

RS

(RS.BK/RS TB)*

Outperform • Maintained

Price as of January 19, 2020	20.70
12M target price (Bt/shr)	28.80
Unchanged/Revised up(down)(%)	17.1
Upside/downside (%)	39.1

Key messages

We raised our 2021 - 2022 net profit forecasts to reflect the company's guidance for 2021 and to include the benefit from new investment in Chase Group (debt collection, asset management, and personal loans). After the revisions, our forecasts are raised 17% to Bt839mn (+43% YoY) in 2021 and 37% to Bt1.2bn (+46% YoY) in 2022. Our 2021 target price is raised to Bt28.80 (PER 33.4x), from Bt24.60. We reiterate a rating of Outperform.

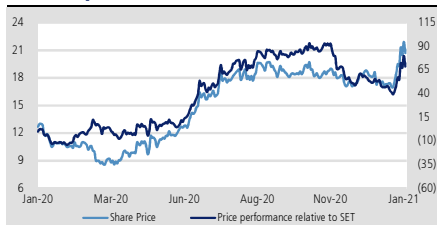
Trading data

Mkt cap (Btbn/US\$m)	20.1/645
Outstanding shares (mn)	973
Foreign ownership (mn)	85
3M avg. daily trading (mn)	8
52-week trading range (Bt)	8.40 – 21.90
Performance (%)	3M 6M 12M
Absolute	11.9 16.3 55.6
Relative	-10.6 3.8 62.4

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	0.13	NA

Share price chart



Source: SET

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Existing and new businesses to push growth

Event

Analyst meeting.

Impact

Entering new businesses to enhance future growth

RS will enter new businesses (debt collection, asset management, and personal loans) by acquiring a 35% stake in Chase Asia Co.,Ltd (Chase) and its subsidiaries in February 2021. The company is likely to start realizing share of profit from Chase Group from March 2021 onward. Note that targeted revenue for 2021 - 2022 from Chase Group is Bt850mn – Bt1.3bn, respectively, while targeted net margin for 2021 – 2022 is at 31% - 33%, or the group is expected to contribute additional profit to RS of around Bt77mn in 2021 and Bt147mn in 2022.

RS targets 2021 revenue of Bt5.7bn from existing business

RS set a revenue target of Bt5.7bn for 2021 with 70% or Bt4.0bn coming from the commerce segment, 18%, or Bt1.0bn, coming from the TV segment, and 12% coming from radio, music and concert. The company targets a net margin of 12%-15% from those existing business. The targeted revenue for the commerce segment would come from i) Bt3.0bn from existing channels (inbound, outbound, and online sales), and ii) Bt1.0bn from six new products in three groups (functional drink products, innovative health products and pet food products).

Revised up our earnings forecasts for 2021 – 2022

To include the new investment in Chase Group and to fine tune for RS's new products, we revamped our 2021 – 2022 forecasts; i) revised up 2021 – 2022 revenue by 17% - 33% due to six additional new products, ii) revised up 2021 – 2022 costs by 23% - 39% along with larger revenue, iii) revised up 2021-2022 SG&A by 14% - 29%, iv) added share of profit from Chase Group for 2021 – 2022 at Bt80mn and Bt97mn, and v) raised interest expenses along with new loan of Bt1.0bn for funding the new investment. After the revisions, our net profit forecasts are raised 17% to Bt839mn (+43% YoY) in 2021 and 37% to Bt1.2bn (+46% YoY) in 2022.

Valuation & Action

Based on the new forecasts, our 2021 target price is raised to Bt28.80 (PER 33.4x, +1.0 S.D from the average of the Commerce sector), from Bt24.60. We maintain a rating of Outperform backed by i) robust earnings growth with CAGR of 45% for 2021 - 2022, ii) attractive valuation compared to peers as RS is traded with 2021 PER of 24.0x while the sector is 31.8x but RS would have outstanding EPS growth.

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	4,876	5,736
Gross Profit (Btmn)	1,621	1,591	1,955	2,367	3,009
EBIT (Btmn)	567	491	743	1,001	1,432
Net Profit (Btmn)	516	363	585	841	1,192
Normalized Profit (Btmn)	440	363	572	841	1,192
EPS (Bt)	0.51	0.37	0.60	0.87	1.23
DPS (Bt)	0.45	0.30	0.30	0.40	0.45
EPS growth (%)	55.0	(26.9)	61.1	43.7	41.6
P/E (x)	29.0	32.9	28.7	23.9	16.9
P/B (x)	8.94	6.93	8.12	7.80	5.94
EV/EBITDA (x)	12.7	11.2	12.6	12.3	9.5
Net debt/Equity (x)	0.2	0.3	0.0	Net cash	Net cash
Dividend yield (%)	3.0	2.4	1.7	1.9	2.2
Return on Average Equity (%)	33.6	21.4	30.8	36.2	39.9

Source: Company data, KGI Research

Entering new business to enhance future growth opportunities

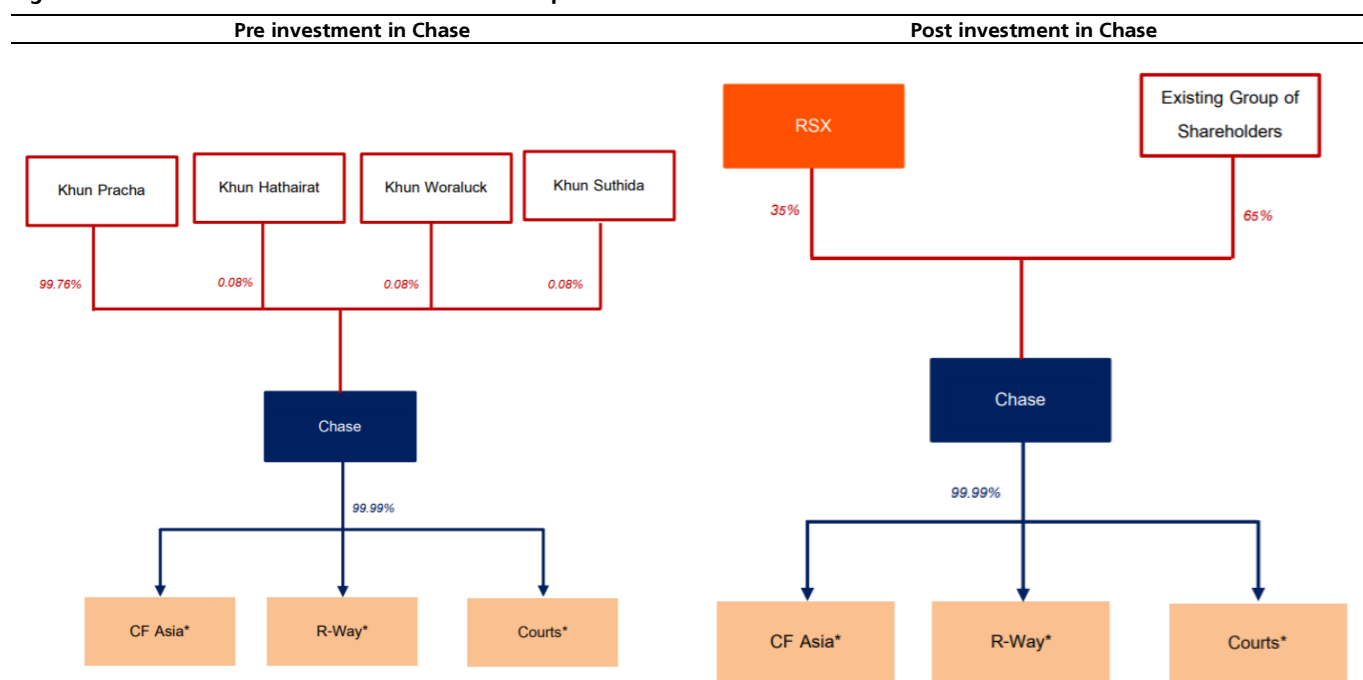
To enter into AMC business and personal loan in 1Q21

RS disclosed that RSX Co.,Ltd (RSX), the company's subsidiary, will invest in four targeted companies by entering into share subscription of 2.744mn newly issued shares in Chase Asia Co.,Ltd (Chase), or a 35% stake after the increase in capital, while the remaining 65% stake will be held by an existing individual shareholder.

Investing in Chase will lead RSX to have indirect investment in another three companies that Chase has 99.99% stakes in. Note that Chase provides debt collection, litigation and execution business while its subsidiaries provide asset management (AMC) and personal loans (Figure 2). Completion of the investment is targeted for February 2021 and RS is likely to realize share of profit from Chase Group from March 2021 onward. RSX's total investment is set at Bt920mn which will be funded by a bank loan.

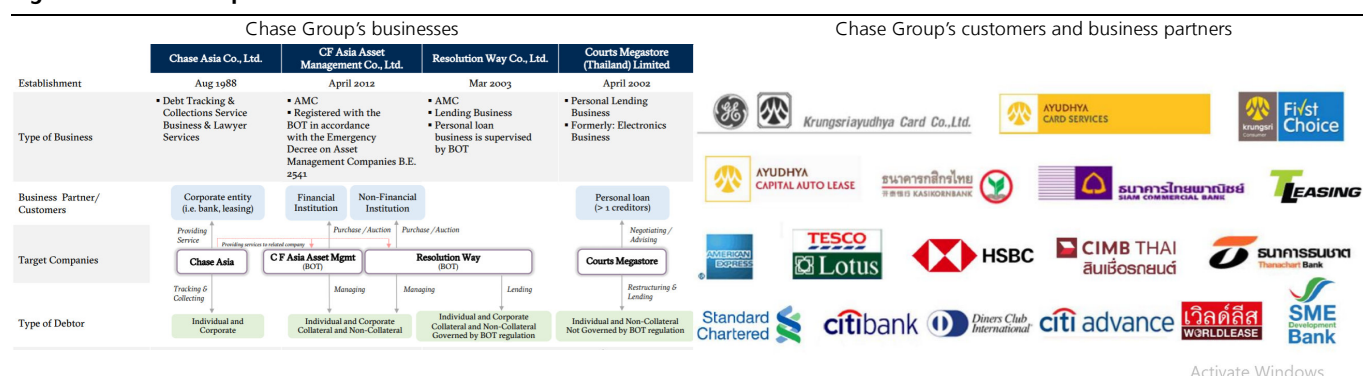
In the 2019 operating period Chase and the subsidiaries had combined revenues of Bt709mn and combined profit of Bt182mn or 26.6% net margin. Note that the majority of Chase Group's revenues come from AMC business, which accounted for around 70% of total revenues in 2019.

Figure 1: RS's investment structure after Chase's capital increase



Source: Company

Figure 2: Chase Group's businesses and customers



Source: Company data

RSX's investment will lead to synergy between RS and Chase Group

We foresee RSX's investment leading to synergy for both RS's commerce business and Chase Group's personal loan business.

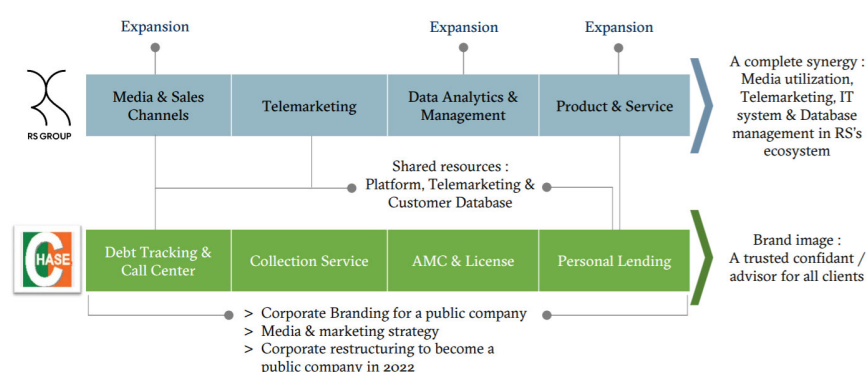
RS would have benefit from RSX's investment for both tiers of targeted clients:

- Existing clients who have purchasing power. RS would offer more expensive products to this group with Chase Group's personal loan services for installment payments.
- Potential clients who watch RS Mall's advertising programs on TV or online media but have not yet bought RS Mall's products due to inadequate income. The company would offer lower price products with Chase Group's personal loans.

For Chase Group, the new investment from RSX with cash of Bt920mn will be used for two purposes:

- Bt620mn will be utilized as funding for AMC business in the new auctions of NPLs from financial institutions and non-bank companies. Chase Group normally acquires NPLs in auctions at a discount of 85% - 90% of asset value. Hence, the cash of Bt620mn could acquire additional NPLs for its portfolio of around Bt6.0bn – Bt7.0bn.
- The residual of around Bt300mn is to be used for the personal loan business.

Figure 3: Synergy from RSX investment



Source: Company data

RS targets revenues from Chase Group of around Bt850mn in 2021 and Bt1.3bn in 2022, mainly coming from AMC business. The strong growth in revenue in 2022 is expected to come from accelerated debt collection. Note that in the first year after acquiring NPLs, the success rate of debt collection stands at around 15% - 20% of the acquisition costs and the completion of collection is expected within 4-5 years.

Note that RS targets a net margin from Chase Group of 31% in 2021 and 33% in 2022, or the group is expected to contribute additional profit to RS of around Bt77mn in 2021 and Bt147mn in 2022.

Figure 4: Targeted revenue from Chase group

P&L (THB mn)	2020(E)	2021(F)	2022(F)
Revenues	681	850	1,270
%Growth		25%	49%
Net Profit/(loss)	174	265	419
%NPM	26%	31%	33%
35% to RS		(10-month) 77	147

Source: Company data

Existing business still expected to grow

Considering RS's existing businesses, the company set a revenue target of Bt5.7bn in 2021 with 70%, or Bt4.0bn, coming from the commerce segment, 18%, or Bt1.0bn, coming from the TV segment, and 12% coming from radio, music and concert. Meanwhile, the company targets its net margin to be 12%-15% from those existing businesses.

For the commerce segment (core business), the company will drive revenue by pushing the existing channels and offering new products. RS's strategies will be:

Existing channels

- i) In bound: To increase new customers by 30% from its existing inbound channel, i.e. calling to buy RS's products after watching RS Mall programs on the company's TV channels (Ch.8 and RS Mall 1 on PSI's satellite TV channel) and/or partner channels (Amarin TV, Workpoint TV).
- ii) Outbound: To increase repeat purchases from 2 times/year to 2.4 times/years by adopting voice analytics and data analytics from its customer base of 1.6mn to offer products that match their needs.
- iii) Online marketing: To boost traffic 150% per month.

New products

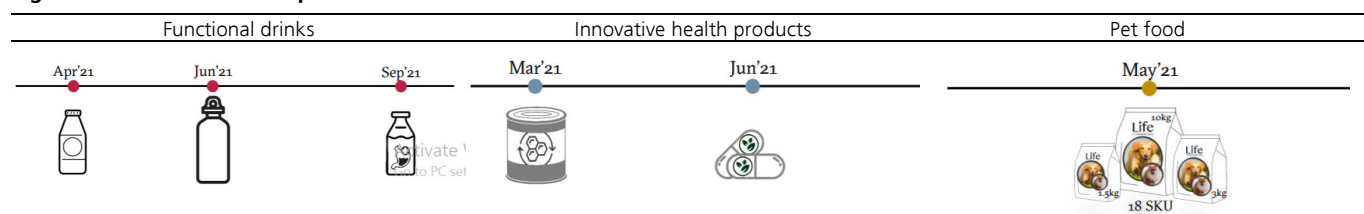
RS plans to offer six new products from March 2021 onward. The new products can be categorized into three groups; i) 3 SKUs of functional drink products, ii) 2 SKUs of innovative health products, and iii) 18 SKU of pet food products.

Figure 5: RS's targeted revenue for existing business in 2021

Bt mn	Targeted revenue
Commerce	
1.Existing products	3,000
2.New products	1,000
Media	
TV	1,000
Radio	200
Music, concert & event	500
Total revenue	5,700

Source: Company data

Figure 6: Timeline for new products in 2021



Source: Company data

Revised up our 2021 - 2022 earnings forecasts

To fine tune for the company's guidance on new products in 2021 and to include the new investment in Chase Group in our earnings forecast for RS, we revamped our 2021 - 2022 forecasts. Key assumptions changes are:

- i) Revised up 2021 – 2022 revenue by 17% - 33%, driven by commerce segment's revenue from six new products of Bt690mn in 2021 along with the gradual launch of six products from March 2021 onward and to increase to Bt1.4bn in 2022 thanks to full year realization of revenue from those products.
- ii) Revised costs up by 23% for 2021 and 39% for 2022 along with larger revenue.
- iii) Revised up 2021-2022 SG&A by 14% and 29%, respectively.
- iv) Added share of profit from Chase Group of Bt80mn to our forecast for 2021 and Bt97mn for 2022 based on Chase Group's revenues for 2021 – 2022 of Bt848mn – Bt1.0bn, respectively, coupled with a conservatively forecast net margin of 27%, which is the same as in the 2019 operation period.
- v) Raised interest expenses by 60% - 158% for 2021 – 2022 along with RSX's new loan of Bt1.0bn for funding the subscription of Chase's newly issued shares.

After the revisions, our net profit forecasts were raised 17% to Bt839mn (+43% YoY) in 2021 and 37% to Bt1.2bn (+46% YoY) in 2022.

Figure 7: Financial highlights

Bt mn	2018A	2019A	2020F	2021F	2022F
Revenue					
Previous	3,827	3,611	3,765	4,186	4,312
Revised	3,827	3,611	3,765	4,876	5,736
Change (%)	-	-	-	16.5	33.0
Costs					
Previous	2,205	2,020	1,810	1,907	1,786
Revised	2,205	2,020	1,810	2,343	2,485
Change (%)	-	-	-	22.8	39.2
SG&A					
Previous	1,054	1,100	1,212	1,348	1,380
Revised	1,054	1,100	1,212	1,536	1,778
Change (%)	-	-	-	14.0	28.9
Share of profit					
Previous	-	-	-	-	-
Revised	-	-	-	80	97
Change (%)	NM	NM	NM	NM	NM
Interest expenses					
Previous	68.3	34.6	28.2	25.4	21.0
Revised	68.3	34.6	28.2	40.6	54.0
Change (%)	-	-	-	59.7	157.6
Net profit					
Previous	516	363	585	717	893
Revised	516	363	585	839	1,224
Change (%)	-	-	-	16.9	37.1

Source: Company data, KGI Research

Figure 8: Key assumptions

Key assumptions (Bt mn)	2021F		Change (%)	2022F		Change (%)
	Previous	Revised		Previous	Revised	
Revenue	4,186	4,876	16.5	4,312	5,736	33.0
1.Media segment	1,146	1,146	-	943	943	-
1.1 TV	1,002	1,002	-	814	814	-
-TV ads	762	762	-	574	574	-
-Content for partners	240	240	-	240	240	-
1.2 Radio	144	144	-	129	129	-
2.Music & Showbiz	400	400	-	450	450	-
3.Commerce segment	2,641	3,331	26.1	2,919	4,343	48.8
3.1 Inbound + Outbound	2,352	2,352	-	2,587	2,587	-
3.2 Online	289	289	-	332	332	-
3.3 new products	-	690	NM	-	1,424	NM
Average sales/month	220	278	26.1	243	362	48.8
Gross margin (%)	54.4	52.0	(2.5)	58.6	56.7	(1.9)
-TV	(5.9)	(10.9)	(5.0)	(6.3)	(11.3)	(5.0)
-Radio	65.0	65.0	-	65.0	65.0	-
-Music/showbiz	72.0	72.0	-	72.0	72.0	-
-Commerce	69.1	68.9	(0.2)	69.8	68.9	(0.9)
SG&A/Sales (%)	32.2	31.5	(0.7)	32.0	31.0	(1.0)
Share of profit	-	80	NM	-	97	NM
Interest expenses	(25.4)	(40.6)	59.7	(21.0)	(54.0)	157.6

Source: KGI Research

Rate Outperform with new target price of Bt28.80

Based on the new forecasts, our 2021 target price is raised to Bt28.80 (PER 33.4x, +1.0 S.D from 3-year average of Commerce sector), from Bt24.60. We maintain a rating of Outperform on the back of i) robust earnings growth with CAGR of 45% for 2021 - 2022, ii) attractive valuation compared to peers as RS is traded with 2021 PER of 24.0x while the sector is 31.8x but RS is expected to have outstanding EPS growth of 43% in 2021 while the average growth of the Commerce sector ex. RS is expected to be 18%.

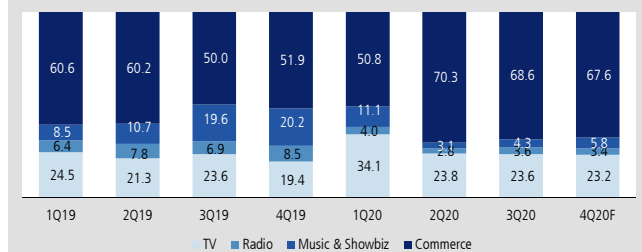
Figure 9: Company profile

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 10: Breakdown of sales and service revenue

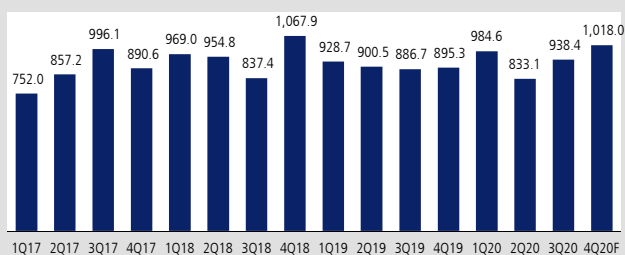
Breakdown sales and service revenue, percent



Source: Company data, KGI Research

Figure 11: Total sales and service revenue

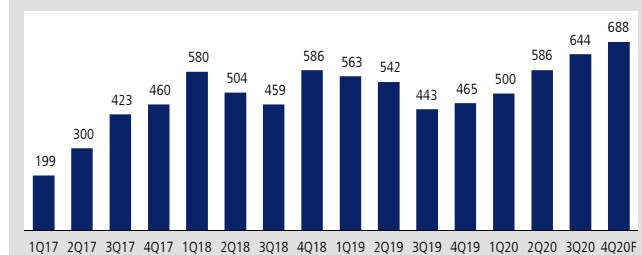
Sales and service revenue, Bt mn



Source: Company data, KGI Research

Figure 12: Commerce segment revenue

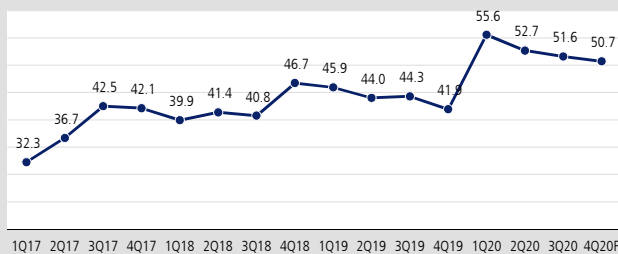
Commerce segment revenue, Bt mn



Source: Company data, KGI Research

Figure 13: Gross margin

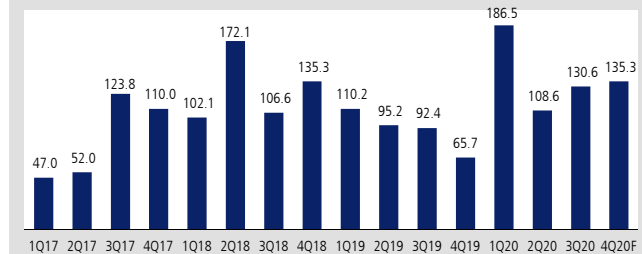
Gross margin, percent



Source: Company data, KGI Research

Figure 14: Net profit

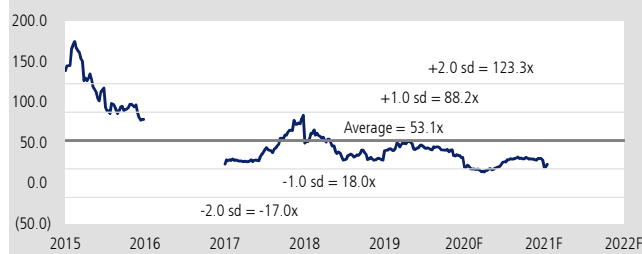
Net profit (loss), Bt mn



Source: Company data, KGI Research

Figure 15: PER band

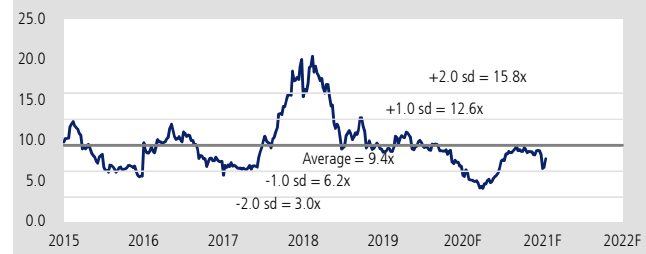
PER, Times



Source: KGI Research

Figure 16: 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-20A	Dec-20F
Income Statement (Bt mn)												
Revenue	969	955	837	1,066	929	900	887	895	985	833	938	1,018
Cost of Goods Sold	(582)	(560)	(496)	(568)	(502)	(504)	(494)	(520)	(437)	(394)	(454)	(502)
Gross Profit	387	395	341	498	427	396	393	375	547	439	484	516
Operating Expenses	(244)	(261)	(230)	(319)	(274)	(276)	(267)	(283)	(309)	(293)	(312)	(342)
Other incomes	-	-	-	-	-	-	-	-	-	-	-	-
Operating Profit	143	133	111	179	153	121	125	93	238	146	172	174
Depreciation of fixed assets	(156)	(119)	(171)	(163)	(161)	(139)	(144)	(133)	(122)	(122)	(133)	(141)
Operating EBITDA	299	253	283	343	313	259	270	226	360	268	305	316
Non-Operating Income	4	98	15	11	1	5	7	-	6	0	3	5
Interest Income	-	-	-	-	-	-	-	-	-	-	-	-
Other Non-op Income	4	98	15	11	1	5	7	-	6	0	3	5
Non-Operating Expenses	(20)	(16)	(18)	(19)	(15)	(10)	(9)	(9)	(11)	(10)	(10)	(10)
Interest Expense	(19)	(16)	(17)	(17)	(15)	(8)	(6)	(6)	(9)	(10)	(9)	(9)
Other Non-op Expenses	(1)	-	(1)	(2)	(0)	(2)	(3)	(3)	(2)	(0)	(1)	(2)
Net investment Income/(Loss)	-	-	-	-	-	-	-	-	-	-	-	-
Pre-tax Profit	127	216	109	172	139	116	123	84	232	137	164	169
Current taxation	(25)	(44)	(2)	(37)	(29)	(20)	(30)	(18)	(46)	(28)	(34)	(34)
Minorities	0	0	(0)	0	0	0	(1)	(0)	(0)	(0)	0	0
Extraordinary items	-	-	-	-	0	-	-	-	13	-	-	-
Net Profit	102	172	107	135	110	95	92	66	186	109	131	135
EPS (Bt)	0.10	0.17	0.11	0.13	0.11	0.09	0.09	0.07	0.19	0.11	0.13	0.14
Margins (%)												
Gross profit margin	39.9	41.4	40.8	46.7	45.9	44.0	44.3	41.9	55.6	52.7	51.6	50.7
Operating margin	14.7	14.0	13.3	16.8	16.4	13.4	14.2	10.4	24.1	17.5	18.3	17.1
Operating EBITDA margin	30.8	26.5	33.8	32.2	33.7	28.8	30.4	25.3	36.5	32.2	32.5	31.0
Net profit margin	10.5	18.0	12.7	12.7	11.9	10.6	10.4	7.3	18.9	13.0	13.9	13.3
Growth (%)												
Revenue growth	28.9	11.3	(15.9)	18.9	(4.2)	(5.7)	5.9	(16.0)	6.0	(7.5)	5.8	13.7
Operating growth	438.7	68.9	(35.1)	20.4	6.8	(9.7)	12.7	(48.2)	55.8	20.9	36.8	87.6
Operating EBITDA growth	77.3	14.4	(8.7)	20.1	5.0	2.6	(4.6)	(34.0)	14.7	3.4	13.1	39.6
Net profit growth	116.9	230.6	(13.9)	23.1	8.0	(44.7)	(13.4)	(51.5)	69.4	14.1	41.4	106.0

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 (%)	21F Div Yield (%)	20F ROAE (%)
CPALL*	N	62.00	58.00	6.9	2.55	1.92	2.01	(24.7)	4.7	30.2	28.9	4.5	4.1	1.8	2.1	15.5
DOHOME*	N	14.90	16.90	(11.8)	0.39	0.33	0.44	(17.9)	31.3	41.4	38.5	4.9	4.5	0.6	0.8	10.2
GLOBAL*	OP	20.70	18.60	11.3	0.50	0.47	0.61	1.9	29.3	32.7	30.5	4.7	4.3	1.3	1.7	12.3
HMPRO*	OP	15.00	13.90	7.9	0.47	0.38	0.44	(19.4)	15.7	39.6	33.0	8.5	8.0	2.2	2.6	23.3
MAKRO	OP	45.00	39.75	13.2	1.30	1.31	1.41	0.7	7.6	30.4	28.3	8.5	7.9	2.5	2.7	29.2
RS*	OP	28.80	20.70	39.1	0.37	0.60	0.86	1.3	43.2	34.4	24.0	9.7	7.8	1.4	1.9	36.1
Sector								(9.7)	22.0	34.8	30.5	6.8	6.1	1.6	2.0	21.1
Sector ex. RS								(11.9)	17.7	34.9	31.8	6.2	5.8	1.7	2.0	18.1

Source: KGI Research

Balance Sheet

As of 31 Dec (Bt mn)	2018A	2019A	2020F	2021F	2022F
Total Assets	4,073	3,407	3,679	5,319	6,154
Current Assets	1,186	1,145	1,543	2,434	3,484
Cash & ST Investments	340	328	648	1,277	2,125
Inventories	285	259	282	366	430
Accounts Receivable	553	545	602	780	918
Others	9	13	10	11	11
Non-current Assets	2,887	2,262	2,135	2,885	2,670
LT Investments	4	4	4	924	924
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	2,742	2,734
Current Liabilities	1,146	1,266	998	1,193	1,178
Accounts Payable	733	651	640	829	975
ST Borrowings	240	450	200	200	100
Others	173	164	158	164	103
Long-term Liabilities	1,255	414	609	1,548	1,556
Long-term Debts	323	239	427	1,359	1,359
Others	932	175	182	190	197
Shareholders' Equity	1,672	1,727	2,071	2,577	3,420
Common Stock	1,010	972	972	972	972
Capital Surplus	258	322	322	322	322
Retained Earnings	403	430	773	1,271	2,106
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	3,331	4,343
Growth (% YoY)					
Sales	9.3	(5.6)	4.3	29.5	17.6
OP	33.1	(13.3)	51.1	34.3	47.6
EBITDA	19.5	(9.2)	24.9	22.5	31.8
NP	55.0	(29.6)	61.1	43.2	46.0
EPS	55.0	(26.9)	61.1	43.2	46.0
Profitability (%)					
Gross Margin	42.4	44.1	51.9	52.0	56.7
Operating Margin	14.8	13.6	19.7	20.5	25.7
EBITDA Margin	30.7	29.6	35.4	33.5	37.6
Net Profit Margin	13.5	10.1	15.6	17.2	21.3
ROAA	12.5	9.7	16.5	18.6	21.3
ROAE	33.6	21.4	30.8	36.1	40.8
Stability					
Gross Debt/Equity (%)	0.0	0.0	0.0	0.0	0.0
Net Debt/Equity (%)	18.8	25.9	2.6	13.8	(19.3)
Interest Coverage (x)	8.3	14.2	26.4	24.5	27.3
Interest & ST Debt Coverage (x)	1.8	1.0	3.3	4.1	9.6
Cash Flow Interest Coverage (x)	(17.0)	(29.8)	(38.6)	(34.7)	(34.4)
Cash Flow/Interest & ST Debt (x)	6.8	2.5	6.3	8.8	40.3
Current Ratio (x)	1.0	0.9	1.5	2.0	3.0
Quick Ratio (x)	0.8	0.7	1.3	1.7	2.6
Net Debt (Bt mn)	314	447.0	53.3	355.3	Net cash
Per Share Data (Bt)					
EPS	0.5	0.4	0.6	0.9	1.3
CFPS	1.1	1.1	1.1	1.4	1.9
BVPS	1.7	1.8	2.1	2.6	3.5
SPS	3.8	3.7	3.9	5.0	5.9
EBITDA/Share	1.2	1.1	1.4	1.7	2.2
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	51.7	54.0
Days Inventory	49.7	49.1	54.6	50.5	58.5
Days Payable	(174.3)	(158.8)	(120.5)	(105.8)	(101.3)
Cash Cycle	280.1	263.4	230.7	208.0	213.8

Source: KGI Research

Profit & Loss

Year to 31 Dec (Bt mn)	2018A	2019A	2020F	2021F	2022F
Revenue	3,827	3,611	3,765	4,876	5,736
Cost of Goods Sold	(2,205)	(2,020)	(1,810)	(2,343)	(2,485)
Gross Profit	1,621	1,591	1,955	2,534	3,251
Operating Expenses	(1,054)	(1,100)	(1,212)	(1,536)	(1,778)
Other incomes	-	-	-	-	-
Operating Profit	567	491	743	998	1,473
Depreciation of fixed assets	610	577	591	636	681
Operating EBITDA	1,177	1,068	1,334	1,634	2,154
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)	(45)	(58)
Interest Expense	(68)	(35)	(28)	(41)	(54)
Other Non-op Expenses	(3)	(6)	(5)	(4)	(4)
Equity Income/(Loss)	-	-	-	80	97
Pre-tax Profit	624	462	717	1,038	1,516
Current taxation	(108)	(97)	(143)	(192)	(284)
Minorities	0	(1)	(2)	(8)	(8)
Extraordinary items	-	-	13	-	-
Net Profit	516	363	585	839	1,224
EPS (Bt)	0.51	0.37	0.60	0.86	1.26

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	1,408	1,856
Net Profit	624	462	717	1,038	1,516
Depreciation & Amortization	591	569	591	636	681
Change in Working Capital	(62)	(91)	(235)	(266)	(342)
Others	7	94	13	-	-
Investment Cash Flow	(519)	(616)	(517)	(2,357)	(517)
Net CAPEX	(45)	(230)	56	61	66
Change in LT Investment	-	-	-	(920)	-
Change in Other Assets	(475)	(386)	(573)	(1,498)	(583)
Free Cash Flow	642	417	570	(949)	1,339
Financing Cash Flow	(504)	(407)	(317)	591	(558)
Change in Share Capital	0	70	-	-	-
Net Change in Debt	(256)	118	(74)	931	(169)
Change in Other LT Liab.	(248)	(595)	(243)	(340)	(389)
Net Cash Flow	138	9	252	(358)	781

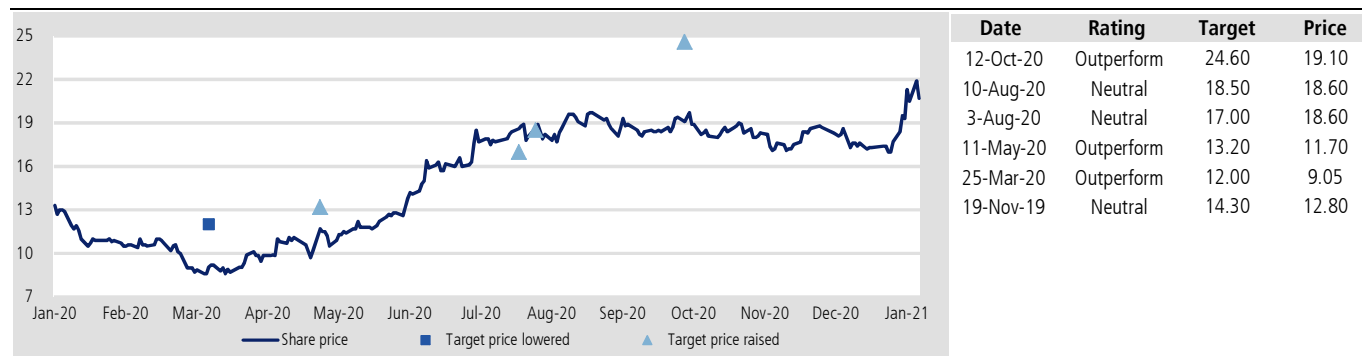
Source: KGI Research

Rates of Return on Invested Capital

Year	1- $\frac{\text{COGS}}{\text{Revenue}}$	+ $\frac{\text{Depreciation}}{\text{Revenue}}$	+ $\frac{\text{Operating Exp.}}{\text{Revenue}}$	= 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	48.0%	13.0%	31.5%	4.0%
Dec-22F	43.3%	11.9%	31.0%	7.4%
Year	1/ $\frac{\text{Working Capital}}{\text{Revenue}}$	+ $\frac{\text{Net PPE}}{\text{Revenue}}$	+ $\frac{\text{Other Assets}}{\text{Revenue}}$	= 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	0.08	0.33	1.97
Dec-22F	-0.06	0.06	0.25	2.86
Year	$\frac{\text{Operating Margin}}{\text{Capital Turnover}}$	x $\frac{\text{Cash Tax Rate}}{\text{After-tax Return on Inv. Capital}}$	=	
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	7.4%	2.9	81.5	6.3
Dec-22F	13.8%	4.1	81.3	17.3

Source: KGI Research

RS- Recommendation & target price history



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 ERWAN 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.

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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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