Small Cap Research

**BUY** (Unchanged)

**Change in Numbers**

**TP: Bt 37.00** (From: Bt 51.00)

**Upside: 19.4%**

**26 JULY 2022**

# COM7 Pcl. (COM7 TB)

## Earnings cuts

**We expect COM7 to report weaker-than-expected results in 2Q22F and we cut our earnings estimates by 17/15/15% for 2022-24F. The potentially disappointing earnings are due to a contraction of mobile and IT product demand. However, given the already 26% YTD fall in COM7's share price, we maintain our BUY call.**


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Thanachart Securities

### Likely disappointing 2Q22F results

We expect COM7's 2Q22F normalized earnings to check in at Bt580m, down by 1% y-y and 26% q-q from the higher season in 1Q22, with the disappointing results due to an estimated 12% y-y fall in industry demand. We had earlier expected demand growth to slow this year given the high base during the COVID years but the weakness has been worse than we'd anticipated. The soft demand has been a result of the already significant extra demand during the COVID years given the work-from-home need for more mobile phones, tablets and laptops per household and additional demand for mobile phones for the low-income people to receive the government's cash handouts via mobile apps. Now that most people have already bought these mobiles, the back-to-office environment with weaker purchasing power from high inflation has led demand to fall.

### Inventory management

Despite its market share gain, COM7 in 2Q22 decided to offer very aggressive promotions for products it perceived as having abnormally low demand, e.g., crypto-mining computers and some phone models, to counter the weak demand. Though this resulted in its sales growing by 12% y-y, its gross margin fell by 0.6% to 12.9%. Looking into 3Q22F, COM7 expects its margin to still come in below 3Q21 but improve from 2Q22. Though it believes it needs to still offer some promotions due to softer demand for IT products in general, it thinks it got rid of most below-average demand products in 2Q22. That said, we still expect COM7's 2H22F earnings to fall by 3% y-y from 19% growth in 1H22F.

### Continues to gain market share

COM7 has continued to gain market share due to its more attractive store format with a greater product variety and ongoing new store openings. At the same time, some smaller, independent players suffered during the COVID years and didn't expand. We estimate industry demand growth of 3% y-y in 1H22 vs. COM7's sales growth of 17% y-y. COM7 is the largest IT retailer and it maintains its plan to open 150 new stores this year from 1,000 stores at the end of 2021. We estimate industry demand to fall by 4% this year vs. COM7's 12% sales growth.

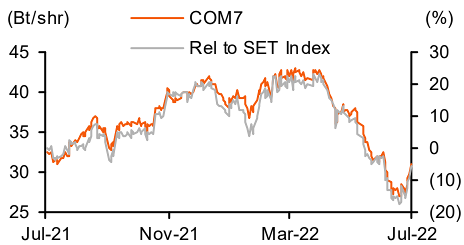
### Cutting our earnings

We cut our earnings by 17/15/15% in 2022-24F for the abovementioned reasons. Our new DCF-based 12-month TP is Bt37 (from Bt51). We maintain our BUY call on COM7 as its share price has already fallen by 26% YTD while we still project 6/25/23% EPS growth in 2022-24F. PE is down to 21x in 2023F vs. this earnings growth and ROE of 45/44/47% in 2022-24F.

#### COMPANY VALUATION

| Y/E Dec (Bt m) | 2021A | 2022F | 2023F | 2024F |
|---|---|---|---|---|
| Sales | 51,126 | 57,663 | 64,472 | 72,073 |
| Net profit | 2,630 | 2,776 | 3,471 | 4,272 |
| Consensus NP | — | 3,262 | 3,905 | 4,566 |
| *Diff frm cons (%)* | — | *(14.9)* | *(11.1)* | *(6.4)* |
| Norm profit | 2,608 | 2,776 | 3,471 | 4,272 |
| Prev. Norm profit | — | 3,350 | 4,101 | 5,014 |
| *Chg frm prev (%)* | — | *(17.1)* | *(15.4)* | *(14.8)* |
| Norm EPS (Bt) | 1.1 | 1.2 | 1.4 | 1.8 |
| Norm EPS grw (%) | 80.0 | 6.4 | 25.0 | 23.1 |
| Norm PE (x) | 28.5 | 26.8 | 21.4 | 17.4 |
| EV/EBITDA (x) | 19.9 | 18.4 | 14.9 | 12.2 |
| P/BV (x) | 14.1 | 10.4 | 8.7 | 7.8 |
| Div yield (%) | 1.6 | 1.7 | 3.8 | 5.0 |
| ROE (%) | 57.1 | 44.7 | 44.3 | 47.3 |
| Net D/E (%) | 49.6 | 4.7 | (5.3) | (7.5) |

#### PRICE PERFORMANCE




#### COMPANY INFORMATION

| | |
|---|---|
| Price *as of* 26-Jul-22 (Bt) | 31.00 |
| Market Cap (US$ m) | 2,027.9 |
| Listed Shares (m shares) | 2,400.0 |
| Free Float (%) | 50.0 |
| Avg Daily Turnover (US$ m) | 16.3 |
| 12M Price H/L (Bt) | 43.00/27.00 |
| Sector | Commerce |
| Major Shareholder | Khun Sura Kanittavikul 25.05% |

Sources: Bloomberg, Company data, Thanachart estimates

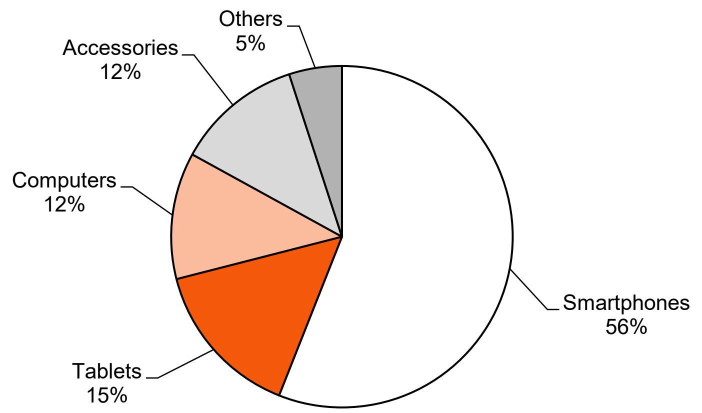
## Inventory in a nutshell

*Weak gross margin due to inventory depletion*

We expect COM7 Pcl's (COM7) sales to grow by 12% y-y in 2Q22F despite a more than 10% drop in demand for IT products. Aside from its market share gains, COM7's aggressive promotions for lower-than-average demand IT products have been the main key factor behind this sales growth. These products are e.g., crypto-mining and gaming computers which saw a surge in demand during the COVID years in 2020-21. Now, crypto currency-based assets have been falling sharpy in value while the country reopening has led to reduced gaming activity, resulting in a slump in demand for these products. Also, some lower-priced smartphone models have been experiencing a steep fall in demand given that lower-income consumers have been hit harder by rising inflation.

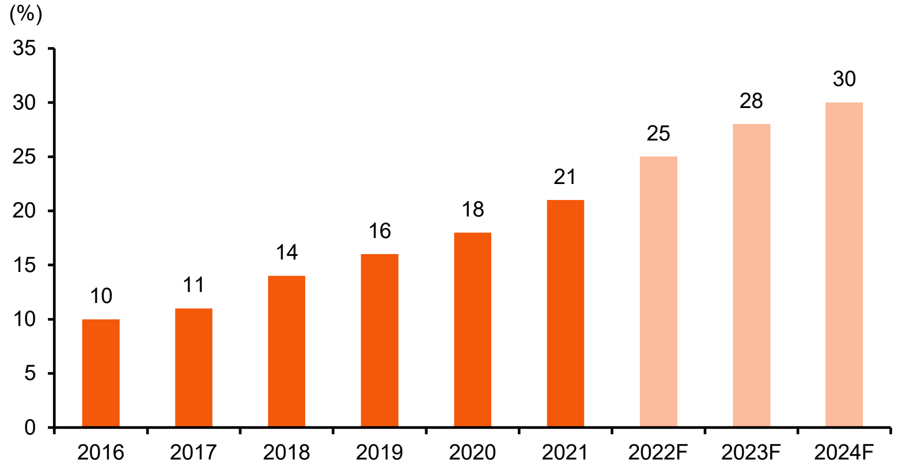
That said, we expect the aggressive promotions to cause COM7's gross margin to narrow by 0.6% y-y to 12.9% in 2Q22F.

**Ex 1: Product Breakdown**




Source: Company data

**Ex 2: COM7's Market Share**



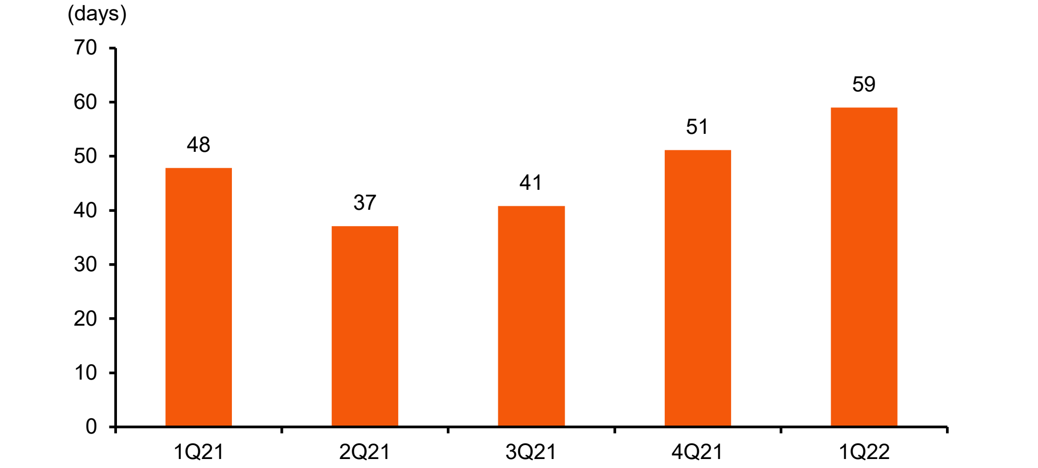

Sources: Company data, Thanachart estimates

COM7's inventory has been built up from late 2021 as it experienced very strong demand amid the work-and-study-from-home trend but it couldn't cater to all the demand because of the global chip shortage. Exhibit 3 shows its rising inventory days. That said, overall demand for IT products fell sharply after the country reopening shifted consumer behavior toward other types of spending such as tourism and spending at dine-in restaurants. On top of that, some products like computers and lower-priced smart phones saw a sharper fall in demand as already mentioned.

*COM7 expects an improving earnings trend*

Looking to 3Q22, COM7 foresees a stronger performance than in 2Q22. It expects sales to stay relatively flat q-q and gross margin to widen. COM7 depleted its inventory of lower-than-average demand products in 2Q22 and we don't think it needs to spend as much on aggressive promotions in 3Q22.

**Ex 3: Inventory Days**




Source: Company data

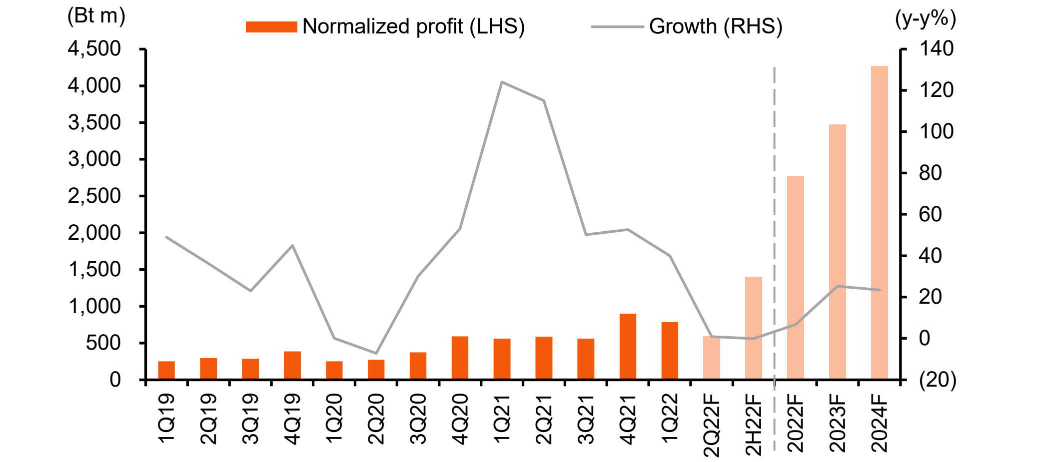
*We are cautious on the softer demand trend*

We are cautious on the softer demand trend amid high inflation and the shift in consumers' spending pattern mentioned above. Therefore, we estimate COM7's earnings to grow fall 3% y-y in 2H22F after 19% growth in 1H22F.

*Cutting our earnings*

We cut our earnings estimates by 17/15/15% in 2022-24F.

**Ex 4: Profit Momentum**




Sources: Company data, Thanachart estimates

### Ex 5: Our Key Assumptions

| | 2019 | 2020 | 2021 | 2022F | 2023F | 2024F |
|---|---|---|---|---|---|---|
| # of stores | 787 | 911 | 1,000 | 1,150 | 1,310 | 1,480 |
| Sales growth from incremental stores (%) | 8 | 5 | 7 | 6 | 3 | 5 |
| Same-store-sales growth (%) | 12 | 7 | 30 | 7 | 9 | 8 |
| Total sales growth | 20 | 12 | 37 | 13 | 12 | 12 |
| Gross margin (%) | 13.2 | 12.6 | 13.4 | 12.8 | 13.0 | 13.2 |
| SG&A to sales (%) | 8.8 | 8.0 | 7.4 | 7.0 | 6.6 | 6.1 |
| EBIT margin (%) | 4.5 | 4.6 | 6.00 | 5.8 | 6.4 | 7.1 |

Sources: Company data, Thanachart estimates

### Ex 6: Assumption Revisions

| | 2019 | 2020 | 2021 | 2022F | 2023F | 2024F |
|---|---|---|---|---|---|---|
| **Sales (Bt m)** | | | | | | |
| New | 33,362 | 37,306 | 51,126 | 57,663 | 64,472 | 72,073 |
| Old | | | | 59,128 | 66,113 | 74,546 |
| *Change (%)* | | | | *(2.5)* | *(2.5)* | *(3.3)* |
| | | | | | | |
| **Gross margin (%)** | | | | | | |
| New | 13.2 | 12.6 | 13.4 | 12.8 | 13.0 | 13.2 |
| Old | | | | 13.3 | 13.5 | 13.8 |
| *Change (pp)* | | | | *(0.5)* | *(0.5)* | *(0.5)* |
| | | | | | | |
| **SG&A/sales (%)** | | | | | | |
| New | 8.8 | 8.0 | 7.4 | 7.0 | 6.6 | 6.1 |
| Old | | | | 6.5 | 6.1 | 5.7 |
| *Change (pp)* | | | | *0.5* | *0.5* | *0.4* |
| | | | | | | |
| **Normalized profit (Bt m)** | | | | | | |
| New | 1,217 | 1,449 | 2,608 | 2,776 | 3,471 | 4,272 |
| Old | | | | 3,350 | 4,101 | 5,014 |
| *Change (%)* | | | | *(17.1)* | *(15.4)* | *(14.8)* |

Sources: Company data, Thanachart estimates

### Ex 7: 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 | | 4,471 | 5,508 | 6,481 | 7,338 | 8,260 | 8,919 | 9,619 | 10,364 | 11,156 | 11,998 | 12,999 | — |
| Free cash flow | | 2,900 | 3,644 | 4,499 | 5,305 | 6,042 | 6,693 | 7,242 | 7,827 | 8,448 | 9,108 | 9,895 | 132,805 |
| PV of free cash flow | | 2,892 | 3,076 | 3,454 | 3,729 | 3,888 | 3,943 | 3,907 | 3,866 | 3,821 | 3,771 | 3,608 | 48,427 |
| | | | | | | | | | | | | | |
| Risk-free rate (%) | 3.5 | | | | | | | | | | | | |
| Market risk premium (%) | 8.0 | | | | | | | | | | | | |
| Beta | 1.0 | | | | | | | | | | | | |
| WACC (%) | 9.6 | | | | | | | | | | | | |
| Terminal growth (%) | 2.0 | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| Enterprise value - add investments | 88,382 | | | | | | | | | | | | |
| Net debt (2022F) | 334 | | | | | | | | | | | | |
| Minority interest | 14 | | | | | | | | | | | | |
| Equity value | 88,034 | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| # of shares | 2,400 | | | | | | | | | | | | |
| **Target price/share (Bt)** | **37** | | | | | | | | | | | | |

Sources: Company data, Thanachart estimates

# Valuation Comparison

### Ex 8: Valuation Comparison With Regional Peers

| Name | BBG code | Country | EPS growth 22F (%) | EPS growth 23F (%) | PE 22F (x) | PE 23F (x) | P/BV 22F (x) | P/BV 23F (x) | EV/EBITDA 22F (x) | EV/EBITDA 23F (x) | Div yield 22F (%) | Div yield 23F (%) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Marks & Spencer Group | MKS LN | UK | (20.3) | 1.7 | 8.7 | 8.6 | 1.0 | 0.9 | 5.0 | 4.9 | 4.1 | 5.3 |
| J Sainsbury | SBRY LN | UK | (17.3) | 4.1 | 10.5 | 10.1 | 0.6 | 0.6 | 5.3 | 5.2 | 5.7 | 5.8 |
| Tesco | TSCO LN | UK | (2.9) | 7.7 | 12.5 | 11.6 | 1.2 | 1.2 | 6.9 | 6.6 | 4.2 | 4.3 |
| Carrefour SA | CA FP | France | 12.8 | 14.9 | 10.2 | 8.9 | 1.3 | 1.2 | 5.3 | 5.0 | 3.6 | 4.1 |
| Casino Guichard | CO FP | France | 62.8 | 83.6 | 14.0 | 7.6 | 0.5 | 0.4 | 6.4 | 5.8 | 0.0 | 5.7 |
| Aeon | 8267 JP | Japan | 280.3 | 17.7 | 90.6 | 77.0 | 2.4 | 2.4 | 8.8 | 8.4 | 1.4 | 1.4 |
| Lotte Shopping | 023530 KS | S. Korea | na | 60.9 | 20.2 | 12.6 | 0.3 | 0.3 | 10.2 | 9.5 | 3.0 | 3.2 |
| Shinsegae | 004170 KS | S. Korea | 14.5 | 15.2 | 5.8 | 5.0 | 0.5 | 0.5 | 6.1 | 5.7 | 1.4 | 1.4 |
| Amore Pacific Group | 002790 KS | S. Korea | (16.3) | 35.1 | 20.5 | 15.2 | 1.1 | 1.1 | 6.8 | 5.6 | 1.0 | 1.1 |
| Wal-Mart Stores | WMT US | USA | (6.4) | 11.7 | 21.8 | 19.6 | 4.1 | 3.7 | 11.7 | 11.0 | 1.7 | 1.8 |
| Home Depot Inc | HD US | USA | 7.1 | 5.3 | 18.4 | 17.5 | na | na | 13.2 | 12.9 | 2.5 | 2.6 |
| Berli Jucker * | BJC TB | Thailand | 47.9 | 10.7 | 25.6 | 23.1 | 1.1 | 1.1 | 13.3 | 12.9 | 2.9 | 3.2 |
| COM7 * | COM7 TB | Thailand | 6.4 | 25.0 | 26.8 | 21.4 | 10.4 | 8.7 | 18.4 | 14.9 | 1.7 | 3.8 |
| CP All* | CPALL TB | Thailand | 66.1 | 57.4 | 42.4 | 27.0 | 4.9 | 4.4 | 12.4 | 10.4 | 1.2 | 1.9 |
| Central Pattana * | CPN TB | Thailand | 133.9 | 35.1 | 35.3 | 26.2 | 3.5 | 3.2 | 20.1 | 16.2 | 1.3 | 1.7 |
| Central Retail Corp. Pcl * | CRC TB | Thailand | na | 40.3 | 41.7 | 29.7 | 3.7 | 3.4 | 10.2 | 9.2 | 1.0 | 1.3 |
| Siam Global House * | GLOBAL TB | Thailand | 11.8 | 20.8 | 23.6 | 19.5 | 4.0 | 3.5 | 18.8 | 15.7 | 1.7 | 2.1 |
| Home Product* | HMPRO TB | Thailand | 21.1 | 20.5 | 26.9 | 22.4 | 7.4 | 6.8 | 15.4 | 13.3 | 3.0 | 3.6 |
| Siam Makro * | MAKRO TB | Thailand | (20.6) | 40.6 | 36.9 | 26.2 | 1.2 | 1.2 | 14.2 | 12.2 | 2.0 | 2.9 |
| MC Group * | MC TB | Thailand | 13.6 | 26.1 | 14.8 | 11.7 | 2.1 | 2.0 | 5.5 | 4.8 | 6.8 | 8.5 |
| **Average** | | | **33.0** | **26.7** | **25.4** | **20.0** | **2.7** | **2.5** | **10.7** | **9.5** | **2.5** | **3.3** |

Sources: Company data, Thanachart estimates

Note: * Thanachart estimates using normalized EPS growth

** MC's fiscal year ends in June

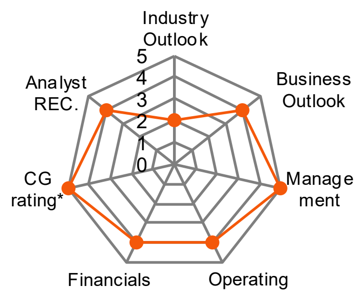
Based on 26-Jul-2022 closing prices

## COMPANY DESCRIPTION

Com7 Pcl (COM7) runs a chain of retail outlets that imports, retails, and distributes computers and IT-related products in Thailand. The company offers products such as smartphones, tablets, notebooks and computers. COM7 also offers computer components, such as CPUs, hard drives, and networks and accessories.

Source: Thanachart

## COMPANY RATING




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

Source: Thanachart; * CG Rating

## THANACHART'S SWOT ANALYSIS

### S — Strength

- Strong distribution channels nationwide
- More products and brands
- Diversification into higher-margin businesses
- Leverage effect from better utilization of assets
- Apple's largest distributor in Thailand

### W — Weakness

- Low-margin retail business
- Risk from obsolete inventory

### O — Opportunity

- 4G to 5G migration
- Improving economy
- Increasing speed and bandwidth usage
- New development technology

### T — Threat

- Fierce competition in handsets and IT-related products
- Fast-moving technological advances
- Rising competition from new entrants

## CONSENSUS COMPARISON

| | Consensus | Thanachart | Diff |
|---|---|---|---|
| **Target price (Bt)** | 46.08 | 37.00 | -20% |
| **Net profit 22F (Bt m)** | 3,262 | 2,776 | -15% |
| **Net profit 23F (Bt m)** | 3,905 | 3,471 | -11% |
| **Consensus REC** | **BUY: 11** | **HOLD: 1** | **SELL: 0** |

## HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2022-23F earnings and TP are lower than the Bloomberg consensus numbers, which we attribute to us having a more bearish view on demand for IT products.

Sources: Bloomberg consensus, Thanachart estimates

## RISKS TO OUR INVESTMENT CASE

- More competition in the existing retail business would be the key downside risk to our call.
- A worse-than-expected economy and lower IT-related demand would represent secondary downside risks.

Source: Thanachart

*Strong sales growth despite the COVID crisis*

*Multi-year strong earnings growth, based on our estimates*

## INCOME STATEMENT

| FY ending Dec (Bt m) | 2020A | 2021A | 2022F | 2023F | 2024F |
|---|---|---|---|---|---|
| Sales | 37,306 | 51,126 | 57,663 | 64,472 | 72,073 |
| Cost of sales | 32,596 | 44,281 | 50,263 | 56,081 | 62,527 |
| **Gross profit** | **4,710** | **6,846** | **7,400** | **8,391** | **9,546** |
| % gross margin | 12.6% | 13.4% | 12.8% | 13.0% | 13.2% |
| Selling & administration expenses | 2,986 | 3,761 | 4,055 | 4,237 | 4,412 |
| **Operating profit** | **1,724** | **3,084** | **3,345** | **4,154** | **5,134** |
| % operating margin | 4.6% | 6.0% | 5.8% | 6.4% | 7.1% |
| Depreciation & amortization | 630 | 787 | 726 | 804 | 886 |
| **EBITDA** | **2,354** | **3,872** | **4,071** | **4,958** | **6,020** |
| % EBITDA margin | 6.3% | 7.6% | 7.1% | 7.7% | 8.4% |
| Non-operating income | 47 | 28 | 32 | 36 | 40 |
| Non-operating expenses | 0 | 0 | 0 | 0 | 0 |
| Interest expense | (53) | (48) | (88) | (48) | (50) |
| **Pre-tax profit** | **1,718** | **3,065** | **3,290** | **4,142** | **5,124** |
| Income tax | 328 | 555 | 615 | 774 | 958 |
| **After-tax profit** | **1,390** | **2,510** | **2,675** | **3,367** | **4,166** |
| % net margin | 3.7% | 4.9% | 4.6% | 5.2% | 5.8% |
| Shares in affiliates' Earnings | 64 | 96 | 100 | 102 | 104 |
| Minority interests | (4) | 2 | 2 | 2 | 2 |
| Extraordinary items | 41 | 22 | 0 | 0 | 0 |
| **NET PROFIT** | **1,491** | **2,630** | **2,776** | **3,471** | **4,272** |
| **Normalized profit** | **1,449** | **2,608** | **2,776** | **3,471** | **4,272** |
| EPS (Bt) | 0.6 | 1.1 | 1.2 | 1.4 | 1.8 |
| Normalized EPS (Bt) | 0.6 | 1.1 | 1.2 | 1.4 | 1.8 |

## BALANCE SHEET

| FY ending Dec (Bt m) | 2020A | 2021A | 2022F | 2023F | 2024F |
|---|---|---|---|---|---|
| **ASSETS:** | | | | | |
| Current assets: | 5,861 | 11,886 | 11,462 | 12,896 | 15,624 |
| Cash & cash equivalent | 1,121 | 1,851 | 1,000 | 1,400 | 3,000 |
| Account receivables | 864 | 2,707 | 3,053 | 3,414 | 3,816 |
| Inventories | 3,664 | 6,208 | 7,047 | 7,709 | 8,423 |
| Others | 211 | 1,120 | 362 | 373 | 384 |
| Investments & loans | 675 | 774 | 872 | 971 | 1,070 |
| Net fixed assets | 506 | 615 | 772 | 896 | 984 |
| Other assets | 2,165 | 2,691 | 2,521 | 2,333 | 2,145 |
| **Total assets** | **9,207** | **15,966** | **15,627** | **17,096** | **19,822** |
| **LIABILITIES:** | | | | | |
| Current liabilities: | 4,430 | 9,751 | 8,075 | 8,163 | 9,671 |
| Account payables | 2,464 | 5,106 | 5,796 | 6,543 | 7,295 |
| Bank overdraft & ST loans | 1,283 | 3,801 | 1,132 | 802 | 1,936 |
| Current LT debt | 0 | 0 | 0 | 0 | 0 |
| Others current liabilities | 683 | 844 | 1,147 | 818 | 439 |
| **Total LT debt** | **708** | **677** | **202** | **143** | **345** |
| Others LT liabilities | 198 | 237 | 209 | 233 | 261 |
| **Total liabilities** | **5,336** | **10,665** | **8,485** | **8,539** | **10,277** |
| Minority interest | 19 | 16 | 14 | 14 | 12 |
| Preferreds shares | 0 | 0 | 0 | 0 | 0 |
| Paid-up capital | 300 | 300 | 600 | 600 | 600 |
| Share premium | 899 | 899 | 899 | 899 | 899 |
| Warrants | 0 | 0 | 0 | 0 | 0 |
| Surplus | (15) | (14) | (14) | (14) | (14) |
| **Retained earnings** | **2,668** | **4,100** | **5,643** | **7,057** | **8,048** |
| Shareholders' equity | 3,852 | 5,285 | 7,128 | 8,543 | 9,533 |
| **Liabilities & equity** | **9,207** | **15,966** | **15,627** | **17,096** | **19,822** |

Sources: Company data, Thanachart estimates

## CASH FLOW STATEMENT

| FY ending Dec (Bt m) | 2020A | 2021A | 2022F | 2023F | 2024F |
|---|---|---|---|---|---|
| Earnings before tax | 1,718 | 3,065 | 3,290 | 4,142 | 5,124 |
| Tax paid | (276) | (433) | (612) | (721) | (928) |
| Depreciation & amortization | 630 | 787 | 726 | 804 | 886 |
| Chg In working capital | 332 | (1,745) | (495) | (275) | (365) |
| Chg In other CA & CL / minorities | 492 | (71) | 389 | (289) | (316) |
| **Cash flow from operations** | **2,896** | **1,604** | **3,297** | **3,661** | **4,400** |
| Capex | (28) | (292) | (400) | (420) | (440) |
| Right of use | (1,718) | (514) | (100) | (100) | (100) |
| ST loans & investments | 36 | (725) | 769 | 0 | 0 |
| LT loans & investments | (162) | (99) | (99) | (99) | (99) |
| Adj for asset revaluation | 0 | 0 | 0 | 0 | 0 |
| Chg In other assets & liabilities | (46) | (558) | (240) | (196) | (217) |
| **Cash flow from investments** | **(1,917)** | **(2,187)** | **(70)** | **(815)** | **(856)** |
| Debt financing | (149) | 2,510 | (3,144) | (390) | 1,337 |
| Capital increase | 0 | 0 | 300 | 0 | 0 |
| Dividends paid | (960) | (1,199) | (1,233) | (2,056) | (3,281) |
| Warrants & other surplus | (52) | 1 | 0 | 0 | 0 |
| **Cash flow from financing** | **(1,161)** | **1,312** | **(4,078)** | **(2,446)** | **(1,944)** |
| **Free cash flow** | **2,868** | **1,312** | **2,897** | **3,241** | **3,960** |

## VALUATION

| FY ending Dec | 2020A | 2021A | 2022F | 2023F | 2024F |
|---|---|---|---|---|---|
| Normalized PE (x) | 51.3 | 28.5 | 26.8 | 21.4 | 17.4 |
| Normalized PE - at target price (x) | 61.3 | 34.0 | 32.0 | 25.6 | 20.8 |
| PE (x) | 49.9 | 28.3 | 26.8 | 21.4 | 17.4 |
| PE - at target price (x) | 59.6 | 33.8 | 32.0 | 25.6 | 20.8 |
| EV/EBITDA (x) | 32.0 | 19.9 | 18.4 | 14.9 | 12.2 |
| EV/EBITDA - at target price (x) | 38.1 | 23.6 | 21.9 | 17.8 | 14.6 |
| P/BV (x) | 19.3 | 14.1 | 10.4 | 8.7 | 7.8 |
| P/BV - at target price (x) | 23.1 | 16.8 | 12.5 | 10.4 | 9.3 |
| P/CFO (x) | 25.7 | 46.4 | 22.6 | 20.3 | 16.9 |
| Price/sales (x) | 2.0 | 1.5 | 1.3 | 1.2 | 1.0 |
| Dividend yield (%) | 1.6 | 1.6 | 1.7 | 3.8 | 5.0 |
| FCF Yield (%) | 3.9 | 1.8 | 3.9 | 4.4 | 5.3 |
| **(Bt)** | | | | | |
| Normalized EPS | 0.6 | 1.1 | 1.2 | 1.4 | 1.8 |
| EPS | 0.6 | 1.1 | 1.2 | 1.4 | 1.8 |
| DPS | 0.5 | 0.5 | 0.5 | 1.2 | 1.5 |
| BV/share | 1.6 | 2.2 | 3.0 | 3.6 | 4.0 |
| CFO/share | 1.2 | 0.7 | 1.4 | 1.5 | 1.8 |
| FCF/share | 1.2 | 0.5 | 1.2 | 1.4 | 1.7 |

Sources: Company data, Thanachart estimates

## FINANCIAL RATIOS

| FY ending Dec | 2020A | 2021A | 2022F | 2023F | 2024F |
|---|---|---|---|---|---|
| **Growth Rate** | | | | | |
| Sales (%) | 11.8 | 37.0 | 12.8 | 11.8 | 11.8 |
| Net profit (%) | 22.6 | 76.5 | 5.6 | 25.0 | 23.1 |
| EPS (%) | 22.6 | 76.5 | 5.6 | 25.0 | 23.1 |
| Normalized profit (%) | 19.1 | 80.0 | 6.4 | 25.0 | 23.1 |
| Normalized EPS (%) | 19.1 | 80.0 | 6.4 | 25.0 | 23.1 |
| Dividend payout ratio (%) | 80.5 | 45.6 | 45.6 | 82.0 | 87.0 |
| **Operating performance** | | | | | |
| Gross margin (%) | 12.6 | 13.4 | 12.8 | 13.0 | 13.2 |
| Operating margin (%) | 4.6 | 6.0 | 5.8 | 6.4 | 7.1 |
| EBITDA margin (%) | 6.3 | 7.6 | 7.1 | 7.7 | 8.4 |
| Net margin (%) | 3.7 | 4.9 | 4.6 | 5.2 | 5.8 |
| D/E (incl. minor) (x) | 0.5 | 0.8 | 0.2 | 0.1 | 0.2 |
| Net D/E (incl. minor) (x) | 0.2 | 0.5 | 0.0 | (0.1) | (0.1) |
| Interest coverage - EBIT (x) | 32.4 | 64.4 | 38.2 | 87.0 | 103.2 |
| Interest coverage - EBITDA (x) | 44.3 | 80.9 | 46.5 | 103.8 | 121.0 |
| ROA - using norm profit (%) | 15.8 | 20.7 | 17.6 | 21.2 | 23.1 |
| ROE - using norm profit (%) | 40.1 | 57.1 | 44.7 | 44.3 | 47.3 |
| **DuPont** | | | | | |
| ROE - using after tax profit (%) | 38.5 | 54.9 | 43.1 | 43.0 | 46.1 |
| - asset turnover (x) | 4.1 | 4.1 | 3.7 | 3.9 | 3.9 |
| - operating margin (%) | 4.7 | 6.1 | 5.9 | 6.5 | 7.2 |
| - leverage (x) | 2.5 | 2.8 | 2.5 | 2.1 | 2.0 |
| - interest burden (%) | 97.0 | 98.5 | 97.4 | 98.9 | 99.0 |
| - tax burden (%) | 80.9 | 81.9 | 81.3 | 81.3 | 81.3 |
| WACC (%) | 8.8 | 8.8 | 8.8 | 8.8 | 8.8 |
| ROIC (%) | 33.1 | 53.5 | 34.4 | 45.3 | 51.6 |
| NOPAT (Bt m) | 1,395 | 2,526 | 2,720 | 3,377 | 4,174 |
| invested capital (Bt m) | 4,721 | 7,913 | 7,462 | 8,087 | 8,815 |

Sources: Company data, Thanachart estimates

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