

# COM7 COM7 TB

## THAILAND / COMMERCE

# HOLD

FROM BUY

TARGET PRICE	THB20.00
CLOSE	THB19.30
UP/DOWNSIDE	+3.6%
PRIOR TP	THB22.50
CHANGE IN TP	-11.1%
TP vs CONSENSUS	-9.7%

## ยังไม่ใช้เวลาของ COM7

- โทณ Opportunity day ค่อนข้างไปทางลบจากยอดขายที่โตแผ่วและ GPM ที่ฟื้นช้ากว่าที่คาดจากกำลังซื้อที่ฟื้นตัวช้า ทำให้ยังต้องทำโปรโมชันต่อเนื่อง
- แนวโน้ม 2Q24 ยังไม่สดใส จากภาพกำลังซื้อฟื้นตัวช้า และไม่มีมาตรการกระตุ้น
- เราปรับลดคำแนะนำเป็น ถือ และปรับราคาเป้าหมายปี 2024 ลงเป็น 20 บาท

### โทณ Opportunity day ค่อนข้างไปทางลบจากยอดขายที่โตแผ่วและ GPM ฟื้นช้า

เรามองมองเป็นกลางค่อนข้างไปทางลบจากแนวโน้ม GPM ที่ฟื้นตัวช้า ตามภาพกำลังซื้อที่ยังอ่อนแอ ทำให้ยังต้องทำโปรโมชันต่อเนื่อง ภาพระยะสั้นยังขาดปัจจัยหนุนใหม่ ทีมผู้บริหารยังคงเป้าหมายรายได้ของปี 2024 เติบโต 10% (เรคาดโต 8%) โดยใน 1Q24 รายได้เติบโต 11% y-y ซึ่งเป็นการเติบโตในทุกกลุ่มสินค้า ยกเว้นกลุ่ม Tablet ที่ยังลดลง 15% y-y จากการที่ไม่ได้ออกสินค้าใหม่ราว 2 ปี รวมถึงข่าวการเปิดตัวของ iPad ใหม่ ขณะที่ GPM ใน 1Q24 ที่ 12.7% ลดลง 100bps y-y จากการทำโปรโมชัน ตามภาพกำลังซื้อที่ฟื้นตัวช้า โดยแนวโน้มใน 2Q24 ยังคงทำโปรโมชันต่อเนื่อง

### แนวโน้ม 2Q24 ยังไม่สดใส จากภาพกำลังซื้อฟื้นตัวช้า และไม่มีมาตรการกระตุ้นกำลังซื้อ

แนวโน้มกำไร 2Q24 ยังไม่สดใส รวมถึงไม่มีมาตรการกระตุ้นกำลังซื้อเหมือนใน 1Q24 แนวโน้มยอดขายโตแผ่วลงเป็น 5-10% y-y (1Q24 ที่ 11% y-y) โดยยังเป็นผลจากยอดขายของ iPad ที่ยังลดลงในช่วง 45 วันแรก แม้ใน 2Q24 จะมีการออก iPad ใหม่ แต่สัดส่วนรายได้ tablet อยู่ราว 11% อาจไม่ได้ช่วงกระตุ้นยอดขายมากนัก รวมถึง GPM ยังฟื้นช้าอยู่ที่ราว 13% (1Q24 ที่ 12.7%, 2Q23 ที่ 14.5%)

### เราปรับกำไรปี 2024-26E ลง 1-3% จากภาพกำลังซื้อ, GPM ฟื้นตัวช้ากว่าที่คาด

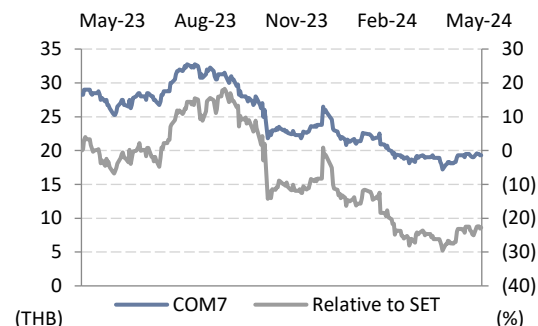
เราปรับกำไรสุทธิปี 2024 ลง 3% เป็น 2.9 พันลบ (+1.3% y-y) จากการปรับ GPM ลดลงจาก 13.3% เป็น 13.2% (เท่ากับปี 2023) จากภาพกำลังซื้อที่ฟื้นตัวช้าทำให้ยังต้องทำโปรโมชันต่อเนื่อง รวมถึงปรับลดแผนการเปิดสาขาลงจาก 100 สาขา เป็น 70 สาขา ในปีนี้ ขณะที่ปี 2025-26 ปรับลดลง 1.5% และ 1.3% ตามลำดับโดยปรับการเปิดสาขาใหม่ลงจาก 100 สาขา เป็น 70 สาขา

### ลดคำแนะนำเป็น ถือ และ ปรับราคาเป้าหมายปี 2024 ลงเป็น 20 บาท

ลดคำแนะนำเป็น ถือ และ ปรับราคาเป้าหมายปี 2024 ลงเป็น 20 บาท (เดิม 22.5 บาท) จากการปรับลดกำไรปี 2024 ลง และปรับลด Target P/E เป็น 16.5 เท่า (เท่ากับค่าเฉลี่ย 5ปี -0.2SD) จากแนวโน้มการเติบโตที่น้อยกว่าอดีตที่ผ่านมา ซึ่งเดิมบริษัทเคยมี Operating leverage ราว 2 เท่า (Operating profit โตเป็น 2 เท่าของยอดขาย) ซึ่งปัจจุบันอยู่ต่ำกว่า 1 เท่า

## KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	69,559	75,322	81,493	88,103
Net profit	2,857	2,903	3,198	3,454
EPS (THB)	1.19	1.21	1.33	1.44
vs Consensus (%)	-	(5.5)	(6.1)	(8.1)
EBITDA	4,563	4,847	5,467	6,054
Recurring net profit	2,857	2,903	3,198	3,454
Core EPS (THB)	1.19	1.21	1.33	1.44
Chg. In EPS est. (%)	-	(2.9)	(1.5)	(1.3)
EPS growth (%)	(5.9)	1.6	10.2	8.0
Core P/E (x)	16.2	16.0	14.5	13.4
Dividend yield (%)	4.7	3.6	3.6	4.1
EV/EBITDA (x)	11.6	10.7	9.4	8.4
Price/book (x)	5.8	5.0	4.3	3.7
Net debt/Equity (%)	81.6	57.0	43.8	33.0
ROE (%)	37.6	33.5	31.8	29.8



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	5.5	(7.7)	(30.5)
Relative to country (%)	5.2	(5.4)	(21.7)
Mkt cap (USD m)	1,255		
3m avg. daily turnover (USD m)	6.9		
Free float (%)	46		
Major shareholder	Sura Khanittaweekul (25%)		
12m high/low (THB)	33.00/17.20		
Issued shares (m)	2,400.00		

Sources: Bloomberg consensus; FSSIA estimates



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### Investment thesis

COM7 วางเป้าหมายการเติบโตในปี 2024 ที่ 10% ซึ่งเราคิดว่าบริษัทมีโอกาสที่จะบรรลุเป้าหมายที่วางไว้จาก 1. การขยายช่องทางการขายของบริษัทอย่างต่อเนื่องทั้งรูปแบบร้านค้าที่เปิดตามห้างฯ (Shop in shop) และรูปแบบ Standalone รวมถึงการขยายช่องทางการผ่าน Online platform 2. การปรับไปใช้เครื่องมือที่รองรับ 5G ซึ่งไทยเองมีส่วนการใช้ 5G เพียง 11% 3. การพัฒนาเครื่องมือในการขายใหม่ๆ เช่นการให้สินเชื่อซื้อสินค้าในร้านผ่าน U-Fund, การขยายเวลารับประกันสินค้าเป็นต้น 4. การขยายธุรกิจไปในด้านอื่นๆ เช่นธุรกิจร้านขายยาผ่าน Dr.Pharma, ธุรกิจร้านขายอาหารสัตว์ Pet Paw, ธุรกิจขาย Accessories ร้าน BeBePhone อย่างไรก็ตามภาพกำลังซื้อที่ฟื้นตัวช้ากว่าที่คาดการณ์ถึงมาตรการกระตุ้นเศรษฐกิจยังมีผลน้อยทำให้บริษัทยังคงต้องโปรโมชันกระตุ้นยอดขายต่อเนื่องกดดัน Gross margin โดยรวมของบริษัท

### Company profile

COM7 ประกอบธุรกิจจำหน่ายสินค้าไอที ประเภทคอมพิวเตอร์แล็ปท็อป คอมพิวเตอร์แบบตั้งโต๊ะ โทรศัพท์เคลื่อนที่ แท็บเล็ต และอุปกรณ์เสริมที่เกี่ยวข้อง ผ่านช่องทางการจำหน่ายหลัก รวมทั้งให้บริการศูนย์ซ่อมสินค้าแบรนด์ Apple.

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

### Principal activities (revenue, 2023)

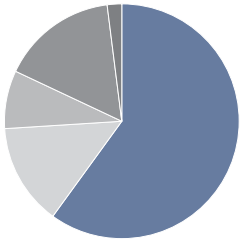
■ Phone - 60.0 %

■ Tablet - 14.0 %

■ IT Product - 8.0 %

■ Accessories - 16.0 %

■ Others - 2.0 %



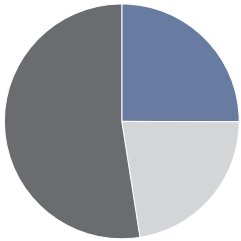
Source: Com7

### Major shareholders

■ Sura Khanittaweekul - 25.1 %

■ Pongsak Thammathataree - 22.5 %

■ Others - 52.5 %



Source: Com7

### Catalysts

ปัจจัยบวกต่อราคาหุ้นได้แก่ 1.) การเปลี่ยนแปลงของพฤติกรรมผู้บริโภคในยุคดิจิทัลที่คนหันมาใช้สินค้าIT เยอะขึ้นและเปลี่ยนบ่อยขึ้น 2.) การฟื้นตัวของภาคบริโภคและกำลังซื้อในประเทศ 3.) เป้าหมายยอดขายที่จะเติบโต 10%

### Risks to our call

ความเสี่ยง 1.) การบริโภคและกำลังซื้อในประเทศลดลง/เพิ่มขึ้น 2.) Store cannibalization / expansion 3.) Gross margin น้อยกว่า/มากกว่าที่คาด

### Event calendar

Date	Event
Aug 2024	2Q24 results announcement

### Key assumptions

COM7	2023A	2024E	2025E	2026E
Sales growth (%)	10.9	8.3	8.2	8.1
Total Stores (no.)	1,356	1,426	1,496	1,566
GPM (%)	13.2	13.2	13.3	13.3
SG%A to sales (%)	7.9	8.0	8.1	8.2

Source: FSSIA estimates

### Earnings sensitivity

- For every 1% increase in sales, we estimate 2024 net profit to rise by 0.9%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2024 net profit to rise by 9.5%, and vice versa, all else being equal.
- For every 0.5% increase in SG&A expenses, we estimate 2024 net profit to fall by 9.5%, and vice versa, all else being equal.

Source: FSSIA estimates

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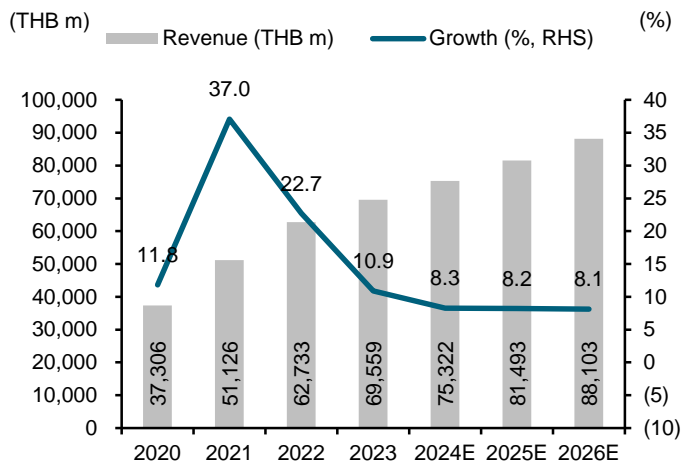
FINANSIA

27 MAY 2024

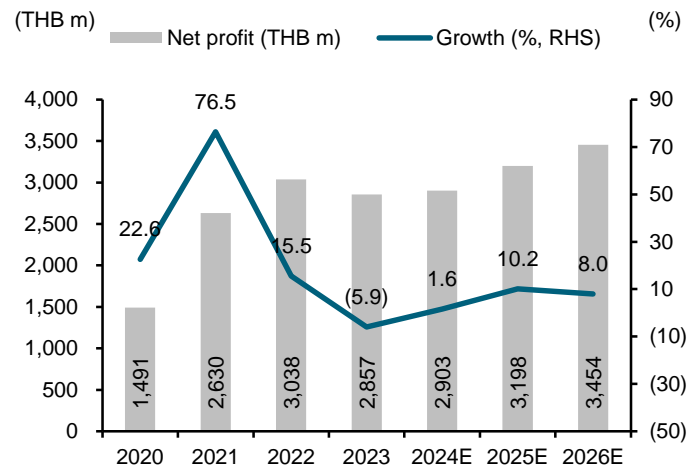
**Exhibit 1: Revised downwards due to lower-than-expected GPM and a reduction in the planned branch expansion**

	Actual	Current				Previous			Change		
	2023A	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E	
Revenues (THB m)	69,559	75,322	81,493	88,103	75,680	82,236	89,256	(0.5)	(0.9)	(1.3)	
Sales growth (%)	10.9	8.3	8.2	8.1	8.8	8.7	8.5	(0.5)	(0.5)	(0.4)	
Gross margin (%)	13.2	13.2	13.3	13.3	13.3	13.3	13.3	(0.1)	0.0	0.0	
No. of new stores	194	70	70	70	100	100	100	(30)	(30)	(30)	
SG&A to sales (%)	7.9	8.0	8.1	8.2	8.0	8.1	8.2	0.0	0.0	0.0	
Net profit (THB m)	2,857	2,903	3,198	3,454	2,988	3,246	3,501	(2.9)	(1.5)	(1.3)	
Core EPS (THB/share)	1.19	1.21	1.33	1.44	1.25	1.35	1.46	(2.9)	(1.5)	(1.3)	

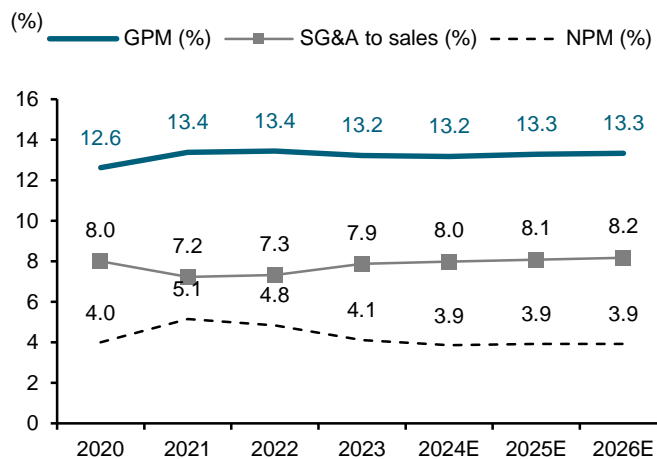
Sources: COM7; FSSIA estimates

**Exhibit 2: Yearly revenue and growth rate**

Sources: COM7; FSSIA estimates

**Exhibit 3: Yearly net profit and growth rate**

Sources: COM7; FSSIA estimates

**Exhibit 4: Profitability**

Sources: COM7; FSSIA estimates

**Exhibit 5: Expansion plan**

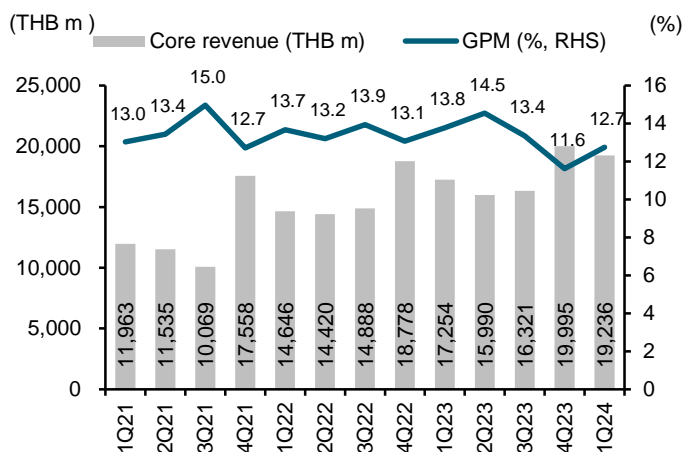
Source: COM7

## Exhibit 6: 1Q24 results summary and 2024 forecast

Year to Dec 31	1Q23 (THB m)	2Q23 (THB m)	3Q23 (THB m)	4Q23 (THB m)	1Q24 (THB m)	----- Change ----- (q-q%)	(y-y%)	1Q24 (%24E)	2023 (THB m)	2024E (THB m)	Change (y-y%)
<b>Revenue</b>	<b>17,254</b>	<b>15,990</b>	<b>16,321</b>	<b>19,995</b>	<b>19,236</b>	<b>(4)</b>	<b>11</b>	<b>26</b>	<b>69,559</b>	<b>75,322</b>	<b>8.3</b>
COGS	(14,878)	(13,665)	(14,141)	(17,670)	(16,785)	(5)	13	26	(60,354)	(65,393)	8.3
<b>Gross profit</b>	<b>2,376</b>	<b>2,325</b>	<b>2,180</b>	<b>2,325</b>	<b>2,451</b>	<b>5</b>	<b>3</b>	<b>25</b>	<b>9,205</b>	<b>9,929</b>	<b>7.9</b>
Operating costs	(1,284)	(1,378)	(1,343)	(1,478)	(1,498)	1	17	25	(5,484)	(6,013)	9.7
<b>Operating profit</b>	<b>1,091</b>	<b>947</b>	<b>837</b>	<b>846</b>	<b>953</b>	<b>13</b>	<b>(13)</b>	<b>24</b>	<b>3,721</b>	<b>3,916</b>	<b>5.2</b>
Other income	9	46	8	19	44	129	365	49	82	89	8.3
Other gains (losses)	(34)	(75)	(42)	34	30	(10)	(190)	n/a	(43)	0	(100)
Interest expense	(39)	(53)	(70)	(70)	(71)	1	80	28	(232)	(257)	10.4
Profit before tax	1,028	864	734	829	956	15	(7)	26	3,454	3,633	5.2
Tax	(184)	(149)	(109)	(145)	(136)	(6)	(26)	19	(588)	(727)	23.7
Associates	45	7	6	9	10	17	(78)	14	67	73	8.5
Minority interests	(15)	(18)	(19)	(25)	(9)	(64)	(40)	12	(77)	(77)	0.0
Non-recurring items	0	0	0	0	0	n/a	n/a	n/a	0	0	n/a
Reported net profit	874	704	611	668	822	23	(6)	28	2,857	2,903	1.6
<b>Recurring net profit</b>	<b>874</b>	<b>704</b>	<b>611</b>	<b>668</b>	<b>822</b>	<b>23</b>	<b>(6)</b>	<b>28</b>	<b>2,857</b>	<b>2,903</b>	<b>1.6</b>
EPS (THB)	0.36	0.29	0.25	0.28	0.34	23	(6)	28	1.19	1.21	1.6
<b>Recurring EPS (THB)</b>	<b>0.36</b>	<b>0.29</b>	<b>0.25</b>	<b>0.28</b>	<b>0.34</b>	<b>23</b>	<b>(6)</b>	<b>28</b>	<b>1.19</b>	<b>1.21</b>	<b>1.6</b>
<b>Key Ratios (%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>		<b>(%)</b>	<b>(%)</b>	
Gross margin	13.8	14.5	13.4	11.6	12.7	1.1	(1.0)		13.2	13.2	(0.1)
Operating margin	6.2	5.7	4.9	4.5	5.3	0.8	(0.8)		5.3	5.2	(0.2)
Recurring net margin	5.1	4.4	3.7	3.3	4.3	0.9	(0.8)		4.1	3.9	(0.3)
SG&A / Sales	7.4	8.6	8.2	7.4	7.8	0.4	0.3		7.9	8.0	0.1
<b>Operating statistics</b>						<b>(q-q%)</b>	<b>(y-y%)</b>				
Number of stores (no.)	1,284	1,287	1,318	1,356	1,354	(0)	5				
SSSG (%)	10	10	9.3	7.0	4.0						

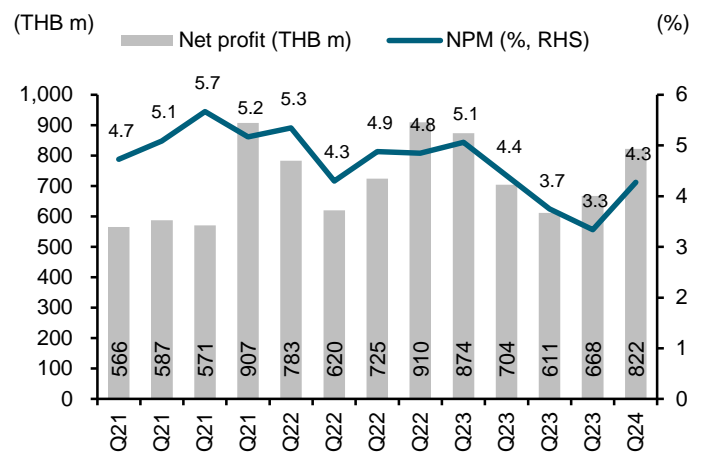
Sources: COM7; FSSIA estimates

## Exhibit 7: Quarterly revenue and gross margin



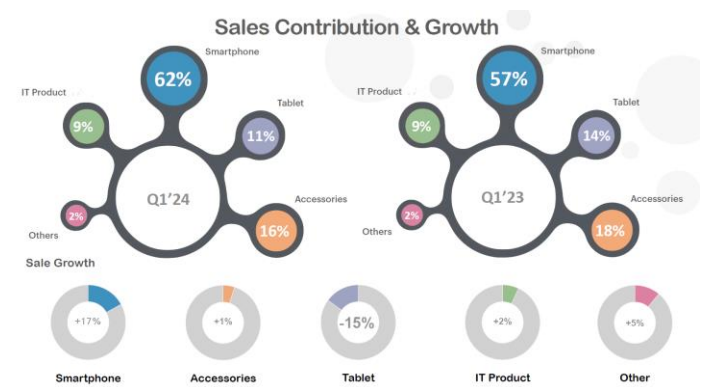
Sources: COM7, FSSIA estimates

## Exhibit 8: Quarterly net profit and net profit margin



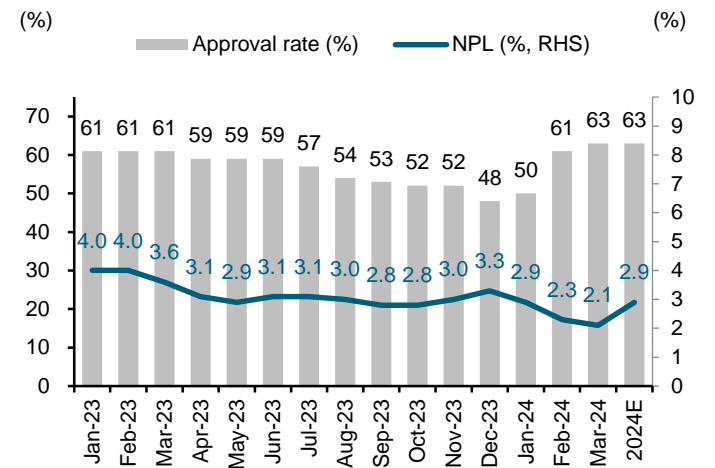
Sources: COM7, FSSIA estimates

Exhibit 9: Sales contribution



Source: COM7

Exhibit 10: UFund – Approval rate and NPL



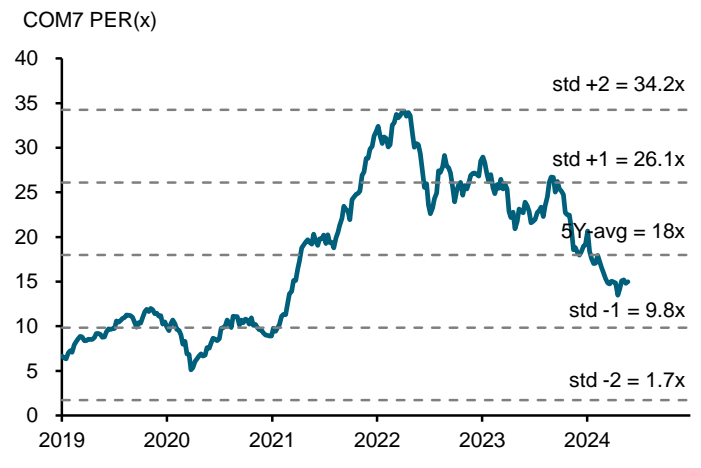
Sources: COM7, FSSIA estimates

Exhibit 11: Sensitivity for target price

PER (x)	EPS (THB/share)				
	1.11	1.16	1.21	1.26	1.31
15.5	17.2	18.0	18.7	19.5	20.3
16.0	17.8	18.6	19.4	20.2	21.0
16.5	18.3	19.1	20.0	20.8	21.6
17.0	18.9	19.7	20.6	21.4	22.3
17.5	19.4	20.3	21.2	22.0	22.9

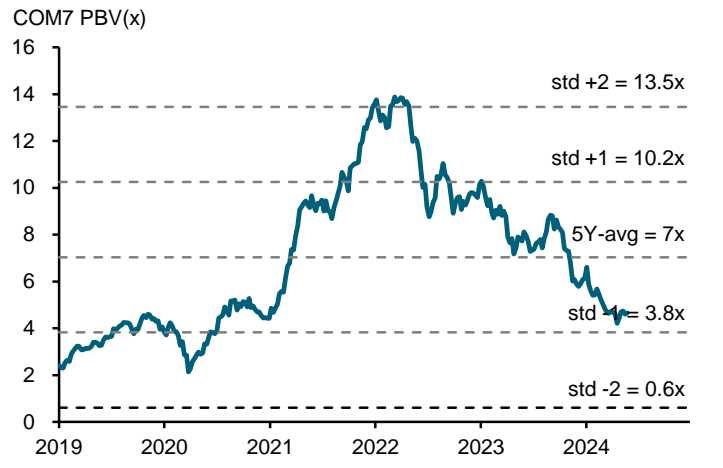
Source: FSSIA estimates

Exhibit 12: Rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 13: Rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 14: Commerce peers as of 24 May 2024

Company	BBG	Rec	Share price			Market Cap (USD m)	PE		ROE		PBV		EV/ EBITDA	
			Current	Target	Upside		24E	25E	24E	25E	24E	25E	24E	25E
			(LCY)	(LCY)	(%)		(x)	(x)	(%)	(%)	(x)	(x)	(x)	(x)
Consumer Staple														
CP All	CPALL TB	BUY	58.50	79.00	35	14,330	22.2	19.1	20.2	21.2	4.7	4.2	18.4	15.9
CP Aextra	CPAXT TB	BUY	29.75	36.00	21	8,583	29.5	25.2	3.6	4.2	1.1	1.0	11.0	10.3
Berli Jucker*	BJC TB	n/a	22.30	n/a	n/a	2,444	18.6	16.0	4.0	4.5	0.7	0.7	11.5	11.1
Consumer Staple average						25,357	23.4	20.1	9.3	9.9	2.1	2.0	13.6	12.4
Consumer Discretionary														
Com7	COM7 TB	HOLD	19.30	20.00	4	1,255	16.0	14.5	33.5	31.8	5.0	4.3	10.7	9.4
Central Retail Corp	CRC TB	BUY	32.00	44.00	38	5,263	21.4	19.2	12.9	13.3	2.7	2.4	9.5	8.9
Home Improvement														
Index Living Mall	ILM TB	BUY	21.00	26.70	27	289	13.5	12.4	12.9	13.5	1.7	1.6	7.1	6.5
Home Product Center	HMPRO TB	BUY	9.90	13.60	37	3,550	19.0	18.0	26.1	26.4	4.9	4.6	11.2	10.6
Siam Global House	GLOBAL TB	HOLD	17.10	17.30	1	2,426	30.1	26.7	12.3	12.9	3.6	3.4	23.0	20.7
Dohome	DOHOME TB	HOLD	11.70	11.80	1	1,030	38.8	30.1	7.7	9.2	2.9	2.7	19.1	16.6
Home Improvement avg.						7,295	25.4	21.8	14.8	15.5	3.3	3.1	15.1	13.6
Consumer Discretionary avg.						13,813	23.1	20.1	17.6	17.8	3.4	3.2	13.4	12.1
Total average						39,170	23.2	20.1	14.8	15.2	3.0	2.8	13.5	12.2

Sources: \*Bloomberg; FSSIA estimates

## Financial Statements

Com7

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	62,733	69,559	75,322	81,493	88,103
Cost of goods sold	(54,298)	(60,354)	(65,393)	(70,663)	(76,357)
<b>Gross profit</b>	<b>8,435</b>	<b>9,205</b>	<b>9,929</b>	<b>10,830</b>	<b>11,745</b>
Other operating income	248	82	89	96	104
Operating costs	(4,792)	(5,600)	(6,128)	(6,702)	(7,323)
<b>Operating EBITDA</b>	<b>4,687</b>	<b>4,563</b>	<b>4,847</b>	<b>5,467</b>	<b>6,054</b>
Depreciation	(796)	(876)	(957)	(1,242)	(1,527)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>3,890</b>	<b>3,687</b>	<b>3,890</b>	<b>4,225</b>	<b>4,526</b>
Net financing costs	(103)	(232)	(257)	(235)	(233)
Associates	45	67	73	84	97
Recurring non-operating income	45	67	73	84	97
Non-recurring items	0	0	0	0	0
<b>Profit before tax</b>	<b>3,832</b>	<b>3,522</b>	<b>3,706</b>	<b>4,073</b>	<b>4,390</b>
Tax	(769)	(588)	(727)	(798)	(859)
<b>Profit after tax</b>	<b>3,064</b>	<b>2,934</b>	<b>2,980</b>	<b>3,275</b>	<b>3,531</b>
Minority interests	(26)	(77)	(77)	(77)	(77)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>3,038</b>	<b>2,857</b>	<b>2,903</b>	<b>3,198</b>	<b>3,454</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>3,038</b>	<b>2,857</b>	<b>2,903</b>	<b>3,198</b>	<b>3,454</b>
<b>Per share (THB)</b>					
Recurring EPS *	1.27	1.19	1.21	1.33	1.44
Reported EPS	1.27	1.19	1.21	1.33	1.44
DPS	0.50	0.91	0.70	0.69	0.78
Diluted shares (used to calculate per share data)	2,400	2,400	2,400	2,400	2,400
<b>Growth</b>					
Revenue (%)	22.7	10.9	8.3	8.2	8.1
Operating EBITDA (%)	19.5	(2.6)	6.2	12.8	10.7
Operating EBIT (%)	24.1	(5.2)	5.5	8.6	7.1
Recurring EPS (%)	(42.3)	(5.9)	1.6	10.2	8.0
Reported EPS (%)	(42.3)	(5.9)	1.6	10.2	8.0
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	13.4	13.2	13.2	13.3	13.3
Gross margin exc. depreciation (%)	14.7	14.5	14.5	14.8	15.1
Operating EBITDA margin (%)	7.5	6.6	6.4	6.7	6.9
Operating EBIT margin (%)	6.2	5.3	5.2	5.2	5.1
Net margin (%)	4.8	4.1	3.9	3.9	3.9
Effective tax rate (%)	20.1	16.7	19.6	19.6	19.6
Dividend payout on recurring profit (%)	39.5	76.3	57.9	51.5	54.4
Interest cover (X)	38.2	16.2	15.4	18.3	19.8
Inventory days	46.2	52.9	54.6	51.1	51.3
Debtor days	18.7	18.9	17.8	18.1	18.1
Creditor days	34.2	30.1	29.0	29.1	29.2
Operating ROIC (%)	42.6	29.5	26.9	(7.1)	(7.1)
ROIC (%)	30.2	21.4	20.1	(5.3)	(5.3)
ROE (%)	48.8	37.6	33.5	31.8	29.8
ROA (%)	17.9	14.8	13.8	13.4	13.3

\* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Phone	37,012	41,736	45,193	48,896	52,862
Tablet	8,155	9,738	9,792	10,594	11,453
IT Product	6,273	5,565	6,779	7,334	7,929
Accessories	10,037	11,130	12,051	13,039	14,096

Sources: Com7; FSSIA estimates

## Financial Statements

Com7

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	3,038	2,857	2,903	3,198	3,454
Depreciation	796	876	957	1,242	1,527
Associates & minorities	(45)	(67)	(73)	(84)	(97)
Other non-cash items	148	300	330	319	330
Change in working capital	(2,371)	(2,963)	547	(734)	(789)
<b>Cash flow from operations</b>	<b>1,566</b>	<b>1,003</b>	<b>4,664</b>	<b>3,942</b>	<b>4,426</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(792)	(1,592)	(1,578)	(1,471)	(1,475)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(1,236)	(103)	(261)	(153)	(163)
<b>Cash flow from investing</b>	<b>(2,028)</b>	<b>(1,695)</b>	<b>(1,839)</b>	<b>(1,623)</b>	<b>(1,638)</b>
Dividends paid	(1,619)	(2,180)	(1,680)	(1,648)	(1,881)
Equity finance	(103)	43	0	0	0
Debt finance	1,135	3,243	(1,636)	225	(374)
Other financing cash flows	548	(10)	(221)	(220)	(216)
<b>Cash flow from financing</b>	<b>(38)</b>	<b>1,097</b>	<b>(3,537)</b>	<b>(1,643)</b>	<b>(2,471)</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>(500)</b>	<b>404</b>	<b>(712)</b>	<b>676</b>	<b>316</b>
Free cash flow to firm (FCFF)	(359.16)	(460.18)	3,081.02	2,554.14	3,020.33
Free cash flow to equity (FCFE)	1,221.11	2,540.16	967.62	2,323.74	2,196.65
<b>Per share (THB)</b>					
FCFF per share	(0.15)	(0.19)	1.28	1.06	1.26
FCFE per share	0.51	1.06	0.40	0.97	0.92
Recurring cash flow per share	1.64	1.65	1.72	1.95	2.17
Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	4,863	6,340	8,565	9,977	11,390
Less: Accumulated depreciation	(3,040)	(3,932)	(5,562)	(6,772)	(8,263)
<b>Tangible fixed assets (net)</b>	<b>1,823</b>	<b>2,408</b>	<b>3,002</b>	<b>3,206</b>	<b>3,126</b>
<b>Intangible fixed assets (net)</b>	<b>531</b>	<b>588</b>	<b>614</b>	<b>640</b>	<b>667</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	1,517	1,665	1,665	1,665	1,665
Cash & equivalents	1,350	1,754	1,042	1,717	2,034
A/C receivable	3,716	3,472	3,891	4,210	4,552
Inventories	7,333	9,922	9,348	10,101	10,915
Other current assets	963	1,295	1,408	1,515	1,630
<b>Current assets</b>	<b>13,362</b>	<b>16,443</b>	<b>15,689</b>	<b>17,544</b>	<b>19,130</b>
Other assets	1,930	1,873	2,047	2,211	2,387
<b>Total assets</b>	<b>19,162</b>	<b>22,976</b>	<b>23,017</b>	<b>25,265</b>	<b>26,975</b>
Common equity	7,154	8,047	9,269	10,820	12,393
Minorities etc.	97	141	141	141	141
<b>Total shareholders' equity</b>	<b>7,252</b>	<b>8,188</b>	<b>9,410</b>	<b>10,961</b>	<b>12,534</b>
Long term debt	-	-	-	-	-
Other long-term liabilities	1,307	829	1,090	1,178	1,214
<b>Long-term liabilities</b>	<b>1,307</b>	<b>829</b>	<b>1,090</b>	<b>1,178</b>	<b>1,214</b>
A/C payable	4,909	4,916	5,323	5,752	6,216
Short term debt	5,204	8,437	6,402	6,519	6,167
Other current liabilities	490	606	791	855	844
<b>Current liabilities</b>	<b>10,603</b>	<b>13,959</b>	<b>12,517</b>	<b>13,126</b>	<b>13,226</b>
<b>Total liabilities and shareholders' equity</b>	<b>19,162</b>	<b>22,976</b>	<b>23,017</b>	<b>25,265</b>	<b>26,975</b>
Net working capital	6,612	9,166	8,533	9,220	10,038
Invested capital	12,413	15,700	15,861	16,941	17,882
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	2.98	3.35	3.86	4.51	5.16
Tangible book value per share	2.76	3.11	3.61	4.24	4.89
<b>Financial strength</b>					
Net debt/equity (%)	53.1	81.6	57.0	43.8	33.0
Net debt/total assets (%)	20.1	29.1	23.3	19.0	15.3
Current ratio (x)	1.3	1.2	1.3	1.3	1.4
CF interest cover (x)	20.5	18.8	10.9	17.1	16.7
Valuation	2022	2023	2024E	2025E	2026E
<b>Recurring P/E (x) *</b>	<b>15.2</b>	<b>16.2</b>	<b>16.0</b>	<b>14.5</b>	<b>13.4</b>
<b>Recurring P/E @ target price (x) *</b>	<b>15.8</b>	<b>16.8</b>	<b>16.5</b>	<b>15.0</b>	<b>13.9</b>
Reported P/E (x)	15.2	16.2	16.0	14.5	13.4
Dividend yield (%)	2.6	4.7	3.6	3.6	4.1
Price/book (x)	6.5	5.8	5.0	4.3	3.7
Price/tangible book (x)	7.0	6.2	5.4	4.6	3.9
EV/EBITDA (x) **	10.7	11.6	10.7	9.4	8.4
EV/EBITDA @ target price (x) **	11.1	12.0	11.0	9.7	8.6
EV/invested capital (x)	4.0	3.4	3.3	3.0	2.8
* 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

★★★★

Exhibit 15: FSSIA ESG score implication

61.78 /100

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 16: 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; FSSIA's compilation

Exhibit 17: 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 18: 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	—	—	—
<b>Social</b>			
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
<b>Governance</b>			
<b>Board size</b>	<b>7</b>	<b>7</b>	<b>7</b>
<b>No. of independent directors (ID)</b>	<b>3</b>	<b>3</b>	<b>3</b>
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
<b>No. of executives / company managers</b>	<b>8</b>	<b>8</b>	<b>8</b>
No. of female executives	3	3	3
Executive share ownership guidelines	No	No	No
<b>Size of audit committee</b>	<b>2</b>	<b>3</b>	<b>3</b>
No. of ID on audit committee	2	3	3
Audit committee meetings	4	4	4
Audit meeting attendance %	100	100	100
<b>Size of compensation committee</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on compensation committee	1	1	1
No. of compensation committee meetings	2	2	2
Compensation meeting attendance %	100	100	100
<b>Size of nomination committee</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of nomination committee meetings	2	2	2
Nomination meeting attendance %	100	100	100
<b>Sustainability governance</b>			
Verification type	No	No	No

Sources: Bloomberg; FSSIA's compilation

## Disclaimer for ESG scoring

ESG score	Methodology	Rating																				
The Dow Jones Sustainability Indices ( <a href="#">DJSI</a> ) 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 ( <a href="#">THSI</a> ) by The Stock Exchange of Thailand ( <a href="#">SET</a> )	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 <b>THSI inclusion</b> , 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. <b>SETTHSI Index</b> 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.																				
<b>CG Score</b> 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%).																				
<b>AGM level</b> 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&amp;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.																				
<a href="#">Thai CAC</a> 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.																				
<a href="#">Morningstar Sustainabilitys</a>	The Sustainabilitys' 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 &amp; 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><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+										
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<a href="#">ESG Book</a>	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.																				
<a href="#">MSCI</a>	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><tr><td><b>AAA</b></td><td>8.571-10.000</td><td rowspan="3"><b>Leader:</b></td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td><b>AA</b></td><td>7.143-8.570</td></tr><tr><td><b>A</b></td><td>5.714-7.142</td></tr><tr><td><b>BBB</b></td><td>4.286-5.713</td><td rowspan="3"><b>Average:</b></td><td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td></tr><tr><td><b>BB</b></td><td>2.857-4.285</td></tr><tr><td><b>B</b></td><td>1.429-2.856</td></tr><tr><td><b>CCC</b></td><td>0.000-1.428</td><td><b>Laggard:</b></td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr></table>		<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570	<b>A</b>	5.714-7.142	<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285	<b>B</b>	1.429-2.856	<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks
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<a href="#">Moody's ESG solutions</a>	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.																					
<a href="#">Refinitiv ESG rating</a>	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; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																					
<a href="#">S&amp;P Global</a>	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

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

#### Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
Com7	COM7 TB	THB 19.30	HOLD	Risks to our P/E-based TP include 1) lower/higher domestic consumption and purchasing power, 2) store cannibalization/expansion, and 3) lower/higher-than-expected gross margin.
CP All	CPALL TB	THB 58.50	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 29.75	BUY	Key downside risks to our DCF-based TP include 1) a lower-than-expected SSSG, 2) a lower-than-expected GPM, 3) higher-than-expected SG&A expenses, and 4) an operating loss from its overseas units.
Central Retail Corp	CRC TB	THB 32.00	BUY	Downside risks to our DCF-based TP include 1) a decline in domestic purchasing power, 2) lower-than-expected tourist arrivals, 3) an absence of the government's stimulus, and 4) a slower-than-expected economic recovery in Vietnam.
Index Living Mall	ILM TB	THB 21.00	BUY	Risks to our DCF-based TP include 1) a lower-than-expected SSSG; 2) a lower-than-expected GPM; and 3) a higher-than-expected SG&A.
Home Product Center	HMPRO TB	THB 9.90	BUY	Key downside risks to our DCF-based TP include: 1) lower-than-expected SSSG; 2) slower-than-expected recovery in domestic consumption and tourist arrivals, and 3) operating losses from overseas units.
Siam Global House	GLOBAL TB	THB 17.10	HOLD	Key risks to our DCF-based TP are 1) lower/higher farm income, which would affect purchasing power in the agricultural sector, 2) government disbursement, 3) a lower/higher private brand mix and margin, 4) higher/lower expenses than expected, and 5) a higher/lower impact than expected from the El Nino.
Dohome PCL	DOHOME TB	THB 11.70	HOLD	Key risks to our DCF-based TP are 1) lower/higher farm income, which would affect purchasing power in the agricultural sector, 2) government disbursement, 3) a lower/higher private brand mix and margin, 4) higher/lower expenses than expected, and 5) a higher/lower impact than expected from the 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 24-May-2024 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.