

RS RS TB
THAILAND / MEDIA

BUY

UNCHANGED

U-Life: ผู้ช่วยชีวิต

- เราคาดว่าส่วนแบ่งกำไรเพิ่มเติมจาก U-Life จะช่วยให้กำไรสุทธิของ RS ไม่เลวร้ายกว่าเดิมในปี 2022
- กำไร 1Q22 ที่ 55 ลบ. ดีกว่าคาดเล็กน้อย โดยปรับตัวดีขึ้นหลังจากที่เคยขาดทุน 66 ลบ. ใน 4Q21
- คงแนะนำซื้อที่ราคาเป้าหมายใหม่ที่ 20 บาท

TARGET PRICE	THB20.00
CLOSE	THB16.30
UP/DOWNSIDE	+22.7%
PRIOR TP	THB21.00
CHANGE IN TP	-4.8%
TP vs CONSENSUS	-3.1%

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	3,573	4,690	5,107	5,484
Net profit	127	537	701	854
EPS (THB)	0.13	0.55	0.72	0.88
vs Consensus (%)	-	1.7	1.6	0.8
EBITDA	682	1,249	1,410	1,519
Core net profit	127	537	701	854
Core EPS (THB)	0.13	0.55	0.72	0.88
Chg. In EPS est. (%)	-	(9.7)	(10.3)	(8.6)
EPS growth (%)	(75.9)	321.5	30.5	21.8
Core P/E (x)	124.5	29.5	22.6	18.6
Dividend yield (%)	2.1	1.0	2.2	2.7
EV/EBITDA (x)	26.1	14.7	12.7	11.3
Price/book (x)	7.4	6.3	5.5	4.8
Net debt/Equity (%)	90.1	97.7	69.3	42.0
ROE (%)	6.2	23.1	26.1	27.7

กำไร 1Q22 ดีกว่าคาดเล็กน้อย

เรามีมุมมองเชิงบวกเกี่ยวกับการบริหารต้นทุนของ RS ใน 1Q22 แม้ว่ากำไรสุทธิของบริษัทจะยังอยู่ในระดับต่ำที่ 55 ลบ. (-61% y-y) ค่าใช้จ่ายการขายและการบริหารลดลงต่อเนื่องอีก 10% ทั้ง q-q และ y-y มาอยู่ที่ 350 ลบ. ซึ่งเป็นระดับต่ำที่สุดในรอบ 6 ไตรมาสที่ผ่านมาจากการใช้ต้นทุนอย่างมีประสิทธิภาพเพื่อให้ได้ประโยชน์สูงสุด รายได้ยืนอยู่ที่ 845 ลบ. (+15% q-q, -15% y-y) จากธุรกิจบันเทิงซึ่งเพิ่มเป็น 418 ลบ. (+75% q-q, +26% y-y) นอกจากนี้ธุรกิจโทรทัศน์ยังเป็นปัจจัยขับเคลื่อนสำคัญหลังได้รายได้เพิ่มขึ้นจากการขาย Content ให้แก่แพลตฟอร์มออนไลน์ อย่างไรก็ดีธุรกิจการค้ายังอ่อนแอ โดยปรับตัวลดลงเหลือ 427 ลบ. (-14% q-q, -35% y-y)

One deal gained; one deal lost

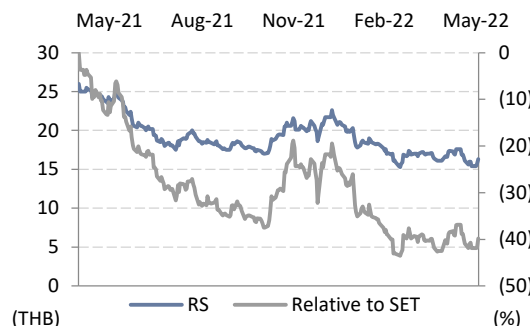
RS ประสบความสำเร็จในการซื้อ U-Life ซึ่งประกอบธุรกิจขายตรงในเดือน พ.ค. 22 บริษัทคาดว่า U-Life จะสร้างรายได้ประมาณ 800 ลบ. ต่อปีพร้อมอัตรากำไรสุทธิที่ 10-12% RS น่าจะบันทึกรายได้และกำไรสุทธิเพิ่มเติมตั้งแต่ 2Q22 เป็นต้นไป แม้ว่าบริษัทจะระบุว่าบริษัทต้องละทิ้งความพยายามในการซื้อ Specialty ซึ่งประกอบกิจการรับจ้างผลิตเนื่องจากทั้งสองฝ่ายไม่สามารถตกลงกันได้ เราคาดว่ารายได้ของ U-Life อาจสามารถช่วยชดเชยส่วนแบ่งกำไรที่หายไปจาก Specialty

ปรับลดประมาณการกำไร

เราปรับลดประมาณการกำไรของ RS ในปี 2022 ลง 9% เหลือ 537 ลบ. โดยมีรายการเปลี่ยนแปลงสำคัญประกอบด้วย 1) ประมาณการรายได้ธุรกิจการค้ายและ Popcoin ที่ลดลง; 2) เพิ่มรายได้และค่าใช้จ่ายจาก U-Life; และ 3) ตัดส่วนแบ่งกำไรจาก Specialty สุทธิแล้วเราคาดว่ารายได้ของบริษัท ในปี 2022 จะโต 31% y-y เป็น 4.7 พัน ลบ. สูงกว่าประมาณการเดิมอยู่ 3% จากส่วนแบ่งของ U-Life

คงแนะนำซื้อที่ราคาเป้าหมายใหม่ที่ 20 บาท

เราปรับลดราคาเป้าหมายลงจาก 21 เป็น 20 บาท (SoTP) หลังตัดการประเมินมูลค่าของ Specialty รวมประมาณการหนี้ที่เพิ่มขึ้นของบริษัท และปรับลดประมาณการกำไรของเรา เราคงแนะนำซื้อ RS แม้ว่าแนวโน้มในระยะสั้นจะไม่น่าสนใจและผลประกอบการ 2Q22 อาจไม่ฟื้นตัวดีจากเงินที่อยู่ในระดับสูง เราคิดว่าการณ์ฟื้นตัวของเศรษฐกิจไทยน่าจะกระตุ้นธุรกิจบันเทิงและการค้า พร้อมเป็นปัจจัยขับเคลื่อนสำคัญของ RS ในช่วง 2H22



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(2.4)	(9.9)	(33.5)
Relative to country (%)	0.5	(4.8)	(35.7)
Mkt cap (USD m)	451		
3m avg. daily turnover (USD m)	3.6		
Free float (%)	60		
Major shareholder	Surachi Chetchotisak (23%)		
12m high/low (THB)	26.50/14.90		
Issued shares (m)	972.50		

Sources: Bloomberg consensus; FSSIA estimates



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PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 19 พฤษภาคม 2022

Investment thesis

RS is an organisation that conducts business through “opportunity”, by focusing on market leadership, continual investment to sustain its commerce business, and expansions to its related businesses. We expect the contributions from its new businesses to increase significantly, strengthening the company’s total revenue.

With various sales channels via TV, online, retail, tele-sales, and direct sales, RS has an advantage in sales channels over its peers.

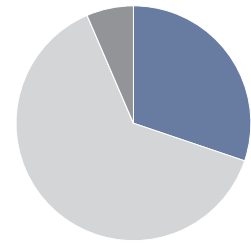
Company profile

RS operates a commerce business that provides content and powerful entertainment and also sells products. This includes establishing a system to analyse customer data and a telemarketing system.

www.rs.co.th

Principal activities (revenue, 2021)

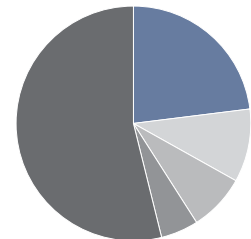
- Entertainment - 30.2 %
- Commerce - 63.4 %
- U-Life - 0.0 %
- Popcoin and others - 6.5 %



Source: RS

Major shareholders

- Surachi Chetchotisak - 23.0 %
- Sorat Vanichvarakij - 10.1 %
- Thai NVDR - 7.9 %
- Bangkok Bank PCL - 5.2 %
- Others - 53.9 %



Source: RS

Catalysts

- New product lines should be able to boost its commerce revenue as well as its bottom line;
- The new “entertainmentce” strategy may help the company’s revenue grow continuously;
- Unlocking the value of Chase via listing on the SET.

Risks to our call

The key downside risk to our SoTP-based TP is based on the company potentially failing to maintain the growth momentum of its commerce business if revenues from TV, radio, and music continue to decline.

Event calendar

Date	Event
Aug-22	2Q22 results announcement

Key assumptions

	2021	2022E	2023E	2024E
	(%)	(%)	(%)	(%)
Entertainment growth	7.4	(0.9)	5.0	3.0
Commerce growth	(5.0)	3.0	7.0	10.0

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in commerce revenue, we project 2022 earnings to rise by 1.3%, and vice versa, all else being equal;
- For every 1% increase in commerce profit margin, we project 2022 earnings to rise by 3.5%, and vice versa, all else being equal.

Source: FSSIA estimates

Earnings estimate cuts

Exhibit 1: Changes to key assumptions

	Current		Previous		Change	
	2022E (THB m)	2023E (THB m)	2022E (THB m)	2023E (THB m)	2022E (%)	2023E (%)
Revenue	4,690	5,107	4,538	5,112	3.34	(0.10)
Gross profit	2,280	2,432	2,111	2,402	7.99	1.24
Operating profit	671	835	605	783	10.97	6.61
Share of profit	127	149	209	262	(39.40)	(42.98)
Financial expense	(125)	(106)	(63)	(61)	97.70	73.36
Net profit	537	703	594	781	(9.30)	(10.02)
Margin	(%)	(%)	(%)	(%)	(ppt)	(ppt)
Gross profit margin	48.61	47.62	46.52	46.99	2.09	0.63
Net profit margin	11.49	13.76	13.09	15.28	(1.60)	(1.52)

Source: FSSIA estimates

Additional revenue from U-Life to help RS's total revenue

At RS's latest analyst meeting, management indicated that the transaction for acquiring U-Life, a direct sales business, had been completed and the company would consolidate U-Life's financial performance starting from May-22, faster than the company's expectation. The company expects U-Life to contribute about THB800m in revenue per year with an NPM of 10-12%. In addition, management projects that in 2Q22, U-Life will contribute about THB100m in revenue to RS with an NPM of around 5-10%.

U-Life is still in the very early stages of growth, according to management. The company will increase its number of sales representatives and introduce more products in the near future. As a result, we expect the revenue from U-Life to contribute about THB640m to RS this year with a gross profit margin (GPM) target of 60% – equal to the projected GPM of its commerce business. This is a key contribution and the reason that we have revised up our revenue forecast for RS in 2022.

Weak economic outlook prompts a core business revenue estimate cut

Given that the cost of living is now rising due to inflation, the Office of the National Economic and Social Development Council (NESDC) has revised down Thailand's GDP growth forecast in 2022 from 3.5-4.5% to 2.5-3.5%, mainly due to the Russia-Ukraine war and the higher inflation rate. As a result, we expect to see a slowdown in advertising expenditure (adex), especially during 2Q22. Normally, when the cost of living and the price of goods and services rises, advertising budgets tend to fall in line with the reduction in consumer purchasing power.

Therefore, RS's entertainment business, especially TV and radio, and its commerce business could suffer a direct impact from higher inflation and an economic slowdown. We think RS's customers may choose to rein in spending on higher-cost products with perceived health benefits as their daily necessities become more expensive.

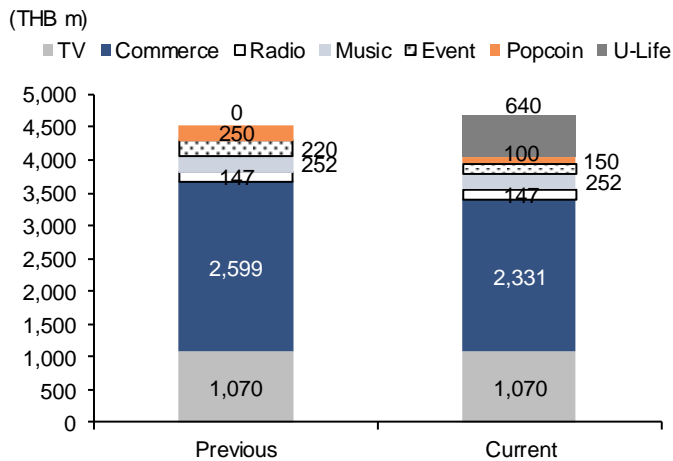
For this reason, we revise down our commerce revenue estimate for 2022 by 9% to THB2.3b (+3% y-y). We think the new products that the company expects to launch from 2Q22 onward could fall short compared with its past commerce business growth.

We also revise down our revenue forecast for RS's event business, as the impact of the Omicron variant may hinder its plans for organising large events until mid-to-late 3Q22, later than our previous expectation of early 3Q22.

Popcoin, RS's utility token, is still under the consideration of the Securities and Exchange Commission (SEC) regarding its proposed listing on the Bitkub exchange. Previously, its approval was expected in 1Q22, but now the SEC is reportedly subjecting entries into Thailand's nascent cryptocurrency market to more intense scrutiny. Therefore, we believe that 1) if the event business can't resume, the demand for Popcoin and its use case will remain unclear; and 2) if the token can't be listed on any exchange, Popcoin will have little value. We think RS will not be able to generate any revenue from the token if these two issues remain unresolved. As a result, we cut the 2022 revenue forecast for its Popcoin business down from THB250m to THB100m.

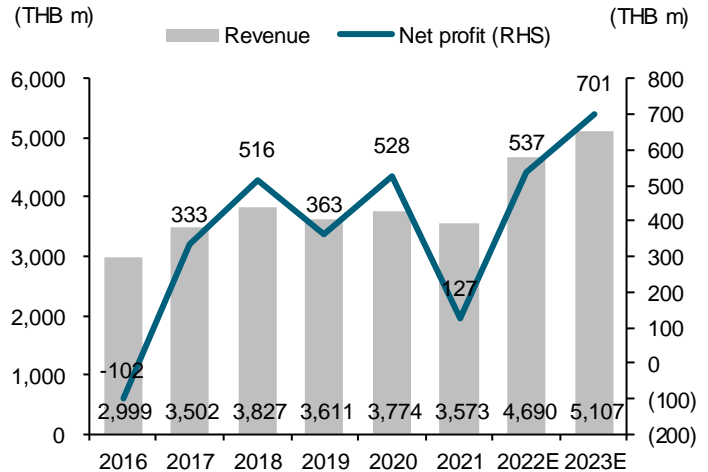
After cutting the revenue projections for its commerce, event, and Popcoin businesses but including the additional revenue from U-Life, we project that RS's revenue in 2022 should grow by 31% y-y, mainly driven by the additional revenue from U-Life.

Exhibit 2: Change in 2022 revenue assumptions



Source: FSSIA estimates

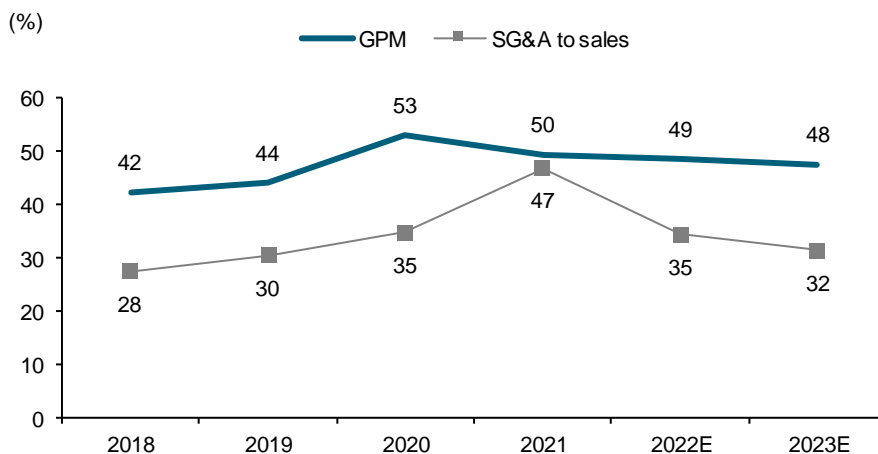
Exhibit 3: Revenue and net profit forecasts



Sources: RS; FSSIA estimates

On the cost side, we increase our GPM forecast for 2022 from 46.5% to 48.6% thanks to the high-margin contribution from U-Life. However, we also increase our SG&A expense estimate by 6% to reflect the additional cost of the consolidation of U-Life's financial performance. Moreover, we also eliminate the estimated share of profit from Specialty of THB82m now that the deal has failed. As a result, we project RS's earnings in 2022 at THB537m, down by 9% compared to our previous forecast.

Exhibit 4: RS's GPM and SG&A to sales



Sources: RS; FSSIA estimates

Two tools to minimise RS's financial burden

In 1Q22, the cost of servicing RS's total outstanding debt of THB2.2b was already high. Moreover, after completing the acquisition of U-Life at a cost of THB878m in Apr-22, we expect RS's total debt to reach THB3b in 2Q22. At this level, the company's interest-bearing debt to equity (IBD/E) would jump from 0.97x at the end of 2021 to 1.17x in 2Q22.

However, we think RS could reduce its IBD/E to a reasonable level by 1) selling Chase via an IPO; and 2) the disposal of its share repurchase.

1. Selling Chase via an IPO

According to our latest report on "[RS \(RS TB\) - Unlocking its subsidiary](#)", published on 11 May-22, RS plans to sell Chase, its subsidiary which operates a debt collection and asset management business, in exchange for shares owned by RS at an amount not exceeding 145m shares, during Chase's IPO at the same offering price.

At our base-case IPO price of Chase at THB7.31, this would result in an extra profit for RS in 2022 of around THB654m. Thus, selling Chase could generate about THB1,059m in cash for RS.

2. Disposal of its share repurchase

RS announced the disposition of 15m shares that the company had bought since 2020, with a resale period for the repurchased shares running from 1 Jun-22 to 8 Mar-23. The average cost was THB10.68. If we use RS's current share price of THB16.30 as the price that the company could sell them at, RS could gain a c84m profit. However, this profit would not be recognised on RS's P&L. Nevertheless, the company would receive about THB250m in cash that could be used by RS to manage its financial burden going forward.

With these two tools, RS would receive a cash infusion of about THB1.3b in 4Q22, based on our estimates. If the company uses all of it to repay its debt, the company could save about THB61m per year (based on a 4.7% interest rate) and its IBD/E would drop from 0.97x to 0.67x.

Exhibit 5: RS's core business DCF valuation

		2022E	2023E	2024E	2025E	2026E	2027E	2028E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
EBITDA		1,249	1,409	1,517	1,590	1,669	1,749	1,793
(less) tax on EBIT		(135)	(176)	(214)	(188)	(207)	(227)	(239)
(less) capex & investments		(500)	(430)	(430)	(430)	(430)	(430)	(510)
decrease in working cap		(1)	(7)	14	(5)	7	5	(3)
Free Cash Flow		614	796	887	967	1,039	1,098	1,041
WACC (%) (unchanged)	7.5							
Terminal growth (%) (unchanged)	2							
PV of FCF		614	741	768	779	778	765	675
Enterprise value	17,661							
Debt+cash	(2,457)							
MI	(3)							
Equity value	15,036							
No. of shares (m)	972							
Equity value / share (THB)	15.46							

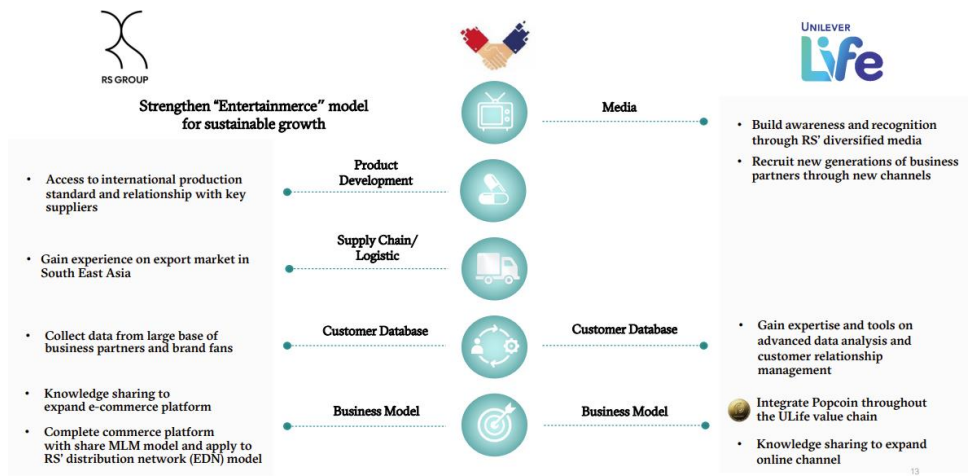
Sources: RS; FSSIA estimates

Exhibit 6: SoTP valuation

	(%)	(THB m)	(THB/share)
Discount rate (WACC)	7.5		
Terminal growth	2.0		
NPV		5,084	
Add: terminal value		12,412	
Sum of PV		17,495	
Add: cash		193	
Less: debt		(2,650)	
Less: minorities		(3)	
Residual ordinary equity		15,036	15.46
Add: 35% in Chase (30x PE)		4400	4.52
No. of shares (m)		972	
SoTP target price			20

Sources: RS; FSSIA estimates

Exhibit 7: Potential synergy for RS group from U-Life



Source: RS

Exhibit 8: 1Q22 results review

	1Q21	4Q21	1Q22	----- Change -----		2022E
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)
Revenue	992	736	845	15	(15)	4,690
Operating costs	(432)	(465)	(432)	(7)	0	(2,410)
Gross profit	560	271	412	52	(26)	2,280
SG&A expenses	(387)	(390)	(350)	(10)	(10)	(1,618)
EBIT	173	(118)	63	n/a	(64)	662
Depreciation & amortisation	134	134	158	18	18	578
EBITDA	307	16	221	1,311	(28)	1,240
<i>EBITDA margin (%)</i>	30.9	2.1	26.1	<i>nm</i>	<i>nm</i>	26.4
Interest expense	(11)	(16)	(16)	1	46	(125)
Other income	3	9	3	(72)	(3)	10
Associates	9	34	24	(29)	154	127
Pretax profit	174	(92)	73	n/a	(58)	673
Tax	(34)	24	(14)	<i>n/a</i>	(58)	(135)
<i>Tax rate (%)</i>	(19.3)	(26.1)	(19.4)	<i>nm</i>	<i>nm</i>	(20)
Net profit	140	(66)	55	n/a	(61)	537
Core net profit	140	(66)	55	n/a	(61)	537
EPS (THB)	0.14	(0.07)	0.06	<i>n/a</i>	(61)	0.55
Core EPS (THB)	0.14	(0.07)	0.06	<i>n/a</i>	(61)	0.55

Sources: RS; FSSIA estimates

Financial Statements

RS

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	3,774	3,573	4,690	5,107	5,484
Cost of goods sold	(1,235)	(1,231)	(1,838)	(2,106)	(2,287)
Gross profit	2,540	2,342	2,852	3,001	3,197
Other operating income	17	17	16	18	17
Operating costs	(1,317)	(1,677)	(1,618)	(1,609)	(1,695)
Operating EBITDA	1,240	682	1,249	1,410	1,519
Depreciation	(534)	(573)	(572)	(569)	(564)
Goodwill amortisation	0	0	0	0	-
Operating EBIT	706	109	677	841	955
Net financing costs	(36)	(59)	(125)	(106)	(96)
Associates	0	83	127	149	218
Recurring non-operating income	(4)	81	121	143	211
Non-recurring items	0	0	0	0	0
Profit before tax	666	131	673	878	1,070
Tax	(137)	(6)	(135)	(176)	(214)
Profit after tax	528	125	539	703	856
Minority interests	0	2	(2)	(2)	(2)
Preferred dividends	0	0	0	0	-
Other items	-	-	-	-	-
Reported net profit	528	127	537	701	854
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	528	127	537	701	854
Per share (THB)					
Recurring EPS *	0.54	0.13	0.55	0.72	0.88
Reported EPS	0.54	0.13	0.55	0.72	0.88
DPS	0.10	0.35	0.17	0.36	0.44
Diluted shares (used to calculate per share data)	972	972	972	972	972
Growth					
Revenue (%)	4.5	(5.3)	31.3	8.9	7.4
Operating EBITDA (%)	15.8	(45.0)	83.2	12.8	7.8
Operating EBIT (%)	40.6	(84.6)	521.9	24.1	13.6
Recurring EPS (%)	45.4	(75.9)	321.5	30.5	21.8
Reported EPS (%)	45.4	(75.9)	321.5	30.5	21.8
Operating performance					
Gross margin inc. depreciation (%)	53.1	49.5	48.6	47.6	48.0
Gross margin of key business (%)	-	-	-	-	-
Operating EBITDA margin (%)	32.9	19.1	26.6	27.6	27.7
Operating EBIT margin (%)	18.7	3.0	14.4	16.5	17.4
Net margin (%)	14.0	3.6	11.4	13.7	15.6
Effective tax rate (%)	20.0	20.0	20.0	20.0	120.0
Dividend payout on recurring profit (%)	18.4	267.3	30.0	50.0	50.0
Interest cover (X)	19.4	3.2	6.4	9.3	12.1
Inventory days	72.1	83.8	68.8	65.8	67.1
Debtor days	60.7	64.6	49.0	52.8	53.1
Creditor days	246.5	281.4	192.5	193.2	193.3
Operating ROIC (%)	112.2	20.4	107.5	120.6	(35.1)
ROIC (%)	20.5	3.9	12.7	14.5	(4.4)
ROE (%)	28.4	6.2	23.1	26.1	27.7
ROA (%)	14.1	3.3	10.1	11.4	11.7
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Entertainment	1,004	1,079	1,070	1,123	1,157
Commerce	2,382	2,263	2,331	2,494	2,744
U-Life	0	0	640	685	733
Popcoin and others	388	231	649	804	851

Sources: RS; FSSIA estimates

Financial Statements

RS

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	528	127	537	701	854
Depreciation	534	573	572	569	564
Associates & minorities	0	(85)	2	2	2
Other non-cash items	127	127	0	0	0
Change in working capital	(140)	57	(11)	(21)	37
Cash flow from operations	1,050	799	1,100	1,251	1,457
Capex - maintenance	(321)	(408)	(200)	(172)	(172)
Capex - new investment	(482)	(612)	(300)	(258)	(258)
Net acquisitions & disposals	0	0	0	0	0
Other investments (net)	7	(981)	(878)	0	0
Cash flow from investing	(797)	(2,000)	(1,378)	(430)	(430)
Dividends paid	(96)	0	(161)	(350)	(427)
Equity finance	0	0	0	0	0
Debt finance	10	1,288	583	(400)	(200)
Other financing cash flows	(296)	(146)	(92)	0	0
Cash flow from financing	(381)	1,142	330	(750)	(627)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(128)	(59)	52	70	400
Free cash flow to firm (FCFF)	289.34	(1,141.79)	(153.62)	926.50	1,123.67
Free cash flow to equity (FCFE)	(32.41)	(58.85)	212.84	420.75	827.32

Per share (THB)

FCFF per share	0.30	(1.17)	(0.16)	0.95	1.16
FCFE per share	(0.03)	(0.06)	0.22	0.43	0.85
Recurring cash flow per share	1.22	0.76	1.14	1.31	1.46

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	1,479	1,517	1,667	1,747	1,827
Less: Accumulated depreciation	(837)	(950)	(1,038)	(1,121)	(1,198)
Tangible fixed assets (net)	642	567	629	626	629
Intangible fixed assets (net)	2,384	2,753	2,618	2,482	2,346
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	4	1,063	1,941	1,941	1,941
Cash & equivalents	200	141	193	263	664
A/C receivable	711	553	707	769	826
Inventories	229	337	357	403	438
Other current assets	33	60	61	61	62
Current assets	1,174	1,091	1,317	1,497	1,990
Other assets	313	329	371	407	387
Total assets	4,516	5,803	6,877	6,954	7,292
Common equity	2,002	2,138	2,513	2,864	3,291
Minorities etc.	2	1	3	5	7
Total shareholders' equity	2,004	2,138	2,516	2,869	3,297
Long term debt	156	952	1,550	1,450	1,350
Other long-term liabilities	543	515	533	517	537
Long-term liabilities	699	1,467	2,083	1,967	1,887
A/C payable	1,016	882	1,056	1,173	1,250
Short term debt	620	1,115	1,100	800	700
Other current liabilities	178	201	122	147	158
Current liabilities	1,814	2,198	2,279	2,119	2,108
Total liabilities and shareholders' equity	4,516	5,803	6,877	6,954	7,292
Net working capital	(220)	(133)	(55)	(85)	(82)
Invested capital	3,123	4,579	5,506	5,372	5,221

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

Per share (THB)

Book value per share	2.06	2.20	2.58	2.94	3.38
Tangible book value per share	(0.39)	(0.63)	(0.11)	0.39	0.97

Financial strength

Net debt/equity (%)	28.7	90.1	97.7	69.3	42.0
Net debt/total assets (%)	12.8	33.2	35.7	28.6	19.0
Current ratio (x)	0.6	0.5	0.6	0.7	0.9
CF interest cover (x)	13.5	10.4	5.1	7.4	12.3

Valuation	2020	2021	2022E	2023E	2024E
Recurring P/E (x) *	30.0	124.5	29.5	22.6	18.6
Recurring P/E @ target price (x) *	36.8	152.7	36.2	27.8	22.8
Reported P/E (x)	30.0	124.5	29.5	22.6	18.6
Dividend yield (%)	0.6	2.1	1.0	2.2	2.7
Price/book (x)	7.9	7.4	6.3	5.5	4.8
Price/tangible book (x)	(41.5)	(25.8)	(150.8)	41.6	16.8
EV/EBITDA (x) **	13.3	26.1	14.7	12.7	11.3
EV/EBITDA @ target price (x) **	16.2	31.4	17.5	15.2	13.7
EV/invested capital (x)	5.3	3.9	3.3	3.3	3.3

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

Sources: RS; 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	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	SEAOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TTB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TSC	TSR	TSTE	TSTH	TTA
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

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

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

Description

Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

Disclaimer:

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

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

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

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

Anti-corruption Progress Indicator 2020

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

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

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

Disclaimer:

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

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

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

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Naruedom Mujjalinkool FSS International Investment Advisory Securities Co., Ltd

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History of change in investment rating and/or target price

RS (RS TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
27-Aug-2020	BUY	22.00	13-Jul-2021	BUY	24.00	10-Feb-2022	BUY	21.00
20-Jan-2021	BUY	24.90	18-Aug-2021	BUY	22.00			
05-Mar-2021	BUY	30.00	25-Jan-2022	HOLD	21.00			

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
RS	RS TB	THB 16.30	BUY	The key downside risk to our SoTP-based TP is based on the company potentially failing to maintain the growth momentum of its commerce business if revenues from TV, radio, and music continue to decline.

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 18-May-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.