

INVESTMENT BANKING
Top Thailand Small Cap Companies

20 Jewels 2024 Edition



TOP THAILAND SMALL CAP COMPANIES

20 JEWELS

2024 EDITION

THAILAND

Kasamapon Hamnilrat	kasamapon.ha@rhbgroup.com	+66 2088 9739
Chatree Srismaicharoen	chatree.sr@rhbgroup.com	+66 2088 9743
Vatcharut Vacharawongsith	vatcharut.va@rhbgroup.com	+66 2088 9736
Prapharas Sirithanpassorn	prapharas.sirithanpassorn@rhbgroup.com	+66 2088 9744
Thailand Research	research.th.equity@rhbgroup.com	+66 2088 9999

<See important disclaimer and disclosures at the end of this report>

CONTENTS

List Of Companies By Alphabetical Order

Asian Alliance International	1
Bangkok Aviation Fuel Services	3
Diamond Building Products	5
Don Muang Tollway	7
Dusit Thani	9
Eastern Polymer Group	11
Jengkongklai	13
KCG Corp	15
Moshi Moshi Retail Corp	17
Nex Point	19
Praram 9 Hospital	21
Prima Marine	23
Safe Fertility Group	25
SAMART Aviation Solutions	27
Sermsang Power Corp	29
Srinanaporn Marketing	31
TAC Consumer	33
Tanachira Retail Corp	35
Thai Coconut	37
Thai Plaspac	39

List Of Companies By Industry Classification

Agro & Food Industry

Asian Alliance International	1
KCG Corp	15
Srinanaporn Marketing	31
Thai Coconut	37

Industrials

Nex Point	19
Thai Plaspac	39

MAI Index

Jenkongklai	13
TAC Consumer	33

Property & Construction

Diamond Building Products	5
Eastern Polymer Group	11

Resources

Bangkok Aviation Fuel Services	3
Sermasang Power Corp	29

Services

Don Muang Tollway	7
Dusit Thani	9
Moshi Moshi Retail Corp	17
Praram 9 Hospital	21
Prima Marine	23
Safe Fertility Group	25
SAMART Aviation Solutions	27
Tanachira Retail Corp	35

Foreword

This year marks a milestone – the 20th anniversary of the debut of RHB's Small Cap Jewels books in Malaysia. Since then, it has become an annual affair, with more editions featuring small-cap gems from the other equity markets we cover. As such, RHB Research's Top 20 Thailand Small Cap Jewels series is now in its 12th edition and, despite market challenges, we have no intention of slowing down. Our team has persisted, researching new ideas and uncovering potential gems with confidence and determination.

In 2023, the SET index performed poorly, declining 15% YoY (also recording a 11% decline from the period of our book closing price). This made it one of the worst performers among the Asian markets. External forces negatively impacted the SET: Geopolitical unrest, surging commodity prices, and the volatility of US treasury bills caused fund outflows. Additionally, internal issues such as delays in forming a new government post-March election and disruptions in government spending and budget disbursements caused the economy to lose 6-9 months of growth momentum.

Our top 20 small-cap stocks' performance posted an absolute negative return of 22% (22 Apr 2023-29 Apr 2024) – a deeper contraction than the SET of 11% but on par with the Market for Alternative Investment (MAI). However, the stocks outperformed in terms of average returns, by 11%, with the highest prices recorded between 28 Apr 2023 and 29 Apr 2024. This figure is higher than the SET's return of 3.3%, and MAI indices' returns of 1.1% over the same period last year. The performance can be attributed to the above external and internal issues.

Although geopolitical risks continue to threaten the equity market, we have a more positive outlook due to improvements in local fiscal and monetary actions. Consumer confidence in Thailand has steadily increased each month and reached a 48-month high in Feb 2024, supporting the strong pace of recovery for inbound tourism. Overall, we expect the SET to perform better in 2024.

This year, we have included eight companies that have never been under our coverage, to provide more alpha ideas and strategies in this handbook. We hope investors will find this book beneficial and discover new ideas to generate excess portfolio returns.

RHB Research would like to express our gratitude to the management teams of the companies featured in the Top 20 Thailand Small Cap Jewels 2024. We appreciate their time and willingness to help us better understand their business models, and share our views and opinions. We also give credit to our dedicated team of analysts, who have invested countless hours to produce this year's edition. Finally, we are humbled and encouraged by the continued interest and support from all the institutional and retail clients of RHB Investment Bank.

Kasamapon Hamnilrat

Head of Thailand Research
RHB Securities (Thailand), RHB Bank

Bangkok, 14 May 2024

Price performance of the 20 small-cap stocks featured in the 2023 edition

Ticker	Name	Closing price (THB)		Absolute return	Highest price reached	Date of highest price reached	Return +/-	Market: Sector	
		28 Apr 23	29 Apr 24						
SET	SET Index (pts)	1,529.12	1,361.97	-11%	1,579.43	30-Aug-23	3.3%	SET	
SET50	SET50 (pts)	922.72	834.08	-10%	970.58	31-Jul-23	5.2%	SET50	
SET100	SET100 (pts)	2,059.63	1,847.56	-10%	2,160.27	30-Aug-23	4.9%	SET100	
MAI	MAI Index (pts)	501.99	393.29	-22%	507.76	28-Apr-23	1.1%	MAI	
1	AU TB	After You	10.60	9.10	-14%	11.10	1-Sep-23	5%	MAI: Agro & Food Industry
2	BAFS TB	Bangkok Aviation Fuel Services	30.75	22.60	-27%	33.75	23-Jun-23	10%	SET: Energy & Utilities
3	BEYOND TB	Bound and Beyond	15.00	9.75	-35%	15.60	29-May-23	4%	SET: Tourism & Leisure
4	BRI TB	Britania	11.60	7.15	-38%	11.60	2-May-23	0%	SET: Energy & Utilities
5	DRT TB	Diamond Building Products	7.75	8.00	3%	8.55	1-Sep-23	10%	SET: Property Development
6	DMT TB	Don Muang Tollway	12.50	11.90	-5%	13.90	27-Dec-23	11%	SET: Construction Materials
7	DUSIT TB	Dusit Thani	11.20	9.55	-15%	12.40	9-Jun-23	11%	SET: Tourism & Leisure
8	MOSHI TB	Moshi Moshi Retail Corp	44.55	51.50	16%	62.00	5-Sep-23	39%	SET: Commerce
9	NEX TB	Nex Point	10.40	9.15	-12%	14.40	18-May-23	38%	SET: Electronic Components
10	PR9 TB	Praram 9 Hospital	19.50	19.50	0%	20.20	11-May-23	4%	SET: Health Care Services
11	PTG TB	PTG Energy	13.60	8.70	-36%	14.20	8-May-23	4%	SET: Energy & Utilities
12	RBF TB	R&B Food Supply	30.75	10.70	-65%	14.60	28-Dec-23	-53%	SET: Food & Beverage
13	SEAFCO TB	Seafco	3.24	2.47	-24%	3.42	12-May-23	6%	SET: Construction Services
14	SSP TB	Sersang Power Corp	8.32	7.80	-6%	9.20	15-May-23	11%	SET: Energy & Utilities
15	SICT TB	Silicon Craft Technology	7.42	4.84	-35%	10.90	25-May-23	47%	MAI: Technology
16	SNNP TB	Srinanaporn Marketing	23.50	16.80	-29%	27.25	8-Jun-23	16%	SET: Food & beverage
17	TSE TB	Thai Solar Energy	2.08	1.17	-44%	2.60	8-Jun-23	25%	SET: Energy & Utilities
18	ERW TB	The Erawan Group	4.90	4.76	-3%	5.85	26-Sep-23	19%	SET: Tourism & Leisure
19	TMT TB	TMT Steel	7.60	5.35	-30%	7.85	15-May-23	3%	SET: Steel and Metal Products
20	WARRIX TB	Warrix Sport	9.65	5.55	-42%	10.40	23-Jun-23	8%	MAI: Consumer Products
Simple average return					-22%		11%		

Source: RHB

20 Jewels – at a glance

Company name	FV	Mkt Cap	P/E (x)		P/BV (x)		Div Yield (%)		ROE (%)		SET ESG Score & CG Report**	SET/SET ESG/ MAI***	Sector
	(THB)	(THBm)	FY22	FY23	FY22	FY23	FY22	FY23	FY22	FY23			
*Asian Alliance International	6.40-7.04	11,263	11.9	24.6	2.1	2.2	4.8	4.6	23.2	7.7	CG: 4	SET	Food & Beverage
Bangkok Aviation Fuel Services	26.50-30.50	14,726	na	na	3.2	2.7	na	1.0	na	na	ESG: AA, CG: 5	SET ESG	Energy & Utility
Diamond Building Products	9.30	6,926	10.9	10.7	2.9	2.7	6.3	6.5	26.2	24.7	ESG: AA, CG: 5	SET ESG	Construction Materials
Don Muang Tollway	14	14,057	17.7	13.8	14.4	1.6	9.7	10.3	8.0	11.8	ESG: A, CG: 5	SET ESG	Transportation
Dusit Thani	11.30-12.60	8,415	na	na	1.6	1.9	na	na	na	na	CG: 5	SET	Tourism
*Eastern Polymer Group	8.30-9.10	19,320	12.4	16.2	1.6	1.6	4.9	3.7	14.0	9.1	ESG: AA, CG: 5	SET ESG	Construction Materials
*Jenkongklai	7.50	2,440	na	38.3	N/A	4.0	na	0.6	34.5	10.5	N/A	MAI	Services
*KCG Corp	11.50	5,341	16.2	17.8	3.3	2.0	na	3.0	20.4	11.4	N/A	SET	Food & Beverage
Moshi Moshi Retail Corp	61-66	16,995	58.7	40.7	9.2	8.2	0.4	1.2	19.7	22.4	CG: 3	SET	Commerce
Nex Point	12-15	17,590	74.3	25.8	5.1	4.5	na	na	7.0	20.1	N/A	SET	Automotive
Praram 9 Hospital	23.60-24.00	14,782	26.9	27.3	3.2	3.0	1.5	1.4	12.6	11.4	ESG: AAA, CG: 5	SET/SET ESG	Health Care
Prima Marine	9.40-10.00	19,000	12.0	10.2	1.9	1.7	4.4	4.6	23.1	19.3	CG: 5	SET	Transportation
*Safe Fertility Group	25.50-27.00	6,656	7.9	29.7	3.0	3.2	na	4.2	47.9	17.8	N/A	SET	Health Care
*SAMART Aviation Solutions	23.80-25.00	13,568	60.9	45.5	33.8	10.0	na	3.8	82.8	33.6	N/A	SET	Transportation
Serssang Power Corp	8.80-9.70	10,166	7.5	13.2	1.3	1.3	3.1	1.3	19.1	10.3	CG: 4	SET	Energy & Utility
Srinanaporn Marketing	21.20-22.30	15,744	31.3	25.4	4.9	4.7	2.4	2.9	16.1	18.8	CG: 5	SET	Food & Beverage
TAC Consumer	7.00-7.30	32,222	14.2	16.0	4.3	4.6	6.7	6.7	31.2	27.8	CG: 5	MAI	Agro & Food
*Tanachira Retail Corp	21.00-21.80	5,070	na	24.6	na	2.4	na	4.5	37.7	17.7	N/A	SET	Commerce
*Thai Coconut	15.40-16.50	19,992	7.9	29.7	3.0	3.2	na	4.2	47.9	17.8	N/A	SET	Food & Beverage
Thai Plaspac	20-22	4,637	16.1	9.8	2.2	2.0	2.0	3.1	14.7	21.1	CG: 3	SET	Packaging
Average		11,468	24.2	23.3	5.6	3.4	4.2	3.8	27.0	17.4			

Note: All prices are as at 10 May 2024

Note 2: "na" stands for "not meaningful," whereas "N/A" indicates that the scoring is not yet available.

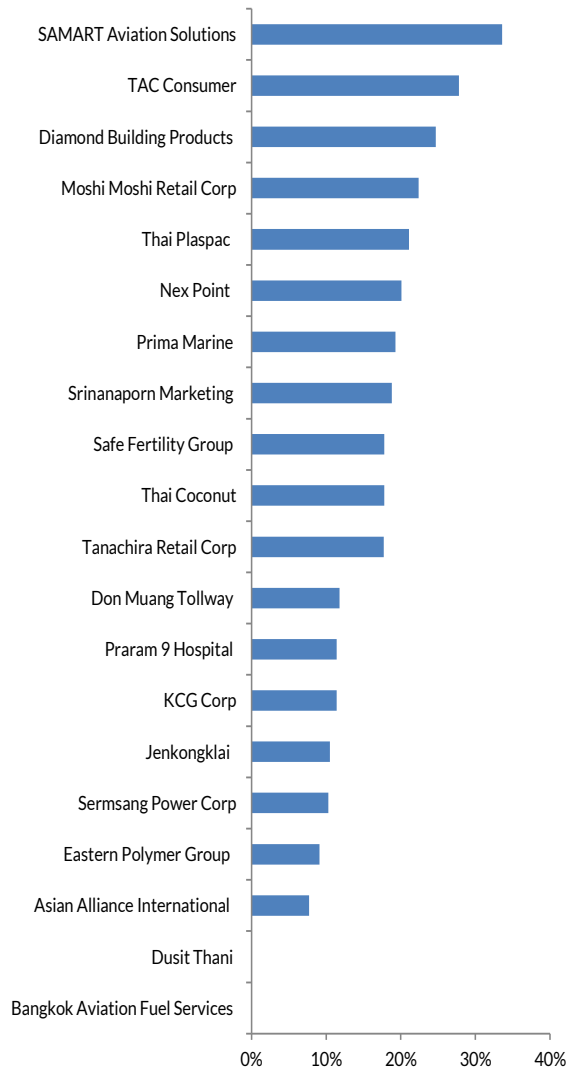
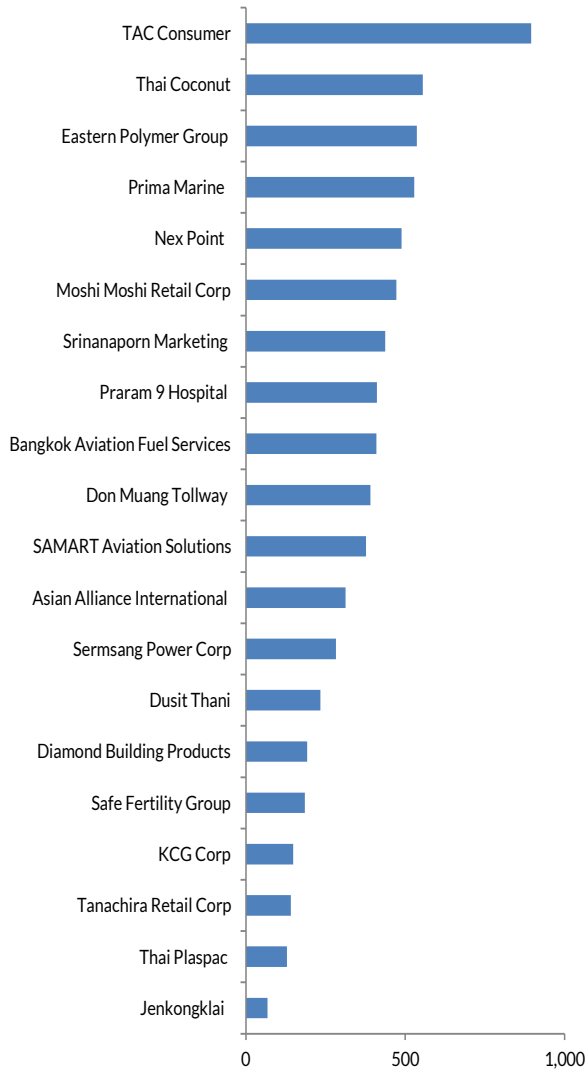
*= debuting stock

** The Stock Exchange of Thailand (SET) has scored the ESG and CG or corporate governance report

Source: Bloomberg, RHB

Market capitalisation of the Top 20 (THBm)

FY23 ROE (%)

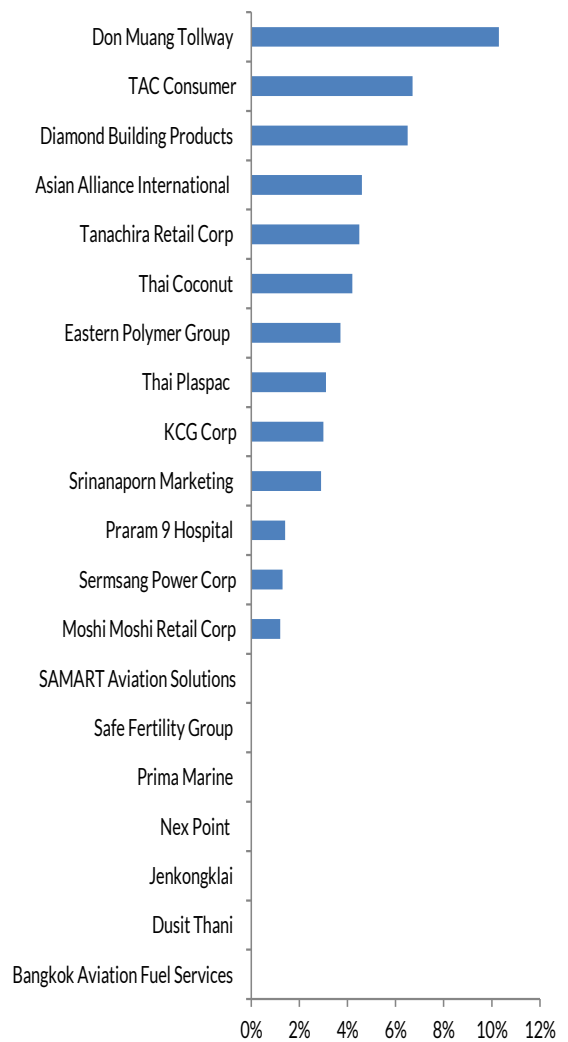
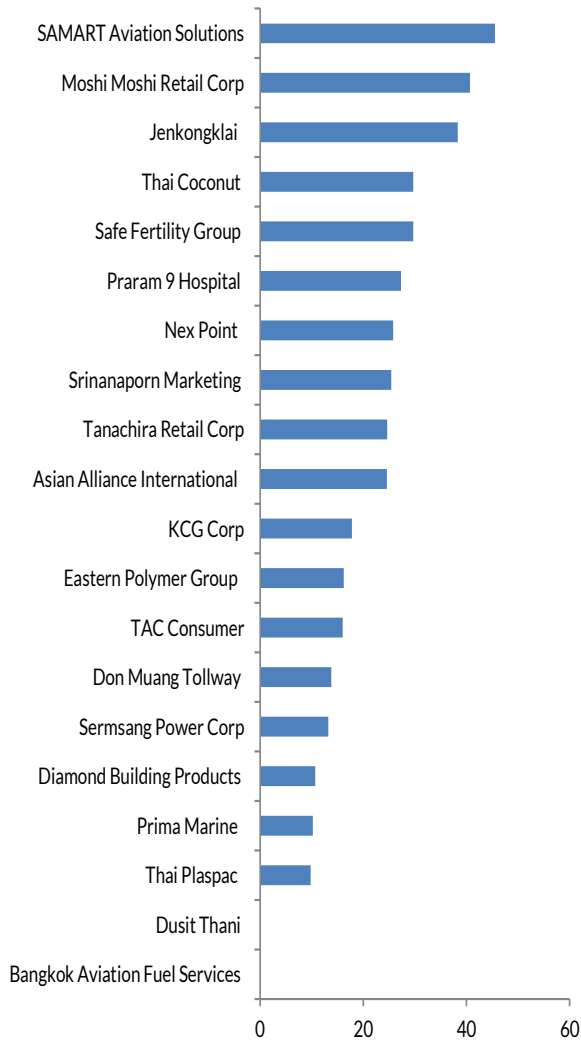


Source: Bloomberg, RHB

Source: Bloomberg, RHB

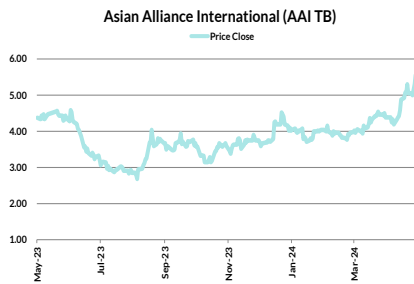
FY23 P/E (x)

FY23 dividend yields (%)



Source: Bloomberg, RHB

Source: Bloomberg, RHB



Source: Bloomberg

Stock Profile

	AAI TB
Bloomberg Ticker	AAI TB
Avg Turnover (THB/USD)	64.1m/1.7m
Net Gearing (%)	Net Cash
Market Cap (THBm)	10,837.5
Beta (x)	1.4
BVPS (THB)	2.30
52-wk Price low/high (THB)	2.82 - 5.45
Free float (%)	25

Major Shareholders (%)

Asian Sea Corp	70.0
Amornrattanachaikul family	6.3

Share Performance (%)

	1m	3m	6m	12m
Absolute	10.4	22.6	35.6	8.5
Relative	10.3	23.4	38.1	20.4

Prapharas Sirithanpassorn +66 2088 9744
prapharas.sirithanpassorn@rhbgroup.com

Investment Merits

- A major original equipment manufacturer (OEM) of pet food and shelf-stable human food
- Set to resume robust growth from 2024 onwards
- Strong demand growth in the global pet food industry
- Upside from expanding client base and better operational efficiency

Company Profile

Asian Alliance International (AAI) is a subsidiary of Asian Sea Corp (ASIAN TB) and a major OEM of pet food and shelf-stable human food in Thailand. Since 2019, AAI has been developing its own pet food products for cats and dogs. Its OEM business under clients' brands currently generates the majority of its revenue. It has two manufacturing plants – one in Thailand, while the other is a JV plant in China. AAI's 2023 sales consisted of pet food (79%), human food (20%), and by-products (1%). Its major destinations for pet food sales were the US and Canada (65%), the EU (21%), domestic sales (12%), and other countries (2%). As for human food, its products were mainly sold in the Middle East (71%), Japan (23%), the US and Canada (4%), and Thailand (2%).

Highlights

Financial targets for 2024. AAI has promising key business targets for 2024, such as: i) A sales growth target of 19% YoY (+24% for pet food and flat growth for human food) vs a 24% sales contraction in 2023 (-29% for pet food, +8% for human food); and ii) GPM target of 13-15% vs 13.2% in 2023. Pet food products are expected to be the main growth drivers, both from the OEM division, as well as the company's own brands. AAI has a FY24 capex of c.TH430m for its investment into its second pet food automated warehouse, which is scheduled to begin operations in 2025, as well as for several efficiency improvement projects. AAI aims for its pet food-to-human food sales mix to be at 83:17 in 2024, vs 80:20 in 2023.

In recovery mode. Robust earnings growth should be resumed from 2024 onwards, up sharply from the bottom chalked in 2023 when net profit plunged by 55% YoY due to the weak operating environment. We expect net profit of c.TH690m (+80%) for 2024, and c.TH794m (+15%) in 2025. The robust net profit growth for 2024 should be supported by a sales increase of >15% YoY from stronger growth in pet food products, on the back of: i) Ongoing demand recovery – this is expected to expand at a 6.2% CAGR over 2024-2025; and ii) inventory restocking, which normalised in 2H23. AAI also has two new private-label customers, and expects to start production for these customers in 2H24. GPM is expected to improve to >14% vs AAI's 2024 target of 13-15%, and 13.2% in 2023 – mainly on the expected lower cost of tuna after prices peaked at USD2,000/tonne in 2023, and the higher utilisation rate for high-margin wet pet food to substitute low-margin ready-to-eat products. We also expect better operating cost controls from its efficiency improvement projects, including its second automated warehouse.

Company Report Card

Results highlights. AAI posted a net profit of THB166m in 4Q23 (+41% QoQ, -44% YoY), beating the Street estimate by 17%. Its quarterly results have shown ongoing improvements QoQ since earnings bottomed out in 2Q23 (net profit stood at THB72m, THB26m, THB118m, and THB166m in 1Q23-4Q23), backed mainly by the easing negative impact of inventory destocking issues in 1H23. 2023 net profit was only at THB383m (-55% YoY), mainly on the back of: i) A 24% YoY sales contraction (-29% for pet food, +8% for human food), largely on the negative impact of inventory destocking in the US and EU in 1H23; and ii) a lower GPM of 13.2% vs 19.9% in 2022 due to higher raw material costs in 2023, especially for tuna, given the higher growth in human food sales.

Balance sheet/cash flow. AAI has a strong balance sheet (low debt burden with interest-bearing debt/equity at just 0.04x) and has been in a net cash position since its 2022 IPO. This should continue to support its business expansion over the long term.

ROE. 2024-2026 ROE is expected to improve to 14-15% from its unusually low level of 8% in 2023 – above the 11-12% average for the regional pet food sector (Thailand and China).

Dividends. AAI's dividend policy is to pay not less than 50% of net profit of the consolidated financial statement, after tax deductions and all funding reserves. However, given its solid cash position – especially post-IPO – actual dividend payout ratios for FY22 and FY23 were at c.63% and c.149%. Therefore, we expect AAI to pay high dividends going forward. However, based on its 50% dividend payout policy, the dividend yield would be at 4-5%.

Management. AAI's major shareholder is ASIAN, which holds a 70% stake in the company. Members of the Amornrattanaichaikul family, which founded the company, are the biggest shareholders in both ASIAN and AAI, and hold key board and management positions in the latter.

Investment Case

Strong growth underway. We think AAI is appealing in terms of: i) Its improving growth outlook, with robust growth expected to resume this year onwards from strong sales growth in pet food products and growing opportunities in its OEM business' new markets, as well as for its own brands; ii) solid demand growth in the pet food industry; and iii) improving margins from better management of COGS and operating costs via its continued operational efficiency improvements. Based on our estimates, we assume FY24-25 EPS of c.TH0.32 (+80%) and c. TH0.37 (+15%).

FV range. We estimate that the stock is worth between THB6.40 and THB7.04, based on a target FY24 P/E of 20-22x. Note that the regional pet food sector (Thailand and China) is now trading at a FY24 average P/E of 22-23x (20-21x for Thailand's pet food sector and 25-26x for China's).

Key risks: Weaker-than-expected economic growth in AAI's key export destinations (the US, EU, Japan and the Middle East), volatility in raw material prices, and FX risks.

Profit & Loss	Dec-21	Dec-22	Dec-23
Total turnover (THBm)	4,985	7,124	5,439
Reported net profit (THBm)	653	859	383
Recurring net profit (THBm)	625	816	329
Recurring net profit growth (%)	13.6	32.6	(51.6)
Recurring EPS (THB)	0.37	0.38	0.15
DPS (THB)	0.47	0.24	0.23
Dividend Yield (%)	9.3	4.8	4.6
Recurring P/E (x)	12.6	11.9	24.6
Return on average equity (%)	26.0	23.2	7.7
P/B (x)	3.6	2.1	2.2
P/CF (x)	32.0	26.4	8.7

Source: Company data, RHB

Balance Sheet (THBm)	Dec-21	Dec-22	Dec-23
Total current assets	2,368	4,476	4,034
Total assets	3,606	6,080	5,591
Total current liabilities	1,181	633	516
Total non-current liabilities	49	414	192
Total liabilities	1,230	1,046	708
Shareholder's equity	2,376	5,034	4,883
Minority interest	0	5	2
Other equity	0	0	0
Total liabilities & equity	3,606	6,080	5,591
Total debt	615	445	172
Net debt	569	(1,063)	(759)

Source: Company data, RHB

Cash Flow (THBm)	Dec-21	Dec-22	Dec-23
Cash flow from operations	268	407	1,235
Cash flow from investing activities	(428)	(415)	(994)
Cash flow from financing activities	120	1,473	(816)
Cash at beginning of period	83	46	1,508
Net change in cash	(37)	1,462	(577)
Ending balance cash	46	1,508	931

Source: Company data, RHB

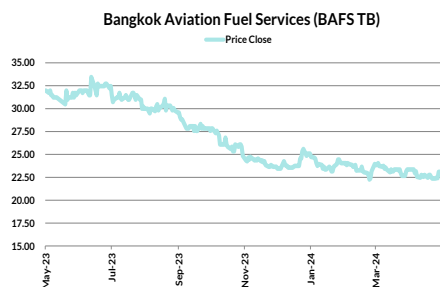


Bangkok Aviation Fuel Services

Key Beneficiary Of The Tourism Rebound

Fair Value: THB26.50-30.50

Price: THB22.80



Source: Bloomberg

Investment Merits

- Positive outlook for 2024 from increased tourist arrivals
- Expect 2024 earnings to recover after continuous losses in FY20-23
- Pipeline business on a growth trajectory

Company Profile

Bangkok Aviation Fuel Services (BAFS) was listed on the SET on 4 Apr 2002. Its organisational structure is divided into three industry groups: i) Aviation, ii) utilities & power, and iii) business solutions and services. As Thailand's largest aviation fuelling service provider, BAFS' core business includes aviation fuel storage and aviation refuelling systems, which are provided at five airports: Suvarnabhumi (BKK), Don Mueang International (DMK), Samui, Sukhothai, and Trat. A new aviation fuel service system for U-Tapao International Airport is currently under construction. Apart from aviation fuelling services, BAFS also generates revenue from fuel pipeline transportation, property rental, and utilities services related to its core business. Its major shareholders comprise RATCH Group (RATCH TB), Bangkok Airways (BA TB), Thai Airways International (THAI TB), Airports of Thailand (AOT TB), and several oil companies.

Stock Profile

Bloomberg Ticker	BAFS TB
Avg Turnover (THB/USD)	5.4m/0.1m
Net Gearing (%)	2.4
Market Cap (THBm)	14,662.4
Beta (x)	0.7
BVPS (THB)	8.56
52-wk Price low/high (THB)	22.30 – 33.75
Free float (%)	33.7

Major Shareholders (%)

RATCH Group	15.5
Bangkok Airways	10.0
The Shell Company Of Thailand	7.1

Share Performance (%)

	1m	3m	6m	12m
Absolute	(2.1)	(5.0)	(8.0)	(28.7)
Relative	0.7	(3.6)	(6.5)	(15.9)

Thailand Research +66 2088 9999
research.th.equity@rhbgroupp.com

Highlights

Increased inbound tourism to bolster the aviation sector's recovery.

The Tourism Authority of Thailand set a 2024 target of 35m international tourist arrivals to the kingdom, up from 2023's 28m. This figure includes 8m tourists from China, ie close to pre-pandemic levels. The anticipated rise is attributed to the long-term visa exemption policy between Thailand and China that began on 1 Mar. This policy is projected to revitalise Thailand's tourism industry, mirroring its previous vibrancy. Additionally, the kingdom is set to experience multiple long holiday periods in 2Q24. For instance, the Songkran festival this year (12-16 Apr) attracted 1.5m tourists, indicating a strong recovery in visitor arrivals.

Expect an earnings turnaround in FY24.

BAFS is expected to report a net profit of THB45-50m in 1Q24, rebounding from a loss in 4Q23. This recovery is driven by increased sales in the aviation and pipeline transmission businesses, along with the absence of additional losses. Additionally, the group is projected to achieve FY24 earnings in the range of THB180-220m, marking a recovery from continuous losses over the past four years since the start of the COVID-19 pandemic. The long-term 2025-2027 outlook also remains positive – this is from incremental aviation refuelling sales growth and declining finance costs. BAFS' refuelling volume is likely to increase to about 5bn litres (+16% YoY) in 2024, as BKK and DMK should see increases in flight numbers.

Additional opportunities for the pipeline business. Fuel sales volume from BAFS subsidiary Fuel Pipeline Transportation is projected to increase by nearly 15% QoQ to 300m litres, following improved volume from Bangchak Corp's Phra Khanong refinery after the acquisition of Esso Thailand's Sriracha refinery – presently Bangchak Sriracha (BSRC TB) – on 31 Aug 2023. Furthermore, BAFS is in negotiations and preparing for the construction of a fuel pipeline project that will link Saraburi to Ang Thong (link line) and connect the country's eastern and northern regions. This initiative is expected to boost sales.

Company Report Card

Results highlights. In 4Q23, BAFS booked a net loss of THB198m, a YoY and QoQ drop from net losses of THB41m and THB3m in 4Q22 and 3Q23. Its FY23 net loss amounted to THB138m vs a net loss of THB281m in FY22. The improvement was due to the post-pandemic recovery of Thailand's tourism industry. Aviation refuelling volume surged 44% YoY in 2023, as the number of flights going in and out of BKK and DMK increased by 42% YoY to 244,389. As a result, the group's GPM widened to 38.4% in FY23 from 24.7% in FY22.

Dividends. Due to the group's exposure to the travel industry, which was greatly impacted by the pandemic, BAFS did not pay dividends in 2021-2022. It restarted dividend payments in 2023, even after booking a net loss, at an amount of THB0.22 per share, which implies a yield of 1%. We expect BAFS to chalk a dividend yield of 2-3% in 2024, as the COVID-19 pandemic is now over and the transportation industry can look forward to bluer skies, figuratively speaking

Management. ML Nathasit Diskul is BAFS' president while Kanit Seetong is the director of Suvarnabhumi Aviation Refuelling, which manages services activities. The management team has more than 15 years of experience in operating BAFS' businesses.

Investment Case

Time for the upcycle trend. We like BAFS for its solid market position within Thailand's aviation sector. The group, in our view, will largely benefit from the kingdom's post-COVID-19 economic recovery and tourism rebound. We believe 2024 will be the beginning of a new upcycle for BAFS, with an earnings turnaround from prior losses, and sturdy growth thereafter.

FV in the THB26.50-30.50 range. The Street's FV range for this stock is THB26.50-30.50, which implies 39-43x 2025F P/E, ie at 16-34% above its market valuation.

Key risks: Risks stem from the fluctuations in aviation oil demand at BKK and DMK, as well as oil volumes transported through its pipeline if the number of inbound flights decreases more than expected.

Profit & Loss	Dec-21	Dec-22	Dec-23
Total turnover (THBm)	1,617	2,194	2,976
Reported net profit (THBm)	(785)	(281)	(138)
Recurring net profit (THBm)	(785)	(281)	(138)
Recurring net profit growth (%)	nm	nm	nm
Recurring EPS (THB)	(1.23)	(0.44)	(0.22)
DPS (THB)	0.00	0.00	0.22
Dividend Yield (%)	0.0	0.0	1.0
Recurring P/E (x)	(18.5)	(51.6)	(105.3)
Return on average equity (%)	(15.2)	(6.0)	(2.8)
P/B (x)	3.0	3.2	2.7
P/CF (x)	7.2	25.7	12.8

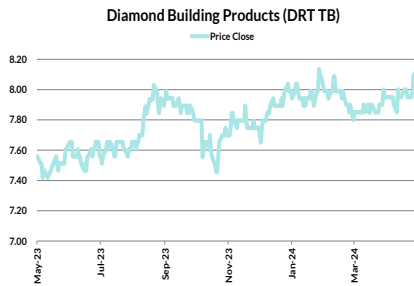
Source: Company data, RHB

Balance Sheet (THBm)	Dec-21	Dec-22	Dec-23
Total current assets	3,471	2,495	2,014
Total assets	24,647	23,724	22,727
Total current liabilities	1,918	2,146	2,417
Total non-current liabilities	16,354	15,627	13,610
Total liabilities	18,272	17,773	16,027
Shareholder's equity	4,807	4,550	5,456
Minority interest	1,569	1,402	1,245
Other equity	0	0	0
Total liabilities & equity	24,647	23,724	22,727
Total debt	14,076	14,877	13,308
Net debt	13,514	14,354	12,785

Source: Company data, RHB

Cash Flow (THBm)	Dec-21	Dec-22	Dec-23
Cash flow from operations	2,005	566	1,138
Cash flow from investing activities	(4,802)	646	294
Cash flow from financing activities	2,554	(1,252)	(1,429)
Cash at beginning of period	805	562	523
Net change in cash	(243)	(39)	(0)
Ending balance cash	562	523	523

Source: Company data, RHB



Source: Bloomberg

Stock Profile

Bloomberg Ticker	DRT TB
Avg Turnover (THB/USD)	2.0m/0.1m
Net Gearing (%)	79.3
Market Cap (THBm)	6,925.8
Beta (x)	0.5
BVPS (THB)	3.26
52-wk Price low/high (THB)	7.65 - 8.55
Free float (%)	37.8

Major Shareholders (%)

Myriad Materials	57.1
------------------	------

Share Performance (%)

	1m	3m	6m	12m
Absolute	1.9	(3.0)	1.9	1.3
Relative	4.7	(1.6)	3.4	14.0

Chatree Srismacharoen +66 2088 9743

chatree.sr@rhbgroup.com

Investment Merits

- Resilient player within the industry
- Extending its consistent growth plan
- Prevailing dividend stock

Company Profile

Diamond Building Products (DRT) manufactures and distributes roofing products, boards and ceilings, siding boards, other roof accessories, and non-roof products, and provides roof stripping and installation services under the trademark names Diamond, Adamas, and Jearnai.

Highlights

Resilient player within the industry. Even when the majority of construction material manufacturers were facing industry hardships in FY23, DRT was able to deliver marginal growth, especially in sales revenue. Therefore, FY24 should be another year to test the company's business strength. Its resilient strategies have been well proven, and its diversified focus in major sales channels can mitigate the business risks amidst market volatility. There has been evidence of the company benefitting from stronger demand from new low-rise housing projects during the COVID-19 pandemic. From FY24 onwards, we expect DRT to change its course to emphasise more on the renovation market via boosting sales through local dealer networks.

Extending its consistent growth plan. As in previous years, DRT remains the market leader (with a 18-19% share) in the construction materials industry. FY24 business targets include: i) 5% YoY core revenue growth, ii) GPM of 25-27%, and iii) maintaining a debt-to-equity ratio of less than 1x. However, the company has emphasised on focusing more on the local agent channel with a higher sales volume target of 54% (vs 52% in FY23), and less on the housing project channel target of 16% (vs 19% in FY23). This change in focus is a response to its anticipation that demand for low-rise housing project units this year will be slower, after the pent-up demand during the pandemic period has been absorbed.

Prevailing dividend stock. Although the company's recent earnings growth appear slimmer and its growth prospects may subside, the stock's dividends are still attractive, in our view. This is contributed by its conservative management of working capital and investment budgets. Based on our estimates, the dividend yield at the current performance could be more than 6% pa – higher than the SET average.

Company Report Card

Results highlights. Due to the continuous momentum of new project launches and renovation demand, FY23 sales revenue grew 6.7% YoY to THB5.1bn. The growth was also driven by higher sales volumes via all of its sales channels. Sales volume for low-rise housing project developments grew by an impressive 20% YoY while sales volume via other channels, including modern trade (+6.5% YoY), export sales agents (+9.6% YoY), and local dealer networks (+3% YoY) also grew at less than 10% YoY. Note that the dealer networks continued to account for the largest proportion of sales revenue at 52%. Overall GPM was pressured by higher costs of raw materials, and fuel cost also declined from 26.8% of total costs in FY22 to 25.8% in FY23. As usual, the company was quite efficient in controlling SG&A expenses stringently, and this resulted in the SG&A expense-to-core revenue ratio being maintained at 12-13%. Despite lower profitability, core revenue growth supported its FY23 net profit to grow 2% YoY.

Balance sheet/cash flow. In FY23, DRT stringently controlled its net working capital position, and this led to operating cash flow increasing 82% YoY to THB1.15bn. As of end-2023, accounts receivable (AR) and inventory declined 4% YoY and 13% YoY while accounts payable (AP) increased 12% YoY. The improvement resulted in the company's cash cycle declining to 40 days for FY23. More importantly, it also managed borrowings conservatively as interest-bearing debt balance at end-FY23 dropped by a significant 29% YoY to less than THB500m, while its net debt-to-equity ratio continued to decline to only 0.18x.

ROE remained high at 24.7% in FY23 albeit moderately lower than c.26% for FY21-FY22, despite the construction materials market not performing strongly due to the absence of new public infrastructure project bids. Limited growth in FY23 earnings was the major factor behind the lower ROE.

Dividends. Based on its dividend policy of paying out more than 50% of earnings, DRT has paid out cash dividends at a ratio of 60-70%. The company paid THB0.52 per share, implying a 69% payout ratio for FY23. Although FY23 earnings growth dropped to 2% YoY, it continues to prioritise keeping dividend payments attractive – which has proven to be a key appeal of the stock.

Management. Satid Sudbuntad was appointed as DRT's CEO six years ago and has been with the company for over 15 years. He is involved in all departments, including production, marketing, customer relationships and investor relations.

Investment Case

FV of THB9.30. We regard DRT as a stock with consistent growth and solid dividend yields. Given its robust performance, FY24F should bring another year of earnings growth. Based on its historical 5-year average P/E of 12x, we derive a FV of THB9.30 for the stock.

Profit & Loss	Dec-21	Dec-22	Dec-23
Total turnover (THBm)	4,815	5,232	5,631
Reported net profit (THBm)	585	626	638
Recurring net profit (THBm)	585	626	638
Recurring net profit growth (%)	5.0	6.9	1.9
Recurring EPS (THB)	0.68	0.73	0.75
DPS (THB)	0.46	0.50	0.52
Dividend Yield (%)	5.8	6.3	6.5
Recurring P/E (x)	11.7	10.9	10.7
Return on average equity (%)	27.3	26.2	24.7
P/B (x)	3.2	2.9	2.7
P/CF (x)	8.4	10.8	5.9

Source: Company data, RHB

Balance Sheet (THBm)	Dec-21	Dec-22	Dec-23
Total current assets	1,398	1,789	1,624
Total assets	3,459	3,741	3,777
Total current liabilities	981	1,079	866
Total non-current liabilities	332	275	331
Total liabilities	1,313	1,353	1,197
Shareholder's equity	2,146	2,387	2,580
Minority interest	0	0	0
Other equity	0	0	0
Total liabilities & equity	3,459	3,741	3,777
Total debt	692	698	493
Net debt	669	687	477

Source: Company data, RHB

Cash Flow (THBm)	Dec-21	Dec-22	Dec-23
Cash flow from operations	810	633	1,150
Cash flow from investing activities	(154)	(230)	(445)
Cash flow from financing activities	(656)	(416)	(703)
Cash at beginning of period	22	23	11
Net change in cash	1	(12)	4
Ending balance cash	23	11	15

Source: Company data, RHB

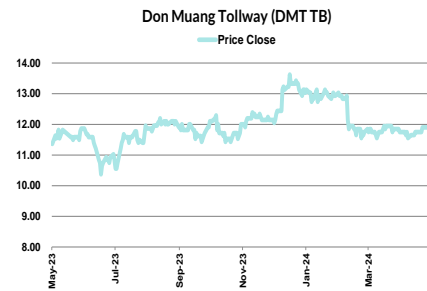


Don Muang Tollway

On a Rosy Growth Path

Fair Value: THB14.00

Price: THB11.90



Source: Bloomberg

Stock Profile

	DMT TB
Bloomberg Ticker	DMT TB
Avg Turnover (THB/USD)	15.9m/0.4m
Net Gearing (%)	6.9
Market Cap (THBm)	13,938.6
Beta (x)	0.6
BVPS (THB)	7.20
52-wk Price low/high (THB)	11.00 - 13.90
Free float (%)	36.0

Major Shareholders (%)

Tarnin Holding Company	25.7
Ministry of Finance	22.1

Share Performance (%)

	1m	3m	6m	12m
Absolute	(1.7)	(9.9)	(5.6)	(4.1)
Relative	1.1	(8.5)	(4.1)	8.7

Chatree Srismacharoen +66 2088 9743

chatree.sr@rhbgroup.com

Investment Merits

- Organic growth continuing to ramp up
- Possible catalyst for future organic growth
- Expansion into motorway concession business still likely

Company Profile

Don Muang Tollway (DMT) has the concession to construct and operate the Utra Phimuk elevated toll road in Bangkok (from Din Daeng to the National Memorial Section) under the Highway No. 31 Vibhavadi-Rangsit Road concession agreement. The Department of Highways, under the Ministry of Transport, is the concession holder.

Highlights

Organic growth is still picking up pace. Average daily traffic volume – the critical factor for DMT’s performance – continues to trend upwards post-COVID-19 pandemic. This indicates a surge in commuting activities by locals and foreign visitors. DMT’s tollway project has mainly benefitted from the growing number of domestic and international travellers going through Don Mueang International Airport (DMK), which is currently ranked as the 10th best low-cost airline terminal in the world. Since the resumption of commuting activities, 4Q23 marked the highest level of traffic (+10.7% YoY) for the tollway’s original route, while traffic at the northern extension grew by 6.6% YoY. YoY traffic growth throughout the year helped boost the FY23 average traffic count by 25% YoY to 107k trips per day, or 73% of pre-pandemic levels. Under the current circumstances, FY24 should see the uptrend continuing, as traffic numbers have already climbed up to 111k trips and 115k trips in January and February. Note: Management is expecting FY24 traffic to grow 8% YoY to 116k trips per day.

Possible catalysts for future organic growth. Amid the uptrend in travel numbers in Thailand, DMK’s Phase 3 expansion – as a major capacity expansion for the country’s air transportation network – should be the key positive factor ahead for DMT. It may also indicate another significant rise in traffic volume for the Utra Phimuk toll road.

Expansion into the motorway concession business still likely. Under the current administration, FY24 may likely be the start of a new bidding cycle – especially from April onwards (this is when Street believes the Government will begin its first round of project bids). We expect DMT to be one of the major competitive participants bidding for three motorway project concessions – M5 (Rangsit-Bang Pa In), M9 (Bang Khun Thian-Bang Bua Thong), and M82 (Bang Khun Thian-Ban Phaeo) – which are all expected to be open for bids within this year.

Company Report Card

Results highlights. After FY21, DMT's core performance recovered strongly in tandem with the post-pandemic resumption of commuting activities. Consequently, FY22 earnings almost doubled (+93% YoY). The strong earnings growth continued again in FY23 (+28% YoY), in tandem with a 25% YoY surge in traffic volume (FY23 average: 106.9k trips per day), which led to a full-year core revenue growth of 27% YoY. GPM climbed up to 36.1% in FY23, as its management of operating costs and expenses became more efficient – although finance costs surged more than tenfold, in line with a higher balance of short-term bank loans (terms of less than three months) as of end-FY23.

Balance sheet/cash flow. After being bank-debt-free over the past few years, DMT began to utilise a short-term credit line of THB800m provided by the commercial banks. While the equity base was diminished by a series of high-tide dividend payments, its financial position shifted from being in net cash as of end-FY22 to a net D/E of 0.07x as of end-FY23. Within FY23, the company boosted its operating cash flow via an improved core business. Meanwhile, DMT's investment in subsidiary ASIAM Infra – as well as other investments – were supported by solid operating cash flow, and loans from the commercial banks. However, the deficit in cash flow from financing activities was larger in FY23, mainly due to a higher balance of dividend payments made to shareholders.

ROE. The company's FY23 ROE jumped again, due to two critical factors: i) Superb earnings growth, driven by higher traffic numbers; and ii) consistent commitment to a >100% dividend payout ratio. Therefore, average ROE expanded to 11.8% in FY23, from 8% in FY22.

Dividends. Based on DMT's dividend policy of paying more than 90% of net profit), a series of dividend payments have been consistently implemented since its SET listing in May 2021 – this is indicative of the company's discipline in terms of its dividend payout policy. For FY23, DMT again paid dividends on a quarterly basis, at 141% of earnings. Due to the consistent organic growth of tollway traffic numbers and a large surplus of free cash flow, the company will stick to its >100% dividend payout ratio in the coming years. However, a more conservative ratio cannot be ruled out, as DMT is planning to bid for more operations & maintenance concessions for motorway projects.

Management. Two representatives from the Phanichewa family have key roles within DMT's board of directors: Chairman Sombath Phanichewa and CEO Tarnin Phanichewa.

Investment Case

FV of THB14.00. After being a cash-cow stock for the past few years, DMT will be more aggressive in expanding organically, ie managing its existing concession and winning new ones, to extend earnings growth over the long term. The stock should trade at a P/E mean of 16x.

Key risks: Failure in winning new concessions that it bids for.

Profit & Loss	Dec-21	Dec-22	Dec-23
Total turnover (THBm)	1,202	1,832	2,325
Reported net profit (THBm)	404	781	1,001
Recurring net profit (THBm)	404	781	1,001
Recurring net profit growth (%)	(48.9)	93.1	28.2
Recurring EPS (THB)	0.34	0.66	0.85
DPS (THB)	0.32	1.13	1.20
Dividend Yield (%)	2.7	9.7	10.3
Recurring P/E (x)	34.2	17.7	13.8
Return on average equity (%)	4.2	8.0	11.8
P/B (x)	1.4	1.4	1.6
P/CF (x)	28.6	11.9	9.0

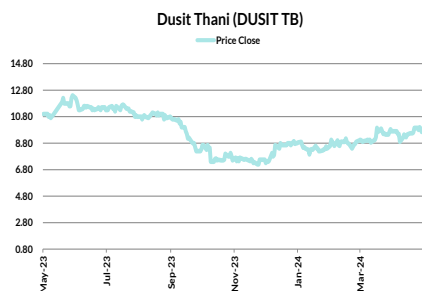
Source: Company data, RHB

Balance Sheet (THBm)	Dec-21	Dec-22	Dec-23
Total current assets	468	492	449
Total assets	10,256	10,464	10,037
Total current liabilities	344	351	1,170
Total non-current liabilities	339	341	365
Total liabilities	683	692	1,534
Shareholder's equity	9,586	9,783	8,508
Minority interest	0	0	12
Other equity	(13)	(11)	(17)
Total liabilities & equity	10,256	10,464	10,037
Total debt	17	29	838
Net debt	(305)	(278)	585

Source: Company data, RHB

Cash Flow (THBm)	Dec-21	Dec-22	Dec-23
Cash flow from operations	484	1,160	1,531
Cash flow from investing activities	41	(573)	(107)
Cash flow from financing activities	(620)	(602)	(1,479)
Cash at beginning of period	417	322	307
Net change in cash	(95)	(15)	(54)
Ending balance cash	322	307	253

Source: Company data, RHB



Source: Bloomberg

Stock Profile

	DUSIT TB
Bloomberg Ticker	DUSIT TB
Avg Turnover (THB/USD)	3.3m/0.1m
Net Gearing (%)	218.5
Market Cap (THBm)	8,245.0
Beta (x)	1.1
BVPS (THB)	5.07
52-wk Price low/high (THB)	7.15 – 12.40
Free float (%)	27.0

Major Shareholders (%)

Chanut & Children	49.7
Central Pattana	17.1
Bangkok Bank	4.1

Share Performance (%)

	1m	3m	6m	12m
Absolute	(1.5)	15.5	29.3	(10.2)
Relative	1.3	16.9	30.8	2.6

Vatcharut Vacharawongsith +66 2088 9736

vatcharut.va@rhbgroupp.com

Investment Merits

- Unlocking value creation from the opening of Dusit Central Park, and ongoing hotel business recovery
- Promising food wing outlook, driven by the opening of new outlets, new products, new customers, and new businesses
- Seeking FY24 turnaround and a big jump in FY25 earnings

Company Profile

Dusit Thani (DUSIT) is a leading hotel operator in Thailand with a uniqueness in providing Thai services at international standards. Having started in 1948, the company is involved in the hotel, food, education, and property development sectors, with a 2023 revenue mix of 69%, 19%, 6%, and 1%. DUSIT has 57 hotels and 243 villas (c.12,575 keys) under its management. Ten owned hotels (2,337 keys) are included in this count, and there are a further >60 projects in the pipeline. It also holds a 30.2% stake in Dusit Thani Freehold & Leasehold REIT.

Highlights

Enhancing hotel profitability. DUSIT will leverage on the promising Thai tourism outlook by targeting hotel revenue growth of 18-20% YoY in 2024 – this is to be driven by double-digit growth of revenue per available rooms (RevPar) from higher average daily rates (ADR) and occupancy rates (OR), and the reopening of its flagship Dusit Thani Bangkok Hotel in 3Q24F. To reduce financial risks, new hotel expansions will focus on the asset-light approach and the mid-scale hotel segment for quick returns. A total of 8-10 new properties may be launched this year.

Seeking positive EBITDA for the education unit. Its hospitality and culinary schools are focusing on diversification towards short-term professional programmes that fit market demand. It targets a 15% YoY growth in education revenue in 2024, driven by culinary degree enrolments and higher revenue from The Food School Bangkok. The education arm's EBITDA may turn positive in 1H24F, on a better performance from Dusit Thani College, which continues to attract many students.

Healthier food business. DUSIT food unit's revenue will likely grow 30-35% YoY in 2024F, due to: i) Expansion of its Epicure catering business into new channels and new markets abroad; ii) the opening of 10-12 new outlets for the Bonjour bakery franchise in Thailand, Vietnam, and other Asian countries, and growing business-to-business sales; iii) offering more new products for its food sourcing operations, to customers in Thailand and overseas; and iv) launching a central kitchen and cloud dispensing network, Pinto Hub, in 1Q24.

Mixed-use project to boost FY25F profits. Its THB46bn Dusit Central Park project may act as a key growth driver in 2025-2026F. DUSIT holds

a 70% stake in this development, which comprises a hotel and residential units. The Dusit Residences (presales at 76% vs 2024 target of 85%) is earmarked to gradually transfer the units to buyers from 4Q25 onwards.

Company Report Card

Results highlights. DUSIT reported a THB570m net loss in 2023, vs 2022's THB501m net loss – mainly due to higher opex and the absence of gains on sale of investments. Excluding extra items, core losses totalled THB619m (vs -THB829m in 2022). DUSIT was able to book FY23 revenue of THB5.38bn (+31% YoY). Its owned hotels delivered a 70% occupancy rate in 2023 (vs 2022: 59%) and higher average daily rate (+9% YoY), which led RevPar to grow 31% YoY to THB2,658 – ie 2019 levels. Last year's EBITDA was flattish at THB862m (vs 2022: THB864m).

Balance sheet/cash flow. The company's total assets went up 6% to THB27.92bn in 2023 on an increase in property value for Dusit Central Park and ASAI Bangkok Sathorn projects. Total liabilities rose 11% to THB23.61bn. Net debt-to-equity ratio rose slightly to 2.2x (2022: 2.1x).

ROE in 2023 was still negative at -12% (vs 2022: -11%) – mainly from the negative bottomline and a smaller shareholders' equity. ROE may turn positive this year, following the expected FY24 earnings turnaround.

Dividends. DUSIT's dividend policy is to pay not less than 50% of net income in the consolidated financials after tax and legal reserves. It has refrained from paying dividends since FY20's results, and omitted payments for FY23 due to operating losses booked. We expect DUSIT to pay a small dividend with a <1% yield this year.

Management. Group CEO and board member Suphaje Suthumpun has been with DUSIT since Jan 2016. She also chairs the company's risk management and sustainability committees. Suthumpun is a management professional who has worked for many large local and international firms, including as IBM Thailand's managing director and Thaicom's CEO. She had no stake in DUSIT as at end-2023.

Investment Case

Earnings taking off. We think the ongoing revenue growth at all of DUSIT's businesses, and the scheduled opening of Dusit Central Park – starting with the hotel in 2024 – will be catalysts in FY24-25F. Topline may expand 33% YoY in 2024F, while the improving operating leverage should also help secure profit margin growth. Based on Street forecasts, we assume average FY24-25F core EPS of THB0.07 and THB1.58 (vs -THB0.73 in FY23). We like DUSIT's diversification strategy to strengthen its business portfolio and balance its short- and long-term revenue streams. Based on internal targets, its food revenue mix may expand to 25-30% (2022: 19%) by 2027F, with the hotel business remaining at c.60-65%.

FV range of THB11.30-12.60 is derived from applying prospective 25-28x P/Es (a trading average, with a 10% discount applied to the Thai hotel peers under our coverage) for FY24.

Key downside risks include a slower-than-expected consumption and tourism recovery, increasing competition in hotel pricing and new room supply, delays in new launches and business expansions, as well as unexpected incidents in Thailand and abroad that affect tourism.

Profit & Loss	Dec-21	Dec-22	Dec-23
Total turnover (THBm)	2,194	4,093	5,377
Reported net profit (THBm)	(945)	(501)	(570)
Recurring net profit (THBm)	(1,622)	(829)	(619)
Recurring net profit growth (%)	nm	nm	nm
Recurring EPS (THB)	(1.91)	(0.98)	(0.73)
DPS (THB)	0.00	0.00	0.00
Dividend Yield (%)	0.0	0.0	0.0
Recurring P/E (x)	(5.0)	(9.8)	(13.2)
Return on average equity (%)	(21.4)	(11.2)	(12.2)
P/B (x)	2.1	1.6	1.9
P/CF (x)	10.0	3.3	3.7

Source: Company data, RHB

Balance Sheet (THBm)	Dec-21	Dec-22	Dec-23
Total current assets	2,203	3,399	3,071
Total assets	23,784	26,229	27,922
Total current liabilities	4,171	5,856	4,344
Total non-current liabilities	15,719	15,329	19,265
Total liabilities	19,889	21,185	23,609
Shareholder's equity	3,895	5,045	4,313
Minority interest	607	923	873
Other equity	(217)	(201)	(195)
Total liabilities & equity	23,784	26,229	27,922
Total debt	13,711	12,786	11,135
Net debt	12,501	10,643	9,425

Source: Company data, RHB

Cash Flow (THBm)	Dec-21	Dec-22	Dec-23
Cash flow from operations	816	2,440	2,224
Cash flow from investing activities	(799)	(826)	(2,740)
Cash flow from financing activities	(218)	(666)	56
Cash at beginning of period	1,420	1,210	2,143
Net change in cash	(210)	933	(433)
Ending balance cash	1,210	2,143	1,710

Source: Company data, RHB

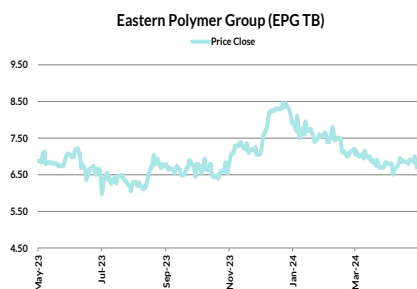


Eastern Polymer Group

Expanding Its Horizons

Fair Value: THB8.30-9.10

Price: THB6.70



Source: Bloomberg

Stock Profile

	EPG TB
Bloomberg Ticker	EPG TB
Avg Turnover (THB/USD)	12.7m/0.3m
Net Gearing (%)	0.4
Market Cap (THBm)	18,760.0
Beta (x)	0.9
BVPS (THB)	4.34
52-wk Price low/high (THB)	6.00 – 8.50
Free float (%)	27.4

Major Shareholders (%)

Vitoonpakorn Holding	60.0
Krungsri Asset Management	3.4

Share Performance (%)

	1m	3m	6m	12m
Absolute	(2.2)	(11.3)	0.8	(11.8)
Relative	0.6	(9.9)	2.2	0.9

Thailand Research +66 2088 9999
research.th.equity@rhbgroup.com

Investment Merits

- Solid FY24-26F growth from sales and margin expansion
- Leading global position with further room for growth
- Limited impact from oil price fluctuations

Company Profile

Eastern Polymer Group (EPG), listed in 2014, is a prominent manufacturer and supplier of innovative polymer solutions, catering to the automotive, construction, packaging, and electronics industries, among others. The bulk of its revenue is derived from three sources: i) Aeroflex (30% of revenue), the world's sole manufacturer of thermal insulation – based on ethylene propylene diene methylene (EPDM) – for the construction industry, ii) Aeroklas (49%), a leading manufacturer of car trunk parts, with product design and development based on its own patents, and iii) Eastern Polypack-EPP (21%), a manufacturer and distributor of disposable plastic packaging for food and beverages, including drinking cups, plates, and bowls.

Highlights

Strong sales and margin growth in FY24-26F. We anticipate a 15% CAGR in EPG's recurring profit over FY24-26, with Aeroklas remaining the key driver. Aeroklas is targeting +15% YoY sales growth in FY24 and aims to achieve a gross margin of 31-33%, up from 30% in FY23 – supported by new orders, product launches, and improved operations in Australia. Aeroflex expects to maintain its consistent growth and high GPMs, targeting 7-9% YoY sales growth in FY24 and a gross margin of 43-45% (vs 42% in FY23) driven by strong growth in Thailand, the US, and Japan, as well as new product launches.

Global leader with growth potential. The company has a strong global market position, with Aeroflex as the sole EPDM thermal insulation manufacturer, ranking third globally with an 11% market share and dominating 40-70% of the market in Thailand and in the Asian region. Aeroklas leads in automotive parts with patent protection and a steady income from its original-design manufacturer (ODM) services, with its international presence contributing over 75% of total revenue in FY21-23. With over 700 patents and 2% of its revenue dedicated to R&D, the company consistently drives innovation in its production technologies. Segment utilisation rates in FY23 (Aeroflex: 65-85%, Aeroklas: 45-75%, EPP: 55-60%) indicate sufficient production capacity for future growth without the need for major investment.

Resilient against oil price fluctuations. The impact of elevated oil prices on downstream producers like EPG is limited. Selling prices for its insulator unit Aeroflex and automotive unit Aeroklas can be adjusted in response to rising raw material costs. The company is able to adapt its production formula, manage raw material procurement, and explore



alternative materials to mitigate the impact. Conversely, the plastic packaging unit EPP faces challenges from higher polymer prices and increased competition. However, given its lower revenue contribution (21% in FY23 vs 75-80% from Aeroflex and Aeroklas combined) and narrower margins (14% vs 32-45% of others), its impact on EPG's overall performance is expected to be minimal.

Company Report Card

Results highlights. The company reported 3Q24 net profit of THB297m, representing a 40% improvement YoY, but a 31% decline QoQ. Excluding extraordinary items, recurring profit stood at THB365m (+12% YoY, -11% QoQ). The YoY growth was fueled by a surge in revenue across all segments – Aeroflex, Aeroklas, and EPP – with increases of 13%, 14%, and 6% each. Aeroflex's growth was bolstered by improved domestic and US sales, driven by the demand for premium-grade and new product models such as its new product for ultra-low temperature insulation. Meanwhile, Aeroklas' revenue growth stemmed from increased sales in Australia due to improving market conditions and the acquisition of TJM's retail business operations (five outlets acquired on 1 Nov 2023).

Balance sheet/cash flow. The company has a solid balance sheet, having maintained a net D/E ratio of below 0.6x over the past five years (FY19-23). Its average annual capex for the period was c.TH714m, significantly lower than the cash flow from its operations.

Dividends. EPG's dividend policy targets a minimum payout of 30% of net profit from consolidated financial statements after tax and legal reserves. Nevertheless, the company has consistently maintained a payout ratio exceeding 60% and a yield of over 3% over the last two years.

Management. Vachara Tuntariyanond is the chairman, and Pawat Vitoorapakorn is the CEO of EPG. Both have a proven track record of running the business.

Investment Case

Consistent performance. We favour EPG due to its consistent and steady earnings performance, having maintained a positive operating cash flow even throughout the pandemic, unlike many other upstream petrochemical players that suffered significant setbacks. The company is projected to achieve substantial earnings growth of 35% in FY24 and 10% in FY25, rebounding from a decline in FY23. This growth is underpinned by improving sales volumes in both the Aeroflex and Aeroklas businesses, coupled with economic recovery, new acquisitions, and the normalisation of SG&A expenses.

Based on consensus estimates, we assume the average FY24-25 EPS to be at THB0.52 (+35% YoY) and THB0.57 (+10% YoY).

FV in the THB8.30-9.10 range. This range is derived by applying a target P/E of 16.0x (+1SD of its 5-year average) on the FY24-25 EPS projection.

Key risks: Rising raw material costs, FX rate fluctuations, and delays in the decline of interest rates.

Profit & Loss	Mar-21	Mar-22	Mar-23
Total turnover (THBm)	9,582	11,770	12,125
Reported net profit (THBm)	1,219	1,597	1,076
Recurring net profit (THBm)	1,198	1,530	1,177
Recurring net profit growth (%)	19.8	27.7	(23.1)
Recurring EPS (THB)	0.43	0.55	0.42
DPS (THB)	0.28	0.33	0.25
Dividend Yield (%)	4.1	4.9	3.7
Recurring P/E (x)	15.9	12.4	16.2
Return on average equity (%)	11.3	14.0	9.1
P/B (x)	1.7	1.6	1.6
P/CF (x)	9.4	17.5	13.5

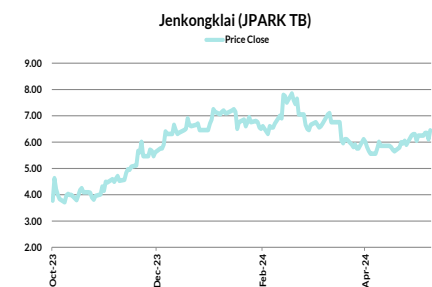
Source: Company data, RHB

Balance Sheet (THBm)	Mar-21	Mar-22	Mar-23
Total current assets	5,820	6,274	7,252
Total assets	15,405	16,268	18,543
Total current liabilities	2,489	3,320	3,130
Total non-current liabilities	1,876	1,136	3,506
Total liabilities	4,364	4,456	6,636
Shareholder's equity	11,019	11,785	11,876
Minority interest	21	27	32
Other equity	0	0	0
Total liabilities & equity	15,405	16,268	18,543
Total debt	2,610	2,804	4,627
Net debt	1,311	2,053	3,514

Source: Company data, RHB

Cash Flow (THBm)	Mar-21	Mar-22	Mar-23
Cash flow from operations	2,018	1,086	1,411
Cash flow from investing activities	(881)	(640)	(1,715)
Cash flow from financing activities	(814)	(949)	582
Cash at beginning of period	1,032	1,299	751
Net change in cash	267	(548)	362
Ending balance cash	1,299	751	1,113

Source: Company data, RHB



Source: Bloomberg

Stock Profile

Bloomberg Ticker	JPARK TB
Avg Turnover (THB/USD)	44.7m/1.2m
Net Gearing (%)	Net Cash
Market Cap (THBm)	2,500.0m
Beta (x)	1.5
BVPS (THB)	1.48
52-wk Price low/high (THB)	3.72 - 8.20
Free float (%)	26.6

Major Shareholders (%)

Santipol Jenwattanaphaisarn	70.9
Sirinda Tanavisarut	2.5

Share Performance (%)

	1m	3m	6m	12m
Absolute	3.3	(7.4)	37.1	N/A
Relative	6.1	(6.0)	38.5	N/A

Chatree Srismacharoen +66 2088 9743

chatree.sr@rhbgroup.com

Investment Merits

- Market share leader
- Growth phase to start from FY24 onwards
- Unique company providing carpark services

Company Profile

Jenkongklai (JPARK) is a service provider for three parking businesses: i) Parking services, ii) parking management services, and iii) consultation and installation of parking systems. With over 20 years of experience and expertise in parking management, the company is able to provide comprehensive and efficient parking management services.

Highlights

Market share leader. JPARK is the industry leader, with a >50% market share and a parking space portfolio with locations close to public spaces, such as the Mass Rapid Transit's (MRT) park & ride services, hospitals, convention centres, universities, shopping centres, and outdoor markets. The company successfully expanded the number of its parking spaces to 29,562 at end-FY23, from 28,983 at the end of FY22. As it was recently awarded two major projects, ie at Khon Kaen Airport (600 parking slots) and One Bangkok (2,000-parking slot management service), it has the potential to add 10k parking slots into its portfolio each year. Based on management's full-year targets, the company's parking slots should stand at 40,000 and 50,000 at the end of FY24 and FY25.

Growth phase from FY24 onwards. FY24 will be a critical year for the company, with major business expansion plans – two large parking space projects attached to two public hospitals with 30-year leases. The two projects are the Kanjanasuk carpark building for Phranangklaio Hospital (THB300m investment cost), and Golden Jubilee Medical Centre's carpark building (THB500m investment cost). The former will start operations in July, while the latter will begin construction by mid-2024, with operations to commence by 4Q25. Therefore, the company should undergo a growth phase over the next two years.

Unique Market for Alternative Investment (MAI)-listed stock providing carpark services. On the SET, there have been very few – if any – stocks in the parking services business in Thailand before JPARK was listed on the MAI in Oct 2023. Therefore, the stock is likely the only proxy to this business, with over 20 years of experience in high-traffic locations in the country's major cities. Its recurring income streams also enhance the stock's attractiveness and ensure its long-term growth.

Company Report Card

Results highlights. The company recorded THB63m in net profit (+14% YoY) for FY23, driven by higher service revenue, with parking service revenue improving strongly after the pandemic. Note that the bulk of revenue (>60%) is usually derived from its parking services business, while parking management services and consultancy & installation of parking systems account for 15-20% each. Parking services revenue rose strongly by 27% YoY in tandem with the kick-off of JPARK's parking space project near Lardkrabang Hospital (awarded to the company in late FY23). Parking management services revenue rose 3% YoY as revenue from its new parking management contract at the Queen Sirikit National Convention Centre was recognised throughout FY23. Consultation and installation of parking space management systems also grew strongly by 74% YoY on the back of installation jobs, mainly related to MRT projects. Despite stronger revenue, GPM fell to 22.6% in FY23, from 24.7% in FY22 – mainly due to staff recruitment for newly awarded projects and the amortisation of right-of-use assets. SG&A expenses also rose in line with higher employee expenses and a one-time expense for an IPO roadshow.

Balance sheet/cash flow. Before its IPO, JPARK's net D/E was at a manageable 0.55x. Post IPO, its financial position turned to net cash as of end-FY23, with abundant cash on hand of over THB400m. Rather than paying off its interest-bearing debt balance, the company utilised the cash proceeds from its IPO for new project expansions, leading to a 123% YoY increase in property, plant, and equipment (PP&E) costs, as evidenced by the higher deficit in net cash flow from investing. Cash flow from operations remained healthy, due to better efficiency in managing working capital.

ROE. With its paid-up capital doubling to THB200m post SET-listing, the company's equity base abruptly expanded almost four-fold as of end-FY23. As the bulk of its revenue is from recurring-income businesses, JPARK's average ROE fell to 10.5% in FY23 from 34.5% in FY22. Based on its current equity level, its ROE should increase as soon as its new post-IPO project expansions start contributing to earnings.

Dividends. Despite its dividend payout policy of >40% of net profit, which is similar to that of most listed companies, JPARK paid a dividend of THB0.0375 per share for its FY23 performance, implying a payout ratio of just 25%. We expect the company to boost its dividend payout ratio for FY24, following its first full-year of operations as an MAI-listed company.

Management. CEO Santipol Jenwattanaphaisarn, who has an academic background in engineering, is the company's founder. He began the business in 1998, with the pilot project being the management of parking lots near airports.

Investment Case

FV of THB7.50. We regard this company as a high-growth stock following its aggressive expansions in new concessions for parking space projects. Its EPS growths for the next three years is expected to be solid, at over 30% YoY. Based on a 29x average P/E, we derived an FV of THB7.50.

Profit & Loss	Dec-21	Dec-22	Dec-23
Total turnover (THBm)	241	452	573
Reported net profit (THBm)	(11)	55	63
Recurring net profit (THBm)	(11)	55	63
Recurring net profit growth (%)	nm	nm	14.2
Recurring EPS (THB)	(0.05)	0.27	0.16
DPS (THB)	0.00	0.00	0.04
Dividend Yield (%)	0.0	0.0	0.6
Recurring P/E (x)	(129.0)	23.9	38.3
Return on average equity (%)	(10.8)	34.5	10.5
P/B (x)	26.3	16.6	4.0
P/CF (x)	64.7	30.1	11.3

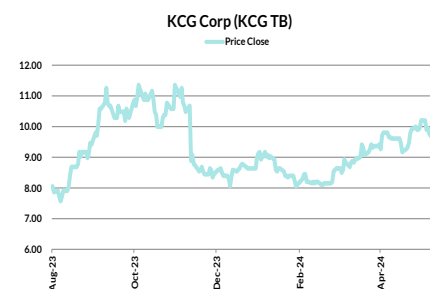
Source: Company data, RHB

Balance Sheet (THBm)	Dec-21	Dec-22	Dec-23
Total current assets	49	130	506
Total assets	274	347	795
Total current liabilities	83	129	129
Total non-current liabilities	89	59	72
Total liabilities	173	188	201
Shareholder's equity	102	158	591
Minority interest	(0)	0	0
Other equity	(1)	2	3
Total liabilities & equity	274	347	795
Total debt	141	118	113
Net debt	129	95	(325)

Source: Company data, RHB

Cash Flow (THBm)	Dec-21	Dec-22	Dec-23
Cash flow from operations	57	112	212
Cash flow from investing activities	(17)	(26)	(76)
Cash flow from financing activities	(50)	(75)	280
Cash at beginning of period	23	12	23
Net change in cash	(11)	11	416
Ending balance cash	13	23	438

Source: Company data, RHB



Source: Bloomberg

Stock Profile

Bloomberg Ticker	KCG TB
Avg Turnover (THB/USD)	23.6m/0.6m
Net Gearing (%)	59.9
Market Cap (THBm)	5,286.5
Beta (x)	0.4
BVPS (THB)	4.94
52-wk Price low/high (THB)	7.65 - 12.30
Free float (%)	27.9

Major Shareholders (%)

Kim Chua Group	52.2
Lim Siah Family Holding	2.5

Share Performance (%)

	1m	3m	6m	12m
Absolute	(2.5)	14.8	(10.2)	N/A
Relative	0.3	16.2	(8.7)	N/A

Chatree Srismacharoen +66 2088 9743
chatree.sr@rhbgroup.com

Investment Merits

- Manufacturer of popular dairy product brands
- Domestic demand for cheese and butter to remain healthy
- Strong earnings growth to commence in 1Q24

Company Profile

KCG Corporation's (KCG) products can be categorised into three major groups: i) Dairy products, ii) food and bakery ingredients, and iii) biscuits. Among the 13 brands owned by the company, Allowrie, Imperial, Dairy Gold, Violet, Premio, and Sunquick are some of the most popular ones.

Highlights

Strong brand portfolio. The company, which was established in 1958, makes premium-grade products under many well-known brands. It is currently the market leader in the butter (55%) and cheese (31.6%) categories, and also commands top-5 market share portions for the food and bakery ingredients, as well as biscuit categories. Major brands include: i) Allowrie for butter and cheese, ii) Imperial and Dairy Gold for dairy products, iii) Bake Master for food and bakery ingredients, iv) Sunquick for concentrated fruit juice products, and v) Imperial, Cookie Choice, Rosy, and Violet for biscuit products.

Domestic cheese and butter markets to stay healthy. Similar to other food industries, the domestic markets for cheese and butter – in both the business-to-business (B2B) and business-to-consumer (B2C) segments – were severely impacted by the pandemic in FY20. Both markets have recovered strongly since FY21, and the stable growth momentum has continued. Based on Euromonitor's forecast for domestic demand, the cheese market will grow 7-8% YoY in the next three years, while butter will command a wider growth range of 5-8% YoY. Growth in these products should also be supported by post-pandemic market behavior, with western-style instant food options such as pasta and pizza, as well as bakery products like croissants and cookies regaining popularity.

Strong earnings growth from 1Q24. A strong growth trend should be seen from 1Q24, as KCG will benefit from: i) Higher sales revenue – supported by the full resumption of leisure activities, especially the rising number of international tourists entering Thailand, which would lead to food service and hotel industries increasing their purchases of KCG's cheese and butter products; and ii) higher GPM from more manageable production costs, especially from lower prices of butter oil and palm oil. The stronger YoY momentum should continue in subsequent quarters, especially the high season in 2H24. The KCG Logistics Park, set to be fully operational in 2H24, should also enhance its inventory management and reduce warehouse rental costs.

Company Report Card

Results highlights. The company recorded its highest-ever net profit of THB306m (+27% YoY) in FY23. This was driven by: i) Record sales revenue of THB7.2bn (+16% YoY) on the back of stronger demand in all its product categories, especially in the biscuit segment (+24% YoY) and higher sales volumes from all its sales channels, particularly B2C (+17.7% YoY) and exports (+18% YoY); and ii) a higher GPM of 30% in FY23 from 28.7% in FY22 due to an upward adjustment of product prices in 2H22, and effective production cost management amid lower raw material costs in FY23. SG&A expenses rose significantly (+17% YoY) in tandem with rising costs for transportation, warehousing, and employee remuneration, while finance costs surged 52% YoY from higher borrowings taken to finance investment expansions prior to its IPO. The company was able to bump up its net profit margin to 4.2% in FY23, from 3.9% in FY22.

Balance sheet/cash flow. Prior to its IPO, KCG's net D/E was moderately high at 2.2x at end-FY22 due to its bank loans and dividends paid to shareholders. Post-IPO, net D/E fell to a more acceptable 0.6x as the cash proceeds were used to partially pay off its bank loans. Unlike most newly listed companies, KCG's cash balance did not increase significantly, as the cash proceeds were used to pay off debt and invest in the KCG Logistics Park project. Although the major investments into the project raised its cash outflow from investing activities in FY23, KCG managed its working capital stringently, especially in terms of inventory – resulting in its cash flow from operations being in a surplus in FY23.

ROE. After its listing in Aug 2023, KCG's shareholder equity more than doubled. Average ROE inevitably fell to 11% as of end-FY23, from 20% as of end-FY22. We expect ROE to increase, in line with its consistent earnings growth.

Dividends. Based on its dividend payout policy (>40% of net profit), which is similar to that of most listed companies, KCG has already paid a THB0.30 per share dividend for its FY23 performance, implying a payout ratio of >50%. We expect the company to maintain its dividend payout ratio at this level. Due to its consistent earnings growth, we expect it to offer moderately attractive dividend yields.

Management. Two families (Dhiranusornkit and Vipawatanakul) established the business and dominate the shareholding structure. Members of the two families also hold management positions in the company. Damrongchai Vipawatanakul is currently the CEO.

Investment Case

FV of THB11.50. We see KCG as a growth stock that should benefit from new funds raised from its IPO. The stock should trade at a P/E of 17x, which is higher than the SET average. However, this is still lower than that of its closest peers (18-20x P/E) in the bakery business.

Profit & Loss	Dec-21	Dec-22	Dec-23
Total turnover (THBm)	5,243	6,157	7,157
Reported net profit (THBm)	303	241	306
Recurring net profit (THBm)	303	241	306
Recurring net profit growth (%)	24.2	(20.5)	26.9
Recurring EPS (THB)	0.78	0.62	0.56
DPS (THB)	0.00	0.00	0.30
Dividend Yield (%)	0.0	0.0	3.0
Recurring P/E (x)	12.9	16.2	17.8
Return on average equity (%)	20.3	20.4	11.4
P/B (x)	2.6	3.3	2.0
P/CF (x)	7.0	(12.0)	12.9

Source: Company data, RHB

Balance Sheet (THBm)	Dec-21	Dec-22	Dec-23
Total current assets	2,536	3,332	3,307
Total assets	4,602	5,540	5,872
Total current liabilities	2,620	3,906	2,925
Total non-current liabilities	491	450	253
Total liabilities	3,111	4,356	3,178
Shareholder's equity	1,012	703	2,163
Minority interest	0	(0)	(0)
Other equity	479	481	531
Total liabilities & equity	4,602	5,540	5,872
Total debt	1,742	2,969	1,947
Net debt	1,389	2,595	1,612

Source: Company data, RHB

Cash Flow (THBm)	Dec-21	Dec-22	Dec-23
Cash flow from operations	556	(326)	423
Cash flow from investing activities	(100)	(124)	(503)
Cash flow from financing activities	(418)	476	31
Cash at beginning of period	315	349	375
Net change in cash	38	25	(40)
Ending balance cash	353	375	334

Source: Company data, RHB

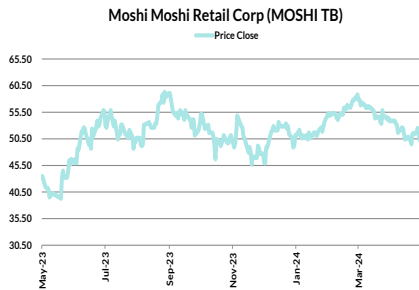


Moshi Moshi Retail Corp

Attractive Growth Keeps Going On

Fair Value: THB61.00-66.00

Price: THB50.25



Source: Bloomberg

Stock Profile

Bloomberg Ticker	MOSHI TB
Avg Turnover (THB/USD)	35.6m/1.0m
Net Gearing (%)	57.0
Market Cap (THBm)	16,747.5
Beta (x)	0.8
BVPS (THB)	6.01
52-wk Price low/high (THB)	37.75 - 62.00
Free float (%)	47.0

Major Shareholders (%)

Monthana Asavametha	14.2
Sanga Boonsongkor	9.6
Somchai Boonsongkorh	9.6

Share Performance (%)

	1m	3m	6m	12m
Absolute	(7.7)	(7.3)	(1.9)	16.0
Relative	(5.0)	(5.9)	(0.5)	28.8

Vatcharut Vacharawongsith +66 2088 9736

vatcharut.va@rhbgroup.com

Investment Merits

- Robust earnings growth prospects – given improving tourism numbers, opening of new stores, launching of new products, and uptrends in profit margins
- Higher direct imported product mix and a better performance of The OK Station wholesale store may support a GPM hike
- Franchising and overseas expansions as long-term growth support

Company Profile

Moshi Moshi Retail Corp (MOSHI) was founded in 2016 as a lifestyle products retailer and listed on the SET in Dec 2022. The company is a leading retailer of retail lifestyle offerings with a 37.6% domestic market share in 2021. It operates 131 stores that cover 51 provinces under the Moshi Moshi, Garlic, Giant, and The OK Station brands as at end-2023. MOSHI has a 3-store format: Retail, wholesale, and online platforms, which account for 81%, 18%, and 1% of 2023 sales. The company offers a wide range of products with over 22,000 stock-keeping units (SKUs) that cover 13 categories. Products include home furnishing, fashion, toys, bags, beauty, IT gadgets, stationery, apparel, and food & drinks, among others.

Highlights

Seeking solid 2024 growth. MOSHI's key earnings guidance for this year includes 20% revenue growth, 2-5% SSSG, and GPM rising by 1-2ppts YoY. This is to be achieved through the: i) Opening of new stores, ii) penetration into new markets and customer bases, and iii) launch of new products, as well as iv) via continuous marketing activities.

Continuous business expansion. MOSHI targets to open 330 Moshi Moshi and four Garlic stores to reach a total of 165 stores in 2024, from 131 in 2022. Its focus on the high-margin Moshi Moshi retail format may strengthen its bargaining power when dealing with suppliers, allowing it to secure GPM growth. There is also room for new outlets within existing department stores, hypermarkets, and retail malls in Bangkok and the upcountry. Stronger domestic store coverage, expected in 2024, may allow MOSHI to launch its franchise model and look for business opportunities in neighbouring countries as long-term growth support.

Topline boosted by new products. MOSHI may enhance its products variety to 10,000 SKUs from 8,000 in 2023 and refresh in-store product assortments to improve SSSG. We also expect the distribution of K-pop band NCT Dream's products online (since early this year), and improving tourist arrivals from China and the Middle East to provide additional sales support.

Uptrend in profit margins. We expect MOSHI's cost advantages on: i) Value-added products and packaging designs, ii) economies of scale from a larger store network, iii) raising its high-margin direct imported product mix to a targeted 60% (2023: 57%), and iv) The OK Station's improving numbers. These factors should be positive for the company – in lifting GPM and reducing its opex-to-sales ratio, in our view.

Company Report Card

Results highlights. 2023 earnings increased 59% to THB402m with NPM widening by 2.5ppts to 15.9% – driven by topline and GPM hikes. Sales grew 34% to THB2.53bn post: i) +16.9% YoY SSSG (2022: +40.5%), ii) the continuous recovery of tourism and private consumption, iii) launch of new products and brands, and iv) opening of new stores – both retail and wholesale. GPM rose 1ppt YoY to 53.4% due to a higher sales mix of high-margin products (ie pet accessories, cosmetics, and Garlic products), as well as the appreciation of the THB against the CNY. The opex-to-sales ratio of 32.1% was an improvement from the previous year's 34.5%, mainly on higher sales growth and efficient cost controls.

Balance sheet/cash flow. Total assets rose 30% YoY to THB3.64bn from higher short-term investments and increased right-of-use assets from the store network expansion. Total liabilities rose 39% YoY to THB1.66bn on increases in accounts payables and lease liabilities. Total equity of THB1.98bn was up 23% YoY – corresponding with MOSHI's performance. The D/E ratio increased to 0.8x, from 0.7x in 2023.

ROE. ROE edged up to 22% in 2023 from 20% in 2022, due to strong earnings growth. We expect ROEs to escalate further this year, following MOSHI's positive outlook on earnings growth.

Dividends. Its dividend policy is to pay not less than 40% of net profit after tax and all reserves from the separated financial statements. MOSHI paid cash dividends of THB0.60 per share for FY23, implying a minimal 1.2% yield. We expect the dividend yield to stay at c.1% this year.

Management. Sanga Boonsongkor is the founder, CEO and Chairman of the Executive Committee. He has over 30 years of experience in the gift shop business. Boonsongkor is currently MOSHI's second-largest shareholder, with a 9.6% stake.

Investment Case

Robust earnings outlook. We believe MOSHI's new store openings in various formats and enhancement of its high-margin product categories should strengthen FY24 growth prospects. Based on consensus, we assume FY24-25F core EPS of THB1.56 and THB2, which provides strong growth of 28% YoY this year and 29% YoY in 2025.

FV range of THB61.00-66.00 is derived by applying prospective 39-42.5x P/Es or 1-1.5SD to the Thai commerce sector's 5-year historical trading mean. MOSHI is trading at 32x FY24F P/E and deserves a premium, in view of its robust growth outlook.

Key downside risks include a slower-than-expected consumption recovery, increasing competition, delays in new product launches and store openings, unsuccessful new products, higher inventory costs and FX fluctuations.

Profit & Loss	Dec-21	Dec-22	Dec-23
Total turnover (THBm)	1,256	1,890	2,530
Reported net profit (THBm)	131	253	402
Recurring net profit (THBm)	131	253	402
Recurring net profit growth (%)	29.8	92.9	58.6
Recurring EPS (THB)	0.58	0.84	1.22
DPS (THB)	3.56	0.20	0.60
Dividend Yield (%)	7.2	0.4	1.2
Recurring P/E (x)	84.8	58.7	40.7
Return on average equity (%)	14.8	19.7	22.4
P/B (x)	11.7	9.2	8.2
P/CF (x)	30.7	26.8	22.7

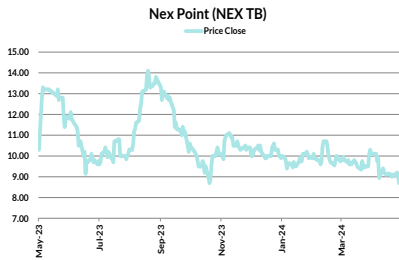
Source: Company data, RHB

Balance Sheet (THBm)	Dec-21	Dec-22	Dec-23
Total current assets	508	1,221	1,624
Total assets	1,993	2,801	3,643
Total current liabilities	532	527	601
Total non-current liabilities	507	664	1,060
Total liabilities	1,039	1,191	1,661
Shareholder's equity	954	1,610	1,982
Minority interest	0	0	0
Other equity	0	0	0
Total liabilities & equity	1,993	2,801	3,643
Total debt	783	777	1,224
Net debt	545	21	1,129

Source: Company data, RHB

Cash Flow (THBm)	Dec-21	Dec-22	Dec-23
Cash flow from operations	363	555	719
Cash flow from investing activities	(33)	(98)	(1,113)
Cash flow from financing activities	(213)	62	(266)
Cash at beginning of period	121	238	756
Net change in cash	117	518	(661)
Ending balance cash	238	756	95

Source: Company data, RHB



Source: Bloomberg

Stock Profile

Bloomberg Ticker	NEX TB
Avg Turnover (THB/USD)	45.3m/1.2m
Net Gearing (%)	0.1
Market Cap (THBm)	18,699.5
Beta (x)	1.6
BVPS (THB)	2.05
52-wk Price low/high (THB)	8.50-14.40
Free float (%)	36.8

Major Shareholders (%)

EA Mobility Holding	33.6
---------------------	------

Share Performance (%)

	1m	3m	6m	12m
Absolute	(15.1)	(12.1)	(13.4)	(18.2)
Relative	(12.3)	(10.7)	(11.9)	(5.5)

Thailand Research +66 2088 9999
research.th.equity@rhbgroup.com

Investment Merits

- Anticipating an impressive 40% earnings CAGR for 2024-2026
- On course for new global partnerships, bolstering a robust long-term outlook
- Upside from domestic regulatory support and overseas expansion

Company Profile

Nex Point is a technology sector company that: i) Produces and contracts the manufacturing of electronic parts according to customers’ needs; ii) sells, rents and maintains passenger buses (it also sells bus parts); and iii) invests in subsidiaries or associate firms that provide future opportunities. NEX is currently a leader in the commercial vehicles industry domestically. It also provides integrated solutions for EVs.

Highlights

A whopping 75% YoY earnings growth projection for 2024. NEX anticipates a substantial increase in earnings to THB1.3bn in 2024, ie a 75% YoY rise – propelled by heightened EV sales. The company aims to sell over 5,500 EV units for the year, with half already secured through contracts. These include 1,600 e-trucks for logistics firms, 400 e-trucks for a petrochemical company, and 600 e-pick-ups secured during the Dec 2023 Thailand International Motor Expo. It is confident of securing an additional 2,000-2,500 e-bus orders, and expects 1Q24 earnings to grow YoY and QoQ – driven by the sale of c.350-400 EVs during this period.

New overseas partnerships on track. Over the past two years, NEX and EA Mobility Holding (EA) have relied heavily on a single major customer for an order of 3,000 e-buses. NEX-EA delivered around 2,200 e-buses by 1Q24. However, to significantly enhance their prospects, the two parties are now shifting their marketing and sales strategies towards forming partnerships. This new approach involves collaborating with a leading China EV manufacturer for an e-pick-up original equipment manufacturer contract. Additionally, NEX-EA is teaming up with two well-established Japanese companies, Toyota Tsusho Corp and Denso Corp. for the joint development and production of a hydrogen-propelled vehicle that is slated to enter the market by 2H24.

Upside from regulatory support and overseas expansion. The Government is actively promoting the EV market, aiming to establish Thailand as a regional EV production hub. In 2023, EV registrations surged: i) 276 EV trucks registered vs nine in 2022, ii) 1,218 battery-run buses (a 25% increase from 2022’s number), and iii) a significant jump in all battery EV (BEV) registrations to 100,214 units. The kingdom’s EV roadmap targets 30% of total vehicle manufacturing to comprise BEVs by 2030, with production of 725,000 cars, 675,000 motorcycles, and 34,000 buses and trucks. NEX’s factory is designed to produce 9,000 e-buses, 20,000 tractor heads, and 30,000 pick-ups annually.

Additionally, sales are expected to grow after the National Electric Vehicle Policy Committee approved incentives (eg tax deductions until Dec 2025) in February for companies to transition their commercial fleets of larger trucks and buses to BEVs. Moreover, NEX is eyeing export markets like Indonesia and Vietnam, recognising the high growth potential for EVs there.

Company Report Card

Results highlights. In 2023, revenue surged 42% YoY to THB9.3bn, attributed to a rise in commercial EV sales of 604 units. The company also recorded robust earnings of THB725m (+248% YoY), driven by higher gross profits and equity income from associates.

Balance sheet/cash flow. NEX is currently a net cash company. It does not have high interest-bearing debt, which leaves it in a strong position to expand its business.

Dividends. NEX has a policy to pay dividends of not less than 40% of profits. However, the company refrained from paying dividends over FY20-23 due to its exposure to the transportation industry, which was significantly affected by the pandemic. NEX is anticipated to resume dividend payouts, at a yield of 1-2% for 2024-2025, reflecting the passing of COVID-19 (and its impact) and the gradual recovery of the transportation industry.

Management. NEX was founded by Khanist Srivajiraprabha, who is Chairman of the Executive Committee. Amorn Saphaweekul and Wasu Klomkliang are the other directors who play major roles in running the business. The management team has experience and knowledge in the vehicle engineering and renewable energy fields.

Investment Case

Earnings upcycle ahead. NEX posted an impressive performance in 2023 after being impacted by the pandemic and economic slowdown in 2020-2022. We view this as the onset of an upswing, projecting an earnings CAGR of 40% for 2024-2026 – fuelled by organic sales growth, new EV partnerships, and expansion into other ASEAN countries.

FV range of THB12.00-15.00. The consensus FV ranges THB12-15 per share, which implies 19-24x P/E for 2024 at EPS of THB0.60-0.65 per share. NEX should be trading at a higher P/E than its peers because it is likely to see CAGR earnings of 40% for 2024-2026, which is well above the technology sector's earnings CAGR of 21%.

Key risk: Slower economic recovery that impacts the logistics and transportation industries which, in turn, reduces the demand for EVs.

Profit & Loss	Dec-21	Dec-22	Dec-23
Total turnover (THBm)	666	6,564	9,299
Reported net profit (THBm)	(107)	208	725
Recurring net profit (THBm)	(107)	208	725
Recurring net profit growth (%)	nm	nm	248.6
Recurring EPS (THB)	(0.06)	0.12	0.36
DPS (THB)	0.00	0.00	0.00
Dividend Yield (%)	0.0	0.0	0.0
Recurring P/E (x)	(144.9)	74.3	25.8
Return on average equity (%)	(3.7)	7.0	20.1
P/B (x)	5.4	5.1	4.5
P/CF (x)	46.1	(41.1)	118.5

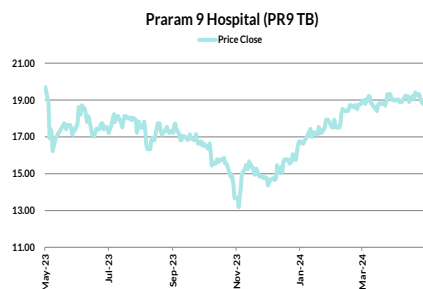
Source: Company data, RHB

Balance Sheet (THBm)	Dec-21	Dec-22	Dec-23
Total current assets	1,744	3,332	3,307
Total assets	3,913	5,540	5,872
Total current liabilities	735	3,906	2,925
Total non-current liabilities	108	450	253
Total liabilities	843	4,356	3,178
Shareholder's equity	2,859	703	2,163
Minority interest	211	(0)	(0)
Other equity	(5)	481	531
Total liabilities & equity	3,913	5,540	5,872
Total debt	630	2,969	1,947
Net debt	(331)	(218)	(497)

Source: Company data, RHB

Cash Flow (THBm)	Dec-21	Dec-22	Dec-23
Cash flow from operations	336	(377)	158
Cash flow from investing activities	(732)	(5)	(191)
Cash flow from financing activities	(54)	(97)	253
Cash at beginning of period	1,410	961	481
Net change in cash	(449)	(480)	221
Ending balance cash	961	481	702

Source: Company data, RHB



Source: Bloomberg

Stock Profile

Bloomberg Ticker	PR9 TB
Avg Turnover (THB/USD)	37.6m/1.0m
Net Gearing (%)	Net Cash
Market Cap (THBm)	14,861.1
Beta (x)	1.0
BVPS (THB)	6.5
52-wk Price low/high (THB)	13.10 – 20.20
Free float (%)	59.0

Major Shareholders (%)

Potjaman Damapong	37.1
Krungsri Dividend Stock LTF	2.8
Thai NVDR	1.6

Share Performance (%)

	1m	3m	6m	12m
Absolute	(2.1)	4.4	36.0	(6.4)
Relative	0.7	5.8	37.5	6.3

Vatcharut Vacharawongsith +66 2088 9736

vatcharut.va@rhbgroupp.com

Investment Merits

- More complex disease cases and preventive care services as key revenue drivers this year
- Seeking successful strategies to enlarge its international patient base
- Higher profitability at its medical centres, medical fee hikes, and more insurance patients may widen GPMs

Company Profile

Praram 9 Hospital (PR9) operates a private hospital with 204 licensed inpatient (IPD) beds, and 158 examination rooms for its outpatient department (OPD). It also provides tertiary care – covering health promotion services, preventative treatment, and rehabilitation from common and specialised diseases – through three medical institutes and 28 medical centres. The company opened a new building in 2020, and completed renovating existing facilities in 2023 to support extended medical services, as well as its growing number of customers.

Highlights

Growing with excellence centres. We believe PR9's 2024 topline will be driven by the rise of complex disease treatments and preventive care services. Key support factors: i) Rising demand at its advanced medical centres having core competencies in kidney transplantation, cancer, cardiac disease, and orthopaedic; and ii) rising utilisation at its new Building B opened in 2022, offering Better Life Centre treatments (health check-ups, preventive care, LASIK surgery, and mind & sleep clinics).

Enlarging the foreign patient base. PR9's revenue contribution from international patients was 14% in 2023, with China and Myanmar being the biggest sources (70% of total foreign patient revenue). We think that its strategy to open the International Centre in 2Q24 and set up an overseas marketing team to collaborate with medical agencies abroad could enable the company to gain further penetration into the foreign patient segment, ie those from Indochina, the Middle East and Europe. PR9 may also benefit from the increasing number of fly-in China patients for fertility treatments, following the improvements to its facilities. This would also serve the growing China expatriate community in Bangkok. PR9's foreign patients are expected to deliver a 15-20% revenue mix and favourable profit margins this year.

Wider GPM in sight. There are catalysts to sustain PR9's GPM expansion this year: i) Improving profitability through its medical centres; ii) medical service fee hikes of 10% for inpatients and THB100-350 for outpatients; and iii) strategy to penetrate the insurance patients market, which saw a stable revenue mix at 22% for three years before expanding to 26% in 2023.

Company Report Card

Results highlights. PR9's 2023 net profit declined 2% YoY to THB558m, on narrower profit margins. Total medical revenue grew 2% YoY, with OPD revenue up 5% YoY and IPD revenue slightly dropping 1% YoY. The self-pay patient mix went down by 3ppts to 68%, insurance patient mix increased 4ppts to 26% of revenue, while international patient revenue rose 7% YoY and contributed 14% of the mix (2022: 13%). GPM was 32.9% (-0.8ppts YoY) mainly due to higher personnel expenses. This led EBITDA margin to contract to 22.5%, from 23.9% the previous year.

Balance sheet/cash flow. PR9 has had a solid balance sheet with a minimal debt-to-equity ratio of 0.16x (2022: 0.17x) and a net cash position, which should ease its financial needs to support operations and longer-term business expansion. It recorded a THB378m net cash outflow from investing activities in 2023 vs THB804m net cash inflow from operating activities.

ROE. ROE decreased to 11.4% in 2023, vs 2022: 12.6% - mainly due to the NPM decreasing 0.5ppts to 13.3%.

Dividends. The company's policy is to pay not less than 40% of NPAT as dividends. It paid an annual DPS of THB0.28 for FY23, vs THB0.29 for FY22, implying a 1.4% yield. We expect the yield to remain at c.2% for the next two years.

Management. PR9 was established in 1989, and initially ran the Praram 9 Hospital from 1992. The stock was listed in Oct 2018. Bhanapot Damapong (0.1% stake) chairs the Board of Directors, and Dr Satian Pooprasert (1.5% stake) is the CEO and the board's Vice Chairman. Four out of 10 members on the board are independent directors. Bhanapot's sister, Potjaman Damapong, is the company's biggest shareholder, with a 37.1% stake.

Investment Case

Backing for growth this year. We are still optimistic on PR9's outlook for 2024, following a more promising outlook for complex disease treatments, preventive care services, and international patients. These factors may also lead to improving operational economies of scale. Based on consensus estimates, we assume resilient FY24-25F EPS of THB0.80 (+13% YoY) and THB0.89 (+12% YoY).

FV range of THB23.60-24.00 is derived by applying FY24F P/Es of 29.5-30x to the EPS assumption of THB0.80. Our P/E range is between a conservative -1SD to the Thai healthcare sector's 5-year trading mean and the stock's 5-year historical trading mean. PR9 is trading at 24x FY24F P/E, which is still attractive, in our view.

Key risks. Weak patient volume due to the economic slowdown or the resurgence of a pandemic, delay in the influx of fly-in international patients, tougher competition, and rising opex.

Profit & Loss	Dec-21	Dec-22	Dec-23
Total turnover (THBm)	2,987	4,107	4,202
Reported net profit (THBm)	249	568	558
Recurring net profit (THBm)	249	568	558
Recurring net profit growth (%)	23.3	127.8	(1.7)
Recurring EPS (THB)	0.32	0.72	0.71
DPS (THB)	0.14	0.29	0.28
Dividend Yield (%)	0.7	1.5	1.4
Recurring P/E (x)	61.2	26.9	27.3
Return on average equity (%)	5.9	12.6	11.4
P/B (x)	3.6	3.2	3.0
P/CF (x)	25.9	17.1	19.0

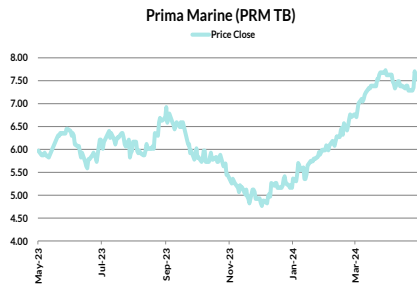
Source: Company data, RHB

Balance Sheet (THBm)	Dec-21	Dec-22	Dec-23
Total current assets	1,603	2,023	2,251
Total assets	5,137	5,558	5,910
Total current liabilities	667	610	632
Total non-current liabilities	192	213	198
Total liabilities	859	822	830
Shareholder's equity	4,278	4,735	5,080
Minority interest	0	0	0
Other equity	0	0	0
Total liabilities & equity	5,137	5,558	5,910
Total debt	6	8	9
Net debt	(684)	(1,557)	(1,742)

Source: Company data, RHB

Cash Flow (THBm)	Dec-21	Dec-22	Dec-23
Cash flow from operations	588	893	804
Cash flow from investing activities	(399)	97	(378)
Cash flow from financing activities	(91)	(115)	(240)
Cash at beginning of period	592	690	1,565
Net change in cash	98	875	186
Ending balance cash	690	1,565	1,751

Source: Company data, RHB



Source: Bloomberg

Stock Profile

Bloomberg Ticker	PRM TB
Avg Turnover (THB/USD)	95.1m/2.6m
Net Gearing (%)	0.6
Market Cap (THBm)	17,999.7
Beta (x)	1.3
BVPS (THB)	4.7
52-wk Price low/high (THB)	4.92 – 8.05
Free float (%)	34.6

Major Shareholders (%)

Nathalin Co	57.6
Stock Exchange of Thailand	4.3
Kimberly Asset	3.5

Share Performance (%)

	1m	3m	6m	12m
Absolute	(6.9)	20.2	29.6	20.2
Relative	(4.1)	21.6	31.0	32.9

Thailand Research +66 2088 9999
research.th.equity@rhbgroup.com

Investment Merits

- To chart a recurring profit CAGR of 8% in the next three years (2024-2026)
- Sturdy growth in the trading business following a strategic shift to chemicals transportation
- Offshore support – the new growth engine

Company Profile

Founded in 1986, Prima Marine (PRM) provides one-stop shipment and floating storage unit services for crude oil, refined oil products, and liquefied petrochemicals to customers. Additionally, the company offers ship management services and supplies support vessels for offshore petroleum E&P, which are key components of the oil and petrochemical industry's supply chain. As of 2023, PRM operates 62 vessels: 38 units in the domestic trading business, four in the international trading segment, five in floating storage unit (FSU), and 15 in offshore support.

Highlights

Expect a recurring profit CAGR of 8% over the next three years (2024-2026). We expect PRM's recurring profits to increase at a 8% CAGR in 2024-2026, aided by solid growth in the trading and offshore segments, and a recovery in the FSU business upon the return of the crude oil futures market to contango. We also see upside potential from fleet additions or profits from vessel sales. The company strategically offloaded one aged FSU vessel in 2023 during the weak demand period resulting from the backwardation situation in the oil futures market. This move helped the company control operational costs, as well as book a gain of THB312m from the sale, following the hike in steel prices.

Sturdy growth in the trading business. Domestic and international trading businesses have been the backbone of PRM, contributing 66% of the firm's revenue as of 2023. In 2022-2023, it began expanding into international petrochemicals transportation – shifting focus from previous crude oil transport, while anticipating a market recovery and customer demand. The addition of two new petrochemical tankers in 2Q23-4Q23, along with a higher average utilisation rate of petroleum and chemicals from Asia, contributed to an 18% YoY segmental revenue growth in 2023. We think this strategic shift to chemicals transportation will support sustained growth and provide a long-term buffer from any EV risks.

Offshore support – the new growth engine. The offshore support business, which consists of accommodation work barge (AWB) vessels and crew boats, is another growth engine for PRM. Revenue from this segment has grown steadily YoY by 5.2%, 8.8%, and 6.9% in 2021, 2022, and 2023. The growth streak is expected to continue in 2024, backed by the addition of two new crew boats and the return of one AWB vessel to service after refurbishment and entering a new chartered contract. As of end-2023, PRM has 15 vessels in service in this segment, including 13 crew boats and two AWBs.

Company Report Card

Results highlights. FY23 revenue grew 4.8% YoY and its gross margin expanded to 35.1% (vs 33.2% in FY22), driven by higher revenue recognition and wider margins from the international oil tanker business following the full utilisation of VLCC vessels, which effectively compensated for the slowdown in the FSU business – this, in turn, was hit by the backwardation situation in the oil futures market. The company reported a net profit of THB2.21bn in 2023, slightly declining 4.8% YoY. However, excluding the extra gains from the sale of vessels in FY22-23, recurring profit grew 17.8% YoY to THB1.90bn.

Balance sheet/cash flow. PRM has maintained a solid balance sheet and net cash position since its IPO in 2017. The net debt-to-equity ratio has been consistently at an average of 0.8x over the past five years (FY19-23). Also, the average annual capex was THB1.03bn – well below the cash flow from operations during the same period.

ROE. ROE fell to 19.3% in 2023, from 23% in 2022. However, on average, PRM has maintained its ROE above 15% in the past five years.

Dividends. PRM's policy is to pay dividends of at least 30% of net profit, according to its separate financial statements, after the deduction of tax and all reserves. The company raised its FY23 DPS to THB0.36 from THB0.34 in FY22, implying a 4.6% yield.

Management. PRM is a subsidiary company of Nathalin Group, which has been involved in shipping and oil trading for over 35 years. Bowon Vongsinudom is the chairman, and Prompong Chairsrisawatsuk is the CEO of PRM. Both have a proven track record in running the business.

Investment Case

Slow but sturdy growth ahead. We like PRM for its solid market position and proven track record in maintaining robust revenue and earnings growth, along with consistently achieving a ROE of above 15% on average. While profit growth is expected to be moderate, the company's revenue remains relatively stable due to predominantly medium- to long-term contracts with large oil traders and refineries, thereby providing stability. Furthermore, the industry is experiencing growth with low competition. We believe that PRM's strategy of shifting to petrochemical transportation and focusing on offshore support (AWB & crew boats) with new vessel additions will drive long-term earnings growth.

Based on consensus estimates, we assume its FY24-25 EPS to average THB0.81 (-4.3% YoY) and THB0.89 (+9.7% YoY).

FV in the THB9.40-10.00 range. This is derived from applying target P/Es of 11.6-12.4x, which are close to the 5-year historical trading mean and at +0.25 SD.

Key risks: Delays in new vessel acquisitions, ongoing backwardation in crude oil futures, unplanned maintenance, industry slowdowns, delays in the recovery of petrochemical demand, and natural disasters.

Profit & Loss	Dec-21	Dec-22	Dec-23
Total turnover (THBm)	5,880	7,715	8,087
Reported net profit (THBm)	1,403	2,215	2,125
Recurring net profit (THBm)	940	1,616	1,902
Recurring net profit growth (%)	(38.7)	71.8	17.8
Recurring EPS (THB)	0.38	0.65	0.76
DPS (THB)	0.26	0.34	0.36
Dividend Yield (%)	3.4	4.4	4.6
Recurring P/E (x)	20.6	12.0	10.2
Return on average equity (%)	16.9	23.1	19.3
P/B (x)	2.2	1.9	1.7
P/CF (x)	9.7	6.0	5.9

Source: Company data, RHB

Balance Sheet (THBm)	Dec-21	Dec-22	Dec-23
Total current assets	3,615	4,429	4,902
Total assets	17,349	20,575	20,716
Total current liabilities	2,595	2,646	2,893
Total non-current liabilities	5,644	7,117	5,785
Total liabilities	8,239	9,763	8,677
Shareholder's equity	8,783	10,411	11,621
Minority interest	327	401	418
Other equity	0	0	0
Total liabilities & equity	17,349	20,575	20,716
Total debt	7,052	8,525	7,258
Net debt	4,440	5,118	3,652

Source: Company data, RHB

Cash Flow (THBm)	Dec-21	Dec-22	Dec-23
Cash flow from operations	1,989	3,249	3,258
Cash flow from investing activities	731	572	(531)
Cash flow from financing activities	(2,453)	(2,966)	(2,498)
Cash at beginning of period	2,219	2,612	3,408
Net change in cash	393	796	198
Ending balance cash	2,612	3,408	3,606

Source: Company data, RHB

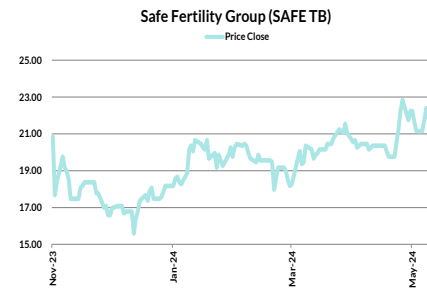


Safe Fertility Group

A Golden Egg

Fair value: THB25.50-27.00

Price: THB22.80



Source: Bloomberg

Stock Profile

Bloomberg Ticker	SAFE TB
Avg Turnover (THB/USD)	40.5m/1.1m
Net Gearing (%)	Net Cash
Market Cap (THBm)	6,889.6
Beta (x)	1.9
BVPS (THB)	5.45
52-wk Price low/high (THB)	15.60 – 23.70
Free float (%)	26.0

Major Shareholders (%)

Wiwat Quangkananurug	39.2
North Haven Thai Private Equity	12.5
Saturn Company (Hong Kong)	
Parinyarat Quangkananurug	10.0

Share Performance (%)

	1m	3m	6m	12m
Absolute	11.3	14.7	29.0	N/A
Relative	14.1	16.0	30.5	N/A

Vatcharut Vacharawongsith +66 2088 9736

vatcharut.va@rhbgroup.com

Investment Merits

- Vast growth opportunities in Thailand's fertility services industry, due to the number of local and international patients
- A high-margin business set to benefit from the auspicious Year of the Dragon in 2024
- Business expansion, with more new fertility centres and laboratories being opened, as well as potential M&As

Company Profile

Safe Fertility Group (SAFE) offers integrated treatment services for infertility using medical assisted reproductive technology (79% of 2023 revenue), and provides embryo and genetic laboratory services (21% mix). It also operates The Fountain, an aesthetics and wellness centre in Bangkok (0.5% mix). The company has an extensive clinic network covering four out of five regions in Thailand, providing multiple options for domestic and foreign patients.

Highlights

Favourable outlook for the fertility services market. Thailand's fertility services market is estimated to chart a 15% 5-year CAGR (2022-2027F). Support factors driving the industry growth are: i) The trend of pregnancy at a later stage in life, and declining fertility rates in key Asian markets like China, India, Singapore, Thailand, and Vietnam; ii) higher disposable income and healthcare expenditure; iii) government policies trying to boost childbirth numbers among Thais, and medical tourism related to fertility (for overseas visitors); as well as iv) advancements in fertility technology. We believe these tailwinds could be positive for SAFE's operations over the short and long term.

Year of the Dragon factor. SAFE should strongly benefit from the rising demand for *in vitro* fertilisation (IVF) treatments, from local and (fly-in) China patients that aim to have babies that are born in the lunar year of the dragon, according to traditional belief. Being a premium full-service fertility centre with world-class accreditation, technological leadership, and a solid success rate of >70% could be the company's strengths to attract customers. The increasing treatment cycles and utilisation rates (from 50% currently) may boost revenue and GPM. As such, we expect it to record positive earnings growth throughout 1Q24-2Q24.

Expansion continues. This year, SAFE expects revenue to grow by >25% YoY, from: i) Increased IVF treatments and laboratory services for both Thai and international clients, as well as ii) business expansion. It aims to open two new fertility centres and 2-4 new laboratories. It also plans to acquire other IVF players in Thailand and abroad over the next 1-2 years, which should spur net profit growth too.

Company Report Card

Results highlights. SAFE's 2023 net profit surged 25% YoY to THB200m, on higher revenue and a wider GPM. Total sales expanded 17% YoY, driven by a 10% growth from infertility treatment services and 49% from embryo and fetal genetic testing services. The number of infertility treatments rose 10% YoY to 1,256 cycles, mainly driven by an increase in international patients post-COVID-19, accounting for 45% of the total cycles earned (2022: 34%). For genetic testing services, the number of PGT-A tests conducted increased by 44% YoY, in tandem with the rise in infertility treatments. GPM rose by 0.6ppts YoY to 55.3%, following an improvement in its operational economies of scale – ie higher utilisation from more treatment cases. SG&A-to-sales ratio was stable at 26.7% (2022: 26.8%). NPM grew by 1.3ppts YoY, to a superior 23.6%.

Balance sheet/cash flow. SAFE has a healthy balance sheet with a minimal 0.14x D/E ratio and net cash. This should support its expansion plan over the longer term. It recorded a THB79m net cash outflow from investing activities vs a THB253m net cash inflow from operating activities in FY23.

ROE. ROE for 2023 was at a stable 14%, mainly due to an increase in average total shareholders' equity post-IPO in Nov 2023.

Dividends. The company's policy is to pay not less than 50% of NPAT as dividends. It paid a FY23 interim DPS of THB0.15, implying a minimal 0.7% yield. We expect yields to stay around 2% over the next two years.

Management. Dr Wiwat Quangkananurug is the company's founder and CEO. He is a board-certified physician in obstetrics and gynecology and an infertility specialist with 25 years of experience. He currently holds 39.2% of total outstanding shares, making him the biggest shareholder. Amnuay Preemonwong (0.2% stake) chairs the Board of Directors and is an independent director.

Investment Case

Rising demand. As a premium fertility centre with a high success rate, the growing demand for both IVF treatments and genetic testing services may drive SAFE's earnings this year. Its international patients may increase further, benefitting from the Thai Government's permanent visa-free policy for China visitors. Business expansion both domestically and abroad could bring further upsides. Based on the consensus projection, we assume a robust FY24-25F EPS, at THB0.91 (+39% YoY) and THB1.08 (+19% YoY).

SAFE's FV range of THB25.50-27.00 is derived from applying FY24F targeted P/E's of 28-30x to the EPS assumption of THB0.91. This counter is trading at 24x FY24F P/E.

Key risks. Weak patient volume due to the economic slowdown or a resurgence of infections, delays in the influx of fly-in international patients, higher competition in the fertility treatment field, shortages of professional staff, and the negative effect of changes in laws and regulations.

Profit & Loss	Dec-21	Dec-22	Dec-23
Total turnover (THBm)	766	1,266	1,415
Reported net profit (THBm)	(32)	125	167
Recurring net profit (THBm)	(32)	125	167
Recurring net profit growth (%)	nm	nm	33.1
Recurring EPS (THB)	(0.54)	2.09	0.56
DPS (THB)	0.00	0.00	0.70
Dividend Yield (%)	0.0	0.0	4.2
Recurring P/E (x)	(30.7)	7.9	29.7
Return on average equity (%)	(14.8)	47.9	17.8
P/B (x)	5.0	3.0	3.2
P/CF (x)	20.1	4.0	20.6

Source: Company data, RHB

Balance Sheet (THBm)	Dec-21	Dec-22	Dec-23
Total current assets	508	607	816
Total assets	1,895	1,866	2,303
Total current liabilities	979	985	493
Total non-current liabilities	717	556	260
Total liabilities	1,697	1,541	753
Shareholder's equity	198	325	1,549
Minority interest	(4)	(7)	(0)
Other equity	(8)	(7)	(17)
Total liabilities & equity	1,895	1,866	2,303
Total debt	1,475	1,251	491
Net debt	1,405	1,208	330

Source: Company data, RHB

Cash Flow (THBm)	Dec-21	Dec-22	Dec-23
Cash flow from operations	49	247	240
Cash flow from investing activities	(36)	(66)	(172)
Cash flow from financing activities	(200)	(210)	47
Cash at beginning of period	78	70	43
Net change in cash	(8)	(27)	118
Ending balance cash	70	43	161

Source: Company data, RHB

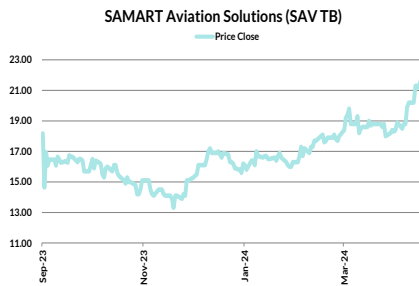


SAMART Aviation Solutions

Skies Shine Bright

Fair Value: THB23.80-25.00

Price: THB21.60



Source: Bloomberg

Stock Profile

Bloomberg Ticker	SAV TB
Avg Turnover (THB/USD)	85.0m/2.3m
Net Gearing (%)	Net Cash
Market Cap (THBm)	13,568.0
Beta (x)	1.3
BVPS (THB)	2.0
52-wk Price low/high (THB)	13.00 – 22.20
Free float (%)	25.0

Major Shareholders (%)

Samart U-Trans	60.0
Samart Inter Holding	14.1
Charunee Chinwongvorakul	3.4

Share Performance (%)

	1m	3m	6m	12m
Absolute	13.4	28.5	37.7	N/A
Relative	16.1	29.9	39.1	N/A

Vatcharut Vacharawongsith +66 2088 9736

vatcharut.va@rhbgroup.com

Investment Merits

- Positive aviation outlook in Cambodia with solid 2024 flight growth
- Potential new business in Laos may provide material earnings upside and act as a catalyst
- Stronger balance sheet post-IPO to lower finance costs and support long-term business expansion

Company Profile

SAMART Aviation Solutions (SAV) was established in Aug 2017 and operates as a holding company. It has a fully owned subsidiary in Cambodia Air Traffic Services (CATS) – the country's sole air traffic control and services provider for its six airports. CATS' concession runs between 2002 and 2051 and was granted by the Cambodian government. In 2023, 61% of total revenue was from overflight services, 30% from international flight landings and take-offs, 9% from contract works, and 1% from domestic flight landings and take-offs.

Highlights

Positive outlook for aviation in Cambodia. SAV expects flights in Cambodia to grow by 22-25% YoY this year, driven by: i) A recovery in tourism, ii) the planned opening of the new Dara Sakor International Airport this year, and iii) the inauguration of AirAsia Cambodia from May 2024 onwards, which may help boost flight volumes domestically. SAV could also provide services to the new Techo International Airport, which is scheduled to be opened in 2025. It could also explore new aviation services in Thailand in the longer term.

Potential new business in Laos. The company is exploring the possibility of operating air navigation services in Laos. The country has had 2.5-3x more intense air traffic numbers than Cambodia, as the Laotian airspace is in a strategic location for flights between Thailand and East Asian countries like China, Hong Kong, Japan, South Korea, and Taiwan, as well as neighbouring nations such as Vietnam. Further developments are expected in 2Q24. In the event negotiations with the Laos government prove successful, this could act as a catalyst and provide a material upside to earnings.

Solid balance sheet. SAV had a healthier balance sheet with a smaller D/E ratio of 0.47x in 2023 (2022: 5.63x). It also posted a net cash status, following loan repayments post its Sep 2023 IPO. This has led to THB80m in annual finance cost savings and should help support the company's longer-term business expansion.

Company Report Card

Results highlights. 2023 core profit surged by 49% YoY to THB280m on wider topline and GPMs, and a smaller SG&A-to-sales ratio. Excluding FX losses and extra items, net profit expanded 36% YoY to THB3272m. Total sales grew 35% YoY, in tandem with a 36% YoY growth in the total number of serviced flights for the year. GPMs surged by 3.9ppts YoY to 47.4%, thanks to the increase in international landing and take-off revenue, which offers higher margins than other services. SG&A-to-sales ratio dropped by 3.4ppts YoY to 16.1%. Consequently, its core profit margin widened by 1.6ppts YoY, to 17%.

Balance sheet/cash flow. SAV had a healthier balance sheet with a smaller D/E ratio of 0.47x in 2023 (2022: 5.63x). It also was in a net cash position following loan repayments after the Sep 2023 IPO, which should help support its longer-term business expansion. The company recorded a 2023 net cash outflow of THB741m from financing activities vs a THB404m net cash inflow from operating activities.

ROE. ROE decreased to 33.6% in 2023 vs 82.8% the previous year – mainly due to a jump in average total shareholders' equity post-IPO.

Dividends. SAV's policy is to pay not less than 50% of NPAT in the separated financial statements as dividends. We expect yields to stay at 2% over the next two years.

Management. Teerachai Phongpanangam is the company's president and a member of the board of directors. Phongpanangam has an engineering background. Suphot Singhasaneh chairs the board and is an independent director. Singhasaneh holds no stake in SAV.

Investment Case

Ramping up growth this year. We are positive to the company's earnings outlook based on: i) Rising air traffic numbers in Cambodia, and ii) ongoing tourism recovery in Indochina. Its balance sheet is also getting stronger post-IPO. Based on consensus estimates, we assume robust FY24-25F EPS at THB0.70 (+60% YoY) and THB0.91 (+30% YoY).

Its FV of THB23.80-25.00 is derived from applying FY24F targeted P/Es of 34-35.5x to EPS of THB0.70. SAV is trading at 28x FY24F P/E with a strong earnings growth outlook.

Key risks. Slower-than-expected air traffic volume and tourism industry recovery, delays in new airport projects in Cambodia, uncertainties (ie political, economic, and natural disasters), and FX rate fluctuations.

Profit & Loss	Dec-21	Dec-22	Dec-23
Total turnover (THBm)	456	1,218	1,644
Reported net profit (THBm)	(74)	200	272
Recurring net profit (THBm)	(69)	188	280
Recurring net profit growth (%)	145.2	(374.7)	48.7
Recurring EPS (THB)	(0.12)	0.33	0.44
DPS (THB)	0.00	0.00	0.75
Dividend Yield (%)	0.0	0.0	3.8
Recurring P/E (x)	(167.3)	60.9	45.5
Return on average equity (%)	(43.5)	82.8	33.6
P/B (x)	80.2	33.8	10.0
P/CF (x)	(122.3)	39.3	31.5

Source: Company data, RHB

Balance Sheet (THBm)	Dec-21	Dec-22	Dec-23
Total current assets	501	1,000	745
Total assets	1,597	2,249	1,881
Total current liabilities	180	917	346
Total non-current liabilities	1,274	993	260
Total liabilities	1,454	1,910	606
Shareholder's equity	143	339	1,276
Minority interest	0	0	0
Other equity	18	15	(34)
Total liabilities & equity	1,597	2,249	1,881
Total debt	1,190	1,171	1
Net debt	1,061	832	(520)

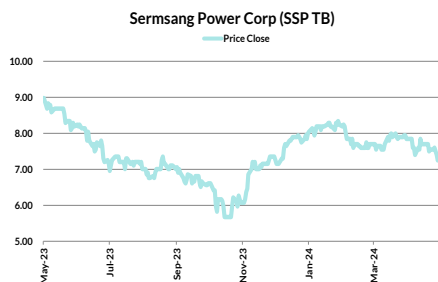
Source: Company data, RHB

Cash Flow (THBm)	Dec-21	Dec-22	Dec-23
Cash flow from operations	(94)	291	404
Cash flow from investing activities	(26)	(290)	534
Cash flow from financing activities	(0)	207	(741)
Cash at beginning of period	208	129	339
Net change in cash	(80)	210	182
Ending balance cash	129	339	520

Source: Company data, RHB



Scaling Up Two-Fold



Source: Bloomberg

Investment Merits

- Power generation capacity CAGR of over 20% for 2024-2028F
- Expect a solid FY24, with 48% YoY recurring profit growth
- Pursuing new project acquisitions to offset the adder gap

Company Profile

Sermsang Power Corp (SSP) was established in 2010. The company's primary focus is on building and operating renewable energy (RE) power plants, including solar, wind, and biomass projects. Currently, SSP has a total electricity generation capacity of 245MWe. In terms of exposure, SSP's operations ratio consists of Vietnam (c.32% of total MWe), Thailand (30%), Japan (22%), Indonesia (12%), and Mongolia (5%). Since its inception, SSP has consistently maintained its growth trajectory by expanding into other Asian countries. The company is currently exploring new projects in Taiwan, the Philippines, and other regions.

Highlights

Steady growth driven by capacity expansion. We think that SSP's earnings growth will be fuelled by the addition of new power generation capacity. The company's current 245MWe capacity is anticipated to expand at an approximately 20% CAGR to reach 662MWe by 2028. This growth includes increasing its stake in Winchai Co (Romklao wind farm project) to 100% (from 25%) by 1Q24, thereby raising the capacity to 45MWe. Additionally, SSP has provided details regarding the ongoing studies on and development of eight remaining projects totalling 383MWe. These include 17MWe and 16.4MWe solar power projects in Taiwan and Japan (both in 1Q26), 8.9MWe waste-to-energy plants in Thailand (4Q26), 92MWe and 150MWe solar power projects in Thailand (1Q27) and the Philippines (2Q27), another 18.2MWe solar project in Taiwan (2Q27), and a 42.5MWe solar project in Thailand (1Q28).

Robust earnings outlook for 2024. 2024 earnings should surge by 48% YoY, driven by: i) Recognition of profits from the Romklao wind farm project following the increase in its stake; and ii) recovery of operations at the Japan solar power plant after being impacted by below-normal irradiance in 2023. Furthermore, recurring profit for 1Q24-2Q24 should strengthen QoQ, due to the current high season (hot weather) for Thai solar farms and the spring and summer seasons in Japan, which will increase the capacity factor (CF) of power plants. Additionally, it is expected that SG&A expenses will decline to normal levels.

New projects will help offset the adder gap. SSP has secured Energy Regulatory Commission, Thailand (ERC) projects totalling 170.50MWe (154.50MWe for solar and 16MWe for wind). As a leading RE provider, the company also has the opportunity to acquire additional capacity from Vietnam's Power Development Plan 8 (PDP8). According to management, SSP is also exploring overseas growth opportunities, such as solar farms in Taiwan, solar rooftops in Indonesia, and wind farms in the Philippines.

Stock Profile

Bloomberg Ticker	SSP TB
Avg Turnover (THB/USD)	11.9m/0.3m
Net Gearing (%)	1.5
Market Cap (THBm)	9,580.5
Beta (x)	1.3
BVPS (THB)	6.1
52-wk Price low/high (THB)	5.30 - 9.20
Free float (%)	31.8

Major Shareholders (%)

Primary Energy	31.5
----------------	------

Share Performance (%)

	1m	3m	6m	12m
Absolute	(9.3)	(12.6)	18.7	(18.9)
Relative	(6.5)	(11.2)	20.2	(6.1)

Thailand Research +66 2088 9999
research.th.equity@rhbgroupp.com

This strategic expansion is expected to offset the revenue reduction from the adder expiry (THB6.50/kWh) due by Feb 2025.

Company Report Card

Results highlights. The company reported a 2023 net profit of THB812m, marking a 38% YoY plunge – primarily from a slight drop in revenue (-3% YoY) and increases in finance (+18% YoY) and tax expenses (+125% YoY). The absence of revenue recognition from the divested Hidaka project in 2Q22 was largely offset by the improved performance from wind power projects in Vietnam and solar power projects in Thailand.

Balance sheet/cash flow. SSP's balance sheet is robust. It currently has a net debt-to-equity ratio of 1.4x, which is considered reasonable for power producers. This presents opportunities for the company to invest in new projects.

Dividends. SSP's policy is to pay dividends of not less than 40% of company-only net profit. However, it failed to adhere to the policy in the last four years due to heavy investments made during the period. Once the bulk of its projects start operations, we expect SSP to pay a higher DPS to investors.

Management. The Kraipisitkul family are SSP's founders. CEO Varut Tummavaranukub has been with the company since 2013. The current management team is strong, having been with the company for more than 10 years and with work experience earned in relevant fields.

Investment Case

Sustaining its growth narrative. After beginning with low power generation capacities and profits, the company has the opportunity to significantly grow, if we take the past performance of its peers as a point of comparison. This is because SSP is backed by a backlog of planned projects, potential projects currently under study, and management's strong experience. We believe its strategy to acquire projects could help strengthen earnings over the long term, but intense competition may also hamper margin expansion, in our view.

THB8.80-9.70 FV. We estimate SSP's fair value at THB8.80-9.70, derived from a forward P/E of 10-12x. We use 2024F EPS of THB0.88, based on consensus data. With earnings in an upcycle, the stock should trade near the P/E average of its peers. This is backed by its strong and secured earnings growth, a more diversified asset portfolio, and improving ROE in 2024-2026F.

Key risks: Cost overruns from construction delays, unplanned maintenance, weather fluctuations, natural disasters, and country risks.

Profit & Loss	Dec-21	Dec-22	Dec-23
Total turnover (THBm)	2,603	3,482	3,071
Reported net profit (THBm)	859	1,302	812
Recurring net profit (THBm)	859	1,302	812
Recurring net profit growth (%)	16.7	51.5	(37.6)
Recurring EPS (THB)	0.80	1.04	0.59
DPS (THB)	0.01	0.24	0.10
Dividend Yield (%)	0.1	3.1	1.3
Recurring P/E (x)	9.7	7.5	13.2
Return on average equity (%)	16.6	19.1	10.3
P/B (x)	1.4	1.3	1.3
P/CF (x)	3.5	4.8	4.7

Source: Company data, RHB

Balance Sheet (THBm)	Dec-21	Dec-22	Dec-23
Total current assets	4,927	4,271	4,781
Total assets	24,063	21,292	21,067
Total current liabilities	6,082	1,173	1,887
Total non-current liabilities	11,608	11,842	10,714
Total liabilities	17,689	13,015	12,600
Shareholder's equity	5,884	7,776	8,034
Minority interest	490	501	433
Other equity	0	0	0
Total liabilities & equity	24,063	21,292	21,067
Total debt	14,264	12,689	12,185
Net debt	10,684	9,462	9,028

Source: Company data, RHB

Cash Flow (THBm)	Dec-21	Dec-22	Dec-23
Cash flow from operations	2,390	2,043	2,281
Cash flow from investing activities	(3,193)	(2,537)	(1,125)
Cash flow from financing activities	2,849	183	(1,111)
Cash at beginning of period	1,388	3,580	3,228
Net change in cash	2,192	(352)	(71)
Ending balance cash	3,580	3,228	3,157

Source: Company data, RHB

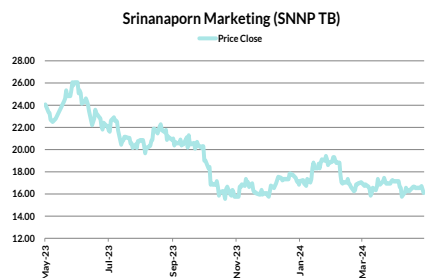


Srinanaporn Marketing

Fair Value: THB21.20-22.30

Price: THB16.10

Ramping Up Operations In Vietnam



Source: Bloomberg

Stock Profile

	SNNP TB
Bloomberg Ticker	SNNP TB
Avg Turnover (THB/USD)	11.4m/0.3m
Net Gearing (%)	12.3
Market Cap (THBm)	9,377.2
Beta (x)	1.3
BVPS (THB)	3.6
52-wk Price low/high (THB)	5.30 - 9.20
Free float (%)	34.0

Major Shareholders (%)

Ascend I. Holding	14.3
Thakorn Chaisathaporn	10.3
Concord I. Capital	8.2

Share Performance (%)

	1m	3m	6m	12m
Absolute	(9.3)	(12.6)	18.7	(18.9)
Relative	(6.5)	(11.2)	20.2	(6.1)

Vatcharut Vacharawongsith +66 2088 9736

vatcharut.va@rhbgroup.com

Investment Merits

- Positive sales growth outlook over new item launches and rising penetration in overseas markets
- Uptrend in profit margins from the higher utilisation of its facilities in Vietnam
- Long-term growth potential to become a regional snack player

Company Profile

Srinanaporn Marketing (SNNP) has been manufacturing and distributing snacks (57% of 2023 sales) and beverages (43%) for over 30 years. Its key product lines include ready-to-drink jelly and flavoured jelly desserts under the Jele brand, cuttlefish snacks under the Bento brand, and extruded biscuits and bread sticks under the Lotus brand. As of 2023, it had a leading 78% share of the jelly product-in-pouches market (via Jele), and a 72% share of the cuttlefish snack market (via Bento). Domestic sales account for 73% of total sales, while the remaining percentage comes from export sales.

Highlights

Sturdy 2024 topline. SNNP expects to book double-digit sales growth in 2024. In Thailand, sales should be driven by its growing modern retail distribution channels, the recovery in tourism, and its launching of new items – including a new category of high-margin food supplements in 1Q24. Sales abroad could be driven by an economic recovery and higher factory utilisation rates in Vietnam, further market penetration in China and South Korea, and its commercial access to the Philippines. After opening in 2023, the utilisation rate of its Vietnam facility may rise to c.50% in 2024, from 20-30% last year.

Better profit margins ahead. Growing its overseas markets should enable SNNP to widen its GPM. It does not expect any significant changes in key raw material prices, for now. It is also working to control and reduce its opex-to-sales ratio from 2023 onwards. We also expect a better share of profits from its subsidiary, the distributor Siri Pro, which has restructured its operations and may turn profitable by 4Q24.

Seeing long-term growth potential. SNNP has set a 5-year target to hit THB8bn in total sales by 2026, reflecting a 13% CAGR over 2021-2026. Two-thirds of this would come from the domestic market, and the remainder from overseas. The latter is expected to chart stronger sales growth (5-year CAGR of 24%). In Vietnam, it targets to achieve THB2bn in sales by 2026, implying a strong 43% 5-year CAGR. Apart from a higher utilisation rate at its new production plant, the planned expansion of its distribution network for general trade retailers throughout the country (from the current coverage of c.30%) provides vast room for growth.

Company Report Card

Results highlights. SNNP booked a core profit of THB636m (+23% YoY) in 2023 on a continuous improvement in sales, a wider GPM and efficient opex controls. Topline rose by 8% YoY to a record THB6.02bn, driven by a 9% spike in domestic sales and 8% growth in international sales (especially from Vietnam). GPM expanded by 1.3ppts to 28.6% on a rising contribution of high-margin snack products and stronger sales generated from its new facility in Vietnam where SNNP benefitted from lower labour and raw material costs (vs Thailand). There, its opex-to-sales ratio shrank by 0.6ppts to 15.4%. Core profit margin rose 1.3ppts to 10.6%.

Balance sheet/cash flow. Total assets increased 3% YoY to THB5.23bn in 2023, from higher trade receivables and PPE, while total liabilities were flattish at THB1.76bn. Its D/E ratio slightly declined to 0.51x, from 0.53x the previous year. Its net D/E ratio also ticked up to 0.12x (2022: 0.05x). SNNP recorded a net cash outflow of THB450m from investing activities vs a THB194m net cash inflow from operating activities.

ROE. ROE rose to 19% in 2023 from 16% in 2022, due to a higher base of shareholders' equity and NPM improvement. We believe SNNP's ROE may continue growing further this year.

Dividend. The company's dividend policy is to pay not less than 60% of profit after tax and all types of reserves, according to separate financial statements. It paid a bi-annual DPS totaling THB0.48 in FY23, vs THB0.41 in FY22, implying a 2.9% yield. We expect higher yields of around 3% over the next two years.

Management. Thakorn Chaisathaporn was appointed as SNNP's new CEO in Jan 2023. He is the younger brother of the founder and Executive Committee Chairman Vivat Kraipisitkul. Chaisathaporn is currently the company's second biggest shareholder, with a 10.4% stake.

Investment Case

Earnings growth set to accelerate. Our positive outlook for SNNP is premised on its 2Q24F earnings being likely to grow YoY and QoQ, as the hot weather is conducive for its beverage sales. More launches of new products and rising utilisation rates at its Vietnam facility may drive topline and profit margins throughout the remaining quarters of 2023. Based on Street estimates, we assume a FY24-25F core EPS of THB0.80 and THB0.90, which also indicate solid earnings growth of 20% this year and 13% in 2025.

FV in the range of THB21.20-22.30 is derived by applying prospective 26.5x-28x P/Es (mean to +0.25SD from the Thai F&B sector's 5-year historical trading mean). The stock is trading at 21x FY24F P/E, and we expect robust earnings growth over 2Q24-4Q24.

Key downside risks include a slower-than-expected consumption and tourism recovery, increasing competition among snack and beverage players, delays in new product launches and capacity expansions, new products not being well-received, and raw material cost fluctuations.

Profit & Loss	Dec-21	Dec-22	Dec-23
Total turnover (THBm)	4,358	5,556	6,016
Reported net profit (THBm)	437	516	636
Recurring net profit (THBm)	308	516	636
Recurring net profit growth (%)	228.8	67.2	23.3
Recurring EPS (THB)	0.32	0.54	0.66
DPS (THB)	0.24	0.41	0.48
Dividend Yield (%)	1.4	2.4	2.9
Recurring P/E (x)	52.3	31.3	25.4
Return on average equity (%)	24.6	16.1	18.8
P/B (x)	5.2	4.9	4.7
P/CF (x)	35.3	40.0	35.8

Source: Company data, RHB

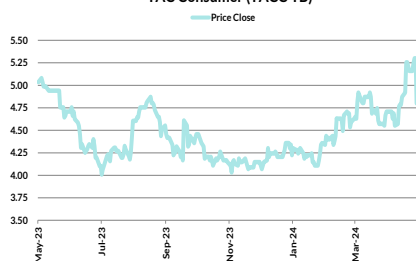
Balance Sheet (THBm)	Dec-21	Dec-22	Dec-23
Total current assets	1,702	2,402	2,575
Total assets	4,152	5,069	5,225
Total current liabilities	927	1,395	1,370
Total non-current liabilities	135	368	392
Total liabilities	1,062	1,763	1,763
Shareholder's equity	3,091	3,306	3,463
Minority interest	253	257	244
Other equity	253	256	233
Total liabilities & equity	4,152	5,069	5,225
Total debt	29	305	496
Net debt	(133)	172	424

Source: Company data, RHB

Cash Flow (THBm)	Dec-21	Dec-22	Dec-23
Cash flow from operations	457	403	450
Cash flow from investing activities	(120)	(385)	(194)
Cash flow from financing activities	(366)	(43)	(299)
Cash at beginning of period	173	162	133
Net change in cash	(28)	(25)	(61)
Ending balance cash	162	133	72

Source: Company data, RHB

TAC Consumer (TACC TB)



Source: Bloomberg

Stock Profile

Bloomberg Ticker	TACC TB
Avg Turnover (THB/USD)	15.1m/0.4m
Net Gearing (%)	Net Cash
Market Cap (THBm)	2,928.0
Beta (x)	0.8
BVPS (THB)	1.22
52-wk Price low/high (THB)	4.18 - 5.85
Free float (%)	62.0

Major Shareholders (%)

Chatchawe Vatanasuk	24.6
Thanutum Kiatphaibool	6.7
Thai NVDR	5.2

Share Performance (%)

	1m	3m	6m	12m
Absolute	0.8	8.0	13.5	(15.1)
Relative	3.6	9.4	15.0	(2.4)

Vatcharut Vacharawongsith +66 2088 9736

vatcharut.va@rhbgroupp.com

Investment Merits

- 2024 earnings to turn to growth from a low base the previous year
- More access to CP ALL's (CPALL TB) extensive network, with potential growth from café business operator Punthai Coffee
- Secured raw material costs and the absence of equity losses from a subsidiary may strongly support GPM and NPM expansion

Company Profile

TAC Consumer (TACC) sources for, manufactures and distributes beverages – mainly tea and coffee, and lifestyle products – locally and for export. Its operations are: i) Business-to-business (B2B, 94% of sales in 2023) – cold beverage dispensers located at 7-Eleven stores in Thailand, instant drinks sold at All Café kiosks, and hot beverage dispensers; ii) business-to-consumer (B2C, 6% of sales) for items like powdered instant drinks under the Na-Arun brand, concentrated fruit syrup under the TRIVA brand, and being the licensing agent for products like San-X.

Highlights

Sales-driven in 2024. TACC is targeting to book 10% YoY topline growth in 2024, by strengthening its core businesses through value creation, operational efficiency, capturing consumers' health and wellness trends with new products, and expanding to new markets via both B2B and B2C formats. We expect foot traffic to 7-Eleven stores to improve further, based on strong tourism growth and possible consumption stimulus measures given at the year-end. TACC's sales may also benefit CP ALL's growing 7-Eleven delivery platform, and launches of more new beverages for All Café including seasonal drinks.

Widening growth opportunities. We are positive in our outlook for TACC as the company should grow in tandem with CP ALL's expansion, ie planned 7-Eleven outlets to be opened in Thailand, Cambodia, and Laos (>700 outlets this year), as well as Lotus's new hypermarkets and Go Fresh stores in Thailand. TACC supplies beverage products for Jungle Café (>1,700 standalone outlets) and Lotus's Go Fresh stores. It was also ramping up the installation of beverage jet sprays at Lotus's hypermarket food centres (83 locations) in end-2023 and aims to expand this to all 240 outlets over the next couple of years. We also see growth potential from supplying beverage powder to café operator Punthai Coffee – having an aggressive expansion plan to operate 5,000 shops by 2028 (2023: 900).

More secured profit margins. TACC's GPM outlook may be more promising this year, as it has secured raw material prices (ie coffee) throughout 1H24F, and the costs may be easing in 2H24F on a HoH basis. Moreover, the absence of equity losses from a subsidiary in hemp product development, Thai Cannatech Innovation (30% stake), from 1Q24 onwards would be positive for its NPM.

Company Report Card

Results highlights. TACC reported an unexciting net profit of THB207m in 2023 (-12% YoY), due mainly to higher costs, THB17m in provisions for impairment in associate companies, and THB19m in net losses from subsidiaries. Topline amounted to THB1.71bn (+12% YoY) on higher domestic sales, more sales orders from new customers since 2H22, and benefitting from CP ALL's 7-Eleven outlet expansion in Cambodia. GPM was at 33% (-2.5ppts), due to raw material cost hikes. SG&A-to-sales ratio edged up to 18% (+1.4ppts) on higher marketing and promotional expenses. Its net profit margin, as such, dropped to 12% (vs 15% in 2022).

Balance sheet/cash flow. Total assets decreased by 5% YoY to THB1.12bn, while total liabilities also shrank by 4% YoY to THB398m in FY23. As such, its D/E ratio was unchanged at 0.55x at end-2023. Its balance sheet remained healthy, with a net cash position – which may facilitate TACC's potential debt financing for further expansion.

ROE. TACC's ROE contracted to 28% in 2023 (2022: 31%), mainly from the smaller GPM which, in turn, undermined its NPM. We expect ROEs to continue increasing this year and the next, to 33-35%, based on Street estimates, and driven by a profit margin recovery.

Dividends. The company's dividend policy is to pay not less than 30% of net profit. It pays the dividends on a semi-annual basis. TACC declared a total FY23 DPS of THB0.36, equivalent to an attractive 7% dividend yield. We expect dividend yields to remain as high as 7% in 2024-2025.

Management. Managing Director and Chairman of the Executive Committee Chatchawe Vatanasuk, is one of the company's founders. He has a background in marketing, and more than 20 years of experience in the beverage industry. He currently holds 19.2% of total outstanding shares, making him the biggest shareholder. The deputy managing directors for corporate strategy as well as sales & marketing are professional management personnel.

Investment Case

Resilient growth continues. We are upbeat on TACC, as it may be able to expand both topline and profit margins in 2024. This year, earnings may be mainly driven by: i) Continued improvement in customer traffic to 7-Eleven stores, which should support its B2B business; ii) expansion of CP ALL's retail network in Thailand and abroad, and growth of other customer segments ie Punthai Coffee; iii) the addition of more new characters for its licensing agent business; and iv) a low earnings base in 2023. Its raw materials may be secured to maintain 1H24F production and profit margins. Based on consensus numbers, we assume 2024-2025F EPS of THB0.39 (+16%) and THB0.43 (+10%).

FV ranges THB7.00-7.30. This was derived by applying a targeted P/E range of 18-18.5x. 18x is the stock's 5-year historical trading mean, while 18.5x P/E implies a conservative -1SD to Thailand's F&B sector average.

Key risks: A slower-than-expected economic recovery, high dependency of B2B sales on its key strategic partner (CP ALL), rising competition in the beverage business, and poor response to its new products.

Profit & Loss	Dec-21	Dec-22	Dec-23
Total turnover (THBm)	1,341	1,523	1,714
Reported net profit (THBm)	214	235	207
Recurring net profit (THBm)	207	231	206
Recurring net profit growth (%)	10.0	11.7	-11.0
Recurring EPS (THB)	0.34	0.38	0.34
DPS (THB)	0.33	0.36	0.36
Dividend Yield (%)	6.1	6.7	6.7
Recurring P/E (x)	15.8	14.2	16.0
Return on average equity (%)	29.2	31.2	27.8
P/B (x)	4.4	4.3	4.6
P/CF (x)	14.7	12.1	16.6

Source: Company data, RHB

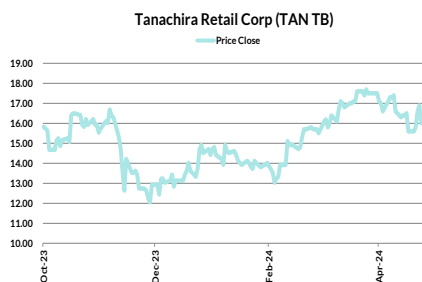
Balance Sheet (THBm)	Dec-21	Dec-22	Dec-23
Total current assets	905	1,021	941
Total assets	1,065	1,179	1,116
Total current liabilities	286	377	360
Total non-current liabilities	36	39	38
Total liabilities	322	416	398
Shareholder's equity	742	763	718
Minority interest	0	0	4
Other equity	0	0	0
Total liabilities & equity	1,065	1,179	1,116
Total debt	21	48	17
Net debt	(116)	(102)	(144)

Source: Company data, RHB

Cash Flow (THBm)	Dec-21	Dec-22	Dec-23
Cash flow from operations	223	272	198
Cash flow from investing activities	(88)	(67)	91
Cash flow from financing activities	(202)	(190)	(279)
Cash at beginning of period	204	136	151
Net change in cash	(67)	14	10
Ending balance cash	136	151	161

Source: Company data, RHB

Good On All Fronts



Source: Bloomberg

Stock Profile

Metric	TAN TB
Bloomberg Ticker	TAN TB
Avg Turnover (THB/USD)	16.0m/0.4m
Net Gearing (%)	21.3
Market Cap (THBm)	4,920.0
Beta (x)	0.6
BVPS (THB)	5.16
52-wk Price low/high (THB)	12.10 - 18.50
Free float (%)	26.0

Major Shareholders (%)

Tanapong Chirapanidchakul	74.3
K Mid Small Cap Equity RMF	2.0
Thai NVDR	1.3

Share Performance (%)

	1m	3m	6m	12m
Absolute	(7.3)	14.7	(1.2)	N/A
Relative	(4.6)	16.1	0.3	N/A

Vatcharut Vacharawongsith +66 2088 9736

vatcharut.va@rhbgroup.com

Investment Merits

- Capturing middle- and high-income earners both locally and abroad, with solid growth potential in these segments
- Multi-pronged expansion strategy, ie new brands and new destinations as another earnings driver
- Seeking to improve its product mix and boost the performance of its existing brands

Company Profile

Tanachira Retail Corp (TAN) operates a lifestyle and fashion retail business. It imports and distributes world-famous branded products in Thailand and abroad – namely Pandora, Marimekko, Cath Kidston, and Ganni. The company also owns the Harnn group of brands, selling bodycare, skincare, spa and aromatherapy products and spa franchises. It operates a F&B business as well. As of 2023, TAN had seven product brands and four spa brands in operation, with a total of 144 outlets located in Thailand and abroad. This includes 135 owned stores and nine franchise stores. Online sales channels are also available.

Highlights

In a high-growth industry. The recovery in consumer purchasing power, has benefitted the Thai retail segment. As such, TAN has much potential to continue growing, as its international and local customers continue to increase (the former, due to the rebound in tourism). Also, Thailand's upper middle-income and high-income segments have grown steadily over the past seven years – accounting for about 30% of the population in 2021. People in these segments tend to choose lifestyle products that are of greater quality and are fashionable.

Multi-pronged growth strategy as another support. Its two new brands in food and fashion launched in 2023 – Gordon Ramsay Bread Street Kitchen & Bar, and Ganni – will see a full year of operations in 2024. This year, TAN will add two more brands in F&B (Gordon Ramsay Street Burger in 2H24) and Japanese fashion (United Arrows in 2Q24) to widen its customer range and drive sales growth. The company's recent expansion of the high-margin Harnn brand in China through a multi-tier franchising model may act as an earnings upside.

Higher topline, wider margins. TAN targets 20% sales growth in 2024, ie 10% from its existing business and 10% from new stores and new businesses. On brands, Marimekko and Harnn may become the stars, while Pandora could maintain its sales. Its Cath Kidston item sales should recover from a low base last year, driven by new inventory from Jan 2024 onwards. GPM may still grow – on a better sales mix, optimising discounts and promotions offered to customers, and efficient cost controls.

Company Report Card

Results highlights. TAN's 2023 net profit surged by 33% YoY to THB167m, due to an improved topline and GPM. Total sales grew 12% YoY, driven by both offline and online channels. The tourism sector recovery also directly benefitted the high-margin Harnn brand portfolio. Revenue mix for the year included 50% from Pandora, 20% from Marimekko, 11% from Cath Kidston, 19% from Harnn, and 0.3% from new brands. By sales channels, 69% was from concept stores, 16% from shop-in-shop outlets, 12% from online (including China), and 3% from other offline stores. GPM ramped up impressively by 4.3ppts YoY to 64.1%, thanks to higher sales generated through concept stores, brand-building, and efficient controls on sales discounts. TAN's SG&A-to-sales ratio rose by 1.5ppts YoY to 47.1%, due mainly to higher selling expenses ie rental and marketing costs. Still, NPM widened by 1.9ppts YoY, to 11.8%.

Balance sheet/cash flow. It had a healthier balance sheet with a smaller D/E ratio of 0.49x (2022: 4.74x) and net D/E ratio of 0.21x (2022: 3.71x), following loan repayments post-IPO in Oct 2023, which should help support its growth over the longer term. In 2023, it booked a THB172m net cash outflow from investing activities vs THB240m net cash inflow from operating activities.

ROE. ROE decreased to 17.8% in 2023, vs 47.9% the previous year – mainly due to a jump in average total shareholders' equity post-IPO.

Dividends. The company's policy is to pay not less than 40% of NPAT as dividends. It paid FY23 DPS of THB0.70 including a special dividend, or a 4.2% yield. We expect yields to stay at 2-3% over the next two years.

Management. Tanapong Chirapanidchakul is the company's founder and CEO. He has a background in both marketing and engineering, and holds 74.3% of total outstanding shares, making him the biggest stakeholder. Kittipol Pramoj Na Ayudhya (no stake) chairs the Board of Directors and is an independent director.

Investment Case

Ramping up growth this year. We are positive on TAN's earnings outlook based on: i) Healthy consumer purchasing power among its targeted upscale customer segments, ii) the ongoing recovery of Thailand's tourism, iii) the addition of new brands into its portfolio, and iv) Cath Kidston brand's performance turnaround from a low base in 2023. Its balance sheet is also getting stronger post-IPO. Based on the Street estimate, we assume robust FY24-25F EPS at THB0.84 (+51% YoY) and THB1.02 (+22% YoY).

FV of THB21-21.80 is derived from applying FY24F targeted P/Es of 25-26x to our assumed EPS of THB0.84. TAN is trading at a cheap 19x FY24F P/E, ie a strong earnings growth outlook.

Key risks are a slower-than-expected consumption recovery, increasing competition, delays in new product launches and store openings, unsuccessful new products, and inventory costs and negative effect of FX rate fluctuations.

Profit & Loss	Dec-21	Dec-22	Dec-23
Total turnover (THBm)	766	1,266	1,415
Reported net profit (THBm)	(32)	125	167
Recurring net profit (THBm)	(32)	125	167
Recurring net profit growth (%)	nm	nm	33.1
Recurring EPS (THB)	(0.54)	2.09	0.56
DPS (THB)	0.00	0.00	0.70
Dividend Yield (%)	0.0	0.0	4.2
Recurring P/E (x)	(30.7)	7.9	29.7
Return on average equity (%)	(14.8)	47.9	17.8
P/B (x)	5.0	3.0	3.2
P/CF (x)	20.1	4.0	20.6

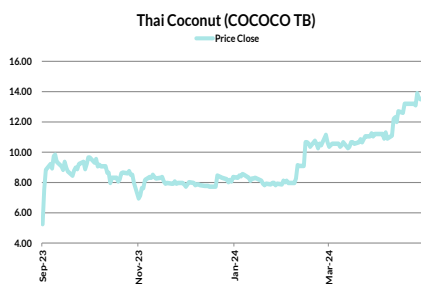
Source: Company data, RHB

Balance Sheet (THBm)	Dec-21	Dec-22	Dec-23
Total current assets	508	607	816
Total assets	1,895	1,866	2,303
Total current liabilities	979	985	493
Total non-current liabilities	717	556	260
Total liabilities	1,697	1,541	753
Shareholder's equity	198	325	1,549
Minority interest	(4)	(7)	(0)
Other equity	(8)	(7)	(17)
Total liabilities & equity	1,895	1,866	2,303
Total debt	1,475	1,251	491
Net debt	1,405	1,208	330

Source: Company data, RHB

Cash Flow (THBm)	Dec-21	Dec-22	Dec-23
Cash flow from operations	49	247	240
Cash flow from investing activities	(36)	(66)	(172)
Cash flow from financing activities	(200)	(210)	47
Cash at beginning of period	78	70	43
Net change in cash	(8)	(27)	118
Ending balance cash	70	43	161

Source: Company data, RHB



Source: Bloomberg

Stock Profile

Bloomberg Ticker	COCOCO TB
Avg Turnover (THB/USD)	268.4m/7.3m
Net Gearing (%)	3.1
Market Cap (THBm)	19,845.0
Beta (x)	1.1
BVPS (THB)	2.28
52-wk Price low/high (THB)	6.95 - 14.10
Free float (%)	47.0

Major Shareholders (%)

Chow-Aree Holding	29.9
Worawat Chinpinkyo	22.6
Pitiwat Chinpinkyo	4.5

Share Performance (%)

	1m	3m	6m	12m
Absolute	19.5	66.7	65.6	N/A
Relative	22.2	68.1	67.1	N/A

Vatcharut Vacharawongsith +66 2088 9736

vatcharut.va@rhbgroup.com

Investment Merits

- Robust growth in demand for coconut water, which ties in with its massive capacity expansion to cater to more potential customers, mainly in China
- Secured raw materials for FY24 production, with more output and easing coconut costs expected to kick in later this year
- Earnings continue to hit another record high

Company Profile

Thai Coconut (COCOCO) was established in 2008. The stock was listed on the SET in Sep 2023. The company is a leader in producing a wide range of processed coconut and fruit items, and distributing these to over 97 countries. In 2023, its key product categories include coconut milk (45% of sales), coconut water (44%), pet food (7%), and others, ie snacks (4%). 93% of total sales were from original equipment manufacturers and 7% from own-brand products. Its key export destinations are Asia (57% of sales), America (23%) and Europe (17%).

Highlights

Targets to record 41% YoY sales growth in 2024. COCOCO is targeting 41% YoY topline growth, to THB6.6bn in 2024. Its major business plans this year include the expansion of coconut water exports across the globe, and launching products in new polyethylene terephthalate (PET) and slim-can packaging. In the meantime, its pet food business will expand its product lines to include dry food, snacks, and non-food categories. In the longer term, it expects to see 2025-2026 sales reach THB8.4bn (+27%) and THB10bn (+19%). In 2026, the company aims to enlarge its export destination coverage to >130 countries for coconut products and >40 countries for pet food. COCOCO also plans to launch more beverage brands.

Coconut water production capacity to rise. COCOCO will invest THB1.47bn this year to increase its production capacity and invest in developing innovative products. Production capacity for coconut water will jump 176% YoY to 295,000 tonnes pa in 2024, then to 366,000 tonnes (+24% YoY) in 2025 and 391,000 tonnes (+7% YoY) in 2026. It estimates the average utilisation rate for the lines to be at 64% this year (2023: 70%), then 70% in 2025 and 81% in 2026. This should strongly support the company's growth over the period, in our view.

More new customers ahead. Its number of China customers for coconut water is dramatically increasing – from nine in 2022 to 15 in 2023 – following solid demand and the products' rising popularity there. We see earnings upside from: i) Six potential new customer accounts from China in 2024, ii) penetration into the US market starting with one new client, and iii) the launch of its coconut coffee in India.

Company Report Card

Results highlights. COCOCO reported solid core profit of THB571m in 2023 (+52% YoY), driven by wider sales and GPM as well as a smaller SG&A-to-sales ratio. With greater FX losses, net profit still expanded by 43% YoY to THB540m. Topline totaled THB4.66bn (+38%), from a new record in coconut water sales – thanks to its ability to penetrate the China market. GPM edged up 2.4ppts to 26%, in tandem with an improving margin for coconut water and rising production utilisation rates. Its SG&A-to-sales ratio narrowed to 13.4% (-0.9ppts) on better operational economies-of-scale, despite chalking higher administrative expenses on personnel, R&D, and its stock listing. Its core profit margin edged up 1.1ppts YoY to 12%.

Balance sheet/cash flow. In 2023, COCOCO's total assets improved by 64% to THB5.10bn, while total liabilities dropped by 2%, to THB1.74bn. It had a stronger balance sheet with a smaller D/E ratio of 0.52x (2022: 1.33x) and a minimal net D/E ratio of 0.03x (2022: 0.67x), following loan repayments post-IPO in Sep 2023, facilitating the company's potential debt financing for further business expansion.

ROE. COCOCO's ROE contracted to 23% in 2023 (2022: 29%), mainly from the increase in average total shareholders' equity post-IPO.

Dividends. The company's dividend policy is to pay not less than 40% of net profit from the separated financial statements. It paid total FY23 DPS of THB0.45, equivalent to a 3% dividend yield. We expect dividend yields to remain at c.3% in 2024-2025.

Management. COCOCO was founded by the Chinpinkyo family. Dr Worawat Chinpinkyo is the company's CEO and Managing Director, and a board member. He currently holds an aggregated 52.6% of total outstanding shares, as the biggest shareholder. Dr Vorapol Socatiyanurak (0.1% stake) chairs the Board of Directors and is an independent director.

Investment Case

Seeking another record year. We believe COCOCO has a promising earnings outlook, supported by: i) Continued growth of the coconut water and pet food businesses, ii) business expansion in China, and iii) a 175% jump in production capacity for coconut water in 2024. Improving its sales mix and securing raw materials (ie coconut) for the full year (2024) may strongly benefit its profit margins. As the upcoming *La Nina* may bring more rain, concern over high coconut costs may be easing as a larger output is expected later this year. Based on the Street, we assume 2024-2025F core EPS of THB0.55 (+42%) and THB0.72 (+31%).

FV ranging THB15.40-16.50 is derived from applying prospective 28x-30x P/Es, implying +0.25SD to +0.5SD to the Thai F&B sector's 5-year historical trading mean – to reflect COCOCO's superior earnings growth. The stock is currently trading at 24x FY24F P/E.

Key risks: Slower-than-expected consumption growth, more competition among processed coconut manufacturers, product substitutions, delays in new product launches and capacity expansions, unsuccessful new products, and raw material scarcity and cost fluctuations.

Profit & Loss	Dec-21	Dec-22	Dec-23
Total turnover (THBm)	3,454	3,365	4,655
Reported net profit (THBm)	296	378	540
Recurring net profit (THBm)	289	375	571
Recurring net profit growth (%)	180.1	29.9	52.1
Recurring EPS (THB)	0.26	0.34	0.39
DPS (THB)	0.00	0.00	0.45
Dividend Yield (%)	0.0	0.0	3.4
Recurring P/E (x)	50.3	38.7	34.0
Return on average equity (%)	26.3	29.4	23.0
P/B (x)	11.7	10.9	5.8
P/CF (x)	47.2	28.5	52.0

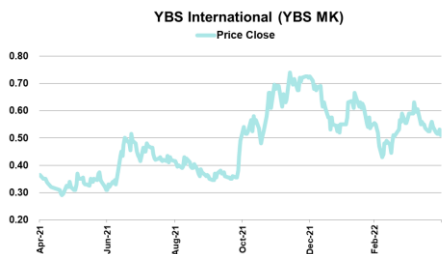
Source: Company data, RHB

Balance Sheet (THBm)	Dec-21	Dec-22	Dec-23
Total current assets	1,374	1,442	2,678
Total assets	3,052	3,115	5,099
Total current liabilities	1,354	1,419	1,605
Total non-current liabilities	460	362	136
Total liabilities	1,815	1,781	1,741
Shareholder's equity	1,237	1,334	3,357
Minority interest	10	(1)	(1)
Other equity	0	0	0
Total liabilities & equity	3,052	3,115	5,099
Total debt	1,205	1,193	1,036
Net debt	987	894	105

Source: Company data, RHB

Cash Flow (THBm)	Dec-21	Dec-22	Dec-23
Cash flow from operations	307	509	373
Cash flow from investing activities	(215)	(166)	(888)
Cash flow from financing activities	(15)	(261)	1,148
Cash at beginning of period	140	217	299
Net change in cash	78	82	633
Ending balance cash	217	299	932

Source: Company data, RHB



Source: Bloomberg

Stock Profile

Bloomberg Ticker	TPAC TB
Avg Turnover (THB/USD)	2.1m/0.1m
Net Gearing (%)	1.3
Market Cap (THBm)	4,637.0
Beta (x)	0.8
BVPS (THB)	7.47
52-wk Price low/high (THB)	13.30 – 19.50
Free float (%)	21.04

Major Shareholders (%)

Anuj Lohia	69.7
Nerngchamnonng Ekawut	7.0
Stock Exchange Of Thailand	2.5

Share Performance (%)

	1m	3m	6m	12m
Absolute	0.7	(18.4)	(0.7)	(5.3)
Relative	3.5	(17.0)	0.8	7.4

Thailand Research +66 2088 9999
research.th.equity@rhbgroupp.com

Investment Merits

- Anticipating a 9% earnings CAGR for 2024-2026
- Market leader in various packaging segments, bolstering a robust long-term outlook
- Upside from expansion into new ASEAN markets

Company Profile

Listed in 2005, Thai Plaspac (TPAC) is a leading provider of rigid plastic packaging solutions, specialising in hygienic consumer segments such as everyday consumables in the F&B, pharmaceutical, personal care, and homecare sectors. The company's commercial manufacturing is divided into five processes: injection moulding, extrusion blow moulding, PET moulding, in-mould labelling, and combi cup production. Over the past five years, TPAC has expanded significantly, increasing its manufacturing locations to 17 plants and rapidly growing its presence in five countries. This expansion includes four factories in Thailand, nine in India, two in the United Arab Emirates (UAE), one in Malaysia, and one in the Philippines (currently in the setup process). As of 2023, TPAC generated 24% of its revenue from India, 27% from Thailand, 17% from Malaysia, and 11% from the UAE

Highlights

The pursuit of fastest growth. Over 2018-2023, TPAC's sales have increased by 2.7 times, expanding at a CAGR of 22%, fuelled by strong organic expansion and strategic acquisitions that complemented its transformation. Recurring EPS also surged by 9.4 times ie at a CAGR of 32% over the same period. In 2023, the company achieved its highest-ever profitability, marked by a 63% YoY hike in EPS. Looking ahead, TPAC is projected to maintain a 9% CAGR in EPS growth over 2024-2026, supported by intensified capital management strategies and strategic expansions into new segments and markets. Additionally, the depreciation of the THB is expected to provide further support to its overseas business operations.

Better 1Q24 outlook. We expect 1Q24 net profit to improve QoQ to THB110-120m, driven by: i) A surge in sales volume in India, attributed to economic growth and the opening of two new factories targeting high-growth food and pharmaceutical industries; and ii) increased sales in Thailand due to enhanced consumption during the festive season. However, we expect the earnings to soften slightly YoY from higher SG&A expenses and financial costs. Looking ahead, we are more optimistic about 2Q24-4Q24 – since the improvements in the Indian and Thai economies, as well as adjustments in selling prices should contribute to a better performance.

Dominance across packaging segments. TPAC is a leader across various niche markets and segments, including rigid food and pharmaceutical packaging in Thailand, the UAE, and India, as well as rigid in-mould labelled (IML) food packaging in Malaysia. The company's

production facilities feature world-class hygiene controls, with certifications ensuring adherence to stringent standards. This is particularly crucial in segments like F&B, pharmaceuticals, and personal care, which make up 90% of its portfolio. The remaining products cater to the home care and industrial segments. TPAC is actively expanding its presence into the Philippines market, too, with a focus on manufacturing dairy packaging. The company has successfully obtained key licenses and the necessary approvals to facilitate smooth operations, with commercial production expected to kick off in the second quarter of 2024.

Company Report Card

Results highlights. In 2023, revenue softened 3% YoY to THB6.8bn, due to a dampened sales volume that stemmed from a sluggish demand environment in Thailand and the early onset of the monsoon season in India. Despite this, profitability improved, with GPM increasing to 21.5% in 2023 from 16.5% in 2022, driven by cost optimisation measures and operational efficiency enhancements. As a result, net profit reached a record high of THB490m in 2023, marking a 54% YoY increase.

Balance sheet/cash flow. The company has been consistently deleveraging, as evidenced by its net D/E ratio declining to 1.06x in 2023, from 1.2-1.3x in 2021-2022. Additionally, annual capex remains well below the level of operating cash flow.

ROE. ROE surged to an all-time high of 21% in 2023, marking a significant increase from 15% in 2022.

Dividends. TPAC has a dividend policy of distributing at least 30% of its net profit after corporate income tax and statutory reserves. However, due to strategic investments and M&A, the company has kept its dividend payout ratio below 20% in recent years, resulting in a yield of 1-3%. It is anticipated that the company will increase dividend payments in line with EPS growth, consequently delivering a higher yield in the coming years.

Management. Yashovardhan Lohia serves as the Chairman, while Kevin Kumar Sharma is TPAC's CEO. Both individuals bring their extensive experience in the petrochemicals and packaging industries to their respective roles.

Investment Case

Tap the high growth and cheap valuation. TPAC's future outlook remains promising, driven by its organic growth, and new investments in India and the Philippines. Despite this positive trajectory, the stock is trading at an inexpensive 9.5x 2024F P/E (based on a consensus EPS estimate of THB1.50). This valuation is notably lower than the industry peer average of 18.5x, indicating potential for future appreciation.

FV ranges THB20.00-22.00. The consensus figure falls within THB20.00-22.00, suggesting a market perspective of 13-14x P/E for 2024F. We consider this range to be relatively conservative when compared to industry peers, and TPAC's historical average of 20x.

Key risks: Volatility in raw material costs, FX rate fluctuations, and interest rates remaining high.

Profit & Loss	Dec-21	Dec-22	Dec-23
Total turnover (THBm)	5,194	6,997	6,804
Reported net profit (THBm)	153	319	490
Recurring net profit (THBm)	153	297	485
Recurring net profit growth (%)	(51.6)	94.2	63.2
Recurring EPS (THB)	0.47	0.91	1.48
DPS (THB)	0.14	0.29	0.45
Dividend Yield (%)	1.0	2.0	3.1
Recurring P/E (x)	31.2	16.1	9.8
Return on average equity (%)	7.3	14.7	21.1
P/B (x)	2.2	2.2	2.0
P/CF (x)	6.6	5.4	4.3

Source: Company data, RHB

Balance Sheet (THBm)	Dec-21	Dec-22	Dec-23
Total current assets	2,311	2,362	2,338
Total assets	7,127	7,404	7,484
Total current liabilities	1,762	2,062	2,206
Total non-current liabilities	2,881	2,765	2,515
Total liabilities	4,643	4,828	4,722
Shareholder's equity	2,133	2,210	2,439
Minority interest	350	367	323
Other equity	66	(91)	(185)
Total liabilities & equity	7,127	7,404	7,484
Total debt	3,177	3,276	3,109
Net debt	2,783	2,988	2,926

Source: Company data, RHB

Cash Flow (THBm)	Dec-21	Dec-22	Dec-23
Cash flow from operations	724	886	1,099
Cash flow from investing activities	(1,157)	(876)	(632)
Cash flow from financing activities	502	(39)	(532)
Cash at beginning of period	196	394	287
Net change in cash	198	(107)	(104)
Ending balance cash	394	287	183

Source: Company data, RHB

RHB Guide to Investment Ratings

Buy:	Share price may exceed 10% over the next 12 months
Trading Buy:	Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain
Neutral:	Share price may fall within the range of +/- 10% over the next 12 months
Take Profit:	Target price has been attained. Look to accumulate at lower levels
Sell:	Share price may fall by more than 10% over the next 12 months
Not Rated:	Stock is not within regular research coverage

Investment Research Disclaimers

RHB has issued this report for information purposes only. This report is intended for circulation amongst RHB and its affiliates' clients generally or such persons as may be deemed eligible by RHB to receive this report and does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. This report is not intended, and should not under any circumstances be construed as, an offer or a solicitation of an offer to buy or sell the securities referred to herein or any related financial instruments.

This report may further consist of, whether in whole or in part, summaries, research, compilations, extracts or analysis that has been prepared by RHB's strategic, joint venture and/or business partners. No representation or warranty (express or implied) is given as to the accuracy or completeness of such information and accordingly investors should make their own informed decisions before relying on the same.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to the applicable laws or regulations. By accepting this report, the recipient hereof (i) represents and warrants that it is lawfully able to receive this document under the laws and regulations of the jurisdiction in which it is located or other applicable laws and (ii) acknowledges and agrees to be bound by the limitations contained herein. Any failure to comply with these limitations may constitute a violation of applicable laws.

All the information contained herein is based upon publicly available information and has been obtained from sources that RHB believes to be reliable and correct at the time of issue of this report. However, such sources have not been independently verified by RHB and/or its affiliates and this report does not purport to contain all information that a prospective investor may require. The opinions expressed herein are RHB's present opinions only and are subject to change without prior notice. RHB is not under any obligation to update or keep current the information and opinions expressed herein or to provide the recipient with access to any additional information. Consequently, RHB does not guarantee, represent or warrant, expressly or impliedly, as to the adequacy, accuracy, reliability, fairness or completeness of the information and opinion contained in this report. Neither RHB (including its officers, directors, associates, connected parties, and/or employees) nor does any of its agents accept any liability for any direct, indirect or consequential losses, loss of profits and/or damages that may arise from the use or reliance of this research report and/or further communications given in relation to this report. Any such responsibility or liability is hereby expressly disclaimed.

Whilst every effort is made to ensure that statement of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable and must not be construed as a representation that the matters referred to therein will occur. Different assumptions by RHB or any other source may yield substantially different results and recommendations contained on one type of research product may

differ from recommendations contained in other types of research. The performance of currencies may affect the value of, or income from, the securities or any other financial instruments referenced in this report. Holders of depositary receipts backed by the securities discussed in this report assume currency risk. Past performance is not a guide to future performance. Income from investments may fluctuate. The price or value of the investments to which this report relates, either directly or indirectly, may fall or rise against the interest of investors.

This report may contain comments, estimates, projections, forecasts and expressions of opinion relating to macroeconomic research published by RHB economists of which should not be considered as investment ratings/advice and/or a recommendation by such economists on any securities discussed in this report.

This report does not purport to be comprehensive or to contain all the information that a prospective investor may need in order to make an investment decision. The recipient of this report is making its own independent assessment and decisions regarding any securities or financial instruments referenced herein. Any investment discussed or recommended in this report may be unsuitable for an investor depending on the investor's specific investment objectives and financial position. The material in this report is general information intended for recipients who understand the risks of investing in financial instruments. This report does not take into account whether an investment or course of action and any associated risks are suitable for the recipient. Any recommendations contained in this report must therefore not be relied upon as investment advice based on the recipient's personal circumstances. Investors should make their own independent evaluation of the information contained herein, consider their own investment objective, financial situation and particular needs and seek their own financial, business, legal, tax and other advice regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report.

This report may contain forward-looking statements which are often but not always identified by the use of words such as "believe", "estimate", "intend" and "expect" and statements that an event or result "may", "will" or "might" occur or be achieved and other similar expressions. Such forward-looking statements are based on assumptions made and information currently available to RHB and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement to be materially different from any future results, performance or achievement, expressed or implied by such forward-looking statements. Caution should be taken with respect to such statements and recipients of this report should not place undue reliance on any such forward-looking statements. RHB expressly disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

The use of any website to access this report electronically is done at the recipient's own risk, and it is the recipient's sole responsibility to take precautions to ensure that it is free from viruses or other items of a destructive nature. This report may also provide the addresses of, or contain hyperlinks to, websites. RHB takes no responsibility for the content contained therein. Such addresses or hyperlinks (including addresses or hyperlinks to RHB own website material) are provided solely for the recipient's convenience. The information and the content of the linked site do not in any way form part of this report. Accessing such website or following such link through the report or RHB website shall be at the recipient's own risk.

This report may contain information obtained from third parties. Third party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. Third party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive,

special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of their content.

The research analysts responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously. The research analysts that authored this report are precluded by RHB in all circumstances from trading in the securities or other financial instruments referenced in the report, or from having an interest in the company(ies) that they cover.

The contents of this report is strictly confidential and may not be copied, reproduced, published, distributed, transmitted or passed, in whole or in part, to any other person without the prior express written consent of RHB and/or its affiliates. This report has been delivered to RHB and its affiliates' clients for information purposes only and upon the express understanding that such parties will use it only for the purposes set forth above. By electing to view or accepting a copy of this report, the recipients have agreed that they will not print, copy, videotape, record, hyperlink, download, or otherwise attempt to reproduce or re-transmit (in any form including hard copy or electronic distribution format) the contents of this report. RHB and/or its affiliates accepts no liability whatsoever for the actions of third parties in this respect.

The contents of this report are subject to copyright. Please refer to Restrictions on Distribution below for information regarding the distributors of this report. Recipients must not reproduce or disseminate any content or findings of this report without the express permission of RHB and the distributors.

The securities mentioned in this publication may not be eligible for sale in some states or countries or certain categories of investors. The recipient of this report should have regard to the laws of the recipient's place of domicile when contemplating transactions in the securities or other financial instruments referred to herein. The securities discussed in this report may not have been registered in such jurisdiction. Without prejudice to the foregoing, the recipient is to note that additional disclaimers, warnings or qualifications may apply based on geographical location of the person or entity receiving this report.

The term "RHB" shall denote, where appropriate, the relevant entity distributing or disseminating the report in the particular jurisdiction referenced below, or, in every other case, RHB Investment Bank Berhad and its affiliates, subsidiaries and related companies.

RESTRICTIONS ON DISTRIBUTION

Malaysia

This report is issued and distributed in Malaysia by RHB Investment Bank Berhad ("RHBIB"). The views and opinions in this report are our own as of the date hereof and is subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Conduct Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. RHBIB has no obligation to update its opinion or the information in this report.

Thailand

This report is issued and distributed in the Kingdom of Thailand by RHB Securities (Thailand) PCL, a licensed securities company that is authorised by the Ministry of Finance, regulated by the Securities and Exchange Commission of Thailand and is a member of the Stock Exchange of Thailand. The Thai Institute of Directors Association has disclosed the Corporate Governance Report of Thai Listed Companies made pursuant to the policy of the Securities and Exchange Commission of Thailand. RHB Securities (Thailand) PCL does not endorse, confirm nor certify the result of the Corporate Governance Report of Thai Listed Companies.

Indonesia

This report is issued and distributed in Indonesia by PT RHB Sekuritas Indonesia. This research does not constitute an offering document and it should not be construed as an offer of securities in Indonesia. Any securities offered or sold, directly or indirectly, in Indonesia or to any Indonesian citizen or corporation (wherever located) or to any Indonesian resident in a manner which constitutes a public offering under Indonesian laws and regulations must comply with the prevailing Indonesian laws and regulations.

Singapore

This report is issued and distributed in Singapore by RHB Bank Berhad (through its Singapore branch) which is an exempt capital markets services entity and an exempt financial adviser regulated by the Monetary Authority of Singapore. RHB Bank Berhad (through its Singapore branch) may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, RHB Bank Berhad (through its Singapore branch) accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact RHB Bank Berhad (through its Singapore branch) in respect of any matter arising from or in connection with the report.

United States

This report was prepared by RHB is meant for distribution solely and directly to "major" U.S. institutional investors as defined under, and pursuant to, the requirements of Rule 15a-6 under the U.S. Securities and Exchange Act of 1934, as amended (the "Exchange Act") via a registered U.S. broker-dealer as appointed by RHB from time to time. Accordingly, any access to this report via Bursa Marketplace or any other Electronic Services Provider is not intended for any party other than "major" US institutional investors (via a registered U.S. broker-dealer), nor shall be deemed as solicitation by RHB in any manner. RHB is not registered as a broker-dealer in the United States and currently has not appointed a U.S. broker-dealer. Additionally, RHB does not offer brokerage services to U.S. persons. Any order for the purchase or sale of all securities discussed herein must be placed with and through a registered U.S. broker-dealer as appointed by RHB from time to time as required by the Exchange Act Rule 15a-6. For avoidance of doubt, RHB reiterates that it has not appointed any U.S. broker-dealer during the issuance of this report. This report is confidential and not intended for distribution to, or use by, persons other than the recipient and its employees, agents and advisors, as applicable. Additionally, where research is distributed via Electronic Service Provider, the analysts whose names appear in this report are not registered or qualified as research analysts in the United States and are not associated persons of any registered U.S. broker-dealer as appointed by RHB from time to time and therefore may not be subject to any applicable restrictions under Financial Industry Regulatory Authority ("FINRA") rules on communications with a subject company, public appearances and personal trading. Investing in any non-U.S. securities or related financial instruments discussed in this research report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in the United States. The financial instruments discussed in this report may not be suitable for all investors. Transactions in foreign markets may be subject to regulations that differ from or offer less protection than those in the United States.

DISCLOSURE OF CONFLICTS OF INTEREST

RHB Investment Bank Berhad, its subsidiaries (including its regional offices) and associated companies, ("RHBIB Group") form a diversified financial group, undertaking various investment banking activities which include, amongst others, underwriting, securities trading, market making and corporate finance advisory.

As a result of the same, in the ordinary course of its business, any member of the RHBIB Group, may, from time to time, have business relationships with, hold any positions in the securities and/or capital market products (including but not limited to shares, warrants, and/or derivatives), trade or otherwise effect transactions for its own account or the account of its customers or perform and/or solicit investment, advisory or other services from any of the subject company(ies) covered in this research report.

While the RHBIB Group will ensure that there are sufficient information barriers and internal controls in place where necessary, to prevent/manage any conflicts of interest to ensure the independence of this report, investors should also be aware that such conflict of interest may exist in view of the investment banking activities undertaken by the RHBIB Group as mentioned above and should exercise their own judgement before making any investment decisions.

In Singapore, investment research activities are conducted under RHB Bank Berhad (through its Singapore branch), and the disclaimers above similarly apply.

Malaysia

Save as disclosed in the following link [RHB Research Conflict Disclosures – May 2024](#) and to the best of our knowledge, RHBIB hereby declares that:

- RHBIB does not have a financial interest in the securities or other capital market products of the subject company(ies) covered in this report.
- RHBIB is not a market maker in the securities or capital market products of the subject company(ies) covered in this report.
- None of RHBIB's staff or associated person serve as a director or board member* of the subject company(ies) covered in this report
**For the avoidance of doubt, the confirmation is only limited to the staff of research department*
- RHBIB did not receive compensation for investment banking or corporate finance services from the subject company in the past 12 months.
- RHBIB did not receive compensation or benefit (including gift and special cost arrangement e.g. company/issuer-sponsored and paid trip) in relation to the production of this report.

Thailand

Save as disclosed in the following link [RHB Research Conflict Disclosures – May 2024](#) and to the best of our knowledge, RHB Securities (Thailand) PCL hereby declares that:

- RHB Securities (Thailand) PCL does not have a financial interest in the securities or other capital market products of the subject company(ies) covered in this report.
- RHB Securities (Thailand) PCL is not a market maker in the securities or capital market products of the subject company(ies) covered in this report.
- None of RHB Securities (Thailand) PCL's staff or associated person serve as a director or board member* of the subject company(ies) covered in this report
**For the avoidance of doubt, the confirmation is only limited to the staff of research department*
- RHB Securities (Thailand) PCL did not receive compensation for investment banking or corporate finance services from the subject company in the past 12 months.
- RHB Securities (Thailand) PCL did not receive compensation or benefit (including gift and special cost arrangement e.g. company/issuer-sponsored and paid trip) in relation to the production of this report.

Indonesia

Save as disclosed in the following link [RHB Research Conflict Disclosures – May 2024](#) and to the best of our knowledge, PT RHB Sekuritas Indonesia hereby declares that:

- PT RHB Sekuritas Indonesia and its investment analysts, does not have any interest in the securities of the subject company(ies) covered in this report. For the avoidance of doubt, interest in securities include the following:

- Holding directly or indirectly, individually or jointly own/hold securities or entitled for dividends, interest or proceeds from the sale or exercise of the subject company's securities covered in this report*;
 - Being bound by an agreement to purchase securities or has the right to transfer the securities or has the right to pre subscribe the securities*.
 - Being bound or required to buy the remaining securities that are not subscribed/placed out pursuant to an Initial Public Offering*.
 - Managing or jointly with other parties managing such parties as referred to in (a), (b) or (c) above.
- PT RHB Sekuritas Indonesia is not a market maker in the securities or capital market products of the subject company(ies) covered in this report.
 - None of PT RHB Sekuritas Indonesia's staff** or associated person serve as a director or board member* of the subject company(ies) covered in this report.
 - PT RHB Sekuritas Indonesia did not receive compensation for investment banking or corporate finance services from the subject company in the past 12 months.
 - PT RHB Sekuritas Indonesia** did not receive compensation or benefit (including gift and special cost arrangement e.g. company/issuer-sponsored and paid trip) in relation to the production of this report:

Notes:

*The overall disclosure is limited to information pertaining to PT RHB Sekuritas Indonesia only.

**The disclosure is limited to Research staff of PT RHB Sekuritas Indonesia only.

Singapore

Save as disclosed in the following link [RHB Research Conflict Disclosures – May 2024](#) and to the best of our knowledge, the Singapore Research department of RHB Bank Berhad (through its Singapore branch) hereby declares that:

- RHB Bank Berhad, its subsidiaries and/or associated companies do not make a market in any issuer covered by the Singapore research analysts in this report.
- RHB Bank Berhad, its subsidiaries and/or its associated companies and its analysts do not have a financial interest (including a shareholding of 1% or more) in the issuer covered by the Singapore research analysts in this report.
- RHB Bank Berhad's Singapore research staff or connected persons do not serve on the board or trustee positions of the issuer covered by the Singapore research analysts in this report.
- RHB Bank Berhad, its subsidiaries and/or its associated companies do not have and have not within the last 12 months had any corporate finance advisory relationship with the issuer covered by the Singapore research analysts in this report or any other relationship that may create a potential conflict of interest.
- RHB Bank Berhad's Singapore research analysts, or person associated or connected to it do not have any interest in the acquisition or disposal of, the securities, specified securities based derivatives contracts or units in a collective investment scheme covered by the Singapore research analysts in this report.
- RHB Bank Berhad's Singapore research analysts do not receive any compensation or benefit in connection with the production of this research report or recommendation on the issuer covered by the Singapore research analysts.

Analyst Certification

The analyst(s) who prepared this report, and their associates hereby, certify that:

(1) they do not have any financial interest in the securities or other capital market products of the subject companies mentioned in this report, except for:

Analyst	Company
-	-

(2) no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.



KUALA LUMPUR

RHB Investment Bank Bhd
Level 3A, Tower One, RHB Centre
Jalan Tun Razak
Kuala Lumpur 50400
Malaysia
Tel : +603 2303 8100
Fax : +603 2302 8134

JAKARTA

PT RHB Sekuritas Indonesia
Revenue Tower, 11th Floor, District 8 - SCBD
Jl. Jendral Sudirman Kav 52-53
Jakarta 12190
Indonesia
Tel : +6221 509 39 888
Fax : +6221 509 39 777

BANGKOK

RHB Securities (Thailand) PCL
10th Floor, Sathorn Square Office Tower
98, North Sathorn Road, Silom
Bangrak, Bangkok 10500
Thailand
Tel: +66 2088 9999
Fax :+66 2088 9799

SINGAPORE

RHB Bank Berhad (Singapore branch)
90 Cecil Street
#04-00 RHB Bank Building
Singapore 069531
Fax: +65 6509 0470

Together
we
progress