

# Thailand Tourism

## No more bets or raising stakes on tourism recovery?

- Thailand has retained its top destination status with a 13% market share of outbound Chinese tourists, excluding Hong Kong and Macau in 9M23 (vs 11% in 2019).
- Despite slot cancellations for China routes from airline operators, we expect inbound Chinese tourists to recover to 40-50% of pre-Covid by Dec-23.
- Maintain Overweight; expect 35m tourist arrivals in 2024 (88% of pre-Covid level).

### Recovery of outbound Chinese tourists to Thailand is better than overall average

Lower-than-expected numbers of inbound Chinese tourists have raised concerns about Thailand losing its popularity as a tourist destination. There is a worry that safety concerns following the Chinese blockbuster movie “No More Bets” in Aug may discourage Chinese tourists from traveling to Thailand. Based on our analysis, we conclude that the real problem may be the slower-than-expected recovery of outbound Chinese tourists, which recovered to only 25% and 36% of pre-Covid in 9M23 and 3Q23, respectively. On a positive note, the recovery rate of inbound Chinese tourists to Thailand was faster at 29% and 37% in 9M23 and 3Q23, respectively. In addition, Thailand is still ranked first in terms of market share for outbound Chinese tourists at 13% in 9M23 and 10% in 3Q23 (vs 11% in 2019), suggesting that Thailand has not lost market share yet.

### Remaining China route flights at 50-59% of pre-Covid in Dec-23 to Jan-24

Another concern is the slot cancellation of Thai-China routes from airline operators by 39% over Dec-23 to Jan-24. However, the remaining 5,858 flights in Dec-23 and 7,420 in Jan-24 still account for 50-59% of pre-Covid. This suggests that the Chinese tourist recovery trend could improve from 35% of pre-Covid in Oct to 40-50% in Dec-23 and Jan-24. Thus, we expect Chinese tourists to end at 3.5m in 2023 and grow to 6.0m in 2024, assuming group tours, which normally account for 40-50% of inbound Chinese tourists, start recovering.

### Inbound non-Chinese tourists should almost reach pre-Covid by end of this year

Non-Chinese tourists have recovered faster at around 86% of pre-Covid in Oct, driven by tourists from the Middle East, Malaysia, Europe and India (131%, 107%, 93% and 88% vs pre-Covid, respectively). We estimate they should recover to 100% of pre-Covid in 2024, bringing non-Chinese tourists to 29m. As a result, tourist arrivals should recover to 35m in 2024 from 28m in 2023. In terms of spending per trip, in 11M23 it was THB42k, still below THB49k in 2019. This should also reach the pre-Covid level by next year, in our view.

### Prefer stocks that have potential to raise prices

We maintain our Overweight view on the tourism sector. Thailand is maintaining its market share of Chinese tourists, and the reasons for weak outbound Chinese tourist numbers are likely from 1) economic slowdown; 2) the slow renewal process for Chinese tourists' passports; and 3) government policies to boost domestic tourism rather than international. The situation is likely to improve next year. Thailand is also focusing on alternative markets, which should provide a cushion for the weak Chinese tourist numbers. Our top picks are CENTEL, AWC and BA (more details on page 8).



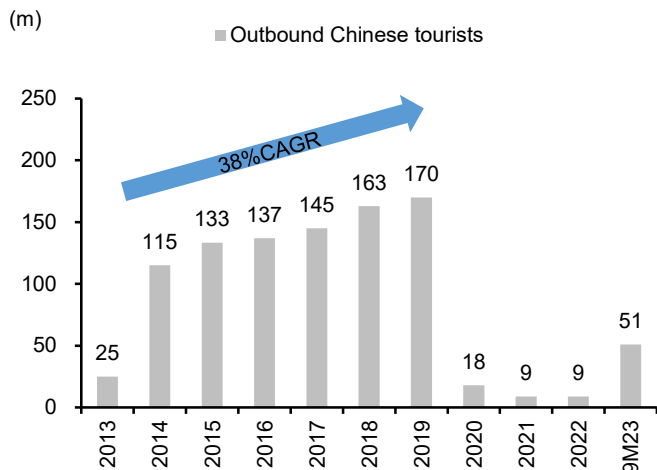
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### Recap: strong growth of outbound Chinese tourists before Covid pandemic and Thailand was top destination

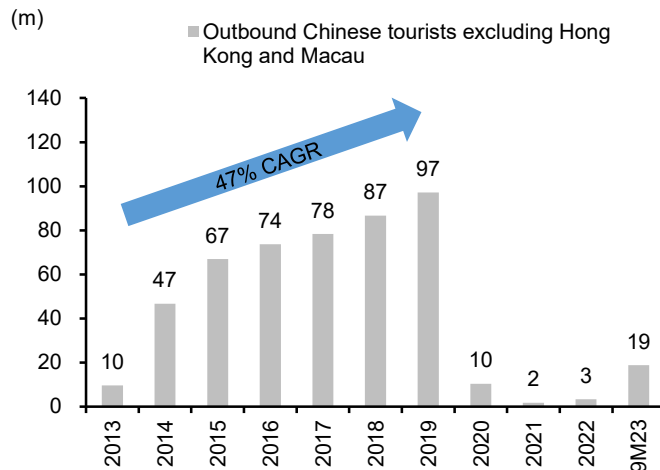
Outbound Chinese tourist numbers grew at 38% CAGR over 2013-19. Excluding Hong Kong and Macau, they grew faster at 47% CAGR. In 2019, Thailand ranked first in terms of outbound Chinese tourist destinations with 11m tourists and a market share of 11%.

**Exhibit 1: Outbound Chinese tourists**



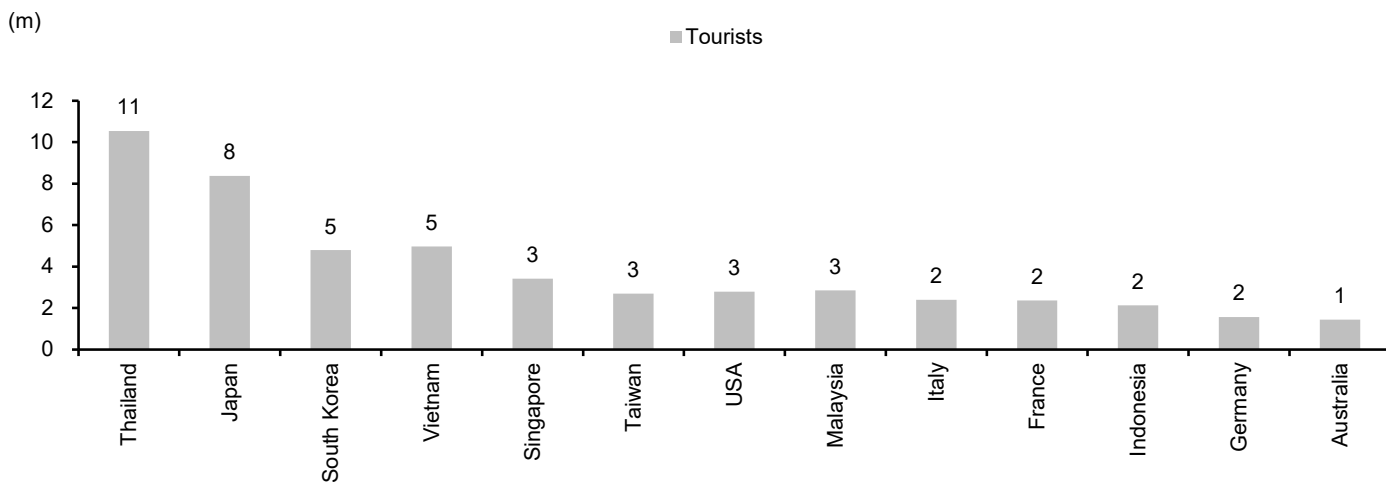
Sources: Bloomberg; China Outbound Tourism Research Institute (COTRI)

**Exhibit 2: Outbound Chinese tourists excluding Hong Kong and Macau**



Sources: Bloomberg; COTRI

**Exhibit 3: Outbound Chinese tourists, breakdown as of 2019**



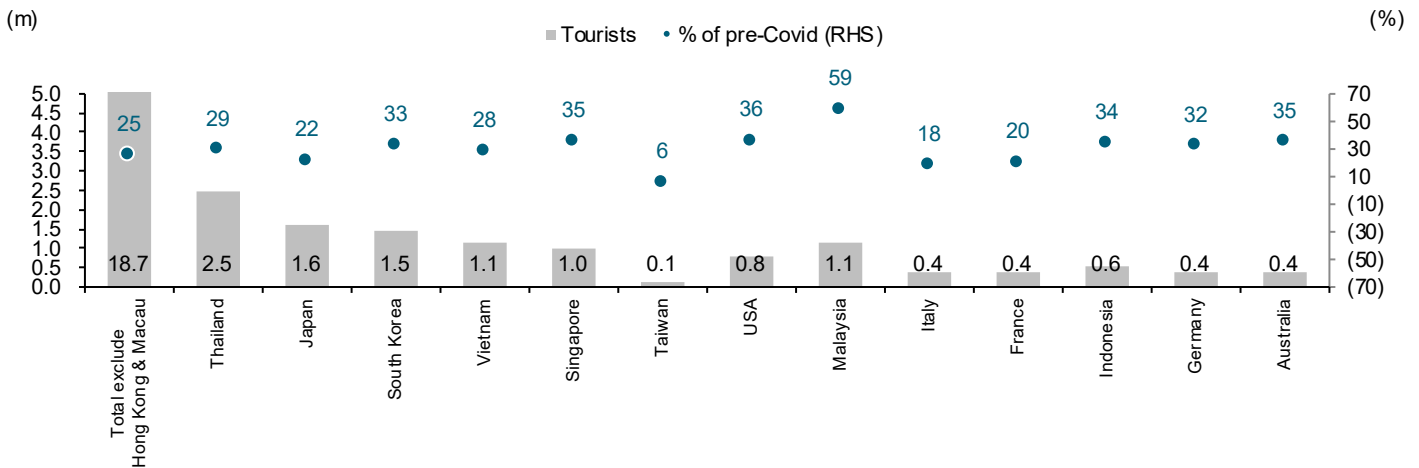
Sources: Bloomberg; COTRI

### Thailand remains top destination and maintains market share of outbound Chinese tourists in 9M23

Outbound Chinese tourists to Thailand recovered to 29% and 37% of pre-Covid in 9M23 and 3Q23, respectively. This was faster than the total number of outbound Chinese tourists, which recovered to 25% and 35% of pre-Covid in 9M23 and 3Q23, respectively. Thailand remains in first rank in terms of outbound Chinese tourist destinations with a market share of 13% in 9M23 and 10% in 3Q23.

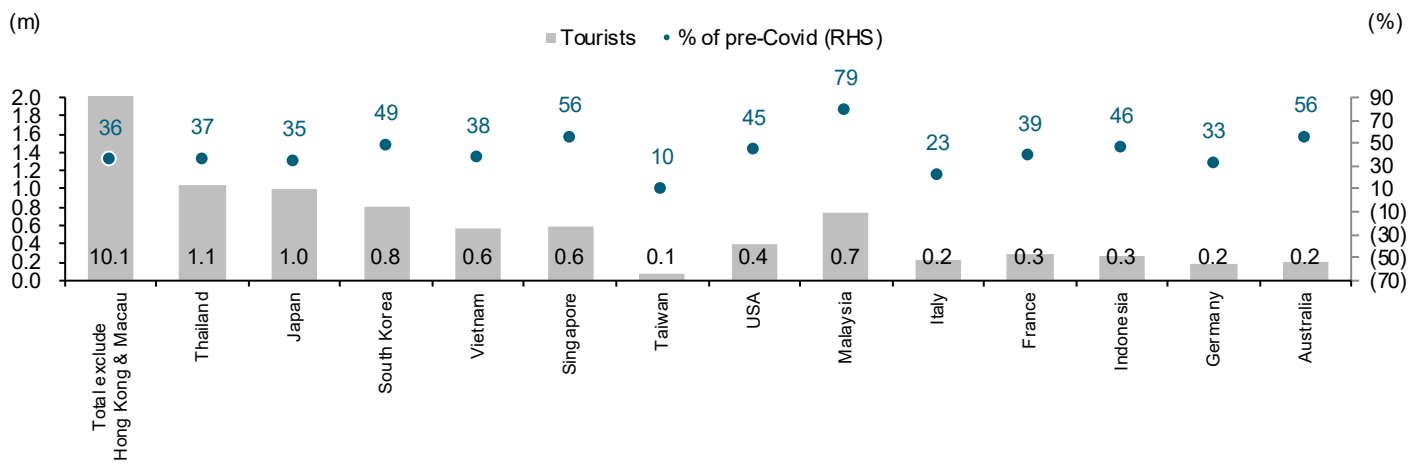
South Korea, Malaysia and Singapore are destinations that have strong recovery rates and have gained larger market shares from other destinations.

**Exhibit 4: Outbound Chinese tourists, breakdown as of 9M23 and recovery rate**



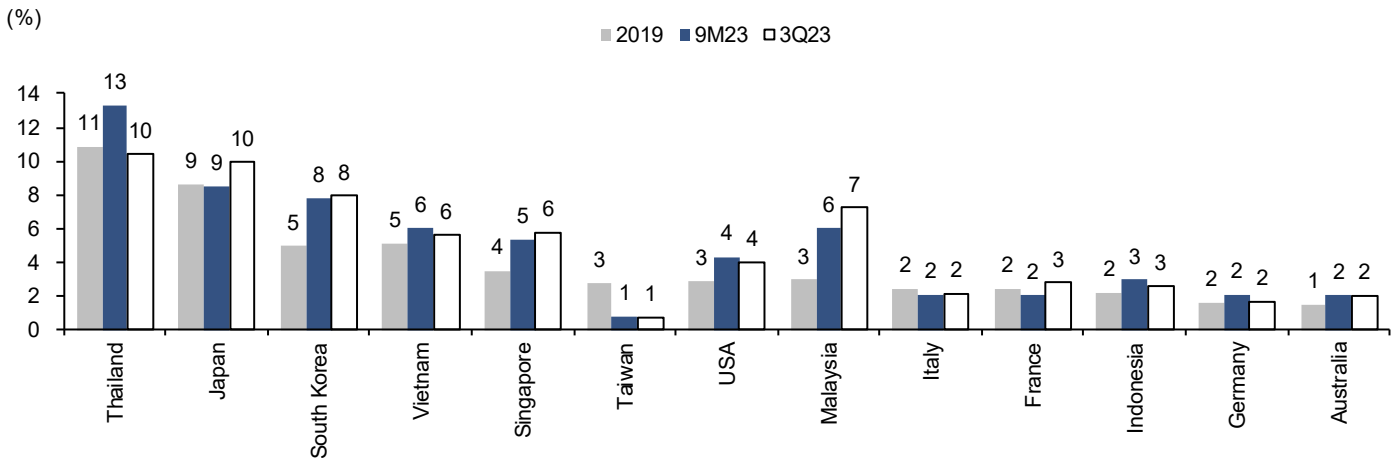
Sources: Bloomberg; COTRI

**Exhibit 5: Outbound Chinese tourists, breakdown as of 3Q23 and recovery rate**



Sources: Bloomberg; COTRI

**Exhibit 6: Market shares of outbound Chinese tourists by top destination countries**



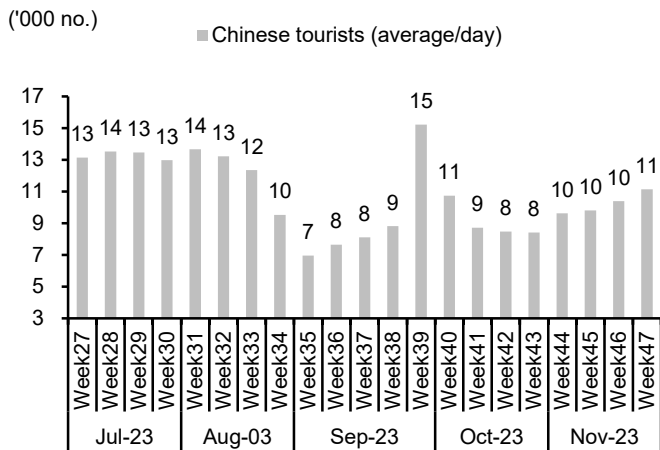
Note: Excluding Hong Kong and Macau  
Sources: Bloomberg; COTRI

**Strong recovery trend for both Chinese and non-Chinese tourists**

Inbound tourists hit a record on a weekly basis for three consecutive weeks during Nov-23, while inbound Chinese tourists have gradually recovered after Golden Week in Oct. We expect inbound Chinese tourists to recover to 40-50% of the pre-Covid level and inbound non-Chinese tourists to recover to 90-95% of pre-Covid by the end of this year.

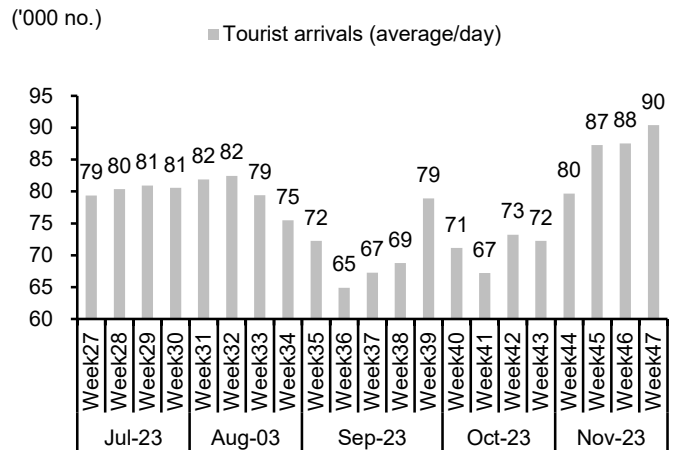
Middle East, Malaysia, Europe and India are the markets that had strong recovery rates in Oct at 131%, 107%, 93% and 88% compared to pre-Covid, respectively.

**Exhibit 7: Inbound Chinese tourist arrivals, weekly**



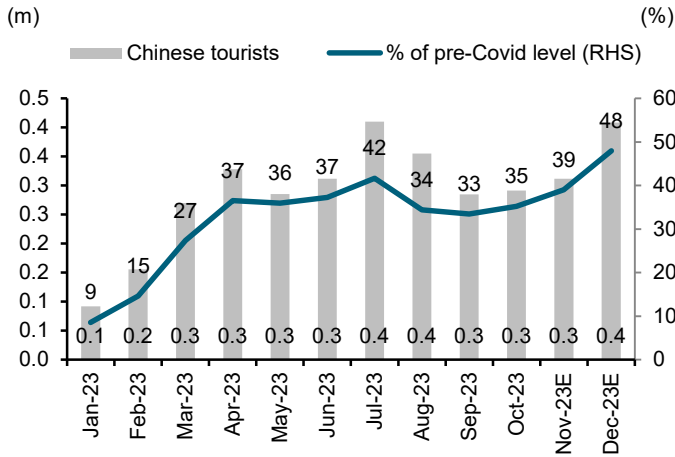
Source: Economics Tourism and Sports Division

**Exhibit 8: Inbound total tourist arrivals, weekly**



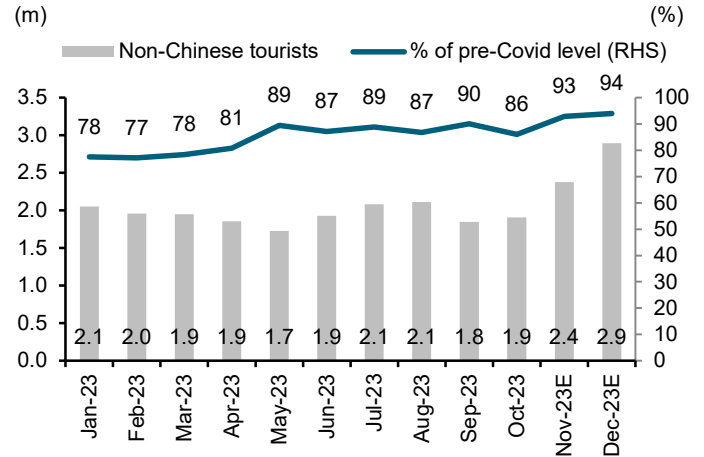
Source: Economics Tourism and Sports Division

**Exhibit 9: Chinese tourist arrivals by month in 2023**



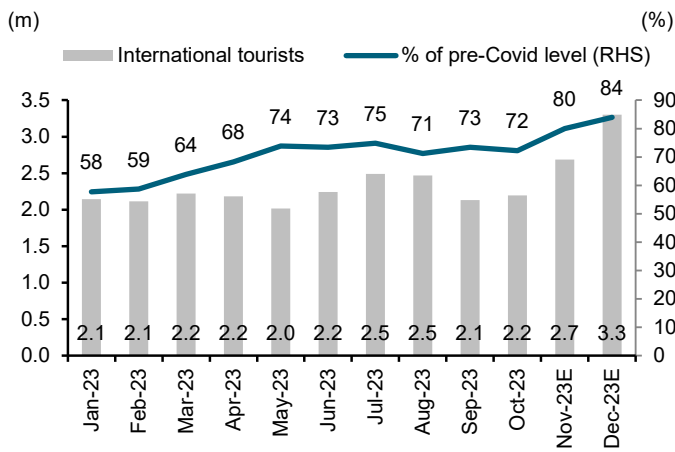
Sources: MOTS; FSSIA estimates

**Exhibit 10: Non-Chinese tourist arrivals by month in 2023**



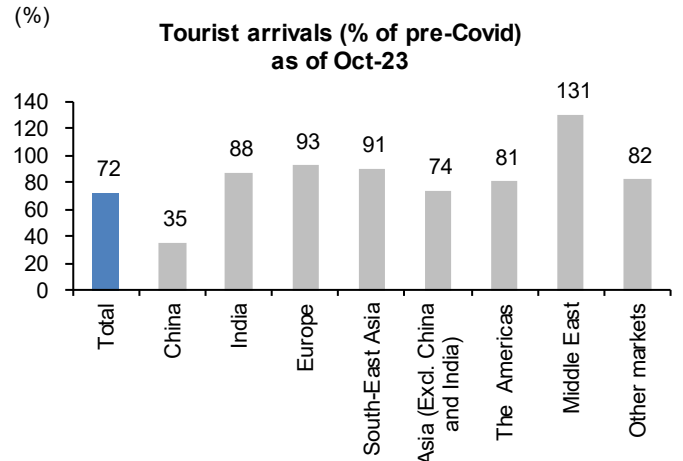
Sources: MOTS; FSSIA estimates

**Exhibit 11: Tourist arrivals by month in 2023**



Sources: MOTS; FSSIA estimates

**Exhibit 12: Key market segment recovery rates**



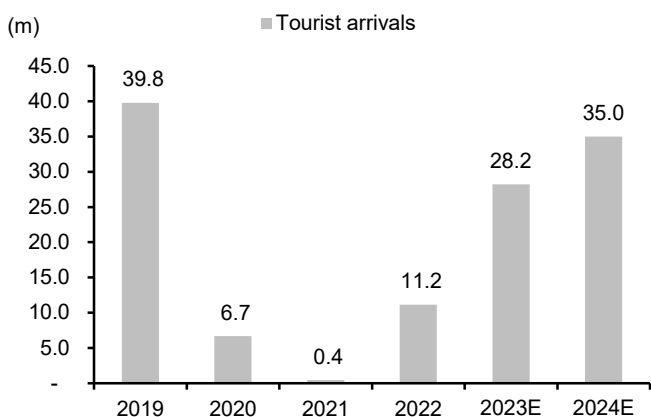
Sources: MOTS

### Expect inbound tourist arrivals of 35m in 2024

We forecast inbound Chinese tourists to end at 3.5m in 2023 and grow to 6.0m in 2024 (equivalent to 55% of pre-Covid), based on the assumption that group tours, which normally accounted, for 40-50% of Chinese tourists in 2019 should start recovering.

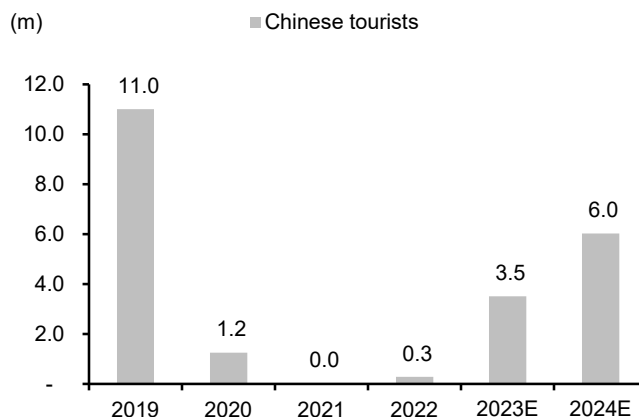
We expect overall inbound tourists to grow from 28m in 2023 to 35m in 2024. Key drivers would be tourists from the Middle East, India, Europe and South East Asia, which should surpass the pre-Covid levels, while the other markets should recover to 90-95% of pre-Covid.

**Exhibit 13: Inbound tourist arrival forecast**



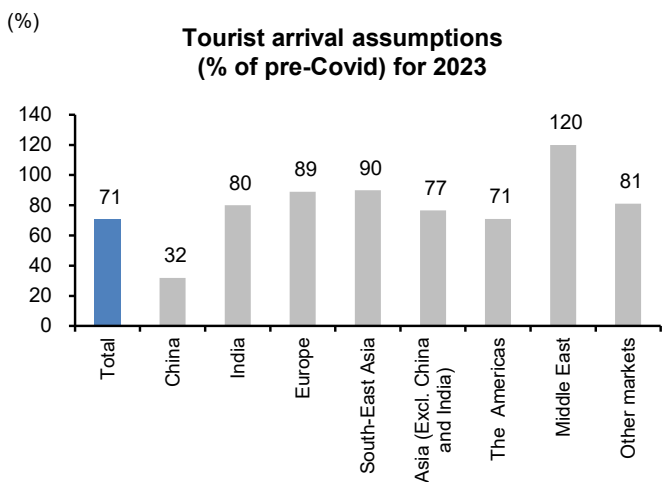
Source: MOTS; FSSIA estimates

**Exhibit 14: Inbound Chinese tourist arrival forecast**



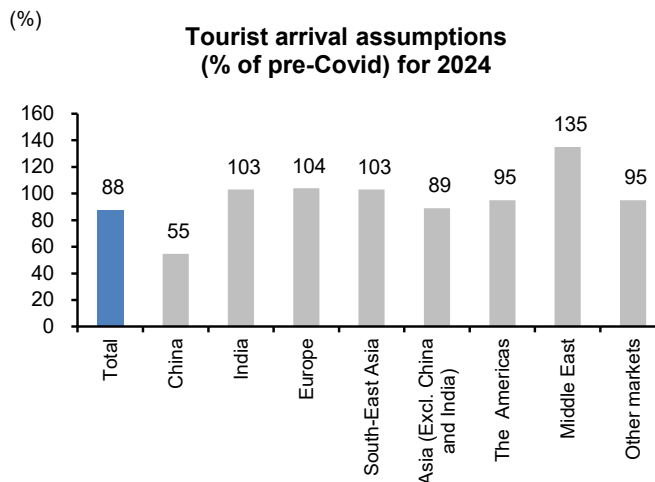
Source: MOTS; FSSIA estimates

**Exhibit 15: Key assumptions for tourist arrivals in 2023**



Source: FSSIA estimates

**Exhibit 16: Key assumptions for tourist arrivals in 2024**



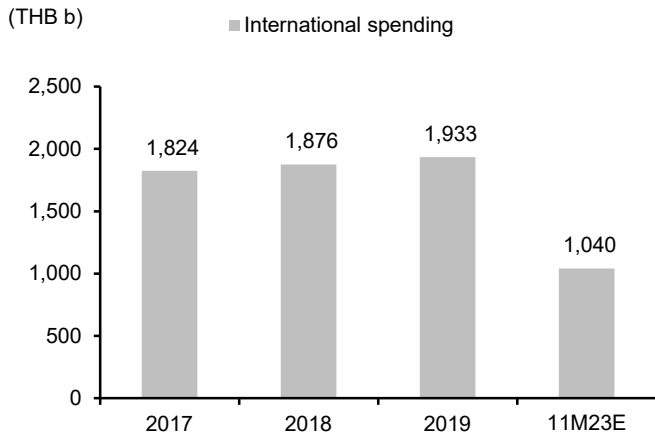
Source: FSSIA estimates

### International spending should convert to pre-Covid level in 2024

International tourist spending should fall below the pre-Covid level by c40% in 2023. The Tourism Authority of Thailand (TAT) mentioned that it expects spending to reach pre-Covid with a scope to surpass it in 2024.

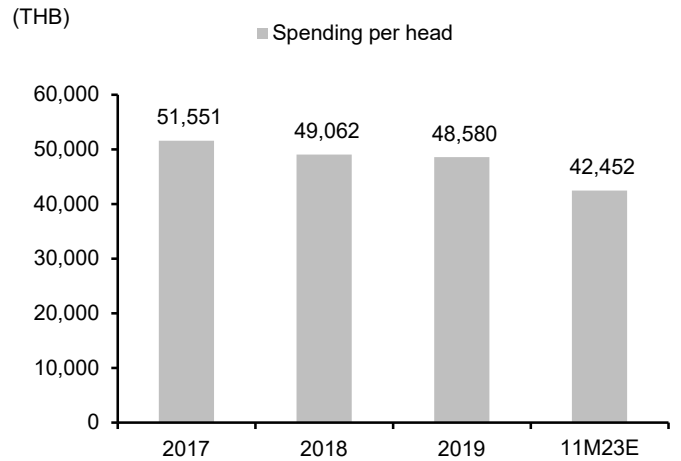
In terms of spending per head, in 11M23 it was THB42k, still below THB49k in 2019, due to a lack of Chinese tourists who spent THB49k on average in 2019. The number should convert to the pre-Covid level next year as TAT aims to focus on the quality of tourists.

**Exhibit 17: International tourist spending**



Sources: MOTS; Economics Tourism and Sports Division

**Exhibit 18: International tourist spending per head**



Sources: MOTS; Economics Tourism and Sports Division

## Overweight sector

As Thailand is leaning toward the quality of tourists rather than quantity, we prefer stocks that have the ability to raise rates. Our top picks are CENTEL, AWC and BA.

CENTEL's earnings have been hit by several one-time expenses in 2023. We expect organic operations to improve, and its new Osaka hotel should turn around in 2024.

AWC's hotel portfolio is in the upscale and luxury segments and should benefit from the rising ADR trend. AWC's operating asset size has jumped by 52% from THB83b in 2019 to THB126b in 3Q23, vs its share price which is currently 39% below its IPO price of THB6.0/shr.

BA is focusing on its Samui route, which targets the upscale segment. As a result, its earnings hit a record high in 2023 and should continue to grow in 2024, led by the recovery of international passenger numbers at Samui Airport and lower interest expenses, as BA has strong cash flow to repay its debt. BA is also the cheapest of the Thai tourism stocks in terms of P/E multiple.

Our wildcard pick is BEYOND due to its cheap valuation, and its hotels are well-positioned in the ultra-luxury segment.

### Exhibit 19: Hotels – peers' comparison as of 28 Nov 2023

Company	BBG	Rec	Share price			Market cap (USD m)	PE			ROE		PBV		EV/ EBITDA	
			Current (LCY)	Target (LCY)	Upside (%)		23E (x)	24E (x)	25E (x)	23E (%)	24E (%)	23E (x)	24E (x)	23E (x)	24E (x)
<b>Thailand</b>															
Asset World Corp	AWC TB	BUY	3.64	5.50	51	3,336	107.3	42.0	39.6	1.3	3.1	1.3	1.3	38.3	26.7
Minor International	MINT TB	BUY	27.25	43.00	58	4,366	24.2	21.3	19.2	8.2	9.5	1.8	2.3	9.5	9.5
Central Plaza Hotel	CENTEL TB	BUY	42.50	53.00	25	1,643	41.7	29.1	25.6	7.2	9.6	2.9	2.7	16.9	15.2
Erawan Group	ERW TB	BUY	5.30	6.30	19	688	37.3	35.5	30.1	10.7	10.2	3.8	3.3	17.3	16.0
S Hotels & Resorts	SHR TB	BUY	2.64	4.40	67	272	195.1	23.6	17.5	0.3	2.5	0.6	0.6	9.1	7.4
Dusit Thani	DUSIT TB	BUY	7.60	18.00	137	185	126.4	26.4	2.6	1.2	5.7	1.5	1.5	36.6	28.8
Bound and Beyond	BEYOND TB	BUY	11.60	24.00	107	96	(29.9)	17.5	12.5	(1.9)	3.1	0.5	0.5	14.6	9.0
<b>Thailand average</b>						<b>10,586</b>	<b>71.7</b>	<b>27.9</b>	<b>21.0</b>	<b>3.8</b>	<b>6.2</b>	<b>1.8</b>	<b>1.7</b>	<b>20.3</b>	<b>16.1</b>
<b>Regional</b>															
Btg Hotels Group	600258 CH	n/a	16.75	n/a	n/a	2,632	24.1	18.6	15.5	7.2	8.5	1.7	1.6	9.6	8.6
Sh Jinjiang Intl Hotels	900934 CH	n/a	1.46	n/a	n/a	4,379	8.8	6.2	5.0	7.2	9.3	0.6	0.6	12.3	10.1
Huangshan Tourism Dev.	900942 CH	n/a	0.72	n/a	n/a	983	9.5	7.8	7.1	8.9	9.6	0.8	0.8	8.4	7.2
Genting Bhd	GENT MK	n/a	4.68	n/a	n/a	3,875	15.2	10.5	9.3	3.8	4.9	0.6	0.5	6.4	5.8
Huazhu Group	HTHT US	n/a	36.72	n/a	n/a	11,705	23.9	21.6	21.6	32.5	26.2	6.9	5.0	12.9	11.6
Indian Hotels	IH IN	n/a	422.75	n/a	n/a	7,225	65.4	48.1	38.9	12.6	14.4	7.7	6.6	34.9	28.9
Lemon Tree Hotels	LEMONTRE IN	n/a	114.25	n/a	n/a	1,086	78.6	54.3	32.5	12.3	16.4	9.9	9.1	27.7	22.2
Lippo Karawaci	LPKR IJ	n/a	83.00	n/a	n/a	382	17.1	4.8	4.2	2.3	6.6	0.4	0.3	8.5	8.0
<b>Regional average</b>						<b>32,268</b>	<b>30.3</b>	<b>21.5</b>	<b>16.8</b>	<b>10.8</b>	<b>12.0</b>	<b>3.6</b>	<b>3.1</b>	<b>15.1</b>	<b>12.8</b>
<b>Overall average</b>						<b>42,854</b>	<b>49.6</b>	<b>24.5</b>	<b>18.8</b>	<b>7.6</b>	<b>9.3</b>	<b>2.7</b>	<b>2.4</b>	<b>17.5</b>	<b>14.3</b>

Sources: Bloomberg; FSSIA estimates



## Exhibit 20: Airports – peers' comparison as of 28 Nov 2023

Company	BBG	Rec	--- Share price ---		Market cap (USD m)	3Y EPS CAGR (%)	----- PE -----			--- ROE ---		--- PBV ---		--- EV/ EBITDA ---		
			Current (THB)	Target (THB)			23E (x)	24E (x)	25E (x)	23E (%)	24E (%)	23E (x)	24E (x)	23E (x)	24E (x)	25E (x)
<b>Thailand</b>																
Airports of Thailand**	AOT TB	BUY	60.50	76.00	24,749	(242)	93.5	40.9	29.7	8.7	17.5	7.8	6.6	39.7	22.7	18.0
<b>Malaysia</b>																
Malaysia Airports	MAHB MK	n/a	7.30	NR	2,615	76	29	18	15	6.2	10.0	1.7	1.6	8.0	6.7	6.7
<b>China</b>																
Beijing Capital Intl -A	694 HK	n/a	3.07	NR	1,733	(158)	n/a	17	8	(7.2)	5.7	0.8	0.7	40.4	8.0	8.0
Hainan Meilan Intl	357 HK	n/a	7.28	NR	423	(240)	35	6	4	1.9	8.7	0.7	0.6	7.5	5.0	5.0
Shanghai Intl Airport-A	600009 CH	n/a	36.63	NR	12,675	(209)	70	21	15	3.1	10.0	2.2	2.0	25	13.0	13.0
Guangzhou Baiyun Intl	600004 CH	n/a	11.05	NR	3,658	(208)	51.3	17.9	14.7	2.9	7.8	1.5	1.4	10.9	7.4	7.4
Shenzhen Airport -A	000089 CH	n/a	6.78	NR	1,940	(172)	56	30.3	21.1	2.8	4.1	1.3	1.2	15	12.7	12.7
Xiamen Int Airport -A	600897 CH	n/a	13.18	NR	764	(427)	13	10.8	10	10.5	12.2	1.3	1.3	4.7	4.0	4.0
<b>Australia</b>																
Auckland Intl Airport**	AIA AU	n/a	7.36	NR	7,229	n/a	83	42.3	37.9	1.7	3.3	1.4	1.4	33.5	21.2	21.2
<b>Japan</b>																
Japan Airport Termini***	9706 JP	n/a	6,641	NR	4,178	(247)	n/a	7.9	35.8	4.0	7.9	4.0	3.8	38	14.9	14.9
<b>Average</b>					<b>59,964</b>	<b>(235)</b>	<b>53.9</b>	<b>21.2</b>	<b>19.1</b>	<b>3.5</b>	<b>8.7</b>	<b>2.3</b>	<b>2.1</b>	<b>22.3</b>	<b>11.5</b>	<b>11.1</b>

\*Fiscal year ends 30 September; \*\* Fiscal year ends 30 June; \*\*\* Fiscal year ends 31 March

Sources: Bloomberg consensus; +FSSIA estimates

## Exhibit 21: Airlines – peers' comparison as of 28 Nov 2023

Company	BBG	Rec	--- Share price ---		Up side (%)	Market cap (USD m)	----- PE -----			--- PBV ---		--- EV/ EBITDA ---		
			Current (LCY)	Target (LCY)			23E (x)	24E (x)	25E (x)	23E (x)	24E (x)	23E (x)	24E (x)	
<b>Thailand</b>														
Bangkok Airways	BA TB	BUY	14.20	22.00	54.9	854	13.7	12.7	11.9	1.5	1.4	12.3	11.0	
Asia Aviation	AAV TB	BUY	2.00	2.80	40.0	736	516.8	17.8	14.5	4.4	3.5	9.1	6.7	
<b>Thailand average</b>							<b>1,590</b>	<b>265.2</b>	<b>15.3</b>	<b>13.2</b>	<b>2.9</b>	<b>2.5</b>	<b>10.7</b>	<b>8.8</b>
<b>Regional</b>														
Spring Airlines Co Ltd-A	601021 CH	n/a	53.35	n/a	n/a	7,271	20.3	14.5	14.5	3.2	2.7	12.8	9.7	
Interglobe Aviation	INDIGO IN	n/a	2,642.45	n/a	n/a	12,276	n/a	16.4	16.4	n/a	3,330.8	18.4	8.3	
Cebu Air Inc	CEB PM	n/a	32.05	n/a	n/a	360	4.5	2.9	2.9	8.8	2.1	6.0	4.8	
Singapore Airlines	SIA SP	n/a	6.34	n/a	n/a	14,137	9.4	7.4	7.4	1.2	1.2	4.8	4.7	
Japan Airlines	9201 JP	n/a	2,830.00	n/a	n/a	8,320	43.1	13.7	13.7	1.5	1.4	6.6	4.9	
Ana Holdings	9202 JP	n/a	3,074.00	n/a	n/a	10,030	24.1	13.3	13.3	1.7	1.5	6.8	5.4	
Cathay Pacific Airways	293 HK	n/a	7.85	n/a	n/a	6,490	6.1	7.1	7.1	0.9	0.8	4.8	5.4	
Vietjet Aviation	VJC VN	n/a	106,500	n/a	n/a	2,364	131.3	30.2	30.2	3.7	3.2	37.9	18.6	
<b>Regional average</b>							<b>61,248</b>	<b>34.1</b>	<b>13.2</b>	<b>13.2</b>	<b>3.0</b>	<b>418.0</b>	<b>12.3</b>	<b>7.7</b>
<b>Global</b>														
Eva Airways	2618 TT	n/a	31.45	n/a	n/a	5,339	8.0	12.4	12.4	1.6	1.4	2.9	3.8	
Air New Zealand	AIR NZ	n/a	0.65	n/a	n/a	1,332	5.1	8.4	8.4	1.0	1.0	2.5	3.1	
Air Arabia	AIRARABIA UH	n/a	2.74	n/a	n/a	3,482	8.8	9.0	9.0	1.8	1.7	5.2	5.1	
Easyjet (UK)	EZJ LN	n/a	421.20	n/a	n/a	4,052	8.9	7.7	7.7	1.1	1.0	2.8	2.4	
Gol Linhas Aereas Intel. (Brazil)	GOLL4 BS	n/a	9.50	n/a	n/a	817	11.6	6.5	6.5	n/a	n/a	5.0	4.3	
JetBlue Airways (US, Latin AM)	JBLU	n/a	4.37	n/a	n/a	1,456	n/a	n/a	n/a	0.5	0.5	8.8	7.5	
Norwegian Air Shuttle (Norway)	NWARF US	n/a	0.88	n/a	n/a	878	7.2	6.9	6.9	1.6	1.3	2.5	2.3	
Southwest Airlines (US)	LUV US	n/a	24.82	n/a	n/a	14,796	18.0	15.1	15.1	1.3	1.2	4.9	4.4	
<b>Global average</b>							<b>32,152</b>	<b>9.7</b>	<b>9.4</b>	<b>9.4</b>	<b>1.3</b>	<b>1.2</b>	<b>4.3</b>	<b>4.1</b>
<b>Overall average</b>							<b>94,990</b>	<b>52.3</b>	<b>11.9</b>	<b>11.6</b>	<b>2.2</b>	<b>197.5</b>	<b>8.6</b>	<b>6.2</b>

Sources: Bloomberg; FSSIA estimates

## 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 <b>THSI inclusion</b> , 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. <b>SETTHSI Index</b> 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.																											
<b>CG Score</b> 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%).																											
<b>AGM level</b> 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%). <i>(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&amp;A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	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.																											
<b>Thai CAC</b> 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. <i>(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.)</i>	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.																											
<b>Morningstar Sustainalytics</b>	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. <i>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 &amp; peer reviews.</i>	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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<b>ESG Book</b>	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.																											
<b>MSCI</b>	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. <table border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td><b>AAA</b></td> <td>8.571-10.000</td> <td><b>Leader:</b></td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td><b>AA</b></td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td><b>Average:</b></td> <td>a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td><b>BB</b></td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td><b>CCC</b></td> <td>0.000-1.428</td> <td><b>Laggard:</b></td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570			<b>A</b>	5.714-7.142			<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285			<b>B</b>	1.429-2.856			<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks
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<b>Moody's ESG solutions</b>	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.																												
<b>Refinitiv ESG rating</b>	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. <i>(Score ratings are 0 to 25 = poor; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																												
<b>S&amp;P Global</b>	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.																												
<b>Bloomberg</b>	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

Teerapol Udomvej, CFA 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 60.50	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.
Central Plaza Hotel	CENTEL TB	THB 42.50	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 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.
Asset World Corp	AWC TB	THB 3.64	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
Bangkok Airways	BA TB	THB 14.20	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.
Asia Aviation	AAV TB	THB 2.00	BUY	Downside risks to our P/BV multiple target price include 1) extraordinary events such as political turmoil and natural disasters; 2) higher-than-expected fuel expenses following an increase in oil prices; and 3) the slower-than-expected recovery of international tourist numbers.
Minor International	MINT TB	THB 27.25	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply and higher competition in the F&B business, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
The Erawan Group	ERW TB	THB 5.30	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.
S Hotels and Resorts	SHR TB	THB 2.64	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.
Dusit Thani	DUSIT TB	THB 7.60	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.
Bound and Beyond	BEYOND TB	THB 11.60	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.

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 28-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.