

Plan B Media Pcl (PLANB TB) - BUY

News Update

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An acquisition of Hello Bangkok LED

- Hello LED made profits of Bt57/148/202m in 2021-23.
 - Funding sources will come from loans and a capital call.
 - The deal looks fine to us given its fair valuation and...
 - ...potential synergies in the future.
- PLANB announced to acquire all of 1m shares in Hello Bangkok LED (Hello LED, non-listed) from Roctec Global (ROCTEC TB, Bt0.94, Non-rated) (50%), Windharvest International (non-listed) (49.99%), and individual shareholder (0.001%) for the total value of Bt4bn.
 - Hello LED is the owner of 178 static and digital billboards located in Bangkok and key provinces in Thailand. It generated revenues of Bt423/544/648m in 2021-23 and profits of Bt57/148/202m. Based on its Bt202m profit in 2023, PLANB will buy Hello LED's shares at a PE of 20x.
 - The funding source will come from loans for Bt2bn and its capital increase via private placement for Bt2bn. For the total 285,714,286 newly issued shares of PLANB, 50% will be offered to Wind Harvest and 50% to VGI (VGI TB, Bt2.88, SELL) at an offering price of Bt7. This implies PLANB's earnings dilution of 6%.
 - In our view, we like this transaction. PLANB's purchasing price at a PE of 20x looks fair to us compared to PLANB's PE of 26x this year and its peers' PE average of around 20x. Moreover, if we simply factor in PLANB's newly issued shares, 5% funding costs for Bt2bn loans, and Hello Bangkok LED's earnings of Bt202m, its EPS would still increase by 3%. This has yet to include synergies from enhancing its capacity, expanding service network, improving economies of scale, etc.
 - We maintain our BUY call on PLANB as 1) it is a dominant player in the out-of-home market with over 50% market share, 2) its earnings continue to reach a record-high with a 15% earnings CAGR in 2024-26F, 2) its profitability is high with over 40% EBITDA margin, and 4) it is in a net cash position.

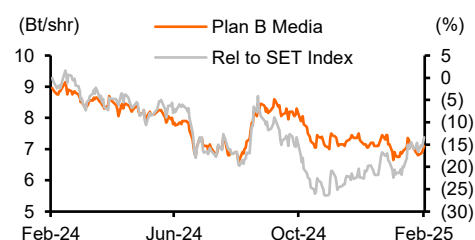
Key Valuations

Y/E Dec (Bt m)	2023A	2024F	2025F	2026F
Revenue	8,365	8,925	9,253	10,213
Net profit	911	1,012	1,211	1,405
Norm net profit	926	1,012	1,211	1,405
Norm EPS (Bt)	0.2	0.2	0.3	0.3
Norm EPS gr (%)	39.1	9.2	19.7	16.0
Norm PE (x)	32.8	30.0	25.1	21.6
EV/EBITDA (x)	8.0	7.2	6.6	6.2
P/BV (x)	3.5	3.3	3.1	3.0
Div. yield (%)	1.1	1.7	3.2	3.7
ROE (%)	11.2	11.3	12.7	14.2
Net D/E (%)	(3.1)	(15.6)	(20.0)	(22.2)

Source: Thanachart estimates

Stock Data

Closing price (Bt)	7.10
Target price (Bt)	8.20
Market cap (US\$ m)	901
Avg daily turnover (US\$ m)	2.2
12M H/L price (Bt)	9.15/6.60

Price Performance

Source: Bloomberg

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