

*Siam Senses*

## Feeling the heat



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**We foresee significant impacts from recent commodity price surges on Thailand's import bills. This will likely lead to higher cost pressure on manufacturing names. We expect auto suppliers to be hit least while con-mat, electronics and packaging names look to be most at risk.**

## Price surges and cost pressure

We think the Russian invasion of Ukraine will have a lasting impact on energy prices but less so for metals and agricultural commodities. We expect the Thai economy to see big jumps in import bills and companies, particularly in manufacturing industries, to come under pressure. Our analysis suggests potential downside risks for con-mat, paper, and electronics industries but risks are lower for auto and food.

## Commodity price surge

The Russian invasion of Ukraine will likely have varying degrees of impacts on energy and commodity prices. We believe the impact on energy will be the most severe and long-lasting as Europe tries to decouple itself from Russian supplies for geopolitical reasons. This will be mostly evident in the prices of natural gas and coal. The impacts on metals will likely be in the medium term as Russia is not a major producer of metals, with the exception of nickel. Even then, we expect Indonesia and the Philippines to be able to fill the gap. Lastly, we think the impact on agricultural commodities will be relatively short-lived as major consumers (China, India) and exports (US, Brazil, Canada, Australia) increase acreage in response to the recent price increases.

## A sharp increase in Thailand's import bills

We think the biggest impact on Thailand's import bill will be energy. Crude oil is by far the largest item here. If the oil price stays at USD100/bbl, we estimate Thailand's oil import bill could hit USD40bn in 2022F, up about 67% y-y and equivalent to c.7% of GDP. Thailand is also in growing need of liquefied natural gas (LNG) and its LNG import bill could double to about USD8bn in 2022F vs. USD3.8bn in 2021. The growing energy import bill will put greater pressure on the government's subsidy burden. For metals, Thailand has the biggest import exposures to copper and aluminum, each amounting to about USD7bn in 2022F. The potential impact there is likely to be limited to electronics and the food industry. Lastly, Thailand does not rely heavily on agricultural imports though we could see an impact from rising soybean and corn prices on animal feed costs and therefore meat prices.

## Potential margin squeeze for Thai manufacturers

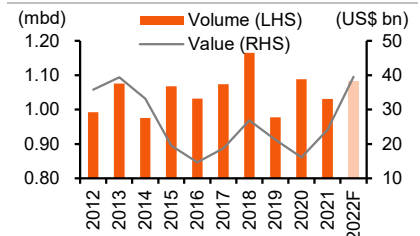
The broad-based increases in energy and commodity prices will have significant impacts on manufacturing companies under our coverage. We analyze 14 manufacturing companies under our coverage to see the potential impacts on their costs and margins. We believe sectors most at risk of margin pressures are construction materials, paper and electronics. At the same time, auto parts makers are likely to be least impacted. The beverage names' (OSP, CBG) price hikes could help reduce margin pressure from aluminum cost increases. STARK is also a unique case as the company prices its products on a cost-plus basis.

## Top Picks

	-EPS growth-		— PE —		Yield
	22F	23F	22F	23F	22F
	(%)	(%)	(x)	(x)	(%)
BBL	14.1	10.5	8.1	7.4	3.7
CBG	38.9	27.7	25.6	20.0	2.6
COM7	28.1	22.2	28.1	23.0	2.9
CPN	105.3	43.7	35.1	24.4	1.4
EA	57.5	16.6	33.8	29.0	0.9
GLOBAL	13.5	20.6	24.5	20.3	1.6
HMPRO	21.1	20.0	31.3	26.1	2.6
KBANK	13.9	13.0	8.5	7.5	2.4
M	na	71.9	30.1	17.5	3.3
STARK	14.7	26.1	23.2	18.4	2.2

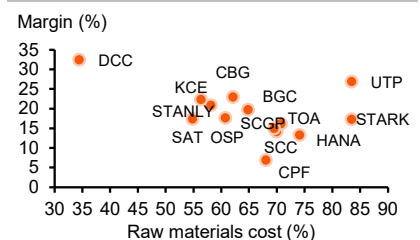
Source: Bloomberg, Thanachart estimates  
Based on 7 March 2022 closing prices

## Thailand Crude Oil Import



Sources: Customs Dept, Thanachart estimates

## EBITDA Margin Vs Raw Materials Cost



Sources: Company data, Thanachart estimates

## Commodity price surge

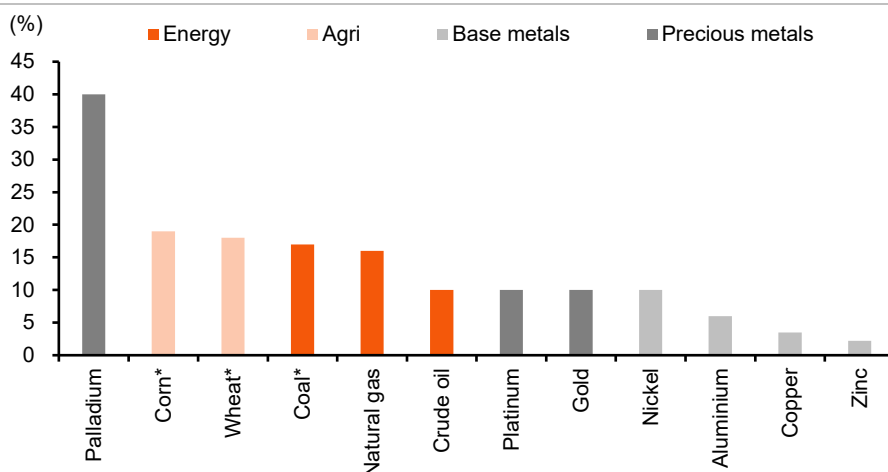
*Energy and commodity prices surged following Russian invasion of Ukraine*

The recent Russian invasion of Ukraine has had significant impacts on global commodity prices. The impact has been most severe on energy prices where the gas price in Europe has increased nearly 10-fold from its level in early 2021. The coal price has also increased substantially over the same period, from under USD100/tonne to USD400/tonne currently. We think the impact on energy prices could be long-lasting despite sanction carve-outs for Russian energy exports. In the short term, companies are shunning Russian oil, gas and coal for fear of sanction impacts and a potential backlash from stakeholders (customers, employees). Longer term, we see a potential decoupling of European buyers from Russia because of geopolitical reasons. As such, we think energy prices could stay elevated for some time to come.

We expect the impacts on the metals market to only be in the medium term, except for perhaps nickel. Russia is not a major producer of copper, zinc and other base metals. Its production of aluminum is disproportionate to its supply of bauxite, implying that other countries (notably China) could increase their utilization rate. Nickel is likely the only metal most heavily impacted by the conflict since Russia accounts for c.10% of global supply. Still, over the medium term, we think Indonesia and the Philippines are likely to be able to step in.

*Russia is a major supplier of energy, metals and agricultural products*

**Ex 1: Russia As % Of Global Supply 2020**



Sources: Reuters, Bloomberg, Thanachart estimates

Note: \* Russian exports as a % of global exports

For agricultural products, we think the price impact will be relatively short-lived given potential supply responses. We could soon see wheat, corn and soybean acreage increase among other major exporters such as the US, Canada, Brazil and Australia. Major producers and consumers such as China and India will also try to increase their own acreage to ensure sufficient domestic supplies.

### Energy price rally

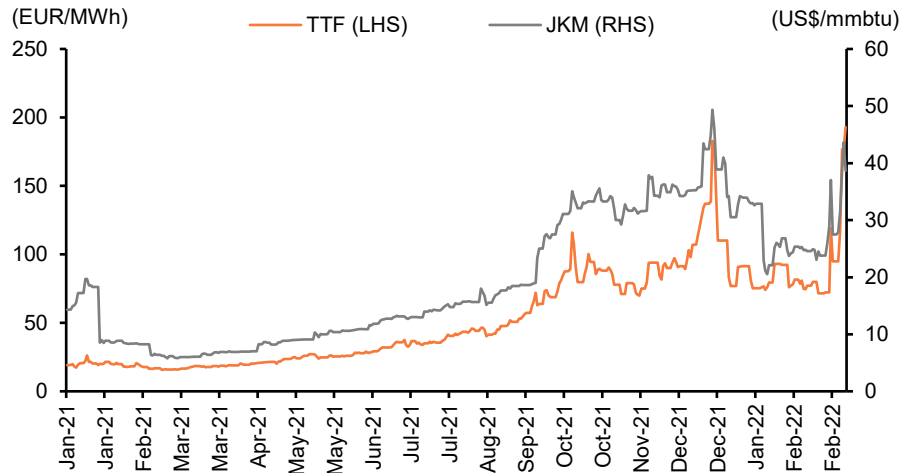
#### Gas leads, coal follows

Russia is a major producer and exporter of energy, accounting for 17% of global coal exports, 16% of natural gas production and 10% of crude oil output. Of the three, we think the country has the biggest role as a supplier of natural gas, especially to the European market where it accounts for over a third of supply. Given that gas is difficult to transport, the disruption of Russian natural gas supplies has had an outsized impact on Europe's gas prices as supplies from other regions cannot be readily shipped to fill the gap. The benchmark gas price in

Europe, TTF, shot up to over EUR 190/MWh as of last Friday. This is equivalent to almost USD60/mmbtu — a record high by a wide margin. The rally in the European price has also had a knock-on impact on the Asian LNG price, pushing the benchmark Platt's Japan-Korea Marker (JKM) to over USD40/mmbtu.

*Gas and coal prices likely to stay elevated for a foreseeable future*

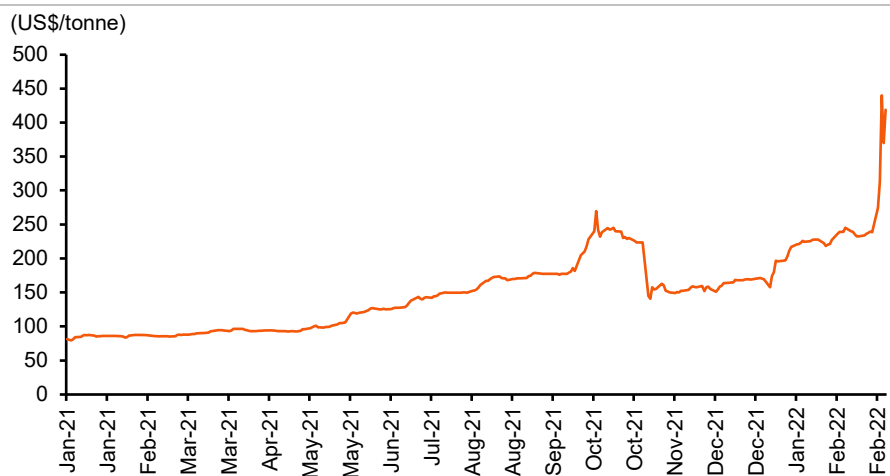
**Ex 2: European TTF And Asian Spot LNG**



Source: Bloomberg

We have also seen coal prices surge to the same degree as gas prices. We think there are two reasons for this. Firstly, Russia is a major producer of coal, supplying over 220m tonnes p.a. or roughly 17% of global export volume. As such, the disruption due to sanctions and payment systems could deter buyers from purchasing Russian coal. We think this impacts European buyers most significantly but China and Northeast Asia (Japan, South Korea) are also likely to be affected. Secondly, with surging gas prices, we believe there is a substitution impact on coal. Even at USD400/tonne, coal is still much cheaper than gas for European buyers on an equivalent energy basis. Adjusted for different thermal efficiencies of coal and gas-fired power plants, we estimate coal at USD400/tonne is equivalent to a gas price of about USD16/mmbtu — well below the prevailing gas prices in Europe and spot price in Asia.

**Ex 3: Newcastle Coal Price**



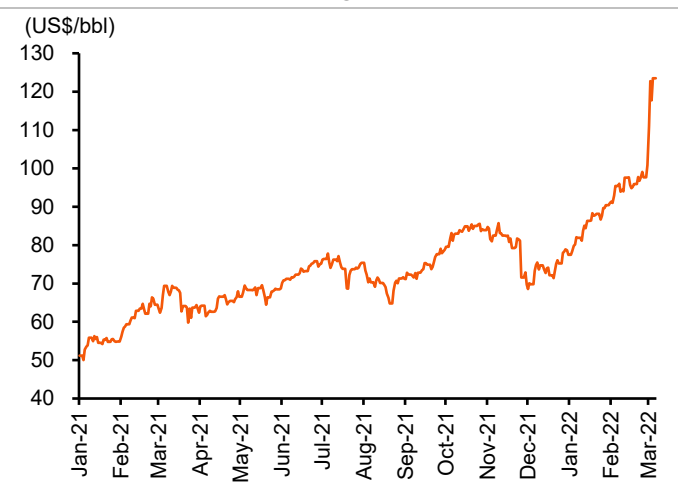
Source: Bloomberg

## Oil prices could stay elevated

*The surge in oil price reflects risks that the US and EU may sanction Russia's energy*

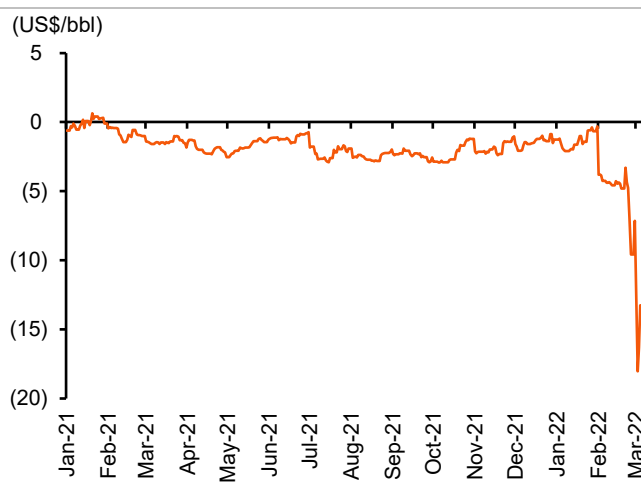
The crude oil has recently jumped past USD110/bbl, a level not seen since 2014. We think there is a good chance the crude oil price could stay above USD100/bbl for the foreseeable future. Firstly, Russia is a top-three producer and accounts for 10% of global production. Therefore, there is no denying its systemic importance as a global supplier. Secondly, even with energy carve-outs for US and EU sanctions, private oil companies are reluctant to import Russian crude. This is most evident by the fact that Urals, a key Russian export grade, is now trading at its steepest discount to dated Brent. In fact, even at a USD15/bbl discount to dated Brent, press reports suggest buyers are few and far between. Lastly, Russia is a major participant in the Iranian nuclear talks. As such, it could wield its influence to stall a conclusion and delay Iran's return to the oil export market.

**Ex 4: Brent Oil Price Has Surged**



Source: Bloomberg

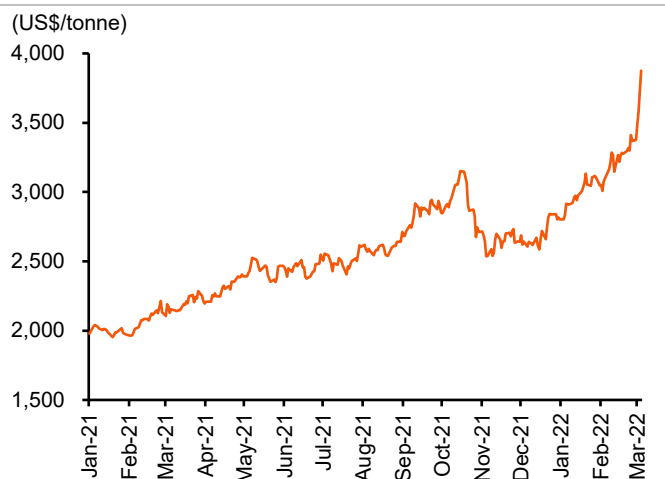
**Ex 5: Urals Crude Discount To Brent Has Hit A Record**



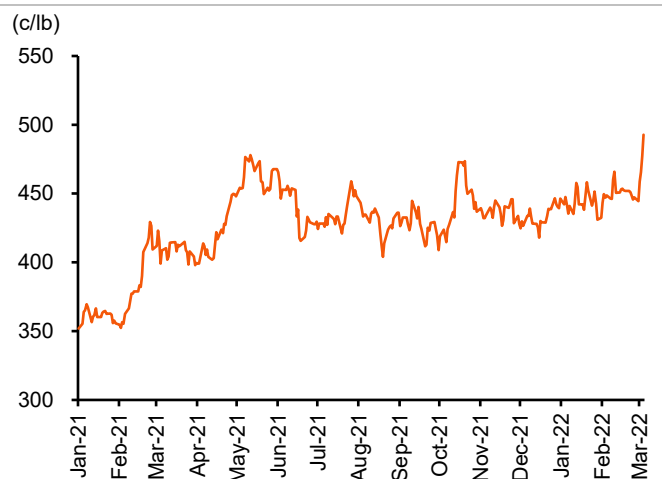
Source: Bloomberg

## Metal price surges could abate

Metal prices have rallied significantly since the invasion of Ukraine began. Russia is a major producer of aluminum and nickel, accounting for about 6% and 10% of global supplies, respectively. Therefore, it is not surprising that the prices of these metals have shot up by almost 20% in just the past two weeks. We believe Russian supplies of these metals could remain restricted given the widespread sanctions being imposed on the country. As such, aluminum and nickel prices could stay elevated over the medium term. Still, we think there is likely to be a supply response for both. The Russian share of aluminum production outstrips its share of bauxite production (the key raw material for aluminum production). This means other producers, particularly China, which accounts for over 50% of global aluminum supply, may have room to step in. Similarly, major producers of nickel such as Indonesia and the Philippines, which make up 30% and 13% of global supplies, respectively, are likely to fill in the gap given their plans to ramp up production.

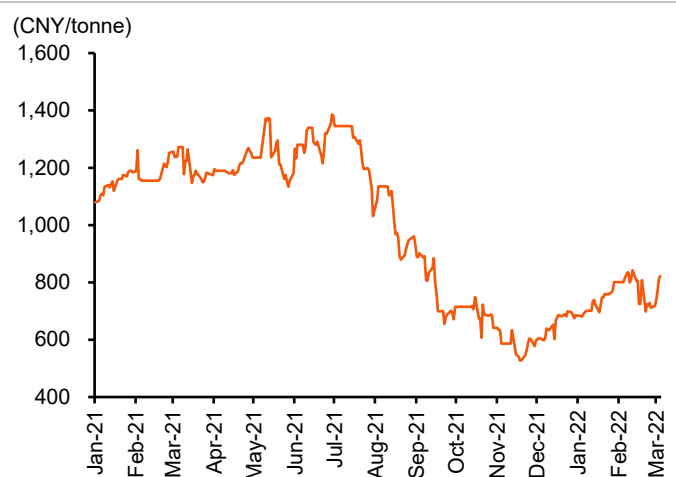
**Ex 6: Aluminum Price**

Source: Bloomberg

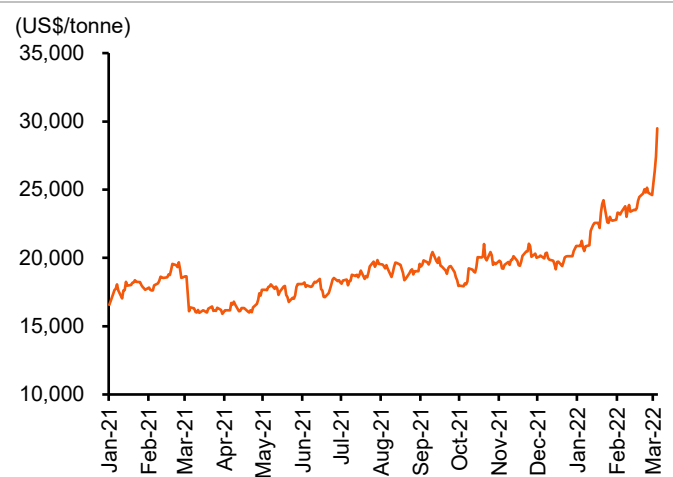
**Ex 7: Copper Price**

Source: Bloomberg

The price of copper has also shot up by a similar magnitude over the same period even though Russia is not a major producer of copper, accounting for about 3.5% of global supply. While the global supply of copper is indeed tight, we believe the recent copper rally is sentiment-driven. The supply of copper has been low due to limited production by Chile. January 2022 production was almost 8% lower y-y, driven by lower ore quality and water scarcity. However, executives of the major Chilean producers expect full-year production to be largely unchanged from last year's output, implying room for production to pick up in the coming months.

**Ex 8: Iron Ore Price**

Source: Bloomberg

**Ex 9: Nickel Price**

Source: Bloomberg

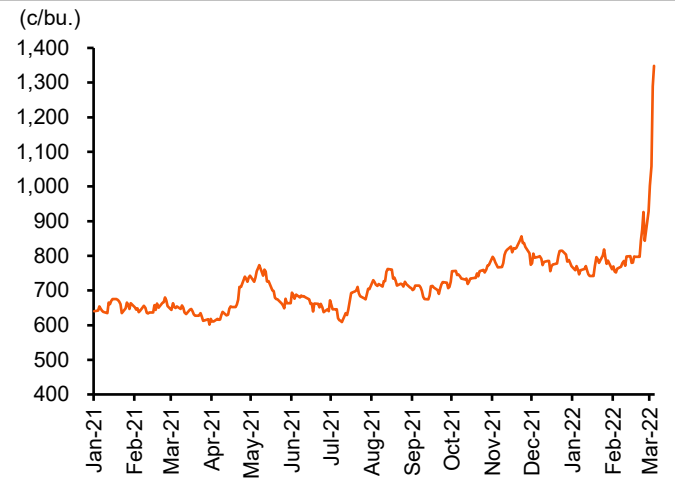
The iron ore price also shot up after Russian invasion of Ukraine. However, prices are still some 20% below their level at the beginning of January 2021. We believe iron ore prices are being driven more by increased Chinese economic activity after the Lunar New Year and the Winter Olympics.

**Soft commodity prices could come down with potential increase in acreage elsewhere**

High agricultural prices to elicit supply response

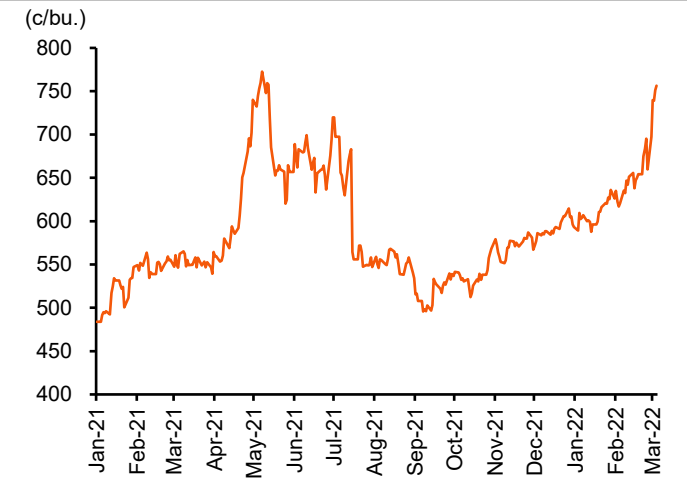
The conflict in Ukraine has the potential to severely restrict global wheat supply. Russia and Ukraine together account for 29% of global wheat exports, making the supply of this commodity the most reliant on these countries. Therefore, it is not surprising that we have seen the price of wheat nearly double just in the past month. Russia is also a major exporter of corn, supplying almost 20% of global exports. As such, we have also seen the price of corn rallying in the past month though to a much smaller degree compared to the wheat price rise.

**Ex 10: Wheat Price**



Source: Bloomberg

**Ex 11: Corn Price**



Source: Bloomberg

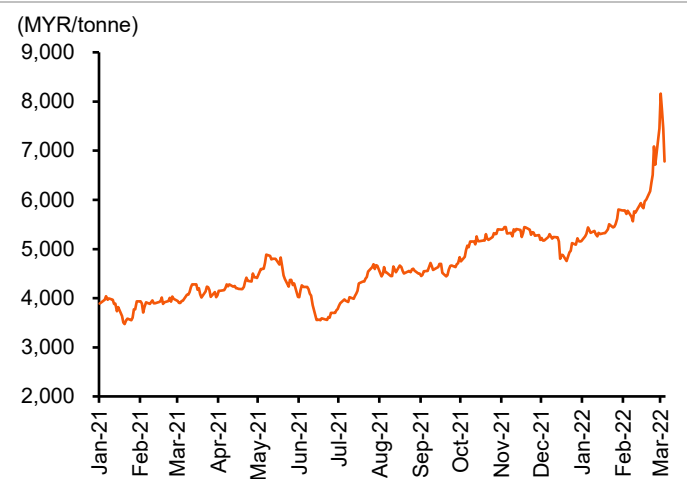
While Russia is not a major supplier of soybeans, it indirectly impacts this important commodity in two ways. Firstly, both Russia and Ukraine are major producers of sunflower oil, together accounting for as much as 80% of global supply. The potential disruption to sunflower oil means the market is pricing in a potential substitution impact and is expecting demand for other vegetable oils to increase. Another potential impact is on acreage. The rise in the corn price could incentivize farms in the US to switch to planting more corn and less soybean, triggering potential supply tightness for soybeans. The potential shortage of sunflower oil has also pushed up the price of crude palm oil. This further compounds the already tight market. In fact, the recent high in the CPO price was double its level a year ago.

**Ex 12: Soybean Price**



Source: Bloomberg

**Ex 13: Crude Palm Oil Price**



Source: Bloomberg

## A sharp increase in Thailand's import bills

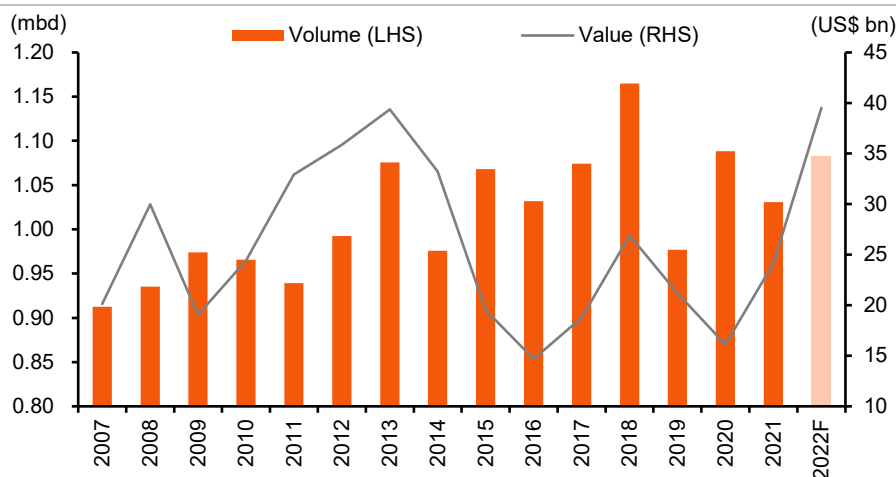
**Thailand could see a sharp increase in its import bills, particularly for crude oil and natural gas**

While Thailand has limited direct trade with both Russia and Ukraine (see our note *Siam Senses – Weathering the storm*, dated 27 January 2022 for details), the events there have had a dramatic impact on commodity prices which will materially increase Thailand's import bills. We think the biggest impact on Thailand will be on energy costs. Crude oil is by far the largest item here. If the oil price stays at USD100/bbl, we estimate Thailand's oil import bill could reach USD40bn in 2022F, up about 67% y-y and equivalent to about 7% of GDP. There is also a growing need for liquefied natural gas (LNG) in Thailand and its LNG import bill could double to about USD8bn in 2022F vs USD3.8bn in 2021. The growing energy import bill will put greater pressure on the government's burden from subsidies. For metals, copper and aluminum have the biggest import exposure to Thailand, each amounting to about USD7bn in 2022F. The potential impact there is likely to be limited to electronics and the food industry. Lastly, Thailand does not rely heavily on agricultural imports though we could see the impact from rising soybean and corn prices on animal feed costs and therefore meat prices.

### Energy costs to surge

Thailand relies heavily on energy imports. Crude oil imports are by far the biggest single item as the country has to import 80% of its crude oil needs. In 2021, Thailand imported roughly 1.03mbd of crude oil at an average price of only USD64/bbl. This amounted to about USD24bn or almost 5% of GDP. If the price of oil stays above USD100/bbl this year, the potential import bill could reach nearly USD40bn, matching the import value seen in 2013. This would equate to over 7% of GDP.

**Ex 14: Thailand's Crude Oil Import Bill Could Surge In 2022F**



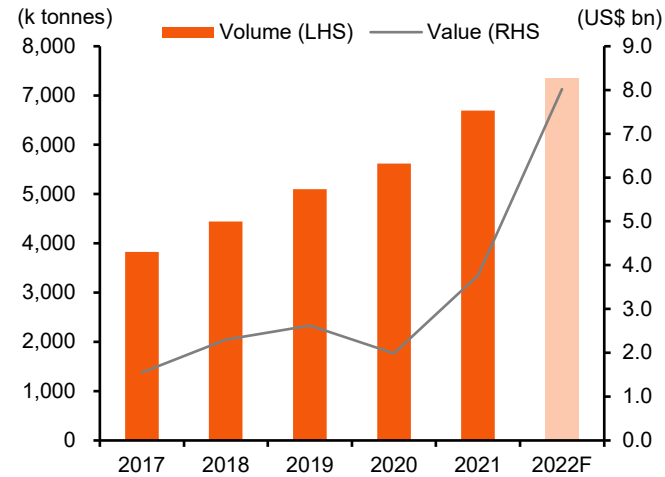
Source: Customs Dept, Thanachart estimates

**Thailand crude oil imports could hit USD40bn in 2022F from USD24bn in 2021**

Another growing import need for Thailand is liquefied natural gas (LNG). Over the past five years, the volume of imports has grown steadily, from about 3.8m tonnes in 2017 to almost 7m tonnes in 2021. We believe this import demand will continue to grow especially in 2022F given the domestic supply disruption at the Erawan gas field. Fortunately, the majority of LNG imports have been fixed on long-term contracts. This portion is typically linked to oil prices. So while the contracted LNG price would increase, it would still be much less expensive than the spot price. At an oil price of USD100/bbl, we estimate the contracted LNG price would be roughly USD14/mmbtu compared to the Asian spot LNG price of USD40/mmbtu or more. Still, the spot exposure will likely continue to grow and we estimate this portion could reach 30% or more in 2022F. Therefore, we believe Thailand's LNG import bill could double in 2022F to about USD8bn from USD3.8bn in 2021.

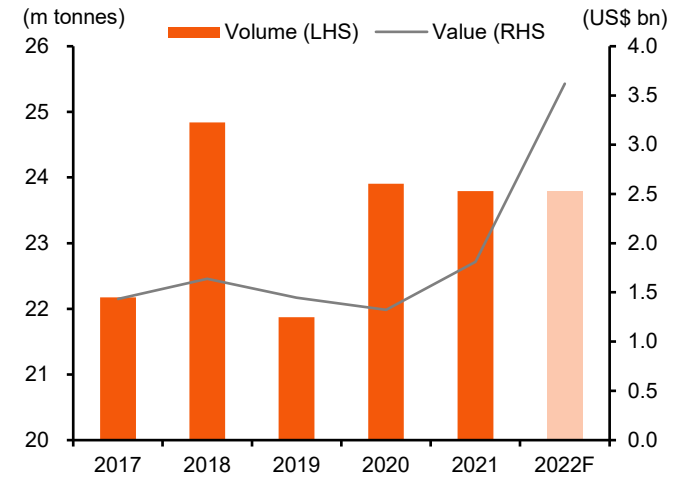
Thailand relies much less on coal for its energy needs. Still, this fuel has systemic importance as it is used extensively in cement production. Assuming that imports are unchanged y-y at about 23.8m tonnes in 2022F and that coal prices double, we expect coal costs to reach about USD3.6bn in 2022F.

**Ex 15: Thailand’s LNG Import Bill Could Double In 2022F**



Source: Customs Dept; Thanachart estimates

**Ex 16: Coal Is Not Big In Thailand Relative To Oil And Gas**



Source: Customs Dept; Thanachart estimates

Metal imports to see a relatively sizable impact

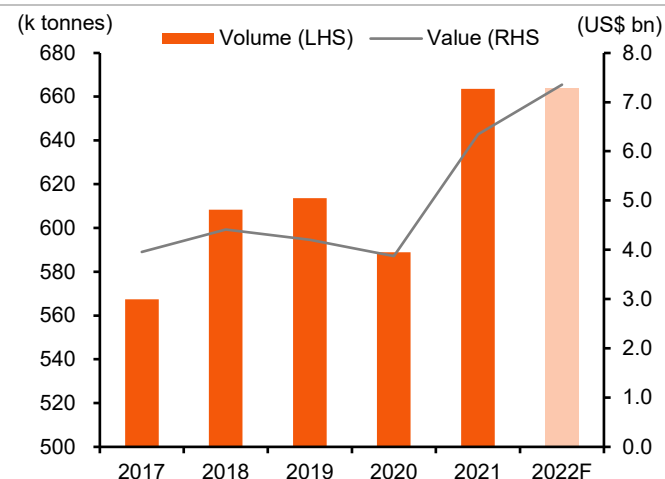
*Copper and aluminum are the metals that Thailand imports in large quantities*

Thailand has a relatively sizable exposure to the potential surge in metal prices. For copper, which is used extensively in the electronics industry, Thailand’s annual import bill last year was about USD6.3bn. If we assume that volume will be stable at about 660k tonnes, the recent price surge means the import bill could grow to about USD7.4bn in 2022F, or increase 16% y-y.

Likewise, Thailand has relatively sizable imports of aluminum, which is used mainly for food packaging. Again, assuming a stable y-y volume at just over 1.6m tonnes, we expect the import bill to grow from USD5.1bn in 2021 to about USD7.5bn in 2022F, or roughly a 50% y-y increase.

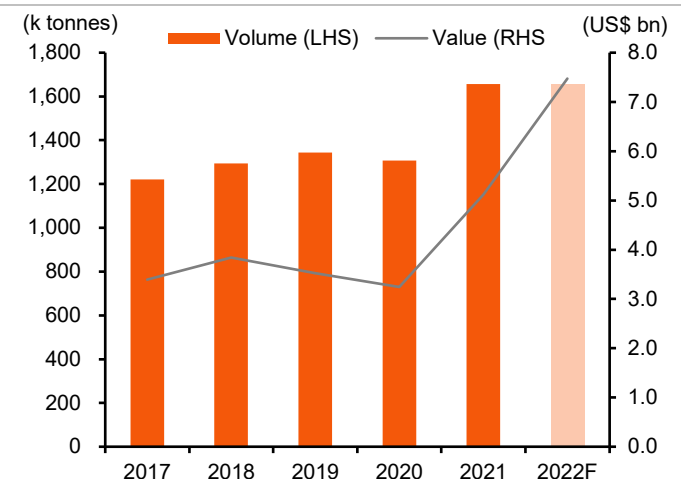
Thailand does not import iron ore or nickel in large quantities. As such, we do not expect any impact from the recent price increases for these two metals.

**Ex 17: Thailand’s Copper Imports**



Sources: Customs Dept; Thanachart estimates

**Ex 18: Thailand’s Aluminum Imports**

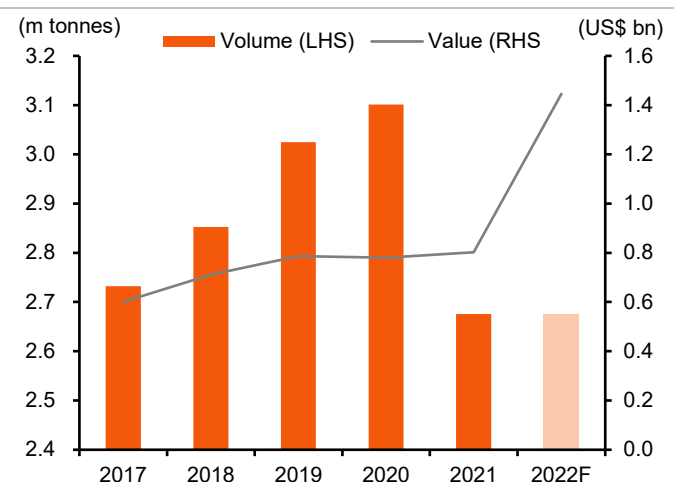


Sources: Customs Dept; Thanachart estimates

## Limited agricultural import exposure

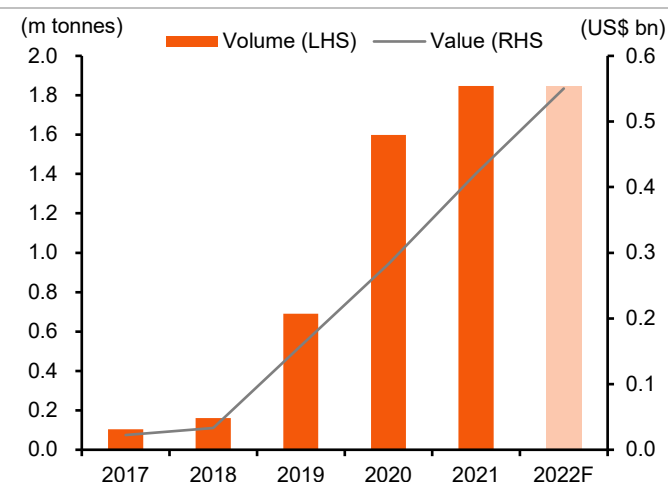
Thailand produces significant quantities of grains and other agricultural products. As such, the country does not rely heavily on agricultural imports. For instance, the wheat import value amounted to only USD800m in 2021. Even with the recent price spike, we believe the import bill will amount to only c.USD1.4bn. We think the effect will be fairly limited to a few industries as wheat is not a major foodstuff in Thailand.

**Ex 19: Thailand Wheat Imports**



Sources: Company data; Thanachart estimates

**Ex 20: Thailand Corn Imports**



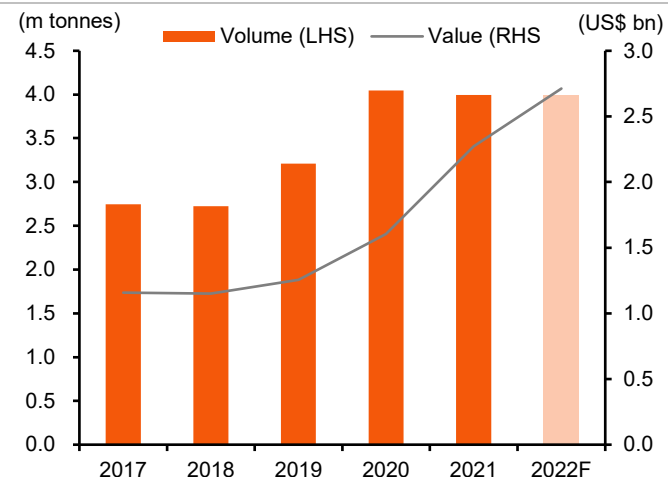
Sources: Company data; Thanachart estimates

The one area that matters is imports of soybean which is mainly for animal feed. Thailand imports about 4m tonnes of soybean import annually. Assuming the volume remains stable, we expect the value of imports to grow from about USD2.3bn in 2021 to over USD2.7bn in 2022F. This may have a knock-on impact on meat prices as soybean meal is a major component of animal feed. In recent years, Thailand has also ramped up its imports of corn (mostly from Myanmar, of all places). The volume of corn imports has grown substantially from 100k tonnes in 2017 to over 1.8m tonnes in 2021. We think this has to do with the substitution effect as feed mills may switch to using more corn to replace soybean. The import value of USD420m last year was still much smaller than that of soybean though it is worth keeping an eye on any further growth in corn imports.

### **Thailand agricultural import is relatively small**

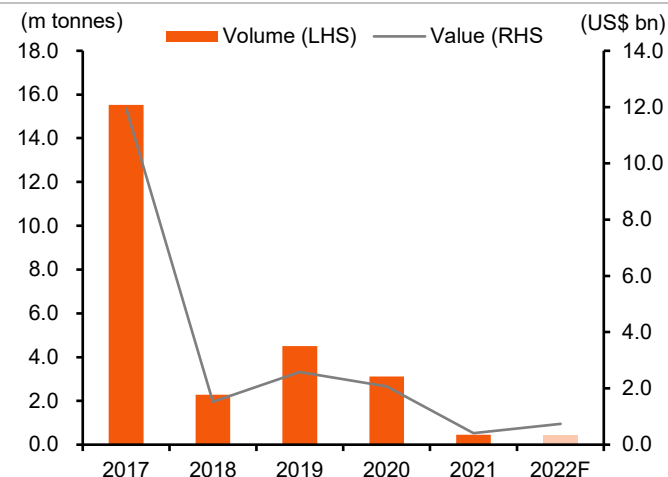
While Thailand used to rely heavily on crude palm oil (CPO) imports, the volume and value of imports have come down substantially in recent years. We think this has to do with increased domestic production. The recent change in the diesel blending standard to B5 from B7 (i.e., 5% biodiesel blending instead of a 7% requirement) will further reduce demand for CPO. As such, even with the recent surge in the CPO price, we do not expect this to have a meaningful impact on Thailand's overall import bill.

**Ex 21: Thailand Soybean Imports**



Sources: Company data; Thanachart estimates

**Ex 22: Thailand CPO Imports**



Sources: Company data; Thanachart estimates

### Potential margin squeeze for manufacturers

The broad-based increases in energy and commodity prices will undoubtedly have significant impacts on the Thai economy. Here, we focus on SET-listed manufacturing companies that may see an outsized impact compared to, for example, banks or other service industries. We analyze 14 manufacturing companies under our coverage to see the potential impacts on their costs and margins. We believe sectors most at risk of margin pressure are construction materials, paper and electronics. At the same time, auto parts makers are likely to be least impacted. The beverage names (OSP, CBG) could be hit less given price hikes. STARK is also a unique case, in our view, as the company prices its products on a cost-plus basis.

## Ex 23: Summary For Companies Mentioned

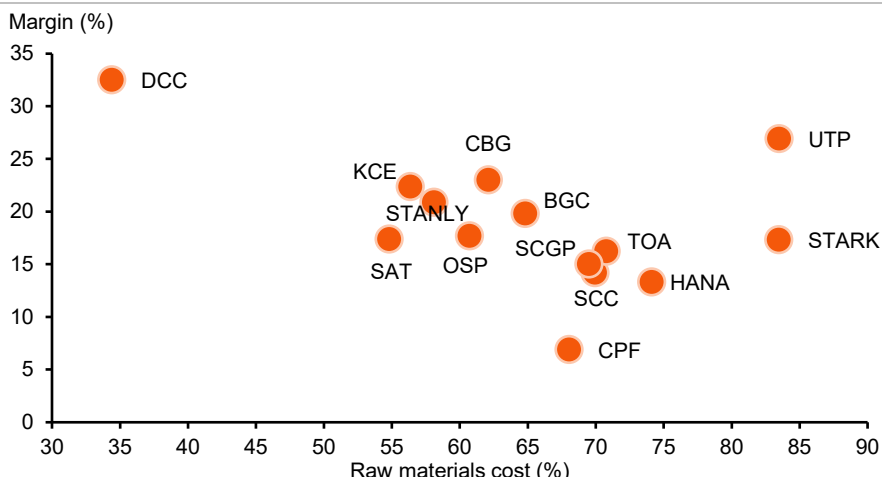
Ticker	Rating	Current Price	Target price	Up/down side	Market cap	Norm EPS growth		— Norm PE —		EV/EBITDA		— Yield —	
		(Bt/shr)	(Bt/shr)	(%)		(US\$)	2022F (%)	2023F (%)	2022F (x)	2023F (x)	2022F (x)	2023F (x)	2022F (%)
<b>Automotive</b>													
NEX TB	BUY	16.20	22.50	38.9	823	na	28.5	13.8	10.8	24.1	18.7	5.1	7.4
SAT TB	BUY	19.50	29.00	48.7	251	14.9	23.6	7.3	5.9	2.9	2.1	8.2	10.1
STANLY TB	BUY	175.00	270.00	54.3	407	43.0	33.1	9.0	6.8	2.5	2.0	3.5	4.7
<b>Electronics</b>													
HANA TB	SELL	47.00	52.00	10.6	1,147	7.0	8.1	15.6	14.4	9.5	8.6	4.3	4.5
KCE TB	HOLD	55.75	89.00	59.6	1,998	59.4	52.9	18.5	12.1	13.0	9.0	3.8	5.8
<b>Food</b>													
CBG TB	BUY	100.00	133.00	33.0	3,033	38.9	27.7	25.6	20.0	19.4	15.3	2.6	3.3
CPF TB	BUY	23.60	29.00	22.9	6,164	524.0	7.2	8.1	7.5	7.5	7.7	4.3	4.7
OSP TB	HOLD	35.75	31.00	(13.3)	3,257	9.6	8.7	29.0	26.7	20.9	19.5	3.5	3.8
<b>Materials</b>													
DCC TB	HOLD	2.90	3.30	13.8	803	(3.0)	3.8	15.6	15.0	9.5	9.1	6.4	6.7
SCC TB	BUY	371.00	490.00	32.1	13,503	(2.4)	(9.7)	9.3	10.3	8.5	9.8	5.6	4.9
STARK TB	BUY	4.38	6.00	37.0	1,582	14.7	26.1	23.2	18.4	14.5	12.0	2.2	2.7
TOA TB	BUY	27.75	39.00	40.5	1,708	23.5	15.7	24.8	21.5	14.2	12.1	2.0	2.3
<b>Paper&amp;Printing Materials</b>													
BGC TB	BUY	10.00	12.70	27.0	211	11.6	14.1	11.9	10.4	5.8	5.2	5.0	5.8
SCGP TB	HOLD	54.75	63.00	15.1	7,129	50.9	17.1	21.4	18.3	10.7	9.4	2.3	2.7
UTP TB	BUY	16.50	27.00	63.6	325	27.4	14.5	9.2	8.0	6.3	5.3	7.1	8.1

Sources: Company data, Thanachart estimates

**Raw material cost pressure could hurt con-mat, food, electronics****Companies with high raw material costs and thin margins likely to be under most pressure**

In terms of potential increases in raw material costs, we believe the construction materials (ie, con mat), food and electronics sectors are likely to bear the brunt of the impacts. These names have high raw material inputs as a percentage of total costs as well as relatively thin margins. For instance, HANA's raw material costs amount to almost 75% of its cost base while the company generates less than a 15% EBITDA margin. We see a similar picture for CPF, SCC, TOA and SCGP as raw material costs make up 70% or more of their cost structure while EBITDA margins are 15% or below. By contrast, auto-related names including STANLY, SAT and KCE are likely to be less impacted as raw materials make up less than 60% of their costs while their EBITDA margins are well north of 15%. We also think the beverage companies OSP and CBG are likely to see a more limited hit from raw material cost pressure. Raw materials as a percentage of costs are just above 60% while their EBITDA margins center around 20%.

**Ex 24: EBITDA Margin Compared To Raw Materials As % Of Costs (2021)**



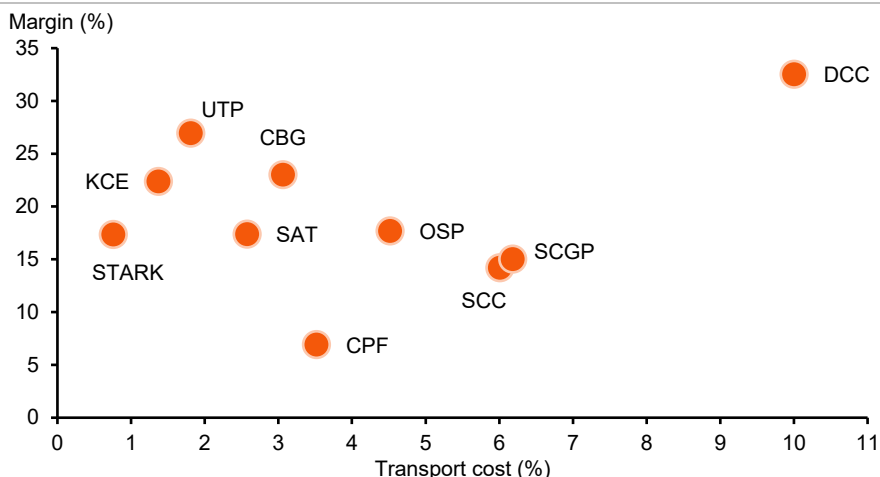
Sources: Company data, Thanachart estimates

*Transportation is a major cost items for con-mat, paper and beverage manufacturers*

**Rise in transportation costs to hurt con-mat, paper, beverages**

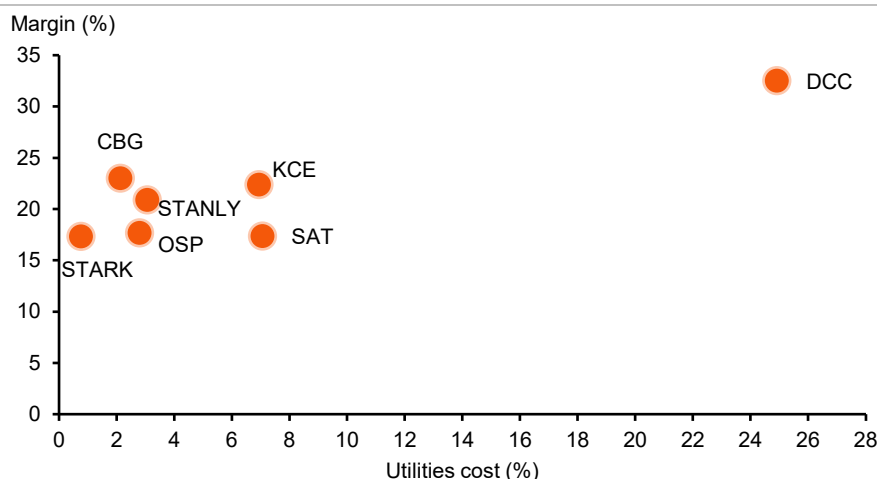
The surge in oil prices is likely to lead to big increases in transportation costs. On this basis, we think sectors likely to be most heavily impacted are construction materials, paper and beverages. In particular, DCC is the most exposed to a potential increase in transportation costs as it make up 10% of its costs. SCC and SCGP also have relatively high transport costs at about 6% of their cost structure. Next in line is OSP at over 4.5%.

**Ex 25: EBITDA Margin Compared To Transportation As % Of Costs (2021)**



Sources: Company data, Thanachart estimates

For potential increases in utilities costs due to the spikes in natural gas and coal prices, once again DCC dominates the list with 25% of its costs coming from utilities bills. Utilities costs for other manufacturing names (at least the ones that separately disclose them) are much less: c.7% for KCE and SAT, and less than 5% for STANLY, OSP, CBG and STARK.

**Ex 26: EBITDA Margin Compared To Utilities As % Of Costs (2021)**

Sources: Company data, Thanachart estimates

Given the above and comparing them to existing EBITDA margin forecasts, we believe companies most at risk of earnings downgrades due to margins are HANA, KCE, CPF, DCC, SCC, TOA, SCGP and UTP. These companies are likely to see meaningful cost pressure and/or existing forecasts still assume margin expansion for 2022-23F relative to 2021 levels. While CBG and OSP are likely to see pressure from rising aluminum cost increases, the price hikes could help offset the margin impact. We would also be less concerned about SAT, STANLY and STARK. The auto names have limited exposure to raw material prices and have sufficiently high margins to absorb them. STARK is a somewhat unique case, in our view, because the company prices its products on a cost-plus basis.

**Ex 27: EBITDA Margins And Forecasts**

(%)	2018	2019	2020	2021	2022F	2023F	2024F	2025F
SAT	18.2	17.5	15.2	17.4	17.0	17.7	18.6	19.0
STANLY	21.3	21.1	21.8	20.9	22.6	22.9	23.0	22.9
HANA	13.7	10.9	13.0	13.3	12.8	13.1	13.4	13.6
KCE	20.2	15.8	18.3	22.4	28.3	35.5	38.8	41.2
CBG	12.3	24.1	28.4	23.0	23.3	25.1	26.1	26.9
CPF	6.3	7.3	12.2	6.9	13.3	12.1	11.8	11.9
OSP	16.4	16.5	17.8	17.7	17.9	17.9	18.0	18.0
DCC	23.4	23.3	30.9	32.5	30.2	29.9	29.6	29.4
SCC	13.3	11.8	16.1	14.2	15.0	11.9	11.5	11.4
STARK	8.2	8.8	14.7	17.3	19.8	21.1	22.2	22.8
TOA	15.8	17.4	18.8	16.2	18.0	19.3	20.1	21.0
BGC	19.7	19.0	21.1	19.8	20.5	20.7	21.1	20.9
SCGP	16.1	15.3	17.8	15.0	18.9	20.5	20.2	20.0
UTP	28.3	34.2	37.3	26.9	30.7	32.1	31.9	31.9

Sources: Company data, Thanachart estimates

## Ex 28: Thanachart's Top Picks

Ticker	Rating	Current Price	Target price	Upside	Market cap	Norm EPS growth		— Norm PE —		EV/EBITDA or P/BV of Bank		— Yield —	
		(Bt/shr)	(Bt/shr)	(%)		(US\$ m)	2022F	2023F	2022F	2023F	2022F	2023F	2022F
BBL TB	BUY	129.00	165.00	27.9	7,469	14.1	10.5	8.1	7.4	0.5	0.5	3.7	4.1
CBG TB	BUY	100.00	133.00	33.0	3,033	38.9	27.7	25.6	20.0	19.4	15.3	2.6	3.3
COM7 TB	BUY	78.25	95.00	21.4	2,848	28.1	22.2	28.1	23.0	19.9	16.5	2.9	3.8
CPN TB	BUY	54.25	64.00	18.0	7,385	105.3	43.7	35.1	24.4	15.9	13.3	1.4	1.9
EA TB	BUY	86.00	120.00	39.5	9,729	57.5	16.6	33.8	29.0	21.8	19.1	0.9	1.4
GLOBAL TB	BUY	20.20	30.00	48.5	2,819	13.5	20.6	24.5	20.3	19.2	16.0	1.6	2.0
HMPRO TB	BUY	15.70	19.00	21.0	6,262	21.1	20.0	31.3	26.1	17.7	15.3	2.6	3.1
KBANK TB	BUY	154.00	190.00	23.4	11,067	13.9	13.0	8.5	7.5	0.7	0.7	2.4	2.7
M TB	BUY	52.25	67.00	28.2	1,459	na	71.9	30.1	17.5	11.1	8.1	3.3	5.7
STARK TB	BUY	4.38	6.00	37.0	1,582	14.7	26.1	23.2	18.4	14.5	12.0	2.2	2.7

Sources: Bloomberg, Thanachart estimates  
Note: Based on 7 March 2022 closing prices

## APPENDIX 1: Top picks' financials

**Ex 1: Bangkok Bank Pcl (BBL TB)**

Y/E Dec (Bt m)	2021	2022F	2023F	2024F
Pre Provision Profit	67,066	63,704	66,208	71,234
Net profit	26,507	30,245	33,421	37,392
Norm profit	26,507	30,245	33,421	37,392
Norm EPS (Bt)	13.9	15.8	17.5	19.6
Norm EPS grw (%)	54.3	14.1	10.5	11.9
Norm PE (x)	9.3	8.1	7.4	6.6
P/BV (x)	0.5	0.5	0.5	0.4
Div yield (%)	2.7	3.7	4.1	4.6
ROE (%)	5.6	6.0	6.3	6.8
ROA (%)	0.6	0.7	0.7	0.8

Sources: Company data; Thanachart estimates

**Ex 2: Carabao Group Pcl (CBG TB)**

Y/E Dec (Bt m)	2021	2022F	2023F	2024F
Sales	17,364	23,101	26,603	28,418
Net profit	2,881	3,910	4,993	5,603
Norm profit	2,816	3,910	4,993	5,603
Norm EPS (Bt)	2.8	3.9	5.0	5.6
Norm EPS grw (%)	(19.8)	38.9	27.7	12.2
Norm PE (x)	35.5	25.6	20.0	17.8
EV/EBITDA (x)	26.4	19.4	15.3	13.5
P/BV (x)	9.8	8.4	7.2	6.3
Div yield (%)	1.9	2.6	3.3	4.2
ROE (%)	27.9	35.4	38.7	37.7
Net D/E (%)	53.1	35.3	16.6	0.8

Sources: Company data; Thanachart estimates

**Ex 3: COM7 Pcl (COM7 TB)**

Y/E Dec (Bt m)	2021	2022F	2023F	2024F
Sales	51,126	59,017	66,271	74,724
Net profit	2,630	3,341	4,083	4,917
Norm profit	2,608	3,341	4,083	4,917
Norm EPS (Bt)	2.2	2.8	3.4	4.1
Norm EPS grw (%)	80.0	28.1	22.2	20.4
Norm PE (x)	36.0	28.1	23.0	19.1
EV/EBITDA (x)	24.9	19.9	16.5	14.6
P/BV (x)	17.8	16.5	14.2	12.4
Div yield (%)	1.3	2.9	3.8	4.7
ROE (%)	57.1	60.8	66.2	69.3
Net D/E (%)	49.6	0.6	(5.7)	(9.6)

Sources: Company data; Thanachart estimates

**Ex 4: Central Pattana Pcl (CPN TB)**

Y/E Dec (Bt m)	2021	2022F	2023F	2024F
Sales	24,515	32,303	38,927	44,540
Net profit	7,148	8,569	11,603	13,878
Norm profit	3,379	6,938	9,971	12,518
Norm EPS (Bt)	0.8	1.5	2.2	2.8
Norm EPS grw (%)	(35.7)	105.3	43.7	25.5
Norm PE (x)	72.0	35.1	24.4	19.5
EV/EBITDA (x)	25.8	15.9	13.3	11.7
P/BV (x)	3.3	3.1	2.8	2.5
Div yield (%)	1.1	1.4	1.9	2.3
ROE (%)	4.8	9.1	12.0	13.7
Net D/E (%)	92.2	45.6	54.9	61.4

Sources: Company data; Thanachart estimates

**Ex 5: Energy Absolute Pcl (EA TB)**

Y/E Dec (Bt m)	2021	2022F	2023F	2024F
Sales	20,174	45,729	53,303	62,322
Net profit	6,100	9,483	11,060	12,492
Norm profit	6,021	9,483	11,060	12,492
Norm EPS (Bt)	1.6	2.5	3.0	3.3
Norm EPS grw (%)	17.4	57.5	16.6	12.9
Norm PE (x)	53.3	33.8	29.0	25.7
EV/EBITDA (x)	37.1	21.8	19.1	16.5
P/BV (x)	9.9	8.2	6.9	6.0
Div yield (%)	0.3	0.9	1.4	1.9
ROE (%)	20.0	26.5	25.8	24.9
Net D/E (%)	114.8	79.4	55.3	39.7

Sources: Company data; Thanachart estimates

**Ex 6: Siam Global House Pcl (GLOBAL TB)**

Y/E Dec (Bt m)	2021	2022F	2023F	2024F
Sales	33,498	36,772	40,763	45,015
Net profit	3,344	3,799	4,580	5,503
Norm profit	3,344	3,799	4,580	5,503
Norm EPS (Bt)	0.7	0.8	1.0	1.2
Norm EPS grw (%)	70.5	13.5	20.6	20.2
Norm PE (x)	27.8	24.5	20.3	16.9
EV/EBITDA (x)	21.8	19.2	16.0	13.2
P/BV (x)	4.8	4.3	3.8	3.3
Div yield (%)	1.3	1.6	2.0	2.4
ROE (%)	18.3	18.4	19.8	20.9
Net D/E (%)	67.9	53.2	44.9	28.9

Sources: Company data; Thanachart estimates

**Ex 7: Home Product Center Pcl (HMPRO TB)**

Y/E Dec (Bt m)	2021	2022F	2023F	2024F
Sales	61,791	68,059	73,472	80,421
Net profit	5,441	6,586	7,902	9,315
Norm profit	5,441	6,586	7,902	9,315
Norm EPS (Bt)	0.4	0.5	0.6	0.7
Norm EPS grw (%)	5.5	21.1	20.0	17.9
Norm PE (x)	38.0	31.3	26.1	22.2
EV/EBITDA (x)	21.0	17.7	15.3	13.3
P/BV (x)	9.0	8.7	8.0	7.3
Div yield (%)	2.0	2.6	3.1	3.6
ROE (%)	24.5	28.2	31.8	34.4
Net D/E (%)	38.5	32.6	26.3	17.1

Sources: Company data; Thanachart estimates

**Ex 8: Kasikornbank Pcl (KBANK TB)**

Y/E Dec (Bt m)	2021	2022F	2023F	2024F
Pre Provision Profit	92,999	99,196	105,175	112,049
Net profit	38,053	43,348	48,979	55,461
Norm profit	38,053	43,348	48,979	55,461
Norm EPS (Bt)	15.9	18.1	20.5	23.2
Norm EPS grw (%)	29.0	13.9	13.0	13.2
Norm PE (x)	9.7	8.5	7.5	6.6
P/BV (x)	0.8	0.7	0.7	0.6
Div yield (%)	2.1	2.4	2.7	6.0
ROE (%)	8.3	8.8	9.2	9.6
ROA (%)	1.0	1.0	1.1	1.2

Sources: Company data; Thanachart estimates

**Ex 9: MK Restaurant Group Pcl (M TB)**

Y/E Dec (Bt m)	2021	2022F	2023F	2024F
Sales	11,182	15,987	19,046	20,481
Net profit	131	1,601	2,751	3,083
Norm profit	131	1,601	2,751	3,083
Norm EPS (Bt)	0.1	1.7	3.0	3.3
Norm EPS grw (%)	(85.6)	na	71.9	12.0
Norm PE (x)	367.3	30.1	17.5	15.6
EV/EBITDA (x)	20.2	11.1	8.1	7.7
P/BV (x)	3.6	3.5	3.3	3.3
Div yield (%)	1.5	3.3	5.7	6.4
ROE (%)	1.0	11.8	19.4	21.2
Net D/E (%)	(56.9)	(59.7)	(60.6)	(59.4)

Sources: Company data; Thanachart estimates

**Ex 10: Stark Corporation Pcl (STARK TB)**

Y/E Dec (Bt m)	2021	2022F	2023F	2024F
Sales	27,094	27,560	31,203	34,282
Net profit	2,783	2,996	3,777	4,640
Norm profit	2,611	2,996	3,777	4,640
Norm EPS (Bt)	0.2	0.2	0.2	0.3
Norm EPS grw (%)	138.4	14.7	26.1	22.8
Norm PE (x)	26.6	23.2	18.4	15.0
EV/EBITDA (x)	17.6	14.5	12.0	9.7
P/BV (x)	10.7	9.8	7.6	4.6
Div yield (%)	0.0	2.2	2.7	4.7
ROE (%)	51.6	44.2	46.6	38.1
Net D/E (%)	198.1	135.4	103.2	28.4

Sources: Company data; Thanachart estimates

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