

2 JUNE 2021

THAILAND / TRANSPORT & LOGISTICS

KERRY EXPRESS (THAILAND)

HOLD

KEX TB

TARGET PRICE	THB42.00
CLOSE	THB43.00
UP/DOWNSIDE	-2.3%
TP vs CONSENSUS	-14.5%

เค็กก่อนใหญ่แต่กำลังจะถูกแบ่งมากขึ้น

การแข่งขันเป็นความท้าทายหลัก

แม้ว่า Kerry Express (KEX) จะเป็นบริษัทรับส่งพัสดุที่ใหญ่เป็นอันดับสองในประเทศไทยด้วยส่วนแบ่งตลาดที่กว่า 30% เราเชื่อว่าในปัจจุบันคู่แข่งที่เพิ่งเริ่มให้บริการรับส่งพัสดุในช่วง 2 ปีที่ผ่านมา กำลังอยู่ในช่วงที่มีการเติบโตสูง มีลูกค้า รายได้และส่วนแบ่งตลาดสูงขึ้น แม้ว่าตลาด E-Commerce จะมีการเติบโตสูง เราเชื่อว่าคู่แข่งใหม่จะเป็นอุปสรรคต่อ KEX เนื่องจากบริษัทดังกล่าวมีแนวโน้มที่จะได้ส่วนแบ่งตลาดมากขึ้นในอนาคตอันใกล้

ชะลอในระยะสั้น

จากการประเมินของกระทรวงการคลัง ปัญหาการแพร่ระบาด Covid-19 รอบที่ 3 ได้ส่งผลกระทบต่อเศรษฐกิจของไทยในปี 2021 โดยจะทำให้ GDP โตเพียง 2.3% แม้ว่าธุรกิจ E-Commerce อาจโตอย่างมีนัยสำคัญจากมาตรการปิดเมืองใน 2Q20 เราเชื่อว่าธุรกิจดังกล่าวจะได้รับผลกระทบทางลบจากการแพร่ระบาด Covid ในครึ่งล่าสุด เนื่องจากผู้บริโภคเลือกหลีกเลี่ยงความเสี่ยงมากขึ้นและชะลอการใช้จ่ายใช้สอย การแพร่ระบาดในครั้งแรกเป็นเพียงระยะแรกของวงจรชะลอตัวทางเศรษฐกิจ บัจจุบันดังกล่าวจะทำให้กำไรของ KEX ชะลอตัวใน 2Q21 ตาม 1Q21 ก่อนที่กำไรจะเริ่มฟื้นตัวในช่วง 2H21 ตามการเติบโตของเศรษฐกิจ

รอบปีหน้า

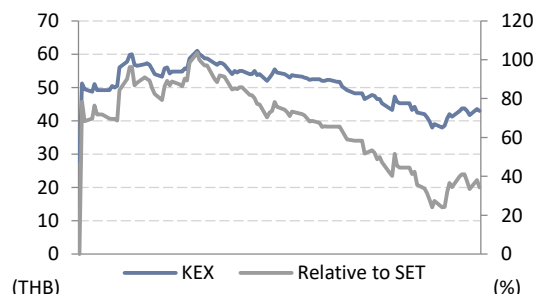
จากปัญหาการชะลอตัวของอำนาจการซื้อของผู้บริโภคหลังการแพร่ระบาด Covid-19 ในรอบที่ 3 และคู่แข่งรายใหม่ ๆ ซึ่งก่อให้เกิดสงครามราคาอย่างรุนแรง เราคาดว่ากำไรสุทธิของ KEX ในปี 2021 จะโตเพียง 6% y-y เป็น 1.5 พัน ลบ. ผลประกอบการในช่วง 1H21 ของบริษัทฯ อาจดุด่างจากผลงานที่อ่อนแอใน 1Q21 และเราคาดว่าผลประกอบการจะฟื้นตัวเพียงเล็กน้อยใน 2Q21 จากคาดการณ์ของผู้บริหาร บริษัทฯ อาจรายงานการเติบโตในระดับสูงในปีหน้าหลังปรับปรุงระบบและสายการขนส่งเสร็จสิ้นในปลายปีนี้ ซึ่งอาจช่วยลดต้นทุนได้อย่างมีนัยสำคัญ

เริ่มด้วยคำแนะนำที่ราคาเป้าหมาย 42 บาท

KEX ยังมีแนวโน้มที่ไม่ชัดเจนโดยมีเหตุผลจาก 1) การแข่งขันที่รุนแรงจากคู่แข่งรายใหม่ ซึ่งทำให้เกิดสงครามราคาและความเสี่ยงที่จะสูญเสียส่วนแบ่งตลาด; และ 2) การชะลอตัวของเศรษฐกิจในภาพรวมจะกดดันการใช้จ่าย จากความเสี่ยงในอนาคตดังกล่าว เราแนะนำราคาที่ราคาเป้าหมาย 42 บาท ปัจจุบัน KEX มีการซื้อขายที่ 42x ของค่า 2022E P/E ซึ่งสูงกว่าอุตสาหกรรมอยู่มาก เราเชื่อว่าหุ้นไม่สมควรมีการซื้อขายที่ระดับดังกล่าว เนื่องจากเราคาดว่ากำไรสุทธิของบริษัทฯ จะโตเฉลี่ยเพียง 13% ในช่วง 2 ปีข้างหน้าพร้อมความเสี่ยงในด้านคู่แข่งรายใหม่ในช่วงดังกล่าว ความเสี่ยงขาขึ้นที่เรามองเห็นมีเพียงประโยชน์ที่จะได้จากโอกาสในการร่วมมือกับ SF Holding และประสิทธิภาพในด้านต้นทุนที่สูงขึ้น

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	18,917	19,333	22,005	24,396
Net profit	1,405	1,494	1,787	2,020
EPS (THB)	0.81	0.86	1.03	1.16
vs Consensus (%)	-	1.2	3.7	7.6
EBITDA	4,202	4,097	4,102	4,140
Core net profit	1,405	1,494	1,787	2,020
Core EPS (THB)	0.81	0.86	1.03	1.16
Chg. In EPS est. (%)	nm	nm	nm	nm
EPS growth (%)	(12.5)	6.3	19.6	13.0
Core P/E (x)	53.3	50.1	41.9	37.0
Dividend yield (%)	2.2	0.6	0.7	0.8
EV/EBITDA (x)	15.7	15.9	15.4	14.7
Price/book (x)	6.9	6.3	5.7	5.1
Net debt/Equity (%)	(82.0)	(80.5)	(89.8)	(96.2)
ROE (%)	21.5	13.1	14.3	14.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(5.0)	(20.4)	n/a
Relative to country (%)	(7.1)	(26.0)	n/a
Mkt cap (USD m)	2,401		
3m avg. daily turnover (USD m)	13.3		
Free float (%)	27		
Major shareholder	KLN Logistics (Thailand) (52%)		
12m high/low (THB)	73.00/37.25		
Issued shares (m)	1,740.00		

Sources: Bloomberg consensus; FSSIA estimates



Naruedom Mujjalinkool

naruedom.muj@fssia.com
+66 2611 3566

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

บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 2 มิถุนายน 2021

Investment thesis

Kerry Express is the second biggest parcel delivery company in Thailand with over 30% of the market share.

According to Frost & Sullivan, a research & consulting firm, e-commerce in Thailand is projected to grow by 26.7% CAGR from 2019-2024. The growth in e-commerce would boost the demand of using parcel delivery services, directly benefitting KEX.

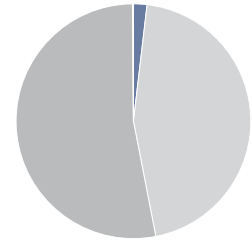
Company profile

Provides a one-stop express delivery service to a comprehensive range of customers in Thailand. The main parcels that are delivered include goods that are ordered via e-commerce and online merchants, parcels that are delivered between C2C including documents from companies, with cash-on-delivery also provided.

<https://th.kerryexpress.com/th/home>

Principal activities (revenue, 2020)

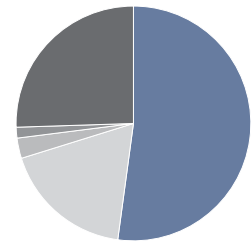
- B2B - 1.9 %
- B2C - 45.1 %
- C2C - 52.9 %
- Advertising - 0.1 %



Source: Kerry Express (Thailand)

Major shareholders

- KLN Logistics (Thailand) - 52.1 %
- VGI - 18.1 %
- Gulf Holding (Thailand) - 2.8 %
- Thai NVDR - 1.5 %
- Others - 25.5 %



Source: Kerry Express (Thailand)

Catalysts

- Synergies with SF Holding and KLN in China;
- Cost reduction plan in 2021;
- Solid growth in e-commerce by 26.7% CAGR in 2019-2024, based on Frost & Sullivan's estimate.

Risks to our call

The key upside and downside risks to our DCF-based TP are 1) if the competition is higher or lower than our expectation; 2) if Covid-19 continues to spread further; and 3) if M&A deals can boost the company's earnings above or below our expectation..

Event calendar

Date	Event
Aug 2021	2Q21 results announcement

Key assumptions

	2019	2020	2021E	2022E	2023E
Total parcels delivered (m units)	274	294	323	372	417
Price per parcel (THB)	71	64	60	59	58
Growth	(%)	(%)	(%)	(%)	(%)
Total parcels delivered	58.0	7.2	10.0	15.0	12.0
Price per parcel	(8.5)	(10.1)	(7.0)	(2.0)	(1.0)

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase total parcels delivered, we project 2021 earnings to rise by 0.8%, and vice versa, all else being equal.
- For every 1% increase in price per parcel, we project 2021 earnings to rise by 1%, and vice versa, all else being equal.

Source: FSSIA estimates

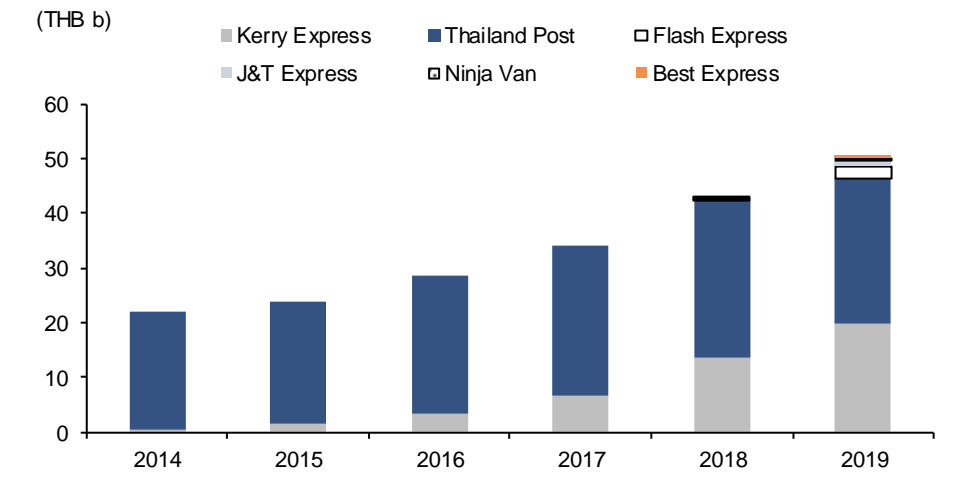
Key highlights

E-commerce is still in a growth trend

The e-commerce market started showing solid growth in the Thai market less than four years ago. Right now, e-commerce accounts for only 3% compared to the retail market's THB2.6t-3t, according to Frost & Sullivan. Frost & Sullivan expects e-commerce to grow significantly by 26.7% CAGR from 2019-2024.

As seen in Exhibit 1, the revenue for major parcel delivery companies in 2014 (mainly for Thai Post) was at THB21.9b, and it grew at over an 18% 5-year CAGR until 2019 to THB50b, together with the new competitors in the space, including Kerry in 2014 and Ninja Van, Flash Express, J&T Express, and Best Express in 2019.

Exhibit 1: Revenue of parcel delivery companies



Note: Accounting for only six main parcel delivery companies
Sources: KEX; Department of Business Development

Getting to know the competition

Thai Post

Thai Post is a state enterprise that provides postal services in Thailand. The Post and Telegraph Office was first established in 1883 by King Rama V. Given its long footprint in mail and parcel deliveries in Thailand, Thai Post is currently the biggest parcel delivery company in the country, owning over 50% of the market share.

Flash Express

Flash Express (Thailand) is a one-stop e-commerce service provider, founded in 2017. At present, there are more than 2,500 parcel delivery points. Flash is also the first service provider to have a free on-site pickup policy. Currently, the company ships more than 1m pieces per day.

Flash just recently received capital from new investors worth over THB6.2b, including PTT Oil and Retail Business (OR TB, BUY, TP THB41) in 2020. The company now has over THB12b worth of capital ready to expand its business in the future. We estimate that Flash is now the third biggest parcel delivery company in Thailand. It recently announced that it was the first start-up unicorn (valued at over THB30b) after its latest fundraising.

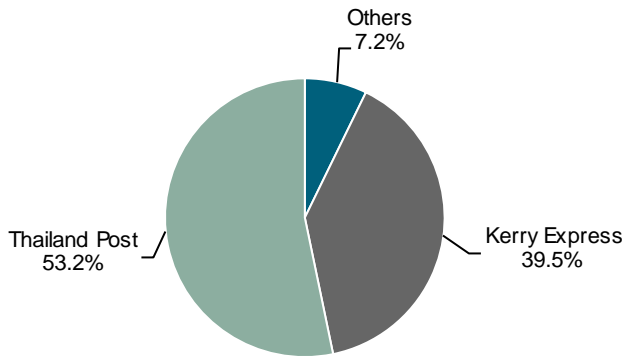
J&T Express

J&T Express is an Indonesian logistics company, founded in 2015. After starting in Indonesia in 2015 it expanded to Malaysia, then to Vietnam in 2017, the Philippines and Thailand in 2018, Singapore and Cambodia in 2019, and China in 2020. Last year, J&T Express was the fourth largest parcel company in Indonesia, according to Mordor Intelligence. In 2020, J&T Express delivered 300m parcels. The company has invested over THB6b since 2018 and aims to inject THB3b more in 2022 to increase its service efficiency, according to [The Standard](#).

Best Express

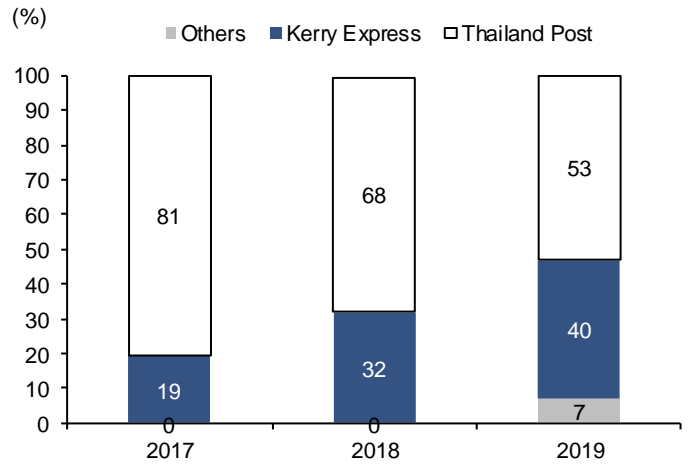
Best Express is under BEST Inc., the company listed on the New York Stock Exchange. Best Express was founded in 2010 and has become one of the biggest parcel delivery companies in China. It was established in Thailand at the beginning of 2019. The company delivered almost 100m parcels in 2020. It aims to invest around THB5b over 2020-25, according to [Brand Inside](#).

Exhibit 2: Current parcel delivery market share, 2019



Note: Accounting for only six main parcel delivery companies
Sources: KEX; Department of Business Development

Exhibit 3: Parcel delivery market share outlook



Note: Accounting for only six main parcel delivery companies
Sources: KEX; Department of Business Development

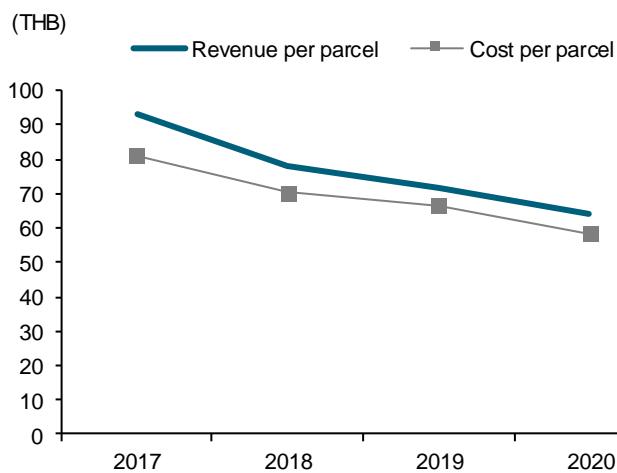
Intense competition

KEX used to be a unicorn company with impressive growth over the past five years. The company’s revenue grew over 3x within two years (2017-19). However, we believe that this was due to the e-commerce market during that time still being in the early stages, when only one other company that had a parcel delivery service – Thai Post. KEX was able to grow in line with the strong growth in the e-commerce market. The company took a significant market share from Thai Post and became the second largest parcel delivery company in Thailand since 2017.

The total market size of parcel delivery services is still in a growth stage, and the market is getting bigger every year thanks to improvements in parcel delivery services, e-commerce platforms, attractive pricing, and new technologies. In 2019, the total parcel delivery service market size was over THB50b vs THB34b in 2017 (+21% two-year CAGR). We believe that it grew even larger in 2020, as Covid-19 should have accelerated the adoption rate of using e-commerce services during the period when most people stayed home.

However, when the cake (the parcel delivery service market size) is bigger, it also draws attention from newcomers to enter into the market and take a piece from the table. In 2019, four more parcel delivery companies entered the market: Flash Express, J&T Express, Ninja Van, and Best Express. All of these new competitors contributed around 7% of the market share in 2019, and we expect that they gained a lot more in 2020. Most of these new competitors are still growing. They are now expanding their delivery fleets and parcel drop-off stations in order to increase their capacity.

There have been a lot of improvements in parcel delivery services in Thailand in recent years, such as 1) door-to-door pick-up and last-mile services; 2) same-day deliveries; and 3) cash on delivery and other services that can facilitate customers. However, the most important development in parcel deliveries has been a price war. The starting price of a parcel delivery is now THB25 due to the entrance of the new competitors in 2019. This also forced KEX to reduce the starting price of its parcel deliveries from THB30 to THB25 at the beginning of this year in order to match prices with its competitors.

Exhibit 4: Revenue vs cost per parcel

Source: KEX

Exhibit 5: Revenue and cost per parcel trend

	2017	2018	2019	2020
Total parcels delivered (m units)	71	174	274	294
Revenue per parcel (THB)	93	78	71	64
Cost per parcel (THB)	81	70	66	58
Growth		(%)	(%)	(%)
Total parcels delivered		143.2	58.0	7.2
Revenue per parcel		(15.8)	(8.5)	(10.1)
Cost per parcel		(13.2)	(5.5)	(12.1)

Source: KEX

When new competitors enter the market, the easiest and quickest way to acquire market share is to offer a discount price compared to the existing players. The starting price for most of the new companies first getting into the market was THB25, together with some promotions that occasionally offered even lower prices below THB20. All of this price war should occur in 2020 and 2021, in our view.

In our opinion, this could be the reason why KEX's parcel delivery growth decelerated at a huge rate in 2020 at only 7%, even though Covid-19 should have stimulated the e-commerce market significantly. In addition, KEX saw a higher decline (-10% y-y) in revenue per parcel compared to last year. Having more competitors means more pieces of cake to share.

Market consolidation could occur within 3-5 years

According to management, they expect that the parcel delivery market should start to have a market consolidation in the next 3-5 years – some players may exit the market as they will be unable to turn their companies profitable and there may only be a few survivors left. Note that out of the other parcel operators mentioned above, only KEX and Thai Post are profitable. Although other operators may have strong revenue growth, they are still making a huge loss. KEX believes the parcel industry should have only two or three major operators compared to the current five major operators with many minor operators.

We agree with KEX but think that there should be at least 3-4 major operators that can balance the competition. However, if we refer to management's view that the market consolidation should occur within 3-5 years, it means that, on the other hand, we would still have to witness the intense competition and high price war for at least three more years. This could negatively pressure KEX as the company would have to face high competition that may pressure its total parcel delivery growth. This is the key downside risk that we have the biggest concern over. Moreover, companies in the initial stages of parcel delivery services have to make a huge loss until they can reach economies of scale. However, the other three companies that we mentioned earlier have huge investments from overseas. Most of them have received funding worth over THB10b for doing this business. We think there is a risk that most of the competitors can still survive in the market if they cannot gain more market share and achieve economies of scale within the next three years.

A risk on B2C revenue

The second largest revenue contribution to KEX is from business-to-consumer (B2C) services, which we believe would mainly come from e-commerce platforms. We believe the trend of e-commerce should grow continuously for at least three more years, which should directly benefit KEX. However, in the short term, we see two downside risks for e-commerce platforms as follows:

1. **Toning down promotions.** We believe a large group of e-commerce customers are price sensitive. The consumers can easily find the best prices for their desired products on the internet. We can see that the key success factor for e-commerce platforms such as Shopee or Lazada was to provide attractive promotions to customers and pull them in to feel familiar with their platform. Once the market saturates, they tend to slow their promotions down in order to gain more profit. E-commerce platforms may have already passed their peak growth stage in the past two years.

According to Shopee, one of the largest e-commerce platforms in Thailand, it always has a big promotion every month and tends to decrease its promotions for consumers every month.

Exhibit 6: Promotion Shopee 3.3 vs 5.5

----- Promotion 3.3 (3 March 2021) -----			----- Promotion 5.5 (5 May 2021) -----		
Promotion code	Maximum discount amount	Minimum spending	Promotion Code	Maximum discount amount	Minimum spending
	(THB)	(THB)		(THB)	(THB)
Discount THB500	500	3,999	Discount THB555	555	4,999
Discount 12% (only Shopee Mall)	2,000	1,000	Discount 12% (only Shopee Mall)	2,000	1,000
Discount 20%	200	200	Refund coin 20%	1,000 coins	-
Discount 50%	500	500	Free shipping (no min. spending)	Free shipping	-
Discount 10%	2,000	1,000			
Refund coin 50%	300 coins	-			
Refund coin 20%	1,000 coins	-			
Refund coin 15% (pay with AirPay only)	250 coins	-			
Free shipping (no min. spending)	Free shipping	-			

Sources: Shopee; FSSIA's compilation

As a result, a slowdown in the promotions offered by e-commerce platforms may hurt their revenue but should save huge marketing expenses and boost their profits. Note that though these e-commerce platforms may enjoy solid revenue growth, most of them remain significantly loss-making. This could hurt shipping companies as the volume of parcel deliveries from B2C may decrease. Meanwhile, it can also imply that the golden growth stage of e-commerce may have come to its end, with growth continuing at a decelerating rate.

2. **E-commerce platforms using their shipping.** As mentioned earlier, Shopee and Lazada are some of the biggest customers for KEX's B2C revenue. These two platforms are also starting their own shipping services call Lazada Express and Shopee Express. This could be a future downside risk for KEX if those in-house shipping services start to grow and the companies switch to their own services. However, this may not significantly impact shipping companies in the short term because a shipping service requires a huge investment, while most of them are still making a loss.
3. **Low bargaining power.** We believe e-commerce platforms have more bargaining power than shipping companies because the platforms are the key customers for the shipping companies. Having more shipping companies should create even more power for e-commerce platforms, enabling the platforms to get a lower price if they need to make a contract with the shipping companies.

New partner, new opportunity

In Feb-21, Chinese logistics giant, SF Holding, stated its intention to buy a 51.8% stake in Hong Kong-listed Kerry Logistics Network (KLN), the parent firm of KEX's major shareholder, KLN Logistics (Thailand). SF Holding is the biggest logistics delivery provider in China with a market cap of THB1.5t. KLN is a shareholder of KLN Logistics (Thailand), which holds a 52.1% stake in KEX.

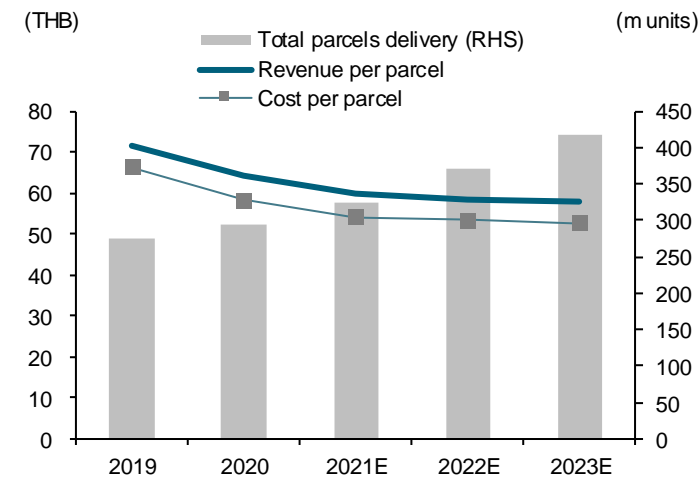
We believe SF and Kerry could leverage the infrastructures of one another, strengthening their international delivery capacities with cost efficiency and effective route management. With the rise of the e-commerce industry and flourishing shipments between Thailand and China, the parcel volume could increase for KEX. The deal should be done this year.

Financial performance

Some signs of improvement in 2Q21

According to management, they expect to see a q-q improvement in KEX's revenue due to the increase in the parcel volume thanks to the price reduction at the beginning of the year. We believe the price reduction needs to have some learning curve for the customer to feel familiar with the new starting price that KEX has now matched with its peers. Therefore, we should see a significant increase in parcel volume in 2Q21, despite a slip in revenue per parcel (RPP). We think KEX should manage to have q-q growth in its total revenue as well as its net profit. However, in terms of a y-y perspective, we think KEX's revenue will continue to decline, as well as its net profit. Its 2Q20 revenue was a record high for KEX.

Exhibit 7: KEX – key assumptions



Sources: KEX, FSSIA estimates

Exhibit 8: KEX – key assumptions

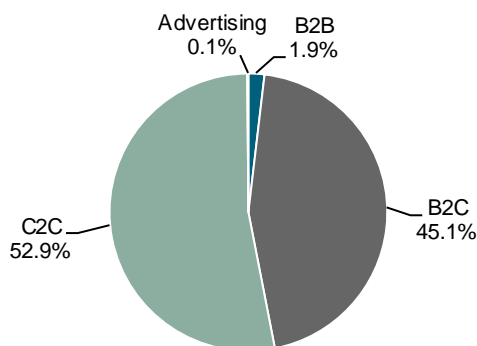
	2019	2020	2021E	2022E	2023E
Total parcels delivered (m units)	274	294	323	372	417
Price per parcel (THB)	71	64	60	59	58
Cost per parcel (THB)	66	58	54	54	53
Growth	(%)	(%)	(%)	(%)	(%)
Total parcels delivered	58.0	7.2	10.0	15.0	12.0
Price per parcel	(8.5)	(10.1)	(7.0)	(2.0)	(1.0)
Cost per parcel	(5.5)	(12.1)	(7.3)	(1.1)	(1.3)

Sources: KEX FSSIA estimates

High hopes in 2H21 and 2021

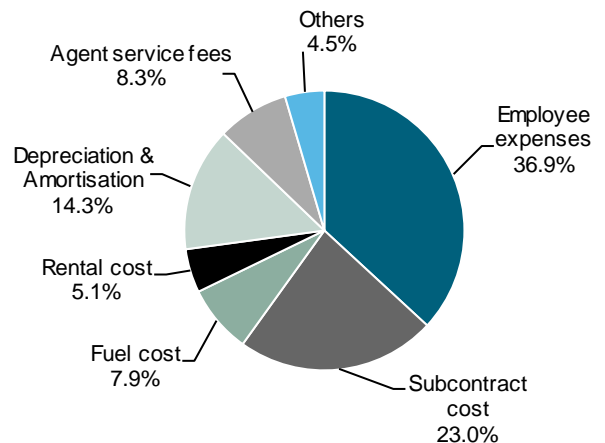
As we expect to see only q-q growth in KEX's net profit in 2Q21, this would bring its 1H21E net profit to stand at around THB650m, dropping y-y and contributing only 43% of our full-year forecast. It means that KEX would have to ramp up its revenue as well as its net to profit intensively in 2H21 in order to have some growth in 2021. Bloomberg consensus is now projecting KEX's net profit in 2021 at THB1.5b (+6% y-y), in line with our expectation.

Exhibit 9: KEX's revenue by segment, 2020



Source: KEX

Exhibit 10: KEX's cost structure, 2020

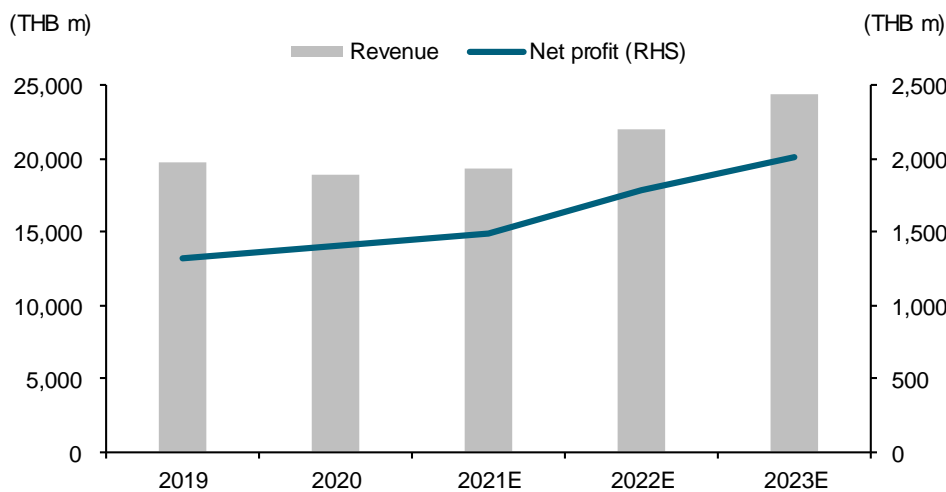


Source: KEX

We should start to see y-y growth in 3Q21, as 3Q20 was the lowest earnings quarter in 2020 due to a huge drop in demand after it peaked in 2Q20. Moreover, the recovery of the overall economy after the third wave of Covid-19 should be under control within Jun-21. In addition, the good control in its cost management continuously since last year should gradually improve the company's GPM throughout the year.

For 2021, we expect to see KEX's revenue grow by only 2% y-y to THB19.3b. Its total parcels delivered this year could grow by 10% y-y to 323m pieces but the RPP could drop 6% y-y to THB60.4 due to the starting price cut from THB30 to THB25 at the beginning of the year. Although its revenue growth may look unattractive, we expect that the company should be able to have good control over its costs. KEX is a company that tries to implement all possible technologies that can facilitate its delivery chain services. The company expects to have a system upgrade starting from Jul-21 that should be done within this year. Therefore, we anticipate that its costs should start to improve gradually in 3Q21 and bring the company's 2021 GPM up to 16.7% vs 16.21%.

Exhibit 11: KEX's revenue and net profit



Sources: KEX; FSSIA estimates

In addition, after its IPO, KEX had additional cash of over THB8.4b at the end of 2020. This helped KEX repay all of its loans worth THB800m and turn itself into a net cash company. Therefore, we expect a huge decrease in its financial expense in 2021. We expect the company's financial expense to be THB56m vs THB112m in 2020. As a result, we expect the company's net profit in 2021 to grow by 6% to THB1.5b.

Strong financial position; ready to expand its business

After repaying all of its debt in 1Q21, the company currently has THB9b cash on hand. According to its IPO proposal, KEX expects to use about THB4.4b to expand its delivery network by investing in information and technology, a logistics system such as an additional sorting hub, and a distribution centre. We expect that this expansion should be complete at the end of this year. The remaining THB4b will be available for future investments and working capital.

Valuation and recommendation

Recommend HOLD with TP of THB42

The intense competition in the parcel delivery business will still occur in 2021 with stronger competitors. We think this is the greatest concern on KEX's outlook; how can it maintain its market share and net profit? Therefore, we recommend HOLD for KEX with a TP of THB42. We use a discounted cash flow (DCF) methodology with 7.7% WACC and 2.5% terminal growth. Note that we have not yet included the upside on the potential new growth on the synergies with its major shareholder, KLN, which KEX may get some benefit from on the share acquisition of KLN by SF Holding.

Exhibit 12: DCF valuation

		2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
EBITDA		4,102	4,140	4,212	4,341	4,477	4,612	4,772	4,812
(less) tax on EBIT		(198)	(240)	(273)	(303)	(330)	(349)	(360)	(806)
decrease in working cap		29	46	(2)	26	25	13	22	9
(less) capex & investments		(920)	(820)	(820)	(820)	(720)	(720)	(720)	(720)
Free Cash Flow		3,013	3,126	3,118	3,244	3,452	3,557	3,713	3,295
WACC (%)	7.7								
Terminal growth (%)	2.5								
PV of FCF		3,013	2,903	2,688	2,596	2,566	2,455	2,379	1,960
Enterprise value - add investments	63,522								
Cash	9,572								
Equity value	73,094								
No. of shares (m)	1,740								
Equity value / share (THB)	42.00								

Sources: KEX, FSSIA estimates

Compared to its peers, KEX seems to be the highest valued Thai logistics company with the highest P/E and P/BV multiples in Thailand as well as in the region. With the risk of a tiny amount of growth in its net profit in 2021 compare to its high P/E multiple and the downside risk of intense competition, this prompts us to have a neutral view on the company's outlook

Exhibit 13: Peers comparison as of 1 Jun 2021

Company	BBG	Market Cap	PE		ROE		PBV		EV/EBITDA		Dividend	
			21E	22E	21E	22E	21E	22E	21E	22E	21E	22E
		(USD m)	(x)	(x)	(%)	(%)	(%)	(%)	(x)	(x)	(x)	(x)
Local												
KERRY EXPRESS THAILAND PCL	KEX TB	2,401	50.1	41.9	13.1	14.3	6.3	5.7	15.9	15.4	0.6	0.7
TRIPLE I LOGISTICS PCL	III TB	237	33.2	29.8	16.4	16.1	5.2	4.7	28.5	24.8	1.4	1.5
WICE LOGISTICS PCL	WICE TB	204	27.9	25.0	22.2	22.2	5.7	5.4	n/a	n/a	2.6	2.8
JWD INFOLOGISTICS PCL	JWD TB	455	33.7	29.2	12.7	13.8	4.2	4.0	14.4	13.4	1.9	2.2
SAHATHAI TERMINAL PCL	PORT TB	60	22.0	17.1	5.6	6.8	1.2	1.1	9.3	8.3	2.3	2.6
Local avg.		3,356	33.4	28.6	14.0	14.6	4.5	4.2	17.0	15.5	1.8	2.0
Regional												
KERRY LOGISTICS NETWORK LTD	636 HK	5,391	19.7	18.2	6.0	6.3	1.4	1.3	10.4	10.0	1.8	1.9
S F HOLDING CO LTD-A	002352 CH	50,182	57.3	38.9	8.8	11.4	5.1	4.6	26.4	19.2	0.3	0.5
BEST INC - ADR	BEST US	581	41.4	11.3	n/a	n/a	1.1	0.9	11.3	6.6	0.0	0.0
AGILITY	AGLTY KK	6,468	23.1	20.5	6.7	7.0	1.6	1.6	11.1	9.9	1.9	1.9
NIPPON EXPRESS CO LTD	9062 JP	7,877	15.8	15.5	9.2	8.9	1.4	1.3	7.8	7.2	1.7	1.9
XIAMEN XIANGYU CO LTD-A	600057 CH	2,110	8.4	6.9	10.2	11.1	1.1	1.0	11.8	9.9	n/a	n/a
KUEHNE + NAGEL INTL AG-REG	KNIN SW	40,562	31.9	34.1	42.2	32.7	12.1	10.6	15.5	16.5	1.9	2.0
DSV PANALPINA A/S	DSV DC	54,977	38.0	34.7	17.7	21.0	6.8	6.8	22.1	20.4	0.4	0.4
Regional avg		168,148	29.5	22.5	14.4	14.1	3.8	3.5	14.5	12.5	1.2	1.2
Avg all		171,504	31.0	24.9	14.2	14.3	4.1	3.8	15.4	13.5	1.4	1.5

Sources: Bloomberg; FSSIA estimates

Corporate Governance - KEX

Board structure

Number of Independent Directors (ID)	3 of 9 board members
Percentage of IDs on the board	33%
ID participation/attendance at board meetings	100%
ID participation in audit/remuneration committees	3 of 5 in audit committee/ 2 of 3 in remuneration committees
ID terms (years of service, re-election/replacement procedures)	Similar to the Directors, an independent director shall serve a term of three years and, upon retiring by rotation, may be re-elected upon their performance of duties while in office. At the Annual General Meeting of shareholders, one third of the total number of directors shall retire. If the number is not divisible by three, the number closest to one third shall retire. Such retiring directors may be re-elected.

Source: KEX

Additional comments: KEX was listed on 24 Dec 2020 with 2 IDs at that time and each received 100,000 IPO shares which accounted for 0.03% of the offered shares, and each received 200,000 ESOP warrants which accounted for 0.5% of the total issued ESOP warrants.

Audit Practices

Auditor	PricewaterhouseCoopers ABAS Ltd.
Length of service	Since 2018
Reporting incidents	None
Fee track record	In 2020, THB3,245,000 for KEX and THB600,000 for KESL
Policy on change of audit firm	To review every five years

Source: KEX

Additional comments: None

Compensation and remuneration

Directors' remuneration vs earnings/ROE/share performance	In 2020, THB4.28m vs net profit of THB1,405m
Changes/stability in senior management	None
Incidents of termination of senior management	None
Track record on insider sales	None

Source: KEX

Additional comments: None

Shareholders' rights

Communication - shareholder participation in AGMs/EGMs	To hold AGM annually and EGM when appropriate
Related party transactions	In 2020, the Audit Committee has reviewed all related party transactions and justified as being appropriate. Prices and terms and conditions have been proven to be fair and mutually beneficial to all parties based on market prices and without any undue transfer of benefits.
Voting issues - policies, incidents of rejected proposals	None

Source: KEX

Additional comments: None

Financial Statements

Kerry Express (Thailand)

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	19,782	18,917	19,333	22,005	24,396
Cost of goods sold	(16,027)	(13,494)	(13,930)	(16,440)	(18,658)
Gross profit	3,755	5,423	5,402	5,565	5,738
Other operating income	113	93	97	110	122
Operating costs	(1,514)	(1,314)	(1,402)	(1,573)	(1,720)
Operating EBITDA	2,354	4,202	4,097	4,102	4,140
Depreciation	(678)	(2,356)	(2,174)	(1,869)	(1,615)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	1,676	1,846	1,924	2,234	2,525
Net financing costs	(24)	(112)	(56)	0	0
Associates	0	0	0	0	0
Recurring non-operating income	0	0	0	0	0
Non-recurring items	0	0	0	0	0
Profit before tax	1,652	1,734	1,868	2,234	2,525
Tax	(324)	(329)	(374)	(447)	(505)
Profit after tax	1,329	1,405	1,494	1,787	2,020
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	1,329	1,405	1,494	1,787	2,020
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	1,329	1,405	1,494	1,787	2,020
Per share (THB)					
Recurring EPS *	0.92	0.81	0.86	1.03	1.16
Reported EPS	0.92	0.81	0.86	1.03	1.16
DPS	0.41	0.95	0.26	0.31	0.35
Diluted shares (used to calculate per share data)	1,440	1,740	1,740	1,740	1,740
Growth					
Revenue (%)	45.8	(4.4)	2.2	13.8	10.9
Operating EBITDA (%)	33.2	78.5	(2.5)	0.1	0.9
Operating EBIT (%)	14.2	10.1	4.2	16.1	13.0
Recurring EPS (%)	12.1	(12.5)	6.3	19.6	13.0
Reported EPS (%)	12.1	(12.5)	6.3	19.6	13.0
Operating performance					
Gross margin inc. depreciation (%)	15.6	16.2	16.7	16.8	16.9
Gross margin of key business (%)	15.6	16.2	16.7	16.8	16.9
Operating EBITDA margin (%)	11.9	22.2	21.2	18.6	17.0
Operating EBIT margin (%)	8.5	9.8	10.0	10.2	10.4
Net margin (%)	6.7	7.4	7.7	8.1	8.3
Effective tax rate (%)	19.6	19.0	20.0	20.0	20.0
Dividend payout on recurring profit (%)	44.3	117.2	30.0	30.0	30.0
Interest cover (X)	69.7	16.5	34.4	-	-
Inventory days	2.0	2.9	2.2	2.3	2.2
Debtor days	30.2	30.8	28.8	28.2	28.3
Creditor days	41.4	42.6	37.9	36.7	35.5
Operating ROIC (%)	103.2	174.3	228.7	134.7	174.8
ROIC (%)	77.9	37.1	25.9	31.5	41.9
ROE (%)	71.4	21.5	13.1	14.3	14.6
ROA (%)	25.0	11.8	8.2	9.5	9.9
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
B2B	426	352	356	398	438
B2C	8,949	8,528	8,699	9,742	10,717
C2C	10,232	10,011	10,211	11,743	13,035
Advertising	175	26	68	122	207

Sources: Kerry Express (Thailand); FSSIA estimates

Financial Statements

Kerry Express (Thailand)

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	1,329	1,405	1,494	1,787	2,020
Depreciation	678	2,356	2,174	1,869	1,615
Associates & minorities	-	-	-	-	-
Other non-cash items	18	32	0	0	0
Change in working capital	(163)	(336)	134	23	(5)
Cash flow from operations	1,861	3,457	3,802	3,679	3,630
Capex - maintenance	(614)	(147)	(368)	(368)	(328)
Capex - new investment	(920)	(220)	(552)	(552)	(492)
Net acquisitions & disposals	1	7	0	0	0
Other investments (net)	0	(15)	0	0	0
Cash flow from investing	(1,533)	(375)	(920)	(920)	(820)
Dividends paid	(588)	(1,646)	(448)	(536)	(606)
Equity finance	0	8,861	0	0	0
Debt finance	600	0	(797)	3	3
Other financing cash flows	0	(1,509)	(1,761)	0	0
Cash flow from financing	12	5,706	(3,006)	(533)	(603)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	341	8,787	(124)	2,225	2,207
Free cash flow to firm (FCFF)	352.70	3,193.20	2,937.74	2,758.60	2,810.10
Free cash flow to equity (FCFE)	928.65	1,572.30	323.76	2,761.26	2,812.84
Per share (THB)					
FCFF per share	0.20	1.84	1.69	1.59	1.61
FCFE per share	0.53	0.90	0.19	1.59	1.62
Recurring cash flow per share	1.41	2.18	2.11	2.10	2.09
Balance Sheet (THB m) Year Ending Dec					
Tangible fixed assets (gross)	3,742	3,996	4,496	4,996	5,396
Less: Accumulated depreciation	(1,036)	(1,737)	(2,436)	(3,097)	(3,703)
Tangible fixed assets (net)	2,706	2,259	2,059	1,899	1,693
Intangible fixed assets (net)	235	5,520	4,465	3,677	3,088
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	0	0	0	0	0
Cash & equivalents	910	9,697	9,572	11,798	14,004
A/C receivable	1,722	1,467	1,589	1,810	1,968
Inventories	136	80	90	114	114
Other current assets	50	35	36	38	40
Current assets	2,818	11,278	11,287	13,760	16,126
Other assets	255	262	271	280	289
Total assets	6,014	19,318	18,082	19,616	21,196
Common equity	2,233	10,847	11,893	13,144	14,558
Minorities etc.	0	0	0	0	0
Total shareholders' equity	2,233	10,847	11,893	13,144	14,558
Long term debt	800	0	0	0	0
Other long-term liabilities	120	3,773	3,819	3,860	3,885
Long-term liabilities	920	3,773	3,819	3,860	3,885
A/C payable	2,685	1,962	2,178	2,414	2,545
Short term debt	0	800	0	0	0
Other current liabilities	176	1,936	192	198	208
Current liabilities	2,861	4,698	2,370	2,612	2,753
Total liabilities and shareholders' equity	6,014	19,318	18,082	19,616	21,196
Net working capital	(953)	(2,317)	(655)	(650)	(631)
Invested capital	2,243	5,723	6,140	5,206	4,439
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	1.55	6.23	6.84	7.55	8.37
Tangible book value per share	1.39	3.06	4.27	5.44	6.59
Financial strength					
Net debt/equity (%)	(4.9)	(82.0)	(80.5)	(89.8)	(96.2)
Net debt/total assets (%)	(1.8)	(46.1)	(52.9)	(60.1)	(66.1)
Current ratio (x)	1.0	2.4	4.8	5.3	5.9
CF interest cover (x)	77.9	17.0	16.6	-	-
Valuation					
Recurring P/E (x) *	46.6	53.3	50.1	41.9	37.0
Recurring P/E @ target price (x) *	45.5	52.0	48.9	40.9	36.2
Reported P/E (x)	46.6	53.3	50.1	41.9	37.0
Dividend yield (%)	0.9	2.2	0.6	0.7	0.8
Price/book (x)	27.7	6.9	6.3	5.7	5.1
Price/tangible book (x)	31.0	14.0	10.1	7.9	6.5
EV/EBITDA (x) **	26.3	15.7	15.9	15.4	14.7
EV/EBITDA @ target price (x) **	25.6	15.3	15.5	14.9	14.3
EV/invested capital (x)	27.6	11.5	10.6	12.1	13.7
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Kerry Express (Thailand); FSSIA estimates

Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PAP	PCSGH	PDJ	PHOL	PLANB	PLANET
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEAOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TMB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TSC	TSR	TSTE	TSTH	TTA
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL										
2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAHA	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSIB	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIJK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							

GOOD LEVEL										
7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	IHL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TIPIP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

Description

Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

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 2020

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

DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

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)

Disclaimer:

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute 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 Thaipat Institute that is 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, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

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

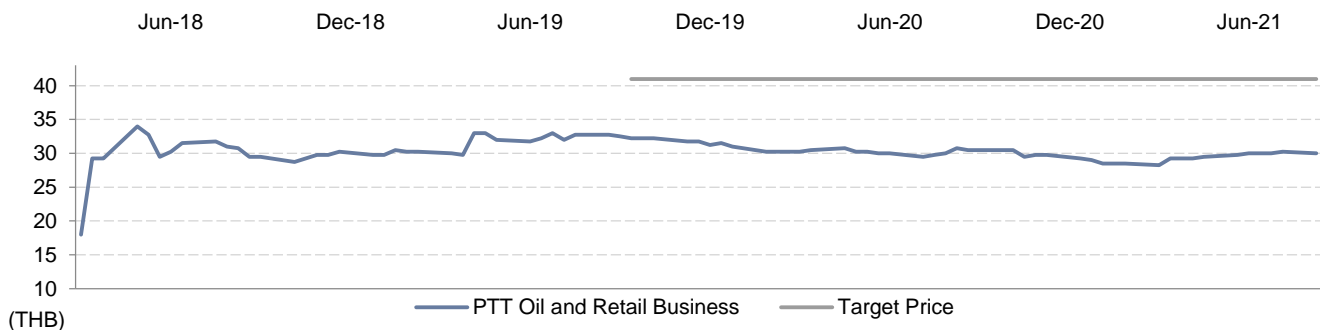
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

This report has been prepared by FSS International Investment Advisory Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSS makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSS has no intention to solicit investors to buy or sell any security in this report. In addition, FSS does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

History of change in investment rating and/or target price

PTT Oil and Retail Business (OR TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
30-Mar-2021	BUY	41.00	-	-	-	-	-	-

Suwat Sinsadok started covering this stock from 30-Mar-2021

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Kerry Express (Thailand)	KEX TB	THB 43.00	HOLD	The key upside and downside risks to our DCF-based TP are 1) if the competition is higher or lower than our expectation; 2) if Covid-19 continues to spread further; and 3) if M&A deals can boost the company's earnings above or below our expectation.
PTT Oil and Retail Business	OR TB	THB 30.00	BUY	The downside risks to our SoTP TP include: 1) lower-than-expected demand for petroleum products; 2) a lower marketing margin; and 3) weaker-than-expected jet demand.

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 1-Jun-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.