

# Thailand Market Strategy

## การฟื้นตัวของกำไรใน 1Q24 เป็นหัวใจสำคัญ

- คาดการณ์ปรับลดอัตราดอกเบี้ยของทั้ง Fed และ กนง. จะลดลงจากเศรษฐกิจที่แข็งแกร่งและเงินเฟ้อที่ต่ำโดยเฉพาะในสหรัฐ
- คาดกำไรเริ่มต้นได้ดีใน 1Q24 โตแรง q-q จากฐานต่ำใน 4Q23
- 'Sell in May' ไม่น่าเกิดขึ้นในปีนี้อาจเศรษฐกิจไทยที่เริ่มเร่งตัว คงเป้า SET 1,470 จุด หุ้นเด่นของเราประกอบไปด้วย AOT, BDMS, CPALL, CPN, GPSC, NSL, SHR, SJWD, TIDLOR, และ TU.

### Fed เปลี่ยนโทนจากผ่อนคลายเป็นตึงขึ้น

เจ้าหน้าที่เฟดหลายท่าน รวมถึงประธานเฟดมีท่าทีที่ตึงมากขึ้นในการทำนโยบายทางการเงินจากเศรษฐกิจสหรัฐที่แข็งแกร่ง ขณะเดียวกันอัตราเงินเฟ้อไม่ยอมปรับลง ดีกว่าที่คาด ทำให้ตลาดปรับลดคาดการณ์การลดอัตราดอกเบี้ยในปีนี้อาจเป็น 3 ครั้ง เป็นน้อยกว่า 2 ครั้ง โดยที่ครั้งแรกน่าจะเกิดขึ้นในเดือน ก.ย. 2024 อย่างไรก็ตาม หากเศรษฐกิจสหรัฐยังคงแข็งแกร่ง มีความเป็นไปได้ที่อัตราดอกเบี้ยนโยบายจะคงที่ตลอดทั้งปี ซึ่งส่งผลให้ Bond yield สหรัฐปรับสูงขึ้นและจำกัดการปรับขึ้นของราคาสินทรัพย์เสี่ยง

### คาด ธปท. จะลดการลดดอกเบี้ยจากเศรษฐกิจและเงินเฟ้อที่สูงขึ้น

ธปท. ส่งสัญญาณนโยบายทางการเงินที่ตึงตัวมากกว่าที่เราเคยคาดเช่นกัน โดยย้ำว่าอัตราดอกเบี้ยในระดับปัจจุบันไม่เป็นแรงกดดันต่อการเติบโตของเศรษฐกิจ ขณะที่อัตราเงินเฟ้ออาจทยอยปรับสูงขึ้นและถึงเป้า 1-3% ภายในสิ้นปี 2024 ประกอบกับ ธปท. คาดการณ์ว่า GDP ของไทยจะปรับเพิ่มขึ้นราว 1% q-q ในทุกไตรมาสในปีนี้อ ความเสี่ยงจากอัตราเงินเฟ้อที่อาจสูงกว่าคาด และความไม่แน่นอนทางภูมิรัฐศาสตร์ในตะวันออกกลาง อาจทำให้ กนง. ตรึงอัตราดอกเบี้ยในระดับปัจจุบันตลอดทั้งปี อย่างไรก็ตาม ความเป็นไปได้ในการลดอัตราดอกเบี้ย 1 ครั้งยังมีอยู่หากเศรษฐกิจไทยแยกจากคาด

### คาดการณ์กำไร 1Q24 ก้าวกระโดด q-q

เราคาดการณ์กำไรรวมใน 1Q24 +44% q-q, -1% y-y กำไรที่โตก้าวกระโดด q-q เกิดจากฐานต่ำใน 4Q23 กำไรของกลุ่มธนาคารที่เติบโต ได้อานิสงส์จากค่าใช้จ่ายและการตั้งสำรอง ECL ที่ลดลง ขณะที่กลุ่มพลังงานน่าจะมีกำไรจากสต็อกและค่าการกลั่นอยู่ในเกณฑ์สูง กลุ่มท่องเที่ยวและขนส่งควรจะมีกำไรที่ดีตามฤดูกาล สำหรับกลุ่มที่เกี่ยวข้องกับการบริโภค ไม่ว่าจะเป็นกลุ่มค้าปลีก อาหาร การแพทย์ ไฟแนนซ์ และ ICT คาดว่าจะฟื้นตัวอย่างแข็งแกร่งตามการบริโภคในประเทศที่ฟื้นต่อเนื่อง อย่างไรก็ตาม กลุ่มอสังหาริมทรัพย์ คาดว่าจะเป็นกลุ่มที่กำไรแย่งที่สุด ลดลงทั้ง q-q, y-y

### 'Sell in May' ไม่น่าเกิดขึ้นในปีนี้อาจคงเป้า SET Target

เรายังคงยืนยันการฟื้นตัวอย่างแข็งแกร่งของกำไรของ บจ. เริ่มตั้งแต่ใน 1Q24 และคงเป้า SET Target 1,470 จุด ปัจจุบัน SET มี 2024 P/E 14.8 เท่า โดย Earnings yield gap ยังคงกว้างประมาณ 4% ถือว่าน่าสนใจมากพอสำหรับการลงทุนระยะกลาง-ยาว การลงทุนยังคงเน้นเลือกหุ้นที่มีแนวโน้มกำไรแข็งแกร่ง และ Valuations ไม่แพง โดยหุ้นเด่นของเราประกอบไปด้วย AOT, BDMS, CPALL, CPN, GPSC, NSL, SHR, SJWD, TIDLOR, และ TU.



#### Veeravat Virochpoka

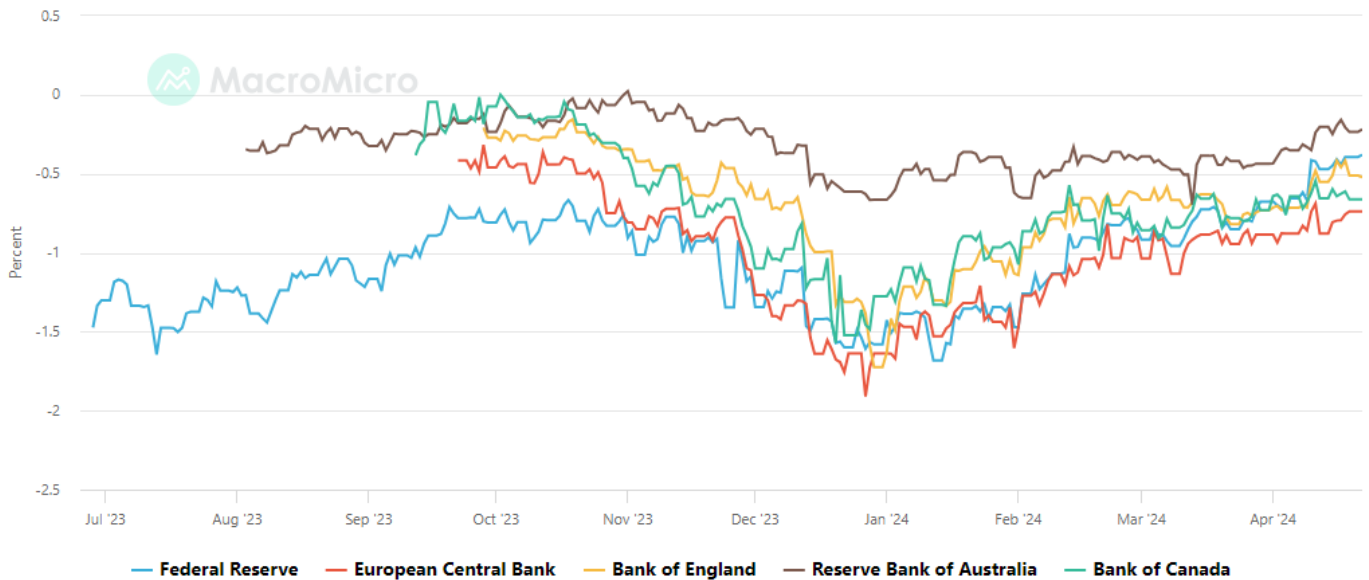
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The Chairman of The Audit Committee and Independent Director of Finansia Syrus Securities PCL is also AOT's Chairman of Board of Directors.

## From dovish to hawkish FED

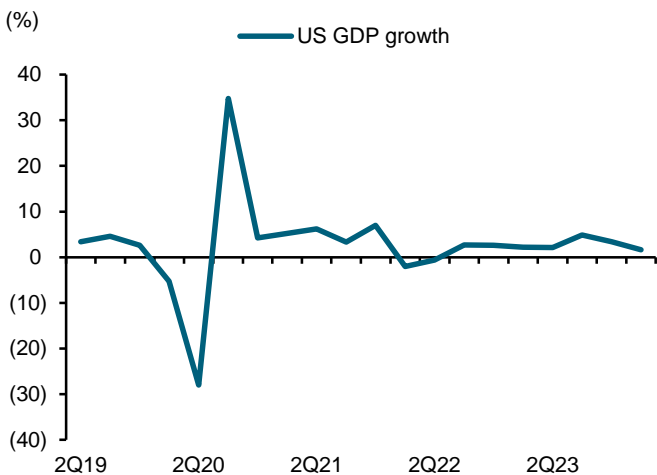
Just only two weeks after the latest Federal Open Market Committee (FOMC) meeting in late March 2024, many Fed officials turned hawkish on the central bank policy outlook after the US economy seemed stronger than previously anticipated. As a result, the US Federal Reserve (Fed) and International Monetary Fund (IMF) raised their 2024E GDP growth to +2.1% and +2.7%, respectively. Additionally, the inflation rate was likely to be stickier than previous expectations. According to the latest data, the US 1Q24 GDP grew by 1.6% q-q SAAR, missing market expectations due mainly to a decrease in inventory investment and a surge in imports. On the other hand, the US core PCE stayed at +2.8% y-y in March 2024 and +3.7% annualized in 1Q24, way above its long-term target of 2% by 2026. These factors made investors less dovish on the FED rate cuts and convinced the market to reduce its rate cut projection from three to less than two. We think the FED will hold its policy rate at 5.25-5.50% this month and maintain a hawkish view on higher-for-longer interest rates. The first cut may happen in September 2024. However, if the US economy continues to show stronger-than-expected data, it may force the FED to hold its policy rates throughout this year. This has driven US two-year and 10-year bond yields up by c40 bps to c5% and c4.6%, respectively, resuming pressure on risky assets after a strong rally YTD.

Exhibit 1: World Central Banks Rate Hike/Cut Expectations (2024)



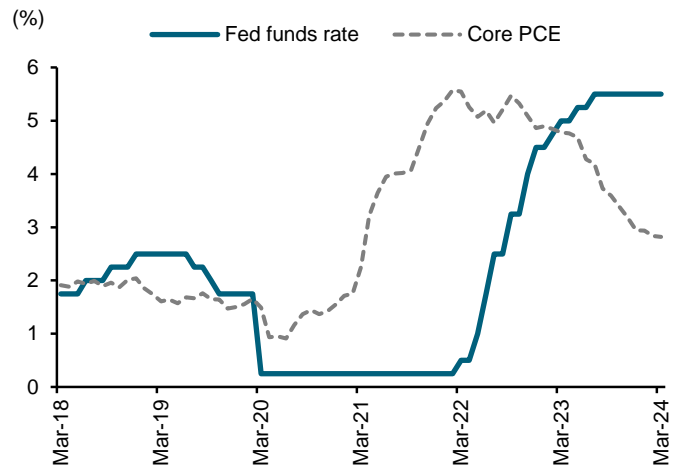
Source: MacroMicro

Exhibit 2: US GDP q-q SAAR



Sources: US Bureau of Economic Analysis and Bloomberg

Exhibit 3: US core PCE and Fed funds rate



Sources: US Bureau of Economic Analysis and Bloomberg

### MPC rate cut probability fades; we expect no or only one cut this year

In Thailand, the Monetary Policy Committee (MPC) held its policy rate at 2.5% at a meeting on 10 April 2024, in line with our forecast. However, the BoT’s comments at the press conference were more hawkish than our estimate, insisting that the current policy rate would not pressure short-term economic growth and remain consistent with longer-term sustainable growth and financial stability. Meanwhile, headline inflation should gradually rise and hit its target of 1-3% by end-2024 after staying negative for six months. They triggered the bond market to react, as seen from TH 2Y and 10Y bond yields, which jumped by c25 bps to 2.38% and 2.75% from their low in March 2024, implying one less interest rate cut.

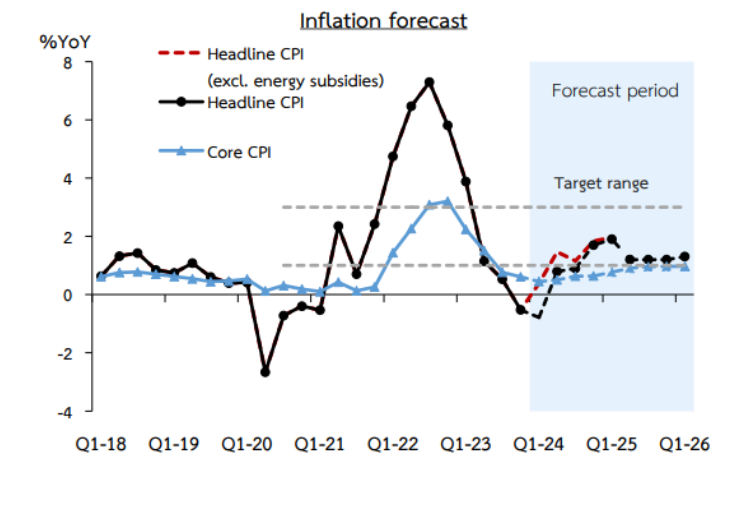
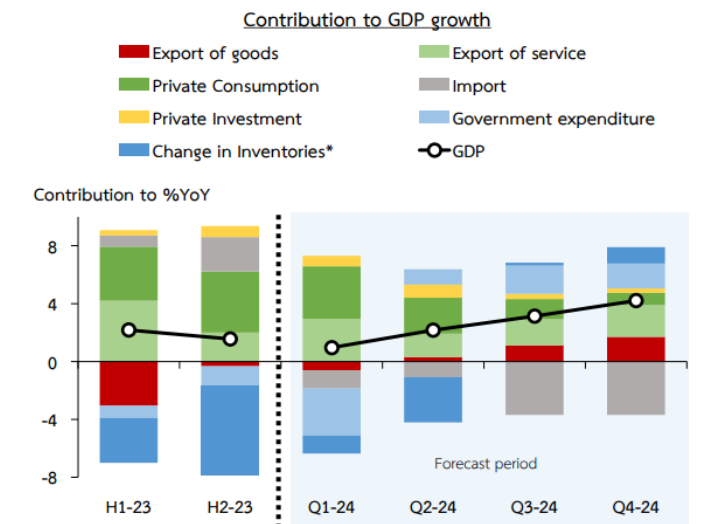
Meanwhile, the MPC expects Thai GDP to show c1% higher average q-q growth each quarter this year, equivalent to c4% annualized and higher than the long-term potential growth rate, thanks to upcoming spikes in government spending and investment starting in 2Q24. Besides, a digital wallet scheme in 4Q24 to inject money would be a plus.

Moreover, there are some upside risks for inflation from the stronger-than-expected global economy and geopolitical uncertainty in the Middle East, which could support crude prices to stay high after a strong rally of c14% YTD. According to the latest data, the government has allowed the B7 diesel price to rise by THB1 per liter to THB30.94 per liter after an excise tax cut ended. However, it could be much higher if the government does not extend its subsidy program. In addition, the government’s target to raise Thailand’s minimum wage from THB345 to THB400 per day within this year could be another factor to push CPI higher along with increased purchasing power.

Hence, we think the committee may hold its policy rate at 2.5% by a majority decision at a meeting in June 2024 and leave it unchanged throughout this year. Should the Thai economy grow slower than expected, we see a probability of only one rate cut in 2H24 rather than two from the BoT.

Exhibit 4: Quarterly TH GDP growth and contribution

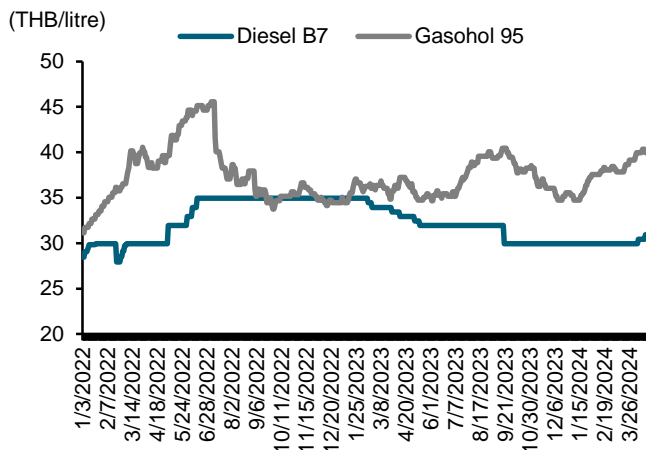
Exhibit 5: Inflation forecast by the MPC



Sources: NESDC and BoT

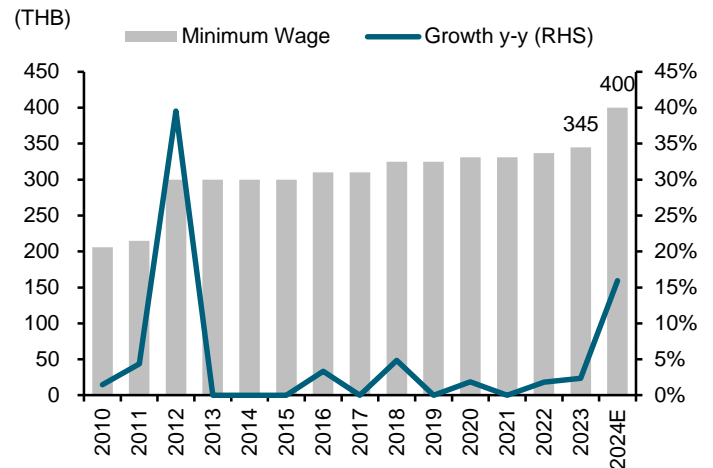
Source: MPC

Exhibit 6: Thailand's Retail Oil Prices



Sources: PTT and Aspen

Exhibit 7: Thailand's Minimum Wage



Source: Ministry of Labour

### Expect a good start from 1Q24 earnings season after Banks' results beat expectation

Based on our banking report published on 23 April 2024, the seven banks under our coverage delivered a recovery in 1Q24. Their aggregate net profit amounted to THB54.9b (+29% q-q, +10% y-y), exceeding our forecast by 9% and the consensus by 5%. PPOP also increased by 9.3% q-q and 4.4% y-y to THB114.4b. The increase in q-q net profit came from a decline in 1) operating expenses post-seasonal effect in 4Q23 and 2) ECLs and credit costs. In addition, non-NII, particularly FVTPL investment gains, performed much better than expected, producing positive effects that outpaced a decrease in NII and NIM. For a q-q comparison, all banks posted a net profit increase except for TISCO, which showed a slight decline. KKP, KTB, KBANK, and BBL were top performers, while TISCO was the worst. For a y-y comparison, all reported net profit growth except KKP and TISCO, which marked a y-y decline, with TTB and KBANK performing the best and KKP performing the worst.

After a good kick-off from the banking sector, based on the 106 listed companies under our coverage that we have preview numbers, we expect their aggregate 1Q24 net profit to jump 44% q-q and ease 1% y-y. The significant y-y increase should come mainly from big sectors, especially banks and energy, which had a low base in 4Q23. In particular, banks have benefited from lower ECL and operating expenses, while energy should see solid operation and stock gain thanks to higher crude prices and refinery margins. Transportation and tourism (except MINT) should show strong growth from Thailand's peak tourism season. Moreover, consumption-related sectors may also report a strong recovery, led by commerce, food, healthcare, financial services, and ICT, in line with economic and domestic demand recovery. On the other hand, property should show negative q-q and y-y growth, the worst performer. If 1Q24 is in line, it provides a good start for the year and accounts for 23% of our 2024E net profit.

Exhibit 8: 1Q24 earnings results summary of seven banks

	1Q23	2Q23	3Q23	4Q23	1Q24	Change		2024E	% of 2024E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(y-y %)
BBL	7,570	11,294	11,350	8,863	10,524	19	4	42,037	25
KBANK	3,191	10,994	11,282	9,388	13,486	44	26	41,942	32
KKP	1,430	1,408	1,281	6,111	1,506	125	(28)	5,798	26
KTB	8,109	10,156	10,282	10,995	11,078	81	10	37,621	29
SCB	7,143	11,868	9,663	4,867	11,281	3	3	44,063	26
TISCO	1,804	1,854	1,874	670	1,733	(3)	(3)	6,732	26
TTB	3,847	4,566	4,735	1,782	5,335	10	24	19,523	27
<b>Total</b>	<b>33,094</b>	<b>52,140</b>	<b>50,467</b>	<b>42,676</b>	<b>54,943</b>	<b>29</b>	<b>10</b>	<b>197,716</b>	<b>28</b>

Sources: Company data; FSSIA's compilation

## Exhibit 9: 1Q24 earnings forecasts by sector

Sector	1Q24E	4Q23	1Q23	----- Change -----		2024E	% to 2024E
	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(%)
Bank	56,978	44,107	51,683	29	10	204,705	28
Energy	37,290	17,294	35,362	116	5	141,957	26
Commerce	14,272	17,005	13,597	(16)	5	60,668	24
Property	11,690	18,035	12,304	(35)	(5)	57,678	20
ICT	9,971	(132)	9,180	7,680	9	44,796	22
Transportation	8,935	9,550	4,880	(6)	83	32,522	27
Financial	6,822	6,346	6,419	7	6	28,857	24
Healthcare	6,319	5,780	5,614	9	13	26,580	24
Electronics	5,209	5,315	4,226	(2)	23	25,641	20
Cons. Mat	3,472	(61)	18,536	5,795	(81)	32,027	11
Packaging	1,480	1,263	1,261	17	17	6,267	24
Tourism	876	1,686	17	(48)	5,170	10,942	8
Food	520	(15,153)	1,979	103	(74)	35,573	1
Agri	418	410	298	2	40	1,478	28
Construction	370	295	508	25	(27)	2,671	14
Professional	217	211	159	3	36	891	24
Media	170	(2,792)	(29)	106	686	376	45
Auto	53	52	61	3	(13)	166	32
Petro	(293)	5,081	82	(106)	(455)	8,580	-3
<b>Grand Total</b>	<b>164,767</b>	<b>114,295</b>	<b>166,139</b>	<b>44</b>	<b>(1)</b>	<b>722,377</b>	<b>23</b>
Excl. Energy & Petro	127,770	91,919	130,694	39	(2)	571,839	22
Excl. Banking	107,789	70,188	114,456	54	(6)	517,671	21
Excl. Energy & Petro and Banking	70,792	47,812	79,011	48	(10)	367,134	19

Source: Bloomberg, FSSIA estimates, and SETSMART

## 'Sell-in-May' unlikely to happen this year

For the last ten years, the SET index recorded an average loss of 0.3% in May, with a loss probability of 50% (five out of 10 years). However, we see a lower chance for this phenomenon this year because listed companies should report a healthy recovery in their 1Q24 earnings, as mentioned above. Meanwhile, Thai GDP should recover from its bottom in 4Q23 and grow q-q every quarter this year. Moreover, we saw the selling pressure from foreign outflows ease from February to April 2024, with a lower net sell position of only THB1bn (excluding big lots of AWC) on the spot market and net long positions of over 100,000 contracts on index futures. Hence, we expect a muted 'Sell-in-May' phenomenon this year.

## Exhibit 10: SET index monthly historical performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
<b>10-year average</b>	<b>1.3</b>	<b>(0.4)</b>	<b>(0.9)</b>	<b>1.5</b>	<b>(0.3)</b>	<b>(0.1)</b>	<b>0.7</b>	<b>1.3</b>	<b>(1.7)</b>	<b>(0.7)</b>	<b>1.1</b>	<b>0.2</b>
2024	1.3	(0.4)	(0.9)	(1.2)								
2023	0.2	(2.9)	(0.8)	(5.0)	0.3	(2.0)	3.5	0.6	(6.0)	(6.1)	(0.1)	2.6
2022	(0.5)	2.2	0.6	(1.6)	(0.2)	(5.7)	0.5	4.0	(3.0)	1.2	1.7	2.0
2021	1.2	2.0	6.0	(0.3)	0.7	(0.4)	(4.2)	7.7	(2.0)	1.1	(3.4)	5.7
2020	(4.2)	(11.5)	(16.0)	15.6	3.2	(0.3)	(0.8)	(1.4)	(5.6)	(3.4)	17.9	2.9
2019	5.0	0.7	(0.9)	2.1	(3.2)	6.8	(1.1)	(3.3)	(1.1)	(2.2)	(0.7)	(0.7)
2018	4.2	0.2	(2.9)	0.2	(3.0)	(7.6)	6.7	1.2	2.0	(5.0)	(1.6)	(4.8)
2017	2.2	(1.1)	1.0	(0.6)	(0.3)	0.8	0.1	2.5	3.5	2.9	(1.4)	3.3
2016	1.0	2.4	5.7	(0.2)	1.4	1.5	5.5	1.6	(4.2)	0.8	1.0	2.2
2015	5.6	0.4	(5.1)	1.4	(2.0)	0.6	(4.3)	(4.0)	(2.4)	3.4	(2.5)	(5.3)
2014	(1.9)	4.0	3.8	2.8	0.1	5.0	1.1	3.9	1.5	(0.1)	0.6	(6.0)

Source: Bloomberg

## Maintain our SET target at 1,470 and selective strategy

We reaffirm that companies' earnings have already bottomed in 4Q23 and should recover strongly starting from 1Q24, as data showed above. We maintain our 2024 SET target of 1,470, based on an EPS of THB91.50 and a PER of 16x, SD -0.35 of its ten-year average. Although the index is trading at 2024 PER of 15x, it will significantly decrease to c13.6x, close to SD -1 if we exclude DELTA. Moreover, the earnings yield gap still stands at a high level of around c4% vs its ten-year average of 3.7%. Hence, we think the current index is quite attractive for medium-to-long-term investment, with a selective strategy focusing on stocks with strong earnings outlooks and attractive valuations since they could help them to outperform.

### FSSIA's portfolio update

We **remove BCH** (BUY, TP THB25) from our portfolio based on:

- Expect 1Q24 core profit to drop 27% q-q but grow 22% y-y to THB310m from strong Thai patient revenue while international patient revenue should decline y-y after Kuwait's government cut payment guarantees for citizens seeking treatment overseas.
- We expect 2Q24 to remain unattractive, with a prolonged q-q drop due to a low season, and Kuwaiti patients to only pick up in 2H24.
- We decreased our 2024-26E core profit by 2-6% to reflect lower international patient revenue. The current share price is trading at 30x 2024E P/E, relatively in line with its 5-year average.

We **add BDMS** (BUY, TP THB35) into our portfolio based on:

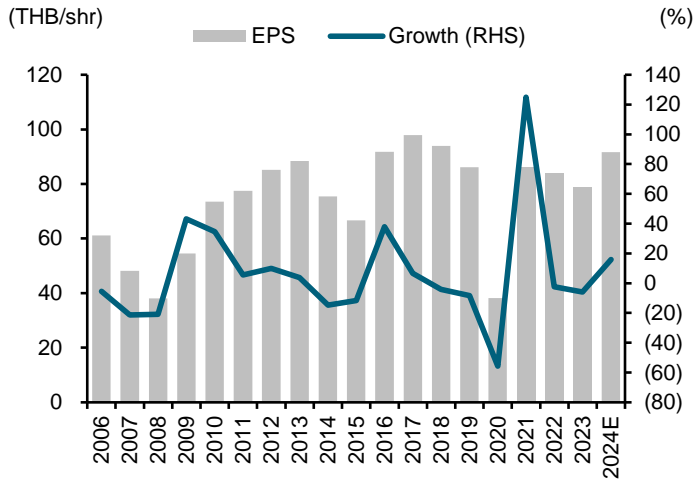
- Expect 1Q24 core profit to hit a new record high and grow 16% y-y to THB4.0b, driven by both Thai and international patient revenue;
- We anticipate strong earnings growth momentum in 2Q24 due to a smaller impact from Ramadan.
- The current share price is trading at a 2024 PER of 28x, below its five-year average of 31x.

We **add TU** (BUY, TP THB17.30) back into our portfolio based on:

- We expect a 1Q24 net profit of THB832m, a turnaround from a significant loss in 4Q23, while core profit should be at THB882m (-25% q-q, +9% y-y).
- We project 1Q24 to be the lowest point of the year and expect positive momentum in 2Q-3Q24 in terms of earnings growth, driven by seasonal factors and improving order trends.
- The current share price is trading at a 2024 PER of only 13.5x, below its five-year average of 14.6x.

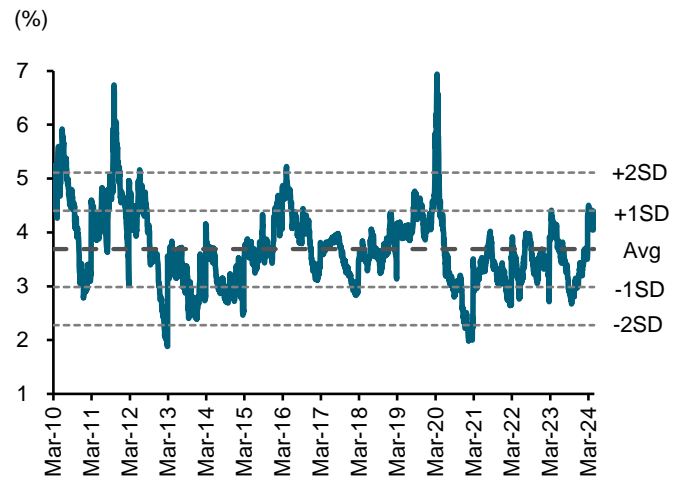
As a result, our 2024 favorites are **AOT, BDMS, CPALL, CPN, GPSC, NSL, SHR, SJWD, TIDLOR, and TU**.

Exhibit 11: SET EPS



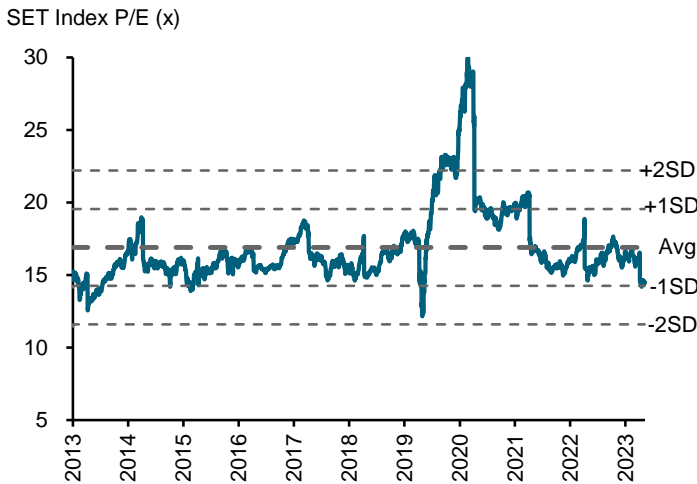
Sources: Bloomberg and FSSIA estimates

Exhibit 12: SET earnings yield gap



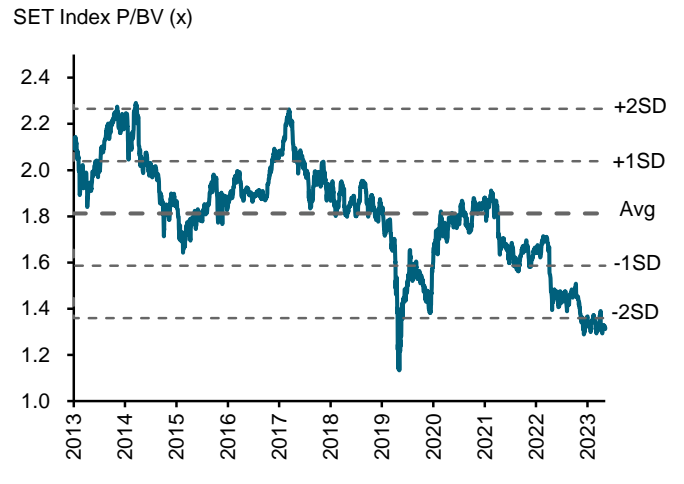
Source: Bloomberg and FSSIA

Exhibit 13: SET historical forward PER



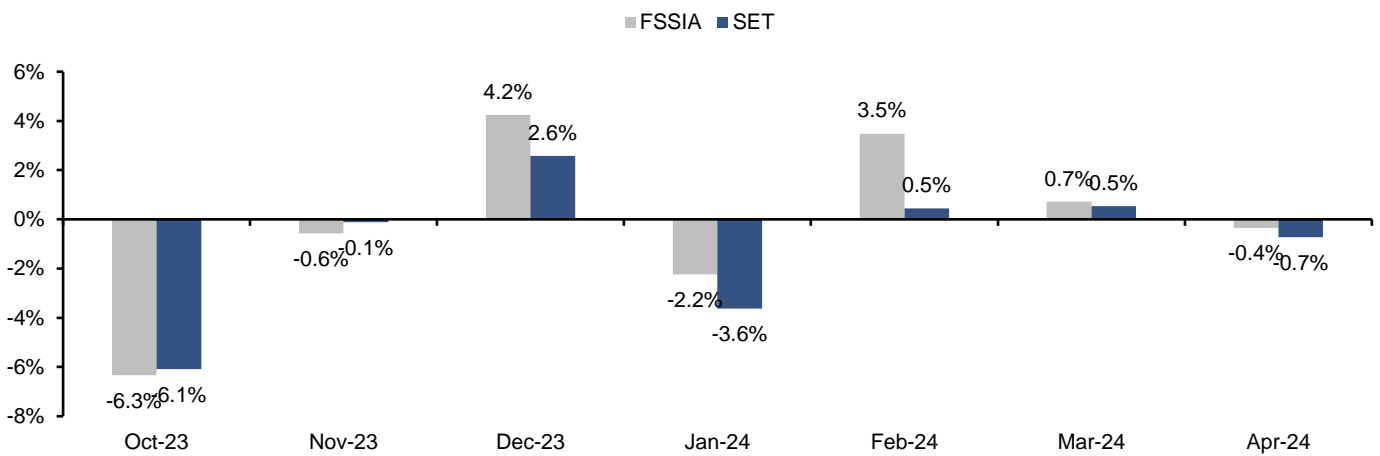
Sources: Bloomberg and FSSIA

Exhibit 14: SET historical forward P/BV



Sources: Bloomberg and FSSIA

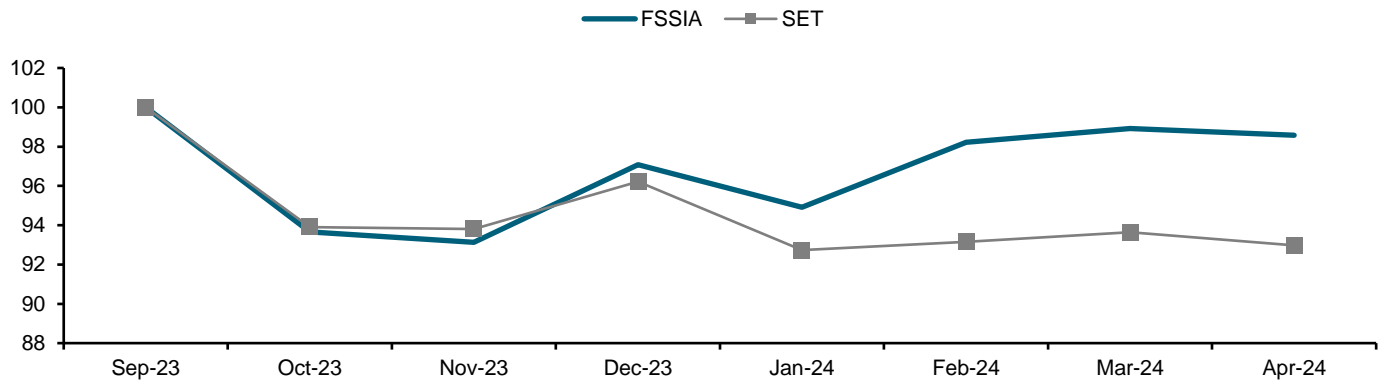
Exhibit 15: Return of FSSIA's portfolio vs SET index



Sources: SETSMART and FSSIA



Exhibit 16: Return of FSSIA's portfolio vs SET index (September 2023 = 100)



Sources: SETSMART and FSSIA

Exhibit 17: Summary of key valuations for FSSIA's top picks

Company	BBG code	-- Share price --			Recurring net profit		-- NP growth --		----- P/E -----			PBV	DivYld	ROE	SET ESG Rating	FSSIA ESG Rating
		Current (THB)	Target (THB)	Up side (%)	24E (THB m)	25E (THB m)	24E (y-y%)	25E (y-y%)	24E (x)	25E (x)	26E (x)					
Airports of Thailand	AOT TB	64.25	75.00	17	19,480	27,869	110.7	43.1	47.1	32.9	26.9	7.1	0.9	16.2	A	★★★★
Bangkok Dusit Medical Services	BDMS TB	28.75	35.00	22	16,413	17,928	14.2	9.2	27.8	25.5	23.2	4.5	2.4	16.8	AA	★★★★
CP All	CPALL TB	56.75	77.00	36	21,037	24,588	16.0	16.9	24.2	20.7	18.3	4.6	2.1	18.1	AAA	★★★★
Central Pattana	CPN TB	62.00	83.00	34	15,858	17,107	5.8	7.9	17.5	16.3	15.3	2.8	2.8	16.5	AA	★★★★★
Global Power Synergy	GPSC TB	48.75	59.00	21	4,938	6,866	27.9	39.0	27.8	20.0	0.0	1.3	3.1	4.6	AA	★★★★
NSL Foods	NSL TB	25.75	36.00	40	434	508	30.2	17.1	17.8	15.2	13.1	4.4	3.3	26.3	-	-
S Hotels and Resorts	SHR TB	2.42	4.00	65	307	525	285.2	70.9	28.3	16.6	14.4	0.5	1.4	1.9	A	★★
SCGJWD Logistics	SJWD TB	14.70	23.00	56	1,179	1,373	51.4	16.5	22.6	19.4	17.4	1.2	1.8	5.2	AA	★★★
Ngern Tid Lor	TIDLOR TB	20.80	27.00	30	4,671	5,551	23.2	18.8	13.0	10.9	9.4	1.9	2.3	15.4	-	★★
Thai Union Group	TU TB	14.70	17.30	18	5,043	5,593	nm	10.9	13.6	12.2	11.1	1.2	4.1	8.7	-	★★★★

Share prices as of 29 Apr 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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<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 64.25	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 Dusit Medical Services	BDMS TB	THB 28.75	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) higher-than-expected capex and opex for CoE projects.
CP All	CPALL TB	THB 56.75	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 62.00	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 48.75	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.
NSL Foods	NSL TB	THB 25.75	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.
S Hotels and Resorts	SHR TB	THB 2.42	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
SCGJWD Logistics	SJWD TB	THB 14.70	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 20.80	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 14.70	BUY	Downside risks to our SoTP-based 2024 TP include 1) a slower-than-expected revenue recovery; 2) a disruption on shipping routes, resulting in higher-than-expected freight costs; 3) a slower decrease in raw material costs than expected; 4) higher-than-expected labor costs and labor shortages; and 5) stronger Baht than expected.

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-Apr-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.