**BUY** (Unchanged)

**Change in Numbers**

**TP: Bt 5.30** (Unchanged)

**Upside : 12.8%**

**31 MARCH 2022**

Small Cap Research

# Namyong Terminal Pcl (NYT TB)

## Supply impact

**We cut our earnings for NYT by 15/12/6% over 2022-24F to reflect weaker-than-expected auto exports due to the chip shortage and slower-than-expected marine cargo business. But we see NYT's earnings turnaround story as unchanged with a 23% EPS CAGR over 2021-24F, plus 4-5% yields. We reaffirm BUY with a TP of Bt5.3.**


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Thanachart Securities

### Cutting earnings but still a BUY

We cut our earnings for NYT by 15/12/6% in 2022-24F to reflect weaker-than-expected Thai auto exports due to the current chip shortage and rising concerns on the supply side from the Russia-Ukraine war and a slower-than-expected marine cargo business. However, we raise our earnings by an average of 5% over 2025-33F to reflect rising rental space. Our DCF-based 12-month TP (2022F base year) thus remains unchanged at Bt5.30. We reaffirm our BUY rating as we see NYT's earnings turnaround trend remaining intact with a 23% three-year EPS CAGR over 2021-24F. Dividend yields are also decent at 4-5% in 2022-23F. Valuation looks inexpensive, trading at 20.7x PE in 2022F or at -0.25 STD PE.

### Supply impact from Russia-Ukraine war

The Russia-Ukraine war has created some negative impact on the demand and supply of Thai auto exports though we see the situation of the war look better over the past few days. On the demand side, we expect only a minor impact since Thailand's exports to those two countries accounted for less than 1% of total car exports in 2021. Our key concern is car production due to the disruption of raw material exports from Russia that are used in semiconductor production such as palladium, nickel, platinum and copper. We thus revise down our auto-export growth assumptions to 4.0/8.0/3.7% in 2022-24F, vs. 11.8/2.1/2.0% previously.

### Strong rental factor/warehouse business

The warehouse business contributes about 20% of NYT's revenues in a normal year. Its existing leased space of 274,531 sq m at Laem Chabang and Rayong is fully occupied. Thanks to strong demand for NYT's leased space, it bought a new 37-rai land plot at WHA Chonburi Industrial Estate to building new factories and warehouses for rent. We roughly estimate that the new land plot will help to add around 13% of leased space to NYT and we assume that the company will start to recognize revenue from the new space from early next year onwards.

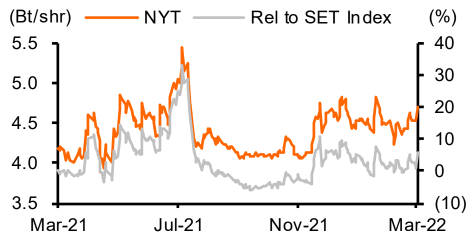
### 23% three-year EPS CAGR

We estimate NYT's earnings growth at 16/32/22% in 2022-24F, driven by 1) improving terminal business revenue on the back of Thailand's auto export growth, despite feeling some impact from the chip shortage, 2) rising revenue from the warehouse business from leased space expansion, 3) falling losses from its 51%-owned marine cargo operator Seahorse Ferries after it started operation in December last year, and 4) declining loss contributions from its 49%-owned NYKT International Terminal (NYKT) because of improving throughput via the C0 terminal.

**COMPANY VALUATION**

| Y/E Dec (Bt m) | 2021A | 2022F | 2023F | 2024F |
|---|---|---|---|---|
| Sales | 1,334 | 1,532 | 1,744 | 1,873 |
| Net profit | 243 | 282 | 373 | 454 |
| Consensus NP | — | 330 | 393 | na |
| *Diff frm cons (%)* | — | *(14.5)* | *(5.0)* | *na* |
| Norm profit | 243 | 282 | 373 | 454 |
| Prev. Norm profit | — | 331 | 426 | 482 |
| *Chg frm prev (%)* | — | *(14.7)* | *(12.4)* | *(5.9)* |
| Norm EPS (Bt) | 0.2 | 0.2 | 0.3 | 0.4 |
| Norm EPS grw (%) | 3.6 | 16.3 | 32.3 | 21.5 |
| Norm PE (x) | 24.0 | 20.7 | 15.6 | 12.9 |
| EV/EBITDA (x) | 5.6 | 5.9 | 5.1 | 4.3 |
| P/BV (x) | 1.8 | 1.8 | 1.7 | 1.6 |
| Div yield (%) | 3.4 | 3.9 | 5.1 | 6.2 |
| ROE (%) | 7.5 | 8.6 | 11.1 | 13.0 |
| Net D/E (%) | (34.6) | (23.2) | (28.6) | (34.9) |

**PRICE PERFORMANCE**




**COMPANY INFORMATION**

| | |
|---|---|
| Price *as of* 31-Mar-22 (Bt) | 4.70 |
| Market Cap (US$ m) | 175.3 |
| Listed Shares (m shares) | 1,240.0 |
| Free Float (%) | 40.9 |
| Avg Daily Turnover (US$ m) | 0.6 |
| 12M Price H/L (Bt) | 5.45/3.94 |
| Sector | Transportation |
| Major Shareholder | Nam Yuen Yong Shipping 25.2% |

Sources: Bloomberg, Company data, Thanachart estimates

## Cutting our earnings, but still a BUY

*Earnings cut by 15/12/6% in 2022-24F*

We revise down our earnings for Namyong Terminal Pcl (NYT) by 15/12/6% in 2022-24F to reflect weaker-than-expected auto exports from Thailand because of the current chip shortage, rising concerns on the supply side as a result of the Russia-Ukraine war and a slower-than-expected marine cargo business. However, we raise our earnings by an average of 5% from 2025-33F to reflect NYT's rising leased space. Details are shown in Exhibit 1. Our DCF-based 12-month TP, using a 2022F base year, therefore remains unchanged at Bt5.30/share.

**Ex 1: Changes In Our Key Assumptions And Earnings Revisions**

| | 2020A | 2021A | 2022F | 2023F | 2024F |
|---|---|---|---|---|---|
| **Thailand's auto exports (units)** | | | | | |
| - New | 735,842 | 959,194 | 997,562 | 1,077,367 | 1,116,915 |
| - Old | | | 1,072,202 | 1,095,014 | 1,116,915 |
| *- Change (%)* | | | *(7.0)* | *(1.6)* | — |
| **Revenue from terminal service (Bt m)** | | | | | |
| - New | 878 | 1,006 | 1,064 | 1,164 | 1,226 |
| - Old | | | 1,149 | 1,217 | 1,260 |
| *- Change (%)* | | | *(7.4)* | *(4.4)* | *(2.8)* |
| **Seahorse business' loss (Bt m)** | | | | | |
| - New | (2) | (80) | (33) | 18 | 48 |
| - Old | | (74) | (28) | 22 | 52 |
| *- Change (%)* | | | *n.a.* | *(22.0)* | *(7.2)* |
| **Net profit (Bt m)** | | | | | |
| - New | 234 | 243 | 282 | 373 | 454 |
| - Old | | | 331 | 426 | 482 |
| *- Change (%)* | | | *(14.8)* | *(12.4)* | *(5.9)* |

Sources: Company data, Thanachart estimates

*Maintain BUY …*

We maintain our BUY rating on shares of NYT for the following reasons:

*1) Earnings are still on an uptrend*

**First,** we estimate NYT's earnings growth at 16/32/22% in 2022-24F. Key earnings drivers are as follows:

- We expect NYT's revenue contribution from its terminal business to remain on an uptrend, despite feeling some effect from the chip shortage. We estimate NYT's terminal business revenue growth at 6/9/5% in 2022-24F.
- We also estimate NYT's warehouse business revenue to grow by 5/7% in 2023-24F as a result of rising leased space.
- Its 51%-owned marine cargo operator Seahorse Ferries looks set to see falling losses. We estimate its loss sharing to decline from Bt41m in 2021 to Bt17m in 2022F before turning to a profit of Bt9/24m in 2023-24F after it commenced operations in December last year.
- Declining loss contributions from 49%-owned NYKT International Terminal (NYKT) due to improving throughput via the C0 terminal. We estimate NYKT's equity loss to fall from Bt25m in 2021 to Bt15/13/11m in 2022-24F due to rising imports-exports for steel fabrication, manly in the oil and gas industry.

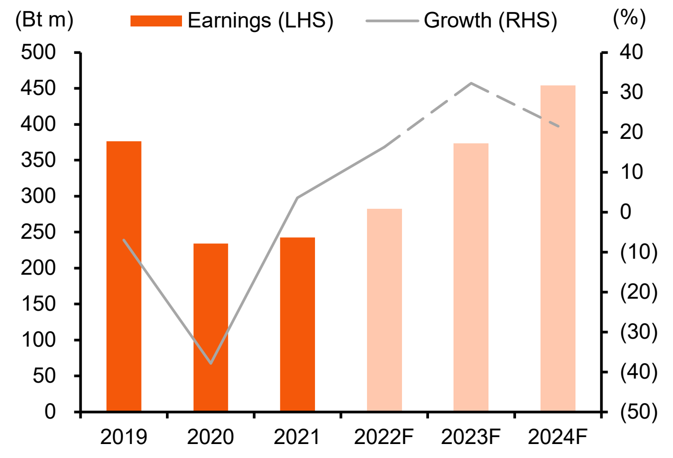
*2) Good dividend yields*

**Second,** NYT is net-cash company. We therefore expect NYT to maintain its dividend payout ratio at c.80%. We expect NYT to pay a dividend of Bt0.18/0.24 per share in 2022-23F, which implies dividend yields of 4-5% in 2022-23F.

*3) Inexpensive valuation in our view*

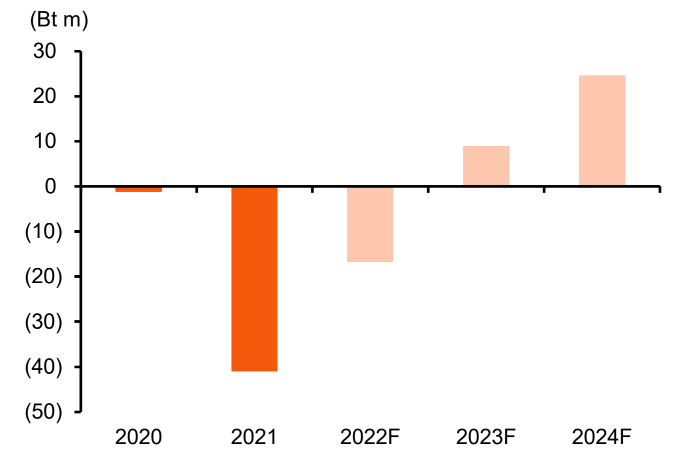
**Third,** NYT's valuation is also inexpensive in our view, with the shares trading at 20.7x PE in 2022F or at -0.25 STD PE.

**Ex 2: NYT's Earnings Are Still On A Turnaround Trend**



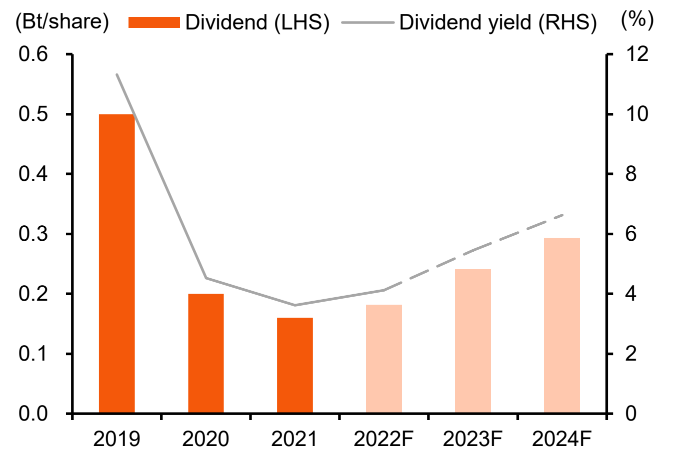

Sources: Company data, Thanachart estimates

**Ex 3: Seahorse Ferries' Operation**



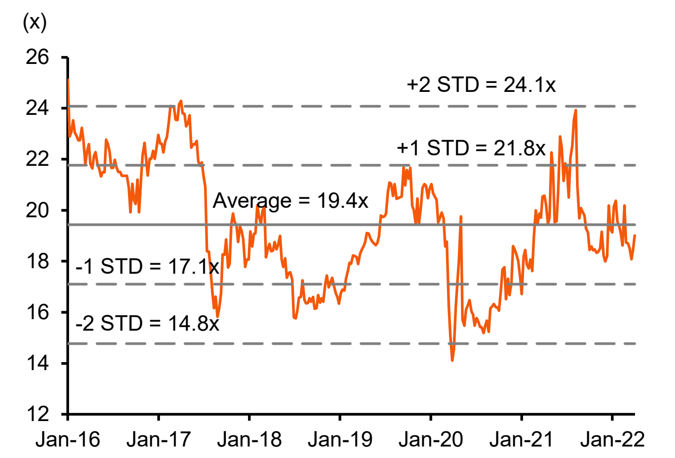

Sources: Company data, Thanachart estimates

**Ex 4: Good Dividend Yields**




Sources: Company data, Thanachart estimates

**Ex 5: Inexpensive Valuation In Our View**




Sources: Bloomberg, Thanachart estimates

## Supply impact from Russia-Ukraine war

*Impact on demand side looks limited*

The Russia-Ukraine war has generated some negative impact over demand and supply for Thai auto exports. On the demand side, we expect only a minor impact given that Thailand's exports to those two countries accounted for less than 1% of total car exports in 2021.

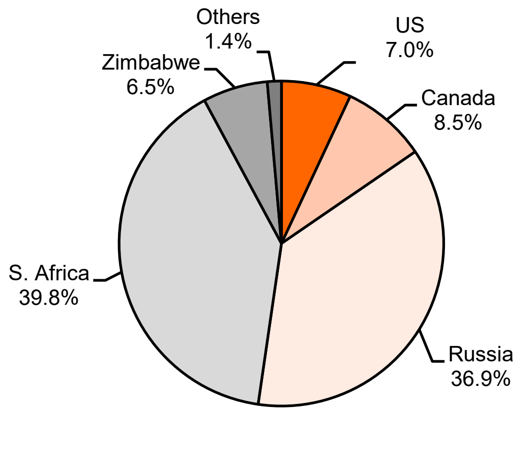
*Our concern lies with the supply side*

However, our concern regarding the war lies with the supply side though the situation of the war look better over the past few days. Besides the chip shortage caused by the COVID-19 crisis that has spilled over from last year into this year to some extent, the Russia-Ukraine crisis may add salt to the wound, causing the chip shortage situation to get even worse in 1H22.

According to the US Geological Survey's data in 2021, Russia produced 37% of the world's palladium, 11% of its platinum, 9% of its nickel and 4% of its copper. Though Russian miners have not been directly targeted by sanctions, the war is making matters tougher.

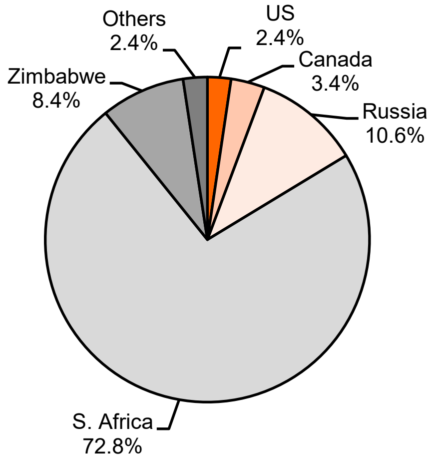
Palladium is used by automakers in engine exhausts to reduce emissions. Nickel is used to make stainless steel and electric vehicle batteries. Copper is also used in wire harness production.

**Ex 6: Russia's Global Market Share Of Palladium In 2021**



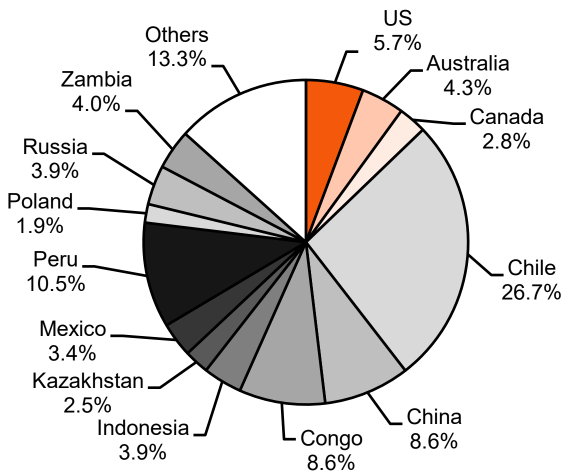

Source: U.S. Geological Survey

**Ex 7: Russia's Global Market Share Of Platinum In 2021**



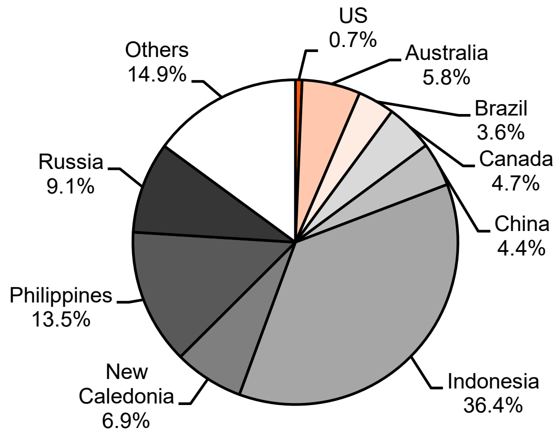

Source: U.S. Geological Survey

**Ex 8: Russia's Global Market Share Of Copper In 2021**




Source: U.S. Geological Survey

**Ex 9: Russia's Global Market Share Of Nickel In 2021**

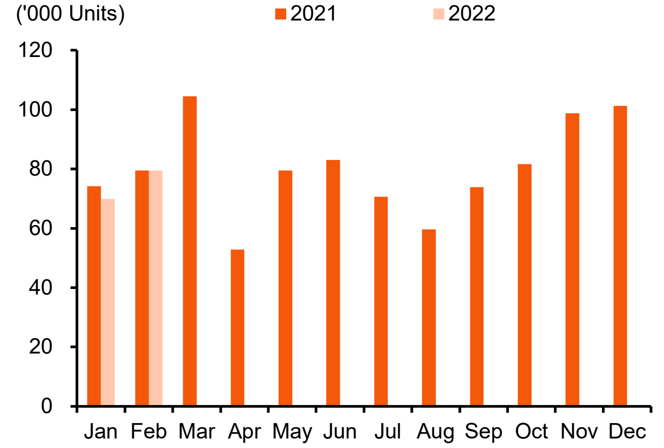



Source: U.S. Geological Survey

*We cut our assumptions for Thailand's auto export growth*

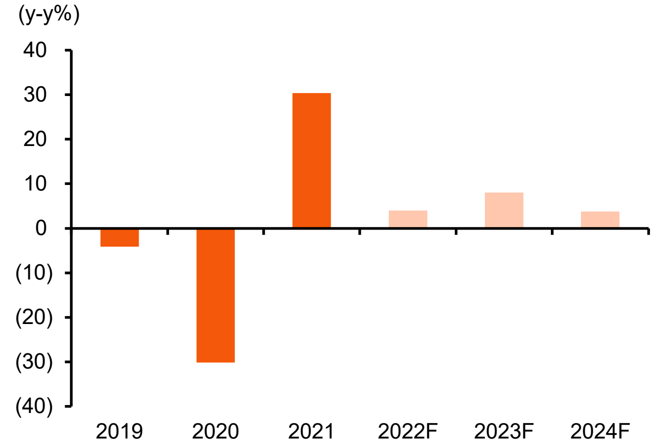
Given our growing concern about the chip-shortage situation, we revise down our auto-export growth assumptions to 4.0/8.0/3.7% in 2022-24F, vs. 11.8/2.1/2.0% previously.

**Ex 10: Thailand's Monthly Auto Exports**




Source: The Federation of Thai Industries

**Ex 11: Thailand's Yearly Auto Export Growth**




Sources: The Federation of Thai Industries, Thanachart estimates

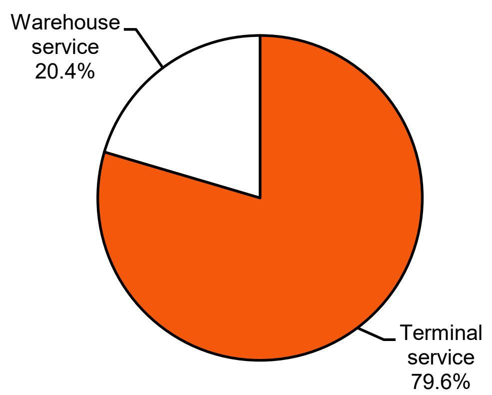
## Strong rental factory/warehouse business

*Building new factories/warehouses for rent in WHA Chonburi IE*

The warehouse business contributed 20% of NYT's revenues in the pre-COVID year in 2019. Its existing leased space of 274,531 sq m in Laem Chabang and Rayong is fully occupied. Thanks to strong demand for NYT's leased space and good business potential in the east of Thailand, NYT bought a new 37-rai land plot at WHA Chonburi Industrial Estate located in Bowin sub-district, Sriracha district, Chonburi province. NYT plans to build new factories and warehouses for rent in that area. Construction is scheduled to start this month. Some factories/warehouses will likely be completed by the end of this year and the rest may be finished early next year. The total construction cost is Bt500-600m.

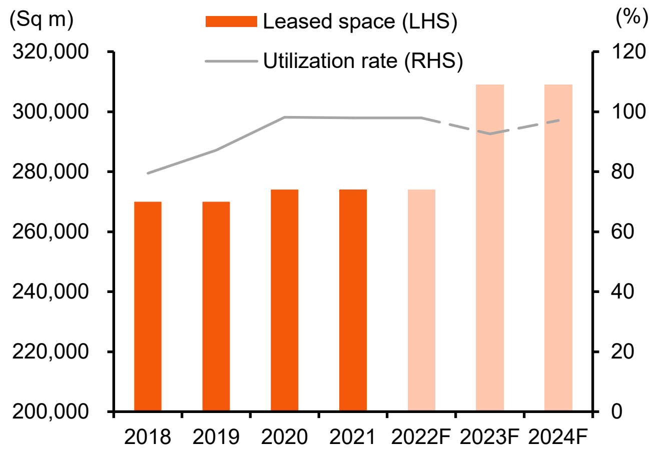
We roughly estimate that the new land plot would help to add around 13% of leased space to NYT and we assume that NYT will start to recognize revenue from this space from early next year onwards. We estimate NYT's revenue from the factory/warehouse business to grow by 5/7% in 2023-24F.

**Ex 12: Revenue Breakdown In 2019**




Source: Company data

**Ex 13: NYT's Leased Space And Utilization**




Sources: Company data, Thanachart estimates

### Ex 14: 12-month DCF-based TP Calculation Using A Base Year Of 2022F

| (Bt m) | 2022F | 2023F | 2024F | 2025F | 2026F | 2027F | 2028F | 2029F | 2030F | 2031F | 2032F | 2033F | Terminal value |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| EBITDA excl. depre from right of use | 852 | 952 | 1,055 | 1,124 | 1,308 | 1,254 | 1,284 | 1,315 | 1,347 | 1,380 | 1,414 | 1,465 | — |
| Free cash flow | 255 | 594 | 746 | 828 | 958 | 827 | 867 | 908 | 1,081 | 1,111 | 1,141 | 389 | 3,738 |
| PV of free cash flow | 254 | 477 | 536 | 524 | 541 | 416 | 389 | 363 | 386 | 338 | 308 | 93 | 897 |
| | | | | | | | | | | | | | |
| Risk-free rate (%) | 2.5 | | | | | | | | | | | | |
| Market risk premium (%) | 8.0 | | | | | | | | | | | | |
| Beta | 1.2 | | | | | | | | | | | | |
| WACC (%) | 11.6 | | | | | | | | | | | | |
| Terminal growth (%) | 2.0 | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| Enterprise value - add investments | 5,522 | | | | | | | | | | | | |
| Net debt (end-2021) | (1,132) | | | | | | | | | | | | |
| Minority interest | 23 | | | | | | | | | | | | |
| Equity value | 6,630 | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| # of shares (m) | 1,240 | | | | | | | | | | | | |
| **Target price/share (Bt)** | **5.30** | | | | | | | | | | | | |

Sources: Company data, Thanachart estimates

## Valuation Comparison

### Ex 15: Valuation Comparison With Regional Peers

| | | | EPS growth | | —— PE —— | | — P/BV — | | EV/EBITDA | | —Div yield— | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Name** | **BBG code** | **Country** | **22F** | **23F** | **22F** | **23F** | **22F** | **23F** | **22F** | **23F** | **22F** | **23F** |
| | | | **(%)** | **(%)** | **(x)** | **(x)** | **(x)** | **(x)** | **(x)** | **(x)** | **(%)** | **(%)** |
| China Merchants Port Holding | 144 HK | Hong Kong | (10.4) | 8.7 | 7.2 | 6.6 | 0.5 | 0.5 | 10.7 | 14.4 | 5.9 | 6.4 |
| Cosco Shipping Ports Ltd. | 1199 HK | Hong Kong | 13.1 | 8.3 | 50.4 | 46.6 | 3.3 | 3.2 | 14.1 | 13.2 | 0.8 | 0.8 |
| Port of Tauranga Ltd. | POT NZ | New Zealand | 5.3 | 4.4 | 38.6 | 37.0 | 3.0 | 2.9 | 24.5 | 23.6 | 2.3 | 2.4 |
| Hutchison Port Holdings TR-U | HPHT SP | Singapore | (18.7) | (8.0) | 1.5 | 1.6 | 0.1 | 0.1 | 6.9 | 7.1 | 62.4 | 61.2 |
| | | | | | | | | | | | | |
| Namyong Terminal Pcl * | NYT TB | Thailand | 16.3 | 32.3 | 20.7 | 15.6 | 1.8 | 1.7 | 5.9 | 5.1 | 3.9 | 5.1 |
| Precious Shipping * | PSL TB | Thailand | (14.4) | (3.6) | 7.2 | 7.4 | 1.5 | 1.3 | 4.9 | 4.4 | 0.0 | 6.7 |
| | | | | | | | | | | | | |
| **Average** | | | **1.1** | **9.1** | **23.7** | **21.5** | **1.7** | **1.7** | **12.4** | **12.7** | **15.1** | **15.2** |

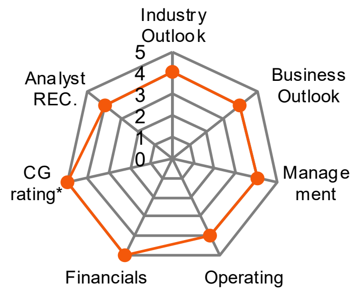
Sources: Company data, Thanachart estimates
Note: * Thanachart estimates, using normalized EPS.
Based on 31 Mar 2022 closing prices

## COMPANY DESCRIPTION

Namyong Terminal Pcl (NYT) is the largest, most fully integrated Roll-on-Roll-off (Ro-Ro) terminal operator in Thailand, located at Laem Chabang Port, Sriracha, Chonburi province. The firm began operating as a Ro-Ro terminal service provider for cars and general cargo exports and imports in 2002. NYT now holds a near monopoly position with around a 76% auto export market share each year.

Source: Thanachart

## COMPANY RATING




| Rating Scale | |
|---|---|
| Excellent | 5 |
| Good | 4 |
| Fair | 3 |
| Weak | 2 |
| Very Weak | 1 |
| None | 0 |

Source: Thanachart; * CG Rating

## THANACHART'S SWOT ANALYSIS

### S — Strength

- Holds a near-monopoly position as a terminal operator for auto exports/imports.
- Net-cash company with a strong financial position.
- Low-risk business model given its concession with the Port Authority of Thailand (PAT).
- Expanding its supporting area and warehouse businesses to further diversify its portfolio.
- Expanding to high-growth potential logistics business.

### W — Weakness

- Very dependent on Thailand's auto export industry.
- Under the direct control of the PAT.

### O — Opportunity

- Government's investment policy.
- Strong demand for logistics business in Thailand.
- Thailand's auto export recovery

### T — Threat

- A new concession not being granted by the PAT.
- New Ro-Ro terminals capturing NYT's market share.
- Natural disaster / Disease outbreak.
- Russia-Ukraine war

## CONSENSUS COMPARISON

| | Consensus | Thanachart | Diff |
|---|---|---|---|
| **Target price (Bt)** | 5.40 | 5.30 | -2% |
| **Net profit 22F (Bt m)** | 330 | 282 | -15% |
| **Net profit 23F (Bt m)** | 393 | 373 | -5% |
| **Consensus REC** | **BUY: 3** | **HOLD: 0** | **SELL: 0** |

## HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2022F earnings are 15% below the Bloomberg consensus forecast, which we attribute to us having a more conservative view on the chip-shortage situation.

Sources: Bloomberg consensus, Thanachart estimates

## RISKS TO OUR INVESTMENT CASE

- If NYT fails to win a new concession for Terminal A5 after the existing concession expires in 2026, its terminal service earnings and our call would be subject to downside risks.
- If Thailand's auto exports grow at a slower pace than we currently anticipate, this would represent another downside risk to our earnings forecasts and TP.
- Lower occupancy rates and rental prices for NYT's warehouse business would present a secondary downside risk to our earnings forecasts and TP.
- If NYT's new marine transportation business turns around slower than we currently expect, this would present another secondary downside risk to our numbers.

Source: Thanachart

*Auto-export growth, rising leased space and new marine cargo drive revenue*

## INCOME STATEMENT

| FY ending Dec (Bt m) | 2020A | 2021A | 2022F | 2023F | 2024F |
|---|---|---|---|---|---|
| Sales | 1,195 | 1,334 | 1,532 | 1,744 | 1,873 |
| Cost of sales | 621 | 767 | 931 | 1,016 | 1,046 |
| **Gross profit** | **574** | **566** | **602** | **728** | **827** |
| % gross margin | 48.0% | 42.5% | 39.3% | 41.8% | 44.1% |
| Selling & administration expenses | 160 | 201 | 171 | 180 | 181 |
| **Operating profit** | **414** | **366** | **431** | **548** | **646** |
| % operating margin | 34.7% | 27.4% | 28.1% | 31.4% | 34.5% |
| Depreciation & amortization | 429 | 469 | 421 | 404 | 410 |
| **EBITDA** | **843** | **835** | **852** | **952** | **1,055** |
| % EBITDA margin | 70.6% | 62.6% | 55.6% | 54.6% | 56.4% |
| Non-operating income | 27 | 22 | 21 | 22 | 30 |
| Non-operating expenses | (9) | 14 | 0 | 0 | 0 |
| Interest expense | (75) | (94) | (94) | (83) | (78) |
| **Pre-tax profit** | **357** | **308** | **357** | **488** | **598** |
| Income tax | 69 | 80 | 76 | 93 | 110 |
| **After-tax profit** | **288** | **228** | **281** | **395** | **488** |
| % net margin | 24.1% | 17.1% | 18.4% | 22.6% | 26.1% |
| Shares in affiliates' Earnings | (55) | (25) | (15) | (13) | (11) |
| Minority interests | 1 | 39 | 16 | (9) | (24) |
| Extraordinary items | (6) | 0 | 0 | 0 | 0 |
| **NET PROFIT** | **229** | **243** | **282** | **373** | **454** |
| **Normalized profit** | **234** | **243** | **282** | **373** | **454** |
| EPS (Bt) | 0.2 | 0.2 | 0.2 | 0.3 | 0.4 |
| Normalized EPS (Bt) | 0.2 | 0.2 | 0.2 | 0.3 | 0.4 |

*Adding more rental space to its portfolio in early 2023*

## BALANCE SHEET

| FY ending Dec (Bt m) | 2020A | 2021A | 2022F | 2023F | 2024F |
|---|---|---|---|---|---|
| **ASSETS:** | | | | | |
| Current assets: | 1,420 | 1,465 | 1,060 | 1,281 | 1,595 |
| Cash & cash equivalent | 1,302 | 1,320 | 900 | 1,100 | 1,400 |
| Account receivables | 95 | 117 | 126 | 143 | 154 |
| Inventories | 3 | 4 | 5 | 6 | 6 |
| Others | 20 | 25 | 29 | 33 | 35 |
| Investments & loans | 1,260 | 1,282 | 1,282 | 1,282 | 1,282 |
| Net fixed assets | 1,238 | 1,606 | 1,844 | 1,819 | 1,738 |
| Other assets | 1,775 | 2,302 | 2,056 | 1,841 | 1,622 |
| **Total assets** | **5,693** | **6,655** | **6,242** | **6,225** | **6,237** |
| **LIABILITIES:** | | | | | |
| Current liabilities: | 382 | 604 | 552 | 564 | 568 |
| Account payables | 24 | 37 | 38 | 36 | 32 |
| Bank overdraft & ST loans | 0 | 25 | 19 | 17 | 22 |
| Current LT debt | 7 | 7 | 2 | 2 | 2 |
| Others current liabilities | 352 | 535 | 492 | 509 | 512 |
| **Total LT debt** | **156** | **156** | **108** | **96** | **122** |
| Others LT liabilities | 1,862 | 2,623 | 2,256 | 2,119 | 1,956 |
| **Total liabilities** | **2,400** | **3,383** | **2,916** | **2,779** | **2,645** |
| Minority interest | 40 | 23 | 7 | 16 | 39 |
| Preferreds shares | 0 | 0 | 0 | 0 | 0 |
| Paid-up capital | 620 | 620 | 620 | 620 | 620 |
| Share premium | 2,178 | 2,178 | 2,178 | 2,178 | 2,178 |
| Warrants | 0 | 0 | 0 | 0 | 0 |
| Surplus | 0 | 0 | 0 | 0 | 0 |
| **Retained earnings** | **455** | **450** | **520** | **631** | **754** |
| Shareholders' equity | 3,254 | 3,248 | 3,318 | 3,429 | 3,552 |
| **Liabilities & equity** | **5,693** | **6,655** | **6,242** | **6,225** | **6,237** |

Sources: Company data, Thanachart estimates

*Sustainable cash inflow streams*

**CASH FLOW STATEMENT**

| FY ending Dec (Bt m) | 2020A | 2021A | 2022F | 2023F | 2024F |
|---|---|---|---|---|---|
| Earnings before tax | 357 | 308 | 357 | 488 | 598 |
| Tax paid | (72) | (82) | (70) | (91) | (107) |
| Depreciation & amortization | 429 | 469 | 421 | 404 | 410 |
| Chg In w orking capital | 25 | (10) | (9) | (20) | (15) |
| Chg In other CA & CL / minorities | 90 | 178 | (68) | (3) | (14) |
| **Cash flow from operations** | **829** | **864** | **632** | **778** | **872** |
| Capex | (295) | (571) | (400) | (150) | (100) |
| Right of use | (1,903) | (789) | 0 | 0 | 0 |
| ST loans & investments | 0 | 0 | 0 | 0 | 0 |
| LT loans & investments | 60 | (22) | 0 | 0 | 0 |
| Adj for asset revaluation | 0 | 0 | 0 | 0 | 0 |
| Chg In other assets & liabilities | 1,642 | 758 | (381) | (151) | (173) |
| **Cash flow from investments** | **(496)** | **(624)** | **(781)** | **(301)** | **(273)** |
| Debt financing | 152 | 25 | (58) | (15) | 32 |
| Capital increase | 0 | 0 | 0 | 0 | 0 |
| Dividends paid | (620) | (248) | (212) | (262) | (331) |
| Warrants & other surplus | (147) | 0 | 0 | 0 | 0 |
| **Cash flow from financing** | **(614)** | **(223)** | **(270)** | **(277)** | **(299)** |
| **Free cash flow** | **534** | **293** | **232** | **628** | **772** |

*Inexpensive valuation, in our view*

**VALUATION**

| FY ending Dec | 2020A | 2021A | 2022F | 2023F | 2024F |
|---|---|---|---|---|---|
| Normalized PE (x) | 24.9 | 24.0 | 20.7 | 15.6 | 12.9 |
| Normalized PE - at target price (x) | 28.1 | 27.1 | 23.3 | 17.6 | 14.5 |
| PE (x) | 25.5 | 24.0 | 20.7 | 15.6 | 12.9 |
| PE - at target price (x) | 28.8 | 27.1 | 23.3 | 17.6 | 14.5 |
| EV/EBITDA (x) | 5.6 | 5.6 | 5.9 | 5.1 | 4.3 |
| EV/EBITDA - at target price (x) | 6.4 | 6.5 | 6.8 | 5.9 | 5.0 |
| P/BV (x) | 1.8 | 1.8 | 1.8 | 1.7 | 1.6 |
| P/BV - at target price (x) | 2.0 | 2.0 | 2.0 | 1.9 | 1.9 |
| P/CFO (x) | 7.0 | 6.7 | 9.2 | 7.5 | 6.7 |
| Price/sales (x) | 4.9 | 4.4 | 3.8 | 3.3 | 3.1 |
| Dividend yield (%) | 4.3 | 3.4 | 3.9 | 5.1 | 6.2 |
| FCF Yield (%) | 9.2 | 5.0 | 4.0 | 10.8 | 13.2 |
| **(Bt)** | | | | | |
| Normalized EPS | 0.2 | 0.2 | 0.2 | 0.3 | 0.4 |
| EPS | 0.2 | 0.2 | 0.2 | 0.3 | 0.4 |
| DPS | 0.2 | 0.2 | 0.2 | 0.2 | 0.3 |
| BV/share | 2.6 | 2.6 | 2.7 | 2.8 | 2.9 |
| CFO/share | 0.7 | 0.7 | 0.5 | 0.6 | 0.7 |
| FCF/share | 0.4 | 0.2 | 0.2 | 0.5 | 0.6 |

Sources: Company data, Thanachart estimates

*Earnings are still on a turnaround trend*

## FINANCIAL RATIOS

| FY ending Dec | 2020A | 2021A | 2022F | 2023F | 2024F |
|---|---|---|---|---|---|
| **Growth Rate** | | | | | |
| Sales (%) | (15.8) | 11.6 | 14.9 | 13.8 | 7.4 |
| Net profit (%) | (39.3) | 6.1 | 16.3 | 32.3 | 21.5 |
| EPS (%) | (39.3) | 6.1 | 16.3 | 32.3 | 21.5 |
| Normalized profit (%) | (37.8) | 3.6 | 16.3 | 32.3 | 21.5 |
| Normalized EPS (%) | (37.8) | 3.6 | 16.3 | 32.3 | 21.5 |
| Dividend payout ratio (%) | 108.5 | 81.8 | 80.0 | 80.0 | 80.0 |
| **Operating performance** | | | | | |
| Gross margin (%) | 48.0 | 42.5 | 39.3 | 41.8 | 44.1 |
| Operating margin (%) | 34.7 | 27.4 | 28.1 | 31.4 | 34.5 |
| EBITDA margin (%) | 70.6 | 62.6 | 55.6 | 54.6 | 56.4 |
| Net margin (%) | 24.1 | 17.1 | 18.4 | 22.6 | 26.1 |
| D/E (incl. minor) (x) | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 |
| Net D/E (incl. minor) (x) | (0.3) | (0.3) | (0.2) | (0.3) | (0.3) |
| Interest coverage - EBIT (x) | 5.6 | 3.9 | 4.6 | 6.6 | 8.3 |
| Interest coverage - EBITDA (x) | 11.3 | 8.9 | 9.0 | 11.5 | 13.6 |
| ROA - using norm profit (%) | 4.7 | 3.9 | 4.4 | 6.0 | 7.3 |
| ROE - using norm profit (%) | 6.6 | 7.5 | 8.6 | 11.1 | 13.0 |
| **DuPont** | | | | | |
| ROE - using after tax profit (%) | 8.2 | 7.0 | 8.6 | 11.7 | 14.0 |
| - asset turnover (x) | 0.2 | 0.2 | 0.2 | 0.3 | 0.3 |
| - operating margin (%) | 36.1 | 30.2 | 29.4 | 32.7 | 36.1 |
| - leverage (x) | 1.4 | 1.9 | 2.0 | 1.8 | 1.8 |
| - interest burden (%) | 82.7 | 76.7 | 79.1 | 85.5 | 88.5 |
| - tax burden (%) | 80.7 | 74.0 | 78.8 | 80.9 | 81.6 |
| WACC (%) | 11.6 | 11.6 | 11.6 | 11.6 | 11.6 |
| ROIC (%) | 15.1 | 12.8 | 16.0 | 17.4 | 21.6 |
| NOPAT (Bt m) | 334 | 271 | 339 | 444 | 527 |
| invested capital (Bt m) | 2,115 | 2,117 | 2,548 | 2,444 | 2,299 |

Sources: Company data, Thanachart estimates

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