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KEY HIGHLIGHTS

Results

Bangkok Expressway and Metro (BEM TB/BUY/Bt7.90/Target: Bt9.60)

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3Q23: Solid earnings as expected, but lacking growth from Bt20 policy.

PTT (PTT TB/BUY/Bt33.00/Target: Bt41.00)

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3Q23: Net profit in line with our expectations.

Update

Central Plaza Hotel (CENTEL TB/HOLD/Bt44.00/Target: Bt46.00)

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4Q23 earnings likely to be less exciting. Downgrade to HOLD.

Major Cineplex (MAJOR TB/BUY/Bt16.00/Target: Bt18.00)

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Stellar outlook to continue in 4Q23.

PTT Global Chemical (PTTGC TB/HOLD/Bt36.00/Target: Bt38.00)

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Still cautious in the petrochemical business.

KEY INDICES

Symbol	Close	Chg	%Chg
SET	1,387.13	(2.44)	(0.18)
SET50	861.39	0.91	0.11
Value (Btm) - SET	43,303		
Top 5 Sector			
BANK	373.32	(1.78)	(0.47)
PETRO	701.26	2.51	0.36
PROP	223.22	0.10	0.04
ENERG	20,223.99	28.70	0.14
ICT	151.03	1.27	0.85

Source: Bloomberg

TOP VOLUME

Symbol	Close (Baht)	+/-(% Chg)	5-day ADT (BTm)
BDMS	25.25	(5.61)	1,468.4
COM7	21.80	(16.15)	1,244.8
JMT	24.10	(10.74)	1,345.5
BBL	154.00	(1.91)	1,144.3
JMART	14.10	(7.84)	767.5

TOP GAINERS

Symbol	Close (Baht)	+/-(% Chg)	5-day ADT (BTm)
TFI	0.09	12.50	0.1
SUTHA	2.38	11.21	0.1
STOWER	0.13	8.33	0.2
B	0.13	8.33	1.0
CITY	2.16	8.00	46.7

TOP LOSERS

Symbol	Close (Baht)	+/-(% Chg)	5-day ADT (BTm)
JCKH	0.02	(33.33)	0.0
JKN	0.37	(30.19)	9.4
SYMC	7.40	(20.00)	17.7
TVH	7.70	(17.65)	0.8
COM7	21.80	(16.15)	1,244.8

*ADT: Average daily turnover

KEY STATISTICS

Commodity	Current Price	%Chg		
		1m	3M	YTD
Brent crude*	82.5	(7.6)	(3.0)	1.6
Dubai crude*	82.7	(8.3)	(5.6)	5.1
Baltic Dry Index	1,643.0	(15.5)	44.8	8.4
Gold Spot***	1,946.9	0.7	2.1	6.7

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

FOREIGN PORTFOLIO INVESTMENT IN EQUITIES (THAILAND)

Day (Mil US\$)	MTD Net (Mil US\$)	YTD Net (Mil US\$)	YTD Net YoY%
(1.7)	(266.1)	(5,223.5)	(10,247.7)

Source: Bloomberg

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

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

Thai Lending Rate (%) - MLR = 7.10

COMPANY RESULTS

Bangkok Expressway and Metro (BEM TB)

3Q23: Solid Earnings As Expected, But Lacking Growth From Bt20 Policy

BEM posted a strong net profit of Bt970m in 3Q23, up 12.5% yoy and 7.7% qoq. The results are in line with our and market expectations, thanks to a stronger performance from expressway and railway, as well as lower-than-expected SG&A-to-sales. Although the commercial development business contributed lower margin, this was offset by dividend income from TTW. Maintain BUY. Target price: Bt9.60.

3Q23 RESULTS

Year to 31 Dec (Btm)	3Q23	3Q22	2Q23	yoy (%)	qoq (%)
Sales	4,257	3,739	3,907	14%	9%
Gross Profit	1,792	1,644	1,574	9%	14%
EBITDA	2,145	1,797	1,962	19%	9%
Pre-tax Profit	1,159	1,028	1,043	13%	11%
Net Profit	970	863	901	12%	8%
Core Profit	970	863	901	12%	8%
EPS (Bt)	0.063	0.056	0.059	12%	8%
Gross Margin (%)	42.1%	44.0%	40.3%		
EBITDA Margin (%)	50.4%	48.1%	50.2%		
Net Margin (%)	22.8%	23.1%	23.1%		

Source: Bangkok Expressway and Metro, UOB Kay Hian

RESULTS

- **Robust earnings and impressive margin.** Bangkok Expressway and Metro (BEM) posted 3Q23 net profit of Bt970m, up 12.5% yoy and 7.7% qoq. The strong earnings was mainly due to: a) stronger railway and expressway business performances, and b) lower-than-expected SG&A-to-sales ratio on the back of efficient cost control. Although there was relatively lower gross margin from commercial development and slightly higher effective tax expense compared with 2Q23, these were largely offset by dividend gains of Bt221m from TTW.
- **Solid growth in rail and express businesses.** BEM's 3Q23 revenue came at Bt4,257m, is in line with our and consensus' expectations. This can be attributed to the new record-high average daily ridership in the rail business during 3Q23 of 410,695 trips/ day and slightly better performance from expressway business from higher traffic volume. Although expressway revenue increased 5.7% qoq, its performance is still considerably lagging pre-pandemic levels, dropping 13.7% vs 3Q19.
- **Strong improvement in rail business.** The most notable improvement was seen in the rail business, which saw its margin increase from -0.1% in 2Q23 to 8.1% in 3Q23. This was mainly due to a significant rise in average daily ridership during 3Q23, efficient cost control, and minor benefits from lower electricity expense.

KEY FINANCIALS

Year to 31 Dec (Btm)	2021	2022	2023F	2024F	2025F
Net turnover	10,727	14,029	16,065	16,946	17,567
EBITDA	3,706	6,012	7,441	8,135	8,482
Operating profit	2,577	4,423	5,577	6,170	6,443
Net profit (rep./act.)	1,010	2,436	3,294	3,967	4,044
Net profit (adj.)	1,010	2,436	3,294	3,967	4,044
EPS (Bt)	0.1	0.2	0.2	0.3	0.3
PE (x)	119.5	49.6	36.7	30.4	29.9
P/B (x)	3.2	3.2	3.1	3.0	2.9
EV/EBITDA (x)	50.5	31.1	25.2	23.0	22.1
Dividend yield (%)	1.3	1.0	1.5	1.6	2.0
Net margin (%)	9.4	17.4	20.5	23.4	23.0
Net debt/(cash) to equity (%)	183.6	181.5	173.3	158.9	149.2
Interest cover (x)	1.7	2.5	3.1	3.7	3.5
ROE (%)	2.7	6.5	8.7	10.1	9.8
Consensus net profit	-	-	3,589	4,177	4,595
UOBKH/Consensus (x)	-	-	0.92	0.95	0.88

Source: Bangkok Expressway and Metro, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	Bt7.90
Target Price	Bt9.60
Upside	+21.5%
(Previous TP)	Bt10.00)

COMPANY DESCRIPTION

BEM is an operator of expressway and train services in Bangkok and suburban areas under the concessions of the Expressway Authority of Thailand and the Mass Rapid Transit Authority of Thailand.

STOCK DATA

GICS sector	Industrials
Bloomberg ticker:	BEM TB
Shares issued (m):	15,285.0
Market cap (Btm):	120,751.5
Market cap (US\$m):	3,363.3
3-mth avg daily t'over (US\$m):	6.8

Price Performance (%)

52-week high/low Bt10.00/Bt7.90

1mth	3mth	6mth	1yr	YTD
(1.3)	(10.2)	(12.7)	(16.0)	(19.4)

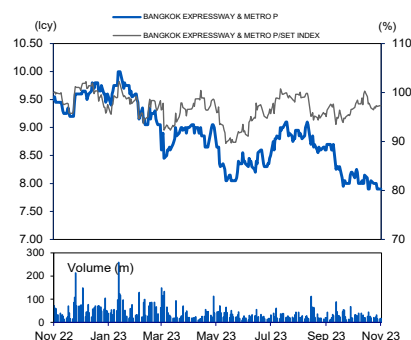
Major Shareholders

	%
CH Karnchang group	34.4
Mass Rapid Transit Authority of Thailand	8.2
Thai NVDR	6.9

FY23 NAV/Share (Bt) 2.51

FY23 Net Debt/Share (Bt) 4.35

PRICE CHART



Source: Bloomberg

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• **Strong outlook for 4Q23 mobility.** During Oct 23, expressway and railway mobility was 1,105,717 trips/day and 414,762 trips/day, dropping 0.6% mom and 1.47% mom respectively. Although rail traffic in Oct 23 was largely driven by the 28th National Book Fair held during 12-23 Oct 23 at Queen Sirikit National Convention Center (QSNCC) which brought in more than 1.62m visitors, this was offset by public holidays during the month which likely fed slightly lower traffic volume into the MRT Blue Line. We expect ridership for Nov 23 to pick up from Oct 23 as: a) the school semester has started, b) there are recurring events at QSNCC, and c) it is also a month with no public holidays.

• **2023-24 earnings outlook.** We expect 2023 net profit of Bt3,297m (+35.3% yoy), which we believe will be largely driven by pass-through ridership from MRT Yellow Line, higher traffic volume and a minor reduction in electricity expenses. In 2024, we expect a net profit of Bt3,971m (+20.4% yoy), driven by a ramp-up in ridership as a result from full resumption of economic activities as well as the opening of new Bangkok landmarks near the MRT line. For the expressway business, we are still expecting to see average daily traffic volume reach pre-pandemic level by 2Q24 at the latest.

• **A quick look at Bt20 policy.** Since the implementation of a Bt20 flat rate on the Red Line (SRT) and Purple Line (PPN) in mid-Oct 23, we have seen a rather disappointing increment in ridership growth. The Purple Line in particular only saw a growth of 4.9% in the week following this implementation, according to the Ministry of Transport (MOT). For the SRT Line, if we draw a weekly average ridership sample during 23-27 Oct 23 of around 76,000 trips/day and compare this with the month with the highest average ridership of 69,000 trips/day, we can see a growth of 9.8%. Note that this comparison may not be an entire representation of the month, but it shows a rather questionable ridership growth in PPN after the implementation of Bt20 flat rate. The Mass Rapid Authority of Thailand (MRTA) had initially established that PPN result in average ridership growing more than 17% in the longer term.

We foresee that the flat rate subsidy may be at risk of being: a) increased, or b) revoked, as we do not see it being a sustainable approach going forward, as the government still needs to decide if the higher tax subsidy for more affordable fare tickets is worth it.

EARNINGS REVISION/RISK

• **None.** The performance is in line with our projection. We will revise our forecasts after attending the 3Q23 analyst meeting on 16 Nov 23.

VALUATION/RECOMMENDATION

• **Maintain BUY with a SOTP-based target price of Bt9.60.** We still hold our previous view and expectation for BEM's business outlook. Our current 2024 target has not included Bt0.50/share from the MRT Orange Line yet as it still under the Supreme Court's process. We believe BEM is currently one of the most attractive picks in the sector.

SHARE PRICE CATALYST

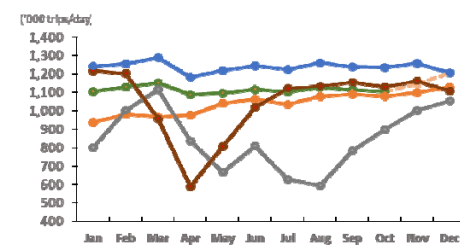
- Possible synergies in MRT ridership from the recent approval of the minimum Bt20 fare for the MRT Red, Purple and Pink Lines.
- Rulings from the Supreme Court and Cabinet's approval and signing of the MRT Orange Line project.
- New bidding announcement for future projects and renewal of the concession contracts for expressway, railway and related projects.

SOTP-BASED VALUATION

Business(es)	Value (Btm)	Note
BEMs Existing Operation	135,968	Using DCF WACC 5.38%
MRT Orange Line Project	7,696	Using DCF WACC 5.38%
Key investment(s)	10,699	
CKP	5,312	Using consensus TP
TTW	5,387	Using consensus TP
Total Value	154,363	
number of shares (m)	15,285	
Fair Value (Bt)	10.10	

Source: BEM, UOB Kay Hian

AVERAGE DAILY TRAFFIC VOLUME



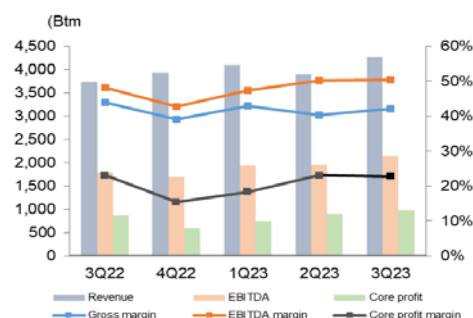
Source: BEM, UOB Kay Hian

AVERAGE DAILY MRT BLUE LINE RIDERSHIP

	2016	2017	2018	2019	2020	2021	2022	2023
Jan	256	274	299	317	397	151	175	374
Feb	278	300	323	319	364	218	199	395
Mar	283	308	315	330	234	273	191	376
Apr	248	266	278	297	78	147	179	329
May	245	274	295	302	119	90	230	345
Jun	279	303	316	312	203	121	283	381
Jul	269	282	301	317	253	77	275	391
Aug	286	314	331	339	288	62	320	420
Sep	294	320	325	352	310	100	344	421
Oct	291	300	321	375	300	136	342	415
Nov	290	322	343	413	312	187	354	409
Dec	264	282	292	366	269	204	351	402

Source: BEM, UOB Kay Hian (Nov-Dec is forecasted ridership)

QUARTERLY RESULTS



Source: BEM, UOB Kay Hian

3Q23 QUARTERLY PERFORMANCE

Year to 31 Dec (Btm)	3Q23	3Q22	2023 yoy (%)	qoq (%)	2023F	2022 yoy (%)	
Revenue - Expressway	2,252	2,146	5%	6%	8,915	8,192	9%
Revenue - Rail	1,651	1,351	22%	10%	6,148	4,917	25%
Revenue - Commercial Development	354	242	47%	28%	1,001	921	9%
Average Daily Traffic Volume	1,110	1,069	4%	1%	1,141	1,040	10%
Average Daily Ridership	411	313	32%	17%	379	271	40%

Source: BEM, UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (Btm)	2022	2023F	2024F	2025F
Net turnover	14,029	16,065	16,946	17,567
EBITDA	6,012	7,441	8,135	8,482
Deprec. & amort.	1,589	1,864	1,964	2,039
EBIT	4,423	5,577	6,170	6,443
Total other non-operating income	772	783	812	838
Associate contributions	0	0	0	0
Net interest income/(expense)	(2,361)	(2,399)	(2,188)	(2,395)
Pre-tax profit	2,834	3,961	4,794	4,886
Tax	(398)	(663)	(823)	(837)
Minorities	0	(3)	(4)	(4)
Net profit	2,436	3,294	3,967	4,044
Net profit (adj.)	2,436	3,294	3,967	4,044

BALANCE SHEET

Year to 31 Dec (Btm)	2022	2023F	2024F	2025F
Fixed assets	78,306	76,645	74,696	72,862
Other LT assets	30,257	32,146	33,773	36,656
Cash/ST investment	2,965	1,714	2,497	2,676
Other current assets	2,601	2,609	2,650	1,994
Total assets	114,128	113,114	113,617	114,189
ST debt	9,741	13,198	13,246	8,156
Other current liabilities	2,351	2,450	2,474	2,567
LT debt	60,872	54,973	53,337	57,154
Other LT liabilities	3,901	4,146	4,229	4,313
Shareholders' equity	37,262	38,342	40,322	41,986
Minority interest	2	5	9	13
Total liabilities & equity	114,128	113,114	113,617	114,189

CASH FLOW

Year to 31 Dec (Btm)	2022	2023F	2024F	2025F
Operating	4,137	5,253	5,918	6,837
Pre-tax profit	2,834	3,961	4,794	4,886
Tax	(398)	(663)	(823)	(837)
Deprec. & amort.	1,589	1,864	1,964	2,039
Associates	0	0	0	0
Working capital changes	96	106	(35)	731
Non-cash items	16	(15)	17	18
Other operating cashflows	0	0	0	0
Investing	(1,336)	(2,228)	(1,559)	(3,004)
Capex (growth)	(1,357)	(202)	(15)	(206)
Investments	2,491	419	(234)	(238)
Others	(2,470)	(2,445)	(1,310)	(2,560)
Financing	(1,959)	(4,275)	(3,575)	(3,654)
Dividend payments	(1,223)	(1,834)	(1,987)	(2,380)
Issue of shares	0	0	0	0
Proceeds from borrowings	0	0	0	0
Loan repayment	(736)	(2,441)	(1,588)	(1,273)
Others/interest paid	0	0	0	0
Net cash inflow (outflow)	843	(1,251)	783	179
Beginning cash & cash equivalent	2,122	2,965	1,714	2,497
Ending cash & cash equivalent	2,965	1,714	2,497	2,676

KEY METRICS

Year to 31 Dec (%)	2022	2023F	2024F	2025F
Profitability				
EBITDA margin	42.9	46.3	48.0	48.3
Pre-tax margin	20.2	24.7	28.3	27.8
Net margin	17.4	20.5	23.4	23.0
ROA	2.1	2.9	3.5	3.6
ROE	6.5	8.7	10.1	9.8
Growth				
Turnover	30.8	14.5	5.5	3.7
EBITDA	62.2	23.8	9.3	4.3
Pre-tax profit	147.5	39.8	21.0	1.9
Net profit	141.2	35.2	20.4	1.9
Net profit (adj.)	141.2	35.2	20.4	1.9
EPS	141.2	35.2	20.4	1.9
Leverage				
Debt to total capital	65.5	64.0	62.3	60.9
Debt to equity	189.5	177.8	165.1	155.6
Net debt/(cash) to equity	181.5	173.3	158.9	149.2
Interest cover (x)	2.5	3.1	3.7	3.5

COMPANY RESULTS

PTT (PTT TB)

3Q23: Net Profit In Line With Our Expectations

PTT's net profit rose qoq and yoy to Bt31.3b in 3Q23, in line with our and consensus expectations. The net profit increase was due to a strong performance in the refinery, oil station and power generation businesses. However, we foresee core profit declining qoq in 4Q23 due to lower gas sales volume. Factors such as lower crude oil prices, GRM and marketing margins could also contribute to this expected decline. Maintain BUY. Target price: Bt41.00.

3Q23 RESULTS

Year to 31 Dec (Btm)	3Q22	2Q23	3Q23	yoy % chg.	qoq % chg.	9M22	9M23	yoy % chg.
Revenue	884,611	778,065	802,683	-9	3	2,570,029	2,337,438	-9
EBITDA	83,667	92,730	122,146	46	32	401,332	313,844	-22
Core Profit	15,663	30,372	30,608	95	1	170,096	80,221	-53
Net Profit	8,884	20,107	31,297	252	56	72,524	79,259	9
EPS	0.31	0.70	1.10			2.54	2.77	
Financial ratio (%)								
Gross Profit Margin	8	10	15			14.4	12.3	
EBITDA Margin	9	12	15			15.6	13.4	
SG&A Exp. / Sales	4	4	4			3.6	3.8	
Net profit margin	1	3	4			2.8	3.4	

Source: PTT, UOB Kay Hian

RESULTS

- 3Q23 net profit increased both qoq and yoy.** PTT's net profit rose 56% qoq and 252% yoy to Bt31.3b in 3Q23. This performance is in line with our and consensus estimates, attributable in part to enhanced profit sharing, particularly in the refinery, oil station business and electricity generation businesses. The aggregate net profit of subsidiaries and affiliates increased both qoq and yoy to Bt39.8b in 3Q23.
- EBITDA of the gas business increased 1.6% qoq due to the GSP and NGV businesses.** In the gas separation plant (GSP) business, sales reached 1.8m tonnes, up 5.4% qoq. This growth was attributed to heightened gas production in the G1/61 project, and the improved performance of the Natural Gas for Vehicles (NGV) business, benefiting from increased sales prices across all customer groups. Concurrently, production costs aligned with gas prices and the total sales volume decreased. These positive factors effectively offset the decline in gas sales volume within the Supply and Marketing (S&M) business, down 5.2% qoq to 4,596 million cubic feet per day (MMSCFD). This reduction was a result of increased electricity production from hydroelectric power plants and a seasonal decrease in gas usage in the electricity sector.

KEY FINANCIALS

Year to 31 Dec (Btm)	2021	2022	2023F	2024F	2025F
Net turnover	2,258,818	3,367,203	2,570,493	2,634,409	2,699,914
EBITDA	378,028	480,495	372,380	377,869	381,276
Operating profit	231,238	313,165	208,397	217,165	223,786
Net profit (rep./act.)	108,363	91,175	91,160	98,445	103,087
Net profit (adj.)	100,790	160,536	91,160	98,445	103,087
EPS (Bt)	3.5	5.6	3.2	3.4	3.6
PE (x)	9.4	5.9	10.3	9.6	9.1
P/B (x)	0.9	0.8	0.8	0.8	0.8
EV/EBITDA (x)	3.8	3.0	3.9	3.8	3.8
Dividend yield (%)	6.1	6.1	6.1	6.4	6.5
Net margin (%)	4.8	2.7	3.5	3.7	3.8
Net debt/(cash) to equity (%)	53.8	67.4	44.6	44.3	43.2
Interest cover (x)	13.4	13.0	9.7	11.0	11.9
ROE (%)	10.8	8.4	8.2	8.7	8.7
Consensus net profit	-	-	99,295	102,519	109,640
UOBKH/Consensus (x)	-	-	0.92	0.96	0.94

Source: PTT, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	Bt33.00
Target Price	Bt41.00
Upside	+24.2%

COMPANY DESCRIPTION

PTT is a Thailand-based oil & gas company engaged in the upstream petroleum, downstream petroleum, coal business and other related businesses.

STOCK DATA

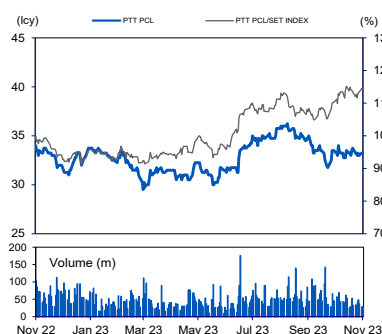
GICS sector	Energy
Bloomberg ticker:	PTT TB
Shares issued (m):	28,563.0
Market cap (Btm):	942,578.9
Market cap (US\$m):	26,253.5
3-mth avg daily t'over (US\$m):	50.2
Price Performance (%)	

52-week high/low Bt36.25/Bt29.50

1mth	3mth	6mth	1yr	YTD
1.5	(7.7)	3.1	(3.6)	(0.8)

Major Shareholders	%
MOF	51.2
Vayupak Fund 1	15.3
NVDR	3.0
FY23 NAV/Share (Bt)	39.04
FY23 Net Debt/Share (Bt)	17.43

PRICE CHART



Source: Bloomberg

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• **Profits from the refinery business are strong.** The petrochemical and refinery (P&R) business disclosed an EBITDA of Bt43.3b, up significantly both qoq and yoy. This surge was attributed to the market Gross Refinery Margin (GRM) in 3Q23, reaching as high as US\$11.3/bbl (vs US\$4.1/bbl in 2Q23 and US\$6.8/bbl in 3Q22). The positive impact was further amplified by a >12% qoq rise in crude oil prices, resulting in significant stock gains. These favorable factors offset the qoq decline in refinery utilisation rate and the subdued spread margins in the petrochemical business.

• **Marketing margin recovered significantly.** PTT Oil and Retail (OR) reported a net profit of Bt5.2b in 3Q23, up both qoq and yoy. This positive outcome is attributed to the marketing margin in 3Q23 reaching a high of Bt1.26/litre (vs Bt0.96/litre in 2Q23 and Bt0.68/litre in 3Q22). The increase in gross profit margins per litre for diesel and fuel oil, coupled with effective cost management, contributed to this significant improvement in net profit.

• **Profit from the electricity generation business increases according to production capacity.** The EBITDA of the new business and infrastructure business group experienced qoq and yoy growth due to Global Power Synergy (GPSC) reporting a significant increase in 3Q23 net profit amounting to Bt1.8b. This growth was observed both qoq and yoy and was attributed to an upturn in electricity sales volume, particularly as the GLOW Independent Power Producer (GLOW IPP) Phase 5 power plant project returned to normal operations. There was also increased profit from PTT Global Management (PTTGM) in the pharmaceutical sector. This growth was fueled by expanded market reach in the US and South Korea, leading to increased sales.

STOCK IMPACT

• **Weak core profit trend for 4Q23.** We anticipate a qoq decline in 4Q23 core profit as: a) there is a significant decrease in profit sharing from investments in the refinery, petrochemical and oil station businesses, primarily influenced by a decline in the GRM and a reduction in spread of petrochemical and marketing margin, b) gas sales volume is expected to decline due to the seasonal demand for gas within the electricity generation sector, c) there is an increase in SG&A expenses in the final quarter of the year, and d) the current price of Dubai crude oil stands at US\$80-US\$82/bbl, lower than the September average price of US\$93/bbl. Consequently, the operating results for 4Q23 are expected to reflect stock losses, reversing the trend of significant stock gains observed in 3Q23.

EARNINGS REVISION/RISK

• **None.** The core profit for 9M23 was Bt80.2b, down 53% qoq. The 9M23 core profit accounts for 88% of our core profit estimate in 2023.

VALUATION/RECOMMENDATION

• **Maintain BUY with a target price of Bt41.00, based on SOTP.** Our positive view on PTT remains strong, primarily due to its appealing valuation and dividend potential. Currently, PTT's stock is trading at a P/B of 0.84x, and we anticipate PTT will maintain an average dividend yield of 6.3% over the next three years, reaching this level by 2023-25. Additionally, our expectations are for PTT to distribute dividends of Bt2.0/share and Bt2.1/share in 2023/24 (based on a dividend payout ratio at 60%). As for the top pick in the energy sector, we prefer PTT Exploration and Production (PTTEP TB/Target: Bt200.00) and ESSO (ESSO TB/Target: Bt15.00).

SHARE PRICE CATALYST

• Fluctuations in crude oil prices, GRM and spread of petrochemical prices.

KEY STATISTICS

	3Q22	2Q23	3Q23	YoY %Chg	QoQ %Chg	9M22	9M23	YoY %Chg
Dubai (US\$/bbl)	96.86	77.76	98.74	-10%	12%	100.10	81.61	-19%
Gas Business								
Gas pool Price (US\$/mmbtu)	12.73	9.43	8.70	-32%	-8%	11.29	9.81	-13%
NG sales volume (MMSCFD)	4,105	4,850	4,598	12%	-5%	4,285	4,508	5%
GSP sales volume (Kton)	1,739	1,705	1,797	3%	5%	1,714	1,686	-2%
Trading Business								
Sales Volume (m/ltre)	40,064	51,481	52,828	32%	3%	104,825	145,198	39%
Gross Margin (Bt/ltre)	0.13	0.08	0.07	-46%	-13%	0.11	0.10	-15%
Subsidiary and Affiliate performance								
PTTEP	26,172	21,036	18,088	-25%	-14%	55,291	56,417	6%
TOP	12	1,117	10,828	n.a.	869%	32,521	16,499	-49%
PTTGC	-13,384	-5,591	1,427	n.a.	n.a.	-9,410	-4,082	n.a.
IRPC	-2,549	-2,246	2,439	n.a.	n.a.	2,789	494	-82%
OR	701	2,756	5,170	637%	88%	11,114	10,901	-2%
GPSC	331	309	1,790	441%	479%	1,328	3,217	142%
Total	9,382	17,382	38,782	328%	129%	93,629	85,448	-9%

Source: PTT and UOB Kay Hian

GAS BUSINESS PERFORMANCE



Source: PTT and UOB Kay Hian

PTT'S EBITDA BREAKDOWN BY BUSINESS

	3Q22	2Q23	3Q23	QoQ	YoY	9M22	9M23	YTD
GAS	6,926	18,574	18,873	▲ 2%	▲ >100%	49,338	48,174	▲ 2%
S&M	(4,307)	5,415	2,716	▼ 49%	▲ >100%	(1,584)	9,393	▲ >100%
TM	6,852	6,382	6,535	▲ 2%	▼ 2%	23,634	19,295	▼ 19%
GSP	7,341	5,400	5,967	▲ 11%	▼ 19%	29,242	16,129	▼ 45%
NGV	(4,203)	(1,321)	(970)	▼ 49%	▲ 84%	(8,937)	(4,644)	▼ 48%
Others	1,441	2,698	6,307	▲ 60%	▲ >100%	7,008	8,551	▲ 22%
Trading	4,097	2,787	2,211	▼ 16%	▼ 43%	9,101	1,964	▼ 9%
Total	11,023	21,361	21,224	▲ 1%	▼ 93%	58,435	58,488	▲ 0%

Source: PTT and UOB Kay Hian

SOTP VALUATION

	Share Holding	Fair Value (Bt/share)	Value (Btm)	Value (Bt/share)	Methodology
Gas Business (PTT's Operations)	100.0%		589,906	20.7	DCF @ WACC 7.0% G +1%
(-) Net Debt (PTT Only)			-215,184	-7.5	
1) PTT - Equity Value			374,722	13.1	
2) Associates and Subsidiaries					
PTTEP	65.3%	182.00	471,745	16.5	5-yrs regional PE mean of 10x
TOP	48.0%	68.00	72,912	2.6	5-yrs regional PE mean of 11x
IRPC	48.1%	2.20	21,601	0.8	PBV -1.0 S.D. of 0.6x
PTTGC	48.2%	41.00	89,067	3.1	PBV -1.0 S.D. of 0.6x
GPSC	55.2%	70.00	109,014	3.8	DCF Valuation
OR	75.0%	29.00	261,000	9.1	5-yrs avg. PE mean of 24x
3) Affiliates					
Others Affiliates			76,008	2.7	
Total				52	
Discount to NAV (2021-2022)				-20%	
PTT's TP (UOB Kay Hian)				41	

Source: PTT and UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (Btm)	2022	2023F	2024F	2025F
Net turnover	3,367,203	2,570,493	2,634,409	2,699,914
EBITDA	480,495	372,380	377,869	381,276
Deprec. & amort.	167,330	163,983	160,703	157,489
EBIT	313,165	208,397	217,165	223,786
Associate contributions	5,849	6,426	6,586	6,750
Net interest income/(expense)	(37,091)	(38,208)	(34,409)	(32,127)
Pre-tax profit	212,562	176,616	189,343	198,409
Tax	(90,462)	(52,985)	(56,803)	(59,523)
Minorities	(30,925)	(32,471)	(34,095)	(35,799)
Net profit	91,175	91,160	98,445	103,087
Net profit (adj.)	160,536	91,160	98,445	103,087

CASH FLOW

Year to 31 Dec (Btm)	2022	2023F	2024F	2025F
Operating	191,700	346,163	324,543	329,554
Pre-tax profit	212,562	176,616	189,343	198,409
Tax	(90,462)	(52,985)	(56,803)	(59,523)
Deprec. & amort.	167,330	163,983	160,703	157,489
Working capital changes	(178,970)	58,549	31,299	33,178
Other operating cashflows	81,241	0	0	0
Investing	(186,690)	(37,891)	(285,298)	(277,174)
Investments	(188,292)	(253,203)	(246,415)	(232,595)
Others	1,602	215,312	(38,883)	(44,579)
Financing	50,668	(201,113)	(112,933)	(122,304)
Dividend payments	(85,923)	(57,126)	(54,696)	(59,067)
Issue of shares	n.a.	n.a.	n.a.	n.a.
Proceeds from borrowings	136,591	(143,987)	(58,237)	(63,237)
Net cash inflow (outflow)	55,678	107,160	(73,688)	(69,924)
Beginning cash & cash equivalent	312,730	340,054	447,214	373,525
Changes due to forex impact	(28,354)	0	0	0
Ending cash & cash equivalent	340,054	447,214	373,525	303,601

BALANCE SHEET

Year to 31 Dec (Btm)	2022	2023F	2024F	2025F
Fixed assets	1,499,330	1,588,550	1,674,262	1,749,367
Other LT assets	875,440	367,646	408,318	454,731
Cash/ST investment	340,054	447,214	373,525	303,601
Other current assets	700,809	627,172	605,785	583,009
Total assets	3,415,632	3,030,582	3,061,890	3,090,708
ST debt	163,995	78,241	83,241	88,241
Other current liabilities	428,546	413,459	423,371	433,773
LT debt	924,943	866,710	803,473	735,235
Other LT liabilities	364,456	71,974	73,763	75,598
Shareholders' equity	1,110,365	1,115,188	1,158,937	1,202,957
Total liabilities & equity	3,415,632	3,030,582	3,061,890	3,090,708
Total liabilities & equity			22,496.1	24,890.5

KEY METRICS

Year to 31 Dec (%)	2022	2023F	2024F	2025F
Profitability				
EBITDA margin	14.3	14.5	14.3	14.1
Pre-tax margin	6.3	6.9	7.2	7.3
Net margin	2.7	3.5	3.7	3.8
ROA	2.8	2.8	3.2	3.4
ROE	8.4	8.2	8.7	8.7
Growth				
Turnover	49.1	(23.7)	2.5	2.5
EBITDA	27.1	(22.5)	1.5	0.9
Pre-tax profit	(3.2)	(16.9)	7.2	4.8
Net profit	(15.9)	0.0	8.0	4.7
Net profit (adj.)	59.3	(43.2)	8.0	4.7
EPS	59.3	(43.2)	8.0	4.7
Leverage				
Debt to total capital	41.5	37.1	34.6	31.9
Debt to equity	98.1	84.7	76.5	68.5
Net debt/(cash) to equity	67.4	44.6	44.3	43.2
Interest cover (x)	13.0	9.7	11.0	11.9

COMPANY UPDATE

Central Plaza Hotel (CENTEL TB)

4Q23 Earnings Likely To Be Less Exciting

4Q23 earnings should improve qoq but the growth is likely to be less exciting due to margin pressure from hotel operations. Management has maintained the hotel guidance but revised down the guidance for food operations. We revise 2023-24 earnings down by 10% and 27% as we are more conservative on Maldives' performance and the margin of hotel operations. Downgrade CENTEL to HOLD. Target price: Bt46.00.

WHAT'S NEW

- **Analyst meeting after 3Q23 results.** We attended Central Plaza Hotel's (CENTEL) analyst meeting yesterday (13 Nov 23) to review its 3Q23 earnings results and update the company's 2023 guidance. The meeting tone was slightly negative as we expect earnings in 4Q23 to be less exciting and management revised down the guidance for food operation.

STOCK IMPACT

- **Key pressure for disappointing 3Q23 results was margin of hotel business.** Top-line was in line with our projections, but the lower-than-expected hotel EBITDA margin led to a disappointing set of results in 3Q23. In the Thailand portfolio, the EBITDA margin dropped qoq due to the renovation of two hotels, which have a better margin than the rest of the portfolio. In the Maldives portfolio, the EBITDA margin also decreased qoq due to: a) price competition (-24% yoy, -23% qoq and 36% below pre-COVID-19 levels), and b) an increase in staff expenses. In the Japan portfolio, despite the RevPar remaining strong at Bt4,126, it did not reach the breakeven point set at Bt5,500-5,600.
- **4Q23 earnings outlook and key performance in Oct 23.** Although we expect earnings in 4Q23 to improve qoq, the earnings growth is likely to be less exciting due to: a) the renovation of two high-margin hotels, b) ongoing losses from a new hotel in Japan, c) the delay of MICE activities (rental income) from Oct 23 to mid-24, and d) intense competition in the Maldives. For operating performance in Oct 23, portfolio RevPar rose by 18% yoy but dropped slightly 4% qoq. A yoy improvement of RevPar came from: a) the recognition of revenue from a new hotel in Japan, which has higher room rates than the rest of the portfolio, and b) improved hotel operations in Thailand. Meanwhile, the qoq decrease in RevPar was from the hotels in the Thailand portfolio, following a shooting incident at Siam Paragon. In the Maldives portfolio, despite a 3% qoq improvement, RevPar dropped by 20% yoy and remained 48% below pre-COVID-19 levels.

KEY FINANCIALS

Year to 31 Dec (Btm)	2021	2022	2023F	2024F	2025F
Net turnover	11,528.5	18,036.3	22,681.9	25,377.7	27,790.7
EBITDA	2,007.7	4,184.3	5,727.3	6,610.2	7,195.0
Operating profit	(1,159.8)	1,051.7	2,414.2	3,100.8	3,443.6
Net profit (rep./act.)	(1,733.2)	398.1	1,208.3	1,443.3	1,670.0
Net profit (adj.)	(1,733.2)	398.1	1,208.3	1,443.3	1,670.0
EPS (Bt)	(1.3)	0.3	0.9	1.1	1.2
PE (x)	n.m.	152.6	50.3	42.1	36.4
P/B (x)	3.4	3.3	3.1	2.9	2.8
EV/EBITDA (x)	42.6	20.5	14.9	13.0	11.9
Dividend yield (%)	0.0	0.0	0.8	1.0	1.1
Net margin (%)	(15.0)	2.2	5.3	5.7	6.0
Net debt/(cash) to equity (%)	115.5	104.4	124.0	124.2	117.8
Interest cover (x)	3.3	7.7	6.7	6.2	6.6
ROE (%)	n.a.	2.2	6.3	7.1	7.9
Consensus net profit	-	-	1,444	2,039	2,366
UOBKH/Consensus (x)	-	-	0.84	0.71	0.71

Source: Central Plaza Hotel, Bloomberg, UOB Kay Hian
n.m. : not meaningful; negative P/E, EV/EBITDA reflected as "n.m."

HOLD

(Downgraded)

Share Price	Bt44.00
Target Price	Bt46.00
Upside	+4.5%
(Previous TP)	Bt52.00)

COMPANY DESCRIPTION

CENTEL is a leading hotel operator both in Thailand and overseas, as well as in the quick service restaurant industry in Thailand. CENTEL is part of the Central Group.

STOCK DATA

GICS sector	Consumer Discretionary
Bloomberg ticker:	CENTEL TB
Shares issued (m):	1,350.0
Market cap (Btm):	57,375.0
Market cap (US\$m):	1,621.5
3-mth avg daily t'over (US\$m):	4.7

Price Performance (%)

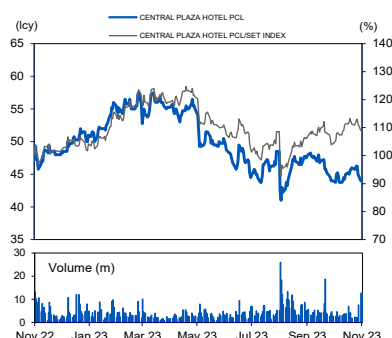
52-week high/low			Bt57.50/Bt42.50	
1mth	3mth	6mth	1yr	YTD
(5.0)	(21.3)	(23.1)	(1.2)	(15.4)

Major Shareholders

	%
Chirathivat Family	64.0
Local Investors	26.0
Foreign Investors	10.0

FY23 NAV/Share (Bt)	14.71
FY23 Net Debt/Share (Bt)	18.05

PRICE CHART



Source: Bloomberg

ANALYST(S)

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KEY STATISTICS

Hotel Stats	4Q19	Oct-22	1Q23	2Q23	3Q23	Oct-23	yoy chg	qoq chg	To Pre-COVID
Occ (%) - BKK	81.6%	62.0%	73.0%	72.0%	77.0%	70.0%	8.0 ppt	-7.0 ppt	-11.6 ppt
Occ (%) - Upcountry	75.5%	56.0%	78.0%	62.0%	64.0%	61.0%	5.0 ppt	-3.0 ppt	-14.5 ppt
Occ (%) - Maldives	82.0%	57.0%	89.0%	56.0%	70.0%	55.0%	-2.0 ppt	-15.0 ppt	-27.0 ppt
Occ (%) - Japan	0.0%	0.0%	0.0%	0.0%	67.0%	77.0%		10.0 ppt	
Occ (%) - Avg	77.9%	58.0%	77.2%	64.6%	68.3%	65.0%	7.0 ppt	-3.3 ppt	-12.9 ppt
ADR - BKK	2,979	3,730	3,882	3,791	3,832	3,666	-1.7%	-4.3%	23.1%
ADR - Upcountry	3,816	3,675	4,703	3,957	4,074	3,800	3.4%	-6.7%	-0.4%
ADR - Maldives	16,177	15,210	16,151	12,361	9,558	12,528	-17.6%	31.1%	-22.6%
ADR - Japan	0	0	0	0	6,176	6,785		9.9%	
ADR - Avg	4,353	4,337	5,223	4,314	4,534	4,557	5.1%	0.5%	104.7%
RevPar - BKK	2,429	2,305	2,849	2,733	2,940	2,566	11.3%	-12.7%	105.6%
RevPar - Upcountry	2,881	2,053	3,654	2,462	2,605	2,318	12.9%	-11.0%	80.5%
RevPar - Maldives	13,262	8,643	14,295	6,896	6,685	6,890	-20.3%	3.1%	52.0%
RevPar - Japan	0	0	0	0	4,126	5,224		26.6%	
RevPar - Avg	3,389	2,500	4,025	2,792	3,096	2,960	18.4%	-4.4%	87.3%

Source: CENTEL, UOB Kay Hian

- **2023 outlook.** Management maintains the guidance for the hotel business but revised the projections for the food operation by: a) lowering the same-store sales growth from 5-7% to 3-5%, and b) adjusting the store expansion plans from 110-130 stores to 50-60 stores. The company's focus will be on expanding its top brands, which are more profitable.

EARNINGS REVISION/RISK

- **Revise earnings down by 10% in 2023 and 27% in 2024** as we are more conservative on Maldives' performance and margin of hotel operation.

KEY EARNINGS REVISION

(Btm)	New	2023F Old	% chg	New	2024F Old	% chg
Hotel revenue	9,166	9,166	0.0%	10,449	10,491	-0.5%
Food revenue	12,866	12,866	0.0%	14,179	14,238	-0.5%
Total revenue	22,032	22,032	0.0%	24,628	24,730	-0.5%
Gross profit	9,035	9,126	-1.0%	10,232	10,369	-1.3%
SG&A	7,271	7,160	1.5%	7,881	7,666	2.8%
Operating EBITDA	5,627	5,754	-2.2%	6,460	6,776	-4.7%
Net profit	1,208	1,335	-9.5%	1,443	1,965	-26.6%
Margin	New	New	ppt chg	New	New	ppt chg
Gross margin	41.0%	41.4%	-0.42	41.5%	41.9%	-0.39
SG&A to sales	33.0%	32.5%	0.50	32.0%	31.0%	1.00
EBITDA margin	25.5%	26.1%	-0.57	26.2%	27.4%	-1.17
Net profit margin	5.6%	6.3%	-0.74	6.0%	8.3%	-2.25
Assumption	New	New	chg	New	New	chg
Hotel						
- Occupancy rate	77%	77%	0.0 ppt	81%	81%	0.0 ppt
- Average room rate	4,834	4,834	0.0%	5,098	5,325	-4.0%
- RevPar	3,726	3,726	0.0%	4,129	4,273	-3.0%
Food						
- SSSG	5%	5%	0.0 ppt	2%	3%	-1.0 ppt

Source: UOB Kay Hian

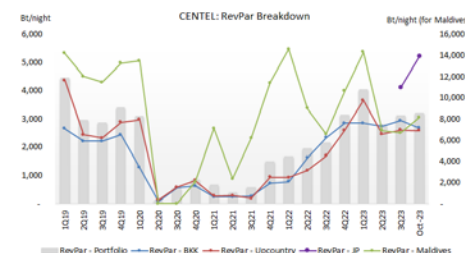
VALUATION/RECOMMENDATION

- **Downgrade to HOLD with a lower target price of Bt46.00.** Our valuation is based on EV/EBITDA multiple of 14x, at about its historical average during pre-COVID-19. We downgrade to HOLD as we expect earnings in 4Q23 to likely to less exciting due to: a) stiff competition in Maldives, b) pressure margin from renovating high-margin hotels, and c) ongoing loss of a new hotel in Japan.

SHARE PRICE CATALYST

- Stiff competition of hotels in Maldives, end of revenge travel.

HOTEL PERFORMANCE



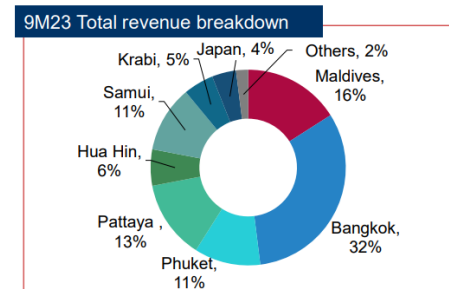
Source: CENTEL, UOB Kay Hian

EARNINGS PERFORMANCE



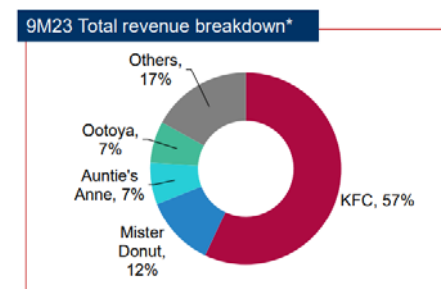
Source: CENTEL, UOB Kay Hian

HOTEL REVENUE BREAKDOWN (9M23)



Source: CENTEL, UOB Kay Hian

FOOD REVENUE BREAKDOWN (1H23)



Source: CENTEL, UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (Btm)	2022	2023F	2024F	2025F
Net turnover	18,036	22,682	25,378	27,791
EBITDA	4,184	5,727	6,610	7,195
Deprec. & amort.	3,133	3,313	3,509	3,751
EBIT	1,052	2,414	3,101	3,444
Total other non-operating income	0	0	0	0
Associate contributions	(44)	(100)	(150)	(150)
Net interest income/(expense)	(547)	(851)	(1,059)	(1,094)
Pre-tax profit	552	1,463	1,892	2,200
Tax	(138)	(234)	(408)	(470)
Minorities	(16)	(20)	(40)	(60)
Net profit	398	1,208	1,443	1,670
Net profit (adj.)	398	1,208	1,443	1,670

CASH FLOW

Year to 31 Dec (Btm)	2022	2023F	2024F	2025F
Operating	3,602	4,721	4,872	5,750
Pre-tax profit	552	1,463	1,892	2,200
Tax	(138)	(234)	(408)	(470)
Deprec. & amort.	3,133	3,313	3,509	3,751
Working capital changes	88	91	(68)	361
Non-cash items	(34)	88	(52)	(92)
Other operating cashflows	1	0	0	0
Investing	(2,101)	(9,861)	(5,612)	(5,145)
Capex (growth)	(1,274)	(9,977)	(5,659)	(5,754)
Investments	(815)	40	60	60
Others	(12)	76	(13)	549
Financing	(1,719)	4,126	892	633
Dividend payments	0	0	(483)	(577)
Issue of shares	0	0	0	0
Proceeds from borrowings	(1,762)	4,126	1,375	1,210
Others/interest paid	44	0	0	0
Net cash inflow (outflow)	(218)	(1,014)	152	1,238
Beginning cash & cash equivalent	3,370	3,152	2,138	2,290
Ending cash & cash equivalent	3,152	2,138	2,290	3,528

BALANCE SHEET

Year to 31 Dec (Btm)	2022	2023F	2024F	2025F
Fixed assets	35,867	42,531	44,681	46,684
Other LT assets	5,984	6,000	6,070	6,308
Cash/ST investment	3,152	2,138	2,290	3,528
Other current assets	3,163	2,776	3,078	3,671
Total assets	48,166	53,445	56,119	60,191
ST debt	7,325	5,210	5,210	5,210
Other current liabilities	3,843	3,635	3,817	4,678
LT debt	15,156	21,397	22,772	23,982
Other LT liabilities	2,952	3,084	3,202	4,049
Shareholders' equity	18,518	19,726	20,686	21,779
Minority interest	373	392	432	492
Total liabilities & equity	48,166	53,444	56,119	60,190

KEY METRICS

Year to 31 Dec (%)	2022	2023F	2024F	2025F
Profitability				
EBITDA margin	23.2	25.3	26.0	25.9
Pre-tax margin	3.1	6.4	7.5	7.9
Net margin	2.2	5.3	5.7	6.0
ROA	0.8	2.4	2.6	2.9
ROE	2.2	6.3	7.1	7.9
Growth				
Turnover	56.4	25.8	11.9	9.5
EBITDA	108.4	36.9	15.4	8.8
Pre-tax profit	n.a.	164.9	29.3	16.3
Net profit	n.a.	203.5	19.4	15.7
Net profit (adj.)	n.a.	203.5	19.4	15.7
EPS	n.a.	203.5	19.4	15.7
Leverage				
Debt to total capital	54.3	56.9	57.0	56.7
Debt to equity	121.4	134.9	135.3	134.0
Net debt/(cash) to equity	104.4	124.0	124.2	117.8
Interest cover (x)	7.7	6.7	6.2	6.6

COMPANY UPDATE

Major Cineplex (MAJOR TB)

Stellar Outlook To Continue In 4Q23

We are optimistic after attending MAJOR's analyst meeting. 4Q23 earnings should continue to increase due to the robust number of movies and the deferred tax. We expect the positive momentum to continue in 2024. We also expect a similar number of Thai and Hollywood movies. Maintain BUY. Target price: Bt18.00.

WHAT'S NEW

- **Analyst meeting after 3Q23 results.** The tone of the meeting was positive. Management expects sustained growth in 4Q23 due to a strong line-up of movies.

STOCK IMPACT

- **4Q23 revenue to beat peak season.** Due to the impressive revenue of Thai movies and robust number of Hollywood movies, we expect Major Cineplex's (MAJOR) 4Q23 revenue to improve both yoy and qoq. In Oct 23, management disclosed that revenue from admission and concession revenues exceeded Bt1.0b, setting a new record and surpassing total admission and concession revenues in 3Q23. For Nov-Dec 23, there are several the upcoming movies, including 4Kings2, The Hunger Games: The Ballad of Songbirds & Snakes, and Aquaman and the Lost Kingdom which are poised to contribute significantly to revenue in 4Q23. Movies in 4Q23 include The Undertaker (Bt488m), Thee Yod (Bt283m), and The Marvels (Bt33m). The combined revenue of these well-known movies was Bt566m in 4Q23, reaching that of the peak quarter in 2Q23. We expect concession revenue to follow the strong momentum of admission revenue.
- **Occupancy rate should rise with the number of movies.** Despite the lower number of movies in 3Q23, we observed a solid occupancy rate as cinema attendance remained steady, with a total of 5.9m cinema-goers, resulting in an occupancy rate of 35% for the quarter (as compared to 34% in 3Q22 and 52% in 2Q23). As we look ahead to 4Q23, with several movies scheduled, we anticipate the occupancy rate to improve and possibly reach 50%, approaching the levels seen during the peak season in 2Q23.
- **Expect earnings to be continuously supported by deferred tax ahead.** Management has revealed that there is approximately Bt140m in deferred tax income from the sale of MPIC that will be recognised in 4Q23 and 1Q24. This will support 4Q23 and 1Q24 earnings.

KEY FINANCIALS

Year to 31 Dec (Btm)	2021	2022	2023F	2024F	2025F
Net turnover	3,009.5	6,388.5	8,747.5	11,070.0	12,648.3
EBITDA	(454.1)	1,355.5	2,390.2	3,498.9	4,680.2
Operating profit	(1,704.1)	44.0	1,023.5	1,361.6	1,606.3
Net profit (rep./act.)	1,581.5	252.1	897.5	1,142.8	1,328.8
Net profit (adj.)	(1,075.0)	335.8	783.8	1,029.1	1,215.1
EPS (Bt)	(1.2)	0.4	0.9	1.2	1.4
PE (x)	n.m.	42.6	18.3	13.9	11.8
P/B (x)	2.3	2.3	2.2	2.2	2.2
EV/EBITDA (x)	n.m.	12.5	7.1	4.8	3.6
Dividend yield (%)	6.3	3.8	6.3	8.0	9.3
Net margin (%)	52.5	3.9	10.3	10.3	10.5
Net debt/(cash) to equity (%)	13.1	23.9	43.2	52.2	(109.8)
Consensus net profit	-	-	775	825	1,026
UOBKH/Consensus (x)	-	-	1.01	1.25	1.18

Source: Major Cineplex, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	Bt16.00
Target Price	Bt18.00
Upside	+12.5%

COMPANY DESCRIPTION

Major Cineplex is a cinema operator with related businesses like bowling/karaoke, rentals, cinema media and film distribution.

STOCK DATA

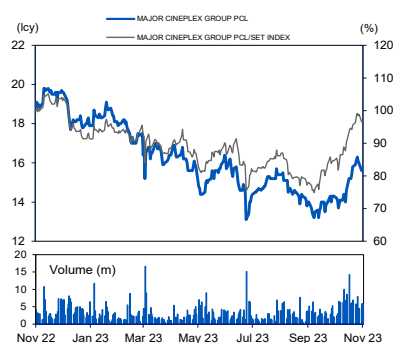
GICS sector	Communication Services
Bloomberg ticker:	MAJOR TB
Shares issued (m):	864.9
Market cap (Btm):	13,838.7
Market cap (US\$m):	385.4
3-mth avg daily t'over (US\$m):	1.6
Price Performance (%)	

52-week high/low Bt19.80/Bt13.10

1mth	3mth	6mth	1yr	YTD
14.3	1.9	(0.6)	(17.5)	(12.1)

Major Shareholders	%
Mr. Vicha Poolvaraluck	29.7
Nortrust Nominees	5.9
Thai NVDR	5.6
FY23 NAV/Share (Bt)	7.13
FY23 Net Debt/Share (Bt)	3.51

PRICE CHART



Source: Bloomberg

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ASSISTANT ANALYST(S)

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3Q23 RESULTS RECAP

Year to 31 Dec (Btm)	3Q23	3Q22	2Q23	yoy chg (%)	qoq chg (%)
Net turnover	1,741	1,719	2,283	1.3	(23.8)
Gross profit	505	544	751	(7.2)	(32.8)
EBIT	(16)	71	231	(122.4)	(106.9)
EBITDA	(16)	71	231	(122.4)	(106.9)
Net profit	104	21	532	405.5	(80.4)
EPS (Bt)	0.12	0.02	0.60	405.5	(80.4)
Core profit	75	69	204	9.6	(63.1)
Ratio (%)				yoy chg (%)	qoq chg (%)
Gross margin	29.0	31.6	32.9	(2.6)	(3.9)
SG&A-to-sales	29.9	27.5	22.8	2.4	7.1
Net profit margin	6.0	1.2	23.3	4.8	(17.3)

Source: MAJOR, UOB Kay Hian

- Earnings beat estimations. **MAJOR's earnings came in at Bt104m for 3Q23 (+405% yoy, -80% qoq), above our and consensus forecasts by 20% and 10% respectively. The key earnings beats were higher-than-expected gross margin and income tax.** The key earnings beats were higher-than-expected gross margin and income tax. The yoy increase in earnings was due to: a) deferred tax of Bt77m, and b) a low base in 3Q22 as the company booked a loss from MJLF. Meanwhile, qoq earnings decreased due to: a) softer revenue due to off-season movies, b) squeezed gross margin, and c) higher SG&A-to-sales. Excluding non-core items, core profit came in at Bt75m (+10% yoy, -63% qoq).
- **Revenue rising on number of movies.** Revenue flattened yoy and dropped 24% qoq to Bt1.7b, pressured by lower admission due to lesser movies released, concession as well as lower rental and movie content revenue. Gross margin was 29.0%, declining 2.6ppt yoy and 3.9ppt qoq, pressured by higher rental cost as the company received less discounts. SG&A-to-sales came in at 29.9% (+2.4ppt yoy, +7.1ppt qoq) due to higher sales promotion expenses from various activities and marketing costs.

EARNINGS REVISION/RISK

- None.

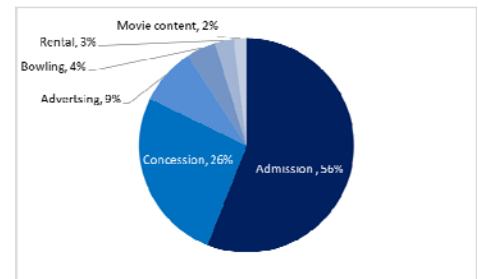
VALUATION/RECOMMENDATION

- **Maintain BUY with a target price of Bt18.00.** Our target price is based on 13x 2024F PE and -1SD to its five-year PE mean. We still like MAJOR as we expect to see strong 4Q23 earnings due to a high number of movies released, which include both blockbusters and Thai movies. Also, the stock is also less impacted by advertising expenditure compared to other players in the media industry.

SHARE PRICE CATALYST

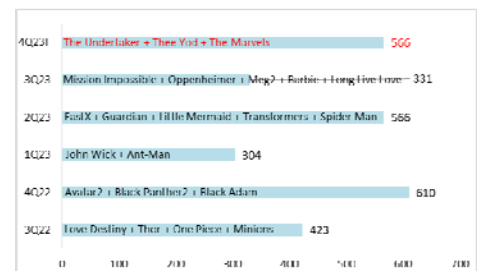
- More blockbuster movies, growth in cinema advertising income, recovery in the economy that could accelerate consumer spending and better gross domestic product.

MAJOR'S REVENUE PROPORTION IN 2023



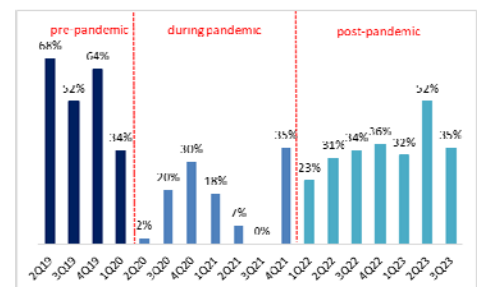
Source: MAJOR, UOB Kay Hian

BLOCKBUSTER REVENUE



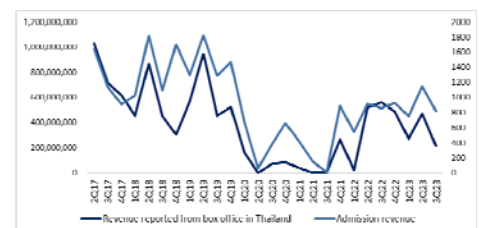
Source: MAJOR, UOB Kay Hian

OUR FORECASTED OCCUPANCY RATE



Source: MAJOR, UOB Kay Hian

CORRELATION OF REVENUE OF BOX OFFICE IN THAILAND AND ADMISSION REVENUE



Source: Box Office Mojo, MAJOR, UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (Btm)	2022	2023F	2024F	2025F
Net turnover	6,388	8,748	11,070	12,648
EBITDA	1,355	2,390	3,499	4,680
Deprec. & amort.	1,311	1,367	2,137	3,074
EBIT	44	1,023	1,362	1,606
Total other non-operating income	(201)	(141)	(141)	(141)
Associate contributions	82	0	0	0
Net interest income/(expense)	395	283	283	283
Pre-tax profit	320	1,166	1,504	1,748
Tax	(51)	(268)	(361)	(420)
Minorities	(17)	0	0	0
Net profit	252	897	1,143	1,329
Net profit (adj.)	336	784	1,029	1,215

BALANCE SHEET

Year to 31 Dec (Btm)	2022	2023F	2024F	2025F
Fixed assets	7,802	8,844	9,591	10,125
Other LT assets	2,386	2,553	2,726	2,844
Cash/ST investment	3,750	2,077	1,360	13,439
Other current assets	909	1,244	1,575	1,799
Total assets	14,847	14,718	15,251	28,207
ST debt	1,277	1,054	1,054	1,054
Other current liabilities	1,528	1,401	1,773	14,674
LT debt	4,165	4,165	4,165	4,165
Other LT liabilities	655	897	1,136	1,297
Shareholders' equity	7,092	7,272	7,395	7,488
Minority interest	130	(70)	(270)	(470)
Total liabilities & equity	14,847	14,718	15,251	28,207

CASH FLOW

Year to 31 Dec (Btm)	2022	2023F	2024F	2025F
Operating	738	1,801	3,322	17,079
Pre-tax profit	320	1,166	1,504	1,748
Tax	(51)	(268)	(361)	(420)
Deprec. & amort.	1,311	1,367	2,137	3,074
Working capital changes	(195)	(404)	100	12,716
Non-cash items	(647)	(59)	(58)	(40)
Other operating cashflows	0	0	0	0
Investing	(1,160)	(2,334)	(2,819)	(3,564)
Capex (growth)	(1,305)	(2,408)	(2,884)	(3,608)
Investments	118	8	0	0
Others	28	66	65	44
Financing	(1,248)	(1,140)	(1,220)	(1,436)
Dividend payments	(537)	(917)	(1,220)	(1,436)
Issue of shares	0	0	0	0
Proceeds from borrowings	(913)	(223)	0	0
Others/interest paid	202	0	0	0
Net cash inflow (outflow)	(1,669)	(1,673)	(717)	12,079
Beginning cash & cash equivalent	5,419	3,750	2,077	1,360
Ending cash & cash equivalent	3,750	2,077	1,360	13,439

KEY METRICS

Year to 31 Dec (%)	2022	2023F	2024F	2025F
Profitability				
EBITDA margin	21.2	27.3	31.6	37.0
Pre-tax margin	5.0	13.3	13.6	13.8
Net margin	3.9	10.3	10.3	10.5
Net profit (adj.)	n.a.	133.4	31.3	18.1
Leverage				
Debt to total capital	43.0	42.0	42.3	42.6
Debt to equity	76.7	71.8	70.6	69.7
Net debt/(cash) to equity	23.9	43.2	52.2	(109.8)

COMPANY UPDATE

PTT Global Chemical (PTTGC TB)

Still Cautious In The Petrochemical Business.

The recent analyst meeting, still a negative outlook for the petrochemical business. Key pressure persist due to heightened supply and delayed demand growth. Additionally, there is a likelihood of weakened profits in 4Q23, decrease both qoq and yoy, attributed to lower GRM and spreads of petrochemical. Consequently, in the short term, no new positive factors supporting investment in PTTGC. Upgrade to HOLD. Target price: Bt38.00.

WHAT'S NEW

- **The petrochemical business remains in a downturn cycle.** We maintain negative outlook on the petrochemical business due to (1) the delayed rebound in demand from apprehensions about the overall weak of the economy. The most recent data from the International Monetary Fund (IMF) signals a subdued global GDP growth forecast of 2.96% and 2.94% in 2023-24, respectively. This is influenced by the tightening monetary policy during 2022-23, which is impacting the broader economic landscape, particularly in Europe, where the outlook remains weak, China's economic growth is not meeting our expectations and is slower than anticipated, including, there is an expectation that the US economy will experience a slowdown in 2024, and b) there are anticipated new supply increases in 2H24 for both Polyethylene (PE) and Polypropylene (PP). The projections indicate an increase of 2.0 m tones for PE and 4.8 m tones for PP. This contrasts with the expected demand growth of only 0.8 m tones for PE and 1.6 m tones for PP.
- **The petrochemical business is anticipated to face ongoing challenges in 2024.** Despite the introduction of new supply into the market, the aromatics and PE businesses are expected to alleviate pressure on the supply side. This is further supported by the recovery of the automotive industry, which serves as a factor bolstering demand for the petrochemical. However, cautious persists in the petrochemical sector due to the overall global economic slowdown in 2024, even with anticipated more easing monetary policy and Chinese economic stimulus measures. The outlook suggests a potential recovery in the petrochemical business, but this is expected to materialize no earlier than 2H24.

KEY FINANCIALS

Year to 31 Dec (Btm)	2021	2022	2023F	2024F	2025F
Net turnover	468,953	683,954	453,523	518,256	560,994
EBITDA	72,504	74,068	34,780	44,203	48,524
Operating profit	49,766	46,506	6,164	17,816	24,186
Net profit (rep./act.)	44,982	(8,752)	(3,102)	9,018	14,182
Net profit (adj.)	42,865	41,323	253	9,018	14,182
EPS (Bt)	9.5	9.2	0.1	2.0	3.1
PE (x)	3.8	3.9	640.6	18.0	11.4
P/B (x)	0.4	0.5	0.5	0.5	0.5
EV/EBITDA (x)	4.6	4.5	9.5	7.5	6.8
Dividend yield (%)	10.4	2.8	(0.7)	1.9	3.1
Net margin (%)	9.6	(1.3)	(0.7)	1.7	2.5
Net debt/(cash) to equity (%)	27.7	73.0	50.8	45.1	38.2
Interest cover (x)	12.2	7.5	3.7	4.7	5.3
ROE (%)	13.1	n.a.	n.a.	2.7	4.1
Consensus net profit	-	-	1,678	11,388	15,561
UOBKH/Consensus (x)	-	-	0.15	0.79	0.91

Source: PTT Global Chemical, Bloomberg, UOB Kay Hian

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

HOLD

(Maintained)

Share Price	Bt36.00
Target Price	Bt38.00
Upside	+5.6%

COMPANY DESCRIPTION

PTT Global Chemical is a fully integrated petrochemical and chemical company. The company's products are derived from its main product, olefins, namely ethylene and propylene.

STOCK DATA

GICS sector	Materials
Bloomberg ticker:	PTTGC TB
Shares issued (m):	4,508.8
Market cap (Btm):	162,318.6
Market cap (US\$m):	4,521.0
3-mth avg daily t'over (US\$m):	13.6

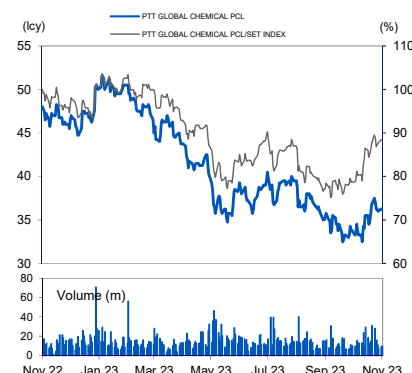
Price Performance (%)

52-week high/low			Bt51.50/Bt32.50	
1mth	3mth	6mth	1yr	YTD
8.3	(9.4)	(15.3)	(22.6)	(23.8)

Major Shareholders

PTT	48.9
NDVR	6.1
-	-
FY23 NAV/Share (Bt)	73.57
FY23 Net Debt/Share (Bt)	37.41

PRICE CHART



Source: Bloomberg

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STOCK IMPACT

- **The core profit trend for 4Q23 is showing a weak qoq.** We anticipate a qoq decline in the core profit for 4Q23 due to several factors, a) the ongoing weakness in petrochemical business profits is attributed to the continuous decrease in petrochemical spread margins, particularly evident in High Density Polyethylene (HDPE) Linear Low Density Polyethylene (LLDPE) and Mono Ethylene Glycol (MEG), which saw a 2% 4% and 10% decline qoq, respectively. Furthermore, the company plans to halt repairs at various petrochemical production units, with a particular focus on polymer and phenol plants, b) there is a decrease in profits from the refinery business, indicated by the Gross Refining Margin (GRM) for 4Q23 qtd standing at US\$4.1/bbl, vs US\$9.5/bbl in 3Q23 and US\$6.3/bbl in 4Q22, and c) The performance chemical business (Allnex Holding GmbH: Allnex) is expect to decrease qoq due to weak European demand and the impact of seasonal effects.
- **The addition of new capacity at Polyolefin is exerting pressure on spread margins as well.** Recent updates reveal that the Polyolefin plants scheduled to commence production in 2H23 and 2024 continue to be a significant factor contributing to the pressure on spread margins. Specifically, there will be a notable increase in production capacity for Polyethylene plants, with an additional 2.0 m tonne in 2H23 and 0.7 m tonne in 2024. Similarly, Polypropylene plants are expected to experience a substantial capacity increase, with 4.8 m tonne in 2H23 and 6.6 m tonne in 2024.

KEY STATISTICS

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23 qtd	qoq %Chg.	yoy %Chg.
Refinery (US\$/bbl)								
Dubai (Avg. Quarter)	96.9	84.9	80.3	77.8	86.7	87.7	1.1%	3.4%
Dubai (Avg. last month in quarter)	90.6	76.6	77.5	74.6	93.0	82.4	-11.4%	7.5%
Singapore GRM	7.1	6.3	8.2	4.0	9.5	4.1	-57.4%	-35.6%
Jet-Dubai	32.4	33.5	26.5	14.0	26.1	23.1	-11.2%	-30.8%
GO-Dubai	35.2	39.3	25.2	14.6	26.9	21.9	-18.6%	-44.3%
LOFO-Dubai	21.1	14.4	12.3	10.7	9.0	14.7	64.2%	1.8%
LPG CP (US\$/ton)	677	612	706	517	469	611	30.2%	-0.2%
Aromatics (US\$/ton)								
Condensate Erawan	916	735	678	601	716	718	0.2%	-2.3%
PX FECP-Cond	180	246	372	395	356	318	-10.6%	29.4%
BZ-Cond Spot KR	62	90	252	237	183	188	2.9%	109.2%
Phenol (CMP)-BZ	233	269	87	79	89	72	-19.1%	-73.2%
Olefins (US\$/Ton)								
Naphtha MOPJ	714	673	689	601	648	658	1.5%	-2.2%
HDPE (FILM) SEA	1,104	1,033	1,085	1,036	1,032	1,035	0.2%	0.1%
HDPE - MOPJ	390	360	396	435	384	377	-2.0%	4.6%
LLDPE - MOPJ	386	326	385	413	342	327	-4.3%	0.4%
LDPE - MOPJ	586	437	441	435	345	357	3.6%	-18.2%
MEG ACP - 0.65Ethyl	285	249	260	309	311	280	-9.8%	12.7%

Source: PTT Global Chemical, Bloomberg, UOB Kay Hian

EARNINGS REVISION/RISK

- **None.**

VALUATION/RECOMMENDATION

- **Maintain "HOLD" rating with a TP of Bt38.00, based on forward P/B at -1.0 S.D. of 0.6x.** We maintain a negative outlook for next couple quarter, primarily due to the weaker performance of the refinery and petrochemical business. We prefer the upstream business (exploration and production of oil and gas). Our top picks include PTT Exploration and Production (PTTEP TB/Target: Bt200.00) and ESSO (ESSO TB/Target: Bt15.00)

SHARE PRICE CATALYST

- The world economy is slowing down.
- Increased new supply

POLYOLEFIN BUSINESS



Source: PTT Global Chemical and UOB Kay Hian.

AROMATICS BUSINESS



Source: PTT Global Chemical and UOB Kay Hian.

MAINTENANCE SHUTDOWN SCHEDULE 2023



Source: Bloomberg and UOB Kay Hian.

PRICE TO BOOK (PBV)



Source: Bloomberg and UOB Kay Hian.

PROFIT & LOSS

Year to 31 Dec (Btm)	2022	2023F	2024F	2025F
Net turnover	683,954	453,523	518,256	560,994
EBITDA	74,068	34,780	44,203	48,524
Deprec. & amort.	27,563	28,616	26,387	24,338
EBIT	46,506	6,164	17,816	24,186
Associate contributions	3,496	3,350	3,350	3,350
Net interest income/(expense)	(9,835)	(9,469)	(9,327)	(9,242)
Pre-tax profit	40,166	45	11,839	18,295
Tax	2,273	662	(2,368)	(3,659)
Minorities	(1,116)	(454)	(454)	(454)
Net profit	(8,752)	(3,102)	9,018	14,182
Net profit (adj.)	41,323	253	9,018	14,182

BALANCE SHEET

Year to 31 Dec (Btm)	2022	2023F	2024F	2025F
Fixed assets	296,321	279,028	257,298	237,315
Other LT assets	251,635	185,916	204,378	216,567
Cash/ST investment	31,962	95,061	100,160	110,475
Other current assets	140,046	96,523	108,899	117,221
Total assets	719,965	656,528	670,735	681,578
ST debt	13,617	9,299	9,299	9,299
Other current liabilities	90,359	62,668	70,560	75,884
LT debt	263,728	254,429	245,130	235,831
Other LT liabilities	53,434	35,431	40,489	43,828
Shareholders' equity	336,309	331,728	341,832	352,858
Total liabilities & equity	719,965	656,528	670,735	681,578

CASH FLOW

Year to 31 Dec (Btm)	2022	2023F	2024F	2025F
Operating	(3,426)	50,853	31,374	35,975
Pre-tax profit	40,166	45	11,839	18,295
Tax	2,273	662	(2,368)	(3,659)
Deprec. & amort.	27,563	28,616	26,387	24,338
Working capital changes	(49,495)	1,855	(24,485)	(22,998)
Other operating cashflows	(23,934)	19,675	20,000	20,000
Investing	(12,213)	36,394	(18,061)	(13,205)
Investments	(21,372)	(11,323)	(4,657)	(4,355)
Others	9,159	47,717	(13,405)	(8,850)
Financing	(14,164)	(18,126)	(8,213)	(12,455)
Dividend payments	(11,746)	(4,509)	1,086	(3,156)
Proceeds from borrowings	(2,419)	(13,617)	(9,299)	(9,299)
Net cash inflow (outflow)	(29,803)	69,121	5,100	10,315
Beginning cash & cash equivalent	61,636	25,940	95,061	100,160
Changes due to forex impact	130	0	0	0
Ending cash & cash equivalent	31,962	95,061	100,160	110,475

KEY METRICS

Year to 31 Dec (%)	2022	2023F	2024F	2025F
Profitability				
EBITDA margin	10.8	7.7	8.5	8.6
Pre-tax margin	5.9	0.0	2.3	3.3
Net margin	(1.3)	(0.7)	1.7	2.5
ROA	n.a.	n.a.	1.4	2.1
ROE	n.a.	n.a.	2.7	4.1
Growth				
Turnover	45.8	(33.7)	14.3	8.2
EBITDA	2.2	(53.0)	27.1	9.8
Pre-tax profit	(20.7)	(99.9)	26,350.2	54.5
Net profit	(119.5)	n.a.	n.a.	57.3
Net profit (adj.)	(3.6)	(99.4)	3,458.8	57.3
EPS	(3.6)	(99.4)	3,458.8	57.3
Leverage				
Debt to total capital	48.1	47.2	45.5	43.6
Debt to equity	82.5	79.5	74.4	69.5
Net debt/(cash) to equity	73.0	50.8	45.1	38.2
Interest cover (x)	7.5	3.7	4.7	5.3

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