

20 JANUARY 2021

THAILAND / MEDIA

RS RS TB

BUY

UNCHANGED

TARGET PRICE	THB24.90
CLOSE	THB20.70
UP/DOWNSIDE	+20.3%
PRIOR TP	THB22.00
CHANGE IN TP	+13.2%
TP vs CONSENSUS	+16.8%

## ปีกคู่ใหม่

### ประกาศซื้อธุรกิจใหม่

การเข้าซื้อกิจการแรก ตามแผนของ RS ได้จบลงในที่สุด โดยบริษัทฯ จะถือหุ้น 35% ในบริษัท เซมูรี เอเซีย ซึ่งประกอบธุรกิจติดตามหั้นและบริหารสินทรัพย์ (AMC) ที่มีมูลค่าการลงทุนรวมเท่ากับ 920 ลบ. แม้ว่าธุรกิจของบริษัทที่เข้าไปลงทุนจะไม่เกี่ยวข้องกับธุรกิจของ RS และอาจไม่สามารถให้ประโยชน์จากการเกื้อหนุนกันทางธุรกิจอย่างมีนัยสำคัญ ธุรกิจ AMC ยังอยู่ในช่วงของการเติบโตในระดับสูง โดย RS คาดว่า บริษัท เซมูรี เอเซีย จะบันทึกกำไรสุทธิ 174 ลบ. ในปี 2020 และ 265 ลบ. ในปี 2021 ซึ่งอาจสร้างผลตอบแทนที่ดีให้กับผลกำไรของบริษัท

### เป้าปี 2021 เป็นไปตามคาด

RS ประกาศเป้าหมายรายได้ในปี 2021 จำนวน 5.7 พัน ลบ. ซึ่งจะมาจากธุรกิจค้าปลีกเป็นหลัก โดยคาดว่าจะรายได้จากธุรกิจดังกล่าวจะอยู่ที่ 4 พัน ลบ. ในขณะที่บริษัท คาดว่าธุรกิจอื่น ๆ ประกอบด้วย โทรศัพท์ ดนตรี วิทย์ และอื่น ๆ จะสร้างรายได้ประมาณ 1.7 พัน ลบ. บริษัทฯ คาดว่าอัตรากำไรสุทธิในปี 2021 จะอยู่ที่ 12-14% ซึ่งอาจทำให้กำไรสุทธิเพิ่มขึ้นเล็กน้อยเมื่อเทียบกับประมาณการก่อนหน้าของเราที่ 666 ลบ. นำสังเกตว่าเป้าหมายของบริษัทฯ ไม่ได้รวมรายได้ที่เพิ่มขึ้นจาก Chase และแผนซื้อกิจการอีก 1-2 ธุรกิจที่คาดว่าจะสำเร็จเสร็จสิ้นภายในปีนี้

### คาดการณ์ 4Q20 จะโตต่อเนื่อง

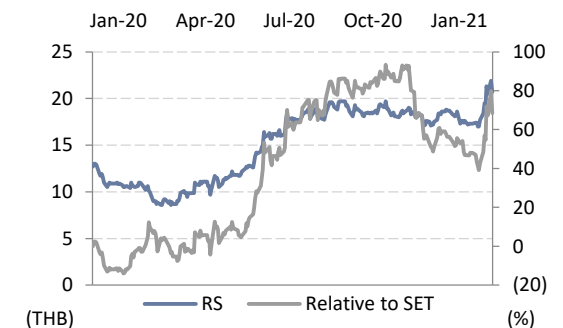
เราคาดว่ารายได้ของ RS ใน 4Q20 จะอยู่ที่ 1 พัน ลบ. (+12% y-y, +7% q-q) ซึ่งจะสร้างกำไร 135 ลบ. (+106% y-y, +3% q-q) รายได้ที่ดีได้เกิดจากแรงผลักดันจากธุรกิจค้าปลีก ซึ่งเราคาดว่าจะสร้างรายได้สูงเป็นประวัติการณ์ถึง 670 ลบ. จากปริมาณขายอาหารเสริมที่อยู่ในระดับสูงในขณะที่ธุรกิจอื่น ๆ อาจมีการเติบโตเล็กน้อยเนื่องจากเป็นฤดูกาลของอุตสาหกรรมสื่อ

### คงคำแนะนำซื้อหลังปรับราคาเป้าหมายเป็น 24.90 บาท

หลังการซื้อกิจการของ บริษัท เซมูรี เอเซีย กำไรของ RS ในปี 2021E ควรออกมาสูงกว่าที่เราคาดไว้ที่ 666 ลบ. เล็กน้อย ทำให้เราปรับเพิ่มประมาณการกำไรในปี 2021 ของเราเป็นจำนวน 6.5% มาอยู่ที่ 709 ลบ. นอกจากนี้เรายังปรับประมาณการของเราสำหรับปี 2022 เพื่อสะท้อนรายได้เพิ่มเติมจากส่วนแบ่งกำไรของ บริษัท เซมูรี เอเซีย ซึ่งทำให้เรคงคำแนะนำซื้อ RS หลังปรับราคาเป้าหมายของเราขึ้นเป็น 24.90 (SOTP) จาก 22 (DCF) บาท ราคาเป้าหมายที่เพิ่มขึ้น 2.90 บาทมาจากมูลค่าของ บริษัท เซมูรี เอเซีย ซึ่งคิดจากค่า 2021E P/E ที่ 30x เราเชื่อว่าแผนธุรกิจ S-curve และ Entertainmerce ของ RS ยังเป็นไปตามแผน และมองว่าผลิตภัณฑ์ใหม่ของบริษัทฯ รวมถึงดีลการควบรวมกิจการอีก 1-2 แห่ง และการฟื้นตัวของเศรษฐกิจไทยในภาพรวมอาจเป็นปัจจัยหนุนสำคัญของบริษัทฯ ในปีนี้

## KEY STOCK DATA

YE Dec (THB m)	2019	2020E	2021E	2022E
Revenue	3,611	3,760	4,270	4,832
Net profit	363	559	709	885
EPS (THB)	0.37	0.57	0.73	0.91
vs Consensus (%)	-	5.0	9.6	18.2
EBITDA	1,071	1,297	1,429	1,569
Core net profit	363	559	709	885
Core EPS (THB)	0.37	0.57	0.73	0.91
Chg. In EPS est. (%)	-	-	6.5	12.1
EPS growth (%)	(10.4)	53.7	26.9	24.9
Core P/E (x)	55.4	36.0	28.4	22.7
Dividend yield (%)	1.9	1.4	2.8	3.5
EV/EBITDA (x)	19.2	15.6	14.7	13.2
Price/book (x)	11.7	10.0	9.4	8.7
Net debt/Equity (%)	25.3	7.5	37.9	22.2
ROE (%)	21.4	30.0	34.2	39.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	11.3	13.7	52.2
Relative to country (%)	8.4	(9.7)	60.0
Mkt cap (USD m)	660		
3m avg. daily turnover (USD m)	4.5		
Free float (%)	46		
Major shareholder	Surachi Chetchotisak (22%)		
12m high/low (THB)	22.30/8.40		
Issued shares (m)	972.50		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 20 มกราคม 2021

## Investment thesis

RS Group has three core businesses, consisting of multi-platform commerce, media, and music & other businesses.

RS is an organisation that conducts business through “opportunity,” by focusing on market leadership, continual investment to sustain its commerce business, and expansions to its related businesses. We expect the contributions from its new businesses to increase significantly, strengthening the company’s total revenue.

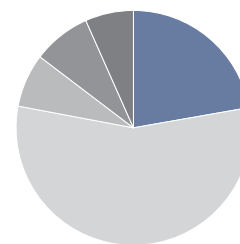
## Company profile

RS operates a commerce business that provides content and entertainment, and also sells products. This includes establishing a system to analyse customer data and a telemarketing system.

[www.rs.co.th](http://www.rs.co.th)

## Principal activities (revenue, 2019)

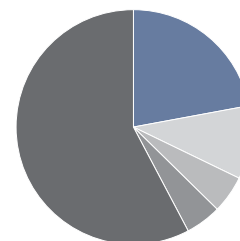
- TV - 22.2 %
- Commerce - 55.7 %
- Radio - 7.4 %
- Music - 8.0 %
- Event - 6.6 %



Source: RS

## Major shareholders

- Surachi Chetchotisak - 22.1 %
- Sorat Vvanichvarakij - 10.1 %
- Bangkok Bank PCL - 5.2 %
- Phongsa Pairuchwait C/O KTB Securities (Thailand) PCL - 4.9 %
- Others - 57.7 %



Source: RS

## Catalyst

- New product lines should be able to boost its commerce revenue as well as its bottom line.
- The new ‘entertainmerce’ strategy may help the company’s revenue grow continuously.
- The new M&A deals.

## Risk to our call

The key downside risk to our SOTP-based TP is if the company is unable to maintain the growth momentum from its commerce business if revenues from TV, radio, and music continue to decline.

## Event calendar

Date	Event
Feb-21	4Q20 results announcement

## Key assumptions

	2019	2020E	2021E	2022E
	(%)	(%)	(%)	(%)
Commerce growth	(5)	19	16	15
Commerce profit margin	66	66	66	66
TV revenue growth	(22)	18	3	3
TV profit margin	(32)	5	5	7

Source: FSSIA estimates

## Earnings sensitivity

- For every 1% increase in commerce revenue, we project 2021 earnings to rise by 1.2%, and vice versa, all else being equal;
- For every 1% increase in commerce profit margin, we project 2021 earnings to rise by 3.2%, and vice versa, all else being equal.

Source: FSSIA estimates



## Exhibit 1: RS' 4Q20E results preview

	4Q19	3Q20	4Q20E	Change		2020E
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)
<b>Revenue</b>	<b>895</b>	<b>938</b>	<b>1,005</b>	<b>7</b>	<b>12</b>	<b>3,760</b>
Operating costs	(520)	(454)	(502)	10	(3)	(1,794)
<b>Gross profit</b>	<b>375</b>	<b>484</b>	<b>504</b>	<b>4</b>	<b>34</b>	<b>1,966</b>
SG&A expenses	(283)	(312)	(325)	4	15	(1,240)
<b>EBIT</b>	<b>93</b>	<b>172</b>	<b>179</b>	<b>4</b>	<b>93</b>	<b>726</b>
Depn & amort.	131	133	135	1	3	0
<b>EBITDA</b>	<b>224</b>	<b>305</b>	<b>314</b>	<b>3</b>	<b>40</b>	<b>726</b>
EBITDA margin (%)	25.0	32.5	31.2	(1.31)	6.19	19.3
Interest expense	(6)	(9)	(10)	5	66	(31)
Other income	(3)	2	(1)	nm	(83)	5
Extra items	0	0	0	nm	nm	0
<b>Pretax profit</b>	<b>84</b>	<b>164</b>	<b>169</b>	<b>3</b>	<b>101</b>	<b>699</b>
Tax	(18)	(34)	(34)	(0)	86	(140)
Tax rate (%)	(21.6)	(20.6)	(20.0)	0.60	1.63	(20)
Minority interests	0	(0)	0	nm	nm	1
<b>Net profit</b>	<b>66</b>	<b>131</b>	<b>135</b>	<b>3</b>	<b>106</b>	<b>559</b>
<b>Core net profit</b>	<b>66</b>	<b>131</b>	<b>135</b>	<b>3</b>	<b>106</b>	<b>559</b>
EPS (THB)	0.07	0.13	0.14	3	106	0.57
Core EPS (THB)	0.07	0.13	0.14	3	106	0.57

Sources: RS; FSSIA estimates

## The company's 2021 targets

RS announced a 2021 revenue target of THB5.7b, a lot higher than our and BBG consensus expectations. The company thinks the key growth driver will come from the new source of revenue from three new product launches and its new sales partners. The THB5.7b target is comprised of THB4b from its commerce business, with the remaining THB1.7b coming from its other businesses, including TV, music, radio, and events. The company expects a 2021 net profit margin of 12-14%

**Commerce business set to be the key growth driver.** RS' 2021 revenue target of THB5.7b is expected to mainly come from the commerce business at THB4b, which can be divided into two groups:

1. THB3b from RS' existing products and selling channels. The existing commerce business is expected to continue growing to THB3b, mainly from the inbound and outbound channel at THB2.6b, and the online channel at THB400m. The growth in the existing commerce business should come from new developments and products, acquiring new customers, increasing repeat purchases, and aggressively investing in the online channel.
2. THB1b from new products and new sales channels. The new products include 1) functional drinks (40% contribution) that offer new sources of the main ingredients to differentiate themselves from the existing drinks. The first product will be launched in Apr-21, while the second and third products are scheduled to be launched in Jun-21 and Sep-21, respectively. These products will focus on the mass market, and the company expects the distribution channel to be convenience stores and hypermarkets; 2) innovative health products (40% contribution). The first and second products will be launched in Mar-21 and Jun-21, respectively; and 3) pet food (20% contribution) that is expected to be launched in May-21.

The expansion into new products and distribution channels should be the key driver for the company because RS has never entered the mass market before. The functional drink market still has room for growth, in our view. We believe it hasn't yet reached the saturation point, with a market size of around only THB10b, when we compare it to other periods, for example, when green tea drinks were popular in Thailand with a market size of around THB20b-30b. If its new products can succeed in the mass market, we expect this will be the starting point of a new growth phase for the company in the long run.

## Exhibit 2: RS' 2021 target guidance (excl. Chase)

	----- FSSIA estimates -----		RS estimates
	2020E	2021E	2021E
	(THB m)	(THB m)	(THB m)
Commerce	2,400	2,760	4,000
TV	950	979	1,000
Radio	180	207	200
Music	180	234	300
Event	50	90	200
<b>Total revenue</b>	<b>3,760</b>	<b>4,270</b>	<b>5,700</b>
<b>NPM (%)</b>	<b>14.86</b>	<b>15.59</b>	<b>12-14</b>

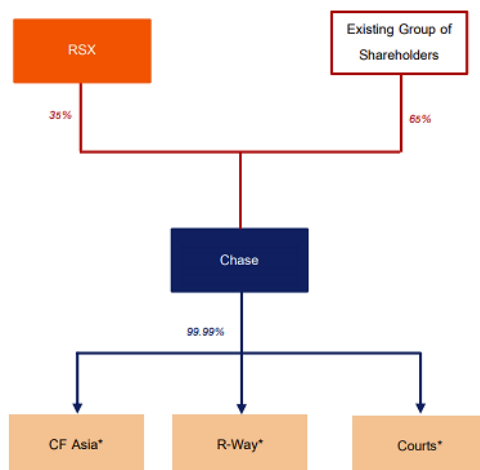
Sources: RS; FSSIA estimates

## The Chase M&amp;A deal; RS' new wings

The THB920m investment to acquire Chase will likely not be the last investment that RS makes for M&A this year. The company aims to complete at least 1-2 more deals within this year, with investment values of THB300m-600m per deal. The company stated that the next deal would be an entertainment-related business that could aid the company's future growth. We think the deals will be done within 1H21, as the company has considered the M&A deals since 4Q20.

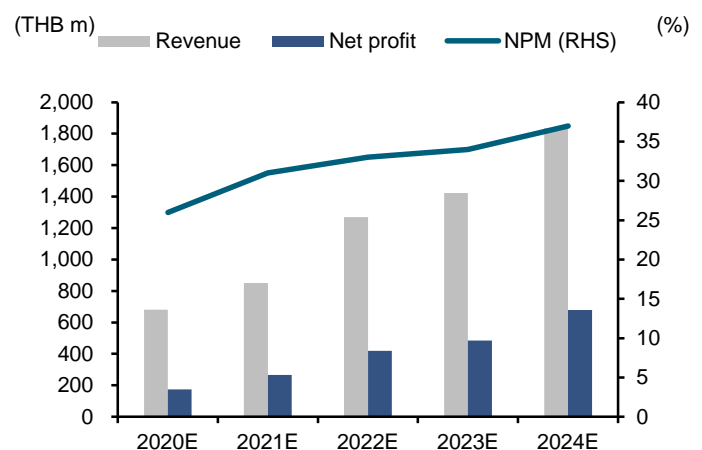
We expect Chase to be the prime beneficiary of a surge in non-performing loans (NPLs) in 2021. With the capital injection from RS, this NPL upcycle should provide a great opportunity for the company to accumulate NPLs with a good selection of asset classes and relatively cheap prices. Moreover, we believe Chase can manage its collection processes better than banks can, due mainly to the significantly lower cost of initiation, leading to a flexible cash collection process. We, therefore, expect Chase to deliver a solid 2020 net profit of THB174m (+52% y-y), in line with RS' guidance.

## Exhibit 3: Shareholding structure



Note: RSX is RS' subsidiary  
Source: RS

## Exhibit 4: Chase's revenue, net profit, and NPM



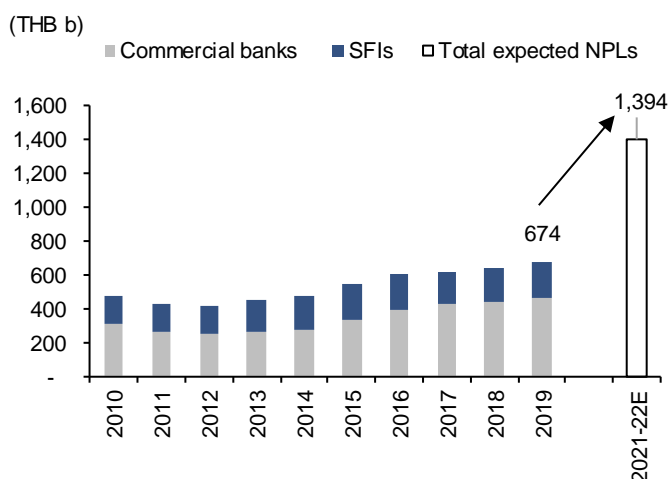
Source: RS estimates

## Exhibit 5: Chase group performance highlight

RS GROUP		Chase Asia Co., Ltd.			CF Asia Asset Management Co., Ltd.					Resolution Way Co., Ltd.					Courts Megastore (Thailand) Limited					
Type of Business		▪ Debt Tracking & Collections Service Business & Lawyer Services			▪ AMC					▪ AMC ▪ Personal Lending Business to NPL					▪ Personal Lending Business to NPL ▪ Hope Loan from Resolution Way					
Portfolio as of 31 August 2020	Debt Collection	Unit : THB mm	No. of Account	Portfolio Value																
		Biz partner	181,258	17,993.33																
		Corporate group	108,623	26,792.13																
		Total	289,881	44,789.46																
	NPLs Management					Type of Loan	No. of Portfolio	No. of Account	O/S Balance	Claim Collection Balance	Type of Loan	No. of Portfolio	No. of Account	O/S Balance	Claim Collection Balance	Type of Loan	No. of Portfolio	No. of Account	O/S Balance	Claim Collection Balance
						Auto	29	35,712	4,219.11	240.05	Auto	11	10,136	4,108.18	146.21	PL	2	327	139.92	31.68
						PL	26	15,046	2,018.67	258.65	PL	8	7,076	15,144.99	279.86	Total	2	327	139.92	31.68
						Electrical Appliance	11	39,900	1,038.77	24.25	Total	19	17,212	19,552.17	436.07					
						Total	66	90,118	7,276.55	524.15										
	Personal Lending					No. of Account	No. of Account Balance	Loan Amount	Principal Balance						No. of Account	No. of Account Balance	Loan Amount	Principal Balance		
				1,427	543	388.52	154.68						724	634	293.63	217.20				

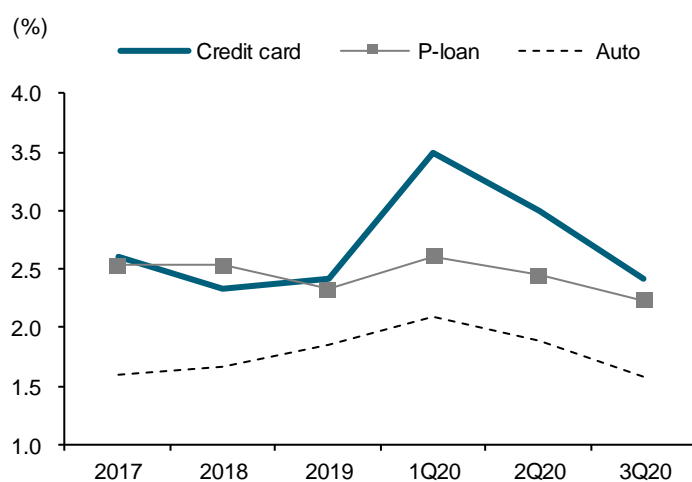
Source: RS

## Exhibit 6: Expected NPLs of commercial banks and SFIs



Sources: Bank of Thailand; FSSIA estimates

## Exhibit 7: Consumer loan NPL ratio



Source: Bank of Thailand

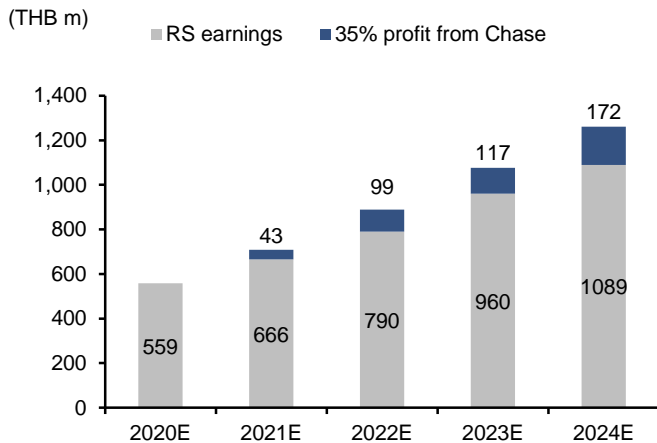
Based on the industry analysis of our financial analyst, Yuvarat Suwanumchai, in the report [Thailand Asset Management Companies – A silver lining to the COVID-19 cloud, dated 5 October 2020](#), Yuvarat assumed that if 10% of the loans under forbearance programs turn to NPLs – for loans under the forbearance programs of commercial banks and SFIs at end of Jul-20 of THB7.2t – the total outstanding NPLs of both commercial banks and SFIs would be THB1.39t in 2021-22E, increasing from THB674b in 2019, or nearly two-fold from the pre-COVID level.

Yuvarat also believes that, at least in the next four to five years from now, there will be an opportunity for all AMCs to build their portfolios at a good acquisition price and with a good asset class selection, due to the potentially large supply of NPLs from many financial institutions.

Yuvarat estimated that the selling price of NPLs will decline by 5-10% from its current level within the next 12 months, which is in line with Bangkok Commercial Asset Management (BAM TB, BUY, TP THB24)'s latest purchasing price in 3Q20. The company was able to purchase NPLs at a 5% discount rate from the normal price, even though a huge flood of NPLs had not yet occurred.

**Additional contribution to RS' earnings.** RS expects this transaction will be finished within Feb-21. The company will recognise 10 months-worth of profit/loss sharing from Chase's 2021 earnings, which could add around THB43m to the company's earnings (after the financial cost of 2.5% p.a. from its total loan of THB920m and tax). As a result, we have revised our 2021 earnings estimate by 6.5% from THB666m to THB709m due to the additional income from Chase.

#### Exhibit 8: Additional income from Chase



Sources: RS; FSSIA estimates

#### Exhibit 9: Chase P/E multiple

Net profit (THB m)	EPS (THB)	PE				
		20	25	30	35	40
(x)	(x)	(x)	(x)	(x)	(x)	(x)
212	0.03	1,484	1,855	2,226	2,597	2,968
239	0.03	1,670	2,087	2,504	2,922	3,339
265	0.03	1,855	2,319	2,783	3,246	3,710
292	0.04	2,041	2,551	3,061	3,571	4,081
318	0.04	2,226	2,783	3,339	3,896	4,452

Sources: RS; FSSIA estimates

## Valuation

We change our valuation methodology for RS from DCF to SOTP to reflect the value of Chase. For RS, we still maintain our DCF valuation at THB22, as the company's outlook is unchanged, while we add a THB2.9 value for RS' 35% share in Chase into our TP using a 2021E P/E multiple of 30x, slightly lower than its peers. As a result, our revised TP for RS is THB24.90.

#### Exhibit 10: SOTP valuation

	(%)	(THB m)
Discount rate (WACC)	8.1	
Terminal growth	2.0	
NPV		7,565
Add: terminal value		13,893
Sum of PV		21,458
Add: cash		556
Less: debt		(626)
Less: minorities		(3)
Residual ordinary equity		21,384
<b>Add: 35% in Chase (30x PE)</b>		<b>2,783</b>
No. of shares (m)		972
<b>Residual ordinary equity (THB/share)</b>		<b>24.9</b>

Sources: RS; FSSIA estimates

## Financial Statements

RS

Profit and Loss (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Revenue	3,827	3,611	3,760	4,270	4,832
Cost of goods sold	(1,614)	(1,451)	(1,233)	(1,508)	(1,734)
<b>Gross profit</b>	<b>2,213</b>	<b>2,160</b>	<b>2,527</b>	<b>2,762</b>	<b>3,099</b>
Other operating income	34	11	10	21	17
Operating costs	(1,054)	(1,100)	(1,240)	(1,353)	(1,546)
<b>Operating EBITDA</b>	<b>1,192</b>	<b>1,071</b>	<b>1,297</b>	<b>1,429</b>	<b>1,569</b>
Depreciation	(591)	(569)	(561)	(558)	(547)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>601</b>	<b>502</b>	<b>736</b>	<b>871</b>	<b>1,022</b>
Net financing costs	(68)	(35)	(31)	(56)	(56)
Associates	0	0	0	77	147
Recurring non operating income	(3)	(6)	(5)	72	141
Non recurring items	95	0	0	0	0
<b>Profit before tax</b>	<b>624</b>	<b>462</b>	<b>699</b>	<b>887</b>	<b>1,108</b>
Tax	(108)	(97)	(140)	(177)	(222)
<b>Profit after tax</b>	<b>516</b>	<b>364</b>	<b>560</b>	<b>710</b>	<b>886</b>
Minority interests	0	(1)	(1)	(1)	(1)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>516</b>	<b>363</b>	<b>559</b>	<b>709</b>	<b>885</b>
<b>Non recurring items &amp; goodwill (net)</b>	<b>(95)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>421</b>	<b>363</b>	<b>559</b>	<b>709</b>	<b>885</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.42	0.37	0.57	0.73	0.91
Reported EPS	0.51	0.37	0.57	0.73	0.91
DPS	0.24	0.40	0.29	0.58	0.73
Diluted shares (used to calculate per share data)	1,010	972	972	972	972
<b>Growth</b>					
Revenue (%)	9.3	(5.6)	4.1	13.6	13.2
Operating EBITDA (%)	16.3	(10.2)	21.1	10.2	9.8
Operating EBIT (%)	28.6	(16.4)	46.5	18.3	17.4
Recurring EPS (%)	46.7	(10.4)	53.7	26.9	24.9
Reported EPS (%)	55.0	(26.9)	53.7	26.9	24.9
<b>Operating performance</b>					
Gross margin inc depreciation (%)	42.4	44.1	52.3	51.6	52.8
Gross margin of key business (%)	-	-	-	-	-
Operating EBITDA margin (%)	31.2	29.7	34.5	33.5	32.5
Operating EBIT margin (%)	15.7	13.9	19.6	20.4	21.2
Net margin (%)	11.0	10.1	14.9	16.6	18.3
Effective tax rate (%)	20.0	20.0	20.0	20.0	20.0
Dividend payout on recurring profit (%)	57.4	106.8	50.1	80.1	80.1
Interest cover (X)	8.7	14.3	23.3	17.0	21.0
Inventory days	67.9	68.4	74.2	62.1	60.0
Debtor days	56.1	55.5	55.2	52.9	52.3
Creditor days	175.1	174.1	188.3	158.5	152.7
Operating ROIC (%)	151.5	85.7	90.7	94.4	105.3
ROIC (%)	16.5	15.1	25.0	27.6	30.2
ROE (%)	27.5	21.4	30.0	34.2	39.6
ROA (%)	11.5	10.5	16.7	18.3	19.7
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue By Division (THB m)</b>					
TV	1,030	803	950	979	1,008
Commerce	2,127	2,012	2,400	2,760	3,174
Radio	315	266	180	207	213
Music	237	289	180	234	257

Sources: RS; FSSIA estimates



## Financial Statements

RS

Cash Flow (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Recurring net profit	421	363	559	709	885
Depreciation	591	569	561	558	547
Associates & minorities	0	1	1	1	1
Other non-cash items	105	139	0	0	0
Change in working capital	43	(38)	(97)	6	(45)
<b>Cash flow from operations</b>	<b>1,161</b>	<b>1,033</b>	<b>1,024</b>	<b>1,274</b>	<b>1,388</b>
Capex - maintenance	(218)	(247)	(180)	(180)	(152)
Capex - new investment	(328)	(370)	(270)	(270)	(228)
Net acquisitions & disposals	0	0	0	0	0
Other investments (net)	22	(206)	0	(920)	0
<b>Cash flow from investing</b>	<b>(525)</b>	<b>(823)</b>	<b>(450)</b>	<b>(1,370)</b>	<b>(380)</b>
Dividends paid	(242)	(388)	(280)	(568)	(709)
Equity finance	0	70	0	0	0
Debt finance	(243)	130	(60)	864	(150)
Other financing cash flows	(43)	(34)	(7)	0	0
<b>Cash flow from Financing</b>	<b>(528)</b>	<b>(222)</b>	<b>(347)</b>	<b>296</b>	<b>(859)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>109</b>	<b>(11)</b>	<b>227</b>	<b>200</b>	<b>149</b>
Free cash flow to firm (FCFF)	704.71	244.99	604.94	(40.32)	1,063.51
Free cash flow to equity (FCFE)	350.51	306.59	506.90	768.10	858.01

### Per share (THB)

FCFF per share	0.72	0.25	0.62	(0.04)	1.09
FCFE per share	0.36	0.32	0.52	0.79	0.88
Recurring cash flow per share	1.11	1.10	1.15	1.30	1.47

Balance Sheet (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Tangible fixed asset (gross)	976	1,245	1,395	1,545	1,625
Less: Accumulated depreciation	(644)	(741)	(843)	(945)	(1,041)
<b>Tangible fixed assets (Net)</b>	<b>332</b>	<b>504</b>	<b>552</b>	<b>600</b>	<b>584</b>
<b>Intangible fixed assets (Net)</b>	<b>2,116</b>	<b>1,374</b>	<b>1,214</b>	<b>1,058</b>	<b>907</b>
Long-term financial assets	0	0	0	0	0
Invest. In associates & subsidiaries	4	4	4	924	924
Cash & equivalents	340	328	556	756	905
A/C receivable	553	545	593	645	740
Inventories	285	259	243	270	300
Other current assets	9	13	13	13	14
<b>Current assets</b>	<b>1,186</b>	<b>1,145</b>	<b>1,404</b>	<b>1,684</b>	<b>1,958</b>
Other assets	436	380	401	394	398
<b>Total assets</b>	<b>4,073</b>	<b>3,407</b>	<b>3,575</b>	<b>4,660</b>	<b>4,771</b>
Common equity	1,671	1,725	2,004	2,145	2,321
Minorities etc.	1	2	3	4	5
<b>Total Shareholders' equity</b>	<b>1,672</b>	<b>1,727</b>	<b>2,007</b>	<b>2,149</b>	<b>2,326</b>
Long term debt	316	236	156	1,120	1,020
Other long-term liabilities	939	178	175	176	178
<b>Long-term liabilities</b>	<b>1,255</b>	<b>414</b>	<b>331</b>	<b>1,296</b>	<b>1,198</b>
A/C payable	733	651	621	689	762
Short term debt	320	530	550	450	400
Other current liabilities	93	84	67	76	86
<b>Current liabilities</b>	<b>1,146</b>	<b>1,266</b>	<b>1,238</b>	<b>1,216</b>	<b>1,247</b>
<b>Total liabilities and shareholders' equity</b>	<b>4,073</b>	<b>3,407</b>	<b>3,575</b>	<b>4,660</b>	<b>4,771</b>
Net working capital	21	81	161	163	206
Invested capital	2,908	2,343	2,332	3,139	3,019

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

### Per share (THB)

Book value per share	1.65	1.77	2.06	2.21	2.39
Tangible book value per share	(0.44)	0.36	0.81	1.12	1.45

### Financial strength

Net debt/Equity (%)	17.7	25.3	7.5	37.9	22.2
Net debt/total assets (%)	7.3	12.8	4.2	17.5	10.8
Current ratio (x)	1.0	0.9	1.1	1.4	1.6
CF interest cover (x)	10.9	20.5	25.8	19.7	20.6

Valuation	2018	2019	2020E	2021E	2022E
<b>Recurring P/E (x) *</b>	<b>49.6</b>	<b>55.4</b>	<b>36.0</b>	<b>28.4</b>	<b>22.7</b>
<b>Recurring P/E @ target price (x) *</b>	<b>59.7</b>	<b>66.6</b>	<b>43.4</b>	<b>34.2</b>	<b>27.4</b>
Reported P/E (x)	40.5	55.4	36.0	28.4	22.7
Dividend yield (%)	1.2	1.9	1.4	2.8	3.5
Price/book (x)	12.5	11.7	10.0	9.4	8.7
Price/tangible book (x)	(47.0)	57.3	25.5	18.5	14.2
EV/EBITDA (x) **	17.8	19.2	15.6	14.7	13.2
EV/EBITDA @ target price (x) **	21.3	23.0	18.8	17.5	15.8
EV/invested capital (x)	7.3	8.8	8.7	6.7	6.8

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

Sources: RS; 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	GFPT	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	AMANAH
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	CENTEL
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	SMPC	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
WIKK	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	TIPIPP	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:**

The disclosure of the survey results 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 evaluation 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 results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

\* 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	AMANAH	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	SEAOL	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

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

#### Naruedom Mujjalinkool FSS International Investment Advisory Securities Co., Ltd

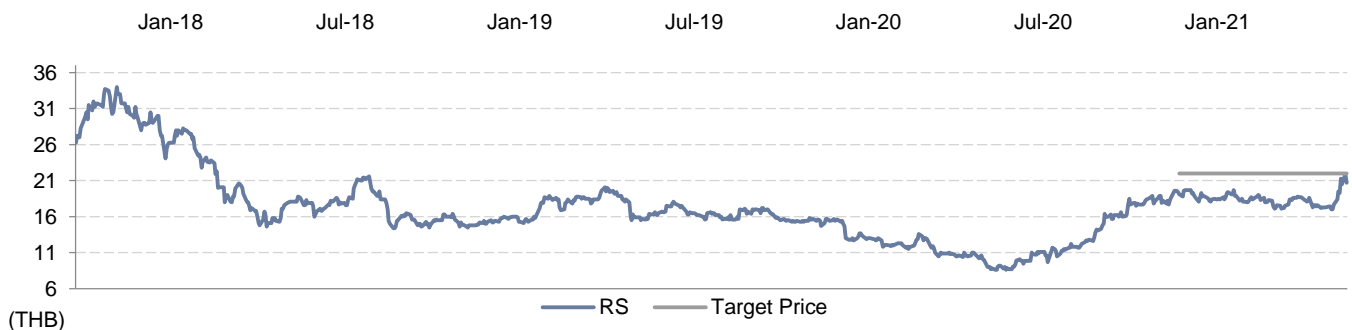
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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#### History of change in investment rating and/or target price

##### RS (RS TB)



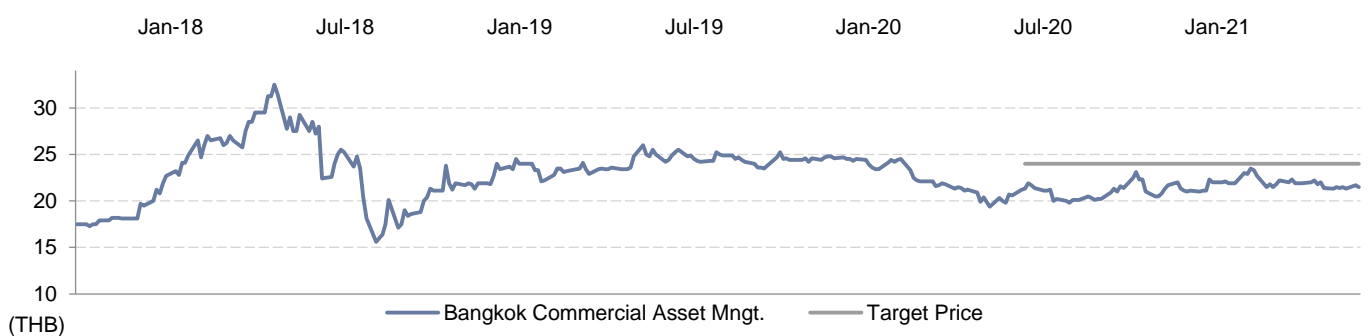
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
27-Aug-2020	BUY	22.00	-	-	-	-	-	-

Naruedom Mujjalinkool started covering this stock from 27-Aug-2020

Price and TP are in local currency

Source: FSSIA estimates

##### Bangkok Commercial Asset Mngt. (BAM TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
05-Oct-2020	BUY	24.00	-	-	-	-	-	-

Yuvanart Suwanumphai started covering this stock from 05-Oct-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
RS	RS TB	THB 20.70	BUY	The key downside risk to our SOTP-based TP is if the company is unable to maintain the growth momentum from its commerce business if revenues from TV, radio, and music continue to decline.
Bangkok Commercial Asset Mngt.	BAM TB	THB 21.50	BUY	Downside risks to our GGM-based TP include 1) lower cash collection from its fully amortised portfolio; 2) lower-than-expected bad debt acquisition; and 3) the prolonged slowdown of the property market.

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 Finansia Syrus Securities Public Company Limited

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All share prices are as at market close on 19-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.