

30 SEPTEMBER 2021

THAILAND / CONSUMER STAPLES

SIAM MAKRO MAKRO TB

HOLD

FROM BUY

TARGET PRICE	THB52.00
CLOSE	THB50.25
UP/DOWNSIDE	+3.5%
PRIOR TP	THB48.00
CHANGE IN TP	+8.3%
TP vs CONSENSUS	+10.0%

Waiting for synergy

รวม Lotus เข้าในการประเมินมูลค่าของ MAKRO

หลังข้อตกลงปรับโครงสร้างที่ประกาศเมื่อต้นเดือน ก.ย. 21 เราคาดว่า การถ่ายโอนกิจการของ Lotus (not listed) ให้แก่ MAKRO จะสำเร็จเสร็จสิ้นภายในสิ้นเดือน ต.ค. 21 และกระบวนการเสนอขายหุ้นให้แก่บุคคลทั่วไป (PO) จะสำเร็จภายในสิ้นเดือน ธ.ค. 21 หรือต้นเดือน ม.ค. 22 ขึ้นอยู่กับการอนุมัติของ กสท. ซึ่งโดยปกติจะใช้เวลา 2-3 เดือน ด้วยเหตุผลดังกล่าว เราได้รวม Lotus เข้าไปในการประเมินมูลค่าของ MAKRO โดยตั้งสมมติฐานให้ 1) ราคา PO เท่ากับ 45 บาทซึ่งจะทำให้ MAKRO จะได้รับเงินสดจำนวน 61.3 พัน ลบ.; และ 2) บริษัทฯ ใช้ 1/3 ของเงินสดกล่าวเพื่อจ่ายคืนหนี้ อย่างไรก็ดีเรายังไม่ได้รวมประโยชน์ที่อาจจะได้จากการควบรวม ซึ่งเราคาดว่าจะอยู่ที่ 2.7 พัน ลบ.

การดำเนินงานของ Lotus น่าจะพลิกฟื้นในปี 2022

เราคาดว่า Lotus จะรายงานผลขาดทุนจากการดำเนินงานจำนวน 398 ลบ. ในปี 2021 จาก 1) มาตรการปิดเมืองซึ่งส่งผลกระทบต่อยอดขายที่ไม่ใช่อาหาร (ประมาณ 44% ของยอดขายรวม) เนื่องจากต้องปิดพื้นที่ขายสินค้าดังกล่าว; 2) อัตราส่วนลด 30-40% ที่ให้แก่ผู้เช่าพื้นที่ซึ่งส่งผลกระทบต่อรายได้จากค่าเช่า (6.7% ของรายได้รวมแต่มีอัตรากำไรขั้นต้น (GPM) สูงกว่าที่ 64% ในปี 2019 เทียบกับ GPM ที่ 19% ของยอดขายปลีก); 3) ค่าใช้จ่ายดอกเบี้ยที่เกิดขึ้นจำนวน 6.6 พัน ลบ. จากเงินกู้ระยะสั้น; และ 4) ค่าใช้จ่ายการขายและการบริหารที่อยู่ในระดับสูง เราคาดว่า การดำเนินงานของ Lotus จะพลิกเป็นกำไรในปี 2022-23 โดยจะอยู่ที่ 5.5/8.5 พัน ลบ. จากการฟื้นตัวของรายได้จากการขายปลีกและรายได้ค่าเช่าในประเทศไทยและมาเลเซีย นอกจากนี้เรายังคาดว่า Lotus จะรายงานการเติบโตของยอดขายจากสาขาใหม่อีก 9.5%/8.5% ในปี 2022-23

คาดการณ์กำไรสุทธิ 3Q21 จะโตเล็กน้อย y-y

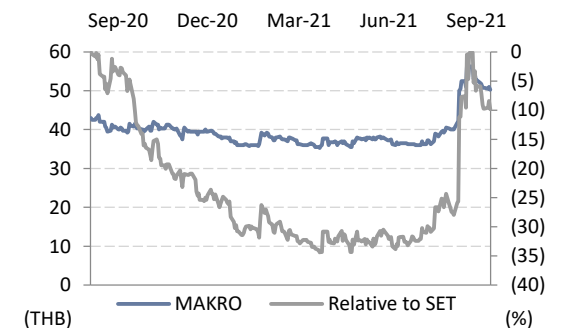
เราเห็นว่าการดำเนินงานของ MAKRO ยังดีในท่ามกลางสถานการณ์ผู้ป่วย Covid ที่เพิ่มขึ้นใน 3Q21 เราคาดว่า การเติบโตของยอดขายจากสาขาเดิม (SSSG) จะอยู่ที่ 2% y-y ใน 3Q21 จากความต้องการที่สูงขึ้นของผู้บริโภค ใน 3Q21 ยอดขาย O2O น่าจะยังทรงตัว q-q ที่ 36% ของยอดขายรวม โดยสามารถชดเชยยอดขายออนไลน์ที่อ่อนแอ เนื่องจากสัดส่วนสินค้าไม่น่าเปลี่ยนแปลงมากนัก GPM น่าจะทรงตัว y-y ที่ 10.7% และเราคาดว่ากำไรจะโต y-y เป็น 1.6 พัน ลบ. (+4% y-y, +27% q-q)

ปรับลดคำแนะนำเป็นถือจากซื้อจาก Upside ที่มีจำกัด

เราปรับเพิ่มประมาณการกำไรสุทธิปี 2022-23 อีก 64-94% และราคาเป้าหมายของเราเป็น 52 (จาก 48 บาท) หลังรวม Lotus ในระยะสั้นกำไรต่อหุ้นของ MAKRO อาจลดลง 24%/13% ในปี 2022-23 จากหุ้นเพิ่มทุนที่เพิ่มขึ้นเพื่อแลกหุ้นของ Lotus และ PO เราคาดว่ากำไรต่อหุ้นของ MAKRO จะไม่ลดลงหลังกำไรของ Lotus ฟื้นตัวเกิน 9.7 พัน ลบ. ซึ่งคาดว่าจะเกิดขึ้นในปี 2024-25 อย่างไรก็ดีเราเห็น Upside จาก synergy benefit จำนวน 2.7 พัน ลบ. ที่คาดว่าจะได้จากการควบรวมรวมถึงโอกาสในการขยายธุรกิจในตลาดต่างประเทศ

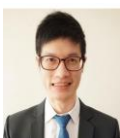
KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	218,760	227,478	498,262	543,246
Net profit	6,563	6,533	12,977	16,862
EPS (THB)	1.37	1.36	1.16	1.51
vs Consensus (%)	-	1.6	(20.2)	(11.8)
EBITDA	12,534	10,885	32,446	37,629
Core net profit	6,563	6,533	12,977	16,862
Core EPS (THB)	1.37	1.36	1.16	1.51
Chg. In EPS est. (%)	-	-	(23.6)	(12.9)
EPS growth (%)	5.1	(0.5)	(14.7)	29.9
Core P/E (x)	36.8	36.9	43.3	33.3
Dividend yield (%)	1.9	1.9	1.6	2.1
EV/EBITDA (x)	19.1	22.0	19.7	17.5
Price/book (x)	10.8	10.0	2.1	2.0
Net debt/Equity (%)	(8.7)	(9.1)	28.0	35.1
ROE (%)	30.9	28.1	8.8	6.2



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	25.6	34.9	15.5
Relative to country (%)	27.3	32.5	(11.6)
Mkt cap (USD m)	7,121		
3m avg. daily turnover (USD m)	12.8		
Free float (%)	7		
Major shareholder	CP ALL (93%)		
12m high/low (THB)	57.25/35.00		
Issued shares (m)	11,172.00		

Sources: Bloomberg consensus; FSSIA estimates



Karun Intrachai

karun.int@fssia.com

+66 2611 3555

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 30 กันยายน 2021

Investment thesis

MAKRO is the only modern trade player in the wholesale market. The main competitors are fresh markets, such as 'Talaad Thai,' the largest wholesale market for the trade of agricultural goods. We think MAKRO has the ability to gain a greater share of this market.

We believe MAKRO's strategy of focusing on a smaller-sized food service format while developing its online platform is sound. MAKRO received a good response from its secret ingredients campaign during the Covid-19 lockdown from end-customers.

MAKRO's free float at 7% (CPALL has a 93% stake) is a constraint and drives its valuation down to a more discounted level than that of its peers. After the PO process is completed, MAKRO's free float would increase to 24% and would be included in the SET50 after exceeding the SET's 20% requirement.

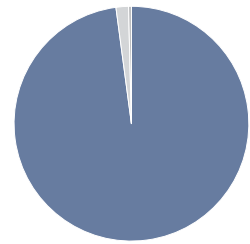
Company profile

MAKRO is the largest cash-and-carry operator in Thailand. CPALL has a 93% stake in MAKRO that will reduce to 52% after the PO process is completed. We think an increase in free float would be positive for MAKRO's share price.

www.siammakro.co.th

Principal activities (revenue, 2020)

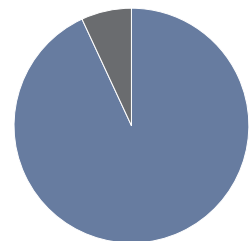
- Sales - 97.9 %
- Service income - 1.7 %
- Other Income - 0.4 %



Source: Siam Makro

Major shareholders

- CP ALL - 93.1 %
- Others - 6.9 %



Source: Siam Makro

Catalysts

Potential catalysts include the faster-than-expected turnaround of Lotus and overseas operations and a better-than-expected macro outlook in Thailand.

Risks to our call

The key downside risks to our DCF-based TP include: 1) lower-than-expected SSSG; 2) lower-than-expected GPM improvement; and 3) operational losses from its overseas business. The key upside risks include: 1) the faster-than-expected recovery of Lotus' performance; and 2) a more aggressive expansion plan.

Event calendar

Date	Event
November 2021	3Q21 results announcement

Key assumptions

	2021E	2022E	2023E
	(%)	(%)	(%)
SSSG	0.0	5.0	4.0
New store growth	1.4	3.9	3.2
GPM	10.4	17.0	17.6
SG&A to sales	8.6	14.5	14.5

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in SSSG, we estimate 2021 EPS to rise by 1%, and vice versa, all else being equal.
- For every 0.1% increase in GPM, we estimate 2021 EPS to rise by 2.6%, and vice versa, all else being equal.
- For every 0.1% increase in SG&A to sales, we estimate 2021 EPS to fall by 2.6%, and vice versa, all else being equal.

Source: FSSIA estimates

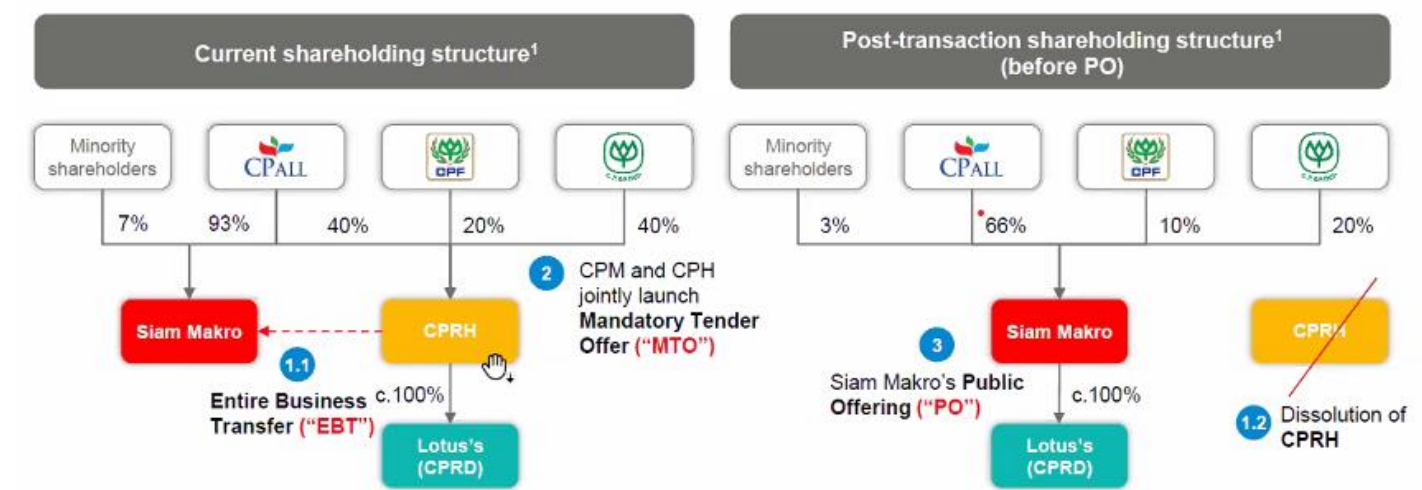
Recap of Lotus' transfer to MAKRO

MAKRO issued 5,010m new shares at an offering price of THB43.5/shr, implying a transaction size worth THB217.9b to CP Retail Holding (CPRH, not listed). CPRH will be dissolved after transferring Lotus to MAKRO and distributing MAKRO's shares to its shareholders proportionately (Exhibit 1). This transaction is expected to be completed by end-Oct-21 after receiving approval at the EGM for MAKRO and CPALL, which will be held on 12 Oct.

After the transfer process is complete, Charoen Pokphand Foods (CPF TB, BUY, TP THB34) and CP Group (CPG, not listed) will jointly launch a mandatory tender offer (MTO) at THB43.5/shr for the minority shareholders holding 3%. CP All (CPALL TB, BUY, TP THB76) is not required to make an MTO (tender period is 25 business days).

There are concerns whether or not the offering price of THB43.5/shr or the equity value of THB217.9b is justified for CPALL's shareholders. We see this transaction's value as relatively similar to the acquisition price of THB340b (combined equity funding of THB220b and debt funding of THB120b) paid by CPALL, CPG, and CPF.

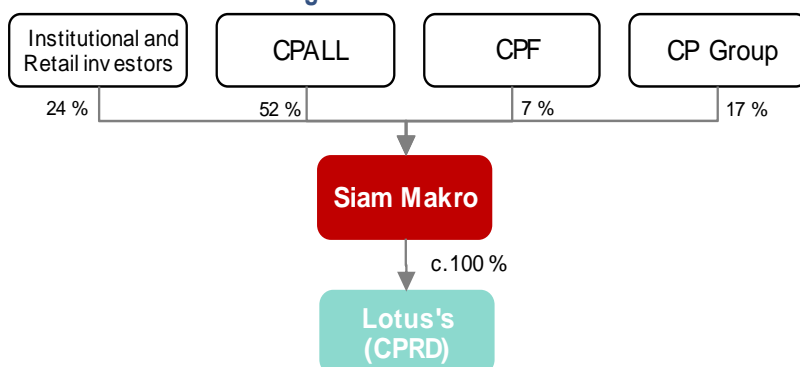
Exhibit 1: Shareholding structure before and after transferring Lotus to MAKRO



Source: MAKRO

MAKRO will then make a PO by issuing 1,362m new shares, with 363m/182m shares offered from CPALL and CPF, respectively. Moreover, CPALL will allot 340.5m shares for a greenshoe option. Overall, after the PO and the option are executed, MAKRO's shareholding structure would be 52% held by CPALL, 7% held by CPF, 17% held by institutional and retail investors, and 24% held by institutional and retail investors.

Exhibit 2: MAKRO's shareholding structure after PO

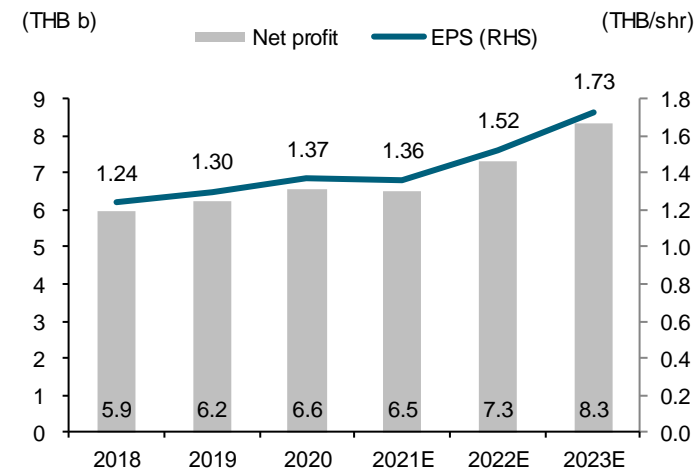


Sources: MAKRO; FSSIA's compilation

Incorporating Lotus into MAKRO

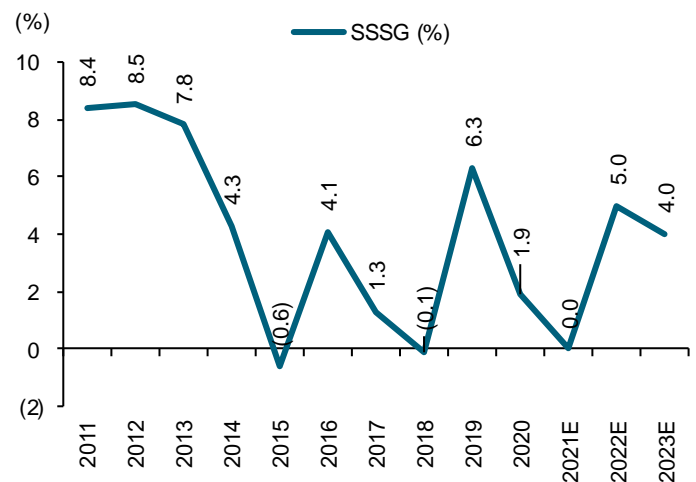
We think MAKRO's earnings have been resilient in 2021 and estimate flat y-y net profit at THB6.5b, supported by the indirect benefits from the new government stimulus packages, i.e. extensions to 'We Win', 'Rao Rak Gun', and Co-pay phase 3. We estimate MAKRO's earnings to amount to THB6.5b/THB7.3b/THB8.3b, before incorporating Lotus, for 2021-23. MAKRO currently has outstanding shares of 4,800m. Hence, MAKRO's EPS would be at THB1.36/1.52/1.73 per share for 2021-23, pre-incorporation.

Exhibit 3: MAKRO's net profit and EPS before incorporating Lotus



Sources: MAKRO; FSSIA estimates

Exhibit 4: MAKRO's SSSG trend



Sources: MAKRO; FSSIA estimates

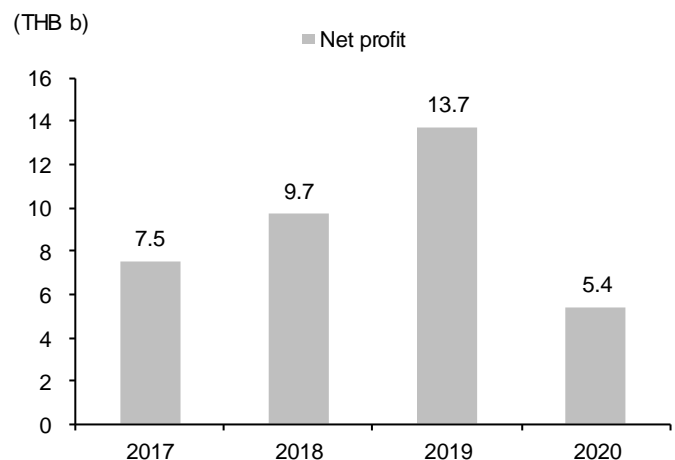
Lotus' operating performance

According to MAKRO's IFA report, announced via the Stock Exchange of Thailand on 21 Sep, Lotus' earnings were hard hit by the Covid outbreak and dropped to THB1.8b in 2020 from THB8.3b in 2019. The pro forma financial statement includes interest expenses of THB6.7b/6.8b in 2019/20 due to the bridging loan of THB120b, implying a 5.6% cost of funds. Hence, Lotus' core profit would have been THB13.7b in 2019 and THB5.4b in 2020.

Exhibit 5: Key pro forma consolidated P&L for CP Retail Development (CPRD, not listed – the holding company that is to have a 100% stake in Lotus) in 2019-20

	2019	2020
	(THB b)	(THB b)
Revenue from sale of goods	205.2	197.5
Rental income and revenue from rendering services	14.8	11.2
Cost of sales	(166)	(161)
Cost of rental and cost of rendering of services	(5.4)	(5.5)
Gross profit from sales	39.0	36.8
Gross profit from rental	9.4	5.7
Total gross profit	48.4	42.5
GPM from sales (%)	19.0	18.6
GPM from rental (%)	63.8	50.6
Others income	3.1	2.4
SG&A expenses	(34.2)	(35.2)
Distribution costs	(28.6)	(28.7)
Administrative expenses	(5.6)	(6.4)
Operating profit	17.4	9.8
Interest expenses	(6.7)	(6.8)
Income tax expenses	(3.1)	(2.0)
Net profit	8.3	1.8

Exhibit 6: Lotus' net profit in 2017-20



Source: MAKRO

Sources: MAKRO; FSSIA estimates

Note that we currently have limited information about Lotus' financial statements and extra items. But from the pro forma P&L, we can see the probability that Lotus' earnings could recover and exceed MAKRO's earnings threshold of THB6.5b by 2023.

We estimate Lotus to post a core loss of THB398m in 2021 due to 1) the lockdown measures which have impacted non-food sales (c44% of total sales) due to the closure of non-food areas; 2) the 30-40% discount rate provided to tenants which has affected rental revenue (6.7% of total revenue but with a higher GPM of 64% in 2019 vs a GPM of 19% from retail sales); 3) interest expenses incurred of THB6.6b from the bridging loan; and 4) high SG&A expenses (+14 y-y in 2020) due to the extra expenses for business continuity management led by the resurgence of Covid-19.

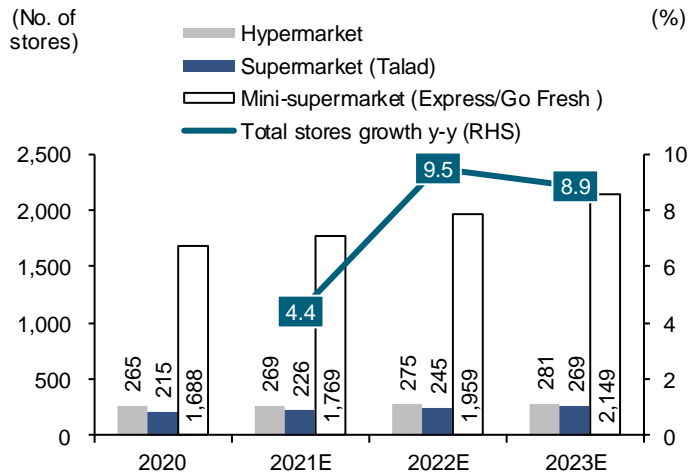
We expect Lotus' operations to turn profitable in 2022-23 at THB5.5b/THB8.5b, driven by the recovery of Thailand and Malaysia's retail sales and rental revenue. Moreover, we expect Lotus to add 9.5%/8.5% new store growth in 2022-23.

Note that we have not yet included the potential synergy benefit from the deal at an estimated THB2.7b resulting from 1) operating efficiency enhancement from sourcing and production; 2) cost savings from sharing facilities such as distribution centres and logistics operations; and 3) integrating MAKRO's B2B and Lotus' B2C platforms to more efficiently serve customer's needs and share IT development costs.

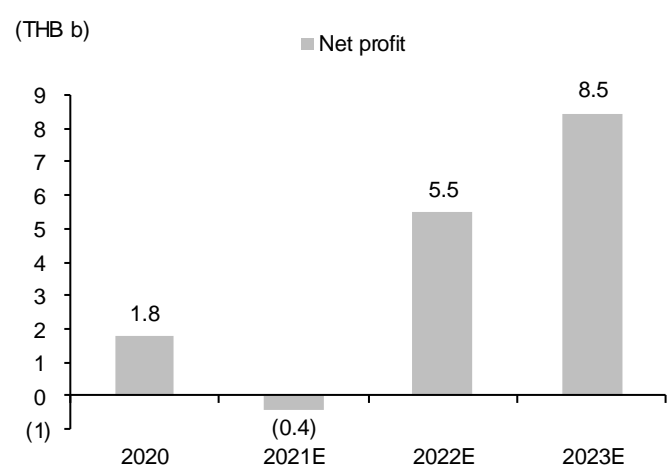
Exhibit 7: Expect Lotus to turn a profit in 2022

Lotus P&L	2020	2021E	2022E	2023E
	(THB b)	(THB b)	(THB b)	(THB b)
Retail sales Thailand		166.0	195.3	211.6
Rental revenue Thailand		9.1	11.8	13.0
Retail sales Malaysia		34.5	39.4	44.7
Rental revenue Malaysia		1.5	2.0	2.5
Total revenue	211.3	211.1	248.5	271.8
COGS retail sales		155.4	181.2	196.6
COGS rental		5.2	5.4	4.7
Gross profit	54.2	50.4	61.9	70.6
SG&A	45.0	43.5	50.9	55.5
EBIT	9.2	6.9	11.0	15.1
Interest expenses	6.6	6.6	4.8	4.6
Tax	0.8	0.7	1.4	2.1
Minorities	0.0	0.0	0.0	0.0
Net profit	1.8	(0.4)	5.5	8.5
Assumption	2020	2021E	2022E	2023E
Sales growth (%)			(%)	(%)
Retail sales Thailand			17.7	8.3
Rental revenue Thailand			29.0	11.0
Retail sales Malaysia			14.2	13.5
Rental revenue Malaysia			31.0	26.0
GPM (%)			(%)	(%)
GPM retail sales			23.1	23.3
GPM rental			61.0	70.0
SG&A to sales (%)			20.5	20.4

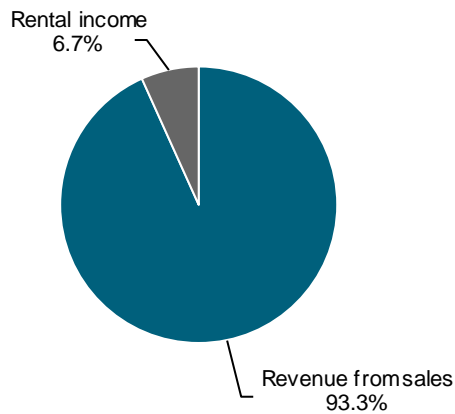
Sources: MAKRO; FSSIA estimates

Exhibit 8: Lotus' expansion plan

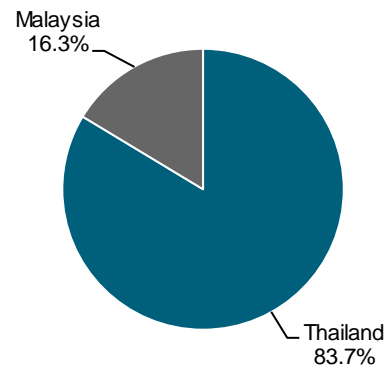
Sources: MAKRO; FSSIA estimates

Exhibit 9: Lotus' net profit

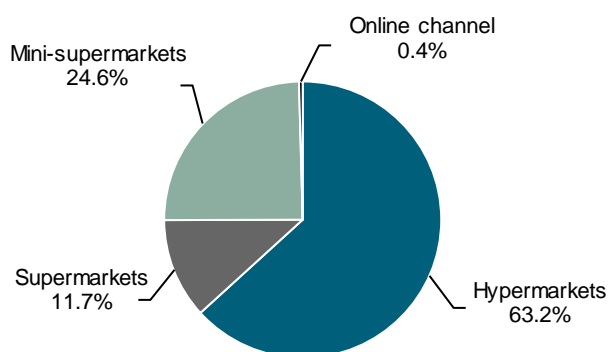
Sources: MAKRO; FSSIA estimates

Exhibit 10: Total revenue breakdown by business in 2020

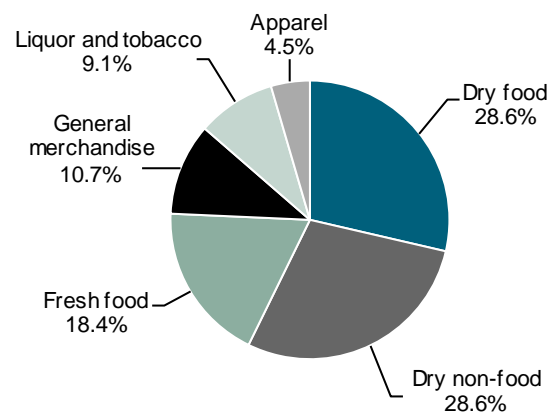
Sources: MAKRO; FSSIA's compilation

Exhibit 11: Total revenue breakdown by country

Sources: MAKRO; FSSIA's compilation

Exhibit 12: Retail sales in Thailand, breakdown by format

Sources: MAKRO; FSSIA's compilation

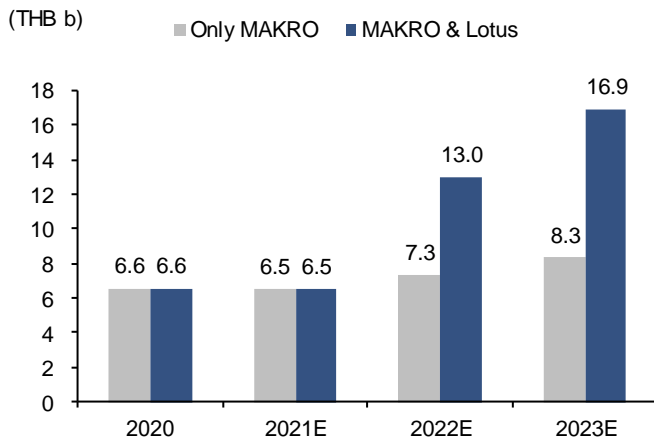
Exhibit 13: Retail sales in Thailand, breakdown by product segment

Sources: MAKRO; FSSIA's compilation

MAKRO's EPS could dilute by 24%/13% in 2022/23

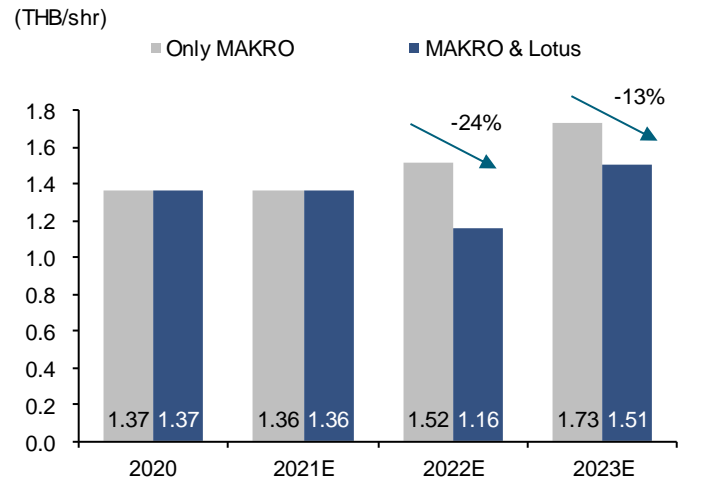
We incorporate Lotus into MAKRO's valuation based on following assumptions 1) a PO price of THB45, with MAKRO receiving cash proceeds of THB61.3b; 2) 1/3 of the total cash proceeds being utilised to repay debt; and 3) the total number of new outstanding shares at 11,172m. We have not yet incorporated the potential synergy benefit that we estimate at THB2.7b into our valuation. We have run a sensitivity analysis for the PO price between THB45-50/shr by assuming 1) that MAKRO would utilise all cash proceeds to repay Lotus' debt; and 2) the cost of funds for the remaining debt would be at 3.2%. Ceteris paribus, MAKRO's 2022E EPS dilution would reduce to 9.5-10.5% from our current estimate of 24%.

Exhibit 14: MAKRO's net profit before and after incorporating Lotus



Sources: MAKRO; FSSIA estimates

Exhibit 15: MAKRO's EPS before and after incorporating Lotus



Sources: MAKRO; FSSIA estimates

Exhibit 16: MAKRO's 2022E EPS would dilute to 9.5-10.5% from the PO price range between THB45-50, assuming all cash proceeds are utilised to repay its debt

PO price (THB)	45	46	47	48	49	50
	(THB b)	(THB b)	(THB b)	(THB b)	(THB b)	(THB b)
Net profit 2022E	13.0	13.0	13.0	13.0	13.0	13.0
Interest cost	4.7	4.7	4.7	4.7	4.7	4.7
Interest savings (net of tax)	2.2	2.3	2.3	2.3	2.4	2.4
New net profit 2022E	15.2	15.2	15.3	15.3	15.3	15.4
EPS MAKRO before incorporating Lotus (THB/shr)	1.52	1.52	1.52	1.52	1.52	1.52
EPS MAKRO after incorporating Lotus (THB/shr)	1.36	1.36	1.37	1.37	1.37	1.38
Dilution effect (%)	(10.5)	(10.3)	(10.1)	(9.9)	(9.7)	(9.5)

Sources: MAKRO; FSSIA estimates

Expect 3Q21 earnings to slightly grow y-y amid the outbreak

MAKRO's operations were resilient amid the surging Covid cases in 3Q21, in our view. We expect SSSG of +2% y-y in 3Q21, supported by higher demand from end-consumers due to the lockdown measures. Online to offline (O2O) sales should remain flat q-q at 36% of total sales, partly offset by weak offline sales. With no significant change in product mix, 3Q21 GPM should be flat y-y at 10.7%. SG&A to sales should be flat y-y at 8.7%. Overall, we expect 3Q21 earnings to slightly grow y-y to THB1.6b (+4% y-y, +27% q-q).

Exhibit 17: 3Q21E results preview

Year to Dec 31	3Q20	4Q20	1Q21	2Q21	3Q21E	----- Change -----			2021E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	%21E	(THB m)	(y-y %)
Total revenue	54,075	57,147	56,097	54,955	56,037	2	4	25	227,478	4
Retail sales	52,925	55,765	54,868	53,813	54,889	2	4	25	222,864	4
Service income	946	1,034	1,010	910	920	1	(3)	24	3,767	0
Other income	204	348	219	233	228	(2)	12	27	847	(2)
Gross profit	6,793	7,476	6,764	6,311	7,021	11	3	25	27,791	4
Operating costs	(4,617)	(4,607)	(4,442)	(4,560)	(4,775)	5	3	24	(19,563)	10
Operating profit	2,177	2,869	2,321	1,751	2,246	28	3	27	8,228	(8)
Operating EBITDA	2,858	4,481	2,972	2,406	2,907	21	2	27	10,885	(13)
Interest expense	(154)	(146)	(129)	(142)	(148)	4	(4)	131	(113)	(82)
Profit before tax	2,023	2,722	2,192	1,608	2,098	30	4	26	8,116	(3)
Tax	(462)	(591)	(461)	(331)	(474)	43	3	29	(1,623)	(10)
Minority interests	11	(2)	3	10	8	(20)	(27)	20	40	5
Reported net profit	1,572	2,130	1,734	1,287	1,632	27	4	50	6,533	(0)
Recurring net profit	1,572	2,130	1,734	1,287	1,632	27	4	25	6,533	(0)
EPS (THB)	0.33	0.44	0.36	0.27	0.34	27	4	25	1.36	(0)
Recurring EPS (THB)	0.33	0.44	0.36	0.27	0.34	27	4	25	1.36	(0)
Key Ratios (%)										
Retail sales margin	10.7	10.9	10.1	9.6	10.7				10.4	
Operating margin	4.0	5.0	4.1	3.2	4.0				3.6	
Recurring net margin	2.9	3.7	3.1	2.3	2.9				2.9	
SG&A / Sales	8.7	8.3	8.1	8.5	8.7				8.8	
Effective tax rate	22.8	21.7	21.0	20.6	22.6				20.0	
Operating statistics										
SSSG (%)	3.9	0.6	(1.2)	6.1	2.0					
Number of stores	144	144	146	146	146	-				

Sources: MAKRO; FSSIA estimates

Net profit and target price revisions

We revise up our 2022-23E net profit by 64-94% and our target price to THB52 (from THB48) after incorporating Lotus. We lower our WACC to 7.6% from 7.8% to reflect the more optimised capital structure from debt funding. MAKRO's share price surged by 22% after the deal announcement on 1 Sep. Due to the limited upside to our target price, we downgrade our call on MAKRO to HOLD from Buy. MAKRO's short-term EPS could dilute by 24%/13% in 2022-23 due to the increase in capital for Lotus' share swap and PO. We expect MAKRO's EPS to have no dilution after Lotus' earnings recover to exceed the THB9.7b threshold expected in 2024-25. However, we see an upside risk from the potential THB2.7b synergy benefit that we estimate, which we have yet to include in our valuation, and its opportunity to expand in overseas markets.

Exhibit 18: Revised assumptions

	----- Current -----			----- Previous -----			----- Change -----		
	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
Retail sales (THB m)	222,864	479,878	522,701	222,864	252,474	271,762	0.0	90.1	92.3
SSSG (%)	0.0	5.0	4.0	0.0	5.0	3.0	0.0	0.0	1.0
New stores growth (%)	1.4	3.9	3.2	1	4	3	0	0	0
Gross margin (%)	10.4	17.0	17.6	10.4	10.7	10.8	0.0	6.3	6.8
SG&A expenses to total revenue (%)	8.6	14.5	14.5	8.6	8.5	8.5	0.0	6.0	6.0
Net profit (THB m)	6,533	12,977	16,862	6,533	7,923	8,709	0.0	63.8	93.6

Note: Change of items in percentage terms are represented in ppt change

Source: FSSIA estimates

Exhibit 19: DCF valuation

DCF-derived TP	(%)	(THB b)
Discount rate (WACC)	7.6	
Terminal growth	2.0	
NPV		222
Add: terminal value		434
Sum of PV		656
Add: investment		0
Less: debt		76
Less: minorities		0.4
Residual ordinary equity		579
No. of shares (m)		11,172
Residual ordinary equity (THB/share)		52.0

Source: FSSIA estimates

Exhibit 20: Peers valuation as of 29 Sep 2021

Company	BBG	Share price		Up	Market	3Y EPS	PE		ROE		PBV		EVEBITDA	
		Current	Target	side	Cap	CAGR	21E	22E	21E	22E	21E	22E	21E	22E
		(LCY)	(LCY)	(%)	(USD m)	(%)	(x)	(x)	(%)	(%)	(x)	(x)	(x)	(x)
Berli Jucker	BJC TB	33.25	39	17.3	3,934	21.3	24.0	20.2	4.9	5.8	1.2	1.2	14.5	13.5
Cp All	CPALL TB	62.75	76	21.1	16,643	10.3	54.2	33.1	10.4	15.7	6.8	6.0	23.1	19.3
Siam Global House	GLOBAL TB	21.00	27	28.6	2,853	22.6	32.0	28.8	16.2	16.4	5.0	4.5	21.0	19.1
Home Product Center	HMPRO TB	13.60	18.5	36.0	5,281	13.4	30.5	26.5	26.3	28.4	7.8	7.3	17.8	15.8
Siam Makro	MAKRO TB	50.25	52	3.5	7,121	3.4	36.9	43.3	28.1	8.8	10.0	2.1	22.0	19.7
Central Retail Corp	CRC TB	34.00	40	17.6	6,054	417.4	nm	54.5	(1.1)	7.0	3.9	3.7	21.8	15.1
Srinanaporn Marketing	SNNP TB	10.90	15	37.6	309	67.9	35.8	20.8	20.7	18.6	4.0	3.7	15.0	12.4
Coverage					42,195	19.6	(19.1)	32.5	15.1	14.4	5.5	4.1	19.3	16.4
Dohome	DOHOME TB	24.00	n/a	n/a	1,726	51.8	28.6	25.0	22.1	20.1	5.8	4.9	21.7	19.5
Lawson	2651 JP	5,530.00	n/a	n/a	4,919	(17.3)	61.3	30.9	3.4	6.4	2.1	2.0	4.2	3.7
Dairy Farm Intl Holding	DFI SP	3.39	n/a	n/a	4,573	50.3	26.6	17.0	13.8	19.7	3.6	3.3	12.3	13.9
Better Life Commercial	002251 CH	6.76	n/a	n/a	905	24.0	30.4	27.3	2.2	2.5	0.9	0.9	13.8	12.4
Regional					12,122	(13.8)	36.7	25.0	10.4	12.2	3.1	2.8	13.0	12.4
Average					54,318	7.9	1.2	29.8	13.4	13.6	4.6	3.6	17.0	15.0

Sources: Bloomberg; FSSIA estimates

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

MAKRO PER (x)



Sources: Bloomberg; FSSIA estimates

Exhibit 22: Rolling one-year forward P/BV band

MAKRO PBV (x)



Sources: Bloomberg; FSSIA estimates

Financial Statements

Siam Makro

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	210,627	218,760	227,478	498,262	543,246
Cost of goods sold	(182,289)	(188,439)	(197,029)	(393,645)	(427,093)
Gross profit	28,338	30,322	30,448	104,617	116,153
Other operating income	0	0	0	0	0
Operating costs	(17,410)	(17,788)	(19,563)	(72,171)	(78,524)
Operating EBITDA	10,928	12,534	10,885	32,446	37,629
Depreciation	(2,723)	(3,577)	(2,657)	(11,621)	(12,047)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	8,204	8,957	8,228	20,825	25,582
Net financing costs	(310)	(619)	(113)	(4,652)	(4,528)
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	7,895	8,337	8,116	16,173	21,054
Tax	(1,710)	(1,813)	(1,623)	(3,235)	(4,211)
Profit after tax	6,185	6,524	6,493	12,938	16,843
Minority interests	60	39	40	38	19
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	6,245	6,563	6,533	12,977	16,862
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	6,245	6,563	6,533	12,977	16,862
Per share (THB)					
Recurring EPS *	1.30	1.37	1.36	1.16	1.51
Reported EPS	1.30	1.37	1.36	1.16	1.51
DPS	0.96	0.96	0.95	0.81	1.06
Diluted shares (used to calculate per share data)	4,800	4,800	4,800	11,172	11,172
Growth					
Revenue (%)	9.2	3.9	4.0	119.0	9.0
Operating EBITDA (%)	5.5	14.7	(13.2)	198.1	16.0
Operating EBIT (%)	5.1	9.2	(8.1)	153.1	22.8
Recurring EPS (%)	5.1	5.1	(0.5)	(14.7)	29.9
Reported EPS (%)	5.1	5.1	(0.5)	(14.7)	29.9
Operating performance					
Gross margin inc. depreciation (%)	12.2	12.2	12.2	18.7	19.2
Gross margin of key business (%)	10.3	10.3	10.4	17.0	17.6
Operating EBITDA margin (%)	5.2	5.7	4.8	6.5	6.9
Operating EBIT margin (%)	3.9	4.1	3.6	4.2	4.7
Net margin (%)	3.0	3.0	2.9	2.6	3.1
Effective tax rate (%)	21.7	21.7	20.0	20.0	20.0
Dividend payout on recurring profit (%)	73.8	70.2	70.0	70.0	70.0
Interest cover (X)	26.5	14.5	73.1	4.5	5.6
Inventory days	29.2	28.3	27.6	21.5	27.7
Debtor days	1.8	1.7	1.3	5.2	9.6
Creditor days	51.7	52.7	52.7	46.9	64.3
Operating ROIC (%)	34.5	43.1	44.0	38.5	28.7
ROIC (%)	24.5	25.3	21.6	8.3	5.4
ROE (%)	32.0	30.9	28.1	8.8	6.2
ROA (%)	10.3	10.3	8.8	5.9	4.0

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2019	2020	2021E	2022E	2023E
Sales	206,180	214,140	222,864	479,878	522,701
Service income	3,592	3,757	3,767	17,501	19,639
Other Income	855	863	847	882	906

Sources: Siam Makro; FSSIA estimates

Financial Statements

Siam Makro

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	6,245	6,563	6,533	12,977	16,862
Depreciation	2,723	3,577	2,657	11,621	12,047
Associates & minorities	24	19	0	0	0
Other non-cash items	26	44	(29)	1,107	153
Change in working capital	795	1,979	434	14,445	2,053
Cash flow from operations	9,813	12,181	9,594	40,150	31,116
Capex - maintenance	-	-	-	-	-
Capex - new investment	(2,342)	(1,254)	(4,319)	(85,861)	(15,628)
Net acquisitions & disposals	(179)	(2,186)	(328)	(270,219)	(25,066)
Other investments (net)	(44)	874	(81)	3,443	441
Cash flow from investing	(2,565)	(2,566)	(4,728)	(352,637)	(40,253)
Dividends paid	(4,608)	(4,608)	(4,573)	(9,084)	(11,804)
Equity finance	(123)	41	(13)	243,173	(13)
Debt finance	(2,771)	627	(1,329)	109,084	18,948
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(7,501)	(3,940)	(5,915)	343,173	7,131
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(253)	5,675	(1,048)	30,686	(2,006)
Free cash flow to firm (FCFF)	7,558.70	10,234.86	4,979.29	(307,835.29)	(4,609.28)
Free cash flow to equity (FCFE)	4,477.87	10,241.99	3,537.87	(203,403.69)	9,810.68

Per share (THB)

FCFF per share	0.68	0.92	0.45	(27.55)	(0.41)
FCFE per share	0.40	0.92	0.32	(18.21)	0.88
Recurring cash flow per share	1.88	2.13	1.91	2.30	2.60

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	51,649	51,712	56,031	141,892	157,520
Less: Accumulated depreciation	(20,070)	(21,148)	(23,733)	(35,284)	(47,260)
Tangible fixed assets (net)	31,579	30,564	32,297	106,608	110,260
Intangible fixed assets (net)	0	0	0	0	0
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	0	0	0	0	0
Cash & equivalents	4,843	10,518	9,470	40,156	38,150
A/C receivable	1,078	945	623	13,651	15,032
Inventories	14,774	14,478	15,318	31,089	33,687
Other current assets	2,638	2,310	2,402	5,262	5,737
Current assets	23,333	28,251	27,814	90,158	92,607
Other assets	7,729	15,219	15,825	296,825	323,623
Total assets	62,641	74,034	75,936	493,591	526,489
Common equity	20,243	22,239	24,186	271,252	276,297
Minorities etc.	491	471	431	393	373
Total shareholders' equity	20,734	22,711	24,617	271,644	276,671
Long term debt	7,003	2,002	1,690	27,232	31,669
Other long-term liabilities	2,155	8,767	9,117	19,969	21,772
Long-term liabilities	9,158	10,769	10,807	47,201	53,440
A/C payable	26,425	27,974	28,927	72,171	78,203
Short term debt	919	6,547	5,529	89,071	103,583
Other current liabilities	5,405	6,034	6,056	13,504	14,592
Current liabilities	32,749	40,555	40,512	174,746	196,378
Total liabilities and shareholders' equity	62,641	74,034	75,936	493,591	526,489
Net working capital	(13,340)	(16,275)	(16,639)	(35,672)	(38,338)
Invested capital	25,968	29,508	31,483	367,761	395,544

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

Per share (THB)

Book value per share	4.22	4.63	5.04	24.28	24.73
Tangible book value per share	4.22	4.63	5.04	24.28	24.73

Financial strength

Net debt/equity (%)	14.8	(8.7)	(9.1)	28.0	35.1
Net debt/total assets (%)	4.9	(2.7)	(3.0)	15.4	18.4
Current ratio (x)	0.7	0.7	0.7	0.5	0.5
CF interest cover (x)	23.0	19.6	70.8	(24.3)	6.6

Valuation	2019	2020	2021E	2022E	2023E
Recurring P/E (x) *	38.6	36.8	36.9	43.3	33.3
Recurring P/E @ target price (x) *	40.0	38.0	38.2	44.8	34.5
Reported P/E (x)	38.6	36.8	36.9	43.3	33.3
Dividend yield (%)	1.9	1.9	1.9	1.6	2.1
Price/book (x)	11.9	10.8	10.0	2.1	2.0
Price/tangible book (x)	11.9	10.8	10.0	2.1	2.0
EV/EBITDA (x) **	22.4	19.1	22.0	19.7	17.5
EV/EBITDA @ target price (x) **	23.2	19.8	22.8	20.3	18.0
EV/invested capital (x)	9.4	8.1	7.6	1.7	1.7

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

Sources: Siam Makro; 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	ICHI	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	PCSGH	PDJ	PG	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	SEOIL	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	TTB	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	WIIK	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	AMANA	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	SEAOL	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	TTB	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

Karun Intrachai 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.

Company	Ticker	Price	Rating	Valuation & Risks
Siam Makro	MAKRO TB	THB 50.25	HOLD	The key downside risks to our DCF-based TP include: 1) lower-than-expected SSSG; 2) lower-than-expected GPM improvement; and 3) operational losses from its overseas business. The key upside risks include: 1) the faster-than-expected recovery of Lotus' performance; and 2) a more aggressive expansion plan.
Berli Jucker	BJC TB	THB 33.25	HOLD	Key downside risks to our DCF-based TP could come from 1) competition with Tesco Lotus which could impact its sales and gross margin; and 2) a lower-than-expected utilisation rate and profit margin from its packaging unit after losing major customers in Thailand. The key upside risk is from easing competition in the hypermarket segment.
CP All	CPALL TB	THB 62.75	BUY	The key downside risks to our DCF-derived TP are: 1) the higher-than-expected impact from a loss of service income from the convenience store business; 2) the worse-than-expected overseas performance of Makro; and 3) the slow recovery of tourist numbers.
Siam Global House	GLOBAL TB	THB 21.00	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.
Home Product Center	HMPRO TB	THB 13.60	BUY	The key downside risks to our DCF-based TP include: 1) lower-than-expected SSSG; 2) the slow recovery of tourist numbers; and 3) operating losses from its overseas business.
Central Retail Corp	CRC TB	THB 34.00	BUY	The key downside risks to our DCF-based TP include 1) new waves of Covid-19; and 2) lower-than-expected sales from the high-margin fashion business.
Srinanaporn Marketing	SNNP TB	THB 10.90	BUY	The key downside risks to our DCF-based TP are 1) slower-than-expected demand growth and market penetration overseas, especially in Cambodia and Vietnam; 2) a lower-than-expected profit margin due to high raw material and transportation costs; and 3) higher-than-expected SG&A expenses from overseas operations.
Charoen Pokphand Foods	CPF TB	THB 25.75	BUY	The key downside risks to our SoTP-based target price are the volatile pork prices in both Thailand and Vietnam which could hurt revenues and the company's gross margin.

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

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 Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 29-Sep-2021 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / 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.