

Zen Corporation Group

(ZEN.BK/ZEN TB)*

Outperform • Maintained

| | |
|-------------------------------|-----------|
| Price as of 19 Jul 2023 | 12.30 |
| 12M target price (Bt/shr) | 16.70 |
| Unchanged/Revised up(down)(%) | Unchanged |
| Upside/downside (%) | 35.8 |

Key messages

เราคาดว่ากำไรสุทธิของ ZEN ใน 2Q66F จะอยู่ที่ 41 ล้านบาท (-8% YoY, +19% QoQ) โดยกำไรที่ลดลง YoY จะเป็นเพราะอัตรากำไรขั้นต้นลดลง ส่วนกำไรที่เพิ่มขึ้น QoQ จะเป็นเพราะยอดขายและ margin ดีขึ้น ทั้งนี้ จากโมเมนต์การเติบโตของยอดขาย และ GPM ที่เพิ่มขึ้น เราจึงคาดว่ากำไรจะดีขึ้น HoH เรายังคงประมาณการกำไรปี 2566 เอาไว้เท่าเดิม และคงราคาเป้าหมายปี 2566 ไว้ที่ 16.70 บาท (PE ที่ 27x) โดยยังคงคำแนะนำซื้อ ZEN

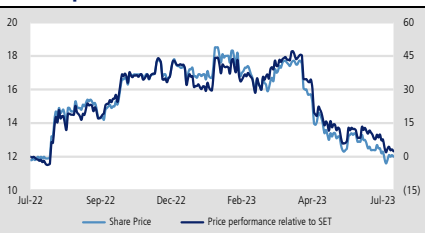
Trading data

| | | | |
|----------------------------|-----------|-------|-----|
| Mkt cap (Btmn/US\$m) | 3.6/109 | | |
| Outstanding shares (mn) | 300 | | |
| Foreign ownership (mn) | 82.7 | | |
| 3M avg. daily trading (mn) | 0.2 | | |
| 52-week trading range (Bt) | 11.6-18.5 | | |
| Performance (%) | 3M | 6M | 12M |
| Absolute | -25.5 | -31.0 | 1.7 |
| Relative | -24.1 | -24.7 | 1.9 |

Quarterly EPS

| | | | | |
|------|-----------|-----------|-----------|-----------|
| | 1Q | 2Q | 3Q | 4Q |
| 2021 | 0.09 | (0.22) | (0.20) | 0.03 |
| 2022 | 0.03 | 0.15 | 0.17 | 0.18 |
| 2023 | 0.11 | | | |

Share price chart



Source: SET

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ประมาณการ 2Q66F : คาดว่าจะเติบโตอย่างแข็งแกร่ง QoQ

Event

ประมาณการ 2Q66F

Impact

กำไรจะเติบโตอย่างแข็งแกร่ง QoQ

เราคาดว่ากำไรสุทธิของ ZEN ใน 2Q66F จะอยู่ที่ 41 ล้านบาท (-8% YoY, +19% QoQ) โดยกำไรที่ลดลง YoY จะเป็นเพราะอัตรากำไรขั้นต้นลดลง ส่วนกำไรที่เพิ่มขึ้น QoQ จะเป็นเพราะ i) ยอดขายเพิ่มขึ้น ii) margin ดีขึ้นเล็กน้อย ทั้งนี้ เราคาดว่ากำไรสุทธิในงวด 1H66F จะอยู่ที่ 75 ล้านบาท (+55% YoY) คิดเป็น 40% ของประมาณการกำไรเต็มปีของเรา

โมเมนต์มียอดขายยังเติบโตต่อเนื่อง

เราคาดว่ายอดขายใน 2Q66F จะเพิ่มขึ้น 9% YoY และ 3% QoQ เป็น 912 ล้านบาท โดยเราใช้สมมติฐาน SSSG ใน 2Q66 ที่ 5% ในขณะที่ ZEN เปิดสาขาใหม่เพิ่มอีกหลายแห่งใน 2H65 ดังนั้น เราจึงคาดว่ายอดขายของร้านอาหารจะเพิ่มขึ้น 20% YoY และ 2% QoQ ในขณะที่คาดว่ายอดขายสินค้าปลีกจะลดลง 10% YoY เพราะฐานที่สูงใน 2Q65 แต่จะเพิ่มขึ้น 24% QoQ เพราะมีจำนวนลูกค้าเพิ่มขึ้น และมีการขยายโกดังสินค้า เราคาดว่ารายได้ส่วนที่เกี่ยวกับ Franchise จะลดลง 15% YoY แต่ทรงตัว QoQ ในขณะที่คาดว่ายอดขาย Delivery (4-5% ของยอดขายรวม) จะลดลง 37% YoY และ 11% QoQ

GPM น่าจะดีขึ้น QoQ

ในส่วนของต้นทุนวัตถุดิบ (figure 4) เราใช้สมมติฐานว่าต้นทุนอาหารใน 2Q66 จะลดลง 2% QoQ และ YoY เนื่องจากราคาเนื้อสัตว์ลดลง ถึงแม้ว่าราคาปลาแชลมอนจะเพิ่มขึ้น QoQ ใน 2Q66 แต่เราพบว่าราคาหมูมีแนวโน้มลดลง MoM เราคาดว่า GPM จะเพิ่มขึ้นเล็กน้อยเป็น 42.9% (จาก 42.6% ใน 1Q66) แต่จะลดลง YoY จาก 44.5% ใน 2Q65 สำหรับในระยะต่อไป เราคาดว่า GPM จะดีขึ้นเนื่องจากคาดว่าราคาปลาแชลมอน และหมูจะลดลงไปอีกใน 2H66F นอกจากนี้ เรายังคาดว่าสัดส่วน SG&A/ยอดขายจะลดลงเหลือ 38.7% ใน 2Q66F จาก 39.2%/39.2% ใน 2Q65/1Q66

Valuation & Action

เรามองบวกกับแนวโน้มกำไรของ ZEN ใน 2H66F เนื่องจากโมเมนต์มียอดขายยังเติบโตต่อเนื่อง และ GPM มีแนวโน้มดีขึ้น เราจึงคงประมาณการกำไรปี 2566F ที่ 185 ล้านบาท (+21% YoY) และปี 2567F ที่ 227 ล้านบาท (+23% YoY) เรายังคงราคาเป้าหมายปี 2566 เอาไว้เท่าเดิมที่ 16.70 บาท (PE เหลือในอดีตที่ 27x) และคงคำแนะนำซื้อ ZEN

Risks

เศรษฐกิจฟื้นตัวช้ากว่าที่คาด และขยายสาขา ร้าน franchise ได้ช้ากว่าที่คาด

Key financials and valuations

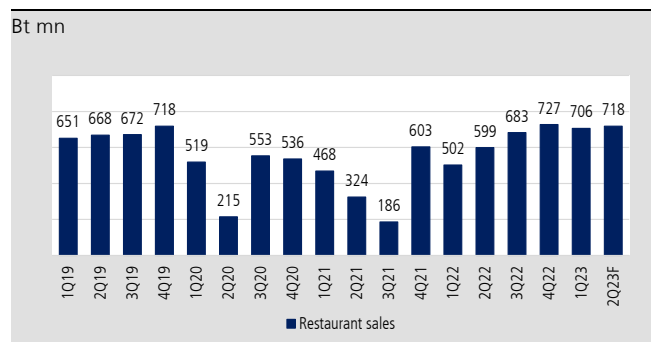
| | Dec - 20A | Dec - 21A | Dec - 22A | Dec - 23F | Dec - 24F |
|------------------------------------|-----------|-----------|-----------|-----------|-----------|
| Revenue from sales of goods (Btmn) | 2,214 | 2,146 | 3,306 | 3,687 | 3,963 |
| Net Profit (Btmn) | (64) | (92) | 154 | 185 | 227 |
| Normalized Profit (Btmn) | (50) | (92) | 154 | 185 | 227 |
| EPS (Bt) | (0.21) | (0.31) | 0.51 | 0.62 | 0.76 |
| DPS (Bt) | 0.00 | 0.00 | 0.16 | 0.25 | 0.30 |
| EPS Growth (%) | N.A. | N.A. | N.A. | 20.5 | 22.6 |
| P/E (X) | N.A. | N.A. | 24.0 | 19.9 | 16.2 |
| P/B (X) | 2.8 | 3.1 | 2.7 | 2.6 | 2.4 |
| EV/EBITDA (X) | 9.6 | 11.6 | 5.6 | 5.2 | 4.6 |
| Net Debt to Equity (X) | 0.6 | 0.5 | 0.4 | 0.5 | 0.5 |
| Dividend Yield (%) | 0.0 | 0.0 | 1.3 | 2.0 | 2.5 |
| Return on Average Equity (%) | (5.3) | (7.9) | 11.4 | 12.9 | 14.5 |

Source: Company data, KGI Securities Research

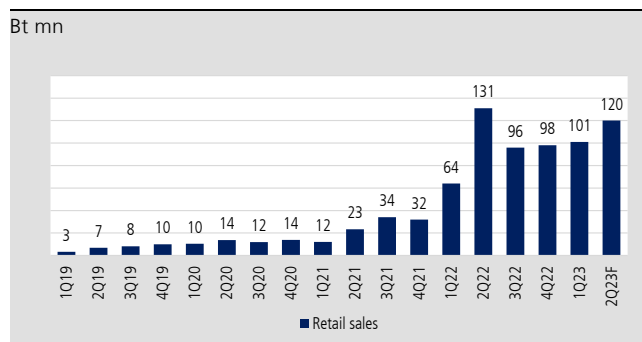
Figure 1: ZEN's 2Q23F earnings preview

| Bt mn | 2Q23F | 2Q22 | YoY (%) | 1Q23 | QoQ (%) | 1H23F | 1H22 | YoY (%) |
|------------------------------------|------------|------------|--------------|------------|-------------|--------------|--------------|-------------|
| Revenue from sales of goods | 912 | 840 | 8.6 | 887 | 2.8 | 1,799 | 1,510 | 19.1 |
| Gross Profit | 391 | 374 | 4.6 | 377 | 3.5 | 768 | 666 | 15.3 |
| SG&A | 353 | 329 | 7.2 | 347 | 1.6 | 700 | 624 | 12.2 |
| Operating Profit | 38 | 45 | (15.0) | 30 | 25.7 | 68 | 42 | 62.1 |
| Operating EBITDA | 128 | 132 | (3.4) | 121 | 6.1 | 248 | 219 | 13.3 |
| Franchise fee income | 20 | 19 | 5.0 | 20 | 0.5 | 40 | 35 | 13.8 |
| Net Profit | 41 | 44 | (7.8) | 34 | 19.4 | 75 | 48 | 54.7 |
| Normalized profit | 41 | 44 | (7.8) | 34 | 19.4 | 75 | 48 | 54.7 |
| EPS (Bt) | 0.14 | 0.15 | (7.8) | 0.11 | 19.4 | 0.25 | 0.16 | 54.7 |
| Normalized EPS (Bt) | 0.14 | 0.15 | (7.8) | 0.11 | 19.4 | 0.25 | 0.16 | 54.7 |
| Percent | 2Q23F | 2Q22 | YoY (ppts) | 1Q23 | QoQ (ppts) | 1H23F | 1H22 | YoY (ppts) |
| Gross margin | 42.9 | 44.5 | (1.6) | 42.6 | 0.3 | 42.7 | 44.1 | (1.4) |
| EBIT margin | 4.2 | 5.3 | (1.1) | 3.4 | 0.8 | 3.8 | 2.8 | 1.0 |
| SG&A/sales | 38.7 | 39.2 | (0.5) | 39.2 | (0.5) | 38.9 | 41.3 | (2.4) |

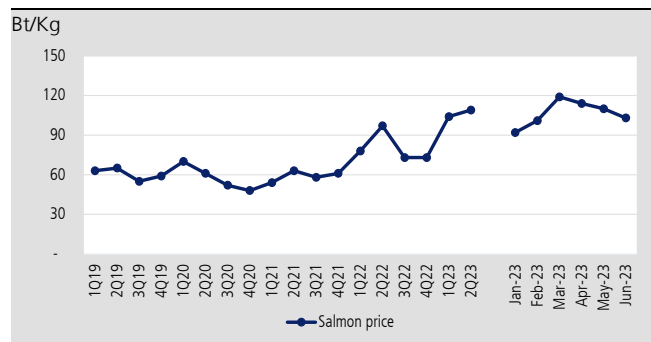
Source: Company data, KGI Securities Research

Figure 2: Restaurant sales


Source: Company data, KGI Securities Research

Figure 3: Retail sales


Source: Company data, KGI Securities Research

Figure 4: Salmon price


Source: Thai Union Group

Figure 5: Raw material costs

| Raw materials | Assume Portion | 1Q23 | 2Q23 | %QoQ in price | %QoQ in costs |
|-----------------------|----------------|------|------|---------------|---------------|
| Meats | | | | | |
| Salmon (Bt/Kg) | 20% | 104 | 109 | 5% | 1% |
| Pork (Bt/Kg) | 20% | 152 | 130 | -14% | -3% |
| Chicken (Bt/Kg) | 10% | 68 | 70 | 3% | 0% |
| Shrimp (Bt/Kg) | 10% | 255 | 235 | -8% | -1% |
| Egg (unit) | 5% | 4.0 | 4.3 | 7% | 0% |
| Vegetables | | | | | |
| Cabbage (Bt/Kg) | 5% | 19 | 23 | 17% | 1% |
| Water spinach (Bt/Kg) | 5% | 22 | 16 | -27% | -1% |
| Total | 55% | | | -17% | -2% |

Source: Thai Union Group, MOC, KGI Securities Research

Figure 6: Key assumptions

| | Unit | 2019 | 2020 | 2021 | 2022 | 2023F | 2024F |
|----------------------------|--------|-------|--------|-------|-------|-------|-------|
| Restaurant Revenue | Btmn | 2,704 | 1,823 | 1,581 | 2,511 | 2,798 | 2,995 |
| Food delivery and catering | Btmn | 102 | 212 | 321 | 251 | 205 | 200 |
| Franchise-related Revenue | Btmn | | | | | | |
| Franchise fee | | 76 | 70 | 62 | 64 | 68 | 61 |
| Raw material sales | | 192 | 130 | 142 | 173 | 184 | 185 |
| Total Franchise Revenue | | 268 | 200 | 205 | 237 | 252 | 246 |
| Retail merchandises | Btmn | 28 | 50 | 101 | 389 | 486 | 583 |
| Number of branches | Branch | | | | | | |
| Equity branches | | 174 | 148 | 147 | 155 | 170 | 185 |
| Franchise branches | | 171 | 198 | 208 | 190 | 204 | 205 |
| Number of branches | Branch | | | | | | |
| Zen | | 48 | 45 | 45 | 49 | 54 | 59 |
| AKA | | 28 | 28 | 29 | 44 | 49 | 54 |
| On the Table | | 24 | 28 | 28 | 32 | 38 | 43 |
| Other Japanese foods | | 13 | 7 | 7 | 5 | 5 | 5 |
| Khiang | | 49 | 78 | 109 | 82 | 84 | 85 |
| Other Thai foods | | 183 | 160 | 135 | 133 | 144 | 144 |
| SSSG | % | (4.7) | (30.4) | 0.8 | 25.5 | 7.0 | 3.0 |
| Gross profit margin (GPM) | % | 46.4 | 44.5 | 42.1 | 44.4 | 44.2 | 45.1 |
| SG&A | % | 45.7 | 51.5 | 50.6 | 40.2 | 39.3 | 39.3 |

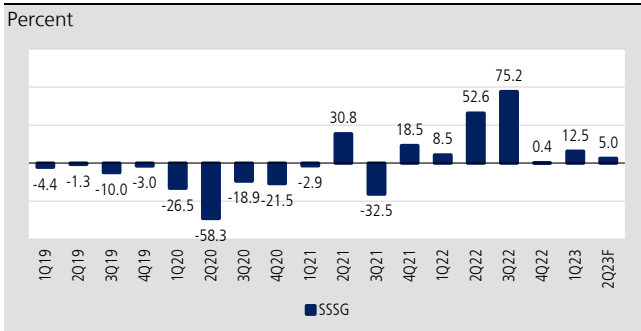
Source: Company data, KGI Securities Research

Figure 7: Company profile

Zen Corporation Group (ZEN) is a food services company. Its business segments consist of i) restaurant business, ii) franchise business, and iii) other food-related businesses (delivery and retail merchandise). As of 2022, ZEN operates 13 different restaurant brands with total 345 branches, accounted for 45% of equity outlets. There are 7 Japanese restaurant brands (e.g., Zen, AKA Yakiniku, On the Table), and 6 Thai foods restaurant brands (e.g., Kiang, Tummour).

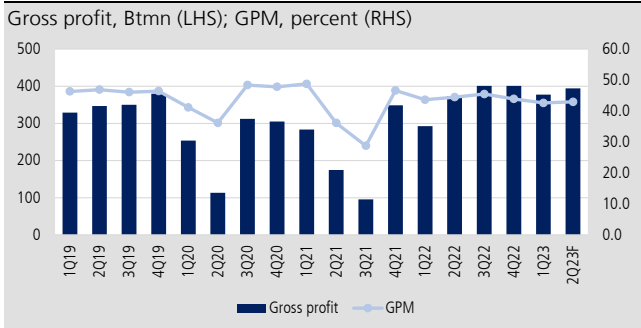
Source: Company data, KGI Securities Research

Figure 9: SSSG



Source: Company data, KGI Securities Research

Figure 11: Gross profits and GPM



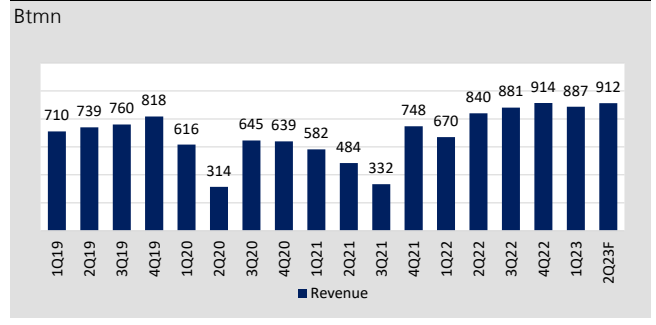
Source: Company data, KGI Securities Research

Figure 13: PB



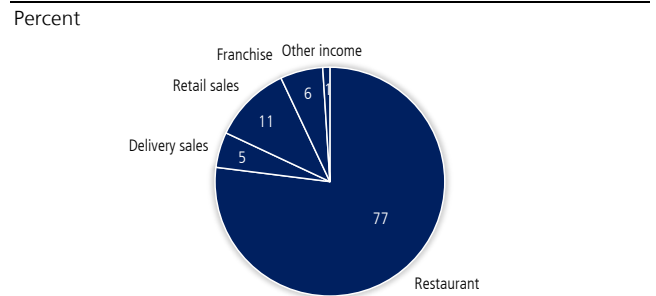
Source: KGI Securities Research

Figure 8: Sales revenue



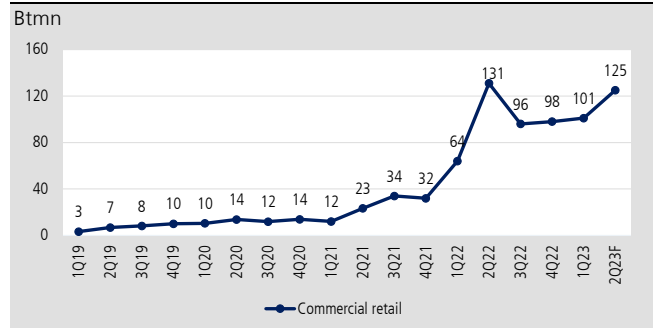
Source: Company data, KGI Securities Research

Figure 10: Revenue breakdown by segment (1Q23)



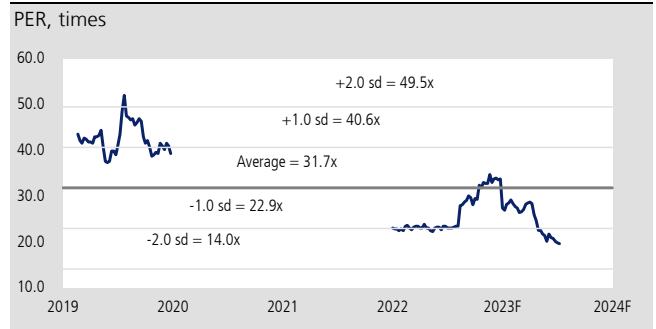
Source: Company data, KGI Securities Research

Figure 12: Retail sales



Source: Company data, KGI Securities Research

Figure 14: PER



Source: KGI Securities Research

Quarterly Income Statement

| | Mar-20A | Jun-20A | Sep-20A | Dec-20A | Mar-21A | Jun-21A | Sep-21A | Dec-21A | Mar-22A | Jun-22A | Sep-22A | Dec-22A | Mar-23A | Jun-23F |
|-------------------------------|-------------|--------------|------------|------------|------------|-------------|-------------|------------|------------|------------|------------|------------|-------------|------------|
| Income Statement (Btmn) | | | | | | | | | | | | | | |
| Revenue | 616 | 314 | 645 | 639 | 582 | 484 | 332 | 748 | 670 | 840 | 881 | 914 | 887 | 912 |
| Cost of Goods Sold | (362) | (200) | (333) | (333) | (298) | (309) | (237) | (399) | (378) | (466) | (480) | (513) | (509) | (521) |
| Gross Profit | 254 | 114 | 312 | 305 | 284 | 175 | 96 | 349 | 293 | 374 | 401 | 401 | 377 | 391 |
| Operating Expenses | (326) | (233) | (278) | (303) | (289) | (272) | (186) | (339) | (295) | (329) | (354) | (351) | (347) | (353) |
| Other incomes | 10 | 11 | 16 | 13 | 8 | 11 | 12 | 15 | 6 | 6 | 11 | 8 | 7 | 7 |
| Operating Profit | (62) | (109) | 49 | 15 | 3 | (87) | (78) | 25 | 3 | 50 | 57 | 57 | 37 | 45 |
| Depreciation of fixed assets | 101 | 84 | 112 | 102 | 92 | 94 | 88 | 89 | 89 | 88 | 90 | 81 | 90 | 90 |
| Operating EBITDA | 39 | (24) | 162 | 117 | 95 | 7 | 10 | 114 | 93 | 138 | 147 | 138 | 127 | 135 |
| Non-Operating Income | 18 | 14 | 19 | 20 | 15 | 17 | 14 | 18 | 16 | 19 | 19 | 24 | 20 | 20 |
| Interest Income | 18 | 14 | 19 | 20 | 15 | 17 | 14 | 18 | 16 | 19 | 19 | 24 | 20 | 20 |
| Other Non-op Income | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Non-Operating Expenses | (11) | (8) | (8) | (7) | (7) | (11) | (10) | (9) | (9) | (9) | (8) | (7) | (10) | (9) |
| Interest Expenses | (11) | (8) | (8) | (7) | (7) | (11) | (10) | (9) | (9) | (9) | (8) | (7) | (10) | (9) |
| Other Non-op Expenses | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Equity Income/(Loss) | (0) | (0) | (0) | (1) | (0) | (1) | (0) | (0) | (0) | (0) | (1) | (1) | 0 | 0 |
| Pre-tax Profit | (56) | (103) | 60 | 28 | 11 | (81) | (75) | 33 | 10 | 60 | 68 | 74 | 47 | 56 |
| Current Taxation | 13 | 23 | (9) | (6) | (1) | 14 | 15 | (4) | (2) | (11) | (13) | (13) | (8) | (11) |
| Minorities | 0 | 0 | 0 | 0 | 0 | 1 | 2 | 1 | 4 | 5 | 3 | 6 | 4 | 5 |
| Extraordinary items | (2) | (1) | (5) | (6) | 19 | 0 | 0 | (19) | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Profit | (44) | (81) | 46 | 16 | 28 | (67) | (60) | 10 | 4 | 44 | 51 | 55 | 34 | 41 |
| Normalized Profit | (42) | (80) | 51 | 22 | 9 | (68) | (62) | 28 | 4 | 44 | 51 | 55 | 34 | 41 |
| EPS (Bt) | (0.15) | (0.27) | 0.15 | 0.05 | 0.09 | (0.22) | (0.20) | 0.03 | 0.01 | 0.15 | 0.17 | 0.18 | 0.11 | 0.14 |
| Normalized EPS (Bt) | (0.14) | (0.27) | 0.17 | 0.07 | 0.03 | (0.23) | (0.21) | 0.09 | 0.01 | 0.15 | 0.17 | 0.18 | 0.11 | 0.14 |
| Margins | | | | | | | | | | | | | | |
| Gross profit margin | 41.2 | 36.2 | 48.4 | 47.8 | 48.8 | 36.1 | 28.8 | 46.6 | 43.7 | 44.5 | 45.5 | 43.9 | 42.6 | 42.9 |
| Operating EBIT margin | (10.1) | (34.6) | 7.7 | 2.4 | 0.5 | (17.9) | (23.5) | 3.4 | 0.5 | 6.0 | 6.5 | 6.3 | 4.1 | 4.9 |
| Operating EBITDA margin | 6.3 | (7.7) | 25.1 | 18.3 | 16.4 | 1.5 | 3.0 | 15.2 | 13.8 | 16.5 | 16.7 | 15.1 | 14.3 | 14.8 |
| Net profit margin | (7.2) | (25.8) | 7.1 | 2.5 | 4.9 | (13.9) | (18.1) | 1.3 | 0.6 | 5.3 | 5.8 | 6.0 | 3.8 | 4.5 |
| YoY Growth | | | | | | | | | | | | | | |
| Revenue growth | (13.2) | (57.5) | (15.1) | (21.9) | (5.6) | 54.0 | (48.5) | 17.1 | 15.2 | 73.6 | 165.0 | 22.3 | 32.3 | 8.6 |
| Operating EBIT growth | N.A. | N.A. | 985.1 | 13.1 | N.A. | N.A. | N.A. | 19.7 | 26.7 | 50.9 | 102.8 | 28.6 | 34.8 | 11.8 |
| Operating EBITDA growth | N.A. | N.A. | 205.3 | 83.5 | 146.2 | N.A. | N.A. | 14.2 | 3.1 | 113.8 | 319.0 | 15.0 | 29.0 | 4.6 |
| Net profit growth | N.A. | N.A. | 105.6 | (14.8) | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | 444.0 | 715.9 | (7.8) |
| Normalized profit growth | N.A. | N.A. | 128.2 | (17.9) | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | 96.7 | 715.9 | (7.8) |

Source: Company data, KGI Securities Research

Balance Sheet

| As of 31 Dec (Bt mn) | 2019 | 2020 | 2021 | 2022 | 2023F | 2024F |
|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total Assets | 2,044 | 2,689 | 2,557 | 2,824 | 2,811 | 2,826 |
| Current Assets | 598 | 462 | 495 | 729 | 288 | 114 |
| Cash & ST Investments | 363 | 269 | 268 | 327 | (40) | (237) |
| Inventories | 95 | 87 | 124 | 256 | 146 | 154 |
| Accounts Receivable | 106 | 72 | 61 | 88 | 120 | 129 |
| Others | 33 | 34 | 42 | 57 | 63 | 68 |
| Non-current Assets | 1,446 | 2,227 | 2,063 | 2,096 | 2,522 | 2,712 |
| LT Investments | 0 | 959 | 821 | 1,034 | 959 | 1,045 |
| Net fixed Assets | 884 | 720 | 655 | 410 | 836 | 886 |
| Others | 562 | 548 | 586 | 652 | 727 | 781 |
| Total Liabilities | 610 | 1,478 | 1,398 | 1,478 | 1,368 | 1,262 |
| Current Liabilities | 481 | 566 | 614 | 808 | 843 | 763 |
| Accounts Payable | 295 | 252 | 319 | 337 | 422 | 446 |
| ST Borrowings | 16 | 220 | 215 | 342 | 277 | 163 |
| Others | 171 | 95 | 81 | 129 | 144 | 155 |
| Long-term Liabilities | 129 | 912 | 784 | 670 | 525 | 499 |
| Long-term Debts | 0 | 778 | 650 | 535 | 375 | 337 |
| Others | 129 | 133 | 133 | 135 | 150 | 162 |
| Shareholders' Equity | 1,434 | 1,211 | 1,159 | 1,346 | 1,443 | 1,564 |
| Common Stock | 300 | 300 | 300 | 300 | 300 | 300 |
| Capital Surplus | 960 | 960 | 960 | 960 | 960 | 960 |
| Retained Earnings | (4) | (227) | (317) | (162) | (50) | 86 |
| Preferred Stock | 0 | 0 | 0 | 0 | 0 | 0 |

Source: Company data, KGI Securities Research

Key Ratios

| Year to 31 Dec | 2019 | 2020 | 2021 | 2022 | 2023F | 2024F |
|----------------------------------|--------|--------|--------|-------|--------|--------|
| Growth (% YoY) | | | | | | |
| Sales | 6.1 | (26.9) | (3.1) | 54.0 | 11.5 | 7.5 |
| OP | (22.6) | N.A. | N.A. | N.A. | 14.5 | 16.1 |
| EBITDA | (6.3) | 10.7 | (20.1) | 104.9 | 12.1 | 13.3 |
| NP | (24.2) | N.A. | N.A. | N.A. | 20.5 | 22.6 |
| Normalized Profit | (7.1) | N.A. | N.A. | N.A. | 20.5 | 22.6 |
| EPS | (43.2) | N.A. | N.A. | N.A. | 20.5 | 22.6 |
| Normalized EPS | (30.3) | N.A. | N.A. | N.A. | 20.5 | 22.6 |
| Profitability (%) | | | | | | |
| Gross Margin | 46.4 | 44.5 | 42.1 | 44.4 | 44.2 | 45.1 |
| Operating Margin | 4.6 | (1.6) | (3.4) | 7.4 | 7.6 | 8.2 |
| EBITDA Margin | 10.8 | 16.4 | 13.5 | 18.0 | 18.1 | 19.0 |
| Net Profit Margin | 3.5 | (2.9) | (4.3) | 4.7 | 5.0 | 5.7 |
| ROAA | 5.2 | (2.4) | (3.6) | 5.4 | 6.6 | 8.0 |
| ROAE | 7.4 | (5.3) | (7.9) | 11.4 | 12.9 | 14.5 |
| Stability | | | | | | |
| Gross Debt/Equity (%) | 42.5 | 122.0 | 120.6 | 109.8 | 94.8 | 80.7 |
| Net Debt/Equity (%) | (24.2) | 60.2 | 51.6 | 40.8 | 48.0 | 47.1 |
| Interest Coverage (x) | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. |
| Interest & ST Debt Coverage (x) | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. |
| Cash Flow Interest Coverage (x) | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. |
| Cash Flow/Interest & ST Debt (x) | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. |
| Current Ratio (x) | 3.5 | 4.9 | 6.1 | 5.6 | 2.0 | 0.7 |
| Quick Ratio (x) | 2.9 | 4.0 | 4.6 | 3.7 | 1.0 | (0.3) |
| Net Debt (Bt mn) | (348) | 729 | 598 | 550 | 692 | 737 |
| Per Share Data (Bt) | | | | | | |
| EPS | 0.4 | (0.2) | (0.3) | 0.5 | 0.6 | 0.8 |
| Normalized EPS | 0.4 | (0.2) | (0.3) | 0.5 | 0.6 | 0.8 |
| CFPS | 1.1 | 0.9 | 0.8 | 1.1 | 2.3 | 2.1 |
| BVPS | 4.8 | 4.0 | 3.9 | 4.5 | 4.8 | 5.2 |
| SPS | 10.1 | 7.4 | 7.2 | 11.0 | 12.3 | 13.2 |
| EBITDA/Share | 1.1 | 1.2 | 1.0 | 2.0 | 2.2 | 2.5 |
| DPS | 0.1 | 0.3 | 0.0 | 0.2 | 0.2 | 0.3 |
| Activity | | | | | | |
| Asset Turnover (x) | 1.5 | 0.8 | 0.8 | 1.2 | 1.3 | 1.4 |
| Days Receivables | 12.8 | 11.8 | 10.4 | 9.7 | 11.8 | 11.8 |
| Days Inventory | 21.4 | 25.9 | 36.4 | 50.9 | 25.9 | 25.9 |
| Days Payable | 66.4 | 74.8 | 93.5 | 67.0 | 74.8 | 74.8 |
| Cash Cycle | (32.2) | (37.1) | (46.7) | (6.3) | (37.1) | (37.1) |

Source: Company data, KGI Securities Research

Profit & Loss

| Year to 31 Dec (Bt mn) | 2019 | 2020 | 2021 | 2022 | 2023F | 2024F |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Revenue from sales of goods | 3,027 | 2,214 | 2,146 | 3,306 | 3,687 | 3,963 |
| Cost of Goods Sold | (1,621) | (1,229) | (1,243) | (1,838) | (2,057) | (2,176) |
| Gross Profit | 1,405 | 985 | 903 | 1,468 | 1,630 | 1,787 |
| Operating Expenses | (1,383) | (1,140) | (1,086) | (1,330) | (1,449) | (1,558) |
| Other Incomes | 117 | 119 | 110 | 108 | 101 | 97 |
| Operating Profit | 139 | (36) | (73) | 246 | 282 | 327 |
| Depreciation of fixed assets | (189) | (399) | (363) | (348) | (385) | (428) |
| Operating EBITDA | 328 | 363 | 290 | 594 | 666 | 754 |
| Non-Operating Income | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest Income | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Non-op Income | 0 | 0 | 0 | 0 | 0 | 0 |
| Non-Operating Expenses | (4) | (34) | (38) | (33) | (29) | (22) |
| Interest Expenses | (4) | (34) | (38) | (33) | (29) | (22) |
| Other Non-op Expenses | 0 | 0 | 0 | 0 | 0 | 0 |
| Equity Income/(Loss) | 0 | (1) | (2) | (2) | (2) | (2) |
| Pre-tax Profit | 136 | (71) | (113) | 211 | 251 | 303 |
| Current Taxation | (21) | 21 | 23 | (39) | (51) | (61) |
| Minorities | (0) | 0 | 3 | 18 | 15 | 15 |
| Extraordinary items | (8) | (14) | 1 | 0 | 0 | 0 |
| Net Profit | 106 | (64) | (92) | 154 | 185 | 227 |
| Normalized Profit | 114 | (50) | (92) | 154 | 185 | 227 |
| EPS (Bt) | 0.35 | (0.21) | (0.31) | 0.51 | 0.62 | 0.76 |
| Normalized EPS (Bt) | 0.38 | (0.17) | (0.31) | 0.51 | 0.62 | 0.76 |

Source: Company data, KGI Securities Research

Cash Flow

| Year to 31 Dec (Bt mn) | 2019 | 2020 | 2021 | 2022 | 2023F | 2024F |
|-----------------------------|--------------|----------------|-------------|--------------|--------------|--------------|
| Operating Cash Flow | 339 | 277 | 255 | 331 | 682 | 625 |
| Net Profit | 106 | (64) | (89) | 154 | 185 | 227 |
| Depreciation & Amortization | 189 | 399 | 363 | 348 | 385 | 428 |
| Change in Working Capital | 43 | (78) | 19 | (107) | 172 | 13 |
| Others | 1 | 19 | (39) | (64) | (60) | (43) |
| Investment Cash Flow | (281) | (1,144) | (46) | (128) | (936) | (563) |
| Net CAPEX | (281) | 36 | (46) | 211 | (882) | (333) |
| Change in LT Investment | 0 | (1,180) | (1) | (339) | (54) | (230) |
| Change in Other Assets | 0 | 0 | 0 | 0 | 0 | 0 |
| Free Cash Flow | 58 | (867) | 208 | 203 | (254) | 61 |
| Financing Cash Flow | 231 | 848 | (95) | (4) | (314) | (258) |
| Change in Share Capital | 959 | 1 | 1 | 3 | 0 | 0 |
| Net Change in Debt | (628) | 982 | (132) | 12 | (225) | (152) |
| Change in Other LT Liab. | (101) | (135) | 37 | (19) | (89) | (106) |
| Net Cash Flow | 289 | (20) | 113 | 198 | (568) | (196) |

Source: Company data, KGI Securities Research

ROIC

| Year | 1- Revenue | COGS Revenue | + Depreciation Revenue | + Operating Exp. Revenue | = Operating Margin | |
|-------|---------------------|----------------------------|------------------------------|--------------------------------|--------------------------|--|
| 2019 | 47.3% | 6.2% | 41.8% | 4.6% | 4.6% | |
| 2020 | 37.5% | 18.0% | 46.1% | -1.6% | -1.6% | |
| 2021 | 41.0% | 16.9% | 45.5% | -3.4% | -3.4% | |
| 2022 | 45.1% | 10.5% | 37.0% | 7.4% | 7.4% | |
| 2023F | 45.4% | 10.4% | 36.6% | 7.6% | 7.6% | |
| 2024F | 44.1% | 10.8% | 36.9% | 8.2% | 8.2% | |
| Year | 1/ Revenue | Working Capital Revenue | + Net PPE Revenue | + Other Assets Revenue | = Capital Turnover | |
| 2019 | 0.0 | 0.3 | 0.4 | 1.5 | 1.5 | |
| 2020 | 0.0 | 0.3 | 0.9 | 0.8 | 0.8 | |
| 2021 | 0.0 | 0.3 | 0.9 | 0.8 | 0.8 | |
| 2022 | 0.0 | 0.1 | 0.7 | 1.2 | 1.2 | |
| 2023F | 0.0 | 0.2 | 0.5 | 1.2 | 1.2 | |
| 2024F | 0.0 | 0.2 | 0.5 | 1.4 | 1.4 | |
| Year | Operating Margin | x | Capital Turnover | x | Cash Tax Rate | = After-tax Return on Inv. Capital |
| 2019 | 4.6% | 1.5 | 15.7% | 1.1% | 1.1% | |
| 2020 | -1.6% | 0.8 | 29.9% | -0.4% | -0.4% | |
| 2021 | -3.4% | 0.8 | 21.0% | -0.6% | -0.6% | |
| 2022 | 7.4% | 1.2 | 18.2% | 1.6% | 1.6% | |
| 2023F | 7.6% | 1.2 | 20.0% | 1.9% | 1.9% | |
| 2024F | 8.2% | 1.4 | 20.0% | 2.3% | 2.3% | |

Source: Company data, KGI Securities Research

Corporate Governance Report of Thai Listed Companies



Companies with Excellent CG Scoring

| Stock | Company name | Stock | Company name | Stock | Company name |
|--------|--------------------------------|--------|------------------------|---------|---|
| AAV | ASIA AVIATION | EGCO | ELECTRICITY GENERATING | PTTEP | PTT EXPLORATION AND PRODUCTION |
| ADVANC | ADVANCED INFO SERVICE | GFPT | GFPT | PTTGC | PTT GLOBAL CHEMICAL |
| AMA | AMA MARINE | GGC | GLOBAL GREEN CHEMICALS | PYLON | PYLON |
| AMATA | AMATA CORPORATION | GPSC | GLOBAL POWER SYNERGY | QH | QUALITY HOUSES |
| ANAN | ANANDA DEVELOPMENT | HANA | HANA MICROELECTRONICS | RATCH | RATCHABURI ELECTRICITY GENERATING HOLDING |
| AOT | AIRPORTS OF THAILAND | HMPRO | HOME PRODUCT CENTER | RS | RS |
| AP | ASIAN PROPERTY DEVELOPMENT | INTUCH | SHIN CORPORATION | SCB | THE SIAM COMMERCIAL BANK |
| BANPU | BANPU | IRPC | IRPC | SCC | THE SIAM CEMENT |
| BCP | THE BANGCHAK PETROLEUM | IVL | INDORAMA VENTURES | SCCC | SIAM CITY CEMENT |
| BCPG | BCPG | KBANK | KASIKORN BANK | SEAFECO | SEAFECO |
| BDMS | BANGKOK DUSIT MEDICAL SERVICES | KCE | KCE ELECTRONICS | SMPC | SAHAMITR PRESSURE CONTAINER |
| BEC | BEC WORLD | KKP | KIATNAKIN BANK | SPALI | SUPALAI |
| BEM | BANGKOK EXPRESSWAY AND METRO | KTB | KRUNG THAI BANK | SPRC | STAR PETROLEUM REFINING |
| BGRIM | B. GRIMM POWER | KTC | KRUNGTHAI CARD | SVI | SVI |
| BPP | BANPU POWER | LH | LAND AND HOUSES | TACC | T.A.C. CONSUMER |
| BTS | BTS GROUP HOLDINGS | LPN | L.P.N. DEVELOPMENT | TCAP | THANACHART CAPITAL |
| CENDEL | CENTRAL PLAZA HOTEL | MAKRO | SIAM MAKRO | THCOM | THAICOM |
| CK | CH. KARNCHANG | MBK | MBK | TISCO | TISCO FINANCIAL GROUP |
| CKP | CK POWER | MINT | MINOR INTERNATIONAL | TOP | THAI OIL |
| CPALL | CP ALL | MTC | MUANGTHAI CAPITAL | TRUE | TRUE CORPORATION |
| CPF | CHAROEN POKPHAND FOODS | PLANB | PLAN B MEDIA | TTB | TMBTHANACHART BANK |
| CPN | CENTRAL PATTANA | PSH | PRUKSA HOLDING | VGI | VGI GLOBAL MEDIA |
| DELTA | DELTA ELECTRONICS (THAILAND) | PTG | PTG ENERGY | WHA | WHA CORPORATION |
| DTAC | TOTAL ACCESS COMMUNICATION | PTT | PTT | WHAUP | |



Companies with Very Good CG Scoring

| Stock | Company name | Stock | Company name | Stock | Company name |
|--------|-------------------------------------|--------|--------------------------|--------|----------------------------|
| BAM | BANGKOK COMMERCIAL ASSET MANAGEMENT | GULF | GULF ENERGY DEVELOPMENT | SAPPE | SAPPE |
| BBL | BANGKOK BANK | JMT | JMT NETWORK SERVICES | SAWAD | SRI SAWAD POWER 1979 |
| CBG | CARABAO GROUP | LPH | LADPRAO GENERAL HOSPITAL | SINGER | SINGER THAILAND |
| CHG | CHULARAT HOSPITAL | M | MK RESTAURANT GROUP | SPA | SIAM WELLNESS GROUP |
| COM7 | COM7 | MAJOR | MAJOR CINEPLEX GROUP | TFG | THAIFOODS GROUP |
| DOHOME | DOHOME | MEGA | MEGA LIFESCIENCES | TKN | TAOKAENOI FOOD & MARKETING |
| ERW | THE ERAWAN GROUP | NETBAY | NETBAY | ZEN | ZEN CORPORATION GROUP |
| GLOBAL | SIAM GLOBAL HOUSE | OSP | OSOTSPA | | |



Companies with Good CG Scoring

| Stock | Company name | Stock | Company name | Stock | Company name |
|-------|------------------------|-------|-----------------|-------|-------------------------|
| BCH | BANGKOK CHAIN HOSPITAL | ESSO | ESSO (THAILAND) | SF | SIAM FUTURE DEVELOPMENT |
| BH | BUMRUNGRAD HOSPITAL | HUMAN | HUMANICA | SISB | SISB |
| EKH | EKACHAI MEDICAL CARE | RBF | R&B FOOD SUPPLY | TPCH | TPC POWER HOLDING |

Companies classified Not in the three highest score groups

| Stock | Company name | Stock | Company name | Stock | Company name |
|-------|--------------------------|-------|--|-------|-----------------------------|
| IIG | I&I GROUP | OR | PTT OIL AND RETAIL BUSINESS | STGT | SRI TRANG GLOVES (THAILAND) |
| KEX | KERRY EXPRESS (THAILAND) | STEC | SINO-THAI ENGINEERING AND CONSTRUCTION | | |

Source: www.thai-iod.com

Disclaimer: The disclosure of the survey result 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 assessment 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 result may be changed after that date or when there is any change to the relevant information. Nevertheless, KGI Securities (Thailand) Public Company Limited (KGI) does not confirm, verify, or certify the accuracy and completeness of such survey result.

Anti-corruption Progress Indicator

Level 5: Extended

| Stock | Company name | Stock | Company name | Stock | Company name |
|--------|--------------------------------|--------|------------------------------|--------|---|
| ADVANC | ADVANCED INFO SERVICE | GLOBAL | SIAM GLOBAL HOUSE | QH | QUALITY HOUSES |
| ANAN | ANANDA DEVELOPMENT | GPSC | GLOBAL POWER SYNERGY | RATCH | RATCHABURI ELECTRICITY GENERATING HOLDING |
| BBL | BANGKOK BANK | HMPRO | HOME PRODUCT CENTER | ROBINS | ROBINSON DEPARTMENT STORE |
| BCH | BANGKOK CHAIN HOSPITAL | IRPC | IRPC | SCC | THE SIAM CEMENT |
| BDMS | BANGKOK DUSIT MEDICAL SERVICES | KBANK | KASIKORN BANK | SIRI | SANSIRI |
| BIGC | BIG C SUPERCENTER | KCE | KCE ELECTRONICS | SPALI | SUPALAI |
| CK | CH. KARNCHANG | KKP | KIATNAKIN BANK | STEC | SINO-THAI ENGINEERING AND CONSTRUCTION |
| DCC | DYNASTY CERAMIC | KTB | KRUNG THAI BANK | TCAP | THANACHART CAPITAL |
| DELTA | DELTA ELECTRONICS (THAILAND) | LPH | LADPRAO GENERAL HOSPITAL | TISCO | TISCO FINANCIAL GROUP |
| DRT | DIAMOND ROOFING TILES | PACE | PACE DEVELOPMENT CORPORATION | TMT | THAI METAL TRADE |
| EGCO | ELECTRICITY GENERATING | PTT | PTT | TOP | THAI OIL |
| GFPT | GFPT | PTTGC | PTT GLOBAL CHEMICAL | | |

Level 4: Certified

| Stock | Company name | Stock | Company name | Stock | Company name |
|--------|----------------------------|--------|--------------------------------|--------|----------------------------|
| AAV | ASIA AVIATION | ERW | THE ERWAN GROUP | SAPPE | SAPPE |
| AP | ASIAN PROPERTY DEVELOPMENT | GLOW | GLOW ENERGY | SAWAD | SRISAWAD POWER 1979 |
| BA | BANGKOK AIRWAYS | GUNKUL | GUNKUL ENGINEERING | SCB | THE SIAM COMMERCIAL BANK |
| BANPU | BANPU | ILINK | INTERLINK COMMUNICATION | SCN | SCAN INTER |
| BCHP | THE BANGCHAK PETROLEUM | KTC | KRUNGTHAI CARD | SEAFCO | SEAFCO |
| BH | BUMRUNGRAD HOSPITAL | LH | LAND AND HOUSES | SVI | SVI |
| BJCHI | BJC HEAVY INDUSTRIES | LPN | L.P.N. DEVELOPMENT | TASCO | TIPCO ASPHALT |
| CBG | CARABAO GROUP | MAKRO | SIAM MAKRO | TKN | TAOKAENOI FOOD & MARKETING |
| CENTEL | CENTRAL PLAZA HOTEL | MALEE | MALEE SAMPRAN | TMB | TMB BANK |
| CHG | CHULARAT HOSPITAL | MINT | MINOR INTERNATIONAL | TRT | TIRATHAI |
| CKP | CK POWER | MODERN | MODERNFORM GROUP | TRUE | TRUE CORPORATION |
| CPF | CHAROEN POKPHAND FOODS | NOK | NOK AIRLINES | TVO | THAI VEGETABLE OIL |
| CPN | CENTRAL PATTANA | PTTEP | PTT EXPLORATION AND PRODUCTION | | |
| DTAC | TOTAL ACCESS COMMUNICATION | PYLON | PYLON | | |

Level 3: Established

| Stock | Company name | Stock | Company name | Stock | Company name |
|-------|------------------------------|-------|-------------------|-------|-------------------------|
| BEM | BANGKOK EXPRESSWAY AND METRO | MTLS | MUANGTHAI LEASING | SPRC | STAR PETROLEUM REFINING |
| CPALL | CP ALL | SCI | SCI ELECTRIC | | |

No progress

| Stock | Company name | Stock | Company name | Stock | Company name |
|-------|----------------------|-------|--------------------|-------|-------------------|
| AOT | AIRPORTS OF THAILAND | BPP | BANPU POWER | FN | FN FACTORY OUTLET |
| BCPG | BCPG | BTS | BTS GROUP HOLDINGS | TPCH | TPC POWER HOLDING |

Source: www.cgthailand.org

Disclaimer: The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by the relevant institution as disclosed by the Office of the Securities and Exchange Commission, is made in order to comply with the policy and sustainable development plan for the listed companies. The relevant institution 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 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, KGI Securities (Thailand) Public Company Limited (KGI) does not confirm, verify, or certify the accuracy and completeness of the assessment result.

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KGI's Ratings

| Rating | Definition |
|-------------------|---|
| Outperform (OP) | The stock's excess return over the next twelve months is ranked in the top 40% of KGI's coverage universe in the related market (e.g. Taiwan). |
| Neutral (N) | The stock's excess return over the next twelve months is ranked in the range between the top 40% and the bottom 40% of KGI's coverage universe in the related market (e.g. Taiwan) |
| Under perform (U) | The stock's excess return over the next twelve months is ranked in the bottom 40% of KGI's coverage universe in the related market (e.g. Taiwan). |
| Not Rated (NR) | The stock is not rated by KGI. |
| Restricted (R) | KGI policy and/or applicable law regulations preclude certain types of communications, including an investment recommendation, during the course of KGI's engagement in an investment banking transaction and in certain other circumstances. Excess return = 12M target price/current price- |
| Note | When an analyst publishes a new report on a covered stock, we rank the stock's excess return with those of other stocks in KGI's coverage universe in the related market. We will assign a rating based on its ranking. If an analyst does not publish a new report on a covered stock, its rating will not be changed automatically. |

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