

# Thailand Market Strategy

## Rising tide on fundamentals over ebb on liquidity

- Expect a faster Fed rate hike; we should brace for heightened volatility, but the SET index could rise as long as the economy is still strong and corporates post solid earnings.
- Limited impact from the Fed's faster exit path for the SET as the Covid backdrop is improving and 4Q21 earnings results are estimated to be strong.
- Buy the dip with transition, synergy integration and transformation theme for Feb-22.

### Liquidity-driven downside vs fundamental-driven upside

We think that 2022 will mark a paradigm shift for capital liquidity and flows. It should be triggered by the US Federal Reserve (Fed)'s impending move to reduce USD liquidity in the global financial system via its looming tapering of quantitative easing (QE) and the hike in its policy interest rate to effectively curb the Fed's balance sheet, as the US economy no longer requires stimulus support from the monetary policy. Hence, we expect investment returns from the SET to be moderate at best in 2022 as we project the Fed to kick off its rate increase as soon as Mar-22 to temper the rising inflation caused by global supply chain disruptions and rising commodity prices.

### Macro risk from the Fed's tightening policy is low for Thailand

The Fed's upcoming move to curb liquidity and its balance sheet's size would doubtlessly lead to increased volatility and the likelihood of significantly more modest investment market returns. However, we think a tailwind would arise from the stock market trending upward even under the Fed's aggressive hike in its policy rate, as long as economic growth and corporate earnings continue to strengthen. Thus, we think that the Fed's moves will have a limited impact on Thailand's stock market due to five key reasons: 1) low foreign debt; 2) fundamental-driven catalysts are more sustainable than liquidity-driven catalysts; 3) the positive impact on the FTSE 100 after the Bank of England (BoE)'s first rate hike; 4) Thailand's generous cushion thanks to its hefty foreign reserves; and 5) the decoupling of the Thai economy from other Western economies.

### We prefer stocks in our theme: transition, synergy integration and transformation

Based on the 4Q21 earnings results forecasts, Bloomberg consensus expects that the SET's aggregate corporate net profit could grow to THB240b (+27% q-q and +37% y-y), driven by the domestic sectors (food & beverages, property funds, transportation and commerce). Among the stocks under FSSIA's coverage, we expect companies with strong 4Q21 earnings results, on a q-q basis, to include PLANB, BEM, PSH and BANPU, while IVL, THG, BCH, PTTEP and EGCO should have strong earnings on a y-y basis.

### Buy the dip amid high market volatility

For a one-month investment horizon in Feb-22, we prefer a set of companies with quality earnings growth, linked with our investment themes in our 2022 portfolio. In Feb-22, we expect that the SET index will be highly volatile. Thus, value stocks are likely to outperform growth stocks in 1Q22. We extend our top picks to KBANK, IVL, SAT, EA, BCH and NEX for Feb-22.



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## Equity investment remains under threat from Fed's hawkish move

We think that 2022 will mark a paradigm shift for capital liquidity and flows. It should be triggered by the US Fed's impending move to reduce USD liquidity in the global financial system via its looming tapering of QE and the hike in its policy interest rate to effectively curb the Fed's balance sheet, as the US economy no longer requires stimulus support from the monetary policy.

Hence, we expect investment returns from the SET to be moderate at best in 2022 as we project the Fed to kick off its rate increase as soon as Mar-22 to temper the rising inflation caused by global supply chain disruptions and rising commodity prices.

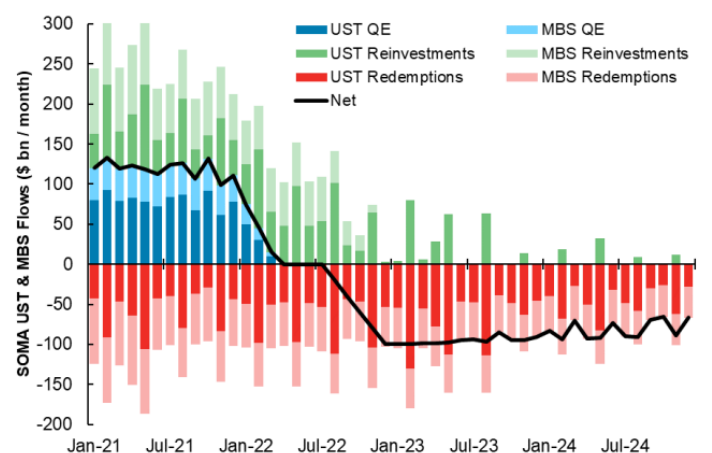
We believe the Fed's tightening monetary policy could lead to highly volatile financial market prices and instruments as investors' fears over the liquidity ebb could be sudden and sharp. This could lead to potential price collapses for risky asset classes, including equities, asset-backed securities, and particularly cryptocurrencies that have seen their prices plunge in the past two months.

### Exhibit 1: BNP Paribas's expectation of 2022 meetings

No.	Meeting	Action
1.	25-26 January	Continuation of balance sheet discussion
2.	15-16 March	First 25bp hike, finalisation of balance sheet plans
3.	3-4 May	Release of balance sheet plans via addendum to Policy Normalisation Principles and Plans
4.	14-15 June	25bp hike, signal of coming announcement on balance sheet reduction
5.	26-27 July	Announcement of balance sheet reduction (August implementation)
6.	20-21 September	25bp hike
7.	1-2 November	No action
8.	13-14 Dec	25bp hike

Source: BNP Paribas: "Fed: Earlier lift-off, faster normalisation", dated 10 Jan 2022

### Exhibit 2: Projected Fed SOMA flows in QT 2.0



Sources: US Treasury, Federal Reserve, BNP Paribas

Until global GDP growth and corporate earnings manifest to be stronger than the market's expectation or the impact of the Fed's rate hike is lower than investors anticipate, we think the SET will remain highly volatile. Investors will likely continue to raise concerns over the potential impact of the fund outflow from emerging markets (EM) to developed markets (DM).

In the past two years in 2020-21, when the Covid-19 pandemic hit the world, global fund outflows had continually risen en masse from EMs, including Thailand and Southeast Asian equity markets, thus potentially leaving limited room for further fund outflows if the Fed begins to raise its interest rate in Mar-22.

If the SET index declines due to investors' negative sentiment, we believe this would offer an attractive opportunity to accumulate stocks in Thailand, as we believe that stronger-than-expected EPS growth and a lower-than-expected impact from the Fed's rate hike would lead the SET index to rally and reach our target of 1,892 by the end of 2022.

According to BNP Paribas' (BNPP) economic report "Fed: Earlier lift-off, faster normalisation", dated 10 Jan-22, BNPP forecasts the Fed rate lift-off to start in Mar-22 and expects that an additional four interest rate hikes of 25 bps each will ensue in 2022, followed by four more interest rate hikes in 2023.

Quantitative tightening (QT) is forecast to be announced in Jul-22, and BNPP projects the Fed's balance sheet roll-off to start at USD10b for both US Treasuries and mortgage-backed securities (USD20b total), potentially rising to USD100b per month by Dec-22.

The Fed aims to lower its balance sheet size to USD6.2-6.9trn by end-2024, subject to the redemption profile of the Fed's System Open Market Account (SOMA) portfolio, a portfolio of US Treasuries and Federal Agency securities, foreign currency investments predominantly denominated in euros and yen, and reciprocal currency arrangements, including uncertain mortgage prepayments.

BNPP expects the global growth recovery to remain solidly above trend in 2022-23, and the persistently strong demand coupled with lingering supply constraints should sustain prevailing inflationary pressures for a longer period than the Fed earlier expected. This could lead to the risk of a faster and sharper rise in the Fed's interest rate hike, according to BNPP.

## Fed's QT repercussion is likely few and far between for the SET

**Go with the Fed's flow.** The Fed's upcoming move to curb liquidity and its balance sheet's size would doubtlessly lead to increased volatility and the likelihood of significantly more modest investment market returns. However, we think a tailwind would come from the stock market trending upward even under the Fed's aggressive hike in its policy rate as long as economic growth and corporate earnings continue to strengthen.

**"A fast and furious rate hike?"** Seven out of eight members in the recent FOMC meetings in 2022 clearly signalled a high likelihood for a "fast and furious" interest rate hike (not constrained to 25 bps hikes). BNPP's forecast for four 25 bps hikes in 2022 (March, June, September and December) with QT announced in Jul-22 seems to be one of the most aggressive forecasts in the market.

### Why do we project a "mild" impact on the SET from the Fed's rate hike?

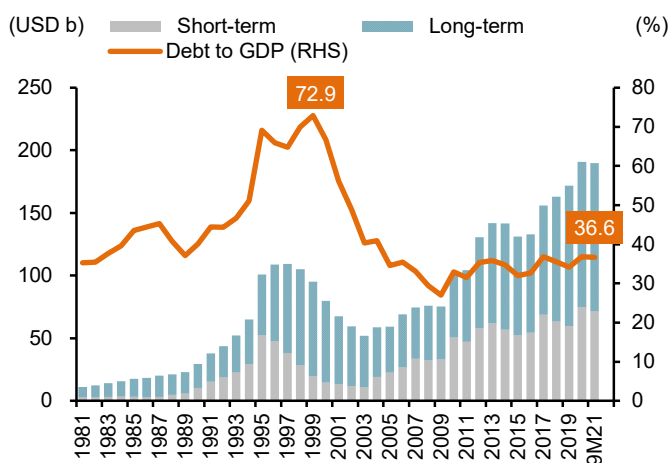
**Reason #1: Low foreign debt.** We believe that the Fed's rate hike could have significant implications for countries with higher levels of USD-dominated debts thanks to the projected USD appreciation. However, we believe Thailand will be an exception, given the country's currently low foreign debt-to-GDP ratio at 36.6%, standing at only about a half of the 1997 level at 72.9%.

In tandem with the country's low debt-to-GDP ratio, Thailand's listed companies on the SET have similarly low debt-to-equity ratios. Hence, even under the circumstance that the USD strengthens against other currencies, including THB, the earnings generated by Thai corporates should feel a much smaller pinch from the rising interest rate environment, in our view.

In contrast, it is possible that the USD currency could weaken after the Fed's rate hike. Historically, in the past five periods post the Fed's tightening episodes, the USD initially depreciated after the tightening announcement, and such weakness lasted for a quarter.

Moreover, BNPP's FX team's positioning analysis indicates that the USD long position is now at a significantly higher level than the average of the past five years, even after some recent unwinding. According to BNPP's FX team, the high USD long position remains a near-term risk to the bullish view on the USD.

**Exhibit 3: Thailand's external debt to GDP**



Sources: Public Debt Management (PDMO)

**Exhibit 4: Short-term reactions of USD and Asian currencies to Fed tightening**

		Spot	After 30 days (%)	After 60 days (%)	After 90 days (%)
04-Feb-94	ADXY	n/a	n/a	n/a	n/a
	DXY	96.75	(1.6)	(1.5)	(3.9)
	THB	25.42	(0.3)	(0.6)	(0.8)
30-Jun-99	ADXY	104.08	(0.7)	(1.1)	(2.6)
	DXY	102.85	(3.0)	(1.9)	(3.6)
	THB	36.85	1.0	4.0	13.0
30-Jun-04	ADXY	99.77	(0.4)	(0.2)	0.1
	DXY	88.80	1.3	1.0	(0.8)
	THB	40.93	1.0	1.8	1.7
22-May-13	ADXY	117.26	(1.6)	(1.0)	(1.9)
	DXY	84.35	(2.4)	(2.5)	(4.1)
	THB	29.89	4.1	3.5	5.8
15-Dec-15	ADXY	106.73	(1.6)	(0.5)	0.4
	DXY	98.22	0.9	(2.3)	(1.6)
	THB	35.97	1.1	(0.9)	(2.4)
21-Mar-18	ADXY	111.58	(0.2)	(1.7)	(2.8)
	DXY	89.78	0.6	4.3	5.8
	THB	31.15	0.6	3.2	5.1

Sources: Bloomberg; FSSIA's compilation

**The sector's performance before and after the Fed's first rate hike on 15 Dec-15.**

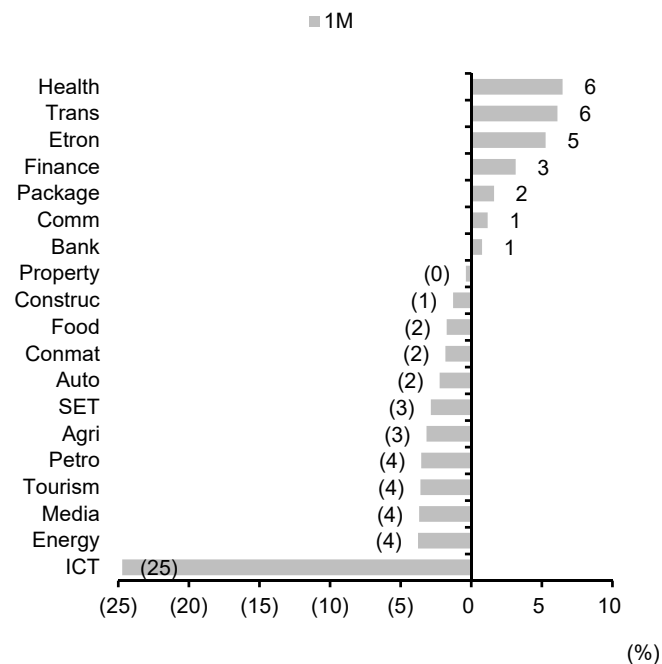
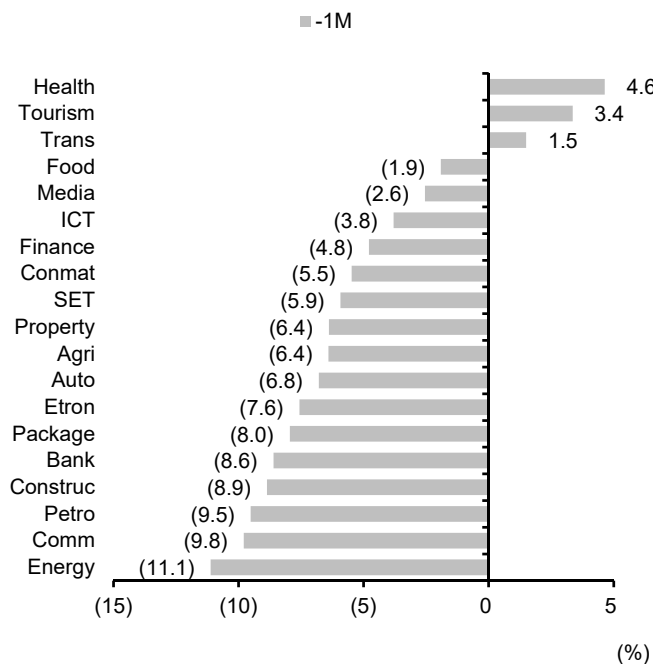
Based on the historical data, in the short term, the energy sector tumbled before the Fed's first rate hike, while healthcare and tourism sectors were outperformers.

Meanwhile, one month after the Fed's first rate hike, the healthcare, transportation and electronic sectors emerged to be outperforming sectors, while energy and ICT were the underperforming sectors.

Two to three months after the Fed's first rate hike, the banking and finance sectors turned out to be the outperforming sectors, thanks to the benefit of the wider net interest margin.

**Exhibit 5: Before 1M reactions of SET index to Fed tightening on 15 Dec 2015 by sector**

**Exhibit 6: After 1M reactions of SET index to Fed tightening on 15 Dec 2015 by sector**

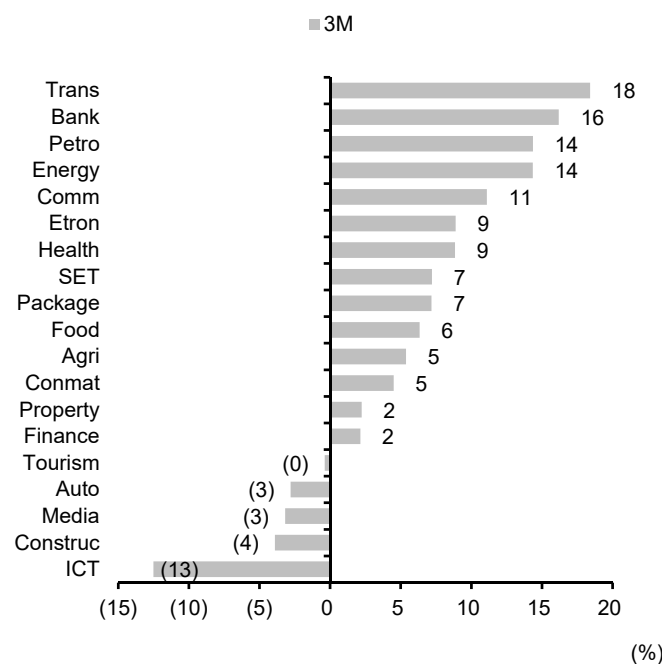
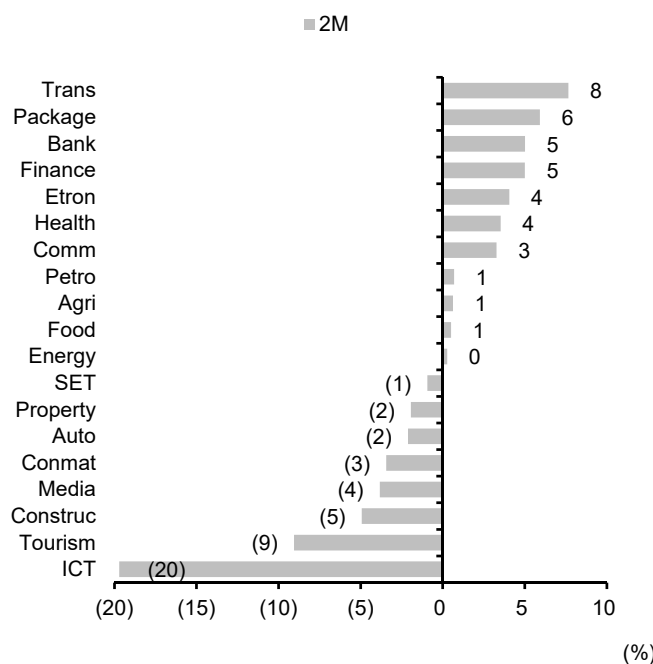


Source: Bloomberg

Source: Bloomberg

**Exhibit 7: After 2M reactions of SET index to Fed tightening on 15 Dec 2015 by sector**

**Exhibit 8: After 3M reactions of SET index to Fed start tightening at 15 Dec-2015 by sector**



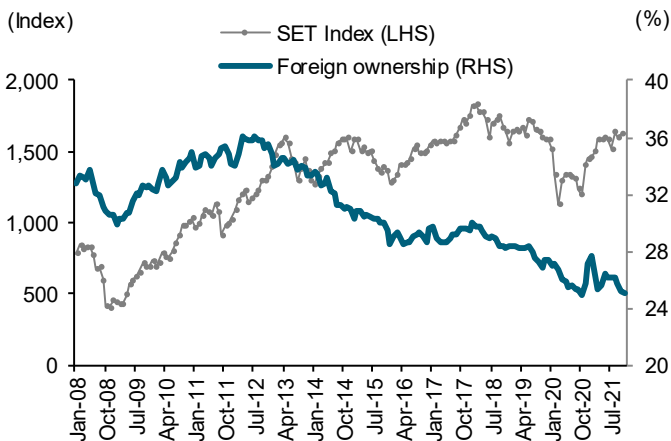
Source: Bloomberg

Source: Bloomberg

**Reason #2: Fundamental-driven catalysts are more sustainable than liquidity-driven catalysts.** Given that QT would effectively reduce the velocity of the money market in the US, we think two actions could ensue.

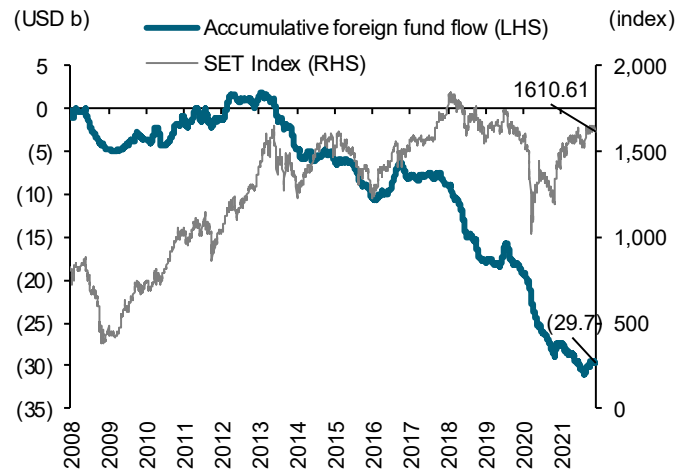
First, there would likely be foreign fund outflows from other non-US countries to the US in search of higher investment returns on the USD strengthening and the higher interest rate in the US. However, unlike other markets, Thailand has seen 10 consecutive years of foreign net outflows from the SET, leading to the lowest foreign holding position at 25% since the 2008 Hamburger Crisis at end-2021, leaving limited room for further sell-offs by foreign investors, in our view.

**Exhibit 9: SET's foreign holding**



Sources: Bloomberg; FSSIA's compilation

**Exhibit 10: Foreign net position since 2008 Subprime Crisis**



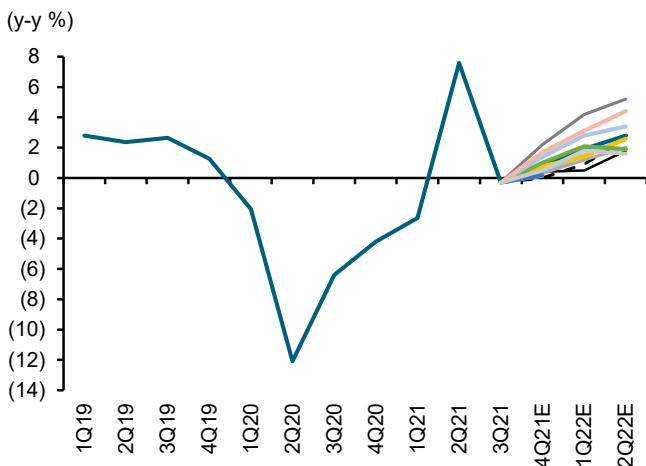
As of 28 Nov 2021  
Sources: Bloomberg; FSSIA's compilation

Second, the “cheap” funds available for speculation in highly risky assets, such as cryptocurrency and growth stocks with high valuations, could decline sharply. Again, we strongly believe that Thailand’s SET-listed companies have strong fundamentals with strong earnings growth trajectories that we project in 2022-23.

In particular, we think two groups of sectors in Thailand should emerge to be stronger than others. First, the companies in commodity sectors (oil & gas, refinery, petrochemical, and coal) should be winners on the high and sustained prices of commodities.

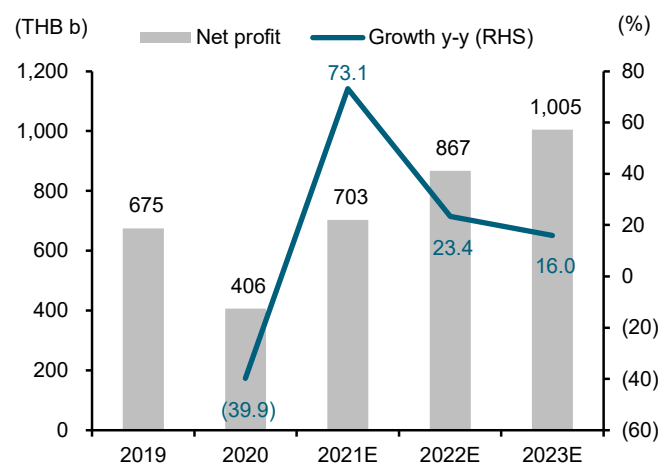
Secondly, a number of large-scale companies in service sectors (hospitals, hotels, airlines, airports, commerce, and food & beverages) should be clear beneficiaries of the projected rebound in tourism and consumer spending both in Thailand and globally.

**Exhibit 11: Thailand GDP growth consensus trends, quarterly**



Source: Bloomberg

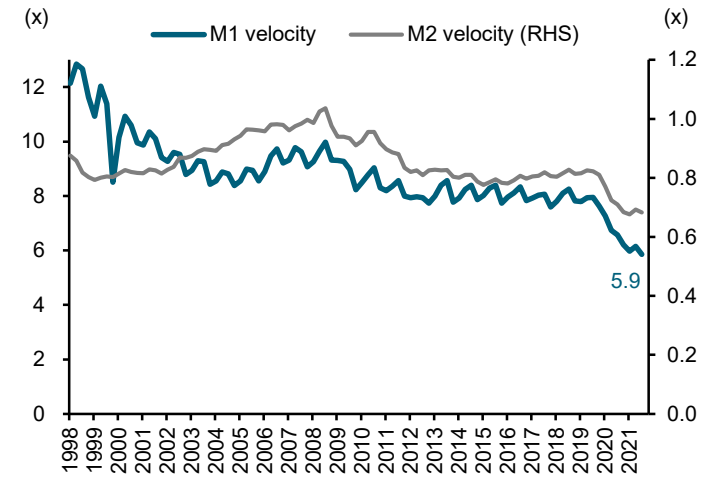
**Exhibit 12: SET's corporate earnings forecast by FSSIA**



Source: Bloomberg

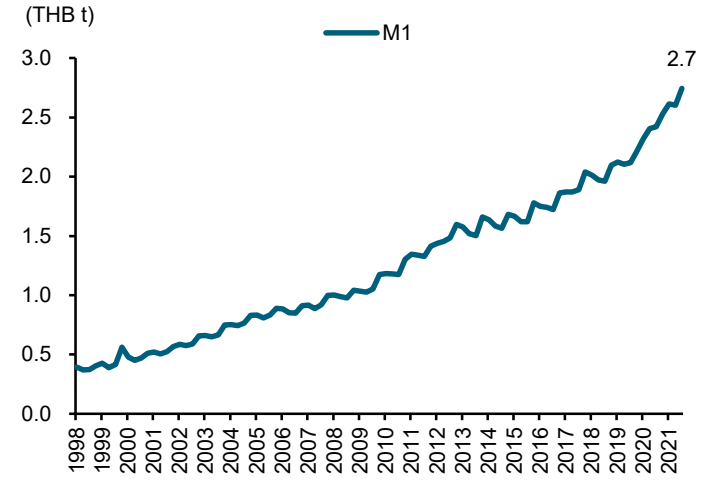
We believe the earnings growth of Thailand’s domestic-driven corporates should greatly benefit from the country’s relatively high money velocity, allowing GDP growth to rise easier and faster than other countries with low money velocity, such as the US and UK. The M1 money supply also remains ample to trigger a growth multiplier once consumers begin to confidently spend on domestic products.

**Exhibit 13: Thailand’s velocity of money**



Source: Bloomberg

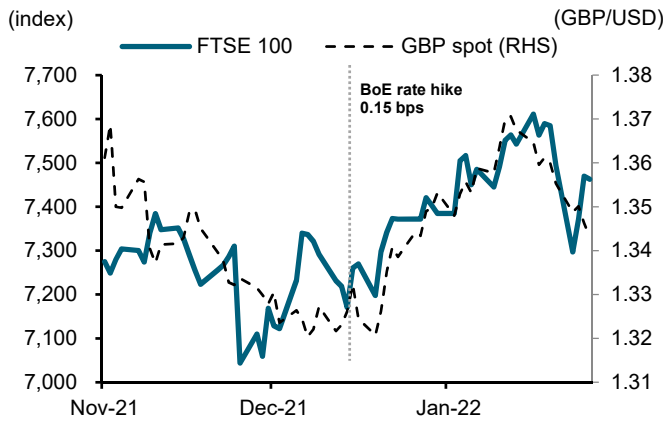
**Exhibit 14: Thailand’s M1 at end of Sep 2021**



Source: Bloomberg

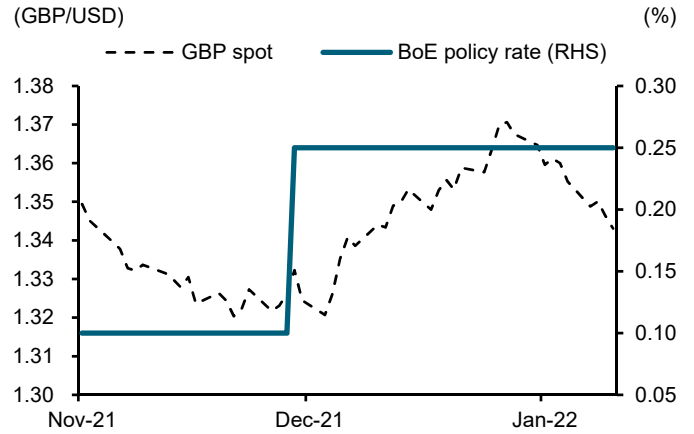
**Reason #3: Positive impact on FTSE 100 after BoE's first rate hike.** On 15 Dec-21, the BoE raised its policy rate to 0.25%, up from a record low of 0.1%, in order to curb the country's rising inflation. This was the first rate hike initiated by a central bank among the countries with large economies since the pandemic began in early 2020, resulting in the FTSE 100 index moving higher by 3.9% only one month after the BOE's rate hike on 15 Dec-21.

**Exhibit 15: FTSE 100 index vs spot GBP/USD**



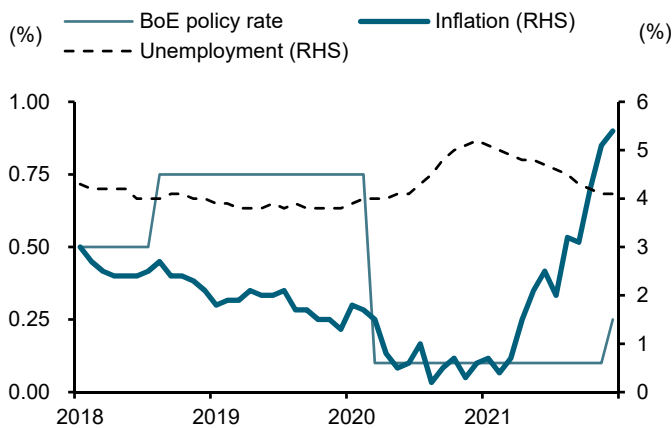
Source: Bloomberg

**Exhibit 16: UK – policy rate vs spot GBP/USD**



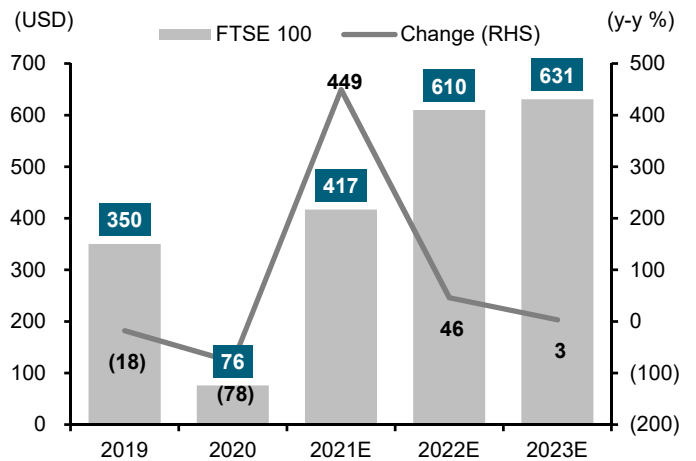
Source: Bloomberg

**Exhibit 17: UK – policy rate, inflation and unemployment**



Source: Bloomberg

**Exhibit 18: FTSE 100 index and change**



Source: Bloomberg

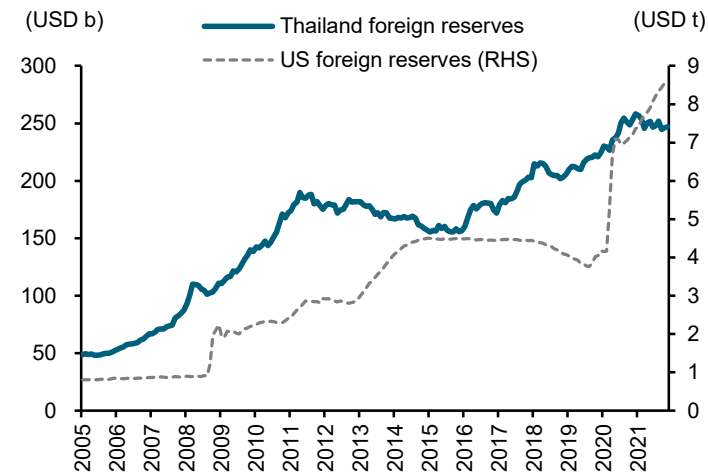


**Reason #4: Thailand’s generous cushion thanks to its hefty foreign reserves.**

Even after the country saw plunging fund inflows from the service sectors, particularly tourism-related industries and hospitals – which accounted for over 15% of the country’s GDP in the pre-Covid period in 2019 – Thailand’s foreign reserves remain high and keep rising vs the sharp fall in the US’ foreign reserves.

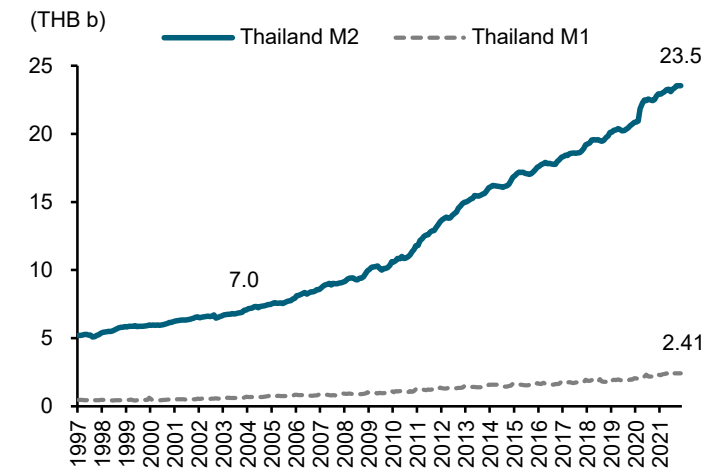
While the high foreign reserve may not fully reflect the country’s financial strength, we think the higher foreign reserve could at least ensure the stability of the country’s currency under the circumstance that foreign payments are required.

**Exhibit 19: 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 20: Thailand’s money supply at a record high of THB23.5t**

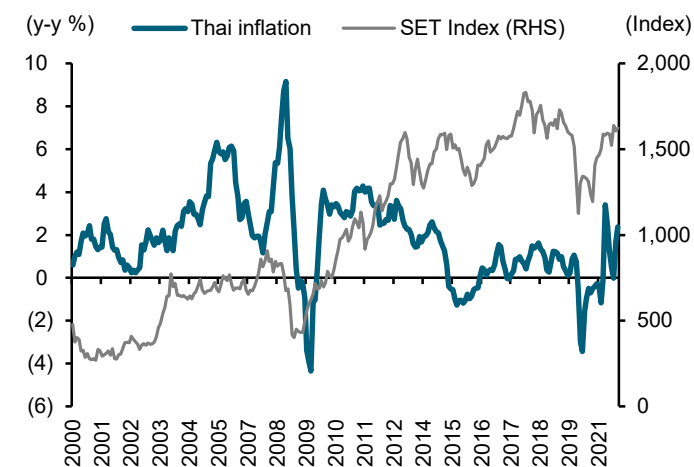


Sources: Bloomberg; Bank of Thailand, as at end of Sep 2021

We think one of the main reasons for Thailand’s high foreign reserve is the proven and reliable success of Thailand’s THB-denominated treasury and bond market, thanks to the country’s long development of the local THB-denominated fixed income market, sold to foreign and local investors alike.

Hence, unlike most other developing countries, Thailand has no requirement to issue USD-denominated bonds to fund its balance sheet and implement monetary policy, both tightening and loosening policies, in our view.

**Exhibit 21: Thailand inflation vs SET index**



Source: Bloomberg

**Exhibit 22: Thailand’s inflation is forecast to remain low at 1.7% and 1.4% in 2022-23**

	2020 (Outturn)	2021	2022	2023
Headline inflation	-0.8%	1.2% (1.0%)	1.7% (1.4%)	1.4%
		Revised up due mainly to supply-side factors, namely retail fuel prices and electricity costs		
Core inflation	0.3%	0.2% (0.2%)	0.4% (0.3%)	0.7%
		Expected to remain low in tandem with fragile growth outlook	Revised up on account of increased excise taxes on tobacco products and cost pass-through of businesses	Expected to pick up in line with economic recovery

Source: Ministry of Commerce, [Bank of Thailand estimates](#)

**Reason #5: Decoupling of Thai economy from other Western economies.** While the US interest rate is likely to rise sooner and faster than expected, we believe Thailand's interest rate and the THB currency are likely to withstand the storm of the Fed's interest rate hike, as Thailand has implemented a set of highly accommodative fiscal and monetary policies since 2020, helping to support the country's economy during the abrupt shortfall in the tourism and hospitality capital inflows due to the global lockdowns.

Furthermore, the low interest rate environment is likely to continue throughout 2022 even after the Fed's potential four interest rate hikes, thanks to the country's strong balance sheet, the relatively stable THB currency, and the brisk capital inflows from the exports of automotives, agricultural products (rubber, rice, cassava, sugar), fishery and livestock products (canned tuna, poultry, seafood), and electronics.

The low interest rate and the projected strong export and tourism rebound should bode well for the SET, potentially driving up the SET even higher under the Fed's aggressive move to hike its interest rate faster and larger than expected, as long as the earnings of the companies listed on the SET continue to post solid sales and profits, in our view.

Exhibit 23: Policy rate forecasts for 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
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 24: Policy rate forecasts for developed countries

	3Q21	2021E	2022E	2023E
	(%)	(%)	(%)	(%)
USA	0.25	0.25	1.00	1.75
UK	0.10	0.25	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
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

## Preferred stocks with strong 4Q21E net profits

Based on the 4Q21 earnings results forecasts, Bloomberg consensus expects that the SET's aggregate corporate net profit could grow to THB240b (+27% q-q and +37% y-y), driven by the domestic sectors, including food & beverages, property funds, transportation and commerce sectors. Meanwhile, media, professional services, and steel could post q-q poorer results. See more details in Exhibit 25.

We estimate that three sectors will likely post 4Q21 earnings results that could potentially beat the market's expectations, which are finance (retail finance – stronger loan demand), commerce (cost reduction program upside), and media (more advertising spending on news and commentary programs).

Among the stocks under FSSIA's coverage, we expect companies with strong 4Q21 earnings results, in terms of a q-q basis, to include PLANB, BEM, PSH and BANPU, while IVL, THG, BCH, PTTEP and EGCO should have strong earnings on a y-y basis.

### Exhibit 25: 4Q21 results forecasts by sector

Sector	4Q20	3Q21	4Q21E	----- Change -----	
	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)
Media & Publishing	1,690	2,947	495	(83)	(71)
Professional Service	68	46	8	(83)	(88)
Steel	173	341	160	(53)	(8)
Ind Materials & Machines	467	939	442	(53)	(5)
Health Care Services	4,049	11,551	6,337	(45)	56
Personal Prod & Pharma	8,859	4,519	2,918	(35)	(67)
Tourism & Leisure	(3,163)	(1,437)	(1,884)	(31)	60
Petrochem & Chemical	9,118	15,938	13,012	(18)	43
Automotive	1,125	1,020	918	(10)	(18)
Banking	32,850	43,223	43,034	(0)	31
Information & Comm Tech	17,164	14,591	15,345	5	(11)
Paper & Print Material	237	217	229	6	(4)
Agribusiness	6,392	3,623	3,847	6	(40)
Packaging	2,802	3,026	3,314	10	18
Construct	11,039	10,434	13,018	25	18
Insurance	533	1,113	1,401	26	163
Energy & Utilities	42,900	60,017	78,620	31	83
Electronic Component	2,645	2,917	3,955	36	50
Property Development	12,430	9,019	12,720	41	2
Finance & Securities	8,089	7,776	11,945	54	48
Fashion	70	55	89	61	27
Home & Office Products	30	(32)	9	129	(69)
Construction Services	314	(758)	373	149	19
Commerce	11,926	4,699	11,860	152	(1)
Transport & Logistic	(2,487)	(5,425)	7,771	243	412
Property Fund	3,267	1,243	4,449	258	36
Food & Beverage	6,281	(2,078)	5,811	380	(7)
<b>Grand Total</b>	<b>178,871</b>	<b>189,524</b>	<b>240,196</b>	<b>27</b>	<b>34</b>

Sources: Bloomberg; FSSIA estimates

**Exhibit 26: Strong 4Q21 results forecasts, q-q**

Company	BBG code	----- Reported net profit -----			Change (q-q %)
		4Q20	3Q21	4Q21E	
Plan B Media	PLANB	140.2	(53.5)	80.3	250
Bangkok Expressway and Metro	BEM	570	108	331	205.0
Pruksa Holding	PSH	829	331	967	192.5
Banpu	BANPU	(468)	3,505	9,790	179.3
WP Energy	WP	49.18	14.54	39	171.1
Berli Jucker	BJC	1,353	367	987	168.8
Central Retail Corp	CRC	1,056	(2,241)	1,369	161.1
Charoen Pokphand Foods	CPF	6,409	(5,374)	3,142	158.5
PTG Energy	PTG	672	63	162	157.1
Banpu Power	BPP	1,201	596	1,501	151.7
Quality Houses	QH	580	263	635	141.7
CP All	CPALL	3,573	1,493	3,420	129.1
LPN Development	LPN	243.40	26.46	60	126.8
Thai Oil	TOP	7,544	2,063	3,997	93.8
Home Product Center	HMPRO	1,545	870	1,575	81.0
Earth Tech Environment	ETC	--	51.96	94	80.9
Tipco Asphalt	TASCO	794	378	647	71.0
Amata Corp	AMATA	397	229	364	59.0
B.Grimm Power	BGRIM	576	447	703	57.1
WHA Utilities & Power	WHAUP	(57)	206	320	55.5

Sources: Bloomberg; FSSIA estimates

**Exhibit 27: Poor 4Q21 results forecasts, q-q**

Company	BBG code	----- Reported net profit -----			Change (q-q %)
		4Q20	3Q21	4Q21E	
IRPC PCL	IRPC	1,608	2,155	1,718	(20.3)
Sermasang Power Corp	SSP	142	287	227	(20.8)
Vibhavadi Medical Center	VIBHA	323	651	415	(36.2)
Sri Trang Gloves (Thailand)	STGT	8,520	4,533	2,864	(36.8)
Thaicom	THCOM	(258)	146	81	(44.7)
Bangkok Chain Hospital	BCH	278	2,896	1,378	(52.4)
Chularat Hospital	CHG	254	1,564	681	(56.4)
Ramkhamhaeng Hospital	RAM	239	1,646	660	(59.9)
Jasmine International	JAS	(927)	(370)	(626)	(69.2)
CK Power	CKP	8	1,235	356	(71.2)
Global Green Chemicals	GGC	565	244	65	(73.5)
Thonburi Healthcare Group	THG	31	833	186	(77.7)
CH. Karnchang	CK	(114)	275	32	(88.5)
Workpoint Entertainment	WORK	35	70	5	(92.3)
AAPICO Hitech	AH	157	235	12	(94.8)
Major Cineplex Group	MAJOR	328	1,819	(210)	(111.5)
Asset World Corp	AWC	(492)	687	(509)	(174.1)
Esso Thailand	ESSO	433	46	(66)	(242.9)
Kerry Express (Thailand)	KEX	375	13	(49)	(481.7)
Minor International	MINT	(5,591)	(436)	(2,775)	(537.0)

Sources: Bloomberg; FSSIA estimates

**Exhibit 28: Strong 4Q21 results forecasts, y-y**

Company	BBG code	----- Reported net profit -----			Change (y-y %)
		4Q20	3Q21	4Q21E	
Indorama Ventures	IVL	1,310.0	6,548.1	7,966.3	508
Thonburi Healthcare Group	THG	30.7	833.1	186.0	506
Bangkok Chain Hospital	BCH	278.3	2,896.2	1,378.0	395
PTT Explor & Prod	PTTEP	2,526.8	9,545.0	12,319.6	388
Electricity Generating	EGCO	1,803.9	1,073.8	6,456.6	258
Ramkhamhaeng Hospital	RAM	238.9	1,645.8	659.6	176
Chularat Hospital	CHG	253.6	1,563.5	681.0	169
Bangkok Bank	BBL	2,397.6	6,909.2	6,318.0	164
Total Access Communication	DTAC	281.1	832.0	736.2	162
Thaicom	THCOM	(258.2)	145.7	80.5	131
CH. Karnchang	CK	(113.7)	275.2	31.6	128
TMBThanachart Bank	TTB	1,234.9	2,358.6	2,799.0	127
Absolute Clean Energy	ACE	254.1	411.2	573.0	126
BCPG	BCPG	310.7	684.7	581.0	87
PTT	PTT	13,146.7	23,652.8	24,058.0	83
Kiatnakin Bank	KKP	1,108.1	1,477.8	2,023.0	83
Siam Global House	GLOBAL	377.6	659.1	685.0	81
Chayo Group	CHAYO	36.4	70.9	65.2	79
The Erawan Group	ERW	(473.7)	--	(332.8)	70
Bumrungrad Hospital	BH	173.0	296.0	290.7	68

Sources: Bloomberg; FSSIA estimates

**Exhibit 29: Poor 4Q21 results forecasts, y-y**

Company	BBG code	----- Reported net profit -----			Change (y-y %)
		4Q20	3Q21	4Q21E	
Land and Houses	LH	2,357	1,308	1,872	(20.6)
BEC World	BEC	268	143	210	(21.5)
Berli Jucker	BJC	1,353	367	987	(27.1)
Carabao Group	CBG	873	601	619	(29.1)
Bangkok Expressway and Metro	BEM	570	108	331	(42.0)
BTS Group Holdings	BTS	1,686	576	960	(43.1)
Charoen Pokphand Foods	CPF	6,409	(5,374)	3,142	(51.0)
Sino-Thai E&C	STEC	468	136	207	(55.9)
Susco	SUSCO	99.12	53.80	39	(60.6)
Sri Trang Gloves (Thailand)	STGT	8,520	4,533	2,864	(66.4)
Gunkul Engineering	GUNKUL	1,693	589	514	(69.6)
LPN Development	LPN	243.40	26.46	60	(75.3)
Workpoint Entertainment	WORK	35	70	5	(84.7)
Global Green Chemicals	GGC	565	244	65	(88.6)
VGI Pcl.	VGI	713	(9)	70	(90.1)
AAPICO Hitech	AH	157	235	12	(92.2)
Kerry Express (Thailand)	KEX	375	13	(49)	(113.1)
RS	RS	103	(0)	(50)	(148.4)
Major Cineplex Group	MAJOR	328	1,819	(210)	(164.1)
True Corporation	TRUE	(157)	(603)	(711)	(353.1)

Sources: Bloomberg; FSSIA estimates

## Our strategic and tactical views on our preferred stocks

For a one-month investment horizon in Feb-22, we prefer a set of companies with quality earnings growth, linked with our investment themes in our 2022 portfolio.

For our investment idea in Feb-22, we remain OVERWEIGHT on the Thai equity market, even under the looming downside risk from the Fed's tightening monetary policy.

We think the gradual policy normalisation should not manifest as a significant headwind to the SET. The SET's solid corporate earnings momentum that we project and the Bank of Thailand's (BoT)'s low interest rate policy should continue to stimulate the country's economic growth.

Our top picks for Feb-22 are as follows:

### Exhibit 30: Our one-month tactical portfolio on select stock picks for February 2022

Company	% MTD* performance	Key rationale
Kasikornbank (TP THB 180.00)	5	We believe that KBANK's business is almost running parallel with Siam Commercial Bank'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.
Indorama Ventures (TP THB 70.00)	10	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.
Somboon Advance Tech (TP THB 29.00)	6	We like SAT considering that 1) its 2021 earnings could hit a new record high; 2) its 2022 outlook remains strong thanks to the expectation of a continuous recovery in the car production level; 3) new orders; and 4) it has an attractive dividend yield at above 7% p.a. Although the company still has few relationships with EV manufacturers, we believe that in the future, as a tier 1 manufacturer, SAT should be able to get some EV orders, if there are more EVs produced domestically.
Energy Absolute (TP THB 122.00)	(7)	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, along with the delivery of 2,000-3,000 EVs in 2022.
Bangkok Chain Hospital (TP THB 28.50)	(7)	We believe that if there is a new wave of Omicron variant infections in Thailand, the healthcare sector would benefit the most from Covid-related services, including Covid screening tests, treatments in hospitals and hospitals and more alternative vaccination revenue. BCH is our pick as it had the largest revenue contribution from Covid-related revenue during the Delta variant third wave, accounting for 56% of total revenue in 2Q21 and 71% in 3Q21. Its EBITDA margin also jumped to 42-52% over that period, compared to 27-29% during the pre-Covid level due to the high utilisation rate.
Nex Point (TP THB 26.00)	(9)	Despite a 2x share price rally since 23 Jun-21, we believe NEX's net profit growth momentum remains strong, and we expect a marked rise in its earnings in 2022-23, backed by 1) more visible and higher sales volumes for e-bus orders of up to 3,000-4,000 in 2022, while we think the start of e-truck sales, likely in 2022, could provide even higher upsides to NEX's net profit; and 2) potential upsides from a windfall demand for commercial fleet vehicles (buses and trucks) thanks to the government's soon-to-announce incentive packages to promote the EV industry's development.

\*Performance as of 31 Jan 2022

Source: FSSIA estimates

### Exhibit 31: Summary of key valuations of FSSIA's top picks for February 2022

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 (%)				
Kasikornbank	KBANK TB	BUY	149.50	180.00	20	10,631	29,487	38,053	41,542	29.0	9.2	8.5	3.0	8.4	0.7
Indorama Ventures	IVL TB	BUY	47.50	70.00	47	8,004	6,430	27,231	30,114	323.5	10.6	8.9	5.6	18.4	1.5
Somboon Advance Technology	SAT TB	BUY	23.10	29.00	26	295	385	964	1,117	150.1	15.9	8.8	8.0	14.0	1.2
Energy Absolute	EA TB	BUY	89.25	122.00	37	9,991	5,155	6,483	10,953	25.8	68.9	30.4	0.3	28.7	7.7
Bangkok Chain Hospital	BCH TB	BUY	18.70	28.50	52	1,400	1,229	5,784	2,166	370.5	(62.6)	21.5	6.6	18.6	4.2
Nex Point	NEX TB	BUY	17.80	26.00	46	895	(214)	(115)	1,254	46.3	1,192	23.8	1.7	37.0	7.6

\*Performance as of 31 Jan 2022

Source: FSSIA estimates

## Exhibit 32: Our top picks for 2022 with tactical views

Stocks	BBG	%YTD* performance	Key rationale on resilience in business model and strong fundamentals
Airports of Thailand	AOT	5	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	6	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	(3)	We expect the sector's 2022 earnings to post a strong recovery at 66% 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 THB60b, supported by new store expansions and improving profitability, even though the tourism sector may not have returned to normal.
Amata Corp	AMATA	2	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 high net profit in the following year, supported by the positive factors mentioned above.
Bangkok Airways	BA	(5)	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	(7)	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	(12)	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.
Inorama Ventures	IVL	10	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	(2)	After the announcement of the partnership with JMART by sending VGI and U City to invest in JMART for a total of 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 groups. This is a win-win situation that could create strong synergies in its ecosystem.
Siam Commercial Bank	SCB	(1)	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 value in terms of long-term growth, its dividend payout ratio, and ROE.
Kasikornbank	KBANK	5	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.
Gulf Energy	GULF	7	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	(7)	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.

\*Performance as of 31 Jan 2022

Source: FSSIA estimates

## Exhibit 33: Summary of key valuations of FSSIA's top picks for 2022

Company	BBG Code	Rec	---Share price ---		Up) 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 (%)				
Airports of Thailand	AOT TB	BUY	63.75	79.00	24	27,333	3,236	(15,319)	(4,411)	nm	nm	(206.5)	0.0	(4.0)	8.4
Minor International	MINT TB	BUY	30.50	42.00	38	4,773	(19,388)	(12,276)	2,402	nm	nm	66.0	0.5	4.3	2.8
Home Product Center	HMPRO TB	BUY	14.10	18.30	30	5,565	5,155	5,255	6,402	1.9	21.8	29.0	2.6	27.2	7.6
Amata Corp	AMATA TB	BUY	21.40	27.50	29	739	1,119	1,054	1,520	0.0	0.0	16.2	2.5	9.1	1.4
Bangkok Airways	BA TB	BUY	9.30	16.00	72	583	(4,316)	(3,636)	61	nm	nm	318.1	0.2	0.4	1.2
JMT Network Services	JMT TB	BUY	64.00	70.00	9	2,632	1,047	1,379	2,335	31.8	69.3	39.8	1.5	14.5	3.9
B.Grimm Power	BGRIM TB	BUY	35.50	58.00	63	2,778	2,617	2,882	3,966	10.1	37.6	23.3	2.8	13.4	3.1
Indorama Ventures	IVL TB	BUY	47.50	70.00	47	8,004	6,430	27,231	30,114	323.5	10.6	8.9	5.6	18.4	1.5
BTS Group Holdings	BTS TB	BUY	9.20	11.00	20	3,635	3,606	1,909	2,887	(47.1)	51.3	41.9	1.7	4.7	2.0
Siam Commercial Bank	SCB TB	BUY	125.50	160.00	27	12,790	27,218	35,599	36,313	30.8	2.0	11.7	4.0	8.0	0.9
Kasikornbank	KBANK TB	BUY	149.50	180.00	20	10,631	29,487	38,053	41,542	29.0	9.2	8.5	3.0	8.4	0.7
Gulf Energy	GULF TB	BUY	49.00	60.00	22	17,255	4,478	7,440	13,491	66.1	81.3	42.6	1.4	18.5	7.4
Energy Absolute	EA TB	BUY	89.25	122.00	37	9,991	5,155	6,483	10,953	25.8	68.9	30.4	0.3	28.7	7.7

\*Performance as of 31 Jan 2022

Source: 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	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)

**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

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

#### Songklod Wongchai FSS International Investment Advisory Securities Co., Ltd

The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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Company	Ticker	Price	Rating	Valuation & Risks
Airports of Thailand	AOT TB	THB 63.75	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.
Minor International	MINT TB	THB 30.50	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.
Home Product Center	HMPRO TB	THB 14.10	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.
Amata Corp	AMATA TB	THB 21.40	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 Airways	BA TB	THB 9.30	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.
JMT Network Services	JMT TB	THB 64.00	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.
B.Grimm Power	BGRIM TB	THB 35.50	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.
Indorama Ventures	IVL TB	THB 47.50	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.
BTS Group Holdings	BTS TB	THB 9.20	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.
Siam Commercial Bank	SCB TB	THB 125.50	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.
Kasikornbank	KBANK TB	THB 149.50	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.
Gulf Energy Development	GULF TB	THB 49.00	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.
Energy Absolute	EA TB	THB 89.25	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.
Thonburi Healthcare Group	THG TB	THB 41.00	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.
Bangkok Chain Hospital	BCH TB	THB 18.70	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.
PTT Explor & Prod	PTTEP TB	THB 129.50	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.
Electricity Generating	EGCO TB	THB 170.00	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.

Somboon Advance Technology	SAT TB	THB 23.10	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.
Nex Point	NEX TB	THB 17.80	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.
Plan B Media	PLANB TB	THB 7.95	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.
Bangkok Expressway and Metro	BEM TB	THB 8.20	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.
Pruksa Holding	PSH TB	THB 14.50	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.
Banpu	BANPU TB	THB 11.10	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 5.20	BUY	The downside risks to our SOTP-based TP include: 1) lower-than-expected demand for LPG gas; and 2) a lower marketing margin.
Berli Jucker	BJC TB	THB 31.75	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
Central Retail Corp	CRC TB	THB 34.00	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.
Charoen Pokphand Foods	CPF TB	THB 25.25	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.
PTG Energy	PTG TB	THB 14.70	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.
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.
Quality Houses	QH TB	THB 2.36	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.
CP All	CPALL TB	THB 62.75	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.
LPN Development	LPN TB	THB 5.05	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.
Thai Oil	TOP TB	THB 52.50	BUY	Downside risks to our EV/EBITDA-based TP are a sharp rise in oil price and weak demand for refined oil products.
Earth Tech Environment	ETC TB	THB 2.90	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.
Tipco Asphalt	TASCO TB	THB 18.10	BUY	Downside risks to our EV/EBITDA multiple based TP include 1) a lower asphalt margin due to an 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.
WHA Utilities & Power	WHAUP TB	THB 4.14	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.
IRPC PCL	IRPC TB	THB 3.80	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.
Sermuang Power Corp	SSP TB	THB 12.60	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.
Vibhavadi Medical Center	VIBHA TB	THB 2.42	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.
Sri Trang Gloves (Thailand)	STGT TB	THB 29.00	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
Thaicom	THCOM TB	THB 10.20	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.
Chularat Hospital	CHG TB	THB 3.30	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.
Ramkhamhaeng Hospital	RAM TB	THB 34.75	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.
Jasmine International	JAS TB	THB 3.36	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.

CK Power	CKP TB	THB 5.10	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.
CH. Kamchang	CK TB	THB 21.10	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.
AAPICO Hitech	AH TB	THB 26.00	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.
Asset World Corp	AWC TB	THB 4.90	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.
Esso Thailand	ESSO TB	THB 7.70	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.
Bangkok Bank	BBL TB	THB 135.00	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.
Total Access Communication	DTAC TB	THB 46.25	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.
TMBThanachart Bank	TTB TB	THB 1.36	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.
Absolute Clean Energy	ACE TB	THB 3.26	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.
BCPG	BCPG TB	THB 12.10	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.
PTT PCL	PTT TB	THB 39.00	BUY	Risks to our SoTP-based valuation are the oil price and potential earnings downside from government intervention.
Kiatnakin Bank	KKP TB	THB 69.50	BUY	Downside risks to our GGM-based target price include weakening asset quality and lower fee income.
Siam Global House	GLOBAL TB	THB 19.00	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.
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.
The Erawan Group	ERW TB	THB 3.16	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.
Bumrungrad Hospital	BH TB	THB 141.00	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.
Land and Houses	LH TB	THB 9.80	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.
BEC World	BEC TB	THB 13.30	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.
Carabao Group	CBG TB	THB 101.50	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.
Sino-Thai E&C	STEC TB	THB 14.40	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.
Susco	SUSCO TB	THB 3.54	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.
Gunkul Engineering	GUNKUL TB	THB 6.90	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
Workpoint Entertainment	WORK TB	THB 23.00	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.
Global Green Chemicals	GGC TB	THB 13.90	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
VGI Pcl.	VGI TB	THB 5.50	BUY	The key downside risks to our SoTP-based TP are if the advertising expenditure recovery is slower than our expectation, and whether Rabbit Line Pay is successful or not.

Kerry Express (Thailand)	KEX TB	THB 24.60	REDUCE	The key upside risks to our DCF-based TP are 1) if the competition is lower than our expectation; and 2) if the Covid-19 situation is under control
RS	RS TB	THB 18.10	HOLD	The key upside and downside risks to our SoTP-based TP is if the company is unable to maintain the growth momentum from its commerce business, if the new commerce distribution channel is successful, and if revenues from TV, radio and music continue to decline or grow better than our expectation.
Major Cineplex Group	MAJOR TB	THB 19.10	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.
True Corporation	TRUE TB	THB 4.82	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.

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

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All share prices are as at market close on 31-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.