

Thailand Market Strategy

Growth faith to outshine inflation and liquidity fears

- We think stagflation worries are misplaced now because growth is still relatively strong and inflation fears should be subsiding.
- We recommend companies with improving gross margins that can outperform if inflation takes hold.
- It could be a rough ride, but we remain OVERWEIGHT on Thai equities in 2022.

Bottom-up growth should outweigh top-down macro risk in 2022

Timing equity market entry to match the point when equities will outperform is difficult. Additionally, investors pricing in fears of central bank moves to curb liquidity could hurt the prices of growth stocks, potentially leading to high volatility on the SET Index during the next two months ahead of the upcoming meeting of the US Federal Reserve (Fed). However, we remain optimistic on the SET Index, given that EPS growth upsides in a solid economy and strong corporate profits should sufficiently overshadow the risk of ebbing liquidity caused by the Fed tightening monetary policy. On a 12-month horizon in 2022, we remain OVERWEIGHT on Thai equities with our SET Index target of 1,892 by year's end.

Inflation fear is likely to ebb by 2H22

Even if US inflation keeps rising, we think that it only represents a fleeting nightmare scenario for the US economy. In the longer term, we think the solid global and US economic growth recovery should be a key catalyst for gains on the SET Index in 2022 due to three reasons: 1) the current Covid-driven inflation (supply disruptions, high freight costs) is likely to fade in the coming months after the pandemic evolves into an endemic, yet manageable disease; 2) US inflation is expected to hit a peak in 1Q22; and 3) the Fed's balance sheet run-off in 2022 should have a limited impact on financial markets in the near term.

Growth factors are the keys to overcoming fear

We believe that the most significant factor behind market or investor fear is the risk of an economic slowdown, rather than higher inflation or the Fed's policy rate hike. Thus, we think stagflation worries are misplaced right now because growth is still relatively strong, and the market has confidence in the Fed. So long as US retail sales remain robust, inflation fears should be outweighed by strong economic growth. Historically, the S&P 500 Index performs well in the months leading up to the first Fed rate increase of a cycle. Since 1983, the S&P 500 Index has risen at an average of 5.3% in the three months before the first Fed rate increase, followed by an average gain of 5.3% in the next six months after.

Solid corporate earnings could drive the SET Index higher

We remain Overweight on the Thai equity market with our SET Index target of 1,892 by the end of 2022, based on 17.2x 2022E P/E, or its 10-year average, based on our 23.4% y-y EPS growth estimate at THB110. Key drivers are: 1) solid corporate earnings in 2022; and 2) fiscal and monetary policies to accommodate the economic restart. Our top picks are companies with improving gross margins under stable inflation, including IVL, SCGP, NEX, ADVANC, PR9, AMATA, SAWAD, and TTB.



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Bottom-up growth should outweigh top-down macro risk in 2022

It should be noted that we do expect increasing downside risks for the financial market mainly from the potentially sharp drop in liquidity that may result due to tapering off of quantitative easing (QE) led by the US Fed.

We expect the SET Index to remain highly volatile given that the fear of ebbing liquidity could be intermittently offset by sporadic positive information about the global economic outlook. In particular, we think that during the Jan-Feb 2022 period ahead of the Fed meeting in Mar-22, the SET Index, along with other global equity indexes, could be highly volatile based on the minutes of the Fed's most recent meeting which indicated that Fed officials have increasingly pondered a faster timetable for its policy interest rate hike.

The new confirmed cases indicating the rapid spread of Omicron globally and in Thailand appear to be reaching a peak level which we think should occur sometime in mid-Feb 2022. While new cases have jumped markedly, the mortality rate is clearly low, indicating that Omicron may be the last pandemic strain of Covid-19 before it evolves into a weaker, endemic disease to which most people have some degree of immunity.

The fear of ebbing liquidity could lead to equity market volatility, sinking the prices of electronic and growth stocks during the transition period from the current high liquidity to a policy that's becoming less accommodative. In our view, investors may want less exposure to those more speculative areas of the market.

Growth vs liquidity. However, we believe the fight between growth (based on strong global GDP) and liquidity (QE tapering and the policy interest rate hike) should end in favour of growth in the global economy, particularly for the US and China, and help to support financial markets worldwide, offsetting the negative impact of lower liquidity caused by QE tapering and the interest rate hike.

On the positive side, we believe that global equity markets, including the SET, still have potential upsides based on solid economic growth and strong corporate profits, but with potential pullbacks as a result of investor fears of liquidity drops triggered by the Fed's actions. Thus, despite the potential for a rollercoaster ride on the SET Index in 2022, we maintain Overweight on Thailand's equity market with our SET Index target of 1,892 by the end of 2022.

Fear factors aren't all bad news

If inflation keeps rising, we think that it may create a nightmare scenario for the US economy. Currently, we think that market jitters based on the Fed's proposed rate hike and policy normalisation will likely coincide with a slowdown in US economic growth. Also, the current record surge in Covid cases could lead to renewed restrictions on economic activity and a return to "work from home" (WFH), all of which are likely to increase the perception of uncertainty and fear over the stock market outlook in the near term.

However, we think the liquidity reduction and the higher interest rate environment in the next 12 months will not be devastating for consumers, investors and the Fed in the mid to long term due to three key reasons:

Key reason #1: History may not repeat itself in 2022-23. Unlike other previous periods when the Fed commenced liquidity reduction via QE tapering and interest rate hikes, we think the current inflation is primarily being driven by factors related to the Covid-19 pandemic. That means higher freight costs, supply disruptions, and global demand surges like the one that followed global lockdowns in 3Q21, should fade in the coming months.

Since 2021, product price increases mostly came from a surge in consumer demand following economic stimulus programs, and supply shortages caused by logjams at factories and ports due to the lack of sufficient workers.

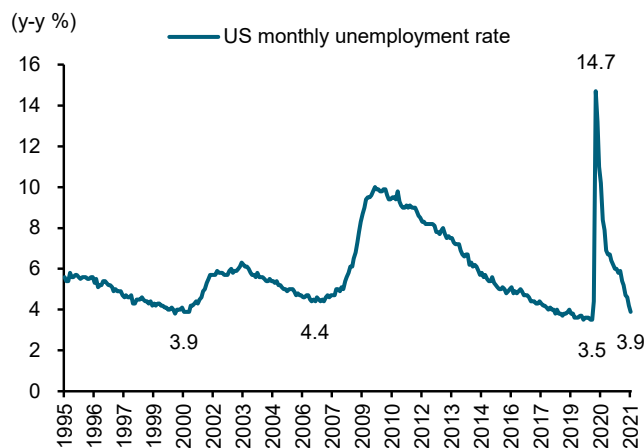
We think the current high inflation rate in the US differs from the inflationary episodes of the 1970s and 1980s. Upon becoming Fed chairman in 1979, Paul Volcker set out to crush inflation. The tight monetary policies of “Reaganomics”, in combination with credit controls, pushed the US economy into a brief recession in 1980.

The four pillars of Reagan’s economic policy were to reduce the growth of government spending, reduce the federal income tax and capital gains tax, reduce government regulation, and tighten the money supply in order to reduce inflation.

The results of Reaganomics are still debated, with proponents pointing to the end of stagflation, stronger GDP growth, and an entrepreneurial revolution in the decades that followed. Critics, on the other hand, blame it for widening the income gap, reducing economic mobility, and tripling the national debt in eight years which ultimately reversed the post-World War II trend of a shrinking US national debt as a percentage of GDP.

Exhibit 1: US headline inflation in Dec 2021

Exhibit 2: US unemployment in Dec 2021



Source: Bloomberg

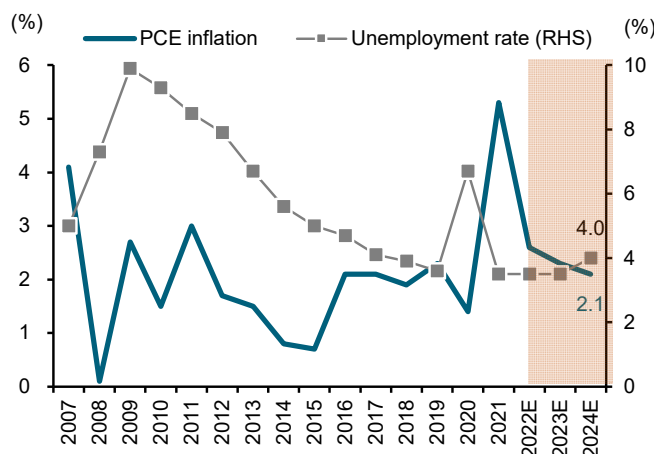
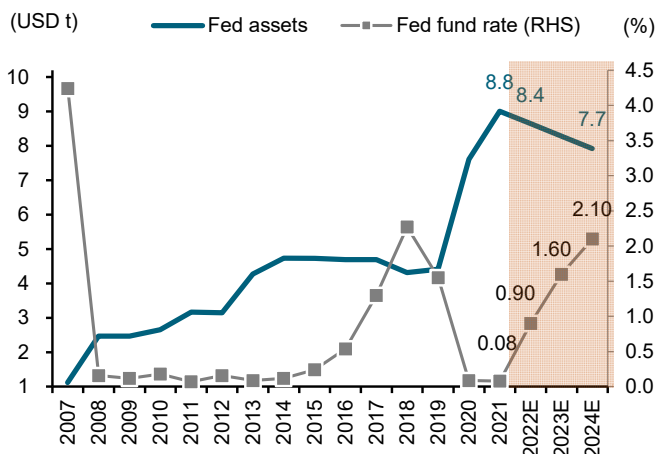
Source: Bloomberg

Key reason #2: Current high inflation in the US is likely fleeting and should peak in 1Q22. However, whether it will lead to a negative impact on corporate net profits in the coming earnings season remains unknown. Hence, we expect choppy equity index trading to continue in 2022 after a rocky start in Jan-22 which saw US treasury yields jump and tech stock prices fall.

Three factors indicate a declining inflation trend. While the short-term bond market, the forward yield curve, and the bond price already reflect expectations of a Fed rate increase, in the longer-term bond market, the forward yield curve signals the market’s confidence that a Fed hike will not lead to a recession in the future.

Exhibit 3: FOMC’s rate projections as of 15 Dec 2021

Exhibit 4: FOMC’s projections on inflation and unemployment as of 15 Dec 2021



Sources: FOMC’s economic projection, 15 Dec-21; FSSIA’s compilation

Sources: FOMC’s economic projection, 15 Dec-21; FSSIA’s compilation

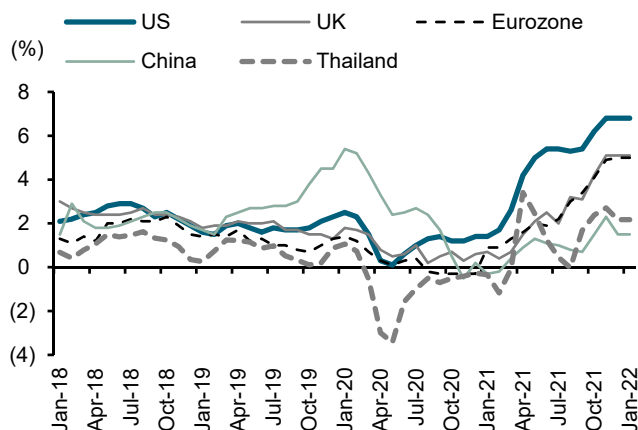
The share prices of corporates in economically sensitive sectors, such as banking, industrials and energy, have largely risen recently, with the S&P 500 financial sector index gaining 5.4% w-w in its best five-day start to a year since 2010. This implies that the net profit outlook for these economically sensitive industries remains sanguine thanks to the ability to pass through higher inflation-driven costs to consumers due to strong demand.

The Consumer Price Index (CPI) – which measures what consumers pay for goods and services – rose 7% y-y in Dec-21, up from a 6.8% y-y rise in November. That marks the fastest paced rise in the CPI in 40 years and the third straight month in which inflation exceeded 6%. Yet we expect inflation to subside by end-2022 as the impact of global supply disruptions, logistics logjams, and high energy prices are likely to normalise once Covid-19 becomes an endemic, local disease with most of the global population gaining immunity.

Key reason #3: The Fed’s balance sheet run-off in 2022 may disrupt global financial markets in the near term. We think that the highly anticipated move by the Fed to reduce the size of its asset portfolio at a faster rate than it did in the last decade will be appropriate and timely, backed by:

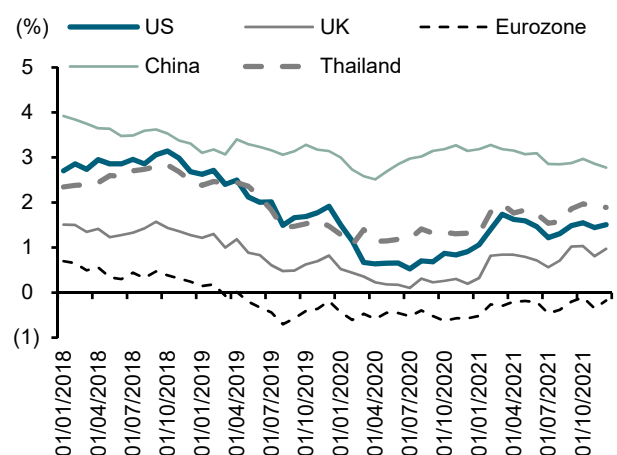
- 1) Projected strong US economic growth post pandemic is a prerequisite for the Fed to reduce its balance sheet and financial liquidity. Hence, solid economic growth should help offset the impact of lower liquidity, resulting in a limited downside for the prices of risk assets, including equity markets, in our view.

Exhibit 5: Inflation in US, UK, China and Thailand



Source: Bloomberg

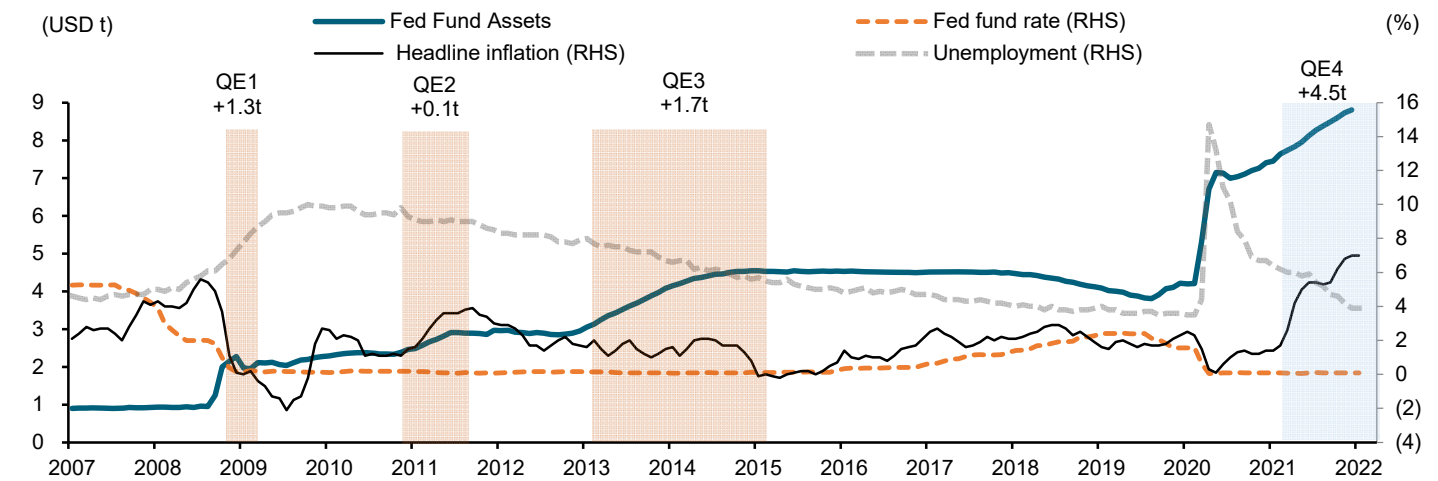
Exhibit 6: 10-year bond yields in US, UK, China and Thailand



Source: Bloomberg

- 2) Given the unrelenting consumer spending, even if it does begin to hike interest rates, we think that the Fed is unlikely to be overly aggressive in scaling back its balance sheet to prevent excessive damage to the economy in the near term. Based on the Fed’s minutes from 14-15 Dec-21, Fed officials signalled that they could begin to shrink its USD8.76t portfolio of bonds and other assets later in 2022.

Exhibit 7: FOMC's large-scale asset purchases (QE)



Sources: Bloomberg; FSSIA's compilation

In particular, the Fed's balance sheet currently comprises more short-term Treasury securities than it had in the previous decade. Hence, if the Fed's officials do not limit the potential runoff, the holding value may shrink too quickly by about USD2.5t over three years, potentially jeopardising the financial sector and economic liquidity.

Exhibit 8: FOMC's QE from 2008-14 to ease monetary policy – through late 2017, the FOMC also kept holdings of longer-term securities at sizable levels to help maintain accommodative financial conditions

REINVESTMENT POLICIES



Between August 2007 and November 2008, the Federal Reserve intermittently redeemed and sold Treasuries to offset the reserve-adding effects of credit operations during the financial crisis.

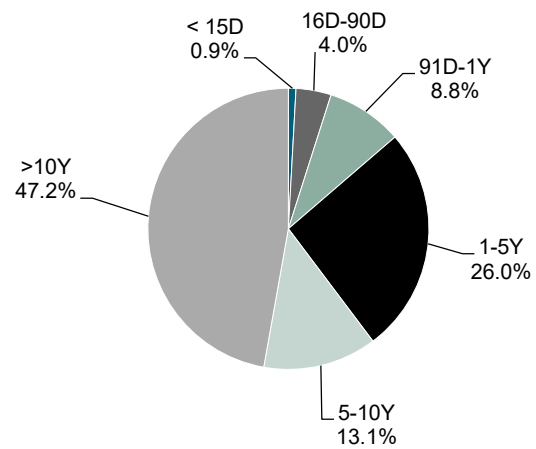
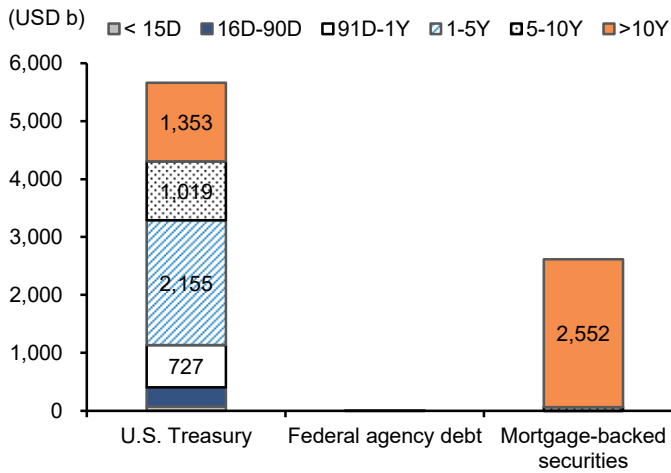
Updated as of Dec. 31, 2018.

Source: [Federal Reserve Bank of New York](https://www.frb.org)

We expect that the next Fed meeting on 25-26 Jan-22 will likely provide more details on how and when to shrink its USD8.76t portfolio of treasury and mortgage securities, which doubled in size amid efforts to stabilise the economy over the past two years.

Exhibit 9: Federal Reserve's balance sheet – maturities of key assets as of 5 Jan 2022

Exhibit 10: Federal Reserve's balance sheet – key assets by maturity

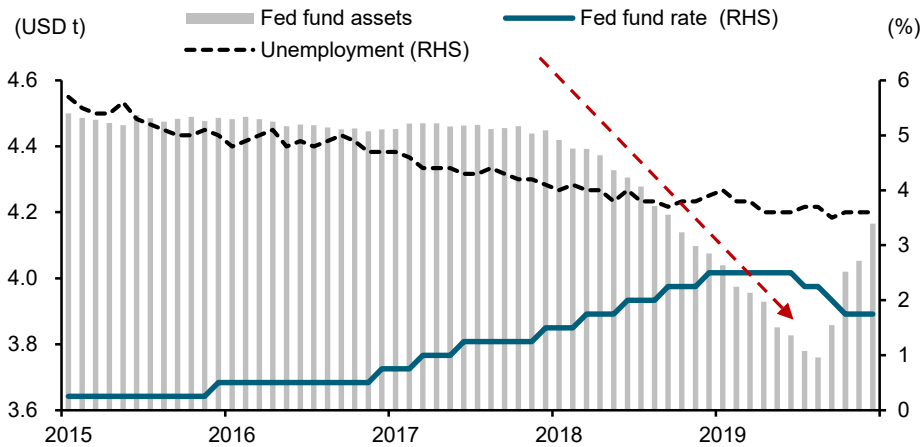


Source: [Federal Reserve statistical release](#)

Source: [Federal Reserve statistical release](#)

Last decade, the Fed kept its holdings steady for around two years after it first raised interest rates before gradually shrinking its holdings in 2017. Moreover, the Fed announced the Balance Sheet Normalisation Program by USD3.7t and began to wind down its balance sheet in Oct-17. Starting at an initial rate of USD10b/month, the program called for a USD10b/month increase every quarter, until a final reduction rate of USD50b/month was reached.

Exhibit 11: Federal Reserve's balance sheet declined from Oct 2017 to Sep 2019

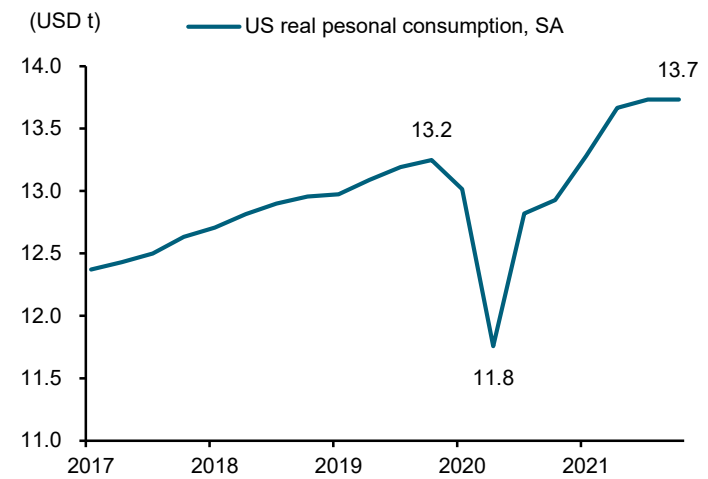


Sources: Bloomberg; FSSIA's compilation

- 3) To stay ahead of the curve, we think that the Fed could start normalising its balance sheet earlier than expected, based on the Fed’s recent acknowledgement that it was slow to recognise the strong US economic recovery. Notably, the Fed began the balance sheet reduction process in late 2017 when the US economic growth was weaker than it is now, when inflation was below the Fed’s 2% target and the unemployment rate was higher.

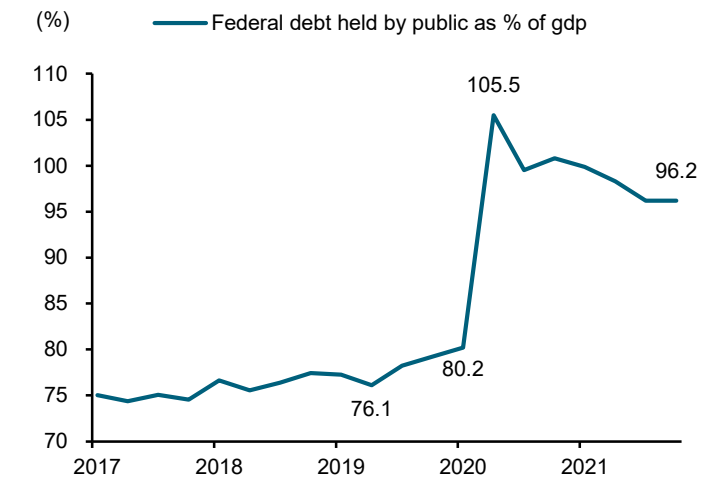
The different environment currently should lead the Fed to alter its strategy and actions for tightening monetary policy, reducing its balance sheet, and QE tapering. Thus, we expect the impact of unwinding the Fed’s balance sheet to be marginal and gradual rather than sudden and harsh for financial markets.

Exhibit 12: US real personal consumption expenditure, SA



Source: Bloomberg

Exhibit 13: Federal debt held by public as % of GDP

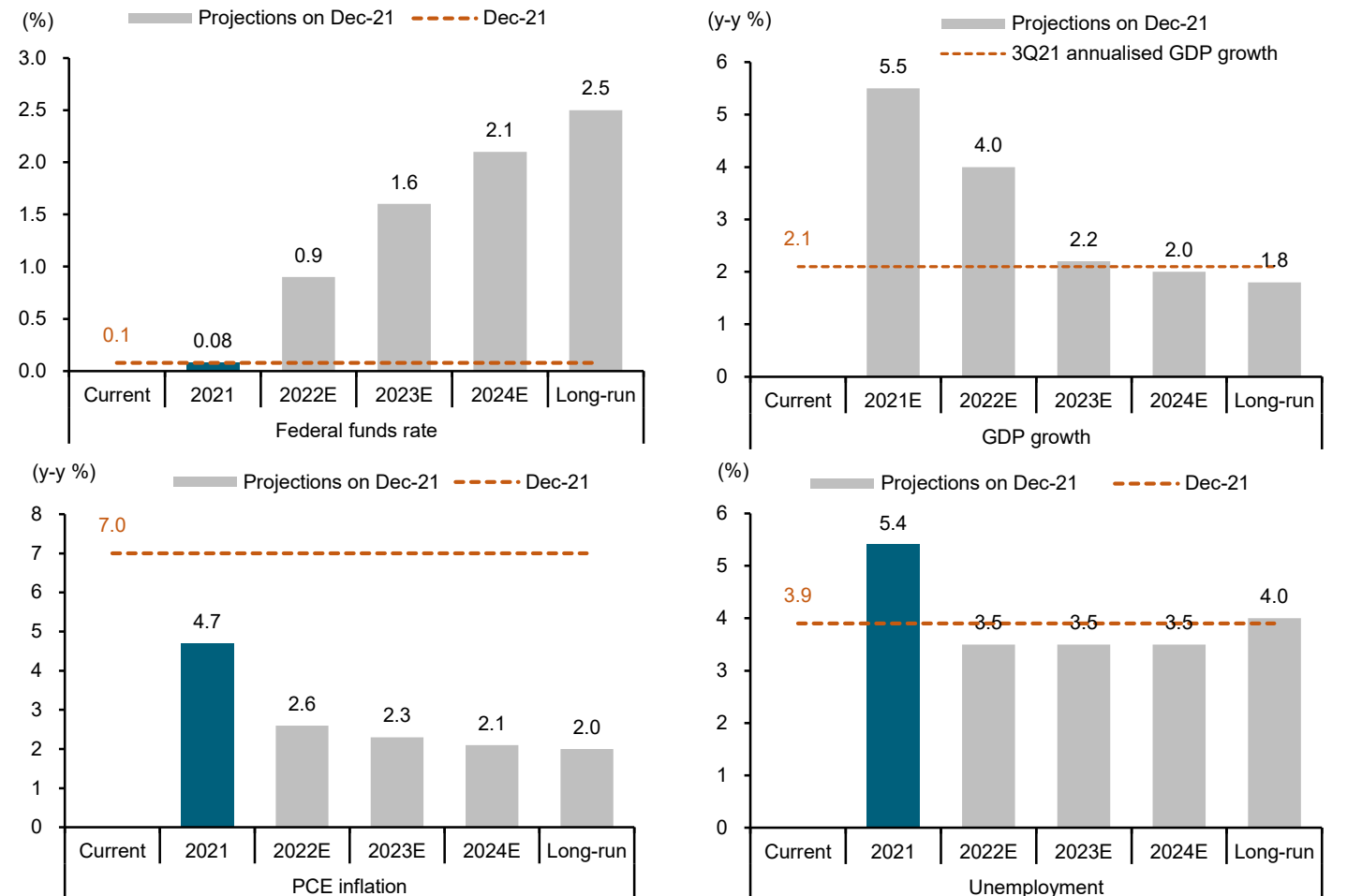


Source: Bloomberg

Growth factors should outweigh fears eventually

From the [Bangkok Post](#) on 13 Jan-22, “Federal Reserve Chairman Jerome Powell called high inflation a “severe threat” to a full US economic recovery and indicated that the central bank was preparing to raise interest rates as he believed the US economy no longer needed emergency support.” Meanwhile, supply-chain bottlenecks are likely to ease this year and help bring down inflation further, leaving more room for the Fed to tighten its monetary policy.

Exhibit 14: FOMC’s economic projections from last meeting in Dec 2021

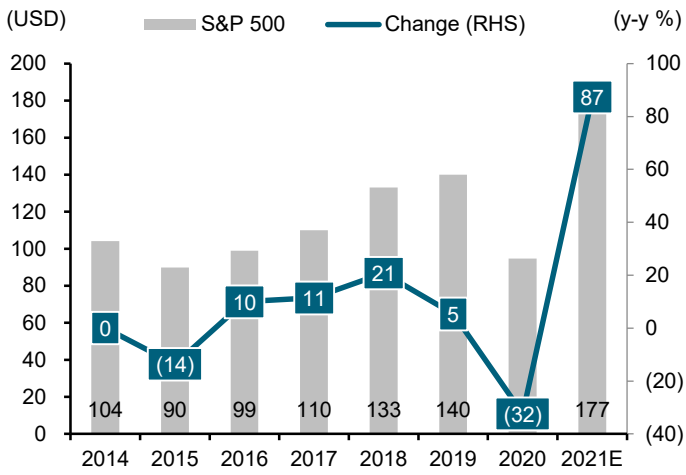


Sources: [FOMC’s economic projection, 15 Dec-21](#); FSSIA’s compilation

Yet we believe that the most daunting factor that could lead to market or investor fear is the risk of an economic slowdown, rather than higher inflation or the Fed’s policy rate hike. We think stagflation worries are misplaced right now because growth is still relatively strong, and the market has confidence in the Fed. So long as US retail sales remain robust, inflation fears should be outweighed by strong economic growth.

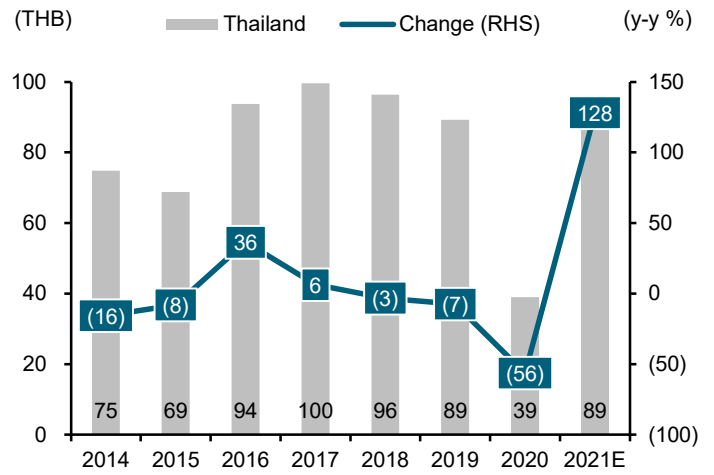
The strong earnings season in 4Q21 and strong economic data, buoyed by growing consumer spending was still boosted by pent-up demand and the country’s reopening, suggest that fear of inflation and the Fed’s liquidity curb are overblown. We think earnings results are likely to surprise to the upside, driven by continued solid economic growth and the relatively conservative earnings forecasts by analysts. Thus, we believe that strong earnings and economic growth should timely and sufficiently allay fears over rising interest rates in the next 12-24 months.

Exhibit 15: S&P 500 Index – earnings and growth



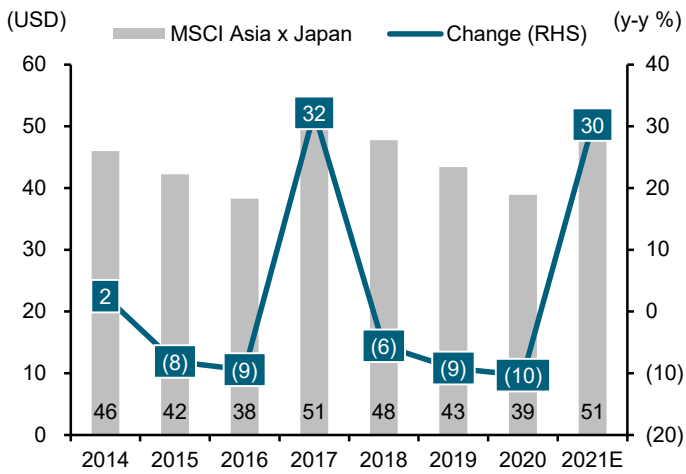
Sources: Bloomberg consensus; FSSIA's compilation

Exhibit 16: Thailand SET Index – earnings and growth



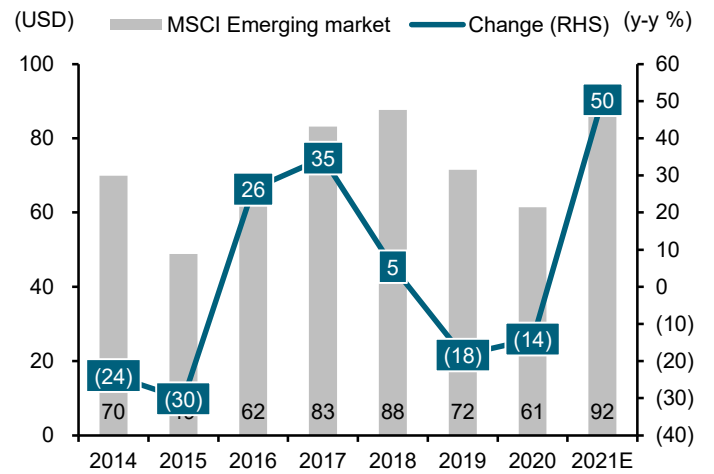
Sources: Bloomberg consensus; FSSIA estimates

Exhibit 17: MSCI Asia x Japan – earnings and growth



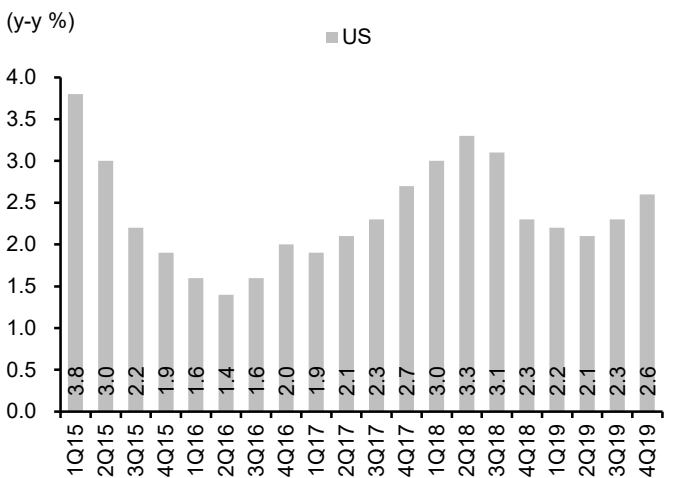
Sources: Bloomberg consensus; FSSIA's compilation

Exhibit 18: MSCI Emerging Market – earnings and growth



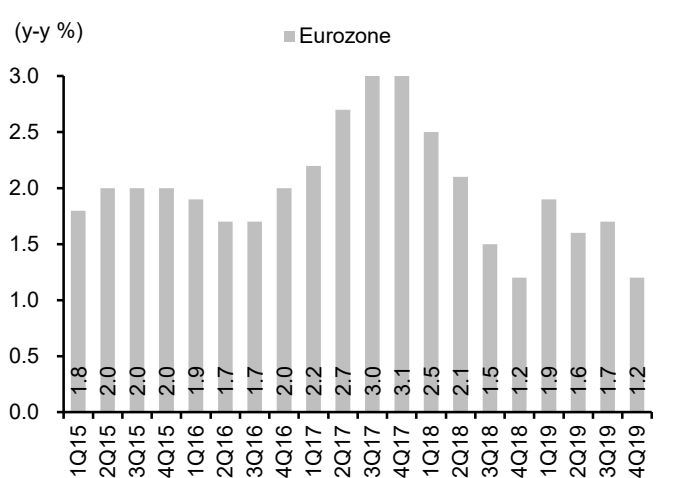
Sources: Bloomberg consensus; FSSIA's compilation

Exhibit 19: US – quarterly GDP growth 1Q15-4Q19



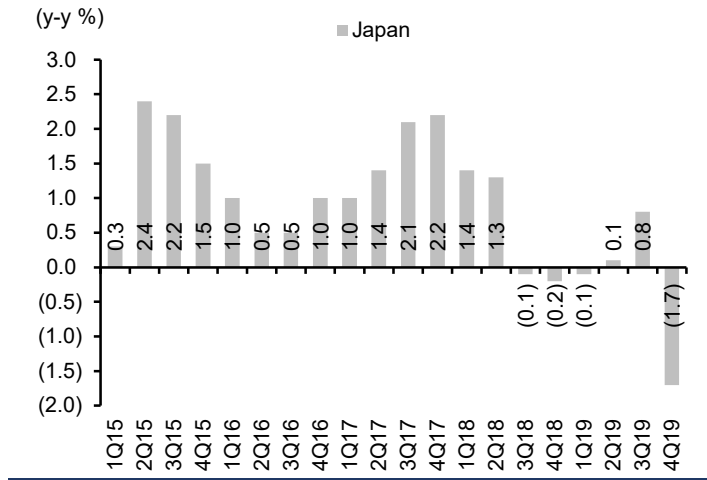
Sources: Bloomberg consensus; FSSIA's compilation

Exhibit 20: Eurozone – quarterly GDP growth 1Q15-4Q19



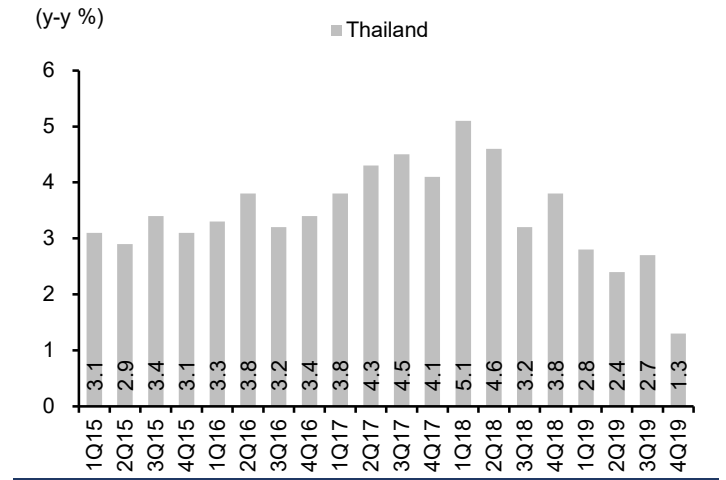
Sources: Bloomberg consensus; FSSIA's compilation

Exhibit 21: Japan – quarterly GDP growth 1Q15-4Q19



Sources: Bloomberg consensus; FSSIA's compilation

Exhibit 22: Thailand – quarterly GDP growth 1Q15-4Q19



Sources: Bloomberg consensus; FSSIA's compilation

Buy the dip on value stocks

The SET Index kicked off 2022 with a fresh record but came under renewed pressure after the Fed's minutes confirmed its intention to pull back stimulus and suggested it might do so sooner and faster than previously planned due to high inflation, resulting in value stocks outperforming growth stocks under the expectation of a rising inflation outlook. We think that the projected strong economic recovery and the higher vaccination rate in Thailand could lift the prices of value stocks higher relative to growth stocks, as consumers should gradually boost their spending.

While the SET's multiple valuation looks more expensive vs regional peers, Thailand's equity market is dominated by big oil and commodity companies and other growth stocks that are naturally inflation-protected investments. Hence, they are likely to move higher in tandem with the rising prices, in our view.

Our criteria for the value stocks relative to growth stocks that we think will outperform the SET Index in 1Q22 are companies that: 1) are under FSSIA's coverage; 2) leaders in their respective markets; 3) have improving gross margins; 4) have visible earnings growth; 5) have a PEG ratio equal to or lower than 1x; and 6) have a high ROE of 10% or more. Among FSSIA's coverage, the stocks that meet our criteria are outlined below.

Exhibit 23: Selected companies under FSSIA's coverage ranked by EPS growth > 10% with ROE ≥ 10% and/or PEG ≤ 1x

Company	BBG code	2022E			Company	BBG code	2022E		
		ROE ≥ 10% (%)	PEG ≤ 1 (x)	Earnings growth (y-y %)			ROE ≥ 10% (%)	PEG ≤ 1 (x)	Earnings growth (y-y %)
Nex Point	NEX TB	45.92	0.05	344	Next Capital	NCAP TB	19.78	0.69	33
Don Muang Tollway	DMT TB	10.40	0.09	154	TMBThanachart Bank	TTB TB	6.14	0.33	32
Bumrungrad Hospital	BH TB	13.18	0.31	147	Electricity Generating	EGCO TB	14.54	0.17	31
RS	RS TB	25.22	0.28	119	Earth Tech Environment	ETC TB	11.33	0.68	30
Bangchak Corp	BCP TB	11.52	0.06	118	Sermuang Power Corp	SSP TB	18.17	0.43	26
TPC Power Holding	TPCH TB	15.08	0.09	114	AAPICO Hitech	AH TB	13.50	0.33	26
Central Pattana	CPN TB	11.35	0.30	95	Eastern Polymer Group	EPG TB	13.33	0.89	25
Gulf Energy Development	GULF TB	17.63	0.50	92	Muangthai Capital	MTC TB	23.36	0.78	25
Srinanaporn Marketing	SNNP TB	18.58	0.42	72	WHA Corporation	WHA TB	11.71	0.74	21
CP All	CPALL TB	15.94	0.46	66	Srisawad Corp	SAWAD TB	21.96	0.72	21
WP Energy	WP TB	14.70	0.23	65	Ratchthani Leasing	THANI TB	15.76	0.68	20
Praram 9 Hospital	PR9 TB	8.48	0.40	60	Gunkul Engineering	GUNKUL TB	22.03	0.84	20
Agripure Holdings	APURE TB	22.46	0.30	48	Land and Houses	LH TB	16.18	0.74	18
Bangkok Dusit Med Services	BDMS TB	11.64	0.77	46	Kiatnakin Bank	KKP TB	13.07	0.47	17
Amata Corporation	AMATA TB	9.07	0.35	44	PTG Energy	PTG TB	20.05	0.82	17
CK Power	CKP TB	11.94	0.32	40	Somboon Advance Tech	SAT TB	14.01	0.58	16
SCG Packaging	SCGP TB	11.13	0.66	40	Esso Thailand	ESSO TB	24.46	0.36	15
Chayo Group	CHAYO TB	11.66	0.90	40	Aeon Thana Sinsap (TH))	AEONTS TB	21.13	0.75	14
Saksiam Leasing	SAK TB	15.85	0.64	39	Banpu Power	BPP TB	13.27	0.65	13
B.Grimm Power	BGRIM TB	13.42	0.69	38	Ratch Group	RATCH TB	15.68	0.62	12
Tipco Asphalt	TASCO TB	19.11	0.26	37	Supalai	SPALI TB	17.06	0.59	12
Nam Yong Terminal	NYT TB	10.81	0.46	36	Indorama Ventures	IVL TB	18.37	0.86	11
BEC World	BEC TB	13.25	0.93	34	Advanced Info Service	ADVANC TB	34.11	2.17	10
Micro Leasing	MICRO TB	13.19	0.81	33	Intouch Holdings	INTUCH TB	27.65	2.07	10

Source: FSSIA estimates

Exhibit 24: Our top value picks relative to growth plays with ROE ≥ 10% and/or PEG ≤ 1x, and EPS growth > 10%

Company	BBG code	Rationale
Indorama Ventures	IVL TB	IVL is our top pick in the Thai petrochemical sector for its strong net profit growth outlook in 2021-23, driven by: 1) higher capacity growth from M&A (Oxiten for IOD and NN for packaging); 2) higher product margins for both PET, PTA, and IOD, thanks to the much stronger demand outlook in 2022; and 3) the benefit of the margin increase for IVL's 5mt capacity of PET and PTA sales volumes in North American and European markets which we expect to generate up to USD450m in additional EBITDA y-y in 2022 starting in Jan-22.
SCG Packaging	SCGP TB	We like SCGP as a top pick for its 17x 2022E EV/EBITDA valuation premium compared to peers due to its market presence, strong net profit growth outlook from M&P and organic growth, and the margin expansion from its cost-reduction strategy. We project that from 1Q22 onward, SCGP's net profit will improve meaningfully, driven by the earnings from multiple acquisitions, an improving gross margin as a result of the softening price of AOCC, and rising production volumes in Vietnam, Indonesia, and Thailand as, in our view, economic activity will gradually recover to a normal level by 2H22.
Nex Point	NEX TB	In 2022, we expect NEX to fully transform from a loss-making, computer and electronics-driven company to one of Thailand's leading EV players, with a strong marketing and service network nationwide and a stake in Absolute Assembly (AAB, not listed), one of the first manufacturers of commercial EVs in Thailand. By 2023, we expect the gross profit from EVs to account for over 95% of NEX's total gross profit, strengthening its earnings sustainability and growth as an EV first mover in Thailand.
TMBThanachart Bank	TTB TB	We believe TTB will deliver the highest net profit growth among banks in 2022 at 32% y-y, supported by two factors. First, revenue synergies in 2022 would allow TTB to utilise its extended customer base to generate cross-selling and up-selling opportunities. This would enlarge its loan volume and fee income. Second, we are convinced that TTB will fully enjoy the benefits from the overlapping branch network and workforce rationalisation. TTB is likely to be the only bank whose 2022 ROE can increase above the 2019 pre-Covid level.
Advance Info services	ADVANC TB	The amalgamation between TRUE and DTAC could entirely change Thailand's mobile industry. We believe it should benefit the whole sector. Although ADVANC will drop to second place in the market as a result, it should also benefit in some way thanks to the more limited competitive field. We revise up our DCF-based TP on ADVANC from THB220 to THB260. Maintain BUY; ADVANC continues to be our top pick.
Praram 9 Hospital	PR9 TB	We expect strong earnings growth of 64% in 2022, led by 18% revenue growth and an EBITDA margin improvement to 22% in 2022 from 20% in 2021. Key drivers are 1) new medical centres, including the Lasik Centre, Advanced Spine Centre, and the Chest and Respiratory Centre; 2) the recovery of fly-in international patients which accounted for c10% in 2019; and 3) a new customer group from the civil servant welfare program, as PR9 will sign a contract with the Comptroller General's Department for government and state-owned enterprise employees to have surgery operations at PR9.
Amata Corp	AMATA TB	We think AMATA will be one of Thailand's key winners on the FDI influx following the easing of travel restrictions. We expect AMATA's earnings to grow 44%/18% y-y in 2022/23 to THB1.8b, surpassing its pre-Covid level at THB1.7b following solid demand for land presales in Thailand and Vietnam. In addition, we also see an upside risk from the new IE in Laos with a total development area of 2,500 rai. This IE will be one of Laos's mega projects serving as a logistics hub to link with China. The potential recognition of land sales from this IE by 2023 has not yet been included in our estimates.
Srisawad Corp	SAWAD TB	SAWAD is our most preferred stock among auto title loan lenders, as we believe it could survive the disruption in the auto title loan industry due to its more diversified business model by 1) enlarging its target customer base by partnering with Government Savings Bank; and 2) expanding into other businesses like insurance brokerage and asset management. In 2022, we think its normalised profit could rise by 21% y-y, driven by stronger loan growth and higher fee income.

Source: FSSIA estimates

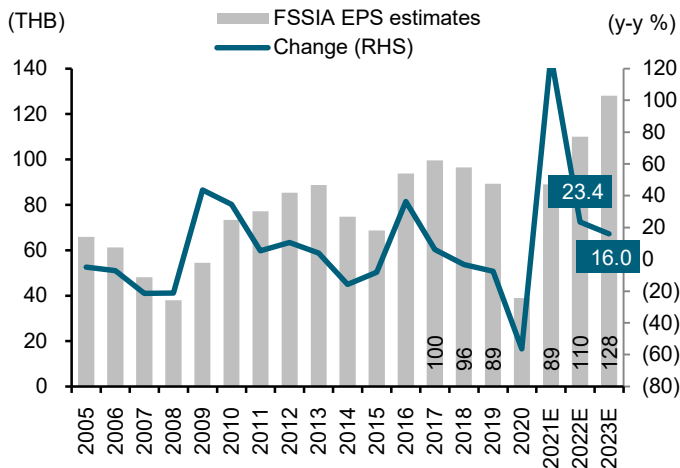
Exhibit 25: Summary of key valuations of FSSIA's top picks

Company	BBG Code	Rec	---Share price ---		Up side (%)	Market Cap (USD m)	----- Recur profit -----			Profit growth		P/E (x)	DivYld (%)	ROE (%)	P/BV (x)
			Current (THB)	Target (THB)			20A (THB m)	21E (THB m)	22E (THB m)	21E (%)	22E (%)				
Indorama Ventures	IVL TB	BUY	48.00	70.00	46	8,142	6,430	27,231	30,114	323.5	10.6	8.9	5.5	18.4	1.6
SCG Packaging	SCGP TB	BUY	62.25	77.00	24	8,074	6,638	7,716	10,774	16.2	39.6	24.8	1.4	11.1	2.7
Nex Point	NEX TB	BUY	20.20	26.00	29	1,022	(214)	(115)	1,254	46.3	n/a	27.0	1.5	37.0	8.6
TMBThanachart Bank	TTB TB	BUY	1.44	1.80	25	4,204	10,112	10,004	13,217	(1.1)	32.1	10.5	4.3	6.1	0.6
Advanced Info Service	ADVANC TB	BUY	222.00	260.00	17	19,947	27,105	26,312	29,066	(2.9)	10.5	22.7	3.1	34.1	7.4
Praram 9 Hospital	PR9 TB	BUY	11.20	15.00	34	266	202	231	371	14.5	60.4	23.7	2.9	8.5	2.0
Amata Corp	AMATA TB	BUY	20.80	27.50	32	723	1,119	1,054	1,520	0.0	0.0	15.7	2.5	9.1	1.4
Srisawad Corp	SAWAD TB	BUY	65.25	80.00	23	2,707	4,508	4,697	5,664	4.2	20.6	15.6	3.2	22.0	3.3

Share prices as of 18 Jan 2022

Source: FSSIA estimates

Exhibit 26: EPS estimates for FSSIA's SET Index target



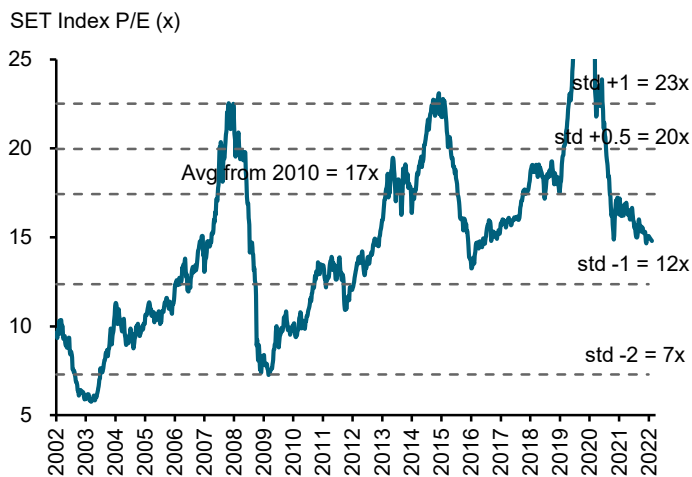
Sources: Bloomberg; FSSIA estimates

Exhibit 27: FSSIA's 2022 SET Index target

(THB)	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	3,482
SD+1	22.2	1,976	2,842
SD+0.5	19.7	1,753	2,522
Avg from 2010	17.2	1,531	1,892
SD-0.5	14.7	1,308	1,617
SD-1	12.2	1,086	1,342
SD-1.5	9.7	863	1,067

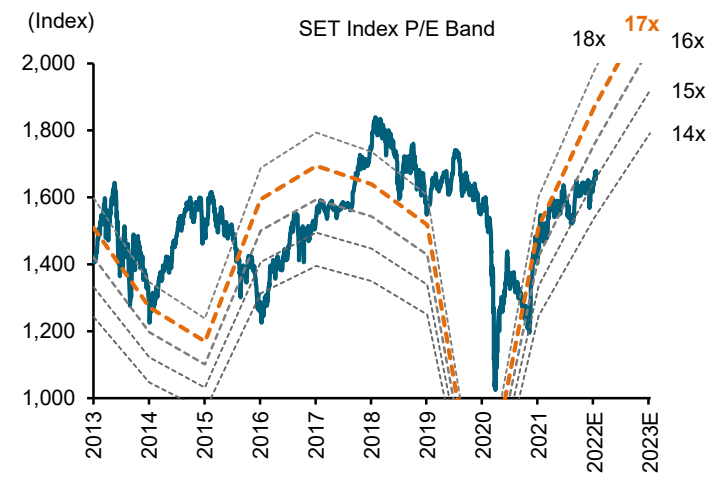
Sources: Bloomberg; FSSIA estimates

Exhibit 28: Rolling one-year forward P/E



Sources: Bloomberg; FSSIA estimates

Exhibit 29: SET Index and P/E band



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	ICI	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	PAP	PCSGH	PDJ	PG	PHOL	PLANB
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	SEOIL	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	TRC	TSC	TSR	TSTE	TSTH
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	AMANAHA	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	MITSIB	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	WIJK	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	SEAOIL	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)

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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
Don Muang Tollway	DMT TB	THB 11.50	BUY	Downside risks to our DCF-based TP include 1) lower-than-expected tollway traffic, and 2) dispute risks.
Bumrungrad Hospital	BH TB	THB 136.50	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.
RS	RS TB	THB 19.90	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.
Bangchak Corp	BCP TB	THB 27.00	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.
TPC Power Holding	TPCH TB	THB 11.80	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.
Gulf Energy Development	GULF TB	THB 50.50	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.
Srinanaporn Marketing	SNNP TB	THB 17.20	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.
CP All	CPALL TB	THB 58.00	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.
WP Energy	WP TB	THB 5.35	BUY	The downside risks to our SOTP-based TP include: 1) lower-than-expected demand for LPG gas; and 2) a lower marketing margin.
Agripure Holdings	APURE TB	THB 7.10	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.
Bangkok Dusit Medical Services	BDMS TB	THB 21.90	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.
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.
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.
Chayo Group	CHAYO TB	THB 12.90	BUY	Downside risks to our GGM-based TP include 1) lower-than-expected bad debt acquisition; and 2) higher-than-expected operating expenses.
Saksiam Leasing	SAK TB	THB 9.10	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.
B.Grimm Power	BGRIM TB	THB 38.50	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.
Tipco Asphalt	TASCO TB	THB 18.20	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.
Nam Yong Terminal	NYT TB	THB 4.68	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.
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.
Micro Leasing	MICRO TB	THB 7.55	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.

Next Capital	NCAP TB	THB 11.40	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.
Electricity Generating	EGCO TB	THB 172.50	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.
Earth Tech Environment	ETC TB	THB 2.88	BUY	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.
Sermuang Power Corp	SSP TB	THB 12.70	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.
AAPICO Hitech	AH TB	THB 25.75	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.
Eastern Polymer Group	EPG TB	THB 11.90	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 for plastics used for insulators and the automobile and packaging industries.
Muangthai Capital	MTC TB	THB 59.00	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.
WHA Corporation	WHA TB	THB 3.36	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.
Ratchthani Leasing	THANI TB	THB 4.40	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.
Gunkul Engineering	GUNKUL TB	THB 6.70	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
Land and Houses	LH TB	THB 8.80	BUY	Key downside 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
Kiatnakin Bank	KKP TB	THB 66.00	BUY	Downside risks to our GGM-based target price include weakening asset quality and lower fee income.
PTG Energy	PTG TB	THB 14.80	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.
Somboon Advance Technology	SAT TB	THB 23.00	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.
Esso Thailand	ESSO TB	THB 7.55	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.
Aeon Thana Sinsap (Thailand)	AEONTS TB	THB 185.50	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.
Banpu Power	BPP TB	THB 16.90	BUY	Downside risks to our SOTP valuation are the start-up delays of its new projects and government intervention in the electricity tariff.
Ratch Group	RATCH TB	THB 44.25	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.
Supalai	SPALI TB	THB 22.00	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.
Intouch Holdings	INTUCH TB	THB 77.50	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.
Indorama Ventures	IVL TB	THB 48.00	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.
Nex Point	NEX TB	THB 20.20	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.
TMBThanachart Bank	TTB TB	THB 1.44	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.
Advanced Info Service	ADVANC TB	THB 222.00	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.
Praram 9 Hospital	PR9 TB	THB 11.20	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.
Amata Corp	AMATA TB	THB 20.80	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.
Srisawad Corp	SAWAD TB	THB 65.25	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.

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 18-Jan-2022 unless otherwise stated.

RECOMMENDATION STRUCTURE**Stock ratings**

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

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.