

Thailand Market Strategy

LT GDP growth vs ST inflation and interest rate risks

- We think that the appropriate timing for a gradual policy normalisation would likely limit the impact on the economic recovery and SET index.
- Crude oil price outlook is key for further inflation, which is hard to control.
- An increase in the policy rate by c0.25% would potentially not only hurt Thai GDP less than the inflation impact but it could curb rising inflation.

Inflation spike likely to lead to sooner-than-expected policy rate hike in Aug-22

We think that Thailand's headline inflation of 7.1% y-y, a 13-year high, in May-22 – mostly attributed to the rise in energy and food prices – is likely to prompt the Bank of Thailand (BoT) to raise its policy interest rate by at least 0.25% in 2022; a slightly faster pace than the market anticipates. The latest data also raises questions over whether the BoT would change its tactics as it seeks to combat high inflation. We expect the BoT to increase its policy rate for the first time after the next meeting in Aug-22 due to three key reasons – to curb inflation; decent GDP expected on a tourism recovery; and a healthy current account.

Economic growth remains rosy despite rising inflation risk

While the risk for headline inflation remains high in 3Q22 due to the low base effect and the rising crude oil prices, we think a policy rate hike by 25 basis points would only moderate the GDP but could efficiently calm the inflation in a timely manner. We believe Thailand's economic and financial resilience will be sufficient, supported by Thailand's ongoing strong revenue and capital inflows from the rebounds in tourism and exports, which should offset the country's 20% net energy import exposure (80% of imports for oil consumption net of 60% exports of refined oil and petrochemical products). In addition, Thailand's balance sheet remains healthy, supported by its high foreign reserves and a low debt-to-GDP ratio, plus the strong Thai commercial banks with high and sufficient levels of capital funding and loan loss provisions along with ample liquidity in the financial system.

Winners on commodity price, interest rate, and pricing power increases

Under the rising interest rate, recovering economic growth, and a healthy current account and reserves, we have identified the winning sectors as tourism, healthcare, banks and energy. We think BANPU and refiners are the winners on rising commodity prices due to their stronger-for-longer margins on the back of the globally tightening supply and rising demand. The banking sector should be the winner on the interest rate upturn, with top picks KTB and KKP. BCH and BDMS are our top picks for "winners on greater pricing power", given their high pricing power to raise service charges to drive up margins and earnings thanks to the pent-up demand from both domestic and overseas patients post Covid-19.

Buy on the dip: Short-term macro pain ahead of Thailand's long-term GDP gain

We retain our 2022 SET index target of 1,854, based on 17.33x 2022E P/E, the 12-year average level, with FSSIA's SET EPS 2022 forecast at THB107 per share. Our winning stock picks amid the rising inflation, upcycle interest rate and pricing power are: KTB, KKP, BANPU, ESSO, GUNKUL, BCH and BDMS.



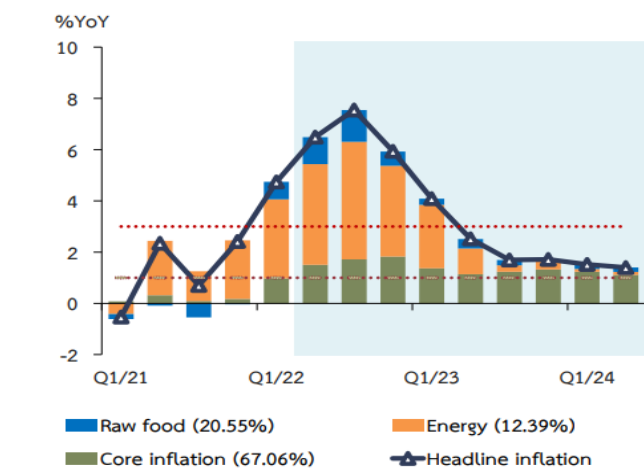
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Higher inflation may trigger BoT rate hike

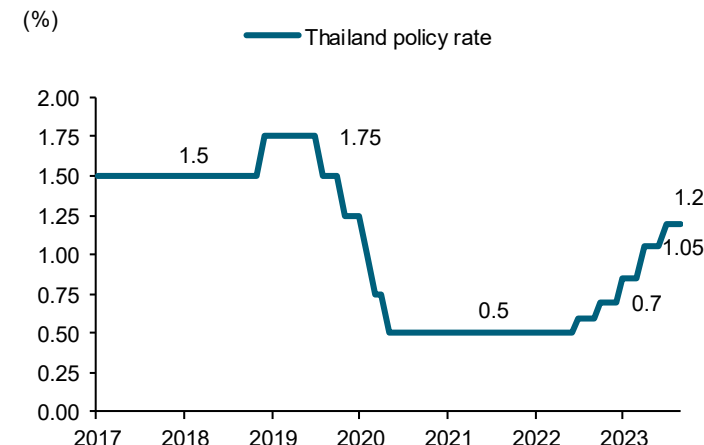
We think that Thailand’s headline inflation of 7.1% y-y, a 13-year high, in May-22 – mostly attributed to the rise in energy and food prices – is likely to prompt the BoT to raise its policy interest rate by at least 0.25% in 2022; a slightly faster pace than the market anticipates. The latest data also raises questions over whether the BoT would change its tactics as it seeks to combat high inflation. We expect the BoT to increase its policy rate for the first time after the next meeting in Aug-22 due to three key reasons – to curb inflation, decent GDP on the tourism recovery, and a healthy current account.

Exhibit 1: Thailand inflation hit a 13-year high in May-22 at 7.1%; expect headline inflation to peak in 3Q22



Sources: Ministry of Commerce and BoT

Exhibit 2: Expect BoT’s first rate hike in the next meeting in Aug-22

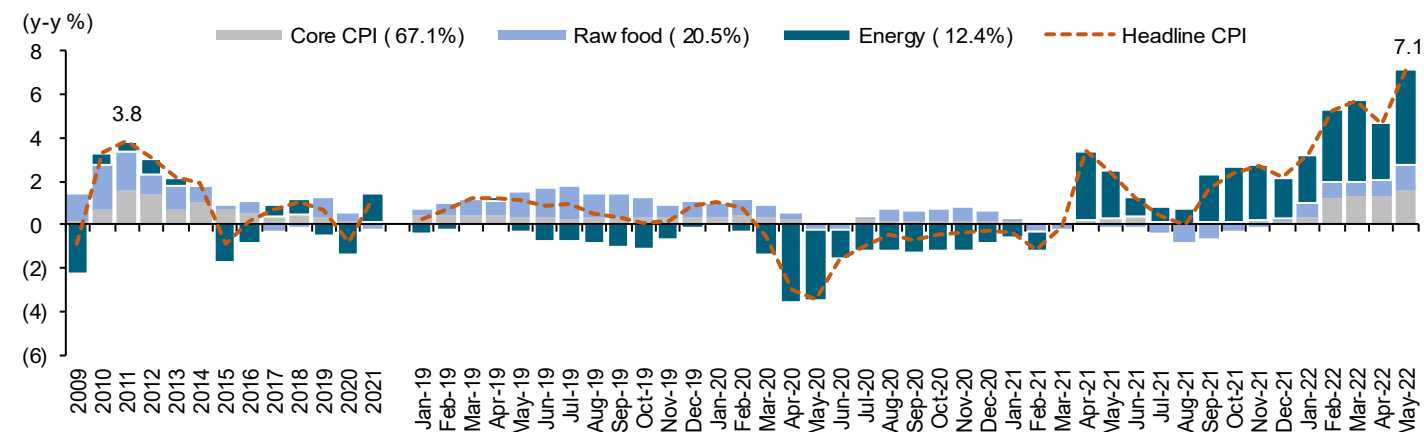


Note: 2022 and 2023 are estimated data
Source: Bloomberg

Taming inflation at the expense of GDP growth. We believe that headline inflation will continue to increase and remain elevated in the short term, or in 3Q22, due to the low base effect and the rising crude oil prices and higher costs being passed through to customers. We think a policy rate hike by 25 basis points would only moderate the GDP but could efficiently calm inflation in a timely manner.

While the core Consumer Price Index (CPI; 67.1% weight on headline CPI base in 2019) rose only marginally, the headline CPI jumped to 7.1% in May-22, driven mainly by the energy price (12.4% weight in headline CPI) hike as Thailand has to import 80% of its crude oil consumption of 1mbpd for the refinery industry and around 10% of its gas consumption of 4,500mmscfd via LNG imports for the refinery industry and around 10% of its gas consumption of 4,500mmscfd via LNG imports on both contract (5.2mtpa or 728mmscfd) and spot LNG (4.5mtpa or 680mmscfd), whose prices have jumped due to the rising supply risk as a result of the energy sanctions by the US and EU countries against Russia.

Exhibit 3: Contribution to Thailand Consumer Price Index by sector, y-y

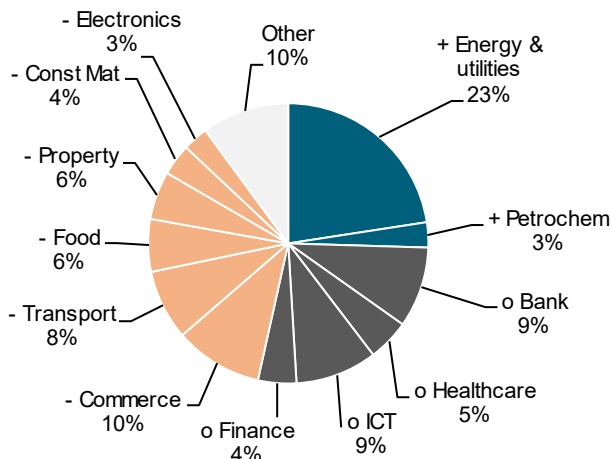


Sources: Office of the National Economic and Social Development Council (NESDC), Ministry of Commerce

While energy costs account for over 50% of the headline CPI, the energy and utilities sector as well as the oil-related petrochemical sector together contributed 26% of Thailand's equity market cap on the SET as of 1Q22. Hence, the higher energy prices have benefited the earnings of these energy and petrochemical sectors and driven up the share prices of the companies in those sectors.

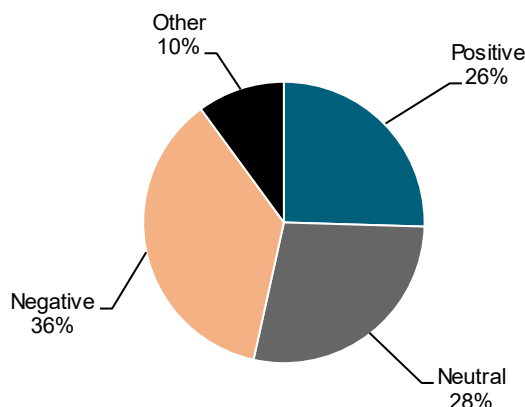
Decent GDP growth on tourist arrivals. The BoT quietly ensures that the recovery of the Thai economy will continue on target, thanks to the improving domestic consumption, especially in the service sector on the back of higher foreign tourist arrivals following the relaxation of border controls and the pent-up demand that led the BoT to upgrade its 2022 foreign arrivals forecast to 6m, up from its previous forecast of 5.6m in Mar-22.

Exhibit 4: SET's inflation-linked sectors by market capitalisation



As of 13 Jun 2022
Sources: Bloomberg; FSSIA's compilation

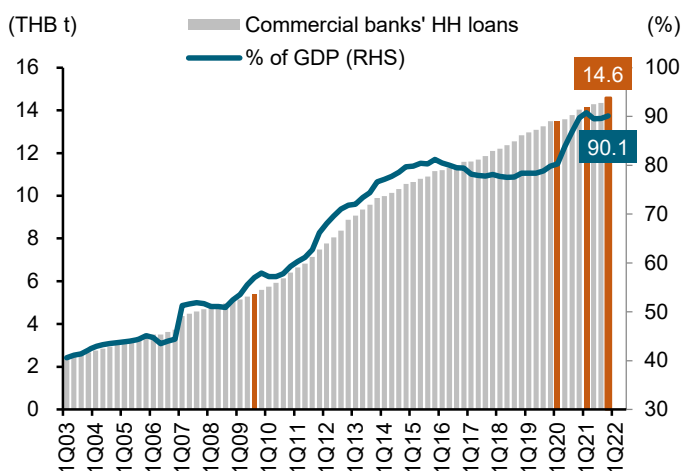
Exhibit 5: Inflation-linked sectors by earning



As of 13 Jun 2022; 12-month trailing net profit
Sources: Bloomberg; FSSIA's compilation

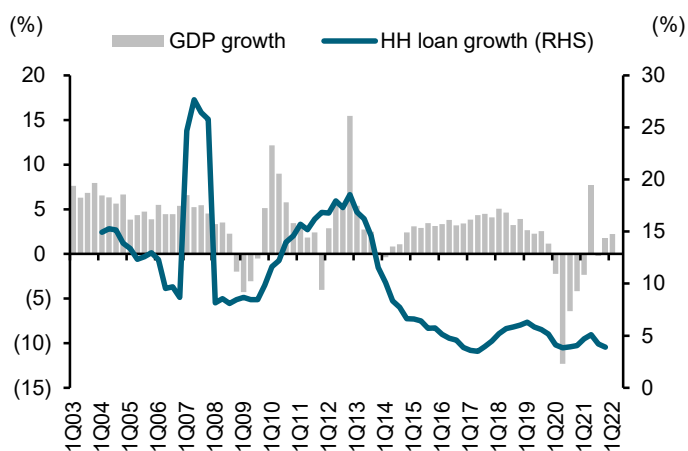
Healthy cash flows with more balanced service income inflows vs energy import outflows. We believe Thailand's economic and financial resilience will be timely and sufficiently supported by Thailand's ongoing strong revenue and capital inflows from the rebounds in tourism and exports, which should offset the country's 20% net energy import exposure (80% of imports for oil consumption net of 60% exports of refined oil and petrochemical products).

Exhibit 6: Household loans at commercial banks



Source: Bank of Thailand

Exhibit 7: Household loan growth vs GDP growth



Source: Bank of Thailand

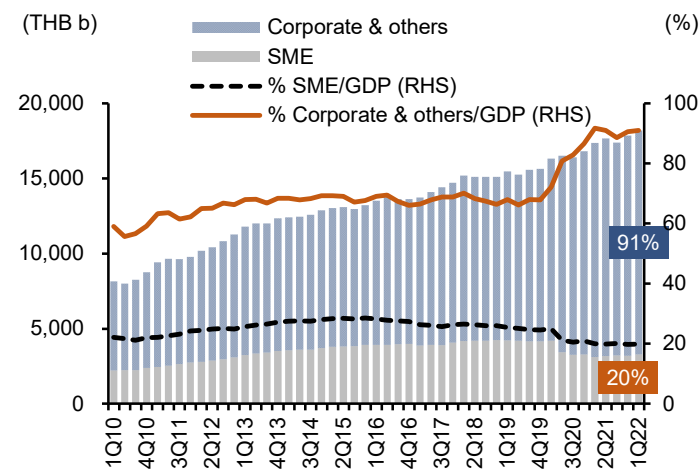
In addition, Thailand's healthy balance sheet should be supported by its high foreign reserves and a low debt-to-GDP ratio, which altogether are likely to ensure not only survival, but also decent economic growth post the global economic reopening.

Meanwhile, we believe Thai commercial banks have high and sufficient levels of capital funding and loan loss provisions with ample liquidity in the financial system amid liquidity disruptions for some economic sectors.

The rising household debt is a grave concern that the BoT and government have placed great emphasis on and monitored constantly. Household debt was at 90.1% of GDP as of 1Q22, a relatively high level compared to the average of only 40% among emerging market countries during the same period.

We think Thailand's economic recovery is highly visible thanks to the continued strong exports and rising incomes from tourism, which are likely to stimulate domestic consumption in the medium and long term. This should lead to a higher ability for borrowers to repay their debts. As the Thai economy continues to recover, the country's household debt should be reduced, mainly due to improving incomes against expenditures.

Exhibit 8: Thailand's commercial bank loans by borrower

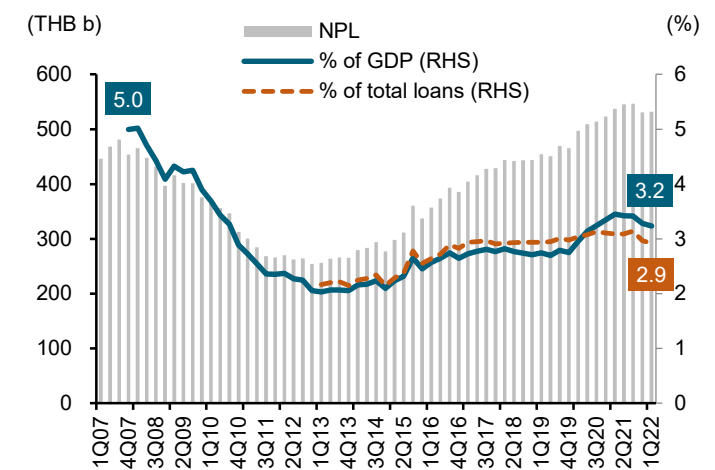


Source: Bank of Thailand

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

We think that Thai corporates have optimised their capital structures and managed to lock in their interest rates at low levels ahead of the interest rate upturn, which many expected to 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 US Federal Reserve's move to hike its policy rate since 1Q22.

Exhibit 9: Commercial banks' non-performing loans (NPL) as % of total loans and as % of GDP



Source: Bank of Thailand

Short term pain, long term gains; maintain Overweight on the SET

We retain our 2022 SET index target of 1,854, based on 17.33x 2022E P/E, the 12-year average level, with FSSIA's SET EPS 2022 forecast at THB107 per share, based on the companies under FSSIA's coverage (127 companies which account for c74% of the SET's market cap), higher than BBG's consensus forward EPS forecast of THB103.93 in 2022, as of 14 Jun-22.

With the ongoing Thai economic recovery, our solid corporate earnings growth projections, inflation likely peaking in 3Q22 due to the low base effect, and a higher crude oil price, we think the BoT's move to lift its policy rate sooner rather than later should moderately impact GDP growth but effectively curb the inflation.

Looking into 2H22-2023, we project Thai economic growth to rebound meaningfully, mainly on export strength and a tourism recovery. We believe the tightening monetary policy should be less necessary, opening room for the economy to grow amid the global economic weakness.

Under the rising interest rate, recovering economic growth, and a healthy current account and reserves, we have identified the winning sectors as tourism, healthcare, banks and energy.

Winners on rising commodities prices. Our top picks are BANPU and refiners due to their stronger-for-longer margins on the back of the globally tightening supply and rising demand. We think the recent sell-off in refinery stocks should have mostly priced in the negative impact of the potential GRM cuts by the government. Hence, we recommend investors accumulate refinery stocks ahead of their continued strong GRMs that we expect to last at least until 1Q23.

We remain sceptical on the likelihood of a GRM cap by the Thai government given 1) Thailand's historical record of not intervening in GRM; 2) two foreign-owned refiners, Star Petroleum Refining (SPRC TB, BUY, TP THB14) and ESSO, are unlikely to comply with the government's policy; and 3) market GRMs for refiners remain significantly strong.

Winners on interest rate upturn. The banking sector should be the key beneficiary of the rate hike. Our top picks are KTB and KKP. Our banking analyst believes the recent underperformance in the SETBANK index (-10.3% YT-13 Jun-22) vs the SET index (-3.5% YT-13 Jun-22) has mostly reflected the concerns over the negative impacts of the high inflation and slower GDP growth in 2022 due to the repercussions of the Russia-Ukraine war. We are convinced that for the banks under our coverage, their 2022 earnings growth should remain strong at 13% y-y, with attractive valuations at 0.6x 2022E P/BV.

Winners on greater pricing power. Our top picks are BCH and BDMS. The higher the service charges for treatments at hospitals, the higher the benefits the hospitals will gain in terms of earnings, based on the pent-up demand from patients in the post-Covid-19 period. There should also be rising demand from foreign patients following the country's full economic reopening. The strong "pricing power" of hospitals should lead to higher EBITDA margins, resulting in more attractive valuations for the hospital sector compared to its historical average, in our view.

Winners amid rising inflation, upcycle interest rate & pricing power

Exhibit 10: The winners on rising inflation, upcycle interest rate and pricing power

Stock	Rec, TP	Rationale
BANPU	BUY, TP THB18.8	<ul style="list-style-type: none"> Visible and strong earnings growth from high prices of coal and shale gas. Lower hedging loss should gradually allow Banpu to capture the global commodity price uptrends with additional earnings growth from M&A.
ESSO	BUY, TP THB12.9	<ul style="list-style-type: none"> Three drivers make ESSO a unique refinery play in Thailand. First, ESSO should see the most significant improvement in refinery utilisation rates by up to 15 pts thanks to its improving ability to export oil and the rising demand for its downstream oil stations on the back of its oil station expansion. Second, ESSO should be able to fully capture the benefit of the global GRM strength without a hedging loss and constraints on operating losses from aromatics, which has been temporarily shut down since Jun-21. Third, earnings growth from its oil stations should further strengthen its earnings in 2022.
GUNKUL	BUY, TP THB 8.1	<ul style="list-style-type: none"> GUNKUL is poised to see a new earnings growth phase in 2022 onward, driven by the commencement of the staggered operating dates for its hemp and cannabis value chain business units, including farming, extraction, and sales and marketing of both upstream hemp and cannabis leaves, flowers, and seed oil, and the value-added end products of food, beverages, medicines, health food, snacks, and candies.
KTB	BUY, TP THB16.4	<ul style="list-style-type: none"> During the perfect storm, we see KTB as a safe place to invest. It should ride the economic upturn from the monetisation of its Pao Tang app. Moreover, its valuation looks attractive at 0.6x 2022E P/BV vs a 7.2% ROE and a 25% higher 2022 net profit growth forecast.
KKP	BUY, TP THB 86.0	<ul style="list-style-type: none"> We think there are two main points that differentiate KKP from other banks: 1) it is selectively growing quality loans in segments where competitors are retreating, enabling it to gain market share; and 2) KKP's dominant institutional brokerage position, plus its investment banking and financial advisory businesses, should help it to generate more sustainable performance.
BCH	BUY, TP THB 28.5	<ul style="list-style-type: none"> BCH trades at an undemanding valuation of 10x 2022E P/E (28x non-Covid profit), lower than its peers' average of 29x and its own five-year average of 32x. Its share price performance since Covid began has also been weaker than peers' (+10% for BCH vs +52% for peers). Its valuation and share price performance are unjustified, in our view. BCH deserves to trade at a premium valuation due to its strong organic operations and its ability to adjust its operations to leverage the Covid pandemic. We believe the market will turn to focus on organic operations when Covid subsides.
BDMS	BUY, TP THB 31.0	<ul style="list-style-type: none"> With strong revenue growth and a high utilisation rate of 70% in 2022 (vs 67% in 2019) projected, we expect an EBITDA margin of 24% in 2022, improving from 23% in 2021 and 22% in 2019. Overall, we forecast BDMS' 2022 core profit to return to the 2019 level of THB10.1b, implying 31% y-y growth, with the scope of an upside from the prolonged Covid pandemic and a higher-than-expected EBITDA margin.

Source: FSSIA estimates

Exhibit 11: Summary of key valuations of FSSIA's top picks – on rising inflation, upcycle interest rate and pricing power

Company	BBG code	Rec	--- Share price ---		----- Recur Profit -----			Rec profit grth		P/E	DivYld	ROE	P/BV
			Current	Target	21	22E	23E	22E	23E				
			(THB)	(THB)	(THB m)	(THB m)	(THB m)	(%)	(%)	(x)	(%)	(%)	(x)
Banpu	BANPU TB	BUY	13.00	18.80	23,793	28,728	29,682	20.7	3.3	3.3	17.2	30.4	0.9
Esso Thailand	ESSO TB	BUY	11.80	12.90	920	5,782	6,289	528.3	8.8	7.1	4.2	27.7	1.8
Gunkul Engineering	GUNKUL TB	BUY	5.60	8.10	1,909	3,860	4,067	102.1	5.4	12.9	4.3	27.1	3.2
Krung Thai Bank	KTB TB	BUY	15.60	16.40	21,588	26,889	27,616	24.6	2.7	8.1	4.3	7.2	0.6
Kiatnakin Bank	KKP TB	BUY	66.50	86.00	6,318	7,616	8,525	20.5	11.9	7.4	6.4	14.3	1.0
Bangkok Chain Hospital	BCH TB	BUY	18.70	28.50	6,846	4,656	1,977	(32.0)	(57.5)	10.0	6.4	33.7	3.2
Bangkok Dusit Medi Serv	BDMS TB	BUY	24.80	31.00	7,736	10,096	12,541	30.5	24.2	39.0	1.8	11.8	4.5

Prices as of 13 June 2022

Source: FSSIA estimates

Corporate Governance report of Thai listed companies 2021

EXCELLENT LEVEL – Score range 90-100										
AAV	BCPG	CPALL	GCAP	K	MSC	PLANET	SAMART	SPI	THRE	TVD
ADVANC	BDMS	CPF	GFPT	KBANK	MST	PLAT	SAMTEL	SPRC	THREL	TVI
AF	BEM	CPI	GGC	KCE	MTC	PORT	SAT	SPVI	TIPCO	TVO
AH	BGC	CPN	GLAND	KKP	MVP	PPS	SC	SSSC	TISCO	TWPC
AIRA	BGRIM	CRC	GLOBAL	KSL	NCL	PR9	SCB	SST	TK	U
AKP	BIZ	CSS	GPI	KTB	NEP	PREB	SCC	STA	TKT	UAC
AKR	BKI	DDD	GPSC	KTC	NER	PRG	SCCC	STEC	TMT	UBIS
ALT	BOL	DELTA	GRAMMY	LALIN	NKI	PRM	SCG	STI	TNDT	UV
AMA	BPP	DEMCO	GULF	LANNA	NOBLE	PROUD	SCGP	SUN	TNITY	VGI
AMATA	BRR	DRT	GUNKUL	LH	NSI	DRSH	SCM	SUSCO	TOA	VIH
AMATAV	BTS	DTAC	HANA	LHFG	NVD	PSL	SDC	SUTHA	TOP	WACOAL
ANAN	BTW	DUSIT	HARN	LIT	NWR	PTG	SEAFECO	SVI	TPBI	WAVE
AOT	BWG	EA	HMPRO	LPN	NYT	PTT	SEAOL	SYMC	TQM	WHA
AP	CENTEL	EASTW	ICC	MACO	OISHI	PTTEP	SE-ED	SYNTEC	TRC	WHAUP
ARIP	CFRESH	ECF	ICHI	MAJOR	OR	PTTGC	SELIC	TACC	TRU	WICE
ARROW	CHEWA	ECL	III	MAKRO	ORI	PYLON	SENA	TASCO	TRUE	WINNER
ASP	CHO	EE	ILINK	MALEE	OSP	Q-CON	SHR	TCAP	TSC	ZEN
AUCT	CIMBT	EGCO	ILM	MBK	OTO	QH	SIRI	TEAMG	TSR	
AWC	CK	EPG	INTUCH	MC	PAP	QTC	SIS	TFMAMA	TSTE	
AYUD	CKP	ETC	IP	MCOT	PCSGH	RATCH	SITHAI	TGH	TSTH	
BAFS	CM	FPI	IRPC	METCO	PDG	RS	SMK	THANA	TTA	
BANPU	CNT	FPT	ITEL	MFEC	PDJ	S	SMPC	THANI	TTB	
BAY	COM7	FSMART	IVL	MINT	PG	S & J	SNC	THCOM	TTCL	
BBL	COMAN	GBX	JSP	MONO	PHOL	SAAM	SONIC	THG	TTW	
BCP	COTTO	GC	JWD	MOONG	PLANB	SABINA	SPALI	THIP	TU	
VERY GOOD LEVEL – Score range 80-89										
2S	ASIMAR	CHOW	FLOYD	IT	LOXLEY	OCC	RPC	SKY	TCC	TVT
7UP	ASK	CI	FN	ITD	LRH	OGC	RT	SLP	TCMC	TWP
ABICO	ASN	CIG	FNS	J	LST	PATO	RWI	SMIT	TEAM	UEC
ABM	ATP30	CMC	FORTH	JAS	M	PB	S11	SMT	TFG	UMI
ACE	B	COLOR	FSS	JCK	MATCH	PICO	SA	SNP	TFI	UOBKH
ACG	BA	CPL	FTE	JCKH	MBAX	PIMO	SAK	SO	TIGER	UP
ADB	BAM	CPW	FVC	JMART	MEGA	PJW	SALEE	SORKON	TITLE	UPF
AEONTS	BC	CRD	GEL	JMT	META	PL	SAMCO	SPA	TKN	UPOIC
AGE	BCH	CSC	GENCO	KBS	MFC	PM	SANKO	SPC	TKS	UTP
AHC	BEC	CSP	GJS	KCAR	MGT	PMTA	SAPPE	SPCG	TM	VCOM
AIT	BEYOND	CWT	GYT	KEX	MICRO	PPP	SAWAD	SR	TMC	VL
ALL	BFIT	DCC	HEMP	KGI	MILL	PPP	SCI	SRICHA	TMD	VPO
ALLA	BJC	DCON	HPT	KIAT	MTSIB	PRIME	SCN	SSC	TMI	VRANDA
ALUCON	BJCHI	DHOUSE	HTC	KISS	MK	PRIN	SCP	SSF	TMILL	WGE
AMANAH	BLA	DOD	HYDRO	KOOL	MODERN	PRINC	SE	STANLY	TNL	WIK
AMARIN	BR	DOHOME	ICN	KTIS	MTI	PSG	SFLEX	STGT	TNP	WP
APCO	BROOK	DV8	IFS	KUMWEL	NBC	PSTC	SFP	STOWER	TOG	XO
APCS	CBG	EASON	IMH	KUN	NCAP	PT	SFT	STPI	TPA	XPG
APURE	CEN	EFORL	IND	KWC	NCH	QLT	SGF	SUC	TPAC	YUASA
AQUA	CGH	ERW	INET	KWM	NETBAY	RBF	SIAM	SWC	TPCS	
ASAP	CHARAN	ESSO	INSET	L&E	NEX	RCL	SINGER	SYNEX	TPS	
ASEFA	CHAYO	ESTAR	INSURE	LDC	NINE	RICHY	SKE	TAE	TRITN	
ASIA	CHG	ETE	IRC	LEO	NRF	RML	SKN	TAKUNI	TRT	
ASIAN	CHOTI	FE	IRCP	LHK	NTV	ROJNA	SKR	TBSP	TSE	
GOOD LEVEL – Score range 70-79										
A	BGT	CITY	GIFT	JTS	MDX	PK	SGP	SUPER	TQR	YGG
AI	BH	CMAN	GLOCON	JUBILE	MJD	PLE	SICT	SVOA	TTI	ZIGA
AIE	BIG	CMO	GREEN	KASET	MORE	PPM	SIMAT	TC	TYCN	
AJ	BLAND	CMR	GSC	KCM	MUD	PRAKIT	SISB	TCCC	UKEM	
ALPHAX	BM	CPT	GTB	KK	NC	PRAPAT	SK	THMUI	UMS	
AMC	BROCK	CRANE	HTECH	KKC	NDR	PRECHA	SMART	TNH	UNIQ	
APP	BSBM	CSR	HUMAN	KWI	NFC	PTL	SOLAR	TNR	UPA	
AQ	BSM	D	IHL	KYE	NNCL	RJH	SPACK	TOPP	UREKA	
ARIN	BTNC	EKH	IIG	LEE	NOVA	RP	SPG	TPCH	VIBHA	
AS	BYD	EMC	INGRS	LPH	NPK	RPH	SQ	TPIPL	W	
AU	CAZ	EP	INOX	MATI	NUSA	RSP	SSP	TIPIP	WIN	
B52	CCP	F&D	JAK	M-CHAI	PAF	SABUY	STARK	TPLAS	WORK	
BEAUTY	CGD	FMT	JR	MCS	PF	SF	STC	TPOLY	WPH	

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* 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

Sources: Thai Institute of Directors Association (IOD); FSSIA's compilation; data as of 26 October 2021

Anti-corruption Progress Indicator

CERTIFIED										
2S	BCH	CPALL	GC	K	MFC	PE	QLT	SNP	THCOM	TU
7UP	BCP	CPF	GCAP	KASET	MFEC	PG	QTC	SORKON	THIP	TVD
ADVANC	BCPG	CPI	GEL	KBANK	MILL	PHOL	RATCH	SPACK	THRE	TVI
AF	BE8	CPN	GFPT	KBS	MINT	PK	RML	SPALI	THREL	TVO
AI	BEYOND	CSC	GGC	KCAR	MONO	PL	RWI	SPC	TIDLOR	TWPC
AIE	BGC	DCC	GJS	KCE	MOONG	PLANB	S & J	SPI	TIPCO	U
AIRA	BGRIM	DELTA	GPI	KGI	MSC	PLANET	SAAM	SPRC	TISCO	UBE
AKP	BJCHI	DEMCO	GPSC	KKP	MST	PLAT	SABINA	SRICHA	TKS	UBIS
ALPHAX	BKI	DIMET	GSTEEL	KSL	MTC	PM	SAPPE	SSF	TKT	UEC
AMA	BLA	DRT	GUNKUL	KTB	MTI	PPP	SAT	SSP	TMD	UKEM
AMANAHA	BPP	DTAC	HANA	KTC	NBC	PPPM	SC	SSSC	TMILL	UOBKH
AMATA	BROOK	DUSIT	HARN	KWC	NEP	PPS	SCB	SST	TMT	UPF
AMATAV	BRR	EA	HEMP	KWI	NINE	PR9	SCC	STA	TNITY	UV
AP	BSBM	EASTW	HENG	L&E	NKI	PREB	SCCC	STOWER	TNL	VGI
APCS	BTS	ECL	HMPRO	LANNA	NMG	PRG	SCG	SUSCO	TNP	VIH
AQUA	BWG	EGCO	HTC	LH	NNCL	PRINC	SCN	SVI	TNR	WACOAL
ARROW	CEN	EP	ICC	LHFG	NOBLE	PRM	SEAOIL	SYMC	TOG	WHA
AS	CENTEL	EPG	ICHI	LHK	NOK	PROS	SE-ED	SYNTEC	TOP	WHAUP
ASIAN	CFRESH	ERW	IFEC	LPN	NSI	PSH	SELIC	TAE	TOPP	WICE
ASK	CGH	ESTAR	IFS	LRH	NWR	PSL	SENA	TAKUNI	TPA	WIJK
ASP	CHEWA	ETE	ILINK	M	OCC	PSTC	SGP	TASCO	TPP	XO
AWC	CHOTI	FE	INET	MAKRO	OGC	PT	SINGER	TBSP	TRU	ZEN
AYUD	CHOW	FNS	INSURE	MALEE	ORI	PTG	SIRI	TCAP	TRUE	
B	CIG	FPI	INTUCH	MATCH	PAP	PTT	SITHAI	TCMC	TSC	
BAFS	CIMBT	FPT	IRC	MBAX	PATO	PTTEP	SKR	TFG	TSTE	
BAM	CM	FSMART	IRPC	MBK	PB	PTTGC	SMIT	TFI	TSTH	
BANPU	CMC	FSS	ITEL	MC	PCSGH	PYLON	SMK	TFMAMA	TTA	
BAY	COM7	FTE	IVL	MCOT	PDG	Q-CON	SMPC	TGH	TTB	
BBL	COTTO	GBX	JKN	META	PDJ	QH	SNC	THANI	TTCL	
DECLARED										
AJ	CHG	DDD	ETC	JR	MAJOR	NUSA	RS	SSS	TQM	YUASA
ALT	CPL	DHOUSE	FLOYD	JTS	NCAP	NYT	SAK	STECH	TSI	ZIGA
APCO	CPR	DOHOME	GULF	KEX	NCL	OR	SCGP	STGT	VARO	
B52	CPW	ECF	III	KUMWEL	NOVA	PIMO	SCM	TKN	VCOM	
BEC	CRC	EKH	INOX	LDC	NRF	PLE	SIS	TMI	VIBHA	

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 26 October 2021) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

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

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Songklod Wongchai FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
Banpu	BANPU TB	THB 13.00	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.
Esso Thailand	ESSO TB	THB 11.80	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.
Gunkul Engineering	GUNKUL TB	THB 5.60	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.
Krung Thai Bank	KTB TB	THB 15.60	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.
Kiatnakin Bank	KKP TB	THB 66.50	BUY	Downside risks to our GGM-based target price include weakening asset quality and lower fee income.
Bangkok Chain Hospital	BCH TB	THB 18.70	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) SSO provision expenses following a limited SSO budget.
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.
Star Petroleum Refining	SPRC TB	THB 12.60	BUY	TP is based on EV/EBITDA. Downside risks are a sharp rise in oil price and weak demand for refined oil products.

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 13-Jun-2022 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

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

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

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

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

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

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

Industry Recommendations

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

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

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

Country (Strategy) Recommendations

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

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

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