

3Q23 results at first glance

TARGET PRICE	THB38.70
CLOSE	THB26.00
UP/DOWNSIDE	+48.8%
TP vs CONSENSUS	+2.0%

กำไรสุทธิ 3Q23 ต่ำกว่าที่เราและตลาดคาด

Highlights

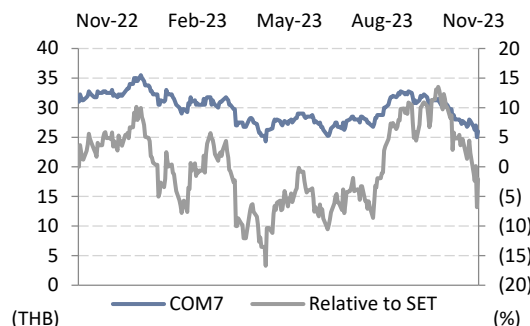
- COM7 รายงานกำไรสุทธิ 611 ลบ. (-13% q-q, -16% y-y) จากยอดขายที่โตเพียง 10% น้อยกว่าเป้าหมายของบริษัทที่ตั้งไว้ที่ 20% และ Gross margin ลดลงจากที่มี การตั้งสำรองสินค้าล้ำสมัยของ iPhone 14 (เครื่อง Demo)
- COM7 มีรายได้จากการขายและให้บริการเท่ากับ 16.3 พันลบ. (+2% q-q, +10% y-y) จากยอดขายที่โตเพียง 10% น้อยกว่าเป้าหมายของบริษัทที่ตั้งไว้ที่ 20% จากรายได้สาขาที่ปิดปรับปรุงมีรายได้เข้ามาไม่เต็มไตรมาส และรายได้จาก ADEPT ประกอบธุรกิจค้าส่งได้ยกเลิกการขายสินค้าแบรนด์ Realme ซึ่งมีรายได้ 455 ลบ.
- อัตรากำไรขั้นต้นในงวด 3Q23 ที่ 13.4% ลดลง 60 bps y-y จาก Product mix ในสินค้าที่มี margin ต่ำมากกว่าสินค้าที่มี margin สูง รวมถึงการตั้งสำรองสินค้าล้ำสมัยของ iPhone 14 ในเครื่อง Demo (iPhone13 ตั้งใน 4Q22) ขณะที่ SG&A expenses ปรับสูงขึ้น 12% y-y ตามสาขาที่เพิ่มขึ้นซึ่งส่วนใหญ่เป็นร้าน BeBePhone รวมทั้งค่าใช้จ่ายดอกเบี้ยที่ปรับเพิ่มขึ้นทั้ง q-q, y-y เนื่องจากเงินกู้ทั้งหมดของบริษัทเป็นเงินกู้ยืมระยะสั้น จึงกระทบต่อการปรับขึ้นอัตราดอกเบี้ยนโยบาย

Outlook

- กำไรสุทธิ 9M23 เท่ากับ 2,189 ลบ. (+3% y-y) คิดเป็น 64% ของประมาณการกำไรของเราทั้งปี ทั้งนี้รายได้ 9M23 เติบโตเพียง 13% ซึ่งเราคาดว่ารายได้ทั้งปีของบริษัทจะไม่ถึง Target growth ที่ 20% ทำให้ประมาณการของเรามี downside โดยเราอยู่ระหว่างทบทวนประมาณการ

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	62,733	76,419	87,689	100,630
Net profit	3,038	3,430	4,010	4,678
EPS (THB)	1.27	1.44	1.68	1.96
vs Consensus (%)	-	(0.1)	(0.2)	1.8
EBITDA	4,687	5,031	5,918	6,917
Recurring net profit	3,038	3,430	4,010	4,678
Core EPS (THB)	1.27	1.44	1.68	1.96
EPS growth (%)	(41.9)	12.9	16.9	16.7
Core P/E (x)	20.4	18.1	15.5	13.3
Dividend yield (%)	1.9	3.9	4.5	5.2
EV/EBITDA (x)	14.1	13.0	11.1	9.5
Price/book (x)	8.7	7.6	6.6	5.7
Net debt/Equity (%)	53.1	41.9	38.5	33.9
ROE (%)	48.8	44.8	45.6	46.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(15.4)	(8.0)	(12.6)
Relative to country (%)	(12.7)	1.6	1.8
Mkt cap (USD m)	1,727		
3m avg. daily turnover (USD m)	11.2		
Free float (%)	46		
Major shareholder	Sura Khanittaweekul (25%)		
12m high/low (THB)	36.00/24.10		
Issued shares (m)	2,400.00		

Sources: Bloomberg consensus; FSSIA estimates



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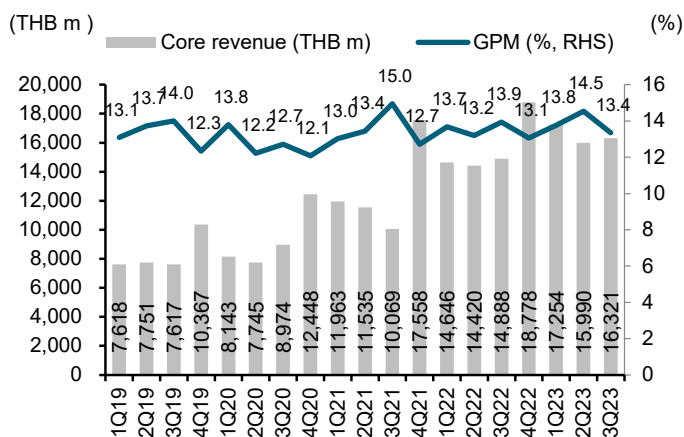
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Exhibit 1: 3Q23 results summary

Year to Dec 31	3Q22	4Q22	1Q23	2Q23	3Q23	Change		9M23			2023E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)	(%23E)	(THB m)	(y-y%)
Revenue	14,888	18,778	17,254	15,990	16,321	2	10	49,565	13	65	76,419	22
COGS	(12,813)	(16,325)	(14,878)	(13,665)	(14,141)	3	10	(42,684)	12	65	(66,156)	22
Gross profit	2,075	2,454	2,376	2,325	2,180	(6)	5	6,880	15	67	10,263	22
Operating costs	(1,202)	(1,195)	(1,284)	(1,378)	(1,343)	(3)	12	(4,005)	18	67	(6,010)	31
Operating profit	874	1,259	1,091	947	837	(12)	(4)	2,875	11	68	4,254	11
Other income	163	45	9	46	8	(83)	(95)	63	(69)	41	153	(38)
Other gains (losses)	(88)	(2)	(28)	(75)	(42)	(45)	(53)	(144)			0	(100)
FX Gain (Loss)	4	(109)	(6)	0	0	n/a	(100)	(6)	(452)	n/a	0	(100)
Interest expense	(25)	(36)	(39)	(53)	(70)	30	178	(162)	141	79	(206)	100
Profit before tax	928	1,157	1,028	864	734	(15)	(21)	2,625	(0)	63	4,200	11
Tax	(198)	(248)	(184)	(149)	(109)	(27)	(45)	(443)	(15)	53	(840)	9
Associates	3	20	45	7	6	(21)	88	59	133	84	70	56
Minority interests	(8)	(19)	(15)	(18)	(19)	4	134	(52)	659	n/a	0	(100)
Non-recurring items	0	0	0	0	0	n/a	n/a	0	n/a	n/a		n/a
Reported net profit	725	910	874	704	611	(13)	(16)	2,189	3	64	3,430	13
Recurring net profit	725	910	874	704	611	(13)	(16)	2,189	3	64	3,430	13
EPS (THB)	0.30	0.38	0.37	0.30	0.26	(13)	(16)	0.92	(25)	64	1.44	13
Recurring EPS (THB)	0.30	0.38	0.37	0.30	0.26	(13)	(16)	0.92	(25)	64	1.44	13
Key Ratios (%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(ppt)	(%)	(ppt)	
Gross margin	13.9	13.1	13.8	14.5	13.4	(1.2)	(0.6)	13.9	0.3		13.4	(0.0)
Operating margin	6.4	6.7	6.2	5.7	4.9	(0.8)	(1.5)	5.8	(0.1)		5.6	(0.6)
Recurring net margin	4.9	4.8	5.1	4.4	3.7	(0.7)	(1.1)	4.4	(0.4)		4.5	(0.4)
SG&A / Sales	8.1	6.4	7.4	8.6	8.2	(0.4)	0.2	8.1	0.3		7.9	0.5
Operating statistics						(q-q%)	(y-y%)					
Number of stores (no.)	1,113	1,160	1,284	1,287	1,318	0.2	23					

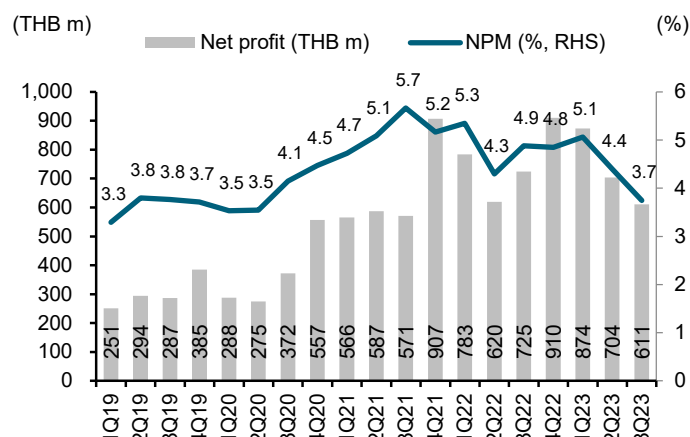
Sources: COM7; FSSIA estimates

Exhibit 2: Core revenue and Gross margin



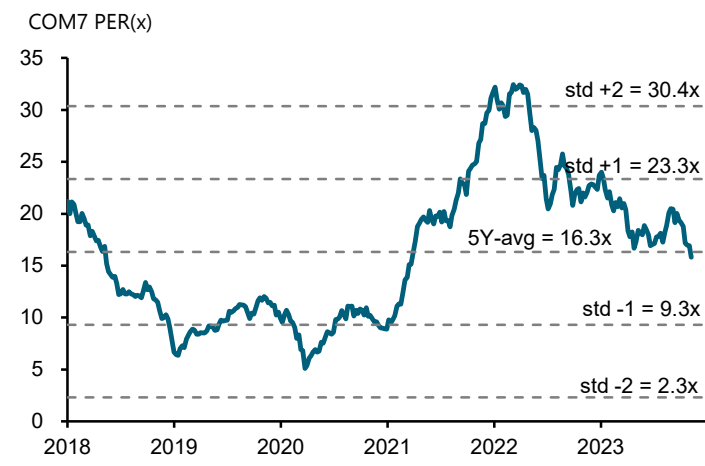
Sources: COM7

Exhibit 3: Net profit and Net margin



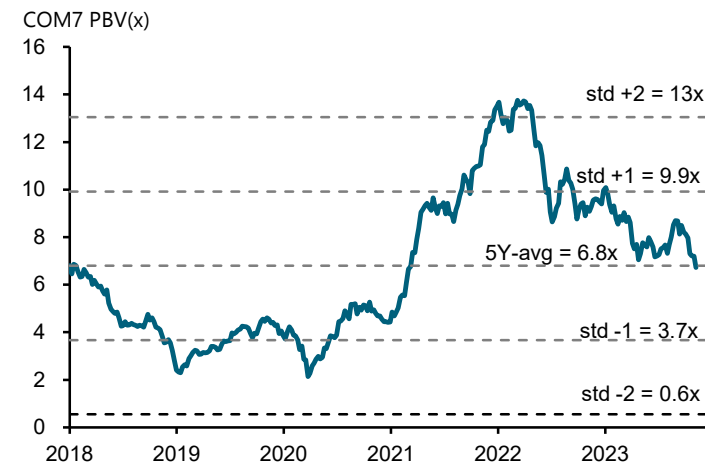
Sources: COM7

Exhibit 4: Rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 5: Rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 6: Commerce peers as of 10 November 2023

Company	BBG	Rec	Share price			Market Cap (USD m)	PE		ROE		PBV		- EV/ EBITDA -	
			Current (LCY)	Target (LCY)	Upside (%)		23E (x)	24E (x)	23E (%)	24E (%)	23E (x)	24E (x)	23E (x)	24E (x)
Consumer Staple														
CP All	CPALL TB	BUY	55.75	77.00	38	13,946	30.5	25.8	15.6	17.0	5.0	4.6	21.5	19.1
CP Xtra	CPAXT TB	BUY	27.00	38.00	41	7,955	32.0	25.7	3.1	3.8	1.0	1.0	10.2	9.5
Berli Jucker*	BJC TB	n/a	27.75	n/a	n/a	3,089	21.4	18.4	4.3	4.9	0.9	0.9	13.2	12.5
Consumer Staple average						24,990	28.0	23.3	7.7	8.6	2.3	2.1	15.0	13.7
Consumer Discretionary														
Com7	COM7 TB	BUY	26.00	38.70	49	1,727	18.1	15.5	44.8	45.6	7.6	6.6	13.0	11.1
Central Retail Corp*	CRC TB	n/a	38.25	n/a	n/a	6,407	28.1	22.8	12.8	14.1	3.4	3.0	11.4	10.4
Home Improvement														
Index Living Mall	ILM TB	BUY	23.60	26.70	13	332	17.2	15.5	12.0	12.7	2.0	1.9	8.1	7.4
Home Product Center	HMPRO TB	BUY	12.10	16.00	32	4,431	24.2	21.9	26.4	27.7	6.2	5.9	14.2	13.1
Siam Global House	GLOBAL TB	BUY	17.40	18.00	3	2,424	31.6	28.8	12.1	12.2	3.7	3.4	23.4	21.5
Dohome	DOHOME TB	BUY	11.70	13.00	11	1,006	60.8	32.5	4.9	8.5	2.9	2.7	26.1	19.2
Home Improvement avg.						8,193	33.5	24.7	13.8	15.3	3.7	3.5	18.0	15.3
Consumer Discretionary avg.						16,327	30.0	22.8	18.8	20.2	4.3	3.9	16.1	13.8
Total average						41,316	29.3	23.0	15.1	16.3	3.6	3.3	15.7	13.7

Sources: *Bloomberg; FSSIA estimates

Financial Statements

Com7

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	51,126	62,733	76,419	87,689	100,630
Cost of goods sold	(44,281)	(54,298)	(66,156)	(75,772)	(86,793)
Gross profit	6,846	8,435	10,263	11,917	13,837
Other operating income	24	248	153	175	201
Operating costs	(3,735)	(4,792)	(6,010)	(6,983)	(8,115)
Operating EBITDA	3,922	4,687	5,031	5,918	6,917
Depreciation	(787)	(796)	(624)	(809)	(994)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	3,135	3,890	4,406	5,109	5,923
Net financing costs	(48)	(103)	(206)	(193)	(187)
Associates	97	45	70	77	89
Recurring non-operating income	97	45	70	77	89
Non-recurring items	0	0	0	0	0
Profit before tax	3,183	3,832	4,270	4,993	5,825
Tax	(555)	(769)	(840)	(983)	(1,147)
Profit after tax	2,628	3,064	3,430	4,010	4,678
Minority interests	2	(26)	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	2,630	3,038	3,430	4,010	4,678
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	2,630	3,038	3,430	4,010	4,678
Per share (THB)					
Recurring EPS *	2.19	1.27	1.44	1.68	1.96
Reported EPS	2.19	1.27	1.44	1.68	1.96
DPS	1.00	0.50	1.02	1.16	1.35
Diluted shares (used to calculate per share data)	1,200	2,385	2,385	2,385	2,385
Growth					
Revenue (%)	37.0	22.7	21.8	14.7	14.8
Operating EBITDA (%)	63.4	19.5	7.3	17.6	16.9
Operating EBIT (%)	77.0	24.1	13.3	15.9	15.9
Recurring EPS (%)	76.5	(41.9)	12.9	16.9	16.7
Reported EPS (%)	76.5	(41.9)	12.9	16.9	16.7
Operating performance					
Gross margin inc. depreciation (%)	13.4	13.4	13.4	13.6	13.8
Gross margin exc. depreciation (%)	14.9	14.7	14.2	14.5	14.7
Operating EBITDA margin (%)	7.7	7.5	6.6	6.7	6.9
Operating EBIT margin (%)	6.1	6.2	5.8	5.8	5.9
Net margin (%)	5.1	4.8	4.5	4.6	4.6
Effective tax rate (%)	17.4	20.1	19.7	19.7	19.7
Dividend payout on recurring profit (%)	45.6	39.5	70.6	68.9	69.0
Interest cover (X)	67.5	38.2	21.7	26.9	32.2
Inventory days	41.4	46.2	43.4	43.1	43.1
Debtor days	12.7	18.7	18.2	17.5	17.5
Creditor days	31.8	34.2	30.7	31.9	31.9
Operating ROIC (%)	51.7	42.6	41.1	44.0	(11.4)
ROIC (%)	38.1	30.2	27.9	29.5	(7.7)
ROE (%)	57.6	48.8	44.8	45.6	46.1
ROA (%)	21.2	17.9	17.4	18.1	18.4
* Pre exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Phone	28,631	35,130	42,795	49,106	56,353
Tablet	7,669	9,410	11,463	13,153	15,094
IT Product	6,135	7,528	9,170	7,015	8,050
Accessories	6,135	7,528	9,170	14,030	16,101

Sources: Com7; FSSIA estimates

Financial Statements

Com7

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	2,630	3,038	3,430	4,010	4,678
Depreciation	787	796	624	809	994
Associates & minorities	(97)	(45)	(70)	(77)	(89)
Other non-cash items	144	148	277	270	275
Change in working capital	(2,271)	(2,371)	160	(958)	(1,087)
Cash flow from operations	1,195	1,566	4,421	4,054	4,772
Capex - maintenance	-	-	-	-	-
Capex - new investment	(833)	(792)	(935)	(864)	(917)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(924)	(1,236)	(554)	(391)	(379)
Cash flow from investing	(1,757)	(2,028)	(1,490)	(1,255)	(1,296)
Dividends paid	(1,199)	(1,619)	(2,421)	(2,761)	(3,228)
Equity finance	(3)	(103)	0	0	0
Debt finance	2,515	1,135	576	(553)	124
Other financing cash flows	(23)	548	(163)	(158)	(153)
Cash flow from financing	1,290	(38)	(2,009)	(3,473)	(3,257)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	729	(500)	923	(673)	218
Free cash flow to firm (FCFF)	(513.41)	(359.16)	3,137.90	2,992.82	3,661.99
Free cash flow to equity (FCFE)	1,930.91	1,221.11	3,343.99	2,088.03	3,445.89

Per share (THB)

FCFF per share	(0.21)	(0.15)	1.31	1.25	1.53
FCFE per share	0.80	0.51	1.39	0.87	1.44
Recurring cash flow per share	2.89	1.65	1.79	2.10	2.46

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	4,061	4,863	5,645	6,428	7,261
Less: Accumulated depreciation	(2,259)	(3,040)	(3,637)	(4,414)	(5,371)
Tangible fixed assets (net)	1,801	1,823	2,008	2,014	1,890
Intangible fixed assets (net)	297	531	656	705	753
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	774	1,517	1,517	1,517	1,517
Cash & equivalents	1,851	1,350	2,273	1,600	1,818
A/C receivable	2,707	3,716	3,912	4,489	5,151
Inventories	6,208	7,333	8,249	9,448	10,822
Other current assets	1,120	963	1,163	1,360	1,552
Current assets	11,886	13,362	15,597	16,897	19,344
Other assets	1,207	1,930	2,352	2,768	3,172
Total assets	15,966	19,162	22,131	23,902	26,676
Common equity	5,285	7,154	8,163	9,412	10,862
Minorities etc.	16	97	97	97	97
Total shareholders' equity	5,301	7,252	8,261	9,509	10,959
Long term debt	-	-	-	-	-
Other long-term liabilities	1,203	1,307	1,539	1,669	1,756
Long-term liabilities	1,203	1,307	1,539	1,669	1,756
A/C payable	5,106	4,909	6,101	6,988	8,005
Short term debt	3,801	5,204	5,731	5,261	5,535
Other current liabilities	556	490	498	474	421
Current liabilities	9,462	10,603	12,330	12,723	13,960
Total liabilities and shareholders' equity	15,966	19,162	22,131	23,902	26,676
Net working capital	4,374	6,612	6,725	7,836	9,101
Invested capital	8,454	12,413	13,259	14,840	16,433

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

Per share (THB)

Book value per share	4.40	3.00	3.42	3.95	4.55
Tangible book value per share	4.16	2.78	3.15	3.65	4.24

Financial strength

Net debt/equity (%)	36.8	53.1	41.9	38.5	33.9
Net debt/total assets (%)	12.2	20.1	15.6	15.3	13.9
Current ratio (x)	1.3	1.3	1.3	1.3	1.4
CF interest cover (x)	58.7	20.5	21.7	16.3	24.4

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	11.9	20.4	18.1	15.5	13.3
Recurring P/E @ target price (x) *	17.7	30.4	26.9	23.0	19.7
Reported P/E (x)	11.9	20.4	18.1	15.5	13.3
Dividend yield (%)	3.8	1.9	3.9	4.5	5.2
Price/book (x)	5.9	8.7	7.6	6.6	5.7
Price/tangible book (x)	6.3	9.4	8.3	7.1	6.1
EV/EBITDA (x) **	8.5	14.1	13.0	11.1	9.5
EV/EBITDA @ target price (x) **	12.3	20.5	19.1	16.2	13.9
EV/invested capital (x)	3.9	5.3	4.9	4.4	4.0

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

Sources: Com7; FSSIA estimates

COM7 PCL (COM7 TB)

FSSIA ESG rating



61.78 /100

Exhibit 7: FSSIA ESG score implication

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

Exhibit 8: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings						Bloomberg	
		DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
COM7	61.78	--	Y	Y	5.00	5.00	Certified	Low	47.75	--	--	52.68	21.00	4.40	43.59
CPALL	78.53	Y	Y	Y	5.00	5.00	Certified	Medium	47.38	A	34.00	59.95	82.00	3.74	--
CPAXT	59.46	--	--	--	5.00	5.00	Certified	Low	52.81	--	--	74.64	63.00	3.77	--
BJC	71.33	Y	Y	Y	4.00	4.00	--	Medium	55.09	A	--	65.19	89.00	2.16	--
CRC	64.49	--	Y	Y	5.00	5.00	Certified	Medium	--	BBB	--	60.98	73.00	2.90	47.27

Sources: [SETTRADE.com](https://www.settrade.com); FSSIA's compilation

Exhibit 9: ESG score by Bloomberg

FY ending Dec 31	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	3.14	4.17	4.40
BESG environmental pillar score	3.73	5.72	4.96
BESG social pillar score	1.68	2.66	3.91
BESG governance pillar score	4.25	4.36	4.34
ESG disclosure score	40.13	43.95	43.59
Environmental disclosure score	20.57	23.95	22.23
Social disclosure score	16.05	24.15	24.79
Governance disclosure score	83.59	83.59	83.59
Environmental			
Emissions reduction initiatives	Yes	Yes	Yes
Climate change policy	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No
Risks of climate change discussed	Yes	Yes	Yes
GHG scope 1	—	—	—
GHG scope 2 location-based	—	—	—
GHG Scope 3	—	—	—
Carbon per unit of production	—	—	—
Biodiversity policy	No	No	No
Energy efficiency policy	Yes	Yes	Yes
Total energy consumption	1	2	—
Renewable energy use	—	—	—
Electricity used	1	2	2
Fuel used - natural gas	—	—	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 10: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No
Waste reduction policy	Yes	Yes	Yes
Hazardous waste	—	—	—
Total waste	—	—	—
Waste recycled	—	—	—
Waste sent to landfills	—	—	—
Environmental supply chain management	Yes	Yes	Yes
Water policy	Yes	Yes	Yes
Water consumption	—	—	—
Social			
Human rights policy	Yes	Yes	Yes
Policy against child labor	Yes	Yes	Yes
Quality assurance and recall policy	No	No	No
Consumer data protection policy	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes
Gender pay gap breakout	No	No	No
Pct women in workforce	—	52	52
Pct disabled in workforce	—	1	1
Business ethics policy	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes
Lost time incident rate - employees	—	—	—
Total recordable incident rate - employees	—	—	—
Training policy	Yes	Yes	Yes
Fair remuneration policy	No	No	Yes
Number of employees – CSR	3,883	4,327	4,810
Employee turnover pct	43	—	—
Total hours spent by firm - employee training	—	25,962	28,860
Social supply chain management	Yes	Yes	Yes
Governance			
Board size	7	7	7
No. of independent directors (ID)	3	3	3
No. of women on board	1	1	1
No. of non-executive directors on board	3	3	3
Company conducts board evaluations	Yes	Yes	Yes
No. of board meetings for the year	9	7	12
Board meeting attendance pct	98	100	99
Board duration (years)	3	3	3
Director share ownership guidelines	No	No	No
Age of the youngest director	51	52	53
Age of the oldest director	66	67	68
No. of executives / company managers	8	8	8
No. of female executives	3	3	3
Executive share ownership guidelines	No	No	No
Size of audit committee	2	3	3
No. of ID on audit committee	2	3	3
Audit committee meetings	4	4	4
Audit meeting attendance %	100	100	100
Size of compensation committee	3	3	3
No. of ID on compensation committee	1	1	1
No. of compensation committee meetings	2	2	2
Compensation meeting attendance %	100	100	100
Size of nomination committee	3	3	3
No. of nomination committee meetings	2	2	2
Nomination meeting attendance %	100	100	100
Sustainability governance			
Verification type	No	No	No

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating																											
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																											
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																											
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																											
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																											
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																											
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+																	
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ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																											
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td>AAA</td> <td>8.571-10.000</td> <td>Leader:</td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td>Average:</td> <td>a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td>BB</td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> <td>Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570			A	5.714-7.142			BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285			B	1.429-2.856			CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																												
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																												
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																												
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																											
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																											

Rating regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "CG Score"; 2) "AGM Level"; 3) "Thai CAC"; and 4) THSI. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

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Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
Com7	COM7 TB	THB 26.00	BUY	Downside risks to our P/E-based TP include 1) lower consumption and domestic purchasing power, 2) store cannibalization, and 3) product shortages.
CP All	CPALL TB	THB 55.75	BUY	The key downside risks to our DCF-derived TP include 1) lower-than-expected SSSG, 2) lower-than-expected gross margin, and 3) higher-than-expected SG&A to sales ratio.
CP Axtra	CPAXT TB	THB 27.00	BUY	The key downside risks to our DCF-based TP include: 1) lower-than-expected SSSG; 2) a lower-than-expected GPM improvement; and 3) operational losses from its overseas business.
Index Living Mall	ILM TB	THB 23.60	BUY	Downside risks to our DCF-based TP include 1) lower-than-expected SSSG; 2) a lower-than-expected GPM; and 3) higher-than-expected SG&A.
Home Product Center	HMPRO TB	THB 12.10	BUY	The key downside risks to our DCF-based TP include: 1) lower-than-expected SSSG; 2) the slow recovery of tourist numbers; and 3) operating losses from its overseas business.
Siam Global House	GLOBAL TB	THB 17.40	BUY	The key downside risks to our DCF-based TP are volatile farm incomes and farm prices which could negatively impact purchasing power, especially in the provinces and a larger-than-expected impact on farm income from the El Nino effect.
Dohome PCL	DOHOME TB	THB 11.70	BUY	Downside risks to our DCF-based TP include 1) lower-than-expected SSSG; 2) a lower-than-expected GPM; 3) higher-than-expected SG&A; and 4) a worse-than-expected effect from El Nino.

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.

All share prices are as at market close on 10-Nov-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.