

Thailand Market Strategy

Strong 2023 earnings outlook for SET on domestic drivers

- Our 2023 SET index target of 1,767 is backed by FSSIA's EPS forecast of 12% growth in 2023, while the US is likely to enter a recession.
- Domestic-driven transportation/tourism/bank/commerce to fuel earnings growth.
- Domestic plays are our preference in 2023; top picks include AOT, AAV, CPN, CPALL, SINGER, KTB, BBL, GULF, EA, GUNKUL and ASIAN.

AOT, banks and commerce to boost SET's earnings in 2023

We think there are three key drivers to boost the SET index higher in 2023 – visibly healthy corporate earnings growth, strong tourism revenue, and a limited downside for foreign fund outflows from the SET. In 2023, we forecast the SET's net profit to grow by 12% y-y, fuelled by earnings growth from domestic-driven sectors such as transportation, tourism, banks and commerce. This is contrary to the cyclical sectors of energy and petrochemicals, which we think will see declining earnings growth momentum in 2023 due to y-y lower prices and demand as the US economy is likely to enter a recession.

2023E SET corporate earnings growth of 12% y-y

We see higher earnings growth and visibility for the SET's corporate earnings in 2023, backed by the strong recovery of tourist arrivals, higher consumer spending, and continued solid exports, mainly for agricultural and automotive products. We forecast the SET's earnings to grow briskly by 12% y-y in 2023, driven by the transportation and tourism sector's earnings rebounding sharply from red territory (in terms of value), commerce (+28%, in terms of % growth), construction materials (+27%), food & beverages (+28%) and banks (+10%). Meanwhile, we expect energy & utilities and healthcare services to decline in 2023. Our 2023 net profit estimate is higher than Bloomberg's consensus by only 1.9%.

Stronger Thai GDP growth in 2023 as tourist inflows drive domestic consumption

Thailand is one of the world's top 10 countries in terms of tourism revenue as a percentage of GDP, with tourism revenue accounting for 12% of GDP in 2018-19 prior to the Covid-19 pandemic, and plunging to 3% of GDP in 2020 when the pandemic forced global lockdowns and halted international flights. Hence, we think in 2022-23, Thailand's GDP should improve from 3% in 2022 to 4.3% in 2023.

Domestic plays are our preference in 2023 with our 2023 SET index target of 1,767

We maintain our OVERWEIGHT view on Thailand's equity market with our 2023 SET index target of 1,767, based on 14.8x 2023E P/E, -0.5SD, on FSSIA's 2023 EPS forecast of THB119.1 per share, 12% y-y growth. Our top sector picks are transportation, tourism, commerce and banking. We see discounted valuations for those sectors with strong earnings outlooks in 2023, including renewable energy as a defensive sector with growth, backed by new bidding for renewable power in Thailand and Vietnam. Our top picks are AOT, AAV, CPN, CPALL, SINGER, KTB, BBL, GULF, EA, GUNKUL and ASIAN.



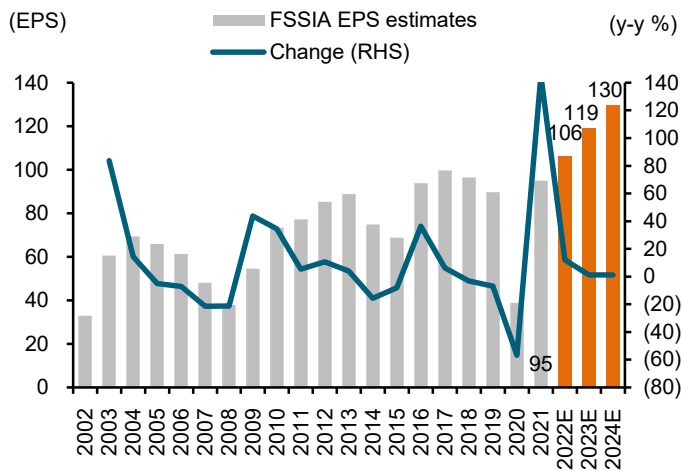
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Drivers for our 1,767 SET index target by end-2023

In 2023, we forecast the SET's net profit to grow by 12% y-y, fuelled by earnings growth from domestic-driven sectors such as transportation, tourism, banks and commerce, replacing the cyclical sectors of energy and petrochemicals, which we think will see declining earnings growth momentum in 2023 due to y-y lower prices and demand as the US economy is likely to enter a recession.

Exhibit 1: SET index net profit growth projections



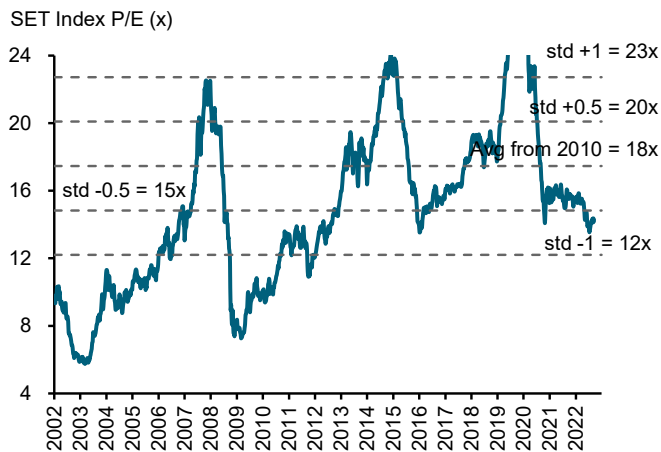
Sources: Bloomberg; FSSIA estimates

Exhibit 2: FSSIA's SET index target for 2023

		----- Earnings per share -----		
		2022E	2023E	2024E
	EPS	106.4	119.1	129.5
		--- Target index based on FSSIA estimates ---		
		2022E	2023E	2024E
	P/E (x)			
SD+1.0	22.7	2,419	2,709	2,946
SD+0.5	20.1	2,139	2,395	2,604
SD+0.25	18.8	1,999	2,238	2,434
Avg. from 2010	17.5	1,859	2,081	2,263
SD-0.25	16.2	1,718	1,924	2,092
SD-0.5	14.8	1,578	1,767	1,922
SD-1.0	12.2	1,298	1,454	1,580

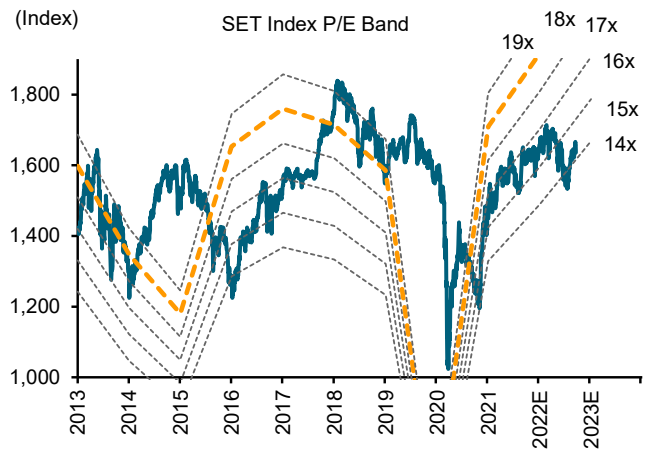
Source: FSSIA estimates

Exhibit 3: SET rolling one-year forward P/E band



Source: FSSIA estimates

Exhibit 4: SET rolling one-year forward P/E band



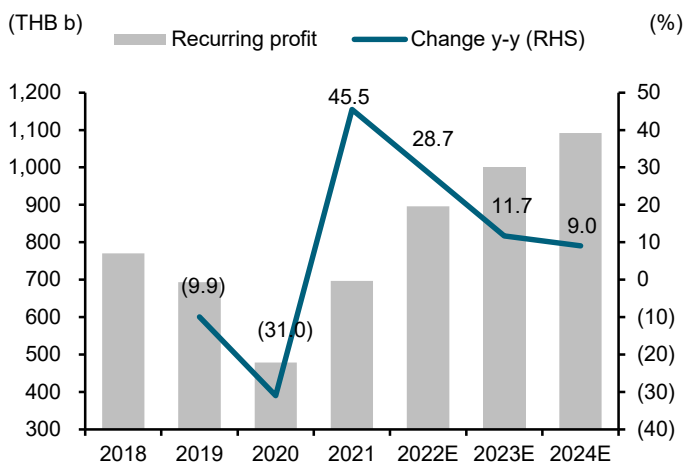
Source: FSSIA estimates

Driver #1: SET's strong corporate earnings growth trajectory into 2023

2023E SET corporate earnings growth of 12% y-y. We see higher earnings growth and visibility for the SET's corporate earnings in 2023, backed by the strong recovery of tourist arrivals, higher consumer spending, and continued solid exports, mainly for agricultural and automotive products.

We project that the aggregate net profit of the corporates under our coverage to amount to THB896b in 2022 (+29% y-y), and rising to THB1tr (+12% y-y) in 2023E. The favorable economic environment, including the y-y lower crude oil price, the y-y declining inflation rate, and the sharp increase in the number of tourist arrival, would be key drivers for Thailand's GDP, improving current account, and the relatively "mild" interest rate outlook.

Exhibit 5: FSSIA estimates net profit to hit a record high in 2023



Source: FSSIA estimates from 131 companies under coverage; 2023E includes Thai Airways, assuming the resumption of trading in 2023

Exhibit 6: FSSIA's key economic assumptions

	2022E (%)	2023E (%)	2024E (%)
Fed rate	4.0	4.5	3.5
Dubai crude oil price (USD/bbl)	120	110	
Thailand real GDP growth	3.0	4.3	3.8
Thailand headline inflation	6.5	2.6	1.7
Thailand core inflation	2.2	2.0	
Thailand policy rate	1.0	1.5	
Tourist arrivals (m)	8.5	34.1	

Source: FSSIA estimates

Thailand's corporate net profit growth outlook pre- (2019) and post-Covid-19 pandemic (2022E).

With our projected stronger GDP, current account balance, and high reserve to external debt ratio of 1.0x, we think the earnings growth of Thai corporates on the SET index, implied from our universe, should surpass their pre-Covid-19 levels in 2022, e.g. energy & utilities (+77% from 2019 level), petrochemicals (+213%), banks (+9%), healthcare (+53%), finance (+13%), construction materials (+11%), personal products (+672%), food & beverages (+16%), packaging (+46%), electronics (+547%), resources (+702%), technology (+302%), and automotive (+13%).

Meanwhile, we project weaker net profits for media (-15%), property (-1%), commerce (-2%), construction services (-45%), tourism (-154%), ICT (-21%), and transportation and logistics (-141%) in 2022.

Exhibit 7: FSSIA's coverage – 2022 net profit estimates vs 2019 net profit (pre-Covid-19 level)

Sector	2022E	2019A	Change	
	(THB m)	(THB m)	(%)	(THB m)
Energy & Utilities	375,227	212,432	77	162,795
Petrochem & Chemical	65,957	21,093	213	44,864
Banking	175,596	161,370	9	14,226
Health Care Services	28,071	18,374	53	9,698
Finance & Securities	33,573	29,583	13	3,991
Construct	39,408	35,464	11	3,944
Personal Prod & Pharma	4,222	547	672	3,675
Food & Beverage	26,334	22,723	16	3,611
Insurance	9,800	6,777	45	3,023
Packaging	8,161	5,573	46	2,589
Electronic Component	655	(147)	547	802
Resources	831	104	702	727
Technology	368	92	302	277
Automotive	2,076	1,835	13	241
Financials	97	12	702	84
Media & Publishing	2,566	3,024	(15)	(457)
Property Development	42,661	43,217	(1)	(556)
Commerce	52,023	53,110	(2)	(1,087)
Construction Services	1,744	3,187	(45)	(1,443)
Tourism & Leisure	(618)	1,149	(154)	(1,766)
Information & Comm Tech	40,050	50,662	(21)	(10,613)
Transport & Logistics	(12,429)	30,151	(141)	(42,580)
Total	896,372	700,330	28	238,622
ex. Energy & Utilities	521,145	487,898	6.8	75,828
ex. Energy & Pharma	516,923	487,351	6.1	72,153

Source: FSSIA estimates

Exhibit 8: 2023 net profit estimates* and how they differ from Bloomberg's consensus

Sector	2023E		Differ	
	FSSIA	BBG	(THB m)	(%)
Transport & Logistics	28,612	19,635	8,976	45.7
Tourism & Leisure	3,094	2,167	926	42.7
Insurance	11,329	9,614	1,715	17.8
Property Development	50,463	45,936	4,527	9.9
Personal Prod & Pharma	2,608	2,376	232	9.8
Petrochem & Chemical	67,321	61,960	5,361	8.7
Construct	50,240	46,502	3,738	8.0
Food & Beverage	33,759	31,528	2,231	7.1
Health Care Services	25,241	23,905	1,335	5.6
Technology	532	505	28	5.5
Packaging	9,904	9,685	218	2.3
Banking	193,022	192,146	876	0.5
Commerce	62,490	62,280	210	0.3
Finance & Securities	39,880	39,910	(30)	(0.1)
Resources	564	564	(0)	(0.1)
Financials	132	135	(3)	(2.0)
Energy & Utilities	356,478	365,180	(8,703)	(2.4)
Information & Comm Tech	47,868	49,070	(1,202)	(2.5)
Automotive	2,343	2,429	(86)	(3.5)
Media & Publishing	4,360	4,850	(490)	(10.1)
Electronic Component	1,269	1,763	(493)	(28.0)
Construction Services	1,806	2,814	(1,008)	(35.8)
Total	993,312	974,954	20,194	1.9

*Comparing 125 companies, out of total 131, under coverage for which Bloomberg consensus is available

Sources: Bloomberg consensus; FSSIA estimates

Exhibit 9: FSSIA's coverage – contribution to 2022 net profit growth

Sector	2022E	2021	Change		Note
	(THB m)	(THB m)	(%)	(THB m)	
Energy & Utilities	375,227	267,865	40	107,362	PTT(+29b), ESSO(+20b), SPRC(+13.5b), EGCO(+10b)
Banking	175,596	150,610	17	24,986	KTB(+9.4b), BBL(+4b), KBANK(+4b)
Food & Beverage	26,334	2,217	1,088	24,117	CPF(+12.4b), MINT(+10.4b)
Commerce	52,023	31,970	63	20,053	CRC(+5.5b), CPALL(+5.5b), MAKRO(+2.6b)
Property Development	42,661	27,304	56	15,356	CPN(+8.2b), AWC(+2b)
Petrochem & Chemical	65,957	54,008	22	11,950	
Transport & Logistics	(12,429)	(20,472)	39	8,043	
Tourism & Leisure	(618)	(6,670)	91	6,052	
Finance & Securities	33,573	29,496	14	4,077	
Information & Comm Tech	40,050	36,972	8	3,078	
Insurance	9,800	8,394	17	1,407	
Media & Publishing	2,566	1,606	60	960	
Construction Services	1,744	822	112	922	
Electronic Component	655	(107)	713	762	
Packaging	8,161	7,444	10	718	
Resources	831	247	237	584	
Health Care Services	28,071	27,522	2	549	
Automotive	2,076	1,747	19	329	
Technology	368	228	61	140	
Financials	97	52	84	44	
Construct	39,408	51,369	(23)	(11,960)	
Personal Prod & Pharma	4,222	24,006	(82)	(19,784)	
Total	896,372	696,628	29	199,744	
ex. Energy & Utilities	521,145	428,763	22	92,382	

Source: FSSIA estimates

Exhibit 10: FSSIA's coverage – contribution to 2023 net profit growth

Sector	2023E	2022E	Change		Note
	(THB m)	(THB m)	(%)	(THB m)	
Transport & Logistic	28,612	(12,429)	330	41,041	AOT(+26.7b), AAV(+7.8b), BA(+3.3b)
Banking	193,022	175,596	10	17,426	KBANK(+5.4b), BBL(+3.5b), KTB(+3b)
Construct	50,240	39,408	27	10,832	SCC(+11b)
Commerce	62,490	52,023	20	10,467	CPALL(+5.2b), MAKRO(+3.3b), CRC(+2b)
Information & Comm Tech	47,868	40,050	20	7,818	
Property Development	50,463	42,661	18	7,802	
Food & Beverage	33,759	26,334	28	7,425	
Finance & Securities	39,880	33,573	19	6,307	
Tourism & Leisure	3,094	(618)	601	3,711	
Media & Publishing	4,360	2,566	70	1,794	
Packaging	9,904	8,161	21	1,742	
Insurance	11,329	9,800	16	1,529	
Petrochem & Chemical	67,321	65,957	2	1,363	
Electronic Component	1,269	655	94	614	
Automotive	2,343	2,076	13	268	
Technology	532	368	45	164	
Resources	954	831	15	123	
Construction Services	1,806	1,744	4	62	
Financials	132	97	37	35	
Personal Prod & Pharma	2,608	4,222	(38)	(1,613)	
Health Care Services	26,181	28,071	(7)	(1,891)	
Energy & Utilities	361,298	375,227	(4)	(13,929)	
Total	999,462	896,372	12	103,090	
ex. Energy & Utilities	638,164	521,145	22	117,019	

Note: FSSIA estimates from 131 companies under coverage; 2023E would be THB 1t if our estimate for Thai Airways' approximate 2023 net profit of THB882m were included, assuming the resumption of trading in 2023

Source: FSSIA estimates

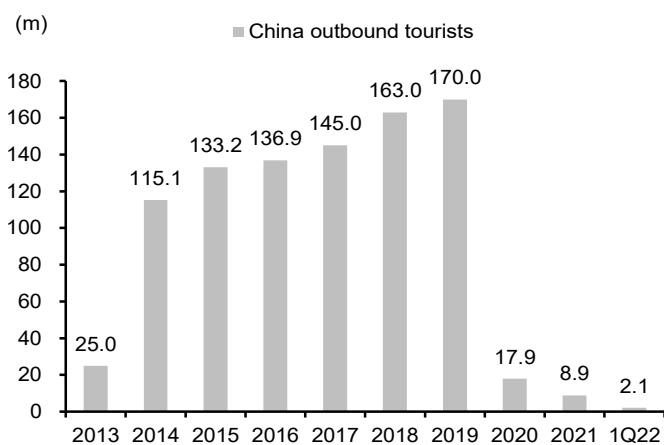
Driver #2: AOT, banks and commerce are key boosters for 2023 earnings

We forecast the SET's earnings to grow briskly by 12% y-y in 2023, driven by the transportation and tourism sector's earnings rebounding sharply from red territory (in terms of value), commerce (+28%, in terms of % growth), construction materials (+27%), food & beverages (+28%) and banks (+10%). Meanwhile, we expect energy & utilities and healthcare services to decline in 2023. Our 2023 net profit estimate is higher than Bloomberg's consensus by only 1.9%.

Transportation and tourism sector outlooks in 2023 – AOT's turnaround

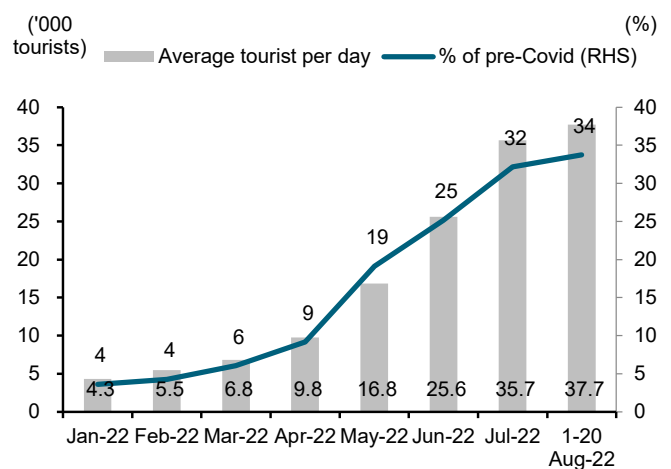
The projected turnaround for the transportation sector from a THB14b loss in 2022 to a profit of THB29b in 2023 would be driven by AOT on the back of an expected international passenger recovery to 80% of the pre-Covid level. AOT will also start to collect the minimum guarantee on its concession contracts in Apr-23 onward. This should support the strong earnings growth of AOT. In addition, we expect AAV's and BA's losses to significantly reduce due to the recovery of both international and domestic passengers, coupled with higher ticket fares driven by pent-up demand.

Exhibit 11: China's outbound tourists



Sources: Ministry of Tourism & Sports; FSSIA's compilation.

Exhibit 12: Thailand's tourist arrivals

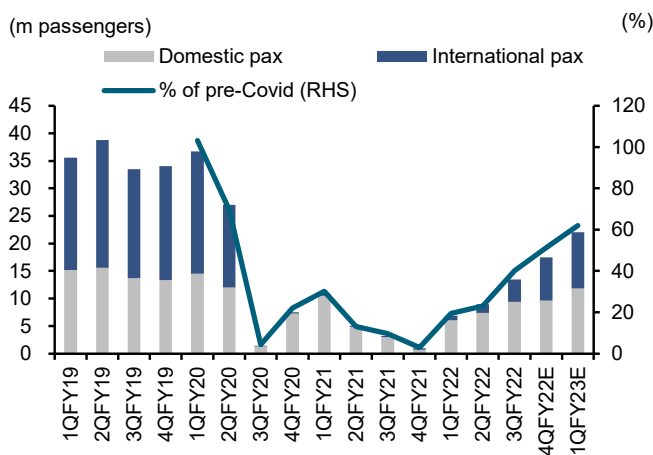


Sources: Ministry of Tourism & Sports; FSSIA's compilation

Tourism

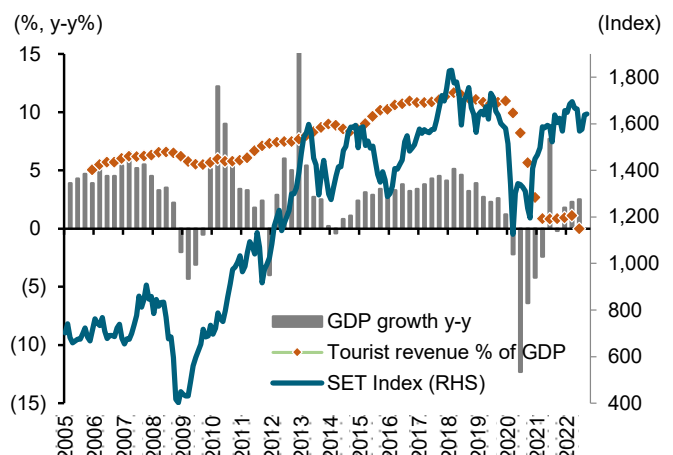
The tourism sector's earnings should turn around from a THB0.6b loss to a THB3.0b profit in 2023, led by the performance of Thai hotels whose RevPAR should exceed the pre-Covid level thanks to the recovery of international tourists and a higher average daily rate from pent-up demand.

Exhibit 13: Passengers carried



Fiscal year ending Sep 30
Sources: AOT; FSSIA estimates

Exhibit 14: Thailand's GDP growth & tourist revenues vs SET index



Source: Bloomberg

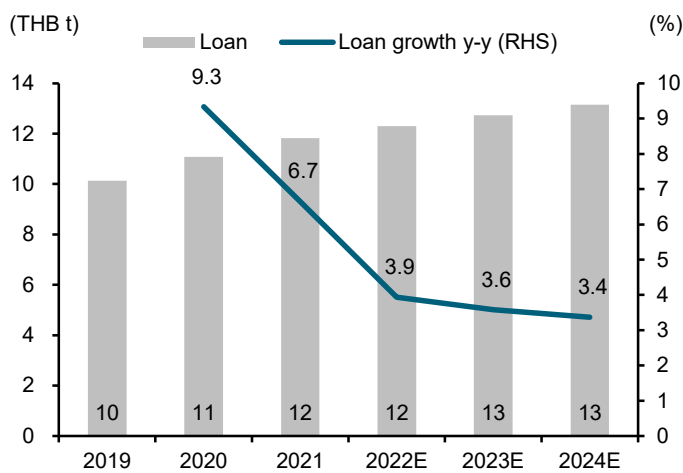
Food & beverage outlook in 2023 – lower cost and higher demand

The major rise in our net profit forecast for the food and beverage sector in 2023 comes from CBG and OSP, as the demand and margins are likely to improve on subsiding prices of raw materials and packaging amid economic growth and purchasing power returning to normalcy.

Banking outlook in 2023 – improving NIM amid upcycle interest rate

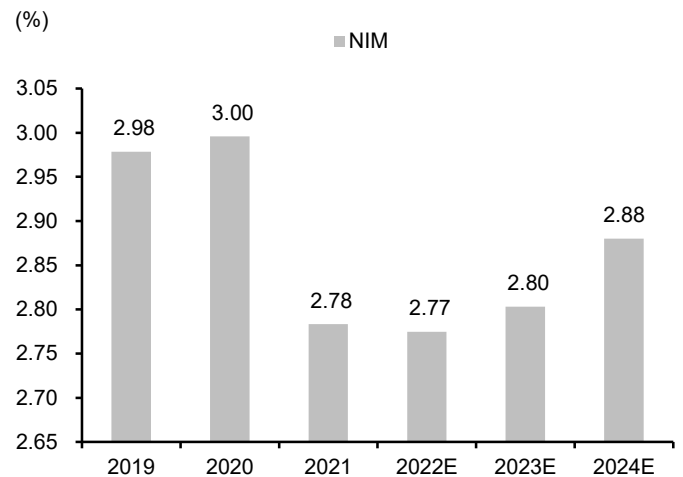
We expect the 2023 net profit of the banks under our coverage to increase 10% y-y, backed up by 1) a rise in NII from expected moderate loan growth of 3.6% y-y and an increase in aggregate NIM to 2.8% in 2023 from the 2.77% estimated in 2022, following the interest rate uptrend; and 2) a rise in fee income from the gradual economic recovery and a more favourable capital market environment.

Exhibit 15: Banking sector’s loan growth and FSSIA estimates



Source: FSSIA estimates

Exhibit 16: Banking sector’s yearly NIM and FSSIA estimates



Source: FSSIA estimates

Commerce outlook in 2023 – stronger demand and rising SSSG are key

In the commerce sector, we expect the earnings growth momentum to kick off from 2022, backed by strong consumer spending and tourism, and the full impact of the minimum wage hike in Oct-22.

CPALL and its two subsidiaries, MAKRO and Lotus’s, should see an improving earnings trajectory driven by higher margins on the change in product mix toward the high-margin food segment, synergies among the three companies, and lower interest expenses.

We expect CPN and CRC to see strong net profit growth in 2023, supported by their branch expansions, effective cost control, and strong consumer spending.

Home improvement companies HMPRO and GLOBAL should witness stronger net profits from the recovery in demand for construction and home improvement, and rising spending in the provinces and rural areas.

Driver #3: Stronger Thai GDP growth from tourist inflows

Thailand is one of the world's top 10 countries in terms of tourism revenue as a percentage of GDP, with tourism revenue accounting for 12% of GDP in 2018-19 prior to the Covid-19 pandemic, and plunging to 3% of GDP in 2020 when the pandemic forced global lockdowns and halted international flights. Hence, we think in 2022-23, Thailand's GDP should improve from 3% in 2022 to 4.3% in 2023.

Exhibit 17: Key economic forecasts

US economic forecasts (%)	2022E	2023E	2024E
Fed rate (FSSIA)	4.0	4.5	3.5
Fed rate (BNPP)	3.5	3.8	3.3
Fed rate (FOMC's dot plot)	3.4	3.8	3.5
GDP (BNPP)	2.6	1.9	1.7
CPI (BNPP)	7.5	3.9	2.4
Thailand economic forecasts (%)	2022E	2023E	2024E
Headline inflation (FSSIA)	6.5	2.6	1.7
Headline inflation (BoT)	6.2	2.5	
Headline inflation (BNPP)	6.4	2.4	1.5
Core inflation (FSSIA)	2.2	2.0	
Core inflation (BoT)	2.2	2.0	
GDP (FSSIA)	3.0	4.3	3.8
GDP (BoT)	3.3	4.2	3.9
GDP (BNPP)	3.9	4.9	3.5
BoT's policy rate (FSSIA)	1.0	1.5	
Crude oil price (USD/bbl)	2022E	2023E	2024E
Dubai crude oil price (FSSIA)	120	110	-
Dubai crude oil price (BoT)	105	105	-
Dubai crude oil price (BNPP)	105	105	-
Number of tourists arrivals (m)	2022E	2023E	2024E
No. of international tourists (FSSIA)	8.5	34.1	-
No. of international tourists (BoT)	6.0	19.0	-

Sources: Bank of Thailand (BoT); Bloomberg; Airports of Thailand (AOT); BNP Paribas (BNPP); FSSIA estimates

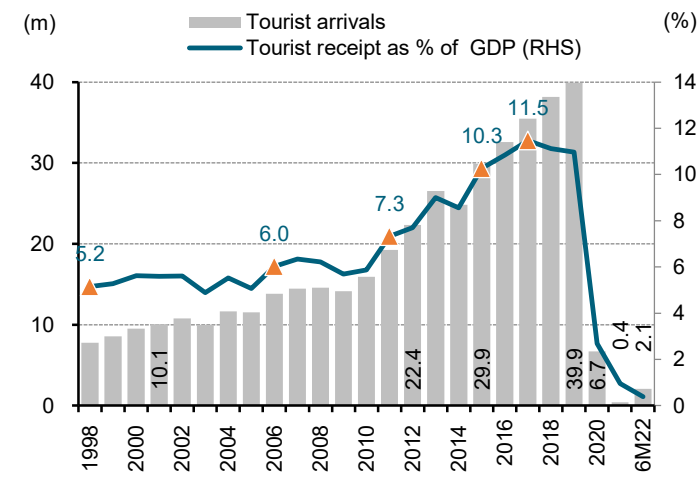
Tourism recovery is well on track to boost GDP. According to the Economics, Tourism, and Sports Division, Thailand has seen a markedly improving number of tourist arrivals, which have jumped from a mere 4,300 per day in January to 37,700 per day in 1-20 Aug-22, or roughly one-third of the pre-Covid-19 level.

At this recovery rate, we think the total number of tourist arrivals in 2022 should exceed the government's 8m-9m target and is likely to hit 10m, which is a quarter of the pre-Covid-19 level of 40m in 2019.

Chinese tourists, the largest group at over one-quarter of Thailand's total in 2019, have yet to return due to China's zero-Covid policy, which still forbids overseas travel for Chinese citizens. We think that by 1Q23, China is likely to reopen its economy and allow its people to travel overseas again.

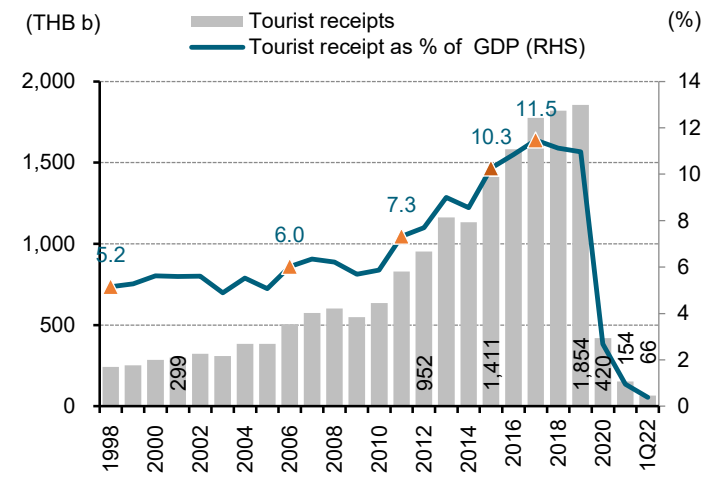
A rising number of Chinese tourists could provide a major driver for Thailand's tourism revenue as Chinese tourists would not only come in large numbers but also spend heavily in terms of their shopping behaviour and the hotels and restaurants they choose.

Exhibit 18: Tourist arrivals vs receipts as % of GDP



Source: Bank of Thailand

Exhibit 19: Tourist receipts as % of GDP



Source: Bank of Thailand

Domestic plays are our preference

Our top sector picks are transportation, tourism, commerce and banking. We see discounts to their valuations with strong earnings outlooks in 2023, including renewable energy as a defensive sector with growth, backed by new bidding for renewable power in Thailand and Vietnam. Meanwhile, we see the rally in the healthcare sector's share prices as having factored in the strong earnings growth expected in 2022 already. Its earnings outlook would likely be flat in 2023, in our view.

Exhibit 20: Stock picks for 2023

Company	BBG code	Key rationale
CP All	CPALL TB, TP THB82.00	We project CPALL to deliver strong earnings growth of 47% y-y in 2022, 30% y-y in 2023, and 21% y-y in 2024 from three key strategic moves: 1) changes in product mix toward high-margin food and fresh food; 2) expansion of CVS; 3) distribution synergies among B2C of the CVS format (CPALL's 7-Eleven), B2C and B2B of Lotus's, and B2B of MAKRO.
Singer Thailand	SINGER TB, TP THB59.00	We expect SINGER's 3Q22 net profit to hit a record high again, supported by 1) robust loan growth from both auto title loans and electric and home appliance (EAH) hire purchase; 2) higher EAH sales y-y from the franchisee expansion (drop q-q due to seasonality); and 3) a lower interest expense as SINGER repaid its THB1.5b debenture at a 6.0% cost of funds in Jul-22.
Asian Sea Corporation	ASIAN TB, TP THB24.70	We believe the rising revenues from the high-margin products of pet food and frozen pre-fried foods should allow ASIAN to sustain its net margin at above 8% in 2022-23. We see upsides from its strong 2022-23E net profit growth and the listing of its pet food unit.
Bangkok Bank	BBL TB, TP THB170.00	We believe BBL would benefit the most from the interest rate uptrend, given its ability to command higher loan yields from domestic and international clients. As for potentially higher inflation, the risk for BBL would be limited because of its strong asset quality from the low concentration-risk portfolio and sufficient provision cushion.
Central Pattana	CPN TB, TP THB85.00	CPN is one of the major beneficiaries of Thailand's rising consumer spending and booming tourism post-Covid-19, in our view, thanks to its timely branch expansion, efficient cost control, and improving earnings from non-core office building rentals and hotels.
Gunkul Engineering	GUNKUL TB, TP THB6.60	We expect GUNKUL to achieve strong earnings growth from the new hemp and cannabis venture with potential upsides from winning bids for wind farms, as well as benefitting from the EPC earnings growth of GULF's projects.
Asia Aviation	AAV TB, TP THB3.40	Headwinds from rising jet fuel costs should be mitigated by fuel surcharges for both domestic and international flights. Overall flight capacity should ramp up from 30% in 2Q22 to 80% in 4Q22, led by domestic, India and CLMV routes. China routes, 32% of 2019 revenue, are a key upside to closely watch.
Krung Thai Bank	KTB TB, TP THB20.00	We see KTB as a safe place to invest based on its lower-than-peers' downside risk of asset deterioration thanks to its concentrated low-risk government and corporate portfolio. We think KTB could ride the economic upturn, both from the monetisation of its Pao Tang app and as one of the top beneficiaries of rising interest rates.
Airports of Thailand	AOT TB, TP THB85.00	We like AOT as we think a recovery to its pre-Covid flight level is in sight. A passenger volume recovery should materialise late this year, and the momentum could allow AOT to break even in 1QFY23. Additional key catalysts are China's border reopening, the opening of the SAT-1 Terminal, and the end of assistance measure for operators.
Energy Absolute	EA TB, TP THB101.00	EA is our top pick in the Thai renewables sector based on the strong net profit outlook for its new S-curve project, which we think will start to accelerate in 2H22 onward.
Gulf Energy Devl	GULF TB, TP THB60.00	We expect GULF's 2023 core net profit to remain strong at THB14b (+7.6% y-y) backed by: 1) earnings from BKR2 and GSRC; 2) higher net profits from its SPPs and IPPs on higher demand; 3) the share of profits from INTUCH; and 4) a high potential to win new power project bids in Thailand and Vietnam earlier next year.

Source: FSSIA estimates

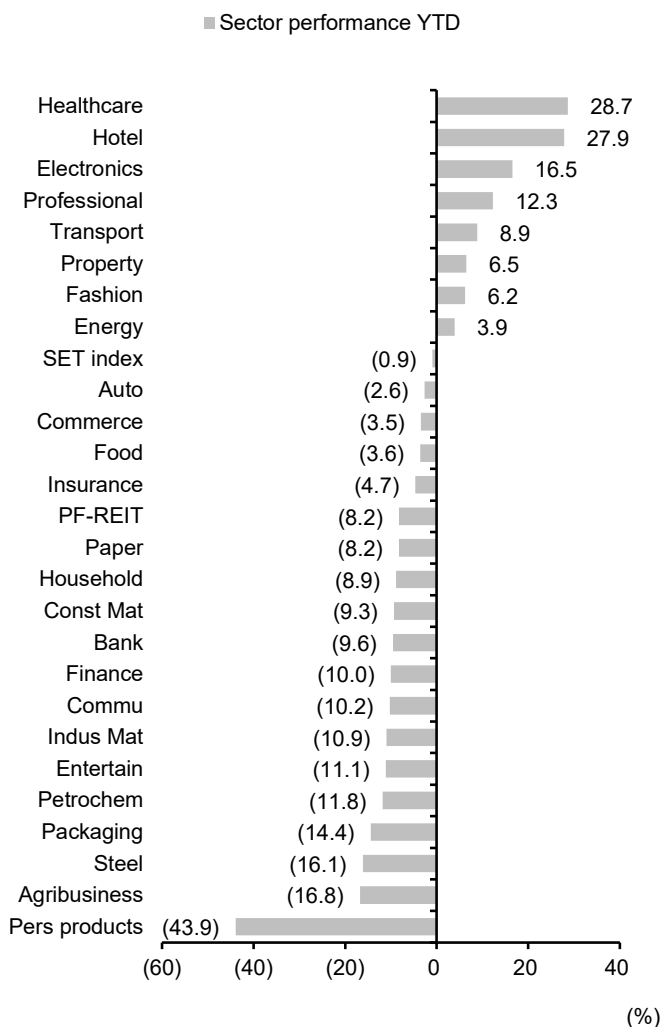
Exhibit 21: Summary of key valuations of FSSIA's top picks for 2023

Company	BBG code	--- Share price ---		Up side (%)	----- Recurring profit -----			----- Growth -----		----- P/E -----		DivYld (%)	ROE (%)	PBV
		Current (THB)	Target (THB)		21A (THB m)	22E (THB m)	23E (THB m)	22E (y-y%)	23E (y-y%)	22E (x)	23E (x)			
CP All	CPALL TB	59.50	82.00	38	11,706	17,188	22,365	46.8	30.1	31.1	23.9	1.7	18.5	5.0
Singer Thailand	SINGER TB	45.50	59.00	30	701	1,107	1,522	58.1	37.5	33.9	25.1	2.4	9.4	2.3
Asian Sea Corporation	ASIAN TB	19.20	24.70	29	1,039	1,150	1,234	10.7	7.3	13.6	12.7	3.9	25.0	3.0
Bangkok Bank	BBL TB	134.00	170.00	27	26,506	30,538	34,035	15.2	11.5	8.4	7.5	4.9	6.4	0.5
Central Pattana	CPN TB	68.25	85.00	25	3,380	11,629	15,425	244.1	32.6	26.3	19.9	1.9	18.1	3.4
Gunkul Engineering	GUNKUL TB	5.30	6.60	25	1,909	2,273	3,622	19.1	59.3	20.7	13.0	4.5	24.9	3.1
Asia Aviation	AAV TB	2.82	3.40	21	(4,853)	(6,611)	1,235	(36.2)	118.7	(5.5)	29.3	1.4	7.2	2.0
Krung Thai Bank	KTB TB	16.60	20.00	20	21,588	30,996	33,959	43.6	9.6	7.5	6.8	5.1	8.5	0.6
Airports of Thailand	AOT TB	72.50	85.00	17	(15,319)	(10,051)	16,704	34.4	266.2	(103.1)	62.0	0.7	15.1	8.7
Energy Absolute	EA TB	89.25	101.00	13	5,983	11,873	11,834	98.4	(0.3)	28.0	28.1	1.1	25.0	6.4
Gulf Energy Devl	GULF TB	54.75	60.00	10	8,812	13,752	14,799	56.1	7.6	46.7	43.4	1.3	13.6	5.7

Share prices as of 15 September 2022

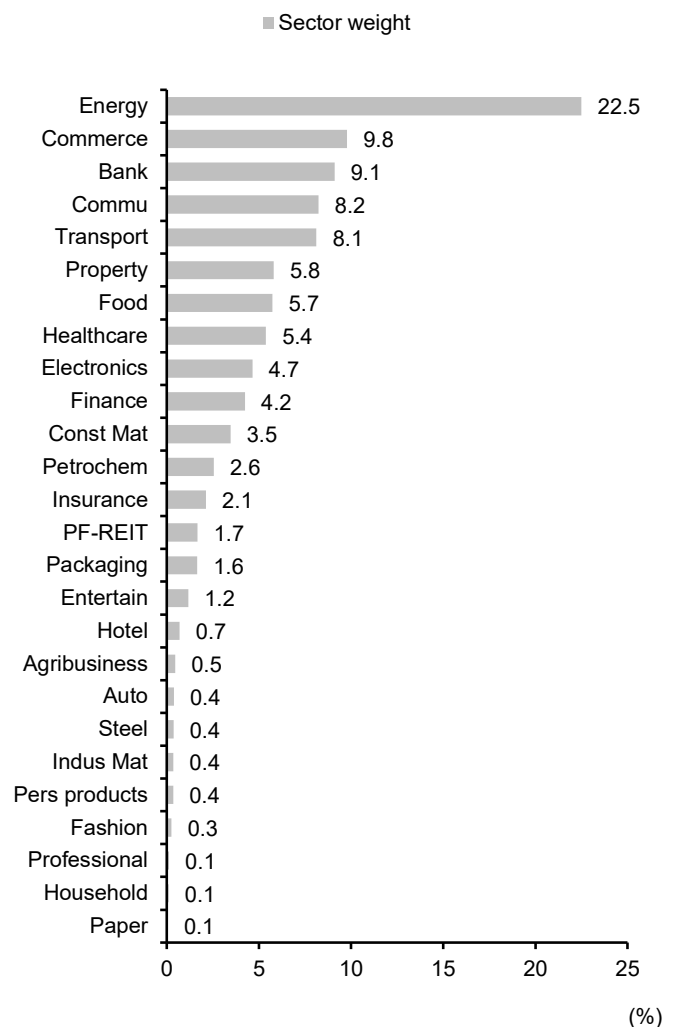
Source: FSSIA estimates

Exhibit 22: SET – sector performance in 2022, YTD



Source: Bloomberg

Exhibit 23: Sector weighting as of 15 Sept 2022



Source: Bloomberg

Downside risks to our view on the SET index in 2023

Among the five potential downside risks we have identified that may impact our conviction of the SET Index reaching 1,767 by end-2023, we think the persistently high inflation rate globally is the most daunting. The high inflation rate could lead central banks to hike the policy rate at a faster pace than FSSIA estimates and the market expects.

We believe that the SET index will trade sideways in 1Q23, moving within the range of 1,700-1,735, backed by visible and meaningfully higher revenue from tourism and continued strong exports which should support our GDP growth forecast in 2022-23, which in turn should be the key catalyst sending the SET index higher in 2023 after a period of consolidation in 4Q22. With stronger GDP on the way, rising tourism revenue, a relatively stable THB in the range of THB34-37/USD, and solid corporate earnings growth forecasts, we project foreign fund inflows to continue in 1Q23.

Exhibit 24: Potential headwinds in 2023

Potential headwinds	Magnitude of impact	Rationale
US and Europe recession fears, persistent inflation, monetary tightening	High	In the next 6-12 months, we believe the global economy, led by the US, is likely to enter a tumultuous downcycle, with the US economy likely to enter a recession on multiple negative quarterly GDP growth prints caused by the US Federal Reserve (Fed)'s fast and furious policy rate hikes aimed at curbing inflation. We believe there will be four key phases – moderation (2021-2Q22), correction (2H22), recuperation (2023), and growth (post 2023) – for the global economy as it evolves following the Fed's rate hikes that prompt global central banks to raise rates to manage their currencies while fighting inflation.
China economic slowdown	Mild	China's economy is facing quite a lot of headwinds, including the dogged zero-Covid policy and property and regulation risks. In particular, if China's borders remain closed, Thailand's tourism recovery would be prolonged.
Global political risk; war in Ukraine tensions	Mild	We think that a further escalation of the Ukraine-Russia war will not occur until Russia has no choice but to use nuclear weapons.
Regional fund outflow to DM after Fed rate hike	Low	Due to the foreign fund outflow continuing from emerging markets (EM) in the last two years, we think that there is a small chance that there will be a larger fund outflow from EM to developed markets (DM).
Thailand's political uncertainty	Low	We believe that the government will aim to win seats at both the local and national levels to maintain the stability of the current cabinet ahead of the upcoming general election in 2023. Meanwhile, the incumbent government remains secure despite the internal fighting within Phalangpracharat (PPRP), as all coalition parties have thus far remained in unity. With 277 MPs under the coalition bloc (55.4% of the 500-member House of Representatives), the government's stability should remain until the next election, in our view.

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	PSH	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	SEAOIL	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	SMT	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	PPPM	SCI	SRICHA	TMD	VPO
ALLA	BJC	DCON	HPT	KIAT	MITSIB	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	WIJK
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	UNIQU	
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	TIPL	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	WIIK
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)

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

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Suwat Sinsadok, CFA, FRM, ERP FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
CP All	CPALL TB	THB 59.50	BUY	The key downside risks to our DCF-derived TP are: 1) the higher-than-expected impact from a loss of service income from the convenience store business; 2) the worse-than-expected overseas performance of Makro; and 3) the slow recovery of tourist numbers.
Singer Thailand	SINGER TB	THB 45.50	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.
Asian Sea Corporation	ASIAN TB	THB 19.20	BUY	Downside risks to our P/E-based TP would be 1) a stronger-than-expected THB against USD; and 2) the high volatility of raw material prices, such as tuna and squid prices, which could hurt its GPM.
Bangkok Bank	BBL TB	THB 134.00	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
Central Pattana	CPN TB	THB 68.25	BUY	Key downside risks to our DCF-derived TP are deviations to our estimates on rental rate, occupancy rate, returns on its new investments, capex and interest rate.
Gunkul Engineering	GUNKUL TB	THB 5.30	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
Asia Aviation	AAV TB	THB 2.82	BUY	Downside risks to our P/BV multiple target price include 1) extraordinary events such as political turmoil and natural disasters; 2) higher-than-expected fuel expenses following an increase in oil prices; and 3) the slower-than-expected recovery of international tourist numbers.
Krung Thai Bank	KTB TB	THB 16.60	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
Airports of Thailand	AOT TB	THB 72.50	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.
Energy Absolute	EA TB	THB 89.25	BUY	Downside risks to our SoTP-based TP include: 1) lower-than-expected demand for electricity in Thailand; 2) lower crude prices; and 3) lower-than-expected demand for batteries.
Gulf Energy Development	GULF TB	THB 54.75	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.
PTT PCL	PTT TB	THB 36.75	BUY	Risks to our SoTP-based valuation are the oil price and potential earnings downsides from government intervention.
Esso Thailand	ESSO TB	THB 13.60	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.
Star Petroleum Refining	SPRC TB	THB 11.80	BUY	TP is based on EV/EBITDA. Downside risks are a sharp rise in oil price and weak demand for refined oil products.
Electricity Generating	EGCO TB	THB 175.00	BUY	Downside risks to our SoTP-based TP include 1) lower-than-expected demand for electricity in Thailand; 2) delays in project commencement or commercial operation dates (COD); and 3) government intervention in electricity tariff subsidies.
Kasikornbank	KBANK TB	THB 148.50	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
Charoen Pokphand Foods	CPF TB	THB 25.25	HOLD	The key downside risks to our SoTP-based target price are the volatile pork prices in both Thailand and Vietnam which could hurt revenues and the company's gross margin. Key upside risk is faster-than-expected recovery of livestock price in region and lower feed stock cost.

Minor International	MINT TB	THB 28.25	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply and higher competition in the F&B business, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Central Retail Corp	CRC TB	THB 40.00	BUY	The key downside risks to our DCF-based TP include 1) new waves of Covid-19; and 2) lower-than-expected sales from the high-margin fashion business.
Siam Makro	MAKRO TB	THB 35.25	BUY	The key downside risks to our DCF-based TP include: 1) lower-than-expected SSSG; 2) a lower-than-expected GPM improvement; and 3) operational losses from its overseas business.
Asset World Corp	AWC TB	THB 6.00	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, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Bangkok Airways	BA TB	THB 10.70	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.
Siam Cement	SCC TB	THB 341.00	BUY	Downside risks to our SOTP based TP include 1) a lower-than-expected demand for chemicals, CBM, and packaging; 2) rising coal costs for its cement and packaging units; and 3) weaker demand from the automobile industry that could erode the demand for SCC's chemical unit and its dividend contributions.
Carabao Group	CBG TB	THB 98.75	BUY	The key downside risks to our DCF-based TP are 1) slower-than-expected sales growth in Myanmar, Cambodia, and the vitamin C drink market; 2) a decrease in domestic energy drink market share; and 3) higher-than-expected SG&A expenses from overseas operations, such as in China and the UK.
Osotspa PCL	OSP TB	THB 30.00	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.
Home Product Center	HMPRO TB	THB 14.00	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.
Siam Global House	GLOBAL TB	THB 20.50	BUY	The key downside risks to our DCF-based TP are volatile farm incomes and farm prices which could negatively impact purchasing power, especially in the provinces.
Intouch Holdings	INTUCH TB	THB 72.25	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.

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 15-Sep-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.