Plan B Media Pcl (PLANB TB) - SELL

News Update

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Capital increase

- **The allocation ratio is 12.5 existing shares to 1 new share and ...**
- **… 2 newly-issued shares to 1 unit of PLANB-W1.**
- **The purposes are to buy media assets from MACO and expansions.**
- **Including the exercise of the warrants, EPS dilution will be 10.7%.**

- PLANB announce the capital increase as the following.

  1) The newly-issued share in the amount of 311m shares for sale to the existing shareholders with the allocation ratio of 12.50 existing shares to 1 newly-issued share at the offering price of Bt5/share.

  2) The PLANB-W1 Warrants to the shareholders who have subscribed and have been allocated for the newly-issued ordinary shares with the allocation ratio of 2 newly-issued share to 1 unit of PLANB-W1 without cost. Term of the warrants is 3 years and the exercise price is Bt8/share.

- The proceeds will be utilized for acquiring the media assets from MACO, expansions, working capital, and potential M&A deals.

- We see this is a good deal in long term as it will resolve PLANB's loss from managing MACO's media. To recap shortly, in July 2020, PLANB signed a five-year contract to manage MACO's OOH advertising media with revenue capacity of around Bt1.4bn/year and minimum guarantee of Bt700m/year. In return, PLANB gets a 15% share on MACO's revenue up to Bt900m and 10% on revenue exceeding Bt900m. Unfortunately, the Covid-19 caused its low revenue of Bt120-130m/quarter. With Bt165m/quarter minimum guarantee, PLANB is making a loss from this deal. Buying some media assets from MACO will allow PLANB to pay lower minimum guarantee to Bt250m/year or Bt63m/quarter.

- However, the capital increase implies the EPS dilution of around 7.4%. If we include the exercise of the warrants, EPS dilution will be 10.7%.

- WE have a SELL on PLANB as we are concerned on 1) its expensive valuation at 57x PE in 2022F vs. 45x average in 2015-19, 2) a risk of the out-of-home media to continue losing market share to the online media, and 3) a risk of the valuation being de-rated if PLANB cannot deliver high growth as it was in the past.

Key Valuations

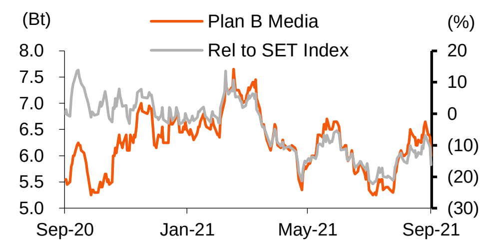
Y/E Dec (Bt m)	2020	2021F	2022F	2023F
Revenue	3,724	4,198	4,763	5,545
Net profit	140	(63)	435	641
Norm net profit	140	(63)	435	641
Norm EPS (Bt)	0.0	(0.0)	0.1	0.2
Norm EPS gr (%)	(82.0)	na	na	47.6
Norm PE (x)	166.1	na	53.6	36.3
EV/EBITDA (x)	9.6	10.2	8.0	7.5
P/BV (x)	4.4	4.5	4.2	4.0
Div. yield (%)	0.0	0.0	1.0	1.7
ROE (%)	2.4	na	8.1	11.2
Net D/E (%)	(11.4)	(13.9)	(18.1)	(18.4)

Source: Thanachart estimates

Stock Data

Closing price (Bt)	6.00
Target price (Bt)	5.00
Market cap (US$ m)	700
Avg daily turnover (US$ m)	2.6
12M H/L price (Bt)	7.65/5.25

Price Performance



Source: Bloomberg

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