

18 NOVEMBER 2021

THAILAND / CONSUMER STAPLES

BERLI JUCKER BJC TB

HOLD

UNCHANGED

TARGET PRICE	THB38.00
CLOSE	THB34.75
UP/DOWNSIDE	+9.4%
PRIOR TP	THB39.00
CHANGE IN TP	-2.6%
TP vs CONSENSUS	+0.3%

Looking for the right strategy

Bottomed out in 3Q21, modest recovery expected in 4Q21

BJC's operations have bottomed out in 3Q21, similar to other retailers. However, we expect the pace of its recovery to be slower than its peers in 4Q21. At BJC's analyst briefing, management said it has seen improving sales for all segments in Oct-21. Packaging (PSC), consumer (CSC), and healthcare sales grew 11% y-y, while Big C sales grew 3% y-y in Oct. 4Q21 rental income could be the highest in 2021 (vs THB2.0b in 1Q and 2Q21 and THB1.4b in 3Q21), driven by a higher occupancy rate at 88-89% vs 85% in 3Q21. Moreover, the rental discount to tenants should be less than 10% vs 18-20% in 3Q21.

GPM remains under pressure in 4Q21

Despite its positive sales growth so far in 4Q21, BJC's GPM is still under pressure. PSC GPM should slightly improve q-q on a higher utilisation rate from the demand recovery for aluminium cans after the lockdown easing in Vietnam and a glass bottle demand recovery due to the lifting of the night curfew in Thailand. CSC GPM could trend downward, pressured by high raw material costs and a higher proportion of third-party distribution sales, which have a lower GPM. Big C's GPM remains under pressure due to higher B2B sales and transportation costs.

Implementing more strategies to turn Big C around in 2022

The main focus in 2022 would be the improvement of Big C's operations. Management plans to increase private label sales to improve its GPM. Rental income could take until late 2023 to return to the pre-Covid level, as it is highly dependent on Chinese tourist spending. For its long-term outlook, BJC targets THB10b net profit by 2024, driven by 1) the expansion of new formats; 2) improving online and omnichannel efficiency; 3) higher private brand sales; 4) interest savings; and 5) overseas expansion. The target is quite challenging, in our view.

Maintain HOLD with a revised DCF-based TP of THB38

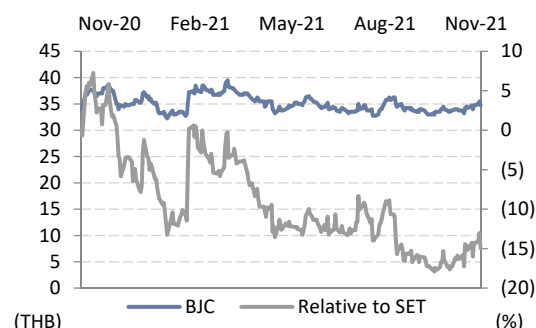
We cut our 2021-23E net profit by 10.7-38.3% to reflect Big C's weak performance and the lower-than-expected GPM, pressured by the high commodity cost. We lower our TP to THB38 (from THB39) to reflect our earnings downgrade and roll forward our valuation to 2022. We are waiting to see some concrete developments after BJC implements new strategies to turn Big C's operations around, which we think will be quite challenging due to the high competition in the hypermarket segment.



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KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	157,549	154,758	161,589	166,842
Net profit	4,001	3,428	5,115	6,228
EPS (THB)	1.00	0.86	1.28	1.55
vs Consensus (%)	-	(3.3)	(0.2)	1.3
EBITDA	19,512	19,117	21,862	24,077
Core net profit	3,914	3,428	5,115	6,228
Core EPS (THB)	0.98	0.86	1.28	1.55
Chg. In EPS est. (%)	-	(38.3)	(22.4)	(10.7)
EPS growth (%)	(48.3)	(12.4)	49.2	21.8
Core P/E (x)	35.6	40.6	27.2	22.4
Dividend yield (%)	2.6	2.2	3.3	4.1
EV/EBITDA (x)	15.7	15.8	14.2	13.1
Price/book (x)	1.2	1.2	1.2	1.2
Net debt/Equity (%)	135.3	131.3	137.3	141.4
ROE (%)	3.4	3.0	4.5	5.5



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	2.2	3.0	0.7
Relative to country (%)	1.8	(3.3)	(17.3)
Mkt cap (USD m)	4,256		
3m avg. daily turnover (USD m)	6.9		
Free float (%)	26		
Major shareholder	TCC Corporation (74%)		
12m high/low (THB)	40.75/32.00		
Issued shares (m)	4,007.80		

Sources: Bloomberg consensus; FSSIA estimates

Investment thesis

BJC is one of Thailand's oldest companies providing an integrated supply chain with upstream, midstream, and downstream operations. Its modern trade supply chain (Big C) contributed c67% of total revenue in 2020. The hypermarket segment's strong competition and limited growth has led us to have a cautious view on BJC's growth outlook. Big C's SSSG has been soft due to the high competition in the hypermarket segment. While the second revenue contributor, the packaging supply chain (13%), continued to deliver a softer GPM in 2020 due to a change in its geographical sales mix (more customers from Vietnam which command a lower GPM compared to Thailand's sales due to the intensely competitive industry).

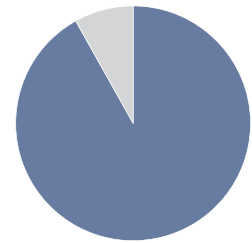
Company profile

BJC is a fully-integrated consumer company with a presence in Thailand and ASEAN. It is part of TCC group, the largest beverage company in Thailand. Businesses include packaging, manufacturing consumer products, healthcare and modern trade. In 2016, it acquired 98% of Big C.

www.bjc.co.th

Principal activities (revenue, 2020)

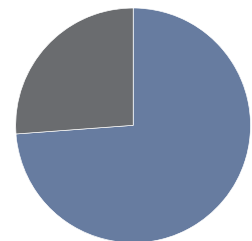
- Sales of goods/services - 91.9 %
- Other income - 8.1 %



Source: Berli Jucker

Major shareholders

- TCC Corporation - 73.8 %
- Others - 26.2 %



Source: Berli Jucker

Catalysts

The recovery of Thailand's economy and increasing consumer confidence, as well as easing competition in the hypermarket segment.

Risks to our call

Key downside risks to our DCF-based TP could come from 1) competition with 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.

Event calendar

Date	Event
February 2022	4Q21 results announcement

Key assumptions

	2021E	2022E	2023E
	(%)	(%)	(%)
Revenue growth			
- Packaging	(1.0)	5.0	5.0
- Consumer	4.0	4.0	5.0
- Healthcare	15.0	5.0	5.0
- Modern retailing (Big C)	(7.0)	3.0	2.0
Gross margin	18.8	19.3	19.8
- Packaging	23.5	23.5	23.0
- Consumer	18.3	18.7	18.9
- Healthcare	31.5	31.5	31.5
- Modern retailing (Big C)	15.4	15.9	16.5
SG&A to sales	18.4	18.4	18.3

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in revenue, we estimate 2021 EPS would rise 1.4%, and vice versa, all else being equal.
- For every 0.1% increase in GPM, we estimate 2021 EPS would rise 1.7%, and vice versa, all else being equal.
- For every 0.1% increase in SG&A to sales, we estimate 2021 EPS would fall 2.2%, and vice versa, all else being equal.

Source: FSSIA estimates

3Q21 results recap

BJC booked a 3Q21 net profit of THB367m (-65% y-y, -55% q-q), missing Bloomberg's consensus estimate by 13%, dragged down by its weak packaging unit and disappointing performance from Big C.

Key highlights for BJC's supply chains are as follows:

(-) Packaging Supply Chain (PSC) revenue dropped 9% y-y to THB4.5b following the lockdown measures in Thailand and Vietnam and the lower volume from aluminium can customers due to the lockdown in Myanmar. 3Q21 GPM rose to 24.0% (flat q-q, and vs 20.8% in 3Q20) following an increase in the economies of scale. PSC's core profit was THB507m (-5% y-y, -14% q-q) in 3Q21.

(+) Consumer Supply Chain (CSC) revenue grew 16% y-y to THB6.0b, driven by increasing sales from distributing third-party products, as BJC started distributing Unicharm products to the traditional trade channel in Thailand. GPM dropped to 16.6% in 3Q21 (20.1% in 3Q20) pressured by a lower margin from the non-food unit due to the high raw material costs, such as for palm oil, coconut oil, and pulp, and higher contributions from third-party sales. Core profit rose to THB321m (+12% y-y) but dropped 3.6% q-q.

(+) Healthcare & Technical Supply Chain (H&TSC) revenue rose 34% y-y to THB2.6b due to the high demand for Covid-related products. GPM rose to 33.6% vs 31.4% in 3Q20. Core profit rose to THB404m (+143% y-y).

(-) Modern Retail Supply Chain (BigC) revenue fell 5% y-y to THB22.8b on -6.6% SSS, dragged down by the non-food segment due to the lockdowns in dark red zones. Rental income dropped y-y to THB1.44b (vs THB2.2b in 3Q20) following the high discount rate at 17-19% compared to 10% in 1H21. The occupancy rate slightly dropped to 85% (vs 88% in 2Q21 and 91% in 3Q20). GPM dropped to 14.5% in 3Q21 (vs 14.9% in 2Q21 and 15.9% in 3Q20) due to the high logistics cost and lower contributions from high-margin products such as home line and soft line products. The overall core net profit of Big C was THB103m (-89% y-y) in 3Q21.

Overall SG&A to sales dropped to 18.1% in 3Q21 (vs 18.4% in 2Q21 and 18.8% in 3Q20) due to lower employee expenses, utility costs, and marketing expenses.

The effective tax rate rose to 26.6% in 3Q21 (vs 6.3% in 2Q21). BJC guided that the effective tax rate should drop to normal at 14-15% in 4Q21.

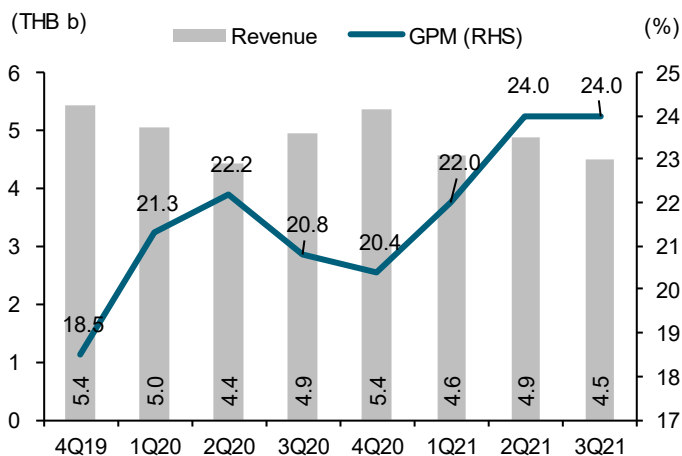
SSSG in Oct-21 was positive at 2-3%, driven by the dry food and fresh food segments. Hence, we expect 4Q21 earnings should recover strongly and could be near the 1Q21 level at THB0.9b-1.1b.

Exhibit 1: BJC – 3Q21 results summary

YE Dec 31	3Q20	4Q20	1Q21	2Q21	3Q21	Change		9M21		2021E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)	(THB m)	(y-y%)
Total revenue	38,189	38,617	35,553	37,074	36,850	(1)	(4)	109,477	(8)	154,758	(2)
Sales income	35,027	35,103	32,520	34,161	34,466	1	(2)	101,148	(8)	143,294	(1)
Other income	3,161	3,514	3,033	2,913	2,384	(18)	(25)	8,329	(10)	11,464	(11)
Gross profit	9,768	10,445	9,254	9,177	8,657	(6)	(11)	27,088	(9)	38,449	(5)
Operating costs	(7,168)	(7,401)	(6,755)	(6,822)	(6,653)	(2)	(7)	(20,230)	(9)	(28,407)	(4)
Operating profit	2,600	3,044	2,499	2,354	2,005	(15)	(23)	6,858	(9)	10,042	(5)
Operating EBITDA	4,287	6,440	4,746	4,535	4,307	(5)	0	13,588	4	19,117	(2)
interest income	17	14	4	5	6	3	(68)	15	(74)	41	(42)
Interest expense	(1,334)	(1,286)	(1,254)	(1,258)	(1,283)	2	(4)	(3,795)	(5)	(5,187)	(2)
Profit before tax	1,283	1,772	1,249	1,102	727	(34)	(43)	3,077	(15)	4,897	(9)
Tax	(139)	(218)	(123)	(69)	(194)	179	40	(386)	(32)	(713)	(9)
Equity income	(2)	(9)	(54)	(22)	(108)	379	4,506	(184)	26	(163)	5
Minority interests	(112)	(157)	(118)	(210)	(125)	(40)	11	(453)	15	(592)	7
Non-recurring items	33	(34)	59	22	66	197	103	148	22	0	(100)
Reported net profit	1,062	1,353	1,013	822	367	(55)	(65)	2,202	(17)	3,428	(12)
Recurring net profit	1,030	1,387	953	800	301	(62)	(71)	2,054	(19)	3,428	(10)
EPS (THB)	0.27	0.34	0.25	0.21	0.09	(55)	(65)	0.55	(17)	0.86	(14)
Recurring EPS (THB)	0.26	0.35	0.24	0.20	0.08	(62)	(71)	0.51	(19)	0.86	(12)
Key Ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(ppt)	(%)	(ppt)
Sales margin	18.9	19.7	19.1	18.3	18.2	(0.1)	(0.7)	18.5	(0.2)	18.8	(0.2)
Operating margin	6.8	7.9	7.0	6.4	5.4	(0.9)	(1.4)	6.3	(0.1)	6.5	(0.2)
Recurring net margin	2.7	3.6	2.7	2.2	0.8	(1.3)	(1.9)	1.9	(0.2)	2.2	(0.2)
SG&A / Sales	18.8	19.2	19.0	18.4	18.1	(0.3)	(0.7)	18.5	(0.3)	18.4	(0.5)
Effective tax rate	10.8	12.3	9.8	6.3	26.6						
Operating statistics	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)		
Packaging	4,943	5,373	4,571	4,885	4,504	(8)	(9)	13,960	(3)		
Consumer	5,146	4,989	4,971	5,679	5,958	5	16	16,608	6		
Healthcare and technical	1,953	2,158	1,926	2,189	2,609	19	34	6,724	16		
Modern trade (Big C)	23,899	23,505	22,022	22,403	22,805	2	(5)	67,230	(12)		
SSSG (%)	(17.8)	(20.8)	(21.6)	(14.3)	(6.6)						
Number of large stores (no.)	152	152	152	152	152						

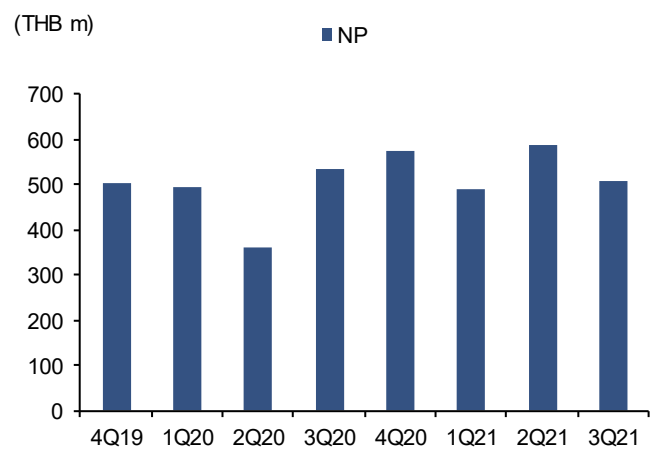
Sources: BJC; FSSIA estimates

Exhibit 2: PSC revenue and GPM



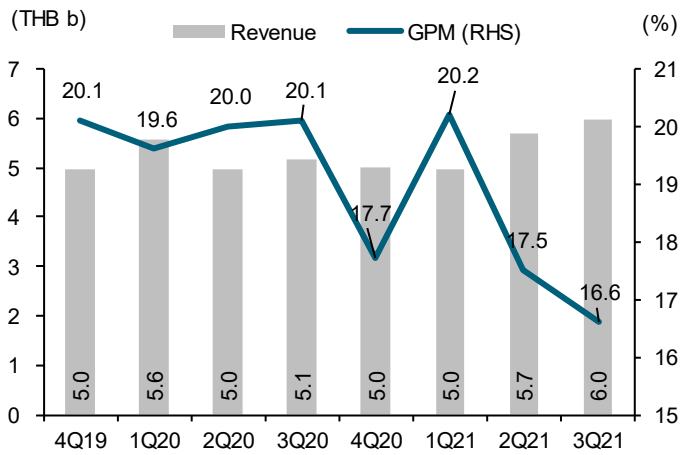
Sources: BJC; FSSIA estimates

Exhibit 3: PSC earnings trend



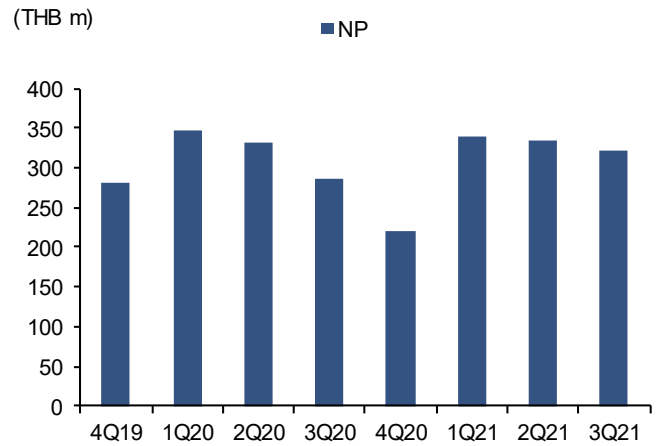
Sources: BJC; FSSIA estimates

Exhibit 4: MSC revenue and GPM



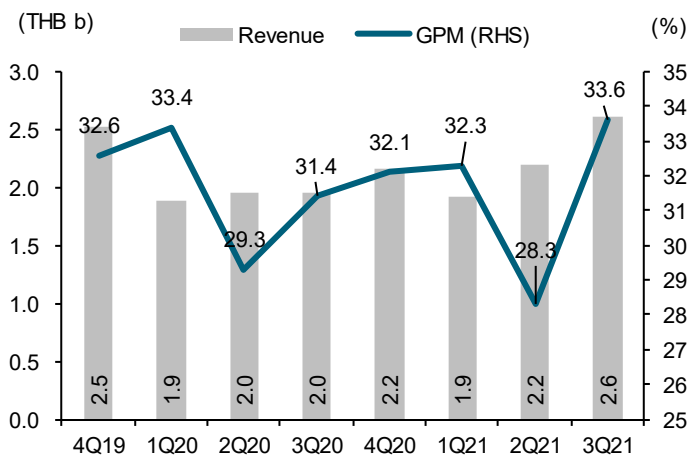
Sources: BJC; FSSIA estimates

Exhibit 5: MSC earnings trend



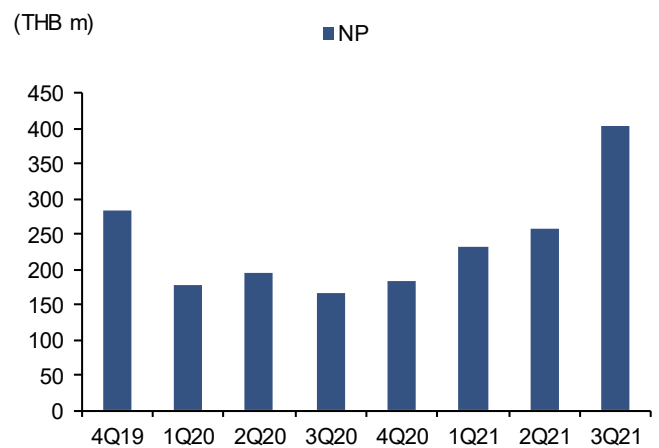
Sources: BJC; FSSIA estimates

Exhibit 6: H&TSC revenue and GPM



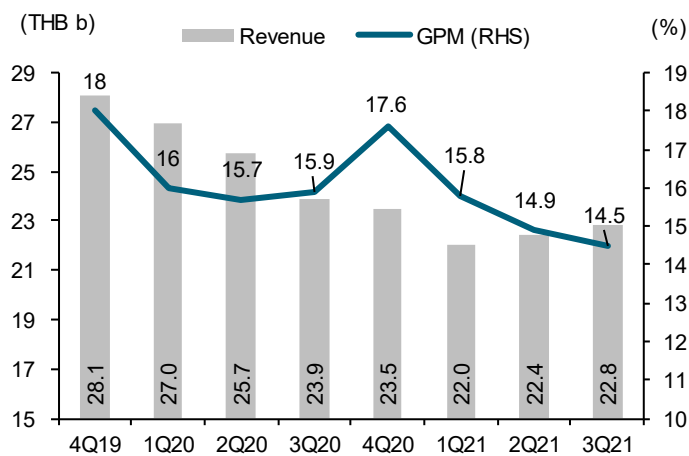
Sources: BJC; FSSIA estimates

Exhibit 7: H&TSC earnings trend



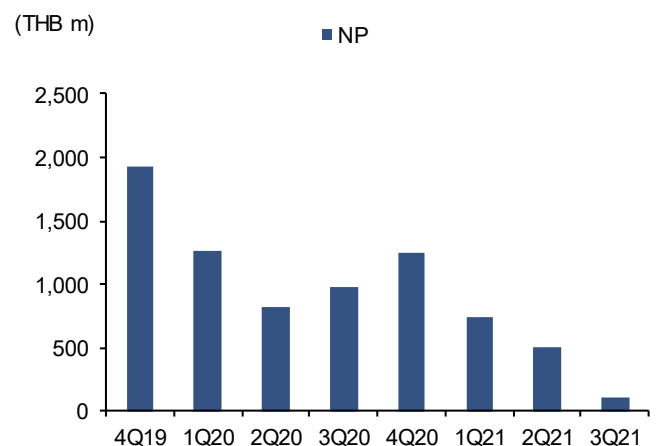
Sources: BJC; FSSIA estimates

Exhibit 8: MSC revenue and GPM (Big C)



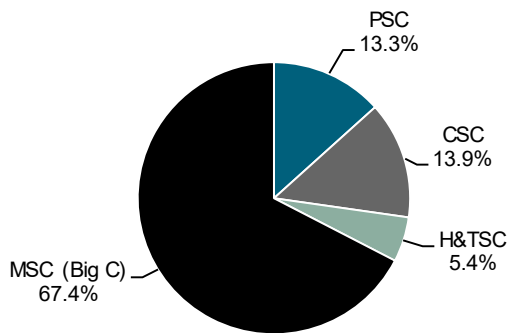
Sources: BJC; FSSIA estimates

Exhibit 9: MSC earnings trend (Big C)



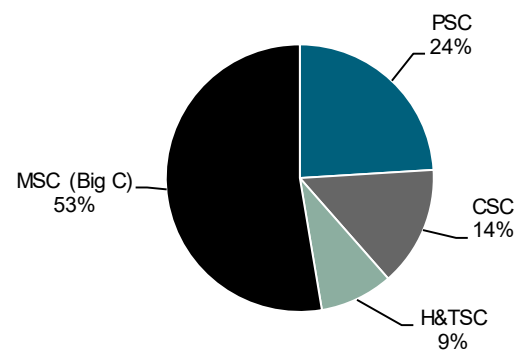
Sources: BJC; FSSIA estimates

Exhibit 10: Revenue contributions in 2020



Sources: BJC; FSSIA estimates

Exhibit 11: Net profit contributions in 2020



Sources: BJC; FSSIA estimates

Net profit and target price revision

We cut our 2021-23E net profit by 10.7-38.3% to reflect Big C's weak performance and the lower-than-expected GPM, pressured by the high commodity cost. We lower our target price to THB38 (from THB39) to reflect our earnings downgrade and roll forward our valuation to 2022. We are waiting to see some concrete developments after BJC implements new strategies to turn Big C's operations around, which we think will be quite challenging due to the high competition in the hypermarket segment.

Exhibit 12: Revised assumptions

	Current			Previous			Change		
	2021E (%)	2022E (%)	2023E (%)	2021E (%)	2022E (%)	2023E (%)	2021E (%)	2022E (%)	2023E (%)
Retail sales (THB m)	143,294	148,383	152,926	152,725	157,894	162,634	(6.2)	(6.0)	(6.0)
- Packaging	(1.0)	5.0	5.0	5.0	5.0	5.0	(6.0)	0.0	0.0
- Consumer	4.0	4.0	5.0	3.0	3.0	5.0	1.0	1.0	0.0
- Healthcare	15.0	5.0	5.0	8.0	5.0	5.0	7.0	0.0	0.0
- Modern retailing (Big C)	(7.0)	3.0	2.0	2.0	3.0	2.0	(9.0)	0.0	0.0
Gross margin	18.8	19.3	19.8	19.3	19.5	19.7	(0.5)	(0.2)	0.1
- Packaging	23.5	23.5	23.0	22.0	22.0	22.0	1.5	1.5	1.0
- Consumer	18.3	18.7	18.9	19.5	19.7	19.8	(1.2)	(1.0)	(0.9)
- Healthcare	31.5	31.5	31.5	31.5	32.5	32.5	0.0	(1.0)	(1.0)
- Modern retailing (Big C)	15.4	15.9	16.5	16.5	16.5	16.6	(1.1)	(0.6)	(0.1)
SG&A to sales	18.4	18.4	18.3	18.2	18.4	18.4	0.2	0.0	(0.1)
Earnings (THB m)	3,428	5,115	6,228	5,556	6,590	6,976	(38.3)	(22.4)	(10.7)

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

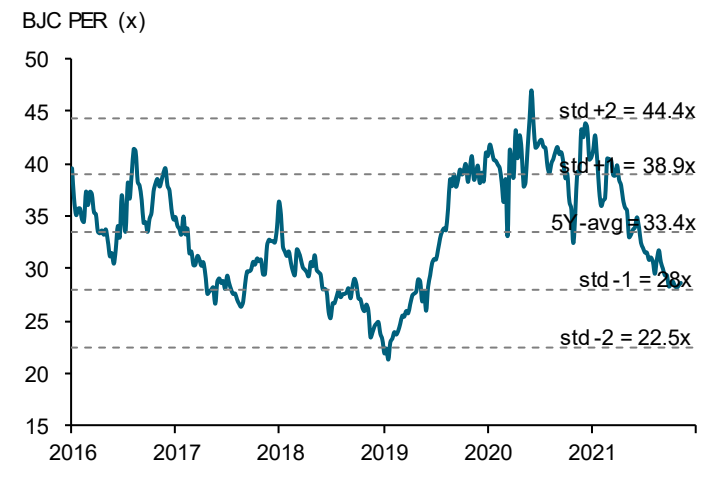
Sources: BJC; FSSIA estimates

Exhibit 13: DCF-derived TP

	(%)	(THB b)
Discount rate (WACC)	7.5	
Terminal growth	2.0	
NPV		123
Add: terminal value		201
Sum of PV		324
Add: investment		0
Less: debt		165
Less: minorities		6
Residual ordinary equity		153
No. of shares (m)		4,008
Residual ordinary equity (THB/share)		38.0

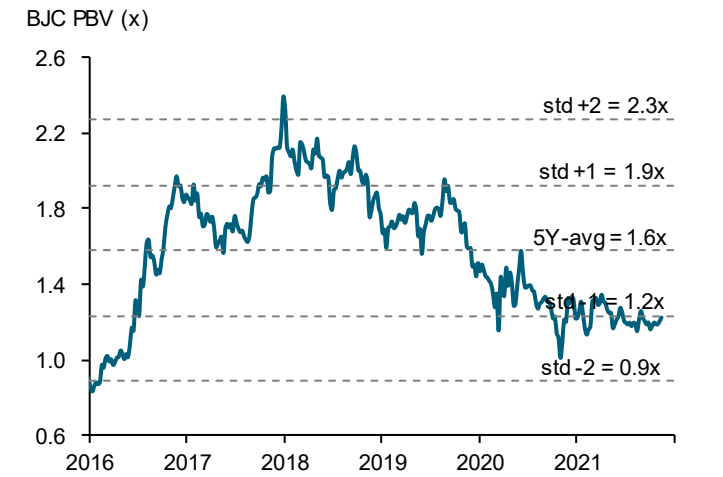
Source: FSSIA estimates

Exhibit 14: Rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 15: Rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 16: Peers valuation as of 17 Nov 2021

Company	BBG	--- Share price ---		Up side (%)	Market Cap (USD m)	3Y EPS CAGR (%)	----- PE -----		----- ROE -----		----- PBV -----		EVEBITDA	
		Current (LCY)	Target (LCY)				21E (x)	22E (x)	21E (%)	22E (%)	21E (x)	22E (x)	21E (x)	22E (x)
Berli Jucker	BJC TB	34.75	38	9.4	4,256	16.8	40.6	27.2	3.0	4.5	1.2	1.2	15.8	14.2
Cp All	CPALL TB	65.25	82	25.7	17,914	12.8	56.3	34.0	10.4	15.9	7.1	6.3	23.7	19.3
Siam Global House	GLOBAL TB	20.60	27	31.1	2,897	22.6	31.4	28.2	16.2	16.4	4.9	4.4	20.7	18.8
Home Product Center	HMPRO TB	15.10	18.3	21.2	6,069	12.6	37.8	31.0	23.7	27.2	8.7	8.2	21.2	18.1
Siam Makro	MAKRO TB	48.25	52	7.8	14,467	3.4	35.5	41.5	28.1	8.8	9.6	2.0	21.1	19.0
Central Retail Corp	CRC TB	36.50	40	9.6	6,728	417.4	(372.8)	58.5	(1.1)	7.0	4.2	4.0	22.9	15.8
Srinanaporn Marketing	SNNP TB	11.20	15	33.9	329	67.9	36.8	21.4	20.7	18.6	4.1	3.8	15.4	12.8
Coverage					52,660	19.4	(19.2)	34.6	14.4	14.1	5.7	4.3	20.1	16.9
Dohome	DOHOME TB	23.90	n/a	n/a	1,788	53.3	28.4	24.8	22.1	20.1	5.8	4.9	21.3	19.1
Lawson	2651 JP	5,800.00	n/a	n/a	4,985	(17.5)	63.3	31.8	3.4	6.7	2.1	2.1	5.2	4.6
Dairy Farm Intl Holding	DFI SP	3.32	n/a	n/a	4,519	48.1	30.9	16.7	11.3	18.6	3.6	3.4	12.6	14.5
Better Life Commercial	002251 CH	6.86	n/a	n/a	924	22.0	31.0	27.8	2.2	2.4	0.9	0.9	14.8	13.7
Regional					12,216	(14.2)	38.4	25.3	9.7	12.0	3.1	2.8	13.5	13.0
Average					64,876	7.7	1.7	31.2	12.7	13.3	4.7	3.7	17.7	15.4

Sources: Bloomberg; FSSIA estimates

Financial Statements

Berli Jucker

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	173,955	157,549	154,758	161,589	166,842
Cost of goods sold	(119,468)	(108,349)	(107,234)	(110,031)	(112,315)
Gross profit	54,487	49,200	47,524	51,557	54,527
Other operating income	0	0	0	0	0
Operating costs	(32,917)	(29,688)	(28,407)	(29,695)	(30,450)
Operating EBITDA	21,570	19,512	19,117	21,862	24,077
Depreciation	(7,652)	(8,904)	(9,075)	(9,712)	(10,403)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	13,918	10,609	10,042	12,150	13,674
Net financing costs	(4,907)	(5,201)	(5,145)	(5,219)	(5,430)
Associates	(128)	(156)	(163)	(172)	(180)
Recurring non-operating income	(128)	(156)	(163)	(172)	(180)
Non-recurring items	(288)	88	0	0	0
Profit before tax	8,594	5,339	4,733	6,759	8,063
Tax	(820)	(787)	(713)	(1,009)	(1,200)
Profit after tax	7,774	4,552	4,020	5,750	6,863
Minority interests	(496)	(551)	(592)	(635)	(635)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	7,278	4,001	3,428	5,115	6,228
Non-recurring items & goodwill (net)	288	(88)	0	0	0
Recurring net profit	7,566	3,914	3,428	5,115	6,228
Per share (THB)					
Recurring EPS *	1.89	0.98	0.86	1.28	1.55
Reported EPS	1.82	1.00	0.86	1.28	1.55
DPS	0.91	0.91	0.78	1.16	1.42
Diluted shares (used to calculate per share data)	4,003	4,008	4,008	4,008	4,008
Growth					
Revenue (%)	1.1	(9.4)	(1.8)	4.4	3.3
Operating EBITDA (%)	2.1	(9.5)	(2.0)	14.4	10.1
Operating EBIT (%)	2.6	(23.8)	(5.3)	21.0	12.5
Recurring EPS (%)	16.6	(48.3)	(12.4)	49.2	21.8
Reported EPS (%)	9.5	(45.1)	(14.3)	49.2	21.8
Operating performance					
Gross margin inc. depreciation (%)	26.9	25.6	24.8	25.9	26.4
Gross margin of key business (%)	19.5	19.0	18.8	19.3	19.8
Operating EBITDA margin (%)	12.4	12.4	12.4	13.5	14.4
Operating EBIT margin (%)	8.0	6.7	6.5	7.5	8.2
Net margin (%)	4.3	2.5	2.2	3.2	3.7
Effective tax rate (%)	9.1	14.6	14.6	14.6	14.6
Dividend payout on recurring profit (%)	48.2	93.2	91.1	91.1	91.1
Interest cover (X)	2.8	2.0	1.9	2.3	2.5
Inventory days	66.2	69.7	67.1	68.1	69.6
Debtor days	31.7	34.2	35.2	34.2	34.4
Creditor days	100.9	102.0	93.5	92.1	92.6
Operating ROIC (%)	18.2	12.8	12.1	14.9	17.1
ROIC (%)	4.4	3.1	2.9	3.5	3.8
ROE (%)	6.7	3.4	3.0	4.5	5.5
ROA (%)	3.9	2.7	2.6	3.1	3.4
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Sales of goods/services	158,009	144,732	143,294	148,383	152,926
Other income	15,946	12,817	11,464	13,206	13,916

Sources: Berli Jucker; FSSIA estimates

Financial Statements

Berli Jucker

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	7,566	3,914	3,428	5,115	6,228
Depreciation	7,652	8,904	9,075	9,712	10,403
Associates & minorities	(378)	(382)	0	0	0
Other non-cash items	367	695	536	679	638
Change in working capital	226	(3,504)	(714)	(735)	(660)
Cash flow from operations	15,434	9,626	12,325	14,772	16,609
Capex - maintenance	(7,183)	(6,641)	(7,106)	(7,675)	(8,365)
Capex - new investment	0	0	0	0	0
Net acquisitions & disposals	(3,340)	(8,670)	3,351	(9,319)	(7,262)
Other investments (net)	0	0	0	0	0
Cash flow from investing	(10,523)	(15,312)	(3,755)	(16,994)	(15,627)
Dividends paid	(3,647)	(3,647)	(3,125)	(4,662)	(5,677)
Equity finance	564	(723)	(778)	(778)	(778)
Debt finance	(1,760)	6,739	(2,497)	7,922	5,473
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(4,843)	2,370	(6,399)	2,482	(982)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	68	(3,316)	2,170	260	0
Free cash flow to firm (FCFF)	9,881.56	(413.17)	13,756.37	3,050.40	6,467.06
Free cash flow to equity (FCFE)	3,150.87	1,053.57	6,072.82	5,700.09	6,454.63

Per share (THB)

FCFF per share	2.47	(0.10)	3.43	0.76	1.61
FCFE per share	0.79	0.26	1.52	1.42	1.61
Recurring cash flow per share	3.80	3.28	3.25	3.87	4.31

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	99,500	101,192	108,298	115,973	124,338
Less: Accumulated depreciation	(32,124)	(35,926)	(44,841)	(54,385)	(64,611)
Tangible fixed assets (net)	67,375	65,266	63,457	61,588	59,727
Intangible fixed assets (net)	0	0	0	0	0
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	3,041	2,786	2,945	3,113	3,289
Cash & equivalents	6,346	3,030	5,200	5,460	5,460
A/C receivable	14,477	15,076	14,809	15,463	15,965
Inventories	22,019	19,359	20,075	20,996	21,854
Other current assets	78	243	239	249	257
Current assets	42,921	37,708	40,324	42,168	43,536
Other assets	212,467	220,398	216,493	226,049	233,399
Total assets	325,804	326,157	323,219	332,918	339,950
Common equity	115,046	114,677	114,203	113,878	113,652
Minorities etc.	4,690	4,859	5,451	6,086	6,721
Total shareholders' equity	119,736	119,536	119,654	119,964	120,373
Long term debt	116,155	128,053	126,113	132,269	136,522
Other long-term liabilities	14,032	13,204	12,970	13,543	13,983
Long-term liabilities	130,187	141,257	139,083	145,812	150,505
A/C payable	33,009	27,571	27,349	28,157	28,856
Short term debt	41,891	36,732	36,176	37,942	39,161
Other current liabilities	982	1,060	957	1,043	1,055
Current liabilities	75,881	65,363	64,482	67,142	69,072
Total liabilities and shareholders' equity	325,804	326,157	323,219	332,918	339,950
Net working capital	2,584	6,047	6,817	7,508	8,165
Invested capital	285,468	294,496	289,713	298,258	304,579

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

Per share (THB)

Book value per share	28.74	28.61	28.50	28.41	28.36
Tangible book value per share	28.74	28.61	28.50	28.41	28.36

Financial strength

Net debt/equity (%)	126.7	135.3	131.3	137.3	141.4
Net debt/total assets (%)	46.6	49.6	48.6	49.5	50.1
Current ratio (x)	0.6	0.6	0.6	0.6	0.6
CF interest cover (x)	1.6	1.2	2.2	2.1	2.2

Valuation	2019	2020	2021E	2022E	2023E
Recurring P/E (x) *	18.4	35.6	40.6	27.2	22.4
Recurring P/E @ target price (x) *	20.1	38.9	44.4	29.8	24.5
Reported P/E (x)	19.1	34.8	40.6	27.2	22.4
Dividend yield (%)	2.6	2.6	2.2	3.3	4.1
Price/book (x)	1.2	1.2	1.2	1.2	1.2
Price/tangible book (x)	1.2	1.2	1.2	1.2	1.2
EV/EBITDA (x) **	13.7	15.7	15.8	14.2	13.1
EV/EBITDA @ target price (x) **	14.3	16.3	16.5	14.8	13.7
EV/invested capital (x)	1.0	1.0	1.0	1.0	1.0

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

Sources: Berli Jucker; 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	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	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	TTB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TRC	TSC	TSR	TSTE	TSTH
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	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

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Company	Ticker	Price	Rating	Valuation & Risks
Berli Jucker	BJC TB	THB 34.75	HOLD	Key downside risks to our DCF-based TP could come from 1) competition with 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 65.25	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 20.60	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 15.10	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.
Siam Makro	MAKRO TB	THB 48.25	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.
Central Retail Corp	CRC TB	THB 36.50	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 11.20	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.

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 17-Nov-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.