

# Thailand Market Strategy

## Lower risk of 'Sell in May', but challenges persist

- We expect a lower chance of 'Sell in May' this year after the SET dropped by 17% YTD. The key factor to monitor is trade talk developments.
- Muted Thai economic growth and corporate earnings supported the BoT's rate cut.
- SET target of 1,180 could rise if Thai-US trade negotiations are successful. Maintain selective strategy, favoring consumer staples and companies with strong outlooks.

### Lower chance of 'Sell in May' this year after sharp plunge in 4M25

We anticipate a lower chance of the 'Sell in May' phenomenon this year after the SET index plunged by 17% YTD. However, it is still dependent on several factors, particularly the outcome of Thai-US trade negotiations and corporates' 1Q25 earnings results. The market has some optimism for positive trade talk developments, but anticipates earnings outlooks to be relatively weak. On the fund flow side, we expect the foreign inflow to remain focused on the bond market due to Thailand's muted growth outlook and easing monetary policy.

### Global economy remains uncertain, focused on trade negotiations

Global markets faced volatility after the US announced higher-than-expected tariffs, but recent softer signals from President Trump toward China have improved sentiment. The US' 90-day tariff exemption period and potential tariff reductions are key to monitor, as the IMF sharply downgraded its 2025 global growth forecast. The US economy is expected to be the most negatively impacted, more through slower growth than higher inflation. Fed officials hint at a possible rate cut as early as June 2025 if labor market deterioration becomes clear, with a 60% probability now priced in. Lower-than-expected US inflation could ease Fed pressure and support a rebound in risky assets like equities.

### BoT cuts rate due to muted economic and earnings outlook

Thailand's 1Q25 GDP is expected to grow by 0.7% q-q and 3% y-y, helped by strong exports and resilient consumption, though the overall momentum remains weak. The outlook for 2Q25-2H25 is highly uncertain, with downside risks from the US tariffs on Thai goods. The Bank of Thailand cut its GDP forecast to +2% and policy rate to 1.75%, with room for further easing if global headwinds worsen. Listed companies' 1Q25 net profit is expected to rebound 18% q-q from the low base in 4Q24, but drop 4% y-y. Food, ICT, and commerce are likely to be the best performers in the quarter, while the worst performers should be the energy, property, tourism, and media sectors.

### Be selective and favor consumer staples

Our SET target of 1,180 is based on a conservative EPS of THB84 and target PER of 14x. However, the target could rise to 1,230-1,270 if tariffs are reduced through successful Thai-US negotiations. The SET index valuation remains attractive but should trade at a discount due to lower long-term potential growth and ROE from structural growth limitations. From the current slow economic growth with uncertainty ahead, we advise investors to be selective and focus on consumer staple plays, favoring companies with strong 1Q25 results and resilient 2Q25-2025 outlooks. Top picks include BA, BTG, CPALL, KBANK, MTC, NSL, PR9, and STECON.



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## Lower chance of 'Sell in May' after sharp plunge, trade talk optimism

For the last ten years, the SET index recorded an average loss of 0.5% in May, with a loss probability of 70% (seven out of 10 years). We anticipate a lower chance for this phenomenon to occur this year after a sharp drop in the index of 17% YTD. However, it is still dependent on several factors, particularly the outcome of Thai-US trade negotiations. If there are positive developments in terms of a reduction in the reciprocal tariff rate, we anticipate a further recovery of the index to c1,200 or above. Another key factor is corporates' 1Q25 earnings results. We expect the numbers to be relatively weak, in line with the slow economic momentum and confidence. If earnings fall significantly short of expectations and lead to full-year downward revisions, we expect to see another pullback or limited upside, following the strong rebound in April 2025.

On the fund flow side, foreign investors have sold cTHB58b in Thai equities YTD. However, they continue to hold net long positions in over 56,000 contracts on index futures. Meanwhile, the bond market has seen net non-resident inflows of THB71b YTD, with particularly strong buying in early April. Hence, we expect the foreign inflow to remain focused on the bond market due to Thailand's muted growth outlook and easing monetary policy.

### Exhibit 1: SET index monthly historical performance

	Jan (%)	Feb (%)	Mar (%)	Apr (%)	May (%)	Jun (%)	Jul (%)	Aug (%)	Sep (%)	Oct (%)	Nov (%)	Dec (%)
<b>10-year average</b>	<b>(0.1)</b>	<b>(1.6)</b>	<b>(1.1)</b>	<b>1.3</b>	<b>(0.5)</b>	<b>(1.0)</b>	<b>0.8</b>	<b>1.2</b>	<b>(1.2)</b>	<b>(0.6)</b>	<b>0.8</b>	<b>0.5</b>
2025	(6.1)	(8.4)	(3.8)	3.4								
2024	(3.6)	0.5	0.5	(0.7)	(1.6)	(3.3)	1.5	2.9	6.6	1.2	(2.6)	(1.9)
2023	0.2	(2.9)	(0.8)	(5.0)	(0.3)	(2.0)	3.5	0.6	(6.0)	(6.1)	(0.1)	2.6
2022	(0.5)	2.2	0.6	(1.6)	(0.2)	(5.7)	0.5	4.0	(3.0)	1.2	1.7	2.0
2021	1.2	2.0	6.0	(0.3)	0.7	(0.4)	(4.2)	7.7	(2.0)	1.1	(3.4)	5.7
2020	(4.2)	(11.5)	(16.0)	15.6	3.2	(0.3)	(0.8)	(1.4)	(5.6)	(3.4)	17.9	2.9
2019	5.0	0.7	(0.9)	2.1	(3.2)	6.8	(1.1)	(3.3)	(1.1)	(2.2)	(0.7)	(0.7)
2018	4.2	0.2	(2.9)	0.2	(3.0)	(7.6)	6.7	1.2	2.0	(5.0)	(1.6)	(4.8)
2017	2.2	(1.1)	1.0	(0.6)	(0.3)	0.8	0.1	2.5	3.5	2.9	(1.4)	3.3
2016	1.0	2.4	5.7	(0.2)	1.4	1.5	5.5	1.6	(4.2)	0.8	1.0	2.2
2015	5.6	0.4	(5.1)	1.4	(2.0)	0.6	(4.3)	(4.0)	(2.4)	3.4	(2.5)	(5.3)
2014	(1.9)	4.0	3.8	2.8	0.1	5.0	1.1	3.9	1.5	(0.1)	0.6	(6.0)

Source: Bloomberg

## Easing US trade stance spurs hope on trade deals to support slow growth

Following the higher-than-expected US reciprocal tariffs announced in early April 2025, global financial markets faced huge volatility and triggered a broad sell-off in risky assets and US dollars. However, recent signals from President Donald Trump and his team suggest a softening stance, particular toward China. They acknowledge that the 145% tariff on Chinese imports is too high and unsustainable. This shift in tone has eased market tensions and improved investor sentiment, as the street is optimistic that a US/China trade agreement may be achievable in the near future.

We believe the US trade negotiations with its key trading partners during the 90-day tariffs exemption period is a key factor to monitor, particularly how much the reciprocal tariff rates can be reduced in order to mitigate the negative impact on the global economy, and especially the US itself.

Recently, the IMF revised down its 2025 global economic growth forecast from 3.3% to 2.8%. The US is expected to be the most affected among key countries, with its GDP growth forecast cut by 0.9% to 1.8%, in line with the Federal Reserve (Fed)'s projection of 1.7%. China and the EU also saw downward revisions by 0.6% and 0.2% to 4% and 0.8%, respectively. As for ASEAN-5, the region is expected to endure a relatively large impact, with 0.6% cut to 4% y-y, due to the US perception that China is increasingly shifting its production base to this region for export purposes.

## Exhibit 2: IMF world economic outlook projections

	2024	2025E	2026E
	(%)	(%)	(%)
<b>World output</b>	<b>3.3</b>	<b>2.8</b>	<b>3.0</b>
<b>Advanced economies</b>	<b>1.8</b>	<b>1.4</b>	<b>1.5</b>
United States	2.8	1.8	1.7
Euro area	0.9	0.8	1.2
Germany	(0.2)	0.0	0.9
France	1.1	0.6	1.0
Italy	0.7	0.4	0.8
Spain	3.2	2.5	1.8
Japan	0.1	0.6	0.6
United Kingdom	1.1	1.1	1.4
Canada	1.5	1.4	1.6
Other advanced economies	2.2	1.8	2.0

	2024	2025E	2026E
	(%)	(%)	(%)
<b>World output</b>	<b>3.2</b>	<b>2.8</b>	<b>3.0</b>
<b>Emerging market and developing economies</b>	<b>4.3</b>	<b>3.7</b>	<b>3.9</b>
Emerging and developing Asia	5.3	4.5	4.6
China	5.0	4.0	4.0
India	6.5	6.2	6.3
ASEAN-5	4.6	4.0	3.9
Emerging and developing Europe	3.4	2.1	2.1
Russia	4.1	1.5	0.9
Latin America and the Caribbean	2.4	2.0	2.4
Brazil	3.4	2.0	2.0
Mexico	1.5	(0.3)	1.4
Middle East and Central Asia	2.4	3.0	3.7
Saudi Arabia	1.3	3.0	3.7
Sub-Saharan Africa	4.0	3.8	4.2
Nigeria	3.4	3.0	2.7
South Africa	0.6	1.0	1.3
<b>Memorandum</b>			
Emerging market and middle-income economies	4.3	3.7	3.8
Low-income developing countries	4.0	4.2	5.2

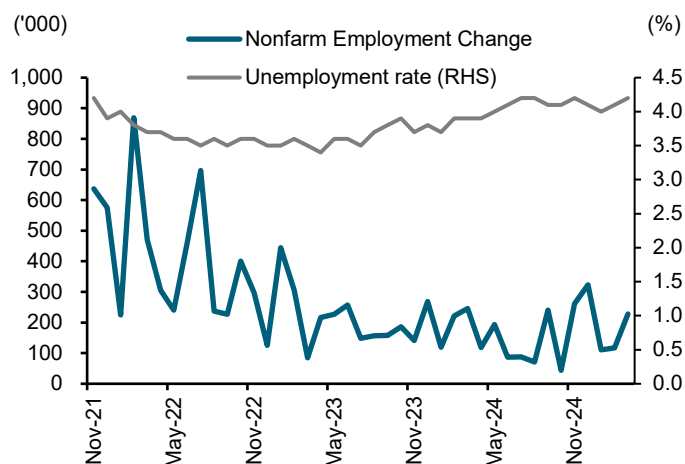
Source: [International Monetary Fund \(IMF\)](#)

## The Fed might cut policy rate as early as June

Recently, some of the Fed officials signaled that a policy rate cut could come as early as June 2025, should there be clear evidence of the US' labor market deterioration due to reciprocal tariffs. The street anticipate that the US' economic growth might be more adversely hit by the tariff increases than inflation. The Fed is widely expected to keep its interest rate at 4.25-4.5% at the upcoming May meeting, while the probability of a rate cut in June has risen to around 60%. This outlook should cap upside risks in higher bond yields and support a rebound in risky assets.

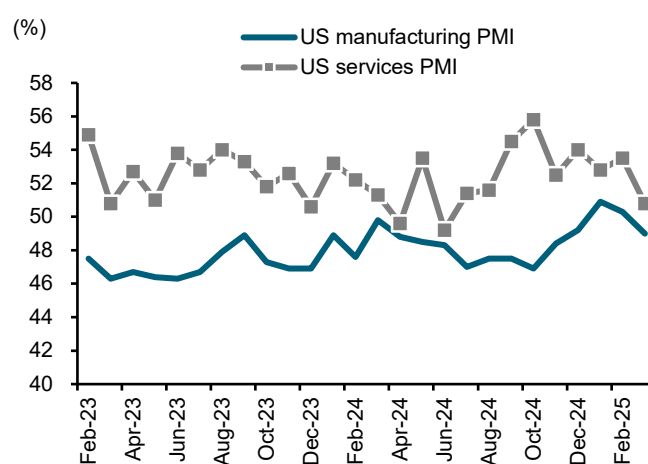
We recommend investors closely monitor the US' economic data during the April-May period. Softer-than-expected inflation numbers would ease pressure on the Fed to conduct its monetary policy, and offer further upside to equities.

## Exhibit 3: US' non-farm employment change and unemployment rate



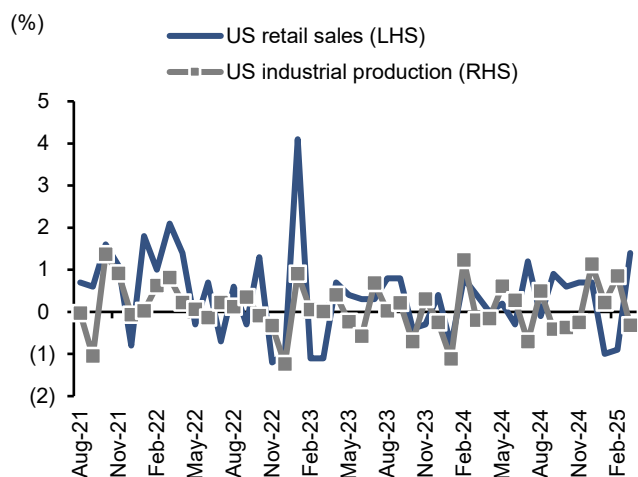
Source: Bloomberg

## Exhibit 4: US' manufacturing and services PMI



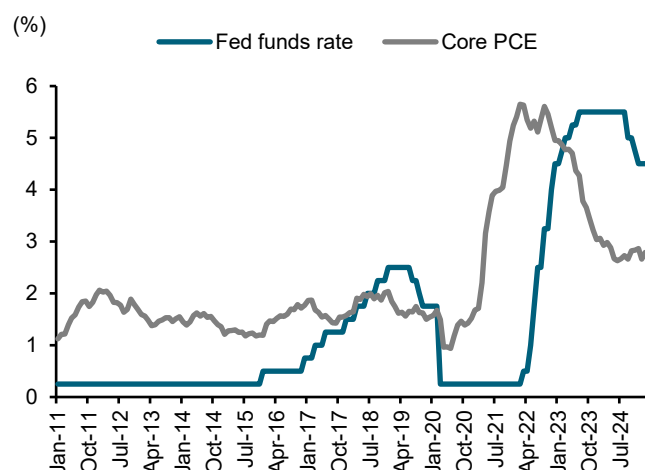
Source: Bloomberg

Exhibit 5: US' retail sales and industrial production



Source: Bloomberg

Exhibit 6: US core PCE and Fed funds rate



Source: Bloomberg

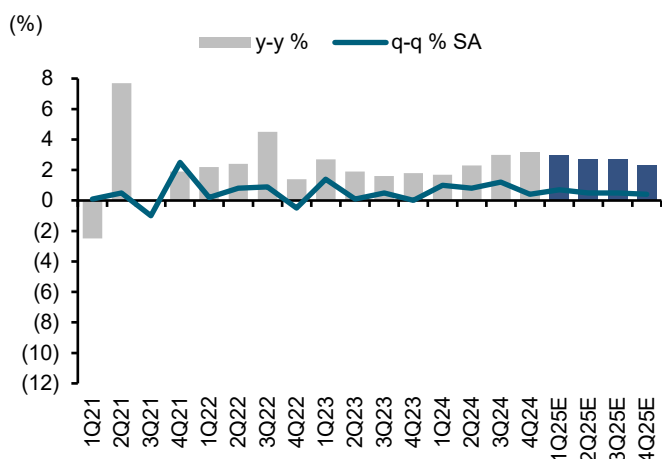
### Muted Thai GDP growth and tariff risks – wide open for further rate cut

Even though the market expects the Thai economy to have stronger q-q growth of 0.7% in 1Q25, the y-y growth expectation of 3% y-y is still unimpressive, despite the low base in 1Q24. Key drivers include easing drags from changes in inventories, continued expansion in public investment, and resilient private consumption. In addition, Thailand's goods export value grew by 15% in the quarter, significantly exceeding the Ministry of Commerce (MoC)'s 2025 target of 2-3%, as countries rushed to front-load shipments ahead of the US' reciprocal tariff implementation.

However, the Thai economic outlook in 2Q25-2H25 is highly uncertain. The key downside risk is the negative impact from the US' reciprocal tariffs. The initial rate applied to Thailand of 36% was significantly higher than what the street, government, and the Bank of Thailand (BoT) had anticipated. We think the upcoming Thai-US trade negotiations will be critical to monitor, particularly to see whether the tariffs can be lowered closer to the temporary 10% rate currently.

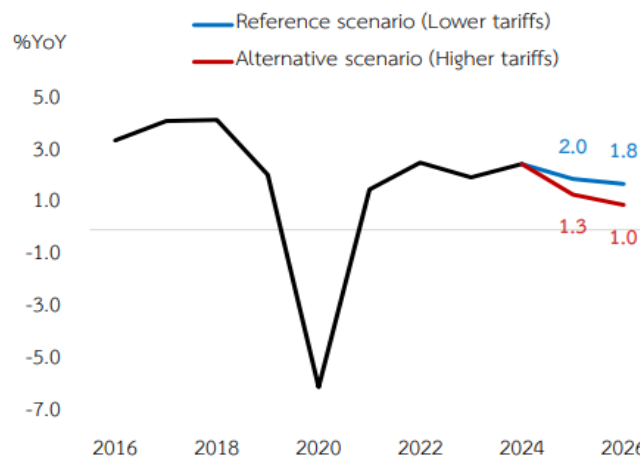
Recently, the BoT revised down its GDP growth projection to +2% from c2.6% earlier this year, and cut its policy rate by 25 bps to 1.75%. In the case of a severe trade war and high US import tariffs, the Thai economy in 2025 may expand by only 1.3%. We think the door remains open for an additional 25 bps rate cut, especially if the Thai economy faces greater headwinds from slowing global trade and economic growth.

Exhibit 7: Decelerating y-y growth for TH in 2025E



Source: NESDC and Bloomberg

Exhibit 8: Projected economic growth under different scenarios



Source: NESDC and BoT

## Exhibit 9: NESDC and BoT economic projections

	--- NESDC ---					----- Bank of Thailand -----			
	2021	2022	2023	2024	2025E	Reference scenario (Lower tariffs)		Alternative scenario (Higher tariffs)	
	(y-y%)	(y-y%)	(y-y%)	(y-y%)	(y-y%)	2025E (y-y%)	2026E (y-y%)	2025E (y-y%)	2026E (y-y%)
Real GDP growth	1.5	2.6	2.0	2.5	2.3-3.3	2	1.8	1.3	1.0
Private consumption	0.6	6.2	6.9	4.4	3.3	3.0	2.0	2.5	1.5
Private investment	3.0	4.6	3.1	(1.6)	3.2	(1.0)	0.6	(4.1)	(0.7)
Public consumption	3.7	0.1	(4.7)	2.5	1.3	1.2	0.5	1.2	0.5
Public investment	3.4	(3.9)	(4.2)	4.8	4.7	6.2	1.4	6.2	1.4
Export value growth (USD b)	19.2	5.4	(1.5)	5.8	3.5	0.8	(2.8)	(1.3)	(7.0)
Headline inflation	1.2	6.1	1.2	0.4	0.5-1.5	0.5	0.8	0.2	0.4
Current account to GDP (%)	(2.0)	(3.5)	1.5	2.3	2.5	-	-	-	-
Number of tourist arrivals (m)	0.4	11.2	28.1	35.5	38	37.5	40.5	37	39

Sources: NESDC and BoT

## Unattractive 1Q25E earnings could provide downside risks to full-year forecasts

Seven Thai banks under our coverage reported an aggregate 1Q25 net profit of THB58.4b (+14% q-q, +5% y-y), higher than our estimate by 7% and the Bloomberg consensus by 6%. The positive surprises came from four large banks. Nonetheless, the key catalysts were mostly from higher-than-expected non-NII gains (realized gains and marked to market gains), and lower operating expenses and credit costs. On the negative side, all seven banks posted declining NIMs q-q. BBL's, SCB's and KTB's NIM dropped q-q the most. The sector's NIM was at 3.31%, down 19 bp q-q, following downward yield repricing and the impact from the "You Fight We Help" program.

KBANK and KTB delivered quality 1Q25 net profits with minimal concerns over NPLs. Meanwhile, BBL and KKP posted significant increases in their NPL ratios q-q. Overall, the NPL ratio for the sector was at 3.68% (+12 bps q-q), slightly above our forecast of 3.62%. 1Q25 credit cost was at 142 bps for the sector. Nonetheless, the upcoming impact from the US trade war has raised concerns for all banks over asset quality, potential rate cuts to tackle the economic impact and the potential loan growth outlook.

Based on the 105 listed companies under our study for which we have preview numbers, we expect their aggregate 1Q25 net profit to jump 18% q-q but drop 4% y-y. A strong q-q rebound would mainly come from the low base effect in 4Q24, with some negative non-recurring items. Key contributors to the q-q improvement include the ICT, food, electronics, construction materials, packaging, and petrochemical sectors. However, the muted y-y growth should be blamed on the energy sector, which faced a significant decline in oil and gas prices. Food, ICT, and commerce are likely to be the best performers in the quarter, while the worst performer should be the energy, property, tourism, and media sectors.

If 1Q25 earnings are in line, it would account for 23% of our 2025E net profit, suggesting a potential downside risk to full-year projections.

## Exhibit 10: 1Q25 earnings results summary of seven banks

	1Q24	2Q24	3Q24	4Q24	1Q25	----- Change -----		Beat /Missed	2025E	% of 2025E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(%)	(THB m)	(y-y %)
BBL	10,524	11,807	12,476	10,404	12,618	21	20	8	47,321	27
KBANK	13,644	12,653	11,965	10,494	13,791	31	1	7	51,580	27
KKP	11,281	10,014	10,941	11,707	12,502	7	11	9	46,165	27
KTB	11,676	11,195	11,107	10,475	11,714	12	0	11	43,983	27
SCB	5,334	5,355	5,230	5,112	5,096	(0)	(4)	(4)	21,871	23
TISCO	1,733	1,749	1,713	1,706	1,643	(4)	(5)	4	6,491	25
TTB	1,506	769	1,305	1,406	1,062	(24)	(29)	(10)	4,799	22
<b>Total</b>	<b>55,698</b>	<b>53,542</b>	<b>54,737</b>	<b>51,304</b>	<b>58,426</b>	<b>14</b>	<b>5</b>	<b>7</b>	<b>222,210</b>	<b>26</b>

Sources: Company data; FSSIA's compilation

## Exhibit 11: 1Q25 earnings forecasts by sector

Sector	1Q25E	4Q24	1Q24	Change		2025E	% to 2025E
	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(%)
Bank	56,265	52,682	56,704	7	(1)	229,747	24%
Energy	24,626	24,816	38,741	(1)	(36)	110,616	22%
Commerce	16,842	18,601	15,029	(9)	12	69,571	24%
Food	14,036	11,398	6,373	23	120	44,079	32%
ICT	13,534	2,087	8,121	549	67	55,151	25%
Transportation	10,946	11,828	10,312	(7)	6	40,901	27%
Property	9,098	12,136	10,673	(25)	(15)	48,798	19%
Healthcare	6,956	6,790	6,867	2	1	29,319	24%
Financial	6,668	6,655	6,840	0	(3)	28,662	23%
Electronics	4,692	708	5,136	563	(9)	22,372	21%
Cons. Mat	2,115	758	3,648	179	(42)	16,516	13%
Tourism	1,185	4,858	2,497	(76)	(53)	12,767	9%
Packaging	933	20	1,788	4,562	(48)	4,473	21%
Agri	464	383	466	21	(0)	1,564	30%
Auto	332	310	503	7	(34)	1,268	26%
Construction	316	(2,527)	134	112	136	1,876	17%
Professional	245	245	212	(0)	16	995	25%
Media	205	644	322	(68)	(36)	1,967	10%
Petro	(2,928)	(11,738)	(606)	75	(383)	4,063	-72%
<b>Grand Total</b>	<b>166,528</b>	<b>140,654</b>	<b>173,762</b>	<b>18</b>	<b>(4)</b>	<b>724,704</b>	<b>23%</b>
Excl. Energy & Petro	144,829	127,577	135,626	14	7	610,025	24%
Excl. Banking	110,263	87,972	117,058	25	(6)	494,957	22%
Excl. Energy & Petro and Banking	88,565	74,894	78,923	18	12	380,279	23%

Source: Bloomberg, FSSIA estimates, and SETSMART

## Thai ESGX to ease selling pressure from local institutions

After the government's launch of Thai ESG Extra (Thai ESGX) in March 2025, the investment period will start from 2 May to the end of June 2025. This new five-year holding tax deduction fund offers tax deduction benefits of up to THB300,000, and allows investors to switch from existing LTF holdings for an additional tax benefit of up to THB500,000 (THB300,000 in 2025 and THB50,000 annually thereafter). The Thai ESGX is required to invest at least 80% of NAV in eligible assets, similar to the Thai ESG fund, with a minimum of 65% allocated to SET or mai stocks.

Since the announcement of the Thai ESGX, LTF NAV has declined by 7%, a sharper drop than the SET index, which fell by 2.5%. This suggests that investors have continued redeeming their LTF units. It also implies that some investors may be unable to switch all their investments to Thai ESGX, as those who opt for tax benefits must move all LTF units held as of 11 March 2025 into the new fund.

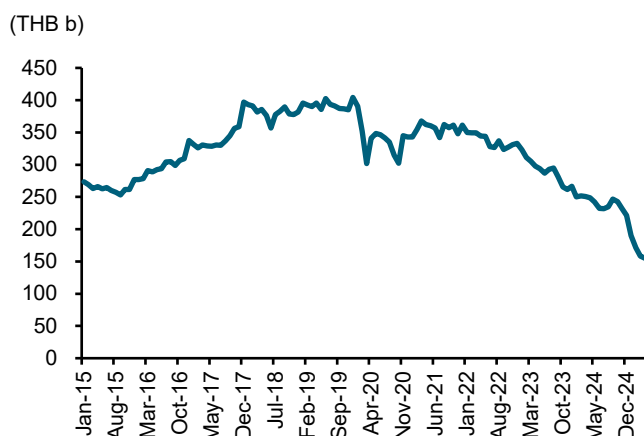
Hence, we do not anticipate that this scheme to attract new capital or retain all of the remaining LTF investment of cTHB155b in the market, but it would help partially ease LTF redemption pressure and reduce selling pressure from local institutions on the SET index during the period. The government expects that this program could retain an existing LTF value of THB80b and attract new money from investors worth THB20b.

## Exhibit 12: Summary of Thai ESGX

Conditions	Thai ESG (current fund)	Thai ESGX (newly established fund)
Tax benefits	Up to THB300,000/year, not exceeding 30% of taxable income	<b>Group 1: New investment</b> - Only for the 2025 tax year: Up to THB300,000, not exceeding 30% of taxable income <b>Group 2: Switching from existing LTF funds</b> - Year 1 (2025): Up to THB300,000 - Year 2-5 (2026-29): Additional THB50,000/year
Holding period	≥ 5 years (calendar days)	≥ 5 years (calendar days, counting from investment date) ≥ 5 years (calendar days, counting from the switching investment date)
Investment period	Open for investment continuously	Open only for a specific 2-month period (expected 1 May to 30 June 2025)
Additional conditions	-	Investors who opt for tax benefits from the Thai ESGX fund in the second group (LTF switching) must switch all LTF units held as of 11 March 2025 into Thai ESGX during the specified period

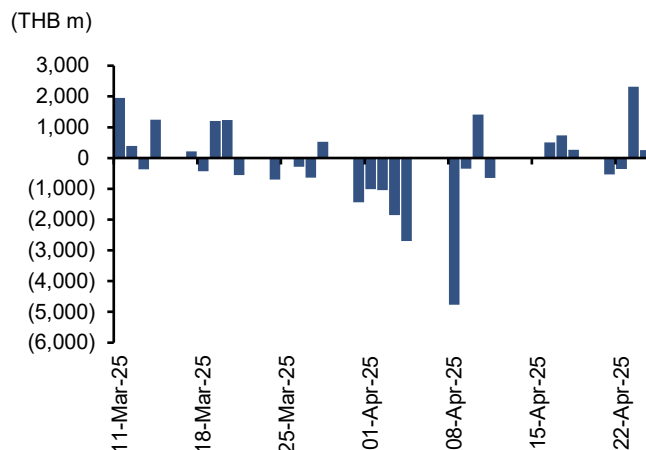
Source: SEC

## Exhibit 13: LTF NAV



Sources: Bloomberg and FSSIA compilations

## Exhibit 14: Local institutions' daily net positions since 11 March 2025



Source: SET

## Higher SET target from 1,180 depending on US tariff cut

We have seen downward revisions to earnings of 3% during April 2025, resulting in a lower 2025E EPS from THB95 to THB92. However, we expect to see another batch of earnings cuts after the 1Q25 results, to factor in risks from the US tariffs and weaker Thai GDP growth.

Our current SET target of 1,180 is based on a very conservative 2025E EPS assumption of THB84 (reflecting a 50% probability for both scenario 1 and 2), which is 8% lower than our current forecasts, with a target PER multiple of 14x.

However, we are still waiting for the outcome of the upcoming Thai-US trade negotiations. If they are successful and tariffs are reduced to c20% or c10%, assumed in scenario 2 and 3, our EPS assumption would be higher to a range of THB86-90, potentially raising our SET target to 1,230-1,270.

Currently, the SET index is trading at a 2025 PER of 13x and P/BV of 1.12x, below the historical average by at least SD -1.5, and implying an earnings yield gap of 5.8%, the highest during a non-crisis period in over a decade. However, we believe that long-term structural constraints on Thailand's economic growth could limit upside risks to companies' earnings. Hence, we think the valuation of the index should be at a discount to the historical average. Our SET index target implies an earnings yield gap of 5.1%.

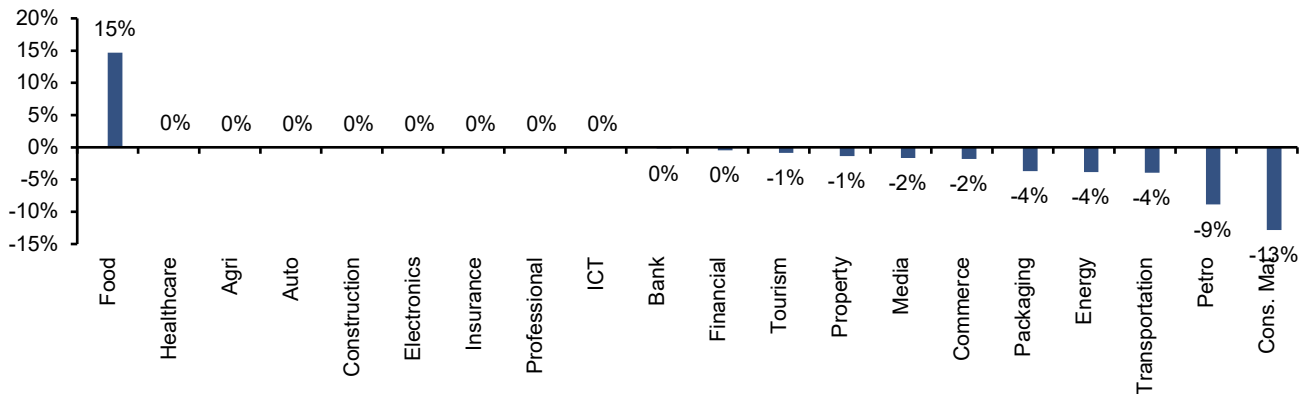


Exhibit 15: Scenario of US tariffs on Thailand

Scenarios	2025E GDP growth	2025E EPS	Target PER	SET target
Before tariffs	2.5%	THB93	15x	1,390
1. Maintain tariffs at 37%	Below 1.5%	THB80-84	14x	1,120-1,180
2. Lower tariffs to 20-25%	1.5-2%	THB84-88	14x	1,180-1,230
3. Lower tariffs to 10% or below	2% or above	THB88-90	14x	1,230-1,270

Source: FSSIA estimates

Exhibit 16: Earnings revisions by sector from Mar-25 to Apr-25



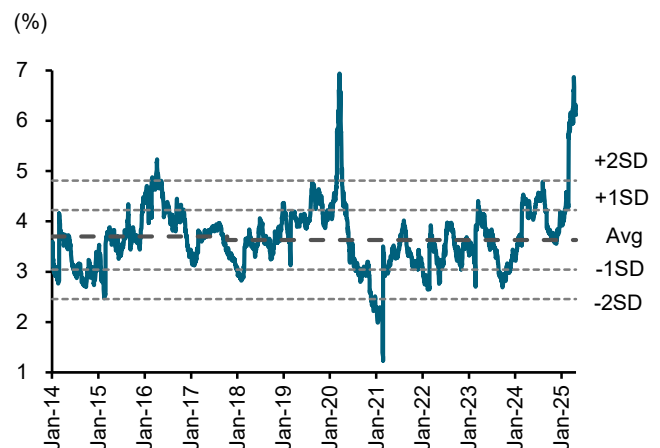
Sources: FSSIA estimates and Bloomberg

Exhibit 17: SET target sensitivity

	Earnings per share			
	EPS	84	88	90
	P/E (x)	- Target index based on FSSIA estimates -		
SD+0.5	15.7	1,319	1,382	1,413
SD+0.25	15.3	1,285	1,347	1,377
pre-Covid average	14.9	1,252	1,311	1,341
<b>SD-0.5</b>	<b>14.1</b>	<b>1,184</b>	<b>1,240</b>	<b>1,269</b>
SD-1.0	13.3	1,116	1,170	1,196
SD-1.5	12.5	1,049	1,099	1,124
SD-2.0	11.7	981	1,028	1,051

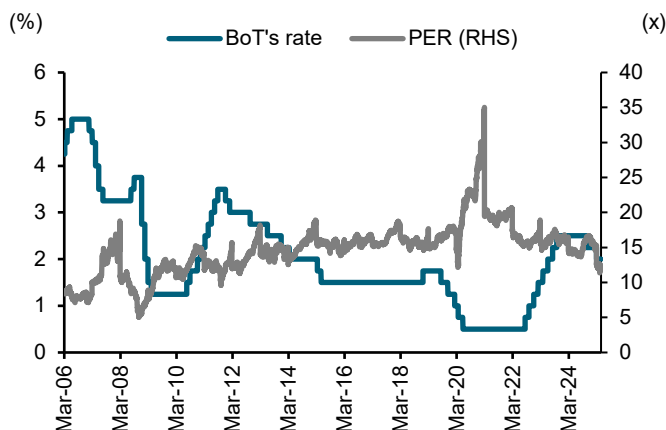
Source: FSSIA estimates

Exhibit 18: SET earnings yield gap



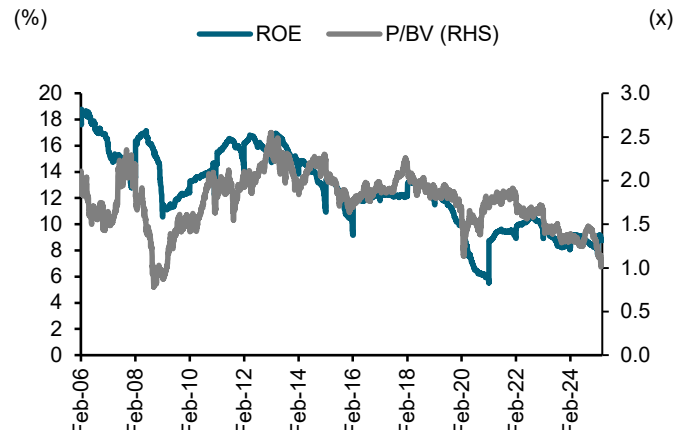
Source: Bloomberg and FSSIA

Exhibit 19: BoT's rate vs historical forward PER



Source: Bloomberg

Exhibit 20: SET's ROE vs historical forward P/BV



Source: Bloomberg



## Maintain selective strategy on fragile outlook

Given the current uncertain economic outlook and mixed corporate earnings previews, we recommend investors to be selective, focusing on companies that are expected to report strong 1Q25 earnings results with resilient outlooks in 2Q25-2025. Our preferred sectors include food, commerce, finance, and ICT, which are domestic and consumer staple sectors.

### FSSIA's portfolio update

We have removed BBL (BUY, TP THB194) from our portfolio and replaced it with KBANK (BUY, TP THB186), due to:

- KBANK's 1Q25 net profit rose 28% q-q, driven by solid non-interest income and stable asset quality, while BBL's earnings were boosted by one-off gains with rising NPLs and credit costs.
- KBANK maintained a steady NPL ratio and prudent provisions, whereas BBL saw asset quality deteriorate, with NPLs rising to 3.59% and credit cost climbing to 134bps.
- With a solid fee income base and digital initiatives, KBANK offers stronger earnings visibility and sustainability, justifying its upgrade as a top pick over BBL, in our view.

We have removed SEAFCO (BUY, TP THB3) from our portfolio and replaced it with STECON (BUY, TP THB8), due to:

- STECON is expected to have a solid earnings recovery starting from 1Q25, after clearing the base for growth in 4Q24. Meanwhile, SEAFCO's recovery is slower, as the profit improvement is mainly projected for 2Q25 onward.
- STECON boasts a significantly larger and more diversified backlog of THB116b, with further upside from upcoming public project bids. Meanwhile, SEAFCO had an improved backlog of THB2.6-2.9b, but has shorter project durations and reliance on the Orange Line, with revenue expected between 2Q25-1Q26. This leaves SEAFCO vulnerable to potential delays in government investment.
- STECON has additional positive drivers, including potential insurance claim wins and changes in JV accounting treatment that could lift earnings beyond current forecasts. Meanwhile, SEAFCO lacks near-term catalysts.

We have removed SHR (BUY, TP THB3.2) from our portfolio, due to:

- We expect a strong core profit in 1Q25, but it would be driven by the absence of share of losses from its JV, after the equity value reduced to zero.
- RevPar in the Maldives declined by 3-5% y-y in 1Q25, pressured by intensified competition and a stronger Thai baht against the US dollar. Meanwhile, hotels in the UK continued to see a RevPar decline of 10% y-y.
- We believe SHR would not be investors' first choice if Thailand's tourist arrivals accelerate in the future, given the lower revenue contribution from the Thai market.

As a result, our portfolio favorites are **BA, BTG, CPALL, KBANK, MTC, NSL, PR9, and STECON**.

### Exhibit 21: 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		25E	26E	25E	26E	25E	26E	27E	25E	25E	25E
		(THB)	(THB)		(THB m)	(THB m)	(%)	(%)	(x)	(x)	(x)	(x)	(%)	(%)
Bangkok Airways	BA TB	16.30	28.00	72	3,935	4,196	2.5	6.6	8.7	8.2	7.5	2.0	8.0	23.8
Betagro	BTG TB	23.00	27.00	17	3,991	4,230	67.9	6.0	11.5	10.9	10.2	1.5	3.6	14.1
CP All	CPALL TB	50.25	83.00	65	27,820	31,529	9.9	13.3	16.2	14.3	13.5	3.5	3.1	20.8
Kasikornbank	KBANK TB	154.50	186.00	20	51,580	55,449	6.1	7.5	7.1	6.6	6.3	0.6	6.3	8.9
Muangthai Capital	MTC TB	46.00	56.00	22	7,083	8,297	20.7	17.1	13.8	11.8	10.7	2.2	1.1	17.6
NSL Foods	NSL TB	33.00	43.00	30	600	680	10.8	13.4	16.5	14.6	13.6	4.6	3.6	29.6
Praram 9 Hospital	PR9 TB	24.80	30.00	21	816	905	14.5	10.8	23.9	21.6	19.5	3.3	2.1	14.3
Stecon Group	STECON TB	7.05	8.00	13	310	417	nm	34.6	34.6	25.7	12.1	0.6	1.4	1.8

Share prices as of 29 Apr 2025

Source: FSSIA estimates

## Disclaimer for ESG scoring

ESG score	Methodology	Rating																			
The Dow Jones Sustainability Indices ( <a href="#">DJSI</a> ) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																			
SET ESG Ratings List ( <a href="#">SETESG</a> ) by The Stock Exchange of Thailand ( <a href="#">SET</a> )	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 <b>SETESG inclusion</b> , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. <b>SETESG Index</b> 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.																			
<b>CG Score</b> by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																			
<b>AGM level</b> By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&amp;A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																			
<a href="#">Thai CAC</a> By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																			
<a href="#">Morningstar Sustainabilitys</a>	The Sustainabilitys' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality &amp; peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table><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>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+									
NEGL	Low	Medium	High	Severe																	
0-10	10-20	20-30	30-40	40+																	
<a href="#">ESG Book</a>	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																			
<a href="#">MSCI</a>	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table><tr><td><b>AAA</b></td><td>8.571-10.000</td><td rowspan="3"><b>Leader:</b></td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td><b>AA</b></td><td>7.143-8.570</td></tr><tr><td><b>A</b></td><td>5.714-7.142</td></tr><tr><td><b>BBB</b></td><td>4.286-5.713</td><td rowspan="3"><b>Average:</b></td><td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td></tr><tr><td><b>BB</b></td><td>2.857-4.285</td></tr><tr><td><b>B</b></td><td>1.429-2.856</td></tr><tr><td><b>CCC</b></td><td>0.000-1.428</td><td><b>Laggard:</b></td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr></table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570	<b>A</b>	5.714-7.142	<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285	<b>B</b>	1.429-2.856	<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks
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<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks																		
<a href="#">Moody's ESG solutions</a>	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																				
<a href="#">Refinitiv ESG rating</a>	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																				
<a href="#">S&amp;P Global</a>	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																				
<b>Bloomberg</b>	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																			
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																			

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

Source: FSSIA's compilation

## GENERAL DISCLAIMER

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#### Veeravat Virochpoka FSS International Investment Advisory Securities Co., Ltd

The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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Company	Ticker	Price	Rating	Valuation & Risks
Bangkok Airways	BA TB	THB 16.30	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.
Betagro	BTG TB	THB 23.00	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 50.25	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.
Kasikornbank	KBANK TB	THB 154.50	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 46.00	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 33.00	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 24.80	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.
Stecon Group	STECON TB	THB 7.05	BUY	Downside risks to our TP include 1) volatility of the gross margin, 2) a delay and additional repair expenses on the Bueng Nong Bon drainage tunnel project, 3) a delay in the commencement of its construction of U-Tapao Airport, 4) a delay in new auctions, and 5) a higher-than-expected loss sharing from associates.

Source: FSSIA estimates

#### Additional Disclosures

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

All share prices are as at market close on 29-Apr-2025 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

Stock ratings are based on absolute upside or downside, which we define as  $(\text{target price}^* - \text{current price}) / \text{current price}$ .

**BUY (B).** The upside is 10% or more.

**HOLD (H).** The upside or downside is less than 10%.

**REDUCE (R).** The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

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

### Industry Recommendations

**Overweight.** The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

**Neutral.** The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

**Underweight.** The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

### Country (Strategy) Recommendations

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

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

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