

# Thailand Market Strategy

## Delayed – but not derailed – growth on rising risks

- We cut our 2022 SET index target to 1,854, reflecting the impact of Russia's invasion of Ukraine, including the higher crude oil price and lower global GDP growth.
- The SET's improving NP growth vs Thailand's lower GDP growth should open up the chance to invest in a potential SET correction for the longer term.
- Reiterate OVERWEIGHT on the SET, backed by solid corporate earnings in 2022-23.

### External risks to outweigh domestic support

As the ongoing war in Ukraine continues to have longer-lasting and wider repercussions on the global economy and inflation, mainly via price shocks in the global prices of commodities, we now turn less positive on the Thai equity market in 2022. We believe the ripple effect on financial markets, both globally as well as in Thailand, risk eroding the earnings growth of Thai listed corporates, mainly due to the rising cost of crude oil.

### Changes in key assumptions underline lower GDP growth and higher inflation

Under our higher inflation but lower economic growth outlook, we address the risks to prices into our revised assumptions for Thailand, including 1) BNP's forecast of lower GDP growth from 3.6% to 2.9% in 2022 before rising from 4.0% to 4.5% in 2023; 2) BNP's forecast for rising headline inflation from 1.1% to 4.3% in 2022 and 1.1% to 2.2% in 2023, which are more aggressive than the BoT's revisions, which lifted its headline inflation rate from 1.7% to 4.9% in 2022 and from 0.7% to 1.7% in 2023; 3) the rise in BNP's interest rate policy forecasts from 0.5% to 1.25% in 2023 but stuck at 0.5% in 2022; 4) a lower number of international tourist arrivals from 16m to 10m in 2022 and from 30m to 25m in 2023; and 5) higher oil price assumptions from USD75/bbl to USD100/bbl in 2022 and from USD70/bbl to USD90/bbl in 2023 to reflect the impact of the Russia-Ukraine war.

### The hawkish Fed and dovish BoT could lead to a mild impact on the SET index

We think the impact of changes in the Fed's policy rate would be minimal to the SET index and foreign fund outflows due to 1) Thailand's low foreign debt, with its current foreign debt-to-GDP ratio standing at 36.6%, only about half of the 1997 level at 72.9%; 2) a record high foreign reserve-to-GDP ratio; 3) the parity between Thailand's current 10-year treasury yield and the US 10-year treasury yield; 4) the BoT's managed THB float policy vs the fixed THB policy in 1997; and 5) Thailand's healthy current account balance. We believe that the BoT is unlikely to match the Fed in 2022 and project that the BoT's policy rate is unlikely to rise until the Fed funds rate hits 1.50-1.75%, based on the BoT's historical track record.

### Retain Overweight on Thai equity market, backed by strong corporate earnings

We reiterate our OVERWEIGHT recommendation on the Thai equity market and cut our 2022 SET index target to 1,854 by end-2022, based on 17.33x 2022E P/E, the average since 2010, based on our 2.7% 2022E EPS cut to THB107, from THB110 previously, after adjusting our key assumptions for a higher oil price and lower Thai GDP growth. In Apr-22, we expect the SET index to be rangebound within 1,680-1,720, while our preferred stocks are PTTEP, SCB, EA, NEX, ONEE, BH, and ADVANC.



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## Rising risks to erode growth in 2022

As the ongoing war in Ukraine continues to have longer-lasting and wider repercussions on the global economy and inflation, mainly via price shocks in global commodities, including energy, soft commodities like wheat, corn, and sugar, and metals such as nickel, lithium, and steel, we now turn less positive on the Thai equity market in 2022.

The sanctions imposed by the US and European countries against Russia over its invasion of Ukraine since Mar-22 have fully shaken global GDP growth and are likely to result in a long march of interest rate hikes by global central banks, led by the US Federal Reserve (Fed), at a speed and scale that is likely to accelerate faster than our previous forecasts.

As a result, we believe the ripple effect on financial markets, globally as well as in Thailand, are likely to erode the earnings growth of Thai listed corporates, mainly due to the rising crude oil cost. In particular, Thailand faces a potentially higher risk from a sharp rise in the cost of crude imports which could further worsen the country's already high inflation – the highest seen in decades.

This could force the BoT to eventually narrow the gap between its own policy interest rate and the US Fed's rate.

Under our higher inflation but lower economic growth outlook, we address the risks to prices in our revised assumptions, including Thailand's lower economic growth forecast, a higher crude oil price assumption, and our expectation of a revised SET earnings forecast.

Our forecast revisions are largely based on a number of BNP Paribas' revised forecasts, which include:

- 1) A reduction in Thailand's GDP growth from 3.6% to 2.9% in 2022 before rising from 4.0% to 4.5% in 2023, as BNP Paribas expects the positive impact from improving tourism revenues to be delayed to 2023;
- 2) Thailand's headline inflation rate increasing from 1.1% to 4.3% in 2022 (+3.2 ppts y-y) and 1.1% to 2.2% in 2023 (+1.1 ppts y-y). BNP Paribas' inflation revisions are more aggressive than the Bank of Thailand (BoT)'s, which lifted its headline inflation rate from 1.7% to 4.9% in 2022 (+3.2 ppts y-y) and from 0.7% to 1.7% in 2023 (+1.0 ppts y-y);
- 3) The expected rise in Thailand's policy interest rate from 0.5% to 1.25% in 2023 but maintained at 0.5% in 2022;
- 4) A lower number of international tourists from 16m down to 10m in 2022 and from 30m to 25m in 2023;
- 5) Rising crude oil price assumptions from USD75/bbl to USD100/bbl in 2022 and from USD70/bbl to USD90/bbl in 2023 to reflect the impact of Russia's invasion of Ukraine and the ongoing sanctions imposed by the US and European countries against Russia that could result in prolonged and more profound reductions of up to 2-3mbpd in the crude oil supply in 2022-23, based on our estimates.

### Exhibit 1: Adjustments to our key assumptions affecting the SET index

	----- Previous -----		----- New -----	
	2022E	2023E	2022E	2023E
Thailand GDP growth by BNP (y-y %)	3.6	4.0	2.9	4.5
Policy rate (%)	0.50	0.50	0.50	1.25
Headline inflation (y-y %) by BNPP	1.1	1.1	4.3	2.2
Headline inflation (y-y %) by BoT	1.7	0.7	4.9	1.7
International tourists (m tourists)	16	30	10	25
Brent crude oil price (USD/bbl) by FSSIA	75	70	100	90

Sources: Bank of Thailand (BoT); BNP Paribas; FSSIA's estimates and compilation

Although we cut our Thai GDP growth estimate and lower our net profit forecast for the SET in 2022 to reflect our higher crude oil price assumptions which would lead to higher inflation and weaker Thai GDP growth, we remain sanguine about Thailand's economic growth recovery in 2022 and 2023 and still expect the SET's 2022 earnings growth to be strong.

For the reality bite, we have factored these risks into our forecasts for Thai GDP growth and the SET's 2022 net profit, which we expect to stay healthy. Thus, whenever the SET index correction occurs, we see it as an opportunity to accumulate for long-term investment.

Meanwhile, we believe that after the risk factors have been addressed and priced in, the SET index is likely to bounce back, driven by solid earnings growth. The risk factors that we think are material to the SET index and Thailand's GDP growth are as follows:

**Global economic growth gets a downgrade but the recovery remains intact**

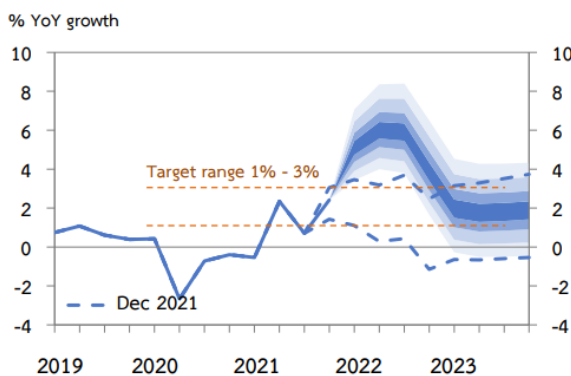
While Thailand's economic growth was revised down by the BoT for 2022, we believe Thailand's economy is unlikely to face the risk of stagflation – a concurrent economic slowdown and hyperinflation – amid the global spike in commodity prices, supply chain disruptions, and heightened uncertainty regarding the global economic growth outlook post the economic reopening in 2022 onward.

The key factors that we expect to alleviate the downside risks from higher commodity costs, rising inflation, and projected weaker GDP growth would be Thailand's projected strong revenue from the service sector, including tourism, hotels, hospitals, and other export sectors such as automotive, electronics, and the oil-related products of the refinery and petrochemicals industries, plus surging exports of rubber, sugar, and other soft commodities due to the impact of higher supply risks from Russia's invasion of Ukraine.

Meanwhile, based on the BoT's revised headline inflation forecast to 4.9% in 2022 and 1.7% in 2023, we think inflation will jump only temporarily in 2022 before normalising down to 1.7% in 2023 thanks to Thailand's solid domestic food production. Despite being a net importer of energy at 60-70% for crude oil, this should be balanced by the country's large exports of refinery and petrochemical products, in our view.

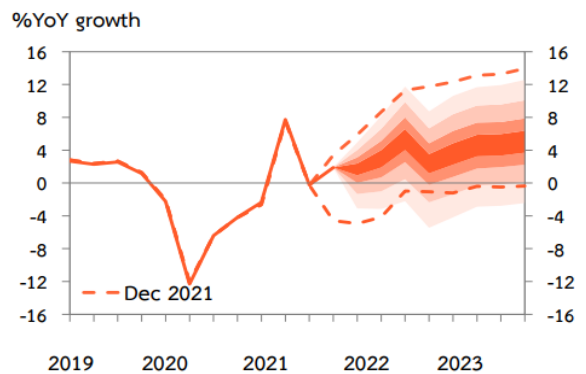
Overall, we think that domestic fundamentals support limited inflationary pressures, an improving outlook for the current account, and high domestic liquidity, all of which we believe should support the SET index's move higher.

**Exhibit 2: BoT's headline inflation forecast**



Source: [Bank of Thailand, Monetary Policy Report press release Mar-22](#)

**Exhibit 3: BoT's Thailand GDP growth forecast**



Source: [Bank of Thailand, Monetary Policy Report press release Mar-22](#)

Thus, we think that mild inflation and GDP growth in 2022 should ensure that Thailand avoids stagflation in 2022, potentially allowing the private and public sectors to see decent growth after the country’s economic reopening and tourism ramps up in 2H22.

**Exhibit 4: DM and EM growth forecasts downgraded**

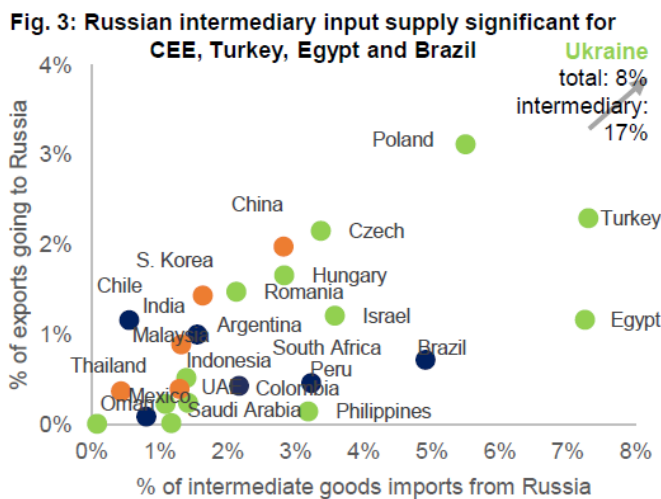
Annual growth	Previous estimate		Revised estimate	
	2022	2023	2022	2023
	(y-y %)	(y-y %)	(y-y %)	(y-y %)
US	4.7	2.8	3.7	2.5
Eurozone	4.2	3.0	2.8	2.7
China	5.3	5.5	4.9	5.5
Japan	2.6	1.6	1.6	2.0
UK	5.4	2.1	3.6	1.7
India	11.0	6.0	9.5	7.3
Indonesia	5.8	5.1	5.3	5.0
Malaysia	4.7	5.1	5.8	5.9
South Korea	2.7	2.2	2.6	2.4
Thailand	3.6	4.0	2.9	4.5

Source: BNP Paribas forecasts (extracted from Markets 360 reports dated 13 Mar and 15 Mar 2022)

In addition, according to BNP Paribas’ Asia Strategy Report on 21 Mar-22, their economists have downgraded their economic forecasts for developed markets (DM) and emerging markets (EM) for 2022 and 2023 due to stagflation concerns. The main drivers are the shocks to inflation and weaker aggregate demand – particularly from the impact of the energy price shock driving inflation up and growth down.

For Thailand, BNP Paribas’ economists revised down their Thai GDP growth forecasts for 2022 to 2.9% from 3.6%, and revised up their inflation estimates from 1.1% to 4.3% in 2022, and from 1.1% to 2.2% in 2023, as their base case forecasts. This assumes no further escalation in the military conflict but a relatively prolonged period of uncertainty, with the sanctions on Russia remaining in place. Under their “prolonged intensification” scenario involving higher commodity and energy prices, more elevated uncertainty and greater financial spillovers could occur in 2022.

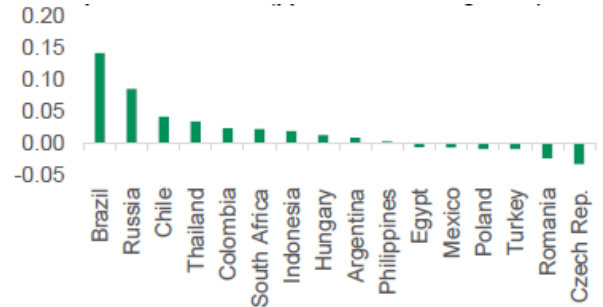
**Exhibit 6: Less than 1% of Thailand’s exports go to Russia**



Colour codes: navy = Latam; green = CEEMEA; orange = APAC.  
Sources: WITS/World Bank, BNP Paribas.

Source: Extracted from BNP Paribas: “EM-conflict weakens growth”, dated 15 Mar-22

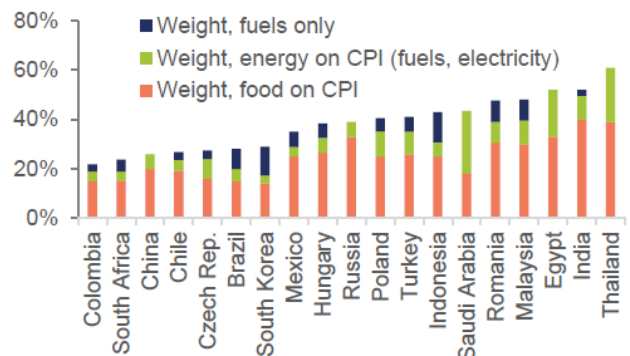
**Exhibit 5: Impact on output from 1 ppt rise in commodity prices\* over 12 months (ppt added to GDP growth)**



\* As proxied by CRB’s commodity index; we include only countries where we found actual causality as measured by Granger tests  
Sources: IMF, Bloomberg, S&P Platts, Macrobond, BNP Paribas estimates

Source: Extracted from BNP Paribas: “EM-conflict weakens growth”, dated 15 Mar 2022

**Exhibit 7: Russia, Ukraine and Belarus together dominate several aspects of global food and fertiliser trade**



Sources: S&P Platts, ICIS, UNFAO, BNP Paribas

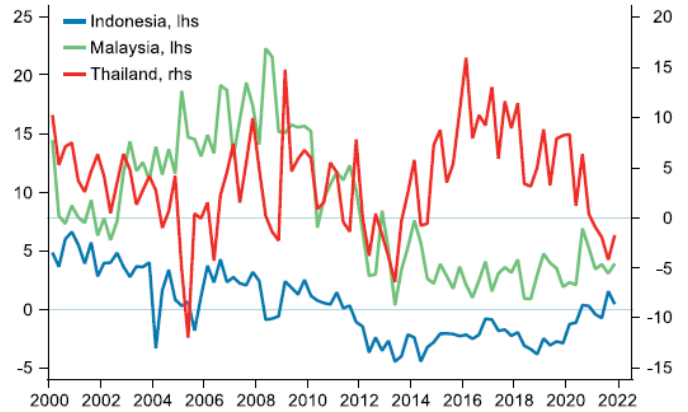
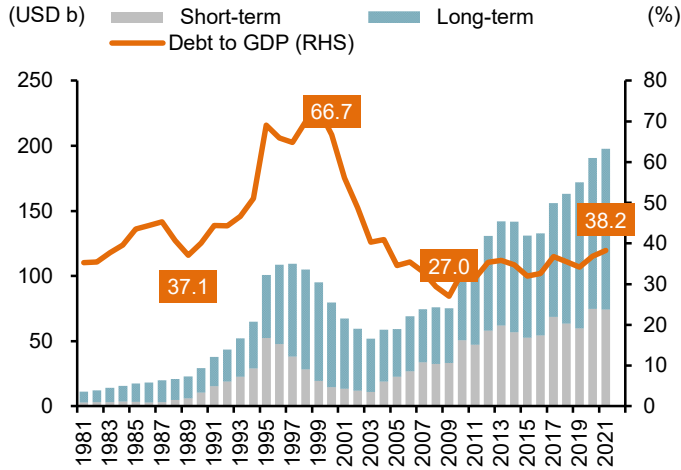
Source: Extracted from BNP Paribas: “EM inflation-higher, more entrenched”, report dated 18 Mar-22

### Hawkish Fed and dovish BoT could lead to a mild impact on the SET index

We believe that the BoT is unlikely to match the Fed’s moves in 2022 and project that the BoT’s policy rate is unlikely to rise until the Fed funds rate hits 1.50-1.75%, based on the BoT’s historical track record. We note that the BoT raised its policy rate in 2018 when the interest rate differential between the BoT’s policy rate and the Fed funds rate was around 1.0%.

**Exhibit 8: Thailand’s external debt to GDP lower than in past**

**Exhibit 9: Current account balance in ASEAN (% of GDP)**



Source: BI, DOSM, BOT, Macrobond, BNP Paribas

Source: Bank of Thailand

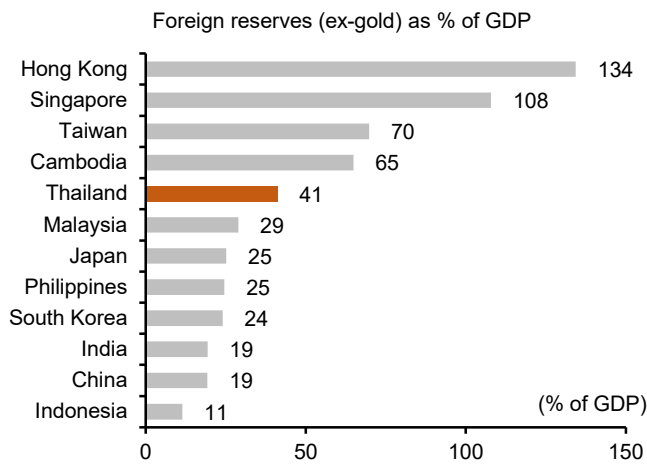
Source: Extracted from BNP Paribas: ASEAN: “The case against higher interest rates”, dated 23 Feb 2022

Meanwhile, when the BoT starts to raise its policy rate from its historical low to stimulate economic growth amid the ongoing hikes in the Fed funds rate, we think the impact would be minimal to the SET index and foreign fund outflows due to:

- Thailand’s low foreign debt level. Currently, its foreign debt-to-GDP ratio stands at 36.6%, only about half of the 1997 level at 72.9%;
- A record high foreign reserve-to-GDP ratio;
- The parity between Thailand’s current 10-year treasury yield and the US 10-year treasury yield;
- The BoT’s managed THB float policy vs the fixed THB policy in 1997;
- Thailand’s current account balance remains healthy. While the higher oil price could weigh on the current account of Thailand as an oil importer, we think the improving revenue from tourism should support Thailand’s current account balance, thus providing a buffer against rising US interest rates.

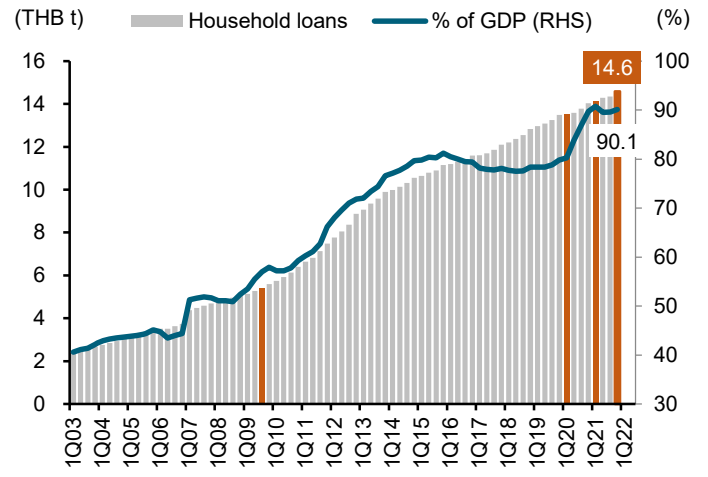
Moreover, ASEAN central banks have not always followed the Fed’s interest rate moves, historically. In 2016, when oil prices were firm, the Fed started raising rates, while the Bank of Indonesia cut aggressively, and the BoT and Bank National of Malaysia effectively did nothing.

**Exhibit 10: Regional foreign reserves to GDP, 2021**



Source: Bloomberg

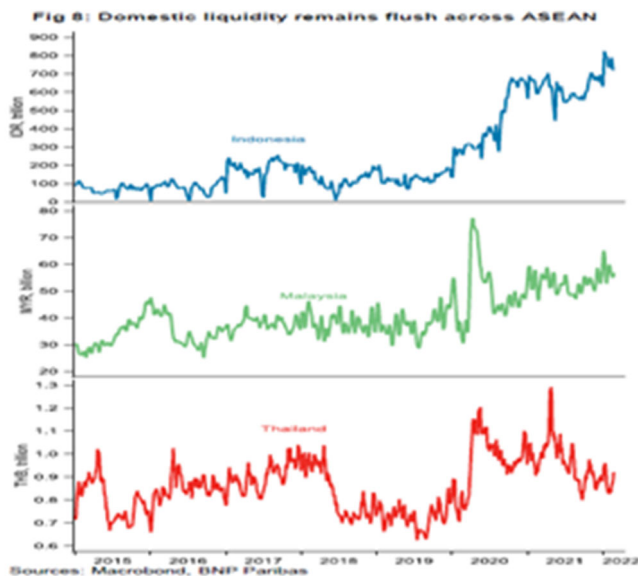
**Exhibit 11: Thailand – Household debt to GDP**



Source: Bank of Thailand

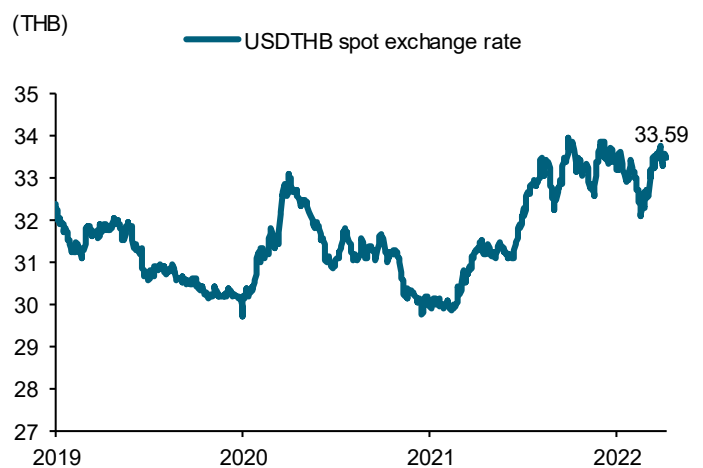
Given the Fed’s now more hawkish stance toward accelerating its policy rate hike to fight higher inflation, and while still closely monitoring the impact of the aftermath of Russia’s invasion of Ukraine, we think a higher and faster Fed interest rate hike could jeopardise sentiment and the fundamentals of financial markets – especially in EM – as investors recall how a rise in the Fed interest rate led to EM financial crises in the past and fear that it may happen again.

**Exhibit 12: Domestic liquidity remains flush across ASEAN**



Source: BNP Paribas: “ASEAN-the case against higher interest rates”, dated 23 Feb-22

**Exhibit 13: Baht weakening near term**



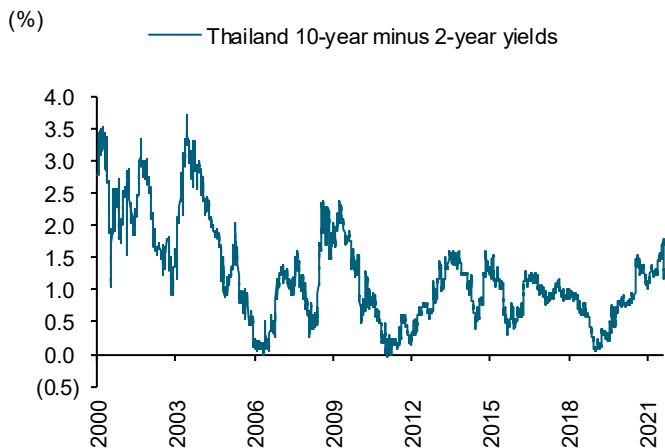
Source: Bloomberg

However, we disagree with this view. We think it is appropriate for the Fed to raise its policy rate by a half point or more at each future meeting to effectively cool down inflation. We believe that curbing inflation by raising the policy interest rate to moderate demand is a mild step that should not lead to a recession but instead to a soft landing. Higher borrowing costs tend to curb borrowing and spending by consumers and businesses, but could result in higher unemployment and falling economic output, in our view.

**No inverted yield curve in Thailand.** In the US treasury market, short-term yields have risen more than longer-term yields on the benchmark 10-year US treasury note, leading to an inverted yield curve as of 1 Apr-22. The two-year settled at 2.374%, according to Bloomberg, compared with 2.324% on 30 Mar-22. It was the first time since 2019 that the two-year yield closed over the 10-year yield, reflecting that the Fed would start raising its policy rate in 0.5% incremental steps at its next meeting on 3-4 May-22.

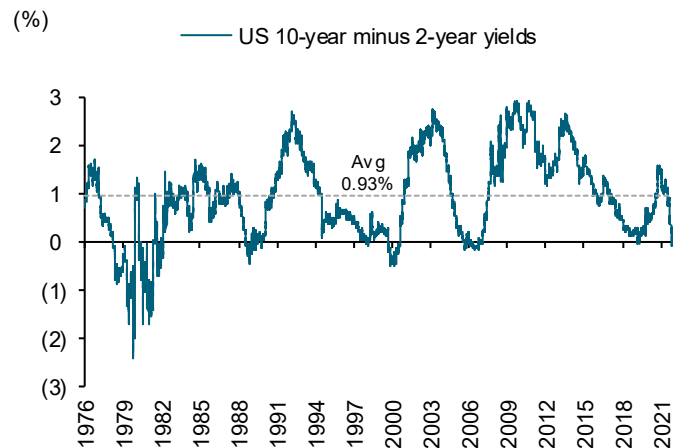
Ironically, we think the higher bond yields could be a response to the strong unemployment rate at 3.6% in Mar-22, which is better than the Bloomberg consensus expectation. Also, wages continue to rise in the US, which we think implies that US economic growth remains strong.

**Exhibit 14: Thailand's yield curve is far from inverted**



Source: Bloomberg

**Exhibit 15: US 10-year government bonds minus 2-year yields**



Source: Bloomberg

**On 21 Mar-22, S&P downgraded four Thai banks, including SCB, KBANK, KTB, and TTB** and affirmed the ratings on the two other Thai banks, BBL and BAY. The reasons cited for the rating downgrades were:

- 1) A rise in systematic risk for Thai banks due to high leverage among borrowers;
- 2) The fragile and uneven economic recovery across sectors, especially in tourism, due to the crisis in Ukraine that is likely to further delay the normalisation of international tourist arrivals in Thailand;
- 3) The prolonged risks for asset quality due to the debt relief program. S&P expects the Thai banking sector's non-performing loans (NPLs) to rise gradually over the next 24 months to 5%, up from 3% currently.

**Yuvanart Suwanumphai, FSSIA's banking analyst, noted that she maintains an Overweight call on Thai banks** due to her belief that the fundamentals remain strong, with banks maintaining good capitalisation and healthy provision coverage ratios which should offer some cushion. In our follow-up talks with bank managers, they stated that they believe the current provision level should offset the potentially weaker asset quality.

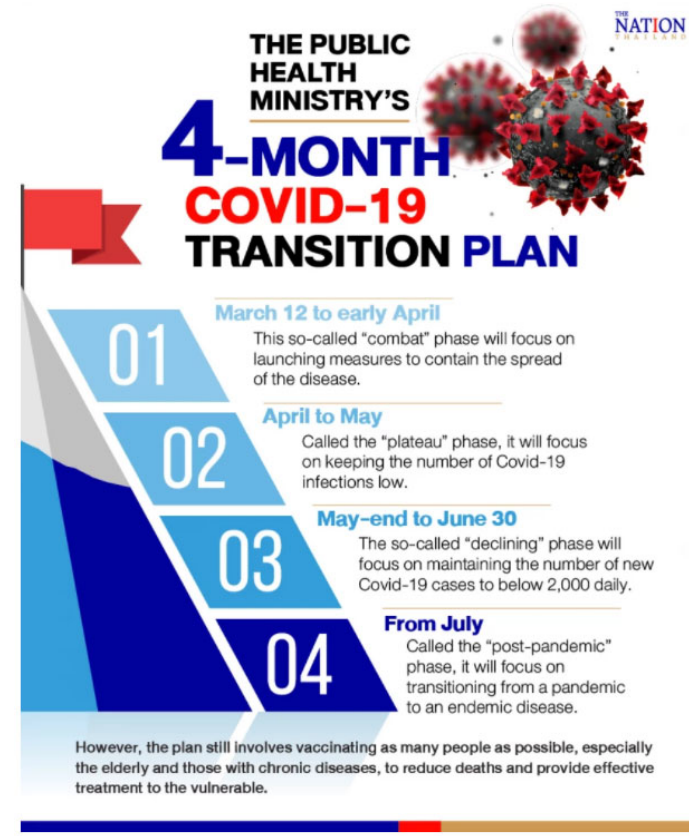
Therefore, we see no material downside risk from provisions. Regarding the potential for a revenue slowdown, we expect that for every 0.5% downside risk to Thailand's GDP growth forecast (3.4% y-y from BoT), there should be a limited 1-1.5% downside risk to our 2022 banking net profit forecasts.

### Covid-19: From pandemic to endemic by July 2022

We think Thailand has been effective in implementing its vaccination rollout, and that its healthcare system will provide a favourable backdrop to accommodate our projection of strong corporate earnings growth in 2022.

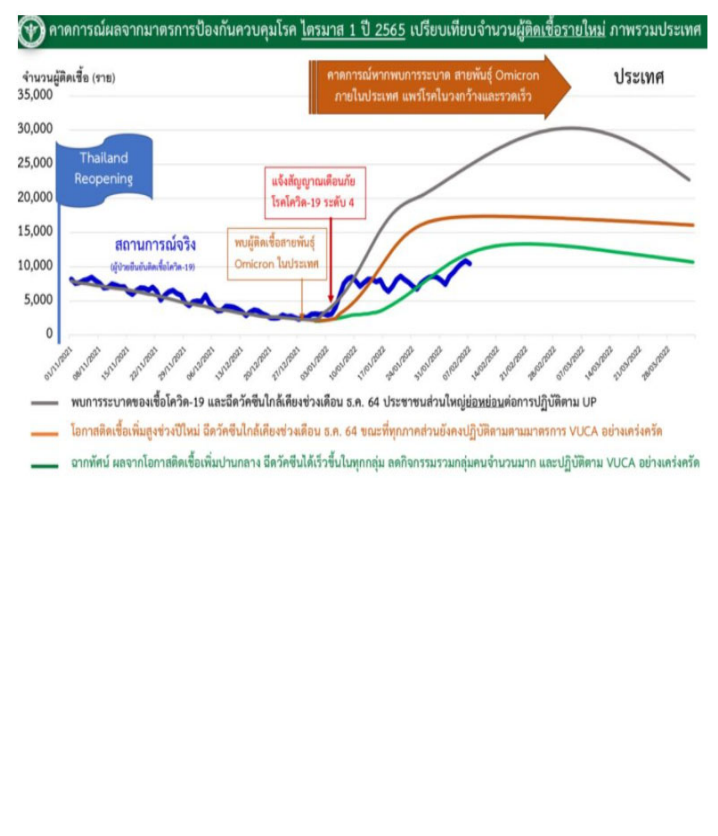
As of Mar-22, Thailand’s fully vaccinated rate has reached 80% of the total population, and we expect that figure to rise to 90% in 3Q22, potentially allowing business activity to return to normal ahead of a strong recovery in the tourism sector in 2H22.

**Exhibit 16: Thailand is currently working on a Covid-19 transition plan in which the pandemic will be declared endemic in Jul-22**



Source: [The Nation](https://www.nationthailand.com)

**Exhibit 17: Thailand has controlled the situation better than several other countries and part of this is due to compliance with recommended measures**



Source: Public health and disease control officials

Meanwhile, the impact from the domestic outbreak of the Omicron variant was minimal due to its mild symptoms. In particular, Thailand’s mobility has continued to grow since 1Q21, implying that the country’s business activity should return to near-normal levels by 2Q22.



Exhibit 18: Thailand mobility from Feb-20 to Mar-22

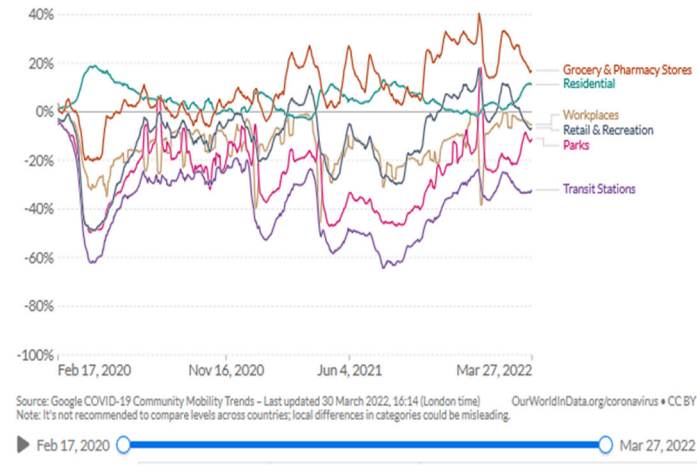


Exhibit 19: Thailand's vaccine rollout as of 31 Mar-22

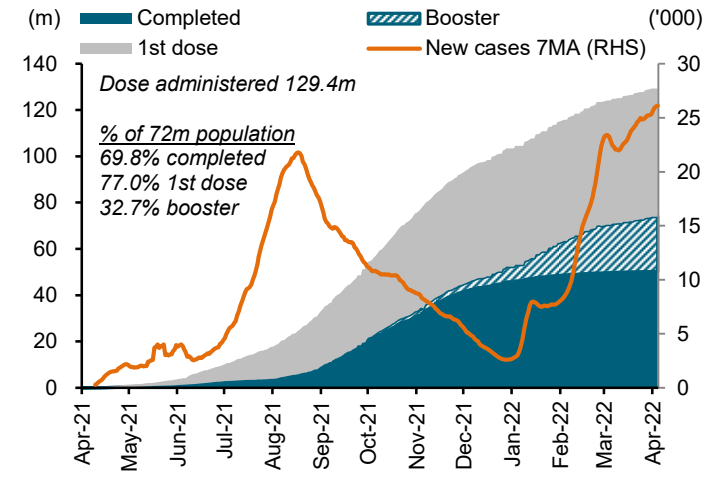


Exhibit 20: Thailand's daily Covid-19 deaths vs new cases from Apr-21 to Mar-22

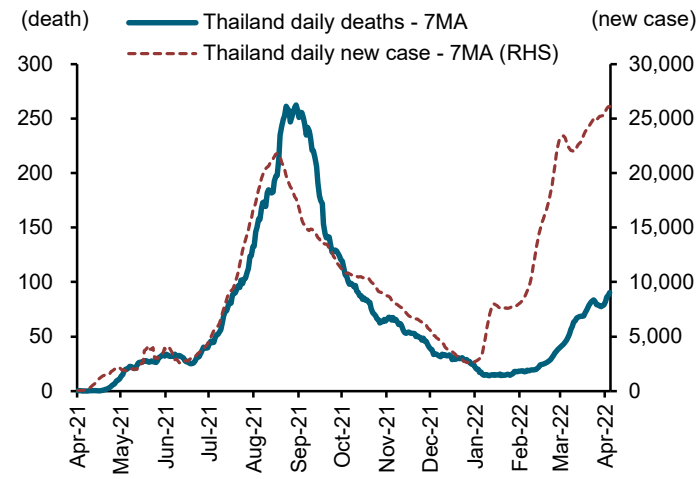
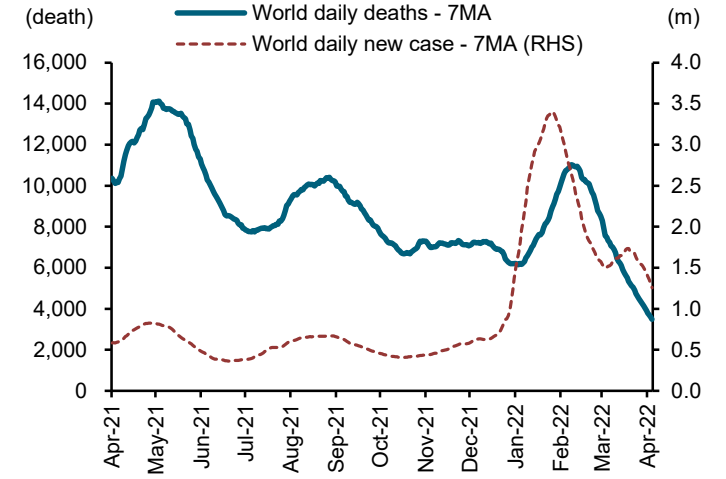


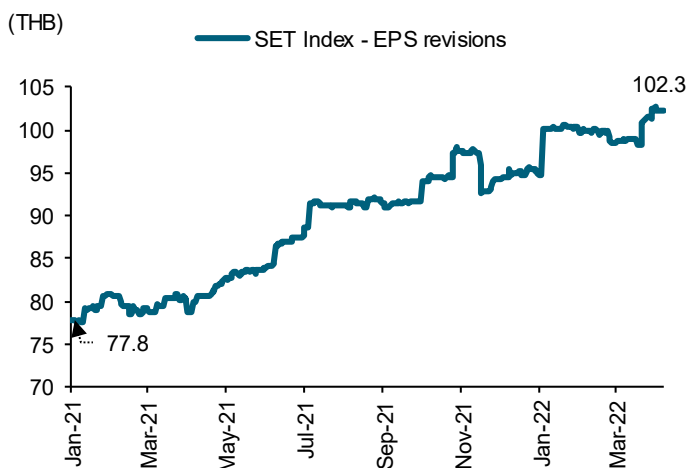
Exhibit 21: World daily Covid-19 deaths vs new cases from Apr-21 to Mar-22



## Maintain Overweight but trim our 2022 SET index target to 1,854

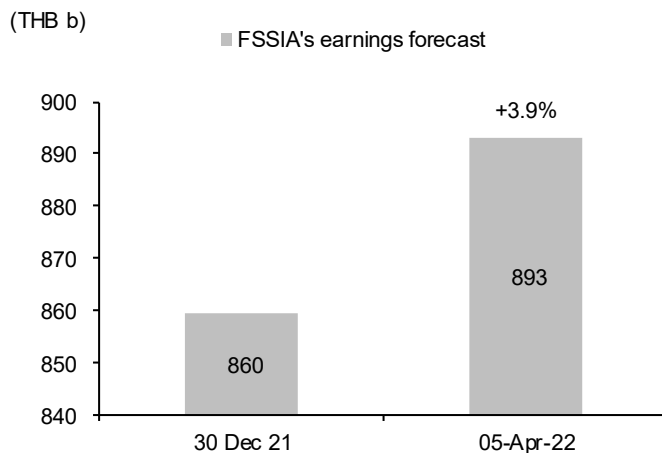
We cut our 2022 SET index target to 1,854, based on 17.33x 2022E P/E, the 12-year average level, to reflect to our EPS forecast downgrade. This follows FSSIA's EPS 2022 forecast cut by 2.7% for the companies under FSSIA coverage (127 companies which account for c74% of the SET's market cap) to THB107 per share, but still above BBG's consensus forward EPS forecast of THB102.3 in 2022.

**Exhibit 22: Bloomberg consensus, EPS revision of SET Index**



As of 30 Mar-22  
Source: Bloomberg consensus

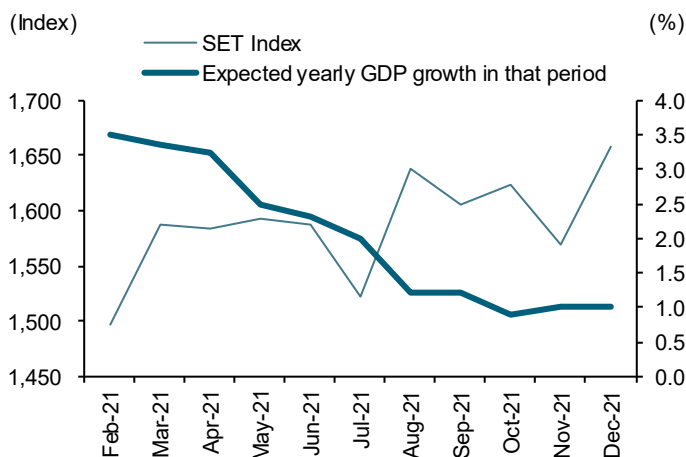
**Exhibit 23: FSSIA, EPS revision of coverage**



Source: FSSIA estimates as of 5 Apr-22

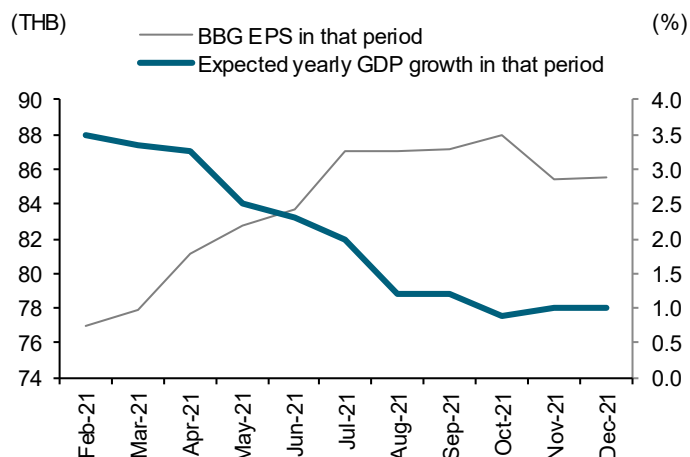
The EPS forecasts for the companies under FSSIA's coverage have recently been trimmed by 2.7% or THB3/share from THB10/share, dragged down by the cuts in EPS forecasts for construction materials, petrochemicals and transportation, but should be partly offset by rising commodity prices, which are beneficial for oil & gas and refinery companies (excluding huge oil inventory gains) as we mentioned earlier in the last Thailand Market Strategy report dated 15 Mar-22.

**Exhibit 24: The relationship between SET movements and the expected annual GDP forecast in 2021**



Source: Bloomberg

**Exhibit 25: The relationship between EPS forecasts for the SET index and the expected annual GDP forecast in 2021**



Source: Bloomberg

**Exhibit 26: We expect SET's earnings to rise by 14.4% y-y in 2022 and 17.2% y-y in 2023**

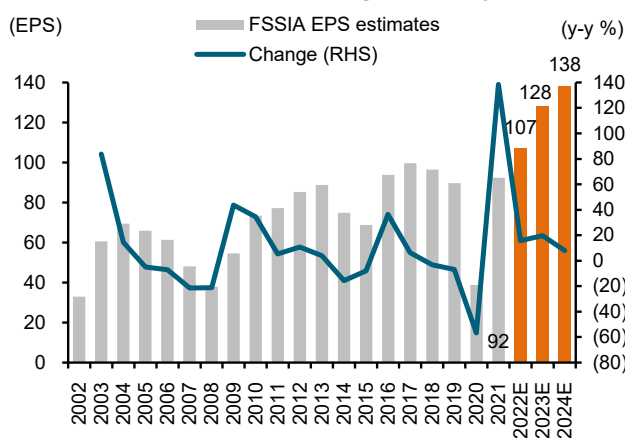
Country	EPS growth		
	2021P (y-y%)	2022E (y-y%)	2023E (y-y%)
<b>Thailand* (FSSIA estimates)</b>	<b>85.5</b>	<b>14.4</b>	<b>17.2</b>
Thailand (Bloomberg consensus)	139.1	10.6	6.0
China	(1.5)	24.5	14.2
Hong Kong	36.9	(18.6)	10.0
India	62.3	15.9	19.8
Indonesia	150.9	305.1	43.6
South Korea	108.8	6.1	13.3
Malaysia	46.8	2.5	7.3
Philippines	55.9	28.0	11.9
Singapore	204.0	9.8	14.3
Taiwan	75.7	5.9	1.3
MSCI Asia Pacific Ex Japan	42.7	8.3	13.0

As of 5 Apr-22; Sources: Bloomberg consensus; \* FSSIA estimates based on coverage

In terms of valuation, we maintain our valuation methodology using the forward multiple P/E to derive our SET index target, based on 17.33x 2022E P/E, the 10-year average P/E of the SET index, and our 2022 net profit forecast of THB893b for the companies under our coverage (127 companies).

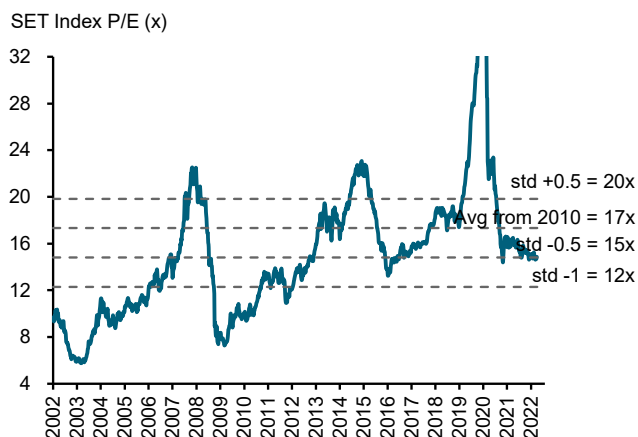
We believe the SET index could trade at the average 10-year P/E appropriate level based on the strong corporate earnings forecast, backed by FSSIA's and Bloomberg consensus' SET earnings forecasts that were revised up YTD, despite the downgrade in Thai GDP growth by the BoT and other institutional research houses, but we still expect the SET index to rise to 1,854 at the end of 2022.

**Exhibit 28: SET index – net profit growth projection**



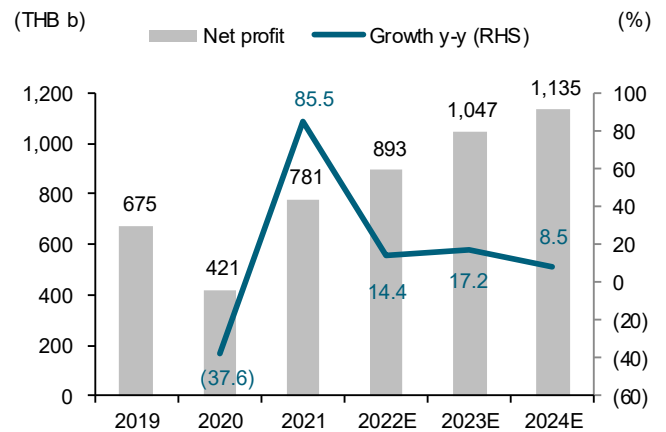
Sources: Bloomberg; FSSIA estimates

**Exhibit 30: SET rolling one-year forward P/E band**



Source: FSSIA estimates

**Exhibit 27: SET index – net profit and growth forecasts in 2022-24**



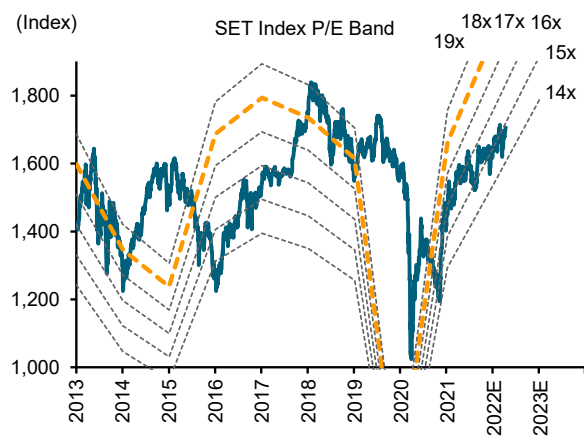
As of 5 Apr-22; Source: FSSIA estimates

**Exhibit 29: FSSIA's SET index target for 2022**

	Earnings per share			
	(THB)	2022E	2023E	2024E
EPS		107.00	128.00	138.24
----- Target index based on FSSIA estimates -----				
	P/E (x)	2022E	2023E	2024E
SD +1.0	22.4	2,392	2,862	3,085
SD +0.5	19.8	2,123	2,540	2,738
SD +0.25	18.6	1,988	2,379	2,565
<b>Avg from 2010</b>	<b>17.3</b>	<b>1,854</b>	2,218	2,391
SD -0.25	16.1	1,719	2,057	2,217
SD -0.5	14.8	1,585	1,896	2,044
SD -1.0	12.3	1,315	1,574	1,697

Source: FSSIA estimates

**Exhibit 31: SET rolling one-year forward P/E band**



Source: FSSIA estimates

## Exhibit 32: FSSIA's earnings forecast revisions as of 5 Apr-22 of 127 companies under coverage

Net profit	5-Apr-22	30-Dec-21	Change	Remark
	(THB m)	(THB m)	(%)	
Energy & Utilities	368,963	337,463	9.3	BANPU(+15,956), PTTEP(+8,820), PTT(+4,562), GULF(+1,120), GUNKUL(+757), GPSC(-2,818), BPP(-676), ACE(-342), BGRIM(-302)
Banking	165,179	158,993	3.9	KBANK(+2,974), KTB(+2,010), TCAP(+802)
Construct Materials	64,070	67,087	(4.5)	SCC(-3,106)
Petrochem & Chemical	53,156	51,802	2.6	PTTGC(+3,800), IVL(-2,465)
Commerce	51,462	50,659	1.6	
Information & Comm Tech	45,444	45,033	0.9	
Property Development	39,487	39,323	0.4	
Finance & Securities	35,743	36,826	(2.9)	MTC(-647), SAWAD(-417)
Food & Beverage	28,154	28,029	0.4	
Healthcare Services	22,257	19,356	15.0	BCH(+1,800), CHG(+715)
Personal Prod & Pharma	11,909	12,191	(2.3)	
Packaging	10,442	13,027	(19.8)	SCGP(-2,584)
Media & Publishing	3,864	3,702	4.4	
Construction Services	2,548	2,733	(6.8)	
Automotive	2,211	2,260	(2.1)	
Electronic Component	1,066	1,952	(45.4)	only NEX(-886)
Resources	831	834	(0.4)	
Tourism & Leisure	608	334	81.8	CENTEL(+255)
Technology	242	226	7.4	only DITTO(+16)
Services	207	207	0.2	
Transport & Logistic	(14,763)	(12,377)	19.3	KEX(-1,477), AAV(-745)
<b>Total</b>	<b>893,081</b>	<b>859,660</b>	<b>3.9</b>	

As of 5 Apr-22

Source: FSSIA estimates

## Exhibit 33: Bloomberg consensus (125 companies) earnings forecast, YTD

Net profit	5-Apr-22	30-Dec-21	Change	Remark
	(THB m)	(THB m)	(%)	
Transport & Logistic	(33,264)	(28,687)	16.0	AOT(-2,274), KEX(-1,677)
Health Care Services	20,488	18,151	12.9	BCH(+933), BDMS(+429), CHG(+370)
Commerce	52,269	48,974	6.7	MAKRO(+1,668), CRC(+779), CPALL(+632)
Technology	236	222	6.3	
Petrochem & Chemical	55,704	52,573	6.0	
Energy & Utilities	317,956	300,360	5.9	
Banking	170,378	164,328	3.7	
Resources	843	846	0.3	
Property Development	39,349	39,404	(0.1)	
Information&Comm Tech	45,277	45,552	(0.6)	
Tourism & Leisure	(460)	(465)	(1.1)	
Services	210	213	(1.3)	
Finance & Securities	34,712	35,432	(2.0)	
Automotive	2,146	2,203	(2.6)	
Construction Services	2,264	2,361	(4.1)	
Packaging	9,682	10,303	(6.0)	
Construct Materials	47,491	50,628	(6.2)	
Media & Publishing	3,972	4,280	(7.2)	
Food & Beverage	25,148	29,985	(16.1)	CPF(-4,503), CBG(-375)
Electronic Component	1,219	1,882	(35.2)	only NEX(-663)
Personal Prod&Pharma	5,336	9,818	(45.6)	only STGT(-4,481)
<b>Total</b>	<b>800,956</b>	<b>788,362</b>	<b>1.6</b>	

As of 5 Apr-22

Source: Bloomberg

## Our preferred sectors and stocks for April 2022

### Exhibit 34: Our one-month tactical portfolio of select stock picks

Company	BBG code	Key rationale
PTT Explor & Prod	PTTEP TB, TP THB176	We have upgraded PTTEP's EPS by 13-19% in 2022-24 to incorporate our 29-33% higher oil price assumptions to USD100/90/90 per barrel in 2022-24; and 2) our valuation rollover to 2022. PTTEP remains our top pick in the upstream oil & gas sector based on our estimate that for every 1% change in the oil price its earnings should increase by 1.3-2.0%, depending on the oil volume sold. However, with its lower oil production proportion at 27% in 2022-23, we think PTTEP may be trading at a higher discount of 15-20% compared to its regional peers.
Siam Commercial Bank	SCB TB, TP THB160	SCB remains one of our top picks for long-term investment. We reiterate our view that its great transformation will allow it to penetrate the high risk-reward lending industry and high growth potential digital industry. Thus, we think that SCB is in the best position in the banking sector to benefit from the region's digital age. Also, its ROE should be in an improving trend. The underperformance in its share price since Feb-22 comes from the SWAP transaction between SCB bank and SCBX, lasting from 2 Mar to 18 Apr-22. This transaction leads to lower liquidity in stock trading as Non-Voting Depository Receipts (NVDRs) cannot buy SCB during this period. Moreover, investors who enter into the SWAP deal cannot trade SCB from 18 Apr to the end of Apr-22. As a result, we think some investors who cannot hold their position will sell SCB during this time. We think SCB's share price should outperform after the SWAP is done.
Energy Absolute	EA TB, TP THB122	We think EA's NP growth will accelerate starting in 1Q22 onward to boost its 2022-23 net profit growth, driven by the start-ups of its multiple S-curve growth projects, which include the expected deliveries of 2,000-3,000 e-buses in 2022 and the 1GWh battery phase 1 plant to capitalise on the captive demand for e-buses and e-trucks. Potential upsides could come from higher orders of EVs in 2022 and the ongoing construction of its EV charging stations.
Bumrungrad Hospital	BH TB, TP THB190.00	BH is trading at an attractive valuation of 31x FY21E PE, lower than its five-year average of 46x. However, we reinstate coverage of BH with a HOLD rating and DCF-based target price of THB124 (WACC 8.4%, LTG 3%) due to muted core profit growth of 4% CAGR from 2019 to 2023E, compared to 8% CAGR from 2014 to 2019. We believe the market will not re-rate BH until there are signs of strong patient volume recovery.
The One Enterprise	ONEE TB, TP THB14.00	ONEE's share price is trading at a discount compared to its peer, BEC World (BEC TB, BUY, TP THB18.60). We note that growth in its net profit is quite similar but with a lower current P/E – in fact, ONEE has the lowest P/E among TV companies under our coverage. Therefore, we think ONEE deserves to trade at a P/E level closer to BEC's. As a result, our TP of THB14 is pegged to 33x 2022E P/E, lower than our estimation for BEC at 35x. Although its 2022E P/E is now only at 26x, we think the company deserves to trade at a level closer to its peers in the future.
Advanced Info Service	ADVANC TB, TP THB260.00	We maintain our suggestion to invest in ADVANC before 1Q22 until the end of the quarter as, according to our research, ADVANC has had some of the highest positive returns on its share price in 1Q among mobile operator companies.
Nex Point	NEX TB, TP THB26.00	We maintain BUY and our SoTP-based target price of THB26. We think NEX, via its JV with EA, is Thailand's leading player in the commercial EV segment (e-buses and e-trucks) thanks to its first-mover advantage to timely capitalise on the government's pro-EV policies and tax incentives. This should allow the NEX EA JV to capture market share and secure up to a 2,000 e-bus and 1,000 e-truck backlog in 2022.

Source: FSSIA estimates

### Exhibit 35: Summary of key valuations of FSSIA's top picks for April 2022

Company	BBG Code	Share price		Upside (%)	Recur profit		Profit growth		P/E (x)	DivYld (%)	ROE (%)	P/BV (x)
		Current (THB)	Target (THB)		22E (THB m)	23E (THB m)	22E (%)	23E (%)				
PTT Explor & Prod	PTTEP TB	146.00	176.00	21	54,880	51,174	13.1	(6.8)	10.6	6.0	12.9	1.3
Siam Commercial Bank	SCB TB	119.50	160.00	34	38,181	42,621	7.3	11.6	10.6	4.2	8.4	0.9
Energy Absolute	EA TB	94.25	122.00	29	10,650	13,543	78.0	27.2	33.0	0.7	28.7	8.4
Bumrungrad Hospital	BH TB	160.00	190.00	19	2,731	4,199	114.4	53.8	46.6	2.0	15.7	7.3
The One Enterprise	ONEE TB	12.50	14.00	12	1,012	1,239	22.1	22.5	29.4	1.7	14.3	4.0
Advanced Info Service	ADVANC TB	234.00	260.00	11	28,295	30,813	6.9	8.9	24.6	3.5	33.9	8.2
Nex Point	NEX TB	19.10	26.00	36	1,066	1,755	nm	64.7	30.0	1.6	30.6	7.8

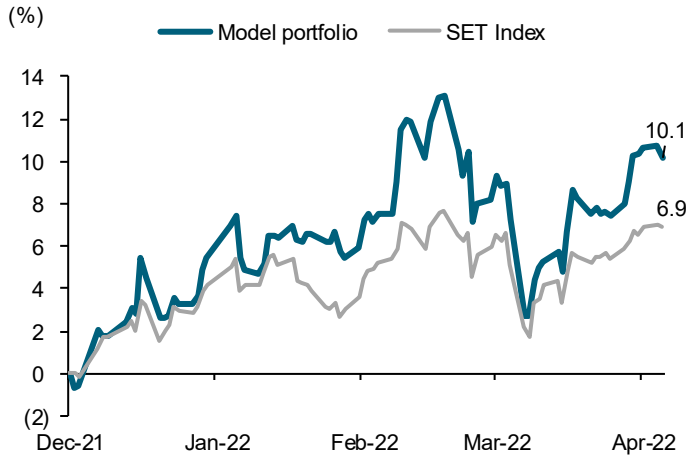
Share prices as of 5 April 2022

Source: FSSIA estimates

### FSSIA's basket and asset allocation for 2022

Our stock selection is based on a mixed bottom-up and top-down approach, favouring stocks with solid fundamentals that we think should carry through 2022-23. We retain AOT, MINT, BA, BTS, AMATA, BGRIM, IVL, HMPRO, SCB, KBANK, GULF, and EA as conviction BUYs.

**Exhibit 36: FSSIA's 2022 model portfolio performance**



As of 5 Apr-22  
Sources: FSSIA; Bloomberg

**Exhibit 37: Changes to FSSIA's 2022 model portfolio (Nov-21 to Mar-22)**

Top BUY	% performance
AOT	2.7
MINT	3.9
BA	(12.1)
BTS	(3.16)
AMATA	7.3
BGRIM	(16.1)
IVL	10.7
HMPRO	8.9
SCB	(8.8)
KBANK	14.5
GULF	19.2
EA	50.2

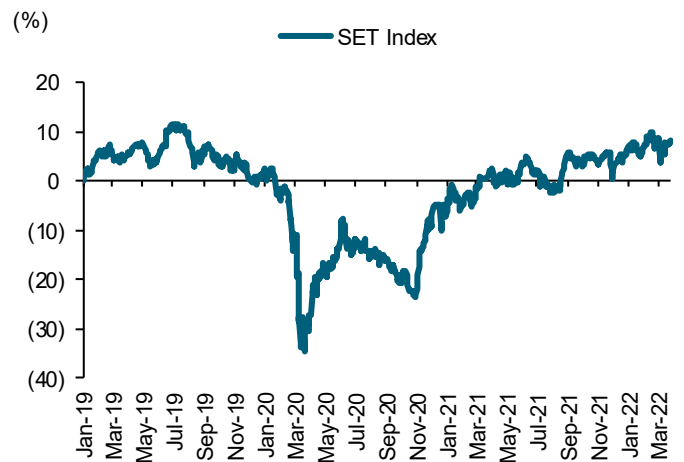
Source: FSSIA

**Exhibit 38: Model portfolio sector tilts**

Overweight	Neutral	Underweight
Electronics	Agribusiness	
Auto	Insurance	
Petrochem	Const Mat	
Food		
Finance		
Entertain		
Energy		
Property		
Bank		
Transport		
ICT		
Commerce		
Hotel		
Healthcare		

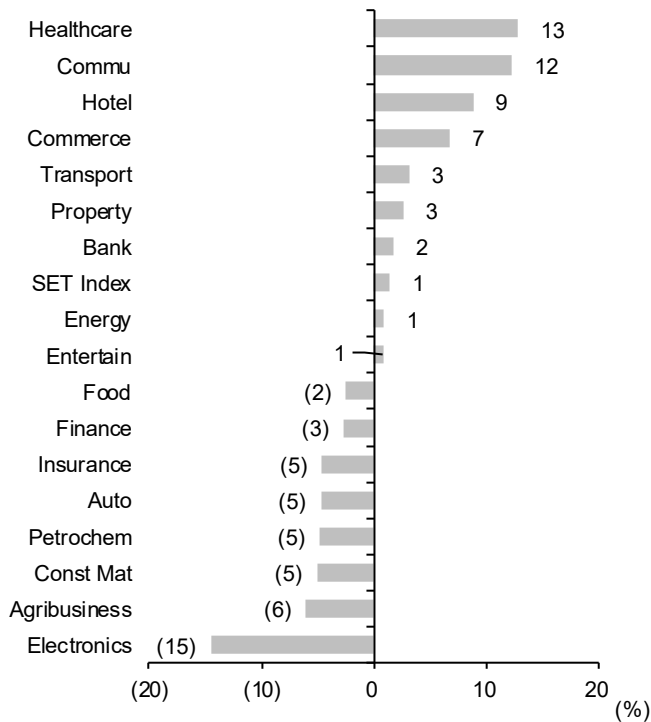
Source: FSSIA

**Exhibit 39: SET index performance from Jan-19 to 29 Mar-22**



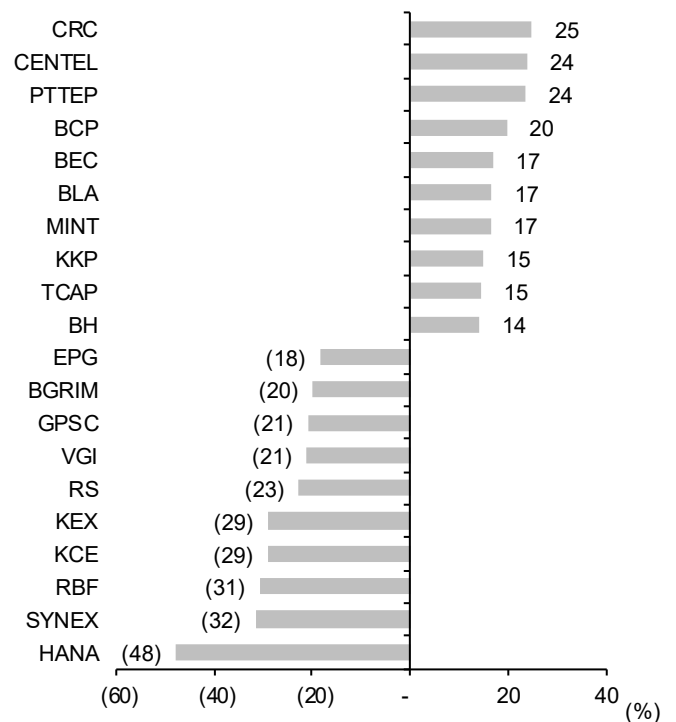
Source: Bloomberg

Exhibit 40: SET sector performance YTD



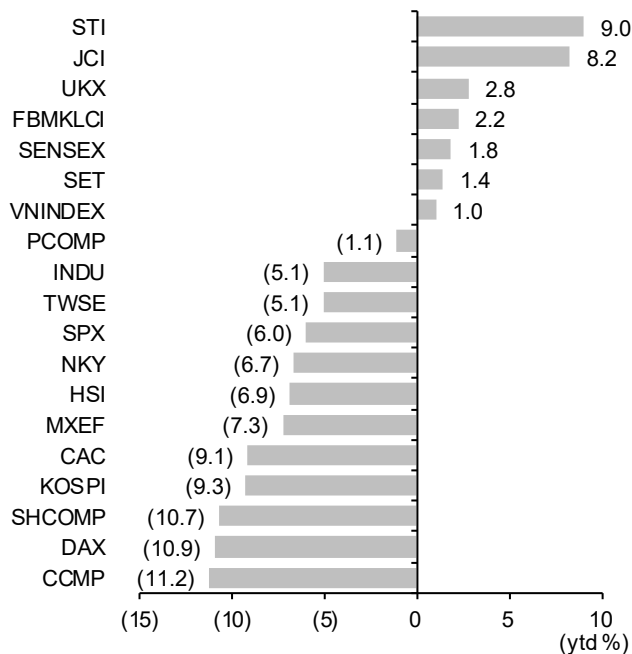
As of 5 Apr-22  
Source: Bloomberg

Exhibit 41: Top 10 stocks performance YTD



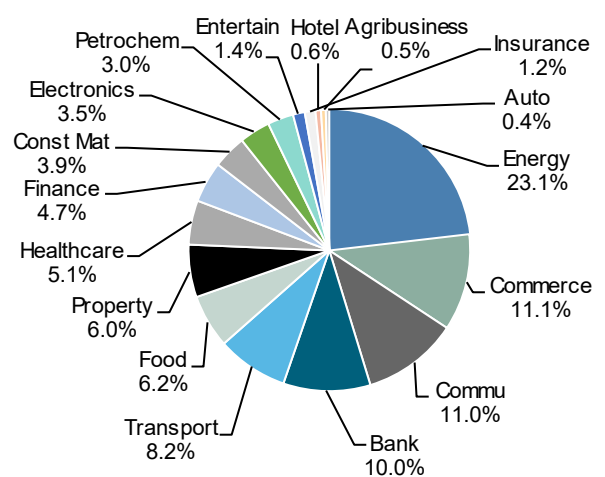
As of 5 Apr-22  
Source: Bloomberg

Exhibit 42: Key regional indices, 2022 YTD



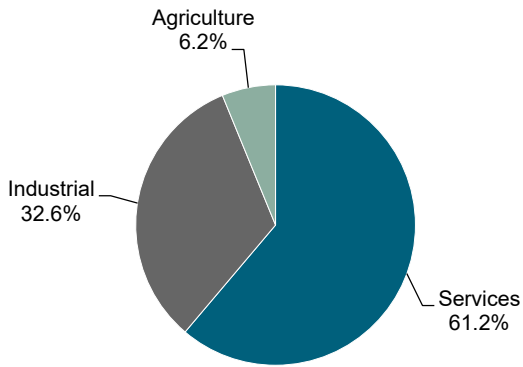
As of 5 Apr-22  
Source: Bloomberg

Exhibit 43: SET index market cap weighted by sector



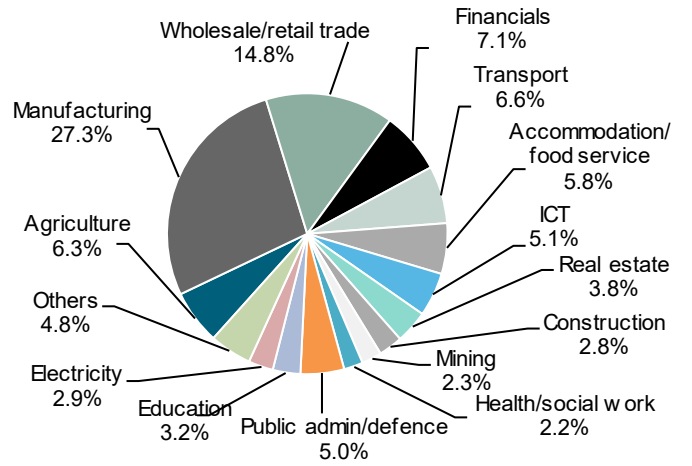
As of 5 Apr-22  
Source: Bloomberg

**Exhibit 44: GDP by industry, average 2015-19**



Sources: Office of the National Economic and Social Development Council (NESDC); FSSIA's compilation

**Exhibit 45: GDP by sector, average 2015-19**



Sources: NESDC; FSSIA's compilation



## 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	SCC	SCG	SCN	SDC
SEAFCO	SEAOIL	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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### 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
PTT Explor & Prod	PTTEP TB	THB 146.00	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.
Siam Commercial Bank	SCB TB	THB 119.50	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.
Energy Absolute	EA TB	THB 94.25	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.
Nex Point	NEX TB	THB 19.10	BUY	Downside risks to our SOTP-based TP include: 1) a lower-than-expected bus sales volume; 2) delays in bus deliveries; and 3) risk from regulatory changes.
The One Enterprise	ONEE TB	THB 12.50	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.
Bumrungrad Hospital	BH TB	THB 160.00	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.
Advanced Info Service	ADVANC TB	THB 234.00	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.
Kasikornbank	KBANK TB	THB 161.50	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.
Krung Thai Bank	KTB TB	THB 13.80	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and further waves of the Covid-19 pandemic affecting loan growth and asset quality; 2) the impact of further interest rate cuts on NIM and potential new regulations from the Bank of Thailand on debt-servicing programs; and 3) an increase in OPEX due to aggressive digital investment.
TMBThanachart Bank	TTB TB	THB 1.33	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.
Bangkok Bank	BBL TB	THB 138.50	HOLD	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness and further waves of the Covid-19 pandemic affecting loan growth and asset quality; and 2) the impact of further interest rate cuts on 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.
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.
PTT PCL	PTT TB	THB 38.50	BUY	Risks to our SoTP-based valuation are the oil price and potential earnings downside from government intervention.
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.
Gunkul Engineering	GUNKUL TB	THB 6.25	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
Global Power Synergy	GPSC TB	THB 71.75	BUY	The downside risks to our SoTP-based TP on GPSC include 1) lower-than-expected demand for electricity in Thailand; 2) a lower crude price; and 3) lower-than-expected demand from industrial users.
Banpu Power	BPP TB	THB 16.50	BUY	Downside risks to our SOTP valuation are the start-up delays of its new projects and government intervention in the electricity tariff.
Absolute Clean Energy	ACE TB	THB 3.30	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.

B.Grimm Power	BGRIM TB	THB 33.25	BUY	The downside risks to our SoTP-based TP include 1) lower-than-expected demand for electricity in Thailand, 2) a lower crude price, and 3) unplanned shutdowns of its SPPs.
Thanachart Capital	TCAP TB	THB 43.50	HOLD	Upside risks to our GGM-based target price are the faster-than-expected net profit contribution from Thanachart Plus. Downside risks are impacts from a prolonged weak macro outlook on loan growth and asset quality which could lead to higher provisions for both TTB and THANI.
Siam Cement	SCC TB	THB 383.00	BUY	Downside risks to our SOTP based TP include 1) a lower-than-expected demand for chemicals, CBM, and packaging; 2) rising coal costs for its cement and packaging units; and 3) weaker demand from the automobile industry that could erode the demand for SCC's chemical unit and its dividend contributions.
PTT Global Chemical	PTTGC TB	THB 51.50	HOLD	The key upside/downside risks to our EV/EBITDA-based TP are a stronger or weaker-than-expected HDPE price and HDPE-naphtha margin.
Indorama Ventures	IVL TB	THB 46.25	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.
Muangthai Capital	MTC TB	THB 51.75	BUY	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board.
Srisawad Corp	SAWAD TB	THB 56.00	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.
Bangkok Chain Hospital	BCH TB	THB 20.70	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.
Chularat Hospital	CHG TB	THB 3.86	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.
SCG Packaging	SCGP TB	THB 59.50	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.
Central Plaza Hotel	CENTEL TB	THB 40.00	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply and higher competition in the F&B business, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Ditto (Thailand)	DITTO TB	THB 68.50	HOLD	Downside risks to our PEG-based TP include 1) technological changes that will affect competitiveness; and 2) income and gross margin inconsistency due to the nature of the project service business. Upside risks to our P/E-based TP include 1) higher-than-expected winning projects; and 2) faster-than-expected changing to digital environment in Thailand.
Kerry Express (Thailand)	KEX TB	THB 21.90	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
Asia Aviation	AAV TB	THB 2.58	BUY	Downside risks to our P/BV multiple target price include 1) extraordinary events such as political turmoil and natural disasters; 2) higher-than-expected fuel expenses following an increase in oil prices; and 3) the slower-than-expected recovery of international tourist numbers.
Airports of Thailand	AOT TB	THB 67.50	BUY	Downside risks to our DCF-based target price include 1) a slowdown in the recovery of international passengers; 2) delays in the Suvarnabhumi Airport expansions (satellite terminal and northern expansion); and 3) the termination of the duty-free concession contracts from King Power.
Bangkok Dusit Medical Services	BDMS TB	THB 25.00	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 price and medical bill controls; and 3) higher-than-expected capex and opex for CoE projects.
Siam Makro	MAKRO TB	THB 39.75	BUY	The key downside risks to our DCF-based TP include: 1) lower-than-expected SSSG; 2) a lower-than-expected GPM improvement; and 3) operational losses from its overseas business.
Central Retail Corp	CRC TB	THB 40.00	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.
CP All	CPALL TB	THB 65.75	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.
Charoen Pokphand Foods	CPF TB	THB 23.90	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.
Carabao Group	CBG TB	THB 107.00	BUY	The key downside risks to our DCF-based TP are 1) slower-than-expected sales growth in Myanmar, Cambodia, and the vitamin C drink market; 2) a decrease in domestic energy drink market share; and 3) higher-than-expected SG&A expenses from overseas operations, such as in China and the UK.
Sri Trang Gloves (Thailand)	STGT TB	THB 26.00	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
BEC World	BEC TB	THB 16.60	BUY	The key downside risks to our P/E based TP are a lower-than-expected adex recovery and a worse-than-expected cost reduction.
Minor International	MINT TB	THB 34.25	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply and higher competition in the F&B business, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.

Bangkok Airways	BA TB	THB 10.20	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.
BTS Group Holdings	BTS TB	THB 9.10	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.
Amata Corporation	AMATA TB	THB 21.90	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.
Home Product Center	HMPRO TB	THB 16.20	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.

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 05-Apr-2022 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

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

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

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

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

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

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

### Industry Recommendations

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

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

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

### Country (Strategy) Recommendations

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

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

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