

# Thailand Market Strategy

## การปรับตัวลงของตลาดเป็นโอกาสซื้อลงทุนระยะยาว

- สินทรัพย์เสี่ยงได้รับแรงกดดันจากเงินเฟ้อสหรัฐที่ปรับตัวลงช้าและจุดสูงสุดของอัตราดอกเบี้ยนโยบายของ FED ที่เพิ่มขึ้น ซึ่งทำให้กระแสเงินต่างชาติยังไหลออกในระยะสั้น
- กำไร 4Q22 บจ.ที่ต่ำกว่าคาดทำให้มี Downside ต่อประมาณการ EPS ปี 2023 และเป้าดัชนีของเราที่ 1,750 จุด
- มองเป็นโอกาสเข้าซื้อสะสมหุ้นช่วงตลาดปรับฐาน หุ่นเด่นในเดือน มี.ค. 23 ถึง 2Q23 ประกอบด้วย ASW, BA, BDMS, BEYOND, CPN, ITC, M และ NSL

### เงินเฟ้อสหรัฐที่ปรับตัวลงช้า จำกัด Upside ของสินทรัพย์เสี่ยง

การจ้างที่ดีในสหรัฐและตลาดแรงงานที่ตึงตัวยังผลักดันให้ CPI อยู่ในระดับสูงอย่างต่อเนื่องและปรับตัวลงช้ากว่าที่ตลาดคาดในเดือน มี.ค. 23 และยังคงสูงกว่าเป้าของ FED ที่ 2% อยู่มาก ปัจจัยดังกล่าวทำให้ตลาดปรับเพิ่มประมาณการอัตราดอกเบี้ยนโยบายของ FED จากที่เคยคาดว่าจะสูงสุดที่ 4.75%-5% ในเดือน มี.ค. 23 เป็น 5.25-5.5% ใน 2Q23 และอาจทรงตัวในระดับสูงนานกว่าที่เคยคาด แม้ว่าเศรษฐกิจสหรัฐอาจหลีกเลี่ยงสภาวะถดถอยได้ในปีนี้อย่างไรก็ตาม การเติบโตคาดว่าจะอยู่ในระดับต่ำสักระยะหนึ่ง ปัจจัยดังกล่าวทำให้เราคาดว่าตลาดหุ้นโลกน่าจะมี Upside จำกัดในระยะสั้น ในขณะที่กระแสเงินทุนไหลออกจากสินทรัพย์เสี่ยงเข้าถือ USD

### เงินทุนต่างชาติจะไหลเข้าต่อเนื่องในระยะสั้นแต่ในปริมาณคาดจะลดลง

นักลงทุนต่างชาติได้ปรับลดสถานะการลงทุนลงไปแล้วถึงเกือบ 5 หมื่นลบ. นับตั้งแต่วันที่ 20 มี.ค. 23 จนถึงปัจจุบัน พร้อมค่าเงินบาทที่อ่อนตัวลดลง 9% จาก 32 บาท/USD สู่ระดับ 35 บาท/USD ส่วนสถิติก่อนการเลือกตั้ง นักลงทุนต่างชาติมีสถานะขายสุทธิอยู่ที่ 2.7 หมื่นลบ. โดยเฉลี่ยในช่วง 2 เดือนก่อนการเลือกตั้ง อย่างไรก็ตามเราคาดว่าต้นทุนเฉลี่ยของนักลงทุนต่างชาติตั้งแต่ปลายปี 21 สำหรับหุ้นไทยอยู่ที่ราว 1,650 จุด ขณะที่ปัจจุบัน SET ปรับลดต่ำกว่าระดับดังกล่าว เราจึงคาดว่าแรงขายของนักลงทุนต่างชาติจะชะลอตัวหรือมีจำกัดมากขึ้น ในขณะที่สถาบันในประเทศคาดว่าจะมีฝ่ายซื้อสุทธิในช่วงการหาเสียงเลือกตั้งตั้งแต่ข้อมูลในอดีตและหลังจากที่ขายหนักในช่วง 2 ปีที่ผ่านมา

### ภาพรวมกำไร 4Q22 ต่ำกว่าคาดส่วนมากจาก Global play

ภาพรวมกำไร 4Q22 ต่ำกว่าที่ตลาดคาดอยู่ 27% หลักๆมาจากกลุ่มพลังงาน น้ำมัน ธนาคาร สื่อสาร วัสดุก่อสร้าง บรรจุก๊าซ และส่งออก ในขณะที่กลุ่มที่เกี่ยวข้องกับการกลับมาเปิดประเทศเช่น การค้า ท่องเที่ยว ขนส่งและ อสังหาริมทรัพย์รายานกำไรใกล้เคียงหรือดีกว่าคาด สอดคล้องกับการเติบโตทางเศรษฐกิจของไทยใน 4Q22 หนุนจากการกลับมาเปิดประเทศ เรามองว่าแนวโน้มดังกล่าวจะยังคงต่อเนื่องใน 1H23 จากเศรษฐกิจโลกที่มีแนวโน้มชะลอตัว ในขณะที่เศรษฐกิจไทยคาดว่าจะทยอยปรับตัวดีขึ้นโดยเฉพาะใน 2H23

### เบ้าดัชนีของเราที่ 1,750 มี Downside และน่าซื้อสะสมเมื่ออ่อนตัว

เรายังคงเบ้าดัชนีปี 2023 ที่ 1,750 จุด แต่เริ่มเห็น Downside บางส่วนจากการปรับประมาณการ EPS หลังกำไร 4Q22 ออกมาต่ำกว่าคาดและเพิ่มความกังวลเกี่ยวกับแนวโน้มการฟื้นตัวในปี 2023 อย่างไรก็ตามเราว่าการปรับตัวลงของ SET สู่ระดับ 1,600 จุดหรือต่ำกว่าเป็นโอกาสในการสะสมหุ้นเพื่อการลงทุนระยะยาว รวมถึงตลาดมีปัจจัยบวกระยะสั้นอยู่จากการหาเสียงเลือกตั้งที่กำลังจะมาถึงซึ่งจะช่วยกระตุ้นการใช้จ่าย สำหรับเดือน มี.ค. 23 ถึง 2Q23 หุ่นเด่นของเราประกอบด้วย ASW, BA, BDMS, BEYOND, CPN, ITC, M และ NSL



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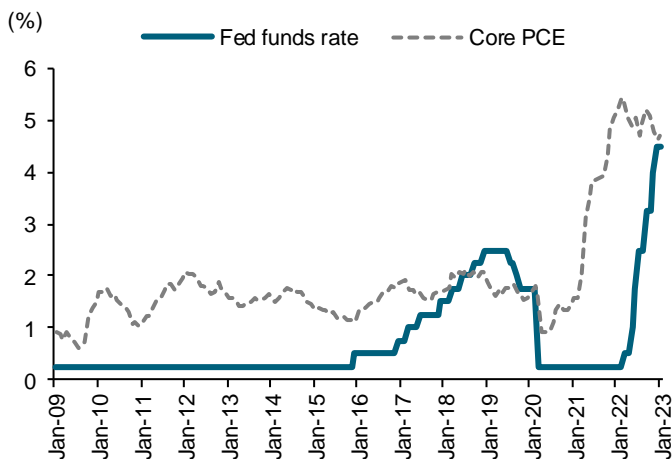
บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 28 กุมภาพันธ์ 2023

## Stubborn inflation to shift FED's peak rate from 1Q23 to 2Q23

The US Bureau of Statistics reported Jan-23 CPI at +0.5% m-m and +6.4% y-y, higher than the market anticipated and accelerating from -0.1% m-m in Dec-22. While core CPI grew by 0.4% m-m and 5.6% y-y, in-line with expectations but easing slower than in recent months. However, Jan-23 core PCE at +0.6% m-m and +4.7% y-y was higher than expected and accelerated from Dec-22. This stubborn CPI led the market to adjust FED funds rate expectations, which were recently anticipated to peak at 4.75%-5% in Mar-22 to 5.25%-5.50% in Jun-23, 0.5% higher from the street's forecast in the Jan-23 meeting, as the FED needs to bring inflation down to its long-term target of 2%. The US treasury market reversed from the last three months as 2Y and 10Y bond yields jumped by 60-70 bps to c4.8% and c3.9%, respectively. This resulted in a continued inversion of the yield curve by 88 bps, implying that economic growth could significantly slow and that there is still the chance of a mild recession this year.

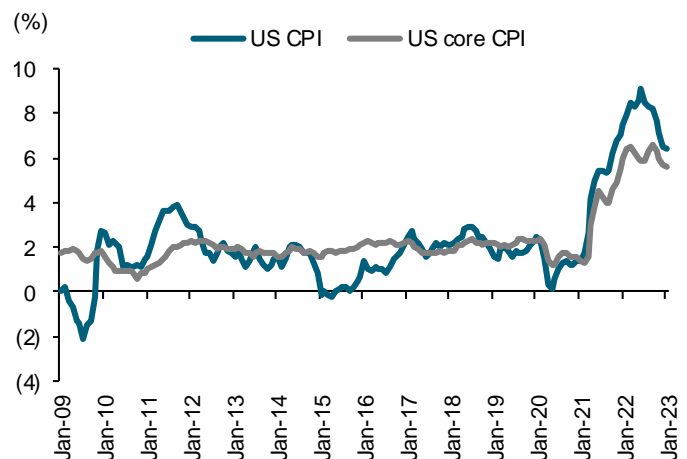
On the growth side, US non-farm payrolls jumped by 520k in Jan-23, the strongest rise since Jul-22 and significantly beating the market's forecast. Meanwhile, retail sales surprisingly grew by 3% m-m and 6.4% y-y. This implies that the US economy is stronger than the market and FED anticipated. However, we expect to see the US economy slowing down in coming quarters as the FED continues to raise its rate to fight inflation. A strong labour market could make the CPI drop more slowly than the FED requires. Even though the market anticipates that the US economy might avoid a mild recession this year, we see think the economic growth rate might be low for a longer period throughout 2023 or 1H24. We think this situation will continue to limit equity upside in the short term.

**Exhibit 1: US core PCE vs Fed funds rate**



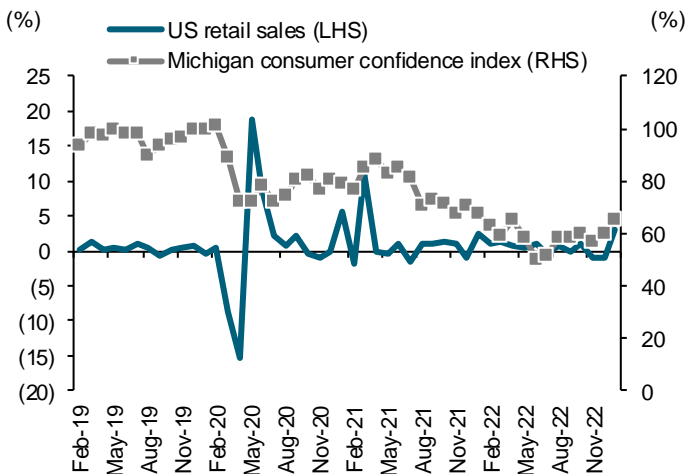
Sources: Bloomberg; FSSIA's compilation

**Exhibit 2: US headline and core CPI**



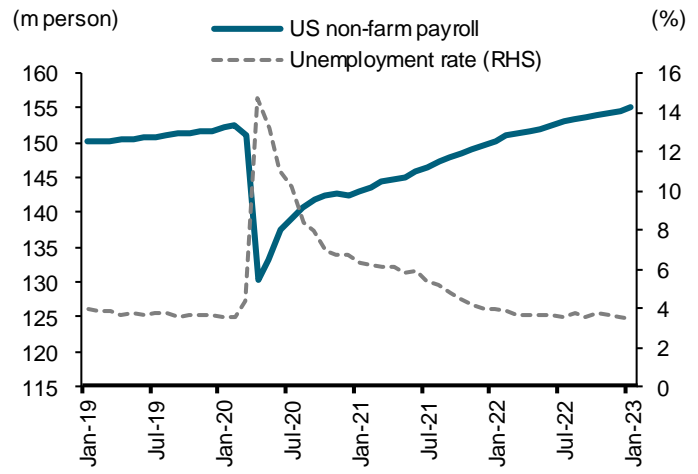
Sources: Bloomberg; FSSIA's compilation

**Exhibit 3: US retail sales and consumer confidence**



Sources: Bloomberg; FSSIA's compilation

**Exhibit 4: US non-farm payrolls and unemployment rate**



Sources: Bloomberg; FSSIA's compilation

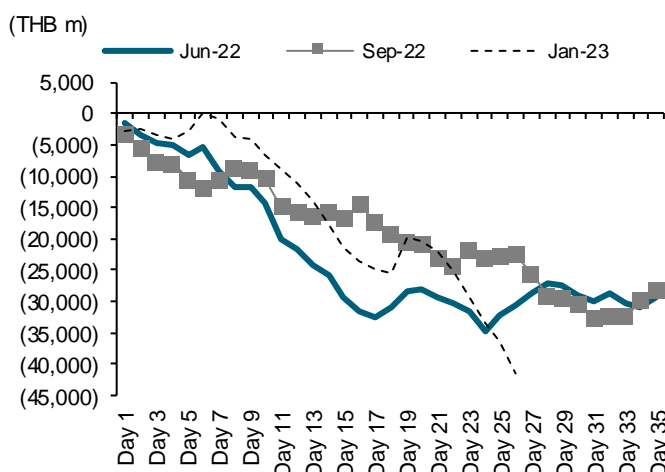
## Expect foreign outflow to continue in short term but slow at c1,600

After strong foreign inflows since mid-Oct-22 to Jan-23, foreign investors started selling Thai stocks in Feb-23, resulting in the SET index retreating by c4% from its high at 1,695. During the latest rally from 18 Oct-22 to 19 Jan-23, foreign investors had a net buy position of THB83b. After that, foreign investors started selling Thai stocks worth over THB42b from 20 Jan-23 to date, while the THB depreciated by 9% from its lowest level of c32 THB/USD to c35 THB/USD.

In 2022, foreign investors sold Thai stocks in Jun-22 and Sep-22, lasting around 30 days each. Net sell positions amounted to THB30b and THB33b, respectively. The THB depreciated by 4.4% from 34 THB/USD to 35.50 THB/USD in Jun-22 and 4.4% from 36.50 THB/USD to 38.25 THB/USD in Sep-22, to reflect the FED's sharp rate hike. However, our calculation has found that the foreign accumulated cost since late 2021, with foreign investors buying cTHB250b in total, is around c1,650. So, we expect to see selling pressure slow and become more limited near c1,600.

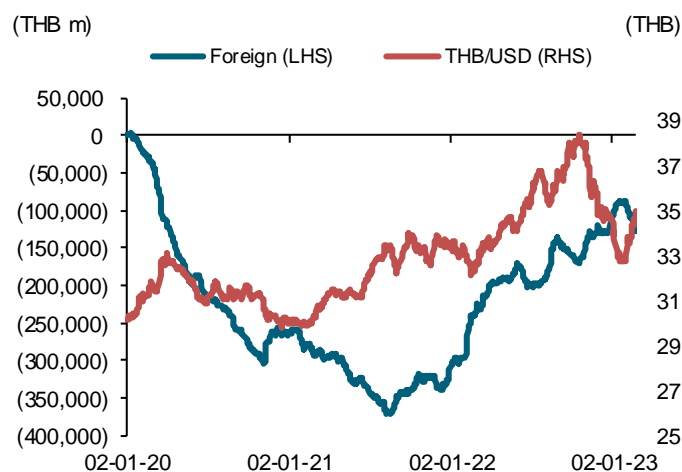
We anticipate that foreign investors might continue to reduce positions in Thai stocks in the short term. However, we expect to see a slowdown in foreign selling after adjusting portfolios to reflect the disappointing 4Q22 Thai GDP and earnings results. Also, the current SET index level is now below the 2022 average cost, and we do not expect foreign holdings to return close to the lowest level of c25% during the pandemic from c29% currently, as liquidity from ultra-dovish monetary policies around the world did not flow into Thailand but to the US, EU and China.

**Exhibit 5: Recent foreign net sell positions (THB m)**



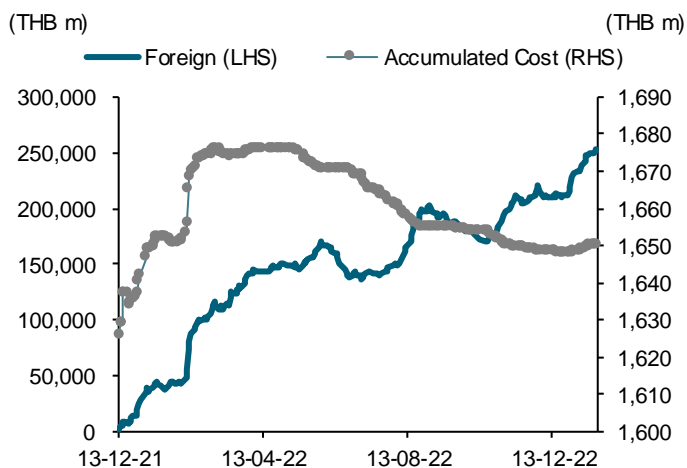
Sources: SET; FSSIA's compilation

**Exhibit 6: Foreign net position vs THB/USD (THB m)**



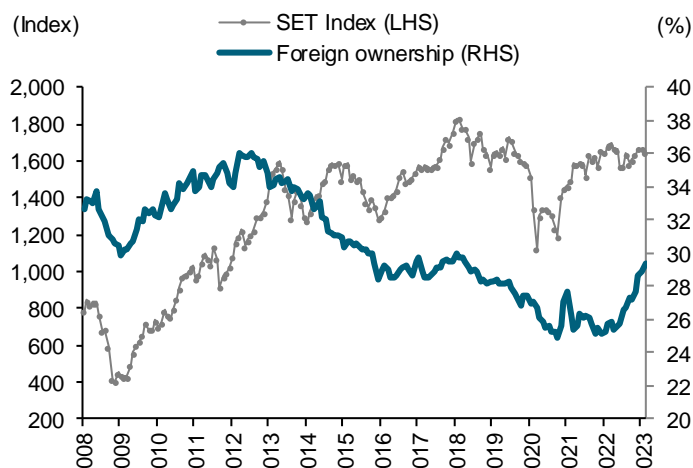
Sources: SET; Bloomberg

**Exhibit 7: Foreign accumulated cost since late 2021 (THB m)**



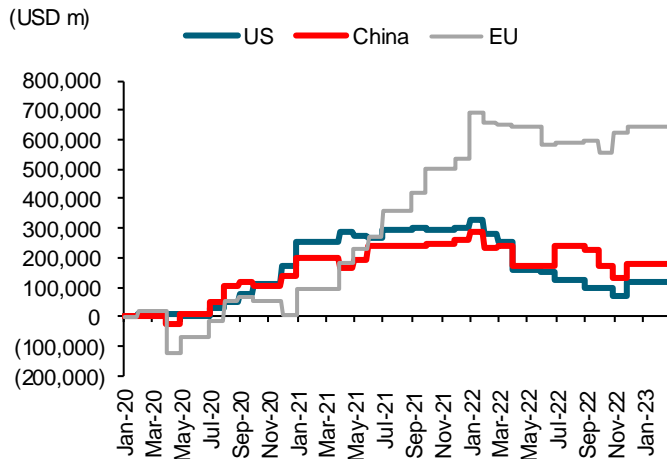
Sources: SET; FSSIA estimates

**Exhibit 8: Market foreign holding**



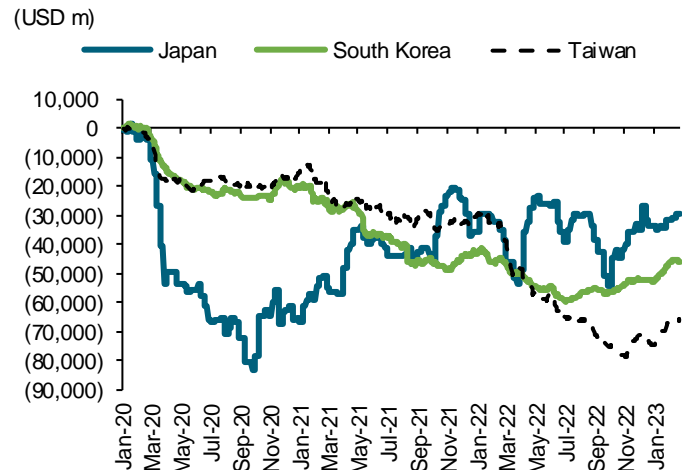
Source: SET

Exhibit 9: Net inflow in US, EU and China since pandemic



Sources: Bloomberg; FSSIA's compilation

Exhibit 10: Net outflow in East Asia since pandemic



Sources: Bloomberg; FSSIA's compilation

### What have foreign and local institutions done during election campaigns?

Recently, the prime minister announced a plan to dissolve parliament in early Mar-23 with a general election likely to take place on 7 May-23, in accordance with the Election Commission of Thailand's schedule. Our previous report noted that during the last two general elections in 2011 and 2019, the SET index rose by 2.2% during the three-month period before the elections. In terms of foreign fund flow, foreign investors had a net sell position on average of THB27b during the two-month period before the elections, while local institutions had a net buy position of THB21b.

To elaborate, local institutions bought Thai stocks in 2013-20 totalling THB134b, but sold Thai stocks in 2021-22 worth THB231b. The reason was that the LTF tax deduction expired in 2019 and was replaced by the SSF, which requires a smaller portion be invested in the Thai market and has a longer holding period from seven calendar years to 10 complete years. However, after a huge selloff for two consecutive years and a low position in the SET index, history could repeat itself, as we expect local funds to buy Thai stocks during the election campaign this year, though the amount might be lower than before. Conversely, we expect the foreign outflow to continue during the election campaign as before, but the amount should slow after the strong selloff recently.

Exhibit 11: Positions of foreign investors and local institutions during elections

| Foreign<br>(THB b)           | -3M      | -2M      | -1M      | Prime Minister      | Election Date | +1M      | +2M      | +3M      |
|------------------------------|----------|----------|----------|---------------------|---------------|----------|----------|----------|
|                              | (225)    | (1,226)  | (434)    | Thaksin Shinawatra  | 06-Jan-01     | 6,521    | 3,361    | (2,075)  |
|                              | 96,699   | 70,488   | 42,729   | Thaksin Shinawatra  | 06-Feb-05     | 26,493   | 17,151   | 11,247   |
|                              | (39,195) | (50,074) | (18,298) | Samak Sundaravej    | 23-Dec-07     | (34,455) | (5,005)  | (15,087) |
|                              | (22,382) | (43,605) | (25,667) | Yingluck Shinawatra | 03-Jul-11     | 45,805   | (1,285)  | (20,279) |
|                              | (13,236) | (11,585) | (19,998) | Prayuth Chan-o-cha  | 24-Mar-19     | 1,750    | (12,430) | 41,088   |
| 5Y Average                   | 4,332    | (7,200)  | (4,334)  |                     |               | 9,223    | 358      | 2,979    |
| 2Y Average                   | (17,809) | (27,595) | (22,832) |                     |               | 23,778   | (6,858)  | 10,405   |
|                              |          |          |          |                     |               |          |          |          |
| Local Institution<br>(THB b) | -3M      | -2M      | -1M      | Prime Minister      | Election Date | +1M      | +2M      | +3M      |
|                              | (1,942)  | (156)    | 62       | Thaksin Shinawatra  | 06-Jan-01     | 539      | 198      | (539)    |
|                              | (37,949) | (29,853) | (15,807) | Thaksin Shinawatra  | 06-Feb-05     | (14,230) | (13,996) | (11,563) |
|                              | 13,029   | 15,711   | 7,818    | Samak Sundaravej    | 23-Dec-07     | 1,226    | 4,521    | 13,990   |
|                              | (5,876)  | 13,807   | 10,129   | Yingluck Shinawatra | 03-Jul-11     | (25,136) | (18,746) | (21,268) |
|                              | 42,522   | 28,478   | 10,793   | Prayuth Chan-o-cha  | 24-Mar-19     | (4,261)  | 8,740    | 9,365    |
| 5Y Average                   | 1,957    | 5,597    | 2,599    |                     |               | (8,372)  | (3,856)  | (2,003)  |
| 2Y Average                   | 18,323   | 21,143   | 10,461   |                     |               | (14,698) | (5,003)  | (5,952)  |

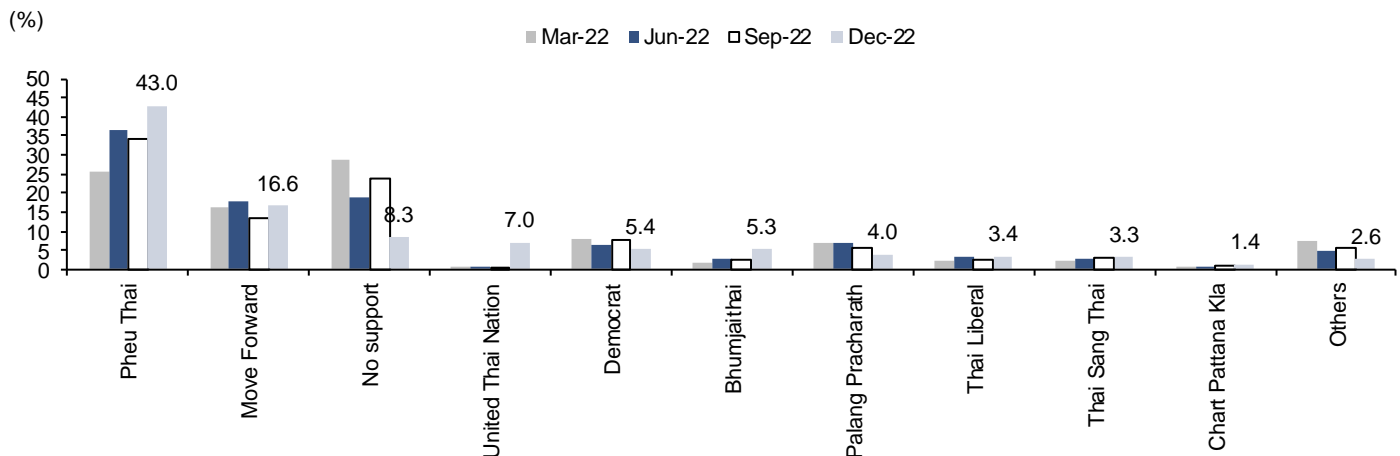
Sources: SETSMART and FSSIA's compilation

### 3 scenarios for the election outcome

Based on Thai political parties' popularity from a NIDA poll, Pheu Thai now has a 43% popularity rating, which roughly translates to c215 out of 500 seats in the House. We think it will be very hard or nearly impossible for Pheu Thai to collaborate with aligned parties and secure more than 375 seats out of 500 in the House without Palang Pracharath and its allies, especially since the Senate supports voting for the prime minister. We assess three potential outcomes for the upcoming election as follows:

- Scenario #1 - Pheu Thai cooperates with Palang Pracharath to be the ruling parties to form the government. We think this is the **best-case** scenario for the election and expect that the market could react very positively, as the incoming government would be very stable with a huge majority in the House.
- Scenario #2 - Palang Pracharath, United Thai Nation, Bhumjaithai, Democrat, and allies continue to form the government as they do currently, with a marginal majority in the House. We think this is the **base-case** scenario and the market could react neutrally.
- Scenario #3 - Palang Pracharath, United Thai Nation, Bhumjaithai, Democrat, and allies continue to form the government with no majority in the House, but the Senate supports voting for the prime minister. This would be the **worst-case** scenario, in our view, as the government would not be very stable and the House might not be able to pass major or very important bills, which would negatively affect the country's administration and economy.

#### Exhibit 12: Political popularity vote survey



Source: NIDA poll

## 4Q22 Thai GDP missed but main engines remain strong

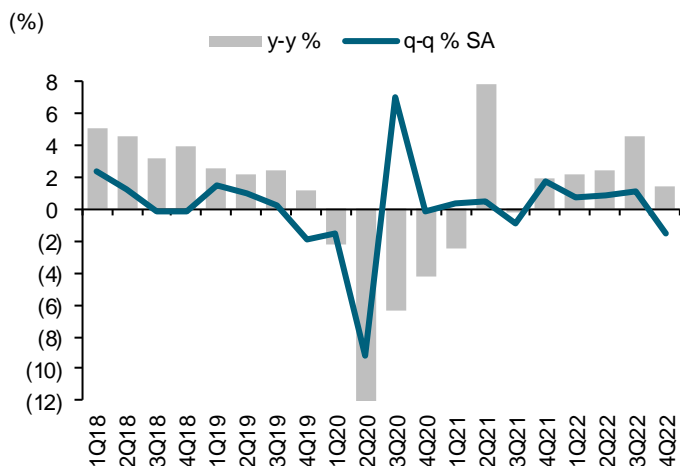
The Office of the National Economic and Social Development Council (NESDC) reported that Thai GDP dropped by 1.5% q-q and expanded by only 1.4% y-y in 4Q22. In 2022, the Thai economy grew by 2.6% y-y, below the street's forecast of +3.2% y-y. However, the growth rate accelerated from +1.5% y-y in 2021 as the country started to fully reopen in 2H22.

Key pressures in 4Q22 were a sharp drop in government consumption of 8% y-y. This was due to the easing Covid-19 situation, leading to lower Covid-19 treatment expenditures, and the government gradually reduced and ended its stimulus programs with high public debt to GDP limiting spending capabilities. In addition, exports of goods posted a sharp drop of 10.5% y-y across every region on the global economic slowdown, China's lockdowns from its zero-Covid policy and the sharp THB appreciation.

However, private consumption and the tourism industry remained strong. In 4Q22, private consumption continued to rise by 5.7% y-y. Spending mainly increased in non-durable items, especially foods, transportation, restaurants and hotels. All of which were in-line with the country's full reopening. However, the recovery was not across the board. The mid- to high-income segment continued to outperform while the purchasing power of mid- to low-income earners continued to be impacted by high household debt to GDP since the pandemic's onset. Moreover, service exports drastically increased by 94.6% y-y as there were no quarantine requirements since Jul-22, which resulted in a jump in international tourist arrivals in 4Q22.

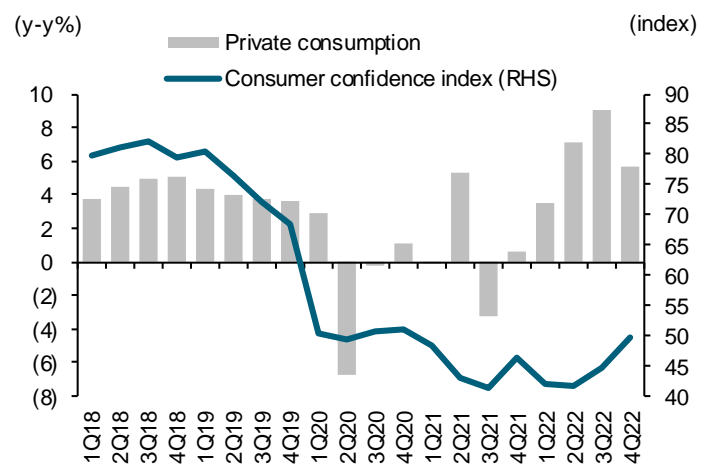
We expect this economic trend to continue in 2023 as higher inflation in the US and EU should pull the economy down in coming quarters, which would impact Thai export demand in 2023 and impact THB appreciation comparably to last year. We anticipate government spending to post negative growth for two consecutive years as higher public debt from borrowing during the pandemic should limit spending capabilities. The private and tourism sectors should be the key economic drivers in 2023. We expect 1Q23 GDP growth to turn positive q-q and escape a technical recession, supported by the "Shop Dee Mee Kuen" stimulus program, the absence of flooding in Northeast Thailand, and China's reopening.

**Exhibit 13: Quarterly Thai GDP growth**



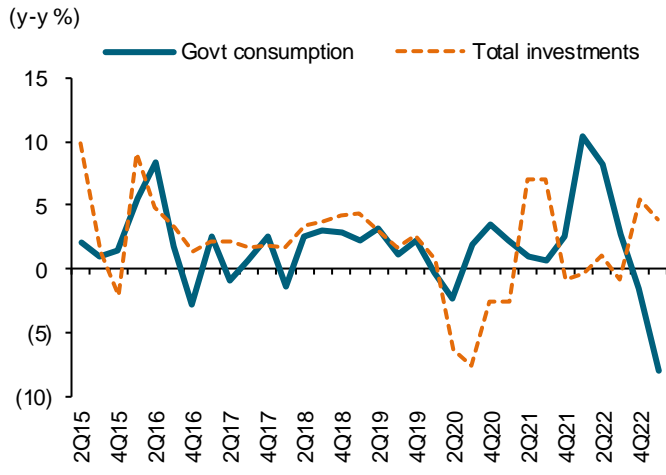
Source: NESDC

**Exhibit 14: Private consumption**



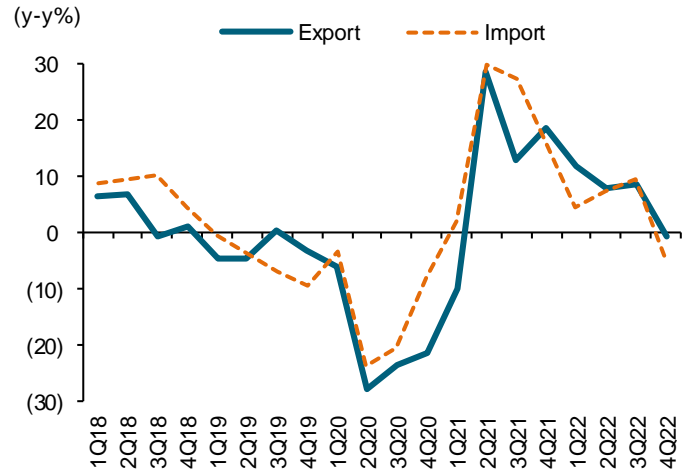
Source: NESDC

Exhibit 15: Government consumption dragged 4Q22



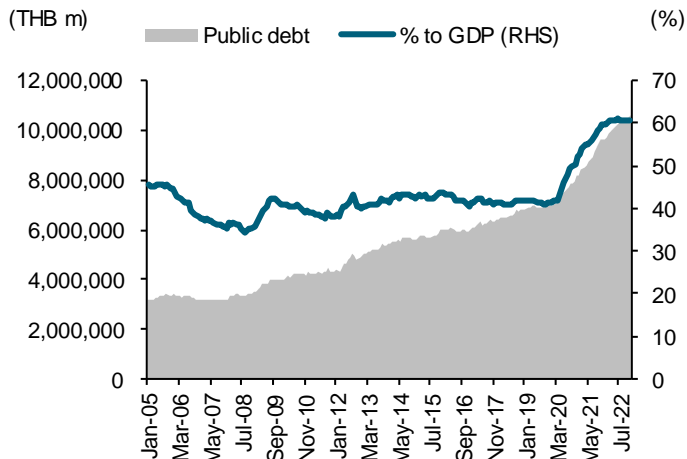
Source: NESDC

Exhibit 16: Weak export of goods offset by services



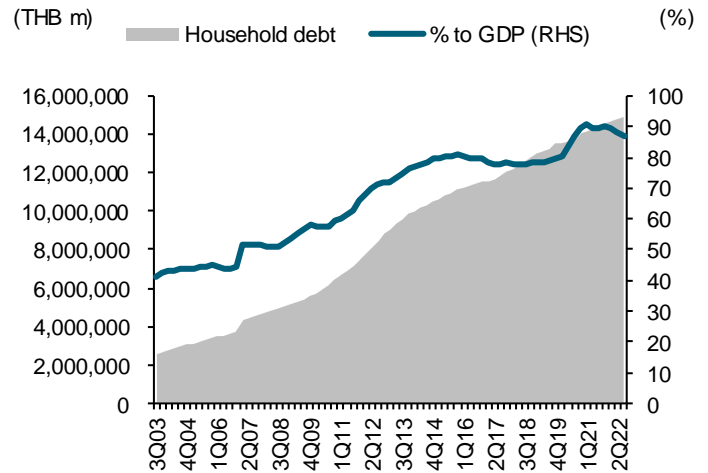
Source: NESDC

Exhibit 17: Thai public debt to GDP



Sources: Public Debt Management Office (PDMO)

Exhibit 18: Thai household debt to GDP



Sources: Bank of Thailand (BoT)

Exhibit 19: Thailand economic forecasts

|                                | 2018   | 2019   | 2020   | 2021   | 2022   | NESDC   | Bank of Thailand |
|--------------------------------|--------|--------|--------|--------|--------|---------|------------------|
|                                | (y-y%) | (y-y%) | (y-y%) | (y-y%) | (y-y%) | 2023E   | 2023E            |
| Real GDP growth                | 4.2    | 2.3    | (6.4)  | 1.5    | 2.6    | 2.7-3.7 | 3.7              |
| Private consumption            | 4.6    | 4.0    | (0.8)  | 0.6    | 6.3    | 3.2     | 2.4              |
| Private investment             | 4.1    | 2.7    | (8.1)  | 3.0    | 5.1    | 2.1     | 3.4              |
| Public consumption             | 2.6    | 1.7    | 1.4    | 3.7    | (0.0)  | (1.5)   | (1.4)            |
| Public investment              | 2.8    | 0.1    | 5.1    | 3.4    | (4.9)  | 2.7     | 1.8              |
| Export value growth (USD b)    | 7.5    | (3.3)  | (6.5)  | 19.2   | 5.5    | (1.6)   | 2.1              |
| Headline inflation             | 1.1    | 0.7    | (0.8)  | 1.2    | 6.1    | 2.5-3.5 | 3.0              |
| Current account to GDP (%)     | 5.6    | 7.0    | 4.2    | (2.1)  | (3.4)  | 1.5     | -                |
| Number of tourist arrivals (m) | 38.2   | 39.9   | 0.0    | 0.4    | 11.1   | 28      | 25.5             |

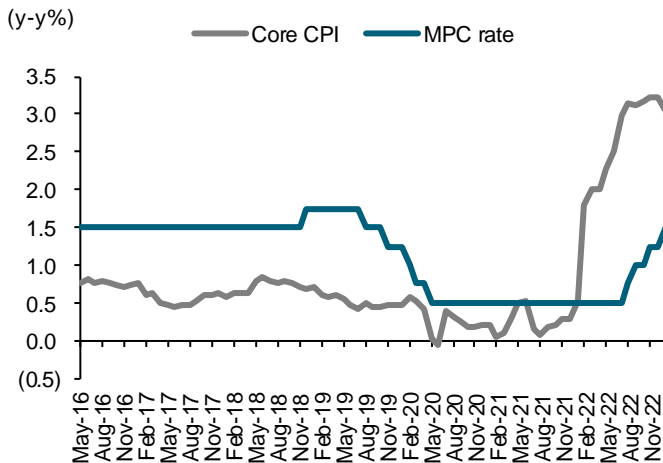
Sources: NESDC; BoT



## Expect Bank of Thailand to hike rate to 2% in June 2023

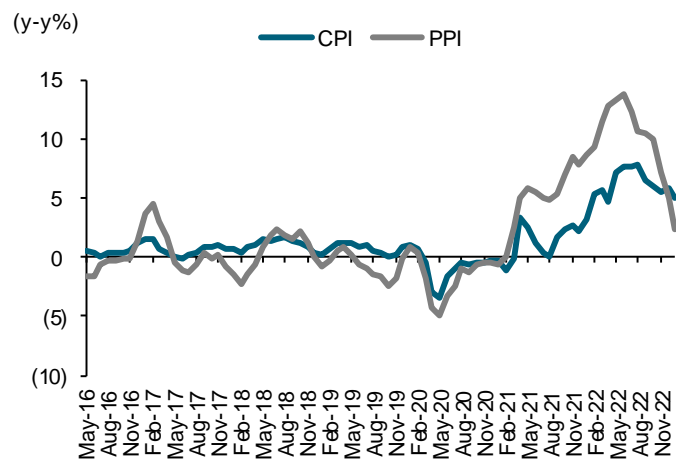
Thailand's headline inflation rate gradually dropped from its peak in Aug-22 at +7.9% to +5% in Jan-23, while core CPI inched down from +3.23% in Dec-22 to 3.04% in Jan-23. The number was still higher than the Bank of Thailand (BoT)'s target range of 1%-3%, mainly from the cost side. Meanwhile, the domestic consumption recovery and return of international tourists could add some demand-pull inflation this year. However, we expect to see core CPI lower to the level of c2.5% y-y in 2Q23, and could drop below 2% in 2H23 from the high base effect started in 2Q22. Conversely, CPI could rise as a result of manufacturers increasing the prices of products to reflect higher material and electricity costs. As a result, we maintain our forecast which sees the BoT raise its policy rate from 1.5% currently to 2% in Jun-23, in line with the CPI and economic outlook.

Exhibit 20: Thai core CPI vs MPC rate



Source: Bloomberg

Exhibit 21: Thai CPI and PPI



Source: Bloomberg

## 4Q22 results dragged by global plays; reopening plays remain healthy

With 331 listed companies on the SET having reported results for 4Q22 as of 27 Feb-23, aggregate net profit dropped 16% q-q and 31.3% y-y, below the Bloomberg consensus forecast by 27%. Earnings were dragged down by major sectors which posted poor results on a q-q basis, including energy, petrochemicals (due to FX gains from Baht appreciation and without inventory loss, but lower on a y-y basis from the lower crude oil price), banks (different factors for each bank), ICT (extra item from write-off of True Corporation (TRUE TB)'s assets), food and beverage, construction, construction material, packaging, and the export sector, due the low season, higher energy costs, and weak demand from China's zero-Covid policy in 2022.

Meanwhile, commerce, tourism, transportation and property development posted strong earnings results, in line with market expectations, and some were above the market consensus thanks to the country's reopening which resulted in a domestic consumption and tourism recovery.

Excluding the bank sector's earnings, the SET's 4Q22 earnings declined by 12% q-q and 37% y-y. If we exclude energy and petrochemicals, the SET's 4Q22 earnings would have dropped 13% q-q and 22% y-y. Thus, overall, the SET's poor 4Q22 earnings results were dragged down by global plays, while domestic plays including tourism-related plays remained strong with continuous earnings growth.



## Exhibit 22: 4Q22 earnings results (331 companies)

| Sector                  | 4Q22           | 4Q21           | 3Q22           | Value change    |                 | Change        |               |
|-------------------------|----------------|----------------|----------------|-----------------|-----------------|---------------|---------------|
|                         | (THB m)        | (THB m)        | (THB m)        | (THB m in q-q)  | (THB m in y-y)  | (q-q %)       | (y-y %)       |
| Transport & Logistic    | 17,321         | 10,368         | (38)           | 17,359          | 6,952           | 45,139        | 67            |
| Tourism & Leisure       | 593            | (958)          | (168)          | 761             | 1,551           | 453           | 162           |
| Ind Material & Machine  | 299            | (45)           | 174            | 125             | 344             | 72            | 766           |
| Professional Service    | 181            | 68             | 118            | 63              | 113             | 54            | 166           |
| Property Development    | 15,341         | 12,935         | 11,723         | 3,618           | 2,405           | 31            | 19            |
| Commerce                | 8,428          | 15,514         | 6,779          | 1,649           | (7,086)         | 24            | (46)          |
| Electronic Component    | 5,106          | 2,825          | 4,856          | 250             | 2,281           | 5             | 81            |
| Finance & Securities    | 7,848          | 7,616          | 7,742          | 107             | 232             | 1             | 3             |
| Energy & Utilities      | 51,874         | 66,557         | 54,691         | (2,817)         | (14,683)        | (5)           | (22)          |
| Steel                   | (1,411)        | 2,270          | (1,313)        | (98)            | (3,681)         | (7)           | (162)         |
| Health Care Services    | 5,511          | 7,338          | 6,216          | (704)           | (1,826)         | (11)          | (25)          |
| Insurance               | 1,682          | (388)          | 1,962          | (280)           | 2,070           | (14)          | 534           |
| Banking                 | 41,365         | 44,173         | 55,141         | (13,776)        | (2,808)         | (25)          | (6)           |
| Automotive              | 801            | 713            | 1,092          | (290)           | 88              | (27)          | 12            |
| Agribusiness            | 1,521          | 2,293          | 2,224          | (703)           | (772)           | (32)          | (34)          |
| Food & Beverage         | 10,647         | 12,011         | 17,347         | (6,700)         | (1,365)         | (39)          | (11)          |
| Media & Publishing      | 430            | 809            | 701            | (272)           | (380)           | (39)          | (47)          |
| Construct               | 2,304          | 12,631         | 6,804          | (4,500)         | (10,327)        | (66)          | (82)          |
| Packaging               | 1,066          | 3,855          | 3,401          | (2,335)         | (2,789)         | (69)          | (72)          |
| Home & Office Products  | 19             | 113            | 88             | (69)            | (93)            | (78)          | (83)          |
| Paper & Print Material  | (9)            | 178            | 198            | (207)           | (186)           | (105)         | (105)         |
| Information & Comm Tech | (420)          | 11,970         | 6,839          | (7,259)         | (12,390)        | (106)         | (104)         |
| Petrochem & Chemical    | (13,834)       | 8,766          | (5,104)        | (8,729)         | (22,599)        | (171)         | (258)         |
| Fashion                 | (1,370)        | 589            | 1,541          | (2,911)         | (1,959)         | (189)         | (333)         |
| Construction Services   | (436)          | (89)           | 205            | (641)           | (347)           | (313)         | (390)         |
| Personal Prod & Pharma  | (724)          | 2,098          | 258            | (982)           | (2,822)         | (381)         | (134)         |
| <b>Total</b>            | <b>154,134</b> | <b>224,212</b> | <b>183,475</b> | <b>(29,342)</b> | <b>(70,078)</b> | <b>(16.0)</b> | <b>(31.3)</b> |

Sources: Bloomberg and FSSIA's compilation

## Exhibit 23: 4Q22 actual results vs 4Q22 results forecasts (123 companies)

| Sector                  | 4Q22           | 4Q22E          | Value change    |  | Change        |
|-------------------------|----------------|----------------|-----------------|--|---------------|
|                         | (THB m)        | (THB m)        | (THB m in q-q)  |  | (%)           |
| Media & Publishing      | 329            | 139            | 190             |  | 137           |
| Transport & Logistic    | 7,464          | 4,069          | 3,395           |  | 83            |
| Agribusiness            | 1,168          | 711            | 457             |  | 64            |
| Tourism & Leisure       | 467            | 302            | 165             |  | 55            |
| Property Development    | 12,344         | 10,763         | 1,581           |  | 15            |
| Health Care Services    | 5,368          | 5,173          | 194             |  | 4             |
| Electronic Component    | 4,690          | 4,527          | 164             |  | 4             |
| Finance & Securities    | 7,764          | 7,623          | 141             |  | 2             |
| Commerce                | 8,264          | 8,129          | 135             |  | 2             |
| Professional Service    | 128            | 128            | 1               |  | 1             |
| Fashion                 | 106            | 106            | 1               |  | 1             |
| Automotive              | 607            | 641            | (34)            |  | (5)           |
| Food & Beverage         | 8,485          | 10,742         | (2,257)         |  | (21)          |
| Banking                 | 39,756         | 51,884         | (12,128)        |  | (23)          |
| Energy & Utilities      | 49,588         | 64,783         | (15,194)        |  | (23)          |
| Con-Mat                 | 2,035          | 2,811          | (776)           |  | (28)          |
| Packaging               | 860            | 1,282          | (422)           |  | (33)          |
| Construction Services   | 25             | 44             | (19)            |  | (44)          |
| Paper & Print Material  | (9)            | 192            | (201)           |  | (105)         |
| Information & Comm Tech | (712)          | 9,226          | (9,938)         |  | (108)         |
| Personal Prod & Pharma  | (811)          | (39)           | (772)           |  | (1,980)       |
| Petrochem & Chemical    | (13,866)       | 483            | (14,348)        |  | (2,973)       |
| <b>Grand Total</b>      | <b>134,050</b> | <b>183,717</b> | <b>(49,666)</b> |  | <b>(27.0)</b> |

Sources: Bloomberg and FSSIA's compilation



## Some downside to our SET target of 1,750; accumulate on dip

We maintain our 2023 SET target of 1,750, based on an EPS assumption of 111 and a target PER of 15.7x, within -0.25SD of the 10-year average. However, the downside to our SET target is lower 2023 EPS revisions from lower-than-expected 4Q22 earnings results, which has increased market concerns about 2023 growth. Hence, we provide a sensitivity analysis to our SET target below. Note that currently Bloomberg's 2023 EPS consensus has dropped to cTHB104 from THB110 in Dec-22.

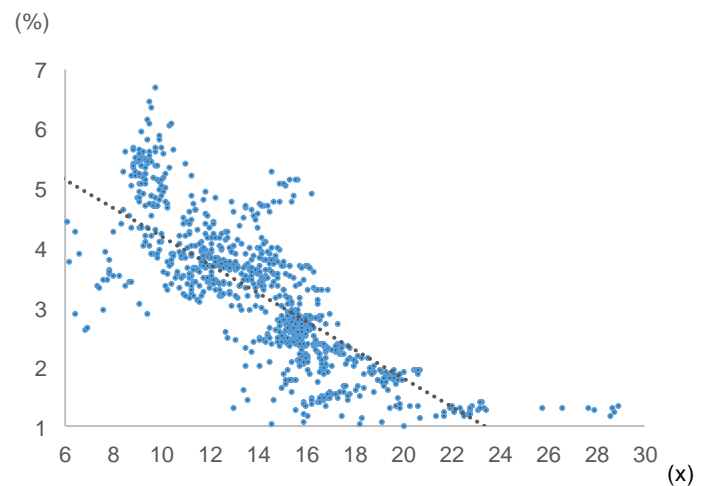
The SET index has fallen by c4% from its recent high this year of c1,695. This was due to both the FED's higher rate hike than anticipated and the especially poor 4Q22 corporate earnings. However, we see the drop in the SET index as an opportunity to buy fundamental stocks as the Thai economy should gradually accelerate, especially in 2H23, while the global economy is likely to slow in 2Q23 onward. In addition, we think the market should mostly price in the FED's higher peak rate in 2Q23 within the next 1-2 months. Hence, if the SET index slips to the level of c1,600 or below, we think it would be an attractive level at which to accumulate. We expect the SET to trade in the range of 1,580-1,680 in 2Q23.

**Exhibit 24: SET target sensitivity**

| ----- Earnings per share ----- |             |   |              |              |              |              |
|--------------------------------|-------------|---|--------------|--------------|--------------|--------------|
|                                | 2023E       |   |              |              |              |              |
|                                | EPS         | 99  | 102          | 105          | 108          | 111          |
|                                | P/E (x)     | --- Target index based on FSSIA estimates --- |              |              |              |              |
| SD+1.0                         | 18.9        | 1,871   | 1,928        | 1,985        | 2,041        | 2,106        |
| SD+0.5                         | 17.6        | 1,742   | 1,795        | 1,848        | 1,901        | 1,964        |
| SD+0.25                        | 17          | 1,683   | 1,734        | 1,785        | 1,836        | 1,893        |
| 10Y average                    | 16.4        | 1,624   | 1,673        | 1,722        | 1,771        | 1,822        |
| <b>SD-0.25</b>                 | <b>15.7</b> | <b>1,554</b>                                  | <b>1,601</b> | <b>1,649</b> | <b>1,696</b> | <b>1,750</b> |
| SD-0.5                         | 15.1        | 1,495   | 1,540        | 1,586        | 1,631        | 1,680        |
| SD-1.0                         | 13.8        | 1,366   | 1,408        | 1,449        | 1,490        | 1,538        |

Source: FSSIA estimates

**Exhibit 25: SET historical forward PER**



Source: Bloomberg

## Domestic and reopening plays still key

Considering all of the factors mentioned above, we are sticking to our 2023 view and prefer domestic sectors over global plays. Key investment themes are as follows:

- **Rise in domestic consumption** – We maintain our positive view on the domestic consumption recovery. We place our focus on companies that target medium to high-income customers, which should continue to see healthy growth. While the low-income segment is still slowly recovering, it should benefit in the short term from the upcoming general election, as mentioned above.
- **Tourism recovery** – Sectors' 4Q22 earnings showed impressive results and some already exceeded pre-Covid levels. With a sharp rise in the number of international tourists returning to Thailand expected in 2023, we forecast strong growth momentum to continue. We project 34m international tourist arrivals in 2023.
- **Anti-commodity plays** – Oil prices dropped from abnormally high levels in 2022 thanks to global economic concerns while the energy crisis in Europe eased, which is a positive to the cost side. We expect industrial sectors such as packaging to see healthy earnings recoveries from margin recoveries. The power sector should enjoy q-q growth momentum on earnings from a higher fuel tariff and a drop in fuel prices.

Based on our investment themes, our top picks for Mar-23 to 2Q23 are **ASW, BA, BDMS, BEYOND, CPN, ITC, M and NSL**.

### Exhibit 26: FSSIA stock picks for Mar-23 and 2Q23

| Company                        | BBG code                  | Key rationale  |
|--------------------------------|---------------------------|--|
| Assetwise                      | ASW TB, BUY, TP THB9.60   | ASW is a new key player in the property development sector. The key catalysts for ASW are its strong earnings recovery in 4Q22 and a stellar 2023 profit outlook, well above the property sector's overall average. In addition, we expect the stock to deliver an attractive dividend of THB0.55 per share for its performance in 2022, implying an annual dividend yield of 6.7%. Meanwhile, ASW's valuation looks cheap at only 7x 2023E P/E, below the sector's average of 8.4x.   |
| Bangkok Airways                | BA TB, BUY, TP THB18.00   | We think BA is the best tourism-related play on the SET, with a cheap valuation for a near-monopoly business. We think BA is an alternative pick among Thai tourism stocks as it trades at 18x 2024E P/E, lower than AAV (32x), AOT (32x) and the hotel sector average (33x). Upsides include the return of Chinese tourists who account for c10% of revenue and gains from Samui Airport improvements (flight capacity expansion and terminal renovation).  |
| Bangkok Dusit Medical Services | BDMS TB, BUY, TP THB34.50 | BDMS is trading at 34x 2023E P/E, in line with its five-year average. In our view, the key catalyst is the potential to capture more Chinese medical tourists. Thus, international patient revenue should remain its growth driver in 1Q23. We forecast revenue to grow by 23% in 2022 (vs 22% according to management's guidance) and a further 6% in 2023 (vs management's projected 6%-8% growth over 2023-25). In addition, we estimate the EBITDA margin to remain strong in 2023.  |
| Bound and Beyond               | BEYOND TB, BUY, TP THB24  | BEYOND is the cheapest option for a Thai tourism play, and it is well-positioned to benefit from high-spending tourists with its riverside luxury hotels: Four Seasons Hotel Bangkok and Capella Bangkok. With a total of 400 rooms alongside the Chao Phraya River, the hotels also have 11 award-winning restaurants and bars, which help to balance BEYOND's revenue stream (50% room revenue and 45% F&B revenue). BEYOND is trading at an unjustified valuation of only 20x 2024E P/E, lower than the average of its peers at 31x. In addition, it trades below the NAV under replacement cost of THB24.5/shr. The stock is under-covered, but we believe its operational turnaround should attract market attention. |
| Central Pattana                | CPN TB, BUY, TP THB82     | We believe CPN is attractive as a domestic play benefiting from Thailand's reopening, tourism recovery and its solid position as a scalable mixed-use developer. CPN posted a net profit of THB10.8b in 2022, +51% y-y and only 8% lower than the pre-pandemic level. We maintain our positive view on its 2023 net profit, projecting THB13b, +17.8% y-y.   |
| i-tail Corporation             | ITC TB, BUY, TP THB40     | ITC is a manufacturer and distributor of pet food and treats, mainly for cats and dogs. We have a positive outlook for ITC's operating performance in 1H23 on the back of interesting prospects such as new US customers and an expansion into the Chinese market. Currently, ITC's share price is trading below peers at 20x 2023E P/E, and processed food companies which trade at 20-25x 2023E P/E.   |
| MK Restaurant Group            | M TB, BUY, TP THB66       | MK restaurant is Thailand's suki king. M has continuously expanded its business since 1986. It currently operates 710 restaurants nationwide. We think 2023-24 profit should surge by 59% y-y and 10% y-y, respectively, as profitability returns to near the pre-Covid level in 2024. China's reopening should serve as a catalyst for Laem Charoen, in our view. We recommend BUY with a TP of THB66, based on 25x 2023E P/E, in line with local peers. We expect the company to pay a 2H22 DPS of THB1.0, implying a dividend yield of 1.7%. We like M's profit potential and strong financial position.  |
| NSL Foods                      | NSL TB, BUY, TP THB26     | NSL earns its revenue mainly from domestic sales, with CPALL as its key account. Management targets 17% y-y revenue growth in 2023 at THB4.7b (vs THB3.9b in 2022) driven by a traffic recovery, 7-Eleven branch expansions, and plans for new product launches, such as its new Rice Bar product which will be sold at 10,000 7-Eleven branches within 1Q23. Furthermore, we expect its food service revenue to recover to near the pre-Covid level in 2023. In 1H23, NSL's earnings should return to THB80m-85m per quarter, based on our assumptions, which exclude Rice Bar sales.   |

Source: FSSIA estimates

## Exhibit 27: Summary of key valuations for FSSIA's top picks for Mar-23

| Company                        | BBG       | --- Share price --- |        | Up   | ----- Recurring profit ----- |         |         | - EPS growth - |         | ----- P/E ----- |      |      | DivYld | ROE  | PBV |
|--------------------------------|-----------|---------------------|--------|------|------------------------------|---------|---------|----------------|---------|-----------------|------|------|--------|------|-----|
|                                | code      | Current             | Target | side | 21A                          | 22E     | 23E     | 22E            | 23E     | 22E             | 23E  | 24E  | 22E    | 22E  | 22E |
|                                |           | (THB)               | (THB)  | (%)  | (THB m)                      | (THB m) | (THB m) | (y-y%)         | (y-y%)  | (x)             | (x)  | (x)  | (%)    | (%)  | (x) |
| Assetwise                      | ASW TB    | 8.30                | 9.60   | 16   | 885                          | 649     | 1,020   | (26.7)         | 57.3    | 11.0            | 7.0  | 6.6  | 6.6    | 17.7 | 1.2 |
| Bangkok Airways                | BA TB     | 13.40               | 18.00  | 34   | (3,899)                      | (1,813) | 918     | (53.5)         | (150.6) | (15.5)          | 30.7 | 17.9 | 2.0    | 7.8  | 2.3 |
| Bangkok Dusit Medical Services | BDMS TB   | 28.50               | 34.50  | 21   | 7,736                        | 12,471  | 13,462  | 61.2           | 8.0     | 36.3            | 33.6 | 29.6 | 1.7    | 14.6 | 4.8 |
| Bound and Beyond               | BEYOND TB | 16.50               | 24.00  | 45   | (264)                        | (501)   | 78      | 89.5           | (115.6) | (10.2)          | 65.6 | 20.0 | 0.0    | 1.3  | 0.8 |
| Central Pattana                | CPN TB    | 71.00               | 82.00  | 15   | 5,100                        | 10,945  | 12,898  | 114.6          | 17.8    | 29.1            | 24.7 | 22.7 | 1.5    | 15.1 | 3.6 |
| i-Tail Corporation             | ITC TB    | 31.50               | 40.00  | 27   | 2,435                        | 4,226   | 4,745   | 73.5           | 12.3    | 12.8            | 19.9 | 17.6 | 3.0    | 18.4 | 3.6 |
| MK Restaurant Group            | M TB      | 54.50               | 66.00  | 21   | 131                          | 1,439   | 2,424   | 998.5          | 68.5    | 34.9            | 20.7 | 19.0 | 4.1    | 17.8 | 3.6 |
| NSL Foods                      | NSL TB    | 23.60               | 26.00  | 10   | 191                          | 298     | 343     | 55.7           | 15.1    | 23.8            | 20.7 | 18.0 | 4.4    | 23.8 | 4.8 |

Share prices as of 27 Feb 2023

Source: FSSIA estimates

## Corporate Governance report of Thai listed companies 2022

| EXCELLENT LEVEL – Score range 90-100 |        |        |        |        |        |        |        |        |        |       |        |
|--------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|--------|
| AAV                                  | BAM    | CIMBT  | ECL    | HENG   | LALIN  | NEP    | PRG    | SCC    | SPRC   | THRE  | TTW    |
| ADVANC                               | BANPU  | CK     | EE     | HMPRO  | LANNA  | NER    | PRM    | SCCC   | SPVI   | THREL | TU     |
| AF                                   | BAY    | CKP    | EGCO   | ICC    | LHFG   | NKI    | PSH    | SCG    | SSC    | TIPCO | TVDH   |
| AH                                   | BBIK   | CM     | EPG    | ICHI   | LIT    | NOBLE  | PSL    | SCGP   | SSSC   | TISCO | TVI    |
| AIRA                                 | BBL    | CNT    | ETC    | III    | LOXLEY | NSI    | PTG    | SCM    | SST    | TK    | TVO    |
| AJ                                   | BCP    | COLOR  | ETE    | ILINK  | LPN    | NVD    | PTT    | SCN    | STA    | TKN   | TWPC   |
| AKP                                  | BCPG   | COM7   | FN     | ILM    | LRH    | NYT    | PTTEP  | SDC    | STEC   | TKS   | UAC    |
| AKR                                  | BDMS   | COMAN  | FNS    | IND    | LST    | OISHI  | PTTGC  | SEAFCO | STGT   | TKT   | UBIS   |
| ALLA                                 | BEM    | COTTO  | FPI    | INTUCH | MACO   | OR     | PYLON  | SEAOL  | STI    | TMILL | UPOIC  |
| ALT                                  | BEYOND | CPALL  | FPT    | IP     | MAJOR  | ORI    | Q-CON  | SE-ED  | SUN    | TMT   | UV     |
| AMA                                  | BGC    | CPF    | FSMART | IRC    | MAKRO  | OSP    | QH     | SELIC  | SUSCO  | TNDT  | VCOM   |
| AMARIN                               | BGRIM  | CPI    | FVC    | IRPC   | MALEE  | OTO    | QTC    | SENA   | SUTHA  | TNITY | VGI    |
| AMATA                                | BIZ    | CPN    | GC     | ITEL   | MBK    | PAP    | RABBIT | SENAJ  | SVI    | TOA   | VIH    |
| AMATAV                               | BKI    | CRC    | GEL    | IVL    | MC     | PCSGH  | RATCH  | SGF    | SYMC   | TOP   | WACOAL |
| ANAN                                 | BOL    | CSS    | GFPT   | JTS    | MCOT   | PDG    | RBF    | SHR    | SYNTEC | TPBI  | WAVE   |
| AOT                                  | BPP    | DDD    | GGC    | JWD    | METCO  | PDJ    | RS     | SICT   | TACC   | TQM   | WHA    |
| AP                                   | BRR    | DELTA  | GLAND  | K      | MFEC   | PG     | S      | SIRI   | TASCO  | TRC   | WHAUP  |
| APURE                                | BTS    | DEMCO  | GLOBAL | KBANK  | MINT   | PHOL   | S&J    | SIS    | TCAP   | TRUE  | WICE   |
| ARIP                                 | BTW    | DOHOME | GPI    | KCE    | MONO   | PLANB  | SAAM   | SITHAI | TEAMG  | TSC   | WINNER |
| ASP                                  | BWG    | DRT    | GPSC   | KEX    | MOONG  | PLANET | SABINA | SMPC   | TFMAMA | TSR   | XPG    |
| ASW                                  | CENTEL | DTAC   | GRAMMY | KGI    | MSC    | PLAT   | SAMART | SNC    | THANA  | TSTE  | ZEN    |
| AUCT                                 | CFRESH | DUSIT  | GULF   | KKP    | MST    | PORT   | SAMTEL | SONIC  | THANI  | TSTH  |        |
| AWC                                  | CGH    | EA     | GUNKUL | KSL    | MTC    | PPS    | SAT    | SORKON | THCOM  | TTA   |        |
| AYUD                                 | CHEWA  | EASTW  | HANA   | KTB    | MVP    | PR9    | SC     | SPALI  | THG    | TTB   |        |
| BAFS                                 | CHO    | ECF    | HARN   | KTC    | NCL    | PREB   | SCB    | SPI    | THIP   | TTCL  |        |
| VERY GOOD LEVEL – Score range 80-89  |        |        |        |        |        |        |        |        |        |       |        |
| 2S                                   | ASIMAR | CHOTI  | ESSO   | INSURE | LH     | NRF    | PROEN  | SCI    | SR     | TMC   | UMI    |
| 7UP                                  | ASK    | CHOW   | ESTAR  | IRCP   | LHK    | NTV    | PROS   | SCP    | SRICHA | TMD   | UOBKH  |
| ABM                                  | ASN    | CI     | FE     | IT     | M      | NUSA   | PROUD  | SE     | SSF    | TMI   | UP     |
| ACE                                  | ATP30  | CIG    | FLOYD  | ITD    | MATCH  | NWR    | PSG    | SECURE | SSP    | TNL   | UPF    |
| ACG                                  | B      | CITY   | FORTH  | J      | MBAX   | OCC    | PSTC   | SFLEX  | STANLY | TNP   | UTP    |
| ADB                                  | BA     | CIVIL  | FSS    | JAS    | MEGA   | OGC    | PT     | SFP    | STC    | TNR   | VIBHA  |
| ADD                                  | BC     | CMC    | FTE    | JCK    | META   | ONEE   | PTC    | SFT    | STPI   | TOG   | VL     |
| AEONTS                               | BCH    | CPL    | GBX    | JCKH   | MFC    | PACO   | QLT    | SGP    | SUC    | TPA   | VPO    |
| AGE                                  | BE8    | CPW    | GCAP   | JMT    | MGT    | PATO   | RCL    | SIAM   | SVOA   | TPAC  | VRANDA |
| AHC                                  | BEC    | CRANE  | GENCO  | JR     | MICRO  | PB     | RICHY  | SINGER | SVT    | TPCS  | WGE    |
| AIE                                  | BH     | CRD    | GJS    | KBS    | MILL   | PICO   | RJH    | SKE    | SWC    | TIPL  | WIK    |
| AIT                                  | BIG    | CSC    | GTB    | KCAR   | MITSIB | PIMO   | ROJNA  | SKN    | SYNEX  | TIPIP | WIN    |
| ALUCON                               | BJC    | CSP    | GYT    | KGEN   | MK     | PIN    | RPC    | SKR    | TAE    | TPLAS | WINMED |
| AMANAH                               | BJCHI  | CV     | HEMP   | KIAT   | MODERN | PJW    | RT     | SKY    | TAKUNI | TPS   | WORK   |
| AMR                                  | BLA    | CWT    | HPT    | KISS   | MTI    | PL     | RWI    | SLP    | TCC    | TQR   | WP     |
| APCO                                 | BR     | DCC    | HTC    | KK     | NATION | PLE    | S11    | SMART  | TCMC   | TRITN | XO     |
| APCS                                 | BRI    | DHOUSE | HUMAN  | KOOL   | NCAP   | PM     | SA     | SMD    | TFG    | TRT   | YUASA  |
| AQUA                                 | BROOK  | DITTO  | HYDRO  | KTIS   | NCH    | PMTA   | SABUY  | SMIT   | TFI    | TRU   | ZIGA   |
| ARIN                                 | BSM    | DMT    | ICN    | KUMWEL | NDR    | PPP    | SAK    | SMT    | TFM    | TRV   |        |
| ARROW                                | BYD    | DOD    | IFS    | KUN    | NETBAY | PPPM   | SALEE  | SNNP   | TGH    | TSE   |        |
| AS                                   | CBG    | DPAINT | IIG    | KWC    | NEX    | PRAPAT | SAMCO  | SNP    | TIDLOR | TVT   |        |
| ASAP                                 | CEN    | DV8    | IMH    | KWM    | NINE   | PRECHA | SANKO  | SO     | TIGER  | TWP   |        |
| ASEFA                                | CHARAN | EASON  | INET   | L&E    | NNCL   | PRIME  | SAPPE  | SPA    | TIPH   | UBE   |        |
| ASIA                                 | CHAYO  | EFORL  | INGRS  | LDC    | NOVA   | PRIN   | SAWAD  | SPC    | TITLE  | UEC   |        |
| ASIAN                                | CHG    | ERW    | INSET  | LEO    | NPK    | PRINC  | SCAP   | SPCG   | TM     | UKEM  |        |
| GOOD LEVEL – Score range 70-79       |        |        |        |        |        |        |        |        |        |       |        |
| A                                    | BEAUTY | CMAN   | EMC    | HL     | KWI    | MORE   | PF     | RSP    | SUPER  | TOPP  | VARO   |
| A5                                   | BGT    | CMO    | EP     | HTECH  | KYE    | MPIC   | PK     | SIMAT  | TC     | TPCH  | W      |
| AI                                   | BLAND  | CMR    | EVER   | IHL    | LEE    | MUD    | PPM    | SISB   | TCCC   | TPOLY | WFX    |
| ALL                                  | BM     | CPANEL | F&D    | INOX   | LPH    | NC     | PRAKIT | SK     | TCJ    | TRUBB | WPH    |
| ALPHAX                               | BROCK  | CPT    | FMT    | JAK    | MATI   | NEWS   | PTECH  | SOLAR  | TEAM   | TTI   | YGG    |
| AMC                                  | BSBM   | CSR    | GIFT   | JMART  | M-CHAI | NFC    | PTL    | SPACK  | THE    | TYCN  |        |
| APP                                  | BTNC   | CTW    | GLOCON | JSP    | MCS    | NSL    | RAM    | SPG    | THMUI  | UMS   |        |
| AQ                                   | CAZ    | D      | GLORY  | JUBILE | MDX    | NV     | ROCK   | SQ     | TKC    | UNIQ  |        |
| AU                                   | CCP    | DCON   | GREEN  | KASET  | MENA   | PAF    | RP     | STARK  | TNH    | UPA   |        |
| B52                                  | CGD    | EKH    | GSC    | KCM    | MJD    | PEACE  | RPH    | STECH  | TNPC   | UREKA |        |

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

| 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

#### Veeravat Virochpoka 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.

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| Company                        | Ticker    | Price     | Rating | Valuation & Risks   |
|--------------------------------|-----------|-----------|--------|---|
| Assetwise                      | ASW TB    | THB 8.30  | BUY    | Downside risks to our P/E-based TP include 1) weaker than expected consumer purchasing power; 2) cancellation of presales; 3) customer loan rejections; 4) delays in construction; 5) intense competition; and 6) rising construction costs.                                      |
| Bangkok Airways                | BA TB     | THB 13.40 | BUY    | Downside risks to our SoTP-based TP include 1) extraordinary events such as political turmoil and natural disasters; 2) higher-than-expected fuel expenses following an increase in oil prices; and 3) the slower-than-expected recovery of international tourist numbers.        |
| Bangkok Dusit Medical Services | BDMS TB   | THB 28.50 | BUY    | Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) higher-than-expected capex and opex for CoE projects. |
| Bound and Beyond               | BEYOND TB | THB 16.50 | 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.    |
| Central Pattana                | CPN TB    | THB 71.00 | 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.   |
| i-Tail Corporation             | ITC TB    | THB 31.50 | BUY    | Downside risks to our PE-based TP include 1) a stronger-than-expected THB against USD; 2) the high volatility of raw material prices; 3) labour shortages; and 4) changing consumer demand and lifestyles.  |
| MK Restaurant Group            | M TB      | THB 54.50 | BUY    | Downside risks to our P/E-based TP include potential rises in raw material costs (~32% of total revenue), labour costs, given its labour-intensive nature, the renewal of the 3-year Yayoi franchise, and risk from animal diseases.  |
| NSL Foods                      | NSL TB    | THB 23.60 | BUY    | Downside risks to our DCF-based TP include 1) a slower-than-expected consumption recovery; 2) high volatility in raw material prices; 3) the failure of new products; and 4) changing consumer demand and lifestyles.   |

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 27-Feb-2023 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.