

KERRY EXPRESS (THAILAND)
THAILAND / TRANSPORT & LOGISTICS

KEX TB

REDUCE

FROM HOLD

สงครามราคายังไม่สิ้นสุด

- คาดบริษัท จะรายงานผลขาดทุนรายไตรมาสที่เป็นครั้งแรกที่ 192 ลบ. ใน 4Q21
- สงครามราคาน่าจะเกิดต่อเนื่องไปถึงสิ้นช่วง 1H22 เป็นอย่างน้อย
- ปรับคำแนะนำเป็นลดการลงทุนที่ราคาเป้าหมายใหม่ที่ 22 บาท; รอกการฟื้นตัวหรือสัญญาณการเกิด Market consolidation

คาดบริษัท จะขาดทุนสุทธิเป็นครั้งแรกใน 4Q21

จากกลยุทธ์การตั้งราคาเชิงรุกที่บริษัท ได้ใช้มาตั้งแต่ปี 2021 และต้นทุนการเตรียมความพร้อมพิเศษที่จำเป็นระหว่างการระบาด Covid เราคาดว่า KEX จะพลิกมารายงานผลขาดทุนใน 4Q21 ที่ 192 ลบ. รายได้น่าจะทรงตัวที่ 5.3 พัน ลบ. (-1% q-q) จากการแข่งขันด้านราคา ในขณะที่ปริมาณการขนส่งพัสดุน่าจะยังไม่เปลี่ยนจากไตรมาสก่อนหน้า นอกจากนี้ KEX ยังต้องรับรู้ผลของต้นทุนพิเศษเต็มไตรมาสเทียบกับเพียงแค่ครึ่งหนึ่งใน 3Q21

ผลประกอบการน่าจะอ่อนแอต่อเนื่อง

จากข้อมูลของผู้บริหาร สงครามราคาที่มีแรงกำลังส่งผลกระทบต่อผลประกอบการของกลุ่ม KEX จะยังคงใช้กลยุทธ์ดังกล่าวอย่างต่อเนื่องจนกว่าจะเกิด Market consolidation ผ่านการซื้อและควบรวมกิจการหรือคู่แข่งบางรายตัดสินใจออกจากตลาดขนส่งพัสดุไปใหม่ที่สุด โดยผู้บริหารเชื่อว่าเหตุการณ์ดังกล่าวจะเกิดขึ้นในกลางปีนี้

รอสัญญาณการเกิด Market consolidation

เมื่อพิจารณาจากการคาดการณ์ที่อ่อนแอสำหรับกำไร 4Q21 ของบริษัท เราปรับลดประมาณการกำไรสุทธิปี 2021 ของ KEX เหลือ 459 ลบ. (-67% y-y) นอกจากนี้จากการคาดการณ์ที่ว่าสงครามราคาน่าจะอยู่ต่อเนื่องไปจนถึงสิ้นช่วง 1H22 เป็นอย่างน้อย เราปรับลดประมาณการกำไรปี 2022 ลง 32% เหลือ 766 ลบ. (+67% y-y) ต้นทุนที่เพิ่มสำหรับการขยายกำลังการผลิตชั่วคราวและต้นทุนในการเตรียมความพร้อมในระหว่างการแพร่ระบาด Covid อาจส่งผลกระทบต่อ KEX อย่างต่อเนื่องใน 1Q22 นอกจากนี้ราคาเชื้อเพลิงที่สูงขึ้น ซึ่งปัจจุบันอยู่ในระดับที่สูงที่สุดในรอบ 6 ปีที่ผ่านมาอาจส่งผลกระทบต่อเล็กน้อยต่อต้นทุน แม้ว่าต้นทุนเชื้อเพลิงจะคิดเป็นประมาณ 8% ของต้นทุนรวมของ KEX เราปรับลดประมาณอัตรากำไรขั้นต้น (GPM) สำหรับปี 2022 จาก 15.5% เป็น 11.5% เป็นไปได้อย่างยิ่งว่ากำไรของ KEX ในช่วง 1H22 จะลดลงอย่างมีนัยสำคัญ y-y

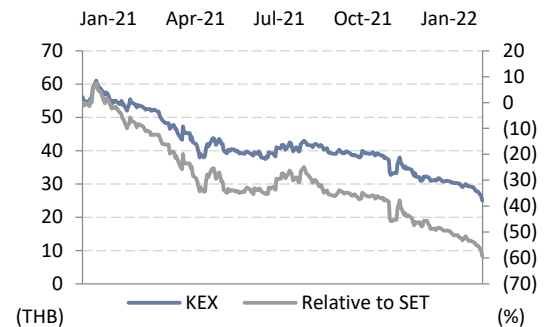
ปรับลดคำแนะนำเป็นลดการลงทุนที่ราคาเป้าหมาย 22 บาท

จากแนวโน้มที่ไม่แน่นอนในอนาคต ประกอบกับสงครามราคาที่มีแรงต่อเนื่อง เราแนะนำให้หลีกเลี่ยงการลงทุนหรือสัญญาณการฟื้นตัวหรือการเกิด Market consolidation ก่อนกลับมาลงทุนใน KEX ถ้าคู่แข่งอันดับสามสามารถดำเนินงานต่อได้ กำไรของ KEX ก็มีความเสี่ยงที่จะตกต่ำตลอดปีนี้ ดังนั้นเราจึงปรับลดคำแนะนำเป็นลดการลงทุนจากถือที่ราคาเป้าหมายใหม่ที่ 22 บาท (DCF) ราคาเป้าหมายของเราคิดจาก 50x ของค่า 2022E P/E (-1.5SD ของค่าเฉลี่ย) ซึ่งอยู่ในระดับที่สูงเมื่อเทียบกับกลุ่ม

TARGET PRICE	THB22.00
CLOSE	THB25.00
UP/DOWNSIDE	-12.0%
PRIOR TP	THB36.00
CHANGE IN TP	-38.9%
TP vs CONSENSUS	-33.3%

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	18,917	19,398	20,246	22,120
Net profit	1,405	459	766	1,092
EPS (THB)	0.81	0.26	0.44	0.63
vs Consensus (%)	-	(34.0)	(25.9)	(18.2)
EBITDA	4,202	2,612	2,772	2,901
Core net profit	1,405	459	766	1,092
Core EPS (THB)	0.81	0.26	0.44	0.63
Chg. In EPS est. (%)	-	(42.3)	(31.7)	(25.1)
EPS growth (%)	(12.5)	(67.3)	66.8	42.5
Core P/E (x)	31.0	94.7	56.8	39.8
Dividend yield (%)	3.8	0.3	0.5	0.8
EV/EBITDA (x)	8.2	13.3	12.1	11.0
Price/book (x)	4.0	3.9	3.7	3.5
Net debt/Equity (%)	(82.0)	(78.3)	(86.3)	(92.8)
ROE (%)	21.5	4.2	6.7	9.0



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(19.4)	(35.1)	(55.2)
Relative to country (%)	(19.4)	(35.2)	(58.6)
Mkt cap (USD m)	1,323		
3m avg. daily turnover (USD m)	5.5		
Free float (%)	27		
Major shareholder	KLN Logistics (Thailand) (52%)		
12m high/low (THB)	61.25/24.80		
Issued shares (m)	1,740.00		

Sources: Bloomberg consensus; FSSIA estimates



Naruedom Mujjalinkool

naruedom.muj@fssia.com
+66 2611 3566

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 26 มกราคม 2022

Investment thesis

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

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

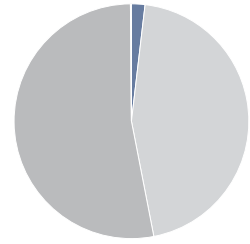
Company profile

Provides a one-stop express delivery service to a comprehensive range of customers in Thailand. The main parcels that are delivered include goods that are ordered via e-commerce and online merchants, parcels that are delivered between C2C including documents from companies, with cash-on-delivery also provided.

<https://th.kerryexpress.com/th/home>

Principal activities (revenue, 2020)

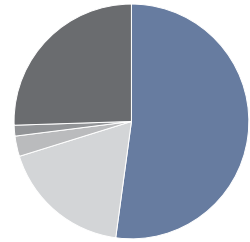
- B2B - 1.9 %
- B2C - 45.1 %
- C2C - 52.9 %
- Advertising - 0.1 %



Source: Kerry Express (Thailand)

Major shareholders

- KLN Logistics (Thailand) - 52.1 %
- VGI - 18.1 %
- Gulf Holding (Thailand) - 2.8 %
- Thai NVDR - 1.5 %
- Others - 25.5 %



Source: Kerry Express (Thailand)

Catalysts

- Aggressive price war strategy could hurt the company's earnings in the short term;
- The Covid situation in Thailand is forcing KEX to incur extra costs in order to maintain its service quality.

Risks to our call

The key upside risks to our DCF-based TP are 1) if the competition is lower than our expectation; and 2) if the Covid-19 situation is under control

Event calendar

Date	Event
Feb-22	2021 results announcement

Key assumptions

	2019	2020	2021E	2022E	2023E
Total parcels delivered (m units)	274	294	335	389	424
Revenue per parcel (THB)	71	64	58	52	52
Growth	(%)	(%)	(%)	(%)	(%)
Total parcels delivered	58.0	7.2	14.0	15.0	10.0
Revenue per parcel	(8.5)	(10.1)	(10.0)	(10.0)	(1.0)

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase total parcels delivered, we project 2022 earnings to rise by 0.8%, and vice versa, all else being equal.
- For every 1% increase in price per parcel, we project 2022 earnings to rise by 1%, and vice versa, all else being equal.

Source: FSSIA estimates

Exhibit 1: 4Q21 results forecast

	4Q20	3Q21	4Q21E	Change		2020	2021E	Chg.	2022E
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)	(THB m)
Revenue	4,228	5,331	5,279	(1)	25	18,917	19,398	3	20,246
Operating costs	(3,600)	(4,979)	(5,116)	3	42	(15,850)	(17,477)	10	(17,918)
Gross profit	628	352	163	(54)	(74)	3,067	1,920	(37)	2,328
SG&A expenses	(176)	(362)	(394)	9	124	(1,314)	(1,399)	6	(1,448)
EBIT	452	(10)	(231)	2,271	n.a.	1,753	522	(70)	881
Depn & amort.	538	573	571	(0)	6	2,356	1,945	(17)	0
EBITDA	990	563	340	(40)	(66)	4,109	2,467	(40)	881
<i>EBITDA margin (%)</i>	23.4	10.6	6.4	<i>nm</i>	<i>nm</i>	21.7	12.7	<i>nm</i>	4.4
Interest expense	(28)	(21)	(18)	(15)	(35)	(112)	(93)	(17)	(85)
Other income	33	37	34	(9)	4	93	145	56	162
Pretax profit	457	6	(215)	n.a.	n.a.	1,734	574	(67)	958
Tax	(82)	7	23	<i>n.a.</i>	<i>n.a.</i>	(329)	(115)	(65)	(192)
<i>Tax rate (%)</i>	(17.9)	110.2	(10.9)	<i>nm</i>	<i>nm</i>	(19)	(20)	<i>nm</i>	(20)
Net profit	375	13	(192)	n.a.	n.a.	1,405	459	(67)	766
Core net profit	375	13	(192)	n.a.	n.a.	1,405	459	(67)	766
EPS (THB)	0.22	0.01	(0.11)	<i>n.a.</i>	<i>n.a.</i>	0.81	0.26	(67)	0.44
Core EPS (THB)	0.22	0.01	(0.11)	<i>n.a.</i>	<i>n.a.</i>	0.81	0.26	(67)	0.44

Sources: KEX; FSSIA estimates

Confidence in aggressive pricing strategy

We believe Flash Express (not listed), the third biggest parcel operator in Thailand, is the biggest threat to KEX, as its market share has grown significantly from 4% in 2019 to 16% in 2020. This is the reason why KEX has entered the economy segment to offer lower parcel delivery prices compared to its starting prices, in order to protect its market share. According to KEX, it will counter every promotion Flash makes and will be more aggressive in the price war.

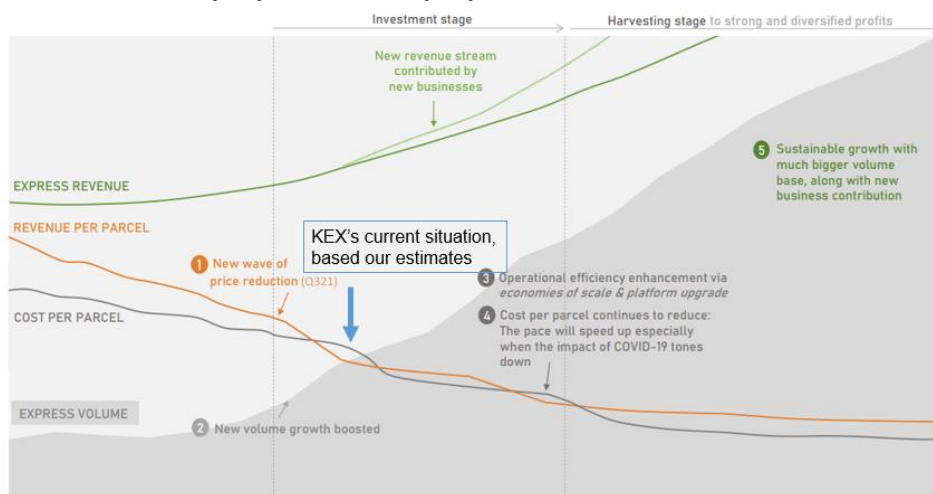
Due to Thailand's tiny but developing e-commerce business, management believes that the most suitable parcel delivery industry should have only two key operators: Thailand Post and KEX. They should together have a parcel delivery market share of over 90% of the whole market and leave 10% for the small operators. Therefore, to KEX, Flash Express, which is increasing its market share and may now have over 20%, should not exist in the market.

In order to obtain more market share and minimise Flash's market share, KEX is trying every possible strategy, including launching a price war, expanding its service points, forming new retail partnerships, and partnering with third-party sales channels. The company expects short-term pain for long-term gain.

The company's price competition, which began in Nov-21 and is still ongoing, is causing KEX's revenue per parcel to decline. However, due to the impact of Covid, the company is forced to maintain its service quality, resulting in increased costs and a higher cost per parcel. As a result, the cost per parcel is now greater than the revenue generated per parcel, implying that KEX will make a loss in 4Q21.

This trend should continue in 1Q22 as the intense price war remains intact, while the company is incurring extra costs from Covid preparation. If the Covid situation is under control, with daily infected cases of no more than 10,000, KEX expects to reduce its cost continuously, possibly in Feb-22. However, the Covid situation in Thailand currently remains fragile. The number of daily infected cases remain high around the world. If the Covid situation in Thailand worsens, there is a possibility that KEX may be forced to bear this cost indefinitely.

Exhibit 2: Revenue per parcel vs cost per parcel



Sources: KEX; FSSIA estimates

How likely is it that KEX's competitor would raise the white flag?

We believe Flash Express may not easily decide to give up on the Thai parcel delivery business. Flash was the first unicorn in Thailand with a total value of over THB30b. The company has strong investor backing from SCB 10X, Siam Commercial Bank's subsidiary (SCB TB, BUY, TP THB160), Chanvanich Security Printing, Buer Capital from Singapore, eWTP, PTT Oil and Retail Business (OR TB, BUY, TP THB36), Durbell under TCP Group, and Krungsri Innovate under Krungsri Group (BAY TB, NR). Hence, we believe Flash may not decide to give up on its Thai operation so easily.

Moreover, Flash is now focused on expanding its business into neighbouring countries such as CLMV. The company has already established parcel delivery services in Laos, Malaysia and the Philippines. It is also targeting a business expansion to new countries within 1H22. According to the [Thairath](#) newspaper, Flash expects to raise more funds this year and aims to list the company on the stock market within five years.

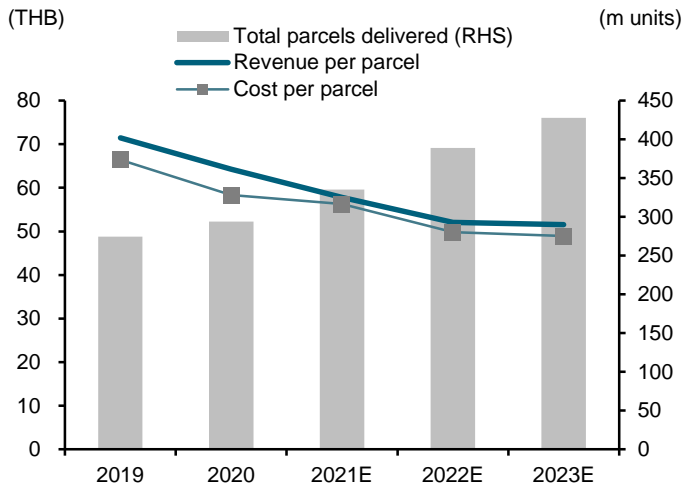
We believe Flash is now concentrating on overseas operations. The company still has the potential to grow, which could support its ability to raise more capital in the near future, since we think that investors believe in Flash's growth potential. Therefore, we believe the aggressive pricing strategy from KEX could be a long war. The possibility that Flash may decide to terminate its operation in Thailand within the middle of this year is about 30%, in our view. This could be a long-term downside risk to KEX in that it may continue to have a low earnings performance compared to the past.

Exhibit 3: Key assumption changes

	----- New -----		----- Previous -----		----- Change-----	
	2021E (THB m)	2022E (THB m)	2021E (THB m)	2022E (THB m)	2021E (%)	2022E (%)
Revenue per parcel (THB)	58	52	58	52	(0.3)	0.1
Total parcels delivered (m units)	335	389	335	385	0.0	1.0
Revenue	19,398	20,246	19,418	20,195	(0.1)	0.3
Gross profit	1,920	2,328	2,388	2,787	(19.6)	(16.5)
EBIT	667	1,043	1,078	1,444	(38.1)	(27.8)
Net profit	459	766	796	1,122	(42.3)	(31.7)
Margin	(%)	(%)	(%)	(%)	(ppt)	(ppt)
Gross profit margin	9.9	11.5	15.5	15.5	(5.6)	(4.0)
Net profit margin	2.4	3.8	6.7	6.9	(4.3)	(3.1)

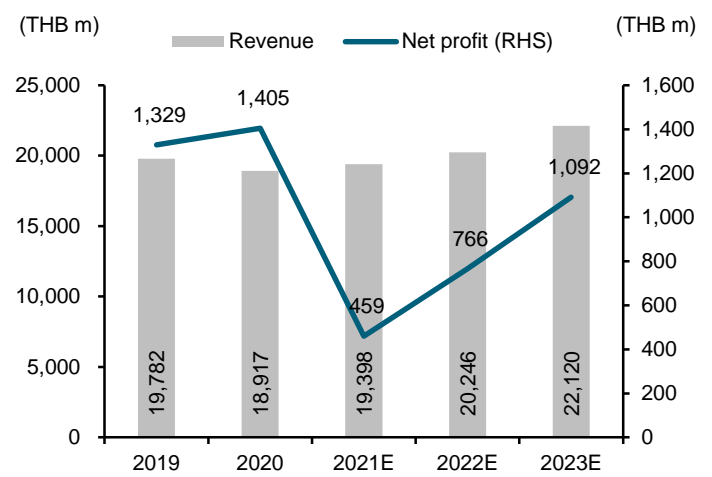
Source: FSSIA estimates

Exhibit 4: KEX – key assumptions



Sources: KEX; FSSIA estimates

Exhibit 5: KEX – revenue and net profit



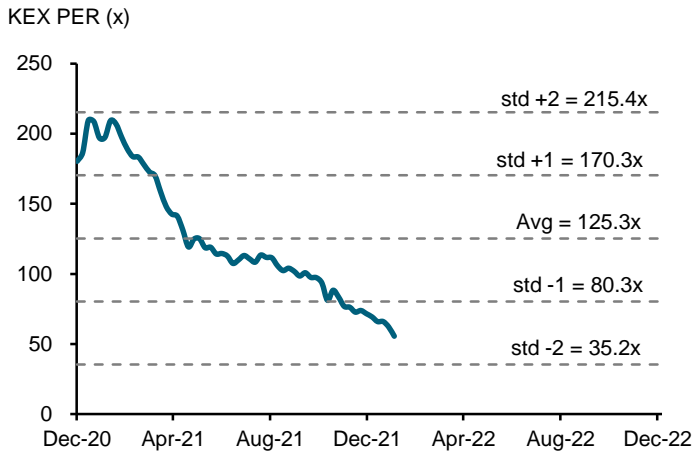
Sources: KEX; FSSIA estimates

Exhibit 6: DCF valuation

		2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
EBITDA		2,772	2,901	2,915	2,947	2,986	3,035	3,110	3,131
(less) tax on EBIT		(192)	(273)	(308)	(342)	(373)	(403)	(434)	(453)
(less) capex & investments		(920)	(820)	(820)	(820)	(820)	(820)	(820)	(820)
decrease in working cap		38	50	(12)	15	13	3	11	5
Free Cash Flow		1,698	1,857	1,775	1,800	1,806	1,816	1,866	1,863
WACC (%)	8.4								
Terminal growth (%)	2.5								
PV of FCF		1,698	1,714	1,511	1,413	1,308	1,213	1,150	1,059
Enterprise value	32,358								
Net debt+cash	11,066								
Equity value	38,215								
No. of shares (m)	1,740								
Equity value / share (THB)	22								

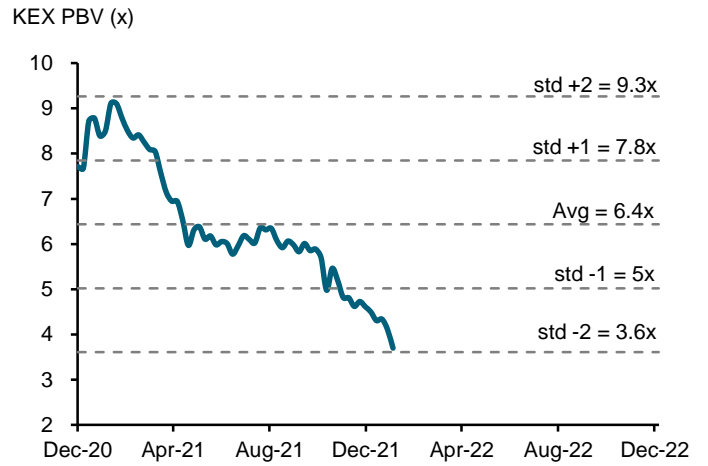
Sources: KEX; FSSIA estimates

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



Sources: Bloomberg; FSSIA estimates

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



Sources: Bloomberg; FSSIA estimates

Financial Statements

Kerry Express (Thailand)

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	19,782	18,917	19,398	20,246	22,120
Cost of goods sold	(16,027)	(13,494)	(15,532)	(16,189)	(17,841)
Gross profit	3,755	5,423	3,865	4,057	4,279
Other operating income	113	93	145	162	181
Operating costs	(1,514)	(1,314)	(1,399)	(1,448)	(1,559)
Operating EBITDA	2,354	4,202	2,612	2,772	2,901
Depreciation	(678)	(2,356)	(1,945)	(1,729)	(1,536)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	1,676	1,846	667	1,043	1,365
Net financing costs	(24)	(112)	(93)	(85)	0
Associates	0	0	0	0	0
Recurring non-operating income	0	0	0	0	0
Non-recurring items	0	0	0	0	0
Profit before tax	1,652	1,734	574	958	1,365
Tax	(324)	(329)	(115)	(192)	(273)
Profit after tax	1,329	1,405	459	766	1,092
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	1,329	1,405	459	766	1,092
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	1,329	1,405	459	766	1,092
Per share (THB)					
Recurring EPS *	0.92	0.81	0.26	0.44	0.63
Reported EPS	0.92	0.81	0.26	0.44	0.63
DPS	0.41	0.95	0.08	0.13	0.19
Diluted shares (used to calculate per share data)	1,440	1,740	1,740	1,740	1,740
Growth					
Revenue (%)	45.8	(4.4)	2.5	4.4	9.3
Operating EBITDA (%)	33.2	78.5	(37.8)	6.1	4.7
Operating EBIT (%)	14.2	10.1	(63.9)	56.3	30.9
Recurring EPS (%)	12.1	(12.5)	(67.3)	66.8	42.5
Reported EPS (%)	12.1	(12.5)	(67.3)	66.8	42.5
Operating performance					
Gross margin inc. depreciation (%)	15.6	16.2	9.9	11.5	12.4
Gross margin of key business (%)	15.6	16.2	9.9	11.5	12.4
Operating EBITDA margin (%)	11.9	22.2	13.5	13.7	13.1
Operating EBIT margin (%)	8.5	9.8	3.4	5.2	6.2
Net margin (%)	6.7	7.4	2.4	3.8	4.9
Effective tax rate (%)	19.6	19.0	20.0	20.0	20.0
Dividend payout on recurring profit (%)	44.3	117.2	30.0	30.0	30.0
Interest cover (X)	69.7	16.5	7.2	12.3	-
Inventory days	2.0	2.9	2.1	2.4	2.3
Debtor days	30.2	30.8	28.8	29.4	28.5
Creditor days	41.4	42.6	35.5	38.3	35.9
Operating ROIC (%)	103.2	174.3	87.3	68.9	104.0
ROIC (%)	77.9	37.1	8.9	14.2	21.3
ROE (%)	71.4	21.5	4.2	6.7	9.0
ROA (%)	25.0	11.8	2.9	4.7	5.9
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
B2B	426	352	356	370	403
B2C	8,949	8,528	8,784	9,223	10,053
C2C	10,232	10,011	10,211	10,569	11,520
Advertising	175	26	47	85	144

Sources: Kerry Express (Thailand); FSSIA estimates

Financial Statements

Kerry Express (Thailand)

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	1,329	1,405	459	766	1,092
Depreciation	678	2,356	1,945	1,729	1,536
Associates & minorities	-	-	-	-	-
Other non-cash items	18	32	0	0	0
Change in working capital	(163)	(336)	264	(1)	(13)
Cash flow from operations	1,861	3,457	2,669	2,494	2,615
Capex - maintenance	(614)	(147)	(368)	(368)	(328)
Capex - new investment	(920)	(220)	(552)	(552)	(492)
Net acquisitions & disposals	1	7	0	0	0
Other investments (net)	0	(15)	0	0	0
Cash flow from investing	(1,533)	(375)	(920)	(920)	(820)
Dividends paid	(588)	(1,646)	(138)	(230)	(328)
Equity finance	0	8,861	0	0	0
Debt finance	600	0	(797)	3	3
Other financing cash flows	0	(1,509)	(1,761)	0	0
Cash flow from financing	12	5,706	(2,696)	(227)	(325)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	341	8,787	(947)	1,347	1,470
Free cash flow to firm (FCFF)	352.70	3,193.20	1,841.71	1,659.25	1,794.81
Free cash flow to equity (FCFE)	928.65	1,572.30	(809.28)	1,576.91	1,797.55
Per share (THB)					
FCFF per share	0.20	1.84	1.06	0.95	1.03
FCFE per share	0.53	0.90	(0.47)	0.91	1.03
Recurring cash flow per share	1.41	2.18	1.38	1.43	1.51
Balance Sheet (THB m) Year Ending Dec					
Tangible fixed assets (gross)	3,742	3,996	4,496	4,996	5,396
Less: Accumulated depreciation	(1,036)	(1,737)	(2,436)	(3,097)	(3,703)
Tangible fixed assets (net)	2,706	2,259	2,059	1,899	1,693
Intangible fixed assets (net)	235	5,520	4,694	4,045	3,536
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	0	0	0	0	0
Cash & equivalents	910	9,697	8,750	10,097	11,567
A/C receivable	1,722	1,467	1,594	1,666	1,784
Inventories	136	80	97	112	109
Other current assets	50	35	36	38	40
Current assets	2,818	11,278	10,478	11,912	13,500
Other assets	255	262	271	280	289
Total assets	6,014	19,318	17,502	18,137	19,017
Common equity	2,233	10,847	11,169	11,705	12,470
Minorities etc.	0	0	0	0	0
Total shareholders' equity	2,233	10,847	11,169	11,705	12,470
Long term debt	800	0	0	0	0
Other long-term liabilities	120	3,773	3,826	3,858	3,881
Long-term liabilities	920	3,773	3,826	3,858	3,881
A/C payable	2,685	1,962	2,309	2,377	2,462
Short term debt	0	800	0	0	0
Other current liabilities	176	1,936	197	197	205
Current liabilities	2,861	4,698	2,506	2,574	2,667
Total liabilities and shareholders' equity	6,014	19,318	17,502	18,137	19,017
Net working capital	(953)	(2,317)	(778)	(758)	(734)
Invested capital	2,243	5,723	6,246	5,466	4,784
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	1.55	6.23	6.42	6.73	7.17
Tangible book value per share	1.39	3.06	3.72	4.40	5.13
Financial strength					
Net debt/equity (%)	(4.9)	(82.0)	(78.3)	(86.3)	(92.8)
Net debt/total assets (%)	(1.8)	(46.1)	(50.0)	(55.7)	(60.8)
Current ratio (x)	1.0	2.4	4.2	4.6	5.1
CF interest cover (x)	77.9	17.0	(1.8)	26.0	-
Valuation					
Recurring P/E (x) *	27.1	31.0	94.7	56.8	39.8
Recurring P/E @ target price (x) *	23.8	27.2	83.3	50.0	35.1
Reported P/E (x)	27.1	31.0	94.7	56.8	39.8
Dividend yield (%)	1.6	3.8	0.3	0.5	0.8
Price/book (x)	16.1	4.0	3.9	3.7	3.5
Price/tangible book (x)	18.0	8.2	6.7	5.7	4.9
EV/EBITDA (x) **	15.2	8.2	13.3	12.1	11.0
EV/EBITDA @ target price (x) **	13.4	7.0	11.3	10.2	9.2
EV/invested capital (x)	16.0	6.0	5.6	6.1	6.7
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Kerry Express (Thailand); FSSIA estimates

Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PCSGH	PDJ	PG	PHOL	PLANB	PLANET
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TTB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TSC	TSR	TSTE	TSTH	TTA
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

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

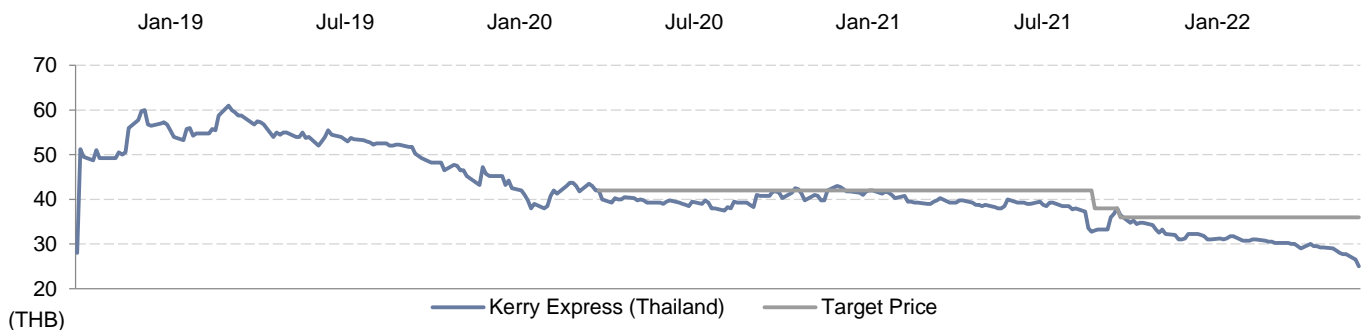
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

Kerry Express (Thailand) (KEX TB)



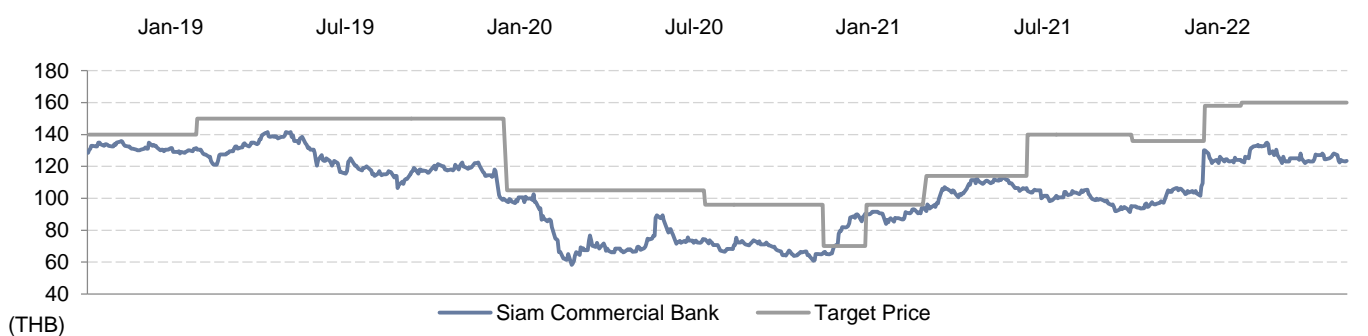
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
02-Jun-2021	HOLD	42.00	03-Nov-2021	BUY	38.00	11-Nov-2021	HOLD	36.00

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

Price and TP are in local currency

Source: FSSIA estimates

Siam Commercial Bank (SCB TB)



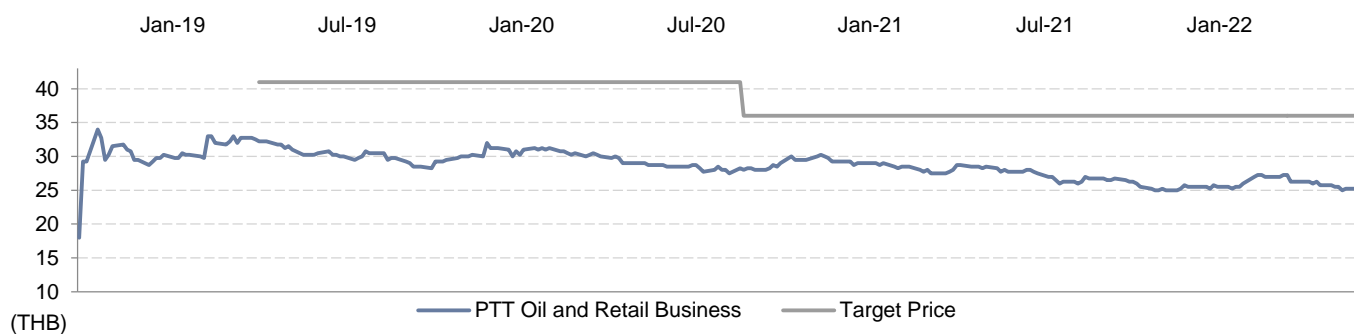
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
29-Jan-2019	HOLD	140.00	27-Oct-2020	HOLD	70.00	22-Jul-2021	BUY	136.00
03-May-2019	BUY	150.00	03-Dec-2020	HOLD	96.00	23-Sep-2021	BUY	158.00
27-Jan-2020	HOLD	105.00	22-Jan-2021	BUY	114.00	25-Oct-2021	BUY	160.00
16-Jul-2020	BUY	96.00	22-Apr-2021	BUY	140.00			

Yuvanart Suwanumphai started covering this stock from 16-Jul-2020

Price and TP are in local currency

Source: FSSIA estimates

PTT Oil and Retail Business (OR TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
30-Mar-2021	BUY	41.00	09-Aug-2021	BUY	36.00	-	-	-

Suwat Sinsadok, CFA, FRM, ERP started covering this stock from 30-Mar-2021

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Kerry Express (Thailand)	KEX TB	THB 25.00	REDUCE	The key upside risks to our DCF-based TP are 1) if the competition is lower than our expectation; and 2) if the Covid-19 situation is under control.
Siam Commercial Bank	SCB TB	THB 123.50	BUY	Downside risks to our SOTP-based TP are 1) prolonged economic sluggishness and further waves of the Covid-19 pandemic affecting loan growth and asset quality; and 2) the impact of further interest rate cuts on its NIM.
PTT Oil and Retail Business	OR TB	THB 25.00	BUY	The downside risks to our SOTP-based TP include: 1) lower-than-expected demand for petroleum products; 2) a lower marketing margin; and 3) weaker-than-expected jet demand.

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

All share prices are as at market close on 25-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.