Siam Senses

The playlist

***Siam Senses* believes it's time to start looking for post-war and reopening plays as tactical delta to the otherwise softening economic momentum in 2Q22F from the Russia-Ukraine conflict impact. We add BDMS, MINT and AOT to our top picks list.**

PIMPAKA NICHGAROON, CFA
Head of Research
662-779-9199
pimpaka.nic@thanachartsec.co.th

Casualties of war

The Russia-Ukraine conflict has gone on for longer than expected, with some ramifications for Thailand. *First*, the war has exacerbated US inflation, which spells more aggressive Fed funds rate (FFR) hikes and poses a risk to Thai exports from a global slowdown. However, Thailand does have counter drivers in strong domestic pent-up demand this year and tourism, which should be a powerful economic driver from next year. *Second*, we expect cost-push inflation to cause a hiccup in consumption in 2Q22F; but without a long-lasting war, we expect inflation to peak out in 2Q22F. *Third*, aggressive FFR hikes may cause worries about the Thai interest-rate cycle. But given the lack of demand-pull inflation, low level of foreign borrowing, and overwhelming excess liquidity, we expect Thai rates to significantly lag the FFR trend in both timing and scale, and thus they should not be a barrier to an economic recovery trend.

Near-term market direction

The SET crashed in early March after the war broke out, but it quickly recovered to near pre-war levels. We foresee an unclear market direction in 2Q22F. While the negatives are softer economic momentum from inflation impact and FFR hikes, the positives are relaxation/reopening policies from the Thai government and a potential end to the war. As we remain bullish in the long term, beyond just the soft 2Q22F, we look for post-war and reopening plays.

Post-war and reopening theme

The Russia-Ukraine war has dragged on long enough and we believe an end is near. At least the peak of tensions looks to have passed and oil prices have fallen from peak levels. Thailand ended its COVID lockdown and resumed its domestic economic activities in 4Q21, with strong pent-up demand and a domestic recovery. We now expect Thailand, following the trend of many other countries, to start entering a more serious re-opening stage for foreign tourism. Exhibit 6 provides an update on traveling restriction policies, and the government expects more relaxation in May 2022 after the last relaxation in April.

The playlist

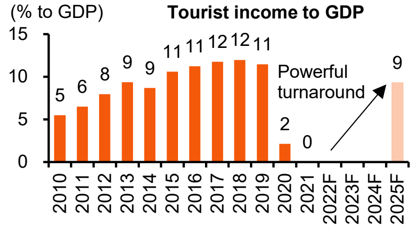
Thanachart's research team has put together a list of post-war and reopening stocks under our coverage in Exhibit 7, and we highlight in bold the companies we like in the table to the right. As for our country top picks list, we add **BDMS, MINT** and **AOT** at the expense of CPN, M and EA. The stocks removed remain BUYs, but we make room for post-war and reopening plays. We see the nearest catalyst to tourism-related stocks as being further relaxation of travel restrictions in May or possible cancellation of existing registration programs, leaving only the requirement for vaccination passports in June.

Top Picks

	-EPS growth-		— PE —		Yield
	22F (%)	23F (%)	22F (x)	23F (x)	22F (%)
AOT *	na	na	na	82.8	0.0
BBL	14.1	10.5	8.5	7.7	3.5
BDMS *	16.0	15.3	44.5	38.6	1.2
CBG	44.1	30.4	24.8	19.0	2.7
COM7	28.4	22.5	29.9	24.4	1.5
GLOBAL	15.9	21.4	27.8	22.9	1.4
HMPRO	21.1	20.0	32.5	27.1	2.5
KBANK	13.9	12.0	8.6	7.7	2.3
MINT *	na	na	790.1	35.0	0.0
STARK	25.0	31.9	21.6	16.4	2.3
Stocks taken out					
CPN	124.0	40.2	36.6	26.1	1.3
EA	44.9	20.6	38.5	31.9	0.8
M	na	71.9	31.6	18.4	3.2

Source: Thanachart estimates
Note: *New addition.
Based on 12 April 2022 closing prices

Turnaround From Ground Zero



Sources: Tourism Authority of Thailand, Thanachart estimates

Post-war And Reopening Playlists

Post-war plays		Reopening plays	
IVL	CK	**AOT**	AAV
SCC	**STEC**	**MINT**	BTS
PTG	**MINT**	CENTEL	**CPALL**
SUSCO	KCE	ERW	M
BGRIM	HANA	BH	ADVANC
GPSC	SAT	**BDMS**	**AMATA**
DCC	STANLY	BA	WHA
TOA	NYT		
CBG	CPF		
OSP			

Sources: Company data, Thanachart estimates

Casualties of war

GDP growth cut to 3.0% this year from 3.8%

The Russia-Ukraine war has gone on longer than expected and we expect Thailand to be impacted by the following factors;

- weaker consumption as a result of lower purchasing power from higher inflation;
- higher imports from the longer-than-expected war that is dragging out high oil prices;
- weaker exports next year due to a global slowdown as a result of a sharp increase in Fed funds rate (FFR), despite stronger export growth so far this year; and
- weaker baht to the US dollar from sharper rise in FFR against a stable Thai policy rate this year.

Ex 1: GDP Forecasts

% growth	2019	2020	2021	— 2022F —		— 2023F —		— 2024F —	
				New	Old	New	Old	New	Old
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Real GDP growth	**(6.2)**	**(6.2)**	**1.6**	**3.0**	**3.8**	**4.5**	**4.5**	**4.3**	**4.3**
Private consumption	4.0	(1.0)	0.3	4.5	5.0	3.1	3.1	3.1	3.1
Private investment	2.6	(8.2)	3.2	4.8	4.8	5.0	5.0	5.0	5.0
Government investment	0.1	5.1	3.8	2.7	2.7	4.0	4.0	3.0	3.0
Export (nominal USD growth)	(3.3)	(6.5)	18.8	6.3	5.9	2.9	3.4	3.0	3.0
Import (nominal USD growth)	(5.6)	(13.8)	24.8	9.5	6.7	4.1	4.5	5.0	5.0
Export of services	0.6	(61.7)	(18.4)	28.8	23.1	36.5	46.8	40.8	39.4
Current account (% to GDP)	7.0	4.2	(2.2)	(1.1)	0.5	2.1	3.9	4.6	6.3
Headline CPI	0.7	(0.8)	1.2	4.6	2.7	2.4	1.5	1.5	1.2
Bt/USD - average	31.05	31.30	32.00	33.8	33.3	33.3	32.4	32.1	31.5
Policy rate	1.25	0.50	0.50	0.50	0.50	1.25	1.00	1.50	1.25

Sources: Company data, Thanachart estimates

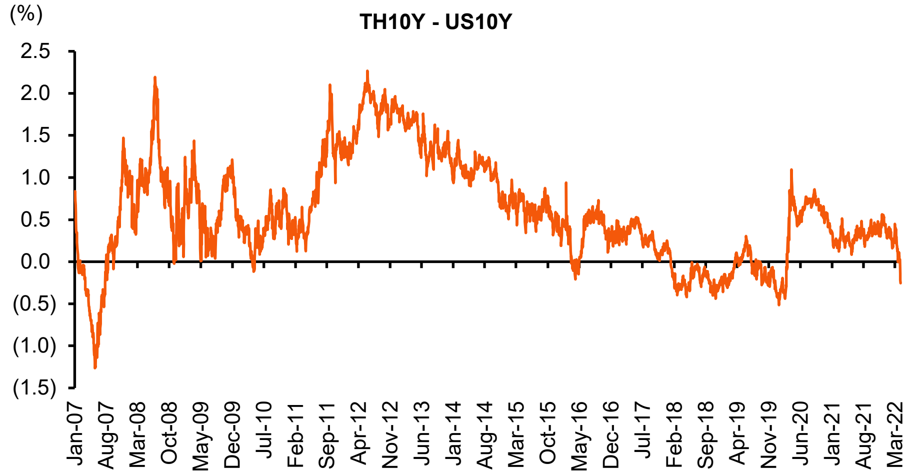
Still no change to cyclical recovery trend

Our new GDP forecasts reflect the new risk factors above. However, we do not expect those risk factors to be strong enough to alter the course of Thailand's cyclical economic recovery and for 3.0% GDP growth this year. We expect GDP growth to jump to 4.5/4.3% in 2023-24F. There are three key important factors for Thailand to withstand the abovementioned risks.

Thailand can maintain its loose monetary policy

First, due to large excess liquidity (19% of sterilized money to GDP), low reliance of foreign borrowing (9.7% foreign bond holding), high absorbability of cost-push inflation, and authorities' preference for a weak baht environment, we expect the Bank of Thailand (BOT) to maintain the policy rate this year at 0.50% and increase it to only 1.25% next year. Despite raising our forecast from 1.00% to 1.25% for next year due to potentially more aggressive FFR hikes, the extent of increases in Thailand still looks small. That is, we expect Thai rates to significantly lag the FFR trend in both timing and scale of increases and we do not expect this to be a barrier to economic recovery. Please refer to *Siam Senses – Against the odds, dated 1 March 2022* for more details. The high degree of persistently low interest rates in Thailand as compared to US rates has been reflected for a long time via its narrowing gap to the 10-year US treasury yield (Exhibit 2). And that we believe is the result of large excess liquidity at home. When Thai GDP recovers after tourism turns around from 2023F, we expect the gap to gradually widen. That said, given continued excess liquidity at home, we expect the Thai yield gap to the US to remain lower than many emerging market peers for many years to come.

Ex 2: 10Y Thai Government Bond Yield Over The US Benchmark

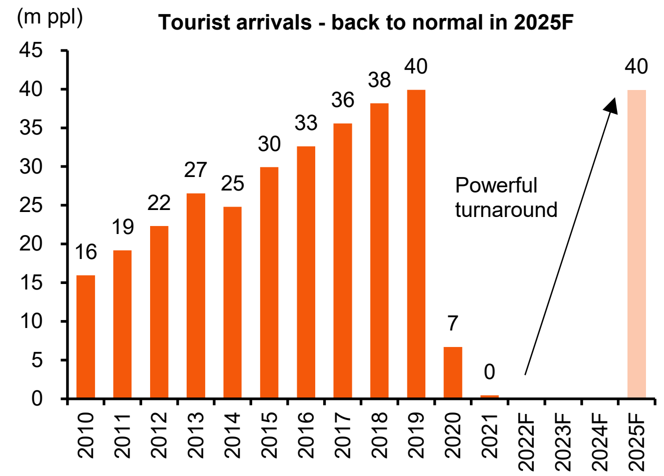


Source: Bloomberg

Tourism turnaround from ground zero can be a powerful growth factor

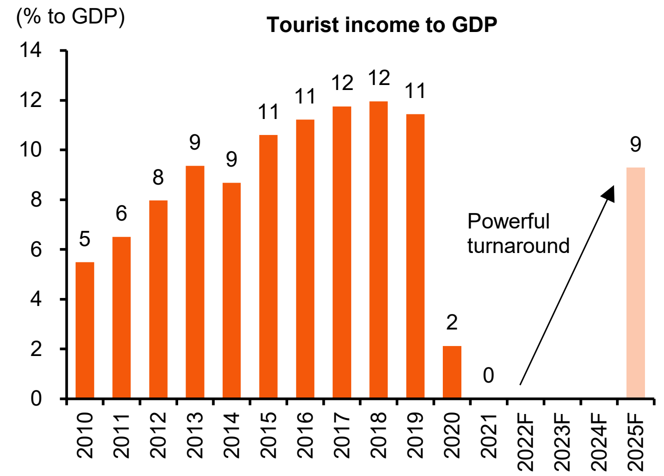
Second, tourism is a large part of Thai GDP (11% of 2019 GDP) and its recovery from ground zero should provide a strong growth effect. And with such a large contribution to the economy, its multiplier effect to other sectors should also be significant. Therefore, despite the risk of a global slowdown in 2023F due to a lagging effect of a US rate increase, we believe Thailand can offer a late turnaround story from a tourism recovery for three years into 2025F.

Ex 3: Tourist Arrivals To Turn From Ground Zero



Sources: Tourism Authority of Thailand; Thanachart estimates

Ex 4: A Powerful Boost To GDP Turnaround

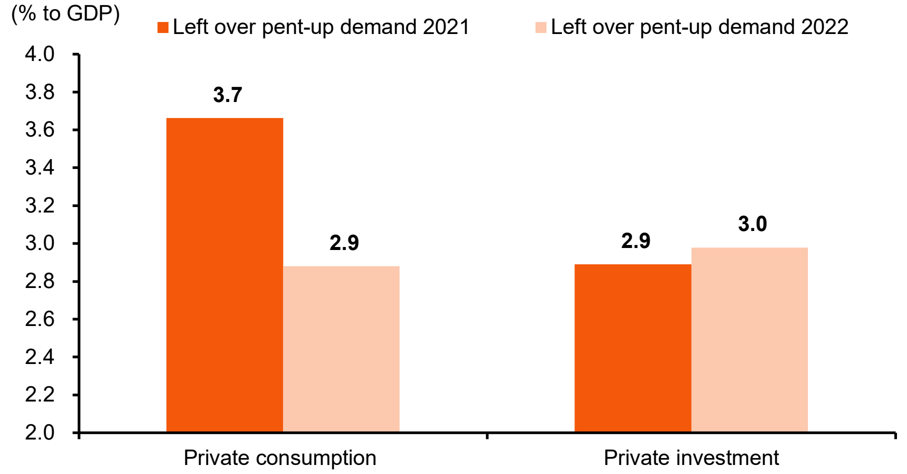


Sources: Tourism Authority of Thailand; Thanachart estimates

Pent-up demand should offer strong support in the first year of recovery

Third, given that this year is just the start of an economic recovery in Thailand after two full years of COVID, we expect pent-up demand to provide strong support to GDP. Assuming an organic 3% p.a. consumption growth, pent-up demand from consumption alone is estimated at 2.9% of GDP, on our forecasts. Also, assuming a conservative 5% p.a. private investment growth, we estimate pent-up demand in investment to be at 3.0% of GDP. Three years on from the start of COVID, despite stimulus measures for the past two years, we still forecast 2022F real GDP to be nearly 2.0% below the 2019 level.

Ex 5: Pent-up Demand To Support GDP Beyond 2022F



Source: Thanachart estimates

Post-war and reopening theme

The SET has been resilient so far but the 2Q22F outlook is unclear

The SET has been relatively resilient during the Russia-Ukraine war and the inflationary threat. The index fell in early March after the war broke out but quickly recovered to near pre-war levels. Although our longer-term view remains bullish, the SET's near-term outlook in 2Q22F is unclear. On the negative side, we believe the market's concerns are on softer economic momentum from the impact of inflation and aggressive FFR hikes during the quarter, which in turn will cause concerns on whether or not the Thai central bank will follow suit. On the positive side, we expect more relaxation of travel restrictions and a potential end to the war within the quarter.

We look for post-war and reopening themes

As we remain bullish on the market in the long term beyond a soft 2Q22F, we look for post-war and reopening plays. As for the war, it has dragged on far longer than many had expected and could end within this quarter. At least the peak of tensions seems to have passed and oil prices have started to soften. As for the reopening theme, people around the world, including Thais, are less fearful of COVID infection. This is especially true with the less severe symptoms and low death rate from the Omicron variant. A lot of countries around the world, with the exception of China, have been lifting travel restrictions and we expect Thailand to follow the trend.

Further relaxation of travel restrictions

The latest relaxation from Thailand is that from 1 April 2022, travelers no longer require a negative PCR test 72 hours before arriving in Thailand, but PCR testing upon arrival is still required. Authorities are also considering a further relaxation after the Songkran holiday this month on whether not to abolish the requirement for PCR testing upon arrival and replace this with only Antigen Test Kit (ATK) testing. Note that the PCR result still takes about 24 hours while the ATK result takes less than half an hour. Then in the next step, perhaps from 1 June 2022, the government may consider canceling all the restrictions, leaving only vaccination passport as a key requirement.

Ex 6: Thailand's COVID-19 Travel Restrictions

	Test & Go	Sandbox	Quarantine
Program differences	▪ No quarantine requirement	▪ Arrive and stay for 5 days within the area of 6 provinces, i.e., Phuket, Krabi, Phang Nga, Surat Thani, Chonburi and Trat	▪ To be quarantined for 5 days
Pre-arrival RT-PCR	▪ No longer required from 1 April 2022 for a negative RT-PCR test 72 hours before arrival in Thailand	▪ No longer required from 1 April 2022 a negative RT-PCR test 72 hours before arrival in Thailand	▪ No longer required from 1 April 2022 of a negative RT-PCR test 72 hours before arrival in Thailand
Upon arrival COVID-19 testing	▪ RT-PCR testing required upon arrival in Thailand	▪ RT-PCR testing required upon arrival in Thailand	▪ RT-PCR testing required upon arrival in Thailand
COVID-19 tests during staying period	▪ ATK testing on day 5	▪ ATK testing on day 5	▪ RT-PCR testing on day 4 or 5

	Test & Go	Sandbox	Quarantine
Potential relaxation from 1 May 2022	▪ Fewer documents to register for a Thailand Pass to enter Thailand	▪ Fewer documents to register for a Thailand Pass to enter Thailand	▪ Fewer documents to register for a Thailand Pass to enter Thailand
	▪ Change from RT-PCR to ATK testing upon arrival	▪ Change from RT-PCR to ATK testing upon arrival	▪ Change from RT-PCR to ATK testing upon arrival
	▪ Reduction of USD20,000 health insurance requirement	▪ Reduction of USD20,000 health insurance requirement	▪ Reduction of USD20,000 health insurance requirement
		▪ Shorter than 5-day requirement to stay within the 6 provinces	▪ Shorter than 5-day quarantine period

Source: The Center for COVID-19 Situation Administration (CCSA)

The playlist

We list stocks that are potential post-war and reopening plays

Thanachart's research team has put together in Exhibit 7 a list of stocks under our coverage that have exposure to post-war and reopening themes. However, the ones we prefer that have higher exposure than peers to each theme with undemanding valuations are **IVL, PTG, TOA, CBG, STEC, MINT** for post-war plays and **AOT, MINT, BDMS, CPALL** and **AMATA** for reopening plays.

Ex 7: Stocks With Exposure To

	Rec	Price (Bt)	TP (Bt)	EPS gr (%) 22F	EPS gr (%) 23F	PE (x) 22F	PE (x) 23F	Div Yield (%) 22F	Div Yield (%) 23F	ROE (%) 22F	ROE (%) 23F	Note
Post-war plays												
IVL	BUY	45.25	60.00	31.7	11.5	9.4	8.5	5.3	5.9	16.1	16.3	A jump in European gas price has increased IVL's overhead cost and reduced its EBITDA by 10%.
SCC	BUY	363.00	490.00	(2.4)	(9.7)	9.1	10.1	5.7	5.0	13.0	11.3	A jump in the coal price, and the impact on its cement and paper businesses, is likely to impact SCC's earnings by 10% this year.
PTG	BUY	13.40	19.00	50.8	19.5	14.7	12.3	3.4	4.1	17.6	18.8	High oil price results in lower marketing margin for petrol station business. Margin fell to Bt1.4-1.5/litre in 2M22 and recovered to around Bt1.7 in March. We expect the margin to expand back to the normal level of Bt1.9 when oil prices normalize.
SUSCO	BUY	3.20	5.20	35.0	30.1	12.0	9.2	4.2	5.4	7.0	8.9	High oil price results in lower marketing margin for petrol station business. Margin fell to Bt1.4-1.5/litre in 2M22 and recovered to around Bt1.7 in March. We expect the margin to expand back to the normal level of Bt1.9 when oil prices normalize. A tourism recovery can benefit SUSCO via higher jet fuel demand.
BGRIM	BUY	32.75	40.00	(33.7)	82.7	53.0	29.0	0.9	1.7	5.4	9.5	A jump in LNG price pushes up the average pool gas cost for SPP plants while tariff adjustments significantly lag the cost increase.
GPSC	HOLD	69.50	72.50	(4.1)	18.6	30.2	25.5	1.8	2.2	5.9	6.8	A jump in LNG price pushes up the average pool gas cost for SPP plants while tariff adjustments significantly lag the cost increase.
DCC	BUY	2.96	3.40	0.1	4.3	15.5	14.9	6.4	6.7	29.9	31.0	Rising natural gas price impacts DCC as gas accounts for 36% of COGS.
TOA	BUY	28.25	36.00	11.4	18.4	28.0	23.7	1.8	2.1	16.0	17.4	Rising titanium dioxide and oil-related raw material prices which follow the oil price trend to impact TOA as these materials account for 26% of COGS.
CBG	BUY	100.50	138.00	44.1	30.4	24.8	19.0	2.7	3.5	36.6	40.5	Rising aluminum price due to the war to impact CBG as aluminum accounts for 12% of COGS.
OSP	SELL	34.50	31.00	9.1	8.6	28.1	25.8	3.6	3.9	18.5	19.9	Rising aluminum price due to the war to impact OSP as aluminum accounts for 4% of COGS.
CK	BUY	20.50	25.00	504.7	86.6	57.5	30.8	0.7	1.3	2.3	4.2	Rising building material prices due to the war to impact CK as building material costs account for around 35% of COGS, but will likely impact profit by less than 10% due to CK having a large equity income base from affiliated companies.
STEC	BUY	13.40	17.50	27.6	22.2	23.1	18.9	1.5	2.1	5.5	6.9	Rising building material prices due to the war to impact STEC as building material costs account for around 35% of COGS.
MINT	BUY	34.50	39.00	na	na	790.1	35.0	0.0	1.0	2.4	10.5	MINT's European hotels account for 49% of revenue and the end of the war should improve traffic and reduce electricity cost.

Sources: Company data, Thanachart estimates

Note: Closing prices as of 12 April 2022

Ex 7: Stocks With Exposure To (Con't)

	Rec	Price (Bt)	TP (Bt)	EPS gr (%) 22F	EPS gr (%) 23F	PE (x) 22F	PE (x) 23F	Div Yield (%) 22F	Div Yield (%) 23F	ROE (%) 22F	ROE (%) 23F	Note
Post-war plays												
KCE	HOLD	61.25	70.00	39.7	29.1	23.1	17.9	3.0	3.9	22.0	25.5	Global auto supply chain from chip and wire harness shortages are risks to KCE. Auto PCB accounts for 75% of KCE's revenue.
HANA	SELL	45.00	52.00	7.0	8.1	14.9	13.8	4.5	4.7	10.4	10.8	Risk from chip shortage to the overall electronics market can affect HANA, a top-30 global Electronics Manufacturing Services company.
SAT	BUY	18.80	27.00	6.0	28.6	7.7	6.0	7.8	10.1	13.3	16.0	Risk to auto supply chain and rising steel prices can impact SAT. Steel accounts for 40% of SAT's COGS with price adjustments lagging by 2-3 quarters.
STANLY	BUY	175.00	270.00	43.0	33.1	9.0	6.8	3.5	4.7	7.7	9.6	Risk to auto supply chain and rising steel prices can impact STANLY as 80% of its revenue is from auto light bulb sales.
NYT	BUY	4.80	5.30	16.3	32.3	21.1	15.9	3.8	5.0	8.6	11.1	Risk to auto supply chain and auto production can affect NYT as 80% of its revenue comes from auto export port services.
CPF	BUY	23.50	27.25	251.5	30.4	14.2	10.9	2.8	3.7	6.5	8.1	Lower FX translation loss from its Russian business if the ruble strengthens. We also expect a potential fall in animal feed cost.
Reopening plays												
AOT	BUY	68.00	69.00	na	na	na	82.8	0.0	0.7	na	11.0	Operating the largest airports in Thailand, AOT is the most direct play on a tourism turnaround in the market. We estimate 70-80% of its earnings from foreign passenger service charges and duty free spending.
MINT	BUY	34.50	39.00	na	na	790.1	35.0	0.0	1.0	2.4	10.5	Thailand accounted for 24% of MINT's 2019 revenue, thus it has lower leverage than peers to Thailand's reopening story. However, MINT is benefiting from reopening in overseas markets and its earnings have turned around earlier than Thai peers.
CENTEL	BUY	41.75	40.00	na	na	na	38.4	0.0	0.5	na	8.2	40% of CENTEL's 2019 revenue was from the hotel business and 60% from the food business. And foreign tourists accounted for 80% of its hotel revenue in 2019.
ERW	SELL	3.56	2.80	na	na	na	67.9	0.0	0.3	na	4.4	Nearly 90% of ERW's 2019 revenue came from foreign tourists, thus it should have high leverage to the foreign tourist turnaround story.
BH	HOLD	162.00	170.00	92.0	36.9	52.6	38.5	2.0	2.6	14.2	19.3	With 65% of its 2019 revenue coming from foreign patients, BH is the largest leverage play on a foreign patient turnaround. But BH's valuation does not appear cheap to us.
BDMS	BUY	25.75	29.00	16.0	15.3	44.5	38.6	1.2	1.4	10.8	11.9	With 30% of its 2019 revenue coming from foreign patients, BDMS is the second-best leverage play on a foreign patient turnaround, in our view. BDMS is also benefitting from a recovery in Thai patients, with revenue since 4Q21 having passed the 2019 level.

Sources: Company data, Thanachart estimates

Note: Closing prices as of 12 April 2022

Ex 7: Stocks With Exposure To (Con't)

	Rec	Price (Bt)	TP (Bt)	EPS gr (%) 22F	EPS gr (%) 23F	PE (x) 22F	PE (x) 23F	Div Yield (%) 22F	Div Yield (%) 23F	ROE (%) 22F	ROE (%) 23F	Note
Reopening plays												
BA	BUY	11.10	13.50	na	na	na	105.6	0.0	0.0	na	1.7	As an airline, BA's passenger revenue made up around 79% of its total revenue in 2019.
AAV	SELL	2.72	2.00	na	na	na	43.4	0.0	0.0	na	4.5	As an airline, AAV's passenger revenue made up around 78% of its total revenue in 2019.
BTS	BUY	9.10	13.00	(7.7)	(16.7)	51.0	61.2	1.2	1.0	4.0	3.3	Income from foreign tourist passengers in its mass transit services accounted for less than 10% of 2019 earnings as BTS earned a major part of its revenue as fixed O&M income.
CPALL	BUY	67.50	75.00	121.5	43.0	35.6	24.9	1.4	2.0	16.8	21.5	We estimate foreign tourist spending accounted for 10-15% of CPALL's profit in 2019. On top of this is a multiplier effect from additional local spending from rehiring in tourism related businesses.
M	BUY	55.00	67.00	na	71.9	31.6	18.4	3.2	5.4	11.8	19.4	Foreign tourists accounted for 12% of M's 2019 revenue. This is broken down into 7% revenue exposure to MK Restaurants and 50% to its subsidiary Laew Chareon Seafood Restaurants.
ADVANC	HOLD	223.00	230.00	2.7	9.3	23.8	21.7	3.4	4.1	33.1	33.9	Tourist sims and roaming services were around 10% of ADVANC's 2019 earnings and this should come back with the return of foreign tourists. We also expect a multiplier effect from rising local jobs and more use of phone and data services.
AMATA	BUY	22.30	25.00	80.2	40.8	18.7	13.3	2.1	3.0	7.9	10.9	Less travel restrictions should help unlock pent-up demand from delayed industrial estate (IE) land purchase decisions. IE accounts for 50% of AMATA's EBIT and equity income.
WHA	BUY	3.32	4.00	18.7	16.9	15.4	13.2	2.8	3.0	10.8	12.4	Less travel restrictions should help unlock pent-up demand from delayed industrial estate (IE) land purchase decisions. IE accounts for 20% of WHA's EBIT and equity income.

Sources: Company data, Thanachart estimates

Note: Closing prices as of 12 April 2022

Changes to top picks list

We change three of our top picks

Our portfolio continues to have large exposure to consumption stocks and banks. It reflects our long-term view of a cyclical economic recovery over the next three years. Earlier in the year when Omicron emerged as a new threat to the world, we did not include tourism names in our top picks list. But now, we expect more relaxation of travel restrictions and reopening globally, including Thailand, to kick-start a tourism turnaround story. This is despite China likely remaining a laggard in terms of policy change due to its current zero-COVID policy. We expect China to become a driver to the Thai turnaround story from 2023F onwards.

We bring in BDMS, MINT and AOT at the expense of CPN, M and EA

From the play list above, we add **Bangkok Dusit Medical Services (BDMS), Minor International (MINT)** and **Airports of Thailand (AOT)** to our top picks list at the expense of Central Pattana (CPN), MK Restaurant Group (M) and Energy Absolute (EA). Our recommendations on CPN, M and EA remain BUYs but we make room for post-war and reopening plays.

BDMS's non-COVID-related earnings turnaround has already started. Its Thai patient income has surpassed pre-COVID levels since 4Q21 while foreign patients have started to come back from a very low base. In 2019, BDMS's foreign patient income accounted for 30% of total revenue. In 4Q21, this income was only at 20% of the 2019 level and we see this as a key growth driver in 2022-24F. On top of this, BDMS is also adding more growth factors in its midto-low tier hospital chain by adding more exposure to social security scheme (SSS) services. See Siriporn Arunothai's *Healthcare – A valuation mismatch, dated 8 April 2022* for more details.

MINT is a double play on both post-war and reopening themes, in our view. Its near 50% hotel exposure in Europe makes it a post-war play while its 25% exposure in Thailand makes it a Thai reopening play. MINT's turnaround has already started since last year as its overseas businesses have turned around ahead of its Thai business. Its valuation is also cheaper than its Thai hotel peers.

AOT as a de-facto play on Thailand's tourism story

AOT is viewed as a de-facto play on Thailand's tourism turnaround given its status as the gateway to Thailand running six major airports, including the two largest ones, i.e. Suvarnabhum and Don Muang. Despite Omicron, foreign tourist arrivals, according to the government, totalled 470,000 in 1Q22 vs. 420,000 for full-year 2021. AOT has seen a jump in tourists passing through its airports since the government further relaxed rules in April 2022, and we expect a potential 900,000 foreign tourist arrivals in 2Q22F. The government is contemplating further relaxation of restrictions from 1 May 2022, or even a possible cancellation of the Test & Go program from 1 June 2022, which requires travelers to register and get approval before travelling to Thailand and do COVID tests at some point during their stay. If that is the case, the main requirement will only be vaccination passports. We expect the news flow to be positive, and AOT is a top play on this story.

Please see the financial summary tables for our top picks in the appendix of this report.

Ex 8: Thanachart's Top Picks

Ticker	Rating	Current price	Target price	*Upside*	Market cap	Norm EPS growth		— Norm PE —		EV/EBITDA or P/BV of Bank		— Yield —	
						2022F	2023F	2022F	2023F	2022F	2023F	2022F	2023F
		(Bt/shr)	(Bt/shr)	*(%)*	(US$ m)	(%)	(%)	(x)	(x)	(x)	(x)	(%)	(%)
AOT TB *	BUY	68.00	69.00	1.5	28,937	na	na	na	82.8	514.7	32.1	0.0	0.7
BBL TB	BUY	135.00	165.00	22.2	7,676	14.1	10.5	8.5	7.7	0.5	0.5	3.5	3.9
BDMS TB *	BUY	25.75	29.00	12.6	12,190	16.0	15.3	44.5	38.6	27.0	24.0	1.2	1.4
CBG TB	BUY	100.50	138.00	37.3	2,994	44.1	30.4	24.8	19.0	18.9	14.6	2.7	3.5
COM7 TB	BUY	41.75	47.50	13.8	1,492	28.4	22.5	29.9	24.4	21.0	17.3	1.5	3.4
GLOBAL TB	BUY	22.50	30.00	33.3	3,084	15.9	21.4	27.8	22.9	21.9	18.2	1.4	1.7
HMPRO TB	BUY	16.30	19.00	16.6	6,386	21.1	20.0	32.5	27.1	18.3	15.9	2.5	2.9
KBANK TB	BUY	155.50	190.00	22.2	10,975	13.9	12.0	8.6	7.7	0.7	0.7	2.3	2.6
MINT TB *	BUY	34.50	39.00	13.0	5,358	na	na	790.1	35.0	14.5	11.6	0.0	1.0
STARK TB	BUY	4.44	6.40	44.1	1,575	25.0	31.9	21.6	16.4	14.6	11.5	2.3	3.1
Stocks taken out													
CPN TB	BUY	61.75	65.00	5.3	8,255	124.0	40.2	36.6	26.1	20.2	16.1	1.3	1.8
EA TB	BUY	90.00	110.00	22.2	10,000	44.9	20.6	38.5	31.9	27.2	23.2	0.8	0.9
M TB	BUY	55.00	67.00	21.8	1,509	na	71.9	31.6	18.4	11.9	8.6	3.2	5.4

Sources: Company data, Thanachart estimates
Note: * New additions based on 12 April 2022 closing prices

APPENDIX 1: Top picks' financials

Ex 1: Airports of Thailand Pcl (AOT TB)

Y/E Sep (Bt m)	2021	2022F	2023F	2024F
Sales	7,086	17,422	48,910	76,180
Net profit	(16,322)	(10,056)	11,727	30,924
Norm profit	(15,319)	(10,056)	11,727	30,924
Norm EPS (Bt)	(1.1)	(0.7)	0.8	2.2
Norm EPS grw (%)	na	na	na	163.7
Norm PE (x)	na	na	82.8	31.4
EV/EBITDA (x)	na	514.7	32.1	17.5
P/BV (x)	8.6	9.5	8.8	7.6
Div yield (%)	0.0	0.0	0.7	1.9
ROE (%)	na	na	11.0	25.9
Net D/E (%)	(6.9)	14.6	9.2	(10.9)

Sources: Company data; Thanachart estimates

Ex 2: Bangkok Bank Pcl (BBL TB)

Y/E Dec (Bt m)	2021	2022F	2023F	2024F
Pre Provision Profit	67,066	63,704	66,214	71,252
Net profit	26,507	30,245	33,426	37,407
Norm profit	26,507	30,245	33,426	37,407
Norm EPS (Bt)	13.9	15.8	17.5	19.6
Norm EPS grw (%)	54.3	14.1	10.5	11.9
Norm PE (x)	9.7	8.5	7.7	6.9
P/BV (x)	0.5	0.5	0.5	0.5
Div yield (%)	2.6	3.5	3.9	4.4
ROE (%)	5.6	6.0	6.3	6.8
ROA (%)	0.6	0.7	0.7	0.8

Sources: Company data; Thanachart estimates

Ex 3: Bangkok Dusit Medical Services Pcl (BDMS TB)

Y/E Dec (Bt m)	2021	2022F	2023F	2024F
Sales	71,541	76,833	82,541	90,649
Net profit	7,936	9,204	10,610	12,905
Norm profit	7,936	9,204	10,610	12,905
Norm EPS (Bt)	0.5	0.6	0.7	0.8
Norm EPS grw (%)	31.3	16.0	15.3	21.6
Norm PE (x)	51.6	44.5	38.6	31.7
EV/EBITDA (x)	29.8	27.0	24.0	20.2
P/BV (x)	4.9	4.7	4.4	4.2
Div yield (%)	1.7	1.2	1.4	1.9
ROE (%)	9.2	10.8	11.9	13.6
Net D/E (%)	3.5	(2.5)	(10.7)	(19.1)

Sources: Company data; Thanachart estimates

Ex 4: Carabao Group Pcl (CBG TB)

Y/E Dec (Bt m)	2021	2022F	2023F	2024F
Sales	17,364	23,524	27,506	29,348
Net profit	2,881	4,058	5,294	5,906
Norm profit	2,816	4,058	5,294	5,906
Norm EPS (Bt)	2.8	4.1	5.3	5.9
Norm EPS grw (%)	(19.8)	44.1	30.4	11.6
Norm PE (x)	35.7	24.8	19.0	17.0
EV/EBITDA (x)	26.5	18.9	14.6	13.0
P/BV (x)	9.8	8.4	7.1	6.2
Div yield (%)	1.9	2.7	3.5	4.4
ROE (%)	27.9	36.6	40.5	39.0
Net D/E (%)	53.1	34.7	15.6	(0.5)

Sources: Company data; Thanachart estimates

Ex 5: COM7 Pcl (COM7 TB)

Y/E Dec (Bt m)	2021	2022F	2023F	2024F
Sales	51,126	59,128	66,113	74,546
Net profit	2,630	3,350	4,102	5,018
Norm profit	2,608	3,350	4,102	5,018
Norm EPS (Bt)	1.1	1.4	1.7	2.1
Norm EPS grw (%)	80.0	28.4	22.5	22.3
Norm PE (x)	38.4	29.9	24.4	20.0
EV/EBITDA (x)	26.6	21.0	17.3	14.3
P/BV (x)	19.0	13.2	10.9	9.7
Div yield (%)	1.2	1.5	3.4	4.4
ROE (%)	57.1	52.1	48.8	51.2
Net D/E (%)	49.6	0.3	(12.0)	(15.2)

Sources: Company data; Thanachart estimates

Ex 6: Siam Global House Pcl (GLOBAL TB)

Y/E Dec (Bt m)	2021	2022F	2023F	2024F
Sales	33,498	36,894	41,077	46,001
Net profit	3,344	3,882	4,717	5,729
Norm profit	3,344	3,882	4,717	5,729
Norm EPS (Bt)	0.7	0.8	1.0	1.2
Norm EPS grw (%)	70.5	15.9	21.4	21.5
Norm PE (x)	32.2	27.8	22.9	18.9
EV/EBITDA (x)	24.8	21.9	18.2	14.9
P/BV (x)	5.5	4.8	4.3	3.7
Div yield (%)	1.1	1.4	1.7	2.1
ROE (%)	18.3	18.6	19.8	21.1
Net D/E (%)	67.9	51.3	41.2	27.8

Sources: Company data; Thanachart estimates

Ex 7: Home Product Center Pcl (HMPRO TB)

Y/E Dec (Bt m)	2021	2022F	2023F	2024F
Sales	61,791	68,059	73,472	80,421
Net profit	5,441	6,586	7,902	9,315
Norm profit	5,441	6,586	7,902	9,315
Norm EPS (Bt)	0.4	0.5	0.6	0.7
Norm EPS grw (%)	5.5	21.1	20.0	17.9
Norm PE (x)	39.4	32.5	27.1	23.0
EV/EBITDA (x)	21.7	18.3	15.9	13.8
P/BV (x)	9.4	9.0	8.3	7.6
Div yield (%)	2.0	2.5	2.9	3.5
ROE (%)	24.5	28.2	31.8	34.4
Net D/E (%)	38.5	32.6	26.3	17.1

Sources: Company data; Thanachart estimates

Ex 8: Kasikornbank Pcl (KBANK TB)

Y/E Dec (Bt m)	2021	2022F	2023F	2024F
Pre Provision Profit	92,999	99,188	104,623	111,013
Net profit	38,053	43,342	48,529	54,617
Norm profit	38,053	43,342	48,529	54,617
Norm EPS (Bt)	15.9	18.1	20.3	22.8
Norm EPS grw (%)	29.0	13.9	12.0	12.5
Norm PE (x)	9.8	8.6	7.7	6.8
P/BV (x)	0.8	0.7	0.7	0.6
Div yield (%)	2.1	2.3	2.6	5.9
ROE (%)	8.3	8.8	9.1	9.5
ROA (%)	1.0	1.0	1.1	1.2

Sources: Company data; Thanachart estimates

Ex 9: Minor International Pcl (MINT TB)

Y/E Dec (Bt m)	2021	2022F	2023F	2024F
Sales	68,868	97,441	117,615	127,541
Net profit	(13,167)	1,637	6,936	9,280
Norm profit	(9,314)	1,637	6,936	9,280
Norm EPS (Bt)	(2.0)	0.0	1.0	1.4
Norm EPS grw (%)	na	na	na	43.5
Norm PE (x)	na	790.1	35.0	24.4
EV/EBITDA (x)	35.9	14.5	11.6	10.7
P/BV (x)	2.9	2.9	3.1	2.9
Div yield (%)	0.0	0.0	1.0	1.6
ROE (%)	na	2.4	10.5	14.0
Net D/E (%)	135.3	143.3	156.8	138.4

Sources: Company data; Thanachart estimates

Ex 10: Stark Corporation Pcl (STARK TB)

Y/E Dec (Bt m)	2021	2022F	2023F	2024F
Sales	27,094	31,172	35,549	39,666
Net profit	2,783	3,264	4,304	5,348
Norm profit	2,611	3,264	4,304	5,348
Norm EPS (Bt)	0.2	0.2	0.3	0.3
Norm EPS grw (%)	138.4	25.0	31.9	24.3
Norm PE (x)	27.0	21.6	16.4	13.2
EV/EBITDA (x)	17.8	14.6	11.5	9.1
P/BV (x)	10.8	7.9	6.2	3.9
Div yield (%)	0.0	2.3	3.1	3.8
ROE (%)	51.6	42.2	42.4	36.1
Net D/E (%)	198.1	131.8	104.2	37.5

Sources: Company data; Thanachart estimates

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Thanachart Securities Pcl.

Research Team
19 Floor, MBK Tower
444 Phayathai Road, Pathumwan Road, Bangkok 10330
Tel: 662 - 779-9119
Email: thanachart.res@thanachartsec.co.th

Pimpaka Nichgaroon, CFA
Head of Research
Tel: 662-779-9199
pimpaka.nic@thanachartsec.co.th

Adisak Phupiphathirungul, CFA
Retail Market Strategy
Tel: 662-779-9120
adisak.phu@thanachartsec.co.th

Chak Reungsinpinya
Thematic Research, Paper
Tel: 662-779-9104
chak.reu@thanachartsec.co.th

Pattarawan Wangmingmat
Senior Technical Analyst
Tel: 662-779-9105
pattarawan.wan@thanachartsec.co.th

Nuttapop Prasitsuksant
Telecom, Utilities
Tel: 662-483-8296
nuttapop.pra@thanachartsec.co.th

Pattadol Bunnak
Electronics, Food & Beverage, Shipping
Tel: 662-483-8298
pattadol.bun@thanachartsec.co.th

Phannarai Tiyapittayarut
Property, Retail
Tel: 662-779-9109
phannarai.von@thanachartsec.co.th

Rata Limsuthiwanpoom
Auto, Industrial Estate, Media, Prop. Fund
Tel: 662-483-8297
rata.lim@thanachartsec.co.th

Saksid Phadthananarak
Construction, Transportation
Tel: 662-779-9112
saksid.pha@thanachartsec.co.th

Sarachada Sornsong
Bank, Finance
Tel: 662-779-9106
sarachada.sor@thanachartsec.co.th

Siriporn Arunothai
Small Cap, Healthcare, Hotel
Tel: 662-779-9113
siriporn.aru@thanachartsec.co.th

Yupapan Polpornprasert
Energy, Petrochemical
Tel: 662-779-9110
yupapan.pol@thanachartsec.co.th

Witchanan Tambamroong
Technical Analyst
Tel: 662-779-9123
witchanan.tam@thanachartsec.co.th

Sittichet Rungrassameephat
Analyst, Quantitative
Tel: 662-483-8303
sittichet.run@thanachartsec.co.th

Thaloengsak Kucharoenpaisan
Analyst, Retail Market
Tel: 662-483-8304
thaloengsak.kuc@thanachartsec.co.th