BUY (Unchanged) | **TP: Bt 60.00** (From: Bt 65.00)

Change in Numbers | **Upside : 25.0%** | **5 MAY 2022**

Small Cap Research

TQM Corporation Pcl (TQM TB)

Keeps on growing

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Despite the absence of COVID-19 policy sales, TQM looks on track to achieve its premium growth target. This is while Easy Lending and the acquisition of 44.35% of TQR have emerged as its new growth and profit drivers. Having de-rated by 33% in the past year, TQM's valuation no longer looks demanding on 1.26x PEG and 34% ROE.

Thanachart Securities

COVID-19 policy offsetting factors

From Bt454m in 2020, TQM sold around Bt952m of COVID-19 insurance premiums last year. The policy was discontinued in late 3Q21. This means 5% of its total premium sales last year will disappear. Even so, TQM is still looking to grow premium sales by 12% this year and 17% in 2023. Management believes this is achievable for the following reasons; 1) very strong growth of health insurance where average premium sales are at least 5x higher than for COVID-19 policies; 2) growing travel insurance for inbound tourists in 1H22F and outbound sales in 2H22F; and 3) housing insurance sales in 2H22F after it completes the upgrade of its online platform in 2Q22. Motor insurance remains TQM's core product and it has expanded into older car segments since late 2020 to offset the slowdown in new car sales.

Easy Lending taking off

Easy Lending (EL) is TQM's 75%-held subsidiary established in 4Q21. EL has a personal loan license so acts as the consumer lending arm for the group. Starting with offering installment loans for TQM's insurance sales, EL is utilizing True Life group's (TQM's 50% subsidiary) connections with state enterprises to extend personal loans with a 15% interest rate to their co-operative members. The captive insurance installment loans are mainly to lower the banking fees TQM pays to credit card companies. Personal loans are the group's new revenue source. Charging much lower interest rates than the market, EL trades off low margins with lower defaults as it has loan guarantees and surety insurance coverage from the co-operatives. EL targets to grow loans from Bt1.5bn to Bt4.5bn in 2024.

Value chain completion with TQR

TQM spent Bt520m in late April to acquire 44.35% of TQR, a listed reinsurance broker. TQR had Bt8bn of reinsurance premiums and more than a 40% net profit margin in 2021. The acquisition price was 60% below the market price. Financing was 100% from TQM's internal cash flow. This is a good move, in our view, as it should strengthen the group's insurance brokerage value chain and lead to decent synergistic benefits.

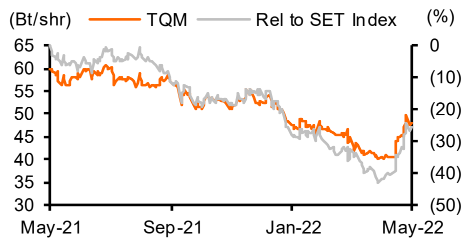
Reaffirm BUY call with a TP of Bt60

We trim our 2022-24F profit on a two-month delay in the TQR acquisition and lower brokerage fees. We cut our DCF-based 12-month TP to Bt60 from Bt65 as we also take out the M&A value of Bt4/sh. Given 10/16/13% premium growth, extra profits by True Life, EL and TQR and operating leverage effect, we forecast 23% 2021-24F normalized EPS CAGR and ROE to rise from 34% in 2022F to 42% in 2024F. Trading at 9% discount to its average PE with 25% potential upside to our TP, we reaffirm our BUY call.

COMPANY VALUATION

Y/E Dec (Bt m)	2021A	2022F	2023F	2024F
Sales	3,274	3,824	4,343	4,820
Net profit	890	997	1,263	1,536
Consensus NP	—	1,055	1,267	na
Diff frm cons (%)	—	*(5.5)*	*(0.3)*	*na*
Norm profit	827	997	1,263	1,536
Prev. Norm profit	—	1,010	1,276	1,575
Chg frm prev (%)	—	*(1.2)*	*(1.0)*	*(2.5)*
Norm EPS (Bt)	1.4	1.7	2.1	2.6
Norm EPS grw (%)	17.8	20.7	26.7	21.6
Norm PE (x)	34.8	28.9	22.8	18.7
EV/EBITDA (x)	24.6	21.4	17.4	14.8
P/BV (x)	10.8	9.0	8.3	7.4
Div yield (%)	2.6	2.8	3.5	4.3
ROE (%)	32.6	33.9	37.9	41.9
Net D/E (%)	(42.8)	2.5	25.6	43.2

PRICE PERFORMANCE



COMPANY INFORMATION

Price: (Bt) *as of* 5-May-22	48.00
Market Cap (US$ m)	845.9
Listed Shares (m shares)	600.0
Free Float (%)	41.7
Avg. Daily Turnover (US$ m)	4.0
12M Price H/L (Bt)	60.75/40.00
Sector	Insurance
Major Shareholder	Eternal Growth Corp Ltd 51.2%

Sources: Bloomberg, Company data, Thanachart estimates

Undemanding valuation, in our view

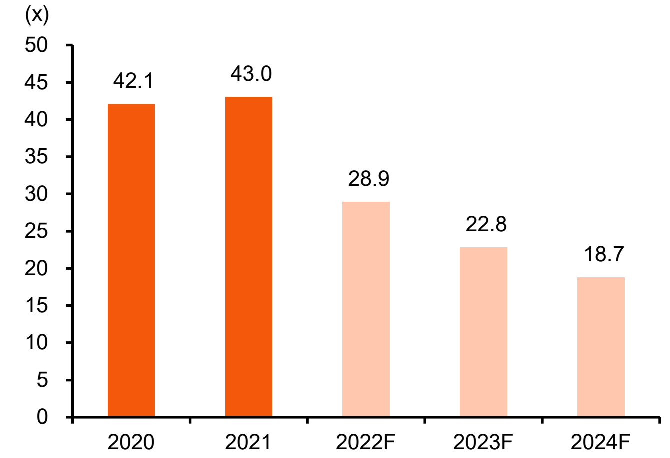
TQM's share price has been de-rated by about half from its peak

TQM Corporation's (TQM) share price has declined by 23% from its peak of Bt62.25 in February last year. Meanwhile, its forward PE has been de-rated from 42x in 2020 and 40x in 2021 to 29x in 2022F. The pullback has been a result of the discontinuation of sales of COVID-19 insurance policies and a delay in its M&A execution. This led to an unwarranted valuation premium given the market's expectation of slowing profit growth.

Ex 1: Share Prices

Source: Bloomberg

Ex 2: De-rated PE



Sources: Company data, Thanachart estimates

Uninterrupted growth without COVID

We met TQM's management which is confident that it can achieve its premium growth targets of 12% this year, 17% in 2023 and 13% in 2024. As for the TQR M&A, it completed the acquisition of a 44.35% stake in late April this year. This, together with its investment in True Life Group in 2021, means that TQM has been able to lock in Bt10bn out of its inorganic premium target of Bt15bn. With the higher valuations of TQM and TQR, two listed insurance brokerage companies, we believe it is getting more difficult for TQM to acquire other insurance brokers at inexpensive valuations. Therefore, we are focusing on TQM's business in hand and take out the Bt4 M&A value from our TP.

Ex 3: 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	Terminal Value
EBITDA	1,294	1,671	2,031	2,415	2,891	3,280	3,702	4,170	4,687	5,259	5,891	—
Free cash flow	575	1,391	1,682	1,997	2,387	2,706	3,054	3,438	3,862	4,331	4,848	58,456
PV of free cash flow	575	1,161	1,282	1,391	1,485	1,531	1,570	1,608	1,642	1,675	1,622	19,553

Risk-free rate (%)	2.5
Market risk premium (%)	8.0
Beta	0.9
WACC (%)	9.5
Terminal growth (%)	2.0
Enterprise value, incl. investments*	35,094
Net debt (2022F)	(1,289)
Minority Interest	407
Equity value (Bt m)	35,976
No .of shares (m)	600
Target price/share (Bt)	**60.00**

Sources: Company data, Thanachart estimates

We project a three-year EPS CAGR of 23%

We trim our 2022-24F earnings by 1-3% to reflect a two-month delay in the TQR acquisition and lower brokerage fees. We incorporate stronger loan growth from Easy Lending (EL), TQM's 75%-held subsidiary consumer lending arm. That said, we still have conservative expectations for EL's loans of Bt1.5bn in 2022, Bt2.6bn and Bt4.0bn in 2023-24F. This compares with EL's target to triple its loan book of Bt4.5bn in 2024.

Ex 4: Earnings Revisions

	2020	2021	2022F	2023F	2024F
Total revenues (Bt bn)					
- New	3.08	3.27	3.82	4.34	4.82
- Old			3.82	4.33	4.83
- Change (%)			*0.04*	*0.37*	*(0.15)*
Brokerage revenues (Bt bn)					
- New	1.85	2.04	2.18	2.49	2.80
- Old			2.22	2.53	2.89
- Change (%)			*(1.73)*	*(1.78)*	*(2.93)*
TQR's profit contribution (Bt m)					
- New			28.19	48.15	54.71
- Old			31.71	48.15	54.71
- Change (%)			*(11.11)*	-	-
Easy Lending's loans (Bt bn)					
- New		0.12	1.50	2.60	4.00
- Old		0.12	1.50	1.77	2.55
- Change (%)			-	*46.77*	*57.08*

Sources: Company data, Thanachart estimates

Despite the absence of COVID-19 policy sales, TQM looks right on track to achieve its premium growth target. This is while EL and the acquisition of a 44.35% stake in TQR have emerged as its new growth and profitability drivers. We forecast a three-year EPS CAGR of 23% and this is backed by:

#1: Growth in other non-motor insurance offsetting the lack of COVID-19 policy sales

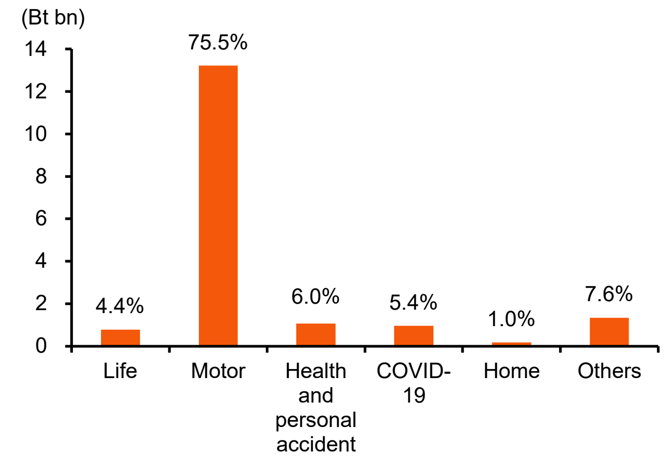
Clear COVID-19 offsetting factors

From Bt454m in 2020, TQM sold around Bt952m of COVID-19 insurance premiums last year. The policy was discontinued in late 3Q21. This means 5% of its total premium sales last year will disappear.

Even so, TQM is still looking to grow premium sales by 12% this year and 17% in 2023. Management believes this is achievable for the following reasons: 1) very strong growth in health insurance where average premium sales are at least 5x higher than for COVID-19 policies; 2) growing travel insurance for inbound tourists in 1H22F and outbound sales in 2H22F; and 3) housing insurance sales in 2H22 once it completes its online platform upgrade in 2Q22.

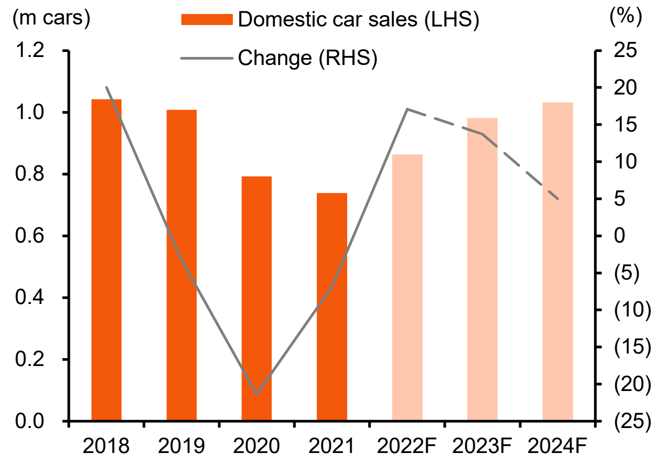
Motor insurance remains TQM's core product. From a previous concentration on second-year car renewal insurance policies, TQM has been increasing its penetration of the older car market (three and four years old) to tackle the slowdown in new car sales over 2020-21. As we expect domestic car sales to rebound by 17% this year, we foresee better growth in TQM's car renewal insurance sales in 2023F.

Ex 5: Premium Sales Breakdown In 2021



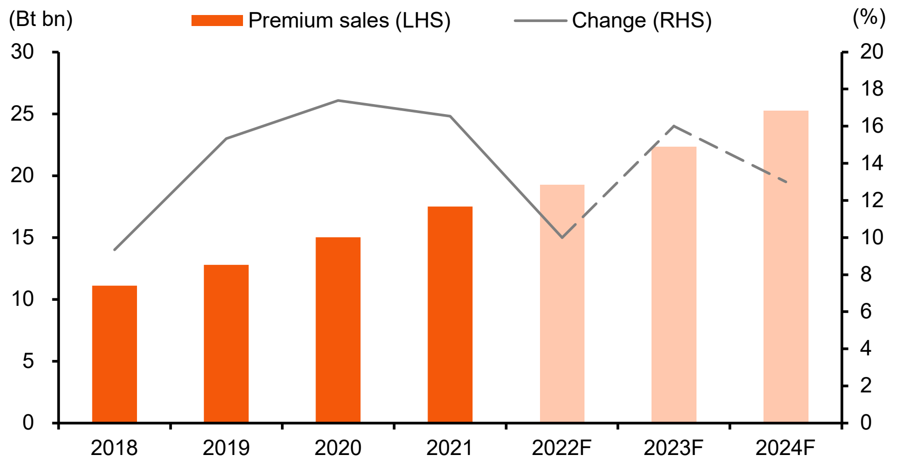
Source: Company data

Ex 6: Domestic Car Sales



Sources: Thai Automotive Industry Association, Thanachart estimates

Ex 7: Growing Premium Sales



Sources: Company data, Thanachart estimates

#2: Easy Lending (EL) taking off

Expecting to triple EL's loans in three years

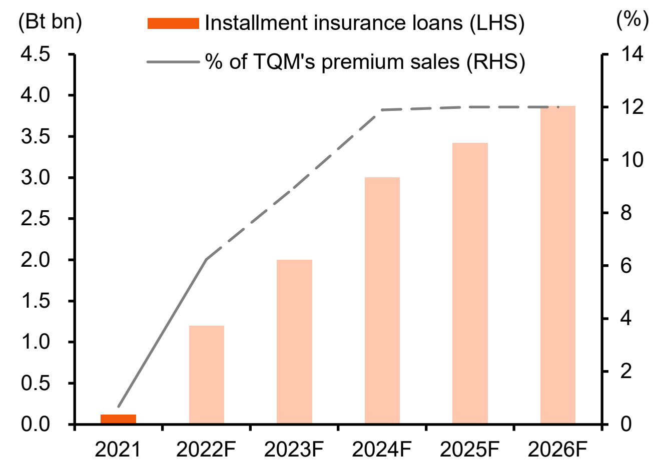
Of TQM's insurance sales, 70% is in cash and 30% by credit card payments. The company offers 0% installment plans to its customers. The customers pay no interest as TQM subsidizes the interest and banking fees of around 10% charged by credit card companies as part of its selling and marketing campaigns. Finding ways to reduce these banking fees (booked in cost of services and SG&A), TQM established EL in October 2021. EL extended loans to captive insurance customers worth Bt118m in December 2021 and up to Bt350m in 1Q22. We expect EL to capture up to 12% of TQM's insurance premiums over the medium to longer term.

Utilizing True Life Group's (TQM's 50% subsidiary) connections with state enterprises, EL is expanding to extend personal loans with a 15% interest rate to their co-operative members. The interest rate of personal loans is capped at 25% p.a. Charging much lower interest rates than the market, EL trades off low margins with lower defaults as it has loan guarantees and surety insurance coverage from the co-operatives. The surety insurance is EL's second safeguard layer as it can still recoup its loans even if something happens that makes the co-operatives fail to take responsibility as the guarantors.

The expansion into non-insurance related personal loans goes beyond TQM's existing core business

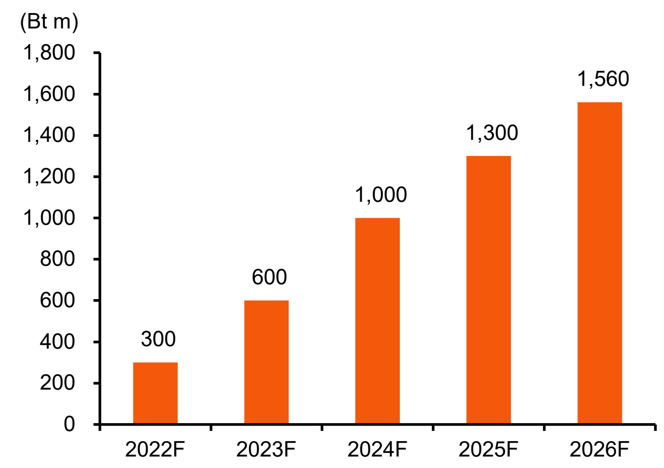
EL targets to grow loans from Bt350m in 1Q22 to Bt1.5bn in 2022 and Bt4.5bn in 2024. We incorporate stronger loan growth of Easy Lending (EL) and expect EL's loans to come to Bt1.5bn in 2022F, and Bt2.6bn and Bt4.0bn in 2023-24F. We understand TQM's rationale to have EL as its in-house lending arm to reduce banking fees for 0% installment plan insurance sales. However, the expansion into non-insurance related personal loans goes beyond TQM's existing core business. Even though EL is designing a model that helps to mitigate the risk of defaults and NPLs, undeniably this is not a risk-free balance sheet business in comparison with its existing insurance brokerage sales.

Ex 8: Captive Insurance Installment Loans



Sources: Company data, Thanachart estimates

Ex 9: Personal Loans To Co-operatives



Sources: Company data, Thanachart estimates

#3: Value chain completion with TQR

We see TQR as a solid company with good synergies for the group

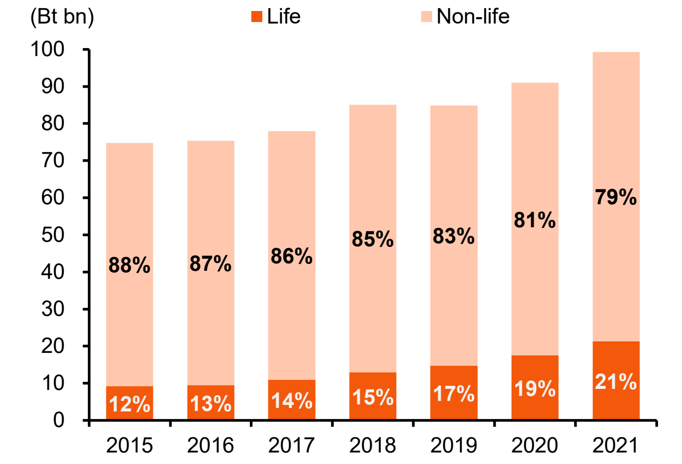
TQM spent Bt520m to acquire 44.35% of the shares in TQR, a listed reinsurance broker in late April. Founded in 2012 by a veteran insurance team, TQR is one of the largest local reinsurance brokers. It had Bt8bn of reinsurance premiums and more than a 40% net profit margin in 2021. The acquisition price of Bt5.1 per share was 60% below the market price with 100% of financing from TQM's internal cash flow.

This is a good move, in our view. We see TQR as a fundamentally strong company. Management has broad experience and strong relationships with top cedents in Thailand and connections with local and international reinsurance firms. It offers competitive pricing for traditional products and is being active in offering unconventional products. Introduced in 2016, TQR started an alternative business whereby it collaborates with cedents to develop and launch new insurance policies that are different from those available on the market. This allows TQR to secure reinsurance volume and earn higher fees than under the traditional approach.

Reinsurance premiums grew by 9% in 2021, comprising 22% growth in life reinsurance and 6% growth in non-life. Non-life still dominates reinsurance premiums at 79% in 2021. The increase in reinsurance coverage of life insurance is believed to be due to a rising portion of protection and health rider insurance policy sales. Industry reinsurance coverage has increased from 10% in 2019 to 10.7% in 2021 and 11.3% in 2021. As TQR offers services far beyond those of a simple intermediary broker, we believe its targets of 10% premium growth p.a. and sustained high net profit margin of close to 40% are achievable.

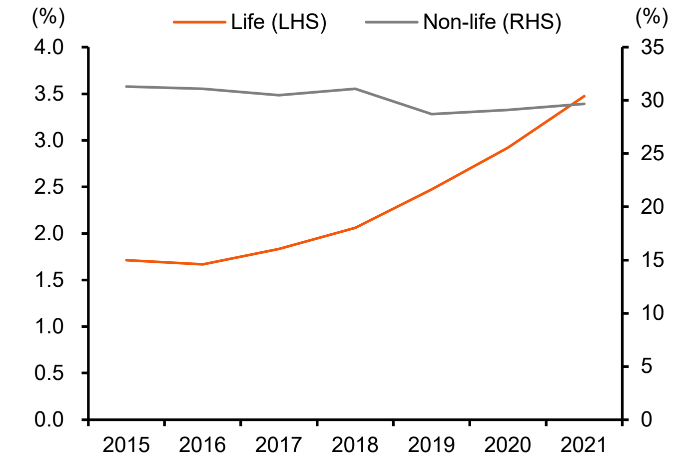
Not only is TQR a solid company with a strong growth outlook, but the acquisition should also strengthen the group's insurance brokerage value chain and lead to decent synergistic benefits. While TQM connects insurance to its 2m customer base, TQR operates a wholesale business as it offers an intermediary service for insurance and reinsurance companies. As both are proactive brokerages, we believe they can join hands to differentiate insurance products from what have been offered previously in the market and therefore better match customer needs. This would allow them to have exclusivity rights in distributing insurance policies and to secure reinsurance volume without having to undercut on pricing. TQM is also keen to expand into ASEAN Economic Community (AEC) countries where the insurance industries are in their infancy and where they are required to be fully reinsured by their insurance policies to mitigate against any unexpected risks.

Ex 10: Life And Non-Life Reinsurance Premiums



Sources: Company data, Thanachart estimates

Ex 11: % Of Reinsurance Coverage



Sources: Company data, Thanachart estimates

Valuation Comparison

Ex 12: Valuation Comparison With Regional Peers

			EPS growth		— PE —		— P/BV —		– ROE –		— Div. Yield —	
Name	**BBG Code**	**Country**	**22F**	**23F**	**22F**	**23F**	**22F**	**23F**	**22F**	**23F**	**22F**	**23F**
			(%)	**(%)**	**(x)**	**(x)**	**(x)**	**(x)**	**(%)**	**(%)**	**(%)**	**(%)**
China Life Insurance	601628 CH	China	3.2	19.9	13.8	11.5	1.4	1.2	10.5	11.7	2.5	3.0
China Pacific Insurance	601601 CH	China	1.2	18.4	7.4	6.2	0.8	0.8	11.2	12.8	5.0	5.8
Ping An Insurance Group	601318 CH	China	20.7	16.9	6.5	5.5	0.9	0.8	14.8	16.3	5.5	5.9
China Life Insurance	2628 HK	Hong Kong	(1.3)	21.5	6.5	5.4	0.6	0.6	10.1	11.4	5.5	6.5
China Reinsurance Group	1508 HK	Hong Kong	4.7	17.2	4.3	3.7	0.3	0.3	7.4	8.2	7.1	8.2
Ping An Insurance Group	2318 HK	Hong Kong	20.7	18.4	7.3	6.2	1.0	0.9	15.0	15.7	4.8	5.2
LPI Capital	LPI MK	Malaysia	(9.2)	14.2	17.6	15.4	2.4	2.3	14.7	15.7	4.7	5.4
Dongbu Insurance	005830 KS	South Korea	(13.3)	3.8	5.3	5.1	0.6	0.6	11.2	10.8	5.1	5.1
Hyundai Marine & Fire	001450 KS	South Korea	na	na	na	na	na	na	na	na	4.8	5.0
Meritz Fire & Marine	000060 KS	South Korea	na	na	na	na	na	na	na	na	1.4	1.5
Samsung Fire & Marine	000810 KS	South Korea	(9.5)	7.1	8.7	8.1	0.5	0.5	6.5	6.6	5.8	6.2
Cathay Financial Holding	2882 TT	Taiwan	(24.8)	5.9	8.0	7.6	0.9	0.8	11.2	11.3	4.8	5.1
China Life Insurance	2823 TT	Taiwan	na	na	na	na	na	na	12.9	na	na	na
Shin Kong Financial	2888 TT	Taiwan	(38.7)	(2.2)	9.4	9.6	0.5	0.5	5.1	5.0	2.9	6.5
Bangkok Life Assurance	BLA TB *	Thailand	33.2	25.4	16.7	13.3	1.4	1.3	8.6	10.1	1.5	2.1
Thai Reinsurance	THRE TB	Thailand	na	150.0	51.0	20.4	1.3	1.2	2.1	5.8	1.0	2.9
Thaire Life Assurance	THREL TB	Thailand	56.3	36.0	22.0	16.2	2.1	2.0	10.1	12.9	3.3	4.4
TQM Corporation Pcl	TQM TB *	Thailand	20.7	26.7	28.9	22.8	9.0	8.3	33.9	37.9	2.8	3.5
Average			**4.6**	**25.3**	**14.2**	**10.5**	**1.6**	**1.5**	**11.6**	**12.8**	**4.0**	**4.8**

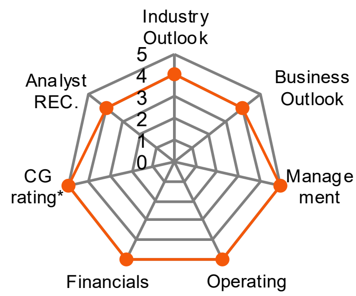
Source: Bloomberg
Note: * Thanachart estimates , using Thanachart normalized EPS
Based on 5 May 2022 closing prices

COMPANY DESCRIPTION

Founded in 1953, TQM is the biggest insurance broker in Thailand. TQM structures itself as a holding company. It holds a 100% economic interest in two main subsidiaries, ie, TQM Broker and TQM Life. The group also has Casmatt, which is 100% owned by TQM, to serve as its IT arm along with a 40% investment in TQLD, a start-up firm that specializes in insurance and tax advisory services. TQM conducted an IPO on 20 December 2018.

Source: Thanachart

COMPANY RATING



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

Source: Thanachart; * No CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Solid infrastructure and strong distribution platform.
- Scale benefits.
- Production innovation know-how.
- Solid balance sheet.

W — Weakness

- Over 80% of premium sales and revenues are from non-life motor insurance, which has a strong correlation with industry car sales.

O — Opportunity

- Increased life insurance penetration.
- Online expansion.
- Expansion into neighboring countries.

T — Threat

- Economic slowdown.
- Changes in regulations.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	67.13	60.00	-11%
Net profit 22F (Bt m)	1,055	997	-5%
Net profit 23F (Bt m)	1,267	1,263	0%
Consensus REC	**BUY: 5**	**HOLD: 0**	**SELL: 0**

HOW ARE WE DIFFERENT FROM THE STREET?

- We believe we are more conservative than the Bloomberg consensus on TQM's brokerage fees.
- Our DCF-based TP is lower, which we attribute to us valuing TQM based on its existing core business.

Sources: Bloomberg consensus, Thanachart estimates

RISKS TO OUR INVESTMENT CASE

- A slowdown in domestic car sales and slower growth of new product lines would be the main downside risk to our call.
- Severe pricing competition would be another downside risk.
- A failure to execute synergies with TQR as planned would also represent a secondary downside risk to our TP.

Source: Thanachart

Growing premium sales

Increasing exposure to personal loans

INCOME STATEMENT

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Sales	3,083	3,274	3,824	4,343	4,820
Cost of sales	1,517	1,545	1,684	1,783	1,872
Gross profit	**1,565**	**1,729**	**2,140**	**2,559**	**2,947**
% gross margin	50.8%	52.8%	56.0%	58.9%	61.2%
Selling & administration expenses	747	781	866	908	937
Operating profit	**818**	**948**	**1,274**	**1,651**	**2,011**
% operating margin	26.5%	29.0%	33.3%	38.0%	41.7%
Depreciation & amortization	147	171	78	56	59
EBITDA	**965**	**1,119**	**1,351**	**1,708**	**2,070**
% EBITDA margin	31.3%	34.2%	35.3%	39.3%	42.9%
Non-operating income	54	90	69	70	76
Non-operating expenses	0	0	0	0	0
Interest expense	(2)	(2)	(6)	(11)	(16)
Pre-tax profit	**869**	**1,036**	**1,337**	**1,711**	**2,071**
Income tax	167	206	267	342	414
After-tax profit	**702**	**830**	**1,070**	**1,369**	**1,657**
% net margin	22.8%	25.3%	28.0%	31.5%	34.4%
Shares in affiliates' Earnings	0	(2)	0	0	0
Minority interests	(0)	(1)	(72)	(105)	(120)
Extraordinary items	0	64	0	0	0
NET PROFIT	**702**	**890**	**997**	**1,263**	**1,536**
Normalized profit	**702**	**827**	**997**	**1,263**	**1,536**
EPS (Bt)	1.2	1.5	1.7	2.1	2.6
Normalized EPS (Bt)	1.2	1.4	1.7	2.1	2.6

BALANCE SHEET

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
ASSETS:					
Current assets:	2,130	1,989	2,963	4,146	5,623
Cash & cash equivalent	1,649	1,304	800	800	800
Account receivables	425	514	608	690	766
Inventories	0	118	1,500	2,600	4,000
Others	56	53	55	56	57
Investments & loans	736	1,096	1,616	1,616	1,616
Net fixed assets	94	79	99	117	132
Other assets	647	1,273	1,237	1,226	1,215
Total assets	**3,607**	**4,436**	**5,915**	**7,105**	**8,586**
LIABILITIES:					
Current liabilities:	611	729	1,634	2,584	3,540
Account payables	306	423	461	489	513
Bank overdraft & ST loans	11	15	891	1,790	2,701
Current LT debt	0	0	0	0	0
Others current liabilities	294	292	282	305	326
Total LT debt	**597**	**516**	**485**	**474**	**461**
Others LT liabilities	(0)	181	181	181	181
Total liabilities	**1,207**	**1,426**	**2,301**	**3,238**	**4,183**
Minority interest	0	334	407	407	527
Preferreds shares	0	0	0	0	0
Paid-up capital	300	300	300	300	300
Share premium	1,607	1,607	1,607	1,607	1,607
Warrants	0	0	0	0	0
Surplus	40	210	210	210	210
Retained earnings	**453**	**559**	**1,090**	**1,343**	**1,759**
Shareholders' equity	2,400	2,676	3,207	3,460	3,876
Liabilities & equity	**3,607**	**4,436**	**5,915**	**7,105**	**8,586**

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

Purchased a 44.35% stake in TQR in April 2022

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Earnings before tax	869	1,036	1,337	1,711	2,071
Tax paid	(120)	(201)	(262)	(337)	(409)
Depreciation & amortization	147	171	78	56	59
Chg In w orking capital	(749)	(91)	(1,436)	(1,155)	(1,451)
Chg In other CA & CL / minorities	(251)	329	(17)	(89)	15
Cash flow from operations	**(104)**	**1,244**	**(301)**	**186**	**285**
Capex	(54)	(51)	(50)	(50)	(50)
Right of use	(690)	(7)	(10)	(10)	(10)
ST loans & investments	0	0	0	0	0
LT loans & investments	(129)	(360)	(520)	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	519	(562)	(33)	(15)	(16)
Cash flow from investments	**(353)**	**(979)**	**(613)**	**(75)**	**(76)**
Debt financing	0	4	876	900	911
Capital increase	0	0	0	0	0
Dividends paid	(630)	(780)	(766)	(1,011)	(1,120)
Warrants & other surplus	(23)	166	300	0	0
Cash flow from financing	**(652)**	**(610)**	**410**	**(111)**	**(209)**
Free cash flow	**(158)**	**1,193**	**(351)**	**136**	**235**

VALUATION

PE has been de-rated

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Normalized PE (x)	41.0	34.8	28.9	22.8	18.7
Normalized PE - at target price (x)	51.3	43.6	36.1	28.5	23.4
PE (x)	41.0	32.3	28.9	22.8	18.7
PE - at target price (x)	51.3	40.4	36.1	28.5	23.4
EV/EBITDA (x)	28.1	24.6	21.4	17.4	14.8
EV/EBITDA - at target price (x)	35.6	31.0	26.7	21.7	18.3
P/BV (x)	12.0	10.8	9.0	8.3	7.4
P/BV - at target price (x)	15.0	13.5	11.2	10.4	9.3
P/CFO (x)	(277.0)	23.2	(95.8)	154.8	101.1
Price/sales (x)	9.3	8.8	7.5	6.6	6.0
Dividend yield (%)	2.2	2.6	2.8	3.5	4.3
FCF Yield (%)	(0.5)	4.1	(1.2)	0.5	0.8
(Bt)					
Normalized EPS	1.2	1.4	1.7	2.1	2.6
EPS	1.2	1.5	1.7	2.1	2.6
DPS	1.1	1.2	1.3	1.7	2.0
BV/share	4.0	4.5	5.3	5.8	6.5
CFO/share	(0.2)	2.1	(0.5)	0.3	0.5
FCF/share	(0.3)	2.0	(0.6)	0.2	0.4

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Growth Rate					
Sales (%)	13.7	6.2	16.8	13.6	11.0
Net profit (%)	38.4	26.8	12.0	26.7	21.6
EPS (%)	38.4	26.8	12.0	26.7	21.6
Normalized profit (%)	38.4	17.8	20.7	26.7	21.6
Normalized EPS (%)	38.4	17.8	20.7	26.7	21.6
Dividend payout ratio (%)	91.9	82.5	80.0	80.0	80.0
Operating performance					
Gross margin (%)	50.8	52.8	56.0	58.9	61.2
Operating margin (%)	26.5	29.0	33.3	38.0	41.7
EBITDA margin (%)	31.3	34.2	35.3	39.3	42.9
Net margin (%)	22.8	25.3	28.0	31.5	34.4
D/E (incl. minor) (x)	0.0	0.0	0.2	0.5	0.6
Net D/E (incl. minor) (x)	(0.7)	(0.4)	0.0	0.3	0.4
Interest coverage - EBIT (x)	390.9	na	225.1	151.8	123.2
Interest coverage - EBITDA (x)	461.3	na	238.8	157.0	126.8
ROA - using norm profit (%)	17.9	20.6	19.3	19.4	19.6
ROE - using norm profit (%)	29.6	32.6	33.9	37.9	41.9
DuPont					
ROE - using after tax profit (%)	29.6	32.7	36.4	41.1	45.2
- asset turnover (x)	0.8	0.8	0.7	0.7	0.6
- operating margin (%)	28.3	31.7	35.1	39.6	43.3
- leverage (x)	1.7	1.6	1.8	2.0	2.1
- interest burden (%)	99.8	99.8	99.6	99.4	99.2
- tax burden (%)	80.8	80.1	80.0	80.0	80.0
WACC (%)	9.5	9.5	9.5	9.5	9.5
ROIC (%)	(166.3)	99.7	73.4	40.1	36.1
NOPAT (Bt m)	660	759	1,019	1,321	1,609
invested capital (Bt m)	761	1,387	3,298	4,450	5,777

Sources: Company data, Thanachart estimates

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