

# MAJOR CINEPLEX GROUP

## THAILAND / RECREATION FACILITIES & SVCS

# MAJOR TB

# BUY

UNCHANGED

## Wait for better movies in 4Q22

- We believe MAJOR's share price could underperform until late Oct-22 given the unexciting movie lineup for the next two months.
- We cut our earnings estimate for MAJOR in 2022 down by 38% to THB452m due to weak purchasing power.
- Maintain BUY with our new 2023 TP of THB23.

TARGET PRICE	THB23.00
CLOSE	THB19.40
UP/DOWNSIDE	+18.6%
PRIOR TP	THB24.00
CHANGE IN TP	-4.2%
TP vs CONSENSUS	-6.6%

### KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	3,010	5,756	6,524	8,338
Net profit	1,581	452	888	1,075
EPS (THB)	1.77	0.51	0.99	1.20
vs Consensus (%)	-	(20.1)	(9.8)	(6.9)
EBITDA	(99)	1,693	2,095	2,269
Core net profit	(528)	452	888	1,075
Core EPS (THB)	(0.59)	0.51	0.99	1.20
Chg. In EPS est. (%)	nm	(38.0)	(13.6)	(10.3)
EPS growth (%)	nm	nm	96.5	21.1
Core P/E (x)	(32.8)	38.4	19.5	16.1
Dividend yield (%)	8.2	2.3	4.6	5.6
EV/EBITDA (x)	(186.5)	10.3	8.1	7.4
Price/book (x)	2.4	2.6	2.5	2.4
Net debt/Equity (%)	12.7	(1.6)	(6.1)	(7.8)
ROE (%)	(7.7)	6.5	13.0	15.2

### Unexciting movie lineup for the next two months

In our previous report, "[Major Cineplex Group \(MAJOR TB\) - Cinema is a safe haven](#)", dated 4 Jul-22, we advised investors to see MAJOR as a safe haven from July to early Aug-22. Now, we think MAJOR's share price won't be performing well for the next two months due to the unexciting movie lineup. Although the QTD box office revenue of *Love Destiny 2* and *Thor* performed quite well at THB250m and THB175m, respectively, and ranked first and second in terms of box office revenue in 3Q22, the third-ranked film, *Emergency Declaration*, earned only THB10m. Therefore, we believe MAJOR's earnings as well as its share price may look unattractive in 3Q22.

### Earnings estimate cut

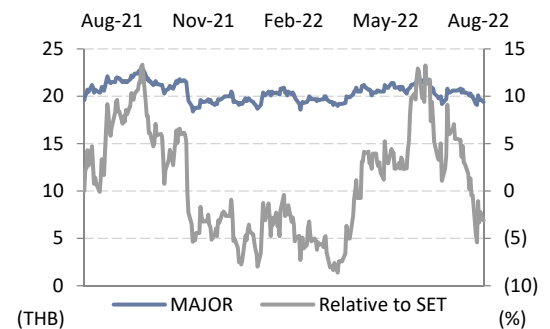
Due to the economic slowdown, high inflation, and weak consumer purchasing power, we expect moviegoers to be more selective, which should negatively impact the box office earnings of less popular movies in 3Q22. Apart from *Love Destiny 2* and *Thor*, there are no other movies that we expect to have decent box office results. Therefore, we revise our estimates for cinema guest counts and MAJOR's revenue for 2022 lower by 29% to 27m and THB5.8b, respectively. This leads to a 38% cut in our earnings estimate to THB452m.

### MJLF lease contract extension could be an upside risk

MAJOR believes the lease contract extension with Major Cineplex Lifestyle Leasehold Property Fund (MJLF TB, NR) should be finalised within one month. We believe this would benefit MAJOR via reasonable rental rates. If the company can revise the lease agreement from a minimum guaranteed payment to revenue sharing of 20%, the company would save almost THB70m (pre-Covid) in 2023 onward. Note that we have not yet included this upside into our earnings forecast and TP.

### Maintain BUY with a new 2023 TP of THB23

We roll over our valuation to 2023 to derive a new TP of THB23. Its share price may stay in a sideways trajectory until the blockbusters return in late Oct-22 such as *Black Adam*, *Black Panther*, and *Avatar 2*. We maintain our BUY call on MAJOR based on the expectation that its earnings should enter a strong recovery stage from 4Q22 onward. The company also has an upside risk from the MJLF lease contract extension.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(4.9)	(5.4)	7.2
Relative to country (%)	(8.6)	(4.9)	3.0
Mkt cap (USD m)	481		
3m avg. daily turnover (USD m)	3.2		
Free float (%)	49		
Major shareholder	Vicha Poolvaraluk (30%)		
12m high/low (THB)	23.40/18.10		
Issued shares (m)	894.67		

Sources: Bloomberg consensus; FSSIA estimates


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## Investment thesis

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

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

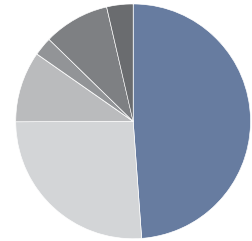
## Company profile

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

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

## Principal activities (revenue, 2021)

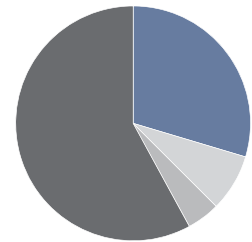
- Cinema - 48.8 %
- Concession - 26.1 %
- Advertisement - 9.8 %
- Entertainment - 2.6 %
- Rental - 9.1 %
- Movie content - 3.6 %



Source: Major Cineplex Group

## Major shareholders

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



Source: Major Cineplex Group

## Catalysts

- Its financial results should improve significantly in 2022;
- A lot of blockbusters in 4Q22 and 2023;
- Solid dividend yield track record at 4-6% p.a.

## Risks to our call

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

## Event calendar

Date	Event
Nov-22	3Q22 results announcement

## Key assumptions

	2021	2022E	2023E	2024E
Average ticket price (THB)	166	165	167	168
Guest count (m)	8.9	20.0	20.8	27.0

Source: FSSIA estimates

## Earnings sensitivity

- For every 1 million increase in cinema guest count, we project 2023 earnings to rise by 0.8%, and vice versa, all else being equal;
- For every 1% increase in cinema profit margin, we project 2023 earnings to rise by 5%, and vice versa, all else being equal.

Source: FSSIA estimates

## Lease agreement has hurt MAJOR for quite a long time

As we can see from Exhibit 1, the operating performance of the Major Ratchayothin and Rangsit branches under the MJLF contract has long burdened MAJOR. The company was unable to generate any profit from these two branches under the fixed lease agreement with MJLF. Moreover, during the Covid-19 outbreak in 2020-21, MAJOR still had to pay the higher fixed rate, despite taking a big hit from Covid.

### Exhibit 1: Comparison between Major Group's profit before and after rental and service fee payments to MJLF

	2016	2017	2018	2019	2020	2021
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
Total income	445	406	444	455	157	131
Profit (loss) before rental and service fees	116	93	116	99	(38)	(26)
Minimum payment	(140)	(145)	(150)	(158)	(166)	(172)
<b>Profit (loss) after rental and service fees</b>	<b>(24)</b>	<b>(52)</b>	<b>(34)</b>	<b>(58)</b>	<b>(204)</b>	<b>(198)</b>
	(%)	(%)	(%)	(%)	(%)	(%)
Proportion of profit (loss) before rental and service fees to total income	26.0	23.0	26.1	21.8	(24.2)	(19.8)
Proportion of profit (loss) after rental and service fees to total income	(5.4)	(12.7)	(7.8)	(12.8)	(130.1)	(150.8)

Source: MJLF

We believe the lease contract extension should be finalised within one month. MAJOR should be able to secure a lower rental cost effective from Jul-22 onward, similar to other landlords whose rental contracts were mostly revised from a minimum guaranteed payment to a revenue-sharing model. According to the rental projection from Kasikorn Asset Management, the management company for MJLF, a 15% revenue sharing contract is expected. This would save MAJOR almost THB90m per year in rental costs.

We conservatively believe the new agreement will likely be under a revenue sharing model of not more than 20%. Therefore, under our estimates, we believe MAJOR would save almost THB60m this year and over THB80m next year, which would amount to a c10% upside for our earnings estimates in 2023. Note that we have not yet included this upside into our forecast, as we are waiting for the contract to be finalised.

### Exhibit 2: Comparison between minimum guaranteed payment and revenue sharing

	2016	2017	2018	2019	2020	2021
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
Total income	445	406	444	455	157	131
Profit (loss) before rental and service fees	116	93	116	99	(38)	(26)
Minimum payment (1)	(140)	(145)	(150)	(158)	(166)	(172)
15% of total income (2)	(67)	(61)	(67)	(68)	(23)	(20)
Cost saving (2)-(1)=(3)	73	84	84	89	142	152
20% of total income (4)	(89)	(81)	(89)	(91)	(31)	(26)
Cost saving (4)-(1)=(5)	51	64	61	67	134	145

Sources: MJLF; FSSIA estimates

## Exhibit 3: Changes to key assumptions

	Current			Previous			Change		
	2022E (THB m)	2023E (THB m)	2024E (THB m)	2022E (THB m)	2023E (THB m)	2024E (THB m)	2022E (THB m)	2023E (THB m)	2024E (THB m)
Guest count (m)	20.0	20.8	27.0	28	29.1	30	(29)	(29)	(9)
Revenue	5,756	6,524	8,338	8,085	8,813	9,240	(29)	(26)	(10)
Gross profit	1,656	2,267	2,898	2,430	2,961	3,246	(32)	(23)	(11)
EBIT	661	1,120	1,350	921	1,294	1,633	(28)	(13)	(17)
Net profit	452	888	1,075	729	1,028	1,199	(38)	(14)	(10)
<b>Margin</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(ppt)</b>
GPM	28.8	34.8	34.8	31.7	33.2	33.2	(2.9)	1.6	1.6
NPM	7.8	13.6	12.9	40.1	42.1	42.1	(32.3)	(28.5)	(29.2)

Source: FSSIA estimates

## Exhibit 4: DCF valuation

	2023E	2024E	2025E	2026E	2027E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
EBITDA	2,095	2,269	2,283	2,324	2,407
(less) tax on EBIT	(176)	(224)	(237)	(254)	(279)
decrease in working cap	(87)	(91)	(95)	(99)	(103)
(less) capex & investments	(750)	(800)	(800)	(800)	(930)
Free cash flow	1,256	1,336	1,341	1,369	1,300
WACC (%)	9				
Terminal growth (%)	1				
PV of FCF	1,256	1,226	1,129	1,057	922
Total PV of FCF	5,590				
Terminal value	11,653				
Enterprise value	17,243				
No. of shares (m)	895				
<b>Enterprise value / share (THB)</b>	<b>19.27</b>				

Sources: MAJOR; FSSIA estimates

## Exhibit 5: SOTP valuation

Cost of Equity assumptions	(%)	Cost of debt assumption	(%)
Risk-free rate	3.00	Pretax cost of debt	4.2
Market risk premium	8.0	Marginal tax rate	20.0
Stock beta	1.05		
Cost of equity, Ke	11.40	Net cost of debt, Kd	3.36
Weight applied	70.0	Weight applied	30
WACC	9.0		
	(THB m)	(THB/share)	Comments
MAJOR	17,243	19.27	WACC 9%, beta 1.05, 1% terminal growth
WORK	638	0.71	8.86% share in WORK at FSSIA TP of THB16.30
TKN	1,039	1.16	9.91% share in TKN at market price of THB7.6 as of 22 Aug-22
Net cash - Net debt	1,669	1.87	At end-FY23E
MI	(117)	(0.13)	
Total	20,589		
Share base (m)	895		
<b>TP (THB)</b>	<b>23.0</b>		

Sources: MAJOR; FSSIA estimates

## 2Q22 results review

MAJOR reported a net profit of THB131m (+444% q-q). However, if we exclude extra items, mainly from the fire insurance payout for its Sukhumvit branch, the company's core profit in 2Q22 hit THB82m vs THB2m in 1Q22 and the THB190m loss in 2Q21.

Movie revenue increased to THB918m (+71% q-q, +504% y-y) – the highest movie revenue since the Covid outbreak began – thanks to the strong movie lineup in 2Q22. *Doctor Strange 2*, *Jurassic World*, and *Fantastic Beasts 3* booked THB234m, THB160m, and THB81m, respectively. Concession revenue also grew significantly thanks to non-cinema popcorn sales. As a result, the company's total revenue surged to THB1.6b (+45% q-q, +275% y-y).

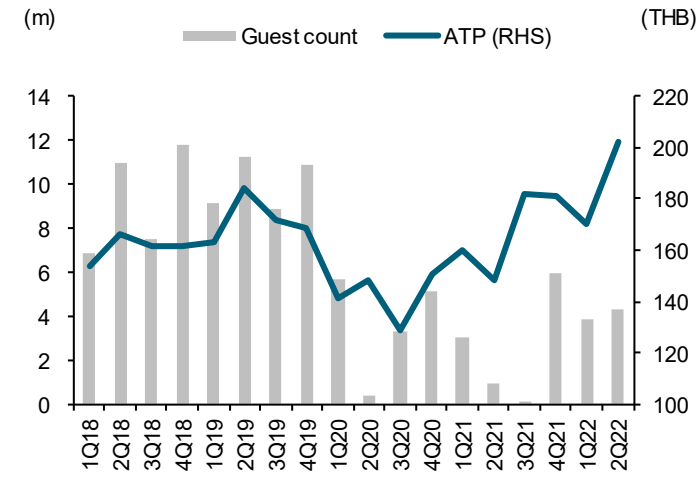
Although the company had solid revenue growth in 2Q22, its GPM remains low at 26.8% due to losses by its rental and movie content businesses which continued for the second consecutive quarter. SG&A also jumped significantly both q-q and y-y due to 1) higher property taxes levied by the government at the normal rate; 2) higher repairs and maintenance expenses; 3) higher distribution expenses through online channels; and 4) higher marketing expenses due to the increase in movies released. However, the SG&A to sales ratio remained healthy at 27.8%, close to the pre-Covid level of around 27%.

### Exhibit 6: 2Q22 results review

	2Q21	1Q22	2Q22	Change		1H21	1H22	Change	2022E
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)	(THB m)
Admissions	152	537	918	71	504	572	1,455	155	2,800
Concession sales	134	295	430	46	220	330	725	120	1,372
Advertisement	49	135	141	4	188	147	276	88	715
Bowling	9	50	73	46	739	41	122	199	267
Rental fee	74	59	47	(20)	(36)	161	107	(34)	392
Movie content	19	52	31	(41)	60	41	82	101	210
<b>Revenue</b>	<b>437</b>	<b>1,129</b>	<b>1,639</b>	<b>45</b>	<b>275</b>	<b>1,290</b>	<b>2,768</b>	<b>115</b>	<b>5,756</b>
Operating costs	(571)	(1,003)	(1,201)	20	110	(1,322)	(2,203)	67	(4,100)
<b>Gross profit</b>	<b>(134)</b>	<b>126</b>	<b>439</b>	<b>249</b>	<b>n/a</b>	<b>(31)</b>	<b>565</b>	<b>n/a</b>	<b>1,656</b>
SG&A expenses	(327)	(190)	(440)	132	34	(689)	(630)	(9)	(1,468)
<b>EBIT</b>	<b>(461)</b>	<b>(64)</b>	<b>(1)</b>	<b>(98)</b>	<b>9,196</b>	<b>(720)</b>	<b>(65)</b>	<b>(91)</b>	<b>189</b>
Depreciation & amortisation	311	341	314	(8)	1	612	655	7	1,195
Other income	83	63	95	50	15	175	158	(9)	310
<b>EBITDA</b>	<b>(68)</b>	<b>340</b>	<b>408</b>	<b>20</b>	<b>n/a</b>	<b>67</b>	<b>748</b>	<b>1,018</b>	<b>1,693</b>
<i>EBITDA margin (%)</i>	<i>(16)</i>	<i>30</i>	<i>25</i>	<i>nm</i>	<i>nm</i>	<i>5</i>	<i>27</i>	<i>nm</i>	<i>29</i>
Interest expense	(69)	(50)	(47)	(4)	(31)	(139)	(97)	(30)	(175)
Associates	210	18	47	163	(78)	305	65	(79)	162
Extra items	(35)	22	65	200	n/a	(44)	87	n/a	-
<b>Pretax profit</b>	<b>(273)</b>	<b>(11)</b>	<b>159</b>	<b>n/a</b>	<b>n/a</b>	<b>(424)</b>	<b>148</b>	<b>n/a</b>	<b>486</b>
Tax	30	37	(21)	n/a	n/a	53	15	n/a	(65)
<i>Tax rate (%)</i>	<i>(11)</i>	<i>(336)</i>	<i>(13)</i>	<i>nm</i>	<i>nm</i>	<i>(12)</i>	<i>10</i>	<i>nm</i>	<i>(13)</i>
Minority interests	25	(2)	(6)	317	n/a	33	(8)	n/a	31
<b>Net profit</b>	<b>(218)</b>	<b>24</b>	<b>131</b>	<b>444</b>	<b>n/a</b>	<b>(338)</b>	<b>155</b>	<b>n/a</b>	<b>452</b>
<b>Core net profit</b>	<b>(190)</b>	<b>2</b>	<b>82</b>	<b>3,339</b>	<b>n/a</b>	<b>(303)</b>	<b>84</b>	<b>n/a</b>	<b>452</b>
EPS (THB)	(0.24)	0.03	0.15	444	n/a	(0.38)	0.17	n/a	0.51
Core EPS (THB)	(0.21)	0.00	0.09	3,339	n/a	(0.34)	0.09	n/a	0.51

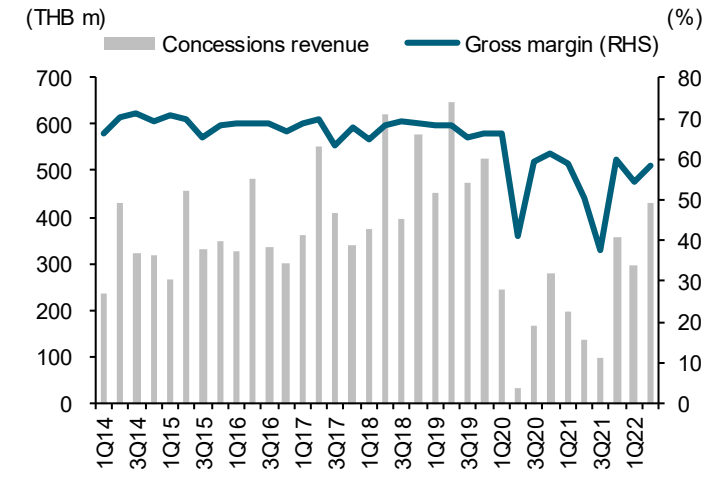
Sources: MAJOR; FSSIA estimates

**Exhibit 7: Cinema guest count and average ticket price**



Sources: MAJOR; FSSIA compilation

**Exhibit 8: Concession revenue and gross profit margin**



Sources: MAJOR; FSSIA compilation

## Financial Statements

Major Cineplex Group

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	3,765	3,010	5,756	6,524	8,338
Cost of goods sold	(1,922)	(1,608)	(2,905)	(3,111)	(4,342)
<b>Gross profit</b>	<b>1,843</b>	<b>1,401</b>	<b>2,851</b>	<b>3,413</b>	<b>3,996</b>
Other operating income	168	355	310	313	316
Operating costs	(1,900)	(1,855)	(1,468)	(1,631)	(2,043)
<b>Operating EBITDA</b>	<b>111</b>	<b>(99)</b>	<b>1,693</b>	<b>2,095</b>	<b>2,269</b>
Depreciation	(1,242)	(1,250)	(1,195)	(1,145)	(1,098)
Goodwill amortisation	0	0	0	-	-
<b>Operating EBIT</b>	<b>(1,131)</b>	<b>(1,349)</b>	<b>499</b>	<b>950</b>	<b>1,171</b>
Net financing costs	(175)	(258)	(175)	(71)	(51)
Associates	740	392	162	170	179
Recurring non-operating income	740	392	162	170	179
Non-recurring items	(67)	3,109	0	0	0
<b>Profit before tax</b>	<b>(633)</b>	<b>1,894</b>	<b>486</b>	<b>1,049</b>	<b>1,299</b>
Tax	93	(354)	(65)	(176)	(224)
<b>Profit after tax</b>	<b>(540)</b>	<b>1,539</b>	<b>421</b>	<b>873</b>	<b>1,075</b>
Minority interests	13	42	31	15	0
Preferred dividends	0	0	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>(527)</b>	<b>1,581</b>	<b>452</b>	<b>888</b>	<b>1,075</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>67</b>	<b>(2,110)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>(460)</b>	<b>(528)</b>	<b>452</b>	<b>888</b>	<b>1,075</b>
<b>Per share (THB)</b>					
Recurring EPS *	(0.51)	(0.59)	0.51	0.99	1.20
Reported EPS	(0.59)	1.77	0.51	0.99	1.20
DPS	0.00	1.60	0.45	0.89	1.08
Diluted shares (used to calculate per share data)	895	895	895	895	895
<b>Growth</b>					
Revenue (%)	(64.8)	(20.1)	91.3	13.3	27.8
Operating EBITDA (%)	(96.2)	nm	nm	23.7	8.3
Operating EBIT (%)	nm	nm	nm	90.4	23.3
Recurring EPS (%)	nm	nm	nm	96.5	21.1
Reported EPS (%)	nm	nm	(71.4)	96.5	21.1
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	16.0	5.0	28.8	34.8	34.8
Gross margin of key business (%)	-	-	-	-	-
Operating EBITDA margin (%)	2.9	(3.3)	29.4	32.1	27.2
Operating EBIT margin (%)	(30.0)	(44.8)	8.7	14.6	14.0
Net margin (%)	(12.2)	(17.6)	7.8	13.6	12.9
Effective tax rate (%)	20.0	20.0	20.0	120.0	220.0
Dividend payout on recurring profit (%)	-	(270.9)	90.0	90.0	90.0
Interest cover (X)	(2.2)	(3.7)	3.8	15.8	26.6
Inventory days	22.7	26.0	13.9	13.0	9.3
Debtor days	79.8	57.5	22.8	20.4	16.2
Creditor days	298.1	322.0	183.5	175.6	129.0
Operating ROIC (%)	(20.8)	(21.8)	8.5	22.5	(7.2)
ROIC (%)	(2.2)	(6.1)	5.0	9.3	(2.8)
ROE (%)	(6.7)	(7.7)	6.5	13.0	15.2
ROA (%)	(1.9)	(2.1)	3.6	6.6	7.8
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Cinema	1,758	1,470	2,800	2,966	4,051
Concession	725	786	1,372	1,497	2,086
Advertisement	573	294	715	1,120	1,232
Entertainment	203	78	267	308	305

Sources: Major Cineplex Group; FSSIA estimates

## Financial Statements

Major Cineplex Group

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	(460)	(528)	452	888	1,075
Depreciation	1,242	1,250	1,195	1,145	1,098
Associates & minorities	(740)	(392)	(162)	(170)	(179)
Other non-cash items	143	(1,818)	(16)	0	0
Change in working capital	18	944	84	87	91
<b>Cash flow from operations</b>	<b>202</b>	<b>(543)</b>	<b>1,553</b>	<b>1,950</b>	<b>2,085</b>
Capex - maintenance	(211)	(341)	(345)	(420)	(445)
Capex - new investment	(211)	(341)	(345)	(420)	(445)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	141	4,951	1,272	(15)	(25)
<b>Cash flow from investing</b>	<b>(281)</b>	<b>4,268</b>	<b>582</b>	<b>(855)</b>	<b>(915)</b>
Dividends paid	0	(716)	(919)	(603)	(883)
Equity finance	0	0	0	0	0
Debt finance	669	(3,337)	50	(600)	(400)
Other financing cash flows	6	785	(1,872)	(166)	(450)
<b>Cash flow from financing</b>	<b>675</b>	<b>(3,268)</b>	<b>(2,742)</b>	<b>(1,369)</b>	<b>(1,733)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>595</b>	<b>457</b>	<b>(607)</b>	<b>(273)</b>	<b>(562)</b>
Free cash flow to firm (FCFF)	95.53	3,982.76	2,310.11	1,166.52	1,221.47
Free cash flow to equity (FCFE)	595.46	1,172.24	312.36	329.84	321.26

Per share (THB)	2020	2021	2022E	2023E	2024E
FCFF per share	0.11	4.45	2.58	1.30	1.37
FCFE per share	0.67	1.31	0.35	0.37	0.36
Recurring cash flow per share	0.21	(1.66)	1.64	2.08	2.23

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	15,776	16,054	5,494	5,368	5,327
Less: Accumulated depreciation	(10,465)	(11,160)	(875)	(841)	(810)
<b>Tangible fixed assets (net)</b>	<b>5,311</b>	<b>4,894</b>	<b>4,618</b>	<b>4,527</b>	<b>4,517</b>
<b>Intangible fixed assets (net)</b>	<b>2,663</b>	<b>2,693</b>	<b>2,464</b>	<b>2,250</b>	<b>2,052</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	6,809	1,969	1,969	1,969	1,969
Cash & equivalents	1,557	2,014	1,407	1,134	572
A/C receivable	592	3,744	1,597	1,602	1,608
Inventories	118	111	111	111	111
Other current assets	296	291	305	321	337
<b>Current assets</b>	<b>2,563</b>	<b>6,160</b>	<b>3,420</b>	<b>3,168</b>	<b>2,627</b>
Other assets	333	804	1,847	2,032	2,235
<b>Total assets</b>	<b>17,678</b>	<b>16,519</b>	<b>14,318</b>	<b>13,945</b>	<b>13,399</b>
Common equity	6,482	7,170	6,703	6,988	7,179
Minorities etc.	144	117	117	117	117
<b>Total shareholders' equity</b>	<b>6,626</b>	<b>7,287</b>	<b>6,820</b>	<b>7,104</b>	<b>7,296</b>
Long term debt	2,505	915	1,000	400	0
Other long-term liabilities	3,538	3,211	3,029	2,863	2,713
<b>Long-term liabilities</b>	<b>6,043</b>	<b>4,126</b>	<b>4,029</b>	<b>3,263</b>	<b>2,713</b>
A/C payable	1,395	1,443	1,479	1,516	1,553
Short term debt	2,640	2,025	300	300	0
Other current liabilities	974	1,639	1,691	1,762	1,836
<b>Current liabilities</b>	<b>5,009</b>	<b>5,107</b>	<b>3,469</b>	<b>3,577</b>	<b>3,390</b>
<b>Total liabilities and shareholders' equity</b>	<b>17,678</b>	<b>16,519</b>	<b>14,318</b>	<b>13,945</b>	<b>13,399</b>
Net working capital	(1,363)	1,064	(1,156)	(1,244)	(1,334)
Invested capital	13,752	11,424	9,741	9,534	9,438

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

Per share (THB)	2020	2021	2022E	2023E	2024E
Book value per share	7.25	8.02	7.49	7.81	8.03
Tangible book value per share	4.27	5.00	4.74	5.30	5.73

Financial strength	2020	2021	2022E	2023E	2024E
Net debt/equity (%)	54.1	12.7	(1.6)	(6.1)	(7.8)
Net debt/total assets (%)	20.3	5.6	(0.7)	(3.1)	(4.3)
Current ratio (x)	0.5	1.2	1.0	0.9	0.8
CF interest cover (x)	5.6	6.9	4.8	11.5	16.1

Valuation	2020	2021	2022E	2023E	2024E
<b>Recurring P/E (x) *</b>	<b>(37.7)</b>	<b>(32.8)</b>	<b>38.4</b>	<b>19.5</b>	<b>16.1</b>
<b>Recurring P/E @ target price (x) *</b>	<b>(44.7)</b>	<b>(38.9)</b>	<b>45.5</b>	<b>23.2</b>	<b>19.1</b>
Reported P/E (x)	(32.9)	11.0	38.4	19.5	16.1
Dividend yield (%)	-	8.2	2.3	4.6	5.6
Price/book (x)	2.7	2.4	2.6	2.5	2.4
Price/tangible book (x)	4.5	3.9	4.1	3.7	3.4
EV/EBITDA (x) **	190.0	(186.5)	10.3	8.1	7.4
EV/EBITDA @ target price (x) **	219.0	(219.1)	12.2	9.7	8.9
EV/invested capital (x)	1.5	1.6	1.8	1.8	1.8

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

Sources: Major Cineplex Group; FSSIA estimates



## Corporate Governance report of Thai listed companies 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	CENTEL	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	PPP	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

#### Naruedom Mujjalinkool FSS International Investment Advisory Securities Co., Ltd

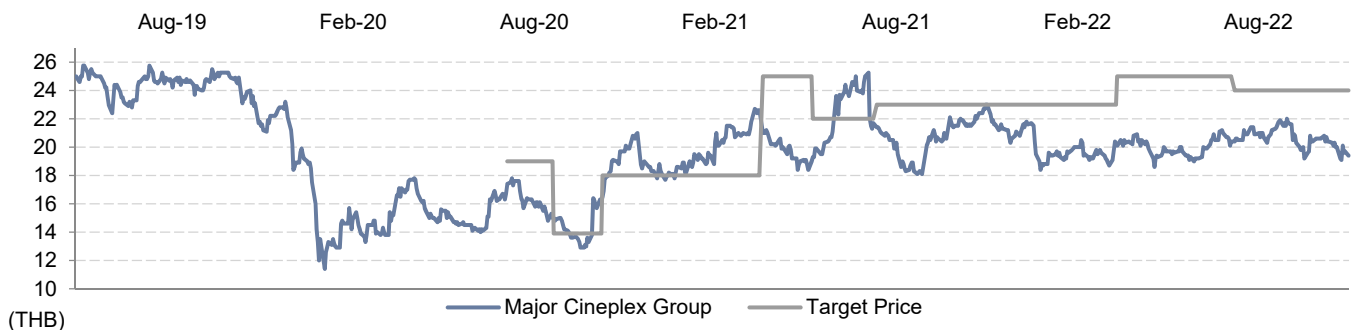
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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

#### Major Cineplex Group (MAJOR TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
27-Aug-2020	BUY	19.00	02-Apr-2021	BUY	25.00	03-Feb-2022	BUY	25.00
02-Sep-2020	HOLD	19.00	17-May-2021	BUY	22.00	13-May-2022	BUY	24.00
06-Oct-2020	HOLD	13.90	09-Jul-2021	HOLD	23.00			
17-Nov-2020	HOLD	18.00	24-Aug-2021	BUY	23.00			

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

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Major Cineplex Group	MAJOR TB	THB 19.40	BUY	The key downside risks to our SoTP-based TP are a slower-than-expected recovery in domestic consumption, the growing popularity of online movies, a delay in the Covid-19 vaccine rollout, and the new wave of Covid.

Source: FSSIA estimates

### Additional Disclosures

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

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

All share prices are as at market close on 22-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.