

# MAJOR CINEPLEX GROUP

## THAILAND / RECREATION FACILITIES & SVCS

# MAJOR TB

# BUY

UNCHANGED

## Solid dividend play

- MAJOR reported a 4Q21 core profit of THB84m, slightly higher than our expectation.
- Announced a final dividend payment of THB0.60/shr, totalling THB1.60/shr in 2021, higher than our expectation.
- Maintain BUY with the same TP of THB25.

TARGET PRICE	THB25.00
CLOSE	THB20.20
UP/DOWNSIDE	+23.8%
PRIOR TP	THB25.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-0.8%

## KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	3,010	8,570	9,327	9,774
Net profit	1,581	862	1,034	1,213
EPS (THB)	1.77	0.96	1.16	1.36
vs Consensus (%)	-	13.7	(1.8)	-
EBITDA	(99)	2,120	2,278	2,442
Core net profit	(528)	862	1,034	1,213
Core EPS (THB)	(0.59)	0.96	1.16	1.36
Chg. In EPS est. (%)	nm	(0.5)	(5.2)	nm
EPS growth (%)	nm	nm	20.0	17.3
Core P/E (x)	(34.2)	21.0	17.5	14.9
Dividend yield (%)	7.9	4.3	5.2	6.0
EV/EBITDA (x)	(193.7)	9.0	8.2	7.4
Price/book (x)	2.5	2.6	2.5	2.5
Net debt/Equity (%)	12.7	12.2	6.8	(1.4)
ROE (%)	(7.7)	12.2	14.7	16.8

## 4Q21 results slightly better than expected

MAJOR reported a 4Q21 core profit of THB84m, slightly better than our expectation of THB59m thanks to cinema revenue that surged to THB890m. This was the highest cinema revenue since Covid hit Thailand in 2020, driven by a solid movie lineup like *Spider-Man* (THB204m), *4Kings* (THB101m), and *The Medium (Rang Zong)* (THB71m). Moreover, the company had other income worth THB100m in 4Q21, which is the highest other income of all-time for MAJOR and better than our expectation, thanks to the new accounting standard.

## High dividend remains the key catalyst

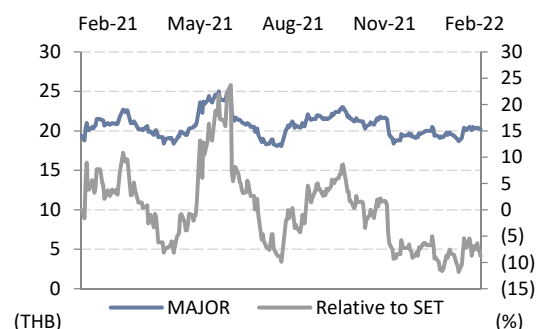
The company announced a final dividend payment of THB0.60/shr, totalling THB1.60/shr in 2021. MAJOR has a dividend payout ratio at 90% of its reported net profit of THB1.58b, reflecting a rich dividend yield of 7.9% p.a. Thanks to the gain from divesting Siam Future Development (SF TB, NR) in 3Q21, the company recognised after-tax profit of almost THB2.2b. We believe this is management's commitment to keep MAJOR a solid dividend company that usually has a dividend payout ratio of over 90%, with a dividend yield of about 4-6% p.a.

## Positive catalysts waiting in 2Q22

Although there is the risk that 1Q22 earnings may turn to a loss once again due to the weak movie lineup in 1Q, we believe 2Q22 should be a great quarter, driven by 1) the strong movie lineup due to the high season; 2) future investments or M&A should be finalised; 3) the launch of MAJOR's popcorn in convenience stores and supermarkets; and 4) the potential to produce Thai movies for Netflix.

## Maintain BUY and our TP of THB25

We have a minor adjustment to our 2022E net profit following the announcement of MAJOR's 2021 results. We still believe that MAJOR should post a strong turnaround this year at THB862m vs the THB528m core loss last year. After SF's divestment, the company is now in a net cash (minus debt) position of about THB2b or THB2.2/shr, awaiting future investments that are expected to be finalised within 1H22. We maintain our BUY call on MAJOR with the same DCF-based TP of THB25. Despite the weak 1Q22E results, the rich dividend of THB0.60/shr should be the key support for its share price before entering the growth stage in 2Q22.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	2.0	(6.9)	3.1
Relative to country (%)	(0.3)	(10.6)	(8.3)
Mkt cap (USD m)	562		
3m avg. daily turnover (USD m)	3.1		
Free float (%)	49		
Major shareholder	Vicha Poolvaraluk (30%)		
12m high/low (THB)	26.25/17.90		
Issued shares (m)	894.67		

Sources: Bloomberg consensus; FSSIA estimates


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## Investment thesis

Major Cineplex (MAJOR) is Thailand's leading lifestyle entertainment company and was established in 1995 with cinema ownership and operations as its core business. The company is the biggest cinema operator in Thailand, with a total of 833 screens and 177 locations nationwide and internationally.

We expect MAJOR to turn a solid profit starting from 2Q22 onward – most of the blockbusters should start to show in cinemas in that quarter thanks to the global vaccination rollout and a decline in the number of Covid-19 cases. MAJOR is a dividend play company that typically pays 90% of its payout ratio, reflecting a 4-6% dividend yield p.a.

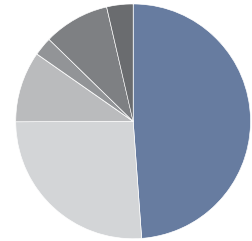
## Company profile

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

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

## Principal activities (revenue, 2021)

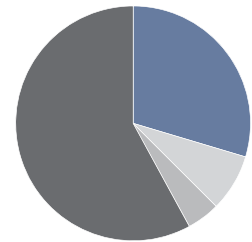
- Cinema - 48.8 %
- Concession - 26.1 %
- Advertisement - 9.8 %
- Entertainment - 2.6 %
- Rental - 9.1 %
- Movie content - 3.6 %



Source: Major Cineplex Group

## Major shareholders

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



Source: Major Cineplex Group

## Catalysts

- Its financial results could bottom out in 2021;
- A lot of blockbusters in 2022;
- Solid dividend yield track record at 4-6% p.a.

## Risks to our call

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

## Event calendar

Date	Event
May-22	1Q22 results announcement

## Key assumptions

	2021	2022E	2023E	2023E
Average ticket price (THB)	166	165	167	168
Guest count (m)	10.1	30.0	31.2	31.8

Source: FSSIA estimates

## Earnings sensitivity

- For every 1 million increase in cinema guest count, we project 2022 earnings to rise by 0.8%, and vice versa, all else being equal;
- For every 1% increase in cinema profit margin, we project 2022 earnings to rise by 5.1%, and vice versa, all else being equal.

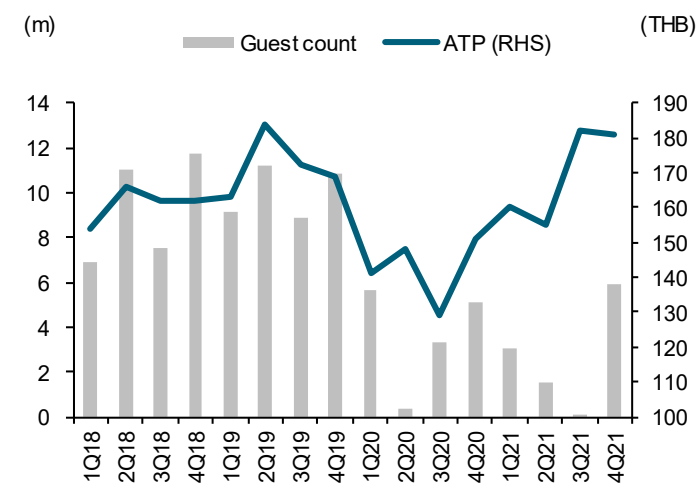
Source: FSSIA estimates

## Exhibit 1: 4Q21 results review

	4Q20	3Q21	4Q21	Change		2020	2021	Change	2022E
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)	(THB m)
Admissions	655	8	890	11,088	36	1,758	1,470	(16)	4,450
Concession sales	280	98	358	265	28	725	786	8	2,092
Advertisement	170	6	142	2,330	(17)	573	294	(49)	1,100
Bowling	73	0	37	41,730	(49)	203	78	(62)	267
Rental fee	92	49	63	29	(31)	335	273	(18)	412
Movie content	69	2	66	2,832	(5)	172	109	(37)	250
<b>Revenue</b>	<b>1,339</b>	<b>164</b>	<b>1,556</b>	<b>851</b>	<b>16</b>	<b>3,765</b>	<b>3,010</b>	<b>(20)</b>	<b>8,570</b>
Operating costs	(929)	(412)	(1,125)	173	21	(3,164)	(2,858)	(10)	(5,855)
<b>Gross profit</b>	<b>411</b>	<b>(248)</b>	<b>431</b>	<b>n.a.</b>	<b>5</b>	<b>601</b>	<b>151</b>	<b>(75)</b>	<b>2,715</b>
SG&A expenses	(571)	(722)	(444)	(39)	(22)	(1,900)	(1,855)	(2)	(2,100)
<b>EBIT</b>	<b>(160)</b>	<b>(971)</b>	<b>(13)</b>	<b>(99)</b>	<b>631</b>	<b>(1,299)</b>	<b>(1,704)</b>	<b>31</b>	<b>616</b>
Depn & amort.	333	277	360	30	8	1,242	1,250	1	1,195
Other income	40	81	100	25	149	168	355	111	310
<b>EBITDA</b>	<b>213</b>	<b>(613)</b>	<b>447</b>	<b>n.a.</b>	<b>110</b>	<b>111</b>	<b>(99)</b>	<b>n.a.</b>	<b>2,120</b>
EBITDA margin (%)	16	(375)	29	nm	nm	3	(3)	nm	25
Interest expense	(55)	(66)	(53)	(20)	(3)	(175)	(258)	48	(90)
Associates	417	45	42	(7)	(90)	740	392	(47)	162
Extra items	(3)	3,136	17	(99)	n.a.	(67)	3,109	n.a.	-
<b>Pretax profit</b>	<b>239</b>	<b>2,225</b>	<b>93</b>	<b>(96)</b>	<b>(61)</b>	<b>(633)</b>	<b>1,894</b>	<b>n.a.</b>	<b>998</b>
Tax	87	(415)	8	n.a.	(91)	93	(354)	n.a.	(167)
Tax rate (%)	36	(19)	9	nm	nm	(15)	(19)	nm	(17)
Minority interests	1	9	(0)	n.a.	n.a.	13	42	233	31
<b>Net profit</b>	<b>328</b>	<b>1,819</b>	<b>100</b>	<b>(94)</b>	<b>(69)</b>	<b>(527)</b>	<b>1,581</b>	<b>n.a.</b>	<b>862</b>
<b>Core net profit</b>	<b>457</b>	<b>(389)</b>	<b>84</b>	<b>n.a.</b>	<b>(82)</b>	<b>(460)</b>	<b>(528)</b>	<b>15</b>	<b>862</b>
EPS (THB)	0.37	2.03	0.11	(94)	(69)	(0.59)	1.77	n.a.	0.96
Core EPS (THB)	0.51	(0.43)	0.09	(122)	(82)	(0.51)	(0.59)	15	0.96

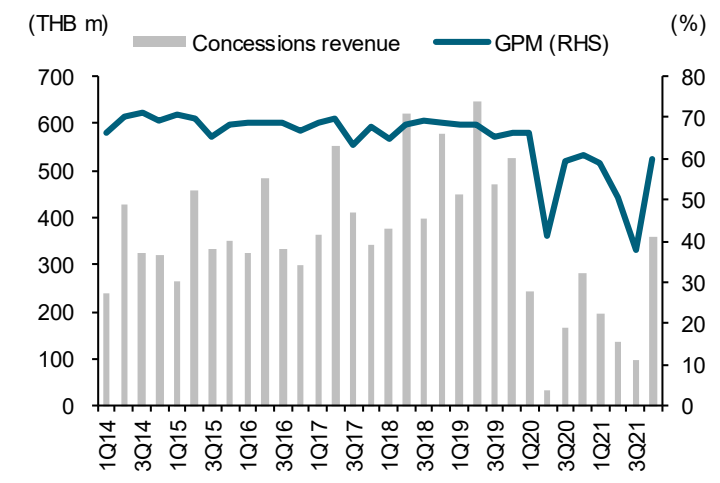
Sources: MAJOR; FSSIA estimates

## Exhibit 2: Quarterly cinema guest count and ATP



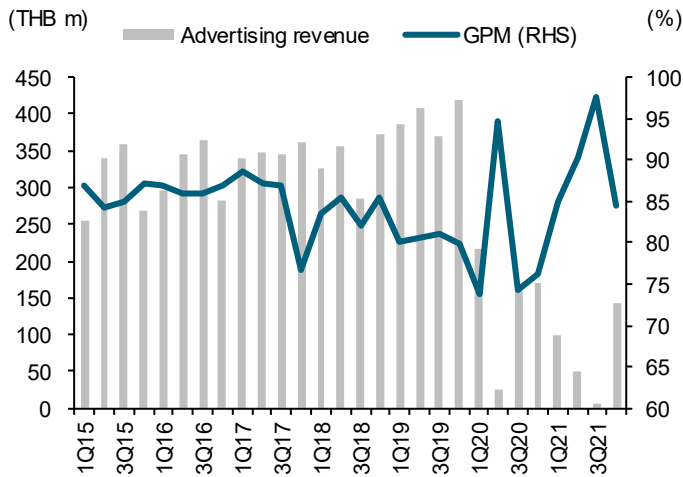
Sources: MAJOR; FSSIA's compilation

## Exhibit 3: Quarterly concession revenue and GPM



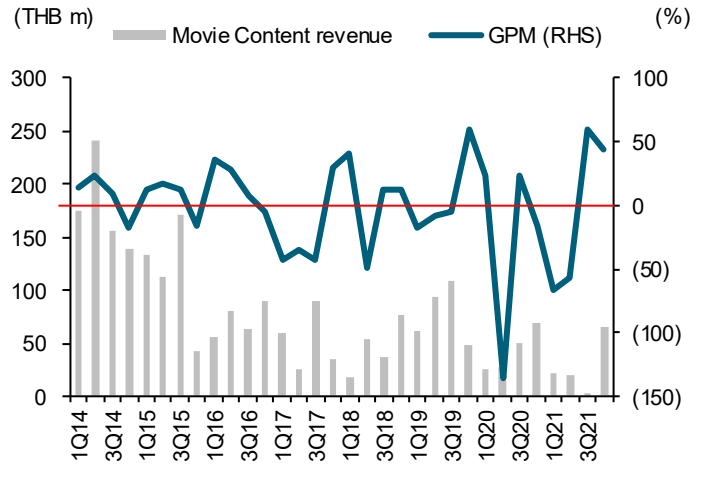
Sources: MAJOR; FSSIA's compilation

**Exhibit 4: Quarterly advertising revenue and GPM**



Sources: MAJOR; FSSIA's compilation

**Exhibit 5: Quarterly movie content revenue and GPM**

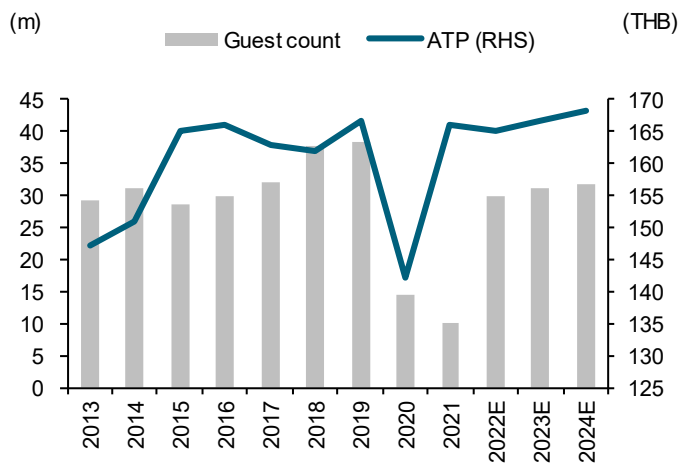


Sources: MAJOR; FSSIA's compilation

**Expansion of 25-30 screens in 2022**

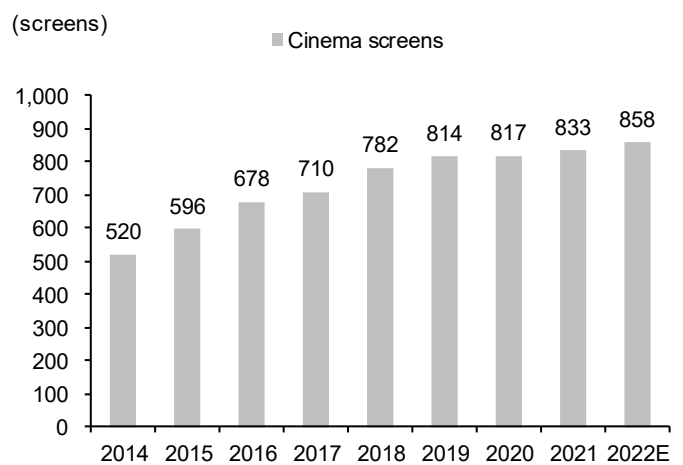
MAJOR has an expansion plan for an additional 25-30 screens with six more locations in 2022. This could bring the company's total cinema screens to 858-863 this year. The additional 25-30 screens include three screens in Cambodia, bringing the international cinema screen total to 40. MAJOR expects the total CAPEX for 2022 to amount to THB300m-400m, including THB150m-210m for screen expansions and THB150m-190m for cinema renovations.

**Exhibit 6: Cinema guest count and ATP forecast**



Sources: MAJOR; FSSIA estimates

**Exhibit 7: Cinema screens**



Sources: MAJOR; FSSIA compilation

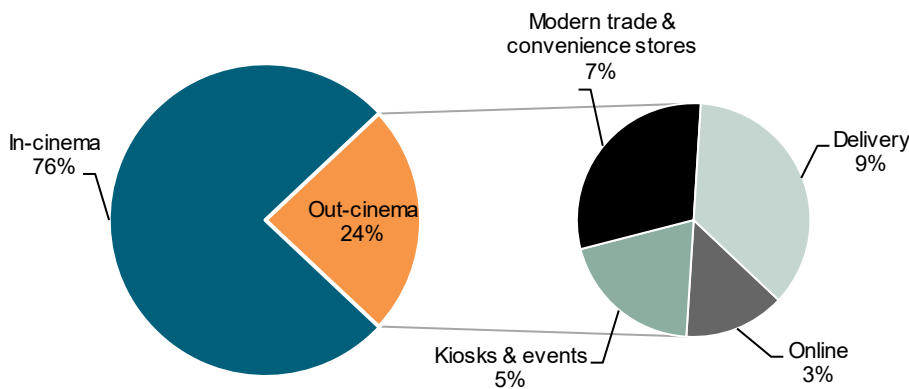
## Concession business, the key driver

The concession business is the key support business for MAJOR as it is the second-largest revenue contributor at about 20% of MAJOR's revenue (pre-Covid), with a high margin of about 60-68%. In 2022, MAJOR is looking to make a big change to the concession business as the company intends to take it further out of the cinema.

Before 2020, concession business revenue mainly came from food & beverages, especially from popcorn in the cinema distribution channel. Now, due to Covid, the company has tried to expand this business into the delivery channel, when the cinemas had to be closed due to the lockdown policy. In 2022, MAJOR aims to expand the out-cinema business even more aggressively. It expects the concession revenue contribution to consist of about 26% out-cinema revenue, while its revenue from in-cinema should amount to 74%, from almost 100% during the pre-Covid period.

The 26% out-cinema revenue contribution is expected to include 14% from online, 20% from events, 30% from modern trade and convenience stores, and 36% from deliveries.

### Exhibit 8: Concession revenue contribution



Sources: MAJOR; FSSIA's compilation

### The strategies for the concession business include:

- In-cinema:** 1) add more seasonal flavours; 2) increase prices by product/selective locations; 3) add more selections/products with partnerships; and 4) increase the number of kiosks outside cinema areas.
- Out-cinema:** 1) add more delivery distribution coverage; 2) collaborate with partners; 3) enter modern trade/convenience stores; 4) add distribution coverage (from supermarkets to grab & go); 5) larger selection of premium collections; and 6) exclusivity in the e-commerce channel.

### Entering modern trade/convenience stores should be the key driver

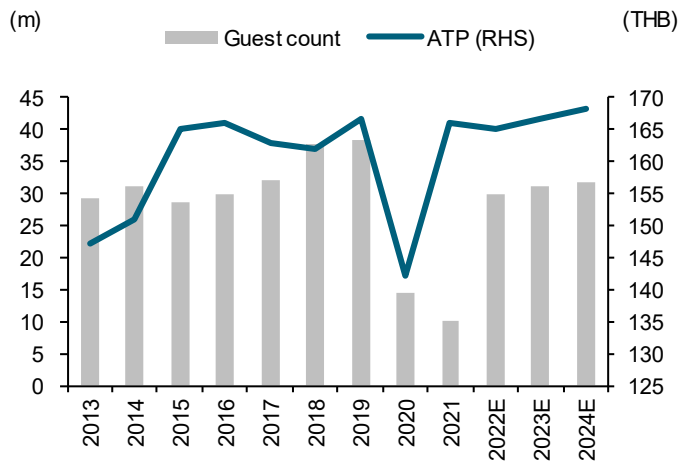
In 2Q22, MAJOR expects to launch its popcorn products in 7-Eleven convenience stores – the biggest convenience store chain in Thailand which currently has over 12k branches. We expect that entering modern trade/convenience stores will be the key driver for MAJOR as this could be a new source of revenue for the company, with a decent margin of about 50%, according to MAJOR. Although its margin in these channels may be lower than its in-cinema margin, the additional revenue should offset and increase MAJOR's concession revenue significantly. Note that we expect MAJOR's concession revenue in 2022 to amount to THB2.1b, doubling from last year's THB786m.

### Solid revenue growth expected in 2022

We strongly believe that this year will be a solid recovery year for MAJOR. We expect its total revenue to rise 185% y-y to THB8.6b, mainly driven by ticket sales growth. We expect its guest count to rise to 30m and average ticket price (ATP) to decrease to THB165 vs 10m and THB166 in 2021. We project concession sales growth of 166% to THB2.1b after the expansion of its sales channel and the full-year resumption of cinema operations. The advertising business should also grow to THB1.1b (+274%) in 2022, in line with the recovery of the guest count.

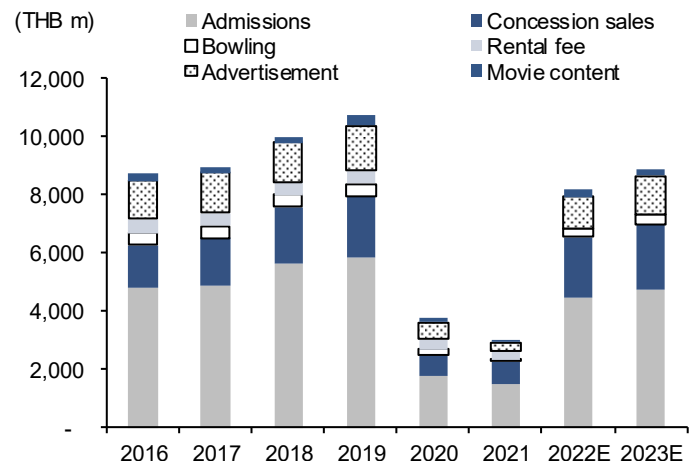
We also expect MAJOR's GPM to increase to 31.7% this year from 5% last year after its revenue recovers to its normal level. However, we have a conservative view on its GPM as the 31.7% GPM we forecast is still lower than its pre-Covid level at about 34-35%. As a result, we expect MAJOR's net profit to turn profitable at THB862m in 2022.

Exhibit 9: Cinema guest count and ATP



Sources: MAJOR; FSSIA estimates

Exhibit 10: MAJOR's total revenue



Sources: MAJOR; FSSIA estimates

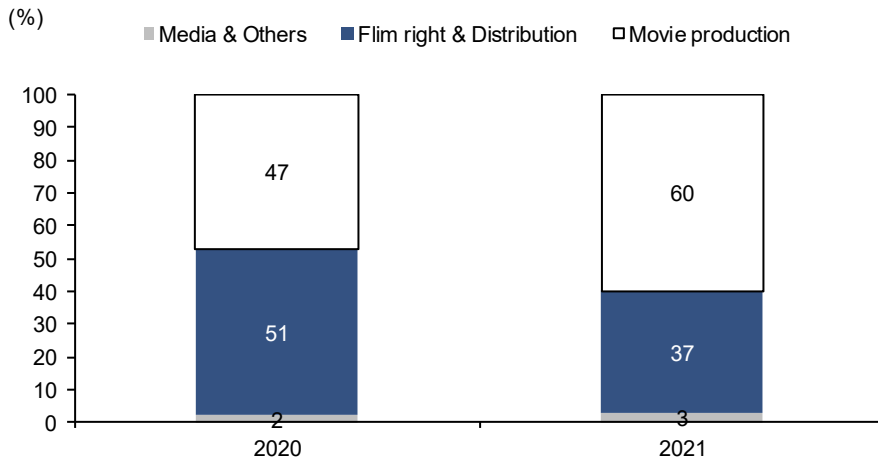
### Potential turnaround from MPIC

M Picture Entertainment (MPIC TB, NR), MAJOR's subsidiary, should have better performance in 2022. MPIC intends to produce 15-20 local content programs, of which most of the content would be under joint ventures with strong partners. MPIC aims to collaborate on the projects with strong entertainment companies in Thailand as well as international media companies.

Because 30-40% of MAJOR's cinemas are now in rural/provincial areas where moviegoers are fonder of local movies rather than Hollywood or foreign movies, the additional Thai movies produced via MPIC in 2022 represent a big opportunity in this area.

MPIC had incurred losses over the past few years, losing THB64m in 2020 and THB21m in 2021. Its losses have reduced thanks to the potential to sell its movies on over-the-top platforms. This has shown the effectiveness of its business model restructuring, where it has shifted its focus from being a producer to selling/distributing movie rights mainly in cinemas to other parties such as Netflix, Disney+, and free TV. We expect MPIC to continue to reduce its loss this year as the company is trying hard to produce more movies for streaming platforms, which should be profitable.

**Exhibit 11: MPIC's revenue breakdown**



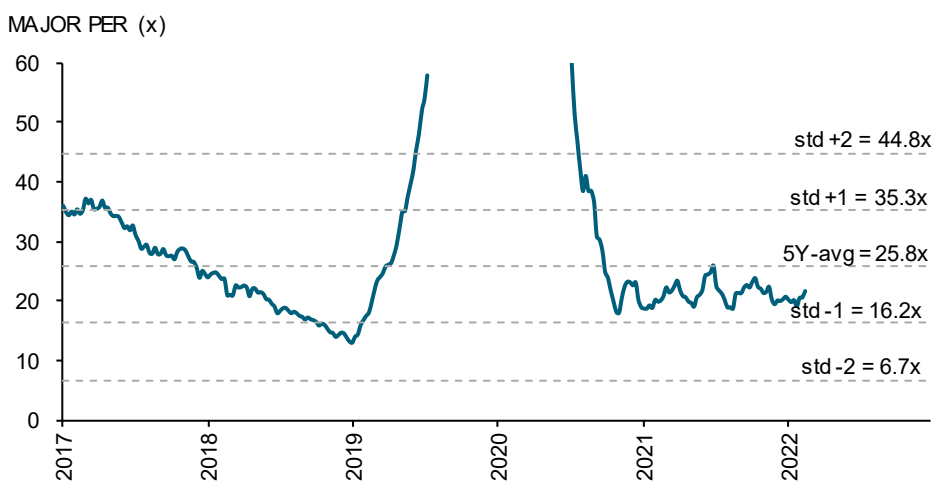
Source: MAJOR

**Exhibit 12: Key assumptions changes**

	----- Current -----		----- Previous -----		----- Change -----	
	2022E (THB m)	2023E (THB m)	2022E (THB m)	2023E (THB m)	2022E (THB m)	2023E (THB m)
Guest count (m)	30	31	28	32.2	7	(3)
Revenue	8,570	9,327	8,531	9,300	0	0
Gross profit	2,715	3,095	2,853	3,255	(5)	(5)
EBIT	1,088	1,303	1,048	1,413	4	(8)
Net profit	862	1,034	866	1,091	(0)	(5)
<b>Margin</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>
GPM	31.7	33.2	33.4	35.0	(1.8)	(1.8)
NPM	40.1	42.1	36.7	43.4	3.3	(1.3)

Source: FSSIA estimates

**Exhibit 13: Rolling one-year forward P/E band**



Sources: Bloomberg; FSSIA estimates

**Exhibit 14: 1H22 movie lineup****Hollywood**

Jurassic World: Dominion  
 Doctor Strange in the Multiverse of Madness  
 The Batman  
 Morbius  
 Top Gun 2: Maverick  
 Uncharted  
 Lightyear  
 Blacklight  
 Deep Water  
 Dead on the Nile  
 Thirteen Lives  
 Elvis Presley  
 Scream  
 Bullet Train  
 The Black Phone  
 Ambulance

**Animation**

Clifford the Big Red Dog  
 The Bad Guy  
 Sonic the Hedgehog 2  
 DC League of Super-Pets

**Thai Movies\***

One for the Road (GDH)  
 Cracked (MPIC)  
 Pee Nak 3 (Five Star)  
 Start It Up (M)  
 Love Distancing (M)  
 Fast and Feel Love (GDH)  
 Love Destiny (GDH)  
 Dang Pra Khanong (M)  
 SLR (MPIC)  
 Haunted Universities 2

\*Estimate 19 Thai movies in 1H22  
 Source: MAJOR

**Exhibit 15: 2H22 movie lineup****Hollywood**

Avatar 2  
 Black Panther: Wakanda Forever  
 Thor: Love and Thunder  
 Aquaman and the Lost Kingdom  
 Black Adam  
 The Flash: Flashpoint  
 Untitled Disney Live Action  
 Babylon  
 Beast  
 Samaritan  
 Untitled Universal 2022  
 Spider-Man: Into the Spider-Verse 2  
 Halloween Ends  
 Paranormal Activity: The Other Side

**Animation**

Minions: The Rise of Gru  
 Super Mario Bros: The Movie  
 Puss in Boots: The Last Wish

**Thai Movies\***

9 titles from MPIC  
 2 titles from GDH  
 2 titles from Pra Na Korn  
 1 title from Sony  
 1 title from Five Stars

\*Estimate 20-30 Thai movies in 2H22  
 Source: MAJOR



## Financial Statements

Major Cineplex Group

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	3,765	3,010	8,570	9,327	9,774
Cost of goods sold	(1,922)	(1,608)	(4,660)	(5,087)	(5,283)
<b>Gross profit</b>	<b>1,843</b>	<b>1,401</b>	<b>3,910</b>	<b>4,240</b>	<b>4,491</b>
Other operating income	168	355	310	313	316
Operating costs	(1,900)	(1,855)	(2,100)	(2,276)	(2,365)
<b>Operating EBITDA</b>	<b>111</b>	<b>(99)</b>	<b>2,120</b>	<b>2,278</b>	<b>2,442</b>
Depreciation	(1,242)	(1,250)	(1,195)	(1,145)	(1,098)
Goodwill amortisation	0	0	0	-	-
<b>Operating EBIT</b>	<b>(1,131)</b>	<b>(1,349)</b>	<b>926</b>	<b>1,133</b>	<b>1,344</b>
Net financing costs	(175)	(258)	(90)	(71)	(51)
Associates	740	392	162	170	179
Recurring non-operating income	740	392	162	170	179
Non-recurring items	(67)	3,109	0	0	0
<b>Profit before tax</b>	<b>(633)</b>	<b>1,894</b>	<b>998</b>	<b>1,232</b>	<b>1,472</b>
Tax	93	(354)	(167)	(212)	(259)
<b>Profit after tax</b>	<b>(540)</b>	<b>1,539</b>	<b>831</b>	<b>1,019</b>	<b>1,213</b>
Minority interests	13	42	31	15	0
Preferred dividends	0	0	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>(527)</b>	<b>1,581</b>	<b>862</b>	<b>1,034</b>	<b>1,213</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>67</b>	<b>(2,110)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>(460)</b>	<b>(528)</b>	<b>862</b>	<b>1,034</b>	<b>1,213</b>
<b>Per share (THB)</b>					
Recurring EPS *	(0.51)	(0.59)	0.96	1.16	1.36
Reported EPS	(0.59)	1.77	0.96	1.16	1.36
DPS	0.00	1.60	0.87	1.04	1.22
Diluted shares (used to calculate per share data)	895	895	895	895	895
<b>Growth</b>					
Revenue (%)	(64.8)	(20.1)	184.8	8.8	4.8
Operating EBITDA (%)	(96.2)	nm	nm	7.4	7.2
Operating EBIT (%)	nm	nm	nm	22.4	18.7
Recurring EPS (%)	nm	nm	nm	20.0	17.3
Reported EPS (%)	nm	nm	(45.5)	20.0	17.3
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	16.0	5.0	31.7	33.2	34.7
Gross margin of key business (%)	-	-	-	-	-
Operating EBITDA margin (%)	2.9	(3.3)	24.7	24.4	25.0
Operating EBIT margin (%)	(30.0)	(44.8)	10.8	12.1	13.8
Net margin (%)	(12.2)	(17.6)	10.1	11.1	12.4
Effective tax rate (%)	20.0	20.0	20.0	120.0	220.0
Dividend payout on recurring profit (%)	-	(270.9)	90.0	90.0	90.0
Interest cover (X)	(2.2)	(3.7)	12.1	18.3	30.0
Inventory days	22.7	26.0	8.7	8.0	7.7
Debtor days	79.8	57.5	15.3	14.3	13.8
Creditor days	298.1	322.0	114.4	107.4	106.0
Operating ROIC (%)	(20.8)	(21.8)	12.8	16.5	(5.2)
ROIC (%)	(2.2)	(6.1)	7.8	9.7	(3.0)
ROE (%)	(6.7)	(7.7)	12.2	14.7	16.8
ROA (%)	(1.9)	(2.1)	5.8	7.5	8.7
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Cinema	1,758	1,470	4,450	4,699	4,857
Concession	725	786	2,092	2,275	2,398
Advertisement	573	294	1,100	1,350	1,485
Entertainment	203	78	267	308	305

Sources: Major Cineplex Group; FSSIA estimates

## Financial Statements

Major Cineplex Group

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	(460)	(528)	862	1,034	1,213
Depreciation	1,242	1,250	1,195	1,145	1,098
Associates & minorities	(740)	(392)	(162)	(170)	(179)
Other non-cash items	143	(1,818)	(16)	0	0
Change in working capital	18	944	84	87	91
<b>Cash flow from operations</b>	<b>202</b>	<b>(543)</b>	<b>1,963</b>	<b>2,096</b>	<b>2,224</b>
Capex - maintenance	(211)	(341)	(345)	(395)	(420)
Capex - new investment	(211)	(341)	(345)	(395)	(420)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	141	4,951	82	82	369
<b>Cash flow from investing</b>	<b>(281)</b>	<b>4,268</b>	<b>(608)</b>	<b>(708)</b>	<b>(471)</b>
Dividends paid	0	(716)	(1,104)	(853)	(1,012)
Equity finance	0	0	0	0	0
Debt finance	669	(3,337)	50	(600)	(400)
Other financing cash flows	6	785	(1,872)	(166)	(450)
<b>Cash flow from financing</b>	<b>675</b>	<b>(3,268)</b>	<b>(2,926)</b>	<b>(1,619)</b>	<b>(1,861)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>595</b>	<b>457</b>	<b>(1,572)</b>	<b>(231)</b>	<b>(109)</b>
Free cash flow to firm (FCFF)	95.53	3,982.76	1,443.89	1,459.07	1,803.17
Free cash flow to equity (FCFE)	595.46	1,172.24	(468.25)	622.39	902.95

Per share (THB)	2020	2021	2022E	2023E	2024E
FCFF per share	0.11	4.45	1.61	1.63	2.02
FCFE per share	0.67	1.31	(0.52)	0.70	1.01
Recurring cash flow per share	0.21	(1.66)	2.10	2.25	2.38

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	15,776	16,054	5,494	5,318	5,227
Less: Accumulated depreciation	(10,465)	(11,160)	(875)	(841)	(810)
<b>Tangible fixed assets (net)</b>	<b>5,311</b>	<b>4,894</b>	<b>4,618</b>	<b>4,477</b>	<b>4,417</b>
<b>Intangible fixed assets (net)</b>	<b>2,663</b>	<b>2,693</b>	<b>2,464</b>	<b>2,250</b>	<b>2,052</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	6,809	1,969	1,969	1,969	1,969
Cash & equivalents	1,557	2,014	442	211	102
A/C receivable	592	356	362	367	373
Inventories	118	111	111	111	111
Other current assets	296	3,678	3,693	3,708	3,437
<b>Current assets</b>	<b>2,563</b>	<b>6,160</b>	<b>4,608</b>	<b>4,397</b>	<b>4,023</b>
Other assets	333	804	885	973	1,071
<b>Total assets</b>	<b>17,678</b>	<b>16,519</b>	<b>14,543</b>	<b>14,066</b>	<b>13,531</b>
Common equity	6,482	7,170	6,928	7,109	7,311
Minorities etc.	144	117	117	117	117
<b>Total shareholders' equity</b>	<b>6,626</b>	<b>7,287</b>	<b>7,045</b>	<b>7,226</b>	<b>7,428</b>
Long term debt	2,505	915	1,000	400	0
Other long-term liabilities	3,538	3,211	3,029	2,863	2,713
<b>Long-term liabilities</b>	<b>6,043</b>	<b>4,126</b>	<b>4,029</b>	<b>3,263</b>	<b>2,713</b>
A/C payable	1,395	1,443	1,479	1,516	1,553
Short term debt	2,640	2,025	300	300	0
Other current liabilities	974	1,639	1,691	1,762	1,836
<b>Current liabilities</b>	<b>5,009</b>	<b>5,107</b>	<b>3,469</b>	<b>3,577</b>	<b>3,390</b>
<b>Total liabilities and shareholders' equity</b>	<b>17,678</b>	<b>16,519</b>	<b>14,543</b>	<b>14,066</b>	<b>13,531</b>
Net working capital	(1,363)	1,064	996	909	531
Invested capital	13,752	11,424	10,932	10,578	10,039

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

Per share (THB)	2020	2021	2022E	2023E	2024E
Book value per share	7.25	8.02	7.74	7.95	8.17
Tangible book value per share	4.27	5.00	4.99	5.43	5.88

Financial strength	2020	2021	2022E	2023E	2024E
Net debt/equity (%)	54.1	12.7	12.2	6.8	(1.4)
Net debt/total assets (%)	20.3	5.6	5.9	3.5	(0.8)
Current ratio (x)	0.5	1.2	1.3	1.2	1.2
CF interest cover (x)	5.6	6.9	(0.4)	15.3	27.1

Valuation	2020	2021	2022E	2023E	2024E
<b>Recurring P/E (x) *</b>	<b>(39.2)</b>	<b>(34.2)</b>	<b>21.0</b>	<b>17.5</b>	<b>14.9</b>
<b>Recurring P/E @ target price (x) *</b>	<b>(48.6)</b>	<b>(42.3)</b>	<b>25.9</b>	<b>21.6</b>	<b>18.4</b>
Reported P/E (x)	(34.3)	11.4	21.0	17.5	14.9
Dividend yield (%)	-	7.9	4.3	5.2	6.0
Price/book (x)	2.8	2.5	2.6	2.5	2.5
Price/tangible book (x)	4.7	4.0	4.0	3.7	3.4
EV/EBITDA (x) **	196.5	(193.7)	9.0	8.2	7.4
EV/EBITDA @ target price (x) **	235.2	(237.3)	11.0	10.1	9.2
EV/invested capital (x)	1.6	1.7	1.7	1.8	1.8

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

Sources: Major Cineplex Group; FSSIA estimates

## Corporate Governance report of Thai listed companies 2020

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

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

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

## Description

## Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

## Disclaimer:

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

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

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

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

## Anti-corruption Progress Indicator 2020

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

DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

**Disclaimer:**

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; \* FSSIA's compilation

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

Naruedom Mujjalinkool FSS International Investment Advisory Securities Co., Ltd

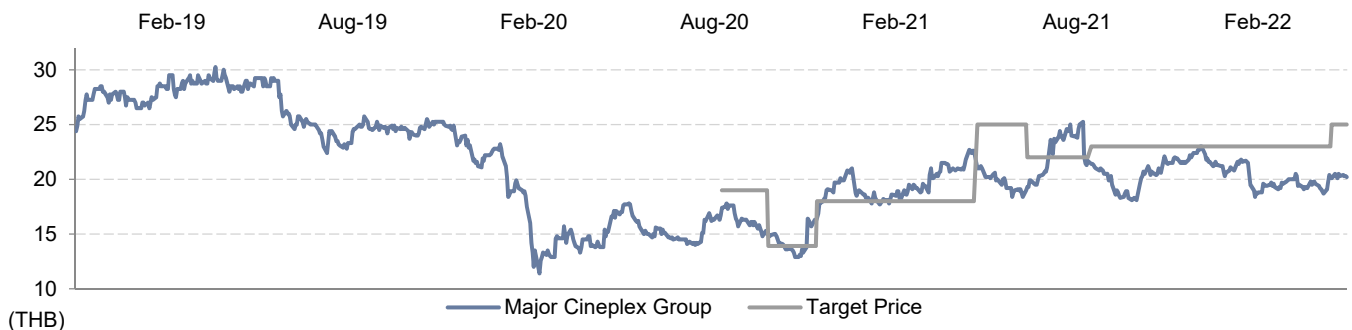
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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### History of change in investment rating and/or target price

#### Major Cineplex Group (MAJOR TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
27-Aug-2020	BUY	19.00	17-Nov-2020	HOLD	18.00	09-Jul-2021	HOLD	23.00
02-Sep-2020	HOLD	19.00	02-Apr-2021	BUY	25.00	24-Aug-2021	BUY	23.00
06-Oct-2020	HOLD	13.90	17-May-2021	BUY	22.00	03-Feb-2022	BUY	25.00

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

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Major Cineplex Group	MAJOR TB	THB 20.20	BUY	The key downside risks to our DCF-based TP are a slower-than-expected recovery in domestic consumption, the growing popularity of online movies, a delay in the Covid-19 vaccine rollout, and the new wave of Covid.

Source: FSSIA estimates

### Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 17-Feb-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.