

KERRY EXPRESS (THAILAND)

THAILAND / TRANSPORT & LOGISTICS

KEX TB

REDUCE

UNCHANGED

TARGET PRICE	THB16.00
CLOSE	THB18.00
UP/DOWNSIDE	-11.1%
PRIOR TP	THB20.00
CHANGE IN TP	-20.0%
TP vs CONSENSUS	-16.4%

The year of loss

- KEX's management have delayed their breakeven target from 4Q22 to 2Q23.
- Expect an improvement in 3Q22E loss of THB573m vs THB732m in 2Q22. This leads us to increase our core loss estimate for 2022.
- Maintain REDUCE call with a new TP of THB16.

Negative view from management

According to KEX's management, they have delayed their quarterly breakeven target from 4Q22 to 2Q23. This is due to the slowdown in the parcel delivery market which is starting to experience slower growth than in the past. We believe this is due to 1) the relaxation of the Covid situation, prompting consumers to resume offline shopping; and 2) the reduction of promotions from big e-commerce platforms such as Lazada and Shopee. Moreover, KEX's operational costs are continuing to decline at a slow pace. Lastly, there was no sign that its key competitor would exit the parcel delivery market in the previous month, meaning that competition could remain intact in 2023.

Slight improvement on its loss during 3Q22

We expect KEX's performance to remain in the red in 3Q22 but improve to a THB573m loss vs the THB732m loss in 2Q22. We estimate that the company's revenue should dip to THB4.1b (-4% q-q, -22% y-y) as the parcel volume should fall slightly, while we expect no change in its revenue per parcel. Its operational costs will likely be the key improving factor to help its loss in 3Q22. The company has minimised its staff costs by increasing productivity per head, balancing outsource operations, and reducing Covid preparation expenses.

Expect a bigger loss in 2022

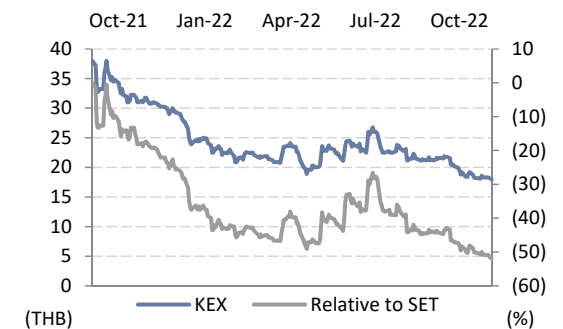
With the expectation that 1) the breakeven point could be delayed to the middle of next year; 2) there is slower growth in the parcel delivery market; 3) its operational costs will continue to decrease at a slow rate; and 4) competition will remain intact, we increase our 2022 loss assumption by 33% to a THB2.2b loss, and decrease our net profit forecast for 2023 by 51% to THB275m from THB556m.

Maintain REDUCE with a new TP of THB16

In our view, there is currently no reason to re-invest in KEX, despite its share price dropping by over 40% this year. The breakeven target delay by management has increased the uncertainty in the future. Therefore, we maintain our REDUCE call on KEX with a new DCF-TP of THB16. The key investment trigger for KEX would be greater visibility on 1) the competition; and 2) earnings improvement.

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	18,818	17,551	18,534	20,202
Net profit	47	(2,165)	275	735
EPS (THB)	0.03	(1.24)	0.16	0.42
vs Consensus (%)	-	nm	247.8	33.8
EBITDA	2,456	(661)	2,130	2,460
Core net profit	47	(2,165)	275	735
Core EPS (THB)	0.03	(1.24)	0.16	0.42
Chg. In EPS est. (%)	-	nm	(50.5)	(11.8)
EPS growth (%)	(96.7)	nm	nm	167.0
Core P/E (x)	667.5	(14.5)	114.0	42.7
Dividend yield (%)	4.1	-	0.3	0.9
EV/EBITDA (x)	10.6	(42.2)	13.0	11.0
Price/book (x)	3.4	4.4	4.3	4.0
Net debt/Equity (%)	(56.6)	(48.4)	(49.7)	(56.2)
ROE (%)	0.5	(26.3)	3.8	9.7



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(9.1)	(20.0)	(53.2)
Relative to country (%)	(8.6)	(21.3)	(52.5)
Mkt cap (USD m)	830		
3m avg. daily turnover (USD m)	1.9		
Free float (%)	27		
Major shareholder	KLN Logistics (Thailand) (52%)		
12m high/low (THB)	38.50/18.00		
Issued shares (m)	1,742.58		

Sources: Bloomberg consensus; FSSIA estimates


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Investment thesis

Kerry Express is the second biggest parcel delivery company in Thailand with over 30% of the market share.

According to Frost & Sullivan, a research & consulting firm, e-commerce in Thailand is projected to grow at a 26.7% CAGR from 2019-24. Growth in e-commerce would boost the demand for parcel delivery services, directly benefitting KEX.

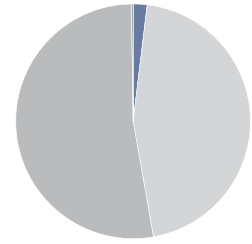
Company profile

Provides a one-stop express delivery service to a comprehensive range of customers in Thailand. The main parcels that are delivered include goods that are ordered via e-commerce and online merchants, parcels that are delivered between C2C including documents from companies, with cash-on-delivery also provided.

<https://th.kerryexpress.com/th/home>

Principal activities (revenue, 2021)

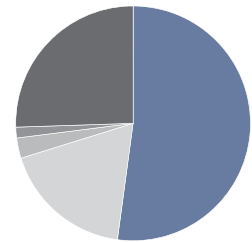
- B2B - 1.9 %
- B2C - 45.3 %
- C2C - 52.6 %
- Advertising - 0.2 %



Source: Kerry Express (Thailand)

Major shareholders

- KLN Logistics (Thailand) - 52.1 %
- VGI - 18.1 %
- Gulf Holding (Thailand) - 2.8 %
- Thai NVDR - 1.5 %
- Others - 25.5 %



Source: Kerry Express (Thailand)

Catalysts

- Aggressive price war strategy could hurt the company's earnings in the short term;
- The Covid situation in Thailand is forcing KEX to incur extra costs in order to maintain its service quality;
- The higher fuel price could be the key pressure on KEX's costs.

Risks to our call

The key upside risks to our DCF-based TP are 1) if the competition is lower than our expectation; and 2) if the Covid-19 situation is under control

Event calendar

Date	Event
Nov-22	3Q22 results announcement

Key assumptions

	2020	2021	2022E	2023E	2024E
Total parcels delivered (m units)	294	382	436	479	522
Revenue per parcel (THB)	64	49	40	39	39
Growth	(%)	(%)	(%)	(%)	(%)
Total parcels delivered	7	30	19	10	9
Revenue per parcel	(10)	(24)	(15)	(5)	(0)

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in total parcels delivered, we project 2023 earnings to rise by 0.5%, and vice versa, all else being equal.
- For every 1% increase in price per parcel, we project 2023 earnings to rise by 1.1%, and vice versa, all else being equal.

Source: FSSIA estimates

Exhibit 1: 3Q22 results preview

	3Q21	2Q22	3Q22E	Change		9M21	9M22E	Change	2022E
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)	(THB m)
Revenue	5,331	4,283	4,133	(4)	(22)	14,118	12,832	(9)	17,551
Operating costs	(4,979)	(4,783)	(4,430)	(7)	(11)	(12,361)	(13,844)	12	(18,780)
Gross profit	352	(500)	(297)	(41)	n/a	1,757	(1,011)	n/a	(1,229)
SG&A expenses	(362)	(459)	(450)	(2)	24	(1,005)	(1,339)	33	(1,538)
EBIT	(10)	(959)	(747)	(22)	n/a	753	(2,350)	n/a	(2,766)
Depn & amort.	573	619	612	(1)	7	1,702	1,876	10	0
EBITDA	563	(340)	(135)	n/a	n/a	2,455	(475)	n/a	(2,766)
EBITDA margin (%)	10.6	(7.9)	(3.3)	nm	nm	17.4	(3.7)	nm	(15.8)
Interest expense	(21)	(18)	(17)	(6)	(20)	(75)	(55)	(27)	(85)
Other income	37	40	41	2	11	112	120	8	140
Pretax profit	6	(937)	(723)	(23)	n/a	789	(2,285)	n/a	(2,711)
Tax	7	199	145	(27)	n/a	(138)	474	n/a	542
Tax rate (%)	110.2	(21.2)	(20.0)	nm	nm	(17.5)	(20.8)	nm	(20)
MI	0	(6)	(5)	0	0	0	(14)	nm	(4)
Net profit	13	(732)	(573)	(22)	n/a	651	(1,797)	n/a	(2,165)
Core net profit	13	(732)	(573)	(22)	n/a	651	(1,797)	n/a	(2,165)
EPS (THB)	0.01	(0.42)	(0.33)	(22)	n/a	0.37	(1.03)	n/a	(1.24)
Core EPS (THB)	0.01	(0.42)	(0.33)	(22)	n/a	0.37	(1.03)	n/a	(1.24)

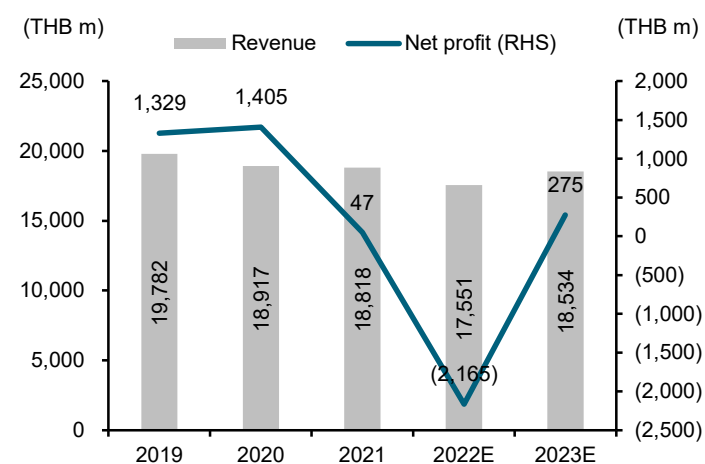
Sources: KEX; FSSIA estimates

Exhibit 2: Key assumption changes

	Current			Previous			Change		
	2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(THB m)
Revenue per parcel (THB)	40	39	39	42	40	40	(4.1)	(3.3)	(3.3)
Total parcels delivered (m units)	436	479	522	455	500	545	(4.2)	(4.1)	(4.1)
Revenue	17,551	18,534	20,202	19,213	19,944	21,387	(8.6)	(7.1)	(5.5)
Gross profit	(1,229)	1,575	2,222	(423)	2,014	2,417	190.4	(21.8)	(8.1)
EBIT	(2,626)	421	992	(1,952)	772	1,115	34.5	(45.5)	(11.0)
Net profit	(2,165)	275	735	(1,626)	556	833	33.1	(50.5)	(11.8)
Margin	(%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)
Gross profit margin	(7.0)	8.5	11.0	(2.2)	10.1	11.3	(4.8)	(1.6)	145.5
Net profit margin	213.7	26.7	44.6	461.5	38.3	46.1	(247.8)	(11.6)	137.0

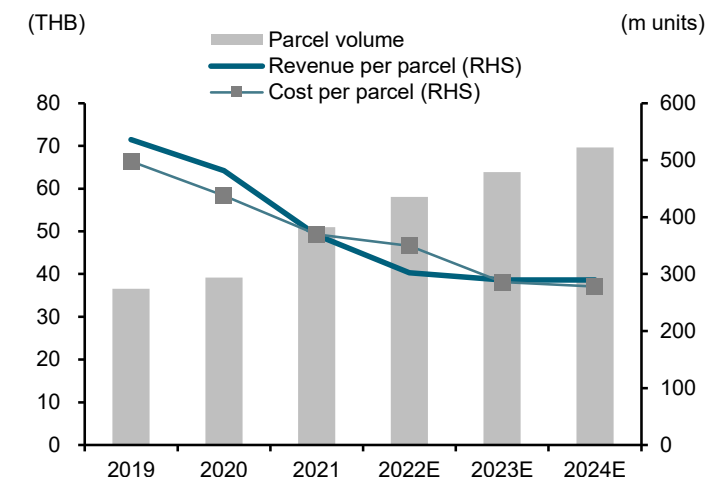
Source: FSSIA estimates

Exhibit 3: KEX's revenue and net profit (loss)



Sources: KEX; FSSIA estimates

Exhibit 4: Parcel volume and revenue vs cost per parcel



Sources: KEX; FSSIA estimates

Exhibit 5: DCF valuation

	2023E	2024E	2025E	2026E	2027E	2028E	2029E
(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
EBITDA	2,130	2,460	2,430	2,431	2,522	2,511	2,511
(less) tax on EBIT	(68)	(183)	(217)	(249)	(294)	(310)	(329)
(less) capex & investments	(820)	(820)	(620)	(620)	(620)	(620)	(620)
decrease in working cap	270	26	14	13	10	6	3
Free Cash Flow	24	50	64	77	87	93	96
WACC (%) (unchanged)	8.4						
Terminal growth (%) (from 2.5)	2.0						
PV of FCF	1,511	1,553	1,368	1,236	1,172	1,060	965
Enterprise value	24,245						
Debt+cash	3,646						
Equity value	27,892						
No. of shares (m)	1,743						
Equity value / share (THB)	16						

Sources: KEX; FSSIA estimates

Financial Statements

Kerry Express (Thailand)

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	18,917	18,818	17,551	18,534	20,202
Cost of goods sold	(13,494)	(15,136)	(16,816)	(15,250)	(16,512)
Gross profit	5,423	3,681	736	3,284	3,691
Other operating income	93	154	140	152	170
Operating costs	(1,314)	(1,380)	(1,538)	(1,307)	(1,400)
Operating EBITDA	4,202	2,456	(661)	2,130	2,460
Depreciation	(2,356)	(2,342)	(1,964)	(1,709)	(1,468)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	1,846	114	(2,626)	421	992
Net financing costs	(112)	(97)	(85)	(81)	(77)
Associates	0	0	0	0	0
Recurring non-operating income	0	0	0	0	0
Non-recurring items	0	0	0	0	0
Profit before tax	1,734	17	(2,711)	340	915
Tax	(329)	28	542	(68)	(183)
Profit after tax	1,405	45	(2,169)	272	732
Minority interests	0	2	4	3	3
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	1,405	47	(2,165)	275	735
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	1,405	47	(2,165)	275	735
Per share (THB)					
Recurring EPS *	0.81	0.03	(1.24)	0.16	0.42
Reported EPS	0.81	0.03	(1.24)	0.16	0.42
DPS	0.22	0.74	0.00	0.05	0.17
Diluted shares (used to calculate per share data)	1,740	1,740	1,743	1,743	1,743
Growth					
Revenue (%)	(4.4)	(0.5)	(6.7)	5.6	9.0
Operating EBITDA (%)	78.5	(41.5)	nm	nm	15.5
Operating EBIT (%)	10.1	(93.8)	nm	nm	135.8
Recurring EPS (%)	(12.5)	(96.7)	nm	nm	167.0
Reported EPS (%)	(12.5)	(96.7)	nm	nm	167.0
Operating performance					
Gross margin inc. depreciation (%)	16.2	7.1	(7.0)	8.5	11.0
Gross margin of key business (%)	16.2	7.1	(7.0)	8.5	11.0
Operating EBITDA margin (%)	22.2	13.1	(3.8)	11.5	12.2
Operating EBIT margin (%)	9.8	0.6	(15.0)	2.3	4.9
Net margin (%)	7.4	0.2	(12.3)	1.5	3.6
Effective tax rate (%)	19.0	(162.6)	20.0	20.0	20.0
Dividend payout on recurring profit (%)	27.2	2,755.5	-	30.0	40.0
Interest cover (X)	16.5	1.2	(30.9)	5.2	12.9
Inventory days	2.9	3.1	3.2	2.5	2.2
Debtor days	30.8	29.9	31.8	28.9	28.4
Creditor days	42.6	40.1	41.1	40.4	36.2
Operating ROIC (%)	174.3	(14.7)	187.5	(37.6)	(109.6)
ROIC (%)	37.1	1.5	(34.1)	5.9	15.1
ROE (%)	21.5	0.5	(26.3)	3.8	9.7
ROA (%)	11.8	0.7	(13.5)	2.5	5.9
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
B2B	352	361	336	355	387
B2C	8,528	8,524	7,950	8,395	9,151
C2C	10,011	9,892	9,226	9,743	10,619
Advertising	26	42	39	42	45

Sources: Kerry Express (Thailand); FSSIA estimates

Financial Statements

Kerry Express (Thailand)

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	1,405	47	(2,165)	275	735
Depreciation	2,356	2,342	1,964	1,709	1,468
Associates & minorities	-	-	-	-	-
Other non-cash items	32	(187)	(4)	(3)	(3)
Change in working capital	(336)	120	108	(283)	(15)
Cash flow from operations	3,457	2,322	(96)	1,698	2,186
Capex - maintenance	(147)	(195)	(368)	(328)	(248)
Capex - new investment	(220)	(293)	(552)	(492)	(372)
Net acquisitions & disposals	7	3	0	0	0
Other investments (net)	(15)	(6,092)	797	0	0
Cash flow from investing	(375)	(6,577)	(123)	(820)	(620)
Dividends paid	(1,646)	(1,676)	0	(83)	(294)
Equity finance	8,861	72	0	0	0
Debt finance	0	(800)	1	1	1
Other financing cash flows	(1,509)	(1,750)	(795)	(612)	(546)
Cash flow from financing	5,706	(4,153)	(794)	(694)	(839)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	3,984	0	0	0
Net other adjustments	0	3,984	(797)	0	0
Movement in cash	8,787	(4,424)	(1,810)	184	726
Free cash flow to firm (FCFF)	3,193.20	(4,157.61)	(134.45)	959.14	1,642.32
Free cash flow to equity (FCFE)	1,572.30	(2,821.00)	(1,810.43)	267.02	1,020.25

Per share (THB)

FCFF per share	1.83	(2.39)	(0.08)	0.55	0.94
FCFE per share	0.90	(1.62)	(1.04)	0.15	0.59
Recurring cash flow per share	2.18	1.27	(0.12)	1.14	1.26

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	3,996	4,733	5,233	5,633	5,933
Less: Accumulated depreciation	(1,737)	(2,489)	(3,196)	(3,843)	(4,422)
Tangible fixed assets (net)	2,259	2,244	2,037	1,791	1,512
Intangible fixed assets (net)	5,520	5,091	4,254	3,612	3,042
Long-term financial assets	0	2,022	2,022	2,022	2,022
Invest. in associates & subsidiaries	0	0	0	0	0
Cash & equivalents	9,697	5,272	3,462	3,646	4,373
A/C receivable	1,467	1,613	1,444	1,495	1,651
Inventories	80	176	117	95	104
Other current assets	35	64	68	71	74
Current assets	11,278	7,125	5,091	5,308	6,202
Other assets	262	562	590	620	651
Total assets	19,318	17,046	13,995	13,352	13,430
Common equity	10,847	9,317	7,148	7,338	7,776
Minorities etc.	0	0	0	0	0
Total shareholders' equity	10,847	9,317	7,148	7,338	7,776
Long term debt	0	0	0	0	0
Other long-term liabilities	3,773	2,451	2,120	1,834	1,593
Long-term liabilities	3,773	2,451	2,120	1,834	1,593
A/C payable	1,962	2,701	2,552	2,334	2,496
Short term debt	800	0	0	0	0
Other current liabilities	1,936	2,577	2,174	1,846	1,565
Current liabilities	4,698	5,278	4,726	4,180	4,061
Total liabilities and shareholders' equity	19,318	17,046	13,995	13,352	13,430
Net working capital	(2,317)	(3,425)	(3,097)	(2,519)	(2,231)
Invested capital	5,723	6,495	5,807	5,526	4,996

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

Per share (THB)

Book value per share	6.23	5.35	4.10	4.21	4.46
Tangible book value per share	3.06	2.43	1.66	2.14	2.72

Financial strength

Net debt/equity (%)	(82.0)	(56.6)	(48.4)	(49.7)	(56.2)
Net debt/total assets (%)	(46.1)	(30.9)	(24.7)	(27.3)	(32.6)
Current ratio (x)	2.4	1.4	1.1	1.3	1.5
CF interest cover (x)	17.0	(25.1)	(13.8)	10.4	19.1

Valuation	2020	2021	2022E	2023E	2024E
Recurring P/E (x) *	22.3	667.5	(14.5)	114.0	42.7
Recurring P/E @ target price (x) *	19.8	593.4	(12.9)	101.3	37.9
Reported P/E (x)	22.3	667.5	(14.5)	114.0	42.7
Dividend yield (%)	1.2	4.1	-	0.3	0.9
Price/book (x)	2.9	3.4	4.4	4.3	4.0
Price/tangible book (x)	5.9	7.4	10.8	8.4	6.6
EV/EBITDA (x) **	5.3	10.6	(42.2)	13.0	11.0
EV/EBITDA @ target price (x) **	4.5	9.2	(36.9)	11.4	9.6
EV/invested capital (x)	3.9	4.0	4.8	5.0	5.4

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

Sources: Kerry Express (Thailand); 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	SEAFCO	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	MITSIB	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	WIJK
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	WIIK
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

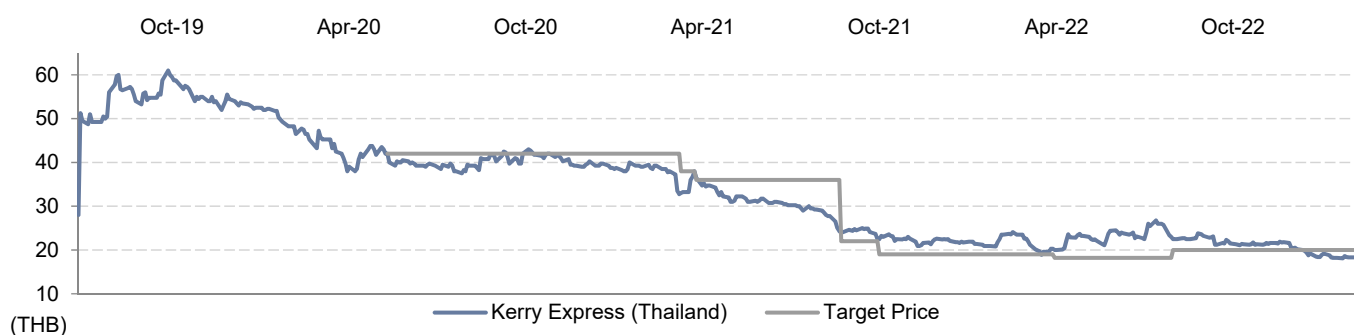
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History of change in investment rating and/or target price

Kerry Express (Thailand) (KEX TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
02-Jun-2021	HOLD	42.00	26-Jan-2022	REDUCE	22.00	19-Jul-2022	REDUCE	20.00
03-Nov-2021	BUY	38.00	15-Feb-2022	REDUCE	19.00			
11-Nov-2021	HOLD	36.00	18-May-2022	REDUCE	18.20			

Naruedom Mujjalinkool started covering this stock from 02-Jun-2021

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Kerry Express (Thailand)	KEX TB	THB 18.00	REDUCE	The key upside risks to our DCF-based TP are 1) if the competition is lower than our expectation; and 2) if the Covid-19 situation is under control

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

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All share prices are as at market close on 27-Oct-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.