

## The ONE Enterprise (ONEE TB) - BUY, Price Bt9.25, TP Bt13.00

## Results Comment

Rata Limsuthiwanpoom | Email: rata.lim@thanachartsec.co.th

### 3Q22 slightly weaker-than-expected

- ONEE posted 3Q22 net profit of Bt179m, falling 2% y-y (EPS dropped 22% on IPO new shares dilution) and 8% q-q. This was slightly lower than expected on gross margin and SG&A. 9M22 accounted for 69% of our projection.
- 3Q22 total revenue was up by 50% y-y (low base impact due to Covid lockdown) and 9% q-q. Operating margin was 11% vs. 17.7/14% in 3Q21/2Q22 respectively. The margin decreases were due to higher mix of low-margin event business and rising cost on higher TV fresh-run contents.
- Advertising income in 3Q22 (47% of total revenue) was up 22% y-y and flat q-q on due to ad spenders being more cautious about inflationary pressure and flooding situation in September and October.
- Copyright revenue (19% of total revenue) increased 29% y-y but declined 9% q-q. The copyright revenue was generated from the activities of selling copyright of ONEE's programs to overseas and revenues from online platform.
- Production and service (7% of total revenue) was up 75% y-y but dropped 12%. Radio production (3% of total revenue) was up 31% y-y but down 3% q-q. Event business (11% of total revenue) was strongly recovered post-Covid to Bt171m in 3Q22 vs. almost none in previous quarters.
- Revenue from other Related Business i.e. artist management and merchandise sales (15% of total revenue) was up 94% y-y and 13% q-q.

Income Statement					
(consolidated)					
Yr-end Dec (Bt m)	3Q21	4Q21	1Q22	2Q22	3Q22
Revenue	1,086	1,524	1,572	1,490	1,627
<b>Gross profit</b>	<b>564</b>	<b>734</b>	<b>716</b>	<b>659</b>	<b>662</b>
SG&A	371	521	435	450	483
Operating profit	193	213	281	209	180
<b>EBITDA</b>	<b>464</b>	<b>513</b>	<b>586</b>	<b>537</b>	<b>535</b>
Other income	23	22	16	46	29
Other expense	0	0	0	0	0
Interest expense	35	19	7	3	2
<b>Profit before tax</b>	<b>181</b>	<b>216</b>	<b>290</b>	<b>252</b>	<b>206</b>
Income tax	12	13	41	73	42
Equity & invest. income	(1)	2	1	(0)	0
Minority interests	(0)	(0)	0	(0)	(0)
Extraordinary items	0	0	0	0	0
<b>Net profit</b>	<b>168</b>	<b>205</b>	<b>250</b>	<b>179</b>	<b>164</b>
<b>Normalized profit</b>	<b>168</b>	<b>205</b>	<b>250</b>	<b>179</b>	<b>164</b>
EPS (Bt)	0.09	0.09	0.11	0.08	0.07
Normalized EPS (Bt)	0.09	0.09	0.11	0.08	0.07

Balance Sheet					
(consolidated)					
Yr-end Dec (Bt m)	3Q21	4Q21	1Q22	2Q22	3Q22
Cash & ST investment	825	2,462	1,039	978	1,519
A/C receivable	984	1,145	1,325	1,492	1,401
Inventory	569	564	570	594	551
Other current assets	121	123	1,294	1,315	699
Investment	10	12	13	13	11
Fixed assets	798	807	812	811	797
Other assets	4,313	4,192	4,236	4,258	4,317
<b>Total assets</b>	<b>7,621</b>	<b>9,305</b>	<b>9,289</b>	<b>9,461</b>	<b>9,295</b>
S-T debt	2,509	311	0	0	0
A/C payable	912	931	1,135	1,241	1,278
Other current liabilities	720	795	647	705	637
L-T debt	312	0	0	0	0
Other liabilities	443	423	411	405	391
Minority interest	0	0	0	0	0
<b>Shareholders' equity</b>	<b>2,725</b>	<b>6,845</b>	<b>7,096</b>	<b>7,110</b>	<b>6,989</b>
Working capital	642	778	760	846	673
Total debt	2,821	311	0	0	0
<b>Net debt</b>	<b>1,996</b>	<b>(2,150)</b>	<b>(1,039)</b>	<b>(978)</b>	<b>(1,519)</b>

Sources: Company data, Thanachart estimates

Income Statement					
9M as					
(Bt m)	q-q%	y-y%	% 2022F	2022F	2023F
Revenue	9	50	76	6,167	6,929
<b>Gross profit</b>	<b>1</b>	<b>17</b>	<b>73</b>	<b>2,789</b>	<b>3,228</b>
SG&A	7	30	77	1,785	1,924
Operating profit	(14)	(7)	67	1,004	1,304
<b>EBITDA</b>	<b>(0)</b>	<b>15</b>	<b>79</b>	<b>2,112</b>	<b>2,431</b>
Other income	(37)	26	96	95	104
Other expense					
Interest expense	(4)	(93)	49	24	15
<b>Profit before tax</b>	<b>(18)</b>	<b>14</b>	<b>70</b>	<b>1,075</b>	<b>1,393</b>
Income tax	(42)	265	73	215	279
Equity & invest. income					
Minority interests					
Extraordinary items					
<b>Net profit</b>	<b>(8)</b>	<b>(2)</b>	<b>69</b>	<b>860</b>	<b>1,120</b>
<b>Normalized profit</b>	<b>(8)</b>	<b>(2)</b>	<b>69</b>	<b>860</b>	<b>1,120</b>
EPS (Bt)	(8)	(22)	69	0.36	0.47
Normalized EPS (Bt)	(8)	(22)	69	0.36	0.47

Financial Ratios					
(%)	3Q21	4Q21	1Q22	2Q22	3Q22
Sales grow th	42.6	52.9	17.1	6.9	49.9
Operating profit grow th	12.4	(5.1)	10.4	(39.2)	(6.8)
EBITDA grow th	45.5	19.0	18.1	(11.4)	15.1
Norm profit grow th	6.9	(20.9)	29.7	(31.7)	(2.3)
Norm EPS grow th	6.9	(32.2)	3.8	(45.4)	(21.9)
Gross margin	51.9	48.1	45.5	44.2	40.7
Operating margin	17.7	14.0	17.9	14.0	11.0
EBITDA margin	42.8	33.7	37.3	36.0	32.9
Norm net margin	15.5	13.5	15.9	12.0	10.1
D/E (x)	1.0	0.0	-	-	-
Net D/E (x)	0.7	(0.3)	(0.1)	(0.1)	(0.2)
Interest coverage (x)	13.2	26.9	89.3	207.0	215.7
Interest rate	4.6	4.9	16.9	na	na
Effective tax rate	6.4	5.8	14.1	28.9	20.6
ROA	8.6	9.7	10.8	7.6	7.0
ROE	25.4	17.2	14.4	10.1	9.3

**General Disclaimers And Disclosures:**

This report is prepared and issued by Thanachart Securities Public Company Limited (TNS) as a resource only for clients of TNS, Thanachart Capital Public Company Limited (TCAP) and its group companies. Copyright © Thanachart Securities Public Company Limited. All rights reserved. The report may not be reproduced in whole or in part or delivered to other persons without our written consent.

This report is prepared by analysts who are employed by the research department of TNS. While the information is from sources believed to be reliable, neither the information nor the forecasts shall be taken as a representation or warranty for which TNS or TCAP or its group companies or any of their employees incur any responsibility. This report is provided to you for informational purposes only and it is not, and is not to be construed as, an offer or an invitation to make an offer to sell or buy any securities. Neither TNS, TCAP nor its group companies accept any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

The information and opinions contained herein have been compiled or arrived at from sources believed reliable. However, TNS, TCAP and its group companies make no representation or warranty, express or implied, as to their accuracy or completeness. Expressions of opinion herein are subject to change without notice. The use of any information, forecasts and opinions contained in this report shall be at the sole discretion and risk of the user.

TNS, TCAP and its group companies perform and seek to perform business with companies covered in this report. TNS, TCAP, its group companies, their employees and directors may have positions and financial interest in securities mentioned in this report. TNS, TCAP or its group companies may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any entity mentioned in this report. Therefore, investors should be aware of conflict of interest that may affect the objectivity of this report.

Note: Thanachart Securities Public Company Limited act as a Market Maker and Derivative Warrants Issuer. At present, TNS has issued 111 Derivative Warrants which are ADVANC16C2302A, ADVANC16C2301A, ADVANC16C2211A, AMATA16C2212A, AMAT16C2209A, AOT16C2302A, AOT16C2212A, AOT16C2209A, BANPU16C2302A, BANPU16C2212A, BBL16C2212A, BCH16C2211A, BH16C2212B, BH16C2212A, BGRIM16C2302A, BGRIM16C2301A, BGRIM16C2212A, BGRI16C2209A, BLA16C2302A, BLA16C2212A, BLA16C2209A, BTS16C2301A, CBG16C2302A, CBG16C2301B, CBG16C2301A, CENTEL16C2209A, COM716C2302A, COM716C2209A, COM716C2211A, COM716C2211B, COM716C2211C, CPALL16C2211A, CPN16C2301A, DTAC16C2212A, DOHOME16C2301A, EA16C2303A, EA16C2209A, EA16C2211A, ESSO16C2302A, ESSO16C2209A, ESSO16C2209B, FORTH16C2211A, GPSC16C2302A, GPSC16C2301A, GPSC16C2209A, GULF16C2302B, GULF16C2302A, GULF16C2301A, GUNKUL16C2302A, GUNKUL16C2301A, GUNK16C2209A, HANA16C2301A, HANA16C2209A, HANA16C2211A, IVL16C2301A, IVL16C2212A, IVL16C2209A, IVL16C2211A, JMART16C2211A, JMT16C2302A, JMT16C2211A, KBANK16C2302A, KBANK16C2301A, KBAN16C2209A, KBANK16C2211A, KCE16C2302A, KCE16C2301B, KCE16C2301A, KCE16C2209A, KCE16C2211A, KTC16C2211A, KTC16C2209A, MINT16C2302A, MINT16C2301A, MINT16C2211A, MTC16C2301A, MTC16C2212A, MTC16C2209A, PSL16C2212A, PTG16C2211A, PTG16C2209A, PTTEP16C2303A, PTTEP16C2212A, PTTE16C2209A, RBF16C2209A, SAWAD16C2211A, S5016C2209A, S5016P2209A, SAWAD16C2302A, SAWA16C2209A, SCB16C2301A, SCB16C2211A, SCGP16C2303A, SCGP16C2212A, SET5016P2212B, SET5016C2212C, SET5016C2212B, SET5016P2212A, SET5016C2209B, SET5016C2212A, SET5016P2209B, SINGER16C2212A, SPRC16C2212A, SPRC16C2209A, STEC16C2209A, TIDLOR16C2212A, TOP16C2211A, TRUE16C2212A, TTA16C2211A, VGI16C2301A, WHA16C2209A (underlying securities are (ADVANC, AMATA, AOT, BANPU, BBL, BCH, BGRIM, BH, BLA, BTS, CBG, CENTEL, COM7, CPALL, CPN, DOHOME, DTAC, EA, ESSO, FORTH, GPSC, GULF, GUNKUL, HANA, IVL, JMART, JMT, KBANK, KCE, KTC, MINT, MTC, PSL, PTG, PTTEP, RBF, SAWAD, SCB, SET50, SCGP, SINGER, SPRC, STEC, TIDLOR, TOP, TRUE, TTA, VGI, WHA) before making investment decisions.

**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.

**Note:** Thanachart Capital Public Company Limited (TCAP), TMBThanachart Bank Public Company Limited (TTB), are related companies to Thanachart Securities Public Company Limited (TNS). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds 24.33% of the shareholding in TMBThanachart Bank Pcl.

**Note:** Thanachart Capital Public Company Limited (TCAP), Ratchthani Leasing Public Company Limited (THANI), MBK PUBLIC COMPANY LIMITED (MBK) and PATUM RICE MILL AND GRANARY PUBLIC COMPANY LIMITED (PRG ) are related companies to Thanachart Securities Public Company Limited (TNS) . Since TNS covers those securities in research report, consequently TNS incurs conflicts of interest.

**Disclosure of Interest of Thanachart Securities**

**Investment Banking Relationship**

Within the preceding 12 months, Thanachart Securities has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: The One Enterprise Pcl. (ONEE TB)