BUY (Unchanged)

Change in Numbers

TP: Bt 43.00 (From: Bt 39.00)

Upside : 28.4%

20 JUNE 2022

Minor International Pcl (MINT TB)

Improving on all fronts

SIRIPORN ARUNOTHAI

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We reaffirm our BUY on MINT as its turnaround is across its business lines and locations. Cost pressure from inflation is being outweighed by a business recovery. MINT also looks inexpensive to us on 23.4x PE in a full recovery year in 2024F, vs. its 33x five-year historical average.

Strong recovery momentum

We reaffirm our call BUY on MINT as its turnaround is now happening across its business lines, ie, hotels and food, and locations, ie, Europe, Americas, Australia, China, the Maldives and Thailand. Although the company is seeing some cost pressure from inflation, we only fine-tune our earnings over 2022-24F as improving business momentum is offsetting the rising costs. This, together with the roll-over impact to a 2023F valuation base year, leads us to lift our DCF-based 12-month TP to Bt43 (from Bt39). MINT is trading on 23.4x PE in a full recovery year in 2024F, vs. its 33x five-year pre-COVID average.

Strong momentum overseas

MINT's overseas businesses made up 73% of total revenue in 2019 with 51% from Europe, Oceania (7%), the Americas (5%) and China (3%). NH Hotel in Europe saw its occupancy rate rise to 63/70% in April/May from 40% in 1Q22 with the average room rate surpassing its pre-COVID level and RevPar back to its pre-COVID rate. MINT saw recovery momentum continuing in June. Hotel and food businesses in Australia have also improved with food same-store sales (SSS) growing at a single-digit rate in April and May. The food business in China has started to improve after lockdown easing in June. We estimate MINT's overseas hotel and food business revenue to grow by 65/19/5% in 2022-24F.

Thailand's reopening happening now

Thailand accounted for 27% of MINT's total revenue in 2019. Thailand has gradually relaxed its travel barriers month by month, starting from March with near full reopening this month. MINT's Thai hotels' average occupancy rate was above 40% in April and May vs. 29% in 1Q22. We project 41.5/63.5/72.1% in 2022-24F. Foreign tourist arrivals were only 428k in 2021. They rose to 498k in 1Q22 alone and 1,118k in April-mid June 2022. We estimate 6.5/26/39m tourist arrivals over 2022-24F. As for domestic tourism, the number of trips so far this year was back to 81% of the pre-COVID level. The food business saw SSSG at 12.4% y-y in 1Q22 and at double-digit rates in April and May. We project Thai businesses' revenue to grow by 35/21/8% in 2022-24F.

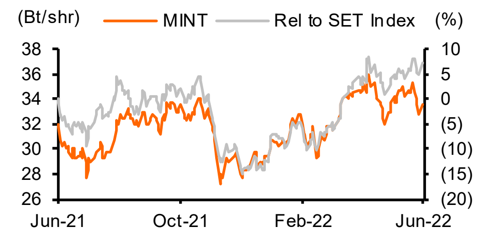
Cost pressures

Costs are rising for MINT in two areas. The first is rising overhead costs, such as rehiring and lease costs, driven by its business recovery. The second is from inflation pushing up raw material and utilities costs. To mitigate the impact, MINT is in the process of improving its procurement and inventory management. It is also reviewing its sales promotions and looking at increasing prices for its food business. However, the strong business turnaround momentum is outweighing the cost pressure impact.

COMPANY VALUATION

Y/E Dec (Bt m)	2021A	2022F	2023F	2024F
Sales	68,868	102,497	122,141	131,475
Net profit	(13,167)	1,619	6,952	9,376
Consensus NP	—	1,882	6,162	8,771
Diff frm cons (%)	—	*(14.0)*	*12.8*	*6.9*
Norm profit	(9,314)	1,619	6,952	9,376
Prev. Norm profit	—	1,642	6,954	9,334
Chg frm prev (%)	—	*(1.5)*	*(0.0)*	*0.4*
Norm EPS (Bt)	(2.1)	0.0	1.0	1.4
Norm EPS grw (%)	na	na	na	44.8
Norm PE (x)	na	793.5	33.9	23.4
EV/EBITDA (x)	34.4	14.5	10.8	9.7
P/BV (x)	2.6	2.3	2.4	2.3
Div yield (%)	0.0	0.0	0.6	1.5
ROE (%)	na	2.1	8.6	11.4
Net D/E (%)	135.3	109.7	117.2	103.9

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 20-Jun-22 (Bt)	33.50
Market Cap (US$ m)	4,989.6
Listed Shares (m shares)	5,257.4
Free Float (%)	61.3
Avg Daily Turnover (US$ m)	16.8
12M Price H/L (Bt)	36.00/27.25
Sector	Food
Major Shareholder	Group of Mr. William Heinecke 33%

Sources: Bloomberg, Company data, Thanachart estimates

Fine-tuning our earnings; reaffirming BUY

We fine-tune our earnings over 2022-24F

We only fine-tune our earnings estimates for Minor International (MINT) in 2022-24F. Though the company is experiencing cost pressure from inflation, we see its improving business momentum being enough to offset the rising costs. This, together with the rollover of our valuation base year to 2023F, leads us to lift our DCF-based 12-month TP to Bt43.0 from Bt39.0. We reaffirm our BUY rating on MINT due to the following reasons:

First, a turnaround trend is happening across MINT's business lines, ie, hotel and food, and locations, ie, Europe, Americas, Australia, China, the Maldives and Thailand.

Second, we expect MINT to be able to turn a profit from this year of Bt1.6bn with a jump to Bt7.0/9.4bn in 2023-24F vs. losses of Bt9.3/19.4bn in 2020-21. Key drivers are improving foreign and Thai tourist numbers and rising consumption along with the economic improvement.

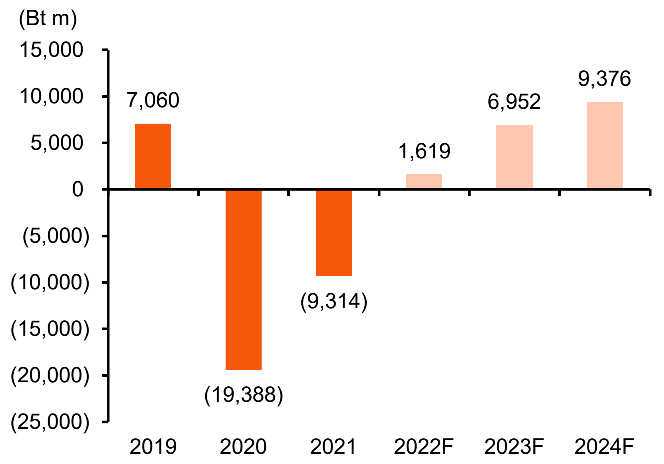
Third, MINT's PE of 23.4x in a full recovery year in 2024F vs. its 33x five-year pre-COVID average is inexpensive, in our view.

Ex 1: Changes In Our Key Assumptions And Earnings Revisions

	2020	2021	2022F	2023F	2024F
MINT's occupancy rate (%)					
- New	44.7	41.5	55.8	67.5	72.3
- Old			53.5	64.0	69.3
- Change (pp)			*2.3*	*3.5*	*3.0*
MINT's ARR (Bt/night)					
- New	3,648	3,538	3,843	3,900	3,994
- Old			3,020	3,635	3,856
- Change (%)			*27.3*	*7.3*	*3.6*
NHH's occupancy rate (%)					
- New	25	34	58	67	71
- Old			63	70	73
- Change (pp)			*(4.8)*	*(3.5)*	*(2.1)*
NHH's ARR (Euro/night)					
- New	84	89	107	115	117
- Old			98	109	111
- Change (%)			*9.1*	*5.1*	*5.1*
SG&A to sales (%)					
- New	47.3	48.1	37.6	35.4	34.8
- Old			36.1	34.0	33.6
- Change (pp)			*1.6*	*1.4*	*1.2*
Normalized profit (Bt m)					
- New	(19,388)	(9,314)	1,619	6,952	9,376
- Old			1,642	6,954	9,334
- Change (%)			*(1.5)*	*(0.0)*	*0.4*

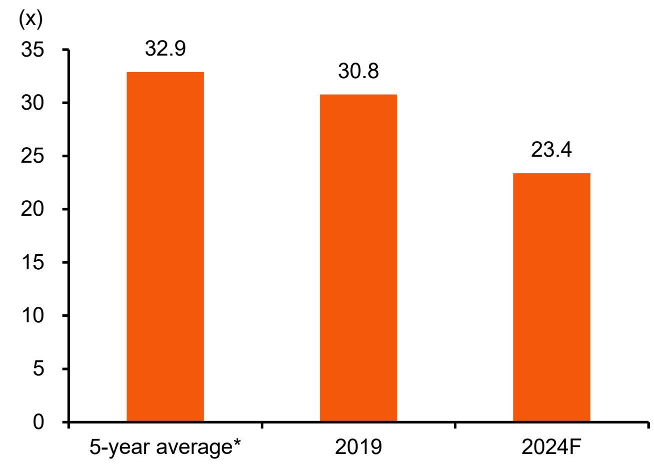
Sources: Company data, Thanachart estimates

Ex 2: Earnings Turnaround



Sources: Company data, Thanachart estimates

Ex 3: Inexpensive Valuation, In Our View



Sources: Company data, Thanachart estimates

Ex 4: 12-month DCF-based TP Calculation Using A Base Year of 2023F

(Bt m)	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	Terminal Value
EBITDA excl. depre from right of use	19,276	22,220	24,237	26,043	27,408	28,791	30,240	31,747	33,197	34,823	36,514	—
Free cash flow	11,775	13,842	19,431	21,397	23,563	24,611	25,680	26,965	28,250	29,554	30,976	487,237
PV of free cash flow	11,742	11,931	15,550	15,689	15,988	15,450	14,918	14,495	14,052	13,084	12,641	198,837
Risk-free rate (%)	2.5											
Market risk premium (%)	8.0											
Beta	1.2											
WACC (%)	7.7											
Terminal growth (%)	2.0											
Enterprise value - add investments	364,196											
Net debt (2022F)	102,787											
Minority interest	11,018											
Equity value	250,391											
# of shares*	5,759											
Target price/share (Bt)	**43.00**											

Sources: Company data, Thanachart estimates
Note: * Include MINT-W7, MINT-W8 and MINT-W9 exercise

Strong momentum overseas

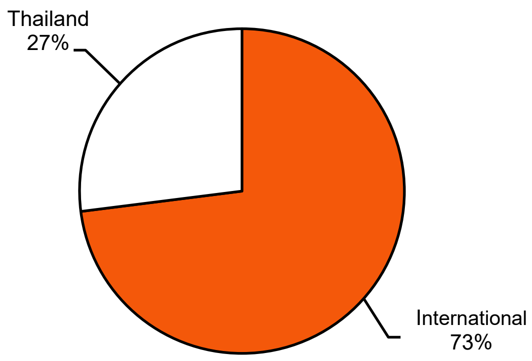
NH's RevPar in May surpassed its pre-COVID level and the trend continues

MINT's overseas businesses contributed 73% of total revenue in 2019 with 51% from Europe, Oceania (7%), the Americas (5%) and China (3%). NH Hotel (NH) in Europe saw a turnaround trend with its occupancy rate rising to 63/70% in April/May from 40% in 1Q22. The average room rate continued its strong recovery, surpassing EUR125/room/night in May vs. EUR90 in 1Q22 and EUR116/night in April 2022. With improving occupancy rate and ARR, NH's RevPar in May already returned to the pre-COVID level in 2019. MINT has seen recovery momentum continuing this month. Meeting and events are also on the rise again with pre-bookings for July increasing. Intra-European travelers are not seeing any impact from the Ukraine/Russia conflict.

Businesses in Australia and China are also improving

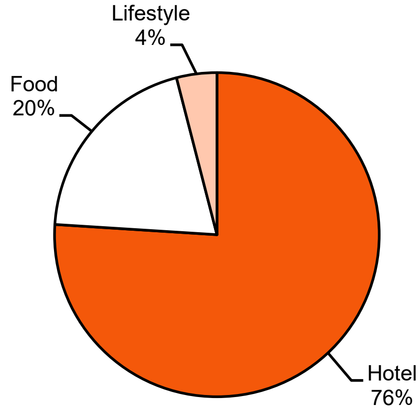
MINT's hotel and food businesses in Australia have also improved with food same-store sales (SSS) growing at a single-digit rate in April and May vs. -7.8% in 1Q22. SSS growth of the food business in China in April and May was still in negative territory but we expect it to have started to improve after lockdown easing this month in some areas. We estimate MINT's overseas hotel and food business revenue to grow by 65/19/5% in 2022-24F.

Ex 5: MINT's Revenue Breakdown By Geography In 2019



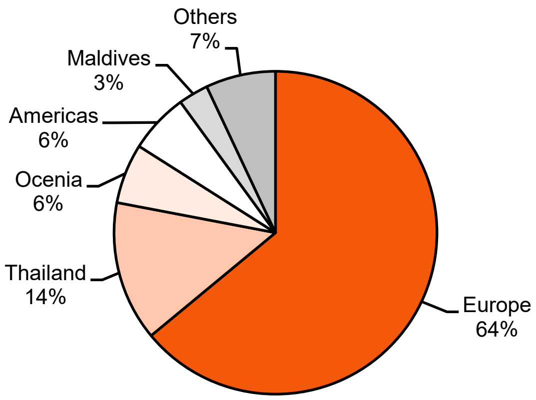
Source: Company data

Ex 6: Revenue Breakdown By Business In 2019



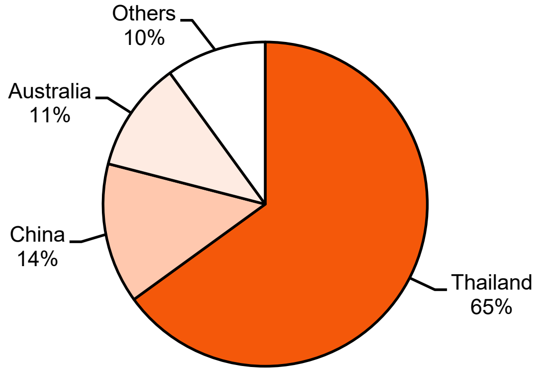
Source: Company data

Ex 7: Hotel Revenue Breakdown In 2019



Source: Company data

Ex 8: Food Revenue Breakdown In 2019



Source: Company data

Thailand's reopening happening now

Relaxation of travel rules and domestic tourism stimulus scheme

MINT's business in Thailand accounted for 27% of MINT's total revenue in 2019. Thailand has gradually relaxed its travel barriers month by month starting in March this year and it almost fully reopened this month. Details of Thailand's entry rules are shown in Exhibits 9 and 10. The Thai government also organized the domestic tourism stimulus scheme "4th phase We Travel Together" from 1 February to 31 May 2022 and "We Travel Together, 4th phase extension" from 27 June to 31 October 2022. Details are shown in Exhibit 11.

Ex 9: Thailand's Entry Rules

	March 2022	April 2022
Registration	▪ Thailand Pass	▪ Thailand Pass
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 ≥ USD20,000	▪ RT-PCR test upon arrival ▪ Antigen self-test (ATK) on Day 5 ▪ Travel all over Thailand ▪ Insurance coverage ≥ USD20,000
Sandbox (For fully vaccinated travelers)	▪ Pre-departure RT-PCR test ▪ RT-PCR test upon arrival ▪ Antigen self-test (ATK) on Day 5 ▪ 7 nights' stay in Sandbox area required ▪ Insurance coverage ≥ USD20,000	▪ RT-PCR test upon arrival ▪ Antigen self-test (ATK) on Day 5 ▪ 5 nights' stay in Sandbox area required ▪ Insurance coverage ≥ USD20,000
Quarantine (For partially vaccinated and unvaccinated travelers)	▪ Pre-departure RT-PCR test ▪ RT-PCR test upon arrival ▪ RT-PCR test on Day 5 ▪ Mandatory quarantine of 10 nights in a quarantine hotel ▪ Insurance coverage ≥ USD20,000	▪ RT-PCR test upon arrival ▪ RT-PCR test on Day 5 ▪ Mandatory quarantine of 5 nights in a quarantine hotel ▪ Insurance coverage ≥ USD20,000

Source: CCSA

Ex 10: Thailand's Entry Rules

	May 2022	June 2022	From 1 July 2022
Registration	▪ Thailand Pass	▪ Thailand Pass (except for Thai people) ▪ Reduced data requirements in Thailand Pass for foreign tourists (vaccine/test, insurance [USD10,000] and passport)	▪ Scrapping of Thailand Pass registration scheme and the USD10,000 health insurance requirement for foreign visitors
Fully vaccinated travelers	▪ Show vaccine certificate ▪ No need to do RT-PCR or ATK test ▪ Have insurance coverage ≥ USD10,000	▪ Show vaccine certificate ▪ No need to do RT-PCR or ATK test ▪ Have insurance coverage ≥ USD10,000	▪ Show vaccine certificate ▪ No need to do RT-PCR or ATK test
Unvaccinated travelers:			
Group 1: Unvaccinated travelers have pre-departure RT-PCR test (≤ 72 hours)	▪ Show pre-departure RT-PCR test with a negative result ▪ No need to do RT-PCR or ATK test ▪ Have insurance coverage ≥ USD10,000	▪ No mandatory quarantine ▪ Show pre-departure RT-PCR or professional ATK test with a negative result or do a professional ATK test at the airport	▪ No mandatory quarantine ▪ Unvaccinated/not fully vaccinated travelers who are randomly checked and who are unable to show proof of a pre-arrival negative test will be required to undergo a professional ATK test at the point of entry.
Group 2: Unvaccinated travelers do not have pre-departure RT-PCR test	▪ Mandatory quarantine of 5 nights in a quarantine hotel ▪ RT-PCR test on day 4-5 ▪ Have insurance coverage ≥ USD10,000	▪ Have insurance coverage ≥ USD10,000	

Source: CCSA

Ex 11: Domestic Tourism Stimulus Package "We Travel Together, 4th Phase Extension"

- The scheme is scheduled to run from 27 June 2022 to 31 October 2022.
- For Thai people aged 18 years and above.
- It will cover 1.5m new rights. The participants in the scheme will have to book hotel rooms in advance, starting from 27 June 2022. Room booking is limited to 10 nights or 10 rooms per person.
- The government subsidizes 40% of the room rate, at no more than Bt3,000/room/night, subsidizes 40% of the airfare, at no more than Bt3,000/person, limited to two seats per room and gives e-vouchers for food worth Bt600/night.

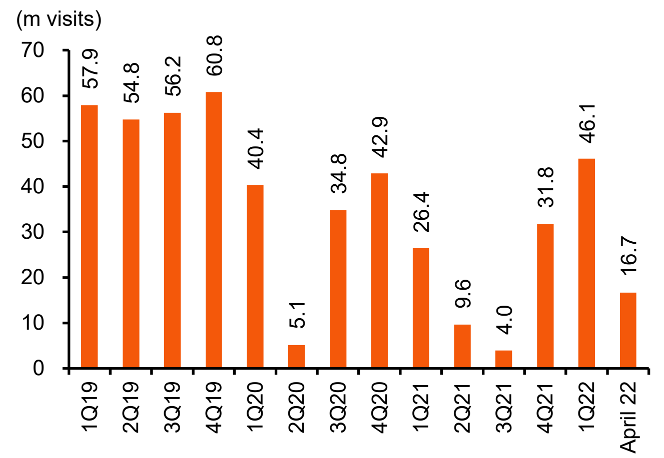
27 Jun 2022	1 Jul 2022	8 Jul 2022	23 Oct 2022	31 Oct 2022
Register	**Hotel booking**	**Check in**	**Last day booking**	**Last day check out**

Source: TAT

Thai and foreign tourists rebound

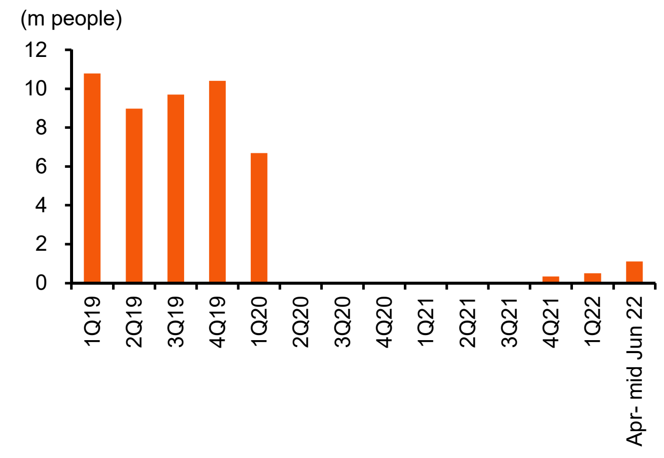
MINT's average occupancy rate for Thai hotels was thus above 40% in April and May vs. 29% in 1Q22. We estimate 41.5/63.5/72.1% in 2022-24F. Foreign tourist arrivals were only 428k in 2021. They rose to 498k in 1Q22 alone and 1,118k in April-mid June 2022. We forecast 6.5/26/39m foreign tourist arrivals in 2022-24F. As for domestic travel, the number of trips from January to April 2022 was 62.8m, back to 81% of the pre-COVID level. The food business saw SSSG of 12.4% y-y in 1Q22 and double-digit rates in April and May. We estimate Thai businesses' revenue to grow by 35/21/8% in 2022-24F.

Ex 12: # Of Trips For Thai Tourists



Source: TAT

Ex 13: # Of International Tourists



Source: TAT

Ex 14: Thai And Foreign Tourist Assumptions

	2019	2020	2021	2022F	2023F	2024F
Thai tourists (m visits)	229.7	123.2	71.9	176.5	211.4	236.6
Foreign tourists (m people)	39.9	6.7	0.4	6.5	26.0	39.0

Sources: TAT, Thanachart estimates

Cost pressures

Two areas of cost pressure

MINT's 1Q22 costs increased more than we'd expected, particularly for its hotel business. The rise in costs for MINT was caused by two factors.

The first is rising overhead costs

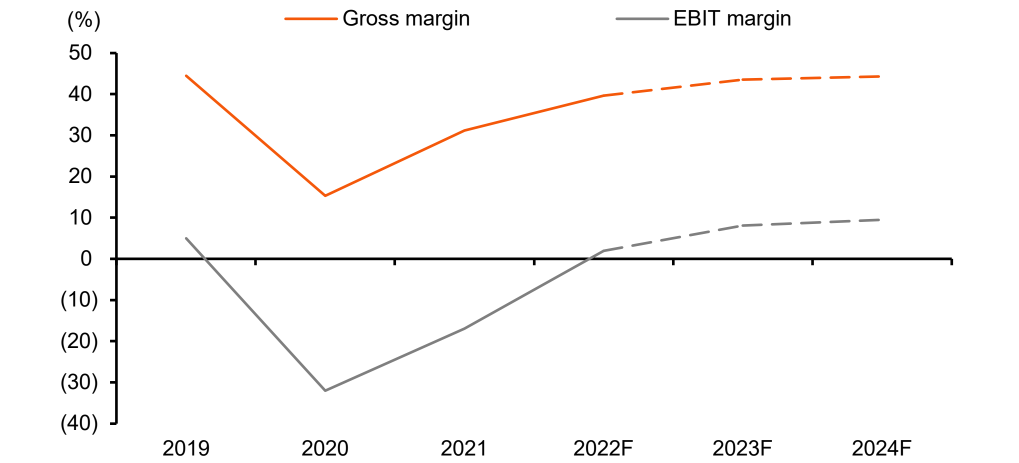
The first has been rising overhead costs, such as rehiring and lease costs, driven by its business recovery. NH saw higher lease charges due to leasehold contract renegotiations during the COVID crisis and new hotel openings. Note that the lease payments increase along with rising business activity. To mitigate the impact, the NH's portfolio hotel room rate already surpassed its pre-COVID level in 2019.

The other is inflation

The other factor has been inflation that has pushed up raw material and utilities costs. To mitigate the impact, the company is in the process of improving its procurement and inventory management by sourcing its raw materials from many suppliers to generate more bargaining power while stocking up on some raw materials and packaging to delay the impact of higher prices. It is also reviewing its sales promotions and looking to increase prices for certain menus.

However, the strong business turnaround momentum is outweighing the impact of the cost pressures. Meanwhile, improving asset utilization should also boost MINT's operating margin to 2.0/8.1/9.5% in 2022-24F vs. -32/-17% in 2020-21F.

Ex 15: Gross Margin And EBIT Margin



Sources: Company data, Thanachart estimates

Valuation Comparison

Ex 16: 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	21.0	193.9	71.8	24.4	1.8	1.8	17.1	11.9	1.1	2.4
Indian Hotels	IH IN	India	na	na	na	49.6	5.2	4.1	61.6	25.3	0.2	0.2
Resorttrust	4681 JP	Japan	20.9	38.3	31.4	22.7	1.9	2.0	12.7	11.5	1.5	2.0
Hotel Shilla	008770 KS	S. Korea	107.9	148.6	47.2	19.0	4.4	3.6	15.2	11.1	0.3	0.4
NH Hotel Group	NHH SM	Spain	na	na	na	18.2	2.1	1.8	10.5	7.9	0.0	1.3
Shanghai Jin Jiang Capital	2006 HK	Hong Kong	na	278.9	162.6	42.9	1.8	1.8	na	na	0.0	na
Hongkong & Shanghai	45 HK	Hong Kong	na	na	na	na	na	na	na	na	na	na
Shangri-La Asia	69 HK	Hong Kong	na	na	na	225.2	3.7	3.6	35.1	19.2	0.0	0.0
InterContinental Hotels	IHG US	US	na	26.5	19.9	15.7	na	na	13.0	11.1	2.2	2.5
Marriott International	MAR US	US	78.0	24.4	24.3	19.5	17.4	16.1	15.7	13.4	0.6	1.1
Hilton Worldwide Holdings	HLT US	US	175.9	39.5	28.7	20.6	na	na	17.2	13.9	0.4	0.5
Asset World Corp	AWC TB	Thailand	na	na	na	105.7	2.0	2.0	73.2	39.7	0.0	0.3
Central Plaza Hotel	CENTEL TB*	Thailand	na	678.6	286.3	36.8	3.2	3.0	18.8	13.7	0.0	0.0
Erawan Group	ERW TB*	Thailand	na	na	na	74.5	3.4	3.3	42.6	14.8	0.0	0.3
Minor International	MINT TB*	Thailand	na	na	793.5	33.9	2.3	2.4	14.5	10.8	0.0	0.6
Average			**80.7**	**178.6**	**162.9**	**50.6**	**4.1**	**3.8**	**26.7**	**15.7**	**0.5**	**0.9**

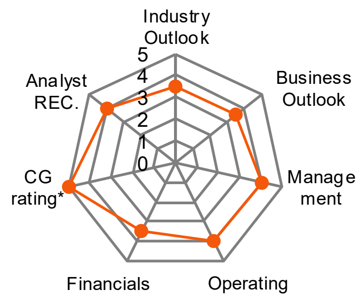
Sources: Company data, Thanachart estimates
Note: * Thanachart estimates, using normalized EPS
Based on 17-Jun-22 closing prices

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.
- COVID-19 pandemic

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	40.04	43.00	7%
Net profit 22F (Bt m)	1,882	1,619	-14%
Net profit 23F (Bt m)	6,162	6,952	13%
Consensus REC	**BUY: 21**	**HOLD: 2**	**SELL: 1**

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2023F earnings and TP are above the Bloomberg consensus numbers, which we attribute to us having a more bullish view on MINT's medium- to long-term growth path.

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	102,497	122,141	131,475
Cost of sales	47,254	47,417	61,889	69,035	73,264
Gross profit	**8,558**	**21,451**	**40,609**	**53,106**	**58,211**
% gross margin	15.3%	31.1%	39.6%	43.5%	44.3%
Selling & administration expenses	26,426	33,137	38,581	43,219	45,780
Operating profit	**(17,868)**	**(11,686)**	**2,028**	**9,887**	**12,431**
% operating margin	-32.0%	-17.0%	2.0%	8.1%	9.5%
Depreciation & amortization	18,241	19,942	17,836	17,774	17,823
EBITDA	**374**	**8,256**	**19,863**	**27,661**	**30,254**
% EBITDA margin	0.7%	12.0%	19.4%	22.6%	23.0%
Non-operating income	2,742	6,730	6,817	5,205	5,045
Non-operating expenses	(625)	1,469	0	0	0
Interest expense	(7,452)	(8,118)	(7,760)	(7,098)	(6,765)
Pre-tax profit	**(23,204)**	**(11,605)**	**1,085**	**7,994**	**10,711**
Income tax	(2,983)	(1,490)	109	799	1,071
After-tax profit	**(20,220)**	**(10,114)**	**977**	**7,195**	**9,640**
% net margin	-36.2%	-14.7%	1.0%	5.9%	7.3%
Shares in affiliates' Earnings	(464)	(209)	190	445	551
Minority interests	1,296	1,009	452	(688)	(815)
Extraordinary items	(2,019)	(3,853)	0	0	0
NET PROFIT	**(21,407)**	**(13,167)**	**1,619**	**6,952**	**9,376**
Normalized profit	**(19,388)**	**(9,314)**	**1,619**	**6,952**	**9,376**
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	62,813	53,753	51,637
Cash & cash equivalent	26,188	25,097	30,000	15,000	10,000
Account receivables	12,286	14,638	22,465	26,771	28,816
Inventories	3,683	3,490	4,578	5,107	5,420
Others	9,908	5,602	5,770	6,876	7,401
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**	**372,496**	**356,185**	**348,785**
LIABILITIES:					
Current liabilities:	41,238	58,058	60,546	61,378	60,987
Account payables	15,310	18,394	23,738	26,479	28,101
Bank overdraft & ST loans	140	482	531	487	446
Current LT debt	6,656	17,663	17,193	15,765	14,446
Others current liabilities	19,131	21,520	19,083	18,647	17,994
Total LT debt	**129,897**	**114,483**	**115,062**	**105,506**	**96,677**
Others LT liabilities	114,868	117,599	103,225	98,231	93,325
Total liabilities	**286,003**	**290,140**	**278,833**	**265,115**	**250,989**
Minority interest	9,343	11,470	11,018	11,706	12,520
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)**	**103**	**5,103**	**11,014**
Shareholders' equity	66,981	68,023	82,645	79,364	85,276
Liabilities & equity	**362,327**	**369,633**	**372,496**	**356,185**	**348,785**

Sources: Company data, Thanachart estimates

We see no risk of a capital call

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Earnings before tax	(23,204)	(11,605)	1,085	7,994	10,711
Tax paid	1,554	1,748	12	(516)	(1,057)
Depreciation & amortization	18,241	19,942	17,836	17,774	17,823
Chg In w orking capital	(1,001)	924	(3,571)	(2,093)	(737)
Chg In other CA & CL / minorities	10,654	9,362	(2,535)	(1,381)	(642)
Cash flow from operations	**6,244**	**20,371**	**12,827**	**21,779**	**26,099**
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)	(15,086)	(5,517)	(5,446)
Cash flow from investments	**(30,409)**	**(29,257)**	**(21,086)**	**(15,517)**	**(17,446)**
Debt financing	24,095	(6,413)	159	(11,029)	(10,189)
Capital increase	9,741	728	14,390	0	0
Dividends paid	(1,461)	(1,546)	(1,385)	(1,952)	(3,465)
Warrants & other surplus	4,647	15,026	0	(8,281)	0
Cash flow from financing	**37,022**	**7,795**	**13,163**	**(21,262)**	**(13,653)**
Free cash flow	**(2,182)**	**3,994**	**7,827**	**12,779**	**15,099**

Inexpensive valuation, in our view

VALUATION

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Normalized PE (x)	na	na	793.5	33.9	23.4
Normalized PE - at target price (x)	na	na	1,018.5	43.5	30.0
PE (x)	na	na	793.5	33.9	23.4
PE - at target price (x)	na	na	1,018.5	43.5	30.0
EV/EBITDA (x)	733.4	34.4	14.5	10.8	9.7
EV/EBITDA - at target price (x)	857.5	40.4	17.1	12.8	11.5
P/BV (x)	2.6	2.6	2.3	2.4	2.3
P/BV - at target price (x)	3.4	3.3	3.0	3.1	2.9
P/CFO (x)	26.2	8.7	14.4	8.9	7.4
Price/sales (x)	3.2	2.6	1.7	1.4	1.3
Dividend yield (%)	0.0	0.0	0.0	0.6	1.5
FCF Yield (%)	(1.3)	2.3	4.2	6.6	7.8
(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	14.4	13.8	14.8
CFO/share	1.3	3.9	2.3	3.8	4.5
FCF/share	(0.4)	0.8	1.4	2.2	2.6

Sources: Company data, Thanachart estimates

Rising asset utilization and cost controls to drive margins

FINANCIAL RATIOS

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Growth Rate					
Sales (%)	(52.4)	23.4	48.8	19.2	7.6
Net profit (%)	na	na	na	329.5	34.9
EPS (%)	na	na	na	2,242.5	44.8
Normalized profit (%)	na	na	na	329.5	34.9
Normalized EPS (%)	na	na	na	2,242.5	44.8
Dividend payout ratio (%)	0.0	0.0	0.0	20.0	35.0
Operating performance					
Gross margin (%)	15.3	31.1	39.6	43.5	44.3
Operating margin (%)	(32.0)	(17.0)	2.0	8.1	9.5
EBITDA margin (%)	0.7	12.0	19.4	22.6	23.0
Net margin (%)	(36.2)	(14.7)	1.0	5.9	7.3
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	0.3	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	2.7
ROE - using norm profit (%)	na	na	2.1	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	8.6	12.4	13.3
- leverage (x)	4.3	5.4	4.9	4.5	4.3
- interest burden (%)	147.3	332.8	12.3	53.0	61.3
- tax burden (%)	na	na	90.0	90.0	90.0
WACC (%)	7.7	7.7	7.7	7.7	7.7
ROIC (%)	(10.2)	(6.6)	1.0	4.8	6.0
NOPAT (Bt m)	(17,868)	(11,686)	1,825	8,898	11,188
invested capital (Bt m)	177,485	175,554	185,432	186,123	186,845

Sources: Company data, Thanachart estimates

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