

# SIAM MAKRO MAKRO TB

## THAILAND / CONSUMER STAPLES

# BUY

## Waiting for Lotus to blossom

- MAKRO reported a net profit of THB1.6b in 2Q22, driven by net profit from wholesales (+5% y-y).
- We think MAKRO is in transition to improve its retail unit following the rebranding ahead of the exit of Lotus' parent company.
- Maintain BUY and our DCF-based TP of THB52.

TARGET PRICE	THB52.00
CLOSE	THB34.00
UP/DOWNSIDE	+52.9%
TP vs CONSENSUS	+18.1%

### 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 (%)	-	21.3	16.3	14.0
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
EPS growth (%)	(51.8)	81.3	33.6	17.8
Core P/E (x)	51.6	28.5	21.3	18.1
Dividend yield (%)	2.7	2.6	3.5	4.1
EV/EBITDA (x)	27.2	14.2	12.0	11.0
Price/book (x)	1.2	1.2	1.2	1.1
Net debt/Equity (%)	24.6	12.5	13.8	18.0
ROE (%)	3.5	4.3	5.6	6.4

### Strong wholesale net profit offset weak retail earnings in 2Q22

MAKRO reported a net profit of THB1.6b in 2Q22, 2% below Bloomberg's consensus estimate and 1% below our forecast. Revenue continued to grow to THB118.5b, up 7% q-q and 116% y-y, mostly on the stronger revenue growth from its wholesale unit (MAKRO Modern Trade), which grew 10% y-y on higher SSSG. The net profit from wholesales was THB1.36b in 2Q22, up 5% y-y, while the net profit from the retail unit (Lotus's and mall business) was only THB217m, mainly due to a one-time expense related to investment in IT infrastructure and the rebranding ahead of the exit of Lotus' parent company in 4Q22.

### MAKRO's wholesales remained strong in 2Q22

Net profit from wholesales rose 5% y-y to THB1.36b on stronger revenue growth. Revenue from MAKRO's wholesales (MAKRO-Thailand and international and food services) grew to THB59.4b, up 5% q-q and 10% y-y, mainly driven by higher SSSG, the 10 new stores opened since 2Q21 in Thailand, and stronger revenue growth in international markets including Cambodia, Myanmar, and India. Revenue from rental and retail services rose to THB3b in 2Q22, up from THB88m in 2Q21 on higher rental rates. Distribution costs and administrative expenses rose to THB5.3b, up 16.7%, due to 13.4% y-y higher staff costs for new stores and rising delivery expenses related to the online distribution channel.

### Lotus's retail unit is in transition to growth in 2023

Revenue from retail (Lotus's) was at THB54b in 2Q22, driven by the store expansions to 2,597 in Thailand and 64 in Malaysia. Service revenue grew to THB3b, thanks to stronger demand, higher rental rates and higher occupancy rates of 89.3% in Thailand and 91% in Malaysia, but still lower than the 96% pre-Covid-19 level. The retail gross profit margin was at 18.2% vs 9.9% for the wholesale unit. However, net profit for retail was only THB217m, mainly due to the large THB0.5b amortisation expense from the IT investment in 2021 and ongoing expenses related to IT infrastructure (THB8b total in 2021-22) and the rebranding (THB3.5b).

### Waiting for Lotus to blossom in 2023

Maintain BUY and our DCF-based TP of THB52. We think MAKRO is in a transformation period to improve its retail unit growth in 2023 onward.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(4.2)	(6.8)	(6.2)
Relative to country (%)	(7.3)	(5.7)	(11.3)
Mkt cap (USD m)	10,068		
3m avg. daily turnover (USD m)	8.8		
Free float (%)	7		
Major shareholder	CP ALL (93%)		
12m high/low (THB)	57.25/33.75		
Issued shares (m)	10,580.32		

Sources: Bloomberg consensus; FSSIA estimates



Suwat Sinsadok, CFA, FRM, ERP

suwat.sin@fssia.com  
+66 2611 3558

## Exhibit 1: MAKRO – 2Q22/1H22 operations summary

Year to Dec 31	2Q21	1Q22	2Q22	Change		2Q22	1H22	Change	1H22	2022E	Change
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(%22E)	(THB m)	(y-y%)	(%22E)	(THB m)	(y-y %)
Total revenue	54,955	111,216	118,463	7	116	25	229,680	107	48	475,983	79
<b>Retail sales</b>	<b>53,813</b>	<b>106,268</b>	<b>113,364</b>	<b>7</b>	<b>111</b>	<b>25</b>	<b>219,631</b>	<b>102</b>	<b>48</b>	<b>458,592</b>	<b>77</b>
Service income	910	1,453	1,451	(0)	59	9	2,904	51	18	16,509	295
Other income	144	3,496	530	(85)	267	60	4,027	1,008	456	882	(74)
<b>Gross profit</b>	<b>6,295</b>	<b>20,163</b>	<b>19,293</b>	<b>(4)</b>	<b>207</b>	<b>25</b>	<b>39,456</b>	<b>202</b>	<b>51</b>	<b>77,831</b>	<b>105</b>
Operating costs	(4,544)	(16,076)	(15,776)	(2)	247	28	(31,852)	254	56	(57,354)	108
<b>Operating profit</b>	<b>1,751</b>	<b>4,087</b>	<b>3,517</b>	<b>(14)</b>	<b>101</b>	<b>17</b>	<b>7,604</b>	<b>87</b>	<b>37</b>	<b>20,477</b>	<b>95</b>
Operating EBITDA	2,545	7,704	7,017	(9)	176	25	14,721	161	53	28,028	77
Interest expense	(142)	(1,494)	(1,598)	7	1,022	33	(3,092)	1,038	65	(4,777)	207
<b>Profit before tax</b>	<b>1,608</b>	<b>2,593</b>	<b>1,920</b>	<b>(26)</b>	<b>19</b>	<b>12</b>	<b>4,512</b>	<b>19</b>	<b>29</b>	<b>15,700</b>	<b>76</b>
Tax	(331)	(767)	(549)	(28)	66	17	(1,316)	66	42	(3,140)	48
Associates	(129)	224	202	(10)	(257)	-	426	(557)	-	-	-
Minority interests	139	0	0	3	(100)	(1)	1	(99)	(1)	(70)	(118)
Non-recurring items	0	0	0	n/a	n/a	0	0	n/a	0	(150)	(166)
<b>Reported net profit</b>	<b>1,287</b>	<b>2,050</b>	<b>1,573</b>	<b>(23)</b>	<b>22</b>	<b>25</b>	<b>3,623</b>	<b>20</b>	<b>29</b>	<b>12,640</b>	<b>(8)</b>
<b>Recurring net profit</b>	<b>1,287</b>	<b>2,050</b>	<b>1,573</b>	<b>(23)</b>	<b>22</b>	<b>12</b>	<b>3,623</b>	<b>20</b>	<b>29</b>	<b>12,640</b>	<b>81</b>
EPS (THB)	0.27	0.19	0.15	(23)	(45)	12	0.34	(46)	29	1.19	(8)
Recurring EPS (THB)	0.27	0.19	0.15	(23)	(45)	12	0.34	(46)	29	1.19	81
<b>Key Ratios (%)</b>											
Operating margin	3.2	3.7	3.0				3.3			4.3	
Recurring net margin	2.3	1.8	1.3				1.6			2.7	
SG&A / Sales	8.4	15.1	13.9				14.5			12.5	
Effective tax rate	20.6	29.6	28.6				29.2			20.0	
<b>Operations by business</b>											
	2Q21	1Q22	2Q22	Change			1H22	Change			
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)		(THB m)	(y-y%)			
<b>Sales</b>	<b>53,813</b>	<b>106,267</b>	<b>113,364</b>	<b>7</b>	<b>111</b>		<b>219,631</b>	<b>102</b>			
Wholesale business	53,813	56,622	59,409	5	10		116,031	111			
Retail business	0	49,646	53,954	9	n/a		103,600	n/a			
Revenue from rental and retail services	88	3,057	3,118	2	3,433		6,175	3,369			
<b>Total revenue</b>	<b>54,956</b>	<b>113,198</b>	<b>116,482</b>	<b>3</b>	<b>112</b>		<b>229,680</b>	<b>107</b>			
<b>Gross profit from sales</b>	<b>5,169</b>	<b>15,214</b>	<b>15,694</b>	<b>3</b>	<b>204</b>		<b>30,908</b>	<b>189</b>			
<i>Gross profit margin from sales</i>	<i>9.6%</i>	<i>14.3%</i>	<i>13.8%</i>				<i>14.1%</i>				
EBITDA	2,518	8,637	8,099	(6)	222		16,736	191			
Finance cost	142	1,494	1,598	7	1,022		3,092	1,037			
<b>Net profit</b>	<b>1,287</b>	<b>2,050</b>	<b>1,573</b>	<b>(23)</b>	<b>22</b>		<b>3,623</b>	<b>20</b>			
Wholesale business	1,287	1,741	1,356	(22)	5		3,097	3			
Retail business	0	309	217	(30)	n/a		526	n/a			

Sources: MAKRO; 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)
<b>Gross profit</b>	<b>30,322</b>	<b>43,408</b>	<b>85,382</b>	<b>94,997</b>	<b>104,026</b>
Other operating income	0	0	0	0	0
Operating costs	(17,788)	(27,535)	(57,354)	(61,310)	(66,084)
<b>Operating EBITDA</b>	<b>12,534</b>	<b>15,873</b>	<b>28,028</b>	<b>33,687</b>	<b>37,941</b>
Depreciation	(3,577)	(5,379)	(7,551)	(8,349)	(9,139)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>8,957</b>	<b>10,494</b>	<b>20,477</b>	<b>25,338</b>	<b>28,802</b>
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
<b>Profit before tax</b>	<b>8,274</b>	<b>15,425</b>	<b>15,850</b>	<b>21,220</b>	<b>24,999</b>
Tax	(1,813)	(2,128)	(3,140)	(4,211)	(4,964)
<b>Profit after tax</b>	<b>6,461</b>	<b>13,298</b>	<b>12,710</b>	<b>17,009</b>	<b>20,036</b>
Minority interests	102	389	(70)	(125)	(148)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
<b>Reported net profit</b>	<b>6,563</b>	<b>13,687</b>	<b>12,640</b>	<b>16,884</b>	<b>19,888</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>(6,714)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>6,563</b>	<b>6,972</b>	<b>12,640</b>	<b>16,884</b>	<b>19,888</b>
<b>Per share (THB)</b>					
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
<b>Growth</b>					
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
<b>Operating performance</b>					
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					
<b>Revenue by Division (THB m)</b>					
	2020	2021	2022E	2023E	2024E
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
<b>Cash flow from operations</b>	<b>12,181</b>	<b>25,996</b>	<b>11,783</b>	<b>29,304</b>	<b>34,973</b>
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)
<b>Cash flow from investing</b>	<b>(88,118)</b>	<b>(272,058)</b>	<b>26,395</b>	<b>(26,706)</b>	<b>(39,860)</b>
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
<b>Cash flow from financing</b>	<b>81,612</b>	<b>304,074</b>	<b>(37,709)</b>	<b>(5,850)</b>	<b>1,798</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>5,675</b>	<b>58,011</b>	<b>468</b>	<b>(3,251)</b>	<b>(3,089)</b>
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)
<b>Tangible fixed assets (net)</b>	<b>30,564</b>	<b>118,444</b>	<b>127,241</b>	<b>134,591</b>	<b>141,498</b>
<b>Intangible fixed assets (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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
<b>Current assets</b>	<b>28,251</b>	<b>110,000</b>	<b>130,715</b>	<b>132,831</b>	<b>135,552</b>
Other assets	15,219	326,737	326,737	356,196	387,418
<b>Total assets</b>	<b>159,587</b>	<b>569,490</b>	<b>599,001</b>	<b>637,927</b>	<b>678,777</b>
Common equity	107,792	287,997	296,153	305,369	315,337
Minorities etc.	471	501	571	696	844
<b>Total shareholders' equity</b>	<b>108,263</b>	<b>288,498</b>	<b>296,724</b>	<b>306,065</b>	<b>316,181</b>
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
<b>Long-term liabilities</b>	<b>10,848</b>	<b>162,781</b>	<b>183,074</b>	<b>193,732</b>	<b>212,412</b>
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
<b>Current liabilities</b>	<b>40,475</b>	<b>118,211</b>	<b>119,204</b>	<b>138,129</b>	<b>150,183</b>
<b>Total liabilities and shareholders' equity</b>	<b>159,587</b>	<b>569,490</b>	<b>599,001</b>	<b>637,927</b>	<b>678,777</b>
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
<b>Recurring P/E (x) *</b>	<b>24.9</b>	<b>51.6</b>	<b>28.5</b>	<b>21.3</b>	<b>18.1</b>
<b>Recurring P/E @ target price (x) *</b>	<b>38.0</b>	<b>78.9</b>	<b>43.5</b>	<b>32.6</b>	<b>27.7</b>
Reported P/E (x)	24.9	26.3	28.5	21.3	18.1
Dividend yield (%)	2.9	2.7	2.6	3.5	4.1
Price/book (x)	1.5	1.2	1.2	1.2	1.1
Price/tangible book (x)	1.5	1.2	1.2	1.2	1.1
EV/EBITDA (x) **	12.9	27.2	14.2	12.0	11.0
EV/EBITDA @ target price (x) **	19.8	39.2	21.0	17.6	16.0
EV/invested capital (x)	1.4	1.0	0.9	0.9	0.8

\* 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 2021

EXCELLENT LEVEL – Score range 90-100										
AAV	BCPG	CPALL	GCAP	K	MSC	PLANET	SAMART	SPI	THRE	TVD
ADVANC	BDMS	CPF	GFPT	KBANK	MST	PLAT	SAMTEL	SPRC	THREL	TVI
AF	BEM	CPI	GGC	KCE	MTC	PORT	SAT	SPVI	TIPCO	TVO
AH	BGC	CPN	GLAND	KKP	MVP	PPS	SC	SSSC	TISCO	TWPC
AIRA	BGRIM	CRC	GLOBAL	KSL	NCL	PR9	SCB	SST	TK	U
AKP	BIZ	CSS	GPI	KTB	NEP	PREB	SCC	STA	TKT	UAC
AKR	BKI	DDD	GPSC	KTC	NER	PRG	SCCC	STEC	TMT	UBIS
ALT	BOL	DELTA	GRAMMY	LALIN	NKI	PRM	SCG	STI	TNDT	UV
AMA	BPP	DEMCO	GULF	LANNA	NOBLE	PROUD	SCGP	SUN	TNITY	VGI
AMATA	BRR	DRT	GUNKUL	LH	NSI	DRSH	SCM	SUSCO	TOA	VIH
AMATAV	BTS	DTAC	HANA	LHFG	NVD	PSL	SDC	SUTHA	TOP	WACOAL
ANAN	BTW	DUSIT	HARN	LIT	NWR	PTG	SEAFECO	SVI	TPBI	WAVE
AOT	BWG	EA	HMPRO	LPN	NYT	PTT	SEAOIL	SYMC	TQM	WHA
AP	CENDEL	EASTW	ICC	MACO	OISHI	PTTEP	SE-ED	SYNTEC	TRC	WHAUP
ARIP	CFRESH	ECF	ICHI	MAJOR	OR	PTTGC	SELIC	TACC	TRU	WICE
ARROW	CHEWA	ECL	III	MAKRO	ORI	PYLON	SENA	TASCO	TRUE	WINNER
ASP	CHO	EE	ILINK	MALEE	OSP	Q-CON	SHR	TCAP	TSC	ZEN
AUCT	CIMBT	EGCO	ILM	MBK	OTO	QH	SIRI	TEAMG	TSR	
AWC	CK	EPG	INTUCH	MC	PAP	QTC	SIS	TFMAMA	TSTE	
AYUD	CKP	ETC	IP	MCOT	PCSGH	RATCH	SITHAI	TGH	TSTH	
BAFS	CM	FPI	IRPC	METCO	PDG	RS	SMK	THANA	TTA	
BANPU	CNT	FPT	ITEL	MFEC	PDJ	S	SMPC	THANI	TTB	
BAY	COM7	FSMART	IVL	MINT	PG	S & J	SNC	THCOM	TTCL	
BBL	COMAN	GBX	JSP	MONO	PHOL	SAAM	SONIC	THG	TTW	
BCP	COTTO	GC	JWD	MOONG	PLANB	SABINA	SPALI	THIP	TU	
VERY GOOD LEVEL – Score range 80-89										
2S	ASIMAR	CHOW	FLOYD	IT	LOXLEY	OCC	RPC	SKY	TCC	TVT
7UP	ASK	CI	FN	ITD	LRH	OGC	RT	SLP	TCMC	TWP
ABICO	ASN	CIG	FNS	J	LST	PATO	RWI	SMIT	TEAM	UEC
ABM	ATP30	CMC	FORTH	JAS	M	PB	S11	SMT	TFG	UMI
ACE	B	COLOR	FSS	JCK	MATCH	PICO	SA	SNP	TFI	UOBKH
ACG	BA	CPL	FTE	JCKH	MBAX	PIMO	SAK	SO	TIGER	UP
ADB	BAM	CPW	FVC	JMART	MEGA	PJW	SALEE	SORKON	TITLE	UPF
AEONTS	BC	CRD	GEL	JMT	META	PL	SAMCO	SPA	TKN	UPOIC
AGE	BCH	CSC	GENCO	KBS	MFC	PM	SANKO	SPC	TKS	UTP
AHC	BEC	CSP	GJS	KCAR	MGT	PMTA	SAPPE	SPCG	TM	VCOM
AIT	BEYOND	CWT	GYT	KEX	MICRO	PPP	SAWAD	SR	TMC	VL
ALL	BFIT	DCC	HEMP	KGI	MILL	PPPM	SCI	SRICHA	TMD	VPO
ALLA	BJC	DCON	HPT	KIAT	MTSIB	PRIME	SCN	SSC	TMI	VRANDA
ALUCON	BJCHI	DHOUSE	HTC	KISS	MK	PRIN	SCP	SSF	TMILL	WGE
AMANAH	BLA	DOD	HYDRO	KOOL	MODERN	PRINC	SE	STANLY	TNL	WIK
AMARIN	BR	DOHOME	ICN	KTIS	MTI	PSG	SFLEX	STGT	TNP	WP
APCO	BROOK	DV8	IFS	KUMWEL	NBC	PSTC	SFP	STOWER	TOG	XO
APCS	CBG	EASON	IMH	KUN	NCAP	PT	SFT	STPI	TPA	XPG
APURE	CEN	EFORL	IND	KWC	NCH	QLT	SGF	SUC	TPAC	YUASA
AQUA	CGH	ERW	INET	KWM	NETBAY	RBF	SIAM	SWC	TPCS	
ASAP	CHARAN	ESSO	INSET	L&E	NEX	RCL	SINGER	SYNEX	TPS	
ASEFA	CHAYO	ESTAR	INSURE	LDC	NINE	RICHY	SKE	TAE	TRITN	
ASIA	CHG	ETE	IRC	LEO	NRF	RML	SKN	TAKUNI	TRT	
ASIAN	CHOTI	FE	IRCP	LHK	NTV	ROJNA	SKR	TBSP	TSE	
GOOD LEVEL – Score range 70-79										
A	BGT	CITY	GIFT	JTS	MDX	PK	SGP	SUPER	TQR	YGG
AI	BH	CMAN	GLOCON	JUBILE	MJD	PLE	SICT	SVOA	TTI	ZIGA
AIE	BIG	CMO	GREEN	KASET	MORE	PPM	SIMAT	TC	TYCN	
AJ	BLAND	CMR	GSC	KCM	MUD	PRAKIT	SISB	TCCC	UKEM	
ALPHAX	BM	CPT	GTB	KK	NC	PRAPAT	SK	THMUI	UMS	
AMC	BROCK	CRANE	HTECH	KKC	NDR	PRECHA	SMART	TNH	UNIQ	
APP	BSBM	CSR	HUMAN	KWI	NFC	PTL	SOLAR	TNR	UPA	
AQ	BSM	D	IHL	KYE	NNCL	RJH	SPACK	TOPP	UREKA	
ARIN	BTNC	EKH	IIG	LEE	NOVA	RP	SPG	TPCH	VIBHA	
AS	BYD	EMC	INGRS	LPH	NPK	RPH	SQ	TPIPL	W	
AU	CAZ	EP	INOX	MATI	NUSA	RSP	SSP	TIPIP	WIN	
B52	CCP	F&D	JAK	M-CHAI	PAF	SABUY	STARK	TPLAS	WORK	
BEAUTY	CGD	FMT	JR	MCS	PF	SF	STC	TPOLY	WPH	

**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

Sources: Thai Institute of Directors Association (IOD); FSSIA's compilation; data as of 26 October 2021

## Anti-corruption Progress Indicator

CERTIFIED										
2S	BCH	CPALL	GC	K	MFC	PE	QLT	SNP	THCOM	TU
7UP	BCP	CPF	GCAP	KASET	MFEC	PG	QTC	SORKON	THIP	TVD
ADVANC	BCPG	CPI	GEL	KBANK	MILL	PHOL	RATCH	SPACK	THRE	TVI
AF	BE8	CPN	GFPT	KBS	MINT	PK	RML	SPALI	THREL	TVO
AI	BEYOND	CSC	GGC	KCAR	MONO	PL	RWI	SPC	TIDLOR	TWPC
AIE	BGC	DCC	GJS	KCE	MOONG	PLANB	S & J	SPI	TIPCO	U
AIRA	BGRIM	DELTA	GPI	KGI	MSC	PLANET	SAAM	SPRC	TISCO	UBE
AKP	BJCHI	DEMCO	GPSC	KKP	MST	PLAT	SABINA	SRICHA	TKS	UBIS
ALPHAX	BKI	DIMET	GSTEEL	KSL	MTC	PM	SAPPE	SSF	TKT	UEC
AMA	BLA	DRT	GUNKUL	KTB	MTI	PPP	SAT	SSP	TMD	UKEM
AMANAHA	BPP	DTAC	HANA	KTC	NBC	PPPM	SC	SSSC	TMILL	UOBKH
AMATA	BROOK	DUSIT	HARN	KWC	NEP	PPS	SCB	SST	TMT	UPF
AMATAV	BRR	EA	HEMP	KWI	NINE	PR9	SCC	STA	TNITY	UV
AP	BSBM	EASTW	HENG	L&E	NKI	PREB	SCCC	STOWER	TNL	VGI
APCS	BTS	ECL	HMPRO	LANNA	NMG	PRG	SCG	SUSCO	TNP	VIH
AQUA	BWG	EGCO	HTC	LH	NNCL	PRINC	SCN	SVI	TNR	WACOAL
ARROW	CEN	EP	ICC	LHFG	NOBLE	PRM	SEAOIL	SYMC	TOG	WHA
AS	CENTEL	EPG	ICHI	LHK	NOK	PROS	SE-ED	SYNTEC	TOP	WHAUP
ASIAN	CFRESH	ERW	IFEC	LPN	NSI	PSH	SELIC	TAE	TOPP	WICE
ASK	CGH	ESTAR	IFS	LRH	NWR	PSL	SENA	TAKUNI	TPA	WIJK
ASP	CHEWA	ETE	ILINK	M	OCC	PSTC	SGP	TASCO	TPP	XO
AWC	CHOTI	FE	INET	MAKRO	OGC	PT	SINGER	TBSP	TRU	ZEN
AYUD	CHOW	FNS	INSURE	MALEE	ORI	PTG	SIRI	TCAP	TRUE	
B	CIG	FPI	INTUCH	MATCH	PAP	PTT	SITHAI	TCMC	TSC	
BAFS	CIMBT	FPT	IRC	MBAX	PATO	PTTEP	SKR	TFG	TSTE	
BAM	CM	FSMART	IRPC	MBK	PB	PTTGC	SMIT	TFI	TSTH	
BANPU	CMC	FSS	ITEL	MC	PCSGH	PYLON	SMK	TFMAMA	TTA	
BAY	COM7	FTE	IVL	MCOT	PDG	Q-CON	SMPC	TGH	TTB	
BBL	COTTO	GBX	JKN	META	PDJ	QH	SNC	THANI	TTCL	
DECLARED										
AJ	CHG	DDD	ETC	JR	MAJOR	NUSA	RS	SSS	TQM	YUASA
ALT	CPL	DHOUSE	FLOYD	JTS	NCAP	NYT	SAK	STECH	TSI	ZIGA
APCO	CPR	DOHOME	GULF	KEX	NCL	OR	SCGP	STGT	VARO	
B52	CPW	ECF	III	KUMWEL	NOVA	PIMO	SCM	TKN	VCOM	
BEC	CRC	EKH	INOX	LDC	NRF	PLE	SIS	TMI	VIBHA	

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 26 October 2021) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

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

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

Suwat Sinsadok, CFA, FRM, ERP FSS International Investment Advisory Securities Co., Ltd

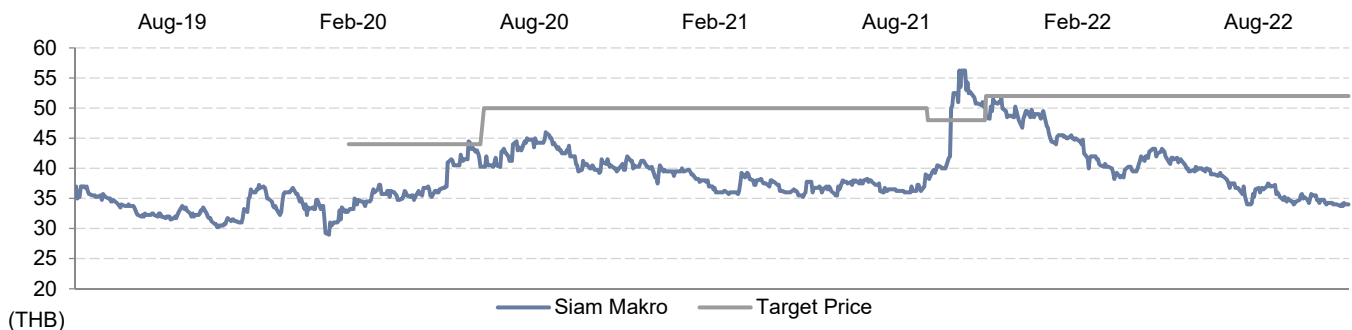
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

This report has been prepared by FSS International Investment Advisory Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSS makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSS has no intention to solicit investors to buy or sell any security in this report. In addition, FSS does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

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

#### Siam Makro (MAKRO TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
02-Apr-2020	BUY	44.00	11-Aug-2021	BUY	48.00	22-Feb-2022	BUY	52.00
24-Jul-2020	BUY	50.00	30-Sep-2021	HOLD	52.00			

Suwat Sinsadok, CFA, FRM, ERP started covering this stock from 24-Jul-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Siam Makro	MAKRO TB	THB 34.00	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.

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 08-Aug-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.