Thailand Market Strategy

การเติบโตทางเศรษฐกิจและกำไร 4Q23 เป็นปัจจัยสำคัญ

- ตลาดลดความน่าจะเป็นของการปรับลดอัตราดอกเบี้ย FED หลังตัวเลขเศรษฐกิจสหรัฐฯออกมาดี ในขณะที่ ปัจจัยด้านภูมิรัฐศาสตร์เพิ่มแรงกดดันต่อเงินเฟ้อ
- กนง. อาจปรับลดอัตราดอกเบี้ยลงเร็วขึ้นหากตัวเลขการเติบโตทางเศรษฐกิจใน 4Q23-1Q24 ยังต่ำกว่าคาด อย่างต่อเนื่องและไม่มีมาตรการเงินดิจิตอล
- การปรับประมาณการกำไรปี 2024 เป็นปัจจัยสำคัญ เราคงเป้า SET ของเราไว้ที่ 1,520 โดยหุ้นเด่นยังคงเป็น AOT BCH CPALL CPN GPSC MINT SJWD TIDLOR และ TU

ตลาดเริ่มลดความคาดหวังต่อการลดอัตราดอกเบี้ยของเฟด ในขณะที่ปัจจัยด้านภูมิรัฐศาสตร์กดดันเงินเฟ้อ

ในช่วงปลายเดือน ธ.ค. 2023 ถึงต้นเดือน ม.ค. 2024 ตลาดมีมุมมองเชิงบวกเกี่ยวกับการปรับลดอัตราดอกเบี้ยของ เฟดโดยคาดว่าเฟดจะปรับลดอัตราดอกเบี้ย 6 ครั้งจาก 5.25-5.5% เป็น ประมาณ 4% เทียบกับเพียง 3 ครั้งในแผนภูมิ dot plot ล่าสุด อย่างไรก็ดีหลายสัปดาห์ที่ผ่านมานี้ตลาดมองปัจจัยดังกล่าวเป็นบวกน้อยลงหลังสหรัฐฯ รายงานตัวเลข ข้อมูลทางเศรษฐกิจที่ดีเกินคาดซึ่งทำให้ผลตอบแทนพันธบัตรรัฐบาลสหรัฐฯ อายุ 10 ปีฟื้นตัวเป็นประมาณ 4.1% ในขณะที่ความตึงเครียดทางภูมิรัฐศาสตร์ในตะวันออกกลางกดดันเงินเฟ้อให้ปรับตัวสูงขึ้นเป็นเวลานานมากขึ้น เนื่องจากราคาน้ำมันดิบและต้นทุนค่าระวางปรับขึ้นซึ่งทำให้ประเด็นสำคัญจะอยู่ที่การส่งสัญญาณช่วงเวลาในการปรับ ลดอัตราดอกเบี้ยครั้งแรกของเฟด

MPC จะลดอัตราดอกเบี้ยเร็วกว่าคาดหรือไม่?

ตัวเลขประมาณการครั้งล่าสุดของสำนักงานเศรษฐกิจการคลัง (สศค.) คาดว่าเศรษฐกิจไทยจะโตเพียง 1.8% ในปี 2023 ซึ่งหมายถึงตัวเลขการเติบโตที่น่าผิดหวังที่ประมาณ 1.5% y-y ใน 4Q23 นอกจากนี้สศค.ยังคาดด้วยว่าเศรษฐกิจไทย จะโตเพียง 2.8% ในปี 2024 ต่ำกว่าที่ตลาดคาดในปัจจุบัน เราเห็นว่าตัวเลขดังกล่าวน่าจะหมายถึงมาตรการกระตุ้น เศรษฐกิจเพิ่มพร้อมการปรับลดอัตราดอกเบี้ยของธปท. เรายังคาดว่า ธปท. จะคงอัตราดอกเบี้ยนโยบายไว้ที่ 2.5% ใน 1H24 เป็นอย่างน้อย อย่างไรก็ดีถ้าการเติบโตทางเศรษฐกิจในช่วง 4Q23-1Q24 ยังต่ำกว่าที่ตลาดคาดอย่างต่อเนื่อง โดยเพิ่มเพียง 1.5-2.5% y-y และรัฐบาลไม่สามารถออกมาตรการเงินดิจิตอลได้ ในขณะที่อัตราเงินเฟ้อที่ยังอยู่ในระดับ ที่ต่ำมาก เราคิดว่า ธปท. อาจปรับลดอัตราดอกเบี้ยเร็วกว่าที่คาดโดยน่าจะอยู่ในปลาย 2Q24

การปรับประมาณการกำไรหลังผลประกอบการ 4Q23 เป็นปัจจัยสำคัญ

เราคาดว่ากำไรสุทธิ 4Q23 รวมจะลดลง 18% q-q แต่กระโดดเพิ่ม 29% y-y เมื่อหักกลุ่มพลังงาน ปิโตรเคมีและ TU กำไรสุทธิน่าจะโต 19% q-q และ 5% y-y กลุ่มที่น่าจะรายงานกำไรดีประกอบด้วยกลุ่มการแพทย์ ท่องเที่ยว ขนส่งและ การค้า จาก High Season ของการท่องเที่ยวและการใช้จ่าย ในขณะที่ปิโตรเคมี บริการก่อสร้างและอาหารน่าจะ รายงานการเติบโตเป็นลบ y-y เราเห็นการปรับประมาณการกำไรลงบางส่วนตั้งแต่ต้นฤดูผลประกอบการ 4Q23 และ คาดว่าจะเห็นการปรับตามมาอีกหลังรายงานผลประกอบการ 4Q23 เพื่อปรับประมาณการและสะท้อนเป้าประมาณการ ทางการเงินของบจ.ในปี 2024 ,kd-7ho

คงแนะนำให้นักลงทุนเลือกซื้อโดยเน้นที่การเติบโตและความชัดเจนของกำไร

เรายังคง SET Target ที่ 1,520 จากประมาณการกำไรต่อหุ้น (EPS) ปี 2024 ที่คาดที่ 95 บาท อิง Target PER ที่ 16x ดัชนีที่ปรับตัวลงล่าสุดสะท้อน Downside สำหรับประมาณการ EPS ซึ่งทำให้มี Upside ที่กว้างขึ้นและมี Valuation ที่น่าสนใจสำหรับการลงทุนระยะยาว โดยล่าสุดซื้อขายที่ระดับ 2024 PER ที่ 14.5x และค่า 2024 P/BV ที่ 1.3x ต่ำกว่าค่าเฉลี่ยก่อนโควิด หุ้นเด่นปี 2024 ของเรายังคงเป็น AOT BCH CPALL CPN GPSC MINT SJWD TIDLOR และ TU

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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 30 มกราคม 2024

# Market is less optimistic on the FED's rate cuts

In late December 2023 to early January 2024, the market had a very bullish view on the US Federal Reserve (FED)'s rate cuts. To elaborate, the street expected six rate cuts from 5.25-5.5% to c4% as opposed to three rate cuts to 4.50-4.75% shown in the latest dot plot. However, in recent weeks, the market has been less optimistic on this view by lowering the probability of the first rate cut in March 2023 from c70% previously to c45% after some FED officials stated that the interest rate cut in 2024 will not be rushed. Moreover, recent US economic data were better than the market expected, i.e. the nonfarm employment change, manufacturing PMI, and latest 4Q23 GDP growth came in stronger than expected at +3.3% q-q SAAR and delivered a growth rate of +2.5% for 2023. As a result, the US10Y bond yield rebounded to c4.1% from a low of c3.8-3.9% in December 2023. However, the latest December 2023 core PCE came in slightly below the market's forecast by posting an increase of +0.2% m-m and +2.9% y-y, slightly lower than previous months. The key focus will be on the FED signaling the timeline of its first rate cut.
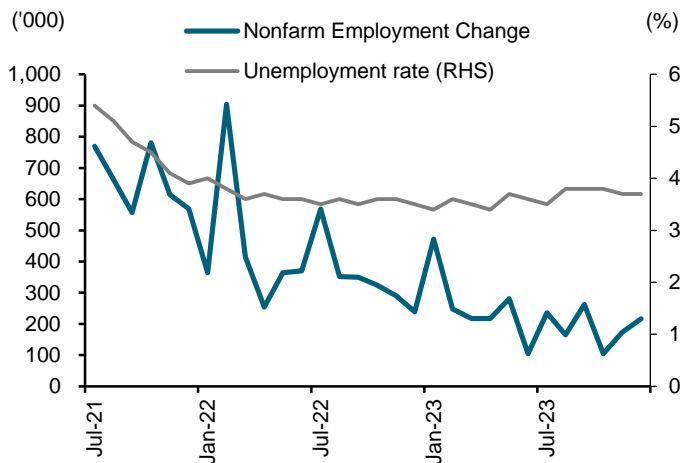
Exhibit 1: US GDP q-q SAAR

Sources: US Bureau of Economic Analysis and Bloomberg

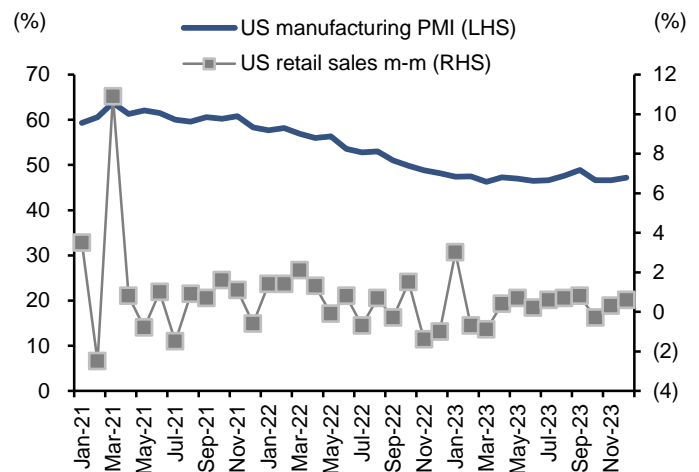**Exhibit 2: US core PCE and Fed funds rate**
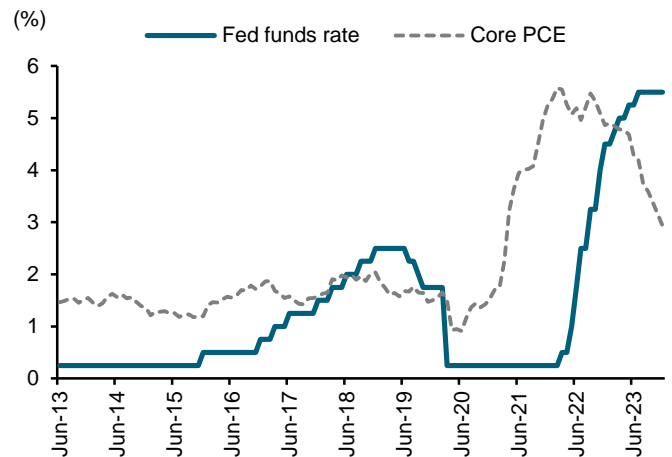
Sources: FED, US Bureau of Economic Analysis and Bloomberg

Exhibit 3: US non-farm employment change and unemployment rate

Source: Bloomberg

Exhibit 4: US manufacturing PMI and retail sales

Source: Bloomberg

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## Geopolitics putting more pressure on cost-push inflation

Geopolitical tensions have impacted commodities prices starting with the Russia-Ukraine war, which sent energy price skyrocketing in 2022, followed by tensions in the Middle East as the Israel-Hamas conflict intensified in late 2023. Crude prices have started to recover with Brent now hitting USD82 per barrel, +14% since December 2023's low from supply disruption concerns. Moreover, events in the Red Sea have started to disrupt global supply chains as the Houthis continue to attack commercial ships, prompting many shipping companies to avoid the Red Sea and Suez Canal, rerouting their vessels around the Cape of Good Hope. As a result, container freight rates from around the world, especially from Thailand to Europe, jumped by c200% m-m to a 16-month peak in January 2024. Meanwhile, the Thailand to US freight rate and the Shanghai Containerized Freight Index increased by c50% m-m and c80% m-m, respectively. Even if we anticipate that these tensions should have a shorter impact compared to the Covid-19 outbreak in 2021-22, the situation remains unpredictable. We think it will lead to higher transportation costs that might push inflation to stay a bit higher and longer than market anticipated.
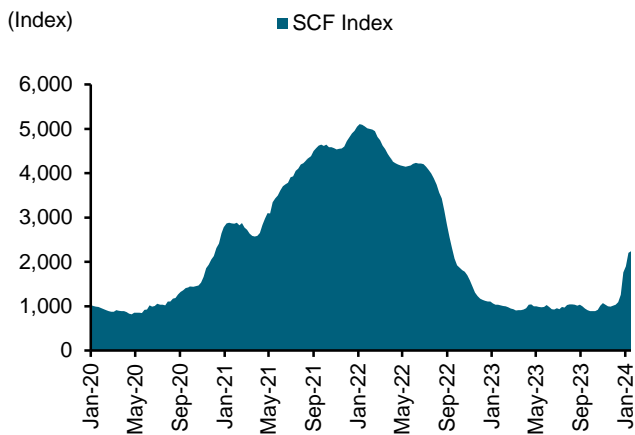
Exhibit 5: Red Sea route

Source: The National News

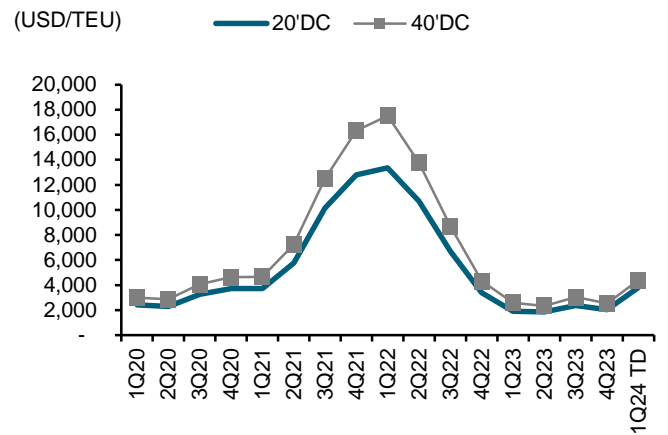**Exhibit 6: Quarterly container freight rates (Thai-EU)**
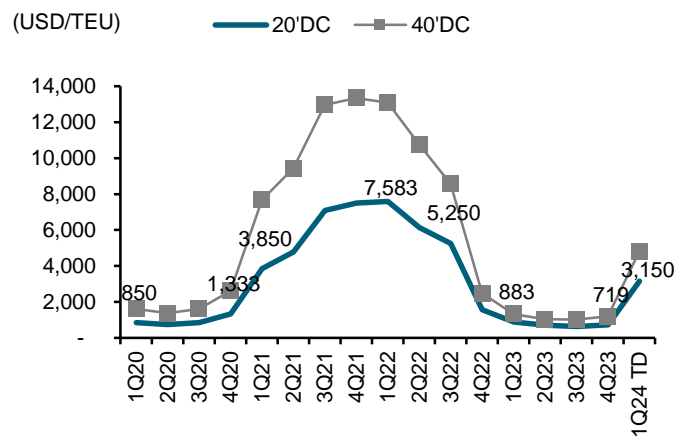
Sources: TNSC, FSSIA's compilation

Exhibit 7: Weekly Shanghai Containerized Freight Index

Sources: Bloomberg, FSSIA's compilation

Exhibit 8: Quarterly container freight rates (Thai-East US)

Sources: TNSC, FSSIA's compilation

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MPC to cut rate earlier? Maybe if 4Q23-1Q24 GDP growth misses and no digital wallet scheme

The current 2023 TH GDP growth forecast from the Economic and Social Development Council (NESDC) and the Bank of Thailand (BoT) stands at 2.4-2.5%. Based on this, Thailand's 4Q23 GDP should see significant growth of c3.5% y-y in order to deliver full-year estimates. However, there is a sign that the Thai economy might be weaker than expected, as the latest projection from the Fiscal Policy Office (FPO) forecasts Thai GDP to grow by only 1.8% in 2023. This implies that 4Q23 TH GDP might increase by only c1.5% y-y, significantly below the market's expectation. Meanwhile, the FPO expects the Thai economy to grow by 2.8% in 2024, below the NESDC and BoT's estimate of 3.2%, which means that the country would need stimulus packages to get the economy back on track and aligned with potential growth.

In terms of price stability, both Thai headline and core CPI stayed at -0.83% y-y and +0.58% y-y in December 2023, still way below the target range of 1-3%. Cost-push pressure on inflation is quite limited after the latest minimum wage and electricity cost hike came in lower than market expected. Meanwhile, freight costs should impact some areas, but would not be broad-based. The only factor than the BoT might be concerned about, and it is still unclear whether it can be implemented, is the digital wallet scheme.

Our current assumption continues to sees the BoT holding its policy rate at 2.5% at least in 1H24. However, if 4Q23-1Q24 GDP growth is disappointing with only 1.5-2.5% y-y growth, the digital wallet scheme may not be released, plus inflation should remain very low. We think the BoT might cut its rate sooner than anticipated, likely in late 2Q24.

Exhibit 9: Quarterly TH GDP growth
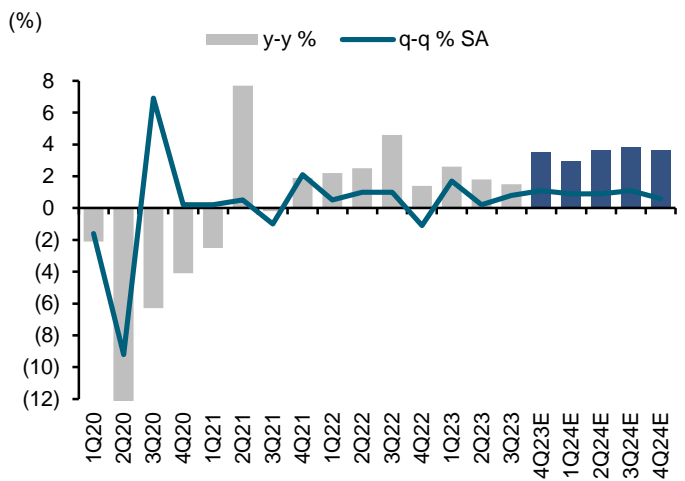
Sources: NESDC and Bloomberg

Exhibit 10: TH inflation and MPC rate
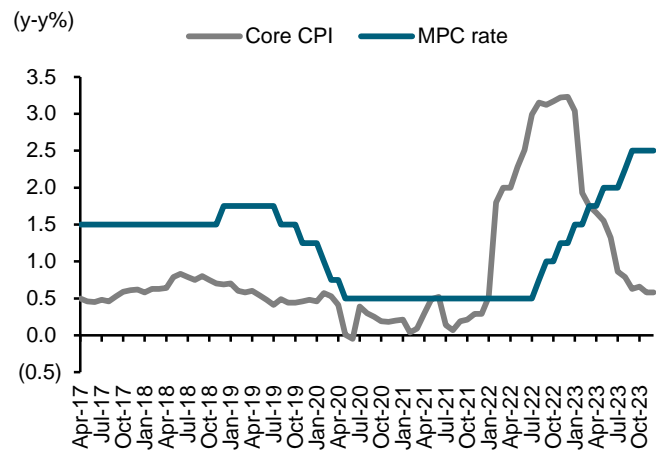
Sources: Bureau of Trade and Economic Indices, Ministry of Commerce and BoT

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Banks' 4Q23 earnings results pressuring real sector's outlook

Based on our banking report published on 24 January 2023, the seven banks under our coverage posted a 5% weaker-than-expected aggregate net profit of THB42.7b in 4Q23, decreasing by 15.4% q-q but still significantly increasing by 28.9% y-y. The key drags on q-q net profit mainly came from rising seasonal operating expenses and expected credit losses (ECL), outweighing higher net interest income (NII) and lower income tax expenses (mainly from TTB). In contrast, the increase in y-y net profit was mainly from higher NII (rising interest rates and NIM expansion) and lower income tax expenses. In summary, the 2023 aggregate net profit was THB195.4b, which jumped by 18.2% y-y. Key supports were growing net interest income and NIM expansion, which helped offset the increasing ECL and operating expenses and declining net fee income. We estimate aggregate 2024 net profit to grow by a mere 0.9% y-y vs 5.5% y-y from previous estimates, due mainly to a large base in 2023 and a less positive impact from the interest rate increase compared to 2023. Moreover, the 2024 business guidance from most banks shows a more cautious view on loan growth aligning with Thailand's GDP growth cut to c3.0-3.1%, NIM ranging from flat to contracting, non-NII and fee income growth being flat to low single-digits, and sustaining a high level of ECL and credit costs.

This dull outlook could prompt concerns for the market, which could pressure the real sector's earnings outlook in 4Q23-2024 as well.

Based on 111 listed companies under our coverage for which we have preview numbers, we expect the overall 4Q23 aggregate net profit to drop by 18% q-q but jump 29% y-y. The decrease q-q would mainly come from the energy, banking, construction materials, food and electronics sectors. This is mainly due to a drop in oil prices and seasonal expenses from the banking sector. Excluding energy, petrochemical, and TU (which has significant negative extra-items), the aggregate net profit is likely to grow by 19% q-q and 5% y-y in 4Q23, recovering from the low rainy season and the delayed formation of the new government early in 3Q23. Sectors which should report strong and resilient earnings are healthcare, tourism, transportation and commerce, in line with the tourism high season. On the other hand, the petrochemical, construction services and food sectors are likely to show negative y-y growth.

Exhibit 11: 4Q23 earnings results summary of seven banks

	4Q22	1Q23	2Q23	3Q23	4Q23	--------- Change ----------		2022	2023	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
BBL	7,657	7,570	11,294	11,350	8,863	(22)	17	29,306	41,636	42
KBANK	10,574	3,191	10,994	11,282	9,388	(17)	194	35,770	42,405	19
KKP	2,083	1,430	1,408	1,281	6,111	377	327	7,601	10,885	43
KTB	8,450	8,109	10,156	10,282	10,995	7	36	33,697	41,500	23
SCB	10,309	7,143	11,868	9,663	4,867	(50)	(32)	37,696	37,393	(-1)
TISCO	1,771	1,804	1,854	1,874	670	(64)	(63)	7,218	6,191	(14)
TTB	3,715	3,847	4,566	4,735	1,782	(62)	(54)	14,195	15,378	8
Total	**44,559**	**33,094**	**52,140**	**50,467**	**42,676**	**(15)**	**29**	**165,483**	**195,388**	**18%**

Sources: Company data; FSSIA's compilation

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Exhibit 12: 4Q23 earnings forecasts by sector

| Sector | 4Q23E | 3Q23 | 4Q22 | ------------ Change ------------ | | 2023E | 2022 | Change |
| | | | | (q-q %) | (y-y %) | | | (%) |
	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(%)
Energy	51,768	84,133	30,989	-38%	67%	246,068	226,813	8%
Bank	46,914	52,279	34,182	-10%	37%	204,794	170,560	20%
Commerce	16,368	11,425	14,171	43%	16%	54,249	49,570	9%
Property	16,366	11,947	14,950	37%	9%	51,785	47,644	9%
ICT	9,861	10,136	10,069	-3%	-2%	39,865	37,654	6%
Transportation	8,472	4,026	6,577	110%	29%	17,001	1,934	779%
Petro	6,947	1,622	(12,447)	328%	-156%	4,495	22,254	-80%
Healthcare	6,501	6,912	5,353	-6%	21%	24,645	23,929	3%
Electronics	6,190	6,670	6,371	-7%	-3%	25,409	26,405	-4%
Financial	5,819	6,682	5,767	-13%	1%	22,407	19,764	13%
Tourism	2,970	2,073	2,891	43%	3%	8,504	3,631	134%
Cons. Mat	2,542	3,522	1,498	-28%	70%	33,918	25,167	35%
Packaging	1,485	1,373	483	8%	208%	5,655	5,856	-3%
Auto	931	1,049	803	-11%	16%	3,896	3,576	9%
Media	447	531	420	-16%	7%	1,314	1,105	19%
Construction	429	838	439	-49%	-2%	2,439	1,952	25%
Agri	365	319	452	14%	-19%	1,331	2,044	-35%
Professional	207	129	128	61%	61%	650	369	76%
Food	(14,480)	1,923	8,587	-853%	-269%	(7,258)	47,262	-115%
Grand Total	**170,102**	**207,590**	**131,684**	**-18%**	**29%**	**741,168**	**717,490**	**3%**
Excl. Energy & Petro	111,387	121,835	113,141	-9%	-2%	490,605	468,424	5%
Excl. Banking	123,188	155,311	97,502	-21%	26%	536,374	546,930	-2%
Excl. Energy & Petro and Banking	64,473	69,556	78,959	-7%	-18%	285,811	297,864	-4%
Excl. Energy & Petro, Banking and TU	81,527	68,350	77,721	19%	5%	299,610	296,924	1%

Source: Bloomberg, FSSIA estimates and SETSMART

Eyes on earnings revisions after 4Q23 results; maintain SET target

Since the 4Q23 earnings season started, we have seen some downward earnings revisions from slower-than-expected earnings growth, starting with the banking sector. We think there will be another batch of earnings revisions, both upward and downward to fine-tune and reflect the 2024 corporate financial guidance, after the 4Q23 earnings announcements in February 2024. We maintain our SET target of 1,520, based on 2024E EPS of THB95 with a target PER of 16x, and expect the index to trade within a range of 1,320-1,435 for the rest of 1Q24.

The recent plunge in the SET index has led to a wider upside and an attractive valuation for long-term investment. The index is trading at a 2024 PER of 14.5x, lower than the pre-Covid average of 15.7x, while trading at a 2024 P/BV of 1.3x, close to SD -2. Our 2024 favorites remain **AOT, BCH, CPALL, CPN, GPSC, MINT, SJWD, TIDLOR, and TU.**
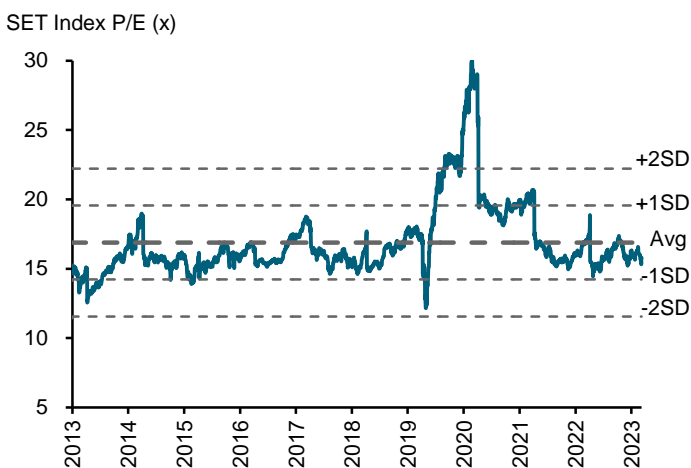
Exhibit 13: SET EPS
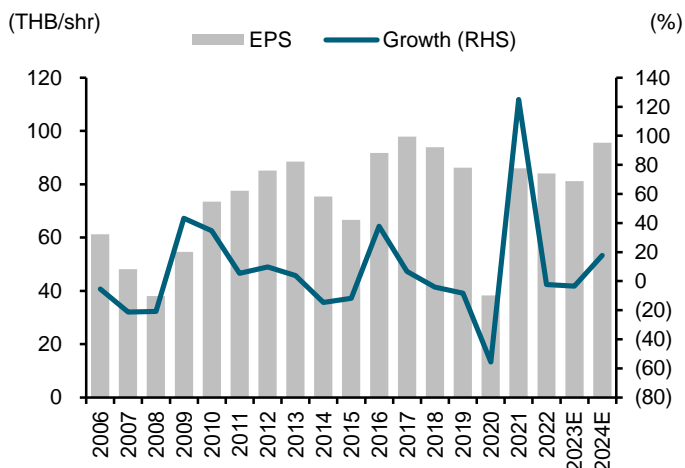
Sources: Bloomberg and FSSIA estimates
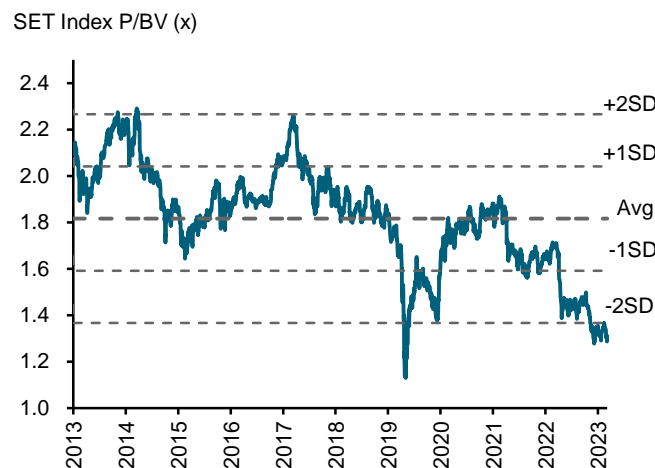
Exhibit 14: TH earnings yield gap
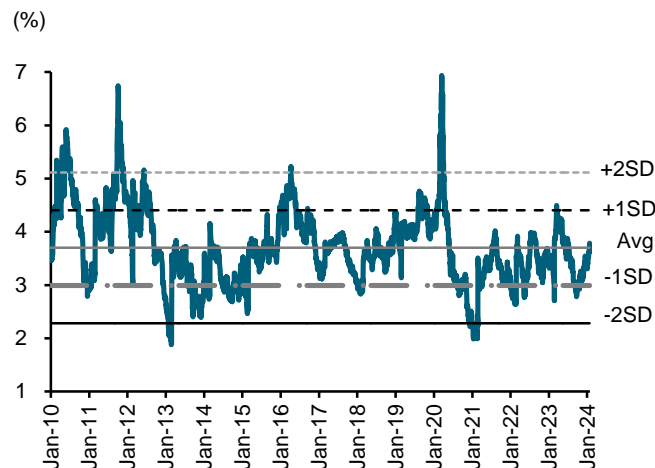
Source: Bloomberg and FSSIA

Exhibit 15: SET historical forward PER

Sources: Bloomberg and FSSIA

Exhibit 16: SET historical forward P/BV

Sources: Bloomberg and FSSIA

Exhibit 17: 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	Target		23E	24E	23E	24E	23E	24E	25E	23E	23E	23E		
		(THB)	(THB)	(%)	(THB m)	(THB m)	(y-y%)	(y-y%)	(x)	(x)	(x)	(%)	(%)	(x)		
Airports of Thailand	AOT TB	60.75	76.00	25	9,247	21,121	nm	128.4	93.8	41.1	29.9	7.9	0.0	8.7	A	★★★★
Bangkok Chain Hospital	BCH TB	22.20	26.00	17	1,395	1,861	(54.1)	33.4	39.7	29.8	26.3	4.4	2.3	11.1	AA	★★★
CP All	CPALL TB	52.50	77.00	47	17,263	20,089	30.0	16.4	27.3	23.5	19.4	4.7	1.9	16.4	AAA	★★★★
Central Pattana	CPN TB	65.75	82.00	25	14,904	15,809	36.2	6.1	19.8	18.7	17.6	3.3	1.9	17.3	AA	★★★★★
Global Power Synergy	GPSC TB	49.75	59.00	19	3,861	4,938	38.9	27.9	36.3	28.4	20.4	1.3	2.6	3.6	AA	★★★★
Minor International	MINT TB	30.25	44.00	45	7,074	8,018	250.7	13.3	24.6	21.7	19.5	1.9	1.4	8.9	AA	★★★★★
SCGJWD Logistics	SJWD TB	13.80	21.50	56	803	1,189	50.0	48.1	31.1	21.0	19.2	1.1	1.3	6.3	AA	★★★
Ngern Tid Lor	TIDLOR TB	21.90	28.00	28	3,817	4,632	4.9	21.4	16.1	13.3	10.9	2.2	1.2	14.2	-	★★
Thai Union Group	TU TB	15.20	19.00	25	4,956	5,511	(24.6)	11.2	14.3	12.8	11.8	1.2	3.8	7.1	-	★★★★

Share prices as of 29 Jan 2024
Source: FSSIA estimates

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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.
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.	

For Morningstar Sustainalytics:

NEGL	Low	Medium	High	Severe
0-10	10-20	20-30	30-40	40+

For MSCI:

AAA	8.571-10.000	**Leader:**	leading its industry in managing the most significant ESG risks and opportunities	
AA	7.143-8.570			
A	5.714-7.142	**Average:**	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	
BBB	4.286-5.713			
BB	2.857-4.285			
B	1.429-2.856	**Laggard:**	lagging its industry based on its high exposure and failure to manage significant ESG risks	
CCC	0.000-1.428			

ESG score	Methodology	
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

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GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Veeravat Virochpoka FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
Airports of Thailand	AOT TB	THB 60.75	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 22.20	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 52.50	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 65.75	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 49.75	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 30.25	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.
SCGJWD Logistics	SJWD TB	THB 13.80	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 21.90	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 15.20	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 29-Jan-2024 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / 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.

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