

# Thailand Market Strategy

## ปรับเป้า SET ลงจากกำไรที่ต่ำกว่าคาด

- FED น่าจะปรับลดอัตราดอกเบี้ยนโยบายครั้งแรกในเดือน มิ.ย. ถึง ก.ค. จากเศรษฐกิจสหรัฐฯ ที่ดีกว่าคาด
- GDP ไทยที่อ่อนแอกว่าคาดเกิดขึ้นส่วนมากจากภาครัฐ แต่คาดเร่งตัวขึ้นในปี 2024 คาดกนง.ตรึงอัตราดอกเบี้ยในช่วง 1H24 ก่อนมีโอกาสลดในช่วง 2H24
- กำไร 4Q23 ที่ต่ำกว่าคาดทำให้เราปรับลดประมาณการ EPS ปี 2024 และเป้า SET ลงเป็น 1470 หุ้นเด่นของเราประกอบด้วย AOT BCH CPALL CPN GPSC MINT NSL SJWD และ TIDLOR

### FED น่าจะชะลอการปรับลดอัตราดอกเบี้ยเป็นกลางปี 2024

ข้อมูลเศรษฐกิจสหรัฐฯล่าสุดที่เติบโตดีกว่าที่ตลาดคาด ขณะที่ตัวเลขเงินเฟ้อสูงกว่าคาด ทำให้ตลาดมีมุมมองเชิงบวกลดลงเกี่ยวกับการปรับลดอัตราดอกเบี้ยนโยบายของ FED โดยปัจจุบันตลาดคาดว่า Fed จะปรับลดอัตราดอกเบี้ย 3-4 ครั้งในปีนี้เทียบกับ 5-6 ครั้งก่อนหน้านี้และใกล้เคียงกับ dot plot ที่คาดว่าจะอยู่ที่ 3 ครั้งมากขึ้น ดังจะเห็นได้จากอัตราผลตอบแทนพันธบัตรอายุ 10 ปีที่สูงขึ้นเป็นประมาณ 4.3% จาก 3.8% ต้นในช่วง 3 เดือนที่ผ่านมา ตลาดคาดว่า FED จะตรึงอัตราดอกเบี้ยนโยบายในการประชุมเดือน มี.ค. และ พ.ค. 2024 และน่าจะปรับลดอัตราดอกเบี้ยเป็นครั้งแรกในเดือน มิ.ย. หรือ ก.ค. 2024 อย่างไรก็ตามข้อมูลเศรษฐกิจที่กำลังจะออกมาในอีกไม่กี่เดือนข้างหน้าและ dot plot ในเดือน มี.ค. 2024 น่าจะเป็นปัจจัยสำคัญที่ตลาดต้องจับตา

### เศรษฐกิจไทยแตะจุดต่ำสุดในปี 2023 และน่าจะเร่งตัวขึ้นในปี 2024

เมื่อไม่นานมานี้สภาพัฒฯ ได้รายงานอัตราการเติบโตของ GDP ของไทยที่ต่ำกว่าคาดโดยอยู่ที่ -0.6% q-q และ +1.7% y-y ซึ่งทำให้การเติบโตของ GDP ในปี 2023 ออกมาที่ +1.9% y-y ต่ำกว่าที่ตลาดคาดไว้ว่าจะอยู่ที่ +2.4% y-y อย่างไรก็ตามก็คิดว่าเศรษฐกิจไทยได้ผ่านจุดต่ำสุดไปแล้วและพร้อมจะเร่งตัวขึ้นในปีนี้อาจได้ปัจจัยหนุนจากภาคเอกชนและการท่องเที่ยวที่อยู่ในเกณฑ์ดี การส่งออกที่ฟื้นตัวและการพลิกกลับของภาครัฐบาลหลังอนุมัติงบประมาณประจำปี 2024 สภาพัฒฯ ได้ปรับลดเป้าประมาณการการเติบโตของ GDP ในปี 2024 จาก 2.7-3.7% y-y เป็น 2.2-3.2% y-y นับว่าเร่งตัวขึ้นจากปี 2023 พร้อม Upside จากมาตรการกระตุ้นการเงินดิจิทัลอีก 5 แสน ลบ. (ถ้าได้รับการอนุมัติ) ในด้านนโยบายการเงินเรายังคงคาดว่า ธปท. จะตรึงอัตราดอกเบี้ยนโยบายไว้ในช่วง 1H24 เนื่องจากการบริโภคภาคเอกชนและการลงทุนอยู่ในเกณฑ์ดีแม้ว่าเงินเฟ้อจะอยู่ในระดับต่ำโดยเราคาดว่า ธปท. น่าจะพิจารณาปรับลดอัตราดอกเบี้ยในช่วงครึ่งหลังของปี

### ปรับลดประมาณการกำไรต่อหุ้นปี 2024 หลังกำไร 4Q23 พลาดเป้า

ในภาพรวมกำไรสุทธิรวมของบริษัทที่เราทำการศึกษาใน 4Q23 ไม่รวมรายการพิเศษที่สำคัญลดลง 35% q-q และโตได้เพียง 7% y-y นับว่าต่ำกว่าที่คาดไว้มากถึง 14% โดยได้รับแรงกดดันจากกลุ่มปิโตรเคมี ขนส่ง พลังงาน ธนาคาร บรรจูกฎหมายและวัสดุก่อสร้าง นอกจากนี้เรายังปรับลดประมาณการกำไรต่อหุ้นในปี 2024 ของเราลง 4% เป็น 91.5 บาท สะท้อนกำไรที่ต่ำกว่าคาด อย่างไรก็ตาม Momentum ของกำไรโดยรวมคาดว่าจะโตในระดับสูงถึง 16% y-y ตามทิศทางเศรษฐกิจและฐานต่ำในปีก่อน

### ปรับลดเป้า SET เป็น 1,470

เราปรับลดเป้า SET ในปี 2024 จาก 1,520 เป็น 1,470 เพื่อสะท้อนประมาณการกำไรต่อหุ้นที่ลดลง อย่างไรก็ตามการปรับตัวลดลงของ SET เมื่อเร็ว ๆ นี้ได้ทำให้ Upside เพิ่มขึ้น เรายังมองว่าที่ระดับ 1,350-1,360 SET ยังน่ามีความสนใจสำหรับการลงทุนระยะยาวเนื่องจากดัชนีฯ มีการซื้อขายที่ค่า 2024PER ที่ 15.1x ซึ่งต่ำกว่าค่าเฉลี่ยก่อนโควิดที่ 15.7x ในปี 2024 กลยุทธ์ยังเน้น Selective หุ้นเด่นของเราประกอบด้วย AOT BCH CPALL CPN GPSC MINT NSL SJWD และ TIDLOR



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

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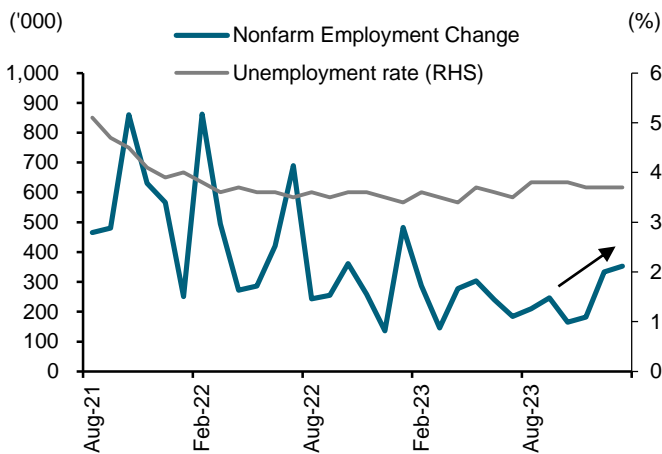
บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 29 กุมภาพันธ์ 2024

## 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%.

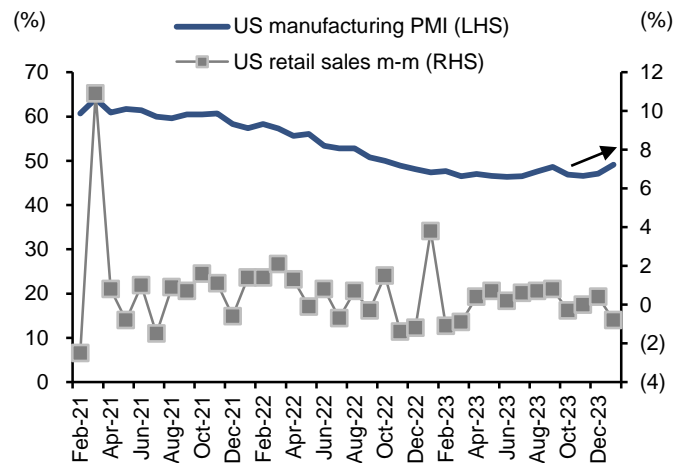
As a result, the market has been less bullish on the Fed's rate cut by expecting around 3-4 cuts this year, compared to 5-6 cuts earlier, and closer to the latest dot plot of three cuts. Many Fed officials stated that the interest rate cut in 2024 will not be rushed. This reflects the higher ten-year 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**



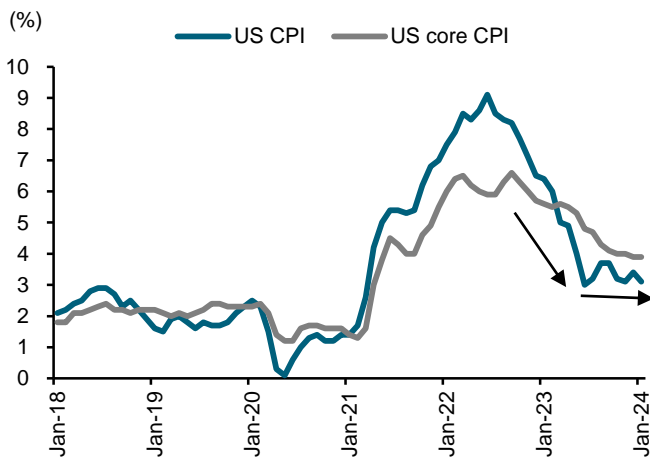
Source: Bloomberg

**Exhibit 2: US manufacturing PMI and retail sales**



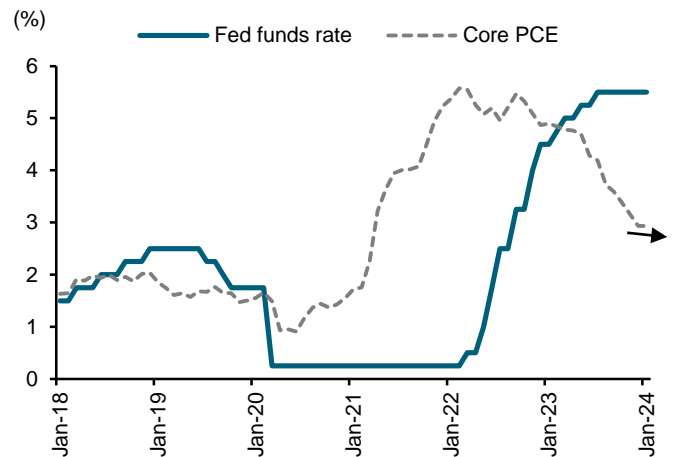
Source: Bloomberg

**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.

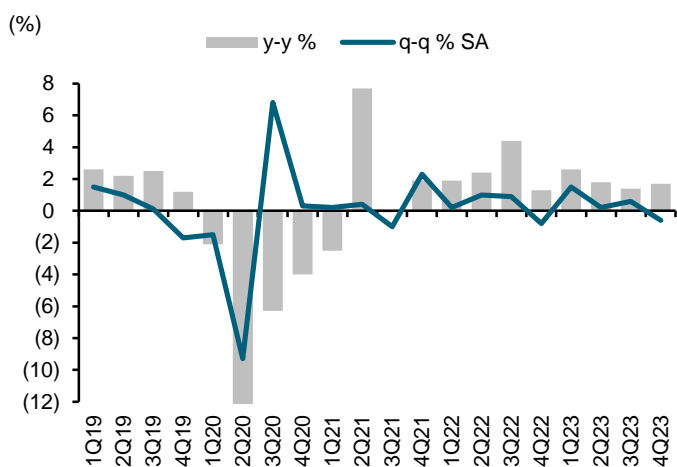
The key source of pressure for the Thai economy in 4Q23 came from the public segment, especially investment. To elaborate, public investment plunged by 20.1% y-y due to a delay in the 2024 fiscal budget. Meanwhile, public spending continued to decrease by 3% y-y from a lack of key stimulus packages.

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.

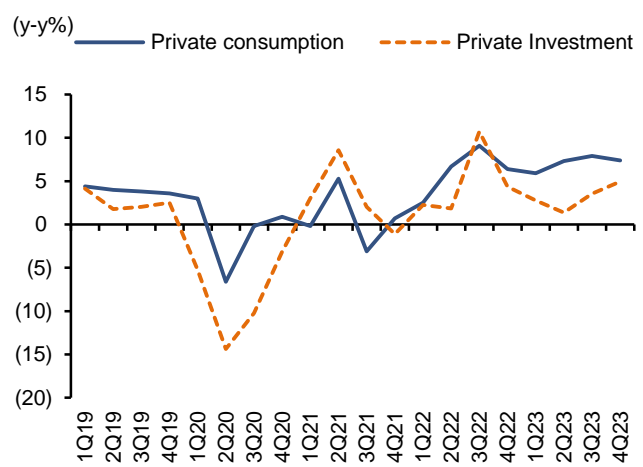
The NESDC has revised its 2024 GDP growth estimate from 2.7-3.7% y-y to 2.2-3.2% y-y, to reflect the slower-than-expected growth. However, we think the Thai economy has already passed its bottom in 2023. We expect to see slightly better GDP growth in 1Q24, led by the private and export segments benefitting 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**



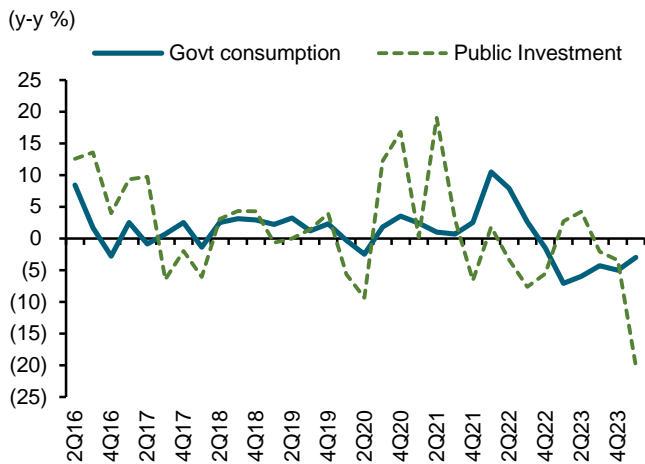
Source: NESDC

**Exhibit 7: Private sector continued to show healthy growth**



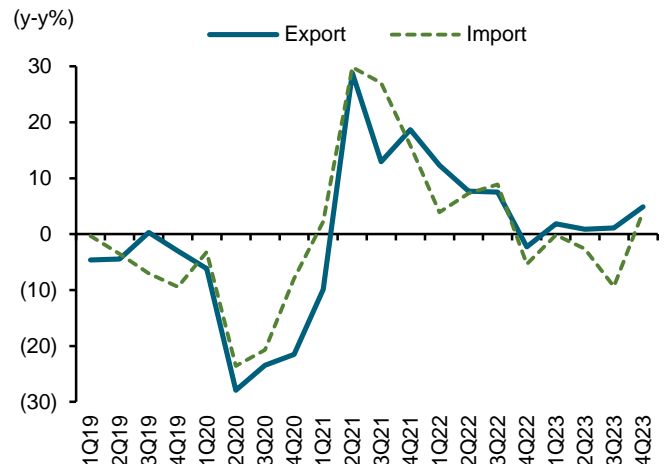
Source: NESDC

**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

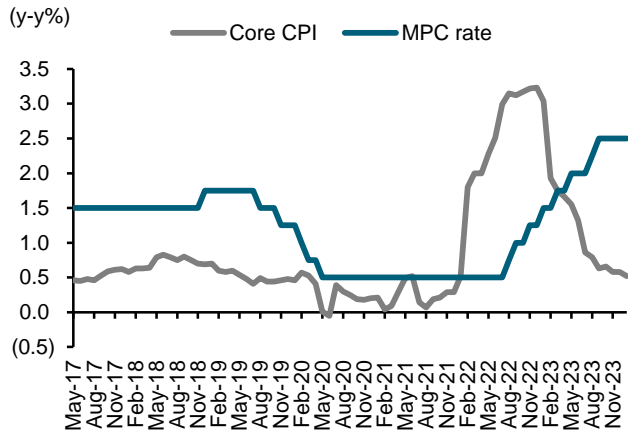
Note: 2024E NESDC and BoT projections do not include the digital wallet scheme  
Sources: NESDC and BoT

**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.

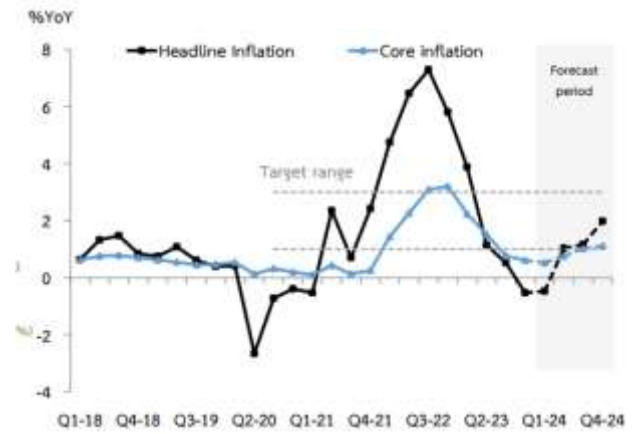
Despite slower-than-expected Thai economic growth and low inflation numbers, the key pressures on the economy come mainly from the public segment, especially investment, while other key engines, both the private segment and exports, have shown positive growth. Hence, we continue to expect that the BoT 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 outcomes  
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)
<b>Grand Total</b>	<b>133,706</b>	<b>225,946</b>	<b>137,190</b>	<b>(41)</b>	<b>(3)</b>	<b>748,120</b>	<b>797,547</b>	<b>(6)</b>
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)

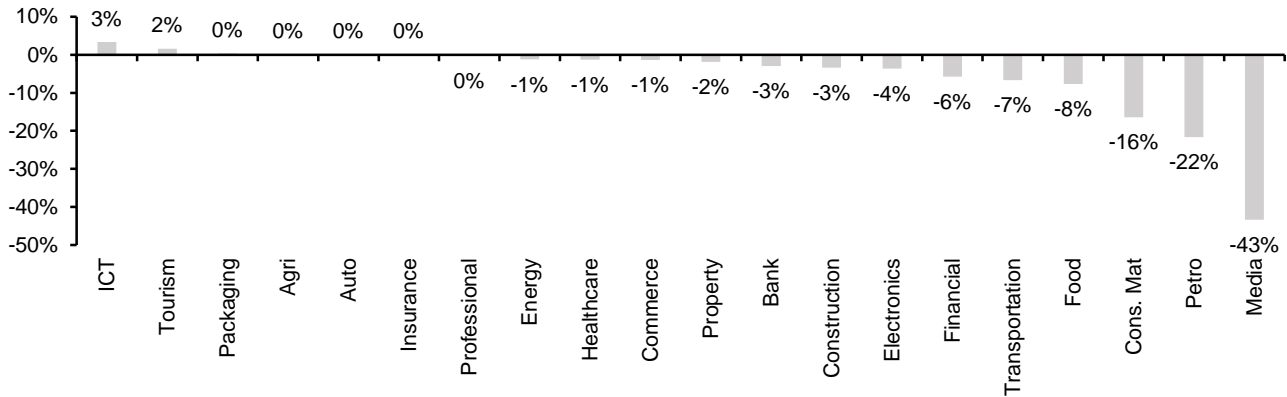
Source: Bloomberg and SETSMART

### 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.

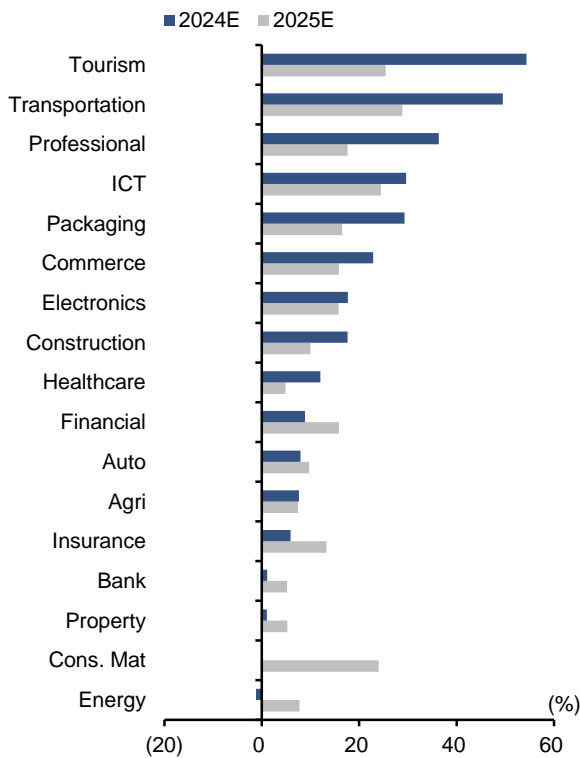
As a result, we cut our 2024E EPS by 4% from THB95 to THB91.5. However, we expect earnings to accelerate and the growth rate should remain high at +16% y-y thanks to the lower base in 2023 and a brighter economic outlook this year.

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



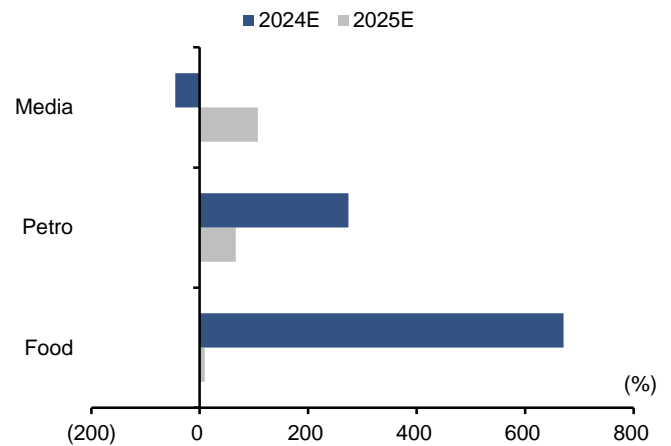
Sources: Bloomberg and FSSIA estimates

**Exhibit 15: Earnings growth by sector**



Sources: Bloomberg and FSSIA estimates

**Exhibit 16: Earnings growth by sector**



Sources: Bloomberg and FSSIA estimates

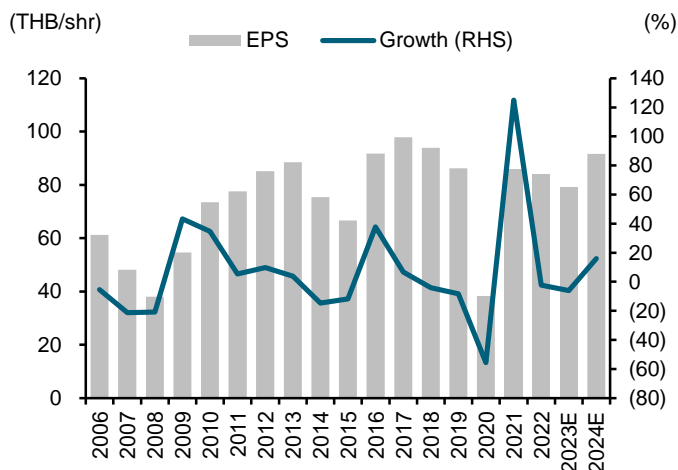
### 2024 SET target trimmed to 1,470

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



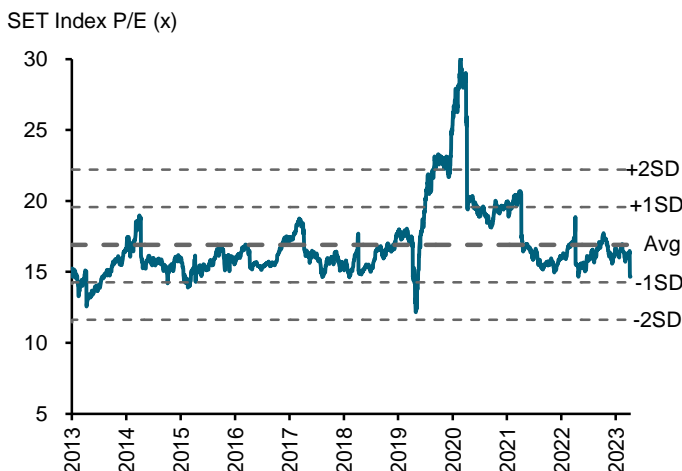
Sources: Bloomberg and FSSIA estimates

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

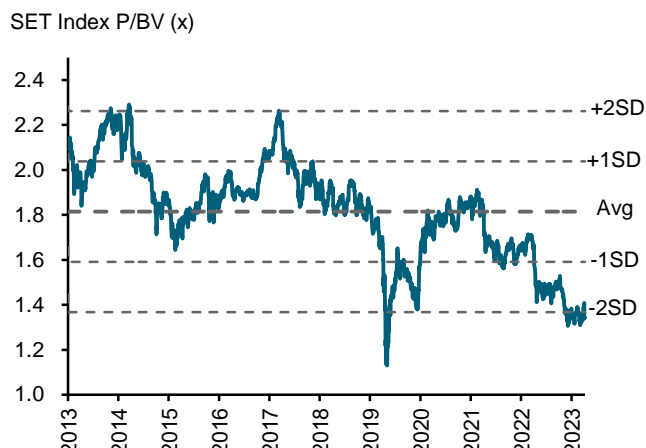
Source: Bloomberg and FSSIA estimates

Exhibit 19: SET historical forward PER



Sources: Bloomberg and FSSIA

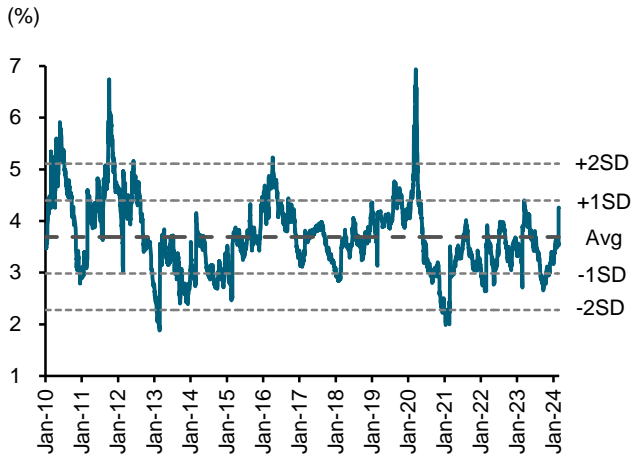
Exhibit 20: SET historical forward P/BV



Sources: Bloomberg and FSSIA

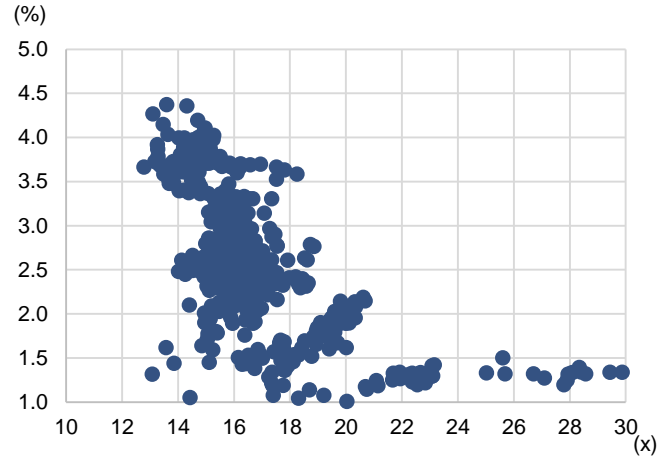


Exhibit 21: SET earnings yield gap



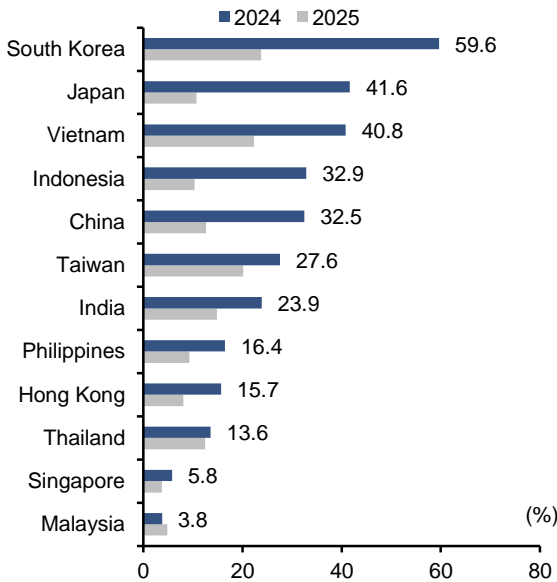
Sources: Bloomberg and FSSIA

Exhibit 22: SET PER vs TH10Y bond yield



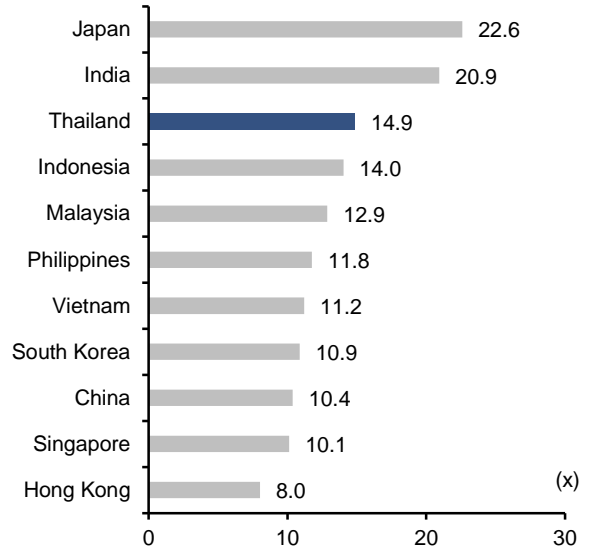
Sources: Bloomberg and FSSIA

Exhibit 23: Asian markets' 2024E earnings growth



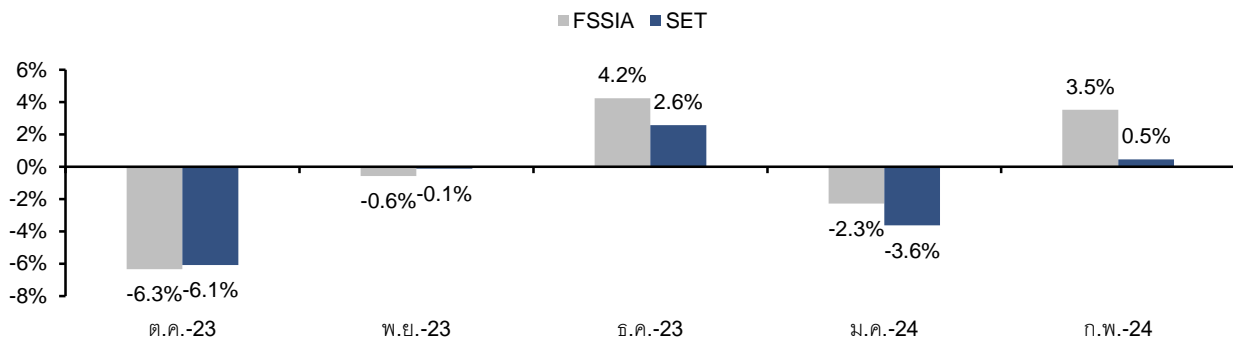
Source: Bloomberg

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 ( <a href="#">DJSI</a> ) 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 ( <a href="#">THSI</a> ) by The Stock Exchange of Thailand ( <a href="#">SET</a> )	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for <b>THSI inclusion</b> , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. <b>SETTHSI Index</b> is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																			
<b>CG Score</b> by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																			
<b>AGM level</b> By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&amp;A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																			
<b>Thai CAC</b> By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																			
<a href="#">Morningstar Sustainability</a>	The Sustainability's ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality &amp; peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+									
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0-10	10-20	20-30	30-40	40+																	
<a href="#">ESG Book</a>	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.																			
<a href="#">MSCI</a>	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td><b>AAA</b></td> <td>8.571-10.000</td> <td rowspan="3"><b>Leader:</b></td> <td rowspan="3">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> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td rowspan="3"><b>Average:</b></td> <td rowspan="3">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> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</td> </tr> <tr> <td><b>CCC</b></td> <td>0.000-1.428</td> <td><b>Laggard:</b></td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570	<b>A</b>	5.714-7.142	<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285	<b>B</b>	1.429-2.856	<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks
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<a href="#">Moody's ESG solutions</a>	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.																				
<a href="#">Refinitiv ESG rating</a>	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																				
<a href="#">S&amp;P Global</a>	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																				
<b>Bloomberg</b>	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																			
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																			

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

Source: FSSIA's compilation

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

#### 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 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.