

Thailand Market Strategy

Retreat in May sets stage for June advance

- We believe the SET index's correction creates more upside for further gains as the Thai economic recovery blooms – although high inflation will erode gross margins.
- We see three appealing aspects of the SET vs its regional peers: limited foreign fund outflows, strong corporate balance sheets, and improving tourism and export sectors.
- Eight stocks we think are likely to outperform the SET index in May-22: PTTEP, SCB, EA, BH, CKP, INTUCH, SINGER, SPRC.

SET rebalances ahead of a strong rebound in 2H22

We are confident that Thai corporate earnings growth still has a solid outlook thanks to a tailwind of pent-up demand from the economic reopening now that the Covid-19 pandemic has meaningfully subsided. We believe the key drivers for Thailand's economic recovery will come from a rebound in tourism and continued solid exports. The US Fed's policy rate uptrend should lead to a capital outflow, but we think Thailand's unique and strong economic growth outlook should retain and attract new investments in the form of foreign direct investment, increased trade (from exports), and service revenue (from tourism).

Fundamental and fund flow downsides vs tourism and export upsides

We think Thailand's equity market is attractive with strong fundamentals and more appealing valuations than its peers due to 1) historically low foreign holdings at 26%, indicating a limited downside to the potential for foreign sell-offs and fund outflows; 2) a limited downside from the USD3.6b net buy from the beginning of the year to 6 May for the SET given that foreign fund inflows to date have poured into the sectors and companies that possess strong fundamentals, including tourism (MINT), healthcare (BDMS, CHG, BH), financials (KKP), asset management companies (SINGER, JMT, MTC), oil stations (ESSO, BCP), and food & beverages (OSP), supported by their strong earnings growth outlook in 2022-23; 3) the high foreign reserve to GDP ratio at 41% of GDP at the end of 2021; 4) the low debt-to-GDP ratio at 38% at end-2021; and 5) a wider tolerance range for the interest differential between Thailand and the US at 1.50-2.0%, based on the historical track record.

Limited downside for SET on valuations and economic decoupling from US

Under the "let the US stock market balloons deflate" scenario, we expect Thailand's SET index to outperform the US indexes in 2022, given that 1) valuations on the SET are much lower than those of US stocks, even based on the historical average; 2) Thailand's economic outlook remains healthy thanks to its strong balance sheet, promising growth in inbound tourism arrivals, and strong exports; 3) the limited downside for the USD3.6b fund inflow due to high-growth, low-risk investments; 4) the "decoupling" of economic growth between Thailand and the US, which in turn could limit the risk of the SET index falling amid potentially sharp corrections in US stock market indexes.

Defensive plays combined with a bottom-fishing strategy in May

We maintain OVERWEIGHT and our SET target at 1,854 by end-2022, while shifting to a more defensive strategy in May-22 with our eight top picks based on their strong fundamentals in 2022-23: PTTEP, SCB, EA, BH, CKP, INTUCH, SINGER, and SPRC.



Songklod Wongchai
 songklod.won@fssia.com
 +66 2611 3553

Suwat Sinsadok, CFA, FRM, ERP
 suwat.sin@fssia.com
 +66 2611 3558

Stocks stumble in May, before heading higher in June

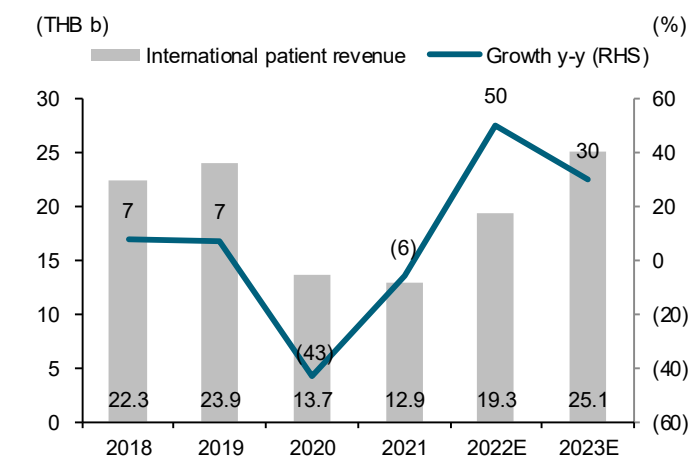
We are confident that Thai corporate earnings growth still has a solid outlook thanks to a tailwind of pent-up demand now that the Covid-19 pandemic has meaningfully subsided.

However, there are mounting challenges from rising inflation and the cost-of-living squeeze, as well as persistent supply chain delays and labor constraints. These could delay but not derail the visibility of the Thai economic recovery, which we think remains on track to grow, albeit at a lower rate than our previous forecast due to the higher-than-expected inflation that could erode economic growth both globally and in Thailand.

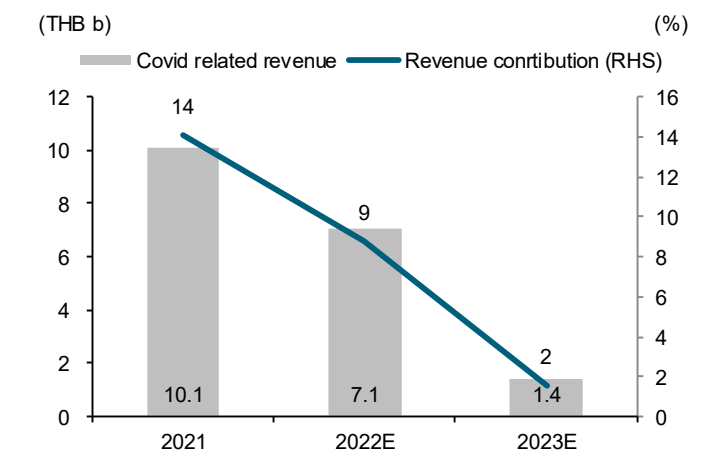
We believe the key drivers for Thailand’s economic recovery will come from the rebound in tourism and continued solid exports. The US Federal Reserve (Fed)’s policy rate uptrend should lead to a capital outflow, but we think Thailand’s unique and strong economic growth outlook should retain and attract new investments in the forms of foreign direct investment, higher trade (from exports), and service revenue (from tourism).

Exhibit 1: We expect international patient revenue to surpass the pre-Covid level

Exhibit 2: Thailand’s Covid pandemic is trending down



Sources: BDMS; FSSIA estimates



Sources: BDMS; FSSIA estimates

Driver #1: Tourism rebound is around the corner

Thailand’s economy is much more resilient than its regional and global peers.

We believe that in 2022-23, Thailand’s economy is on course for a recovery given that the rebound in tourist arrivals and hence tourism revenue could significantly strengthen Thailand’s current account on top of the country’s promising exports, thereby solidifying the country’s economic recovery amid global geopolitical and energy-cost turbulence.

Tourism is key to Thailand’s economic recovery and resiliency. Unlike most countries in Asia and elsewhere, Thailand has long been one of the world’s top three most preferred destinations for travel and retirement. Based on the recent rankings by numerous organisations, we think Thailand’s tourism recovery will be much more resilient than its peers and is likely to rebound markedly starting in 2Q22.

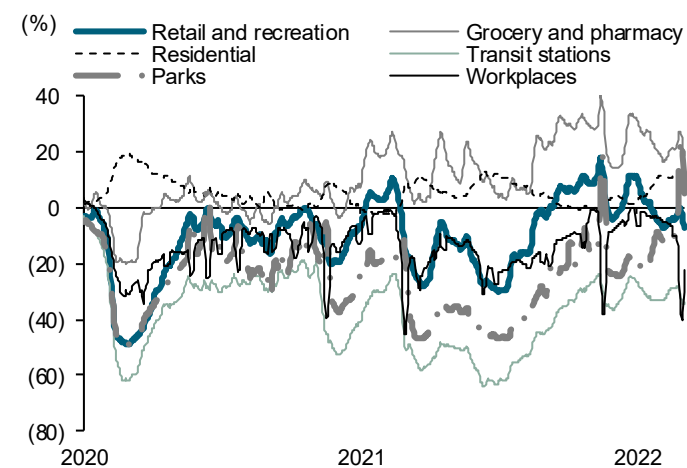
Thailand ranks among the world’s top tourism destinations in 2022. According to the Visa Global Travel Intentions Study, Thailand sits in 4th place among the world’s top tourism destinations in 2022 after the US, the UK, and India.

Thailand still ranks as one of the world’s safest places in 2022. According to a recent Bangkok Post report, Thailand slid to 8th place in a survey of 1,500 Americans’ perceptions on the world’s safest travel destinations, but is still in the world’s top 10. Canada snagged the winning spot during this survey with first place, followed by Iceland, Sweden, Japan, Ireland, Switzerland, South Korea, Thailand, New Zealand and Australia. The survey was taken by travel insurance provider Berkshire Hathaway Travel Protection, as part of its 2022 State of Travel Insurance Report.

Thailand ranks as the best destination in Asia for retirement. Based on the most recent report by Internationalliving.com, Thailand ranks as the best destination in Asia and the 11th best in the world in 2022 with the highest global retirement index rating, which is based on factors including the cost of living, food, medical costs, visa convenience, weather, things to do, traditions, and culture. The other top 10 countries for retirement in 2022 are Panama, Costa Rica, Mexico, Portugal, Ecuador, Colombia, France, Malta, Spain, and Uruguay.

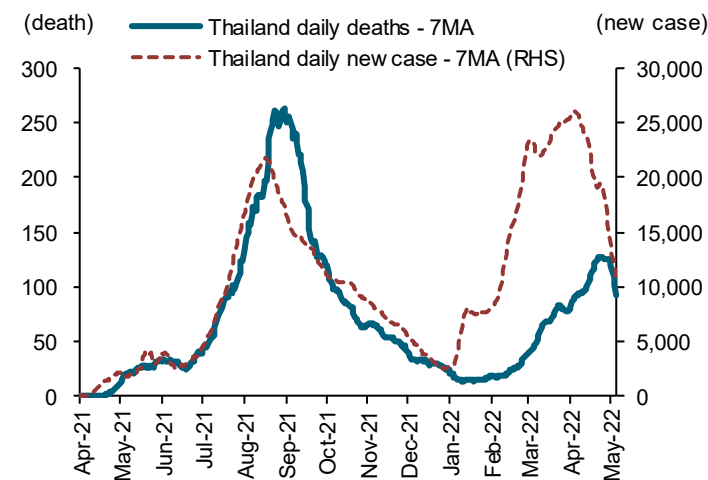
On top of its renowned beaches, other natural attractions and low cost of living, the country is well known for its affordable and high-quality healthcare which is one of the first things retirees seek for healthy and secure living after retirement. Also, obtaining a long-stay visa is easy and fast.

Exhibit 3: Thailand’s business activities returning to normal



Source: [Ourworldindata.org](https://ourworldindata.org)

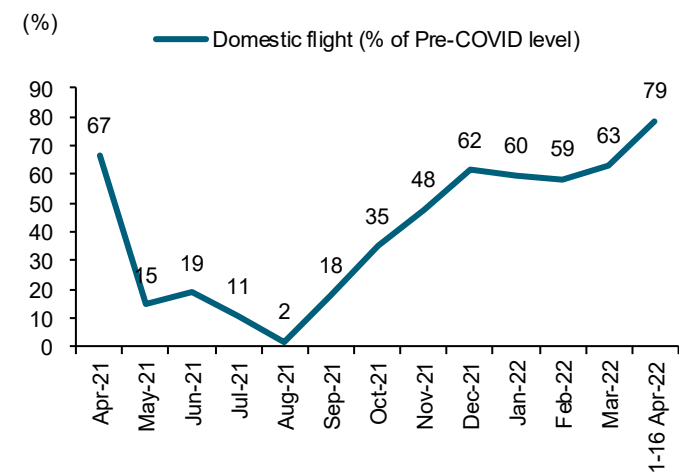
Exhibit 4: Thailand’s daily Covid-19 deaths vs new cases from Apr-21 to 5 May-22



Source: [Worldometers.info](https://worldometers.info)

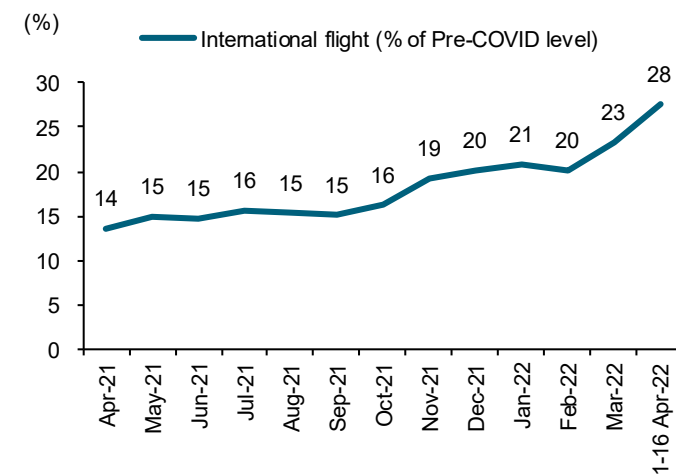
However, Thai GDP growth is still 2.5-3.5% below where it would have been without the pandemic. This shows the economy still has room to grow, buoyed by continued improvements in the tourism and export sectors as well as domestic spending growth, driven mainly by services (spending on goods decreased slightly). The shift back to spending on services is a key indicator of a continuing recovery, thanks to the country reopening and welcoming more international tourists.

Exhibit 5: Thailand domestic flights soaring



Source: AOT

Exhibit 6: Improving international flights to Thailand



Source: AOT

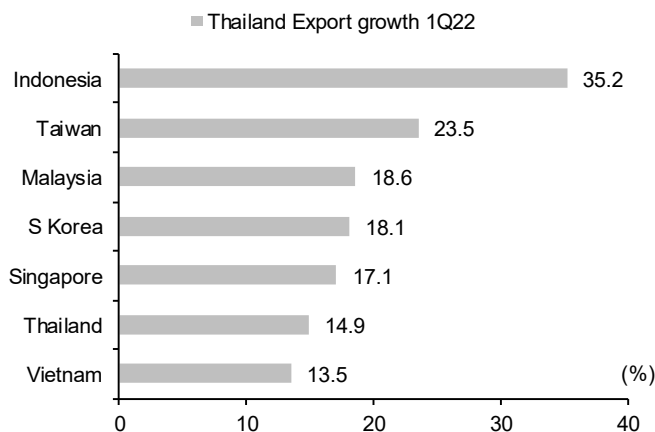
Driver #2: Thailand's export growth remains robust despite higher inflation

Although higher energy prices, particularly for crude oil and coal, are driving up overall inflation and increasing the country's production costs, we think Thailand should see a limited impact from the global commodity price hikes. In 2021, Thailand was a 20% net importer of crude oil worth 10-15% of the country's GDP (80% crude oil imports and 60% oil-related product exports, based on our estimate).

As a result of Thailand's export of 10-15% of its refined oil products to neighbouring countries, mainly via land transportation to Laos, Myanmar, and Cambodia, and with over 50% of its petrochemical products exported worldwide, the impact of the high crude oil price should be more muted than investors expect, in our view.

Exhibit 7: Thailand's export growth is in the regional top 10

Exhibit 8: Thailand's energy export/import values

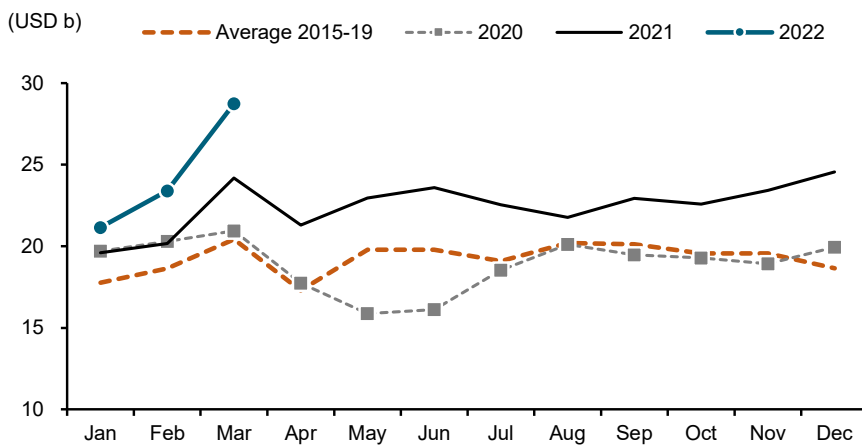


Source: Trade Policy and Strategy Office (TPSO), Ministry of Commerce

Source: Information and Communication Technology Center (ICTC), Ministry of Commerce

Export growth remains a vital factor. We believe that sustainable export growth should remain a key driver for Thai GDP in 2022 thanks to higher demand driven by the global economic recovery, supply disruptions, and a potential weakening of the THB currency exchange rate in the range of THB34-35/USD in 2022, based on our estimate.

Exhibit 9: Thailand's March exports reach a 30-year record high



Source: Bank of Thailand

The Ministry of Commerce (MOC) reported that Thailand's exports grew 19.5% y-y to USD28.8b in Mar-22, well above Bloomberg's consensus estimate of a 4.5% y-y increase – the highest level attained since records began in 1991. In 1Q22, Thai exports expanded by 14.9% y-y to USD73.6b, showing that exports are still a key factor supporting the growth of the Thai economy.

Export growth was mainly boosted by exports of agricultural and agro-industrial products, which rose for sixteen consecutive months with a y-y growth rate of 14.2%, while imports rose by 18.4% to USD74.5b, following the higher oil import value, which rose by 86.2% y-y due to the sharp rise in the oil price, resulting in a trade deficit of USD944m.

Limited SET downside from fund outflow ahead of Fed's QT

As recent data reveals, the fund outflow amid the Fed's latest moves to tighten its monetary policy have been much more muted than during previous cycles. In 4Q22, the cumulative impact of foreign institutional investors (FII) selling across Asia was less than during the Fed's 2017-19 spate of quantitative tightening (QT). In addition, as the latest May-22 Federal Open Market Committee meeting revealed, the Fed's balance sheet is expected to shrink by a monthly cap of USD30b UST and USD17.5b MBS in June, July and August, followed by USD60b UST and USD35b in subsequent months, reaching a terminal size of USD6-6.5t by late 2024 or early 2025.

As the Fed is shifting monetary tightening into higher gear, global equity markets including Thailand seem to be factoring in a sharper tightening scenario at a faster rate than we expect with market indexes correcting by over 10-20% globally.

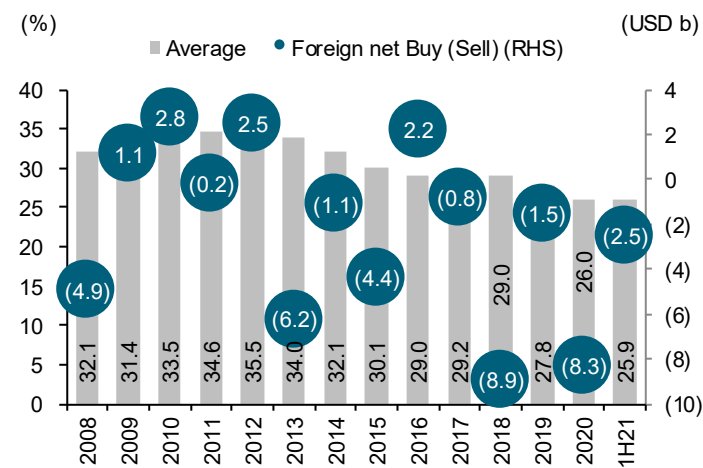
We believe the Asian economy should still see a meaningful recovery and improving corporate earnings in 2022 despite the negative impacts of high inflation and energy prices. In our view, these should be outweighed by the region's endemic growth factors such as the improvements in tourism, exports, and more stable currencies.

In particular, the equity markets in Indonesia, Thailand and Malaysia have seen net buying by foreign investors YTD, indicating that these three countries have been perceived by investors as more resilient and with stronger economies thanks to their individual strength – tourism for Thailand, and energy and commodity exports for Malaysia (palm, oil, LNG) and Indonesia (palm, coal).

Amid the FII buying in Asia, we think Thailand's equity market stands out as the most attractive market with strong fundamentals and more appealing valuations than its peers based on five factors, which are as follows:

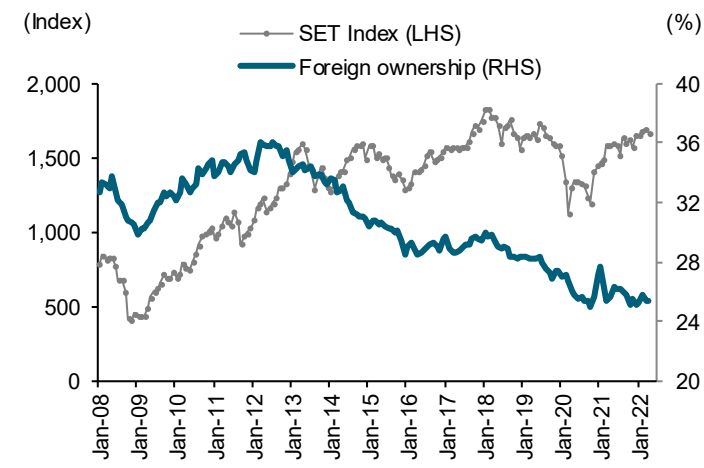
Appealing factor #1: Historically low foreign holdings at 26%, indicating that there should be a limited downside to any potential foreign sell-off and fund outflow. Since 2013, the Thai equity market witnessed only one net annual fund inflow for foreign purchases – in 2016 at USD2.2b – with the remainder being eight annual net sells of an accumulated USD32.6b in net selling vs only USD2.2b in net buying. This implies that the Thai equity market saw a net foreign fund outflow of USD30.4b from 2013 to 1H21.

Exhibit 10: Foreign net buy and position on the SET



Source: SET

Exhibit 11: SET: Foreign ownership remains low



Source: SET

Appealing factor #2: Net buy at USD3.6b from the beginning of the year to 6 May for the SET. Among major Asian equity markets, Thailand's equity market has seen a foreign net buy position in the aggregate amount of USD3.6b, the second time in a decade since 2013. Our analysis indicates that the foreign fund inflow from the net buy position has been poured into sectors and companies that possess strong fundamentals with a mostly domestic-driven earnings growth outlook.

The manifest examples include many large-cap companies in tourism (MINT), healthcare (BDMS, CHG, BH), financials (KKP), asset management companies (SINGER, JMT, MTC), oil stations (ESSO, BCP), and food & beverages (OSP).

We believe the likelihood of foreign fund outflows from these companies is low, based on:

Their earnings growth outlook remains strong in the 2022-23 post-pandemic period thanks to their internal growth drivers (organic growth expansion), sound business models (integrated and related businesses to unlock potential synergy), and healthy demand (domestic market demand for necessary products).

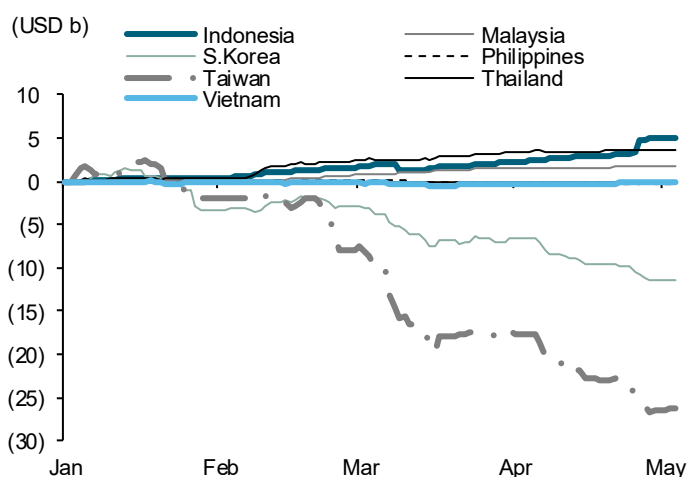
For the healthcare and hospital sector, although the windfall benefits from the Covid-19 pandemic should subside, the demand recovery from the return of foreign healthcare tourism and normal domestic demand should far outweigh the demand downside post Covid-19.

MINT, as a leading player in the hotel and tourism industries, is poised to gain the most from the upcoming tourism recovery both globally and in Thailand. Foreign holdings in this play are likely to be retained, if not increased, in our view.

Thai financial and asset management companies such as KKP, MTC, JMT, and SINGER, all have unique strengths in their business models and therefore we think they are likely to see strong industry demand in 2022-23.

Two integrated players in the refinery and oil station industries, BCP and ESSO, have seen strong foreign fund inflows from 1 Nov-21 to 27 Apr-22, with foreign holdings increasing by 2.4 ppt for ESSO and 5.5 ppt for BCP. We think the risk of foreign fund outflows for both ESSO and BCP are limited, as 1) their earnings growth outlook is strong in 2Q22 onward, driven by sharp rises in their gross refining margins, higher refinery utilisation rates to serve the rising demand from their downstream oil stations and for exports, and the improving earnings from the oil station business as oil demand is likely to rebound once the economic reopening fully matures.

Exhibit 12: Regional fund flows by country



Source: Bloomberg

Exhibit 13: Foreign holdings by selective stocks

| Stocks | 27-Apr-22 Foreign Holding (%) | 01-Nov-21 Foreign Holding (%) | Change (ppt) |
|--------|-------------------------------------|-------------------------------------|-----------------|
| SCB | 33.20 | 27.16 | 6.0 |
| TRUE | 30.17 | 30.48 | (0.3) |
| SINGER | 7.79 | 4.84 | 3.0 |
| KKP | 16.99 | 11.83 | 5.2 |
| ESSO | 8.76 | 6.41 | 2.4 |
| BCP | 21.16 | 15.66 | 5.5 |
| PLANB | 11.57 | 8.84 | 2.7 |
| BDMS | 26.96 | 21.09 | 5.9 |
| MINT | 57.82 | 45.24 | 12.6 |
| JMT | 11.99 | 9.48 | 2.5 |
| STEC | 14.29 | 11.36 | 2.9 |
| QH | 10.74 | 8.81 | 1.9 |
| STGT | 10.23 | 8.40 | 1.8 |
| MTC | 23.19 | 19.52 | 3.7 |
| OSP | 26.84 | 23.11 | 3.7 |
| CHG | 24.34 | 21.04 | 3.3 |
| COM7 | 14.21 | 12.41 | 1.8 |
| BH | 59.78 | 52.57 | 7.2 |

Source: SETSMART

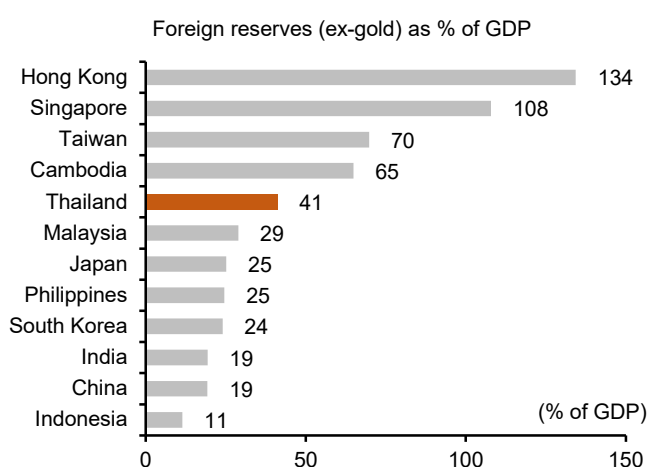
Appealing factor #3: A high foreign reserve to GDP ratio. We believe Thailand remains one of the financially strongest countries in Asia, if not globally, based on:

High foreign reserves excluding gold at 41% of GDP at the end of 2021, behind only Hong Kong, Singapore, Taiwan, and Cambodia.

Even under the rising interest rate trend, we believe Thailand should be able to withstand what could amount to a global economic storm in which high inflation, rising prices for energy and food, and the risk of a liquidity crunch due to the Fed's tightening monetary policy create havoc in global markets.

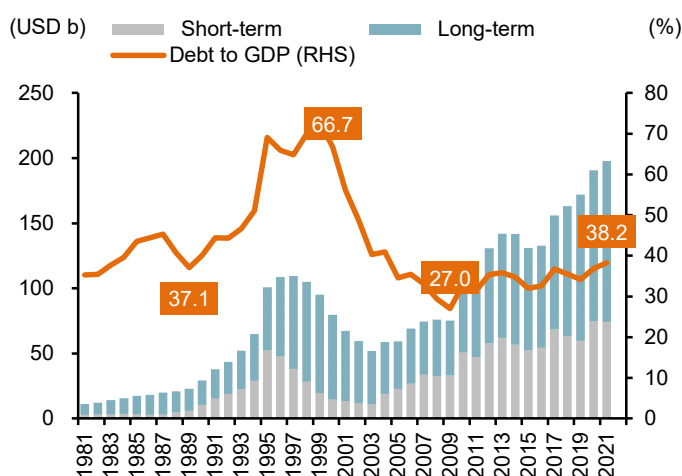
Our confidence in Thailand's economic resilience is based on improving revenue and capital inflows from rebounds in tourism and exports, the limited downsides from the country's 20% net energy import exposure, and the country's healthy balance sheet with high foreign reserves and a low debt-to-GDP ratio, which all together are likely to ensure not only survival, but also decent economic growth post the global economic reopening, in our view.

Exhibit 14: Regional foreign reserves to GDP (2021)



Source: Bloomberg

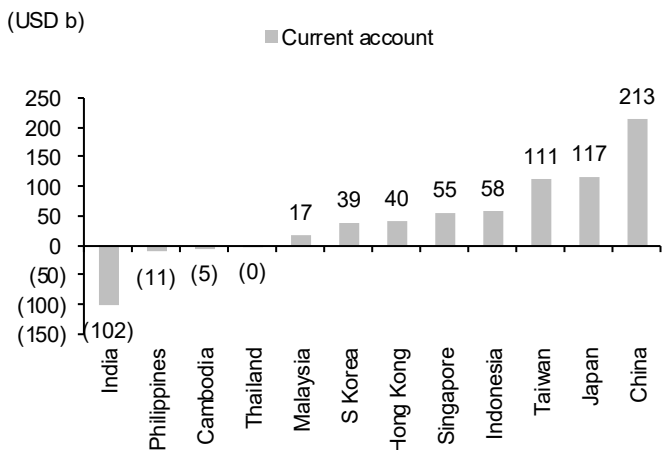
Exhibit 15: Thailand's external debt to GDP lower than in past



Source: Bank of Thailand

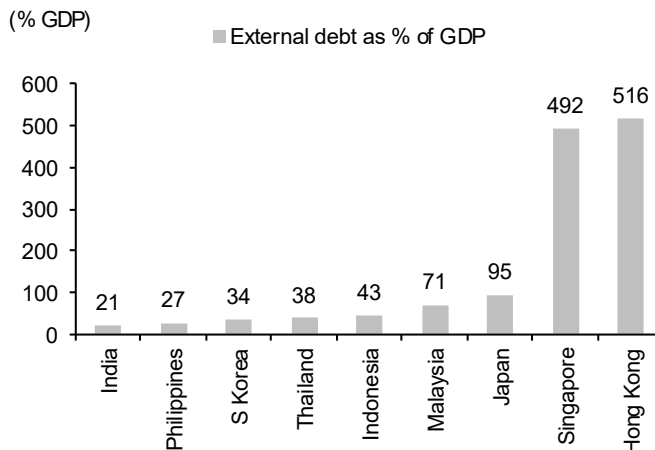
Appealing factor #4: Low debt to GDP ratio at 38% at end-2021. Despite the rising public debt to fund subsidies, multiple relief packages and measures aimed at battling the Covid-19 pandemic in 2020-21, Thailand's debt-to-GDP ratio stands at only 38%, up from its bottom level of 27% seen in 2009, and still far lower than the peak level of 66.7% in 1997 during the "Tom Yum Kung" financial crisis which was triggered in Thailand and later spread throughout Asia.

Exhibit 16: Thailand's current account deficit narrowing



Source: Bloomberg

Exhibit 17: Thailand's low external debt as % of GDP



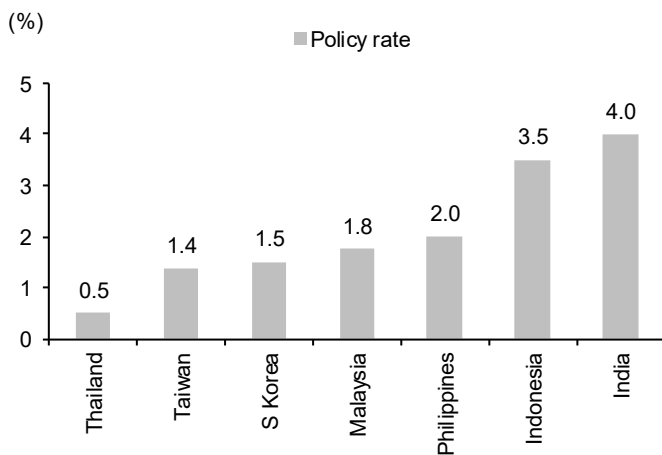
Source: Bloomberg

In addition, 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.

Appealing factor #5: The wider interest differential between Thailand and the US is more tolerable. We believe that the Bank of Thailand (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 1.50-2.0%, based on the BoT's historical track record.

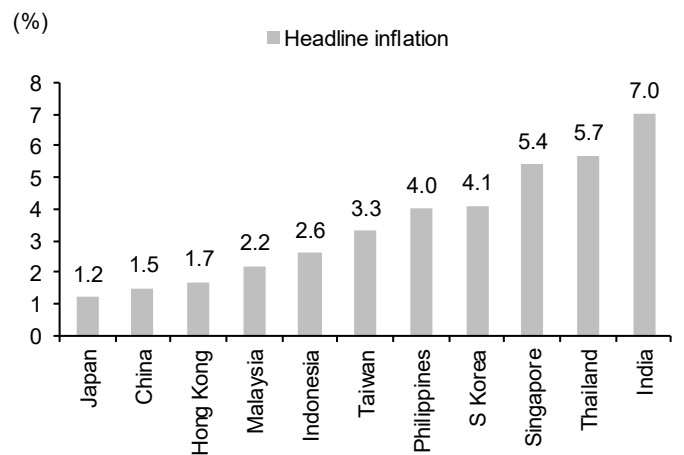
We note that the BoT raised its policy rate in 2018 when the interest rate differential between the BoT's policy rate and the Fed funds rate was around 1.0%, but we think this time in 2022-23 the BoT has more room to tolerate a wider interest rate differential against the Fed's policy interest rate thanks to Thailand's strong current account balance, high foreign reserves, and healthy banking system.

Exhibit 18: Thailand's policy rate lowest in region



Source: Bloomberg

Exhibit 19: Regional inflation by country as of Mar-22



Source: Bloomberg

Is the SET index overvalued? We don't think so

We think investors are now shifting their concerns for the global economy and capital markets from the previous “deflation” scenario coupled with a “too long and too low” global near-zero interest rate policy aimed at stimulating economic growth – which was exacerbated by the two-year Covid-19 pandemic – to fears of “stagflation” or even a potential “recession” due to the rise in global inflation caused by spikes in energy prices that are now leading to a global trend toward tighter monetary policy, led by the US Fed.

“Let the US stock market balloons deflate”. While the higher and faster rate hike by the Fed may jeopardise US GDP growth, we believe there is one key reason behind the Fed’s move to raise its policy rate quickly and ignore falling stocks on Wall Street.

Even with the recent US equity market corrections, we think the valuations of the US equity markets – S&P 500, Dow Jones, and particularly the NASDAQ, remain steeply expensive relative to their historical averages. Hence, the possibility for further market index declines might simply be viewed as the Fed opting to “let the air out of a pricey market” rather than as a reflection of economic trouble, in our view.

Even if the US stock market “balloon” pops, we expect Thailand’s SET index to outperform the US indexes in 2022, given that 1) valuations on the SET are much lower, based on the historical average; and 2) Thailand’s economic outlook remains healthy thanks to its strong balance sheet, the promising odds for a tourism rebound, and strong exports.

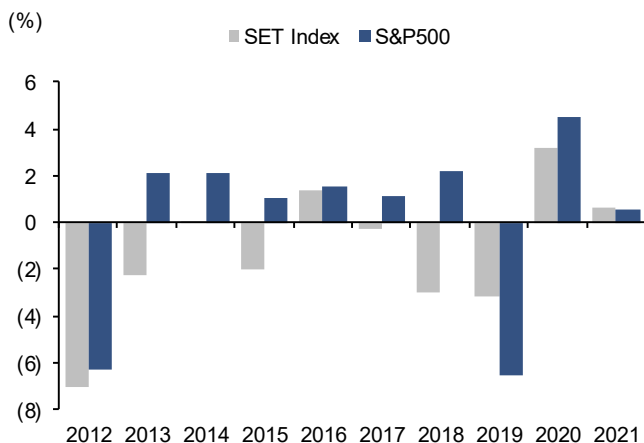
“Sell in May” possible if foreign fund inflow turns into outflow

In May of the past 10 years, SET index returns have registered six negatives and four positives. It underperformed the S&P 500 in eight out of the past 10 years, except in 2019 when the SET index dropped less than the S&P 500, and in 2021 when it rose slightly more than the S&P 500.

YTD, the 13% sell-off in the S&P 500 index vs the SET index’s mere 2% drop clearly substantiates our view that 2022 could be the year that the SET index outperforms the US stock market indexes. Thanks to the USD3.6b foreign fund inflow, mostly into the tourism, healthcare, financials and asset management companies, oil stations, and food sectors, we believe the likelihood for any major downside of over 25-30% for the SET index in 2022 remains remote.

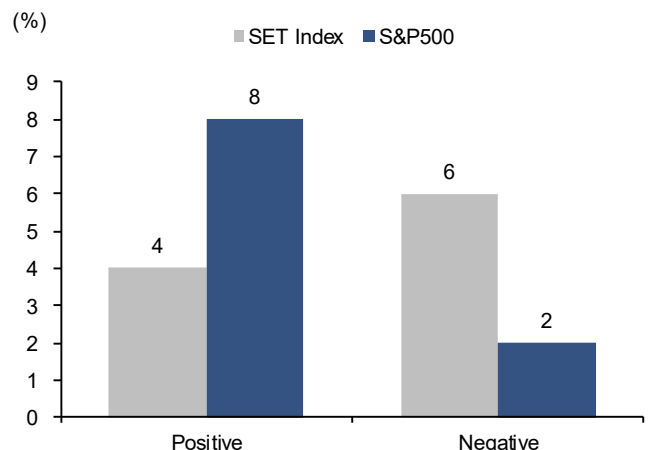
With a USD3.6b fund inflow, the downside is limited. We think the USD3.6b in foreign investments (year to 6 May) are likely to be retained in stocks with strong earnings growth outlooks as they should be the key beneficiaries from the tourism rebound and domestic consumption growth. As a result, we expect major corrections of over 30% for the US equity market indexes in 2022 but smaller corrections for the SET index within 20% from its recent peak level at 1,718 seen on 17 Feb-22.

Exhibit 20: SET index and S&P500 performance in May



Source: Bloomberg

Exhibit 21: Number of positive and negative returns in May for the last 10 years



Source: Bloomberg

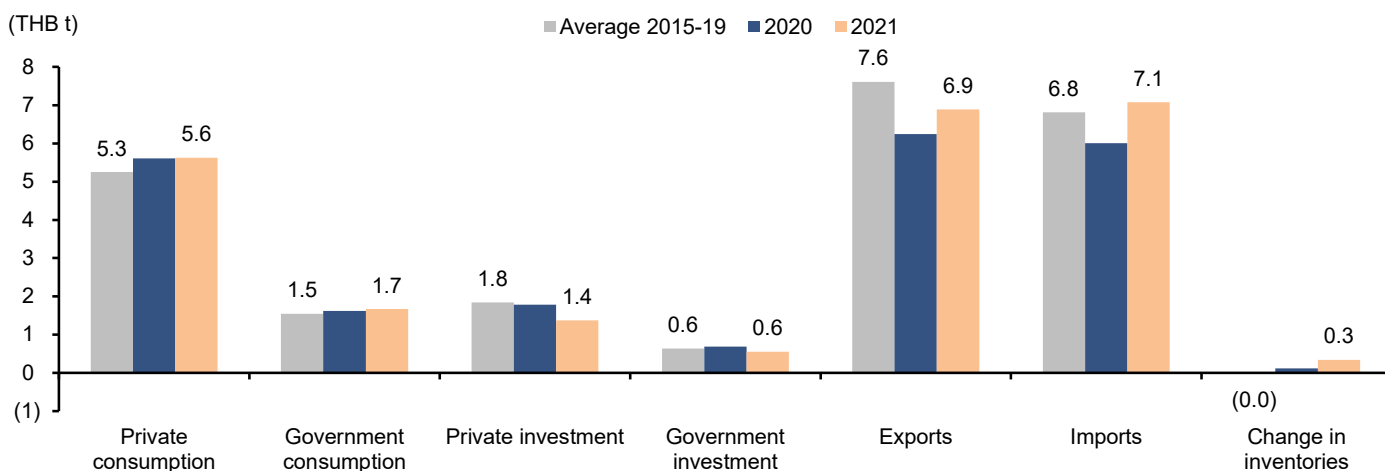
Among regional stock markets, based on multiple valuations and EPS growth, Thailand's stock market is trading at 15.2x 2023E P/E, far lower than Indonesia's 17.6x 2023E P/E, even with Thailand's higher ROE and dividend yield expected in 2023.

Thailand vs the US and Asian peers: economic and stock market index decoupling? Perhaps the most important factor would be the potential for a "decoupling" of economic growth between Thailand and the US, which could limit the risk of a plunge in the SET index amid sharp corrections in US stock market indexes.

We see three key divergence factors between Thailand and the US equity market.

First, fundamentally, while the US imports most of its products, Thailand is one of the world's leading exporters of food and soft commodities, which thereby allows Thailand to better withstand the higher inflationary pressures caused by rising prices for food and energy.

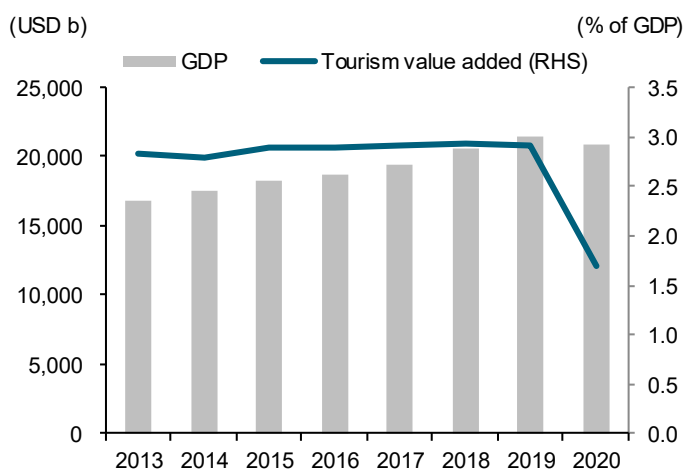
Exhibit 22: Thailand's GDP breakdown by expenditure



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

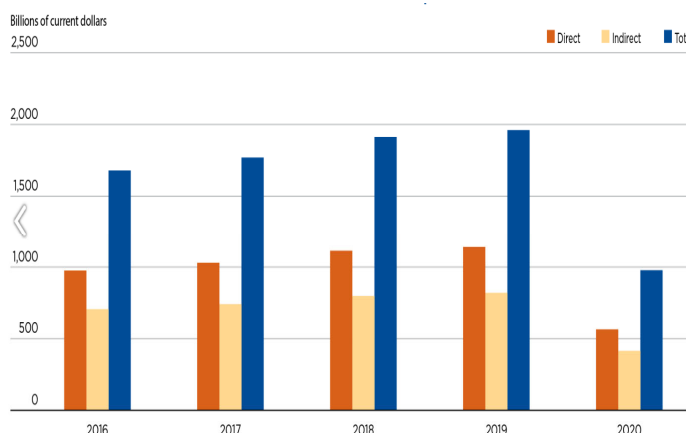
Second, while tourism revenue has a limited impact on US GDP as the sector and its value-added contributions amount to less than 3% of US GDP, based on the US Bureau of Economic Analysis (BEA), Thailand's tourism revenue accounted for 12% of its GDP during 2018-19 before plunging to only 3.5% in 2020 during the first Covid-19 outbreak, according to Global Economy. Hence, we believe the highly visible return of tourism to Thailand starting in 2H22 onward should have a much stronger economic impact on Thai corporate earnings and Thailand's GDP growth than US corporate earnings and US GDP growth in 2022-23.

Exhibit 23: US tourism value added as % of GDP



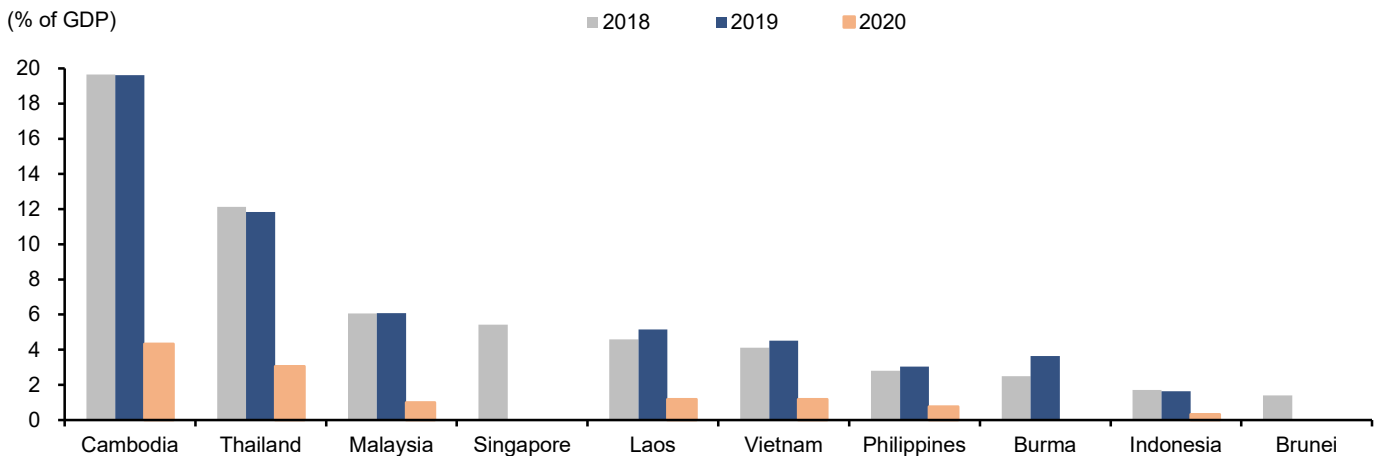
Source: US Bureau of Economic Analysis (BEA)

Exhibit 24: US total tourism-related revenue in 2016-2020



Source: US Bureau of Economic Analysis (BEA)

Exhibit 25: Tourism revenue in ASEAN countries



Sources: [The Global Economy](#); FSSIA's compilation

Strong corporate balance sheets with debt-to-equity ratios significantly lower than in 2008 or the 1997 financial crisis. After being stung by the 1997 economic crisis, Thai corporates have managed their financing requirements against their earnings growth using much more effective and conservative approaches than they did prior to 1997.

On top of their efficient and timely leveraging of the global “long and low” interest rate environment, Thai corporates have optimised their capital structure and managed to lock in interest rates at low levels ahead of the interest rate upturn, which many viewed would come sooner or later. Hence, we think the risks from rising global interest rates that lie ahead, whether for liquidity risk, insolvency risk, or earnings risk from higher financial burdens, have already been effectively managed well ahead of the Fed’s move to hike its policy rate in 1Q22.

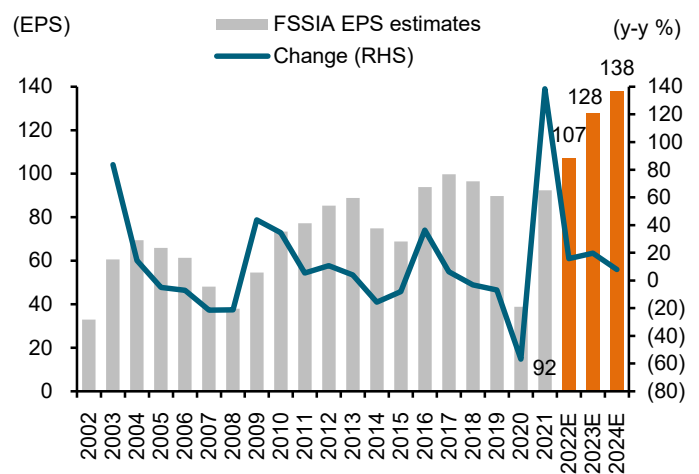
We think this can be seen in the Thai banking and financial system, which conservatively books high provisions, effectively manages questionable lending and loans, and timely divests non-performing loans to asset management companies possessing greater efficiency for recovering and managing bad or doubtful debts. As a result, despite the Covid-19 pandemic, Thai banks and financial companies have not only survived the crisis but also emerged as stronger financial organisations.

Exhibit 26: We expect the SET’s earnings to rise by 15.8% y- y in 2022 and 19.6% y-y in 2023

| Country | ----- EPS growth ----- | | |
|------------------------------------|------------------------|-----------------|-----------------|
| | 2022E (y-y%) | 2023E (y-y%) | 2024E (y-y%) |
| Thailand* (FSSIA estimates) | 15.8 | 19.6 | 7.8 |
| Thailand (Bloomberg consensus) | 10.3 | 5.1 | 13.7 |
| China | 22.0 | 16.4 | 11.3 |
| Hong Kong | (19.3) | 7.2 | 12.6 |
| India | 17.9 | 18.0 | 4.5 |
| Indonesia | 36.0 | (3.8) | 22.4 |
| South Korea | 7.5 | 11.0 | 7.9 |
| Malaysia | (0.5) | 11.5 | 5.0 |
| Philippines | 28.6 | 10.1 | 19.9 |
| Singapore | 11.8 | 13.2 | 9.9 |
| Taiwan | 8.3 | (0.5) | 0.9 |
| MSCI Asia Pacific Ex Japan | 8.8 | 9.9 | 10.2 |

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

Exhibit 27: FSSIA’s EPS and growth forecasts



Source: FSSIA estimates

Exhibit 28: Regional valuation comparisons

| Country | ----- EPS growth ----- | | | ----- PE ----- | | | ----- PBV ----- | | | ROE | Dividend |
|----------------------------|------------------------|------------|-------------|----------------|-------------|-------------|-----------------|------------|------------|------------|------------|
| | 2022E | 2023E | 2024E | 2021 | 2022E | 2023E | 2021 | 2022E | 2023E | | |
| | (%) | (%) | (%) | (x) | (x) | (x) | (x) | (x) | (x) | (%) | (%) |
| Malaysia | (0.5) | 11.5 | 5.0 | 15.0 | 15.1 | 13.6 | 1.6 | 1.5 | 1.4 | 10.2 | 3.9 |
| Philippines | 28.6 | 10.1 | 19.9 | 21.0 | 16.3 | 14.1 | 1.7 | 1.6 | 1.5 | 8.3 | 1.9 |
| Singapore | 11.8 | 13.2 | 9.9 | 13.6 | 13.0 | 11.3 | 1.1 | 1.1 | 1.0 | 8.9 | 4.2 |
| South Korea | 7.5 | 11.0 | 7.9 | 12.4 | 10.4 | 9.2 | 1.1 | 1.0 | 0.9 | 7.9 | 2.0 |
| Taiwan | 8.3 | (0.5) | 0.9 | 13.7 | 11.4 | 11.5 | 2.2 | 2.1 | 1.9 | 19.6 | 4.3 |
| Thailand | 10.3 | 5.1 | 13.7 | 18.1 | 17.3 | 15.4 | 1.7 | 1.7 | 1.6 | 8.2 | 2.7 |
| India | 17.9 | 18.0 | 4.5 | 25.1 | 19.8 | 17.0 | 3.6 | 2.9 | 2.6 | 15.5 | 1.5 |
| Indonesia | 36.0 | (3.8) | 22.4 | 20.6 | 19.1 | 17.4 | 2.1 | 0.3 | 0.2 | 5.7 | 2.2 |
| Vietnam | 24.1 | 22.7 | 19.1 | 17.4 | 13.0 | 10.2 | 2.6 | 2.1 | 1.7 | 19.5 | 1.3 |
| China | 22.0 | 16.4 | 11.3 | 18.5 | 12.1 | 10.3 | 2.3 | 1.6 | 1.4 | 11.4 | 2.6 |
| China (H-Shares) | (19.3) | 7.2 | 12.6 | 8.9 | 10.0 | 8.8 | 0.9 | 1.0 | 1.0 | 11.3 | 3.6 |
| US (Dow Jones) | 5.0 | 6.9 | 10.0 | 19.4 | 17.3 | 15.7 | 4.9 | 4.2 | 3.7 | 30.4 | 2.1 |
| US (S&P500) | 21.8 | 5.7 | 9.3 | 24.6 | 18.2 | 16.6 | 4.8 | 3.8 | 3.4 | 22.9 | 1.6 |
| US (NASDAQ) | 68.8 | 10.7 | 16.2 | 50.9 | 25.6 | 21.4 | 6.6 | 4.9 | 4.3 | 37.9 | 0.8 |
| Germany | 21.2 | 11.2 | 9.2 | 16.7 | 11.7 | 10.9 | 1.9 | 1.5 | 1.4 | 12.8 | 3.5 |
| UK | 52.5 | (2.8) | 2.1 | 15.2 | 10.6 | 10.4 | 1.8 | 1.7 | 1.5 | 11.5 | 4.1 |
| MSCI Asia Pacific Ex Japan | 8.8 | 9.9 | 10.2 | 15.5 | 12.5 | 11.1 | 1.7 | 1.5 | 1.4 | 11.7 | 2.7 |

Source: Bloomberg

Eight stocks FSSIA likes for May-22 if the economy stutters and markets gyrate

Exhibit 29: Our one-month tactical portfolio of select stock picks

| Company | BBG code | Key rationale |
|-------------------------|------------------------|--|
| PTT Explor & Prod | PTTEP TB, TP THB176 | We believe PTTEP's net profit growth in 2Q22 and 2022 will be strong, driven by 1) higher sales volumes from G1/G2 and Algeria; 2) a higher average selling price due to the higher liquid and gas prices; and 3) its low-cost structure, mainly from lower OPEX. PTTEP's guidance is for G1's production to rise from 250kboed in 2Q22 to 400kboed at end-2022, 600kboed in 2023, and 800kboed in Apr-24. |
| SCB X | SCB TB, TP THB160 | We expect SCB's 2Q22 net profit to increase significantly y-y while staying relatively stable q-q on the back of 1) lower provisions following its effective CDR program; and 2) its efficient cost control. |
| Energy Absolute | EA TB, TP THB122 | We believe EA's recent share price plunge on investors' three major concerns is unjustified, and see the share price correction as a strong buying opportunity ahead of EA's strong net profit growth that we project from its new EV and battery S-curve ventures. |
| Bumrungrad Hospital | BH TB, TP THB205.00 | We think BH's operations have already passed their bottom. International patient revenue should continue to improve following the reopening of Thailand's borders. |
| CK Power | CKP TB, TP THB6.60 | CKP is our top pick for two reasons. First, its near-term earnings growth momentum is strong and visible thanks to the seasonally higher earnings in 1H22 from its large-scale hydropower plant Xaiyaburi in Laos. Second, on a long-term basis, CKP is now poised to secure a new growth project, Luangprabang hydropower plant, with a total capacity of 1.4GW and a 42% stake owned by CKP vs Xaiyaburi's 1.2GW and 37.5% stake owned by CKP. |
| Intouch Holdings | INTUCH TB, TP THB86.80 | INTUCH is the most attractive dividend company in the ICT sector. Expected to pay a high dividend yield of 4% in 2022, ADVANC has a solid outlook, while THCOM should no longer be a burden, leading to a fine outlook for INTUCH. INTUCH is now more attractive than ADVANC, in our view, as we estimate that it could pay a higher dividend yield at 4% vs ADVANC's 3.4% in 2022. |
| Singer Thailand | SINGER TB, TP THB74 | First, we think SINGER has just entered into a new S-curve growth phase. After unlocking its source of funds, it has effectively employed the new capital by lending new loans. We expect impressive loan growth of 7.7% q-q in 1Q22, resulting in a record high 1Q22 net profit of THB236m. We expect its net profit to surge by 78% y-y in 2022, with strong momentum in every quarter. In 2023, we have a solid conviction that its net profit should jump 37% y-y. |
| Star Petroleum Refining | SPRC TB, TP THB14.00 | SPRC is our top pick in the Thai refinery sector given its highest leverage on the current strong market gross refining margin. SPRC is Thailand's only pure refinery play with high operational efficiency. |

Source: FSSIA estimates

Exhibit 30: Summary of key valuations of FSSIA's top picks for May 2022

| Company | BBG | --- Share price --- | | Up side (%) | ----- Recur profit ----- | | | Rec profit grth | | P/E | DivYld | ROE | PBV |
|-------------------------|-----------|---------------------|-----------------|-------------------|--------------------------|----------------|----------------|-----------------|------------|------|--------|------|-----|
| | | Current (THB) | Target (THB) | | 21 (THB m) | 22E (THB m) | 23E (THB m) | 22E (%) | 23E (%) | | | | |
| PTT Explor & Prod | PTTEP TB | 154.50 | 176.00 | 14 | 48,531 | 54,880 | 51,174 | 13.1 | (6.8) | 11.2 | 5.7 | 12.9 | 1.4 |
| SCB X | SCB TB | 113.50 | 160.00 | 41 | 35,599 | 38,181 | 42,621 | 7.3 | 11.6 | 10.1 | 4.4 | 8.4 | 0.8 |
| Energy Absolute | EA TB | 85.25 | 122.00 | 43 | 5,983 | 10,650 | 13,543 | 78.0 | 27.2 | 29.9 | 0.8 | 28.7 | 7.6 |
| Bumrungrad Hospital | BH TB | 161.50 | 205.00 | 27 | 1,274 | 2,731 | 4,199 | 114.4 | 53.8 | 47.1 | 2.0 | 15.7 | 7.4 |
| CK Power | CKP TB | 5.25 | 6.60 | 26 | 2,213 | 3,103 | 3,121 | 40.2 | 0.6 | 13.8 | 1.9 | 11.8 | 1.5 |
| Intouch Holdings | INTUCH TB | 70.75 | 86.80 | 23 | 10,379 | 11,654 | 12,810 | 12.3 | 9.9 | 19.5 | 4.4 | 28.0 | 5.3 |
| Singer Thailand | SINGER TB | 50.75 | 74.00 | 46 | 701 | 1,244 | 1,708 | 77.5 | 37.3 | 33.7 | 1.8 | 8.1 | 2.7 |
| Star Petroleum Refining | SPRC TB | 11.00 | 14.00 | 27 | 1,937 | 7,375 | 6,844 | 280.7 | (7.2) | 6.5 | 3.6 | 19.6 | 1.2 |

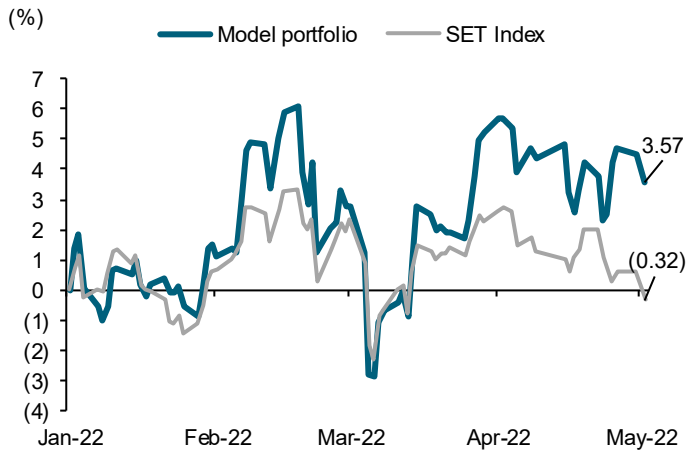
Share prices as of 6 May 2022

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, HMPRO, AMATA, BA, JMT, BGRIM, IVL, BTS, SCB, KBANK, GULF, and EA as conviction BUYs for 2022.

Exhibit 31: FSSIA's 2022 model portfolio performance



As of 5 May-22
Sources: FSSIA; Bloomberg

Exhibit 32: Changes to FSSIA's 2022 model portfolio (1 Jan-22 to 5 May-22)

| Top BUY | Performance (% change from 1 Jan-22 to 5 May-22) |
|---------|---|
| AOT | 10.2 |
| MINT | 19.1 |
| HMPRO | 0.7 |
| AMATA | (4.8) |
| BA | 19.0 |
| JMT | 16.8 |
| BGRIM | (21.0) |
| IVL | 3.5 |
| BTS | (4.3) |
| SCB | (9.1) |
| KBANK | 3.9 |
| GULF | 4.4 |
| EA | (9.4) |

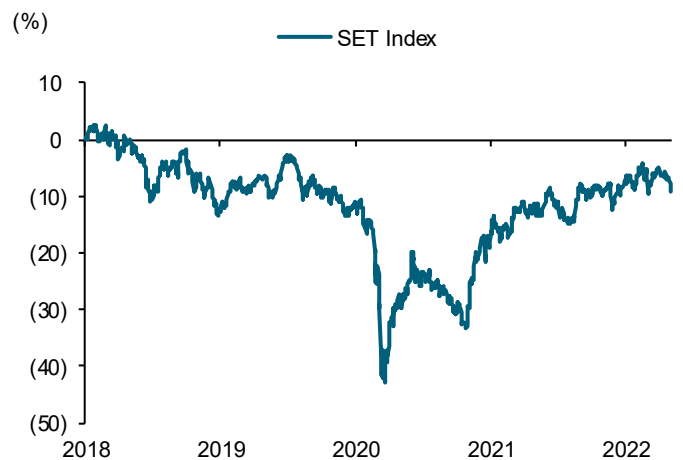
Source: FSSIA

Exhibit 33: Model portfolio sector tilts in May 2022

| Overweight | Key rationale |
|------------------------|--|
| Oil & Gas | Valuation to rerate on the higher oil and gas prices with the prolonged war in Ukraine |
| Refinery | Beneficiary of higher oil demand as the travel sector continues to recovery |
| ICT | Lower impact from higher inflation while cash flow remains strong |
| Tourism | Short-term catalyst would be the recovery of European tourism over 2Q-3Q22 and Thailand's reopening |
| Neutral | |
| Commerce | Although SSSG is recovering, growth is still slower than expected |
| Healthcare | Expect solid 1Q22E earnings, but rising share prices have already factored that in |
| Underweight | |
| Rubber Gloves | Covid-19, globally and in Thailand, is on a downtrend |
| Construction Materials | Margin narrowed on energy and transportation cost hikes |
| Construction Services | There are no new projects for bidding as the government is in safe mode before the voting next month |
| Auto | Higher cost pressure from soaring steel prices |

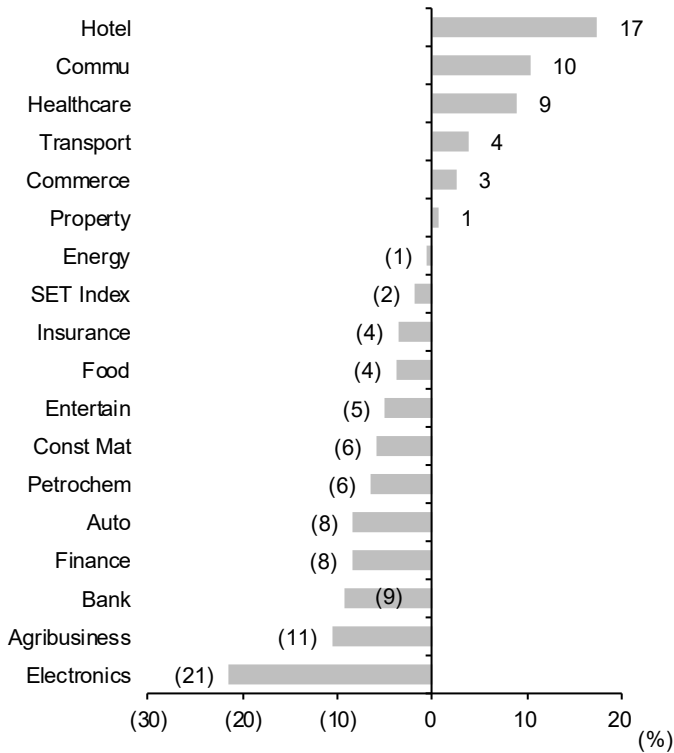
Source: FSSIA

Exhibit 34: SET index performance from Jan-18 to 5 May-22



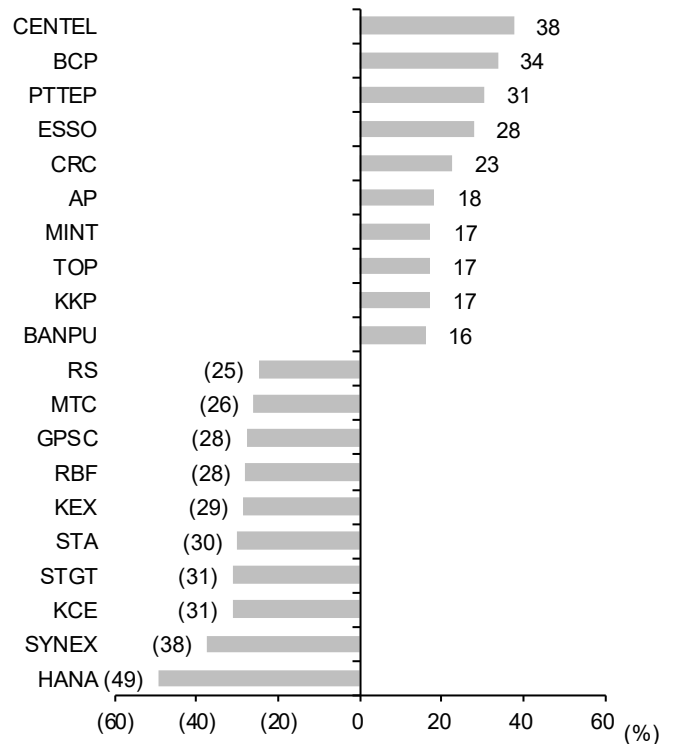
Source: Bloomberg

Exhibit 35: SET sector performance YTD



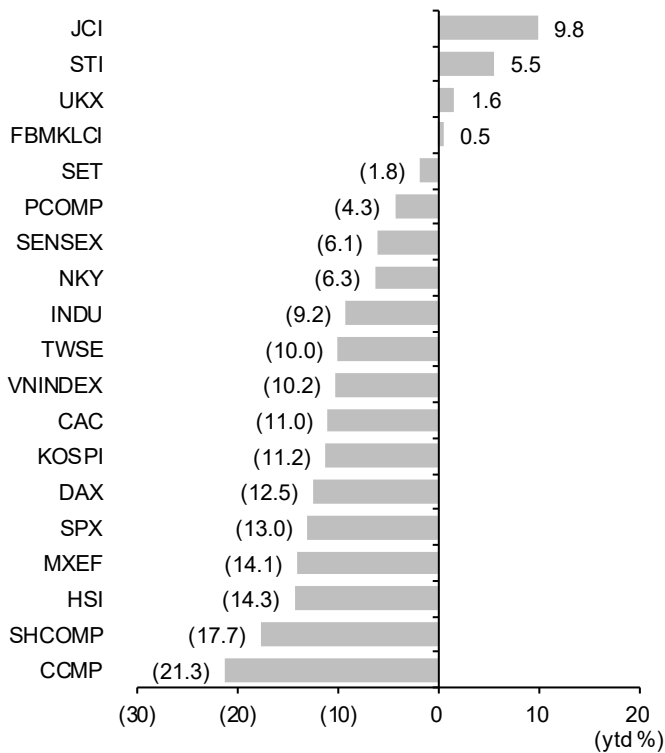
As of 5 May-22
Source: Bloomberg

Exhibit 36: Top 10 stocks performance YTD



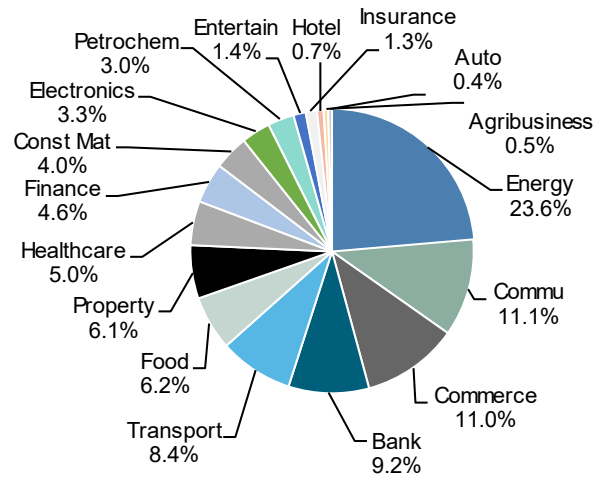
As of 5 May-22
Source: Bloomberg

Exhibit 37: Key regional indexes, 2022 YTD



As of 5 May-22
Source: Bloomberg

Exhibit 38: SET index market cap weighted by sector



As of 5 May-22
Source: Bloomberg

Corporate Governance report of Thai listed companies 2020

| EXCELLENT LEVEL | | | | | | | | | | |
|-----------------|--------|--------|-------|-------|-------|--------|--------|--------|--------|-------|
| AAV | ADVANC | AF | AIRA | AKP | AKR | ALT | AMA | AMATA | AMATAV | ANAN |
| AOT | AP | ARIP | ARROW | ASP | BAFS | BANPU | BAY | BCP | BCPG | BDMS |
| BEC | BEM | BGRIM | BIZ | BKI | BLA | BOL | BPP | BRR | BTS | BWG |
| CENTEL | CFRESH | CHEWA | CHO | CIMBT | CK | CKP | CM | CNT | COL | COMAN |
| COTTO | CPALL | CPF | CPI | CPN | CSS | DELTA | DEMCO | DRT | DTAC | DTC |
| DV8 | EA | EASTW | ECF | ECL | EGCO | EPG | ETE | FNS | FPI | FPT |
| FSMART | GBX | GC | GCAP | GEL | GFPT | GGC | GPSC | GRAMMY | GUNKUL | HANA |
| HARN | HMPRO | ICC | ICI | III | ILINK | INTUCH | IRPC | IVL | JKN | JSP |
| JWD | K | KBANK | KCE | KKP | KSL | KTB | KTC | LANNA | LH | LHFG |
| LIT | LPN | MAKRO | MALEE | MBK | MBKET | MC | MCOT | METCO | MFEC | MINT |
| MONO | MOONG | MSC | MTC | NCH | NCL | NEP | NKI | NOBLE | NSI | NVD |
| NYT | OISHI | ORI | OTO | PAP | PAP | PCSGH | PDJ | PG | PHOL | PLANB |
| PLAT | PORT | PPS | PR9 | PREB | PRG | PRM | PSH | PSL | PTG | PTT |
| PTTEP | PTTGC | PYLON | Q-CON | QH | QTC | RATCH | RS | S | S & J | SAAM |
| SABINA | SAMART | SAMTEL | SAT | SC | SCB | SCC | SCCC | SCG | SCN | SDC |
| SEAFCO | 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) |

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.

This report has been prepared by FSS International Investment Advisory Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSS makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSS has no intention to solicit investors to buy or sell any security in this report. In addition, FSS does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

| Company | Ticker | Price | Rating | Valuation & Risks |
|--------------------------------|-----------|------------|--------|---|
| PTT Explor & Prod | PTTEP TB | THB 154.50 | 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. |
| SCB X | SCB TB | THB 113.50 | 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 85.25 | 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. |
| Bumrungrad Hospital | BH TB | THB 161.50 | BUY | Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) higher medical fee discount promotions, leading to a weaker EBITDA margin. |
| CK Power | CKP TB | THB 5.25 | 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. |
| Intouch Holdings | INTUCH TB | THB 70.75 | BUY | The key downside risks to our NAV-discounted TP are if the sluggish performance from the satellite business continues and if there is a slower-than-expected 5G adoption rate. |
| Singer Thailand | SINGER TB | THB 50.75 | BUY | Downside risks to our GGM-derived TP include 1) an economic slowdown leading to slower loan growth and lower sales of electrical products and home appliances; and 2) deteriorating asset quality. |
| Star Petroleum Refining | SPRC TB | THB 11.00 | BUY | TP is based on EV/EBITDA. Downside risks are a sharp rise in oil price and weak demand for refined oil products. |
| Minor International | MINT TB | THB 34.00 | 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. |
| Bangkok Dusit Medical Services | BDMS TB | THB 24.80 | 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. |
| Chularat Hospital | CHG TB | THB 3.66 | 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. |
| Kiatnakin Bank | KKP TB | THB 70.25 | BUY | Downside risks to our GGM-based target price include weakening asset quality and lower fee income. |
| JMT Network Services | JMT TB | THB 78.50 | 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. |
| Muangthai Capital | MTC TB | THB 43.75 | 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. |
| Esso Thailand | ESSO TB | THB 9.55 | BUY | 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. |
| Bangchak Corp | BCP TB | THB 34.50 | BUY | The downside risks to our SoTP-based TP include: 1) lower-than-expected demand for petroleum products; 2) higher crude premiums; and 3) unplanned shutdowns of the company's refinery plants. |
| Osotspa PCL | OSP TB | THB 33.50 | BUY | The key downside risks to our DCF-based TP are 1) a decline in energy drink market share in Myanmar due to strong competition; 2) a slow recovery in the economy; and 3) lower-than-expected SG&A savings from the Fast Forward 10X program. |
| Airports of Thailand | AOT TB | THB 66.50 | 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 Airways | BA TB | THB 11.40 | 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 8.85 | 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 19.30 | 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. |
| B.Grimm Power | BGRIM TB | THB 31.00 | 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 44.50 | 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. |
| Home Product Center | HMPRO TB | THB 14.50 | 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. |
| Advanced Info Service | ADVANC TB | THB 208.00 | 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. |
| Thaicom | THCOM TB | THB 9.05 | 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; and 2) if it can form a partnership with NT or LEO satellite operators. |
| Kasikornbank | KBANK TB | THB 147.00 | 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 47.25 | 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. |

Source: FSSIA estimates

Additional Disclosures

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

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

All share prices are as at market close on 06-May-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.