FINANSIA
FSS INTERNATIONAL INVESTMENT ADVISORY

Thailand Market Strategy

SET target cut, but opportunities remain

- Slowdown concerns for the US and slower Fed rate cuts due to Trump's policies are pressuring risky assets and prompting a move to fixed income markets.

- Slower-than-expected 4Q24 TH GDP and earnings come with a downward 2025E EPS revision and an earlier rate cut from the BoT.

- Cut SET target to 1,390 but maintain the view that the current valuation of the index is very attractive for long-term investment, whether in terms of PER, PBV, or EY gap.

US economic slowdown concerns and slower Fed rate cuts pressure risky assets

Trump's 2025 tariff policies are pressuring US equities, as recent weak economic data and rising inflation dampen rate-cut hopes. The Fed is expected to hold its rates for a while, with possible cuts coming in June or July 2025. Thailand, with its USD45.6b trade surplus with the US, faces risks if tariffs target key exports like electronics and auto parts. Indirect pressure may arise from increased Chinese imports due to US tariffs on China.

Moderate growth expected for Thai economy; the BoT's rate cut came earlier

4Q24 TH GDP grew by 0.4% q-q and 3.2% y-y, slower than street's forecast, with 2024 growth at 2.5% y-y. Private consumption remained resilient while public segments and exports were boosted. The NESDC projects 2025 GDP at 2.3-3.3% y-y, with risks from global trade policy shifts. Recently, the MPC cut its policy rate by 0.25% to 2%, earlier than we anticipated. We think this is positive for the Thai economic growth momentum and should enhance capital markets, particularly the SET, to rebound after plunging by 20% during the last four months.

Lower-than-expected 4Q24-2024 earnings lead to 2025E downward revision

Overall, 4Q24 aggregate net profit grew by 8% q-q and 12% y-y, missing expectations by 8%. The worst performers were mostly global-related sectors, i.e., energy, petrochemicals, construction materials, electronics, and packaging. On the other hand, tourism and airlines outperformed, while domestic sectors mostly met expectations. For 2024, EPS is expected to finish at cTHB78, up by 2% y-y due to many negative extra items. In addition, our current 2025E EPS was revised down by 3% to THB95 but still represents an increase of 21% y-y.

Cut SET target to 1,390

We cut our SET target from 1,600 to 1,390 by using a more conservative 2025E EPS of THB93 and reducing the target PER to 15x. However, the index is trading at a 2025 PER of below 13x, with an unusually high earnings yield gap of 5.5%, making valuations attractive. Even in a worst-case scenario with EPS at THB90, the PER would remain at 13.3x with a substantial yield gap. We favor a domestic-focused strategy, prioritizing stocks with solid 2025 outlooks and attractive valuations. Our top picks are BA, BBL, BTG, CPALL, MTC, NSL, PR9, SEAFCO, and SHR.

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Concern over US economy, trade uncertainties challenge Fed rate cuts

Since President Donald Trump's return to office in January 2025, several significant trade tariff announcements have been made, as shown in Exhibit 1. Even if some concerns have eased as tariff hikes have been delayed for some countries, recent data have created concerns about both economic growth and inflation risks. This is negative for risky assets and has started to pressure US equity markets.

In January 2025, US retail sales came below expectations, turning negative at -0.9% m-m, followed by a disappointing earnings outlook from Walmart and lower-than-expected US services PMI and consumer confidence in February 2025. Meanwhile, Michigan inflation expectations jumped to 4.3%, up sharply from 3.3% in January. Moreover, the Michigan five-year inflation expectation jumped to 3.5% this month, the highest level since 1995.

For this scenario, we think it is more challenging for the US Federal Reserve (Fed) to cut its interest rates from the current 4.25-4.50%. In terms of market reaction, investors have started to take some profit on US equities and moved to fixed income markets, reflected in the lower US 2Y and 10Y bond yields of c4.1% and c4.3%, respectively, compared to the highs of c4.4% and c4.65% in February. The consensus expects the Fed to hold its policy rate for a while, and the soonest a rate cut might occur may be in the June or July meetings.

Exhibit 1: Trump's recent trade policies and impacts

| Announcement Date	Tariff hike details	Effective Date
31 January 2025	25% tariff on imports from Canada and Mexico, 10% tariff on Canadian crude oil and energy imports, and 10% tariff on imports from China. However, the US president delayed Canada/Mexico tariffs by one month to 4 March 2025, contingent on enhanced border security.	4 March 2025
10 February 2025	25% tariff on all steel and aluminum imports, removing previous exemptions.	12 March 2025
13 February 2025	Presidential memorandum to develop a 'reciprocal' tariff system matching tariffs imposed by trading partners.	April – October 2025
15 February 2025	Plan to impose tariffs equivalent to VAT systems in countries like the European Union.	TBD
18 February 2025	Intention to implement 25% tariffs on imports of automobiles, semiconductors, and pharmaceuticals, with formal announcements expected by 2 April 2025.	2 April 2025

Source: FSSIA's summary

Exhibit 2: US retail sales and consumer confidence
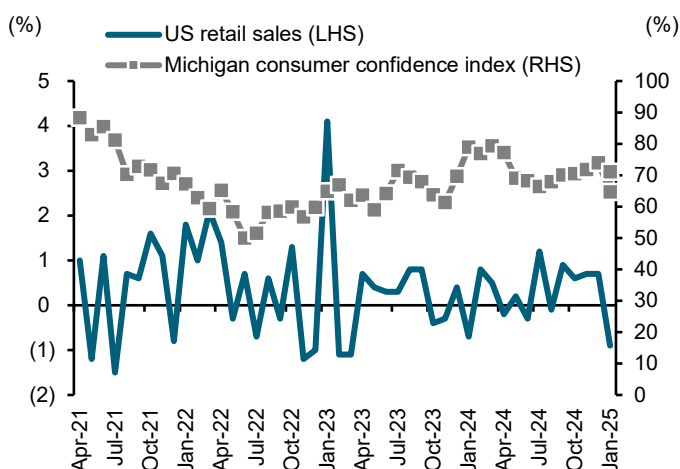
Source: Bloomberg

**Exhibit 3: Michigan inflation expectations**
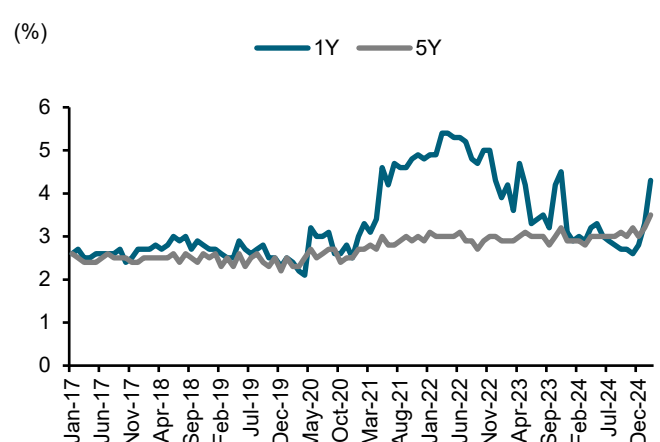
Source: Bloomberg

Thai exports remain at risk from US reciprocal tariffs

In 2024, Thailand's exports to the US accounted for 18.3% of the country's total export value, the largest contribution among trading partners. In addition, Thailand had a trade surplus of USD45.6b with the US, ranking the 11th largest country. Although the US has not yet addressed or mentioned Thailand regarding its significant trade surplus, this remains a key factor to monitor and potentially poses downside risks to the Thai export sector and the overall economy if the US imposes targeted tariffs on some Thai products. Key products that are exported to the US are electronic components, rubber products, auto parts, preserved fish, and pet foods.

In addition, we think the Thai economy will also have some challenges after the US raises tariffs on imported goods from other countries, especially China, which could indirectly affect Thailand from a higher volume of low-cost products from China that might flood the domestic market.

Exhibit 4: Thailand's exports by country (2024)

Others 20.6%
US 18.3%
China 11.7%
Japan 7.8%
ASEAN 23.4%
EU+UK 9.5%
India 3.9%
Australia 4.8%
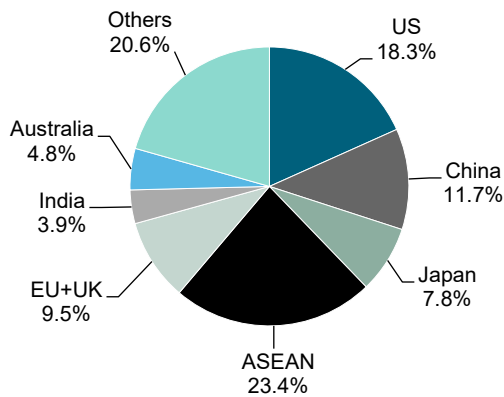
Source: MoC

Exhibit 5: The US' largest trade deficits by country (2024)

Ranking	Country	Trade deficits in 2024 (USD b)
1	China	(295.4)
2	Mexico	(171.8)
3	Vietnam	(123.5)
4	Ireland	(86.7)
5	Germany	(84.8)
6	Taiwan	(73.9)
7	Japan	(68.5)
8	South Korea	(66.0)
9	Canada	(63.3)
10	India	(45.7)
11	Thailand	(45.6)
12	Italy	(44.0)

Source: United States Census Bureau

Exhibit 6: Thailand's top export products to the US

| Product	Value 2024 (USD m)	Growth 2024 (%)	Share 2024 (%)
Automatic data processing machines and parts thereof	10,568	48.2	19.2
Teleprinters, telephone sets and parts thereof	4,657	22.3	8.5
Rubber products	4,504	6.0	8.2
Semi-conductor devices, transistors and diodes	2,484	(24.9)	4.5
Electrical transformers and parts thereof	2,096	8.8	3.8
Machinery and parts thereof	2,036	20.9	3.7
Precious stones and jewelry	1,974	16.1	3.6
Motor cars, parts and accessories	1,893	25.9	3.5
Other electrical equipment and parts thereof	1,777	1.8	3.2
Air conditioning machine and parts thereof	1,283	8.6	2.3
Iron and steel and their products	1,205	(19.3)	2.2
Plastic products	1,072	32.8	2.0
Boards, panels of electric control	913	21.9	1.7
Prepared or preserved fish, crustaceans, mollusks in airtight containers	911	6.3	1.7
Other industrial products	900	16.3	1.6
Summary	**54,956**	**13.7**	**100.0**

Source: MoC

Lower-than-expected 4Q24 TH GDP

The Office of the National Economic and Social Development Council (NESDC) reported that Thai GDP grew by only 0.4% q-q and 3.2% y-y in 4Q24, missing the street's expectation of +0.7% q-q and +3.8% y-y. Each economic engine grew above 3.2% y-y, but they were pressured by a lower change in inventories. As a result, the Thai economy grew by 2.5% y-y in 2024, lower than the market's forecast of +2.7% y-y.

We still have a positive view on public segments, both spending and investment, which jumped 5.4% y-y and 39.4% y-y in 4Q24, thanks to the acceleration of the budget disbursement rate of 36.7% of the total budget in the quarter; higher than 19.9% in 3Q24 and 30.7% in 4Q23. Moreover, export segments are continuing to show strong growth. Goods exports increased by 8.9% y-y thanks to the global economy, which remains resilient. Meanwhile, exports of services jumped by 22.9% y-y, thanks to more tourist arrivals numbering 9.46 million (+17% y-y) in the quarter.

For the private sector, consumption still had resilient growth of 3.4% y-y in 4Q24, supported by the first phase of the THB10,000 cash handout, released in late 3Q24. In addition, consumer confidence inched up to 57.9 after declining in 2Q-3Q24. However, private investment is the only engine that remained in negative territory for three consecutive quarters at -2.1% y-y, in line with the muted growth in the property and automotive sectors. Business confidence was slightly up at 48.4 from its bottom in 3Q24, implying a possible turnaround in 2025, supported by record-high investment promotion applications in 2024.
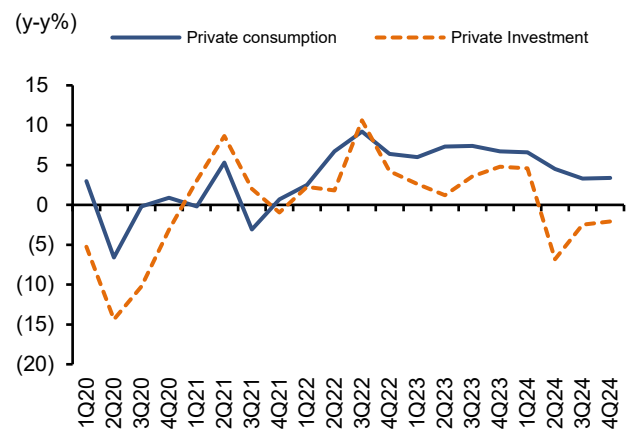
For 2025, the NESDC maintains its GDP growth projections of 2.3-3.3% y-y. However, there is some uncertainty over global trade policy changes, which could indirectly affect Thai exports.

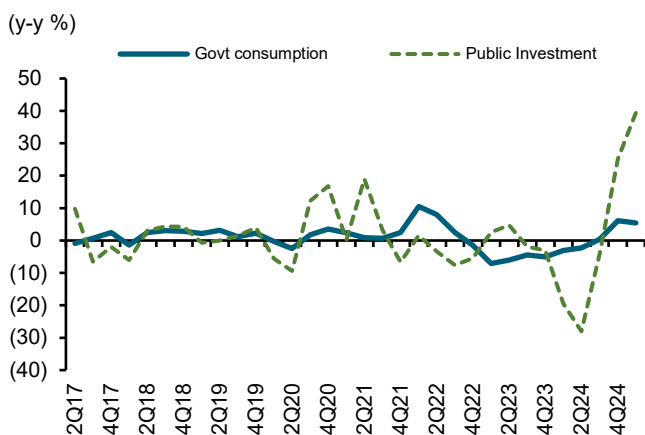**Exhibit 7: Slower-than-expected q-q and y-y growth for TH 4Q24 GDP**
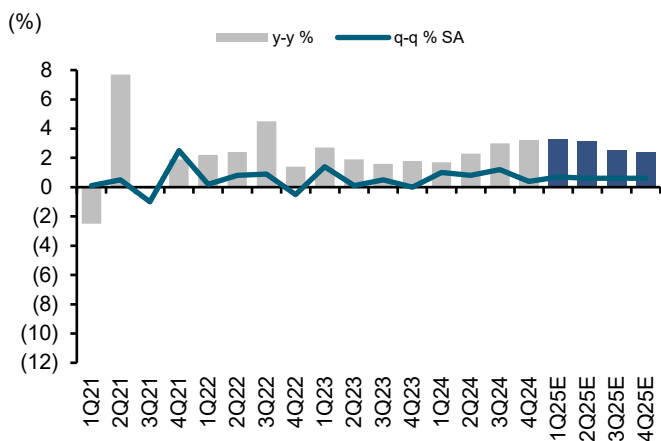
Source: NESDC

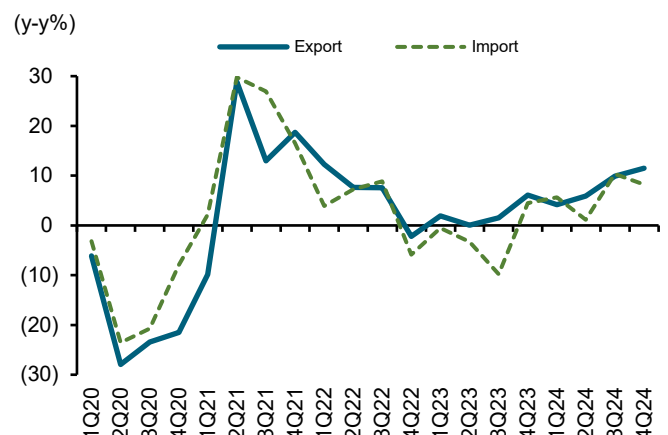**Exhibit 8: Private consumption still resilient while investment remained negative**

Source: NESDC

Exhibit 9: Public spending decelerated while investment jumped from low base last year

Source: NESDC

Exhibit 10: Exports of both goods and services still solid

Source: NESDC

Exhibit 11: NESDC and BoT economic projections

|	2019	2020	2021	2022	2023	2024	-------------- NESDC ------------- 2025E	------ Bank of Thailand ----- 2025E
	(y-y%)	(y-y%)	(y-y%)	(y-y%)	(y-y%)	(y-y%)	(y-y%)	(y-y%)
Real GDP growth	2.3	(6.4)	1.5	2.6	2.0	2.5	**2.3-3.3**	**2.6**
Private consumption	4.0	(0.8)	0.6	6.2	6.9	4.4	**3.3**	-
Private investment	2.7	(8.1)	3.0	4.6	3.1	(1.6)	**3.2**	-
Public consumption	1.7	1.4	3.7	0.1	(4.7)	2.5	**1.3**	-
Public investment	0.1	5.1	3.4	(3.9)	(4.2)	4.8	**4.7**	-
Export value growth (USD b)	(3.3)	(6.5)	19.2	5.4	(1.5)	5.8	**3.5**	-
Headline inflation	0.7	(0.8)	1.2	6.1	1.2	0.4	**0.5-1.5**	-
Current account to GDP (%)	7.0	4.2	(2.0)	(3.5)	1.5	2.3	**2.5**	-
Number of tourist arrivals (m)	39.9	0.0	0.4	11.2	28.1	35.5	**38**	-

Sources: NESDC and BoT

The BoT's rate cut came earlier than expected

In the February 2025 meeting, the Monetary Policy Committee (MPC) voted 6 to 1 to cut the policy interest rate by 0.25%, from 2.25% to 2%, surprising the market and arriving earlier than we anticipated. The reasons behind the decision are slower-than-expected economic growth due to structural challenges in manufacturing and rising competition from imports. Despite strong domestic demand and tourism, risks from global trade policies could impact Thai exports, while SMEs continue to face competitiveness issues. Exports are expected to grow, mainly in technology and processed agricultural products. Inflation remains low due to declining oil prices and high import competition, but deflation is not a concern. The rate cut aims to ease financial conditions and support economic stability while maintaining long-term financial resilience.

We view this as positive and supportive for Thai economic growth in 2025, potentially enhancing capital markets, especially the SET index, after plunging by c20% from its high in mid-October last year. We think the chance for further rate cuts remains, but the bar is likely higher due to more limited policy space.

Exhibit 12: The BoT's CPI projections
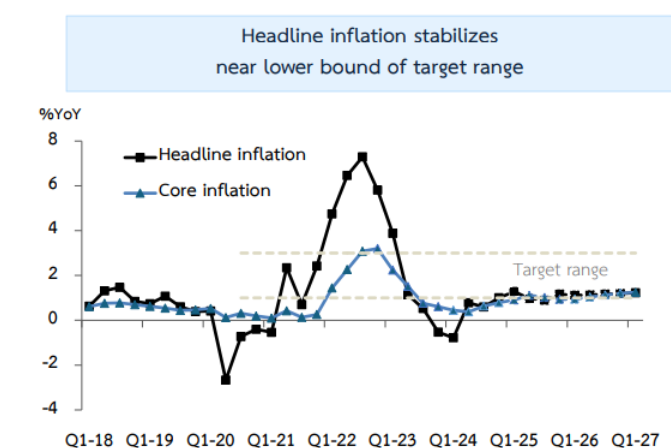
Source: BoT

Exhibit 13: Fed funds rate vs BoT rate
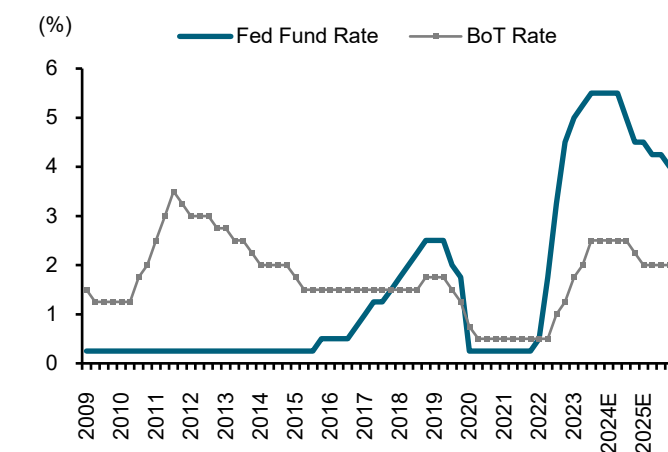
Sources: CME FedWatch Tool, FSSIA

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Lower-than-expected 4Q24 earnings results come with downward EPS revision

Based on the 137 companies under our coverage that have reported 4Q24 earnings results, their aggregate net profit came in at THB163b (+8% q-q, +12% y-y), missing our expectation by 8%.

The worst performers in 4Q24 were mostly global-related sectors, i.e., energy, petrochemicals, construction materials, electronics, and packaging. Their net profits were lower than expected by 10-90%, pressured by both limited revenue growth and lower margins from economic uncertainty, particularly from China. Meanwhile, the best performers were banking, tourism and airlines, and food. In addition, domestic and consumption-related sectors, such as commerce, healthcare, and finance met our expectations. Specifically for ICT, the net profit was below estimates by 65% due to TRUE's huge extra items totaling cTHB10b. Excluding these items, the sector's earnings slightly beat the street's forecasts, while companies' overall 4Q24 aggregate earnings slightly missed estimates by only 2%.

For 2024, we anticipate corporates' EPS to finish at THB78, +2% y-y, significantly below our previous forecast during the last two months of THB86, dragged by disappointing 4Q24 earnings results and many negative extra times.

From lower-than-expected 4Q24-2024 earnings results, we have seen a downward revision for 2025E EPS by 3% from THB98 to THB95. However, it still represents growth of 21% y-y. Sectors with continued robust growth momentum include tourism, ICT, commerce, and finance. Meanwhile, construction services, construction materials, petrochemicals, packaging, and electronics, should see significant growth thanks to a low base effect from last year.

Exhibit 14: 4Q24 earnings results by sector

| Sector | 4Q24 | 3Q24 | 4Q23 | ----------- Change ----------- | | Beat/Missed | 2023 | 2024 | Change |
	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(%)	(THB m)	(THB m)	(%)
Bank	52,682	56,358	44,107	(7)	19	8	201,987	221,217	10
Energy	35,549	24,883	49,013	43	(27)	(16)	261,501	212,088	-19
Commerce	19,412	13,667	17,478	42	11	2	55,609	64,193	15
ICT	5,632	11,128	51	(49)	10,915	(65)	28,079	38,727	38
Property	16,569	14,344	18,807	16	(12)	19	64,544	59,914	-7
Food	11,389	14,378	(14,676)	(21)	178	6	(7,302)	47,069	-745
Transportation	12,013	9,023	4,448	33	170	40	19,651	39,732	102
Financial	7,378	7,114	7,087	4	4	(2)	28,980	29,478	2
Healthcare	6,209	7,295	6,590	(15)	(6)	(9)	26,440	26,968	2
Electronics	708	6,533	5,315	(89)	(87)	(88)	21,903	19,953	-9
Tourism	4,858	316	1,684	1,435	189	(1)	7,642	10,881	42
Cons. Mat	758	1,963	85	(61)	793	(36)	32,401	11,190	-65
Media	1,058	574	(2,534)	84	142	23	(1,342)	2,715	-302
Agri	383	542	410	(29)	(7)	4	1,377	1,974	43
Professional	245	218	211	12	17	(1)	654	885	35
Auto	248	169	269	47	(8)	29	1,174	994	-15
Packaging	20	653	1,263	(97)	(98)	(89)	5,432	3,979	-27
Construction	(310)	863	295	(136)	(205)	(70)	2,304	1,233	-47
Petro	(11,738)	(19,312)	5,081	39	(331)	(6)	999	(29,811)	-3084
Grand Total	**163,063**	**150,711**	**144,984**	**8**	**12**	**(8)**	**752,034**	**763,380**	**2**
Excl. Energy & Petro	139,252	145,140	90,890	(4)	53	(4)	489,534	581,102	19
Excl. Banking	110,381	94,353	100,877	17	9	(14)	550,047	542,162	-1
Excl. Energy & Petro and Banking	86,570	88,781	46,783	(2)	85	(10)	287,546	359,885	25

Source: Bloomberg, FSSIA estimates, and SETSMART

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Exhibit 15: Earnings revisions by sector from end of Dec-24 to Jan-25
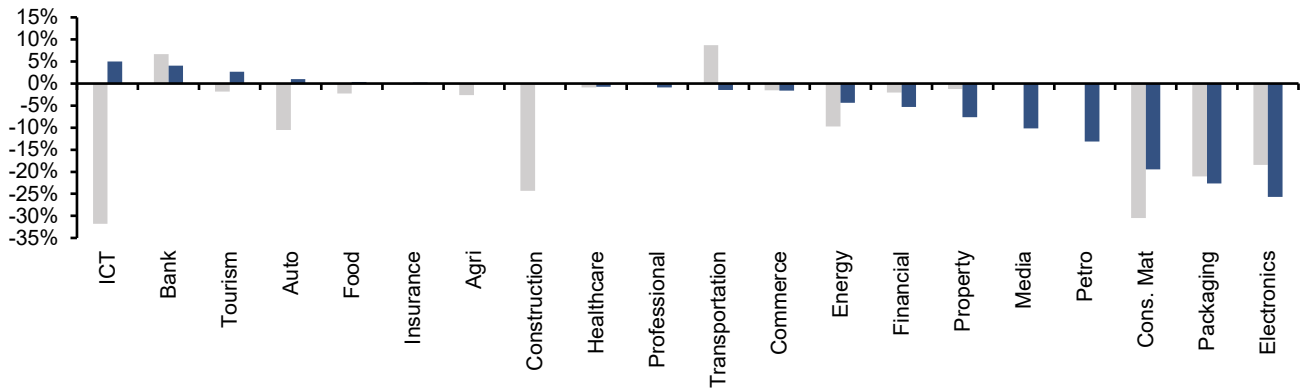
Sources: Bloomberg and FSSIA estimates

Exhibit 16: Earnings growth by sector
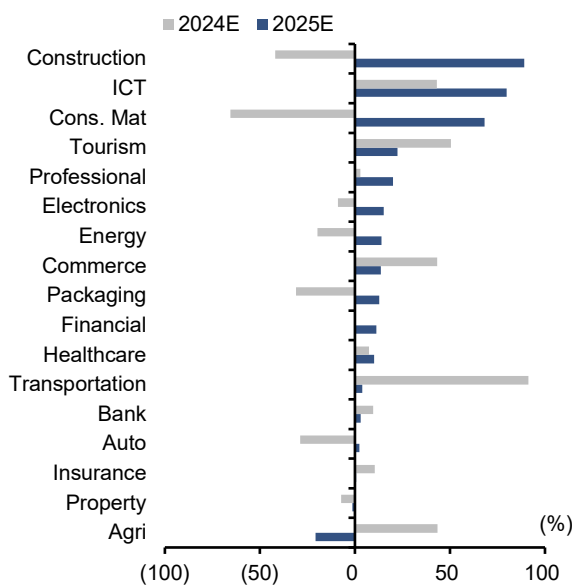
Sources: FSSIA and Bloomberg

Exhibit 17: Earnings growth by sector
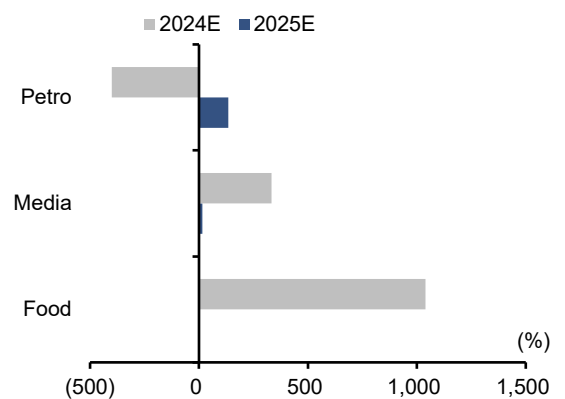
Sources: FSSIA and Bloomberg

Cut SET target to 1,390; but long-term opportunities remain

We cut our SET target from 1,600 to 1,390, reflecting a lower 2025E EPS. However, we think the 21% y-y growth for the aggregate net profit in 2025E seems a bit too high and should see some downward revisions in the future, the same as the past several years. Hence, we think it is appropriate to use a slightly more conservative 2025E EPS of THB93 instead and a lower target PER multiple from 16x to c15x, less aggressive on the lower long-term growth outlook of the Thai economy and companies' earnings due to structural issues. Our new target PER is close to the 10-year pre-Covid historical average.

In terms of valuation, the index is currently trading at a 2025 PER of below 13x, below SD-1 of its ten-year historical average. Compared with the TH10Y bond yield of 2.17%, the current valuation implies a sizable earnings yield gap of c5.5%, higher than SD+1 of its ten-year historical average and rarely seen during an economic slowdown or crisis.

In a worst-case scenario, if we project the SET EPS at cTHB90, 3% lower than the current level with growth of 15% y-y, the current index would imply a 2025 PER of 13.3x and an earnings yield gap of 5.3%, still attractive for long-term investment. Hence, we expect to see some rebound for the index from c1,190-1,200 to test its key resistances at c1,250 and c1,272.

We continue to prefer our domestic-focused strategy to mitigate global risks and uncertainties. Stocks with stronger 2025 outlooks and attractive valuations, i.e., below book value or pre-Covid levels, are likely to outperform the market, in our view.

FSSIA's portfolio update

We recently removed WHA (BUY, TP THB4.50), CHG (BUY, TP THB3.40), and RBF (BUY TP THB6.70), and added PR9 (BUY, TP THB30) to our portfolio, due to:

- For WHA, we see three short-term risks: a 22% profit decline from WHA's reduced stake, a one-time THB200m tax impact, and lower WHA attractiveness due to WHAID's listing as an alternative investment. We lower our 2025-27 profit forecasts for WHA by 15-17% and cut TP to THB4.50.

- PR9 reported strong 4Q24 earnings, while CHG's 4Q24 core profit missed expectations by 40%. In addition, we think hospitals with higher international revenue should see stronger earnings growth, due to muted Thai patient growth following an economic slowdown.

- We replaced RBF with BTG, thanks to its positive 2025 outlook as management aims for revenue growth of 3-7% and remains positive about the outlook for meat prices in 2025. We expect its 1Q25 net profit to grow and exceed THB1b on higher meat prices and the start of its realization of the Singapore egg business.

As a result, our portfolio favorites now include: **BA, BBL, BTG, CPALL, MTC, NSL, PR9, SEAFCO, and SHR**.

Exhibit 18: SET EPS
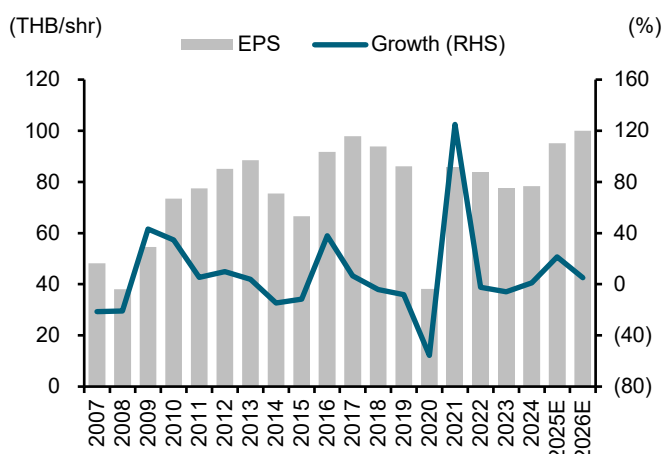
Source :FSSIA estimates

Exhibit 19: SET target sensitivity

		------------ Earnings per share ------------	
		2024E	**2025E**
	EPS	93.0	100.0
		- Target index based on FSSIA estimates -	
	P/E (x)	**2024E**	**2025E**
SD+0.5	15.7	1,453	1,571
SD+0.25	15.3	1,415	1,530
pre-Covid average	14.9	1,378	1,490
SD-0.25	14.5	1,341	1,450
SD-0.5	14.1	1,304	1,410
SD-1.0	13.3	1,229	1,329
SD-1.5	12.5	1,155	1,249

Source :FSSIA estimates
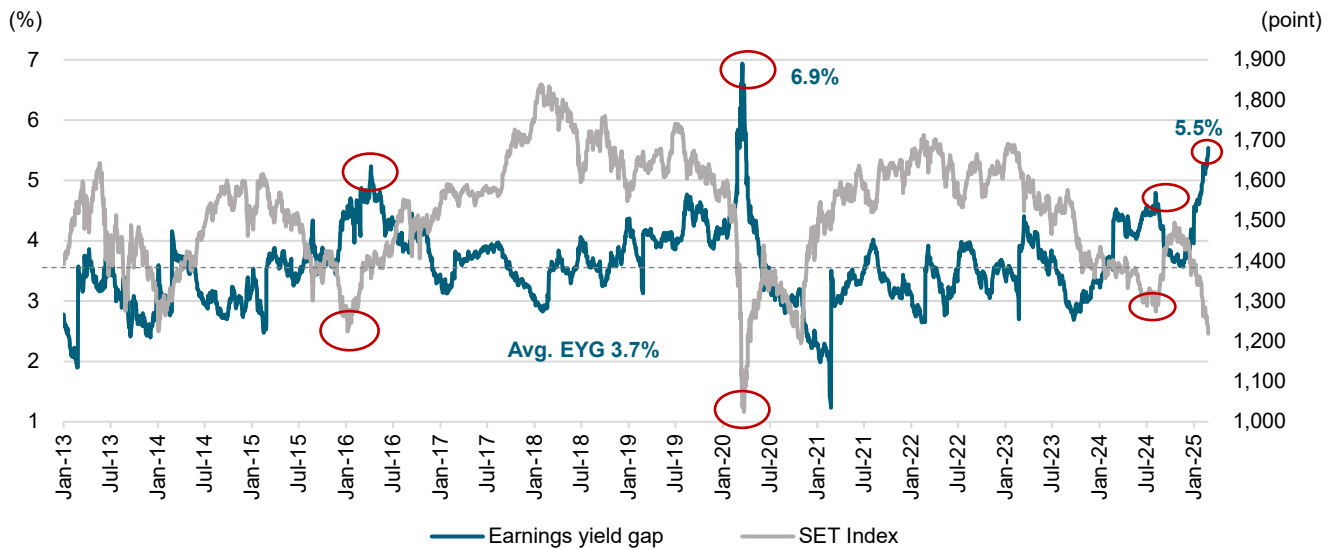
Exhibit 20: SET historical forward PER
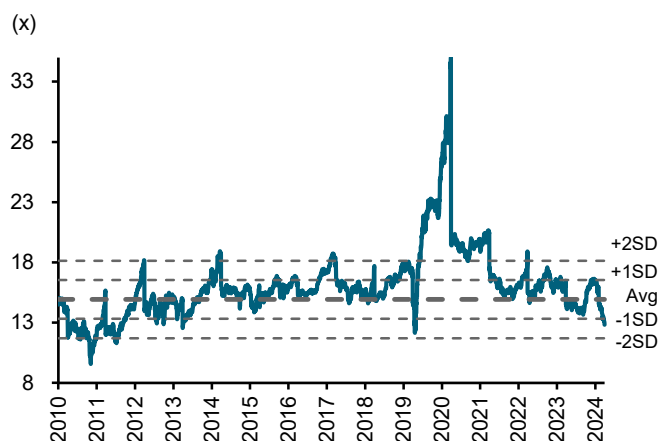
Sources: Bloomberg and FSSIA

Exhibit 21: SET historical forward P/BV

Sources: Bloomberg and FSSIA

Exhibit 22: Earnings yield gap vs SET index

Sources: Bloomberg and FSSIA

Exhibit 23: Summary of key valuations for FSSIA's top picks

| | | --- Share price --- | | Up side | Recurring net profit | | -Net profit growth- | | ---------- P/E ---------- | | | PBV | Div yld | ROE |
| | | Current | Target | | 24E | 25E | 24E | 25E | 24E | 25E | 26E | 25E | 24E | 24E |
		(THB)	(THB)	(%)	(THB m)	(THB m)	(%)	(%)	(x)	(x)	(x)	(x)	(%)	(%)
Bangkok Airways	BA TB	20.20	30.00	49	3,713	4,075	124.7	9.7	11.4	10.4	9.9	2.3	5.4	21.0
Bangkok Bank	BBL TB	151.50	184.00	21	42,037	43,779	1.0	4.1	6.9	6.6	6.2	0.5	4.8	7.7
Betagro	BTG TB	19.50	24.00	23	2,377	2,658	nm	11.8	16.4	14.7	13.5	1.4	2.6	9.1
CP All	CPALL TB	54.00	83.00	54	25,314	27,820	39.6	9.9	19.2	17.4	15.4	4.1	2.5	21.3
Muangthai Capital	MTC TB	47.00	56.00	19	5,867	7,083	19.6	20.7	17.0	14.1	12.0	2.7	0.5	17.0
NSL Foods	NSL TB	27.00	43.00	59	541	600	62.2	10.8	15.0	13.5	11.9	4.3	3.3	31.4
Praram 9 Hospital	PR9 TB	22.90	30.00	31	713	816	27.8	14.5	25.3	22.1	19.9	3.3	1.7	13.6
Seafco	SEAFCO TB	1.80	3.00	67	(4)	148	nm	nm	(328.1)	9.9	8.6	1.0	1.7	(0.3)
S Hotels and Resorts	SHR TB	1.95	3.80	95	170	379	113.5	122.2	41.1	18.5	13.5	0.4	1.0	1.1

Share prices as of 28 Feb 2025
Source: FSSIA estimates

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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.
SET ESG Ratings List (SETESG) by The Stock Exchange of Thailand (SET)	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.	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.
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%). (*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.*)	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. (*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.*)	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. *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.*	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored.

NEGL	Low	Medium	High	Severe
0-10	10-20	20-30	30-40	40+

ESG score	Methodology	Rating
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.	

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	

ESG score	Methodology	
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. (*Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.*)	
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.	
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.

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

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Veeravat Virochpoka FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Airways	BA TB	THB 20.20	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.
Bangkok Bank	BBL TB	THB 151.50	BUY	Upside risks to our GGM-based TP are 1) accelerated loan growth owing to economic recovery and 2) a positive development of asset quality, which should bode well for its credit costs; downside risks are 1) prolonged economic sluggishness affecting loan growth and asset quality and 2) an impact of new regulations from the Bank of Thailand.
Betagro	BTG TB	THB 19.50	BUY	Downside risks to our P/E-based TP include 1) a slower-than-expected purchasing power recovery; 2) a slower-than-expected meat price increase; 3) a slower-than-expected decrease in feed costs; and 4) a stronger-than-expected THB.
CP All	CPALL TB	THB 54.00	BUY	The key downside risks to our DCF-derived TP include 1) lower-than-expected SSSG, 2) lower-than-expected gross margin, and 3) higher-than-expected SG&A to sales ratio.
Muangthai Capital	MTC TB	THB 47.00	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.
NSL Foods	NSL TB	THB 27.00	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.
Praram 9 Hospital	PR9 TB	THB 22.90	BUY	Downside risks to our DCF-based target price include 1) weak patient volumes following the economic slowdown; 2) regulatory risks from drug price and medical bill controls; and 3) higher-than-expected expenses from its new building.
Seafco	SEAFCO TB	THB 1.80	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 1.95	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.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited.

All share prices are as at market close on 28-Feb-2025 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.