

**BUY** (Unchanged)**TP: Bt 140.00**

(From: Bt 160.00)

Change in Numbers

Upside : 24.4%

23 AUGUST 2021

# TQM Corporation Pcl (TQM TB)

## Riding the wave

**SARACHADA SORNSONG**

662 – 779 9106

sarachada.sor@thanachartsec.co.th

**TQM is again ahead of the industry in capturing changes in people's lifestyles and insurance needs. Given its strong digital capability, we see the company's focus on health and housing insurance supporting a strong 3-year EPS CAGR of 27% over 2020-23F. Our TP is cut to Bt140 to reflect TQM's inorganic JV approach. Maintain BUY.**

### From 2C to 2H

Auto insurance has always been TQM's main product. Having equipped its platform and adjusted its vision to move toward insurtech, TQM is expanding into health-related insurance with its successful COVID-19 insurance sales. As car insurance looks set to remain its core business backbone, TQM is leveraging on COVID-19 insurance sales, doubling its customer base to 2m from 1m, to grow health and housing insurance exponentially. It targets to distribute these products mainly via its online channel. Therefore, we expect it to enjoy an impressive net margin from COVID-19 insurance of c.30%, on our estimate. From Bt500m this year, TQM targets to grow house insurance premiums to Bt1,450m in 2022F and Bt10bn in 2026F.

### Sealing 2 deals with more in the kitchen

TQM is due to seal its 51% investments in both True Life and True Extra of Bt266m this month. These are two of the biggest life insurance brokers with estimated total premiums and revenues of Bt1.1bn and Bt120m and net margin generation of over 40%. TQM plans to consolidate True group's P&L in 3Q21 and enjoy good synergistic benefits via larger customers, more products and improving cost efficiency. TQM is also working on other JV deals and is looking to complete its investment in TQR in 1Q22. This is part of TQM's inorganic growth plan, adding Bt15bn of premiums on top of organic premium sales of Bt35bn in 2026F.

### Trimming earnings and lowering M&A value

We trim our earnings forecast to reflect TQM's operational hiccup in 2Q21 as its call center staff were infected with COVID. We have already incorporated profit contributions of True group into our numbers. TQM is in the process of establishing Easy Lending to provide 0% installment plans for insurance buyers. We have yet to factor this into our projections but roughly estimate this to add profits of Bt60m as 70% of insurance sales are on installment plans. As we roll over our base year to 2022F, we raise TQM's existing business value to Bt120 from Bt115 previously. Since TQM's inorganic expansion is being done via a JV approach, we lower our M&A value for the remaining Bt14bn to Bt20.

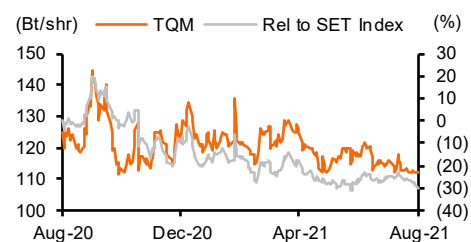
### Reaffirming BUY

Given delayed M&A execution and the unavailability of COVID insurance policies after infections escalated in Thailand, TQM's share price has fallen by 9% from its June peak of Bt123.5. It is now trading below our estimated core value of Bt120 while TQM expects to execute at least two more deals in 1Q22. With its solid business model, net cash position and strong growth story, we continue to like TQM and reaffirm our BUY rating.

### COMPANY VALUATION

Y/E Dec (Bt m)	2020A	2021F	2022F	2023F
Sales	3,083	3,462	3,887	4,346
Net profit	702	899	1,162	1,448
Consensus NP	—	874	1,077	1,485
Diff frm cons (%)	—	3.0	7.9	(2.5)
Norm profit	702	899	1,162	1,448
Prev. Norm profit	—	912	1,194	1,485
Chg frm prev (%)	—	(1.4)	(2.7)	(2.5)
Norm EPS (Bt)	2.3	3.0	3.9	4.8
Norm EPS grw (%)	38.4	28.1	29.2	24.6
Norm PE (x)	48.1	37.5	29.1	23.3
EV/EBITDA (x)	32.2	25.1	19.8	15.9
P/BV (x)	14.1	11.9	11.5	10.5
Div yield (%)	1.9	2.7	3.1	3.9
ROE (%)	29.6	34.4	40.3	47.0
Net D/E (%)	(112.3)	(103.4)	(104.2)	(106.4)

### PRICE PERFORMANCE



### COMPANY INFORMATION

Price: (Bt) as of 23-Aug-21	112.50
Market Cap (US\$ m)	1,012.0
Listed Shares (m shares)	300.0
Free Float (%)	41.7
Avg. Daily Turnover (US\$ m)	2.6
12M Price H/L (Bt)	144.50/111.50
Sector	Insurance
Major Shareholder	Eternal Growth Corp Ltd 50.9%

Sources: Bloomberg, Company data, Thanachart estimates



## Ex 1: Investment Progress



Source: Company data

## Ex 2: 12-month DCF-based TP Calculation Using A Base Year Of 2022F

(Bt m)	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	Terminal Value
EBITDA	1,453	1,802	2,199	2,655	3,154	3,362	3,584	3,797	4,023	4,262	—
Free cash flow	1,279	1,602	1,937	2,320	2,740	2,923	3,118	3,307	3,507	3,718	47,282
PV of free cash flow	1,279	1,348	1,494	1,612	1,738	1,694	1,649	1,597	1,546	1,430	18,186
Risk-free rate (%)	2.5										
Market risk premium (%)	8.0										
Beta	0.8										
WACC (%)	9.0										
Terminal growth (%)	2.0										
Enterprise value, incl. investments*	33,574										
Net debt (2021F)	(2,947)										
Minority Interest	24										
Equity value (Bt m)	36,498										
No .of shares (m)	300										
Equity value/ share (Bt)	121.7										
M&A value/ share (Bt)	19.6										
<b>TQM's all-in value/ share (Bt)</b>	<b>140.0</b>										

Sources: Company data, Thanachart estimates

## Valuation Comparison

## Ex 3: Valuation Comparison With Regional Peers

Name	BBG Code	Country	EPS growth		— PE —		— P/BV —		— ROE —		— Div. Yield —	
			21F (%)	22F (%)	21F (x)	22F (x)	21F (x)	22F (x)	21F (%)	22F (%)	21F (%)	22F (%)
China Life Insurance	601628 CH	China	12.4	14.7	14.8	12.9	1.7	1.6	11.7	11.7	2.4	2.6
China Pacific Insurance	601601 CH	China	6.4	16.8	9.5	8.1	1.1	1.0	12.2	13.0	5.0	5.8
Ping An Insurance Group	601318 CH	China	4.2	13.9	6.2	5.5	1.1	1.0	18.6	18.8	4.5	5.0
China Life Insurance	2628 HK	Hong Kong	14.1	9.4	6.4	5.8	0.7	0.7	12.2	11.8	5.7	6.1
Ping An Insurance Group	2318 HK	Hong Kong	23.8	11.8	4.8	4.3	0.3	0.3	7.6	8.7	6.4	7.1
			3.7	12.6	7.5	6.7	1.3	1.2	18.4	18.5	3.8	4.2
LPI Capital	LPI MK	Malaysia	2.1	5.2	15.9	15.1	2.5	2.4	16.2	16.4	5.2	5.4
Dongbu Insurance	005830 KS	South Korea										
Hyundai Marine & Fire	001450 KS	South Korea	9.8	(5.3)	5.6	5.9	0.6	0.5	10.4	9.3	4.6	4.7
LIG Insurance	002550 KS	South Korea	13.7	2.1	5.6	5.5	0.5	0.4	7.5	7.5	4.8	4.9
Meritz Fire & Marine	000060 KS	South Korea	na	na	na	na	na	na	na	na	2.7	2.3
Samsung Fire & Marine	000810 KS	South Korea	51.6	(7.5)	8.2	8.9	0.6	0.6	6.8	6.0	5.9	5.4
Cathay Financial Holding	2882 TT	Taiwan	52.5	(15.2)	6.7	7.9	0.9	0.8	12.7	10.8	5.2	5.0
China Life Insurance	2823 TT	Taiwan	29.0	(11.4)	6.7	7.5	0.8	0.7	11.1	9.6	2.7	2.5
Shin Kong Financial	2888 TT	Taiwan	16.8	(12.8)	6.9	8.0	0.5	0.5	8.0	4.2	3.9	3.9
Bangkok Life Assurance	BLA TB	Thailand	na	29.5	11.5	8.9	0.9	0.9	9.1	10.5	2.6	3.1
Thai Reinsurance	THRE TB	Thailand	500.0	na	4.6	17.4	0.5	1.4	12.2	8.3	15.1	3.6
Thaire Life Assurance	THREL TB	Thailand	50.0	na	10.0	na	1.2	na	12.2	na	7.0	na
TQM Corporation Pcl	TQM TB *	Thailand	28.1	29.2	37.5	29.1	11.9	11.5	34.4	40.3	2.7	3.1
<b>Average</b>			<b>51.1</b>	<b>6.2</b>	<b>9.9</b>	<b>9.8</b>	<b>1.6</b>	<b>1.6</b>	<b>13.0</b>	<b>12.8</b>	<b>5.0</b>	<b>4.4</b>

Source: Bloomberg

Note: \* Thanachart estimates , using Thanachart normalized EPS

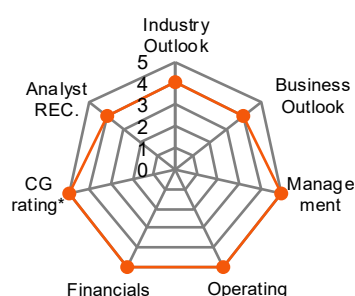
Based on 23 Aug 2021 closing prices

## COMPANY DESCRIPTION

Founded in 1953, TQM is the biggest insurance broker in Thailand. TQM structures itself as a holding company. It holds a 100% economic interest in two main subsidiaries, i.e., TQM Broker and TQM Life. The group also has Casmatt, which is 100% owned by TQM, to serve as its IT arm along with a 40% investment in TQLD, a start-up firm that specializes in insurance and tax advisory services. TQM conducted an IPO on 20 December 2018.

Source: Thanachart

## COMPANY RATING



### Rating Scale

<b>Excellent</b>	<b>5</b>
<b>Good</b>	<b>4</b>
<b>Fair</b>	<b>3</b>
<b>Weak</b>	<b>2</b>
<b>Very Weak</b>	<b>1</b>
<b>None</b>	<b>0</b>

Source: Thanachart; \* No CG Rating

## THANACHART'S SWOT ANALYSIS

### S — Strength

- Solid infrastructure and strong distribution platform.
- Scale benefits.
- Production innovation know-how.
- Solid balance sheet.

### O — Opportunity

- Increased life insurance penetration.
- Online expansion.
- Expansion into neighboring countries.

### W — Weakness

- Over 80% of premium sales and revenues are from non-life motor insurance, which has a strong correlation with industry car sales.

### T — Threat

- Economic slowdown.
- Changes in regulations.

## CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
<b>Target price (Bt)</b>	149.70	140.00	-6%
<b>Net profit 21F (Bt m)</b>	874	899	3%
<b>Net profit 22F (Bt m)</b>	1,077	1,162	8%
<b>Consensus REC</b>	<b>BUY: 5</b>	<b>HOLD: 0</b>	<b>SELL: 0</b>

## HOW ARE WE DIFFERENT FROM THE STREET?

- We believe we are ahead of the Bloomberg consensus in factoring in the JV with True Life and TQM's aggressive housing insurance sales.
- Our TP is lower, likely as we cut the M&A value to reflect the JV structure.

Sources: Bloomberg consensus, Thanachart estimates

## RISKS TO OUR INVESTMENT CASE

- A failure to execute M&A transactions would represent the main downside risk to our TP.
- A slowdown in domestic car sales and slower growth of new product lines would be a secondary downside risk to our call.
- Severe pricing competition would be another downside risk.

Source: Thanachart

## INCOME STATEMENT

	FY ending Dec (Bt m)	2019A	2020A	2021F	2022F	2023F
<i>Growing premium sales</i>						
Sales		2,712	3,083	3,462	3,887	4,346
Cost of sales		1,458	1,517	1,608	1,705	1,807
<b>Gross profit</b>		<b>1,254</b>	<b>1,565</b>	<b>1,854</b>	<b>2,182</b>	<b>2,538</b>
% gross margin		46.2%	50.8%	53.5%	56.1%	58.4%
Selling & administration expenses		702	747	770	777	785
<b>Operating profit</b>		<b>552</b>	<b>818</b>	<b>1,084</b>	<b>1,405</b>	<b>1,753</b>
% operating margin		20.4%	26.5%	31.3%	36.1%	40.3%
Depreciation & amortization		42	147	145	147	149
<b>EBITDA</b>		<b>594</b>	<b>965</b>	<b>1,229</b>	<b>1,552</b>	<b>1,902</b>
% EBITDA margin		21.9%	31.3%	35.5%	39.9%	43.8%
Non-operating income		72	54	68	76	83
Non-operating expenses		0	0	0	0	0
Interest expense		0	(2)	(9)	(10)	(9)
<b>Pre-tax profit</b>		<b>624</b>	<b>869</b>	<b>1,143</b>	<b>1,471</b>	<b>1,827</b>
Income tax		116	167	220	283	351
<b>After-tax profit</b>		<b>508</b>	<b>702</b>	<b>923</b>	<b>1,188</b>	<b>1,476</b>
% net margin		18.7%	22.8%	26.7%	30.6%	34.0%
Shares in affiliates' Earnings		(1)	0	0	0	0
Minority interests		(0)	(0)	(24)	(26)	(28)
Extraordinary items		0	0	0	0	0
<b>NET PROFIT</b>		<b>507</b>	<b>702</b>	<b>899</b>	<b>1,162</b>	<b>1,448</b>
<b>Normalized profit</b>		<b>507</b>	<b>702</b>	<b>899</b>	<b>1,162</b>	<b>1,448</b>
EPS (Bt)		1.7	2.3	3.0	3.9	4.8
Normalized EPS (Bt)		1.7	2.3	3.0	3.9	4.8

## BALANCE SHEET

	FY ending Dec (Bt m)	2019A	2020A	2021F	2022F	2023F
<i>Net cash position</i>						
<b>ASSETS:</b>						
Current assets:		3,489	3,477	4,107	4,347	4,815
Cash & cash equivalent		2,758	2,706	3,240	3,380	3,740
Account receivables		672	715	806	905	1,012
Inventories		0	0	0	0	0
Others		58	56	61	62	63
Investments & loans		608	736	1,002	1,002	1,002
Net fixed assets		80	94	107	118	100
Other assets		81	647	563	477	391
<b>Total assets</b>		<b>4,257</b>	<b>4,954</b>	<b>5,779</b>	<b>5,945</b>	<b>6,308</b>
<b>LIABILITIES:</b>						
Current liabilities:		1,816	1,957	2,398	2,509	2,630
Account payables		1,303	1,258	1,335	1,415	1,500
Bank overdraft & ST loans		11	11	293	288	264
Current LT debt		0	0	0	0	0
Others current liabilities		502	688	770	806	866
<b>Total LT debt</b>		<b>91</b>	<b>597</b>	<b>530</b>	<b>470</b>	<b>409</b>
Others LT liabilities		0	(0)	0	0	0
<b>Total liabilities</b>		<b>1,907</b>	<b>2,554</b>	<b>2,928</b>	<b>2,978</b>	<b>3,040</b>
Minority interest		0	0	24	24	51
Preferred shares		0	0	0	0	0
Paid-up capital		300	300	300	300	300
Share premium		1,607	1,607	1,607	1,607	1,607
Warrants		0	0	0	0	0
Surplus		62	40	40	40	40
<b>Retained earnings</b>		<b>382</b>	<b>453</b>	<b>880</b>	<b>997</b>	<b>1,270</b>
Shareholders' equity		2,350	2,400	2,827	2,943	3,216
<b>Liabilities &amp; equity</b>		<b>4,257</b>	<b>4,954</b>	<b>5,779</b>	<b>5,945</b>	<b>6,308</b>

Sources: Company data, Thanachart estimates

**CASH FLOW STATEMENT**

<b>FY ending Dec (Bt m)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021F</b>	<b>2022F</b>	<b>2023F</b>
Earnings before tax	624	869	1,143	1,471	1,827
Tax paid	(107)	(120)	(180)	(285)	(328)
Depreciation & amortization	42	147	145	147	149
Chg In working capital	58	(88)	(14)	(19)	(22)
Chg In other CA & CL / minorities	30	143	37	11	37
<b>Cash flow from operations</b>	<b>648</b>	<b>953</b>	<b>1,131</b>	<b>1,324</b>	<b>1,662</b>
Capex	(30)	(54)	(60)	(60)	(30)
Right of use	0	(690)	(10)	(10)	(10)
ST loans & investments	0	0	0	0	0
LT loans & investments	(317)	(129)	(266)	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	108	519	(70)	(64)	(64)
<b>Cash flow from investments</b>	<b>(239)</b>	<b>(353)</b>	<b>(406)</b>	<b>(134)</b>	<b>(104)</b>
Debt financing	0	0	282	(5)	(24)
Capital increase	0	0	0	0	0
Dividends paid	(285)	(630)	(772)	(1,046)	(1,174)
Warrants & other surplus	(17)	(23)	300	0	0
<b>Cash flow from financing</b>	<b>(302)</b>	<b>(652)</b>	<b>(190)</b>	<b>(1,051)</b>	<b>(1,198)</b>
<b>Free cash flow</b>	<b>619</b>	<b>899</b>	<b>1,071</b>	<b>1,264</b>	<b>1,632</b>

*Spending Bt266m to acquire True Life and True Extra brokers*

**VALUATION**

<b>FY ending Dec</b>	<b>2019A</b>	<b>2020A</b>	<b>2021F</b>	<b>2022F</b>	<b>2023F</b>
Normalized PE (x)	66.5	48.1	37.5	29.1	23.3
Normalized PE - at target price (x)	82.8	59.8	46.7	36.2	29.0
PE (x)	66.5	48.1	37.5	29.1	23.3
PE - at target price (x)	82.8	59.8	46.7	36.2	29.0
EV/EBITDA (x)	52.2	32.2	25.1	19.8	15.9
EV/EBITDA - at target price (x)	66.1	40.7	31.8	25.1	20.3
P/BV (x)	14.4	14.1	11.9	11.5	10.5
P/BV - at target price (x)	17.9	17.5	14.9	14.3	13.1
P/CFO (x)	52.1	35.4	29.8	25.5	20.3
Price/sales (x)	12.4	10.9	9.7	8.7	7.8
Dividend yield (%)	1.6	1.9	2.7	3.1	3.9
FCF Yield (%)	1.8	2.7	3.2	3.7	4.8
<b>(Bt)</b>					
Normalized EPS	1.7	2.3	3.0	3.9	4.8
EPS	1.7	2.3	3.0	3.9	4.8
DPS	1.8	2.2	3.0	3.5	4.3
BV/share	7.8	8.0	9.4	9.8	10.7
CFO/share	2.2	3.2	3.8	4.4	5.5
FCF/share	2.1	3.0	3.6	4.2	5.4

Sources: Company data, Thanachart estimates

## FINANCIAL RATIOS

FY ending Dec	2019A	2020A	2021F	2022F	2023F
<b>Growth Rate</b>					
Sales (%)	8.4	13.7	12.3	12.3	11.8
Net profit (%)	25.5	38.4	28.1	29.2	24.6
EPS (%)	(5.9)	38.4	28.1	29.2	24.6
Normalized profit (%)	25.5	38.4	28.1	29.2	24.6
Normalized EPS (%)	(5.9)	38.4	28.1	29.2	24.6
Dividend payout ratio (%)	103.5	91.9	100.0	90.0	90.0
<b>Operating performance</b>					
Gross margin (%)	46.2	50.8	53.5	56.1	58.4
Operating margin (%)	20.4	26.5	31.3	36.1	40.3
EBITDA margin (%)	21.9	31.3	35.5	39.9	43.8
Net margin (%)	18.7	22.8	26.7	30.6	34.0
D/E (incl. minor) (x)	0.0	0.0	0.1	0.1	0.1
Net D/E (incl. minor) (x)	(1.2)	(1.1)	(1.0)	(1.0)	(1.1)
Interest coverage - EBIT (x)	na	390.91	114.45	139.38	202.30
Interest coverage - EBITDA (x)	na	461.33	129.76	153.98	219.44
ROA - using norm profit (%)	12.6	15.2	16.8	19.8	23.6
ROE - using norm profit (%)	22.6	29.6	34.4	40.3	47.0
<b>DuPont</b>					
ROE - using after tax profit (%)	22.6	29.6	35.3	41.2	47.9
- asset turnover (x)	0.7	0.7	0.6	0.7	0.7
- operating margin (%)	23.0	28.3	33.3	38.1	42.2
- leverage (x)	1.8	1.9	2.1	2.0	2.0
- interest burden (%)	100.0	99.8	99.2	99.3	99.5
- tax burden (%)	81.4	80.8	80.8	80.8	80.8
WACC (%)	9.0	9.0	9.0	9.0	9.0
ROIC (%)	(90.7)	(166.3)	(296.5)	(941.1)	(947.9)
NOPAT (Bt m)	449	660	875	1,135	1,416
invested capital (Bt m)	(397)	(295)	(121)	(149)	(260)

Sources: Company data, Thanachart estimates

### General Disclaimers And Disclosures:

This report is prepared and issued by Thanachart Securities Public Company Limited (TNS) as a resource only for clients of TNS, Thanachart Capital Public Company Limited (TCAP) and its group companies. Copyright © Thanachart Securities Public Company Limited. All rights reserved. The report may not be reproduced in whole or in part or delivered to other persons without our written consent.

This report is prepared by analysts who are employed by the research department of TNS. While the information is from sources believed to be reliable, neither the information nor the forecasts shall be taken as a representation or warranty for which TNS or TCAP or its group companies or any of their employees incur any responsibility. This report is provided to you for informational purposes only and it is not, and is not to be construed as, an offer or an invitation to make an offer to sell or buy any securities. Neither TNS, TCAP nor its group companies accept any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

The information and opinions contained herein have been compiled or arrived at from sources believed reliable. However, TNS, TCAP and its group companies make no representation or warranty, express or implied, as to their accuracy or completeness. Expressions of opinion herein are subject to change without notice. The use of any information, forecasts and opinions contained in this report shall be at the sole discretion and risk of the user.

TNS, TCAP and its group companies perform and seek to perform business with companies covered in this report. TNS, TCAP, its group companies, their employees and directors may have positions and financial interest in securities mentioned in this report. TNS, TCAP or its group companies may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any entity mentioned in this report. Therefore, investors should be aware of conflict of interest that may affect the objectivity of this report.

Note: Thanachart Securities Public Company Limited act as a Market Maker and Derivative Warrants Issuer. At present, TNS has issued 96 Derivative Warrants which are ACE16C2111A, ADVA16C2110A, AEON16C2108A, AMAT16C2112A, AOT16C2109A, AOT16C2112A, BAM16C2110A, BANP16C2109A, BANP16C2110A, BANP16C2112A, BCH16C2109A, BCH16C2111A, BCH16C2111B, BCPG16C2111A, BDMS16C2109A, BGRI16C2110A, BH16C2109A, CBG16C2108A, CBG16C2109A, CBG16C2109B, CHG16C2111A, COM716C2110A, COM716C2112A, CPAL16C2109A, CPAL16C2111A, CPAL16C2112A, CPF16C2108A, CPN16C2109A, DELT16C2108A, DELT16C2109A, DOHO16C2111A, DTAC16C2112A, EA16C2108A, EA16C2110A, EGCO16C2110A, EPG16C2109A, GPSC16C2109A, GPSC16C2110A, GULF16C2112A, GUNK16C2108A, GUNK16C2110A, HANA16C2112A, IRPC16C2108A, IRPC16C2110A, IVL16C2109A, IVL16C2110A, IVL16C2111A, JMART16C2111A, JMT16C2110A, KBAN16C2108A, KBAN16C2109A, KBAN16C2111A, KBAN16C2111B, KCE16C2109A, KCE16C2110A, KTC16C2110A, KTC16C2110B, MEGA16C2112A, MINT16C2109A, MINT16C2112A, MTC16C2108A, MTC16C2109A, MTC16C2112A, OR16C2108A, OR16C2109A, PRM16C2109A, PTG16C2109A, PTT16C2109A, PTT16C2112A, PTTE16C2112A, PTTG16C2108A, PTTG16C2110A, PTTG16C2111A, RBF16C2110A, RS16C2108A, RS16C2109A, S5016C2109A, S5016C2109B, S5016C2109C, S5016C2109D, S5016C2112A, S5016P2109A, S5016P2109B, S5016P2112A, SAWA16C2112A, SCB16C2111A, SCC16C2112A, SCGP16C2109A, STA16C2112A, STEC16C2110A, STGT16C2111A, TASC16C2109A, TOP16C2112A, TQM16C2108A, TU16C2110A, TU16C2111A (underlying securities are ACE, ADVANC, AEONTS, AMATA, AOT, BAM, BANPU, BCH, BCPG, BDMS, BGRIM, BH, CBG, CHG, COM7, CPALL, CPF, CPN, DELTA, DOHOME, DTAC, EA, EGCO, EPG, GPSC, GULF, GUNKUL, HANA, IRPC, IVL, JMART, JMT, KBANK, KCE, KTC, MEGA, MINT, MTC, OR, PRM, PTG, PTT, PTTEP, PTTGC, RBF, RS, SAWAD, SCB, SCC, SCGP, SET50, STA, STEC, STGT, TASCO, TOP, TQM, TU). Since TNS covers those underlying securities in research report, consequently TNS incurs conflicts of interest. Moreover, Investors are advised to carefully review the details and information in the prospectus before making investment decisions.

**Note:** Thanachart Securities has an indirect financial interest in Ratchthani Leasing Pcl (THANI). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds more than 56% of the shareholding in Ratchthani Leasing Pcl (THANI).

**Note:** Thanachart Capital Public Company Limited (TCAP), TMBThanachart Bank Public Company Limited (TTB), are related companies to Thanachart Securities Public Company Limited (TNS). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds 20.1% of the shareholding in TMBThanachart Bank Pcl.

Thanachart Capital Public Company Limited (TCAP), Ratchthani Leasing Public Company Limited (THANI), TMB Public Company Limited, MBK PUBLIC COMPANY LIMITED (MBK) and PATUM RICE MILL AND GRANARY PUBLIC COMPANY LIMITED (PRG ) are related companies to Thanachart Securities Public Company Limited (TNS) . Since TNS covers those securities in research report, consequently TNS incurs conflicts of interest.

### Disclosure of Interest of Thanachart Securities

#### Investment Banking Relationship

Within the preceding 12 months, Thanachart Securities has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: Saksiam Leasing Pcl. (SAK TB), SCG Packaging Pcl (SCGP TB)

### Recommendation Structure:

Recommendations are based on absolute upside or downside, which is the difference between the target price and the current market price. If the upside is 10% or more, the recommendation is BUY. If the downside is 10% or more, the recommendation is SELL. For stocks where the upside or downside is less than 10%, the recommendation is HOLD. Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on the market price and the formal recommendation.

For sectors, an "Overweight" sector weighting is used when we have BUYs on majority of the stocks under our coverage by market cap. "Underweight" is used when we have SELLs on majority of the stocks we cover by market cap. "Neutral" is used when there are relatively equal weightings of BUYs and SELLs.

**Thanachart Securities Pcl.**

Research Team

19 Floor, MBK Tower

444 Phayathai Road, Pathumwan Road, Bangkok 10330

Tel: 662 - 779-9119

Email: thanachart.res@thanachartsec.co.th

**Pimpaka Nichgaroon, CFA**

Head of Research

Tel: 662-779-9199

pimpaka.nic@thanachartsec.co.th

**Pattarawan Wangmingmat**

Senior Technical Analyst

Tel: 662-779-9105

pattarawan.wan@thanachartsec.co.th

**Phannarai Tiyapittayarut**

Property, Retail

Tel: 662-779-9109

phannarai.von@thanachartsec.co.th

**Sarachada Sornsong**

Bank, Finance, Insurance

Tel: 662-779-9106

sarachada.sor@thanachartsec.co.th

**Sittichet Rungrassameephat**

Analyst, Quantitative

Tel: 662-483-8303

sittichet.run@thanachartsec.co.th

**Adisak Phupiphathirungul, CFA**

Retail Market Strategy

Tel: 662-779-9120

adisak.phu@thanachartsec.co.th

**Nuttapop Prasitsuksant**

Telecom, Utilities

Tel: 662-483-8296

nuttapop.pra@thanachartsec.co.th

**Rata Limsuthiwanpoom**

Auto, Industrial Estate, Media, Prop. Fund

Tel: 662-483-8297

rata.lim@thanachartsec.co.th

**Siriporn Arunothai**

Small Cap, Healthcare, Hotel

Tel: 662-779-9113

siriporn.aru@thanachartsec.co.th

**Thaloengsak Kucharoenpaisan**

Analyst, Retail Market

Tel: 662-483-8304

thaloengsak.kuc@thanachartsec.co.th

**Chak Reungsinpinya**

Energy, Petrochemical, Paper

Tel: 662-779-9104

chak.reu@thanachartsec.co.th

**Pattadol Bunnak**

Electronics, Food &amp; Beverage, Shipping

Tel: 662-483-8298

pattadol.bun@thanachartsec.co.th

**Saksid Phadthananarak**

Construction, Transportation

Tel: 662-779-9112

saksid.pha@thanachartsec.co.th

**Witchanan Tambamroong**

Technical Analyst

Tel: 662-779-9123

witchanan.tam@thanachartsec.co.th