

# Thailand Market Strategy

## 'January Effect' to happen this year?

- We think the January Effect may occur for the SET index after huge plunge in 2023.
- Overseas market largely priced in 2024E FED rate cuts and soft-landing scenario. TH GDP to start accelerating with 4Q23E Thai bank earnings in focus.
- Our 2024 SET target is 1,520. We continue to see the current index level as attractive for long-term investment. Top picks remain AOT, BCH, CPALL, CPN, GPSC, MINT, SJWD, TIDLOR, and TU.

### History hints that market will likely go up in January

In January, the SET index has risen by 1.28% on average with a probability of 70% in the past ten years. We think there are many factors that signal that history might repeat itself in January 2024. We expect a recovery of the index in the short term after plunging by 15% in 2023. Moreover, the Thai economy is likely to accelerate in 4Q23 onward. The new government is expected to release more stimulus measures for spending and investment, which should enhance investor confidence. Hence, we think the January Effect is likely to occur again in 2024.

### Overseas markets largely priced in FED rate cut; TH GDP to start accelerating

We think the market has largely priced in the optimistic expectation of 5-6 FED rate cuts next year plus the soft-landing scenario, as the S&P500 posted a strong rally of c16% from its low in October 2023 and 25% YTD along with a very low EY gap of 1.2%. However, we expect the BoT to hold its policy rate at 2.5% at least in 1H24. We think the headwinds from cost-push inflation will likely be lower than previously anticipated on lower-than-expected electricity costs and minimum wage increases. We still have a positive view for the Thai economy and expect stronger GDP growth going forward from 4Q23 on. The NESDC and BoT expect the Thai economy to accelerate by 3.2% y-y, excluding the digital wallet scheme, driven by the strong private sector as well as an export and tourism recovery.

### 4Q23E bank earnings in focus

We have a slightly negative view on the 4Q23 performance outlook of the banking sector, expecting seven major Thai banks under our coverage to report an aggregate net profit of THB45b (-10.7% q-q, +36.1% y-y). The q-q decrease should come from higher seasonal expenses and ECL. In contrast, the y-y increase should result from rising interest rates, NIM expansion, and slight loan growth. TISCO and BBL are likely to be the best performers, while we expect KKP to be the worst. For 2023, we anticipate the banks under our coverage to report an aggregate net profit of THB197.8b (+19.6% y-y).

### Our 2024 SET target is 1,520; accumulate on dip

We continue to see the valuation of the SET index as attractive for long-term investment as the index is trading at a 2024 PER of 14.9x with a wider EY gap of 4%. We maintain our 2024 SET target of 1,520, based on EPS of THB95 and a target PER of 16x. We still think the index level below 1,400 should have a limited downside and presents a good opportunity for accumulation. Our top 2024 favorites remain AOT, BCH, CPALL, CPN, GPSC, MINT, SJWD, TIDLOR, and TU.



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## History hints that the market will likely go up in January

The January Effect has often occurred for the Thai stock market as it has been the second-best month for the SET index in terms of returns in the last ten years (the best performing month if excluding 2020). The index went up by 1.28% on average in January with a probability of 70% (7 out of 10 years). Moreover, we think there are many factors that signal that history might repeat itself in January 2024.

- We expect a recovery of the index in the short term after being one of the worst performers in the world in 2023 with a -15% YTD return.
- The Thai economy is likely to bottom out in 4Q23 and accelerate in 2024.
- The new government is expected to release more stimulus measures for both spending and investment which should enhance investor confidence.
- Expect foreign fund flow to return after posting a huge net sell position of cTHB200b in 2023, resulting in a low ownership level.

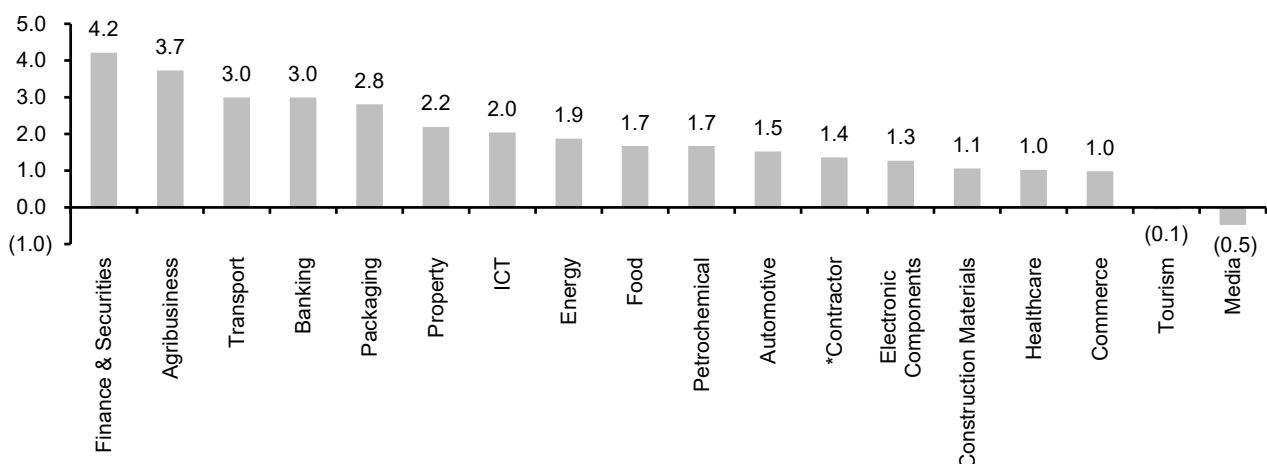
Big cap sectors are likely to outperform, i.e. transportation, banking, financial services, property, ICT and energy.

Exhibit 1: SET index monthly returns in last ten years

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
10 yrs. Avg.	1.28	-0.36	-0.86	1.45	-0.32	-0.13	0.71	1.28	-1.73	-0.73	1.14	0.20
2023	0.17	(2.94)	(0.81)	(4.97)	0.29	(1.98)	3.52	0.63	(6.04)	(6.09)	(0.12)	2.58
2022	(0.53)	2.21	0.60	(1.64)	(0.24)	(5.72)	0.52	3.97	(3.02)	1.21	1.65	2.04
2021	1.22	2.03	6.04	(0.26)	0.66	(0.36)	(4.15)	7.68	(2.02)	1.11	(3.37)	5.67
2020	(4.16)	(11.47)	(16.01)	15.61	3.16	(0.28)	(0.78)	(1.35)	(5.62)	(3.40)	17.86	2.91
2019	4.98	0.72	(0.90)	2.13	(3.18)	6.80	(1.06)	(3.33)	(1.07)	(2.18)	(0.68)	(0.68)
2018	4.17	0.18	(2.94)	0.22	(2.99)	(7.61)	6.66	1.16	2.02	(4.97)	(1.64)	(4.75)
2017	2.23	(1.13)	1.00	(0.56)	(0.30)	0.84	0.09	2.54	3.53	2.88	(1.39)	3.32
2016	1.01	2.41	5.65	(0.22)	1.40	1.45	5.47	1.60	(4.21)	0.84	0.97	2.17
2015	5.58	0.36	(5.11)	1.38	(2.01)	0.57	(4.28)	(4.01)	(2.42)	3.41	(2.53)	(5.27)
2014	(1.88)	4.01	3.84	2.81	0.06	4.95	1.12	3.94	1.54	(0.10)	0.62	(6.04)
2013	5.91	4.57	1.26	2.36	(2.24)	(7.05)	(1.98)	(9.05)	6.87	4.32	(4.97)	(5.28)

Sources: Bloomberg; FSSIA's compilation

Exhibit 2: January 10-year average return by sector



Note: Contractor data is 8-year average

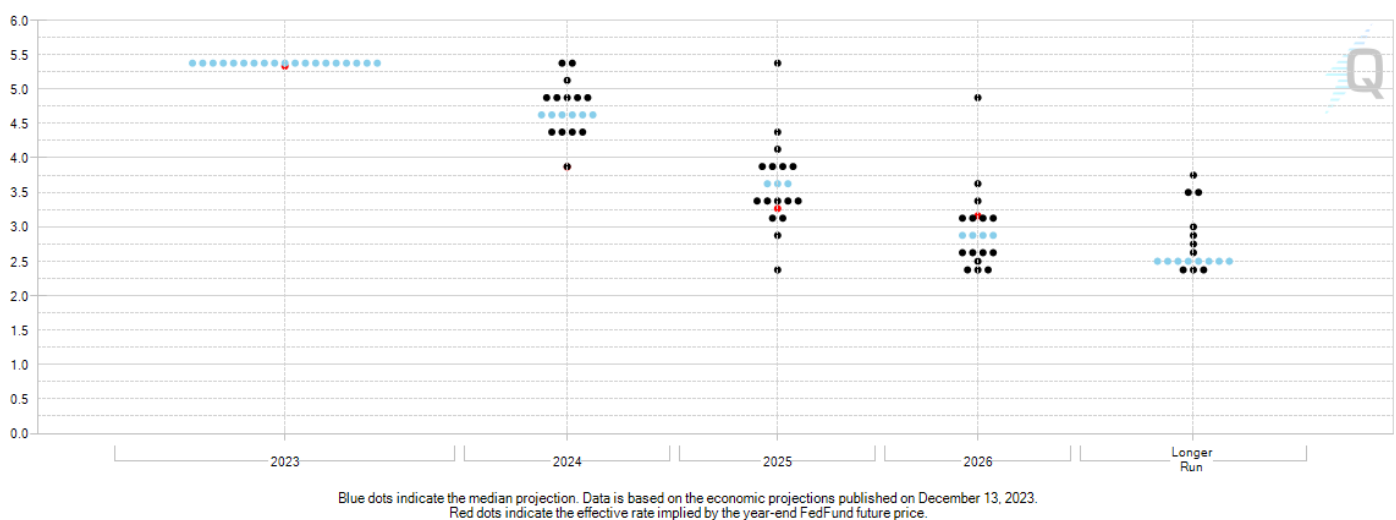
Source: Bloomberg

### Market is more optimistic than FED and mostly priced in 2024 rate cut

After the latest Federal Open Market Committee meeting, the US Federal Reserve (FED) dot plot showed that most of the committee expects the policy rate to decrease by three times, or equivalent to 0.75% to 4.50-4.75% from 5.25-5.50% currently, in line with a lower inflation rate. However, based on the CME FedWatch Tool, the market optimistically anticipates at least five rate cuts next year starting in March 2024, which means the FED funds rate should end at c4% at the end of 2024. As a result, the US10Y bond yield decreased from its peak at 5% in October 2023 to 3.9% recently. However, the US2Y bond yield lowered from 5.25% to 4.4% in the same period, more in line with the dot plot than the market anticipated.

We think the market has largely priced in the optimistic expectations and soft-landing scenario for the US economy as the S&P500 posted a strong rally of c16% from its low in October 2023 and 25% YTD, testing its all-time high level of 4,818.62. We continue to see a limited upside for US equities as the earnings yield gap is still low at c1.2% compared to its post-subprime crisis average of 3.5%.

#### Exhibit 3: The Fed's December 2023 dot plot



Source: Federal Reserve System (FED)

#### Exhibit 4: CME FedWatch Tool – meeting probabilities

Meeting Date	3.25-3.50	3.50-3.75	3.75-4.00	4.00-4.25	4.25-4.50	4.50-4.75	4.75-5.00	5.00-5.25	5.25-5.50
31/01/2024				0%	0%	0%	0%	18%	82%
20/03/2024	0%	0%	0%	0%	0%	0%	15%	73%	12%
01/05/2024	0%	0%	0%	0%	0%	14%	71%	14%	0%
12/06/2024	0%	0%	0%	1%	20%	66%	13%	0%	0%
31/07/2024	0%	0%	1%	18%	61%	18%	2%	0%	0%
18/09/2024	0%	1%	16%	57%	22%	3%	0%	0%	0%
07/11/2024	1%	11%	42%	35%	10%	1%	0%	0%	0%
18/12/2024	9%	35%	36%	15%	3%	0%	0%	0%	0%

Source: CME FedWatch Tool

### Expect no rate cut from BoT at least in 1H24

For Thailand, our current assumption sees the Bank of Thailand (BoT) holding its policy rate at 2.5% throughout 2024, as the central bank insists that the current policy interest rate is appropriate for supporting long-term sustainable growth. However, both Thai headline and core CPI stayed at -0.44% y-y and +0.58% y-y in November 2023, way below the target range of 1-3%. We think the central bank is still focused on inflation numbers that might rise again from the new government's policies, i.e. minimum wage hike, higher electricity cost, and digital wallet scheme in 2024.

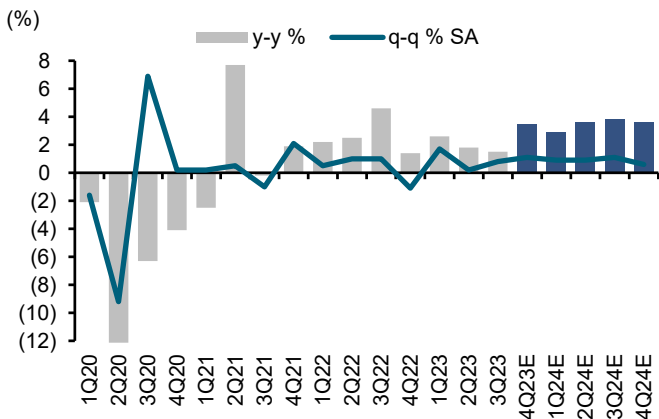
For the electricity cost in the January to April 2024 period, the government aims to keep the electricity cost at THB3.99 per unit for households that use not more than 300 units per month, while for general and industrial sectors, it will be kept at no more than THB4.20 per unit. This marks a rise of 5% from the September to December 2023 period and is lower than the previous number proposed by The Energy Regulatory Commission of THB4.68 per unit.

For the minimum wage hike, the cabinet approved the pay threshold range to THB300-370 per day, increasing by 2.37% and less than the government's expectation of THB400 per day, after a wage committee comprised of government, employer and employee representatives stuck to its previous agreement.

Based on this data, we think the headwinds from cost-push inflation are likely to be much lower than previously anticipated. However, we maintain our view that the BoT will not rush to make a move for its policy rate at least in 1H24.

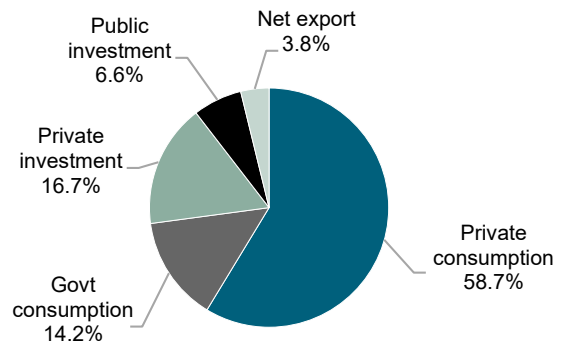
On the growth side, we continue to expect that Thai 4Q23 GDP should see a significant improvement of +3.5% to 4% y-y in order to deliver full-year growth of 2.4-2.5% y-y, as the street forecasts. For 2024, the National Economic and Social Development Council (NESDC) and BoT expect the Thai economy to accelerate by 3.2% y-y, excluding the digital wallet scheme, driven by the strong private sector as well as an export and tourism recovery.

Exhibit 5: Quarterly TH GDP growth



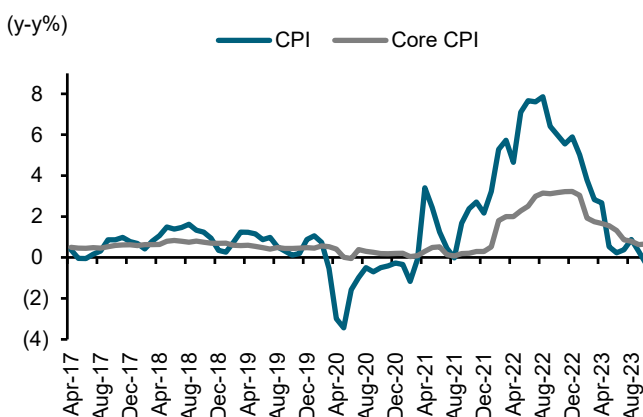
Sources: NESDC and Bloomberg

Exhibit 6: 2024E TH GDP contribution



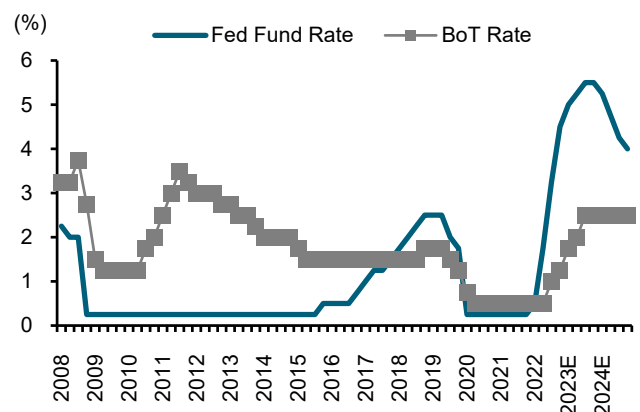
Sources: NESDC, BoT

Exhibit 7: TH inflation rate



Sources: Bureau of Trade and Economic Indices, Ministry of Commerce

Exhibit 8: Fed funds rate vs BoT rate



Sources: FED, BoT and Bloomberg

## 4Q23E bank earnings in focus

Based on the latest Thailand banks report, we have a slightly negative view on the 4Q23 performance outlook of the banking sector. We expect the seven banks under our coverage to post a weak aggregate net profit of THB45b in 4Q23, decreasing by 10.7% q-q and significantly increasing by 36.1% y-y. The q-q decrease should come from higher seasonal operating expenses and expected credit losses (ECL), outweighing higher net interest income (NII) and non-NII. In contrast, the y-y increase should come from higher NII (rising interest rates, NIM expansion, and slight loan growth). We expect all banks to post negative q-q growth in net profit, with KKP and KTB being the worst performers, while TISCO and BBL should be the best. For the y-y increase, we expect all banks except KKP to post positive net profit growth, with BBL, TTB, KTB, and SCB performing the best, while KKP should perform the worst. For 2023, we anticipate the banks under our coverage to report an aggregate net profit of THB197.8b, (+19.6% y-y).

### Exhibit 9: 4Q23 earnings preview for Thailand's seven major banks

	3Q22	4Q22	1Q22	2Q23	3Q23	4Q23E	Change	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)
BBL	6,961	7,657	7,570	11,294	11,350	10,759	(5.2)	42.1
KBANK	10,794	10,574	3,191	10,994	11,282	10,186	(9.7)	219.2
KKP	2,033	2,083	1,430	1,408	1,281	533	(58.4)	(62.7)
KTB	8,358	8,450	8,109	10,156	10,282	8,503	(17.3)	4.9
SCB	10,051	10,309	7,143	11,868	9,663	8,890	(8.0)	24.5
TISCO	1,848	1,771	1,804	1,854	1,874	1,816	(3.1)	0.7
TTB	3,438	3,715	3,847	4,566	4,735	4,367	(7.8)	13.5
<b>Total</b>	<b>43,484</b>	<b>44,559</b>	<b>33,094</b>	<b>52,140</b>	<b>50,467</b>	<b>45,054</b>	<b>(10.7)</b>	<b>36.1</b>

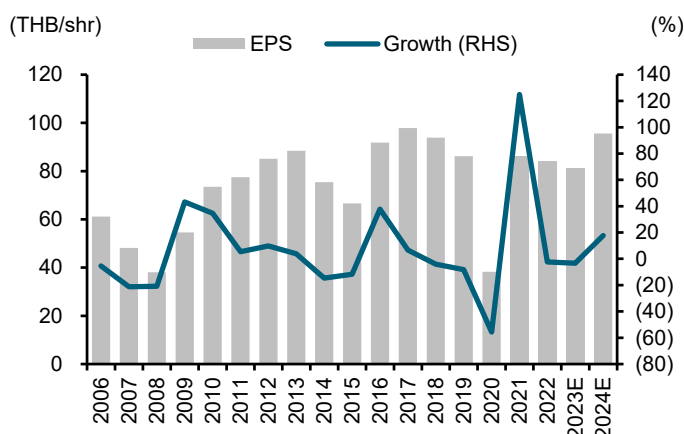
Sources: Company data; FSSIA estimates

## Reaffirm our view of attractive valuation for the SET

We continue to see the valuation of the SET index as attractive for long-term investment. The index is trading at a 2024 PER of 14.7x, SD -0.8 of its ten-year average. Moreover, a retreat in the TH10Y bond yield from 3.4% in October 2023 to 2.8% recently has widened the EY gap to 4%, above the historical average of 3.7%. We maintain our 2024 SET target of 1,520, based on EPS of THB95 and a target PER of 16x. We still think the index level below 1,400 should have a limited downside and presents a good opportunity for accumulation. For 1Q24, we anticipate the index to trade within a range of 1,370-1,480.

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

### Exhibit 10: SET EPS



Sources: Bloomberg and FSSIA estimates

### Exhibit 11: 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
SD+0.5	18.3	1,483
SD+0.25	17.6	1,428
10-year average	16.9	1,374
SD-0.25	16.3	1,320
SD-0.5	15.6	1,265
SD-1.0	14.3	1,157
SD-1.5	12.9	1,048

Source: FSSIA estimates

## Exhibit 12: 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 (%)	SET ESG Rating	FSSIA ESG Rating
		Current (THB)	Target (THB)		23E (THB m)	24E (THB m)	23E (y-y%)	24E (y-y%)	23E (x)	24E (x)	25E (x)					
Airports of Thailand	AOT TB	59.75	76.00	27	9,247	21,121	nm	128.4	92.3	40.4	29.4	7.7	0.0	8.7	A	★★★★
Bangkok Chain Hospital	BCH TB	22.40	24.50	9	1,357	1,697	(55.4)	25.1	41.2	32.9	27.8	4.4	2.2	10.9	AA	★★★
CP All	CPALL TB	56.00	77.00	38	16,833	20,077	26.7	19.3	29.9	25.1	20.7	5.1	1.6	16.0	AAA	★★★★
Central Pattana	CPN TB	70.00	82.00	17	14,904	15,809	36.2	6.1	21.1	19.9	18.7	3.5	1.8	17.3	AA	★★★★★
Global Power Synergy	GPSC TB	48.50	59.00	22	3,861	4,938	38.9	27.9	35.4	27.7	19.9	1.3	2.7	3.6	AA	★★★★
Minor International	MINT TB	29.50	43.00	46	6,479	7,357	221.2	13.6	26.2	23.1	20.7	1.9	1.3	8.2	AA	★★★★★
SCGJWD Logistics	SJWD TB	15.40	21.50	40	803	1,189	50.0	48.1	34.7	23.5	21.4	1.3	1.2	6.3	AA	★★★
Ngern Tid Lor	TIDLOR TB	22.50	28.00	24	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	15.00	18.00	20	4,097	5,224	(37.6)	27.5	17.5	13.7	12.2	0.9	3.3	5.2	-	★★★★

Share prices as of 28 Dec 2023

Source: 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.																											
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 (50-59), 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. <table border="0" style="margin-left: 20px;"> <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> </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>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks																										
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 59.75	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 22.40	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 56.00	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 70.00	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 48.50	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 29.50	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.
SCGJWD Logistics	SJWD TB	THB 15.40	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 15.00	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.
Bangkok Bank	BBL TB	THB 156.50	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) an impact of new regulations from the Bank of Thailand.
Kasikornbank	KBANK TB	THB 135.00	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
Kiatnakin Bank	KKP TB	THB 50.25	HOLD	Downside risks to our GGM-based target price include weakening asset quality and lower fee income and upside risks include better capital market conditions, higher used car price, and strengthening asset quality.
Krung Thai Bank	KTB TB	THB 18.40	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
SCB X	SCB TB	THB 106.00	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
Tisco Financial	TISCO TB	THB 99.75	HOLD	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand. Upside risks are 1) aggressive loan growth; and 2) well-controlled asset quality.
TMBThanachart Bank	TTB TB	THB 1.67	HOLD	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand. Upside risks are 1) a faster-than-expected economic recovery; and 2) improved asset quality leading to lower credit costs.

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-Dec-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.