

7 JANUARY 2021

THAILAND / CONSUMER DISCRETIONARY

SIAM GLOBAL HOUSE GLOBAL TB

BUY

UNCHANGED

TARGET PRICE	THB22.00
CLOSE	THB17.00
UP/DOWNSIDE	+29.4%
PRIOR TP	THB22.50
CHANGE IN TP	-2.2%
TP vs CONSENSUS	+10.1%

Global name but locally driven

มีปัจจัยบวกหลายประการช่วยผลักดันการเติบโตของกำไร

เรามีมุมมองที่เป็นบวกสำหรับ GLOBAL เนื่องจากกำไรของบริษัท มีแนวโน้มการเติบโตที่ดีในปี 2021 โดยอยู่ที่ 19% จาก 1) แผนการขายธุรกิจเชิงรุก; 2) รายได้เกษตรกรที่กำลังเพิ่มขึ้น; 3) ผลกระทบต่อกำไรที่ค่อนข้างจำกัดในช่วงมาตรการปิดเมืองจากความต้องการที่ถูกอันไว้และลักษณะธุรกิจที่พึ่งพาอุตสาหกรรมท่องเที่ยววันหยุด; และ 4) การได้ประโยชน์จากแนวโน้มราคาเหล็กที่กำลังปรับตัวขึ้น (ประมาณ 15% ของยอดขายรวม) ใน 4Q20 ราคาเหล็กเฉลี่ยได้ปรับขึ้นประมาณ 5% q-q และ 4% y-y เป็นประมาณ 18,000 บาทต่อตัน นอกจากนี้ GLOBAL มีเหล็กอยู่ในคลังสินค้ามากพอที่จะขายได้ประมาณ 3 เดือนและอาจปรับราคาขึ้น 3-5% เพื่อให้ใกล้เคียงกับราคาตลาด

มีแผนขยายสาขามากที่สุดในกลุ่มค้าปลีกที่เราศึกษาอยู่

GLOBAL วางแผนสาขาเป็นจำนวนมากในปี 2021 โดยตั้งเป้าเปิด 9 สาขาใหม่ (จำนวนสาขาเพิ่ม 12.7% y-y) หลังเปิด 5 สาขาใหม่ในปี 2020 (+7.6% y-y) อย่างไรก็ตาม เราเลือกตั้งสมมติฐานต่ำไว้เพียงแค่ 6 สาขาใหม่ในประมาณการของเราเพื่อสะท้อนความล่าช้าจากปัญหาการแพร่ระบาด COVID-19 ในรอบที่ 2 เราคาดว่าบริษัท จะเปิดสาขาใหม่ 2 แห่งในช่วง 1Q21 โดยจะอยู่ที่ปราจีนบุรีและมหาสารคามตามลำดับ นอกจากนี้บริษัท ควรเป็นผู้ได้รับประโยชน์หลักจากแนวโน้มรายได้เกษตรกรที่กำลังเพิ่มขึ้น เนื่องจาก 75% ของสาขาของ GLOBAL ตั้งอยู่ในภาคเหนือ ตะวันออกเฉียงเหนือ ตะวันตก และภาคใต้ ในพื้นที่ดังกล่าวอำนาจการซื้อขึ้นอยู่กับรายได้เกษตรกรอย่างมีนัยสำคัญ อัตราการเติบโตของรายได้เกษตรกรได้พลิกเป็นบวกตั้งแต่เดือน ก.ย. 20 โดยอยู่ที่ 7.7% m-m และเพิ่มในอัตราสองหลักอย่างต่อเนื่องในเดือน ก.ย. ถึง พ.ย. 20

กำไร 4Q20 อาจลดลง y-y แต่โตต่อเนื่อง q-q

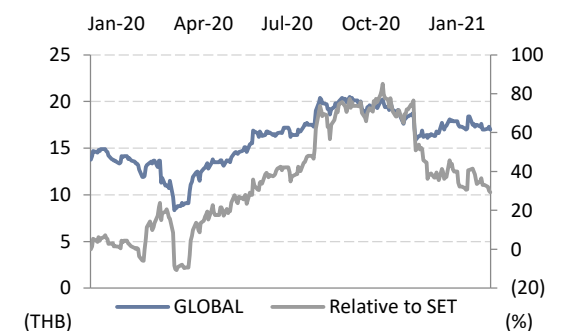
การเติบโตของรายได้ต่อสาขา (SSSG) อยู่ที่ -10% y-y ในเดือน ต.ค. เนื่องจากฤดูฝนที่ยาวนาน ซึ่งทำให้กิจกรรมการก่อสร้างล่าช้า แต่ฟื้นตัวเป็น -2% ถึง 0% y-y ได้ในสองเดือนสุดท้าย ดังนั้นเราจึงคาดว่า SSSG จะอยู่ที่ -4.7% ในช่วง 4Q20 เทียบกับ -5.6% ใน 3Q20 ทำให้คาดว่า SSSG เฉลี่ยใน 2020 จะอยู่ที่ -7.4% ในภาพรวมเราคาดว่ากำไร 4Q20 จะอยู่ที่ 478 ลบ. (+5% q-q, -21% y-y) โดยคาดว่ากำไรจะลดลงมาก y-y จากรายได้ที่ลดลงเหลือ 223 ลบ. ใน 4Q20E เทียบกับ 343 ลบ. ใน 4Q19 เนื่องจากรายได้ส่งเสริมการขายจาก supplier

สะดุดระยะสั้น แต่แนวโน้มระยะยาวยังดี

เราคงคำแนะนำซื้อหลังปรับราคาเป้าหมายของเราเป็น 22 จาก 22.5 บาทเพื่อสะท้อนการปรับประมาณการกำไรของเราในปี 2020-22 แม้ว่าแนวโน้มระยะสั้นจะได้รับผลกระทบจากแนวโน้มเศรษฐกิจที่อ่อนแอและการปิด 2 สาขาในจังหวัดสมุทรสาครเป็นการชั่วคราว เรายังชอบ GLOBAL เนื่องจากบริษัท มีแผนการขยายธุรกิจเชิงรุกและอัตรากำไรของบริษัท กำลังปรับขึ้นหลังการเพิ่มสัดส่วน Private Brand ของบริษัท พร้อมกันนี้ยังมีโอกาสที่ผลประกอบการจะดีกว่าคาดจากแผนการขยายธุรกิจในต่างประเทศ

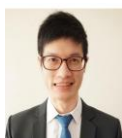
KEY STOCK DATA

YE Dec (THB m)	2019	2020E	2021E	2022E
Revenue	29,182	27,621	33,228	37,888
Net profit	2,094	2,057	2,451	3,001
EPS (THB)	0.50	0.47	0.56	0.68
vs Consensus (%)	-	(2.9)	(1.9)	4.3
EBITDA	3,788	3,877	4,675	5,576
Core net profit	2,106	2,057	2,451	3,001
Core EPS (THB)	0.50	0.47	0.56	0.68
Chg. In EPS est. (%)	-	(5.4)	(11.9)	(4.0)
EPS growth (%)	5.1	(6.8)	19.2	22.4
Core P/E (x)	33.9	36.4	30.5	24.9
Dividend yield (%)	1.2	1.1	1.3	1.6
EV/EBITDA (x)	22.8	23.1	19.8	16.9
Price/book (x)	4.5	4.3	4.0	3.6
Net debt/Equity (%)	91.1	81.8	92.0	92.0
ROE (%)	13.8	12.4	13.5	15.2



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(5.0)	(11.0)	15.6
Relative to country (%)	(7.7)	(25.4)	21.5
Mkt cap (USD m)	2,504		
3m avg. daily turnover (USD m)	7.5		
Free float (%)	35		
Major shareholder	Suriyawanakul Family (37%)		
12m high/low (THB)	21.00/7.95		
Issued shares (m)	4,401.60		

Sources: Bloomberg consensus; FSSIA estimates


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PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทความนี้จัดทำขึ้นเพื่อเผยแพร่จากบทความของ FSSIA ฉบับวันที่ 7 มกราคม 2021

Investment thesis

GLOBAL is the first mover in the one-stop service home improvement and construction material industry in Thailand. GLOBAL's target market is low- to middle-income households in rural provinces. 80% of GLOBAL's stores are in central, northern, and northeastern Thailand, where purchasing power is highly related to farm income. Moreover, 37% of GLOBAL's customers are contractors. Hence, the disbursement of government budgets, government spending on infrastructure, and rising farm incomes would be key catalysts for GLOBAL.

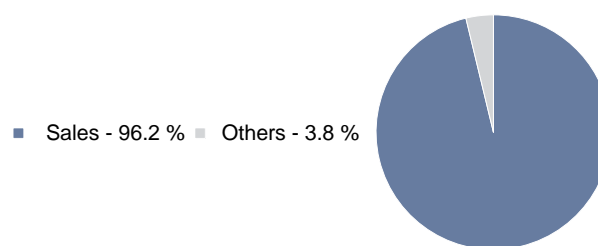
Store expansions and GPM improvements are key growth drivers for GLOBAL, in our view. The company plans to improve its GPM by increasing the proportion of its private brand products sold by at least 1% per year to 25%, from 16% in 2019.

Company profile

Siam Global House is a leading Thai home-improvement product seller focusing on underpenetrated provincial markets. In Nov 2012, Siam Cement (SCC TB) became a 30% shareholder, providing GLOBAL with funding for store additions and expertise on how to improve operations, such as logistics.

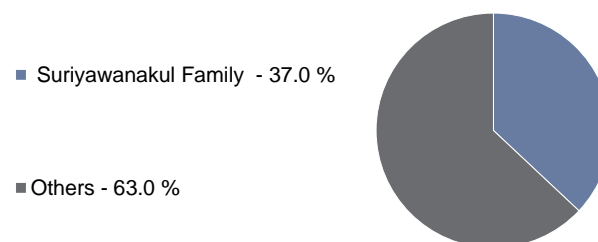
www.globalhouse.co.th

Principal activities (revenue, 2019)



Source: Siam Global House

Major shareholders



Source: Siam Global House

Catalyst

Potential catalysts for GLOBAL include government measures to support agricultural prices, government spending on infrastructure, and the disbursement of government budgets.

Risk to our call

The key downside risks to our DCF-based TP are volatile farm incomes and farm prices which could negatively impact purchasing power, especially in the provinces.

Event calendar

Date	Event
February 2021	4Q20 results announcement

Key assumptions

	2020E	2021E	2022E
	(%)	(%)	(%)
SSSG	(7.4)	4.0	4.0
New store growth	7.6	8.5	7.8
GPM	23.0	23.2	23.4
SG&A to sales	15.5	15.5	15.0

Source: FSSIA estimates

Earnings sensitivity

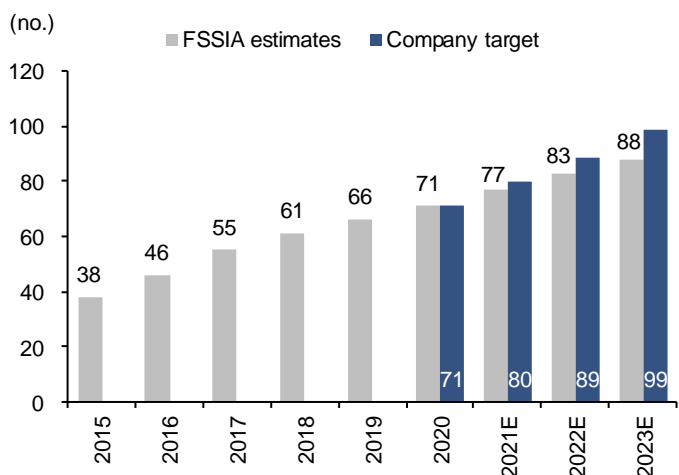
- For every 1% increase in SSSG we estimate 2021 EPS would rise 1%, and vice versa, all else being equal.
- For every 0.1% increase in GPM we estimate 2021 EPS would rise 1.1%, and vice versa, all else being equal.
- For every 0.1% increase in SG&A to sales we estimate 2021 EPS would fall 1.1%, and vice versa, all else being equal.

Source: FSSIA estimates

Most aggressive expansion plan among retailers under coverage

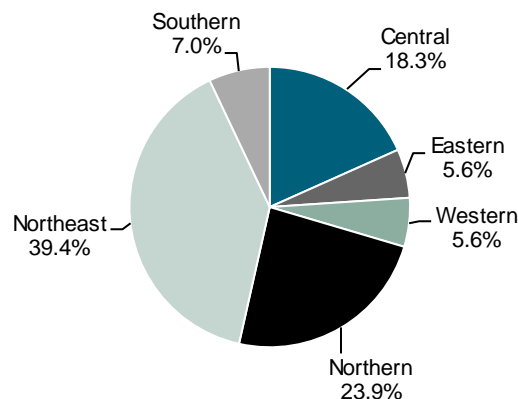
GLOBAL has an aggressive expansion plan for 2021, with a target to open nine stores (12.7% y-y store expansion growth) after opening five stores in 2020 (+7.6% y-y). GLOBAL opened one store in Nonthaburi (1st store) in Q1, one in Ubon Ratchathani (2nd store) in Q2, and three stores in Phayao (1st store), Kalasin (2nd store), and Chiang Rai (3rd store) in Q4. We conservatively assume six new stores in our model to reflect a delay due to the second wave of COVID vs the company’s target of nine stores. We expect to see two stores open in 1Q21 at Prachin Buri and Maha Sarakham, respectively.

Exhibit 1: Aggressive new store opening plan



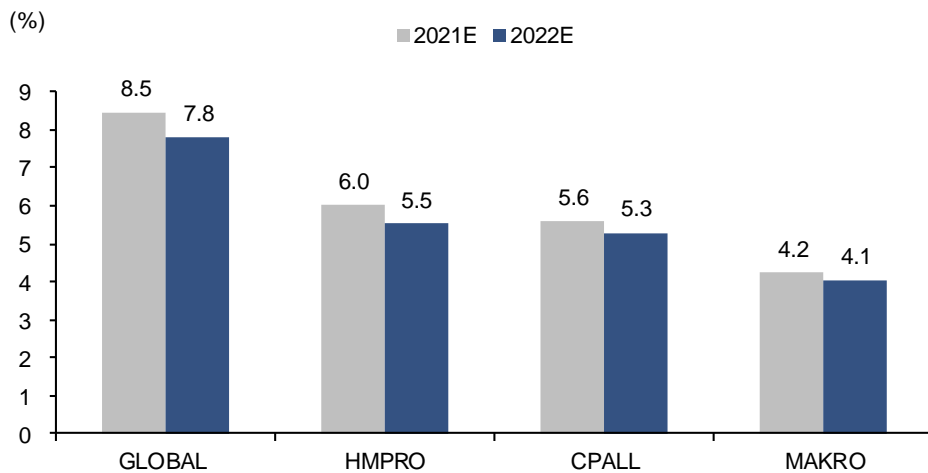
Sources: GLOBAL; FSSIA estimates

Exhibit 2: Store breakdown by location in 2020



Sources: GLOBAL; FSSIA's compilation

Exhibit 3: Most aggressive expansion plan among retailers under coverage

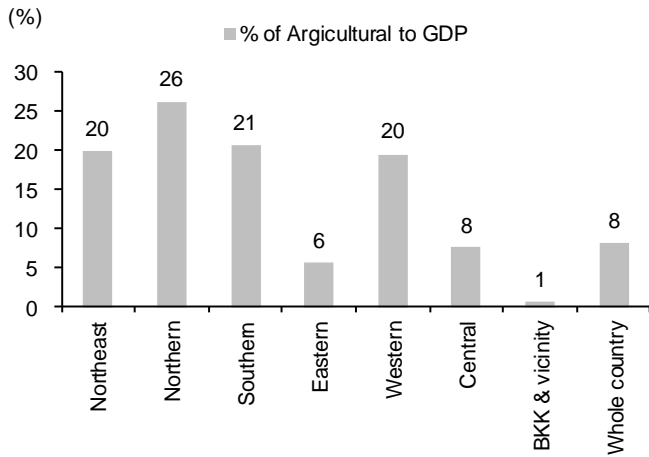


Source: FSSIA estimates

Rising farm income trend is continuing

GLOBAL should be the prime beneficiary of the rising farm income trend, which bottomed out in Apr-20. Farm income growth turned positive since Aug-20 at 7.7% m-m and has continued to see double-digit growth in Sep to Nov-20. Around 75% of GLOBAL’s stores are located in northern, northeastern, western, and southern areas where the local purchasing power is highly dependent on farm income, as shown in Exhibit 4.

Exhibit 4: % of agricultural income to GDP by region



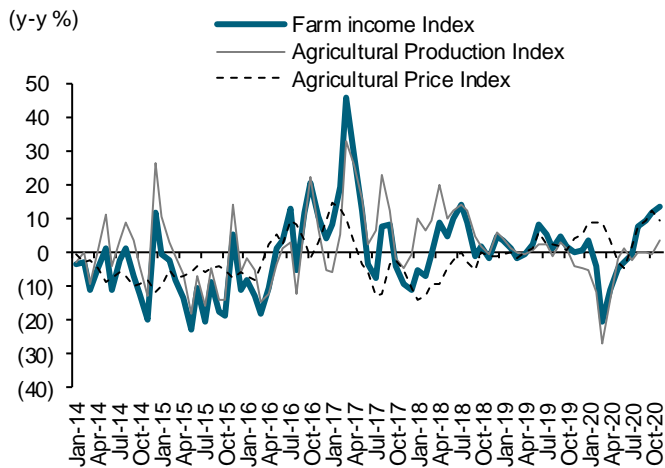
Sources: Bank of Thailand; FSSIA's compilation

Exhibit 5: Contribution of each agricultural product

	Northern (%)	North Eastern (%)	Western (%)	Central (%)	Eastern (%)	Southern (%)
Rice	41	47	21	39	6	2
Oil palm	0	0	2	0	2	18
Rubber	3	12	4	0	12	62
Cassava	9	16	7	6	6	0
Others	47	25	66	55	74	18

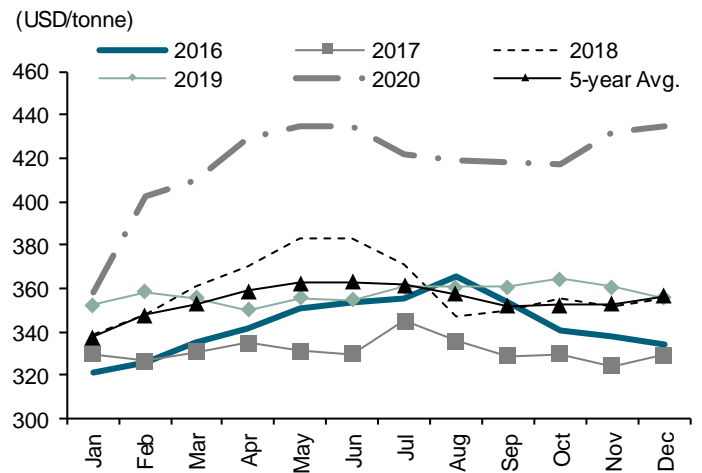
Sources: Office of Agricultural Economics

Exhibit 6: Farm income bottomed out in Apr-20 and has continued to rise since then



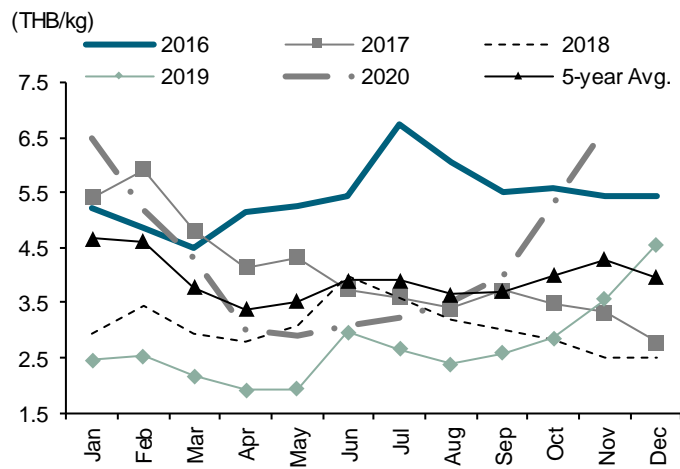
Sources: Office of Agricultural Economics; FSSIA's compilation

Exhibit 7: Rice price



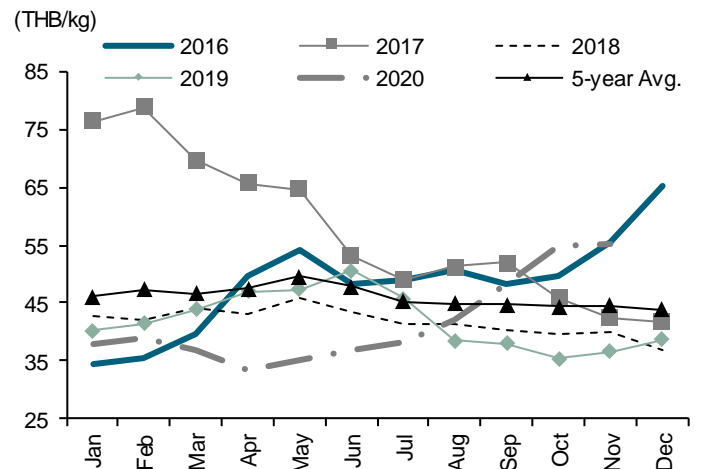
Sources: Office of Agricultural Economics; FSSIA's compilation

Exhibit 8: Palm price



Sources: Office of Agricultural Economics; FSSIA's compilation

Exhibit 9: Rubber price

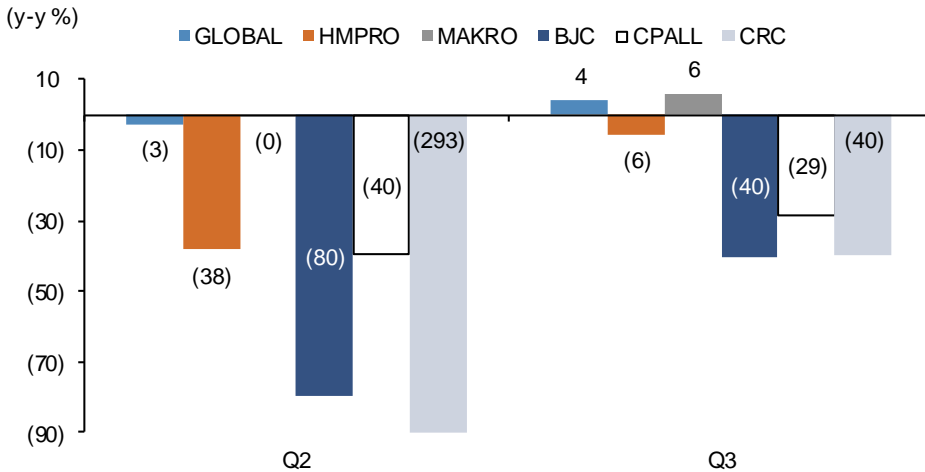


Sources: Office of Agricultural Economics; FSSIA's compilation

Resilient earnings during lockdown period

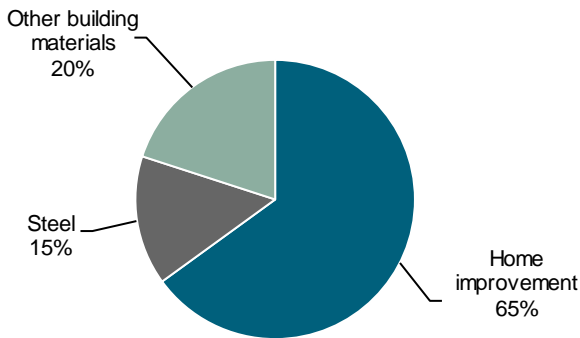
GLOBAL's earnings were more resilient than most of its peers' during the lockdown period in early 2020, supported by 1) pent-up demand after the re-opening of stores; and 2) less exposure to the tourism sector, as most of its stores are located in rural areas and c37% of its target customers are contractors. Moreover, GLOBAL will likely benefit from the rising price of steel. The average steel price rose 5% q-q and 4% y-y to cTHB18,000 per tonne in 4Q20. GLOBAL has c3 months of steel inventory days and could adjust its price up by 3-5% to be in line with the market price.

Exhibit 10: Resilient earnings and limited impact from lockdown



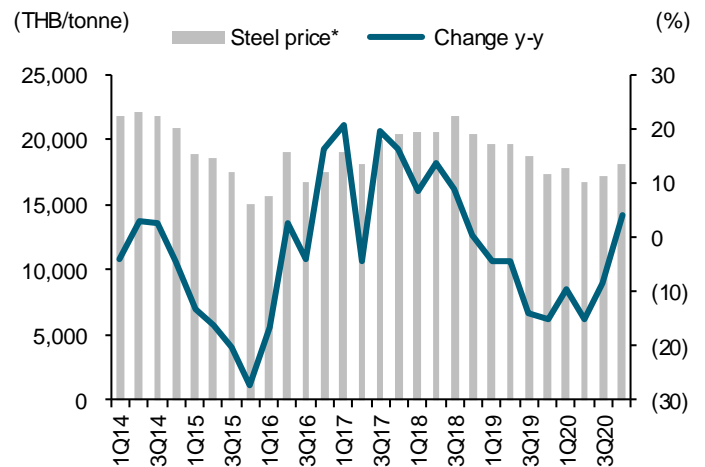
Source: Company data

Exhibit 11: Sales breakdown by product, 2020E



Source: FSSIA estimates

Exhibit 12: Steel price is in an uptrend



*Sr 24 TIS Round Bar Diameter 6 mm 10m length

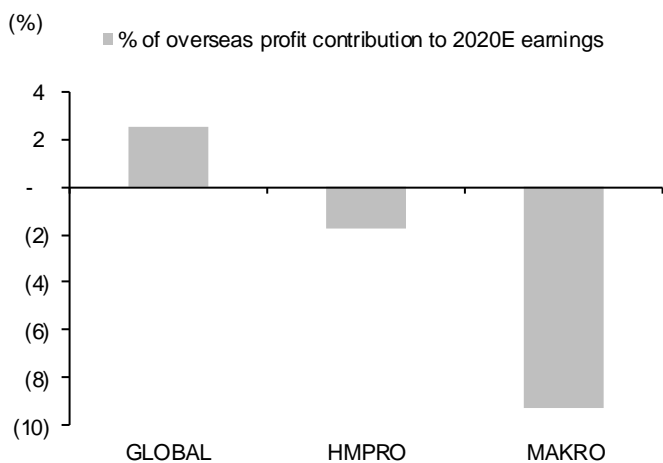
Source: Bureau of Trade and Economic Indices (CMI) - Ministry of Commerce

Upside risk from overseas operations

Unlike other retailers that are facing overseas operational losses due to their overhead and head office costs because they lack the number of stores to breakeven with their fixed costs, all of GLOBAL’s overseas stores have been profitable. GLOBAL invested in Myanmar and Laos via a 50% stake in a JV (Global House International (GHI)) with local partners; a 34% stake in Souvanny in Laos, and a 30% stake in Pro1 in Myanmar. GLOBAL opened its first store in Cambodia in late-2019, which suddenly turned profitable in 2020. GLOBAL plans to open a store in Battambang city by 3Q21. We project GLOBAL’s store in Cambodia to contribute THB20m-25m profit annually compared with the c30m-35m profit per store contributed by its stores in Thailand due to the higher tax rate and electricity costs.

GLOBAL currently has nine and six stores in Myanmar and Laos, respectively, via its JV with local partners. We expect these two countries to contribute THB30m-34m in profit per year over 2020-22, which would not be significant to GLOBAL’s bottom line. We see the potential to grow in Myanmar but see limited room for growth in Laos and expect the company’s equity income to grow by double digits in 2024 onward following its aggressive expansion plan in Myanmar.

Exhibit 13: Profitable overseas stores, unlike other retailers



Source: FSSIA estimates

Exhibit 14: Overseas store details and expansion plan

Overseas operation	Method	stake (%)	No. of stores	2021E expansion plan	Expected opening
Cambodia	Consolidate	100	1	1	3Q21
Myanmar	Equity income	17	9	1-2	n/a
Laos	Equity income	15	6	1	n/a

Sources: GLOBAL; FSSIA estimates

4Q20 earnings to soften y-y but continue to grow q-q

SSSG was -10% y-y in Oct due to an extended rainy season which put a halt to construction activities but recovered to 0-2% y-y in the last two months. Hence, we estimate SSSG at -4.7% in 4Q20 vs -5.6% in 3Q20, resulting in average SSSG in 2020E at -7.4%; lower than our previous estimate of -5.4%. However, we expect 4Q20 revenue to slightly drop by 1% y-y, backed by five new stores in 2020. The 4Q20E gross margin should slightly drop by 10bps y-y, as there has been no significant change in product mix. Meanwhile, we project SG&A expenses to rise 5.5% y-y due to operating expenses from new stores, i.e., salary expenses. Overall, we expect 4Q20E earnings of THB478m (+5% q-q, -21% y-y). Note that the significant drop y-y is mainly due to lower other income of THB223m in 4Q20E vs THB343m in 4Q19 due to rebate income from suppliers.

Exhibit 15: 4Q20E results preview

	4Q19	1Q20	2Q20	3Q20	4Q20E	Change		2019	2020E	Chg.
Year to Dec 31	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Total revenue	7,071	7,543	6,405	6,677	6,995	5	(1)	29,182	27,621	(5)
Retail sales	6,728	7,275	6,218	6,439	6,772	5	1	28,081	26,705	(5)
Other income	343	268	187	238	223	(6)	(35)	1,101	916	(17)
Gross profit	1,888	1,913	1,670	1,699	1,776	5	(6)	6,883	7,058	3
Operating costs	(1,079)	(1,060)	(995)	(1,087)	(1,139)	5	6	(4,026)	(4,281)	6
Operating profit	809	852	675	612	637	4	(21)	2,858	2,777	(3)
Operating EBITDA	1,061	1,126	965	909	877	(4)	(17)	3,788	3,877	2
Interest expense	(71)	(71)	(62)	(60)	(59)	(2)	(17)	(268)	(252)	(6)
Profit before tax	738	781	613	552	578	5	(22)	2,590	2,525	(3)
Tax	(147)	(167)	(105)	(99)	(108)	9	(26)	(493)	(480)	(3)
Associates	7	7	5	7	11	49	50	29	30	5
Minority interests	(4)	(5)	(6)	(5)	(3)	(47)	(42)	(20)	(19)	(5)
Non-recurring items	12	0	0	0	0	n/a	(100)	(12)	0	n/a
Reported net profit	606	616	507	456	478	5	(21)	2,094	2,057	(2)
Recurring net profit	594	616	507	456	478	5	(20)	2,106	2,057	(2)
EPS (THB)	0.14	0.15	0.12	0.10	0.11	5	(25)	0.50	0.47	(5)
Recurring EPS (THB)	0.14	0.15	0.12	0.10	0.11	5	(23)	0.50	0.47	(5)
Key Ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)
Retail sales margin	23.0	22.6	23.8	22.7	22.9	0.2	(0.0)	20.6	23.0	2.4
Operating margin	11.4	11.3	10.5	9.2	9.1	(0.1)	(2.3)	9.8	10.1	0.3
Recurring net margin	8.4	8.1	7.9	6.8	6.7	(0.1)	(1.6)	7.2	7.4	0.2
SG&A / Sales	15.3	14.1	15.5	16.3	16.3	0.0	1.0	13.8	15.5	1.7
Effective tax rate	19.9	21.4	17.1	17.9	18.8	0.8	(1.1)	19.0	19.0	2.4
Operating stats										
SSSG (%)	(1.0)	0.5	(20.0)	(5.6)	(4.7)					
Number of stores (no.)	66	66	68	69	71					
Private brand (%)		17	19	21	21					

Sources: GLOBAL; FSSIA estimates

Net profit and TP revisions

We revise down our net profit forecasts for 2020-22 by 4.0-11.9%. We lower our average SSSG in 2020E to -7.4% from -5.4% to reflect the weaker-than-expected purchasing power. We also lower our 2020-22E GPM by 10-20bps and nudge up our 2020-22E SG&A to sales by 0-50bps due to the slower-than-expected economic recovery and the temporary store closures due to the second wave of COVID-19.

Exhibit 16: Assumption revisions

	Current			Previous			Change		
	2020E	2021E	2022E	2020E	2021E	2022E	2020E	2021E	2022E
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Revenue (THB m)	27,621	33,228	37,888	30,118	35,156	39,104	(8.3)	(5.5)	(3.1)
SSSG	(7.4)	4.0	4.0	(5.4)	4.0	4.0	(2.1)	0.0	0.0
Gross margin	23.0	23.2	23.4	23.2	23.4	23.5	(0.2)	(0.2)	(0.1)
Private brand proportion	19.0	20.0	20.0	19.0	20.0	20.0	0.0	0.0	0.0
No. of new stores (no.)	5	6	6	6	6	5	(1)	0	1
SG&A expenses to total revenue	15.5	15.5	15.0	15.0	15.0	15.0	0.5	0.5	0.0
Net profit (THB m)	2,057	2,451	3,001	2,173	2,783	3,125	(5.4)	(11.9)	(4.0)

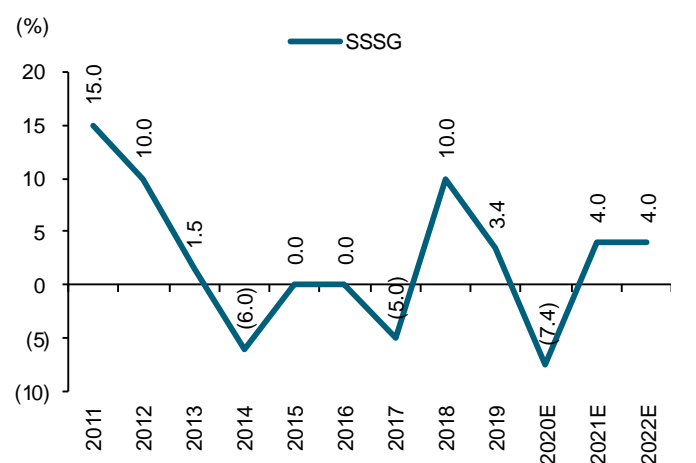
Note: Change of items in percentage terms are represented in ppt change; Source: FSSIA estimates

Exhibit 17: Quarterly same-store sales growth (SSSG)



Sources: GLOBAL; FSSIA estimates

Exhibit 18: Annual SSSG



Sources: GLOBAL; FSSIA estimates

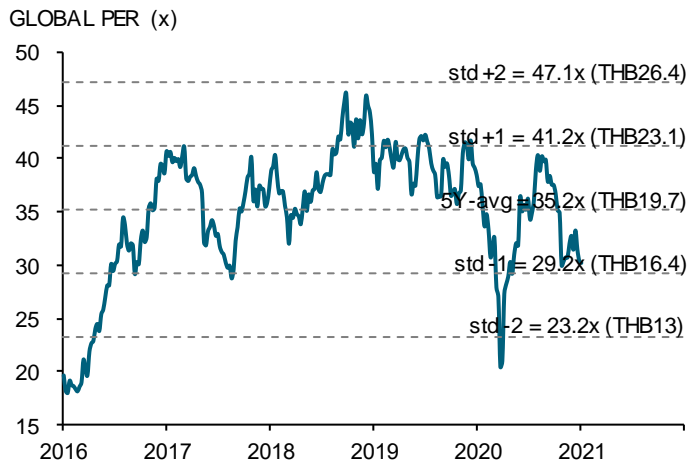
We maintain BUY and lower our TP to THB22 from THB22.5 to reflect our earnings assumption revisions for 2020-22. Despite the company's short-term outlook being affected by the weak economic outlook and the temporary closure of two stores in Samut Sakhon province, we like GLOBAL due to its aggressive expansion plan and its improving margin following the increase in its private brand proportion, with an upside risk from its overseas expansion.

Exhibit 19: DCF valuation

DCF-derived TP	(%)	(THB b)
Discount rate (WACC)	7.9	
Terminal growth	2.0	
NPV		30
Add: terminal value		85
Sum of PV		114
Add: investment		0
Less: debt		18
Less: minorities		0
Residual ordinary equity		97
No. of shares (m)		4,402
Residual ordinary equity (THB/share)		22.0

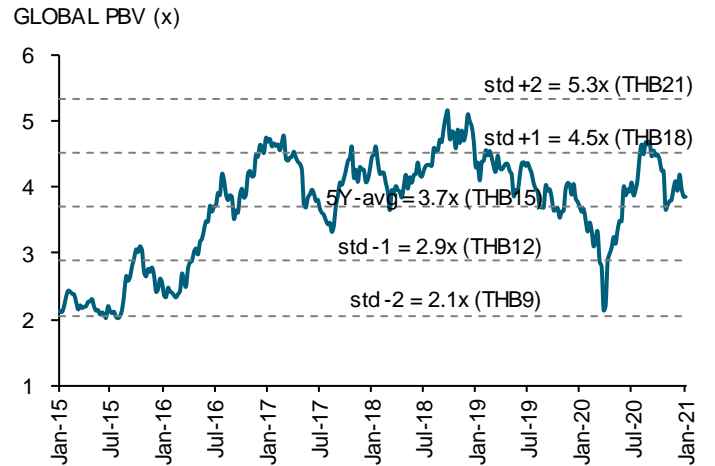
Source: FSSIA estimates

Exhibit 20: Rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 21: Rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

Financial Statements

Siam Global House

Profit and Loss (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Revenue	26,262	29,182	27,621	33,228	37,888
Cost of goods sold	(19,285)	(21,368)	(19,462)	(23,403)	(26,628)
Gross profit	6,977	7,814	8,159	9,825	11,259
Other operating income	0	0	0	0	0
Operating costs	(3,467)	(4,026)	(4,281)	(5,150)	(5,683)
Operating EBITDA	3,510	3,788	3,877	4,675	5,576
Depreciation	(811)	(931)	(1,101)	(1,277)	(1,439)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	2,699	2,858	2,777	3,398	4,137
Net financing costs	(261)	(268)	(252)	(346)	(395)
Associates	14	29	30	32	34
Recurring non operating income	14	29	30	32	34
Non recurring items	0	(12)	0	0	0
Profit before tax	2,452	2,607	2,555	3,084	3,775
Tax	(462)	(493)	(480)	(610)	(748)
Profit after tax	1,991	2,114	2,075	2,474	3,027
Minority interests	12	(20)	(19)	(23)	(26)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	2,003	2,094	2,057	2,451	3,001
Non recurring items & goodwill (net)	0	12	0	0	0
Recurring net profit	2,003	2,106	2,057	2,451	3,001
Per share (THB)					
Recurring EPS *	0.48	0.50	0.47	0.56	0.68
Reported EPS	0.48	0.50	0.47	0.56	0.68
DPS	0.20	0.21	0.19	0.22	0.27
Diluted shares (used to calculate per share data)	4,202	4,202	4,402	4,402	4,402
Growth					
Revenue (%)	21.9	11.1	(5.4)	20.3	14.0
Operating EBITDA (%)	21.2	7.9	2.4	20.6	19.3
Operating EBIT (%)	25.9	5.9	(2.8)	22.4	21.8
Recurring EPS (%)	24.5	5.1	(6.8)	19.2	22.4
Reported EPS (%)	24.5	4.5	(6.2)	19.2	22.4
Operating performance					
Gross margin inc depreciation (%)	23.5	23.6	25.6	25.7	25.9
Gross margin of key business (%)	20.9	20.6	23.0	23.2	23.4
Operating EBITDA margin (%)	13.4	13.0	14.0	14.1	14.7
Operating EBIT margin (%)	10.3	9.8	10.1	10.2	10.9
Net margin (%)	7.6	7.2	7.4	7.4	7.9
Effective tax rate (%)	18.9	19.0	19.0	20.0	20.0
Dividend payout on recurring profit (%)	41.1	41.0	40.0	40.0	40.0
Interest cover (X)	10.4	10.8	11.1	9.9	10.6
Inventory days	245.1	246.8	278.6	239.9	243.0
Debtor days	19.4	16.8	16.3	14.6	14.9
Creditor days	55.2	53.5	61.3	53.5	54.3
Operating ROIC (%)	10.9	10.2	9.1	10.2	11.0
ROIC (%)	10.3	9.7	8.7	9.7	10.6
ROE (%)	14.3	13.8	12.4	13.5	15.2
ROA (%)	7.6	7.1	6.4	7.1	7.7
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue By Division (THB m)					
2018	2019	2020E	2021E	2022E	
Sales	25,402	28,081	26,705	32,136	36,642
Others	860	1,101	916	1,093	1,246

Sources: Siam Global House; FSSIA estimates

Financial Statements

Siam Global House

Cash Flow (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Recurring net profit	2,003	2,106	2,057	2,451	3,001
Depreciation	811	931	1,101	1,277	1,439
Associates & minorities	196	(15)	0	0	0
Other non-cash items	(12)	8	19	23	26
Change in working capital	(1,243)	(1,560)	1,267	(2,147)	(1,829)
Cash flow from operations	1,754	1,469	4,443	1,604	2,637
Capex - maintenance	(2,278)	(3,077)	(3,569)	(3,652)	(3,000)
Capex - new investment	0	0	0	0	0
Net acquisitions & disposals	(231)	25	31	(140)	(118)
Other investments (net)	0	0	0	0	0
Cash flow from investing	(2,509)	(3,052)	(3,538)	(3,792)	(3,118)
Dividends paid	(823)	(863)	(823)	(980)	(1,200)
Equity finance	143	8	221	0	0
Debt finance	1,750	3,074	(473)	3,507	1,449
Other financing cash flows	0	0	0	0	0
Cash flow from Financing	1,070	2,220	(1,075)	2,527	249
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	315	637	(170)	339	(233)
Free cash flow to firm (FCFF)	(493.33)	(1,314.40)	1,157.09	(1,842.50)	(86.11)
Free cash flow to equity (FCFE)	995.24	1,491.60	431.51	1,319.07	967.71

Per share (THB)

FCFF per share	(0.11)	(0.30)	0.26	(0.42)	(0.02)
FCFE per share	0.23	0.34	0.10	0.30	0.22
Recurring cash flow per share	0.71	0.72	0.72	0.85	1.01

Balance Sheet (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Tangible fixed asset (gross)	17,520	20,757	24,326	27,978	30,978
Less: Accumulated depreciation	(3,561)	(4,652)	(5,752)	(7,029)	(8,468)
Tangible fixed assets (Net)	13,959	16,105	18,574	20,949	22,510
Intangible fixed assets (Net)	0	0	0	0	0
Long-term financial assets	0	0	0	0	0
Invest. In associates & subsidiaries	784	815	815	815	815
Cash & equivalents	662	1,299	1,129	1,468	1,235
A/C receivable	1,428	1,278	1,210	1,454	1,657
Inventories	13,298	15,602	14,106	16,660	18,792
Other current assets	0	0	0	0	0
Current assets	15,387	18,179	16,445	19,582	21,685
Other assets	887	887	840	1,010	1,152
Total assets	31,017	35,987	36,673	42,356	46,162
Common equity	14,673	15,912	17,367	18,837	20,638
Minorities etc.	214	219	238	261	287
Total Shareholders' equity	14,887	16,131	17,605	19,098	20,925
Long term debt	1,554	833	812	993	1,062
Other long-term liabilities	142	199	183	214	237
Long-term liabilities	1,696	1,032	995	1,207	1,299
A/C payable	2,868	3,399	3,135	3,728	4,202
Short term debt	11,369	15,163	14,711	18,037	19,417
Other current liabilities	199	261	228	286	319
Current liabilities	14,435	18,823	18,074	22,051	23,938
Total liabilities and shareholders' equity	31,017	35,987	36,673	42,356	46,162
Net working capital	11,660	13,220	11,953	14,100	15,929
Invested capital	27,289	31,027	32,182	36,874	40,406

* Includes convertibles and preferred stock which is being treated as debt

Per share (THB)

Book value per share	3.49	3.79	3.95	4.28	4.69
Tangible book value per share	3.49	3.79	3.95	4.28	4.69

Financial strength

Net debt/Equity (%)	82.4	91.1	81.8	92.0	92.0
Net debt/total assets (%)	39.5	40.8	39.2	41.5	41.7
Current ratio (x)	1.1	1.0	0.9	0.9	0.9
CF interest cover (x)	4.8	6.6	2.7	4.8	3.4

Valuation	2018	2019	2020E	2021E	2022E
Recurring P/E (x) *	35.7	33.9	36.4	30.5	24.9
Recurring P/E @ target price (x) *	46.1	43.9	47.1	39.5	32.3
Reported P/E (x)	35.7	34.1	36.4	30.5	24.9
Dividend yield (%)	1.2	1.2	1.1	1.3	1.6
Price/book (x)	4.9	4.5	4.3	4.0	3.6
Price/tangible book (x)	4.9	4.5	4.3	4.0	3.6
EV/EBITDA (x) **	23.9	22.8	23.1	19.8	16.9
EV/EBITDA @ target price (x) **	29.9	28.3	28.7	24.5	20.9
EV/invested capital (x)	3.1	2.8	2.8	2.5	2.3

* Pre-exceptional & pre-goodwill are fully diluted ** EBITDA includes associate income and recurring non operating income

Sources: Siam Global House; FSSIA estimates

Corporate Governance report of Thai listed companies 2019

EXCELLENT LEVEL										
AAV	ADVANC	AIRA	AKP	AKR	AMA	AMATA	AMATAV	ANAN	AOT	AP
ARROW	BAFS	BANPU	BAY	BCP	BCPG	BOL	BRR	BTS	BTW	BWG
CFRESH	CHEWA	CHO	CK	CKP	CM	CNT	COL	COMAN	CPALL	CPF
CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC	EA	EASTW	ECF
EGCO	GBX	GC	GCAP	GEL	GGP	GGC	GOLD	GPSC	GRAMMY	GUNKUL
HANA	HARN	HMPRO	ICC	ICHI	III	ILINK	INTUCH	IRPC	IVL	JKN
JSP	K	KBANK	KCE	KKP	KSL	KTB	KTC	KTIS	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	MFEC	MINT	MONO*
MTC	NCH	NCL	NKI	NSI	NVD	NYT	OISHI	OTO	PAP	PCSGH
PDJ	PG	PHOL	PJW	PLANB	PLANET	PORT	PPS	PR9	PREB	PRG
PRM	PSH	PSL	PTG	PTT	PTTEP	PTTGC	PYLON	Q-CON	QH	QTC
RATCH	ROBINS**	RS	S	S & J	SABINA	SAMART	SAMTEL	SAT	SC	SCB
SCC	SCCC	SCN	SDC	SEAFCO	SEAOIL	SE-ED	SELIC	SENA	SIS	SITHAI
SNC	SORKON	SPALI	SPI	SPRC	SSSC	STA	STEC	SVI	SYNTEC	TASCO
TCAP	THAI	THANA	THANI	THCOM	THIP	THREL	TIP	TISCO	TK	TKT
TMB	TMILL	TNDT	TOA	TOP	TRC	TRU	TRUE	TSC	TSR	TSTH
TTA	TTCL	TTW	TU	TVD	TVO	U	UAC	UV	VGI	VIH
WACOAL	WAVE	WHA	WHAUP	WICE	WINNER					
VERY GOOD LEVEL										
2S	ABM	ADB	AF	AGE	AH	AHC	AIT	ALLA	ALT	AMANA
AMARIN	APCO	APCS	AQUA	ARIP	ASAP	ASIA	ASIAN	ASIMAR	ASK	ASN
ASP	ATP30	AUCT	AYUD	B	BA	BBL	BDMS	BEC	BEM	BFIT
BGC	BGRIM	BIZ	BJC	BJCHI	BLA	BPP	BROOK	CBG	CEN	CENDEL
CGH	CHG	CHOTI	CHOW	CI	CIMBT	CNS	COLOR	COM7	COTTO	CRD
CSC	CSP	DCC	DCON	DDD	DOD	EASON	ECL	EE	EPG	ERW
ESTAR	ETE	FLOYD	FN	FNS	FORTH	FPI	FPT	FSMART	FSS	FVC
GENCO	GJS	GL	GLOBAL	GLOW**	GULF	HPT	HTC	HYDRO	ICN	IFS
INET	INSURE	IRC	IRCP	IT	ITD***	ITEL	J	JAS*	JCK	JCKH
JMART	JMT	JWD	KBS	KCAR	KGI	KIAT	KOOL	KWC	KWM	L&E
LALIN	LANNA	LDC	LHK	LOXLEY	LRH	LST	M	MACO	MAJOR	MBAX
MEGA	METCO	MFC	MK	MODERN	MOONG	MPG	MSC	MTI	NEP	NETBAY
NEX	NINE	NOBLE	NOK	NTV	NWR	OCC	OGC	ORI	OSP	PATO
PB	PDG	PDI	PL	PLAT	PM	PPP	PRECHA	PRIN	PRINC	PSTC
PT	QLT	RCL	RICHY	RML	RWI	S11	SAAM	SALEE	SAMCO	SANKO
SAPPE	SAWAD	SCG	SCI	SCP	SE	SFP	SIAM	SINGER	SIRI	SKE
SKR	SKY	SMIT	SMK	SMP	SMT	SNP	SONIC	SPA	SPC	SPCG
SPVI	SR	SRICHA	SSC	SSF	SST	STANLY	STPI	SUC	SUN	SUSCO
SUTHA	SWC	SYMC	SYNEX	T	TACC	TAE	TAKUNI	TBSP	TCC	TCMC
TEAM	TEAMG	TFG	TFMAMA	THG	THRE	TIPCO	TITLE	TIW	TKN	TKS
TM	TMC	TMD	TMI	TMT	TNITY	TNL	TNP	TNR	TOG	TPA
TPAC	TPBI	TPCORP	TPOLY	TRITN	TRT	TSE	TSTE	TVI	TVT	TWP
TWPC	UBIS	UEC	UMI	UOBKH	UP	UPF	UPOIC	UT	UWC	VNT
WIUK	XO	YUASA	ZEN	ZMICO						
GOOD LEVEL										
A	ABICO	ACAP***	AEC	AEONTS	AJ	ALUCON	AMC	APURE	AS	ASEFA
AU	B52	BCH	BEAUTY	BGT	BH	BIG	BLAND	BM	BR	BROCK
BSBM	BSM	BTNC	CCET	CCP	CGD	CHARAN	CHAYO	CITY	CMAN	CMC
CMO	CMR	CPL	CPT	CSR	CTW	CWT	D	DIMET	EKH	EMC
EPCO	ESSO	FE	FTE	GIFT	GLAND	GLOCON	GPI	GREEN	GTB	GYT
HTECH	HUMAN	IHL	INGRS	INOX	JTS	JUBILE	KASET	KCM	KKC	KWG
KYE	LEE	LPH	MATCH	MATI	M-CHAI	MCS	MDX	META	MGT	MJD
MM	MVP	NC	NDR	NER	NNCL	NPK	NUSA	OCEAN	PAF	PF
PICO	PIMO	PK	PLE	PMTA	POST	PPM	PROUD	PTL	RCI	RJH
ROJNA	RPC	RPH	SF	SGF	SGP	SKN	SLP	SMART	SOLAR	SPG
SQ	SSP	STI	SUPER	SVOA	TCCC	THE	THMUI	TIC	TIGER	TNH
TOPP	TPCH	TPIPP	TPLAS	TQM	TTI	TYCN	UTP	VCOM	VIBHA	VPO
WIN	WORK	WP	WPH	ZIGA						
Score Range	Number of Logo					Description				
90-100						Excellent				
80-89						Very Good				
70-79						Good				
60-69						Satisfactory				
50-59						Pass				
Less than 50	No logo given					-				

Disclaimer:

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* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; ** delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

Anti-corruption Progress Indicator

CERTIFIED										
ADVANC	AIE	AKP	AMANAHA	AP	APCS	AQUA	ARROW	ASK	ASP	AYUD
BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG	BGRIM	BJCHI	BKI	BLA
BROOK	BRR	BSBM	BTS	BWG	CEN	CENTEL	CFRESH	CGH	CHEWA	CIG
CIMBT	CM	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FSS	GBX	GC
GCAP	GEL	GFPT	GGC	GJS	GOLD	GPSC	GSTEEL	GUNKUL	HANA	HARN
HMPRO	HTC	ICC	IFS	INET	INSURE	INTUCH	IRPC	IVL	K	KASET
KBANK	KBS	KCAR	KCE	KGI	KKP	KSL	KTB	KTC	KWC	L&E
LANNA	LHK	LPN	LRH	M	MAKRO	MALEE	MBAX	MBK	MBKET	MC
MCOT	MFC	MINT	MONO	MOONG	MSC	MTI	NBC	NINE	NKI	NMG
NNCL	NSI	OCC	OCEAN	OGC	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPS
PREB	PRG	PRINC	PSH	PSTC	PT	PTG	PTT	PTTEP	PTTGC	PYLON
Q-CON	QH	QLT	QTC	RATCH	RML	S & J	SABINA	SAT	SC	SCB
SCC	SCCC	SCG	SCN	SE-ED	SELIC	SENA	SGP	SIRI	SIS	SITHAI
SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK	SPC	SPI	SPRC	SRICHA
SSF	SSI	SSSC	SST	STA	SUSCO	SVI	SYNTEC	TASCO	TCAP	TFG
TFI	TFMAMA	THANI	THCOM	THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT
TMB	TMD	TMILL	TMT	TNITY	TNL	TNP	TNR	TOG	TOP	TPA
TPCORP	TRU	TRUE	TSC	TSTH	TTCL	TU	TVD	TVI	TWPC	U
UBIS	UEC	UKEM	UOBKH	VGI	VIH	VNT	WACOAL	WHA	WICE	WIIK
DECLARED										
2S	ABICO	AF	AI	AIRA	ALT	AMA	AMARIN	AMATA	ANAN	B
BM	BPP	BUI	CHG	CHO	CHOTI	CHOW	CI	CMC	COL	DDD
DELTA	EFORL	EPCO	ESTAR	ETE	FPI	FTE	ICHI	INOX	IRC	ITEL
JAS	JSP	JTS	KWG	LDC	LIT	META	MFEC	MPG	NEP	NOK
NWR	ORI	PRM	PSL	ROJNA	RWI	SAAM	SAPPE	SCI	SEOIL	SHANG
SKR	SPALI	STANLY	SYNEX	TAE	TAKUNI	TMC	TOPP	TPP	TRITN	TVO
UV	UWC	WHAUP	XO	YUASA	ZEN					

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

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Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; * FSSIA's compilation

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Karun Intrachai FSS International Investment Advisory Securities Co., Ltd

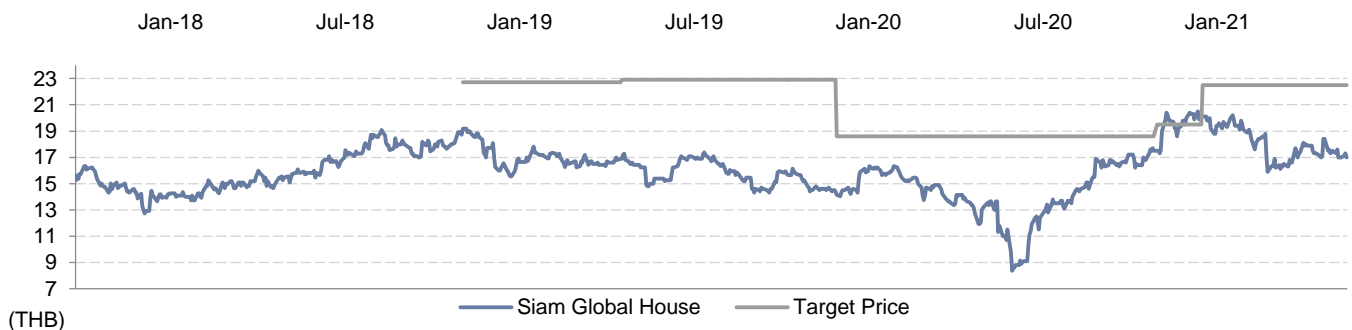
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History of change in investment rating and/or target price

Siam Global House (GLOBAL TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
07-Dec-2018	BUY	22.73	02-Apr-2020	BUY	18.61	03-Sep-2020	BUY	22.50
23-Apr-2019	BUY	22.91	24-Jul-2020	BUY	19.50			
25-Oct-2019	BUY	18.61	31-Jul-2020	BUY	19.50			

Karun Intrachai started covering this stock from 24-Jul-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Siam Global House	GLOBAL TB	THB 17.00	BUY	The key downside risks to our DCF-based TP are volatile farm incomes and farm prices which could negatively impact purchasing power, especially in the provinces.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finasia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finasia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 06-Jan-2021 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.