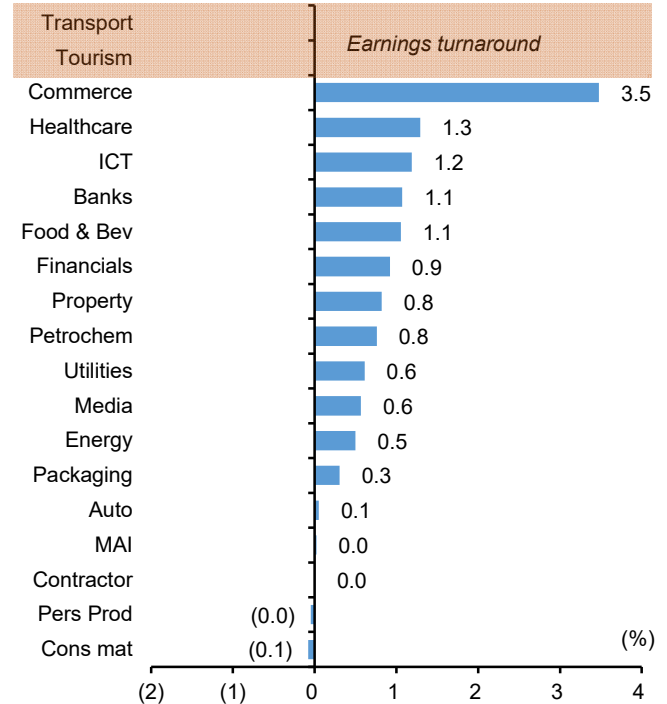
FSSIA's 2023E EPS growth of 16% y-y. In 2023, we forecast the SET's earnings to grow by 16% y-y, driven by the commerce sector (+3.5% y-y), healthcare (+1.3%), ICT (+1.2%), banks (+1.1%), and food & beverage (+1.1%). For the transportation and tourism sectors, we expect their earnings growth to turn profitable thanks to the tourist arrivals that we project to surpass the pre-Covid level by 2H23.

Exhibit 61: % contribution of 2022E net profit growth of 23.4% by sector, weighted by market cap



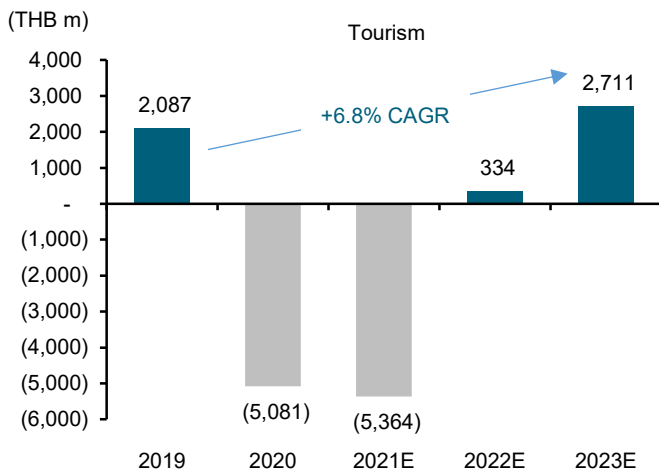
As of 23 Nov 2021
Source: FSSIA estimates

Exhibit 62: % contribution of 2023E net profit growth of 16.0% by sector, weighted by market cap



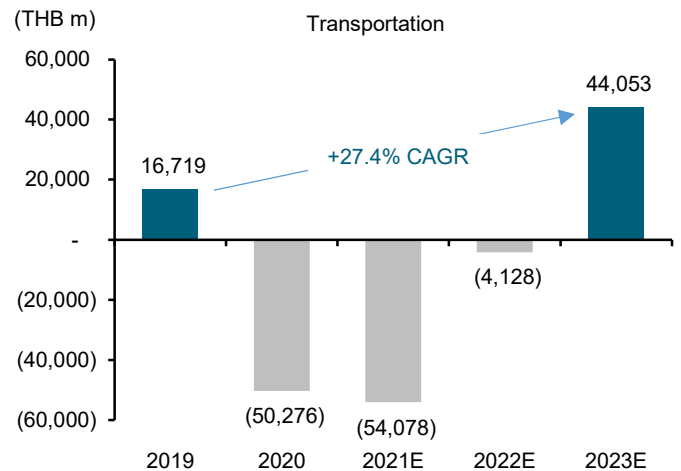
As of 23 Nov 2021
Source: FSSIA estimates

Exhibit 63: Earnings turnaround of tourism industry post Covid-19



As of 23 Nov 2021
Source: FSSIA estimates

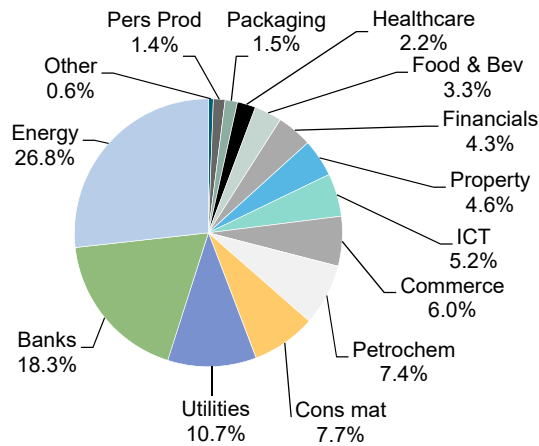
Exhibit 64: Earnings turnaround of transportation industry post Covid-19



As of 23 Nov 2021
Source: FSSIA estimates

After the 3Q21 earnings results, based on FSSIA's coverage, we revise our forecast for the SET's net profit in 2021 by +1% to THB702b (+73%y-y) and -1% to THB867b (+23.4%) in 2022, both net profit forecasts surpassing the pre-Covid-19 level of THB678b in 2019. The four key sectors to drive earnings would be energy & petrochemical, commerce, hospitality, and tourism, in our view. In particular, we expect the SET's net profit growth q-q to return to positive territory in 4Q21 and then accelerate in 2022, backed by the successful deployment of vaccines to effectively restore the economy to normality.

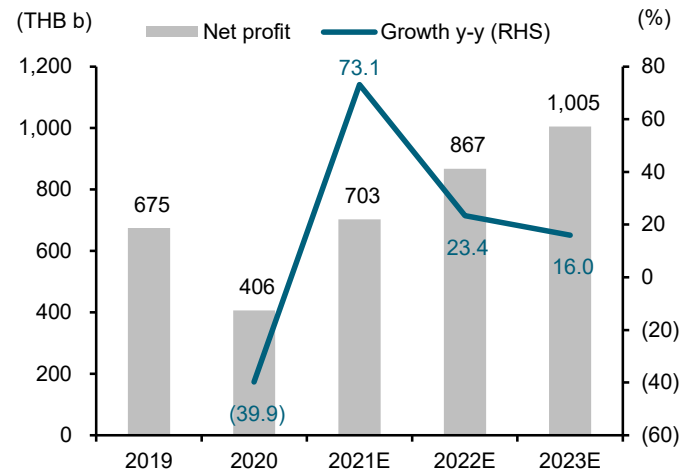
Exhibit 65: 2022E net profit breakdown by sector



As of 23 Nov 2021
Source: FSSIA's coverage

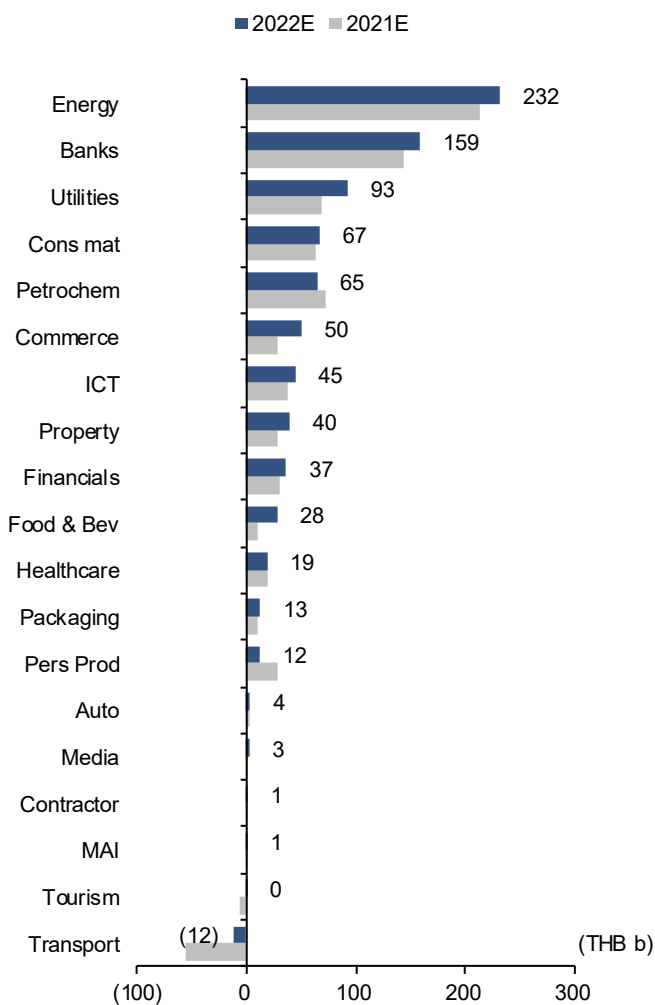
In 2023, we forecast the SET's net profit to grow by 16%y-y, fuelled by the transportation, tourism, media, commerce and healthcare sectors, replacing the cyclical sectors of energy and petrochemicals, which we think will see declining earnings growth momentum.

Exhibit 66: FSSIA's estimated net profit vs net profit growth



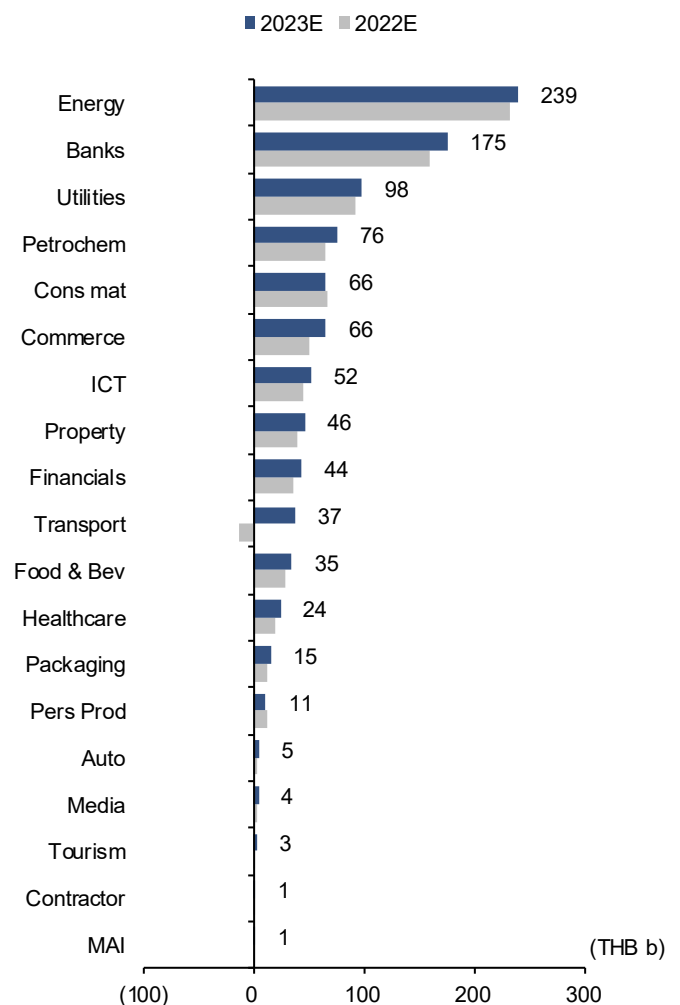
As of 23 Nov 2021
Source: FSSIA's coverage of 124 companies accounts for 73.4% of SET's market cap

Exhibit 67: Net profit estimates for 2021 and 2022 by sector

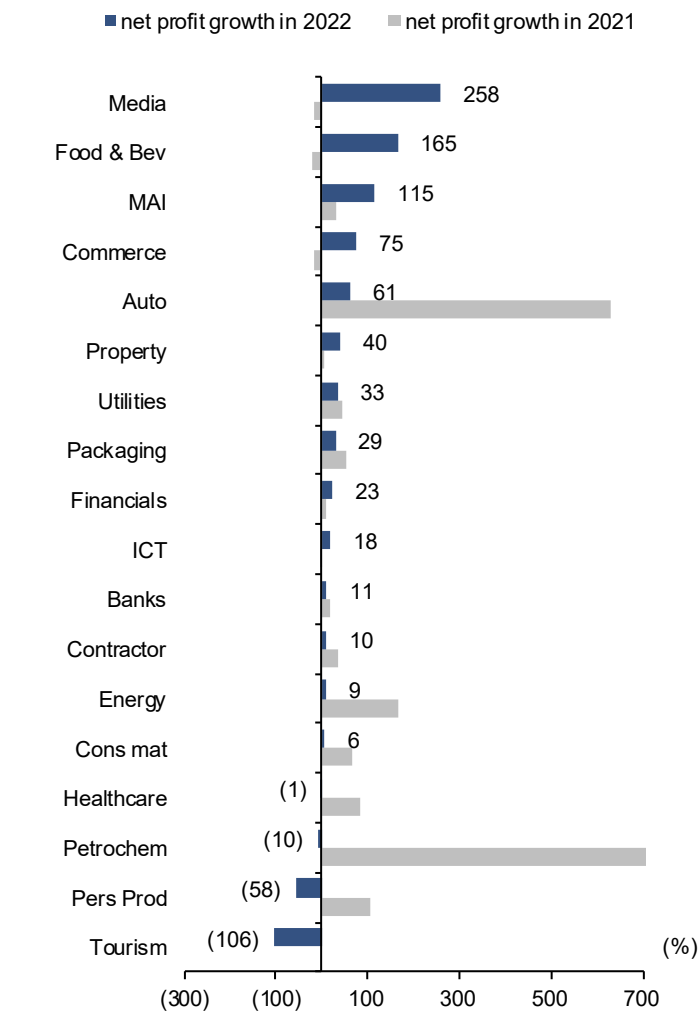


As of 23 Nov 2021
Source: FSSIA estimates

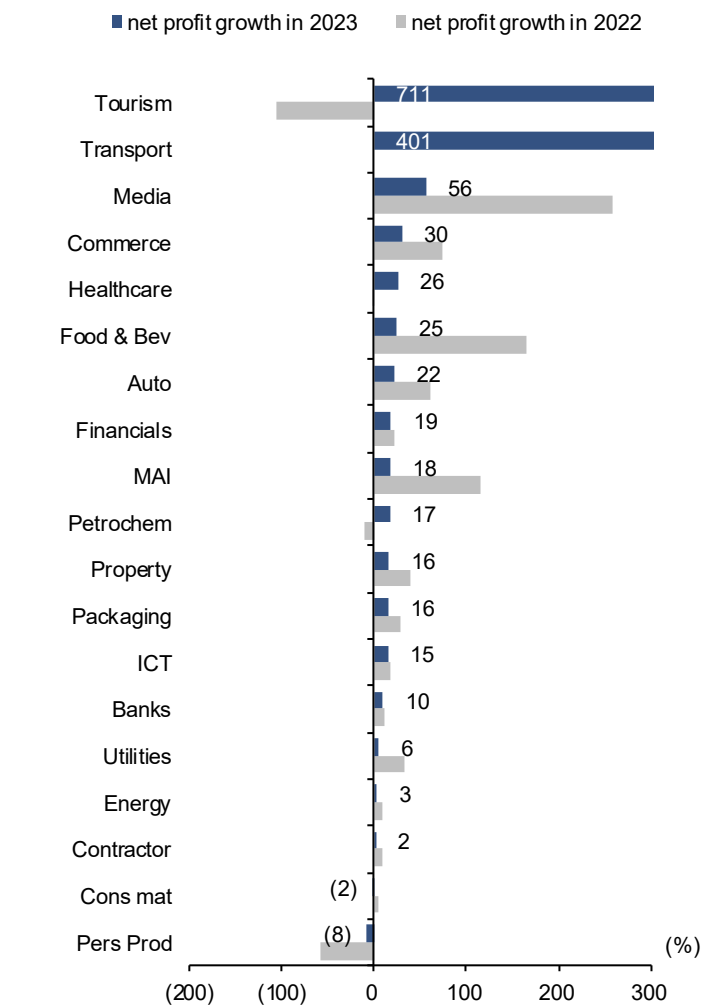
Exhibit 68: Net profit estimates for 2022 and 2023 by sector



As of 23 Nov 2021
Source: FSSIA estimates

Exhibit 69: 2021 vs 2022 net profit growth forecasts by sector

As of 23 Nov 2021
Source: FSSIA estimates

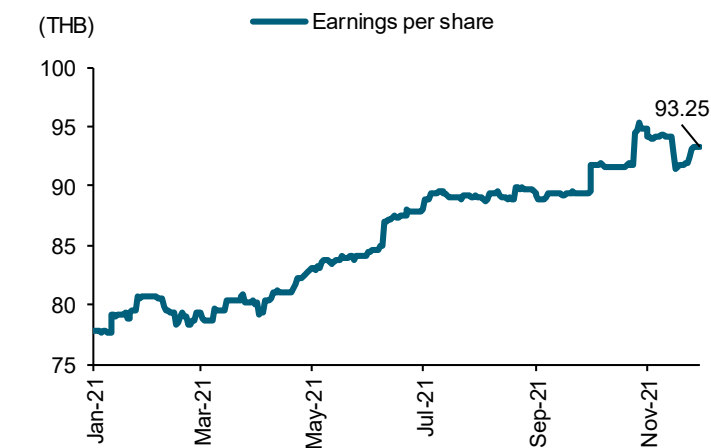
Exhibit 70: 2022 vs 2023 net profit growth forecasts by sector

As of 23 Nov 2021
Source: FSSIA estimates

Driver #2: Potential upsides from BBG consensus' EPS upgrade

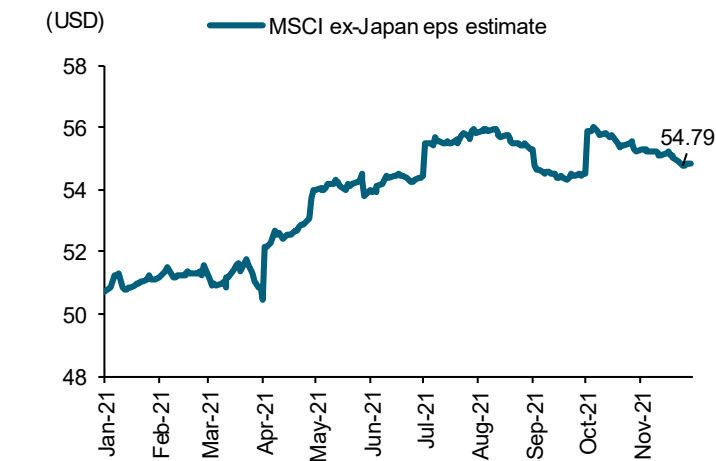
We think the earnings revisions ratio – the number of companies with upward revisions versus those with downward revisions – remains in positive territory following the economic reopening. We see upward revisions of BBG's earnings consensus on the EPS forecasts for the SET and MSCI x Japan Index, particularly for the SET's 2022E EPS, which has been consistently revised upward since Jan-21 to date, reflecting the actual quarterly EPS results that have beaten BBG's consensus estimates for three consecutive quarters in 2021.

Exhibit 71: SET Index – EPS revisions



As of 29 Nov 2021
Source: Bloomberg consensus

Exhibit 72: MSCI – EPS revisions



As of 29 Nov 2021
Source: Bloomberg consensus

Driver #3: Limited downside from foreign fund outflows

Although the market increasingly expects a Fed policy rate hike as a result of the rising consumer prices, reflecting BBG's consensus survey, we think that if the Fed raises its policy rate at a gradual pace, the slow rise in the Fed's fund rate would be a boon, not a bane, to the earnings of listed companies in the SET Index and Thai economy as a whole, due to four reasons.

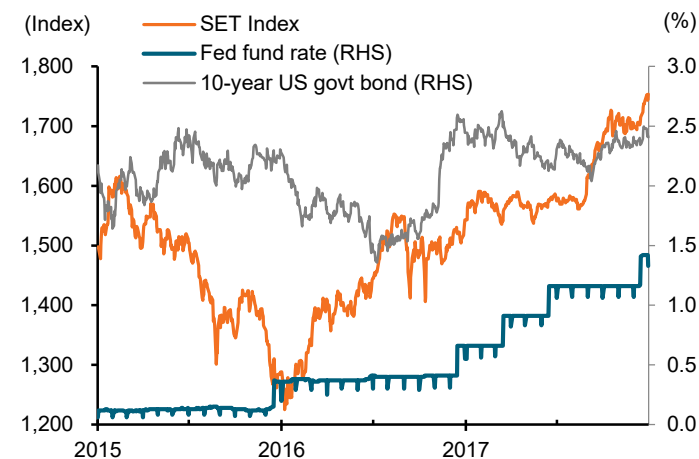
Reason #1: Higher fed fund rate and US bond rate would benefit SET Index.

Historically, during 2015-18, when the Fed started raising its policy rate from 0.25% in 2015 to 1.25% in 2018, the US 10-year government bond rate followed suit to rise from 1.5% in 2016 to 2.5% in 2018. The SET Index had risen from its bottom at 1,230 in Jan-16 to 1,750 by 1Q18.

The higher SET index during 2016-18 was driven by domestic investment rather than by foreign fund inflows, as both local institutional and retail investors had poured their money into the Thai stock market to offset the foreign fund outflows during the same period.

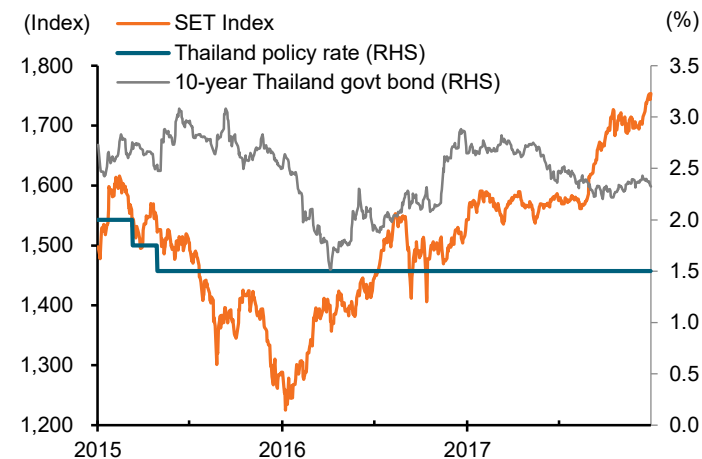
We believe the rising investment in the equity market by local investors during 2015-18 was made possible by the BoT's low policy rate, which was maintained at 1.5% during Apr-15 to 2018 even though the Thai 10-year government bond rate rose from 1.5% in 2Q16 to 3.0% in 4Q16-1H17, before declining to 2.5% in 2H17.

Exhibit 73: SET Index vs US rates, 2015-17



Source: Bloomberg

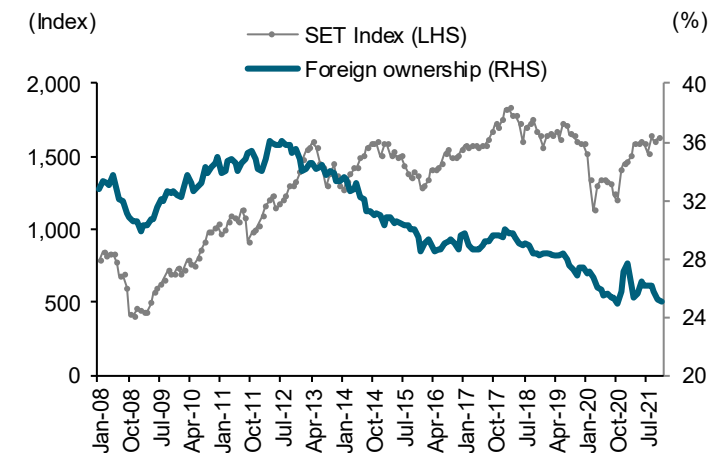
Exhibit 74: SET Index vs Thai rates, 2015-17



Source: Bloomberg

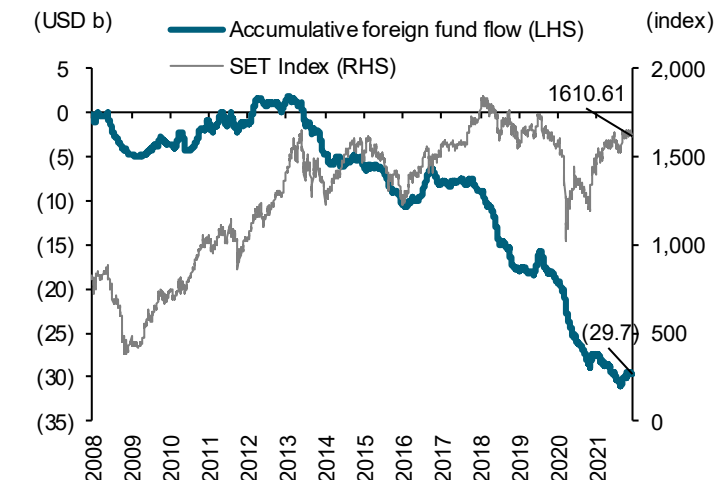
Reason #2: Potential foreign fund outflows with a limited downside. Amid the global concerns on the high inflation and slow economic growth (stagflation) ahead of the potentially tighter monetary policies by global central banks, global equity markets, including the SET Index, are continuing to show resilience, supported by strong corporate earnings and ample liquidity.

Exhibit 75: SET's foreign holding



Sources: Bloomberg; FSSIA's compilation

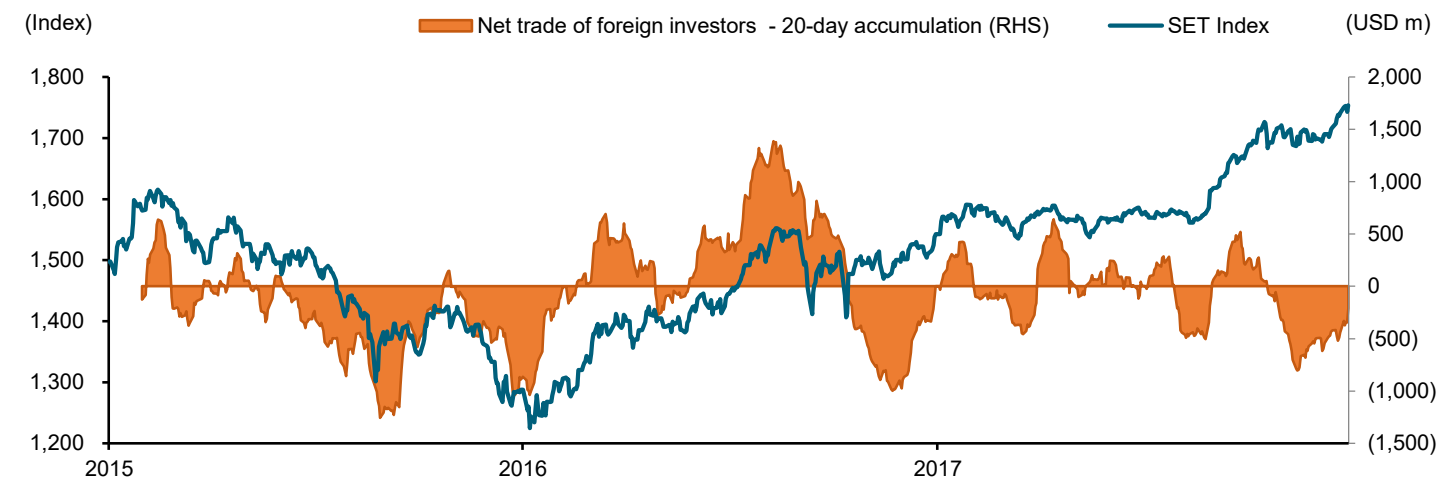
Exhibit 76: Foreign net position since 2008 subprime crisis



As of 28 Nov 2021
Sources: Bloomberg; FSSIA's compilation

With the Thai equity market's low foreign holding at 26% vs its historically lowest level at 25.7% in Oct-20, down from 35% prior to the 2008 subprime crisis, we believe the downside for the SET Index from foreign fund outflows is visibly low. Meanwhile, we believe the impact of foreign fund outflows on the SET Index has continued to fade, reflected in the higher SET Index from 1,400 in 3Q16 to 1,750 in 4Q17, despite the aggregate net sell position of foreign investors.

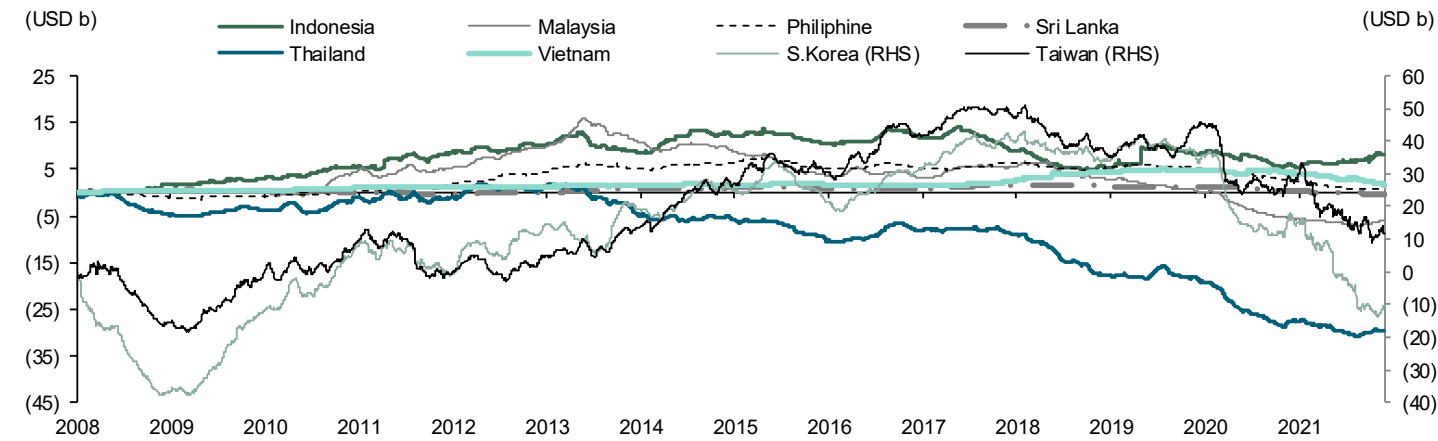
Exhibit 77: SET Index vs net position of foreign investors, moving 20-day accumulation during 2015-17



Source: Bloomberg

Is a large foreign fund outflow likely in 2022? We do not believe so. Since 2008, foreign investors have been cumulative net sellers, accounting for a net sell of USD29.5b as of 11 Nov-21, recovering from the lowest level of USD30.96b on 12 Aug-21. Despite the foreign fund inflow recently, Thailand remains the country with the largest net foreign outflow in Asia during the pandemic period in 2020-21 thanks to its high revenue exposure to the tourism sector, which accounted for over 15% in 2019 before the Covid-19 outbreak.

Exhibit 78: Regional foreign funds since 2008 subprime financial crisis – return to inflow in Thailand



Source: Bloomberg, as of 29 Nov 2021

Reason #3: A more gradual and slower increase in the Fed's rate in 2022

onward. We have previously argued that a higher Fed fund rate would likely have a limited impact on the SET Index, and continue to do so. We think that the next round of policy rate hikes by the US Fed will be at a much slower pace than in the past several rounds, thanks to the projected strong US GDP with the relatively well contained sub-5% inflation rate target. Since 2015, the US has turned from a net importer of energy in the forms of oil and gas to become a dominant net exporter of both oil and gas, thanks to its highly productive and low-cost shale oil and gas industries.

Exhibit 79: Upward policy rate forecasts in Latin America and Asia

		3Q21 (%)	2021E (%)	2022E (%)	2023E (%)
LatAm	Brazil	6.25	8.20	8.85	7.20
	Chile	1.50	3.70	5.00	4.55
	Mexico	4.66	5.20	5.70	6.00
	Peru	1.00	1.80	3.10	3.75
	Czech Republic	0.75	2.00	2.55	2.15
	Hungary	1.65	1.95	2.25	2.50
	Poland	0.10	0.65	1.60	1.80
	Russia	7.50	7.95	7.00	5.90
	S. Africa	3.50	3.60	4.40	5.00
	Israel	0.10	0.10	0.25	0.75
Asia	China	4.35	4.35	4.30	4.25
	India	3.35	4.00	4.45	4.90
	Indonesia	3.50	3.50	3.85	4.30
	S. Korea	0.75	1.00	1.35	1.50
	Malaysia	1.75	1.75	2.05	2.30
	Philippines	2.00	2.00	2.30	2.70
	Taiwan	1.13	1.15	1.25	1.35
	Thailand	0.50	0.50	0.55	0.90

Highlights indicate stabilised rate
Source: Bloomberg consensus as of 29 Nov 2021

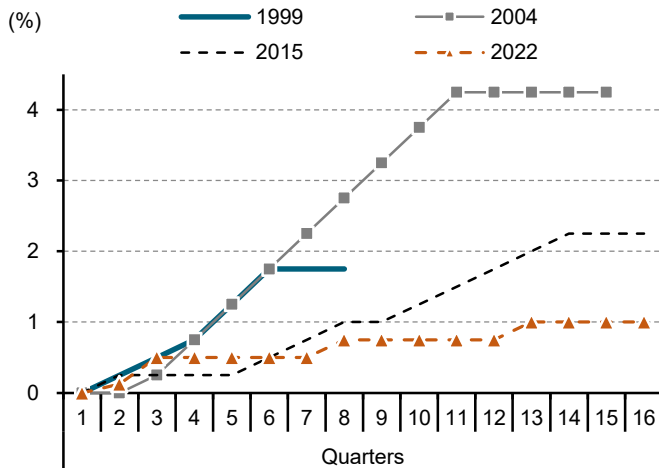
Exhibit 80: Upward policy rate forecasts in developed countries

	3Q21 (%)	2021E (%)	2022E (%)	2023E (%)
USA	0.25	0.25	0.50	1.20
UK	0.10	0.20	0.65	1.10
Canada	0.25	0.25	0.84	1.55
Australia	0.10	0.10	0.10	0.40
Sweden	0.00	0.00	0.00	0.05
Norway	0.25	0.50	1.15	1.55
Germany	0.00	0.00	0.00	0.04
Netherlands	0.00	0.00	0.00	0.04
Sweden	0.00	0.00	0.00	0.05
Euro	0.00	0.00	0.00	0.04
Japan	0.00	0.00	0.00	0.00
France	0.00	0.00	0.00	0.04
Italy	0.00	0.00	0.00	0.04
Denmark	(0.35)	(0.60)	(0.50)	(0.50)
Switzerland	(0.75)	(0.75)	(0.75)	(0.75)
Denmark	(0.35)	(0.60)	(0.50)	(0.50)

Highlights indicate stabilised rate
Source: Bloomberg consensus as of 29 Nov 2021

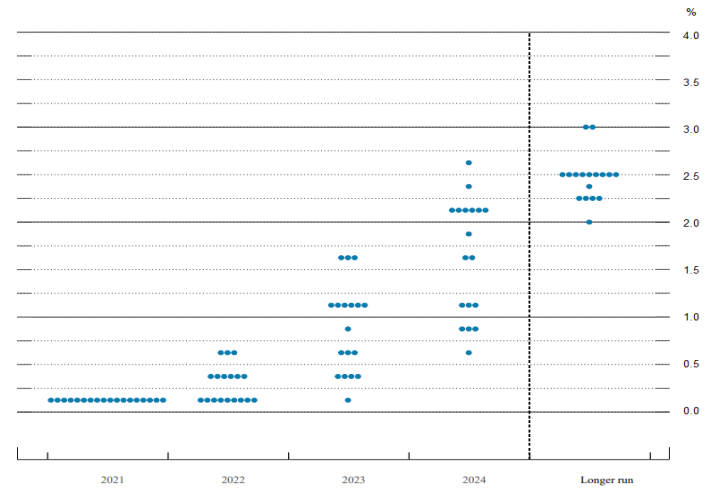
A slower rate hike by the Fed in 2022 onward should be accommodative to global equity markets and other risk assets as corporate earnings growth should remain strong due to the higher pricing power that would allow corporates to pass through higher costs to the consumers. We also think the BoT is likely to maintain its record low policy rate at 0.5% in 2022-23, based on 1) sufficient alternative monetary policy measures to boost Thai GDP; 2) 2022-23E sub-3% headline inflation; and 3) we expect the BoT's policy rate hike to be a weapon of last resort to stimulate economic growth under other "black swan" events.

Exhibit 81: Fed rate rises in the past



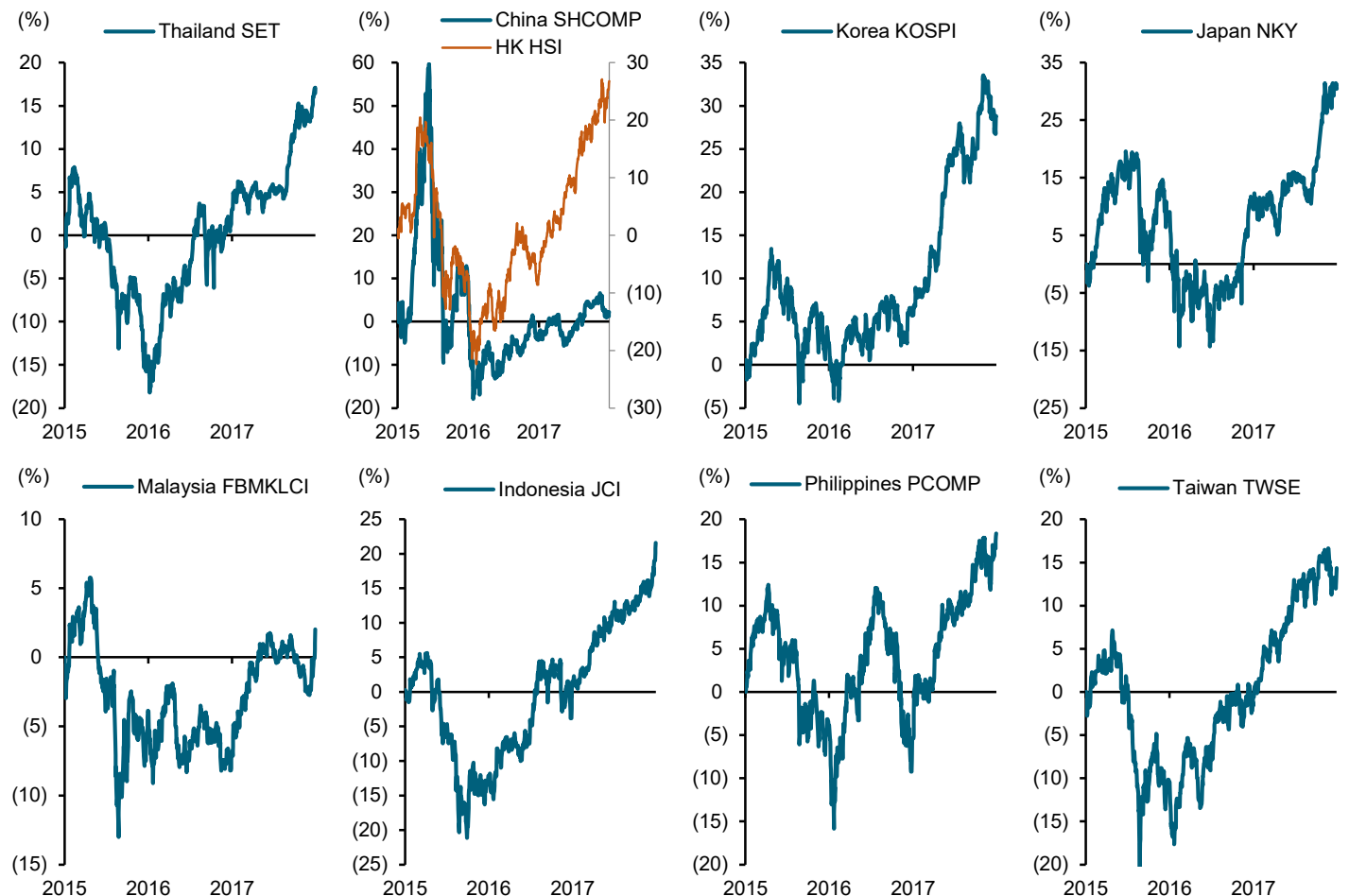
Sources: Bloomberg; [September 2021 FOMC meeting results](#); FSSIA's compilation

Exhibit 82: The dot plot for the Sep 2021 FOMC meeting



Source: [September 2021 FOMC meeting results](#);

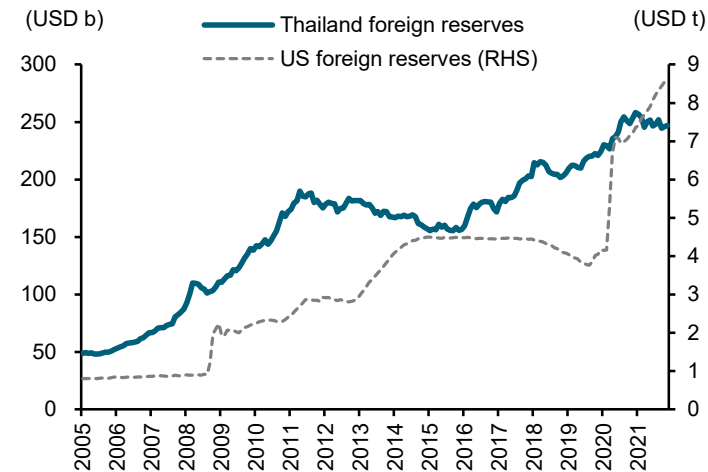
Exhibit 83: Regional market performance (2015-18)



Sources: Bloomberg; FSSIA's compilation

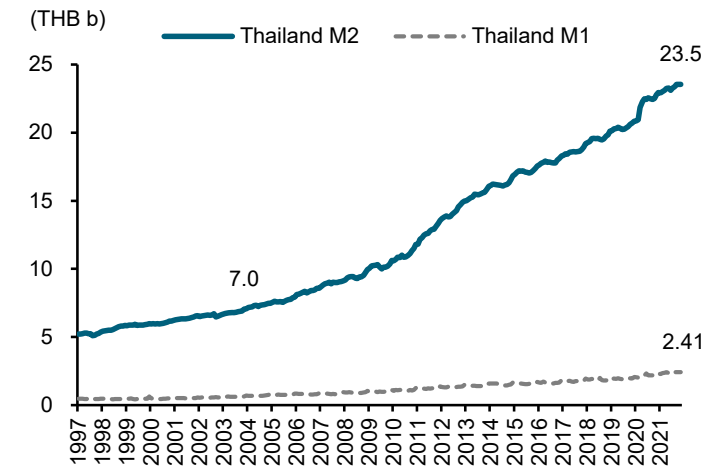
Reason #4: Ample domestic fund inflows: We think the SET Index is poised to continue its rally in 2022, supported by continued domestic fund inflows drawn by the stronger economic growth outlook in 2022-23 after the gradual return of tourism and the projected solid corporate earnings growth momentum. Thailand's M2 money supply reached a record high of THB19.9t in Mar-20 and the BoT's balance sheet increased to THB8.7t in Mar, from THB8.09t in Feb-20.

Exhibit 84: Thailand foreign reserves vs US federal reserves



As at end of Nov 2021 for Thailand and end of Oct 2021 for US
Sources: Bloomberg; Bank of Thailand

Exhibit 85: Thailand money supply at a record high of THB23.5t

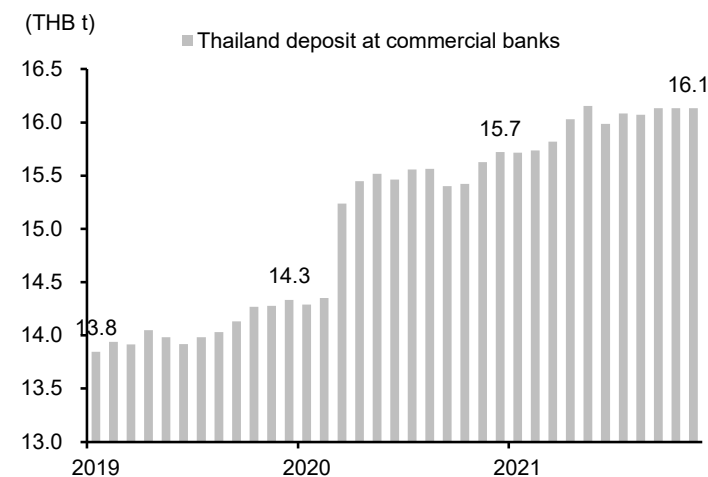


Sources: Bloomberg; Bank of Thailand, as at end of Sep 2021

Despite the 40% rise in the stock market in Aug-Oct 2021, we believe the returns on investments for the SET are still more attractive than other asset classes, thanks to the strong fundamentals of the Thai economy and the visibly stronger corporate earnings growth in 2022-23.

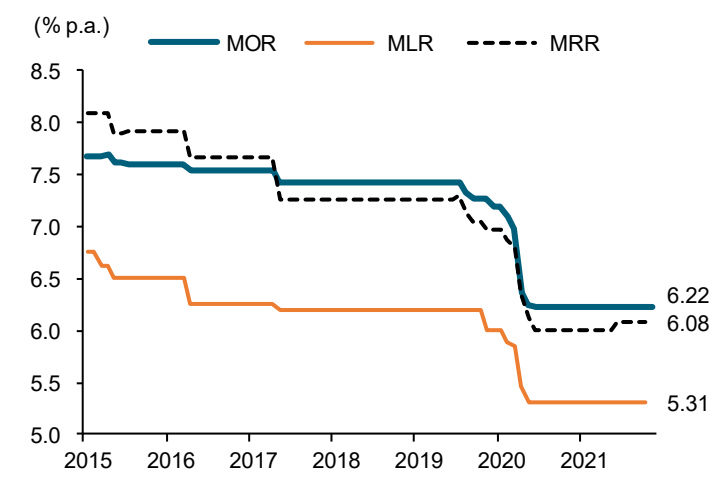
In addition, investors' higher risk appetite with ample liquidity and low funding costs have firmly accommodated the large number of capital increases via both equity and debt raising and M&A deals, effectively propelling corporate earnings growth in 2022-23, in our view.

Exhibit 86: Thailand deposits at commercial banks



Sources: Bloomberg; Bank of Thailand, as at end of Sep 2021

Exhibit 87: Record low lending rates



Source: Bloomberg, as at end of Oct 2021

Downside risks to our bullish view on the SET Index in 2022

Among the six potential downside risks we have identified that may impact our conviction of the SET Index reaching 1,892 by end-2022, we think the persistently high inflation rate globally is the most daunting risk. The high inflation rate could lead to central banks hiking their policy rates at a faster pace and lead to a higher rate increase than we and the market expect.

The higher inflation rate may also lead to global or regional “stagflation” with low economic growth but a high inflation rate. While the stagflation risk is low for Thailand, we think that stagflation in other developed countries could jeopardise Thailand’s export and tourism industries, which are two key revenue engines for the country’s GDP.

The other five downside risks are likely to be mild or low, in our view, considering the manifest development of vaccines and the globally declining death rate. On the political front, we think both the geopolitical risk of US-China tensions and Thailand’s political risk are low as economic growth recovery should be of a greater central focus for both US and China, while the stability of the Phalangpracharat party, the leading party of the current Thai government, should be able to maintain political stability until the next general election, which is scheduled to occur sometime in 2023.

Exhibit 88: Our solicited views from a wide range of contacts on risks to global and Thai financial stability in 2022

Potential headwinds in the next 12 months	% possibility	Rationale
Persistent inflation; monetary tightening	High	We think that the key driver of the currently high global inflation rate is the supply-demand mismatch due to economic restarts, where the consumer prices are surging due to bottlenecks and supply shortages associated with reopening economies from the Covid-19 pandemic. That has complicated the Fed’s task of not only forecasting inflation but also of clarifying how it plans to react to incoming data about economic growth, unemployment and inflation. The higher inflation trend could drive up the interest rate curve of government bond yields and has already resulted in higher volatility for equity and bond markets globally in the past.
Vaccine-resistant variants	Mid	As we know that the second global wave of Covid infections came from the Delta variant, the risk of new Covid variants, such as Omicron, could diminish the effectiveness of available vaccines and prolong the pandemic effect on the global economy.
China property risk and regulations	Mild	China’s second largest real-estate developer by revenue – with liabilities equal to around 2% of the country’s gross domestic product – is in danger of collapsing. If Evergrande’s woes further infect the broader real-estate market or Beijing doesn’t act quickly enough to restructure the company’s business and its onshore debts in an orderly manner, a collapse may not be far behind, in our view.
Global political risk; US-China tensions	Low	We think that further escalation of US-China tensions will not occur until the pandemic fades further.
Regional fund outflow to DM after Fed rate hike	Low	Due to the foreign fund outflow continuing from emerging markets (EM) in the last two years, we think that there is a small chance that there will be a larger fund outflow from EM to developed markets.
Thailand political uncertainty	Low	We believe that the government will aim to win seats at both the local and national levels to maintain the stability of the current cabinet ahead of the upcoming general election in 2023. Meanwhile, the incumbent government remains secure despite the internal fighting within Phalangpracharat (PPRP), as all coalition parties have thus far remained in unity. With 277 MPs under the coalition bloc (55.4% of the 500-member House of Representatives), the government’s stability should remain until the next election, in our view.

Source: FSSIA estimates

Three investment themes for 2022

We maintain our Overweight view on the Thai equity market. We project a strong economic recovery in Thailand in 2022 with c3-4% GDP growth and favourable fiscal and monetary policies as key backdrops for solid corporate earnings growth to drive the SET Index higher to our 12-month target of 1,892, based on 17.2x 2022E P/E, or its 10-year average, backed by our aggregate net profit growth forecast of 23.4% y-y in 2022 for the stocks under our coverage with projected EPS of THB110.

With our finding the gorillas investment strategy to identify three key characteristics of successful corporations – visionary management, being a fast or first mover, and having a fluid organisational structure/culture – we have identified a set of 13 “winning” listed companies on the SET.

We think Thailand's economy is in a transition to gradually transcend from a pandemic-hit economy into a healthy and growing one in 2022-23. We expect Thai corporate earnings to rebound y-y on the back of higher economic activities on the full reopening and rising tourism revenue, directly benefiting the service and hospitality sectors for a transition toward the new normal.

We believe the backdrop of improving economic data in 2022 should translate into a rebound in the share prices of the stocks in both value and growth sectors. We prefer large-cap stocks over small cap ones, as the increase in the SET Index should be driven by the share prices of these large-cap firms with their committed reinvestment and expansion plans to capture the demand growth, in our view.

Therefore, our 2022 core investment theme revolves around corporate earnings growth and economic growth. With the three characteristics in mind, coupled with our projected economic recovery and corporate earnings growth, we have identified our winning sectors for 2022 as tourism, commerce, industrial estates, finance, utilities and transportation. Our 13 winning companies under our three investment themes are:

1) Covid-19 transition theme with top picks – AOT, MINT, HMPRO and AMATA

2) Synergy integration theme with top picks – BA, JMT, BGRIM and IVL

3) Digital transformation theme with top picks – BTS, SCB, KBANK, GULF and EA

Theme #1: Transition plays (AOT, MINT, HMPRO and AMATA)

We think the potential upsides from Thailand's economic reopening and the effective vaccination rollout should result in a gradual rebound in the share prices of stocks in tourism, commerce and reinvestment cycle sectors (industrial estates). Tourism has been the most impacted by the Covid-19 crisis, but is likely to benefit the most from Thailand's improving vaccination rate nationwide and the country's efficient healthcare system. Among the stocks under our coverage, we prefer AOT, MINT, HMPRO and AMATA, as their earnings growth should be strong and highly visible in 2022, thanks to higher investment, consumer spending, and tourist arrivals.

AOT: Return of Thailand's airport king

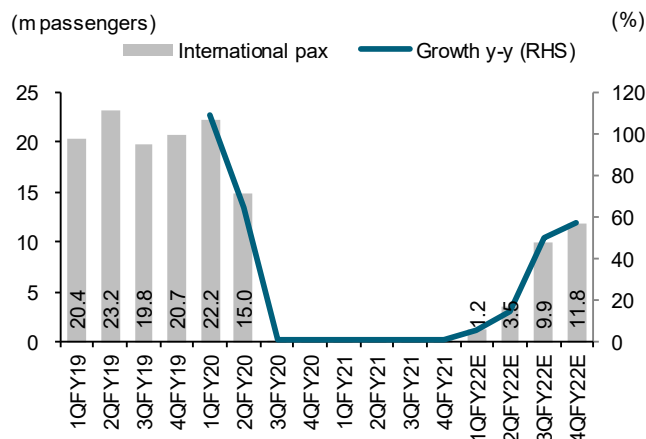
We believe AOT has already passed the bottom as domestic passenger numbers have picked up to 25% of the pre-Covid level in Oct from an average of 5% in Jul-Sep, and the momentum should continue due to the pent-up demand of domestic travellers. We are also positive on the recovery of international tourists. The Tourism Authority of Thailand (TAT) expects 1m tourist arrivals during Nov-21 to Mar-22 (6% of pre-Covid level) before accelerating to 13m in 2022 (33% of pre-Covid level).

We expect international passenger numbers to recover to 31% of the pre-Covid level in FY22 (AOT's fiscal year-end is in Sep). Broken down by quarter, we expect it to reach 50-60% of pre-Covid in 3Q-4QFY22. This should be the key driver for AOT's earnings to turn around as, based on our analysis, AOT would require international passengers of around 40-50% of the pre-Covid level to turn around.

In addition, another key factor is that AOT plans to start collecting minimum guarantee (MG) fees from operators, especially King Power from 3QFY22 onward. An MG per head (THB233 for duty-free contracts at Suvarnabhumi Airport) would replace the average THB89 per head concession fee that AOT receives from King Power via revenue sharing.

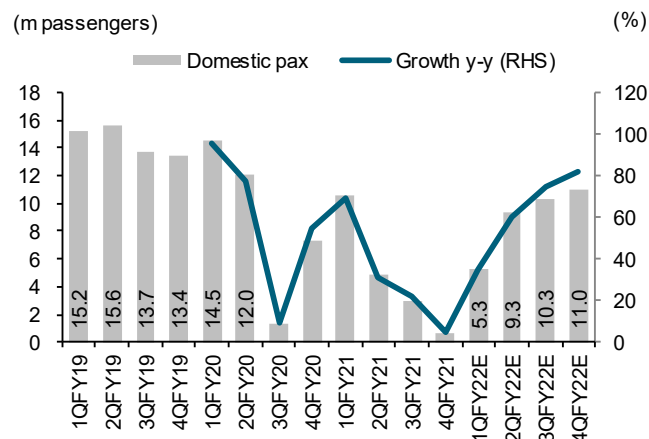
As a result, we forecast a core loss of THB1.8b-3.1b in 1Q-2QFY22 before turning around to a core profit of THB1.7b-2.3b in 3Q-4QFY22. Its core profit should exceed the pre-Covid level in FY23, driven by a larger MG fee from King Power.

Exhibit 89: International passenger volume, quarterly



Source: FSSIA estimates

Exhibit 90: Domestic passenger volume, quarterly



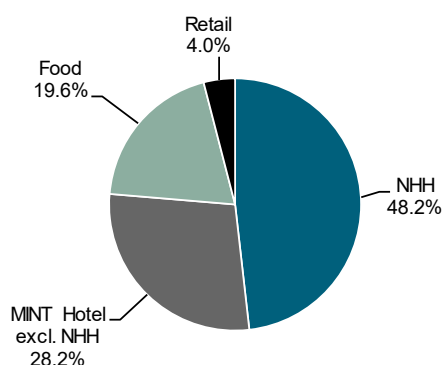
Source: FSSIA estimates

MINT: A proxy Thai hospitality play with a well-balanced asset portfolio

We believe MINT is in a recovery mode, and expect all of its portfolios to improve over 4Q21 and 2022. NH Hotel Group's (NHH) EBITDA has already turned positive in 3Q21. However, the recovery momentum may slow in 4Q21-1Q22 due to that period being the low tourism season in Europe.

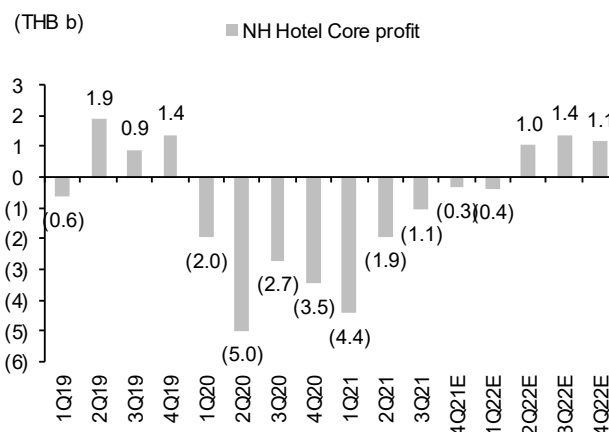
Overall, we believe MINT has the potential to turn around by 2Q22, and its earnings should be back to the pre-Covid level by 2023 with a potential upside from a better margin, as MINT has trimmed its costs since the start of Covid.

Exhibit 91: MINT – revenue breakdown as of 2019



Source: MINT

Exhibit 92: MINT – NH Hotel core profit



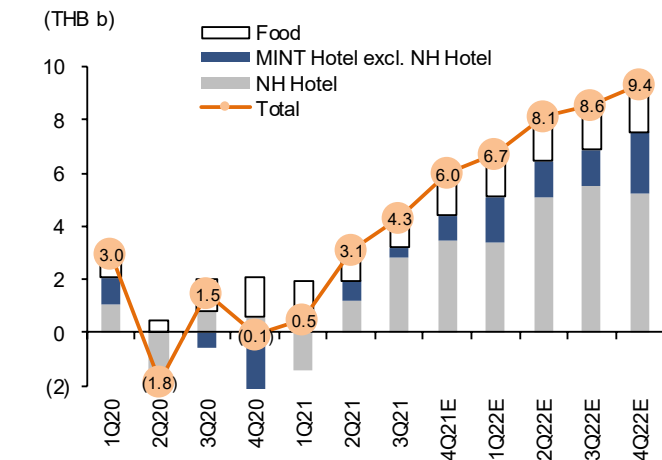
Sources: MINT; FSSIA estimates

We expect MINT to turn profitable in 2Q22, which is the high tourism season in Europe. The key driver, in our view, would be the average daily rate (ADR), which is likely to surpass the pre-Covid level due to pent-up demand, given that ADR has almost reached the pre-Covid level in Sep-Oct 2021.

We also believe that its operations in Thailand have already passed the bottom. For its Thailand hotel portfolio, we expect it to reach the EBITDA breakeven level in 4Q21, driven by domestic travellers, while we expect international tourists to significantly recover in 1Q22.

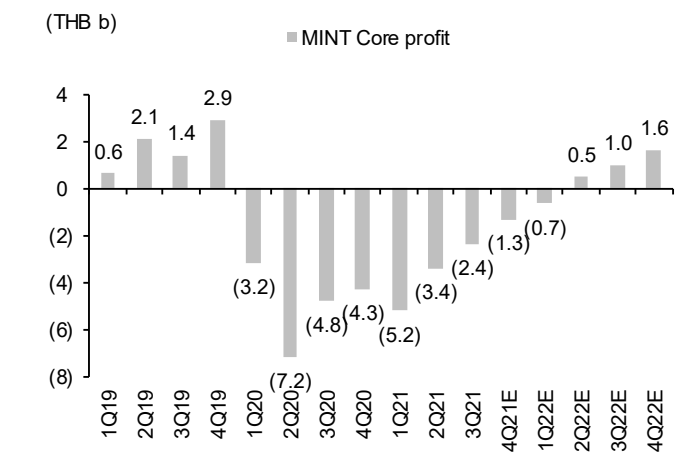
For its food business, we expect same-store sales growth (SSSG) to rebound to be positive again in 4Q21, driven by Thai food restaurants. Note that we expect the food business' earnings to exceed the pre-Covid level by 2022 thanks to a better margin following its cost-saving measures.

Exhibit 93: MINT – EBITDA quarterly forecast



Sources: MINT; FSSIA estimates

Exhibit 94: MINT – core profit quarterly forecast

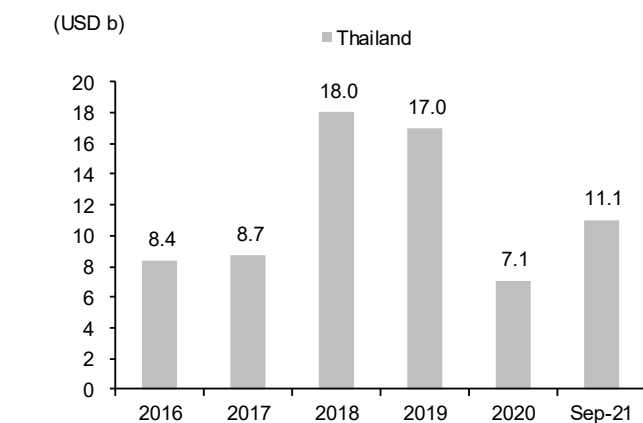


Sources: MINT; FSSIA estimates

AMATA: Waiting for investment tailwinds

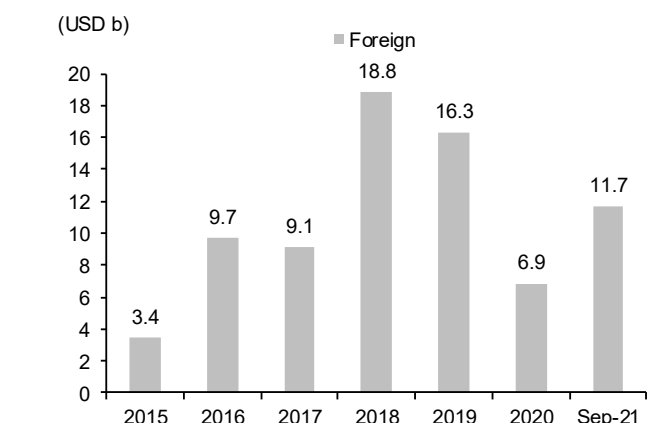
The industrial estate sector has been in transition since 2021. Though Covid cases surged in 3Q21, triggering the government to implement lockdowns and restrictive measures, Thailand has already seen a markedly higher FDI of USD11.1b, even higher than the entire FDI of USD7.1b in 2020. The projects submitted for Board of Investment (BOI) approval should see a similar trend. Overall, we expect FDI in 2022 to surpass the USD17b-18b FDI levels in the pre-Covid-19 years in 2018-19.

Exhibit 95: FDI in Thailand



Sources: Board of Investment (BOI); FSSIA's compilation

Exhibit 96: Project value submitted to Board of Investment

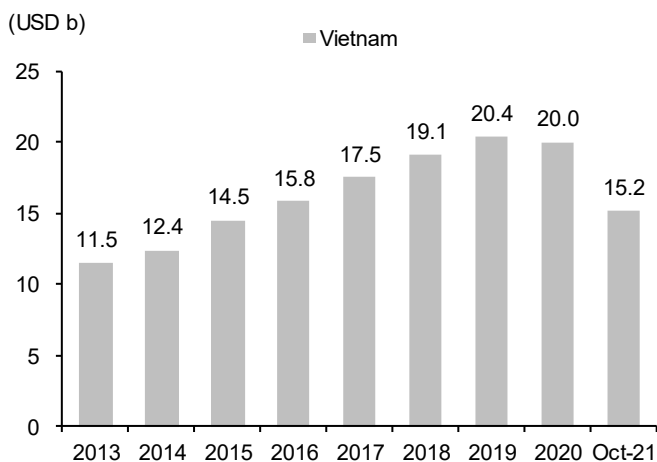


Sources: Board of Investment (BOI); FSSIA's compilation

We see several factors that could accelerate the relocation from China as follows 1) the US-China trade war and supply chain disruptions; 2) China's intensifying environmental and emissions control policies for industrial companies; 3) China's current power shortage crisis has led to industrial production shutdowns or cuts as mandated by the Chinese government in many provinces; and 4) the structurally higher energy costs for industrial production in China.

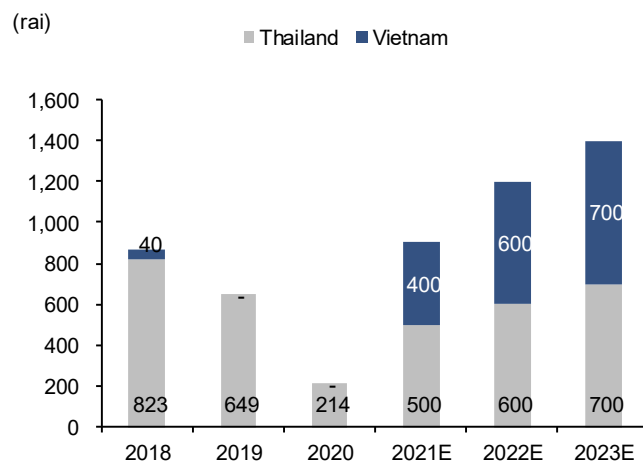
AMATA should be a prime winner on the return of FDI to both Thailand and Vietnam after travel restrictions are eased. We project AMATA to have net profit growth of 44% y-y to THB1.5b in 2022, driven by 1) the recovery of land presales in Thailand to 600-700 rai, its pre-Covid level; and 2) solid demand for land presales in Vietnam after the country's easing of the full lockdown in 4Q21. We think AMATA has the potential to have a record net profit in the following year, supported by the positive factors mentioned above.

Exhibit 97: FDI in Vietnam



Sources: Foreign Investment Agency, Ministry of Planning and Investment of Vietnam

Exhibit 98: AMATA – industrial estate land sales



Sources: AMATA; FSSIA estimates

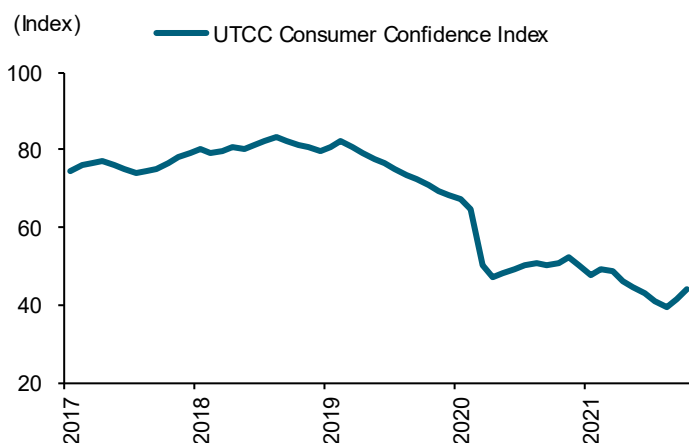
HMPRO: Solid earnings growth post reopening

2021 has been a hiccup year for the commerce sector due to the third wave of Covid in Jul-21 which prompted the government to implement lockdown restrictions in 26 “dark red zone” provinces during 23 Jul to 31 Aug. We believe the recovery path of the commerce sector started in 4Q21 after bottoming out in 3Q21. The Consumer Confidence Index (CCI) started picking up in Oct-21, and we expect it to continue to rise on the back of more economic activities such as the reopening of schools, the return of white-collar workers to their offices, and domestic travel. Moreover, the curfew lifting and country’s re-opening on 1 Nov should accelerate the positive momentum.

We expect the sector’s earnings in 2022 to post a strong recovery by +73.5% y-y due to the economic recovery and the reopening of the tourism sector. The sector’s earnings could return to the pre-Covid level in 2019 at above THB48.6b, supported by new store expansions and improving profitability, even though the tourism sector may not return to its normal level.

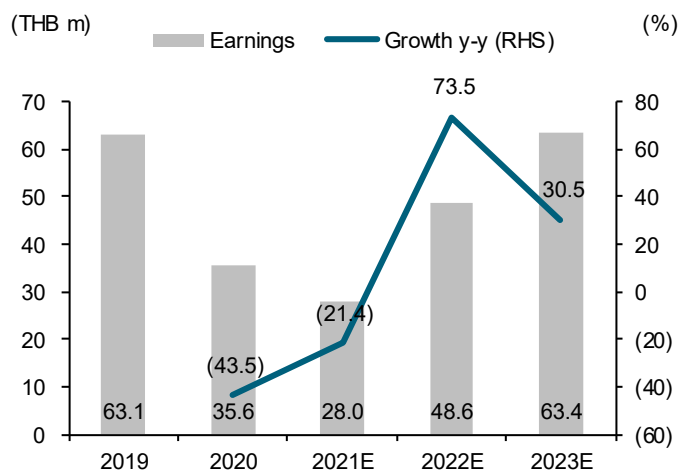
We expect HMPRO to post solid earnings growth in 4Q21 after the lockdown easing. Its 4Q21 earnings could be the highest in 2021 at THB1.6b. Looking forward to 2022, we expect HMPRO’s earnings to grow by 22% y-y to THB6.4b, which would surpass the pre-Covid level in 2019 at THB6.2b. Moreover, we expect HMPRO to expand its Mega Home format by 2-3 stores in 2022 after not expanding this format in the past couple of years.

Exhibit 99: CCI starting to pick up in Oct 2021



Sources: UTCC; Bloomberg

Exhibit 100: Expect sector earnings to strongly recover by 73.5% y-y to THB48.6b in 2022



Sources: Company data; FSSIA estimates

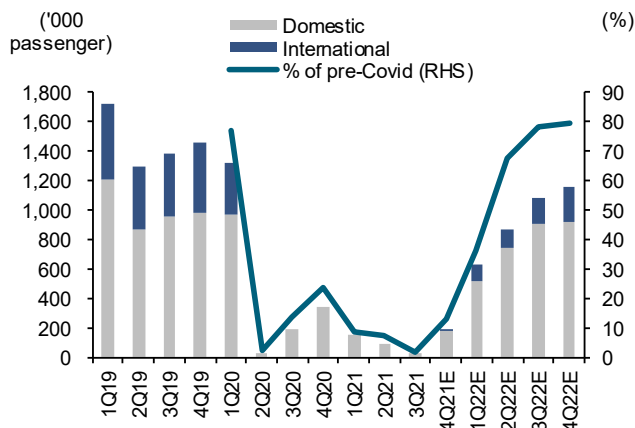
Theme #2: Synergy integration stocks (BA, JMT, IVL and BGRIM)

In the past two years, many listed companies have moved into new growth engines via CMJE, with most of them having the three characteristics we have identified. Under the synergy integration investment theme, our top picks are BA, JMT, IVL, and BGRIM.

BA: Synergy among airlines, airports, and air services

We believe BA will start to benefit from its airport business in 2022 onward. Looking back, in 2019, the profit of its airport business was thin, as the operating cost for Samui Airport was embedded in BA's financials, while BA only recognised c30% of the total passenger service charges (PSC) and landing fees for Samui Airport through Samui Property Fund (SPF). After terminating the lease contract with SPF, BA has consolidated Samui Airport and will recognise all PSC and landing fees. As a result, we expect its airport business to generate around THB500m-600m in profit to BA when tourist numbers recover.

Exhibit 101: Passengers carried

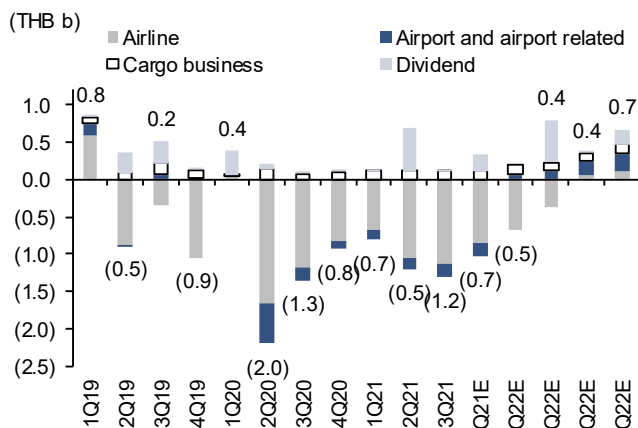


Sources: BA; FSSIA estimates

BA's 4Q21 operations should improve. The Bangkok-Samui route's passenger volume has started to recover, led by domestic travellers after Samui permitted already vaccinated domestic travellers or those with negative antigen tests to avoid quarantining since Oct. We also expect more international tourists to visit Samui after Thailand reopens.

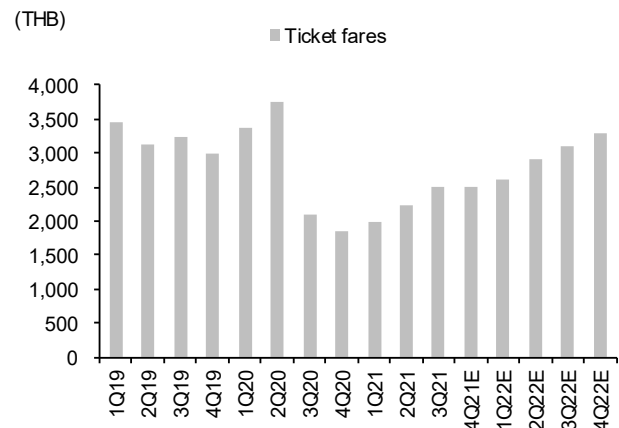
We expect BA's core profit to turn around by 3Q22 – the high tourism season in Samui. Based on our analysis, BA would require a domestic passenger volume of c50% and an international passenger volume of c40% of the pre-Covid level to break even. European tourists should be a key driver for a turnaround, as they account for about half of the international tourist arrivals to Samui. Dividend income from BDMS (normally in 2Q) could support an earlier turnaround in 2Q22.

Exhibit 103: BA – total EBIT



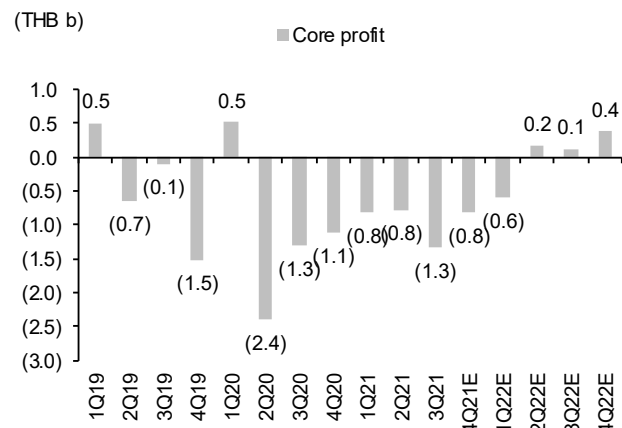
Sources: BA; FSSIA estimates

Exhibit 102: Ticket fares



Sources: BA; FSSIA estimates

Exhibit 104: BA – core profit



Sources: BA; FSSIA estimates

JMT: Chasing the hybrid AMC crown

We reiterate JMT as one of our top picks among diversified financial companies, with our GGM-based TP of THB70. We think there is more room for its share price to re-rate supported by 1) its high potential net profit growth; 2) low earnings volatility; and 3) efficient non-performing loan (NPL) management.

1) High potential net profit growth

Although JMT has delivered attractive net profit growth for more than five consecutive years, we think the company will climb a J-curve again from 2022 by benefiting from the potential influx of NPLs and its growth-seeker DNA, i.e. significantly increasing its NPL acquisitions. We expect JMT's 2022 net profit to grow by 69% y-y, with 30% y-y EPS growth due to the dilution from its huge capital increase and JMT-W3.

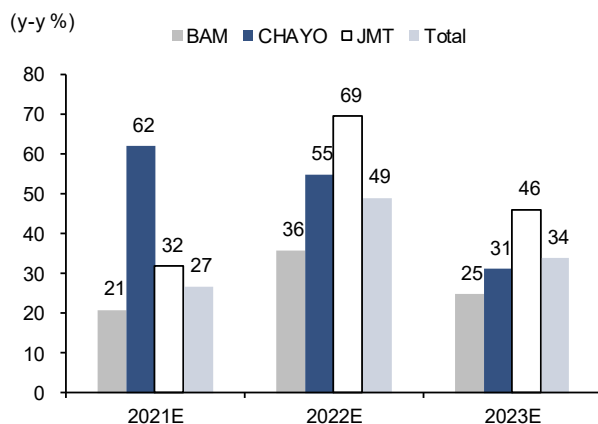
2) Low earnings volatility

JMT is the only asset management company (AMC) under our coverage that was able to post a y-y increase in every quarterly net profit since 2019, vs the lower earnings stability for CHAYO and BAM. This came from its large unsecured NPL portfolio, which normally generates a recurring revenue stream. It is easier for investors to track and forecast JMT's performance vs its peers, in our view.

3) Efficient NPL management

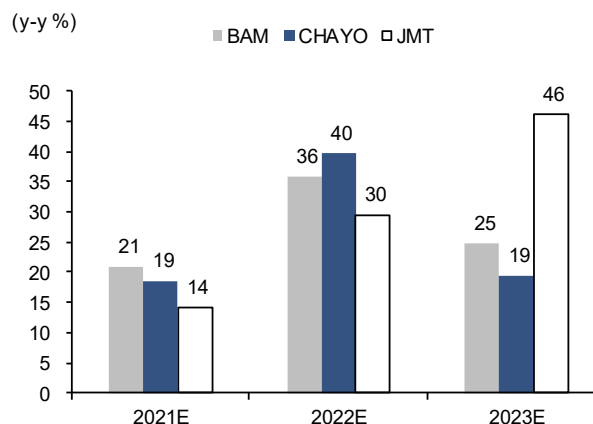
We think JMT's payback period could be shorter than that of BAM's thanks to 1) its NPL management method with an emphasis on troubled debt restructuring (TDR); and 2) its portfolio structure, which mostly consists of residential NPLs. We have tracked the cash collection performance of its 2017-19 portfolios. We found that the 2017 payback period was only two years. JMT has been able to collect 71% and 45% of the initial investments in its 2018 and 2019 portfolios, respectively. We expect its 2018 portfolio to reach the payback period in 2022. This means that with the surge in secured NPL acquisitions, JMT's payback periods of around 3-5 years are pretty much the same.

Exhibit 105: AMCs – net profit growth



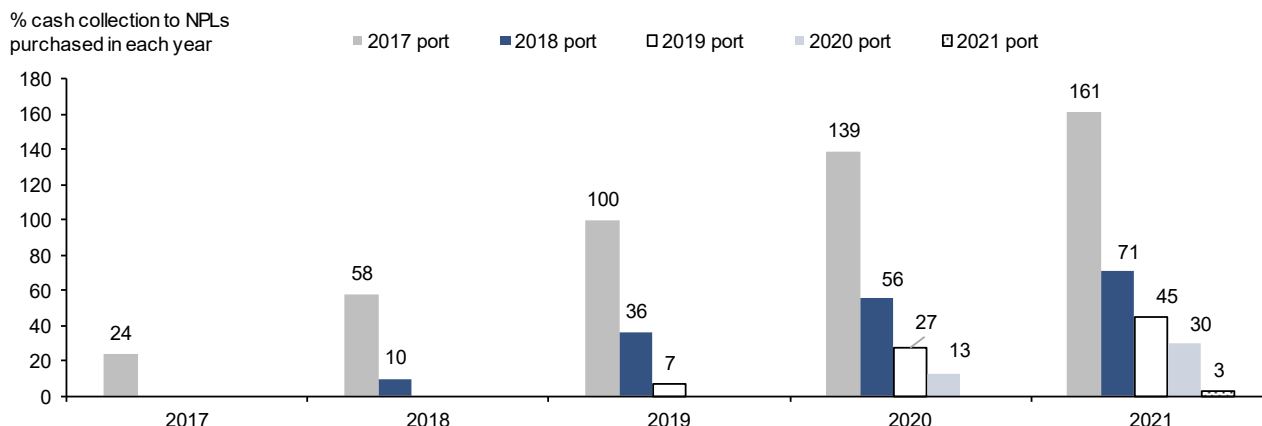
Sources: Company data; FSSIA estimates

Exhibit 106: AMCs – EPS growth



Sources: Company data; FSSIA estimates

Exhibit 107: Payback period of each portfolio



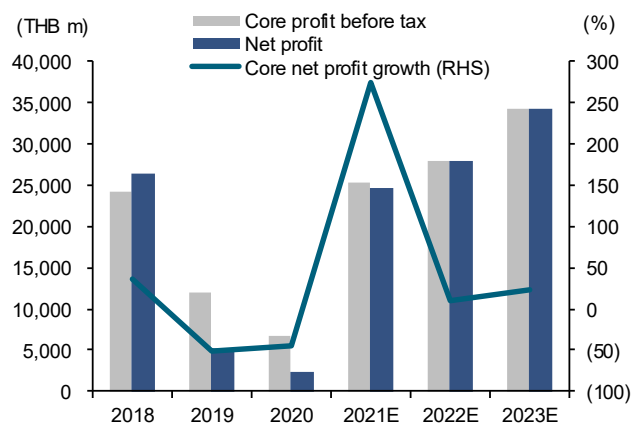
Note that if % cash collection to NPLs purchased reaches 100%, it means that the portfolio was able to achieve its payback period; Sources: JMT; FSSIA's compilation

IVL: IOD & PET leading the growth charge in 2022

We believe the market underestimates IVL's net profit growth potential in 2021-23, reflected in our EPS forecasts being 18-66% higher than Bloomberg's consensus estimates. The key variances are from:

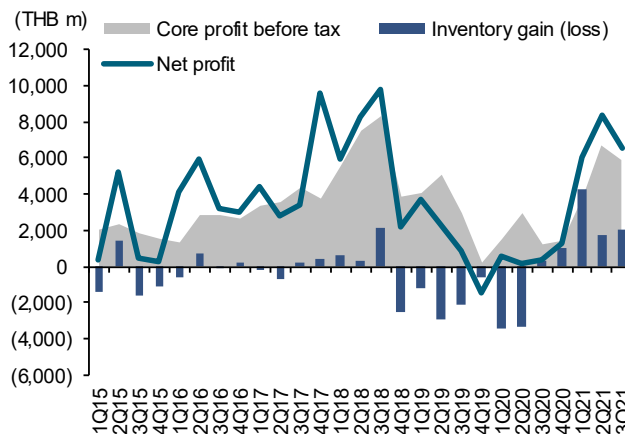
- 1) The integrated PET and PTA margin in Asia, Europe, and North America (West), as a result of the sustained freight cost hike due to the pandemic and the production cuts in China from the electricity crunch;
- 2) The higher-than-expected margins of IVL's downstream products in the integrated oxide and derivatives (IOD) group, which include surfactants, ethanolamine, propylene oxide (PO), and monoethylene glycol (MEG);
- 3) The expected strong demand for polyester and PET globally in 4Q21 following the gradual global reopening.

Exhibit 108: IVL – annual core profit before tax, inventory gains (losses), and reported net profit



Source: IVL; FSSIA estimates

Exhibit 109: IVL – quarterly core profit before tax, inventory gains (losses), and reported net profit

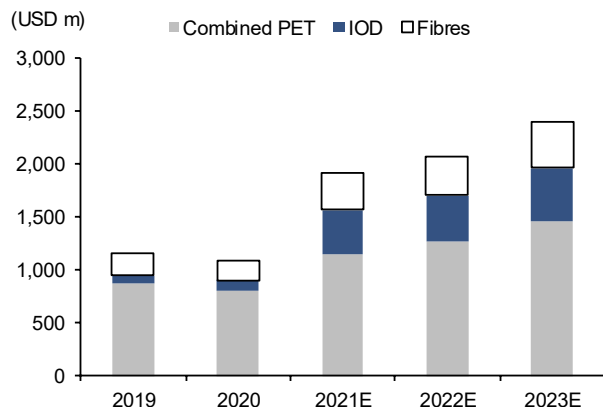


Source: IVL

We see three key drivers for IVL's net profit growth in 2022. First, we estimate that the start-up of its 0.44mtpa ethane cracker in Dec-21, after a one-year shutdown, should generate USD100m EBITDA in 2022. Second, the strong integrated PET-PTA margin in Western markets due to stronger demand and the repricing of the contract PET prices for 2022 should help offset the impact from the new supply in China.

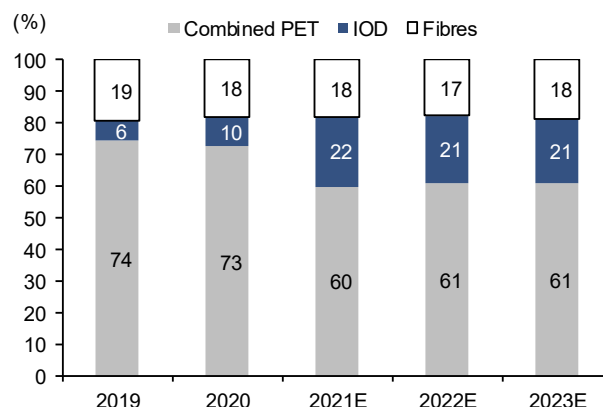
We expect to see a margin upside of up to USD30-50/t y-y for IVL's combined PET, its largest product group, in 2022. IVL is now negotiating with global customers for new contract prices for PET in Western markets. Third, we expect its IOD group to generate USD0.7b in 2022, driven by the acquired IOD assets from Oxiten, higher sales volume y-y, and improving margins of downstream IOD products.

Exhibit 110: IVL – EBITDA breakdown by business unit



Sources: IVL; FSSIA estimates

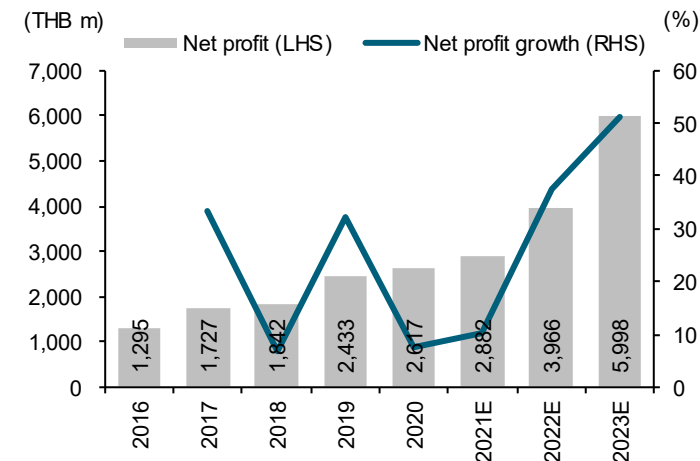
Exhibit 111: IVL – EBITDA breakdown by business unit (%)



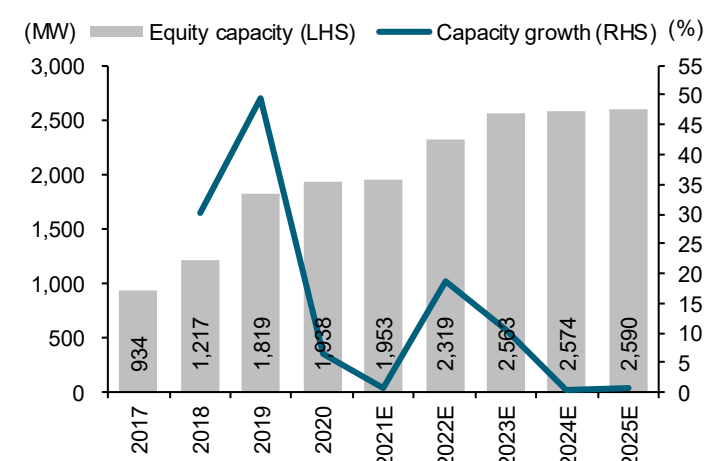
Sources: IVL; FSSIA estimates

BGRIM: Gleaming growth over gloomy gas

Looking beyond the weak 4Q21E net profit due to the gas price hike, we project BGRIM's net profit growth to accelerate in 2022-23, driven by 1) new industrial user demand of 30MW in 4Q21; 2) three new M&A; 3) structurally lower gas costs from 0.65mt (100mmscf) of imported LNG; 4) a margin expansion from the five new small power producers (SPP) under SPP replacement power purchase agreements (PPAs) with staggered commercial operation dates (CODs) in Jul-Dec 2022; and 5) the expected upward adjustment of the electricity selling price by 1Q22 to link with the higher costs of gas, oil, and coal since mid-2021.

Exhibit 112: BGRIM – core profit and net profit growth

Sources: BGRIM; FSSIA estimates

Exhibit 113: BGRIM – equity capacity and capacity growth

Sources: BGRIM; FSSIA estimates

We believe BGRIM is moving into a high growth phase in 2022-23, with projected capacity growth of over 1GW, up over 50% from its current 2GW as of 3Q21. The key growth projects include 1) five SPPs under SPP replacement PPAs in 2022; 2) two new SPPs, BGPAT 1&2; 3) a number of new small hydropower plants in Laos; 4) three acquired SPPs (PPTC and SSUT); 5) 163MW equity capacity from its 40% stake in Pimpinan Ehsan Berhad (PEB); and 6) the 80% stake in Huang Hoa Holding (HH) for a 48MW wind farm (COD scheduled in 2023).

We maintain BUY and our SoTP target price of THB58. We think that after its recent share price plunge due to the downsides from the higher gas cost in 4Q21, BGRIM's share price is now highly attractive, even excluding the net profit upsides from the recently acquired projects (PPTC, SSUT, PEB, and HH), which we estimate to generate earnings of THB0.5b-0.7b annually.

Exhibit 114: BGRIM – new growth projects with PPTC, SSUT and PEB

	Equity capacity (MW)	Growth (MW)	Growth (%)	Project
2016	974			ABP5, BOWIN
2017	988	14	1	XXHP (SNN, SGD)
2018	1,217	229	23	ABPR3-5 SPPs, WVO solar farm
2019	1,819	602	49	Solar farms in Vietnam, Nam Che, SPP1, ABP1 extension, WTE
2020	1,938	119	7	ATP, Ray solar farm
2021E	1,953	15	1	BOTHONG wind farms, BPAM extension
2022E	2,319 (2,482)	366 (529)	19 (27)	(PEB), PPTC and SSUT, Hybrid U-Tapao (15MW), BPLC1, ABP1, ABP2, SPP1 SPP replacements, Tadsakoi, Nam Khao 4
2023E	2,690 (2,853)	371	16	(HH), BGPAT1, BGPAT2 SPPs, Nam Khao 2, Hybrid U-Tapao (80MW + ESS 50MW)
2024E	2,701 (2,864)	11	0	Nam Khao 3
2025E	2,717 (2,880)	16	1	Nam Khao 1, 5
Total equity capacity	2,717 (2,880)	1,743 (1,905)		

Sources: BGRIM; FSSIA estimates

Theme #3: Transformation stocks (BTS, SCB, KBANK, GULF and EA)

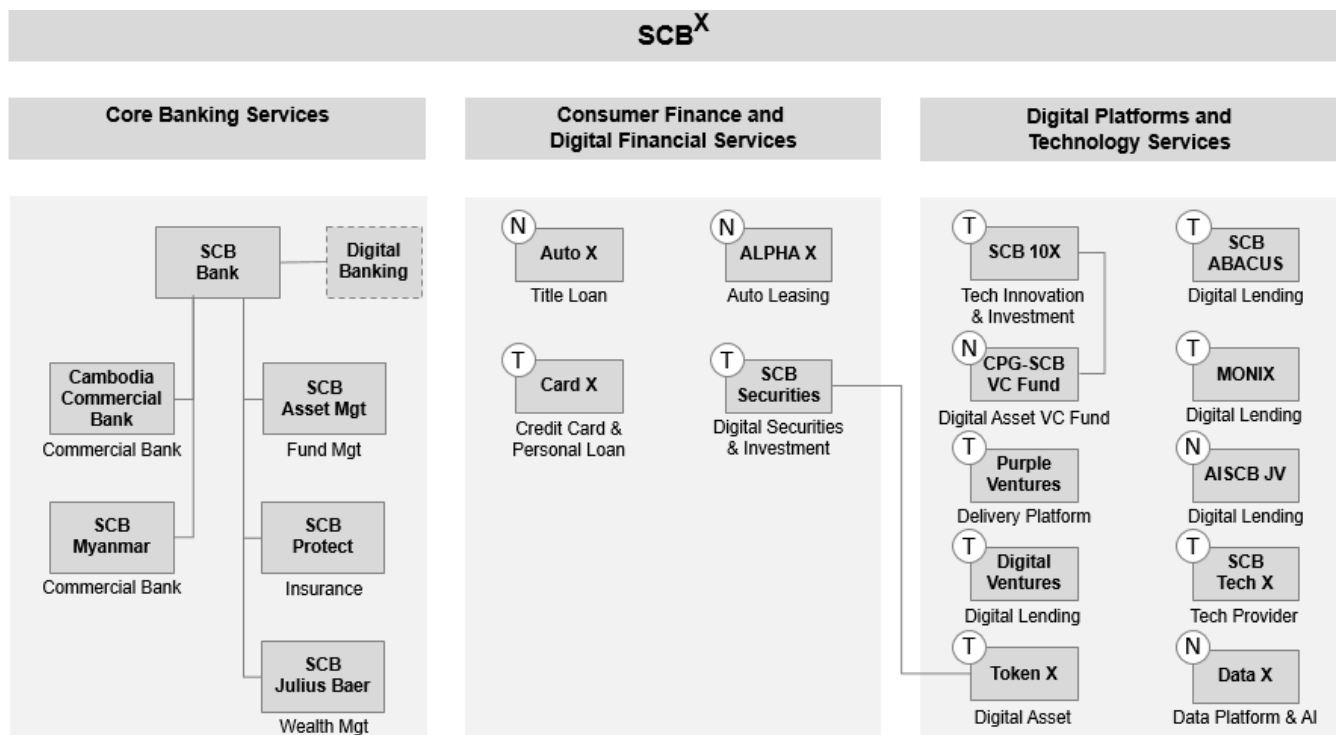
We believe that the Covid-19 pandemic has amplified the urgency to transform businesses to be more agile and resilient after a year of disruptions and rapid transformation. Organisational leaders are reassessing their mindsets and business operations to define a more flexible, adaptive, and beneficial environment for businesses, partners and customers to maximise their shareholding. This is resulting in a digital-first approach to people, processes and technology which can unlock opportunities or value for growth and better positions for companies in the future.

Among the stocks under our coverage, we have determined the large-cap growth stocks in this theme to be BTS, SCB, KBANK, GULF and EA, as they are transforming their businesses to adapt to the dynamic and uncertain operating environment to become increasingly competitive with solid fundamentals and value growth in 2022-23, in our view.

SCB: To cryptocurrency growth and beyond

SCB has announced three main reforms: 1) the establishment of SCBX as a parent company for SCB Group to manage its capital allocation and investments through a share swap between SCB Bank and SCBX; 2) the spin-off of its card business; and 3) setting up two JVs and one venture capital. Within five years, SCB aims to transform itself from a local bank to a regional fin-tech group in ASEAN. Management expects SCBX's long-term ROE to increase to 15-20% from SCB's c8% currently.

Exhibit 115: SCBX's structure



N = newly established company, T = transferred from SCB bank

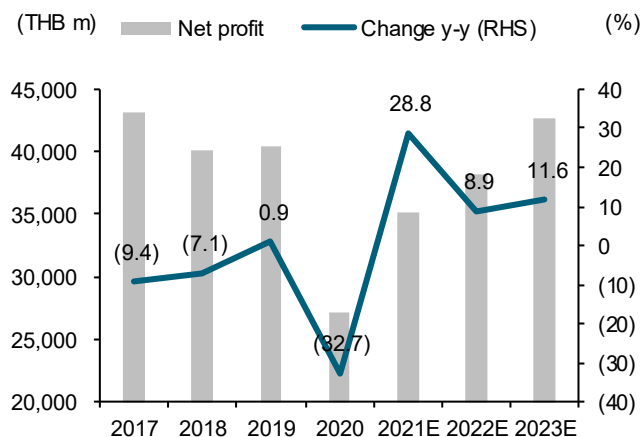
Sources: SCB; FSSIA's compilation

We like SCB's strategy to break out of the traditional way of doing business. We see four potential benefits from this transformation: 1) flexibility and independence; 2) less supervision from the BoT; 3) unlocking subsidiaries' values; and 4) gaining more benefits from leveraging after listing SCBX's subsidiaries. This should enhance its valuation in terms of long-term growth, its dividend payout ratio, and ROE.

In the short term, we expect SCB to deliver a solid net profit in 4Q21 with a 50% y-y increase and a seasonal drop q-q, supported by a lower provision, a rise in fee income, and good cost control. We also expect its net profit to continue to grow by 9% y-y in 2022. The listing of SCBX is scheduled for Feb-22, and the business transfer will be in 2Q22. These positive events should support its share price momentum in the medium term.

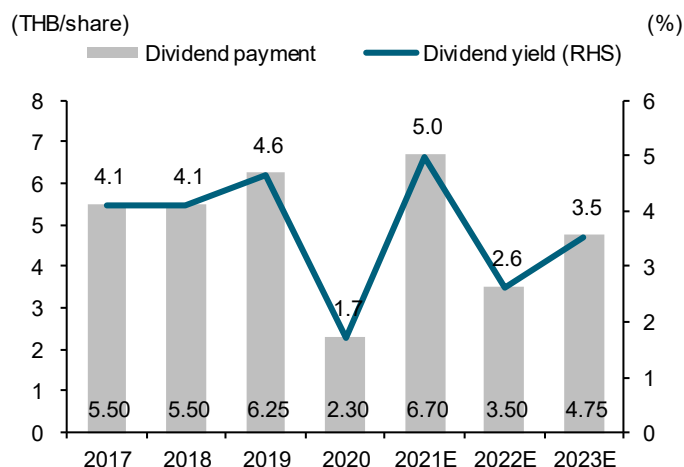
We reiterate SCB as our top pick with our SoTP-based TP of THB160, as we believe its great transformation will allow it to penetrate the high risk-reward lending industry and high growth potential digital industry. Thus, we think that SCB is in the best position in the banking sector to benefit from the region's digital age. Also, its ROE should be in an improving trend.

Exhibit 116: SCB's earnings growth



Source: FSSIA estimates

Exhibit 117: SCB's dividend payments



Source: FSSIA estimates

KBANK: A fluid and innovative financial leader

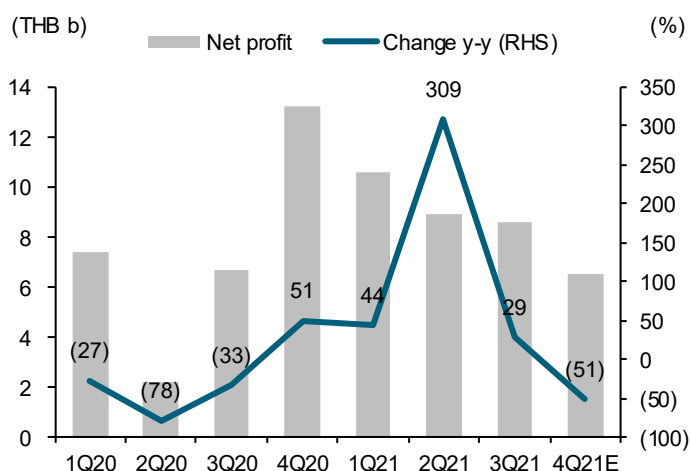
We believe that KBANK's business is almost running parallel with SCB's.

First, KBANK is one of the leading banks in terms of digital platforms and technologies. Accordingly, we believe that it is one of the best positioned banks to benefit from the country's digital age.

Second, KBANK's retail lending market share is always ranked among the top three spots. Retail lending in Thailand has a high growth potential, with the most attractive risk-reward vs other segments, in our view.

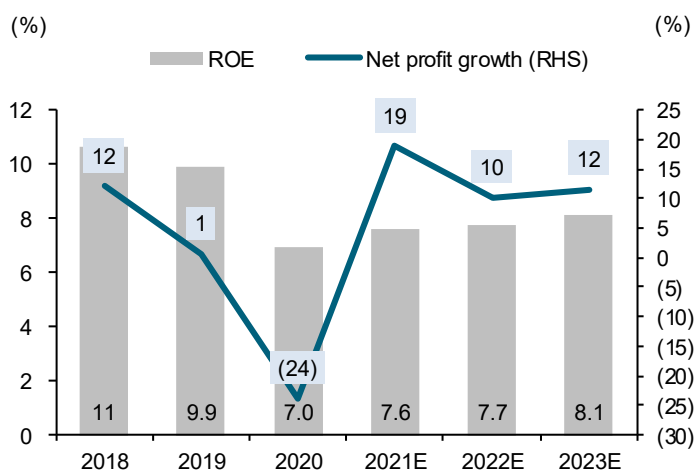
As a result, investors typically give premium valuations to retail lending-oriented stocks. For example, the average P/BV of KTC, the leader in credit card and personal loans, is 4.7x vs the average of 0.6-0.7x P/BV for the banking sector. We are convinced that there is a lot of hidden value in KBANK.

Exhibit 118: KBANK's quarterly net profit growth



Source: FSSIA estimates

Exhibit 119: KBANK's ROE and net profit growth

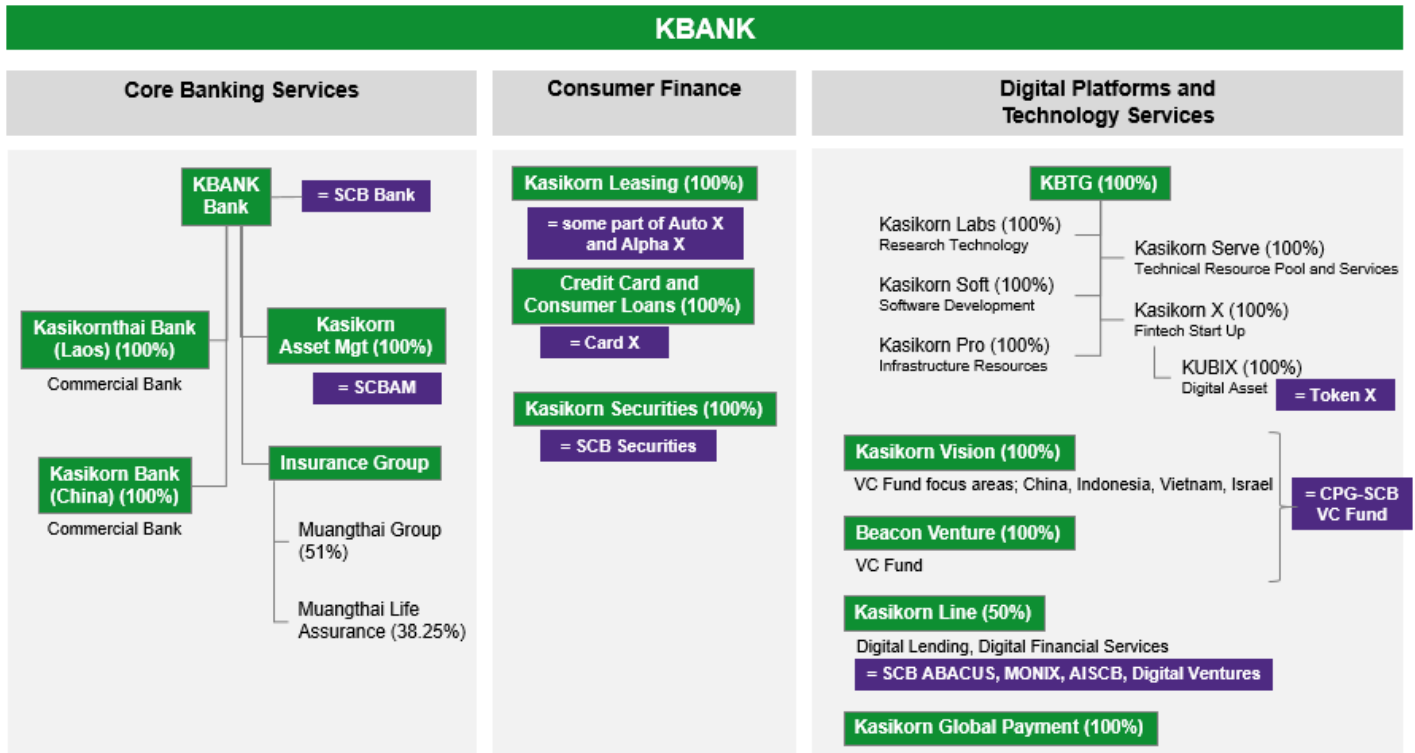


Source: FSSIA estimates

We see a slight asset deterioration in 3Q21, with an increase in its accrued interest and NPL formation rate. Thus, we think its asset quality is an issue to keep an eye on. However, the extension of the relaxed loan classification and provision rules by the BoT gives the bank more time to resolve its asset quality. We believe that KBANK will not face a cliff effect.

We think that investors should look to the solid recovery we expect in 2022. We think the market will prioritise opportunities for restructuring to counter competitors for a potential increase in shareholders' returns. Accordingly, we maintain KBANK as one of our top picks with our GGM-based TP of THB172.

Exhibit 120: KBANK's potential new business structure – FSSIA's view



*Percentages in parentheses are the current percentage holding by KBANK

Source: FSSIA estimates

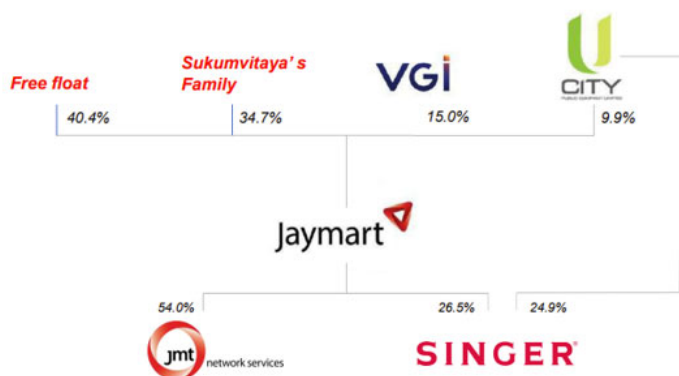
BTS: Time to board the train of growth and recovery

BTS should receive various benefits from the country's reopening and from its various subsidiaries. VGI could receive higher out-of-home advertising expenditures in 3QFY22 going forward. BTS Rail Mass Transit Growth Infrastructure Fund's (BTSGIF TB, not rated) ridership should continue to improve. U's loss should be less after divesting most of its property and hospitality business and aiming to transform into a financial service business. All of these improvements from BTS' subsidiaries should help the company's earnings pick up from the previous quarter.

After the announcement of a partnership with JMART by sending VGI and U to invest in JMART for a total of 24% of outstanding shares, BTS, as a holding company, should be able to expand its ecosystem into other businesses such as retailer services through J Mobile (not listed) and SINGER, and cryptocurrency and blockchain via J Ventures (not listed). This partnership could create various opportunities between the two groups. This is a win-win situation, in our view, that could create strong synergies in its ecosystem.

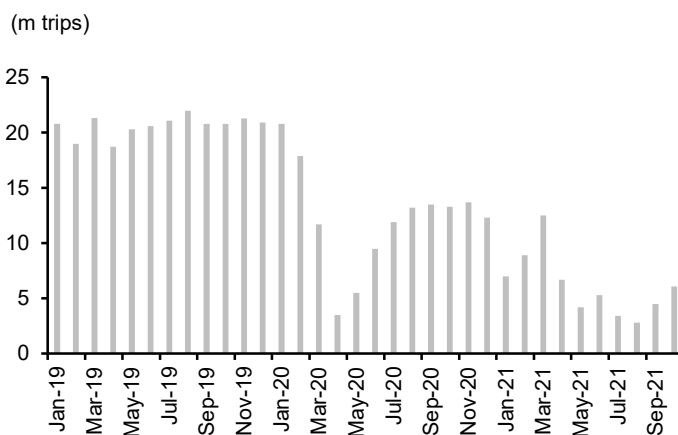
We like BTS as a holding company which still has various growth opportunities through its subsidiaries, while its core business, mass transit, is awaiting further progress on the Orange Line bidding and Green Line contract extension. We believe that when these two lines have more progression, they will be good future catalysts for the company. Recommend BUY with TP of THB11.

Exhibit 121: JMART transaction



Source: VGI

Exhibit 122: Core Green Line mass transit ridership

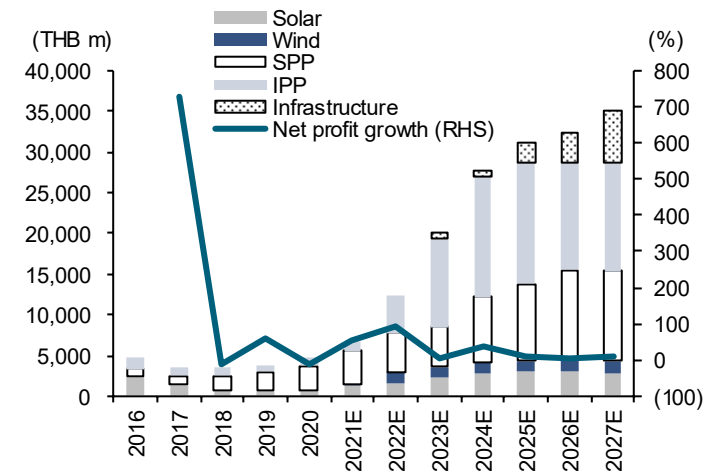


Source: BTSGIF

GULF: Growth after INTUCH

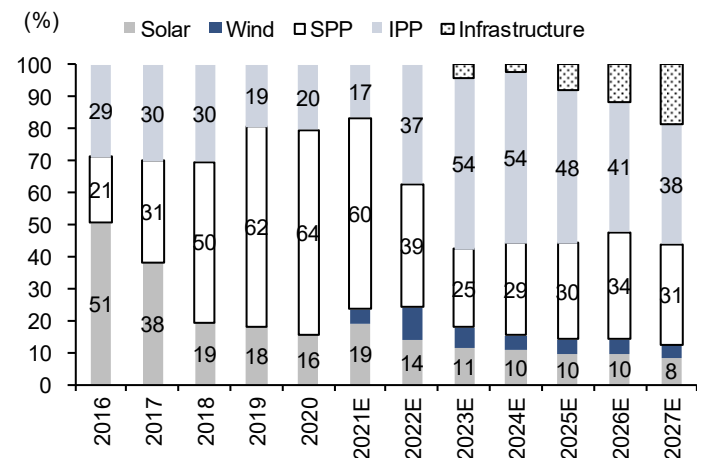
We believe GULF's net profit trajectory remains strong at a 45% CAGR from 2020-23, driven by new capacity, lower gas costs, and the CODs of its growth projects.

Exhibit 123: Net profit breakdown by power plant type



Sources: GULF; FSSIA estimates

Exhibit 124: Net profit breakdown by power plant type (%)



Sources: GULF; FSSIA estimates

We believe independent power producers (IPPs) will be the most significant net profit growth driver in 2021-27. Based on GULF's committed capacity growth projects, we estimate that its net profit growth, from highest to lowest, will be driven by:

IPPs, from the large-scale 2.5GW Gulf Sriracha (GSRC) and 2.5GW Gulf Pluekdaeng (GPD) producers, with scheduled CODs in 2021-22 for GSRC and 2023-24 for GPD.

SPPs, from their improving operational efficiency, the lower gas costs from LNG imports, and Thailand's structurally lower gas price once the two large gas fields, Bongkot and Erawan, under new production service contracts, COD in 2022-23.

Renewable energy, from the solar farms and wind farms in Vietnam and Germany.

GULF plans to secure additional large-scale LNG-to-power projects in Vietnam and hydropower plants in Laos, which could be finalised by 4Q21 or 1H22, pending the approval of Vietnam's regulator and government.

Moreover, GULF has now completed its tender offer for INTUCH, acquiring an additional 747.9m shares (23.32%) to bring its total stake to 42.35%, turning GULF into INTUCH's largest shareholder vs the now second largest shareholder, Singtel, with a 21% stake. This should be a long-term earnings growth driver for GULF and INTUCH, potentially contributing an annual dividend income of THB3b-4b, based on the 42.35% stake.

Maptaphut phase 3: GULF (70% stake), via a JV with PTT Tank Terminal (not listed; 30%), secured the Maptaphut phase 3 project, which includes a port and an LNG terminal of up to a 16mtpa capacity, with an investment cost of THB55.4b.

Laemchabang phase 3 (LCB3): The LCB3 project, 40% owned by GULF, has an investment cost of THB84.4b with a concession period of 35 years. We estimate that LCB3 (THB32b investment) will earn an EIRR of 10.5% and start generating a net profit of THB631m in 2023, which could increase to THB1b by 2027, based on a higher utilisation rate of 90%. This is based on the assumption of a starting 50% utilisation rate for the 11.4m twenty-foot equivalent unit (TEU) containers, and would increase the LCB port's capacity from its current 9.7m TEUs to 21.1m TEUs. Of the 21.1m TEU capacity, 18.1m TEUs would be for cargo containers and 3m TEUs for automotive containers.

Exhibit 125: Growth projects

Committed growth projects	Capacity (MW)	Energy	Investment (THB b)	Stake (%)	Equity investment (THB b)	Growth	Time	Certainty	COD
Oman									
- Gas-fired power plant	326	Gas	15.0	49	1.6	/	/	/	2021-22E
- Water (m3/hour)	1,667	Water		49		/	/	/	2021-22E
Vietnam									
- Mekong wind	310	Wind	19.2	95	4.6	/	/	/	2021-23E
- Ia Pech 1&2	100	Wind	6.2	100	1.6	/	/	/	2021E
Germany									
- Renewable - wind farm	450	Wind	39.2	50	19.6	/	/	/	2021E
Thailand									
Power plants									
- Two IPP power plants (GSRC and GPD)	5,300	Gas	100.0	70	25.0	/	/	/	2021-24E
- Hin Kong IPP power plant	1,400	Gas	21.0	49	2.6	/	/	/	2024-25E
- Burapa IPP power plant	540	Gas	9.7	35	0.9	/	/	/	2027E
Infrastructure									
- Laem Chabang deep sea port (m TEU)	4.0	Port	30.0	40	3.8	/	/	/	2024E
- Maptaphut LNG terminal (mtpa)	10.8	LNG	42.9	70	9.9	/	/	/	2023E/2026E
- Motorway (M6 & M81)		Toll	na	40	3.0	/	/	/	2023E
- One Bangkok - electricity and water distribution		Electricity & water	3.6	33	0.4	/	/	/	2024E
Investment									
INTUCH			70.3	40.0	70.3	/	/	/	2020
Total			357.1		72.9				

Potential growth projects	Capacity (MW)	Energy	Investment (THB b)	Stake (%)	Equity investment (THB b)	Growth	Time	Certainty	COD
Europe and Asia									
Offshore wind farms	500	Wind	40.0	50	20.0	/			2020E
Laos									
- Hydropower plant	3,744	Hydro	337.0	30	25.3	/			2026-33E
Vietnam									
- LNG to power	6,000	Gas	na	30	14.0	/			2025-30E
Total	10,244				59.2				

Sources: GULF; FSSIA estimates

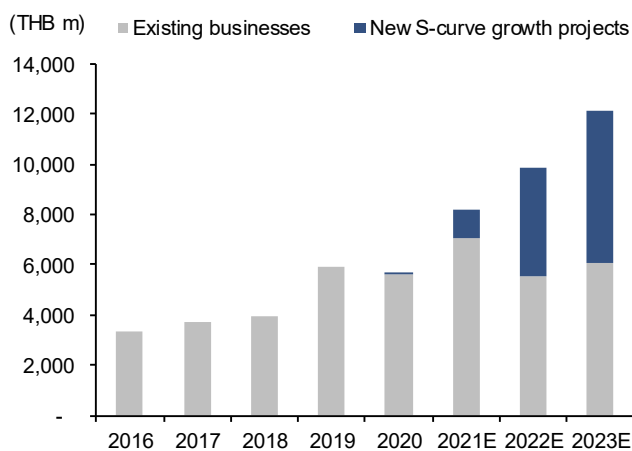
EA: EV venture is now a growth driver

We expect EA's net profit growth to accelerate in 2021 onward, rising from THB8.1b in 2021 to THB11.1b in 2023, mainly driven by earnings growth from its EV ventures, including EV manufacturing, sales, and maintenance, its battery manufacturing plant, and EV charging stations.

After delivering 77 e-buses and earning a profit of THB0.1b in 3Q21, we expect EA's e-bus JV to generate a net profit of up to THB0.5b in 4Q21 and THB4b in 2022, based on 1) 2,000 e-buses and 1,000 e-trucks sold annually; 2) an average selling price of THB5m per e-bus and THB3m per e-truck; 3) an estimated net profit margin of 15%; and 4) EA's stake of 40% in NEX and 73% in Absolute Assembly (not listed).

We project EA's earnings from new S-curve ventures to contribute 50% of its net profit in 2023, up from a mere 2% in 2020 from its phase change material business. Most of the earnings growth would likely come from the manufacturing and sales of e-buses and e-trucks.

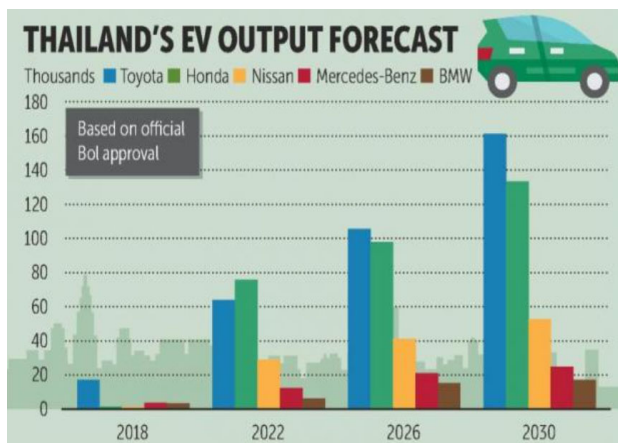
Exhibit 126: Net profit breakdown by existing and new S-curve businesses



Sources: EA; FSSIA estimates

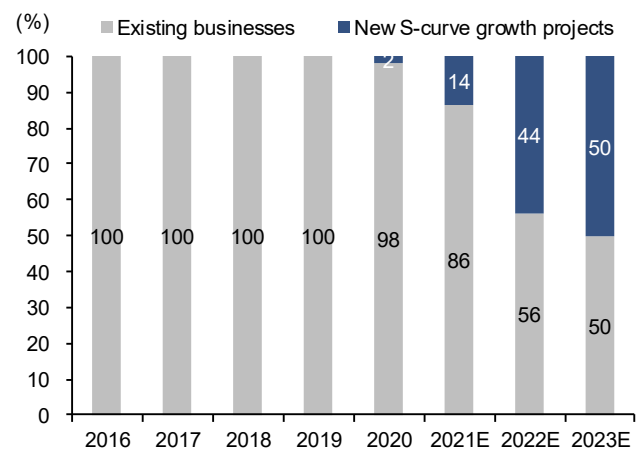
While the demand from the manufacture of batteries at its 1GWh capacity battery plant would be fully captive for EA's internal use to produce c3,000 e-buses and e-trucks, we believe that under the upcoming Power Development Plan 2022, EA should emerge as one of the key beneficiaries to ride the strong demand for renewable energy and energy storage systems using domestically produced batteries. As of 3Q21, EA is the only producer of batteries in Thailand, and hence, in its position as a first mover, should capture the financial benefits from the government's policy to clearly focus on promoting the transformation of the internal combustion engine automotive industry into an EV industry.

Exhibit 128: Thailand's battery EV production by major manufacturers



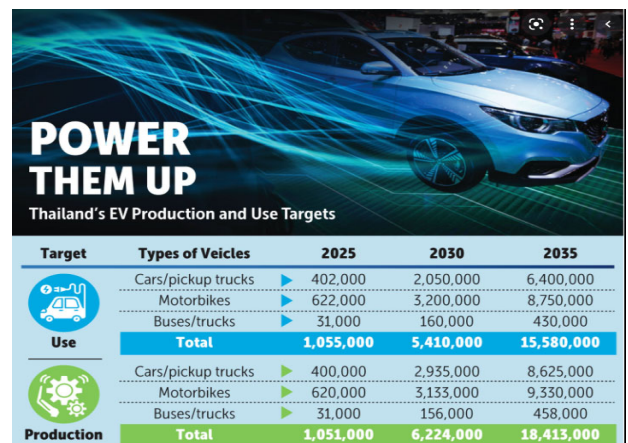
Source: Industry Ministry

Exhibit 127: Net profit breakdown by existing and new S-curve businesses (%)



Sources: EA; FSSIA estimates

Exhibit 129: Thailand's EV use and production targets

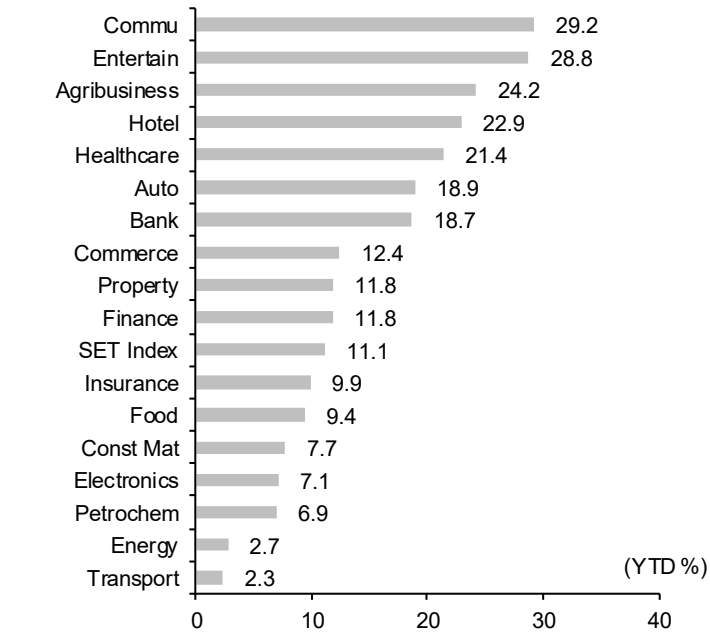


Source: Industry Ministry

Asset allocation

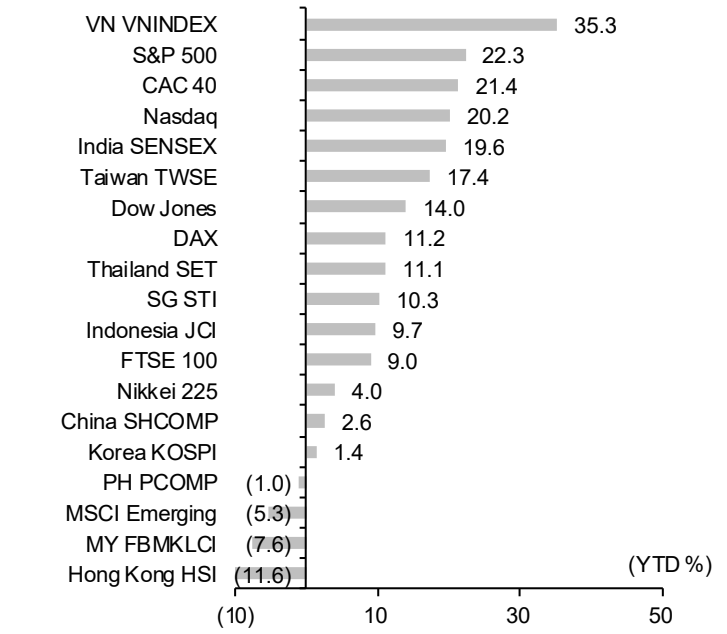
We have an Overweight rating on the following sectors due to 1) the high commodity prices and rising demand (energy, petrochemical, refinery); 2) strong demand for products and services (commerce, utilities, food & beverage, property, and transportation); 3) tourism recovery (hospitality); 4) improving economic growth (banks, diversified financials, and asset management companies); and 5) strong exports and EV demand (auto).

Exhibit 130: Sector performance, 2021 YTD



As of 26 Nov 2021
Source: Bloomberg

Exhibit 131: Key regional indices, 2021 YTD



As of 26 Nov 2021
Source: Bloomberg

Meanwhile, we are Neutral on the ICT, media, and contractor sectors. The share prices of ICT companies have rerated ahead of their fundamentals, triggered by the announcement of the potential partnership between TRUE-DTAC.

Exhibit 132: Market wrap-up by sector, 2022 outlook – sectors with Overweight rating (1/2)

Sector	Rating	Weighting			Key rationale	2022 outlook – catalysts/risks
		SET* (%)	FSSIA (%)	Diff. (ppt)		
Energy and E&P	OW	10.8	10.9	0.1	<ul style="list-style-type: none"> Higher and sustained prices of commodity products, including coal, oil and gas, are likely to drive up the earnings growth of the upstream plays, PTTEP and PTT, in 2022. Demand growth post global reopening should lead to higher margins of diesel, jet, and gasoline over crude, driving up the market gross refining margins for the Thai refinery sector. 	<ul style="list-style-type: none"> (+) High prices of oil, gas, and coal in 2022 (+) Strong demand growth for oil products to lift up the earnings growth of refinery companies in 2022 (+) Higher inflation to boost commodity prices
Banks	OW	9.4	9.6	0.2	<ul style="list-style-type: none"> We expect 2022 net profit growth for the banking sector of 11% y-y in 2022, driven mainly by lower provisions and higher fee income following the economic reopening. We expect banks to gradually offer debt restructuring programs to their clients. This would result in a lower NIM, but could be outweighed by a provision reduction. We believe banks will accelerate their loan growth, especially retail lending. Moreover, banks should break through the old business framework to tap into high-growth businesses such as digital-related areas. 	<ul style="list-style-type: none"> (+) An upward interest trend (+) New business/partnership announcements (+) Greater utilisation of digital platforms to save on costs (-) Asset deterioration
Utilities	OW	9.0	9.3	0.3	<ul style="list-style-type: none"> Lower gas costs from the commencement of the LNG imports by the private sector after the gas market liberalisation in 2022 should lead to structurally lower gas costs for SPPs in 2022 onward. The new capacity growth from new SPPs, M&A, and the potential new growth capacity from the Power Development Plans in Thailand and Vietnam would be the core growth pillars for the sector's future growth drivers. 	<ul style="list-style-type: none"> (+) Lower gas costs from LNG imports and the start-up of gas production at G2/61 (+) Capacity growth from committed growth projects in Thailand and overseas (+) Potential new capacity growth from the new Power Development Plan in Thailand and Vietnam
Commerce	OW	10.6	11.0	0.4	<ul style="list-style-type: none"> We expect the sector's 2022 earnings to post a strong recovery at 66% y-y on an economic recovery and the reopening of the tourism sector. The sector's earnings could return to the pre-Covid level in 2019 at above THB60b, supported by new store expansions and improving profitability, even though tourism may not return to the normal level. 	<ul style="list-style-type: none"> (+) Economic recovery (+) The re-opening of the tourism sector (-) High household debt
Hotels/Tourism	OW	0.6	0.9	0.3	<ul style="list-style-type: none"> We expect a strong recovery of tourism-related stocks. We believe domestic tourism will recover to the pre-Covid level in 2022. However, we forecast international tourist numbers to recover to 40% of the pre-Covid level. Some tourism stocks have the potential to turn profitable in 2022. 	<ul style="list-style-type: none"> (+) Recovery of domestic and international tourists (+) Improving margin from cost saving measures (-) New wave of Covid pandemic
Food & Beverage	OW	6.0	6.3	0.3	<ul style="list-style-type: none"> We think the food and beverage sector is attractive in terms of risk-reward ratio given its solid growth outlook in 2022, driven by multiple catalysts as follows: 1) a demand recovery in both Thailand and CLMV after the Covid situation eases and the tourism sector reopens; 2) an opportunity to ride the rising star pet food industry; and 3) an improving container shortage situation and more stable commodity prices. 	<ul style="list-style-type: none"> (+) Recovery of CLMV demand (+) Weakening THB trend (-) High commodity price
Diversified Financials	OW	3.6	3.9	0.3	<ul style="list-style-type: none"> The intense competition, especially in motorbike title loans, could still remain. However, strong top line growth is set to continue due to the ample demand for loans. Asset quality should be under control due to their conservative credit approval standards. 	<ul style="list-style-type: none"> (+) Stronger loan demand (+) New businesses/partnership announcement (-) An upward trend of interest
Petrochem & Plastics	OW	3.2	3.6	0.5	<ul style="list-style-type: none"> Higher sales volumes from capacity additions and rising utilisation rates. Higher product margins from improving demand. 	<ul style="list-style-type: none"> (+) Margin recovery on the back of stronger demand (+) Lower crude cost y-y in 2022
Healthcare	OW	4.3	4.5	0.2	<ul style="list-style-type: none"> We expect 2022E earnings for mid to small cap hospitals to drop due to slowdown of Covid related services. However, the earnings would still exceed pre Covid level due to organic growth. For big cap hospitals, we expect earnings to grow led by recovery of fly-in patients 	<ul style="list-style-type: none"> (+) Recovery of Thai non-Covid patients and international patient (+) Revenue from Moderna vaccination (-) High competition especially Bangkok area
Refinery	OW	1.6	1.7	0.1	<ul style="list-style-type: none"> Stronger market refining margin from the demand recovery and lower crude oil prices. 	<ul style="list-style-type: none"> (+) Higher margins of diesel and jet-crude (+) Lower crude premiums

Source: FSSIA estimates

Exhibit 133: Market wrap-up by sector, 2022 outlook – sectors with Overweight rating (2/2)

Sector	Rating	----- Weighting -----			Key rationale	2022 outlook – catalysts/risks
		SET* (%)	FSSIA (%)	Diff. (ppt)		
Auto & Parts	OW	0.4	0.6	0.2	<ul style="list-style-type: none"> Car production in 3Q21 should be the bottom. We maintain our car production forecast at 1.65m units (+16% y-y) with some upside risk that could hit 1.7m units. In 2022, we believe Thailand's car production should continue to grow by 7% y-y to 1.75m units thanks to a recovery in domestic demand as well as exports. 	<ul style="list-style-type: none"> (+) Semiconductor shortage should gradually improve (+) Steel price, which is the main raw material cost for auto parts manufacturers, should become more stable (+) The continuous growth of Thailand's car production (-) EVs (-) New wave of Covid pandemic
Asset Mngt Co.	OW	1.0	1.1	0.1	<ul style="list-style-type: none"> We expect asset management companies to deliver 48% y-y net profit growth in 2022, driven by aggressive NPL acquisitions. Cash collection should be stronger once Covid abates. 	<ul style="list-style-type: none"> (+) Higher NPL supply (+) Partnerships between banks and asset management companies (-) Higher competition
Property & IE	OW	5.5	5.8	0.3	<ul style="list-style-type: none"> The industrial estate (IE) sector has been in transition since 2021. Though Covid cases surged in 3Q21, prompting the government to implement lockdowns and restrictions, Thailand has already seen markedly higher FDI of USD11.1b, even higher than the entire FDI of USD7.1b in 2020. This should be similar for the projects submitted for BOI approval. Overall, we expect FDI in 2022 to surpass the USD17b-18b FDI levels in the pre-Covid-19 years in 2018-19. 	<ul style="list-style-type: none"> (+) China's current power shortage crisis (+) The structurally higher energy costs for industrial production in China (+) The US-China trade war and supply chain disruptions (-) Travel restrictions
Transportation	OW	7.9	8.2	0.3	<ul style="list-style-type: none"> Mass transit ridership and expressway traffic should bottom in 3Q21, and we expect a strong recovery in 4Q21 as well as 2022. Every land transportation company should have a strong earnings recovery in 2022. 	<ul style="list-style-type: none"> (+) The recovery in ridership and traffic (+) Orange Line mass transit bidding should be finalised very soon (+) New motorway projects (-) New wave of Covid pandemic (-) New normal in terms of work-from-home behaviour

Source: FSSIA estimates

Exhibit 134: Market wrap-up by sector, 2022 outlook – sectors with Neutral rating

Sector	Rating	----- Weighting -----			Key rationale	2022 outlook – catalysts/risks
		SET* (%)	FSSIA (%)	Diff. (ppt)		
ICT	Neutral	8.6	8.6	0.0	<ul style="list-style-type: none"> Most telecom companies under ICT sector should continue to face high competition in the mobile service sector, even though the Covid situation should get better. This should lead to unattractive earnings growth. We recommend selectively accumulating telecom companies based on each individual catalyst. 	<ul style="list-style-type: none"> (+) The growth of 5G subscribers (+) The recovery of mobile subscribers, while ARPU should be more stable (-) High competition (-) Slower-than-expected 5G adoption rate
Media & Entertainment	Neutral	1.3	1.3	0.0	<ul style="list-style-type: none"> Out-of-home media has outperformed TV media, which we believe the market is too positive on post lockdown relaxation. Ridership is still lower than last year. Therefore, we prefer TV media over out-of-home media. 	<ul style="list-style-type: none"> (+) Advertising expenditure should gradually recover in 4Q21 as well as 2022 (+) Activities such as events and concerts should be able to resume in 2022 (-) Weaker-than-expected consumer purchasing power could lead to weak ad expenditure
Contractor	Neutral	0.7	0.7	0.0	<ul style="list-style-type: none"> We believe that investments from both the public sector from the Thai government and the private sector will be critical to trigger Thailand's post-pandemic economic growth in 2022. The Thai government has already introduced many policies aimed at boosting investment, including a number of infrastructure development projects and initiatives in the areas of transit-oriented development. 	<ul style="list-style-type: none"> (+) Orange & Purple Line mass transit bidding should be finalised in 1Q22 (+) New motorway projects
Others**		15.5	11.9	(3.6)		
Total		100.0	100.0	0.0		

*Sector reclassified based on core business; **Comprises consumer durables, securities, software services, professional services

Source: FSSIA estimates

Our preferences

We prefer quality fundamental stocks which link up with our investment themes and are also 1) be big companies, with market caps of more than USD2b; 2) have high growth potential visibility, both conventional and unconventional; 3) have enhanced business models; 4) are likely to unlock further upsides; 5) have unique businesses; and 6) have a boon from the huge technology demand globally.

Exhibit 135: Our top picks for 2022 and 1Q22 with tactical views

Stocks	BBG	Rationale on resilience in business model and strong fundamentals
Airports of Thailand	AOT	The key driver for a turnaround for AOT would be higher revenue from new concession contracts with King Power. AOT has waived the MG for the concession contract until Mar-22. Thus, AOT would receive higher concession revenue from Apr-22 onward. We expect the passenger volume to gradually recover to the pre-Covid level by FY24. However, concession revenue should surpass pre-Covid since FY23. Thus, we forecast earnings to exceed the pre-Covid level by FY23. Compared to other tourism stocks, AOT has highest potential to be the first stock whose earnings exceed the pre-Covid level, in our view.
Minor International	MINT	We believe MINT has the potential to turn around in 2Q22 and its earnings should be back at the pre-Covid level by 2023, with a potential upside from a better margin, as MINT has trimmed its costs since the start of Covid. The concern over the company's balance sheet has been dismissed, given that its free cash flow has turned positive since June, while it has cash on hand of THB23b and working capital facilities of up to THB33b. MINT is trading at an attractive valuation of 27x 2023E P/E, lower than its 5-year average of 32x.
Home Product Center	HMPRO	We expect the sector's 2022 earnings to post a strong recovery at 66% y-y due to economic recovery and the reopening of the tourism sector. The sector's earnings could return to the pre-Covid level in 2019 at above THB60b, supported by new store's expansion and improving profitability even though the tourism sector may not have returned to normal.
Amata Corp	AMATA	AMATA should be a prime winner on the return of FDI to both Thailand and Vietnam after travel restrictions are eased. We project AMATA to have net profit growth of 44% y-y to THB1.5b in 2022, driven by 1) the recovery of land presales in Thailand to 600-700 rai, its pre-Covid level; and 2) solid demand for land presales in Vietnam after the country's easing of the full lockdown in 4Q21. We think AMATA has the potential to have a new record net profit in the following year, supported by the positive factors mentioned above.
Bangkok Airways	BA	We believe BA will start to benefit from its airport business in 2022 onward. Looking back, in 2019, the profit of the airport business was thin as the operating cost for Samui Airport was embedded in BA's financials, while BA only recognised c30% of the total passenger service charges and landing fees for Samui Airport through Samui Property Fund (SPF). After the termination of the lease contract with SPF, BA has consolidated Samui Airport and will recognise all passenger service charges and landing fees.
JMT Network Services	JMT	We reiterate JMT as one of our top picks among diversified financial companies, with our GGM-based TP of THB70. We think there is more room for its share price to rerate, supported by its high 2022E net profit growth of 69% y-y (EPS of 30% y-y); 2) low earnings volatility – it is easy to predict its earnings pattern; and 3) efficient NPL management. We view JMT as a stock to hedge against the economic downturn, supported by its unsecured portfolio. It should also grow with the economic recovery via its secured portfolio.
B.Grimm Power	BGRIM	Strong 2022-23E net profit growth, driven by 1) five new SPPs under SPP replacement power purchase agreements with over 0.7MW capacity; 2) lower gas costs by up to USD1/mmbtu from the imported LNG of 0.65mt; and 3) multiple new growth projects from its organic and inorganic growth strategies.
Indorama Ventures	IVL	We expect IVL's net profit to rise in 4Q21-2022 on stronger product margins and higher utilisation rates for the IOD, PET-PTA, and fibre groups, with q-q improving MTBE and MEG margins. Key potential drivers are: 1) a stronger PET-PTA margin due to China's lower export volumes and solid demand; 2) a polyester fibre margin recovery for the automotive and lifestyle segments; and 3) the start-up of its ethane cracker in Nov-21 after the lightning strike in 2H20.
BTS Group Holdings	BTS	After the announcement to be partnership with JMART by sending VGI and U to invest in JMART, totally 24% of outstanding shares, BTS, as a holding company, should be able to expand its ecosystem to other businesses such as retailer services through J Mobile and SINGER and cryptocurrency and the blockchain via J Ventures. This partnership could create various opportunities between the two group. This is a win-win situation that could create strong synergies in its ecosystem.
Siam Commercial Bank	SCB	We like SCB's strategy to break out of the traditional way of doing business. We see four potential benefits from this transformation: 1) flexibility and independence; 2) less supervision from the BoT; 3) unlocking subsidiaries' values; and 4) gaining more benefits from leveraging after listing SCBX's subsidiaries. This should enhance its valuation in terms of long-term growth, its dividend payout ratio, and ROE.
Kasikornbank	KBANK	We believe that KBANK's business is almost running parallel with SCB's. First, KBANK is one of the leading banks in terms of digital platforms and technologies. Accordingly, we believe that it is one of the best positioned banks to benefit from the country's digital age. Second, KBANK's retail lending market share is always ranked among the top three spots. Retail lending in Thailand has high growth potential, with the most attractive risk-reward vs other segments, in our view. As a result, investors typically give premium valuations to retail lending-oriented stocks.
Gulf Energy	GULF	We expect GULF's 4Q21 core net profit to rise to over THB2b, driven by 1) earnings from BKR2 and GSRC; 2) higher earnings from SPPs and IPPs on high demand after the reopening; and 3) the share of profits from INTUCH. Following the COD of its first Gulf SRC IPP unit, GULF commenced the COD of its second unit on 30 Sep-21, bringing Gulf SRC's total operating capacity to 1.32GW. In 2022-24, GULF will still have six IPP units with capacities of 662.5MW each to COD, which would turn GULF into Thailand's largest power producer by 2024 with a total capacity of 5.3GW. This should allow GULF to import a sizable amount of LNG for its power plants via its 70%-owned LNG terminal in Maptaphut phase 3.
Energy Absolute	EA	We think EA's net profit growth will accelerate starting in 4Q21 to boost its 2022E net profit growth by 19% y-y and 2023E by 14% y-y, driven by the start-ups of its multiple S-curve growth projects, which include the expected deliveries of 200-300 e-buses in 4Q21 and the 1GWh battery phase 1 plant in Dec-21; the delivery of 2,000-3,000 EVs in 2022; and the ongoing construction of its EV charging stations.

Source: FSSIA estimates

Exhibit 136: Valuation summary of FSSIA's top picks as of 29 Nov 2021

Company	BBG Code	Rec	---Share price---		Up (dn) side	Market Cap	-----Recur profit-----			Profit growth		P/E	DivYld	ROE	P/BV
			Current	Target			20A	21E	22E	21E	22E				
			(THB)	(THB)	(%)	(USD m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(x)	(%)	(%)	(x)
Airports of Thailand	AOT	BUY	59.75	79.00	32	25,319	3,236	(15,319)	(4,411)	nm	nm	(193.5)	0.0	0.0	(4.0)
Minor International	MINT	BUY	28.25	42.00	49	4,369	(19,388)	(12,276)	2,402	nm	nm	61.0	0.0	0.6	4.3
Home Product Center	HMPRO	BUY	13.90	18.30	32	5,422	5,155	5,255	6,402	1.9	21.8	28.6	2.2	2.7	27.2
Amata Corp	AMATA	BUY	19.60	27.50	40	669	1,119	1,054	1,520	0.0	0.0	14.8	1.9	2.7	9.1
Bangkok Airways	BA	BUY	9.90	16.00	62	606	(4,316)	(3,636)	61	nm	nm	338.6	0.0	0.2	0.4
JMT Network Services	JMT	BUY	59.25	70.00	18	2,106	1,047	1,379	2,335	31.8	69.3	36.8	1.3	1.6	14.5
B.Grimm Power	BGRIM	BUY	40.25	58.00	44	3,112	2,617	2,882	3,966	10.1	37.6	26.5	2.5	2.5	13.4
Indorama Ventures	IVL	BUY	39.75	62.00	56	6,620	6,430	22,909	26,019	256.3	13.6	8.6	5.2	5.8	16.4
BTS Group Holdings	BTS	BUY	9.05	11.00	22	3,534	3,606	1,909	2,887	(47.1)	51.3	41.2	3.1	1.7	4.7
Siam Commercial Bank	SCB	BUY	123.50	160.00	30	12,439	27,218	35,068	38,181	28.8	8.9	11.0	5.4	2.8	8.6
Kasikornbank	KBANK	BUY	136.50	172.00	26	9,593	29,487	35,028	38,568	18.8	10.1	8.4	2.0	2.6	7.7
Gulf Energy	GULF	BUY	40.00	56.00	40	13,921	4,478	6,590	12,632	47.2	91.7	37.2	1.0	1.8	17.6
Energy Absolute	EA	BUY	79.00	88.00	11	8,741	5,155	8,192	9,742	58.9	18.9	30.2	0.3	0.3	24.8

Sources: Bloomberg; FSSIA estimates

Why we maintain our bullish SET Index target of 1,892 by end-2022

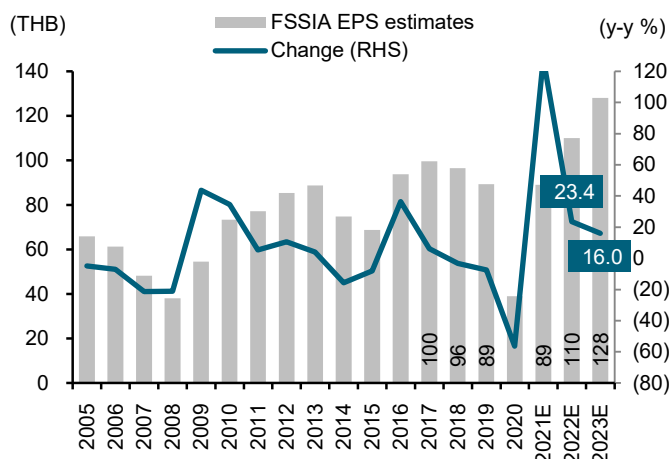
We remain Overweight on the Thai equity market and roll-over our SET Index target to 2022 at 1,892, based on 17.2x 2022E P/E, or its 10-year average, based on the aggregate net profit forecast for the stocks under our coverage, resulting in our 23.4% y-y EPS growth estimate at THB110.

We expect this to be driven by 1) improving corporate earnings; 2) fiscal and monetary policies to help drive the restart and positive economic data which should translate into a higher SET Index; and 3) a potential windfall from the majority of the population being fully vaccinated in 1H22. The risks to our base case in 2022 are to the downside, with the potential for an economic recovery slowdown and the likelihood that rising inflation pressures the BoT to raise its policy rate.

We think that full Covid vaccinations (two doses) for the majority of the population; 2) more international flights resuming; and 3) the Thai economy restarting dramatically could drive the SET Index to our target of 1,892 by end-2022.

In 1Q22, we think that the Thai stock market will be highly divided between the haves and have-nots. Concern over the Omicron variant has led to the recent selloff, reflecting the underperformance of a handful of stocks. Though the Omicron variant risk will no doubt remain a concern, which is heavily weighted in the SET Index in 1Q22, it should be offset by a globally declining inflation risk coupled with improving corporate earnings on the SET which could drive the SET Index to potentially rise to the 1,748 level by the end of 1Q22, in our view.

Exhibit 137: SET's net profit growth by FSSIA



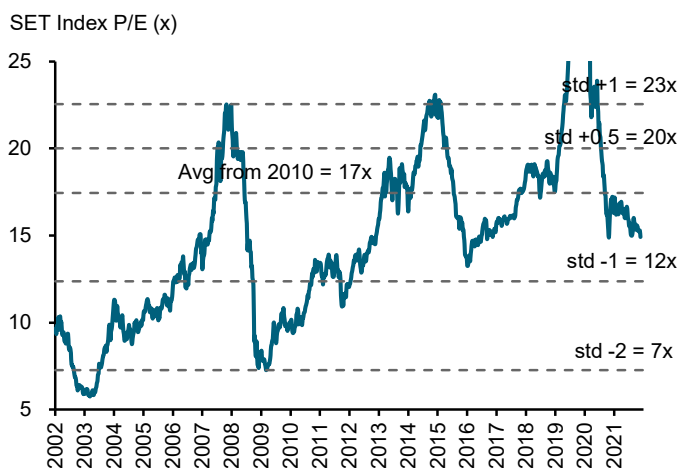
Sources: Bloomberg; FSSIA estimates

Exhibit 138: FSSIA's SET Index target for 2022

Earnings per share				
		2021E	2022E	2023E
EPS integer		89.00	110.00	128.00
EPS growth (y-y%)		+84.6%	+23.4%	+16.0%
-- Target index based on FSSIA's EPS estimates				
	P/E (x)	2021E	2022E	2023E
SD+2	27.2	2,421	2,992	3,482
SD+1	22.2	1,976	2,442	2,842
SD+0.5	19.7	1,753	2,167	2,522
Avg from 2010	17.2	1,531	1,892	2,202
SD-0.5	14.7	1,308	1,617	1,882
SD-1	12.2	1,086	1,342	1,562
SD-1.5	9.7	863	1,067	1,242

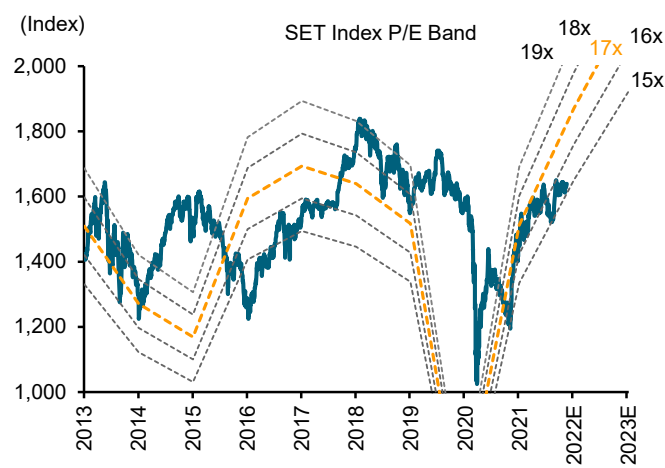
Source: FSSIA estimates

Exhibit 139: SET rolling one-year forward P/E band



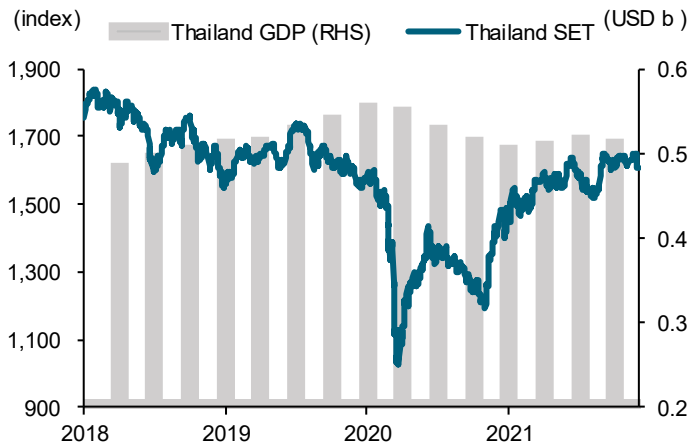
Source: FSSIA estimates

Exhibit 140: SET rolling one-year forward P/E band



Source: FSSIA estimates

Exhibit 141: SET Index vs Thai GDP



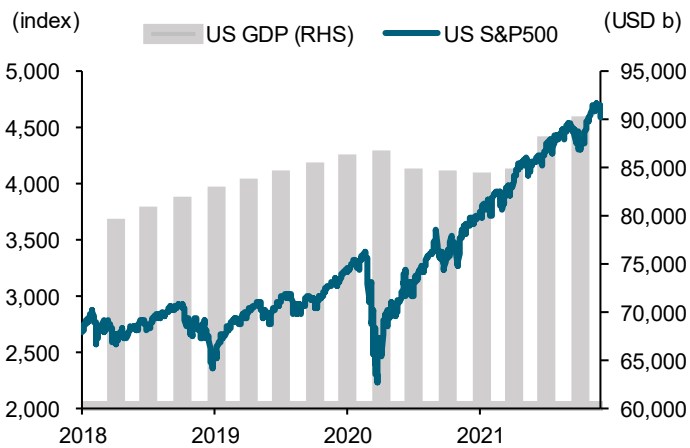
Source: Bloomberg

Exhibit 142: Indonesia JCI Index vs Indonesia GDP



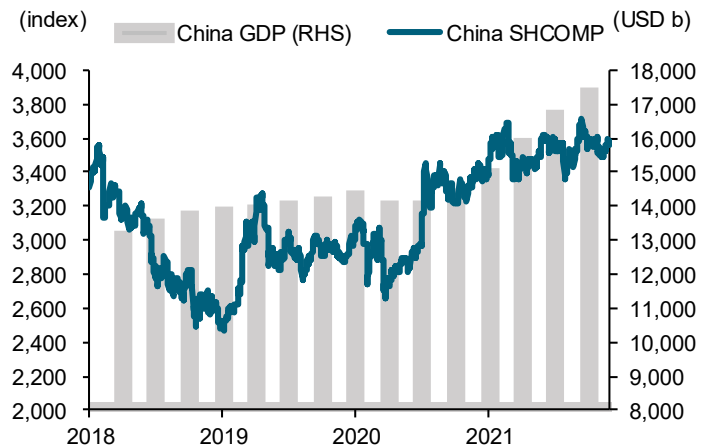
Source: Bloomberg

Exhibit 143: S&P500 vs US GDP



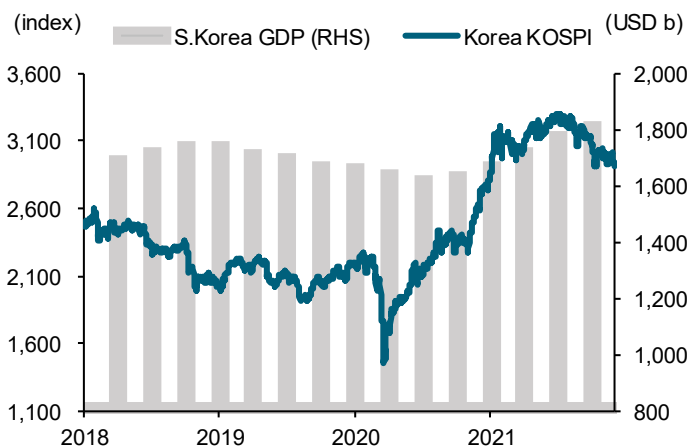
Source: Bloomberg

Exhibit 144: SHCOMP Index vs China GDP



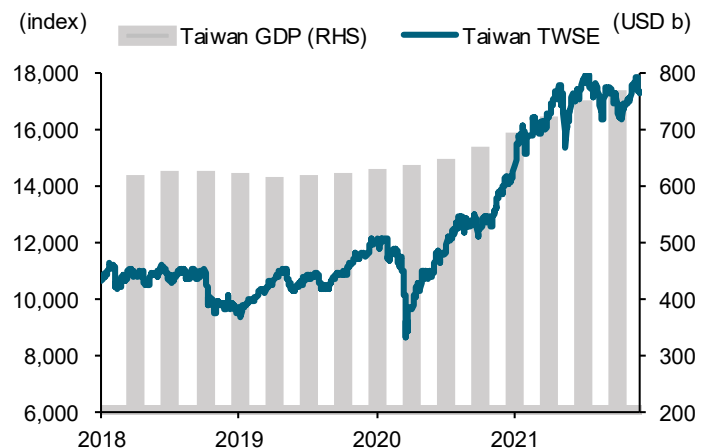
Source: Bloomberg

Exhibit 145: KOSPI Index vs South Korea GDP



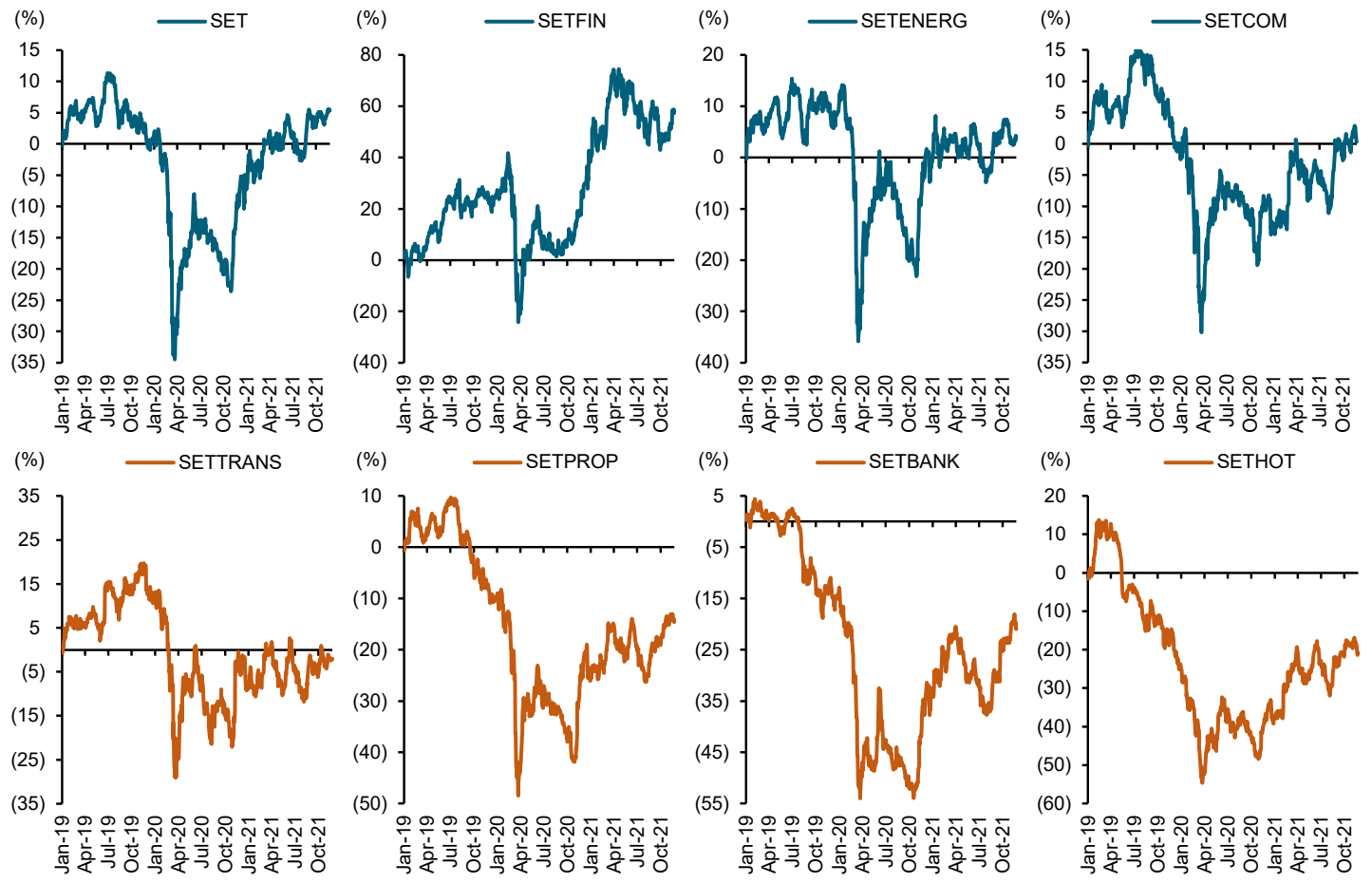
Source: Bloomberg

Exhibit 146: Taiwan TWSE vs Taiwan GDP



Source: Bloomberg

Exhibit 147: Performance of key indices since 2019 to 29 Nov 2021



Source: Bloomberg

Appendix – FSSIA's 124 companies under coverage

Exhibit 148: FSSIA's 124 companies under coverage – summary of key valuations as of 29 Nov 2021 (1/4)

Company	BBG Code	Rec	---Share price---		Up (dn) side (%)	Market Cap (USD m)	-----Recur profit-----			Profit growth		P/E 22E (x)	DivYld 22E (%)	ROE 22E (%)	P/BV 22E (x)
			Current (THB)	Target (THB)			20A (THB m)	21E (THB m)	22E (THB m)	21E (%)	22E (%)				
SET Index			1,590	1,892	19	557,036						18.6			
Coverage						399,565	458,311	736,448	872,283	60.7	18.4	15.6	3.3	11.0	1.6
Banks						40,465	115,916	139,357	154,394	20.2	10.8	9.1	3.8	8.1	0.7
Bangkok Bank	BBL	HOLD	117.00	134.00	15	6,625	21,181	26,915	29,229	27.1	8.6	7.6	4.3	6.2	0.5
Kasikornbank	KBANK	BUY	136.50	172.00	26	9,593	29,487	35,028	38,568	18.8	10.1	8.4	2.6	7.7	0.6
Kiatnakin Bank	KKP	BUY	58.75	68.00	16	1,476	5,123	5,543	6,700	8.2	20.9	7.4	6.0	13.0	0.9
Krung Thai Bank	KTB	HOLD	11.50	12.20	6	4,767	16,732	20,330	21,447	21.5	5.5	7.5	4.7	5.8	0.4
Siam Commercial Bank	SCB	BUY	123.50	160.00	30	12,439	27,218	35,068	38,181	28.8	8.9	11.0	2.8	8.6	0.9
Tisco Financial	TISCO	BUY	89.50	110.00	23	2,126	6,063	6,471	7,052	6.7	9.0	10.2	8.7	16.7	1.6
TMBThanachart Bank	TTB	BUY	1.20	1.40	17	3,439	10,112	10,002	13,217	(1.1)	32.1	8.7	4.6	6.1	0.5
Diversified financials						22,162	31,219	34,619	42,409	10.9	22.5	20.7	2.3	18.0	3.2
Unsecured-loan lender						5,513	9,022	10,118	11,470	12.1	13.4	17.7	2.2	23.4	3.9
Aeon Thana Sinsap (TH)	AEONTS	HOLD	184.00	204.00	11	1,364	3,690	3,965	4,517	7.5	13.9	10.2	2.9	21.1	2.0
Krungthai Card	KTC	HOLD	54.25	52.00	(4)	4,149	5,332	6,153	6,952	15.4	13.0	20.1	2.0	24.1	4.5
Auto-title lender						9,187	12,700	13,670	16,831	7.6	23.1	18.8	1.5	20.6	3.5
Muangthai Capital	MTC	BUY	57.00	69.00	21	3,584	5,214	5,187	6,463	(0.5)	24.6	18.7	0.8	23.4	4.0
Srisawad Corp	SAWAD	BUY	61.50	80.00	30	2,505	4,508	4,697	5,664	4.2	20.6	14.7	3.4	22.0	3.1
Saksiam Leasing	SAK	BUY	10.00	11.00	10	622	562	594	826	5.7	39.1	25.4	1.2	15.9	3.8
Ngern Tid Lor	TIDLOR	BUY	36.00	43.00	19	2,476	2,416	3,193	3,878	32.2	21.5	21.5	0.7	16.4	3.3
Truck lender						1,667	2,439	2,539	3,345	4.1	31.8	24.4	2.6	12.7	2.4
Micro Leasing	MICRO	BUY	7.85	10.70	36	218	135	204	272	50.8	33.5	27.0	0.7	13.2	3.4
Singer Thailand	SINGER	BUY	48.50	51.00	5	764	443	685	1,142	54.5	66.7	34.8	1.7	9.8	2.6
Ratchthani Leasing	THANI	BUY	4.08	4.80	18	685	1,860	1,650	1,931	(11.3)	17.0	12.0	4.2	15.9	1.8
Asset management						4,402	3,043	3,855	5,744	26.7	49.0	30.0	2.5	10.8	2.6
Bangkok Commercial AM	BAM	BUY	20.20	22.00	9	1,937	1,841	2,225	3,020	20.9	35.8	21.6	3.9	6.5	1.4
Chayo Group	CHAYO	BUY	12.60	18.80	49	360	155	251	388	61.8	54.7	35.2	0.0	11.7	3.5
JMT Network Services	JMT	BUY	59.25	70.00	18	2,106	1,047	1,379	2,335	31.8	69.3	36.8	1.6	14.5	3.6
Other						1,120	3,814	4,122	4,599	8.1	11.6	8.2	8.3	6.8	0.5
Thanachart Capital	TCAP	HOLD	36.00	35.00	(3)	1,120	3,814	4,122	4,599	8.1	11.6	8.2	8.3	6.8	0.5
HP motorcycle						272	202	315	420	55.9	33.4	21.9	0.7	19.8	4.0
Next Capital	NCAP	BUY	10.20	16.80	65	272	202	315	420	55.9	33.4	21.9	0.7	19.8	4.0
Information Services						227	114	157	226	37.1	44.2	33.9	1.6	20.7	5.0
Ditto (THAILAND)	DITTO	BUY	17.40	21.00	21	227	114	157	226	37.1	44.2	33.9	1.6	20.7	5.0
Commerce						46,749	33,510	27,918	48,712	(16.7)	74.5	34.8	1.7	13.2	4.1
Berli Jucker	BJC	HOLD	34.25	38.00	11	4,072	3,914	3,428	5,115	(12.4)	49.2	26.8	3.4	4.5	1.2
CP All	CPALL	BUY	59.50	82.00	38	15,854	15,876	10,406	17,239	(34.5)	65.7	31.0	1.3	15.9	5.7
Central Retail Corp	CRC	BUY	33.00	40.00	21	5,903	46	(591)	3,766	nm	nm	52.9	0.8	7.0	3.6
Siam Global House	GLOBAL	BUY	19.20	27.00	41	2,621	1,956	2,887	3,214	47.6	11.3	26.3	1.5	16.4	4.1
Home Product Center	HMPRO	BUY	13.90	18.30	32	5,422	5,155	5,255	6,402	1.9	21.8	28.6	2.7	27.2	7.5
Siam Makro	MAKRO	HOLD	44.25	52.00	18	12,877	6,563	6,533	12,977	(0.5)	98.6	38.1	1.8	8.8	1.8
Food & Beverage						13,369	32,525	22,843	25,568	(29.8)	11.9	20.8	3.1	17.1	4.1
Foods						7,069	25,652	16,681	18,215	(35.0)	9.2	13.5	3.8	9.8	1.4
Charoen Pokphand Foods	CPF	HOLD	24.60	28.00	14	6,139	24,537	15,071	16,160	(38.6)	7.2	13.1	3.8	7.9	1.1
Asian Sea Corporation	ASIAN	BUY	16.60	24.10	45	401	715	1,004	1,089	40.5	8.4	12.4	4.0	24.0	2.8
Agripure Holdings	APURE	BUY	7.40	10.00	35	210	305	313	464	2.4	48.4	14.8	3.4	22.5	3.2
Srinanaporn Marketing	SNNP	BUY	11.20	15.00	34	319	94	292	502	211.6	71.7	21.4	2.8	18.6	3.8
Beverage						6,299	6,874	6,163	7,353	(10.3)	19.3	29.0	2.4	25.4	7.2
Carabao Group	CBG	BUY	114.00	158.00	39	3,381	3,525	3,017	3,709	(14.4)	22.9	30.7	1.4	31.3	9.0
Osotspa PCL	OSP	BUY	32.75	42.00	28	2,918	3,349	3,146	3,644	(6.1)	15.8	27.0	3.5	18.6	5.0

Sources: Bloomberg; FSSIA estimates

Exhibit 149: FSSIA's 124 companies under coverage – summary of key valuations as of 29 Nov 2021 (2/4)

Company	BBG Code (TB)	Rec	---Share price ---		Up (dn) side	Market Cap (USD m)	----- Recur profit -----			Profit growth		P/E	DivYld	ROE	PBV
			Current (THB)	Target (THB)	(%)		20A (THB m)	21E (THB m)	22E (THB m)	21E (%)	22E (%)	22E (x)	22E (%)	22E (%)	22E (x)
SET Index			1,590	1,892	19	557,036									
Coverage						399,565	458,311	736,448	872,283	60.7	18.4	15.6	3.3	11.0	1.6
Property						13,876	26,268	27,058	34,557	3.0	27.7	19.0	4.0	12.8	2.3
Property Developers						6,814	20,647	22,718	26,096	10.0	14.9	9.5	7.0	14.4	1.4
AP (Thailand)	AP	BUY	8.90	11.60	30	830	4,227	4,494	4,688	6.3	4.3	6.0	5.9	13.8	0.8
Land and Houses	LH	BUY	8.50	10.50	24	3,013	6,557	7,433	8,450	13.4	13.7	12.0	7.0	16.9	2.0
LPN Development	LPN	HOLD	4.76	4.60	(3)	205	716	428	704	(40.2)	64.4	10.0	5.0	5.8	0.6
Pruksa Holding	PSH	BUY	12.60	15.00	19	818	2,771	2,645	3,448	(4.5)	30.4	8.0	9.5	8.0	0.6
Quality Houses	QH	HOLD	2.20	2.50	14	699	2,125	2,128	2,559	0.1	20.3	9.2	6.6	9.2	0.8
Supalai	SPALI	BUY	21.60	28.00	30	1,248	4,251	5,589	6,248	31.5	11.8	6.7	6.7	17.1	1.1
Retail Property						7,062	5,621	4,341	8,461	(22.8)	94.9	28.2	1.2	11.3	3.1
Central Pattana	CPN	BUY	53.25	68.00	28	7,062	5,621	4,341	8,461	(22.8)	94.9	28.2	1.2	11.3	3.1
Industrial Estate						2,149	3,643	3,817	4,855	4.8	27.2	15.0	4.0	11.7	1.7
WHA Corp	WHA	BUY	3.34	4.40	32	1,481	2,524	2,763	3,335	9.5	20.7	15.0	4.0	11.7	1.7
Amata Corp	AMATA	BUY	19.60	27.50	40	669	1,119	1,054	1,520	0.0	0.0	14.8	2.7	9.1	1.3
Healthcare						20,137	10,603	20,025	19,156	88.9	(4.3)	37.5	2.7	1.6	12.6
Bangkok Chain Hosp	BCH	BUY	21.70	28.50	31	1,605	1,229	5,594	1,843	355.0	(67.0)	29.4	5.5	16.2	5.0
Bangkok Dusit Med	BDMS	BUY	22.70	29.00	28	10,701	6,045	6,912	10,092	14.3	46.0	35.7	1.1	11.6	4.0
Bumrungrad Hospital	BH	BUY	146.50	170.00	16	3,453	1,199	955	2,363	(20.4)	147.3	49.3	0.5	13.2	6.2
Chularat Hospital	CHG	BUY	3.88	4.70	21	1,266	877	3,002	1,410	242.5	(53.0)	30.3	2.0	22.4	7.0
Praram 9 Hospital	PR9	BUY	10.90	14.00	28	254	202	219	359	8.2	64.1	23.9	2.9	8.2	1.9
Ramkhamhaeng Hosp	RAM	BUY	31.00	45.00	45	1,103	632	1,704	1,750	169.6	2.7	21	3.3	13.9	2.9
Thonburi Healthcare	THG	HOLD	33.75	32.50	(4)	845	(31)	927	454	nm	(51.0)	63	2.3	1.1	5.4
Vibhavadi Med Center	VIBHA	BUY	2.26	2.80	24	910	450	712	886	58.2	24.4	38.1	1.7	8.8	2.8
Tourism						10,340	(26,351)	(20,091)	3,028	nm	nm	218.6	0.3	2.1	2.2
Asset World Corp	AWC	BUY	4.22	5.60	33	4,006	(1,881)	(2,450)	292	nm	nm	462.3	0.1	0.4	1.8
Central Plaza Hotel	CENTEL	BUY	31.00	40.00	29	1,241	(1,550)	(2,050)	336	nm	nm	124.6	0.3	1.9	2.3
The Erawan Group	ERW	BUY	2.90	4.00	38	390	(1,623)	(2,004)	(100)	nm	nm	(131.2)	0.0	(1.7)	2.2
S Hotels & Resorts	SHR	BUY	3.14	4.60	46	335	(1,908)	(1,310)	99	nm	nm	114.3	0.3	0.6	0.7
Minor International	MINT	BUY	28.25	42.00	49	4,369	(19,388)	(12,276)	2,402	nm	nm	61.0	0.6	4.3	2.6
Automotive						515	531	1,874	2,260	252.6	20.6	7.7	6.9	13.8	1.0
AAPICO Hitech	AH	BUY	23.20	29.00	25	244	146	910	1,143	523.5	25.6	7.2	4.9	13.5	0.9
Somboon Adv Tech	SAT	BUY	21.50	29.00	35	271	385	964	1,117	150.1	15.9	8.2	8.6	14.0	1.1
Transportation						35,851	2,015	(19,931)	3,390	nm	nm	(120.5)	0.4	(0.9)	6.4
Asia Aviation	AAV	BUY	2.54	3.50	38	365	(4,997)	(5,290)	(778)	nm	nm	(42.0)	0.0	(5.4)	1.4
Don Muang Tollway	DMT	BUY	11.90	17.00	43	417	791	385	979	(51.3)	154.0	14.4	6.3	10.4	1.5
Bangkok Airways	BA	BUY	9.90	16.00	62	606	(4,316)	(3,636)	61	nm	nm	338.6	0.2	0.4	1.3
Airports of Thailand	AOT	BUY	59.75	79.00	32	25,319	3,236	(15,319)	(4,411)	nm	nm	(193.5)	0.0	(4.0)	7.9
Thai Airways*	THAI	n/a	SP	n/a	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Bangkok Expressway	BEM	BUY	8.40	9.90	18	3,808	2,048	966	3,176	(52.8)	228.8	40.4	1.2	8.1	3.2
Kerry Express (TH)	KEX	HOLD	32.00	36.00	13	1,652	1,405	796	1,122	(43.4)	40.9	49.6	0.6	9.5	4.6
Nam Yong Terminal	NYT	BUY	4.10	5.00	22	151	243	258	352	6.0	36.5	14.4	6.2	10.8	1.6
BTS Group Holdings	BTS	BUY	9.05	11.00	22	3,534	3,606	1,909	2,887	(47.1)	51.3	41.2	1.7	4.7	1.9
ICT						36,179	38,487	38,018	45,033	(1.2)	18.5	(21.6)	2.9	24.1	6.1
Advanced Info Serv	ADVANC	BUY	211.00	220.00	4	18,613	27,105	26,312	28,240	(2.9)	7.3	22.2	3.3	33.2	7.1
Total Access Comm.	DTAC	HOLD	45.00	42.00	(7)	3,161	5,451	4,206	4,540	(22.8)	8.0	23.5	4.3	21.4	5.0
True Corporation	TRUE	HOLD	4.62	4.20	(9)	4,569	(2,961)	(2,068)	(448)	nm	nm	(343.9)	0.0	(0.6)	1.9
Jasmine Int'l	JAS	HOLD	2.92	3.10	6	744	(3,033)	(2,014)	(769)	nm	nm	(32.6)	0.0	(50.8)	22.2
Intouch Holdings	INTUCH	HOLD	75.00	72.00	(4)	7,134	11,160	10,403	11,476	(6.8)	10.3	21.0	3.8	27.7	5.6
Thaicom	THCOM	REDUCE	10.90	7.10	(35)	354	(135)	(41)	37	nm	nm	324.7	0.2	0.3	1.1
Jay Mart	JMART	BUY	52.00	55.50	7	1,604	900	1,221	1,957	35.6	60.3	37.6	2.1	17.4	4.4

*Note: the trading of THAI has been suspended since 16 Aug-21 while the company is implementing a rehabilitation plan

Sources: Bloomberg; FSSIA estimates

Exhibit 150: FSSIA's 124 companies under coverage – summary of key valuations as of 29 Nov 2021 (3/4)

Company	BBG code	Rec	---Share price---		Up (dn) side	Market Cap	-----Recur profit-----			Profit growth		P/E 22E	DivYld 22E	ROE 22E	P/BV 22E
			Current	Target			20	21E	22E	21E	22E				
			(THB)	(THB)	(%)	(USD m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(x)	(%)	(%)	(x)
SET Index			1,590	1,892	19	557,036						18.6			
Coverage						399,565	458,311	736,448	872,283	60.7	18.4	15.6	3.3	11.0	1.6
Media						4,745	1,455	1,053	3,385	(27.6)	221.5	131.9	1.1	9.1	4.1
BEC World	BEC	BUY	14.40	15.00	4	854	(233)	641	859	nm	34.1	33.5	0.0	13.3	4.2
Major Cineplex	MAJOR	BUY	19.00	23.00	21	504	(460)	(405)	733	nm	nm	23.2	4.6	8.7	2.0
Plan B Media	PLANB	BUY	6.65	7.00	5	766	140	26	573	(81.1)	2,064.3	45.0	1.6	10.6	4.7
RS	RS	BUY	20.60	22.00	7	585	528	278	608	(47.5)	118.9	33.0	0.9	25.2	7.6
VGI	VGI	HOLD	6.80	5.80	(15)	1,737	1,286	185	194	(85.6)	4.8	301.9	0.1	1.2	3.5
Workpoint Enter	WORK	BUY	22.80	26.00	14	299	194	329	418	69.6	27.4	24.1	3.2	9.0	2.1
Construction						1,672	1,237	1,819	2,733	47.1	50.2	22.3	1.7	6.3	1.3
CH. Karnchang	CK	BUY	21.40	26.00	21	1,052	337	583	1,377	73.1	136.1	26.3	1.7	4.9	1.3
Sino-Thai E&C	STEC	HOLD	13.70	12.80	(7)	620	900	1,236	1,356	37.3	9.7	15.4	1.8	8.7	1.3
Building mat						15,351	37,842	63,353	67,087	67.4	5.9	8.3	4.0	16.3	1.3
Siam Cement	SCC	BUY	381.00	520.00	36	13,562	34,144	59,925	62,539	75.5	4.4	7.3	4.1	16.3	1.1
Eastern Polymer	EPG	BUY	11.40	15.50	36	947	1,003	1,219	1,525	21.5	25.1	20.9	2.7	13.3	2.7
Tipco Asphalt	TASCO	BUY	18.00	22.50	25	843	2,696	2,209	3,023	(18.0)	36.8	9.3	4.4	19.1	1.7
Energy & Utilities						108,167	128,587	283,441	325,719	120.4	14.9	16.9	4.4	14.5	2.5
Oil & Gas						62,307	79,911	213,669	231,950	167.4	8.6	11.0	5.6	12.8	1.3
PTT	PTT	BUY	36.00	60.00	67	30,501	51,468	121,052	129,533	135.2	7.0	7.9	6.2	12.9	1.0
PTT E&P	PTTEP	BUY	113.50	158.00	39	13,366	23,685	44,667	46,059	88.6	3.1	9.8	6.1	12.1	1.2
PTT OR	OR	BUY	25.25	36.00	43	8,988	9,963	9,365	11,515	(6.0)	23.0	26.3	1.8	11.5	2.9
Bangkok Aviation	BAFS	BUY	25.75	40.00	55	487	(464)	(107)	1,103	nm	nm	14.9	2.7	20.0	2.7
Thai Oil	TOP	BUY	48.50	67.00	38	2,935	(3,301)	12,698	11,766	nm	(7.3)	8.4	5.4	9.3	0.8
Star Petroleum	SPRC	BUY	9.25	13.50	46	1,190	2,068	5,743	5,878	177.7	2.3	6.8	9.7	18.8	1.2
Bangchak Corp	BCP	BUY	24.40	38.00	56	983	(3,718)	2,634	5,731	nm	117.6	5.9	8.6	11.5	0.7
PTG Energy	PTG	BUY	14.40	18.30	27	713	1,857	1,572	1,836	(15.3)	16.8	13.1	1.4	20.0	2.5
Esso Thailand	ESSO	HOLD	7.35	8.90	21	755	1,212	4,446	5,093	266.9	14.5	5.0	6.8	24.5	1.1
Susco	SUSCO	BUY	3.20	3.50	9	95	218	299	342	37.2	14.6	10.3	2.5	8.5	0.8
Scan Inter	SCN	BUY	2.04	3.10	52	73	42	97	132	128.5	36.7	18.5	2.5	4.9	0.9
Banpu	BANPU	BUY	10.70	16.90	58	2,147	(3,288)	11,090	12,771	nm	15.2	6.0	8.6	14.7	0.8
WP Energy	WP	BUY	5.00	5.90	18	76	170	114	189	0.0	0.0	13.7	5.0	14.7	2.0
Utilities						45,860	48,676	69,773	93,770	43.3	34.4	24.9	2.8	16.9	4.1
Utilities - IPP						30,997	33,418	47,438	67,359	42.0	42.0	25.6	3.0	14.6	3.8
B.Grimm Power	BGRIM	BUY	40.25	58.00	44	3,112	2,617	2,882	3,966	10.1	37.6	26.5	2.5	13.4	3.5
Gulf Energy	GULF	BUY	40.00	56.00	40	13,921	4,478	6,590	12,632	47.2	91.7	37.2	1.8	17.6	6.2
Global Power S.	GPSC	BUY	74.50	100.00	34	6,231	7,113	8,350	9,918	17.4	18.8	21.2	2.6	9.3	1.9
Banpu Power	BPP	BUY	16.80	23.00	37	1,519	3,783	5,413	6,114	43.1	13.0	8.4	4.8	13.3	1.1
CK Power	CKP	BUY	5.05	6.60	31	1,218	416	2,267	3,182	444.4	40.3	12.9	5.9	11.9	1.5
Electricity Gen	EGCO	BUY	169.50	245.00	45	2,647	8,215	13,061	17,076	59.0	30.7	5.2	4.4	14.5	0.7
Ratch Group	RATCH	BUY	43.75	60.00	37	1,882	5,982	7,655	13,150	28.0	71.8	7.4	7.8	15.7	0.9
WHA Utilities	WHAUP	HOLD	4.12	4.50	9	467	813	1,220	1,321	50.1	8.3	11.9	8.5	10.6	1.3

Sources: Bloomberg; FSSIA estimates

Exhibit 151: FSSIA's 124 companies under coverage – summary of key valuations as of 29 Nov 2021 (4/4)

Company	BBG code	Rec	---Share price ---		Up (dn)	Market	-----Recur profit -----			Profit growth		P/E	DivYld	ROE	P/BV
			Current	Target	side	Cap	20A	21E	22E	21E	22E	22E	22E	22E	22E
			(THB)	(THB)	(%)	(USD m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(x)	(%)	(%)	(x)
SET Index			1,590	1,892	19	557,036						18.6			
Coverage						399,565	458,311	736,448	872,283	60.7	18.4	15.6	3.3	11.0	1.6
Utilities - renewable						14,863	15,258	22,334	26,411	46.4	18.3	23.3	2.4	21.8	4.9
BCPG	BCPG	BUY	12.60	17.00	35	1,082	1,912	2,580	2,562	34.9	(0.7)	14.3	5.6	9.8	1.4
Clover Power	CV	BUY	3.08	5.50	79	117	94	144	174	53.6	20.3	22.7	1.8	8.1	1.8
Energy Absolute	EA	BUY	79.00	88.00	11	8,741	5,155	8,192	9,742	58.9	18.9	30.2	0.3	24.8	6.7
Nex Point	NEX	BUY	12.10	13.40	11	601	(214)	439	1,473	305.6	235.4	13.8	4.1	36.7	4.4
Gunkul Engineering	GUNKUL	BUY	4.76	5.40	13	1,254	1,189	2,595	3,102	118.3	19.5	13.6	3.8	22.0	2.9
Power Solution Tech	PSTC	BUY	2.48	3.70	49	174	15	111	351	645.2	215.3	16.8	0.4	5.8	1.0
Demco	DEMCO	BUY	3.76	5.90	57	81	55	181	213	227.3	17.8	12.9	3.2	4.4	0.6
Sermasang Power Corp	SSP	BUY	12.30	20.00	63	370	697	999	1,255	43.3	25.6	10.9	4.1	18.2	1.9
TPC Power Holding	TPCH	BUY	10.60	14.00	32	126	251	225	483	(10.2)	114.5	8.8	4.7	15.1	1.3
Absolute Clean Energy	ACE	BUY	3.60	5.20	44	1,087	1,357	1,892	2,161	39.4	14.2	16.9	5.6	16.5	2.8
Earth Tech Environment	ETC	HOLD	2.76	2.10	(24)	183	240	318	329	32.3	3.7	18.8	2.1	12.0	2.2
TPI Polene Power	TIIPP	BUY	4.20	5.70	36	1,046	4,506	4,657	4,566	3.4	(1.9)	7.7	9.5	14.8	1.1
Petrochemical						16,923	(233)	71,794	64,553	nm	(10.1)	9.2	10.4	12.5	1.1
Indorama Ventures	IVL	BUY	39.75	62.00	56	6,620	6,430	22,909	26,019	256.3	13.6	8.6	5.8	16.4	1.3
IRPC PCL	IRPC	BUY	3.86	5.80	50	2,340	(6,152)	16,036	12,751	nm	(20.5)	6.2	8.1	14.6	0.9
PTT Global Chemical	PTTGC	BUY	57.00	75.00	32	7,623	(969)	32,431	25,227	nm	(22.2)	10.2	15.3	8.7	0.9
Global Green Chem	GGC	BUY	11.20	13.50	21	340	458	418	557	(8.8)	33.3	19.6	3.6	5.5	1.1
Pharma products						2,760	14,302	29,223	12,191	104.3	(58.3)	7.6	9.2	23.1	1.8
Sri Trang Gloves (TH)	STGT	REDUCE	32.50	26.00	(20)	2,760	14,302	29,223	12,191	104.3	(58.3)	7.6	9.2	23.1	1.8
Packaging						7,927	6,638	10,099	13,027	52.1	29.0	20.5	1.4	13.0	2.5
SCG Packaging	SCGP	BUY	62.25	82.00	32	7,927	6,638	10,099	13,027	52.1	29.0	20.5	1.4	13.0	2.5

Sources: Bloomberg; FSSIA estimates

Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICHI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PCSGH	PDJ	PG	PHOL	PLANB	PLANET
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEAOL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TTB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TSC	TSR	TSTE	TSTH	TTA
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL										
2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAH	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSB	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							

GOOD LEVEL										
7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	IHL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TIPIP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

Description

Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; ** delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

Anti-corruption Progress Indicator 2020

CERTIFIED										
2S	ADVANC	AI	AIE	AIRA	AKP	AMA	AMANAH	AP	AQUA	ARROW
ASK	ASP	AYUD	B	BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG
BGC	BGRIM	BJCHI	BKI	BLA	BPP	BROOK	BRR	BSBM	BTS	BWG
CEN	CENTEL	CFRESH	CGH	CHEWA	CHOTI	CHOW	CIG	CIMBT	CM	CMC
COL	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DELTA	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FPI	FPT	FSS
FTE	GBX	GC	GCAP	GEL	GFPT	GGC	GJS	GPSC	GSTEEL	GUNKUL
HANA	HARN	HMPRO	HTC	ICC	ICHI	IFS	INET	INSURE	INTUCH	IRPC
ITEL	IVL	K	KASET	KBANK	KBS	KCAR	KCE	KGI	KKP	KSL
KTB	KTC	KWC	L&E	LANNA	LHFG	LHK	LPN	LRH	M	MAKRO
MALEE	MBAX	MBK	MBKET	MC	MCOT	MFC	MFEC	MINT	MONO	MOONG
MPG	MSC	MTC	MTI	NBC	NEP	NINE	NKI	NMG	NNCL	NSI
NWR	OCC	OCEAN	OGC	ORI	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPPM
PPS	PREB	PRG	PRINC	PRM	PSH	PSL	PSTC	PT	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QLT	QTC	RATCH	RML	RWI	S & J
SABINA	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SEAOL	SE-ED	SELIC
SENA	SGP	SIRI	SITHAI	SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK
SPC	SPI	SPRC	SRICHA	SSF	SSSC	SST	STA	SUSCO	SVI	SYNTEC
TAE	TAKUNI	TASCO	TBSP	TCAP	TCMC	TFG	TFI	TFMAMA	THANI	THCOM
THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT	TTB	TMD	TMILL	TMT
TNITY	TNL	TNP	TNR	TOG	TOP	TPA	TPCORP	TPP	TRU	TSC
TSTH	TTCL	TU	TVD	TVI	TVO	TWPC	U	UBIS	UEC	UKEM
UOBKH	UWC	VGI	VIH	VNT	WACOAL	WHA	WHAUP	WICE	WIJK	XO
ZEN	TRUE									
DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

Disclaimer:

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by ThaiPat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. ThaiPat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of ThaiPat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; * FSSIA's compilation

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Songklod Wongchai FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Bank	BBL TB	THB 117.00	HOLD	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and further waves of the Covid-19 pandemic affecting loan growth and asset quality; and 2) the impact of further interest rate cuts on its NIM and potential new regulations from the Bank of Thailand on debt-servicing programs. The upside risk would be better-than-expected synergies with Permata.
Kasikornbank	KBANK TB	THB 136.50	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and further waves of the Covid-19 pandemic affecting loan growth and asset quality; and 2) the impact of further interest rate cuts on NIM and potential new regulations from the Bank of Thailand on debt-servicing programs.
Kiatnakin Bank	KKP TB	THB 58.75	BUY	Downside risks to our GGM-based target price include weakening asset quality and lower fee income.
Krung Thai Bank	KTB TB	THB 11.50	HOLD	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and further waves of the Covid-19 pandemic affecting loan growth and asset quality; and 2) the impact of further interest rate cuts on NIM and potential new regulations from the Bank of Thailand on debt-servicing programs. The upside risk is the better-than-expected ability to control cost of funds.
Siam Commercial Bank	SCB TB	THB 123.50	BUY	Downside risks to our SOTP-based TP are 1) prolonged economic sluggishness and further waves of the Covid-19 pandemic affecting loan growth and asset quality; and 2) the impact of further interest rate cuts on its NIM.
Tisco Financial	TISCO TB	THB 89.50	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and further waves of the Covid-19 pandemic affecting loan growth and asset quality; 2) the impact of new regulations from the Bank of Thailand on debt-servicing programs; and 3) the slow expansion of its high-yield auto cash portfolio.
TMBThanachart Bank	TTB TB	THB 1.20	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and further waves of the Covid-19 pandemic affecting loan growth and asset quality; and 2) the impact of further interest rate cuts on NIM and potential new regulations from the Bank of Thailand on debt-servicing programs.
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 184.00	HOLD	Downside risks to our GGM-derived TP include 1) intense competition; 2) regulatory actions to curb industry growth; and 3) deteriorating asset quality. The upside risk is stronger-than-expected asset quality.
Krungthai Card	KTC TB	THB 54.25	HOLD	Upside risks to our GGM-derived TP include 1) stronger-than-expected growth for KTB Leasing; and 2) a better-than-expected bad debt recovery. Downside risks are 1) regulatory actions to curb industry growth; and 2) deteriorating asset quality.
Muangthai Capital	MTC TB	THB 57.00	BUY	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board.
Srisawad Corp	SAWAD TB	THB 61.50	BUY	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board.
Saksiam Leasing	SAK TB	THB 10.00	BUY	Downside risks to our GGM-derived TP include 1) competition from existing and new players; 2) regulatory changes by the Bank of Thailand (BoT); and 3) a slower-than-expected reduction in its cost of funds due to a shift toward more long-term loans.
Ngern Tid Lor	TIDLOR TB	THB 36.00	BUY	Downside risks to our GGM-based TP include 1) the expansion into auto-title loans by the Government Savings Bank and Auto X (subsidiary of SCB); 2) further weakening asset quality could potentially hit both loan yield and credit cost; and 3) tighter supervision from related regulators.
Micro Leasing	MICRO TB	THB 7.85	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for logistics activities and private investment; 2) deteriorating asset quality; and 3) a slower-than-expected reduction in the cost of funds due to a shift toward more long-term loans.
Singer Thailand	SINGER TB	THB 48.50	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown leading to slower loan growth and lower sales of electrical products and home appliances; and 2) deteriorating asset quality.

Ratchthani Leasing	THANI TB	THB 4.08	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for logistics activities and private investment; 2) deteriorating asset quality; and 3) changes in financial regulations from the Bank of Thailand.
Bangkok Commercial Asset Mngt.	BAM TB	THB 20.20	BUY	Downside risks to our GGM-based TP include 1) lower cash collection from its fully amortised portfolio; 2) lower-than-expected bad debt acquisition; and 3) the prolonged slowdown of the property market.
Chayo Group	CHAYO TB	THB 12.60	BUY	Downside risks to our GGM-based TP include 1) lower-than-expected bad debt acquisition; and 2) higher-than-expected operating expenses.
JMT Network Services	JMT TB	THB 59.25	BUY	Downside risks to our GGM-based TP include 1) lower cash collection from its fully amortised portfolio; and 2) the lower-than-expected acquisition of new bad debt.
Thanachart Capital	TCAP TB	THB 36.00	HOLD	Upside risks to our GGM-based target price are M&A completions and long-term synergy gained, leading to a higher contribution to its earnings. Downside risks are impacts from a prolonged weak macro outlook on loan growth and asset quality which could lead to higher provisions for both TMB and THANI.
Next Capital	NCAP TB	THB 10.20	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown, especially for food delivery and logistics activities; 2) deteriorating asset quality; and 3) tighter competition from new players.
Ditto (THAILAND)	DITTO TB	THB 17.40	BUY	Downside risks to our PEG-based TP include 1) technological changes that will affect competitiveness; and 2) income and gross margin inconsistency due to the nature of the project service business.
Berli Jucker	BJC TB	THB 34.25	HOLD	Key downside risks to our DCF-based TP could come from 1) competition with Lotus which could impact its sales and gross margin; and 2) a lower-than-expected utilisation rate and profit margin from its packaging unit after losing major customers in Thailand. The key upside risk is from easing competition in the hypermarket segment
CP All	CPALL TB	THB 59.50	BUY	The key downside risks to our DCF-derived TP are: 1) the higher-than-expected impact from a loss of service income from the convenience store business; 2) the worse-than-expected overseas performance of Makro; and 3) the slow recovery of tourist numbers.
Central Retail Corp	CRC TB	THB 33.00	BUY	The key downside risks to our DCF-based TP include 1) new waves of Covid-19; and 2) lower-than-expected sales from the high-margin fashion business.
Siam Global House	GLOBAL TB	THB 19.20	BUY	The key downside risks to our DCF-based TP are volatile farm incomes and farm prices which could negatively impact purchasing power, especially in the provinces.
Home Product Center	HMPRO TB	THB 13.90	BUY	The key downside risks to our DCF-based TP include: 1) lower-than-expected SSSG; 2) the slow recovery of tourist numbers; and 3) operating losses from its overseas business.
Siam Makro	MAKRO TB	THB 44.25	HOLD	The key downside risks to our DCF-based TP include: 1) lower-than-expected SSSG; 2) lower-than-expected GPM improvement; and 3) operational losses from its overseas business. The key upside risks include: 1) the faster-than-expected recovery of Lotus' performance; and 2) a more aggressive expansion plan.
Charoen Pokphand Foods	CPF TB	THB 24.60	HOLD	The key downside risks to our SoTP-based target price are the volatile pork prices in both Thailand and Vietnam which could hurt revenues and the company's gross margin. Key upside risk is faster-than-expected recovery of livestock price in region and lower feed stock cost.
Asian Sea Corporation	ASIAN TB	THB 16.60	BUY	Downside risks to our P/E based TP would be 1) a stronger-than-expected THB against USD; and 2) the high volatility of raw material prices, such as tuna and squid prices, which could hurt the company's GPM.
Agripure Holdings	APURE TB	THB 7.40	BUY	Downside risks to our P/E based TP would be 1) order cancellations from big customers like Walmart; 2) a stronger-than-expected THB against USD; and 3) the high volatility of raw material prices, such as the corn price, which could hurt the company's GPM.
Srinanaporn Marketing	SNNP TB	THB 11.20	BUY	The key downside risks to our DCF-based TP are 1) slower-than-expected demand growth and market penetration overseas, especially in Cambodia and Vietnam; 2) a lower-than-expected profit margin due to high raw material and transportation costs; and 3) higher-than-expected SG&A expenses from overseas operations.
Carabao Group	CBG TB	THB 114.00	BUY	The key downside risks to our DCF-based TP are 1) slower-than-expected sales growth in Myanmar, Cambodia, and the vitamin C drink market; 2) a decrease in domestic energy drink market share; and 3) higher-than-expected SG&A expenses from overseas operations, such as in China and the UK.
Osotspa PCL	OSP TB	THB 32.75	BUY	The key downside risks to our DCF-based TP are 1) a decline in energy drink market share in Myanmar due to strong competition; 2) a slow recovery in the economy; and 3) lower-than-expected SG&A savings from the Fast Forward 10X program.
AP (Thailand)	AP TB	THB 8.90	BUY	Downside risks to our P/E based TP are declining profitability from rising cost pressure in tandem with weakening pricing power and increased competition, such that it hurts take-up rates. This is especially true for condominium projects which typically have more units than low-rise projects.
Land and Houses	LH TB	THB 8.50	BUY	Key risks to our SoTP-based TP are slower responses to new launches and new project postponements. Key risks on the macro front include 1) a slower market expansion than we assume; 2) intensifying competition, which could undermine profitability; and 3) rising cost pressure.
LPN Development	LPN TB	THB 4.76	HOLD	Upside risks to our P/E based TP are revivals in new launches and better-than-expected take-up rates of new launches. Downside risks to our call are lower profitability from inventory clearance and delays in new launches.
Prukha Holding	PSH TB	THB 12.60	BUY	Key downside risks to our P/E based TP are a weaker-than-expected take-up rate for new launches, declining utilisation at factories and softening profitability.
Quality Houses	QH TB	THB 2.20	HOLD	Key downside risks to our call are delays in new launches, poor demand for new launches, rising competition, residential supply and a lower-than-expected gross profit margin. Key upside risks are a better-than-expected take-up rate of new launches, profitability expansions and faster-than-expected asset turnovers.

Supalai	SPALI TB	THB 21.60	BUY	Downside risks to our P/E derived TP are cost overruns, delays or poor reception of new launches, presale cancellations, homebuyers' inability to obtain mortgage financing, weak take-up rates and reduced pricing power from rising competition.
Central Pattana	CPN TB	THB 53.25	BUY	Key downside risks to our DCF-derived TP are deviations to our estimates on rental rate, occupancy rate, returns on its new investments, capex and interest rate.
WHA Corporation	WHA TB	THB 3.34	BUY	Downside risks to our SoTP-derived TP include 1) lower-than-expected IE land sales and transfers in Thailand and Vietnam; and 2) a lower-than-expected utilization rate from the utilities business in Vietnam.
Amata Corp	AMATA TB	THB 19.60	BUY	Downside risks to our SoTP-derived TP include 1) lower-than-expected IE land sales and transfers in Thailand and Vietnam; and 2) a lower-than-expected utilization rate from the utilities business in Vietnam.
Bangkok Chain Hospital	BCH TB	THB 21.70	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) SSO provision expenses following a limited SSO budget.
Bangkok Dusit Medical Services	BDMS TB	THB 22.70	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug price and medical bill controls; and 3) higher-than-expected capex and opex for CoE projects.
Bumrungrad Hospital	BH TB	THB 146.50	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) higher medical fee discount promotions, leading to a weaker EBITDA margin.
Chularat Hospital	CHG TB	THB 3.88	BUY	Downside risks to our DCF-based target price include 1) a slowdown in Thai patient volume due to economic concerns; 2) regulatory risks from drug price and medical bill controls; and 3) SSO provision expenses following limited budgets from the SSO.
Praram 9 Hospital	PR9 TB	THB 10.90	BUY	Downside risks to our DCF-based target price include 1) weak patient volumes following the economic slowdown; 2) regulatory risks from drug price and medical bill controls; and 3) higher-than-expected expenses from its new building.
Ramkhamhaeng Hospital	RAM TB	THB 31.00	BUY	Downside risks to our DCF-based target price include 1) weak patient volumes following the economic slowdown; 2) regulatory risks from drug price and medical bill controls; and 3) losses from its subsidiary companies.
Thonburi Healthcare Group	THG TB	THB 33.75	HOLD	Downside risks to our DCF-based target price include 1) weak patient volume following the economic slowdown; 2) regulatory risks from drug prices and medical bill controls; and 3) higher-than-expected expenses from new hospitals. Upside risk is big-lot sales of Jin Wellbeing County units.
Vibhavadi Medical Center	VIBHA TB	THB 2.26	BUY	Downside risks to our DCF-based target price include 1) a slowdown in Thai patient volume due to economic concerns; 2) regulatory risks from drug prices and medical bill controls; and 3) SSO provision expenses following limited budgets from the SSO.
Asset World Corp	AWC TB	THB 4.22	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Central Plaza Hotel	CENTEL TB	THB 31.00	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply and higher competition in the F&B business, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
The Erawan Group	ERW TB	THB 2.90	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
S Hotels and Resorts	SHR TB	THB 3.14	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Minor International	MINT TB	THB 28.25	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply and higher competition in the F&B business, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
AAPICO Hitech	AH TB	THB 23.20	BUY	Key downside risks to our P/E-derived TP include lower-than-expected car production volumes and lower car sales in both Thailand and Malaysia. Additional downside risks include a faster-than-expected EV adoption rate in Thailand, and exchange rate risk.
Somboon Advance Technology	SAT TB	THB 21.50	BUY	The key downside risks to our P/E-based TP are the domestic car manufacturing industry recovering more slowly than expected, a slower-than-expected adoption rate for electric vehicles in Thailand, and worse global demand for pickup trucks.
Asia Aviation	AAV TB	THB 2.54	BUY	Downside risks to our P/BV multiple target price include 1) extraordinary events such as political turmoil and natural disasters; 2) higher-than-expected fuel expenses following an increase in oil prices; and 3) the slower-than-expected recovery of international tourist numbers.
Don Muang Tollway	DMT TB	THB 11.90	BUY	Downside risks to our DCF-based TP include 1) lower-than-expected tollway traffic, and 2) dispute risks.
Bangkok Airways	BA TB	THB 9.90	BUY	Downside risks to our SoTP-based TP include 1) extraordinary events such as political turmoil and natural disasters; 2) higher-than-expected fuel expenses following an increase in oil prices; and 3) the slower-than-expected recovery of international tourist numbers.
Thai Airways	THAI TB	THB 3.32	HOLD	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) higher-than-expected fuel expenses following an increase in oil prices; and 3) the slower-than-expected recovery of international tourist numbers. The upside risk is the availability of a COVID-19 vaccine.
Airports of Thailand	AOT TB	THB 59.75	BUY	Downside risks to our DCF-based target price include 1) a slowdown in the recovery of international passengers; 2) delays in the Suvarnabhumi Airport expansions (satellite terminal and northern expansion); and 3) the termination of the duty-free concession contracts from King Power.

Bangkok Expressway and Metro	BEM TB	THB 8.40	BUY	The key downside risks to our SoTP-based TP are 1) traffic and ridership recovering more slowly than our expectation; and 2) the company being unable to win the new mass transit project bids.
Kerry Express (Thailand)	KEX TB	THB 32.00	HOLD	The key downside and upside risks to our DCF-based TP are 1) if the competition is higher or lower than our expectation; and 2) if Covid-19 continues to spread further.
Nam Yong Terminal	NYT TB	THB 4.10	BUY	The key downside risks to our P/E multiple TP includes 1) weaker-than-expected Thai car exports; and 2) inability to secure an A5 contract extension.
BTS Group Holdings	BTS TB	THB 9.05	BUY	The key downside risks to our SOTP-based TP include a slower-than-expected recovery of the Thai economic outlook and the company not being able to win new mass transit projects.
Advanced Info Service	ADVANC TB	THB 211.00	BUY	The key downside risks to our DCF-based TP are stronger-than-expected competition in the mobile market and the slower-than-expected adoption of 5G use cases.
Total Access Communication	DTAC TB	THB 45.00	HOLD	The key downside and upside risks to our DCF-based TP are if the 5G subscription losses are worse than our expectation, the cost of the 3500MHz band is higher than our expectation, if there is stronger or weaker-than-expected competition in the mobile market, and if there is a faster or slower-than-expected adoption of 5G use cases.
True Corporation	TRUE TB	THB 4.62	HOLD	The key upside and downside risks to our DCF-based TP are if the 5G subscription gains and ARPU are better or worse than our expectation, if the company can reduce its costs better or worse than we expect, and if there is a faster or slower-than-expected adoption of 5G use cases.
Jasmine International	JAS TB	THB 2.92	HOLD	The key upside and downside risks to our SOTP-based TP include better or worse-than-expected growth in FBB and ARPU and better or worse-than-expected cost reduction.
Intouch Holdings	INTUCH TB	THB 75.00	HOLD	The key downside risks to our NAV-discounted TP are if the sluggish performance from the satellite business continues and if there is a slower-than-expected 5G adoption rate. The key upside risk is if INTUCH synergizes with GULF faster than expected.
Thaicom	THCOM TB	THB 10.90	REDUCE	The key upside risks to our P/BV-based TP are 1) if the company is able to secure a new right of use concession for the satellite orbital slots and can generate significant revenue from it; 2) if it can form a partnership with NT or LEO satellite operators; and 3) if its operating costs after the expiration of Thaicom 4 and 6 are lower than expected.
Jay Mart	JMART TB	THB 52.00	BUY	Downside risks to our SOTP-based TP include 1) lower-than-expected mobile revenue; 2) lower cash collection from its fully amortised portfolio; and 3) the lower-than-expected acquisition of new bad debt.
BEC World	BEC TB	THB 14.40	BUY	The key downside risks to our P/E based TP are a lower-than-expected adex recovery and the company's worse-than-expected cost reduction.
Major Cineplex Group	MAJOR TB	THB 19.00	BUY	The key downside risks to our DCF-based TP are a slower-than-expected recovery in domestic consumption, the growing popularity of online movies, and a delay in the Covid-19 vaccine rollout.
Plan B Media	PLANB TB	THB 6.65	BUY	The key downside risks to our P/E multiple based TP are a slower-than-expected adex recovery and further waves of Covid-19.
RS	RS TB	THB 20.60	BUY	The key downside risk to our SoTP-based TP is if the company is unable to maintain the growth momentum from its commerce business if revenues from TV, radio, and music continue to decline.
VGI Pcl.	VGI TB	THB 6.80	HOLD	The key upside and downside risks to our SoTP-based TP are if the advertising expenditure recovery is slower or faster than our expectation, and whether Rabbit Line Pay is successful or not.
Workpoint Entertainment	WORK TB	THB 22.80	BUY	The key downside risks to our P/E-based TP are weaker-than-expected TV adex, digital advertising becoming more popular, and competitiveness in TV ratings.
CH. Kamchang	CK TB	THB 21.40	BUY	Key downside risks to our SoTP-based TP are delays in new bids, political instability, fluctuations in construction material prices, cost overruns, and the prolonged Covid-19 pandemic.
Sino-Thai E&C	STEC TB	THB 13.70	HOLD	Downside risks to our P/BV multiple valuation-based TP are 1) prolonged political uncertainty; and 2) delays in projects and the construction margin contracting more than expected. The upside risk is if STEC can win the Orange Line bid.
Siam Cement	SCC TB	THB 381.00	BUY	Downside risks to our SOTP based TP include 1) a lower-than-expected demand for chemicals, CBM, and packaging; 2) rising coal costs for its cement and packaging units; and 3) weaker demand from the automobile industry that could erode the demand for SCC's chemical unit and its dividend contributions.
Eastern Polymer Group	EPG TB	THB 11.40	BUY	Downside risks to our EV/EBITDA-based target price include 1) a sharp rise in feedstock prices, driven mostly by a higher oil price; and 2) lower-than-expected demand.
Tipco Asphalt	TASCO TB	THB 18.00	BUY	Downside risks to our EV/EBITDA multiple based TP include 1) a lower asphalt margin due to a oversupply in Asia on the back of faster recovery of utilisation rate for global refiners; and 2) a lower-than-expected supply of alternative crudes and asphalt.
PTT PCL	PTT TB	THB 36.00	BUY	Risks to our SoTP-based valuation are the oil price and potential earnings downside from government intervention.
PTT Explor & Prod	PTTEP TB	THB 113.50	BUY	Risks our TP, which is based on EV/EBITDA, are a sharp decline in oil price and a potential earnings downside from government intervention.
PTT Oil and Retail Business	OR TB	THB 25.25	BUY	The downside risks to our SOTP-based TP include: 1) lower-than-expected demand for petroleum products; 2) a lower marketing margin; and 3) weaker-than-expected jet demand.
Bangkok Aviation Fuel Services	BAFS TB	THB 25.75	BUY	Downside risks to our SoTP-based target price include a slower than expected vaccination rate, leading to slower demand in tourism activities, plus uncertainty in the fuel volume demand in the north which could lead to volatility in Fuel Pipeline Transportation Limited (FPT)'s income.
Thai Oil	TOP TB	THB 48.50	BUY	Downside risks to our EV/EBITDA-based TP are a sharp rise in oil price and weak demand for refined oil products.

Star Petroleum Refining	SPRC TB	THB 9.25	BUY	TP is based on EV/EBITDA. Downside risks are a sharp rise in oil price and weak demand for refined oil products.
Bangchak Corp	BCP TB	THB 24.40	BUY	The downside risks to our SoTP-based TP include: 1) lower-than-expected demand for petroleum products; 2) higher crude premiums; and 3) unplanned shutdowns of the company's refinery plants.
PTG Energy	PTG TB	THB 14.40	BUY	The downside risks to our SoTP-based TP include 1) a government cap on oil prices; and 2) weaker demand for diesel and gasoline.
Esso Thailand	ESSO TB	THB 7.35	HOLD	The downside risks to our SoTP-based TP on ESSO include 1) lower-than-expected demand for petroleum products; 2) a higher crude premium; and 3) unplanned shutdowns of its refinery and petrochemical plants. The upside risks include 1) higher-than-expected demand for petroleum products; and 2) a lower crude premium.
Susco	SUSCO TB	THB 3.20	BUY	The downside risks to our SOTP-based TP include: 1) lower-than-expected demand for petroleum products; 2) a lower marketing margin; and 3) weaker-than-expected jet fuel demand.
Scan Inter	SCN TB	THB 2.04	BUY	The downside risks to our SOTP-based TP include 1) a sharp decline in oil prices; and 2) weaker demand for NGV and delays in new NGV projects.
Banpu	BANPU TB	THB 10.70	BUY	We see downside risks to our SoTP-based TP from lower coal prices, higher diesel costs and any unplanned shutdowns of its power plants.
WP Energy	WP TB	THB 5.00	BUY	The downside risks to our SOTP-based TP include: 1) lower-than-expected demand for LPG gas; and 2) a lower marketing margin.
B.Grimm Power	BGRIM TB	THB 40.25	BUY	The downside risks to our SoTP-based TP include 1) lower-than-expected demand for electricity in Thailand, 2) a lower crude price, and 3) unplanned shutdowns of its SPPs.
Gulf Energy Development	GULF TB	THB 40.00	BUY	The downside risks to our SoTP-based TP on GULF include 1) lower-than-expected demand for electricity in Thailand; 2) a lower crude price; and 3) delays in project commercial operation dates.
Global Power Synergy	GPSC TB	THB 74.50	BUY	The downside risks to our SoTP-based TP on GPSC include 1) lower-than-expected demand for electricity in Thailand; 2) a lower crude price; and 3) lower-than-expected demand from industrial users.
Banpu Power	BPP TB	THB 16.80	BUY	Downside risks to our SOTP valuation are the start-up delays of its new projects and government intervention in the electricity tariff.
CK Power	CKP TB	THB 5.05	BUY	The downside risks to our SoTP-based TP include lower-than-expected demand for electricity in Thailand and lower-than-expected water supply for hydro projects.
Electricity Generating	EGCO TB	THB 169.50	BUY	Downside risks to our SoTP-based TP include 1) lower-than expected demand for electricity in Thailand; 2) delays in project commencement or commercial operation dates (COD); and 3) government intervention in electricity tariff subsidies.
Ratch Group	RATCH TB	THB 43.75	BUY	The downside risks to our SoTP-based TP include 1) lower-than-expected demand for electricity in Thailand; 2) lower crude price; and 3) delays in starting new projects.
WHA Utilities & Power	WHAUP TB	THB 4.12	HOLD	Downside risks to our SoTP-based TP include 1) lower-than-expected demand for electricity in Thailand; and 2) lower crude prices. Upside risks are the higher than expected sales volumes of water and electricity for industrial users.
BCPG	BCPG TB	THB 12.60	BUY	The downside risks to our SoTP-based TP include: 1) lower-than-expected demand for electricity in Thailand, the Philippines and Indonesia; and 2) government intervention by way of electricity tariff subsidies.
Clover Power	CV TB	THB 3.08	BUY	The downside risks to our SoTP-based TP include 1) lower-than-expected demand for electricity in Thailand, 2) a lower crude price, and 3) higher costs of biomass feedstock.
Energy Absolute	EA TB	THB 79.00	BUY	Downside risks to our SoTP-based TP include: 1) lower-than-expected demand for electricity in Thailand; 2) lower crude prices; and 3) lower-than-expected demand for batteries.
Nex Point	NEX TB	THB 12.10	BUY	Downside risks to our SOTP-based TP include: 1) a lower-than-expected bus sales volume; 2) delays in bus deliveries; and 3) risk from regulatory changes.
Gunkul Engineering	GUNKUL TB	THB 4.76	BUY	The downside risks to our SoTP-based TP on GUNKUL include 1) lower-than-expected demand for electricity in Thailand, 2) declining EPC backlogs, and 3) lower-than-expected utilisation rates for solar and wind farms.
Power Solution Technologies	PSTC TB	THB 2.48	BUY	The downside risks to our SoTP-based TP on PSTC include 1) lower-than-expected demand for electricity in Thailand and delays of power plant project start-ups.
Demco	DEMCO TB	THB 3.76	BUY	Downside risk includes delays in bidding for power transmission projects.
Sermuang Power Corp	SSP TB	THB 12.30	BUY	The downside risks to our SoTP-based TP for SSP include 1) a lower-than-expected demand for electricity in Thailand; 2) a lower crude price; and 3) project start-up delays.
TPC Power Holding	TPCH TB	THB 10.60	BUY	The downside risks to our SoTP-based TP include 1) lower-than-expected demand for electricity in Thailand, 2) a lower crude price, and 3) higher costs of biomass feedstock.
Absolute Clean Energy	ACE TB	THB 3.60	BUY	The downside risks to our SoTP-based TP include 1) lower-than-expected demand for electricity in Thailand, 2) a lower crude price, and 3) higher costs of biomass feedstock.
Earth Tech Environment	ETC TB	THB 2.76	HOLD	Downside risks to our SoTP-based TP include: 1) lower-than-expected demand for electricity in Thailand; 2) lower crude price; and 3) lower-than-expected industrial waste volumes. Upside risks are the faster and larger-than-expected new capacity won by ETC in 2021.
TPI Polene Power	TPIPP TB	THB 4.20	BUY	Downside risks to our SoTP-based TP include 1) lower-than-expected demand for electricity in Thailand; 2) lower crude price, and 3) unplanned shutdown of the company's power plants.
Indorama Ventures	IVL TB	THB 39.75	BUY	The key downside risks to our EV/EBITDA-based TP are weaker-than-expected margins for PX-PTA and PET-PTA, lower demand for polyester, and delays in IVL's projects.
IRPC PCL	IRPC TB	THB 3.86	BUY	Key risks to our positive view and EV/EBITDA-based target price are weaker-than-expected oil product demand growth and lower-than-expected PP-naphtha and SM-benzene margins.

PTT Global Chemical	PTTGC TB	THB 57.00	BUY	The key downside risks to our EV/EBITDA-based TP are the weaker-than-expected HDPE price and HDPE-naphtha margin.
Global Green Chemicals	GGC TB	THB 11.20	BUY	Downside risks to our EV/EBITDA-based target price include: 1) a sharp decline in crude palm oil price; 2) a change in government policy for biodiesel from the current B7; and 3) a narrower fatty alcohol margin due to the new supply in the US.
Sri Trang Gloves (Thailand)	STGT TB	THB 32.50	REDUCE	The upside risks to our P/E-based TP for STGT include 1) a higher-than-expected demand for rubber gloves; 2) lower prices of concentrated natural and synthetic latex and crude; and 3) exchange rate volatility.
SCG Packaging	SCGP TB	THB 62.25	BUY	Downside risks to our EV/EBITDA-based TP include a lower-than-expected demand for packaging, rising raw material costs of recycled paper and higher energy costs.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 29-Nov-2021 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / current price.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.