

Thailand Market Strategy

Upside ระยะสั้นมีจำกัดแต่ยังมีหวังในช่วง 2H24

- ช่วงเวลาที่ Fed จะปรับลดอัตราดอกเบี้ยยังไม่แน่นอนจากตลาดแรงงานและเศรษฐกิจสหรัฐฯที่อยู่ในเกณฑ์ดี และทำให้เงินเฟ้อยังปรับลงช้า เราเชื่อว่าการลดดอกเบี้ยครั้งแรกน่าจะเกิดขึ้นใน 4Q24
- เศรษฐกิจไทยยังทยอยเร่งตัวขึ้นจากการเบิกจ่ายเงินงบประมาณใน 2Q24-2H24 ในขณะที่ความไม่แน่นอนทางการเมืองของไทยเป็นประเด็นความกังวลที่ต้องติดตาม
- เรามองว่าตัวเลขคาดการณ์ EPS ปี 2024 มี Downside จำกัดหลังกำไร 1Q24 ออกมาดีเกินคาด คงเป้า SET ของเราไว้ที่ 1,470

การปรับลดอัตราดอกเบี้ยของ Fed ยังไม่แน่นอนโดยน่าจะเกิดขึ้นใน 4Q24

ดัชนีราคาผู้บริโภค (CPI) ของสหรัฐฯ ชะลอตัวในเดือน เม.ย. หลังเร่งตัวขึ้นใน 2-3 เดือนที่ผ่านมา อย่างไรก็ตามเรายังคงกังวลว่าความก้าวหน้าในด้านดังกล่าวยังไม่มากพอที่จะทำให้ Fed พิจารณาปรับลดอัตราดอกเบี้ยในเร็ววันนี้เนื่องจากคณะกรรมการฯ ยังต้องการเห็นความก้าวหน้าเพิ่มขึ้นจากตัวเลขในด้านต่าง ๆ ในช่วงหลายเดือนข้างหน้าเพื่อให้มั่นใจว่าเงินเฟ้อจะทยอยลดลงสู่เป้าหมายที่ 2% เราคิดว่าการปรับลดอัตราดอกเบี้ยครั้งแรกอย่างรวดเร็วที่สุดอาจเกิดขึ้นในเดือน ก.ย. 2024 อย่างไรก็ตามเรายังคงคาดว่า การปรับลดน่าจะเกิดขึ้นใน 4Q24 แต่หากเศรษฐกิจสหรัฐฯยังออกมาดีกว่าคาดอย่างต่อเนื่อง เหตุดังกล่าวอาจบังคับให้ Fed คงอัตราดอกเบี้ยนโยบายไว้ตลอดปีนี้ซึ่งน่าจะจำกัด Upside ของสินทรัพย์เสี่ยงอย่างต่อเนื่อง

คาดการณ์ GDP ของไทยจะเร่งตัวขึ้นใน 2Q24-2H24

หลัง GDP โตดีกว่าคาดใน 1Q24 เรายังมีมุมมองเชิงบวกเกี่ยวกับ Momentum การเติบโตโดยคาดว่า GDP จะโตประมาณ 1% q-q ในทุกไตรมาสของปีนี้จากการเร่งเบิกจ่ายเงินงบประมาณ ในขณะที่ CPI มีแนวโน้มค่อย ๆ ปรับตัวขึ้นจากการสิ้นสุดของนโยบายการเงินอุดหนุนของรัฐ ดังนั้นเราจึงคิดว่า กนง. น่าจะคงอัตราดอกเบี้ยนโยบายตลอดปีนี้ ปัจจัยกดดันสำคัญต่อเศรษฐกิจไทยน่าจะอยู่ที่สงครามการค้าซึ่งอาจกดดันเศรษฐกิจโลกและส่งผลกระทบต่อภาคการส่งออกของไทย

กำไร 1Q24 ที่ออกมาดีจะช่วยจำกัด Downside ที่มีต่อประมาณการกำไรต่อหุ้นในปี 2024

ในภาพรวมกำไรสุทธิรวม 1Q24 สูงกว่าที่เราคาด 10% และคิดเป็น 25% ของประมาณการกำไรสุทธิปี 2024 กำไรดังกล่าวฟื้นตัวจากจุดต่ำสุดใน 4Q23 เราคิดว่าปัจจัยดังกล่าวจะช่วยจำกัด Downside ต่อประมาณการกำไรต่อหุ้นปี 2024 ของเราในปัจจุบันที่ 91.50 บาท เราเห็นการปรับลดประมาณการในกลุ่มสื่อ ปีไตรมาสมี บรรจุกัญธิ รัชหมาย อิเล็กทรอนิกส์ และวัสดุก่อสร้าง อย่างไรก็ตามการปรับลดดังกล่าวชดเชยได้จากการปรับเพิ่มประมาณการในกลุ่มขนส่ง อาหาร สื่อสารฯ และการแพทย์

คงเป้า SET ความไม่แน่นอนทางการเมืองจะกดดันในระยะสั้น

เราคงเป้า SET ในปี 2024 ของเราที่ 1,470 ปัจจุบันตลาดมีการประเมินมูลค่าในระดับที่น่าสนใจสำหรับการลงทุนในระยะยาว โดยดัชนีมีการซื้อขายที่ 2024 PER ที่ 14.7x และมี Earnings yield gap อยู่ที่ประมาณ 4% ซึ่งทั้งสองล้วนต่ำกว่าค่าเฉลี่ยในอดีต แนวโน้มกำไรที่เป็นบวกใน 2Q24-2H24 บอกว่า SET ในฐานะที่เป็นดัชนีชี้วัดสำคัญของเศรษฐกิจน่าจะผ่านจุดต่ำสุดไปแล้วที่ 1,330 อย่างไรก็ตามเรายังคงมี Upside ระยะสั้นจำกัดจากความไม่แน่นอนทางการเมืองจนกว่าคดีของนายกรัฐมนตรีจะมีคำตัดสิน เราคงกลยุทธ์เลือกลงทุนโดยมีหุ้นเด่นในปี 2024 ประกอบด้วย AOT BDMS CPALL CPN GPSC KCG SHR SJWD TIDLOR และ TU



Veeravat Virochpoka

Fundamental Investment Analyst on Securities; License no. 047077
veeravat.v@fssia.com, +66 2646 9965

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

PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 31 พฤษภาคม 2024

Fed's rate cut still uncertain; most likely in 4Q24

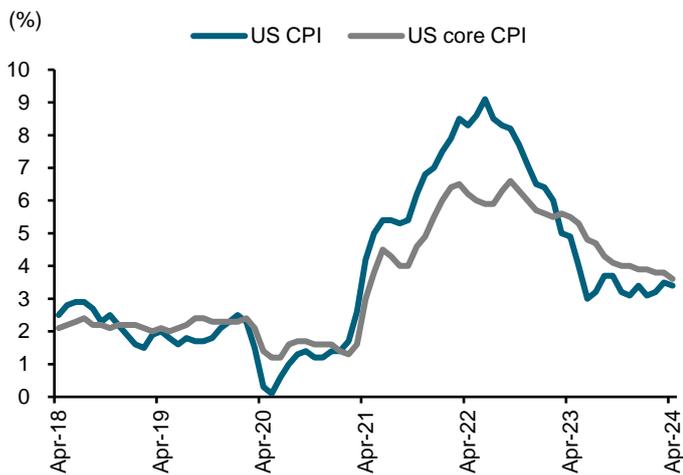
In April 2024, US inflation came in slightly below expectations after accelerating in the past two months. The US Headline CPI increased by 0.3% m-m and 3.4% y-y, while core CPI rose by 0.3% m-m and 3.6% y-y. However, this progress is not enough for the US Federal Reserve (Fed) to consider cutting its rate. The latest Federal Open Market Committee (FOMC) minutes show that the committee has discussed a rate hike if inflation numbers do not come down. The Fed's officials still need to see further progress from data over many more months to gain more confidence that the inflation will gradually fall to its target of 2%, which it expects to reach by 2026. Hence, we think the Fed is likely to maintain its rate at 5.25-5.50%, at least in next two meetings in June and July 2024. The soonest the rate cut may happen would be in September 2024 if the price index shows positive developments, in our view. However, the base case for a rate cut is likely to be in November or December 2024, based on the CME FedWatch Tool. If the US economy continues to show stronger-than-expected data, it may force the FED to hold its policy rate throughout this year, which would continue to limit the upside for risky assets.

Exhibit 1: CME FedWatch Tool – meeting probabilities

Meeting date	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	5.50-5.75
12/06/2024	0%	0%	0%	0%	0%	0%	0%	99%	1%
31/07/2024	0%	0%	0%	0%	0%	0%	12%	87%	1%
18/09/2024	0%	0%	0%	0%	0%	5%	45%	49%	1%
07/11/2024	0%	0%	0%	0%	2%	17%	46%	35%	0%
18/12/2024	0%	0%	0%	1%	9%	31%	41%	18%	0%
29/01/2025	0%	0%	0%	4%	17%	35%	33%	11%	0%
19/03/2025	0%	0%	2%	9%	24%	34%	24%	7%	0%
30/04/2025	0%	1%	4%	14%	27%	31%	19%	5%	0%

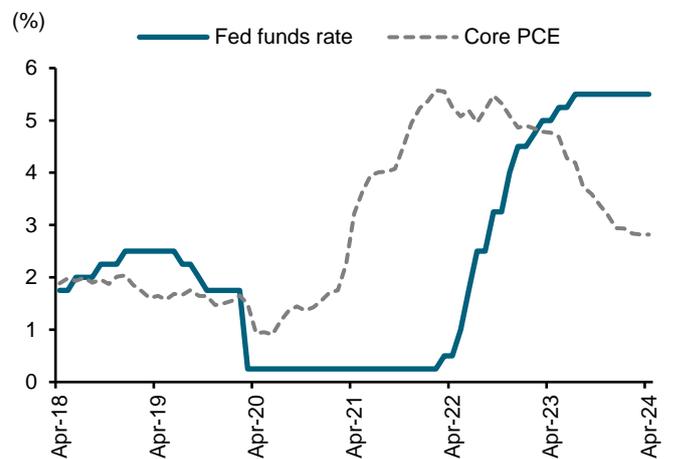
Source: CME FedWatch Tool as of 30 May 2024

Exhibit 2: US CPI and core CPI



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

Trade war is another factor to watch and could pressure economy

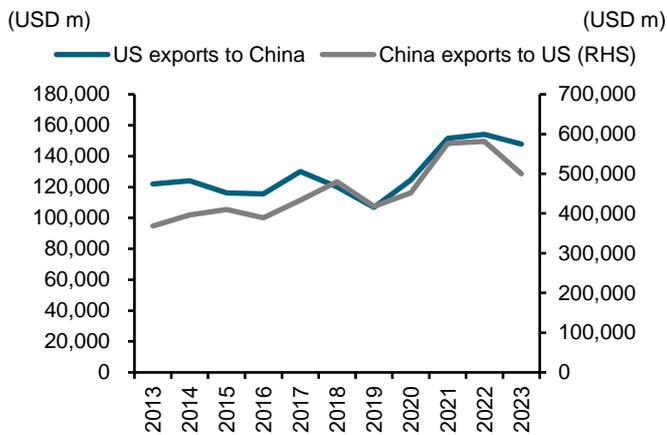
In early 2018, the US and China imposed tariffs on each other’s goods, which pressured trades and their respective economies. To elaborate, US exports to China dropped by 8% and 11% in 2018 and 2019, respectively, while China exports to the US increased by 11% in 2018 but dropped 13% in 2019. However, the US continued to have a trade deficit with China of USD420b in 2018 before narrowing to USD345b in 2019. We did not see significant progress as the deficit amount was quite stable compared to the 2013-17 average of USD350b.

In economic terms, US GDP growth declined from +4.6% q-q SAAR in 4Q17 to 3.3%/2.1%/2.5%/0.6% q-q SAAR in 1Q18-4Q18, respectively. The impact from the trade war was not fully reflected in 2018, as the full-year GDP had accelerated to +3%, compared to +2.5% in 2017. However, it became more pronounced in 2019 as GDP growth dipped to +2.2%. On the other side, China’s economic growth had slowed from +6.9% in 2017 to +6.7% and 6% in 2018-19, respectively, which forced China to shift economic priorities towards domestic consumption and reduce the country’s reliance on exports and open new markets. For inflation, the trade war pushed CPI a little higher, but it was not a key factor to pressure the inflation. The US CPI continued to stay around 2%, in line with the Fed’s target.

Thailand itself was not directly involved in the trade war, though it felt the effects due to its close economic ties with both countries. Thai exports to China had slower growth of 2% in 2018 and turned negative by 3% in 2019, in line with China’s economic deceleration. Meanwhile, exports to the US continued to grow strongly by 6% and 12% in 2018-19, respectively.

We think the upcoming US election should escalate China-US trade tensions during the election campaign and especially if Donald Trump returns as the US President. These factors could be key sources of pressure for the global economy to slow in 2H24-2025 onward.

Exhibit 4: Exports between the US and China



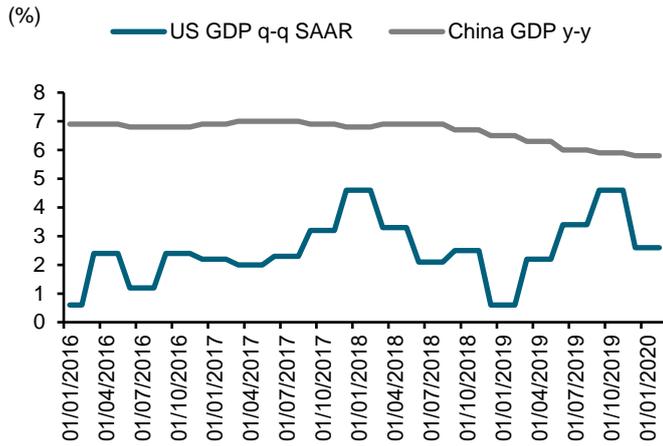
Source: Bloomberg

Exhibit 5: US trade deficit with China



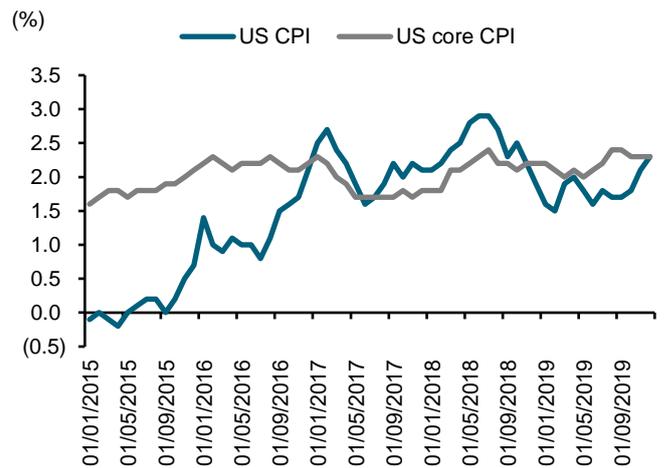
Source: Bloomberg

Exhibit 6: US and China GDP during trade war in 2018-19



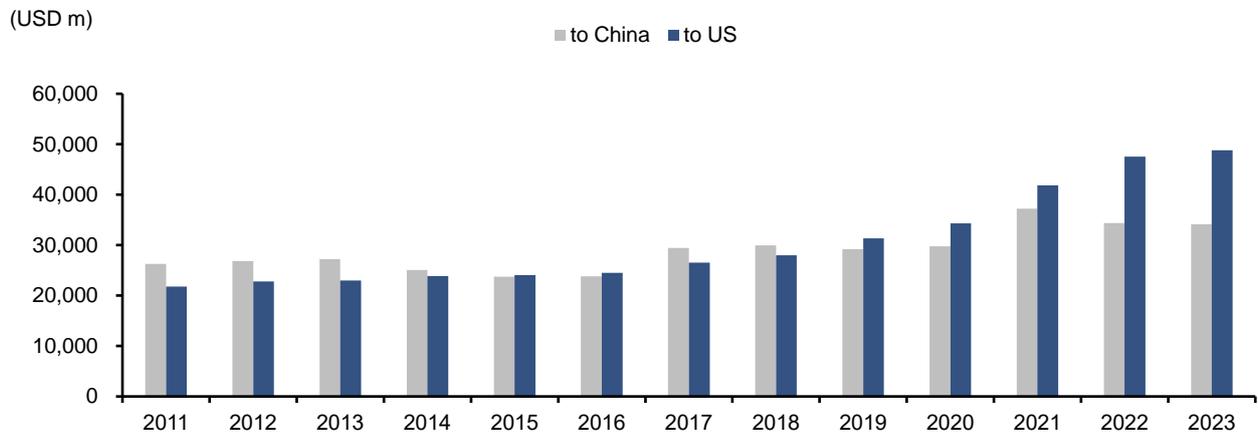
Source: Bloomberg

Exhibit 7: US inflation during trade war in 2018-19



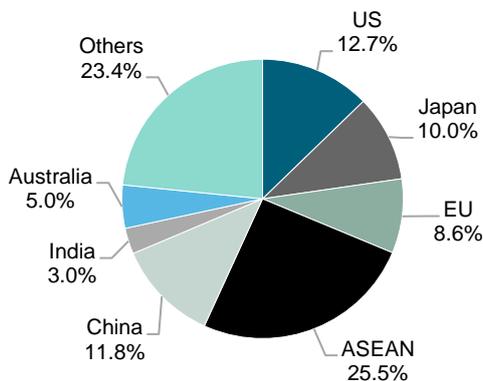
Source: Bloomberg

Exhibit 8: Thailand's exports to China and US



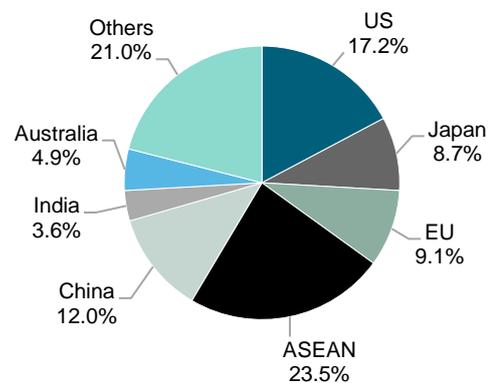
Source: Bloomberg

Exhibit 9: Thailand's exports by country (2019)



Source: Ministry of Commerce

Exhibit 10: Thailand's exports by country (2023)



Source: Ministry of Commerce

Thai GDP acceleration in sight

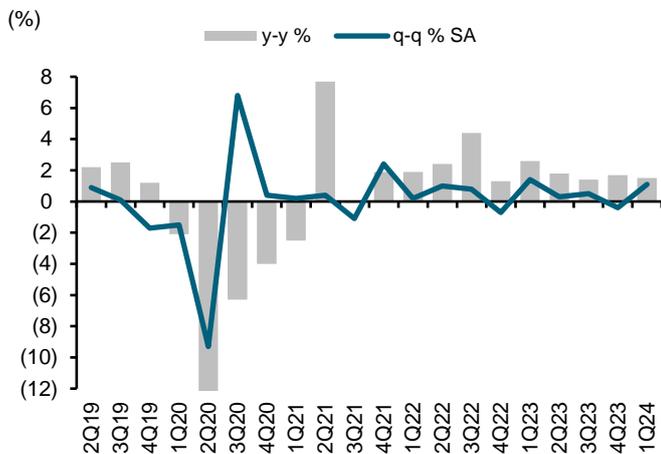
Lately, the Office of the National Economic and Social Development Council (NESDC) reported that Thai GDP grew by 1.1% q-q and 1.5% y-y in 1Q24, beating the market's expectation of +0.6% q-q and +0.8% y-y. Overall, the Thai economy gradually recovered from its bottom in 4Q23 as expected.

The key driver for positive 1Q24 GDP growth remained private consumption, which jumped by 6.9% y-y, supported by low inflation rates, the rise in consumer confidence, and the e-Receipt stimulus package. There were strong numbers in most spending categories, led by food and beverages, restaurants and hotels, utilities, and services such as transport and finance. Private investment remained strong at +4.6% in the quarter from +5% in 4Q23. Goods exports turned negative by 2% y-y due to the high base last year in March 2023. However, service exports continued to jump by 24.8% y-y thanks to the tourism peak season.

The key pressure for the Thai economy in 1Q24 still came from the public segment, which continued to significantly decline y-y, especially investment. To elaborate, public investment plunged by another 27.7% y-y, while public spending continued to decrease by 2.1% y-y due to a delay in the 2024 fiscal budget and a lack of key stimulus packages.

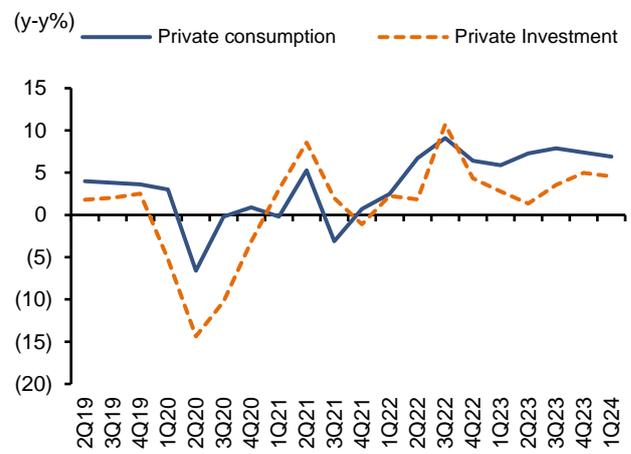
The NESDC has slightly revised its 2024 GDP growth estimate down from 2.2-3.2% y-y to 2-3% y-y, by cutting private investment and exports. However, we still have a positive view on the growth momentum, with the expectation of q-q growth in every quarter this year. We anticipate that the public investment should see a smaller negative or turn positive in terms of y-y growth in the next quarter, as the government has started to accelerate their disbursement in 2Q24. Our calculation finds that if public investment growth turns positive, jumping by c10-20% q-q to a normal level for the next two quarters, it could potentially bolster GDP growth by an additional c0.7-1.5%.

Exhibit 11: Strong GDP growth q-q in 1Q24



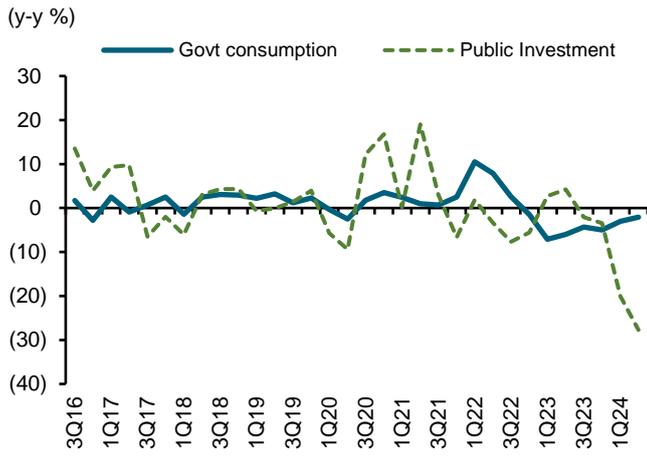
Source: NESDC

Exhibit 12: Private sector continued to show healthy growth



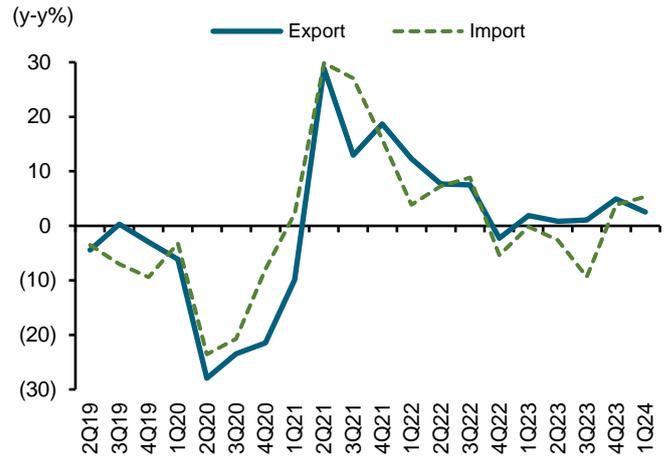
Source: NESDC

Exhibit 13: Public investment is a key pressure



Source: NESDC

Exhibit 14: Goods exports started to recover while services remained strong



Source: NESDC

Exhibit 15: NESDC and BoT economic projections

	2018	2019	2020	2021	2022	2023	NESDC	Bank of Thailand
	(y-y%)	(y-y%)	(y-y%)	(y-y%)	(y-y%)	(y-y%)	2024E	2024E
							(y-y%)	(y-y%)
Real GDP growth	4.2	2.3	(6.4)	1.5	2.6	1.9	2.0-3.0	2.6
Private consumption	4.6	4.0	(0.8)	0.6	6.3	7.1	4.5	3.5
Private investment	4.1	2.7	(8.1)	3.0	5.1	3.2	3.2	3.3
Public consumption	2.6	1.7	1.4	3.7	(0.0)	(4.6)	1.7	1.8
Public investment	2.8	0.1	5.1	3.4	(4.9)	(4.6)	(1.8)	1.0
Export value growth (USD b)	7.5	(3.3)	(6.5)	19.2	5.5	(1.7)	2.0	2.0
Headline inflation	1.1	0.7	(0.8)	1.2	6.1	1.2	0.1-1.1	0.6
Current account to GDP (%)	5.6	7.0	4.2	(2.0)	(3.2)	1.3	1.2	-
Number of tourist arrivals (m)	38.2	39.9	0.0	0.4	11.2	28.1	36.5	35.5

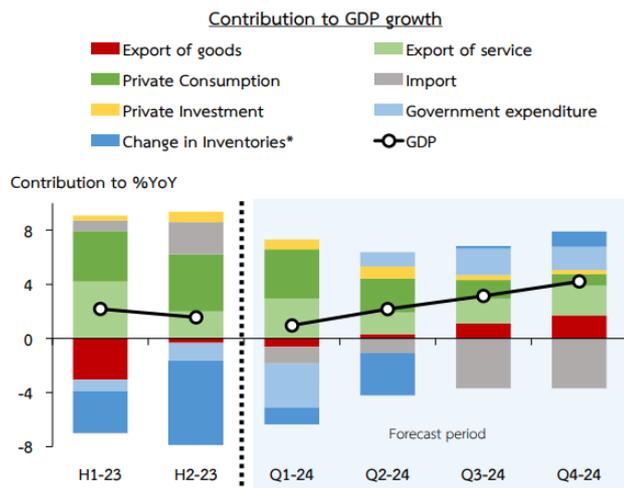
Note: 2024 NESDC and BoT projections do not include the digital wallet scheme
Sources: NESDC and BoT

The MPC likely to hold rate throughout this year

We think the positive momentum for the Thai economy starting in 1Q24 has reduced the probability for the Monetary Policy Committee (MPC) to cut its rate this year. To elaborate, the Bank of Thailand (BoT) has continued to communicate to the market that the problem of low economic growth right now cannot be solved with a rate cut. The central bank also insists that the current policy rate will not pressure short-term economic growth and it will remain consistent with longer-term sustainable growth and financial stability. The BoT expects Thai GDP to grow by c1% q-q each quarter this year thanks to the return of government spending and investment and also anticipates that headline inflation should gradually rise and hit its target of 1-3% by end-2024.

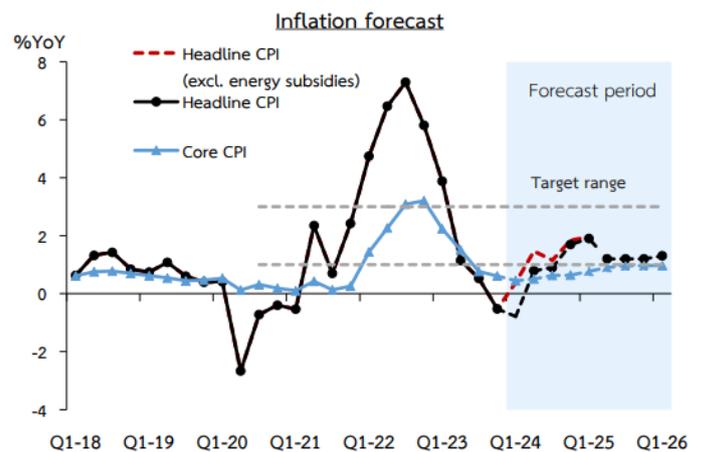
The Thai CPI turned positive in April 2024 at +0.19% y-y after being negative for six months, while core CPI stayed at +0.37% y-y. We see many factors that should increase inflation, such as higher diesel and meat prices, the minimum wage hike of THB400 per day within this year, and the digital wallet scheme in 4Q24. Hence, we retain our view that the MPC will hold its policy rate at 2.5% by a majority decision at the meeting in June 2024 and leave it unchanged throughout this year.

Exhibit 16: Quarterly TH GDP growth and contribution



Sources: NESDC and BoT

Exhibit 17: Inflation forecast by the MPC



Source: MPC

Good start from 1Q24 earnings

Based on 148 companies in our study that have already reported 1Q24 earnings results, the aggregate net profit came in at THB220b (+64% q-q, +4% y-y), beating expectations by 10% and recovering from the bottom in 4Q23. The strong q-q growth was mainly thanks to the energy and banking sectors from the low base effect in 4Q23. Excluding energy, petrochemicals and banking, the aggregate net profit increased by 84% q-q and 4% y-y.

The best performer in 1Q24 was the food sector (both upstream and downstream), which turned around from a net loss in 4Q23 and jumped 182% y-y, beating expectations by 3x. Moreover, most domestic and service sectors, i.e. banking, telecommunications, transportation services, tourism, healthcare, and commerce, showed healthy earnings growth, had strong net profit growth, and beat estimates by 4-20%. Meanwhile, property development was the worst performer for the domestic sector, with a decline in earnings both q-q and y-y. On the other hand, global-related sectors, i.e. electronics, automotive, and petrochemicals, had dull results due to lower demand from the global economic slowdown.

Exhibit 18: 1Q24 earnings results by sector (148 companies in our study)

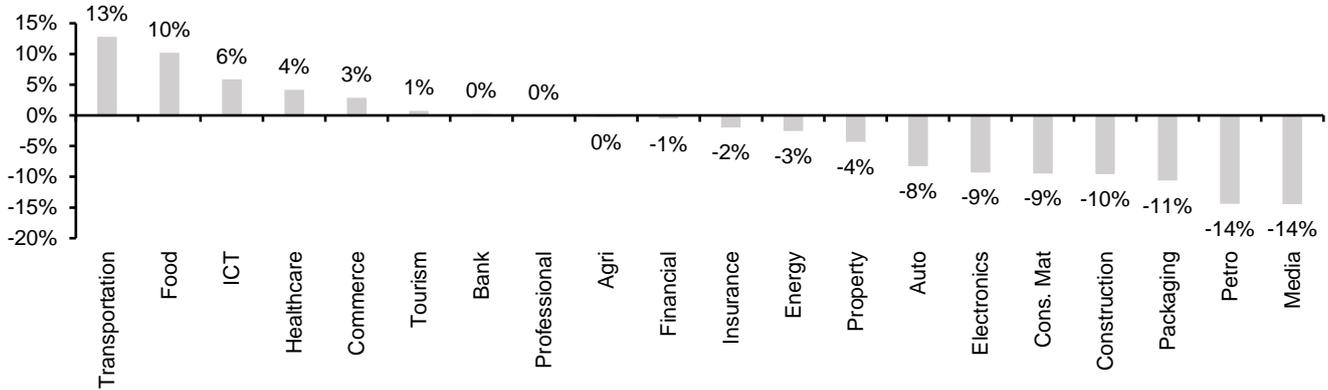
Sector	1Q24	4Q23	1Q23	Change		1Q24E	Beat / Missed	2024E	% to 2024E
	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(%)	(THB m)	(%)
Energy	73,854	49,054	73,266	51	1	72,501	2	260,087	28
Banking	56,704	44,107	51,683	29	10	51,978	9	204,659	28
Commerce	15,470	17,506	14,142	(12)	9	14,823	4	63,387	24
Property	13,748	18,998	14,584	(28)	(6)	12,638	9	64,498	21
ICT	11,717	179	9,365	6,430	25	10,178	15	46,008	25
Transportation	10,697	4,806	4,929	123	117	8,884	20	35,654	30
Financial	8,029	7,466	7,242	8	11	7,528	7	33,438	24
Healthcare	7,150	6,537	6,135	9	17	7,070	1	30,091	24
Electronics	5,136	5,315	4,226	(3)	22	5,190	(1)	23,383	22
Cons. Mat	3,549	(61)	18,536	5,921	(81)	3,472	2	27,122	13
Food	7,157	(14,267)	2,534	nm	182	1,748	309	37,879	19
Packaging	1,987	1,395	1,348	42	47	1,603	24	6,456	31
Auto	1,067	850	1,462	26	(27)	1,060	1	4,897	22
Tourism	2,620	1,538	42	70	6,095	955	174	11,129	24
Petro	338	(7,347)	1,106	nm	(69)	560	(40)	16,651	2
Agri	466	410	298	14	56	418	11	1,478	32
Media	193	(2,519)	27	nm	604	362	(47)	1,283	15
Professional	267	265	208	1	29	268	(0)	891	30
Construction	167	295	508	(43)	(67)	(72)	nm	2,671	6
Grand Total	220,315	134,529	211,643	64	4	201,164	10	871,662	25
Excl. Energy & Petro	146,123	92,822	137,271	57	6	128,103	14	594,925	25
Excl. Banking	163,611	90,422	159,959	81	2	149,186	10	667,003	25
Excl. Energy & Petro and Banking	89,419	48,715	85,587	84	4	76,125	17	390,266	23

Sources: SETSMART, Bloomberg and FSSIA estimates

Better-than-expected 1Q24 results to limit downside for 2024E EPS

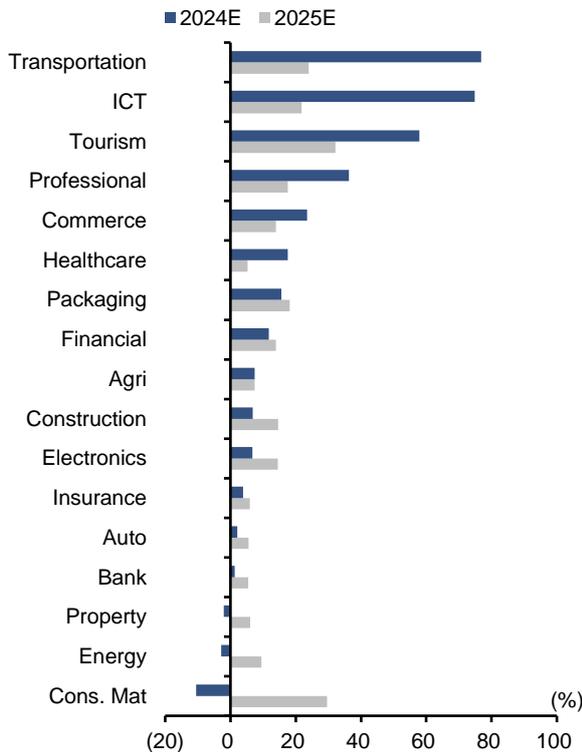
During the last 2-3 months, we have seen some minor downward revisions by only 0.5% on our current 2024 EPS forecast of THB91.50. However, we think the better-than-expected 1Q24 earnings results, which accounted for 25% of our 2024E net profit, should limit the downside for our 2024E EPS. We see some downward revisions on media, petrochemicals, packaging, construction services, electronics, and construction materials. However, it has been offset by upward revisions on transportation, food, ICT, and healthcare.

Exhibit 19: Earnings revisions by sector from February to May 2024



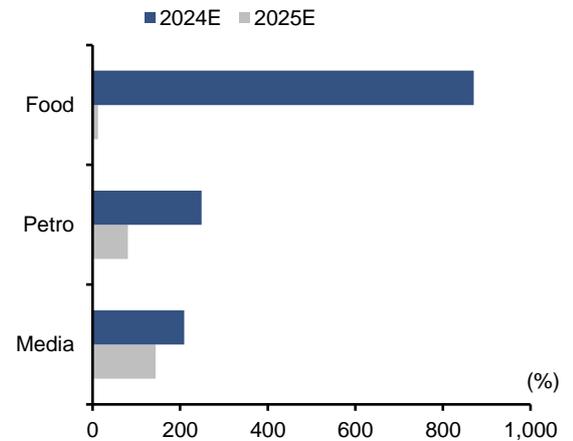
Sources: Bloomberg and FSSIA estimates

Exhibit 20: Earnings growth by sector



Sources: Bloomberg and FSSIA estimates

Exhibit 21: Earnings growth by sector



Sources: Bloomberg and FSSIA estimates

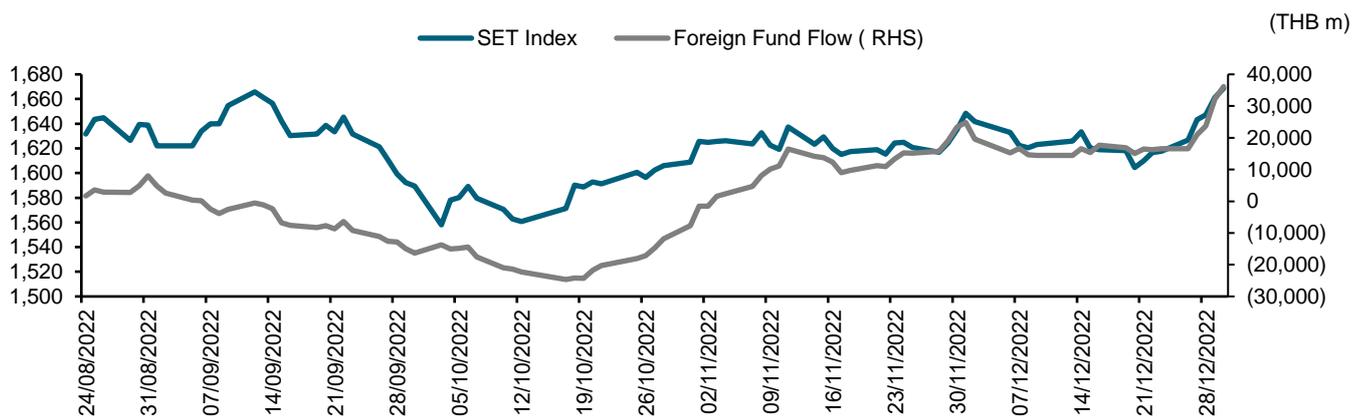
Thailand's political uncertainty to overhang until PM's court case is decided

On 23 May 2024, Thailand's Constitutional Court accepted a petition by a group of senators seeking to remove Prime Minister Srettha Thavasin on ethical grounds, but allowed the premier to perform his duties until it ruled on the case. It gave him 15 days to submit his defense from when he is formally notified of the court's decision. We think the final decision might take place in late June or July 2024.

We think this political uncertainty will be an overhang and limit the upside for the SET index until the court case is decided. If the court decides to remove Mr. Srettha from the position, we think the market will react negatively in the short term, and the joint parliament would elect a new PM, which is likely to be Miss Paetongtarn Shinawatra, a daughter of the former PM Mr. Thaksin Shinawatra. The worst-case scenario is if the government would have to dissolve the parliament, which could delay the 2025 fiscal budget approval and hit the economy again. On the other hand, if the decision is favorable for Mr. Srettha Taweasin, we think the overhang would ease and the street should turn to focus on fundamentals and upward economic and earnings growth in 2H24.

Based on General Prayuth Chan-o-cha's court case in 2022, the Constitutional Court took 37 days after accepting a petition on 24 August 2022 and arrived at a decision on 30 September 2024, which favored the ex-PM. During that period, the SET index dropped by 3%, while foreign investors and local institutions had net sell positions in the stock market of THB16.3b and THB12.7b, respectively. However, the index posted a strong rally by 5% after the court decision to end 2022 with a THB52.5b foreign inflow, mainly thanks to the brighter economic outlook from the country reopening its borders.

Exhibit 22: SET index and foreign fund flow during ex-PM court case in 2022



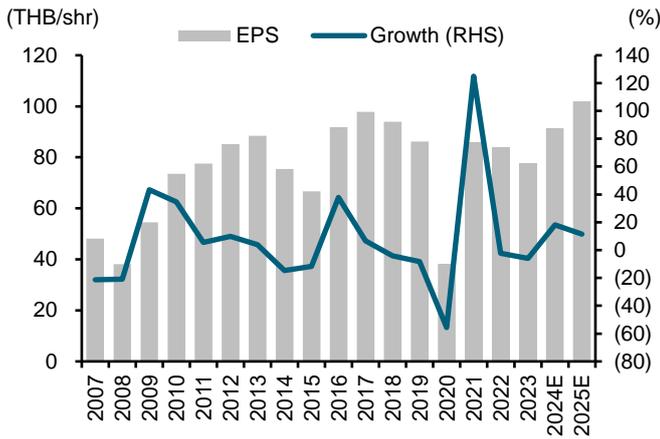
Sources: SET and FSSIA

Maintain our SET target at 1,470

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. We think the current valuation is attractive for long-term investment as the index is trading at a 2024 PER of 14.7x and an earnings yield gap of c4%, both below the historical average. Moreover, with the limited downside of 2024E EPS and the positive earnings outlook in 2Q24-2H24, we think this implies that the SET index, as a leading indicator of the economy, should have passed its bottom already at 1,330. We reaffirm our selective strategy, focusing on domestic plays with strong earnings outlooks and attractive valuations, since they could help those stocks to outperform. For 3Q24, we expect the index to trade within a range of 1,330-1,430, and could hit our target by year-end.

On 24 May 2024, we removed NSL from our FSSIA portfolio after a strong rally of 60% since we added it in February, and have replaced it with KCG for its cheaper valuation. As a result, our 2024 favorites are **AOT, BDMS, CPALL, CPN, GPSC, KCG, SHR, SJWD, TIDLOR, and TU.**

Exhibit 23: SET EPS



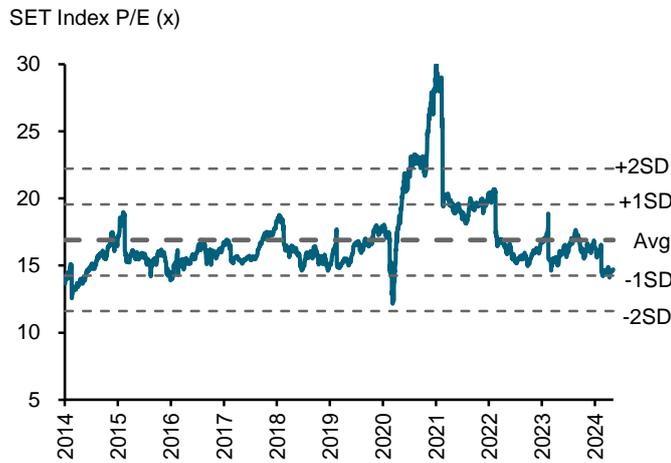
Sources: Bloomberg and FSSIA estimates

Exhibit 24: 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

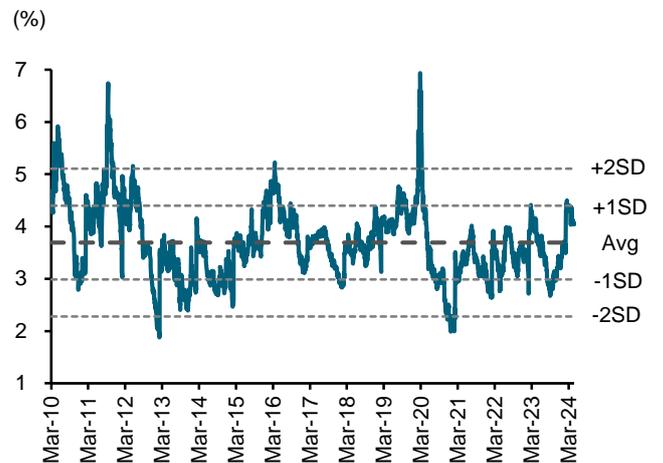
Source: Bloomberg and FSSIA estimates

Exhibit 25: SET historical forward PER



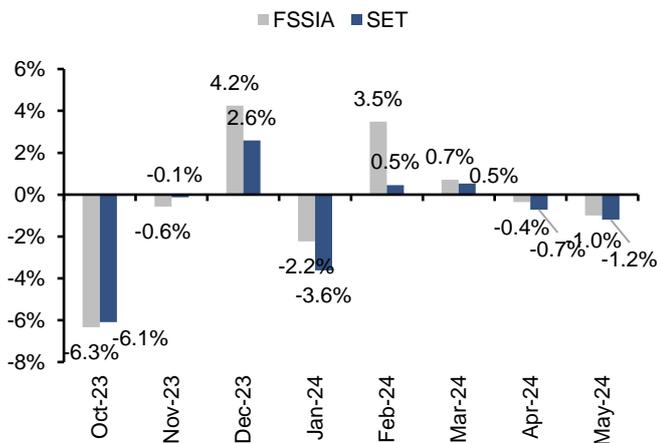
Sources: Bloomberg and FSSIA

Exhibit 26: SET earnings yield gap



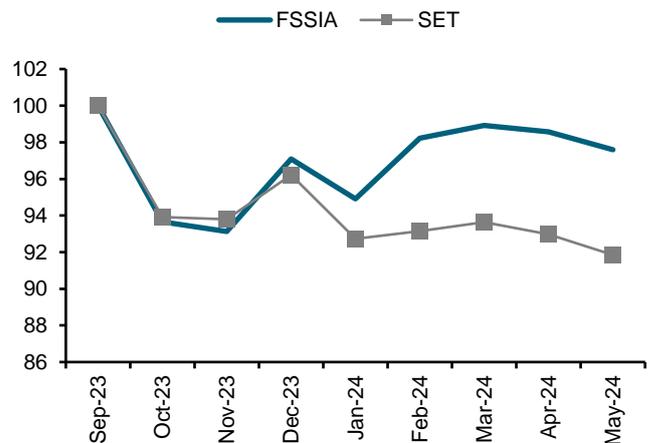
Sources: Bloomberg and FSSIA

Exhibit 27: Monthly return of FSSIA's portfolio vs SET index



Sources: SETSMART and FSSIA

Exhibit 28: Return of FSSIA's portfolio vs SET index (September 2023 = 100)



Sources: SETSMART and FSSIA

Exhibit 29: 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)		24E (THB m)	25E (THB m)	24E (y-y%)	25E (y-y%)	24E (x)	25E (x)	26E (x)					
Airports of Thailand	AOT TB	64.00	75.00	17	19,480	27,869	110.7	43.1	46.9	32.8	26.8	7.0	0.9	16.2	A	★★★★
Bangkok Dusit Medical Services	BDMS TB	27.25	35.00	28	16,413	17,928	14.2	9.2	26.4	24.2	22.0	4.3	2.6	16.8	AA	★★★★
CP All	CPALL TB	57.50	79.00	37	23,640	27,447	30.3	16.1	21.8	18.8	16.7	4.6	2.3	20.2	AAA	★★★★
Central Pattana	CPN TB	58.75	83.00	41	15,858	17,107	5.8	7.9	16.6	15.4	14.5	2.6	3.0	16.5	AA	★★★★★
Global Power Synergy	GPSC TB	47.25	59.00	25	4,938	6,866	27.9	39.0	27.0	19.4	0.0	1.2	3.2	4.6	AA	★★★★
KCG Corporation	KCG TB	10.30	12.80	24	346	402	18.2	16.1	16.2	14.0	12.1	1.9	3.3	12.4	-	-
S Hotels and Resorts	SHR TB	2.18	4.00	83	307	525	285.2	70.9	25.5	14.9	13.0	0.5	1.6	1.9	A	★★
SCGJWD Logistics	SJWD TB	14.10	23.00	63	1,179	1,373	51.4	16.5	21.7	18.6	16.7	1.1	1.8	5.2	AA	★★★
Ngern Tid Lor	TIDLOR TB	20.00	27.00	35	4,671	5,551	23.2	18.8	12.5	10.5	9.0	1.8	2.4	15.4	-	★★
Thai Union Group	TU TB	15.00	17.30	15	5,043	5,593	nm	10.9	13.8	12.5	11.4	1.2	4.0	8.7	-	★★★★

Share prices as of 30 May 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+																	
NEGL	Low	Medium	High	Severe																									
0-10	10-20	20-30	30-40	40+																									
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
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																										
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

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.

This report has been prepared by FSS International Investment Advisory Securities Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSSIA makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSSIA has no intention to solicit investors to buy or sell any security in this report. In addition, FSSIA does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

Company	Ticker	Price	Rating	Valuation & Risks
Airports of Thailand	AOT TB	THB 64.00	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 27.25	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 57.50	BUY	The key downside risks to our DCF-derived TP include 1) lower-than-expected SSSG, 2) lower-than-expected gross margin, and 3) higher-than-expected SG&A to sales ratio.
Central Pattana	CPN TB	THB 58.75	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 47.25	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.
KCG Corporation	KCG TB	THB 10.30	BUY	Key downside risks to our target PER-based TP include 1) higher-than-expected raw material prices; 2) THB depreciation; and 3) capacity expansion not going as planned.
S Hotels and Resorts	SHR TB	THB 2.18	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 14.10	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 20.00	BUY	Downside risks to our GGM-based TP include 1) the expansion into auto-title loans by the Government Savings Bank and Auto X (subsidiary of SCB X); 2) further weakening asset quality could potentially hit both loan yield and credit cost; and 3) tighter supervision from related regulators.
Thai Union Group	TU TB	THB 15.00	BUY	Downside risks to our SoTP-based 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 30-May-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.