

**BUY** (Unchanged)

Change in Numbers

**TP: Bt 38.00**

Upside : 14.3%

(From : Bt 36.00)

**27 JANUARY 2023**

# TOA Paint (Thailand) (TOA TB)

## Falling oil price beneficiary

Despite organic sales growth, we expect falling oil prices and a strengthening baht to drive TOA's earnings CAGR of 20% in 2023-25. Given its dominant position (49% market share) and PE of 30x in 2023F, falling to 25x in 2024F vs. its five-year average of 36x, we reaffirm our BUY call.

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### Raising TP to Bt38 and reiterating BUY

Although we cut our earnings forecasts for TOA by 14% in 2022F and 6/4% in 2023-24F due to sustained high Titanium Dioxide (TiO<sub>2</sub>) prices (19-20% of the total costs) (see Exhibit 4), a rollover of the base year in our model to 2023F causes our DCF-based 12-month TP to increase to Bt38/share (from Bt36) and we reaffirm our BUY call on the stock. Despite a 32% rise in the share price from its low last year, we still like TOA given **1)** its strong earnings turnaround to a record high in 2024F, mainly driven by falling oil prices and baht strengthening, **2)** its solid fundamentals with very strong brand awareness in Thailand and its 49% market share, **3)** its strong balance sheet with a net cash position, and **4)** attractive valuation at a PE of 30x in 2023F and 25x in 2024F vs. its five-year average of 36x in 2017-22.

### 7% revenue CAGR in 2023-25F but...

Since the paint market in Thailand is mature, TOA's total sales value was relatively flat in 2014-20. However, despite the COVID-19 crisis, its sales grew by 8% y-y in 2021 and we expect 17% y-y growth in 2022F (vs. 18% in 9M22). The growth was driven by its average selling price hike, greater focus on non-decorative products (e.g. construction chemicals, wood coating, and hardware), and the consolidation of Gypmantech (GMT), a gypsum board producer, in March 2022. We expect the full-year effect of the selling price hike and consolidation of GMT along with a recovery in sales volume after the easing of the COVID-19 restrictions to drive TOA's sales growth of 8/6/6% in 2023-25F.

### ...20% earnings CAGR

However, we expect TOA to realise earnings growth of 29/17/14% in 2023-25F due to a fall in its production costs. TOA's key raw materials are TiO<sub>2</sub>, at 19-20% of the total costs, and oil-related materials, at 18%. These raw materials are also linked to the USD. Since our house view calls for the oil price to fall from USD94/bbl last year to USD78/73/73 in 2023-25F (vs. USD83 now) and the baht to strengthen from Bt35/USD to Bt34/33/32 in 2023-25F (vs. Bt33 now), we expect TOA's gross margin to recover from 29% in 2022F to 31/33/33% in 2023-25F, driving its earnings CAGR of 20% over 2023-25F.

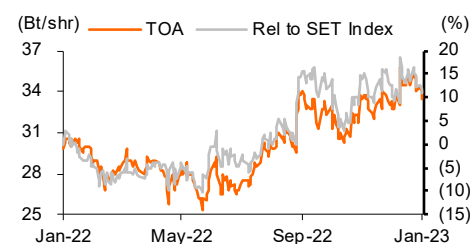
### A cash generator

Besides its net cash position, we estimate TOA to generate EBITDA of Bt3.4-4.4bn a year over 2023-25F with EBITDA margins of 15-18%. ROE is also high at 17-19% in 2023-25F. Despite that, management wants to reserve some cash for M&As and expansion in the future, leading us to forecast a payout ratio of 50-65%. This implies dividend yields of 1.8-2.9% in 2023-25F.

### COMPANY VALUATION

Y/E Dec (Bt m)	2021A	2022F	2023F	2024F
Sales	17,570	20,468	22,146	23,451
Net profit	1,955	1,615	2,269	2,655
Consensus NP	—	1,724	2,178	2,409
Diff frm cons (%)	—	(6.3)	4.2	10.2
Norm profit	1,835	1,756	2,269	2,655
Prev. Norm profit	—	2,045	2,420	2,767
Chg frm prev (%)	—	(14.1)	(6.3)	(4.0)
Norm EPS (Bt)	0.9	0.9	1.1	1.3
Norm EPS grw (%)	(10.0)	(4.3)	29.2	17.0
Norm PE (x)	36.8	38.4	29.7	25.4
EV/EBITDA (x)	21.1	22.5	17.4	14.7
P/BV (x)	5.5	5.2	4.8	4.4
Div yield (%)	1.5	1.2	1.8	2.4
ROE (%)	15.5	13.8	16.7	18.1
Net D/E (%)	(58.8)	(57.6)	(61.6)	(66.0)

### PRICE PERFORMANCE



### COMPANY INFORMATION

Price as of 27-Jan-23 (Bt)	33.25
Market Cap (US\$ m)	2,052.5
Listed Shares (m shares)	2,029.0
Free Float (%)	25.0
Avg Daily Turnover (US\$ m)	1.8
12M Price H/L (Bt)	35.75/25.25
Sector	CONMAT
Major Shareholder	TOAGH 30%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report ..... P7

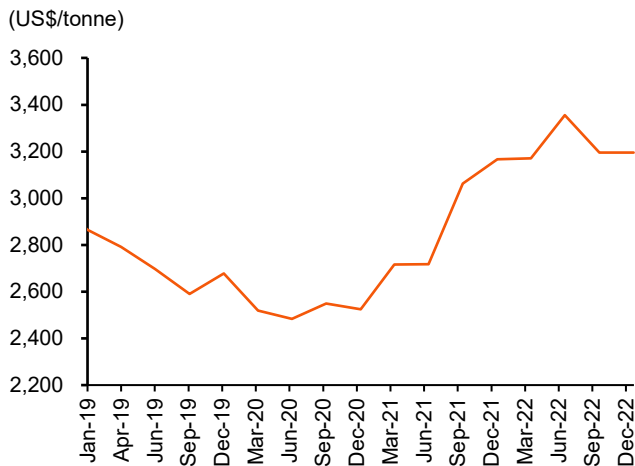
## Raising TP to Bt38 and reaffirming our BUY call

**We cut our earnings forecasts by 4-6% in 2023-24F**

We cut our earnings forecasts for TOA by 14% in 2022F and by a more modest 6/4% in 2023-24F as we assume;

- 1) 7-9% higher Titanium Dioxide (TiO<sub>2</sub>) price assumptions of USD3,229/3,200/3,200 per tonne in 2022-24F (vs. USD3,196 in December 2022) to reflect the oligopolistic TiO<sub>2</sub> market in Europe
- 2) 4-7% higher oil price forecasts of USD94/78/bbl in 2022-23F (vs. USD83 at present) in line with our house view

**Ex 1: Titanium Dioxide Price Sustained High But...**



Source: Bloomberg

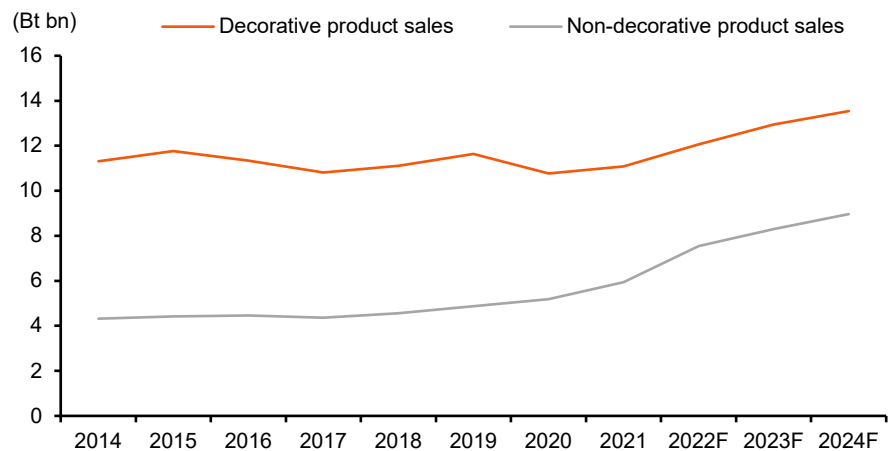
**Ex 2: ...Oil Price Has Started To Fall**



Source: Bloomberg

- 3) 7-16% higher sale forecasts of 2022-24F, driven by a recovery in sales volume, selling price hike, and the consolidation of Gypmantech (GMT), a gypsum board producer, in March 2022.

**Ex 3: TOA's Sales**



Source: Company data, Thanachart estimates

**With a rollover of the base year, we lift our TP to Bt38 and reiterate our BUY rating**

With the rollover of the base year in our model to 2023F, our DCF-based TP increases to Bt38/share (from Bt36) and we reiterate our BUY rating on TOA.

#### Ex 4: Key Assumption Changes

	2020	2021	2022F	2023F	2024F
<b>Titanium dioxide price (US\$/tonne)</b>					
New	2,519	2,917	3,229	3,200	3,200
Old			3,000	2,988	2,950
Change (%)			7.6	7.1	8.5
<b>Brent oil price (US\$/bbl)</b>					
New	42	69	94	78	73
Old			88	75	73
Change (pp)			6.8	4.0	-
<b>Sales (Bt bn)</b>					
New	16.3	17.6	20.5	22.1	23.5
Old			19.1	19.4	20.3
Change (pp)			7.0	14.1	15.6
<b>Gross margin (%)</b>					
New	36.9	32.7	29.1	31.3	32.6
Old			31.6	33.0	34.0
Change (pp)			(2.5)	(1.7)	(1.4)
<b>Normalized profit (Bt bn)</b>					
New	2.0	1.8	1.8	2.3	2.7
Old			2.0	2.4	2.8
Change (pp)			(14.1)	(6.3)	(4.0)

Sources: Company data, Thanachart estimates

## Share-price catalysts

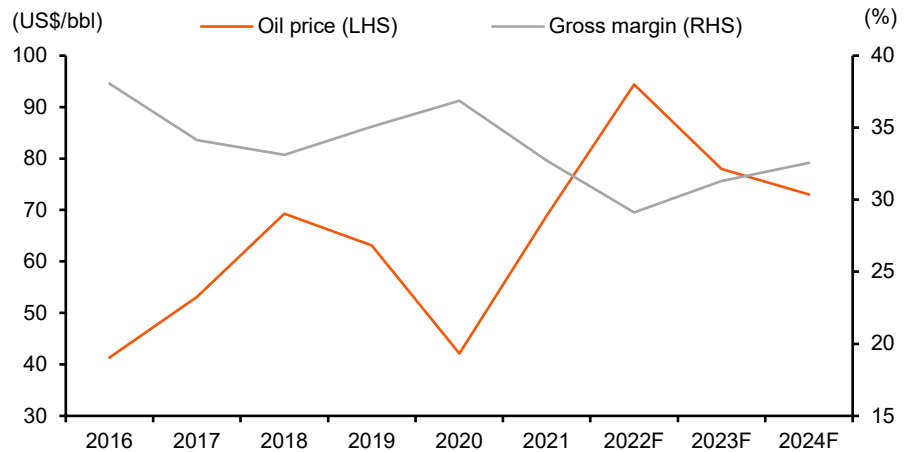
**We see share price catalysts in...**

**...1) TOA's 20% 3-year earnings CAGR driven by lower production costs...**

Despite the 32% rise in the share price from its low last year, we still see potential share price catalysts in;

- its 20% earnings CAGR in 2023-25F. Even though we expect the mature paint market in Thailand to drive TOA's organic sales growth of 8/6/6% in 2023-25F, we forecast TOA to realise lower production costs from a fall in the oil price and the baht strengthening. TOA's TiO<sub>2</sub> costs make up 19-20% of the total costs while its oil-related raw material costs account for 18%. These raw material costs are also linked to the USD. Our house view calls for the oil price to fall from USD94/bbl last year to USD78/73/73 in 2023-25F (vs. USD83 now) and the baht to strengthen from Bt35/USD to Bt34/33/32 in 2023-25F (vs. Bt33 now). We also perform a sensitivity analysis on TOA's earnings to changes in the TiO<sub>2</sub> price and the baht against the USD. We estimate earnings to increase by 0.7% if titanium dioxide prices drop by 1%, and earnings rise by 4% if the baht strengthens by Bt1 again the USD.

**Ex 5: TOA's Gross Margin Vs. Oil Price**



Sources: Company data, Thanachart estimates

*...2) its solid fundamentals with 49% market share...*

2) its solid fundamentals with very strong brand awareness in Thailand and 49% market share, nationwide distribution network with coverage of all Thailand's provinces and 90% of districts, and provision of color world solution services to support retail dealers' sales and create strong retail-dealer resistance to non-TOA brands.

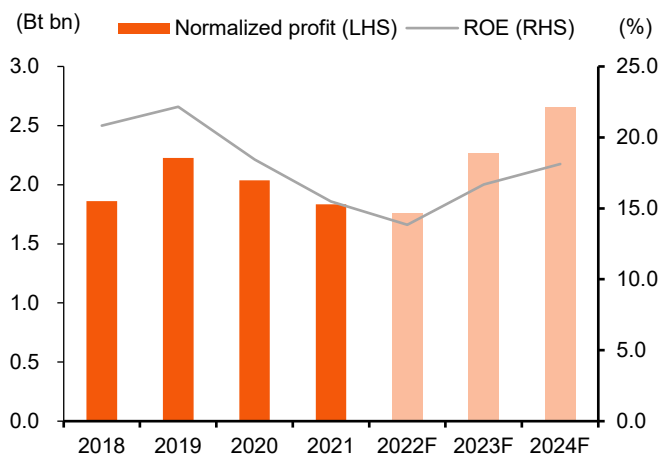
*...3) its high profitability with a net cash position...*

3) its strong balance sheet with a net cash position, 15-18% EBITDA margins in 2023-25F, and 17-20% ROE.

*...4) and its attractive valuation*

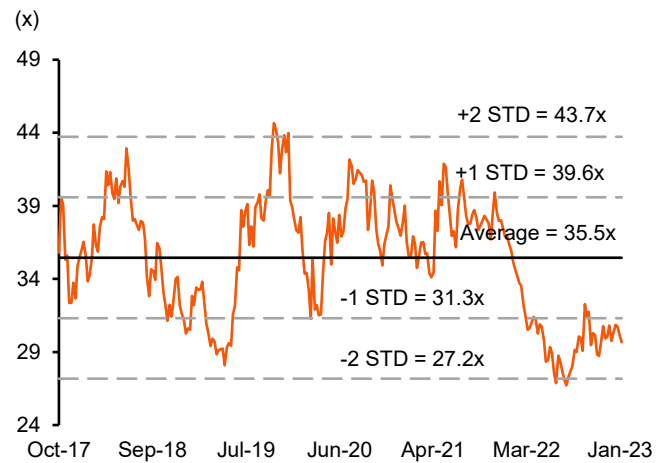
4) attractive valuation with a PE multiple of 30x in 2023F and 25x in 2024F vs. its five-year average of 36x in 2017-22.

**Ex 6: TOA's Earnings Vs. ROE**



Sources: Company data, Thanachart estimates

**Ex 7: TOA's PE Standard Deviation**



Sources: Bloomberg, Thanachart estimates

## Ex 8: 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	3,370	3,893	4,373	4,759	5,174	5,619	6,122	6,662	7,243	7,843	8,488	—
Free cash flow	2,330	2,823	3,010	3,333	3,661	4,013	4,413	4,844	5,306	5,786	6,299	94,408
PV of free cash flow	2,324	2,428	2,369	2,422	2,456	2,485	2,523	2,557	2,482	2,487	2,488	37,297
Risk-free rate (%)	2.5											
Market risk premium (%)	8.0											
Beta	0.7											
WACC (%)	7.8											
Terminal growth (%)	2.0											
Enterprise value - add investments	68,319											
Net debt (2022F)	(7,620)											
Minority interest	131											
Equity value	75,809											
# of shares	2,029											
<b>Target price/share (Bt)</b>	<b>38</b>											

Sources: Company data, Thanachart estimates

## Valuation Comparison

## Ex 9: Peer Comparison

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 (%)
RPM International	RPM US	US	18.8	10.5	20.1	18.2	5.1	4.5	13.9	12.8	1.9	2.0
Axalta Coating Systems	AXTA US	US	8.3	20.4	17.9	14.9	3.7	3.2	10.5	9.7	0.0	0.0
Sherwin-Williams	SHW US	US	11.4	11.9	23.1	20.7	17.1	16.2	17.3	16.10	1.1	1.2
Chugoku Marine Paints	4617 JP	Japan	62.6	156.3	122.3	47.7	0.9	0.9	21.2	17.0	3.6	3.6
Kansai Paint	4613 JP	Japan	(5.6)	14.4	18.2	15.9	1.3	1.3	10.6	9.5	1.7	1.9
Kansai Nerolac Paints	KNPL IN	India	51.4	38.7	40.2	29.0	4.9	4.4	24.7	18.3	0.9	1.2
Asian Paints	APNT IN	India	29.6	23.4	64.1	52.0	16.6	14.5	42.3	34.9	0.9	1.1
Berger Paints India	BRGR IN	India	21.4	23.7	51.5	41.7	11.6	10.0	32.9	27.3	0.7	1.0
Akzo Nobel NV	AKZA NA	Netherlands	(29.0)	32.9	26.4	19.0	2.4	2.3	14.0	11.8	2.9	3.0
TOA Paint (Thailand)	TOA TB	Thailand	(4.3)	29.2	38.4	29.7	5.2	4.8	22.5	17.4	1.2	1.8
<b>Average</b>			<b>16.5</b>	<b>36.1</b>	<b>42.2</b>	<b>28.9</b>	<b>6.9</b>	<b>6.2</b>	<b>21.0</b>	<b>17.5</b>	<b>1.5</b>	<b>1.7</b>

Sources: Company data, Thanachart estimates

Note: \* Thanachart estimates, using normalized EPS

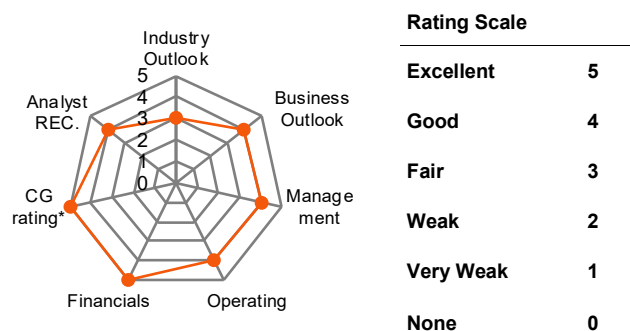
Based on 27 Jan-23 closing prices

## COMPANY DESCRIPTION

Established in 1964 by the Tangkaravakoon family, TOA Paint (Thailand) Pcl is the leading paints and coatings manufacturer in Thailand. It dominates the paints and coatings market with the highest shares of the retail decorative paints and coating segments. It also has the second-highest market share of the non-decorative (e.g. wood coating, water proofing and protective coating) segments. It has expanded the business into many Asean Economic Community (AEC) countries with production plants in Vietnam, Malaysia, Laos, Myanmar and Cambodia.

Source: Thanachart

## COMPANY RATING



Source: Thanachart; \* CG Rating

## THANACHART'S SWOT ANALYSIS

### S — Strength

- Solid brand perception and awareness.
- Strong R&D to offer product quality, variety and innovation.
- Nationwide distribution with distinctive solution services.
- Robust financial status.

### O — Opportunity

- Growing markets in AEC countries.
- Product diversification, especially in the non-decorative segment.
- Business diversification.

### W — Weakness

- High dependence on the decorative segment where competition is fierce.
- Heavily dependent on retail dealers' sales as they also sell competitors' products.

### T — Threat

- Competitors can quickly catch up with product innovations.
- Fluctuations in raw material prices.
- Laws and regulations both domestically and abroad.

## CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
<b>Target price (Bt)</b>	37.30	38.00	2%
<b>Net profit 22F (Bt m)</b>	1,724	1,615	-6%
<b>Net profit 23F (Bt m)</b>	2,178	2,269	4%
<b>Consensus REC</b>	<b>BUY: 7</b>	<b>HOLD: 1</b>	<b>SELL: 0</b>

## HOW ARE WE DIFFERENT FROM THE STREET?

- Our earnings estimates for 2023F are 4% higher than the Bloomberg consensus numbers, likely due to us being slightly more aggressive on its sales recovery and gross margin.
- Our TP is slightly higher than the Street's following our higher earnings forecast.

Sources: Bloomberg consensus, Thanachart estimates

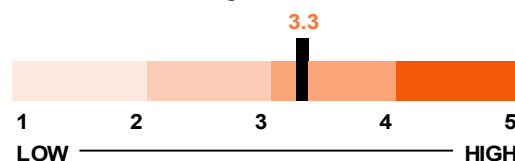
## RISKS TO OUR INVESTMENT CASE

- Raw material costs account for 65-70% of TOA's total costs. Therefore, adverse fluctuations in prices represent the key downside risk to our earnings forecasts.
- A slow economic and consumption recovery in Thailand could lead to a secondary downside risk to our domestic sales volume growth assumptions.
- A delay in the operation of new plants could also represent another downside risk to our sales volume growth assumptions from abroad.
- If the company can't increase its average selling prices to offset rising costs, this would hit our gross margin assumptions and therefore our net profit forecasts.

Source: Thanachart

TOA Pcl is the leading paint manufacturer in Thailand. It dominates the paint market with the highest shares of the retail decorative paints segments. Our ESG score for TOA is relatively high at 3.3 as its business doesn't produce much greenhouse gas but it still assigns importance to ESG issues with ESG targets in many areas.

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)
TOA	YES	YES	-	-	63.32	56.72	26.57	-	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
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**ENVIRONMENT**

- Environmental Policies & Guidelines
- Energy Management
- Carbon Management
- Water Management
- Waste Management

- We assign a relatively high ESG score to TOA due to its strong commitment to ESG issues. It targets to reduce the greenhouse gas emissions at least 20% by 2025 from the 2021 base year, energy consumption by 1.5% per year or 190,000 kWh per year, and water consumption by reusing treated wastewater by 5%.
- TOA received the certificate of Carbon Footprint for Organization by the standards of the Thailand Greenhouse Gas Management Organization. In 2021, its total greenhouse gas emission amount was 47,549.65 tCo2e.
- By executing the solar power project, TOA could save the electrical energy by 349,112 kWh in 2021, which achieved the intended target.
- Despite a bit higher production capacity in 2021, TOA's water consumption amount was controlled nearly to the 2020 level.
- It is awarded the ISO 14001:2015 – certification for environmental management systems.

**SOCIAL**

- Human Rights
- Staff Management
- Health & Safety
- Product Safety & Quality
- Social Responsibility

- TOA implements the corporate social responsibility by conforming to 1) human development, 2) production process with social responsibility, 3) care and development of business alliances, and 4) continuing development of value and product technology.
- It received the Outstanding Workplace Award for Labor Relations and Welfares from the Department of Labour Protection and Welfare, Ministry of Labour. It also got the ISO 450001:2018 and TIS 18001:2011 – certification for occupational health and safety management systems.
- In 2021, there was no complaint reported regarding neither customer privacy nor safety and environmental issues from the use of the company's products.
- TOA has helped and supported the society and public interest via contributing paints to communities and schools, delivering life-saving bags to the vulnerable affected by natural disaster, and delivering medical supplies and equipment for COVID-19 patients.

**GOVERNANCE & SUSTAINABILITY**

- Board
- Ethics & Transparency
- Business Sustainability
- Risk Management
- Innovation

- The board of directors (BOD) comprises 9 individuals, of whom three are independent directors and four are women. However, the chairman is not an independent director and the CG committee has not been established yet.
- TOA was named for inclusion in the list of Thailand Sustainability Investment (THIS) and also in the list of SETTHSI Index.
- It has appointed PricewaterhouseCoopers ABAS Limited as the independent auditor for the group.
- TOA's new innovative paint product named "TOA Organic Care", the first and only safest plant-based paint in Thailand was awarded the Best Innovation 2022 for the Architect Expo 2022.

Sources: Thanachart, Company data

## INCOME STATEMENT

*We expect TOA's earnings to turn around strongly this year...  
...driven by a recovery in its sales, lower oil prices, and Baht strengthening*

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Sales	16,296	17,570	20,468	22,146	23,451
Cost of sales	10,287	11,823	14,507	15,214	15,814
<b>Gross profit</b>	<b>6,009</b>	<b>5,747</b>	<b>5,961</b>	<b>6,932</b>	<b>7,637</b>
% gross margin	36.9%	32.7%	29.1%	31.3%	32.6%
Selling & administration expenses	3,510	3,516	3,950	4,252	4,456
<b>Operating profit</b>	<b>2,499</b>	<b>2,232</b>	<b>2,011</b>	<b>2,680</b>	<b>3,182</b>
% operating margin	15.3%	12.7%	9.8%	12.1%	13.6%
Depreciation & amortization	557	615	649	690	711
<b>EBITDA</b>	<b>3,057</b>	<b>2,847</b>	<b>2,659</b>	<b>3,370</b>	<b>3,893</b>
% EBITDA margin	18.8%	16.2%	13.0%	15.2%	16.6%
Non-operating income	142	138	173	143	123
Non-operating expenses	0	0	0	0	0
Interest expense	(39)	(35)	(30)	(32)	(33)
<b>Pre-tax profit</b>	<b>2,603</b>	<b>2,334</b>	<b>2,153</b>	<b>2,791</b>	<b>3,271</b>
Income tax	571	528	431	558	654
<b>After-tax profit</b>	<b>2,032</b>	<b>1,806</b>	<b>1,722</b>	<b>2,233</b>	<b>2,617</b>
% net margin	12.5%	10.3%	8.4%	10.1%	11.2%
Shares in affiliates' Earnings	0	0	0	0	0
Minority interests	6	29	34	36	38
Extraordinary items	(7)	120	(141)	0	0
<b>NET PROFIT</b>	<b>2,031</b>	<b>1,955</b>	<b>1,615</b>	<b>2,269</b>	<b>2,655</b>
<b>Normalized profit</b>	<b>2,038</b>	<b>1,835</b>	<b>1,756</b>	<b>2,269</b>	<b>2,655</b>
EPS (Bt)	1.0	1.0	0.8	1.1	1.3
Normalized EPS (Bt)	1.0	0.9	0.9	1.1	1.3

## BALANCE SHEET

*TOA's balance sheet is strong and it is in a net cash position*

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
<b>ASSETS:</b>					
Current assets:	11,987	13,755	14,767	16,377	18,052
Cash & cash equivalent	6,644	7,622	7,820	8,960	10,260
Account receivables	2,913	3,237	3,645	3,944	4,176
Inventories	2,163	2,619	2,981	3,126	3,249
Others	267	277	321	347	367
Investments & loans	6	0	0	0	0
Net fixed assets	2,691	2,705	3,556	3,366	3,155
Other assets	1,803	2,037	2,151	2,217	2,268
<b>Total assets</b>	<b>16,486</b>	<b>18,497</b>	<b>20,474</b>	<b>21,960</b>	<b>23,476</b>
<b>LIABILITIES:</b>					
Current liabilities:	3,690	4,588	5,551	6,009	6,468
Account payables	2,975	3,831	4,769	5,210	5,632
Bank overdraft & ST loans	200	297	200	209	208
Current LT debt	0	0	0	0	0
Others current liabilities	515	460	582	590	628
<b>Total LT debt</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Others LT liabilities	1,391	1,458	1,698	1,741	1,775
<b>Total liabilities</b>	<b>5,081</b>	<b>6,046</b>	<b>7,249</b>	<b>7,751</b>	<b>8,243</b>
Minority interest	(9)	164	131	94	56
Preferreds shares	0	0	0	0	0
Paid-up capital	2,029	2,029	2,029	2,029	2,029
Share premium	5,762	5,762	5,762	5,762	5,762
Warrants	0	0	0	0	0
Surplus	(891)	(817)	(817)	(817)	(817)
<b>Retained earnings</b>	<b>4,514</b>	<b>5,313</b>	<b>6,120</b>	<b>7,141</b>	<b>8,204</b>
Shareholders' equity	11,414	12,287	13,094	14,115	15,177
<b>Liabilities &amp; equity</b>	<b>16,486</b>	<b>18,497</b>	<b>20,474</b>	<b>21,960</b>	<b>23,476</b>

Sources: Company data, Thanachart estimates

## CASH FLOW STATEMENT

*TOA generates sizeable and stable cash flows*

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Earnings before tax	2,603	2,334	2,153	2,791	3,271
Tax paid	(585)	(595)	(345)	(562)	(623)
Depreciation & amortization	557	615	649	690	711
Chg In working capital	(603)	75	169	(3)	66
Chg In other CA & CL / minorities	244	238	(7)	(14)	(13)
<b>Cash flow from operations</b>	<b>2,216</b>	<b>2,667</b>	<b>2,618</b>	<b>2,901</b>	<b>3,413</b>
Capex	(492)	(629)	(1,500)	(500)	(500)
Right of use	(1,258)	(86)	0	0	0
ST loans & investments	0	(10)	0	0	0
LT loans & investments	0	6	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	979	(35)	(47)	(23)	(18)
<b>Cash flow from investments</b>	<b>(772)</b>	<b>(754)</b>	<b>(1,547)</b>	<b>(523)</b>	<b>(518)</b>
Debt financing	(347)	148	(65)	10	(2)
Capital increase	0	0	0	0	0
Dividends paid	(1,096)	(1,161)	(807)	(1,248)	(1,593)
Warrants & other surplus	(210)	79	0	0	0
<b>Cash flow from financing</b>	<b>(1,653)</b>	<b>(935)</b>	<b>(873)</b>	<b>(1,238)</b>	<b>(1,595)</b>
<b>Free cash flow</b>	<b>1,724</b>	<b>2,038</b>	<b>1,118</b>	<b>2,401</b>	<b>2,913</b>

## VALUATION

*We see TOA's valuation as attractive at PEs of 30/25x over 2023-24F vs. the stock's five-year average PE of 36x*

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Normalized PE (x)	33.1	36.8	38.4	29.7	25.4
Normalized PE - at target price (x)	37.8	42.0	43.9	34.0	29.0
PE (x)	33.2	34.5	41.8	29.7	25.4
PE - at target price (x)	38.0	39.4	47.7	34.0	29.0
EV/EBITDA (x)	20.0	21.1	22.5	17.4	14.7
EV/EBITDA - at target price (x)	23.1	24.5	26.1	20.3	17.2
P/BV (x)	5.9	5.5	5.2	4.8	4.4
P/BV - at target price (x)	6.8	6.3	5.9	5.5	5.1
P/CFO (x)	30.4	25.3	25.8	23.3	19.8
Price/sales (x)	4.1	3.8	3.3	3.0	2.9
Dividend yield (%)	1.6	1.5	1.2	1.8	2.4
FCF Yield (%)	2.6	3.0	1.7	3.6	4.3
<b>(Bt)</b>					
Normalized EPS	1.0	0.9	0.9	1.1	1.3
EPS	1.0	1.0	0.8	1.1	1.3
DPS	0.5	0.5	0.4	0.6	0.8
BV/share	5.6	6.1	6.5	7.0	7.5
CFO/share	1.1	1.3	1.3	1.4	1.7
FCF/share	0.8	1.0	0.6	1.2	1.4

Sources: Company data, Thanachart estimates

**FINANCIAL RATIOS**

<b>FY ending Dec</b>	<b>2020A</b>	<b>2021A</b>	<b>2022F</b>	<b>2023F</b>	<b>2024F</b>
<b>Growth Rate</b>					
Sales (%)	(4.0)	7.8	16.5	8.2	5.9
Net profit (%)	(6.1)	(3.7)	(17.4)	40.5	17.0
EPS (%)	(6.1)	(3.7)	(17.4)	40.5	17.0
Normalized profit (%)	(8.5)	(10.0)	(4.3)	29.2	17.0
Normalized EPS (%)	(8.5)	(10.0)	(4.3)	29.2	17.0
Dividend payout ratio (%)	52.9	51.9	50.0	55.0	60.0
<b>Operating performance</b>					
Gross margin (%)	36.9	32.7	29.1	31.3	32.6
Operating margin (%)	15.3	12.7	9.8	12.1	13.6
EBITDA margin (%)	18.8	16.2	13.0	15.2	16.6
Net margin (%)	12.5	10.3	8.4	10.1	11.2
D/E (incl. minor) (x)	0.0	0.0	0.0	0.0	0.0
Net D/E (incl. minor) (x)	(0.6)	(0.6)	(0.6)	(0.6)	(0.7)
Interest coverage - EBIT (x)	64.5	64.1	66.6	83.8	96.0
Interest coverage - EBITDA (x)	78.9	81.8	88.1	105.3	117.5
ROA - using norm profit (%)	12.7	10.5	9.0	10.7	11.7
ROE - using norm profit (%)	18.4	15.5	13.8	16.7	18.1
<b>DuPont</b>					
ROE - using after tax profit (%)	18.4	15.2	13.6	16.4	17.9
- asset turnover (x)	1.0	1.0	1.1	1.0	1.0
- operating margin (%)	16.2	13.5	10.7	12.7	14.1
- leverage (x)	1.5	1.5	1.5	1.6	1.6
- interest burden (%)	98.5	98.5	98.6	98.9	99.0
- tax burden (%)	78.1	77.4	80.0	80.0	80.0
WACC (%)	7.8	7.8	7.8	7.8	7.8
ROIC (%)	44.2	34.7	32.4	39.2	47.4
NOPAT (Bt m)	1,951	1,727	1,608	2,144	2,545
invested capital (Bt m)	4,970	4,962	5,474	5,365	5,125

Sources: Company data, Thanachart estimates

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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

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80-89	▲▲▲▲	Very Good
70-79	▲▲▲	Good
60-69	▲▲	Satisfactory
50-59	▲	Pass
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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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