Thailand Market Strategy

สภาวะตลาดที่ไม่เอื้ออำนวยยังเป็นปัจจัยกดดันสำคัญ

- ตลาดหุ้นยังคงได้รับแรงกดดันจากอัตราผลตอบแทนพันธบัตรและอัตราดอกเบี้ยที่ปรับขึ้นยาวนานกว่าที่คาด
- เราคาด Downside ของ SET อยู่ที่ 1,320-1,360 โดยใช้สมมติฐานจาก Earnings yield gap ในอดีต
- เราวางแผนปรับเป้าของ SET ไปเป็นสิ้นปี 2024 หลังประกาศกำไร 3Q23 และปรับประมาณการ

อัตราผลตอบแทนที่สูงขึ้นยังเป็นปัจจัยกดดันสำคัญในตลาดหุ้น

เราคาดว่าตลาดหุ้นโลกยังคงได้รับแรงกดดันจาก Earnings yield gap ที่เกือบเป็นศูนย์เมื่อเทียบกับค่าเฉลี่ยหลังวิกฤต Subprime ที่ 3.5% เนื่องจากอัตราผลตอบแทนพันธบัตรสหรัฐฯ อายุ 10 ปีแตะระดับสูงสุดที่ประมาณ 5% ในขณะที่ Inverted yield curve ยังส่งสัญญาณเตือนการชะลอตัวทางเศรษฐกิจหรือเศรษฐกิจถดถอยในปีหน้า แม้ว่าผลต่างที่เป็นลบจะเริ่มแคบลง แต่เกิดจากภาวะ bear steepener ซึ่งไม่เป็นผลดีต่อตลาด เราคิดว่าอัตราเงินเฟ้อที่อยู่ในระดับสูงอย่างต่อเนื่องในสหรัฐฯจะหนุนอัตราดอกเบี้ยและผลตอบแทนพันธบัตรให้ทรงตัวในระดับสูงอย่างยาวนานเพื่อชะลอการเติบโตทางเศรษฐกิจ เราคาดว่าการลดอัตราดอกเบี้ยครั้งแรกอาจเกิดขึ้นอย่างเร็วที่สุดในช่วง 2H24

SET จะตกต่ำสุดได้แค่ไหน

Earnings yield gap ของ SET ในปัจจุบันอยู่ที่ประมาณ 3% เทียบเท่า SD -1 ของค่าเฉลี่ยในอดีตตั้งแต่ปี 2010 ที่ 3.7% แต่หากมองข้ามไปในปี 2024 Earnings yield gap จะเพิ่มเป็น 3.8% ถ้าเราสมมติให้ Earnings yield gap เพิ่มสู่ระดับ SD -1 หรือ 4.4% โดยตรึงผลตอบแทนพันธบัตรไว้ที่ 3.3% หรือ คง Earnings yield gap ไว้ที่ 3.8% แต่เพิ่มอัตราผลตอบแทนพันธบัตรเป็น 3.5-3.75% ระดับการประเมินมูลค่าของ SET อาจลดลงมาอยู่ที่ระดับ PER ราว 13.2-13.6x เทียบเท่า SET ที่ 1,320-1,360 ซึ่งเรามองเป็นโอกาสในการสะสมสำหรับการลงทุนในระยะยาว อย่างไรก็ดีถ้าเราตั้งสมมติฐานในกรณีเลวร้ายที่สุดโดยให้อัตราผลตอบแทนพันธบัตรอยู่ที่ 3.5-3.75% และ Earnings yield gap อยู่ที่ 4.4% SET อาจมี Downside อยู่ที่ระดับราว 1,250 ซึ่งเราคิดว่ามีโอกาสเกิดต่ำมาก

จับตาดูการปรับประมาณการกำไรหลังผลประกอบการ 3Q23

เราคาดว่ากำไรสุทธิรวมใน 3Q23 จะกระโดดเพิ่มอย่างมีนัยสำคัญถึง 22% q-q และ 34% y-y ฟื้นตัวจากจุดต่ำสุดใน 2Q23 กลุ่มพลังงานน่าจะมีผลประกอบการที่ดีที่สุดจากการขึ้นของราคาน้ำมันดิบและค่าการกลั่นที่พุ่งขึ้น หากไม่รวมกลุ่มพลังงาน ปิโตรเคมีและธนาคาร กำไรสุทธิของตลาดคาดว่าจะลดลงเล็กน้อย 4% q-q และ 2% y-y ซึ่งถือว่าไม่สดใสนัก เนื่องจากกระทบจากฤดูฝนและการจัดตั้งรัฐบาลใหม่ยังมีความไม่แน่นอนในช่วงต้นไตรมาส เราคาดว่ากลุ่มการแพทย์ ท่องเที่ยว ขนส่ง พาณิชย์และการเงินจะยังมีกำไรในทิศทางที่ดี ส่วนกลุ่มอาหารต้นน้ำน่าจะมีกำไรต่ำที่สุดโดยมีปัจจัยถ่วงจากราคาเนื้อสัตว์ที่ลดลง ขณะที่กลุ่มอสังหาริมทรัพย์ วัสดุก่อสร้างและบรรจุภัณฑ์น่าจะรายงานการเติบโตติดลบและไม่สดใส

ยังมองการปรับฐานของดัชนีเป็นโอกาสสะสมระยะกลาง-ยาว

เราเห็นแนวโน้มการปรับลดประมาณการกำไรของบจ.ลง ซึ่งเป็น Downside ต่อ EPS ตลาดฯ โดยเรามีแผนปรับ SET Target จากกลางปี 2024 ที่ 1,650 เป็นสิ้นปี 2024 หลังการประกาศกำไร 3Q23 เสร็จสิ้น ซึ่งมีแนวโน้มลดลงจากทั้งประมาณการ EPS และการ De-rate Valuation ปัจจุบัน SET Index ซื้อขายที่ระดับ 2024E PER ราว 14x ใกล้กับ SD -1.0 ซึ่งนัสภาวะตลาดยังไม่เอื้ออำนวยต่อสินทรัพย์เสี่ยง เรายังคงกลยุทธ์ที่มุ่งเน้นไปยังหุ้นในประเทศ พอร์ตการลงทุนของเรายังประกอบด้วย AOT BBL BDMS CENTEL CPALL CPN NSL และ TU

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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 31 ตุลาคม 2023

Near-zero US earnings yield gap continues to pressure equity

The latest US10Y bond yield hit its high at c5% before retreating to c4.8%. Meanwhile, the S&P500's 2023-24E PER remains at 19.2x and 17.4x, implying earnings yields of 5.2% and 5.7%, respectively. This made the US earnings yield gap (EY gap) significantly narrow to only 0.4-0.9% compared to the post-subprime crisis average of 3.5%. Moreover, the negative yield curve signals a potential economic slowdown or recession in upcoming year. The Fed's latest economic projection expects the US economy to grow by 1.5% y-y in 2024, slower than the 2-2.1% growth seen in 2021-22. However, the number remains stronger than the previous estimate of +1.1% y-y. This could imply that the US inflation number might take a lot of time to drop to the Fed's target of c2%, which the central bank expects to occur in 2025-26. This condition could bolster the bond yield to stay high for longer, even with the market anticipating the Fed to hold its policy rate in the last two meetings this year at 5.25-5.50% – lower than the latest dot plot – and maintain at this level for some time to slow the economy. We think the equity market will continue to be pressured by the very narrow EY gap for a while. The first rate cut could occur at the earliest in 2H24, in our view.

For the yield curve, we see the negative yield gap between US10Y and US2Y narrowing from the lowest point of -1% to -0.16% currently. However, this is because the long-term yield is increasing at a faster rate than the short-term one; the so-called bear steepener. In this case, it could reduce the chance for an economic soft landing and increase the risk for a recession compared to a bull flattener scenario in which the short-term interest rate decreases faster than the long-term one, dis-inverting the yield curve.

Exhibit 1: US10-2Y bond yield
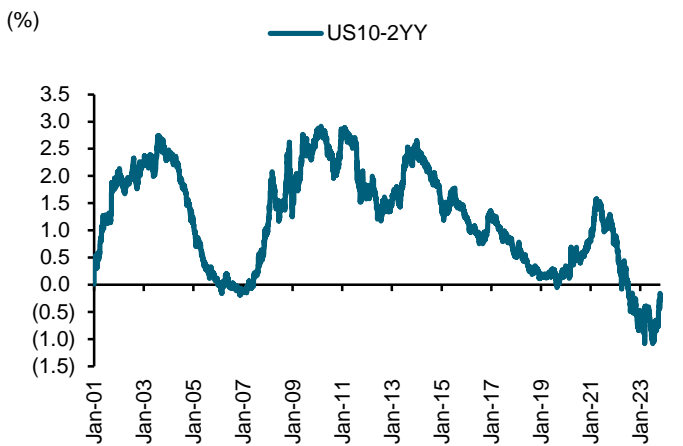
Source: Bloomberg

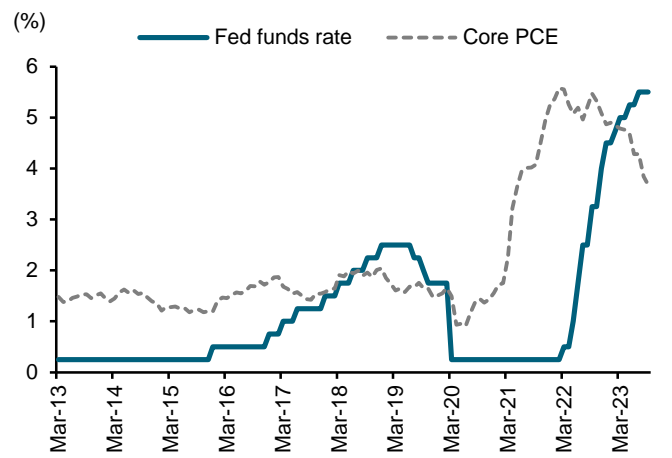**Exhibit 2: Abnormally narrow US earnings yield gap**
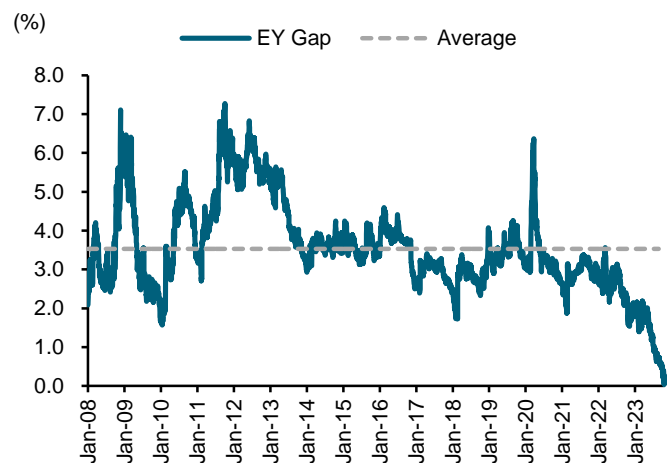
Sources: Bloomberg and FSSIA

Exhibit 3: US GDP growth q-q SAAR

Source: Bloomberg

Exhibit 4: US core PCE and Fed funds rate
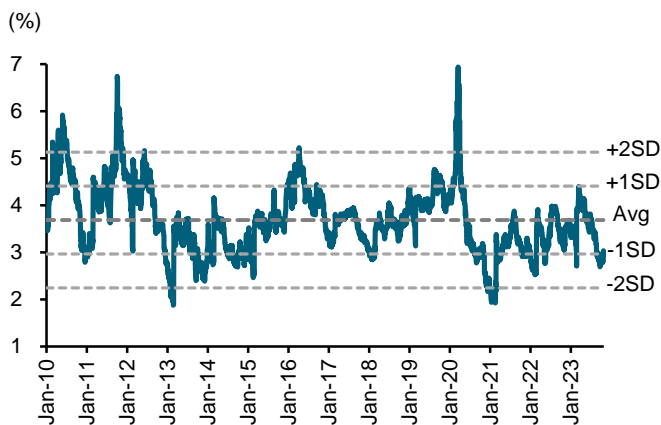

Source: Bloomberg

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How low can the SET index go?

The SET index is now trading at a 2023E PER of 15.9x or equal to a 6.3% earnings yield, while the TH10Y bond yield remains at c3.3%. This implies that the EY gap is around 3%, SD -1 below the historical average since 2010 at 3.7%. However, if we look beyond to 2024, the SET is trading at a 2024E PER of 14x or equivalent to a 7.1% earnings yield, leading to a wider EY gap of 3.8%, slightly above the historical average, which would signal a limited downside and an opportunity for long-term investment.

If we assume the EY gap increases to a level of SD +0.5 to +1, or 4-4.4%, by pegging the bond yield at 3.3%, or the EY gap maintains at 3.8% but the bond yield rises to 3.5-3.75%, the SET index valuation could potentially de-rate to a PER of c13.2-13.6x. Based on a 2024E EPS of THB100, this implies that the downside for the SET index would be at c1,320-1,360.

However, at the extreme assumption of a bond yield at 3.5-3.75% and EY gap of 4.4%, this implies an earnings yield of 7.9-8.1%, which would turn to a PER of 12.3-12.6x, SD -1.5 to the historical average. In this case, the SET index could have a downside to level of c1,250, which we believe would have a very low probability of occurring.

Exhibit 5: TH historical earnings yield gap

Sources: Bloomberg and FSSIA

Exhibit 6: Bond yield vs PER
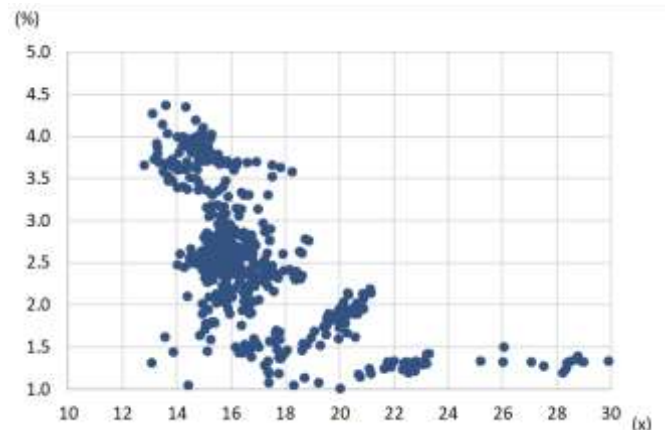
Sources: Bloomberg and FSSIA

Eyes on 3Q23 earnings results followed by 2023-24E earnings revisions

Based on our report published 25 October 2023, the 2Q23 earnings results of seven Thai banks under our coverage (BBL, KBANK, KKP, KTB, SCB, TISCO, and TTB) showed an aggregate net profit of THB50.4b (-3.2% q-q, +13.3% y-y), slightly missing our estimate by 4.3%. TTB, KBANK and KTB were the best performers, while SCB and KKP were the worst and dragged the overall banking performance. Net interest income continued to be a star in this period, supported by rising yields, aligning with the RP rate hikes. Meanwhile, non-interest income delivered unimpressive numbers, pressured by poor capital market conditions. Asset quality had a small improvement, with the aggregate NPL ratio down slightly to 3.56% in 3Q23 from 3.62% in 2Q23, but varied in each bank. The coverage ratio was stable at 183%. KKP and SCB showed the poorest asset quality in 3Q23.

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Based on 111 listed companies under our coverage for which we have preview numbers, we expect the overall 3Q23 aggregate net profit to soar by 22% q-q and 34% y-y, recovering from its bottom in 2Q23. Energy is likely to be the greatest performer in terms of both q-q and y-y growth thanks to a jump in crude price and refinery margin, while petrochemical should see some recovery. Excluding energy, petrochemical and banking, the aggregate net profit is likely to soften by 4% q-q and 2% y-y; quite unattractive due to the low rainy season and delayed new government formation early in the quarter. Sectors which should report strong and resilient earnings are health care, tourism, transportation, commerce and finance. We expect upstream foods to be the worst, dragged by lower meat prices, while property, construction materials and packaging are likely to show negative q-q and y-y growth.

We think 4Q23 earnings should accelerate thanks to the high season for tourism and consumption as well as the government stimulus package targeting lower household expenses for both electricity and oil prices, which is likely to encourage purchasing power.

Exhibit 7: 3Q23 earnings results summary for Thailand's seven major banks

| | 2Q22 | 3Q22 | 4Q22 | 1Q23 | 2Q23 | 3Q23 | -------- Change -------- | | Beat/ Missed |
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	
BBL	6,961	7,657	7,570	10,129	11,294	11,350	0.5	48.2	4.8
KBANK	10,794	10,574	3,191	10,741	10,994	11,282	2.6	6.7	1.7
KKP	2,033	2,083	1,430	2,085	1,408	1,281	(9.0)	(38.5)	(15.1)
KTB	8,358	8,450	8,109	10,067	10,156	10,282	1.2	21.7	(2.1)
SCB	10,051	10,309	7,143	10,995	11,868	9,663	(18.6)	(6.3)	(21.1)
TISCO	1,848	1,771	1,804	1,793	1,854	1,874	1.1	5.8	0.6
TTB	3,438	3,715	3,847	4,295	4,566	4,735	3.7	27.5	1.0
Total	**43,483**	**44,559**	**33,094**	**50,105**	**52,140**	**50,467**	**(3.2)**	**13.3**	**(4.3)**

Sources: Company data; FSSIA's compilation

Exhibit 8: 3Q23 earnings forecasts by sector

| Sector | 3Q23E | 2Q23 | 3Q22 | Diff q-q | Diff y-y | ------------ Change -------------- | |
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)
Bank	54,537	53,918	45,887	619	8,650	1%	19%
Energy	52,596	25,105	21,264	27,491	31,332	110%	147%
Commerce	12,770	12,054	10,702	716	2,068	6%	19%
Property	11,188	13,061	13,074	(1,874)	(1,887)	-14%	-14%
ICT	8,298	5,588	6,508	2,710	1,791	49%	28%
Healthcare	7,306	6,027	5,946	1,279	1,360	21%	23%
Financial	7,117	6,561	6,732	556	385	8%	6%
Electronics	5,991	5,680	5,182	311	809	5%	16%
Transportation	5,966	3,986	(1,530)	1,980	7,496	50%	-490%
Cons. Mat	4,640	9,873	3,691	(5,232)	949	-53%	26%
Tourism	2,616	3,401	4,726	(785)	(2,110)	-23%	-45%
Petro	1,850	(5,180)	(5,247)	7,030	7,097	-136%	-135%
Packaging	1,435	1,577	1,862	(142)	(427)	-9%	-23%
Auto	1,148	978	1,379	170	(231)	17%	-17%
Construction	1,057	640	710	417	347	65%	49%
Agri	344	349	683	(5)	(339)	-1%	-50%
Media	298	(139)	252	437	47	-314%	18%
Professional	122	155	99	(34)	22	-22%	22%
Food	(328)	3,090	11,425	(3,418)	(11,753)	-111%	-103%
Grand Total	**178,950**	**146,723**	**133,344**	**32,228**	**45,607**	**22%**	**34%**
Excl. Energy & Petrochemicals	124,504	126,798	117,326	(2,293)	7,178	-2%	6%
Excl. Banking	124,413	92,805	87,457	31,609	36,957	34%	42%
Excl. Energy & Petrochemicals and Banking	69,967	72,880	71,440	(2,913)	(1,473)	-4%	-2%

Sources: Bloomberg, SETSMART and FSSIA estimates

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Downside for SET target but a plunge is opportunity for long-term investment

Since 3Q23 earnings season started, we have seen some downward earnings revisions from slower-than-expected earnings growth, mainly from upstream foods, packaging, petrochemicals, construction materials, transportation and professional services. These provide downsides to our current 2023-24 EPS forecasts of THB88 (+5% y-y) and THB100 (+14% y-y), respectively.

We think there will be another batch of earnings revisions, both upward and downward, after the 3Q23 earnings announcements in November 2023. We intend to wait for the final number for the 2024 EPS forecast. We plan to roll over our SET target from mid-2024 at 1,650 to end-2024, which will likely be cut from both lower EPS forecasts and de-rated valuations.

The SET index is currently trading at a 2024E PER of c14x, close to SD-1.0, which we think is not expensive. A further drop in the index from the unfavorable market conditions is an opportunity to accumulate for long-term investment, in our view. We continue to stick to our domestic-focused strategy of stocks with brighter 4Q23-2024 earnings outlooks and attractive valuations. Our top picks remain **AOT, BBL, BDMS, CENTEL, CPALL, CPN, NSL, and TU.**

Exhibit 9: Earnings revisions from Aug-23 to Oct-23
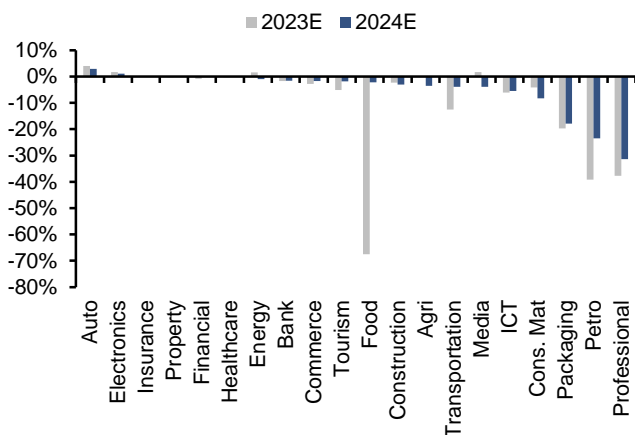
Source: Bloomberg and FSSIA estimates

Exhibit 10: SET target sensitivity

		-------------- Earnings per share ----------------	
		2023E	**2024E**
	EPS	88	100
		- Target index based on FSSIA estimates -	
	P/E (x)	**2023E**	**2024E**
SD+1.0	19.7	1,734	1,971
SD+0.5	18.3	1,610	1,830
10-year average	16.9	1,488	1,691
SD-0.25	16.2	1,426	1,621
SD-0.5	15.5	1,365	1,551
SD-1.0	14.1	1,242	1,411
SD-1.5	12.7	1,118	1,271
SD-2.0	11.3	995	1,131

Source: Bloomberg and FSSIA

Exhibit 11: Summary of key valuations for FSSIA's top picks

| Company | BBG code | --- Share price --- | | Up side | -------- Recurring profit -------- | | | - EPS growth - | | -------- P/E --------- | | | DivYld | ROE | PBV |
		Current (THB)	Target (THB)	(%)	22A (THB m)	23E (THB m)	24E (THB m)	23E (y-y%)	24E (y-y%)	23E (x)	24E (x)	25E (x)	23E (%)	23E (%)	23E (x)
Airports of Thailand	AOT TB	67	85	26	26,769	(10,173)	9,212	30,383	nm	229.8	104.3	31.6	26.1	8.7	0.4
Bangkok Bank	BBL TB	159	208	31	8,457	29,306	37,924	41,031	29.4	8.2	8.0	7.4	7.0	0.6	3.6
Bangkok Dusit Medical Services	BDMS TB	27	35	30	11,734	12,606	13,469	15,295	6.8	13.6	31.3	27.5	25.0	4.4	1.9
Central Plaza Hotel	CENTEL TB	45	53	17	1,702	398	1,375	1,973	245.4	43.5	44.4	31.0	27.3	3.1	0.9
CP All	CPALL TB	56	77	38	14,017	13,281	16,396	19,434	23.5	18.5	30.7	25.9	21.3	5.1	1.6
Central Pattana	CPN TB	63	82	31	7,847	10,945	14,904	15,809	36.2	6.1	18.9	17.8	16.8	3.1	2.0
NSL Foods	NSL TB	19	24	30	155	298	319	362	7.2	13.6	17.4	15.3	13.8	3.8	5.1
Thai Union Group	TU TB	14	18	33	1,725	6,571	4,097	5,224	(37.6)	27.5	15.7	12.3	11.0	0.8	3.6

Share prices as of 30 Oct 2023
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 (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). (*The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.*)	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. (*Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.*)	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. *Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.*	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. NEGL: 0-10; Low: 10-20; Medium: 20-30; High: 30-40; Severe: 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. AAA: 8.571-10.000; AA: 7.143-8.570; A: 5.714-7.142; BBB: 4.286-5.713; BB: 2.857-4.285; B: 1.429-2.856; CCC: 0.000-1.428 **Leader:** leading its industry in managing the most significant ESG risks and opportunities **Average:** a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers **Laggard:** lagging its industry based on its high exposure and failure to manage significant ESG risks	
Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.	
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. (*Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.*)	
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.	
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.

Source: FSSIA's compilation

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

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

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
Airports of Thailand	AOT TB	THB 67.25	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 Bank	BBL TB	THB 159.00	BUY	Downside risks to our GGM-based TP are 1) prolonged economic sluggishness affecting loan growth and asset quality; and 2) an impact of new regulations from the Bank of Thailand.
Bangkok Dusit Medical Services	BDMS TB	THB 26.50	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) higher-than-expected capex and opex for CoE projects.
Central Plaza Hotel	CENTEL TB	THB 45.25	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 and higher competition in the F&B business, which may result in price competition; and 3) the slower-than-expected recovery of international tourist numbers.
CP All	CPALL TB	THB 56.00	BUY	The key downside risks to our DCF-derived TP include 1) lower-than-expected SSSG, 2) lower-than-expected gross margin, and 3) higher-than-expected SG&A to sales ratio.
Central Pattana	CPN TB	THB 62.75	BUY	Key downside risks to our DCF-derived TP are deviations to our estimates on rental and occupancy rates, returns on its new investments, capex, and interest rates.
NSL Foods	NSL TB	THB 18.50	BUY	Downside risks to our DCF-based TP include 1) a slower-than-expected consumption recovery; 2) high volatility in raw material prices; 3) the failure of new products; and 4) changing consumer demand and lifestyles.
Thai Union Group	TU TB	THB 13.50	BUY	Downside risks to our SoTP-based TP include 1) a stronger-than-expected THB against the USD; 2) the high volatility of raw material prices; 3) labour shortages; and 4) tariff and non-tariff barriers in international trade.

Source: FSSIA estimates

Additional Disclosures

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

All share prices are as at market close on 30-Oct-2023 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

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

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

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

Industry Recommendations

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

Country (Strategy) Recommendations

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

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

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