2 JANUARY 2025

EQUITIES RESEARCH

FINANSIA
FSS INTERNATIONAL INVESTMENT ADVISORY

Thailand Market Strategy

Starting the year with an attractive valuation

- We expect the SET to recover in January after a sharp drop last month. However, the upside is still limited due to the return of Trump's trade policies.
- A resilient global economy and easing monetary policies could face some downside risks from higher tariffs. Resilient consumption and stronger investment will be key drivers for the Thai economy.
- Maintain our 2025 SET target of 1,600. Our top favorites are BA, CHG, CPALL, KTB, MTC, NSL, RBF, SEAFCO, SHR, and WHA.

Can we expect "The January Effect" this year?

The January Effect has historically occurred in the Thai stock market with a probability of 70%. For January 2025, we think the SET index has the potential for a short-term rebound, supported by stronger 4Q24E corporate earnings, additional stimulus packages from the cabinet, and attractive valuations with oversold signals. However, the upside is likely to be limited due to uncertainties in the global economy and trade, including Trump's tariff policies, a slower pace of Fed rate cuts, THB depreciation, and the redemption of LTFs.

Key risks to the economy and monetary policies are higher trade tensions

We expect global GDP to remain resilient. Advanced economies are likely to be resilient, especially the US, while the EU and Japan are poised to have stronger growth. Meanwhile, emerging and developing Asia is expected to have slightly slower growth but remain strong. Key risks for 2025 include Trump's trade policies. The IMF anticipates that tariff hikes could reduce US and global GDP growth by 0.3-0.4% in 2025, while US inflation may increase by an additional 0.2%. These factors could pressure the Fed to delay rate cuts compared to earlier expectations.

Resilient consumption and strong investments expected for Thai GDP growth

Thailand's GDP is forecast to grow by 2.8-2.9% y-y in 2025 by the NESDC and BoT. Private consumption is expected to remain resilient, while investments should be a key growth driver this year, underpinned by major government infrastructure projects and rising business confidence with a jump in the BOI's investment promotions. For the BoT, we think the door for further rate cuts by 25-50 bps in 2025 is still open. However, it might not happen that soon, as the central bank will evaluate the impact of the latest rate cut and the interest suspension program. The earliest that a rate cut might occur would be in April 2025, in our view.

Maintain 2025 SET target of 1,600

We maintain our 2025 SET target at 1,600. The plunge in the index in late 2024 provides a very attractive valuation for long-term investment, trading at a 2025 PER of c14x with a wide earnings yield gap of c4.8%. We continue to prefer our domestic-focused strategy thanks to the return of the investment cycle and resilient domestic consumption, while companies with high ESG ratings are a plus as potential targets of VAYU1. Our top 2025 favorites are BA, CHG, CPALL, KTB, MTC, NSL, RBF, SEAFCO, SHR, and WHA.

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Can we expect "The January Effect" this year?

The January Effect has often occurred for the Thai stock market as it has been the second-best month for the SET index in terms of returns in the last ten years. The index went up by 1.1% on average in January with a probability of 70% (7 out of 10 years). For 2025, we believe the index's movement will be influenced by both positive and negative factors.

Positive factors

- Strong corporate earnings recovery expected in 4Q24, both q-q and y-y, following the disappointing results in 3Q24.
- Additional stimulus packages from the government, including the Easy e-Receipt initiative, THB10,000 cash handout (phase 2), and a minimum wage hike.
- A 6% plunge in the SET index in December 2024, which presents an attractive valuation for medium- to long-term investments at 14x 2025 PER.
- Technical indicators, such as stochastic and RSI, signal deep oversold conditions.

Negative factors

- Implementation of tariff hikes following Donald Trump's return to the presidency.
- The US Federal Reserve (Fed) is likely to pause interest rate cuts, maintaining rates at 4.25–4.50%.
- Limited foreign fund inflows in the short term, due to THB depreciation against the USD.
- Some redemption from approximately THB70b of LTFs purchased in 2019.

From all the factors mentioned above, we believe the SET index has the potential for a short-term rebound and it is likely that this phenomenon might occur, especially in the first half of the month. However, we think the upside for a rebound should be limited, especially in the latter half of the month, as the market will be closely monitoring the return of Donald Trump to the presidency.

Exhibit 1: SET index monthly returns in last ten years

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
10 yrs. Avg.	1.10	(0.72)	(1.20)	1.10	(0.48)	(0.96)	0.75	1.18	(1.23)	(0.60)	0.81	0.20
2024	(3.63)	0.45	0.53	(0.72)	(1.63)	(3.32)	1.53	2.89	6.60	1.19	(2.63)	(2.30)
2023	0.17	(2.94)	(0.81)	(4.97)	0.29	(1.98)	3.52	0.63	(6.04)	(6.09)	(0.12)	1.61
2022	(0.53)	2.21	0.60	(1.64)	(0.24)	(5.72)	0.52	3.97	(3.02)	1.21	1.65	2.04
2021	1.22	2.03	6.04	(0.26)	0.66	(0.36)	(4.15)	7.68	(2.02)	1.11	(3.37)	5.67
2020	(4.16)	(11.47)	(16.01)	15.61	3.16	(0.28)	(0.78)	(1.35)	(5.62)	(3.40)	17.86	2.91
2019	4.98	0.72	(0.90)	2.13	(3.18)	6.80	(1.06)	(3.33)	(1.07)	(2.18)	(0.68)	(0.68)
2018	4.17	0.18	(2.94)	0.22	(2.99)	(7.61)	6.66	1.16	2.02	(4.97)	(1.64)	(4.75)
2017	2.23	(1.13)	1.00	(0.56)	(0.30)	0.84	0.09	2.54	3.53	2.88	(1.39)	3.32
2016	1.01	2.41	5.65	(0.22)	1.40	1.45	5.47	1.60	(4.21)	0.84	0.97	2.17
2015	5.58	0.36	(5.11)	1.38	(2.01)	0.57	(4.28)	(4.01)	(2.42)	3.41	(2.53)	(5.27)
2014	(1.88)	4.01	3.84	2.81	0.06	4.95	1.12	3.94	1.54	(0.10)	0.62	(6.04)
2013	5.91	4.57	1.26	2.36	(2.24)	(7.05)	(1.98)	(9.05)	6.87	4.32	(4.97)	(5.28)

Sources: Bloomberg; FSSIA's compilation

Resilient growth expected for 2025 global GDP, but some uncertainty ahead

Following a stronger-than-expected 2024E global economy, we anticipate this trend to continue into 2025, thanks to lower inflation and the downward interest rate trend. Based on the International Monetary Fund (IMF)'s October 2024 report, the world economy is projected to continue growing by 3.2% y-y in 2025, the same level compared to 2024. There are some differences in growth for each region as follows:

***Advanced economies** – Still resilient, supported by easing monetary policies*

The IMF expects the US to see resilient growth of 2.2% y-y in 2025, slowing from +2.8% y-y in 2024, sustained by strong consumption and a gradual loosening of fiscal policy, while monetary policy should continue to ease, aligning with decreasing inflation and a cooling labor market. The Eurozone, including the UK, should see moderate growth, with notable improvements thanks to the easing of inflation and monetary policy. The IMF expects the GDP growth of the region to accelerate to 1.2-1.5% y-y in 2025 from 0.8-1.1% in 2024. For Japan, the economic recovery since mid-2024 is likely to continue into 2025, thanks to both rising domestic demand and exports.

***Emerging and developing Asia** – Slightly slower growth but remain strong*

The IMF anticipates growth in this region to decelerate in 2025 but remain strong. India and China are the key drivers, but are showing signs of slowing down. The ASEAN economies are projected to continue growing strongly by 4.5% y-y in 2025, with Indonesia and Vietnam leading. Key drivers include a recovery in tourism, robust domestic demand, and ongoing infrastructure projects. Digital transformation continues to enhance productivity across the region. Risks stem from global uncertainties and trade tensions. Despite these, ASEAN's economic diversification supports its resilience.

Exhibit 2: IMF world economic outlook projections

	2023 (%)	2024E (%)	2025E (%)
World output	**3.3**	**3.2**	**3.2**
Advanced economies	**1.7**	**1.8**	**1.8**
United States	2.6	2.8	2.2
Euro area	0.4	0.8	1.2
Germany	(0.3)	0.0	0.8
France	1.1	1.1	1.1
Italy	0.7	0.7	0.8
Spain	2.7	2.9	2.1
Japan	1.7	0.3	1.1
United Kingdom	0.3	1.1	1.5
Canada	1.2	1.3	2.4
Other advanced economies	1.8	2.1	2.2

	2023 (%)	2024E (%)	2025E (%)
World output	**3.3**	**3.2**	**3.2**
Emerging market and developing economies	**4.4**	**4.2**	**4.2**
Emerging and developing Asia	5.7	5.3	5.0
China	5.2	4.8	4.5
India	8.2	7.0	6.5
ASEAN-5	4.0	4.5	4.5
Emerging and developing Europe	3.3	3.2	2.2
Russia	3.6	3.6	1.3
Latin America and the Caribbean	2.2	2.1	2.5
Brazil	2.9	3.0	2.2
Mexico	3.2	1.5	1.3
Middle East and Central Asia	2.1	2.4	3.9
Saudi Arabia	(0.8)	1.5	4.6
Sub-Saharan Africa	3.6	3.6	4.2
Nigeria	2.9	2.9	3.2
South Africa	0.7	1.1	1.5
Memorandum			
Emerging market and middle-income economies	4.4	4.2	4.2
Low-income developing countries	4.1	4.0	4.7

Source: International Monetary Fund (IMF)

Easing monetary policy to continue in 2025 at a slower pace; BOJ tightening

We expect key central banks around the world to continue cutting their interest rates in 2025, thanks to lower inflation conditions compared to the last 2-3 years. However, there is some uncertainty over whether the pace might be slower than the market's previous anticipation.

The US Federal Reserve (Fed) – We think the US central bank will continue lowering its interest rate in 2025 as the labor market starts to ease and inflation continues to slow on path to its target of c2%. However, there is some risk of slower rate cuts from the new US cabinet's trade and tax policies that might result in a stronger bond yield and dollar index. Meanwhile, the US inflation rate is decreasing at a slower pace compared to 1H24 and might be stickier or turn higher from the upcoming tariff hikes planned for 2025. After the latest Fed's meeting in December 2024, the street expects the Fed to cut its rate by c25-50 bps in 2025 to a level of 4%, less than the previous anticipation of c100 bps.

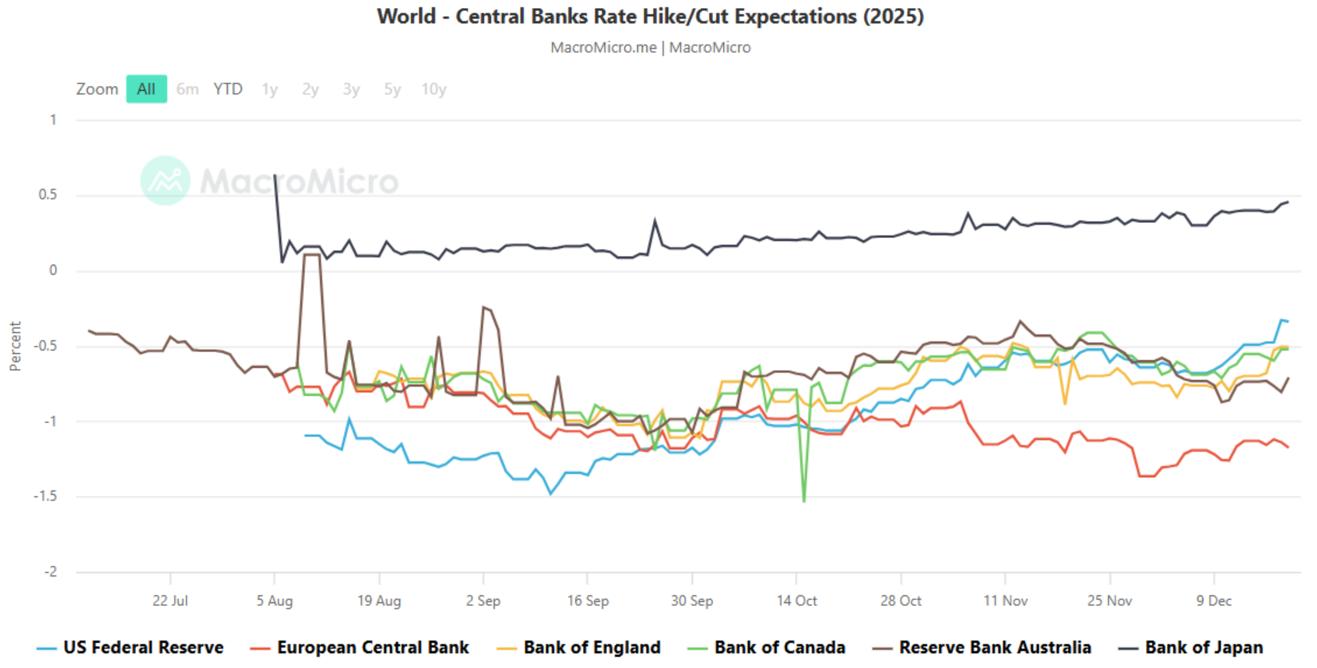
The European Central Bank (ECB) and Bank of England (BoE) – The ECB cut its key deposit rate by 25 bps to 3% in its final meeting of 2024 and expects a further cut of c100 bps in 2025 to meet its target of 2% to boost economies after growth slowed in 2024, especially in Germany, Italy, and France, with less concern over the inflation rate. Meanwhile, the street is expecting the BoE to cut its rate by c100 bps from the current 4.75% to c3.75% in 2025. However, the key concern that could pressure both central banks to lower their policy rates at a slower pace than expected is the potential of an escalation of the Russia-Ukraine war, which could be the key pressure that might push energy prices higher.

The People's Bank of China (PBoC) – We think the Chinese central bank will continue its monetary policy easing after many stimulus measures in late September 2024 to enhance domestic demand, exports, property, and the capital market. This would align with the government's public debt-restructuring program, which was released recently, in order to drive GDP growth to hit the target of c5% in 2025. Meanwhile, the return of Trump's trade policies could be another factor to hasten interest rate cuts if China's economy is hit hard.

The Bank of Japan (BoJ) – We expect the the BoJ to be only key central bank in the world to have an upward interest rate outlook, exiting from the very long negative policy rate, thanks to an acceleration of GDP growth in 2025. Meanwhile, the inflation rate that has stayed at nearly c3% y-y on average during the last two years, is likely to gradually lower to meet its 2% target, in our view.

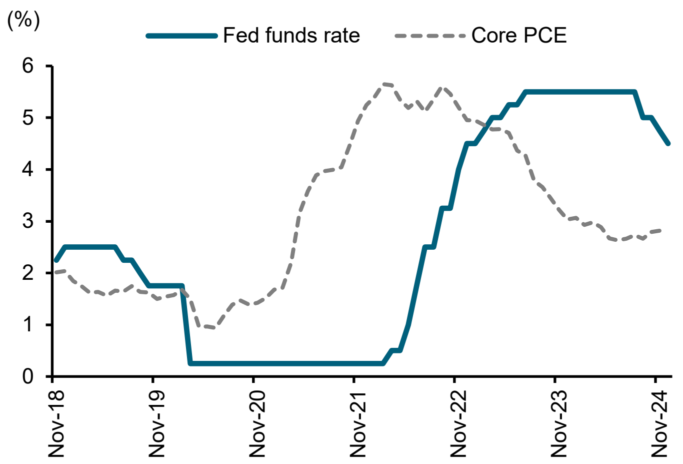
After the increase in global bond yields in late 2024, driven by slower rate cut expectation from the Fed, we anticipate that global bond yields should gradually decline in line with these trends and are likely to continue to benefit equity markets, especially if there is no recession as expected.

Exhibit 3: World central banks rate hike/cut expectations (2025)



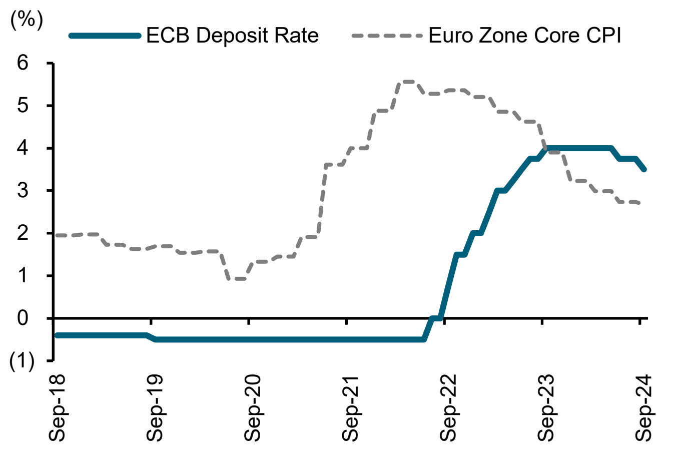
Source: MacroMicro

Exhibit 4: Core PCE and Fed funds rate



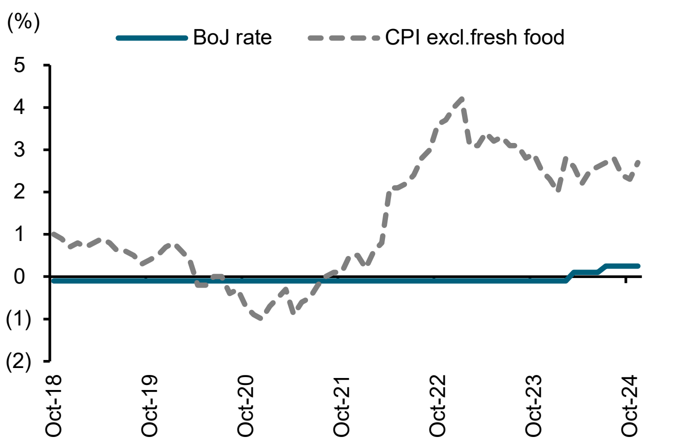
Source: Bloomberg

Exhibit 5: Core CPI and ECB deposit rate



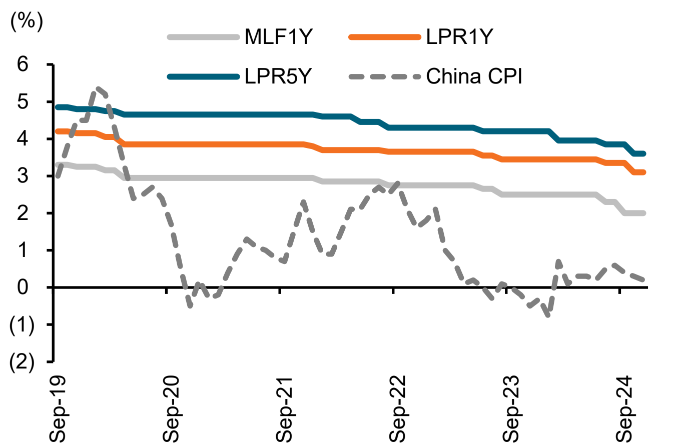
Source: Bloomberg

Exhibit 6: BoJ rate and CPI excluding fresh food



Source: Bloomberg

Exhibit 7: China's interest rates and CPI



Source: Bloomberg

Key risks to global economy from higher trade tensions

Key risks that could pose downside risks to global economic growth originate from Donald Trump's return to the presidency, in our view. The key concern of the market is higher trade tensions from tariff hike policies. Donald Trump has stated he intends to impose a 25% tariff on imports from Canada and Mexico, citing concerns over illegal immigration and drug trafficking. Additionally, he has proposed an extra 10% tariff on Chinese goods and threatened a 100% tariff on BRICS nations if they attempt to undermine the US dollar's status as the global reserve currency.

In terms of economic impact, the IMF forecasts that the tariff hike policies could create a downside risk to the US and global GDP growth by 0.3-0.4% in 2025. Meanwhile, headline inflation could be higher by an additional c0.2% for the US. These align quite closely with the impact in 2018-19, as US GDP growth dipped to +2.2% y-y in 2019 from +3% in 2018, while global economic growth slowed from +3.8% in 2017 to +3.6% and +2.8% in 2018-19, respectively. At the same time, the US core CPI was higher by c0.5% during 2018, but continued to stay around c2%, in line with the Fed's target.

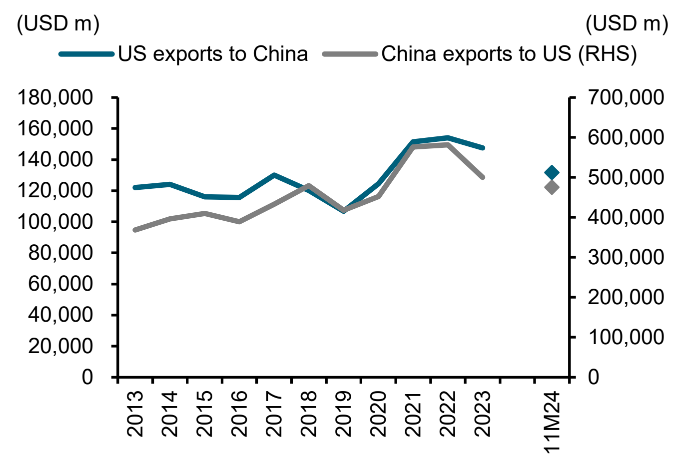
In addition, Trump's tax cut policy and military expansion and modernization would lead to a higher budget deficit, requiring the government to issue more government bonds to the market. These factors would be reflected in higher bond yields and pressure the Fed's rate cut cycle, which is likely to be slower than anticipated. The dollar index is likely to be higher. We think this scenario would provide negative sentiment to the finance and import sectors. Meanwhile, the banking and Thai export sectors, both goods and services, could benefit from slower rate cuts and THB depreciation.

Exhibit 8: Trump's key economic policies and impacts

Policies	Donald Trump	Impact
Trade	Plan to implement a 10% universal tariff on all imported goods, and potentially up to a 60% tariff on all goods from China.	Higher product prices, which could lead to stickier inflation.
Taxes	Extend his 2017 tax cuts and lower the corporate tax rate from 21% to 15%.	Higher budget deficit and bond yields from greater supply of treasury to the market.
Foreign and defense	Wants the US to disentangle itself from conflicts elsewhere in the world. Negotiate with Russia to end the war in Ukraine.	Lower oil prices if the war ends.
Jobs and wages	Deregulation to promote business growth; create jobs through energy and manufacturing.	Benefit to domestic consumption and economy.
Climate and environment	Aims to cancel Biden's climate regulations. Support fossil fuel industries, expand oil and gas production.	Lower oil and gas prices from higher supply and production.

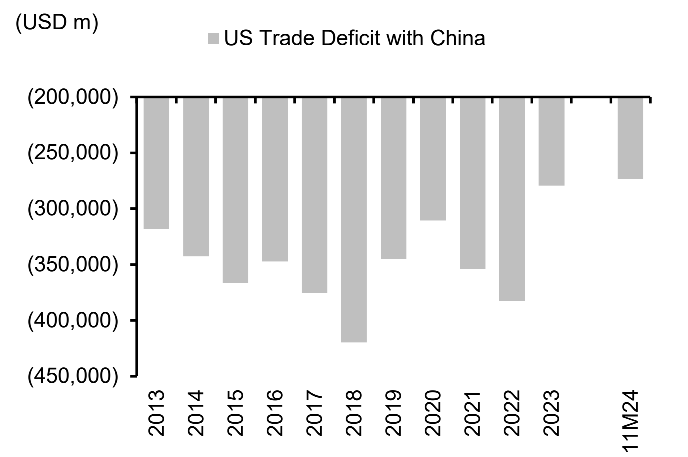
Source: FSSIA's summary

Exhibit 9: Exports between the US and China



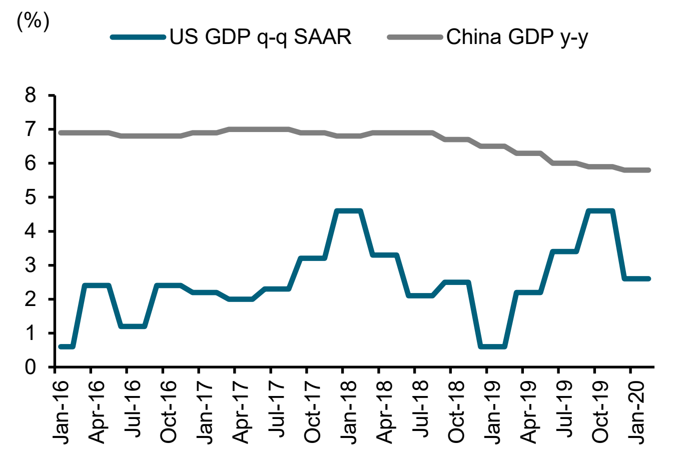
Source: Bloomberg

Exhibit 10: US trade deficit with China



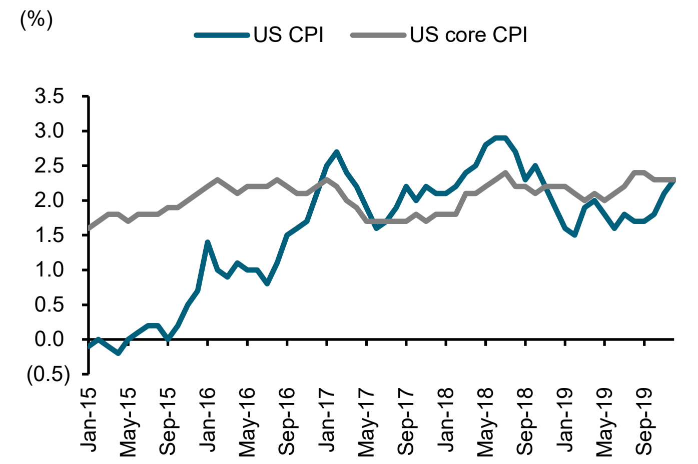
Source: Bloomberg

Exhibit 11: US and China GDP during trade war in 2018-19



Source: Bloomberg

Exhibit 12: US inflation during trade war in 2018-19



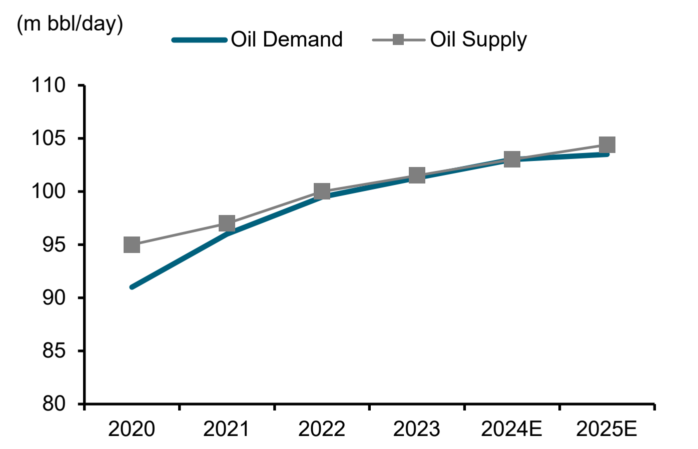
Source: Bloomberg

Oil price likely to stay low on higher US production; key risk is war escalation

Based on the latest report from the International Energy Agency (IEA), world oil demand is projected to increase by 1m bbl/day in 2025 to 103.8m bbl/day. The slower growth reflects the end of the post-pandemic release of pent-up demand, as well as clean energy technology deployment. Meanwhile, global oil supply is expected to rise by 1.5m bbl/day in 2025, higher than the demand growth, leading to the prospect of more than 1m bbl/day in excess supply. To elaborate, OPEC+ has delayed the unwinding of extra voluntary production cuts to January 2025, at the earliest, while non-OPEC+ producers will likely boost supply, especially the US after Donald Trump returns as the president. We think this landscape should keep the crude price at a low level. The latest data from the Bloomberg consensus anticipates the Brent price to be at USD72 per barrel in 2025, down from USD80 in 2024E.

The key risk that could lead to higher-than-expected crude prices is geopolitical tensions. Recently, there has been an escalation of the Russia-Ukraine war, but the Middle East tensions have eased thanks to the latest ceasefire agreement between Israel and Hezbollah. However, the situation might escalate in the future, as Trump could resume putting pressure on or sanctioning Iran, which is approximately the seventh-largest oil producer in the world.

Exhibit 13: Global oil demand forecasts



Sources: IEA, EIA, OPEC and FSSIA compilates

Exhibit 14: Oil production by country

Ranking	Country	Yearly oil production (m bbl/day)
1	United States	14,837,639,510
2	Saudi Arabia	12,402,761,040
3	Russia	11,262,746,200
4	China	4,905,070,874
5	Canada	4,596,724,820
6	Iraq	4,443,457,393
7	Iran	4,376,194,355
8	United Arab Emirates	3,772,788,273
9	Brazil	3,242,957,836
10	Kuwait	2,990,544,137

Source: Worldometers

Thai economic outlook 4Q24-2025; resilient consumption, stronger investment

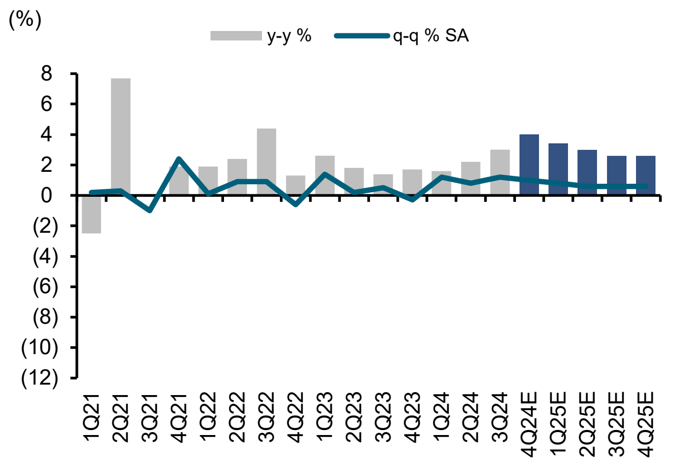
Recently, the Office of the National Economic and Social Development Council (NESDC) reported that Thai GDP grew by 1.2% q-q and 3% y-y in 3Q24, beating the street's expectation of +0.8% q-q and +2.6% y-y. The Thai economy has gradually recovered from its bottom in 4Q23 as expected, aligning with the Bank of Thailand (BoT)'s latest forecast for GDP to grow by 1% q-q per quarter and 3.5% y-y for 2H24.

The key drivers for the stronger-than-expected 3Q24 GDP growth came from public segments, both spending and investment, which jumped y-y, thanks to the acceleration of the budget disbursement for the last quarter of the fiscal year. Moreover, export segments are continuing to show a strong improvement from the resilient global economy and the recovery of the tourism industry.

For the private sector, consumption has remained resilient even if the growth number slowed from the high base last year. On the other hand, private investment remained in negative territory for two consecutive quarters at -2.5% y-y in 3Q24, in line with the lower business confidence. However, the decline narrowed from -6.8% y-y in 2Q24, and could turn around into positive territory in 4Q24.

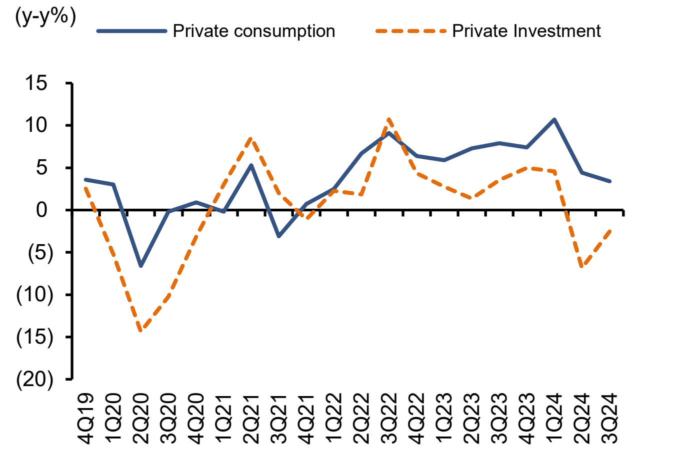
We project the Thai economy to continue to expand in 4Q24 by c1% q-q and c4% y-y, to deliver 2.6-2.7% y-y growth for 2024, driven by both seasonality and stimulus, which could offset the impact from the recent flooding.

Exhibit 15: Another quarter of q-q and y-y growth for TH 3Q24 GDP



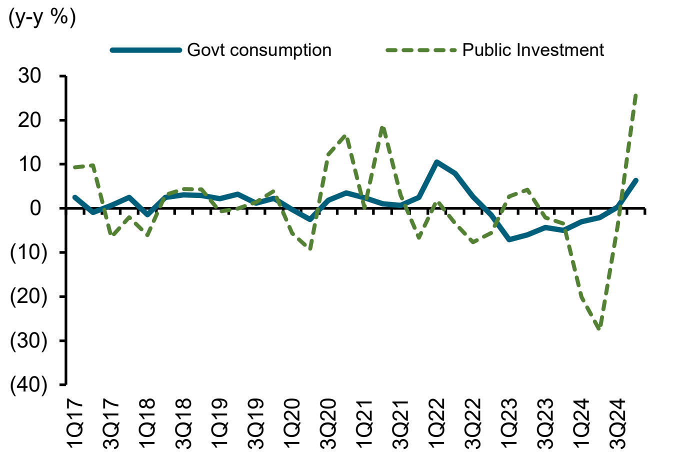
Source: NESDC

Exhibit 16: Private consumption remained resilient while investment remained negative in 3Q24



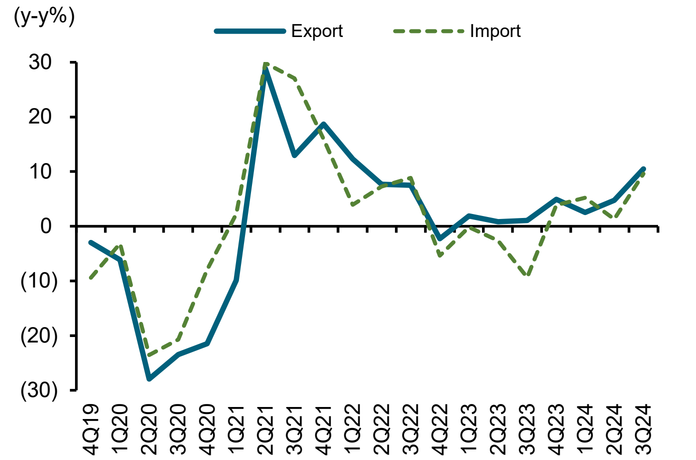
Source: NESDC

Exhibit 17: Public spending and investment jumped on acceleration of budget disbursement in 3Q24



Source: NESDC

Exhibit 18: Exports of both goods and services are solid



Source: NESDC

Exhibit 19: NESDC and BoT economic projections

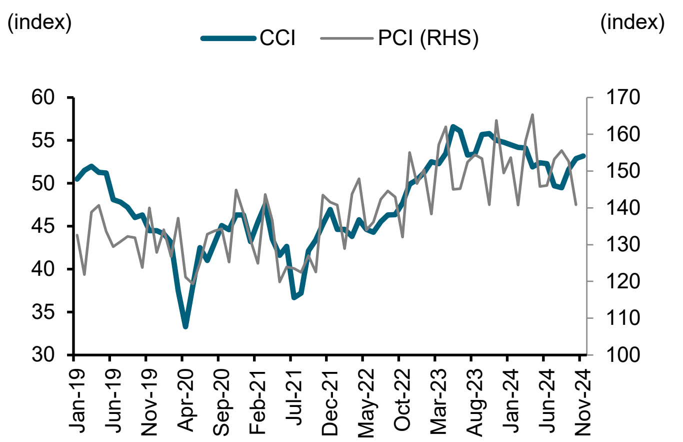
	2019 (y-y%)	2020 (y-y%)	2021 (y-y%)	2022 (y-y%)	2023 (y-y%)	---- NESDC ---- 2024E (y-y%)	2025E (y-y%)	---- Bank of Thailand ---- 2024E (y-y%)	2025E (y-y%)
Real GDP growth	2.3	(6.4)	1.5	2.6	1.9	**2.6**	**2.3-3.3**	**2.7**	**2.9**
Private consumption	4.0	(0.8)	0.6	6.3	7.1	**4.8**	**3.0**	**4.5**	**2.4**
Private investment	2.7	(8.1)	3.0	5.1	3.2	**(0.5)**	**2.8**	**(2.2)**	**2.2**
Public consumption	1.7	1.4	3.7	(0.0)	(4.6)	**1.7**	**2.1**	**2.1**	**1.5**
Public investment	0.1	5.1	3.4	(4.9)	(4.6)	**2.4**	**6.5**	**2.9**	**5.1**
Export value growth (USD b)	(3.3)	(6.5)	19.2	5.5	(1.7)	**3.8**	**2.6**	**4.9**	**2.7**
Headline inflation	0.7	(0.8)	1.2	6.1	1.2	**0.5**	**0.3-1.3**	**0.4**	**1.1**
Current account to GDP (%)	7.0	4.2	(2.0)	(3.2)	1.3	**2.5**	**2.6**	**-**	**-**
Number of tourist arrivals (m)	39.9	0.0	0.4	11.2	28.1	**36.0**	**38**	**36.0**	**39.5**

Sources: NESDC and BoT

For 2025, the NESDC and BoT expect Thai GDP to grow by 2.8-2.9% y-y. We think the Thai economy will have more balanced growth from every engine, both domestic and export.

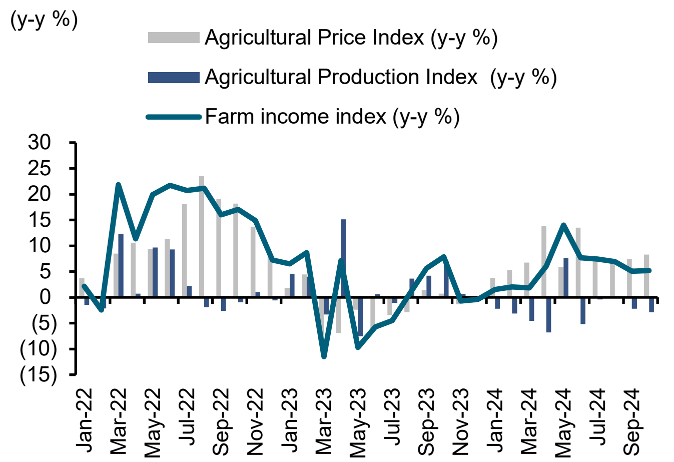
Private consumption – We expect the resilient growth to continue into 2025, though at a slightly lower level than in 2024. Key supports are the continuous release of government stimulus packages, i.e. the THB10,000 cash handout and interest suspension program, which is funded by the approved 2025 fiscal budget. Moreover, we think the minimum wage hike of THB400 per day, effective from 1 January 2025, and the potentially lower interest rate would be additional drivers to enhance consumer spending.

Exhibit 20: Consumer confidence and private consumption index



Sources: MoC and BoT

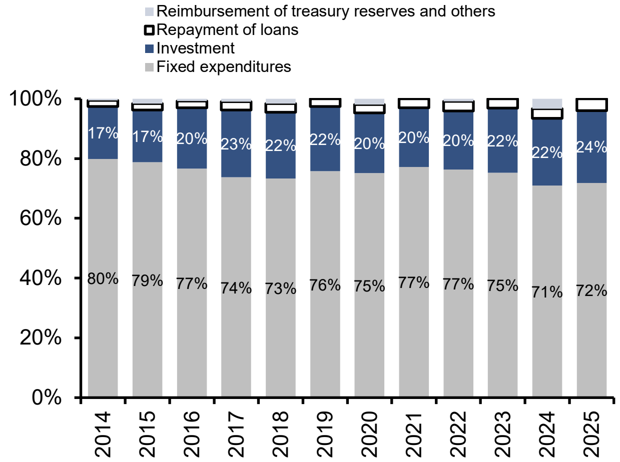
Exhibit 21: Agricultural and farm income index



Sources: OAE

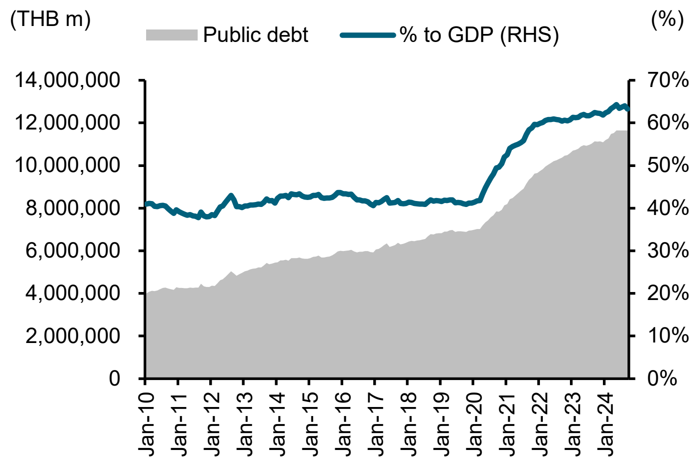
Government spending – We think government spending will not have very high growth in 2025, due to the limitation of the high public debt to GDP at c63% after the massive spending during the Covid-19 pandemic. However, we think that number will still be positive by 1.5-2.1% y-y, based on the NESDC's and BoT's projections, which are slightly below the overall GDP growth. We expect the government to continue spending through stimulus packages, focusing on at-risk groups, and enhancing consumer spending.

Exhibit 22: Thailand's fiscal budget



Source: Budget Bureau

Exhibit 23: Thailand's public debt to GDP



Source: PDMO

Investment – We expect public investment to be the key driver for the Thai economy in 2025, after a hiccup in late 2023 to early 2024 from the delay of the 2024 fiscal budget. The timely approval of the 2025 fiscal budget in September 2024 should support the growth rate to accelerate to 5.1-6.5% y-y, as anticipated by the NESDC and BoT in 2025, which is stronger than the projected overall GDP growth. Moreover, we think the government will focus on the medium- to long-term growth potential of the country, as Thailand needs a huge and new investment cycle to tackle structural changes. We think the investment would be focused on transportation and digital infrastructure. For the private sector, we expect to see a turnaround of investment in 2025, as we expect business confidence to recover thanks to better economic conditions, a higher public budget coming to the market, and lower interest rates. The latest data from the Board of Investment (BOI) showed a significant jump in investment promotions in 9M24, especially in many targeted industries, which should be a positive sign for industrial sectors going forward.

Exhibit 24: BOI's investment promotion summary

	------------------------ Project ------------------------			------------ Investment value (THB b) ------------		
	9M23	9M24	*Change (%)*	9M23	9M24	*Change (%)*
Application for promotion	1,501.00	2,195.00	*46.2*	509.4	722.5	*41.8*
Investment Promotion Approvals	1,664.00	2,218.00	*33.3*	532.6	746.0	*40.1*
Insuance of Investment Promotion Certificates	1,304.00	2,072.00	*58.9*	335.0	672.2	*100.6*
Industry	------------------------ Project ------------------------			------------ Investment value (THB b) ------------		
	9M23	9M24	*Change (%)*	9M23	9M24	*Change (%)*
Electrical appliances and electronics	165.00	291.00	*76.0*	207.6	183.4	*(12.0)*
Automotive and parts	148.00	212.00	*43.0*	41.9	67.8	*62.0*
Agriculture and food processing	207.00	226.00	*9.0*	55.2	53.0	*(4.0)*
Biotechnology and medical	88.00	162.00	*84.0*	21.3	34.3	*61.0*
Tourism	8.00	24.00	*200.0*	13.8	22.6	*64.0*
Digital	75.00	107.00	*43.0*	3.9	94.2	*2,336.0*
Automation and robotics	13.00	17.00	*31.0*	2.5	14.1	*453.0*
Medical	42.00	65.00	*55.0*	5.3	12.2	*132.0*
Advanced technology	16.00	20.00	*25.0*	11.6	4.8	*(59.0)*
Air-conditioning	3.00	9.00	*200.0*	0.3	2.0	*485.0*
Disaster prevention	0.00	0.00	*0.0*	0.0	0.0	*0.0*
Human resources and education	0.00	1.00	*0.0*	0.0	0.0	*0.0*
Total (targeted industries)	**765.00**	**1,134.00**	***48.2***	**363.4**	**488.6**	***34.4***

Source: BOI

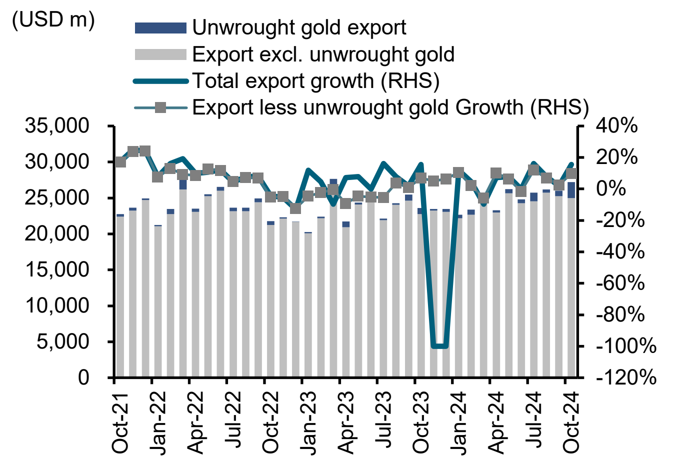
Exhibit 25: Expected mega-projects in 2024-25

Type of work	Project	Project owner	Contract value (THB m)	Project status
Motorway	Utraphimuk Elevated, Rangsit-Bang Pa-In (M5)	DOH	28,360	Approved by the cabinet
	Bang Khun Thian-Bang Bua Thong (M9)	DOH	56,035	Under MOT proposal to Cabinet for approval
Expressway	Expressway N2 (Prasertmanukit-Outer Ring Road East section)	EXAT	16,960	Further studying and plan to open for bidding in 2024
	Double Deck Expressway : Ngam Wong Wan-Rama 9	BEM	35,000	Waiting for EIA approval
Electrified Train	Brown Line : Khae Rai-Lumsalee	MRTA	41,720	Expect to propose to the Cabinet in 2Q25
	Dark Red Line : Rangsit-Thammasat University	SRT	6,468	Waiting for Cabinet approval
	Light Red Line : Taling chan-Siriraj Hospital-Salaya	SRT	15,364	
Double Track Railway	Jira Junction-Ubonratchathani	SRT	36,600	Waiting for Cabinet approval
	Pak nam Pho-Den Chai	SRT	59,300	
	Hat Yai-Padang Besar	SRT	7,860	
	Chum Phon-Surat Thani	SRT	28,000	
	Surat Thani-Had Yai-Song Khla	SRT	56,100	
	Den Chai-Chiang Mai	SRT	57,900	
Airport	Bangkok International Airport Phase 3	AOT	36,829	Design process
	Suvarnabhumi Expansion (East)	AOT	10,000	Design process
Total			**492,496**	

Sources: CK, STECON; FSSIA's compilation

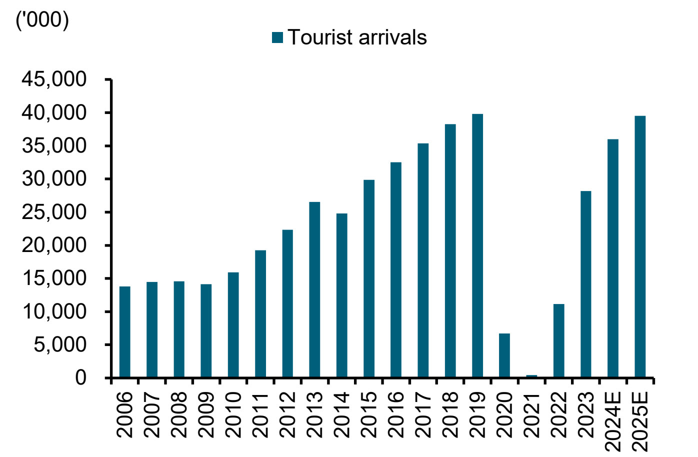
Net exports – We project a strong service export recovery in 2025, in line with the expectation of increasing international tourist arrivals to 39.5-40m, close to the pre-Covid level in 2019. Meanwhile, goods exports should see some slower growth after growing strongly in 2024 from the stronger global economy and restocking. We think the NESDC and BoT-projected 2.6-2.7% growth in the USD export value in 2025 is still a good number, supported by the resilient global economic outlook from the downward interest rate trend. However, the key concern in 2025 that could affect Thai exports is the return of Trump's trade policies.

Exhibit 26: Thailand's goods exports



Source: MoC

Exhibit 27: Thailand's international tourist arrivals



Source: MoTS

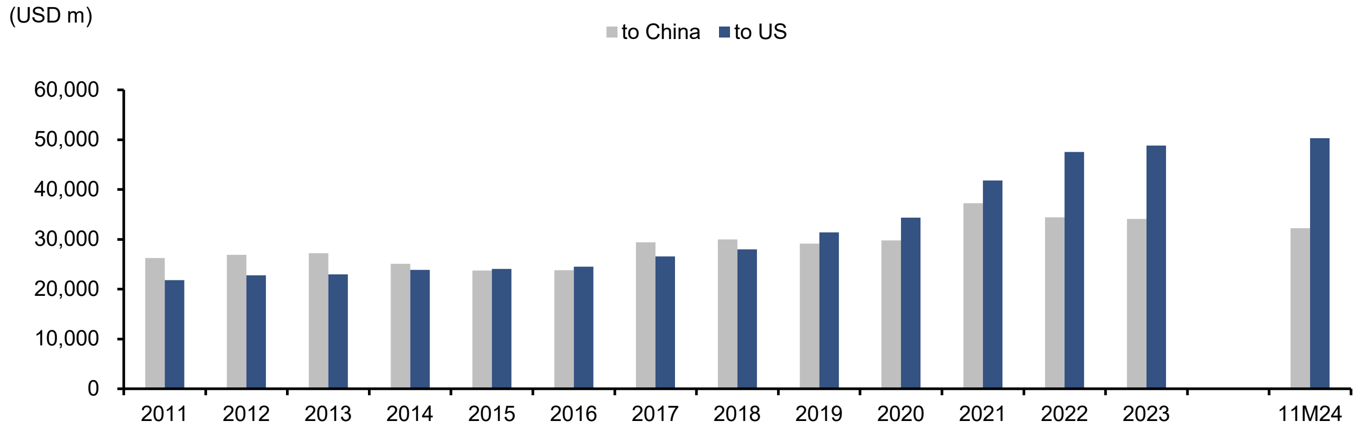
How Thailand was impacted during trade tensions in 2018-19

Since the trade war started in 2018, Thailand's export value of goods dropped by 2.6% in 2019 after 6.9% growth in 2018, while the GDP growth rate decelerated from +4.2% in 2018 to +2.1% in 2019. The country's exports to China turned negative in 2019 and 2022-23, growing by only 2% CAGR during 2018-23. Meanwhile, exports to the US continued to grow strongly by 11% CAGR during 2018-23. Hence, we think that the negative impact on Thailand from tariff hikes would come indirectly from the global macro picture.

We think the escalation of trade tensions would pressure Thai exports if the US imposes tariffs on all import goods, including from Thailand, which currently has a trade surplus with the US of cUSD40b annually, as well as being indirectly affected by the global economic slowdown. On the other hand, we anticipate that Thailand could benefit from the shift in production bases as they relocate from China to ASEAN, and there is a potential to secure more orders from the US, aligning with trends in global supply chain diversification.

During the first year after the US announced the imposition of tariffs on steel and aluminum imports, the SET index dropped by 9.7% from the negative sentiment and the pressure from the Fed's rate hike and quantitative tightening. Sectors we think could outperform the market are electronics, food, ICT, healthcare, transport, commerce, finance, tourism, and Reit. Key supports are the domestic economic recovery with more stimulus packages and investment ahead.

Exhibit 28: Thailand's exports to China and the US



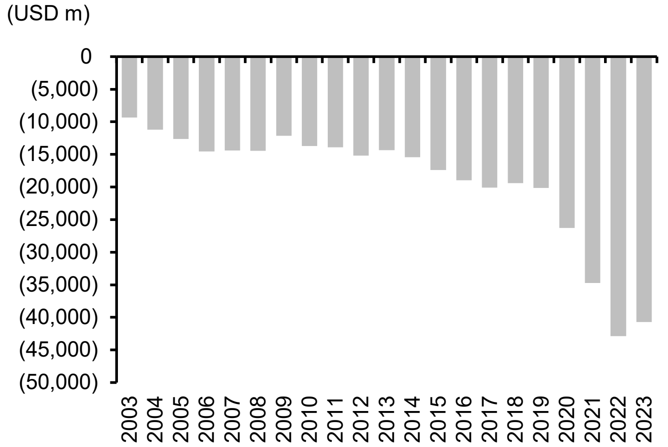
Source: Bloomberg

Exhibit 29: Thailand's top export products to the US

Product	Value 11M24 (USD m)	Growth 11M24 (%)	Share 11M24 (%)
Automatic data processing machines and parts thereof	9,565	46.7	19.0
Teleprinters, telephone sets and parts thereof	4,345	26.5	8.6
Rubber products	4,108	6.4	8.2
Semi-conductor devices, transistors and diodes	2,469	(17.5)	4.9
Electrical transformers and parts thereof	1,925	7.4	3.8
Machinery and parts thereof	1,845	18.2	3.7
Precious stones and jewellery	1,818	14.8	3.6
Motor cars, parts and accessories	1,749	28.2	3.5
Other electrical equipment and parts thereof	1,626	(0.2)	3.2
Air conditioning machine and parts thereof	1,145	1.5	2.3
Iron and steel and their products	1,104	(18.9)	2.2
Plastic products	967	34.1	1.9
Prepared or preserved fish, crustaceans, molluscs in airtight containers	828	5.2	1.6
Radio-broadcast receivers, television receiver and parts thereof	825	(8.5)	1.6
Other industrial products	822	15.8	1.6
Summary	**50,298**	**13.3**	**100.0**

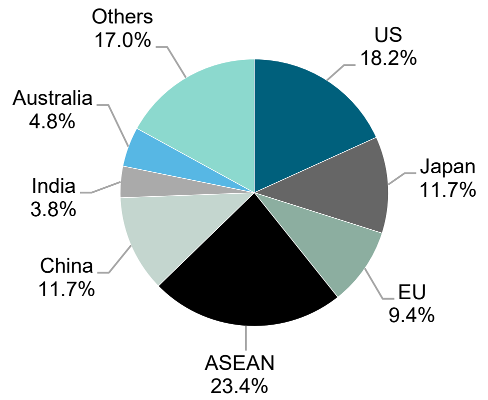
Source: MoC

Exhibit 30: US trade deficit with Thailand



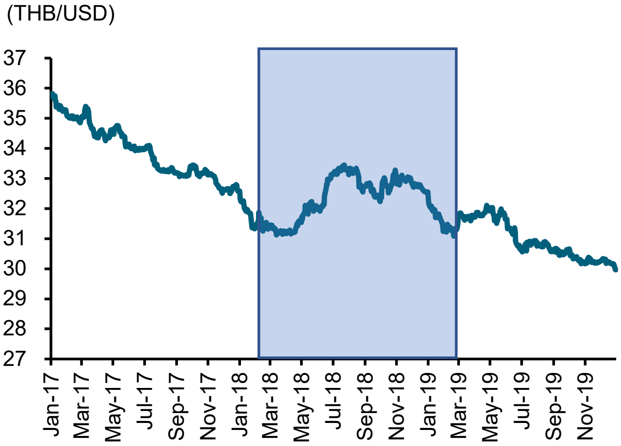
Source: Bloomberg

Exhibit 31: Thailand's exports by country (11M24)



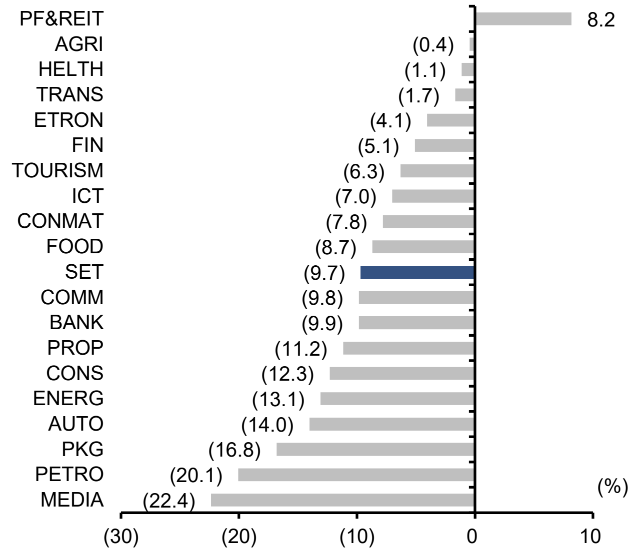
Source: Ministry of Commerce

Exhibit 32: THB/USD depreciated during 2018



Source: NESDC

Exhibit 33: Sector returns during Mar-18 to Feb-19



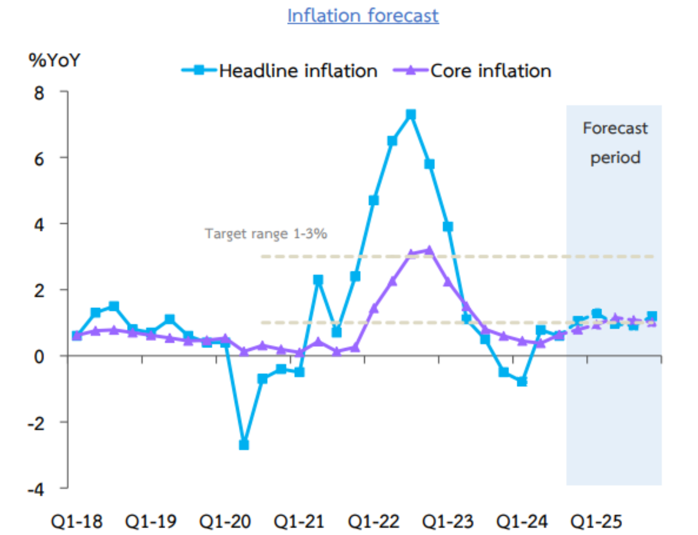
Source: SETSMART

For the BoT, the door for rate cuts is still open in 2025, but not too soon

Recently, the BoT held its policy rate at 2.25% in the last meeting of 2024, after the surprise cut in October 2024. We think the committee might not cut the rate further, at least in the next February meeting, as the Monetary Policy Committee (MPC) views the current rate as being consistent with the economic trajectory, with inflation moving toward the target range, and safeguarding long-term macro-financial stability. In addition, the BoT insists that it wants to preserve policy space amid increasing uncertainties going forward. Moreover, the committee deems it necessary to monitor credit growth developments and the implications for economic activities, as well as the impact of the government's "Khun Soo, Rao Chuay" program in helping alleviate the debt burden for fragile groups in a targeted manner. Meanwhile, headline inflation is expected to remain low, while medium-term inflation expectations remain consistent with a target of 1-3%.

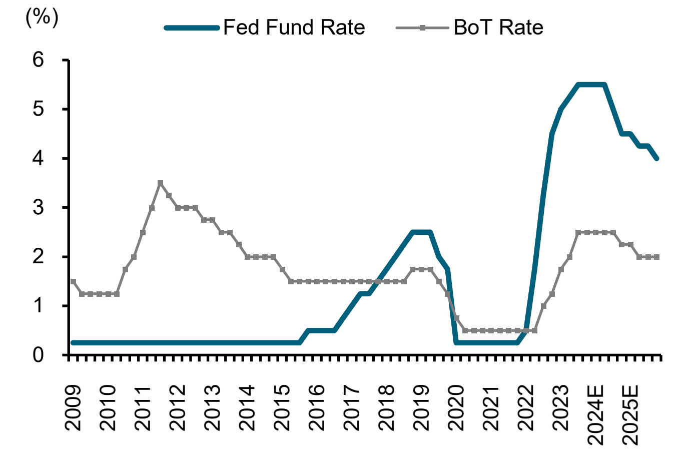
On the fiscal policy side, the government is likely to release more stimulus packages in 4Q24-2025 in addition to the minimum wage hike of THB400 per day, which could raise the inflation number higher in 2025. However, if the Thai economy does not continue to grow strongly as the BoT expects, especially in 4Q24-1Q25, which is the high season of tourism, spending, and a lot of stimulus measures, we think the door for a further rate cut of 25-50 bps would still open for 2025. Based on this scenario, the soonest a rate cut might occur would be in the April 2025 meeting, in our view.

Exhibit 34: The BoT's TH CPI and core CPI forecasts



Source: BoT

Exhibit 35: Fed funds rate vs BoT rate



Sources: CME FedWatch Tool, FSSIA

Banks' 4Q24E earnings in focus

We expect the seven Thai banks under our coverage to post an aggregate net profit of THB45.3b in 4Q24, decreasing by 17.3% q-q but increasing 6.1% y-y. The q-q decrease should come from higher seasonal operating expenses and lower net interest income (NII). Meanwhile, the increase y-y should mainly come from lower credit costs, especially from KTB. We expect the seven Thai banks to post flat loan growth y-y and +1.7% q-q, mainly driven by corporate loans, government-related loans and particular segments of retail loans (e.g. personal loans and credit cards).

In detail, we expect all banks to post negative q-q growth in net profit. Meanwhile, we expect KTB and KKP to post strong rebounds in net profit y-y from an improvement in credit costs and losses from auto repossessions. On the other hand, we believe SCB and TISCO will be the worst performers in 4Q24, as we project negative net profit growth y-y and q-q for both banks. The overall asset quality for all Thai banks should be stable q-q in 4Q24, in our view, with an aggregate NPL ratio of 3.77% and credit cost of 149 bps. For 2024, we anticipate the banks under our coverage to report an aggregate net profit of THB208.5b, +6.7% y-y. If the results are in line, we think our 2025E net profit of THB211.8b, +1.6% y-y might have some upside risks.

Exhibit 36: 4Q24 earnings forecasts of Thai banks under coverage

	4Q24E (THB m)	3Q24 (THB m)	*Change (q-q%)*	4Q23 (THB m)	*Change (y-y%)*	2024E (THB m)	*Change (y-y %)*	2025E (THB m)	*Change (y-y %)*
BBL	9,132	12,476	*(26.8)*	8,863	*3.0*	43,939	*5.5*	43,779	*(0.4)*
KBANK	9,896	11,965	*(17.3)*	9,388	*5.4*	48,000	*13.2*	51,555	*7.4*
SCB	9,424	10,941	*(13.9)*	10,995	*(14.3)*	41,663	*(4.3)*	42,995	*3.2*
KTB	9,603	11,107	*(13.5)*	6,111	*57.1*	42,984	*17.4*	38,760	*(9.8)*
TTB	4,521	5,230	*(13.6)*	4,866	*(7.1)*	20,440	*10.7*	23,132	*13.2*
TISCO	1,671	1,713	*(2.5)*	1,782	*(6.2)*	6,866	*(6.0)*	6,846	*(0.3)*
KKP	1,026	1,305	*(21.3)*	670	*53.2*	4,606	*(15.4)*	4,739	*2.9*
Coverage	**45,274**	**54,738**	***(17.3)***	**42,674**	***6.1***	**208,498**	***6.7***	**211,806**	***1.6***

Sources :Company data; FSSIA estimates

Exhibit 37: 4Q24 and 2025 sector outlooks

Sector	Weight	4Q24 and 2025 sector outlooks	4Q24 earnings outlook	2025 earnings outlook
Agribusiness	**Overweight**	We have a positive outlook on the trend of agricultural export prices in 4Q24-2025, expecting a global economic recovery, especially in China, where purchasing power has been weak over the past two years. In addition, the implementation of ESG-related measures, such as the EUDR, is expected to drive up prices of rubber and palm oil. We anticipate that rubber prices in 2025 will remain stable or continue to rise, which is positive for STA. We expect positive results from both increased sales volumes (due to China's recovery and market share gains from Indonesia, which has suffered from leaf disease) and continued strong sales prices (due to a slight global rubber production deficit and EUDR raising costs for producers).	**+**	**+**
Food & Beverage	**Overweight**	4Q24 is the low season for exports. We have a negative outlook on the meat sector, expecting profits to weaken q-q due to seasonality and a short-term decline in meat prices. We anticipate that the meat sector will become more attractive again in 2Q25. Although 4Q24 is typically the low season for beverages as well, it is an exception for 2024 as the energy drink market continues to grow. This supports CBG, which is likely to achieve record profits in 4Q24, as well as OSP, which has passed its lowest point in 3Q24 due to significant glass factory expenses in Myanmar. We expect profits to recover in 4Q24. The restaurant sector overall is recovering slowly due to weak purchasing power and intense competition. We favor MAGURO, which has a growth story with the opening of many new branches and targets the mid- to high-income customer segment. We expect profits in 4Q24-2025 to continue hitting new highs. For other food manufacturers, we are increasingly optimistic about RBF, which has passed its lowest profit point in 2Q24 and is showing clear potential from new customers. This is expected to support a profit recovery in 2025.	**0**	**+**
Banking	**Neutral**	4Q24 would be the high season for new lending but also high opex booking in the quarter. In addition, the impact of the lower interest rate in Oct-24 would be seen in 4Q24 performance. Thus, we expect a net profit contraction both y-y and q-q for 4Q24. For 2025, we have a favorable outlook for public and private investment that should support demand for corporate loans. Meanwhile, asset quality, especially retail loans (mortgage, auto HP, personal loans) still need close monitoring. Overall credit costs for banking sector have room to lower slightly y-y after active balance sheet cleanup in the past two years.	**-**	**0**
Finance & Securities	**Neutral**	4Q24 should be the strongest season for new lending among upcountry households and credit card spending. The positive impact can be seen from the government cash handout program. For 2025, we expect lower funding costs and cost control to be the key themes for consumer finance companies. Loan growth should be moderate around 10-15% y-y. The major upside risk, in our view, would be the recovery of used car/truck prices after weakness in 2024.	**+**	**0**
Automotive	**Underweight**	Even though the Motor Expo will be held from 29 November to 10 December 2024, we believe it will not significantly boost sales due to the lackluster purchasing power for big-ticket items. Banks are still tightening credit and NPLs remain high. We expect the profits of the auto sector to decrease both q-q and y-y. The situation for vehicle sales may improve in 2H25 at the earliest, but there are still many challenges: 1) the market is saturated; 2) economic growth is slowing; 3) the aging population is changing consumer behavior; and 4) Japan, a key trade partner of Thailand, has been slow to adapt to the changes brought by EVs.	**-**	**-**
Petrochemical & Chemicals	**Neutral**	We believe the petrochemical & chemical sector will continue to face weak demand from China, alongside the addition of more new supply coming online between 2024 and 2026. As a result, we expect the sector to underperform the SET index, with operating earnings remaining sluggish in 4Q24 and 2025. This is primarily due to a continued weakening in the product-to-feed margin, such as the spread between HPPE and Naphtha, which is expected to be USD350/ton in 4Q24, compared to USD360/ton in 3Q24 and USD370/ton year-to-date in 2024. Furthermore, there are additional headwinds from the US-China trade war expected in 2025, following Trump's plans to impose import tariffs on China, Canada, and Mexico. This could lead to a decline in petrochemical sales volumes and a drop in prices as a result.	**0**	**0**
Packaging	**Overweight**	The demand for packaging is gradually recovering along with the rebound in domestic consumption. However, the Chinese market is still recovering slowly, which means SCGP, which relies on the Chinese market, will also recover more slowly. On the other hand, SFLEX is growing much faster due to its focus on the domestic market. The outlook for 2025 is more optimistic, with a stronger recovery expected in industries such as food and beverages, as well as restaurants. At the same time, the cost of plastic pellets is not expected to be an obstacle to profitability. We anticipate that the 2025 profit will improve.	**0**	**+**
Construction Materials	**Overweight**	We expect the construction materials sector to continue recovering in both 4Q24 and 2025, driven by the acceleration of large-scale public sector projects, particularly those related to the EEC, as well as nationwide transportation infrastructure projects involving roads and rail systems. Additionally, we anticipate private residential construction to recover in line with the economic outlook.	**0**	**+**
Construction Services	**Overweight**	4Q24 earnings might weaken due to seasonality. However, we have a positive outlook for 2025 from an increase in government disbursements for work on large-scale projects. We expect to see various projects proposed to the cabinet to open for bidding with a combined value of THB280b (vs THB48b in 2024), such as double-track railway phase II, motorway, expressway, and electrified train projects. Moreover, the construction progress of ongoing projects, especially the MRT Orange Line West, Purple Line, and double-track railway projects should drive revenue and profit growth.	**0**	**+**
Property Development	**Neutral**	We project 4Q24 earnings to rise q-q due to aggressive sales and transfers in line with seasonal factors. Also, a cut in transfer and mortgage fees will be effective until the end of 2024. However, profits should decrease y-y, pressured by lower gross margins from aggressive price promotions and intense competition as well as higher interest expenses. Meanwhile, we anticipate aggregate 2025 profit to have mid-single-digit growth, while developers remain cautious about the outlook. Business plans might introduce fewer new projects and focus on inventory clearing amid surplus supply in the low-rise market amid high competition, while financial institutions should continue imposing strict credit underwriting.	**0**	**0**

Sources: Bloomberg; FSSIA analysis and estimates

Exhibit 38: 4Q24 and 2025 sector outlooks *(cont.)*

Sector	Weight	4Q24E and 2025E sector outlooks	4Q24 earnings outlook	2025 earnings outlook
Energy	**Neutral**	We believe the energy sector will rebound in 4Q24 thanks to the FX gain from the weakening of the Thai baht against the US dollar, and the absence of significant inventory losses that were seen in 3Q24. This is due to more stable crude oil prices in 4Q24, which should help lead to a recovery in net profit, while core operations are expected to see positive momentum from high production and sales volumes. This is because all projects are set to resume normal operations without any planned shutdowns during the quarter. Regarding the crude oil price outlook, we expect Brent crude oil prices to be volatile, ranging between USD70-78/bbl in 4Q24. Looking ahead to 2025, we believe that while OPEC may try to extend its production cut policy, the US, under the Trump administration, aims to increase its crude oil production by 3 million barrels per day (mbd) in an effort to pressure high oil prices and promote the use of fossil energy resources. As a result, we anticipate a decline in crude oil prices in 2025, which would likely lead to lower earnings for energy companies.	**+**	**-**
Utilities	**Overweight**	We believe the utility sector will rebound in 4Q24, supported by the addition of new capacity and lower interest expenses as interest rates decline. The margins for SPPs are expected to improve compared to 3Q24, primarily due to lower gas costs. Looking ahead to 2025. The draft PDP2024 has successfully completed the public consultation process and is currently under review for submission to the Cabinet for approval, with implementation expected early this year. Additionally, the 33 GW renewable energy power purchase bidding process is set to begin in early 2025. Moreover, the growth of AI data centers, EVs, and cryptocurrency represents a new growth curve for electricity demand, which is anticipated to be much higher than in the past. Particularly, AI data centers, where vast amounts of data require intensive processing and rapid transmission, are expected to drive a significant increase in electricity demand.	**+**	**+**
Commerce	**Overweight**	We have a positive outlook on 4Q24 earnings, supported by the high season for both consumption and tourism, including the benefits from cash handouts and flood recovery. For 4QTD, we believe SSSG for staples will remain positive at c1-3%, while discretionary should have mixed SSSG, but see an overall improvement from 3Q24. Looking ahead to 2025, we still have a positive outlook. The purchasing power environment should improve along with the normalization of government budget disbursement. We expect overall SSSG to grow by c2-3% along with GDP growth.	**+**	**+**
Health Care Services	**Overweight**	We expect moderate growth in 4Q24 due to the low healthcare season. However, we still expect strong growth in 2025. We expect CLMV patient revenue growth to resume due to a low base in 2024 and improvements in political tensions in Myanmar. The Kuwaiti government may also announce the hospital approved list and start sending Kuwaiti patients to Thailand again. We also expect the SSO to revise up the payment rate of high-cost care to a fixed THB12,000/RW.	**0**	**+**
Tourism & Leisure	**Overweight**	We expect strong growth in 4Q24 thanks to the high tourism season in Thailand. The number of tourists has improved in Nov and we expect the momentum to continue. We also expect tourist arrivals to increase to almost 40m in 2025 from 35-36m in 2024. This implies that the RevPAR of Thai hotels should continue to grow. We also expect hotel operators benefit from the lower interest rate trend.	**+**	**+**
Transportation	**Overweight**	AOT: We expect strong growth in 4Q24 thanks to the high tourism season in Thailand. International passengers have exceeded the pre-Covid level in Nov and we expect the momentum to continue. Airlines: We expect strong growth y-y in 4Q24 thanks to lower fuel costs and higher ticket fares. We also expect the passenger volume to grow in 2025 with the average fare rate maintaining its momentum following the supply shortage.	**+**	**+**
Shipping	**Underweight**	The dry bulk sea freight index has declined across all ship segments since the beginning of 4Q24, with the Capesize Index seeing the steepest decline, followed by the smaller vessels, the Supramax Index, which is the reference index for PSL's and TTA's vessel sizes. We expect the shipping sector's profit to decline both q-q and y-y. The 2025 situation seems even worse with supply outweighing demand growth. Clarksons Research forecasts the demand for bulk carriers to rise by 1.3% while supply is expected to grow faster by 2.9%. We expect the dry bulk shipping profit to decline by 6% y-y in 2025.	**-**	**-**
Electronic Components	**Neutral**	The orders for 4Q24 remain weak, both from the automotive industry, which has not yet recovered, and from most customers who are delaying orders to wait for clearer policies from Trump. Meanwhile, many products, especially upstream semiconductors unrelated to AI but related to EVs, have seen a significant drop in selling prices due to a temporary oversupply issue, which could extend into 1Q25. There is a possibility that a recovery may begin in 2Q25 as stock levels start to deplete, with a more favorable outlook expected in 2H25.	**-**	**0**
Information & Communication	**Overweight**	We expect the growth to continue in 2025, both revenue and margins. The key driver is still the low-competition environment, for both mobile and fix broadband businesses. For system integrators, we think the operating performance could benefit from rising investment from the public and private sectors on digital transformation and infrastructure, especially data centers.	**+**	**+**

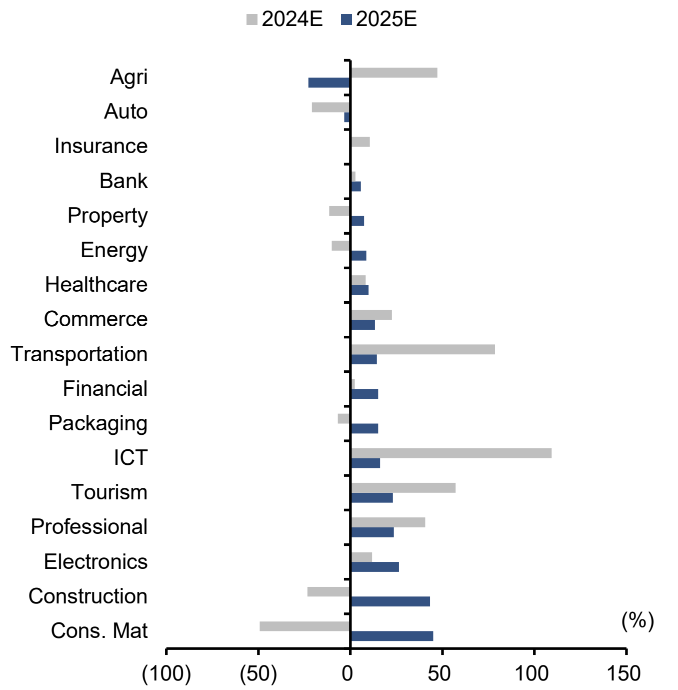
Sources: Bloomberg; FSSIA analysis and estimates

Maintain 2025E SET target at 1,600, but with some downside risks

We maintain our 2025 SET target of 1,600, based on 2025E EPS of THB98 and a target PER of c16.3x. We think companies' overall 4Q24 earnings are likely to grow both q-q and y-y, in line with the improving Thai economy and the high season of tourism and spending. This recovery should continue into 2025 and should support a recovery of the index. We continue to expect 2025 aggregate net profit growth of 14% y-y, driven by the low base effect from global-related sectors, i.e. energy, petrochemicals, construction materials, and packaging. Meanwhile, domestic-related sectors, i.e. ICT, commerce, financial services, healthcare, food, construction services, and tourism are likely to have resilient growth. However, US trade policies pose the largest downside risk to our EPS forecast, as they could affect the Thai export engines, thereby leading to lower business and consumer confidence on spending and investment.

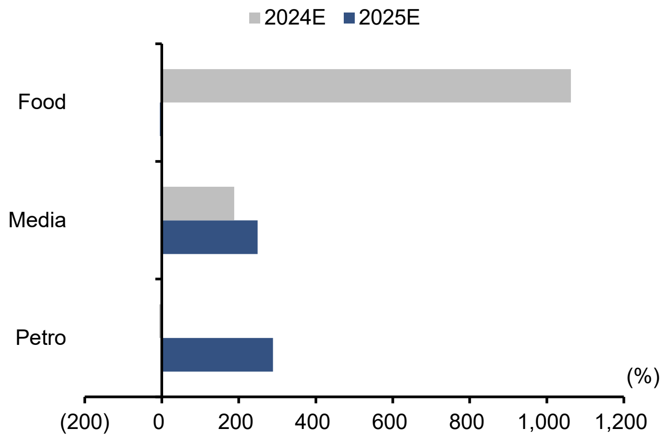
In terms of valuation, the SET index is currently trading at a 2025 PER of c14x, lower than SD-1 of its ten-year historical average, after a c6% plunge in mid-December 2024. If we exclude DELTA, which is trading at a 2025 PER of almost c68x, the 2025 PER would be lower than 13x, significantly cheaper at SD-1.5 from the historical average. In addition, this valuation level implies a very wide earnings yield gap of almost 5%, SD+2 from the average, based on the current TH10Y bond yield of 2.25%. Hence, we expect to see limited downside for the SET index. We think it is a good opportunity to accumulate at the index level of 1,350-1,370 for long-term investment.

Exhibit 39: Earnings growth by sector



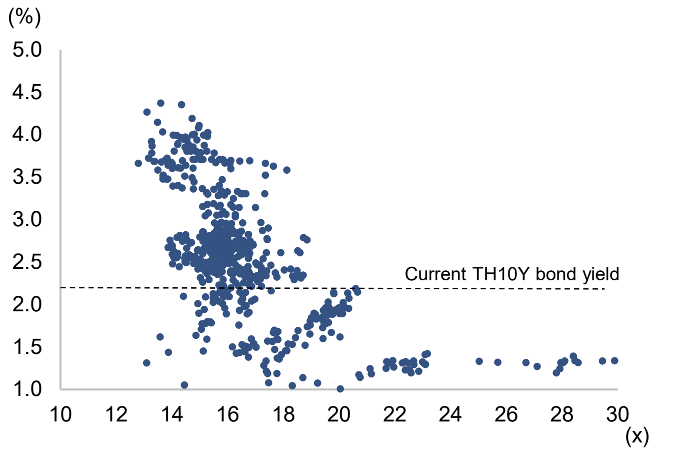
Sources: FSSIA and Bloomberg

Exhibit 40: Earnings growth by sector



Sources: FSSIA and Bloomberg

Exhibit 41: PER vs TH10Y bond yield



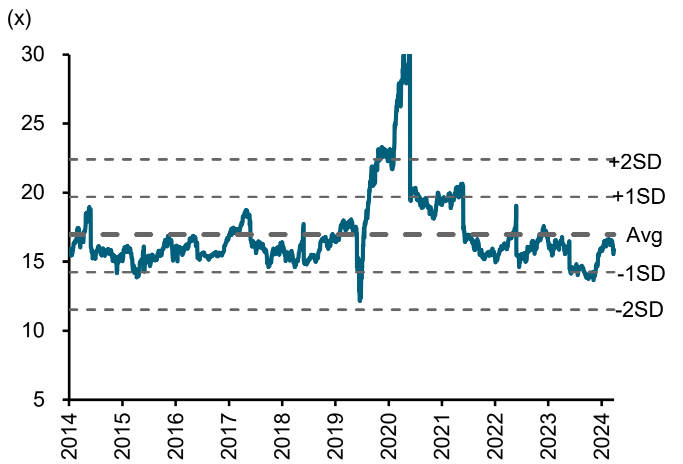
Source: FSSIA estimates

Exhibit 42: SET target sensitivity

		------------- Earnings per share ----------------	
		2024E	2025E
	EPS	86.2	98.0
		- Target index based on FSSIA estimates -	
	P/E (x)	2024E	2025E
SD+0.5	18.3	1,581	1,797
SD+0.25	17.6	1,522	1,730
10-year average	16.9	1,464	1,664
SD-0.25	16.3	1,405	1,597
SD-0.5	15.6	1,346	1,530
SD-1.0	14.3	1,229	1,397
SD-1.5	12.9	1,112	1,264

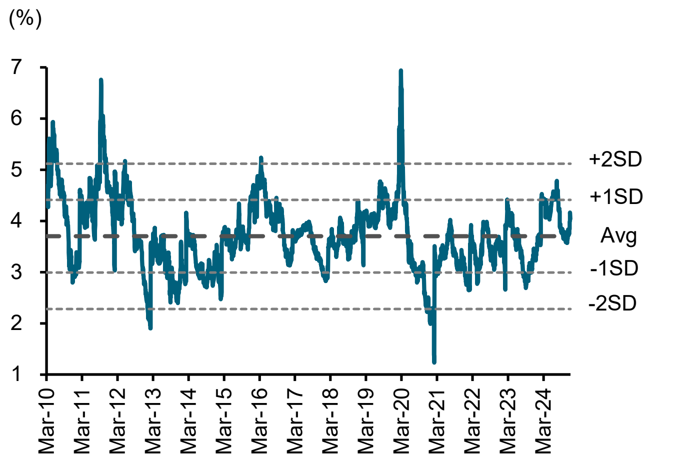
Source: FSSIA estimates

Exhibit 43: SET historical forward PER



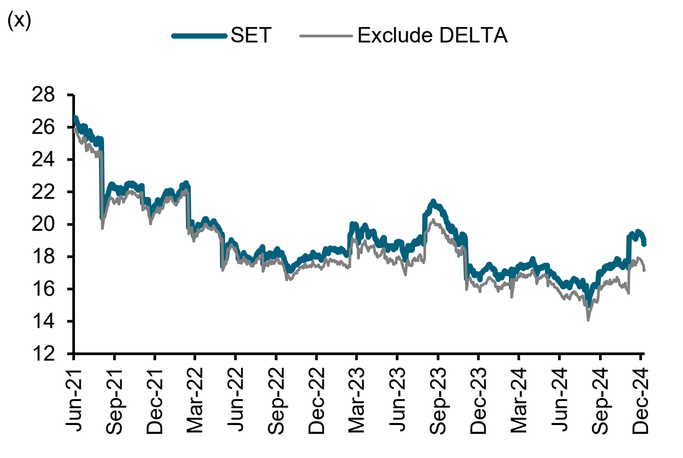
Sources: Bloomberg and FSSIA

Exhibit 44: SET earnings yield gap



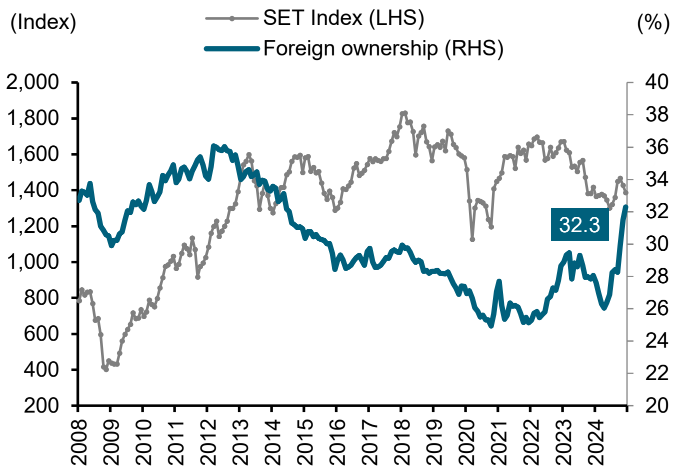
Sources: Bloomberg and FSSIA

Exhibit 45: SET PER excluding DELTA



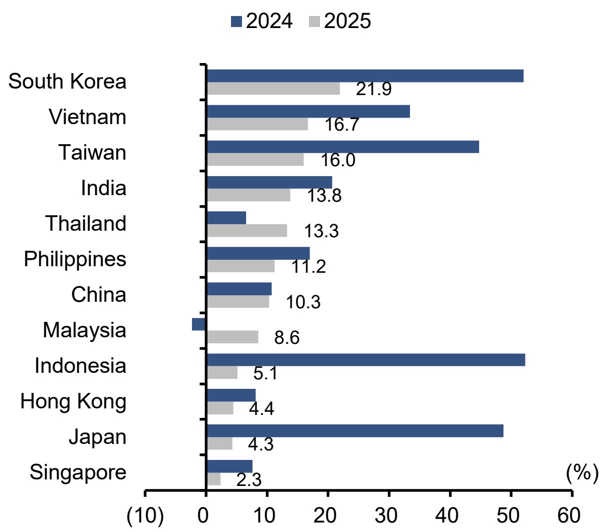
Sources: Bloomberg and FSSIA

Exhibit 46: Foreign ownership vs SET index



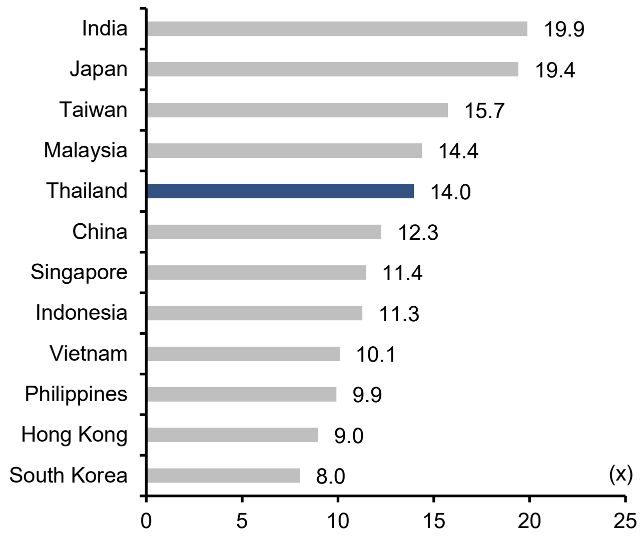
Sources: Bloomberg, SETSMART and FSSIA

Exhibit 47: Asian markets' EPS growth



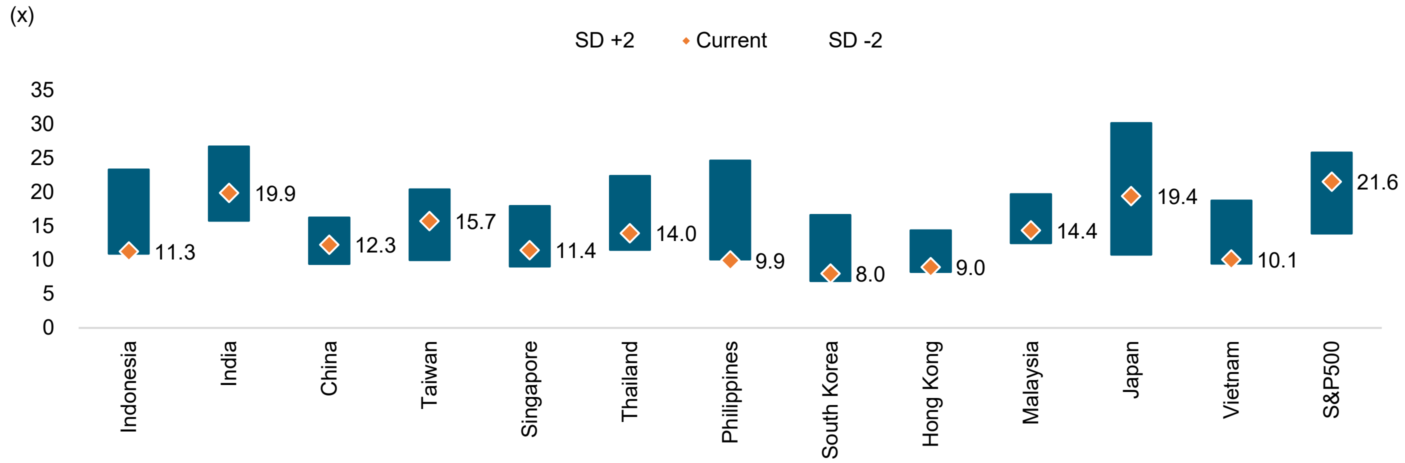
Data as of 20 Dec 2024
Source: Bloomberg

Exhibit 48: Asian markets' PER



Data as of 22 Dec 2024
Source: Bloomberg

Exhibit 49: Asian markets' valuation comparison



Data as of 20 Nov 2024
Sources: Bloomberg and FSSIA

2025 favorites: diversified but focused on domestic, especially investment and consumption

As we expect the Thai economy to continue growing in a more balanced manner from each engine, investment should play a key role in 2025, while consumption is likely to be resilient. Meanwhile, there are some risks from external factors such as trade policy and geopolitics. Hence, we still prefer our domestic-focused strategy. We think stocks with stronger 4Q24-2025E earnings growth with attractive valuations, i.e. below pre-Covid levels, could outperform the market. Key investment themes in 2025 are:

- Return of investment cycle in public infrastructure, turnaround of private segment with production base relocation.
- Resilient consumption supported by stimulus packages, potential further rate cuts, and low oil prices.
- High ESG score is a plus from being a potential target of VAYU1. We have started to factor this into our valuations.

Finally, our top 2025 favorites are **BA, CHG, CPALL, KTB, MTC, NSL, RBF, SEAFCO, SHR, and WHA**.

Exhibit 50: FSSIA stock favorites for 2025

Company	BBG code	Key rationale	FSSIA ESG rating
Bangkok Airways	BA TB, BUY, TP THB30.0	BA is seeing strong advanced bookings for Nov-24 to Jun-25, up 12% y-y, particularly on Samui routes. On the cost side, BA has hedged 20-30% of its jet fuel needs through Jun-25 at USD85-86 per barrel, compared to the current level of around USD90 per barrel. Although 4Q24 is the low season for Samui, the company is expected to turn a profit compared to 4Q23. BA is set to benefit from an expanded fleet and new, more fuel-efficient aircraft. We estimate 2024 earnings at THB3.5b, +111% y-y, with further upside potential. For 2025, the current net profit estimate is THB3.8b, +10% y-y. The stock is trading at a 2025E PER of only 12x.	-
Chularat Hospital	CHG TB, BUY, TP THB3.8	We maintain a positive outlook on CHG despite headwinds from the SSO segment. CHG still has robust projected revenue growth of 10-12%, and its EBITDA margin has significantly improved to 26% in 3Q24 (vs 23% in 3Q19). Besides, we expect this improvement to continue as the loss from CHG Mae Sot declines. The stock is trading at a cheap valuation of 19x 2025E PER.	★★
CP All	CPALL TB, BUY, TP THB83.0	We expect 4Q24 normalized profit to grow both q-q and y-y, supported by continued positive SSSG trends for convenience stores at 3-4% 4QTD and CPAXT at 1-3%. High-margin product categories remain strong sellers, while low-margin categories like cigarettes continue to see declining sales. We anticipate these trends to continue into 2025 as Thailand's economy and domestic consumption are expected to be resilient.	★★★★
Krung Thai Bank	KTB TB, BUY, TP THB23.5	We expect KTB to benefit from the new investment cycle in 2025 from both public and private segments. Meanwhile, the asset quality is less concerning than for other big banks, with an expected downtrend in the NPL ratio and credit costs. We retain our 2024-26 forecast and maintain our top BUY call with a 2025 GGM-based TP of THB23.50, implying 0.7x P/BV.	★★★★
Muangthai Capital	MTC TB, BUY, TP THB62.0	We expect 4Q24 net profit to continue to grow both q-q and y-y, following continued loan growth and a wider q-q spread. Asset quality remains the strongest among peers, still manageable and aligning with its guidance. We expect 2024-26 net profit to have a robust 25% CAGR, the highest among the diversified finance companies under our coverage.	★★★★
NSL Foods	NSL TB, BUY, TP THB43.0	We anticipate a continued increase in both q-q and y-y profit of THB140m-142m in 4Q24, marking the highest profit of the year and a new high for the company. We forecast the 2025 net profit at THB591m (+13% y-y), with upside potential from the coconut water deal – not yet included in our estimates. We are optimistic about the upward profit momentum, from the strong core business (7-Eleven) and NSL's efforts to increase non-7-Eleven revenue both domestically and internationally to find new growth stories.	-
R&B Food Supply	RBF TB, BUY, TP THB7.2	The outlook for 4Q24 remains positive with continued q-q growth. The company targets 2025 revenue growth of 10-15% y-y, driven by overseas businesses from increased production capacity. Domestically, it is expanding production lines for syrups and sauces at its Ayutthaya factory, with plans to grow its sauce product range in 2025. We maintain our view that RBF has already passed its lowest point. For 2025, profit is projected to rebound by +28%.	-
SEAFCO	SEAFCO TB, BUY, TP THB3.00	We expect a strong turnaround in 2025. The construction industry is expected to recover in 2025, driven by increased government infrastructure projects. The company's backlog is projected to reach THB1.5b in early 2025 with the inclusion of the Orange Line project. The company is bidding for THB18b worth of projects. Earnings should improve q-q in 4Q24 and strongly turn around in 2025 to THB152m (+5x y-y), driven by high-margin revenue from the Orange Line project, with peak contributions in 2Q-3Q25. SEAFCO is trading at a 2025E P/BV of 0.9x, below the five-year average of 2x.	-
S Hotels and Resorts	SHR TB, BUY, TP THB3.80	We think that 4Q24 earnings should turn profitable. SAii Laguna Phuket's renovation program is progressing faster than planned, with completion scheduled by Dec-24. The Maldives is entering its high tourism season, and we expect SO/ Maldives' OCC rate to improve to 50-55% (vs 40% in 3Q24), leading to a narrower core loss. For 2025, management expects RevPAR to grow further by 5-10%, with an improving EBITDA margin of c26%. SHR trades at a cheap and undemanding valuation of 0.5x 2025E P/BV.	★★
WHA Corporation	WHA TB, BUY, TP THB6.40	We expect WHA's profit to recover strongly in 4Q24, supported by a land backlog of 1,250 rai awaiting transfer, the recovery of the Gheco-One power plant, and a gain from the sale of factories into WHAIR. We maintain our 2024-25 core profit estimates at record highs of THB4.8b (+9.4% y-y) and THB5.3b (+10.1% y-y), respectively, or at a CAGR of 8.7% during 2024-26. Recently, the stock price has risen rapidly due to news of land sales to Google for the construction of a data center, as well as the results of the US presidential election, which could lead to another wave of production relocation. The outlook for WHA remains bright.	★★★★

Source :FSSIA estimates

Exhibit 51: Summary of key valuations for FSSIA's top picks

		--- Share price ---		*Up*	Recurring net profit		-Net profit growth-		---------- P/E ----------			PBV	Div yld	ROE
		Current	Target	*side*	24E	25E	24E	25E	24E	25E	26E	25E	24E	24E
		(THB)	(THB)	*(%)*	(THB m)	(THB m)	(%)	(%)	(x)	(x)	(x)	(x)	(%)	(%)
Bangkok Airways	BA TB	22.40	30.00	*34*	3,487	3,820	111.0	9.5	13.5	12.3	11.6	2.4	5.2	19.8
Chularat Hospital	CHG TB	2.44	3.80	*56*	1,203	1,388	15.0	15.4	22.3	19.3	17.6	3.1	2.7	15.5
CP All	CPALL TB	55.75	83.00	*49*	24,480	27,722	35.0	13.2	20.5	18.1	16.0	3.9	2.4	20.9
Krung Thai Bank	KTB TB	21.00	23.50	*12*	37,621	38,760	2.7	3.0	7.8	7.6	6.1	0.6	4.2	9.1
Muangthai Capital	MTC TB	48.00	62.00	*29*	6,292	8,142	28.2	29.4	16.2	12.5	10.6	2.3	0.6	18.1
NSL Foods	NSL TB	31.50	43.00	*37*	523	591	56.9	13.1	18.1	16.0	14.0	4.7	3.2	31.3
R&B Food Supply	RBF TB	6.95	7.20	*4*	501	657	(24.8)	31.3	27.8	21.1	18.5	2.6	2.0	10.2
Seafco	SEAFCO TB	2.00	3.00	*50*	39	152	(74.1)	290.2	41.7	10.7	9.3	0.9	1.1	2.4
S Hotels and Resorts	SHR TB	2.36	3.80	*61*	150	367	87.8	145.0	56.6	23.1	16.4	0.5	0.7	0.9
WHA Corporation	WHA TB	5.50	6.40	*16*	4,842	5,333	9.4	10.1	17.0	15.4	14.4	2.3	3.5	14.3

Share prices as of 30 Dec 2024
Source: FSSIA estimates

Disclaimer for ESG scoring

<table>
<tr><th>ESG score</th><th colspan="2">Methodology</th><th>Rating</th></tr>
<tr><td>The Dow Jones Sustainability Indices (DJSI) By S&P Global</td><td colspan="2">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.</td><td>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.</td></tr>
<tr><td>SET ESG Ratings List (SETESG) by The Stock Exchange of Thailand (SET)</td><td colspan="2">SET ESG 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.</td><td>To be eligible for SETESG 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.
SETESG Index is extended from the SET ESG Ratings 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.</td></tr>
<tr><td>CG Score by Thai Institute of Directors Association (Thai IOD)</td><td colspan="2">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.</td><td>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%).</td></tr>
<tr><td>AGM level By Thai Investors Association (TIA) with support from the SEC</td><td colspan="2">It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). (The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</td><td>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.</td></tr>
<tr><td>Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)</td><td colspan="2">The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years.
(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</td><td>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.</td></tr>
<tr><td>Morningstar Sustainalytics</td><td colspan="2">The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</td><td>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><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></table></td></tr>
<tr><td>ESG Book</td><td colspan="2">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.</td><td>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.</td></tr>
<tr><td>MSCI</td><td colspan="3">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><tr><td>AAA</td><td>8.571-10.000</td><td rowspan="2">Leader:</td><td rowspan="2">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td>AA</td><td>7.143-8.570</td></tr><tr><td>A</td><td>5.714-7.142</td><td rowspan="3">Average:</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>BBB</td><td>4.286-5.713</td></tr><tr><td>BB</td><td>2.857-4.285</td></tr><tr><td>B</td><td>1.429-2.856</td><td rowspan="2">Laggard:</td><td rowspan="2">lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr><tr><td>CCC</td><td>0.000-1.428</td></tr></table></td></tr>
<tr><td>Moody's ESG solutions</td><td colspan="3">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.</td></tr>
<tr><td>Refinitiv ESG rating</td><td colspan="3">Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. (Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</td></tr>
<tr><td>S&P Global</td><td colspan="3">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.</td></tr>
<tr><td>Bloomberg</td><td>ESG Score</td><td colspan="2">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.</td></tr>
<tr><td>Bloomberg</td><td>ESG Disclosure Score</td><td colspan="2">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.</td></tr>
</table>

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

Source: FSSIA's compilation

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Veeravat Virochpoka FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Airways	BA TB	THB 22.40	BUY	Downside risks to our SoTP-based TP include 1) extraordinary events such as political turmoil and natural disasters; 2) higher-than-expected fuel expenses following an increase in oil prices; and 3) the slower-than-expected recovery of international tourist numbers.
Chularat Hospital	CHG TB	THB 2.44	BUY	Downside risks to our DCF-based target price include 1) a slowdown in Thai patient volume due to economic concerns; 2) regulatory risks from drug price and medical bill controls; and 3) SSO provision expenses following limited budgets from the SSO.
CP All	CPALL TB	THB 55.75	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.
Krung Thai Bank	KTB TB	THB 21.00	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) the impact of new regulations from the Bank of Thailand.
Muangthai Capital	MTC TB	THB 48.00	BUY	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board. Upside risks are 1) positive developments in asset quality which could bring down its credit costs; and 2) a decreasing market interest rate, which could alleviate its cost of funds burden.
NSL Foods	NSL TB	THB 31.50	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.
R&B Food Supply	RBF TB	THB 6.95	BUY	Downside risks to our P/E-based TP include 1) a slower-than-expected consumption recovery; 2) high volatility in raw material costs; 3) a stronger THB than expected; and 4) a slower-than-expected India expansion.
Seafco	SEAFCO TB	THB 2.00	BUY	Downside risks to our P/BV-based TP include 1) fewer than expected new contract signing; 2) auction delays; 3) a failure to win contracts from the Orange Line project; 4) political uncertainties; 5) construction delays and cost overrun; 6) higher building material costs, labor shortages, and a minimum wage hike; and 7) fierce competition.
S Hotels and Resorts	SHR TB	THB 2.36	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.
WHA Corporation	WHA TB	THB 5.50	BUY	Downside risks to our TP include 1) the local political uncertainties; 2) the delay in budget approval; 3) the inability to sell assets into its trusts as planned; and 4) intense competition from abroad.

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-Dec-2024 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

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

BUY (B). The upside is 10% or more.
HOLD (H). The upside or downside is less than 10%.
REDUCE (R). The downside is 10% or more.
Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.
Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.
Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.