INVESTMENT BANKING

Top Thailand Small Cap Companies

20 Jewels 2023 Edition

TOP THAILAND SMALL CAP COMPANIES

20 JEWELS

2023 EDITION

THAILAND

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

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Foreword

2023 marks the 11th edition of our Top 20 Thailand Small Cap Jewels series. This book is unique, and has been a trademark of RHB Research over the years, as part of our flagship product offering. Despite the challenging market environment, we have continued our utmost efforts to research new ideas and discover potential gems.

The 20 small-cap stocks featured in last year's Thailand Top Small Cap Jewels Handbook have provided average absolute returns of -14% (29 Apr 2022-28 Apr 2023), underperforming the SET's -8%, but outperforming the MAI Index's -25%. However, the stocks outperformed in terms of average returns, at 13%, with the highest prices reached between 30 Apr 2022 and 28 Apr 2023. This figure is higher than the SET and MAI indices' returns of 1.7% and 4% over the same period last year.

This year, to provide more alpha ideas and strategies in this handbook, we have included 10 companies that have never been under our coverage before. We hope investors will find this book beneficial, and discover new ideas to generate excess portfolio returns.

RHB Research wishes to express our gratitude to the management teams of the companies featured in Top 20 Thailand Small Cap Jewels 2023 for generously taking the time to help us better understand their business models, and allowing us to share our views and opinions. Credit is also due to our dedicated team of analysts, which has have invested countless hours to produce this year's edition. Finally, we remain 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)

Bangkok, 16 May 2023

Price performance of the 20 small-cap stocks featured in the 2022 edition

	Ticker	Name	Closing price (THB) 29-Apr-22	Closing price (THB) 28-Apr-23	Absolute return in 2022	Highest price reached	Date of highest price reached	Return +/-	Market: Sector
	SET	**SET Index (pts)**	**1,667.44**	**1,529.12**	**-8%**	**1,695.99**	**13-Jan-23**	**1.7%**	**SET**
	SET50	SET50 (pts)	983.53	922.72	-6%	1,020.39	10-Jan-23	3.7%	SET50
	SET100	SET100 (pts)	2,250.62	2,059.63	-8%	2,292.83	10-Jan-23	1.9%	SET100
	MAI	**MAI Index (pts)**	**669.88**	**501.99**	**-25%**	**696.10**	**15-Sep-22**	**4%**	**MAI**
1	AMATAV	Amata VN	7.60	6.50	-14%	8.50	10-Aug-22	12%	SET: Property Development
2	ASIAN	Asian Sea Corporation	16.60	10.50	-37%	19.40	15-Sep-22	17%	SET: Food & Beverage
3	ASW	Assetwise	8.35	7.90	-5%	8.90	24-Apr-23	7%	SET: Property Development
4	BAFS	Bangkok Aviation Fuel Service	29.00	30.75	6%	34.75	6-Feb-23	20%	SET: Energy & Utilities
5	BE8	Beryl 8 Plus	43.25	44.75	3%	69.75	6-Feb-23	61%	MAI: Technology
6	CIVIL	Civil Engineering	4.90	2.58	-47%	5.10	31-May-22	4%	SET: Contractor
7	DRT	Diamond Building Products	7.65	7.75	1%	8.40	2-Feb-23	10%	SET: Construction Material
8	XO	Exotic Food	16.90	12.80	-24%	17.30	15-Jun-22	2%	MAI: Agro & Food
9	GFPT	GFPT	14.00	10.70	-24%	18.70	15-Jun-22	34%	SET: Agribusiness
10	ILM	Index Living Mall	21.70	20.70	-5%	22.10	29-Apr-22	2%	SET: Commerce
11	PIN	Pinthong	3.76	3.54	-6%	3.96	18-May-22	5%	SET: Property Development
12	PR9	Praram 9 Hospital	14.00	19.50	39%	21.30	23-Feb-23	52%	SET: Healthcare
13	RS	RS	17.60	14.60	-17%	16.73	8-Feb-23	-5%	SET: Commerce
14	COTTO	SCG Ceramics	2.28	2.06	-10%	2.38	30-Mar-23	4%	SET: Construction Material
15	SFT	Shrinkflex (Thailand)	5.75	4.48	-22%	5.85	29-Apr-23	2%	MAI: Industrial
16	SUN	Sunsweet	6.45	4.50	-30%	6.75	29-Apr-22	5%	SET: Food & beverage
17	TACC	T.A.C.Consumer	7.45	5.60	-25%	7.55	8-Sep-22	1%	MAI: Agro & Food
18	TPAC	Thai Plaspac	15.40	14.50	-6%	16.30	25-May-22	6%	SET: Packaging
19	TSE	Thai Solar Energy	2.30	2.08	-10%	2.64	8-Feb-23	15%	SET: Energy & utilities
20	UBE	Ubon Bio Ethanol	2.14	1.21	-43%	2.14	31-May-22	0%	SET: Energy & utilities
	Simple average return				**-14%**			**13%**	

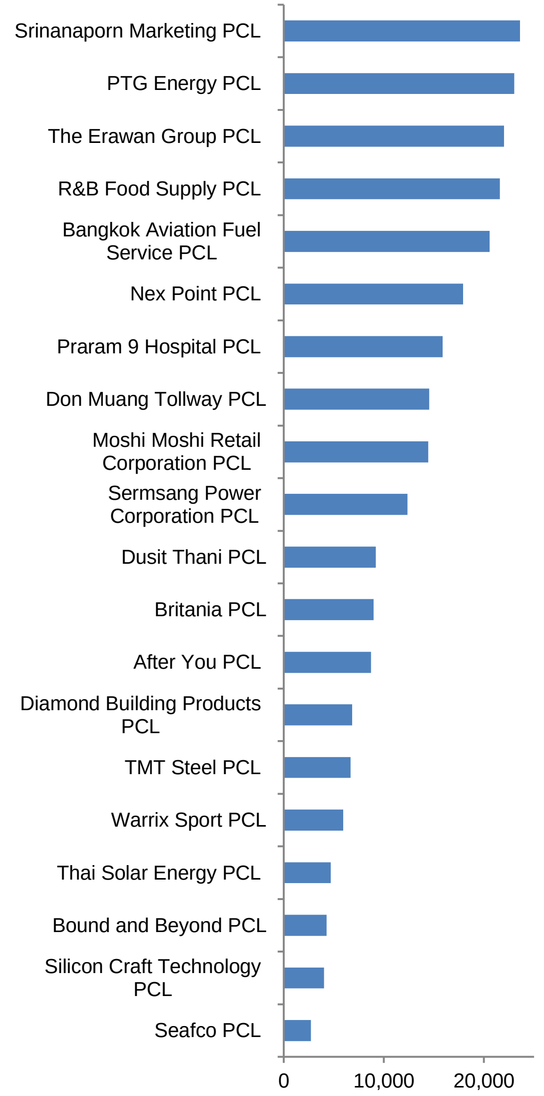
Source: RHB

20 Small Cap Jewels at a glance

Company name	FV (THB)	Mkt Cap (THBm)	P/E (x)		P/BV (x)		Div Yield (%)		ROE (%)	
			FY21	FY22	FY21	FY22	FY21	FY22	FY21	FY22
After You	12.50-13.20	8,727.2	NM	70.0	10.6	9.2	0.05	1.4	1.0	11.0
Bangkok Aviation Fuel Service	34.00-39.00	20,559.3	NM	NM	3.8	4.1	-	-	(12.0)	(5.0)
*Bound and Beyond	19.40-21.50	4,275.3	NM	NM	0.7	0.7	-	-	15.2	(5.5)
Britania	13.20	8,957.0	14.9	8.5	2.6	1.8	NM	6.9	17.8	30.2
Diamond Building Products	9.00	6,840.0	11.7	10.9	3.2	2.9	5.8	6.3	27.3	26.2
Don Muang Tollway	14.50	14,529.0	35.9	18.6	1.5	1.5	2.6	9.2	4.2	8.0
Dusit Thani	12.20-13.30	9,180.0	NM	NM	2.4	1.8	-	-	(21.4)	(11.2)
Moshi Moshi Retail Corporation	50.00-54.50	14,437.5	75.0	51.8	10.3	8.2	8.1	0.5	14.8	19.7
Nex Point	21.00-22.00	17,916.60	NM	68.0	5.2	18.4	-	-	(3.0)	26
Praram 9 Hospital	23.80-25.00	15,883.3	63.7	28.0	3.7	3.4	0.7	1.4	5.9	12.6
PTG Energy	16.00-17.00	23,046.0	22.8	24.5	2.8	2.7	3.0	3.0	12.0	11.0
R&B Food Supply	11.60-13.80	21,600.0	45.0	47.0	5.1	4.9	1.0	1.0	11.0	10.0
Seafco	4.20	2,722.0	NM	NM	1.8	1.9	-	-	(3.5)	(9.3)
Sermsang Power Corporation	10.50-11.00	12,364.4	12.1	11.5	0.5	0.5	0.1	2.8	4.0	5.0
Silicon Craft Technology	9.80-10.80	4,008.0	47.7	23.0	8.5	6.5	0.5	1.3	17.2	29.7
Srinanaporn Marketing	27.00-30.00	23,616.0	76.6	45.8	7.6	7.1	1.0	1.7	24.6	16.1
Thai Solar Energy	3.00-3.10	4,701.3	8.5	9.4	0.8	0.7	3.0	2.0	8.0	11.0
The Erawan Group	5.90	22,023.0	NM	NM	3.7	3.8	-	-	(41.2)	(3.8)
TMT Steel	8.80	6,661.3	4.4	27.5	1.8	2.0	17.0	3.9	40.8	7.5
Warrix Sport	11.50	5,940.0	139.1	46.2	11.3	4.1	NM	0.2	8.1	8.9
Average		**12,399.4**	**42.9**	**32.7**	**4.4**	**4.3**	**3.6**	**3.0**	**6.5**	**9.9**

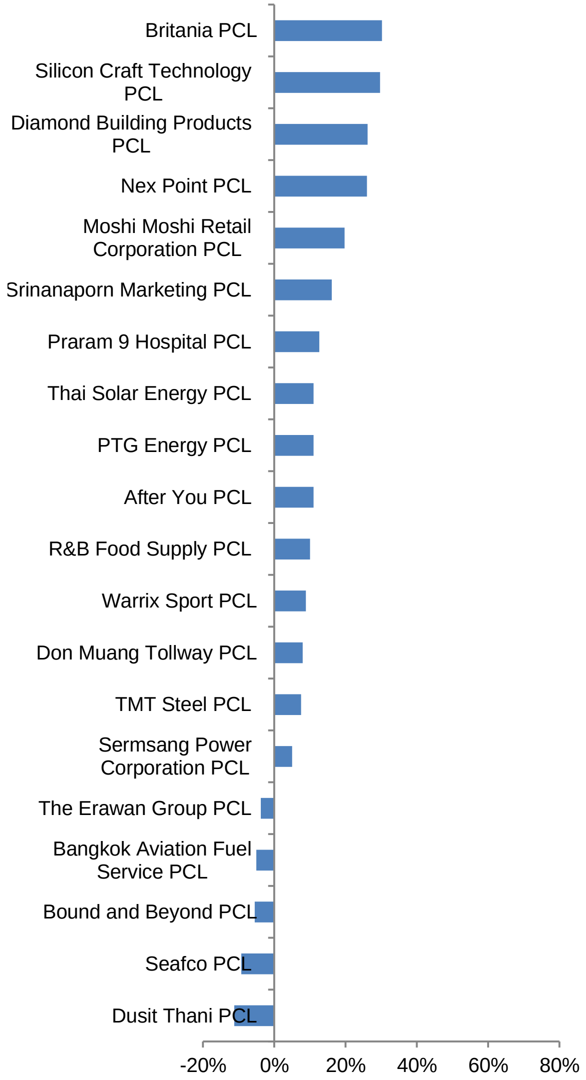
Note: All prices as at 10 May 2023
Note 2: nm = not meaningful
Source: Bloomberg, RHB

Market capitalisation (THBm)



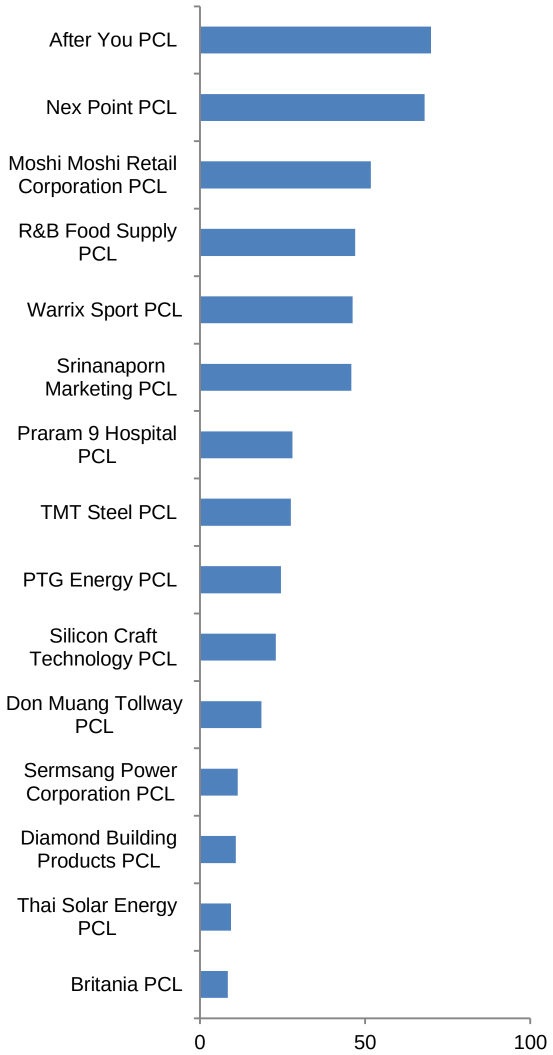
Source: Bloomberg, RHB

FY22 ROE (%)



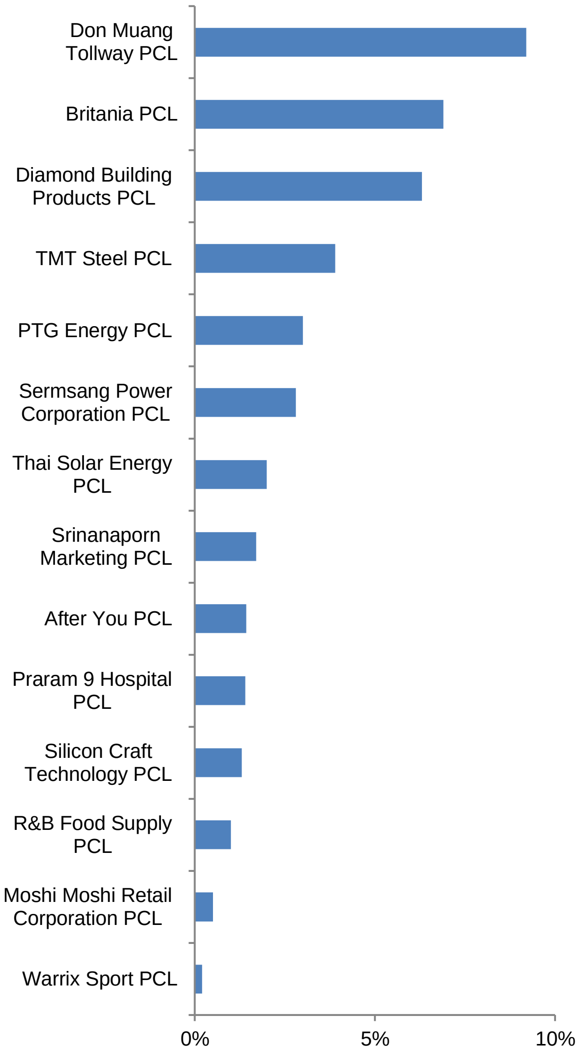
Source: Bloomberg, RHB

FY22 P/E (x)



Source: Bloomberg, RHB

FY22 dividend yield (%)



Source: Bloomberg, RHB

After You

Fair Value: THB12.50-13.20
Price: THB10.70

In Preparation For a Strong Consumption Recovery

Source: Bloomberg

Stock Profile

Bloomberg Ticker	AU TB
Avg Turnover (THB/USD)	28.7m/0.9m
Net Gearing (%)	cash
Market Cap (THBm)	8,727.2m
Beta (x)	0.97
BVPS (THB)	1.10
52-wk Price low/high (THB)	9.25 – 13.00
Free float (%)	35

Major Shareholders (%)

Gulapat Kanokwatanawan	27.8
Maetup T Suwan	25.4
BTS Group	5.1

Share Performance (%)

	1m	3m	6m	12m
Absolute	(2.75)	(9.40)	(4.50)	7.07
Relative	(0.79)	(4.18)	(0.33)	8.52

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Investment Merits

- A leading player in Thailand's premium dessert café market with enormous opportunities to expand abroad and penetrate broader market segments
- The post-pandemic consumption recovery
- Continuously expanding branches to absorb demand

Company Profile

After You operates dessert cafés in Bangkok and Thailand's major cities. Note: The company operates 53 branches as at 1Q23 vs 39 and 51 in 1Q22 and 4Q22. 72%, 22%, and 6% of its customer segments comprise dine-ins, takeaways, and deliveries. AU also runs non-café businesses (7% of sales), which include pop-up stores, online sales, catering, original equipment manufacturing or OEM, and franchising. The bulk of its customers are locals, generating c.80% of average store sales. Foreign customers make up 20% of café sales.

Highlights

On a food and dessert consumption recovery trends in 2Q23. 2Q23 witnessed many long holiday periods in Thailand, with this year's *Songkran* festival as evidence of the pent-up demand for tourism as the world recovers from the COVID-19 lockdowns of the past three years. We also believe the Labour Day, Coronation Day, and many more state-announced holidays will boost tourism, food consumption, and dining-out activities. We think Thailand's recent general election will be a boost for domestic food and dessert consumption too.

Under business and branch expansions in 2023. We believe AU is set to see higher revenues from its restaurant division – both After You restaurants and Mikka Café outlets (as well as Luggaw stores) – in the range of THB900-920m in 2023 vs 2022's THB787m. The number of branches should also increase, with self-owned outlets likely to reach 80 this year vs 68 branches in 2022. Meanwhile, AU's franchise branches are likely to hit 190 during this period vs 110 last year. After You stores are likely to hit 64 branches in 2023 vs 52 in 2022. Meanwhile, the number of Mikka stations is likely to reach 200, up from 126 stations last year. Along with AU's cautious business development plans and strong market positioning in the premium desserts segment, we believe sales may recover over FY23-24, allowing its bottomline to approach pre-COVID-19 levels.

Company Report Card

Latest results. AU posted a 1Q23 net profit of THB34m (+135% YoY, -5% QoQ). The result was lower than consensus due to higher-than-expected SG&A expenses. The solid improvement YoY resulted from overall improvements in its operations. The QoQ reduction was primarily due to higher SG&A/sales. Revenue recovered YoY as sales rose 33% YoY (flat QoQ) to THB259m. Revenues from the dessert cafe and drinks businesses soared 38% YoY to THB228m (+3% QoQ) with SSSG of 21% vs 8% and 30% in 1Q22 and 4Q22 – this was as the amount of dine-in customers and branches increased. Sales of goods and raw materials – c.7% of sales revenue – improved 30% YoY to THB20m but reduced 7% QoQ. Revenue from catering and pop-up stores dropped 34% YoY (-15% QoQ) to THB11m due to a reduction in booths replaced by dessert café branches. GPM increased both YoY and QoQ to 63.1% vs 59.8% and 62.3% in 1Q22 and 4Q22. As operations resume, SG&A expenses hiked 26% YoY (+1% QoQ) due to an increase in staff and lower discounts from rental fees. SG&A/sales stood at 49.8% vs 52.4% and 49.1% in 1Q22 and 4Q22.

Balance sheet/cash flow. AU has had a strong balance sheet and net cash position since its 2016 IPO – this should support its longer-term business expansion plans and help in expanding its restaurants, café outlets, and new business services in future.

ROE. AU booked a 2022 ROE of 11%, up from 1% during the previous year. This was led by a strong recovery from the COVID-19 pandemic. We expect the same or more in 2023.

Dividend. The company has a policy to pay at least 50% of earnings from its separated financial statements after deducting all reserves. It paid dividends of THB0.29 per share for FY19 or a c.3% yield before the impact from COVID-19. During the pandemic, AU paid fewer dividends – in the range of THB0.01-0.15 per share. However, we expect yields to keep staying at c.2-3% this year and in 2024.

Management. AU's first dessert café opened in 2007 in Bangkok with signature dishes like Shibuya Honey Toast and Chocolate Lava Cake. Deputy Managing Director Gulapat Kanokwatanawan is the company's founder. She opened the café to share her love for the aroma of good coffee and taste of sweet desserts. Kanokwatanawan is the biggest shareholder with a c.28% stake. Managing Director Maetup T Suwan is the co-founder. He takes charge of AU's operations and currently has a 25% stake in the company, making him the second-largest shareholder.

Investment Case

Look forward to a FY23 recovery. We like AU's long-term outlook, based on its expansion opportunities locally and overseas, as well as business segments (premium and affordable). Earnings may have been hindered during the COVID-19 period, but a possible recovery from now on – supported by improving tourism numbers and ongoing business expansions – could trigger investments. Based on consensus, we assume FY23-24 EPS of THB0.27 (+83%) and THB0.32 (+20%).

FV in the THB12.50-13.20 range – derived from applying target P/Es of 46-49x or near +0.4SD to +0.75SD to its 3-year historical trading mean.

Key risks: Consumption slowdowns, delays in opening new stores, tumbling foreign customer numbers due to a weakened local tourism industry, changing product mix to low-margin takeaway sales, and uncertainties like natural disasters, outbreaks/pandemics, and political turmoil.

Profit & Loss	Dec-20	Dec-21	Dec-22
Total turnover (THBm)	768	619,6	938
Reported net profit (THBm)	55	4	118
Recurring net profit (THBm)	50	4	104
Recurring net profit growth (%)	-78%	-91%	2220%
Recurring EPS (THB)	0.06	0.01	0.15
DPS (THB)	0.06	0.01	0.15
Dividend Yield (%)	0.57%	0.05%	1.43%
Recurring P/E (x)	171.0	1917.6	70.0
Return on average equity (%)	6%	1%	11%
P/B (x)	10.1	10.6	9.2
P/CF (x)	49.7	80.3	31.7

Source: Company data, RHB

Balance Sheet (THBm)	Dec-20	Dec-21	Dec-22
Total current assets	328	332	488
Total assets	1,303	1,132	1,251
Total current liabilities	188	165	196
Total non-current liabilities	265	160	128
Total liabilities	453	325	324
Shareholder's equity	850	807	927
Minority interest	-	0	0
Other equity	-	-	-
Total liabilities & equity	1,303	1,132	1,251
Total debt	-	-	-
Net debt	cash	cash	cash

Source: Company data, RHB

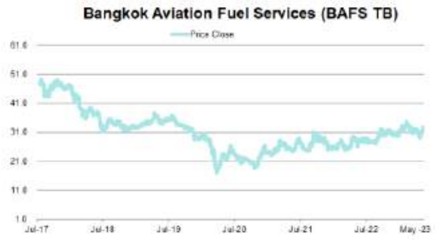
Cash Flow (THBm)	Dec-20	Dec-21	Dec-22
Cash flow from operations	172	107	271
Cash flow from investing activities	182	1	(186)
Cash flow from financing activities	(293)	(91)	(71)
Cash at beginning of period	84	145	162
Net change in cash	61	17	13
Ending balance cash	145	162	175

Source: Company data, RHB

Bangkok Aviation Fuel Services

Powered By Aviation Recovery

Fair Value: THB34-39
Price: THB32.25



Source: Bloomberg

Stock Profile

Bloomberg Ticker	BAFS TB
Avg Turnover (THB/USD)	20.4m/0.6m
Net Gearing (%)	217
Market Cap (THBm)	20,559.3m
Beta (x)	0.88
BVPS (THB)	7.10
52-wk Price low/high (THB)	26.75 – 34.75
Free float (%)	45

Major Shareholders (%)

Ratch Group	15.53
Bangkok Aviation	10.00

Share Performance (%)

	1m	3m	6m	12m
Absolute	2.38	(5.15)	4.88	18.35
Relative	4.35	0.08	9.05	19.80

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Investment Merits

- More positive outlook for aviation in 2023
- Anticipated earnings turnaround in 1Q23-2Q23E
- Better outlook for its pipeline business

Company Profile

Bangkok Aviation Fuel Services (BAFS) was founded via a Cabinet resolution on 22 Nov 1983, to develop and operate aircraft refuelling services at Bangkok International Airport (then at Don Mueang, abbreviated to DMK). Since then, and throughout its 36 years of operation, it has played an important role in fulfilling Thailand's aviation fuel needs and helping to turn the country into a regional and global aviation hub. BAFS strictly adheres to the oil companies' guidelines issued by the Joint Inspection Group and endorsed by the International Air Transport Association – guidelines for Aviation Fuel Quality Control and Operating Procedures.

The main aircraft serviced is the JET A-1. The company provides aviation refueling services at five airports — Suvarnabhumi International Airport (BKK), DMK, Samui, Sukhothai and Trat. Its subsidiary, Fuel Pipeline Transportation (FPT), provides aviation fuel storage and multi-product pipeline transportation services. FPT operates one pipeline from Bang-Chak to the Bang Pa-in fuel depot. This pipeline also supplies fuel to BKK and DMK. The FPT segment accounted for 30% of BAFS' revenue in 2022.

Highlights

Aviation to recover after pandemic. The demand for aviation fuel should increase by 60% YoY to 4.8bn litres in 2023. Thailand has opened its economy after the COVID-19 pandemic, which should also signal a hike in tourist visits and transportation needs. As such, we expect BAFS to record earnings of THB75-80m in 1Q23. BAFS' refueling volume is likely to increase to about 1bn litres (+10% QoQ) in 1Q23, as BKK and DMK should see an increase in flights. Note that in 2Q23, Thailand will have multiple long holiday periods. For instance, the Songkran festival this year was chockfull of tourists – signaling a robust recovery in visitor arrivals after the country's borders reopened. Moreover, the Labour Day and Coronation Day long weekends as well as more public holidays that may be announced by the Government going forward also point to a boost in demand for flights.

More opportunity for pipeline business. Meanwhile, BAFS' fuel pipeline transportation should also see a higher utilisation rate for its Northern Fuel Pipeline Transportation project (NFPT, ie from Bang Pa-in to Phichit-Lampang) – this is expected to rise to 230m litres (+120% QoQ).

In the long term, the utilisation rate of the NFPT should increase post Bangchak Corp's acquisition of the majority of Esso Thailand's shares. This transaction is likely to be completed in 2H23 – after that, Bangchak will likely increase the amount of oil transported to the north.

BAFS is also involved in the study on the junction that will connect its NFPT and Thai Petroleum Pipeline's (Thappline for short) fuel pipeline. This project will also transport oil products from refinery hubs in Eastern Thailand's northern region – which underpins the expectation of the NFPT facilitating a major spike in the volume of oil transported. If this junction is realised, it will require the construction of 50km of pipeline, which should take 8-12 months. This would also lead to substantial cost savings for oil retail operators – with economies of scale kicking in when the link is up and running. We expect the NFPT to have an annual carriage volume of 1.5bn litres in 2025, vs 410m litres in 2022.

Company Report Card

Results highlights. In 4Q22, BAFS booked a net loss of THB41m – a YoY and QoQ improvement from the net losses of THB222m in 4Q21 and THB43m in 3Q22. Its FY22 net loss amounted to THB281m (+64% YoY) vs a net loss of THB785m in FY21. This improvement was largely due to its aviation refueling volume surging by 100% YoY or 24% QoQ to 980m litres in 4Q22, as the number of flights going in and out of BKK and DMK increased by 22% QoQ to 110,688. As a result, BAFS' GPM widened to 33.3% in 4Q22, from 26.8% in 3Q22. On its renewable energy business, 4Q22 gross profit dropped 4% QoQ to THB42m due to the winter season (ie lower illumination for its solar power plant). SG&A expenses-to-sales ratio for 4Q22 increased to 23.4% from 23.1% in 3Q22, due to the seasonal payment of employee bonuses and benefits.

Dividends. Over FY19-20, the company's dividend yields ranged between 4% and 5%, despite its high investment costs. Due to its exposure to the travel industry, which was greatly impacted by the pandemic, the group did not pay dividends in 2021-2022. Nevertheless, BAFS is likely to chalk a dividend yield of 1-2% in 2023, 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 the president of the company. Kanit Seetong is the Director of Suvarnabhumi Aviation Refueling, which manages the service activities. Management has more than 15 years of experience in operating the business.

Investment Case

Although BAFS' performance was affected by the COVID-19 pandemic, its numbers are expected to gradually improve. The Street's fair value range for this stock is THB34-39, implying 20-26x 2023F P/Es – which is at 10-25% above its market valuation.

Key downside risks include disease outbreaks that could adversely affect demand and supply, and airlines cutting flight frequency per route due to rising fuel costs. Risks would also stem from the fluctuations in aviation oil demand at BKK and DMK, as well as oil volumes transported through its pipeline.

Profit & Loss	Dec-20	Dec-21	Dec-22
Total turnover (THBm)	1,804	1,617	2,194
Reported net profit (THBm)	(374)	(785)	(281)
Recurring net profit (THBm)	(375)	(783)	(281)
Recurring net profit growth (%)	-140%	110%	-64%
Recurring EPS (THB)	(0.59)	(1.23)	(0.44)
DPS (THB)	0.00	0.00	(0.11)
Dividend Yield (%)	0%	0%	0%
Recurring P/E (x)	nm	nm	nm
Return on average equity (%)	-6%	-12%	-5%
P/B (x)	3.4	3.8	4.1
P/CF (x)	44.7	9.9	34.9

Source: Company data, RHB

Balance Sheet (THBm)	Dec-20	Dec-21	Dec-22
Total current assets	1,900	3,471	2,495
Total assets	19,467	24,647	23,724
Total current liabilities	662	1,918	2,146
Total non-current liabilities	12,037	16,354	15,627
Total liabilities	12,699	18,272	17,773
Shareholder's equity	6,767	6,376	5,952
Minority interest	1,274	1,569	1,402
Other equity	-	-	-
Total liabilities & equity	19,467	24,647	23,724
Total debt	10,232	14,162	13,431
Net debt	9,428	13,600	12,909

Source: Company data, RHB

Cash Flow (THBm)	Dec-20	Dec-21	Dec-22
Cash flow from operations	442	2,005	566
Cash flow from investing activities	(2,065)	(4,802)	646
Cash flow from financing activities	1,002	2,554	(1,252)
Cash at beginning of period	1,427	805	562
Net change in cash	(622)	(243)	(40)
Ending balance cash	805	562	522

Source: Company data, RHB

Bound and Beyond

Luxury Hotels Turn Profitable

Fair value: THB19.40-21.50
Price: THB14.80

Source: Bloomberg

Stock Profile

Bloomberg Ticker	BEYOND TB
Avg Turnover (THB/USD)	12.3m/0.4m
Net Gearing (%)	90.3
Market Cap (THBm)	4,275.3m
Beta (x)	1.21
BVPS (THB)	21.13
52-wk Price low/high (THB)	9.80 – 17.30
Free float (%)	50

Major Shareholders (%)

Country Group Holdings	21.8
Country Group Holdings (Head office)	17.3
Ministry of Finance	10.8

Share Performance (%)

	1m	3m	6m	12m
Absolute	5.52	(8.38)	24.39	40.37
Relative	7.07	(2.84)	28.36	42.91

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Investment Merits

- Luxury hotelier to strongly benefit from tourism rebound and rising utilisation rate of its new properties, securing an upbeat FY23-24F earnings growth outlook
- More outstanding hospitality projects to be launched from 2024 onwards, thereby underpinning long-term growth
- Extra gains from potential sales of non-operating assets

Company Profile

Bound and Beyond (BEYOND) invests in, develops, and operates hospitality business, with a particular emphasis on unique property concepts. The company entered the industry in 2021 and now owns two best-in-class luxury hotels, namely Four Seasons Hotel Bangkok at Chao Phraya River and Capella Bangkok. It also owns valuable non-operating assets (now under a monetisation process) in Thailand's upcountry locations, regarding its previous businesses under the name Padaeng Industry.

Highlights

Enjoying the uniqueness of high-end tourism. BEYOND's hotels may benefit from the rebound in international travel, as luxury and wellness travel is picking up. Current top source markets include China, South Korea, the US, Hong Kong and Singapore. Its brand competitiveness may support the occupancy rate (OR) of its Four Seasons Hotel, and the ongoing average daily rate (ADR) hikes of the ultra-luxury Capella – the latter has one of the highest room rates in Bangkok. It targets to boost its room revenue mix from 38% in 2022 to 47% this year and 50% by 2025 – when the industry rebounds to a normal level and its properties reach a stable performance. This would drive its topline and operating leverage, and widen EBITDA margins.

New projects are on the way. BEYOND plans to spend c.THB3bn on seeking new hospitality investment opportunities throughout the next 5-year period, focusing on differentiated projects where it can book favourable returns. There is a greenfield experience-based resort in Thailand's upcountry in the pipeline (to be opened in 2024) while the appealing lifestyle F&B destination may be a future development. They may be the company's earnings growth pillars in the long term.

Land sales a near-term upside. There are valuable non-operating assets from its previous businesses, Padaeng Industry, that are currently being monetised. Negotiations over its 52 *rai* of land and buildings (worth THB600m) in the eastern province of Rayong are ongoing, and the sale may be completed by mid-2023. Possible gains from the spin-off may boost earnings this year, and BEYOND could use the proceeds for new projects. Another 1,732 *rai* of land in Tak province valued at c.THB1bn has potential for alternative energy businesses.

Company Report Card

Latest results. BEYOND reported a THB441m net loss in 2022, vs a THB852m net profit in 2021 – its 2022 performance was due mainly to: i) Huge gains from bargain purchases and the disposal of investments in 2021; and ii) higher opex following the full-year recognition of the two hotels' performance which are in the ramping-up stage. Excluding extra items, core loss totalled THB441m (2021: -THB264m). Topline jumped 868% YoY to THB2.15bn, as its OR surged to 33% (2021: 9%) and ADR grew by 55% YoY. This enabled its revenue per available room (RevPar) to skyrocket by 483% YoY to THB5,560. The company's GPM also rose to 25% (2021: 6%) and opex-to-sales ratio dropped to 33% (2021: 109%).

Balance sheet/cash flow. Total assets contracted by 5% YoY to THB13.35bn in FY22, from sales of its head office building in 1Q22 and smaller fixed assets. Total liabilities also declined by 6% YoY to THB7.24bn. Still, its D/E ratio was stable at 1.2x in 2022, while the net D/E ratio increased to 0.9x, from 0.7x the previous year, following the issuance of THB886m in debentures to support its expansion.

ROE. ROE slipped to -5% in 2022 (vs 15% a year earlier), mainly from the negative bottomline. Nonetheless, we expect to see ROE turning positive this year, in tandem with its FY23F earnings turnaround.

Dividend. The company's dividend policy is to pay up to 50% of profits after tax, unless there are cash needs. BEYOND has refrained from paying dividends since FY18, when it run the energy business, ie Padaeng Industry. It recently omitted the dividend payment due to the FY22 operating loss. We conservatively expect no dividends this year as it may reserve cash for future expansion.

Management. Appointed in 2021, experienced hotelier and financial professional Kamonwan Wipulakorn is the Managing Director and a member of the Board of Directors. She is a hospitality industry veteran who has worked for many large firms, including as The Erawan Group's President. She did not own any BEYOND shares as at end-2022.

Investment Case

Higher utilisation rates at its properties and F&B facilities should be growth catalysts for FY23-24. Its average OR may continue rising to 55% this year, then to 65% in FY24 and stabilise at 70% in FY25. An increasing momentum of foreign guests mainly from China, South Korea and the US (2M23: c.20%, 14%, and 14% contributions) may strongly support RevPar and earnings growth throughout 2H23F vs 1H23. Improving operating leverage may also help secure its profit margin growth. We assume an average FY23-24F core EPS of THB0.24 (vs -THB1.53 in FY22) and THB0.69 (+186% YoY).

FV in the range of THB19.40-21.50 derived from applying prospective 28x-31x P/Es (an average trading and a 10% discount to its Thai hotel peers under our coverage). The stock is trading at an undemanding 21x FY24F P/E.

Key downside risks include a slower-than-expected consumption and tourism recovery, increasing competition in the luxury hotel segment and in Bangkok riverside locations, delays in new launches and asset spin-offs, as well as unexpected incidents in Thailand and abroad.

Profit & Loss	Dec-20	Dec-21	Dec-22
Total turnover (THBm)	13	222	2,148
Reported net profit (THBm)	(137)	852	(342)
Recurring net profit (THBm)	(202)	(264)	(441)
Recurring net profit growth (%)	nm	nm	nm
Recurring EPS (THB)	(0.89)	(0.91)	(1.53)
DPS (THB)	na	na	na
Dividend Yield (%)	na	na	na
Recurring P/E (x)	(16.6)	(16.2)	(9.7)
Return on average equity (%)	(2.9)	15.2	(5.5)
P/B (x)	0.7	0.7	0.7
P/CF (x)	5.9	(21.8)	23.1

Source: Company data, RHB

Balance Sheet (THBm)	Dec-20	Dec-21	Dec-22
Total current assets	2,702	1,509	1,287
Total assets	7,288	14,106	13,346
Total current liabilities	1,345	3,027	1,766
Total non-current liabilities	1,161	4,667	5,477
Total liabilities	2,506	7,693	7,243
Shareholder's equity	4,782	6,412	6,103
Minority interest	0	0	0
Other equity	348	496	335
Total liabilities & equity	7,288	14,106	13,346
Total debt	2,007	5,089	6,213
Net debt	1,315	4,312	5,512

Source: Company data, RHB

Cash Flow (THBm)	Dec-20	Dec-21	Dec-22
Cash flow from operations	570	(196)	185
Cash flow from investing activitie:	(441)	(687)	949
Cash flow from financing activitie	(386)	426	(670)
Cash at beginning of period	950	693	777
Net change in cash	(257)	84	(76)
Ending balance cash	693	777	701

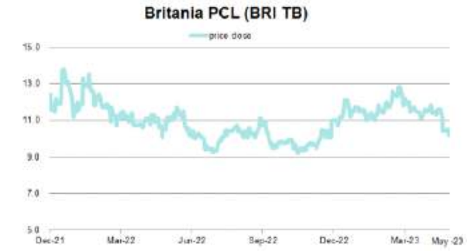
Source: Company data, RHB

Britania

Fair Value: THB13.20

Price: THB10.50

Small Player With a Strategy To Leap Forward



Source: Bloomberg

Stock Profile

Bloomberg Ticker	BRI TB
Avg Turnover (THB/USD)	32.63m/0.97m
Net Gearing (%)	103.34
Market Cap (THBm)	8,957
Beta (x)	1.06
BVPS (THB)	5.70
52-wk Price low/high (THB)	9.20 – 13.10
Free float (%)	27.07

Major Shareholders (%)

Origin Property	70.36

Share Performance (%)

	1m	3m	6m	12m
Absolute	(12.07)	(13.56)	6.81	(4.67)
Relative	(10.51)	(8.01)	10.78	(2.13)

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Investment Merits

- Leapfrogging strategy
- First major jump ahead as a SET-listed stock
- Second leap ahead points to promising growth

Company Profile

Britania is a low-rise residential property developer in Thailand. Currently, it has low-rise residential projects in Bangkok and the vicinities, as well as in industrial estates. To meet the demand for residential real estate from a diverse range of customers including first-jobbers, freelancers, senior executives, and business owners, it offers homes badged under four primary brands: Brighton (THB2.5-4m per unit), Britania (THB4-8m per unit), Grand Britania (THB8-20m per unit), and Belgravia (THB20-50m per unit).

Highlights

Leapfrogging strategy. Under the company's strategy "Growth Together", Britania has charted new highs from time to time, with major business plans that include: i) Relevant expansion into new locations with high growth potential; ii) JVs with partners to accelerate the pace of new project developments; and iii) collaborating on information gathered from customers, partners, alliances, stakeholders and employees to result in high-quality products and services.

First major step forward post listing. In FY22, it launched nine new low-rise projects worth >THB12bn, as targeted. In addition, the company's actual presales of THB11.05bn (+32% YoY) met its full-year target. Under its business expansion via a JV agreement, eight low-rise projects under the Britania and Grand Britania brands were co-invested in by a Japanese partner. As such, Britania would be able to ramp up its expansion without relying heavily on its own financial resources. This led to a one-time gain recorded in its FY22 performance.

Second leap with promising growth. FY23 should be another growth year for Britania, with its new business strategy "B To The Top" focusing on: i) "B The Growth" – to become the top industry player with new high records of 20 project launches worth almost double YoY to THB22.5bn, a presales target of THB13bn (+18% YoY), and revenue target of THB9bn (+54% YoY); ii) "B The Craft" – to consistently deliver quality products and services to customers; and iii) "B The Goodness" – to conform with the net zero global trend within FY2050.

Project location diversification. In addition to Bangkok and its vicinities, Britania is also focused on the Eastern Economic Corridor area. Within FY23, its project portfolio will extend to other 10 provincial locations nationwide. This should be regarded as a key distinctive feature for Britania in securing its long-term business growth.

Company Report Card

Latest results. In FY22, revenues from project sales grew to THB5.4bn (+42% YoY) and the company started to recognise recurring revenue from project management services amounting to THB444m (especially provided to JV projects). Last year, there were 23 projects transferred to customers and the majority of these were under the Britania and Grand Britania brands. GPM from project sales increased to 33% in FY22 from 31.5% in FY21, due to price hikes and well-controlled costs. SG&A expenses grew 48% YoY in line with sales revenue, while finance costs also increased 12% YoY on the higher interest-bearing debt balance as of end-FY22 (+39% YoY). In addition, the company recorded a THB417m gain on the disposal of investments in eight subsidiaries, and this resulted in FY22 net profit surging 144% YoY to THB1.47bn. Excluding this divestment gain, FY22 core profit grew by 75% YoY.

Balance sheet/cash flow. After being listed on the SET in late FY21, the company fully geared itself towards significantly expanding new project developments in FY22, through its own projects and JV agreements. Although funding for some projects was transferred to a JV arrangement, its own-developed projects also grew that year. Project development costs increased 14% YoY in end-FY22. As there has been a negligible conversion of newly issued shares (ESOP) since Sep 2022, the expansion has relied heavily on debt financing. As such, its interest-bearing debt balance increased by 39% YoY. However, net D/E should be maintained at slightly above 1x as of end-FY22.

ROE should improve soon, although BRI's equity base has grown since its IPO in early FY21. ROE plunged to 18% in FY22 compared to 38% in the pre-IPO period during FY21. As its IPO proceeds has been used to finance new projects, earnings growth should be enhanced by new low-rise project expansion – which underpinned ROE growth in FY22.

Dividends. Based on its dividend policy of paying >40% of earnings, on a semi-annual basis, BRI has announced its post-IPO first dividend of THB0.721 per share to be paid in May. This dividend amount implies a 42% payout ratio – in line with its policy as the company also has to preserve its cash resources for new low-rise projects in the pipeline. We also expect Britania to stick to its dividend policy, in view of its anticipated solid earnings growth. All in, its dividend yield looks attractive at its current share price, compared to the averages of the sector and overall SET averages.

Management. Given that Origin Property has been a long-time major shareholder, the management teams of both companies are closely linked. Origin Property CEO and largest shareholder Peerapong Jaroon-ek is BRI's director and shareholder as well. Surin Sahachatpocanan, Origin Property's former COO, is currently BRI's CEO.

Investment Case

FV of THB13.20. We believe BRI offers solid growth and attractive dividend yields. Based on its sterling growth trend, the stock should trade at the sector average of 8x P/E, implying a FV of THB13.20.

Profit & Loss	Dec-20	Dec-21	Dec-22
Total turnover (THBm)	2,336	3,808	5,848
Reported net profit (THBm)	349	602	1,471
Recurring net profit (THBm)	349	602	1,053
Recurring net profit growth (%)	68.3	72.8	74.8
Recurring EPS (THB)	0.58	0.71	1.24
DPS (THB)	NM	NM	0.72
Dividend Yield (%)	NM	NM	6.9
Recurring P/E (x)	18.1	14.9	8.5
Return on average equity (%)	37.6	17.8	30.2
P/B (x)	6.8	2.6	1.8
P/CF (x)	(7.1)	(10.7)	(4.6)

Source: Company data, RHB

Balance Sheet (THBm)	Dec-20	Dec-21	Dec-22
Total current assets	6,944	8,981	11,599
Total assets	7,035	9,116	12,843
Total current liabilities	5,641	5,198	5,776
Total non-current liabilities	466	531	2,204
Total liabilities	6,107	5,730	7,980
Shareholder's equity	928	3,387	4,864
Minority interest	0	0	0
Other equity	(0)	(0)	(0)
Total liabilities & equity	7,035	9,116	12,843
Total debt	4,754	4,324	6,010
Net debt	4,682	3,686	5,026

Source: Company data, RHB

Cash Flow (THBm)	Dec-20	Dec-21	Dec-22
Cash flow from operations	(889)	(837)	(1,967)
Cash flow from investing activities	(3)	(7)	(443)
Cash flow from financing activities	913	1412	2,756
Cash at beginning of period	50	71	638
Net change in cash	21	567	346
Ending balance cash	71	638	984

Source: Company data, RHB

Diamond Building Products

A Scratch-Resistant Diamond

Fair Value: THB9
Price: THB8

Source: Bloomberg

Stock Profile

Bloomberg Ticker	DRT TB
Avg Turnover (THB/USD)	2.14m/0.06m
Net Gearing (%)	25.73
Market Cap (THBm)	6,840m
Beta (x)	0.92
BVPS (THB)	2.79
52-wk Price low/high (THB)	6.90 – 8.40
Free float (%)	38.10

Major Shareholders (%)

Myriad Materials	57.06

Share Performance (%)

	1m	3m	6m	12m
Absolute	3.21	(1.83)	3.87	9.52
Relative	4.76	3.72	7.84	12.07

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Investment Merits

- Well-proven performance during the cost-surge period
- Opportunities for FY23 growth
- A mixed bag of dividends and growth

Company Profile

Diamond Building Products 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 Jearanai.

Highlights

Well-proven performance during the cost-surge period. Following the challenging period, owing to halted construction activities in highly infected areas throughout the country in FY20-21, FY22 was another stress-test for construction materials players, due to the surge in energy costs. However, DRT displayed an excellent track record in handling the cost issue by delivering FY22 core revenue growth of 8.7% YoY on stronger sales revenue growth of 43.4% via its low-rise project developments, +8% YoY via its modern trade channel, and +5.8% YoY via the local distribution agent channel. Although there was a greater impact from the cost surge on GPM in 2H22, FY22 average GPM of 27% was within the company's target of 27-29%, with its solid sales momentum drove the utilisation rate to above-target levels.

Opportunities for FY23 growth. Based on DRT being the market share leader (18-19%) in the construction materials industry, management has conservatively set its FY23 business targets: i) +5% YoY core revenue growth, ii) GPM of 25-27% with a more conservative view on the full-year impact of high production costs, and iii) maintaining D/E at below 1x. After its success in boosting sales revenue via residential project development and modern trade channels, management is aiming for all sales channels to perform as well as they did in FY22. Note that the agent sales channel is set to contribute the biggest chunk at 55% of sales revenue, followed by modern trade at 16%. FY23 earnings growth should be heavily reliant on the company's revenue growth delivery, which will be supported by new housing project developments and the renovation market.

Mixed bag of dividends and growth. After facing headwinds for the past three years, DRT has emerged as the sector's best option in terms of dividend returns and growth prospects. We expect DRT's strengths to continue in FY23, supported by core revenue growth and solid operating cash flow. We expect FY23 earnings to see slight growth (<5% YoY) as a best-case scenario, via the boosting of sales revenue growth from all sales channels to mitigate the effects of lower GPM.

Company Report Card

Latest results. Despite the cost-surge situation since the start of FY22, DRT was able to record an FY22 net profit growth of 7% YoY – an acceptable performance amidst the challenging situation. Earnings growth was contributed by: i) Core revenue growth of 8.7% YoY, driven by consistently stronger sales volumes via project sales (+43.4% YoY) and the modern trade channel (+8% YoY), and ii) its stringent controls over SG&A expenses, with a lower SG&A/revenue ratio (12.5% in FY22 vs 13.6% in FY21). Due to the surge in costs, its GPM fell to 26.8% in FY22 from 28.7% in FY21. Although GPM was impacted – mainly due to higher raw material costs – the key to its growth was boosting its FY22 sales revenue to manage its production cost efficiency.

Balance sheet/cash flow. Under the cost-surge situation, the company raised its inventory level as of Dec 2022 by 43% YoY, resulting in operating cash flow declining to >THB600m in FY22 from >THB800m in FY21. However, DRT has been conservatively managing its borrowings, and net D/E declined to only 0.26x as of end FY22 (from 0.31x as of end FY21). Note that its interest-bearing debt balance as at end-FY22 declined 10% YoY to THB626m.

ROE was kept stable at a high level of 26% in FY22, from 27-29% in FY20-21, although the overall industry was hit hard by the higher energy costs – especially in production processes and logistics since 2Q22. This is testament to the company's excellent management during challenging periods. The stabilisation of its ROE was mainly due to the company's success in increasing average product prices to mitigate the impact of the surge in production costs.

Dividend. Based on its dividend policy of >50%, DRT has paid out cash dividends at a payout ratio of 60-70%. The company paid THB0.50 per share, implying a 68% payout ratio, for its performance in FY22. During the pandemic, DRT maintained its reputation for consistent dividend payment without any attempt to reduce the dividend payout ratio. Therefore, DPS growth is likely be prioritised, although FY22 net profit grew only 7% YoY. We expect the company to remain consistent on its payout policy, and FY23F DPS should increase further. Among Thailand's construction materials companies, DRT should be viewed as an attractive dividend stock in this regard.

Management. Satid Sudbuntad has been CEO for five years and has been with the company for over 15 years. He is involved in all departments, including production, marketing, customer relationship, and investor relations.

Investment Case

FV of THB9. We regard DRT as a stock with consistent growth and moderate dividend yields. Given its solid performance growth amid the pandemic, FY23F should see better growth prospects. Based on its historical 5-year average P/E of 12x, FV is derived at THB9.

Profit & Loss	Dec-20	Dec-21	Dec-22
Total turnover (THBm)	4,381	4,815	5,232
Reported net profit (THBm)	557	585	626
Recurring net profit (THBm)	557	585	626
Recurring net profit growth (%)	(2.5)	5.0	6.9
Recurring EPS (THB)	0.59	0.68	0.73
DPS (THB)	0.42	0.46	0.50
Dividend Yield (%)	5.3	5.8	6.3
Recurring P/E (x)	13.6	11.7	10.9
Return on average equity (%)	28.8	27.3	26.2
P/B (x)	3.9	3.2	2.9
P/CF (x)	9.0	8.4	10.8

Source: Company data, RHB

Balance Sheet (THBm)	Dec-20	Dec-21	Dec-22
Total current assets	1,239	1,398	1,789
Total assets	3,419	3,459	3,741
Total current liabilities	1,220	981	1,079
Total non-current liabilities	262	332	275
Total liabilities	1,482	1,313	1,353
Shareholder's equity	1,937	2,146	2,387
Minority interest	0	0	0
Other equity	0	0	0
Total liabilities & equity	3,419	3,459	3,741
Total debt	957	692	626
Net debt	935	669	614

Source: Company data, RHB

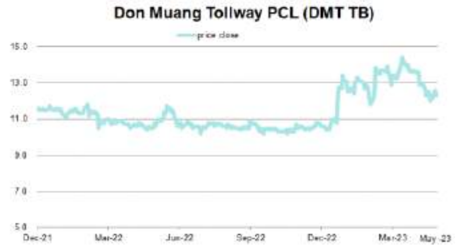
Cash Flow (THBm)	Dec-20	Dec-21	Dec-22
Cash flow from operations	844	810	633
Cash flow from investing activities	(409)	(154)	(230)
Cash flow from financing activities	(445)	(656)	(416)
Cash at beginning of period	31	22	23
Net change in cash	(9)	1	(12)
Ending balance cash	22	23	11

Source: Company data, RHB

Don Muang Tollway

At The Crossroads For Expansion

Fair Value: THB14.50
Price: THB12.30



Source: Bloomberg

Stock Profile

Bloomberg Ticker	DMT TB
Avg Turnover (THB/USD)	18.92m/0.56m
Net Gearing (%)	Net cash
Market Cap (THBm)	14,529m
Beta (x)	0.93
BVPS (THB)	8.27
52-wk Price low/high (THB)	10.10 – 14.50
Free float (%)	25.03

Major Shareholders (%)

Tarnin Holding Co	25.7
Ministry of Finance	22.1

Share Performance (%)

	1m	3m	6m	12m
Absolute	(7.35)	(2.33)	22.33	18.87
Relative	(5.80)	3.22	26.30	21.41

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Investment Merits

- Organic growth resumes
- Ready for new expansion
- Balanced mix of dividend and growth

Company Profile

Don Muang Tollway is a private company granted 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 Viphavadi-Rangsit Road concession agreement. The Department of Highways, under the Ministry of Transport, is the concession holder.

Highlights

Organic growth resumes. Although DMT is the cash cow operator of a toll road, it could not escape from the impact of the COVID-19 pandemic over the last three years. The majority of vehicles normally use DMT's elevated tollway to avoid the congestion of the busy highway below and to get into or out of Don Muang International Airport. During the COVID-19 pandemic, the massive drop in numbers for both local and international travellers placed major pressure on the company's core revenue and earnings for 2020-22. Compared to the pre-pandemic traffic average of 147,000 trips per day, quarterly traffic was suppressed throughout FY20 – with 2Q20 registering the year's lowest average of 58,500 trips per day. In FY21, the numbers were still low, with average quarterly traffic of below 80,000 trips per day throughout the year. FY21's lowest quarterly level of 35,000 trips per day was registered in 3Q22. The partial loosening of travel restrictions in FY22 stimulated DMT's tollway traffic from an average 68,000 trips per day in 1Q22 to 101,000 in 4Q22. On YTD basis, the traffic condition is beginning to show signs of returning to pre-pandemic levels with an average 103,000 trips per day in Jan 23.

Ready for new expansions. Being a highly experienced toll road operations and maintenance company, DMT has strong potential in bidding for concessions of three new motorway projects – M5 (Rangsit-Bang Pa In), M9 (Bang Khun Thien-Bang Bua Thong), and M82 (Bang Khun Thien-Ban Phaeo). The three tenders are expected to be launched by the new administration following general election in May. We expect DMT's success rate to be one-third – with at least one concession to be awarded to the company.

Balanced mix of dividend and growth. Since being listed in the Stock Exchange of Thailand (SET) in May 2021, DMT became debt-free after utilising the cash received from its Initial Public Offering (IPO) to pay off business debts. Being debt-free, DMT now enjoys high flexibility in paying off investors with either growth prospect from new investments or dividend return from its existing toll road concession. As a result of the huge DPS to be paid in May 23, we expect its share price to fall. In the long term, we believe DMT's share price will be supported by the post-pandemic organic growth of the toll road business and the prospects of new investments in motorway concessions under the bidding pipeline.

Company Report Card

Latest results. Based on stronger traffic volume in FY22 – especially from Apr 22 onwards – DMT's toll revenue increased robustly 52% YoY to THB1.8bn. However, the FY22 revenue level was still lower than FY20. The resumption of onsite learning and work-at-office scheme along with the lower restriction measures for travelling within and into Thailand were major factors behind FY22's core revenue growth. The FY22 net profit almost doubled to THB781m (+93% YoY). The high net profit growth was mainly contributed to the consequence from more efficient management of operating costs and expenses, and financial costs abruptly declining (-92% YoY) following the full repayment of financial institutions' short-term and long-term loans post-IPO.

Balance sheet/cash flow. As of FY22-end, DMT had no interest-bearing debts – implying the positive net cash position is maintained since IPO – while its debt-to-equity ratio is at a low 0.07x. The company also has access to a revolving credit line amounting to THB1bn – a standby for emergencies and to prepare for new expansions, ie participation in the bidding for government's Public Private Partnership projects. Its operations cash flow has been at positive territory even during the COVID-19 pandemic period – assuring the efficiency of its cash-cow toll road business. In FY22, the stock's operating cash flow increased to THB1.16bn – almost equalling FY20's level.

ROE. In tandem with earnings' performance trend, DMT's ROE doubled from the low-ebb 4% in FY21 to 8% in FY22. In addition to better earnings, the high dividend payment in FY22 was another factor to level up the ROE.

Dividend. Following its SET listing in May 21, the company has consistently paid out dividends to investors. It adheres strictly on a policy of paying more than 90% of net profit. Its dividends for FY21 and FY22 were 93% and >100% of performances, with payments made either bi-annually or quarterly. Without any huge investments lying ahead, we expect DMT to distribute dividend within the 90-100% range – supported by the organic growth of toll road traffic, the locals' commuting activities, and the full resumption of international travel. After the >100% payout ratio for FY22's performance, we expect the DPS to be lowered to THB0.90, implying an attractive yield of more than 6%.

Management. Two representatives from the Phanichewa family have key roles within DMT's board – chairman Sombath and CEO Tarnin.

Investment Case

FV in the range of THB14.50. We regard DMT as a stock in a cash cow position with a good organic growth pace following the end of COVID-19 travel restrictions. Its share price should trade at P/E mean average of 18x.

Profit & Loss	Dec-20	Dec-21	Dec-22
Total turnover (THBm)	2,047	1,202	1,832
Reported net profit (THBm)	791	404	781
Recurring net profit (THBm)	791	404	781
Recurring net profit growth (%)	(31.7)	(48.9)	93.1
Recurring EPS (THB)	0.76	0.34	0.66
DPS (THB)	NM	0.32	1.13
Dividend Yield (%)	NM	2.6	9.2
Recurring P/E (x)	16.2	35.9	18.6
Return on average equity (%)	10.4	4.2	8.0
P/B (x)	1.7	1.5	1.5
P/CF (x)	10.8	30.0	12.5

Source: Company data, RHB

Balance Sheet (THBm)	Dec-20	Dec-21	Dec-22
Total current assets	538	468	492
Total assets	10,661	10,256	10,464
Total current liabilities	1,959	344	351
Total non-current liabilities	1,094	339	341
Total liabilities	3,053	683	692
Shareholder's equity	7,609	9,586	9,783
Minority interest	0	0	0
Other equity	(1)	(13)	(11)
Total liabilities & equity	10,661	10,256	10,464
Total debt	2,175	17	29
Net debt	1,758	(305)	(278)

Source: Company data, RHB

Cash Flow (THBm)	Dec-20	Dec-21	Dec-22
Cash flow from operations	1,189	484	1,160
Cash flow from investing activities	192	41	(573)
Cash flow from financing activities	(1,357)	(620)	(602)
Cash at beginning of period	393	417	322
Net change in cash	24	(95)	(15)
Ending balance cash	417	322	307

Source: Company data, RHB

Fair value: THB12.20-13.30
Price: THB10.80

Dusit Thani

Earnings Taking Off

Source: Bloomberg

Stock Profile

Bloomberg Ticker	DUSIT TB
Avg Turnover (THB/USD)	5.7m/0.2m
Net Gearing (%)	211.0
Market Cap (THBm)	9,180m
Beta (x)	0.13
BVPS (THB)	5.93
52-wk Price low/high (THB)	9.30 – 13.20
Free float (%)	27

Major Shareholders (%)

Chanut & Children	49.7
Central Pattana	17.1
Chatri Sophonpanich	5.0

Share Performance (%)

	1m	3m	6m	12m
Absolute	(8.55)	(15.08)	0.00	12.04
Relative	(6.99)	(9.53)	3.97	14.59

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Investment Merits

- Seeking FY23 turnaround on normalising hotel operations
- Food wing continues to expand, leveraging on synergies with partners
- Dusit Central Park to boost FY24F-25F earnings growth

Company Profile

Dusit Thani is a leading hotel operator in Thailand with a uniqueness in terms of providing Thai services at international standards. Starting in 1948, the company currently engages in the hotel, food, education, and property development sectors with a 2022 revenue mix of 63%, 16%, 7%, and 4%. DUSIT has 48 hotels and 300 villas (c.12,372 keys) under management. Nine owned hotels (2,235 keys) are included in this count, and there are a further 63 projects in the pipeline. It also holds a 30.2% stake in Dusit Thani Freehold & Leasehold REIT.

Highlights

A more promising hotels outlook. We believe DUSIT will benefit from the return of Chinese tourists with a positive impact from this development from 2Q23 onwards. FY23F hotel revenue may surpass pre-COVID-19 levels, driven by higher average daily rates (ADR) and occupancy rates (OR), but owned hotels' OR may achieve 70% this year, slightly lower than 2019's 74%, on the asset enhancement plan for Dusit Thani Pattaya. A plan to run 14 new hotels under management contracts – mainly overseas – could be another support for FY23's bottomline.

A better year for the education wing. DUSIT's hospitality and culinary schools may see stronger performances, in our view, based on the resumption of on-site classes since 4Q22 and an increasing number of student enrolments. There will also be no further sharing of losses from its educational operations in the Philippines post its divestment of them in late 2022.

Food business paves the way for more expansions and synergies. DUSIT's food unit's revenue may continue growing in FY23, driven by: i) The opening of new outlets (20 Bonjour Bakery, six Kauai (healthy food chain), and up to nine cloud kitchens), ii) resumption of its catering services at international schools (with plans to penetrate into new channels and markets abroad), and iii) rising food sourcing channels, ie to supply food to more new corporate customers and a plan to provide baked goods at selected Café Amazon branches in 2Q23. We believe DUSIT is also eyeing plans to take its Dusit Foods subsidiary public in the next few years.

Mixed-use project to drive FY24F-25F earnings. The company's THB46bn Dusit Central Park project may act as a key growth driver in the coming years. DUSIT holds a 70% in this development – including the hotel and residential units – with the Dusit Thani Bangkok Hotel slated to open in mid-2024. The Dusit Residences (current presales at 55%) is earmarked to open by 2025. This year, we believe the majority of condominium JV project The Hampton Sriracha (74% sold in 1Q23) may support equity profits.

Company Report Card

Latest results. DUSIT reported a THB501m net loss in 2022, smaller than 2021's THB945m net loss – mainly due to the hotel business' recovery and a growing food wing. However, this number does not factor in the company's opex. Excluding extra items, core losses totalled THB829m (2021: -THB1.62bn). Meanwhile, DUSIT was able to book a FY22 revenue of THB4.09bn (+87% YoY). Its owned hotels delivered 59% OR (2021: 39%) and higher ADR (+23% YoY), which led revenue per available room or RevPar to shoot up 86% YoY to THB2,058. Still, EBITDA returned to the black, ie THB511m vs 2021's -THB283m.

Balance sheet/cash flow. The company's total assets increased 10% to THB26.23bn in FY22 on higher cash and property for Dusit Central Park, and goodwill from investments in its subsidiaries. Total liabilities escalated 7% to THB21.18bn. The net D/E ratio has decreased to 2.1x from 3.2x in the previous year. This was due to smaller loans and issuance of perpetual debentures, which offset FY22's operating losses.

ROE. ROE was still negative but improved to -11% in 2022 vs -21% a year earlier – mainly from the negative bottomline. We expect to see ROE turning positive this year, following the expected FY23 earnings turnaround.

Dividend. 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 FY22 due to operating losses booked. We expect DUSIT to pay a small dividend with less than 1% yield this year.

Management. Group CEO and board member Suphajee 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, eg IBM Thailand's managing director and Thaicom's CEO. She had no stake in DUSIT as at end 2022.

Investment Case

Earnings taking off. We think the ongoing revenue growth at all DUSIT's businesses and scheduled opening of Dusit Central Park – starting with the hotel in 2024 – will be its 2023 and 2024 catalysts. Topline may expand 30% YoY this year while the improving operating leverage may also help secure profit margin expansions. Based on Street, we assume an average FY23F-24F core EPS of THB0.06 (a turnaround from -THB0.98 in FY22) and THB0.43 (+550% YoY). We like DUSIT's diversification strategy to strengthen its business portfolio and balance its short- and long-term revenue-generation streams. Based on its internal targets, its food revenue mix may expand to 25-30% (2022: 16%) by 2027 with the hotel business staying at c.60-65%.

A FV in the range of THB12.20-13.30 is derived from applying prospective 28-31x P/Es (an average trade and 10% discount to the Thai hotel peers under our coverage). The stock is trading at an undemanding 25x FY24F P/E.

Profit & Loss	Dec-20	Dec-21	Dec-22
Total turnover (THBm)	2,272	2,194	4,093
Reported net profit (THBm)	(1,011)	(945)	(501)
Recurring net profit (THBm)	(1,691)	(1,622)	(829)
Recurring net profit growth (%)	nm	nm	nm
Recurring EPS (THB)	(1.99)	(1.91)	(0.98)
DPS (THB)	na	na	na
Dividend Yield (%)	na	na	na
Recurring P/E (x)	(5.4)	(5.7)	(11.1)
Return on average equity (%)	(18.6)	(21.4)	(11.2)
P/B (x)	1.9	2.4	1.8
P/CF (x)	46.6	11.2	3.8

Source: Company data, RHB

Balance Sheet (THBm)	Dec-20	Dec-21	Dec-22
Total current assets	2,538	2,203	3,399
Total assets	22,838	23,784	26,229
Total current liabilities	5,339	4,171	5,856
Total non-current liabilities	12,557	15,719	15,329
Total liabilities	17,896	19,889	21,185
Shareholder's equity	4,942	3,895	5,045
Minority interest	699	607	923
Other equity	(175)	(217)	(201)
Total liabilities & equity	22,838	23,784	26,229
Total debt	13,044	13,711	12,786
Net debt	11,623	12,501	10,643

Source: Company data, RHB

Cash Flow (THBm)	Dec-20	Dec-21	Dec-22
Cash flow from operations	197	816	2,440
Cash flow from investing activitie:	(2,083)	(799)	(826)
Cash flow from financing activitie	640	(218)	(666)
Cash at beginning of period	2,600	1,420	1,210
Net change in cash	(1,180)	(210)	933
Ending balance cash	1,420	1,210	2,143

Source: Company data, RHB

Moshi Moshi Retail Corp

Attractive Growth Prospects

Fair value:	**THB50-54.50**
Price:	**THB43.75**

Source: Bloomberg

Stock Profile

Bloomberg Ticker	MOSHI TB
Avg Turnover (THB/USD)	89.5m/2.7m
Net Gearing (%)	1.3
Market Cap (THBm)	14,437.5m
Beta (x)	0.73
BVPS (THB)	5.37
52-wk Price low/high (THB)	28.41 – 51.14
Free float (%)	29

Major Shareholders (%)

Sanga Boonsongkor	9.6
Somchai Boonsongkroh	9.6
Naphon Boonsongkroh	9.2

Share Performance (%)

	1m	3m	6m	12m
Absolute	(7.81)	8.16	N/A	N/A
Relative	(6.25)	13.70	N/A	N/A

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Investment Merits

- Healthy 2023 growth outlook given the consumption recovery, opening of new stores, launch of new products, and uptrends in profit margins
- Franchising and overseas expansions as long-term growth supports
- Recent windfall from a stronger THB; potential M&A are upsides

Company Profile

Moshi Moshi Retail Corp 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% market share in 2021. It operates 106 stores covering 41 provinces under the Moshi Moshi and Giant brands as at end 2022. MOSHI has a 3-store format: Retail, discounted retail, and online platform stores accounting for 85%, 14%, and 1% of 2022 sales. The company offers a wide range of products with over 22,000 stock-keeping units (SKUs) covering 12 categories. Including home furnishing, fashion, toys, bags, beauty, IT gadgets, stationery, apparel, and food and drinks, among others.

Highlights

Seeking healthy 2023 growth. MOSHI's key earnings guidance this year include 20% revenue growth, double-digit SSSG, and rising GPM to 2019's levels. This is to be achieved through the: i) Opening of new stores, ii) launch of pilot standalone stores under a franchise business model, and iii) launch of new products, as well as via continuous marketing activities.

Continuous business expansion. MOSHI targets to open 20 new stores pa to reach a 165 stores in 2025 from 105 in 2022. Its focus on the high-margin Moshi Moshi retail store format may strengthen its bargaining power when dealing with suppliers and allow it to secure GPM momentum. There is also room for new outlets within existing department stores, hypermarkets, and retail malls in Bangkok and upcountry. Expected stronger domestic store coverage in 2024 may allow MOSHI to launch its franchise model and look for business opportunities in neighbouring countries as long-term growth support.

SSSG boosted by new products. MOSHI has an aggressive target to develop more than 8,000 SKUs of new products pa – including new categories and collections, seasonal items, more popular licensed cartoon designs to attract more customers, and collaborative projects. We also expect the ongoing resumption of economic activities and quick rebound in Chinese tourist arrivals to drive this year's SSSG.

Uptrend in profit margins. We see MOSHI's cost strengths on: i) Value-added products and packaging designs, ii) operational economies-of-scale from a larger store network, iii) having a one-stop solution warehouse to facilitate logistics cost controls, and iv) recent THB appreciation against CNY. These factors should be positive to the company's higher GPM and opex-to-sales ratio reductions, in our view.

Company Report Card

Latest results. 2022 earnings increased 93% to THB253m with a 3-ppts wider NPM to 13.4% – driven by topline and GPM hikes. Sales grew 51% to THB1.89bn post: i) +40.5% YoY SSSG (2021: -13.7%), ii) the resumption of post-pandemic economic activities, iii) launch of new products and brands, and iv) the opening of new stores – both retail and discounted retail. GPM declined 1.5ppts YoY to 52.4% due to a smaller sales mix of high-margin imported products and impact from the THB's depreciation. The opex-to-sales ratio of 34.5% was an improvement from the previous year's 39.1% on higher sales growth and efficient cost controls.

Balance sheet/cash flow. Total assets rose 41% YoY to THB2.08bn from the IPO proceeds, which enhanced cash, raised inventory to support future sales, and led to higher rights-of-use assets from the store network expansion. Total liabilities rose 15% YoY to THB1.19bn on increases in accounts payables and lease liabilities. Total equity of THB1.61bn was up 69% YoY – attributed to the IPO and stronger revenues. The D/E ratio decreased to 0.7x from 1.1x in the previous year, supported by the full repayment of short-term borrowings.

ROE. ROE edged up to 20% in 2022 from 15% in 2021 due to strong earnings growth. We expect ROEs to escalate further this year, following MOSHI's earnings expansion outlook.

Dividend. The dividend policy is to pay not less than 40% of net profit after tax and all reserves from the separated financial statements. It paid stock dividends at the ratio of 10:1 or equivalent to THB0.10/share and cash dividends of THB0.10 for FY22's performance, implying a combined minimal 0.5% yield. We expect yields to stay c.1% this year.

Management. Sanga Boonsongkor is CEO and Chairman of the Executive Committee. He is the company founder and has more than 30 years of experiences in the gift shop business. Boonsongkor is currently MOSHI's biggest shareholder with a 9.6% stake.

Investment Case

Robust earnings outlook. We believe MOSHI will continue to benefit from the full-year recoveries in domestic consumption and tourism numbers. We believe its key strategies in new store openings and product launches, and improving the sales mix will be key growth drivers this year. The THB's short-term appreciation could be a windfall too for its imported products costs, while potential business acquisitions may act as earnings upsides. Based on consensus, we assume FY23F-24F core EPS of THB1.28 and THB1.73, which provides superior growth of 51% this year and 35% in 2024.

FV in the range of THB50-54.50 is derived from 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 34x FY23F P/E and deserves its premium following 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, and inventory costs and FX fluctuations.

Profit & Loss	Dec-20	Dec-21	Dec-22
Total turnover (THBm)	1,363	1,256	1,890
Reported net profit (THBm)	101	131	253
Recurring net profit (THBm)	101	131	253
Recurring net profit grow th (%)	(67.5)	29.8	92.9
Recurring EPS (THB)	0.45	0.58	0.84
DPS (THB)	na	3.56	0.20
Dividend Yield (%)	na	8.1	0.5
Recurring P/E (x)	97.3	75.0	51.8
Return on average equity (%)	13.8	14.8	19.7
P/B (x)	12.0	10.3	8.2
P/CF (x)	29.7	27.1	23.7

Source: Company data, RHB

Balance Sheet (THBm)	Dec-20	Dec-21	Dec-22
Total current assets	408	508	1,221
Total assets	2,034	1,993	2,801
Total current liabilities	541	532	527
Total non-current liabilities	670	507	664
Total liabilities	1,211	1,039	1,191
Shareholder's equity	822	954	1,610
Minority interest	0	0	0
Other equity	0	0	0
Total liabilities & equity	2,034	1,993	2,801
Total debt	943	783	777
Net debt	822	545	21

Source: Company data, RHB

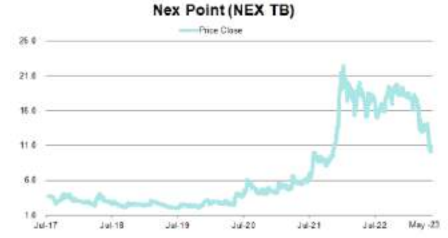
Cash Flow (THBm)	Dec-20	Dec-21	Dec-22
Cash flow from operations	331	363	555
Cash flow from investing activitie:	(393)	(33)	(98)
Cash flow from financing activitie	16	(213)	62
Cash at beginning of period	166	121	238
Net change in cash	(46)	117	518
Ending balance cash	121	238	756

Source: Company data, RHB

Fair Value: THB21-22
Price: THB10.70

Nex Point

Leading The Way For Commercial EVs



Source: Bloomberg

Stock Profile

Bloomberg Ticker	NEX TB
Avg Turnover (THB/USD)	93.80m/2.84m
Net Gearing (%)	cash
Market Cap (THBm)	17,916.60m
Beta (x)	1.48
BVPS (THB)	1.83
52-wk Price low/high (THB)	9.95 – 20.20
Free float (%)	39

Major Shareholders (%)

EA Mobility Holding Company	40.01
Khanist Srivajiraprabha	17.27

Share Performance (%)

	1m	3m	6m	12m
Absolute	(18.66)	(37.71)	(41.71)	(27.81)
Relative	(16.69)	(32.49)	(37.54)	(26.36)

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Investment Merits

- Strong delivery on commercial EVs in 2023
- An integrated producer with competitive edge over rivals
- Plan to increase capacity to absorb future demand

Company Profile

Nex Point (NEX) is a technology sector company which: i) Produces and contracts manufacturing of electronic parts according to customer orders; ii) Sells, rents, and maintains passenger buses and sells bus parts; and iii) Invests in subsidiaries or associated companies that provides future opportunities. NEX is currently a leader in the commercial vehicles industry in Thailand – providing integrated solution for electrical vehicles.

Highlights

Expect strong growth in 2023-25. NEX's profit is estimated to grow to THB1.9bn, c.8-10% YoY increase in 2023. It has delivered 1,081 vehicles so far this year – consisting 971 electric buses and 110 electric trucks. The company is expected to deliver 2,140 electric buses within the first nine months of 2023. Most of the electric buses are to be delivered to Bangkok Mass Transit Authority (BMTA), the state agency that provides bus transportation service in high-density Bangkok and its surrounding areas. BMTA plans to change its old bus fleet to new EV buses. In 2024-25, NEX is estimated to have average of c.33% annual growth, in accordance with BMTA's requirement for more new EV buses. Its logistic costs are also likely to reduce. In addition, there are further opportunities to supply transportation vehicles for industrial areas. As China has reopened its borders, the tourism market is also likely to purchase or invest in more vehicles, eg tour buses and vans. Currently, there is a trend to divert fossil-energy commercial vehicles to electric-powered buses and trucks.

Integrated production while rivals mostly rely on imports. Since 3Q22, NEX has invested in building commercial vehicle factory through cooperation with its associated company Absolute Assembly (AAB), 45% equity-owned. AAB is the first Thai company to manufacture 9,000 commercial vehicles per year (with its three production shifts). AAB began to produce and deliver electric buses since 3Q22. NEX receives revenue from managing the vehicle distribution channels for AAB's EVs. At present, NEX is the largest producer for commercial vehicles in Thailand as most of its rivals rely almost entirely on imported vehicles. In addition to assembling vehicles, the company also plans to produce main equipment parts, especially for EVs, by late 2023. This will help boost orders from state agencies, who would place importance in obtaining vehicle parts produced locally content, especially motor part.

It is estimated c.50% of NEX's overall supply chain originates within Thailand. It is also in position to be one of the main EV and EV spare parts supplier and exporter in the Asian region.

Upside from plant expansion. NEX is likely to have more upside moving forward due to the plan to expand its production plant this year. The company is making a total investment of THB5-6bn, through AAB, to expand the manufacturing plant. The expansion would enable it to manufacture more types of commercial EVs – pick-ups, six-wheel trucks, 10-wheel trucks, and vans. Following the expansion, the plant is expected to roll out 50,000 vehicles per year. The target customers are both government and private organizations. Thailand has a huge market for pick-up vehicles – with 400,000-500,000 units in use domestically. Management sees a large opportunity to market its electric pick-up vehicles.

Company Report Card

Results highlight. In 4Q22, NEX reported THB323m net profit, a significant turnaround from loss of THB16m last year, and an increase of THB8m QoQ. The increase in profit came from 4Q22 sales at THB4.8bn (+2,906% YoY, +250% QoQ**)** as its manufacturing plant was fully operational in the quarter. Share of profit from associates (mainly from AAB) improved to THB196m, a turnaround from THB15m loss in 4Q21 and THB6m in 3Q22 after the plant was able to fully operate throughout the entire quarter.

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

Dividends. NEX has a policy to pay dividends of not less than 40% of its profit. Nevertheless, the company did not pay any dividend in FY20-22 due to its exposure to the transportation industry – impacted by the COVID-19 pandemic. It is expected to pay out 1-2% in dividends for 2023-25 as the pandemic's effects has passed and the transportation industry recovers.

Management. Khanist Srivajiraprabha is the company's founder and chairman of the executive committee. Chanyut Chayawatana, Amorn Sapthaweekul, and Wasu Klomkliang are the other directors that play major roles in running NEX's business. Management mostly have experience and knowledge in the vehicle engineering and renewable energy fields.

Investment Case

Although NEX's performance was impacted by the COVID-19 pandemic and economic slowdown, the worse is over and the company's situation is expected to improve. Consensus' TP is in the range of THB21-22 per share, which implies a market view of c.25-27x P/E for 2023 at EPS of c.THB0.85-0.90 per share. NEX should be traded at a higher P/E than its peers because it is likely to have high growth c.30-33% – higher than the technology sector's c.21% CAGR. The company also has potential upside as it is expanding its plant to increase production capacity.

Key risks. Slower economic recovery impacting the logistics and transportation industries – reducing the demand for EVs. A repeat of the pandemic's lockdown could also adversely affect sales.

Profit & Loss	Dec-20	Dec-21	Dec-22
Total turnover (THBm)	1,404	666	6,564
Reported net profit (THBm)	(200)	(95)	243
Recurring net profit (THBm)	(123)	(92)	243
Recurring net profit growth (%)	42%	-25%	-364%
Recurring EPS (THB)	(0.07)	(0.05)	0.15
DPS (THB)	0.00	0.00	0.00
Dividend Yield (%)	0.00%	0.00%	0.00%
Recurring P/E (x)	(138.8)	(185.9)	68.0
Return on average equity (%)	-4%	-3%	26%
P/B (x)	5.4	5.2	18.4
P/CF (x)	99.0	160.2	63.1

Source: Company data, RHB

Balance Sheet (THBm)	Dec-20	Dec-21	Dec-22
Total current assets	1,871	1,744	5,094
Total assets	3,617	3,963	7,992
Total current liabilities	285	735	4,038
Total non-current liabilities	167	158	669
Total liabilities	452	893	4,706
Shareholder's equity	3,166	3,285	927
Minority interest	-	-	-
Other equity	-	-	-
Total liabilities & equity	3,617	3,963	7,992
Total debt	-	-	-
Net debt	cash	cash	cash

Source: Company data, RHB

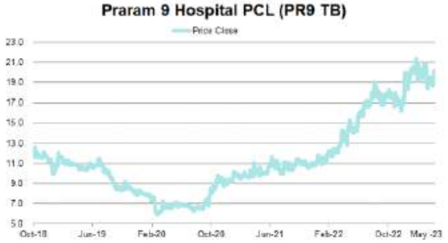
Cash Flow (THBm)	Dec-20	Dec-21	Dec-22
Cash flow from operations	172	107	271
Cash flow from investing activities	182	1	(186)
Cash flow from financing activities	(293)	(91)	(71)
Cash at beginning of period	84	145	162
Net change in cash	61	17	13
Ending balance cash	145	162	175

Source: Company data, RHB

Praram 9 Hospital

Fair value: THB23.80-25
Price: THB20.20

Continued Expansion And Patient Growth



Source: Bloomberg

Stock Profile

Bloomberg Ticker	PR9 TB
Avg Turnover (THB/USD)	47.2m/1.4m
Net Gearing (%)	Net Cash
Market Cap (THBm)	15,883.3m
Beta (x)	0.60
BVPS (THB)	6.02
52-wk Price low/high (THB)	12.40 – 21.30
Free float (%)	59

Major Shareholders (%)

Potjaman Damapong	37.1
Thai NVDR	4.8
Krungsri Dividend Stock LTF	1.9

Share Performance (%)

	1m	3m	6m	12m
Absolute	8.15	(1.00)	13.07	47.41
Relative	9.71	4.55	17.04	49.95

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Investment Merits

- A rebound in non-COVID-19 treatments and expansion of services may be key earnings drivers in 2023
- Foreign patient numbers continue rising, approaching pre-outbreak levels
- More complex disease cases and potential medical fee hikes to enhance receipts and profit margin

Company Profile

Praram 9 Hospital (PR9) operates a private hospital with 204 licensed inpatient (IPD) beds and 162 examination rooms in the outpatient department (OPD). It 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 is renovating existing facilities to support extended medical services, as well as a growing number of customers.

Highlights

General treatment rebounds as topline driver. PR9 targets revenue to continue growing 12% YoY in 2023 from a high base last year. We believe the ongoing rebound in non-COVID-19 treatments from Thai local and foreign patients would be the key topline growth driver. It may continue to proactively improve revenue via: i) Expansion of OPD and IPD services ie beauty and healthcare, targeting the new generation; ii) planned opening of the International Center in 3Q23 to serve fly-in and expatriate patients; and iii) pent-up demand from self-pay patients and a strategy to penetrate insurance patients which saw the revenue mix stable at 22% over the past three years.

Chinese patient level sees a recovery. PR9's revenue contribution from international patients may approach pre-outbreak levels of 16% this year, from 13% in 2022. It would partially offset the decline in COVID-19 related revenue which contributed a 20% mix last year. Apart from resilient flow of patients from neighbouring countries like Cambodia and Myanmar, it may benefit from improving fly-in Chinese patients ie for fertility treatments from mid-2023. Its strength on the campus location could also serve well to the growing Chinese expatriate community in Bangkok. The company also plans to enter more new source markets including the Middle East countries. These factors may strongly support 2H23 earnings.

Wider GPM likely. We believe an increase in high-margin complex disease treatments would drive both OPD and IPD revenue further this year. They may provide higher receipts and help replace PR9's smaller IPD average daily census vs 2022 post-COVID-19. This may sustain the company's GPM expansion in 2023. Possible medical fee hikes may also act as an earnings upside.

Company Report Card

Latest results. PR9's FY22 net profit surged 128% YoY to THB568m, on strong recovery of non-COVID-19 treatments of domestic and international patients. Total medical revenue grew 38% YoY, with OPD revenue strongly growing by 47% YoY and IPD revenue by 26% YoY. The self-pay patient mix increased by 3ppts to 71% and insurance patient mix was constant at 22% of revenue, while the international patients' revenue jumped 118% YoY and contributed 13% of the mix (2021: 8%) mainly from Myanmar, China, and Cambodia. GPM was 33.7% (+6.4ppts YoY) due to higher hospital revenue and more complex disease treatments. Its robust topline and GPM elevated EBITDA margin to 24.3%, from 19.9% the previous year.

Balance sheet/cash flow. It has had a solid balance sheet with a minimal D/E ratio of 0.17x (2020: 0.20x) and a net cash position, which should ease financial needs to support operations and longer-term business expansion. Operating cash flow grew 52% YoY to THB893m in 2022, while a higher dividend enhanced its financing cash flow. Capex was at THB160m last year and is likely to ramp up to c.THB300m this year from asset enhancement, and new medical equipment.

ROE. ROE increased to 12.6% in 2022, vs 5.9% the previous year – mainly due to the NPM hike of 5.5ppts, to 13.8%.

Dividend. The company's policy is to pay not less than 40% of NPAT as dividends. It paid annual DPS of THB0.29 for FY22, vs THB0.14 for FY21, implying a 1.4% yield. We expect yields to stay around 2% over the next two years.

Management. PR9 was established in 1989, and initially operated Praram 9 Hospital in 1992. The stock was listed in Oct 2018. Bhanapot Damapong (0.1% stake) chairs the Board of Directors, and Dr Satian Pooprasert (1.3% stake) is the company's CEO and the Board's Vice Chairman. Three out of nine 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

Growth to continue this year. We are still optimistic on PR9's outlook for 2023, following a continued rebound in non-COVID-19 treatments from locals (mainly self-pay patients) and rising fly-in foreign patients ie from China post-country reopening in early Jan 2023 and new source markets like the Middle East. These factors may also lead to improving operational economies of scale. An ongoing increase in complex disease treatments and potential medical fee hikes could be GPM drivers. Based on consensus, we assume resilient FY23F-24F EPS at THB0.77 (+6% YoY) and THB0.85 (+11% YoY).

Its fair value of THB23.80-25.00 is derived from applying FY23F P/Es of 30-33x to the EPS assumption of THB0.77. Our P/E range is between the average trading of Thai healthcare peers under our coverage and the stock's 3-year historical trading mean. PR9 is trading at 26x FY23F P/E (-1SD) – which is still attractive.

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

Profit & Loss	Dec-20	Dec-21	Dec-22
Total turnover (THBm)	2,602	2,987	4,107
Reported net profit (THBm)	202	249	568
Recurring net profit (THBm)	202	249	568
Recurring net profit growth (%)	(29.0)	23.3	127.8
Recurring EPS (THB)	0.26	0.32	0.72
DPS (THB)	0.11	0.14	0.29
Dividend Yield (%)	0.5	0.7	1.4
Recurring P/E (x)	78.6	63.7	28.0
Return on average equity (%)	5.0	5.9	12.6
P/B (x)	3.9	3.7	3.4
P/CF (x)	37.5	27.0	17.8

Source: Company data, RHB

Balance Sheet (THBm)	Dec-20	Dec-21	Dec-22
Total current assets	1,208	1,603	2,023
Total assets	4,797	5,137	5,558
Total current liabilities	497	667	610
Total non-current liabilities	185	192	213
Total liabilities	682	859	822
Shareholder's equity	4,115	4,278	4,735
Minority interest	0	0	0
Other equity	0	0	0
Total liabilities & equity	4,797	5,137	5,558
Total debt	8	6	8
Net debt	(585)	(684)	(1,557)

Source: Company data, RHB

Cash Flow (THBm)	Dec-20	Dec-21	Dec-22
Cash flow from operations	424	588	893
Cash flow from investing activitie:	(349)	(399)	97
Cash flow from financing activitie	(114)	(91)	(115)
Cash at beginning of period	632	592	690
Net change in cash	(39)	98	875
Ending balance cash	592	690	1,565

Source: Company data, RHB

PTG Energy

Fair Value: THB16-17
Price: THB13.80

Fuelled By The Transportation Recovery

Source: Bloomberg

Stock Profile

Bloomberg Ticker	PTG TB
Avg Turnover (THB/USD)	148.1m/4.35m
Net Gearing (%)	40%
Market Cap (THBm)	23,046m
Beta (x)	1.06
BVPS (THB)	4.88
52-wk Price low/high (THB)	12.80 – 16.40
Free float (%)	58

Major Shareholders (%)

Ratchakit Holding	25.12
Pongsak Wachirasakpanich	6.01

Share Performance (%)

	1m	3m	6m	12m
Absolute	6.02	5.22	(0.70)	1.44
Relative	7.57	10.77	3.27	3.99

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Investment Merits

- A more positive outlook for the transportation sector in 2023
- Expanding the coffee business further
- Plans to list subsidiaries on the SET

Company Profile

Southern Fuel began operations in Thailand's southern region more than 30 years ago (on 21 Mar 1988) to operate oil depots and undertake the trading of fuel within the community, especially for the fisheries and industrial enterprises sectors. It later changed its name to PTG Energy, and is now involved in the trading of petroleum products, gas products, supplies and equipment for oil service stations, consumable products, and transportation. As part of its determination to operate a standardised energy business, PTG achieved ISO 9001 accreditation for receiving, storing, and distributing fuel products (gasoline and diesel) at the Mae Klong Oil Depot. The company purchases its fuel directly from Thai Oil – PTG transports this fuel via its own fleet of trucks for distribution to its customers (both private and agricultural vehicle users) through its PT gas station network. The company is also involved in F&B and consumer product sales, and operates a convenience store business. PTG's revenue is derived from its retail oil (82%), retail LPG (15%), non-oil (F&B and others; 3%) businesses.

Highlights

High oil volumes expected. We believe PTG will see higher 1Q23-2Q23 QoQ and YoY numbers on better oil sales volumes and elevated marketing margins. Volumes are also likely to see upward hikes on a QoQ and YoY basis, in our view, and hit record highs in 1Q23, given that PTG now has 2,149 fuel retail stations as at end 2022 (note: The company plans to open an additional 55 stations in 2023). The oil consumption recovery is attributed to Thailand's economic reopening. Consequently, we believe better travel numbers should lead to a c.7-12% YoY hike in such consumption. Additionally, we think PTG's oil marketing margins should grow QoQ from a THB1.58 per litre low in 4Q22 after state agencies were given permission to raise diesel oil margins from THB1.40 per litre to THB1.80 per litre. The diesel ceiling price of THB35 per litre has also been scrubbed.

Other positives. In 2Q23, Thailand experienced several public holidays. This year's *Songkran* festival showed indications of pent-up demand from the tourism sector, which is recovering from the COVID-19 pandemic of the last three years. The recent Labour Day and Coronation Day holidays, and expectations of more public holidays ahead to boost tourism and transportation use – as well as General Election 2023 – is set to spur oil, transportation, and consumption demand, in our view. This in turn will benefit PTG.

Aims to expand its coffee outlets in 2023. The company plans to increase the number of Punthai Coffee outlets by an additional c.1,000 branches throughout Thailand in 2023 – up 195% from its 511 branches in 2022. PTG will set up about half of these new outlets with the remainder undertaken by its franchisees.

Plan to list subsidiaries on the SET. The company aims to list its LPG and biodiesel subsidiaries on the local bourse. The former business is now undergoing the filing process with the Securities & Exchange Commission (SEC) and is awaiting approval. The biodiesel unit already got its SEC approval in Dec 2022. We understand that PTG is waiting for the suitable time to list this biodiesel business, eg the Ministry of Energy's B7 policy.

Company Report Card

Results highlight. PTG posted a net loss of THB14m in 4Q22, ie better than market's expectations as it posted less losses YoY and lower QoQ numbers. The lower QoQ stemmed from lesser marketing margins at THB1.58 (+14% YoY, -20% QoQ) due to higher operations and coffee costs. The lower YoY losses were from better retail oil marketing margins after the cancellation of the diesel ceiling price. Oil sale volumes increased 9.4% YoY (+10.1% QoQ) to 1.4 thousand litres, which is a record high – attributed to the tourism high season and PTG's expansion to 2,129 stations (+3% YoY, +0.8% QoQ). The non-oil business' GPM increased 43% YoY (+12% QoQ), which was enhanced by LPG sales volumes of 36% YoY (+5.4% QoQ).

Dividends. In FY20-22, dividend yields averaged 3% despite high investment costs. Even under impact of the pandemic, the company was still able to pay dividends during this period. We believe PTG will likely pay dividends of 3-4% in 2023, given the improving pandemic situation and transportation industry's recovery.

Management. Pithak Rachagitprakan is President & CEO. PTG's management team has more than 15 years of experience in operating this business.

Investment Case

Although PTG's performance was affected by the pandemic, we expect its business to gradually improve. We believe FY23 earnings will rise to c.THB1.5bn (+61% YoY) as it recovers from a low base and oil volumes growth of c.2% YoY. Market margins are anticipated by us and Street at THB1.86 per litre given the cancellation of the diesel ceiling price. Consensus' FV moves in a THB16-17 range, which implies a market view of about 17-19x 2023F P/E or about 17-24% above market price.

Key risks include government and regulatory controls that can affect the demand and supply of oil and the transportation sector. World oil prices can affect costs while a lack of confidence in terms of domestic spending could hamper consumption. Outbreaks and pandemics can also adversely affect transportation demand.

Profit & Loss	Dec-20	Dec-21	Dec-22
Total turnover (THBm)	104,590	133,759	179,422
Reported net profit (THBm)	1,894	1,006	934
Recurring net profit (THBm)	(375)	1,022	927
Recurring net profit growth (%)	21%	-372%	-9%
Recurring EPS (THB)	1.13	0.60	0.56
DPS (THB)	0.40	0.45	0.40
Dividend Yield (%)	3%	3%	3%
Recurring P/E (x)	12.1	22.8	24.5
Return on average equity (%)	26%	12%	11%
P/B (x)	3.0	2.8	2.7
P/CF (x)	8.14	4.29	4.47

Source: Company data, RHB

Balance Sheet (THBm)	Dec-20	Dec-21	Dec-22
Total current assets	3,859	4,859	5,125
Total assets	42,037	44,384	45,135
Total current liabilities	8,486	12,450	13,599
Total non-current liabilities	25,572	23,734	23,261
Total liabilities	34,057	36,184	36,860
Shareholder's equity	7,884	8,200	8,275
Minority interest	96	105	124
Other equity	(55)	(21)	(146)
Total liabilities & equity	42,037	44,384	45,135
Total debt	34,057	14,162	12,656
Net debt	33,116	13,600	12,873

Source: Company data, RHB

Cash Flow (THBm)	Dec-20	Dec-21	Dec-22
Cash flow from operations	2,811	5,336	5,121
Cash flow from investing activities	(1,924)	(2,384)	(2,627)
Cash flow from financing activities	(982)	(2,193)	(2,125)
Cash at beginning of period	900	805	1,701
Net change in cash	(95)	759	369
Ending balance cash	805	1,701	2,071

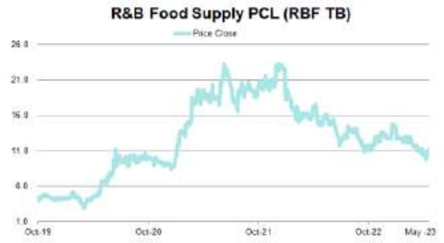
Source: Company data, RHB

R&B Food Supply

Demand Recovery

Fair Value: THB11.60-13.80

Price: THB10.80



Source: Bloomberg

Stock Profile

Bloomberg Ticker	RBF TB
Avg Turnover (THB/USD)	29.5m/0.9m
Net Gearing (%)	Net Cash
Market Cap (THBm)	21,600m
Beta (x)	1.12
BVPS (THB)	2.19
52-wk Price low/high (THB)	9.55 – 16.80
Free float (%)	27.38

Major Shareholders (%)

Petchara Rattanapoompinyo	23.04
Somchai Rattanapoompinyo	22.99

Share Performance (%)

	1m	3m	6m	12m
Absolute	1.83	(13.28)	(9.76)	(23.97)
Relative	3.39	(7.74)	(5.78)	(21.43)

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Investment Merits

- More positive outlook on consumption in 2023
- Potential upside from the India market
- A cash-rich company with high potential to extend its businesses

Company Profile

R&B Food Supply was established in 1989 to provide the food industry with value-added flavours and tastes. The company is also a leading manufacturer of breadcrumbs in Thailand. RBF's facilities are equipped with the latest machinery and technologies, and it mainly manufactures and distributes products to clients within the food industry on a made-to-order basis. RBF also distributes to industrial entrepreneurs and large retail clients, which make up the bulk of its original equipment manufacturer or OEM orders.

Breadcrumbs are bread crackers or coatings used in the food industry to enhance the taste bites of meat, seafood, vegetables, and other edibles. RBF prides itself on providing "crispy, crunchy, and tasty" breadcrumbs that can be tailor-made to meet customer needs. The company's 2022 revenue contributions from food coatings accounted for 45.1% of total topline – followed by flavouring and food colouring, trading products, dried products, frozen products, and plastic packaging at 32.6%, 12.9%, 6.9%, 1.5%, and 1%.

RBF's R&D squad has staff with expertise, knowledge, and long-term experience in odour, food, and taste analysis. This allows the company to produce products that are exclusive and able to meet the needs of several types of clients. As of 2022, RBF has 10 factories that manufacture food ingredients and produce plastic packaging – eight are in Thailand while two are in Vietnam.

Highlights

Expect better consumption. RBF is set to post a 1Q23 net profit of c.THB130m (+43% QoQ, -16% YoY) due to the ongoing post-pandemic consumption recovery. In addition, the company's beverage customers are launching new cannabidiol (CBD) drinks products with RBF providing the CBD extracts. Management guided that its 2023 total revenue should rise c.15% YoY while gross margins should increase to 35.8% from 2022's 34% – enhanced by lower raw material prices and a better product mix. We estimate 2023 earnings of THB660m (+37% YoY), helped in part by the several long holiday periods Thailand experienced in 2Q23. Chief amongst these was *Songkran* – the success of 2023 edition of this annual festival indicated the pent-up demand for the tourism sector, which seems to be recovering from the COVID-19 lockdowns of the last three years. Additionally, the Labour and Coronation Day holidays, as well as more state-announced breaks are likely to increase tourism and transportation numbers in our view. Thailand also had its general election on 14 May, which has historically helped boost transportation and food consumption numbers.

Plans to build a new factory in India. RBF is working with Thai Union in the RBS-TU Food Ingredients (RBS-TU) JV in India – the former has a 51% stake in the venture. RBS-TU posted a positive bottomline after the business started in 4Q22. RBF expects Indian sales to grow sturdily in the long term, and plans are in place to build a new factory there. Under Phase 1, the food coating production line is slated for completion in 2024. The flavouring and food colouring lines will go in under Phase 2. India is blessed with plenty of raw materials, eg herbs and wheat. We believe this means that setting up facilities there will help RBF in terms of raw material cost savings.

Net cash with low debt. RBF is a net cash company with very low debt. Hence, there is high opportunity for it to invest further in terms of potential or related businesses with very little need to raise capital.

Company Report Card

Results highlight. RBF posted a 4Q22 net profit of THB94m (-15% QoQ, -9% YoY). After excluding FX and credit losses of THB13m and THB1m, 4Q22 core profit rose 20% QoQ (+16% YoY) to THB108bn. Despite slower-than-anticipated recoveries, sales revenues did see a turnaround. 4Q22 total revenue grew 1.1% QoQ and 8.3% YoY to THB1bn, which was a record high. The flavouring & fragrance segment's topline improved 13% QoQ (+20% YoY) to THB339m or 34% of total revenue. Gross margin was flat at 32.1% due to high inventory prices for the food coating segment. While margins were low, it is likely to bottom out, in our view. FY22 earnings shot up 15% to THB482m and, excluding extra items, core profit dropped 3.3% YoY to THB459m. Last year, RBF posted a record-high total revenue of THB3.96bn on strong growth (+17% YoY). Nonetheless, FY22 gross margins dropped to 34% (2021: 37.2%) on higher raw material costs.

Dividends. Between FY20 and FY22, dividend yields were at the 1% range and, despite the pandemic, RBF was still able to pay dividends during this period. We think it will pay dividends of 2-3% in 2023, as the pandemic situation and food consumption numbers see recoveries.

Management. RBF CEO Somchai Rattanapoompinyo is also its acting chief marketing & planning officer. Teeraphat Yanathornkul is its chief operating officer. The management team has more than 20 years of experience in operating the business.

Investment Case

Although RBF' performances were impacted by the pandemic, it is expected to post gradual improvements, with FY23 earnings estimated to rise 37% YoY to THB660m. Street has a FV in the range of THB11-13, which implies c.29-35x 2023F P/E or c.14-27% above the market price.

Key risks include rising raw materials costs, government and regulatory controls that can affect demand and supply, and viral outbreaks/mutations/pandemics that can affect food consumption.

Profit & Loss	Dec-20	Dec-21	Dec-22
Total turnover (THBm)	3,116	3,384	3,961
Reported net profit (THBm)	517	420	482
Recurring net profit (THBm)	537	475	459
Recurring net profit growth (%)	52%	110%	-3%
Recurring EPS (THB)	0.27	0.24	0.23
DPS (THB)	0.15	0.15	0.10
Dividend Yield (%)	1%	1%	1%
Recurring P/E (x)	40.2	45.0	47.0
Return on average equity (%)	13%	11%	10%
P/B (x)	5.3	5.1	4.9
P/CF (x)	35.43	40.34	69.82

Source: Company data, RHB

Balance Sheet (THBm)	Dec-20	Dec-21	Dec-22
Total current assets	2,628	3,039	2,927
Total assets	4,883	5,006	5,204
Total current liabilities	437	552	593
Total non-current liabilities	358	217	215
Total liabilities	795	769	808
Shareholder's equity	4,089	4,237	4,397
Minority interest	2,121	12	23
Other equity	(3)	10	(28)
Total liabilities & equity	4,883	5,006	5,204
Total debt	306	168	167
Net debt	cash	cash	cash

Source: Company data, RHB

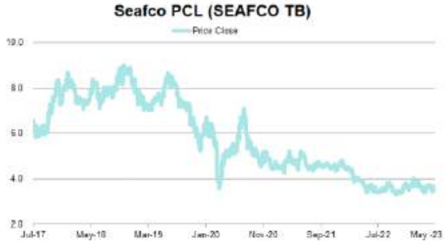
Cash Flow (THBm)	Dec-20	Dec-21	Dec-22
Cash flow from operations	610	535	309
Cash flow from investing activities	(817)	(78)	(106)
Cash flow from financing activities	(415)	(299)	(312)
Cash at beginning of period	1,234	612	770
Net change in cash	(622)	158	(109)
Ending balance cash	612	770	661

Source: Company data, RHB

Seafco

Visible Major Turnaround

Fair value: THB4.20
Price: THB3.68



Source: Bloomberg

Stock Profile

Bloomberg Ticker	SEAFCO TB
Avg Turnover (THB/USD)	3.26m/0.10m
Net Gearing (%)	13.91
Market Cap (THBm)	2,722m
Beta (x)	0.99
BVPS (THB)	1.93
52-wk Price low/high (THB)	3.28 – 4.10
Free float (%)	73.59

Major Shareholders (%)

Thasnanipan Family	23.29

Share Performance (%)

	1m	3m	6m	12m
Absolute	(0.54)	(5.67)	7.65	3.39
Relative	1.01	(0.12)	11.62	5.94

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Investment Merits

- Market share leader to benefit from economic upturn
- Strong signs of a turnaround in FY23F
- Turnaround may be achievable from 1Q23 onwards

Company Profile

Seafco is a contractor for projects that include bored piling and diaphragm walls, foundation and general civil engineering works. It tenders for jobs from the Government and the private sector. Its contracting work entails bored piling, diaphragm wall construction, civil engineering works for foundation and building construction, and various testing services.

Highlights

Market share leader to ride on industry upturn. As Seafco has the biggest market share in its areas of expertise, we believe it will benefit from the upcycle for new construction projects. New infrastructure projects from the Thai Government have been gradually awarded to bid winners. The foundation works for these projects would then be awarded to piling players. Meanwhile, foundation works for the private sector – especially the high-rise commercial projects – should pick up again soon. Presently, the total value of foundation works underway in Thailand is estimated at THB15bn (two-thirds of this comes from the private sector). Of this total, Seafco accounts for THB1.7bn – which implies that its bid success rate is at 30%. The company also expects to participate in bidding for projects totalling THB9.4bn in value.

Strong signs of a turnaround in FY23. For the past two years, Seafco's business had been hard hit by a decline in orders in hand, cost overruns on these jobs, and the scarcity of unskilled labour. Recently, these situations have reversed, and there are major indicators that the company is well on the path to pre-pandemic performance levels. These signs include: i) Its net orderbook growing significantly, especially in 4Q22, to THB1.5bn after the upcycle of new orders was resumed; ii) GPM to normalise rapidly, as new orders have greatly watered down the effect of old jobs that had cost overruns; and iii) revenue beginning to grow strongly as the company's usage of concrete and steel rebar surged in January-February to 26,000 cu m per month and 2,000 tonnes per month.

Turnaround reachable from 1Q23 onwards. Based on current circumstances, the management expects FY23 core revenue to be THB1.5bn – almost double that of FY22 core turnover. This will likely be met, due to its higher orders in hand. Meanwhile, Seafco's earnings should surge upwards noticeably from 1Q23 onwards, which sets up its earnings turnaround for the full year.

Company Report Card

Latest results. For FY22, the company reported a net loss of THB129m which was worse than THB57m loss in FY21. Core revenue continued to decline by 46%YoY to only THB781m in FY22 from THB1.44bn in FY21 as the orderbook level has stayed at the low level and ended up with THB1.5bn as of FY22-end which was far below >THB2.5bn during the glory period. The majority of private sector has toned down their project development plans during the pandemic crisis. GPM also plunged from a paltry +2.2% in FY21 to -7.1% in FY22 as the costs of fuel and all of its major raw material - especially that of steel rebar and cement - spiked up in the last two years. Meanwhile, the big decrease in its SG&A expense (-9%YoY) and finance cost (-30%YoY) did not mitigate the impacts of slower revenue and deteriorating GPM.

Balance sheet/cash flow. Amid a tough FY21-22, the company managed its working capital well, as its accounts receivable and unbilled receivables were under control and cash flow from operations remained positive at >THB100m level per year for past two years. In addition, the financial debt position was also well-managed as the interest-bearing debt balance declined 17% YoY in FY21 and 42% YoY in FY22. This resulted in net D/E staying at a low 0.14x.

ROE. When it was in the red in FY21-22, Seafco's ROE was also negative, at -3.5% in FY21 and -9.3% in FY22. Based on a DuPont analysis, the company's negative NPM was the major contributor to this underperformance.

Dividend. In FY21-22, the company did not pay any dividends to shareholders, as it chalked net losses. Prior to FY19, it forked out dividends exceeding >50% of earnings. In FY19-20, the dividend payout ratio was 47-48%. Based on its solid retained earnings as of end-FY22, Seafco will resume dividend payments as soon as it returns to the black in FY23F.

Management. Narong Thasnanipan, the company's founder and president, is a veteran in the foundation construction business. Note that the company was established in 1974, and has passed through several Thai economic cycles over the past 40 years.

Profit & Loss	Dec-20	Dec-21	Dec-22
Total turnover (THBm)	2,560	1,435	781
Reported net profit (THBm)	154	-57	-129
Recurring net profit (THBm)	154	-55	-133
Recurring net profit growth (%)	(62.3)	(135.5)	143.3
Recurring EPS (THB)	0.21	(0.07)	(0.18)
DPS (THB)	0.10	-	-
Dividend Yield (%)	2.7	-	-
Recurring P/E (x)	17.6	(49.7)	(20.4)
Return on average equity (%)	9.6	(3.5)	(9.3)
P/B (x)	1.7	1.8	1.9
P/CF (x)	6.2	22.7	19.7

Source: Company data, RHB

Balance Sheet (THBm)	Dec-20	Dec-21	Dec-22
Total current assets	975	886	581
Total assets	3,078	2,713	2,164
Total current liabilities	1,003	842	483
Total non-current liabilities	462	317	251
Total liabilities	1,466	1,160	734
Shareholder's equity	1,610	1,561	1,437
Minority interest	7	1	2
Other equity	(5)	(8)	(9)
Total liabilities & equity	3,078	2,713	2,164
Total debt	654	541	312
Net debt	544	310	199

Source: Company data, RHB

Cash Flow (THBm)	Dec-20	Dec-21	Dec-22
Cash flow from operations	442	120	138
Cash flow from investing activities	21	50	2
Cash flow from financing activities	(412)	(52)	(264)
Cash at beginning of period	63	111	231
Net change in cash	48	121	(118)
Ending balance cash	111	231	113

Source: Company data, RHB

Investment Case

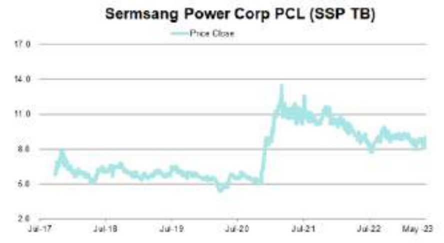
FV of THB4.20. As Seafco's existing business is on a recovery path, we believe it should trade at high valuations. The stock is trading at a P/E of >20x – at levels similar to that of FY18, which was a busy year for piling works. Then, it had a market valuation of 28x P/E, implying a FV of THB4.20.

Sermsang Power Corp

Small Size, Big Heart

Fair Value: THB10.50-11

Price: THB9



Source: Bloomberg

Stock Profile

Bloomberg Ticker	SSP TB
Avg Turnover (THB/USD)	16.8m/0.5m
Net Gearing (%)	40
Market Cap (THBm)	12,364.4m
Beta (x)	1.11
BVPS (THB)	6.27
52-wk Price low/high (THB)	7.68 – 9.91
Free float (%)	45.69

Major Shareholders (%)

Primary Energy	16.47
Viwat Kraipisitkul	7.7

Share Performance (%)

	1m	3m	6m	12m
Absolute	2.06	1.02	(1.98)	5.88
Relative	3.62	6.57	1.99	8.43

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Investment Merits

- Strong growth in the next two years
- Sturdy 2023 outlook
- Strong balance sheet

Company Profile

Sermsang Power Corp (SSP) was founded in 2010. The company builds and operates renewable energy power plants – solar and wind – as its main business. Currently, SSP has electricity capacity of 296MWe in total. Its operating power plants amount to 194MWe, while the rest – which are under development – are slated to start operations by 2024. SSP has the highest-to-lowest exposures in Japan (33% of total MWe), Thailand (25%), Vietnam (24%), Mongolia (5%), and Indonesia (3%).

Highlights

More growth to be seen in 2023-24. We believe SSP's earnings will initially grow in a CAGR range of 15-25% pa over this period. This will be underpinned largely by pipeline projects like the LEO2 in Japan (17MWe, 4Q23), and Wind#2 in Vietnam (38.4MWe, 2024). The company also plans to invest in many projects, eg Solar-Leo2 power plant with a capacity of 17MW in Japan (to begin construction in mid-2023, plans to operate in 3Q25), solar rooftop plants in Thailand (7.7MW with 5MW under construction) and Indonesia (27.6MW with 19.5 MW under construction), and a merger & acquisition plan for renewable energy – in Thailand and foreign sites.

Strong 2023 outlook. We expect SSP's 1H23 net profit to increase due to current high season (hot weather) for Thai solar farms and also the spring and summer seasons in Japan, which will increase capacity factor (CF) of electrical plants QoQ. The company's profit is likely to reduce YoY due to full recognition of the effect from selling its Hidaka plant in Japan, and higher financial cost YoY caused by the start of interest payments for Vietnam project loans.

SSP's earnings is anticipated to rise in 2023, enhanced by the expected electricity tariff hike to THB4.74/kWh from THB4.18/kWh in 2022 and the full-year contribution from its 25% stake in the Windchai wind farm – acquired in Mar 2022. We expect positive results in 2023 from higher electricity demand from household and private sectors, the floating variable tariff (Ft) increasing, and from winning bids for Energy Regulatory Commission's (ERC) renewable energy projects. SSP has already been awarded ERC projects totalling 170.50MW (154.50MW solar and 16MW wind). SSP's EBITDA margin should increase from 70% to 72% in 2023. As one of Thailand's leading renewable energy provider, the company has the opportunity to obtain additional capacity from the Vietnamese Government's new Power Development Plan 8 (PDP8). According to management, SSP is also eyeing overseas growth opportunities, ie solar farms in Taiwan, solar rooftops in

Indonesia, and wind farms in the Philippines.

Company Report Card

Latest results. SSP's 4Q22 core net profit was THB180m (-29% QoQ, +1% YoY) – lower than Bloomberg's consensus estimate by 19% – due primarily to a THB60m recognition of interest expenses from the Truong Thanh Tra Vinh project in Vietnam and a THB16m one-time cost of restructuring the financial agreement for the Sermsang Palang Ngan project. After including FX loss of THB25m and THB15m in amortisation from Windchai, its 4Q22 net profit reduced to THB140m (-47%QoQ, -6%YoY) due to weaker solar earnings, albeit the full quarter operation of Leo 1 (20MW).

Balance sheet/cash flow. SSP's balance sheet is strong, with a net D/E ratio of 0.4x at present. It is a low D/E range for power producers, hence providing opportunities to invest in new project financing.

Dividend. SSP's policy is to pay dividends of not less than 40% of company-only net profit. However, its payouts failed to adhere to the policy in the last three years. The company could not fulfil the policy due to heavy investments in the period. Once the bulk of its projects start operations, we expect SSP to pay out 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 experiences in relevant fields.

Investment Case

Time of the upcycle trend. We like SSP mainly due to its huge opportunities for growth. Starting from the low capacities and profits, the company has the opportunity to significantly grow, if we take the past performances of its peers as a comparison. This is because SSP is backed by a backlog of planned projects, potential projects under study, and management's strong experiences. We believe its strategy to acquire operating projects could help boost long-term bottomline, although the intense competition in the market will lead to lower margins, in our view.

Attractive risk/reward. We estimate SSP's fair value at THB10.50-11, derived from forward P/E of 12-13x. We use 2023F EPS of THB0.88, following consensus data. With upcycle earnings, the stock should trade near the average P/E of its peers. This is backed by its strong and secured earnings growth, a more diversified asset portfolio, and improving ROE in 2023-25.

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

Profit & Loss	Dec-20	Dec-21	Dec-22
Total turnover (THBm)	1,933	2,597	3,117
Reported net profit (THBm)	736	929	1,340
Recurring net profit (THBm)	689	926	975
Recurring net profit growth (%)	26%	34%	5%
Recurring EPS (THB)	0.75	0.74	0.78
DPS (THB)	0.01	0.01	0.26
Dividend Yield (%)	0.1	0.1	2.8
Recurring P/E (x)	11.9	12.1	11.5
Return on average equity (%)	15%	4%	5%
P/B (x)	2.7	0.5	0.5
P/CF (x)	7.90	4.68	5.47

Source: Company data, RHB

Balance Sheet (THBm)	Dec-20	Dec-21	Dec-22
Total current assets	2,180	4,786	4,269
Total assets	16,104	24,063	21,292
Total current liabilities	1,563	6,081	1,173
Total non-current liabilities	9,999	11,608	11,842
Total liabilities	11,562	17,689	13,015
Shareholder's equity	4,205	24,063	21,292
Minority interest	337	490	501
Other equity	-	-	-
Total liabilities & equity	16,104	24,063	21,292
Total debt	11,183	13,162	12,029
Net debt	9,667	9,582	8,802

Source: Company data, RHB

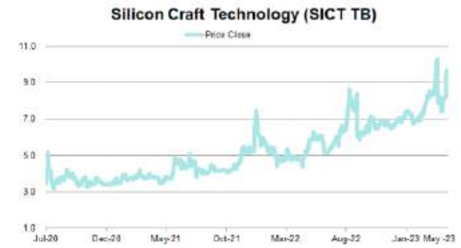
Cash Flow (THBm)	Dec-20	Dec-21	Dec-22
Cash flow from operations	1,427	2,390	2,043
Cash flow from investing activities	(2,170)	(3,193)	(2,537)
Cash flow from financing activities	1,184	2,849	183
Cash at beginning of period	915	1,364	3,411
Net change in cash	442	2,047	(311)
Ending balance cash	1,364	3,411	3,099

Source: Company data, RHB

Silicon Craft Technology

Rising Order Growth And Easing Costs

Fair value: THB9.80-10.80
Price: THB8.35



Source: Bloomberg

Stock Profile

Bloomberg Ticker	SICT TB
Avg Turnover (THB/USD)	34.1m/1.0m
Net Gearing (%)	Net Cash
Market Cap (THBm)	4,008.0m
Beta (x)	1.80
BVPS (THB)	1.29
52-wk Price low/high (THB)	4.83 – 10.58
Free float (%)	41

Major Shareholders (%)

Manop Dhamsirianunt	23.4
Apinetr Unakul	16.7
Naiyavudhi Wongkomet	7.0

Share Performance (%)

	1m	3m	6m	12m
Absolute	7.22	40.36	46.58	97.95
Relative	9.19	45.59	50.76	99.40

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Investment Merits

- Rising chip demand among industries likely to secure better long-term outlook for semiconductors
- Sales order growth, new product launches, and easing supply constraints may drive topline and profit margin this year
- Earnings may reach a new record high, despite a high base in 2022

Company Profile

Silicon Craft Technology (SICT) was established in 2002 by a group of researchers and electronics engineering specialists. It provides research and development, in-house design, and deliver integrated circuit (IC) and microchip products, as a fabless/factoryless company under the "SIC" trademark. Its microchip products can be classified into four key purposes; i) Replacement car key immobiliser systems (29% of 2022 sales), ii) livestock identification tag (37%), iii) access control and interrogator systems (32%), iv) near field communication (NFC) (2%).

Highlights

Better long-term outlook for semiconductors. According to World Semiconductor Trade Statistics (WSTS), the global semiconductor sales increased 3.2% in 2022, with total annualised sales reaching an all-time high, but slowed down during 2H22. The short-term fluctuations in revenue may be caused by market cyclicality and economic conditions – this includes the supply chain recoveries. Still, it is likely the long-term outlook for semiconductors would remain strong due to the increasing role of chips among industries, ie electric vehicles or EVs, renewable energy or RE, internet of things (IoT), factory automation, and consumer products.

Expect favourable sales. SICT targeted 2023F sales growth of 10-15% following the continued market demand. Its sales orders this year have exceeded 2022 levels and more will be secured from rising orders for animal tags in Australia and new immobilizer products. Successful launches of new products in industrial IoT, advanced sensor interface for industrial measurement, and animal ID could be another support. New products may be launched throughout the remaining quarters this year and contribute c.5% of 2023 topline – the mix may expand further in 2024. The demand for animal tags may be escalated in tandem with potential mandatory requirements in regions ie South America, the US, and China.

GPM likely maintained this year. SICT is anticipated to maintain its 2023 GPM at 47%, driven by an increasing contribution of new high-margin products, as well as inventory and cost managements. Supply constraints should be also alleviated in 1H23, allowing inventory build-up (ie wafers) in action for a proper turnover-cycle level – we believe the matter may support an improving GPM outlook in the latter half.

Company Report Card

Latest results. SICT posted 2022 net profit of THB135m, a material increase by 111% YoY from robust revenue growth and well-managed opex. Sales strongly grew 43% YoY to THB601m, thanks to contributions from three key product groups, led by animal ID tag and immobiliser. Excluding impact from currency volatility, 2022 revenue was USD17m (+32% YoY). GPM could be maintained at a high level of 53% despite the increase in raw material prices, manufacturing service charges, and employee benefits. Opex-to-sales ratio also improved to 25.5% (-10.8ppts YoY) on efficient cost controls and impressive topline growth.

Balance sheet/cash flow. The company's total assets increased 34% to THB651m in FY22, from higher trade receivables, inventory and intangible assets, while total liabilities jumped 51% to THB136m from higher trade payables and accrued employee benefits. Its D/E ratio slightly increased to 0.3x, from 0.2x the previous year, while the net cash status was unchanged.

ROE. ROE enhanced to an attractive 30% in 2022, from 17% in 2021, due to the earnings growth and NPM hike of 7.3ppts, to 22.5%. We expect SICT to maintain its ROE this year.

Dividend. The company's dividend policy is to pay not less than 50% of net profit after deducting all reserves. It paid stock dividends at the ratio of 5:1 or equivalent to THB0.10 per share and cash dividend of THB0.01 for FY22 performance, implying a combined 1% yield. We expect yield to stay around 1% for this year and the next.

Management. Dr Bodin Kasemset, the CEO since 2021 (1.5% stake), has a background in engineering and technology. He previously worked in several leading semiconductor firms in R&D and product management for 15 years. Manop Dhamsirianunt is the company's founder and Chairman. He is currently the biggest shareholder, with a 23.4% stake.

Profit & Loss	Dec-20	Dec-21	Dec-22
Total turnover (THBm)	338	422	601
Reported net profit (THBm)	34	64	135
Recurring net profit (THBm)	31	70	145
Recurring net profit growth (%)	23.8	129.1	107.6
Recurring EPS (THB)	0.08	0.17	0.36
DPS (THB)	0.04	0.04	0.11
Dividend Yield (%)	0.5	0.5	1.3
Recurring P/E (x)	109.4	47.7	23.0
Return on average equity (%)	12.5	17.2	29.7
P/B (x)	9.6	8.5	6.5
P/CF (x)	46.3	54.8	36.2

Source: Company data, RHB

Balance Sheet (THBm)	Dec-20	Dec-21	Dec-22
Total current assets	247	314	439
Total assets	419	485	651
Total current liabilities	39	63	108
Total non-current liabilities	31	28	28
Total liabilities	70	90	136
Shareholder's equity	349	395	515
Minority interest	0	0	0
Other equity	0	-4	0
Total liabilities & equity	419	485	651
Total debt	14	11	8
Net debt	(97)	(90)	(107)

Source: Company data, RHB

Cash Flow (THBm)	Dec-20	Dec-21	Dec-22
Cash flow from operations	72	61	92
Cash flow from investing activities	(80)	(50)	(59)
Cash flow from financing activities	104	(21)	(18)
Cash at beginning of period	15	111	101
Net change in cash	96	(10)	14
Ending balance cash	111	101	115

Source: Company data, RHB

Investment Case

Earnings growth continues. We expect SICT to benefit from strong sales orders and more launches of new high-margin products which may secure its topline this year, while the easing supply constraints may allow the company to ramp up its inventory levels for product delivery to customers. We assume FY23F-24F EPS of THB0.38 and THB0.45, providing resilient growth of 11% and 20%.

FV in the range of THB9.80-10.80 derived from applying prospective 26-29x P/Es (mean to +1SD to the stock's historical trade). SICT is trading at 22x FY23F P/E and is deservedly at a premium as its earnings may reach a new record high.

Key downside risks include slower-than-expected product demand, changes in technology and consumer behaviour, raw material and product manufacturing cost fluctuations, as well as FX volatility.

Srinanaporn Marketing

Robust Earnings Remain Intact

Fair value:	THB27-30
Price:	THB24.60

Source: Bloomberg

Stock Profile

Bloomberg Ticker	SNNP TB
Avg Turnover (THB/USD)	147.9m/4.4m
Net Gearing (%)	5.2
Market Cap (THBm)	23,616.0m
Beta (x)	1.73
BVPS (THB)	3.44
52-wk Price low/high (THB)	14.10 – 27.00
Free float (%)	29

Major Shareholders (%)

Ascend I Holding	14.3
Thakorn Chaisathaporn	10.4
Concord I Capital	10.2

Share Performance (%)

	1m	3m	6m	12m
Absolute	(1.20)	(5.90)	21.08	61.44
Relative	0.36	(0.36)	25.05	63.98

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Investment Merits

- Strong outlook on increasing demand and profit margin uptrends
- Newly opened Vietnam factory another key growth driver
- Improving quarterly earnings momentum – the full-year performance may continue breaking new records.

Company Profile

Srinanaporn Marketing has been manufacturing and distributing multiple snacks and beverages – at 56% and 44% of 2022 sales – for more than 30 years. Its key product lines include: i) Ready-to- drink jelly and flavoured jelly desserts, ii) cuttlefish snacks, and iii) extruded biscuits and bread sticks under the Jele, Bento, and Lotus brands. As of 2022, SNNP attained leading 77% and 74% market shares for its Jele jelly pouch and Bento cuttlefish products. 73% of sales came from the domestic market. The remaining 27% comprised overseas exports.

Highlights

Increasing demand brightening the sales outlook. SNNP may strongly benefit from the ongoing recovery in Thailand's domestic consumption and tourism. A higher demand for beverages during the high temperatures expected for this summer and livelier year-end festivities may secure its 2Q23 and 4Q23 sales. The rebound in Chinese visitor numbers to the kingdom – one of the key consumers of SNNP's Bento products – could help drive 2H23's domestic performance. We also expect the company to launch c.20 new products focused on beverages, and premium and healthy snacks, ie 10 stock-keeping units or SKUs in 2Q23, seven in 3Q23, and three in 4Q23.

Vietnam factory's utilisation hike another growth driver. The Phase I production of Lotus snacks at SNNP's new facility in Vietnam (it started operations in 4Q22) is on schedule. Under Phase 2, the company will partially relocate the production of Bento to Vietnam in 2Q23, which should result in a c.20% additional headroom to enhance capacity utilisation at SNNP's Thailand plants to serve the local market. It also plans to kick-off Jele beverage production in Vietnam in 3Q23. The latter country is set to be another key manufacturing base for SNNP, where existing demand remains strong. It should also support its long-term earnings growth prospects, in our view. SNNP targets THB1bn in sales in Vietnam this year, with the new factory's utilisation possibly enhanced to 70% in 2024 from growing demand there.

Uptrend in profit margins through effective strategies. We believe SNNP will attain higher profit margins this year. It may improve GPMs through: i) An improving sales mix with more high-margin premium and exclusive products being added, ii) possible easing in raw material cost hikes, and iii) the newly opened Vietnam plant, ie higher product GPMs than the Thailand facility, and lower logistics and maintenance costs.

We also expect SNNP to effectively control marketing and promotional spends to lower the opex-to-sales ratio.

Company Report Card

Latest results. SNNP posted THB516m in core profits in 2022 (+67% YoY) due mainly to strong sales and GPMs (which improved every quarter) and efficient opex controls. Topline rose 27% to a record THB5.56bn, driven by the easing COVID-19 situation and a recovery in economic activities that boosted demand for its products locally and overseas. GPM rose 0.9ppts to 27.3% on well-maintained cost management over new product launches and raw material cost fluctuations. The opex-to-sales ratio declined 1ppt to 16%. Smaller finance costs also boosted core profit margins, up 2.2ppts to 9.3%.

Balance sheet/cash flow. SNNP's total assets rose 22% to THB5.07bn in FY22 on higher trade receivables, inventory levels, and PPE. Total liabilities jumped 66% to THB1.76bn on higher trade payables and long-term loans. Its D/E ratio rose to 0.5x from the previous year's 0.3x. SNNP also turned from a net cash firm to having a net D/E of 0.1x.

ROE. ROE shrank to 16% in 2022 from 25% in 2021 due to a higher base of shareholders' equities post the IPO in the previous year. We expect ROEs to be wider this year following its NPM hikes.

Dividend. SNNP's dividend policy is to pay not less than 60% of net profit after tax and all types of reserves from the separated financial statements. It paid bi-annual DPS totalling THB0.41 for FY22 vs THB0.24 for FY21, which implies a yield of 1.7%. We expect yields to stay at around 2% over the next two years.

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

Investment Case

Earnings momentum set to rally. We are optimistic on SNNP's outlook, as its 2Q23F earnings may continue to grow YoY and QoQ to another record – the current high temperatures may also strongly support its beverage sales. More new product launches, easing raw material costs, and rising capacity utilisation at its Vietnam facility may drive topline and profit margins throughout the remaining quarters of 2023. Based on consensus, we assume FY23-24 core EPS of THB0.74 and THB0.90, providing superior growth of 38% and 21% this year and in 2024.

FV in the range of THB27-30 is derived from applying prospective 36-40x P/Es or 1-1.5SD to the Thai F&B sector's 3-year historical trading mean. SNNP is trading at 33x FY23F P/E and deserves its premium following the robust growth outlook.

Key downside risks include slower-than-expected consumption and tourism recoveries, increasing competition among snack and beverage players, delays in new product launches and capacity expansions, unsuccessful new products, and raw materials cost fluctuations.

Profit & Loss	Dec-20	Dec-21	Dec-22
Total turnover (THBm)	4,393	4,358	5,556
Reported net profit (THBm)	94	437	516
Recurring net profit (THBm)	94	308	516
Recurring net profit growth (%)	(10.4)	228.8	67.2
Recurring EPS (THB)	0.13	0.32	0.54
DPS (THB)	na	0.24	0.41
Dividend Yield (%)	na	1.0	1.7
Recurring P/E (x)	188.8	76.6	45.8
Return on average equity (%)	22.2	24.6	16.1
P/B (x)	38.5	7.6	7.1
P/CF (x)	35.5	51.7	58.5

Source: Company data, RHB

Balance Sheet (THBm)	Dec-20	Dec-21	Dec-22
Total current assets	1,625	1,702	2,402
Total assets	3,976	4,152	5,069
Total current liabilities	2,722	927	1,395
Total non-current liabilities	794	135	368
Total liabilities	3,516	1,062	1,763
Shareholder's equity	460	3,091	3,306
Minority interest	239	253	257
Other equity	115	253	256
Total liabilities & equity	3,976	4,152	5,069
Total debt	2,465	29	305
Net debt	2,292	(133)	172

Source: Company data, RHB

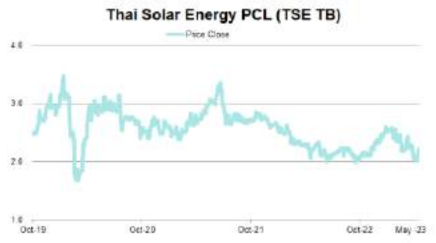
Cash Flow (THBm)	Dec-20	Dec-21	Dec-22
Cash flow from operations	498	457	403
Cash flow from investing activities	(66)	(120)	(385)
Cash flow from financing activities	(494)	(366)	(43)
Cash at beginning of period	232	173	162
Net change in cash	(62)	(28)	(25)
Ending balance cash	173	162	133

Source: Company data, RHB

Thai Solar Energy

Fair Value: THB3-3.10
Price: THB2.22

Start Huge Project, Win New Projects



Source: Bloomberg

Stock Profile

Bloomberg Ticker	TSE TB
Avg Turnover (THB/USD)	8.5m/0.3m
Net Gearing (%)	204
Market Cap (THBm)	4,701.3m
Beta (x)	1.06
BVPS (THB)	3.04
52-wk Price low/high (THB)	1.98 - 2.64
Free float (%)	45

Major Shareholders (%)

UBS AG Singapore	19.9
P.M. Energy Co	18.7

Share Performance (%)

	1m	3m	6m	12m
Absolute	(4.46)	(15.08)	0.94	3.88
Relative	(2.91)	(9.53)	4.92	6.43

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Investment Merits

- Large project in Japan to start operation
- Win bidding of new solar projects
- Under M&A to cater for future growth.

Company Profile

Thai Solar Energy (TSE) was established in 2008 by Thai nationals sharing a common goal of pushing the technological envelope for clean renewable energy and harnessing it for the benefit of the communities.

The company produces and distributes electricity from solar and other renewable energy sources. It has two types of power plants: solar photovoltaic (PV) and biomass. It is currently developing a solar floating system.

TSE is in collaboration with several world-renowned energy institutes and specialised energy companies to continuously develop its technology. It is committed to produce clean renewable energy to fulfil the growing demands in Thailand, Southeast Asia, and Japan. It generates and distributes renewable energy for its clients, ie the Provincial Electricity Authority and Metropolitan Electricity Authority in Thailand, and Hokuriku Electric Power, Tokyo Electric Power, and Tohoku Electric Power in Japan.

Highlights

Huge project in Japan to begin operation soon. TSE is currently constructing the Onikoube project – a large solar energy farm in Japan. The project is located in Miyagi, with an installation capacity of 147MW and purchasing contract of 133MW with feed-in tariff at THB10.60. As of 4Q22, the company has completed 97.6% of the project. It is expected to test and begin operations in 2Q23. The project would compensate for TSE's existing solar farm projects in Thailand (producing c.80MW), which is expected to post lower revenue from lower adders, which will gradually decrease 2023-24. Onikoube's opening is expected to increase TSE's profit from THB500m in 2021-2022 to more than THB890m in 2023 (+23% YoY). The company's electricity-producing capacity will increase from 121MW to 254MW. Solar energy production will remain TSE's main income source, with a lower technology investment cost. The main client of Onikoube project is Tohoku Electric Power, which provides electricity to the industrial and commercial areas in several cities in Honshu, Japan's largest and main island.

Won the bidding of 69.9MW renewable energy. TSE won bids for five solar energy projects totaling 69.9MW in the bidding process arranged by Thailand's Energy Regulatory Commission (ERC). This will increase c.27% additional capacity to the current existing projects, from 254MW to a 323.96MW total.

Acquire more projects in the region. TSE is currently negotiating to invest in several new solar farms, which are expected to begin producing c.50MW electricity in Thailand and 50-200MW abroad within the next 3-5 years.

Company Report Card

Results highlight section

TSE reported net profit of THB93m in 4Q22 (turn from loss to profit for YoY, -24% QoQ), in line with expectation. The company recorded revenue of THB317m (-0.6% YoY, -4.6% QoQ). It returned to profitability in 2022 due to better cost management last year following the abnormal high raw material cost for its biomass plant in 4Q21. The lower profit QoQ came from the winter quarter, normally the low season for solar farm plants. In 2022, net profit was THB724m (+47% YoY) – in line with expectation. The profit trend in 1Q23F is expected to remain c.THB110m. The company is likely to have lower profit YoY because of lower capacity due to divestment of a 13.5MW power plant in Hanamizuki, Japan in Mar 22. Profit is anticipated to increase QoQ as TSE has passed the maintenance period for its biomass plant.

Still room for investment position. TSE has a net debt/equity at 2x and debt covenant is at a net debt/equity of 3x. The company still has c.THB4bn available for investment. Hence, it does not need to seek capital for investing in the new 69.9MW capacity project.

Dividends. TSE has attractive dividend payment. From FY20-22, dividends per share ranged from THB0.04-0.08. The dividend yields range from 2% to 5%.

Management. Cathleen Maleenont is chairman and CEO of the company since 2014. Somphop Prompanapitak is COO, and plays a major role in managing existing projects and developing new schemes.

Investment Case

We like the stock for its cheap valuation. TSE is currently trading at core price earnings ratio of 5x – below its -1SD of 5 years historical mean. It is on schedule to pursue the Onikoube project as its growth story for the long term. The company's mergers and acquisitions, and new investment bids, would increase its capacity as well as the dividend yield of 4%. Its stock is cheap, currently trading at a low P/BV of 0.7x.

Key risks include demand from economic consumption, natural disasters ie storms, flooding, and snow that could affect the electric generator sites, and regulations in the electricity business.

Profit & Loss	Dec-20	Dec-21	Dec-22
Total turnover (THBm)	1,530	1,524	1,315
Reported net profit (THBm)	421	493	724
Recurring net profit (THBm)	519	561	511
Recurring net profit growth (%)	32%	55%	29%
Recurring EPS (THB)	0.20	0.23	0.34
DPS (THB)	0.08	0.08	0.04
Dividend Yield (%)	4%	3%	2%
Recurring P/E (x)	9.2	8.5	9.4
Return on average equity (%)	7%	8%	11%
P/B (x)	0.8	0.8	0.7
P/CF (x)	5.3	5.6	13.0

Source: Company data, RHB

Balance Sheet (THBm)	Dec-20	Dec-21	Dec-22
Total current assets	1,654	1,749	1,759
Total assets	19,177	19,706	20,510
Total current liabilities	3,051	3,406	2,651
Total non-current liabilities	10,207	9,951	11,416
Total liabilities	13,257	13,358	14,067
Shareholder's equity	5,919	6,285	6,443
Minority interest	2	-	-
Other equity	(218)	(174)	(755)
Total liabilities & equity	19,177	19,706	20,510
Total debt	12,755	12,671	13,511
Net debt	11,857	11,813	13,144

Source: Company data, RHB

Cash Flow (THBm)	Dec-20	Dec-21	Dec-22
Cash flow from operations	335	1,043	583
Cash flow from investing activities	(3,054)	(935)	(1,284)
Cash flow from financing activities	2,733	(211)	100
Cash at beginning of period	883	897	794
Net change in cash	14	(103)	(601)
Ending balance cash	897	794	193

Source: Company data, RHB

The Erawan Group

Turnaround Continues

Target price:	**THB5.85**
Price:	**THB4.86**

Source: Bloomberg

Stock Profile

Bloomberg Ticker	ERW TB
Avg Turnover (THB/USD)	65.6m/1.9m
Net Gearing (%)	155.8
Market Cap (THBm)	22,023.4m
Beta (x)	0.91
BVPS (THB)	1.26
52-wk Price low/high (THB)	3.34 – 5.30
Free float (%)	59

Major Shareholders (%)

Chodthanawat Co	16.7
Mid-Siam Capital Co	14.1
Mitr Phol Sugar Corp	5.7

Share Performance (%)

	1m	3m	6m	12m
Absolute	(4.03)	(0.83)	5.78	30.05
Relative	(2.48)	4.71	9.75	32.60

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Investment Merits

- Hotel operator and strong beneficiary of the tourism recovery
- A turnaround with 2023F core profit 6% above 2019 levels and EBITDA margin back to pre-pandemic levels.
- Expect earnings to still be profitable during this year's low season

Company Profile

The Erawan Group (ERW) invests and develops hotel properties that are strategically located to match travellers' varied demands. It owns 68 hotels with 8,717 keys nationwide and eight hotels with 1,471 keys in the Philippines as of end-2022. Key properties include the Grand Hyatt Erawan Bangkok, JW Marriott Bangkok, and Holiday Inn Pattaya, as well as a chain of Ibis and own-developed Hop Inn budget hotels.

Highlights

A strong outlook towards 2023. We see a number of supporting factors which might enable ERW's 2023 performance to exceed the pre-COVID-19 levels. The Southeast Asia market remains the key contributor to its business, while the reopening of China's economy should help boost its operations from 2Q23F. Its 1Q23 revenue per available rooms (RevPar) for Thailand hotels (ex-Hop Inn), which outpaced 2019's numbers by c.7% and led by the average daily rate (ADR) hikes, points to a continuously improving tourism demand. The group targets 2023 occupancy rate (OR) of 75-80%, ADR growth by over 20%, RevPar growth of over 40%, and total revenue growth of more than 45%.

Uptrend profit margins. We are positive to ERW's profit margin outlook based on: i) Hotels' operational economy-of-scale for both rooms and F&B; ii) Increasing staff productivity at optimised headcount levels, iii) A positive sentiment on lowering utility prices starting mid-2023, and iv) Pricing adjustments to mitigate the food cost hikes. We also see limited competition in 2023, as tourist arrivals' growth is outpacing the current expansion of new hotels (c.+2% pa). ERW does not have any new hotel openings in 2023, but 15 Hop Inn properties under development will be launched over 2024-25. Hence, we expect its EBITDA margin to exceed 2019's levels this year.

Still profitable in the low season. ERW may return to a typical low earnings season in 2Q23F. Its Pattaya and Phuket properties did very well during the Songkran holidays in mid-April (more than 90% OR), but tourists from its key source markets – Europe and the US – would mostly return home in 2Q-3Q. The ramping-up of China tourists' arrivals and pent-up demand from the domestic market would strongly support the company's OR, but ADR may decrease vs peak periods. As such, ERW should still be in the black in 2Q23, with a YoY earnings turnaround but a sharp QoQ decline.

Company Report Card

Latest results. ERW reported THB224m net loss in 2022 – much improved from 2021's THB2.02bn net loss – due mainly to rapid improvement in its hotel performance, led by the luxury segment, post-easing of COVID-19 restrictions for international arrivals. Revenue jumped 212% to THB4.63bn, driven by the group's surging OR to 63% (2021: 30%). The higher ADR (+61% YoY) led the RevPar to increase 244% YoY to THB926. The company recorded an improving GPM of 32% (vs 2021: -49%) and smaller opex-to-sales ratio of 29% (vs 2021: 62%).

Balance sheet/cashflow. The company's total assets fell 3% to THB21.71bn in FY22 because of the divestment of three hotels, while total liabilities also declined 3% to THB15.99bn. Still, its D/E ratio modestly increased to 2.8x in 2022 (from 2021's 2.7x), while the IBD/E ratio improved to 1.8x from 1.9x and was still below its debt covenant of 2.5x, following smaller long-term loans.

ROE. ERW's ROE was -4% in 2022, from -41% a year earlier, mainly due to the negative bottomline. Nonetheless, we expect to see ROE turning to +8% this year, in tandem with its FY23F earnings turnaround.

Dividend. The group's dividend policy is to pay 40% of the consolidated net profits after deductions of all categories of reserves. ERW refrained from paying dividends since the FY20 results, and omitted the dividend payment for FY22 due to operating loss. We expect it to pay dividends with c.1% yield this year.

Management. Youssef El Khomri was appointed the new president effective 1 Jan 2023. The experienced hotelier joined ERW in 2013 to manage hotel operations. He was previously with Accor Hotels, supervising properties owned by ERW. Petch Krainukul is the group's director and president of subsidiary Erawan Hop Inn – supporting ERW to achieve its long-term strategic plans for the budget hotels.

Investment Case

Profit turnaround in 2023. Thailand's full economic reopening and the Chinese tourist ramp-ups would be the group's key performance drivers this year. Improving operating leverage and a higher mix of foreign guests should enhance GPMs and lower the opex-to-sales ratio. Our estimate of THB489m earnings this year would overturn 2022's THB237 core losses and is 6% above the 2019 print. The EBITDA margin for the year may expand 6.8ppts to 30.1%, exceeding 2019's 29.9%. Core profit may continue increasing 45% YoY to THB708m in 2024.

Our TP of THB5.85 is derived from a DCF methodology, implying targeted 50x FY23 P/E and 40x FY24 P/E. We are still positive on ERW as a proxy to local hotel operators, and because of catalysts from its strong performance outlook and Thailand's tourism rebound.

Key downside risks include a weaker-than-expected tourism atmosphere and consumption, delays in opening of new hotel properties, rising competition and price pressure in particular hotel segments and locations, and unexpected incidents in Thailand and abroad, eg natural disasters and political unrest.

Profit & Loss	Dec-22	Dec-23F	Dec-24F
Total turnover (THBm)	4,629	6,462	7,511
Reported net profit (THBm)	(224)	489	708
Recurring net profit (THBm)	(237)	489	708
Recurring net profit grow th (%)	nm	nm	44.8
Recurring EPS (THB)	(0.05)	0.11	0.14
DPS (THB)	na	0.04	0.06
Dividend Yield (%)	na	0.9	1.2
Recurring P/E (x)	(93.1)	45.0	33.6
Return on average equity (%)	(3.8)	8.0	9.7
P/B (x)	3.8	3.4	2.9
P/CF (x)	9.7	15.9	14.3

Source: Company data, RHB

Balance Sheet (THBm)	Dec-22	Dec-23F	Dec-24F
Total current assets	2,026	2,457	2,674
Total assets	21,712	22,601	22,848
Total current liabilities	1,762	2,860	2,476
Total non-current liabilities	14,229	13,222	12,224
Total liabilities	15,990	16,082	14,700
Shareholder's equity	5,722	6,519	8,147
Minority interest	23	261	297
Other equity	1,782	1,782	1,782
Total liabilities & equity	21,712	22,601	22,848
Total debt	10,448	10,762	9,341
Net debt	8,916	8,926	7,342

Source: Company data, RHB

Cash Flow (THBm)	Dec-22	Dec-23F	Dec-24F
Cash flow from operations	2,275	1,388	1,661
Cash flow from investing activitie:	(713)	(1,400)	(1,000)
Cash flow from financing activitie	(1,273)	317	(500)
Cash at beginning of period	1,242	1,532	1,837
Net change in cash	290	305	162
Ending balance cash	1,532	1,837	1,998

Source: Company data, RHB

TMT Steel

Strike While The Iron Is Hot

Fair Value: THB8.75
Price: THB7.65

Source: Bloomberg

Stock Profile

Bloomberg Ticker	TMT TB
Avg Turnover (THB/USD)	2.50m/0.07m
Net Gearing (%)	153.62
Market Cap (THBm)	6,661.30m
Beta (x)	0.74
BVPS (THB)	3.73
52-wk Price low/high (THB)	6.95 – 9.95
Free float (%)	22.37

Major Shareholders (%)

Tarasansombat family	69.20

Share Performance (%)

	1m	3m	6m	12m
Absolute	(2.58)	(7.93)	1.34	(23.35)
Relative	(1.03)	(2.38)	5.31	(20.80)

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Investment Merits

- Proven record of gaining market share
- Opportunity from China's full economy reopening
- Consistent dividend return

Company Profile

TMT Steel (TMT) constantly focuses on two areas of development – innovating products using state-of-the-art technology and fostering quality people. These undertakings have enabled the company to become a leading steel distribution and service centre, especially for steel sheets for industrial use and structural steel for construction. Through its innovative products, TMT creates added value to customers with over 30 years of experience. It is regarded as one of Thailand's largest integrated steel-solution provider.

Highlights

Proven record of gaining market share. Demand for steel products, especially hot-rolled coil (HRC), has been noticeably declining since FY19. During FY15-18, demand for HRC in Thailand moved within the range of 3.9-4.6m tonnes per year. However, demand began to shrink to 3.5m tonnes in FY19 and then declined further to 2.8m tonnes in FY22. The major factors behind the drop were China's lockdown resulting in slower demand from its major client sectors like construction and automotive, and the sanctions on Russia that began affecting the steel market from early FY22 onwards. Within this period, TMT has gained higher market share from less than 24% before FY19 to more than 26% from FY19 onwards to mitigate the impact of the industry slowdown. This resulted in TMT's overall sales volume declining 0.8% YoY in FY22 while its HRC sales volume increased 2% YoY.

Opportunity from China's full economy reopening. Contrary to the lockdown, we expect China's economy reopening to provide stronger demand for steel products within this region. The demand should grow a conservative 5-10% YoY in FY23. The company's ability to command the market share will help maximise its revenue for an upcoming upturn period. Hence, we expect TMT's earnings to increase significantly in FY23 in terms of sale revenue growth and gross profit margin reversal from FY22's low-ebb level.

Consistent dividend return. Regardless of any situations, ie economic, industry, or political, TMT has never omitted dividend payments to investors since FY2005 when the company was listed in SET. This should be treated as the key feature specific to TMT that differentiates it from other steel sector stocks that are inconsistent in paying dividend regularly.

Company Report Card

Latest results. During the FY22 steel market volatility, especially amplified by sanctions on Russia, TMT's net profit declined 84% YoY to THB242m. We noted that the sanctions led to steel price declining significantly in late 2Q22 – caused by an excessive supply from Russia dumped into China's market. China's COVID-19 lockdown, especially in major cities, placed a heavy pressure on the country's real estate sector while the spike in global inflation situation limited new investments and therefore, demand for steel products. Although FY22 sale revenue rose 3%YoY in tandem with 3.7% increase in average product price, GPM plunged to 4.5% in FY22 (vs FY21:12.3%) due to an adverse decline in selling prices during 2Q22 and 3Q22. Higher fuel cost drove selling expenses 11.2% YoY while finance cost also increased 15% YoY.

Balance sheet/cash flow. To cope with slower business activities in FY22, there were 15-17% YoY declines in accounts receivable and inventory balance. This supported the operating cash flow at a solid THB1.73bn amid the steel market volatility. Conservatively, TMT invested regularly in FY22 without any major expansions to prioritise its financial liquidity position and support debt repayment. We observed that interest-bearing debt balance as at end-FY22 declined 9% YoY to THB5.1bn after the company paid off short-term loans partially to financial institutions. Hence, net debt-to-equity increased to 1.53x, due to a lower equity base after the dividend payment.

ROE declined from an abnormally high 41% in FY21 to 7.5% in FY22. Although the equity level at FY22-end dropped significantly due to the abundant dividend payment for FY21's solid performance, the impact of a plunge in FY22 performance was larger. In contrast, the situation reversal from FY23 onwards should trigger a strong ROE bounce.

Dividend. Based on its dividend policy of more than 50%, TMT has paid out dividend regularly since IPO inception in FY2005. The dividend was paid on an annual basis until FY20, with the company switching to semi-annual payments for the past two years. Usually, actual dividend payout exceeded 70%. Due to the abnormally low base of FY22 earnings, the ratio temporarily exceeded 100%. Hence, TMT's reputation for dividends is highly trusted and it can be treated as an attractive dividend stock.

Management. The Tarasansombat family founded TMT in 1974. Members of the family are still in the top management positions. Paisal Tarasansombat has been the CEO for the past 15 years while two other family members oversee human resources and operations.

Investment Case

FV of THB8.75. Although the overall industry has normally influenced TMT's earnings performance, the company has been widely known as one of the solid dividend stocks with a consistent record of paying out every year since its SET listing in 2005. For its FY23 performance, investors will benefit from earnings improvement and higher DPS. Based on FY23 earnings prospect, price-earnings (P/E) ratio should collapse from >20x level to its 5-year average of 12x. Our FV is based on 5-year average P/E.

Profit & Loss	Dec-20	Dec-21	Dec-22
Total turnover (THBm)	14,576	21,559	22,188
Reported net profit (THBm)	538	1,530	242
Recurring net profit (THBm)	538	1,530	242
Recurring net profit growth (%)	133.9	184.5	(84.2)
Recurring EPS (THB)	0.62	1.76	0.28
DPS (THB)	0.50	1.30	0.30
Dividend Yield (%)	6.5	17.0	3.9
Recurring P/E (x)	12.4	4.4	27.5
Return on average equity (%)	16.9	40.8	7.5
P/B (x)	2.1	1.8	2.0
P/CF (x)	40.5	(47.6)	3.9

Source: Company data, RHB

Balance Sheet (THBm)	Dec-20	Dec-21	Dec-22
Total current assets	5,789	6,870	5,726
Total assets	8,841	10,067	9,062
Total current liabilities	4,774	4,600	4,000
Total non-current liabilities	885	1,713	1,812
Total liabilities	5,659	6,313	5,812
Shareholder's equity	3,182	3,754	3,250
Minority interest	0	0	0
Other equity	0	0	0
Total liabilities & equity	8,841	10,067	9,062
Total debt	5,172	5,667	5,134
Net debt	4,041	5,546	4,993

Source: Company data, RHB

Cash Flow (THBm)	Dec-20	Dec-21	Dec-22
Cash flow from operations	165	(140)	1,728
Cash flow from investing activities	(189)	(404)	(373)
Cash flow from financing activities	898	(465)	(1,334)
Cash at beginning of period	257	1,131	121
Net change in cash	874	(1,009)	20
Ending balance cash	1,131	121	141

Source: Company data, RHB

Fair Value: THB11.50
Price: THB9.90

Warrix Sport

Sports Warrior Ready To Conquer

Source: Bloomberg

Stock Profile

Bloomberg Ticker	WARRIX TB
Avg Turnover (THB/USD)	134.59m/4.00m
Net Gearing (%)	Net cash
Market Cap (THBm)	5,940m
Beta (x)	0.30
BVPS (THB)	2.40
52-wk Price low/high (THB)	6.05. – 11.70
Free float (%)	45.78

Major Shareholders (%)

Wisan Wanasaksrisakul	53.53

Share Performance (%)

	1m	3m	6m	12m
Absolute	(8.72)	0.51	N/A	N/A
Relative	(7.16)	6.05	N/A	N/A

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Investment Merits

- Organic growth from the economic resumption
- Inorganic growth supported by the IPO
- Growth stock

Company Profile

Warrix Sport sells and distributes sports clothing and equipment in Thailand under the Warrix brand. The company has long-time experience and expertise in developing innovative fibres and fabrics that are of the same quality as world-class brands. These are based on a fully integrated sports concept, ie health & lifestyle. In addition, WARRIX has been granted the rights to manufacture shirts for Thailand's national football team for a 12-year period. Its business has expanded into sports-related health services, which include the Warrix Physiotherapy & Performance Studio at Bangkok's Stadium One.

Highlights

Organic growth from the economic resumption. The sporting activities trend has been the prime factor for WARRIX's performance. While the pandemic lockdowns provided a cap on revenue growth during FY20-21, the country's economic re-opening has proven to be a boost for topline growth – FY22 core revenue growth strengthened (+64% YoY) vs the absence of growth during the COVID-19 period. As the Warrix brand is well-known within the local market, we expect the company to ride on this growth opportunity via its marketing tools to access health-conscious market segment – these including sports activities, active lifestyles, adventure, and the physiotherapy & performance studio, as well as the metaverse sandbox, which connects sports and entertainment. We expect full-year organic growth to strengthen in 2H23 due to the normally high seasonal period.

Inorganic growth supported by the IPO. After its Dec 2022 IPO, WARRIX transformed into an abundant net cash company with strong power in terms of being able to expand into new businesses regionally. In Thailand, the company has invested in new businesses related to therapy. Regionally, WARRIX acquired Singaporean sportswear merchandiser Premier Football, which has more than 17 years of experience in this market and has a flagship retail store at Suntec City.

Growth stock. We expect WARRIX to be one of major distributors of sports uniforms – especially with regards to football teams – to capture the growth from organic and major expansions. Within FY22, the organic growth of its original business is working well and its earnings performance growth is noticeable. From FY23, we think expansion growth will start to materialise and replicate on a long-term basis.

Company Report Card

Latest results. WARRIX showed a solid FY22 earnings growth performance (+803% YoY). FY22 core revenue from sales & services grew a strong 64% YoY to THB1.06bn on the resumption of post-pandemic sporting activities – this drove demand for sporting uniforms from public authorities and the private sector. The non-licensed products category, which represents more than 80% of overall core revenue, grew a strong 64% YoY in terms of revenue – especially from classic style products. This was coincident with WARRIX's aim to focus on the non-licensed category after penetrating the clients segment within the licensed products market. Nevertheless, core revenue from the latter also grew, with the bulk of sales revenue from football – especially when major football tournaments are held in Thailand. SG&A expenses were also major factors – they declined from 30.5% of total revenue in FY21 to 23.7% in FY22. This was as WARRIX was able to manage several expenses – especially sales promotions and sponsorships – more efficiently after sporting activities gradually normalised.

Balance sheet/cash flow. As a distributor, inventory and accounts receivables (A/R) dominate WARRIX's overall asset base. This is as its finished goods must be maintained at adequate levels to meet demand, especially during the international football tournaments (normally during the final quarters of such events) while A/R term credit must be provided to its main distribution channels – this includes shopping malls, convenience stores, and agents. Note: Inventory accounted for 24% of total assets as of end FY22. After IPO in Dec 2022, WARRIX's short-term debt position was wiped clear, though it still uses long-term debt as a major financing source. Post the IPO, WARRIX moved into a net cash position. FY22 operating cash flow was also enlarged by a higher earnings performance, although net working capital was at a larger deficit – in tandem with its elevated sales revenue. Within FY22, WARRIX has invested intensively in establishing another new flagship store outlet, as well as for the Warrix Run Hub project.

ROE increased to 8.9% in FY22 from 8.1% in FY21 – mainly on a strong jump in earnings performances that was driven by solid core revenue growth without sacrificing GPMs – although a new equity base was raised in late FY22. FY23 ROE should benefit from WARRIX's stronger revenue performance and the sharp decline in finance costs after cash raised from the IPO was mainly used to pay off short-term loans and for new project expansions.

Dividend. Based on its more than 40% dividend policy, WARRIX's first dividend payment since the IPO for the FY22 earnings performance implies a payout ratio of 90% on a fully diluted EPS basis (53% on a weighted average EPS basis). For the first full year after the IPO, we expect the company to strictly stick with a more than 50% dividend payout ratio for FY23's earnings performance, which will result in a THB0.16 per share dividend for this year. Dividend yields within the 1-2% pa range may be unattractive in the meantime.

Management. Company founder Wisan Wanasaksrisakul also acts as CEO. He has 10 years of experience within this business, starting with licensed uniforms for Thailand's national football team before expanding into licensed uniforms for domestic league clubs.

Investment Case

FV of THB11.50. We regard WARRIX as a growth stock with mixed characteristics of fashion products and commerce. Based on a 33x average P/E for the commerce sector, FV is derived at THB11.50.

Profit & Loss	Dec-20	Dec-21	Dec-22
Total turnover (THBm)	655	648	1,063
Reported net profit (THBm)	13	14	128
Recurring net profit (THBm)	13	14	128
Recurring net profit growth (%)	(1.9)	11.7	802.6
Recurring EPS (THB)	0.06	0.07	0.21
DPS (THB)	NM	NM	0.19
Dividend Yield (%)	NM	NM	1.9
Recurring P/E (x)	155.4	139.1	46.2
Return on average equity (%)	7.8	8.1	8.9
P/B (x)	12.1	11.3	4.1
P/CF (x)	24.9	141.2	120.3

Source: Company data, RHB

Balance Sheet (THBm)	Dec-20	Dec-21	Dec-22
Total current assets	452	516	1,369
Total assets	727	747	1,879
Total current liabilities	525	549	370
Total non-current liabilities	40	22	68
Total liabilities	564	571	438
Shareholder's equity	163	175	1,440
Minority interest	0	0	0
Other equity	0	(0)	0
Total liabilities & equity	727	747	1,879
Total debt	372	43	76
Net debt	351	1	(486)

Source: Company data, RHB

Cash Flow (THBm)	Dec-20	Dec-21	Dec-22
Cash flow from operations	80	14	49
Cash flow from investing activities	(40)	1	(256)
Cash flow from financing activities	(53)	6	726
Cash at beginning of period	35	21	43
Net change in cash	(14)	22	519
Ending balance cash	21	43	562

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

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