

KERRY EXPRESS (THAILAND)

THAILAND / TRANSPORT & LOGISTICS

KEX TB

REDUCE

UNCHANGED

ตัวเลขขาดทุนพุ่งทำสถิติสูงสุดเป็นประวัติการณ์

- KEX ขาดทุนเพิ่มขึ้น 4Q22 โดยพุ่งทำสถิติสูงสุดเป็นประวัติการณ์ที่ 932 ลบ.
- ปรับประมาณการกำไรปี 2023 จากที่เคยคาดว่าจะมีกำไร 275 ลบ. เป็นขาดทุน 1.2 พัน ลบ.
- คงคำแนะนำ REDUCE ที่ราคาเป้าหมายใหม่ที่ 13.5 บาท เราจะรอดูว่าความพยายามในการลดต้นทุนของผู้บริหารในช่วง 1H23 จะสามารถพลิกกระแสการขาดทุนได้หรือไม่

| | |
|-----------------|----------|
| TARGET PRICE | THB13.50 |
| CLOSE | THB15.50 |
| UP/DOWNSIDE | -12.9% |
| PRIOR TP | THB16.00 |
| CHANGE IN TP | -15.6% |
| TP vs CONSENSUS | -19.1% |

ผลประกอบการ 4Q22 ออกมาหน้าผิดหวัง

KEX รายงานผลขาดทุนที่สูงกว่าคาดใน 4Q22 โดยอยู่ที่ 932 ลบ. เพิ่มขึ้นจากที่เคยขาดทุน 675 ลบ. ใน 3Q22 ผลขาดทุนดังกล่าวสูงกว่าที่ตลาดคาดไว้ที่ 572 ลบ. และประมาณการของเราที่ 467 ลบ. แม้ว่าผลประกอบการจะค่อย ๆ ดีขึ้นใน 3Q22 บริษัทฯ กลับขาดทุนเป็นจำนวนมากใน 4Q22 โดยรายได้ลดลงเล็กน้อย (-3% q-q) มาอยู่ที่ 4.1 พัน ลบ. จากปริมาณพัสดุที่ทรงตัวเนื่องจากรายได้ต่อชิ้นยังลดลงต่อเนื่อง นอกจากนี้ค่าใช้จ่ายการขายและการบริหาร (SG&A) ยังพุ่งทำสถิติสูงสุดใหม่ (+45% q-q, +75% y-y) ที่ 655 ลบ. จากการลดจำนวนบุคลากร 20% ใน 4Q22 ซึ่งทำให้เกิดค่าใช้จ่ายพิเศษ หมายเหตุบริษัทฯ คาดไว้ว่า SG&A ปกติใน 4Q22 น่าจะลดลงจากไตรมาสก่อนหน้าเล็กน้อย

ยังมีหวังในปี 2023

KEX ได้เลื่อนเป้าหมายในการเข้าสู่กลุ่มทุนออกไปอีกเป็นภายใน 3Q23 หลังเคยตั้งเป้าไว้ในช่วง 1H23 บริษัทฯ หวังว่าระบบจัดการพัสดุอัตโนมัติที่วางแผนติดตั้งในช่วง 1H23 จะช่วยลดต้นทุนได้อย่างมีนัยสำคัญและการลดจำนวนพนักงาน 20% ใน 4Q22 น่าจะช่วยปรับปรุงผลประกอบการทางการเงินได้ตั้งแต่ 1Q23 ในขณะที่ผู้บริหารคาดว่าปริมาณการส่งพัสดุในปี 2023 จะทรงตัว บริษัทฯ คาดว่ารายได้ต่อชิ้นจะไม่ลดลงอีก กล่าวโดยสรุปกลยุทธ์สำคัญของ บริษัทฯ ในปีนี้จะอยู่ที่การลดต้นทุน

ปรับประมาณการกำไรปี 2023

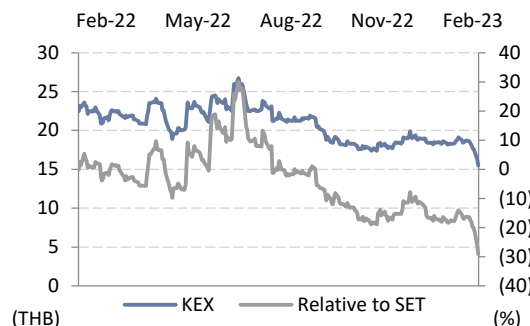
จากแนวโน้มเชิงลบ เราปรับตัวเลขผลประกอบการของปีนี้จากที่เคยคาดว่าจะมีกำไร 275 ลบ. เป็นขาดทุน 1.2 พัน ลบ. เราคาดว่าบริษัทฯ จะขาดทุนอย่างมีนัยสำคัญต่อเนื่องในช่วง 1H23 ก่อนค่อย ๆ ปรับตัวดีขึ้นในช่วง 2H23 เราคงมุมมองของเราที่ว่า KEX น่าจะถึงจุดคุ้มทุนใน 4Q23 ซึ่งช้ากว่าเป้าหมายการของบริษัทฯ

คงแนะนำ REDUCE ที่ราคาเป้าหมายใหม่ที่ 13.5 บาท

บริษัทฯ มีแนวโน้มที่ไม่สดใสนับตั้งแต่ขาดทุนเป็นจำนวนมากเป็นครั้งแรกใน 4Q21 และยังไม่สามารถปรับปรุงให้ดีขึ้นอย่างมีนัยสำคัญได้นับตั้งแต่ต้น เรามีความสงสัยว่าระบบอัตโนมัติจะสามารถลดต้นทุนการดำเนินงานได้กว่า 1 พัน ลบ. ต่อปีในขณะที่การส่งพัสดุมีแนวโน้มการเติบโตจำกัด ด้วยเหตุดังกล่าวเราคงแนะนำ REDUCE ที่ราคาเป้าหมายใหม่ที่ 13.5 บาท (DCF) เราเห็นว่านักลงทุนไม่ควรรับลงทุนใน KEX เนื่องจากแนวโน้มยังไม่ชัดเจน

KEY STOCK DATA

| YE Dec (THB m) | 2022 | 2023E | 2024E | 2025E |
|----------------------|---------|---------|--------|--------|
| Revenue | 17,003 | 17,821 | 19,068 | 20,403 |
| Net profit | (2,830) | (1,249) | 709 | 841 |
| EPS (THB) | (1.62) | (0.72) | 0.41 | 0.48 |
| vs Consensus (%) | - | nm | nm | 128.6 |
| EBITDA | (1,074) | 4 | 2,261 | 2,269 |
| Core net profit | (2,830) | (1,249) | 709 | 841 |
| Core EPS (THB) | (1.62) | (0.72) | 0.41 | 0.48 |
| Chg. In EPS est. (%) | nm | nm | (3.5) | nm |
| EPS growth (%) | nm | nm | nm | 18.7 |
| Core P/E (x) | (9.5) | (21.6) | 38.1 | 32.1 |
| Dividend yield (%) | - | - | 1.0 | 1.2 |
| EV/EBITDA (x) | (23.0) | 7,010.4 | 11.1 | 10.8 |
| Price/book (x) | 4.2 | 5.2 | 4.8 | 4.4 |
| Net debt/Equity (%) | (35.9) | (28.0) | (34.9) | (42.2) |
| ROE (%) | (35.8) | (21.3) | 13.0 | 14.3 |



| Share price performance | 1 Month | 3 Month | 12 Month |
|--------------------------------|--------------------------------|---------|-------------|
| Absolute (%) | (16.7) | (10.9) | (34.6) |
| Relative to country (%) | (15.2) | (12.5) | (33.3) |
| Mkt cap (USD m) | | | 799 |
| 3m avg. daily turnover (USD m) | | | 1.7 |
| Free float (%) | | | 27 |
| Major shareholder | KLN Logistics (Thailand) (52%) | | |
| 12m high/low (THB) | | | 27.25/15.40 |
| Issued shares (m) | | | 1,742.58 |

Sources: Bloomberg consensus; FSSIA estimates



Naruedom Mujjalinkool

naruedom.muj@fssia.com

+66 2611 3566

PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 15 กุมภาพันธ์ 2023

Investment thesis

Kerry Express is the second biggest parcel delivery company in Thailand with over 30% of the market share.

According to research & consulting firm Frost & Sullivan, e-commerce in Thailand is projected to grow at a 26.7% CAGR from 2019-24. Growth in e-commerce would boost the demand for parcel delivery services, directly benefitting KEX.

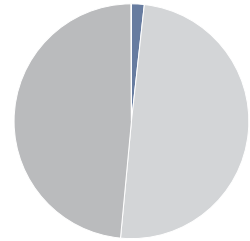
Company profile

KEX provides a one-stop express delivery service to a comprehensive range of customers in Thailand. This includes goods ordered via e-commerce and from online merchants, and C2C parcel and document deliveries, with cash-on-delivery also provided.

<https://th.kerryexpress.com/th/home>

Principal activities (revenue, 2022)

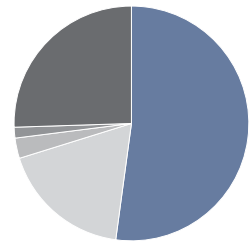
- B2B - 1.8 %
- B2C - 49.7 %
- C2C - 48.5 %
- Advertising - 0.0 %



Source: Kerry Express (Thailand)

Major shareholders

- KLN Logistics (Thailand) - 52.1 %
- VGI - 18.1 %
- Gulf Holding (Thailand) - 2.8 %
- Thai NVDR - 1.5 %
- Others - 25.5 %



Source: Kerry Express (Thailand)

Catalysts

- Aggressive price war strategy could hurt the company's earnings in the short term;
- The higher fuel price could be the key pressure on KEX's costs.

Risks to our call

The key upside risks to our DCF-based TP are 1) if the competition is lower than our expectation; and 2) if the Covid-19 situation is under control.

Event calendar

| Date | Event |
|--------|---------------------------|
| May-23 | 1Q23 results announcement |

Key assumptions

| | 2020 | 2021 | 2022 | 2023E | 2024E |
|-----------------------------------|------------|------------|------------|------------|------------|
| Total parcels delivered (m units) | 294 | 382 | 451 | 460 | 492 |
| Revenue per parcel (THB) | 64 | 49 | 40 | 39 | 39 |
| Growth | (%) | (%) | (%) | (%) | (%) |
| Total parcels delivered | 7 | 30 | 18 | 2 | 7 |
| Revenue per parcel | (10) | (24) | (18) | (4) | (0) |

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in total parcels delivered, we project 2023 earnings to rise by 0.5%, and vice versa, all else being equal.
- For every 1% increase in price per parcel, we project 2023 earnings to rise by 1.1%, and vice versa, all else being equal.

Source: FSSIA estimates

Exhibit 1: 4Q22 results review

| | 4Q21 | 3Q22 | 4Q22 | Change | | 2021 | 2022 | Change |
|-----------------------------|--------------|--------------|----------------|------------|-------------|---------------|----------------|--------------|
| | (THB m) | (THB m) | (THB m) | (q-q%) | (y-y%) | (THB m) | (THB m) | (y-y%) |
| Revenue | 4,699 | 4,219 | 4,085 | (3) | (13) | 18,818 | 17,003 | (10) |
| Operating costs | (5,117) | (4,666) | (4,606) | (1) | (10) | (17,479) | (18,685) | 7 |
| Gross profit | (418) | (447) | (520) | 16 | 24 | 1,339 | (1,682) | n/a |
| SG&A expenses | (375) | (452) | (655) | 45 | 75 | (1,380) | (1,996) | 45 |
| EBIT | (793) | (899) | (1,176) | 31 | 48 | (40) | (3,678) | 9,016 |
| Depreciation & amortisation | 640 | 610 | 589 | (3) | (8) | 2,342 | 2,463 | 5 |
| EBITDA | (153) | (289) | (586) | 103 | 284 | 2,302 | (1,216) | n/a |
| EBITDA margin (%) | (3.3) | (6.9) | (14.4) | nm | nm | 12.2 | (7.1) | nm |
| Interest expense | (22) | (18) | (17) | (6) | (22) | (97) | (73) | (24) |
| Other income | 42 | 60 | 3 | (95) | (93) | 154 | 142 | (8) |
| Pretax profit | (772) | (858) | (1,190) | 39 | 54 | 17 | (3,610) | n/a |
| Tax | 166 | 178 | 252 | 42 | 52 | 28 | 760 | 2,631 |
| Tax rate (%) | (21.5) | (20.7) | (21.2) | nm | nm | 163 | (21) | nm |
| MI | 0 | (5) | (6) | 17 | n/a | (2) | (20) | nm |
| Net profit | (606) | (675) | (932) | 38 | 54 | 47 | (2,830) | n/a |
| Core net profit | (606) | (675) | (932) | 38 | 54 | 47 | (2,830) | n/a |
| EPS (THB) | (0.35) | (0.39) | (0.53) | 38 | 54 | 0.03 | (1.62) | n/a |
| Core EPS (THB) | (0.35) | (0.39) | (0.53) | 38 | 54 | 0.03 | (1.62) | n/a |

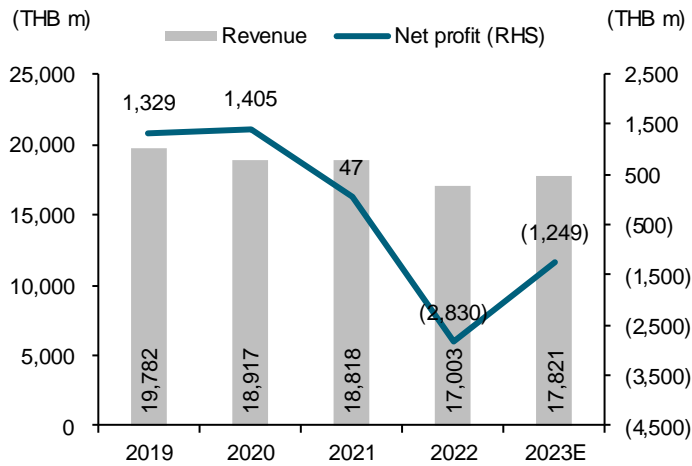
Sources: KEX; FSSIA estimates

Exhibit 2: Key assumption changes

| | Current | | Previous | | Change | |
|-----------------------------------|------------|------------|------------|------------|--------------|------------|
| | 2023E | 2024E | 2023E | 2024E | 2023E | 2024E |
| | (THB m) | (THB m) | (THB m) | (THB m) | (%) | (%) |
| Revenue per parcel (THB) | 39 | 39 | 39 | 39 | (0.8) | (0.8) |
| Total parcels delivered (m units) | 460 | 492 | 479 | 522 | (4.0) | (5.7) |
| Revenue | 17,821 | 19,068 | 18,534 | 20,202 | (3.8) | (5.6) |
| Gross profit | (178) | 2,098 | 1,575 | 2,222 | (111.3) | (5.6) |
| EBIT | (1,511) | 936 | 421 | 992 | (459.0) | (5.6) |
| Net profit | (1,249) | 709 | 275 | 735 | (554.0) | (3.5) |
| Margin | (%) | (%) | (%) | (%) | (ppt) | (%) |
| Gross profit margin | (1.0) | 11.0 | 8.5 | 11.0 | (9.5) | 0.0 |
| Net profit margin | (7.0) | 3.7 | 1.5 | 3.6 | (8.5) | 0.1 |

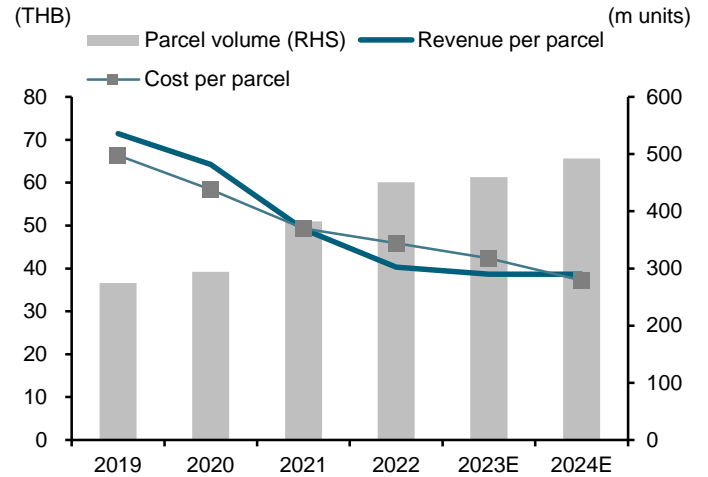
Source: FSSIA estimates

Exhibit 3: KEX's revenue and net profit (loss)



Sources: KEX; FSSIA estimates

Exhibit 4: Parcel volume and revenue vs cost per parcel



Sources: KEX; FSSIA estimates

Exhibit 5: DCF valuation

| | (THB m) | 2023E (THB m) | 2024E (THB m) | 2025E (THB m) | 2026E (THB m) | 2027E (THB m) | 2028E (THB m) | 2029E (THB m) |
|-----------------------------------|--------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| EBITDA | | 4 | 2,261 | 2,269 | 2,277 | 2,401 | 2,468 | 2,546 |
| (less) tax on EBIT | | 316 | (174) | (208) | (236) | (283) | (311) | (343) |
| (less) capex & investments | | (820) | (820) | (620) | (620) | (620) | (620) | (620) |
| decrease in working cap | | (99) | 217 | 112 | (52) | 38 | 31 | 3 |
| Free Cash Flow | | (599) | 1,683 | 1,553 | 1,369 | 1,535 | 1,568 | 1,587 |
| WACC (%) (unchanged) | 8.4 | | | | | | | |
| Terminal growth (%) (from 2.5) | 2.0 | | | | | | | |
| PV of FCF | | (599) | 1,553 | 1,321 | 1,075 | 1,112 | 1,048 | 978 |
| Enterprise value | 22,074 | | | | | | | |
| Debt+cash | 1,466 | | | | | | | |
| Equity value | 23,541 | | | | | | | |
| No. of shares (m) | 1,743 | | | | | | | |
| Equity value / share (THB) | 13.50 | | | | | | | |

Sources: KEX; FSSIA estimates

Financial Statements

Kerry Express (Thailand)

| Profit and Loss (THB m) Year Ending Dec | 2021 | 2022 | 2023E | 2024E | 2025E |
|---|--------------|----------------|----------------|--------------|--------------|
| Revenue | 18,818 | 17,003 | 17,821 | 19,068 | 20,403 |
| Cost of goods sold | (15,136) | (16,222) | (16,484) | (15,646) | (16,930) |
| Gross profit | 3,681 | 781 | 1,337 | 3,422 | 3,473 |
| Other operating income | 154 | 142 | 146 | 160 | 175 |
| Operating costs | (1,380) | (1,996) | (1,479) | (1,321) | (1,379) |
| Operating EBITDA | 2,456 | (1,074) | 4 | 2,261 | 2,269 |
| Depreciation | (2,342) | (2,463) | (1,515) | (1,324) | (1,167) |
| Goodwill amortisation | 0 | 0 | 0 | 0 | - |
| Operating EBIT | 114 | (3,536) | (1,511) | 936 | 1,102 |
| Net financing costs | (97) | (73) | (70) | (66) | (63) |
| Associates | 0 | 0 | 0 | 0 | 0 |
| Recurring non-operating income | 0 | 0 | 0 | 0 | 0 |
| Non-recurring items | 0 | 0 | 0 | 0 | 0 |
| Profit before tax | 17 | (3,610) | (1,581) | 870 | 1,039 |
| Tax | 28 | 760 | 316 | (174) | (208) |
| Profit after tax | 45 | (2,850) | (1,265) | 696 | 831 |
| Minority interests | 2 | 20 | 16 | 13 | 10 |
| Preferred dividends | 0 | 0 | 0 | 0 | 0 |
| Other items | 0 | 0 | 0 | 0 | 0 |
| Reported net profit | 47 | (2,830) | (1,249) | 709 | 841 |
| Non-recurring items & goodwill (net) | 0 | 0 | 0 | 0 | 0 |
| Recurring net profit | 47 | (2,830) | (1,249) | 709 | 841 |
| Per share (THB) | | | | | |
| Recurring EPS * | 0.03 | (1.62) | (0.72) | 0.41 | 0.48 |
| Reported EPS | 0.03 | (1.62) | (0.72) | 0.41 | 0.48 |
| DPS | 0.74 | 0.00 | 0.00 | 0.16 | 0.19 |
| Diluted shares (used to calculate per share data) | 1,740 | 1,743 | 1,743 | 1,743 | 1,743 |
| Growth | | | | | |
| Revenue (%) | (0.5) | (9.6) | 4.8 | 7.0 | 7.0 |
| Operating EBITDA (%) | (41.5) | nm | nm | 61,940.4 | 0.4 |
| Operating EBIT (%) | (93.8) | nm | nm | nm | 17.7 |
| Recurring EPS (%) | (96.7) | nm | nm | nm | 18.7 |
| Reported EPS (%) | (96.7) | nm | nm | nm | 18.7 |
| Operating performance | | | | | |
| Gross margin inc. depreciation (%) | 7.1 | (9.9) | (1.0) | 11.0 | 11.3 |
| Gross margin of key business (%) | 7.1 | (9.9) | (1.0) | 11.0 | 11.3 |
| Operating EBITDA margin (%) | 13.1 | (6.3) | 0.0 | 11.9 | 11.1 |
| Operating EBIT margin (%) | 0.6 | (20.8) | (8.5) | 4.9 | 5.4 |
| Net margin (%) | 0.2 | (16.6) | (7.0) | 3.7 | 4.1 |
| Effective tax rate (%) | -162.6 | 21.0 | 20.0 | 20.0 | 20.0 |
| Dividend payout on recurring profit (%) | 2,755.5 | - | - | 40.0 | 40.0 |
| Interest cover (X) | 1.2 | (48.3) | (21.7) | 14.2 | 17.5 |
| Inventory days | 3.1 | 3.4 | 2.8 | 3.1 | 2.9 |
| Debtor days | 29.9 | 37.2 | 35.5 | 32.8 | 34.2 |
| Creditor days | 40.1 | 44.1 | 41.6 | 42.1 | 39.6 |
| Operating ROIC (%) | (14.7) | 548.5 | (2,959.7) | (3,122.7) | (1,221.0) |
| ROIC (%) | 1.5 | (47.8) | (23.8) | 15.9 | (4.9) |
| ROE (%) | 0.5 | (35.8) | (21.3) | 13.0 | 14.3 |
| ROA (%) | 0.7 | (19.2) | (10.8) | 7.2 | 7.7 |
| * Pre-exceptional, pre-goodwill and fully diluted | | | | | |
| Revenue by Division (THB m) | | | | | |
| B2B | 361 | 298 | 312 | 333 | 357 |
| B2C | 8,524 | 8,456 | 8,847 | 9,466 | 10,129 |
| C2C | 9,892 | 8,241 | 8,622 | 9,226 | 9,871 |
| Advertising | 42 | 8 | 40 | 43 | 46 |

Sources: Kerry Express (Thailand); FSSIA estimates

Financial Statements

Kerry Express (Thailand)

| Cash Flow (THB m) Year Ending Dec | 2021 | 2022 | 2023E | 2024E | 2025E |
|-----------------------------------|----------------|----------------|--------------|--------------|--------------|
| Recurring net profit | 47 | (2,830) | (1,249) | 709 | 841 |
| Depreciation | 2,342 | 2,463 | 1,515 | 1,324 | 1,167 |
| Associates & minorities | - | - | - | - | - |
| Other non-cash items | (187) | (773) | (16) | (13) | (10) |
| Change in working capital | 120 | (142) | 46 | (275) | (162) |
| Cash flow from operations | 2,322 | (1,282) | 296 | 1,746 | 1,836 |
| Capex - maintenance | (195) | (268) | (328) | (248) | (248) |
| Capex - new investment | (293) | (403) | (492) | (372) | (372) |
| Net acquisitions & disposals | 3 | 0 | 0 | 0 | 0 |
| Other investments (net) | (6,092) | 5,206 | 0 | 0 | 0 |
| Cash flow from investing | (6,577) | 4,535 | (820) | (620) | (620) |
| Dividends paid | (1,676) | 0 | 0 | (284) | (337) |
| Equity finance | 72 | 0 | 0 | 0 | 0 |
| Debt finance | (800) | (2,378) | 0 | 0 | 0 |
| Other financing cash flows | (1,750) | 0 | (342) | (336) | (259) |
| Cash flow from financing | (4,153) | (2,378) | (342) | (620) | (596) |
| Non-recurring cash flows | - | - | - | - | - |
| Other adjustments | 3,984 | 0 | 0 | 0 | 0 |
| Net other adjustments | 3,984 | (3,815) | 0 | 0 | 0 |
| Movement in cash | (4,424) | (2,940) | (866) | 506 | 621 |
| Free cash flow to firm (FCFF) | (4,157.61) | 3,325.28 | (454.50) | 1,191.90 | 1,279.22 |
| Free cash flow to equity (FCFE) | (2,821.00) | (2,940.43) | (865.82) | 789.53 | 957.49 |

Per share (THB)

| | | | | | |
|-------------------------------|--------|--------|--------|------|------|
| FCFF per share | (2.39) | 1.91 | (0.26) | 0.68 | 0.73 |
| FCFE per share | (1.62) | (1.69) | (0.50) | 0.45 | 0.55 |
| Recurring cash flow per share | 1.27 | (0.65) | 0.14 | 1.16 | 1.15 |

| Balance Sheet (THB m) Year Ending Dec | 2021 | 2022 | 2023E | 2024E | 2025E |
|---|---------------|---------------|---------------|---------------|---------------|
| Tangible fixed assets (gross) | 4,733 | 5,844 | 6,244 | 6,544 | 6,844 |
| Less: Accumulated depreciation | (2,489) | (3,354) | (4,071) | (4,709) | (5,277) |
| Tangible fixed assets (net) | 2,244 | 2,490 | 2,173 | 1,835 | 1,567 |
| Intangible fixed assets (net) | 5,091 | 3,116 | 2,738 | 2,372 | 2,092 |
| Long-term financial assets | 2,022 | 631 | 631 | 631 | 631 |
| Invest. in associates & subsidiaries | 0 | 0 | 0 | 0 | 0 |
| Cash & equivalents | 5,272 | 2,332 | 1,466 | 1,972 | 2,593 |
| A/C receivable | 1,613 | 1,852 | 1,617 | 1,814 | 2,005 |
| Inventories | 176 | 123 | 130 | 135 | 132 |
| Other current assets | 64 | 100 | 105 | 111 | 116 |
| Current assets | 7,125 | 4,408 | 3,318 | 4,032 | 4,846 |
| Other assets | 562 | 1,448 | 1,521 | 1,597 | 1,676 |
| Total assets | 17,046 | 12,093 | 10,381 | 10,466 | 10,813 |
| Common equity | 9,317 | 6,498 | 5,233 | 5,646 | 6,140 |
| Minorities etc. | 0 | 0 | 0 | 0 | 0 |
| Total shareholders' equity | 9,317 | 6,498 | 5,233 | 5,646 | 6,140 |
| Long term debt | 0 | 0 | 0 | 0 | 0 |
| Other long-term liabilities | 2,451 | 1,178 | 1,055 | 946 | 870 |
| Long-term liabilities | 2,451 | 1,178 | 1,055 | 946 | 870 |
| A/C payable | 2,701 | 2,510 | 2,397 | 2,400 | 2,494 |
| Short term debt | 0 | 0 | 0 | 0 | 0 |
| Other current liabilities | 2,577 | 1,907 | 1,696 | 1,475 | 1,309 |
| Current liabilities | 5,278 | 4,417 | 4,093 | 3,875 | 3,803 |
| Total liabilities and shareholders' equity | 17,046 | 12,093 | 10,381 | 10,466 | 10,813 |
| Net working capital | (3,425) | (2,341) | (2,241) | (1,815) | (1,550) |
| Invested capital | 6,495 | 5,344 | 4,822 | 4,619 | 4,417 |

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

Per share (THB)

| | | | | | |
|-------------------------------|------|------|------|------|------|
| Book value per share | 5.35 | 3.73 | 3.00 | 3.24 | 3.52 |
| Tangible book value per share | 2.43 | 1.94 | 1.43 | 1.88 | 2.32 |

Financial strength

| | | | | | |
|---------------------------|--------|--------|--------|--------|--------|
| Net debt/equity (%) | (56.6) | (35.9) | (28.0) | (34.9) | (42.2) |
| Net debt/total assets (%) | (30.9) | (19.3) | (14.1) | (18.8) | (24.0) |
| Current ratio (x) | 1.4 | 1.0 | 0.8 | 1.0 | 1.3 |
| CF interest cover (x) | (25.1) | (33.6) | (4.4) | 18.6 | 22.2 |

| Valuation | 2021 | 2022 | 2023E | 2024E | 2025E |
|---|--------------|--------------|---------------|-------------|-------------|
| Recurring P/E (x) * | 574.8 | (9.5) | (21.6) | 38.1 | 32.1 |
| Recurring P/E @ target price (x) * | 500.7 | (8.3) | (18.8) | 33.2 | 28.0 |
| Reported P/E (x) | 574.8 | (9.5) | (21.6) | 38.1 | 32.1 |
| Dividend yield (%) | 4.8 | - | - | 1.0 | 1.2 |
| Price/book (x) | 2.9 | 4.2 | 5.2 | 4.8 | 4.4 |
| Price/tangible book (x) | 6.4 | 8.0 | 10.8 | 8.3 | 6.7 |
| EV/EBITDA (x) ** | 8.8 | (23.0) | 7,010.4 | 11.1 | 10.8 |
| EV/EBITDA @ target price (x) ** | 7.4 | (19.7) | 6,053.9 | 9.5 | 9.2 |
| EV/invested capital (x) | 3.3 | 4.6 | 5.3 | 5.4 | 5.5 |

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

Sources: Kerry Express (Thailand); FSSIA estimates

Corporate Governance report of Thai listed companies 2022

| EXCELLENT LEVEL – Score range 90-100 | | | | | | | | | | | |
|--------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|--------|
| AAV | BAM | CIMBT | ECL | HENG | LALIN | NEP | PRG | SCC | SPRC | THRE | TTW |
| ADVANC | BANPU | CK | EE | HMPRO | LANNA | NER | PRM | SCCC | SPVI | THREL | TU |
| AF | BAY | CKP | EGCO | ICC | LHFG | NKI | PSH | SCG | SSC | TIPCO | TVDH |
| AH | BBIK | CM | EPG | ICHI | LIT | NOBLE | PSL | SCGP | SSSC | TISCO | TVI |
| AIRA | BBL | CNT | ETC | III | LOXLEY | NSI | PTG | SCM | SST | TK | TVO |
| AJ | BCP | COLOR | ETE | ILINK | LPN | NVD | PTT | SCN | STA | TKN | TWPC |
| AKP | BCPG | COM7 | FN | ILM | LRH | NYT | PTTEP | SDC | STEC | TKS | UAC |
| AKR | BDM5 | COMAN | FNS | IND | LST | OISHI | PTTGC | SEAFCO | STGT | TKT | UBIS |
| ALLA | BEM | COTTO | FPI | INTUCH | MACO | OR | PYLON | SEAOIL | STI | TMILL | UPOIC |
| ALT | BEYOND | CPALL | FPT | IP | MAJOR | ORI | Q-CON | SE-ED | SUN | TMT | UV |
| AMA | BGC | CPF | FSMART | IRC | MAKRO | OSP | QH | SELIC | SUSCO | TNDT | VCOM |
| AMARIN | BGRIM | CPI | FVC | IRPC | MALEE | OTO | QTC | SENA | SUTHA | TNITY | VGI |
| AMATA | BIZ | CPN | GC | ITEL | MBK | PAP | RABBIT | SENAJ | SUTHA | TOA | VIH |
| AMATAV | BKI | CRC | GEL | IVL | MC | PCSGH | RATCH | SGF | SYMC | TOP | WACOAL |
| ANAN | BOL | CSS | GFPT | JTS | MCOT | PDG | RBF | SHR | SYNTEC | TPBI | WAVE |
| AOT | BPP | DDD | GGC | JWD | METCO | PDJ | RS | SICT | TACC | TQM | WHA |
| AP | BRR | DELTA | GLAND | K | MFEC | PG | S | SIRI | TASCO | TRC | WHAUP |
| APURE | BTS | DEMCO | GLOBAL | KBANK | MINT | PHOL | S&J | SIS | TCAP | TRUE | WICE |
| ARIP | BTW | DOHOME | GPI | KCE | MONO | PLANB | SAM | SITHAI | TEAMG | TSC | WINNER |
| ASP | BWG | DRT | GPSC | KEX | MOONG | PLANET | SABINA | SMPC | TFMAMA | TSR | XPG |
| ASW | CENDEL | DTAC | GRAMMY | KGI | MSC | PLAT | SAMART | SNC | THANA | TSTE | ZEN |
| AUCT | CFRESH | DUSIT | GULF | KKP | MST | PORT | SAMTEL | SONIC | THANI | TSTH | |
| AWC | CGH | EA | GUNKUL | KSL | MTC | PPS | SAT | SORKON | THCOM | TTA | |
| AYUD | CHEWA | EASTW | HANA | KTB | MVP | PR9 | SC | SPALI | TTB | THG | |
| BAFS | CHO | ECF | HARN | KTC | NCL | PREB | SCB | SPI | THIP | TTCL | |

| VERY GOOD LEVEL – Score range 80-89 | | | | | | | | | | | |
|-------------------------------------|--------|--------|-------|--------|--------|--------|-------|--------|--------|-------|--------|
| 2S | ASIMAR | CHOTI | ESSO | INSURE | LH | NRF | PROEN | SCI | SR | TMC | UMI |
| 7UP | ASK | CHOW | ESTAR | IRCP | LHK | NTV | PROS | SCP | SRICHA | TMD | UOBKH |
| ABM | ASN | CI | FE | IT | M | NUSA | PROUD | SE | SSF | TMI | UP |
| ACE | ATP30 | CIG | FLOYD | ITD | MATCH | NWR | PSG | SECURE | SSP | TNL | UPF |
| ACG | B | CITY | FORTH | J | MBAX | OCC | PSTC | SFLEX | STANLY | TNP | UTP |
| ADB | BA | CIVIL | FSS | JAS | MEGA | OGC | PT | SFP | STC | TNR | VIBHA |
| ADD | BC | CMC | FTE | JCK | META | ONEE | PTC | SFT | STPI | TOG | VL |
| AEONTS | BCH | CPL | GBX | JCKH | MFC | PACO | QLT | SGP | SUC | TPA | VPO |
| AGE | BE8 | CPW | GCAP | JMT | MGT | PATO | RCL | SIAM | SVOA | TPAC | VRANDA |
| AHC | BEC | CRANE | GENCO | JR | MICRO | PB | RICHY | SINGER | SVT | TPCS | WGE |
| AIE | BH | CRD | GJS | KBS | MILL | PICO | RJH | SKE | SWC | TIPL | WIJK |
| AIT | BIG | CSC | GTB | KCAR | MITSIB | PIMO | ROJNA | SKN | SYNEX | TIPIP | WIN |
| ALUCON | BJC | CSP | GYT | KGEN | MK | PIN | RPC | SKR | TAE | TPLAS | WINMED |
| AMANAH | BJCHI | CV | HEMP | KIAT | MODERN | PJW | RT | SKY | TAKUNI | TPS | WORK |
| AMR | BLA | CWT | HPT | KISS | MTI | PL | RWI | SLP | TCC | TQR | WP |
| APCO | BR | DCC | HTC | KK | NATION | PLE | S11 | SMART | TCMC | TRITN | XO |
| APCS | BRI | DHOUSE | HUMAN | KOOL | NCAP | PM | SA | SMD | TFG | TRT | YUASA |
| AQUA | BROOK | DITTO | HYDRO | KTIS | NCH | PMTA | SABUY | SMT | TFI | TRU | ZIGA |
| ARIN | BSM | DMT | ICN | KUMWEL | NDR | PPP | SAK | SMT | TFM | TRV | |
| ARROW | BYD | DOD | IFS | KUN | NETBAY | PPPM | SALEE | SNNP | TGH | TSE | |
| AS | CBG | DPAINT | IIG | KWC | NEX | PRAPAT | SAMCO | SNP | TIDLOR | TVT | |
| ASAP | CEN | DV8 | IMH | KWM | NINE | PRECHA | SANKO | SO | TIGER | TWP | |
| ASEFA | CHARAN | EASON | INET | L&E | NNCL | PRIME | SAPPE | SPA | TIPH | UBE | |
| ASIA | CHAYO | EFORL | INGRS | LDC | NOVA | PRIN | SAWAD | SPC | TITLE | UEC | |
| ASIAN | CHG | ERW | INSET | LEO | NPK | PRINC | SCAP | SPCG | TM | UKEM | |

| GOOD LEVEL – Score range 70-79 | | | | | | | | | | | |
|--------------------------------|--------|--------|--------|--------|--------|-------|--------|-------|-------|-------|------|
| A | BEAUTY | CMAN | EMC | HL | KWI | MORE | PF | RSP | SUPER | TOPP | VARO |
| A5 | BGT | CMO | EP | HTECH | KYE | MPIC | PK | SIMAT | TC | TPCH | W |
| AI | BLAND | CMR | EVER | IHL | LEE | MUD | PPM | SISB | TCCC | TPOLY | WFX |
| ALL | BM | CPANEL | F&D | INOX | LPH | NC | PRAKIT | SK | TCJ | TRUBB | WPH |
| ALPHAX | BROCK | CPT | FMT | JAK | MATI | NEWS | PTECH | SOLAR | TEAM | TTI | YGG |
| AMC | BSBM | CSR | GIFT | JMART | M-CHAI | NFC | PTL | SPACK | THE | TYCN | |
| APP | BTNC | CTW | GLOCON | JSP | MCS | NSL | RAM | SPG | THMUI | UMS | |
| AQ | CAZ | D | GLORY | JUBILE | MDX | NV | ROCK | SQ | TKC | UNIQ | |
| AU | CCP | DCON | GREEN | KASET | MENA | PAF | RP | STARK | TNH | UPA | |
| B52 | CGD | EKH | GSC | KCM | MJD | PEACE | RPH | STECH | TNPC | UREKA | |

Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive

Sources: Thai Institute of Directors Association (IOD); FSSIA's compilation; data as of 26 October 2021

Anti-corruption Progress Indicator

| CERTIFIED | | | | | | | | | | |
|-----------|--------|--------|--------|-------|--------|--------|--------|--------|--------|--------|
| 2S | BCPG | CPI | GCAP | JR | MCOT | PHOL | RABBIT | SNC | THANI | TTCL |
| 7UP | BE8 | CPL | GEL | K | META | PK | RATCH | SNP | THCOM | TU |
| ADVANC | BEC | CPN | GFPT | KASET | MFC | PL | RML | SORKON | THIP | TVDH |
| AF | BEYOND | CRC | GGC | KBANK | MFEC | PLANB | RWI | SPACK | THRE | TVI |
| AI | BGC | CSC | GJS | KBS | MILL | PLANET | S&J | SPALI | THREL | TVO |
| AIE | BGRIM | DCC | GPI | KCAR | MINT | PLAT | SAAM | SPC | TIDLOR | TWPC |
| AIRA | BKI | DELTA | GPSC | KCE | MONO | PM | SABINA | SPI | TIPCO | UBE |
| AJ | BLA | DEMCO | GSTEEL | KGEN | MOONG | PPP | SAPPE | SPRC | TISCO | UBIS |
| AKP | BPP | DIMET | GULF | KGI | MSC | PPPM | SAT | SRICHA | TKS | UEC |
| AMA | BROOK | DRT | GUNKUL | KKP | MST | PPS | SC | SSF | TKT | UKEM |
| AMANAHA | BRR | DTAC | HANA | KSL | MTC | PR9 | SCB | SSP | TMILL | UOBKH |
| AMATA | BSBM | DUSIT | HARN | KTB | MTI | PREB | SCC | SSSC | TMT | UPF |
| AMATAV | BTS | EA | HEMP | KTC | NEP | PRG | SCCC | SST | TNITY | UV |
| AP | BWG | EASTW | HENG | KWI | NINE | PRINC | SCG | STA | TNL | VGI |
| APCS | CEN | EGCO | HMPRO | L&E | NKI | PRM | SCGP | STGT | TNP | VIH |
| AS | CENTEL | EP | HTC | LANNA | NOBLE | PROS | SCM | STOWER | TNR | WACOAL |
| ASIAN | CFRESH | EPG | ICC | LH | NOK | PSH | SCN | SUSCO | TOG | WHA |
| ASK | CGH | ERW | ICHI | LHFG | NSI | PSL | SEAOIL | SVI | TOP | WHAUP |
| ASP | CHEWA | ESTAR | IFS | LHK | NWR | PSTC | SE-ED | SYMC | TOPP | WICE |
| AWC | CHOTI | ETE | III | LPN | OCC | PT | SELIC | SYNTEC | TPA | WIIK |
| AYUD | CHOW | FE | ILINK | LRH | OGC | PTG | SENA | TAE | TPCS | XO |
| B | CIG | FNS | INET | M | ORI | PTT | SGP | TAKUNI | TPP | YUASA |
| BAFS | CIMBT | FPI | INSURE | MAJOR | PAP | PTTEP | SINGER | TASCO | TRU | ZEN |
| BAM | CM | FPT | INTUCH | MAKRO | PATO | PTTGC | SIRI | TCAP | TRUE | ZIGA |
| BANPU | CMC | FSMART | IRC | MALEE | PB | PYLON | SITHAI | TCMC | TSC | |
| BAY | COM7 | FSS | IRPC | MATCH | PCSGH | Q-CON | SKR | TFG | TSTE | |
| BBL | COTTO | FTE | ITEL | MBAX | PDG | QH | SMIT | TFI | TSTH | |
| BCH | CPALL | GBX | IVL | MBK | PDJ | QLT | SMK | TFMAMA | TTA | |
| BCP | CPF | GC | JKN | MC | PG | QTC | SMPC | TGH | TTB | |
| DECLARED | | | | | | | | | | |
| AH | CHG | DHOUSE | EVER | J | KUMWEL | NRF | RS | SUPER | TQM | VIBHA |
| ALT | CI | DOHOME | FLOYD | JMART | LDC | NUSA | SAK | SVT | TRT | W |
| APCO | CPR | ECF | GLOBAL | JMT | MEGA | OR | SIS | TKN | TSI | WIN |
| ASW | CPW | EKH | ILM | JTS | NCAP | PIMO | SSS | TMD | VARO | |
| B52 | DDD | ETC | INOX | KEX | NOVA | PLE | STECH | TMI | VCOM | |

| Level | |
|-----------|---|
| Certified | This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties. |
| Declared | This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) |

Disclaimer:

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of 26 October 2021) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Sources: The Securities and Exchange Commission, Thailand; * FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Naruedom Mujjalinkool FSS International Investment Advisory Securities Co., Ltd

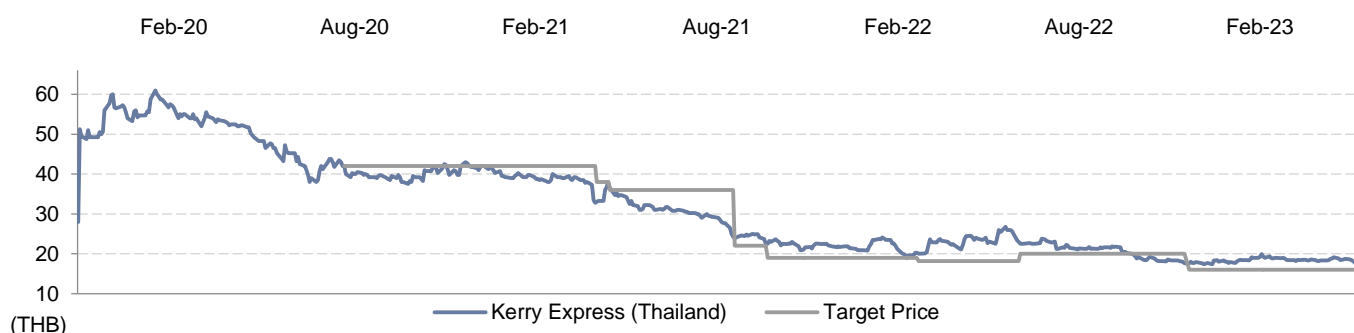
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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History of change in investment rating and/or target price

Kerry Express (Thailand) (KEX TB)



| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 02-Jun-2021 | HOLD | 42.00 | 26-Jan-2022 | REDUCE | 22.00 | 19-Jul-2022 | REDUCE | 20.00 |
| 03-Nov-2021 | BUY | 38.00 | 15-Feb-2022 | REDUCE | 19.00 | 28-Oct-2022 | REDUCE | 16.00 |
| 11-Nov-2021 | HOLD | 36.00 | 18-May-2022 | REDUCE | 18.20 | | | |

Naruedom Mujjalinkool started covering this stock from 02-Jun-2021

Price and TP are in local currency

Source: FSSIA estimates

| Company | Ticker | Price | Rating | Valuation & Risks |
|--------------------------|--------|-----------|--------|--|
| Kerry Express (Thailand) | KEX TB | THB 15.50 | REDUCE | The key upside risks to our DCF-based TP are 1) if the competition is lower than our expectation; and 2) if the Covid-19 situation is under control. |

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 14-Feb-2023 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

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

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

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

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

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

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

Industry Recommendations

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

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

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

Country (Strategy) Recommendations

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

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

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