

SIAM MAKRO MAKRO TB

THAILAND / CONSUMER STAPLES

BUY

FROM HOLD

Climbing the Lotus hill

- MAKRO รายงานกำไรสุทธิจากการดำเนินงาน 4Q21 ที่ 2.4 พัน ลบ. สูงกว่าที่ตลาดคาด 12.5% จากผลประกอบการที่ดีเกินคาดของ Lotus
- ข้อมูลที่ได้จากที่ประชุมนักวิเคราะห์เป็นบวกอยู่เล็กน้อย; การดำเนินงานของ Lotus กำลังฟื้นตัว
- ปรับเพิ่มคำแนะนำเป็นซื้อจากถือที่ราคาเป้าหมายที่ 52 บาท (DCF)

TARGET PRICE	THB52.00
CLOSE	THB43.25
UP/DOWNSIDE	+20.2%
PRIOR TP	THB52.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+6.2%

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	266,435	475,983	518,899	564,382
Net profit	13,687	12,640	16,884	19,888
EPS (THB)	1.29	1.19	1.60	1.88
vs Consensus (%)	-	-	1.0	7.7
EBITDA	15,873	28,028	33,687	37,941
Core net profit	6,972	12,640	16,884	19,888
Core EPS (THB)	0.66	1.19	1.60	1.88
Chg. In EPS est. (%)	nm	2.9	5.7	nm
EPS growth (%)	(51.8)	81.3	33.6	17.8
Core P/E (x)	65.6	36.2	27.1	23.0
Dividend yield (%)	2.1	2.1	2.8	3.3
EV/EBITDA (x)	33.3	17.7	14.9	13.6
Price/book (x)	1.6	1.5	1.5	1.5
Net debt/Equity (%)	24.6	12.5	13.8	18.0
ROE (%)	3.5	4.3	5.6	6.4

กำไร 4Q21 สูงเกินคาด

MAKRO บันทึกกำไรสุทธิ 4Q21 ที่ 9.1 พัน ลบ. เมื่อหักกำไรจากการปรับโครงสร้างธุรกิจที่ 6.7 พัน ลบ. กำไรจากการดำเนินงานอยู่ที่ 2.4 พัน ลบ. (+51% q-q, +12% y-y) ซึ่งสูงกว่าที่ตลาดคาด 12.5% จากผลการดำเนินงานที่ดีเกินคาดของ Lotus

แนวโน้ม 1Q22 เป็นบวก; ทั้ง MAKRO และ Lotus มีการเติบโตของยอดขายจากสาขาเดิม (SSSG) เป็นบวก

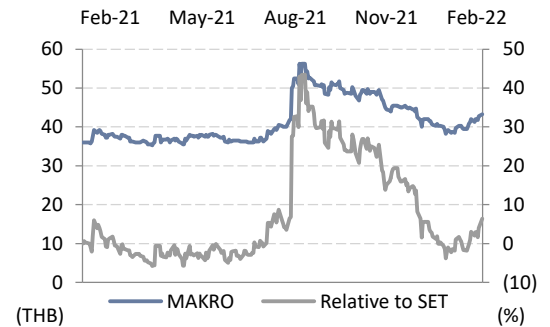
เราได้รับข้อมูลเชิงบวกจากที่ประชุมหลังผลประกอบการของ MAKRO ผู้บริหารยืนยันมุมมองของเราที่ว่าผลประกอบการของ Lotus กำลังฟื้นตัว ในขณะที่แนวโน้มการดำเนินงานของ MAKRO ยังดี โดยผู้บริหารเห็นแนวโน้มที่ดีใน 1Q22 SSSG ของธุรกิจค้าส่งยังเป็นบวกอยู่ในระดับเลขตัวเดียวกลางถึงต่ำสำหรับ Lotus รายได้ค่าเช่าพื้นต่ออสังหาริมทรัพย์มีนัยสำคัญ q-q หลังอัตราการเช่าฟื้นตัวเป็น 90% (เทียบกับที่ประมาณ 95% ก่อน Covid) Lotus ตั้งเป้าให้อัตราการเช่าใกล้เคียงกับระดับก่อน Covid ที่ 94% ภายในช่วง 2H22 หมายเหตุรายได้ค่าเช่าคิดเป็นประมาณ 17-18% ของรายได้รวมและมีอัตรากำไรขั้นต้น (GPM) อยู่ที่ประมาณ 55-60% เทียบกับ GPM ของยอดขายปลีกของ Lotus ที่ประมาณ 18-20%

พัฒนาการเชิงบวกจากการดำเนินงานของ Lotus

เราเห็นพัฒนาการเชิงบวกบางประการจากการดำเนินงานของ Lotus ผู้บริหารคาดว่า GPM จะอยู่ที่ประมาณ 20% ในปี 2022 (เทียบกับ 20.1% ใน 4Q21, ประมาณ 18-19% ในปี 2019-21 และประมาณการในปี 2022 ของเราที่ 18.7%) โดยจะได้ปัจจัยหนุนจากสัดส่วนสินค้าที่ไม่ใช่อาหารและอาหารสดที่สูงขึ้น เราเห็นแนวโน้ม GPM ที่ดีขึ้นเนื่องจาก Lotus ตั้งเป้าให้อาหารสดมีส่วนแบ่งสูงขึ้นเป็น 35-40% ของยอดขายปลีกรวมจาก 25-30% ในปัจจุบัน ในขณะที่ Lotus ได้ Rebrand สำเร็จไปแล้ว 50% และคาดว่าจะสามารถเปลี่ยนแปลงสาขาทั้งหมดได้ภายในสิ้นปี 2022 ในด้านแผนการขยายธุรกิจ Lotus วางแผนเปิด Hypermarket 4 สาขา, Supermarket 10 สาขา, และ Lotus Go Fresh อีก 250 สาขา บริษัท ได้เปิด Hypermarket ไปแล้ว 2 สาขา พร้อมพื้นที่ขายที่เล็กลง โดยเปลี่ยนไปเป็นพื้นที่ศูนย์การค้าซึ่งอาจดึงดูดคนเข้าได้มากกว่าและให้ GPM ที่ดีขึ้น

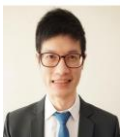
ปัจจัยบวกระยะสั้นจากการดำเนินงานที่ดีของ Lotus ใน 1Q22

เราปรับลดประมาณการกำไรปี 2022-23 ลง 0.2-0.9% หลังรวมจำนวนและราคาของหุ้นที่เสนอขายให้แก่ประชาชนทั่วไปที่ต่ำกว่าเกณฑ์ อย่างไรก็ดีเรายังคงราคาเป้าหมายที่ 52 บาทและปรับเพิ่มคำแนะนำเป็นซื้อหลังราคาหุ้นลดลง 24% จากจุดสูงสุดที่ 57.25 บาท เราเห็นพัฒนาการเชิงบวกจากผลประกอบการของ Lotus และคาดว่า Lotus จะรายงานกำไรสุทธิที่ 6.1 พัน ลบ. ในปี 2022 ในระยะสั้นปัจจัยบวกจะอยู่ที่กำไร 1Q22 จาก Lotus ที่ดีเกินคาด โดยอาจเกิน 1.0 พัน ลบ.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	10.2	(12.6)	19.3
Relative to country (%)	7.5	(15.2)	5.7
Mkt cap (USD m)			14,211
3m avg. daily turnover (USD m)			20.8
Free float (%)			7
Major shareholder			CP ALL (93%)
12m high/low (THB)			57.25/35.00
Issued shares (m)			10,580.32

Sources: Bloomberg consensus; FSSIA estimates



Karun Intrachai

karun.int@fssia.com

+66 2611 3555

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 22 กุมภาพันธ์ 2022

Investment thesis

MAKRO is the only modern trade player in the wholesale market. The main competitors are fresh markets, such as 'Talaad Thai,' the largest wholesale market for the trade of agricultural goods. We think MAKRO has the ability to gain a greater share of this market.

We believe MAKRO's strategy of focusing on a smaller-sized food service format while developing its online platform is sound. MAKRO received a good response from its secret ingredients campaign during the Covid-19 lockdown from end-customers.

The acquisition of Lotus could lead MAKRO to become the largest modern trade retailer in Southeast Asia. We see four pillars for solid net profit growth in 2022-23: 1) Lotus' earnings potentially leading to a strong recovery in 2022 onward; 2) resilient wholesale operations (MAKRO) amid the Covid outbreak; 3) the expectation of near-term synergy benefits of up to THB2.7b; and 4) overseas expansion to sustain net profit growth.

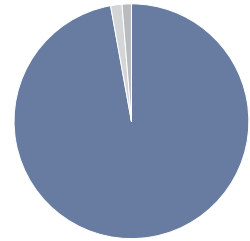
Company profile

Makro is the largest cash-and-carry operator in Thailand. CP All has a 93% stake but wants to reduce this to about 60% to help cut its debt from the acquisition; we think an increase in free float would be positive for Makro's share price.

www.siammakro.co.th

Principal activities (revenue, 2021)

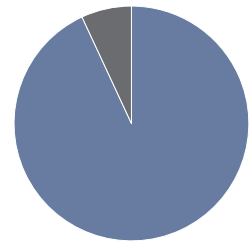
- Sales - 97.2 %
- Service income - 1.6 %
- Other Income - 1.3 %



Source: Siam Makro

Major shareholders

- CP ALL - 93.1 %
- Others - 6.9 %



Source: Siam Makro

Catalysts

Potential catalysts include the faster-than-expected turnaround of Lotus and overseas operations and a better-than-expected macro outlook in Thailand.

Risks to our call

The key downside risks to our DCF-based TP include: 1) lower-than-expected SSSG; 2) a lower-than-expected GPM improvement; and 3) operational losses from its overseas business.

Event calendar

Date	Event
May 2022	1Q22 results announcement

Key assumptions

	2022E	2023E	2024E
	(%)	(%)	(%)
SSSG	5.0	4.0	3.0
New store growth	3.9	3.2	3.1
GPM	15.3	15.7	15.8
SG&A to sales	12.0	11.8	11.7

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in SSSG, we estimate 2021 EPS to rise by 1%, and vice versa, all else being equal.
- For every 0.1% increase in GPM, we estimate 2021 EPS to rise by 2.6%, and vice versa, all else being equal.
- For every 0.1% increase in SG&A to sales, we estimate 2021 EPS to fall by 2.6%, and vice versa, all else being equal.

Source: FSSIA estimates

4Q21 earnings beat expectations

MAKRO booked a 4Q21 net profit of THB9.1b. Excluding a gain from business restructuring of THB6.7b, its core profit was THB2.4b (+51% q-q, +12% y-y), beating BBG's consensus expectation by 12.5%. MAKRO announced a cash dividend payment of THB0.32/shr, implying a 0.7% dividend yield. The XD date is 3 Mar.

Revenue grew 83% q-q and 76% y-y in 4Q21 to THB100.4b due to the sales contributions from Lotus after the business transfer was completed by Oct-21. MAKRO's SSSG (wholesale) was at 4.1% in 4Q21 (vs 0.6% in 4Q20 and 1.3% in 3Q21), while Lotus' SSSG was at -6.1% in 4Q21 for Thailand (vs -6.3% in 2021) and -2.2% for Malaysia. 4Q21 GPM rose to 14.6% (vs 10.5% in 3Q21 and 10.9% in 4Q20). Note that Lotus' GPM was at 20.5% in 2021 vs MAKRO's wholesale GPM at 10.4%. SG&A to sales rose to 14.4% in 4Q21 (vs 8.6% in 3Q21) after incorporating Lotus' expenses. Note, there was a one-off expense of THB197m related to the transaction fee. Overall, the net profit contribution from MAKRO amounted to THB6.8b (vs THB6.6b in 2020) and the net profit from Lotus was at THB397m in 4Q21 (68 days).

We see a positive development from MAKRO's overseas operations which contributed a loss of THB659m in 2021 (vs a loss of THB715m in 2020). The improvement y-y was mainly due to efficient cost control despite overall sales dropping 2% y-y due to the lockdown measures in Cambodia and Myanmar. For its 2022 expansion plan, MAKRO plans to open 2 new stores in Cambodia and 3 new stores in India.

Exhibit 1: 4Q21 results review

Year to Dec 31	4Q20	1Q21	2Q21	3Q21	4Q21	----- Change -----		4Q21	2021	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	%21A	(THB m)	(y-y %)
Total revenue	57,147	56,097	54,955	54,971	100,411	83	76	38	266,435	22
Retail sales	55,765	54,868	53,813	53,824	96,342	79	73	37	258,847	21
Service income	1,034	1,010	910	915	1,342	47	30	32	4,177	11
Other income	348	219	233	232	2,727	1,075	683	80	3,411	295
Gross profit	7,476	6,764	6,311	6,789	18,166	168	143	48	38,029	42
Operating costs	(4,607)	(4,442)	(4,560)	(4,616)	(13,917)	202	202	51	(27,535)	55
Operating profit	2,869	2,321	1,751	2,173	4,249	96	48	40	10,494	17
Operating EBITDA	4,481	2,972	2,406	2,831	7,663	171	71	48	15,873	27
Interest expense	(146)	(129)	(142)	(137)	(1,148)	736	684	74	(1,557)	151
Profit before tax	2,722	2,192	1,608	2,036	3,102	52	14	35	8,937	7
Tax	(591)	(461)	(331)	(473)	(862)	82	46	41	(2,128)	17
Associates	(63)	0	0	0	(226)	n/a	257			
Minority interests	62	3	10	10	366	3,677	494	94	389	282
Non recurring items	0	0	0	0	6,714	n/a	n/a	2,965	226	257
Reported net profit	2,130	1,734	1,287	1,572	9,094	479	327	133	13,687	109
Recurring net profit	2,130	1,734	1,287	1,572	2,380	51	12	34	6,972	6
EPS (THB)	0.44	0.36	0.27	0.33	0.86	162	94	130	0.66	(52)
Recurring EPS (THB)	0.44	0.36	0.27	0.33	0.22	(31)	(49)	17	1.29	(5)
Key Ratios (%)										
Retail sales margin	10.9	10.1	9.6	10.5	14.6				11.8	
Operating margin	5.0	4.1	3.2	4.0	4.2				3.9	
Recurring net margin	3.7	3.1	2.3	2.9	2.4				2.6	
SG&A / Sales	8.3	8.1	8.5	8.6	14.4				10.6	
Effective tax rate	21.7	21.0	20.6	23.3	27.8				23.8	
Operating statistics										
SSSG (MAKRO) (%)	0.6	(1.2)	6.1	1.3	4.1					
SSSG (Lotus) (%)					(6.1)					
Number of stores (Wholesale)	145	146	146	146	149	-				
Number of stores (Lotus)					2,680					

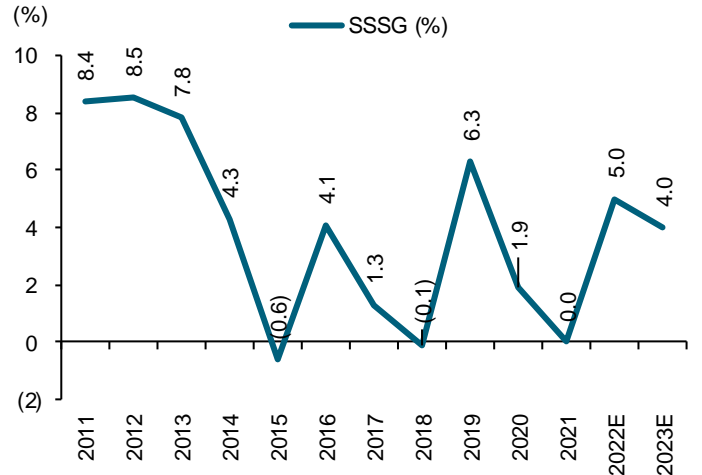
Sources: MAKRO; FSSIA estimates

Exhibit 2: Quarterly SSSG



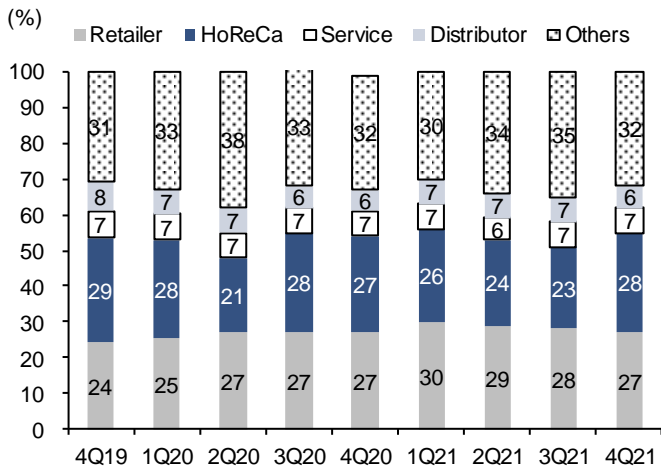
Sources: MAKRO; FSSIA estimates

Exhibit 3: Yearly SSSG



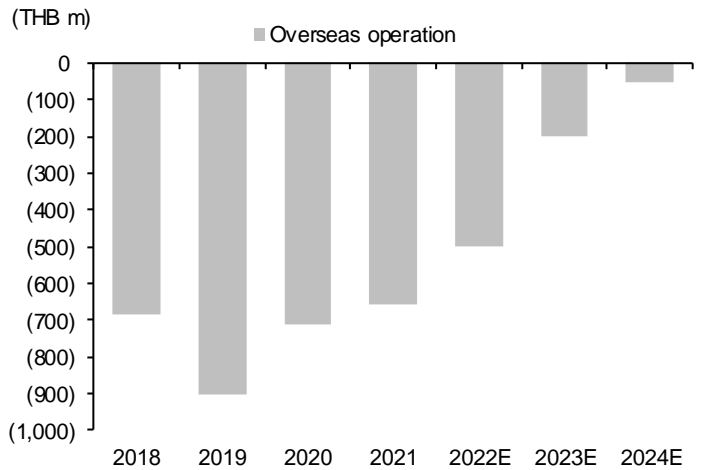
Sources: MAKRO; FSSIA estimates

Exhibit 4: Wholesale sales breakdown by customer segment



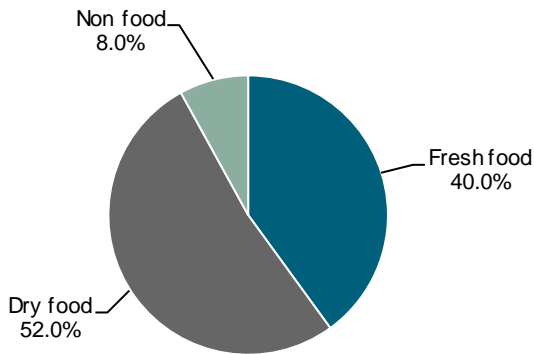
Sources: MAKRO; FSSIA estimates

Exhibit 5: Improving operations from overseas



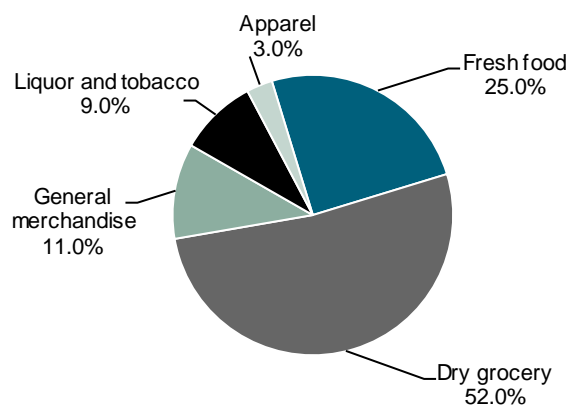
Sources: MAKRO; FSSIA estimates

Exhibit 6: MAKRO's sales breakdown by product in 2021



Sources: MAKRO; FSSIA estimates

Exhibit 7: Lotus' sales breakdown by product in 2021



Sources: MAKRO; FSSIA estimates

Net profit and target price revisions

We cut our 2022-23E earnings by 0.2-0.9% after incorporating the lower-than-expected PO size and price. We maintain our DCF-based TP at THB52 and upgrade our recommendation to BUY following its share price dropping by 24% from its peak at THB57.25 on 10 September 2021. We see a positive development from Lotus' performance and expect Lotus to post a net profit of THB6.1b in 2022. A potential near-term catalyst would be stronger-than-expected 1Q22 earnings from Lotus which could exceed THB1.0b.

Exhibit 8: Revised assumptions

	Current			Previous			Change		
	2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E
Retail sales (THB m)	458,592	499,493	543,920	458,592	499,493	543,920	0.0	0.0	0.0
SSSG (%)	5.0	4.0	3.0	5.0	4.0	3.0	0.0	0.0	0.0
New stores growth (%)	3.9	3.2	3.1	4	3	3	0	0	0
Gross margin (%)	15.3	15.7	15.8	14.5	15.0	15.0	0.9	0.7	0.8
SG&A expenses to total revenue (%)	12.0	11.8	11.7	12.0	11.8	11.7	0.0	0.0	0.0
Net profit (THB m)	12,640	16,884	19,888	12,750	16,918	19,541	(0.9)	(0.2)	1.8

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

Source: FSSIA estimates

Exhibit 9: Total number of shares after PO transaction

PO share	Before	After	Final	Change
	(m shares)	(m shares)	(m shares)	(%)
MAKRO PO	1,362	910	770	(43)
CPALL	363	156	132	(64)
CPALL (green shoe)	341	130	0	(100)
CPG	363	156	132	(64)
CPF	182	78	66	(64)
Total PO shares	2,611	1,430	1,100	(58)
New issued shares	1,362	910	770	(43)
Total shares	11,172	10,720	10,580	(5)

Sources: MAKRO; FSSIA estimates

Exhibit 10: Cash proceeds from PO transaction

Cash proceeds based on PO price of THB43.5	Before	After	Final
	(THB m)	(THB m)	(THB m)
MAKRO PO	59,247	39,585	33,495
CPALL	15,791	6,786	5,742
CPALL (greenshoe)	14,834	5,655	0
CPG	15,791	6,786	5,742
CPF	7,900	3,393	2,871
Total	113,561	62,205	47,850

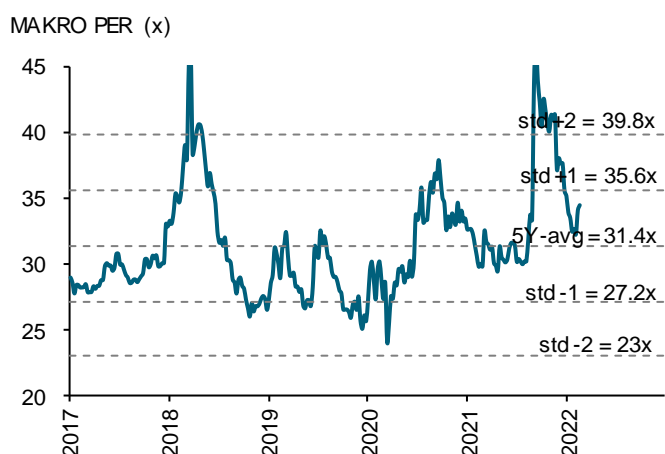
Sources: MAKRO; FSSIA estimates

Exhibit 11: Peers valuation as of 21 Feb 2022

Company	BBG	Share price		Up side	Market Cap	3Y EPS CAGR	PE		ROE		PBV		EVEBITDA	
		Current (LCY)	Target (LCY)				(%)	(%)	21E (x)	22E (x)	21E (%)	22E (%)	21E (x)	22E (x)
Berli Jucker	BJC TB	33.50	38	13.4	4,170	16.8	39.2	26.2	3.0	4.5	1.2	1.2	15.5	14.0
Cp All	CPALL TB	67.00	82	22.4	18,692	12.8	57.8	34.9	10.4	15.9	7.2	6.4	24.2	19.6
Siam Global House	GLOBAL TB	21.20	27.5	29.7	3,030	24.8	27.9	27.1	18.3	16.7	4.8	4.3	19.7	19.2
Home Product Center	HMPRO TB	15.50	18.3	18.1	6,331	12.6	38.8	31.8	23.7	27.2	8.9	8.4	21.7	18.6
Siam Makro	MAKRO TB	43.25	52	20.2	14,211	5.3	35.7	36.2	3.5	4.3	0.9	1.5	20.2	17.7
Central Retail Corp	CRC TB	38.00	43	13.2	7,117	425.0	nm	48.5	0.0	8.6	4.3	4.1	23.4	16.0
Srinanaporn Marketing	SNNP TB	16.30	20	22.7	486	70.6	52.3	30.6	21.2	18.9	6.0	5.6	25.4	18.2
Thanapiriya	TNP TB	5.15	6.8	32.0	128	21.9	22.5	19.9	21.6	21.6	4.6	4.0	14.5	12.7
Coverage					54,164	20.4	1,358.0	31.9	12.7	14.7	4.7	4.4	20.6	17.0
Dohome	DOHOME TB	24.00	n/a	n/a	1,796	48.8	29.9	28.7	20.9	17.4	5.7	4.8	22.2	19.7
Lawson	2651 JP	4,855.00	n/a	n/a	4,250	(17.6)	54.3	26.7	3.4	6.7	1.8	1.8	4.4	3.9
Dairy Farm Intl Holding	DFI SP	2.81	n/a	n/a	3,749	44.2	28.3	14.6	9.2	17.3	3.1	2.9	11.6	10.6
Better Life Commercial	002251 CH	6.78	n/a	n/a	912	20.9	36.0	32.8	2.2	2.5	1.0	1.0	25.4	20.5
Regional					10,707	(14.6)	37.1	25.7	8.9	11.0	2.9	2.6	15.9	13.7
Average					64,871	8.5	917.7	29.8	11.5	13.5	4.1	3.8	19.0	15.9

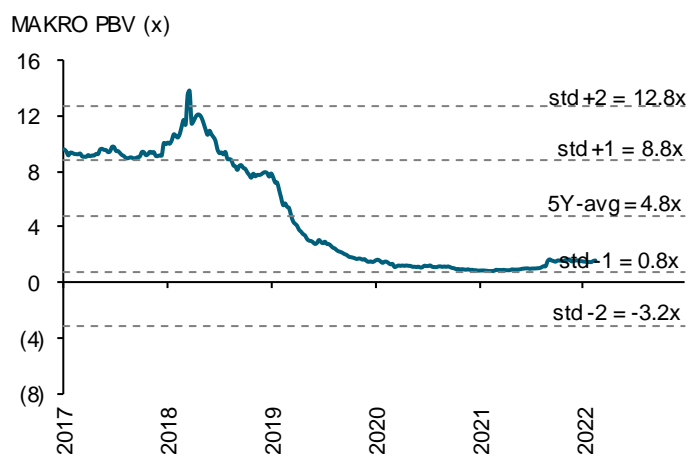
Sources: Bloomberg; FSSIA estimates

Exhibit 12: Rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 13: Rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

Financial Statements

Siam Makro

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	218,760	266,435	475,983	518,899	564,382
Cost of goods sold	(188,439)	(223,026)	(390,602)	(423,902)	(460,357)
Gross profit	30,322	43,408	85,382	94,997	104,026
Other operating income	0	0	0	0	0
Operating costs	(17,788)	(27,535)	(57,354)	(61,310)	(66,084)
Operating EBITDA	12,534	15,873	28,028	33,687	37,941
Depreciation	(3,577)	(5,379)	(7,551)	(8,349)	(9,139)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	8,957	10,494	20,477	25,338	28,802
Net financing costs	(619)	(1,557)	(4,777)	(4,283)	(3,984)
Associates	(63)	(226)	150	165	182
Recurring non-operating income	(63)	(226)	150	165	182
Non-recurring items	0	6,714	0	0	0
Profit before tax	8,274	15,425	15,850	21,220	24,999
Tax	(1,813)	(2,128)	(3,140)	(4,211)	(4,964)
Profit after tax	6,461	13,298	12,710	17,009	20,036
Minority interests	102	389	(70)	(125)	(148)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	6,563	13,687	12,640	16,884	19,888
Non-recurring items & goodwill (net)	0	(6,714)	0	0	0
Recurring net profit	6,563	6,972	12,640	16,884	19,888
Per share (THB)					
Recurring EPS *	1.37	0.66	1.19	1.60	1.88
Reported EPS	1.37	1.29	1.19	1.60	1.88
DPS	1.00	0.92	0.90	1.20	1.41
Diluted shares (used to calculate per share data)	4,800	10,580	10,580	10,580	10,580
Growth					
Revenue (%)	3.9	21.8	78.6	9.0	8.8
Operating EBITDA (%)	14.7	26.6	76.6	20.2	12.6
Operating EBIT (%)	9.2	17.2	95.1	23.7	13.7
Recurring EPS (%)	5.1	(51.8)	81.3	33.6	17.8
Reported EPS (%)	5.1	(5.4)	(7.7)	33.6	17.8
Operating performance					
Gross margin inc. depreciation (%)	12.2	14.3	16.4	16.7	16.8
Gross margin of key business (%)	10.3	10.4	15.3	15.7	15.8
Operating EBITDA margin (%)	5.7	6.0	5.9	6.5	6.7
Operating EBIT margin (%)	4.1	3.9	4.3	4.9	5.1
Net margin (%)	3.0	2.6	2.7	3.3	3.5
Effective tax rate (%)	21.7	23.8	20.0	20.0	20.0
Dividend payout on recurring profit (%)	73.1	139.6	75.0	75.0	75.0
Interest cover (X)	14.4	6.6	4.3	6.0	7.3
Inventory days	28.3	38.0	35.3	39.2	39.2
Debtor days	1.7	2.2	2.9	3.8	3.8
Creditor days	52.7	72.2	58.7	59.8	62.3
Operating ROIC (%)	43.0	17.7	19.1	21.8	25.1
ROIC (%)	9.9	2.9	3.9	4.5	4.9
ROE (%)	10.3	3.5	4.3	5.6	6.4
ROA (%)	6.3	2.1	2.8	3.3	3.5
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Sales	214,140	258,847	458,592	499,493	543,920
Service income	3,757	4,177	16,509	18,500	19,533
Other Income	863	3,411	882	906	930

Sources: Siam Makro; FSSIA estimates

Financial Statements

Siam Makro

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	6,563	6,972	12,640	16,884	19,888
Depreciation	3,577	5,379	7,551	8,349	9,139
Associates & minorities	82	419	0	0	0
Other non-cash items	(19)	(191)	959	305	341
Change in working capital	1,979	13,416	(9,367)	3,767	5,605
Cash flow from operations	12,181	25,996	11,783	29,304	34,973
Capex - maintenance	-	-	-	-	-
Capex - new investment	(1,254)	(91,201)	(16,277)	(15,628)	(15,975)
Net acquisitions & disposals	(87,658)	(193,519)	45,279	(20,243)	(21,450)
Other investments (net)	794	12,662	(2,607)	9,165	(2,435)
Cash flow from investing	(88,118)	(272,058)	26,395	(26,706)	(39,860)
Dividends paid	(4,800)	(9,734)	(9,480)	(12,663)	(14,916)
Equity finance	85,786	182,967	4,996	4,996	4,996
Debt finance	627	130,840	(33,225)	1,817	11,718
Other financing cash flows	0	0	0	0	0
Cash flow from financing	81,612	304,074	(37,709)	(5,850)	1,798
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	5,675	58,011	468	(3,251)	(3,089)
Free cash flow to firm (FCFF)	(75,317.54)	(244,505.64)	42,954.96	6,881.72	(902.17)
Free cash flow to equity (FCFE)	(75,310.42)	(115,221.97)	4,952.29	4,416.17	6,831.57

Per share (THB)

FCFF per share	(7.12)	(23.11)	4.06	0.65	(0.09)
FCFE per share	(7.12)	(10.89)	0.47	0.42	0.65
Recurring cash flow per share	2.13	1.19	2.00	2.41	2.78

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	141,469	141,469	157,746	173,374	189,349
Less: Accumulated depreciation	(110,905)	(23,025)	(30,506)	(38,784)	(47,852)
Tangible fixed assets (net)	30,564	118,444	127,241	134,591	141,498
Intangible fixed assets (net)	0	0	0	0	0
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	85,552	14,310	14,310	14,310	14,310
Cash & equivalents	10,518	68,530	68,998	65,747	62,658
A/C receivable	945	2,301	5,216	5,687	6,185
Inventories	14,478	31,967	43,633	47,370	51,452
Other current assets	2,310	7,203	12,867	14,028	15,257
Current assets	28,251	110,000	130,715	132,831	135,552
Other assets	15,219	326,737	326,737	356,196	387,418
Total assets	159,587	569,490	599,001	637,927	678,777
Common equity	107,792	287,997	296,153	305,369	315,337
Minorities etc.	471	501	571	696	844
Total shareholders' equity	108,263	288,498	296,724	306,065	316,181
Long term debt	2,002	105,120	80,063	81,434	90,271
Other long-term liabilities	8,847	57,661	103,010	112,298	122,141
Long-term liabilities	10,848	162,781	183,074	193,732	212,412
A/C payable	27,974	60,236	65,450	73,423	83,609
Short term debt	6,547	34,269	26,100	26,547	29,428
Other current liabilities	5,954	23,707	27,654	38,159	37,147
Current liabilities	40,475	118,211	119,204	138,129	150,183
Total liabilities and shareholders' equity	159,587	569,490	599,001	637,927	678,777
Net working capital	(16,196)	(42,472)	(31,387)	(44,498)	(47,862)
Invested capital	115,140	417,018	436,900	460,598	495,363

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

Per share (THB)

Book value per share	22.46	27.22	27.99	28.86	29.80
Tangible book value per share	22.46	27.22	27.99	28.86	29.80

Financial strength

Net debt/equity (%)	(1.8)	24.6	12.5	13.8	18.0
Net debt/total assets (%)	(1.2)	12.4	6.2	6.6	8.4
Current ratio (x)	0.7	0.9	1.1	1.0	0.9
CF interest cover (x)	(118.5)	(14.4)	5.4	5.7	6.7

Valuation	2020	2021	2022E	2023E	2024E
Recurring P/E (x) *	31.6	65.6	36.2	27.1	23.0
Recurring P/E @ target price (x) *	38.0	78.9	43.5	32.6	27.7
Reported P/E (x)	31.6	33.4	36.2	27.1	23.0
Dividend yield (%)	2.3	2.1	2.1	2.8	3.3
Price/book (x)	1.9	1.6	1.5	1.5	1.5
Price/tangible book (x)	1.9	1.6	1.5	1.5	1.5
EV/EBITDA (x) **	16.4	33.3	17.7	14.9	13.6
EV/EBITDA @ target price (x) **	19.8	39.2	21.0	17.6	16.0
EV/invested capital (x)	1.8	1.3	1.1	1.1	1.0

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

Sources: Siam Makro; 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	ICHI	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	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:

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* 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)

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

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Company	Ticker	Price	Rating	Valuation & Risks
Siam Makro	MAKRO TB	THB 43.25	BUY	The key downside risks to our DCF-based TP include: 1) lower-than-expected SSSG; 2) a lower-than-expected GPM improvement; and 3) operational losses from its overseas business.
Berli Jucker	BJC TB	THB 33.50	HOLD	Key downside risks to our DCF-based TP could come from 1) competition with Lotus which could impact its sales and gross margin; and 2) a lower-than-expected utilisation rate and profit margin from its packaging unit after losing major customers in Thailand. The key upside risk is from easing competition in the hypermarket segment.
CP All	CPALL TB	THB 67.00	BUY	The key downside risks to our DCF-derived TP are: 1) the higher-than-expected impact from a loss of service income from the convenience store business; 2) the worse-than-expected overseas performance of Makro; and 3) the slow recovery of tourist numbers.
Siam Global House	GLOBAL TB	THB 21.20	BUY	The key downside risks to our DCF-based TP are volatile farm incomes and farm prices which could negatively impact purchasing power, especially in the provinces.
Home Product Center	HMPRO TB	THB 15.50	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.
Central Retail Corp	CRC TB	THB 38.00	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.
Srinanaporn Marketing	SNNP TB	THB 16.30	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.
Thanapiriya	TNP TB	THB 5.15	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.

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 21-Feb-2022 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / 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.