

**RS Public Co Ltd (RS TB) - BUY, Price Bt16.90, TP Bt25.00****Results Comment**

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**4Q21 larger-than-expected loss**

- RS reported net loss of Bt66m vs. a loss of Bt0.3m in 3Q21 and profit of Bt103m in 4Q20. This was a larger loss than our and street's expect.
- Key miss was gross margin of commerce and media businesses. Total revenue dropped 28% y-y and 14% q-q. Gross margin fail to 37% in 4Q21 from 48/47% in 4Q20 and 3Q21.
- Commerce (67% of total revenue): revenue was Bt497m in 4Q21, down 24% y-y and 8% q-q due to weak purchasing power and call center work disruption with the high COVID infection period. Gross margin dropped to 55% in 4Q21 from 59/65% in 3Q21 and 4Q20 due to more promotions and higher portion of lower margin of partners' products and mass-target products.
- Media business (33% of total revenue): revenue dropped 35% y-y and 23% q-q due to weaker TV ad income and falling content licensing. Gross margin was -2% in 4Q21 vs. 17/27% in 4Q20 and 3Q21. RS's media business is to support its ecosystem of entertainmerce (media + commerce) business model.
- SG&A expense dropped 10% q-q (though still higher 10% y-y) due to falling committed marketing cost.
- Equity income, contributed by debt collection and an asset management company Chase Asia acquired late 1Q21 was Bt34m in 4Q21, up 15% q-q.
- For full-year, 2021 norm profit of accounts for only 86% of our full year forecast. We see some downside to our earnings forecast.

Income Statement						Income Statement					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(Bt m)	q-q%	y-y%	% 2021F	2021A	2022F
Revenue	1,018	992	992	852	736	Revenue	(14)	(28)	99	3,573	4,248
<b>Gross profit</b>	<b>488</b>	<b>560</b>	<b>534</b>	<b>404</b>	<b>271</b>	<b>Gross profit</b>	<b>(33)</b>	<b>(44)</b>	<b>97</b>	<b>1,769</b>	<b>2,038</b>
SG&A	354	387	469	431	390	SG&A	(10)	10	101	1,677	1,564
Operating profit	134	173	65	(27)	(118)	Operating profit	na	na	61	92	474
<b>EBITDA</b>	<b>290</b>	<b>307</b>	<b>215</b>	<b>118</b>	<b>25</b>	<b>EBITDA</b>	<b>(78)</b>	<b>(91)</b>	<b>106</b>	<b>665</b>	<b>1,080</b>
Other income	8	3	2	1	10	Other income	594	32	232	17	8
Other expense	1	0	0	0	1	Other expense	4,438	111	na	2	0
Interest expense	9	11	16	16	16	Interest expense	2	83	96	59	85
<b>Profit before tax</b>	<b>132</b>	<b>164</b>	<b>51</b>	<b>(42)</b>	<b>(126)</b>	<b>Profit before tax</b>	<b>na</b>	<b>na</b>	<b>49</b>	<b>48</b>	<b>397</b>
Income tax	30	34	8	(11)	(24)	Income tax	na	na	31	6	79
Equity & invest. income	0	9	10	29	34	Equity & invest. income	15		119	83	159
Minority interests	(0)	(0)	(0)	1	2	Minority interests	183	na	na	2	0
Extraordinary items	0	0	0	0	0	Extraordinary items					
<b>Net profit</b>	<b>103</b>	<b>140</b>	<b>54</b>	<b>(0)</b>	<b>(66)</b>	<b>Net profit</b>	<b>na</b>	<b>na</b>	<b>86</b>	<b>127</b>	<b>477</b>
<b>Normalized profit</b>	<b>103</b>	<b>140</b>	<b>54</b>	<b>(0)</b>	<b>(66)</b>	<b>Normalized profit</b>	<b>na</b>	<b>na</b>	<b>86</b>	<b>127</b>	<b>477</b>
EPS (Bt)	0.11	0.14	0.06	(0.00)	(0.07)	EPS (Bt)	na	na	86	0.13	0.49
Normalized EPS (Bt)	0.11	0.14	0.06	(0.00)	(0.07)	Normalized EPS (Bt)	na	na	86	0.13	0.49

  

Balance Sheet						Financial Ratios					
(consolidated)						12M as					
Yr-end Dec (Bt m)	4Q20	1Q21	2Q21	3Q21	4Q21	(%)	4Q20	1Q21	2Q21	3Q21	4Q21
Cash & ST investment	200	258	202	145	141	Sales growth	13.7	0.8	19.1	(9.2)	(27.7)
A/C receivable	711	819	937	892	553	Operating profit growth	61.1	(27.3)	(55.5)	na	na
Inventory	229	237	325	328	337	EBITDA growth	35.5	(14.2)	(20.4)	(61.3)	(91.2)
Other current assets	33	44	58	59	60	Norm profit growth	56.2	(24.8)	(50.6)	na	na
Investment	4	964	974	130	1,063	Norm EPS growth	56.2	(24.8)	(50.6)	na	na
Fixed assets	642	627	605	583	567	Gross margin	47.9	56.5	53.8	47.3	36.8
Other assets	2,697	2,845	2,972	4,009	3,082	Operating margin	13.1	17.4	6.5	(3.2)	(16.1)
<b>Total assets</b>	<b>4,516</b>	<b>5,794</b>	<b>6,074</b>	<b>6,146</b>	<b>5,803</b>	EBITDA margin	28.5	30.9	21.7	13.9	3.5
S-T debt	620	755	931	1,037	1,115	Norm net margin	10.1	14.1	5.4	(0.0)	(9.0)
A/C payable	1,016	1,086	1,171	1,170	882	D/E (x)	0.4	0.8	0.9	0.9	1.0
Other current liabilities	178	221	219	214	201	Net D/E (x)	0.3	0.7	0.8	0.9	0.9
L-T debt	156	1,042	1,013	983	952	Interest coverage (x)	32.8	27.6	13.6	7.4	1.6
Other liabilities	543	546	541	544	515	Interest rate	4.7	3.5	3.4	3.2	3.2
Minority interest	2	2	3	2	1	Effective tax rate	22.4	20.4	14.9	27.0	19.1
<b>Shareholders' equity</b>	<b>2,002</b>	<b>2,142</b>	<b>2,196</b>	<b>2,195</b>	<b>2,138</b>	ROA	9.3	10.9	3.6	(0.0)	(4.4)
Working capital	(76)	(31)	91	49	7	ROE	21.0	27.1	9.9	(0.1)	(12.2)
Total debt	776	1,797	1,944	2,020	2,067						
<b>Net debt</b>	<b>576</b>	<b>1,538</b>	<b>1,742</b>	<b>1,876</b>	<b>1,926</b>						

Sources: Company data, Thanachart estimates

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