

BUY (Unchanged)

TP: Bt 32.00

(Unchanged)

New Information

Upside: 63.3%

21 MARCH 2025

COM7 Pcl. (COM7 TB)**Cheap with growth and yield**

The market's concerns about COM7's new investments have led to it being deeply undervalued, in our view, at 11x PE against an 18% EPS CAGR in 2025-27F, with a 43% ROE and a 5.5% yield in 2025F. We address the key concerns and see a good BUYING opportunity.



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Looking undervalued; BUY

We reaffirm our BUY call on COM7. **First**, it is a bargain to us at 11x 2025F PE vs. 25/15/15% EPS growth in 2025-27F and 43% 2025F ROE. It also offers a 5.5% 2025F dividend yield. **Second**, amid the slow economy, COM7's growth cycle resumed in 2Q24 driven by a new replacement cycle, market share gains, and margin expansion. **Third**, market demand rose 5% y-y in 2M25, and COM7's sales grew about 10% y-y. **Fourth**, we believe the market is overly concerned about COM7's new investments. The track record is that Bt1.5bn of investments over the past five years generated Bt300m of profit in 2024. And its latest taxi EV renting business investment is limited, if it fails, at only Bt200-300m or 3% of its equity base and <1% of its market cap.

Addressing key concerns

With its core business operating under a successful model, COM7 began exploring new investments several years ago. Its intention was always to start small and stop small in the event of failure, and we have seen no deviation from that. The combined Bt1.5bn of investments during 2021-24 in six new businesses contributed a profit of Bt300m in 2024. Of the amount, Bt270m was from its IT financing business, about Bt100m from IT insurance and Bt17m from the solar rooftop JV. Its pet food shops, pharmacy stores, and EV showrooms incurred a Bt88m combined loss. COM7 is reviewing the first two. Its latest EV taxi rental business plan has a budget of only Bt200m.

New EV taxi business

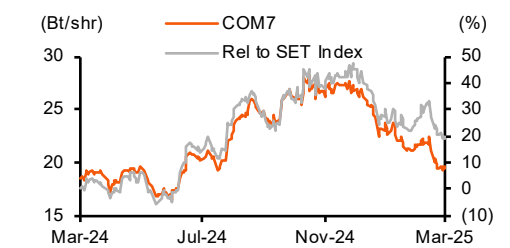
Leveraging on its existing EV dealer business, COM7 plans to run an EV taxi rental service. Like most of its new investments, this has created market worries. Our view is that this business is unlikely to generate a meaningful profit or loss for COM7 given the very small investment of Bt200-300m, or 3% of its equity base and <1% of market cap. To fully factor in market concerns, we remove Bt300m (or Bt0.1/share) from our TP. Given its past track record, if the business isn't successful, we believe COM7 will stop at this investment amount.

Smooth sailing for core business

COM7's core IT and mobile chain store operations are stable with a successful and proven business model. The business has prevailed as a leader through different cycles. As the biggest player, COM7 has advantages in securing good shop locations in malls. Its store model has been a winner, offering a wider range of product varieties than its peers. It has continued to expand, with 1,312 shops in 2024, up from 434 in 2017. The net closure of shops last year was largely due mainly to the shutdown of most Bebe accessory stores that COM7 acquired in 2022. COM7 opened its own shops at its usual pace of above 100 last year.

COMPANY VALUATION

Y/E Dec (Bt m)	2024A	2025F	2026F	2027F
Sales	79,074	90,263	99,375	108,491
Net profit	3,307	4,129	4,749	5,439
Consensus NP	—	3,549	3,996	4,140
Diff frm cons (%)	—	16.3	18.9	31.4
Norm profit	3,307	4,129	4,749	5,439
Prev. Norm profit	—	4,118	4,721	5,477
Chg frm prev (%)	—	0.3	0.6	(0.7)
Norm EPS (Bt)	1.4	1.7	2.0	2.3
Norm EPS grw (%)	15.7	24.9	15.0	14.5
Norm PE (x)	14.2	11.4	9.9	8.6
EV/EBITDA (x)	10.7	8.7	7.6	6.6
P/BV (x)	5.4	4.5	3.8	3.2
Div yield (%)	4.4	5.5	6.3	7.2
ROE (%)	39.4	42.8	41.1	39.8
Net D/E (%)	95.2	65.9	52.3	40.4

PRICE PERFORMANCE**COMPANY INFORMATION**

Price as of 21-Mar-25 (Bt)	19.60
Market Cap (US\$ m)	1,389.4
Listed Shares (m shares)	2,400.0
Free Float (%)	49.4
Avg Daily Turnover (US\$ m)	7.7
12M Price H/L (Bt)	28.25/16.50
Sector	Commerce
Major Shareholder	Khun Sura Kanittavikul 25.05%

Sources: Bloomberg, Company data, Thanachart estimates

ESG Summary Report P15



Cheap with growth and yield

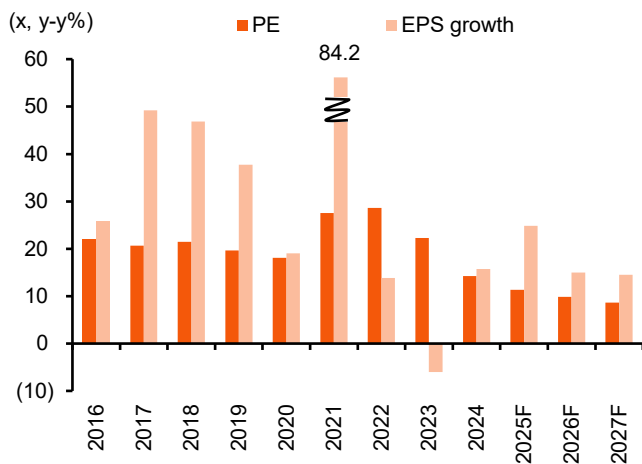
A BUYing opportunity with our TP set at Bt32

We reiterate our BUY call on Com7 Pcl (COM7). The company’s operating performance has turned around strongly, with quarterly earnings surpassing the previous peak in 4Q22 at Bt0.9bn and reaching Bt1.0bn in 4Q24. However, with weak market sentiment and concerns about COM7’s new investments over the past few years, its share price has moved in the opposite direction to its earnings. While we discuss COM7’s investments in the following sections of this report to address market worries, we still like the stock and view it as a good value investment with strong earnings growth and decent dividend yields. Our DCF-based 12-month TP, using a 2025F base year, is Bt32/share. Below are the key factors supporting our BUY recommendation.

At a bargain valuation, in our view

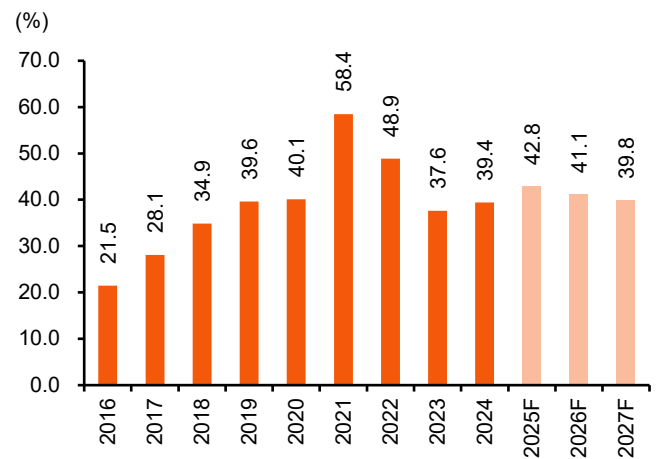
First, COM7 looks like a bargain to us, trading at 11x PE against 25/15/15% EPS growth in 2025-27F. The stock also deserves a higher PE in our view, given its ability to generate very high profitability of 39/43% ROE in 2024-25F. The company also pays a decent dividend yield. Given its strong cash flow generation of Bt5-7bn EBITDA p.a., COM7 maintains a payout ratio of approximately 60%. The company mentioned that it could raise the ratio if it cannot find further feasible new investments over the next few years. We estimate its free cash flow (FCF) yield at 7.6/9.2% in 2025-26F, which should support our dividend yield forecasts of 5.5/6.3% in those years.

Ex 1: A Bargain, In Our View: PE Vs. EPS Growth



Sources: Company data, Thanachart estimates

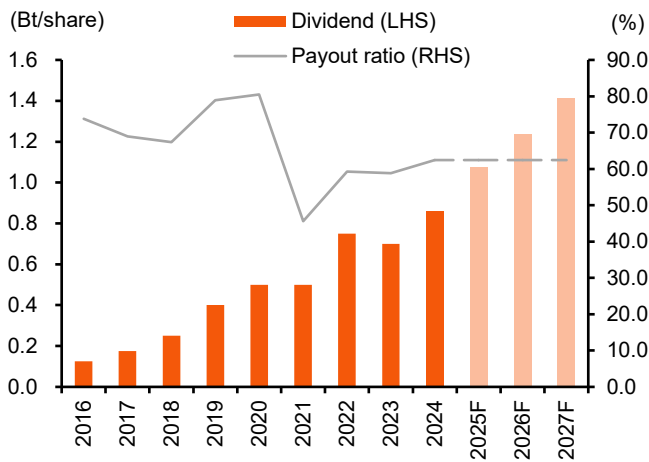
Ex 2: Very High Profitability Firm



Sources: Company data, Thanachart estimates

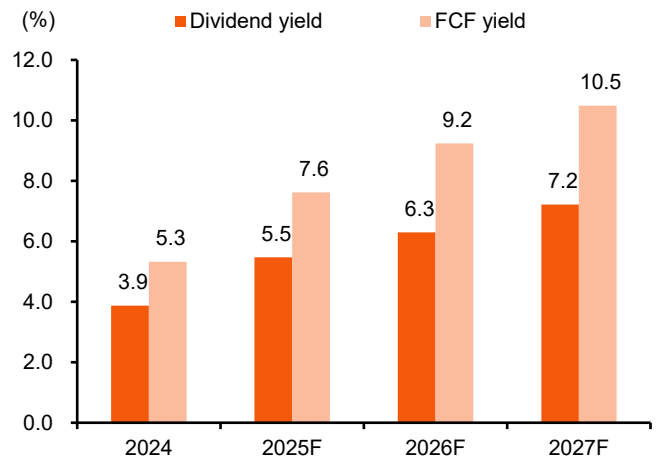
Note: ROE likely to fall from 2025F due to lower debt forecast. Other profitability and efficiencies ratios are expected to improve

Ex 3: Dividend Payout And DPS



Sources: Company data, Thanachart estimates

Ex 4: High FCF Yield Supports Good Dividend Yield

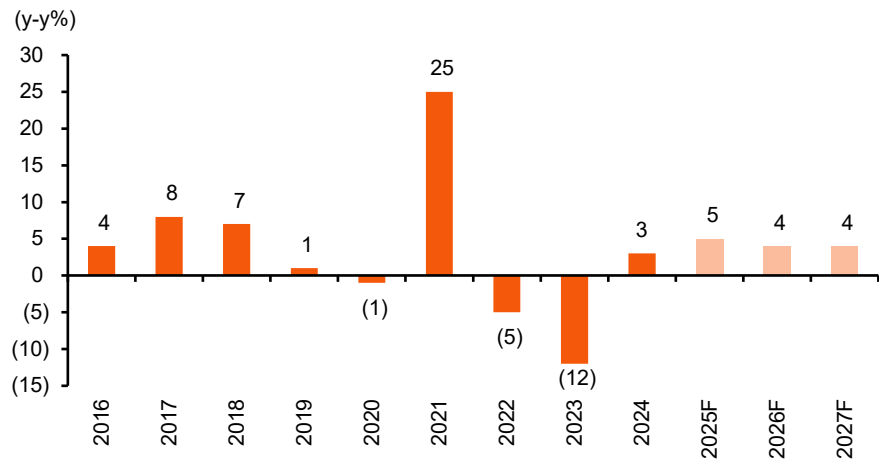


Sources: Company data, Thanachart estimates

Industry turnaround

Second, amid the slow economy, demand for IT and smartphones has started a new cycle. As the country’s largest IT and mobile phone chain store, COM7 is enjoying this new cycle, with market share gains outperforming expectations. The industry demand started its new replacement cycle in 2H24 with 5% y-y growth, and the trend continued into 2M25 with 5% y-y growth. That is after a three-year downcycle from 2Q21-2Q24.

Ex 5: We Expect 4-5% p.a. Demand Growth



Sources: Company data, Thanachart estimates

Simple drivers of industry growth, store expansion and rising margin

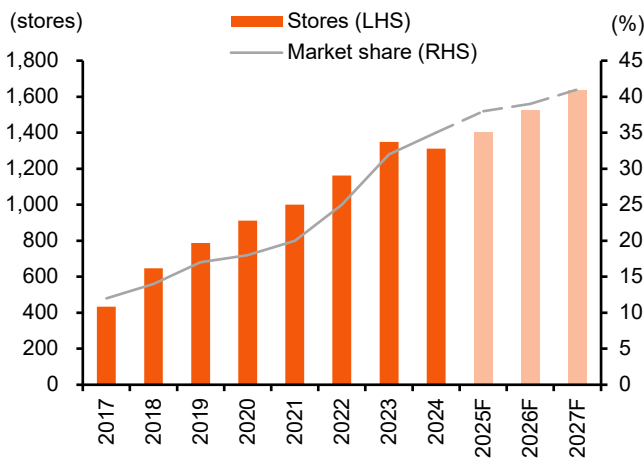
Third, COM7 continues to aggressively expand its stores, and we expect its earnings to continue outperforming market growth. Our EPS growth estimates of 25/15/15% in 2025-27F are driven by the industry growth mentioned above, store expansion, continued good same-store-sales-growth and margin expansion resulting from economies of scale. We estimate the EBIT margin to increase to 6.4% in 2027F from 5.2% in 2024.

COM7 had 1,312 stores in 2024, and we estimate around 100 p.a. net new stores over the next three years. We are not concerned by the net closure of 30 stores in 2024 as that was due to 180 underperforming Bebe IT and other small IT stores called shop-in-shop being shut down. COM7 acquired Bebe in 2022 with an investment of only Bt100m, and an impairment has been set. COM7 also tried the low-cost shop-in-shop, e.g. opened pop-up stores in free space in Index living mall since 2022, which the business model proven not feasible for COM7. For its own shops, the trend has remained the same, with around 100 net new stores being opened p.a. for the past few years.

A good start with sales growth of 10% y-y in 2M25

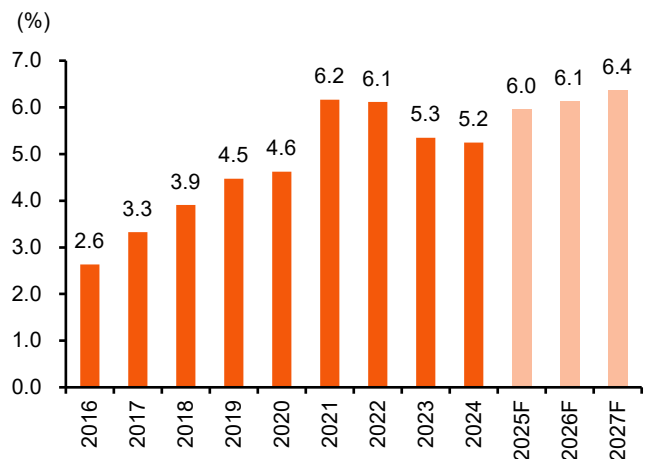
Its store expansion pace is the fastest in the industry, and that is one of the key reasons, along with rising same-store sales growth (SSSG), for its increasing market share trend. That was also the case early this year when COM7's sales growth in 2M25 was about 10% y-y against the industry growth of only 5% y-y.

Ex 6: Store Expansion Helps Drive Market Share



Sources: Company data, Thanachart estimates

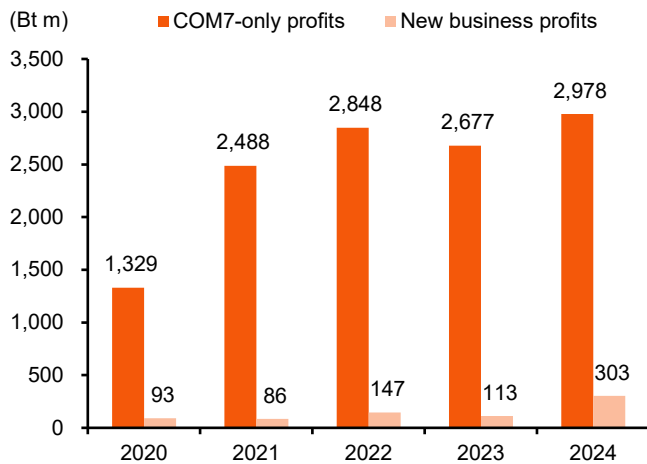
Ex 7: Expanding EBIT Margin



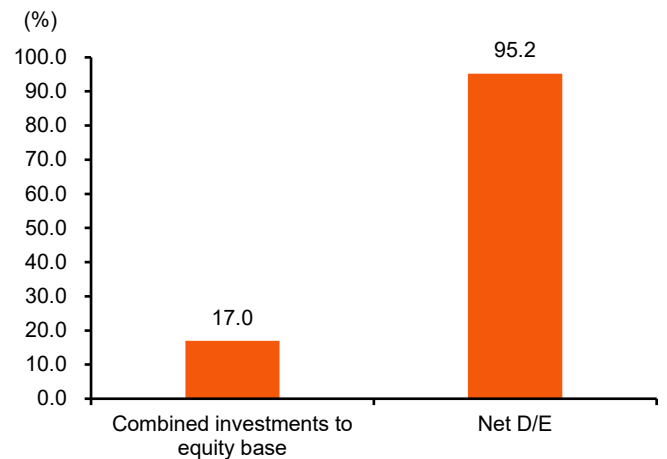
Sources: Company data, Thanachart estimates

New investments contributed Bt300m in profit last year

Fourth, we believe the market is overly concerned about COM7's new investments. The company hasn't deviated from its plan to start small and end small in the event of failure, and its past investments over the past five years of a combined Bt1.5bn contributed Bt300m profit in 2024. We also believe the market is overly worried about its latest taxi EV renting business, as the investment of Bt200-300m is very low, accounting for 3% of its equity base and <1% of its market cap. The company insists that if it doesn't achieve success, it will end the investment at just that amount. That said, we address these investment concerns in the following sections of this report.

Ex 8: New Investments Contribute Profit

Sources: Company data, Thanachart estimates

Ex 9: Balance Sheet Still Strong

Sources: Company data, Thanachart estimates

Addressing market concerns

Market concerns about COM7's new investments

COM7 has explored new businesses over the past five years. Its core business has been running smoothly, thanks to a business model that has proven successful. This has led to expansion continuing without too much difficulty at a rate that has allowed the company to continue gaining market share. While the core business has continued to deliver double-digit growth, COM7 believes it has the time and financial capacity to explore additional growth drivers. However, the capital market may prefer that it stick with the already successful core business and not take the risk of getting involved in new businesses, especially in the current risk-off market environment. Therefore, there have been concerns about COM7's new business ventures.

We are far less concerned about this issue than the market for the following reasons:

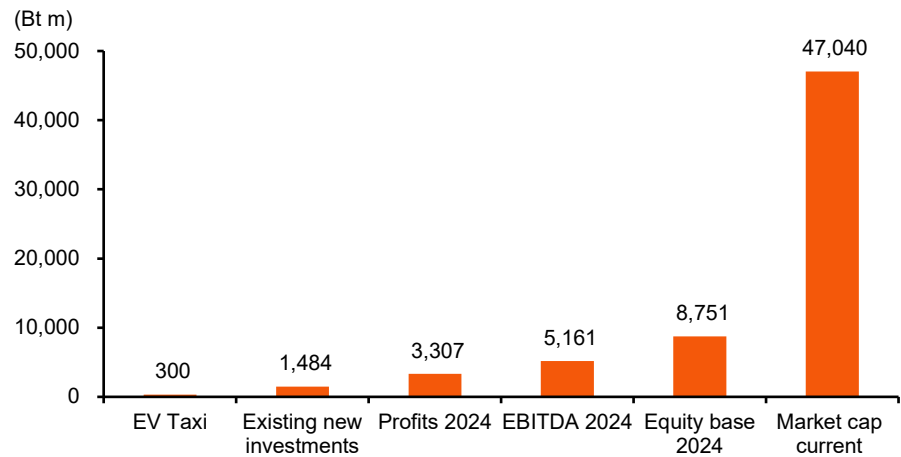
Return on investment was 20% in 2024

First, past investments have yielded decent returns with relatively small investment amounts. COM7 invested a combined Bt1.5bn in six new businesses during 2019-24, and these investments contributed a profit of Bt300m in 2024, or a 20% return. There hasn't been record of net losses occurred since the inception of new businesses in 2020, as shown in Exhibit 8.

Start small strategy

Second, COM7 has so far adhered to its expansion strategy of starting small and ending small if the venture fails. This has resulted in limited damage to its overall operation and has placed a limited burden on its balance sheet. We consider the Bt1.5bn in investments spanning 2020-24 as small at only 17% of equity base, 3% of its market cap, and 30% of one year of EBITDA generation of Bt5bn in 2024. Its latest EV taxi rental business plan involves a potential investment of Bt200m-300m, or only 6-9% of its 2024 profit, 3-4% of equity base, and 0.4-0.6% of its market cap. Exhibit 9 shows COM7's strong balance sheet.

Ex 10: Investment Size Has Been Small

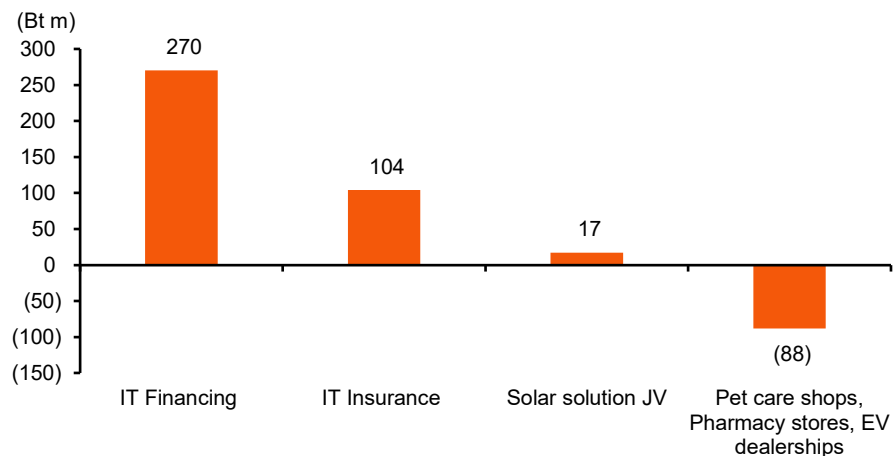


Sources: Company data, Thanachart estimates

End small strategy in the event of failure

Third, some investments haven't been successful, and COM7 has tended to terminate them early, helping limit losses. Of the total six businesses that generated a combined profit of Bt300m in 2024, the most successful one, IT financing, generated a profit of Bt270m, while IT insurance made about Bt100m, and its solar solution JV delivered Bt17m. However, its pet care, drug store, and EV dealership businesses collectively incurred a loss of Bt88m. COM7 is proceeding with its IT financing and IT insurance ventures, as these are related to its core IT retail business and already generate a decent profit. It plans to scale down its pet care and drug store businesses, if new business solutions are not found by this year.

Ex 11: Six Investments And Profit Contribution In 2024

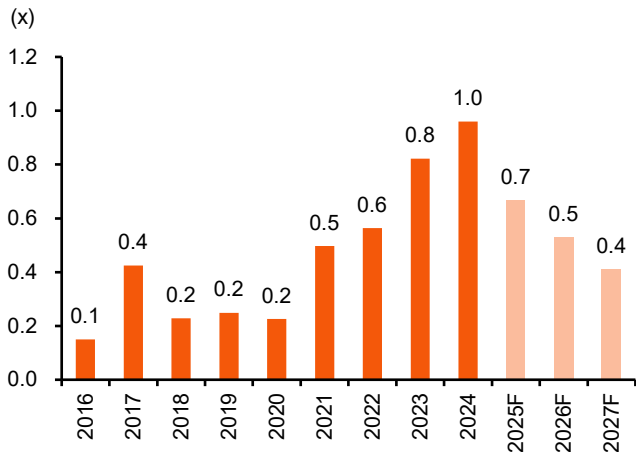


Sources: Company data, Thanachart estimates

Core business is not affected and balance sheet remains strong

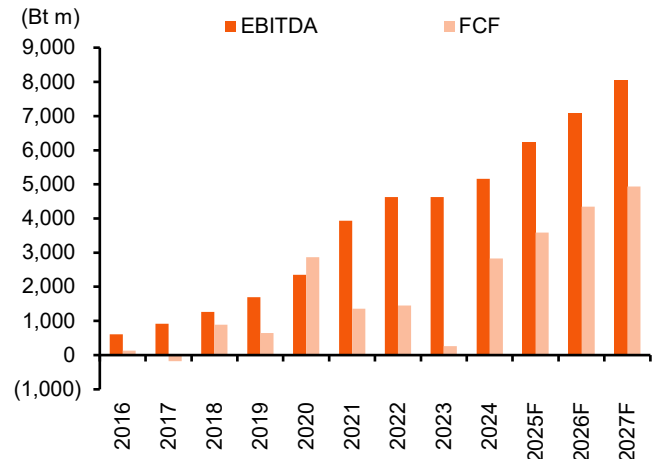
Lastly, most of its new investments mentioned above have had no adverse effect on its core IT chain store business. Some of the businesses, such as IT financing and IT insurance, are complementary to its core business. The investments haven't been a significant burden to COM7's balance sheet and cash flow. Net gearing was 0.95x in 2024, and we estimate it at 0.4x in 2027F. With a large EBITDA base (Bt5bn in 2024), COM7 has kept dividend payment at about 60% despite exploring new business investments.

Ex 12: Net D/E Ratio



Sources: Company data, Thanachart estimates

Ex 13: EBITDA And Free Cash Flow (FCF)



Sources: Company data, Thanachart estimates

The new businesses

There are six businesses that COM7 has entered over the past few years, and one business (EV taxi rental) that it plans to enter. Of the six businesses, COM7 intends to continue with IT financing, IT insurance, and its solar rooftop solution ventures. The ones it plans to either scale down or put an end to are the pet care shops and drug stores.

IT financing is successful and complements the core business

IT financing business: This is already a successful business that complements its core IT chain store operation. The profit contribution was Bt270m in 2024. COM7 intends to continue with this business, and we will discuss it in greater detail later in this report.

IT insurance provides add-on income to its core business

IT insurance business: COM7 acquired an IT insurance company in 2022. This is a profitable business providing add-on income to its core IT chain store business. The profit contribution was Bt100m in 2024. Customers have the option to buy IT insurance alongside their product purchases. COM7 uses its in-house maintenance team to provide the services. Coming with the IT insurance acquisition, COM7 also holds accident and life insurance licenses, which it plans to utilize through its new EV taxi business, which we will also discuss later in this report.

Utilizing its shop network and customer base to earn extra income

Solar rooftop solution business: In May 2024, COM7 invested in a 40% stake in Tako Cleantech, the authorized distributor of Huawei solar rooftop systems. Tako provides all categories of solar rooftop cells and related products, such as chargers. Tako primarily focuses on a B2B business model, such as retail solar rooftops, and does not deal directly with end customers. Tako offers a one-stop service, selling both solar rooftop products and outsourcing installation teams for their B2B clients. Tako also sells only solar products. In 2024, COM7 earned Bt17m from Tako.

Wants exposure to the EV industry

EV dealership business: COM7 invested Bt40m for a 40% stake in Chinese EV producer AION’s EV showroom business in 2023. The other 60% is owned by AION. Despite some losses to COM7 in 2024, COM7 still sees good prospects for the EV transition trend in Thailand. The JV sold more than 2,000 AION EV cars in 2024 from its over 10 showrooms. We do not expect the business to contribute a meaningful loss or profit to the company over the next three years, and it is in a JV format that isn’t harmful to COM7’s balance sheet.

Below are the businesses that COM7 plans to either scale down or exit eventually.

Still cannot find the right shop model

Pet care shops: COM7 established its pet care business through its wholly owned 4Paws Co in 2023. It made mild losses in 2023. The business is still exploring the best way to operate, and traffic has been below expectations. COM7 may scale down the business this year if a restructuring effort is unsuccessful.

Good traffic but not profitable

Drug stores: COM7 invested in a pharmacy store joint venture with a 40% stake in DrPharma Health Technology Company Limited in 2023. The JV made some losses in that year. While store traffic has met expectations due to its strong reputation and extensive drug SKUs, the business is still experiencing losses due to higher-than-expected pharmacist compensation expenses. COM7 is working to address these issues and said it will consider scaling down if solutions aren't found this year.

IT financing and taxi EV businesses

Across the new investments, we believe the market's key concerns are IT financing and the new EV taxi businesses, as both are inherently capital-intensive.

Complementing and growing with manageable risk

IT financing business: COM7 launched its IT financing business in 2021, and it has since become, by far, the most significant contributor to its investment portfolio. This business complements and leverages its core IT chain store business. COM7's loan size is Bt3bn, and it generated Bt560m in interest income and Bt270m in profit in 2024, representing a 177% increase from 2023. Bt3bn is about 4% of its annual sales. In 2024, credit cost was around 2%, and its NPL ratio was about 1%. We believe the key reasons for the low NPL ratio are that the majority of the loan portfolio consists of high-priced products targeting customers in higher-income segments and the company has systems in place to inactivate and lock smartphone usage if customers fail to meet payment conditions.

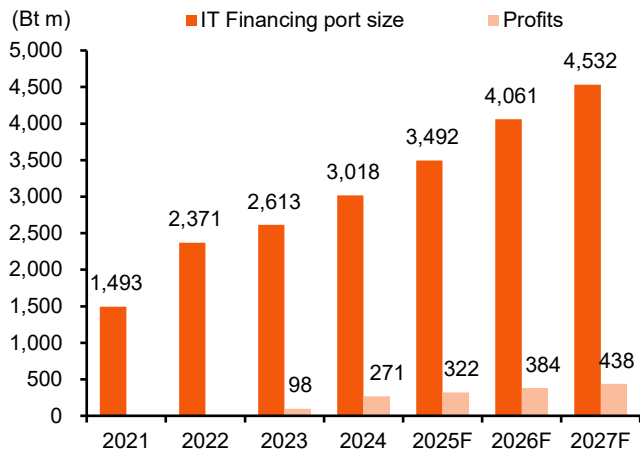
Phone locking systems are key to low NPLs

We view this as a growing area of business for COM7, as the company has been reassured after being allowed by Apple, and some models of Samsung and Oppo to use phone locking systems. COM7 focuses on lending for products that can be embedded with an application to lock the phone.

Improving asset quality

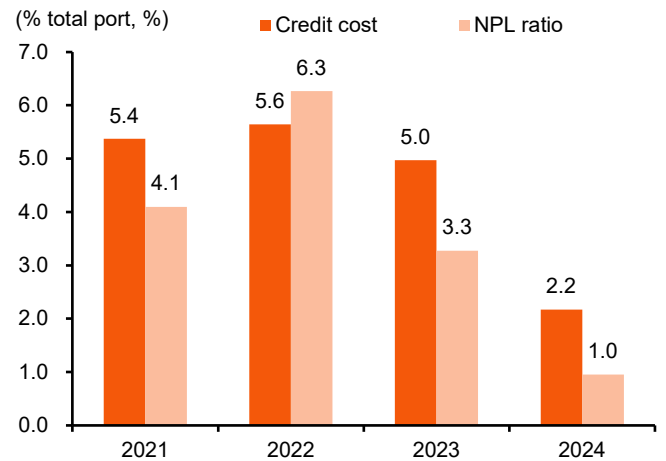
The business's asset quality has significantly improved since its inception. Its portfolio size increased to Bt3.0bn in 2024 from Bt895m in the start-up year of 2021. Its NPL ratio fell to 1% in 2024 from 6% in 2022. Credit cost fell from about 5% in earlier years to 2% in 2024, and its coverage ratio was more than 200% in 2024. Special mention loans (one to three months past due) have been on a declining trend to 5% in 2024 from 6/10% in 2022-23.

Ex 14: Growing Portfolio Size And Profit



Sources: Company data, Thanachart estimates
 Note: COM7 didn't disclose profit/loss before 2023

Ex 15: Falling Credit Cost And NPL Ratio



Source: Company data, Thanachart estimates

Targets to maintain port size at 4% of total sales during the soft economy

Aside from the phone locking system helping to reduce business risk, COM7 believes it is also a prudent lender with decent skills in client selection and debt collection. It focuses on university students and customers with at least Bt10,000 monthly income and good credit scores. It has school, home, and working addresses for official loan collection letters. It also installs software to lock phones if customers fail to make payments within specific periods. COM7 aims to expand its IT lending portfolio further but keeps a stronger emphasis on risk management during the risky economic environment. Its port size stays at 3.8% of its total revenue and we forecast it rising to 4.2% in 2027F. We estimate the IT loan size to grow by 15% p.a. in 2025-27F, slightly above the core IT retail business growth at of 13% p.a.. We also project the business's profit contribution to rise to 10% of total profit in 2027F from 8% in 2024.

A new investment

EV taxi rental business: COM7 recently announced a plan to operate an EV taxi rental business with an investment of Bt200m-300m. The idea came from its exposure in the EV JV business with AION. COM7 strongly believes in the EV mega-trend, and sees an opportunity in Bangkok's 80,000 taxi market. Eventually, the taxi fleets should switch over to become EVs.

The business model

The Bt200-300m investment is planned to be spent on a fleet of 200 EV taxis (AION-made priced at around Bt800,000 per unit), some early-stage software system, chargers and other necessary infrastructure. The rent is initially set at about Bt660-700 per day and if a driver continues to rent it for six years, the driver can take ownership of the car at the end of the sixth year. This rent scheme is similar to that of a traditional taxi rental business. Expenses include depreciation (six-year schedule with 15% salvage value), interest, and insurance. According to COM7, there will be synergy from its existing AION EV business for cheaper EV purchases and maintenance. COM7 will also leverage its accident and insurance licenses from its IT insurance business to obtain lower insurance rates than market rates. COM7 will begin financing the EV taxi business with its internal cash flow. To mitigate default risk, COM7 has installed a system that disables battery charging if a driver misses payments for more than three days. Additionally, GPS tracking is implemented to monitor vehicle locations.

Limited profits or loss p.a.

According to COM7, with a small fleet of 200 taxis, it does not expect a substantial return but will test the market demand and business feasibility, e.g, if it can collect rental payments from taxi drivers. On the contrary, in the worst-case scenario, it will only lose the initial investment of Bt200-300m. Like most of its other investments, COM7 is likely to maintain its start-small, stop-small when failing approach by beginning with 200 EVs. Its investment budget of Bt200-300m is considered very small and COM7 is likely to stop here if the business fails after the first stage. COM7 will evaluate the business feasibility and debt collection effectiveness within 3-6 months. If successful, further expansion will be considered.

We prefer the conservative way first

To be conservative, we deduct the Bt300m investment from the DCF calculation of our TP.

Very solid core IT retail chain store business**Very solid core business**

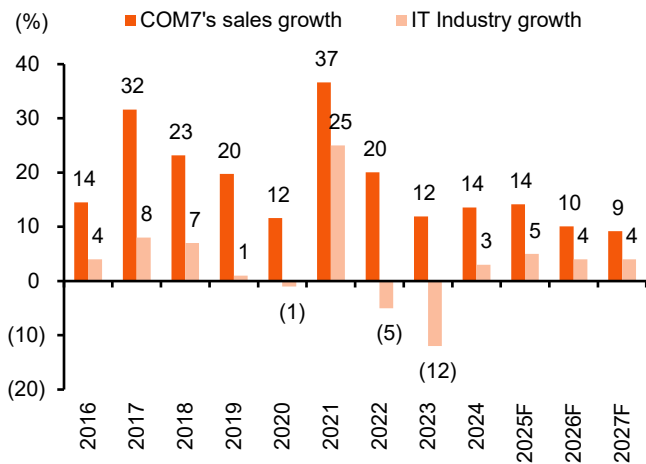
COM7's core IT and mobile chain store business is stable with a proven successful business model. The business has prevailed as a leader through different cycles with a continued rise in market share, climbing to 35% in 2024 from 12% in 2017. COM7's average sales growth was 21% p.a. compared to 8% growth for the IT industry during 2016-24. We expect its market share to continue increasing to 41% by 2027F.

Successful shop model supports expansion and market share gains

A key reason for the market share gain has been its successful shop model, which draws more traffic than its peers. With this success factor, the company has continued to expand. Its store model is a winner, offering a wider range of product varieties than its peers. The more it expands new product SKUs, the more market share it gains. Same-store sales growth (SSSG) is the key driver for COM7's market share gains, and this allows it not to have to rush store expansions and focus on selecting the best locations. However, from a store count perspective, COM7 is also the largest player in the market, with 1,312 shops in 2024, compared to 434 in 2017. As the biggest player with strong store traffic, COM7 has an advantage in securing better shop locations in malls compared to its peers. The company plans to open net new stores of 100-120 p.a. (we assume about 100 p.a. in our model).

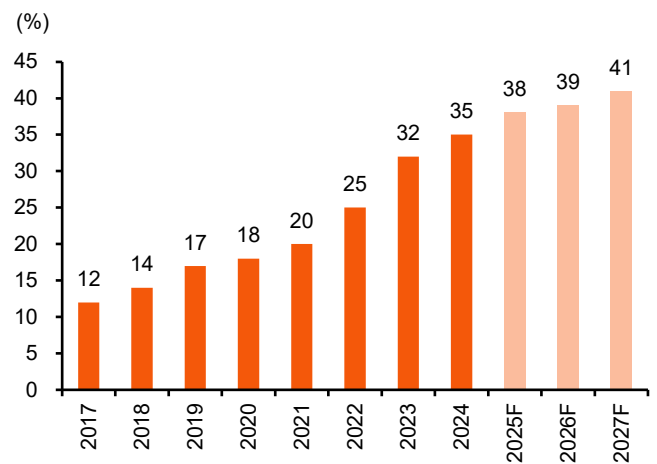
The net shop closure last year wasn't much of a concern to us as it was due to the closure of the majority of the Bebe accessory stores that COM7 took over in 2022, and the small pop up shop-in-shop model mentioned above. Bebe hasn't been a good investment. As for COM7's own shops, the expansion last year was still at the usual pace of 120 shops.

Ex 16: IT Industry Vs. COM7's Sales Growth



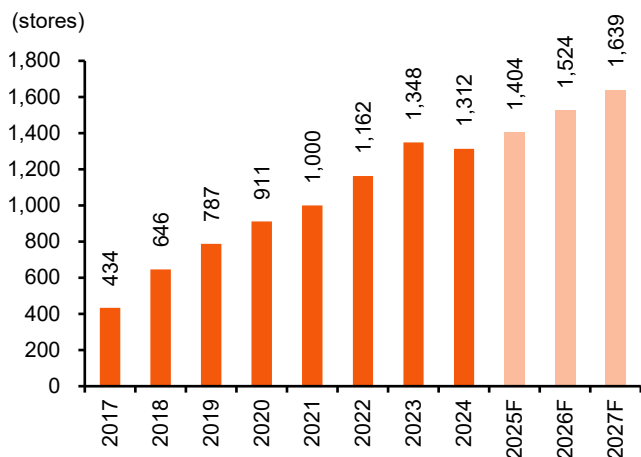
Sources: Company data, Thanachart estimates

Ex 17: Market Share Gains



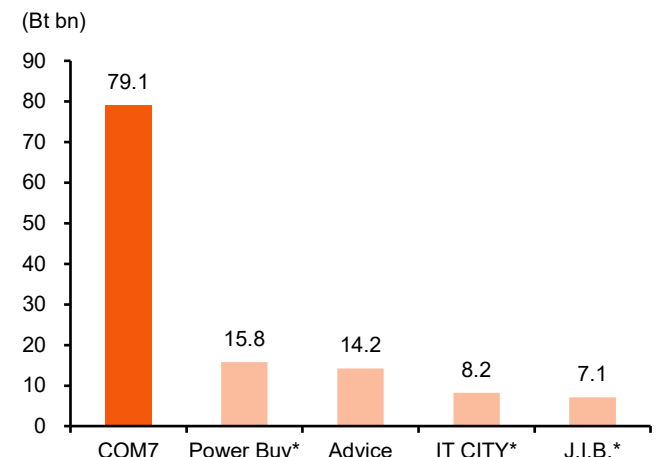
Sources: Company data, Thanachart estimates

Ex 18: Growing Number Of Stores



Sources: Company data, Thanachart estimates

Ex 19: Larger Revenue Base



Sources: Company data, BOL

Note: *Data as of 2023

Strong numbers, based on our estimates

Our 25/15/15% EPS growth estimates in 2025-27F are driven by 4-5% p.a. store expansion, and 5-9% p.a. same-store sales growth (SSSG). Due to the scale effect, we estimate COM7's EBIT margin to widen to 6.4% in 2027F from 5.2% in 2024. We also project its ROE improving due to higher profits and improved asset turnover resulting from the closure of underperforming stores. We estimate EBITDA of Bt6/7/8bn in 2025-27F vs. Bt300-400m of capex p.a. Free cash flow (FCF) yield is forecast at 7.6%, which supports our dividend yield expectation of 5.5% in 2025F.

Ex 20: Our Earnings Assumptions

	2019	2020	2021	2022	2023	2024	2025F	2026F	2027F
# of stores	787	911	1,000	1,160	1,356	1,312	1,404	1,524	1,639
Store expansions (%)	8	5	7	9	5	4	5	4	4
Same-store sales growth (%)	12	7	30	14	6	10	9	6	5
Total sales growth (%)	20.0	12.0	37.0	23.0	11.0	13.7	14.2	10.1	9.2
Gross margin (%)	13.2	12.6	13.4	13.1	13.2	13.2	13.2	13.4	13.4
SG&A to sales (%)	8.8	8.0	7.2	7.3	7.9	8.0	7.4	7.3	7.1
EBIT margin (%)	4.5	4.6	6.0	6.1	5.3	5.2	6.0	6.1	6.4
Net margin (%)	3.6	3.9	5.2	4.8	4.1	4.1	4.6	4.8	5.1

Sources: Company data, Thanachart estimates

Ex 21: 12-month DCF-based TP Calculation Using A Base Year Of 2025F

(Bt m)	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	Terminal Value
EBITDA	5,828	6,584	7,455	8,029	8,804	9,916	10,790	11,660	12,477	13,411	14,459	—
Free cash flow	2,664	3,750	4,287	4,984	5,344	6,063	7,004	7,635	8,244	8,937	9,714	134,859
PV of free cash flow	2,657	3,740	3,297	3,511	3,449	3,584	3,701	3,682	3,629	3,592	3,564	43,296
Risk-free rate (%)	3.5											
Market risk premium (%)	8.0											
Beta	1.1											
WACC (%)	9.2											
Terminal growth (%)	2.0											
Enterprise value - add investments	85,067											
Net debt (2024)	8,401											
Minority interest	73											
Equity value	76,593											
# of shares	2,400											
Target price/share (Bt)	32											

Sources: Company data, Thanachart estimates

Valuation Comparison

Ex 22: Valuation Comparison With Regional Peers

Name	BBG code	Country	EPS growth		— PE —		— P/BV —		EV/EBITDA		Div yield	
			25F (%)	26F (%)	25F (x)	26F (x)	25F (x)	26F (x)	25F (x)	26F (x)	25F (%)	26F (%)
Marks & Spencer Group	MKS LN	UK	22.0	8.3	11.8	10.8	2.1	1.8	6.0	5.7	1.4	2.0
J Sainsbury	SBRY LN	UK	4.2	8.9	10.5	9.7	0.8	0.8	4.6	4.4	5.7	6.1
Tesco	TSCO LN	UK	13.5	9.1	12.2	11.2	1.9	1.9	6.5	6.3	4.0	4.5
Carrefour SA	CA FP	France	(0.9)	16.8	8.3	7.1	0.8	0.8	4.2	4.0	7.8	8.0
Aeon	8267 JP	Japan	(17.4)	28.0	86.8	67.8	3.1	3.1	10.1	9.5	1.1	1.0
Lotte Shopping	023530 KS	S. Korea	na	35.1	9.1	6.7	0.1	0.1	8.8	8.4	5.9	6.0
Shinsegae	004170 KS	S. Korea	117.1	16.1	6.3	5.4	0.3	0.3	7.6	7.2	3.0	3.2
Amore Pacific Group	002790 KS	S. Korea	(77.4)	0.2	12.0	11.9	0.5	0.5	6.3	5.9	2.0	1.8
Wal-Mart Stores	WMT US	USA	5.8	12.2	32.3	28.8	6.7	6.0	16.2	15.0	1.1	1.1
Home Depot Inc	HD US	USA	(0.6)	8.8	23.5	21.6	28.0	26.5	15.9	15.0	2.6	2.8
Advice IT Infinite *	ADVICE TB	Thailand	14.1	18.4	11.1	9.3	2.7	2.3	5.4	4.2	4.2	5.0
Berli Jucker *	BJC TB	Thailand	18.1	10.7	15.8	14.3	0.7	0.7	10.1	9.7	4.4	4.9
COM7 *	COM7 TB	Thailand	24.9	15.0	11.4	9.9	4.5	3.8	8.7	7.6	5.5	6.3
CP All*	CPALL TB	Thailand	17.3	19.5	15.4	12.9	3.2	2.8	7.7	6.7	3.2	3.9
CP Axtra *	CPAXT TB	Thailand	24.2	27.0	21.2	16.7	0.9	0.9	9.7	8.4	3.3	4.2
Central Pattana *	CPN TB	Thailand	4.1	17.5	13.2	11.2	2.0	1.9	10.1	9.2	4.0	4.5
Central Retail Corp. *	CRC TB	Thailand	7.0	13.7	17.4	15.3	2.1	1.9	6.7	6.2	2.3	2.6
Dohome Pcl *	DOHOME TB	Thailand	34.8	26.9	23.0	18.1	1.5	1.4	16.6	15.0	0.1	0.1
Siam Global House *	GLOBAL TB	Thailand	22.0	15.3	13.0	11.3	1.4	1.3	11.3	9.9	2.7	3.1
Home Product*	HMPRO TB	Thailand	11.4	10.3	14.9	13.5	3.9	3.6	8.7	8.0	5.4	5.9
Average			12.9	15.9	18.5	15.7	3.4	3.1	9.1	8.3	3.5	3.9

Sources: Company data, Thanachart estimates

Note: * Thanachart estimates using normalized EPS growth

** MC's fiscal year ends in June.

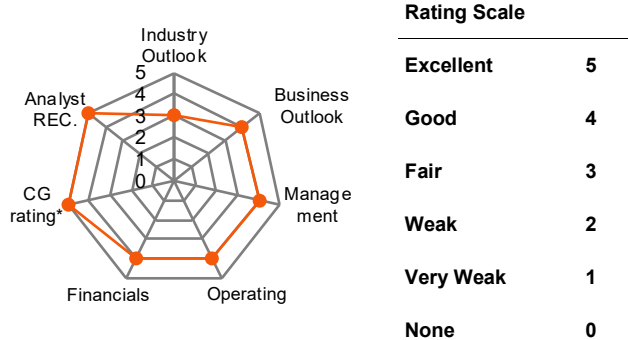
Based on 21 March 2025 closing prices

COMPANY DESCRIPTION

Com7 Pcl (COM7) runs a chain of retail outlets that imports, retails, and distributes computers and IT-related products in Thailand. The company offers a range of products, including smartphones, tablets, notebooks, and computers. COM7 also offers computer components, such as CPUs, hard drives, and networks and accessories.

Source: Thanachart

COMPANY RATING



Source: Thanachart; * CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Strong distribution channels nationwide
- More products and brands
- Diversification into higher-margin businesses
- Leverage effect from better utilization of assets
- Apple's largest distributor in Thailand

O — Opportunity

- 4G to 5G migration
- Improving economy
- Increasing speed and bandwidth usage
- New development technology

W — Weakness

- Low-margin retail business
- Risk from obsolete inventory

T — Threat

- Fierce competition in handsets and IT-related products
- Fast-moving technological advances
- Rising competition from new entrants

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	28.80	32.00	11%
Net profit 25F (Bt m)	3,549	4,129	16%
Net profit 26F (Bt m)	3,996	4,749	19%
Consensus REC	BUY: 10	HOLD: 0	SELL: 1

HOW ARE WE DIFFERENT FROM THE STREET?

- Our DCF-based TP is higher than the Bloomberg consensus number, which we attribute to our having a more aggressive view of the IT industry's outlook and COM7's market share gains over the longer term.

Sources: Bloomberg consensus, Thanachart estimates

RISKS TO OUR INVESTMENT CASE

- More competition in the existing retail business would be the key downside risk to our call.
- A worse-than-expected economy and lower IT-related demand would represent secondary downside risks.

Source: Thanachart

INCOME STATEMENT

*Strong sales growth
despite the weak industry*

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Sales	69,559	79,074	90,263	99,375	108,491
Cost of sales	60,354	68,598	78,168	86,048	93,877
Gross profit	9,205	10,476	12,095	13,326	14,614
% gross margin	13.2%	13.2%	13.4%	13.4%	13.5%
Selling & administration expenses	5,484	6,327	6,721	7,235	7,702
Operating profit	3,721	4,148	5,375	6,091	6,912
% operating margin	5.3%	5.2%	6.0%	6.1%	6.4%
Depreciation & amortization	908	1,013	849	984	1,128
EBITDA	4,629	5,161	6,224	7,075	8,040
% EBITDA margin	6.7%	6.5%	6.9%	7.1%	7.4%
Non-operating income	82	159	140	140	140
Non-operating expenses	(117)	(50)	(125)	(138)	(150)
Interest expense	(232)	(306)	(344)	(301)	(278)
Pre-tax profit	3,454	3,952	5,046	5,793	6,624
Income tax	588	674	860	988	1,129
After-tax profit	2,867	3,278	4,185	4,805	5,494
% net margin	4.1%	4.1%	4.6%	4.8%	5.1%
Shares in affiliates' Earnings	67	43	20	20	21
Minority interests	(77)	(14)	(76)	(76)	(76)
Extraordinary items	0	0	0	0	0
NET PROFIT	2,857	3,307	4,129	4,749	5,439
Normalized profit	2,857	3,307	4,129	4,749	5,439
EPS (Bt)	1.2	1.4	1.7	2.0	2.3
Normalized EPS (Bt)	1.2	1.4	1.7	2.0	2.3

*Earnings turnaround has
begun*

BALANCE SHEET

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
ASSETS:					
Current assets:	16,443	19,544	19,051	20,836	22,612
Cash & cash equivalent	2,229	2,185	1,015	1,015	1,015
Account receivables	3,472	3,147	3,592	3,954	4,317
Inventories	9,922	12,254	13,963	15,371	16,769
Others	820	1,959	481	496	511
Investments & loans	1,665	2,006	2,597	3,046	3,537
Net fixed assets	1,392	1,278	1,157	1,048	939
Other assets	3,477	3,809	4,216	4,450	4,590
Total assets	22,976	26,637	27,021	29,380	31,678
LIABILITIES:					
Current liabilities:	14,076	16,211	14,936	15,296	15,251
Account payables	4,916	5,719	6,517	7,292	7,955
Bank overdraft & ST loans	8,437	9,577	7,303	6,915	6,404
Current LT debt	0	0	0	0	0
Others current liabilities	723	915	1,116	1,088	892
Total LT debt	401	1,009	769	729	675
Others LT liabilities	311	593	608	669	731
Total liabilities	14,789	17,813	16,313	16,693	16,656
Minority interest	141	73	149	149	225
Preferred shares	0	0	0	0	0
Paid-up capital	600	600	600	600	600
Share premium	899	899	899	899	899
Warrants	0	0	0	0	0
Surplus	836	856	856	856	856
Retained earnings	5,712	6,396	8,205	10,183	12,443
Shareholders' equity	8,047	8,751	10,559	12,538	14,798
Liabilities & equity	22,976	26,637	27,021	29,380	31,678

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2023A	2024A	2025F	2026F	2027F
Earnings before tax	3,454	3,952	5,046	5,793	6,624
Tax paid	(1,037)	(568)	(880)	(939)	(1,122)
Depreciation & amortization	908	1,013	849	984	1,128
Chg In working capital	(2,338)	(1,204)	(1,357)	(995)	(1,098)
Chg In other CA & CL / minorities	91	(80)	227	(146)	(199)
Cash flow from operations	1,079	3,112	3,884	4,696	5,334
Capex	(815)	(279)	(300)	(350)	(400)
Right of use	(662)	(379)	(379)	(379)	(379)
ST loans & investments	(35)	(958)	1,492	0	0
LT loans & investments	(147)	(342)	(590)	(450)	(491)
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(33)	(345)	(443)	(318)	(319)
Cash flow from investments	(1,693)	(2,301)	(220)	(1,497)	(1,589)
Debt financing	3,173	1,748	(2,514)	(428)	(565)
Capital increase	0	0	0	0	0
Dividends paid	(1,788)	(1,669)	(2,321)	(2,771)	(3,179)
Warrants & other surplus	(176)	(934)	0	0	0
Cash flow from financing	1,208	(855)	(4,834)	(3,199)	(3,745)
Free cash flow	264	2,833	3,584	4,346	4,934

VALUATION

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Normalized PE (x)	16.5	14.2	11.4	9.9	8.6
Normalized PE - at target price (x)	26.9	23.2	18.6	16.2	14.1
PE (x)	16.5	14.2	11.4	9.9	8.6
PE - at target price (x)	26.9	23.2	18.6	16.2	14.1
EV/EBITDA (x)	11.6	10.7	8.7	7.6	6.6
EV/EBITDA - at target price (x)	18.0	16.5	13.5	11.8	10.3
P/BV (x)	5.8	5.4	4.5	3.8	3.2
P/BV - at target price (x)	9.5	8.8	7.3	6.1	5.2
P/CFO (x)	43.6	15.1	12.1	10.0	8.8
Price/sales (x)	0.7	0.6	0.5	0.5	0.4
Dividend yield (%)	3.6	4.4	5.5	6.3	7.2
FCF Yield (%)	0.6	6.0	7.6	9.2	10.5
(Bt)					
Normalized EPS	1.2	1.4	1.7	2.0	2.3
EPS	1.2	1.4	1.7	2.0	2.3
DPS	0.7	0.9	1.1	1.2	1.4
BV/share	3.4	3.6	4.4	5.2	6.2
CFO/share	0.4	1.3	1.6	2.0	2.2
FCF/share	0.1	1.2	1.5	1.8	2.1

Sources: Company data, Thanachart estimates

*Inexpensive PE in our view
against its growth and
profitability prospects*

FINANCIAL RATIOS

FY ending Dec	2023A	2024A	2025F	2026F	2027F
Growth Rate					
Sales (%)	10.9	13.7	14.2	10.1	9.2
Net profit (%)	(5.9)	15.7	24.9	15.0	14.5
EPS (%)	(5.9)	15.7	24.9	15.0	14.5
Normalized profit (%)	(6.0)	15.7	24.9	15.0	14.5
Normalized EPS (%)	(6.0)	15.7	24.9	15.0	14.5
Dividend payout ratio (%)	58.8	62.4	62.4	62.4	62.4
Operating performance					
Gross margin (%)	13.2	13.2	13.4	13.4	13.5
Operating margin (%)	5.3	5.2	6.0	6.1	6.4
EBITDA margin (%)	6.7	6.5	6.9	7.1	7.4
Net margin (%)	4.1	4.1	4.6	4.8	5.1
D/E (incl. minor) (x)	1.1	1.2	0.8	0.6	0.5
Net D/E (incl. minor) (x)	0.8	1.0	0.7	0.5	0.4
Interest coverage - EBIT (x)	16.0	13.5	15.6	20.3	24.9
Interest coverage - EBITDA (x)	19.9	16.9	18.1	23.5	28.9
ROA - using norm profit (%)	13.8	13.3	15.4	16.8	17.8
ROE - using norm profit (%)	37.6	39.4	42.8	41.1	39.8
DuPont					
ROE - using after tax profit (%)	37.7	39.0	43.3	41.6	40.2
- asset turnover (x)	3.4	3.2	3.4	3.5	3.6
- operating margin (%)	5.3	5.4	6.0	6.1	6.4
- leverage (x)	2.7	3.0	2.8	2.4	2.2
- interest burden (%)	93.7	92.8	93.6	95.1	96.0
- tax burden (%)	83.0	82.9	82.9	82.9	82.9
WACC (%)	9.2	9.2	9.2	9.2	9.2
ROIC (%)	27.6	23.5	26.0	28.7	29.9
NOPAT (Bt m)	3,088	3,441	4,458	5,052	5,733
invested capital (Bt m)	14,656	17,152	17,617	19,167	20,862

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

Moody's ESG Solutions

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90-100	▲▲▲▲▲	Excellent
80-89	▲▲▲▲	Very Good
70-79	▲▲▲	Good
60-69	▲▲	Satisfactory
50-59	▲	Pass
Below		N/A

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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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Score range	Description
CCC - B	LAGGARD: A company lagging its industry based on its high exposure and failure to manage significant ESG risks
BB - BBB - A	AVERAGE : A company with a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers
AA - AAA	LEADER: A company leading its industry in managing the most significant ESG risks and opportunities

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90-100		Excellent
80-89		Very Good
70-79		Good
60-69		Satisfactory
50-59		Pass
Below		N/A

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