

BUY (Unchanged)

TP: Bt 41.00

(From: Bt 39.00)

Change in Numbers

Upside: 29.1%

29 NOVEMBER 2022

COM7 Pcl. (COM7 TB)**Back on a strong track**

COM7 has turned around strongly from its inventory adjustment period in 2Q22. 3Q22 earnings were surprisingly robust with the momentum continuing into 4Q22F, when we expect record-high quarterly earnings. We reaffirm BUY with a Bt41 2023F TP.



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Very strong 3Q22 results

COM7 reported earnings of Bt722m in 3Q22, up 29% y-y and 17% q-q. That was a surprisingly swift turnaround from 2Q22, when the industry was faced with an estimated >15% y-y IT demand contraction and COM7 made its own inventory adjustments via price discounts. In 3Q22, we estimate IT demand continued to drop by 10% y-y but there was no more inventory clearing for COM7 and it continued to gain market share. COM7's sales in 3Q22 grew by 48% y-y and 3% q-q despite 3Q being the low season. Its market share gains were via both new store openings and same-store sales growth (Exhibits 10-11).

Likely record 4Q22F

COM7 has seen its sales grow at double-digit mode so far in 4Q22 from 4Q21's level. Note that 4Q is normally the highest season of the year and COM7 saw record-high earnings in 4Q21. The company believes IT product demand is stabilizing and it continues to gain market share. COM7 had 1,000 stores at the end of 2021 and it opened a 113 new stores in 9M22. It plans to open 47 more stores in 4Q22. We fine-tune up our earnings estimates by 2/3/4% in 2022-24F and lift our DCF-based 12-month TP (2023F base year) to Bt41 (from Bt39). We expect earnings of Bt1.03bn in 4Q22F, up 14% y-y and 42% q-q. Note that we already factor in the impact from supply hiccups because of China's on-and-off lockdowns.

Store expansion working well

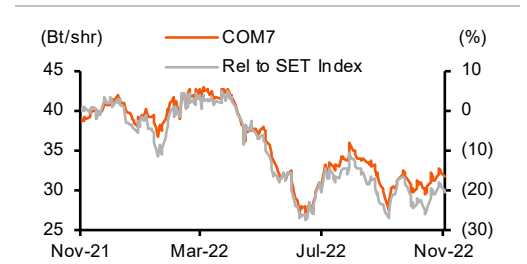
We estimate COM7's market share to rise from 16% in 2019 to 28% in 2022F. With ongoing market share gains, COM7 continues to open new stores aggressively (Exhibit 11). In 2023F, it targets to open over 160 more stores, representing growth of around 15% from 1,160 stores at the end of this year. Most of the new stores are geared toward the standalone models, which are larger in size and can carry more products than normal stores in malls. Standalones still make lower profits than stores in malls but COM7 expects this trend to reverse in the future given their more than 50% lower rental expenses per sq m. Breakeven takes less than a month, just as with normal stores.

Attractive stock matrix, in our view

We reaffirm our BUY call on COM7 as we see the stock as having an attractive BUY matrix. *First*, it offers decent earnings growth at a 22% three-year EPS CAGR into 2024F. The growth has strong fundamentals as COM7 is the largest IT chain store in Thailand with a successful store concept that has allowed it to gain market share with the highest margin (4.9% net margin) in the industry. *Second*, it is a highly profitable firm with a 49% 2024F ROE. *Third*, given this growth and ROE, COM7 looks inexpensive to us trading at 20x 2023F PE.

COMPANY VALUATION

Y/E Dec (Bt m)	2021A	2022F	2023F	2024F
Sales	51,126	63,378	70,873	79,242
Net profit	2,630	3,156	3,766	4,680
Consensus NP	—	3,163	3,493	4,050
Diff frm cons (%)	—	(0.2)	7.8	15.6
Norm profit	2,608	3,156	3,766	4,680
Prev. Norm profit	—	3,085	3,662	4,516
Chg frm prev (%)	—	2.3	2.8	3.6
Norm EPS (Bt)	1.1	1.3	1.6	2.0
Norm EPS grw (%)	80.0	21.0	19.3	24.3
Norm PE (x)	29.2	24.1	20.2	16.3
EV/EBITDA (x)	20.4	16.4	13.8	11.3
P/BV (x)	14.4	10.3	8.5	7.6
Div yield (%)	1.6	1.9	4.1	5.3
ROE (%)	57.1	49.7	46.1	49.4
Net D/E (%)	49.6	7.7	(2.9)	(5.8)

PRICE PERFORMANCE**COMPANY INFORMATION**

Price as of 29-Nov-22 (Bt)	31.75
Market Cap (US\$ m)	2,153.7
Listed Shares (m shares)	2,400.0
Free Float (%)	50.0
Avg Daily Turnover (US\$ m)	15.1
12M Price H/L (Bt)	43.00/27.00
Sector	Commerce
Major Shareholder	Khun Sura Kanittavikul 25.05%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report P10



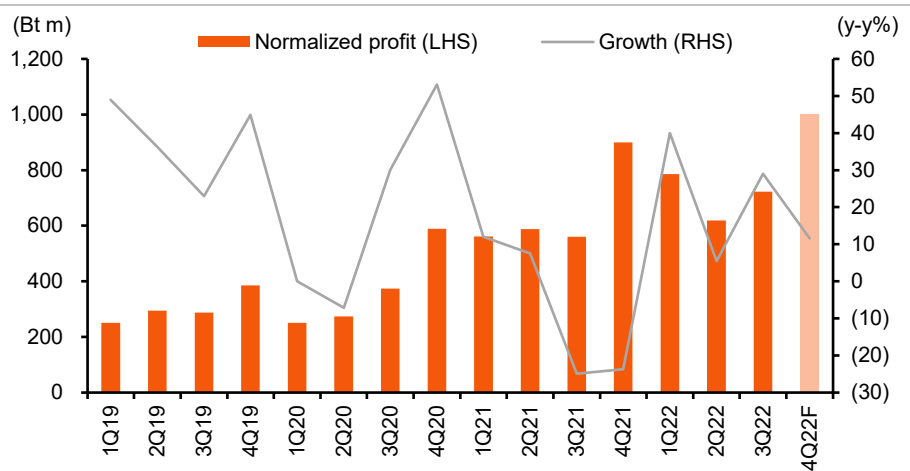
Back on a strong track

Reasons for COM7's strong turnaround

Com7 Pcl's (COM7) earnings growth got strongly back on track at +29% y-y in 3Q22 after the inventory adjustment period in 2Q22 when the IT products industry saw around a 15% y-y demand contraction. In 3Q22, IT demand dropped by more than 10% y-y but there were no more inventory adjustments for COM7 while it continued to gain market share.

Looking to 4Q22F, industry demand appears to be stabilizing and COM7 is seeing its sales growing in the early-double digit levels thanks to its continued market share gains. The market share gains have been helped by both same-store sales and new store openings. We expect COM7's 4Q22F earnings to surpass the record level seen in 4Q21 by 14%. Note that we keep our assumptions conservative given the risk of a shortage of iPhones (40% of COM7's sales) because of the on-and-off lockdowns in China.

Ex 1: Quarterly Earnings

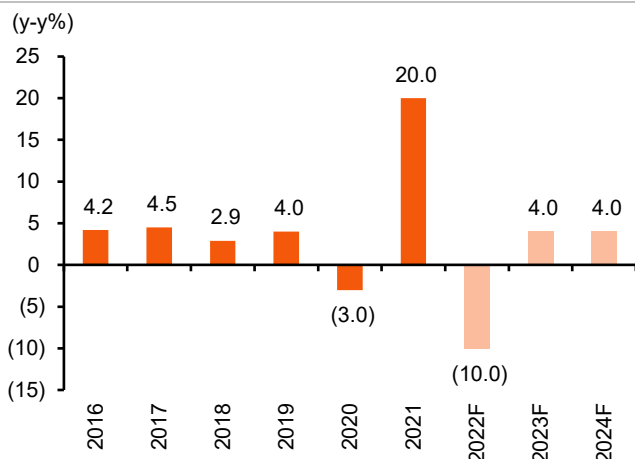


Sources: Company data, Thanachart estimates

We estimate 21/19/24% EPS growth in 2022-24F

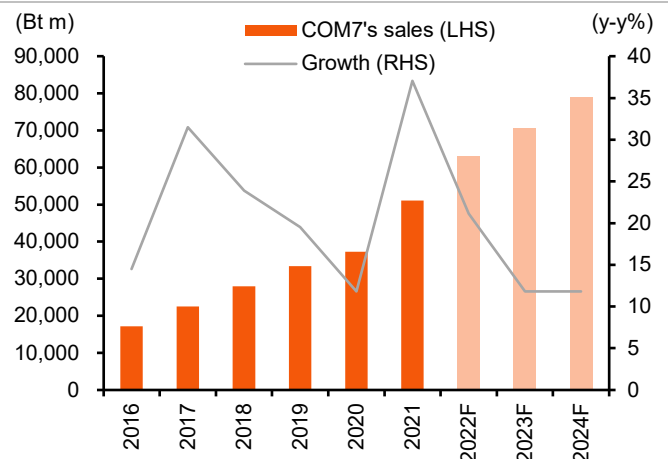
Looking ahead, while we don't expect the IT industry to enjoy strong growth (Exhibit xx), we estimate COM7's sales growth at 24/12/12% in 2022-24F due to its rising market share. And thanks to its high operating leverage nature (e.g., rental and labor expenses being its main costs), we project its earnings to grow by 21/19/24% in 2022-24F.

Ex 2: Industry Growth



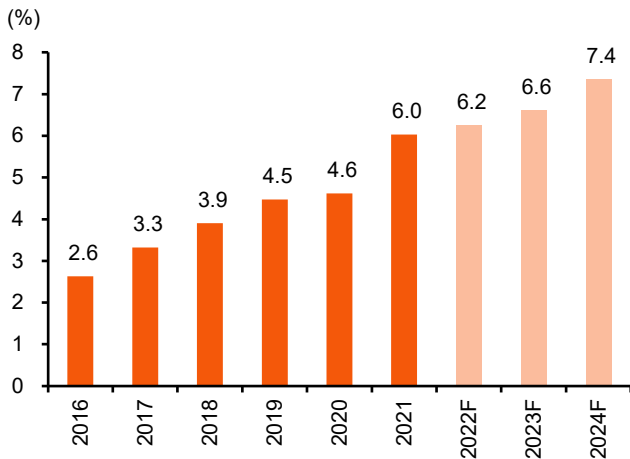
Sources: Company data, Thanachart estimates

Ex 3: COM7's Sales Growth



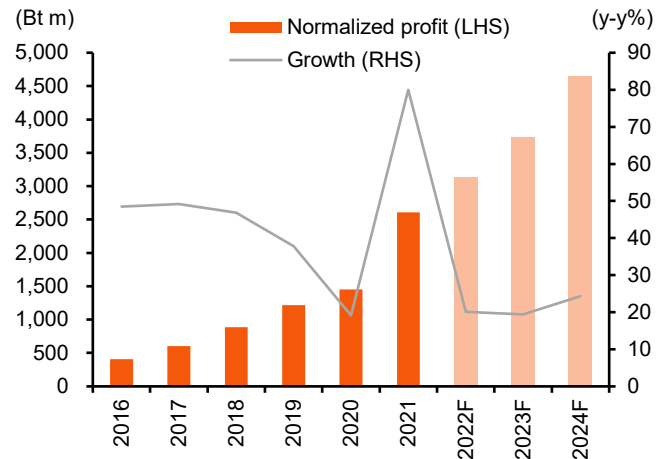
Sources: Company data, Thanachart estimates

Ex 4: EBIT Expansion



Sources: Company data, Thanachart estimates

Ex 5: COM7's Earnings Growth

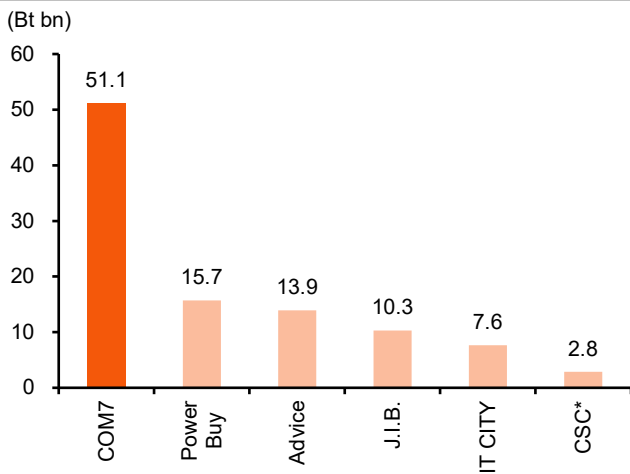


Sources: Company data, Thanachart estimates

COM7's strong competitive advantages

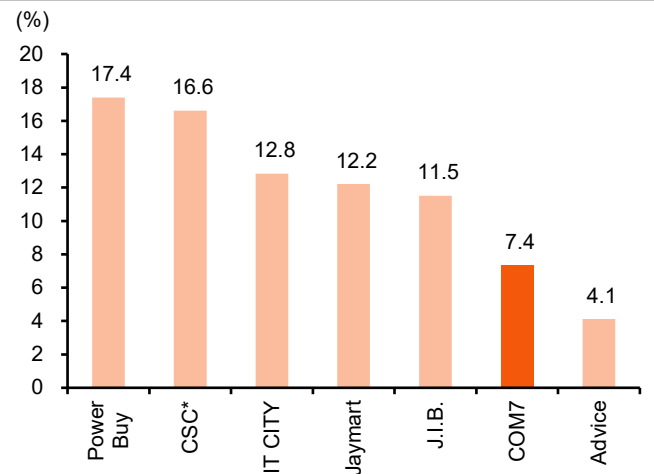
COM7's competitive advantages lie with its superior business scale, larger and greater variety of store format types, and stronger financial status. These factors have helped COM7 gain market share via both the same-store-sales channel and new store openings. Please see our detailed discussion of COM7 in our report **Another record earnings**, dated 24 January 2022.

Ex 6: Revenue Gap With Peers



Sources: Company data, BOL
Note: * Data as of 2020

Ex 7: COM7's SG&A To Sales Vs. Peers'

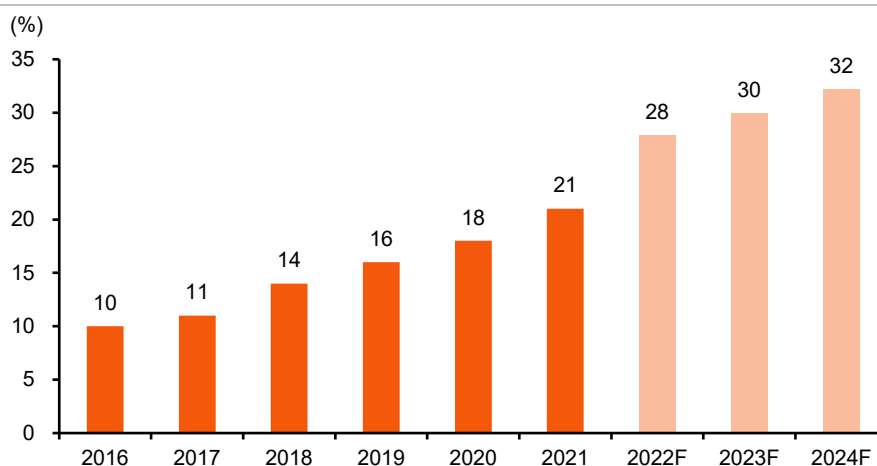


Sources: Company data, BOL
Note: * Data as of 2020

COM7's margin is rising

Exhibit 8 shows that COM7's market share rose from 16% in 2019 to 21% in 2021. In 9M22, despite the weak market, COM7's sales increased by 31% y-y, implying continued market share gains. We expect COM7's market share to increase further to 32% in 2024F. Exhibit 9 shows that the more market share COM7 gains, the more its margin rises, allowing it to expand further. On the other hand, its peers face profitability pressure and thus a reduced ability to introduce new products or open new stores. They, therefore, continue to lose market share. COM7's net margin widened to 4.9% in 2021 from 2.7% in 2017 while the industry figure remained stagnant at 1.8%.

Ex 8: COM7's Market Share



Sources: Company data, Thanachart estimates

Ex 9: COM7's Net Margin Vs. Peers'

(%)	2015	2016	2017	2018	2019	2020	2021
COM7	1.8	2.4	2.7	3.2	3.5	3.7	4.9
Average main peers' net margin	0.3	1.0	1.7	0.6	0.8	0.4	1.8
- Advice	0.6	1.0	0.9	1.1	1.2	2.1	3.1
- CSC	0.1	na	1.3	2.2	0.7	na	na
- IT CITY	na	0.5	0.3	1.1	0.6	na	2.4
- Jaymart	-	-	3.8	na	1.3	1.2	2.6
- J.I.B.	0.3	0.2	0.3	0.4	0.7	0.8	2.5
- Power Buy	2.3	0.6	2.3	1.3	1.8	2.3	na

Sources: Company data, BOL

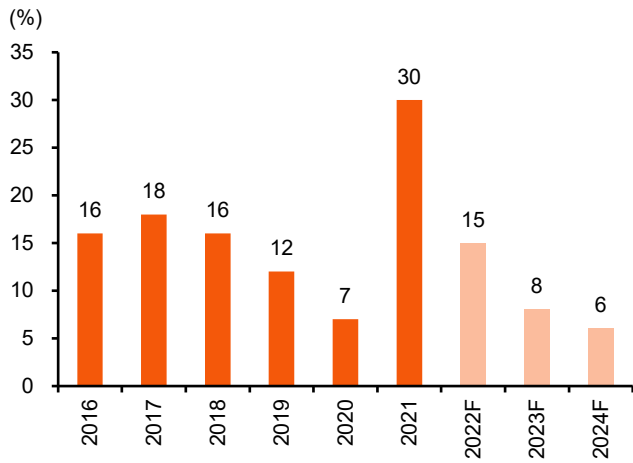
Note: na implies loss making

COM7's new stores

Despite already being the largest IT store chain in Thailand, COM7 has accelerated store openings over the past few years. COM7 opened 89 stores in 2021 to have 1,000 stores and it plans to open 160 stores this year with around half of them being in standalone formats. Next year, COM7 expects to accelerate its new store openings and we expect 160-180 p.a. in 2023-24F. COM7 foresees over half of the new stores being in standalone formats. The new standalone formats have helped gain market share from independent and traditional IT shops since there is plenty of space available. Standalone outlets still generate lower profit than those in malls but COM7 expects this trend to change in the future. The rental expense per sq m in standalones is around 50% lower than in malls.

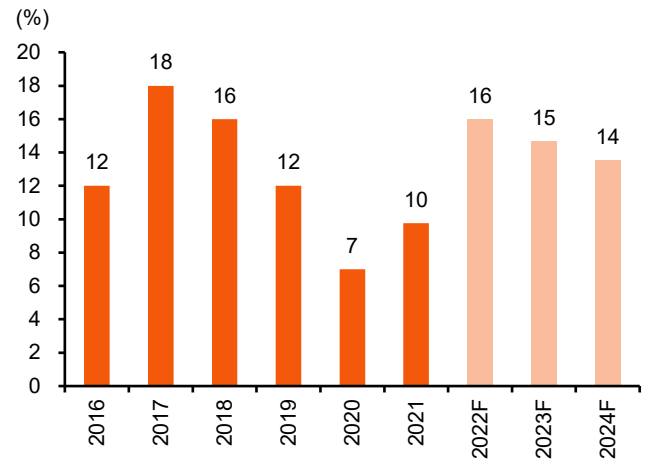
COM7 makes profits in less than a month of a new standalone outlet opening.

Ex 10: Same-Store Sales Growth



Sources: Company data, Thanachart estimates

Ex 11: New Store Openings



Sources: Company data, Thanachart estimates

Ex 12: Existing Standalone Format



Source: Company data

Ex 13: New Standalone Format



Source: Company data

Ex 14: Our Assumptions

	2019	2020	2021	2022F	2023F	2024F
# of stores	787	911	1,000	1,160	1,330	1,510
Sales growth from incremental stores (%)	7	37	7	9	4	6
Same-store sales growth (%)	12	7	30	15	8	6
Total sales growth	19	44	37	24	12	12
Gross margin (%)	13.2	12.6	13.4	13.4	13.3	13.6
SG&A to sales (%)	8.8	8.0	7.4	7.2	6.7	6.2
EBIT margin (%)	4.5	4.6	6.0	6.2	6.6	7.4

Sources: Company data, Thanachart estimates

Ex 15: Earnings Revisions

	2019	2020	2021	2022F	2023F	2024F
Sales (Bt m)						
New	33,362	37,306	51,126	63,378	70,873	79,242
Old				61,937	69,259	77,435
Change (%)				2.3	2.3	2.3
Gross margin (%)						
New	13.2	12.6	13.4	13.4	13.3	13.6
Old				13.1	13.0	13.2
Change (pp)				0.3	0.3	0.4
SG&A/sales (%)						
New	8.8	8.0	7.4	7.2	6.7	6.2
Old				7.1	6.7	6.2
Change (pp)				0.0	0.0	0.0
Normalized profit (Bt m)						
New	1,217	1,449	2,608	3,156	3,766	4,680
Old				3,085	3,662	4,516
Change (%)				2.3	2.8	3.6

Sources: Company data, Thanachart estimates

Ex 16: 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	5,002	6,203	7,128	7,955	8,794	9,656	10,589	11,596	12,697	13,848	14,842	—
Free cash flow	3,215	4,068	4,968	5,753	6,423	7,082	7,795	8,564	9,405	10,328	11,275	151,545
PV of free cash flow	3,206	3,435	3,814	4,046	4,136	4,175	4,208	4,233	4,257	4,280	4,116	55,322
Risk-free rate (%)	3.5											
Market risk premium (%)	8.0											
Beta	1.0											
WACC (%)	9.6											
Terminal growth (%)	2.0											
Enterprise value - add investments	99,229											
Net debt (2022F)	574											
Minority interest	14											
Equity value	98,640											
# of shares	2,400											
Target price/share (Bt)	41											

Sources: Company data, Thanachart estimates

Valuation Comparison

Ex 17: Valuation Comparison With Regional Peers

Name	BBG code	Country	EPS growth		— PE —		— P/BV —		EV/EBITDA		Div yield	
			22F (%)	23F (%)	22F (x)	23F (x)	22F (x)	23F (x)	22F (x)	23F (x)	22F (%)	23F (%)
Marks & Spencer Group	MKS LN	UK	(27.2)	(8.9)	8.2	9.0	0.8	0.8	4.9	5.1	3.4	4.6
J Sainsbury	SBRY LN	UK	(17.3)	(3.1)	10.7	11.0	0.6	0.6	4.8	4.8	5.6	5.4
Tesco	TSCO LN	UK	(4.5)	1.5	11.2	11.0	1.2	1.1	6.6	6.5	4.5	4.6
Carrefour SA	CA FP	France	4.6	13.7	10.8	9.5	1.2	1.1	6.5	6.0	3.5	4.0
Casino Guichard	CO FP	France	6.3	123.2	19.7	8.8	0.5	0.4	7.1	6.4	1.4	5.9
Aeon	8267 JP	Japan	391.9	12.6	74.9	66.5	2.5	2.5	8.6	8.2	1.3	1.3
Lotte Shopping	023530 KS	S. Korea	na	241.9	41.4	12.1	0.2	0.2	9.4	9.0	3.3	3.5
Shinsegae	004170 KS	S. Korea	18.9	11.3	5.6	5.1	0.5	0.5	5.4	5.4	1.5	1.6
Amore Pacific Group	002790 KS	S. Korea	(43.9)	52.8	26.9	17.6	0.9	0.9	6.9	5.4	1.1	1.4
Wal-Mart Stores	WMT US	USA	(6.3)	9.5	25.4	23.2	5.1	4.7	13.3	12.4	1.5	1.5
Home Depot Inc	HD US	USA	7.3	1.9	19.1	18.8	na	na	13.6	13.6	2.4	2.6
Berli Jucker *	BJC TB	Thailand	49.1	6.9	26.2	24.5	1.1	1.1	13.4	12.9	2.9	3.1
COM7 *	COM7 TB	Thailand	21.0	19.3	24.1	20.2	10.3	8.5	16.4	13.8	1.9	4.1
CP All*	CPALL TB	Thailand	59.0	60.3	46.5	29.0	5.1	4.6	13.0	11.0	1.1	1.7
Central Pattana *	CPN TB	Thailand	152.2	30.4	36.6	28.1	3.9	3.5	20.9	17.3	1.3	1.6
Central Retail Corp. Pcl *	CRC TB	Thailand	na	48.5	41.9	28.2	4.2	3.9	11.4	9.9	1.0	1.4
Siam Global House *	GLOBAL TB	Thailand	11.7	14.1	25.1	22.0	4.2	3.8	19.8	17.4	1.6	1.8
Home Product*	HMPRO TB	Thailand	14.0	17.7	30.7	26.1	8.1	7.5	17.3	15.1	2.6	3.1
Siam Makro *	MAKRO TB	Thailand	(34.0)	46.8	49.6	33.8	1.4	1.3	16.2	13.9	1.5	2.2
MC Group *	MC TB	Thailand	9.0	27.5	16.3	12.8	2.2	2.1	6.1	5.3	6.0	7.8
Average			34.0	36.4	27.5	20.9	2.8	2.6	11.1	10.0	2.5	3.2

Sources: Company data, Thanachart estimates

Note: * Thanachart estimates using normalized EPS growth

** MC's fiscal year ends in June

Based on 29-Nov-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

O — Opportunity

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

W — Weakness

- Low-margin retail business
- Risk from obsolete inventory

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)	39.14	41.00	5%
Net profit 22F (Bt m)	3,163	3,156	0%
Net profit 23F (Bt m)	3,493	3,766	8%
Consensus REC	BUY: 12	HOLD: 1	SELL: 0

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2023F earnings estimates and TP are higher than the Bloomberg consensus numbers, which we attribute to us having a more bullish view on demand for IT products.

Sources: Bloomberg consensus, Thanachart estimates

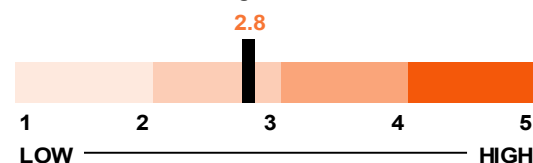
RISKS TO OUR INVESTMENT CASE

- 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

COM7 is Thailand's largest retailer of consumer IT products. Given the nature of its business, COM7 doesn't generate much greenhouse gas or waste. However, our ESG score for COM7 is moderate at 2.8, reflecting low missions but still unclear targets for ESG reduction plans.

Thanachart ESG Rating



	SETTHSI Index	THSI Index	DJSI Index	MSCI (CCC-AAA)	Arabesque S-Ray (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
COM7	YES	YES	-	-	47.53	31.19	13.30	-	5.0

Sources: SETTRADE, SETTHSI Index, Thailand Sustainability Investment (THSI), The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, Arabesque S-Ray®, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)

Note: Please see third party on "term of use" in the following back page.

Factors	Our Comments
<p>ENVIRONMENT</p> <ul style="list-style-type: none"> Environmental Policies & Guidelines Energy Management Carbon Management Water Management Waste Management 	<ul style="list-style-type: none"> COM7 is the largest retailer of IT products in Thailand. The nature of its business doesn't create much in the way of greenhouse gas (GSG) emissions or waste from its production process. COM7 has identified key environment areas it plans to improve but it still hasn't set out big-picture targets for overall environmental issues. The company has geared itself toward the use of solar power products to increase renewable electricity usage. COM7's office buildings also follow the Green Building design. COM7 has implemented campaigns for employees to conserve water and its water usage has started to fall. COM7 is using more paper bags for its customers.
<p>SOCIAL</p> <ul style="list-style-type: none"> Human Rights Staff Management Health & Safety Product Safety & Quality Social Responsibility 	<ul style="list-style-type: none"> COM7 has a well-balanced work force with around 50% being female and the rest being male. COM7 has well-defined employee training programs. The company's employee turnover ratio has also fallen over the years. COM7 tries to boost employees' morale by periodically giving rewards to those who have been identified as conducting good deeds. COM7 provides IT products such as computers and tablets for study for those in need, e.g., students in underdeveloped areas.
<p>GOVERNANCE & SUSTAINABILITY</p> <ul style="list-style-type: none"> Board Ethics & Transparency Business Sustainability Risk Management Innovation 	<ul style="list-style-type: none"> COM7 has a seven-member board of directors (BOD) which we consider appropriate for the company's size and the scope of its business. Of the seven members, there are two independent directors. Also, there are only two women directors. Although it only offers IT products, COM7's products are highly diversified in terms of function, e.g., computers, tablets, smartphones, and other lifestyle gadgets. COM7 has been diversifying into the pharmaceutical, home appliance, motorcycle financing, and debt-management businesses. The company has yet to reveal a succession plan.

Source: Thanachart

INCOME STATEMENT

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Sales	37,306	51,126	63,378	70,873	79,242
Cost of sales	32,596	44,281	54,884	61,442	68,463
Gross profit	4,710	6,846	8,494	9,431	10,779
% gross margin	12.6%	13.4%	13.4%	13.3%	13.6%
Selling & administration expenses	2,986	3,761	4,533	4,746	4,949
Operating profit	1,724	3,084	3,961	4,685	5,830
% operating margin	4.6%	6.0%	6.2%	6.6%	7.4%
Depreciation & amortization	630	787	726	804	886
EBITDA	2,354	3,872	4,686	5,490	6,716
% EBITDA margin	6.3%	7.6%	7.4%	7.7%	8.5%
Non-operating income	47	28	35	39	44
Non-operating expenses	0	0	0	0	0
Interest expense	(53)	(48)	(91)	(54)	(54)
Pre-tax profit	1,718	3,065	3,905	4,671	5,819
Income tax	328	555	800	957	1,193
After-tax profit	1,390	2,510	3,104	3,713	4,626
% net margin	3.7%	4.9%	4.9%	5.2%	5.8%
Shares in affiliates' Earnings	64	96	50	51	52
Minority interests	(4)	2	2	2	2
Extraordinary items	41	22	0	0	0
NET PROFIT	1,491	2,630	3,156	3,766	4,680
Normalized profit	1,449	2,608	3,156	3,766	4,680
EPS (Bt)	0.6	1.1	1.3	1.6	2.0
Normalized EPS (Bt)	0.6	1.1	1.3	1.6	2.0

Strong sales growth despite the COVID crisis

Multi-year strong earnings growth, based on our estimates

BALANCE SHEET

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
ASSETS:					
Current assets:	5,861	11,886	12,413	13,971	16,803
Cash & cash equivalent	1,121	1,851	1,000	1,400	3,000
Account receivables	864	2,707	3,356	3,753	4,196
Inventories	3,664	6,208	7,695	8,446	9,223
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	2,689	2,522	2,356
Total assets	9,207	15,966	16,746	18,360	21,212
LIABILITIES:					
Current liabilities:	4,430	9,751	8,843	8,994	10,524
Account payables	2,464	5,106	6,328	7,169	7,988
Bank overdraft & ST loans	1,283	3,801	1,336	969	2,055
Current LT debt	0	0	0	0	0
Others current liabilities	683	844	1,179	856	480
Total LT debt	708	677	238	173	366
Others LT liabilities	198	237	229	256	287
Total liabilities	5,336	10,665	9,311	9,423	11,177
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	5,936	7,438	8,538
Shareholders' equity	3,852	5,285	7,421	8,923	10,023
Liabilities & equity	9,207	15,966	16,746	18,360	21,212

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	3,905	4,671	5,819
Tax paid	(276)	(433)	(769)	(899)	(1,160)
Depreciation & amortization	630	787	726	804	886
Chg In working capital	332	(1,745)	(913)	(308)	(402)
Chg In other CA & CL / minorities	492	(71)	342	(340)	(368)
Cash flow from operations	2,896	1,604	3,291	3,929	4,776
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)	(388)	(214)	(237)
Cash flow from investments	(1,917)	(2,187)	(218)	(833)	(876)
Debt financing	(149)	2,510	(2,904)	(433)	1,280
Capital increase	0	0	300	0	0
Dividends paid	(960)	(1,199)	(1,320)	(2,264)	(3,580)
Warrants & other surplus	(52)	1	0	0	0
Cash flow from financing	(1,161)	1,312	(3,924)	(2,697)	(2,300)
Free cash flow	2,868	1,312	2,891	3,509	4,336

VALUATION

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Normalized PE (x)	52.6	29.2	24.1	20.2	16.3
Normalized PE - at target price (x)	67.9	37.7	31.2	26.1	21.0
PE (x)	51.1	29.0	24.1	20.2	16.3
PE - at target price (x)	66.0	37.4	31.2	26.1	21.0
EV/EBITDA (x)	32.7	20.4	16.4	13.8	11.3
EV/EBITDA - at target price (x)	42.2	26.1	21.1	17.9	14.6
P/BV (x)	19.8	14.4	10.3	8.5	7.6
P/BV - at target price (x)	25.5	18.6	13.3	11.0	9.8
P/CFO (x)	26.3	47.5	23.2	19.4	16.0
Price/sales (x)	2.0	1.5	1.2	1.1	1.0
Dividend yield (%)	1.6	1.6	1.9	4.1	5.3
FCF Yield (%)	3.8	1.7	3.8	4.6	5.7
(Bt)					
Normalized EPS	0.6	1.1	1.3	1.6	2.0
EPS	0.6	1.1	1.3	1.6	2.0
DPS	0.5	0.5	0.6	1.3	1.7
BV/share	1.6	2.2	3.1	3.7	4.2
CFO/share	1.2	0.7	1.4	1.6	2.0
FCF/share	1.2	0.5	1.2	1.5	1.8

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Growth Rate					
Sales (%)	11.8	37.0	24.0	11.8	11.8
Net profit (%)	22.6	76.5	20.0	19.3	24.3
EPS (%)	22.6	76.5	20.0	19.3	24.3
Normalized profit (%)	19.1	80.0	21.0	19.3	24.3
Normalized EPS (%)	19.1	80.0	21.0	19.3	24.3
Dividend payout ratio (%)	80.5	45.6	45.6	82.0	87.0
Operating performance					
Gross margin (%)	12.6	13.4	13.4	13.3	13.6
Operating margin (%)	4.6	6.0	6.2	6.6	7.4
EBITDA margin (%)	6.3	7.6	7.4	7.7	8.5
Net margin (%)	3.7	4.9	4.9	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	0.1	(0.0)	(0.1)
Interest coverage - EBIT (x)	32.4	64.4	43.6	87.3	107.3
Interest coverage - EBITDA (x)	44.3	80.9	51.6	102.3	123.7
ROA - using norm profit (%)	15.8	20.7	19.3	21.5	23.7
ROE - using norm profit (%)	40.1	57.1	49.7	46.1	49.4
DuPont					
ROE - using after tax profit (%)	38.5	54.9	48.9	45.4	48.8
- asset turnover (x)	4.1	4.1	3.9	4.0	4.0
- operating margin (%)	4.7	6.1	6.3	6.7	7.4
- leverage (x)	2.5	2.8	2.6	2.1	2.1
- interest burden (%)	97.0	98.5	97.7	98.9	99.1
- tax burden (%)	80.9	81.9	79.5	79.5	79.5
WACC (%)	8.8	8.8	8.8	8.8	8.8
ROIC (%)	33.1	53.5	39.8	46.6	53.5
NOPAT (Bt m)	1,395	2,526	3,149	3,725	4,635
invested capital (Bt m)	4,721	7,913	7,995	8,665	9,445

Sources: Company data, Thanachart estimates

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As a result, SET has created the SETTHSI for the purpose of indicating the price of these sustainable companies that pass the market capital size and liquidity criteria.

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AA - AAA	LEADER: A company leading its industry in managing the most significant ESG risks and opportunities

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ESG risk combines the concepts of management and exposure to arrive at an absolute assessment of ESG risk. We identify five categories of ESG risk severity that could impact a company's enterprise value

Moody's ESG Solutions

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80-89	▲▲▲▲	Very Good
70-79	▲▲▲	Good
60-69	▲▲	Satisfactory
50-59	▲	Pass
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Note: Our major shareholder TCAP (Thanachart Capital Pcl) which holding 89.96% of Thanachart Securities and also TCAP holding 100% of Thanachart SPV1 Co. Ltd. TCAP and Thanachart SPV1 Co. Ltd has stake in THANI for 60% and being the major shareholder of THANI.

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Recommendations are based on absolute upside or downside, which is the difference between the target price and the current market price. If the upside is 10% or more, the recommendation is BUY. If the downside is 10% or more, the recommendation is SELL. For stocks where the upside or downside is less than 10%, the recommendation is HOLD. Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on the market price and the formal recommendation.

For sectors, an "Overweight" sector weighting is used when we have BUYs on majority of the stocks under our coverage by market cap. "Underweight" is used when we have SELLs on majority of the stocks we cover by market cap. "Neutral" is used when there are relatively equal weightings of BUYs and SELLs.

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