

Thailand Market Strategy

Poorer GDP and inflation vs more hawkish rate hike

- Fed appears to have no choice but to raise its policy interest rate to combat inflation.
- We think the Fed's hawkish rate hike will lead to a SET index correction in 4Q22 due to the high potential for THB depreciation.
- Maintain our SET correction forecast for 4Q22; rebound to 1,767 expected in 2023.

An in-line Fed rate hike by 0.75% could be followed by two 0.5% hikes in 4Q22

Following the US Federal Reserve (Fed)'s third consecutive 0.75% rate hike, which was in line with our and the market's expectations, we think the Fed will further lift its policy rate to as high as 4.0% in 2022 – implying two more hikes of 0.5% each in Nov and Dec-22. In our view, this could potentially lead to a US recession in 2023. While we expect the Fed's rate hikes to bring down inflation, it will do so at the expense of households and businesses. Given the circumstances, we expect a SET index correction in 4Q22 due to the high potential for THB depreciation as the USD strengthens and the interest rate gap widens between the Fed and the Bank of Thailand (BoT).

More hawkish rate hike target to 4.4% by the end of 2022

According to notes from the Federal Open Market Committee (FOMC) meeting on 22 Sep-22, the Fed's target rate was raised by another 0.75% to 3.00-3.25%. The Fed also signalled larger increases to come with new projections showing its policy rate reaching 4.4% by the end of 2022 before topping out at 4.6% in 2023. Meanwhile, projections for core inflation in the US were revised up from 4.3% to 4.5% in 2022, from 2.7% to 3.1% in 2023, and 2.3% in 2024.

Hard(er) US economic landing and rising unemployment now within sight

In our view, Fed Chairman Jerome Powell's increasingly blunt messaging, which has gone from "we must keep at it until the job is done" at Jackson Hole, to "more restrictive or restrictive for longer" at the latest FOMC meeting, indicates that the Fed remains highly cautious on US inflation. Further evidence can be seen in the revised US GDP projections, which were lowered by 1.5% to 0.2% in 2022, and raised from 0.5% to 1.2% in 2023. This, when combined with the new higher projected unemployment rate of 4.4% in 2023, up from the earlier estimate of 3.9%, and 3.8% in 2022, support our view that if the Fed took action to support the most vulnerable, the inflationary consequences could outweigh the benefits.

Maintain SET correction in 4Q22 before rebounding to 1,767 in 2023

Our 2022 SET index target of 1,718, based on 16.2x 2022E P/E, -0.25SD, and our 2023 target of 1,767, based on 14.8x 2023E P/E, -0.5SD, incorporates 1) the higher risks from rising inflation and the possibility of a more extreme BoT rate hike that could jeopardise the earnings growth of corporates on the SET; and 2) our EPS forecasts of THB106.4/share in 2022 and THB119.1/share in 2023.



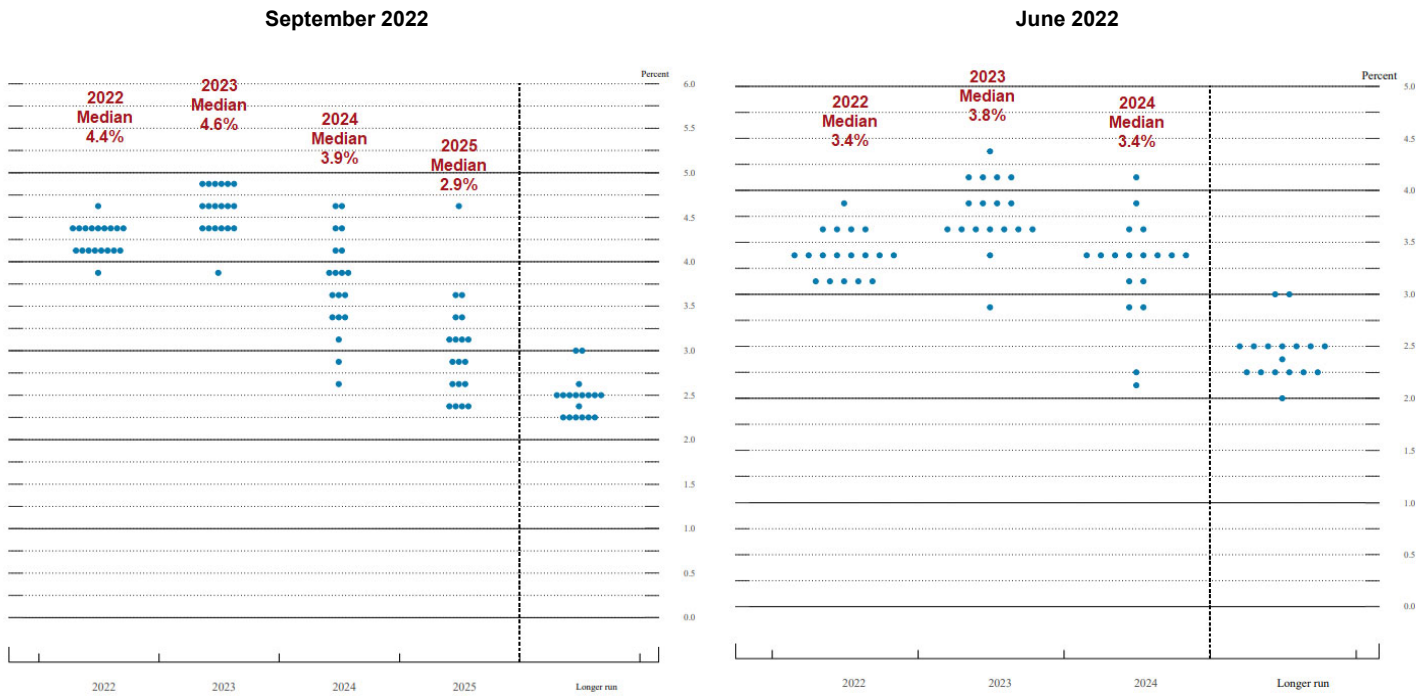
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Fed's dot plot suggests larger rate hikes coming – and sooner

At the FOMC meeting on 22 Sep-22, the Fed raised its target rate by another 0.75% to 3.00-3.25% and signalled larger increases to come with new projections showing its policy rate reaching 4.4% by the end of 2022 before topping out at 4.6% in 2023. Meanwhile, US core inflation was revised up from 4.3% under the Fed's previous projection to 4.5% in 2022, from 2.7% to 3.1% in 2023, and 2.3% in 2024.

Exhibit 1: FOMC participants' assessments of appropriate monetary policy: target ranges for the federal funds rate



Source: [Federal Open Market Committee \(FOMC\)](#)

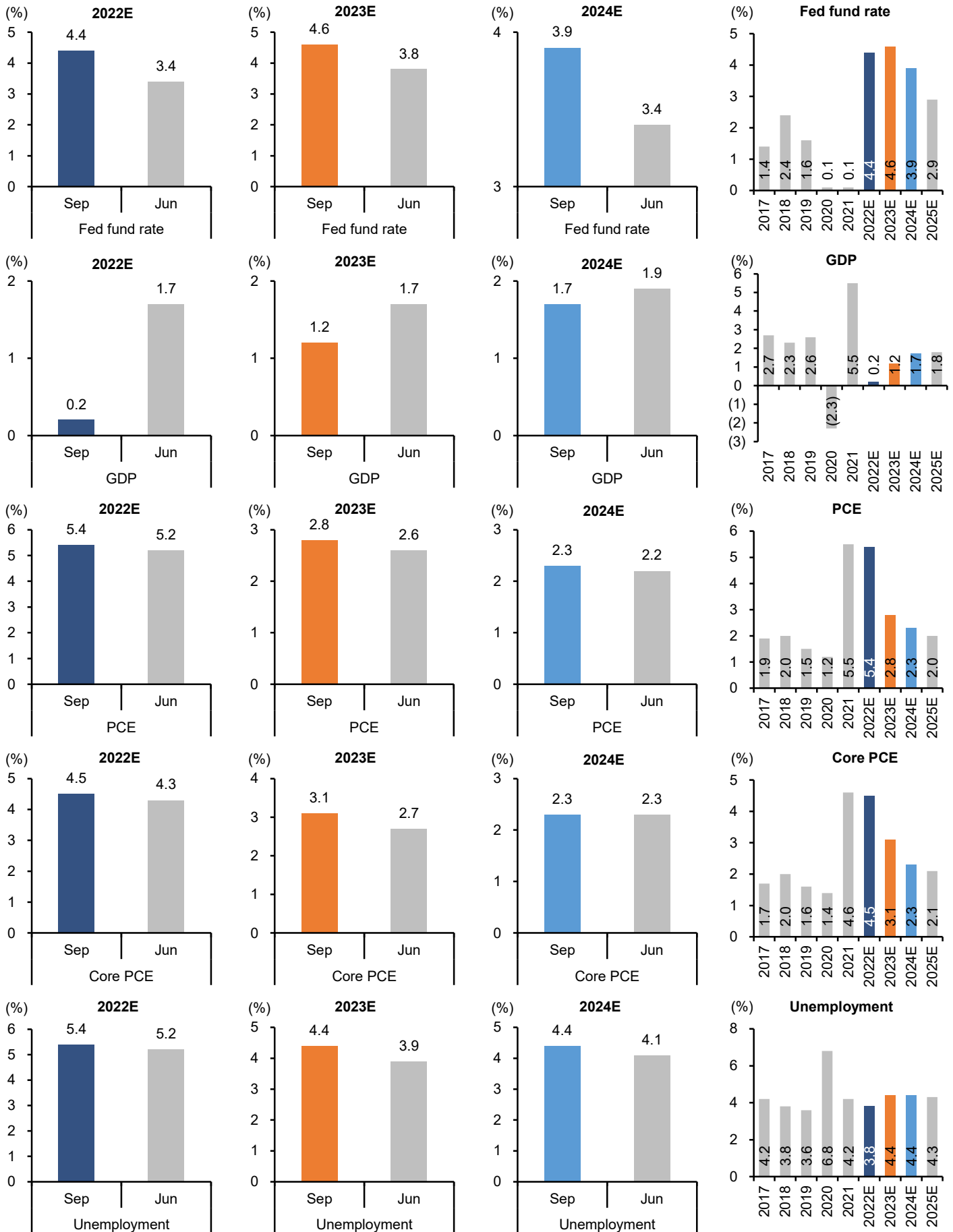
Exhibit 2: Central tendencies from Sep-22

| Variable | Median ¹ | | | | | Central Tendency ² | | | | | Range ³ | | | | |
|---|---------------------|------|------|------|------------|-------------------------------|---------|---------|---------|------------|--------------------|----------|---------|---------|------------|
| | 2022 | 2023 | 2024 | 2025 | Longer run | 2022 | 2023 | 2024 | 2025 | Longer run | 2022 | 2023 | 2024 | 2025 | Longer run |
| Change in real GDP | 0.2 | 1.2 | 1.7 | 1.8 | 1.8 | 0.1-0.3 | 0.5-1.5 | 1.4-2.0 | 1.6-2.0 | 1.7-2.0 | 0.0-0.5 | -0.3-1.9 | 1.0-2.6 | 1.4-2.4 | 1.6-2.2 |
| June projection | 1.7 | 1.7 | 1.9 | | 1.8 | 1.5-1.9 | 1.3-2.0 | 1.5-2.0 | | 1.8-2.0 | 1.0-2.0 | 0.8-2.5 | 1.0-2.2 | | 1.6-2.2 |
| Unemployment rate | 3.8 | 4.4 | 4.4 | 4.3 | 4.0 | 3.8-3.9 | 4.1-4.5 | 4.0-4.6 | 4.0-4.5 | 3.8-4.3 | 3.7-4.0 | 3.7-5.0 | 3.7-4.7 | 3.7-4.6 | 3.5-4.5 |
| June projection | 3.7 | 3.9 | 4.1 | | 4.0 | 3.6-3.8 | 3.8-4.1 | 3.9-4.1 | | 3.5-4.2 | 3.2-4.0 | 3.2-4.5 | 3.2-4.3 | | 3.5-4.3 |
| PCE inflation | 5.4 | 2.8 | 2.3 | 2.0 | 2.0 | 5.3-5.7 | 2.6-3.5 | 2.1-2.6 | 2.0-2.2 | 2.0 | 5.0-6.2 | 2.4-4.1 | 2.0-3.0 | 2.0-2.5 | 2.0 |
| June projection | 5.2 | 2.6 | 2.2 | | 2.0 | 5.0-5.3 | 2.4-3.0 | 2.0-2.5 | | 2.0 | 4.8-6.2 | 2.3-4.0 | 2.0-3.0 | | 2.0 |
| Core PCE inflation ⁴ | 4.5 | 3.1 | 2.3 | 2.1 | | 4.4-4.6 | 3.0-3.4 | 2.2-2.5 | 2.0-2.2 | | 4.3-4.8 | 2.8-3.5 | 2.0-2.8 | 2.0-2.5 | |
| June projection | 4.3 | 2.7 | 2.3 | | | 4.2-4.5 | 2.5-3.2 | 2.1-2.5 | | | 4.1-5.0 | 2.5-3.5 | 2.0-2.8 | | |
| Memo: Projected appropriate policy path | | | | | | | | | | | | | | | |
| Federal funds rate | 4.4 | 4.6 | 3.9 | 2.9 | 2.5 | 4.1-4.4 | 4.4-4.9 | 3.4-4.4 | 2.4-3.4 | 2.3-2.5 | 3.9-4.6 | 3.9-4.9 | 2.6-4.6 | 2.4-4.6 | 2.3-3.0 |
| June projection | 3.4 | 3.8 | 3.4 | | 2.5 | 3.1-3.6 | 3.6-4.1 | 2.9-3.6 | | 2.3-2.5 | 3.1-3.9 | 2.9-4.4 | 2.1-4.1 | | 2.0-3.0 |

1. For each period, the median is the middle projection when the projections are arranged from lowest to highest. When the number of projections is even, the median is the average of the two middle projections; 2. The central tendency excludes the three highest and three lowest projections for each variable in each year; 3. The range for a variable in a given year includes all participants' projections, from lowest to highest, for that variable in that year; 4. Longer-run projections for core PCE inflation are not collected.

Source: FOMC

Exhibit 3: Summary of changes in FOMC's dot plot and key economic projections

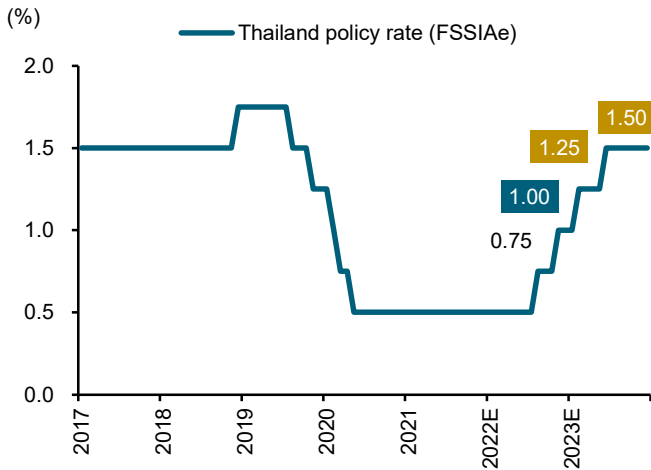


Sources: FOMC; FSSIA's compilation

How high will the BoT's policy rate go?

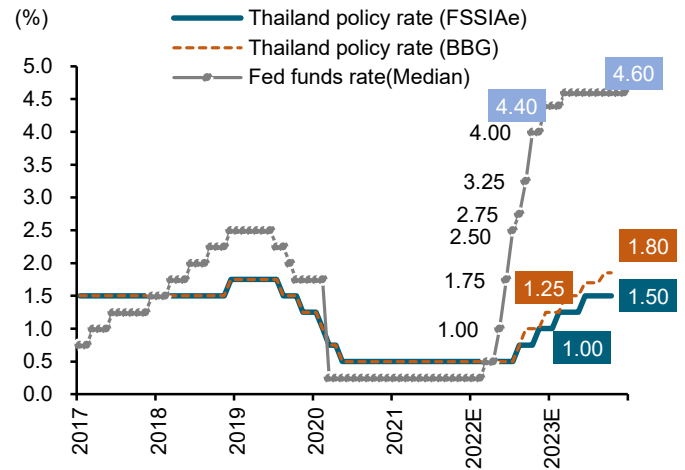
For Thailand, we still expect the BoT to raise its policy rate from 0.75% in Aug-22 to 1.0% at the end of 2022 and add a further hike of 0.50% to end up at 1.5% in 2023. This would leave the interest rate differential between the BoT and the Fed at c3.4%, and 3.1%, respectively by the end of 2022 and 2023 (Fed's 4.4% vs BoT's 1.0% in 2022 and 4.6% vs 1.5% in 2023).

Exhibit 4: FSSIA expects the BoT to hike its rate twice in 2022 by 25bps each* to 1% and twice in 2023 by 25bps each to 1.50%



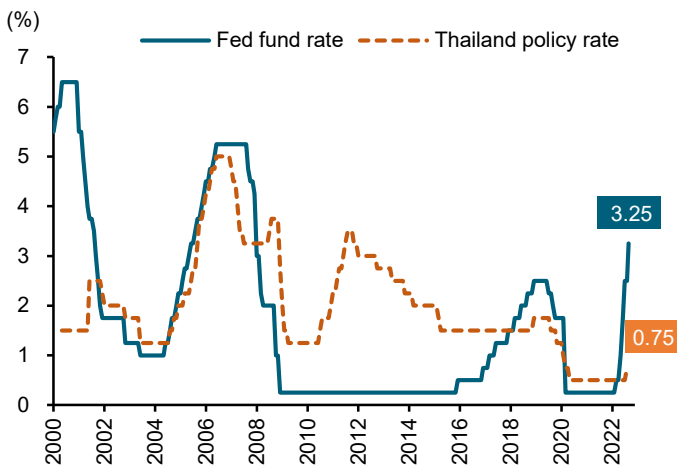
*On 10 Aug-22, the Monetary Policy Committee voted 6 to 1 to raise the policy rate by 25bps from 0.50% to 0.75%
Source: FSSIA estimates

Exhibit 5: BoT policy rate hike projections by FSSIA and the Bloomberg consensus vs potential Fed rate hikes (median)



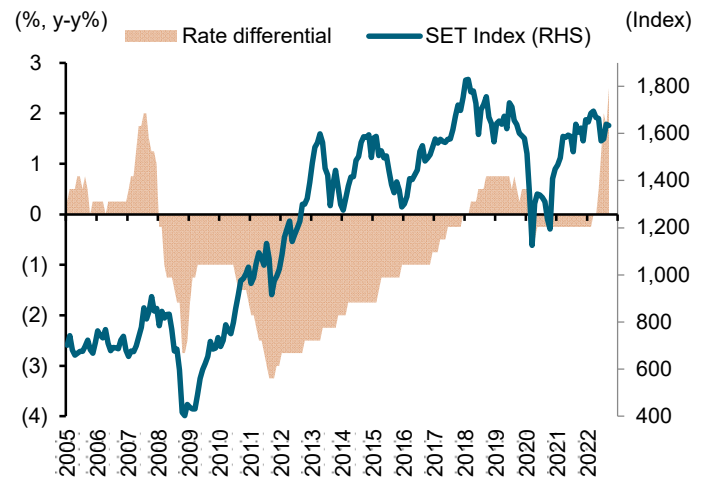
Sources: FOMC, Bloomberg consensus as of 22 Sep-22; FSSIA estimates

Exhibit 6: Fed funds rate vs Thai policy rate



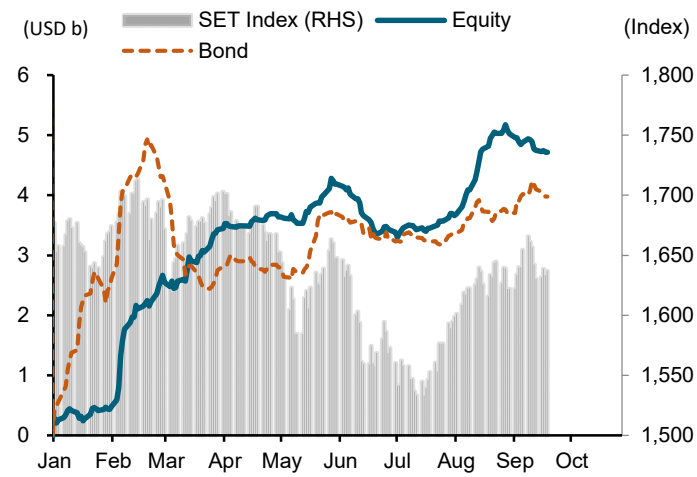
Sources: Bloomberg; FSSIA's compilation

Exhibit 7: Rate differential vs SET index



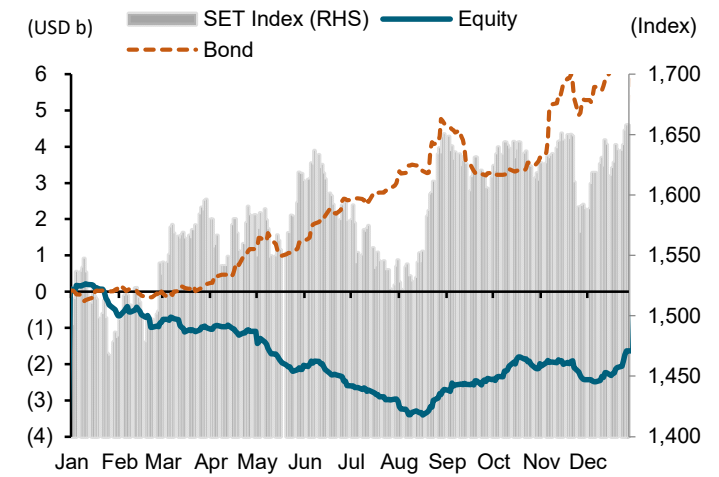
Sources: Bloomberg; FSSIA's compilation

Exhibit 8: Thailand – flows in equities & bonds, 2022



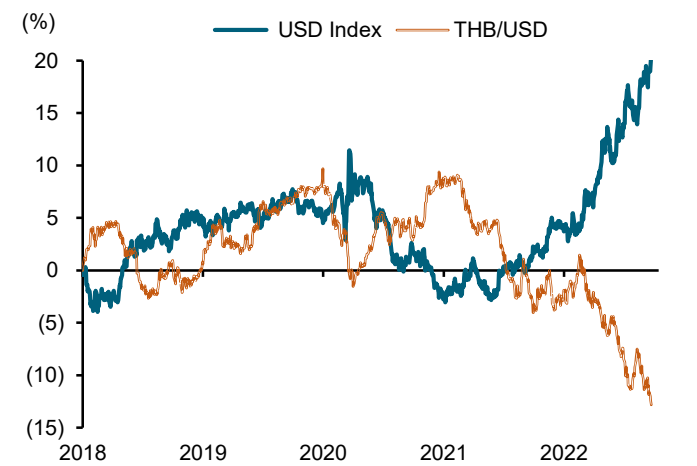
As of 21 Sep-22
Sources: Bloomberg; FSSIA's compilation

Exhibit 9: Thailand – flows in equities & bonds, 2021



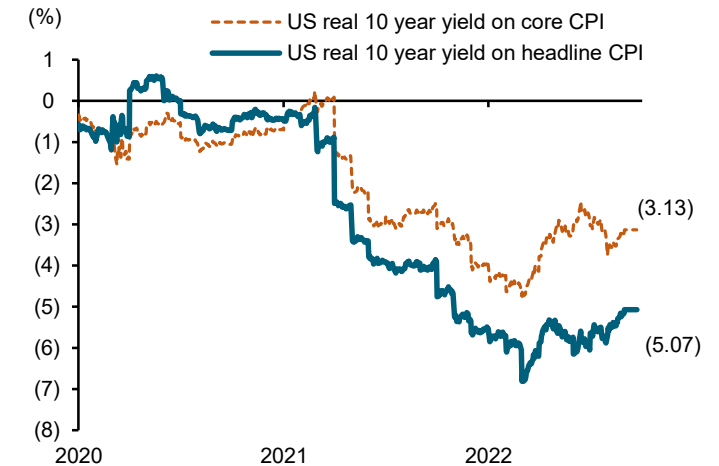
Sources: Bloomberg; FSSIA's compilation

Exhibit 10: THB is depreciating against USDX's appreciation



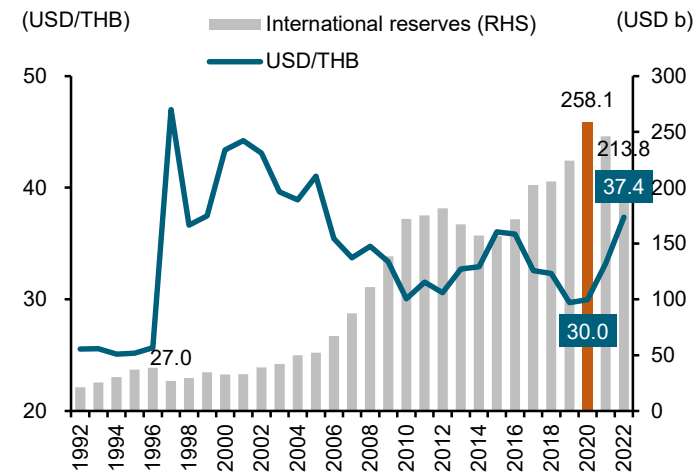
[Interpreting the USD Index \(USDIX\)](#): An index value of 120 suggests that the USD has appreciated 20% versus the basket of currencies. As of 22 Sep-22
Sources: Bloomberg; FSSIA's compilation

Exhibit 11: US real 10-year yield



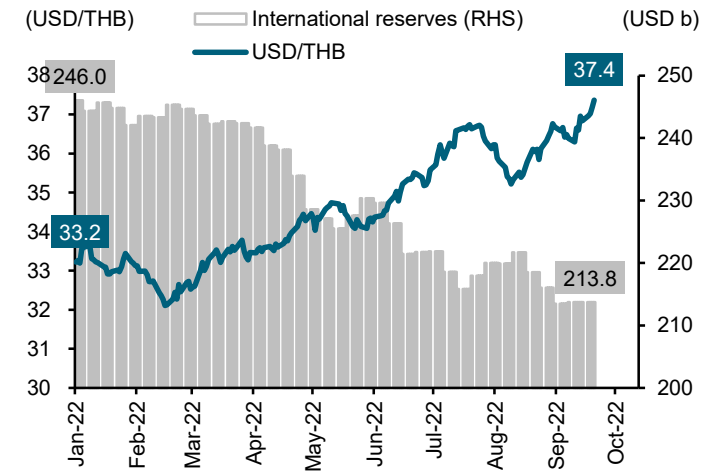
As of 22 Sep-22
Sources: Bloomberg; FSSIA's compilation

Exhibit 12: Thailand's international reserves vs exchange rates, 1992 to 21 Sep-22



Sources: Bloomberg; FSSIA's compilation

Exhibit 13: Thailand's international reserves vs exchange rates, Jan to 21 Sep-22



Sources: Bloomberg; FSSIA's compilation

Exhibit 14: 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 | Target | | 21A | 22E | 23E | 22E | 23E | 22E | 23E | | | |
| | | (THB) | (THB) | (%) | (THB m) | (THB m) | (THB m) | (y-y%) | (y-y%) | (x) | (x) | (%) | (%) | (x) |
| CP All | CPALL TB | 57.00 | 82.00 | 44 | 11,706 | 17,188 | 22,365 | 46.8 | 30.1 | 29.8 | 22.9 | 1.7 | 18.5 | 4.7 |
| Singer Thailand | SINGER TB | 42.75 | 59.00 | 38 | 701 | 1,107 | 1,522 | 58.1 | 37.5 | 31.8 | 23.6 | 2.5 | 9.4 | 2.2 |
| Asian Sea Corporation | ASIAN TB | 18.90 | 24.70 | 31 | 1,039 | 1,150 | 1,234 | 10.7 | 7.3 | 13.4 | 12.5 | 4.0 | 25.0 | 2.9 |
| Bangkok Bank | BBL TB | 137.50 | 170.00 | 24 | 26,506 | 30,538 | 34,035 | 15.2 | 11.5 | 8.6 | 7.7 | 4.7 | 6.4 | 0.5 |
| Central Pattana | CPN TB | 69.00 | 85.00 | 23 | 3,380 | 11,629 | 15,425 | 244.1 | 32.6 | 26.6 | 20.1 | 1.9 | 18.1 | 3.4 |
| Gunkul Engineering | GUNKUL TB | 5.35 | 6.60 | 23 | 1,909 | 2,273 | 3,622 | 19.1 | 59.3 | 20.9 | 13.1 | 4.5 | 24.9 | 3.1 |
| Asia Aviation | AAV TB | 2.90 | 3.40 | 17 | (4,853) | (6,611) | 1,235 | 36.2 | (118.7) | (5.6) | 30.2 | 1.3 | 7.2 | 2.1 |
| Krung Thai Bank | KTB TB | 17.00 | 20.00 | 18 | 21,588 | 30,996 | 33,959 | 43.6 | 9.6 | 7.7 | 7.0 | 5.0 | 8.5 | 0.6 |
| Airports of Thailand | AOT TB | 73.00 | 85.00 | 16 | (15,319) | (10,051) | 16,704 | (34.4) | (266.2) | (103.8) | 62.4 | 0.7 | 15.1 | 8.8 |
| Energy Absolute | EA TB | 90.75 | 101.00 | 11 | 5,983 | 11,873 | 11,834 | 98.4 | (0.3) | 28.5 | 28.6 | 1.1 | 25.0 | 6.5 |
| Gulf Energy Devl | GULF TB | 54.00 | 60.00 | 11 | 8,812 | 13,752 | 14,799 | 56.1 | 7.6 | 46.1 | 42.8 | 1.3 | 13.6 | 5.7 |

Share prices as of 22 September 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 | 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 | 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 | 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 | 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 | |

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

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

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 57.00 | 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 42.75 | 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. |
| Asian Sea Corporation | ASIAN TB | THB 18.90 | 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 137.50 | 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. |
| Central Pattana | CPN TB | THB 69.00 | 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 5.35 | 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 2.90 | 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 17.00 | 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. |
| Airports of Thailand | AOT TB | THB 73.00 | 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 90.75 | 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 54.00 | BUY | The downside risks to our SoTP-based TP on GULF include 1) lower-than-expected demand for electricity in Thailand; 2) a lower crude price; and 3) delays in project commercial operation dates. |

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 Finasia 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 Finasia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 22-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.