

3 NOVEMBER 2021

THAILAND / TRANSPORT & LOGISTICS

KERRY EXPRESS (THAILAND)

KEX TB

BUY

FROM HOLD

TARGET PRICE	THB38.00
CLOSE	THB33.50
UP/DOWNSIDE	+13.4%
PRIOR TP	THB42.00
CHANGE IN TP	-9.5%
TP vs CONSENSUS	-18.8%

ขยายระบบนิเวศทางธุรกิจ

คาดผลประกอบการ 3Q21 อ่อนแอ

ใน 3Q21 แม้เราจะคิดว่ารายได้ของ KEX จะโตต่อเนื่องที่ 9% q-q เป็น 5 พัน ลบ. เราคาดว่ากำไรสุทธิจะลดลง 19% q-q เป็น 272 ลบ. โดยมีรายการสำคัญประกอบด้วย 1) ปริมาณพัสดุขนส่งที่สูงขึ้น ซึ่งเราคาดว่าอยู่ในระดับสูงเป็นประวัติการณ์ อย่างไรก็ตามรายได้ที่เพิ่มขึ้นอาจลดลงเล็กน้อยจากการแข่งขันด้านราคา; 2) เราคาดว่าอัตรากำไรขั้นต้น (GPM) จะลดลงเหลือ 14.2% เทียบกับ 15.4% ใน 2Q21 เนื่องจาก KEX เพิ่งเริ่มใช้เทคโนโลยีใหม่เพื่อเพิ่มประสิทธิภาพ ซึ่งต้องใช้เงินลงทุนเริ่มต้นเป็นจำนวนมาก; และ 3) เราคาดว่าค่าใช้จ่ายการขายและการบริหารจะเพิ่ม 18% q-q จากการขยายความสามารถในการขนส่งพัสดุ

ขยายระบบนิเวศทางธุรกิจ

เรามุ่งมองที่เป็นบวกเกี่ยวกับประโยชน์จากการเป็นพันธมิตรระหว่าง VGI และ JMART โดย KEX ซึ่งเป็นบริษัทย่อยของ VGI น่าจะได้ประโยชน์โดยตรงจากรายการดังกล่าว เนื่องจาก JMART ตั้งเป้าเข้าสู่ธุรกิจโลจิสติกส์ผ่านรูปแบบการเป็นพันธมิตร ข้อตกลงดังกล่าวจะดีกับทั้งสองบริษัท KEX จะสามารถขยายจุดบริการกับ JMART และ SINGER ไปยังกว่า 7,000 สาขาในปักษ์ใต้ด้วยต้นทุนที่ลดลง นอกจากนี้ KEX ยังมีโอกาสในการใช้เทคโนโลยีจาก J Ventures เพื่อให้บริการที่ดีขึ้นและปรับปรุงประสิทธิภาพการบริหารต้นทุน เราเชื่อว่า KEX จะกลายเป็นพันธมิตรและให้บริการทางโลจิสติกส์แก่ JMART (B2B) และ SINGER (B2C) พร้อมโอกาสในการพัฒนาที่มากขึ้นในต้นปีหน้า

ปรับประมาณการกำไรจากราคาขนส่งพัสดุใหม่

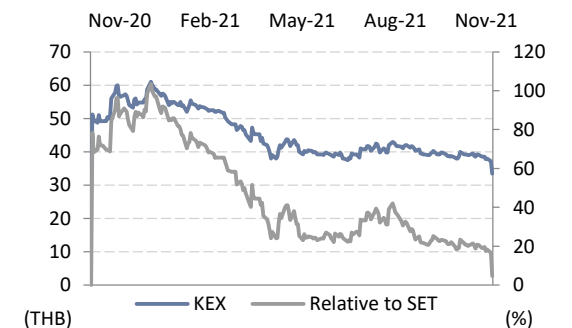
จากปัญหาการแข่งขันด้านราคาในตลาดขนส่งพัสดุในปัจจุบัน KEX เพิ่งปรับลดราคาขนส่งพัสดุเริ่มต้นจาก 25 เป็น 19 บาทเพื่อสู้กับคู่แข่ง ซึ่งทำให้เราปรับลดสมมติฐานรายได้ที่เพิ่มขึ้นและ GPM ของเรา รวมถึงปรับเพิ่มประมาณการค่าใช้จ่ายการขายและการบริหารในปี 2021 และ 2022 การปรับดังกล่าวทำให้เราต้องปรับลดประมาณการกำไรของ KEX ลง 15% และ 22% เป็น 1.3 พัน ลบ. (-9% y-y) ในปี 2021 และ 1.4 พัน ลบ. (+9% y-y) ในปี 2022

ปรับเพิ่มคำแนะนำเป็นซื้อที่ราคาเป้าหมายใหม่ที่ 38 บาท

เราปรับลดราคาเป้าหมายจาก 42 เป็น 38 บาท (DCF) และปรับเพิ่มคำแนะนำเป็นซื้อจากถือจากราคาหุ้นที่ปรับลดลง 12% ภายในช่วง 2 วันได้เปิดโอกาสในการเริ่มสะสม KEX แม้ว่าแนวโน้มกำไรอาจชะลอตัวลงกว่าที่เคยคาดก่อนหน้านี้ การขยายธุรกิจอย่างไม่หยุดยั้งเข้าสู่บริการขนส่งโดยดูเินและแบบไม่เต็มคันรถ รวมถึงการเป็นพันธมิตรกับ JMART อาจช่วย KEX ค้นพบโอกาสสำหรับการเติบโตอื่น ประมาณการและราคาเป้าหมายของเรายังไม่รวมโอกาสในการเป็นพันธมิตรกับ JMART และธุรกิจใหม่

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	18,917	19,133	20,107	21,990
Net profit	1,405	1,273	1,390	1,610
EPS (THB)	0.81	0.73	0.80	0.93
vs Consensus (%)	-	(5.2)	(8.0)	(7.6)
EBITDA	4,202	3,848	3,648	3,627
Core net profit	1,405	1,273	1,390	1,610
Core EPS (THB)	0.81	0.73	0.80	0.93
Chg. In EPS est. (%)	-	(14.8)	(22.2)	(20.3)
EPS growth (%)	(12.5)	(9.4)	9.2	15.8
Core P/E (x)	41.5	45.8	41.9	36.2
Dividend yield (%)	2.8	0.7	0.7	0.8
EV/EBITDA (x)	11.8	12.7	12.9	12.4
Price/book (x)	5.4	5.0	4.6	4.2
Net debt/Equity (%)	(82.0)	(80.4)	(89.6)	(96.2)
ROE (%)	21.5	11.3	11.4	12.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(13.5)	(19.3)	n/a
Relative to country (%)	(14.2)	(23.1)	n/a
Mkt cap (USD m)	1,753		
3m avg. daily turnover (USD m)	4.0		
Free float (%)	27		
Major shareholder	KLN Logistics (Thailand) (52%)		
12m high/low (THB)	73.00/33.50		
Issued shares (m)	1,740.00		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

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

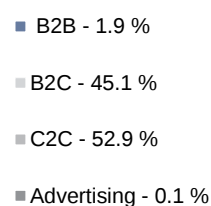
According to Frost & Sullivan, a research & consulting firm, e-commerce in Thailand is projected to grow by 26.7% CAGR from 2019-24. Growth in e-commerce would boost the demand of using parcel delivery services, directly benefitting KEX.

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)



Source: Kerry Express (Thailand)

Major shareholders



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 2019-24, based on Frost & Sullivan's estimate.

Risks to our call

The key downside risks to our DCF-based TP are 1) if the competition is higher than our expectation; and 2) if Covid-19 continues to spread further

Event calendar

Date	Event
Nov 2021	3Q21 results announcement

Key assumptions

	2019	2020	2021E	2022E	2023E
Total parcels delivered (m units)	274	294	326	375	413
Revenue per parcel (THB)	71	64	58	53	53
Growth	(%)	(%)	(%)	(%)	(%)
Total parcels delivered	58.0	7.2	11.0	15.0	10.0
Revenue per parcel	(8.5)	(10.1)	(9.0)	(9.0)	(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

The competition remains intense

After Flash Express (not listed) entered the market in 2017, it had impressive growth in terms of revenue and becoming the first unicorn in Thailand with a total value of over THB30b. The number of parcels delivered has reached 2m parcels per day. However, it has not yet generated a net profit, making a loss of over THB760m in 2020. Flash Express entered the market in the economy segment, offering one of the cheapest parcel delivery services in the market.

We believe Flash is the biggest threat to KEX, as its market share has grown significantly from 4% in 2019 to 16% in 2020. This is the reason why KEX has entered the economy segment to offer lower parcel delivery prices compared to its starting prices, in order to protect its market share. According to KEX, it will counter every promotion Flash makes and will be more aggressive in the price war. Management anticipates that the parcel delivery market in Thailand will have only two main operators: Thailand Post and KEX.

At the beginning of Nov-21, KEX announced that it was reducing its starting parcel delivery price from THB25 to THB19 with some conditions, such as 1) only 5 parcels/customer/bill/day; 2) applicable only to envelopes, seal bags A, B, and C, and mini box sizes; and 3) applicable to some locations. The company has also reduced the cash on delivery (COD) fee from 3% to 2.4%.

According to KEX, the new starting parcel delivery price of THB19 will be applied to around 50% of all of its service points. The company also indicated that COD fee revenue has typically contributed about 10% of its revenue. Therefore, we expect that the impact of the decreased parcel delivery charge could account for around 8% of its total revenue in 2022, while the impact of decreasing the COD fee from 3% to 2.4% should have a minimal impact on KEX's revenue in 2021 and not more than 2% of KEX's revenue in 2022, in our estimation, resulting in an 11% impact on KEX's revenue in total.

However, we have not yet factored in the benefit that KEX could gain from an increase in its parcel deliveries and the potential market share it might gain from its competitors. This could partially offset the decline in its revenue by around 6%. As a result, we expect the impact from this promotion to affect KEX's revenue in 2022 by around 5%.

Exhibit 1: KEX's new delivery promotion

ส่งสูง x2 คำน่ำไรส่งท้ายปี กับเคอรี่เอ็กซ์เพรส

KERRY EXPRESS

สูงที่ 1 ลดจติหนัก ส่งจติเดิม
เริ่มต้นที่ **19.-**
ต่อไทยราคาเดียว*

สูงที่ 2 บริการเก็บเงินปลายทาง COD
ค่าธรรมเนียมเพียง **2.4%**
พร้อมโอนคืนภายในวันถัดไป**

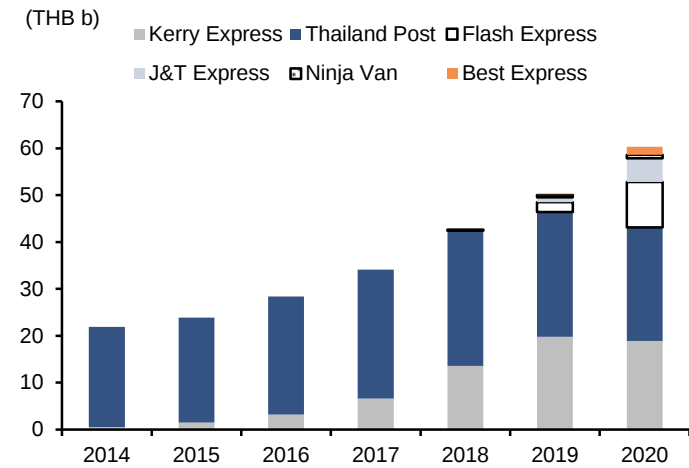
และพบกับ บริการเก็บเงินปลายทาง รูปแบบใหม่ ส่งไม่สำเร็จ ไม่คิดค่าบริการ

ตั้งแต่วันที่ 1 พฤศจิกายน 2564 เป็นต้นไป

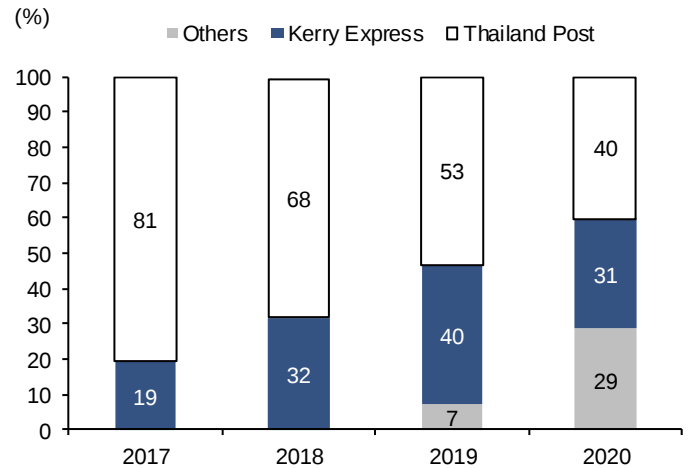
*เงื่อนไขเป็นไปตามที่บริษัทฯ กำหนด
*จำกัดจำนวนการส่ง 5 กล่อง/คน/วัน หรือ 5 ชิ้น
*เฉพาะพัสดุ Envelope, Seal Bag A, Seal Bag B, Seal Bag C และกล่อง Mini
*ไม่รวมถึงพัสดุที่มีลักษณะพิเศษ เช่น พัสดุอันตราย
*ไม่รวมถึงพัสดุที่มีลักษณะพิเศษ เช่น พัสดุที่มีกลิ่นเหม็น
*บริการพิเศษตามความต้องการของลูกค้า โดยคิดค่าบริการตามอัตราที่กำหนด
**เฉพาะสาขาที่ให้บริการ บริการพิเศษ ลดอัตราค่าบริการ 50% สำหรับลูกค้า Diamond และ Gold ที่ผูกบัญชีกับธนาคารกรุงไทยเท่านั้น

Source: KEX

This could lead to a more intense price war in 2022, in our view. We believe that the revenue per parcel for KEX will continue to decline next year. We expect the price per parcel for KEX to drop by 9% next year after dropping by 9% this year.

Exhibit 2: Parcel delivery revenue growth

Sources: KEX; Department of Business Development; FSSIA's compilation

Exhibit 3: Parcel delivery market share outlook

Sources: KEX; Department of Business Development; FSSIA's compilation

Expanding into logistics-related business

KEX announced the establishment of a new JV company under the name of Kerry Betagro, with an investment proportion of 60% by KEX and 40% by Betagro (not listed), operating agro-industrial and food businesses. It has an expected investment value of THB50m during the first phase. The main business objective is to launch a forefront cold delivery platform (cold chain) in Thailand. The first phase of this service will mainly support Betagro's logistics from the southern part of Thailand and it expects to expand its service to other customers in the second phase.

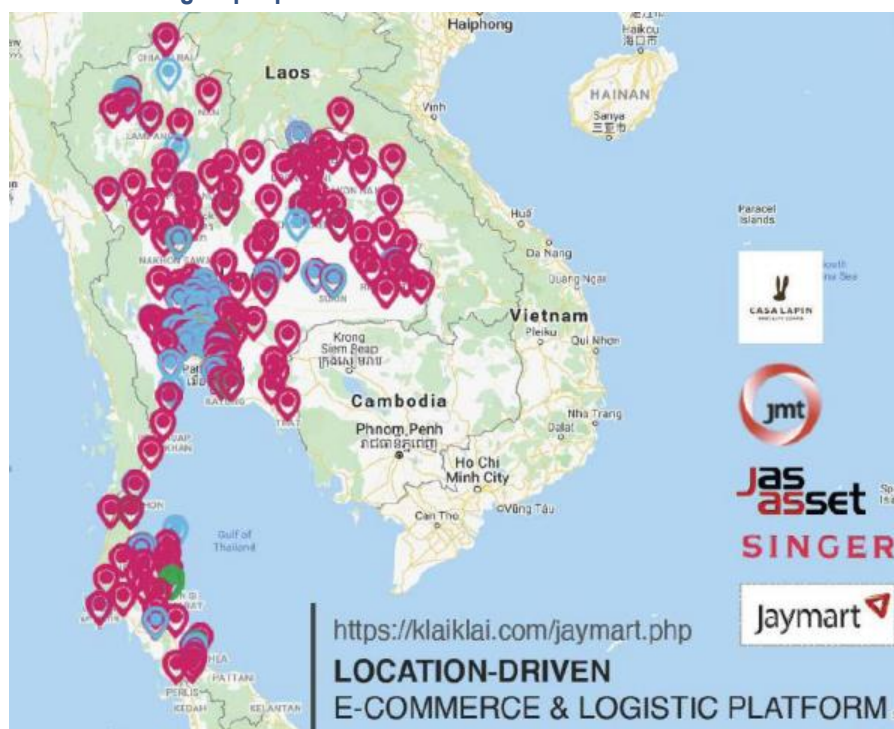
Moreover, KEX also aims to expand its logistics services by launching a new LTL service to support a new group of customers with large item deliveries. This project will likely be done via partnership as well. The company expects to announce their partnership and business outlook within this year.

These two projects show that KEX is trying to expand away from its current business, which is parcel delivery. We believe this could support its growth in the long term, given that parcel delivery is now in a highly competitive stage.

JMART partnership, another opportunity

At the moment, KEX has service points in over 15k areas around Thailand. VGI (VGI TB, HOLD, TP THB5.80)'s investment in Jay Mart (JMART TB, BUY, TP THB48) should direct benefit KEX given that JMART also aims to enter the logistics business. Therefore, KEX is the best choice for JMART, in our view. This would be a win-win situation for the company. JMART would enter the logistics business with a strong partner like KEX which is a leader in parcel deliveries in Thailand. KEX also has the opportunity to expand its service points through the JMART group's branches, which includes Singer Thailand (SINGER TB, BUY, TP THB51), with a total of over 7k branches. The expansion of its services via synergy branches (J Mobile, SINGER, JMT Network Services (JMT TB, BUY, TP THB57), KB J Capital, Fanslink and KEX) would generate opportunities for KEX to gain additional revenue at a lower cost.

Exhibit 4: JMART group's points of service



Source: JMART

Exhibit 5: Key assumption changes

	----- New -----		----- Previous -----		----- Change-----	
	2021E	2022E	2021E	2022E	2021E	2022E
	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)
Revenue per parcel (THB)	58	53	60	59	(2.5)	(9.8)
Total parcels delivered (m units)	326	375	323	372	1.0	0.9
Revenue	19,133	20,107	19,333	22,005	(1.0)	(8.6)
Gross profit	2,966	3,117	3,228	3,696	(8.1)	(15.7)
EBIT	1,674	1,779	1,924	2,234	(13.0)	(20.3)
Net profit	1,273	1,390	1,494	1,787	(14.8)	(22.2)
Margin	(%)	(%)	(%)	(%)	(ppt)	(ppt)
Gross profit margin	15.5	15.5	16.7	16.8	(1.2)	(1.3)
Net profit margin	6.7	6.9	7.7	8.1	(1.1)	(1.2)

Source: FSSIA estimates

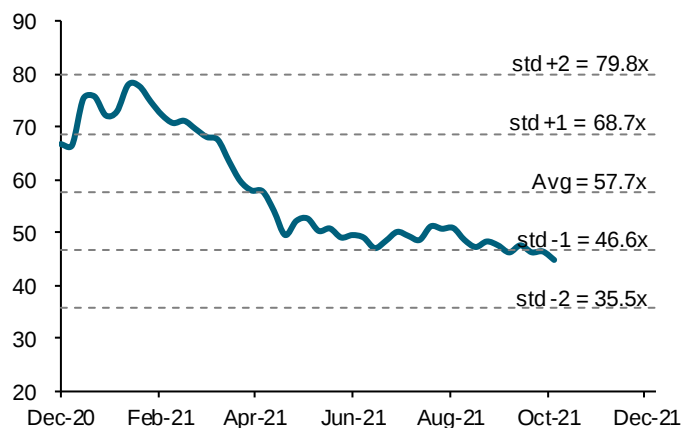
Exhibit 6: 3Q21E results preview

	3Q20	2Q21	3Q21E	Change		9M20	9M21E	Change	2021E
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)	(THB m)
Revenue	4,489	4,600	5,014	9	12	14,689	13,802	(6)	19,333
Operating costs	(3,805)	(3,891)	(4,302)	11	13	(12,250)	(11,685)	(5)	(16,336)
Gross profit	683	709	712	0	4	2,439	2,117	(13)	2,997
SG&A expenses	(307)	(328)	(388)	18	26	(1,138)	(1,031)	(9)	(1,402)
EBIT	376	381	324	(15)	(14)	1,301	1,086	(16)	1,595
Depn & amort.	647	558	562	1	(13)	1,818	1,691	(7)	2,174
EBITDA	1,023	940	886	(6)	(13)	3,119	2,777	(11)	3,769
EBITDA margin (%)	22.8	20.4	17.7	(2.75)	(5.13)	21.2	20.1	(1.11)	19.5
Interest expense	(31)	(22)	(16)	(28)	(48)	(84)	(70)	(17)	(83)
Other income	20	47	32	nm	57	60	107	76	97
Pretax profit	366	406	340	(16)	(7)	1,277	1,123	(12)	1,609
Tax	(74)	(70)	(68)	(3)	(8)	(247)	(213)	(14)	(322)
Tax rate (%)	(20.2)	(17.3)	(20.0)	(2.71)	0.21	(19.4)	(19.0)	0.40	(20)
Net profit	292	336	272	(19)	(7)	1,030	910	(12)	1,287
Core net profit	292	336	272	(19)	(7)	1,030	910	(12)	1,287
EPS (THB)	0.17	0.19	0.16	(19)	(7)	0.59	0.52	(12)	0.74
Core EPS (THB)	0.17	0.19	0.16	(19)	(7)	0.59	0.52	(12)	0.74

Sources: KEX; FSSIA estimates

Exhibit 7: Rolling one-year forward P/E band

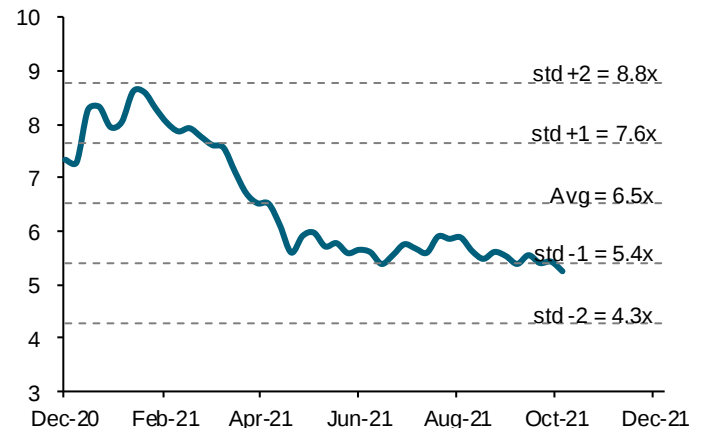
KEX PER (x)



Sources: Bloomberg; FSSIA estimates

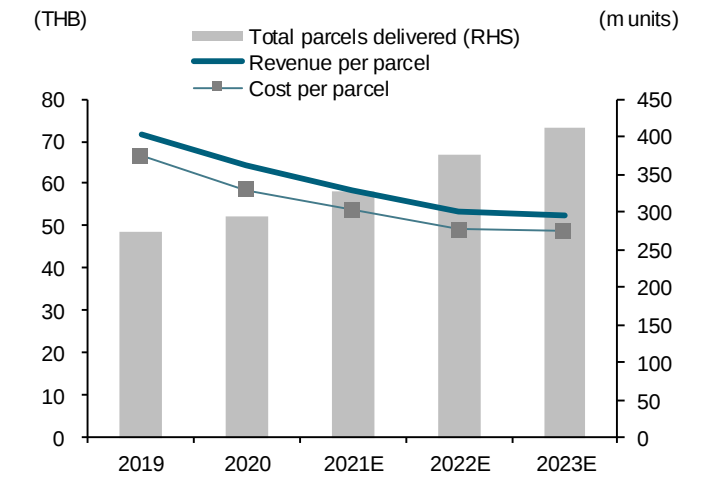
Exhibit 8: Rolling one-year forward P/BV band

KEX PBV (x)



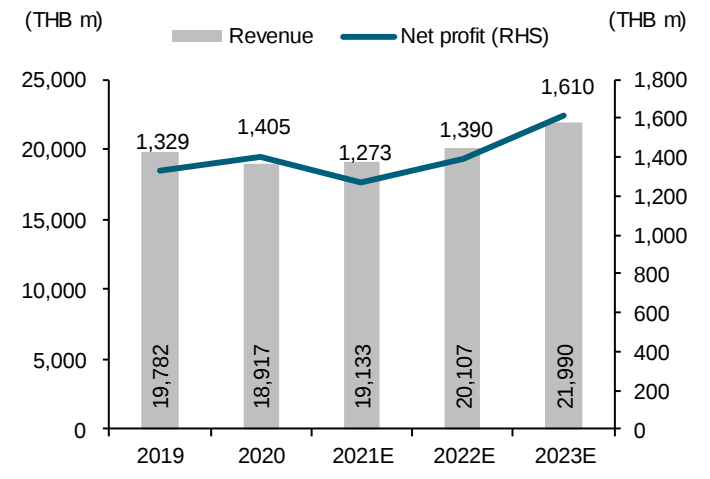
Sources: Bloomberg; FSSIA estimates

Exhibit 9: KEX – key assumptions



Sources: KEX; FSSIA estimates

Exhibit 10: KEX – revenue and net profit



Sources: KEX; FSSIA estimates

Financial Statements

Kerry Express (Thailand)

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	19,782	18,917	19,133	20,107	21,990
Cost of goods sold	(16,027)	(13,494)	(13,993)	(15,122)	(16,923)
Gross profit	3,755	5,423	5,139	4,985	5,068
Other operating income	113	93	96	101	110
Operating costs	(1,514)	(1,314)	(1,387)	(1,438)	(1,550)
Operating EBITDA	2,354	4,202	3,848	3,648	3,627
Depreciation	(678)	(2,356)	(2,174)	(1,869)	(1,615)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	1,676	1,846	1,674	1,779	2,012
Net financing costs	(24)	(112)	(83)	(42)	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	1,591	1,737	2,012
Tax	(324)	(329)	(318)	(347)	(402)
Profit after tax	1,329	1,405	1,273	1,390	1,610
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	1,273	1,390	1,610
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	1,329	1,405	1,273	1,390	1,610
Per share (THB)					
Recurring EPS *	0.92	0.81	0.73	0.80	0.93
Reported EPS	0.92	0.81	0.73	0.80	0.93
DPS	0.41	0.95	0.22	0.24	0.28
Diluted shares (used to calculate per share data)	1,440	1,740	1,740	1,740	1,740
Growth					
Revenue (%)	45.8	(4.4)	1.1	5.1	9.4
Operating EBITDA (%)	33.2	78.5	(8.4)	(5.2)	(0.6)
Operating EBIT (%)	14.2	10.1	(9.3)	6.3	13.1
Recurring EPS (%)	12.1	(12.5)	(9.4)	9.2	15.8
Reported EPS (%)	12.1	(12.5)	(9.4)	9.2	15.8
Operating performance					
Gross margin inc. depreciation (%)	15.6	16.2	15.5	15.5	15.7
Gross margin of key business (%)	15.6	16.2	15.5	15.5	15.7
Operating EBITDA margin (%)	11.9	22.2	20.1	18.1	16.5
Operating EBIT margin (%)	8.5	9.8	8.8	8.9	9.2
Net margin (%)	6.7	7.4	6.7	6.9	7.3
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	20.2	42.4	-
Inventory days	2.0	2.9	2.2	2.4	2.3
Debtor days	30.2	30.8	29.0	29.3	28.4
Creditor days	41.4	42.6	37.8	38.4	36.1
Operating ROIC (%)	103.2	174.3	202.4	109.6	143.7
ROIC (%)	77.9	37.1	22.6	25.2	33.6
ROE (%)	71.4	21.5	11.3	11.4	12.1
ROA (%)	25.0	11.8	7.2	7.7	8.2
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
B2B	426	352	356	377	411
B2C	8,949	8,528	8,699	9,047	9,861
C2C	10,232	10,011	10,011	10,562	11,512
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	1,273	1,390	1,610
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)	156	27	(2)
Cash flow from operations	1,861	3,457	3,603	3,286	3,222
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)	(382)	(417)	(483)
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	(2,940)	(414)	(480)
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	(257)	1,951	1,922
Free cash flow to firm (FCFF)	352.70	3,193.20	2,766.20	2,407.76	2,402.50
Free cash flow to equity (FCFE)	928.65	1,572.30	125.21	2,368.42	2,405.24
Per share (THB)					
FCFF per share	0.20	1.84	1.59	1.38	1.38
FCFE per share	0.53	0.90	0.07	1.36	1.38
Recurring cash flow per share	1.41	2.18	1.98	1.87	1.85
Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
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	9,440	11,392	13,314
A/C receivable	1,722	1,467	1,573	1,654	1,774
Inventories	136	80	90	106	104
Other current assets	50	35	36	38	40
Current assets	2,818	11,278	11,139	13,190	15,232
Other assets	255	262	271	280	289
Total assets	6,014	19,318	17,934	19,046	20,302
Common equity	2,233	10,847	11,738	12,711	13,838
Minorities etc.	0	0	0	0	0
Total shareholders' equity	2,233	10,847	11,738	12,711	13,838
Long term debt	800	0	0	0	0
Other long-term liabilities	120	3,773	3,820	3,853	3,877
Long-term liabilities	920	3,773	3,820	3,853	3,877
A/C payable	2,685	1,962	2,184	2,287	2,384
Short term debt	0	800	0	0	0
Other current liabilities	176	1,936	192	194	202
Current liabilities	2,861	4,698	2,376	2,481	2,587
Total liabilities and shareholders' equity	6,014	19,318	17,934	19,046	20,302
Net working capital	(953)	(2,317)	(677)	(683)	(669)
Invested capital	2,243	5,723	6,118	5,173	4,401
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	1.55	6.23	6.75	7.31	7.95
Tangible book value per share	1.39	3.06	4.18	5.19	6.18
Financial strength					
Net debt/equity (%)	(4.9)	(82.0)	(80.4)	(89.6)	(96.2)
Net debt/total assets (%)	(1.8)	(46.1)	(52.6)	(59.8)	(65.6)
Current ratio (x)	1.0	2.4	4.7	5.3	5.9
CF interest cover (x)	77.9	17.0	9.2	70.5	-
Valuation	2019	2020	2021E	2022E	2023E
Recurring P/E (x) *	36.3	41.5	45.8	41.9	36.2
Recurring P/E @ target price (x) *	41.2	47.1	51.9	47.6	41.1
Reported P/E (x)	36.3	41.5	45.8	41.9	36.2
Dividend yield (%)	1.2	2.8	0.7	0.7	0.8
Price/book (x)	21.6	5.4	5.0	4.6	4.2
Price/tangible book (x)	24.1	10.9	8.0	6.5	5.4
EV/EBITDA (x) **	20.4	11.8	12.7	12.9	12.4
EV/EBITDA @ target price (x) **	23.2	13.6	14.7	15.0	14.6
EV/invested capital (x)	21.5	8.6	8.0	9.1	10.2
* 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	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	MITSI	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	TPIPP	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	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	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	WIIC	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

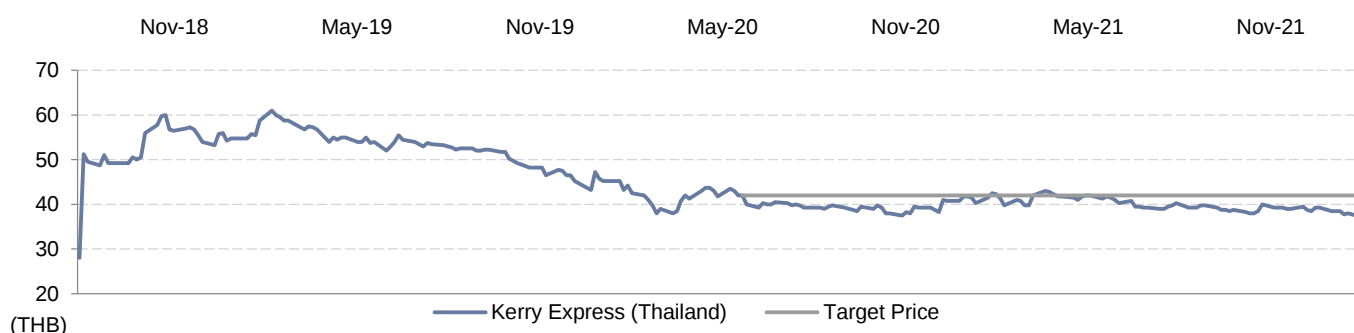
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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History of change in investment rating and/or target price

Kerry Express (Thailand) (KEX TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
02-Jun-2021	HOLD	42.00	-	-	-	-	-	-

Naruedom Mujjalinkool started covering this stock from 02-Jun-2021

Price and TP are in local currency

Source: FSSIA estimates

Jay Mart (JMART TB)



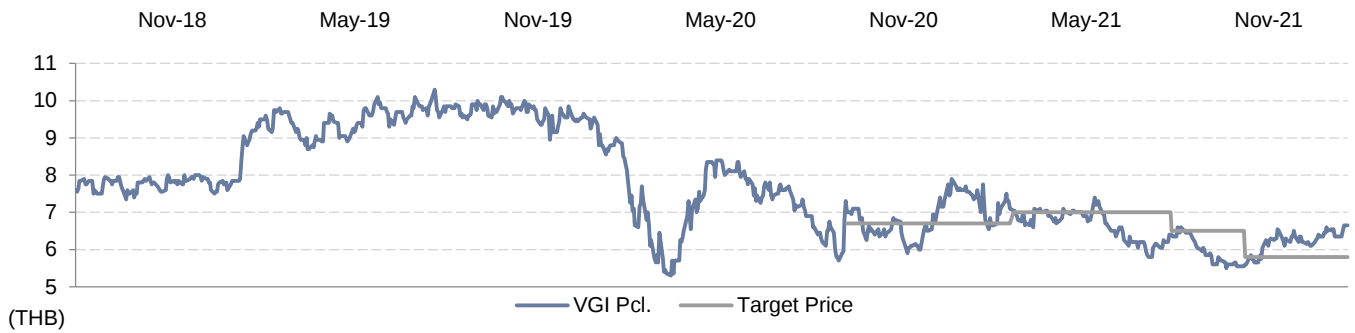
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
10-Aug-2021	BUY	44.00	27-Aug-2021	BUY	44.00	16-Sep-2021	BUY	48.00

Naruedom Mujjalinkool started covering this stock from 10-Aug-2021

Price and TP are in local currency

Source: FSSIA estimates

VGI Pcl. (VGI TB)



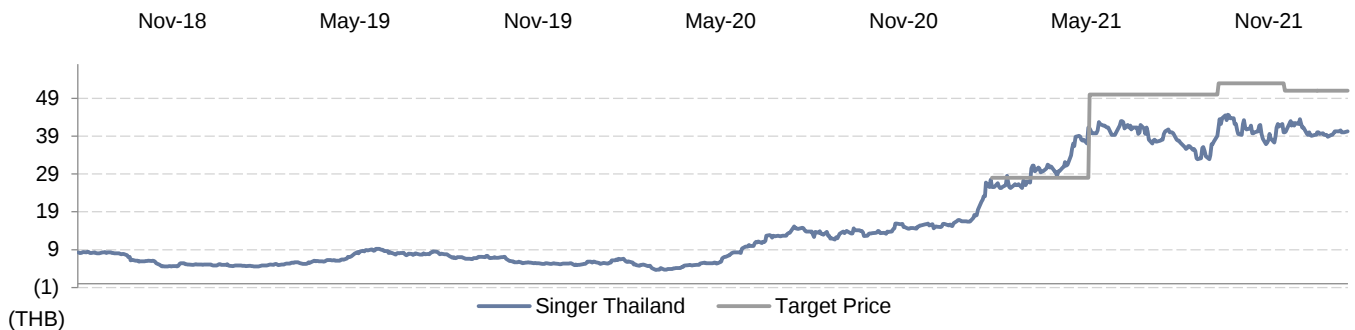
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
27-Aug-2020	HOLD	6.70	15-Jan-2021	HOLD	7.00	02-Jun-2021	HOLD	6.50
05-Nov-2020	HOLD	6.70	16-Feb-2021	HOLD	7.00	04-Aug-2021	HOLD	5.80

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

Price and TP are in local currency

Source: FSSIA estimates

Singer Thailand (SINGER TB)



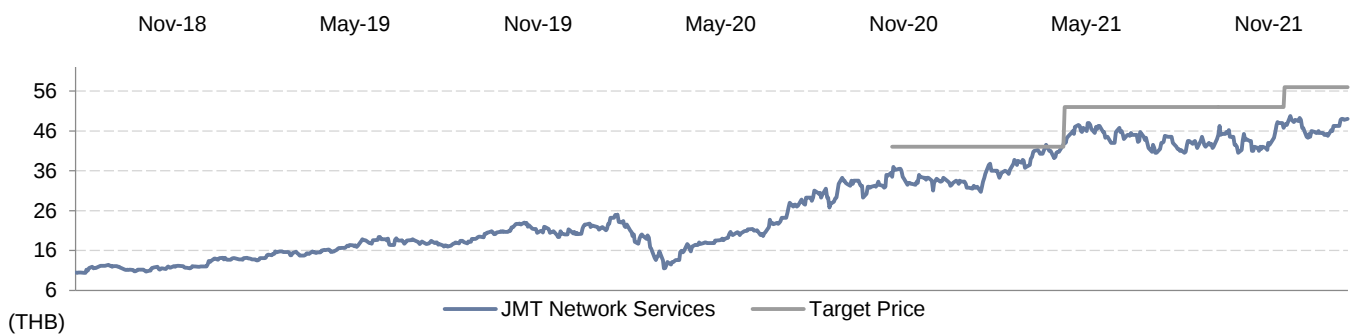
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
29-Dec-2020	HOLD	28.00	14-May-2021	BUY	50.00	27-Aug-2021	BUY	53.00
23-Feb-2021	HOLD	28.00	12-Jul-2021	BUY	53.00	07-Sep-2021	BUY	51.00
23-Mar-2021	BUY	50.00	17-Aug-2021	BUY	53.00			

Yuvanart Suwanumphai started covering this stock from 29-Dec-2020

Price and TP are in local currency

Source: FSSIA estimates

JMT Network Services (JMT TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
05-Oct-2020	BUY	42.00	02-Mar-2021	BUY	52.00	03-Aug-2021	BUY	52.00
23-Nov-2020	BUY	42.00	20-May-2021	BUY	52.00	07-Sep-2021	BUY	57.00

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

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Kerry Express (Thailand)	KEX TB	THB 33.50	BUY	The key downside risks to our DCF-based TP are 1) if the competition is higher than our expectation; and 2) if Covid-19 continues to spread further.
Jay Mart	JMART TB	THB 40.25	BUY	Downside risks to our SOTP-based TP include 1) lower-than-expected mobile revenue; 2) lower cash collection from its fully amortised portfolio; and 3) the lower-than-expected acquisition of new bad debt.
VGI Pcl.	VGI TB	THB 6.65	HOLD	The key upside and downside risks to our SoTP-based TP are if the advertising expenditure recovery is slower or faster than our expectation, and whether Rabbit Line Pay is successful or not.
Singer Thailand	SINGER TB	THB 39.75	BUY	Downside risks to our GGM-derived TP include 1) an economic slowdown leading to slower loan growth and lower sales of electrical products and home appliances; and 2) deteriorating asset quality.
JMT Network Services	JMT TB	THB 48.50	BUY	Downside risks to our GGM-based TP include 1) lower cash collection from its fully amortised portfolio; and 2) the lower-than-expected acquisition of new bad debt.

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 02-Nov-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.