

8 DECEMBER 2021

THAILAND / RECREATION FACILITIES &amp; SVCS

## MAJOR CINEPLEX GROUP

## MAJOR TB

BUY

UNCHANGED

TARGET PRICE	THB23.00
CLOSE	THB19.60
UP/DOWNSIDE	+17.3%
PRIOR TP	THB23.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-5.7%

## Only one way home

## Spider-Man: วันตัดสิน

เราเชื่ออย่างยิ่งว่า Spider-Man: No Way Home จะเป็นจุดเปลี่ยนสำคัญของ MAJOR ที่จะแสดงให้เห็นว่าแนวโน้มรายได้ในอนาคตของบริษัท จะเป็นอย่างไร ภาพยนตร์ดังกล่าวได้รับการกล่าวขานว่าเป็นภาพยนตร์ทำเงินที่ได้รับความนิยมสูงสุดในปีนี้ เนื่องจากภาพยนตร์ดังกล่าวมียอดขายตัวที่ดีในอดีต (สองภาคสุดท้ายทำเงิน 211 ลบ. และ 298 ลบ.) มีวันออกฉายวันเดียวกันทั่วโลก และได้รับผลตอบรับเป็นบวกจากหนังตัวอย่าง ด้วยเหตุดังกล่าวเราจึงเชื่อว่ารายได้จากการขายตัวของภาพยนตร์เรื่องดังกล่าวจะเป็นฐานให้กำไรได้จากธุรกิจภาพยนตร์ของ MAJOR ในอนาคตในขณะที่ผลกระทบจาก Covid ยังมีอยู่

## 3 ข้อจำกัด

ตั้งแต่โรงภาพยนตร์ได้กลับมาเปิดในเดือน ต.ค. 21 ไม่มีภาพยนตร์เรื่องใดมีรายได้จากการขายตัวเกิน 100 ลบ. แม้ว่าจะมีหนังดังๆหลายเรื่อง ยกตัวอย่างเช่น Fast and Furious, Shang-Chi, และ Eternals มี 3 ปัจจัยที่กีดกันรายได้จากการขายตัวประกอบด้วย: 1) จำนวนที่นั่งสูงสุดที่กำหนดไว้ที่ 75%; 2) รอบฉายที่ลดลง; และ 3) ความมั่นใจของผู้บริโภคเกี่ยวกับ Covid เราเชื่อว่าข้อสุดท้ายเป็นปัจจัยที่สำคัญที่สุดที่ยังกีดกันรายได้ของ MAJOR และเราไม่สามารถประเมินผลกระทบออกมาเป็นตัวเลขได้

## สายพันธุ์ Omicron กำลังจะกลายเป็นความเสี่ยงขาลงในอนาคต

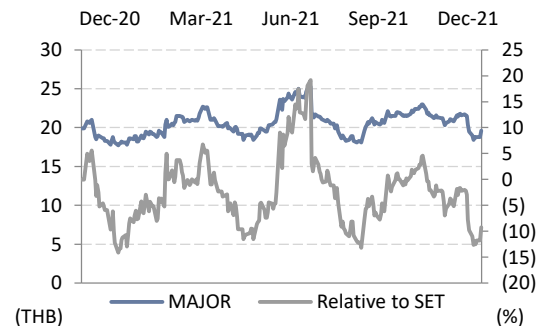
ในความเห็นของเรา 3 สถานการณ์ที่สายพันธุ์ Omicron อาจส่งผลกระทบต่อผลประกอบการทางการเงินของ MAJOR และราคาเป้าหมายของเรา: 1) สายพันธุ์ Omicron ไม่เข้ามายังประเทศไทยหรือมีการแพร่กระจายเพียงเล็กน้อย; 2) สายพันธุ์ดังกล่าวมีการแพร่กระจายแต่สามารถควบคุมได้โดยไม่ต้องปิดเมือง; และ 3) สายพันธุ์ดังกล่าวแพร่กระจายไปทั่วประเทศเช่นเดียวกับสายพันธุ์ Delta และจำเป็นต้องปิดเมือง เราคาดว่าสถานการณ์แรกจะมีผลกระทบเพียงเล็กน้อย ในขณะที่สถานการณ์ที่ 2 และ 3 จะมีผลกระทบอย่างมีนัยสำคัญ

## คงคำแนะนำซื้อที่ราคาเป้าหมาย 23 บาท

ถ้าประเทศไทยพบสายพันธุ์ Omicron เราคาดว่ากรณีฐาน (สถานการณ์ที่ 2) จะมีความเป็นไปได้สูงสุดที่จะเกิดขึ้น (45%) เราเชื่อว่าความเสี่ยงขาลงสูงสุดสำหรับราคาหุ้น MAJOR จากสายพันธุ์ Omicron จะคล้ายกับผลกระทบจากสายพันธุ์ Delta ซึ่งลากราคาลงไปอยู่ที่ 18 บาท ดังนั้นความเสี่ยงขาลงต่อราคาหุ้นของ MAJOR จึงมีจำกัดในปัจจุบัน บริษัทฯ กำลังรอ 2 ปัจจัยสำคัญประกอบด้วย: สายพันธุ์ Omicron และรายได้ของ Spider Man เราคงคำแนะนำซื้อที่ราคาเป้าหมาย 23 บาท (DCF) จากการฟื้นตัวอย่างต่อเนื่องของความมั่นใจของผู้บริโภคและภาพยนตร์ทำเงินที่ได้รับความนิยมในอนาคต

## KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	3,765	3,168	8,645	9,405
Net profit	(527)	2,419	733	1,013
EPS (THB)	(0.59)	2.70	0.82	1.13
vs Consensus (%)	-	1,828.6	14.5	(0.9)
EBITDA	111	363	2,001	2,277
Core net profit	(460)	(405)	733	1,013
Core EPS (THB)	(0.51)	(0.45)	0.82	1.13
Chg. In EPS est. (%)	nm	nm	-	-
EPS growth (%)	nm	nm	nm	38.2
Core P/E (x)	(38.1)	(43.3)	23.9	17.3
Dividend yield (%)	-	4.4	4.5	5.5
EV/EBITDA (x)	191.6	39.5	7.0	6.0
Price/book (x)	2.7	2.1	2.1	2.0
Net debt/Equity (%)	54.2	(38.7)	(42.0)	(45.5)
ROE (%)	(6.7)	(5.4)	8.7	11.9



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(4.9)	(4.4)	(0.5)
Relative to country (%)	(3.9)	(2.1)	(10.4)
Mkt cap (USD m)	521		
3m avg. daily turnover (USD m)	4.3		
Free float (%)	49		
Major shareholder	Vicha Poolvaraluk (30%)		
12m high/low (THB)	26.25/16.50		
Issued shares (m)	894.67		

Sources: Bloomberg consensus; FSSIA estimates



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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 8 ธันวาคม 2021

## Investment thesis

Major Cineplex (MAJOR) is Thailand's leading lifestyle entertainment company and was established in 1995 with cinema ownership and operations as its core business. The company is the biggest cinema operator in Thailand, with a total of 815 screens and 171 locations nationwide and internationally.

We expect MAJOR to turn profitable starting from 1Q22 – most of the blockbusters should start to show in cinemas in that quarter thanks to the global vaccination rollout and a decline in the number of Covid-19 cases. MAJOR is a dividend play company that typically pays 90% of its payout ratio, reflecting a 5-6% dividend yield p.a.

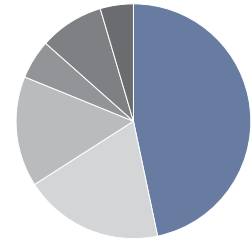
## Company profile

MAJOR operates five core businesses, namely 1) cinemas; 2) entertainment; 3) retail space bowling; 4) film distribution; and 5) advertising media.

[www.majorcineplex.com](http://www.majorcineplex.com)

## Principal activities (revenue, 2020)

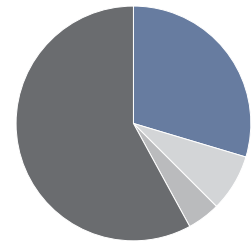
- Cinema - 46.7 %
- Concession - 19.2 %
- Advertisement - 15.2 %
- Entertainment - 5.4 %
- Rental - 8.9 %
- Movie content - 4.6 %



Source: Major Cineplex Group

## Major shareholders

- Vicha Poolvaraluk - 29.6 %
- Nortrust Nominees LTD-CL AC - 7.9 %
- GIC Private Limited - 4.6 %
- Others - 58.0 %



Source: Major Cineplex Group

## Catalysts

- Its financial results could bottom out in 2021;
- A lot of blockbusters in 2022;
- Solid dividend yield track record at 5-6% p.a.

## Risks to our call

The key downside risks to our DCF-based TP are a slower-than-expected recovery in domestic consumption, the growing popularity of online movies, and a delay in the Covid-19 vaccine rollout.

## Event calendar

Date	Event
Feb-22	2021 results announcement

## Key assumptions

	2020	2021E	2022E	2023E
Average ticket price (THB)	141.0	150	163	165
Guest count (m)	14.5	13.0	31.0	32.2

Source: FSSIA estimates

## Earnings sensitivity

- For every 1 million increase in cinema guest count, we project 2021 earnings to rise by 0.7%, and vice versa, all else being equal;
- For every 1% increase in cinema profit margin, we project 2021 earnings to rise by 4.8%, and vice versa, all else being equal.

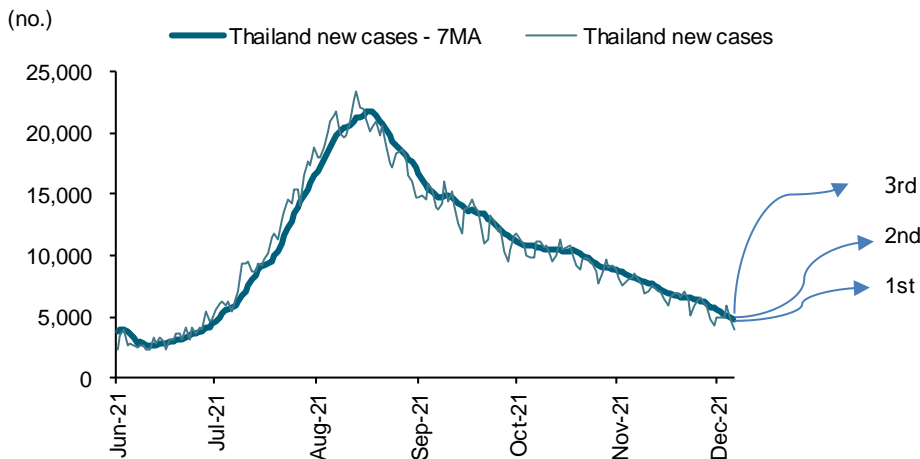
Source: FSSIA estimates



## Omicron variant scenarios

In our opinion, there are three scenarios in which the Omicron variant could impact MAJOR's financial performance and our TP. All of the scenarios assume that Omicron will knock on the Thai border in 1Q22.

### Exhibit 1: Omicron variant scenarios



Sources: Worldometers.info; FSSIA estimates

- 1) The Omicron variant does not enter Thailand or has a minimal spread (35% possibility). In this case, which is our best-case scenario, we expect that the number of Covid cases will not rise dramatically compared to the current situation, with Thailand's likely cases per day numbering around 6,000 in 1Q22. We expect the number of people engaging in out-of-home activities will gradually grow every month starting from Sep-21.

In this case, there would only be a minimal impact on MAJOR's earnings in 1Q22. We expect about a 10% downside risk to our earnings forecast, making MAJOR's EPS drop to THB0.74, our current TP's 2022E P/E is pegged to 28x, close to its mean P/E at 29.4x. We maintain our P/E multiple levels because we believe, in this scenario, the impact from the Omicron variant would hit Thailand only for a short period of time. Therefore, all else being equal, we determine the maximum downside risk of this scenario to be a share price of THB20.7.

- 2) The Omicron variant spreads in Thailand but can be controlled and maintained and no lockdown is required (45% possibility). Based on this scenario, our base case, we expect that the number of Covid cases in Thailand will start rising again but number no more than 10,000 cases per day. The government may decide not to implement a full lockdown as in 3Q21.

This case would affect MAJOR's EPS by 20% of our current forecast to THB0.66. It may hurt the company's 1Q22 performance more than the first scenario, but it should start to improve in 2Q22. Therefore, we maintain our P/E multiple level at 28x, making MAJOR's downside a drop to THB18.4, all else being equal.

- 3) The Omicron variant spreads everywhere in Thailand similar to the Delta variant and a lockdown is required (20% possibility). This is the worst-case scenario. The number of Covid cases may rise significantly to over 15,000 cases per day. The government may consider having at least one month of a full lockdown. However, we think the lockdown period would be similar to the previous lockdown in 3Q21 that was applied for two months.

In this case, we anticipate that MAJOR would take a direct hit from a lockdown similar to 2Q20 and 3Q21. This could lead to cinema closures once again for at least one to two months. Cinemas have consistently been the first victims when lockdowns have been implemented, and consumer confidence would likely fall significantly, even with the strong movie line-up afterward. Therefore, in this scenario, we expect a 25% downside risk to MAJOR's EPS to THB0.61. As a result, with 28x P/E, similar to the other scenarios, all else being equal, the maximum downside to MAJOR's share price would be a drop to THB17.2, which would almost to be the lowest share price level in 2021.

We believe the second scenario, which is our base case, is the most likely to occur. This scenario has a 45% chance of happening, in our estimation. However, there is still a chance that Omicron will not enter Thailand at all if the government implements a strict defensive strategy to prevent it from entering the country in the first place. Therefore, the decrease in its share price might be an opportunity for investors to re-invest in MAJOR – the company's share price has dropped continuously after it paid a THB1 special dividend per share in mid Nov-21.

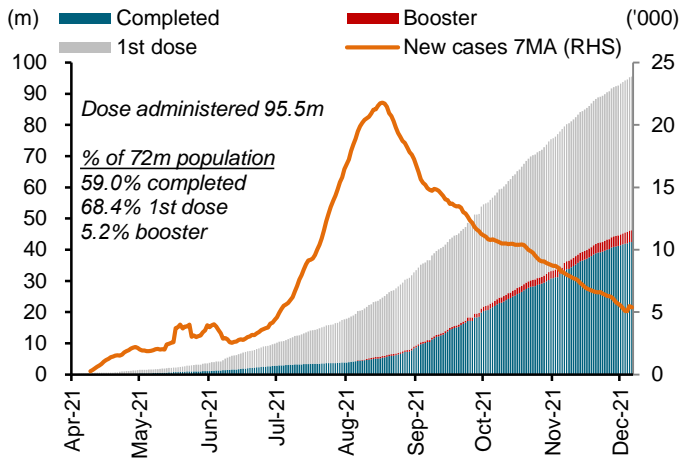
## Exhibit 2: Omicron variant scenarios – sensitivity analysis

		P/E multiple				
		-0.5SD	-0.75SD	Our TP	Avg	+0.5SD
	(THB/x)	23.4	26.4	28	29.4	32.4
	0.61	14.38	16.22	17.21***	18.07	19.93
EPS	0.66	15.34	17.31	18.36**	19.27	21.26
	0.74	17.26	19.47	20.65*	21.68	23.91
	0.82	19.17	21.63	22.94	24.09	26.57

Note: \*First scenario; \*\*Second scenario, \*\*\*Third scenario

Source: FSSIA estimates

**Exhibit 3: Thailand daily new Covid cases (Jun-Aug 2021)**



Sources: Worldometers.info, FSSIA's compilation

**Exhibit 4: Movie line-up**

2022
Avatar 2
Jarassic World: Dominion
The Marvels
Black Panther: Wakanda Forever
Doctor Strange in the Multiverse of Madness
Thor: Love and Thunder
Morbius
The Batman
Aquaman and the Lost Kingdom
Black Adam
The Flash: Flashpoint
Fantastic Beasts and Where to Find Them 3
Mission: Impossible 7
Transformers: Rise of the Beasts
A Quiet Place Spin-off
John Wick: Chapter 4
Sherlock Holmes 3
Indiana Jones 5

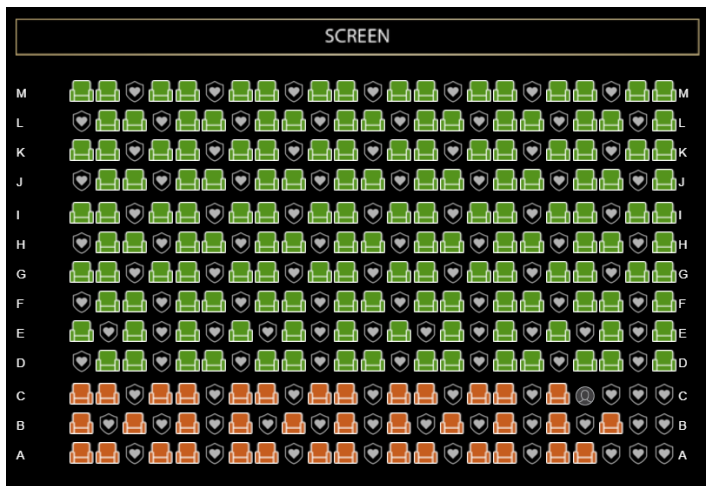
Source: MAJOR

**Three limitations**

At the moment, MAJOR's revenue has still been unable to reach its pre-Covid level due to three limitations:

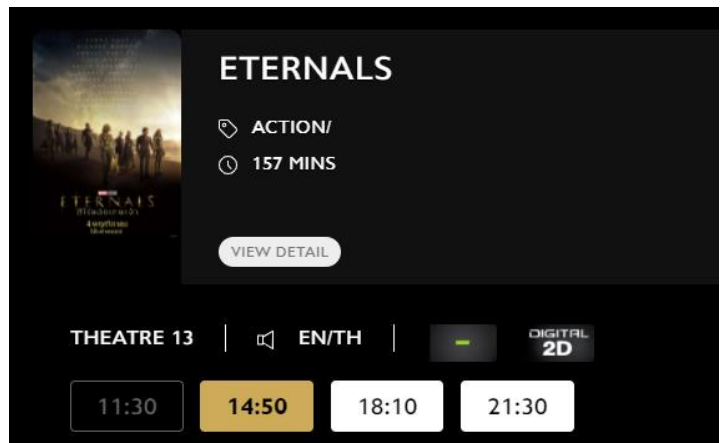
- 1) 75% seating capacity** due to the Covid policy. Cinemas in Thailand still have to apply the Covid protection policy of operating at only 75% of seating capacity. There have to be some spaces between seats as per Exhibit 5 below, and every customer has to wear a mask at all times when they are in the theatre. This is the first but the most minimal limitation on the company's revenue, in our view.

**Exhibit 5: Cinema seating**



Source: MAJOR

**Exhibit 6: Movie show time**



Source: MAJOR

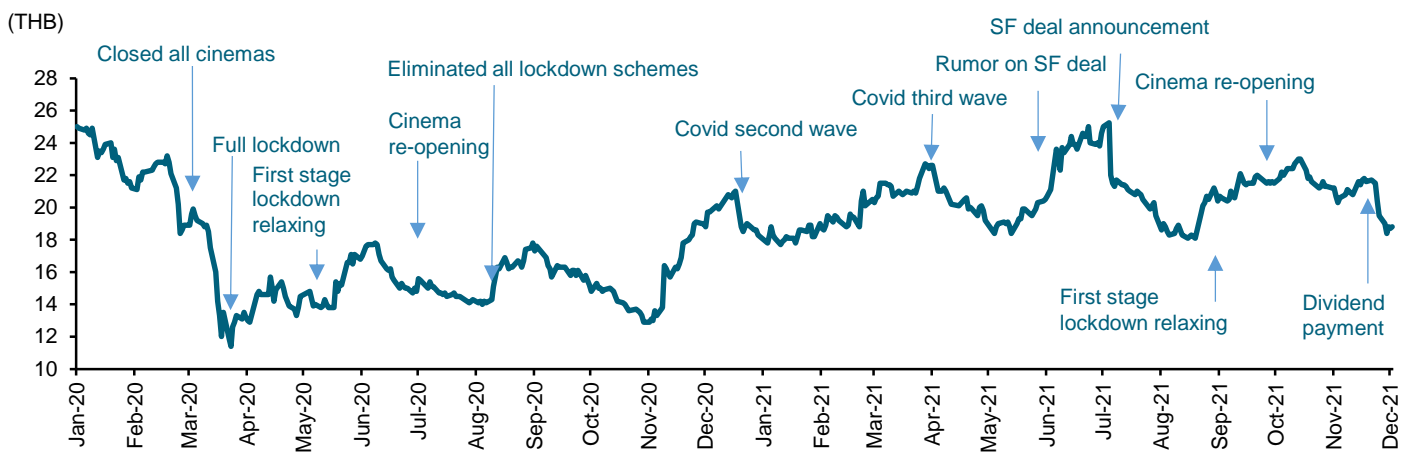
- 2) Fewer show times.** Normally, one theatre can have at least 7-8 showings per day. But, due to Covid, cinemas have to apply the Covid policy in accordance with the Communicable Diseases Act by reducing show times in order to reduce the risk of having a new cluster. At the moment, show times have to be reduced to 4-5 showings per day. Cinemas also need some time to clean, disinfect, and purify the theatres before the next show times. We think this is the second biggest limitation on movie revenue, given that fewer show times

means less opportunity to capture customers' needs. Many customers want more show times in the evenings during weekdays after working hours.

- 3) **Consumer confidence regarding Covid.** This is the biggest limitation that is directly impacting cinema revenue, in our view. We think that there are still a significant number of customers who are not confident to return to cinemas. They may feel uncomfortable sitting in theatres – closed areas with limited airflow while wearing a mask at all times for almost two hours. We are unable to forecast the impact mathematically but believe that this is the key limiting factor on MAJOR's revenue.

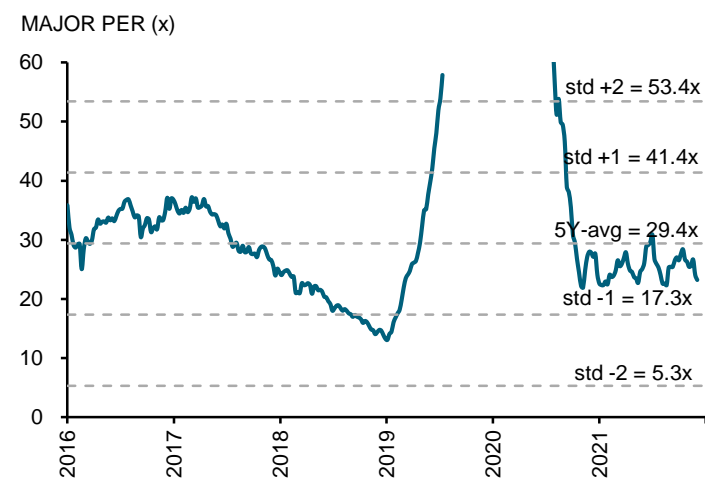
According to the company, if the number of Covid cases is still declining from now on, it expects to increase its show times to 6-7 showings per day, similar to the pre-Covid level, when *Spider-Man* is in theatres on 23 Dec-21. Therefore, we believe that *Spider-Man* will be the key turning point that proves how confident customers are when the biggest blockbuster is in theatres during Covid.

**Exhibit 7: MAJOR's share price movement toward events**



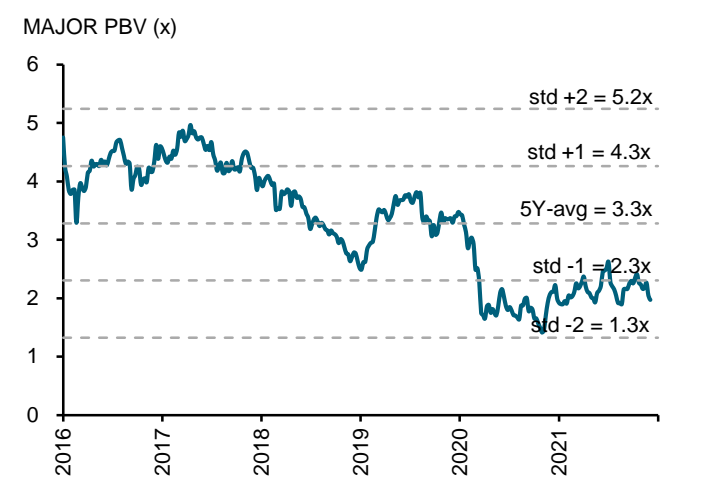
Sources: Bloomberg; FSSIA compilation

**Exhibit 8: Rolling one-year forward P/E band**



Note: Applied EPS 2022 for 2021 and removed an abnormal period  
Sources: Bloomberg; FSSIA estimates

**Exhibit 9: Rolling one-year forward P/BV band**



Sources: Bloomberg; FSSIA estimates

## Financial Statements

Major Cineplex Group

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	10,697	3,765	3,168	8,645	9,405
Cost of goods sold	(5,270)	(1,922)	(1,228)	(4,615)	(4,950)
<b>Gross profit</b>	<b>5,427</b>	<b>1,843</b>	<b>1,940</b>	<b>4,030</b>	<b>4,454</b>
Other operating income	121	168	113	115	118
Operating costs	(2,637)	(1,900)	(1,690)	(2,144)	(2,295)
<b>Operating EBITDA</b>	<b>2,911</b>	<b>111</b>	<b>363</b>	<b>2,001</b>	<b>2,277</b>
Depreciation	(1,579)	(1,242)	(1,157)	(1,112)	(1,070)
Goodwill amortisation	0	0	0	0	-
<b>Operating EBIT</b>	<b>1,332</b>	<b>(1,131)</b>	<b>(794)</b>	<b>889</b>	<b>1,207</b>
Net financing costs	(234)	(175)	(150)	(91)	(72)
Associates	680	740	340	95	115
Recurring non-operating income	680	740	340	95	115
Non-recurring items	12	(67)	2,824	0	0
<b>Profit before tax</b>	<b>1,789</b>	<b>(633)</b>	<b>2,220</b>	<b>892</b>	<b>1,250</b>
Tax	(355)	93	189	(159)	(227)
<b>Profit after tax</b>	<b>1,434</b>	<b>(540)</b>	<b>2,409</b>	<b>733</b>	<b>1,023</b>
Minority interests	(27)	13	10	0	(10)
Preferred dividends	0	0	0	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>1,407</b>	<b>(527)</b>	<b>2,419</b>	<b>733</b>	<b>1,013</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(10)</b>	<b>67</b>	<b>(2,824)</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>1,397</b>	<b>(460)</b>	<b>(405)</b>	<b>733</b>	<b>1,013</b>
<b>Per share (THB)</b>					
Recurring EPS *	1.56	(0.51)	(0.45)	0.82	1.13
Reported EPS	1.57	(0.59)	2.70	0.82	1.13
DPS	0.65	0.00	0.87	0.88	1.08
Diluted shares (used to calculate per share data)	895	895	895	895	895
<b>Growth</b>					
Revenue (%)	7.5	(64.8)	(15.9)	172.8	8.8
Operating EBITDA (%)	21.0	(96.2)	227.2	451.1	13.8
Operating EBIT (%)	16.7	nm	nm	nm	35.8
Recurring EPS (%)	31.6	nm	nm	nm	38.2
Reported EPS (%)	9.6	nm	nm	(69.7)	38.2
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	36.0	16.0	24.7	33.7	36.0
Gross margin of key business (%)	-	-	-	-	-
Operating EBITDA margin (%)	27.2	2.9	11.5	23.1	24.2
Operating EBIT margin (%)	12.4	(30.0)	(25.1)	10.3	12.8
Net margin (%)	13.1	(12.2)	(12.8)	8.5	10.8
Effective tax rate (%)	20.0	20.0	20.0	20.0	120.0
Dividend payout on recurring profit (%)	41.6	-	(191.8)	107.2	95.4
Interest cover (X)	8.6	(2.2)	(3.0)	10.8	18.4
Inventory days	8.7	22.7	35.1	9.3	8.7
Debtor days	37.8	79.8	68.7	25.5	23.8
Creditor days	145.4	298.1	419.8	114.5	109.4
Operating ROIC (%)	18.8	(20.8)	(17.4)	22.2	(8.1)
ROIC (%)	12.8	(2.2)	(3.2)	9.3	(3.3)
ROE (%)	20.2	(6.7)	(5.4)	8.7	11.9
ROA (%)	10.1	(1.9)	(1.7)	4.8	6.5
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Cinema	5,856	1,758	1,440	4,553	4,808
Concession	2,097	725	634	2,063	2,244
Advertisement	1,584	573	450	1,100	1,350
Entertainment	419	203	140	267	308

Sources: Major Cineplex Group; FSSIA estimates



## Financial Statements

Major Cineplex Group

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	1,397	(460)	(405)	733	1,013
Depreciation	1,579	1,242	1,157	1,112	1,070
Associates & minorities	(680)	(740)	(340)	(95)	(115)
Other non-cash items	285	143	2,824	0	0
Change in working capital	76	18	226	57	59
<b>Cash flow from operations</b>	<b>2,657</b>	<b>202</b>	<b>3,462</b>	<b>1,807</b>	<b>2,027</b>
Capex - maintenance	(431)	(211)	(275)	(345)	(395)
Capex - new investment	(431)	(211)	(275)	(345)	(395)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(84)	141	4,607	58	75
<b>Cash flow from investing</b>	<b>(946)</b>	<b>(281)</b>	<b>4,057</b>	<b>(632)</b>	<b>(715)</b>
Dividends paid	(895)	0	(447)	(777)	(786)
Equity finance	0	0	0	0	0
Debt finance	295	669	(1,187)	(2,100)	(600)
Other financing cash flows	(742)	5	(711)	(136)	(119)
<b>Cash flow from financing</b>	<b>(1,342)</b>	<b>674</b>	<b>(2,345)</b>	<b>(3,013)</b>	<b>(1,505)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	189	0	0	0	0
<b>Net other adjustments</b>	<b>189</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>559</b>	<b>595</b>	<b>5,173</b>	<b>(1,838)</b>	<b>(193)</b>
Free cash flow to firm (FCFF)	1,945.56	95.53	7,668.73	1,266.86	1,384.03
Free cash flow to equity (FCFE)	1,453.43	594.86	5,620.63	(1,060.44)	592.70

### Per share (THB)

FCFF per share	2.17	0.11	8.57	1.42	1.55
FCFE per share	1.62	0.66	6.28	(1.19)	0.66
Recurring cash flow per share	2.89	0.21	3.62	1.96	2.20

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	15,918	15,776	5,771	5,524	5,408
Less: Accumulated depreciation	(9,826)	(10,465)	(846)	(817)	(789)
<b>Tangible fixed assets (net)</b>	<b>6,092</b>	<b>5,311</b>	<b>4,924</b>	<b>4,708</b>	<b>4,618</b>
<b>Intangible fixed assets (net)</b>	<b>2,871</b>	<b>2,663</b>	<b>2,442</b>	<b>2,236</b>	<b>2,046</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	6,147	6,809	2,509	2,509	2,509
Cash & equivalents	962	1,557	6,730	4,892	4,699
A/C receivable	1,055	592	600	609	619
Inventories	121	118	118	118	118
Other current assets	236	296	131	138	144
<b>Current assets</b>	<b>2,374</b>	<b>2,562</b>	<b>7,579</b>	<b>5,757</b>	<b>5,580</b>
Other assets	384	333	367	403	444
<b>Total assets</b>	<b>17,868</b>	<b>17,678</b>	<b>17,821</b>	<b>15,613</b>	<b>15,197</b>
Common equity	7,334	6,482	8,454	8,410	8,637
Minorities etc.	146	144	144	144	144
<b>Total shareholders' equity</b>	<b>7,480</b>	<b>6,626</b>	<b>8,598</b>	<b>8,553</b>	<b>8,781</b>
Long term debt	1,500	2,505	2,100	1,000	400
Other long-term liabilities	3,640	3,538	3,385	3,249	3,130
<b>Long-term liabilities</b>	<b>5,140</b>	<b>6,043</b>	<b>5,485</b>	<b>4,249</b>	<b>3,530</b>
A/C payable	1,745	1,395	1,430	1,466	1,503
Short term debt	2,515	2,640	1,300	300	300
Other current liabilities	989	974	1,009	1,045	1,084
<b>Current liabilities</b>	<b>5,248</b>	<b>5,009</b>	<b>3,739</b>	<b>2,811</b>	<b>2,887</b>
<b>Total liabilities and shareholders' equity</b>	<b>17,868</b>	<b>17,678</b>	<b>17,822</b>	<b>15,614</b>	<b>15,197</b>
Net working capital	(1,321)	(1,363)	(1,589)	(1,646)	(1,706)
Invested capital	14,173	13,752	8,652	8,210	7,911

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

### Per share (THB)

Book value per share	8.20	7.25	9.45	9.40	9.66
Tangible book value per share	4.99	4.27	6.72	6.90	7.37

### Financial strength

Net debt/equity (%)	40.8	54.2	(38.7)	(42.0)	(45.5)
Net debt/total assets (%)	17.1	20.3	(18.7)	(23.0)	(26.3)
Current ratio (x)	0.5	0.5	2.0	2.0	1.9
CF interest cover (x)	9.0	5.6	40.3	(6.8)	14.7

Valuation	2019	2020	2021E	2022E	2023E
<b>Recurring P/E (x) *</b>	<b>12.5</b>	<b>(38.1)</b>	<b>(43.3)</b>	<b>23.9</b>	<b>17.3</b>
<b>Recurring P/E @ target price (x) *</b>	<b>14.7</b>	<b>(44.7)</b>	<b>(50.8)</b>	<b>28.1</b>	<b>20.3</b>
Reported P/E (x)	12.5	(33.2)	7.2	23.9	17.3
Dividend yield (%)	3.3	-	4.4	4.5	5.5
Price/book (x)	2.4	2.7	2.1	2.1	2.0
Price/tangible book (x)	3.9	4.6	2.9	2.8	2.7
EV/EBITDA (x) **	7.1	191.6	39.5	7.0	6.0
EV/EBITDA @ target price (x) **	8.2	219.0	47.9	8.6	7.3
EV/invested capital (x)	1.5	1.5	1.7	1.7	1.7

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

Sources: Major Cineplex Group; FSSIA estimates

## Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PAP	PCSGH	PDJ	PG	PHOL	PLANB
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	TSC	TSR	TSTE	TSTH	TTA
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

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

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

## Description

## Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

## Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

\* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; \*\* delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

## Anti-corruption Progress Indicator 2020

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

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

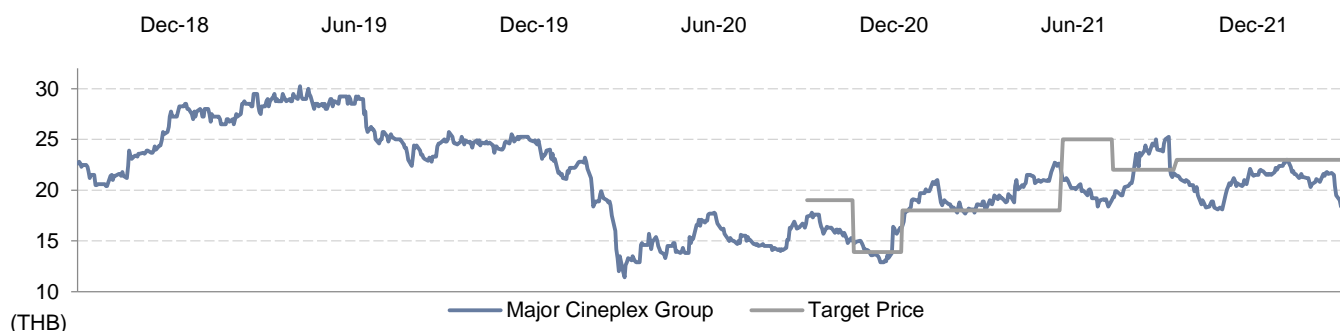
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) 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

##### Major Cineplex Group (MAJOR TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
27-Aug-2020	BUY	19.00	17-Nov-2020	HOLD	18.00	09-Jul-2021	HOLD	23.00
02-Sep-2020	HOLD	19.00	27-Jan-2021	HOLD	18.00	24-Aug-2021	BUY	23.00
06-Oct-2020	HOLD	13.90	02-Apr-2021	BUY	25.00			
05-Nov-2020	HOLD	13.90	17-May-2021	BUY	22.00			

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

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Major Cineplex Group	MAJOR TB	THB 19.60	BUY	The key downside risks to our DCF-based TP are a slower-than-expected recovery in domestic consumption, the growing popularity of online movies, and a delay in the Covid-19 vaccine rollout.

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 07-Dec-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.