

SELL (Unchanged)

Change in Numbers

TP: Bt 1.90

Downside : 11.2%

(From: Bt 2.90)

9 OCTOBER 2023

Small Cap Research

VGI Public Co Ltd (VGI TB)**Slow earnings turnaround**

The slow recovery of VGI's OOH media business with continued losses from its subsidiaries and associates prompt us to forecast a loss this year, and we cut our earnings by 56-74% in FY25-26F. Our TP falls to Bt1.9. Despite the 58% plunge in its share price, it still trades at a PE of 89x in FY25F and 41x in FY26F. We reaffirm our SELL call.

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Cutting our TP to Bt1.9; maintaining SELL

We cut our FY24F earnings for VGI to a normalized loss of Bt402m (from a profit of Bt458m) and by 56-74% in FY25-26F given **1)** its higher-than-expected loss of Bt366m in 1QFY24 (VGI's fiscal year ends in March), **2)** a slow recovery of its out-of-home (OOH) transit and office building media business (43% of its total revenue in 1QFY24), **3)** continued losses of its distribution and digital service businesses (57% of its total revenue in 1QFY24), and **4)** negative equity income due to loss contributions of its associates. We lower our SOTP-derived DCF-based 12-month TP (FY24F base year) to Bt1.9/share from Bt2.9. With our concern over the end of its right to manage ad space on the core Green Line's stations if BTS's concession to operate the line ends in December 2029, we reaffirm our SELL call on VGI.

A slow recovery in transit media

Total ad spending in the OOH media recovered strongly, with growth of 23% y-y in 7M23, or 121% of the pre-COVID 2019 level. However, static and digital billboards have gained more popularity among advertisers than transit and office-building media. Compared to its 17%-owned Plan B Media (PLANB TB, Bt8.1, SELL), which focuses on static and digital billboards, and whose utilization rate rose to 72% in 2Q23 (vs. 73/44/43/61% in 2019-22), VGI's utilization rate remained at only 45% in 1QFY24 (vs. 75/40/38/45% in FY20-23). Despite VGI's targeted utilization rate of 55-60% this year, we adopt more conservative assumptions of 53/63/67% in FY24-26F.

Plans to divest underperforming associates

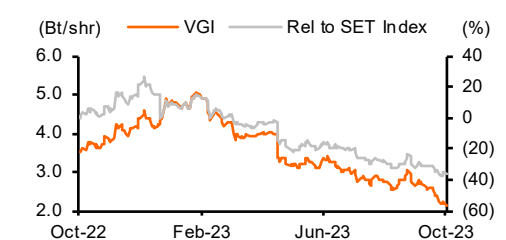
After suffering losses from some associates for a long time, VGI plans to divest its non-performing assets. It sold a 24% effective stake in Rabbit Line Pay (RLP, non-listed), contributing Bt588m in losses in FY17-23. As the selling price was higher than the book value of its investment in RLP, VGI expects a Bt300m one-time gain in 2QFY24F. Its 15%-owned Kerry Express (KEX TB, Bt6.05, SELL), which contributed losses of Bt739m in FY22-23, is also under consideration. Given the Bt4.3bn book value of its investment in KEX at the end 1QFY24, if VGI sells it at the current market price, it could incur a Bt2.7bn one-time loss.

Valuation still expensive, in our view

Despite its share price plunging by 58% from its peak this year, VGI's valuation is still not attractive to us. Besides our forecast of a loss this year before an earnings turnaround next year, the shares trade at PE multiples of 89x in FY25F and 41x in FY26F vs. its 55x five-year pre-COVID average. We are also concerned about a potential valuation de-rating as VGI has expanded far beyond its OOH media business and become a conglomerate.

COMPANY VALUATION

Y/E Mar (Bt m)	2023A	2024F	2025F	2026F
Sales	4,889	4,940	5,561	5,929
Net profit	(65)	(402)	271	580
Consensus NP	—	(268)	246	544
Diff firm cons (%)	—	na	10.1	6.6
Norm profit	(740)	(402)	271	580
Prev. Norm profit	—	458	1,022	1,317
Chg firm prev (%)	—	na	(73.5)	(55.9)
Norm EPS (Bt)	(0.07)	(0.04)	0.02	0.1
Norm EPS grw (%)	na	na	na	114.3
Norm PE (x)	na	na	88.5	41.3
EV/EBITDA (x)	na	na	68.6	38.5
P/BV (x)	0.9	0.9	0.9	0.9
Div yield (%)	1.9	0.0	0.7	1.7
ROE (%)	na	na	1.0	2.1
Net D/E (%)	(25.3)	(20.2)	(19.4)	(19.7)

PRICE PERFORMANCE**COMPANY INFORMATION**

Price as of 9-Oct-23 (Bt)	2.14
Market Cap (US\$ m)	645.5
Listed Shares (m shares)	11,194.5
Free Float (%)	31.2
Avg Daily Turnover (US\$ m)	2.7
12M Price H/L (Bt)	5.05/2.16
Sector	Media
Major Shareholder	BTS & BTSC 52.6%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report P8

Cutting our TP to Bt1.9/share

We cut our earnings forecasts further given...

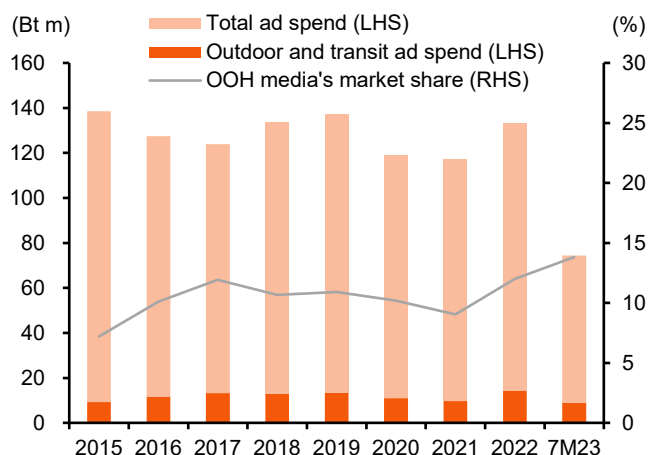
...a slow recovery of its OOH transit and office building media,...

VGI Pcl's (VGI) earnings turnaround is materializing more slowly than we had expected earlier, and we cut our earnings estimates to a normalized loss of Bt402m in FY24F (from a profit of Bt458m) (VGI's fiscal year ends in March) and by 56-74% in FY25-26F as we now assume:

- 1) A slow recovery of VGI's out-of-home (OOH) transit and office building media business (43% of its total revenue in 1QFY24). Even though total ad spending on OOH media recovered strongly with growth of 23% y-y in 7M23, or 121% of the pre-COVID 2019 level, static and digital billboards seem to be the dominant form of OOH advertising this year, with its 17%-owned Plan B Media (PLANB TB, Bt8.1, SELL), which focuses on static and digital billboards recording a utilization rate of 72% in 2Q23 (vs. 73/44/43/61% in 2019-22). Most of VGI's media is on the BTS Skytrain systems and office buildings, and its utilization rate remained at only 45% in 1QFY24 (vs. 75/40/38/45% in FY20-23).

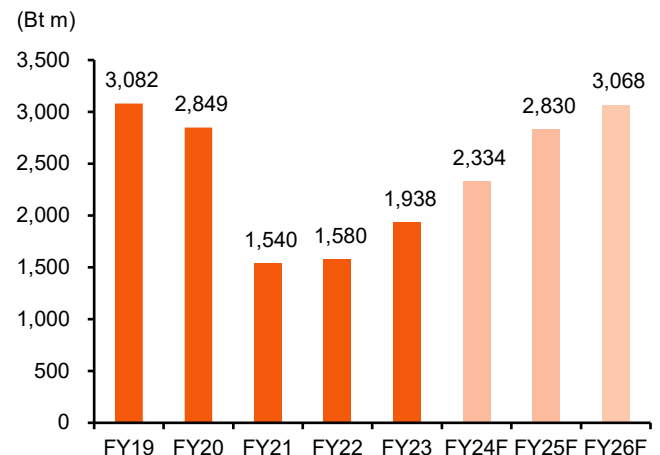
We now estimate VGI's OOH media occupancy rate at 53/63/67% in FY24-26F, implying its OOH media revenue recovers to 82/99/108% of the pre-COVID FY20 level.

Ex 1: OOH Media's Market Share



Sources: Nielsen, DAAT, Thanachart estimates

Ex 2: VGI's OOH Media Revenue

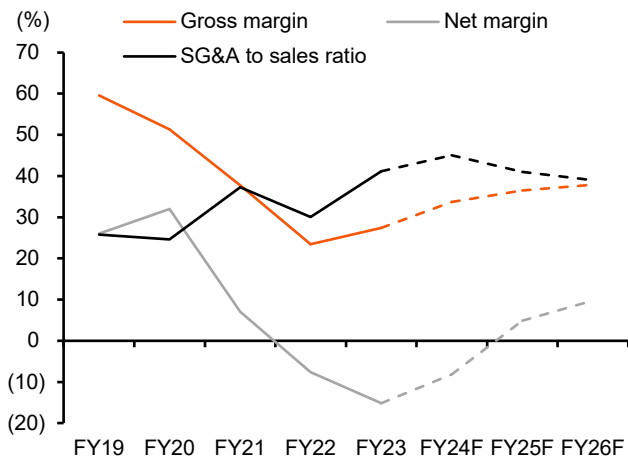


Sources: Company data, Thanachart estimates

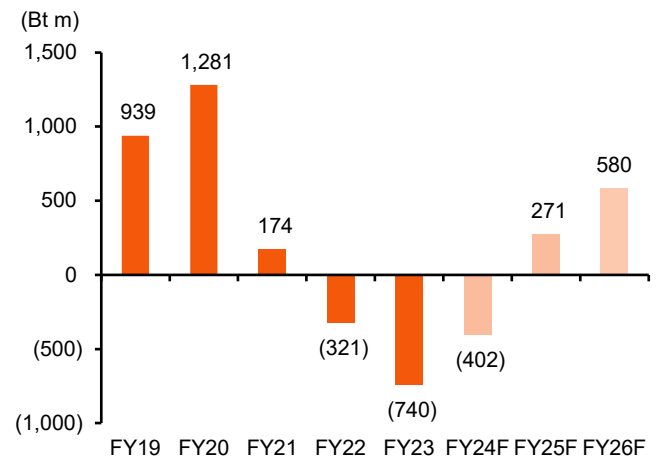
...continued losses from its subsidiaries...

...and negative equity income mainly from KEX's loss contribution

- 2) Lower gross margin assumptions of 34/37/38% in FY24-26F (vs. 31% in 1QFY24) due to continued losses from its distribution and digital service businesses (57% of its total revenue in 1QFY24) as they are still in the start-up phase and competition is fierce.
- 3) Negative equity income of Bt305m this year (vs. negative 274m in 1QFY24) given its 15%-owned Kerry Express's (KEX TB, Bt6.05, SELL) huge loss before it turns to positive equity income of Bt142m-414m in FY25-26F, mainly due to its 14%-owned JMART Pcl's (JMART TB, Bt22.0, not rated) earnings recovery.

Ex 3: VGI's Gross Margin Vs. Net Margin

Sources: Company data, Thanachart estimates

Ex 4: VGI's Normalized Earnings

Sources: Company data, Thanachart estimates

Ex 5: Key Assumption Changes

FY ending March	FY22	FY23	FY24F	FY25F	FY26F
Sales (Bt m)					
New	4,193	4,889	4,940	5,561	5,929
Old			6,332	6,941	7,554
Change (%)			(22.0)	(19.9)	(21.5)
Gross margin (%)					
New	23.5	27.4	33.7	36.5	37.9
Old			36.5	38.5	39.6
Change (ppt)			(2.8)	(2.0)	(1.7)
Equity income (loss) (Bt m)					
New	(194)	(438)	(305)	142	414
Old			27	379	500
Change (%)			na	(62.5)	(17.2)
Normalized Earnings (loss) (Bt m)					
New	(321)	(740)	(402)	271	580
Old			458	1,022	1,317
Change (%)			na	(73.5)	(55.9)

Sources: Company data, Thanachart estimates

Our TP consequently falls to Bt1.9

With a higher WACC of 9.3% (from 7.4%) in FY24-25F, 9.8% (7.8%) in FY26-30F, and 10.3% (8.3%) from FY31F onward, mainly due to our higher beta, we lower our SOTP-derived DCF-based 12-month TP (FY24F base year) to Bt1.9/share from Bt2.9.

Ex 6: VGI's SOTP Value

	Holding (%)	Fair value (Bt m)	15% discount (Bt m)	Share price (Bt/share)	Market value (Bt m)
PLANB TB	17.4%	5,215	4,433	8.10	6,035
KEX TB	15.5%	2,423	2,060	6.05	1,629
JMART TB	13.7%	5,177	4,400	22.0	4,380
MACO TB	27.0%	1,096	932	0.52	1,140
Total			11,824		13,184
Per VGI share (Bt)			1.05		1.18
VGI's core business value			0.85		
Our TP			1.90		

Sources: Company data, Thanachart estimates

We reaffirm our SELL call

We maintain our SELL call given...

Despite the 58% plunge in VGI's share price from its peak this year, we reaffirm our SELL call on the stock because:

...VGI's expensive valuation, in our view,...

First, its valuation still looks expensive to us. Besides our forecast of a loss this year before an earnings turnaround next year, the shares trade at PE multiples of 89x in FY25F and 41x in FY26F vs. its five-year pre-COVID average of 55x.

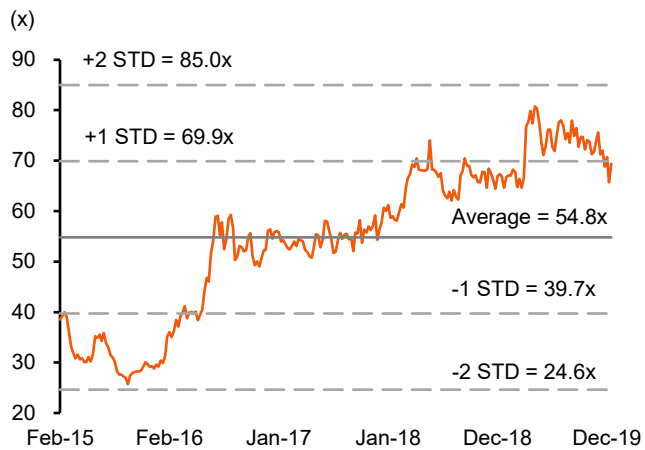
...the risk of a valuation de-rating, and...

Second, we are concerned about a potential valuation de-rating as VGI has now become a conglomerate. In the past, VGI was the largest OOH media company with captive growth along BTS's lines and high profitability. However, it has expanded far beyond its OOH media business over the past years. We expect 47% of its revenue in FY24F to be generated by the OOH media business (vs. 71% in FY20). At the same time, we estimate 32% and 21% revenue to come from its digital service and distribution businesses, which are still making losses.

...our concern over the end of its right to manage ad space on the BTS Core Green Line

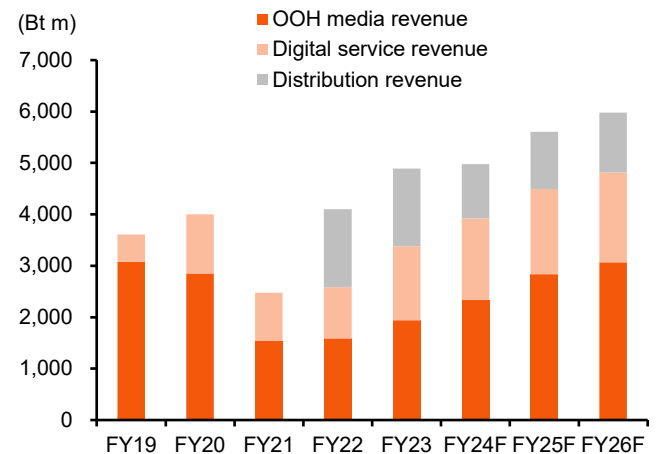
Third, we are also worried about the end of its right to manage ad space on the BTS Core Green Line's stations. Given the government's unclear direction, if VGI's parent company, BTS Group (BTS TB, Bt7.3, BUY), cannot extend its concession to operate the Green Line network, which will end in December 2029, VGI's contract with BTS to manage ad and commercial areas on the BTS Core Green Line's stations would also end at the same time. We currently assume VGI is still able to manage ad space on the BTS Core Green Line's stations after December 2029. However, our TP would fall significantly to Bt1.3/share without this highly profitable transit media business.

Ex 7: VGI's PE Standard Deviation



Sources: Bloomberg, Thanachart estimates

Ex 8: VGI's Revenue Breakdown



Sources: Company data, Thanachart estimates

Ex 9: 12-month DCF-based TP Calculation, Using a Base Year of FY24F

(Bt m)	FY24F	FY25F	FY26F	FY27F	FY28F	FY29F	FY30F	FY31F	FY32F	FY33F	FY34F	Terminal Value
EBITDA excl. depre from												
rights of use	(126)	265	468	697	702	867	1,001	1,138	1,279	1,474	1,678	—
Free cash flow	(1,214)	(589)	(181)	6	41	153	260	369	480	641	811	23,668
PV of free cash flow	(1,214)	(494)	(137)	4	26	87	136	175	199	242	277	4,497
Risk-free rate (%)	2.5											
Market risk premium (%)	8.0											
Beta	1.0											
WACC (%)	9.3											
Terminal growth (%)	2.0											
Enterprise value - add investments	5,840											
Net debt (FY23F)	(5,999)											
Minority interest	2,323											
Equity value	9,515											
# of shares (m)	11,195											
Target price/share (Bt)	0.85											

Sum-of-the-parts	% holding	(Bt m)
Enterprise value from media business		5,840
Investment equity value		11,641
KEX	15.5%	2,060
PLANB	17.4%	4,433
MACO	26.6%	917
JMART	13.7%	4,231
Total enterprise value		17,480
(Less) Net debt		(5,999)
(Less) Minority interest		2,323
Total enterprise value		21,155
# of shares (fully diluted) (m shares)		11,195
Sum-of-the-parts (Bt/share)		1.9

Sources: Company data, Thanachart estimates

Valuation Comparison

Ex 10: 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	58.8	23.5	1.1	1.0	7.3	5.8	0.6	0.6
Sun TV Network	SUNTV IN	India	9.9	5.7	12.8	12.1	2.3	2.1	7.5	7.1	3.6	3.9
Zee Entertainment	Z IN	India	216.7	40.9	30.9	21.9	2.2	2.1	18.1	13.8	1.2	1.4
Surya Citra Media	SCMA IJ	Indonesia	42.5	9.2	15.2	10.7	1.2	1.1	7.9	7.2	4.1	4.7
Media Nusantara	MNCN IJ	Indonesia	17.8	21.3	3.3	2.7	na	na	2.2	1.9	3.9	4.6
Beijing Gehua	600037 CH	China	(4.2)	21.7	33.8	27.8	0.8	0.8	3.7	3.4	0.9	1.0
Media Prima Bhd	MPR MK	Malaysia	(35.1)	18.1	11.3	9.6	0.7	0.6	2.7	2.5	3.0	3.3
BEC World*	BEC TB	Thailand	(25.6)	36.5	29.2	21.4	1.9	1.8	4.0	3.7	1.7	2.3
The One Enterprise	ONE TB	Thailand	(38.4)	38.3	21.2	15.4	1.3	1.2	3.9	3.3	1.9	2.6
Plan B Media*	PLANB TB	Thailand	25.7	19.4	40.5	33.9	4.1	3.9	9.2	9.0	1.2	2.4
RS Pcl*	RS TB	Thailand	233.8	35.0	29.2	21.6	6.2	5.7	15.7	11.2	2.7	3.7
VGI Pcl**	VGI TB	Thailand	na	na	na	88.5	0.9	0.9	na	68.6	0.0	0.7
Average			44.3	36.0	26.0	24.1	2.1	1.9	7.5	11.5	2.1	2.6

Source: Bloomberg

Note: * Thanachart estimates using normalized EPS growth

** VGI's fiscal year ends in March

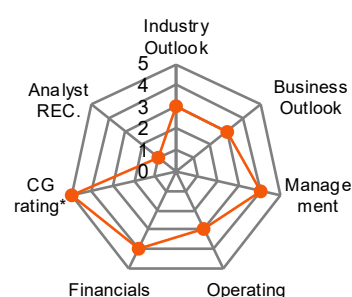
Based on 9-Oct-2023 closing prices

COMPANY DESCRIPTION

VGI Pcl (VGI) is a part of BTS Group Holdings Pcl (BTS). It manages the ad space on the BTS Skytrain network, including stations and trains. In return, VGI shares its BTS-related revenue with BTS Group. Starting at 5% in 2012, the revenue sharing rate increases 5ppt every five years until it reaches 20%. With its partners, it dominates the market share in the out-of-home (OOH) media market in Thailand. It has also expanded its businesses into payment, logistics, IT retail, and digital lending.

Source: Thanachart

COMPANY RATING



Rating Scale

Very Strong	5
Strong	4
Good	3
Fair	2
Weak	1
None	0

Source: Thanachart; * CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Low-risk business model as most of its income is from running the media business for its parent BTS.
- Dominating BTS's ad space, VGI has significant economies of scale which makes it highly competitive vs. other out-of-home media types.
- Its cash-generative business allows VGI to maintain a low debt position.

O — Opportunity

- Demand for ad space in the out-of-home media sector is growing strongly as people in Bangkok are spending more and more time away from their homes.
- Expansion of the Skytrain network and modern-trade retailers offer VGI future growth opportunities.
- VGI's strong financial status provides it with opportunities for acquisitions and overseas expansion.

W — Weakness

- Given that the majority of its business relies on its parent BTS, there is naturally a risk over transparency.
- The BTS Skytrain is exposed to the risk of political unrest that could result in the halting of Skytrain services and, therefore, have an indirect impact on VGI's media business.

T — Threat

- Ad spending cuts due to the economic and consumption slowdown could pose a threat to VGI's occupancy rate and ad rate hikes over the short term.
- Out-of-home media ad spend is losing market share to online media.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	3.13	1.90	-39%
Net profit 24F (Bt m)	(268)	(402)	na
Net profit 25F (Bt m)	246	271	10%
Consensus REC	BUY: 3	HOLD: 6	SELL: 1

HOW ARE WE DIFFERENT FROM THE STREET?

- We project a higher loss for FY24F than the Bloomberg consensus as we expect a slow recovery of VGI's OOH media business and negative equity income, mainly from KEX's loss.
- Our TP is lower than the Street's, which we believe is due to our lower long-term earnings forecast.

Sources: Bloomberg consensus, Thanachart estimates

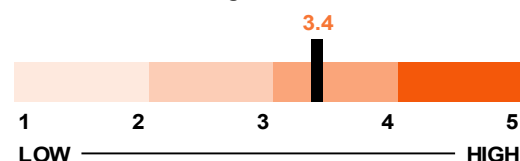
RISKS TO OUR INVESTMENT CASE

- Advertising expenditure is dependent on the economic situation. The key upside risk is the economy recovering faster than we currently expect and positively impacting VGI's occupancy rates.
- The government's stimulus package could help economic recovery and boost consumption, which represents another upside risk to our earnings forecasts.

Source: Thanachart

VGI is one of the largest out-of-home media operators in Thailand. It has recently expanded into the distribution and digital service businesses. Our ESG score for VGI is relatively high at 3.36 as its operations release only small amounts of greenhouse gases, while it has clear plans and targets for action regarding ESG issues.

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)
VGI	YES	YES	-	-	54.53	77.45	85.00	-	5.0

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 "term of use" in the following back page.

Factors

Our Comments

ENVIRONMENT

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

- VGI's environmental targets in FY21-24 are to maintain electricity consumption not exceeding a 10% increase over the baseline year of 2019, reduce waste generation by at least 10%, and recycle it at a rate of 30% of total waste.
- By replacing fluorescent light bulbs with LED types, turning off the power after operating hours, and encouraging employees to engage in reducing greenhouse gas emissions by changing behavior such as adopting carpool use, reducing the use of paper and plastics, banning foam containers, and reusing materials, VGI's greenhouse gas (GHG) emissions fell from 5,302 tonnes CO₂e in FY20 to 4,875 in FY21 and 4,734 in FY22.
- It also targets to distribute climate change content through corporate advertising platforms with the goal of reaching at least one million people each year.

SOCIAL

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

- VGI targets a customer satisfaction score of 95% with no complaints from customers about advertising material and staff service. By strictly upholding the principles of ethical branding and marketing, delivering, inspecting, and developing products and services that are high quality, up-to-date, and meet demands, it received a 90% score in FY22.
- It also targets an employee engagement and satisfaction rate of no less than 90%. By offering various training programs, fair and appropriate remuneration and benefits, safety and health care, and human rights protections, VGI received an employee engagement survey score of 86% in FY22 and an employee satisfaction score of 91%.
- In FY22, VGI initiated many social responsibility projects, such as the COVID-19 Care Media Airtime scheme to raise public awareness about COVID-19 protection and the One Day, One Thousand Smiles campaign to provide scholarships and educational supplies.

GOVERNANCE &
SUSTAINABILITY

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

- We believe VGI has a good board of directors (BOD) structure. It has a nine-member BOD, which we consider an appropriate size for the size and scope of its business. However, the chairman is an independent director. Of the nine members, three are independent. There is one woman board member.
- VGI has nominated EY Company Limited as the auditor of the group.
- With its exclusive access to behavioral data from its advertising, payment, and distribution platforms, VGI has developed and introduced offline-to-online marketing solutions to allow advertisers to navigate their customers at every stage of the purchasing process.
- VGI was included as a member in the Sustainability Yearbook 2022 as assessed by S&P Global and in the Thailand Sustainability Investment (THSI) list of the SET.

Sources: Company data, Thanachart

INCOME STATEMENT

FY ending Mar (Bt m)	2022A	2023A	2024F	2025F	2026F
Sales	4,193	4,889	4,940	5,561	5,929
Cost of sales	3,209	3,549	3,275	3,531	3,682
Gross profit	984	1,340	1,665	2,030	2,248
% gross margin	23.5%	27.4%	33.7%	36.5%	37.9%
Selling & administration expenses	1,260	2,011	2,223	2,280	2,312
Operating profit	(275)	(671)	(558)	(250)	(65)
% operating margin	-6.6%	-13.7%	-11.3%	-4.5%	-1.1%
Depreciation & amortization	395	394	433	515	533
EBITDA	120	(277)	(126)	265	468
% EBITDA margin	2.9%	-5.7%	-2.5%	4.8%	7.9%
Non-operating income	128	210	262	291	307
Non-operating expenses	0	0	0	0	0
Interest expense	(100)	(31)	(0)	(5)	(5)
Pre-tax profit	(248)	(492)	(297)	36	237
Income tax	34	213	0	7	47
After-tax profit	(283)	(705)	(297)	29	190
% net margin	-6.7%	-14.4%	-6.0%	0.5%	3.2%
Shares in affiliates' Earnings	(194)	(438)	(305)	142	414
Minority interests	156	403	200	100	(24)
Extraordinary items	201	676	0	0	0
NET PROFIT	(120)	(65)	(402)	271	580
Normalized profit	(321)	(740)	(402)	271	580
EPS (Bt)	(0.0)	(0.0)	(0.0)	0.0	0.1
Normalized EPS (Bt)	(0.0)	(0.1)	(0.0)	0.0	0.1

BALANCE SHEET

FY ending Mar (Bt m)	2022A	2023A	2024F	2025F	2026F
ASSETS:					
Current assets:	16,307	10,016	8,364	8,429	8,753
Cash & cash equivalent	1,205	7,747	6,100	5,890	6,050
Account receivables	988	1,103	1,115	1,255	1,338
Inventories	380	215	199	214	223
Others	13,734	951	951	1,071	1,142
Investments & loans	15,265	13,683	13,683	13,683	13,683
Net fixed assets	1,062	1,101	1,819	2,103	2,171
Other assets	8,159	8,834	9,006	9,016	9,026
Total assets	40,792	33,635	32,872	33,232	33,633
LIABILITIES:					
Current liabilities:	9,980	2,052	2,063	2,145	2,170
Account payables	665	709	654	705	735
Bank overdraft & ST loans	8,130	0	101	102	103
Current LT debt	0	0	0	0	0
Others current liabilities	1,185	1,343	1,308	1,338	1,332
Total LT debt	0	0	0	0	0
Others LT liabilities	829	931	1,162	1,249	1,305
Total liabilities	10,809	2,983	3,225	3,395	3,476
Minority interest	849	2,523	2,323	2,223	2,247
Preferreds shares	0	0	0	0	0
Paid-up capital	861	1,119	1,119	1,119	1,119
Share premium	12,730	25,387	25,387	25,387	25,387
Warrants	0	0	0	0	0
Surplus	13,170	(114)	(392)	(392)	(392)
Retained earnings	2,372	1,736	1,211	1,501	1,796
Shareholders' equity	29,133	28,128	27,324	27,614	27,910
Liabilities & equity	40,792	33,635	32,872	33,232	33,633

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

FY ending Mar (Bt m)	2022A	2023A	2024F	2025F	2026F
Earnings before tax	(248)	(492)	(297)	36	237
Tax paid	(211)	(127)	(41)	24	(54)
Depreciation & amortization	395	394	433	515	533
Chg In working capital	(337)	93	(50)	(104)	(62)
Chg In other CA & CL / minorities	(12,756)	14,358	(310)	22	343
Cash flow from operations	(13,156)	14,225	(265)	493	997
Capex	(237)	(433)	(1,150)	(800)	(600)
Right of use	(3)	67	(172)	(10)	(10)
ST loans & investments	(15)	6	9	0	0
LT loans & investments	(6,042)	1,582	0	0	0
Adj for asset revaluation	12	(619)	0	0	0
Chg In other assets & liabilities	(436)	166	231	88	56
Cash flow from investments	(6,721)	769	(1,082)	(722)	(554)
Debt financing	6,971	(8,130)	101	0	2
Capital increase	0	12,915	0	0	0
Dividends paid	(525)	(672)	(123)	19	(284)
Warrants & other surplus	13,175	(12,565)	(278)	0	0
Cash flow from financing	19,620	(8,451)	(300)	20	(283)
Free cash flow	(13,393)	13,792	(1,415)	(307)	397

VALUATION

FY ending Mar	2022A	2023A	2024F	2025F	2026F
Normalized PE (x)	na	na	na	88.5	41.3
Normalized PE - at target price (x)	na	na	na	78.6	36.7
PE (x)	na	na	na	88.5	41.3
PE - at target price (x)	na	na	na	78.6	36.7
EV/EBITDA (x)	219.6	na	na	68.6	38.5
EV/EBITDA - at target price (x)	201.5	na	na	58.4	32.8
P/BV (x)	0.7	0.9	0.9	0.9	0.9
P/BV - at target price (x)	0.6	0.8	0.8	0.8	0.8
P/CFO (x)	(1.5)	1.5	(90.4)	48.6	24.0
Price/sales (x)	5.7	4.9	4.8	4.3	4.0
Dividend yield (%)	0.9	1.9	0.0	0.7	1.7
FCF Yield (%)	(68.9)	63.5	(5.9)	(1.3)	1.7
(Bt)					
Normalized EPS	(0.0)	(0.1)	(0.0)	0.0	0.1
EPS	(0.0)	(0.0)	(0.0)	0.0	0.1
DPS	0.0	0.0	0.0	0.0	0.0
BV/share	3.2	2.5	2.4	2.5	2.5
CFO/share	(1.4)	1.4	(0.0)	0.0	0.1
FCF/share	(1.5)	1.4	(0.1)	(0.0)	0.0

Sources: Company data, Thanachart estimates

VGI's PEs look high to us...

...at 89/41x in FY25-26F vs. its pre-COVID average of 55x with...

a risk of valuation de-rating and the end of its right to operate ad space on the core Green Line

FINANCIAL RATIOS

FY ending Mar	2022A	2023A	2024F	2025F	2026F
Growth Rate					
Sales (%)	69.1	16.6	1.1	12.6	6.6
Net profit (%)	na	na	na	na	114.3
EPS (%)	na	na	na	na	114.3
Normalized profit (%)	na	na	na	na	114.3
Normalized EPS (%)	na	na	na	na	114.3
Dividend payout ratio (%)	(143.2)	(690.1)	50.0	60.0	70.0
Operating performance					
Gross margin (%)	23.5	27.4	33.7	36.5	37.9
Operating margin (%)	(6.6)	(13.7)	(11.3)	(4.5)	(1.1)
EBITDA margin (%)	2.9	(5.7)	(2.5)	4.8	7.9
Net margin (%)	(6.7)	(14.4)	(6.0)	0.5	3.2
D/E (incl. minor) (x)	0.3	0.0	0.0	0.0	0.0
Net D/E (incl. minor) (x)	0.2	(0.3)	(0.2)	(0.2)	(0.2)
Interest coverage - EBIT (x)	na	na	na	na	na
Interest coverage - EBITDA (x)	1.2	na	na	57.9	101.3
ROA - using norm profit (%)	na	na	na	0.8	1.7
ROE - using norm profit (%)	na	na	na	1.0	2.1
DuPont					
ROE - using after tax profit (%)	na	na	na	0.1	0.7
- asset turnover (x)	0.1	0.1	0.1	0.2	0.2
- operating margin (%)	na	na	na	0.7	4.1
- leverage (x)	1.4	1.3	1.2	1.2	1.2
- interest burden (%)	168.1	106.8	100.2	88.7	98.1
- tax burden (%)	na	na	na	80.0	80.0
WACC (%)	9.3	9.3	9.3	9.3	9.8
ROIC (%)	(1.7)	(1.9)	(2.2)	(0.9)	(0.2)
NOPAT (Bt m)	(275)	(671)	(447)	(200)	(52)
invested capital (Bt m)	36,059	20,381	21,326	21,826	21,963

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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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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Disclosure of Interest of Thanachart Securities**Investment Banking Relationship**

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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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