

Thailand Market Strategy

Clearer skies in 2024 after heavy storm in 2023

- เราคาดว่า SET จะปรับตัวดีกว่าตลาดโลกในปี 2024 จากเศรษฐกิจที่เร่งตัวและค่าเงินบาทที่แข็งค่าช่วยกระตุ้นให้กระแสเงินทุนต่างชาติมีโอกาสรไหลกลับ
- ทุกกลุ่มอุตสาหกรรมคาดว่าจะเห็นการเติบโตของกำไรที่เป็นบวก เราคาดว่า EPS ปี 2024 ของตลาดจะกระโดดเพิ่ม 17% y-y เป็น 95 บาท
- เราปรับเป้าของ SET ไปเป็นสิ้นปี 2024 ที่ 1,520 เราชอบ AOT, BCH, CPALL, CPN, GPSC, MINT,

เศรษฐกิจไทยจะดีขึ้นในขณะที่เศรษฐกิจโลกชะลอตัว

เราคาดว่าเศรษฐกิจไทยจะเร่งตัวขึ้นตั้งแต่ 4Q23 และต่อเนื่องตลอดปี 2024 โดยได้ปัจจัยหนุนจากเครื่องยนต์สำคัญทั้งหมด การบริโภคภาคเอกชนน่าจะโตต่อเนื่องโดยอาจมี Upside จากนโยบายแจกเงินดิจิทัล 5 แสนลพ. ของรัฐบาล การใช้จ่ายและลงทุนภาครัฐน่าจะฟื้นตัวโดยเฉพาะอย่างยิ่งหลังงบประมาณประจำปี 2024 ได้รับการอนุมัติโดยน่าจะเกิดขึ้นใน 2Q24 การส่งออกน่าจะพลิกเป็นบวกโดยจะโตจากฐานที่ต่ำในปี 2023 และการหันกลับมาเติมสินค้าคงคลังในทางตรงกันข้ามเศรษฐกิจโลกน่าจะโตในอัตราที่ลดลงโดยส่วนมากจะมาจากเศรษฐกิจของประเทศพัฒนาแล้ว โดยเฉพาะอย่างยิ่งสหรัฐฯ

เห็นโอกาสที่ตลาดหุ้นไทยจะกลับมา Outperform ต่างประเทศ

แม้ว่าจะมีความเสี่ยงในด้านการชะลอตัวของเศรษฐกิจโลกซึ่งอาจกดดันสินทรัพย์เสี่ยงอยู่บ้าง แต่เชื่อว่าภาพรวมนโยบายการเงินจะเป็นบวกต่อ SET มากยิ่งขึ้น เงินเฟ้อที่ชะลอตัวและการเติบโตของเศรษฐกิจโลกที่อ่อนตัวลงคาดว่าจะส่งผลให้ผลตอบแทนพันธบัตรและอัตราดอกเบี้ยทยอยลดลงซึ่งหมายถึง Earnings yield gap ที่สูงขึ้น นอกจากนี้เรายังคาดว่าค่าเงินบาทจะแข็งค่าขึ้นจากการเกินดุลบัญชีเดินสะพัดที่เพิ่มขึ้นและการเติบโตของ GDP ที่สูงขึ้น ซึ่งคาดว่าจะช่วยให้นักลงทุนต่างชาติหยุดขายและกลับมาซื้อหุ้นไทยในปี 2024 เราคิดว่าประเทศไทยมีศักยภาพสูงที่จะพลิกฟื้นและปรับตัวได้ดีกว่าตลาดโลกในปีหน้า

คาดกำไรโต 17% ในปี 2024

หลังการปรับประมาณการกำไรในช่วง 3 เดือนที่ผ่านมาจากการฟื้นตัวที่ช้ากว่าคาดในปีนี้ เราคาดว่ากำไรต่อหุ้นในปี 2024 น่าจะพลิกเป็นบวกและเร่งตัวขึ้นเป็น 95 บาท (+)17% y-y) จาก 81 บาท (-)3% y-y) ในปี 2023 ทุกกลุ่มอุตสาหกรรมคาดว่าจะรายงานการเติบโตเป็นบวกนำโดยปิโตรเคมีและอาหารต้นน้ำจากฐานที่ต่ำ กลุ่ม Domestic เช่นพาณิชย์ ICT การเงิน รับเหมาฯ ขนส่งและท่องเที่ยวจะมีการเติบโตที่สูงกว่าสอดคล้องกับการเร่งตัวของเศรษฐกิจ

เป้า SET ปี 2024 อยู่ที่ 1,520

เราปรับเป้า SET ไปเป็นสิ้นปี 2024 โดยอยู่ที่ 1,520 อิง Target PER เป้าหมายที่ 16 เท่า ต่ำกว่า SD -0.25 อยู่เล็กน้อย ปัจจุบัน SET มีการซื้อขายที่ค่า 2024E PER ที่ 14.8 เท่า (SD -0.75) และเท่ากับ EY gap ที่ 3.8% เรามองว่าที่ระดับต่ำกว่า 1,400 SET จะมี Downside จำกัดมากขึ้นและเป็นโอกาสในการสะสมสำหรับนักลงทุนระยะยาว เราคาดขอบล่างของ SET ที่ 1,300-1,350 หุ้นเด่นของเราประกอบด้วยบริษัทที่มีแนวโน้มกำไรดีขึ้นใน 4Q23-2024 และมี Valuation ต่ำกว่าก่อนโควิด รวมถึงเน้นหุ้นที่มีคะแนน ESG สูงซึ่งจะทำให้หุ้นมีความน่าสนใจยิ่งขึ้น เราเลือก AOT, BCH, CPALL, CPN, GPSC, MINT, SJWD, TIDLOR, และ TU



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 27 พฤศจิกายน 2023

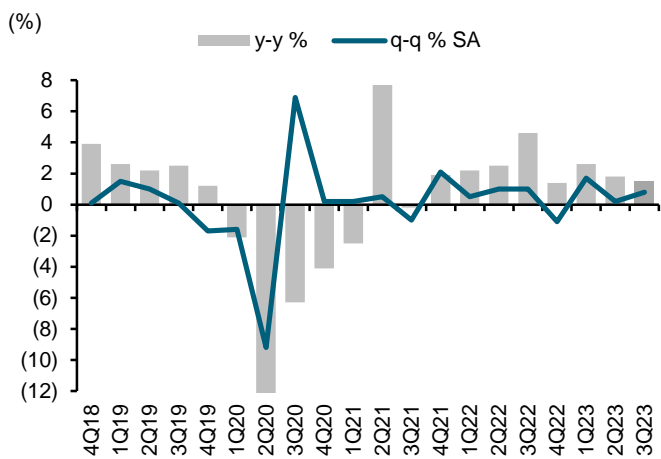
Brighter outlook for Thai economy in 4Q23-2024

We believe the Thai economy has passed its bottom in 2Q23-3Q23 in terms of y-y growth. For 4Q23, we think the GDP should see a significant jump by c4% y-y to hit the National Economic and Social Development Council (NESDC)’s 2023 GDP growth target of +2.5% y-y. Key drivers remain private consumption and the tourism recovery, with Thailand entering the tourism high season. Meanwhile, exports should continue to see a slight recovery.

For 2024, we expect the Thai economy to accelerate, backed by on-going strong private consumption despite slower expected growth compared to 2023. The economy should benefit from the government’s stimulus packages, especially the digital wallet scheme expected to launch in 2Q24. Government spending and investment should turn to grow positively, especially from 2Q24 onward when the 2024 fiscal budget is expected to pass approval from the parliament. For external segments, we continue to see a strong service export recovery in line with an increase in international tourist arrivals. Meanwhile, goods exports should see some recovery from the low base in 2023, but there might be some headwinds from a global economic slowdown.

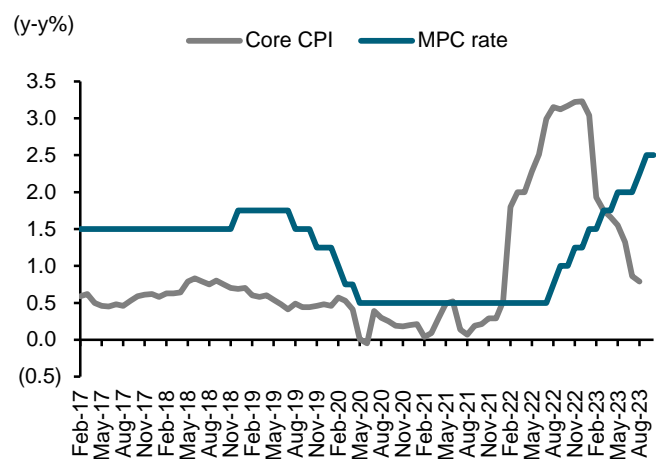
The NESDC projects 2024 GDP to grow by 3.2% y-y, which does not include the digital wallet scheme, while the Bank of Thailand (BoT) expects Thai GDP to accelerate by 4.4% y-y, including the scheme. This could imply that the THB500nm consumption stimulus package could top up GDP growth by at least c1%.

Exhibit 1: Quarterly TH GDP growth



Source: NESDC and Bloomberg

Exhibit 2: Thailand’s core CPI and MPC rate



Source: BoT and Bloomberg

Exhibit 3: NESDC and BoT economic projections

	2018	2019	2020	2021	2022	----- NESDC -----		----- Bank of Thailand -----	
						2023E	2024E	2023E	2024E
	(y-y%)	(y-y%)	(y-y%)	(y-y%)	(y-y%)	(y-y%)	(y-y%)	(y-y%)	(y-y%)
Real GDP growth	4.2	2.3	(6.4)	1.5	2.6	2.5	2.7-3.7	2.8	4.4
Private consumption	4.6	4.0	(0.8)	0.6	6.3	7.0	3.2	6.1	4.6
Private investment	4.1	2.7	(8.1)	3.0	5.1	2.0	2.8	1.0	4.9
Public consumption	2.6	1.7	1.4	3.7	(0.0)	(4.2)	2.2	(3.1)	1.4
Public investment	2.8	0.1	5.1	3.4	(4.9)	(0.8)	(1.8)	1.3	4.8
Export value growth (USD b)	7.5	(3.3)	(6.5)	19.2	5.5	(2.0)	3.8	(1.7)	4.2
Headline inflation	1.1	0.7	(0.8)	1.2	6.1	1.4	1.7-2.7	1.6	2.6
Current account to GDP (%)	5.6	7.0	4.2	(2.1)	(3.4)	1.0	1.5	-	-
Number of tourist arrivals (m)	38.2	39.9	0.0	0.4	11.1	28	35	28.5	35

Note: 2024 NESDC projections do not include the digital wallet scheme, BoT projections include the scheme

Sources: NESDC and BoT

Global growth continuing to slow from impact of high interest rate since 2023

We anticipate global economic growth to slow in 2024 due to the impact of the abnormally high interest rate after inflation spiked since 2022. The IMF projects world GDP to increase by 2.9% y-y in 2024, dipping from +3% y-y in 2023E.

The key region expected to slow down is the US, with GDP projected to significantly slow from +2.1% y-y in 2023 to +1.5% y-y in 2024. The Bloomberg consensus anticipates the US economy to grow less than 1% q-q SAAR in 4Q23-1H24, as many indicators such as PMI, industrial production and retail sales have started to dip into negative territory. The Eurozone economy is likely to have a slight improvement, but the growth rate is expected to stay at a low range of +1.2% y-y.

For China's economy, the IMF forecasts GDP to grow by 4.2% y-y in 2024, decelerating from +5% y-y in 2023E. However, on a q-q basis, the growth numbers have likely bottomed already in 2Q23 at +0.3% q-q, with acceleration of +1.3% q-q in 3Q23. Moreover, the Bloomberg consensus expects China's GDP to increase at a strong pace by 1.1-1.2% q-q for each quarter next year.

Exhibit 4: IMF projections might have some downside

	2022	2023E	2024E
	(%)	(%)	(%)
World output	3.5	3.0	2.9
Advanced economies	2.6	1.5	1.4
United States	2.1	2.1	1.5
Euro area	3.3	0.7	1.2
Germany	1.8	(0.5)	0.9
France	2.5	1.0	1.3
Italy	3.7	0.7	0.7
Spain	5.8	2.5	1.7
Japan	1.0	2.0	1.0
United Kingdom	4.1	0.5	0.6
Canada	3.4	1.3	1.6
Other advanced economies	2.6	1.8	2.2

	2022	2023E	2024E
	(%)	(%)	(%)
World output	3.5	3.0	2.9
Emerging market and developing economies	4.1	4.0	4.0
Emerging and developing Asia	4.5	5.2	4.8
China	3.0	5.0	4.2
India	7.2	6.3	6.3
ASEAN-5	5.5	4.2	4.5
Emerging and developing Europe	0.8	2.4	2.2
Russia	(2.1)	2.2	1.1
Latin America and the Caribbean	4.1	2.3	2.3
Brazil	2.9	3.1	1.5
Mexico	3.9	3.2	2.1
Middle East and Central Asia	5.6	2.0	3.4
Saudi Arabia	8.7	0.8	4.0
Sub-Saharan Africa	4.0	3.0	4.0
Nigeria	3.3	2.9	3.1
South Africa	1.9	0.9	1.8
Memorandum			
Emerging market and middle-income economies	4.0	4.0	3.9
Low-income developing countries	5.2	4.0	5.1

Source: [International Monetary Fund \(IMF\)](#)

Exhibit 5: Bloomberg's quarterly GDP growth projections by country (q-q)

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23E	1Q24E	2Q24E	3Q24E	4Q24E	1Q25E	Probability of recession
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
US*	3.2	2.6	1.3	0.6	4.9	0.7	0.3	0.6	1.3	1.7	1.9	55.0
Eurozone	0.4	0.0	0.0	0.2	(0.1)	0.0	0.2	0.3	0.3	0.4	0.4	65.0
UK	(0.1)	0.1	0.3	0.2	0.0	0.0	0.0	0.2	0.2	0.3	0.3	60.0
China	3.9	0.8	2.3	0.5	1.3	1.0	1.2	1.2	1.2	1.1	1.0	17.5
Japan*	(1.5)	(0.2)	3.7	4.5	(2.1)	0.8	1.2	0.8	0.9	1.2	1.1	30.0
South Korea	0.2	(0.3)	0.3	0.6	0.6	0.5	0.4	0.4	0.5	0.6	0.6	22.5
Thailand	0.8	(1.0)	1.7	0.2	0.8	1.1	1.0	0.9	0.8	0.9	0.9	5.0
Indonesia	1.8	0.4	(0.9)	3.9	1.6	0.5	(0.9)	3.8	1.6	0.6	(1.0)	5.0

* = q-q SAAR

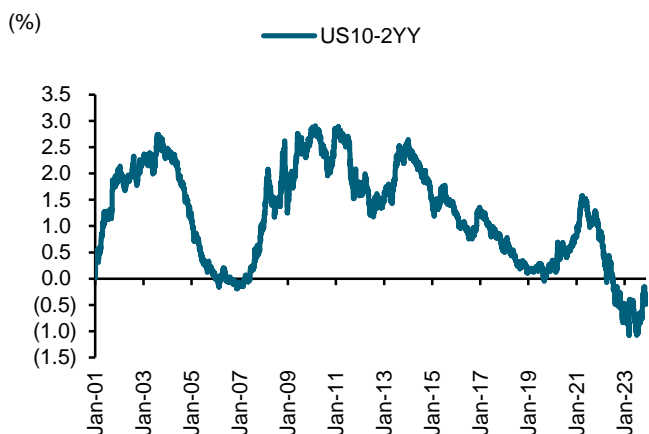
Sources: Bloomberg; FSSIA's compilation

Easing monetary policy outlook in 2024, but limited upside for US equities

We think the US bond yield has likely peaked already in October 2023, with the US10Y bond yield hitting a high at 5.02% before plunging to c4.4% in November 2023. The main reason for the sharp drop was the lower-than-expected October 2023 inflation numbers for both CPI and PPI, followed by lower-than-expected economic growth indicators as mentioned above. The US Federal Reserve (FED)'s rate hike ended at a terminal rate of 5.25-5.5%, one notch lower than the September dot plot. Moreover, the market anticipates that the first rate cut might occur in late 2Q24 with a total of 3-4 cuts to level out at c4.50% at end-2024. However, the US bond yield might stay higher than the pre-Covid level for some time as the FED insists that monetary policy will remain restrictive and it will proceed carefully until data shows clear signs that inflation is on pace to its 2% target.

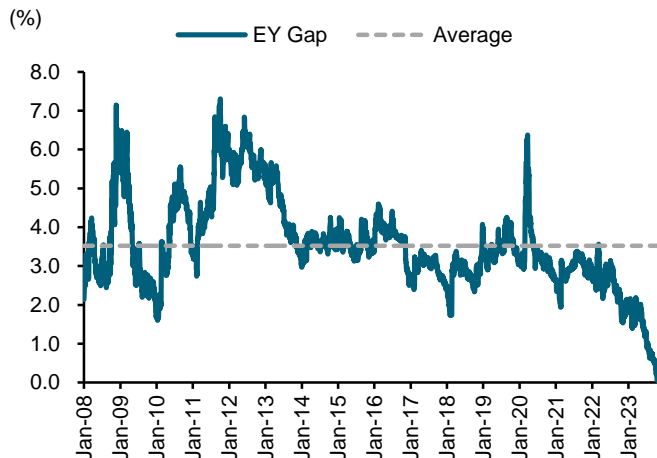
In terms of EY gap, the current number is now wider from 0.5% last month to c1%; still lower than the post-subprime crisis average of 3.5%. As a result, we continue to think the US equity market has a limited upside and it will take time for the bond yield and interest rate to decline to the normal level of c2.5-3%. On the other hand, the S&P500 index might have some correction or await corporate earnings growth for its current 2024E PER of 18.7x to drop to c16x, in order to widen its earnings yield gap to its average.

Exhibit 6: US10-2Y bond yield



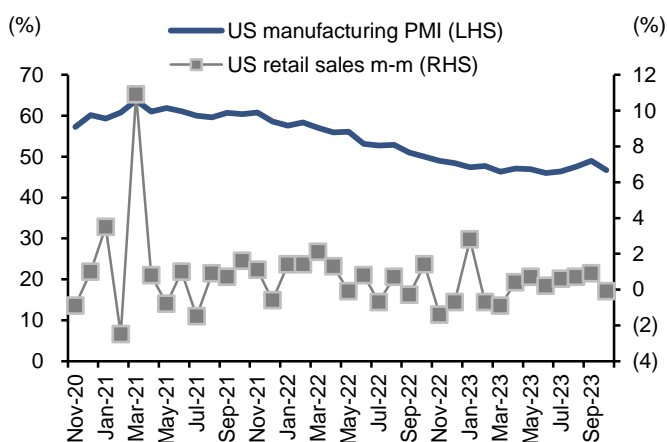
Source: Bloomberg

Exhibit 7: Abnormally narrow US earnings yield gap



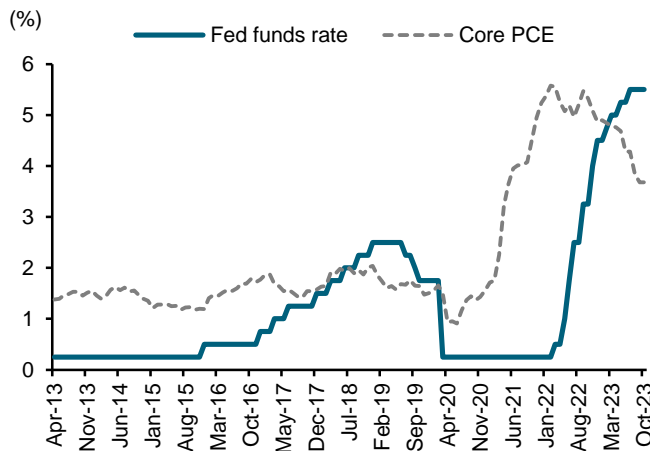
Sources: Bloomberg and FSSIA

Exhibit 8: US manufacturing PMI and retail sales



Source: Bloomberg

Exhibit 9: Core PCE and Fed funds rate



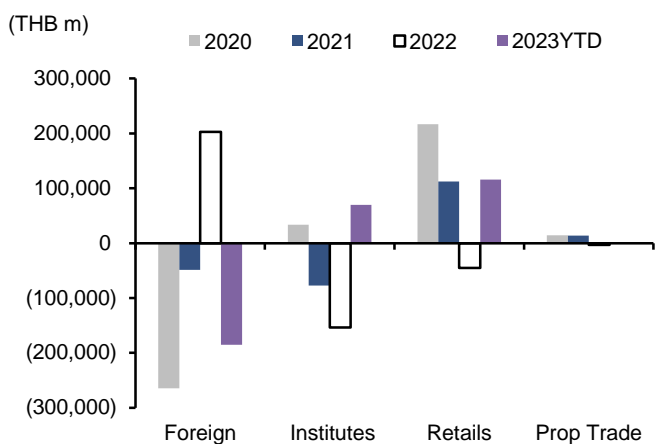
Source: Bloomberg

MPC could hold rate in 1H24; THB appreciation may spark foreign fund return

We anticipate that the BoT will likely hold its policy rate at 2.5% in 1H24, even if the CPI is much lower than its target of c2%. However, we think the inflation number could rise again from the new government’s policies, i.e. minimum wage hike, digital wallet scheme and higher electricity and oil prices in 2024 after temporary assistance measures in late 2023.

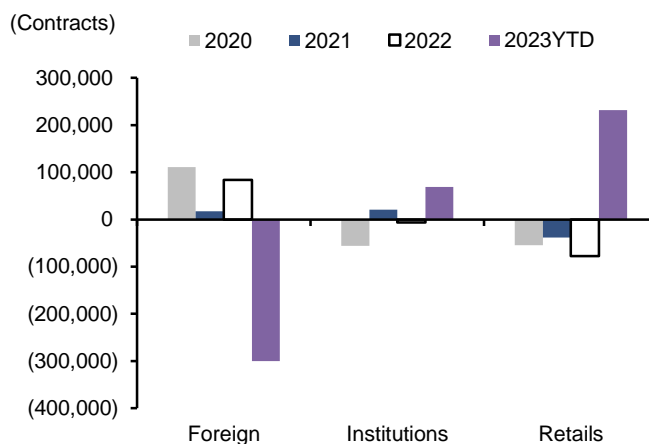
Based on the BoT’s economic projections, the central bank expects that stronger Thai GDP in 2024 would increase Thailand’s account surplus to THB10b, up from THB5b in 2023E. Together with the narrow policy rate between the FED and the BoT in 2024 onward, we expect that the THB could further appreciate to a level of THB/USD32.50-34. Combined with the brighter economic and earnings outlook, these could trigger foreign investors to resume buying Thai stocks after posting a net sell position of over THB180b YTD, almost erasing the net buy position in 2022. Current foreign ownership is at 27.8%, below the pre-Covid level of 28-30%, implying that foreign investors under-own Thai stocks.

Exhibit 10: SET’s net trading by investor type



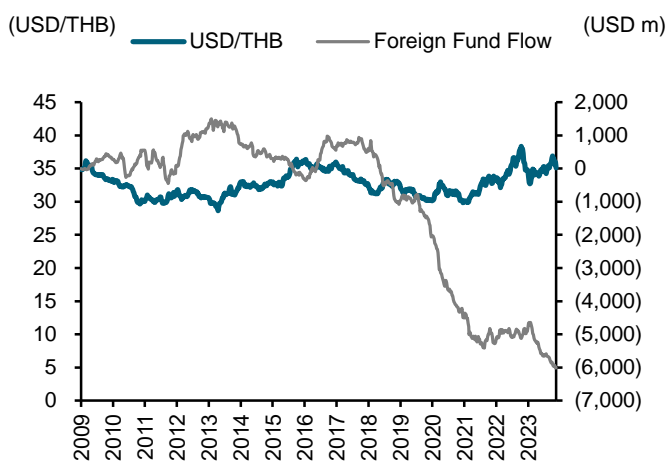
Source: SET

Exhibit 11: Index futures position by investor type



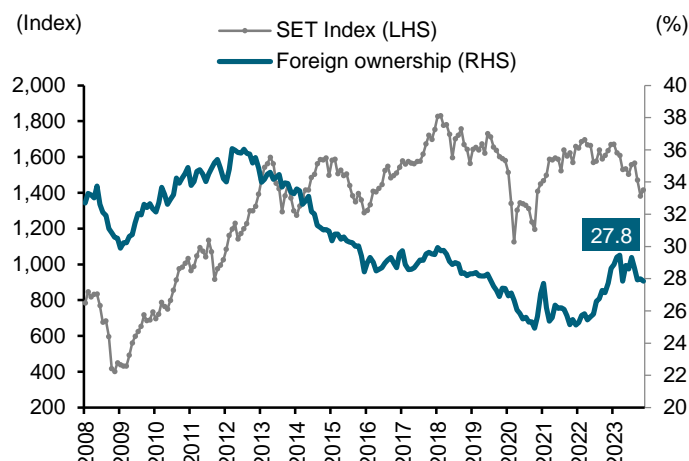
Source: TFEEX

Exhibit 12: THB/USD vs foreign fund flow



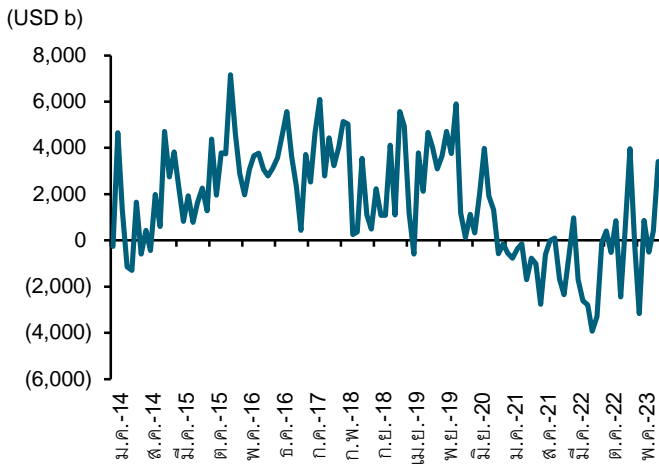
Source: Bloomberg

Exhibit 13: Foreign ownership



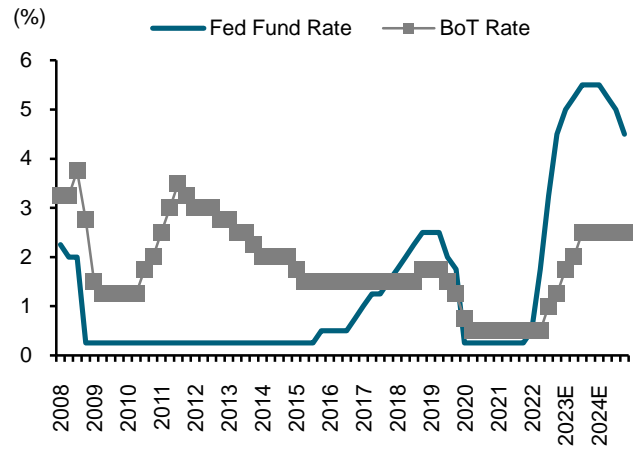
Sources: SETSMART and FSSIA

Exhibit 14: Thailand's current account balance



Source: BoT

Exhibit 15: Fed funds rate vs BoT rate



Sources: CME FedWatch Tool, FSSIA

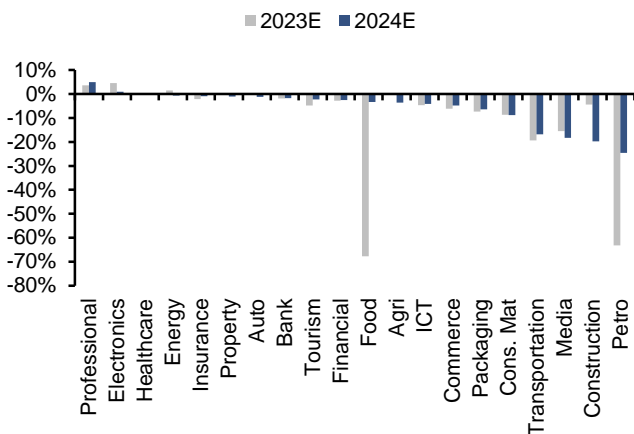
Expect companies' earnings to accelerate by 17% in 2024

After reporting an in-line 3Q23 earnings season, we have seen some downward earnings revisions from slower-than-expected earnings growth, mainly from upstream foods, packaging, petrochemicals, construction materials, transportation, and professional services. As a result, our 2023E EPS has lowered from THB88 to THB81 (-3% y-y), while our 2024E number is lower by 4% from THB100 to THB95 (+17% y-y).

In 2023, earnings growth was dragged by the petrochemical, packaging, energy and food sectors due to lower commodities prices and poor demand, especially from China. Meanwhile, domestic and reopening sectors showed healthier growth such as banking, commerce, transportation, and tourism.

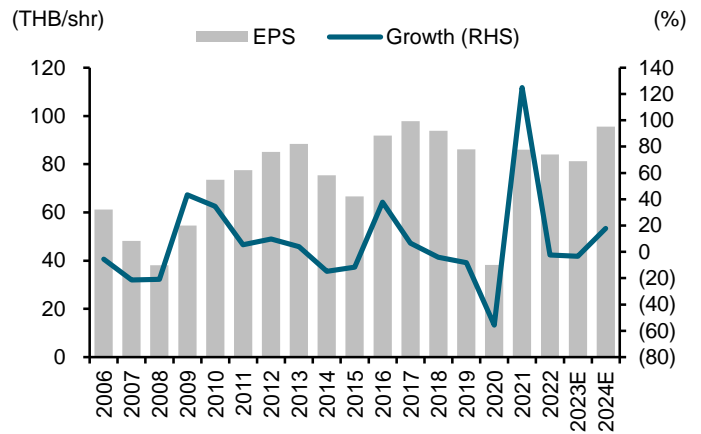
For 2024, we expect earnings growth to be in positive territory in every sector. Food and petrochemical profits are likely to jump thanks to the low base effect, with some recovery in operations. Meanwhile, domestic and tourism-related sectors, i.e. commerce, ICT, finance, construction services, transportation and tourism, should continue to have stronger growth, in line with the economic acceleration.

Exhibit 16: Earnings revisions from Aug-23 to Nov-23



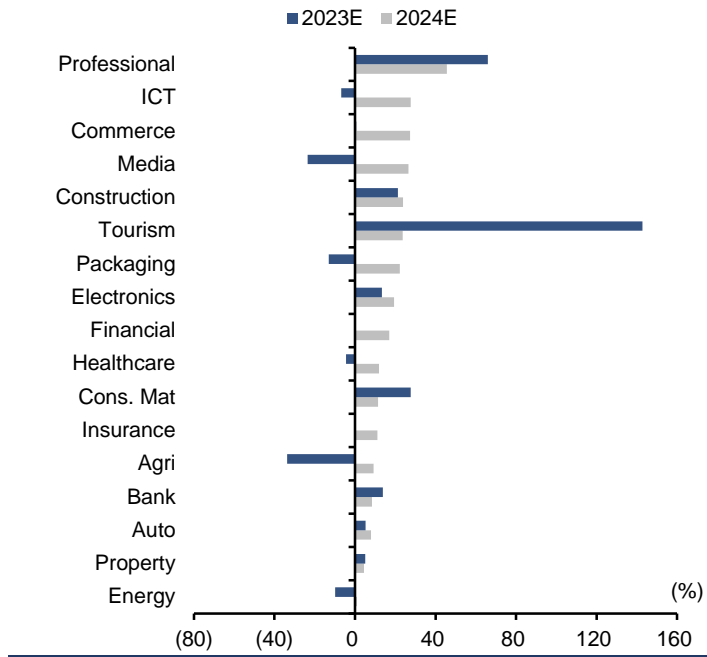
Sources: Bloomberg and FSSIA estimates

Exhibit 17: SET EPS



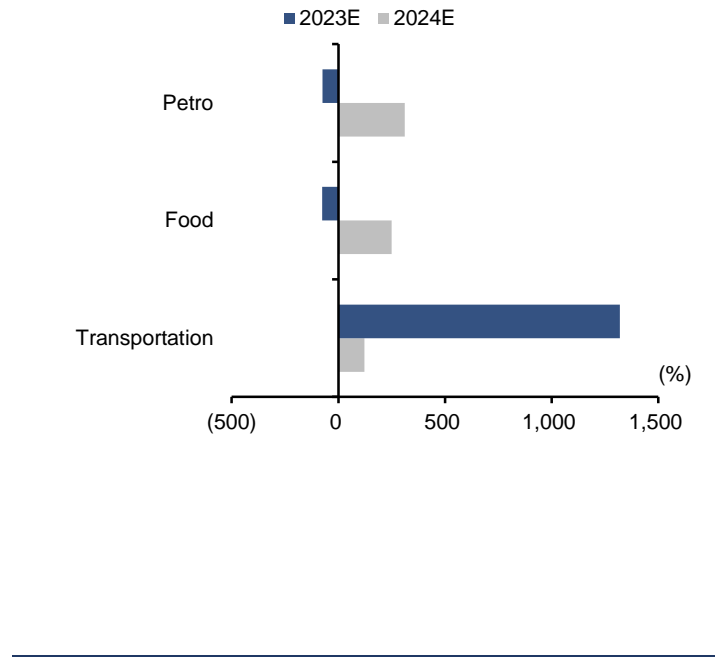
Sources: Bloomberg and FSSIA estimates

Exhibit 18: Earnings growth by sector



Sources: Bloomberg and FSSIA estimates

Exhibit 19: Earnings growth by sector



Sources: Bloomberg and FSSIA estimates

Exhibit 20: 4Q23E and 2024E sector outlooks

Sector	Weight	4Q23E and 2024E sector outlooks	4Q23E earnings outlook	2024E earnings outlook
Agribusiness	Overweight	Regarding the El Nino situation and China's consumption recovery, we have a more positive outlook for agricultural prices in 2024. For sugar, we anticipate the 2024 sugar price will slightly increase or remain high y-y due to a shortage in sugar production. For rubber, we expect to see rubber prices recover in 2024, supported by China's recovery and the low base from 2023. For soybean, even though South America's production should increase y-y due to good weather and sufficient water, we expect the world's soybean demand will recover, thanks to China's consumption recovery.	+	+
Food & Beverage	Overweight	We have a more positive view for the meat sector in 2024 due to 1) meat prices might have already passed their bottom in 3Q23; 2) the government has closely managed the illegal pork import situation; 3) a consumption and tourism recovery; and 4) declining raw material costs. However, meat prices are categorized in commodities, so we suggest investors monitor meat prices.	+	+
Banking	Neutral	Banks are poised to encounter a slowdown in 4Q23 from the prospective provisions for 2024 and rising fees and employee expenses, while loans are likely to show flat growth this year, putting pressure on the bottom line. Catalysts from the NIM expansion should happen at a lesser magnitude relative to 1Q-3Q23, as term deposits are starting to re-price at higher rates. For 2024, the growth of the sector is unlikely to be attractive under a muted economy, which should translate into pressure on both loan and fee income growth.	-	0
Finance & Securities	Underweight	The consumer finance industry is poised to show a strong result in 4Q23 with tailwinds from the loan peak season during the quarter. However, going into 2024, asset quality would still be the main concern along with the slowing economic backdrop, leading operators to sustain their efforts in proactive bad debt management, which should put weight on their bottom-line growth.	+	0
Automotive	Underweight	The automotive sector should still face headwinds in 2024 due to slow consumer spending for big-ticket sales, high household debt, high interest rates, and strict bank loans. We also believe that the ongoing conflict between the US and China will translate into semiconductor supply problems periodically. The good point for manufacturers is decreased raw material costs such as for polymers, rubbers, and HDPE. EVs should remain popular partially because of the government's incentives.	0	0
Petrochemical & Chemicals	Neutral	2024 outlook for petrochemical products should still be impacted by potentially slower-than-expected global economic growth and new petrochemical capacity supply, especially from the olefins chain. Therefore, we expect that petrochemical product spreads will still be under pressure.	-	0
Packaging	Overweight	Most players in the packaging sector suffered from weak demand and a spike in raw material costs during 2022-23. The packaging industry is poised for growth in 2024 due to the continued decline in commodity-linked raw material costs and growing consumer demand for convenience in food products. The trend will likely shift toward sustainability and eco-friendly packaging, which would create opportunities for Thai manufacturers.	+	+
Construction Materials	Overweight	Overall, the 2024 sector outlook should improve from the demand side, which would be supported by an economic recovery as well as government stimulus schemes and investment spending. Moreover, it should benefit from lower raw material prices following a lower oil price.	+	+
Construction Services	Neutral	We expect that the new government should raise public spending on construction. The key new potential signing is the MRT Orange Line project (worth THB109b), which is waiting for a ruling from the Supreme Administrative Court. Also, several new auctions should see concrete progress in 2024, such as the double-track project phase 2 (Khon Kaen - Nong Khai). Meanwhile, overall 2024 performances should be bolstered by continuous improvement from the low base during Covid. However, we will monitor the clear timeline of new project bidding. Our top pick is CK due to the high backlog currently, plus the potential to sign new contracts.	0	+
Property Development	Neutral	We have a neutral rating on the property sector. Overall, 2024 performances should be unexciting. There are many challenges like weak purchasing power, high interest rates, rejections from banks, and intense competition. The demand for low-rise might still be sluggish, while condos should gradually recover from the low base. We think companies will set more conservative targets in 2024 as the value of new launches might be stable with 2023.	+	0
Energy	Neutral	For refineries, we have a neutral outlook in 2024. We think the new additional supply will match the growing demand, while oil prices should remain flat y-y. Therefore, the upside for petroleum product spreads is limited in 2024. For the utilities sector, we think it will be possible to see an improvement in earnings from the expected rising Ft, while gas costs in 2024 should be lower y-y from a higher proportion of Gulf of Thailand gas from PTTEP's ramping-up of the Erawan block. In addition, the falling bond yield should be another key catalyst for utilities' share prices in 2024.	-	0
Commerce	Overweight	We have a positive outlook for the commerce sector. Overall consumption spending is showing a positive trend, supported by the expanding consumer sector, contributing to an increased demand for service-related purchases. Moreover, government stimulus schemes like the 10,000-baht digital wallet and e-refunds (tax deduction), should be key boosters for domestic consumption in 2024. In addition, tourism, which we expect to rebound higher in 2024, would contribute to stimulating purchasing power in tourism areas. Our concern in 2024 is fierce competition for big players in consumer staples and a new player in wholesale business. Moreover, El Nino should drag farm income, which would be negative for farm-related businesses.	+	+
Health Care Services	Overweight	Expect revenue to grow, mainly led by price adjustments, while patient volume should grow in the low single-digits. We expect earnings to continue to grow, led by improving EBITDA margins, as most hospitals have expansion projects that dragged performance in 2023. We expect the better performance of those new hospitals to drive earnings in 2024. In addition, we expect strong growth of fly-in Chinese and Saudi Arabia patient numbers.	0	+
Tourism & Leisure	Overweight	Expect tourist arrivals to grow from 28m in 2023E to 35m in 2024E. We expect OCC rates to improve and reach pre-Covid levels in 2024, while we estimate ADR to continue to improve further at a rate of mid-single-digit growth. Thus, we expect the EBITDA margins of hotel businesses to improve in 2024. In addition, we expect hotel operators to start repaying debts as the cashflow has been normalized. This should reduce interest expenses.	+	+
Transportation	Neutral	[Aviation] Expect tourist arrivals to grow from 28m in 2023E to 35m in 2024E. The higher volume should mainly come from Chinese tourists. This should directly benefit AOT. For airlines, we expect passenger volume to continue to improve, while ADR is likely to maintain above the pre-Covid level. [Shipping] The supply/demand balance should improve in 2024. The dry bulk fleet is expected to grow by 1.8% in 2024, but net supply should reduce by 2-2.5% due to lower speeds because of EEXI and CII regulations. However, China's ongoing recession in the property market should weigh down demand for steel and other construction materials. We expect that China's major stimulus can ignite its economy in 2H24 and help boost sentiment for the dry bulk industry.	+	+
Electronic Components	Neutral	Even though we still have a cautious view for the 2024 global economy, we have a more positive outlook for electronic components' purchase orders in 2024. Main reasons are 1) their customers are running low on inventories; 2) we expect to see a demand recovery in 2Q24; 3) consumer electronics should recover in 1H24, supported by upcoming AI trends that would encourage consumers to upgrade their devices. However, we still rate the sector as Neutral as their share prices have a limited upside. We choose HANA as our 2024 top pick.	-	+
Information & Communications	Overweight	We expect mobile and fixed broadband operators to have strong earnings growth in 2024 thanks to lower competition after key players merged. System integrator players should see a recovery after the government formed, and we expect the economy to improve next year, especially after the fiscal budget is approved, likely in 2Q24.	+	+

Sources: Bloomberg; FSSIA analysis and estimates

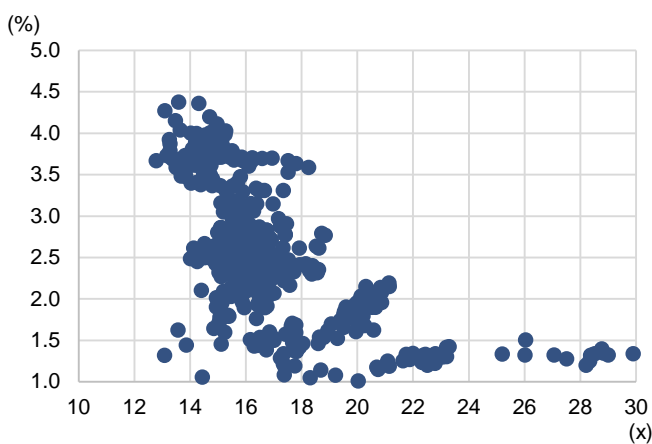
Rolling over SET target to end-2024 at 1,520

We roll over our SET target from mid-2024 at 1,650 to end-2024 at 1,520, based on lower EPS forecasts as mentioned above. We lower our target PER from 17x to 16x, slightly below SD -0.25, to reflect the higher bond yield.

For the SET index, we think the sharp drop since August 2023 of c10% has factored in most of the negative items; both earnings revisions and de-rated valuations. The index is trading at a 2024E PER of 14.8x, close to SD -0.75 and equivalent to a 6.7% earnings yield. This implies an EY gap of 3.8%, slightly above the historical average of 3.7%, which signals that the index is not expensive for long-term investment.

For the downside, if we assume a bond yield of 3-3.25% with a c4% EY gap, SD +0.5, the SET index's valuation could potentially de-rate to a PER of c14x. This would imply a downside for the SET index of c1,300-1,350.

Exhibit 21: PER vs TH10Y bond yield



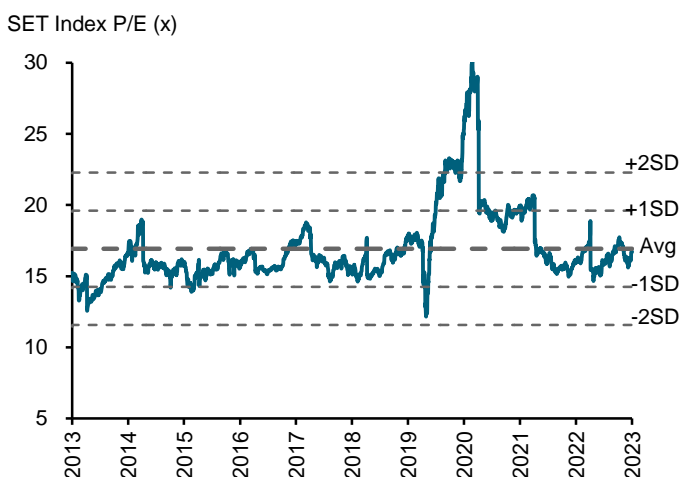
Source: FSSIA estimates

Exhibit 22: SET target sensitivity

----- Earnings per share -----			
		2023E	2024E
	EPS	81	95
- Target index based on FSSIA estimates -			
	P/E (x)	2023E	2024E
SD+1.0	19.6	1,592	1,865
SD+0.5	18.3	1,483	1,738
SD+0.25	17.6	1,428	1,674
10-year average	16.9	1,374	1,610
SD-0.25	16.3	1,320	1,547
SD-0.5	15.6	1,265	1,483
SD-1.0	14.3	1,157	1,356
SD-1.5	12.9	1,048	1,228

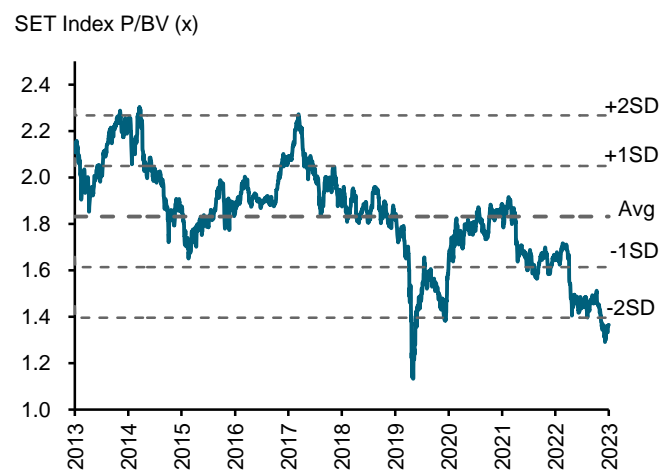
Source: FSSIA estimates

Exhibit 23: SET historical forward PER



Sources: Bloomberg and FSSIA

Exhibit 24: SET historical forward PBV



Sources: Bloomberg and FSSIA

2024 favorites: earnings with attractive valuations; high ESG rating a plus

We stick to our domestic-focused strategy on the brighter internal economic outlook. We think stocks with stronger 4Q23-2024E earnings growth with attractive valuations, i.e. below pre-Covid levels, could outperform the market.

Moreover, all of us know that the ESG investing trend is gaining prominence and is given a high degree of importance. Lately, the Thai government approved a Thai ESG Fund (TESG) starting in December 2023 to provide tax deductions of up to 30%, not exceeding THB100,000 for individual taxpayers, to encourage investment in sustainability. The Finance Ministry expects the fund to raise roughly THB10b within a month of its launch, which could encourage local institutions to buy Thai stocks in late 2023.

We have screened stocks which we expect to be of interest to local institutions based on the criteria of 1) SET ESG ratings of only AAA and AA; 2) market capitalization above THB10b; 3) positive earnings growth in 2024E; and 4) upside at least 10% to TP. The results can be found in the Appendix of this report.

Our top 2024 favorites are **AOT, BCH, CPALL, CPN, GPSC, MINT, SJWD, TIDLOR, and TU.**

Exhibit 25: FSSIA stock picks for 2023

Company	BBG code	Key rationale	FSSIA ESG rating
Airports of Thailand	AOT TB, BUY, TP THB85	We expect 1QFY24 operations to improve as international passenger traffic has recovered to 82% of the pre-Covid level in mid-Nov, and momentum should accelerate in the high tourism season. However, key downsides to our current earnings forecasts are a lower-than-expected passenger volume and higher-than-expected expenses and depreciation from the SAT-1 terminal. However, we expect significant growth in FY24 in line with rising tourist arrivals.	★★★★
Bangkok Chain Hospital	BCH TB, BUY, TP THB24.50	In 2024, we continue to see strong patient demand; both Thai and international. The performance of three new hospitals should improve and SSO registered members are likely to grow to 1.05m in 2024 from the additional quota, and the SSO is likely to extend MOUs on five diseases for which medical fees of THB15,000/rw (from normal rate of THB12,000) can be reimbursed, for six months until June-24. We see some earnings upside to our current 2024 forecast.	★★★
CP All	CPALL TB, BUY, TP THB77	In 4Q23, we expect profit to increase y-y due to last year's low base. 4QTD SSSG remained positive. We recently raised our 2023-25E core profit by 2.7-3.3% due to a higher-than-expected CVS gross margin from selling price hikes and a better-than-expected product mix with a higher sales mix of high-margin products. In 2024, we expect core profit to grow by another 19%, supported by three units with continued positive SSSG, the government's stimulus packages to boost domestic purchasing power, and lower electricity prices and interest expenses for CPAXT. CPALL is trading at a forward P/E of its five-year average forward P/E at -2SD.	★★★★
Central Pattana	CPN TB, BUY, TP THB82.00	In 4Q23, the company plans to open Central Westville, Centara Ayutthaya, and launch five new residential projects. From 2024 onwards, CPN will open Central shopping malls in Nakorn Sawan, Nakorn Pathom, and Krabi, plus two new hotels. The company still plans to grow its revenue at a 14-16% CAGR during 2023-27, leveraging its strength in the retail property business, and expand into hotels, residences, and offices to diversify its concentration risk in shopping malls. CPN's share price is currently trading at -1.5 SD of its five-year historical average.	★★★★★
Global Power Synergy	GPSC TB, BUY, TP THB59.00	2024E earnings outlook looks resilient among peers despite uncertainty over the Ft. This is because of 1) the new renewables projects – full COD of wind projects in Taiwan (CFXD) and profit turnaround from solar in India (AEPL); and 2) better power plant efficiency from Flow SPP phase 5 and GHECO-One IPP – providing a higher SPP sales volume and increasing availability payments. In addition, it is possible to see an earnings upside from our conservative 2024E electricity price of THB3.99/kWh, given EGAT's currently stretched balance sheet.	★★★★
Minor International	MINT TB, BUY, TP THB43.00	We believe MINT's core profit will grow by 14% to THB7.4b and exceed the pre-Covid core profit of THB7.1b. Strong operations of European hotels should continue, while Thai hotels should have a strong recovery. In addition, MINT should have lower interest expenses in 2024 given that it plans to repay its debt of THB113b as of 3Q23 from strong EBITDA of up to THB40b per year. MINT is trading at an undemanding 2024E PER of 22x.	★★★★★
SCGJWD Logistics	SJWD TB, BUY, TP THB21.50	The automotive unit in 4Q23 should have about 10,000 BYD Seal cars to park in its yard. Also, several EV makers are preparing to enter Thailand in 2024. The cold storage unit currently has a sharply higher number of fish deposited in its cold storage, and the trend should remain solid in 4Q23-2024. We expect 4Q23 core profit to be this year's peak. Also, we maintain our 2023E profit increase of 50% y-y. In 2024, profit should jump by 48% y-y. If we add back one-time items of THB180m-190m from the transfer of SCGL this year, the profit would already be close to THB1b. We expect 27% CAGR growth in 2023-25.	★★★
Ngern Tid Lor	TIDLOR TB, BUY, TP THB28.00	We see a brighter 4Q23 outlook for both profit and asset quality. 4Q23 profit could exceed 3Q23's. Meanwhile, asset quality should be less of a concern after peaking in 2Q23. TIDLOR expects NPLs and credit costs to decrease in 4Q23 and continue into 2024. We maintain our 2024-25 earnings forecast of +21% y-y and +26% y-y, respectively.	★★
Thai Union Group	TU TB, BUY, TP THB18.00	We expect 4Q23 profit to recover q-q and y-y, breaking its seasonal pattern since customers only started restocking in 3Q23 after tuna prices decreased. Also, it will begin realizing lower tuna costs. Tuna prices continued to fall in October to USD1,600/ton (-6% m-m, +1.3% y-y), a 13-month low. It was in line with management's view. It should support the gross margin from 4Q23 onward. We maintain our 2023E net profit of THB4.1b, -38% y-y, and expect 2024 profit to grow by 28% y-y to THB5.2b. The stock is trading at a 2024E PER of 13x, which is an attractive valuation.	★★★★

Source :FSSIA estimates

Exhibit 26: Summary of key valuations for FSSIA's top picks

Company	BBG code	--- Share price ---		Up side	----- Recurring net profit -----			- NP growth -		----- P/E -----			PBV	DivYld	ROE
		Current (THB)	Target (THB)		22A (THB m)	23E (THB m)	24E (THB m)	23E (y-y%)	24E (y-y%)	23E (x)	24E (x)	25E (x)			
Airports of Thailand	AOT TB	62.50	85.00	36	(10,173)	9,212	30,383	nm	229.8	96.9	29.4	24.2	8.1	0.5	8.7
Bangkok Chain Hospital	BCH TB	21.30	24.50	15	3,039	1,357	1,697	(55.4)	25.1	39.1	31.3	26.4	4.2	2.3	10.9
CP All	CPALL TB	55.00	77.00	40	13,281	16,833	20,077	26.7	19.3	29.4	24.6	20.3	5.0	1.7	16.0
Central Pattana	CPN TB	67.25	82.00	22	10,945	14,904	15,809	36.2	6.1	20.3	19.1	18.0	3.3	1.9	17.3
Global Power Synergy	GPSC TB	44.00	59.00	34	2,779	3,861	4,938	38.9	27.9	32.1	25.1	18.1	1.2	3.0	3.6
Minor International	MINT TB	27.75	43.00	55	2,017	6,479	7,357	221.2	13.6	24.6	21.7	19.5	1.8	1.4	8.2
SCGJWD Logistics	SJWD TB	14.10	21.50	52	535	803	1,189	50.0	48.1	31.8	21.5	19.6	1.2	1.3	6.3
Ngern Tid Lor	TIDLOR TB	22.50	28.00	24	3,640	3,817	4,614	4.9	20.9	16.6	13.7	10.9	2.2	1.2	14.2
Thai Union Group	TU TB	14.20	18.00	27	6,571	4,097	5,224	(37.6)	27.5	16.5	13.0	11.5	0.9	3.4	5.2

Share prices as of 24 Nov 2023

Source: FSSIA estimates

Appendix

Exhibit 27: High ESG score stock screening

Stock	Sector	SET ESG ratings	Market cap	Target	Current	Upside	YTD return	2024E earnings growth
			(THB m)	(THB)	(THB)	(%)	(%)	(%)
PTT	Energy & Utilities	AAA	985,423	38.55	34.75	10.9	4.5	1.5
ADVANC	Information & Communication Te	AAA	648,378	255.19	218.00	17.1	11.8	9.3
GULF	Energy & Utilities	AA	545,591	54.00	45.50	18.7	(17.6)	14.9
CPALL	Commerce	AAA	509,791	77.00	55.50	38.7	(18.7)	19.3
BDMS	Health Care Services	AA	421,138	34.50	26.50	30.2	(8.6)	13.6
SCC	Construction Materials	AAA	393,922	331.35	292.00	13.5	(14.6)	13.3
SCB	Banking	AA	331,660	121.00	99.25	21.9	(7.2)	9.0
KBANK	Banking	AAA	311,567	160.00	132.00	21.2	(10.5)	10.3
CPAXT	Commerce	AAA	304,184	35.00	28.25	23.9	(29.4)	24.0
CPN	Property Development	AA	295,086	82.00	67.25	21.9	(5.3)	6.1
BBL	Banking	AA	287,281	208.00	151.00	37.7	2.0	8.2
KTB	Banking	AAA	257,160	23.10	18.20	26.9	2.8	5.6
CRC	Commerce	AAA	235,209	48.56	38.75	25.3	(16.2)	21.3
INTUCH	Information & Communication Te	AA	230,080	81.64	71.50	14.2	(7.4)	8.7
BAY	Banking	AAA	213,317	35.17	28.25	24.5	(8.1)	4.2
EA	Energy & Utilities	AA	176,243	64.06	46.25	38.5	(52.3)	1.4
SCGP	Packaging	AAA	163,131	42.72	37.50	13.9	(34.2)	22.1
HMPRO	Commerce	AA	160,445	16.00	12.10	32.2	(21.9)	10.7
TTB	Banking	AA	154,016	1.83	1.55	18.1	9.9	8.1
MINT	Tourism & Leisure	AA	151,087	43.00	27.75	55.0	(14.0)	13.6
IVL	Petrochemicals & Chemicals	AA	144,575	29.86	25.75	16.0	(36.8)	132.8
GPSC	Energy & Utilities	AA	132,527	59.00	46.00	28.3	(37.0)	27.9
BEM	Transportation & Logistics	AA	122,280	10.56	7.95	32.9	(18.9)	18.4
KTC	Finance & Securities	AAA	121,826	53.00	46.25	14.6	(21.6)	8.1
BJC	Commerce	AA	112,218	34.31	27.25	25.9	(22.7)	16.4
BANPU	Energy & Utilities	AAA	81,153	8.52	7.75	10.0	(43.4)	22.4
TISCO	Banking	AAA	77,663	111.00	98.00	13.3	(1.3)	5.6
WHA	Property Development	AAA	74,734	5.86	4.92	19.2	20.6	14.2
OSP	Food & Beverage	AA	72,991	28.50	23.70	20.3	(16.1)	20.7
RATCH	Energy & Utilities	AA	70,687	41.11	32.75	25.5	(23.4)	20.3
EGCO	Energy & Utilities	AA	67,914	159.43	128.00	24.6	(25.8)	9.7
BGRIM	Energy & Utilities	AAA	66,476	37.00	25.75	43.7	(35.2)	0.6
BCH	Health Care Services	AA	50,623	24.50	20.90	17.2	2.0	25.1
IRPC	Energy & Utilities	AA	41,686	2.47	2.06	20.1	(31.8)	637.0
HANA	Electronic Components	AA	40,063	60.00	44.75	34.1	(13.1)	3.0
SCCC	Construction Materials	AA	39,336	148.80	131.50	13.2	(14.3)	27.9
AP	Property Development	AA	35,234	14.40	11.10	29.7	(4.3)	2.8
BLA	Insurance	AA	35,176	30.33	20.70	46.5	(28.0)	39.3
PLANB	Media & Publishing	AA	35,174	10.61	8.05	31.8	5.9	21.2
SPALI	Property Development	AA	34,764	24.00	17.90	34.1	(26.3)	4.4
VGI	Media & Publishing	AA	28,658	2.59	2.12	22.2	(51.8)	85.5
AMATA	Property Development	AAA	28,175	29.54	24.70	19.6	16.0	28.0
CKP	Energy & Utilities	AAA	26,014	4.27	3.32	28.7	(27.2)	45.3
BCPG	Energy & Utilities	AA	25,764	15.10	8.75	72.6	(14.2)	14.7
SJWD	Transportation & Logistics	AA	23,905	21.50	13.70	56.9	(34.1)	48.1
STA	Agribusiness	AAA	23,808	18.50	16.40	12.8	(22.3)	42.5
ORI	Property Development	AA	21,776	11.20	8.60	30.2	(28.9)	14.6
EPG	Construction Materials	AA	20,440	9.16	7.45	23.0	(24.7)	13.5
STGT	Personal Products & Pharmaceut	AAA	17,764	7.25	6.50	11.5	(35.0)	123.6
BAFS	Energy & Utilities	AA	15,682	34.65	24.50	41.4	(22.8)	146.8
ACE	Energy & Utilities	AA	15,516	3.68	1.59	131.4	(41.1)	8.6
RS	Commerce	AA	14,335	14.90	13.30	12.0	(8.6)	12.3
SC	Property Development	AA	13,673	4.40	3.20	37.5	(24.2)	5.8
MAJOR	Media & Publishing	AA	13,372	19.38	15.60	24.2	(14.3)	10.4
PR9	Health Care Services	AAA	11,244	22.00	15.60	41.0	(7.7)	19.2

Sources: SET, Bloomberg and FSSIA

Exhibit 28: FSSIA ESG score implication

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Source: FSSIA estimates

Exhibit 29: ESG –FSSIA's top picks

	FSSIA	Domestic ratings						Global ratings						Bloomberg	
	ESG score	DJSI	SET THSI	THSI	ESG score	AGM level	Thai CAC	Morningstar ESG risk	SG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
AOT	77.96	Y	Y	Y	5.00	5.00	--	Low	64.96	A	39.00	50.87	77.00	4.19	55.78
BCH	39.71	--	--	--	4.00	5.00	Certified	High	48.21	--	--	27.19	18.00	3.52	47.60
CPALL	78.53	Y	Y	Y	5.00	5.00	Certified	Medium	47.38	A	34.00	59.95	82.00	3.74	--
CPN	81.38	Y	Y	Y	5.00	5.00	Certified	Low	56.02	BBB	35.00	69.83	81.00	3.59	--
GPSC	69.86	--	Y	Y	5.00	5.00	Certified	Medium	63.22	B	--	60.43	88.00	4.77	--
MINT	84.43	Y	Y	Y	5.00	4.00	Certified	Medium	57.57	AA	37.00	91.18	69.00	5.00	--
SJWD	42.41	--	Y	Y	5.00	5.00	--	--	56.00	--	--	42.01	--	3.44	41.46
TIDLOR	36.71	--	--	--	4.00	4.00	Certified	Medium	37.03	--	--	23.69	19.00	1.66	--
TU	68.12	Y	--	--	5.00	5.00	Certified	High	44.49	A	35.00	66.15	87.00	2.99	--

Sources: SETTRADE.com; FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating																			
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																			
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																			
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																			
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). (The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																			
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. (Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																			
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+									
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ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																			
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers.																				
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																				
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. (Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)																				
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																				
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																			
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																			

Rating regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "CG Score"; 2) "AGM Level"; 3) "Thai CAC"; and 4) THSI. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: 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
Airports of Thailand	AOT TB	THB 62.50	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.
Bangkok Chain Hospital	BCH TB	THB 21.30	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) SSO provision expenses following a limited SSO budget.
CP All	CPALL TB	THB 55.00	BUY	The key downside risks to our DCF-derived TP include 1) lower-than-expected SSSG, 2) lower-than-expected gross margin, and 3) higher-than-expected SG&A to sales ratio.
Central Pattana	CPN TB	THB 67.25	BUY	Key downside risks to our DCF-derived TP are deviations to our estimates on rental and occupancy rates, returns on its new investments, capex, and interest rates.
Global Power Synergy	GPSC TB	THB 44.00	BUY	The downside risks to our DCF-based TP on GPSC include 1) lower-than-expected demand for electricity in Thailand; 2) higher-than-expected energy price (i.e. coal and gas); and 3) lower-than-expected demand from industrial users.
Minor International	MINT TB	THB 27.75	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply and higher competition in the F&B business, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
SCGJWD Logistics	SJWD TB	THB 14.10	BUY	Downside risks to our DCF-based TP include 1) slower-than-expected regional economic growth; 2) high volatility in energy costs; 3) delayed synergies; and 4) higher cost of funds.
Ngern Tid Lor	TIDLOR TB	THB 22.50	BUY	Downside risks to our GGM-based TP include 1) the expansion into auto-title loans by the Government Savings Bank and Auto X (subsidiary of SCB X); 2) further weakening asset quality could potentially hit both loan yield and credit cost; and 3) tighter supervision from related regulators.
Thai Union Group	TU TB	THB 14.20	BUY	Downside risks to our SoTP-based TP include 1) a stronger-than-expected THB against the USD; 2) the high volatility of raw material prices; 3) labour shortages; and 4) tariff and non-tariff barriers in international trade.

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.

All share prices are as at market close on 24-Nov-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.