BUY (Unchanged)

Change in Numbers

TP: Bt 39.00 (Unchanged)

Upside : 12.2%

19 APRIL 2022

Minor International Pcl (MINT TB)

A double theme play

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We reiterate BUY on MINT as our top pick in the Thai hotel sector. MINT is our double theme play on Thai reopening and post-war European exposure. Having lagged its peers due to war concerns, MINT looks the cheapest in the sector, in our view.

Thanachart Securities

A double theme play and a laggard

We reiterate BUY on MINT with an unchanged DCF TP of Bt39.0. *First,* MINT's operations have turned around since 2H21, backed by its overseas business exposure (73% of 2019 revenue). With Thailand now more serious about reopening, we see MINT, through its Thai business, as a reopening play. *Second*, we believe concerns over the impact of the Russia-Ukraine war on MINT's European business (51% of 2019 revenue) have made MINT a share-price laggard relative to its peers (Exhibit 1). A potential end to the conflict this quarter would make MINT a post-war play, in our view. *Third*, MINT's trading PEs of 35.9/24.8x for 2023/24F are cheaper than The Erawan Group's (ERW, SELL, Bt3.56) 67.9/25.8x and similar to Central Plaza Hotel's (CENTEL TB, BUY, Bt43.00); but MINT's valuation gap between 2024F and pre-COVID year 2019 is still larger than CENTEL's (Exhibit 2).

Improving earnings and financial status

We forecast a sharp turnaround in earnings from Bt19.4/9.3bn losses in 2020-21 to Bt1.6/7.0/9.3bn in 2022-24F. We look for the turnaround this year to be driven by both hotel and food businesses at home and overseas. MINT had a cash call in 2020, and, together with asset rotation, asset revaluation, and business turnaround, we forecast its net D/E to be 1.1x in 2022F, falling to 1.0x in 2024F vs. 1.45/1.35x in 2020/21. As for its covenant ratio, measured as gross interest-bearing debt to equity (GIBD/E), we forecast 1.38x for 2022F vs. the covenant limit at 1.75x.

Faster overseas hotel recovery

In 2019, MINT's revenue breakdown was 76% hotel and 24% food and lifestyle. Some 73% of revenue came from overseas and 27% from Thai businesses. Overseas hotels alone contributed 65% of revenue (European hotels weighed in with 49%). The recovery at overseas hotels has been fast: MINT's 4Q21 RevPar in Europe rebounded to 65% of 4Q19's level vs. 34% for Thailand, and MINT's operations in Europe in 1Q22 were still on a solid recovery path despite Omicron and the war impact. We fine-tune our earnings in this report to reflect the stronger-than-expected overseas operations due to higher occupancy and average room rates; also, we revise down our foreign tourist arrival assumptions in Thailand (Exhibit 9).

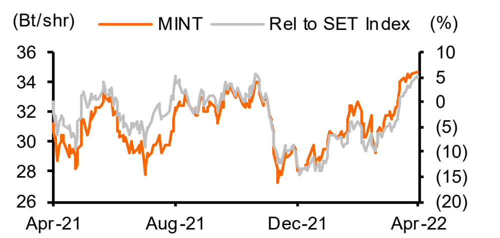
Mixed bag for food business

Of the 20% food revenue contribution in 2019, Thailand accounted for 13%, China 3%, Australia 2%, and others 2%. Same-store-sales growth (SSSG) at home started rising y-y in 1Q22, and the contraction in Australia slowed. Its China food business is being affected by COVID-19 lockdowns. We forecast MINT's average SSSG of 9.2/8.2/5.6% in 2022-24 vs. -15.5/-5.1% in 2020-21.

COMPANY VALUATION

Y/E Dec (Bt m)	2021A	2022F	2023F	2024F
Sales	68,868	102,166	124,172	133,030
Net profit	(13,167)	1,642	6,954	9,334
Consensus NP	—	1,727	6,181	8,847
Diff frm cons (%)	—	*(4.9)*	*12.5*	*5.5*
Norm profit	(9,314)	1,642	6,954	9,334
Prev. Norm profit	—	1,637	6,936	9,280
Chg frm prev (%)	—	*0.3*	*0.3*	*0.6*
Norm EPS (Bt)	(2.1)	0.0	1.0	1.4
Norm EPS grw (%)	na	na	na	45.0
Norm PE (x)	na	na	35.9	24.8
EV/EBITDA (x)	35.2	14.8	11.1	10.0
P/BV (x)	2.7	2.4	2.5	2.4
Div yield (%)	0.0	0.0	0.6	1.4
ROE (%)	na	2.2	8.6	11.4
Net D/E (%)	135.3	109.4	117.2	104.1

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 19-Apr-22 (Bt)	34.75
Market Cap (US$ m)	5,372.1
Listed Shares (m shares)	5,218.3
Free Float (%)	61.4
Avg Daily Turnover (US$ m)	17.1
12M Price H/L (Bt)	34.75/27.25
Sector	Food
Major Shareholder	Group of Mr. William Heinecke 33%

Sources: Bloomberg, Company data, Thanachart estimates

A double theme play and a laggard

Reiterating BUY on MINT …

We reiterate BUY on Minor International (MINT TB) with an unchanged DCF TP at Bt39.0. The key reasons for our bullish view on MINT are as follows.

1) A reopening play

First, due to the fast recovery of the hotel business in oversea markets such as Europe, the Americas and the Maldives, MINT's losses declined quarter by quarter in 1Q21-3Q21 and turned to profit in 4Q21. MINT's overseas business exposure stood at c. 73% of 2019 revenue. With Thailand becoming more serious about reopening this year, we expect MINT's business in Thailand to continue to improve. We thus see MINT as a reopening play.

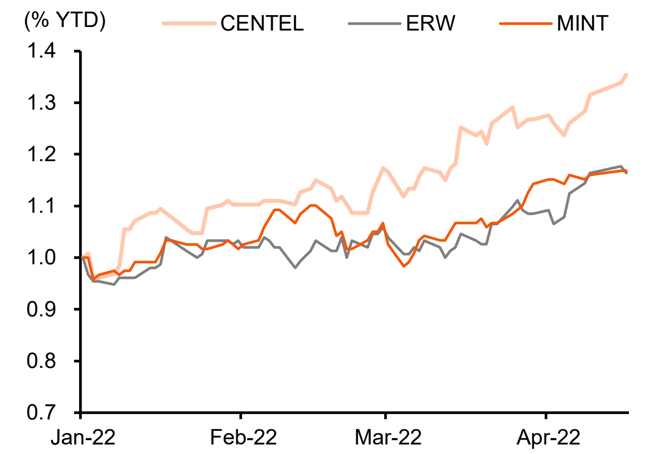
2) A post-war play

Second, we believe concerns over the impact of the Russia-Ukraine war on MINT's European business, which contributed c. 51% of 2019 revenue, have made MINT a share-price laggard relative to peers (Exhibit 1). A potential end to the war within this quarter would make MINT a post-war play, in our view.

3) A cheaper valuation

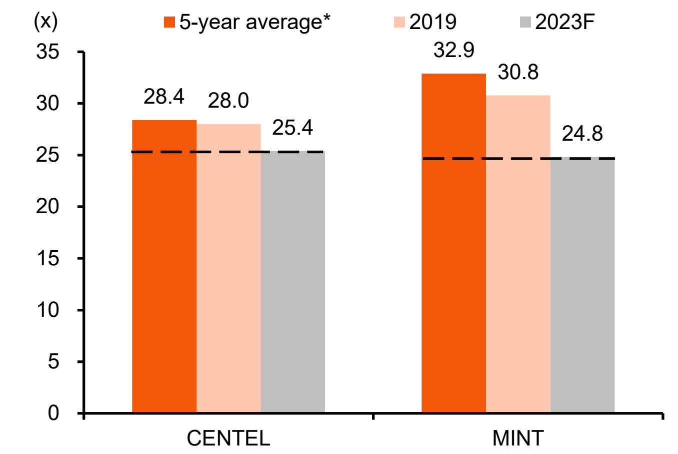
Third, MINT's trading PE multiples of 35.9/24.8x PE for 2023/24F are cheaper than ERW's 67.9/25.8x and similar to CENTEL's; but its valuation gap between 2024F and the pre-COVID year of 2019 is still larger than CENTEL's (Exhibit 2).

Ex 1: MINT's Share Price Laggard Compared To CENTEL



Source: Bloomberg

Ex 2: MINT's Valuation Gap Is Wider Than CENTEL's



Sources: Bloomberg, Thanachart estimates
Note: * Average from year 2015 to 2019

Improving earnings and financial status

MINT made Bt19.4/9.3bn losses in 2020-21 due to the impact of COVID-19 on its businesses overseas and in Thailand. The decline in the loss in 2021 vs. 2020 was due to improving business operations overseas, mainly in Europe and the Maldives.

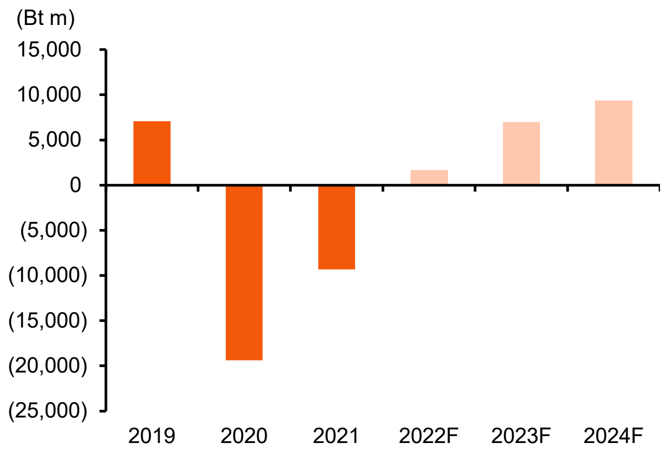
Earnings forecast to turn positive from 2022F

We forecast a very sharp turnaround in MINT's earnings to Bt1.6/7.0/9.3bn in 2022-24F. We look for the turnaround this year to be driven by both hotel and food businesses in Thailand and overseas.

Low financial risk

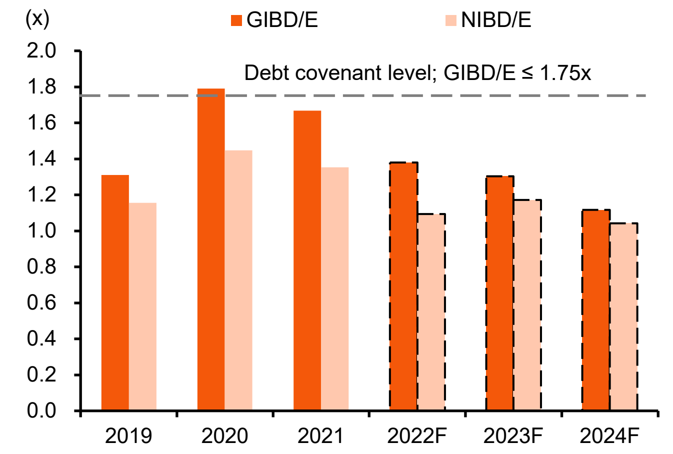
Given our expectation of a turnaround, together with the cash call in 2020, asset rotation and asset revaluation in 2021, we estimate MINT's net D/E at 1.1x in 2022F, falling to 1.0x in 2024F vs. 1.45/1.35x in 2020/21. Its covenant ratio, measured as gross interest-bearing debt to equity (GIBD/E), will be 1.38x in 2022F, on our forecast, vs. the covenant limit at 1.75x.

Ex 3: MINT's Turnaround Earnings



Sources: Company data, Thanachart estimates

Ex 4: Low Financial Risk



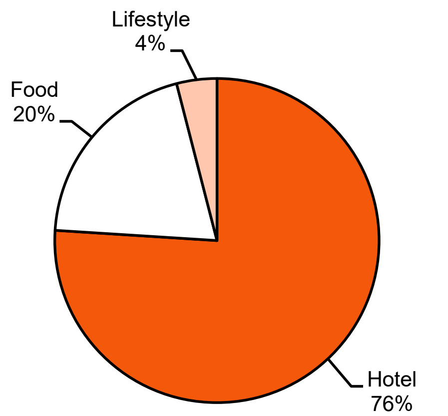
Sources: Company data, Thanachart estimates

Faster overseas hotel recovery

73% of MINT's revenue in 2019 came from overseas businesses

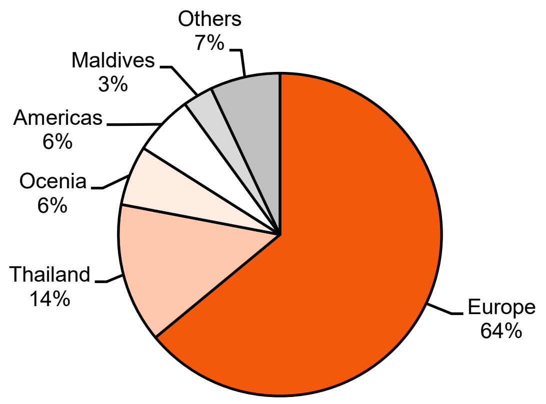
In 2019, MINT's revenue contribution from hotel, food and lifestyle was 76%, 20% and 4%, respectively. The revenue split was 73% overseas and 27% Thai. Overseas hotels alone contributed 65% of total revenue; European hotels brought in 49% of MINT's total revenue.

Ex 5: Revenue Breakdown By Business (2019)



Source: Company data

Ex 6: Hotel Revenue Breakdown By Location (2019)



Source: Company data

The recovery at oversea hotels has outpaced that of the hotel business in Thailand. MINT's 4Q21 RevPar in Europe rebounded to 65% of 4Q19's level vs. 34% for Thailand. The occupancy rate in Europe was c. 41% in 1Q22, despite the impact of Omicron and 1Q normally being low season for Europe, vs. c. 30% in Thailand. MINT's operations in Europe in 1Q22 still staged a solid recovery from December last year, again despite Omicron and war concerns starting from late-February. We attribute the recovery largely to the relaxation of COVID entry rules in Europe.

Ex 7: Example Of COVID Entry Rules For European Countries

Country	COVID Entry Rules
France	▪ Connected to the EU Digital COVID Certificate (EUDCC), which allows restriction-free travel across all EU and EEA countries following proof of vaccination and a negative COVID test. ▪ No longer requires fully vaccinated travelers to present a negative COVID-19 test. ▪ Non-vaccinated visitors from the EU need to present a negative test taken 24 hours before travel. Unvaccinated visitors from countries on France's 'orange list' will still need to give a compelling reason to travel to the country.
Germany	▪ Connected to the EU Digital COVID Certificate (EUDCC), which allows restriction-free travel across all EU and EEA countries following proof of vaccination and a negative COVID test. ▪ UK tourists who are fully vaccinated can enter Germany for any reason and only need show their Digital COVID pass. Unvaccinated tourists must present a negative COVID test. ▪ The move means that travelers, regardless of their country of origin, can now enter Germany without being subject to additional entry rules, such as pre-entry testing and quarantine requirements.
Italy	▪ Connected to the EU Digital COVID Certificate (EUDCC), which allows restriction-free travel across all EU and EEA countries following proof of vaccination and a negative COVID test. ▪ Fully-vaccinated tourists only need to present proof of vaccination; otherwise a negative COVID test is required.
Spain	▪ Connected to the EU Digital COVID Certificate (EUDCC), which allows restriction-free travel across all EU and EEA countries following proof of vaccination and a negative COVID test. ▪ ATK are now accepted instead of RT-PCR for travelers from countries on the list of risk zones - including France and Germany - while no tests are required for low-incidence areas. ▪ Travelers from the UK must show proof of being fully vaccinated. This means travelers must have received the second dose at least 14 days before arrival. Children under 12 years old are exempt when travelling with an adult. This rule applies to the whole of Spain, including the Canary Islands and the Balearics. ▪ If a traveler's last vaccination was more than 270 days ago, he/she will also need a booster to enter the country or will be considered unvaccinated.
Netherlands	▪ Connected to the EU Digital COVID Certificate (EUDCC), which allows restriction-free travel across all EU and EEA countries following proof of vaccination and a negative COVID test. ▪ The Netherlands abolished COVID entry rules for all travelers from 23 March. ▪ Face masks are no longer mandatory in most public settings or trains, but still required on planes and in airports.
Luxembourg	▪ Connected to the EU Digital COVID Certificate (EUDCC), which allows restriction-free travel across all EU and EEA countries following proof of vaccination and a negative COVID test. ▪ Third-country nationals are not permitted to travel to Luxembourg for non-essential reasons - and this rule will remain in place until 30 June. The term 'third-country nationals' means citizens from outside the European Union/Schengen area, San Marino, Andorra, Monaco and the Vatican. ▪ There is no requirement to quarantine when entering Luxembourg. However, if a traveler does not have evidence of a negative test or submit to a rapid antigen test at the airport, he/she will need to self-isolate for 14 days.

Source: European Union's website

Low exposure to Russian tourists

As for the impact of the Ukraine-Russia conflict, we note that MINT has no presence in hotels and restaurants in Ukraine and Russia. Also, we consider MINT to have low exposure to Russian tourists (2% total revenue contribution in 2019).

Ex 8: Revenue Exposure To Russia

MINT	Thailand	Maldives	Europe & LATAM	Sri Lanka	Middle East
2%	2%	13%	0.5%	7%	3%

Source: Company data

Fine-tuning earnings

In this report, we thus fine-tune our earnings forecasts to reflect the stronger-than-expected overseas business turnaround due to higher occupancy and average room rates (ARR), and we revise down our foreign tourist arrival assumptions in Thailand. After the country's reopening last November, the number of foreign tourists to visit Thailand in 1Q22 was c. 470,000. Although we expect more foreign tourists to visit in 2H22 due to the easing of entry restrictions, foreign tourist flows seem to be slower than we had expected.

Ex 9: Change In Our Key Assumptions And Earnings Revisions

	2019	2020	2021	2022F	2023F	2024F
Numbers of Foreign tourists (people)						
- New	39,856,997	6,702,396	427,869	4,500,000	20,000,000	35,000,000
- Old				6,377,120	25,907,048	38,661,287
- Change (%)				*(29.4)*	*(22.8)*	*(9.5)*
Numbers of Thai tourists (visits)						
- New	229,748,960	123,214,821	71,858,377	176,469,667	211,369,043	236,641,429
- Old				172,311,720	206,774,064	230,897,705
- Change (%)				*2.4*	*2.2*	*2.5*
MINT's occupancy rate (%)						
- New	70.9	44.5	45.3	53.5	64.0	69.3
- Old				52.0	62.2	66.7
- Change (pp)				*1.4*	*1.8*	*2.5*
MINT's ARR (Bt/night)						
- New	3,900	2,876	2,435	3,020	3,635	3,856
- Old				2,959	3,474	3,752
- Change (%)				*2.1*	*4.6*	*2.8*
NHH's occupancy rate (%)						
- New	71.6	25.0	34.3	63.0	70.4	72.8
- Old				62.7	69.9	72.5
- Change (pp)				*0.3*	*0.5*	*0.3*
NHH's ARR (Euro/night)						
- New	103	84	99	98	109	111
- Old				92	103	105
- Change (%)				*5.8*	*5.9*	*6.1*
% SSSG						
- New	(4.4)	(14.2)	3.2	7.0	5.0	3.0
- Old				5.0	3.0	1.0
- Change (pp)				*2.0*	*2.0*	*2.0*

Sources: Company data, Thanachart estimates

Ex 9: Change In Our Key Assumptions And Earnings Revisions *(Con't)*

	2019	2020	2021	2022F	2023F	2024F
Gross margin (%)						
- New	44.4	15.3	31.1	38.1	41.9	42.9
- Old				36.5	40.9	43.2
- Change (pp)				*1.6*	*0.9*	*(0.3)*
SG&A to sales (%)						
- New	39.4	47.3	48.1	36.1	34.0	33.6
- Old				32.2	32.0	33.1
- Change (pp)				*3.9*	*2.0*	*0.5*
Norm profit (Bt m)						
- New	7,060	(19,388)	(9,314)	1,642	6,954	9,334
- Old				1,637	6,936	9,280
- Change (%)				*0.3*	*0.3*	*0.6*

Sources: Company data, Thanachart estimates

On 1 April 2022, the Thai government lifted the requirement for arrivals to take a pre-travel RT-PCR test, though they are still subject to a RT-PCR test upon arrival. The Center for COVID-19 Situation Administration (CCSA) has targeted to ease entry rules to Thailand after the Songkarn festival. Details are shown in Exhibit 10.

Ex 10: Thailand's Reopening Measures

	March 2022	1 April 2022	1 May 2022*	1 June 2022*
Registration	▪ Thailand Pass	▪ Thailand Pass	▪ Thailand Pass	▪ Thailand Pass, Test & Go and Sandbox program to be canceled ▪ Professional antigen self-test (ATK) test upon arrival
Test & Go (For fully vaccinated travelers)	▪ Pre-Departure RT-PCR test ▪ RT-PCR test upon arrival ▪ Antigen self-test (ATK) on Day 5 ▪ Travel all over Thailand ▪ Insurance coverage ≥ US$20,000	▪ RT-PCR test upon arrival ▪ Antigen self-test (ATK) on Day 5 ▪ Travel all over Thailand ▪ Insurance coverage ≥ US$20,000	▪ Professional antigen self-test (ATK) test upon arrival ▪ Travel all over Thailand ▪ Insurance coverage may be below US$20,000	
Sandbox (For fully vaccinated travelers)	▪ Pre-Departure RT-PCR test ▪ RT-PCR test upon arrival ▪ Antigen self-test (ATK) on Day 5 ▪ Require 7 nights stay in Sandbox area ▪ Insurance coverage ≥ US$20,000	▪ RT-PCR test upon arrival ▪ Antigen self-test (ATK) on Day 5 ▪ Require 5 nights stay in Sandbox area ▪ Insurance coverage ≥ US$20,000	▪ Professional antigen self-test (ATK) test upon arrival ▪ Require 5 nights stay in Sandbox area ▪ Insurance coverage may be below US$20,000	
Quarantine (For partially vaccinated and unvaccinated travelers)	▪ Pre-Departure RT-PCR test ▪ RT-PCR test upon arrival ▪ RT-PCR test Day 5 ▪ Mandatory quarantine of 10 nights in a quarantine hotel ▪ Insurance coverage ≥ US$20,000	▪ RT-PCR test upon arrival ▪ RT-PCR test on Day 5 ▪ Mandatory quarantine of 5 nights in a quarantine hotel ▪ Insurance coverage ≥ US$20,000	▪ RT-PCR test upon arrival ▪ RT-PCR test on Day 5 ▪ Mandatory quarantine of 5 nights in a quarantine hotel ▪ Insurance coverage may be below US$20,000	▪ RT-PCR test upon arrival ▪ RT-PCR test on Day 5 ▪ Mandatory quarantine of 5 nights in a quarantine hotel ▪ Insurance coverage to below US$20,000

Source: CCSA

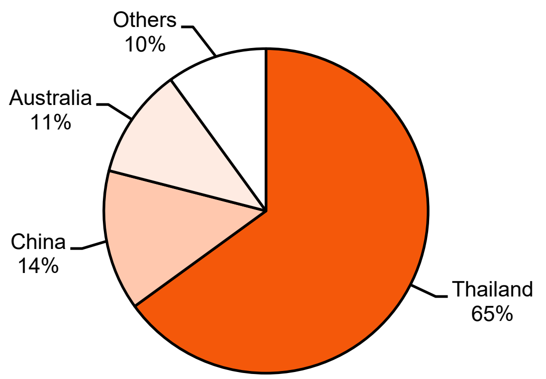
Note: * Under consideration

Mixed bag for food business

Improving food business in Thailand and Australia in 1Q22, though weak in China

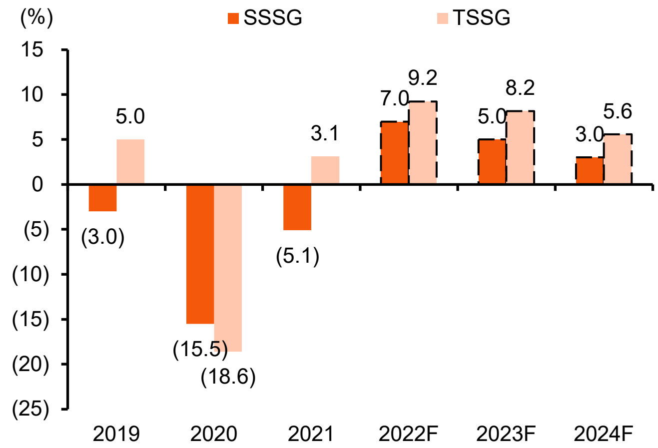
Of the total 20% of food revenue contribution in 2019, Thailand accounted for 13%, China 3%, Australia 2% and other 2%. Same-store-sales growth (SSSG) in Thailand started to grow y-y in 1Q22 from flat y-y in 4Q21. Meanwhile, the contraction of SSSG in Australia in 1Q22 was slower than in 4Q21 after the easing of lockdowns. MINT's China food business is being impacted by lockdowns in many provinces due to the spread of COVID-19. We forecast MINT to see average SSSG of 9.2/8.2/5.6% in 2022-24 vs. -15.5/-5.1% in 2020-21.

Ex 11: Food Revenue Breakdown By Location In 2019



Sources: Company data, Thanachart estimates

Ex 12: SSSG And TSSG



Sources: Company data, Thanachart estimates

Ex 13: 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	11,172	19,192	22,106	24,098	25,895	27,267	28,680	30,130	31,600	33,001	34,581	36,225	—
Free cash flow	2,895	7,149	9,123	14,817	16,830	17,987	20,180	22,398	24,622	25,851	27,088	28,446	503,291
PV of free cash flow	2,887	6,246	7,449	11,308	11,792	11,738	12,262	12,675	12,977	12,689	11,894	11,591	205,073

Risk-free rate (%)	2.5
Market risk premium (%)	8.0
Beta	1.0
WACC (%)	7.0
Terminal growth (%)	2.0
Enterprise value - add investments	341,100
Net debt (2021)	107,532
Minority interest	11,470
Equity value	222,099
# of shares*	5,759
Target price/share (Bt)	**39.00**

Sources: Company data, Thanachart estimates

Note: * Include MINT-W7, MINT-W8 and MINT-W9 exercise

Valuation Comparison

Ex 14: 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)**	**(%)**	**(%)**
Accor SA	AC FP	France	2.8	228.7	86.9	26.4	1.9	1.9	18.0	12.1	1.1	2.5
Indian Hotels	IH IN	India	na	na	na	62.5	6.4	5.9	81.0	30.5	0.1	0.3
Resorttrust	4681 JP	Japan	na	14.1	33.2	29.1	2.0	1.9	13.6	11.8	1.4	1.5
Hotel Shilla	008770 KS	S. Korea	200.5	88.9	39.0	20.6	4.6	3.8	14.5	11.5	0.3	0.3
NH Hotel Group	NHH SM	Spain	na	na	na	19.3	2.0	1.7	10.4	7.9	0.0	0.3
Shanghai Jin Jiang Capital	2006 HK	Hong Kong	na	(20.0)	33.7	42.1	1.8	1.7	10.5	na	1.3	na
Hongkong & Shanghai	45 HK	Hong Kong	na	na	na	35.1	na	na	35.9	23.8	0.5	0.7
Shangri-La Asia	69 HK	Hong Kong	na	na	na	220.7	3.6	3.5	37.0	19.1	0.0	0.0
InterContinental Hotels	IHG US	US	na	27.3	25.7	20.2	na	na	16.5	14.0	1.6	1.9
Marriott International	MAR US	US	63.0	28.9	33.4	25.9	20.3	18.9	20.2	16.9	0.3	0.8
Hilton Worldwide Holdings	HLT US	US	180.8	34.5	37.9	28.2	na	na	21.8	18.0	0.3	0.4
Asset World Corp	AWC TB	Thailand	na	na	na	119.0	2.1	2.1	67.9	39.2	0.0	0.3
Central Plaza Hotel	CENTEL TB*	Thailand	na	na	na	39.6	3.4	3.1	21.7	14.0	0.0	0.5
Erawan Group	ERW TB*	Thailand	na	na	na	67.9	3.1	2.9	42.6	13.7	0.0	0.3
Minor International	MINT TB*	Thailand	na	na	na	35.9	2.4	2.5	14.8	11.1	0.0	0.6
Average			**111.8**	**57.5**	**41.4**	**52.8**	**4.5**	**4.2**	**28.4**	**17.4**	**0.5**	**0.7**

Sources: Company data, Thanachart estimates

Note: * Thanachart estimates, using normalized EPS

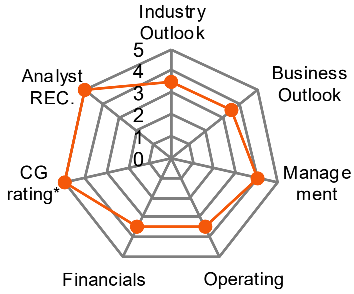
Based on 19-Apr-22 closing prices

COMPANY DESCRIPTION

Minor International Pcl (MINT) owns and operates hotels and restaurants in Thailand and abroad. The company is engaged in the international hospitality business including hotels and resorts, spas, restaurant franchises, residence, mixed-use projects and lifestyle brand distributors and contract manufacturers.

Source: Thanachart

COMPANY RATING



Rating Scale	
Very Strong	5
Strong	4
Good	3
Fair	2
Weak	1
None	0

Source: Thanachart; *CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Well-received owned hotel brands, i.e. Anantara, Oaks, Avani, Tivoli, NH Hotels, etc.
- MINT's restaurant brands are the leaders in each category.
- Geographical diversification of its hotel footprint.

W — Weakness

- Thailand's upscale hotel oversupply.
- High gearing after the major acquisition in 2018.

O — Opportunity

- Strategic investments and acquisitions around the world.
- Robust growth in global consumption.
- Development of residential projects to maximize profitability.

T — Threat

- Fierce competition among hotel operators leading to obstacles to unlocking its profitability.
- Competition among restaurant operators both at home and abroad.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	38.64	39.00	1%
Net profit 22F (Bt m)	1,727	1,642	-5%
Net profit 23F (Bt m)	6,181	6,954	13%
Consensus REC	**BUY: 21**	**HOLD: 2**	**SELL: 1**

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2023F earnings and TP are higher than peers', given our more bullish view of MINT's long-term growth prospects.

Sources: Bloomberg consensus, Thanachart estimates

RISKS TO OUR INVESTMENT CASE

- The NH acquisition represents a significant part of MINT's performance. A decline in NH and MINT's operations would be the key downside risk to our call.
- Events that would impact Thailand's and the global political situation, along with natural disasters and pandemic, represent a secondary downside risk to our call.
- Slower domestic and global economic, tourism and consumption growth would also present downside risks.
- A slow recovery in MINT's food business represents a downside risk.

Source: Thanachart

Earnings turnaround in 2022-24F

INCOME STATEMENT

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Sales	55,812	68,868	102,166	124,172	133,030
Cost of sales	47,254	47,417	63,268	72,184	76,026
Gross profit	**8,558**	**21,451**	**38,898**	**51,988**	**57,004**
% gross margin	15.3%	31.1%	38.1%	41.9%	42.9%
Selling & administration expenses	26,426	33,137	36,834	42,185	44,687
Operating profit	**(17,868)**	**(11,686)**	**2,063**	**9,803**	**12,318**
% operating margin	-32.0%	-17.0%	2.0%	7.9%	9.3%
Depreciation & amortization	18,241	19,942	17,836	17,774	17,823
EBITDA	**374**	**8,256**	**19,899**	**27,578**	**30,141**
% EBITDA margin	0.7%	12.0%	19.5%	22.2%	22.7%
Non-operating income	2,742	6,730	6,797	5,281	5,100
Non-operating expenses	(625)	1,469	0	0	0
Interest expense	(7,452)	(8,118)	(7,753)	(7,087)	(6,759)
Pre-tax profit	**(23,204)**	**(11,605)**	**1,108**	**7,998**	**10,659**
Income tax	(2,983)	(1,490)	111	800	1,066
After-tax profit	**(20,220)**	**(10,114)**	**997**	**7,198**	**9,593**
% net margin	-36.2%	-14.7%	1.0%	5.8%	7.2%
Shares in affiliates' Earnings	(464)	(209)	190	445	551
Minority interests	1,296	1,009	456	(689)	(809)
Extraordinary items	(2,019)	(3,853)	0	0	0
NET PROFIT	**(21,407)**	**(13,167)**	**1,642**	**6,954**	**9,334**
Normalized profit	**(19,388)**	**(9,314)**	**1,642**	**6,954**	**9,334**
EPS (Bt)	(4.7)	(2.8)	0.0	1.0	1.4
Normalized EPS (Bt)	(4.3)	(2.1)	0.0	1.0	1.4

Improving balance sheet

BALANCE SHEET

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
ASSETS:					
Current assets:	52,064	48,827	62,843	54,568	52,294
Cash & cash equivalent	26,188	25,097	30,000	15,000	10,000
Account receivables	12,286	14,638	22,392	27,216	29,157
Inventories	3,683	3,490	4,680	5,340	5,624
Others	9,908	5,602	5,770	7,013	7,513
Investments & loans	16,052	16,249	16,249	16,249	16,249
Net fixed assets	122,718	130,050	125,941	125,552	126,763
Other assets	171,492	174,508	167,494	160,632	154,136
Total assets	**362,327**	**369,633**	**372,526**	**357,000**	**349,442**
LIABILITIES:					
Current liabilities:	41,238	58,058	61,018	62,570	62,050
Account payables	15,310	18,394	24,267	27,687	29,161
Bank overdraft & ST loans	140	482	529	486	446
Current LT debt	6,656	17,663	17,138	15,730	14,434
Others current liabilities	19,131	21,520	19,083	18,666	18,009
Total LT debt	**129,897**	**114,483**	**114,694**	**105,273**	**96,596**
Others LT liabilities	114,868	117,599	103,217	98,280	93,362
Total liabilities	**286,003**	**290,140**	**278,930**	**266,123**	**252,007**
Minority interest	9,343	11,470	11,014	11,703	12,512
Preferreds shares	0	0	0	0	0
Paid-up capital	5,182	5,214	5,759	5,759	5,759
Share premium	24,196	24,893	38,737	38,737	38,737
Warrants	0	0	0	0	0
Surplus	21,927	38,046	38,046	29,765	29,765
Retained earnings	**15,676**	**(130)**	**40**	**4,913**	**10,661**
Shareholders' equity	66,981	68,023	82,582	79,174	84,923
Liabilities & equity	**362,327**	**369,633**	**372,526**	**357,000**	**349,442**

Sources: Company data, Thanachart estimates

No risk of capital call, in our view

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Earnings before tax	(23,204)	(11,605)	1,108	7,998	10,659
Tax paid	1,554	1,748	9	(497)	(1,056)
Depreciation & amortization	18,241	19,942	17,836	17,774	17,823
Chg In w orking capital	(1,001)	924	(3,071)	(2,063)	(752)
Chg In other CA & CL / minorities	10,654	9,362	(2,535)	(1,518)	(617)
Cash flow from operations	**6,244**	**20,371**	**13,347**	**21,694**	**26,057**
Capex	(8,426)	(16,377)	(5,000)	(9,000)	(11,000)
Right of use	(98,480)	(8,587)	(1,000)	(1,000)	(1,000)
ST loans & investments	0	0	0	0	0
LT loans & investments	(2,208)	(197)	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	78,706	(4,097)	(15,094)	(5,460)	(5,457)
Cash flow from investments	**(30,409)**	**(29,257)**	**(21,094)**	**(15,460)**	**(17,457)**
Debt financing	24,095	(6,413)	(266)	(10,873)	(10,014)
Capital increase	9,741	728	14,390	0	0
Dividends paid	(1,461)	(1,546)	(1,473)	(2,081)	(3,586)
Warrants & other surplus	4,647	15,026	0	(8,281)	0
Cash flow from financing	**37,022**	**7,795**	**12,651**	**(21,234)**	**(13,600)**
Free cash flow	**(2,182)**	**3,994**	**8,347**	**12,694**	**15,057**

Inexpensive valuation, in our view

VALUATION

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Normalized PE (x)	na	na	1,130.4	35.9	24.8
Normalized PE - at target price (x)	na	na	1,268.6	40.3	27.8
PE (x)	na	na	1,130.4	35.9	24.8
PE - at target price (x)	na	na	1,268.6	40.3	27.8
EV/EBITDA (x)	749.8	35.2	14.8	11.1	10.0
EV/EBITDA - at target price (x)	805.3	37.9	16.0	12.0	10.8
P/BV (x)	2.7	2.7	2.4	2.5	2.4
P/BV - at target price (x)	3.1	3.0	2.7	2.8	2.6
P/CFO (x)	27.2	9.0	14.4	9.2	7.7
Price/sales (x)	3.2	2.6	1.8	1.5	1.4
Dividend yield (%)	0.0	0.0	0.0	0.6	1.4
FCF Yield (%)	(1.3)	2.2	4.3	6.3	7.5
(Bt)					
Normalized EPS	(4.3)	(2.1)	0.0	1.0	1.4
EPS	(4.7)	(2.8)	0.0	1.0	1.4
DPS	0.0	0.0	0.0	0.2	0.5
BV/share	12.7	12.9	14.3	13.7	14.7
CFO/share	1.3	3.9	2.4	3.8	4.5
FCF/share	(0.4)	0.8	1.5	2.2	2.6

Sources: Company data, Thanachart estimates

Rising asset utilization and cost control to drive margins

FINANCIAL RATIOS

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Growth Rate					
Sales (%)	(52.4)	23.4	48.3	21.5	7.1
Net profit (%)	na	na	na	323.4	34.2
EPS (%)	na	na	na	3,045.5	45.0
Normalized profit (%)	na	na	na	323.4	34.2
Normalized EPS (%)	na	na	na	3,045.5	45.0
Dividend payout ratio (%)	0.0	0.0	0.0	20.0	35.0
Operating performance					
Gross margin (%)	15.3	31.1	38.1	41.9	42.9
Operating margin (%)	(32.0)	(17.0)	2.0	7.9	9.3
EBITDA margin (%)	0.7	12.0	19.5	22.2	22.7
Net margin (%)	(36.2)	(14.7)	1.0	5.8	7.2
D/E (incl. minor) (x)	1.8	1.7	1.4	1.3	1.1
Net D/E (incl. minor) (x)	1.4	1.4	1.1	1.2	1.0
Interest coverage - EBIT (x)	na	na	0.27	1.4	1.8
Interest coverage - EBITDA (x)	0.1	1.0	2.6	3.9	4.5
ROA - using norm profit (%)	na	na	0.4	1.9	2.6
ROE - using norm profit (%)	na	na	2.2	8.6	11.4
DuPont					
ROE - using after tax profit (%)	na	na	1.3	8.9	11.7
- asset turnover (x)	0.2	0.2	0.3	0.3	0.4
- operating margin (%)	na	na	8.7	12.1	13.1
- leverage (x)	4.3	5.4	4.9	4.5	4.3
- interest burden (%)	147.3	332.8	12.5	53.0	61.2
- tax burden (%)	na	na	90.0	90.0	90.0
WACC (%)	7.0	7.0	7.0	7.0	7.0
ROIC (%)	(10.2)	(6.6)	1.1	4.8	6.0
NOPAT (Bt m)	(17,868)	(11,686)	1,857	8,823	11,086
invested capital (Bt m)	177,485	175,554	184,944	185,664	186,398

Sources: Company data, Thanachart estimates

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