13 January 2022

Market Strategy

ASEAN On The Mend

- **ASEAN is getting there.** The biggest challenge for regional equity markets will be the pace of US monetary tightening and the risk of policy mis-steps. Investors should also not entirely discount COVID-19-related risks. With the broader recovery scenario becoming more entrenched, our regional strategy emphasises on exposure to value and cyclical sectors at reasonable entry levels. Indonesia remains our market of choice.
- **Indonesia.** Our year-end 2022 JCI target is 7,700pts, implying 15.8x FY23F P/E at a 5-year rolling forward P/E mean. The new normal fuelled by high commodity prices should boost local consumption. A highly expected US Federal Reserve (US Fed) quantitative easing (QE) tightening should create less market volatility, with foreign equity ownership still at low levels. China policy overhangs can be a risk, but can also be a catalyst for higher MSCI rebalancing to Emerging Markets (EM), especially Indonesia. RHB expects JCI EPS to grow 19% YoY (consensus: 21% YoY), driven by banks, cement, and retail.
- **Malaysia.** Macroeconomic risks abound coupled with the COVID-19 wildcard, while policy and regulatory risks will remain elevated. Forward valuations are not especially compelling, with the market trading at 16.1x PE (ex-gloves), in our view. 2022 will be a traders' market that will require astute bottom-up stock picking and a nimble touch to outperform. We recommend nibbling value and cyclicals on weakness – with core holdings in defensive, and high-yielding stocks – along with export-centric stocks and companies with a strong ESG profile. Our end-2022 FBM KLCI target is 1,630 pts after ascribing a 16x (slight premium to mean) P/E to FY23 EPS.
- **Singapore.** Corporate earnings in 2022 will depend on how well companies will deal with an uneven economic recovery, elevated inflation risk, expectations of an early interest rate hike and corporate efforts to maximise operational efficiencies. There are opportunities to accumulate stocks that leverage on the economic re-opening, and counters that now offer better earnings visibility despite macroeconomic risks. We like exposure to banks, consumer, industrials, telecom, and transport sectors. We continue to favour exposure to industrial REITs. STI's P/E valuation and dividend yield continue to look compelling vs regional markets. Our end-2022 STI target to 3,440pts is based on 12.5x end-2022F P/E.
- **Thailand.** Balancing a slower economic recovery with a possible path out of the COVID-19 pandemic has been the new normal for Thailand since 1 Nov 2021. Thailand has ramped up public health protocols and movement restrictions, and the percentage of people having received their second vaccination dose now exceeds 65%. Meanwhile, the Omicron variant may still impact economic growth and investor interest – but only to an extent. Beyond COVID-19, we believe Thai stocks are set to see a recovery in their fundamentals in 1H22, then strengthen further in 2H22.

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Company Name	Rating	Target	% Upside (Downside)	P/E (x) Dec-22F	P/B (x) Dec-22F	ROAE (%) Dec-22F	Yield (%) Dec-22F
ACE Hardware	Buy	IDR1,800	30.4	27.2	4.0	16.9	0.7
Airports of Thailand	Buy	THB77.00	25.7	2,588.6	7.1	0.3	0.3
Aneka Tambang	Buy	IDR3,450	54.7	21.9	2.4	12.2	0.4
Bangkok Dusit Medical Services	Buy	THB29.00	28.3	43.1	4.1	9.8	1.4
Bank Rakyat Indonesia	Buy	IDR4,800	14.6	13.4	1.9	14.7	2.2
ComfortDelGro	Buy	SGD1.90	39.7	13.7	1.1	7.8	5.8
CTOS Digital	Buy	MYR2.42	25.6	54.4	11.3	21.6	1.1
Inari Amertron	Buy	MYR4.63	18.7	34.4	5.6	18.6	2.5
Kasikornbank	Buy	THB165.00	15.8	7.3	0.7	9.5	2.8
Press Metal	Buy	MYR8.50	47.8	19.2	7.7	45.3	2.2
ST Engineering	Buy	SGD4.85	29.3	18.9	4.7	25.2	4.0
United Overseas Bank	Buy	SGD33.50	18.4	11.1	1.0	9.6	4.6

Source: Company data, RHB

The Start Of a New Growth Cycle

Synchronised global economic recovery. Based on the data available so far, we believe the impact of new COVID-19 variants – one of which is Omicron – on global and ASEAN growth is likely to be limited. Our RHB Economics & Market Strategy team believes the trajectory of US growth, which has already shown signs of improvement recently, is likely to show acceleration in 1Q22 – with durability for much of 2022; the GDP growth trend is around 3% YoY.

China's economic activity is already starting to show some signs of stabilisation and will remain stable in 2022. In ASEAN, we expect Indonesia, Malaysia, and Thailand to register stronger economic growth in 2022 vs 2021. The exception would be Singapore, which has already witnessed a sharper economic recovery in 2021 and where, while the GDP growth rate is expected to remain above trend, it will be lower than 2021.

Figure 1: RHB's real GDP growth forecasts

% YoY	2020	2021E	2022F	2023F
US	-3.5	6.0	4.3	3.0
Western Europe	-5.9	5.0	4.3	2.0
Japan	-4.7	2.2	2.6	1.5
China	2.3	8.5	5.5	5.5
ASEAN				
Indonesia	-2.0	4.0	5.5	5.0
Malaysia	-5.6	4.0	5.5	4.9
Singapore	-5.4	6.5	4.0	3.2
Thailand	-6.1	1.3	4.1	4.2
Vietnam	2.9	2.5	6.5	7.0

Source: Bloomberg, RHB Economics & Market Strategy

The US and global inflation to remain elevated. The RHB Economics & Market Strategy team believes the US and global inflation will remain elevated for much of 2022 – this is on the back of a synchronised recovery in global growth, along with supply chain bottlenecks remaining for much of the year. This type of inflation is partially good, partially bad.

However, a repeat of the 1960s or 1970s high inflation episodes is unlikely, and inflation expectations – though heading higher – will not become unanchored. In the US, the recent surge in energy and food prices, along with supply chain bottlenecks continuing for much of 2022, will induce supply-side pressures on headline inflation. In addition, tight labour market conditions are likely to catalyse further wage pressures and, hence, induce demand-side pressures on inflation.

The US Fed could announce a rate hike next year. Officials at the US central baking system have intensified their battle against the hottest inflation in a generation by shifting to end the US Fed's asset-buying programme earlier – these officials are now signalling that they favour raising interest rates in 2022 at a faster pace than economists were expecting. The US central banking system said on 15 Dec 2021 that it will double the pace at which it is scaling back purchases of treasuries and mortgage-backed securities to USD30bn a month, putting it on track to conclude the programme in early 2022, rather than mid-year as initially planned.

Our Economics and Market Strategy team maintains its view that the US Fed will hike the federal funds rate or FFR by 25bps in 2022, with the risks building that the US central banking system could raise the policy rate by 50bps during the year. In terms of the timing of the first FFR hike of 25bps, the team has shifted its view to late 2Q22 and early 3Q22 vs our earlier base case assumption of 2H22. It maintains the view that the US Fed will hike the FFR by 50bps in 1H23. At the 18 Mar 2022 FOMC meeting, the team expects the US Fed to start guidance on the timing of the first hike.

Overweight equities. Our Economics and Market Strategy team continues to maintain an overweight stance on equities. With the exception of temporary bouts of risk aversion, global equity markets are likely to remain buoyant in 2022 before a more moderate pace is observed in 2023 and 2024. The team believes that, in global stock markets, periods of weak sentiment are opportunities to add to risky asset positions, eg accumulate on the dip, in the US, India, and some parts of South-East Asia. The RHB Economics & Market Strategy team has identified three key global investment-related macroeconomic themes to focus on in 2022: i) The US Fed will likely be gradual in reducing monetary accommodation, ii) supply chain bottlenecks in the US and other parts of the world could remain elevated for much of 2022, and iii) China's market risks will remain.

Indonesia

We maintain 2022 GDP growth at 5.5% YoY vs 4% in 2021. 4Q21 data already points upwards in nearly all indicators, and the momentum appears likely to continue into 2022. There are risks stemming from new virus variants, but the Indonesian Government has taken steps to mitigate the infection spread.

On top of reopening measures and pent-up demand, private consumption will be further supported by improved income associated with high commodity prices. Meanwhile, private investment will be riding on the easing of investment restrictions.

We expect Bank Indonesia or BI to hike policy interest rates by 50bps in 2022, as growth and inflation accelerate during the year.

Figure 2: Key economic forecasts

	2020	2021E	2022F	2023F	4Q21E	1H22F	2H22F
Real GDP growth (% YoY)	**-2.1**	**4.0**	**5.5**	**5.4**	**6.0**	**5.2**	**5.8**
Contribution to real GDP growth (%)							
Private consumption	-1.4	1.3	3.0	3.0	2.6	2.6	3.4
Investment	-1.6	1.3	2.0	2.1	1.8	1.8	2.1
Government consumption	0.2	0.3	0.1	0.2	0.4	0.1	0.2
Net exports	1.1	1.0	0.3	0.0	1.3	0.6	0.5
CPI	**2.0**	**1.5**	**3.0**	**3.0**	**1.7**	**3.0**	**3.0**
Policy interest rate (eop)	**3.75**	**3.50**	**4.00**	**4.25**	**3.50**	**3.50**	**4.00**
Current account balance (% of GDP)	**-0.4**	**0.5**	**-1.0**	**-2.0**	**1.5**	**-0.5**	**-1.5**
Fiscal balance	**-6.3**	**-5.6**	**-4.7**	**-3.5**	**-5.6**	**-5.0**	**-4.5**

Source: Bloomberg, CEIC, RHB Economics & Market Strategy

The economy is likely to have a strong start in 2022, as the domestic reopening is further aided by a strong rise in commodity prices. 4Q21 data already points upwards in nearly all indicators and the momentum appears likely to continue into 2022. There are risks stemming from new virus variants but, for now, the Indonesian Government has taken steps to mitigate the infection spread by limiting year-end mobility as well as relatively tougher cross-country movement restrictions.

Overall, we maintain 2022 GDP growth projection at 5.5% YoY from 4% this year.

Private consumption is to be aided by spending recovery and higher income. Factors supporting consumption include:

i. Mobility indicators have increased dramatically over the past several months, with Nov 2021's mobility reading being the highest since the pandemic began. Given that mobility and household consumption tends to correlate, we are likely to see consumption improving sharply in 4Q21 – this will set the stage for robust consumption growth in early 2022;

ii. To stem a possible rise in infections, the Indonesian Government has decreed that the lockdown be tightened nationwide between 24 Dec 2021 to 2 Jan 2022. However, this is only temporary, and we believe it is unlikely to dampen the consumption momentum. In fact, the increasing vaccination coverage should prompt more easing of restrictions;

iii. The strong rise in commodity prices should also lead to higher incomes and feed into consumption throughout 2022.

2022 fiscal deficit likely to improve to 4.7% of GDP from the 5.6% estimated this year. This compares to the Indonesian Government's 2022 guidance of 4.9% and 5.7% in 2021. We err slightly on the upside, given the expectation that elevated commodity prices will benefit revenue collection.

There is a risk of higher subsidy commitment in order to keep domestic fuel prices constant if global oil prices increase. However, the Indonesian Government has always maintained a positive net gain from a rise in oil prices, which means limited impact to the fiscal bottomline.

Malaysia

We maintain our 2022 GDP growth forecast of 5.5% YoY, in line with Bloomberg's consensus estimate of 5.7% and the Ministry of Finance's forecast of 5.5-6.5%. Our outlook for next year remains cautiously optimistic, supported by the strong consumer spending rebound. However, we are concerned over the rising inflation and prolonged supply chain problems that could slow the upward growth momentum in terms of consumer and investment spending.

On the fiscal side, despite a record-high development expenditure allocation, implementation could lag. Meanwhile, downside risk to growth stemming from the rise in COVID-19 cases remains highly dependent on the Malaysian Government's continuous efforts to minimise infectivity. On the external side, global demand should remain elevated, albeit progressively tapering as we move towards the latter part of 2022.

Private consumption is projected to remain robust in 1H22. Three key factors will support strong consumer spending, namely: i) international borders to reopen by January, supporting tourism-related segments as well as alleviating labour shortages through rising inflow of foreign workers; ii) excess savings accumulated during the lockdown are still large and likely to be drawn down; and iii) employment recovery will continue with the unemployment rate to average at 4% for the year. As a result, we project private consumption to rebound to 12.8% YoY from 3.7% this year.

Growth in public investment is also projected to rebound in 2022, albeit at a more moderate pace compared to the Malaysian Government's estimates. Although it has allocated an exceedingly high capital expenditure amount in 2022 at MYR75.6bn, it remains a question whether the allocation can be fully spent, given that the Malaysian Government has missed its targets over the past two years. So far, our channel checks indicate that progress for the major infrastructure projects, such as the East Coast Rail Link and Mass Rapid Transit Line 3, is modest.

The fiscal deficit is projected at 6% of GDP in 2022. The Budget 2022 announcement included several measures to improve revenue collection, primarily the introduction of Cukai Makmur. We estimate this measure could rake in an additional MYR4-5bn in revenue at least for the Malaysian Government, with the balance of risks tilted to the upside. On the expenditure side, we see upside risk stemming from higher subsidy spending if commodity prices remain persistently higher.

Bank Negara Malaysia (BNM) is likely to start normalising the Overnight Policy Rate (OPR) in 2H22 with a 25bps hike. The path of normalisation will be gradual over the next few years. The key for rate normalisation as stated by BNM is a "more entrenched and sustainable economic recovery", which includes the narrowing of the output gap. In our view, this will likely happen when consumption stabilises and unemployment improves to a more comfortable level. We believe this will happen by mid-2022.

Singapore

Recovery steadies amidst pivot to endemic COVID-19 strategy

Slower pace of growth, but the quality of growth will improve. 2022 GDP should grow at 4% YoY after advanced estimates of GDP growth estimated at 7.2% YoY in 2021. As Singapore continues its effort to inoculate the remaining population, and press forward with the reopening of the economy – particularly in terms of revitalising the struggling travel-related sector – contributions to GDP growth from the various sectors will become less lopsided, and the recovery will become more broad-based. We believe growth will be supported by improvements in domestic demand on the easing of curbs and firm export performances.

Growth for trade-related and modern services sectors are expected to remain firm in 2022. This is against the backdrop of sustained demand, despite some anticipated moderation in growth amidst normalisation, from major trading partners such as the US and China as well as other developed economies. Moreover, external demand from countries across the region should also provide support as economic activities resume at a faster pace for the year.

For private consumption, pent-up demand is anticipated to support growth in 1H22, as social restrictions ease further before tapering in 2H22. More levelled control of public health measures following the rollout of booster shots would provide the needed boost in consumer confidence moving forward.

Moreover, improving labour market conditions, as the labour force adapts to the demands of the new normal, will support consumption activities for the year, in our view. The increase in visitor arrivals, which correlates to the consumption trend, will also bolster consumption growth.

Outlook for construction sector should improve. Improvements in gross fixed capital formation (GFCF) growth is expected in 2022 to arise from the pickup in construction activities, as issues related to shortages in labour supply are gradually addressed through the easing of entry restrictions of foreign workers. This should contribute to greater investments in construction-related GFCF. Additionally, sustained growth in manufacturing should support expansion in capital investments.

While growth could moderate, we anticipate exports to remain resilient in 2022. Some moderation in global demand should be expected as pandemic-driven demand tapers off. However, growth for electronics and semiconductor-related merchandise exports are anticipated to hold – this is based on firm demand from 5G manufacturers, the automotive market, and data centres. Services exports are also expected to improve following the easing in border restrictions.

Figure 3: Singapore – key economic forecasts

	2020	2021E	2022F	2023F	4Q21F	1H22F	2H22F
Real GDP growth (% YoY)	**-5.4**	**7.2***	**4.0**	**3.2**	**2.0**	**4.6**	**3.4**
Contribution to real GDP Growth (%)							
Private consumption	-5.3	1.6	2.1	1.1	0.5	2.0	2.2
Government consumption	1.3	0.5	-0.1	-0.2	0.4	0.1	-0.2
Gross fixed capital formation	-3.4	3.2	1.0	1.0	2.6	1.7	0.4
Net Exports	3.1	1.3	0.9	0.2	-0.8	1.0	0.7
CPI	**-0.2**	**2.1**	**2.0**	**1.3**	**3.0**	**2.5**	**1.6**
Current account balance (% of GDP)	**17.6**	**21.4**	**20.5**	**17.2**	**5.9**	**11.3**	**4.6**
Fiscal balance (% of GDP)	**-14.0**	**-1.0**	**0.4**	**1.0**	**-1.9**	**-1.3**	**0.5**

*Note: *Based on advanced estimates*
Source: Bloomberg, RHB Economics & Market Strategy

Consumer Price Index (CPI) inflation forecast for 2022 is at 2%. Singapore's elevated CPI inflation is broadly based on stronger-than-expected cost-push price pressures. Notably, elevated global commodity and food prices are leading to a greater rise in components such as private transport, housing, utilities, and food. Other cost-push pressures derived from supply chain issues will lead to higher import costs for products, hence leading to higher prices for consumers.

Monetary Authority of Singapore (MAS) is to maintain its current S$NEER policy stance at its Apr 2022 policy review meeting, given that core inflation remains within the target range of 1-2%. As of Oct 2021, the YTD average of core inflation is at 0.7% YoY.

We anticipate MAS to resume normalisation modestly in 2H22. This is as economic recovery stabilises further and in tandem with similar moves by major central banks globally.

Thailand

We expect CPI inflation to be elevated in Dec 2021 and at least in 1H22 before gradually trending downwards. Recovery in demand is anticipated to place some pressure to prices in tandem with an economic recovery. Energy and food prices are also anticipated to be at high levels in the medium term, leading to major components of the CPI basket, such as transport & communication and food & non-alcoholic beverages, to trend higher. We maintain our 2022 CPI inflation forecast at 1.5% YoY. The Commerce Ministry has projected headline inflation to grow between 0.7% and 2.4% for 2022.

Nov 2021 CPI inflation printed 2.71% YoY vs the Bloomberg consensus estimate of 2.50% and 2.38% in Oct 2021. This marks the third consecutive month of increases for headline inflation, as well as the highest reading in seven months. On a MoM basis, CPI inflation printed 0.28% in Nov 2021 vs 0.74% in Oct 2021. Much of the increase for the month can be attributed to high retail prices of petrol, leading to strong increases in the transport & communication component. Prices of fresh vegetables are also on the rise, as they bore damages from the recent flooding. Prices of other food items, pork, seasoning, and condiments also rose for the month.

Export growth momentum is anticipated to continue in Dec 2021 and in 1H22, driven by sustained global demand and a relatively soft THB. Demand for manufacturing exports and farm-related products is likely to continue to trend higher in 1H22 in tandem with the accelerated resumption of economic activities. However, risks of exports resilience lie in the spread of the Omicron strain of the virus and the resulting containment measures by the Government, prolonged supply chain issues which may place additional pressure to costs borne by producers as well as the shortage of semiconductors.

Exports for Nov 2021 printed 24.7% YoY vs Bloomberg consensus estimate of 17.0% and Oct 2021's print of 17.4%. In terms of its components, exports of manufacturing and agro-industrial products improved from the previous month with stronger readings of 23.1% YoY (Oct 2021: 13.9%) and 21.2% (Oct 2021: 13.5%). Other components such as shipments of agriculture and oil-related products moderated slightly from the month prior at 14.2% YoY

(Oct 2021: 22.5%) and 128.7% (Oct 2021: 142.1%). Demand from major exports markets such as the US and China also rose for the month.

Meanwhile, imports moderated to 20.5% YoY in Nov 2021 – lower than Bloomberg consensus estimates of 22.5% and 34.6% in Oct 2021. This resulted in the trade surplus of USD1.02bn for the month.

We anticipate the Manufacturing Production Index or MPI to continue to register improvement in growth, in tandem with the economic recovery path. The capacity utilisation rate printed 65.8% for Nov 2021, just shy of its 68% pre-pandemic average. Further resumption of economic activities, loosening of curbs, and resilient exports are expected to contribute to the increase in productivity levels in the sector. Nonetheless, caution presides over the upward momentum for 2022 given the rise in infections of the Omicron strain, which may lead to tighter restrictions, if not contained.

The MPI for Nov 2021 printed 4.84% YoY vs the Bloomberg consensus estimate of 2.90% and 2.91% In Oct 2021. The improvement in production activities were driven from further resumption of economic activities following the loosening of restrictions and increase in exports for the month. Production of petroleum refining products as well as rubber & plastic products were resilient in Nov 2021, printing at 16.6% YoY and 15.6%. Other manufacturing groups that grew for the month included the production of computers & peripherals and food products. Meanwhile, production of electronic components & boards, automotive, basic iron & steel, and apparel printed negative growth.

COVID-19: Improving, But We Are Not Out Of The Woods Yet

Shifting the focus to booster progress. The focus of the immunisation campaign is shifting toward the booster shot/third-dose programme. This is particularly important given the emergence of the Omicron variant and reports of waning efficacy – notably for the Sinovac vaccine. However, the poor uptake and misinformation of mortality arising from the mixing of vaccines continue to hamper efforts to maintain adequate community protection. Should the poor uptake persist, we believe governments may eventually set the third dose as a condition for individuals to be considered fully vaccinated.

Singapore is currently in the lead on the booster race (at 42% of its total population), followed by Malaysia (at 20%), and Thailand (at 9%). Indonesia has yet to expand its booster programme beyond its healthcare workers.

Assessing the severity of Omicron. Firstly, preclinical data from University of Cambridge and University of Hong Kong suggests the mutated Omicron spike protein infects and multiplies faster than the Delta variant in human bronchus, possibly explaining the higher infectivity. However, Omicron induces relatively poor infection in the lung, which may be an indicator of lower disease severity.

On real world data, a recent study from South Africa found that when compared to Delta, Omicron infections were associated with 70% lower odds of severe disease and this correlate with South Africa's daily hospital surveillance or DATCOV data. Omicron cases are much more likely to be breakthroughs/reinfections than Delta cases given its immune evasion ability – therefore, even if Omicron turns out to be no less intrinsically virulent than Delta, this compositional effect would result in reduced "observed severity".

Consequently, it is difficult to disentangle the relative contribution of high levels of population immunity due to previous infection waves vs Omicron's intrinsic virulence to the observed lower disease severity. Extrapolating this to the situation in the UK, the current hotbed for Omicron, is slightly more complicated, given the differences in acquired immunity (natural vs vaccine), a relatively younger-aged population in South Africa and social networks.

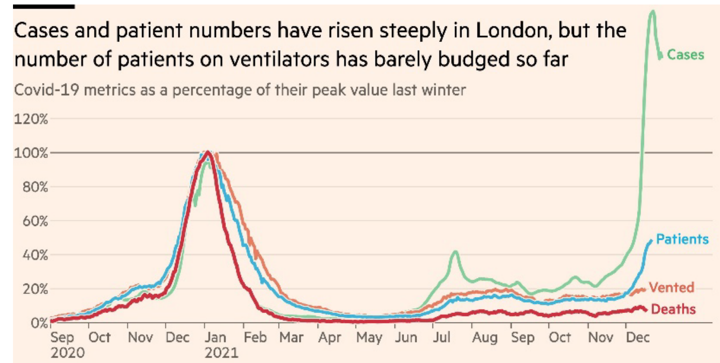
That said, a recent attempt from Imperial College London at disentangling Omicron's mildness suggests a moderate reduction in "intrinsic severity" but significant reduction in "observed severity", although data is still preliminary. Ultimately, what matters within the UK is going to be "observed severity", but "intrinsic severity" is going to be important to generalise future scenarios and to other countries.

An important caveat is that while Omicron seems milder, a rapid growth in cases can still overwhelm hospitals going forward. Positively, in London, growth in confirmed cases has been slowing steadily in recent days (likely linked to reduced social interactions), while incidental admissions (hospital admissions due to non-COVID-19 reasons) continue to make up a large percentage of total admissions.

There are reasons to be more optimistic that this will not be a reset to 2020. Firstly, our immune system develops a polyclonal response to the prior vaccination/infection – that means we make a cocktail of antibodies to several different parts of the spike protein. As such, while the new variant could be heavily mutated, there would at least be some degree of protection conferred rather than a blank state. Secondly, vaccine manufacturers have the capabilities to produce a variant-specific vaccine, as they have previously done for the Delta variant.

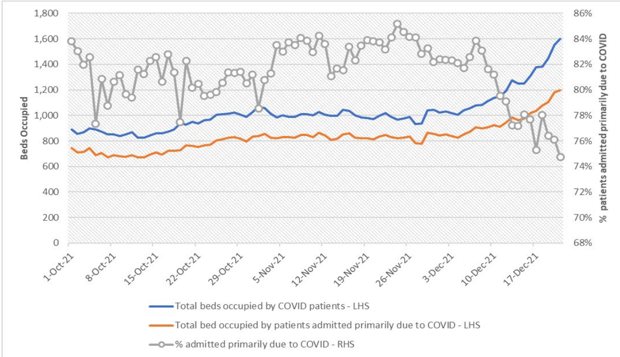
Pfizer has made remarks on its ability to deliver a new vaccine for the Omicron variant in less than 100 days, while Moderna believes it could have it ready by Mar 2022. Lastly, we are in a better position to identify new spillover events early on, given the rapid growth in genomic sequencing capacity, which would provide further room and time for policymakers to respond to such challenges.

Figure 4: Clinical outcome trends for London



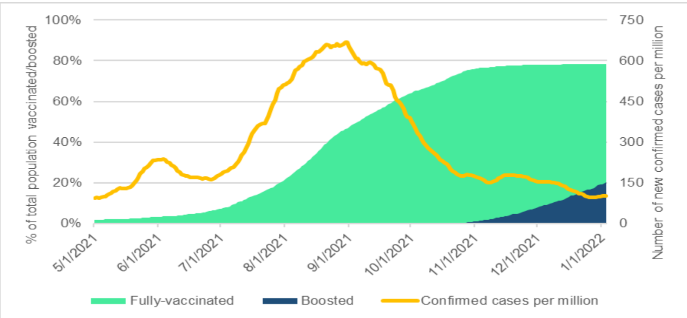
Source: Financial Times

Figure 5: Percentage of patients being treated specifically for COVID-19 in London



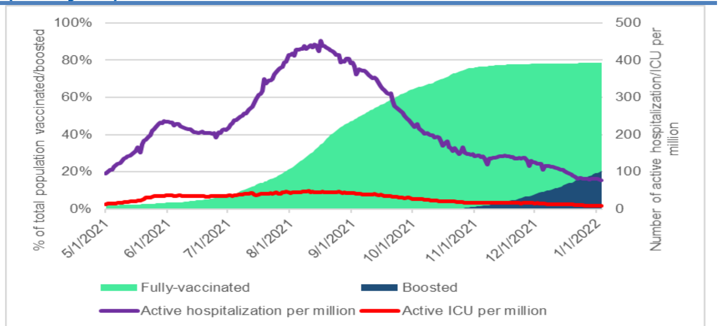
Source: National Health Service (NHS) England

Figure 6: Daily confirmed cases vs vaccination trend (Malaysia)



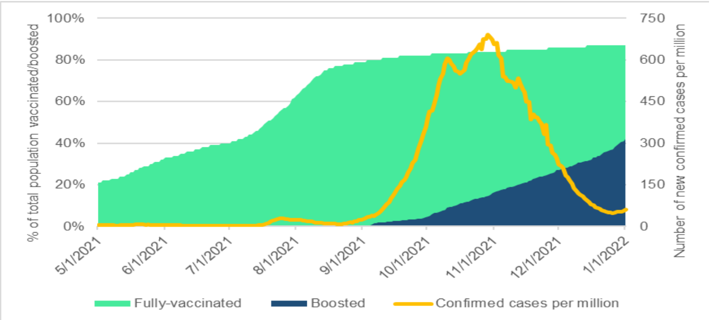
Source: Ministry of Health (MOH) Malaysia

Figure 7: Active hospitalisation/ICU vs vaccination trend (Malaysia)



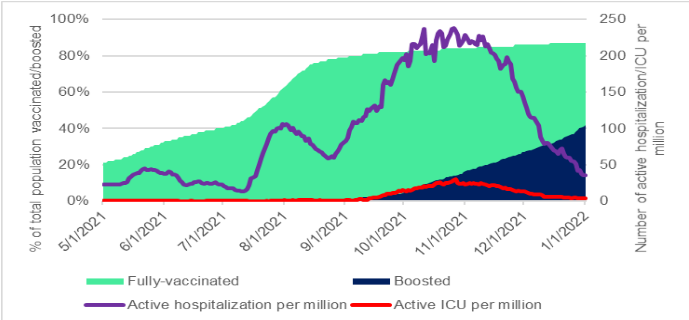
Source: MOH Malaysia

Figure 8: Daily confirmed cases vs vaccination trend (Singapore)



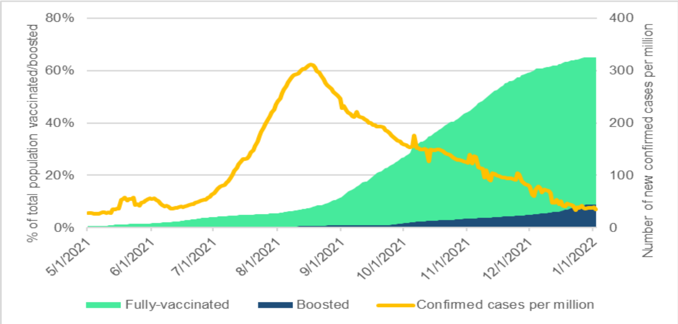
Source: MOH Singapore

Figure 9: Active hospitalisation/ICU vs vaccination trend (Singapore)



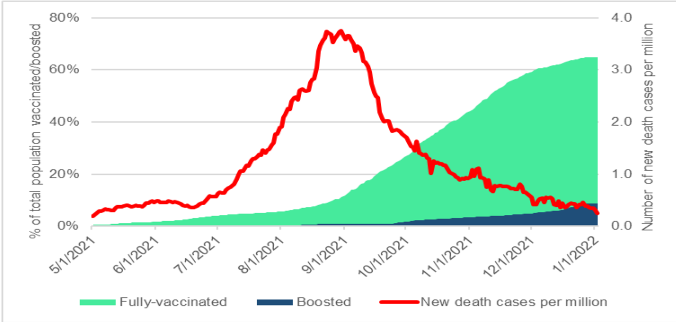
Source: MOH Singapore

Figure 10: Daily confirmed cases vs vaccination trend (Thailand)



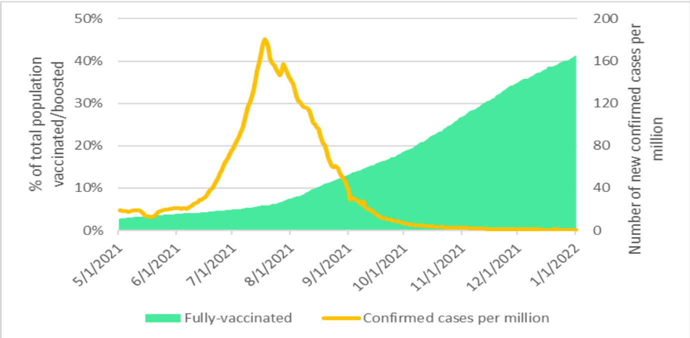
Source: Our World in Data

Figure 11: Daily new death cases vs vaccination trend (Thailand)



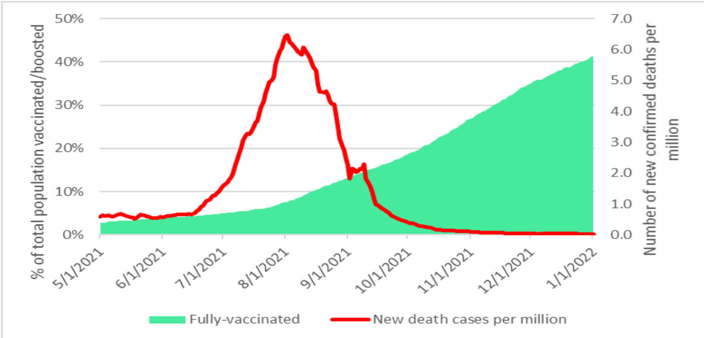
Source: Our World in Data

Figure 12: Daily confirmed cases vs vaccination trend (Indonesia)



Source: Our World in Data

Figure 13: Daily new death cases vs vaccination trend (Indonesia)



Source: Our World in Data

ASEAN Hospitality/Tourism – A Turning Point

We expect to see an improved outlook for the ASEAN hospitality sector in 2022. The challenging Omicron outbreak could pose further downside for travel recovery, mainly in 1Q22. The optimistic view is that the impact may not be as severe as in 2020-2021 when most ASEAN countries applied strict lockdown measures – many countries are now better equipped and nimble in handling the pandemic. We do not think the governments will reconsider a complete lockdown, as it may be too costly to the economy.

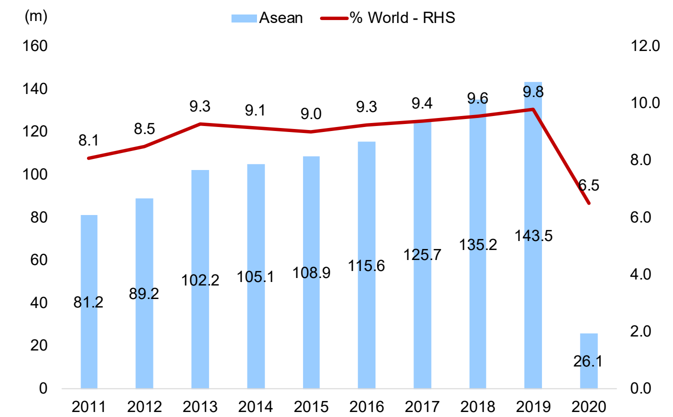
ASEAN countries had welcomed around 143.5m international visitors in 2019 before plummeting to 26.1m in 2020 due to COVID-19. As a result, the region shared 9.9% and 6.5% contribution to the world's tourist arrivals over the two years. China was the most significant source market, with a 22.5% mix in 2019 and 15.3% in 2020.

Considering international tourism receipts, ASEAN generated USD147bn in 2019 (+6% YoY, outpacing the world's growth of 2%) and USD32bn in 2020 (-78% YoY), with 10% and 6% contributions to the world's international tourism receipts over 2019-2020.

Based on major ASEAN destinations, including Malaysia, Indonesia, Singapore, and Thailand, we expect the international arrivals to the four countries to total 2.5m in 2021 (-86% YoY) before jumping to 17.7m in 2022 (+613% YoY). This year's number may be at just 18% of pre-pandemic levels (Figure 17), and we think it will return to normal by 2024.

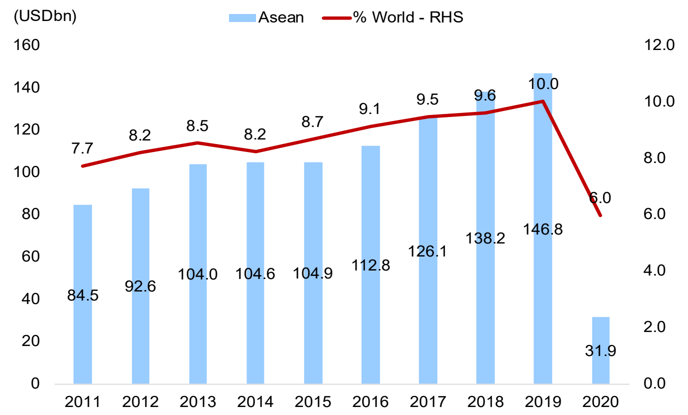
Tourism may be driven by the respective domestic markets in 1H22, particularly Thailand, before foreign visitors ramp up strongly in 2H22. If this occurs, easing China's outbound travel restrictions may trigger the industry. However, we believe the domestic market will still be favourable, given pent-up demand for travel and the Government's tourism stimulus packages. This follows an improved COVID-19 situation and the reopening of the economy, strengthening confidence for out-of-home activities, in tandem with rising vaccination rates.

Figure 14: International arrivals to ASEAN



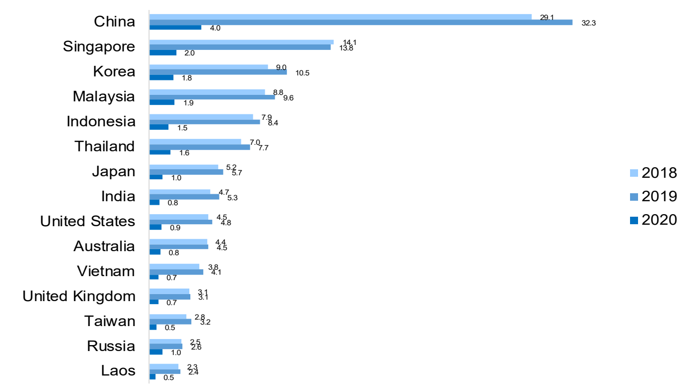
Source: UNWTO, ASEANstats, RHB

Figure 15: ASEAN's international tourism receipts



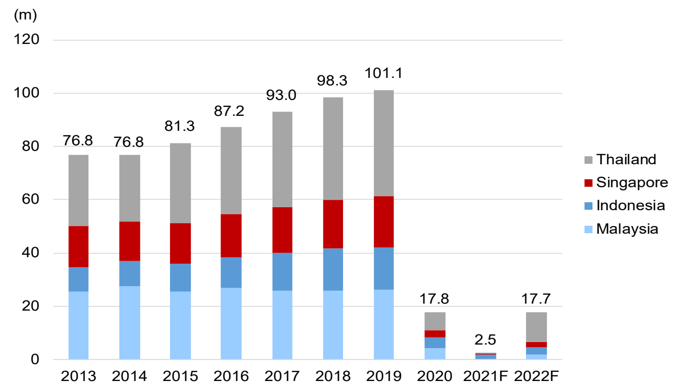
Source: UNWTO, ASEANstats, RHB

Figure 16: Top 15 international visitors to ASEAN (m)



Source: ASEANstats, RHB

Figure 17: International arrivals to four key ASEAN countries – Malaysia, Indonesia, Singapore, and Thailand



Source: ASEANstats, Malaysia Tourism Board, Indonesia's Ministry of Tourism, Singapore Tourism Board, Thailand's Ministry of Tourism and Sports, RHB

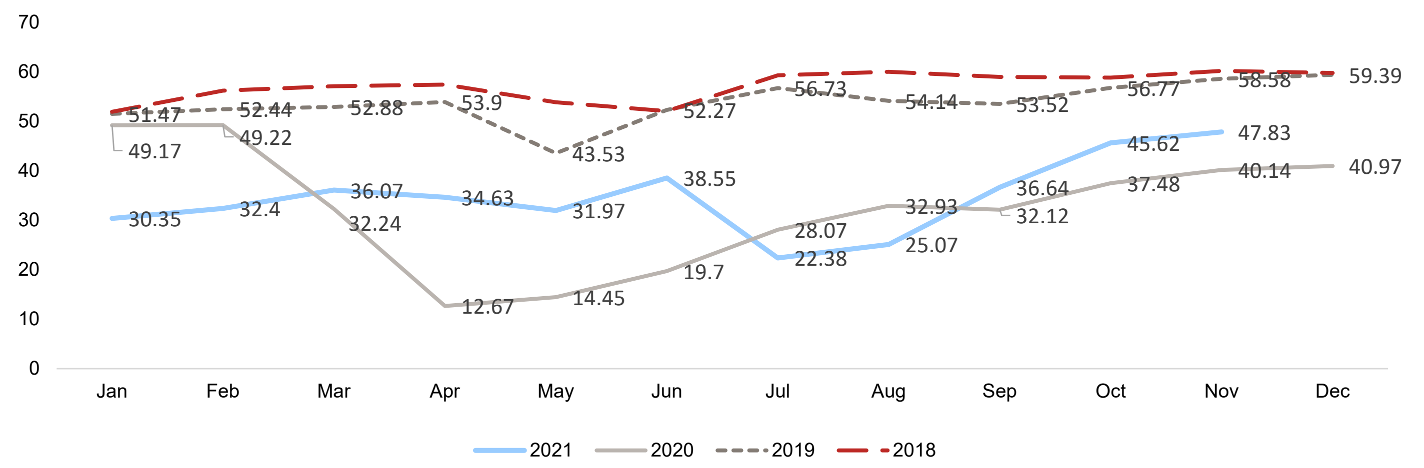
Indonesia: Several new tourism destinations have emerged, especially those accessible via land transportation. Road trips are now a viable travel option, as they are deemed safer and simpler. Domestic airlines flights have slightly recovered, but they are still below pre-pandemic levels. Meanwhile, overseas airlines trips continue to remain low.

The Indonesian Government helped to increase tourism activities by holding international events in various areas of the country. In 2022, it will hold the G20 summit in Bali, which should attract more overseas travellers to the country. At end 2021, there were several badminton tournaments as well as the World Superbike in Bali and Mandalika, which helped to bring in massive crowds and improve brand awareness. State-owned enterprises or SOEs increased business travelling and meetings, incentives, conferences & exhibitions or MICE, particularly in Bali, Yogyakarta, and Bandung.

These were the main drivers of national hotel occupancy rate increasing to 47.83% in Nov 2021 (Nov 2020: 40.14%), although this was still below pre-pandemic levels. We believe the Indonesian Government's policy on overseas travellers' long quarantine period – around 7-10 days – is the main reason for the lower-than-expected levels of hotel occupancy rates.

We see 2022's hotel occupancy rates likely to continue improving, albeit remaining below 2019 levels. Tourism is to be still driven by domestic tourists unless global COVID-19 cases decline, and the Government grants a shorter quarantine period for overseas travellers.

Figure 18: Indonesia's hotel occupancy rates (%)



Source: Company data, RHB

Singapore: Awaiting meaningful return of tourists. We are NEUTRAL on the hospitality sector with a meaningful recovery in the sector anticipated only in 2023. For 2022, we expect a muted first half in terms of visitor arrivals, with the numbers expected to slowly pickup in the second half as restrictions gradually ease. Visitor arrivals for 2022 are still expected to be 70-80% below pre-COVID-19 (2019: 19m) levels, at 4m-6m for the full year.

As domestic tourism accounts for less than 10% of the overall hospitality sector business, we expect hospitality REITs to continue to heavily rely on the Government's Stay Home Notice or SHN business, which in our view is relatively less profitable. Currently, we have a NEUTRAL call on CDL Hospitality Trusts (CDREIT SP, TP: SGD1.25). Outside our coverage universe, we like Ascott REIT (ART SP, NR) for its diversified portfolio and longer lease profile.

Changing Political Landscape

Indonesia – President Joko Widodo's second term will end in 2024

We expect competition for the upcoming presidential election to be tight since the country is to look for a new leader after the second term of President Joko Widodo's (Jokowi) administration ends in 2024. According to current surveys from political researchers, Ganjar Pranowo (currently Central Java Governor), Prabowo Subianto (Defence Minister), and Anies Baswedan (Jakarta Governor) are the Top 3 strongest candidates. Ganjar comes from Partai Demokrasi Indonesia Perjuangan or PDIP while Prabowo is the head of The Great Indonesia Movement Party or Gerindra – both parties are now in coalition with political parties that support the Jokowi administration. Meanwhile, Anies is an independent that is currently the Governor of Jakarta and supported by opposition parties.

Political campaigning normally starts 1-1.5 years before a general election. 2024 will be the first time when the elections for Parliament, President, and regional will be held in same year. The exact date of these elections have not been decided by the Government and the General Election Commission.

Figure 19: Indonesia's Presidential candidates' electability surveys

Source: Various, RHB

Malaysia – 15th General Election (GE) is around the corner

The ruling Perikatan Nasional (PN) and Barisan Nasional's (BN) landslide victories in the recently concluded Melaka and Sarawak state elections have raised questions on whether the Malaysian Government's MoU with the Pakatan Harapan or PH opposition would continue. If PN/BN strategists feel emboldened that the electoral pendulum has swung back in their favour, we cannot rule out GE being called well before the end of the current Parliament's 5-year term in mid-2023.

Recall the salient points of the MoU on transformation and political stability include:

i. Parliament will not be dissolved before 31 Jul 2022;

ii. PH to support or abstain from the Budget 2022 vote;

iii. Administrative reforms including anti-party hopping law, UNDI18, and limiting the prime minister's term to 10 years;

iv. Equal funding for government and opposition members of Parliament;

v. Strengthening COVID-19 management – an extra fiscal injection of MYR45bn.

Such a decision is complicated by the dynamics between main competing factions (BN, Bersatu, and PAS) within the government coalition and the fact that Prime Minister Dato' Sri Ismail Sabri is from UMNO, but is not the party president. The impending elections suggest that populist measures to curry support from the key segments of the electorate can be expected, regardless of the longer-term political implications for the country. The progress of ongoing legal cases involving leading politicians will also be closely watched and may be indicative of the timing of GE15.

Singapore

While general elections are a few years away, the country still awaits the confirmation of its next leader

Singapore's last general election was in Jul 2020. The next one is scheduled to be held by 23 Nov 2025 to elect the country's 15th government. Singapore has long been known for stability, especially drama-free leadership handovers, making it alluring to investors and setting it apart from some other nations in the region. While the date of the next general election is yet to be decided, the ruling People's Action Party (PAP) is possibly facing the most complicated succession planning in its history.

Current Prime Minister Lee Hsien Loong is expected to make way for the next generation of leaders to lead and run the country in the upcoming general election. The plan was for Singapore to see its fourth prime minister in place by Feb 2022, when Lee turns 70. Deputy Prime Minister Heng Swee Keat was widely tipped to succeed Lee as the next prime minister. Three years ago, Heng was chosen to be the ruling PAP's first assistant secretary-general, an appointment that would set the stage for him to take the helm.

However, a spanner was thrown in the ruling PAP's succession plans in April when Heng took himself out of the running for the top job, two-and-a-half years after emerging as the frontrunner to succeed Lee. Heng said then he would have too short of a runway – given he would be near his mid-60s when he takes over as prime minister after the COVID-19 crisis is over. Nine months on, the fourth generation (4G) leadership team – and Singaporeans by extension – seem to be no clearer on who from the team should be their next leader.

As Singapore looks set to recover from the pandemic, hopefully this year, one milestone to watch will be the PAP's election to its top decision-making body at its next conference, likely in November. At the PAP convention in Nov 2021, Prime Minister Lee said settling on his successor will be an important matter that cannot be put off indefinitely as the COVID-19 situation stabilises. The choice is expected "well before" the next general election. So far, Education and Health Ministers Chan Chun Sing and Ong Ye Kung are widely seen as candidates for the job. So, too, is Finance Minister Lawrence Wong, who will be delivering his first budget statement soon.

Figure 20: Potential candidates for Singapore's next prime minister

(L-R) Mr Ong Ye Kung, Mr Lawrence Wong and Trade and Mr Chan Chun Sing.
Source: sg.news.yahoo.com

Nevertheless, Singapore will see an election next year – the next presidential election, which will be the republic's fifth. The 2017 Singaporean Presidential Election was the first to be reserved for a particular racial group under a hiatus-triggered model, and was restricted to candidates from the minority Malay community, which had not held the presidential office since 1970.

Thailand – political journey to the next general election in 2023

This current cabinet, under Prime Minister Prayuth Chan-Ocha, will end its 4-year term in 2Q23, or in the next 18 months. Below are the political events that could cause an impact on the Thai market over this period:

i. **The anti-government street rallies** have lost much of their momentum with leading members facing jail or being remanded in custody;

ii. **In late January,** a Bangkok by-election is being called to fill a vacancy left by Sira Jenjaka, who was disqualified as a ruling Palang Pracharath Party or PPRP member of Parliament by the Constitutional Court;

iii. **A new round of censure debates in May.** It could be another no-confidence motion against the Prime Minister and his government. If the debate results in a no-confidence motion, we could see the Government calling for a dissolution of the House later in 2H22;

iv. **Amendment of two organic laws,** ie the dual-ballot election system and the Senate not being eligible to elect the country's prime minister;

v. **Bangkok governor election** to be held in the middle of the year;

vi. **An interpretation by the Constitutional Court in August** about Chan-Ocha's term in the office, which the Constitution caps at eight years, could result in three outcomes:

   a. The premiership will end in August. This counts the date when the National Council for Peace & Order ousted the previous premier during the 2014 coup;

   b. The premiership will end in Jun 2025. This counts the date when the current charter was promulgated in 2017;

   c. The premiership will end in Jun 2027. This counts the date when the last general election was organised and Chan-Ocha was elected as prime minister by Parliament in Jun 2019.

vii. **Our view:** The third interpretation should be the most likely outcome. This is due to the House of Representatives previously claiming that Prime Minister Chan-Ocha's term technically began on 9 Jun 2019 when his premiership received royal endorsement under the 2017 constitution.

Thailand will host the 2022 APEC Summit in November. Prime Minister Chan-Ocha and his government will remain in place during this period. The next general election should be held in 1H23.

Indonesia: Rainbow After The Rain

Our year-end 2022 JCI target is 7,700pts, 17% upside, implying 15.8x FY23F P/E at a 5-year rolling forward P/E mean. In the best case – a re-rating occurs, triggered by accelerated fund inflows into Indonesia's equity in 2H22 – the JCI may trade +1SD or reach 8,300pts. The new normal fuelled by high commodity prices should boost local consumption, boosted by pro-growth monetary policies. A highly expected US Fed QE tightening should create less market volatility, with foreign equity ownership still at low levels. China policy overhangs can be a risk, but can also be a catalyst for higher MSCI rebalancing to EM, especially Indonesia. RHB expects JCI EPS to grow 19% YoY (consensus: 21% YoY), driven by banks, cement, and retail.

Our Top 10: Bank Rakyat Indonesia (BBRI), Telkom Indonesia (TLKM), Astra International (ASII), Bank Tabungan Negara (BBTN), Aneka Tambang (ANTM), Bank Raya Indonesia (AGRO), Ciputra Development (CTRA), Summarecon Agung (SMRA), Ace Hardware (ACES), and Erajaya Swasembada (ERAA).

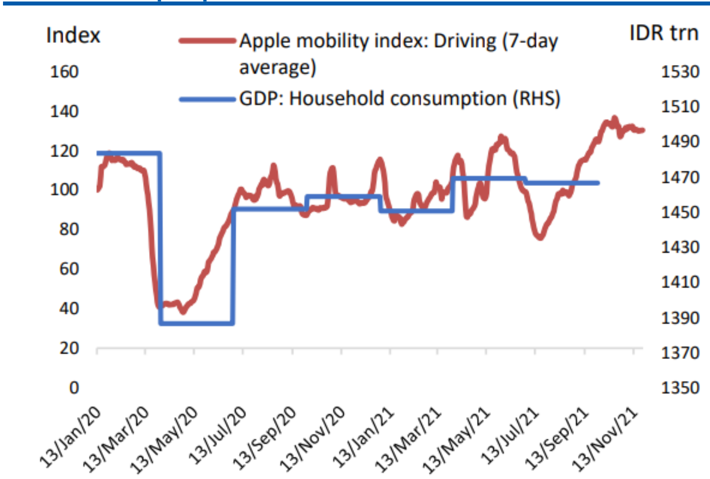
Key risks: Omnibus Law reformation, political instability leading up to the 2024 election, and lower 2023 growth with a 3% budget deficit limit. A higher VAT and new carbon tax may dampen purchasing power.

Robust economic recovery expected at the start of 2022

RHB expects market earnings to grow 19% YoY in 2022, mainly supported by cyclical sectors – top contributors: Financial, retail, cement, property, and industrial estates. 4Q21 macroeconomic data already points upwards in nearly all indicators – ie purchasing managers, consumer confidence, and mobility indices – and momentum appears likely to continue into 2022.

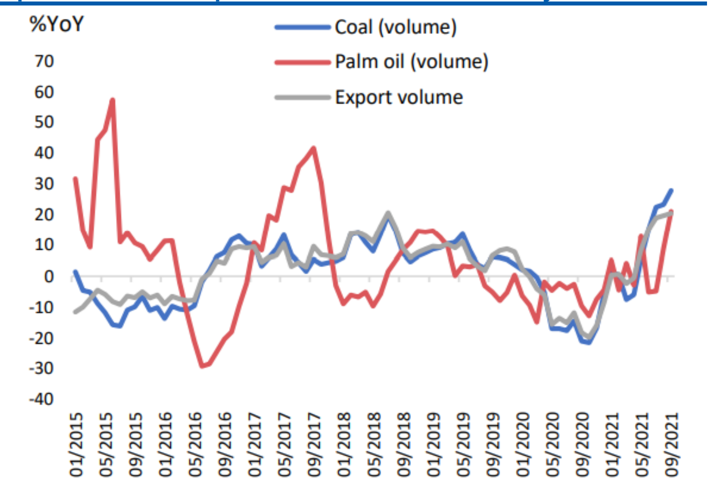
With the COVID-19 Omicron variant's symptoms being much milder than expected, and the Government being more proactive in mitigating the spread, downside risks should be limited. Overall, we maintain the 2022 GDP growth projection at 5.5% YoY from 4% this year, mainly supported by private consumption – aided by spending recovery and higher income – and robust private investments expected due to fiscal-easing measures.

Figure 21: Robust private consumption ahead as mobility rises above pre-pandemic levels



Source: CEIC, Apple & Google, RHB Economics & Market Research

Figure 22: High commodity export volumes and elevated prices should help to boost economic recovery



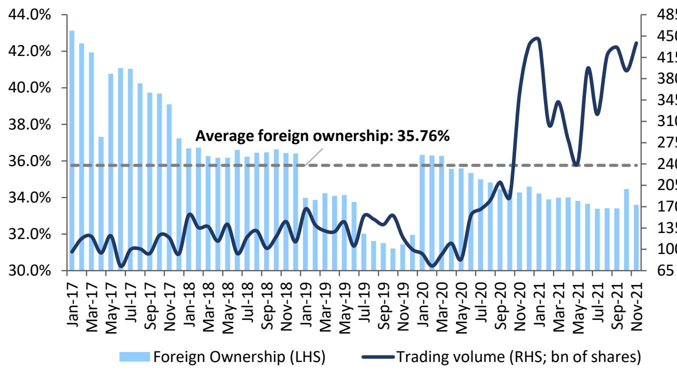
Source: Bloomberg, RHB

Estimated FY21/22 US Fed QE tightening to have a limited impact

The highly expected US Fed QE tightening should create less market volatility, given that foreign equity ownership remains at low levels. We see the balance of risks skewed towards the tapering pace accelerating in 1Q22 vs the USD15m per month tapers in Nov and Dec 2021. The culmination of the tapering is likely to be before mid-2022.

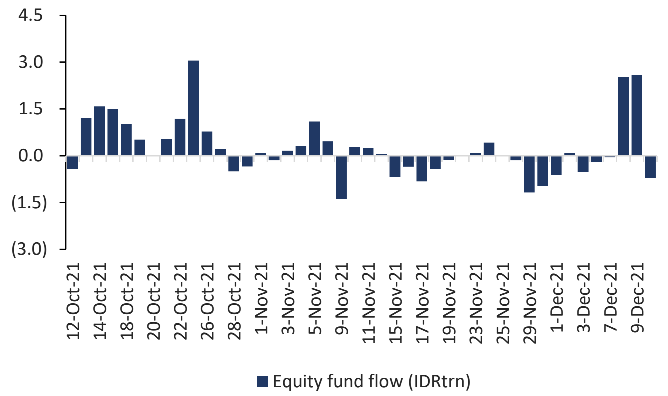
Our FFR view is that a 25bps hike will materialise in 2H21, followed by an additional 50bps hike in 1H23. By Mar 2022, we expect the US Fed to start the guidance on the timing of the first hike, which it is likely to state sometime next year.

Figure 23: Continued low foreign equity ownership in the JCI…



Source: Bloomberg, RHB

Figure 24: …despite substantial inflows in recent months



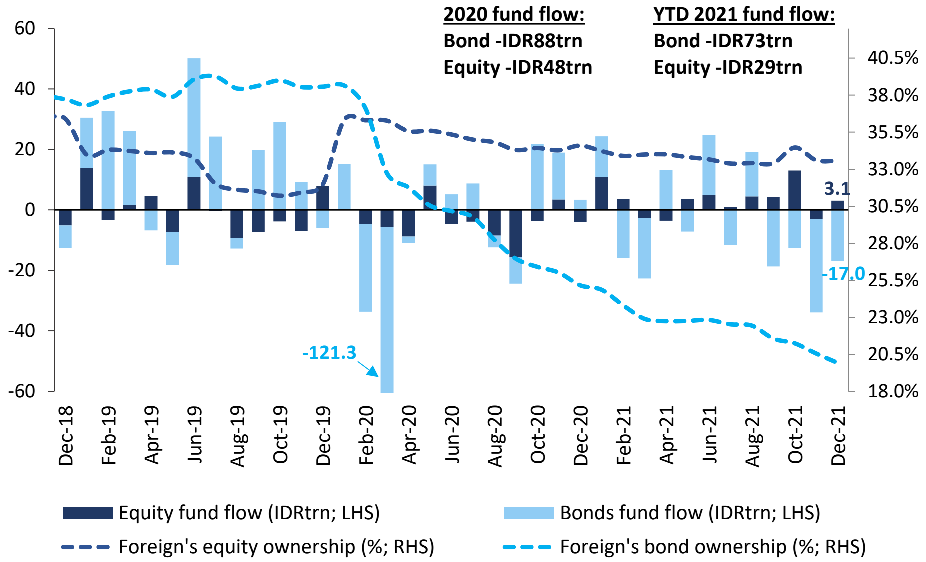
Source: Bloomberg, RHB

China policy overhang can be a risk, but also a catalyst for higher MSCI rebalancing to EM

We believe China event risks – eg slower economic growth – will likely remain in focus in 2022, as well as the markets closely correlated with the giant economies' capital markets. Capital flows will then be looking for alternative investment destinations of somewhat comparable size and liquidity to China, such as South-East Asia. Note: In Oct 2021, close to the latest MSCI rebalancing (which was in Nov 2021), there was quite a huge amount of foreign fund flows coming into the Indonesian market.

Our economists believe China's economy is on a structural decline – at least over the next few years – as it struggles with external geopolitical pressures, economy-related policy frictions with developed economies' policymakers, and measures to curtail the prominence of the private sector in its economy.

Figure 25: Indonesian foreign flow trends (equity and bonds)



Source: Bloomberg, RHB

Tax amnesty round 2: Potentially positive for infrastructure

Additional government revenue from tax amnesties may be allocated to boost infrastructure development. We believe there is appetite in participating in this year's tax amnesty programme because the income tax (PPh) rate the Indonesian Government is offering is far below the current highest personal person PPh rate of 30%.

This latest round of tax amnesty is effective between 1 Jan 2022 and 30 Jun 2022, and is for assets obtained in 2016-2020 not yet reported to the tax office. According to Finance Ministry data, the previous tax amnesty in 2016 obtained an additional IDR130trn in tax revenue, or c.10% of the tax revenue that year, property declarations and asset repatriations of IDR4,813trn and IDR46trn.

The Tax Amnesty Act round 2 regulates two schemes – the tax amnesty programme:

i. For alumni of tax amnesty 2016-2017 that have not had time to disclose their tax obligations at that time – both private and corporate taxpayers. The rate offered is the final PPh of 11% for the declaration of property located abroad. This is followed by 8% for overseas assets that are repatriated into domestic assets, and – finally – a 6% tariff on foreign assets and domestic assets invested in State Securities or SBN, and/or business activities of the natural resource processing or renewable energy sectors;

ii. Addressed to private taxpayers on acquisition assets in 2016-2020 that have not been reported in the 2020 Annual Notification Letter or SPT. However, this scheme is not allowed for corporate taxpayers. In the second scheme, the final income tax rate given is also higher than the first scheme, ie 18% for declaration of property located abroad. Additionally, it is 14% for overseas assets repatriated into domestic assets, and 11% for foreign and domestic assets invested in SBN and/or business activities of the natural resource processing or renewable energy sectors.

Banned mineral ore exports create value-add

Banned mineral ore exports should attract more investments in smelters, create new jobs, increase value-add, and improve the country's trade balance, as exporters now need to process and refine mineral ore domestically. Post the nickel ore export ban, the Government now plans to expand its ore export bans to cover bauxite, copper, and tin.

President Jokowi said the banning of nickel ore exports had increased the mineral ore's export value to USD20bn from just USD1.1bn four years ago and that if bauxite mineral ore exports were stopped, the value-add would be the same, at around USD20-23bn. He requested that bauxite ore exports be stopped from 2022. This ban will be followed by copper mineral ore exports in 2023. A ban on tin mineral ore exports has also been mooted, but the timeline has not been announced yet.

This schedule is faster than the rules under Law No. 3 of 2020 on Mineral and Coal Mining (Minerba Law). Under the Minerba Law, exports of unrefined minerals such as concentrates are limited to only three years from the day the law took effect, ie 10 Jun 2020. After 10 Jun 2023, concentrates can no longer be exported.

In addition, a ban on bauxite mineral ore exports should boost the domestic aluminium industry, given that the ore is the main raw material for alumina. The latter, which is a processed product of bauxite smelters, is used in the process of making aluminium.

Numerous IPOs to boost JCI liquidity, incentivised with multiple voting shares (MVS)

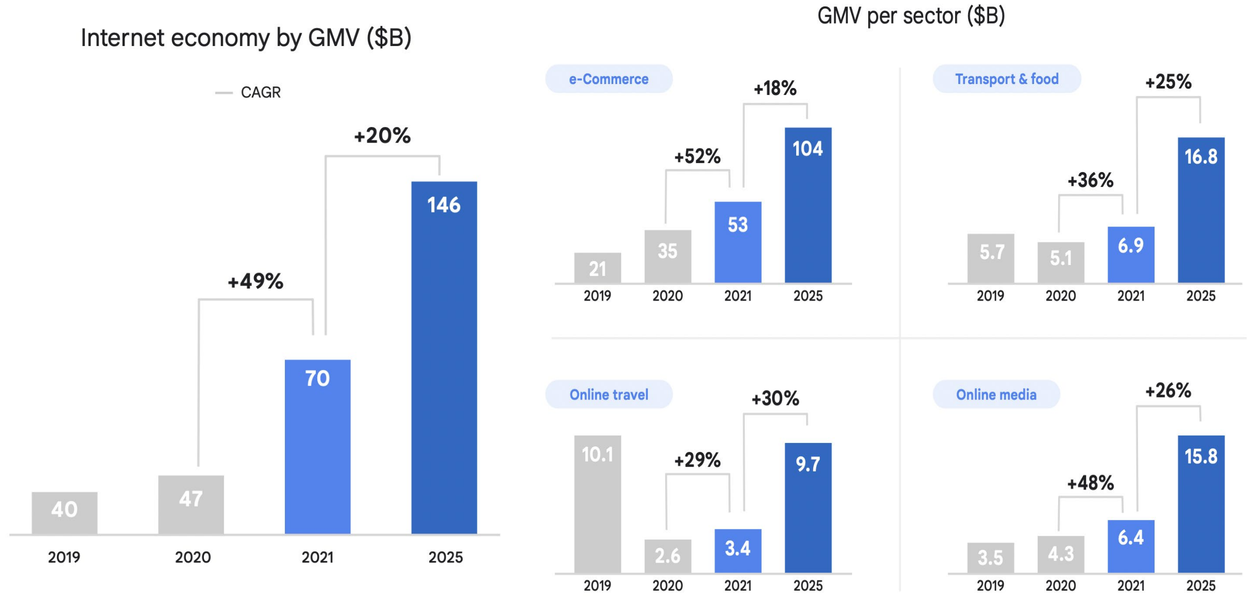
A series of planned IPOs of tech companies and unicorns in the e-commerce (eg GoTo, Traveloka, and BliBli) and digital banking (BCA Digital Bank) segments should attract foreign inflows. The Financial Services Authority (OJK) has officially issued Regulation (POJK) No. 22/POJK.04/2021, which concerns the application of stock classifications with multiple voting shares (MVS) by issuers with innovation and high growth rates that are conducting public offerings of equity securities in the form of shares. The purpose of an MVS is to protect a company's vision and mission in accordance with the goals of the founders in developing business activities being run.

We believe this regulation will attract more start-up companies to do IPO in Indonesia's equity market. Given its size, we see the technology sector dominating the JCI's weighting, potentially making up the second-largest market cap after the banking sector.

Accelerated digital economy growth

Google, Temasek, and Bain & Co estimate Indonesia's digital economy to double by 2025, contributing 12% to the total economy (c.7% currently). Accelerated digital migration during the pandemic has laid a greater foundation for the new digital economy. Aside from e-commerce being the largest contributor to the internet economy, other sectors are expected to grow much faster due to lower penetration vis-à-vis e-commerce.

Figure 26: Indonesia internet economy is expected to double by 2025 with e-commerce leading the pack



Source: Google, Temasek, and Bain & Co

High adaptation to online shopping poses higher growth potential ahead. We note that Indonesia has become a key battleground in the region. According to Asia Partners, over 20 new major South-East Asian tech players will emerge by 2029 – with at least half pursuing IPOs in the next decade. About 70% of the winners will be regional platforms, with 30% of them being Indonesia-focused ones – with the potential to scale up.

Expecting JCI an end-2022 target of 7,700pts

We are optimistic in our outlook for the JCI, expecting an end-2022 target of 7,700pts, implying 15.8x FY23F P/E at a 5-year rolling forward P/E mean. We estimate the JCI's FY22-23 earnings to grow 19-9% YoY. It is now attractively trading at 14.2-13x FY22F-23F P/Es, near to -1SD from the 5-year rolling forward mean.

Figure 27: The JCI's year-end 2002 target: Base, best, worst case scenarios

JCI year-end 2022 target		FY23F P/E (x)	P/E band	Upside
Best	8,300	16.9	+1SD	25.8%
Base	**7,700**	**15.8**	**Mean**	**16.7%**
Worst	6,560	14.7	-1SD	-0.6%

Source: Bloomberg, RHB

- In a base scenario, we see the end-FY22F JCI target at 7,700pts, trading at forward P/E mean, or 15.8x FY23F P/E
- In a best scenario, our year-end target index is 8,300pts, in which there is a re-rating on the JCI to +1SD, trading at 16.9x FY23F P/E
- In a worst case scenario in which there is de-rating on JCI valuation to -1SD, we see a year-end target index of 6,560pts

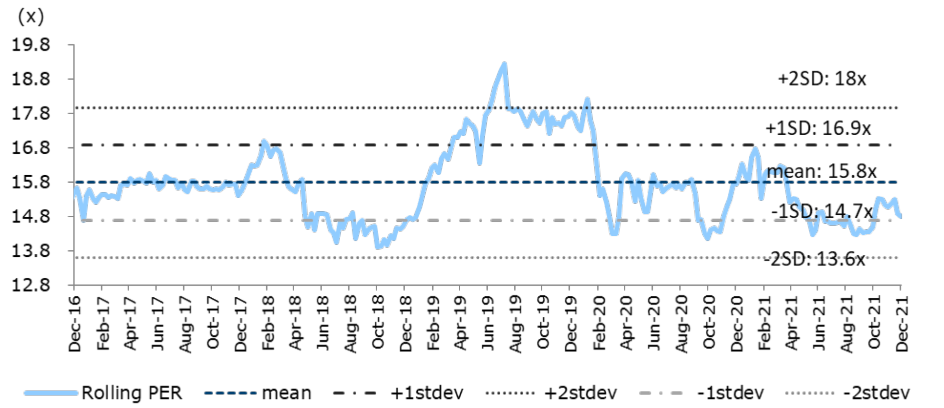
Figure 28: The JCI's key statistics

Market data	FY21F	FY22F	FY23F
Revenue growth (%)	17.3	8.4	6.2
Operating profit growth (%)	29.9	9.8	7.3
Net profit growth (%)	47.1	18.6	9.1
P/E (x)	16.7	14.1	12.9
Implied P/E at TP target (x)	20.5	17.3	15.8
EPS (IDR)	376.2	446.0	486.5
PEG (x)	0.4	0.8	1.4
EV/EBITDA (x)	13.5	12.5	11.8
P/BV (x)	2.1	1.9	1.8
Dividend yield (%)	3.0	4.5	4.6
ROE (%)	12.4	14.7	16.0

Source: Bloomberg, RHB

- After recording a low-base performance during the pandemic, a robust FY21F earnings growth is likely to continue in 2022
- The JCI offers attractive dividend yields of 4.5-4.6% in FY22F-23F, driven by lucrative dividend payments in the coal, banks, and tobacco sectors
- It also provides lucrative ROEs at 15-16% during this same period

Figure 29: JCI's 12-month forward-rolling P/E band



Source: Bloomberg, RHB

- The JCI is trading at near -1SD from its 5-year mean P/E, which implies the upside potential for earnings recovery ahead
- We see the JCI's FY22F-23F earnings growing 19-9% YoY – hence, the index is very attractive in terms of P/E when compared with its growth rate

Our FY22-23 earnings growth forecasts for the JCI of 18.6-9.1% YoY are more conservative than consensus', which estimates 21-11% YoY growth. This is because our estimates for the telecommunication, cement, healthcare, poultry, and infrastructure & construction sectors are lower than Street's. We are generally optimistic on 2022's outlook, but there may be some headwinds during this period, eg new COVID-19 variants and cost-push inflation that may slow down economic growth.

Figure 30: JCI earnings growth – by sector

Sector	Market cap (IDRbn)	RHB			Consensus		
		2021F	2022F	2023F	2021F	2022F	2023F
Banks	2,264,451	27.5	29.4	11.2	24.1	29.4	16.3
Telecommunications	480,399	40.7	(3.6)	14.5	34.8	5.0	10.2
Mining & energy	390,853	143.0	(2.9)	(5.3)	152.3	1.6	(8.1)
Staples	377,484	(4.9)	12.8	11.6	(5.5)	11.0	10.1
Automotive	240,781	20.7	15.0	5.0	23.9	15.8	5.2
Tobacco	176,927	(2.8)	13.8	4.7	(18.0)	13.5	11.1
Healthcare	137,666	42.9	(5.3)	15.7	43.9	0.8	12.2
Poultry	113,871	32.4	6.0	11.8	24.3	17.3	14.7
Retail	113,595	202.6	81.8	20.7	206.1	78.5	19.5
Cement	92,788	(19.6)	22.0	9.9	(15.2)	27.3	20.9
Miscellaneous	89,658	4.3	39.1	3.4	13.5	39.5	6.2
Property	83,259	249.3	12.9	12.9	188.2	18.3	16.4
Infrastructure & construction	61,383	N/A	174.8	31.5	N/A	212.2	37.9
Media	39,720	21.9	7.6	7.0	18.5	13.2	13.0
Plantation	27,631	187.8	(9.8)	(10.3)	165.1	(10.1)	(0.3)
Industrial estates	13,886	(14.9)	17.8	33.8	(21.7)	7.7	30.8
Transport & logistics	10,650	N/A	N/A	11.9	N/A	N/A	10.3
TOTAL	**4,715,002**	**47.1**	**18.6**	**9.1**	**43.7**	**20.7**	**11.2**

Source: Bloomberg, RHB

Figure 31: Indonesia sector picks

OVERWEIGHT	
Banks	BMRI, BBRI, BBTN, AGRO
Telco	TLKM
Auto	ASII
Retail	ACES, ERAA
Cement	INTP
Property	CTRA, SMRA
Metal mining	ANTM, INCO
Poultry	JPFA
NEUTRAL	
Consumer staples	MYOR, ROTI
Coal	UNTR
Construction	WSKT
Plantation	LSIP
Healthcare	HEAL
UNDERWEIGHT	
Tobacco	HMSP

Source: RHB

Our Top 10 Picks

We have included more cyclical names in our Top 10 picks, in line with our sector outlook, in which the cyclical sector offers faster FY22F earnings growth thank to the re-opening of the economy after COVID-19 cases decline significantly. We have three picks in banks – BBRI, BBTN, and AGRO – and two names in retail, namely ACES and ERAA. We have also added two property companies – CTRA and SMRA – and one auto firm, ASII.

In addition to these cyclical names, we deem ANTM as interesting, as the nickel mining company will be one of the biggest beneficiaries of an expected strong demand for nickel from stainless steel manufacturers (for short-term demand) and EV battery producers (for long-term demand).

We also like TLKM on better monetisation as the economy improves, as well as continued strong data traffic growth. Growing over-the-top or OTT users should provide long-term data growth. About 90Mhz of additional spectrum in the 700Mhz band are expected to be up for bids in 1H22, which we believe will boost network capacity and coverage, especially in rural areas.

Figure 32: Our Top 10 picks

No	Name	Ticker	Rating	Price (IDR)	TP (IDR)	Upside/ downside (%)	Market cap (USDbn)	2022F EPS growth (%)	P/E (x)	P/BV (x)	PEG (x)	ROE (%)	Yield (%)
1	Bank Rakyat Indonesia	BBRI IJ	BUY	4,150	4,800	15.7	43.6	27.4	13.3	1.8	0.5	14.7	2.3
2	Telkom	TLKM IJ	BUY	4,100	4,500	9.8	28.0	14.8	15.0	3.5	1.0	23.4	4.5
3	Astra International	ASII IJ	BUY	5,700	7,650	34.2	16.2	15.0	11.5	1.2	0.8	12.2	4.9
4	Aneka Tambang	ANTM IJ	BUY	2,080	3,450	65.9	3.8	14.8	20.4	2.2	1.4	12.2	0.4
5	Bank Raya Indonesia	AGRO IJ	BUY	1,500	4,000	166.7	2.9	105.6	210.2	8.0	2.0	4.7	0.0
6	Ace Hardware	ACES IJ	BUY	1,315	1,800	36.9	1.5	101.9	25.9	3.8	0.3	16.9	0.7
7	Bank Tabungan Negara	BBTN IJ	BUY	1,700	2,280	34.1	1.3	13.3	7.9	0.8	0.6	9.7	2.2
8	Ciputra Development	CTRA IJ	BUY	940	1,500	59.6	1.3	10.7	10.9	1.0	1.0	9.2	1.0
9	Summarecon Agung	SMRA IJ	BUY	755	1,260	66.8	1.0	61.1	22.2	1.4	0.4	6.5	0.6
10	Erajaya Swasembada	ERAA IJ	BUY	555	1,100	98.2	0.7	34.2	6.7	1.2	0.2	20.9	3.0

Note: Based on closing prices of 11 January 2022
Source: Company data, RHB

Malaysia: Always Darkest Before Dawn

Is all the good news in the price?

Recovery and re-opening theme. While the recovery theme that is already playing out is offering a glimmer of hope to investors for 2022, also mixed in is a healthy dose of trepidation, given the asymmetrically longer list of risks that threaten to neuter any prospect for a market rally anytime soon.

Expected rebound in economic growth in 2022. While the soft 3Q21 GDP data was not entirely unexpected, RHB's house view (and consensus) is for a healthy rebound in 2022, helped by the base effect, the full withdrawal of lockdown restrictions, high levels of pent-up demand, re-opening of international borders, steady pick-up in global growth, and the near-term political status quo.

Successful immunisation programme. Also on the plus side of the ledger is the strong progress made in vaccinations, with the focus already shifting towards the booster programme, as vaccinations are completed for all the voluntary sign-ups and the adolescent group. The US Food & Drug Administration or FDA authorised the emergency use of the Pfizer vaccine for children aged 5-11 years in Oct 2021, and we expect this policy to be gradually adopted by other countries.

Macroeconomic headwinds to the fore. Notwithstanding the RHB economics view that global growth will remain intact in 2022 – underpinned by a robust US economy driven by strong US consumer spending, and a new inventory cycle helped by the Biden administration's infrastructure spending package – macroeconomic headwinds are gathering, that could impede the economic recovery, torpedo growth, and add to inflationary concerns.

i. **Global supply chain bottlenecks.** Pervasive shortages of materials, components and labour will likely persist for some time. Congestion at key global ports have led to spiralling freight rates and extended shipping times. Food and energy costs have surged;

ii. **Inflation and the US Fed.** US Fed Chair Jerome Powell's admission that inflation is no longer transitory, and subsequent hawkish pivot to consider an acceleration of the asset tapering process, implies that interest rate hikes could come sooner than expected. This could mean a disorderly transition to a tighter liquidity environment that will have negative implications for EM equities. Persistent inflation and uneven economic growth could be a challenge for global central banks to manage. However, there are fears that the worst case scenario for Omicron could bring about stagflationary conditions;

iii. **China slowdown?** While energy shortages in China have eased, the housing market crisis, resurgences of COVID-19 infections and the zero-COVID policy will take a toll on the economy. Nonetheless, easing constraints resulted in manufacturing PMI picking up to 50.1 and narrowly avoiding a third consecutive month of contraction. We note that policymakers at the People's Bank of China or PBOC have pivoted toward a more dovish stance to indicate a willingness to loosen monetary and/or fiscal conditions to avert systemic risks.

Regulatory and policy risks. In our opinion, regulatory and policy risks have spiked, especially after the tabling of Budget 2022 in Parliament. The budget proposal was notable as much for what was not said, as well as for what was. The heightened risks are underpinned by the apparent lack of political will to achieve fiscal consolidation, raising the spectre of higher taxes going forward, given the propensity for continued populist measures in the run up to GE15.

Valuations are not especially compelling. While the FBM KLCI's nominal forward FY22F P/E valuation of 16.1x is already above the long-term mean of just below 16x, it has been suppressed by the de-rating of the glove sector. Stripping out the glove stocks elevate FY22F P/E to 16.6x. The implementation of the incremental corporate tax from Cukai Makmur eliminates nominal earnings growth in FY22, and dilutes the ex-gloves EPS growth to just 10.7% (from high teens). Cukai Makmur also incentivises the larger corporates to kitchen sink costs into 2022, and defer new revenue streams to 2023 and beyond, which could further suppress near-term growth metrics.

Arguments made for investors to look past the one-off Cukai Makmur to focus on FY23 seem to be a stretch, given clarity on the prospects for that year will not be evident until at least 2H22. The elevated domestic policy and regulatory risks remain a drag on sentiment as the market cannot now assume that there will be no further repeats of Cukai Makmur, loan moratoriums, and other such onerous regulatory hurdles in the future.

Figure 33: Earnings outlook and valuations

	FBM KLCI				RHB BASKET				RHB BASKET (EX-FBM KLCI)			
COMPOSITE INDEX @ 1,541.87 7 Jan 22	**2020**	**2021F**	**2022F**	**2023F**	**2020**	**2021F**	**2022F**	**2023F**	**2020**	**2021F**	**2022F**	**2023F**
Revenue growth (%)	(10.4)	20.7	6.8	2.6	(8.9)	17.7	6.5	3.4	(6.0)	12.4	6.2	5.3
EBITDA growth (%)	(5.7)	28.7	3.2	0.3	(6.3)	29.7	1.3	2.0	(8.2)	33.2	(4.3)	7.5
Normalised earnings growth (%)	(24.7)	66.7	(2.0)	6.1	(24.0)	64.6	(3.5)	7.5	(21.9)	59.9	(7.0)	11.7
Normalised EPS (sen)	21.6	35.9	35.1	37.2	15.2	25.0	24.0	25.8	8.6	13.7	12.6	14.0
Normalised EPS growth (%)	**(24.9)**	**66.3**	**(2.1)**	**6.0**	**(24.3)**	**64.2**	**(3.9)**	**7.3**	**(22.4)**	**59.4**	**(7.8)**	**11.3**
Prospective P/E (x)	**26.3**	**15.8**	**16.1**	**15.2**	**24.8**	**15.1**	**15.7**	**14.6**	**21.8**	**13.6**	**14.7**	**13.2**
Normalised EPS (sen) ex-rubber gloves	21.6	31.7	35.1	39.2	14.8	20.8	23.5	26.6	7.8	9.9	12.1	14.1
Normalised EPS growth (%) ex-rubber gloves	(28.6)	46.5	10.7	11.6	(29.1)	40.8	13.1	12.9	(29.9)	26.3	21.6	17.0
Prospective P/E (x) ex-rubber gloves	26.9	18.4	16.6	14.9	25.9	18.3	16.2	14.3	23.8	18.7	15.4	13.1
Price/BV (x)	1.8	1.8	1.7	1.6	1.6	1.6	1.5	1.4	1.2	1.1	1.0	1.0
Dividend Yield (%)	3.0	4.2	3.7	4.0	2.9	3.9	3.6	3.9	2.5	3.1	3.3	3.7
ROE (%)	6.9	11.2	10.5	10.6	6.5	10.3	9.5	9.8	5.3	8.0	7.1	7.9

Note: Excludes FBM KLCI stocks not under RHB Research's coverage, ie HLFG, RHB Bank, PPB and Hap Seng Consolidated
Source: Bloomberg, RHB

Investment themes for 2022

OMG! It's Omicron! The emergence of the latest Omicron COVID-19 variant of concern will be a wildcard for markets, that could either turn out to be a storm in a teacup or set back the recovery process in the event it triggers widespread lockdowns and another global wave of COVID-19 infections. Pronouncements that this variant will not have a material impact on global risk assets are premature, but border closures and travel curbs will be temporary if Omicron is determined to be less of a threat than feared.

At this juncture, we retain our base case scenario for a gradual economic recovery to take hold as the normalisation process gathers pace. The macroeconomic house view is for the domestic economy to expand 5.5% in 2022, as the re-opening process gathers pace. However, this will be offset by the build-up of macroeconomic headwinds, coupled with underlying domestic policy and regulatory concerns. While market valuations are not especially demanding, the paucity of earnings growth means that valuations are not especially compelling either.

Taken together with the other prevailing issues, we believe the balance of risks for equity markets are tilted to the downside, and there will be a low propensity for investors to drive valuations significantly higher, given the lack of strong re-rating catalysts.

A trading market: Bottom-up stock picking

We think 2022 will be a traders' market that will require astute bottom-up stock picking and a nimble touch to outperform. In our base case recovery scenario, equities will still remain the preferred asset class.

Figure 34: Top BUYs

	FYE	Price (MYR/s) 7 Jan 22	TP (MYR)	*Shariah* compliant	Market Cap (MYRm)	EPS (sen) FY22F	EPS (sen) FY23F	EPS Growth (%) FY22F	EPS Growth (%) FY23F	3-Yr EPS CAGR (%)	P/E (x) FY22F	P/E (x) FY23F	P/BV (x) FY23F	P/CF (x) FY23F	DY (%) FY23F
Petronas Chemicals	Dec	8.90	9.91	YES	71,200	58.7	60.6	(25.1)	3.1	36.1	15.2	14.7	1.9	11.1	3.4
CIMB	Dec	5.49	6.30	NO	56,116	45.2	55.4	3.1	22.7	65.8	12.2	9.9	0.8	n.a.	4.0
Press Metal	Dec	5.81	8.50	YES	46,923	30.0	32.2	119.8	7.2	77.3	19.4	18.1	6.2	14.2	2.3
Mr DIY	Dec	3.74	4.59	YES	23,490	9.6	11.1	37.8	15.8	26.0	38.9	33.6	13.4	25.9	1.5
Genting	Dec	4.63	6.10	NO	17,828	31.9	47.4	303.7	48.7	(296.4)	14.5	9.8	0.5	2.1	4.3
Inari Amertron	Jun	3.83	4.63	YES	14,180	10.7	12.0	21.1	12.6	42.8	35.9	31.9	5.4	28.9	2.7
AMMB	Mar	3.30	3.90	NO	10,929	54.4	58.7	28.4	7.7	22.4	6.1	5.6	0.5	n.a.	6.2
CTOS Digital	Dec	1.95	2.40	YES	4,290	3.5	4.7	52.1	32.5	38.2	55.0	41.5	10.3	40.6	1.4
Bumi Armada	Dec	0.48	0.62	NO	2,835	9.5	9.7	(14.4)	2.1	6.2	5.0	4.9	0.6	2.8	0.0
Matrix^	Mar	2.25	2.47	YES	1,877	29.2	30.8	5.0	5.3	(0.7)	7.7	7.3	0.9	6.5	5.8
Tasco^	Mar	1.22	1.94	YES	976	8.8	9.4	11.3	7.0	22.2	13.9	13.0	1.6	7.8	2.3
Mynews	Oct	0.83	1.22	NO	566	4.2	5.8	169.3	36.9	(262.2)	19.6	14.3	2.0	14.2	1.7

Note: ^FY22F-23F valuations refer to those of FY23F-24F
Source: RHB

Figure 35: Top SELLs

	FYE	Price (MYR/s) 7 Jan 22	TP (MYR/s)	*Shariah* compliant	Market Cap (MYRm)	EPS (sen) FY22F	EPS (sen) FY23F	EPS growth (%) FY22F	EPS growth (%) FY23F	3-Yr EPS CAGR (%	P/E (x) FY22F	P/E (x) FY23F	P/BV (x) FY23F	P/CF (x) FY23F	DY (%) FY23F
Top Glove	Aug	2.46	1.42	YES	19,697	7.9	7.2	(91.8)	(8.2)	(32.7)	31.2	34.0	3.0	20.5	1.5
Genting Plant	Dec	6.82	5.80	YES	6,119	35.2	33.2	(16.8)	(5.5)	7.1	19.4	20.5	1.2	10.0	2.9
FGV Holdings	Dec	1.50	1.35	YES	5,472	7.3	5.9	(25.9)	(18.7)	27.9	20.6	25.3	1.2	2.6	2.0
CLMT^	Jan	0.58	0.52	NO	1,236	2.1	2.5	42.1	17.7	(8.7)	27.5	23.4	0.5	8.6	4.3

Note: ^FY22F-23F valuations refer to those of FY23F-24F
Source: RHB

Buy on weakness: Nibble on recovery plays

With domestic liquidity remaining ample and interest rates remaining at low levels, captive investment funds will still need to be deployed. A key investment theme will be to seek more attractive entry points to build positions for the longer term. Our base case scenario calls for a focus on value and cyclical names that can leverage on the economic recovery and re-opening theme. Conversely, this will also mean a sell into strength strategy, as we expect the broader markets to remain range-bound, at least through 1H22.

Figure 36: Recovery plays

	Price	TP	*Shariah*	Mkt Cap	EPS (sen)		EPS Growth (%)		3 yrs EPS CAGR (%)	P/E (x)		P/BV (x)	P/CF (x)	DY (%)	Rec
	(MYR/s)	(MYR/s)	Compliant	(MYRm)	FY22F	FY23F	FY22F	FY23F	FY20-FY23F	FY22F	FY23F	FY23F	FY23F	FY23F	
	7 Jan 22														
CIMB	5.49	6.30	NO	56,116	45.2	55.4	3.1	22.7	65.8	12.2	9.9	0.8	n.a	4.0	B
Press Metal	5.81	8.50	YES	46,923	30.0	32.2	119.8	7.2	77.3	19.4	18.1	6.2	14.2	2.3	B
Axiata Group	3.83	4.84	YES	35,140	13.6	16.2	2.2	19.2	19.2	28.2	23.6	2.1	3.1	3.6	B
MISC	7.03	7.84	YES	31,380	41.2	46.7	28.2	13.4	5.3	17.1	15.1	0.9	5.7	4.7	B
Genting	4.63	6.10	NO	17,828	31.9	47.4	303.7	48.7	(296.4)	14.5	9.8	0.5	2.1	4.3	B
Dialog	2.71	3.40	YES	15,291	9.0	10.1	10.0	13.0	1.3	30.2	26.8	3.2	26.9	1.7	B
AMMB^	3.30	3.90	NO	10,929	54.4	58.7	28.4	7.7	22.4	6.1	5.6	0.5	n.a.	6.2	B
IGB REIT	1.62	1.92	NO	5,786	6.7	8.1	106.7	21.1	28.0	24.4	20.1	1.3	13.6	5.0	B
Astro M'sia^	1.00	1.30	NO	5,215	10.7	10.7	16.3	(0.2)	1.6	9.3	9.3	3.3	4.4	7.5	B
CTOS Digital	1.95	2.40	YES	4,290	3.5	4.7	52.1	32.5	38.2	55.0	41.5	10.3	40.6	1.4	B
Guan Chong	2.83	4.00	YES	2,984	24.7	27.2	51.4	10.2	11.9	11.5	10.4	1.7	8.4	2.2	B
Allianz M'sia	12.92	17.70	NO	2,293	145.3	167.4	7.4	15.2	5.6	8.9	7.7	0.9	n.a	3.0	B
UEM Edgenta	1.66	2.96	YES	1,380	18.9	20.5	90.6	8.5	52.0	8.8	8.1	0.9	4.9	9.3	B
Tasco Bhd^	1.22	1.94	YES	976	8.8	9.4	11.3	7.0	22.2	13.9	13.0	1.6	7.8	2.3	B
Mynews	0.83	1.22	NO	566	4.2	5.8	169.3	36.9	(262.2)	19.6	14.3	2.0	14.2	1.7	B
Media Prima	0.45	0.65	NO	499	5.1	6.3	51.1	23.7	120.7	8.8	7.1	0.7	2.8	0.0	B
Sime Darby Property	0.62	0.75	YES	4,217	2.9	3.5	44.2	19.9	(183.8)	21.1	17.6	0.4	12.0	3.2	N

Note: ^FY22F-23F valuations refer to those of FY23F-24F

Source: RHB

Defensive positioning and yield to remain a core portfolio component

Domestic investors that have to remain invested locally, need to maintain a defensive portfolio for tactical reasons, given the prevailing risks. These defensive names will demonstrate greater price stability and resilience in the face of volatility, while high-dividend yield stocks will remain on the radars of risk-averse investors. We also expect investors to hold on to higher-than-normal cash levels.

Figure 37: Defensive stocks

		Price	TP	Mkt cap	EPS (sen)		EPS growth (%)		3-yr EPS CAGR (%)	P/E (x)		P/BV (x)	P/CF (x)	DY (%)
		(MYR/s)	(MYR/s)	(MYRm)	22F	23F	22F	23F	FY20-FY23F	22F	23F	23F	23F	23F
	Rec	7 Jan 22												
IHH Healthcare	Buy	6.69	7.35	58,850	18.0	20.2	7.5	12.2	35.3	37.1	33.1	2.4	16.3	0.7
Tenaga Nasional	Buy	9.10	11.50	52,107	78.7	88.9	0.2	12.9	12.0	11.6	10.2	0.8	2.8	5.7
Nestle	Neutral	132.00	138.00	30,954	286.5	305.1	11.1	6.5	8.9	46.1	43.3	50.5	31.6	2.2
QL Resources	Neutral	4.90	4.80	11,925	11.0	12.4	22.1	12.4	9.0	44.5	39.6	4.2	21.7	0.9
Time DotCom	Neutral	4.40	4.68	8,033	23.4	26.6	12.0	13.9	11.5	18.8	16.5	2.3	12.3	3.6
Scientex^	Neutral	4.89	3.70	7,584	96.0	104.2	13.8	8.6	10.2	5.1	4.7	0.7	3.6	6.4
Magnum	Buy	1.94	2.58	2,788	15.4	17.9	878.6	15.7	35.1	12.6	10.9	1.2	9.0	8.2
Allianz Malaysia	Buy	12.92	17.70	2,293	145.3	167.4	7.4	15.2	5.6	8.9	7.7	0.9	n.a	3.0
FM Global Logistics	Buy	0.90	1.20	500	7.1	7.4	34.6	3.5	48.0	12.5	12.1	1.3	9.1	3.9

Note: ^FY22F-23F valuations refer to those of FY23F-24F
Source: RHB

Figure 38: High-dividend yield stocks

	Price (MYR/s) 7 Jan 22	DY (%) FY22F	FY23F	EPS Growth (%) FY22F	FY23F	P/E (x) FY22F	P/BV (x) FY22F	ROE (x) FY22F
Hartalega^	5.94	10.1	1.8	(81.7)	18.4	32.6	3.0	9.6
UEM Edgenta	1.66	8.5	9.3	90.6	8.5	8.8	0.9	10.2
Sentral REIT	0.92	8.1	8.1	1.6	0.7	12.3	0.7	6.0
RCE Capital^	1.93	7.8	7.8	1.0	4.3	5.3	0.8	15.5
Taliworks Corporation	0.88	7.5	7.5	2.0	(13.2)	24.3	2.1	8.4
Astro^	1.00	7.5	7.5	16.3	(0.2)	9.3	3.7	42.7
BAT	14.00	7.4	7.1	5.1	(0.2)	13.3	10.4	78.7
Magnum	1.94	7.2	8.2	878.6	15.7	12.6	1.2	9.3
Maybank	8.30	6.9	8.4	3.6	21.4	11.8	1.1	9.5
Supermax	1.50	6.1	1.3	(68.8)	(78.2)	3.3	0.7	23.6
MBM	3.18	6.0	7.2	33.7	19.1	7.8	0.6	8.2
YTL Power	0.63	6.0	6.7	(1.0)	12.2	13.4	0.4	2.9
Scientex	4.89	5.9	6.4	13.8	8.6	5.1	0.8	15.9
KPower	0.43	5.9	6.3	40.4	7.8	3.4	1.0	35.2
AMMB^	3.30	5.6	6.2	28.4	7.7	6.1	0.5	9.4
BIMB	3.04	5.6	6.1	5.0	8.6	8.8	0.8	9.2
Genting Malaysia	2.87	5.6	5.6	193.6	45.1	16.7	1.3	7.5
Matrix Concepts^	2.25	5.6	5.8	5.0	5.3	7.7	0.9	12.3

Note: ^FY22F-23F valuations refer to those of FY23F-24F
Source: RHB

Buy exporters

The rebound in the global economy is expected to be led by the US and Asian economies. Capital spending in the US will remain resilient supported by its infrastructure spending initiative that will boost sentiment among businesses and consumers. Accordingly, the potential for export growth will remain tilted to the upside. Unfortunately, Bursa Malaysia is dominated by domestic-focused companies, and there are limited sectors that can be described as being beneficiaries of strong export demand outside of tech, gloves, basic materials, electronics manufacturing services, furniture and some oil & gas names.

Figure 39: Beneficiaries of strong export growth

	Rec	Price (MYR/s) 7 Jan 22	TP (MYR/s)	Mkt cap (MYRm)	EPS (sen) 22F	23F	EPS growth (%) 22F	23F	3-yr EPS CAGR (%) FY20-FY23F	P/E (x) 22F	23F	P/BV (x) 23F	P/CF (x) 23F	DY (%) 23F
Petronas Chemicals	Buy	8.90	9.91	71,200	58.7	60.6	(25.1)	3.1	36.1	15.2	14.7	1.9	11.1	3.4
Press Metal	Buy	5.81	8.50	46,923	30.0	32.2	119.8	7.2	77.3	19.4	18.1	6.2	14.2	2.3
Inari Amertron	Buy	3.83	4.63	14,180	10.7	12.0	21.1	12.6	42.8	35.9	31.9	5.4	28.9	2.7
Malaysian Pacific Industries	Buy	48.02	53.34	9,551	149.3	177.5	21.1	18.9	31.3	32.2	27.0	4.5	16.6	0.7
Unisem	Buy	4.03	4.62	6,501	32.4	37.5	16.6	15.8	22.4	12.4	10.7	1.3	6.3	4.4
VS Industry	Buy	1.34	1.85	5,114	7.6	9.5	18.4	25.5	43.7	17.6	14.0	2.3	14.6	4.7
Guan Chong	Buy	2.83	4.00	2,984	24.7	27.2	51.4	10.2	11.9	11.5	10.4	1.7	8.4	2.2
SKP Resources^	Buy	1.75	2.40	2,734	13.2	14.1	25.2	6.8	19.5	13.2	12.4	2.9	11.7	4.8
Sarawak Oil Palms	Buy	3.62	4.10	2,070	61.2	48.0	(9.7)	(21.6)	7.9	5.9	7.5	0.6	4.6	2.5
Tasco^	Buy	1.22	1.94	976	8.8	9.4	11.3	7.0	22.2	13.9	13.0	1.6	7.8	2.3
FM Global Logistics	Buy	0.90	1.20	500	7.1	7.4	34.6	3.5	48.0	12.5	12.1	1.3	9.1	3.9
Westports Holdings	Neutral	3.97	4.54	13,538	19.3	24.4	(8.6)	26.3	8.3	20.6	16.3	4.0	11.7	4.6
Power Root^	Neutral	1.35	1.33	553	7.9	9.2	71.4	17.6	15.9	17.2	14.6	2.4	14.1	7.4

Note: ^FY22F-23F valuations refer to those of FY23F-24F
Source: RHB

ESG: Still a minefield for Corporate Malaysia

How a business manages financial and non-financial risks has become increasingly important in the decisions made by investors. An organisation's ESG practices provide a vital metric for where they should park their funds. The COVID-19 pandemic has taught investors that, no matter how foreseeable a risk may be, the impact an event has on society and businesses hinges on the ability to plan for significant disruptions and changes in the operating environment. ESG issues have, therefore, leapt even more to the forefront, as a signpost of a resilient business. Many institutional investors are now building ESG portfolios, and forming their own in-house ESG methodologies.

While Corporate Malaysia has made some progress on the governance front, the environmental and social elements have impacted stock prices the most.

The plantation, oil & gas and energy sectors have come under the environmental spotlight in recent years. More recently, shortfalls in the social pillar have been detrimental to EMS, gloves, and plantation companies, not just from a share performance perspective, but has involved the affected company losing sizeable and material contracts – this is in addition to damages to a management team's reputation.

Social pillar issues have typically involved matters concerning the treatment of a company's workforce and migrant workers in particular. Unfortunately, domestic labour shortages and high reliance on large numbers of relatively low-skilled workers by many economically important sectors makes the social pillar a minefield for the affected corporates. The Malaysian Government may ultimately have to step to implement a holistic and comprehensive reform of migrant worker supply – from sourcing to housing, remuneration, working hours, overtime, repatriation etc. In the longer term, to minimise dependence on manual labour, Malaysia needs to move further up the value chain to increase participation in higher tech industries involving the use of more automation and robotics.

Accordingly, investors need to perform stringent screening to avoid companies that may present ESG risks. RHB's proprietary ESG scoring methodology, where we assess the ESG profiles of companies under coverage, will be relevant in this regard.

We believe that an improving ESG score, corroborated with high ROEs and superior earnings, will result in robust long-term returns. Also, we believe that a low ESG score that remains stagnant, may reflect negatively on a company's prospects and also its ROE and earnings resiliency.

Figure 40: High ESG scorers

		Price	TP	Mkt cap	EPS (sen)		EPS growth (%)		3-yr EPS CAGR (%)	P/E (x)		P/BV (x)	P/CF (x)	DY (%)	ESG Score
		(MYR/s)	(MYR/s)	(MYRm)	21F	22F	21F	22F	FY20-FY22F	21F	22F	22F	22F	22F	
	Rec	7 Jan 22													
Malayan Banking	B	8.30	10.60	98,592	67.9	70.4	17.8	3.6	(1.4)	12.2	11.8	1.1	n.a.	6.9	3.3
Press Metal	B	5.81	8.50	46,923	13.6	30.0	136.6	119.8	73.2	42.6	19.4	7.7	13.6	2.1	3.3
Mr DIY	B	3.74	4.59	23,490	7.0	9.6	25.1	37.8	23.1	53.6	38.9	16.8	32.5	1.3	3.2
Sunway^	B	1.70	2.06	8,311	6.2	7.1	(31.4)	15.9	(20.3)	27.6	23.8	0.9	13.0	1.2	3.4
Heineken (M)	B	21.76	25.80	6,574	75.9	102.2	30.7	34.7	(0.5)	28.7	21.3	18.5	18.4	4.6	3.3
Solarvest	B	1.26	1.54	841	2.2	1.7	(23.9)	(23.2)	(1.3)	56.1	73.1	4.9	1508.2	0.0	3.3
FM Global Logistics	B	0.90	1.20	500	5.3	7.1	132.6	34.6	43.1	16.9	12.5	1.4	9.4	3.9	3.3
Nestle	N	132.00	138.00	30,954	257.8	286.5	9.3	11.1	1.0	51.2	46.1	53.6	33.0	2.1	3.4
DiGi.Com	N	3.94	4.47	30,634	14.5	12.7	(6.1)	(12.5)	(9.5)	27.2	31.1	62.0	11.9	3.2	3.3
Sunway REIT	N	1.41	1.54	4,829	5.8	7.8	(35.7)	33.7	(6.3)	24.2	18.1	1.0	13.5	5.5	3.4
AEON Co	N	1.42	1.41	1,994	4.0	7.6	34.8	91.4	(0.7)	35.7	18.7	1.1	2.6	2.8	3.3

Note: ^FY21F-22F valuations refer to those of FY22F-23F
Source: RHB

Small-Mid Cap strategy: Lacking catalysts

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The FBM 70 (+1.3%) and FBM SC (+7.4%) outperformed the FBM KLCI in 2021 in YTD relative performances, as the Main Market remains weak in the absence of major positive catalysts, with policies from the 12th Malaysia Plan and Budget 2022 yet to provide a boost for the market.

As the expectations of a broad-based economic recovery seem to have been priced-in, the market has seen lacklustre trading volumes over the past few months, with the downside continuing to be supported by bottom-fishing activities. Technology counters are among the major YTD index movers for both FBM 70 and FBM SC, thanks to the superior growth on offer due to robust demand for electrical & electronic products and the chip shortage.

Figure 41: Small mid-caps – Top Picks

	Price	TP	*Shariah*	Mkt cap	EPS (sen)		EPS Growth (%)		P/E (x)		P/BV (x)	P/CF (x)	DY (%)	Rec
	(MYR/s)	(MYR/s)	Compliant	(MYRm)	FY22F	FY23F	FY22F	FY23F	FY22F	FY23F	FY23F	FY23F	FY23F	
	7 Jan 22													
Astro M'sia^	1.00	1.30	NO	5,215	10.7	10.7	16.3	(0.2)	9.3	9.3	3.3	4.4	7.5	Buy
VS Industry	1.34	1.85	YES	5,114	7.6	9.5	18.4	25.5	17.6	14.0	2.3	14.6	4.7	Buy
CTOS Digital	1.95	2.40	YES	4,290	3.5	4.7	52.1	32.5	55.0	41.5	10.3	40.6	1.4	Buy
Guan Chong	2.83	4.00	YES	2,984	24.7	27.2	51.4	10.2	11.5	10.4	1.7	8.4	2.2	Buy
Bumi Armada	0.48	0.62	NO	2,835	9.5	9.7	(14.4)	2.1	5.0	4.9	0.6	2.8	0.0	Buy
Magnum	1.94	2.58	NO	2,788	15.4	17.9	878.6	15.7	12.6	10.9	1.2	9.0	8.2	Buy
Datasonic^	0.42	0.57	YES	1,191	2.2	2.2	(1.4)	(1.1)	18.5	18.7	3.0	16.9	3.7	Buy
Tasco^	1.22	1.94	YES	976	8.8	9.4	11.3	7.0	13.9	13.0	1.6	7.8	2.3	Buy
Mynews	0.83	1.22	NO	566	4.2	5.8	169.3	36.9	19.6	14.3	2.0	14.2	1.7	Buy
Aemulus Holdings	1.19	1.48*	YES	794	3.7	5.4	136.0	45.2	28.8	19.9	4.2	36.1	0.0	Not Rated

Note: ^FY21-22 valuations refer to those of FY22-23
*Note 2: *Refers to FV instead*
Source: RHB

Stamp duty hikes, removal of capping are negatives for market activity. A drain in market liquidity will be among the key talking points among market participants come 2022 – no thanks to the new policies set by the Malaysian Government on stamp duty rates and capping. Potential implications are significant for institutional and large retail investors based on feedback we have received.

Compounded by the resumption of intra-day short selling or IDSS, we can anticipate significant market volatility into 2022, which will raise the risk premium – especially for small-mid cap stocks. In fact, trading activities have already tapered off since mid-2021, as the market continues to be range-bound in the absence of major positive catalysts. The dire trading activities and performances were seen in the downtrend of the local markets. However, trading activity for small-caps continues to outperform the mid- and big-caps, evidenced by the strong 27% YoY growth in YTD traded value. Retail participation remains healthy at c.38%.

Buying on dips. While the short-term outlook is unfavourable, based on technical readings there are pockets of opportunity in this space – especially with the elevated volatility expectations to come in 2022. The prospects of an economic recovery and high vaccination rate are among the main causes for optimism among investors going into this year – albeit with various risks, such as the domestic political situation, new COVID-19 variants, high inflation, and slowing demand.

With the FBM 70 and FBM SC's current forward P/Es having retraced to below their 5-year means and are now trading at a 2-3x P/E valuation discounts to that of FBM KLCI – based on RHB's stock universe – it is still paramount for investors to exercise extra diligence in their stock picks despite a better risk-reward ratio in terms of the relative forward valuation.

Trim the winners, be nimble with the laggards. In the absence of clear catalysts, the market is likely to stay range-bound with a downside bias in the short-term, as suggested by the technical readings. Looking ahead, we believe there is value in the market, especially on the full-blown economic recovery expectations – this is supported by our in-house 2022 GDP growth forecast of 5.5%. However, the new COVID-19 variant could derail the growth path on top of escalating geopolitical risks. Hence, we believe sector rotational play and a meticulous stock-picking strategy will triumph in such an environment.

The key investment themes we advocate include exporters, value stocks, and election plays. Against such a backdrop, these are among the sectors to look out for in the small-mid caps space:

i. Consumer discretionary;

ii. Technology;

iii. Logistics;

iv. Oil & gas;

v. Commodity plays;

vi. Politically linked thematic plays.

Accommodative fiscal and monetary policies should continue to lend support to private consumption, supporting the consumer discretionary sector. The oil & gas industry is likely to draw interest on the high crude oil price trends, higher capex allocations, and oil demand recovery.

Despite advocating a value-overgrowth proposition, the technology space will remain in favour, thanks to the structural growth and strong fundamental story. It is paramount to remain selective on companies with strong track records and competitive edges to sustain the elevated valuations and weather through potential valuation-derating on the back of persistent high inflation rates and a rising interest rate environment.

The logistics sector will continue to grow with improving trading activities and volumes, following the reopening and resumption of economic activities. This is on top of secular e-commerce plays, elevated freight rates, growing demand for third-party logistics, and favourable measures and tax incentives from policymakers.

With the imminent Sarawak State Elections, potentially followed by a General Election in 2H22, we believe the politically linked stocks will gain prominence, with improved sentiment and resumption of contract flows.

Key risks:

i. A prolonged pandemic;

ii. Earnings disappointments that undermine the growth outlook;

iii. Worsening economic conditions that will drive investors to seek refuge in the safer, high-yield, big-cap space;

iv. Liquidity issues, which may compound fund outflows;

v. Higher ESG-related risks for smaller-cap companies.

Singapore: Sustained Recovery In 2022

Still optimistic on Singapore's market outlook despite rising Omicron cases. While the emergence of the Omicron variant will create market volatility, we believe Singapore will maintain the gradual reopening of its economy over the next 12 months. For 2022, corporate earnings will depend on how well companies deal with an uneven economic recovery, elevated inflation risk, expectations of an early interest rate hike, and corporate efforts to maximise operational efficiencies.

We believe there are opportunities to accumulate stocks that leverage on the economic re-opening, as well as counters that now offer better earnings visibility despite macroeconomic risks. We like exposure to the banking, consumer, healthcare, industrial, telecommunications, and transport sectors. We continue to favour exposure to REITs, with industrial REITs as the preferred segment.

Economic reopening should sustain. On the COVID-19 front, there is no doubt the potential for Omicron to spread globally is high. We also believe the balance of risks are tilted towards other new variants emerging in 2022 and, potentially, into 2023. This pandemic is not over, and the transition to an endemic state of the world will be elongated.

The good news is that we believe economic agents, policymakers, and financial markets are well-prepared this time around to contend with such health risks – risks will ensue mostly from supply-side shocks, in our view. This is very different from the situation in 2020 and 1H21, when these entities were scrambling to contend with both the demand and supply side of economies weakening considerably, as well as computing the impact on financial markets.

Normalised earnings growth in 2022. Street has upgraded the STI's 12-month forward EPS estimate by c.27% since end Sep 2020. The upgrade seems to have taken a pause since end 1H21, with 2022F EPS being lifted by just 1.5%. Inflationary risks from higher commodity prices, input costs, and supply chain disruptions are likely to weigh on corporate earnings in the near term.

In line with normalising economic growth, we expect the STI's earnings to grow by c.12% YoY in 2022 (consensus: 10%). 2FY EPS growth for stocks under our coverage stands at c.16%.

STI valuation remains compelling. The STI has recovered slightly after seeing a sharp correction towards end Nov 2021 amidst the news of the Omicron spread. While we remain constructive on the STI's outlook, we believe an upward move for the index will be a slow grind, as investors await clarity on the normalisation of business activities and the impact of Omicron on growth.

Nevertheless, the STI's forward P/E of 12.6x looks compelling, as it is below the historical average. The STI also remains amongst the cheapest market in ASEAN (Figure 52). Its forward yield of 4.3% is also the highest in Asia. Our end-2022 STI target to 3,440pts is based on 12.5x end-2022F P/E.

Playing the economic reopening story

As Singapore gradually comes to terms with the challenges of living with COVID-19, there is now emerging optimism for sectors that have been the hardest hit by the pandemic, ie aviation and tourism-related services. More importantly, while the recovery will persist into 2022, and the growth pace is expected to normalise towards the potential growth rate, new opportunities and risks will also emerge on the horizon.

Banks should continue to benefit from the economic recovery and higher interest rates. Singapore banks expect the business momentum to remain healthy in 2022, supporting a higher-than-pre-pandemic average loan growth of 5% and the continued rise in fee income. The improving economic outlook would also be a positive on asset quality, resulting in benign credit costs.

That said, the phased inclusion of Sea (SE US, NR) into the MSCI Singapore Index will be an overhang on local bank stocks until 1Q22. We maintain our BUY rating for the three Singapore banks with an unchanged pecking order: United Overseas Bank>DBS>OCBC Bank.

We like exposure to selective consumer, healthcare, industrials, telecommunications and transport sector plays. We expect a gradual recovery in consumption in 2022 – with the better containment of COVID-19 and vaccination plans in progress leading to a wider reopening of the global economy. So far, Singapore has maintained its stance to keep international borders open. With high local vaccination rates and an aggressive testing mechanism, we see potential for a gradual uplift in international tourist arrivals into Singapore. This should improve business sentiment and consumer spending.

Thai Beverage, Genting Singapore, and Food Empire are the preferred consumer sector picks. Raffles Medical is our preferred healthcare industry pick, as it should benefit from higher tourist arrivals into Singapore once more countries get added to the Vaccinated Travel Lane or VTL. This is because the company remains an exclusive reverse transcription polymerase chain reaction or RT-PCR test provider at Changi Airport.

China Aviation Oil should benefit from the gradual return of international air travel in China, while ComfortDelGro will likely see continuing improvement in earnings, as its public transport and taxi businesses as Singapore improve on the country's economic reopening.

Figure 42: Singapore – economic reopening/recovery plays

Company name	Mkt cap (USDm)	Rating	TP	Upside/ downside (%)	1FY year	P/E (x)		P/BV (x)		Yield (%)		ROE (%)		EPS growth (%)	
						1FY	2FY	1FY	2FY	1FY	2FY	1FY	2FY	1FY	2FY
China Aviation Oil	596	Buy	1.08	15.0	Dec-21	12.1	8.1	0.7	0.6	2.0	1.8	5.5	7.8	-12.3	49.2
ComfortDelGro	2,173	Buy	1.90	39.7	Dec-21	17.2	13.7	1.1	1.1	2.9	5.8	6.5	7.8	177.9	25.4
DBS Group	65,094	Buy	40.40	17.5	Dec-21	12.7	12.4	1.4	1.3	3.4	4.1	11.8	11.0	46.8	1.9
Food Empire	303	Buy	1.01	32.0	Dec-21	17.5	11.4	1.3	1.2	1.1	1.6	7.4	10.7	-36.6	53.4
Genting Singapore	6,850	Buy	0.90	16.6	Dec-21	46.6	17.6	1.2	1.1	2.6	3.9	2.5	6.6	61.1	164.9
HRnetGroup	574	Buy	0.93	20.0	Dec-21	12.5	11.7	2.3	2.1	4.8	5.1	18.4	18.4	50.5	6.8
Raffles Medical	1,846	Buy	1.65	22.8	Dec-21	36.0	33.1	2.8	2.7	1.4	1.8	7.9	8.4	67.2	8.8
Singtel	28,245	Buy	3.37	45.3	Mar-22	17.7	14.6	1.4	1.3	4.0	4.4	7.7	9.1	20.3	21.6
ST Engineering	8,610	Buy	4.85	29.3	Dec-21	21.2	18.9	5.0	4.7	4.0	4.0	23.6	25.2	5.5	12.1
Thai Beverage	12,225	Buy	0.97	47.2	Sep-22	14.7	13.8	2.4	2.2	3.5	3.8	17.2	16.7	13.5	6.7
United Overseas Bank	34,880	Buy	33.50	18.4	Dec-21	12.2	11.1	1.1	1.0	4.2	4.6	9.3	9.6	33.4	9.3

Note: Prices are as at 7 Jan 2022
Source: Bloomberg, RHB

Our positive view on Singtel is premised on earnings rebound in FY22 following four consecutive years of declines. There are potential re-rating catalysts from the recovery in mobile revenues and stronger contributions from Airtel, as well as its strategic business reset announced in May 2020.

The valuation on the stock is undemanding, at -1SD from its historical EV/EBITDA mean, with catalysts hailing from its strategic business reset, which was announced in May 2021.

We remain confident of ST Engineering's (STE) earnings recovery over the next 12 months, as rapid immunisation across the world will allow countries to gradually bring more businesses back to normal. A gradual but ongoing recovery in the aviation MRO business and contributions from passenger-to-freight or P2F conversions should continue to support the earnings recovery in 2022-2023.

We estimate, STE's recent acquisition of TransCore could increase 2023 profit by 9%, assuming the acquisition is entirely funded by debt.

Resilient earnings growth with expected margin expansion

Given the risks related to elevated inflation amidst global supply chain disruptions and expectations of an early interest rate hike, corporates have been putting in effort to maximise operational efficiencies. This, along with demand improvement, should enable some non-banking companies to delivery profit growth along with margin expansions.

Within our coverage universe, we see stocks mentioned in Figure 43 as key proxies to this theme.

Figure 43: Singapore – earnings growth with margin expansions

Company name	Mkt cap (USDm)	Rating	TP	Upside/ downside (%)	1FY year	P/E (x) 1FY	P/E (x) 2FY	P/BV (x) 1FY	P/BV (x) 2FY	Yield (%) 1FY	Yield (%) 2FY	EBITDA margin (%) 1FY	EBITDA margin (%) 2FY	EPS growth (%) 1FY	EPS growth (%) 2FY
AIMS APAC REIT	749	Buy	1.72	20.0	Mar-22	11.5	10.1	1.0	1.0	6.8	7.2	60.6	63.8	69.4	13.1
CDL Hospitality	1,052	Neutral	1.25	7.8	Dec-21	35.6	16.8	0.9	0.9	3.1	4.8	52.3	53.7	na	111.4
City Developments	4,574	Buy	9.00	31.5	Dec-21	44.8	16.3	0.7	0.7	1.5	2.6	24.2	27.2	na	174.5
ComfortDelGro	2,173	Buy	1.90	39.7	Dec-21	17.2	13.7	1.1	1.1	2.9	5.8	9.7	11.1	177.9	25.4
Food Empire	303	Buy	1.01	32.0	Dec-21	17.5	11.4	1.3	1.2	1.1	1.6	11.1	14.7	-36.6	53.4
IREIT Global	549	Buy	0.74	14.7	Dec-21	14.5	11.7	0.8	0.8	4.5	4.7	75.0	77.5	23.2	24.5
Singtel	28,245	Buy	3.37	45.3	Mar-22	17.7	14.6	1.4	1.3	4.0	4.4	24.6	27.5	20.3	21.6
Suntec REIT	3,177	Buy	1.72	13.9	Dec-21	24.4	16.2	0.7	0.7	5.6	5.9	48.2	49.5	na	50.4

Note: Prices are as at 7 Jan 2022
Source: Bloomberg, RHB

Betting on Singapore's continued export growth

Our RHB Economics & Market Strategy team expects Singapore's exports to remain resilient in 2022. Meanwhile, some moderation in global demand should be expected as pandemic-driven demand tapers off. However, the growth of electronics and semiconductor-related merchandise exports are anticipated to hold based on firm demand from 5G-related manufacturers, the automotive market, and data centres.

Services exports are also expected to improve following the easing of border restrictions. To benefit from this continued growth in electronics exports, we recommend exposure to Frencken Group and Venture Corp.

Figure 44: Singapore – beneficiaries of strong export growth

Company name	Mkt cap (USDm)	Rating	TP	Upside/ downside (%)	1FY year	P/E (x) 1FY	P/E (x) 2FY	P/BV (x) 1FY	P/BV (x) 2FY	Yield (%) 1FY	Yield (%) 2FY	ROE (%) 1FY	ROE (%) 2FY	EPS growth (%) 1FY	EPS growth (%) 2FY
Frencken Group	579	Buy	2.64	43.5	Dec-21	12.8	11.1	2.1	1.8	2.3	2.7	17.0	17.4	25.9	15.3
Venture Corp	3,874	Buy	20.90	15.6	Dec-21	17.3	16.7	2.0	1.9	4.1	4.1	11.6	11.6	1.5	3.8

Note: Prices are as at 7 Jan 2022
Source: Bloomberg, RHB

Stay positive on REITs despite growing concerns on rising interest rates

Remain positive on REITs for 2022. S-REITs have had an underwhelming 2021 (as of 31 Dec 2021: +0.19%) when compared to the STI's +9.8%. This was due to a combination of challenges posed by the COVID-19 resurgence, resultant tightening measures, and inflation concerns.

Moving into 2022, we see the fundamental outlook for REITs getting brighter as we near the tail-end of the pandemic and its associated restriction measures. Our base case assumption is that current vaccines are mostly effective on COVID-19 variants, and we do not expect any rollback of the latest easing measures. The gradual easing of restrictions should have a positive impact on REITs that are in operation, with overall sector DPUs expected to grow by 5-10% in 2022. This should positively boost sentiment on S-REITs, especially in 1H22, and we expect the sector to outperform the STI in the near term.

Industrial and office REITs are still our preferred sub-sectors. While office and retail REITs are likely to record a short-term outperformance on tactical rotations from the optimism of an economic recovery, we continue to prefer industrial REITs for earnings resilience. While there are some green shoots for hospitality REITs, we still believe we are at least 6-12 months away from a meaningful increase in numbers. Meanwhile, current valuations are not very cheap.

Overall, we recommend investors hold on to a balanced portfolio of industrial REITs for stable yields, and a mix of office and retail REITs to ride on near-term growth.

Laggard plays and stocks with specific catalysts to outperform. While S-REITs have underperformed the STI in 2021, we note a strong outperformance by logistics-focused and healthcare REITs, indicating investor focus on structural growth, and defensive and resilient sectors.

The sector valuation is currently not stretched, at 1.1x P/BV, and offers an average yield of 5.5% or 384bps higher than the 10-year government bond. For 2022, we expect some of the large-cap laggard REITs, as well as REITs with stock-specific catalysts, to catch up and outperform. Our sector Top Picks: Ascendas REIT, ESR REIT, Prime US REIT, and Suntec REIT.

Figure 45: Singapore – REIT picks

Company name	Mkt cap (USDm)	Rating	TP	Upside/ downside (%)	1FY year	P/E (x) 1FY	P/E (x) 2FY	P/BV (x) 1FY	P/BV (x) 2FY	Yield (%) 1FY	Yield (%) 2FY	ROE (%) 1FY	ROE (%) 2FY	EPS growth (%) 1FY	EPS growth (%) 2FY
Ascendas REIT	9,008	Buy	3.60	23.8	Dec-21	21.3	21.8	1.3	1.3	5.4	5.7	5.9	5.9	-2.6	-2.6
ESR REIT	1,441	Buy	0.54	11.3	Dec-21	6.7	13.9	1.1	1.2	6.4	6.6	17.7	8.4	1092.9	-51.7
Prime US REIT	970	Buy	1.04	25.3	Dec-21	15.7	12.7	0.9	1.0	8.3	8.5	6.2	7.9	136.1	23.8
Suntec REIT	3,177	Buy	1.72	13.9	Dec-21	24.4	16.2	0.7	0.7	5.6	5.9	3.1	4.6	na	50.4

Note: Prices are as at 7 Jan 2022
Source: Bloomberg, RHB

Sector recommendations and stock picks

Figure 46: Our sector recommendations

OVERWEIGHT	NEUTRAL
Consumer	Food products (plantations)
Financials	Healthcare
Industrials	Manufacturing & technology
REIT	Real estate
Transport	Telecommunications & media

Source: RHB

Figure 47: Preferred stocks across sectors

Sector	Most preferred
Consumer	FEH, GENS, THBEV
Financials	UOB, DBS
Food products	WIL
Healthcare	RFMD
Industrials	HRNET, MPM, STE
Manufacturing & technology	FRKN, VMS
Real estate	CIT
REIT	AREIT, EREIT, PRIME, SUN
Telecommunications & media	ST
Transport	CAO, CD

Source: RHB

Figure 48: Singapore – mid- to large-cap picks

Company name	Mkt cap (USDm)	Rating	TP	Upside/ downside (%)	1FY year	P/E (x) 1FY	P/E (x) 2FY	P/BV (x) 1FY	P/BV (x) 2FY	Yield (%) 1FY	Yield (%) 2FY	ROE (%) 1FY	ROE (%) 2FY	EPS growth (%) 1FY	EPS growth (%) 2FY
Ascendas REIT	9,008	Buy	3.60	23.8	Dec-21	21.3	21.8	1.3	1.3	5.4	5.7	5.9	5.9	-2.6	-2.6
City Developments	4,574	Buy	9.00	31.5	Dec-21	44.8	16.3	0.7	0.7	1.5	2.6	1.6	4.5	na	174.5
ComfortDelGro	2,173	Buy	1.90	39.7	Dec-21	17.2	13.7	1.1	1.1	2.9	5.8	6.5	7.8	177.9	25.4
DBS Group	65,094	Buy	40.40	17.5	Dec-21	12.7	12.4	1.4	1.3	3.4	4.1	11.8	11.0	46.8	1.9
ESR REIT	1,441	Buy	0.54	11.3	Dec-21	6.7	13.9	1.1	1.2	6.4	6.6	17.7	8.4	1092.9	-51.7
Genting Singapore	6,850	Buy	0.90	16.6	Dec-21	46.6	17.6	1.2	1.1	2.6	3.9	2.5	6.6	61.1	164.9
Raffles Medical	1,846	Buy	1.65	22.8	Dec-21	36.0	33.1	2.8	2.7	1.4	1.8	7.9	8.4	67.2	8.8
Singtel	28,245	Buy	3.37	45.3	Mar-22	17.7	14.6	1.4	1.3	4.0	4.4	7.7	9.1	20.3	21.6
ST Engineering	8,610	Buy	4.85	29.3	Dec-21	21.2	18.9	5.0	4.7	4.0	4.0	23.6	25.2	5.5	12.1
Suntec REIT	3,177	Buy	1.72	13.9	Dec-21	24.4	16.2	0.7	0.7	5.6	5.9	3.1	4.6	na	50.4
Thai Beverage	12,225	Buy	0.97	47.2	Sep-22	14.7	13.8	2.4	2.2	3.5	3.8	17.2	16.7	13.5	6.7
United Overseas Bank	34,880	Buy	33.50	18.4	Dec-21	12.2	11.1	1.1	1.0	4.2	4.6	9.3	9.6	33.4	9.3
Venture Corp	3,874	Buy	20.90	15.6	Dec-21	17.3	16.7	2.0	1.9	4.1	4.1	11.6	11.6	1.5	3.8

Note: Prices are as at 7 Jan 2022
Source: Bloomberg, RHB

Figure 49: Singapore – small-cap picks

Company name	Mkt cap (USDm)	Rating	TP	Upside/ downside (%)	1FY year	P/E (x) 1FY	P/E (x) 2FY	P/BV (x) 1FY	P/BV (x) 2FY	Yield (%) 1FY	Yield (%) 2FY	ROE (%) 1FY	ROE (%) 2FY	EPS growth (%) 1FY	EPS growth (%) 2FY
China Aviation Oil	596	Buy	1.08	15.0	Dec-21	12.1	8.1	0.7	0.6	2.0	1.8	5.5	7.8	-12.3	49.2
Food Empire	303	Buy	1.01	32.0	Dec-21	17.5	11.4	1.3	1.2	1.1	1.6	7.4	10.7	-36.6	53.4
Frencken Group	579	Buy	2.64	43.5	Dec-21	12.8	11.1	2.1	1.8	2.3	2.7	17.0	17.4	25.9	15.3
HRnetGroup	574	Buy	0.93	20.0	Dec-21	12.5	11.7	2.3	2.1	4.8	5.1	18.4	18.4	50.5	6.8
Marco Polo Marine	73	Buy	0.04	46.4	Sep-21	39.4	26.4	0.9	0.8	na	na	13.8	3.2	na	49.4
Prime US REIT	970	Buy	1.04	25.3	Dec-21	15.7	12.7	0.9	1.0	8.3	8.5	6.2	7.9	136.1	23.8

Note: Prices are as at 7 Jan 2022
Source: Bloomberg, RHB

Key risks to our view

Resurgence of COVID-19 infections and deceleration in economic growth. The high vaccination rate and strong control of the COVID-19 pandemic in Singapore has been one of the key factors behind our expectation of the reopening of the domestic economy and – gradually – the opening of international borders. However, a sharp resurgence in the number of COVID-19 cases – as new variants of the virus emerge – could lead to the re-imposition of movement restrictions. This could lead to the deceleration of global, as well as Singapore's, economic growth in 2022.

Earlier- and higher-than-expected rise in interest rates. In case the US Fed tightens its monetary policy aggressively and at a faster pace – vis-à-vis our RHB Economics & Market Strategy team's baseline projection of a smooth transition path to lower levels of monetary accommodation – this could lead to significant tightening of financial conditions and cause severe dislocations across asset classes. As a result, periods of risk aversion will be deeper and longer when compared to our base case assumption of a smooth functioning of global markets.

Rapid rise in global and local inflation. One of the key risks to the expected economic recovery could come from global inflation mimicking that of the episodes observed in the 1970s and 1980s, where price pressures were on an explosive path and remained as such for a prolonged period. In Singapore, core inflation is central to the MAS' policy decisions, as it underscores the underlying fundamentals of the price dynamics within the Singapore economy. The expected increase in the core inflation has indeed prompted a pre-emptive monetary policy move by the authority in Oct 2021. With inflation likely to emerge as a key risk, the authority may have to tighten the monetary policy further in 2022.

Risk of a further slowdown in China's economic growth. Our RHB Global Economics & Market Strategy team expects Chinese event risks to remain in focus in 2022, and markets closely correlated with the giant economy's capital markets will be negatively impacted. The team expects China's economy to be on a structural decline for the next few years as it struggles with external geopolitical pressures, economy-related policy frictions with developed economies policymakers, and measures to curtail the prominence of the private sector in its economy. While the team is by no means forecasting a hard landing of the Chinese economy or financial markets in 2022, it does expect more continued volatility and under-performance of risks assets such as Chinese equities.

Nevertheless, China's hard landing risks associated with large credit events and a collapse of the property sector could induce a major slowdown in Asian economies, as well as sustained turbulence in the region's financial markets.

Changes in regulations/policies. Further changes in the immigration policy impacting the availability of labour, and looser-/tighter-than-expected fiscal/monetary policies could have a better/worse impact on Singapore's GDP growth outlook. We note that the STI's EPS growth has a strong positive correlation to the country's expected GDP growth. Changes to sector-specific regulations could also have meaningful impact on the earnings outlook for stocks, eg further tightening measures in the real estate sector.

Global geopolitical risks. Economic recovery could also get derailed with the emergence of geopolitical risks related to China's relationship with Taiwan, navigational routes in Asia becoming a major area of discourse between China and some developed countries' governments, and military conflicts in the Middle East arising unexpectedly.

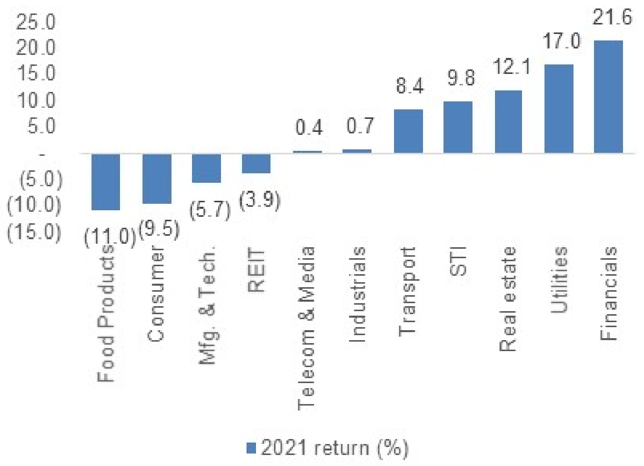
STI target of 3,440 pts for end 2022

Still optimistic about STI's positive performance in 2022. Our end-2022 STI target of 3,440 pts offers a c.8% upside from 31 Dec 2021's close of 3,124pts. This is based on a 12.5x end-2022F P/E, which lies between the average forward P/E since Jan 2008 and its -1SD.

Our expectation for STI EPS to grow c.12% YoY in 2022. We believe our target P/E, below its historical average, seems justified as we approach normalcy for earnings growth over the next two years and life, in general, in the city state.

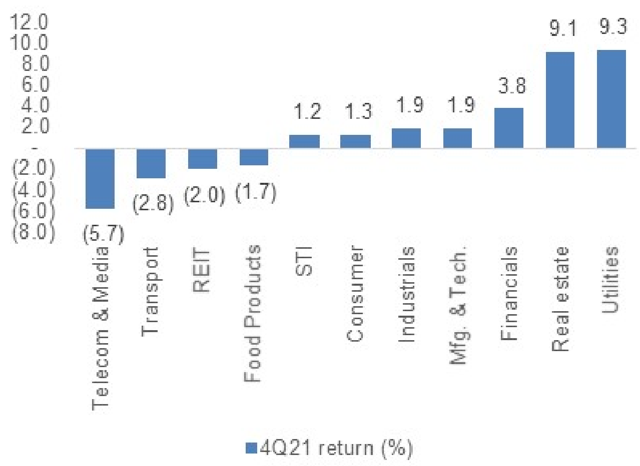
While we still remain constructive on the STI's outlook, we believe an upward move for the index will be a slow grind, as investors await clarity on further normalisation of business activities – not only in Singapore but in the region as well due to the ongoing addition of Sea into the MSCI Singapore Index. This will be completed in February and could possibly encumber Singapore bank's share price performances till early next year.

Figure 50: 2021 sector performance for components of the STI



Note: As at 31 Dec 2021
Source: Bloomberg

Figure 51: 4Q21 sector performance for STI components



Note: As at 31 Dec 2021
Source: Bloomberg

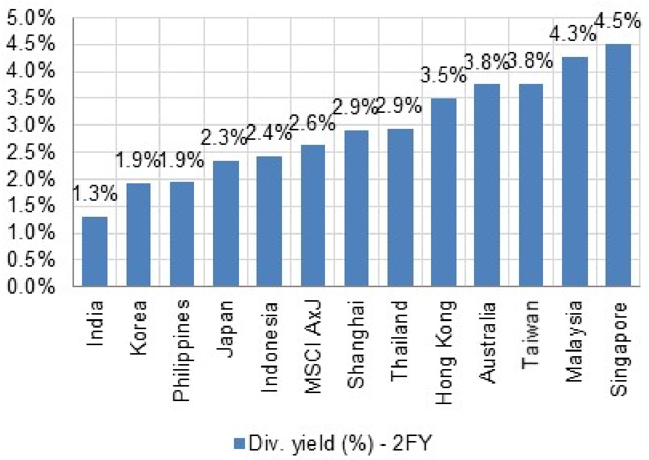
The latest news on Omicron, along with the rising global macroeconomic risks, has made investors question the market outlook. However, on the positive front, valuation for the STI has become more compelling now – at 12.7x forward P/E, it is now trading below its historical average. It also remains amongst the cheapest equity indices in ASEAN and is trading at discount to the rest of Asia – the STI's blended forward yield of 4.3% is the highest in the region.

Figure 52: Valuation comparison for regional indices

	P/E		Dividend yield		P/BV		ROE	
	1FY	2FY	1FY	2FY	1FY	2FY	1FY	2FY
Developed Asia								
Australia	18.5	17.9	3.7	3.8	2.3	2.2	13.3	13.1
Hong Kong	11.1	9.8	3.2	3.5	1.1	1.1	11.0	11.1
Japan	14.3	13.2	2.2	2.3	1.3	1.2	9.1	9.0
Korea	10.7	9.6	1.8	1.9	1.1	1.0	8.5	13.6
Singapore	**13.3**	**11.7**	**4.1**	**4.5**	**1.1**	**1.0**	**8.5**	**9.3**
Taiwan	14.1	13.8	3.7	3.8	2.4	2.3	18.1	17.7
Emerging Asia								
India	24.3	20.4	1.2	1.4	3.5	3.1	14.2	15.3
Indonesia	16.1	14.4	2.2	2.4	2.1	2.0	15.0	15.7
Malaysia	14.9	13.8	6.8	4.3	1.5	1.4	10.1	10.8
Philippines	16.2	13.6	1.7	1.9	1.6	1.5	8.6	10.0
Shanghai	11.5	10.2	2.6	2.9	1.4	1.3	10.7	10.7
Thailand	17.7	15.5	2.6	2.9	1.7	1.6	8.4	9.2
MSCI APxJ	**14.5**	**13.0**	**2.7**	**2.8**	**1.7**	**1.6**	**11.5**	**11.5**

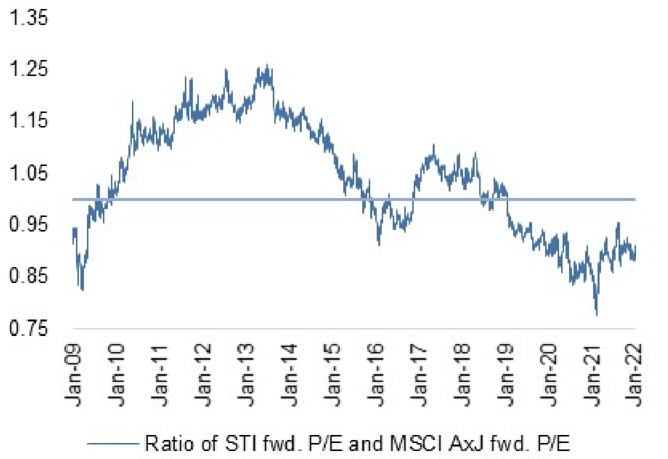
Note: As at 7 Jan 2022
Source: Bloomberg

Figure 53: STI offers the highest yields among the Asian equity indices



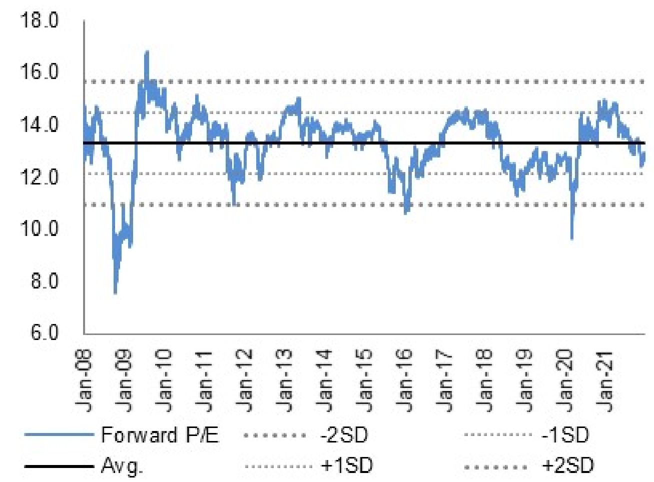
Note: As at 7 Jan 2022
Source: Bloomberg

Figure 54: STI is trading cheaper than rest of Asia ex-Japan



Note: As at 7 Jan 2022
Source: Bloomberg

Figure 55: STI's forward consensus P/E



Note: As at 7 Jan 2022
Source: Bloomberg

Figure 56: STI's forward consensus P/BV

Note: As at 7 Jan 2022
Source: Bloomberg

Valuations Of Stocks Under RHB's Coverage

Figure 57: RHB's coverage universe (by sector)

Company name	Mkt cap (USDm)	Rating	TP	Upside/ downside (%)	1FY year	P/E (x) 1FY	P/E (x) 2FY	P/BV (x) 1FY	P/BV (x) 2FY	Yield (%) 1FY	Yield (%) 2FY	ROE (%) 1FY	ROE (%) 2FY	EPS growth (%) 1FY	EPS growth (%) 2FY
Dairy Farm	3,938	Buy	4.42	51.7	Dec-21	18.9	11.9	2.8	2.6	3.8	5.2	15.4	22.6	-24.4	58.4
Food Empire	303	Buy	1.01	32.0	Dec-21	17.5	11.4	1.3	1.2	1.1	1.6	7.4	10.7	-36.6	53.4
Genting Singapore	6,850	Buy	0.90	16.6	Dec-21	46.6	17.6	1.2	1.1	2.6	3.9	2.5	6.6	61.1	164.9
Japan Foods	53	Buy	0.50	19.8	Mar-22	27.1	21.6	2.3	2.3	6.0	4.3	8.2	10.5	na	25.8
Kimly	385	Buy	0.42	0.0	Sep-22	9.9	9.3	3.4	3.0	6.1	6.5	37.4	34.3	24.7	6.5
Sheng Siong	1,608	Neutral	1.46	0.7	Dec-21	17.0	19.9	5.4	5.0	4.1	3.5	33.5	25.9	-7.4	-14.5
Thai Beverage	12,225	Buy	0.97	47.2	Sep-22	14.7	13.8	2.4	2.2	3.5	3.8	17.2	16.7	13.5	6.7
Unusual	93	Neutral	0.14	14.8	Mar-22	na	na	2.6	2.7	na	na	-4.0	-2.4	na	na
Consumer	**25,455**					**24.1**	**14.8**	**2.3**	**2.2**	**3.4**	**4.0**	**14.1**	**15.6**	**18.8**	**56.7**
DBS Group	65,094	Buy	40.40	17.5	Dec-21	12.7	12.4	1.4	1.3	3.4	4.1	11.8	11.0	46.8	1.9
OCBC Bank	39,350	Buy	15.10	27.1	Dec-21	10.5	9.7	1.0	1.0	4.2	4.5	10.0	10.2	40.3	8.4
Singapore Exchange	7,582	Neutral	10.30	7.1	Jun-22	22.3	21.2	6.8	6.2	3.3	3.3	31.8	30.6	3.5	5.4
United Overseas Bank	34,880	Buy	33.50	18.4	Dec-21	12.2	11.1	1.1	1.0	4.2	4.6	9.3	9.6	33.4	9.3
Financials	**146,905**					**12.5**	**11.8**	**1.5**	**1.4**	**3.8**	**4.3**	**11.8**	**11.5**	**39.7**	**5.6**
Bumitama Agri	697	Neutral	0.56	3.4	Dec-21	6.1	4.9	1.0	0.9	5.6	4.7	17.0	18.6	41.5	24.2
First Resources	1,861	Neutral	1.60	0.3	Dec-21	12.8	9.2	1.6	1.4	na	na	13.0	16.4	24.3	39.1
Golden Agri	2,293	Neutral	0.26	7.5	Dec-21	5.9	5.8	0.5	0.5	2.5	2.5	8.9	8.3	530.2	0.3
Wilmar International	20,147	Buy	5.05	16.4	Dec-21	10.9	11.9	1.0	1.0	2.2	2.3	9.5	8.3	24.5	-7.8
Food products	**24,997**					**10.5**	**10.9**	**1.0**	**1.0**	**2.4**	**2.4**	**9.9**	**9.2**	**71.3**	**-2.6**
Raffles Medical	1,846	Buy	1.65	22.8	Dec-21	36.0	33.1	2.8	2.7	1.4	1.8	7.9	8.4	67.2	8.8
Riverstone	798	Sell	0.65	-10.6	Dec-21	2.4	12.7	1.6	1.5	21.2	3.9	82.9	12.3	119.4	-81.5
UG Healthcare	147	Neutral	0.27	-14.9	Jun-22	7.0	12.5	0.9	0.8	0.7	0.4	13.8	7.0	-76.3	-44.2
Healthcare	**2,791**					**24.9**	**26.2**	**2.4**	**2.3**	**7.0**	**2.3**	**29.7**	**9.5**	**74.6**	**-19.8**
HRnetGroup	574	Buy	0.93	20.0	Dec-21	12.5	11.7	2.3	2.1	4.8	5.1	18.4	18.4	50.5	6.8
ISOTeam	33	Buy	0.21	65.4	Jun-22	6.6	5.7	0.9	1.0	3.0	20.8	14.0	16.1	3.4	15.0
Marco Polo Marine	73	Buy	0.04	46.4	Sep-22	26.4	14.4	0.8	0.8	na	na	3.2	5.6	49.4	83.4
ST Engineering	8,610	Buy	4.85	29.3	Dec-21	21.2	18.9	5.0	4.7	4.0	4.0	23.6	25.2	5.5	12.1
Industrials	**9,289**					**20.7**	**18.4**	**4.7**	**4.5**	**4.0**	**4.1**	**23.1**	**24.6**	**8.6**	**12.3**
Avi-Tech Electronics	40	Neutral	0.42	31.3	Jun-22	11.3	10.7	1.0	1.0	6.3	7.8	9.3	9.6	38.8	5.6
Frencken Group	579	Buy	2.64	43.5	Dec-21	12.8	11.1	2.1	1.8	2.3	2.7	17.0	17.4	25.9	15.3
Fu Yu Corp	155	Neutral	0.30	7.1	Dec-21	13.7	13.4	1.4	1.4	16.8	6.1	9.5	10.2	-8.8	1.9
Valuetronics	173	Sell	0.51	-5.6	Mar-22	12.0	11.8	1.0	0.9	4.2	4.2	8.2	8.0	-40.1	1.7
Venture Corp	3,874	Buy	20.90	15.6	Dec-21	17.3	16.7	2.0	1.9	4.1	4.1	11.6	11.6	1.5	3.8
Manufacturing & technology	**4,823**					**16.4**	**15.7**	**1.9**	**1.8**	**4.4**	**4.1**	**12.0**	**12.1**	**2.9**	**5.1**
APAC Realty	183	Neutral	0.90	28.4	Dec-21	7.3	9.1	1.7	1.5	16.4	8.2	22.7	17.6	104.7	-20.0
Centurion Corp	205	Neutral	0.36	9.1	Dec-21	7.7	6.1	0.4	0.4	2.5	4.9	3.8	7.1	-3.3	26.5
City Developments	4,574	Buy	9.00	31.5	Dec-21	44.8	16.3	0.7	0.7	1.5	2.6	1.6	4.5	na	174.5
Oxley Holdings	594	Buy	0.27	42.1	Jun-22	5.8	11.5	0.7	0.7	6.6	6.6	12.3	6.0	54.7	-49.2
Real estate	**5,556**					**38.0**	**15.2**	**0.7**	**0.7**	**2.5**	**3.3**	**3.5**	**5.1**	**51.9**	**138.7**

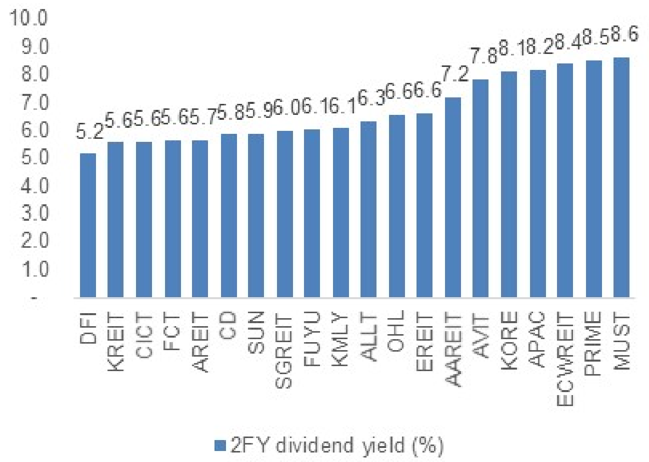
Note: Prices are as at 7 Jan 2022
Source: Bloomberg, RHB

Figure 58: RHB's coverage universe (by sector) (continued)

Company name	M Cap (USDm)	Rating	Target price	Upside/ down. (%)	1FY year	P/E (x) 1FY	P/E (x) 2FY	P/BV (x) 1FY	P/BV (x) 2FY	Yield (%) 1FY	Yield (%) 2FY	ROE (%) 1FY	ROE (%) 2FY	EPS growth (%) 1FY	EPS growth (%) 2FY
AIMS APAC REIT	749	Buy	1.72	20.0	Mar-22	11.5	10.1	1.0	1.0	6.8	7.2	9.1	10.0	69.4	13.1
ARA Logos Logistics	953	Take Profit	0.95	6.8	Dec-21	6.4	15.1	1.4	1.4	6.0	6.3	25.2	9.3	271.1	-57.5
Ascendas REIT	9,008	Buy	3.60	23.8	Dec-21	21.3	21.8	1.3	1.3	5.4	5.7	5.9	5.9	-2.6	-2.6
CDL Hospitality	1,052	Neutral	1.25	7.8	Dec-21	35.6	16.8	0.9	0.9	3.1	4.8	2.6	5.4	na	111.4
CICT	9,836	Neutral	2.20	9.1	Dec-21	22.7	14.7	1.0	1.0	5.3	5.6	5.2	6.8	na	54.2
EC World REIT	454	Trading Buy	0.87	15.0	Dec-21	11.9	11.9	0.8	0.8	8.3	8.4	7.0	6.7	232.1	0.3
ESR REIT	1,441	Buy	0.54	11.3	Dec-21	6.7	13.9	1.1	1.2	6.4	6.6	17.7	8.4	1092.9	-51.7
Frasers Centrepoint	2,847	Neutral	2.45	8.1	Sep-22	16.6	16.6	1.0	1.0	5.6	5.6	5.9	5.9	25.2	0.0
IREIT Global	549	Buy	0.74	14.7	Dec-21	14.5	11.7	0.8	0.8	4.5	4.7	6.1	7.2	23.2	24.5
Keppel Pacific Oak	827	Buy	0.90	13.4	Dec-21	16.1	12.4	1.0	1.0	7.6	8.1	6.1	8.0	-17.8	29.6
Keppel REIT	3,025	Buy	1.25	12.4	Dec-21	14.0	13.4	0.9	0.9	5.4	5.6	6.3	6.5	261.2	4.6
Manulife US REIT	1,175	Buy	0.90	34.5	Dec-21	13.2	9.8	0.9	0.9	8.4	8.6	7.0	9.4	na	33.7
Prime US REIT	970	Buy	1.04	25.3	Dec-21	15.7	12.7	0.9	1.0	8.3	8.5	6.2	7.9	136.1	23.8
Starhill Global REIT	1,052	Buy	0.68	6.3	Jun-22	12.8	16.1	0.7	0.7	5.9	6.0	5.8	4.6	89.0	-20.9
Suntec REIT	3,177	Buy	1.72	13.9	Dec-21	24.4	16.2	0.7	0.7	5.6	5.9	3.1	4.6	na	50.4
REIT	**37,116**					**19.3**	**16.3**	**1.0**	**1.0**	**5.7**	**6.0**	**6.5**	**6.5**	**139.6**	**20.5**
Singtel	28,245	Buy	3.37	45.3	Mar-22	17.7	14.6	1.4	1.3	4.0	4.4	7.7	9.1	20.3	21.6
StarHub	1,735	Neutral	1.39	2.2	Dec-21	16.3	15.0	3.9	3.5	3.7	3.7	25.4	24.9	-8.9	9.1
Telecommunication & media	**29,980**					**17.7**	**14.6**	**1.5**	**1.4**	**4.0**	**4.4**	**8.8**	**10.0**	**18.6**	**20.9**
China Aviation Oil	596	Buy	1.08	15.0	Dec-21	12.1	8.1	0.7	0.6	2.0	1.8	5.5	7.8	-12.3	49.2
ComfortDelGro	2,173	Buy	1.90	39.7	Dec-21	17.2	13.7	1.1	1.1	2.9	5.8	6.5	7.8	177.9	25.4
Transport	**2,769**					**16.1**	**12.5**	**1.0**	**1.0**	**2.7**	**5.0**	**6.3**	**7.8**	**137.0**	**30.5**

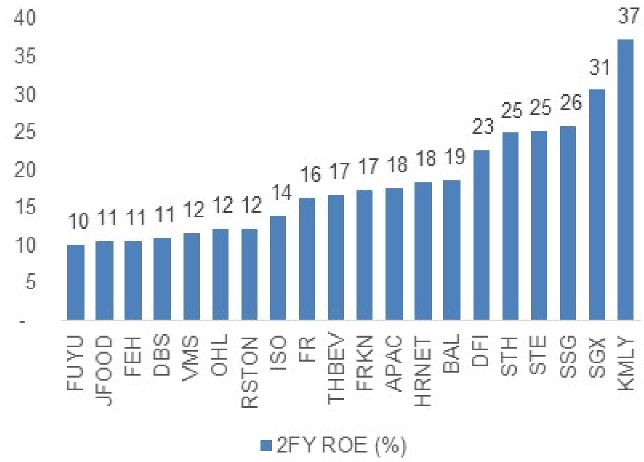
Note: Prices are as at 7 Jan 2022
Source: Bloomberg, RHB

Figure 59: Top 20 high-yield stocks under RHB's coverage



Note: Prices are as at 7 Jan 2022
Source: Bloomberg, RHB

Figure 60: Top 20 ROE for stocks under RHB's coverage



Source: RHB

Thailand: Rediscover Thailand 2022

A turning point. Balancing a slower economic recovery with a possible path out of the COVID-19 pandemic has been the new norm for Thailand since 1 Nov 2021. The Delta variant struck in Jun 2021 and new infections peaked in Aug 2021 before tapering down towards the end of the year. Thailand ramped up public health protocols and movement restrictions, and the percentage of people having received their second vaccination dose rose to exceed 65%.

Meanwhile, the Omicron variant may still impact economic growth and investor interest – but only to an extent. Beyond COVID-19, we believe Thai stocks are set to see a recovery in their fundamentals in 1H22, before strengthening further in 2H22.

Economy bottomed out in 3Q21. Street GDP estimates indicate that Thailand's economic growth bottomed out in 3Q21 (-0.3% YoY) as the country underwent a lockdown that lasted for a few months. Consensus also expects growth to recover by 0.5% YoY in 4Q21 and pick up speed towards 2H22 – forecasting GDP growth at 1% and 3.9% YoY in 2021 and 2022. By comparison, our economists expect 1% and 3.6% YoY growth the same period.

Street expects the economic metrics to be positive in 2022, with export growth rising 10.8% as public spending, investments, and private consumption pick up. Inflation should not be a major issue.

Speeding up the execution of infrastructure projects. In 2022, three mass rapid transit (MRT) lines are set to come on-stream, namely the: i) 41.6km MRT Red Line owned by the State Railway of Thailand (SRT), ii) 30.4km MRT Yellow Line, and iii) 34.5km MRT Pink Line, which will transverse 32 stations and is run and concession-owned by BTS Group.

Meanwhile, projects up for bids will include the THB120bn MRT Orange Line that spans 22.6km (scheduled to begin operations by late 2023) under an operations & maintenance (O&M) concession. We believe Bangkok Expressway & Metro (BEM) has a high chance of winning this concession, as 75% of the MRT Orange Line will be underground.

Besides this, Phase 2 of the MRT Purple Line will be open for construction bids by year's end, and the O&M concession value for 2022 is at around THB100bn. BEM runs Phase 1 of the MRT Purple Line.

End-2022 SET target at 1,880pts. Despite the pandemic, corporate earnings in 9M21 surged 142% YoY due to the economic turnaround. As such, we expect the SET's EPS to grow by a solid 106% YoY in 2021 before decelerating to 11.8% YoY this year. Accordingly, we forecast the SET Index target at 1,681pts for 2021 and 1,880 pts for 2022 by assigning a P/E of 22.5x, based on a 5-year mean.

Our investment thesis is split into two periods:

i. **1H22** – commodity prices and exports to drive and support growth amid a continuation of stimulus measures and pick-up in consumption. Top Picks: Hana Microelectronics (HANA), Thai Union (TU), Global Power Synergy (GPSC), Kasikornbank (KBANK), and PTT Exploration & Production (PTTEP);

ii. **2H22** – ramp-up in public infrastructure project bids and budget disbursements, private investments, and robust consumption. Top Picks: Airports of Thailand (AOT), Bangkok Dusit Medical Services (BDMS), BEM, CH Karnchang (CK), Central Pattana (CPN, Minor International (MINT), and WHA Corp (WHA).

Key risks:

i. Emergence and/or resurgence of new COVID-19 variants;

ii. A K-shaped economic recovery that would trigger uncertainties in the export sectors, which contribute 18% of GDP;

iii. Rising household debt levels (89.3% in 2Q21) will hamper domestic consumption, possibly rising NPLs (3.65% in 3Q21), and a high unemployment rate;

iv. External factors triggering capital outflows in the equity market;

v. The 2024 General Election, where a change of government and prime minister may create political instability and lead to inconsistent long-term economic policies.

Investment Themes In 2022

Theme 1: Tech and fintech start-ups are a game-changer

New capex cycle. Over the past 3-5 years, Thai banks have heavily spent capex on their conventional banking businesses (primarily on lean management), with a minimal digital transformation (focus on mobile banking applications). In 2022, we believe the new capex cycle will focus on reshaping and technological disruptions beyond banking, by embracing and investing in new technologies.

Given the ongoing changes in the digital arena, there are many areas of new banking-related businesses such as digital lending, artificial intelligence or AI chatbots, peer-to-peer lending, information technology or IT consulting, and other technology platforms. Some also anticipate its application to be a super app (several services from one single app), eg Siam Commercial Bank's (SCB) Robinhood.

Impact of venture capital. Besides the growth in wealth management and partly from incumbent banks, investments in potential start-ups via banks' venture capital arms, as well as impactful partnerships, should boost competitiveness and ROEs through synergies generated. SCB has a JV with Advanced Info Service (ADVANC), while Krung Thai Bank (KTB) has a JV with Accenture. These banks may be able to unlock the value of start-ups via exit strategies. Previously, most Thai banks have owned venture capital businesses, but these have not been very visible, nor were there any noteworthy transactions in the capital market

Re-rating in valuations. On top of profitability, banking stocks are likely poised for a re-rating – although most new investments contribute marginal numbers or take years to turn around. This is due to the fact that they tend to invest in seed and pre-series company rounds. Looking ahead, we may not only use the conventional Gordon Growth Model or GGM valuation to derive our TPs – SOP valuation would also be a suitable approach to ascertain the fair value of tech platform companies. For example, it may be possible to value profitable firms by conventional methods. However, the value of loss-making companies could be calculated via price per sales (P/S), enterprise value per sales (EV/S), or other comparable methods, eg comparing a company's market share to total available market or TAM.

Non-banks will soon be thoroughly disrupted. We see less innovation here, with capex spent on expanding branches – since non-banks continue to focus on existing businesses that have growth opportunities. With keener competition and stricter regulations, this would lead to lower profits and a de-rating.

However, we expect these firms to find new growth opportunities in areas like "buy now, pay later" or BNPL, digital lending, and comprehensive mobile apps – which may also lead to a positive re-rating.

Theme 2: Future connectivity – road, rail, and ports

Rail: More MRT projects in 2022, there will be three MRT lines commencing operations, namely the:

i. 41.6km MRT Red Line operated by SRT;

ii. 30.4km MRT Yellow Line;

iii. 34.5km MRT Pink Line with a network of 32 stations.

The MRT Yellow and Pink Lines are currently under construction, with more than 80% progress. These two routes will be managed by BTS, and operations are expected to begin in mid-2022. Meanwhile, projects up for bids in 2022 will be the:

i. **MRT Orange Line (22.6 km).** Phase 1 is anticipated to kick off operations anytime from late 2023 to end 2024. BEM has a high chance of winning this concession based on its extensive experience in running services on the MRT Blue Line. The value of this project should be around THB120bn, including the construction of the extension route from the end of Phase 1 to the west side of Bangkok (THB90bn) and O&M concession (THB30bn);

ii. **MRT Purple Line.** Companies participating in the bidding process are vying for the contract to build Phase 2. Note: The contract values for construction and O&M are estimated at around THB100bn. BEM will have an edge in bidding for the O&M concession, as it is currently operating Phase 1 of this network.

Airport: Salient details of the Suvarnabhumi and U-Tapao airports

Domestic travel is rebounding, and this may be a tailwind. There has also been a gradual recovery in international upscale foreign tourist arrivals and business travellers. International visitor arrivals may ramp up gradually in 1H22, and an expected influx of tourists from China may trigger a boost for Thailand's tourism industry by 2H22. Our assumptions indicate that the number of domestic and international air passengers travelling through AOT's airports may improve to 62% and 31% of 2019's levels (ie pre-COVID-19).

We remain optimistic on the Thai aviation sector over the next 12 months. Post-COVID-19, we believe the aviation sector in Asia will have strong growth potential. Thailand, being a top tourism destination and leading aviation hub, is progressively developing infrastructure to meet the upcoming surge in demand. This includes expansion works for Suvarnabhumi International Airport as well as U-Tapao International Airport, the country's third primary project which provides connectivity to the Eastern Economic Corridor (EEC).

Maintain BUY on AOT. AOT's search for private operators for the Suvarnabhumi Airport City project should kick off thisyear, while its certification hub for agricultural product exports may commence in Apr 2022. These projects could help balance its commercial revenue over aeronautical operations. Still, we see these projects as a long-term earnings upside, as it may take years to secure revenue. The planned operational transfer of the state's three airports – Udon Thani, Buriram, and Krabi – to AOT may be submitted to the Cabinet for consideration this month, although details of the airports' operational formats have not yet concluded.

High-speed rail (HSR) projects in the first and second phases

HSR details:

Phase 1: Bangkok-Nakhon Ratchasima

Phase 2: Nakhon Rachasima-Khon Kaen-Nong Khai

- Total distance: 873 km; total investment cost: THB500bn (USD15bn).
- Key benefits: Passenger and cargo transport; Thai exports can reach Europe in 12 days, boosting tourism in northeast Thailand.

Winners of construction contracts in HSR Phase 1

- Italian-Thai Development (ITD TB, NR);
- Nawarat Patanakarn (NWR TB, NR);
- Unique Engineering and Construction (UNIQ TB, NR);
- Other bid winners were non-listed companies with a strong reputation in civil engineering works and construction.

Operations are set to kick off in 2026, and construction is still far from being completed. One out of 14 contracts has been completed, while six are under construction, and seven are still in the pre-construction stage.

The recent successful connectivity of the HSR project between China and Laos has pressured the Thai Government to speed up the second phase linking the endpoint of phase 1 to the Thailand-Laos border. Phase 2 is under the design process. We think that the existing bid winners, (the three listed companies – ITD, NWR and UNIQ) will have a competitive advantage in bidding for Phase 2. Construction works for the first phase are scheduled to be completed in 2025. CH Karnchang and Sino-Thai Engineering & Construction (STEC) have shown no interest in this project.

Deep sea port – Laem Chabang Port Phase 3 terminal F will begin construction in 2023, and open in 2025

To become a regional logistics hub. The deep seaport expansion project within 1,600 *rai* (632.41 acres) of land will be vital in expanding the country's sea freight capacity within the EEC. Yearly container handling capacity will rise from 11m to 18m, and roll on-roll off (Ro/Ro) for auto imports and exports will also surge from 2m units to 3m units per year. There are plans to install an automation system in this new phase, while the logistics activities via the railway route within the deep seaport project will increase to 30%. It will also enable multimodal transportation, which will engender seamless inter-country connections, including transhipment and railway cargo shipment to neighbouring countries like Cambodia, Laos, Myanmar, Vietnam and China.

The Laem Chabang Port Phase 3 project aims to enhance Thailand's competitiveness in maritime trade, as well as promote the country as a prominent regional gateway, and to upgrade it into a regional logistics centre. Additionally, the implementation and usage of innovation and technology will advance this facility as a modernised deep seaport that prioritises the environment.

PPP investment scheme. The project development cost of Laem Chabang Port Phase 3 has been valued at THB110bn (Port Authority of Thailand (PAT) accounting for 45% and the private sector, 55%). The project will be run under a PPP model, with a concession term of 30-50 years. The biggest advancement in this third phase should be Terminal F – the development contract has been awarded to GPC International Terminal (GPC), with a 40:30:30 spread between Gulf Energy Development (GULF), PTT Tank Terminal, and China Harbour Engineering. When Terminal F reaches full capacity, PAT will start the development project for Terminal E – which is likely to happen in the next 10 years. PAT also expects its total annual revenue to grow to over THB19bn in 2025, from THB15.9bn in FY22, when Terminal F starts operating (by FY25).

FDI attraction. In addition to GPC being the concessionaire for operating Terminal F for 35 years, we expect other sectors to benefit from the port's higher capacity and more efficient transhipment, especially when FDI into Thailand has resumed solid growth. Overall investment application value submitted to Thailand's Board of Investment during Jan-Sep 2021 jumped 140% YoY to THB521bn, which exceeded the full-year amount in FY20. The combined FDI for this project tripled to THB372bn in 9M21, from THB116bn in 9M20. Other beneficiaries include:

i. Industrial estates and warehouses like Amata Corp (AMATA), WHA, and JWD Infologistics (JWD TB, NR),

ii. Sea freight companies like Regional Container Lines (RCL TB, NR), Precious Shipping (PSL TB, NR), Wice Logistics (WICE TB, NR), and LEO Global Logistics (LEO TB, NR);

iii. Auto and auto parts manufacturers like Somboon Advance Technology (SAT TB, NR) Thai Stanley Electronics (STANLY TB, NR), Aapico Hitech (AH TB, NR); as well as

iv. Utility players like Sahacogen (Chonburi) (SCG TB, NR), and Ratch Group.

Motorways

Land logistics. New motorway routes are in the Government's bid pipeline, and there are opportunities to win concessions. These routes will expand the capabilities of inland transportation and logistics to facilitate intra-country and international trade within the region. These types of projects usually transverse several provinces in a row, bypassing areas that are congested with traffic.

Six new motorways. In 2022, the Ministry of Transport plans to launch six new motorway projects worth THB202bn for actual investment within FY27. It should provide opportunities to the construction sector (STEC, CK, ITD and UNIQ) and transportation system operators (BEM, BTS, and Don Muang Tollway (DMT TB, NR)). The M7 extension, M8, and M9 extension extensions seem to be the most attractive to all participants in bidding for O&M contracts, as these routes are mainly strategic transportation projects.

M7 extension (Srinakarin-Suvarnabhumi). The elevated way above the original M7 motorway route facilitates traffic into and out of Suvarnabhumi International Airport. M8 (Nakhon Pathom-Pak Tho) will be the first motorway route to enter the country's southern region, while the M9 extension will link M82 and M6. Based on these projects to be developed in the next phase, travelling via motorways will be seamless and a timesaver compared to travelling via regular roads across provinces.

Figure 61: Salient details of upcoming major road projects

Project name	Distance (km)	Project value (THBm)	Construction Period	Investment formula
M82 Bang Khun Thien-Ban Phaew	25	32,220	FY21-24	Civil works invested by the Motorway Project Fund and PPP (gross cost) for mechanical & engineering (M&E) and O&M
M9 Outer Ring Road (Bang Khun Thien-Bang Bua Thong)	36	56,035	FY22-25	PPP (net cost)
M5 Rangsit-Bang Pa In	22	27,800	FY23-26	PPP (gross cost).
Linkage between M6 and Highway No 32	4.28	4,700	FY23-25	Entirely invested by the Government.
M7 Srinakarin-Suvarnabhumi	18	29,550	FY24-27	PPP (net cost).
M8 Nakhon Pathom-Pak Tho	63	51,760	FY24-27	Civil works invested by the Government and PPP (gross cost) for M&E and O&M.
Total	**168.28**	**202,065**		

Source: Logistics & Development Thailand Forum

Theme 3: Electric vehicles (EV) – next-generation automotive

Thailand has become active in promoting the EV industry. Over the past five years, leading parties – car and parts manufacturers and energy & utility companies – have significantly developed their EV infrastructures and offerings.

Thailand's accumulated EV usage may hit 1.05m units in 2025, and surge to 15.58m units in 2035 (a 15-year CAGR of 34%), compared with just 0.19m EVs on the road in 2020. To serve the projected demand surge, Thailand's National Electric Vehicle Policy Committee or EV Board has set up a roadmap to achieve 12,000 fast charger units by 2030 vs 2,224 units in mid-2021. We have seen both Thailand's state enterprises and private companies carrying out major investments to penetrate the EV charging platform business domestically.

The Thailand Board of Investment (BOI) investment promotion approvals include tax incentives for such projects.

However, we believe that the market response remains gradual. Despite the accumulated number of EV registrations in Thailand – both plug-in hybrid EVs and battery EVs saw strong 5-year growth CAGRs of 22% (2015-2020) – electric passenger cars only account for a minimal c.1.7% of total new car registrations over this period.

Related stocks: EV passenger car and boat producers (PTT, Energy Absolute (EA TB, NR), Next Point (NEXT TB, NR), Chai Watana Tannery (CWT TB, NR), battery chargers (GPSC, Rojana Industrial Park (ROJNA TB, NR), EA, Banpu (BANPU TB, NR)), charging stations (PTT Oil & Retail (OR TB), Forth Corp (FORTH TB, NR), Delta Electronics (DELTA TB, NR), battery-wasted management (Better World Green (BWG, NR), and high-tech electronics firms.

Theme 4: Travel Recovery (>12M investment horizon)

Tourism

The Omicron variant. The Public Health Ministry is considering suspending the "Test & Go" convenient entry programme for fully vaccinated air travellers, because of the escalating Omicron variant situation worldwide. This will hamper ease of entry into Thailand, and even decrease the number of foreign tourist arrivals – but we expect this to be for the short term. Under the current "Test & Go" scheme, average room occupancy rates for hoteliers under our coverage could ramp up to 30-40%, ie half of pre-COVID-19 levels. This is on top of limited room rate hikes vs 2021, on a gradual improvement of international visitor arrivals in 1H22. We expect the number of foreign visitors for the year to improve to about 25% of pre-pandemic levels (2019).

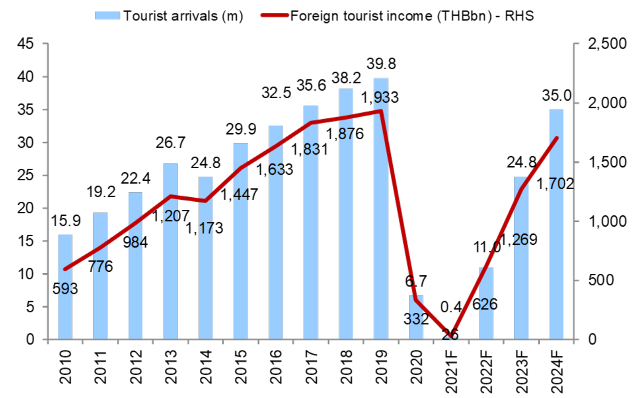
Domestic travellers are a key source market next year. Thai locals are set to remain the key source market – boosted by further tourism stimulus measures by the Government, the ongoing pent-up demand, and the public's rising confidence towards out-of-home activities. Cities that are accessible by just a short drive from the capital, like Pattaya and Hua Hin, may continue to do well, as well as destinations that are popular with international tourists like Phuket and Bangkok. A learning curve in managing opex over the past two years may enable large-scale hoteliers to turn to record positive EBITDA from 2022F onwards. Still, we expect pure hotel operators and those focused on Thailand properties to remain in the red – albeit with smaller losses – in 2022.

Revisiting the investment plan. Hoteliers with healthier financials may resume their plans for new project expansion and existing asset enhancement, along with acquisitions or investments into third-party properties both locally and abroad. Those with high gearing may still see a handful of further asset sales or leases, leading to one-time extra gains and stronger balance sheets.

We are still optimistic about the recovery of Thailand's tourism industry from 2022 onwards. This is in the wake of an improving COVID-19 situation, easing lockdown restrictions in Thailand, strengthening confidence over out-of-home activities among the Thai locals, and allowing international visitors back into the country. Nonetheless, the recent spread of the Omicron strain has led the Thai Government to revise the immigration process, from the 2-day "Test-and-Go" procedure to a quarantine. We expect this to have a short-term effect – likely for a couple of months – on the hospitality industry in 1Q22, given that some foreign visitors may extend or cancel their trips to the kingdom. Meanwhile, we believe the domestic market will remain solid, supported by pent-up travel demand and the Government's tourism stimulus packages.

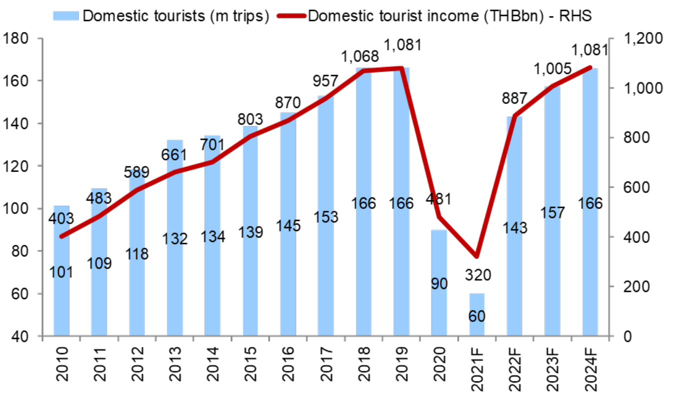
Lower number of foreign visitors expected. As such, we pare down our assumption of international tourist arrivals to 0.4m in 2021F (from 0.5m) and 11m in 2022F (from 15.1m), with total foreign receipts amounting to THB26bn in 2021F (from THB35bn) and THB626bn in 2022F (from THB859bn). We maintain our conservative numbers for domestic travel at 60m trips in 2021F and 143m trips in 2022F, with THB320bn and THB887bn in receipts over the 2-year periods. We believe Thai tourism will be back to the pre-pandemic levels in 2024.

Figure 62: International tourist arrivals and income trend



Source: RHB

Figure 63: Domestic tourists and income trend



Source: RHB

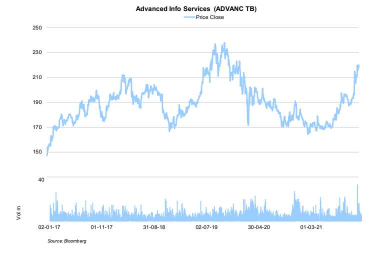
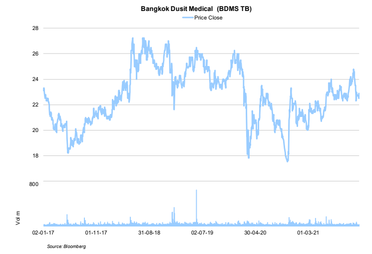
Healthcare services

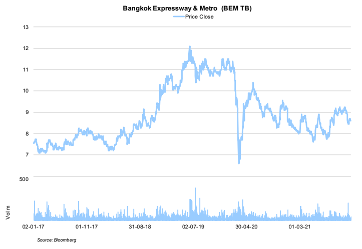
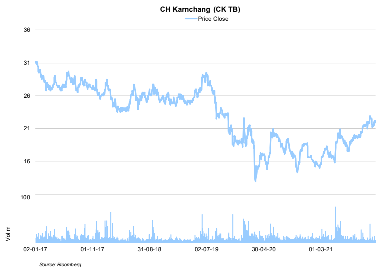
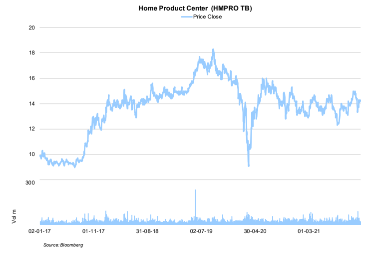
Ramping up non-COVID-19 patient loads post lockdown, from Sep 2021, may offset the decline in occupancy rates for COVID-19 wards and eventually improve hospitals' overall occupancy rates and the number of outpatient visits, thanks to pent-up demand. We also expect improved insurance patient numbers following the public's rising attention to medical insurance post pandemic, and hospitals' partnerships with insurance companies to design and launch exclusive policies together.

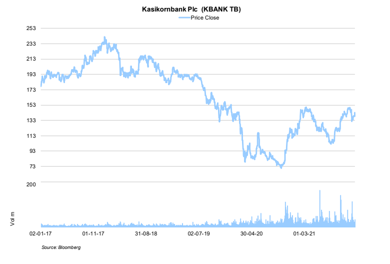
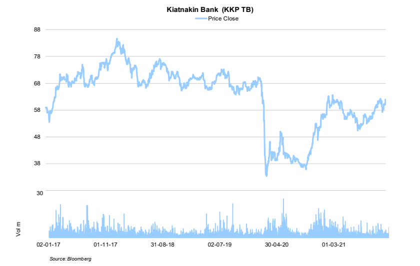
Optimistic view. We are optimistic about the Government's plan to reopen the country to international visitors without quarantine, from early 2022. As a result, there are improving trends for fly-in foreign patients and a revival in the revenue mix from international patients. However, these measures may still be limited at this time, and the situation is unlikely to normalise within 2022, in our view. As such, major healthcare operators may also carry out more marketing activities to attract expatriate patients from the UK, the US, and Japan. These factors may bring 2022 revenue closer to pre-pandemic levels, and sustain earnings growth for companies like BDMS.

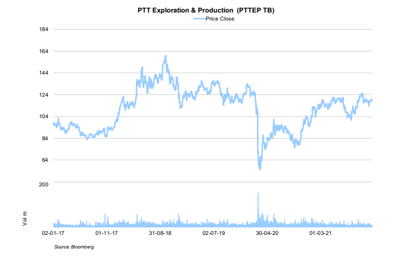
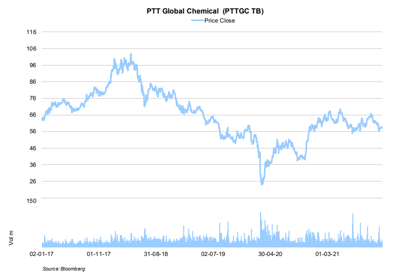
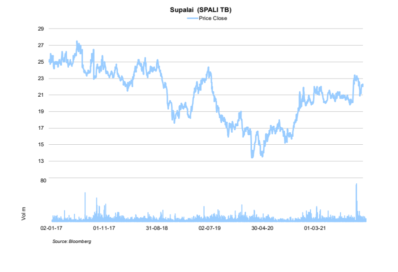
Digital health platforms as long-term growth support. Large-scale hospital networks are gearing towards developing a digital health ecosystem to facilitate customers and provide sustainable growth, led by tele-consultation and tele-pharmacy activities. BDMS has set long-term targets for this platform to attain 20m participating customers and contribute 10-15% of total revenue in the next five years, from 1% currently. In addition, as an earnings upside, it may be the gateway to bring more external customers into its hospital network and increase inpatient and preventive care activities.

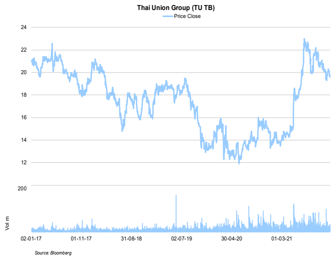
Thailand Stock Picks 2022

	Advanced Info Service (ADVANC TB)	Airports Of Thailand (AOT TB)	Bangkok Dusit Medical Services (BDMS TB)
Share price performance			
Market cap (USDm)	19,648.15	25,629.17	10,974.81
Current price*	THB218.00	THB59.50	THB23.00
Rating	BUY, TP: THB210.00	BUY, TP: THB77.00	BUY, TP: THB29.00
Sector	ICT	Transport	Healthcare
Company description	ADVANC is the largest integrated telecommunication services provider in Thailand with core businesses in the provision of mobile, fixed broadband (FBB) and digital services	AOT manages airports in the kingdom, with core tasks being airport management and the development of country's six international airports – Suvarnabhumi, Don Mueang, Chiang Mai, Mae Fah Luang-Chiang Rai, Phuket, and Hat Yai. All six serve both domestic and international flights, with Suvarnabhumi designated as Thailand's main airport	BDMS operates a group of leading private hospitals with a nationwide network. The group currently runs 49 hospitals with c.8,700 beds in Thailand and Cambodia, and provides services to both local and foreign patients. Growth drivers come from local and regional expansions via greenfield projects and M&A
Business strengths	• Largest mobile operator in terms of subs and service revenue share • Leading 4G/5G network with extensive urban, semi-urban and upcountry coverage • Converged offerings with good enterprise and digital solutions • Rapid fibre deployment of over 8m homes passed and 77 cities	• A natural monopoly business • Solid stream of recurring income from services • Favourable concession agreements • Thailand as a major air transport and tourism hub in South-East Asia	• Thailand's largest private hospital operator • Well-positioned to benefit from a favourable Thai and regional healthcare industry backdrop • Hub-and-spoke model with an established patient referral system • Providing complete range of healthcare services, including non-hospital strategic investments
Investment highlights	• The reopening of borders should drive a stronger rebound in core mobile revenue • Expanding FBB market share underpinned by rapid fibre deployment • Strong beneficiary of pandemic–induced digitalisation initiatives by enterprises • Good opex optimisation with on-going digitalisation of both front/back-end network and operations • Partnership with SCB on digital banking should fuel the expansion of its digital business in the longer term	• Pent-up demand for travel among the Thai locals may improve earnings growth throughout FY22, with limited downside from fears over Omicron • Country re-opening may ramp up air traffic to 50% of capacity and lead AOT's bottomline back into positive territory in 4QFY22 • New airport and commercial projects as a long-term upside • The market has priced the extension of assistance measures for aeronautical and non-aeronautical operators until end-Mar 2023	• Full-year return of non-COVID-19 patients post-lockdown may boost the number of visits • Developing its own digital health platform as a long-term growth support, targeting 10-15% of total revenue in the next five years, vs 1% now • Resumption of fly-in international patients and an improving revenue mix may support 16% core earnings growth in 2022 • The first healthcare DJSI member in Thailand
Valuations	• DCF	• DCF	• DCF
Risks	• Tight competition • Merger between rivals could potentially see the benefits of scale and synergies diluting its brand and position in the market in the longer term	• Slower-than-expected air travel recovery • Fee discounts to be offered to both aeronautical and commercial activities • Delays in project investment plans • Uncertainties, ie changes in government policies, political gatherings, natural disasters including disease outbreaks	• Weaker-than-expected economic conditions • Tough competition • Sluggish flow of medical tourists • Changes in revenue mix with lower profit margins

	Bangkok Expressway & Metro (BEM TB)	CH Karnchang (CK TB)	Home Product Center (HMPRO TB)
Share price performance			
Market cap (USDm)	3,900.99	1,100.12	5,725.64
Current price*	THB8.55	THB22.30	THB14.70
Rating	BUY, TP: THB10.10	BUY, TP: THB23.30	BUY, TP: THB18.00
Subsector	Transport	Construction	Retail
Company description	BEM conducts expressway construction and operations, operations management of MRT systems, and other related businesses	CK is a Thailand-based construction company with capabilities in state-of-the-art construction technologies and project management. It also has unique capabilities in comprehensive development, financing, and the management of large-scale infrastructure concessions domestically and regionally	HMPRO was established with the objective of operating a retail business in the home improvement segment by selling goods. The business also provides a complete range of services related to construction. This is in addition to refurbishment, renovation, improvement of buildings, houses and residential units through a one-stop shopping centre format under the HomePro and Mega Home trade names – the company's trademark. HMPRO currently operates HomePro stores in Thailand and Malaysia.
Business strengths	• Long-term concession secures business performance for longer than a decade • Utility-like business ensures the consistent growth of the company's overall performance • Rail and expressway services with key strengths in low-price elasticity of demand • The resumption of expressway traffic and MRT ridership to be seen in FY22	• One of the three largest construction companies in Thailand • Strongest recurring income from investments in the utility business • Key expertise in construction projects, eg mass transit routes and expressways • Proven track record in maintaining high GPM under several circumstances	• Thailand's largest retailer for home improvement • Provides fully integrated services, ie home solutions and home services • Has the ability to add house brand products to consistently improve margins and ensure high profitability • Highly efficient in operating cost controls
Investment highlights	• There have been three straight months of improvements. While expressway traffic reached the threshold level of 1m trips/day in November – and is approaching the pre-pandemic saturation level of 1.2-1.3m trips/day – MRT Blue Line ridership also improved to 187k/day during this time vs Aug 2021's critical low of 62.4k/day • The strong recurring earnings growth of <200% YoY will be a key FY22 feature, premised on the resumption of commuting activities via expressways and MRT on a full-year basis • BEM will gain opportunities from winning new O&M concessions for motorway projects especially some motorway routes, eg M7, M8, and M9	• Opportunities for growth should be found in FY22, however – especially from: i) Jobs related to the extension of MRT Purple Line and MRT Orange Line, and ii) the Luang Prabang hydropower project. Based on our estimates, its orderbook has the potential to expand by almost six times, to >THB150bn by end-FY22 • FY22 earnings will rebound from the low levels recorded in FY21, due to the commencement of construction works from 3Q22 onwards, on two jobs related to the new double-track railway route (Denchai-Chiangrai-Chiangkhong) under a JV (>50% stake invested by CK. • Among its affiliated companies, BEM should be a major growth driver in FY22. We expect it to book <200% YoY net profit growth	• Expecting normalising earnings in FY22 – to be supported by full-year operations of all stores and retail malls, and stronger spending among its customers in the middle and upper segments, with profit margins approaching pre-pandemic levels • Online sales mix may continue increasing by 1% to 8%, with economies-of-scale operations. • Quarterly earnings momentum will continue its upward trajectory in 1Q22 • Rapid improvement in sustainability development may allow the stock to continue trading at a premium
Valuations	• SOP, by appraising the company's core businesses with DCF and its affiliates – including CK Power and TTW – with Bloomberg consensus figures	• SOP, by appraising the construction business with P/E, our TP for BEM, and TPs for investments in other affiliated companies via Bloomberg consensus figures	• DCF
Risks	• Weaker-than-expected future traffic and ridership growth	• Delays in launching new infrastructure projects • Major construction materials price volatilities	• Consumption slowdown • Rising competition from smaller home improvement retailers • Delays in opening new stores • High-volume Mega Home business undermining overall gross margins

	Kasikornbank (KBANK TB)	Kiatnakin Phatra (KKP TB)	Minor International (MINT TB)
Share price performance			
Market cap (USDm)	9,994.91	1,557.28	4,539.84
Current price*	THB141.00	THB61.50	THB29.50
Rating	BUY, TP: THB165.00	BUY, TP: THB66.00	TRADING BUY, TP: THB40.00
Subsector	Banks	Banks	Hospitality
Company description	Kasikornbank is Thailand's second-largest commercial bank by asset size. It has a balanced loan mix from the corporate (34%), small and medium enterprise (SME) (34%) and retail (28%) segments. The bank's strength in the SME segment has enabled it to build a strong CASA franchise (CASA ratio of 78%)	Kiatnakin Phatra Bank is a commercial bank that provides a full range of financial services. It is a major player in the auto financing segment, which accounts for 65% of total loans (mostly upcountry). It also provides residential project and corporate loan services. KKP merged with Phatra Financial Group in Sep 2012 under a share-swap deal	MINT is a global company focused on three primary businesses: Restaurants, hotels, and a distribution unit that features lifestyle brands. It is the owner of Thailand's leading hotel and food franchises, including Anantara Hotels, Resorts & Spas, Avani Hotels & Resorts, NH Hotel Group, and The Pizza Company. MINT has a global presence with 526 hotel properties, 2,373 restaurants, and 447 retail points of sale in 62 countries
Business strengths	• Actively embraces new technologies in a time of rapid change • Proactively collaborates with strategic partners to enhance competitiveness • Having strong business arms including: i) KBank (banking); ii) Kasikorn Business-Technology Group (KBTG, technology company); iii) Beacon Venture Capital (venture capital firm)	• Prominent in hire purchase segment, which accounts for 70-75% of total loans • Strong relationships with large listed companies • Sturdy capital market business (brokerage, investment banking, wealth management, asset management) • The leader in brokerage, with a 20-25% market share	• Well-diversified businesses and asset locations • Solid earnings growth from businesses that have both asset-heavy and asset-light models • Strong expertise in hotel management around the world • Highly efficient restaurant business
Investment highlights	• Stronger loan growth should stem from a recovery in SMEs and corporate lending • Outstanding ability to leverage its customer base by offering new cross-selling products • Expect to see an interesting transformation and new collaborations with technology companies • Manageable asset quality with a downtrend in loans under relief measures • Compelling valuation with valuable assets – tech subsidiaries – waiting to be unlocked	• Its loan growth should outperform that of peers, given a rise in domestic car production and sales, especially of EV cars • Favourable capital market sentiment should lead to higher IPOs and M&A deals – positive for its investment banking business • Offers above-average growth to investors, resulting in superior ROE • Asset quality likely to be manageable and better than what the market expected • Above-average dividend yield of c.6% pa	• Improving performance of its properties across Thailand, Asia, Australia, and Africa, with lowered hotel EBITDA breakeven threshold, while MINT's Europe portfolio may be getting stronger • Hotel earnings turnaround is likely in 2H22 • Resilient food business and diversified hotels globally should support earnings recovery quicker than that of pure hotel property players in Thailand • Manageable balance sheet
Valuations	• GGM	• GGM	• DCF
Risks	Slower-than-expected economic recovery, deterioration in asset quality, change in regulations	Slower-than-expected economic recovery, deterioration in asset quality, change in regulations	• Weaker-than-expected tourism environment and consumption • Delays in the opening of new hotel properties and food & retail outlets • Rising competition among hotel and restaurant operators • Weaker-than-expected cost controls, which may lower profit margins

	PTT Exploration & Production (PTTEP TB)	PTT Global Chemical (PTTGC TB)	Supalai (SPALI TB)
Share price performance			
Market cap (USDm)	14,304.54	7,987.69	1,275.21
Current price*	THB120.00	THB59.00	THB21.70
Rating	BUY, TP: THB138.00	BUY, TP: THB76.00	BUY, TP: THB24.90
Subsector	Energy	Energy & Petrochemical	Property
Company description	PTTEP is the government arm for oil & gas exploration. Major assets are predominantly in Thailand, but it has exposure to Myanmar, Malaysia, Indonesia, the United Arab Emirates, and Oman.	PTTGC has a total petrochemical capacity of c.12mtpa, with 280,000bpd of refining capacity. It was listed on the SET on Oct 2011, as a result of the amalgamation of PTT Chemical and PTT Aromatics and Refining.	SPALI is a residential real estate developer focused on the mid- to low-end segments in Bangkok and the upcountry. It also has office buildings for rent and a small hotel business
Business strengths	• Long-term reserves on hand with solid expansion plans for both local and international markets in the pipeline • Direct proxy to strong oil and commodities prices • Under integration chain & support among PTT group, the largest and integrated energy player in Thailand	• Under the integration chain & with support from the PTT group, the largest and integrated energy player in Thailand • Gas-based producer with less exposure from high oil prices than other petrochemical players	• Large developer focusing on mid-to-high end market, which is less affected by loan applications being rejected by commercial banks • Robust presales of low-rise projects, launching new condominium projects with successful presale rates
Investment highlights	• Omicron fears appear to be easing, leading to oil consumption recovery • Higher sales volumes from several projects in the Gulf of Thailand, Malaysia and Oman • Continuously developing additional projects in the pipeline	• PTTGC should benefit from higher gross refinery margins (GRM) and sales volumes, in tandem with stronger oil demand stemming from the economic recovery • Develops inorganic growth via partnerships, as well as both vertical and horizontal integrations	• High orderbook assures earnings prospects. FY21's strongest quarter should be 4Q21, due to the THB9.8bn worth of orders in hand, which will be recognised as revenue within this final quarter. Condominium projects account for 50% of this orderbook amount. Its orderbooks on hand can bring the solid revenue momentum into FY22 as it has already secured almost 50% of our FY22 revenue estimate • Based on Bank of Thailand's recent announcement of the easing of loan-to-value (LTV) measures, with a straightforward 100% LTV ratio that applies to all housing types and price segments, the company will be more comfortable in launching new projects aggressively from 4Q21. Twelve new projects (four condominiums and eight low-rise projects) are slated to be launched in 4Q21 vs only 16 new low-rise projects during 9M21
Valuations	• DCF	• DCF and prospective P/BV	• P/E
Risks	• Slower-than-expected economic recovery and rebound from the pandemic situation • Weakening oil prices • Regulations among international business	• New petrochemical supply coming in • Delays in the expected economic recovery • A worsening pandemic situation	• High household debt levels • Banks' strict lending measures especially on the low –to mid-end market • High revenue exposure to upcountry projects

	Thai Union Group (TU TB)	WHA Corporation (WHA TB)
Share price performance		
Market cap (USDm)	2,766.92	1,588.28
Current price*	THB19.70	THB3.56
Rating	BUY, TP: THB27.00	BUY, TP: THB4.35
Subsector	Food & Beverage	Property/Industrial Estate
Company description	TU exports frozen, canned, and value-added seafood products. The group offers a wide range of products, including tuna, sardines, mackerel, herring, and salmon through leading brands like Chicken of the Sea, John West, and King Oscar.	WHA is the leader in one-stop services covering all customer demands related to logistics properties. This is classified into four businesses: Logistics, industrial development, utilities & power, and digital platforms. The company has set a clear policy to sell its assets into REITs – eg WHA Premium Growth Freehold & Leasehold REIT, Hemaraj Leasehold REIT, and WHA Business Complex Freehold & Leasehold REIT – or a property fund, ie Hemaraj Industrial Property & Leasehold Fund.
Business strengths	• Full business integration with scale throughout the supply chain • Long-run opportunities from expansion into untapped markets with higher value products	• Large industrial estate player with full-package services within its estates • Large player in premium-quality warehouse business demanded by world-class multinationals • Most solid recurring income base among its industry peers
Investment highlights	• The normalisation of HoReCa-related business demand from the resumption of economic activities • The recovery of its restaurant chain in the US after the pandemic • Moderate growth with strong gross profit margins, driven by favourable pricing conditions and volume	• WHA Corp should be a major beneficiary of a significant spike in FDI after the COVID-19 pandemic comes under better control. Its major businesses have now begun to reflect the brighter industry outlook, which should augur well for the company from FY22 onwards. • Growth from strong opportunities to expand its Vietnam business in the northern region, while enjoying downside protection on 50% of earnings from recurring-income businesses – especially utility services • Consistent asset divestments in 4Q has been a key feature. Also, divesting assets worth c.THB5.5bn to the REIT in Dec 2021 will help cement 4Q21 as this year's best quarter for WHA – a trend that we expect to be repeated in 4Q22.
Valuations	• DCF	• SOP: By appraising core businesses – and excluding those operated by WHA Utilities & Power, property funds, and REITs – with P/E and WHA Utilities & Power with our TP
Risks	• The resurgence of COVID-19 infections at main production facilities • Uncertainties over international trade policies and tariffs • Appreciation of the THB that could pressure its exports business	• Stagnant FDI inflows into Thailand • Delays in launching new EEC-related infrastructure projects to curb FDI investor confidence

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Analyst	Company
-	-

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Corporate Governance Report Rating 2021 (CG Score) *as of 26 Oct 2021*

Companies with Excellent CG Scoring by alphabetical order

AAV	BGC	CSS	GRAMMY	LH	NWR	PTTEP	SENA	TEAMG	TSTE
ADVANC	BGRIM	DDD	GULF	LHFG	NYT	PTTGC	SHR	TFMAMA	TSTH
AF	BIZ	DELTA	GUNKUL	LIT	OISHI	PYLON	SIRI	TGH	TTA
AH	BKI	DEMCO	HANA	LPN	OR	Q-CON	SIS	THANA	TTB
AIRA	BOL	DRT	HARN	MACO	ORI	QH	SITHAI	THANI	TTCL
AKP	BPP	DTAC	HMPRO	MAJOR	OSP	QTC	SMK	THCOM	TTW
AKR	BRR	DUSIT	ICC	MAKRO	OTO	RATCH	SMPC	THG	TU
ALT	BTS	EA	ICHI	MALEE	PAP	RS	SNC	THIP	TVD
AMA	BTW	EASTW	III	MBK	PCSGH	S	SONIC	THRE	TVI
AMATA	BWG	ECF	ILINK	MBKET	PDG	S & J	SPALI	THREL	TVO
ANAN	CENTEL	ECL	ILM	MC	PDJ	SAAM	SPI	TIP	TWPC
AOT	CFRESH	EE	INTUCH	MCOT	PG	SABINA	SPRC	TIPCO	U
AP	CHEWA	EGCO	IP	METCO	PHOL	SAMART	SPVI	TISCO	UAC
ARIP	CHO	EPG	IRPC	MFEC	PLANB	SAMTEL	SSSC	TK	UBIS
ARROW	CIMBT	ETC	ITEL	MINT	PLANET	SAT	SST	TKT	UV
ASP	CK	FPI	IVL	MONO	PLAT	SC	STA	TMT	VGI
AUCT	CKP	FPT	JSP	MOONG	PORT	SCB	STEC	TNDT	VIH
AWC	CM	FSMART	JWD	MSC	PPS	SCC	STI	TNITY	WACOAL
AYUD	CNT	GBX	K	MTC	PR9	SCCC	SUN	TOA	WAVE
BAFS	COM7	GC	KBANK	MVP	PREB	SCG	SUSCO	TOP	WHA
BANPU	COMAN	GCAP	KCE	NCL	PRG	SCGP	SUTHA	TPBI	WHAUP
BAY	COTTO	GFPT	KKP	NEP	PRM	SCM	SVI	TQM	WICE
BBL	CPALL	GGC	KSL	NER	PROUD	SDC	SYMC	TRC	WINNER
BCP	CPF	GLAND	KTB	NKI	PSH	SEAFCO	SYNTEC	TRU	ZEN
BCPG	CPI	GLOBAL	KTC	NOBLE	PSL	SEAOIL	TACC	TRUE	
BDMS	CPN	GPI	LALIN	NSI	PTG	SE-ED	TASCO	TSC	
BEM	CRC	GPSC	LANNA	NVD	PTT	SELIC	TCAP	TSR	

Companies with Very Good CG Scoring by alphabetical order

2S	ATP30	CPW	GJS	KIAT	MTI	RBF	SKN	TCC	UMI
7UP	B	CRD	GYT	KISS	NBC	RCL	SKR	TCMC	UOBKH
ABICO	BA	CSC	HEMP	KOOL	NCAP	RICHY	SKY	TEAM	UP
ABM	BAM	CSP	HPT	KTIS	NCH	RML	SLP	TFG	UPF
ACE	BC	CWT	HTC	KUMWEL	NETBAY	ROJNA	SMIT	TFI	UPOIC
ACG	BCH	DCC	HYDRO	KUN	NEX	RPC	SMT	TIGER	UTP
ADB	BEC	DCON	ICN	KWC	NINE	RT	SNP	TITLE	VCOM
AEONTS	BEYOND	DHOUSE	IFS	KWM	NRF	RWI	SO	TKN	VL
AGE	BFIT	DOD	IMH	L&E	NTV	S11	SORKON	TKS	VNT
AHC	BJC	DOHOME	IND	LDC	OCC	SA	SPA	TM	VPO
AIT	BJCHI	DV8	INET	LEO	OGC	SAK	SPC	TMC	VRANDA
ALL	BLA	EASON	INSET	LHK	PATO	SALEE	SPCG	TMD	WGE
ALLA	BR	EFORL	INSURE	LOXLEY	PB	SAMCO	SR	TMI	WIIK
ALUCON	BROOK	ERW	IRC	LRH	PICO	SANKO	SRICHA	TMILL	WP
AMANAH	CBG	ESSO	IRCP	LST	PIMO	SAPPE	SSC	TNL	XO
AMARIN	CEN	ESTAR	IT	M	PJW	SAWAD	SSF	TNP	XPG
APCO	CGH	ETE	ITD	MATCH	PL	SCI	STANLY	TOG	YUASA
APCS	CHARAN	FE	J	MBAX	PM	SCN	STGT	TPA	
APURE	CHAYO	FLOYD	JAS	MEGA	PMTA	SCP	STOWER	TPAC	
AQUA	CHG	FN	JCK	META	PPP	SE	STPI	TPCS	
ASAP	CHOTI	FNS	JCKH	MFC	PPPM	SFLEX	SUC	TPS	
ASEFA	CHOW	FORTH	JMART	MGT	PRIME	SFP	SWC	TRITN	
ASIA	CI	FSS	JMT	MICRO	PRIN	SFT	SYNEX	TRT	
ASIAN	CIG	FTE	KBS	MILL	PRINC	SGF	T	TSE	
ASIMAR	CMC	FVC	KCAR	MITSIB	PSTC	SIAM	TAE	TVT	
ASK	COLOR	GEL	KEX	MK	PT	SINGER	TAKUNI	TWP	
ASN	CPL	GENCO	KGI	MODERN	QLT	SKE	TBSP	UEC	

CG Score 2021

Companies with Ver Good CG Scoring by alphabetical order

A	BIG	CMR	GTB	KKC	NFC	PTL	SOLAR	TOPP	VIBHA
AI	BLAND	CPT	HTECH	KWG	NNCL	RCI	SPACK	TPCH	W
AIE	BM	CRANE	HUMAN	KYE	NOVA	RJH	SPG	TPIPL	WIN
AJ	BROCK	CSR	IHL	LEE	NPK	RP	SQ	TPIPP	WORK
AMC	BSBM	D	IIG	LPH	NUSA	RPH	SSP	TPLAS	WPH
APP	BSM	EKH	INGRS	MATI	OCEAN	RSP	STARK	TPOLY	YGG
AQ	BTNC	EMC	INOX	M-CHAI	PAF	SABUY	STC	TQR	ZIGA
ARIN	BYD	EP	JAK	MCS	PF	SF	SUPER	TTI	
AS	CAZ	F&D	JR	MDX	PK	SGP	SVOA	TYCN	
AU	CCP	FMT	JTS	MJD	PLE	SICT	TC	UKEM	
B52	CGD	GIFT	JUBILE	MORE	PPM	SIMAT	TCCC	UMS	
BEAUTY	CITY	GLOCON	KASET	MUD	PRAKIT	SISB	THMUI	UNIQ	
BGT	CMAN	GREEN	KCM	NC	PRAPAT	SK	TNH	UPA	
BH	CMO	GSC	KK	NDR	PRECHA	SMART	TNR	UREKA	

Score Range	Number of Logo	Description
Less than 50	No logo given	-
50-59		Pass
60-69		Satisfactory
70-79		Good
80-89		Very Good
90-100		Excellent

Source : http://www.thai-iod.com/th/projects-2.asp

IOD (IOD Disclaimer)

การเปิดเผลผลการสำรวจของสมาคมส่งเสริมสถาบันกรรมการบริษัทไทย (IOD) ในเรื่องการกำกับดูแลกิจการ (Corporate Governance) นี้เป็นการดำเนินการตามนโยบายของสำนักงานคณะกรรมการกำกับหลักทรัพย์และตลาดหลักทรัพย์ โดยการสำรวจของ IOD เป็นการสำรวจและประเมินจากข้อมูลของบรษัทจดทะเบียนในตลาดหลักทรัพย์แห่งประเทศไทยและตลาดหลักทรัพย์เอ็มเอไอ ที่มีการเปิดเผยต่อสาธารณะและเป็นข้อมูลที่ผู้ลงทุนทั่วไปสามารถเข้าถึงได้ ดังนั้นผลสำรวจดังกล่าวจึงเป็นการนำเสนอในมุมมองของบุคคลภายนอกโดยไม่ได้เป็นการประเมินการปฏิบัติและมิได้มีการใช้ข้อมูลภายในในการประเมิน

อนึ่งผลการสำรวจดังกล่าว เป็นผลการสำรวจ ณ วันที่ปรากฏในรายงานการกำกับดูแลกิจการบริษัทจดทะเบียนไทยเท่านั้น ดังนั้นผลการสำรวจจึงอาจเปลี่ยนแปลงได้ภายหลังวันดังกล่าว ทั้งนี้บริษัทหลักทรัพย์ อาร์เอชบี จำกัด (มหาชน) มิได้ยืนยันหรือรับรองถึงความถูกต้องของผลการสำรวจดังกล่าวแต่อย่างใด

Anti-Corruption Progress Indicator *(as of 24 Aug 2021)*

ได้รับการรับรอง CAC

2S	BANPU	CGH	DTAC	GCAP	INSURE	L&E	MSC	PCSGH	PROS	SC	SORKON	TCAP	TNITY	TWPC
ADVANC	BAY	CHEWA	DUSIT	GEL	INTUCH	LANNA	MTC	PDG	PSH	SCB	SPACK	TCMC	TNL	U
AF	BBL	CHOTI	EA	GFPT	IRC	LHFG	MTI	PDI	PSL	SCC	SPALI	TFG	TNP	UBIS
AI	BCH	CHOW	EASTW	GGC	IRPC	LHK	NBC	PDJ	PSTC	SCCC	SPC	TFI	TNR	UEC
AIE	BCP	CIG	ECL	GJS	ITEL	LPN	NEP	PE	PT	SCG	SPI	TFMAMA	TOG	UKEM
AIRA	BCPG	CIMBT	EGCO	GPI	IVL	LRH	NINE	PG	PTG	SCN	SPRC	TGH	TOP	UOBKH
AKP	BGC	CM	EP	GPSC	JKN	M	NKI	PHOL	PTT	SEAOIL	SRICHA	THANI	TOPP	UPF
AMA	BGRIM	CMC	EPG	GSTELL	K	MAKRO	NMG	PK	PTTGC	SE-ED	SSF	THCOM	TPA	UV
AMANAH	BJCHI	COM7	ERW	GUNKUL	KASET	MALEE	NNCL	PL	PYLON	SELIC	SSP	THIP	TPP	VGI
AMATA	BKI	COTTO	EASTW	HANA	KBANK	MBAX	NOBLE	PLANB	Q-CON	SENA	SSSC	THRE	TRU	VIH
AMATAV	BLA	CPALL	ETE	HARN	KBS	MBK	NOK	PLANET	QH	SGP	SST	THREL	TRUE	VNT
AP	BPP	CPF	FE	HEMP	KCAR	MBKET	NSI	PLAT	QLT	SINGER	STA	TIDLOR	TSC	WACOAL
APCS	BROOK	CPI	FNS	HMPRO	KCE	MC	NWR	PM	QTC	SIRI	SUSCO	TIP	TSTE	WHA
AQUA	BRR	CPN	FPI	HTC	KGI	MCOT	OCC	PPP	RML	SITHAI	SVI	TIPCO	TSTH	WHAUP
ARROW	BSBM	CSC	FPT	ICC	KKP	META	OCEAN	PPPM	RWI	SKR	SYMC	TISCO	TTB	WICE
ASK	BTS	DCC	FSMART	ICHI	KSL	MFC	OGC	PPS	S&J	SMIT	SYNTEC	TKS	TTCL	WIIK
AYUD	BWG	DELTA	FSS	IFEC	KTB	MFEC	ORI	PREB	SAAM	SMK	TAE	TKT	TU	XO
B	CEN	DEMCO	FTE	IFS	KTC	MINT	PAP	PRG	SABINA	SMPC	TAKUNI	TMD	TVD	ZEN
BAFS	CENTEL	DIMET	GBX	ILINK	KWC	MONO	PATO	PRINC	SAPPE	SNC	TASCO	TMILL	TVI	
BAM	CFRESH	DRT	GC	INET	KWG	MOONG	PB	PRM	SAT	SNP	TBSP	TMT	TVO	

ได้ประกาศเจตนารมณ์เข้าร่วม CAC

7UP	ASIAN	BKD	CRC	EKH	GULF	JR	LDC	MILL	NUSA	RS	SCM	STECH	TTA	YUASA
ABICO	AWC	CPL	DOHOME	ETC	III	KEX	MAJOR	NCL	PIMO	SAK	SIS	SUPER	VCOM	ZIGA
APCO	BEC	CPW	ECF	EVER	INOX	KUMWEL	MATCH	NRF	PR9	SCGP	STAR	TQM	WIN	

ข้อมูล Anti-Corruption Progress Indicator

การเปิดเผยการประเมินดัชนีชี้วัดความคืบหน้าการป้องกันการมีส่วนเกี่ยวข้องกับการทุจริตคอร์รัปชัน (Anti-corruption Progress Indicators) ของบริษัทจดทะเบียนในตลาดหลักทรัพย์แห่งประเทศไทยที่จัดทำโดยสถาบันที่เกี่ยวข้องซึ่งมีการเปิดเผยโดยสำนักงาน คณะกรรมการกำกับหลักทรัพย์ และตลาดหลักทรัพย์นี้ เป็นการดำเนินการตามนโยบาย และตามแผนพัฒนาความยั่งยืนสำหรับบริษัทจด ทะเบียนโดยผลการประเมินดังกล่าว สถาบันที่เกี่ยวข้องอาศัยข้อมูลที่ได้รับจากบริษัทจดทะเบียนตามที่บริษัทจดทะเบียนได้ระบุในแบบแสดง ข้อมูลเพื่อการประเมิน Anti-Corruption ซึ่งอ้างอิงข้อมูลมาจากแบบแสดงรายการข้อมูลประจำปี แบบ (56-1) รายงานประจำปี แบบ(56-2) หรือในเอกสารหรือรายงานอื่นที่เกี่ยวข้องของบริษัทจดทะเบียนนั้น แล้วแต่กรณี ดังนั้น ผลการประเมินดังกล่าวจึงเป็นการนำเสนอในมุมมอง ของสถาบันที่เกี่ยวข้องซึ่งเป็นบุคคลภายนอก โดยมิได้เป็นการประเมินการปฏิบัติของบริษัทจดทะเบียนในตลาดหลักทรัพย์แห่งประเทศไทย และมิได้ใช้ข้อมูลภายในเพื่อการประเมิน

เนื่องจากผลการประเมินดังกล่าวเป็นเพียงผลการประเมิน ณ วันที่ปรากฏในผลการประเมินเท่านั้น ดังนั้น ผลการประเมินจึงอาจเปลี่ยนแปลงได้ภายหลังวันดังกล่าว หรือรับรองความถูกต้องครบถ้วนของผลประเมินดังกล่าวแต่อย่างใด ทั้งนี้บริษัทหลักทรัพย์ อาร์เอชบี จำกัด (มหาชน) มิได้ยืนยันตรวจสอบหรือรับรองความถูกต้องของผลการสำรวจ