

Insights Direct Company Note

Thai Beverage PCL

Bloomberg : THBEV SP Equity | Reuters : TBEV.SI | TR PermID : 4295893447

DBS Group Research . Equity

15-Feb-2022 (View Latest Version )

ANALYST

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BUY

Price	Mkt Cap	Target Price	Total Return
SGD 0.66	SGD 16.58 B	SGD 0.92	43.2%

WHAT'S NEW

2022-02-15 07:06:52

- 1Q22 revenue and EBITDA rose to THB77.1bn (+7.4% y-o-y) and THB14.7bn (+1.6% y-o-y) driven by the Beer, Non-Alcoholic Beverages and Food segments
- Some COVID-19 uncertainty exists but FY22 expected to be better year
- BeerCo IPO may potentially be back as higher interest rates loom

LAST CHANCE TO BUY THE DIP?

INVESTMENT THESIS

- **Region's leading player trading at -1SD of mean forward PE.** Thai Beverage Public Company (THBEV) is transforming into the region's leading beverage player and has gained market share in its key markets of Thailand and Vietnam. Its valuation is attractive at c.14.5x FY22F price-to-earnings (PE), which is -1SD from its mean forward average.
- **Cost control measures starting to bear fruit.** While we are forecasting advertising spend to rise in the near term as the reopening pace quickens, we think THBEV's cost control and productivity initiatives implemented during the pandemic could help maintain costs below pre-COVID levels and have forecasted FY22F operating margin of 13.7%
- **Refinancing risks are low; strong cashflow to deleverage.** THBEV has secured a Bt40bn credit line for refinancing, thus removing any concerns in this area. Continued deleveraging from its strong and stable cashflow, as well as potential monetisation of assets, are key re-rating catalysts.

STOCK PRICE



FORECASTS AND VALUATION (THB, M)

FY Sep	FY2020A	FY2021A	FY2022F	FY2023F
Revenue	253,481	240,543	259,147	270,609
EBITDA	45,616	45,249	48,791	47,174
Pre-tax Profit	32,931	31,973	35,576	37,591
Net Profit	22,752	24,645	29,308	30,168
Net Pft (Pre Ex.)	23,244	24,645	29,308	30,168
Net Pft Gth (Pre-ex) (%)	(0.1)	6.0	18.9	2.9
EPS (SGD)	3.91	3.96	4.81	4.95
EPS Pre Ex. (SGD)	4.00	3.96	4.81	4.95
EPS Gth Pre Ex (%)	(0.1)	6.0	18.9	2.9
Diluted EPS (SGD)	3.91	3.96	4.81	4.95
Net DPS (SGD)	1.99	2.06	2.51	2.51
BV Per Share (SGD)	24.53	27.46	35.23	37.67
PE (x)	17.5	16.2	13.6	13.2
PE Pre Ex. (x)	17.1	16.2	13.6	13.2
P/Cash Flow (x)	10.7	12.4	9.8	11.9
EV/EBITDA (x)	13.5	13.6	11.5	11.6
Net Div Yield (%)	2.9	3.2	3.8	3.8
P/Book Value (x)	2.8	2.3	1.9	1.7
Net Debt/Equity (x)	1.0	0.9	0.3	0.2
ROAE (%)	17.6	15.7	15.2	13.6

Valuation

Our target price (TP) is based on sum-of-the-parts (SOTP), with core operations valued using discounted cash flow (DCF) and market values/target prices of associate stakes. THBEV is trading at c.14.6x FY22F PE which is around the -1SD from the mean. We believe this is not pricing in its potential as Southeast Asia's largest F&B player.

What's new

WHAT'S NEW

Date 2022-02-15 07:06:52 **Title** A stellar quarter to mark the new year

- 1Q22 revenue and EBITDA rose to THB77.1bn (+7.4% y-o-y) and THB14.7bn (+1.6% y-o-y) driven by the Beer, Non-Alcoholic Beverages and Food segments
- Some COVID-19 uncertainty exists but FY22 expected to be better year
- BeerCo IPO may potentially be back as higher interest rates loom
- Maintain BUY with TP of S\$0.92

Qtr ending December	1Q22	1Q21	y-o-y	1Q20 (pre-COVID)	Comments
Revenue	77,116.0	71,789.0	7.4%	75,680.0	
Spirits	36,015.0	34,771.0	3.6%	34,420.0	Improvement came on the back of 8.6% rise in sales volume underpinned by off-premise consumption
Beer	33,359.0	30,221.0	10.4%	33,222.0	Recovery mainly driven by SABECO's sales volume rise and price increase
Non-Alcoholic Beverages	3,988.0	3,707.0	7.6%	4,214.0	Sales volume up by 2.3% y-o-y
Food	3,785.0	3,128.0	21.0%	3,874.0	Better performance due to recovery of dine-in traffic
Elimination	(31.0)	(38.0)	-18.4%	(50.0)	
EBITDA	14,659.0	14,431.0	1.6%	12,946.0	
Spirits	9,011.0	9,219.0	-2.3%	8,782.0	Higher raw material costs (especially molasses) ate into margins
Beer	4,507.0	4,314.0	4.5%	3,255.0	
Non-Alcoholic Beverages	596.0	496.0	20.2%	447.0	Cost control measures behind bounce in EBITDA
Food	545.0	402.0	35.6%	462.0	Better revenue along with improved operation efficiency of restaurants drove Food performance

What's New

Starting the fiscal year with a bang. ThaiBev's 1Q22 revenue grew 7.4% y-o-y to THB77.1bn as Beer, Food and Non-alcoholic Beverages segment revenue rebounded. 1Q22 EBITDA was higher by 1.6% y-o-y at THB14.7bn, boosted by the same 3 segments but offset by a 2.3% decline in Spirits segment EBITDA on higher raw material costs. Still, the Group expects raw material costs in the current season to be lower y-o-y. Notably, 1Q22 revenue and EBITDA represented c.30% and c.34% of our full year forecasts although the first quarter is seasonally ThaiBev's better quarter with 1Q20 and 1Q21 numbers also reflecting c.30 - 34% of full year numbers.

Deleveraging efforts progressing well. Net interest bearing debt as of 31 Dec 2021 stood at THB161.2bn, representing a net interest bearing debt to equity ratio of 0.75x. This was an improvement from the previous quarter's 0.86x.

Our View

Some COVID-19 uncertainty remains but FY22 expected to be a better year. As of today, COVID-19 cases in Thailand and Vietnam have surged with the latter reporting a record number of cases this past week. However, we observe that government tolerance for COVID-19 has increased in both countries, with both actively seeking to relax international restrictions even as COVID-19 cases continue to rise. Overall, FY22 is likely to be a better year with only light COVID-19 restrictions imposed. In other words, we believe it is unlikely for widespread curbs to be imposed in the following quarters of the year barring the emergence of a more deadly COVID-19 variant or an overwhelmed healthcare system. This should translate to better y-o-y revenue performance in the coming quarters for the Beer, Food and Non-alcoholic Beverage segments.

BeerCo IPO could return this year. ThaiBev's Beer segment posted a good showing in the first quarter which could set the stage for a BeerCo IPO this year. We believe one reason for the IPO is for the Group to deleverage. In the face of a looming rise in interest rates, BeerCo's IPO may be set to return in the coming quarters.

Maintain our BUY call on ThaiBev with a TP of S\$0.92.

CRITICAL EQUITY FACTORS (CF)

CF 1: Thailand Spirits resilience a key factor

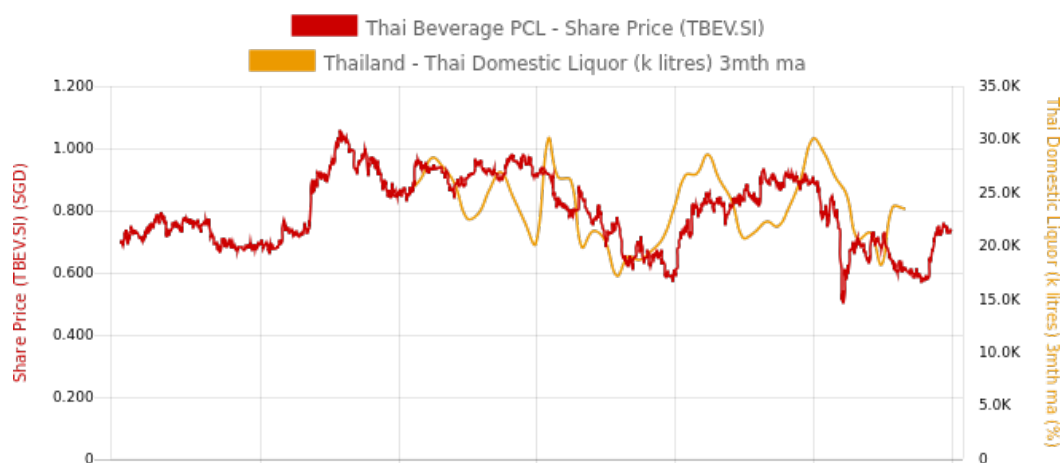
ThaiBev dominant market share and Spirits brand portfolio is the main cashflow and stable profit contributor to the Group, and is showing resilience in the face of COVID-19

30 Nov 2021

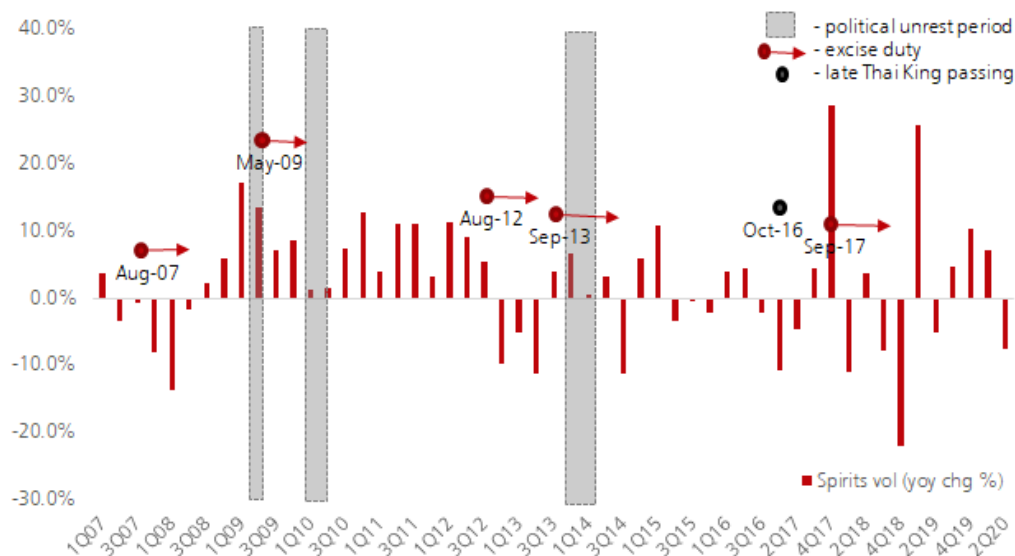
White spirits resilient as brown spirits see overseas boost. FY21 spirit sales volumes were relatively stable, helped by resilient white liquor volumes and a boost in whisky demand from Europe. Going into FY22, spirit sales volumes are likely to remain stable although margins could improve on higher bottle return rates and cheaper raw materials. Notably, management expects a bumper harvest for domestic molasses which could translate into lower cost of raw materials for the segment.

Would Thailand's history of protests hurt alcohol consumption? Demonstrations in Bangkok are becoming more commonplace and there has also been concerns if these could have an impact on share price. While these are valid concerns, we looked at past instances of political unrest and demonstrations in Thailand as well as alcohol excise duty changes. Our observation was that ThaiBev spirits sales volume fluctuations seem to be unaffected by political unrest, as seen in the various instances in the past decade, in 2009, 2010 and 2014. In fact, our observation was that excise duties changes have a greater bearing on spirits volume movements, which is the main profit driver for the Group.

Thailand - Thai Domestic Liquor (k litres) 3mth ma vs. Thai Beverage PCL - Share Price (TBEV.SI)



Spirits yoy revenue, political unrest, excise periods



Source: Media reports, Company data, DBS

CF 2: Thailand Chang Beer race to #1

After revamp of its brand and packaging in 2015, brand share surged from low 30% to c.40%, and has set its sights to be #1 beer brand in Thailand

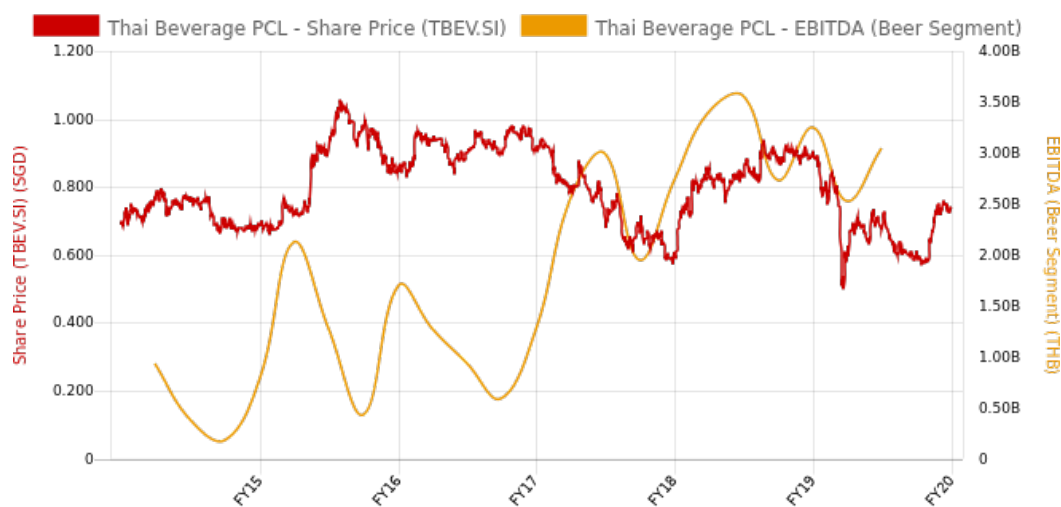
30 Sep 2020

ThaiBev has set its sights to achieve market leader brand for its Chang Beer. Its rebranding and remake of its packaging, with the most distinctive being the use of green bottles, has done well for market share. Based on the previous target set in 2015 (when market share was about 30%), a proportionate linear increase is about 3-ppt share increase per year. Within a year of Chang's relaunch, it had gained 10ppts, faster than expectations. Currently, market share hovers around 40% or so.

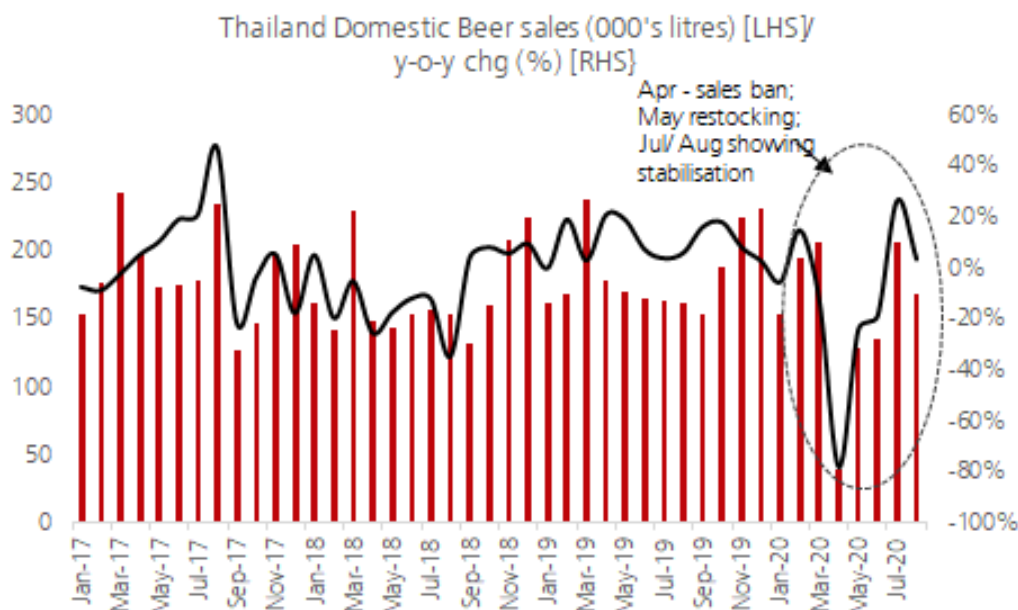
While contribution from its Thai beer operations dwarfs in comparison to that of Spirits, higher profitability aid the group in achieving higher rate of growth.

Similar to the trend seen in Spirits in Thailand, the same for Thailand domestic beer sales. There was a steep y-o-y decline in the months of March to June, but have since seen a strong 27% y-o-y rebound in July followed by 4% increase y-o-y in August. The rebound trend is less pronounced for beer, possibly due to higher reliance on tourist arrivals/ consumption, while consumer base for liquor is largely domestic. That said, the rebound and stabilisation bodes well and could aid in share price.

Thai Beverage PCL - EBITDA (Beer Segment) vs. Share Price (TBEV.SI)

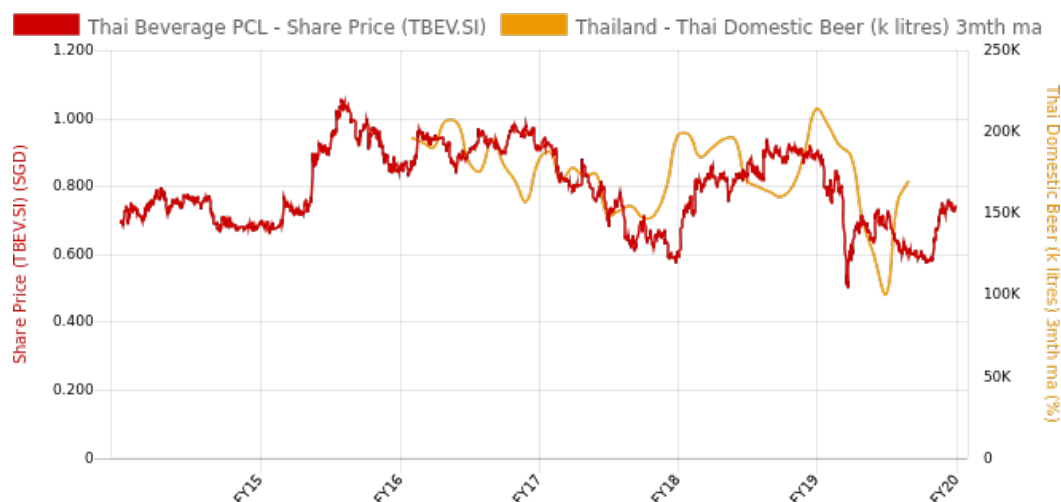


Thailand Domestic Beer sales/ y-o-y chg (%)



Source: Thailand Office of Industrial Economics, DBS

Thailand - Thai Domestic Beer (k litres) 3mth ma vs. Thai Beverage PCL - Share Price (TBEV.SI)



CF 3: Saigon Beer's effectiveness to be Pride of Vietnam

ThaiBev holds majority 53.58% stake in Sabeco, leading brewer in Vietnam, since Dec 2017. This is seen as the growth driver for the Group.

30 Nov 2021

Vietnam's COVID-19 escalation may tap brakes on reopening but path to recovery in sight. With COVID-19 cases on an uptrend again in Vietnam, we see the possibility of localised lockdowns being implemented with a national lockdown happening only if healthcare systems are overwhelmed. Indeed, the country is shifting towards living with COVID-19 and has fully vaccinated about 47% of its population with c.70% having received at least one vaccine dose. The government has also set a target of vaccinating at least two-thirds of the population by 1Q22. Barring an outbreak of a new variant, we see the current spike in COVID-19 cases as temporary and believe sales volumes should trend up in 1H22 and potentially return to pre-pandemic levels in late 2022.

Critical Equity Factors

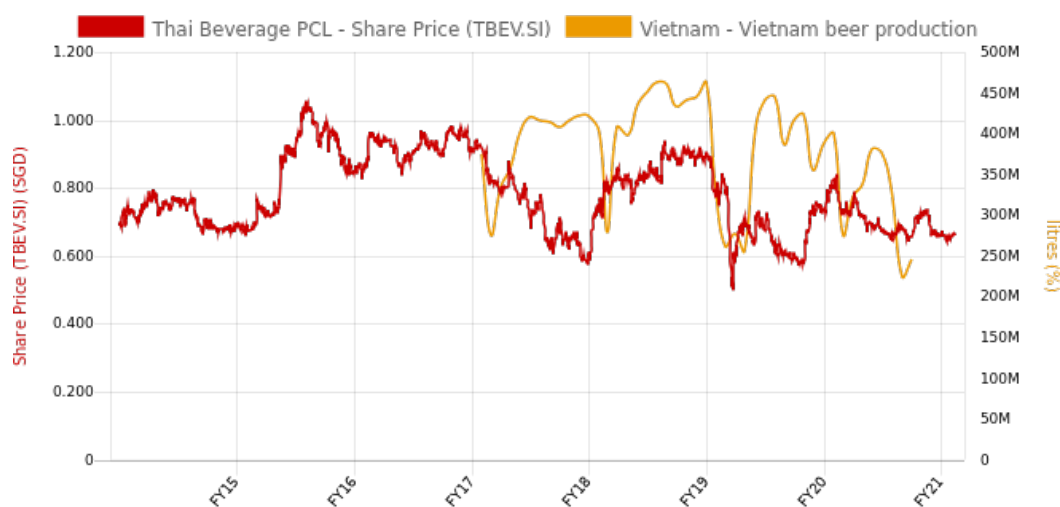
ThaiBev frontrunner for additional stake in Sabeco? Maybe not.

Sale of additional 36% stake by Vietnam's State Capital Investment Corp (SCIC). With the transfer of the 36% stake by Vietnam's Ministry of Trade & Industry to SCIC, there are media reports suggesting that the sale may happen soon. ThaiBev has been named as a frontrunner. This has accordingly raised questions on its ability to further add leverage to its seemingly stretched balance sheet.

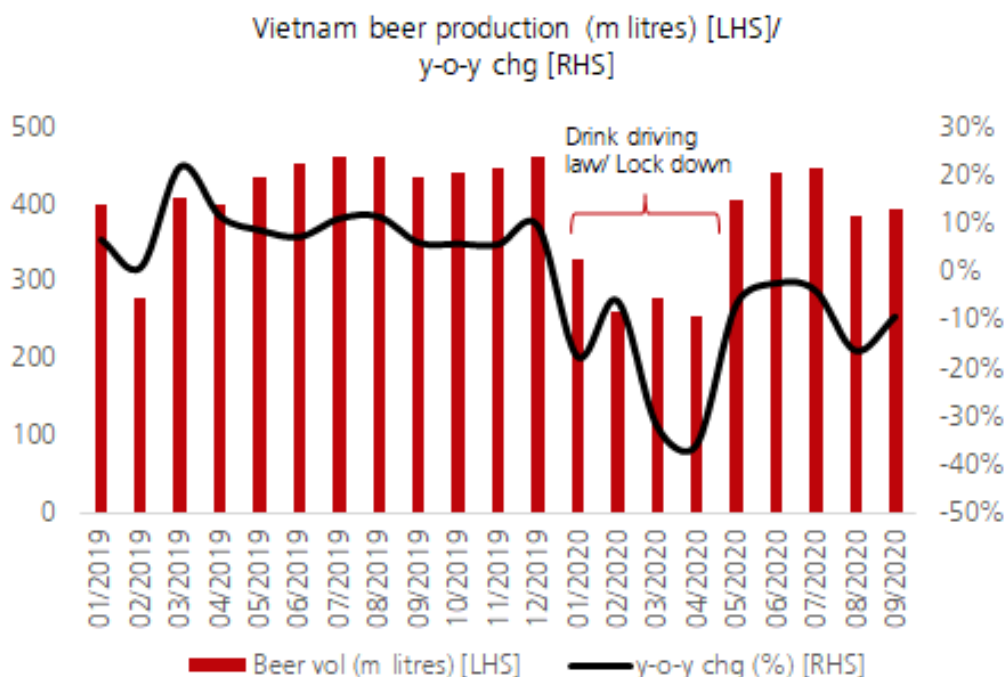
No compelling reasons for ThaiBev to increase its stake in Sabeco. The details of the said sale by SCIC, timing, form, quantum, pricing, and so on, are not known at this juncture. Contrary to mainstream market speculation, we believe there are no real compelling reasons for ThaiBev to take on the additional 36% stake. Our take is that:

- 1. ThaiBev already owns majority stake at 53.59% in Sabeco,** which we believe is a position of strength from a shareholding perspective. Unless the valuation and/or pricing is compelling, it may not warrant topping up.
- 2. Existence of major strategic shareholder could put off other strategic bidders.** Further to the first point, with ThaiBev already holding a majority stake, this could put off other strategic investors, unless the potential strategic suitors are willing to hold second fiddle in terms of shareholding.
- 3. Gearing high.** ThaiBev's gearing is already high, and the stake increase may financially not be a prudent step.
- 4. Timing not optimal and could be much later than expected.** With operating results being impacted by drink driving laws as well as COVID-19, the timing may not be optimal. Looking at past records, we understand that the intention to bring down Vietnam's MTI stake to below 36% was mooted much earlier (in 2015), but the sale (in which ThaiBev eventually emerged as the buyer), had only materialised in Dec 2017. No doubt the initial stake sale may pave the way for a subsequent sale, if at all, we believe the timing could be better.

Vietnam - Vietnam beer production vs. Thai Beverage PCL - Share Price (TBEV.SI)



Vietnam beer production/ yoy chg



Source: CEIC, DBS

CF 4: Deleveraging of its balance sheet

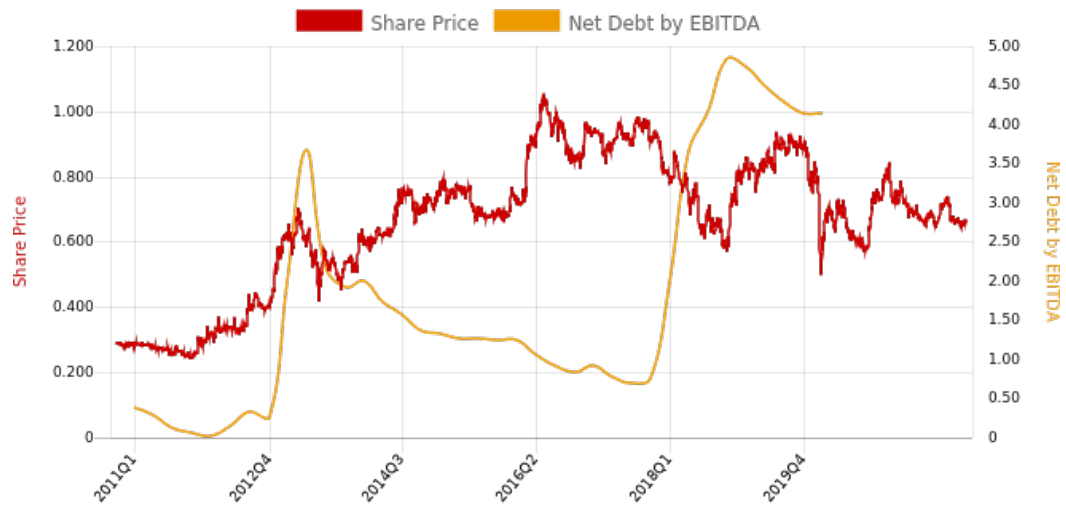
Current net gearing stands at 1.3x with net debt to EBITDA at above 4x. Prior to its acquisition streak since 2017, management has previously indicated that a comfortable level of gearing would be at 2.5x net debt-to-EBITDA.

30 Nov 2021

The market is generally concerned about the Group's high gearing. We project that the Group would be able to gradually deleverage based on the free operating cashflow (after capex and dividends generated each year), and meet the debenture obligations which has been termed out with varying maturities over the next 10 years. Nonetheless, should the Group be able to demonstrate its ability to deleverage faster than anticipated - via asset monetisation, this could be a catalyst for share price.

BeerCo IPO could potentially return. With the reopening of Vietnam and Thailand progressing gradually, THBEV may look again to list its BeerCo unit. Indeed, management has shared that they expect the process to be quicker this time around as a chunk of the administrative work had already been completed from the previous IPO attempt. A successful IPO could mean a significant deleveraging of THBEV's balance sheet and reduce finance costs paid.

Thai Beverage PCL - Net Debt by EBITDA vs. Share Price



VALUATION

Valuation

Our target price (TP) is based on sum-of-the-parts (SOTP), with core operations valued using discounted cash flow (DCF) and market values/target prices of associate stakes. THBEV is trading at c.14.6x FY22F PE which is around the -1SD from the mean. We believe this is not pricing in its potential as Southeast Asia's largest F&B player.

Valuation	THB bn	THB/share	S\$/share	Methodology/Basis
Thai Bev - core business	939.1	37.39	1.50	DCF with WACC of 6.0% and g of 2.5%
Less: Minority Interest from Oishi, Sermsuk and Grand Royal Group	(29.7)	-1.18	-0.05	
Less: est. Sabeco non-controlling interest	(187.8)	-7.48	-0.30	
Share of F&N	14.4	0.57	0.02	Based on 28.4% stake, at market price of S\$1.4/share
Share of Frasers Property Limited	23.4	0.93	0.04	Based on 28.2% stake, at DBS TP of S\$1.15/share
Less: Net Debt	(181.6)	-7.23	-0.29	FY21 net debt
	577.8	23.01	\$0.92	

Source: DBS estimates

Where we differ?

High gearing mitigated by strong operating cash flow (OCF). THBEV's high gearing should not pose any issue as management has termed out THBEV's loans and is able to repay/refinance its obligations with strong cashflows.

Key Risks

New COVID-19 variant, unexpectedly high excise taxes, aggressive sales promotions by competitors.

About Company

PROFILE

Thai Beverage Pcl is a leading food and beverage player in South-East Asia. It has interest in Spirits, Beer, Non-Alcoholic Beverages and Food. It manufactures, markets and distributes brown and white spirits, as well as beer in Thailand, Vietnam (beer) and Myanmar. It has a leading market share for Spirits and #2 market share for Beer in Thailand. Through its 53.58% stake in Saigon Beer and Alcohol Beverage Corporation (Sabeco), it has the dominant share for beer in Vietnam. It also owns associate stakes in Singapore listed, Fraser & Neave Ltd, and Frasers Property Ltd.

At A Glance	
Issued Capital (m shrs)	25,119
Major Shareholders (%)	
Siriwana Co.Ltd	45.3
Maxtop Management Corp	20.6

Business Segments

The Group has four main business segments, namely Spirits, Beer, Non-Alcoholic Beverages (NAB) and Food.

1) Spirits account for c.43% of Group revenue, and c.76% of Group operating profit. It is the dominant market leader in Thailand, with brands such as Ruang Kao, Hong Thong, Blend285, etc. In 2017, it acquired 75% stake in Myanmar's Grand Royal. The Spirits segment is the cash cow for the Group.

2) Beer. The Group brews, markets and distributes the Chang Beer brand in Thailand and internationally. Since its relaunch in 2015, with new label and green bottles, market share has leapt up from 30% to c.40%. Management has a vision to make Chang Beer the market leader in Thailand, with a market share of c.45% by 2020 (FYE Sep 2020). In Dec 2017, it acquired 53.59% stake in Vietnam's Sabeco, which brews and markets leading beer brands – Saigon Beer and 333.

3) Non-Alcoholic Beverages. Within this segment, products include carbonated soft drinks (est), water, energy drinks, ready-to-drink (RTD) tea, etc. It owns brands such as est, Oishi, Chang Soda/ water, Jubjai (herbal tea), etc.

4) Food. This segment is the smallest within the Group, but has grown in recent years arising from expansion and acquisition. Besides operations of Japanese restaurants, the Group is one of three KFC franchisees in Thailand, having acquired it in 2017. It is also a franchisee for Starbucks in Thailand, which is a partnership with Maxim, an associate company of Dairy Farm International, as well as its associate F&N Ltd.

Balance Sheet

Gearing has spiked with its spate of acquisitions in 2017/18 . The Group's net gearing has improved steadily from FY18 but remains high at c.1.05x (as of 31 Dec 2021) after touching a low of 0.22x (as of end-FY17). This follows its spate of acquisitions, particularly a 53.59% stake in Sabeco by its JV. Management's focus is on deleveraging, which we project should be seen progressively given its stable and strong operating cashflow

Environment, Social, Governance

ThaiBev has participated in the Dow Jones Sustainability Indices (DJSI) Corporate Sustainability Assessment for four consecutive years. It was listed in the DJSI for 2018 in the beverage sector and gained the highest score on sustainability

Key Assumptions

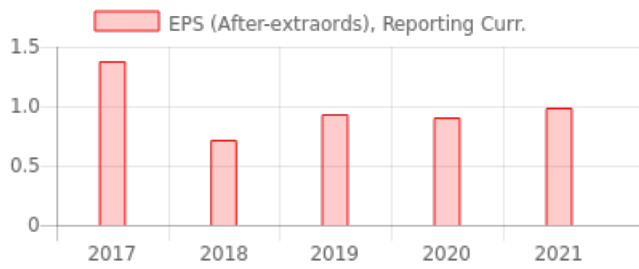
FY Sep	2019A	2020A	2021F	2022F	2023F
Spirits vol gwth (%)	7.90	0.20	0.0	1.00	1.00
Spirits ASP gwth (%)	(0.1)	0.0	1.00	2.00	2.00
Beer vol gwth (%)	7.40	(0.9)	(12.5)	1.00	2.00
Beer ASP gwth (%)	1.00	0.0	1.00	3.00	2.00
Non-Alc Bev rev gwth (%)	3.80	(3.1)	(7.5)	3.00	3.00

Segmental Breakdown

FY Sep	2019A	2020A	2021A	2022F	2023F
Revenues (Btm)					
Spirits	114,806	117,297	115,052	119,147	123,635
Beer	120,422	106,871	99,157	113,417	119,435
Non-Alcoholic Bev.	16,796	16,281	15,205	14,901	15,273
Food	15,561	13,172	11,280	11,844	12,436
Others	(228)	(140)	(151)	(163)	(170)
Total	267,357	253,481	240,543	259,147	270,609
Operating profit (Btm)					
Spirits	24,095	26,276	26,189	26,808	27,138
Beer	7,879	8,186	7,513	8,059	8,606
Non-Alcoholic Bev.	(1,222)	(54.0)	320	551	611
Food	833	51.0	(353)	(23.7)	311
Others	124	101	113	113	113
Total	31,709	34,560	33,782	35,507	36,779
Operating profit Margins (%)					
Spirits	21.0	22.4	22.8	22.5	22.0
Beer	6.5	7.7	7.6	7.1	7.2
Non-Alcoholic Bev.	(7.3)	(0.3)	2.1	3.7	4.0
Food	5.4	0.4	(3.1)	(0.2)	2.5
Others	(54.4)	(72.1)	(74.8)	(69.5)	(66.5)
Total	11.9	13.6	14.0	13.7	13.6

Company Ratios

EPS (After-extraordinaries)



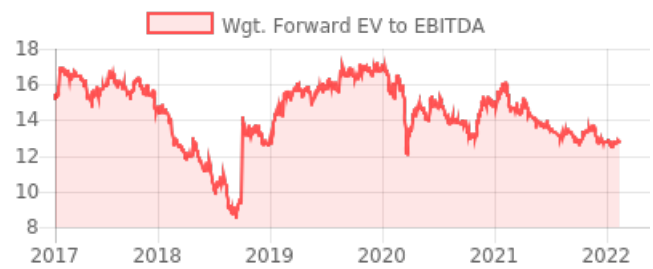
Wgt. Forward P/E (TBEV.SI)



Wgt. Forward P/B (TBEV.SI)



Wgt. Forward EV to EBITDA



Wgt. Forward Dividend Yield



FORECASTS AND VALUATION (THB, M)

FY Sep	FY2019A	FY2020A	FY2021A	FY2022F	FY2023F
Revenue	267,357	253,481	240,543	259,147	270,609
EBITDA	43,952	45,616	45,249	48,791	47,174
Pre-tax Profit	31,312	32,931	31,973	35,576	37,591
Net Profit	23,272	22,752	24,645	29,308	30,168
Net Pft (Pre Ex.)	23,272	23,244	24,645	29,308	30,168
Net Pft Gth (Pre-ex) (%)	14.1	(0.1)	6.0	18.9	2.9
EPS (SGD)	4.19	3.91	3.96	4.81	4.95
EPS Pre Ex. (SGD)	4.19	4.00	3.96	4.81	4.95
EPS Gth Pre Ex (%)	14.1	(0.1)	6.0	18.9	2.9
Diluted EPS (SGD)	4.19	3.91	3.96	4.81	4.95
Net DPS (SGD)	2.17	1.99	2.06	2.51	2.51
BV Per Share (SGD)	20.83	24.53	27.46	35.23	37.67
PE (x)	17.1	17.5	16.2	13.6	13.2
PE Pre Ex. (x)	17.1	17.1	16.2	13.6	13.2
P/Cash Flow (x)	10.3	10.7	12.4	9.8	11.9
EV/EBITDA (x)	14.3	13.5	13.6	11.5	11.6
Net Div Yield (%)	3.0	2.9	3.2	3.8	3.8
P/Book Value (x)	3.4	2.8	2.3	1.9	1.7
Net Debt/Equity (x)	1.3	1.0	0.9	0.3	0.2
ROAE (%)	19.7	17.6	15.7	15.2	13.6

INCOME STATEMENT (THB, M)

FY Sep	FY2019A	FY2020A	FY2021A	FY2022F	FY2023F
Revenue	267,357	253,481	240,543	259,147	270,609
Cost of Goods Sold	(189,966)	(178,620)	(169,060)	(181,269)	(188,909)
Gross Profit	77,391	74,860	71,484	77,878	81,700
Other Opng (Exp)/Inc	(45,672)	(40,302)	(37,702)	(42,370)	(44,921)
Operating Profit	31,719	34,559	33,782	35,507	36,779
Other Non Opg (Exp)/Inc	753.3	1,235	872.6	400.0	400.0
Associates & JV Inc	4,845	3,256	2,777	4,850	4,485
Net Interest (Exp)/Inc	(6,006)	(5,627)	(5,458)	(5,181)	(4,072)
Exceptional Gain/(Loss)	0.000	(492.4)	0.000	0.000	0.000
Pre-tax Profit	31,312	32,931	31,973	35,576	37,591
Tax	(5,229)	(6,866)	(4,634)	(6,145)	(6,952)
Minority Interest	(2,810)	(3,313)	(2,694)	(122.9)	(470.8)
Preference Dividend	0.000	0.000	0.000	0.000	0.000
Net Profit	23,272	22,752	24,645	29,308	30,168
Net Profit before Except.	23,272	23,244	24,645	29,308	30,168
EBITDA	43,952	45,616	45,249	48,791	47,174
Growth					
Revenue Gth (%)	16.4	(5.2)	(5.1)	7.7	4.4
EBITDA Gth (%)	19.1	3.8	(0.8)	7.8	(3.3)
Opg Profit Gth (%)	27.4	9.0	(2.2)	5.1	3.6
Net Profit Gth (Pre-ex) (%)	14.1	(0.1)	6.0	18.9	2.9
Margins & Ratio					
Gross Margins (%)	28.9	29.5	29.7	30.1	30.2
Opg Profit Margin (%)	11.9	13.6	14.0	13.7	13.6
Net Profit Margin (%)	8.7	9.0	10.2	11.3	11.1
ROAE (%)	19.7	17.6	15.7	15.2	13.6
ROA (%)	5.6	5.4	5.4	6.0	6.0
ROCE (%)	6.8	6.9	6.8	6.4	6.4
Div Payout Ratio (%)	51.8	50.8	52.0	52.3	50.8
Net Interest Cover (x)	5.3	6.1	6.2	6.9	9.0

BALANCE SHEET (THB, M)

FY Sep	FY2019A	FY2020A	FY2021A	FY2022F	FY2023F
Net Fixed Assets	59,737	61,347	60,717	56,785	52,333
Invt in Associates & JVs	79,345	85,605	102,414	105,264	107,749
Other LT Assets	190,840	200,252	214,187	213,524	213,467
Cash & ST Invt	24,362	34,695	40,046	79,116	75,539
Inventory	42,846	41,655	45,739	39,868	41,607
Debtors	5,094	5,072	4,723	4,899	5,116
Other Current Assets	5,015	4,893	4,758	4,758	4,758
Total Assets	407,240	433,520	472,585	504,215	500,569
ST Debt	21,608	64,450	67,878	67,878	67,878
Creditor	7,706	6,603	6,562	5,221	5,448
Other Current Liab	19,236	19,699	21,002	24,862	25,669
LT Debt	197,975	152,209	151,800	101,800	81,800
Other LT Liabilities	10,391	11,154	15,166	15,166	15,166
Shareholder's Equity	115,859	142,596	170,963	214,865	229,714
Minority Interests	34,466	36,808	39,213	74,423	74,894
Total Cap. & Liab.	407,240	433,520	472,585	504,215	500,569
Non-Cash Wkg. Capital	26,014	25,318	27,655	19,443	20,363
Net Cash/(Debt)	(195,220)	(181,965)	(179,632)	(90,562)	(74,139)
Debtors Turn (avg days)	6.4	7.3	7.4	6.8	6.8
Creditors Turn (avg days)	15.5	15.2	14.9	12.4	10.6
Inventory Turn (avg days)	84.6	89.6	98.9	90.2	81.1
Asset Turnover (x)	0.6	0.6	0.5	0.5	0.5
Current Ratio (x)	1.6	1.0	1.0	1.3	1.3
Quick Ratio (x)	0.6	0.4	0.5	0.9	0.8
Net Debt/Equity (x)	1.3	1.0	0.9	0.3	0.2
Net Debt/Equity ex MI (x)	1.7	1.3	1.1	0.4	0.3
Capex to Debt (%)	2.5	2.0	1.5	2.0	2.4

CASH FLOW STATEMENT (THB, M)

FY Sep	FY2019A	FY2020A	FY2021A	FY2022F	FY2023F
Pre-Tax Profit	31,312	32,931	31,973	35,576	37,591
Dep. & Amort.	6,635	6,565	7,831	8,034	8,118
Tax Paid	(6,024)	(5,113)	(6,758)	(2,286)	(6,145)
Assoc. & JV Inc/(loss)	(4,845)	(3,256)	(2,777)	(4,850)	(4,485)
Chg in Wkg.Cap.	3,907	(142.3)	(1,716)	4,353	(1,728)
Other Operating CF	7,492	6,282	3,514	0.000	0.000
Net Operating CF	38,476	37,265	32,067	40,827	33,351
Capital Exp.(net)	(5,493)	(4,264)	(3,274)	(3,438)	(3,610)
Other Invts.(net)	(4,750)	(5,146)	(3,229)	0.000	0.000
Invts in Assoc. & JV	(934.8)	0.000	(8,301)	0.000	0.000
Div from Assoc & JV	2,529	1,347	1,155	2,000	2,000
Other Investing CF	203.8	540.2	1,993	0.000	0.000
Net Investing CF	(8,445)	(7,523)	(11,656)	(1,438)	(1,610)
Div Paid	(12,416)	(13,004)	(14,548)	(15,319)	(15,319)
Chg in Gross Debt	(11,619)	(5,006)	2,035	(50,000)	(20,000)
Capital Issues	0.000	0.000	0.000	0.000	0.000
Other Financing CF	(7,141)	(6,941)	(7,859)	65,000	0.000
Net Financing CF	(31,176)	(24,951)	(20,372)	(319.3)	(35,319)
Currency Adjustments	(740.2)	726.3	193.0	0.000	0.000
Chg in Cash	(1,886)	5,517	231.7	39,070	(3,578)
Opg CFPS (SGD)	6.22	6.43	5.43	5.98	5.75
Free CFPS (SGD)	5.93	5.68	4.62	6.13	4.88

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DBS Group Research recommendations are based on an Absolute Total Return* Rating system, defined as follows:

STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)

SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

*Share price appreciation + dividends

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Target Price & Ratings History



#	Date of Report	Closing Price	12-m Target Price	Rating
1	17 Aug'20	0.64	0.90	Buy
2	20 Oct'20	0.58	0.90	Buy
3	26 Nov'20	0.75	0.93	Buy
4	16 Aug'21	0.69	0.92	Buy

Analysts: Paul Yong

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