

# COM7

# COM7 TB

THAILAND / COMMERCE

# BUY

## Aiming for 35% market share

- We forecast a 4Q22 core profit of THB826m (+14% q-q, -9.0% y-y). In our view, growth q-q should reflect the high season and the y-y drop mainly due to delayed iPhone14 pro series shipments.
- We see several solid key drivers for 2023: branch expansions, strong iPhone 14 demand, and the private consumption recovery.
- Initiate with a BUY call and TP of THB40, based on 27.8x 2023E P/E.

TARGET PRICE	THB40.00
CLOSE	THB30.50
UP/DOWNSIDE	+31.1%
TP vs CONSENSUS	+1.4%

### The largest IT chain store in Thailand

COM7, a leader in the IT retail business, sells desktop and portable computers, mobile phones, tablets, and various other lifestyle devices. At the end of 3Q22, COM7 had 1,113 branches operating under the core brand of BaNANA, Studio7. COM7 generates 92% of its revenue from retail and 8% from other distribution channels.

### Expect 4Q22 core profit to rise q-q but drop y-y

We forecast a 4Q22 core profit of THB826m, up 14% q-q due to the consumer electronics high season but down 9% y-y for four reasons: 1) Thailand's status as one of Apple's first-tier countries, which meant the iPhone 14 was available for sale in 3Q22; 2) higher OPEX after COM7's 4Q21 exemption from branch space rents expired leading to an SG&A to sales increase of 7.1% in 4Q22 (4Q21 was 6.5%); 3) delays in iPhone14 pro series shipments due mainly to Foxconn's lockdowns; and 4) the decrease in shared profit from NCAP following the interest rate cap on motorcycle hire-purchase at 23% (NCAP formerly charged c30%-35%).

### Target: 35% market share in three years

We believe COM7 could achieve their 35% market share goal in three years for three reasons 1) the opportunity for increased 5G adoption (5G users are currently just 12% vs 4G users at 88%); 2) expansion of distribution channels by about 150 stores per year, (so far, we have seen no cannibalisation in same store sales growth); and 3) sales supported by device insurance and financial services. These factors lead us to estimate net profit growth for 2023-24 at 15.9% y-y and 20.6% y-y.

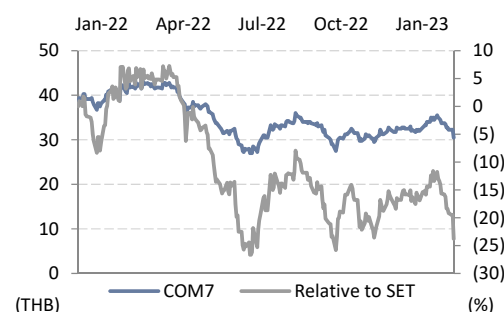
### Recommend BUY with a TP of THB40

Our BUY recommendation is based on our favorable view of COM7's strategic plan to boost its market share to 35% in the next three years. Our 2023 target price of THB40 is based on a P/E multiple of 27.8x on our EPS estimate of THB1.44. COM7 currently trades at 21.2x 2023 forward P/E – a discount from its five-year average PER of 31.4x. The short-term catalysts we see are 1) the government's "Shop Dee Mee Kuen" stimulus package that offers tax deductions; and 2) the Stock Exchange of Thailand (SET)'s announcement of COM7's addition to the SET50 & SET100 index which could draw flows from index funds.

### KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	51,126	62,808	76,419	91,186
Net profit	2,630	2,960	3,430	4,137
EPS (THB)	2.19	1.24	1.44	1.73
vs Consensus (%)	-	(1.0)	(2.0)	0.4
EBITDA	3,900	4,399	5,083	6,059
Core net profit	2,630	2,960	3,430	4,137
Core EPS (THB)	2.19	1.24	1.44	1.73
EPS growth (%)	76.5	(43.4)	15.9	20.6

Core P/E (x)	13.9	24.6	21.2	17.6
Dividend yield (%)	-	-	-	-
EV/EBITDA (x)	9.9	17.5	15.2	12.8
Price/book (x)	6.9	12.2	10.4	8.7
Net debt/Equity (%)	36.8	69.2	60.5	53.6
ROE (%)	57.6	52.6	52.9	53.7



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(4.7)	(0.8)	(22.0)
Relative to country (%)	(7.8)	(5.9)	(23.8)
Mkt cap (USD m)	2,214		
3m avg. daily turnover (USD m)	10.5		
Free float (%)	46		
Major shareholder	Sura Khanittaweekul (25%)		
12m high/low (THB)	43.75/26.25		
Issued shares (m)	2,400.00		

Sources: Bloomberg consensus; FSSIA estimates



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## Investment thesis

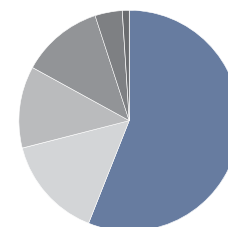
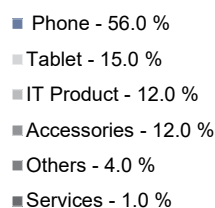
We like COM7 due to its strong business plan to gain 35% market share in three years. Our base earnings forecast for 2022-24 anticipates a 16.3% CAGR. We believe COM7 can accomplish this goal by expanding its distribution channels by focusing both on physical stores and online channels (omnichannel), capturing the 5G growth opportunity (5G users are currently just 12% of total vs 4G users at 88%), and by using device insurance and financial services as sales tools.

## Company profile

COM7 is the largest IT chain store in Thailand in terms of branches. The company distributes IT products such as laptops, desktop computers, mobile phones, tablets, related accessories, and product repair services via its own branches which are retail stores located in leading department stores, shopping malls, and hypermarkets country wide.

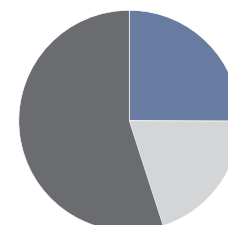
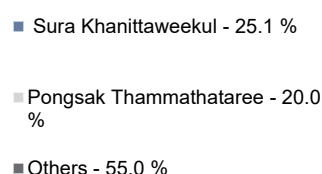
[www.comseven.com](http://www.comseven.com)

## Principal activities (revenue, 2021)



Source: Com7

## Major shareholders



Source: Com7

## Catalysts

Key growth drivers for COM7 shares include 1) changing consumer behavior into digital era; 2) the post-covid recovery in private consumption; and 3) its plan to gain a 35% market share via expansion.

## Risks to our call

Downside risks to our P/E-based TP include 1) lower consumer spending; 2) store cannibalisation; and 3) product shortages..

## Event calendar

Date	Event
February 2023	4Q22 results announcement
May 2023	1Q23 results announcement

## Key assumptions

	2022E	2023E	2024E
SSSG (%)	11.7	24.0	21.0
Total stores (no.)	1,150	1,300	1,450
GPM (%)	13.3	13.4	13.4
SG%A to sales (%)	7.7	7.9	7.8

Source: FSSIA estimates

## Earnings sensitivity

- For every 1% increase in SSSG, we estimate net profit to rise by 0.7%, and vice versa, all else being equal
- For every 0.5% increase in GPM, we estimate net profit to rise by 8.9%, and vice versa, all else being equal
- For every 0.5% increase in SG&A expenses, we estimate net profit to fall by 7.0%, and vice versa, all else being equal

Source: FSSIA estimates

## The largest IT chain store in Thailand

COM7 operates four business models:

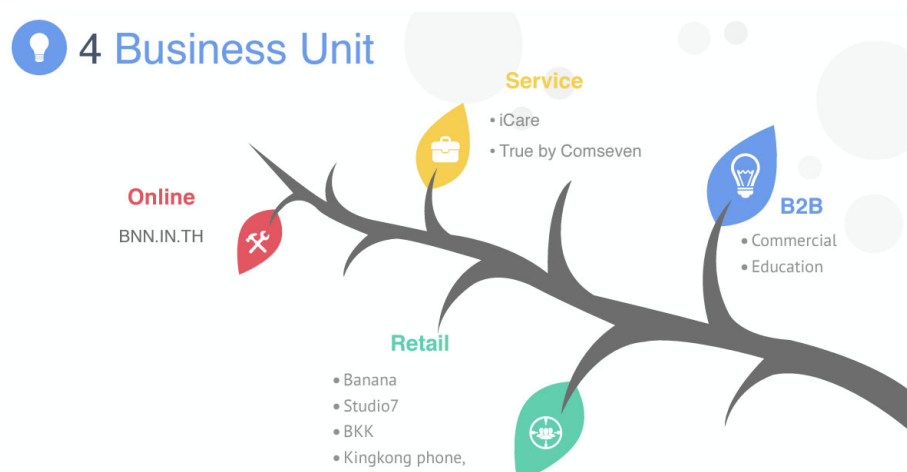
**Retail:** Its retail business has a presence in 75 out of Thailand's 77 provinces operating under the core brand of BaNANA, Studio7. As of 3Q22, it had 1,113 branches.

**Online retail:** Its online channel supports the storefront's main business to provide customers with a more comfortable shopping experience, which means selling products online via its websites (bnn.in.th and studio7thailand.com) helps strengthen the company's retail business.

**Business-to-Business (B2B):** Sales to corporate customers, including educational institutions.

**Services:** After-sales service can be divided into two aspects: repair and service centers for Apple products in Thailand under "iCare", and TRUE shops under "TRUE by Com7".

### Exhibit 1: Business units



Source: COM7

## Target: 35% market share in three years

COM7's plan to boost its market share to 35% in three years is based on three main strategies, which are as follows:

- 1) **5G opportunity:** Current 5G users in Thailand account for just 12% of the total compared to 88% who are still using 4G. We see growth potential in the number of 5G users because:
  - a) 5G devices are becoming more affordable;
  - b) 5G adoption growth could come from providers offering affordable 5G packages and device bundling;
  - c) According to Ericsson ConsumerLab surveys, 47% of Thai users intend to sign up for 5G subscriptions in 2023.

### Exhibit 2: 5G Subscriptions

	5G*	Total*	Portion	Growth
	(m)	(m)	(%)	(%)
2021	4.2	76.4	5.5	
9M22	10.0	83.8	11.9	138.1

\*Excluded DTAC

Sources: MD&A ADVANC; TRUE

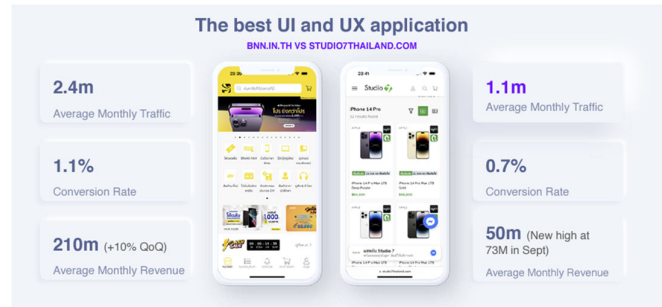
- 2) **Expanded distribution channels:** Using its omnichannel strategy, we believe COM7 could launch c150 branches per year (in 9M22 it launched 113 branches) and could boost online sales through bnn.in.th and studio7thailand.com. Moreover, COM7 has expanded its product mix to improve its gross margin.

Exhibit 3: Branch expansion



Source: COM7

Exhibit 4: Online platforms 3Q22



Source: COM7

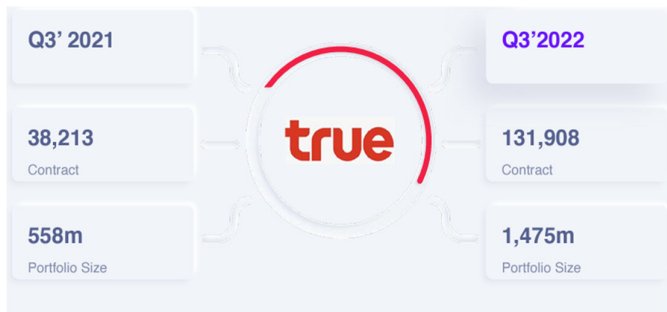
- 3) **Sales tools:** Device insurance is offered through iCare insurance (renamed from Phutthatham Insurance) and financial services through UFund and True. Both UFund and True have seen continuous growth, both in terms of contract volume and portfolio size, with strong hire purchase loan quality. We believe these sales tools could draw customers and boost the company's product sales volume.

Exhibit 5: UFund



Source: COM7

Exhibit 6: True



Source: COM7

## 4Q22 results preview

We forecast a 4Q22 net profit of THB826m (+14% q-q, -9% y-y), with growth q-q due to the high season for IT products and the launch of the new iPhone14. We expect a drop y-y for four reasons: 1) Thailand's first-tier status with Apple, which saw some sales shifted to 3Q22; 2) the increased OPEX from rental fees following the expiration of COM7's 4Q21 exemption during the Covid-19 outbreak; 3) iPhone 14 pro series shipment delays; and 4) the decline in profit-sharing from NCAP's motorcycle hire-purchase business. If earnings in 4Q22 are in line with our expectations, net profit in 2022 should be THB2,959m (+12% y-y).

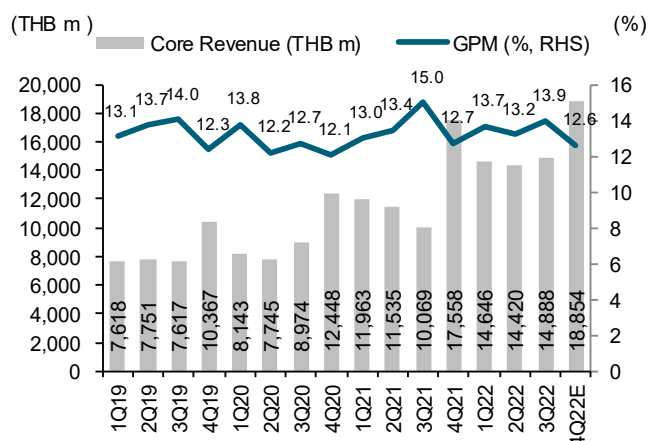
We expect COM7's revenue growth in 2023-24 to be driven by a significant rise in the 5G consumer adoption rate, its branch expansion target (c150 branches per year), and higher sales from device insurance and financial services. We think these last two factors could increase its sales volumes of iPhones, smartphones, tablets and IoT devices and push net profit growth for 2023-24 higher by 15.9% y-y and 20.6% y-y, respectively.

### Exhibit 7: 4Q22 results preview

	4Q21	1Q22	2Q22	3Q22	4Q22E	----- Change -----		2021	2022E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Revenue	17,558	14,646	14,420	14,888	18,854	27	7	51,126	62,808	23
COGS	(15,326)	(12,644)	(12,517)	(12,813)	(16,475)	29	7	(44,281)	(54,448)	23
Gross profit	2,232	2,002	1,904	2,075	2,379	15	7	6,846	8,360	22
Operating costs	(1,149)	(1,045)	(1,153)	(1,289)	(1,348)	5	17	(3,761)	(4,836)	29
Operating profit	1,083	957	750	786	1,031	31	(5)	3,084	3,524	14
Other income	15	17	23	163	25	(85)	62	28	227	706
Interest expense	(13)	(18)	(24)	(25)	(23)	(10)	75	(48)	(90)	87
Profit before tax	1,093	953	750	928	1,033	11	(6)	3,087	3,662	19
Tax	(216)	(190)	(132)	(198)	(219)	10	1	(555)	(740)	33
Associates	28	20	2	3	12	280	(57)	97	37	(62)
Reported net profit	907	783	620	725	826	14	(9)	2,630	2,959	12
Recurring net profit	907	783	620	726	826	14	(9)	2,630	2,960	13
EPS (THB)	0.76	0.65	0.26	0.30	0.35	14	(54)	2.19	1.24	(43)
Recurring EPS (THB)	0.76	0.65	0.26	0.30	0.35	14	(54)	2.19	1.24	(43)
Shares (end Q, m)	1,200	1,200	2,385	2,385	2,385	0	1,185	1,200	2,385	1,185
<b>Key Ratios (%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>
Gross margin	12.7	13.7	13.2	13.9	12.6	(1.3)	(0.1)	13.4	13.3	(0.1)
Operating margin	6.3	6.6	5.4	6.4	5.6	(0.8)	(0.7)	6.0	5.6	(0.4)
Recurring net margin	5.2	5.3	4.3	4.9	4.4	(0.5)	(0.8)	5.1	4.7	(0.4)
SG&A / Sales	6.5	7.1	8.0	8.7	7.1	(1.5)	0.6	7.4	7.7	0.3

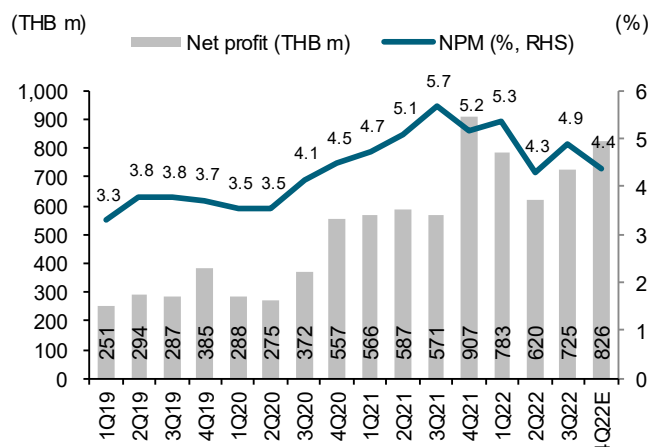
Sources: COM7, FSSIA estimates

Exhibit 8: Revenue by quarter



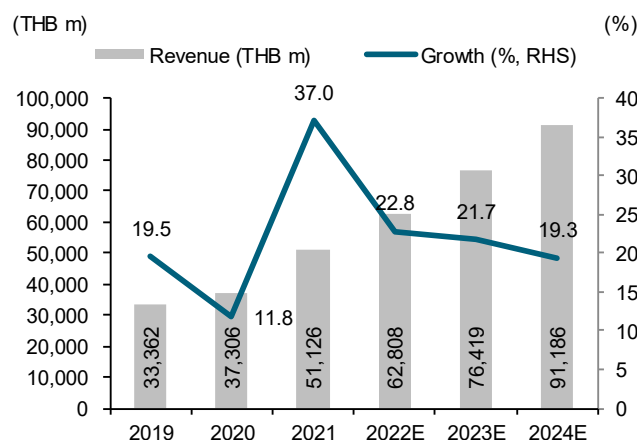
Sources: COM7; FSSIA estimates

Exhibit 9: Net profit by quarter



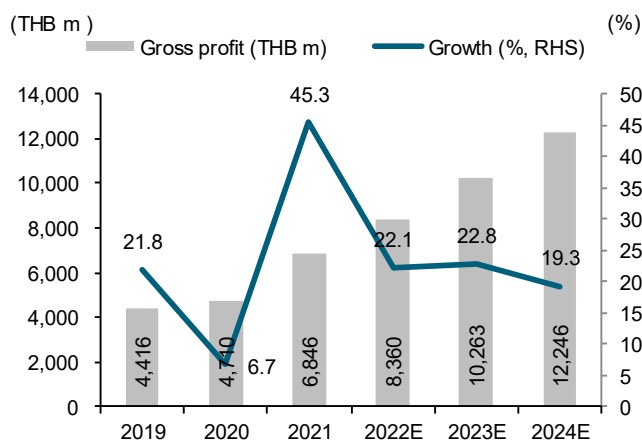
Sources: COM7; FSSIA estimates

Exhibit 10: Yearly revenue



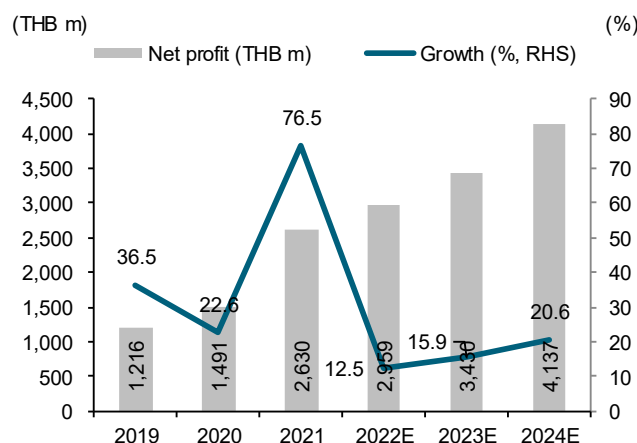
Sources: COM7; FSSIA estimates

Exhibit 11: Yearly gross profit



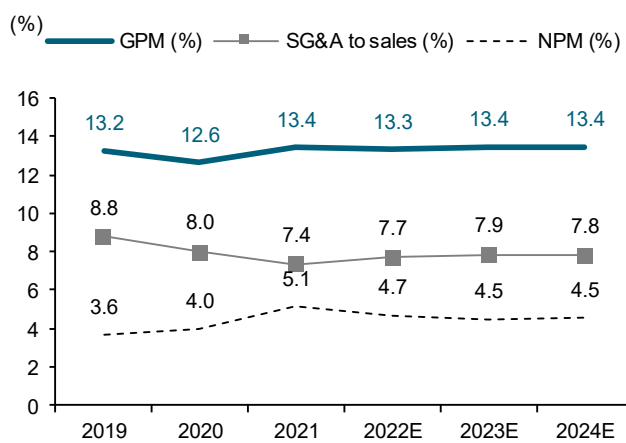
Sources: COM7; FSSIA estimates

Exhibit 12: Yearly net profit



Sources: COM7; FSSIA estimates

Exhibit 13: Profitability ratio



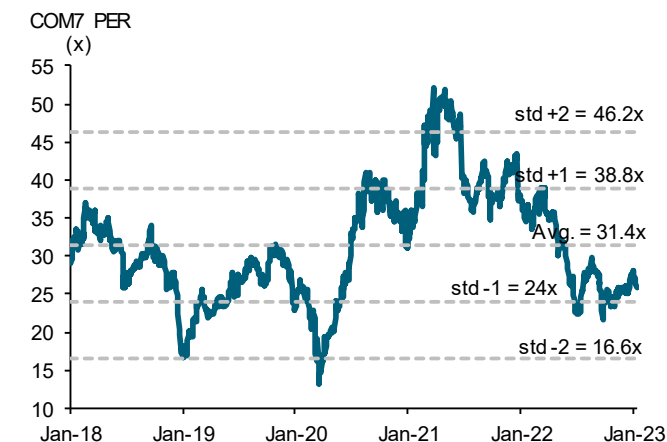
Sources: COM7; FSSIA estimates

## Valuation

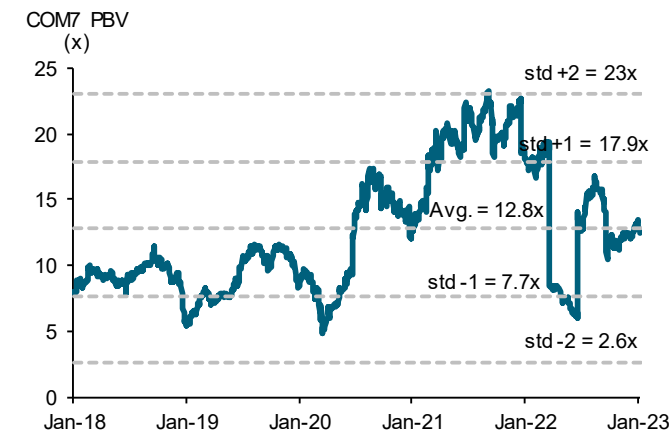
Our 2023 price target of THB40 is based on its five-year average P/E of 27.8x (– 0.5SD). We adjust our P/E multiple because our projected growth rate is less aggressive than the past five-year average (2022-24 net profit +16.3% CAGR vs 2017-21 net profit +45.7% CAGR). COM7 currently trades at 21.2x PER 2023, discounted from its average five-year PER at 31.4x.

We see short-term catalysts in 1) the government's "Shop Dee Mee Kuen" stimulus package that offers tax deductions of up to THB40,000 for the purchase of goods and services from 1 Jan-23 to 15 Feb-23; and 2) the SET's inclusion of COM7 in the SET50 & SET100 index could draw flows from index funds.

**Exhibit 14: Historical P/E band**



**Exhibit 15: Historical P/BV band**





## Corporate Governance – COM7

### Board structure

Number of Independent Directors (ID)	3 of 7 board members, one female
Percentage of IDs on the board	42.9%
ID participation/attendance at board meetings	100%
ID participation in audit/remuneration committees	3/3 in audit committee and 1/3 in remuneration committee
ID terms (years of service, re-election/replacement procedures)	Three years and can be re-appointed with consent from shareholders' meeting

Note: Chairman of the board is an independent director.

Source: 2021 Annual report

### Audit Practices

<b>Auditor</b>	<b>PricewaterhouseCoopers ABAS Ltd.</b>
Length of service	More than five years
Reporting incidents	None
Fee track record	THB5.75m in 2021, and THB5.98m in 2020
Policy on change of audit firm	To be reviewed every five years

Source: 2021 Annual report

### Compensation and remuneration

Directors' remuneration vs earnings/ROE/share performance	In 2021, THB 4.74m vs net profit of THB2,630m In 2020, THB 5.17m vs net profit of THB 1,490m
Changes/stability in senior management	None
Incidents of termination of senior management	None
Track record on insider sales	None

Source: 2021 Annual report

### Shareholders' rights

Communication - shareholder participation in AGMs/EGMs	AGM once annually, EGM when appropriate and in accordance with SEC guidelines
Related party transactions	In accordance with SEC guidelines
Voting issues - policies, incidents of rejected proposals	None

Source: 2021 Annual report

### ESG and sustainability management

COM7 operates a retail IT business for IT products such as desktop computers, portable computers, mobile phones, tablets, and various lifestyle devices. The founders formed the company in 2004 to distribute IT products in a wholesale manner to merchants nationwide but later found more opportunity in the retail business. Therefore, they increased the number of retail stores at shopping centers and department stores. Currently, the company's branches cover 75 of Thailand's 77 provinces under the brands BaNANA, Studio7, BaNANA Mobile, BaNANA Equip, BaNANA Outlet BKK, KingKong Phone, and Brand Shop. The shops are divided into four types: retail IT products, Apple brand stores, stores that focus on selling mobile equipment, and other brand shops.

As for sustainable management, COM7 is on the [2H22 short list](#) of the THSI Index which comprises sustainable companies as defined by the SET's criteria covering risk management, supply chain management, and innovations, together with environmental, social and governance aspects. COM7 received an "Excellent" level of recognition for overall performance in the Corporate Governance Report of Thai Listed Companies and is a certified company under Thailand's private sector Collective Action Coalition Against Corruption initiative.

Sources: [COM7's 2021 sustainability report](#) and the [SETTHSI Index](#) were created by the SET for investors seeking alternative investments in high-performance ESG stocks. The SETTHSI Index is a market capitalisation weighted index, which caps constituent weight at 5%. It reflects the prices of sustainable companies which have given due consideration for Environment, Social and Governance (ESG)-related concerns and pass the market capital size and liquidity criteria.



## Financial Statements

Com7

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	37,306	51,126	62,808	76,419	91,186
Cost of goods sold	(31,966)	(43,493)	(53,801)	(65,414)	(78,106)
<b>Gross profit</b>	<b>5,340</b>	<b>7,633</b>	<b>9,007</b>	<b>11,005</b>	<b>13,080</b>
Other operating income	47	28	227	76	91
Operating costs	(2,986)	(3,761)	(4,836)	(5,999)	(7,113)
<b>Operating EBITDA</b>	<b>2,401</b>	<b>3,900</b>	<b>4,399</b>	<b>5,083</b>	<b>6,059</b>
Depreciation	(630)	(787)	(648)	(742)	(834)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>1,771</b>	<b>3,113</b>	<b>3,751</b>	<b>4,341</b>	<b>5,225</b>
Net financing costs	(49)	(26)	(90)	(101)	(107)
Associates	101	97	37	39	43
Recurring non-operating income	101	97	39	39	43
Non-recurring items	0	0	0	0	0
<b>Profit before tax</b>	<b>1,823</b>	<b>3,183</b>	<b>3,700</b>	<b>4,278</b>	<b>5,160</b>
Tax	(328)	(555)	(740)	(848)	(1,024)
<b>Profit after tax</b>	<b>1,495</b>	<b>2,629</b>	<b>2,960</b>	<b>3,430</b>	<b>4,137</b>
Minority interests	(4)	2	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>1,491</b>	<b>2,630</b>	<b>2,960</b>	<b>3,430</b>	<b>4,137</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>1,491</b>	<b>2,630</b>	<b>2,960</b>	<b>3,430</b>	<b>4,137</b>
<b>Per share (THB)</b>					
Recurring EPS *	1.24	2.19	1.24	1.44	1.73
Reported EPS	1.24	2.19	1.24	1.44	1.73
DPS	0.00	0.00	0.00	0.00	0.00
Diluted shares (used to calculate per share data)	1,200	1,200	2,385	2,385	2,385
<b>Growth</b>					
Revenue (%)	11.8	37.0	22.8	21.7	19.3
Operating EBITDA (%)	39.7	62.4	12.8	15.5	19.2
Operating EBIT (%)	16.6	75.8	20.5	15.7	20.4
Recurring EPS (%)	22.6	76.5	(43.4)	15.9	20.6
Reported EPS (%)	22.6	76.5	(43.4)	15.9	20.6
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	12.6	13.4	13.3	13.4	13.4
Gross margin of key business (%)	-	-	-	-	-
Operating EBITDA margin (%)	6.4	7.6	7.0	6.7	6.6
Operating EBIT margin (%)	4.7	6.1	6.0	5.7	5.7
Net margin (%)	4.0	5.1	4.7	4.5	4.5
Effective tax rate (%)	18.0	17.4	20.0	19.8	19.8
Dividend payout on recurring profit (%)	-	-	-	-	-
Interest cover (X)	38.3	123.6	42.2	43.2	49.1
Inventory days	48.4	41.4	46.4	46.1	46.4
Debtor days	8.8	12.7	15.4	12.7	11.9
Creditor days	33.2	31.8	33.1	28.8	29.0
Operating ROIC (%)	43.0	51.3	42.0	40.5	43.0
ROIC (%)	31.3	37.9	30.4	28.8	30.7
ROE (%)	41.3	57.6	52.6	52.9	53.7
ROA (%)	16.7	21.0	18.2	18.7	19.6
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Phone	19,026	28,631	35,172	42,795	51,064
Tablet	5,969	7,669	9,421	11,463	13,678
IT Product	5,223	6,135	7,537	9,170	10,942
Accessories	4,477	6,135	7,537	9,170	10,942

Sources: Com7; FSSIA estimates

## Financial Statements

Com7

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	1,491	2,630	2,960	3,430	4,137
Depreciation	630	787	648	742	834
Associates & minorities	(101)	(97)	(37)	(39)	(43)
Other non-cash items	154	144	125	140	150
Change in working capital	400	(2,271)	(1,698)	(864)	(1,320)
<b>Cash flow from operations</b>	<b>2,574</b>	<b>1,195</b>	<b>1,998</b>	<b>3,410</b>	<b>3,758</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(1,786)	(833)	(887)	(759)	(871)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(282)	(924)	(1,039)	(314)	(352)
<b>Cash flow from investing</b>	<b>(2,069)</b>	<b>(1,757)</b>	<b>(1,926)</b>	<b>(1,073)</b>	<b>(1,223)</b>
Dividends paid	(997)	(1,199)	(2,093)	(2,382)	(2,761)
Equity finance	16	(3)	(184)	0	0
Debt finance	337	2,515	975	637	158
Other financing cash flows	(43)	(23)	(51)	(63)	(64)
<b>Cash flow from financing</b>	<b>(688)</b>	<b>1,290</b>	<b>(1,354)</b>	<b>(1,808)</b>	<b>(2,668)</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>(183)</b>	<b>729</b>	<b>(1,282)</b>	<b>529</b>	<b>(133)</b>
Free cash flow to firm (FCFF)	558.34	(513.34)	162.11	2,437.69	2,641.98
Free cash flow to equity (FCFE)	798.47	1,930.95	995.80	2,910.46	2,628.48

### Per share (THB)

FCFF per share	0.23	(0.21)	0.07	1.02	1.10
FCFE per share	0.33	0.80	0.41	1.21	1.10
Recurring cash flow per share	1.81	2.89	1.55	1.79	2.13

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	2,401	4,061	4,875	5,558	6,340
Less: Accumulated depreciation	(630)	(2,259)	(2,885)	(3,599)	(4,400)
<b>Tangible fixed assets (net)</b>	<b>1,771</b>	<b>1,801</b>	<b>1,991</b>	<b>1,958</b>	<b>1,940</b>
<b>Intangible fixed assets (net)</b>	<b>282</b>	<b>297</b>	<b>347</b>	<b>397</b>	<b>453</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	675	774	1,497	1,497	1,497
Cash & equivalents	1,121	1,851	569	1,098	965
A/C receivable	864	2,707	2,581	2,722	3,248
Inventories	3,664	6,208	7,459	9,062	10,814
Other current assets	211	1,120	1,333	1,543	1,779
<b>Current assets</b>	<b>5,861</b>	<b>11,886</b>	<b>11,942</b>	<b>14,425</b>	<b>16,805</b>
Other assets	618	1,207	1,554	1,899	2,286
<b>Total assets</b>	<b>9,207</b>	<b>15,966</b>	<b>17,330</b>	<b>20,176</b>	<b>22,981</b>
Common equity	3,852	5,285	5,966	7,014	8,390
Minorities etc.	19	16	16	16	16
<b>Total shareholders' equity</b>	<b>3,871</b>	<b>5,301</b>	<b>5,982</b>	<b>7,030</b>	<b>8,406</b>
Long term debt	-	-	-	-	-
Other long-term liabilities	1,073	1,203	1,391	1,540	1,729
<b>Long-term liabilities</b>	<b>1,073</b>	<b>1,203</b>	<b>1,391</b>	<b>1,540</b>	<b>1,729</b>
A/C payable	2,464	5,106	4,654	5,655	6,748
Short term debt	1,283	3,801	4,711	5,349	5,471
Other current liabilities	516	556	593	601	627
<b>Current liabilities</b>	<b>4,263</b>	<b>9,462</b>	<b>9,958</b>	<b>11,605</b>	<b>12,846</b>
<b>Total liabilities and shareholders' equity</b>	<b>9,207</b>	<b>15,966</b>	<b>17,330</b>	<b>20,176</b>	<b>22,981</b>
Net working capital	1,758	4,374	6,125	7,071	8,466
Invested capital	5,105	8,454	11,514	12,822	14,641

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

### Per share (THB)

Book value per share	3.21	4.40	2.50	2.94	3.52
Tangible book value per share	2.98	4.16	2.36	2.77	3.33

### Financial strength

Net debt/equity (%)	4.2	36.8	69.2	60.5	53.6
Net debt/total assets (%)	1.8	12.2	23.9	21.1	19.6
Current ratio (x)	1.4	1.3	1.2	1.2	1.3
CF interest cover (x)	53.9	107.4	22.0	37.2	33.6

Valuation	2020	2021	2022E	2023E	2024E
<b>Recurring P/E (x) *</b>	<b>24.6</b>	<b>13.9</b>	<b>24.6</b>	<b>21.2</b>	<b>17.6</b>
<b>Recurring P/E @ target price (x) *</b>	<b>32.2</b>	<b>18.2</b>	<b>32.2</b>	<b>27.8</b>	<b>23.1</b>
Reported P/E (x)	24.6	13.9	24.6	21.2	17.6
Dividend yield (%)	-	-	-	-	-
Price/book (x)	9.5	6.9	12.2	10.4	8.7
Price/tangible book (x)	10.3	7.3	12.9	11.0	9.2
EV/EBITDA (x) **	15.3	9.9	17.5	15.2	12.8
EV/EBITDA @ target price (x) **	20.1	12.8	22.6	19.6	16.5
EV/invested capital (x)	7.2	4.6	6.7	6.0	5.3

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

Sources: Com7; 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	KTG	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	PSH	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	SEAOL	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	PPPM	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	TIPL	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
AMANA	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	SEAOL	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)

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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

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### ANALYST(S) CERTIFICATION

Jitra Amornthum 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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Company	Ticker	Price	Rating	Valuation & Risks
Com7	COM7 TB	THB 30.50	BUY	Downside risks to our P/E-based TP include 1) lower consumer spending; 2) store cannibalisation; and 3) product shortages.

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 25-Jan-2023 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

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

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

\* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

### Industry Recommendations

**Overweight.** The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

**Neutral.** The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

**Underweight.** The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

### Country (Strategy) Recommendations

**Overweight (O).** Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Neutral (N).** Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Underweight (U).** Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.