



RS

(RS.BK/RS TB)*

Outperform • Upgraded

Price as of 9 Oct 2020	19.50
12M target price (Bt/shr)	24.60
Unchanged/Revised up(down)(%)	33.0
Upside/downside (%)	26.2

Key messages

We estimate RS's 3Q20F net profit at Bt125mn (+15% QoQ, +36% YoY). Growth QoQ should be driven by increased revenue from all segments while growth YoY should be boosted by increased revenue from the commerce segment and a better gross margin. To fine-tune for the anticipated impressive earnings growth in 9M20F, we raised our net profit forecasts by 7% to Bt585mn in 2020 and 24% to Bt717mn in 2021. Based on our new forecast and raising PER from 30.9x (average of commerce sector) to 33.4x (+1.0 S.D), our target price for 2021 is now Bt24.60, from Bt18.50. We upgrade RS to Outperform, from Neutral.

Trading data

Mkt cap (Btbn/US\$mn)	18.9/608
Outstanding shares (mn)	973
Foreign ownership (mn)	72
3M avg. daily trading (mn)	9
52-week trading range (Bt)	8.40 – 20.40
Performance (%)	3M 6M 12M
Absolute	21.9 97.0 27.5
Relative	30.0 90.9 61.8

Quarterly EPS

	1Q	2Q	3Q	4Q
2018	0.10	0.17	0.11	0.13
2019	0.11	0.09	0.09	0.07
2020	0.19	0.11	NA	NA

Share price chart



Source: SET

Piyathida Sonthisombat
66.2658.8888 Ext.8852
piyathidas@kgi.co.th

3Q20F earnings preview: Outstanding growth expected

Event

3Q20 earnings preview.

Impact

3Q20 earnings to grow YoY driven by increased revenue and better gross margin

We estimate RS's 3Q20F net profit at Bt125mn (+15% QoQ, +36% YoY). Growth QoQ should be driven by revenue increasing 10% QoQ to Bt919mn due to improvement in all business segments, particularly commerce, which is expected to be a record high Bt654mn (+12% QoQ) thanks to growth in all channels (inbound sales, outbound sales and online/others). Meanwhile, strong growth YoY should come from i) revenue increasing 4% YoY, driven by the commerce segment (+48% YoY) and ii) gross margin improving from 44.3% in 3Q19 to 53.1% thanks to greater revenue from the commerce segment, which contributes a high margin, and the TV segment turning to gross profit.

Growth expected to continue in 4Q20

The outlook for RS remains bright in 4Q20, particularly with continued growth in the commerce segment backed by i) new products including the company's own brand of bird nest soup, ii) continued negotiations on RS's marketing content on other TV channels to push inbound sales, and iii) ongoing utilization of Predictive Dialing System (PDS) technology to drive outbound sales. For 2021, the company's commerce segment is expected to grow with a recovery in the economy enhancing spending, including on RS's commerce products, and new products of more than 20 SKUs/month to match customer needs.

Raised our 2020 - 2021 forecasts to fine-tune for anticipated strong 9M20 growth

To fine tune for the anticipated strong profit growth in 9M20, which should account for 77% of our full-year forecast, and the bright outlook in 4Q20, we raised our earnings forecasts. Key changes in our assumptions were i) revised up revenue for by 4% in 2020 and 8% in 2021 as we raised revenue from all segments, and ii) raised gross margin by 0.1ppts in 2020 and 4ppts in 2021. After the revisions, our forecasts were raised 7% to Bt585mn in 2020 (+61% YoY) and 24% to Bt717mn in 2021 (+23% YoY).

Valuation & Action

Based on the new forecasts and raising PER from 30.9x (average of commerce sector) to 33.4x or +1.0 S.D, our 2021 target price was revised up to Bt24.60, from Bt18.50. We upgrade RS to Outperform, from Neutral on the back of the expected strong earnings growth in both the short term (3Q20) and longer term (2021).

Risks

Lower than expected revenue from commerce segment.

Key financials and valuations

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue (Btmn)	3,827	3,611	3,765	4,186	4,312
Gross Profit (Btmn)	1,621	1,591	1,955	2,279	2,526
EBIT (Btmn)	567	491	743	931	1,146
Net Profit (Btmn)	516	363	585	717	893
Normalized Profit (Btmn)	440	363	572	717	893
EPS (Bt)	0.51	0.37	0.60	0.74	0.92
DPS (Bt)	0.45	0.30	0.30	0.40	0.45
EPS growth (%)	55.0	(26.9)	61.1	22.5	24.5
P/E (x)	29.0	32.9	32.4	26.4	21.2
P/B (x)	8.94	6.93	9.16	7.72	6.39
EV/EBITDA (x)	12.7	11.2	14.2	12.1	10.4
Net debt/Equity (x)	0.2	0.3	0.0	Net cash	Net cash
Dividend yield (%)	3.0	2.4	1.5	2.1	2.3
Return on Average Equity (%)	33.6	21.4	30.8	31.7	32.9

Source: Company data, KGI Research

Commerce segment: To hit record high

In 3Q20, RS's commerce segment is expected to reach a record high Bt654mn (+12% QoQ, +48% YoY). This should be pushed by growth from all channels (inbound sales, outbound sales and online & others). The best sellers of RS's own products in 3Q20 were health supplement products under the brand S.O.M such as S.O.M CORDY Tibet & Bhutan (cordyceps sinensis extract from Tibet and Bhutan), S.O.M CEMAX (Instant coffee with cordyceps and Korean ginseng). The bestselling products for RS's partners were also health supplements such as Abalone Collagen, Ultimate Collagen, etc.

Inbound sales: Inbound sales in 3Q20 are expected to be driven by i) growing sales from Amarin TV, new partner for RS that has provided content marketing to enhance the company's commerce products since mid-1Q20, ii) new products from both RS's own products and the products of its partners. Note that inbound sales are incoming calls to RS's call center to order RS's commerce products after watching ads on Ch.8 or TV channels that are RS's partners (Amarin TV and Workpoint TV).

Outbound sales: Outbound sales in 3Q20 are expected to be boosted by more productive Predictive Dial Selective (PDS) technology as this technology will provide data for call center staff to make calls to existing clients for repeat purchases and to offer new products that would match the customers' needs. Note that outbound sales are outgoing calls made by RS's call center officers to the 1.4mn customers in the company's database to buy commerce products.

Online and other channels: RS's online and other channels are expected to have greater sales along with the growing popularity of online shopping coupled with the company's online website and application.

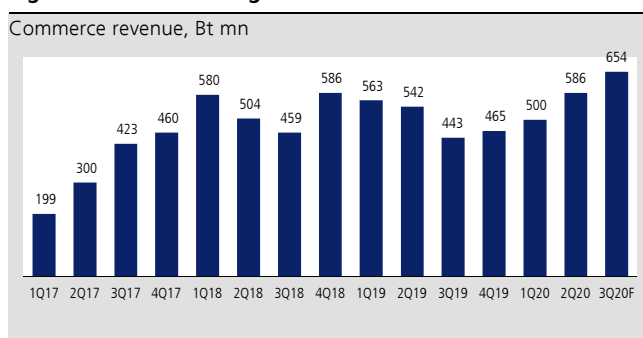
We estimate the commerce business' gross margin in 3Q20 at 68.5%, improving slightly from 68.4% in 2Q20, when it held mid-year sales, but increasing from 65.8% in 3Q19.

Figure 1: New products



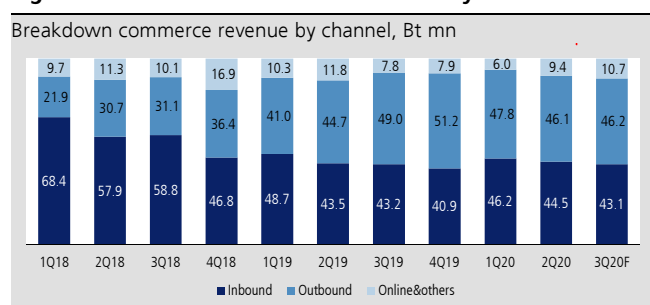
Source: Company data, KGI Research

Figure 2: Commerce segment's revenue



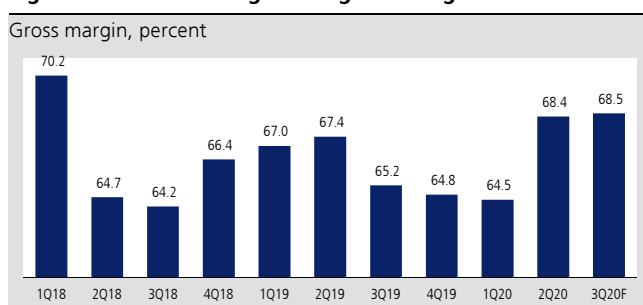
Source: Company data, KGI Research

Figure 3: Commerce revenue breakdown by sales channel



Source: Company data, KGI Research

Figure 4: Commerce segment's gross margin



Source: Company data, KGI Research

Media business: Expect slight growth QoQ

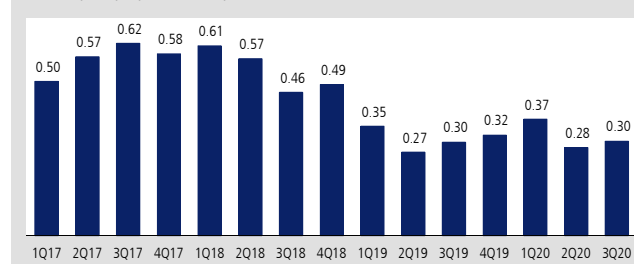
RS's media business in 3Q20 is expected to show revenue of Bt237mn (+7% QoQ, -12% YoY). Growth QoQ would be driven by anticipated growth from the TV segment while the radio segment is unlikely to see significant growth.

TV segment: We expect revenue from RS's TV segment to increase to Bt213mn (+8% QoQ, +2% YoY). Improvement QoQ should come from i) expected increased advertising revenue along with Ch.8's rating climbing QoQ to 0.30, compared to 0.28 in 2Q20 thanks to new programs, particularly Thai boxing, and changing programs in primetime from drama re-runs to new dramas as lockdown restrictions were eased allowing the production of the new shows, and ii) expected greater content sales to partners. Note that TV advertising revenue is expected to shrink 22% YoY but this would be offset by content sales realized from 1Q20 onward. Though costs from the TV segment are expected to increase in 3Q20 along with the new programs, the gross margin is expected to increase slightly to 5% compared to 4% 2Q20 thanks to greater revenue from content sales, which contribute a high margin.

Radio segment: We estimate RS's revenue from the radio segment to come in at Bt24mn (+4% QoQ, -61% YoY). Growth QoQ should come from greater marketing activities for listeners of COOLfahrenheit, RS's radio channel. The decline YoY would be due to a slowdown in advertising, including advertising on radio.

Figure 5: Ch.8's monthly rating

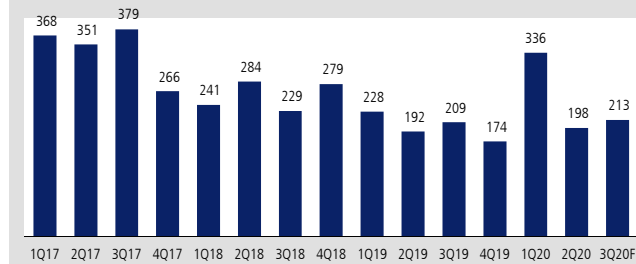
Viewer per population, percent



Source: Nielsen

Figure 6: TV revenue

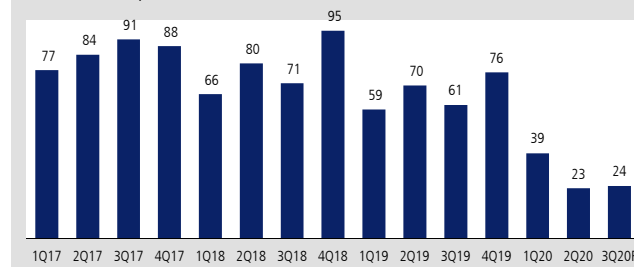
TV revenue, Bt mn



Source: Company data, KGI Research

Figure 7: Radio revenue

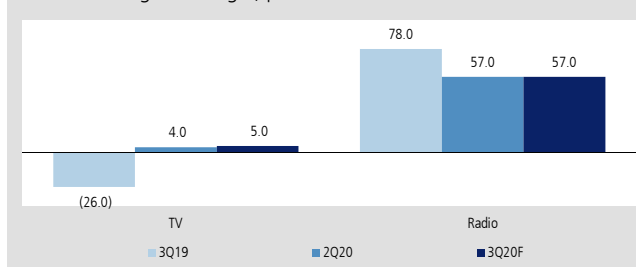
Radio revenue, Bt mn



Source: Company data

Figure 8: Gross margin by business

Breakdown of gross margin, percent



Source: Company data

Music and showbiz segment: Improvement QoQ expected from low base in 2Q20

We expect RS's music and showbiz segment to show revenue of Bt27mn (+7% QoQ, -68% YoY). Growth QoQ is expected to come from the low base in 2Q20, as lockdown measures delayed all marketing events and/or concerts. The decline YoY would be due to the absence of big events/concert in 3Q20 as there are still concerns about COVID-19.

3Q20 net profit to be driven by commerce segment growth

We expect RS to report a 3Q20 net profit of Bt125mn (+15% QoQ, +36% YoY). Earnings growth should be supported by i) revenue growing to Bt919mn (+10% QoQ, +4% YoY) and ii) gross margin improving to 53.1% from 44.3% in 3Q19 and 52.7% in 2Q20.

Revenue QoQ should be driven by growth from all business segments, particularly commerce, which is expected to reach a record high Bt654mn thanks to the company's strategy of boosting sales in all channels (inbound, outbound and online). Moreover, revenue from the media segment (TV and radio) and the music/showbiz segment are expected to recover from low bases in 2Q20. Note that TV should show growth QoQ from both advertising revenue and content sales.

Meanwhile, only the commerce segment is expected to show growth YoY while the media segment and music/showbiz segment would be impacted by COVID-19 and the slowdown in the advertising industry.

Note that RS's 3Q20 gross margin is expected to improve QoQ due to greater revenue from the commerce segment, which is expected to continue to contribute a high margin (68.5%). Gross margin should improve YoY due to i) greater revenue from the commerce segment and ii) TV segment turning to gross profit of 5% compared to loss of 26% in 3Q19.

Figure 9: 3Q20 earnings preview

Bt mn	3Q20F	3Q19	YoY (%)	2Q20	QoQ (%)	9M20F	9M19	YoY (%)
Revenue	919	887	3.6	833	10.3	2,736	2,716	0.8
Gross Profit	488	393	24.1	439	11.1	1,473	1,216	21.2
SG&A	(322)	(267)	20.7	(293)	10.0	(925)	(817)	13.2
Operating Profit	165	125	31.5	146	13.2	549	399	37.6
Operating EBITDA	291	270	7.8	268	8.5	918	842	9.0
Other revenue/ (expenses)	1	4	(80.5)	0	141.9	4	8	(44.3)
Interest Expense	(9)	(6)	53.2	(10)	(5.0)	(27)	(29)	(5.8)
Current taxation	(31)	(30)	4.0	(28)	12.3	(105)	(79)	32.7
Minorities	(0)	(1)	(98.3)	(0)	25.0	(0)	(1)	NM
Core Profit	125	92	35.8	109	15.4	407	298	36.9
Extra item	-	-	NM	-	NM	13	0	12,081.4
Net Profit	125	92	35.8	109	15.4	420	298	41.2
EPS (Bt)	0.13	0.09	35.8	0.11	15.4	0.43	0.31	41.2
Percent	3Q20F	3Q19	YoY (%)	2Q20	QoQ (%)	9M20F	9M19	YoY (%)
Gross margin	53.1	44.3	8.8	52.7	0.4	53.8	44.8	9.1
SG&A/sales	35.1	30.1	5.0	35.2	(0.1)	33.8	30.1	3.7
Net profit margin	13.6	10.4	3.2	13.0	0.6	15.4	11.0	4.4

Source: Company data, KGI Research

Figure 10: Operational statistics

Bt mn	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20F	Change (%)	
												QoQ	YoY
Revenue	969	955	837	1,068	929	900	887	895	984	833	919	10.3	3.6
1.Media (TV+radio)	307	364	300	374	287	262	270	250	375	221	237	7.3	(12.1)
1.1 TV	241	284	229	279	228	192	209	174	336	198	213	7.6	2.0
-Advertising	241	284	229	279	228	192	209	174	246	158	163	3.2	(21.9)
-Content sales	-	-	-	-	-	-	-	-	90	40	50	25.0	NM
1.2 Radio	66	80	71	95	59	70	61	76	39	23	24	4.3	(60.7)
2.Music+Showbiz	82	87	78	108	79	96	174	181	109	26	27	6.8	(84.3)
3.Commerce	580	504	459	586	563	542	443	465	500	586	654	11.6	47.8
Gross margin (%)	39.9	41.4	40.8	46.7	45.9	44.0	44.3	41.9	55.6	52.7	53.1	0.4	8.8
-TV	(62.5)	(29.5)	(33.7)	(6.8)	(19.0)	(35.0)	(26.0)	(53.0)	36.1	4.0	5.0	1.0	31.0
-Radio	66.0	63.0	67.0	67.0	68.0	70.0	78.0	37.8	81.3	57.0	57.0	-	(21.0)
-Music/showbiz	38.4	49.6	50.2	61.8	66.5	53.3	64.0	74.5	57.1	62.3	55.0	(7.3)	(9.0)
-Commerce	70.2	64.7	64.2	66.4	67.0	67.4	65.2	64.8	64.5	68.4	68.5	0.1	3.3

Source: Company data, KGI Research

Raised 2020 - 2021 earnings forecasts to fine-tune for anticipated growth in 9M20

We raise our earnings forecasts for 2020 - 2021 to fine-tune for the anticipated strong earnings growth in 9M20 and to include a more positive outlook for 2021.

- Raised revenue 4% in 2020 and 8% in 2021 as we revised up revenue from all segments. Key changes were i) raised revenue from commerce product sales by 1% for both 2020 and 2021, ii) raised 2020 – 2021 revenue from media business by 9% - 23% to fine-tune for TV segment growth in 9M20, and iii) raised music and showbiz segment's revenue for 2020 - 2021 by 12% - 14%.
- Revised up gross margin for 2020 - 2021 by 0.1ppts – 4ppts, respectively, mainly due to lower costs expected after the termination of a 30% revenue sharing contract and no longer buying airtime for RS's content marketing on Thairath TV since 3Q20.
- Toned down SG&A/sales in 2020 by 1% but raised it by 1% for 2021 to boost commerce product sales.

After the revisions, our earnings forecasts were raised 7% to Bt585mn (+61% YoY) in 2020 and 24% to Bt717mn in 2021 (+22% YoY), or CAGR of 40%.

Figure 11: Key assumptions

Key assumptions (Bt mn)	2020F		Change %	2021F		Change %
	Previous	Revised		Previous	Revised	
Revenue	3,619	3,765	4.0	3,893	4,186	7.5
1. Media segment	1,009	1,096	8.5	933	1,146	22.8
1.1 TV	876	976	11.4	774	1,002	29.5
-TV ads	626	736	17.5	574	762	32.8
-Content for partners	250	240	(4.0)	200	240	20.0
1.2 Radio	133	120	(10.0)	160	144	(10.0)
2. Music & Showbiz	250	280	12.0	350	400	14.3
3. Commerce segment	2,360	2,389	1.3	2,610	2,641	1.2
Avg sales/month (Bt mn)	197	199	1.3	217	220	1.2
Gross margin (%)	51.8	51.9	0.1	50.1	54.4	4.4
-TV	(5.0)	(3.0)	2.0	(34.8)	(5.9)	28.9
-Radio	62.0	67.0	5.0	62.0	65.0	3.0
-Music/showbiz	62.0	70.0	8.0	64.0	72.0	8.0
-Commerce	66.4	67.6	1.2	66.9	69.1	2.2
SG&A/Sales	32.9	32.2	(0.7)	30.8	32.2	1.4
Net profit	546	585	7.3	581	717	23.5

Source: Company data, KGI Research

Figure 12: Financial highlights

	2017A	2018A	2019A	2020F	2021F
Revenue (Bt mn)					
Previous	3,502	3,827	3,611	3,619	3,893
Revised	3,502	3,827	3,611	3,765	4,186
Change (%)	-	-	-	4.0	7.5
Gross margin (%)					
Previous	38.8	42.4	44.1	51.8	50.1
Revised	38.8	42.4	44.1	51.9	54.4
Change (%)	-	-	-	0.1	4.4
SG&A/Sales (%)					
Previous	26.6	27.6	30.5	32.9	30.8
Revised	26.6	27.6	30.5	32.2	32.2
Change (%)	-	-	-	(0.7)	1.4
Net profit (Bt mn)					
Previous	333	516	363	546	581
Revised	333	516	363	585	717
Change (%)	-	-	-	7.3	23.5
Core profit (Bt mn)					
Previous	296	440	363	533	581
Revised	296	440	363	572	717
Change (%)	-	-	-	7.4	23.5

Source: Company data, KGI Research

Upgrade to Outperform

Based on our new forecast, our target price is Bt24.60 (raised PER from 30.9x, average of commerce sector, to 33.4x, +1.0 S.D), up from Bt18.50. We upgrade RS to Outperform, from Neutral, backed by i) the anticipated impressive earnings growth in 3Q20 thanks to revenue growth from the commerce segment, ii) outstanding profit growth in commerce stocks in KGI's coverage with CAGR of 22% for 2020 – 2021, and iii) upside of 26.2% to our target price.

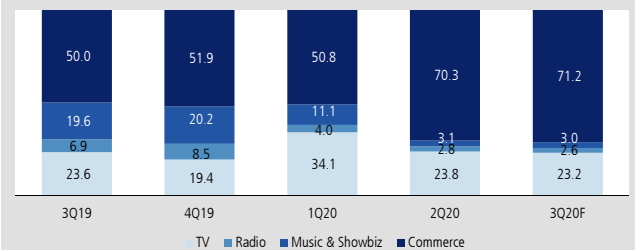
Figure 13: Company profile

RS Public Company Limited (RS) started its business in 1976 as a full range music company. It expanded to other media business such as radio station, TV content provider, satellite TV stations, and showbiz. The company started its terrestrial TV business in April 2014 after receiving a digital TV license from the National Broadcasting and Telecommunication Commission (NBTC) in late 2013. RS also expanded into the health & beauty (H&B) segment in late 2014. Currently, the company's existing businesses can be broken down into four segments that are i) media (TV, radio), ii) music, iii) showbiz and iv) Health & Beauty that transform to RS Mall.

Source: Company data

Figure 14: Breakdown sales and service revenue

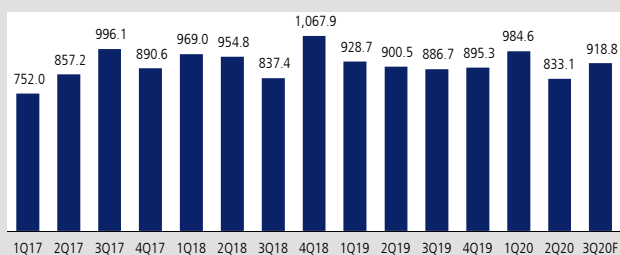
Breakdown sales and service revenue, percent



Source: Company data, KGI Research

Figure 15: Total sales and service revenue

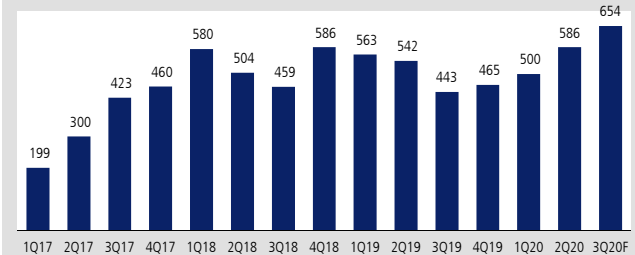
Total sales and service revenue, Bt mn



Source: Company data, KGI Research

Figure 16: Commerce segment revenue

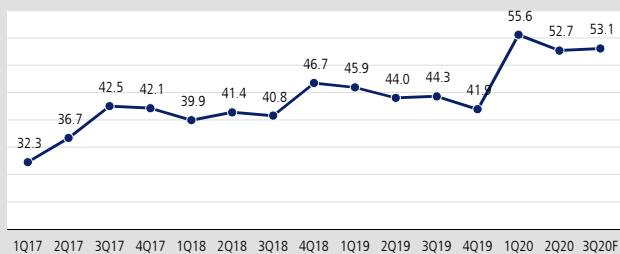
Commerce segment revenue, Bt mn



Source: Company data, KGI Research

Figure 17: Gross margin

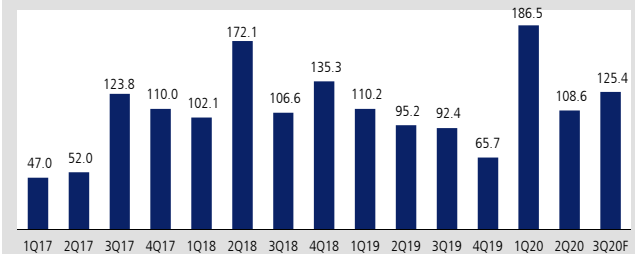
Gross margin, percent



Source: Company data, KGI Research

Figure 18: Net profit

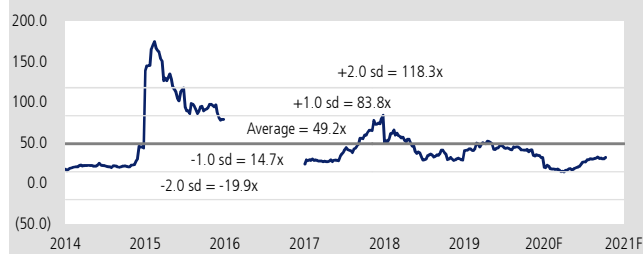
Net profit (loss), Bt mn



Source: Company data, KGI Research

Figure 19: PER band

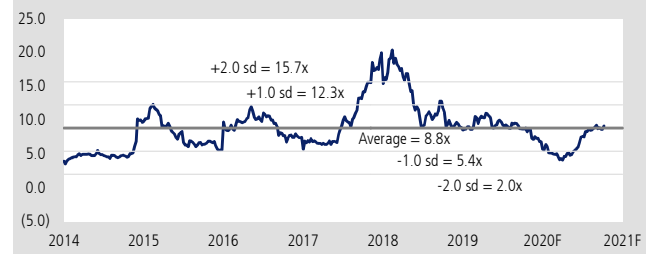
PER, Times



Source: KGI Research

Figure 20: PBV band

PBV, Times



Source: KGI Research

Quarterly Income Statement

	Mar-18A	Jun-18A	Sep-18A	Dec-18A	Mar-19A	Jun-19A	Sep-19A	Dec-19A	Mar-20A	Jun-20A	Sep-20F
Income Statement (Bt mn)											
Revenue	969	955	837	1,066	929	900	887	895	985	833	919
Cost of Goods Sold	(582)	(560)	(496)	(568)	(502)	(504)	(494)	(520)	(437)	(394)	(431)
Gross Profit	387	395	341	498	427	396	393	375	547	439	488
Operating Expenses	(244)	(261)	(230)	(319)	(274)	(276)	(267)	(283)	(309)	(293)	(322)
Other incomes	-	-	-	-	-	-	-	-	-	-	-
Operating Profit	143	133	111	179	153	121	125	93	238	146	165
Depreciation of fixed assets	(156)	(119)	(171)	(163)	(161)	(139)	(144)	(133)	(122)	(122)	(126)
Operating EBITDA	299	253	283	343	313	259	270	226	360	268	291
Non-Operating Income	4	98	15	11	1	5	7	-	6	0	1
Interest Income	-	-	-	-	-	-	-	-	-	-	-
Other Non-op Income	4	98	15	11	1	5	7	-	6	0	1
Non-Operating Expenses	(20)	(16)	(18)	(19)	(15)	(10)	(9)	(9)	(11)	(10)	(9)
Interest Expense	(19)	(16)	(17)	(17)	(15)	(8)	(6)	(6)	(9)	(10)	(9)
Other Non-op Expenses	(1)	-	(1)	(2)	(0)	(2)	(3)	(3)	(2)	(0)	(0)
Net investment Income/(Loss)	-	-	-	-	-	-	-	-	-	-	-
Pre-tax Profit	127	216	109	172	139	116	123	84	232	137	157
Current taxation	(25)	(44)	(2)	(37)	(29)	(20)	(30)	(18)	(46)	(28)	(31)
Minorities	0	0	(0)	0	0	0	(1)	(0)	(0)	(0)	(0)
Extraordinary items	-	-	-	-	0	-	-	-	13	-	-
Net Profit	102	172	107	135	110	95	92	66	186	109	125
EPS (Bt)	0.10	0.17	0.11	0.13	0.11	0.09	0.09	0.07	0.19	0.11	0.13
Margins (%)											
Gross profit margin	39.9	41.4	40.8	46.7	45.9	44.0	44.3	41.9	55.6	52.7	53.1
Operating margin	14.7	14.0	13.3	16.8	16.4	13.4	14.2	10.4	24.1	17.5	18.0
Operating EBITDA margin	30.8	26.5	33.8	32.2	33.7	28.8	30.4	25.3	36.5	32.2	31.6
Net profit margin	10.5	18.0	12.7	12.7	11.9	10.6	10.4	7.3	18.9	13.0	13.6
Growth (%)											
Revenue growth	28.9	11.3	(15.9)	18.9	(4.2)	(5.7)	5.9	(16.0)	6.0	(7.5)	3.6
Operating growth	438.7	68.9	(35.1)	20.4	6.8	(9.7)	12.7	(48.2)	55.8	20.9	31.5
Operating EBITDA growth	77.3	14.4	(8.7)	20.1	5.0	2.6	(4.6)	(34.0)	14.7	3.4	7.8
Net profit growth	116.9	230.6	(13.9)	23.1	8.0	(44.7)	(13.4)	(51.5)	69.4	14.1	35.8

Source: KGI Research

Peer comparison – Key valuation stats

	Rating	Target price (Bt)	Current price (Bt)	Upside (%)	19A EPS (Bt)	20F EPS (Bt)	21F EPS (Bt)	20F EPS gr. (%)	21F EPS gr. (%)	20F PER (x)	21F PER (x)	20F PBV (X)	21F PBV (X)	20F Div Yield (%)	20F ROAE (%)
CPALL*	OP	76.00	60.50	25.6	2.55	2.25	2.65	(11.7)	17.8	26.9	22.8	4.6	4.1	2.1	17.9
DOHOME*	N	14.30	14.90	(4.0)	0.39	0.32	0.42	(17.9)	31.3	46.6	35.5	4.3	4.0	0.7	9.9
GLOBAL*	OP	22.50	19.10	17.8	0.50	0.51	0.66	1.9	29.4	37.5	28.9	4.8	4.4	1.6	13.2
HMPRO*	N	17.70	15.20	16.4	0.47	0.39	0.49	(17.0)	25.6	39.0	31.0	9.3	8.5	2.1	24.0
MAKRO	N	44.00	42.00	4.8	1.30	1.31	1.41	0.7	7.6	32.1	29.8	9.7	9.0	2.3	29.2
MEGA*	N	37.00	35.25	5.0	1.31	1.44	1.54	9.9	7.4	24.6	22.9	4.4	4.0	2.2	18.5
COM7*	OP	40.00	42.25	(5.3)	1.01	1.00	1.30	(1.0)	29.3	42.1	32.6	13.3	11.6	1.5	31.6
RS*	OP	24.60	19.50	26.2	0.37	0.60	0.74	61.1	22.5	32.4	26.4	9.2	7.7	1.5	30.8
Sector								3.3	21.4	35.1	28.7	7.4	6.7	1.8	21.9
Sector ex. RS								(5.0)	21.2	35.5	29.1	7.2	6.5	1.8	20.6

Source: KGI Research

Balance Sheet

As of 31 Dec (Bt mn)	2018A	2019A	2020F	2021F	2022F
Total Assets	4,073	3,407	3,679	4,080	4,460
Current Assets	1,186	1,145	1,543	2,115	2,710
Cash & ST Investments	340	328	648	1,121	1,685
Inventories	285	259	282	314	323
Accounts Receivable	553	545	602	670	690
Others	9	13	10	11	11
Non-current Assets	2,887	2,262	2,135	1,965	1,750
LT Investments	4	4	4	4	4
Net fixed Assets	332	504	448	386	320
Others	2,551	1,754	1,684	1,575	1,426
Total Liabilities	2,401	1,680	1,608	1,624	1,492
Current Liabilities	1,146	1,266	998	1,076	936
Accounts Payable	733	651	640	712	733
ST Borrowings	240	450	200	200	100
Others	173	164	158	164	103
Long-term Liabilities	1,255	414	609	548	556
Long-term Debts	323	239	427	359	359
Others	932	175	182	190	197
Shareholders' Equity	1,672	1,727	2,071	2,456	2,968
Common Stock	1,010	972	972	972	972
Capital Surplus	258	322	322	322	322
Retained Earnings	403	430	773	1,149	1,654
Others	1	2	4	12	20

Source: KGI Research

Key Ratios

Year to 31 Dec (Bt mn)	2018A	2019A	2020F	2021F	2022F
Forecast Drivers					
Commerce segment sales	2,130	2,012	2,389	2,641	2,919
Growth (% YoY)					
Sales	9.3	(5.6)	4.3	11.2	3.0
OP	33.1	(13.3)	51.1	25.4	23.2
EBITDA	19.5	(9.2)	24.9	17.5	16.6
NP	55.0	(29.6)	61.1	22.5	24.5
EPS	55.0	(26.9)	61.1	22.5	24.5
Profitability (%)					
Gross Margin	42.4	44.1	51.9	54.4	58.6
Operating Margin	14.8	13.6	19.7	22.2	26.6
EBITDA Margin	30.7	29.6	35.4	37.4	42.4
Net Profit Margin	13.5	10.1	15.6	17.1	20.7
ROAA	12.5	9.7	16.5	18.5	20.9
ROAE	33.6	21.4	30.8	31.7	32.9
Stability					
Gross Debt/Equity (%)	0.0	0.0	0.0	0.0	0.0
Net Debt/Equity (%)	18.8	25.9	2.6	(19.9)	(41.2)
Interest Coverage (x)	8.3	14.2	26.4	36.6	54.7
Interest & ST Debt Coverage (x)	1.8	1.0	3.3	4.1	9.5
Cash Flow Interest Coverage (x)	(17.0)	(29.8)	(38.6)	(52.3)	(75.0)
Cash Flow/Interest & ST Debt (x)	6.8	2.5	6.3	7.6	19.9
Current Ratio (x)	1.0	0.9	1.5	2.0	2.9
Quick Ratio (x)	0.8	0.7	1.3	1.7	2.5
Net Debt (Bt mn)	314	447.0	53.3	Net cash	Net cash
Per Share Data (Bt)					
EPS	0.5	0.4	0.6	0.7	0.9
CFPS	1.1	1.1	1.1	1.4	1.6
BVPS	1.7	1.8	2.1	2.5	3.1
SPS	3.8	3.7	3.9	4.3	4.4
EBITDA/Share	1.2	1.1	1.4	1.6	1.9
DPS	0.5	0.3	0.3	0.4	0.5
Activity					
Asset Turnover (x)	0.9	1.0	1.1	1.1	1.0
Days Receivables	56.1	55.5	55.6	55.5	57.5
Days Inventory	49.7	49.1	54.6	57.1	65.1
Days Payable	(174.3)	(158.8)	(120.5)	(108.2)	(104.4)
Cash Cycle	280.1	263.4	230.7	220.8	227.1

Source: KGI Research

Profit & Loss

Year to 31 Dec (Bt mn)	2018A	2019A	2020F	2021F	2022F
Revenue	3,827	3,611	3,765	4,186	4,312
Cost of Goods Sold	(2,205)	(2,020)	(1,810)	(1,907)	(1,786)
Gross Profit	1,621	1,591	1,955	2,279	2,526
Operating Expenses	(1,054)	(1,100)	(1,212)	(1,348)	(1,380)
Other incomes	-	-	-	-	-
Operating Profit	567	491	743	931	1,146
Depreciation of fixed assets	610	577	591	636	681
Operating EBITDA	1,177	1,068	1,334	1,567	1,828
Non-Operating Income	128	11	8	5	5
Interest Income	-	-	-	-	-
Other Non-op Income	128	11	8	5	5
Non-Operating Expenses	(72)	(40)	(33)	(29)	(25)
Interest Expense	(68)	(35)	(28)	(25)	(21)
Other Non-op Expenses	(3)	(6)	(5)	(4)	(4)
Equity Income/(Loss)	-	-	-	-	-
Pre-tax Profit	624	462	717	906	1,127
Current taxation	(108)	(97)	(143)	(181)	(225)
Minorities	0	(1)	(2)	(8)	(8)
Extraordinary items	-	-	13	-	-
Net Profit	516	363	585	717	893
EPS (Bt)	0.51	0.37	0.60	0.74	0.92

Source: KGI Research

Cash Flow

Year to 31 Dec (Bt mn)	2018A	2019A	2020F	2021F	2022F
Operating Cash Flow	1,161	1,033	1,087	1,332	1,572
Net Profit	624	462	717	906	1,127
Depreciation & Amortization	591	569	591	636	681
Change in Working Capital	(62)	(91)	(235)	(211)	(235)
Others	7	94	13	-	-
Investment Cash Flow	(519)	(616)	(517)	(517)	(517)
Net CAPEX	(45)	(230)	56	61	66
Change in LT Investment	-	-	-	-	-
Change in Other Assets	(475)	(386)	(573)	(578)	(583)
Free Cash Flow	642	417	570	815	1,055
Financing Cash Flow	(504)	(407)	(317)	(409)	(558)
Change in Share Capital	0	70	-	-	-
Net Change in Debt	(256)	118	(74)	(69)	(169)
Change in Other LT Liab.	(248)	(595)	(243)	(340)	(389)
Net Cash Flow	138	9	252	406	497

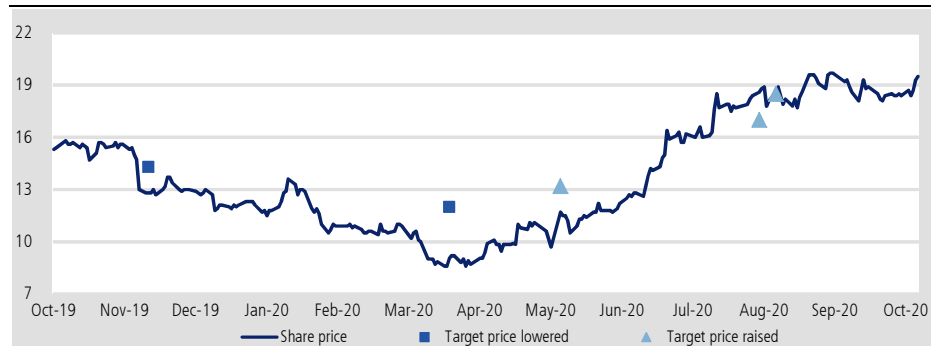
Source: KGI Research

Rates of Return on Invested Capital

Year	1- COGS Revenue	+ Depreciation Revenue	+ Operating Exp. Revenue	= Operating Margin
Dec-18A	57.6%	15.9%	27.6%	-3.8%
Dec-19A	55.9%	16.0%	30.5%	-1.1%
Dec-20F	48.1%	15.7%	32.2%	-2.4%
Dec-21F	45.6%	15.2%	32.2%	4.0%
Dec-22F	41.4%	15.8%	32.0%	7.0%
Year	1/ Working Capital Revenue	+ Net PPE Revenue	+ Other Assets Revenue	= Capital Turnover
Dec-18A	-0.02	0.09	0.67	1.14
Dec-19A	-0.03	0.14	0.49	1.35
Dec-20F	-0.06	0.12	0.45	1.66
Dec-21F	-0.05	0.09	0.38	1.97
Dec-22F	-0.05	0.07	0.33	2.38
Year	Operating Margin	x Capital Turnover	x Cash Tax Rate	= After-tax Return on Inv. Capital
Dec-18A	-1.1%	1.4	82.7	-5.2
Dec-19A	-2.4%	1.7	78.9	-1.2
Dec-20F	4.0%	2.0	80.0	-3.1
Dec-21F	7.0%	2.4	80.0	6.3
Dec-22F	10.8%	2.8	80.0	13.4

Source: KGI Research

RS- Recommendation & target price history



Date	Rating	Target	Price
10-Aug-20	Neutral	18.50	18.60
3-Aug-20	Neutral	17.00	18.60
11-May-20	Outperform	13.20	11.70
25-Mar-20	Outperform	12.00	9.05
19-Nov-19	Neutral	14.30	12.80

Source: KGI Research

Corporate Governance Report of Thai Listed Companies



Companies with Excellent CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
ADVANC	ADVANCED INFO SERVICE	HMPRO	HOME PRODUCT CENTER	QH	QUALITY HOUSES
ANAN	ANANDA DEVELOPMENT	INTUCH	SHIN CORPORATION	RATCH	RATCHABURI ELECTRICITY GENERATING HOLDING
AOT	AIRPORTS OF THAILAND	IRPC	IRPC	ROBINS	ROBINSON DEPARTMENT STORE
AP	ASIAN PROPERTY DEVELOPMENT	IVL	INDORAMA VENTURES	SAMART	SAMART CORPORATION
BANPU	BANPU	KBANK	KASIKORN BANK	SAMTEL	SAMART TELCOMS
BCP	THE BANGCHAK PETROLEUM	KCE	KCE ELECTRONICS	SCB	THE SIAM COMMERCIAL BANK
BTS	BTS GROUP HOLDINGS	KKP	KIATNAKIN BANK	SCC	THE SIAM CEMENT
CK	CH. KARNCHANG	KTB	KRUNG THAI BANK	SCCC	SIAM CITY CEMENT
CPF	CHAROEN POKPHAND FOODS	KTC	KRUNGTHAI CARD	SPALI	SUPALAI
CPN	CENTRAL PATTANA	LPN	L.P.N. DEVELOPMENT	SPRC	STAR PETROLEUM REFINING
DELTA	DELTA ELECTRONICS (THAILAND)	MINT	MINOR INTERNATIONAL	STEC	SINO-THAI ENGINEERING AND CONSTRUCTION
DTAC	TOTAL ACCESS COMMUNICATION	MONO	MONO TECHNOLOGY	SVI	SVI
EASTW	EASTERN WATER RESOURCES DEVELOPMENT AND MANAGE	PLANB	PLAN B MEDIA	TCAP	THANACHART CAPITAL
EGCO	ELECTRICITY GENERATING	PSH	PRUKSA HOLDING	THCOM	THAICOM
GFPT	GFPT	PTT	PTT	TISCO	TISCO FINANCIAL GROUP
GPSC	GLOBAL POWER SYNERGY	PTTEP	PTT EXPLORATION AND PRODUCTION	TMB	TMB BANK
GUNKUL	GUNKUL ENGINEERING	PTTGC	PTT GLOBAL CHEMICAL	TOP	THAI OIL
HANA	HANA MICROELECTRONICS	PYLON	PYLON	TRUE	TRUE CORPORATION



Companies with Very Good CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
AAV	ASIA AVIATION	ERW	THE ERAWAN GROUP	SAWAD	SRISAWAD POWER 1979
AMATA	AMATA CORPORATION	GLOBAL	SIAM GLOBAL HOUSE	SCI	SCI ELECTRIC
BBL	BANGKOK BANK	GLOW	GLOW ENERGY	SCN	SCAN INTER
BCPG	BCPG	LH	LAND AND HOUSES	SEAFECO	SEAFECO
BDMS	BANGKOK DUSIT MEDICAL SERVICES	MAJOR	MAJOR CINEPLEX GROUP	SIRI	SANSIRI
BEM	BANGKOK EXPRESSWAY AND METRO	MAKRO	SIAM MAKRO	SMT	STARS MICROELECTRONICS (THAILAND)
CENTEL	CENTRAL PLAZA HOTEL	MALEE	MALEE SAMPRAN	TASCO	TIPCO ASPHALT
CHG	CHULARAT HOSPITAL	MTLS	MUANGTHAI LEASING	TKN	TAOKAENOI FOOD & MARKETING
CKP	CK POWER	NOK	NOK AIRLINES	TVO	THAI VEGETABLE OIL
DCC	DYNASTY CERAMIC	RS	RS	TWPC	THAI WAH



Companies with Good CG Scoring

Stock	Company name	Stock	Company name	Stock	Company name
AMA	AMA MARINE	BPP	BANPU POWER	SQ	SAHAKOL EQUIPMENT
BA	BANGKOK AIRWAYS	CBG	CARABAO GROUP	TPCH	TPC POWER HOLDING
BCH	BANGKOK CHAIN HOSPITAL	LPH	LADPRAO GENERAL HOSPITAL		
BH	BUMRUNGRAD HOSPITAL	SAPPE	SAPPE		

Companies classified Not in the three highest score groups

Stock	Company name	Stock	Company name	Stock	Company name
BGRIM	B. GRIMM POWER	TOA	TOA PAINT (THAILAND)	WHAUP	WHA UTILITIES AND POWER
CPALL	CP ALL	UNIQ	UNIQUE ENGINEERING AND CONSTRUCTION	WORK	WORKPOINT ENTERTAINMENT
THAI	THAI AIRWAYS INTERNATIONAL	WHA	WHA CORPORATION		

Source: www.thai-iod.com

Disclaimer: The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an assessment of operation and is not based on inside information. The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date or when there is any change to the relevant information. Nevertheless, KGI Securities (Thailand) Public Company Limited (KGI) does not confirm, verify, or certify the accuracy and completeness of such survey result.

Anti-corruption Progress Indicator

Level 5: Extended

Stock	Company name	Stock	Company name	Stock	Company name
CPN	CENTRAL PATTANA	SCC	THE SIAM CEMENT		

Level 4: Certified

Stock	Company name	Stock	Company name	Stock	Company name
ADVANC	ADVANCED INFO SERVICE	IFEC	INTER FAR EAST ENGINEERING	SVI	SVI
BBL	BANGKOK BANK	KBANK	KASIKORN BANK	TCAP	THANACHART CAPITAL
DCC	DYNASTY CERAMIC	KKP	KIATNAKIN BANK	TISCO	TISCO FINANCIAL GROUP
DRT	DIAMOND ROOFING TILES	KTB	KRUNG THAI BANK	TMB	TMB BANK
EGCO	ELECTRICITY GENERATING	MINT	MINOR INTERNATIONAL		
ERW	THE ERAWAN GROUP	SCB	THE SIAM COMMERCIAL BANK		

Level 3: Established

Stock	Company name	Stock	Company name	Stock	Company name
AAV	ASIA AVIATION	DTAC	TOTAL ACCESS COMMUNICATION	PACE	PACE DEVELOPMENT CORPORATION
ANAN	ANANDA DEVELOPMENT	GFPT	GFPT	PS	PRUKSA REAL ESTATE
AP	ASIAN PROPERTY DEVELOPMENT	GL	GROUP LEASE	RATCH	RATCHABURI ELECTRICITY GENERATING HOLDING
BA	BANGKOK AIRWAYS	GLOW	GLOW ENERGY	ROBINS	ROBINSON DEPARTMENT STORE
BDMS	BANGKOK DUSIT MEDICAL SERVICES	GPSC	GLOBAL POWER SYNERGY	SAMART	SAMART CORPORATION
BIGC	BIG C SUPERCENTER	HMPRO	HOME PRODUCT CENTER	SPALI	SUPALAI
BJCHI	BJC HEAVY INDUSTRIES	KTC	KRUNGTHAI CARD	STEC	SINO-THAI ENGINEERING AND CONSTRUCTION
CENDEL	CENTRAL PLAZA HOTEL	LPN	L.P.N. DEVELOPMENT	TASCO	TIPCO ASPHALT
CHG	CHULARAT HOSPITAL	MAKRO	SIAM MAKRO	TMT	THAI METAL TRADE
CK	CH. KARNCHANG	MODERN	MODERNFORM GROUP	TPCH	TPC POWER HOLDING
CKP	CK POWER	NOK	NOK AIRLINES	WHA	NOK AIRLINES

Level 2: Declared

Stock	Company name	Stock	Company name	Stock	Company name
AOT	AIRPORTS OF THAILAND	GUNKUL	GUNKUL ENGINEERING	QH	QUALITY HOUSES
BH	BUMRUNGRAD HOSPITAL	ILINK	INTERLINK COMMUNICATION	TRT	TIRATHAI
GLOBAL	SIAM GLOBAL HOUSE	MTLS	MUANGTHAI LEASING	TVO	THAI VEGETABLE OIL

Level 1: Committed

Stock	Company name	Stock	Company name	Stock	Company name
CBG	CARABAO GROUP	RS	RS	SAWAD	SIRISAWAD POWER 1979
MAJOR	MAJOR CINEPLEX GROUP				

No progress

Stock	Company name	Stock	Company name	Stock	Company name
BCH	BANGKOK CHAIN HOSPITAL	CPALL	CP ALL	WORK	WORKPOINT ENTERTAINMENT
BEM	BANGKOK EXPRESSWAY AND METRO	LPH	LADPRAO GENERAL HOSPITAL		

Source: www.cgthailand.org

Disclaimer: The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by the relevant institution as disclosed by the Office of the Securities and Exchange Commission, is made in order to comply with the policy and sustainable development plan for the listed companies. The relevant institution made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, KGI Securities (Thailand) Public Company Limited (KGI) does not confirm, verify, or certify the accuracy and completeness of the assessment result.

KGI Locations

China	Shanghai	Room 1507, Park Place, 1601 Nanjing West Road, Jingan District, Shanghai, PRC 200040
	Shenzhen	Room 24D1, 24/F, A Unit, Zhen Ye Building, 2014 Bao'annan Road, Shenzhen, PRC 518008
Taiwan	Taipei	700 Mingshui Road, Taipei, Taiwan Telephone 886.2.2181.8888 · Facsimile 886.2.8501.1691
Hong Kong		41/F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong Telephone 852.2878.6888 Facsimile 852.2878.6800
Thailand	Bangkok	8th - 11th floors, Asia Centre Building 173 South Sathorn Road, Bangkok 10120, Thailand Telephone 66.2658.8888 Facsimile 66.2658.8014
Singapore		4 Shenton Way #13-01 SGX Centre 2 Singapore 068807 Telephone 65.6202.1188 Facsimile 65.6534.4826

KGI's Ratings

Rating	Definition
Outperform (OP)	The stock's excess return over the next twelve months is ranked in the top 40% of KGI's coverage universe in the related market (e.g. Taiwan)..
Neutral (N)	The stock's excess return over the next twelve months is ranked in the range between the top 40% and the bottom 40% of KGI's coverage universe in the related market (e.g. Taiwan)
Under perform (U)	The stock's excess return over the next twelve months is ranked in the bottom 40% of KGI's coverage universe in the related market (e.g. Taiwan).
Not Rated (NR)	The stock is not rated by KGI.
Restricted (R)	KGI policy and/or applicable law regulations preclude certain types of communications, including an investment recommendation, during the course of KGI's engagement in an investment banking transaction and in certain other circumstances. <i>Excess return = 12M target price/current price-</i>
Note	When an analyst publishes a new report on a covered stock, we rank the stock's excess return with those of other stocks in KGI's coverage universe in the related market. We will assign a rating based on its ranking. If an analyst does not publish a new report on a covered stock, its rating will not be changed automatically.

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