

PLEASE CLICK ON THE PAGE NUMBER TO MOVE TO THE RELEVANT PAGE.

KEY HIGHLIGHTS

Results

Bangchak Sriracha (BSRC TB/BUY/Bt9.45/Target: Bt15.00)

4Q23: Poor results, but expect a sharp turnaround in 2024.

Page 2

Star Petroleum Refining (SPRC TB/HOLD/Bt8.65/Target: Bt8.60)

4Q23: Huge loss as expected.

Page 5

Thai Food Group (TFG TB/BUY/Bt3.46/Target: Bt4.64)

4Q23: Earnings Slumped, eyeing stronger turnaround in 2024.

Page 8

Thanachart Capital (TCAP TB/HOLD/Bt49.75/Target: Bt53.00)

4Q23: Earnings below our and market expectations.

Page 11

KEY INDICES

Symbol	Close	Chg	%Chg
SET	1,393.61	12.54	0.91
SET50	852.03	9.29	1.10
Value (Btm) - SET	56,967		
Top 5 Sector			
BANK	371.39	7.91	2.18
PETRO	720.61	23.02	3.30
PROP	227.70	2.48	1.10
ENERG	20,849.07	190.78	0.92
ICT	149.31	(0.70)	(0.47)

Source: Bloomberg

TOP VOLUME

Symbol	Close (Baht)	+/-(% Chg)	5-day ADT (BTm)
SCB	111.00	6.73	1,778.2
ADVANC	205.00	(0.97)	1,467.4
KBANK	124.00	2.06	1,340.5
CPALL	57.00	0.88	1,622.9
PTTEP	154.00	2.33	1,299.8

TOP GAINERS

Symbol	Close (Baht)	+/-(% Chg)	5-day ADT (BTm)
GSC	1.99	25.95	0.3
MGI	41.75	21.01	130.2
JKN	0.87	20.83	62.6
ROCK	9.55	15.76	7.4
CIG	0.08	14.29	4.8

TOP LOSERS

Symbol	Close (Baht)	+/-(% Chg)	5-day ADT (BTm)
NATION	0.04	(20.00)	0.3
NL	2.74	(11.61)	-
M-PAT	3.10	(11.43)	0.0
TFI	0.08	(11.11)	0.0
DHOUSE	0.58	(10.77)	1.1

*ADT: Average daily turnover

KEY STATISTICS

Commodity	Current Price	%Chg		
		1m	3M	YTD
Brent crude*	83.0	6.3	1.1	8.0
Dubai crude*	81.6	1.8	(2.3)	6.6
Baltic Dry Index	1,632.0	7.5	(7.0)	(22.1)
Gold Spot***	2,025.9	0.2	1.8	(1.8)

*(US\$/bbl), *** (US\$/toz)

FOREIGN PORTFOLIO INVESTMENT IN EQUITIES (THAILAND)

Day (Mil US\$)	MTD Net (Mil US\$)	YTD Net (Mil US\$)	YTD Net YoY%
175.8	204.9	(665.1)	(9,219.6)

Source: Bloomberg

Foreign Exchange Rate - THB/US\$ (onshore) = 35.99

Interest Rate (%) - TH 1-day RP = 1.50

Thai Lending Rate (%) - MLR = 7.10

COMPANY RESULTS

Bangchak Sriracha (BSRC TB)

4Q23: Poor Results But Expect A Sharp Turnaround In 2024

BSRC reported a net loss of Bt1.9b and core loss of Bt192m in 4Q23. Both figures are in line with our and market estimates. We believe BSRC's operating performance will continue to improve while its valuation is undemanding. Maintain BUY. Target price: Bt15.00.

4Q23 RESULTS

Year to 31 Dec	4Q23	4Q22	3Q23	yoy % chg	qoq % chg	2023	2022	yoy % chg
Sales	59,458	63,638	58,681	(7)	1	229,538	263,000	(13)
Inventory gains	(1,797)	(3,657)	2,668	(51)	(167)	(2,699)	671	(502)
EBITDA	(1,686)	(2,090)	6,227	(19)	(127)	6,345	15,855	(60)
Tax	513	398	(1,172)	29	(144)	(451)	(2,320)	(81)
Net profit	(1,990)	(1,564)	4,600	27	(143)	2,142	9,508	(77)
EPS	(0.57)	(0.1)	1.3	329	(143)	0.6	2.75	(77)
Core profit	(192)	2,093	2,466	(109)	(108)	5,374	7,583	(29)

Source: Esso Thailand, UOB Kay Hian

RESULTS

- Weak results as expected.** In line with its industry counterparts, Bangchak Sriracha (BSRC) disclosed a significant net loss of Bt2.0b in 4Q23, reversing from gains of Bt4.6b in 3Q23. Excluding one-off items (primarily stemming from an inventory loss of Bt1.7b), BSRC's core loss stood at Bt192m, (4Q22: core profit Bt2.1b; 3Q23: core profit Bt2.5b). Both core and net losses are closely in line with our and market projections. BSRC's core profit for full-year 2023 amounted to Bt5.4b, down 29% yoy. **Note that BSRC's 4Q23 net loss was lower than SPRC's due to the former experiencing lesser impact from inventory loss, reflecting differences in crude purchase timing.**
- Weak GRM but higher run rate.** BSRC's run rate was 68% in 4Q23, up slightly from 61% in 3Q23. However, the market gross refinery margin (market GRM) declined to US\$2.00/bbl in 4Q23 from US\$11.30/bbl in 3Q23, reflecting weaker gasoline spread (which accounts for almost 25% of its production volume) and diesel spreads. Note that all operating numbers are in line with our estimate.

KEY FINANCIALS

Year to 31 Dec (Btm)	2022	2023	2024F	2025F	2026F
Net turnover	263,000	229,538	303,403	300,767	303,902
EBITDA	14,659	5,430	8,746	10,516	10,516
Operating profit	11,853	2,677	5,796	7,416	7,416
Net profit (rep./act.)	9,508	2,142	4,579	5,763	5,746
Net profit (adj.)	7,583	5,374	4,579	5,763	5,746
EPS (Bt)	2.2	1.6	1.3	1.7	1.7
PE (x)	4.3	6.1	7.1	5.7	5.7
P/B (x)	1.2	1.2	1.1	1.0	0.9
EV/EBITDA (x)	3.8	10.2	6.4	5.3	5.3
Dividend yield (%)	3.2	2.6	6.9	8.5	9.0
Net margin (%)	3.6	0.9	1.5	1.9	1.9
Net debt/(cash) to equity (%)	159.2	108.9	75.1	61.2	53.5
Interest cover (x)	39.0	7.4	14.3	15.5	15.0
ROE (%)	41.0	7.8	15.7	18.0	16.5
Consensus net profit	-	-	3,091	4,827	6,378
UOBKH/Consensus (x)	-	-	1.48	1.19	0.90

Source: ESSO (Thailand), Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	Bt9.45
Target Price	Bt15.00
Upside	+58.7%

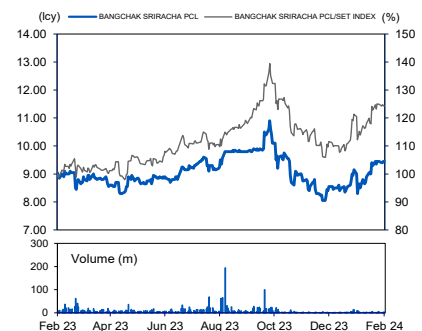
COMPANY DESCRIPTION

Bangchak Sriracha PCL (BSRC), formerly Esso (Thailand) (ESSO), is Thailand's third-largest refiner in terms of capacity. BSRC runs a 174kbd refinery (16% of Thailand's refining capacity). BSRC also commands 17% market share of oil retailing in Thailand. Bangchak Corporation (BCP) is currently controlling shareholder with 76% stake, followed by the state-owned Vayupak Fund which holds a 7.4% stake.

STOCK DATA

GICS sector	Energy			
Bloomberg ticker:	ESSO TB			
Shares issued (m):	3,460.9			
Market cap (Btm):	32,705.1			
Market cap (US\$m):	912.3			
3-mth avg daily t'over (US\$m):	0.6			
Price Performance (%)				
52-week high/low	Bt10.90/Bt8.05			
1mth	3mth	6mth	1yr	YTD
3.3	5.0	2.7	3.8	11.2
Major Shareholders				
Bangchak corporation	76.3			
Vayupak Fund	8.2			
FY24 NAV/Share (Bt)				
8.81				
FY24 Net Debt/Share (Bt)				
6.62				

PRICE CHART



Source: Bloomberg

ANALYST(S)

Arsit Pamaranont
+662 659 8317
arsit@uobkayhian.co.th

STOCK IMPACT

- **Slim dividend payment.** BSRC announced a dividend payment of Bt0.25/share for 2023 performance, implying a mere 2.6% dividend yield.
- **Sharp turnaround story in 2024.** We are positive on BSRC's operations in 2024. Thus far in 1Q24, the benchmark Singapore GRM has increased to US\$8.10/bbl qtd due to strong gasoline spreads. In addition, we expect BSRC's utilisation rate to rise to 86% (150kbd) in 1Q24. We also foresee opex dropping to only US\$1.00/bbl from US\$1.50-2.00/bbl as its merger with Bangchak Corporation (BCP) has resulted in economies of scale in crude supply logistics. We also expect BSRC to successfully re-brand its 270 ESSO petrol stations sites to Bangchak petrol stations with a higher sales proportion of premium products.

EARNINGS REVISION/RISK

- None.

VALUATION/RECOMMENDATION

- **Maintain BUY with a target price of Bt15.00.** We value BSRC at 11x 2024F PE, in line with regional peers.
- **GRM sensitivity.** Every US\$1/bbl decrease in our GRM assumption will decrease our 2024 core net profit forecast by Bt1.6b (earnings per share of Bt0.50/share), which implies a valuation of Bt5.00/share.

SHARE PRICE CATALYST

- 29 February: Analyst meeting during which we expect positive statements from management.
- 2024: Synergies with BCP.

OPERATING STATISTICS

US\$/bbl	4Q23	4Q22	3Q23
GRM	2.0	3.9	11.3
Inventory gain/(loss)	(4.6)	(9.4)	7.7
Total GRM	(2.6)	(5.5)	19.0

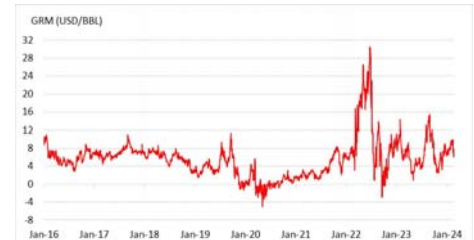
Source: UOB Kay Hian

CRUDE RUN

	4Q23	4Q22	3Q23
Crude run (kbd)	68%	74%	61%

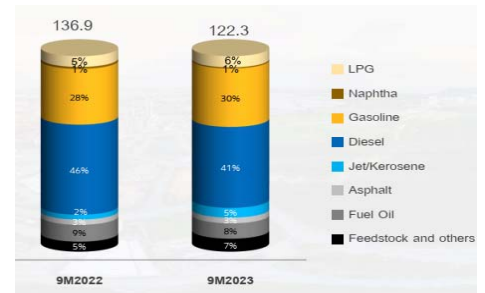
Source: SPRC, UOB Kay Hian

SINGAPORE'S GRM



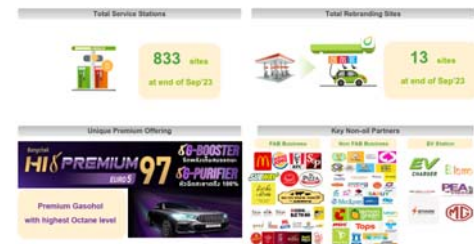
Source: UOB Kay Hian

PRODUCTION YIELD



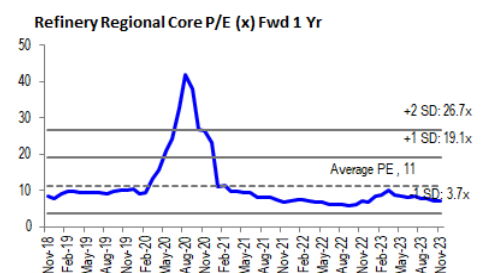
Source: BSR; UOB Kay Hian

BSRC'S MARKETING BUSINESS



Source: BSRC, UOB Kay Hian

P/E



Source: BSRC, UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
Net turnover	229,538	303,403	300,767	303,902
EBITDA	5,430	8,746	10,516	10,516
Deprec. & amort.	2,752	2,950	3,100	3,100
EBIT	2,677	5,796	7,416	7,416
Total other non-operating income	289	120	50	50
Associate contributions	361	420	420	420
Net interest income/(expense)	(735)	(610)	(680)	(700)
Pre-tax profit	2,593	5,726	7,206	7,186
Tax	(451)	(1,145)	(1,441)	(1,437)
Minorities	(1)	(2)	(2)	(3)
Net profit	2,142	4,579	5,763	5,746
Net profit (adj.)	5,374	4,579	5,763	5,746

CASH FLOW

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
Operating	(11,397)	20,541	5,689	7,056
Pre-tax profit	2,593	5,726	7,206	7,186
Tax	(451)	(1,145)	(1,441)	(1,437)
Deprec. & amort.	2,752	2,950	3,100	3,100
Working capital changes	(12,039)	4,861	(3,400)	(1,700)
Non-cash items	(1)	(2)	(2)	(3)
Other operating cashflows	(4,252)	8,152	226	(90)
Investing	(2,692)	(1,818)	(1,320)	(2,160)
Capex (growth)	(2,658)	(1,200)	(1,200)	(2,000)
Investments	137	(545)	(100)	(100)
Others	(171)	(73)	(20)	(60)
Financing	14,479	(8,127)	(4,078)	(4,068)
Dividend payments	(1,007)	(2,289)	(2,882)	(2,873)
Issue of shares	n.a.	n.a.	n.a.	n.a.
Proceeds from borrowings	15,486	(5,838)	(1,196)	(1,195)
Others/interest paid	n.a.	n.a.	n.a.	n.a.
Net cash inflow (outflow)	390	10,596	292	828
Beginning cash & cash equivalent	586	976	11,572	11,864
Ending cash & cash equivalent	976	11,572	11,864	12,692

BALANCE SHEET

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
Fixed assets	22,888	21,138	19,238	18,138
Other LT assets	11,857	5,170	5,360	5,710
Cash/ST investment	976	11,572	11,864	12,692
Other current assets	34,900	39,500	42,000	45,300
Total assets	70,621	77,380	78,461	81,839
ST debt	15,984	19,037	16,841	16,646
Other current liabilities	6,634	7,204	7,304	7,904
LT debt	15,433	15,433	15,433	15,433
Other LT liabilities	4,607	5,204	5,500	5,600
Shareholders' equity	27,956	30,494	33,376	36,249
Minority interest	7	7	7	7
Total liabilities & equity	70,621	77,380	78,461	81,839

KEY METRICS

Year to 31 Dec (%)	2023	2024F	2025F	2026F
Profitability				
EBITDA margin	2.4	2.9	3.5	3.5
Pre-tax margin	1.1	1.9	2.4	2.4
Net margin	0.9	1.5	1.9	1.9
ROA	2.7	6.2	7.4	7.2
ROE	7.8	15.7	18.0	16.5
Growth				
Turnover	(12.7)	32.2	(0.9)	1.0
EBITDA	(63.0)	61.1	20.2	0.0
Pre-tax profit	(78.1)	120.8	25.9	(0.3)
Net profit	(77.5)	113.8	25.9	(0.3)
Net profit (adj.)	(29.1)	(14.8)	25.9	(0.3)
EPS	(29.1)	(14.8)	25.9	(0.3)
Leverage				
Debt to total capital	52.9	53.1	49.2	46.9
Debt to equity	112.4	113.0	96.7	88.5
Net debt/(cash) to equity	108.9	75.1	61.2	53.5
Interest cover (x)	7.4	14.3	15.5	15.0

COMPANY RESULTS

Star Petroleum Refining (SPRC TB)

4Q23: Huge Loss As Expected

SPRC reported a huge net loss of Bt4.6b and core loss of Bt422m in 4Q23. Both figures are in line with our and market estimates. We see a positive outlook for the refinery business, supported by a higher run rate and GRM in 1Q24. However, we believe the market is still concerned about delays in reopening SPM and is observing the performance of its oil station business after it was acquired from Chevron in 1Q24. Maintain HOLD. Target price: Bt8.60.

4Q23 RESULTS

	4Q23 (Btm)	4Q22 (Btm)	3Q23 (Btm)	yoy %Chg	qoq %Chg	2023 (Btm)	2022 (Btm)	yoy %Chg
Turnover	64,164	65,706	61,107	(2)	5	238,284	285,264	(16)
core EBITDA	(544)	3,208	2,419	(117)	(122)	3,392	15,067	(77)
Inventory gain/(loss)	(4,263)	(2,057)	3,616	107	(218)	(1,950)	(2,554)	(24)
fx	96	1,225	(163)	(92)	(159)	(218)	207	(205)
Net Profit	(4,589)	260	4,245	(1,864)	(208)	(1,230)	7,674	(116)
EPS	(1.06)	0.06	0.98	(1,864)	(208)	(0.28)	1.77	(116)
Core profit/(loss)	(422)	1,092	1,482	(139)	(128)	1,562	10,021	(84)

Source: Star Petroleum Refining, UOB Kay Hian

RESULTS

- Huge loss as expected.** Star Petroleum Refining (SPRC) reported a huge net loss of Bt4.6b in 4Q23, reversing from gains of Bt4.2b in 3Q23 and Bt260m in 4Q22. Excluding one-off items (mainly from inventory loss of Bt4.3b), SPRC's core loss was Bt422m, (4Q22: core profit Bt1.1b; 3Q23: core profit Bt1.5b). Both core and net losses are in line with our estimate. SPRC's 2023 core loss was Bt1.6b, down 84% yoy.
- Impacted by maintenance and weak GRM.** SPRC's run rate was 86% in 4Q23 up slightly from 80% in 3Q23. However, the market gross refinery margin (market GRM) declined to US\$1.80/bbl in 4Q23 from US\$8.40/bbl in 3Q23, reflecting weaker gasoline spread (which accounts for almost 30% of SPRC's production volume). SPRC's crude premium rose to US\$3.30/bbl from US\$1.70/bbl, underpinned by strong demand for light sour crude prices in the spot market in 4Q23. SPRC also continued to suffer from extra ship-to-ship cost of US\$1.50/bbl (~ Bt700m) due to the oil spill incident in the previous year. Moreover, SPRC's opex increased to US\$3.50/bbl due to an unplanned maintenance in 4Q23 and one-time expense from changing to a new catalyst.

KEY FINANCIALS

Year to 31 Dec (Btm)	2022	2023	2024F	2025F	2026F
Net turnover	285,264	238,284	301,850	324,093	325,827
EBITDA	12,243	1,531	7,250	9,819	9,793
Operating profit	9,640	(1,067)	4,217	6,646	6,582
Net profit (rep./act.)	7,674	(1,230)	3,501	5,404	5,409
Net profit (adj.)	10,021	1,300	3,501	5,404	5,409
EPS (Bt)	2.3	0.3	0.8	1.2	1.2
PE (x)	3.7	28.8	10.7	6.9	6.9
P/B (x)	1.0	1.0	0.9	0.9	0.8
EV/EBITDA (x)	3.5	28.0	5.9	4.4	4.4
Dividend yield (%)	12.8	0.0	5.8	7.5	8.1
Net margin (%)	2.7	(0.5)	1.2	1.7	1.7
Net debt/(cash) to equity (%)	24.9	32.9	13.4	10.6	3.1
Interest cover (x)	38.7	4.2	21.3	25.2	26.5
ROE (%)	21.0	n.a.	9.1	12.9	12.0
Consensus net profit	-	-	1,600	4,767	5,279
UOBKH/Consensus (x)	-	-	2.19	1.13	1.02

Source: Star Petroleum Refining, Bloomberg, UOB Kay Hian

HOLD

(Maintained)

Share Price	Bt8.65
Target Price	Bt8.60
Upside	-0.6%

COMPANY DESCRIPTION

SPRC is one of the leading refineries in the Asia Pacific. It operates a complex refinery in Rayong which can produce 175,000 barrels/day (13.2% of Thailand's refining capacity) and has a high Nelson complexity index of 6.3.

STOCK DATA

GICS sector	Energy
Bloomberg ticker:	SPRC TB
Shares issued (m):	4,335.9
Market cap (Btm):	37,505.6
Market cap (US\$m):	1,039.6
3-mth avg daily t'over (US\$m):	3.5

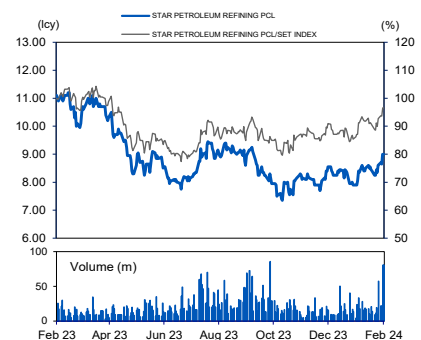
Price Performance (%)

52-week high/low	Bt11.20/Bt7.35			
1mth	3mth	6mth	1yr	YTD
9.5	4.8	(2.3)	(22.8)	4.8

Major Shareholders

-	-
-	-
-	-
FY24 NAV/Share (Bt)	9.28
FY24 Net Debt/Share (Bt)	1.24

PRICE CHART



Source: Bloomberg

ANALYST(S)

Arsit Pamaranont
+662 659 8317
arsit@uobkayhian.co.th

STOCK IMPACT

- **No dividend payment.** Due to a net loss in 2023, SPRC announced that there will be no dividend payment for 2023 performance.
- **Better outlook for 1Q24.** We came away neutral from SPRC's analyst meeting yesterday (21 Jan 24). We estimate a core profit of around Bt1.2b for SPRC in 1Q24. SPRC's production level has returned to a normal level of 170kbd (98%). The benchmark Singapore GRM has increased to US\$8.10/bbl qtd due to strong gasoline spreads. SPRC's crude premium has also declined to US\$1.50/bbl in 1Q24.
- **Overhang on ship-to-ship operations.** Despite a better run rate and GRM outlook, we believe market remains concerned on ship-to-ship expenses in 1H24. Management now estimates for the reopening of the Single Point Mooring (SPM) to take place in 2Q24. This delay implies a cost increase of US\$1.5-2.0/bbl per quarter.
- **Consolidation of retail gas station business is a long-term positive.** In the long term, we remain positive on SPRC and believe the 100% acquisition of the retail gas station business (under the Caltex brand) from Chevron (Thailand) (CTL) is strategically important for SPRC. This allows SPRC to expand into the oil retail business in Thailand and also reduces exposure to PTT (SPRC sold around 45% of its refined products to PTT in 3Q23); SPRC also intends to increase the proportion of domestic sales. Note that SPRC has finished consolidating its retail gas station business in Jan 24.

EARNINGS REVISION/RISK

- None.

VALUATION/RECOMMENDATION

- **Maintain HOLD with a target price of Bt8.60**, based on 11.0x 2024F PE, which is the mean of its regional peers. Although we think its share price has fully priced in the positive outlook, we believe market remains concerned about the delayed reopening of SPM.
- **GRM sensitivity.** Every US\$1.00/bbl increase in our GRM assumption will increase our 2024 core net profit forecast by Bt2.0b.

SHARE PRICE CATALYST

- 1Q24: Expect a recovery in GRM.
- 1Q24: Contribution from Chevron asset.

OPERATING STATISTICS

US\$/bbl	4Q23	4Q22	3Q23
GRM	1.80	5.39	8.36
Inventory gain/(loss)	(8.61)	(3.6)	7.99
Total GRM	(6.81)	1.77	16.35

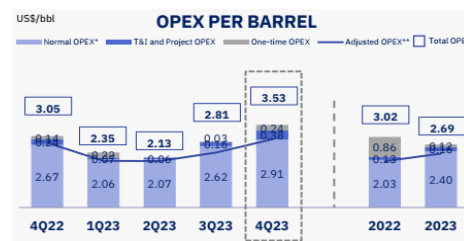
Source: UOB Kay Hian

CRUDE RUN

	4Q23	4Q22	3Q23
Crude run (kbd)	86%	93%	80%

Source: SPRC, UOB Kay Hian

SPRC'S OPEX IN 4Q23



Source: UOB Kay Hian

SINGAPORE'S GRM



Source: UOB Kay Hian

CRUDE PREMIUM



Source: UOB Kay Hian

OUR 2024 ASSUMPTIONS

Run rate	92%
GRM	US\$5.5/bbl
SPM reopening	Jul-24
Contribution from retail	Bt250m

Source: UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
Net turnover	238,284	301,850	324,093	325,827
EBITDA	1,531	7,250	9,819	9,793
Deprec. & amort.	2,599	3,033	3,173	3,211
EBIT	(1,067)	4,217	6,646	6,582
Total other non-operating income	(89)	500	500	550
Associate contributions	n.a.	n.a.	n.a.	n.a.
Net interest income/(expense)	(367)	(340)	(390)	(370)
Pre-tax profit	(1,524)	4,377	6,756	6,762
Tax	294	(875)	(1,351)	(1,352)
Minorities	0	0	0	0
Net profit	(1,230)	3,501	5,404	5,409
Net profit (adj.)	1,300	3,501	5,404	5,409

CASH FLOW

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
Operating	(213)	9,337	5,554	7,804
Pre-tax profit	(1,524)	4,377	6,756	6,762
Tax	294	(875)	(1,351)	(1,352)
Deprec. & amort.	2,599	3,033	3,173	3,211
Working capital changes	(1,732)	1,875	(3,021)	(846)
Other operating cashflows	150	927	(2)	30
Investing	(1,129)	(3,002)	(2,500)	(2,500)
Capex (growth)	(1,104)	(3,000)	(2,500)	(2,500)
Others	(25)	(2)	0	0
Financing	1,737	1,085	(2,270)	(4,652)
Dividend payments	(650)	(2,168)	(2,168)	(2,602)
Proceeds from borrowings	2,753	800	0	(2,500)
Others/interest paid	(365)	2,453	(102)	450
Net cash inflow (outflow)	395	7,420	785	653
Beginning cash & cash equivalent	76	471	7,891	8,675
Ending cash & cash equivalent	471	7,891	8,675	9,328

BALANCE SHEET

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
Fixed assets	21,241	21,208	20,535	19,824
Other LT assets	2,720	1,990	2,090	2,190
Cash/ST investment	471	7,891	8,675	9,328
Other current assets	41,228	42,865	46,710	48,390
Total assets	65,660	73,954	78,010	79,732
ST debt	12,483	13,283	13,283	10,783
Other current liabilities	15,488	19,000	19,824	20,658
LT debt	0	0	0	0
Other LT liabilities	1,227	1,422	1,520	1,650
Shareholders' equity	36,462	40,248	43,383	46,641
Minority interest	n.a.	n.a.	n.a.	n.a.
Total liabilities & equity	65,660	73,954	78,010	79,732

KEY METRICS

Year to 31 Dec (%)	2023	2024F	2025F	2026F
Profitability				
EBITDA margin	0.6	2.4	3.0	3.0
Pre-tax margin	(0.6)	1.4	2.1	2.1
Net margin	(0.5)	1.2	1.7	1.7
ROA	n.a.	5.0	7.1	6.9
ROE	n.a.	9.1	12.9	12.0
Growth				
Turnover	(16.5)	26.7	7.4	0.5
EBITDA	(87.5)	373.4	35.4	(0.3)
Pre-tax profit	(115.9)	n.a.	54.4	0.1
Net profit	(116.0)	n.a.	54.4	0.1
Net profit (adj.)	(87.0)	169.3	54.4	0.1
EPS	(87.0)	169.3	54.4	0.1
Leverage				
Debt to total capital	25.5	24.8	23.4	18.8
Debt to equity	34.2	33.0	30.6	23.1
Net debt/(cash) to equity	32.9	13.4	10.6	3.1
Interest cover (x)	4.2	21.3	25.2	26.5

COMPANY RESULTS

Thai Food Group (TFG TB)

4Q23: Earnings Slump, Eyeing Stronger Turnaround In 2024

TFG reported a 4Q23 net loss of Bt861m (-176% yoy, +93% qoq). The tumbling qoq and yoy earnings were contributed by lower gross margin resulting from higher production cost and lower selling prices of swine and poultry. However, these were partly offset by improved performances from the retail and animal feed segments. We maintain BUY with a target price of Bt4.64.

4Q23 RESULTS

Year to Dec (Btm)	4Q23	3Q23	4Q22	yoy chg (%)	qoq chg (%)
Sales	14,550.5	14,081.1	15,110.5	-3.7%	3.3%
Gross Profit	123.2	624.1	2,548.4	-95.2%	-80.3%
EBITDA	(841.6)	(201.5)	1,508.4	-155.8%	317.6%
Pre-tax Profit	(1,031.3)	(556.8)	1,189.8	-187%	85%
Net Profit	(861.3)	(445.4)	1,131.1	-176%	93%
Core Profit	(934.5)	(568.1)	1,049.0	-189%	65%
EPS (Bt)	(0.148)	(0.077)	0.200	-174%	93%
Gross Margin (%)	0.8%	4.4%	17.2%	-16.3%	-3.6%
EBITDA Margin (%)	-5.7%	-1.4%	10.2%	-15.9%	-4.3%
Net Margin (%)	-5.9%	-3.1%	7.6%	-13.5%	-2.8%

Source: -, UOB Kay Hian

RESULTS

- Disappointing 4Q23 performance.** Thai Food Group (TFG) reported a 4Q23 net loss of Bt861m (-176% yoy, +93% qoq), which was largely driven by two factors: a) reduced gross margin due to a gradual decline in selling prices and production costs, which are subsequently rising, and b) higher-than-expected SG&A-to-sales as a result of the year-end adjustment.
- Ongoing pressure on gross margin.** Gross margin in 4Q23 came in at 0.8% (-1630bp yoy, -350bp qoq) which is considered the lowest quarterly margin in 2023. The drop in gross margin was contributed by: a) a continuing decline in swine and poultry prices in 4Q23 which dropped to Bt57.84 (-2.8% qoq) and Bt53.86 (-1.4% qoq) respectively, and b) softer sale of swine in Vietnam as African Swine Fever (ASF) resurfaced.
- Retail and feed businesses stood their ground.** Although the retail and animal feed businesses remained profitable in 4Q23, it was not enough to offset heavy losses from the poultry and swine businesses, which contributed Bt487m and Bt745m respectively. Coupling with effect of lowering price of corn and soybean which have not yet materialise.

KEY FINANCIALS

Year to 31 Dec (Btm)	2022	2023	2024F	2025F	2026F
Net turnover	52,323	55,871	62,136	66,275	70,103
EBITDA	8,840	3,298	5,689	6,686	7,789
Operating profit	6,589	(43)	3,391	3,843	4,268
Net profit (rep./act.)	4,731	(974)	1,704	2,150	2,600
Net profit (adj.)	4,967	(1,172)	1,704	2,150	2,600
EPS (Bt)	0.9	(0.2)	0.3	0.4	0.4
PE (x)	3.9	n.m.	11.8	9.4	7.7
P/B (x)	1.3	1.5	1.4	1.3	1.1
EV/EBITDA (x)	4.7	12.7	7.4	6.3	5.4
Dividend yield (%)	4.0	9.0	2.5	3.2	3.9
Net margin (%)	9.0	(1.7)	2.7	3.2	3.7
Net debt/(cash) to equity (%)	118.6	159.6	155.5	141.9	126.0
Interest cover (x)	12.1	3.4	4.3	5.5	7.1
ROE (%)	34.9	n.a.	12.2	14.2	15.5
Consensus net profit	-	-	465	2,006	2,486
UOBKH/Consensus (x)	-	-	3.67	1.07	1.05

Source: -, Bloomberg, UOB Kay Hian

n.m. : not meaningful; negative P/E, EV/EBITDA reflected as "n.m."

BUY

(Maintained)

Share Price	Bt3.46
Target Price	Bt4.64
Upside	+34.1%
(Previous TP)	Bt4.93)

COMPANY DESCRIPTION

TFG operates an integrated operation, producing and distributing frozen and chilled chicken products, as well as animal feed, in both the domestic and international markets

STOCK DATA

GICS sector	Consumer Staples
Bloomberg ticker:	TFG TB
Shares issued (m):	5,654.1
Market cap (Btm):	19,563.0
Market cap (US\$m):	545.7
3-mth avg daily t'over (US\$m):	0.3

Price Performance (%)

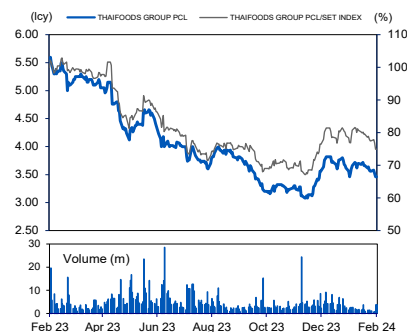
52-week high/low	Bt5.60/Bt3.08			
1mth	3mth	6mth	1yr	YTD
(4.4)	6.1	(6.5)	(37.1)	(9.4)

Major Shareholders

New Star Victor CO LTD	28.5
BNP Parisbas (HK Branch)	20.1
Winai Teawsomboonkij	17.6

FY24 NAV/Share (Bt)	2.47
FY24 Net Debt/Share (Bt)	3.84

PRICE CHART



Source: Bloomberg

ANALYST(S)

Kampon Akaravarinchai
+662 659 8031
kampon@uobkayhian.co.th

ASSISTANT ANALYST(S)

Sarit Srinavakul

- **Strong outlook on animal feed.** According to Thai Feed Mill Association (TFMA), the outlook for animal feed demand in 2024 poises strong growth. The total domestic feed consumption estimated in 2024 is currently at 21.3m tons (+6.6% yoy) contributed by broiler and fattening swine at 38% (8.1m tons) and 24% (5.1m tons) respectively.
- Prices of corn dropped 16.3% yoy and 10.1% qoq while prices of imported soybean meal tumbled 9.3% yoy and 2.7% qoq in 4Q23, which help boost feed margin in the coming periods. Although the majority of TFG's feed is used internally (70% of total production), we still believe that the continuing decline in feed raw material prices and strong consumption outlook will benefit TFG's feed business.
- **Eyeing a recovery in swine prices.** Fattening swine prices in China and Vietnam have picked up in recent months; Vietnam swine in Jan 24 stood at 57,000 VND/kg (+6.5% yoy, +8.6% mom) whereas China swine was priced around 15.56 CNY/kg (+2.8% yoy, +4.4% mom). This upward momentum in swine prices was contributed by two main factors: a) the recent outbreak of ASF in the Northern Vietnam region, and b) increasing meat demand during the Chinese New Year season.
- We are still not seeing the previously expected recovery in Thailand's swine prices. As of Jan 24, swine prices improved slightly yoy but were flat mom. However, with a relatively higher price of fattening swine in Vietnam, coupled with Thailand's tighter import regulations, we expect the remaining illegal supply to circulate to Vietnam, thus reducing the supply domestically and improving the outlook for Thailand's swine prices in 1H24.
- **Slight hiccup in retail expansion.** We genuinely believe that retail expansion is the new growth engine for TFG, given its low capital requirement and relatively high margin channel. However, with the current D/E ratio of 1.82x, TFG cannot expand at the same pace it had previously done which is why we believe the company decided to issue TFG-W4 in order to support its expansion plan.

EARNINGS REVISION/RISK

- **Fine-tuned assumptions.** We fine-tuned our assumption on swine and poultry prices, and sales growth with minor adjustments on debt repayment, as well as the rollover period.

REVISION TABLE FOR 2024-25

(Btm)	FY24F			FY25F		
	Old	New	% chg	Old	New	% chg
Sales	62,136.5	62,136	0.0%	66,275.1	66,275	0.0%
Net profit	1,790.4	1,704.2	-4.8%	2,172.3	2,150.1	-1.0%
Core profit	1,790.4	1,704.2	-4.8%	2,172.3	2,150.1	-1.0%

Source: TFG, UOB Kay Hian

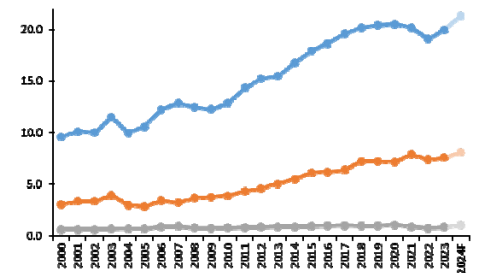
VALUATION/RECOMMENDATION

- **Maintain BUY with a target price of Bt4.64**, based on fine-tuned 2024F EPS of Bt0.29 with 16x forward PE. We like TFG because it has the same well-diversified businesses as Charoen Pokphand Group and Betagro Group but with a better focus on the export market and retail expansion which helps the company weather the ongoing illegal swine issue and maintain high margin performance through end-user distribution channels.

SHARE PRICE CATALYST

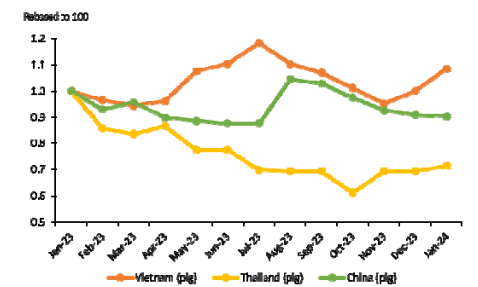
- Global and domestic swine and broiler ASP.
- Outlook in animal feed demand consumption, including corn and soybean supply.
- Retail expansion plan and branch SSSG.

THAILAND ANIMAL FEED DEMAND



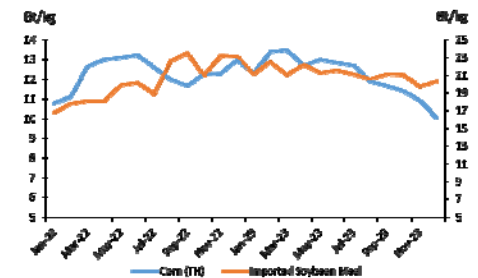
Source: TFG, UOB Kay Hian

FATTENING SWINE PRICES



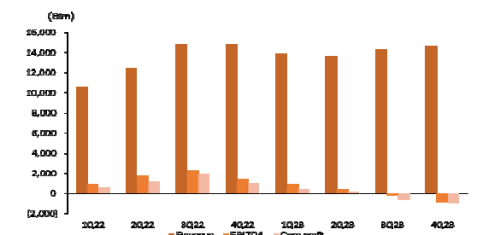
Source: TFG, UOB Kay Hian

CORN AND IMPORTED SOYBEAN PRICES



Source: TFG, UOB Kay Hian

QUARTERLY PERFORMANCE



Source: TFG, UOB Kay Hian

RETAIL EXPANSION OUTLOOK



Source: TFG, UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
Net turnover	55,871	62,136	66,275	70,103
EBITDA	3,298	5,689	6,686	7,789
Deprec. & amort.	3,341	2,298	2,844	3,521
EBIT	(43)	3,391	3,843	4,268
Total other non-operating income	0	0	0	0
Associate contributions	(20)	0	0	0
Net interest income/(expense)	(965)	(1,313)	(1,221)	(1,097)
Pre-tax profit	(1,028)	2,078	2,622	3,171
Tax	(77)	(374)	(472)	(571)
Minorities	(3)	0	0	0
Preferred dividends	0	0	0	0
Net profit	(974)	1,704	2,150	2,600
Net profit (adj.)	(1,172)	1,704	2,150	2,600

CASH FLOW

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
Operating	1,806	1,264	3,129	4,070
Pre-tax profit	(816)	2,078	2,622	3,171
Tax	(77)	374	472	571
Deprec. & amort.	3,380	2,298	2,844	3,521
Associates	140	0	0	0
Working capital changes	(3,226)	(4,460)	(3,557)	(3,719)
Non-cash items	2,158	939	749	527
Other operating cashflows	247	34	0	0
Investing	(3,239)	(1,736)	(1,719)	(2,201)
Capex (growth)	(2,440)	(1,736)	(1,719)	(2,201)
Capex (maintenance)	0	0	0	0
Investments	0	0	0	0
Proceeds from sale of assets	0	0	0	0
Others	(800)	0	0	0
Financing	106	93	(1,394)	(1,428)
Dividend payments	(1,812)	(511)	(645)	(780)
Issue of shares	862	0	0	0
Proceeds from borrowings	4,071	1,706	74	71
Loan repayment	(741)	1,463	180	177
Others/interest paid	(2,274)	(2,565)	(1,002)	(896)
Net cash inflow (outflow)	92	379	380	381
Beginning cash & cash equivalent	818	836	457	326
Changes due to forex impact	(74)	0	0	0
Ending cash & cash equivalent	836	457	326	625

BALANCE SHEET

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
Fixed assets	17,282	16,192	15,066	13,747
Other LT assets	10,579	10,718	10,832	10,938
Cash/ST investment	836	457	326	625
Other current assets	18,448	21,356	24,716	27,933
Total assets	47,146	48,723	50,941	53,243
ST debt	14,799	13,187	13,315	13,445
Other current liabilities	8,005	7,811	8,237	8,438
LT debt	7,876	9,583	9,509	9,438
Other LT liabilities	2,702	3,707	3,935	4,152
Shareholders' equity	13,681	14,345	15,850	17,670
Minority interest	15	15	15	15
Total liabilities & equity	47,146	48,723	50,941	53,243

KEY METRICS

Year to 31 Dec (%)	2023	2024F	2025F	2026F
Profitability				
EBITDA margin	5.9	9.2	10.1	11.1
Pre-tax margin	(1.8)	3.3	4.0	4.5
Net margin	(1.7)	2.7	3.2	3.7
ROA	n.a.	3.6	4.3	5.0
ROE	n.a.	12.2	14.2	15.5
Growth				
Turnover	6.8	11.2	6.7	5.8
EBITDA	(62.7)	72.5	17.5	16.5
Pre-tax profit	(117.6)	n.a.	26.2	20.9
Net profit	(120.6)	n.a.	26.2	20.9
Net profit (adj.)	(123.6)	n.a.	26.2	20.9
EPS	(122.9)	n.a.	26.2	20.9
Leverage				
Debt to total capital	62.3	61.3	59.0	56.4
Debt to equity	165.7	158.7	144.0	129.5
Net debt/(cash) to equity	159.6	155.5	141.9	126.0
Interest cover (x)	3.4	4.3	5.5	7.1

COMPANY RESULTS

Thanachart Capital (TCAP TB)

4Q23: Earnings Below Our And Market Expectations

TCAP reported a 4Q23 net profit of Bt1,435m (+32% yoy, -21% qoq). The results were below our and consensus estimates by 11% and 18%, respectively. The company attributed the weak 4Q23 results mainly to a decrease in gains on financial instruments measured at fair value through profit or loss and net insurance income. Looking forward, we think the deterioration in asset quality will persist at least until 1Q24. The valuation is not cheap. Maintain HOLD. Target price: Bt53.00.

RESULTS

• **4Q23 earnings miss expectation.** Thanachart Capital (TCAP) reported a 4Q23 net profit of Bt1,435m, which was below our and consensus estimates by 11% and 18%, respectively. The company's net profit increased by 32% yoy but was down 21% qoq. The higher-than-expected non-interest expenses were the main item that surprised our estimation. Meanwhile, The company disclosed that the weak 4Q23 results were mainly due to decrease in: a) gains on financial instruments measured at fair value through profit or loss, and b) net insurance/life insurance income. Excluding provision expenses, the company's pre-provision operating profit (PPOP) grew 18% yoy but declined 20% qoq.

STOCK IMPACT

- **Deterioration in asset quality.** The company reported higher provision expenses by 63% yoy and 7% qoq. Meanwhile, credit cost increased 16bp qoq to 213bp. Non-performing loan (NPL) ratio increased from 2.2% to 2.6% in 4Q23. Consequently, loan loss coverage (LLC) ratio declined from 181% to 166%. The deterioration in asset quality was mainly pressured by subsidiaries in the leasing business, which include Ratchthani Leasing (THANI). We remain concerned about the asset quality outlook in 1Q24. We expect THANI will suffer from the losses from sales of foreclosed assets as we saw a sharp 24.3% qoq decline in the used truck price index in 4Q23 (vs the used car price index's 19.3% qoq drop).
- **Softer non-II qoq dragged 4Q23 earnings.** TCAP posted a non-interest income (non-II) of around Bt4.2b (+8% yoy, -4% qoq) in 4Q23. The top two highest non-II in 4Q23 were: a) insurance income reported at Bt2.6b (+2.7% qoq), and b) share of profit from investment in associate at Bt1.2b (flat qoq), where TCAP holds TMBThanachart (TTB) of 24.31%. Apart from those two high portions of non-II, gain on financial instruments measured at fair value through profit or loss could be a key drag on non-II in 4Q23 (4Q23: Bt11m vs 3Q23: Bt247m).
- **Significant increase in ROE on a yoy basis.** The company reported ROE at 9.65% in 2023, which significantly increased from 7.93% in 2022. Although the ROE did not reach double digits in 2023 as we expected, the gap between the actual figure and our forecast is quite small. We are positive about the ROE outlook.

KEY FINANCIALS

Year to 31 Dec (Btm)	2022	2023	2024F	2025F	2026F
Net interest income	3,004	3,374	3,243	3,232	3,384
Non-interest income	14,293	16,858	17,846	18,374	19,141
Net profit (rep./act.)	5,220	6,603	7,071	7,718	8,201
Net profit (adj.)	5,220	6,603	7,071	7,718	8,201
EPS (Bt)	5.0	6.3	6.7	7.4	7.8
PE (x)	10.0	7.9	7.4	6.8	6.4
P/B (x)	0.8	0.7	0.7	0.7	0.6
Dividend yield (%)	6.0	6.2	7.1	7.9	8.5
Net int margin (%)	3.6	3.7	3.4	3.1	3.0
Cost/income (%)	55.5	55.9	55.7	55.7	54.3
Loan loss cover (%)	199.0	166.0	190.0	200.0	210.0
Consensus net profit	-	-	6,815	7,200	7,684
UOBKH/Consensus (x)	-	-	1.04	1.07	1.07

Source: Thanachart Capital Pcl, Bloomberg, UOB Kay Hian

HOLD

(Maintained)

Share Price	Bt49.75
Target Price	Bt53.00
Upside	+6.5%

COMPANY DESCRIPTION

Thanachart Financial Conglomerate are classified by their types of business into two groups; (1) financial business group, consisting of commercial banking business, asset management business, securities business, insurance business, hire purchase business

STOCK DATA

GICS sector	Financials
Bloomberg ticker:	TCAP TB
Shares issued (m):	1,048.6
Market cap (Btm):	52,168.0
Market cap (US\$m):	1,455.2
3-mth avg daily t'over (US\$m):	2.2

Price Performance (%)

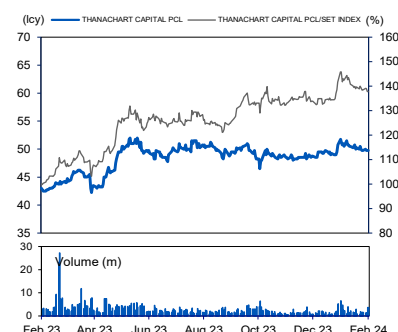
52-week high/low	Bt52.00/Bt42.25			
1mth	3mth	6mth	1yr	YTD
(2.0)	2.1	(2.0)	15.0	0.5

Major Shareholders

	%
MBK	9.7
NVDR	8.2
Chase Nominees	4.2

FY24 NAV/Share (Bt)	70.16
FY24 CAR Tier-1 (%)	0.00

PRICE CHART



Source: Bloomberg

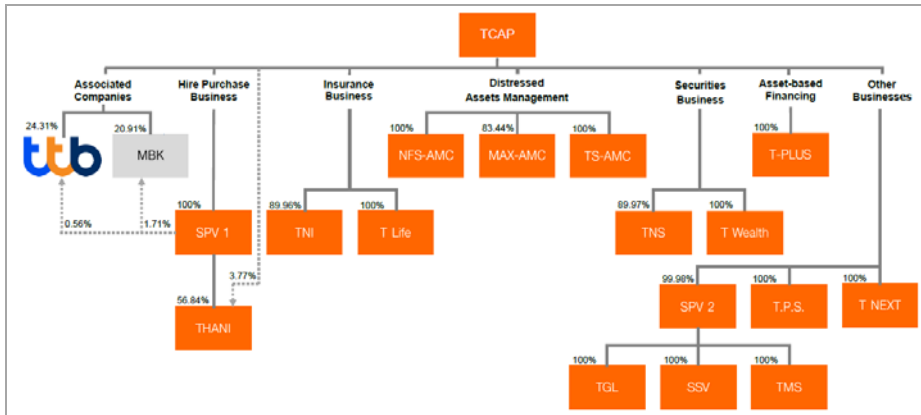
ANALYST(S)

Tanaporn Visaruthaphong
+662 659 8305
tanaporn@uobkayhian.co.th

ASSISTANT ANALYST(S)

Thanawat Thangchadakorn

THANACHART GROUP'S SHAREHOLDING STRUCTURE AS OF 31 DEC 23



Remark : TCAP = Thanachart Capital PCL., ttb = TMBThanachart Bank PCL., MBK = MBK PCL., SPV 1 = Thanachart Special Purpose Vehicle 1 Co., Ltd., THANI = Ratchhani Leasing PCL., TNI = Thanachart Insurance PCL., T Life = T Life Assurance PCL., NFS-AMC = NFS Asset Management Co., Ltd., MAX-AMC = MAX Asset management Co., Ltd., TS-AMC = TS Asset management Co., Ltd., TNS = Thanachart Securities PCL., T Wealth = Thanachart Wealth Co., Ltd., T-PLUS = Thanachart Plus Co., Ltd., SPV 2 = Thanachart Special Purpose Vehicle 2 Co., Ltd., TGL = Thanachart Group leasing Co., Ltd., SSV = Security Scib Services Co., Ltd., TMS = Thanachart Management and Service Co., Ltd., T.P.S. = T.P.S.Asset 1 Co., Ltd., T NEXT = T NEXT Co., Ltd. Source: TCAP

NET PROFIT FORECASTS

(Btm)	2024F	2025F	2026F
Old	7,069	7,632	
New	7,071	7,718	8,201
% chg	0.0%	1.1%	

Source: UOB Kay Hian

EARNINGS REVISION/RISK

- We revised TCAP's 2025 earnings forecast upward by 1.1% as we are more positive on a better economic and asset quality outlook in 2025.

VALUATION/RECOMMENDATION

- Maintain HOLD with a target price of Bt53.00** using the Gordon Growth Model (cost of equity: 11.5%, long-term growth: 2%). Our target price implies 0.8x 2024F P/B, which is +1SD to its historical five-year P/B mean. The valuation is not cheap. There is no exciting growth in the near term. Hence, we recommend HOLD on TCAP.

4Q23 RESULTS

Year to 31 Dec (Btm)	4Q23	3Q23	4Q22	qoq chg (%)	yoy chg (%)
Total gross loans	67,191	68,907	64,876	(2.5)	3.6
Net interest income	839	853	768	(1.7)	9.2
Non-interest income	4,184	4,346	3,866	(3.7)	8.2
Loan loss provision	(362)	(338)	(222)	7.2	63.0
Non-Interest expenses	(862)	(837)	(845)	3.1	2.1
Pre-provision operating profit	1,978	2,462	1,679	(19.7)	17.8
Net income	1,435	1,812	1,086	(20.8)	32.1
EPS (Bt)	1.37	1.73	1.04	(20.8)	32.1
Ratio (%)					
NPL ratio (%)	2.6	2.2	2.1		
Loan loss coverage ratio (%)	166	181	199		
Net interest margin (NIM %)	3.6	3.7	3.4		
Credit cost (bp)	213	197	137		
Cost to income (%)	17	16	18		
Return on Equity (%)	8.2	10.5	6.5		

Source: TCAP, UOB Kay Hian

RESULTS OF SUBSIDIARIES IN 4Q23

Subsidiaries	%Shareholding	Net Profit (Btm)		
		4Q23	3Q23	4Q22
THANI	60.61%	162	250	353
TNI	89.96%	90	169	168
TNS	89.97%	64	78	70
TS AMC	100.00%	(5)	(6)	(4)
MAX AMC	83.44%	(8)	(5)	(6)
NFS AMC	100.00%	(11)	(12)	27
T LIFE	100.00%	(78)	86	(196)
T-PLUS	100.00%	13	23	38

Source: TCAP, UOB Kay Hian

PE BAND



Source: TCAP, UOB Kay Hian

P/B BAND



Source: TCAP, UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
Interest income	5,338	5,530	5,649	5,694
Interest expense	(1,964)	(2,288)	(2,416)	(2,310)
Net interest income	3,374	3,243	3,232	3,384
Fees & commissions	782	1,077	964	1,040
Other income	16,076	16,768	17,410	18,100
Non-interest income	16,858	17,846	18,374	19,141
Total income	20,232	21,088	21,606	22,525
Staff costs	(2,058)	(2,298)	(2,581)	(2,706)
Other operating expense	(9,256)	(9,455)	(9,457)	(9,514)
Pre-provision profit	8,918	9,336	9,568	10,305
Loan loss provision	(1,016)	(1,373)	(877)	(1,069)
Pre-tax profit	7,902	7,963	8,691	9,235
Tax	(695)	(510)	(557)	(592)
Minorities	(604)	(382)	(417)	(443)
Net profit	6,603	7,071	7,718	8,201
Net profit (adj.)	6,603	7,071	7,718	8,201

BALANCE SHEET

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
Cash with central bank	7	7	8	8
Govt treasury bills & securities	20,158	21,842	23,478	24,576
Interbank loans	4,208	4,507	4,864	5,089
Customer loans	64,583	71,307	76,479	79,827
Investment securities	1,712	1,904	2,044	2,139
Derivative receivables	124	244	255	263
Associates & JVs	59,324	59,324	59,324	59,324
Fixed assets (incl. prop.)	5,180	5,640	5,955	6,167
Other assets	6,648	7,231	7,657	7,947
Total assets	161,944	172,006	180,063	185,340
Interbank deposits	11,477	12,762	13,700	14,340
Customer deposits	0	0	0	0
Derivative payables	0	0	0	0
Debt equivalents	53,321	57,745	60,470	60,734
Other liabilities	21,039	21,808	22,370	22,754
Total liabilities	85,837	92,316	96,541	97,828
Shareholders' funds	70,192	73,575	77,189	80,951
Minority interest - accumulated	5,915	6,115	6,333	6,562
Total equity & liabilities	161,944	172,005	180,062	185,341

OPERATING RATIOS

Year to 31 Dec (%)	2023	2024F	2025F	2026F
Capital Adequacy				
Tier-1 CAR	0.0	0.0	0.0	0.0
Total CAR	0.0	0.0	0.0	0.0
Total assets/equity (x)	2.3	2.3	2.3	2.3
Tangible assets/tangible common equity (x)	2.3	2.3	2.3	2.3
Asset Quality				
NPL ratio	2.6	2.6	2.5	2.5
Loan loss coverage	166.0	190.0	200.0	210.0
Loan loss reserve/gross loans	4.3	4.9	5.0	5.3
Increase in NPLs	27.7	11.1	3.2	4.7
Credit cost (bp)	153.9	193.5	113.2	130.3
Liquidity				
Loan/deposit ratio	0.0	0.0	0.0	1.0
Liquid assets/short-term liabilities	212.4	206.5	206.9	206.9
Liquid assets/total assets	15.1	15.3	15.7	16.0

KEY METRICS

Year to 31 Dec (%)	2023	2024F	2025F	2026F
Growth				
Net interest income, yoy chg	12.3	(3.9)	(0.3)	4.7
Fees & commissions, yoy chg	(29.8)	37.7	(10.5)	7.9
Pre-provision profit, yoy chg	15.9	4.7	2.5	7.7
Net profit, yoy chg	26.5	7.1	9.1	6.3
Net profit (adj.), yoy chg	26.5	7.1	9.1	6.3
Customer loans, yoy chg	3.5	10.4	7.3	4.4
Profitability				
Net interest margin	3.7	3.4	3.1	3.0
Cost/income ratio	55.9	55.7	55.7	54.3
Adjusted ROA	4.1	4.2	4.4	4.6
Reported ROE	9.6	9.8	10.2	10.4
Adjusted ROE	9.6	9.8	10.2	10.4
Valuation				
P/BV (x)	0.7	0.7	0.7	0.6
P/NTA (x)	0.7	0.7	0.7	0.6
Adjusted P/E (x)	7.9	7.4	6.8	6.4
Dividend Yield	6.2	7.1	7.9	8.5
Payout ratio	49.2	52.2	53.2	54.1

Disclosures/Disclaimers

This report is prepared by UOB Kay Hian Securities (Thailand) Public Company Limited ("UOBKHST"), which is a licensed corporation providing Securities Brokerage, Securities Dealing, Underwriting, Derivative Agent and Financial Advisory in Thailand.

This report is provided for information only and is not an offer or a solicitation to deal in securities or to enter into any legal relations, nor an advice or a recommendation with respect to such securities.

This report is prepared for general circulation. It does not have regard to the specific investment objectives, financial situation and the particular needs of any recipient hereof. Advice should be sought from a financial adviser regarding the suitability of the investment product, taking into account the specific investment objectives, financial situation or particular needs of any person in receipt of the recommendation, before the person makes a commitment to purchase the investment product.

This report is confidential. This report may not be published, circulated, reproduced or distributed in whole or in part by any recipient of this report to any other person without the prior written consent of UOBKHST. This report is not directed to or intended for distribution to or use by any person or any entity who is a citizen or resident of or located in any locality, state, country or any other jurisdiction as UOBKHST may determine in its absolute discretion, where the distribution, publication, availability or use of this report would be contrary to applicable law or would subject UOBKHST and its connected persons (as defined in Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 and the Securities and Exchange Act of Thailand) to any registration, licensing or other requirements within such jurisdiction.

The information or views in the report ("Information") has been obtained or derived from sources believed by UOBKHST to be reliable. However, UOBKHST makes no representation as to the accuracy or completeness of such sources or the Information and UOBKHST accepts no liability whatsoever for any loss or damage arising from the use of or reliance on the Information. UOBKHST and its associate may have issued other reports expressing views different from the Information and all views expressed in all reports of UOBKHST and its connected persons are subject to change without notice. UOBKHST reserves the right to act upon or use the Information at any time, including before its publication herein.

Except as otherwise indicated below, (1) UOBKHST, its associates and its officers, employees and representatives may, to the extent permitted by law, transact with, perform or provide broking, underwriting, corporate finance-related or other services for or solicit business from, the subject corporation(s) referred to in this report; (2) UOBKHST, its associate and its officers, employees and representatives may also, to the extent permitted by law, transact with, perform or provide broking or other services for or solicit business from, other persons in respect of dealings in the securities referred to in this report or other investments related thereto; (3) the officers, employees and representatives of UOBKHST may also serve on the board of directors or in trustee positions with the subject corporation(s) referred to in this report. (All of the foregoing is hereafter referred to as the "Subject Business"); and (4) UOBKHST may otherwise have an interest (including a proprietary interest) in the subject corporation(s) referred to in this report.

As of the date of this report, no analyst responsible for any of the content in this report has any proprietary position or material interest in the securities of the corporation(s) which are referred to in the content they respectively author or are otherwise responsible for.

IMPORTANT DISCLOSURES FOR U.S. PERSONS

This research report is prepared by UOBKHST, a company authorized, as noted above, to engage in securities and derivative activities in Thailand. UOBKHST is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution by UOBKHST (whether directly or through its US registered broker dealer affiliate named below) to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). All US persons that receive this document by way of distribution from or which they regard as being from UOBKHST by their acceptance thereof represent and agree that they are a major institutional investor and understand the risks involved in executing transactions in securities.

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through UOB Kay Hian (U.S.) Inc ("UOBKHUS"), a registered broker-dealer in the United States. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through UOBKHST.

UOBKHUS accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to and intended to be received by a U.S. person other than a major U.S. institutional investor.

The analyst whose name appears in this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA") and may not be an associated person of UOBKHUS and, therefore, may not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

Analyst Certification/Regulation AC

Each research analyst of UOBKHST who produced this report hereby certifies that (1) the views expressed in this report accurately reflect his/her personal views about all of the subject corporation(s) and securities in this report; (2) the report was produced independently by him/her; (3) he/she does not carry out, whether for himself/herself or on behalf of UOBKHST or any other person, any of the Subject Business involving any of the subject corporation(s) or securities referred to in this report; and (4) he/she has not received and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. However, the compensation received by each such research analyst is based upon various factors, including UOBKHST's total revenues, a portion of which are generated from UOBKHST's business of dealing in securities.

Reports are distributed in the respective countries by the respective entities and are subject to the additional restrictions listed in the following table.

General	This report is not intended for distribution, publication to or use by any person or entity who is a citizen or resident of or located in any country or jurisdiction where the distribution, publication or use of this report would be contrary to applicable law or regulation.
Hong Kong	This report is distributed in Hong Kong by UOB Kay Hian (Hong Kong) Limited ("UOBKHHK"), which is regulated by the Securities and Futures Commission of Hong Kong. Neither the analyst(s) preparing this report nor his associate, has trading and financial interest and relevant relationship specified under Para. 16.4 of Code of Conduct in the listed corporation covered in this report. UOBKHHK does not have financial interests and business relationship specified under Para. 16.5 of Code of Conduct with the listed corporation covered in this report. Where the report is distributed in Hong Kong and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKHHK (and not the relevant foreign research house) in Hong Kong in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Hong Kong who is not a professional investor, or institutional investor, UOBKHHK accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Indonesia	This report is distributed in Indonesia by PT UOB Kay Hian Sekuritas, which is regulated by Financial Services Authority of Indonesia. Where the report is distributed in Indonesia and contains research analyses or reports from a foreign research house, please note recipients of the analyses or reports are to contact PT UOBKH (and not the relevant foreign research house) in Indonesia in respect of any matters arising from, or in connection with, the analysis or report.
Malaysia	Where the report is distributed in Malaysia and contains research analyses or reports from a foreign research house, the recipients of the analyses or reports are to contact UOBKHM (and not the relevant foreign research house) in Malaysia, at +603-21471988, in respect of any matters arising from, or in connection with, the analysis or report as UOBKHM is the registered person under CMSA to distribute any research analyses in Malaysia.
Singapore	This report is distributed in Singapore by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser regulated by the Monetary Authority of Singapore. Where the report is distributed in Singapore and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKH (and not the relevant foreign research house) in Singapore in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Singapore who is not an accredited investor, expert investor or institutional investor, UOBKH accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Thailand	This report is distributed in Thailand by UOB Kay Hian Securities (Thailand) Public Company Limited, which is regulated by the Securities and Exchange Commission of Thailand.
United Kingdom	This report is being distributed in the UK by UOB Kay Hian (U.K.) Limited, which is an authorised person in the meaning of the Financial Services and Markets Act and is regulated by The Financial Conduct Authority. Research distributed in the UK is intended only for institutional clients.
United States of America ('U.S.')	This report cannot be distributed into the U.S. or to any U.S. person or entity except in compliance with applicable U.S. laws and regulations. It is being distributed in the U.S. by UOB Kay Hian (US) Inc, which accepts responsibility for its contents. Any U.S. person or entity receiving this report and wishing to effect transactions in any securities referred to in the report should contact UOB Kay Hian (US) Inc. directly.

Copyright 2024, UOB Kay Hian Securities (Thailand) Public Company Limited. All rights reserved.

<http://www.utrade.co.th>