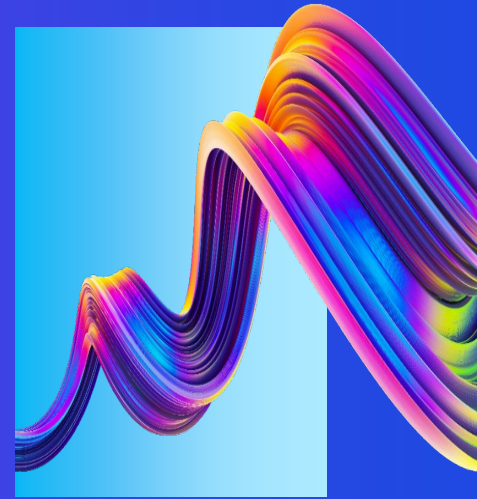




KPMG Financial Performance Index (FPI)

An indicator of corporate health for companies across the Thailand Stock Exchange and around the world

KPMG in Thailand | Deal Advisory



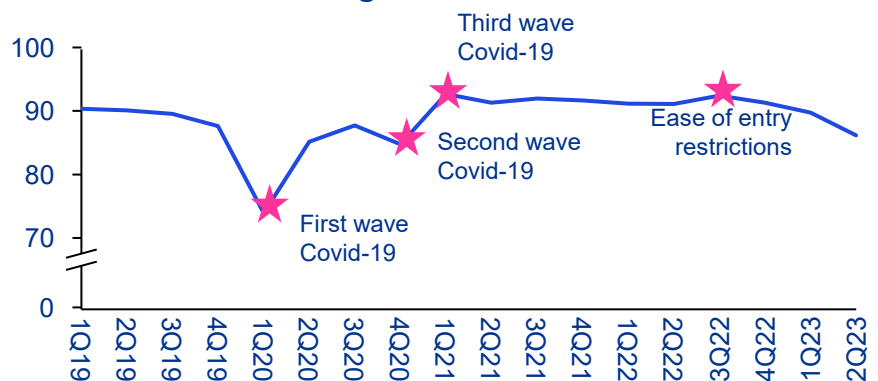
After a decade of economic growth, the COVID-19 pandemic had a significant impact on business activities and redirected attention towards financial distress. The KPMG FPI serves as a global indicator of financial performance that identifies trends and levels of distress among listed companies.

Introduction of FPI

The KPMG FPI is a metric used to measure a company's financial health. It draws from a probability to financial default model developed by leading economists¹. The model is based on eight explanatory variables encompassing financial and market variables. The score extracts raw data from the S&P Capital IQ database and ranges from 0 to 100. The lower the score, the lower the financial health. In contrast, a higher score indicates a stronger financial position.

The FPI is computed across the world, but can be broken down to country and sector level.

Thailand FPI and change of FPI



After a strong post-COVID recovery, Thailand's FPI is declining due to global economic pressures.

Thailand's FPI development over time clearly shows the impact of the COVID-19 pandemic, with the first wave hitting in Q1 2020,

decreasing the FPI score from 87.9 to 74.2 (-16%).

This especially reflects the COVID-19 restrictions and the uncertain outlook. However, the FPI recovered relatively quickly, with the second and third waves having a lower impact of -3% and -1% respectively.

The easing of border restrictions led to a peak in Thailand's FPI in the third quarter of 2022. Since then, Thailand's FPI has been on a slow downward trend, reflecting global challenges such as high inflation, rising interest rates, geopolitical tensions, and the ongoing conflict between Russia and Ukraine.

Top 3 sectors

94.7	Healthcare
93.9	Packaging Products
92.6	Travel and Hospitality

Bottom 3 sectors

84.7	Financial Services
86.2	Agriculture
86.3	Technology and Telecommunication

Source: KPMG FPI database
Note: (1) John Y. Campbell, Jens Hilscher, and Jan Szilagyi

Impacted by global economic pressures, Thailand's FPI has gradually deteriorated since Q4 2022. This is consistent with BOT's recent outlook on the Thai economy, which expects a softening in growth. This downward trend can be observed across individual sectors, except for travel and hospitality, which has improved as the tourism recovery continues.



Raw materials saw a sharp decrease in FPI. Factors negatively impacting the industry include **increased operational costs**, especially in the steel industry, arising from the rise of daily minimum wage announced in August 2022. Additionally, increased prices in materials caused by the **Russian and Ukrainian conflict** and the **increased fuel tariff**, which is increasing electricity costs significantly.

Companies in the **Business services** sector still face challenges in obtaining the **right mix** of in-house and external resources to manage essential operations during the post-pandemic period. In particular, businesses focusing on **customer services outsourced** by state enterprises are facing a weakening demand, and budgets are under review or delayed.

The agriculture sector is facing weakening demand due to several factors. These include the economic slowdown of Thailand's **key trading partners**, particularly in China, where the new self-reliance policy is impacting agricultural exports. Global inflationary pressure on animal feeds has also led to **substantial price** increases.



Find more details of all sectors and subsectors FPI on our interactive [FPI website](#). KPMG helps management to stabilize the business, reorganize borrowings, enhance profitability and build a platform for sustainable growth.

Sources: KPMG FPI database, SCB EIC, Fitch Solution, Krungsri Research, Ministry of Commerce, Nation News, Thai PBS news

Contact us



Ian Thornhill
Partner
Head of Deal Advisory
T: +66 2677 2297
E: ithornhill@kpmg.co.th



Sukit Vongthavaravat
Partner
Head of Alliances
T: +66 2677 2350
E: sukit@kpmg.co.th



Matt Crane
Partner, Head of Infrastructure,
Government and Healthcare
T: +66 2677 2154
E: mcrane1@kpmg.co.th



Jakkra Rattananukit
Manager
Turnaround & Restructuring
T: +66 2677 2730
E: jakkra@kpmg.co.th



Toungtrat Pichitdej
Manager
Turnaround & Restructuring
T: +66 2677 2293
E: toungtrat@kpmg.co.th



Stephan Ulrich
Manager
Turnaround & Restructuring
T: +66 2677 2748
E: sulrich1@kpmg.co.th

kpmg.com/th



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