

Thailand Market Strategy

SET target trimmed from missed earnings

- The first Fed rate cut is likely to be in June to July 2024 from stronger-than-expected US economy.
- Weaker-than-expected Thai GDP was mainly from the public segment, but should accelerate in 2024. MPC to hold rate in 1H24 before potential cut in 2H24.
- SET target trimmed to 1,470 to reflect 2024E EPS cut. Our top picks are AOT, BCH, CPALL, CPN, GPSC, MINT, NSL, SJWD, and TIDLOR.

The Fed's rate cut likely to be delayed to mid-2024

Recently, the US economic data were better than the market expected, while inflation numbers came in higher than anticipated. This has prompted the market to be less bullish on the Fed's rate cut by currently expecting around 3-4 cuts this year, compared to 5-6 cuts earlier, and closer to the latest dot plot of three cuts. This reflects the higher ten-year bond yield of c4.3% from its c3.8% low during the last three months. The market expects the Fed to hold its rate in the March and May 2024 meetings. The first rate cut is likely to be in June to July 2024. However, upcoming economic data in next few months and March 2024's dot plot will be key factors for the market to watch.

Thai economy bottomed in 2023 and should accelerate in 2024

The NESDC recently reported 4Q23 Thai GDP growth of -0.6% q-q and +1.7% y-y. Full-year 2023 GDP growth ended at +1.9% y-y, lower than market's expectation of +2.4% y-y. However, we think the Thai economy has already passed its bottom and should accelerate this year, supported by the strong private and tourism sectors, an export recovery and a turnaround from the public sector after the 2024 fiscal budget is approved. The NESDC has revised its 2024 GDP growth estimate from 2.7-3.7% y-y to 2.2-3.2% y-y, accelerating from 2023 plus an upside from the THB500b digital wallet scheme if it is released. For monetary policy, we continue to expect the BoT to hold its rate in 1H24 as private consumption and investment remain strong, even with low inflation, and believe that a rate cut could occur in the second half of the year.

4Q23 earnings results missed; downward revision of 2024E EPS

Overall, the 4Q23 aggregate net profit, excluding major non-recurring items, of companies in our study dropped by 35% q-q and increased by only 7% y-y, significantly below our expectation by 14%, pressured by petrochemicals, transportation, energy, banks, packaging and construction materials. For 2023, EPS finished at THB79, decreasing by 6% y-y. In addition, we cut our 2024E EPS by 4% to THB91.5. However, the overall earnings momentum is likely to accelerate this year with an attractive growth rate of 16% y-y.

SET target trimmed to 1,470

We trim our 2024 SET target from 1,520 to 1,470 to reflect the lower EPS forecasts. However, the recent retreat in the SET index provides a wider upside, and we continue to see the level of 1,350-1,360 as attractive for long-term investment as the index is trading at a 2024 PER of 15x, below the pre-Covid average of 15.7x. Our strategy remains selective. 2024 favorites are AOT, BCH, CPALL, CPN, GPSC, MINT, NSL, SJWD, and TIDLOR.



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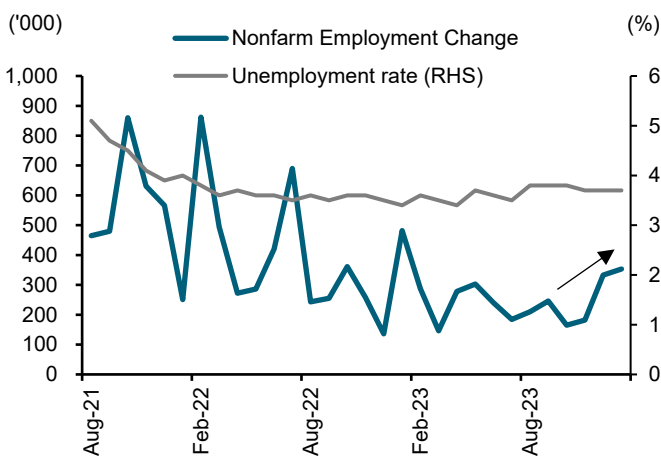
The Chairman of The Audit Committee and Independent Director of Finasia Syrus Securities PCL is also AOT's Chairman of Board of Directors.

Stronger US economy comes with a slower rate cut

In recent months, the US economic data were better than the market expected. To elaborate, the non-farm employment change increased by 333k and 353k in December 2023 and January 2024, respectively. Meanwhile, ISM manufacturing PMI increased from 46.6 in November 2023 to 47.1 in December and 49.1 in January, beating market estimates. The better-than-expected economic outlook as well as the cost-push factor from Middle East tensions resulted in higher-than-expected inflation. In January, US inflation numbers decreased slower than the market expected as headline CPI increased by 3.1% y-y, while core CPI stayed at the same level as the previous month at +3.9% y-y, way higher than US Federal Reserve (Fed)'s target of 2%.

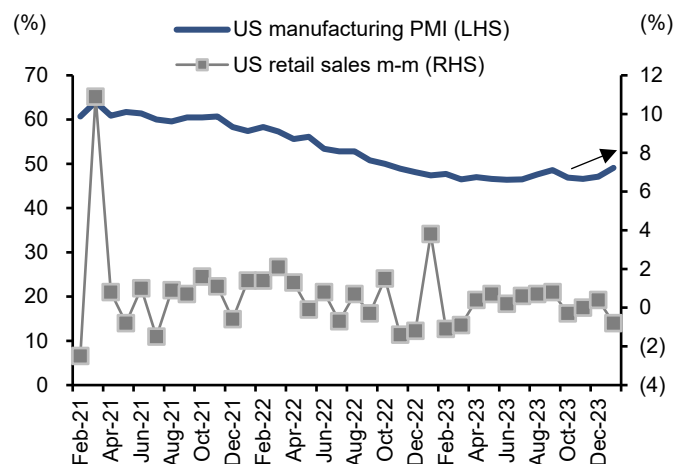
As a result, the market has been less bullish on the Fed's rate cut by expecting around 3-4 cuts this year, compared to 5-6 cuts earlier, and closer to the latest dot plot of three cuts. Many Fed officials stated that the interest rate cut in 2024 will not be rushed. This reflects the higher ten-year bond yield of c4.3% from its c3.8% low during the last three months, which should limit the upside for risky assets in the short term. Based on the CME FedWatch tool, the market currently expects the US central bank to hold its rate this month as well as in the May 2024 meeting, with probabilities of 93% and 65%, respectively. The first rate cut is likely to start in June to July 2024. However, upcoming economic data in next few months and March 2024's dot plot will be key factors for the market to watch.

Exhibit 1: US non-farm employment change and unemployment rate



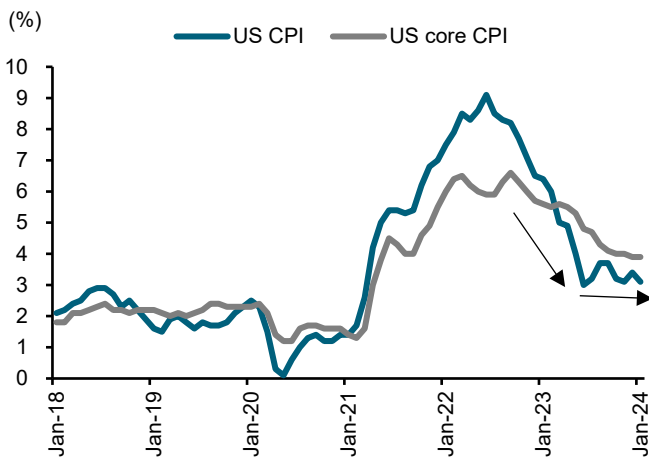
Source: Bloomberg

Exhibit 2: US manufacturing PMI and retail sales



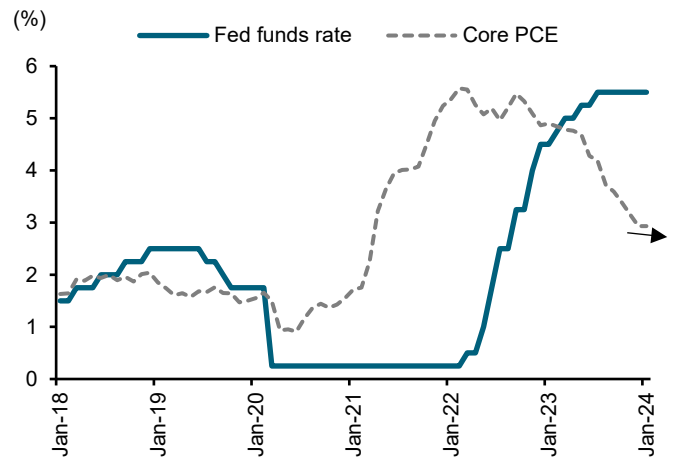
Source: Bloomberg

Exhibit 3: US CPI and Core CPI



Sources: US Bureau of Economic Analysis and Bloomberg

Exhibit 4: US core PCE and Fed funds rate



Sources: Fed, US Bureau of Economic Analysis and Bloomberg

Exhibit 5: 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
20/03/2024				0%	0%	0%	0%	3%	97%
01/05/2024	0%	0%	0%	0%	0%	0%	1%	22%	77%
12/06/2024	0%	0%	0%	0%	0%	0%	11%	49%	39%
31/07/2024	0%	0%	0%	0%	0%	7%	34%	43%	16%
18/09/2024	0%	0%	0%	0%	5%	26%	41%	24%	5%
07/11/2024	0%	0%	0%	3%	16%	34%	32%	14%	2%
18/12/2024	0%	0%	2%	12%	28%	32%	19%	6%	0%

Source: CME FedWatch Tool as of 29 February 2024

Slower-than-expected Thai GDP growth in 2023 and 2024E

The Office of the National Economic and Social Development Council (NESDC) reported that Thai GDP surprisingly dropped by 0.6% q-q and grew by only 1.7% y-y in 4Q23, missing the market’s expectation. As a result, 2023 Thai GDP growth finished at +1.9% y-y, decelerating from 2022’s +2.5% y-y.

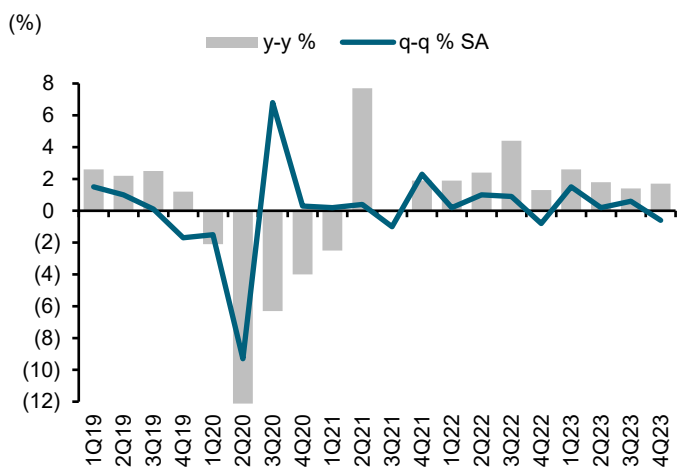
The key source of pressure for the Thai economy in 4Q23 came from the public segment, especially investment. To elaborate, public investment plunged by 20.1% y-y due to a delay in the 2024 fiscal budget. Meanwhile, public spending continued to decrease by 3% y-y from a lack of key stimulus packages.

The key driver for positive 4Q23 GDP growth remained private consumption, which jumped by 7.4% y-y, in line with the rise in consumer confidence. Private investment accelerated by 5% y-y in the quarter from 3.5% in 3Q23, in accordance with rising investment promotion applications and certificate issuances, with a rebound in imports of capital goods, raw materials and intermediate goods.

On the international trade side, there were signs of recovery after goods exports turned positive by +3.4% y-y, while services jumped by 14.7% y-y thanks to the tourism high season.

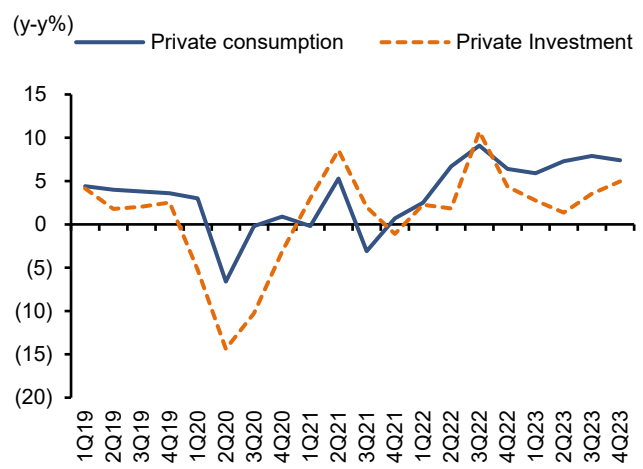
The NESDC has revised its 2024 GDP growth estimate from 2.7-3.7% y-y to 2.2-3.2% y-y, to reflect the slower-than-expected growth. However, we think the Thai economy has already passed its bottom in 2023. We expect to see slightly better GDP growth in 1Q24, led by the private and export segments benefitting from the E-Receipt stimulus package, the peak tourism season, and an export recovery. Meanwhile, the public sector is likely to add more support in 2Q24-3Q24 after the 2024 fiscal budget is approved by parliament, possibly in April 2024, plus an upside from the THB500b digital wallet scheme if it is released.

Exhibit 6: Poor GDP growth for three consecutive quarters



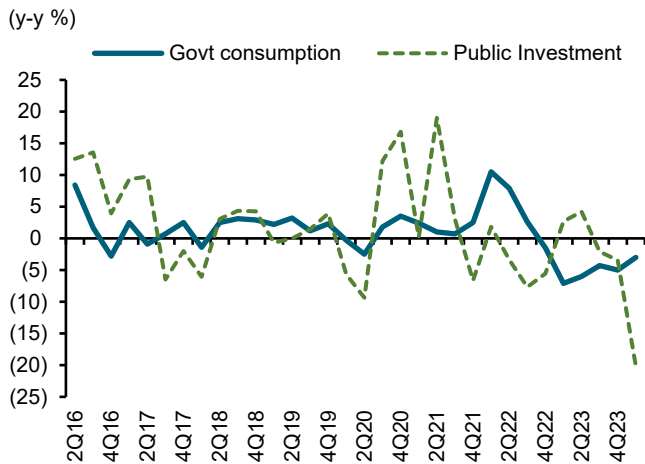
Source: NESDC

Exhibit 7: Private sector continued to show healthy growth



Source: NESDC

Exhibit 8: Public investment is a key pressure



Source: NESDC

Exhibit 9: Goods exports started to recover while services remained strong



Source: NESDC

Exhibit 10: NESDC and BoT economic projections

	2018	2019	2020	2021	2022	2023	NESDC 2024E	Bank of Thailand 2024E
	(y-y%)	(y-y%)	(y-y%)	(y-y%)	(y-y%)	(y-y%)	(y-y%)	(y-y%)
Real GDP growth	4.2	2.3	(6.4)	1.5	2.6	1.9	2.2-3.2	2.5-3
Private consumption	4.6	4.0	(0.8)	0.6	6.3	7.1	3.0	-
Private investment	4.1	2.7	(8.1)	3.0	5.1	3.2	3.5	-
Public consumption	2.6	1.7	1.4	3.7	(0.0)	(4.6)	1.5	-
Public investment	2.8	0.1	5.1	3.4	(4.9)	(4.6)	(1.8)	-
Export value growth (USD b)	7.5	(3.3)	(6.5)	19.2	5.5	(1.7)	2.9	-
Headline inflation	1.1	0.7	(0.8)	1.2	6.1	1.2	0.9-1.9	c1.0
Current account to GDP (%)	5.6	7.0	4.2	(2.0)	(3.2)	1.3	1.4	-
Number of tourist arrivals (m)	38.2	39.9	0.0	0.4	11.2	28.1	35	34.5

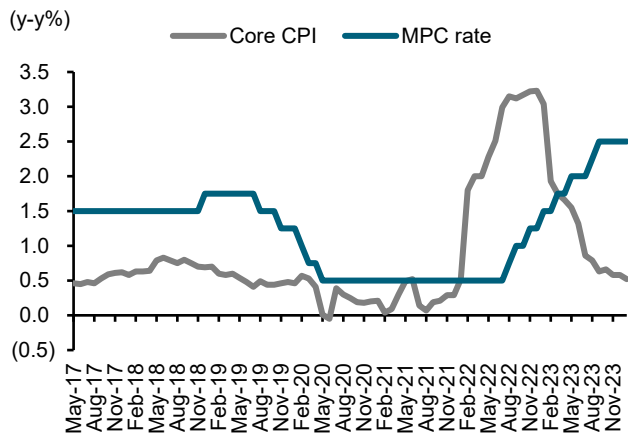
Note: 2024E NESDC and BoT projections do not include the digital wallet scheme
Sources: NESDC and BoT

Expect no unscheduled meeting for MPC; soonest rate cut may be in late 2Q24

In terms of price stability, both Thai headline and core CPI stayed at -1.11% y-y and +0.52% y-y in January 2024, below the Bank of Thailand (BoT)'s target of 1-3%. Moreover, the central bank expects headline CPI to stay close to 1% in 2024, expecting the number to gradually increase thanks to an economic recovery and higher utilities costs.

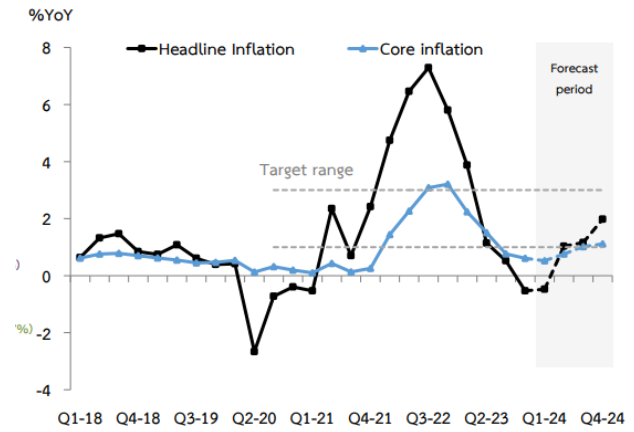
Despite slower-than-expected Thai economic growth and low inflation numbers, the key pressures on the economy come mainly from the public segment, especially investment, while other key engines, both the private segment and exports, have shown positive growth. Hence, we continue to expect that the BoT will hold its interest rate policy at 2.5% in 1H24 and is not likely to hold an urgent unscheduled meeting to cut its rate. However, if 1Q24 GDP growth is still disappointing, the digital wallet scheme may not be released, and inflation remains very low. We think the BoT might cut its rate sooner than anticipated, likely in late 2Q24.

Exhibit 11: TH inflation and MPC rate



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

Exhibit 12: BoT expects headline CPI to stabilize around the lower bound of the target



Note: Headline inflation excl. subsidies is estimated using 2023 inflation outturns
Sources: Ministry of Commerce and BoT

4Q23 earnings results were below expectations

Based on the 4Q23 results of companies in our study, the aggregate net profit sharply dropped by 41% q-q and 3% y-y; 22% below our expectation. Petrochemical, ICT, transportation, and media posted the biggest misses, mainly from IVL, TRUE, BTS, and VGI, which reported a huge net loss. If we exclude major non-recurring items, 4Q23 earnings would decrease by 35% q-q and grow by 7% y-y, below our estimate by 14%. Other sectors that reported earnings below estimates are energy (mainly from weak refinery margins), banks (rising seasonal expenses and ECL), construction materials (SCC's poor earnings), food (mainly from upstream), and packaging (SCGP's slow recovery). Meanwhile, commerce, healthcare, tourism and financial services showed slightly better-than-expected core profits, in line with rising domestic consumption and the tourism high season. Details are provided in the table below.

We think companies' earnings momentum has already bottomed in 4Q23, in line with Thai GDP, and is likely to recover starting from 1Q24. We expect overall 1Q24 earnings might increase both q-q and y-y, thanks to the ongoing strong domestic consumption and benefit from the E-Receipt stimulus package. Tourism is in its peak season, while the energy sector should benefit from higher crude prices and a jump in refinery margins.

Exhibit 13: 4Q23 earnings results by sector (109 companies)

Sector	4Q23	3Q23	4Q22	Change		2023	2022	Change
	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	
Energy	47,890	95,850	29,304	(50)	63	258,270	285,375	(9)
Banking	44,109	52,279	34,182	(16)	29	201,989	170,560	18
Property	19,058	15,165	19,623	26	(3)	64,794	62,344	4
Commerce	17,395	11,425	14,158	52	23	55,461	49,707	12
ICT	179	10,360	10,191	(98)	(98)	30,713	38,305	(20)
Transportation	5,220	6,077	6,840	(14)	(24)	22,381	328	6,718
Financial	7,719	7,706	7,937	0	(3)	30,423	31,107	(2)
Petro	(7,347)	1,622	(12,447)	(553)	(41)	(9,799)	22,254	(144)
Healthcare	6,550	6,751	5,353	(3)	22	24,381	23,929	2
Electronics	5,315	6,682	5,767	(20)	(8)	21,903	19,764	11
Tourism	1,634	2,073	2,891	(21)	(43)	7,168	3,631	97
Cons. Mat	6	3,725	1,709	(100)	(100)	32,140	26,329	22
Packaging	1,294	1,413	494	(8)	162	5,584	5,939	(6)
Auto	1,098	1,312	1,014	(16)	8	4,748	4,516	5
Media	(2,441)	721	714	(439)	(442)	2,309	2,451	(6)
Agri	807	319	452	153	79	1,773	2,044	(13)
Construction	318	838	439	(62)	(28)	2,327	1,952	19
Professional	211	129	128	64	64	654	369	77
Food	(15,309)	1,500	8,439	(1,121)	(281)	(9,100)	46,641	(120)
Grand Total	133,706	225,946	137,190	(41)	(3)	748,120	797,547	(6)
Excl. Major Non-recurring items	147,063	225,946	137,190	(35)	7			
Excl. Energy & Petro	93,162	128,475	120,333	(27)	(23)	499,649	489,918	2
Excl. Banking	89,597	173,667	103,007	(48)	(13)	546,130	626,987	(13)
Excl. Energy & Petro and Banking	49,053	76,196	86,150	(36)	(43)	297,659	319,358	(7)

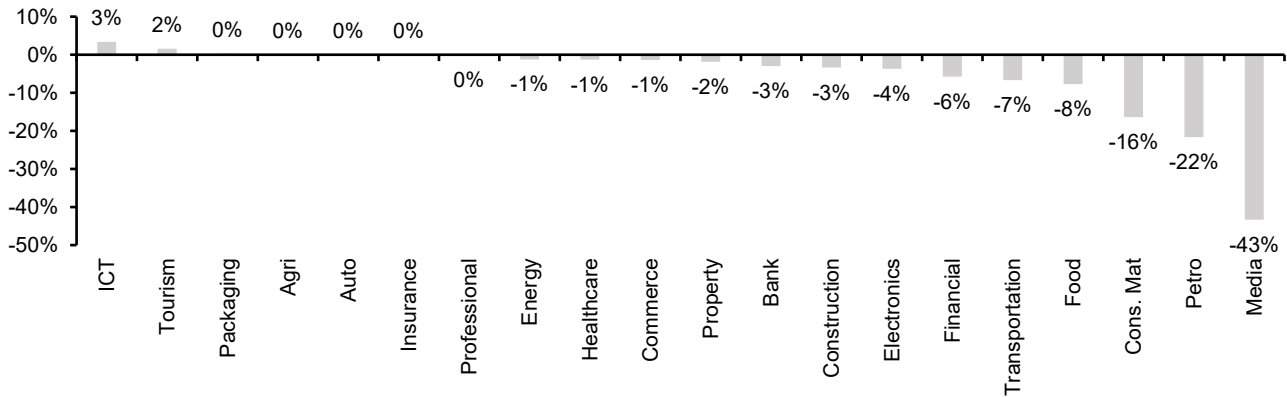
Source: Bloomberg and SETSMART

2024E EPS cut by 4% to THB91.5

Following the 4Q23 results, 2023 EPS finished at THB79, decreasing by 6% y-y. We see downward revisions for 2024 EPS forecasts as reflecting the lower 2023 earnings results and as an effort to fine-tune and reflect the latest corporate financial guidance for 2024. Sectors that have been revised down the most are media, petrochemicals, construction materials, food, transportation, and financial services. Meanwhile, tourism and ICT have been revised up slightly.

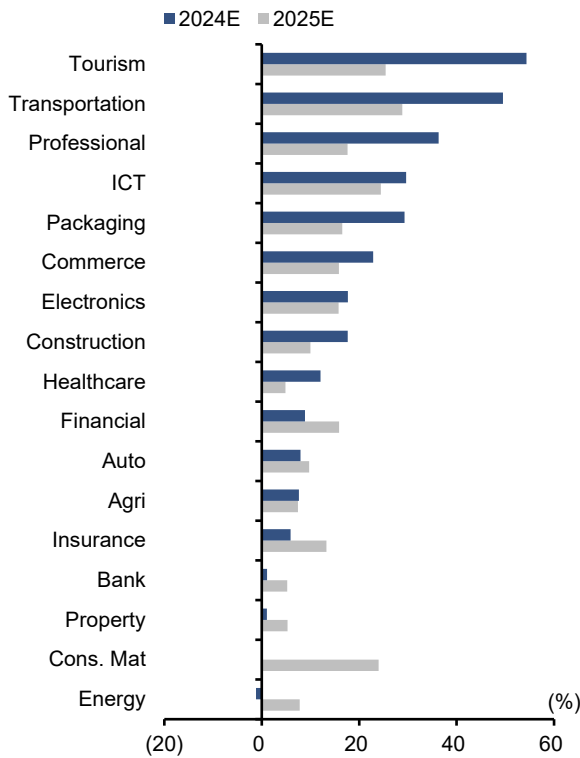
As a result, we cut our 2024E EPS by 4% from THB95 to THB91.5. However, we expect earnings to accelerate and the growth rate should remain high at +16% y-y thanks to the lower base in 2023 and a brighter economic outlook this year.

Exhibit 14: Earnings revisions by sector from November 2023 to February 2024



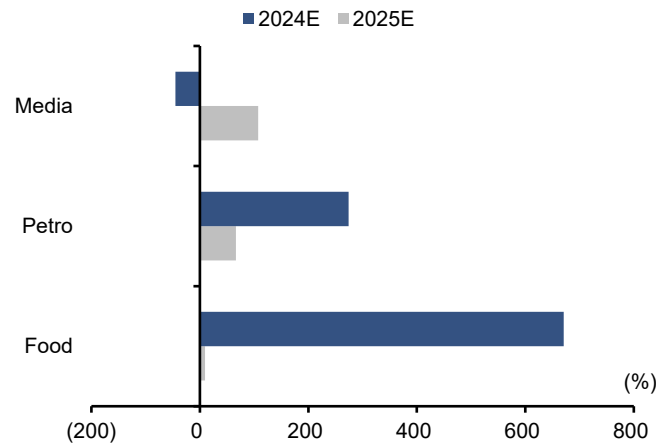
Sources: Bloomberg and FSSIA estimates

Exhibit 15: Earnings growth by sector



Sources: Bloomberg and FSSIA estimates

Exhibit 16: Earnings growth by sector



Sources: Bloomberg and FSSIA estimates

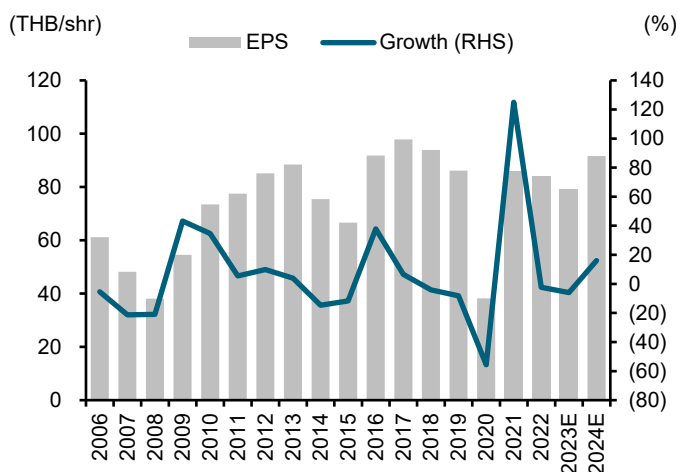
2024 SET target trimmed to 1,470

From the lower 2024 EPS forecasts, we trim our 2024 SET target from 1,520 to 1,470, maintaining the target PER of 16x, SD -0.35 of its ten-year average. In a bullish case, we think the index could hit 1,560-1570, as the target PER could potentially re-rate to c17x, based on the historical trading shown in the scatter chart, after the TH10Y bond yield dropped to 2.5-2.6% from its peak of 3.38% last year. This has maintained the earnings yield gap at a high level of around 4% currently, despite the lower potential earnings yield from the downward EPS revision.

The recent retreat in the SET index provides a wider upside, and we continue to see the level of 1,350-1,360 as attractive for long-term investment. The index is trading at a 2024 PER of 15x, lower than the pre-Covid average of 15.7x, while trading at a 2024 P/BV of 1.3x, close to SD -2. However, the valuation of the Thai market is not very attractive compared to regional peers. Hence, our strategy remains selective on stocks that have strong earnings outlooks with attractive valuations, which will be key factors to outperform.

On 21 February 2024, we removed TU and replaced it with NSL in our portfolio. As a result, our 2024 favorites are **AOT, BCH, CPALL, CPN, GPSC, MINT, NSL, SJWD, and TIDLOR.**

Exhibit 17: SET EPS



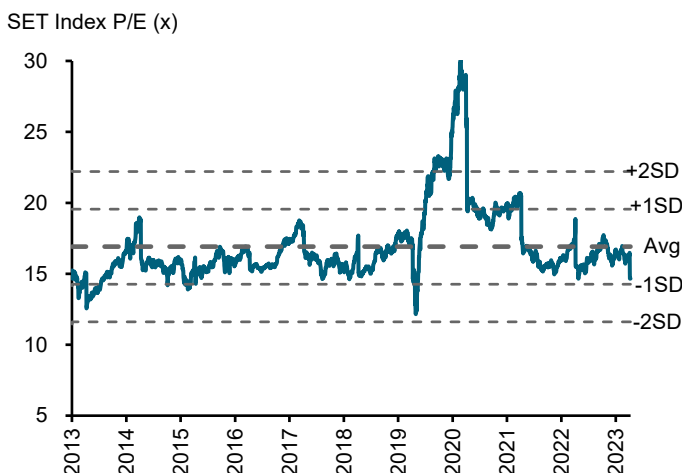
Sources: Bloomberg and FSSIA estimates

Exhibit 18: SET target sensitivity

----- Earnings per share -----			
		2024E	2025E
EPS		91.5	102
- Target index based on FSSIA estimates -			
	P/E (x)	2024E	2025E
SD+1.0	19.6	1,794	2,000
SD+0.5	18.3	1,672	1,864
SD+0.25	17.6	1,610	1,795
10-year average	16.9	1,549	1,727
SD-0.25	16.3	1,488	1,659
SD-0.5	15.6	1,426	1,590
SD-1.0	14.3	1,304	1,454
SD-1.5	12.9	1,181	1,317

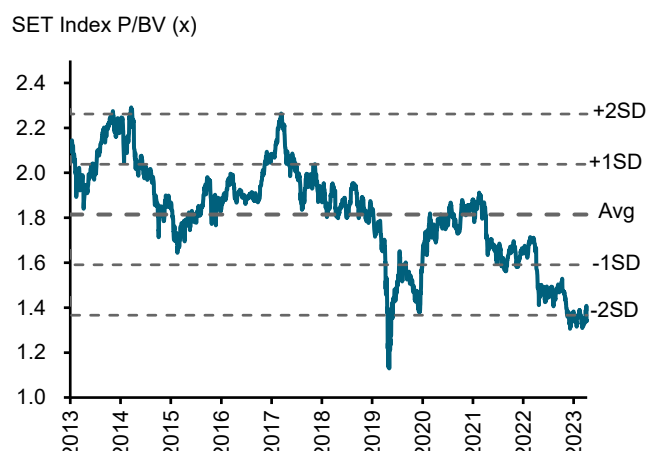
Source: Bloomberg and FSSIA estimates

Exhibit 19: SET historical forward PER



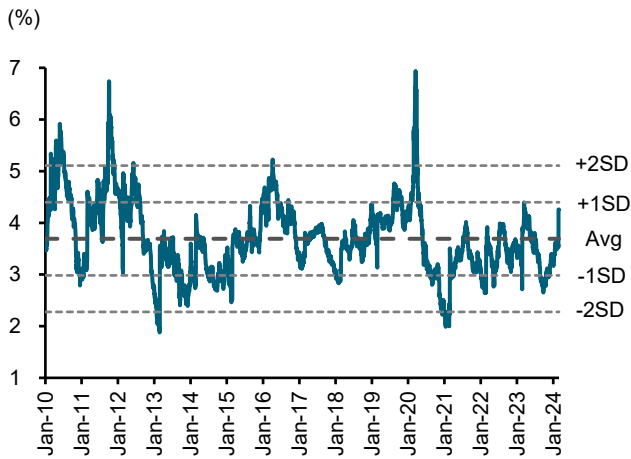
Sources: Bloomberg and FSSIA

Exhibit 20: SET historical forward P/BV



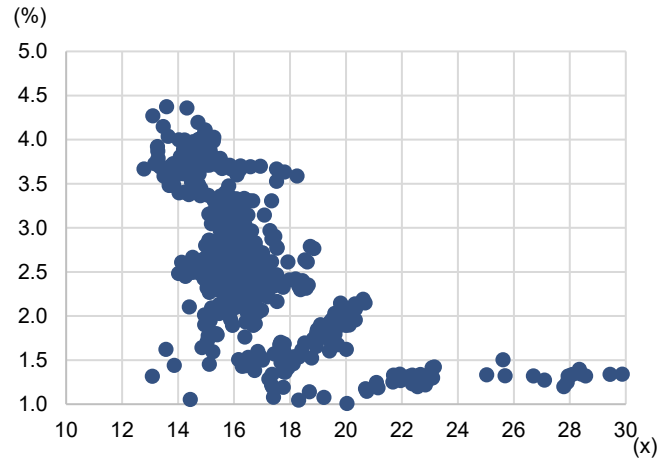
Sources: Bloomberg and FSSIA

Exhibit 21: SET earnings yield gap



Sources: Bloomberg and FSSIA

Exhibit 22: SET PER vs TH10Y bond yield



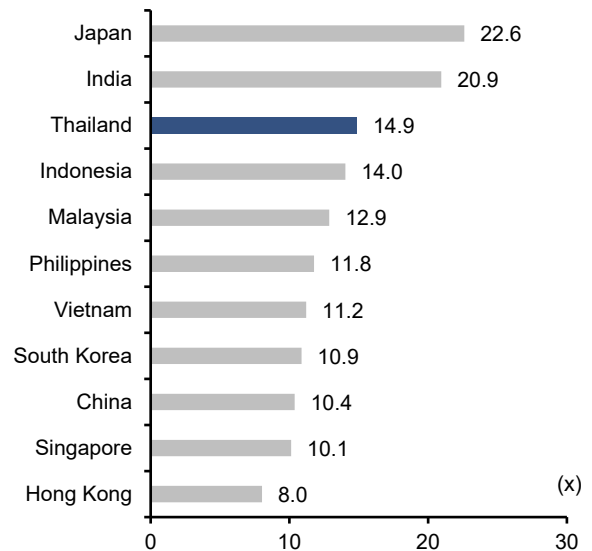
Sources: Bloomberg and FSSIA

Exhibit 23: Asian markets' 2024E earnings growth



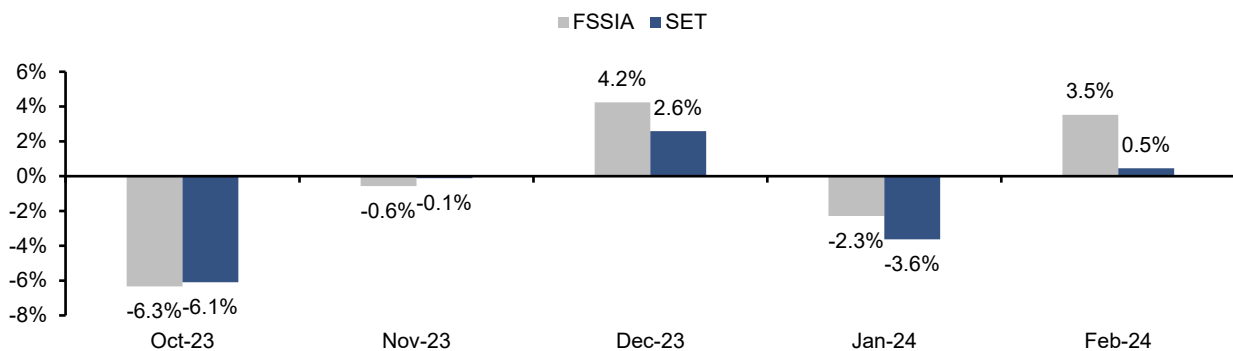
Source: Bloomberg

Exhibit 24: Asian markets' 2024E PER



Source: Bloomberg

Exhibit 25: Return of FSSIA's portfolio vs SET index



Sources: SETSMART and FSSIA

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

Company	BBG code	--- Share price ---		Up side (%)	Recurring net profit		- NP growth -		----- P/E -----			PBV	DivYld (%)	ROE (%)	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	63.75	75.00	18	9,247	19,480	nm	110.7	98.5	46.8	32.7	8.2	0.0	8.7	A	★★★★
Bangkok Chain Hospital	BCH TB	21.40	26.00	21	1,395	1,861	(54.1)	33.4	38.3	28.7	25.4	4.2	2.3	11.1	AA	★★★
CP All	CPALL TB	58.00	77.00	33	17,263	20,089	30.0	16.4	30.2	25.9	21.4	5.2	1.7	16.4	AAA	★★★★
Central Pattana	CPN TB	66.25	82.00	24	14,988	15,809	36.9	5.5	19.8	18.8	17.7	3.3	1.9	17.4	AA	★★★★★
Global Power Synergy	GPSC TB	52.00	59.00	13	3,861	4,938	38.9	27.9	38.0	29.7	21.4	1.4	2.5	3.6	AA	★★★★
Minor International	MINT TB	32.00	44.00	38	7,132	8,294	253.2	16.3	24.3	20.9	18.7	2.2	0.8	9.7	AA	★★★★★
NSL Foods	NSL TB	21.40	26.00	21	333	383	12.1	14.9	19.3	16.8	15.0	4.1	3.0	22.5	-	-
SCGJWD Logistics	SJWD TB	15.10	21.50	42	772	1,182	44.3	53.1	35.4	23.1	21.0	1.2	1.1	6.1	AA	★★★
Ngern Tid Lor	TIDLOR TB	23.10	27.00	17	3,790	4,671	4.1	23.2	17.1	14.4	12.1	2.3	1.8	14.1	-	★★

Share prices as of 28 Feb 2024

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 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%). <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&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.																												
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. <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.																												
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. <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 & 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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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: auto; margin-right: auto;"> <tr> <td style="text-align: right;">AAA</td> <td>8.571-10.000</td> <td style="text-align: right;">Leader:</td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td style="text-align: right;">AA</td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">A</td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">BBB</td> <td>4.286-5.713</td> <td style="text-align: right;">Average:</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 style="text-align: right;">BB</td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">B</td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">CCC</td> <td>0.000-1.428</td> <td style="text-align: right;">Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </table>	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			BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285			B	1.429-2.856			CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks	
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																													
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																													
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

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Company	Ticker	Price	Rating	Valuation & Risks
Airports of Thailand	AOT TB	THB 63.75	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 21.40	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 58.00	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 66.25	BUY	Key downside risks to our DCF-derived TP are deviations from our estimates on rental and occupancy rates, returns on its new investments, capex, and interest rates.
Global Power Synergy	GPSC TB	THB 52.00	BUY	The downside risks to our DCF-based TP on GPSC include 1) lower-than-expected demand for electricity in Thailand; 2) higher-than-expected energy price (i.e. coal and gas); and 3) lower-than-expected demand from industrial users.
Minor International	MINT TB	THB 32.00	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.
NSL Foods	NSL TB	THB 21.40	BUY	Downside risks to our DCF-based TP include 1) a slower-than-expected consumption recovery; 2) high volatility in raw material prices; 3) the failure of new products; and 4) changing consumer demand and lifestyles.
SCGJWD Logistics	SJWD TB	THB 15.10	BUY	Downside risks to our DCF-based TP include 1) slower-than-expected regional economic growth; 2) high volatility in energy costs; 3) delayed synergies; and 4) higher cost of funds.
Ngern Tid Lor	TIDLOR TB	THB 23.10	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.

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-Feb-2024 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.