

20 JULY 2023

# SPOTLIGHT ON THAILAND

## Published Reports

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- CENTRAL PLAZA HOTEL (CENTEL TB) - Safe and sound in the low season; Maintain BUY TP THB55.00
- AP (THAILAND) (AP TB) - Moderate 2Q23E performance; Maintain BUY TP THB14.00
- OSOTSPA (OSP TB) - Starting to regain market share; Maintain BUY TP THB33.00

## Economics

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- Charter court suspends Pita
- Pheu Thai primed to form govt

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- Operators voice unease over political situation
- EEC Phase 2 courts foreign investors
- Tap generative AI or count your losses: Accenture
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Indices	Index as of 19-Jul-23	Change -1D (%)	Change YTD (%)	Net Foreign YTD (USD m)
Thailand SET	1,537	0.1	(7.9)	(3,283)
China SHCOMP	3,199	0.0	3.5	
Hong Kong HSI	18,952	(0.3)	(4.2)	
India SENSEX	67,097	0.5	10.3	14,224
Indonesia JCI	Closed	(0.5)	(0.3)	1,312
Korea KOSPI	2,608	0.0	16.6	9,335
MY FBMKLCI	Closed	(0.2)	(6.2)	
PH PCOMP	6,542	0.2	(0.4)	(424)
SG FSSTI	3,275	0.6	0.7	
Taiwan TWSE	17,116	(0.6)	21.1	9,827
VN VNINDEX	1,173	(0.1)	16.5	(96)
MSCI Emerging	1,020	(0.2)	6.6	
Nikkei 225	32,896	1.2	26.1	
FTSE 100	7,588	1.8	1.8	
CAC 40	7,327	0.1	13.2	
DAX	16,109	(0.1)	15.7	
Dow Jones	35,061	0.3	5.8	
Nasdaq	14,358	0.0	37.2	
S&P 500	4,566	0.2	18.9	
Brent	79.46	(0.2)	(7.5)	
Dubai	81.06	1.8	3.1	
WTI	75.35	(0.2)	(6.3)	
GOLD	1,976.64	0.0	8.4	
Trade data (THB m)	Buy (THB m)	Sell (THB m)	Net (THB m)	Share (%) (THB m)
Foreign	27,709	27,706	3	54
Retail	15,061	15,900	(840)	30
Prop Trade	3,702	3,618	84	7
Local Institution	5,280	4,527	752	9
Total Trade	51,752	51,752	0	100
Rates	Last close 19/7/2023	1M ago 19/6/2023	End last yr 30/12/2022	1yr ago 19/7/2022
THB/USD	34.04	34.80	34.61	36.61
Inflation *	0.23	0.53	5.89	7.66
MLR **	6.87	6.87	5.83	5.31
1Y Fixed *	1.41	1.41	0.99	0.43
Govt bond 10Y	2.55	2.61	2.64	2.51
Commodity (USD/bbl)	Last close 19/7/2023	1M ago 19/6/2023	End last yr 30/12/2022	1yr ago 19/7/2022
Brent	79.46	76.09	85.91	107.35
Dubai	81.06	75.94	78.66	107.87
WTI	75.35	70.50	80.26	102.26
Gold	1,977	1,936	1,824	1,697
Baltic Dry	1,037	1,078	1,515	2,113
(USD/ton)	Last close 14-Jul-23	1M ago 07-Jul-23	End last yr 25-Dec-20	15-Jul-22
Coal	128.88	141.72	84.45	440.00
% change	(9.1)	(5.3)	52.6	(70.7)

\* chg y-y% last at end of most recent month end; \*\* Avg of 4 major banks;

Sources: Bloomberg, except coal from BANPU

### FSSIA Thailand Research

Jitra Amornthum, Head of Research  
 Songklod Wongchai, Strategy | +66 2611 3553 | songklod.won@fssia.com  
 Veeravat Virochpoka, Strategy | +66 2646 9821 | veeravat.v@fssia.com  
 Usanee Liuruti, Banks & Finance | +66 2646 9967 | usanee.l@fssia.com  
 Sureeporn Teewasuwet, Foods & Beverage | +66 2646 9972 | sureeporn.t@fssia.com  
 Thanyatorn Songwutti, Property | +66 2646 9805 | thanyatorn.s@fssia.com  
 Teerapol Udomvej, Healthcare, Tourism & Aviation | +66 2611 3535 | teerapol.udo@fssia.com  
 Kwanwaree Apichartsatoporn, Energy & Utilities | +66 2646 9968 | kwanwaree.a@fssia.com  
 Thada Jiracharoenyong, RA | +66 2646 9964 | thada.j@fssia.com  
 Maeta Chersatirakul, RA | +66 2611 3566 | maeta.c@fssia.com  
 Manida Sithiseree | +66 2611 3590/91 | manida.s@fnsyrus.com  
 Chaiyon Rerkkriengkrai | +66 2611 3592/93 | chaiyon.r@fnsyrus.com  
 Napaporn Klongvanitchakij | +66 2611 3582/83 | napaporn.k@fnsyrus.com  
 Rattana Detphattharakoson | +66 2611 3580/71 | rattana.d@fnsyrus.com  
 Siriluk Kiatkosolkul | +66 2611 3584/85 | siriluk.k@fnsyrus.com

### Thailand Equity Sales:

### Thailand Equity Trading:

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## Published Reports

### TMBTHANACHART BANK (TTB TB) - 2Q23 results at first glance; Maintain BUY TP THB1.83

#### 2Q23 results beat our estimate by 5%

TTB's 2Q23 net profit of THB4.57b was better than our estimate of THB4.36b vs Bloomberg's consensus projection of THB4.14b, increasing by 6% q-q and 33% y-y from higher NII, NIM, and fee income. 1H23 results accounted for 54% of our 2023 earnings estimate.

#### 2Q23 highlights

- (+) Net interest income remained the star, growing strongly by 4% q-q and 14% y-y, slightly better than expected. Thanks to its pre-emptive asset-liability management, which helped contain the impact of the cost of funds during the interest rate hike cycle and improve earning asset yields, the NIM expansion was better than expected at 3.17% (+13bp from 1Q23; we expected 3.10%).
- (+) Net loans improved above our q-q expectation (we projected -1% q-q, -2.1% y-y), rising by 0.4% q-q, but dropping 2.1% y-y and 0.9% YTD, mainly from corporate loans (working capital segment) and high yield loans (Cash Your Home, Cash Your Car, and personal loans). The overall loan volume in 1H23 declined by -2.1% y-y. Although lagging behind our 2023 forecast of +1.5% y-y, we believe loan growth can catch up in 2H23 prior to high loan demand season.
- (+) Fee income was also better than expected, increasing 4% q-q and 1% y-y, led by bancassurance fees from a new product launched in Jun-23, which offset the softer mutual fund fees. Overall fee growth in 1H23 was 2% y-y, still in line with our forecast (2% y-y). Other non-interest income (Non-NII) – gains on financial instruments measured at FV through PL (FVTPL), FX fees, and dividend income – all showed in-line figures.
- (-) Operating expenses increased by 8% q-q and 8% y-y, above our expectation (we estimated 3% q-q and 4% y-y), due mainly to seasonally higher selling and marketing expenses and software expenses. Thus, the cost-to-income ratio (CTI) in 2Q23 was 44%, slightly up from 43% in 1Q23. 1H23 CTI was 44%, relatively in line with our forecast of 45%.
- (+) Asset quality remained manageable; the 2Q23 NPL ratio contracted to 2.99% from 3.09% in 1Q23, better than expected (we projected a stable NPL ratio), with no alarming sign of NPL formation. 2Q23 credit cost was 125bp, in line with our forecast. 1H23 credit cost was 125bp, slightly below our 2023 forecast of 135bp. Hence, the bank's 2Q23 coverage ratio increased to 144% from 140% in 1Q23, reflecting its actively managed NPL resolution.

TTB is one of the top BUYs among our covered banks. Our 2023 GGM-based TP of THB1.83 implies a P/BV of 0.77x.

#### Exhibit 1: TTB's loans by stage and ECL at end of 2Q23

	Loans by stage						Allowance for ECL			
	1-Jan-20 (THB b)	2020 (THB b)	2021 (THB b)	2022 (THB b)	2Q22 (THB b)	2Q23 (THB b)	2021 (THB b)	2022 (THB b)	2Q22 (THB b)	2Q23 (THB b)
Stage 1 (Performing)	1,206.9	1,237.6	1,224.7	1,225.3	1,240.5	1,211.5	12.4	13.3	12.6	13.2
Stage 2 (Underperforming)	147.3	122.1	112.5	116.8	118.2	119.6	22.1	24.5	23.1	25.9
Stage 3 (Non-performing)	39.5	40.7	42.5	41.7	41.3	40.7	20.0	19.6	19.8	19.5
<b>Total loans and accrued interest</b>	<b>1,393.6</b>	<b>1,400.4</b>	<b>1,379.7</b>	<b>1,383.9</b>	<b>1,400.0</b>	<b>1,371.9</b>	<b>54.5</b>	<b>57.4</b>	<b>55.5</b>	<b>58.6</b>
% change y-y of total loans and ECL		0.5%	-1.5%	0.3%		-2.0%		5.4%		5.6%
% change y-y of NPL and ECL for NPL		3.0%	4.5%	-1.8%		-1.5%		-2.1%		-1.3%
<b>Total ECL to NPL - coverage ratio</b>							<b>128%</b>	<b>138%</b>	<b>132%</b>	<b>144%</b>
	% of staged loans to total loans						% of ECL to staged loans			
Stage 1 (Performing)	86.6	88.4	88.8	88.5	88.6	88.3	1.0	1.1	1.0	1.1
Stage 2 (Underperforming)	10.6	8.7	8.2	8.4	8.4	8.7	19.6	20.9	20.3	21.6
Stage 3 (Non-performing)	2.8	2.9	3.1	3.0	3.0	3.0	47.1	47.0	46.9	47.9
<b>Total loans and accrued interest</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>3.9</b>	<b>4.1</b>	<b>4.0</b>	<b>4.3</b>

Sources: TTB; FSSIA's compilation

## Exhibit 2: TTB - 2Q23 operations summary

Year-end Dec 31	2Q22	1Q23	2Q23	---- Change ----		1H23	Change	%of	2022	2023E	Change
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y %)	23E	(THB m)	(THB m)	(y-y %)
Net interest income	12,414	13,502	14,093	4	14	27,595	11	49	51,617	56,682	10
Non-interest income	3,475	3,368	3,668	9	6	7,035	3	48	14,236	14,589	2
Fee income - net	2,645	2,559	2,659	4	1	5,218	2	49	10,391	10,586	2
Total operating income	15,889	16,870	17,760	5	12	34,630	9	49	65,852	71,271	8
Total operating expenses	7,262	7,303	7,863	8	8	15,166	6	47	29,952	32,225	8
PPOP before tax	8,627	9,567	9,897	3	15	19,464	12	50	35,900	39,045	9
Expected credit loss	4,382	4,276	4,244	(1)	(3)	8,520	(7)	46	18,353	18,717	2
Income tax	807	996	1,087	9	35	2,083	31	54	3,352	3,883	16
Non-controlling interest	0	0	0			0	<i>nm</i>	167	0	0	<i>nm</i>
Net profit	3,438	4,295	4,566	6	33	8,861	34	54	14,195	16,446	16
EPS (THB)	0.036	0.044	0.047	6	33	0.09	33	54	0.147	0.170	16
<b>Key ratios</b>	<b>2Q22</b>	<b>1Q23</b>	<b>2Q23</b>	<b>---- Change ----</b>		<b>1H23</b>	<b>Change</b>		<b>2022</b>	<b>2023E</b>	<b>Change</b>
<b>Asset quality ratio</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(q-q%)</b>	<b>(y-y%)</b>	<b>(THB m)</b>	<b>(y-y %)</b>		<b>(%)</b>	<b>(%)</b>	<b>(y-y %)</b>
<b>Gross NPLs (THB m)</b>	<b>41,331</b>	<b>42,006</b>	<b>40,719</b>	<b>(3)</b>	<b>(1)</b>	<b>40,719</b>	<b>(1)</b>		<b>41,707</b>	<b>42,090</b>	<b>1</b>
Change (% from prior period)	(1.9)	0.7	(3.1)			(1.5)			(1.0)	0.9	
NPL ratios (%) - reported	2.63	2.63	2.63						2.73		
NPL ratio (%)	2.97	3.09	2.99			2.99			3.03	3.01	
Coverage ratio (%) - reported	133	140	144			144			138		
Coverage ratio (%)	133	140	144			144			138	133	
Credit cost (bp)	127	125	125			125			134	135	
<b>Profitability ratio</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>			<b>(%)</b>			<b>(%)</b>	<b>(%)</b>	
Cost to income ratio	45.7	43.3	44.3			43.8			45.5	45.2	
Average yield (%)	3.62	4.15	4.38			4.28			3.76	4.28	
Cost of funds (%)	0.90	1.29	1.39			1.34			0.92	1.33	
NIM (%) - reported	2.83	3.08	3.18						2.95		
NIM (%)	2.83	3.04	3.17			3.12			2.96	3.13	
Non-interest income/total income (%)	21.9	20.0	20.7			20.3			21.6	20.5	
<b>Liquidity ratio</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>			<b>(%)</b>			<b>(%)</b>	<b>(%)</b>	
Loan to deposit	99.8	96.8	97.7			97.7			98.3	96.0	
Loan to deposit & borrowing (LDBR)	89.9	87.9	88.6			88.6			94.3	92.2	
<b>Capital adequacy ratio</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>						<b>(%)</b>	<b>(%)</b>	
CAR	19.9	19.9	19.8			19.8			20.0	20.5	
CET 1/ Risk assets	14.8	15.7	15.7			15.7			15.7	16.4	
Tier 2 / Risk assets	4.0	3.7	3.7			3.7			3.7	3.5	
<b>Loan growth</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>			<b>(%)</b>			<b>(%)</b>	<b>(%)</b>	
Year-to-date	1.6	(1.3)	(0.9)			(0.9)					
q-q	1.9	(1.3)	0.4								
y-y	2.5	(0.6)	(2.1)						0.4	1.5	

Sources: TTB; FSSIA estimates

## CENTRAL PLAZA HOTEL (CENTEL TB) - Safe and sound in the low season; Maintain BUY TP THB55.00

### 2Q23 hotel revenue to drop by 27% q-q due to low season

RevPAR of Thai hotels should drop by 25% q-q in 2Q23, but still exceed pre-Covid by 8%. RevPAR of Bangkok hotels should exceed pre-Covid by 24%, while RevPAR of upcountry hotels should reach the pre-Covid level. RevPAR of Maldives hotels should plunge c50% q-q due to higher competition and supply (from guesthouses). RevPAR of Dubai hotels should decline by 5% q-q. We estimate the 2Q23 hotel EBITDA margin to fall to 31% (vs 40% in 1Q23), pressured by weak RevPAR, especially for the Maldives portfolio, and pre-operating expenses for its Osaka hotel, which opened in July. Thus, we expect a hotel business core profit of THB101m in 2Q23 (vs THB538m in 1Q23 and THB105m in 2Q19).

### 2Q23 food business operations should improve q-q

We expect 2Q23 SSSG of 3% y-y and TSSG of 7% y-y, led by dine-in sales. Food revenue should grow by 3% q-q and account for 96% of pre-Covid. We expect the 2Q23 food EBITDA margin to improve to 19% (vs 18% in 1Q23), and forecast a food business core profit of THB140m (vs THB91m in 1Q23 and THB185m in 2Q19). Overall, we expect a 2Q23 core profit of THB241m (vs THB629m in 1Q23 and THB291m in 2Q19).

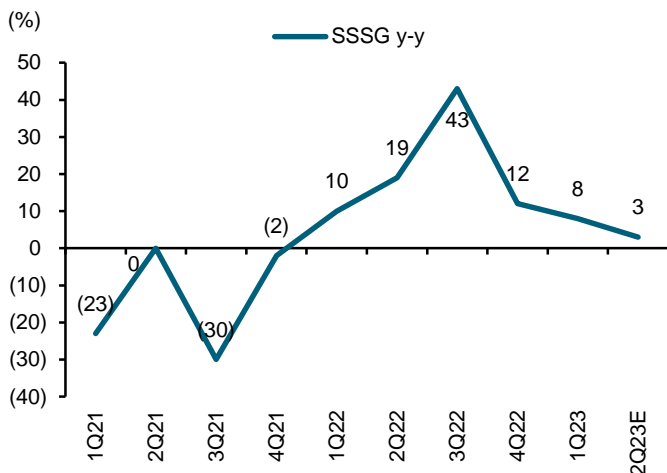
### Extension of lease contract at Hua Hin Airport for 34 years

CENTEL recently extended the lease contract for Centara Grand Hua Hin (7% of hotel revenue) with two sublease contracts: 4-year contract for the construction from May 2023-27 and 30 years from May 2027 onward to benefit utilisation. CENTEL has not provided the new lease payments yet. We estimate payments to increase from cTHB100m/year in 2019 and cTHB60m-70m/year during the Covid pandemic to cTHB150m-200m/year. In addition, CENTEL should spend more capex, up to THB3.0b, to renovate existing hotels and build a new building to increase the room count from 251 to 500 rooms.

### Revising down core profit

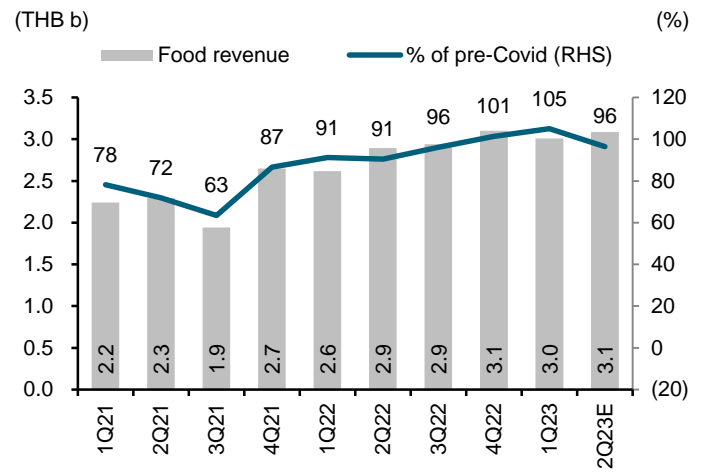
We cut 2023-25E core profit by 16-20% to reflect the weak margins of both the hotel and food businesses and the higher lease payments for the Hua Hin hotel, and derive a 2024 DCF-TP of THB55/shr. CENTEL trades at 29x 2024E P/E (vs its five-year average of 27x). The weak share price is a buying opportunity to capture the strong 2H23E recovery, in our view.

#### Exhibit 3: SSSG



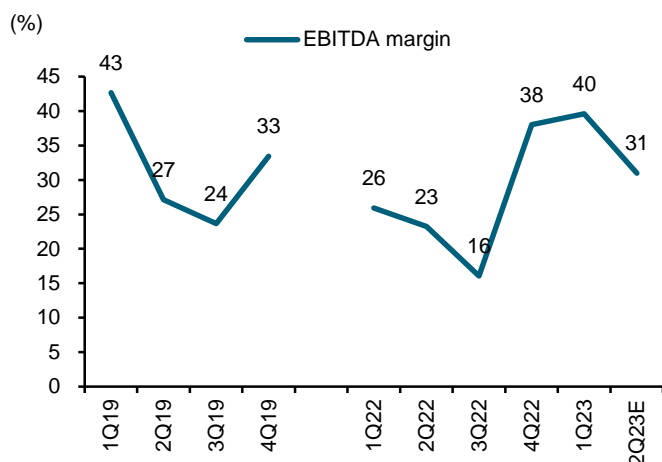
Sources: CENTEL; FSSIA estimates

#### Exhibit 4: Food business revenue



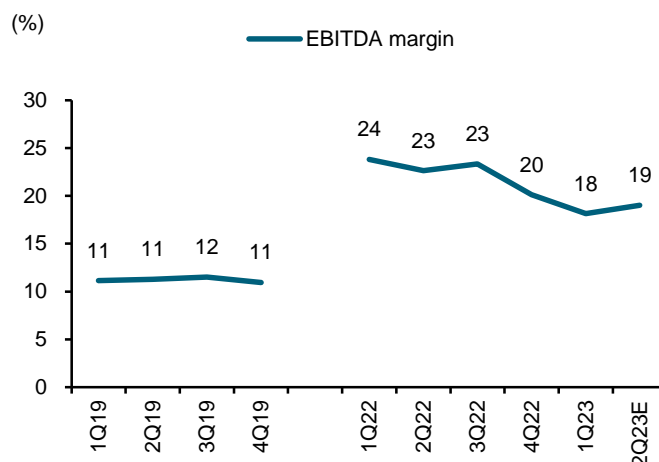
Sources: CENTEL; FSSIA estimates

Exhibit 5: EBITDA margin of hotel business



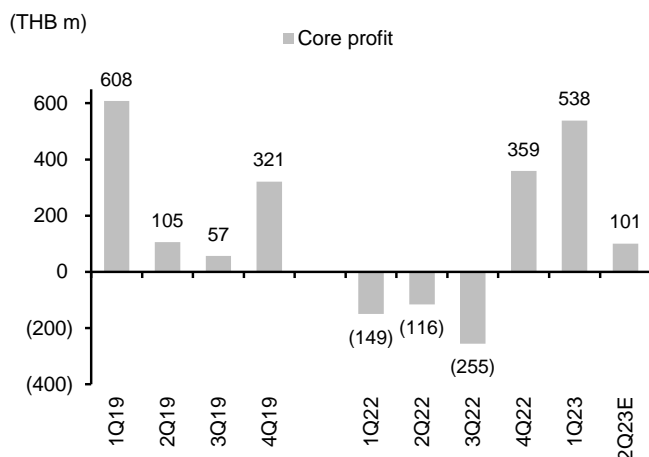
Note: Adopted TFRS16 since 1Q20  
Sources: CENTEL; FSSIA estimates

Exhibit 6: EBITDA margin of food business



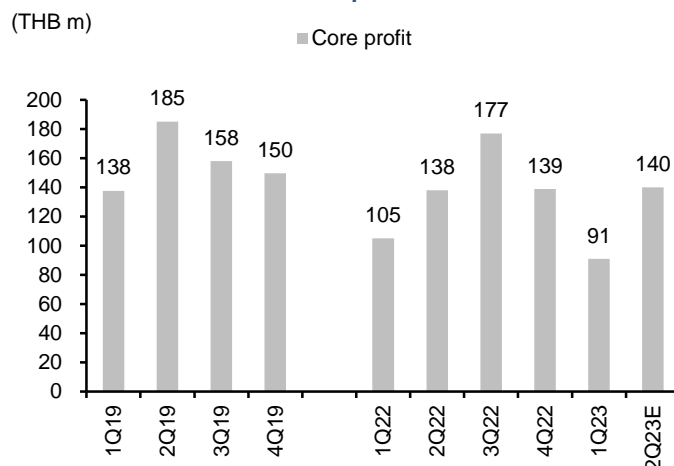
Note: Adopted TFRS16 since 1Q20  
Sources: CENTEL; FSSIA estimates

Exhibit 7: Hotel business core profit



Sources: CENTEL; FSSIA estimates

Exhibit 8: Food business core profit



Sources: CENTEL; FSSIA estimates

Exhibit 9: Forecast revisions

	Current			Previous			Change		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
OCC (%)	67.5	77.1	77.4	67.5	77.1	77.4	0.0	0.0	0.0
RevPar (THB)	3,205	3,726	4,407	3,205	3,726	4,407	0.0	0.0	0.0
SSSG (%)	7.0	2.0	2.0	8.0	2.0	2.0	(1.0)	0.0	0.0
TSSG (%)	13.0	7.0	6.0	15.0	7.0	6.0	(2.0)	0.0	0.0
Total revenue (THB b)	22.1	25.0	27.4	22.4	25.3	27.7	(1.0)	(1.0)	(0.9)
EBITDA margin (%)	23.8	24.8	25.5	26.2	26.3	25.8	(2.4)	(1.5)	(0.3)
Core profit (THB m)	1,703	2,119	2,368	2,138	2,624	2,813	(20.4)	(19.3)	(15.8)

Note: Change of items in percentage terms are represented in ppt change  
Source: FSSIA estimates

## AP (THAILAND) (AP TB) - Moderate 2Q23E performance; Maintain BUY TP THB14.00

### Expect 2Q23 transfers to dip q-q and y-y

AP's 2Q23 transfers will likely not increase q-q as per management's target. We expect transfers to come in at THB9b (-1% q-q, -6% y-y) in 2Q23. To elaborate, we estimate moderate low-rise transfers of THB8.8b (+1% q-q, -4% y-y), since most new projects were introduced in late May to June. Meanwhile, condo transfers should plunge by 41% q-q and 40% y-y to THB287m due to the lack of new project transfers and low ready-to-move condo inventory worth THB2.4b currently. For JV projects, we assume a 2Q23 share of profit from its JVs worth THB275m, up 15% q-q, from continued transfers of the Rhythm Charoenkrung Pavillion condo project from 1Q23, but down 27% y-y due to lower inventory.

### Solid GPM and cost efficiency to support 2Q23 profit

We anticipate a 2Q23 net profit of THB1.5b (+3% q-q, -3% y-y). The key driver for 2Q23 earnings, in our view, is high profitability, as we expect the strong property gross margin momentum to continue at 35.5% (vs 32.4% in 2Q22) – slightly better than our previous forecast at 34.5%. This would be driven by the realisation of some low-rise projects which were launched in 4Q22-1Q23 and delivered solid presales with rising selling prices. Aside from that, 2Q23 SG&A to sales should drop to 19.3% (vs 19.7% in 1Q23) from improving operational efficiency and cost control.

### Positive 2H23 outlook from new condos and new launches

Assuming in-line results, 1H23 profit would be equal to THB3b (-9% y-y), accounting for 48% of our full-year forecast. We have a positive view on AP's 2H23E earnings, rising h-h and y-y on newly built condos in 3Q23 like Aspire Pinklao-Arunamarin (THB1.2b, 76% sold) and a JV project named The Address Siam-Ratchathewi (THB8.8b, 37% sold). In addition, new low-rise launch plans for 2H23 show a significant increase to 37 projects totalling THB47.6b (vs 17 projects worth THB17.6b in 1H23).

### Maintain BUY with a TP of THB14

AP's new launch strategy, which is well diversified in terms of product segment and location, should bolster its market share to remain strong and deliver healthy presales. With the positive outlook in 2H23, an attractive valuation of 5.8x 2023E P/E (vs peers' avg of 8.3x) and annual dividend yields of 6%, we retain our BUY call.

### Exhibit 10: 2Q23 results preview

	2Q22	3Q22	4Q22	1Q23	2Q23E	----- Change -----	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Total revenue	9,862	8,982	8,846	9,409	9,300	(1)	(6)
Gross profit	3,313	3,046	3,090	3,445	3,404	(1)	3
SG&A	(1,715)	(1,805)	(2,020)	(1,853)	(1,791)	n/a	n/a
Operating profit	1,598	1,241	1,070	1,592	1,613	1	1
Other income	18	122	14	33	33	1	83
Interest expense	(14)	(18)	(45)	(76)	(78)	n/a	n/a
Profit before tax	1,508	1,345	1,134	1,549	1,568	1	4
Tax	(312)	(251)	(267)	(309)	(314)	n/a	n/a
Associates	378	324	284	238	275	15	(27)
Reported net profit	1,574	1,419	1,155	1,478	1,530	3	(3)
Normalised profit	1,574	1,419	1,151	1,478	1,530	3	(3)
<b>Key ratios (%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>
Property gross margin	32.4	32.4	33.7	35.5	35.5	0.0	3.1
Gross margin	33.6	33.9	34.9	36.6	36.6	(0.0)	3.0
Operating margin	16.2	13.8	12.1	16.9	17.3	0.4	1.1
Net profit margin	16.0	15.8	13.1	15.7	16.4	0.7	0.5
Normalised profit margin	16.0	15.8	13.0	15.7	16.4	0.7	0.5
<b>Operating statistics</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(q-q%)</b>	<b>(y-y%)</b>
<b>Property transfers</b>	<b>9,620</b>	<b>8,689</b>	<b>8,592</b>	<b>9,144</b>	<b>9,040</b>	<b>(1)</b>	<b>(6)</b>
-- Low-rise	9,139	8,384	8,314	8,657	8,753	1	(4)
-- High-rise	481	305	278	487	287	(41)	(40)
<b>Presales</b>	<b>12,572</b>	<b>11,924</b>	<b>12,960</b>	<b>11,016</b>	<b>12,631</b>	<b>15</b>	<b>0</b>
-- Low-rise	9,774	8,354	10,049	8,172	8,622	6	(12)
-- High-rise	2,798	3,570	2,911	2,844	4,009	41	43

Sources: AP; FSSIA estimates

## OSOTSPA (OSP TB) - Starting to regain market share; Maintain BUY TP THB33.00

### Starting to regain energy drink market share in 2Q23

We project a 2Q23 core profit of THB542m (+15% q-q, -10% y-y) thanks to seasonality, but the y-y drop would come from the high base last year before the selling price increase. Key drivers for q-q growth, in our view, would come from 1) higher domestic energy drink revenue q-q and y-y; and 2) a rising gross margin. To elaborate, we estimate OSP could regain around 0.9% energy drink market share to 47.5% in 2Q23, up from 46.6% in 1Q23. Meanwhile, we expect its functional drink revenue to recover q-q, after a correction in 1Q23, but drop y-y post Covid-19.

### Declining natural gas costs to support gross margin recovery

We expect its 2Q23 gross margin to recover to 34%, up from 33.4% in 1Q23, supported by 1) improving production efficiency at its factories; and 2) declining natural gas costs – the 2QTD average price was equal to THB387 per MMBtu (-16.8% q-q, -0.6% y-y). The expected 1H23 gross margin at 33.7%, up from 31.5% in 1H22, it still in line with management's target, but higher than our previous assumption.

### Maintain 2023E core profit growth at 28.5%

Even though 3Q is normally the low season for OSP's revenue, we think its 3Q23 operations will be better than typical during the season. The main reasons are: 1) OSP has continued to focus on regaining at least 2% of its market share in 4Q23; 2) there would be a full-quarter's recognition of lower natural gas costs; and 3) the company aims to lower its SG&A expenses in 2H23. Therefore, we maintain our 2023-24E core profit growth by 28.5% y-y and 18.7% y-y, respectively.

### Retain BUY call with profit turnaround and strong balance sheet

We retain our BUY recommendation with the same target price of THB33, based on 40x 2023E P/E (+0.5 SD). The share price has an upside of 14.8%. We have a positive view on its earnings momentum in 2023-24 and are satisfied with its strong balance sheet. The company has a low interest-bearing debt. As of December 2022, its D/E and IBD/E ratios were only at 0.42x and 0.10x, respectively. We expect its 2023-24 ROE to increase to 13.4% and 15.6%, respectively, from 10.1% in 2022.

### Exhibit 11: 2Q23 earnings preview

Year-end Dec 31	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23E	---- Change ----		1H22	1H23E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Sales	7,472	7,183	6,178	6,432	6,545	6,740	3.0	(6.2)	14,656	13,285	(9.4)
Cost of sales	5,100	4,940	4,367	4,509	4,360	4,448	2.0	(9.9)	10,040	8,808	(12.3)
Gross profit	2,372	2,244	1,811	1,924	2,186	2,292	4.8	2.1	4,616	4,477	(3.0)
SG&A	1,580	1,650	1,631	1,638	1,703	1,719	0.9	4.1	3,231	3,422	5.9
Operating profit	838	672	233	304	524	623	18.8	(7.3)	1,510	1,147	(24.0)
Interest expense	21	21	23	24	24	24	0.4	15.0	42	48	14.6
Tax expense	151	134	70	15	54	61	13.3	(54.3)	284	115	(59.5)
Profit (loss) sharing	85	90	78	62	39	12	(69.0)	(86.7)	175	51	(71.0)
Reported net profit	750	604	244	337	778	542	(30.3)	(10.2)	1,353	1,320	(2.5)
Core profit	750	604	359	317	472	542	14.8	(10.2)	1,353	1,014	(25.1)
Core profit (exc. dividend from Unicharm)	750	604	359	317	472	542	14.8	(10.2)	1,353	1,014	
<b>Key ratios (%)</b>							<b>(ppt)</b>	<b>(ppt)</b>			<b>(ppt)</b>
Gross margin	31.7	31.2	29.3	29.9	33.4	34.0	0.6	2.8	31.5	33.7	2.2
SG&A to sales	21.1	23.0	26.4	25.5	26.0	25.5	(0.5)	2.5	22.0	25.8	3.7
Operating margin	11.2	9.4	3.8	4.7	8.0	9.2	1.2	(0.1)	10.3	8.6	(1.7)
Net margin	10.0	8.4	3.9	5.2	11.9	8.0	(3.8)	(0.4)	9.2	7.6	(1.6)
Core margin	10.0	8.4	5.8	4.9	7.2	8.0	0.8	(0.4)	9.2	9.9	0.7
<b>Operating statistics (THB m)</b>											
Beverage sales	6,355	5,857	4,854	4,953	5,279	5,581	5.7	(4.7)	24,260	25,383	4.6
Personal care	554	587	605	706	556	556	0.0	(5.2)	2,912	3,058	5.0
Other	563	740	719	773	710	604	(15.0)	(18.4)	3,535	3,817	8.0

Sources: OSP; FSSIA estimates

## Exhibit 12: Key assumptions for OSP

	Actual	Forecast			Growth		
	2022 (THB m)	2023E (THB m)	2024E (THB m)	2025E (THB m)	2023E (%)	2024E (%)	2025E (%)
Total revenue	27,266	28,491	30,707	32,258	4.5	7.8	5.1
Costs	18,915	19,089	20,420	21,290	0.9	7.0	4.3
Gross profit	8,350	9,402	10,287	10,968	12.6	9.4	6.6
SG&A expense	6,500	6,838	7,216	7,581	5.2	5.5	5.1
Interest expense	89	104	100	99	17.2	(4.2)	(0.9)
Profit sharing	315	228	246	258	(27.6)	7.8	5.1
Reported net profit	1,934	2,758	2,918	3,206	42.6	5.8	9.9
Core profit	1,914	2,458	2,918	3,206	28.5	18.7	9.9

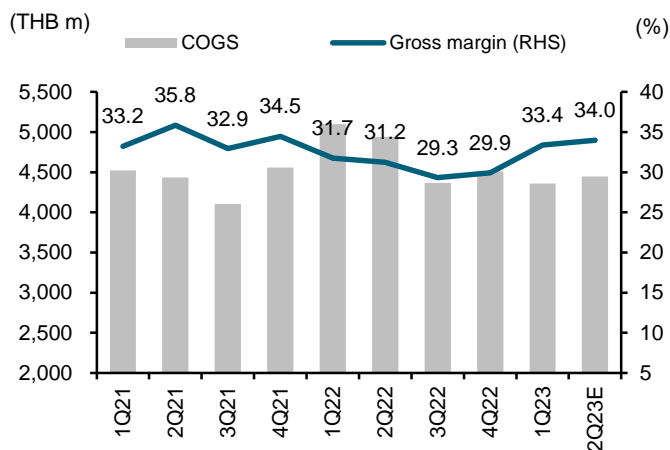
Key ratios (%)							
Total revenue growth	1.9	4.5	7.8	5.1			
Net profit growth	(40.6)	42.6	5.8	9.9			
Core profit growth	(41.2)	28.5	18.7	9.9			
Gross margin	30.6	33.0	33.5	34.0	2.4	0.5	0.5
SG&A to sales	23.8	24.0	23.5	23.5	0.2	(0.5)	0.0
Net margin	7.1	9.7	9.5	9.9	2.6	(0.2)	0.4
Core margin	7.0	8.6	9.5	9.9	1.6	0.9	0.4

Operating statistics (THB m)							
Beverage revenue	22,020	22,581	24,260	25,383	2.5	7.4	4.6
Personal care revenue	2,452	2,697	2,912	3,058	10.0	8.0	5.0
Others revenue	2,794	3,213	3,535	3,817	15.0	10.0	8.0

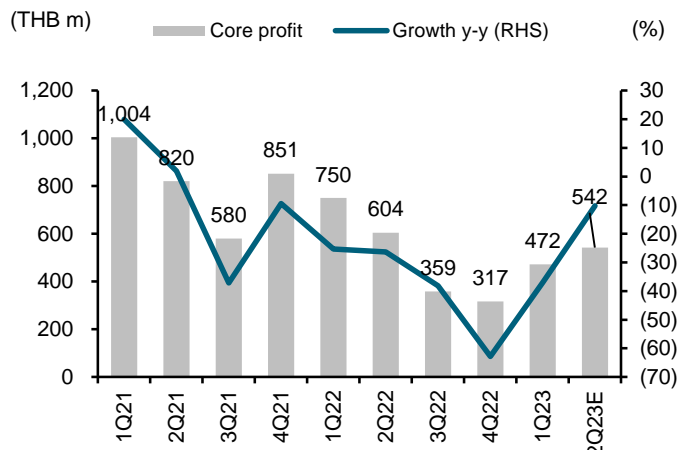
Source: FSSIA estimates

## Exhibit 13: Quarterly COGS and gross margin



Sources: OSP; FSSIA estimates

## Exhibit 14: Quarterly core profit and growth



Sources: OSP; FSSIA estimates



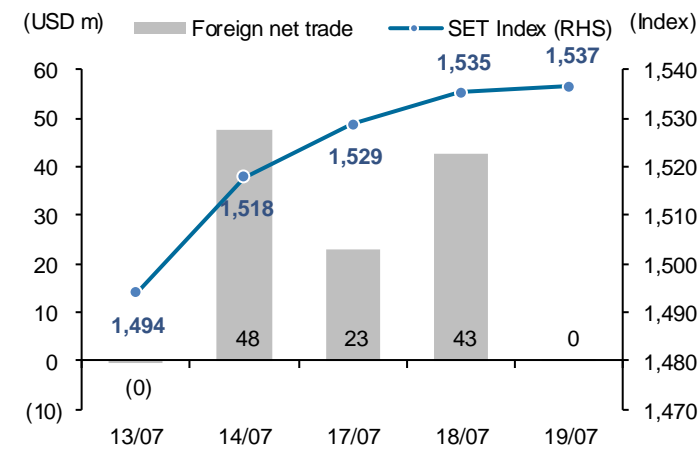
## Economic news

- [Recovery intact](#) BANGKOK POST: Thailand's economic recovery is intact, with growth of 2.9% likely in the first half of this year and 4.2% in the second half, Bank of Thailand (BoT) governor Sethaput Suthiwartnarueput said on Wednesday.
- [BOT chief says delay in govt formation will not affect Thailand's growth](#) THE NATION: The central bank governor on Wednesday played down the impact on Thailand's economy from the delay in the formation of the next government, maintaining the bank's projection of 3-4% growth this year.
- [ADB revises up Thailand's GDP growth forecast for this year](#) THE NATION: In its latest Asian Development Outlook report, the Asian Development Bank (ADB) said that developing Asia-Pacific countries can be expected to expand by 4.8% this year. The report released on Tuesday shows that the project remains unchanged from ADB's previous estimate in April.
- [Charter court suspends Pita](#) BANGKOK POST: The Constitutional Court on Wednesday morning suspended Move Forward Party leader and prime ministerial candidate Pita Limjaroenrat from duty as an elected member of the House of Representatives, and he later left the chamber.
- [Pheu Thai primed to form govt](#) BANGKOK POST: The Pheu Thai Party has emerged in pole position to form a new government after parliament on Wednesday rejected a bid to renominate Move Forward Party (MFP) leader Pita Limjaroenrat for a prime ministerial vote, citing a parliamentary meeting regulation.

## Corporate news

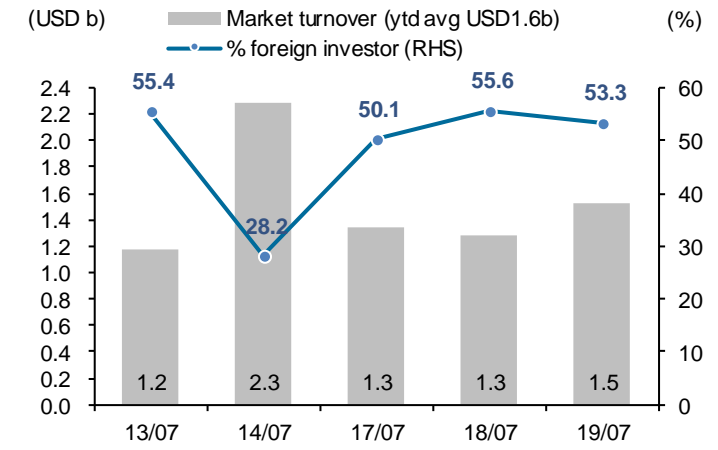
- [Beauty contest for satellite orbital slots](#) BANGKOK POST: The National Broadcasting and Telecommunications Commission's (NBTC) subcommittee for satellite business on Tuesday reached a preliminary conclusion to allocate the unsold satellite orbit slots through the beauty contest method.
- [Operators voice unease over political situation](#) BANGKOK POST: Tourism operators have expressed concern over the unsettled political situation, urging all parties to find the best solution to avoid large-scale demonstrations. Tassapon Bijleveld, executive chairman of Asia Aviation, the holding company of Thai AirAsia, said the economy will be affected if the setting up of the new government is prolonged.
- [EEC Phase 2 courts foreign investors](#) BANGKOK POST: The Office of the Eastern Economic Corridor (EEC) is inviting foreign investors to get involved in Phase 2 of the project and promising them more attractive incentives, says Chula Sukmanop, the office's secretary-general.
- [Tap generative AI or count your losses: Accenture](#) BANGKOK POST: Business organisations should ride the wave of generative AI to create opportunities to raise their value to create new and disruptive ways of earning revenue, improving their productivity and reducing their costs and risk, according to Patama Chantaruck, the managing director of Accenture Thailand.
- [Businesses fret over court move](#) BANGKOK POST: Following the Constitutional Court's order on Wednesday to suspend Move Forward Party (MFP) leader Pita Limjaroenrat from his duties as an elected member of the House of Representatives, concerns are mounting among the business sector about a potential surge in widespread street protests.

Exhibit 15: Foreign fund flow and SET Index



Source: Bloomberg

Exhibit 16: Foreign participation



Source: Bloomberg

Exhibit 17: Index performance

	SET Index		Index performance (% change)									
	Index	(%chg)	Energy	Bank	Comu	Commerce	Food	Property	Construct	Transport	Petrochem	
<b>% of SET Index</b>			20%	10%	8%	10%	5%	6%	3%	8%	2%	
Current	1,536.64	0.1	0.2	(0.2)	(0.7)	0.7	0.3	0.4	(0.6)	0.7	0.5	
-5D	1,491.14	3.1	2.8	3.9	3.3	3.4	2.6	2.1	0.4	1.7	1.0	
-1M	1,537.59	(0.1)	2.8	2.7	0.4	(1.8)	(5.3)	(2.6)	(2.3)	(0.8)	(1.9)	
-3M	1,565.10	(1.8)	(1.2)	8.3	(2.2)	(4.2)	(3.4)	(6.4)	1.5	(2.1)	(1.1)	
-6M	1,677.25	(8.4)	(11.5)	3.8	(6.0)	(10.2)	(12.9)	(8.7)	(11.4)	(7.4)	(18.5)	
-1Y	1,539.32	(0.2)	(8.0)	17.4	(9.0)	3.1	(13.1)	6.1	(9.7)	(1.4)	(15.7)	
WTD	1,517.92	1.2	0.5	2.6	0.6	2.0	0.5	0.8	(0.6)	2.1	(3.3)	
MTD	1,503.10	2.2	3.2	3.6	2.9	0.8	(0.7)	0.1	0.3	0.4	1.2	
QTD	1,503.10	2.2	3.2	3.6	2.9	0.8	(0.7)	0.1	0.3	0.4	1.2	
End of 2022	1,668.66	(7.9)	(12.5)	3.8	(4.2)	(10.6)	(12.9)	(10.8)	(9.0)	(7.1)	(14.9)	

Source: Bloomberg

Exhibit 18: Trade by investor types

	SET Index		Exchange rate (USD:THB)	SET Index		Equity trading / Net position				Bond Net foreign (USD m)
	Index	Change (y-y%)		Average daily turnover (THB m)	(USD m)	Foreign (USD m)	Retail (USD m)	PropTrade (USD m)	Local Inst (USD m)	
2019	1,579.84	1.0	31.06	52,468	1,689	(1,496)	(662)	477	1,681	(502)
2020	1,449.35	(8.3)	31.29	67,335	2,152	(8,287)	6,873	459	953	(1,005)
2021	1,657.62	14.4	32.00	88,443	2,764	(1,632)	3,630	435	(2,330)	6,550
2022	1,668.66	15.1	34.78	53,589	1,541	5,362	(656)	56	(4,758)	4,111
<b>2023YTD</b>	<b>1,536.64</b>	<b>(7.9)</b>	<b>34.26</b>	<b>54,355</b>	<b>1,587</b>	<b>(3,283)</b>	<b>2,088</b>	<b>(166)</b>	<b>1,361</b>	<b>1,259</b>
1Q22	1,695.24	6.8	33.04	89,343	2,704	3,369	(902)	32	(2,495)	2,613
2Q22	1,568.33	(1.2)	34.40	70,765	2,057	72	126	10	(212)	663
3Q22	1,589.51	(1.0)	36.42	66,215	1,818	1,076	(93)	(20)	(962)	24
4Q22	1,668.66	0.7	36.37	57,767	1,588	1,443	(533)	(115)	(792)	2,928
1Q23	1,609.17	(5.1)	33.92	63,300	1,866	(1,646)	1,594	(83)	136	612
2Q23	1,503.10	(4.2)	34.48	47,432	1,376	(1,461)	593	(120)	987	(178)
Jan-23	1,671.46	1.4	33.22	68,181	2,052	545	16	172	(732)	822
Feb-23	1,622.35	(3.7)	34.05	63,203	1,856	(1,273)	836	34	404	(1,115)
Mar-23	1,609.17	(5.1)	34.49	58,517	1,697	(917)	742	(290)	464	905
Apr-23	1,529.12	(8.3)	34.27	44,594	1,301	(231)	222	(16)	24	(608)
May-23	1,533.54	(7.8)	34.26	52,780	1,541	(967)	137	(49)	880	699
Jun-23	1,503.10	(4.2)	34.92	44,923	1,286	(263)	234	(55)	83	(269)
Jul-23	1,536.64	(2.5)	34.78	41,792	1,201	(177)	(99)	37	238	825
<b>2023YTD</b>	<b>1,536.64</b>	<b>(7.3)</b>	<b>34.26</b>	<b>54,355</b>	<b>1,587</b>	<b>(3,283)</b>	<b>2,088</b>	<b>(166)</b>	<b>1,361</b>	<b>1,259</b>
13/07/2023	1,494.02		34.57	40,448	1,170	(0)	4	9	(12)	43
14/07/2023	1,517.92		34.63	43,640	1,260	48	(85)	7	31	19
17/07/2023	1,528.77		34.62	46,463	1,342	23	(58)	10	24	(34)
18/07/2023	1,535.30		34.22	43,928	1,284	43	(54)	3	8	69
19/07/2023	1,536.64		34.04	51,752	1,520	0	(25)	2	22	451

Source: Bloomberg

## Exhibit 19: Upcoming events

Date Time	Event		Survey	Actual	Prior
07/18/2023 07:24	Car Sales	Jun	--	--	65088
07/21/2023 03:30	Foreign Reserves	Jul-14	--	--	\$217.9b
07/21/2023 03:30	Forward Contracts	Jul-14	--	--	\$30.8b
07/22/2023 07:28	Customs Exports YoY	Jun	-6.30%	--	-4.60%
07/22/2023 07:28	Customs Imports YoY	Jun	-7.20%	--	-3.40%
07/22/2023 07:28	Customs Trade Balance	Jun	-\$871m	--	-\$1849m
07/27/2023 00:00	Capacity Utilization ISIC	Jun	--	--	60.2
07/27/2023 00:00	Mfg Production Index ISIC NSA YoY	Jun	--	--	-3.14%
07/31/2023 03:00	BoP Current Account Balance	Jun	--	--	-\$2766m
07/31/2023 03:30	Exports YoY	Jun	--	--	-5.90%
07/31/2023 03:30	Exports	Jun	--	--	\$24075m
07/31/2023 03:30	Imports YoY	Jun	--	--	-2.30%
07/31/2023 03:30	Imports	Jun	--	--	\$24020m
07/31/2023 03:30	Trade Balance	Jun	--	--	\$55m
07/31/2023 03:30	BoP Overall Balance	Jun	--	--	\$1018m
08/01/2023 20:30	S&P Global Thailand PMI Mfg	Jul	--	--	53.2
08/02/2023 03:00	BoT Benchmark Interest Rate	Aug-02	--	--	2.00%
08/02/2023 03:30	Business Sentiment Index	Jul	--	--	51
08/06/2023 23:30	CPI Core YoY	Jul	--	--	1.32%
08/06/2023 23:30	CPI NSA MoM	Jul	--	--	0.60%
08/06/2023 23:30	CPI YoY	Jul	--	--	0.23%
08/06/2023 08:15	Consumer Confidence	Jul	--	--	56.7
08/06/2023 08:15	Consumer Confidence Economic	Jul	--	--	51.2

Source: Bloomberg

## Exhibit 20: Management trading

Company	Management	Securities	Transaction	Shares	Price (THB)	Action	Value (THBm)
Super Energy (SUPER)	Jormsup Lochaya	Common Shares	7/14/2023	500,000	0.51	Buy	0.26
Eastern Commercial Leasing (ECL)	Jaturong Phothisrak	Common Shares	6/30/2023	200,000	1.57	Buy	0.31
Eastern Commercial Leasing (ECL)	Jaturong Phothisrak	Common Shares	7/10/2023	100,000	1.54	Buy	0.15
Eastern Commercial Leasing (ECL)	Jaturong Phothisrak	Common Shares	7/17/2023	1,680,600	1.58	Buy	2.66
Thai Enger Holding (TIGER)	Kitti Dusadeeputiphan	Common Shares	7/18/2023	1,500,000*	1.27	Sell	1.91
Thai Enger Holding (TIGER)	Kitti Dusadeeputiphan	Common Shares	7/18/2023	1,500,000	1.27	Sell	1.91
Nova Empire (NOVA)	Parleerat Panboonhom	Common Shares	7/18/2023	4,350,000	12.00	Sell	52.20
BGT Corporation (BGT)	Nantarika Chansue	Common Shares	7/17/2023	38,700	0.98	Buy	0.04
BGT Corporation (BGT)	Nantarika Chansue	Common Shares	7/18/2023	40,000	0.98	Buy	0.04
BGT Corporation (BGT)	Nopdol Tumwattana	Common Shares	7/18/2023	108,100	0.98	Buy	0.11
Proud Real Estate (PROUD)	Pumipat Sinacharoen	Common Shares	7/18/2023	80,000	1.75	Buy	0.14
Univanich Palm Oil (UVAN)	Palat Tittinunchanon	Common Shares	7/18/2023	15,000	8.45	Buy	0.13

Source: \*Revoked by Reporter; SEC

## Exhibit 21: Upcoming XR

Symbol	X-Date	Announce Date	Rights for	Subscription Price	Unit	Subscription Ratio (Holding:New)	Subscription Period	Allotted Shares (Shares)
APEX	11/08/2023	26/06/2023	Common	0.05	Baht	1 : 2	01/09/2023 - 08/09/2023	8068998702
JCK	07/09/2023	07/07/2023	Common	0.3	Baht	1 : 1	-	3465833184
JCK	07/09/2023	07/07/2023	Common	-	Baht	-	-	693166636
ALPHAX	30/10/2023	15/05/2023	Common	0.25	Baht	1 : 1	-	4646406094

Source: SET

**Exhibit 22: Upcoming XM**

Symbol	X-Date	Meeting Date	Type of Meeting	Agenda	Venue
HTC	20/07/2023	23/08/2023	EGM	Change of par value, the amendment to the Company's Memorandum of Association and the amendment to the Company's Articles of Association.	Meeting via electronic means, broadcasted from Praram 9 room, SC Park hotel, Wangthonglang District, Bangkok
M-CHAI	24/07/2023	29/08/2023	EGM	Change of par value	3rd floor meeting room, Mahachai Hospital 927/43 kor Settakit 1 Road Tambon Mahachai Amphur Muang Samutsakorn
JCK	25/07/2023	31/08/2023	EGM	Capital increase, Connected transaction, Acquisition and disposition of assets	Through only electronic media
JASIF	27/07/2023	23/08/2023	EGM	To consider and approve the waiver and/or the amendments in relation to the suspension of the rental payment and the rental payment default under the Amended and Restated Rental Assurance Agreement the amendments to the Benefits Seeking Agreements	at Le Concord Ballroom 2nd floor SWISSOTEL BANGKOK RATCHADA 204 Ratchadapisek Road, Huay Kwang, Bangkok 10320 Thailand
KCC	27/07/2023	11/09/2023	EGM	Shareholding and management restructuring	Bunga Meeting Room, Golden Tulip Sovereign Hotel, located at No. 92 Soi Rama 9 Hospital, Bangkapi Sub-district, Huai Khwang District, Bangkok 10310
POMPUI	02/08/2023	18/08/2023	EGM	Changing the director(s)	Electronic meeting

Source: SET

**Exhibit 23: Upcoming XD**

Symbol	X-Date	Dividend (per Share)	Unit	Operation Period	Source of Dividend	Payment Date	Price	Div Yield	Par
TMW	21/7/2023	1.7	Baht	01/04/2022 - 31/03/2023	NP	11/8/2023	39.75	4.3%	5
CN01	24/7/2023	-	Baht	-	NP	22/8/2023	-	-	-
VGI	25/7/2023	0.04	Baht	01/10/2022 - 31/03/2023	NP	18/8/2023	2.88	1.4%	0.1
EPG	31/7/2023	0.14	Baht	01/04/2022 - 31/03/2023	NP	18/8/2023	6.70	2.1%	1
KYE	3/8/2023	4.1	Baht	01/04/2022 - 31/03/2023	NP	22/8/2023	295.00	1.4%	10
BTS	7/8/2023	0.16	Baht	01/04/2022 - 31/03/2023	NP	25/8/2023	7.70	2.1%	4
PTL	7/8/2023	0.27	Baht	01/04/2022 - 31/03/2023	NP	24/8/2023	14.60	1.8%	1
MSFT80X	16/8/2023	-	Baht	-	NP	17/10/2023	-	-	-

Source: SET

**Exhibit 24: New securities**

Derivative Warrants	Trade Date	Underlying	Issuer	DW Type	Market	Maturity Date	Exercise Price (Baht)
AOT06C2312A	20/07/2023	AOT	KKPS	Call	SET	30/12/2023	86
BBL06C2311A	20/07/2023	BBL	KKPS	Call	SET	25/11/2023	190
BTS19C2401A	20/07/2023	BTS	YUANTA	Call	SET	16/01/2024	9.6
CATHAY41C2311A	20/07/2023	CATHAY	JPM	Call	SET	05/12/2023	9.75
CENTEL19C2312A	20/07/2023	CENTEL	YUANTA	Call	SET	15/12/2023	57
COM719P2312A	20/07/2023	COM7	YUANTA	Put	SET	15/12/2023	19.5
EA19P2312A	20/07/2023	EA	YUANTA	Put	SET	15/12/2023	39
GPSC06C2401A	20/07/2023	GPSC	KKPS	Call	SET	20/01/2024	67
IRPC13C2312A	20/07/2023	IRPC	KGI	Call	SET	08/12/2023	3.12
KCE19P2312A	20/07/2023	KCE	YUANTA	Put	SET	15/12/2023	27.5
KTC06C2401A	20/07/2023	KTC	KKPS	Call	SET	20/01/2024	57
ORI13C2312A	20/07/2023	ORI	KGI	Call	SET	14/12/2023	13.6
OSP13C2312A	20/07/2023	OSP	KGI	Call	SET	14/12/2023	38
PTG06C2401A	20/07/2023	PTG	KKPS	Call	SET	03/02/2024	13
SET5013P2309E	20/07/2023	SET50	KGI	Put	SET	04/10/2023	825
STEC13C2312B	20/07/2023	STEC	KGI	Call	SET	14/12/2023	13
TIDLOR19C2312A	20/07/2023	TIDLOR	YUANTA	Call	SET	15/12/2023	30

Source: SET

