

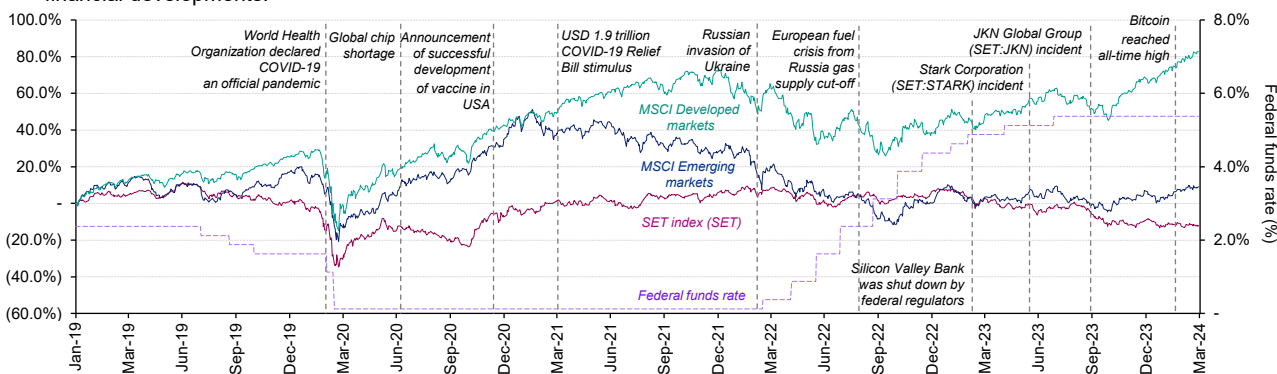
Capital market and business valuation insights

May 2024 | Financial data as of Q1/2024

Deal Advisory, KPMG in Thailand

Capital market performance

- The Thai capital market (SET Index) has continued on a moderate declining trend from the previous quarter as domestic economic uncertainty coupled with increased global geopolitical risks sustained investor aversion towards risk assets despite continued declines in benchmark risk-free rates. Gold and Bitcoin prices have reached all-time highs, reflecting the level of perceived political and economic uncertainty. The MSCI Developed Index however, continued to show an increasing trend in the recent two quarters.
- On 14 April 2024 at the Monetary Policy Committee (MPC) meeting, the Thai economy was projected to grow at 2.6% and 3.0% in 2024 and 2025, respectively, supported by an improvement in tourism, continued expansion of private consumption and an acceleration of public expenditure.
- Overall financial conditions remain stable. The costs of private sector funding via commercial banks and corporate bond markets remain approximately unchanged.
- The Thai baht depreciated against the US dollar from 34.4 USD/THB in the previous quarter to 36.6 USD/THB as at 29 March 2024 based on BOT's average selling rates due to the Federal Reserve's monetary policy outlook and domestic economic and financial developments.



Thai stock exchange financial highlights (31 Mar 2024)



Market Capitalisation
of THB 17.4 trillion



Total 918 listed securities with 699 in SET, 215 in mai, 4 in LIVEX



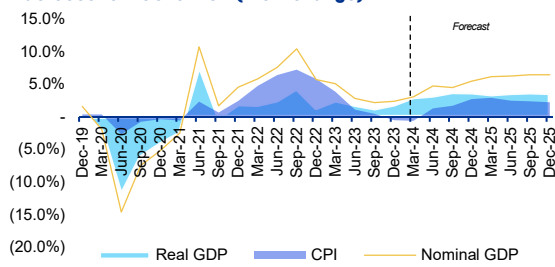
Market Capitalisation to GDP of 97.3%



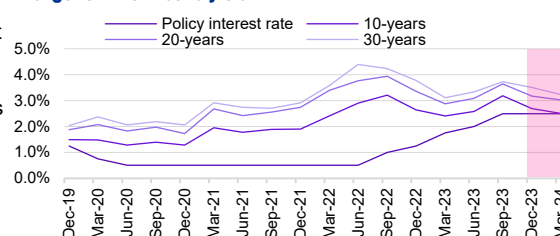
7 newly listed securities & 1 delisted during Q1/2024

Source: SET, Capital IQ and BOT

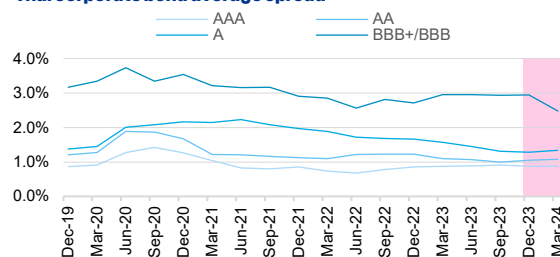
Macroeconomic overview (Y-o-Y change)



Thai government bond yield



Thai corporate bond average spread



- **US federal funds rate:** In its May meeting, the Federal Open Market Committee (FOMC) continued to maintain the target range for the federal funds rate at 5.3% to 5.5% to achieve maximum employment and inflation of 2.0% in the long run. Sustained inflationary pressures in the US indicate potential delays in the easing schedule.
- **Inflation:** Thai headline inflation is expected to reach the target range of 1.0% to 3.0% by the end of 2024. Headline inflation is projected at 0.6% and 1.3% in 2024 and 2025, respectively. The effect of geopolitical tensions and government subsidies on energy prices are key factors to be monitored.
- **Thai policy interest rate:** In April, the MPC voted 5 to 2 to maintain the policy rate at 2.5%. Two members voted to cut the policy rate by 25 basis points. Thai government bond yields have continued to drop further with the 10-year yields reaching the policy rate.
- **Corporate credit risk spread:** BBB+/BBB corporate credit risk spread has declined notably from the previous quarter. Still, some groups of SMEs and low-income households face tighter credit conditions due to financial access difficulties and debt serviceability deterioration due to a slower rebound in income.

Source: BOT and Federal Reserve

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SET valuation metrics by sector (last 5 quarters)

The SET has eight key sector categories for listed entities. The three most-common valuation multiples across 5 quarters in these sectors illustrate movement due to both economic fundamentals and the impact of global events on market sentiment.

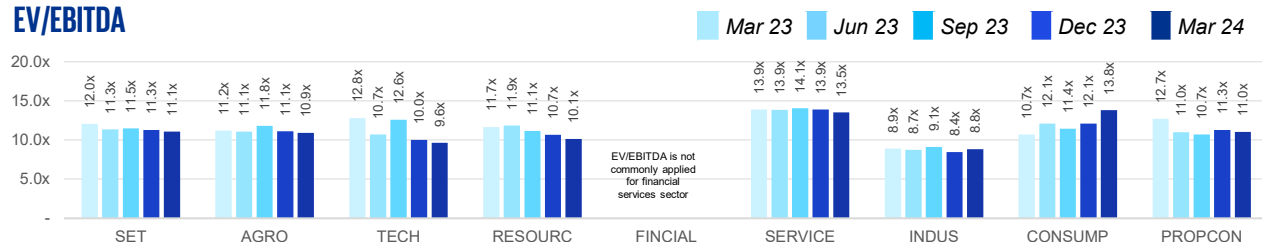
AGRO	Agribusiness, F&B	RESOURC	Energy, Utilities, Mining	SERVICE	Commerce, Healthcare, Media	CONSUMP	Fashion, Home, Personal, Pharmaceuticals
TECH	Electronic parts, ICT	FINCIAL	Banking, Finance	INDUS	Automotive, Industrial materials and machinery, Packaging, Chemicals	PROPCON	Property and Construction

Index	SET	AGRO	TECH	RESOURC	FINCIAL	SERVICE	INDUS	CONSUMP	PROPCON
No. of securities	912 ¹	76	66	80	82	198	137	63	210
Market capitalisation (THB tn)	17.0	1.0	2.4	3.5	2.7	4.5	0.7	0.2	2.0

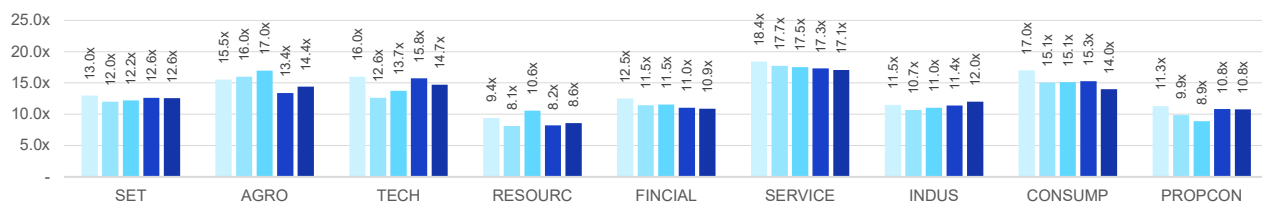
Source: SET, S&P Capital IQ, and KPMG analysis

Note 1: Number of securities differs from the prior page as two companies are under the restructuring process and four LIVEx companies are excluded.

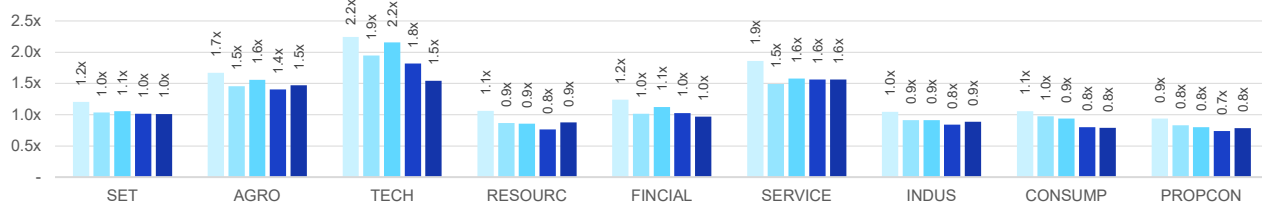
EV/EBITDA



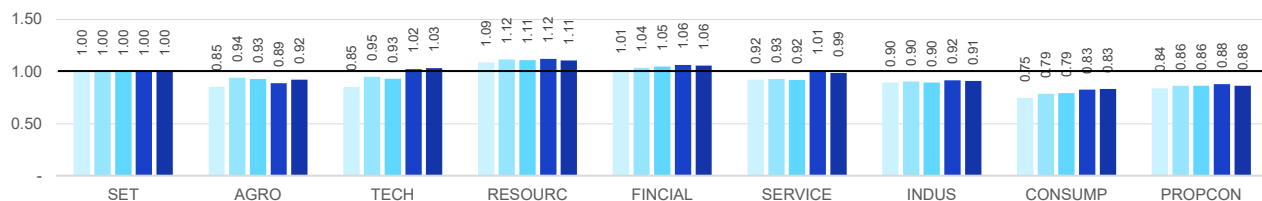
P/E



P/BV



Adjusted 5-year monthly beta



Source: SET, S&P Capital IQ, and KPMG analysis

The multiples in Q1/2024 show a sideways trend from the previous quarter in almost all of the sectors, except the declined multiples of TECH.

Sector beta represents the undiversified risk of a sector. The higher the beta, the riskier it is for that specific sector. The betas in the past 5 quarters have shown a trend of convergence towards the market beta of 1.0. Increasing betas in the services and consumption-related sectors indicate rising volatility in response to uncertainties in expected government support and initiatives.

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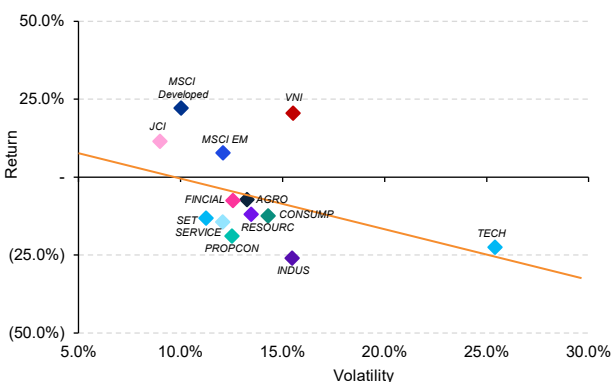
Returns and volatilities of international indices and domestic indices by sector

Index	MSCI Developed	MSCI EM	VNI	JCI	SET	AGRO	TECH	RESOURC	FINCIAL	SERVICE	INDUS	CONSUMP	PROPCON
Country	Developed countries	Emerging countries	Vietnam	Indonesia	Thailand	Thailand							
Annualised daily returns	Total returns					Total returns							
1-year	22.1%	7.7%	20.5%	11.4%	(13.2%)	(7.2%)	(22.5%)	(11.9%)	(7.5%)	(14.4%)	(26.0%)	(12.4%)	(18.9%)
5-year	11.3%	2.1%	6.9%	5.8%	(0.8%)	1.6%	12.6%	(1.6%)	12.6%	(0.9%)	(4.8%)	(7.7%)	(3.5%)
Volatility of daily returns	-					-							
1-year	10.0%	12.1%	15.5%	9.0%	11.2%	13.3%	25.4%	13.5%	12.6%	12.1%	15.5%	14.3%	12.5%
5-year	18.0%	17.5%	20.0%	16.1%	16.9%	17.1%	25.4%	21.5%	20.0%	17.0%	19.6%	17.1%	16.6%

Source: SET, Bloomberg, S&P Capital IQ, MSCI, and KPMG analysis

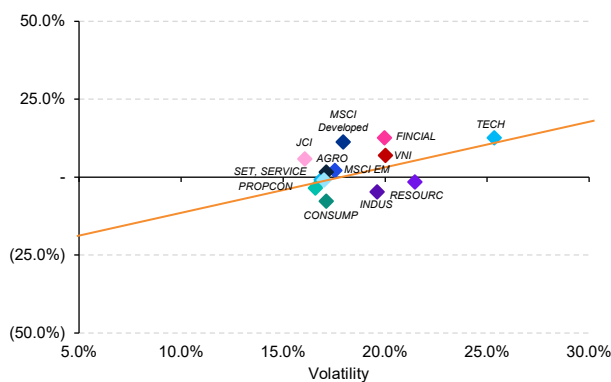
Market returns vs. volatilities

1-year correlation



Source: SET, Bloomberg, S&P Capital IQ, and KPMG analysis

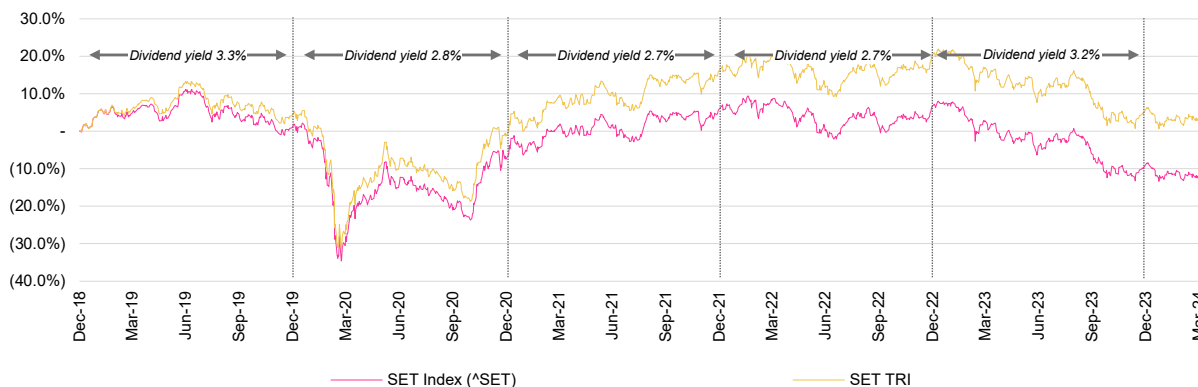
5-year correlation



Source: SET, Bloomberg, S&P Capital IQ, and KPMG analysis

- The SET lagged behind all other illustrated indices over the 1-year and 5-year observation periods. MSCI Developed appeared to have the best performance for both 1-year and 5-year annualised daily returns. 1-year annualised return of VNI has exceeded 20.0%, comparable to the return of MSCI Developed. JCI had the lowest 1-year and 5-year volatilities among the indices while still outperforming MSCI EM.

SET vs. SET TRI



Source: SET and Bloomberg

- Total return index (TRI)** is an index that measures the total return from investing in securities. It comprises (1) a return arising from the change in value of the securities or "capital gain/loss", and (2) dividends paid, assuming they are reinvested in the securities.
- Dividend yield in 2023 was higher than the previous 3 years and comparable to the 2019 period.



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Data criteria

Thailand valuation multiples by sector

- The SET sector classification serves as the principal criterion for the illustrated sectors.
- The sector valuation multiples and beta are based on the respective median.
- 12-month trailing multiples are derived from Q1/2023 to Q1/2024.
- Q1/2024 multiple is based on the latest available financial statement information as at Q4/2023.
- Data in historical periods may change according to Capital IQ's retrospective adjustments.

Regression on returns and volatilities

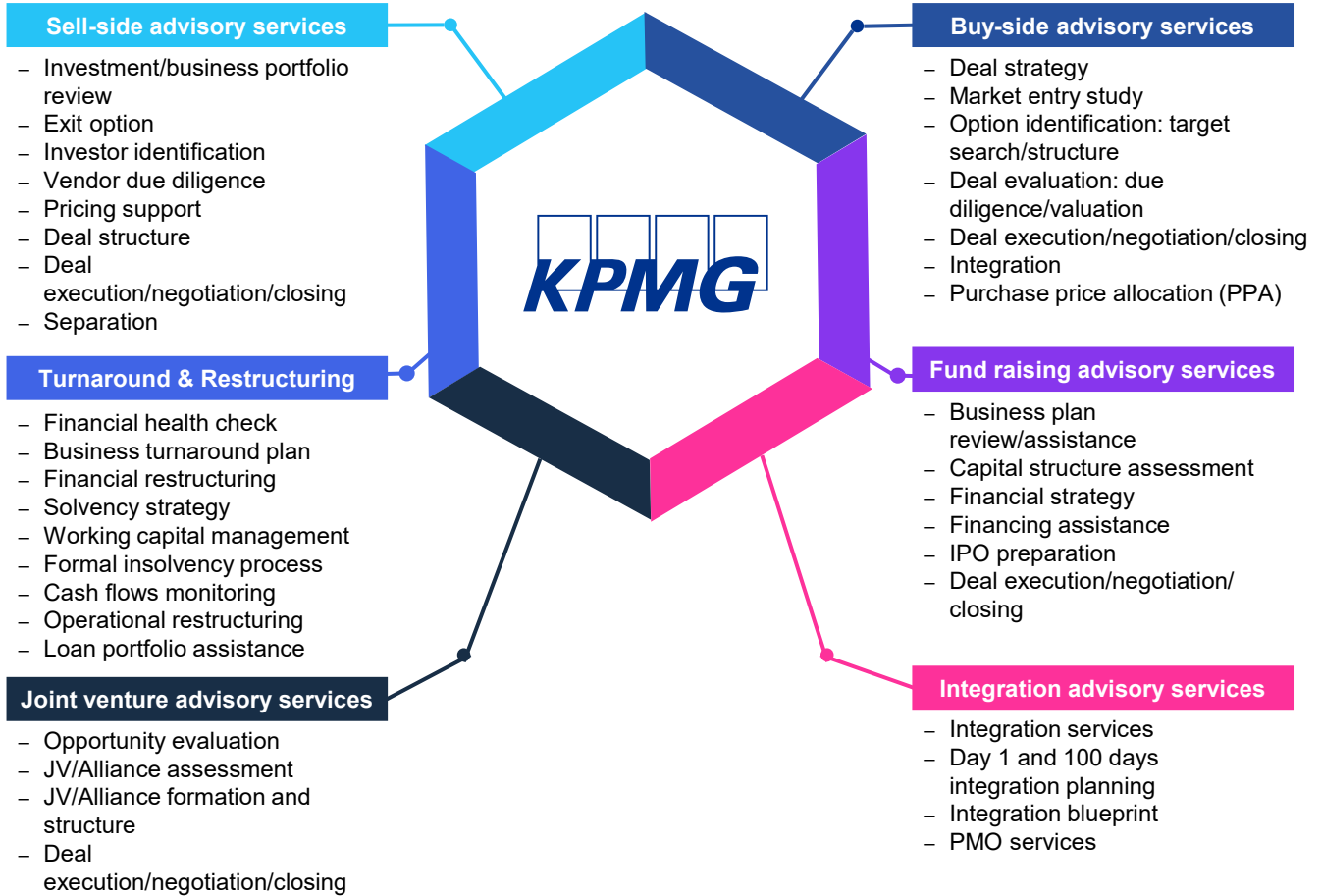
- The total number of trading days per year is assumed to be 252 days.
- The period in the study is 1 April 2019 – 31 March 2024.

SET and SET TRI

- Annual dividend yields are based on dividend yields from Bloomberg.

KPMG Deal Advisory

"KPMG provides a full range of valuation services for all sell-side, buy-side, tax restructuring, fund raising, and joint venture transactions."



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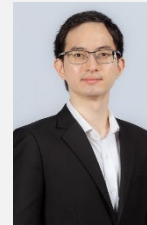
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