

SELL (From BUY)

Change in Recommendation

TP: Bt 7.00

(From: Bt 10.00)

19 SEPTEMBER 2023**Downside : 16.2%**

BEC World Pcl (BEC TB)

Going gets tough

The TV industry has failed to turn around cyclically this year despite the recovering economy and the election driver. While the industry's structural downtrend continues, we lower BEC's earnings outlook and the stock looks expensive to us. **Downgrade to SELL.**

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Downgrading to SELL

We downgrade our rating on BEC to SELL (from Buy) with a new DCF-based 12-month TP (using a 2024F base year) of Bt7.0/share (from Bt10.0 previously). **First**, TV advertising expenditure (adex) has failed to turn around cyclically this year despite the recovering economy and the election booster. TV adex fell by 6% y-y in 7M23. **Second**, the industry's structural downtrend is persisting with TV continuingly losing share of the total adex pool. This has led to a continued fall in the average ad rate. **Third**, its online content sales are facing challenges from strong regional competition. **Lastly**, after our earnings cuts of -22/-19/-42% in 2023-25F, BEC looks expensive to us at a 29x 2024F PE multiple for a 7-9% ROE outlook. Note that we already factor in the government's digital wallet stimulus policy, where BEC should be a clear beneficiary.

No cyclical recovery this year

BEC's earnings fell by 76% y-y in 1H23. Total industry adex was flat y-y, while TV adex declined by 8% y-y over the same period. This was despite the election timeline that lasted longer than normal before a new government was eventually formed. It was also despite decent consumption growth in 1H23 as compared to the COVID situation, with cases of the Omicron variant still being detected in 1H22. Against our earlier expectation that the TV ad rate had found its bottom, BEC's average ad rate has continued to fall for the past six years, and it was Bt66k/min in 1H23 vs. Bt74k in 2022 and Bt103k in 2019.

Continued structural downward trend

TV adex continued to lose market share from 57% in 2019 to 53% in 7M23, and we expect a further decline to a 50% share in 2025F. The structural trend is for people to spend less time watching TV and more on social media and online platforms. Online adex share rose to 25% in 7M23 from 16% in 2019. We expect the government's digital wallet policy, likely to be implemented within 2Q24F, to significantly boost overall adex, including TV. However, we expect it to be an unsustainable driver, with adex falling in 2025F from a high base in 2024F.

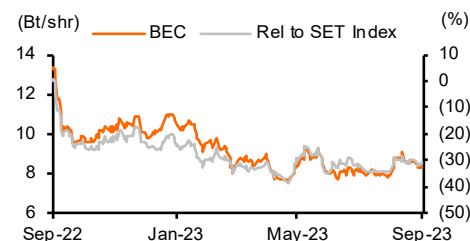
Lower profitability

Based on our earnings forecasts, BEC's ROE looks set to only be 7-9% over the next three years. Given this low ROE, we believe its 29x 2024F PE and 2.5x P/BV look expensive. We estimate -26/+37/-19% normalized EPS growth in 2023-25F based on key assumptions of -8/+10/-7% ad income growth and -2%/+8/+3% content sales growth.

COMPANY VALUATION

Y/E Dec (Bt m)	2022A	2023F	2024F	2025F
Sales	5,115	4,737	5,200	4,902
Net profit	607	427	575	464
Consensus NP	—	479	649	832
Diff frm cons (%)	—	(10.9)	(11.4)	(44.3)
Norm profit	566	422	575	464
Prev. Norm profit	—	540	709	798
Chg frm prev (%)	—	(21.9)	(18.8)	(41.9)
Norm EPS (Bt)	0.3	0.2	0.3	0.2
Norm EPS grw (%)	(33.2)	(25.6)	36.5	(19.4)
Norm PE (x)	29.5	39.6	29.0	36.0
EV/EBITDA (x)	5.7	5.8	5.4	5.7
P/BV (x)	2.7	2.6	2.5	2.4
Div yield (%)	1.9	1.3	1.7	1.4
ROE (%)	9.1	6.7	8.8	6.8
Net D/E (%)	(31.4)	(41.7)	(42.7)	(48.8)

PRICE PERFORMANCE



COMPANY INFORMATION

Price as of 19-Sep-23 (Bt)	8.35
Market Cap (US\$ m)	464.5
Listed Shares (m shares)	2,000.0
Free Float (%)	37.1
Avg Daily Turnover (US\$ m)	0.9
12M Price H/L (Bt)	13.40/7.60
Sector	MEDIA
Major Shareholder	Maleenont Family 25.1%

Sources: Bloomberg, Company data, Thanachart estimates

Downgrading to SELL

Downgrading to SELL with a new TP of Bt7.0

We downgrade our call on shares of BEC World Pcl (BEC) to SELL from Buy with a lower DCF-based 12-month TP (using a 2024F base year) of Bt7.0/share from Bt10.0/share previously. The key reasons for our SELL rating are as follows:

First, TV advertising expenditure (adex) has failed to turn around cyclically this year despite the recovering economy and the election booster. TV adex dropped by 6% y-y in 7M23.

Second, the industry's structural downtrend is persisting, with TV continuously losing share of the total adex pool. This has resulted in an ongoing fall in BEC's average ad rate.

Third, its online content sales are facing challenges from strong competition in the region. China has also lowered its import quota for Thailand and given a higher allocation to South Korea.

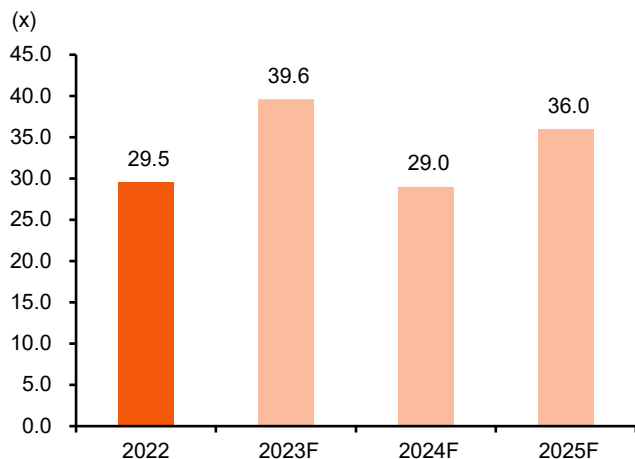
Lastly, after cutting our earnings estimates by -22/-19/-42% in 2023-25F to reflect the weak TV ad spending outlook and our more conservative assumptions for TV content sales, BEC looks expensive to us, trading at a 29x 2024F PE multiple for a 7-9% ROE outlook. Note that we already factor in the new government's digital wallet stimulus policy, where BEC should be a clear beneficiary.

Ex 1: Changes In Our Key Assumptions And Earnings Revisions

	2021	2022	2023F	2024F	2025F
Advertising income (Bt m)					
New	4,834	4,449	4,087	4,500	4,182
Old			4,503	4,784	4,976
Change (%)			(9.2)	(5.9)	(16.0)
Content sales revenue (Bt m)					
New	826	656	650	700	720
Old			650	800	824
Change (%)			0.0	(12.5)	(12.6)
Normalized profit (Bt m)					
New	847	566	422	575	464
Old			540	709	798
Change (%)			(21.9)	(18.8)	(41.9)

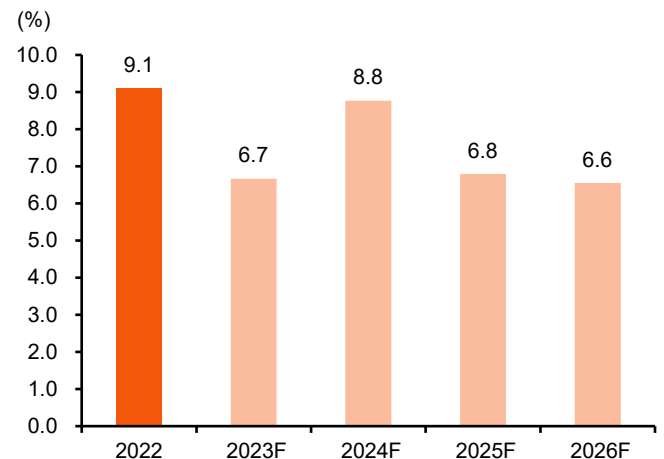
Sources: Company data, Thanachart estimates

Ex 2: PE Multiple Looks Expensive ...



Sources: Company data, Thanachart estimates

Ex 3: ... For A 7-9% ROE Outlook



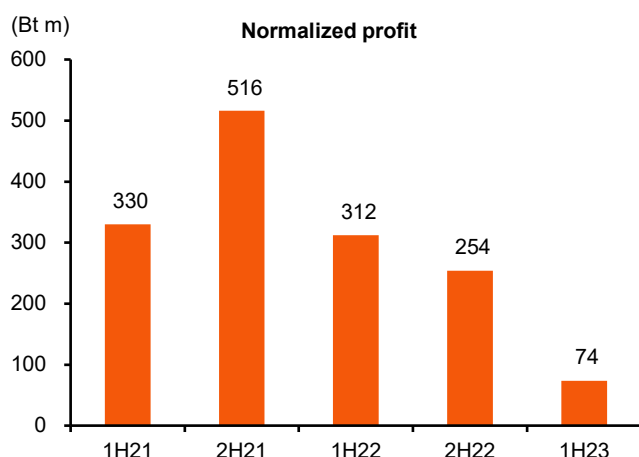
Sources: Company data, Thanachart estimates

No cyclical recovery this year

Weak ad spending looks likely to continue into 2H23F

BEC's earnings fell by a sharp 76% y-y in 1H23. Total industry adex was flat y-y and TV adex fell 8% y-y over the same period. This was despite an election timeline that lasted longer than normal before a new government was eventually formed. It was also despite decent consumption growth in 1H23 as compared to the COVID situation in 1H22 where Omicron cases were still being detected. Weak ad spending looks likely to continue into 2H23F. Currently, Channel 7 reruns most of its drama content. BEC also airs three days a week of rerun primetime dramas, while ONEE has reduced its airtime. Against our earlier expectation that the TV ad rate had found its bottom, BEC's average ad rate has continued to fall for the past six years, and it stood at Bt66k/minute in 1H23 vs. Bt74k in 2022 and Bt103k in 2019.

Ex 4: BEC's Earnings Fell 76% y-y In 1H23



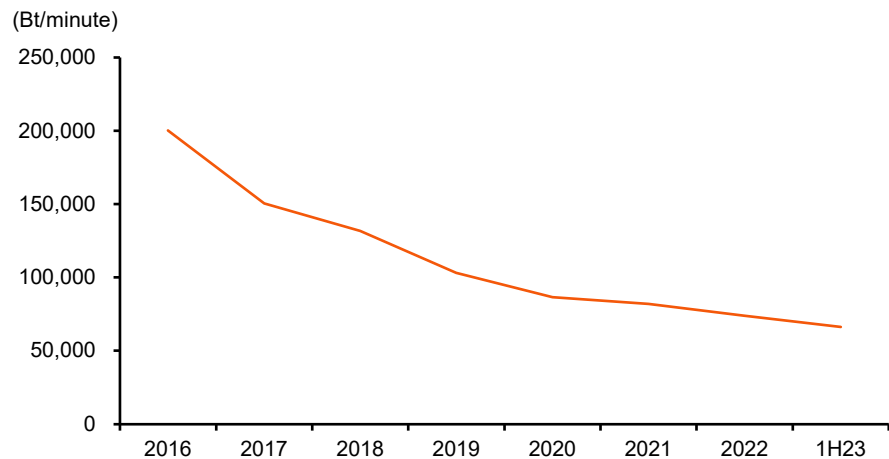
Sources: Company data, Thanachart estimates

Ex 5: 1H23 TV Adex Declined By 8% y-y

(Bt m)	1H23	(%)	1H22	(%)	y-y
Total	55,796	100	55,621	100	0.3
TV	29,368	53	31,743	57	(7.5)
Internet	13,741	25	13,009	23	5.6
Outdoor*	7,705	14	6,133	11	25.6
Cinema	1,492	3	1,271	2	17.4
Radio	1,743	3	1,579	3	10.4
Print	1,369	2	1,459	3	(6.2)
In-store	378	1	427	1	(11.5)

Source: Nielsen Thailand

Note: *This includes transit media

Ex 6: BEC's Ad Rate Has Continued To Come Down

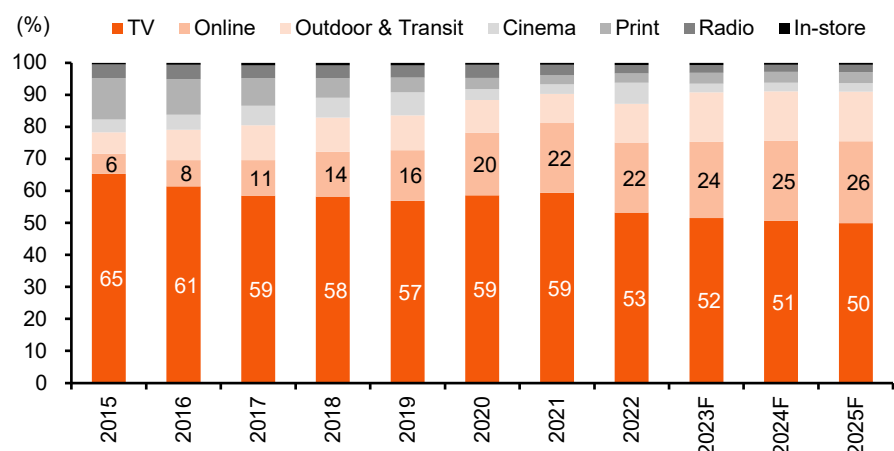
Source: Company data

Continued structural downward trend

The structural trend is that people are spending less time watching TV

TV adex continued to lose market share from 57% in 2019 to 53% in 7M23 and we expect a further fall to 50% in 2025F. The structural trend is for people to spend less time watching TV and more on social media and online platforms. The online adex share rose to 25% in 7M23 from 16% in 2019.

We expect the government's digital wallet policy to significantly boost overall adex, including TV adex. Likely to be implemented within 2Q24F, the new government's plan to give Bt10,000 to every Thai person aged 16 years and above is its top priority policy to jump-start the economy next year. The policy is essentially free spending money within a period of six months after receiving it at outlets within a 4-kilometer radius of recipients' homes. This should increase demand for ad spending, including on TV. However, we expect it to be an unsustainable driver, with adex declining in 2025F from a high base in 2024F.

Ex 7: TV Adex Share To Fall Through 2025F

Sources: Nielsen, Thanachart estimates

Lower profitability

ROE looks set to be at only 7-9% over the next three years

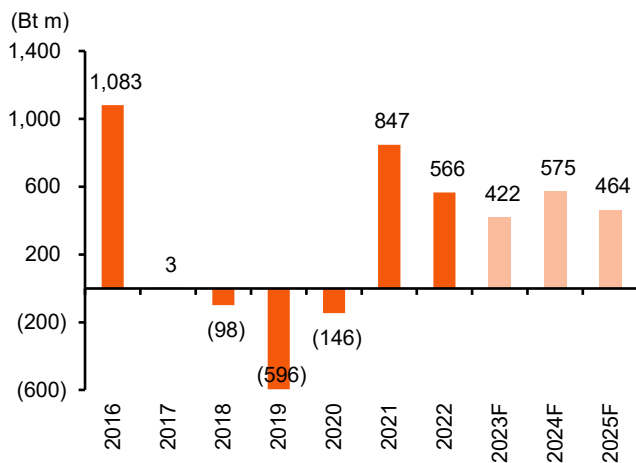
BEC's normalized profit peaked at Bt847m in 2021 and dropped to Bt566m in 2022. We estimate -26/+37/-19% EPS growth in 2023-25F. Key drivers are:

First, after a fall of 8% in 2022, we expect BEC's ad income to drop another 8% this year. Despite BEC having strong news content to gain market share during the recent general election, its ad income declined by 13% y-y in 1H23. While the weak ad sentiment looks likely to continue into the remaining quarters, BEC has decided to line up very strong fresh primetime soap content for four days a week in 3Q23 and 4Q23 in the hope of gaining market share from peers. However, ad demand appears to be much more limited than the company had expected earlier. It is unlikely that BEC will gain any market share in this period from its peers, in our view. As such, we expect BEC's ad income revenue to fall another 3% y-y in 2H23F despite the low base impact. We expect BEC's ad income to grow 10% next year on the back of the government's digital wallet stimulus policy before declining by 7% in 2025F.

Second, we project TV content sales to digital platforms and overseas to be relatively flat at -2% in 2023F after a drop of 21% p.a. in 2021-22. We expect this to recover by 8% from the low base to Bt700m in 2024F. BEC targets full-year content sales this year of Bt1bn, but we believe this is too challenging a goal given the intense competition.

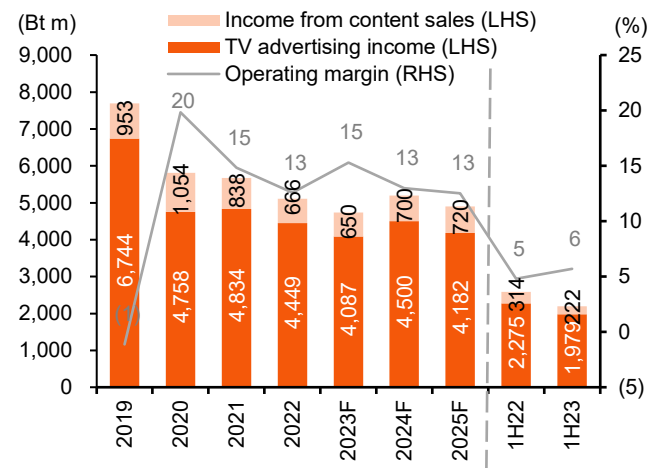
Based on our earnings forecasts, BEC's ROE will be only 7-9% over the next three years. With this low ROE, we believe its 29x 2024F PE and 2.5x P/BV look expensive.

Ex 8: -26/+37/-19% Earnings Growth In 2023-25F



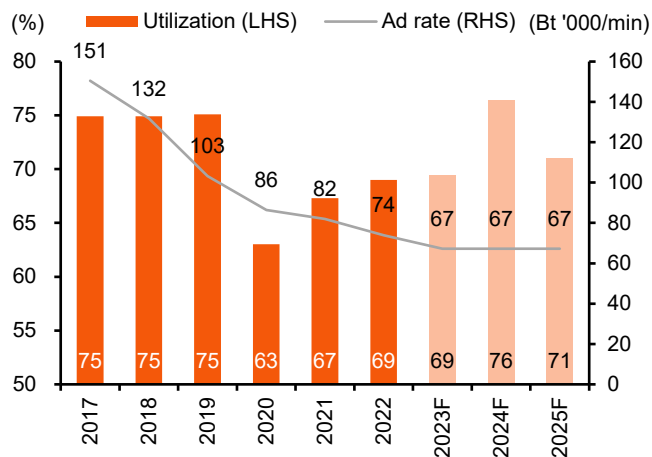
Sources: Company data, Thanachart estimates

Ex 9: Our Revenue And Operating Margin Forecasts



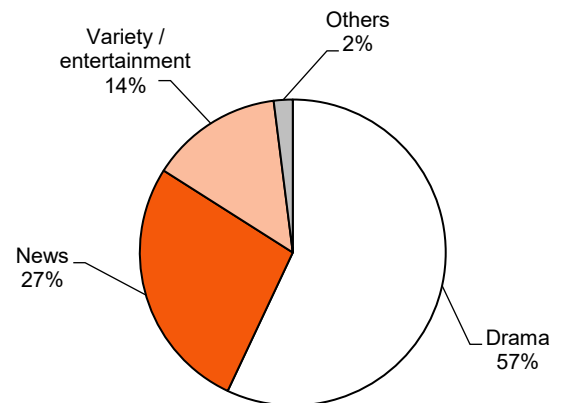
Sources: Company data, Thanachart estimates

Ex 10: Utilization And Ad Rate Forecasts



Sources: Company data, Thanachart estimates

Ex 11: BEC's 2021 Advertising Revenue Breakdown



Source: Company data

Ex 12: 12-month DCF-based TP Calculation, Using A Base Year Of 2024F

(Bt m)	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	Terminal Value
EBITDA	2,559	2,339	2,265	2,142	1,953	1,763	1,558	1,375	1,172	1,002	860	—
Free cash flow	1,959	2,137	2,043	1,933	1,753	673	1,377	1,200	1,005	844	709	7,343
PV of free cash flow	1,959	1,738	1,499	1,279	1,023	353	648	507	381	287	207	2,142
Risk-free rate (%)	2.5											
Market risk premium (%)	8.0											
Beta	1.3											
WACC (%)	10.9											
Terminal growth (%)	2.0											
Enterprise value - add investments	12,024											
Net debt (2023F)	(2,668)											
Minority interest	0											
Equity value	14,691											
# of shares (m)	2,000											
Target price/share (Bt)	7											

Sources: Company data, Thanachart estimates

Valuation Comparison

Ex 13: Valuation Comparison With Regional Peers

Name	BBG code	Country	EPS growth		— PE —		— P/BV —		EV/EBITDA		— Div. yield —	
			23F	24F	23F	24F	23F	24F	23F	24F	23F	24F
			(%)	(%)	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)
Entertainment Ne	ENIL IN	India	na	150.0	51.3	20.5	1.0	0.9	6.2	5.0	0.7	0.7
Sun TV Network	SUNTV IN	India	10.0	5.7	12.5	11.8	2.3	2.1	7.2	6.8	3.7	4.0
Zee Entertainment	Z IN	India	219.9	39.9	32.0	22.9	2.3	2.2	2.9	2.6	1.2	1.4
Surya Citra Media	SCMA IJ	Indonesia	(36.9)	51.8	18.6	12.2	1.2	1.1	13.0	8.8	4.3	2.8
Media Nusantara	MNCN IJ	Indonesia	(17.9)	17.8	4.0	3.4	na	na	na	2.3	1.1.	3.7
Beijing Gehua	600037 CH	China	(4.2)	21.7	34.2	28.1	0.8	0.8	3.8	3.5	0.9	1.0
Media Prima Bhd	MPR MK	Malaysia	(37.1)	17.1	12.3	10.6	0.7	0.7	3.5	3.2	2.6	2.9
BEC World*	BEC TB	Thailand	(25.6)	36.5	39.6	29.0	2.6	2.5	5.8	5.4	1.3	1.7
The One Enterprise*	ONEE TB	Thailand	(28.7)	19.9	20.2	16.8	1.4	1.4	4.2	3.7	2.0	2.4
Plan B Media*	PLANB TB	Thailand	25.7	19.4	44.8	37.5	4.6	4.3	10.2	10.0	1.1	2.1
RS Pcl*	RS TB	Thailand	233.8	35.0	30.9	22.9	6.5	6.0	16.5	11.7	2.6	3.5
VGI Global Media**	VGI TB	Thailand	na	123.1	63.5	28.5	1.0	1.0	36.3	24.9	0.8	2.1
Average			33.9	44.8	30.3	20.4	2.2	2.1	10.0	7.3	1.9	2.4

Source: Bloomberg

Note: * Thanachart estimates using normalized EPS growth

** VGI's fiscal year ends in March.

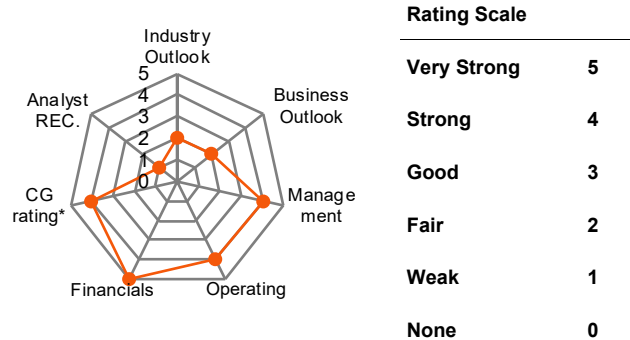
Based on 19-Sep-23 closing price

COMPANY DESCRIPTION

BEC World Pcl (BEC) is a diversified media holding company. The firm is involved in television broadcasting and content sales to online platforms and abroad.

Source: Thanachart

COMPANY RATING



Source: Thanachart; *CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- BEC has a strong balance sheet.
- BEC has its own actors and actresses.
- Audience share is in second place behind Channel 7.

O — Opportunity

- Online content market in Thailand and abroad.

W — Weakness

- Dependent on domestic consumption momentum.

T — Threat

- The digital platform's increasing market share offers more choices to advertisers and could pose a threat to BEC's ad rate hikes going forward.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	7.93	7.00	-12%
Net profit 23F (Bt m)	479	427	-11%
Net profit 24F (Bt m)	649	575	-11%
Consensus REC	BUY: 2	HOLD: 5	SELL: 3

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2023-24F net profits are lower than the Bloomberg consensus estimates, which we attribute to us being more bearish with our ad income and content sales assumptions. Our DCF-based TP is consequently 12% lower than the Bloomberg consensus number.

Sources: Bloomberg consensus, Thanachart estimates

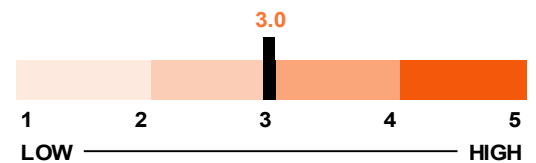
RISKS TO OUR INVESTMENT CASE

- The key upside risk to our call would be if online content sales come in higher than our expectation.
- Another upside risk would be if BEC's improving utilization is higher than we currently anticipate.
- If the cost of producing its own TV programs is lower than we currently estimate.
- If media disruption developments take place slower than we expect.
- If the domestic ad spending recovery is faster than we assume presently.

Source: Thanachart

BEC is a media firm and a top player in the TV industry. Its business nature doesn't involve many environmental issues. However, our ESG score of 3.0 is at the average of our coverage universe. We expect the score to improve with more initiatives and clearer plans and targets. The company is also using more technology in its content production process.

Thanachart ESG Rating



	SETTHSI Index	THSI Index	DJSI Index	MSCI (CCC-AAA)	ESG Book (0-100)	Refinitiv (0-100)	S&P Global (0-100)	Moody's (0-100)	CG Rating (0-5)
BEC	-	-	-	-	69.13	61.5	25.00	-	4.0

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

Note: Please see third party on "terms of use" toward the back of this report.

Factors

Our Comments

ENVIRONMENT

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

- BEC owns licenses to operate two TV channels and produces media content to serve its own channels and sell to other platforms. Its business nature doesn't produce much greenhouse gas (GHG), though content production can have some environmental impact.
- BEC has set up a Sustainable Development Committee to manage issues of waste, GHG, environmental & natural resources, energy, electricity, and water supply. The company is in the process of collecting data on carbon emissions.
- Given its business nature, BEC generated low GHG emissions of 2,779-ton CO₂eq in 2022.
- BEC in 2022 had environmental content in more than 5% of its news programs to raise awareness about climate change.

SOCIAL

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

- BEC conducts its operations according to the principles and the intentions as declared in the Universal Declaration of Human Rights (UDHR). It also continuously reports news to motivate people to understand the importance of human rights.
- It claims to have a good health and safety work environment with zero work-related fatalities and a zero lost-time injury frequency rate.
- All employees are represented by labor unions. It has a good 41:59 ratio of male to female employees but doesn't employ disabled workers. Its staff turnover ratio increased from only 6% in 2021 to 9% in 2022.
- BEC has a Corporate Governance Committee to conduct sustainability management and social responsibility with CSR activities.

GOVERNANCE &
SUSTAINABILITY

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

- BEC has a 13-member board of directors (BOD), of whom four are company executives. Some 38% of members are independent directors and 38% are also women. The board chairman and CEO are different persons.
- Its audit & risk committee has at least three independent members, and one of them has to have expertise in finance and accounting. There are at least seven risk management meetings per year.
- BEC has channels to receive complaints/whistleblowing, clear guidance on complaints/whistleblowing, and complainant/whistleblower protection procedures for individuals within the organization and external parties.
- BEC ensures that its BOD sets goals that are suitable for its business environment and business capacity, both financial and non-financial, and taking into consideration surrounding factors of the business, business opportunities, and risks.
- BEC plans to adopt new technology to lower production and filming work, which in turn would reduce waste and its carbon footprint.

Sources: Thanachart, Company data

INCOME STATEMENT

FY ending Dec (Bt m)	2021A	2022A	2023F	2024F	2025F
Sales	5,680	5,115	4,737	5,200	4,902
Cost of sales	3,789	3,561	3,282	3,504	3,363
Gross profit	1,891	1,554	1,455	1,696	1,538
% gross margin	33.3%	30.4%	30.7%	32.6%	31.4%
Selling & administration expenses	763	795	860	900	901
Operating profit	1,128	758	596	796	637
% operating margin	19.9%	14.8%	12.6%	15.3%	13.0%
Depreciation & amortization	1,987	1,846	1,823	1,762	1,701
EBITDA	3,115	2,605	2,419	2,559	2,339
% EBITDA margin	54.8%	50.9%	51.1%	49.2%	47.7%
Non-operating income	47	37	28	30	29
Non-operating expenses	0	0	0	0	0
Interest expense	(97)	(114)	(102)	(107)	(86)
Pre-tax profit	1,078	682	521	719	580
Income tax	231	120	104	144	116
After-tax profit	847	562	417	575	464
% net margin	14.9%	11.0%	8.8%	11.1%	9.5%
Shares in affiliates' Earnings	0	4	5	0	0
Minority interests	(0)	(0)	0	0	0
Extraordinary items	(86)	41	5	0	0
NET PROFIT	762	607	427	575	464
Normalized profit	847	566	422	575	464
EPS (Bt)	0.4	0.3	0.2	0.3	0.2
Normalized EPS (Bt)	0.4	0.3	0.2	0.3	0.2

We project earnings growth of -26/+37/-19% in 2023-25F

BALANCE SHEET

FY ending Dec (Bt m)	2021A	2022A	2023F	2024F	2025F
ASSETS:					
Current assets:	5,708	4,724	5,406	5,673	5,141
Cash & cash equivalent	4,718	3,952	4,670	4,865	4,380
Account receivables	830	678	649	712	671
Inventories	0	0	0	0	0
Others	159	94	87	96	90
Investments & loans	70	31	31	31	31
Net fixed assets	184	239	535	823	806
Other assets	4,361	4,623	3,754	3,599	3,310
Total assets	10,323	9,617	9,726	10,125	9,288
LIABILITIES:					
Current liabilities:	3,835	784	684	735	702
Account payables	390	366	342	365	350
Bank overdraft & ST loans	0	0	0	0	0
Current LT debt	3,000	0	0	0	0
Others current liabilities	445	418	343	370	352
Total LT debt	0	1,992	2,002	1,994	1,000
Others LT liabilities	295	599	638	670	656
Total liabilities	4,130	3,376	3,325	3,399	2,358
Minority interest	0	0	0	0	0
Preferreds shares	0	0	0	0	0
Paid-up capital	2,000	2,000	2,000	2,000	2,000
Share premium	1,167	1,167	1,167	1,167	1,167
Warrants	0	0	0	0	0
Surplus	(50)	(29)	(29)	(29)	(29)
Retained earnings	3,076	3,104	3,263	3,588	3,792
Shareholders' equity	6,193	6,241	6,401	6,726	6,930
Liabilities & equity	10,323	9,617	9,726	10,125	9,288

Balance sheet still strong, on our estimates

Sources: Company data, Thanachart estimates

*We factor in capex for the
BEC Studios business in
2023-24F*

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2021A	2022A	2023F	2024F	2025F
Earnings before tax	1,078	682	521	719	580
Tax paid	(246)	(102)	(114)	(138)	(119)
Depreciation & amortization	1,987	1,846	1,847	1,788	1,728
Chg In working capital	205	129	4	(40)	26
Chg In other CA & CL / minorities	104	23	(53)	13	(10)
Cash flow from operations	3,129	2,579	2,204	2,342	2,205
Capex	(21)	(111)	(400)	(400)	(100)
Right of use	75	(326)	(30)	(30)	(30)
ST loans & investments	0	0	0	0	0
LT loans & investments	(28)	39	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(1,057)	(1,380)	(800)	(1,458)	(1,307)
Cash flow from investments	(1,032)	(1,778)	(1,230)	(1,888)	(1,437)
Debt financing	1	(1,008)	10	(9)	(994)
Capital increase	0	0	0	0	0
Dividends paid	0	(500)	(267)	(251)	(260)
Warrants & other surplus	22	(59)	0	0	0
Cash flow from financing	23	(1,566)	(256)	(259)	(1,253)
Free cash flow	3,108	2,468	1,804	1,942	2,105

VALUATION

FY ending Dec	2021A	2022A	2023F	2024F	2025F
Normalized PE (x)	19.7	29.5	39.6	29.0	36.0
Normalized PE - at target price (x)	16.5	24.7	33.2	24.3	30.2
PE (x)	21.9	27.5	39.2	29.0	36.0
PE - at target price (x)	18.4	23.1	32.8	24.3	30.2
EV/EBITDA (x)	4.8	5.7	5.8	5.4	5.7
EV/EBITDA - at target price (x)	3.9	4.6	4.7	4.3	4.5
P/BV (x)	2.7	2.7	2.6	2.5	2.4
P/BV - at target price (x)	2.3	2.2	2.2	2.1	2.0
P/CFO (x)	5.3	6.5	7.6	7.1	7.6
Price/sales (x)	2.9	3.3	3.5	3.2	3.4
Dividend yield (%)	3.0	1.9	1.3	1.7	1.4
FCF Yield (%)	18.6	14.8	10.8	11.6	12.6
(Bt)					
Normalized EPS	0.4	0.3	0.2	0.3	0.2
EPS	0.4	0.3	0.2	0.3	0.2
DPS	0.3	0.2	0.1	0.1	0.1
BV/share	3.1	3.1	3.2	3.4	3.5
CFO/share	1.6	1.3	1.1	1.2	1.1
FCF/share	1.6	1.2	0.9	1.0	1.1

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

FY ending Dec	2021A	2022A	2023F	2024F	2025F
Growth Rate					
Sales (%)	(3.1)	(10.0)	(7.4)	9.8	(5.7)
Net profit (%)	na	(20.3)	(29.7)	34.9	(19.4)
EPS (%)	na	(20.3)	(29.7)	34.9	(19.4)
Normalized profit (%)	na	(33.2)	(25.6)	36.5	(19.4)
Normalized EPS (%)	na	(33.2)	(25.6)	36.5	(19.4)
Dividend payout ratio (%)	65.6	52.7	50.0	50.0	50.0
Operating performance					
Gross margin (%)	33.3	30.4	30.7	32.6	31.4
Operating margin (%)	19.9	14.8	12.6	15.3	13.0
EBITDA margin (%)	54.8	50.9	51.1	49.2	47.7
Net margin (%)	14.9	11.0	8.8	11.1	9.5
D/E (incl. minor) (x)	0.5	0.3	0.3	0.3	0.1
Net D/E (incl. minor) (x)	(0.3)	(0.3)	(0.4)	(0.4)	(0.5)
Interest coverage - EBIT (x)	11.7	6.7	5.8	7.4	7.4
Interest coverage - EBITDA (x)	32.2	22.9	23.6	23.9	27.1
ROA - using norm profit (%)	8.5	5.7	4.4	5.8	4.8
ROE - using norm profit (%)	14.6	9.1	6.7	8.8	6.8
DuPont					
ROE - using after tax profit (%)	14.6	9.0	6.6	8.8	6.8
- asset turnover (x)	0.6	0.5	0.5	0.5	0.5
- operating margin (%)	20.7	15.6	13.2	15.9	13.6
- leverage (x)	1.7	1.6	1.5	1.5	1.4
- interest burden (%)	91.8	85.7	83.6	87.0	87.1
- tax burden (%)	78.6	82.4	80.0	80.0	80.0
WACC (%)	10.9	10.9	10.9	10.9	10.9
ROIC (%)	15.3	14.0	11.1	17.1	13.2
NOPAT (Bt m)	886	625	476	637	510
invested capital (Bt m)	4,475	4,281	3,734	3,855	3,550

Sources: Company data, Thanachart estimates

We factor in
government's digital
wallet stimulus policy in
2024F

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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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Recommendation Structure:

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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