

Thailand Market Strategy

Rally on hope, not reality

- We anticipate that the Fed will eventually halt its rapid rate hikes and live with inflation. This supports our long-term investment view.
- November will be the inflection point for re-investing in the equity market, in our view.
- BoT normalisation, improving domestic consumption, the domestic and pan-Asia reopening, and renewable energy tenders are the themes to play for Nov-22.

Interest rate peak and delays in QT programs are key

We anticipate that the US Federal Reserve (Fed) will eventually halt its rapid rate hikes and live with inflation. This supports our long-term investment view. We expect the Fed funds rate to peak at 5.00-5.25% in Mar-22, while US core inflation should peak in Dec-22. We expect the pace of future rate hikes to become slower along with an easing of Quantitative Tightening (QT), as the Fed's actual QT implementation has been below its own target, which suggests that as soon as cracks start appearing in the market, central banks will try to manage the declines via a delay or pause in their QT programs. Thus, we think that maintained, high US financial liquidity would likely be good news for Thailand's equity market as foreign funds should continue to flow into emerging markets.

SET oversold, but not necessarily undervalued

Our data analysis indicates that the SET index looked overbought and overvalued at 1,712. Now that the SET index is 6.5% lower at 1,600, the market has gone from overbought to oversold. However, we think it is not necessarily undervalued, for four key reasons. First, the SET index is currently trying to rebound from oversold territory with the 14-day Relative Strength Index (RSI) having troughed at -27. Second, we see a tactical upside in trading in a bear market. Despite continued Asian earnings estimate downgrades, Thailand's SET earnings estimates have been revised up continuously, even with the SET index trending down. Third, the SET index is now less expensive than during the 2020-21 Covid pandemic. We have no doubt that the SET index is almost a standard deviation below its long-term average in terms of 12-month forward P/E and P/BV. Fourth, divergences are now apparent in the SET index's movements vs economic data and foreign fund flows.

Four preferred thematic exposures for Thailand plays in November

Despite the ongoing bearish sentiment in the overall market, we think investors can find alpha opportunities by employing a long/short market neutral strategy based on a variety of thematic exposures to monetise the uneven distribution of domestic and global headwinds. Our preferred thematic exposures covering Thailand and global markets include Bank of Thailand (BoT) policy normalisation, improving domestic consumption, the domestic and pan-Asia reopening, and renewable energy.

Retain Overweight on Thai equities with a 2023 SET index target of 1,767

We maintain our OVERWEIGHT view on Thailand's equity market with a 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. BoT policy normalisation, improving domestic consumption, the domestic and pan-Asia reopening, and renewable energy tenders are the themes to play for Nov-22. Our top stock picks are BBL, KTC, CPALL, GUNKUL, SNNP, AAV and AOT.



Songklod Wongchai

songklod.won@fssia.com
+66 2611 3553

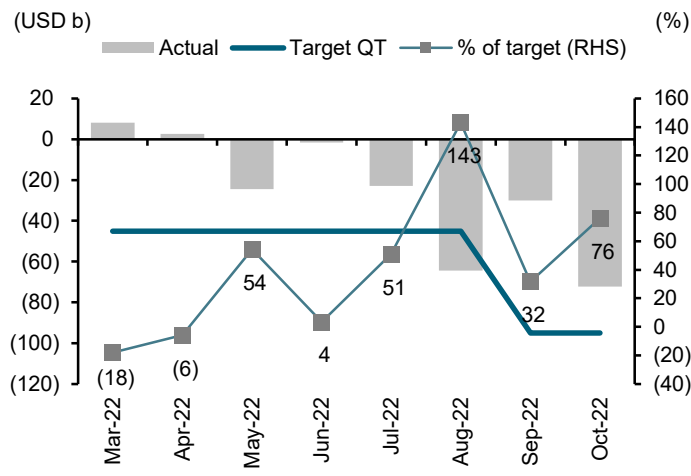
Peak in Fed policy rate near, not here

We believe the Fed will eventually stop its current round of rapid rate hikes and live with inflation. This supports our long-term investment view. We expect the Fed funds rate to peak at 5.00-5.25% in Mar-22, with US core inflation reaching a peak in Dec-22. We expect a slower pace of future rate hikes along with reduced QT, as it may add to market strains. We think this is the reason why investors have started demanding term premiums, which is driving gains in long-term bonds.

Front-loading to avoid the worst-case scenario

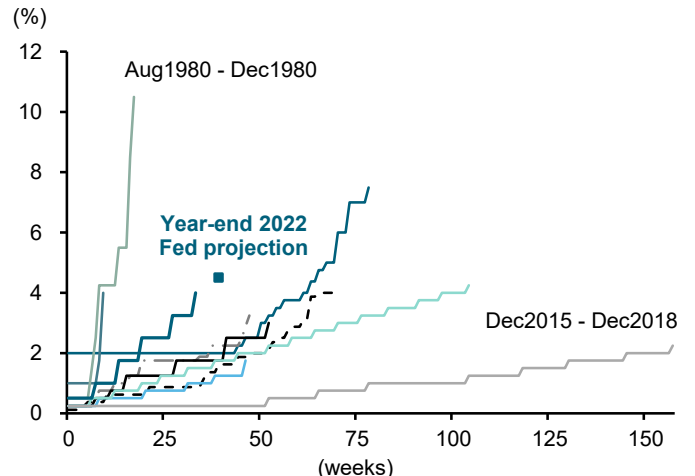
The Fed is doing “whatever it takes” to push inflation back down to meet their targets, in our view. The fastest hiking cycle for the Fed since the 1980s should avoid a soft recession or hard economic landing. Meanwhile, we see that there is another spectre looming over markets in the form of QT, driven by the Fed’s efforts to reduce its balance sheet that has been underway since Mar-22. We think the Fed’s sales of government bonds could increase the odds of a financial dislocation as yield spikes spark a risk asset selloff. However, the Fed’s actual QT implementation has been below its target, which suggests that when the market strains, central banks will try to manage the decline via a delay or pause in their QT programs. Thus, overall, we think that maintained, high US financial liquidity would likely be good news for Thailand’s equity market as it should result in continued foreign fund inflows to emerging markets.

Exhibit 1: Fed’s actual QT implementation is below target



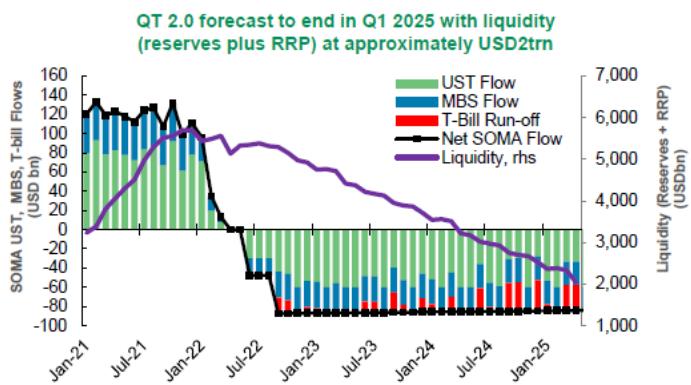
Source: Bloomberg

Exhibit 2: US interest rate tightening cycles, 1972-2022



Source: Bloomberg; FSSIA’s compilation

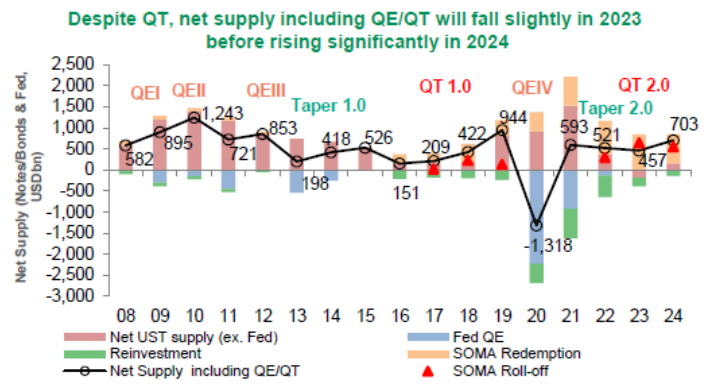
Exhibit 3: QT 2.0 forecast to end in 1Q25



Sources: Federal Reserve, US Treasury, BNP Paribas

Source: BNP-Global outlook Q4 2022

Exhibit 4: BNP Paribas expects sharp rise in QE/QT in 2024



Sources: US Treasury, Federal Reserve, BNP Paribas

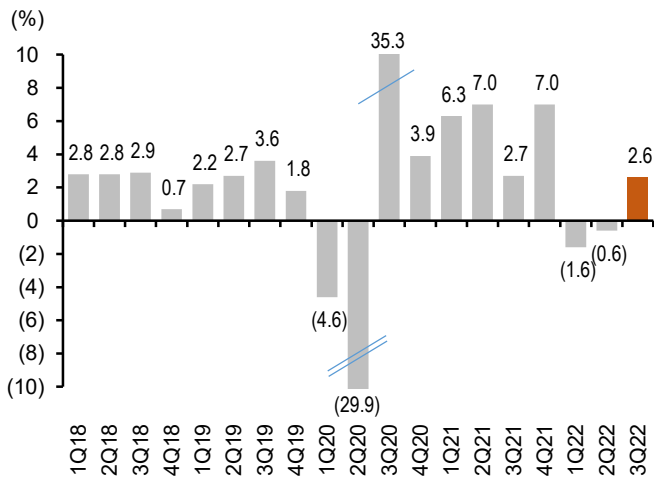
Source: BNP-Global outlook Q4 2022

US economic soft landing more likely than a hard landing

The US economy is overheating with the highest inflation seen in four decades, with prices rising on everything from groceries to cars to rent. Thus, to cool it down, the Fed has raised its policy interest rates by 0.75% at four consecutive meetings – the fastest pace since the early 1980s.

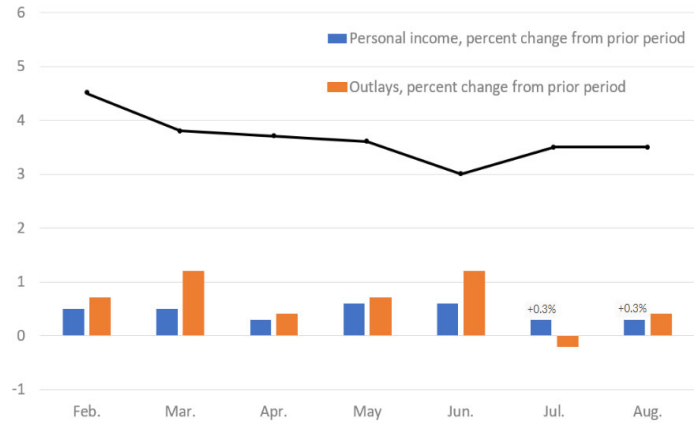
This has hit asset prices and caused a significant slowdown in rate-sensitive sectors of the economy, such as housing, and led to the highest 10-year treasury yields ever recorded. Meanwhile, US economic data released in Sep-22 showed that despite slower domestic demand and a housing market downturn, the job market remains strong and the S&P 500's 3Q22 earnings show strong consumer demand despite price increases. We think that even if US economic growth slows amid higher interest rates, overall, it can still absorb the risk of financial tightening.

Exhibit 5: US – GDP q-q SAAR



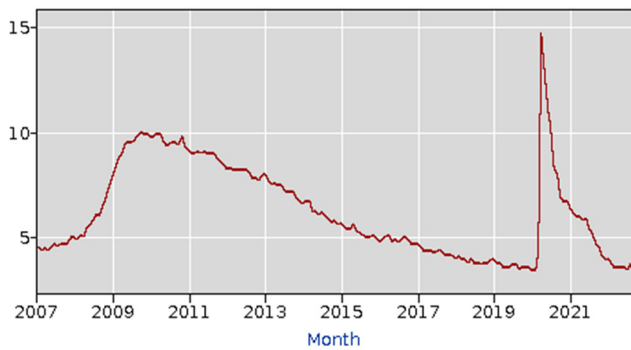
Source: [Bureau of Economic Analysis](#)

Exhibit 6: Personal income, outlays, and savings



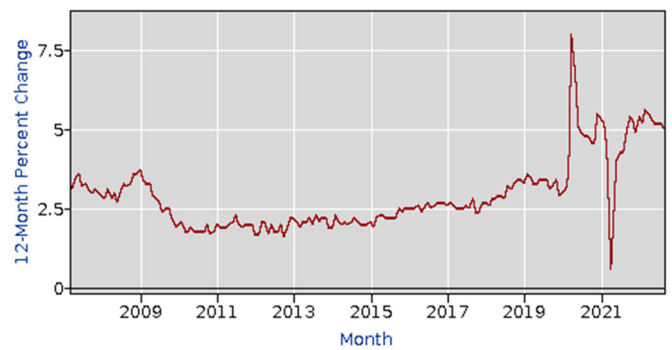
Source: [Bureau of Economic Analysis](#)

Exhibit 7: US unemployment rate



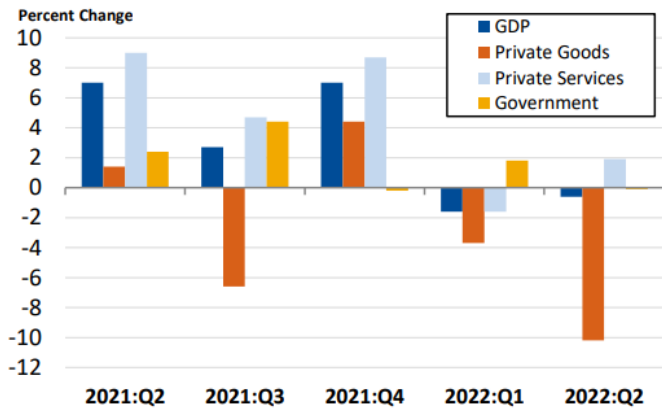
Source: [U.S. Bureau of Labor Statistics](#)

Exhibit 8: US average hourly earnings (SA), 12M% change



Average hourly earnings of all employees, total private, seasonally adjusted, 12-month % change
 Source: [U.S. Bureau of Labor Statistics](#)

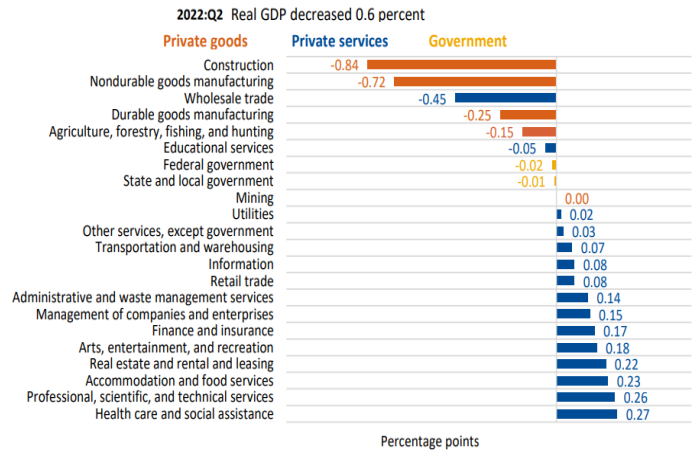
Exhibit 9: US – growth rate in real GDP by industry



U.S. Bureau of Economic Analysis Seasonally adjusted annual rates

Source: [Bureau of Economic Analysis](https://www.bea.gov/)

Exhibit 10: US – contributions to percent change in real GDP by industry group, 2022:Q2



U.S. Bureau of Economic Analysis Seasonally adjusted annual rates

Source: [U.S. Bureau of Labor Statistics](https://www.bls.gov/)

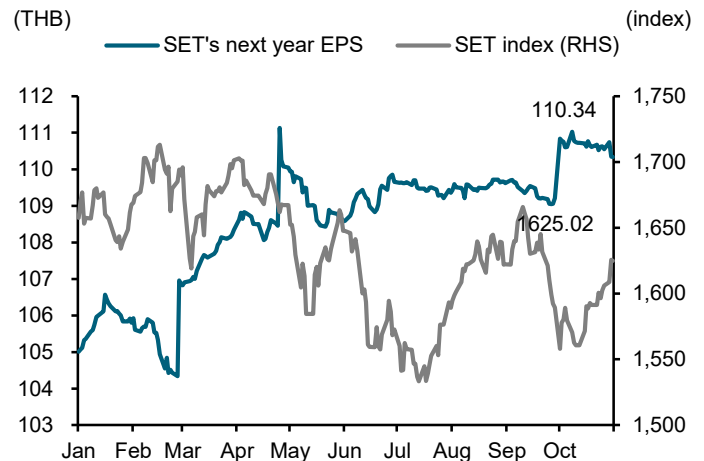
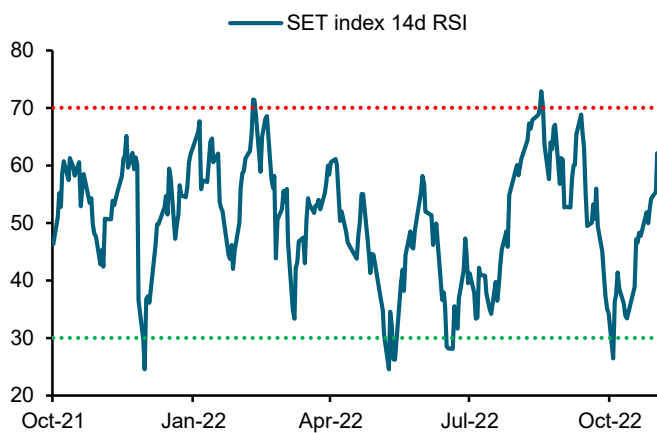
Entering 3Q22 earnings season – SET oversold amid uncertain environment

Our recent data analysis indicates that the SET index looked overbought and overvalued at 1,712. Now, with the SET index 6.5% lower at 1,600, the market has gone from overbought to oversold. However, we think it is not necessarily undervalued, for four key reasons:

Key reason #1: The SET index is currently trying to rebound from oversold territory with the 14d RSI having troughed at -27.

Exhibit 11: SET index is currently trying to rebound from oversold territory with 14d RSI at -27

Exhibit 12: Tactical upside in trading in a bear market



Source: Bloomberg

Source: Bloomberg

Key reason #2: We see a tactical upside in trading in a bear market. Despite continuous Asian earnings estimate downgrades, Thailand's SET earnings estimates have been revised up even as the SET index trended down. As a result, we expect the SET index to recover soon, like it did during Aug-22.

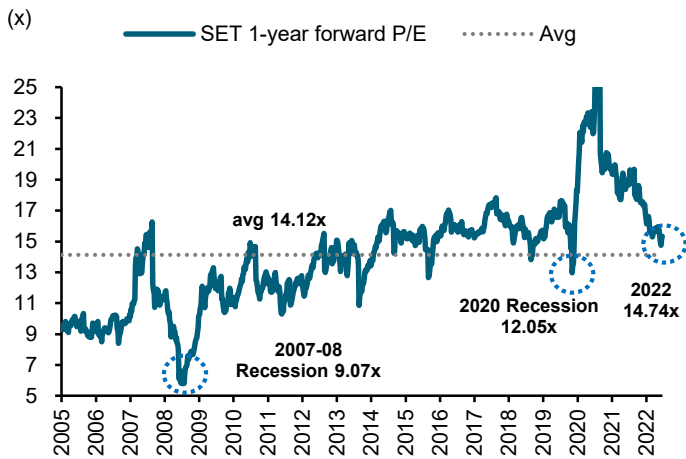
Exhibit 13: Revisions in consensus EPS estimates for Asia over 1M, 3M, 6M, and 12M

	----- 1M -----		----- 3M -----		----- 6M -----		----- 12M -----	
	2022	2023	2022	2023	2022	2023	2022	2023
China	(1.53)	(1.52)	(3.14)	(2.88)	(5.90)	(5.35)	(3.49)	(4.30)
S. Korea	(5.99)	(9.31)	(10.36)	(17.24)	(15.24)	(25.23)	(20.81)	(22.02)
Taiwan	(4.02)	(8.04)	(3.49)	(11.58)	(2.13)	(14.71)	9.58	(2.10)
India	(2.72)	0.64	(3.12)	1.49	(4.87)	(0.42)	14.93	13.42
Indonesia	6.09	6.15	13.23	4.38	25.19	15.44	32.78	15.37
Thailand	(0.72)	(0.45)	3.10	0.68	6.30	0.48	20.45	13.33
Malaysia	(0.52)	(0.51)	(2.16)	(0.80)	(1.87)	(1.16)	5.31	7.82
Philippines	(0.64)	(0.80)	1.44	(0.10)	0.15	(2.58)	22.97	13.05
MXASJ	(2.51)	(4.41)	(9.62)	(11.71)	(14.49)	(18.36)	(13.87)	(15.99)
Euro Stoxx 50	0.59	(0.15)	4.11	2.84	9.19	5.18	29.87	21.85
S&P500	(1.20)	(2.46)	(2.05)	(2.94)	(1.93)	(4.39)	7.47	6.52

As of 2 Nov 2022
Source: Bloomberg

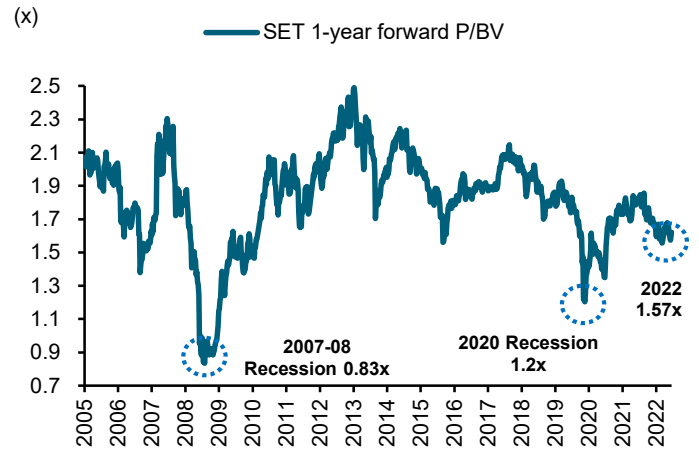
Key reason #3: Currently, the SET index is less expensive than during the 2020-21 Covid pandemic. We have no doubt that the SET index is almost a standard deviation below its long-term average in terms of 12-month forward P/E and P/BV, based on Bloomberg consensus estimates. Also, the MXASJ index is trading at 11.7x 12-month forward P/E and 1.34x 12-month forward P/BV – below the level of the 2020 Covid crisis, which in our view indicates that the downside is limited and that a rebound could be imminent.

Exhibit 14: SET one-year forward P/E history



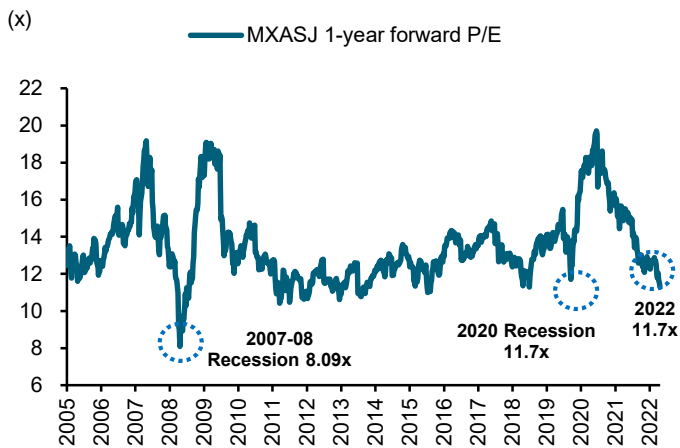
Source: Bloomberg

Exhibit 15: SET one-year forward P/BV history



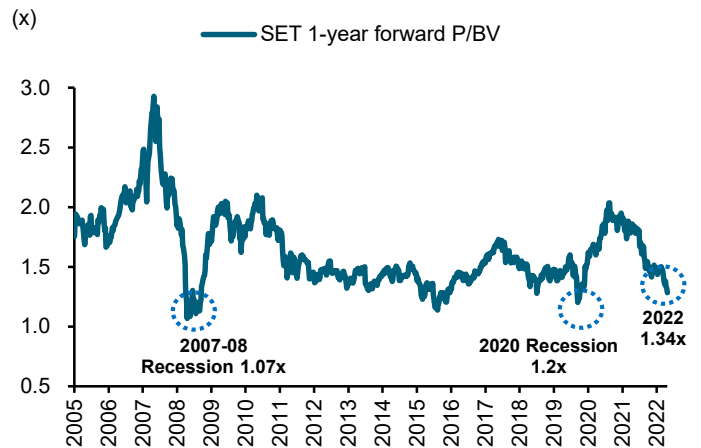
Source: Bloomberg

Exhibit 16: MXASJ one-year forward P/E history



Source: Bloomberg

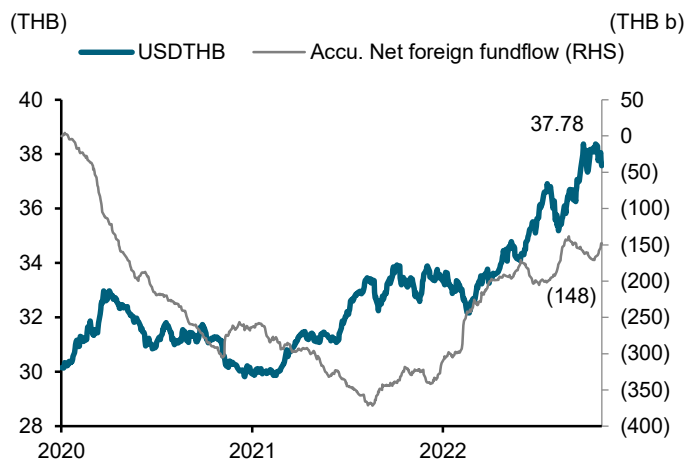
Exhibit 17: MXASJ one-year forward P/BV history



Source: Bloomberg

Key reason #4: Divergences abound on the SET index. We see a divergence between SET index movements, economic data, and foreign fund flows. Based on our historical data analysis, we found that foreign fund inflows tend to occur while the THB is weakening, which suggests that the economic recovery will drive foreign fund inflows. Moreover, we see regional fund flows in 3Q22 as a rotation within the region, not a net outflow. Furthermore, US midterm elections in November have historically been a catalyst for year-end rallies.

Exhibit 18: Foreign fund inflows vs USD-THB



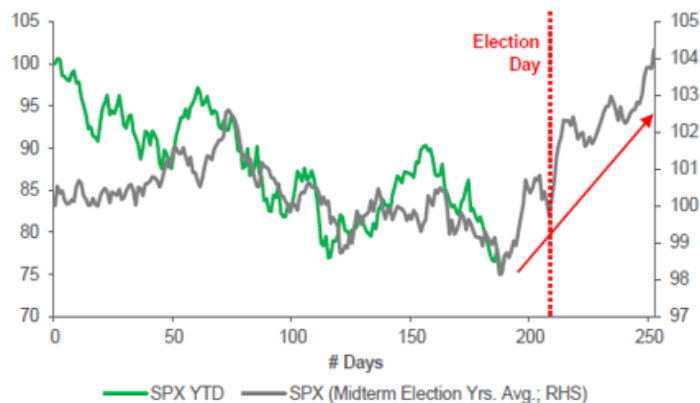
Sources: Bloomberg, SETSMART

Exhibit 19: Regional fund flows year to 2 Nov-22 – rotation not outflow

Market	Equity (USD m)	Bonds (USD m)
Thailand	4,907	2,987
India	(20,778)	(1,887)
Indonesia	5,580	(10,207)
Philippines	(1,226)	2,823
Malaysia	1,452	(643)
S. Korea	(10,642)	49,087
Japan	(8,423)	(46,193)

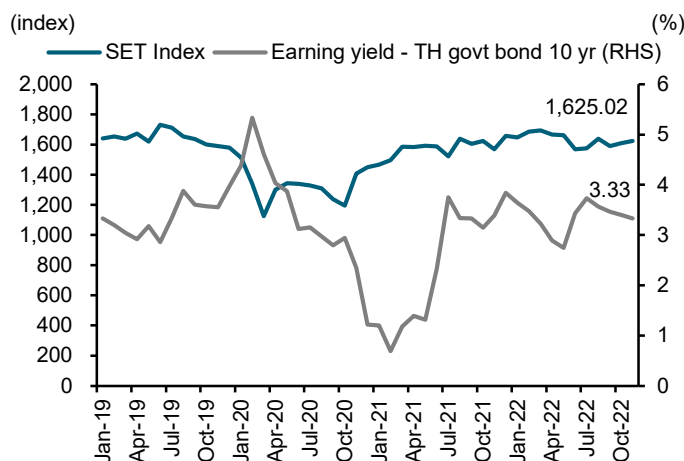
Source: Bloomberg

Exhibit 20: US midterm elections in November have historically been a catalyst for year-end rallies



Sources: Bloomberg, BNP Paribas, Cumu perf indexed to 100; midterm elections since 1930

Exhibit 21: SET earnings yield gap



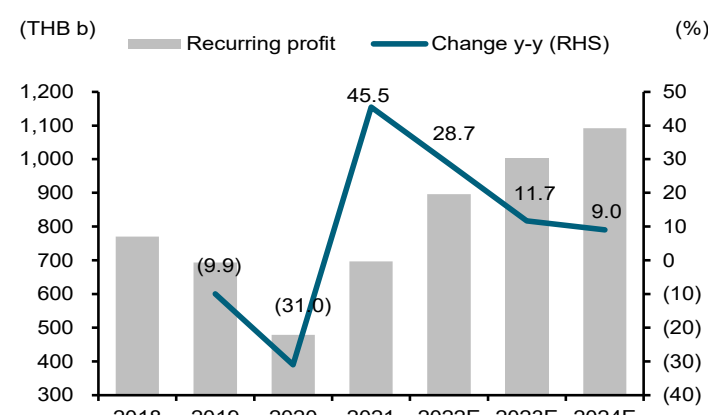
As of 2 Nov 2022
Source: FSSIA estimates

Exhibit 22: FSSIA's 2023 SET index target

		Earnings per share		
		2022E	2023E	2024E
EPS		106.4	119.1	129.5
		Target index based on FSSIA estimates		
P/E (x)		2022E	2023E	2024E
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 23: Net profit estimates for FSSIA's SET index target



Source: FSSIA estimates

Capturing alpha within FSSIA's coverage

Thailand's equity market has come under pressure from the rapid rise in interest rate expectations in the USD and Euro, which indicates a potential global recession and USD strength. This, combined with subdued Chinese economic growth due to the country's zero-covid policy and escalating tensions amid the Russia-Ukraine conflict, set the scene for the SET index's plunge by more than 4.5% from its 12 Sep-22 high. Looking into Nov-22, we still expect the SET index to move sideways – or further down with high volatility – in the range of 1,580-1,650.

Despite the ongoing bearish sentiment in the overall market, we think investors can find alpha opportunities by employing a long/short market neutral strategy using a variety of thematic exposures to monetise the uneven distribution of domestic and global headwinds.

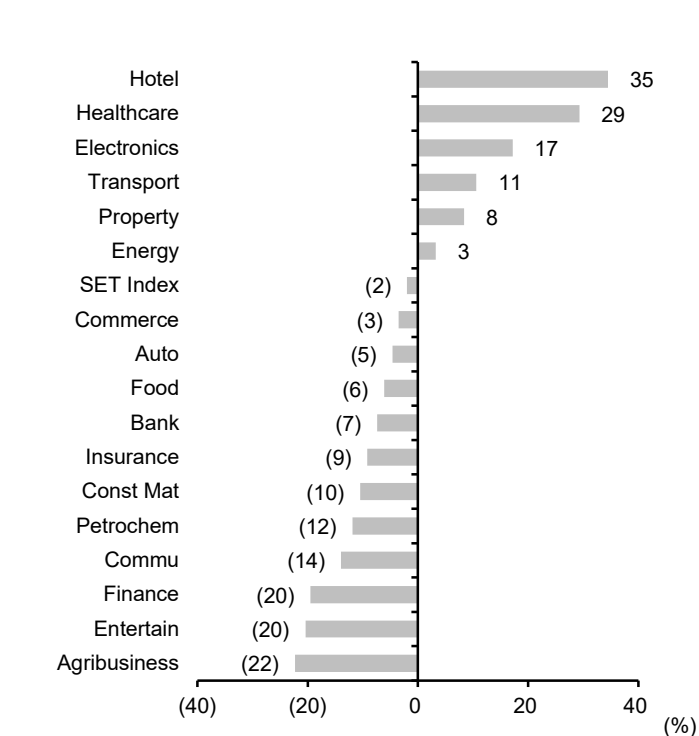
We have identified four preferred thematic exposures covering Thailand and global markets based on BoT policy normalisation, improving domestic consumption, the domestic and pan-Asia reopening, and renewable energy.

Exhibit 24: FSSIA long/short ideas for Nov-22

Theme	FSSIA's views	Long idea	Short idea
Bank of Thailand normalisation	Thai banks should benefit more from potentially higher interest rates.	Banks (BBL and KTB)	Property / Hire purchase
Renewables in Thailand	Companies related to renewable energy should benefit from the faster energy transition with new tenders being offered by Thai government agencies.	Renewable plays (GULF, EA and GUNKUL)	
Consumer spending	Companies should benefit from improving domestic consumption and the tourism recovery.	Commerce (CPALL, CPN, HMPRO and GLOBAL) / Food & beverage (SNNP)	
Travel & Tourism	Relaxation of Covid restrictions should accelerate the normalisation of inter-APAC mobility.	Transport / tourism (AOT and AAV)	

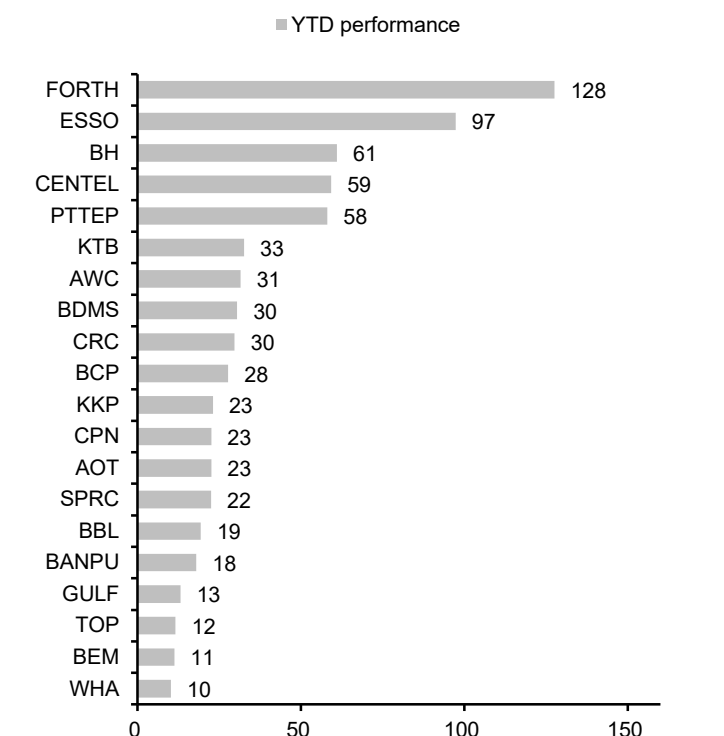
Source: FSSIA estimate

Exhibit 25: SET performance by sector, year to 2 Nov-22



Source: Bloomberg

Exhibit 26: SET100, best performers, year to 2 Nov-22



Source: Bloomberg

Exhibit 27: Stock picks for Nov-22

Company	BBG code	Key rationale
Bangkok Bank	BBL TB, TP THB170	Amid the rise in the inflation rate, we have limited concerns about BBL's asset quality vs other big banks, as most of its clients are corporate and medium-sized companies, which are more resilient than the retail segment due to their ability to pass on increases in production costs to clients. Also, we think BBL should be one of the banks that benefits the most from the interest rate uptrend.
Srinanaporn Marketing	SNNP TB, TP THB25	SNNP has successfully introduced new products since 1Q22, and we believe there is more growth to come in 2H22 and 2023. SNNP remains our top pick in Thailand's food sector due to 1) the potential upsides from new products, wider margins on superior cost control and the new partnership with Boonrawd Trading; 2) its revenue growth potential, both domestic and overseas, from the demand recovery and new products; and 3) the COD of its new production plant in Vietnam.
CP All	CPALL TB, TP THB82	We project CPALL to deliver strong earnings growth in 2023-24 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.
Gunkul Engineering	GUNKUL TB, TP THB6.6	We expect GUNKUL to achieve strong earnings growth from its 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.
Krungthai Card	KTC TB, TP THB65	We expect KTC's net profit to increase y-y and q-q in 4Q22 on the back of 1) a solid recovery in card spending from the resumption of business activity; 2) a resumption in personal loan growth; and 3) lower ECL, as we think KTC can control its asset quality effectively and it has a sufficient provision cushion. In our view, these should offset the weakness in its auto title loan growth.
Asia Aviation	AAV TB, TP THB3.7	AAV started collecting fuel surcharges of cTHB200-300, or 20-30% of the average domestic ticket fare of THB1,000 since mid-Oct 2022. Moreover, international capacity should improve to 50-60% of the pre-Covid level in 4Q22, led by a higher flight frequency for the Singapore route, adding destinations to the India route and launching a new Fukuoka route. Overall, we estimate passenger volume to jump more than 45% q-q to 4.2m in 4Q22 (vs 2.8m in 3Q22). In addition, with the slight decline in jet fuel spot prices to USD122/bbl (vs average of USD142/128 in 2Q/3Q22), we expect a significant reduction in its core loss in 4Q22.
Airports of Thailand	AOT TB, TP THB85	We like AOT as we think a recovery to the pre-Covid flight level is within sight. A passenger volume recovery should materialise late this year, and this 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 measures for operators.

Source: FSSIA estimates

Exhibit 28: Summary of key valuations of FSSIA's top picks for Nov-22

Company	BBG code	--- Share price ---		Up side (%)	----- Recurring profit -----			----- Growth -----		----- P/E -----		DivYld (%)	ROE (%)	PBV (x)
		Current (THB)	Target (THB)		21A (THB m)	22E (THB m)	23E (THB m)	22E (y-y%)	23E (y-y%)	22E (x)	23E (x)			
Bangkok Bank	BBL TB	145.50	170.00	17	26,506	30,538	34,035	15.2	11.5	9.1	8.2	4.5	6.4	0.5
Srinanaporn Marketing	SNNP TB	20.50	25.00	22	308	514	624	66.6	21.5	38.3	31.5	2.2	20.2	6.2
CP All	CPALL TB	60.75	82.00	35	11,706	17,188	22,365	46.8	30.1	31.7	24.4	1.6	18.5	5.1
Gunkul Engineering	GUNKUL TB	5.15	6.60	28	1,909	2,273	3,622	19.1	59.3	20.1	12.6	4.7	24.9	3.0
Krungthai Card	KTC TB	58.50	65.00	11	6,251	7,485	8,094	19.8	8.1	20.2	18.6	2.2	24.1	4.2
Asia Aviation	AAV TB	3.18	3.70	16	(4,853)	(7,498)	1,284	54.5	(117.1)	(5.5)	31.8	1.3	7.9	2.4
Airports of Thailand	AOT TB	74.50	85.00	14	(15,319)	(10,051)	13,187	(34.4)	(231.2)	(105.9)	80.7	0.5	12.1	9.2

Share prices as of 4 November 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	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	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

Songklod Wongchai FSS International Investment Advisory Securities Co., Ltd

The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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

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

Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Bank	BBL TB	THB 145.50	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.
Srinanaporn Marketing	SNNP TB	THB 20.50	BUY	The key downside risks to our DCF-based TP are 1) slower-than-expected demand growth and market penetration overseas, especially in Cambodia and Vietnam; 2) a lower-than-expected profit margin due to high raw material and transportation costs; and 3) higher-than-expected SG&A expenses from overseas operations.
CP All	CPALL TB	THB 60.75	BUY	The key downside risks to our DCF-derived TP are: 1) the higher-than-expected impact from a loss of service income from the convenience store business; 2) the worse-than-expected overseas performance of Makro; and 3) the slow recovery of tourist numbers.
Gunkul Engineering	GUNKUL TB	THB 5.15	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
Krungthai Card	KTC TB	THB 58.50	BUY	Downside risks are: 1) regulatory actions to curb industry growth; and 2) deteriorating asset quality.
Asia Aviation	AAV TB	THB 3.18	BUY	Downside risks to our P/BV multiple target price include 1) extraordinary events such as political turmoil and natural disasters; 2) higher-than-expected fuel expenses following an increase in oil prices; and 3) the slower-than-expected recovery of international tourist numbers.
Airports of Thailand	AOT TB	THB 74.50	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.
Gulf Energy Development	GULF TB	THB 50.75	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.
Energy Absolute	EA TB	THB 97.25	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.
Krung Thai Bank	KTB TB	THB 17.50	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 67.50	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.
Home Product Center	HMPRO TB	THB 14.40	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.

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 04-Nov-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.