

Thailand Market Strategy

เศรษฐกิจและกำไรใกล้เร่งตัวขึ้น

- สินทรัพย์เสี่ยงตบสองเชิงบวกหลังเฟดยังส่งสัญญาณลดดอกเบี้ย 3 ครั้งในปี 2024 แม้จะคาดว่าเงินเฟ้อจะสูงขึ้นในระยะสั้น
- เรามีมุมมองเชิงบวกต่อ Momentum ที่ดีของเศรษฐกิจไทยตั้งแต่ปี 2Q24 เป็นต้นไปหลังรัฐสภาพอนุมัติงบประมาณประจำปี 2024 กำไร 1Q24 มีแนวโน้มที่จะกระโดดเพิ่ม q-q
- เราคงเป้า SET ที่ 1,470 และคำแนะนำให้นักลงทุนเลือกลงทุน. หุ่นเด่นประกอบไปด้วย AOT, BCH, CPALL, CPN, GPSC, NSL, SHR, SJWD, และ TIDLOR.

เฟดยังคงคาดว่าอัตราดอกเบี้ยจะลดลง 3 ครั้งในปี

การประชุม FOMC ครั้งล่าสุดส่งสัญญาณผ่อนคลาย แม้ว่าเฟดจะปรับเพิ่มประมาณการตัวเลขการเติบโตทางเศรษฐกิจจาก 1.4% เป็น 2.1% และดัชนีราคาการใช้จ่ายเพื่อการบริโภคพื้นฐานส่วนบุคคล (Core PCE) จาก 2.4% เป็น 2.6% ในปี 2024 คณะกรรมการฯ ยังคงคาดว่า Core PCE จะลดลงและเข้าเป้า 2% ภายในปี 2026 พร้อมเป้าอัตราดอกเบี้ยระยะยาวที่สูงขึ้นเล็กน้อยเป็น 2.6% นอกจากนี้ dot plot ในเดือน มี.ค. 2024 ยังส่งสัญญาณว่าเฟดอาจคงประมาณการอัตราดอกเบี้ยโดยน่าจะปรับลดอัตราดอกเบี้ย 3 ครั้งในปีนี้จาก 5.25-5.50% เป็น 4.50-4.75% แม้ว่าตัวเลขเงินเฟ้อจะสูงขึ้นในช่วง 2-3 เดือนที่ผ่านมาซึ่งทำให้ตลาดมองปัจจัยดังกล่าวเป็นบวกสำหรับสินทรัพย์เสี่ยงตั้งได้สะท้อนให้เห็นจากผลตอบแทนพันธบัตรที่ลดลง

งบประมาณประจำปี 2024 ที่ผ่านสภาแล้วจะช่วยผลักดัน GDP ตั้งแต่ 2Q24 เป็นต้นไป

ในที่สุดรัฐสภาก็ได้อนุมัติงบประมาณประจำปี 2024 จำนวน 3.48 ล้าน ลบ. เมื่อปลายเดือน มี.ค. 2024 เราคิดว่าปัจจัยดังกล่าวจะเป็นบวกต่อเศรษฐกิจไทยใน 2Q24 โดยเฉพาะอย่างยิ่งในช่วง 2H24 จากการเบิกจ่ายเงินงบประมาณที่เพิ่มสูงขึ้น เราคาดว่า การเติบโตของการลงทุนภาครัฐจะพลิกเป็นบวกอย่างมีนัยสำคัญซึ่งอาจช่วยกระตุ้นให้เศรษฐกิจโตเพิ่มอีก 0.7-1.5% โดยตลาดได้คาดการณ์ว่า GDP ของไทยจะขยายตัว 1.5% y-y ใน 1Q24 ก่อนเร่งตัวขึ้นเป็น 2% y-y และ 2.9% ใน 2Q24-3Q24 ตามลำดับ เราคาดว่าคณะกรรมการนโยบายการเงิน (กนง.) จะคงอัตราดอกเบี้ยนโยบายไว้ที่ 2.5% ในเดือนนี้และคิดว่าการปรับลดอัตราดอกเบี้ยครั้งแรกอาจเกิดขึ้นในเดือน มิ.ย. 2024

กำไรกลุ่มธนาคารใน 1Q24 น่าจะกระโดดเพิ่ม q-q

เราคาดว่าธนาคารที่เราศึกษาจะรายงานกำไรสุทธิรวมฟื้นตัวแรงเป็น 50.6 พัน ลบ. ใน 1Q24 (+19% q-q, +1% y-y) เราคาดว่าธนาคารทั้งหมดจะรายงานกำไรสุทธิเพิ่ม q-q ยกเว้น TISCO ซึ่งน่าจะรายงานกำไรสุทธิลดลงเล็กน้อย KTB และ KKP น่าจะรายงานผลประกอบการที่ดีที่สุดหลังผลประกอบการที่ย่ำแย่ที่สุดในกลุ่มฯ ใน 4Q23 กำไรสุทธิรวมน่าจะเพิ่ม q-q จากค่าใช้จ่ายในการดำเนินงานที่ลดลงหลังผลกระทบจากปัจจัยด้านฤดูกาลใน 4Q23 และการลดลงของผลขาดทุนทางเครดิตที่คาดว่าจะเกิดขึ้น (ECL) ซึ่งจะมีน้ำหนักมากกว่ารายได้ที่ไม่ใช่ดอกเบี้ยสุทธิ (Non-NII) ที่ลดลงและรายได้ดอกเบี้ยสุทธิ (NII) ที่ทรงตัว

คงเป้า SET และคำแนะนำเลือกลงทุน

เรายังมองว่ากำไรของบริษัทได้ผ่านจุดต่ำสุดไปแล้วใน 4Q23 และมีแนวโน้มที่จะฟื้นตัวตั้งแต่ 1Q24 เราคงเป้า SET ในปี 2024 ของเราไว้ที่ 1,470 โดยมีสมมติฐานจากกำไรต่อหุ้นที่ 91.50 บาทและค่า PER เป้าหมายที่ 16x ปัจจุบันดัชนีมีการซื้อขายที่ค่า 2024 PER เท่ากับ 15x ยังต่ำกว่าค่าเฉลี่ยก่อนโควิดที่ 15.7x เรายังคงแนะนำให้ลงทุนเลือกลงทุนในหุ้นที่มีแนวโน้มกำไรอยู่ในเกณฑ์ดีพร้อมระดับการประเมินมูลค่าที่น่าสนใจซึ่งจะเป็นปัจจัยสำคัญที่ทำให้หุ้นปรับตัวได้ดีกว่าตลาด โดยหุ้นเด่นของเราประกอบไปด้วย AOT, BCH, CPALL, CPN, GPSC, NSL, SHR, SJWD, และ TIDLOR.



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

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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 29 มีนาคม 2024

Dovish tilt from latest Fed meeting

The latest Federal Open Market Committee (FOMC) meeting tilted to the dovish side. Even if the US economy looks stronger than previously anticipated – as the US Federal Reserve (Fed) revised up its 2024E GDP growth from +1.4% to +2.1% to reflect the currently strong labor market – and the inflation rate is likely to be stickier in the short term – as the central bank revised up its core PCE forecast from +2.4% to +2.6% this year – the committee maintained its forecasts by expecting core PCE to continue to decrease and meet its 2% target within 2026. Meanwhile, GDP growth is likely to remain resilient with 2% growth per annum in the next three years. Moreover, the latest March 2024 dot plot signals that the Fed may stick to its interest rate forecast with three rate cuts this year from 5.25-5.50% to 4.50-4.75%, and another three cuts in 2025 (vs four cuts in December 2023). In addition, the central bank expects its long-term neutral rate to be at 2.6%, slightly up by only 0.1% from 2.5% earlier. As a result, the market has a positive view on the US monetary policy outlook that has likely peaked already and should begin easing at some point this year. The street expects that the first rate cut could come as early as June 2024. This reflects the lower two-year and 10-year bond yields of 4.6% and 4.2% from 4.75% and 4.35% YTD, respectively, which is positive for risky assets.

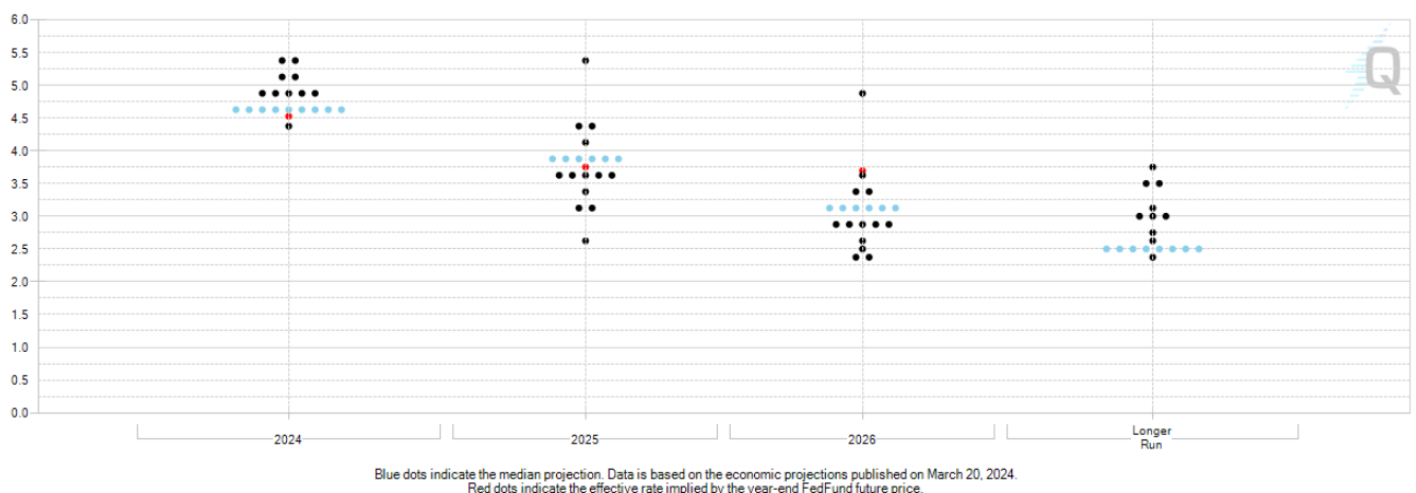
Exhibit 1: FOMC latest economic projections, March 2024

	----- Median -----			
	2024	2025	2026	Longer run
	(%)	(%)	(%)	(%)
Change in real GDP	2.1	2.0	2.0	1.8
vs December 2023 projection	1.4	1.8	1.9	1.8
Unemployment rate	4.0	4.1	4.0	4.1
vs December 2023 projection	4.1	4.1	4.1	4.1
PCE inflation	2.4	2.2	2.0	2.0
vs December 2023 projection	2.4	2.1	2.0	2.0
Core PCE inflation	2.6	2.2	2.0	
vs December 2023 projection	2.4	2.2	2.0	
Federal funds rate	4.6	3.9	3.1	2.6
vs December 2023 projection	4.6	3.6	2.9	2.5

Source: [Federal Open Market Committee \(FOMC\)](#)

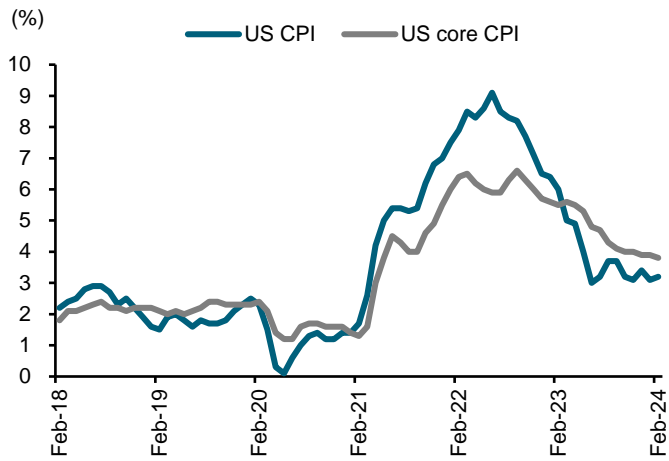
Exhibit 2: The Fed's March 2024 dot plot

FOMC PARTICIPANTS' ASSESSMENTS OF APPROPRIATE MONETARY POLICY : "DOT-PLOT"



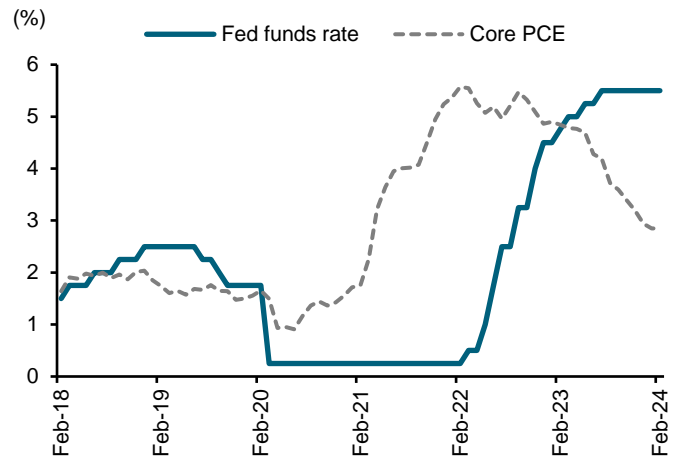
Source: CME FedWatch Tool

Exhibit 3: US CPI and PPI



Source: Bloomberg

Exhibit 4: US core PCE and Fed funds rate



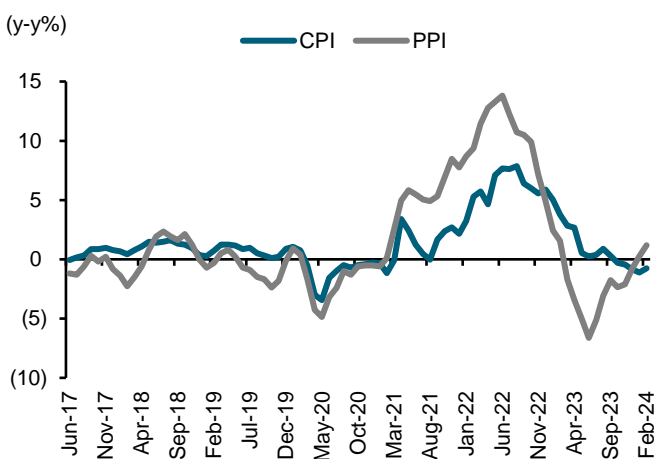
Source: Bloomberg

Expect MPC to hold its rate this month; the first rate cut might be in June

For Thailand, the Monetary Policy Committee (MPC) is set to meet on 10 April 2024. The Thai headline and core CPI continued to stay low at -0.77% y-y and +0.43% y-y, respectively, in February 2024, below the Bank of Thailand (BoT)'s target of 1-3%. However, the main factors pulling inflation down are the government subsidy policies that have lowered energy prices for both oil and electricity. In addition, the recent rally in the crude price and upcoming minimum wage hike for some industries in ten pilot provinces in April 2024, as well as the overall economy that is likely to accelerate in 2Q24 onward thanks to the fiscal budget approval, might lift the inflation rate higher going forward. Hence, we think the committee will hold its policy rate at 2.5% by majority decision, the same as last meeting. If the MPC cuts its rate in the upcoming meeting, it would be a positive surprise for the market.

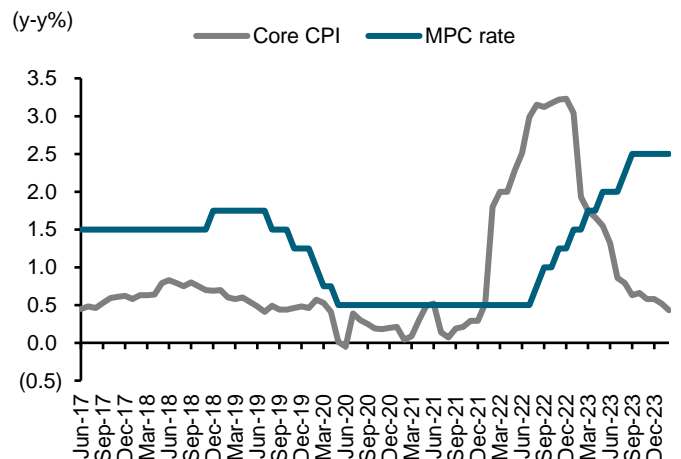
However, if 1Q24 GDP growth – which we expect to be released in May 2024 – is still disappointing and inflation remains very low in the coming months compared to the lower-bound target of 1%, we think the BoT might cut its rate sooner than anticipated, likely in the June 2024 meeting.

Exhibit 5: TH CPI and PPI



Source: Bloomberg

Exhibit 6: TH core PCE and MPC rate



Source: Bloomberg

Economic acceleration in sight after 2024 fiscal budget finally approved

After a missed hat-trick for Thai GDP growth in 2Q23-4Q23, we think the worst for the Thai economy has passed, and anticipate a significant acceleration in 2Q24 onward thanks to the 2024 fiscal budget approval. The timeline for the bill’s legislation is as follows:

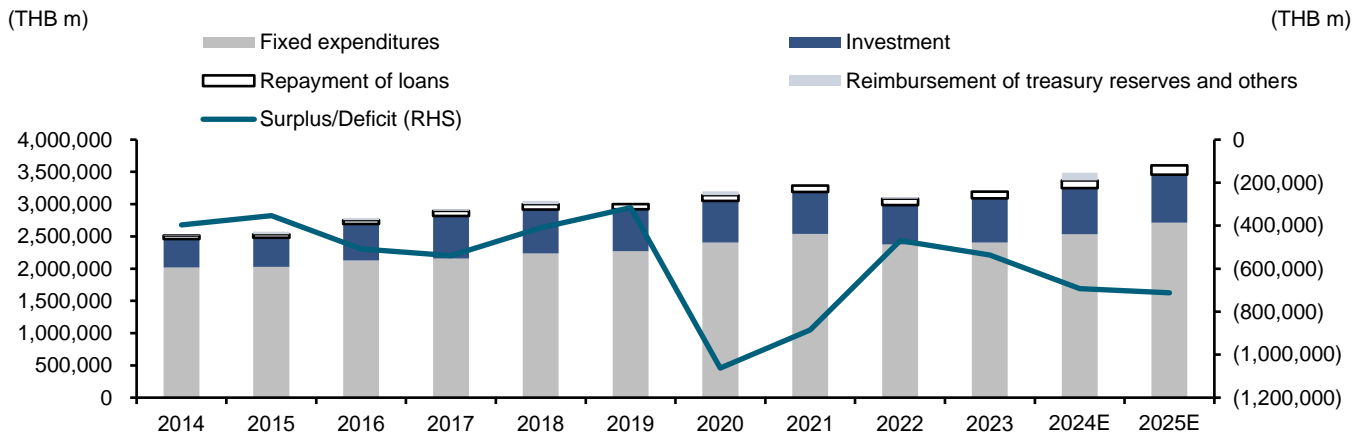
- 20-22 March 2024 – Second and third readings in the House of Representatives – approved;
- 26 March 2024 – Senate examination – approved;
- 3 April 2024 – Submit for royal endorsement.

The 2024 fiscal budget of THB3.48tn will mainly allocate funding for fixed expenditures totaling THB2.53tn (+9% y-y), equal to 73% of the total budget. Meanwhile, another 21%, equivalent to THB7.18tn (+5% y-y), will be allotted for investment, in line with the past several years’ 20-23%.

To elaborate, the key source of pressure for Thai GDP in recent quarters came mainly from plunging public segment, especially investment. In 4Q23, the first quarter of the 2024 fiscal budget, public investment plunged by 20.1% y-y. We think public investment is likely to continue to decline sharply in 1Q24, the same as last quarter, as the fiscal budget is still not approved yet. However, if we assume the government starts disbursing the budget in 2Q24, we expect that public investment growth could turn positive, jumping by c10-20% q-q to a normal level for the next two quarters. Based on a c6-7% public investment contribution to GDP, we expect that this increase could potentially bolster GDP growth by an additional c0.7-1.5%. Our anticipation matches the Bloomberg consensus that expects Thai GDP to grow by 1.5% y-y in 1Q24 before accelerating by +2% y-y and +2.9% in 2Q24-3Q24, respectively. Domestic sectors, i.e. construction services, system integrators, and consumption-related, should have positive sentiment from the upcoming spike in government spending and investment.

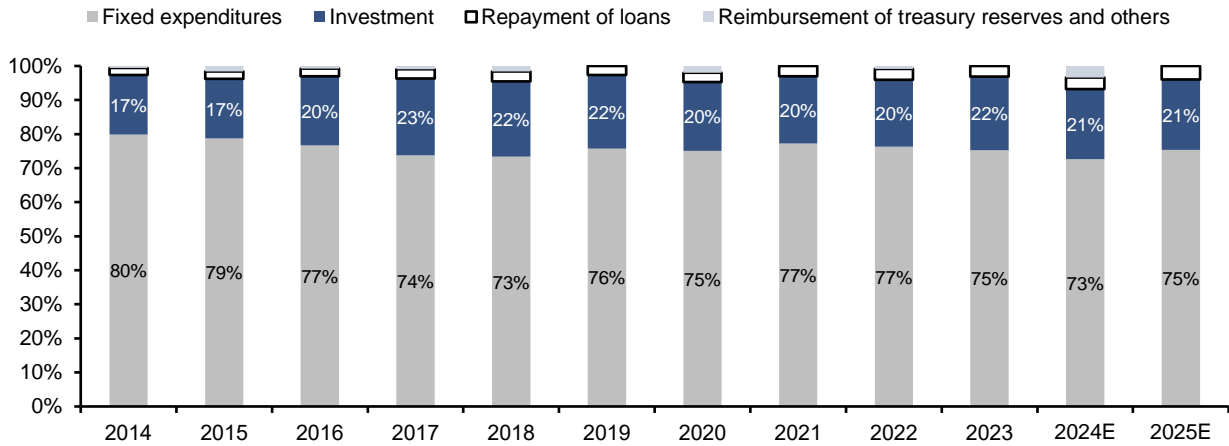
The digital wallet scheme, as per the recent update, is expected to be finalized in the committee meeting on 10 April 2024. It would be an upside for the economy in late 2024 to 2025, as the stimulus would likely inject money in 4Q24.

Exhibit 7: Thailand fiscal budget



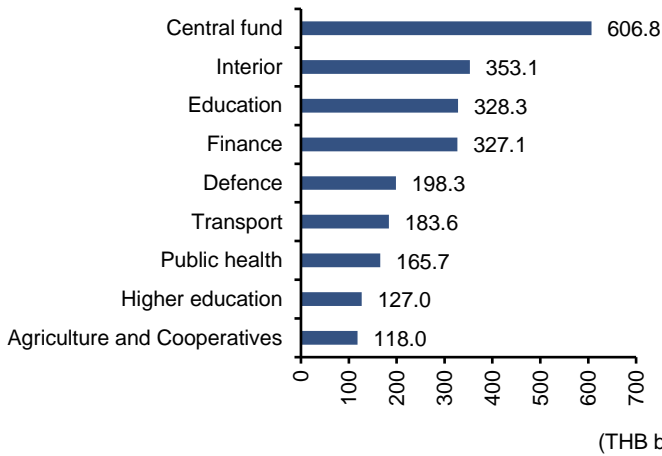
Source: Budget Bureau

Exhibit 8: Thailand fiscal budget allocation



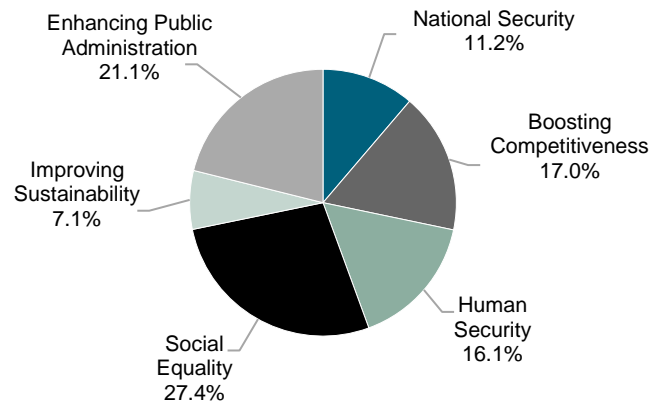
Source: Budget Bureau

Exhibit 9: Top-most budget expenditures by ministry



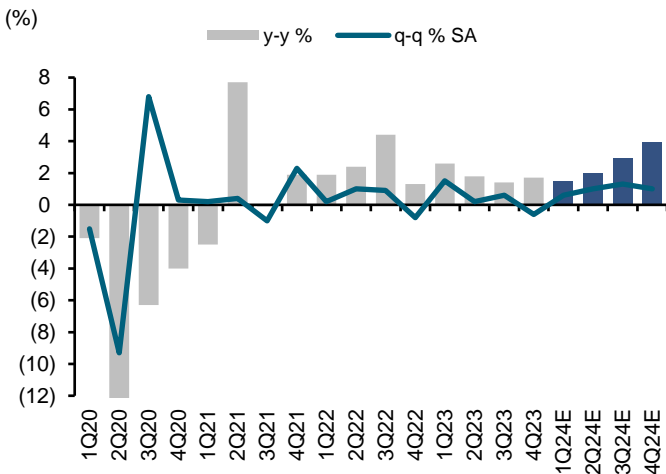
Source: Budget Bureau

Exhibit 10: 2024 fiscal budget breakdown by 20-year national strategy



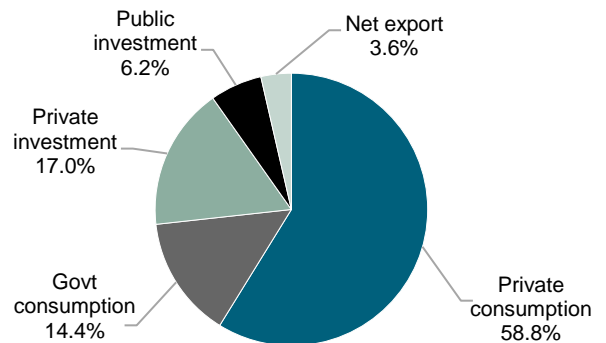
Source: Budget Bureau

Exhibit 11: Quarterly TH GDP growth



Sources: NESDC and Bloomberg

Exhibit 12: TH GDP contribution



Sources: NESDC and FSSIA

Expect strong q-q growth for 1Q24 bank earnings

Based on our latest banking sector report, we expect the seven banks under our coverage to post a recovery in aggregate net profit totaling THB50.6b in 1Q24, increasing by 18.6% q-q and 1.1% y-y. For the q-q comparison, we project all banks to post a net profit increase except for TISCO, which should see a slight decline. KTB and KKP should become the best performers after being the worst in 4Q23. For the y-y comparison, we expect all banks to post net profit growth except for KKP and TISCO, which should post y-y declines, with TTB performing the best and KKP performing the worst. The increase in q-q net profit should come from declining operating expenses post-seasonal effect in 4Q23 and expected credit losses (ECL), outweighing lower non-interest income (non-NII) and a relatively flat net interest income (NII). We expect the aggregate cost-to-income ratio to drop to 45.2% from 49.0% in 4Q23. In addition, the slight increase in y-y net profit should come from higher NII (rising interest rates, NIM expansion, slight loan growth, and a higher loan-to-deposit ratio).

Exhibit 13: 1Q24 earnings preview for Thailand's seven major banks

	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24E	Change	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)
BBL	7,570	10,129	11,294	11,350	8,863	10,435	18	3
KBANK	3,191	10,741	10,994	11,282	9,388	10,973	17	2
KKP	1,430	2,085	1,408	1,281	6,111	824	23	(60)
KTB	8,109	10,067	10,156	10,282	10,995	10,193	67	1
SCB	7,143	10,995	11,868	9,663	4,867	11,060	1	1
TISCO	1,804	1,793	1,854	1,874	670	1,764	(1)	(2)
TTB	3,847	4,295	4,566	4,735	1,782	5,382	11	25
Total	33,094	50,104	52,140	50,467	42,673	50,630	19	1

Sources: Company data; FSSIA estimates

Reaffirm bottomed-out view; maintain SET target and selective strategy

We reaffirm our view that companies' earnings momentum has already bottomed in 4Q23 and is likely to recover starting from 1Q24. We expect overall 1Q24 earnings to increase both q-q and y-y, thanks to the ongoing strong domestic consumption and benefit from the E-Receipt stimulus package. Tourism is in its peak season, while the energy sector should benefit from higher crude prices and a jump in refinery margins. Meanwhile, the banking sector should have strong q-q growth thanks to lower ECL, as mentioned above.

We maintain our 2024 SET target of 1,470, based on EPS of THB91.50 and the target PER of 16x, SD -0.35 of its ten-year average. In a bullish case, we think the index could hit 1,560-1570, as the target PER could potentially re-rate to c17x, thanks to a potential rate cut in 1H24 from the MPC and a lower TH10Y bond yield to c2.5% from its peak of 3.38% last year. Moreover, the earnings yield gap still stands at a high level of around 4% currently vs the 10-year average of 3.7%.

We continue to see the SET index's recent low of c1,350 as the likely bottom, with a limited downside. We think the index could recover in 2Q24 onward, in line with the economy. The index is trading at a 2024 PER of 15x, higher than regional peers but lower than its pre-Covid average of 15.7x, while trading at a 2024 P/BV of 1.3x, close to SD -2. We expect the trading range for 2Q24 to be within 1,350-1,450.

The index has a 7% upside to our target. Hence, our strategy remains selective on stocks that have strong earnings outlooks with attractive valuations, which will be key factors to outperform.

FSSIA's portfolio update

We remove MINT (BUY, TP THB44) from our portfolio due to:

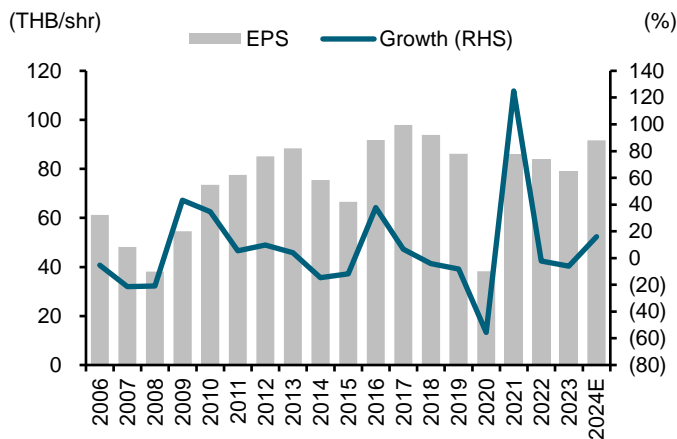
- MINT's share price has outperformed since we added it to our portfolio in late November 2023, increasing by 20% vs a slight drop for the SET and +12% for the tourism index.

We add SHR (BUY, TP THB4) to our portfolio based on:

- We expect 1Q24 earnings to grow q-q thanks to a larger room inventory from the full operation of Saii Laguna Phuket and Saii Phi Phi Island Village, plus Outrigger Mauritius.
- We expect core profit to jump by almost 3x y-y to THB307m in 2024 thanks to 20-25% higher RevPAR, driven by Maldives hotels which should capture the strong recovery of Chinese tourists.
- The current share price has a very attractive valuation, trading at a 2024E PBV of only 0.6x.

As a result, our 2024 favorites are **AOT, BCH, CPALL, CPN, GPSC, NSL, SHR, SJWD, and TIDLOR.**

Exhibit 14: SET EPS



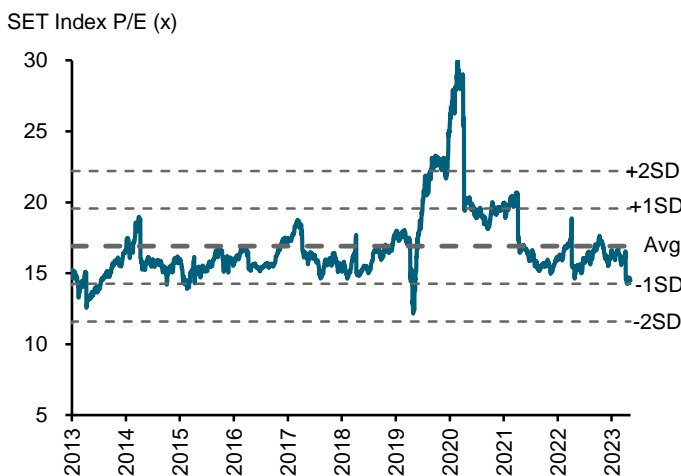
Sources: Bloomberg and FSSIA estimates

Exhibit 15: SET target sensitivity

----- Earnings per share -----			
		2024E	2025E
	EPS	91.5	102
- Target index based on FSSIA estimates -			
	P/E (x)	2024E	2025E
SD+1.0	19.6	1,794	2,000
SD+0.5	18.3	1,672	1,864
SD+0.25	17.6	1,610	1,795
10-year average	16.9	1,549	1,727
SD-0.25	16.3	1,488	1,659
SD-0.5	15.6	1,426	1,590
SD-1.0	14.3	1,304	1,454
SD-1.5	12.9	1,181	1,317

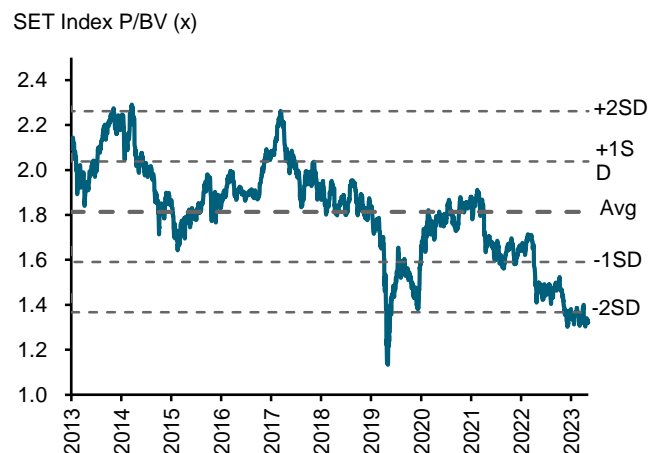
Source: Bloomberg and FSSIA estimates

Exhibit 16: SET historical forward PER



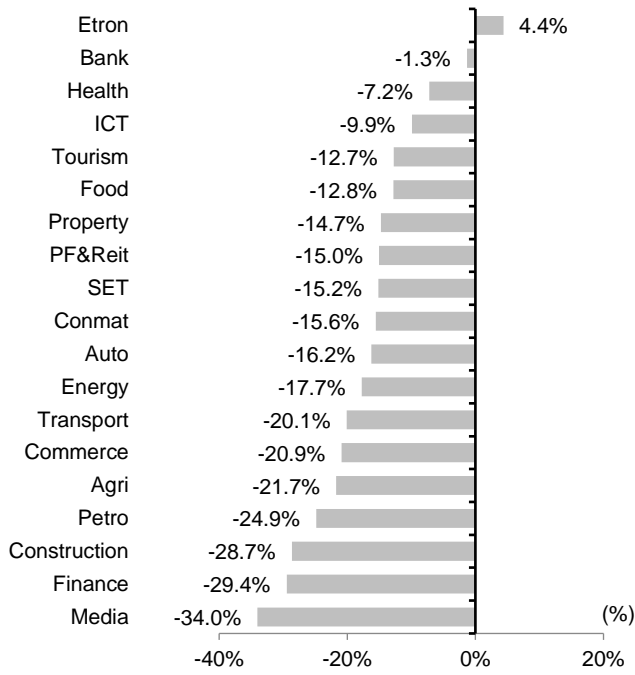
Sources: Bloomberg and FSSIA

Exhibit 17: SET historical forward P/BV



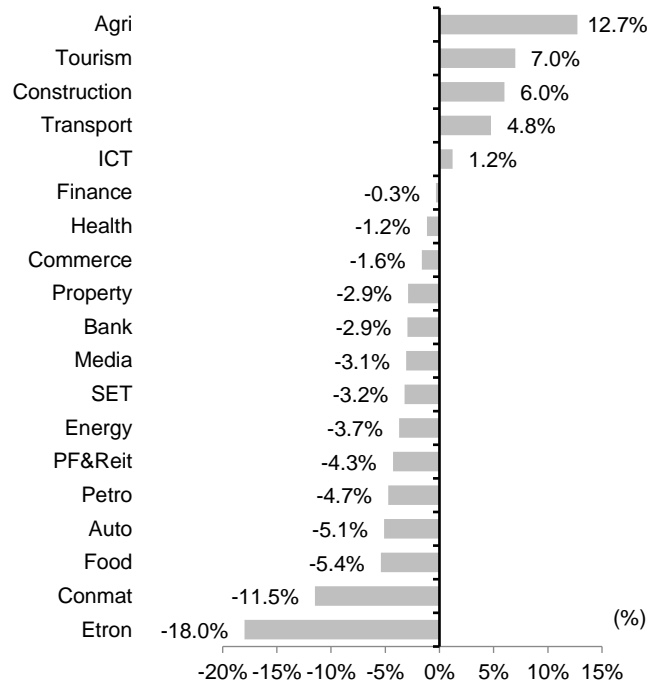
Sources: Bloomberg and FSSIA

Exhibit 18: 2023 sector performances



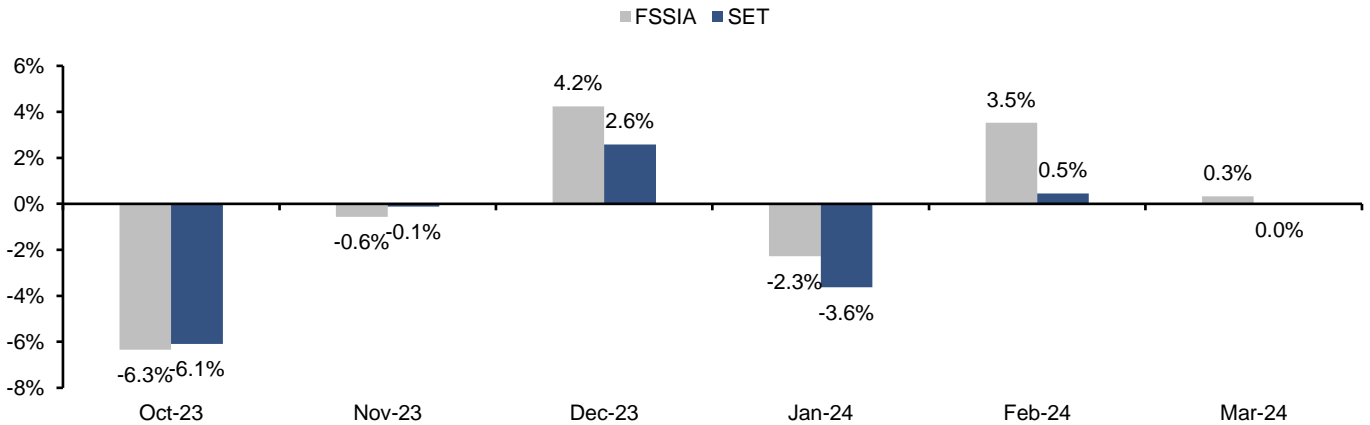
Source: Bloomberg

Exhibit 19: 2024 YTD sector performances



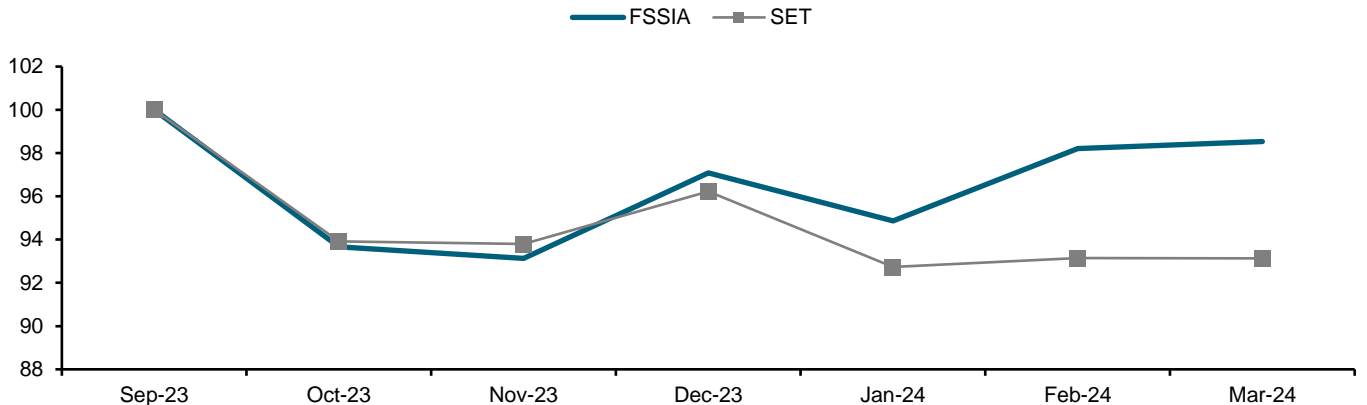
Indices as of 28 Mar 2024
Source: Bloomberg

Exhibit 20: Return of FSSIA's portfolio vs SET index



Sources: SETSMART and FSSIA

Exhibit 21: Return of FSSIA's portfolio vs SET index (September 2023 = 100)



Sources: SETSMART and FSSIA

Exhibit 22: Summary of key valuations for FSSIA's top picks

Company	BBG code	--- Share price ---			Up side	Recurring net profit		-- NP growth --		----- P/E -----			PBV	DivYld	ROE	SET ESG Rating	FSSIA ESG Rating
		Current (THB)	Target (THB)	(%)		24E (THB m)	25E (THB m)	24E (y-y%)	25E (y-y%)	24E (x)	25E (x)	26E (x)					
Airports of Thailand	AOT TB	65.25	75.00	15	19,480	27,869	110.7	43.1	47.9	33.4	27.3	7.2	0.9	16.2	A	★★★★	
Bangkok Chain Hospital	BCH TB	20.60	26.00	26	1,861	2,104	32.3	13.0	27.6	24.4	21.5	3.8	1.7	14.2	AA	★★★	
CP All	CPALL TB	54.50	77.00	41	21,037	24,588	16.0	16.9	23.3	19.9	17.6	4.4	2.1	18.1	AAA	★★★★	
Central Pattana	CPN TB	62.75	83.00	32	15,858	17,107	5.8	7.9	17.8	16.5	15.5	2.8	2.8	16.5	AA	★★★★★	
Global Power Synergy	GPSC TB	52.50	59.00	12	4,938	6,866	27.9	39.0	30.0	21.6	0.0	1.4	2.9	4.6	AA	★★★★	
NSL Foods	NSL TB	22.20	26.00	17	383	428	14.9	11.7	17.4	15.6	13.5	3.9	3.5	23.4	-	-	
S Hotels and Resorts	SHR TB	2.72	4.00	47	307	525	285.2	70.9	31.8	18.6	16.2	0.6	1.3	1.9	A	★★	
SCGJWD Logistics	SJWD TB	15.50	23.00	48	1,179	1,373	51.4	16.5	23.8	20.4	18.4	1.2	1.7	5.2	AA	★★★	
Ngern Tid Lor	TIDLOR TB	22.30	27.00	21	4,671	5,551	23.2	18.8	13.9	11.7	10.0	2.0	2.2	15.4	-	★★	

Share prices as of 28 Mar 2024

Source: FSSIA estimates

Disclaimer for ESG scoring

ESG score	Methodology	Rating																												
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																												
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																												
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (50-59), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																												
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																												
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																												
Morningstar Sustainability	The Sustainability's ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+																		
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0-10	10-20	20-30	30-40	40+																										
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																												
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="0" style="margin-left: 20px;"> <tr> <td style="vertical-align: top;">AAA</td> <td style="vertical-align: top;">8.571-10.000</td> <td style="vertical-align: top;">Leader:</td> <td style="vertical-align: top;">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td style="vertical-align: top;">AA</td> <td style="vertical-align: top;">7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td style="vertical-align: top;">A</td> <td style="vertical-align: top;">5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td style="vertical-align: top;">BBB</td> <td style="vertical-align: top;">4.286-5.713</td> <td style="vertical-align: top;">Average:</td> <td style="vertical-align: top;">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td style="vertical-align: top;">BB</td> <td style="vertical-align: top;">2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td style="vertical-align: top;">B</td> <td style="vertical-align: top;">1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td style="vertical-align: top;">CCC</td> <td style="vertical-align: top;">0.000-1.428</td> <td style="vertical-align: top;">Laggard:</td> <td style="vertical-align: top;">lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570			A	5.714-7.142			BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285			B	1.429-2.856			CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks	
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																													
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																													
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																													
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																												
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																												

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

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Veeravat Virochpoka FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
Airports of Thailand	AOT TB	THB 65.25	BUY	Downside risks to our DCF-based target price include 1) a slowdown in the recovery of international passengers; 2) delays in the Suvarnabhumi Airport expansions (satellite terminal and northern expansion); and 3) the termination of the duty-free concession contracts from King Power.
Bangkok Chain Hospital	BCH TB	THB 20.60	BUY	Downside risks to our DCF-based target price include 1) a slowdown in international patients due to economic concerns, political protests or floods; 2) regulatory risks from drug prices and medical bill controls; and 3) SSO provision expenses following a limited SSO budget.
CP All	CPALL TB	THB 54.50	BUY	The key downside risks to our DCF-derived TP include 1) lower-than-expected SSSG, 2) lower-than-expected gross margin, and 3) higher-than-expected SG&A to sales ratio.
Central Pattana	CPN TB	THB 62.75	BUY	Key downside risks to our DCF-derived TP are deviations from our estimates on rental and occupancy rates, returns on its new investments, capex, and interest rates.
Global Power Synergy	GPSC TB	THB 52.50	BUY	The downside risks to our DCF-based TP on GPSC include 1) lower-than-expected demand for electricity in Thailand; 2) higher-than-expected energy price (i.e. coal and gas); and 3) lower-than-expected demand from industrial users.
NSL Foods	NSL TB	THB 22.20	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.
S Hotels and Resorts	SHR TB	THB 2.72	BUY	Downside risks to our DCF-based target price include 1) extraordinary events such as political turmoil and natural disasters; 2) a higher hotel room supply, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
SCGJWD Logistics	SJWD TB	THB 15.50	BUY	Downside risks to our DCF-based TP include 1) slower-than-expected regional economic growth; 2) high volatility in energy costs; 3) delayed synergies; and 4) higher cost of funds.
Ngern Tid Lor	TIDLOR TB	THB 22.30	BUY	Downside risks to our GGM-based TP include 1) the expansion into auto-title loans by the Government Savings Bank and Auto X (subsidiary of SCB X); 2) further weakening asset quality could potentially hit both loan yield and credit cost; and 3) tighter supervision from related regulators.

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-Mar-2024 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

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

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

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

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

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

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

Industry Recommendations

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

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

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

Country (Strategy) Recommendations

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

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

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