

# THANAPIRIYA TNP TB

THAILAND / CONSUMER STAPLES

## BUY

## A star in Thailand's shining north

- Accumulate for TNP's solid fundamentals with undemanding valuation at 20x 2022E P/E.
- Expect earnings growth of 13.5%/16.7% in 2022/23, driven by its aggressive branch expansion, despite normalised SSSG.
- Initiate with a BUY rating and a DCF-based TP of THB6.8.

TARGET PRICE	THB6.80
CLOSE	THB5.20
UP/DOWNSIDE	+30.8%
TP vs CONSENSUS	+1.5%

### KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	2,196	2,606	2,843	3,141
Net profit	134	183	207	242
EPS (THB)	0.17	0.23	0.26	0.30
vs Consensus (%)	-	4.5	(7.1)	-
EBITDA	208	272	302	347
Core net profit	134	183	207	242
Core EPS (THB)	0.17	0.23	0.26	0.30
Chg. In EPS est. (%)	nm	nm	nm	nm
EPS growth (%)	51.1	36.6	13.5	16.7
Core P/E (x)	31.1	22.8	20.0	17.2
Dividend yield (%)	1.2	1.8	2.0	2.3
EV/EBITDA (x)	19.5	14.6	12.9	10.9
Price/book (x)	5.3	4.6	4.1	3.6
Net debt/Equity (%)	(12.2)	(19.2)	(25.8)	(31.9)
ROE (%)	17.9	21.6	21.6	22.1

### Time to accumulate with solid earnings growth momentum ahead

TNP's share price has underperformed the SET Index by 11% over the past three months after reaching a record high of THB6.7. We believe this is due to concerns over its net profit growth declining after its strong 2021E earnings growth. However, we remain convinced that TNP still has ample room for growth and expect its earnings to continue to grow by 13.5%/16.7% in 2022/23, driven by its aggressive expansion plan.

### Growth from store expansion, not SSSG, is key

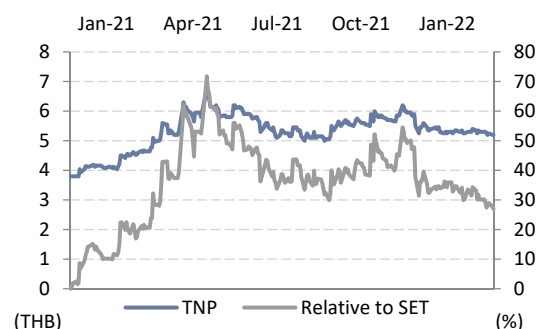
SSSG in 2021 could be exceptionally high at 10% y-y, even during the Covid-19 pandemic, due to government-driven demand which could fade post Covid-19 outbreak. However, we expect TNP's strong earnings growth from its new store expansion to offset the normalised SSSG (Exhibit 12). TNP still has ample room for store expansions in 2022-27, and is targeting 6-7 new stores annually, given that Chiang Rai province, TNP's home base, could accommodate up to 50 stores, up from the current count of 30 stores, let alone other neighbouring provinces.

### Expect earnings to grow by double digits in 2022/23

We expect TNP's earnings to grow by 13.5%/16.7% in 2022/23, driven by 1) 2022/23E SSSG at 3%/5%; and 2) adding 5 new stores annually. We expect its GPM to inch up to 17.3%/17.5% in 2022/23 from 17.0% in 2021, still a conservative figure vs TNP's target of 20% in the next 3-5 years. Yet, we still see more room for its GPM to improve based on 1) higher rebates from suppliers on larger sales volumes; and 2) shifting to a non-food product mix (c70% of total sales), as non-food products have a GPM range of 15-35% vs 8-10% for food and beverage products.

### Initiate with a BUY rating and a DCF-based TP of THB6.8

While the market considers TNP to be a key beneficiary of the Covid pandemic whose good fortune is likely to fade once Covid subsides, we think TNP remains undervalued compared to its peers as it offers a superior ROE at 20%, much higher than its peers' average of 13%, while its forward P/E is much lower than its peers' average. Earnings growth-wise, we think TNP's earnings growth remains solid at over 17%, above its historical average of 16% during its normal 2015-19 period.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(2.8)	(9.6)	40.5
Relative to country (%)	(5.7)	(11.4)	29.5
Mkt cap (USD m)			124
3m avg. daily turnover (USD m)			0.3
Free float (%)			66
Major shareholder	Amornrattanachai Family (69%)		
12m high/low (THB)	7.10/3.60		
Issued shares (m)	800.00		

Sources: Bloomberg consensus; FSSIA estimates


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### Investment thesis

SSSG in 2021 could be exceptionally high at 10% compared to its historical level. Solid SSSG during the Covid period can be attributed to the government’s stimulus measures which could fade after the Covid pandemic ends. However, we believe the source of TNP’s earnings growth will come mainly from new stores rather than SSSG, and believe that TNP has ample room to expand in the next five years. TNP is targeting 6-7 new stores per year, which we think it has a high likelihood of achieving as Chiang Rai province alone has the capacity to accommodate 50 stores from the current 30 stores.

We remain convinced that TNP still has ample room for growth and expect its earnings continue to grow by 13.5%/16.7% in 2022/23, driven by its aggressive expansion plan.

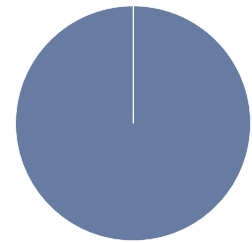
### Company profile

TNP was founded in 1965 under the name of "Ngow Thong Chai", old-style grocery store in Chiang Rai town. TNP currently operate retail and wholesale business of consumer products excluding fresh foods.

[www.thanapiriya.co.th](http://www.thanapiriya.co.th)

### Principal activities (revenue, 2020)

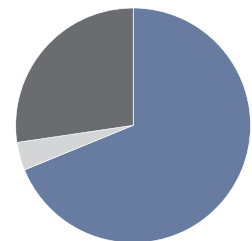
■ Sales - 100.0 %



Source: Thanapiriya

### Major shareholders

■ Amornrattanachaikul Family - 68.8 %  
 ■ Thai NVDR - 3.9 %  
 ■ Others - 27.3 %



Source: Thanapiriya

### Catalysts

Potential catalysts include 1) the recovery of Chiang Rai’s economy and increasing consumer confidence; 2) a higher-than-expected number of new stores opening; 3) expansions into other provinces other than Chiang Rai, Chiang Mai, and Phayao; and 4) M&A deals with local operators.

### Risks to our call

Downside risks to our DCF based TP would be 1) slowdown of economic growth in Chiang Rai; and 2) aggressive expansion plan from both local and modern trade players.

### Event calendar

Date	Event
February 2022	4Q21 results announcement

### Key assumptions

	2021E (%)	2022E (%)	2023E (%)
Sales growth	18.7	9.1	10.5
SSSG	10.0	3.0	5.0
New store growth	18.8	13.2	11.6
GPM	17.0	17.3	17.5
SG&A to sales (%)	9.1	9.1	8.8

Source: FSSIA estimates

### Earnings sensitivity

- For every 1% increase in SSSG we estimate 2022 EPS would rise 1%, and vice versa, all else being equal.
- For every 0.1% increase in GPM we estimate 2022 EPS would rise 1.1%, and vice versa, all else being equal.
- For every 0.1% increase in SG&A to sales we estimate 2022 EPS would fall 1.1%, and vice versa, all else being equal.

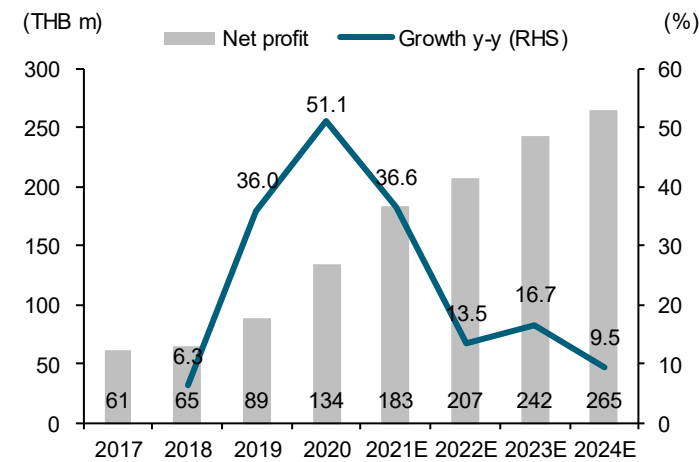
Source: FSSIA estimates

## Growth from store expansions remains highly sanguine

After reaching a record high at THB6.7 in May-21, TNP’s share price has been trading sideways in the range of THB5-6/share over the past six months. We believe the main reason for the share price underperformance is investors’ concerns over its earnings growth declining in 2022 after its strong 2021E earnings growth.

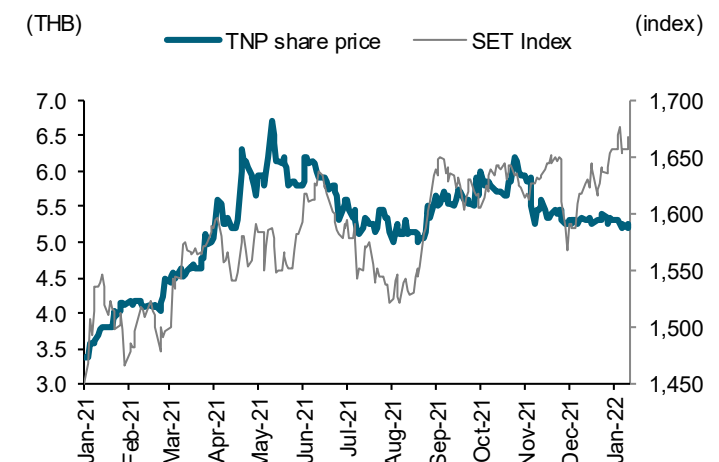
However, we remain convinced that TNP still has ample room for growth and expect its earnings to grow by 13.5%/16.7% in 2022/23, backed by its promising expansion plan to increase its store numbers by 6-7 stores annually.

**Exhibit 1: Expect earnings growth to remain solid in 2022-23**



Sources: TNP; FSSIA estimates

**Exhibit 2: TNP’s share price has underperformed the SET Index over the past quarter**



Source: Bloomberg

### Three key questions underscore our Buy conviction

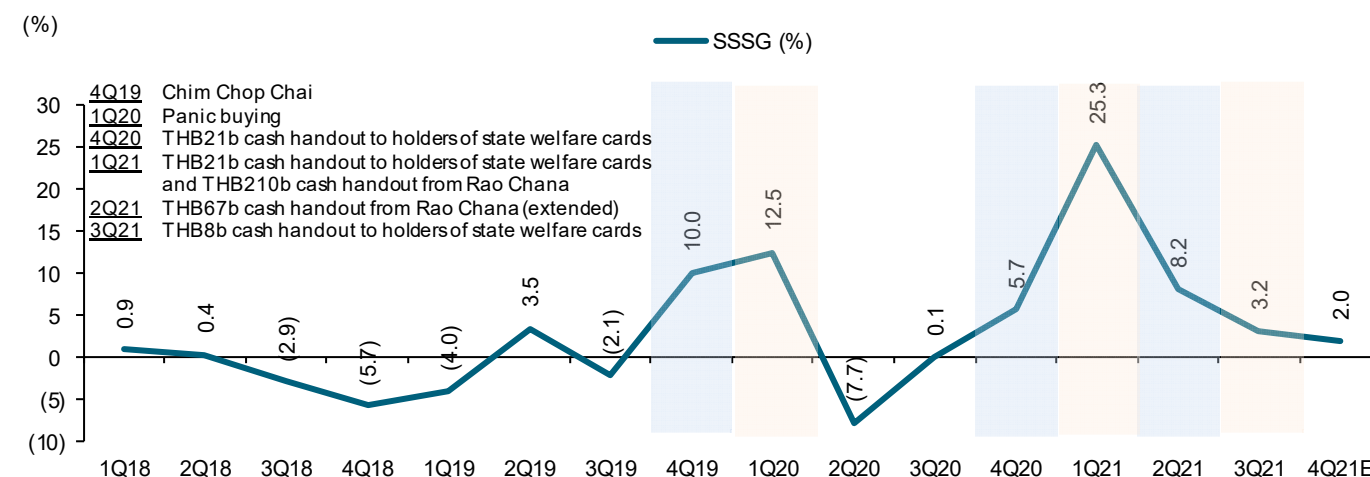
To substantiate our investment thesis for TNP, we will address three key questions that we believe are key concerns for most investors.

#### Q1: Is TNP's solid 2021E SSSG sustainable in the post-Covid period?

TNP saw its SSSG range between -2.6% to 2.0% during the pre-Covid period in 2015-19, eventually turning strong at 2.6% y-y in 2020, which is considered solid performance compared to other staple retailers which saw their SSSG rates turn negative at -14% to -15% during the same period.

In 2021, the Covid-19 pandemic period, TNP's SSSG jumped to an even higher number at 10% y-y, far above its historical average of 2-3%, thanks largely to a series of government stimulus measures such as "Chim Chop Chai" (CCC) or cash handouts from the government (see details in Exhibits 8 and 9).

#### Exhibit 3: Stimulus packages to boost SSSG

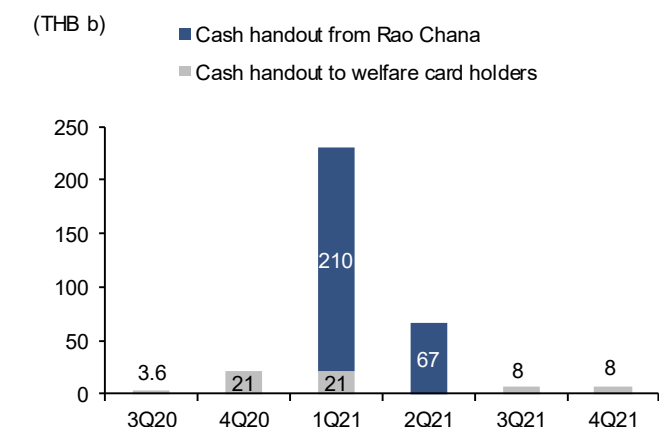


Sources: TNP; FSSIA estimates

Starting in 4Q19, when the Thai government initiated the CCC stimulus package, implemented in three staggered phases during Oct-19 to Jan-20, TNP posted solid SSSG at 10.0% in 4Q21.

The CCC package essentially offered cash handouts of THB1,000 per person to 10m people and a maximum e-voucher cashback of THB8,500 per person for an additional 3m people, covering the first 10m people registered (first spending amount of THB0-THB30,000 received a 15% e-voucher or THB4,500 and the next spending of THB30,001-THB50,000 received a 20% e-voucher or THB4,000).

#### Exhibit 4: Cash handout amount by quarter



Source: FSSIA's compilation

#### Exhibit 5: Details of cash handout programs to support low-income earners

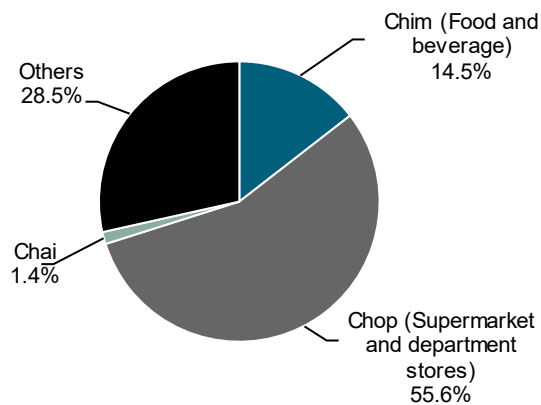
Quarter	Stimulus measure	No. of people (m)	Details
3Q20	Welfare cards	1.2	Cash handouts worth THB3,000
4Q20	Welfare cards	14.0	THB500 per month on top of monthly amount (THB200 for people with total income less than THB30,000 per year or THB300 for people with total income of more than THB30,000 per year)
1Q21	Welfare cards	14.0	THB500 per month on top of monthly amount (THB200 or THB300)
2Q21	Rao Chana	31.0	Cash handouts worth THB3,500
2Q21	Rao Chana	33.5	Cash handouts worth THB2,000
3Q21	Welfare cards	14.0	THB200 per month on top of monthly amount (THB200 or THB300)
4Q21	Welfare cards	14.0	THB200 per month on top of monthly amount (THB200 or THB300)

Sources: Cabinet resolutions; FSSIA's compilation

Despite there being no government stimulus measures offered in 1Q20, TNP's SSSG remained strong at 12.5% owing to the panic-buying spree by consumers in late Mar-20 following the first wave of the Covid-19 pandemic.

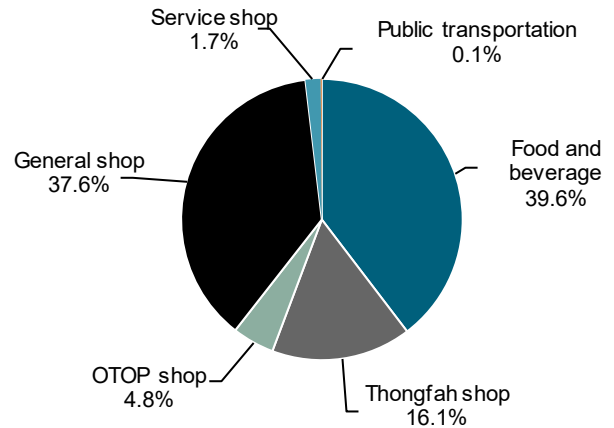
In 2021, SSSG surged to 25.3% in 1Q21 before gradually declining to 8.2% in 2Q21, 3.2% in 3Q21, and 2.0% in 4Q21, supported by two key measures: 1) cash handouts to holders of state welfare cards; and 2) cash handouts from Rao Chana.

**Exhibit 6: Spending data from G-Wallet as of Oct-19 (90% of total spending of THB8.9b derived from THB1,000 cash handout)**



Source: [The Standard](#)

**Exhibit 7: Spending data from Co-pay phase 3**



Source: [Prachachat](#)

**Not all government stimulus packages created equal benefits for TNP.** Our observations indicate that the cash handouts benefited TNP's SSSG more than other stimulus packages.

According to TNP's data, consumers mostly spent their government cash handouts on daily living products, which mostly includes necessities, while under other government stimulus measures such as "Co-pay", consumers tended to spend more on food which generates a lower margin and revenue for TNP's SSSG. There is some evidence to support this view as shown in Exhibits 6 and 7.

**Exhibit 8: Three rounds of "Chim Shop Chai" (Eat-Shop-Spend) stimulus program during 27 Sep 2019 to 31 Jan 2020**

Phase (registration)	Maximum no. of rights (m)	Spending period	Extra allowance	Cashback	Additional spending type
Phase 1	10	27 Sep – 31 Jan 20	THB1,000	15% or up to THB4,500 on first THB30,000 spending, plus 20% or THB4,000 on additional spending to THB50,000. Maximum cashback was THB8,500 for the total THB50,000 eligible purchase	Domestic package tours including accommodation, travelling expenses, domestic air tickets, and other related services
Phase 2*	3	27 Oct - 31 Jan 20	THB1,000		
Phase 3	2**	14 Nov 19 - 31 Jan 20	None		

\*The ten million subscribers in Phase 1 were not entitled to the THB1,000 allowance, but were entitled to the 15-20% cashback. \*\*With an extra 0.5m rights for the elderly over 60

Sources: Cabinet approval; FSSIA's compilation

## Exhibit 9: Details of stimulus measures during Covid period (2Q20-4Q21)

Program	People (m)	Government budget (THB b)	Estimated money injected into the economy (THB b)	Period	Details
Rao Mai Ting Kan	15.3	230	230	Apr-20 to Jun-20	Cash handouts worth THB5,000 to 15.3m people affected by the lockdown
Cash handout to farmers	7.7	116	116	May-20 to Jul-20	Cash handouts worth THB5,000 to 7.7m farmers
Cash handout to holders of state welfare cards	1.2	3.6	3.6	May-20 to Jul-20	Cash handouts worth THB3,000 to 1.2m holders of state welfare cards
Co pay (phase1)	10	30	60	Oct-20 to Dec-20	Maximum cash spending of THB100 per day starting from Oct-20 to Dec-20. The government subsidised 50% of payments with a maximum subsidy of THB3,000
Cash handout to holders of state welfare cards	14	21	21	Oct-20 to Dec-20	An additional THB500 to holders of state welfare cards for three months from Oct-20 to Dec-20
Shopping tax deduction	3.7	n/a	110	Oct-20 to Dec-20	A tax deduction of up to THB30,000 on purchases of goods and services with a 7% value-added tax, except for alcoholic beverages, tobacco products, government lotteries, fuel, accommodation services and air tickets
Cash handout to holders of state welfare cards	14	21	21	Jan-21 to Mar-21	An additional THB500 to holders of state welfare cards for three months
Co pay (phase 2)	15	23	45	Jan-21 to Mar-21	Covered 15m people from 10m people with maximum subsidies of THB3,500 from THB3,000
Rao Chana (We Win)	31	210	210	Feb-21 to May-21	Cash handouts worth THB3,500 to 31m people for two months, totalling THB210b. The measure was intended to help low-income earners, small entrepreneurs, and street food vendors. The modern trade retailers or franchise grocery stores were not eligible for this program
Rao Rak Kan	9.1	37	37	Mar-21 to May-21	Cash handouts worth THB4,000 to employees covered by Section 33 of the Social Security Act. Important eligibility criteria included having deposits in a bank account not exceeding THB500k as of Dec-20
Rao Chana (extended)	33.5	67	67	May-21 to Jun-21	Cash handouts worth THB2,000 to 33.5m people
Rao Rak Kan (extended)	9.3	19	19	May-21 to Jun-21	Cash handouts worth THB2,000 to 9.3m people
Co pay (phase 3)	31	93	186	Jul-21 to Dec-21	Covered 31m people with maximum subsidies of THB3,000
Ying Chai Ying Dai	4	28	268	Jul-21 to Dec-21	Maximum e-voucher cashback of THB7,000 with maximum spending of THB60,000 (first THB0-THB40,000 received e-voucher worth 10% or THB4,000 and THB40,001-THB60,000 received an e-voucher worth 15% or THB3,000)
Cash handout to holders of state welfare cards	14	16	16	Jul-21 to Dec-21	An additional THB200 to holders of state welfare cards for six months
<b>Total</b>		<b>913</b>	<b>1,410</b>		
<b>New stimulus measure</b>					
Shop dee mee kuen	3.7	n/a	111	1 Jan 22 -15 Feb 22	All types of products and services subject to VAT, except for alcoholic beverages, tobacco products, government lotteries, fuel, accommodation services and air tickets
Co pay (phase 4)	31	93	186	Mar-22 to Apr 22	Covered 31m people with maximum subsidies of THB3,000
<b>Total</b>		<b>93</b>	<b>297</b>		

Sources: Cabinet resolutions; FSSIA's compilation

In summary, while TNP's SSSG is likely to normalise to low to mid-single digit growth after the Covid-19 pandemic subsides, it would lead to the second key question of, **“Will TNP struggle to deliver strong earnings growth in 2022-23 after its SSSG normalises in the post-pandemic period?”**

## Q2: Will TNP struggle to deliver earnings growth in 2022-23 after its SSSG normalises in the post-pandemic period?

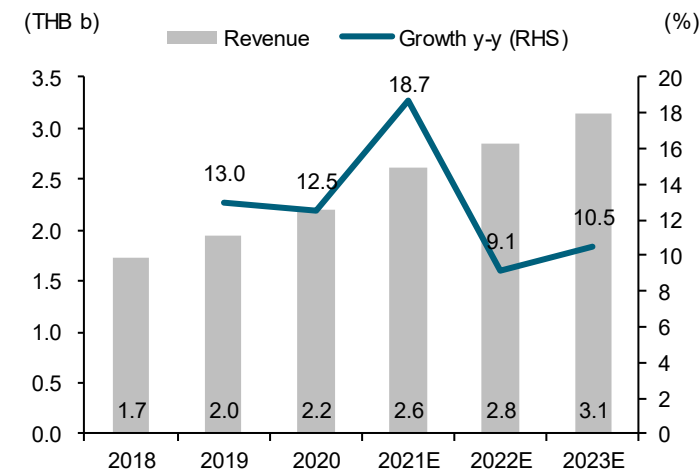
After delivering solid 2019-21E earnings growth of 36-51% y-y, investors are concerned that TNP may not be able to solicit strong earnings growth in 2022 given the exceptionally high growth base estimated in 2021 as a result of the direct benefit from the government’s stimulus programs.

We remain convinced that TNP’s earnings growth will be strong at 13.5%/16.7% in 2022/23 even under the circumstance of low, normalised SSSG at 3%/5% in 2022/23.

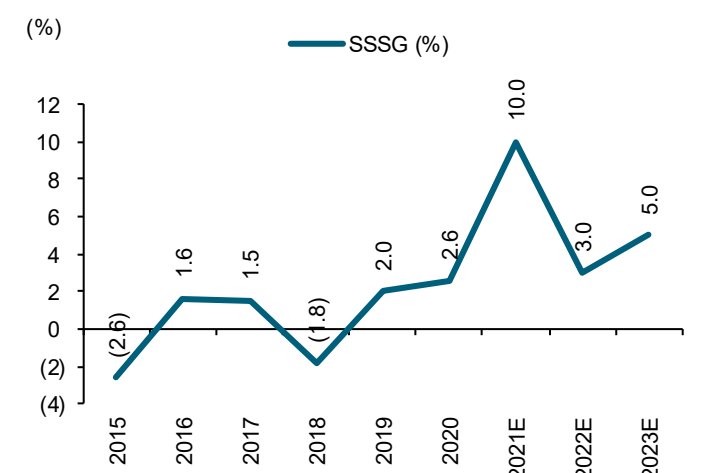
### New store expansions, not SSSG, is TNP’s strategic growth driver

Even under low, normalised 2022/23E SSSG of only 3%/5% vs 10% estimated in 2021, we believe TNP’s revenue growth will remain solid in the high single digits (vs 12.5%/13% in 2019-20 and 18.7% estimated in 2021), which should be sufficient to catalyse TNP’s net profit growth.

**Exhibit 10: High single-digit/low double-digit revenue growth expected in 2022/23**      **Exhibit 11: Yearly SSSG**



Sources: TNP; FSSIA estimates

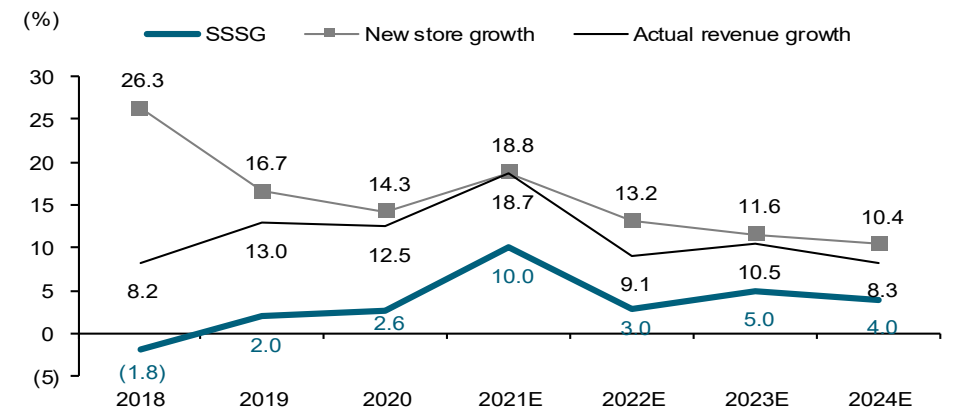


Sources: TNP; FSSIA estimates

The main source of revenue growth post Covid-19 should mainly come from the expansion in TNP’s new store numbers, not SSSG, as we believe that TNP still has untapped markets in Chiang Rai, TNP’s flagship market, and other neighbouring provinces.

As we see from Exhibit 12, the key revenue growth in 2018-20 was mainly driven by TNP’s store expansions rather than its SSSG.

**Exhibit 12: Source of revenue growth mainly from new stores rather than SSSG**



Sources: TNP; FSSIA estimates

This was made possible by TNP’s small store network coverage, the low-cost structure from its lean inventory and efficient operations, and its unique store format and service as a blended format between a supermarket (for convenience and product variety) and a discount store format (for price competitiveness).

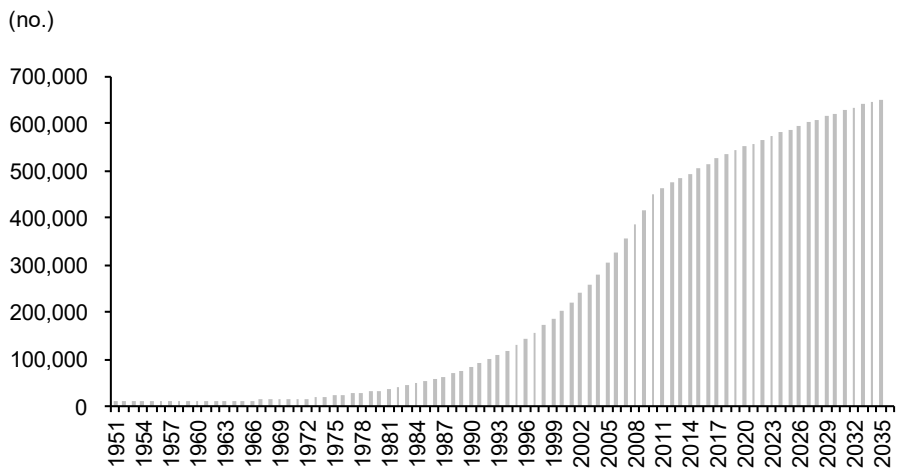
Therefore, we believe TNP still has room to grow even under low, normalised SSSG that is likely to align with Thailand’s economic growth. This, then, would lead to the third key question, **“Will TNP still have room to expand its store numbers?”**

**Q3: Will TNP still have room to expand its store numbers?**

We believe so. We think TNP still has ample room for growth in the next five years. We believe TNP’s target to expand 6-7 new stores per year is highly achievable.

As of 2021, according to management, there are still plenty of growth opportunities for TNP to grow its store numbers to reach untapped markets, both in Chiang Rai and other neighbouring provinces.

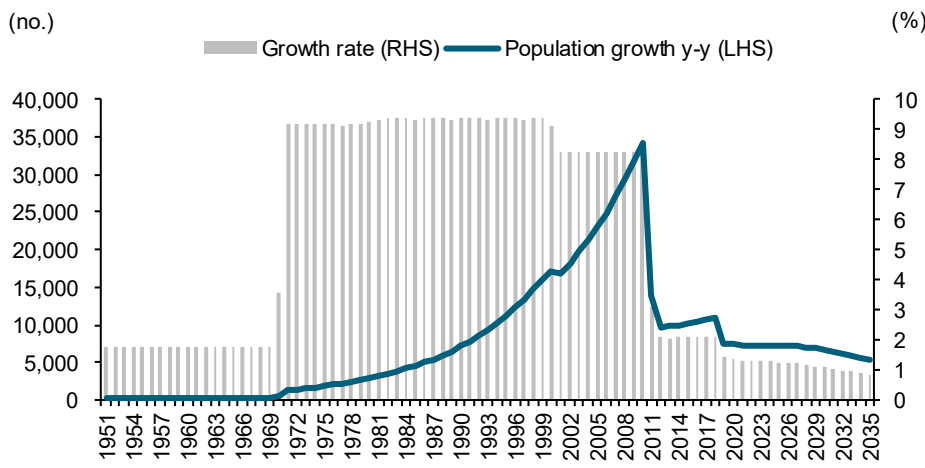
**Exhibit 13: Projected population in Chiang Rai’s urban areas**



Source: [Worldpopulationreview.com](http://Worldpopulationreview.com)

**Growth opportunity in Chiang Rai.** As of 2021, TNP has a total 38 stores in operation, of which 30 stores are located in Chiang Rai province, leaving TNP room to expand its store numbers up to 50 stores before reaching the saturation point, based on management’s guidance. While the total population in Chiang Rai is 1.3m, according to the National Statistical Office Thailand, the population in urban areas in Chiang Rai is 0.56m, according to [World Population Review](http://World Population Review).

**Exhibit 14: Population growth and growth rate in Chiang Rai’s urban areas**



Source: [Worldpopulationreview.com](http://Worldpopulationreview.com)

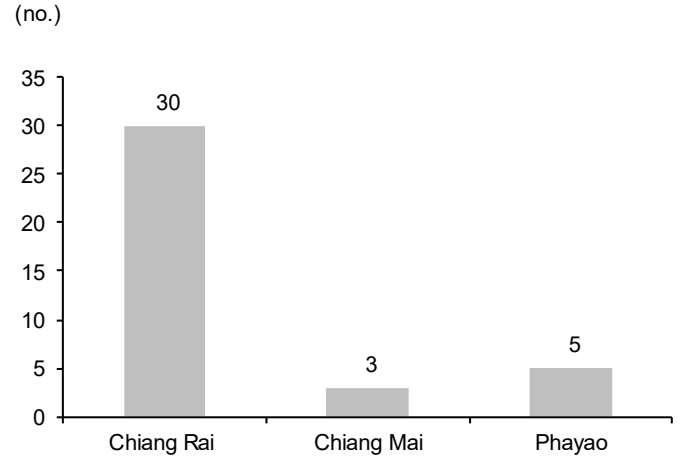
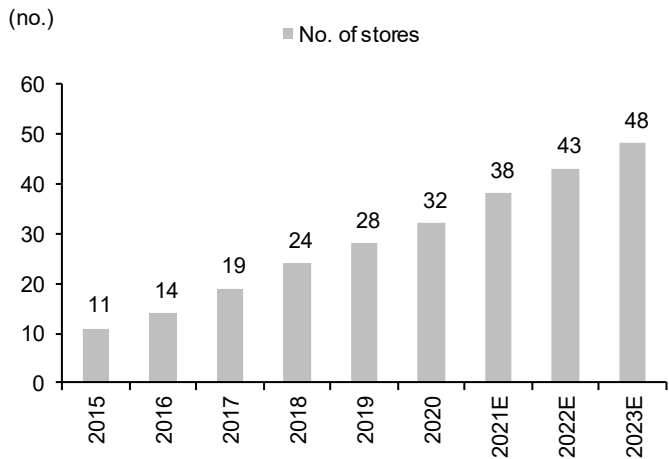


Management affirmed that it is highly possibly to expand up to 50 stores in Chiang Rai province. In Mueang Chiang Rai district, it could expand up to 30 stores from the current 12 stores, and other districts could expand up to 2 stores per district from the current 1-2 stores, while some areas have the potential to expand into the sub-district.

Using the 2021 and 2026 population projections for Chiang Rai province, we estimate that the implied optimum size of the population serviced by one TNP's stores would be 26,000 in 2021 (1.3m population divided by 50 stores).

**Exhibit 15: Expansion plan for 2021-23**

**Exhibit 16: Number of stores, breakdown by location**

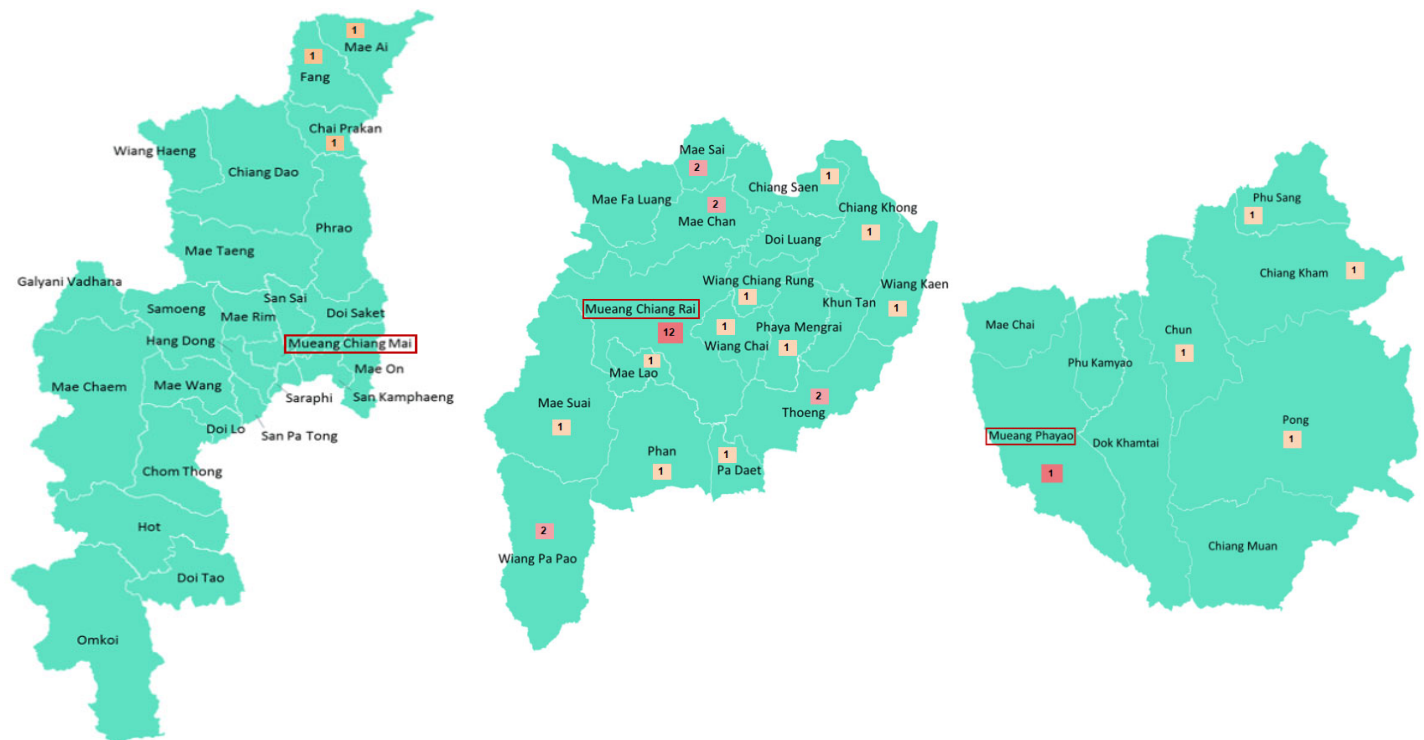


Sources: TNP; FSSIA estimates

Source: TNP

TNP's management believes that each of its stores in Mueang Chiang Rai district, located far from each other at over 5 square km, should see a limited cannibalisation effect, and hence would allow TNP to grow its revenue from new stores to its average level within 6 to 12 months.

**Exhibit 17: TNP's store locations in Chiang Mai, Chiang Rai, and Phayao**



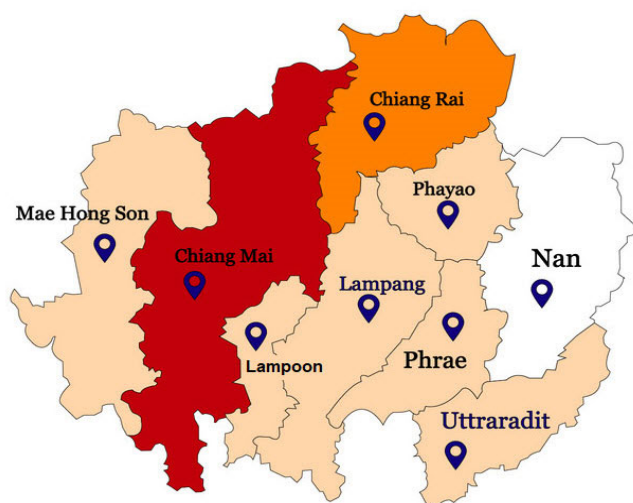
Source: TNP; FSSIA's compilation

Meanwhile, TNP has only 3 stores in Chiang Mai and 5 stores in Phayao, suggesting that there are still plenty of opportunities to grow in these two neighbouring provinces adjacent to Chiang Rai.

However, TNP is not planning on entering into Mueang Chiang Mai district, given the intense competition from the incumbent modern trade players, higher rental rate, and greater demand from mid- to high-income earners and tourists, who are not TNP's target customers (TNP's target customer group is the low- to mid-income population).

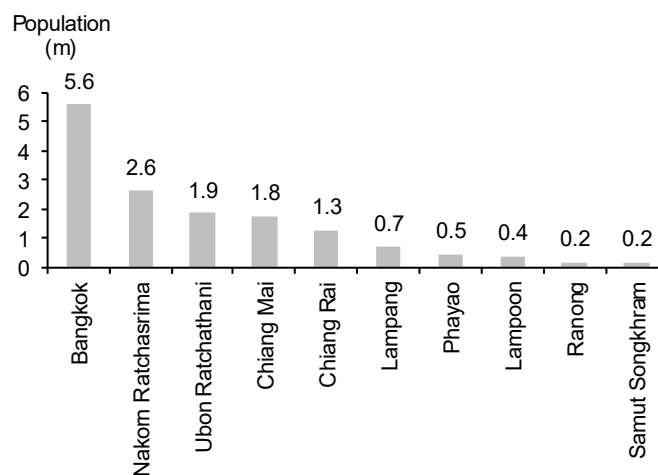
Moreover, its distribution centre still has excess capacity to support TNP's expansion plan of up to 50 stores, implying that TNP would see a limited capital raising risk even if it pursues its aggressive expansion plan, thanks to its net cash position and the low CAPEX per store of only THB15m for the standard size (300 sqm), not including land cost (less than THB10m). Note that around 60% of TNP's stores are located on TNP's own land.

**Exhibit 18: Location of provinces in Northern Thailand**



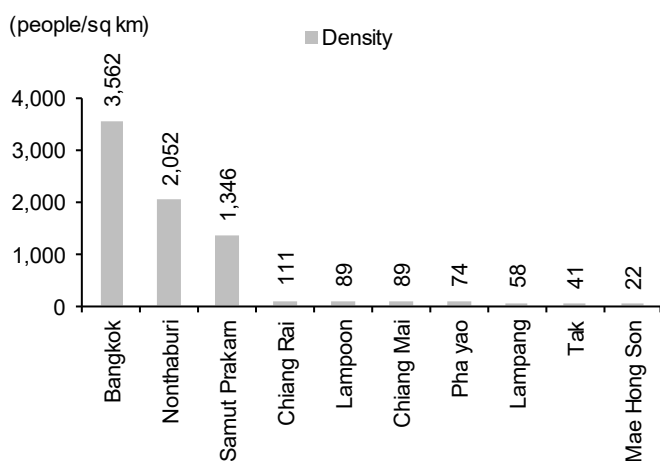
Source: [Vector Stock](#)

**Exhibit 19: Population of select provinces**



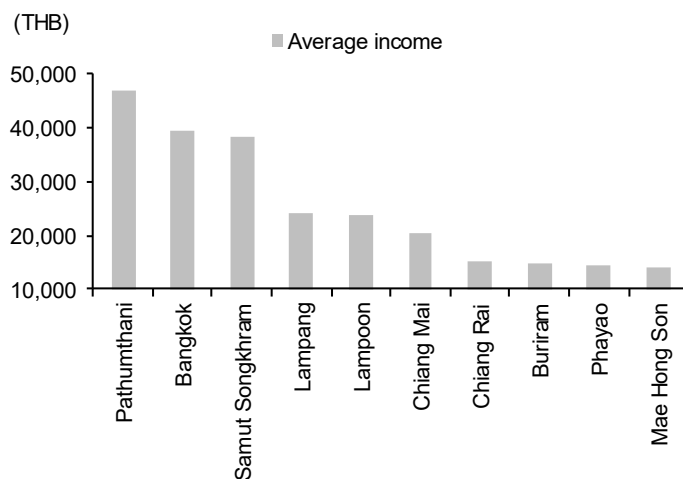
Source: National Statistical Office Thailand, Ministry of Digital Economy and Society

**Exhibit 20: Population density of select provinces**



Source: Department of Provincial Administration

**Exhibit 21: Average income of select provinces**



Source: National Statistical Office Thailand, Ministry of Digital Economy and Society

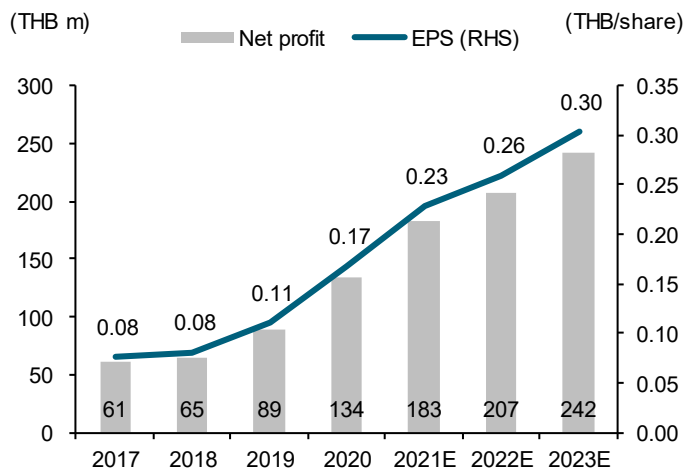
## Expect earnings to grow by 13.5-16.7% in 2022-23

We expect TNP's earnings to grow by 13.5%/16.7% in 2022/23, driven by:

- 1) SSSG at 3%/5% in 2022/23;
- 2) 5 new stores added annually, which we think is a conservative assumption compared to TNP's expansion target of 6-7 stores each year.

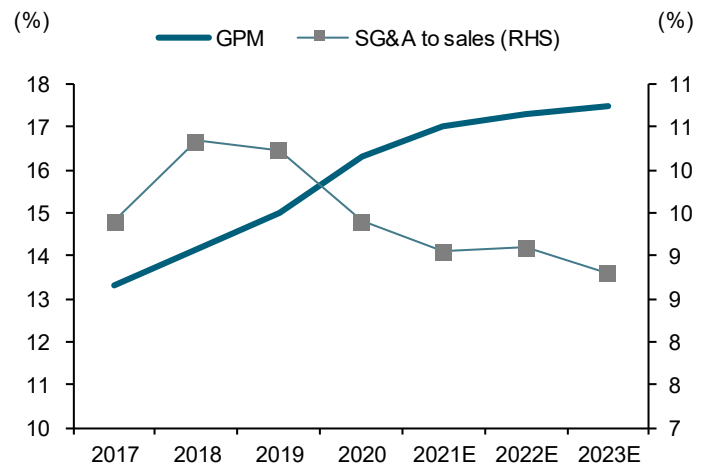
We expect its GPM to slightly improve to 17.3%/17.5% in 2022/23 from 17.0% in 2021. Again, our assumptions remain conservative compared to TNP's target of 20% in the next 3-5 years. We see more room for TNP's GPM to improve based on 1) higher rebates from suppliers due to higher sales volumes; and 2) shifting to a non-food product mix (c70% of total sales), as non-food products have a GPM range of 15-35% vs 8-10% for food and beverage products.

**Exhibit 22: Core net profit and EPS**



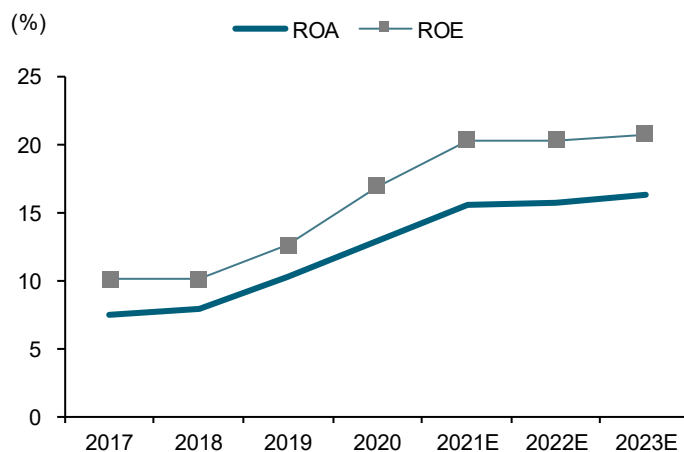
Sources: TNP; FSSIA estimates

**Exhibit 23: GPM and SG&A to sales trend**



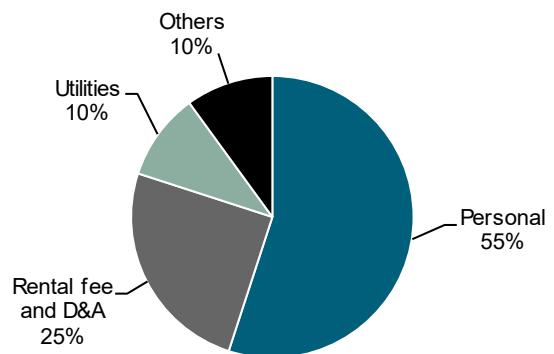
Sources: TNP; FSSIA estimates

**Exhibit 24: ROA and ROE**



Sources: TNP; FSSIA estimates

**Exhibit 25: SG&A expense breakdown**



Sources: TNP; FSSIA estimates

## Still a healthy 4Q21 net profit outlook

We project TNP's net profit to amount to THB44m, flat y-y, in 4Q21, backed by:

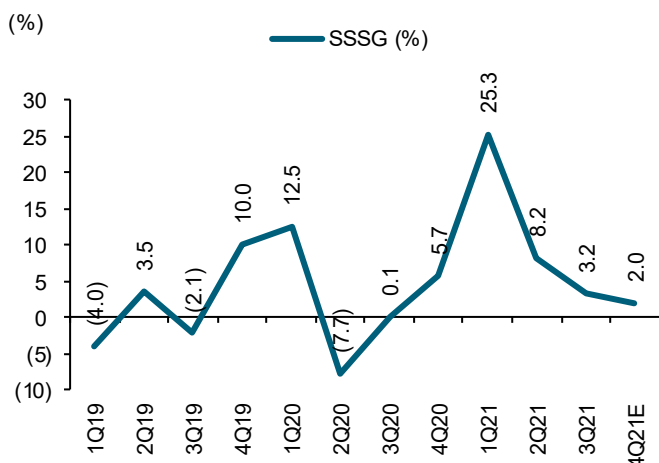
- Sales to reach a record high of THB673m in 4Q21 (+17% q-q, +9% y-y), driven by positive SSSG and new store expansions;
- We estimate SSSG to be 1% in 4Q21, driven by the government's stimulus packages such as an additional THB200/person to holders of state welfare cards for six months during Jul-21 to Dec-21 and Co-pay phase 3;
- The total number of stores in 4Q21 increasing to 38 stores, up from 32 stores in 4Q20 (+19% y-y) and 36 stores in 3Q21;
- Its GPM at 16.8% (vs 16.6% in 4Q20 and 17.3% in 3Q21). The y-y rise would be driven by higher rebates from suppliers, while SG&A expenses should increase by 29% y-y and 18% q-q to THB67m following the new store openings.

### Exhibit 26: TNP – 4Q21 earnings forecast

	4Q20	1Q21	2Q21	3Q21	4Q21E	Change		2020	2021E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Sales	616	752	605	576	673	17	9	2,196	2,606	19
Cost of sales	514	630	496	476	560	18	9	1,837	2,163	18
<b>Gross profit</b>	<b>102</b>	<b>122</b>	<b>108</b>	<b>100</b>	<b>113</b>	<b>14</b>	<b>11</b>	<b>359</b>	<b>443</b>	<b>24</b>
SG&A	52	55	57	57	67	18	29	206	236	14
<b>Operating profit</b>	<b>51</b>	<b>67</b>	<b>51</b>	<b>43</b>	<b>47</b>	<b>8</b>	<b>(8)</b>	<b>152</b>	<b>207</b>	<b>36</b>
Other income	4	4	4	4	7	69	80	12	18	50
<b>EBIT</b>	<b>54</b>	<b>71</b>	<b>55</b>	<b>47</b>	<b>53</b>	<b>13</b>	<b>(2)</b>	<b>164</b>	<b>225</b>	<b>37</b>
Interest expense	0.5	0.5	0.5	0.5	0.9	76	80	2	3	20
<b>EBT</b>	<b>54</b>	<b>70</b>	<b>54</b>	<b>46</b>	<b>52</b>	<b>13</b>	<b>(3)</b>	<b>162</b>	<b>223</b>	<b>37</b>
Income tax	10	13	10	9	8	(6)	(16)	29	40	41
<b>Net profit</b>	<b>44</b>	<b>57</b>	<b>44</b>	<b>38</b>	<b>44</b>	<b>17</b>	<b>(0)</b>	<b>134</b>	<b>183</b>	<b>37</b>
<b>EPS (THB)</b>	<b>0.06</b>	<b>0.07</b>	<b>0.05</b>	<b>0.05</b>	<b>0.06</b>	<b>17</b>	<b>(0)</b>	<b>0.17</b>	<b>0.23</b>	<b>36.55</b>
<b>Recurring profit</b>	<b>44</b>	<b>57</b>	<b>44</b>	<b>38</b>	<b>44</b>	<b>17</b>	<b>(0)</b>	<b>134</b>	<b>183</b>	<b>37</b>
<b>Normalised EPS (THB)</b>	<b>0.06</b>	<b>0.07</b>	<b>0.05</b>	<b>0.05</b>	<b>0.06</b>	<b>17</b>	<b>(0)</b>	<b>0.17</b>	<b>0.23</b>	<b>36.55</b>
<b>Key ratios</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(%)</b>	
Gross margin	16.6	16.2	17.9	17.3	16.8	(0.5)	0.2	16.3	17.0	
SG&A/Total revenue	8.4	7.3	9.5	9.8	9.9	0.1	1.5	9.4	9.1	
Operating profit margin	8.2	8.9	8.4	7.5	6.9	(0.5)	(1.3)	6.9	8.0	
Net profit margin	7.2	7.6	7.3	6.6	6.5	(0.0)	(0.6)	6.1	7.0	
Core profit margin	7.2	7.6	7.3	6.6	6.5	(0.0)	(0.6)	6.1	7.0	
<b>Key Assumptions</b>										
SSSG (%)	5.7	25.3	8.2	3.2	2					
No. of stores (no)	32	33	34	36	38					

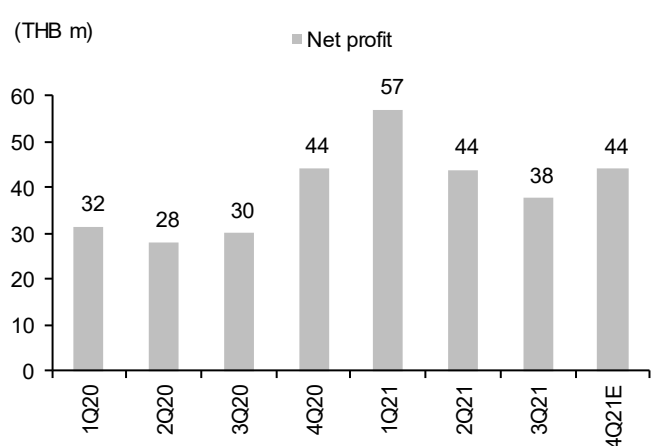
Sources: TNP; FSSIA estimates

### Exhibit 27: Quarterly SSSG



Sources: TNP; FSSIA estimates

### Exhibit 28: Quarterly earnings



Sources: TNP; FSSIA estimates

## Valuation

We initiate coverage on TNP with a BUY rating and a DCF valuation using 2022 as the base year. Our assumptions include 1) a risk-free rate of 3.0%; 2) a risk premium of 8.0%; 3) 0.9 beta; 4) a 30% debt/70% equity weighting; and 5) a 2.0% terminal growth rate. From this, we derive a DCF-based TP of THB6.8/shr, implying 20x 2022E P/E vs 24.4x of its 5-year average.

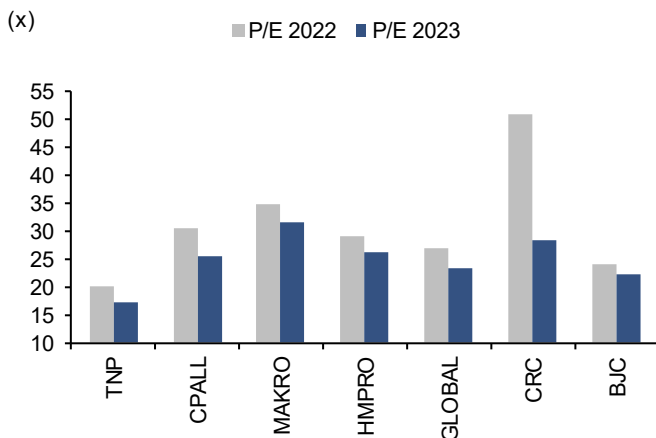
### Exhibit 29: DCF valuation

DCF-derived TP	(%)	(THB b)
Discount rate (WACC)	7.9	
Terminal growth	2.0	
NPV		1.9
Add: terminal value		3.3
Sum of PV		5.2
Add: investment		0.0
Less: debt		(0.3)
Less: minorities		0.0
Residual ordinary equity		5.4
No. of shares (m)		800
<b>Residual ordinary equity (THB/share)</b>		<b>6.8</b>

Source: FSSIA estimates

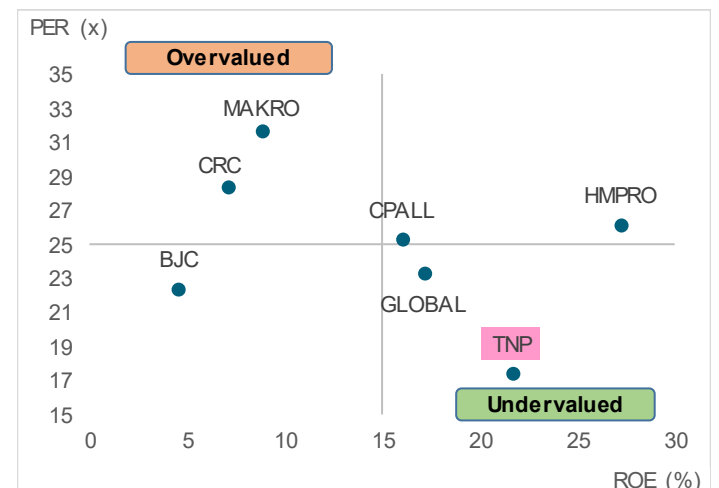
While the market expects TNP's net profit growth to significantly decline in 2022 after its stellar growth in 2021, as TNP is considered to be a key beneficiary of the Covid-19 pandemic thanks to the government's stimulus packages, we, however, believe that TNP's net profit growth will remain promising at 13.5% y-y in 2022 and 16.7% y-y in 2023.

### Exhibit 30: P/E comparison



Sources: Companies; FSSIA estimates

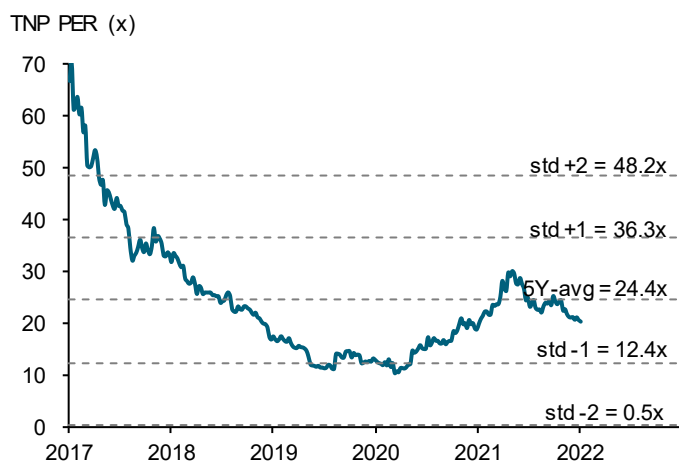
### Exhibit 31: P/E and ROE matrix



Sources: Companies; FSSIA estimates

With our projected strong net profit growth in 2022-23, we believe TNP remains undervalued compared to its peers given that 1) TNP offers a superior ROE at 20%, far higher than its peers' average of 13%; 2) TNP's implied forward P/E is much lower than its peers' average; and 3) its solid 2022/23E earnings growth of 13.5%/16.7% vs its historical average of 16% during the pre-Covid period in 2015-19.

**Exhibit 32: Rolling one-year forward P/E band**



Sources: Bloomberg; FSSIA estimates

**Exhibit 33: Rolling one-year forward P/BV band**



Sources: Bloomberg; FSSIA estimates

**Exhibit 34: Peers valuation as of 11 Jan 2021**

Company	BBG	--- Share price ---		Up(down) side	Market Cap	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	30.75	38	23.6	3,686	16.8	35.9	24.1	3.0	4.5	1.1	1.1	14.9	13.5
Cp All	CPALL TB	58.25	82	40.8	15,649	12.8	50.3	30.4	10.4	15.9	6.3	5.6	22.0	18.2
Siam Global House	GLOBAL TB	20.80	27.5	32.2	2,862	22.6	30.1	28.1	17.6	17.0	5.0	4.6	21.1	19.6
Home Product Center	HMPRO TB	14.60	18.3	25.3	5,742	12.6	36.5	30.0	23.7	27.2	8.4	7.9	20.5	17.5
Siam Makro	MAKRO TB	40.75	52	27.6	12,894	3.4	29.9	35.1	28.1	8.8	8.1	1.7	17.8	16.4
Central Retail Corp	CRC TB	32.00	40	25.0	5,772	417.4	(326.8)	51.3	(1.1)	7.0	3.7	3.5	21.0	14.5
Srinanaporn Marketing	SNNP TB	15.70	15	(4.5)	451	67.9	51.6	30.0	20.7	18.6	5.8	5.4	21.3	17.7
Thanapiriya	TNP TB	5.20	6.8	30.8	124	21.9	22.8	20.0	21.6	21.6	4.6	4.1	14.6	12.9
<b>Coverage</b>					<b>47,180</b>	<b>19.5</b>	<b>(8.7)</b>	<b>31.1</b>	<b>15.5</b>	<b>15.1</b>	<b>5.4</b>	<b>4.2</b>	<b>19.2</b>	<b>16.3</b>
Dohome	DOHOME TB	23.00	n/a	n/a	1,661	48.9	27.8	24.0	21.7	19.7	5.4	4.5	20.8	18.4
Lawson	2651 JP	5,020.00	n/a	n/a	4,347	(17.1)	55.8	27.0	3.4	6.9	1.9	1.9	4.5	4.0
Dairy Farm Intl Holding	DFI SP	2.90	n/a	n/a	3,911	46.5	32.1	15.2	9.2	18.3	3.2	3.0	11.8	10.6
Better Life Commercial	002251 CH	6.85	n/a	n/a	938	20.9	37.2	33.9	2.2	2.5	1.0	1.0	25.6	20.7
<b>Regional</b>					<b>10,857</b>	<b>(14.0)</b>	<b>38.2</b>	<b>25.0</b>	<b>9.1</b>	<b>11.8</b>	<b>2.9</b>	<b>2.6</b>	<b>15.7</b>	<b>13.4</b>
<b>Average</b>					<b>58,037</b>	<b>8.0</b>	<b>6.9</b>	<b>29.1</b>	<b>13.4</b>	<b>14.0</b>	<b>4.5</b>	<b>3.7</b>	<b>18.0</b>	<b>15.3</b>

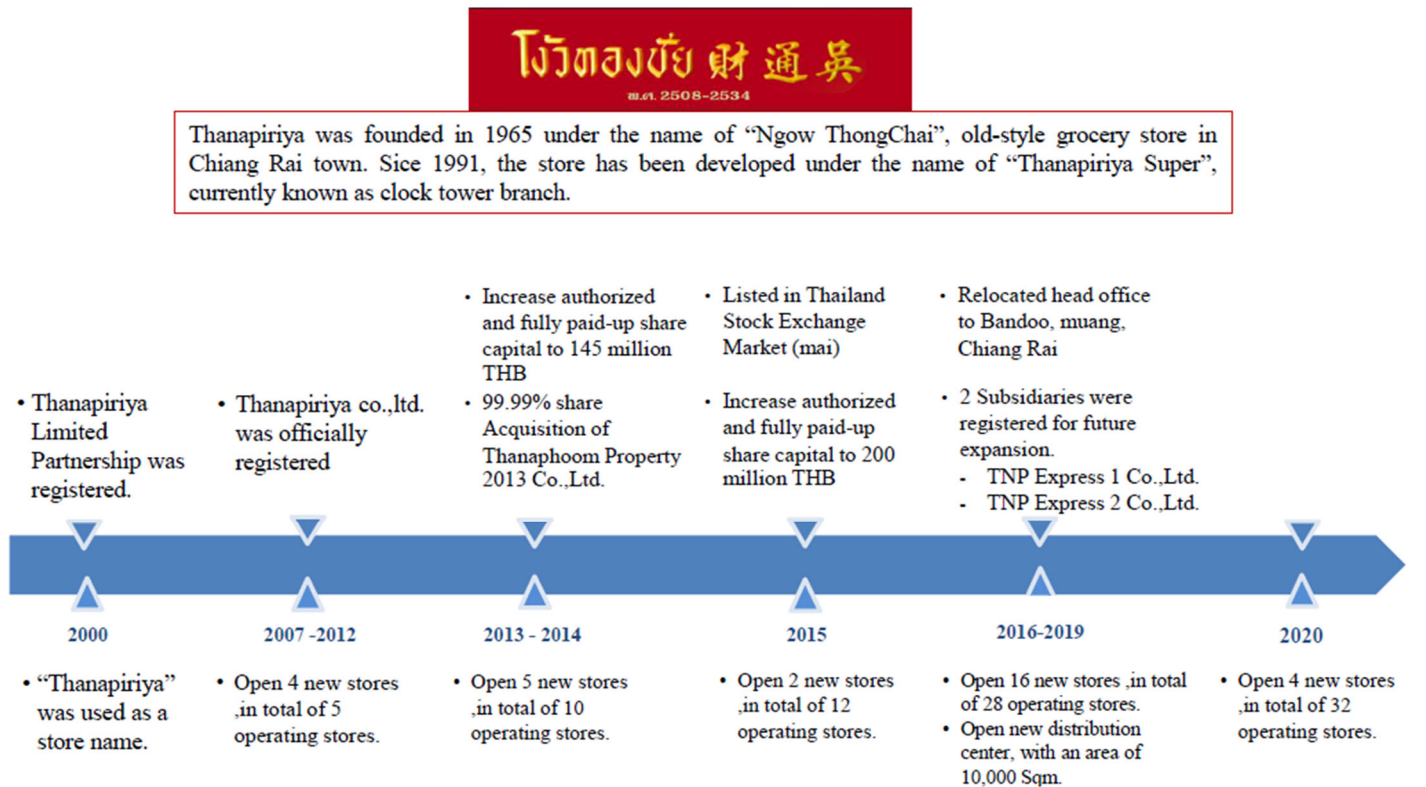
Sources: Bloomberg; FSSIA estimates

## Recap of TNP's business structure

Thanapiriya Public Company Limited (TNP) operates a retail and wholesale business for consumer products, excluding fresh foods. As of 4Q21, TNP has a total of 38 stores, comprising 36 retail stores, 1 wholesale store and 1 wholesale centre at its headquarters.

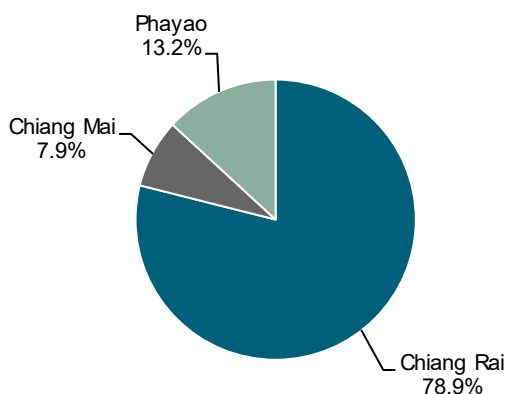
Around 97% of total sales in 4Q21 were derived from its branches and the remaining 3% were derived from orders from its wholesale centre.

### Exhibit 35: History of TNP



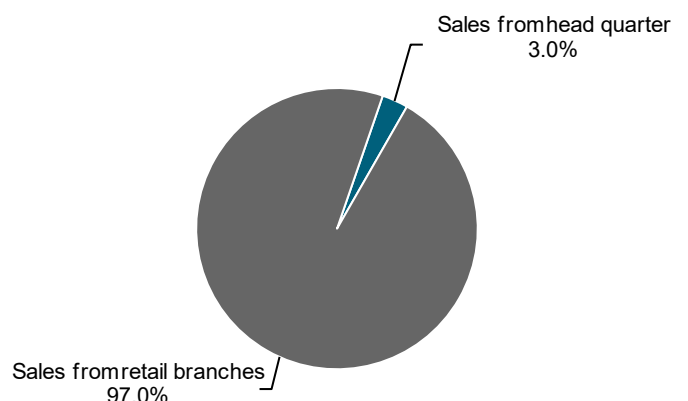
Source: TNP

### Exhibit 36: Store breakdown by location as of 4Q21



Sources: TNP; FSSIA's compilation

### Exhibit 37: Sales breakdown by format as of 4Q21



Sources: TNP; FSSIA's compilation

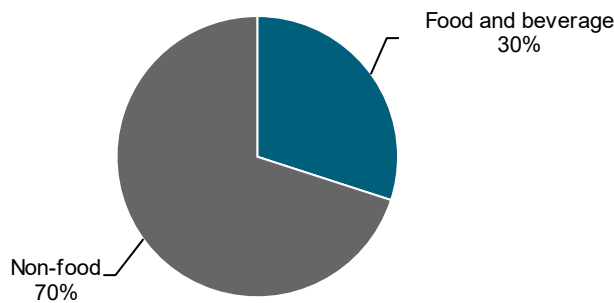
TNP has various products in over 15,000 types of distributed product categories from more than 400 suppliers. The products are classified into five categories comprising 1) household products; 2) personal care products; 3) cosmetics and supplements; 4) beverages and groceries; and 5) baby care products.

**Exhibit 38: Product categories**

Product's category	GPM range (%)	Example of products
Household	25-35	Detergent, fabric softener, dishwashing liquid, floor cleaner, plates, bowls, forks, joss sticks and candles, electric lamps, dry batteries,
Personal care	25-35	Shampoo, hair conditioner, soap, shower gel, toothpaste, powder, roll-ons, cologne, sanitary napkins, tissues, hair dressing products
Cosmetics and supplements	25-35	Moisturisers, foundation cream, lipstick, conventional, household medicine, dietary supplements and vitamins
Beverages and groceries	8-10	Tea, coffee, milk, drinking water, snacks, sauce, vegetable oil, sugar, canned food, canned fruit, instant noodles, fruit juice
Baby care	15-18	Milk bottles, milk powder, baby food, diapers, supersorbents, toys, baby bathing and care products, maternal products

Sources: TNP; FSSIA estimates

**Exhibit 39: Product breakdown by segment as of 4Q21**



Sources: TNP; FSSIA estimates



## Corporate Governance - TNP

### Board structure

Number of Independent Directors (ID)	3 of 7 board members*
Percentage of IDs on the board	42.9%
ID participation/attendance at board meetings	100%
ID participation in audit/remuneration committees	3/3 in audit committee and 2/3 in remuneration committee
ID terms (years of service, re-election/replacement procedures)	Three years and can be re-appointed with consent from shareholders' meeting

\*Comprises at least one-third and not less than three persons

Source: TNP

Additional comments: None

### Audit practices

Auditor	ANS Audit Co., Ltd.
Length of service	More than five years
Reporting incidents	None
Fee track record	THB1.845m in 2020, THB1.745m IN 2019, and 1.555m in 2018
Policy on change of audit firm	To review every five years

Source: TNP

Additional comments: None

### Compensation and remuneration

Directors' remuneration vs earnings/ROE/share performance	In 2020, THB1.445m vs net profit of THB133.86m
Changes/stability in senior management	None
Incidents of termination of senior management	None
Track record on insider sales	None

Source: TNP

Additional comments: None

### Shareholders' rights

Communication - shareholder participation in AGMs/EGMs	AGM once annually, EGM when appropriate and in accordance with SEC guidelines
Related party transactions	In accordance with SEC guidelines
Voting issues - policies, incidents of rejected proposals	None

Source: TNP

Additional comments: None

## Financial Statements

Thanapiriya

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	1,952	2,196	2,606	2,843	3,141
Cost of goods sold	(1,622)	(1,794)	(2,116)	(2,302)	(2,540)
<b>Gross profit</b>	<b>330</b>	<b>402</b>	<b>490</b>	<b>541</b>	<b>602</b>
Other operating income	13	12	18	20	22
Operating costs	(200)	(206)	(236)	(259)	(276)
<b>Operating EBITDA</b>	<b>143</b>	<b>208</b>	<b>272</b>	<b>302</b>	<b>347</b>
Depreciation	(37)	(44)	(47)	(49)	(52)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>106</b>	<b>164</b>	<b>225</b>	<b>253</b>	<b>295</b>
Net financing costs	0	(2)	(3)	0	0
Associates	0	0	0	0	0
Recurring non-operating income	0	0	0	0	0
Non-recurring items	0	0	0	0	0
<b>Profit before tax</b>	<b>106</b>	<b>162</b>	<b>223</b>	<b>253</b>	<b>295</b>
Tax	(17)	(29)	(40)	(46)	(53)
<b>Profit after tax</b>	<b>89</b>	<b>134</b>	<b>183</b>	<b>207</b>	<b>242</b>
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
<b>Reported net profit</b>	<b>89</b>	<b>134</b>	<b>183</b>	<b>207</b>	<b>242</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>89</b>	<b>134</b>	<b>183</b>	<b>207</b>	<b>242</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.11	0.17	0.23	0.26	0.30
Reported EPS	0.11	0.17	0.23	0.26	0.30
DPS	0.04	0.06	0.09	0.10	0.12
Diluted shares (used to calculate per share data)	800	800	800	800	800
<b>Growth</b>					
Revenue (%)	13.0	12.5	18.7	9.1	10.5
Operating EBITDA (%)	28.9	45.6	30.9	11.0	14.8
Operating EBIT (%)	38.1	55.2	37.0	12.3	16.7
Recurring EPS (%)	36.0	51.1	36.6	13.5	16.7
Reported EPS (%)	36.0	51.1	36.6	13.5	16.7
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	15.0	16.3	17.0	17.3	17.5
Gross margin of key business (%)	15.0	16.3	17.0	17.3	17.5
Operating EBITDA margin (%)	7.3	9.5	10.5	10.6	11.0
Operating EBIT margin (%)	5.4	7.5	8.7	8.9	9.4
Net margin (%)	4.5	6.1	7.0	7.3	7.7
Effective tax rate (%)	16.4	17.6	18.0	18.0	18.0
Dividend payout on recurring profit (%)	36.1	35.9	40.0	40.0	40.0
Interest cover (X)	18,833.0	78.7	90.2	-	-
Inventory days	55.8	51.8	49.1	51.3	51.0
Debtor days	4.4	3.1	2.6	2.6	2.6
Creditor days	34.8	30.9	28.9	29.9	29.7
Operating ROIC (%)	20.3	30.6	40.5	43.3	48.1
ROIC (%)	19.8	28.5	36.3	38.8	43.2
ROE (%)	13.1	17.9	21.6	21.6	22.1
ROA (%)	10.4	14.3	16.8	16.7	17.3
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Sales	1,952	2,196	2,606	2,843	3,141

Sources: Thanapiriya; FSSIA estimates

## Financial Statements

### Thanapiriya

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	89	134	183	207	242
Depreciation	37	44	47	49	52
Associates & minorities	-	-	-	-	-
Other non-cash items	(1)	1	0	0	0
Change in working capital	1	64	(21)	(12)	(15)
<b>Cash flow from operations</b>	<b>126</b>	<b>242</b>	<b>209</b>	<b>245</b>	<b>279</b>
Capex - maintenance	0	0	0	0	0
Capex - new investment	(67)	(114)	(59)	(69)	(73)
Net acquisitions & disposals	0	0	0	0	0
Other investments (net)	1	(62)	(1)	(1)	(1)
<b>Cash flow from investing</b>	<b>(66)</b>	<b>(176)</b>	<b>(60)</b>	<b>(70)</b>	<b>(74)</b>
Dividends paid	(32)	(48)	(73)	(83)	(97)
Equity finance	0	0	0	0	0
Debt finance	0	4	0	0	0
Other financing cash flows	0	0	0	0	0
<b>Cash flow from financing</b>	<b>(32)</b>	<b>(44)</b>	<b>(73)</b>	<b>(83)</b>	<b>(97)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>(12)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>16</b>	<b>23</b>	<b>76</b>	<b>92</b>	<b>109</b>
Free cash flow to firm (FCFF)	60.01	68.27	151.67	175.07	205.70
Free cash flow to equity (FCFE)	48.01	70.53	149.26	175.07	205.79

Per share (THB)	2019	2020	2021E	2022E	2023E
FCFF per share	0.08	0.09	0.19	0.22	0.26
FCFE per share	0.06	0.09	0.19	0.22	0.26
Recurring cash flow per share	0.16	0.22	0.29	0.32	0.37

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	667	775	841	910	982
Less: Accumulated depreciation	(160)	(197)	(251)	(300)	(352)
<b>Tangible fixed assets (net)</b>	<b>507</b>	<b>578</b>	<b>590</b>	<b>609</b>	<b>630</b>
<b>Intangible fixed assets (net)</b>	<b>10</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	0	0	0	0	0
Cash & equivalents	78	101	177	269	378
A/C receivable	20	17	20	22	24
Inventories	249	261	309	337	373
Other current assets	0	0	0	0	0
<b>Current assets</b>	<b>347</b>	<b>378</b>	<b>506</b>	<b>628</b>	<b>775</b>
Other assets	5	73	74	75	76
<b>Total assets</b>	<b>869</b>	<b>1,032</b>	<b>1,174</b>	<b>1,317</b>	<b>1,486</b>
Common equity	705	791	900	1,025	1,170
Minorities etc.	0	0	0	0	0
<b>Total shareholders' equity</b>	<b>705</b>	<b>791</b>	<b>900</b>	<b>1,025</b>	<b>1,170</b>
Long term debt	0	0	0	0	0
Other long-term liabilities	15	21	24	26	28
<b>Long-term liabilities</b>	<b>15</b>	<b>21</b>	<b>24</b>	<b>26</b>	<b>28</b>
A/C payable	150	154	181	197	217
Short term debt	0	4	4	5	5
Other current liabilities	0	62	64	65	66
<b>Current liabilities</b>	<b>150</b>	<b>220</b>	<b>249</b>	<b>266</b>	<b>288</b>
<b>Total liabilities and shareholders' equity</b>	<b>869</b>	<b>1,032</b>	<b>1,174</b>	<b>1,317</b>	<b>1,486</b>
Net working capital	119	61	84	97	113
Invested capital	641	715	752	786	825

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

Per share (THB)	2019	2020	2021E	2022E	2023E
Book value per share	0.88	0.99	1.13	1.28	1.46
Tangible book value per share	0.87	0.98	1.12	1.27	1.45

Financial strength	2019	2020	2021E	2022E	2023E
Net debt/equity (%)	(11.1)	(12.2)	(19.2)	(25.8)	(31.9)
Net debt/total assets (%)	(9.0)	(9.3)	(14.7)	(20.1)	(25.1)
Current ratio (x)	2.3	1.7	2.0	2.4	2.7
CF interest cover (x)	20,408.6	89.5	84.3	-	-

Valuation	2019	2020	2021E	2022E	2023E
<b>Recurring P/E (x) *</b>	<b>47.0</b>	<b>31.1</b>	<b>22.8</b>	<b>20.0</b>	<b>17.2</b>
<b>Recurring P/E @ target price (x) *</b>	<b>61.4</b>	<b>40.6</b>	<b>29.8</b>	<b>26.2</b>	<b>22.5</b>
Reported P/E (x)	47.0	31.1	22.8	20.0	17.2
Dividend yield (%)	0.8	1.2	1.8	2.0	2.3
Price/book (x)	5.9	5.3	4.6	4.1	3.6
Price/tangible book (x)	6.0	5.3	4.6	4.1	3.6
EV/EBITDA (x) **	28.5	19.5	14.6	12.9	10.9
EV/EBITDA @ target price (x) **	37.5	25.7	19.3	17.1	14.6
EV/invested capital (x)	6.4	5.7	5.3	5.0	4.6

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

Sources: Thanapiriya; 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	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	MITISB	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

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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Company	Ticker	Price	Rating	Valuation & Risks
Thanapiriya	TNP TB	THB 5.20	BUY	Downside risks to our DCF based TP would be 1) slowdown of economic growth in Chiang Rai; and 2) aggressive expansion plan from both local and modern trade players.
CP All	CPALL TB	THB 58.25	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 Makro	MAKRO TB	THB 40.75	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.
Home Product Center	HMPRO TB	THB 14.60	BUY	The key downside risks to our DCF-based TP include: 1) lower-than-expected SSSG; 2) the slow recovery of tourist numbers; and 3) operating losses from its overseas business.
Siam Global House	GLOBAL TB	THB 20.80	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.
Central Retail Corp	CRC TB	THB 32.00	BUY	The key downside risks to our DCF-based TP include 1) new waves of Covid-19; and 2) lower-than-expected sales from the high-margin fashion business.
Berli Jucker	BJC TB	THB 30.75	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.
Srinanaporn Marketing	SNNP TB	THB 15.70	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 11-Jan-2022 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.