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Temporary net loss in 4Q21, expect 1Q22 earnings to recover.

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Recovered before peers; will continue to generate profit.

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KEY INDICES

Symbol	Close	Chg	%Chg
SET	1,694.28	9.10	0.54
SET50	1,021.67	5.09	0.50
Value (Btm) - SET	81,601		
Top 5 Sector			
BANK	435.59	0.37	0.09
PETRO	1,093.16	0.27	0.02
PROP	248.13	4.36	1.79
ENERG	25,403.43	54.33	0.21
ICT	206.72	4.24	2.09

Source: Bloomberg

TOP VOLUME

Symbol	Price (Bt)	Chg (%)	Volume ('000)
KBANK	163.00	(0.31)	24,475.6
PTTEP	137.50	0.73	24,716.0
BANPU	11.30	3.67	284,259.4
BBL	137.00	(2.14)	20,715.3
CPALL	68.25	0.37	38,299.7

TOP GAINERS

Symbol	Price (Bt)	Chg (%)	Volume ('000)
JUTHA	0.70	29.63	205,932.6
NMG	0.30	15.38	39,414.7
MVP	6.40	14.29	11,144.6
LANNA	21.80	14.14	23,529.9
DIMET	0.65	14.04	286,316.2

TOP LOSERS

Symbol	Price (Bt)	Chg (%)	Volume ('000)
NEWS	0.07	(12.50)	354,376.7
ZIGA	8.45	(8.65)	67,914.7
THMUI	1.22	(8.27)	22,093.2
NINE	3.56	(6.81)	282.3
ACAP	0.95	(5.94)	1,037.7

KEY STATISTICS

Commodity	Current Price	%Chg		
		1m	3M	YTD
Brent crude*	105.0	19.6	54.4	36.5
Dubai crude*	100.8	15.1	44.1	31.7
Baltic Dry Index	2,040.0	43.8	(34.5)	(8.0)
Gold Spot***	1,942.3	7.5	9.8	6.2

*(US\$/bbl), *** (US\$/toz)

FOREIGN PORTFOLIO INVESTMENT IN EQUITIES (THAILAND)

Day (Mil US\$)	MTD Net (Mil US\$)	YTD Net (Mil US\$)	YTD Net YoY%
122.9	122.9	2,485.9	9,575.8

Source: Bloomberg

Foreign Exchange Rate - THB/US\$ (onshore) = 32.74

Interest Rate (%) - TH 1-day RP = 1.50

Thai Lending Rate (%) - MLR = 5.25

STRATEGY – THAILAND

Alpha Picks: Feb 22 Portfolio

The SET closed higher at end-Feb 22, backed by strong performers in commerce and banking stocks even as escalating geopolitical tension between Russia and Ukraine weighted sentiments, as investors have assessed that the risk to Thailand is slim. Going forward, the number of domestic infections, geopolitical risk, and the Fed's policy stance will remain under the spotlight. For Mar 22, we take profit on STEC and cut losses on CPF, and add SPALI to our list. Maintain BUY on AMATA, BBL, BEM, CPALL, KBANK, MINT and TIDLOR.

WHAT'S NEW

- **Portfolio continued outperforming the SET in Feb 22.** The SET index gained 2.2% mom to 1685.18pt at the end of Feb 22, boosted by a strong rally from commerce and banking stocks. The index is set to drop in the second-half of March after Russia launched a full-scale invasion of Ukraine. Our portfolio has beaten the SET with 3.9% mom gains (SET index: +2.2% mom), thanks to certain names in the commerce and financial sector that continued to make stunning recoveries like KBANK, CPALL, BEM, TIDLOR and BBL, which responded with solid fundamental footing and cheaper valuation against the market's average.
- **Stick to quality names.** The combination of the COVID-19 pandemic and geopolitical tensions between Russia and Ukraine has built more risk about "stagflation" through high fuel costs and lower growth rate, increasing demand for the original safe havens like gold and treasury. Although the market has become harder to play, sector rotation is still in effect. Certain names with pricing power and cheap valuation are what we pick as a tactical call this month, as Russia's invasion of Ukraine will increase the cost of living by driving up energy prices relative to headline inflation.

ACTION

- **Mar 22 Alpha picks: Our buy calls are AMATA, BBL, BEM, CPALL, KBANK, MINT, TIDLOR (add SPALI).** We added SPALI into our Mar 22 lists given an aggressive launch plan in the low-rise segment and solid backlog. Along with an attractive valuation (2022F PE 6.6x, -0.5 SD) and high dividend payments, we see that the current share price provides a good risk/reward among peers.
- **Take profit on STEC and cut losses on CPF.** We turn more conservative by reducing exposure in stocks to prevent the worse-case scenario from geopolitical uncertainty between Russia and Ukraine, inflation risk, and the Fed's move in the March meeting. We dropped STEC given that we expect no near-term catalyst and higher fuel costs, along with a bad shape of technical price's momentum. CPF is also excluded from our lists as declining swine prices in China and higher raw material cost mean more downside risk ahead.

ANALYSTS' TOP ALPHA PICKS*

Analyst	Company	Rec	Performance	Catalyst
Peerawat Dentanaran / Thachasorn Jutaganon	AMATA	BUY	1.9	Strong earnings growth after two years of COVID-19 and the easing of travel restrictions in many countries.
Kwanchai Atiphopchai	BBL	BUY	28.4	Improvement in economic growth boosting loan demand.
Peerawat Dentanaran / Waritthorn Kaewmuang	BEM	BUY	(1.1)	The recovery of traffic volume and ridership. New mega projects.
Peerawat Dentanaran	CPALL	BUY	8.4	Further easing of lockdown measures.
Kwanchai Atiphopchai	KBANK	BUY	15.1	An improvement in economic growth will boost demand for loans.
Peerawat Dentanaran	MINT	BUY	7.0	Vaccination progress and newsflow about reopening activities.
Peerawat Dentanaran / Kasemsun Koonnara	SPALI	BUY		Aggressive launch plan in low-rise segment and solid backlog.
Kwanchai Atiphopchai	TIDLOR	BUY	(6.3)	Resilient earnings in 2022, and more resilient NIM outlook.
Kampon Akaravarinchai	CPF	BUY	(1.0)	Dropped.
Peerawat Dentanaran / Waritthorn	STEC	BUY	2.2	Dropped.

* Denotes a timeframe of 1-3 months and not UOB Kay Hian's usual 12-month investment horizon for stock recommendation
Source: UOB Kay Hian

KEY RECOMMENDATIONS

Company	Share Price 28 Feb 22 (Bt)	Target Price (Bt)	Upside/ (Downside) to TP (%)
AMATA	21.40	26.00	21.50
BBL	140.00	159.00	13.57
BEM	8.90	9.60	7.87
CPALL	68.00	78.00	14.71
KBANK	163.50	174.00	6.42
MINT	30.75	40.50	31.71
STEC	22.00	26.50	20.45
TIDLOR	37.50	48.00	28.00

Source: UOB Kay Hian

CHANGE IN SHARE PRICE

Company	Feb 22 (%)	To-date* (%)
AMATA	-	1.9
BBL	3.7	28.4
BEM	8.5	(1.1)
CPALL	8.4	8.4
CPF	-	(1.0)
KBANK	9.4	15.1
MINT	0.8	7.0
STEC	(2.1)	2.2
TIDLOR	6.4	(6.3)
SET Index	2.2	

*Share price change since stock was selected as alpha pick

Source: UOB Kay Hian

PORTFOLIO RETURNS

(%)	1Q21	2Q21	3Q21	4Q21	2021
SET return	9.5	0.0	1.1	3.2	14.4
Alpha Picks Return					
- Price-weighted	1.2	(5.3)	4.6	3.5	2.4
- Market cap-weighted	5.0	(6.2)	2.6	3.9	3.0
- Equal-weighted	5.5	(1.0)	2.9	0.2	3.9

Assumptions for the three methodologies:

1. Price-weighted: Assuming the same number of shares for each stock, a higher share price will have a higher weighting.
2. Market cap-weighted: Weighting is based on the market cap at inception date, a higher market cap will have a higher weighting.
3. Equal-weighted: Assuming the same investment amount for each stock, every stock will have the same weighting.

Source: UOB Kay Hian

ANALYST(S)

Thailand Research Team
+662 659 8300
research@uobkayhian.co.th

AMATA (Peerawat Dentananan/Thachasorn Jutaganon)

- Amata Corporation (AMATA) is Thailand's leading industrial estate developer. It operates two industrial estates in Eastern Thailand (Amata Nakorn and Amata City), and one in Vietnam (Amata City Bien Hoa).
- Expect strong earnings to continue in 2022. We expect AMATA to continue posting strong earnings in 2022, improving 12% yoy to Bt1.6b. Revenue from land sales would be the main support due to pent-up demand after two years of COVID-19 and the easing of travel restrictions in many countries.
- Maintain BUY with a target price of Bt26.00. Our target price is based on SOTP methodology, where we value its investment in associate companies at Bt16.50/share pegged to 2022F PE of 25.3x, and its core business at Bt6.50 based on 27.5x 2022F PE. We like AMATA as it has many potential upsides. We think AMATA's earnings will continue growing in 2022. Moreover, we believe it will be a beneficiary from the recovery of land sales as the company has revenue contribution from land sales of almost 50% pre-COVID-19. We also found many positives that could support AMATA's earnings outlook in the long term, such as investment in the Eastern Economic Corridor (EEC) and AMATA Smart & Eco City in Laos.

Share Price Catalyst

- a) Easing of COVID-19 measures, b) reopening of countries' borders, c) the government's stimulus package for the tourism industry, d) the progress of the EEC project, e) improvement in foreign direct investment numbers, and f) the relocation of factories from China to Southeast Asia due to trade tensions.

BBL (Kwanchai Atiphopchai)

- Bangkok Bank (BBL) is one of the largest commercial banks in Thailand and a market leader in corporate and international banking networks, commanding 20% of Thailand's credit market.
- We expect BBL's 2022 earnings to grow 17% yoy, supported by: a) loan growth of 3-5% yoy, b) lower provision expenses as the uncertainties of COVID-19 subside, and c) lower cost-to-income ratio as BBL's top-line should outgrow its operating expenses.
- We upgrade our 2022-23 earnings forecasts by 10.5% and 8.0% respectively, accounting for higher-than-expected actual 2021 earnings and a lower provisioning outlook.
- Maintain BUY with a higher target price of Bt159.00. Our target price is based on the Gordon Growth Model (GGM) (ROE: 6.5%, cost of equity: 9%, long-term growth: 2%) and implies 0.65x 2022F P/B, or -0.5SD to its five-year mean.

Share Price Catalyst

- Improvement in economic growth will boost loan demand.
- BOT lifts the restriction on banks' dividend payout ratio.

BEM (Peerawat Dentananan /Warritthorn Kaewmuang)

- Bangkok Expressway and Metro (BEM) is one of the providers of expressway and metro services in Thailand.
- We have an optimistic outlook based on its earnings recovery and the possibilities of winning new projects in 2022.
- We anticipate the growth to continue and ridership to recover at a faster rate towards the end of the year as more people become less hesitant to use the metro system as a convenient mode of transport.
- BEM expects the bidding of the operating & maintenance (O&M) contract for MRT Orange Line and the southern extension of MRT Purple Line to proceed smoothly.

- We expect the recovery play to continue on a more gradual basis as investors are more focused on actual earnings recovery, which should not yet return above pre-COVID-19 levels in 2022 since full recovery has not been achieved.
- Maintain BUY with a higher target price of Bt9.60, based on SOTP.

Share Price Catalyst

- The recovery of traffic volume and ridership as people return to offices and schools after this wave of COVID-19 subsides.
- New mega projects, including the approaching bidding for the MRT Orange Line and the southern extension of the MRT Purple Line.

CPALL (Peerawat Dentananan)

- CPALL is the operator of 7-Eleven stores in Thailand, and controls more than 50% of the convenience store market in the country.
- Based on our scenario analysis, CPALL would gain extra contributions to its bottom line from Entire Business Transfer (EBT) and Public Offering programmes (PO) worth around Bt341m and Bt1.1b in 2022 and 2023 respectively. The extra contributions could translate into an additional upside of Bt2.50/share, pegged at 42x 2022F justified PE.
- Re-iterate BUY with a higher target price of Bt78.50 as we re-rate our justified PE up by +1SD to its five-year historical mean, which is equivalent to 42x (previous five -year mean at 36x).

Share Price Catalyst

- Further easing of lockdown measures.

KBANK (Kwanchai Atiphopai)

- Kasikorn Bank (KBANK) is one of the largest commercial banks in Thailand, with key strengths in management, SME lending and fee income development.
- We expect KBANK's earnings to grow 6% yoy, underperforming average big banks' earnings growth for the same period of 19% yoy. This is because KBANK is the most susceptible bank towards deteriorated asset quality for loans under the relief programme. KBANK has the highest SME loan mix among the big banks (KBANK's SME loan mix in 9M21: 32% of total loans). However, KBANK's earnings growth would outperform its peers under strong economic recovery circumstances, which we believe will occur in 2023.
- Maintain BUY with a higher target price of Bt174.00. Our valuation is derived from the GGM (ROE: 7.5%, cost of equity: 9%, long-term growth: 2%) and implies 0.8x 2021F P/B, or -1SD to its five-year mean.

Share Price Catalyst

- An improvement in economic growth will boost loan demand.
- Better-than-expected asset quality leading to lower credit cost.

MINT (Peerawat Dentananan)

- Minor International (MINT) is one of the largest hospitality companies in the Asia-Pacific region. It also operates restaurants in Thailand and overseas and is involved in residential property development and retail trading.
- MINT's earnings should outperform its peers in the near term due to its well-diversified strategy. We believe the developed countries would have comparative advantage for vaccine access over developing countries.

- MINT's balance sheet has been healthier thanks to the recent capital-raising programme, and is on track to capture the growth opportunities in the tourism industry once the COVID-19 pandemic subsides.
- Maintain BUY with a target price of Bt40.50, based on the DCF methodology.

Share Price Catalyst

- Announcement of a vaccine which is effective against the Omicron variant.
- Vaccination progress and newsflow about reopening activities.

SPALI (Peerawat Dentanaran / Kasemsun Koonnara)

- Supalai (SPALI TB) is one of the property developers focusing on low-rise properties and condominiums in the mid to low-end.
- We expect SPALI's earnings to remain solid compared to pre-COVID-19 levels, supported by its 2022 launch plan in the low-rise segment worth Bt3.5b and strong backlog to be recognised worth Bt1.6b (as of 31 Dec 21).
- SPALI has announced a dividend payment of Bt0.75/share for 2H21, implying a dividend yield of 3.3%. The dividend payment is expected to be paid on 12 May 22 (ex-dividend date: 27 Apr 22).
- Maintain BUY with a target price of Bt26.50, based on 7.8x 2022F PE, or around its 10-year historical mean. Even though 2022 residential revenue is expected to slow down or be flat yoy due to a high revenue base in 2021, we believe earnings would remain solid compared to pre-COVID-19 levels. We also like SPALI's solid fundamentals and profitability that allow the company to withstand financial hardships and more competition.

Share Price Catalyst

- Better-than-expected presales and faster-than-expected unit transfers, and b) improvement in gross margin and SG&A-to-sales ratio.

TIDLOR (Kwanchai Atiphopai)

- Ngern Tid Lor (TIDLOR TB) is one of the top three biggest consumer finance companies engaged in auto-title loans, hire-purchase loans and insurance brokerage. It differentiates itself from other consumer finance companies through its diversified lending channels and tech-savvy business model.
- TIDLOR will continue to roll out its 10-month interest-free instalment programme for its insurance brokerage business. The feedback from the interest-free programme has been very positive. TIDLOR's non-life insurance sales grew 42% yoy in 2021 vs the industry's growth rate of only 5% yoy for the same period. We believe the strong momentum in insurance sales would carry forward into 2022, and expect sales to grow 35% yoy.
- We expect TIDLOR's 2022 earnings to grow 24% yoy. Although we expect TIDLOR's 2022 credit cost to increase 35bp yoy to 109bp from the company's aggressive loan growth expansion, the top-line growth will be offset by rising credit cost. TIDLOR will benefit from economies of scale, which should bring TIDLOR's cost to-income ratio from 60% in 2021 to 58% in 2022.
- We reiterate our BUY recommendation with a lower target price of Bt48.00 to account for the dilution effect from the stock dividend. Our target price is based on the GGM (cost of equity: 11.50%, long-term growth: 4.50%).

Share Price Catalyst

- Strong 1Q22 results.

VALUATION

Company	Ticker	Rec.	Last Price 28 Feb 22 (Bt)	Target Price (Bt)	Upside Downside (%)	Market Cap (US\$m)	----- PE -----			EPS Growth 2022F (%)	PEG 2022F (x)	P/B 2022F (x)	Yield 2022F (%)	ROE 2022F (%)
Amata Corporation	AMATA TB	BUY	21.40	26.00	21.50	728	20.7	16.3	14.6	11.7	1.4	1.3	2.2	7.1
Bangkok Bank	BBL TB	BUY	140.00	159.00	13.57	7,906	15.6	10.1	8.6	16.7	0.6	0.5	3.5	6.1
Bangkok Expressway and Metro	BEM TB	BUY	8.90	9.60	7.87	4,025	66.3	134.7	47.8	181.9	0.7	3.4	0.8	7.3
CP All	CPALL TB	BUY	68.00	78.00	14.71	18,073	37.9	68.6	37.5	82.7	0.8	5.6	1.3	13.8
Kasikornbank	KBANK TB	BUY	163.50	174.00	6.42	11,461	13.1	10.2	9.6	5.8	1.7	0.8	2.7	8.2
Minor International	MINT TB	BUY	30.75	40.50	31.71	4,743	n.a.	n.a.	126.2	109.8	na	3.0	0.3	2.1
Supalai	SPALI TB	BUY	22.00	26.50	20.45	1,395	10.1	6.1	6.4	(5.1)	(1.2)	0.9	6.3	14.9
Ngern Tid Lor	TIDLOR TB	BUY	37.50	48.00	28.00	2,573	32.7	26.6	22.6	17.6	1.5	3.4	0.7	16.4

Source: UOB Kay Hian

COMPANY RESULTS

Electricity Group PCL (EGCO TB)

4Q21: Strong Quarter, Above Our Expectation

EGCO reported 4Q21 net profit of Bt935m driven by impairment of Bt1.5b. Stripping out the extraordinary items, core profit was Bt2.1b (+97% yoy -33% qoq), 30% above our estimate due to higher-than-expected contribution from APEX after completing the 17.5% acquisition in Nov 21. Despite its cheap valuation of 0.8x 2022F P/B, we think the company will face short-term headwinds from the recent sharp increase in gas cost and concerns on ESG issues. Maintain HOLD. Target price: Bt200.00.

4Q21 Results

	4Q21 (Btm)	4Q20 (Btm)	3Q21 (Btm)	yoy %Chg	qoq %Chg	2021 (Btm)	2020 (Btm)	yoy %Chg
Revenue	13,029	9,113	10,185	43	28	42,093	39,819	6
- Power Generation	12,486	8,866	9,784	41	28	40,198	39,072	3
- Others	543	247	401	120	35	1,895	747	154
Equity Income	1,376	694	2,607	98	(47)	7,757	6,259	24
Fx gain/(loss)	582	2,141	(2,670)	(73)	(122)	(4,268)	254	(1,780)
Extra item	(1,518)	(2,400)	0	(37)	-	(1,518)	(2,400)	(37)
Net income	935	1,804	1,074	(48)	(13)	4,104	8,733	(53)
Normalised profit	2,163	1,097	3,209	97	(33)	10,218	8,738	17
EPS	1.78	3.43	2.04	(48)	(13)	7.80	16.6	(53)

Source: EGCO, UOB Kay Hian

RESULTS

- Strong quarter, above expectation.** Electricity Group (EGCO) reported 4Q21 net profit of Bt935m (-53% yoy, -29%qoq) driven by an impairment of Bt1.5b from its solar farm projects in Thailand (Bt514m) and Quezon power plant (QPL) in the Philippines (Bt765m), which was partly offset by forex gain of Bt582m. Stripping out extraordinary items, core profit was up 97% yoy but down 33% qoq to Bt2.1b, 30% above our estimate due to higher-than-expected contribution from Apex Clean Energy Holdings (APEX) after completing 17.5% of the acquisition in Nov 21. EGCO's 2021 core profit rose 17% yoy to Bt10.2b.
- Strong yoy but weak qoq in 4Q21.** The 33% weaker core profit was due to lower water flow and seasonal effects in 4Q21. EGCO's hydro power plants - Xyaburi hydro power plant (XPCL) and Nam Theun 2 (NTPC) - contributed profit down by 91% qoq and 82%qoq to Bt115m and Bt26m in 4Q21 respectively. However, the 97% yoy core profit was supported by strong earnings recovery of geothermal in Indonesia (SEG, +282%yoy) reflecting an absence of scheduled shutdowns and demand recovery of gas-fired power plants in Korea (Paju, +133%yoy) as well as contribution from APEX as mentioned above.

KEY FINANCIALS

Year to 31 Dec (Btm)	2020	2021	2022F	2023F	2024F
Net turnover	33,578	35,903	37,954	37,444	37,444
EBITDA	12,319	9,753	12,479	11,718	11,420
Operating profit	9,165	6,596	8,872	8,411	8,413
Net profit (rep./act.)	8,733	4,104	10,424	12,059	12,061
Net profit (adj.)	8,738	10,218	11,424	12,059	12,061
EPS (Bt)	16.6	19.4	21.7	22.9	22.9
PE (x)	10.8	9.2	8.3	7.8	7.8
P/B (x)	0.9	0.8	0.8	0.7	0.7
EV/EBITDA (x)	11.8	14.9	11.6	12.4	12.7
Dividend yield (%)	3.6	3.8	3.8	3.8	3.8
Net margin (%)	26.0	11.4	27.5	32.2	32.2
Net debt/(cash) to equity (%)	73.9	80.6	41.4	33.7	29.9
Interest cover (x)	2.9	1.2	3.1	3.3	3.2
ROE (%)	8.4	3.8	8.9	9.7	9.2
Consensus net profit	-	-	9,312	11,930	12,223
UOBKH/Consensus (x)	-	-	1.23	1.01	0.99

Source: Electricity Generating PCL, Bloomberg, UOB Kay Hian

n.m. : not meaningful; negative P/E, EV/EBITDA reflected as "n.m."

HOLD

(Maintained)

Share Price	Bt179.50
Target Price	Bt200.00
Upside	+11.4%

COMPANY DESCRIPTION

EGCO is the first independent power producer in Thailand to be established on May 1992, through the partial privatisation of the state enterprise, the Electricity Generating Authority of Thailand (EGAT). EGCO now operates 4,260MW power plant in Thailand and

STOCK DATA

GICS sector	Utilities
Bloomberg ticker:	EGCO TB
Shares issued (m):	526.5
Market cap (Btm):	94,500.5
Market cap (US\$m):	2,891.2
3-mth avg daily t'over (US\$m):	6.8

Price Performance (%)

52-week high/low Bt188.50/Bt166.00

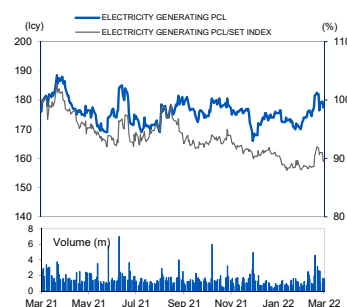
1mth	3mth	6mth	1yr	YTD
5.6	8.1	(0.8)	6.2	2.3

Major Shareholders

	%
EGAT	25.4
One Energy Thailand	22.4
NVDR	11.1

FY22 NAV/Share (Bt)	228.28
FY22 Net Debt/Share (Bt)	94.41

PRICE CHART



Source: Bloomberg

ANALYST(S)

Arsit Pamaranont

+662 659 8317

arsit@uobkayhian.co.th

STOCK IMPACT

- **Continue to recover in 1Q22.** We expect EGCO to deliver a profit of Bt2.1b in 1Q22, reflecting seasonal demand in Thailand and Korea, offset by the negative impact from higher gas cost (implying a lower margin from industrial users in Thailand).
- **Healthy balance sheets provide opportunity for M&A.** EGCO has a strong balance sheet with a debt-to-equity ratio of only 1.1x as at end-21. EGCO also holds about Bt17b in cash, which is enough to acquire projects. We expect EGCO to invest in an additional 700-800MW (depending on the type of power plant), which would provide a potential upside of around Bt0.7b-1.0b to EGCO's earnings.
- **Healthy dividend payment.** EGCO announced dividend payment of Bt3.25/share (ex-dividend date: 11 March), implying a 1.8% yield for 2H21 performance.
- **Concerns on ESG issues.** We believe EGCO's share price is still under selling pressure from shareholders that are concerned about ESG issues. EGCO's earnings are mainly contributed by its coal-fired power plants. The company is also in negotiation with the Vietnam government on the power purchase agreement (PPA) for the 1,320MW Quang-Tri coal-fired power plant project (EGCO holds 30% stake or 390MW); the plant is expected to commence commercial operations in 2025, which implies that EGCO's coal-fired power plants will still account for 25-30% of the company's total earnings over the next 5-6 years.

EARNINGS REVISION/RISK

- None.

VALUATION/RECOMMENDATION

- **Maintain HOLD with target price of Bt200.00**, based on DCF valuation. Despite a cheap valuation of 0.8x 2022F P/B with a 3.8% dividend yield, we think the company will face short-term headwinds from the recent sharp increase in gas cost and concerns on ESG issues.

SHARE PRICE CATALYST

- 3 March: Analyst meeting, during which we expect positive news from management.
- 2022: Expected recovery in demand for power in Thailand and overseas.

4Q21 EQUITY INCOME

	4Q21 (Btm)	4Q20 (Btm)	3Q21 (Btm)	yoy %Chg	qoq %Chg
BLCP	18	(126)	102	(114)	(82)
GPG	110	129	272	(15)	(60)
GEC	(6)	40	44	(115)	(114)
NED	128	117	127	9	1
NTPC	115	206	641	(44)	(82)
GPS	49	37	44	32	11
SEG	168	44	158	282	6
Salak+Darajat	137	-37	134	(470)	2
Paju	135	58	107	133	26
SBPL	14	221	353	(94)	(96)
XPCL	26	39	277	(33)	(91)
Liden	(43)	0	132	0	(133)

Source: EGCO

INVESTMENT MAP



Source: EGCO

GAS PRICE



Source: PTT

PROFIT & LOSS

Year to 31 Dec (Btm)	2021	2022F	2023F	2024F
Net turnover	35,903	37,954	37,444	37,444
EBITDA	9,753	12,479	11,718	11,420
Deprec. & amort.	3,157	3,607	3,307	3,007
EBIT	6,596	8,872	8,411	8,413
Associate contributions	6,428	7,885	8,535	8,538
Net interest income/(expense)	(8,248)	(4,000)	(3,601)	(3,602)
Pre-tax profit	4,776	12,758	13,345	13,349
Tax	(659)	(1,276)	(1,228)	(1,228)
Minorities	(13)	(58)	(59)	(60)
Net profit	4,104	10,424	12,059	12,061
Net profit (adj.)	10,218	11,424	12,059	12,061

BALANCE SHEET

Year to 31 Dec (Btm)	2021	2022F	2023F	2024F
Fixed assets	49,597	50,991	47,684	44,678
Other LT assets	153,839	110,649	114,649	119,949
Cash/ST investment	17,898	43,041	47,454	47,844
Other current assets	20,598	21,700	22,500	25,900
Total assets	241,932	226,381	232,286	238,370
ST debt	19,554	5,400	5,600	5,800
Other current liabilities	7,466	8,750	8,800	9,401
LT debt	89,747	87,347	84,947	82,547
Other LT liabilities	11,129	4,050	4,200	4,500
Shareholders' equity	113,441	120,180	128,026	135,349
Minority interest	596	654	713	773
Total liabilities & equity	241,932	226,381	232,286	238,370

CASH FLOW

Year to 31 Dec (Btm)	2021	2022F	2023F	2024F
Operating	(7,948)	56,836	13,765	10,569
Pre-tax profit	4,776	11,758	13,345	13,349
Tax	(659)	(1,276)	(1,228)	(1,228)
Deprec. & amort.	3,157	3,607	3,307	3,007
Associates	(13)	(58)	(59)	(60)
Working capital changes	(3,108)	(1,197)	(500)	(299)
Other operating cashflows	(12,100)	44,002	(1,100)	(4,200)
Investing	(14,967)	(11,511)	(3,000)	(3,300)
Capex (growth)	(3,004)	(5,000)	0	0
Investments	(1,995)	725	(2,000)	(2,300)
Others	(9,967)	(7,236)	(1,000)	(1,000)
Financing	23,575	(20,181)	(6,353)	(6,878)
Dividend payments	(3,554)	(3,685)	(4,212)	(4,738)
Loan repayment	27,124	(16,554)	(2,200)	(2,200)
Others/interest paid	5	58	59	60
Net cash inflow (outflow)	661	25,143	4,413	391
Beginning cash & cash equivalent	17,237	17,898	43,041	47,454
Ending cash & cash equivalent	17,898	43,041	47,454	47,844

KEY METRICS

Year to 31 Dec (%)	2021	2022F	2023F	2024F
Profitability				
EBITDA margin	27.2	32.9	31.3	30.5
Pre-tax margin	13.3	33.6	35.6	35.7
Net margin	11.4	27.5	32.2	32.2
ROA	1.8	4.5	5.3	5.1
ROE	3.8	8.9	9.7	9.2
Growth				
Turnover	6.9	5.7	(1.3)	0.0
EBITDA	(20.8)	27.9	(6.1)	(2.5)
Pre-tax profit	(51.2)	167.1	4.6	0.0
Net profit	(53.0)	154.0	15.7	0.0
Net profit (adj.)	16.9	11.8	5.6	0.0
EPS	16.9	11.8	5.6	0.0
Leverage				
Debt to total capital	48.9	43.4	41.3	39.4
Debt to equity	96.4	77.2	70.7	65.3
Net debt/(cash) to equity	80.6	41.4	33.7	29.9
Interest cover (x)	1.2	3.1	3.3	3.2

COMPANY UPDATE

Bangkok Dusit Medical Services (BDMS TB)

Robust Growth Ahead

We see BDMS in a great position for the upcoming recovery of international patients as well as the benefits from its four key strategic long-term growth drivers that target digital healthcare as well as expansion of customer base through various business collaborations. Maintain BUY. Target price: Bt28.00.

WHAT'S NEW

- **Four key strategic growth drivers.** In 2022, Bangkok Dusit Medical Services (BDMS) is prioritising four areas for sustainable long-term growth. These areas include: a) expansion of customer base for all patient types, b) development of integrated healthcare ecosystem towards digitalisation, c) increasing utilisation rate of existing healthcare capacity, and d) emphasising health excellence through specialised health technology, mainly on oncology and genomics.
- **Digital healthcare to be launched soon.** BDMS plans to roll out the first phase of its digital healthcare ecosystem in Apr 22, which will comprise of tele-consultation services, health mall and tele-pharmacy. Although revenue contribution from tele-consultation services remained low at 0.4% and 1% in 2020 and 2021, we foresee substantial pick-up from these services as BDMS aims to integrate these services with third party payors, which is another of BDMS's strategic growth drivers (increasing revenue from insurance-based contracts).
- **More room for recovery of fly-in patients.** The proportion of BDMS's revenue from international patients has picked up in 4Q21 to 17.7% from 16.8% in the previous quarter after the reopening of Thai borders in Nov 21. However, it is still far from pre-COVID-19 levels, with the recovery to accelerate in the high season (2Q-3Q22), especially from Middle Eastern patients. They are the strongest recovery prospects as they require more thorough planning for their treatments. The recovery will also be supported by the positive ongoing diplomatic relationship between Thailand and Saudi Arabia, which may lead to more patients. In 2022, we project the proportion of BDMS's revenue from international patients to increase to 22%, compared to 18% in 2021, implying revenue growth of 41% yoy from international patients.

KEY FINANCIALS

Year to 31 Dec (Btm)	2020	2021	2022F	2023F	2024F
Net turnover	68,074	74,451	82,873	92,943	99,123
EBITDA	14,943	17,349	19,061	21,584	22,833
Operating profit	8,530	11,028	12,278	14,243	15,180
Net profit (rep./act.)	7,214	7,936	9,009	10,750	11,651
Net profit (adj.)	6,008	7,776	9,009	10,750	11,651
EPS (Bt)	0.4	0.5	0.6	0.7	0.7
PE (x)	63.0	48.6	42.0	35.2	32.5
P/B (x)	4.3	4.5	4.3	4.0	3.8
EV/EBITDA (x)	25.6	22.0	20.1	17.7	16.7
Dividend yield (%)	2.3	1.9	1.2	1.4	1.5
Net margin (%)	10.6	10.7	10.9	11.6	11.8
Net debt/(cash) to equity (%)	3.8	7.4	(0.3)	(6.7)	(12.0)
Interest cover (x)	17.2	23.8	28.0	46.1	84.8
ROE (%)	8.4	9.2	10.5	11.8	12.1
Consensus net profit	-	-	8,907	10,227	11,539
UOBKH/Consensus (x)	-	-	1.01	1.05	1.01

Source: Bangkok Dusit Medical Services, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	Bt23.80
Target Price	Bt28.00
Upside	+17.6%
(Previous TP)	Bt27.50)

COMPANY DESCRIPTION

A group of leading private hospitals with a nationwide network offering world-class medical treatment to both local and international patients with new greenfield projects, M&A and digitalisation of healthcare services as key long-term growth drivers.

STOCK DATA

GICS sector	Health Care
Bloomberg ticker:	BDMS TB
Shares issued (m):	15,892.0
Market cap (Btm):	378,229.6
Market cap (US\$m):	11,589.0
3-mth avg daily t'over (US\$m):	21.9

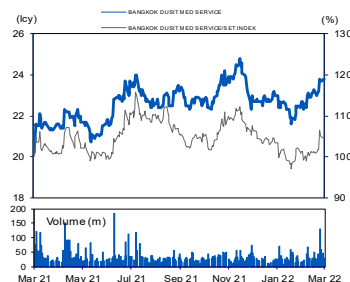
Price Performance (%)

52-week high/low			Bt24.80/Bt20.20	
1mth	3mth	6mth	1yr	YTD
5.8	5.8	2.6	16.7	3.5

Major Shareholders

	%
Prasartong-osoth family	14.4
Thai NVDR	8.3
Viriya Insurance	5.9
FY22 NAV/Share (Bt)	5.56
FY22 Net Cash/Share (Bt)	0.02

PRICE CHART



Source: Bloomberg

ANALYST(S)

Tanaporn Visaruthaphong
+662 659 8305
tanaporn@uobkayhian.co.th

ASSISTANT ANALYST(S)

Waritthorn Kaewmuang
+662 090 8642
waritthorn@uobkayhian.co.th

STOCK IMPACT

- **Progressive improvement in 2022.** Except for a small reduction to 1Q22 results on a qoq basis due to above-average 4Q21 gross margins and the temporary suspension of medical tourism in Jan 22 (owing to the suspension of the Test & Go programme), BDMS's overall performance in 2022 should improve continuously from: a) the recovery of international patients, b) expansion of domestic customer base, and c) the launch of the digital healthcare ecosystem. In 2022, we expect BDMS's revenue and core profit to increase 11% yoy and 16% yoy to Bt82,873m and Bt9,009m respectively.

EARNINGS REVISION/RISK

- **Forecast revised.** We revise up our forecast chiefly to reflect higher recovery of international patients and a stronger domestic customer base as a result of the to-be-launched digital healthcare system.

EARNINGS REVISION

	2022F			2023F			2024F		
	Old	New	Chg	Old	New	Chg	Old	New	Chg
Sales	79,182	82,873	5%	91,895	92,943	1%	98,928	99,123	0%
Gross profit	26,525	28,012	6%	31,071	31,702	2%	33,459	33,818	1%
EBITDA	18,275	19,061	4%	21,151	21,584	2%	22,511	22,833	1%
Core profit	8,376	9,009	8%	10,401	10,750	3%	11,391	11,651	2%

Source: BDMS, UOB Kay Hian

VALUATION/RECOMMENDATION

- **Maintain BUY with a higher target price of Bt28.00** (previous: Bt27.50) based on the DCF model (WACC: 7.0%, terminal growth 3.4%). We anticipate BDMS to demonstrate robust earnings growth this year from a variety of customer base and business segments. Due to limited contribution from COVID-19-related items at 14% of total revenue, BDMS is one of the few healthcare stocks in our coverage with positive earnings growth in 2022.

SHARE PRICE CATALYST

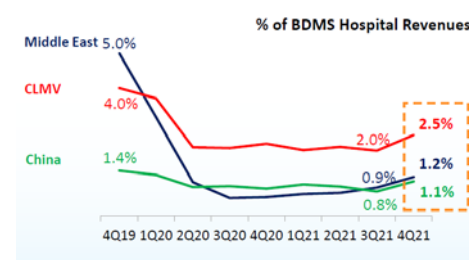
- Return of non-COVID-19 domestic and international patients following the reopening of the Thai borders.
- Development and mass adoption of digital healthcare technology.

1Q22 RESULTS PREVIEW

Year to 31 Dec (Btm)	1Q22F	1Q21	4Q21	yoy (%)	qoq (%)
Sales	19,711	16,027	21,596	23%	-9%
Gross Profit	6,613	4,977	8,071	33%	-18%
EBITDA	4,490	3,527	5,218	27%	-14%
Pre-tax Profit	2,658	1,768	3,512	50%	-24%
Net Profit	2,022	1,339	2,636	51%	-23%
Core Profit	2,022	1,339	2,636	51%	-23%
EPS (Bt)	0.127	0.084	0.166	51%	-23%
Gross M	33.6%	31.1%	37.4%		
EBITDA M	22.8%	22.0%	24.2%		
Net M	10.3%	8.4%	12.2%		

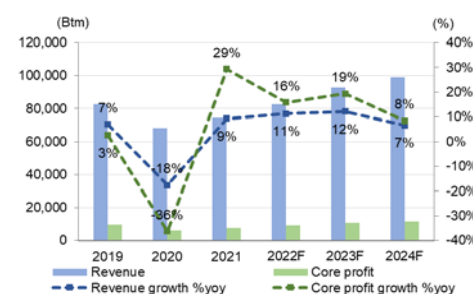
Source: BDMS, UOB Kay Hian

FLY-IN PATIENT TREND



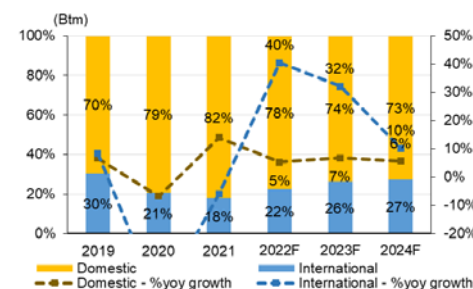
Source: BDMS

YEARLY REVENUE AND CORE PROFIT



Source: BDMS, UOB Kay Hian

YEARLY REVENUE BY NATIONALITY



Source: BDMS, UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (Btm)	2021	2022F	2023F	2024F
Net turnover	74,451	82,873	92,943	99,123
EBITDA	17,349	19,061	21,584	22,833
Deprec. & amort.	6,321	6,783	7,341	7,652
EBIT	11,028	12,278	14,243	15,180
Total other non-operating income	73	149	154	159
Associate contributions	21	20	22	24
Net interest income/(expense)	(728)	(682)	(468)	(269)
Pre-tax profit	10,394	11,766	13,951	15,094
Tax	(2,103)	(2,294)	(2,720)	(2,943)
Minorities	(554)	(462)	(480)	(500)
Net profit	7,936	9,009	10,750	11,651
Net profit (adj.)	7,776	9,009	10,750	11,651

CASH FLOW

Year to 31 Dec (Btm)	2021	2022F	2023F	2024F
Operating	14,114	17,451	19,079	19,664
Pre-tax profit	10,594	11,766	13,951	15,094
Tax	(2,103)	(2,294)	(2,720)	(2,943)
Deprec. & amort.	6,321	6,783	7,341	7,652
Associates	(21)	(20)	(22)	(24)
Working capital changes	(1,504)	797	(180)	(464)
Non-cash items	543	399	687	325
Other operating cashflows	285	20	22	24
Investing	(4,525)	(6,523)	(7,634)	(8,218)
Capex (growth)	(4,178)	(6,997)	(7,806)	(7,853)
Investments	(47)	(14)	(47)	(50)
Others	(300)	488	218	(314)
Financing	(17,868)	(7,640)	(10,334)	(7,283)
Dividend payments	(12,713)	(4,505)	(5,375)	(5,825)
Issue of shares	0	0	0	0
Proceeds from borrowings	0	0	0	0
Loan repayment	(5,416)	(3,136)	(4,959)	(1,458)
Others/interest paid	262	0	0	0
Net cash inflow (outflow)	(8,279)	3,287	1,111	4,163
Beginning cash & cash equivalent	20,939	12,660	15,947	17,058
Ending cash & cash equivalent	12,660	15,947	17,058	21,221

BALANCE SHEET

Year to 31 Dec (Btm)	2021	2022F	2023F	2024F
Fixed assets	101,379	101,593	102,058	102,259
Other LT assets	2,673	2,701	2,809	2,862
Cash/ST investment	12,660	15,947	17,058	21,221
Other current assets	11,741	10,559	11,190	11,934
Total assets	128,454	130,801	133,115	138,276
ST debt	3,445	6,280	2,791	3,303
Other current liabilities	12,417	12,431	13,570	14,175
LT debt	15,384	9,414	7,944	5,974
Other LT liabilities	9,442	9,945	10,224	9,912
Shareholders' equity	83,845	88,350	93,725	99,550
Minority interest	3,920	4,382	4,862	5,362
Total liabilities & equity	128,454	130,801	133,115	138,276

KEY METRICS

Year to 31 Dec (%)	2021	2022F	2023F	2024F
Profitability				
EBITDA margin	23.3	23.0	23.2	23.0
Pre-tax margin	14.0	14.2	15.0	15.2
Net margin	10.7	10.9	11.6	11.8
ROA	6.0	7.0	8.1	8.6
ROE	9.2	10.5	11.8	12.1
Growth				
Turnover	9.4	11.3	12.2	6.6
EBITDA	16.1	9.9	13.2	5.8
Pre-tax profit	30.4	13.2	18.6	8.2
Net profit	10.0	13.5	19.3	8.4
Net profit (adj.)	29.4	15.9	19.3	8.4
EPS	29.4	15.9	19.3	8.4
Leverage				
Debt to total capital	17.7	14.5	9.8	8.1
Debt to equity	22.5	17.8	11.5	9.3
Net debt/(cash) to equity	7.4	(0.3)	(6.7)	(12.0)
Interest cover (x)	23.8	28.0	46.1	84.8

COMPANY UPDATE

Central Plaza Hotel (CENTEL TB)

Faster-than-expected Recovery

The tone of yesterday's analyst meeting was positive with: a) announcement of better-than-expected 4Q21 earnings results, b) guidance on the upbeat growth target in 2022, and c) CENTEL's long-term growth prospects. We reiterate our view that the worst is over for CENTEL and the company is on a clear path to recovery. Maintain BUY. Target price: Bt44.00.

WHAT'S NEW

- **Analyst meeting post-4Q21 results.** We attended Central Plaza Hotel's (CENTEL) analyst meeting to review its 4Q21 results and obtained an update on its business outlook for 2022. With positive earnings surprise in 4Q21 and a more reliable outlook for the tourism sector, we are now more positive on CENTEL's earnings outlook in 2022.

STOCK IMPACT

- **Target to fill revenue while maintaining stable cost control.** After seeing positive signs of recovery in the tourism sector from the easing of lockdown measures and initial return of international arrivals, managements targets RevPar to increase by 124-151% yoy to Bt1,700-1,900 in 2022. For the food business, CENTEL targets total system sales (TSS) growth of 20-25% yoy in 2022, driven by net outlet expansion of 15-17% and same-store sales (SSS) growth of 10-15%. Growth in 2022 will also be driven by higher management fees from 11 additional hotels and continued cost control.
- **Solid outlook in 1Q22.** Despite a spike in the number of new daily COVID-19 cases in Thailand, management guided strong operating performance of both the hotel and food business in Jan 22 and Feb 22. For 2M22, hotel revenue is guided to achieve around 850m (already more than double revenue level seen in 1Q21) while food revenue is estimated to grow by 14% yoy. Management has not yet seen a negative impact yet from the Russian-Ukraine war. However, CENTEL guided that the ruble depreciation is likely to have a negative impact on hotel performance as Russian tourists accounted for 6% of its Phuket location, 6-7% of its Maldives location and around 15% of its Dubai location.
- **Long term expansion back in play.** We believe the period of delay in the expansion is over. With a more positive earnings outlook ahead, we believe CENTEL's plan to expand by four more hotels over 2023-25 will not be delayed further. Therefore, we expect CENTEL's key rooms to increase by 22% by 2025, which will be a growth driver post the COVID-19 pandemic.

KEY FINANCIALS

Year to 31 Dec (Btm)	2020	2021	2022F	2023F	2024F
Net turnover	13,160.3	11,528.5	16,580.8	22,037.0	24,382.1
EBITDA	1,913.6	2,007.7	4,932.0	6,164.9	7,078.6
Operating profit	(1,507.5)	(1,159.8)	1,507.6	2,736.4	3,533.2
Net profit (rep./act.)	(2,775.1)	(1,733.2)	768.7	1,844.4	2,471.2
Net profit (adj.)	(2,775.1)	(1,733.2)	768.7	1,844.4	2,471.2
EPS (Bt)	(2.1)	(1.3)	0.6	1.4	1.8
PE (x)	n.m.	n.m.	60.6	25.3	18.8
P/B (x)	4.7	2.6	2.5	2.3	2.1
EV/EBITDA (x)	34.7	33.1	13.5	10.8	9.4
Dividend yield (%)	0.0	0.0	0.0	1.6	2.1
Net margin (%)	(21.1)	(15.0)	4.6	8.4	10.1
Net debt/(cash) to equity (%)	196.7	114.8	103.5	81.0	72.4
Interest cover (x)	3.3	3.3	8.7	11.8	12.8
ROE (%)	n.a.	n.a.	4.2	9.3	11.5
Consensus net profit	-	-	(19)	1,579	1,904
UOBKH/Consensus (x)	-	-	n.m.	1.17	1.30

Source: Central Plaza Hotel, Bloomberg, UOB Kay Hian
n.m. : not meaningful; negative P/E, EV/EBITDA reflected as "n.m."

BUY

(Maintained)

Share Price	Bt34.50
Target Price	Bt44.00
Upside	+27.5%
(Previous TP)	Bt41.50)

COMPANY DESCRIPTION

CENTEL is a leading hotel operator both in Thailand and overseas, as well as in the quick service restaurant industry in Thailand. CENTEL is part of the Central Group.

STOCK DATA

GICS sector	Consumer Discretionary
Bloomberg ticker:	CENTEL TB
Shares issued (m):	1,350.0
Market cap (Btm):	46,575.0
Market cap (US\$m):	1,425.0
3-mth avg daily t'over (US\$m):	3.0

Price Performance (%)

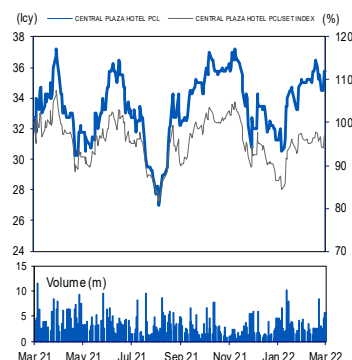
52-week high/low		Bt37.25/Bt27.00		
1mth	3mth	6mth	1yr	YTD
(1.4)	12.2	3.8	3.8	10.4

Major Shareholders

	%
Chirathivat Family	64.0
Local Investors	26.0
Foreign Investors	10.0

FY22 NAV/Share (Bt)	13.96
FY22 Net Debt/Share (Bt)	14.45

PRICE CHART



Source: Bloomberg

ANALYST(S)

Peerawat Dentananan, CFA, FRM
+662 659 8302
peerawat@uobkayhian.co.th

4Q21 RESULTS RECAP

Bt m	4Q20	3Q21	4Q21	yoy (%)	qoq (%)	2020	2021	yoy (%)
Hotel revenue	637	366	999	57.0	173.0	2,855	2,070	(27.5)
Food revenue	2,517	1,940	2,650	5.3	36.6	10,037	9,127	(9.1)
Operating EBITDA	461	230	970	110.3	322.3	1,914	2,008	4.9
Net profit	-1,367	-803	152	111.1	119.0	-2,775	-1,733	37.5
Percent	4Q20	3Q21	4Q21	yoy (ppts)	qoq (ppts)	2020	2021	yoy (ppts)
Gross margin	28.9	23.8	39.9	11.0	16.1	31.5	32.0	0.5
SG&A to sales	42.9	54.5	34.1	(8.8)	(20.3)	45.2	45.3	0.1
Net profit margin	(43.4)	(34.8)	4.2	47.5	39.0	(21.5)	(15.5)	6.0

Source: CENTEL, UOB Kay Hian

- **Upbeat results.** CENTEL reported 4Q21 net profit of Bt152m (vs -Bt1.4b in 4Q20 and -Bt803m in 3Q21), turning profit for the first time since the emergence of the COVID-19 pandemic. The results were 151% and 155% above our and consensus' forecasts. Robust yoy and qoq earnings growth was driven by improvement from both the hotel and food businesses. Hotel revenue grew 57% yoy and 173% qoq as RevPAR surged 78% yoy and 163% qoq, driven by strong performance in the Maldives location (RevPar +461% yoy and +84% qoq). Meanwhile, food revenue increased 5% yoy and 37% qoq, supported by more outlet expansions.

KEY STATISTIC

Occupancy (%)	4Q20	3Q21	4Q21	yoy (%)	qoq (%)	2020	2021	yoy (%)
Bangkok	31.0%	21.0%	31.0%	0.0	10.0	28.0%	21.0%	(7.0)
Upcountry	25.0%	9.0%	25.0%	0.0	16.0	28.0%	13.0%	(15.0)
Maldives	21.0%	64.0%	81.0%	60.0	17.0	23.0%	61.0%	38.0
Average	27.0%	16.0%	30.0%	3.0	14.0	27.7%	18.0%	(9.7)
RevPar (Bt/night)				yoy (%)	qoq (%)			
Bangkok	618	258	715	15.7	177.1	634	358	(43.5)
Upcountry	820	183	929	13.3	407.7	1,118	415	(62.9)
Maldives	2,030	6,174	11,382	460.7	84.4	3,862	6,756	74.9
Average	831	560	1,475	77.5	163.4	1,133	758	(33.1)
Food Stats								
SSSG (%)	-20.0%	-30.0%	-2.0%	18.0	28.0	-22.0%	-14.0%	0.1
TSSG (%)	-18.0%	-25.0%	3.0%	21.0	28.0	-18.0%	-10.0%	0.1
Number of outlet	1,094	1,270	1,341	22.6	5.6	1,094	1,171	7.0

Source: CENTEL, UOB Kay Hian

EARNINGS REVISION/RISK

(Bt m)	2022F			2023F		
	New	Previous	% Chg	New	Previous	% Chg
Hotel revenue	5,012	4,897	2.3%	8,648	8,506	1.7%
Food revenue	11,206	11,258	-0.5%	12,914	12,974	-0.5%
Operating profit	1,508	1,198	25.8%	2,736	2,839	-3.6%
Net profit	769	424	81.3%	1,844	1,810	1.9%
Overall gross margin	40.1%	38.6%	1.42	42.0%	42.0%	-0.05
SG&A to sales	33.0%	34.2%	-1.20	31.5%	31.5%	0.00
Net profit margin	4.9%	2.7%	2.20	8.9%	8.8%	0.13

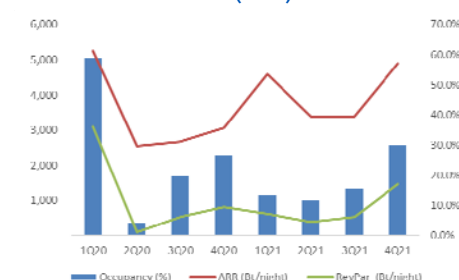
Source: CENTEL, UOB Kay Hian

- **Rise our 2022 earnings forecast.** We raise our 2022 earnings forecast by 81% as we are now more optimistic on CENTEL's hotel performance and cost control program. We fine-tune our 2023 earnings forecast by 2%.

VALUATION/RECOMMENDATION

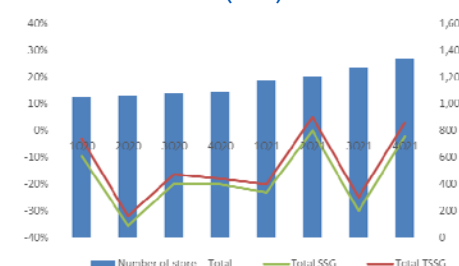
- **Maintain BUY with a new target price of Bt44.00.** Our new target price is based on DCF methodology, assuming WACC of 6.9%, risk-free rate of 2%, debt premium of 1.2%, equity risk premium of 8.5% and terminal growth rate of 3.0%. Cash flows are discounted to 2022. We expect 2022 will be the year to see profit accelerate after the impact of the pandemic. CENTEL has the healthiest balance sheet among our coverage and is ready to seize the opportunity of pent-up travel needs over 2022-23.

HOTEL PERFORMANCE (4Q21)



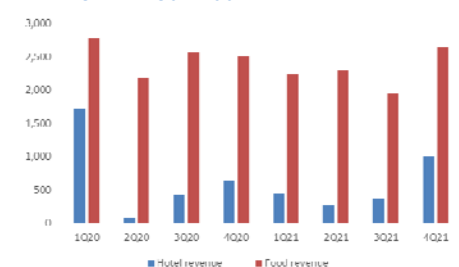
Source: CENTEL, UOB Kay Hian

FOOD PERFORMANCE (4Q21)



Source: CENTEL, UOB Kay Hian

REVENUE BY BUSINESS



Source: CENTEL, UOB Kay Hian

QUARTERLY EARNINGS



Source: CENTEL, UOB Kay Hian

2022T TARGETS

	2019	2020	2021	2022T
OCC (%)	77%	28%	18.0%	40%-45%
RevPar	3451	1133	758	1700-1900
SSSG	-5%	-22%	-14%	10%-15%
TSSG	3%	-18%	-10%	20%-25%
Net Outlet	108	30	77	180-200

Source: CENTEL, UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (Btm)	2021	2022F	2023F	2024F
Net turnover	11,529	16,581	22,037	24,382
EBITDA	2,008	4,932	6,165	7,079
Deprec. & amort.	3,167	3,424	3,428	3,545
EBIT	(1,160)	1,508	2,736	3,533
Total other non-operating income	0	0	0	0
Associate contributions	(64)	(20)	40	70
Net interest income/(expense)	(611)	(564)	(523)	(552)
Pre-tax profit	(1,835)	923	2,253	3,051
Tax	78	(123)	(332)	(477)
Minorities	24	(32)	(77)	(103)
Net profit	(1,733)	769	1,844	2,471
Net profit (adj.)	(1,733)	769	1,844	2,471

BALANCE SHEET

Year to 31 Dec (Btm)	2021	2022F	2023F	2024F
Fixed assets	37,725	37,108	36,570	37,685
Other LT assets	5,135	5,251	5,210	5,351
Cash/ST investment	3,370	3,740	5,186	6,058
Other current assets	2,362	2,546	2,717	2,977
Total assets	48,593	48,645	49,683	52,071
ST debt	6,566	6,557	6,557	6,557
Other current liabilities	3,107	3,243	3,558	3,692
LT debt	17,558	16,693	15,396	15,735
Other LT liabilities	2,930	2,919	3,019	3,096
Shareholders' equity	18,076	18,845	20,689	22,423
Minority interest	355	387	464	567
Total liabilities & equity	48,593	48,645	49,683	52,071

CASH FLOW

Year to 31 Dec (Btm)	2021	2022F	2023F	2024F
Operating	1,740	4,178	5,493	5,993
Pre-tax profit	(1,835)	923	2,253	3,051
Tax	78	(123)	(332)	(477)
Deprec. & amort.	3,167	3,424	3,428	3,545
Working capital changes	543	(17)	169	(81)
Non-cash items	(300)	(30)	(26)	(45)
Other operating cashflows	87	0	0	0
Investing	(12,861)	(2,933)	(2,750)	(4,723)
Capex (growth)	(13,899)	(2,807)	(2,891)	(4,660)
Investments	(1,272)	8	(16)	(28)
Others	2,309	(135)	157	(35)
Financing	11,757	(874)	(1,297)	(399)
Dividend payments	0	0	0	(738)
Issue of shares	0	0	0	0
Proceeds from borrowings	1,870	(874)	(1,297)	339
Others/interest paid	9,887	0	0	0
Net cash inflow (outflow)	636	371	1,445	872
Beginning cash & cash equivalent	2,734	3,370	3,740	5,186
Ending cash & cash equivalent	3,370	3,740	5,186	6,058

KEY METRICS

Year to 31 Dec (%)	2021	2022F	2023F	2024F
Profitability				
EBITDA margin	17.4	29.7	28.0	29.0
Pre-tax margin	(15.9)	5.6	10.2	12.5
Net margin	(15.0)	4.6	8.4	10.1
ROA	n.a.	1.6	3.8	4.9
ROE	n.a.	4.2	9.3	11.5
Growth				
Turnover	(12.4)	43.8	32.9	10.6
EBITDA	4.9	145.7	25.0	14.8
Pre-tax profit	n.a.	n.a.	144.0	35.4
Net profit	n.a.	n.a.	139.9	34.0
Net profit (adj.)	n.a.	n.a.	139.9	34.0
EPS	n.a.	n.a.	139.9	34.0
Leverage				
Debt to total capital	56.7	54.7	50.9	49.2
Debt to equity	133.5	123.4	106.1	99.4
Net debt/(cash) to equity	114.8	103.5	81.0	72.4
Interest cover (x)	3.3	8.7	11.8	12.8

COMPANY UPDATE

COM7 (COM7 TB)

Outlook Remains Strong

We raise our 2022-23 earnings forecast by 7-8% mainly to factor in a more positive sales outlook. We believe COM7's earnings will continue its strong growth momentum post COVID-19, driven by robust sales in smartphones. The company expects to set another record-high net profit in 2022. Maintain BUY. Target price: Bt96.50.

WHAT'S NEW

- **Analyst meeting post-4Q21 results.** We attended COM7's (COM7) analyst meeting to review its 4Q21 results and obtain an update on its business outlook for 2022. The company aims for higher earnings despite its very high base in 2022.

STOCK IMPACT

- **Non-stop growing.** After reporting robust revenue growth of 37% in 2021, management expects the company to grow another 20% in 2022, continuing to achieve a new record-high revenue of Bt62b. Growth in 2022 is expected to be driven by store expansion of around 150-170 branches (accounting for 15-17% growth), earnings recovery from the chip shortage, the impact from lockdown measures, and the launch of online Studio 7 which would enable the company to sell more smartphones and accessory products through e-commerce channels, and lending out loans through its partnership with Ture and UFund portal.
- **Announced cash and stock dividend.** COM7 announced a cash dividend payment of Bt1.00 per share or equivalent to Bt1.2b and a stock dividend at the payout ratio of 1:1 worth of Bt300m, worth Bt1.5b in total. This implies a dividend payout ratio of 63.58%; the record date is on 29 April. The objective behind the stock dividend payout is to preserve cash for future expansion and its new lending business. Although we do not see economic value impact from the stock dividend payout towards shareholders, but we believe this will provide more liquidity to the stock price and benefit shareholders in general. Our target price after the dilution effect of 50% is Bt48.25.
- **Net profit to grow by 33% in 2022.** While growth will likely deaccelerate in 2022, COM7's net profit growth in 2022 should remain at an attractive level at 33%, driven by strong demand for smartphones. Management guided that the performance in January and February would remain strong with same-store sales growth (SSSG) at a double-digit level.

KEY FINANCIALS

Year to 31 Dec (Btm)	2020	2021	2022F	2023F	2024F
Net turnover	37,306	51,126	61,198	70,378	80,407
EBITDA	2,354	3,860	5,097	6,046	7,054
Operating profit	1,724	3,084	4,279	5,132	6,056
Net profit (rep./act.)	1,491	2,630	3,501	4,196	4,953
Net profit (adj.)	1,491	2,630	3,501	4,196	4,953
EPS (Bt)	1.2	2.2	1.5	1.7	2.1
PE (x)	66.4	37.6	56.6	47.2	40.0
P/B (x)	25.7	18.7	26.1	22.0	18.7
EV/EBITDA (x)	42.9	26.1	19.8	16.7	14.3
Dividend yield (%)	1.2	1.2	1.4	1.7	2.0
Net margin (%)	4.0	5.1	5.7	6.0	6.2
Net debt/(cash) to equity (%)	41.8	57.5	25.1	14.2	(11.2)
Interest cover (x)	44.3	80.6	72.5	94.4	130.5
Consensus net profit	-	-	2,925	3,676	-
UOBKH/Consensus (x)	-	-	1.20	1.14	-

Source: COM7, Bloomberg, UOB Kay Hian

n.m. : not meaningful; negative P/E, EV/EBITDA reflected as "n.m."

BUY

(Maintained)

Share Price	Bt82.50
Target Price	Bt96.50
Upside	+17.0%
(Previous TP)	Bt84.00)

COMPANY DESCRIPTION

COM7 is leading retailers in IT products such as laptops, desktop computers, mobile phones, tablets, related accessories and product repair services. COM7 is the largest IT chain store in term of branches. COM7 distributes IT products via its own branches.

STOCK DATA

GICS sector	Consumer Discretionary
Bloomberg ticker:	COM7 TB
Shares issued (m):	1,200.0
Market cap (Btm):	99,000.0
Market cap (US\$m):	3,028.9
3-mth avg daily t'over (US\$m):	15.8

Price Performance (%)

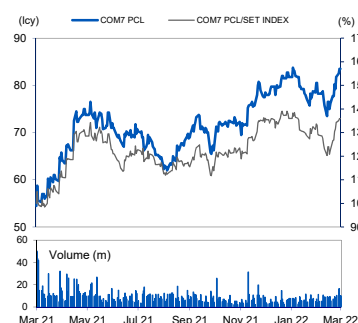
52-week high/low Bt83.75/Bt49.75

1mth	3mth	6mth	1yr	YTD
5.1	6.5	18.3	61.0	0.9

Major Shareholders	%
-	-
-	-
-	-

FY22 NAV/Share (Bt)	3.16
FY22 Net Debt/Share (Bt)	0.79

PRICE CHART



Source: Bloomberg

ANALYST(S)

Peerawat Dentananan, CFA, FRM

+662 659 8302

peerawat@uobkayhian.co.th

4Q21 RESULTS

Year to 31 Dec (Btm)	4Q20	3Q21	4Q21	yoy (%)	qoq (%)	2020	2021	yoy (%)
Sales and services	12,444	10,069	17,558	41.1	74.4	37,306	51,126	37.0
Gross profit	1,500	1,506	2,232	48.8	48.2	4,710	6,846	45.3
Operating EBIT	657	654	1,083	64.8	65.6	1,724	3,084	78.9
Net profit	557	571	907	63.0	59.0	1,491	2,630	76.4
Percent	4Q20	3Q21	4Q21	yoy (ppts)	qoq (ppts)	2020	2021	yoy (ppts)
Gross margin	12.1	15.0	12.7	0.7	(2.2)	12.6	13.4	0.8
SG&A to sales	6.8	8.5	6.5	(0.2)	(1.9)	8.0	7.4	(0.6)
Net profit margin	4.5	5.7	5.2	0.7	(0.5)	4.0	5.1	1.1

Source: COM7, UOB Kay Hian

- **Upbeat results.** COM7 posted an impressive net profit of Bt907m, up 63% yoy and 59% qoq in 4Q21. The results were 23% above our estimate and 37% above consensus'. Key beat was mainly due to better-than-expected sales and higher-than expected gross profit margin.
- Sales improved 41% yoy and 74% qoq in 4Q21, driven by solid sales in all segments (smartphones and accessories), especially iPhones. Robust growth was supported by higher omnichannel sales and partnerships with various trading partners such as credit approval for in-store purchases and various credit card promotions. Gross margin edged up 70bp yoy but down 220bp qoq to 12.7%. The improvement yoy was due to fewer promotional campaigns. SG&A-to-sales dropped 20bp yoy and 190bp qoq to 6.5%, likely due to scale benefit and effective cost control.

EARNINGS REVISION/RISK

	2022F			2023F	
(Btm)	Previous	Change	New	Previous	Change
Total revenue	57,797	5.9%	70,378	67,045	5.0%
Gross profit	8,207	4.0%	9,923	9,587	3.5%
Net profit	3,251	7.7%	4,196	3,931	6.8%
Overall gross margin	14.2%	-0.25	14.1%	14.3%	-0.20
SG&A to sales	7.3%	-0.34	6.8%	7.1%	-0.29
Net profit margin	5.6%	0.09	6.0%	5.9%	0.10

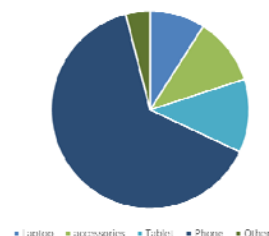
Source: COM7, UOB Kay Hian

- **More optimistic on COM7's earnings outlook.** We raise our 2022-23 earnings forecast by around 7-8%, mainly to factor in a higher sales assumption.

VALUATION/RECOMMENDATION

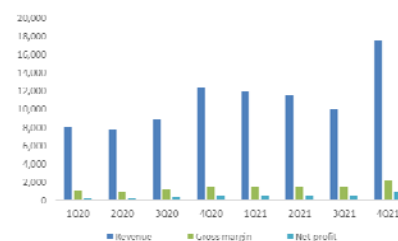
- **Maintain BUY on COM7.** Our earnings revision has led to a higher target price of Bt96.50, pegged to 33x 2022 PE or slightly above 2SD to its five-year historical mean. With the company's high ROE of around 54% and strong growth prospects, we believe COM7 is justified to trade at a premium level. Although we expect growth to decelerate in 2022 due to fewer positive factors, we still expect the company to report decent growth of around 33% even from a high base. Our target price implies 2022 PEG at 1x, which is justified for a high growth profile company.

4Q21 REVENUE BREAKDOWN BY PRODUCT



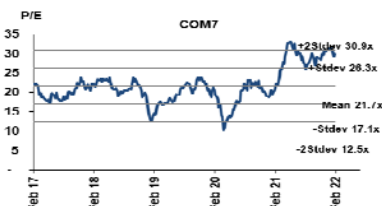
Source: COM7, UOB Kay Hian

QUARTERLY EARNINGS



Source: COM7, UOB Kay Hian

10-YEAR FORWARD PE BAND – COM7



Source: COM7, UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (Btm)	2021	2022F	2023F	2024F
Net turnover	51,126	61,198	70,378	80,407
EBITDA	3,860	5,097	6,046	7,054
Deprec. & amort.	775	818	915	999
EBIT	3,084	4,279	5,132	6,056
Total other non-operating income	28	23	24	24
Associate contributions	96	101	106	112
Net interest income/(expense)	(48)	(70)	(64)	(54)
Pre-tax profit	3,183	4,333	5,198	6,138
Tax	(555)	(825)	(993)	(1,175)
Minorities	2	(7)	(8)	(10)
Net profit	2,630	3,501	4,196	4,953
Net profit (adj.)	2,630	3,501	4,196	4,953

BALANCE SHEET

Year to 31 Dec (Btm)	2021	2022F	2023F	2024F
Fixed assets	2,155	2,219	2,231	2,205
Other LT assets	1,925	1,969	2,009	2,184
Cash/ST investment	1,963	1,798	1,923	3,886
Other current assets	9,923	9,363	10,557	11,498
Total assets	15,966	15,349	16,719	19,773
ST debt	4,326	3,025	2,525	2,025
Other current liabilities	5,425	3,733	4,223	6,087
LT debt	677	677	677	677
Other LT liabilities	237	306	282	365
Shareholders' equity	5,285	7,585	8,981	10,577
Minority interest	16	23	31	41
Total liabilities & equity	15,966	15,349	16,719	19,773

CASH FLOW

Year to 31 Dec (Btm)	2021	2022F	2023F	2024F
Operating	1,238	3,193	4,416	6,884
Pre-tax profit	3,183	4,333	5,198	6,138
Tax	(555)	(825)	(993)	(1,175)
Deprec. & amort.	775	818	915	999
Working capital changes	(1,745)	(1,025)	(655)	930
Non-cash items	(420)	(107)	(49)	(6)
Other operating cashflows	(1)	0	0	0
Investing	(1,471)	(858)	(990)	(1,064)
Capex (growth)	(1,001)	(882)	(926)	(973)
Investments	(335)	(39)	(43)	(45)
Others	(135)	64	(21)	(47)
Financing	1,318	(2,501)	(3,300)	(3,857)
Dividend payments	(1,199)	(1,200)	(2,800)	(3,357)
Issue of shares	0	0	0	0
Proceeds from borrowings	2,515	(1,301)	(500)	(500)
Others/interest paid	1	0	0	0
Net cash inflow (outflow)	1,085	(166)	125	1,963
Beginning cash & cash equivalent	879	1,963	1,798	1,923
Ending cash & cash equivalent	1,963	1,798	1,923	3,886

KEY METRICS

Year to 31 Dec (%)	2021	2022F	2023F	2024F
Profitability				
EBITDA margin	7.5	8.3	8.6	8.8
Pre-tax margin	6.2	7.1	7.4	7.6
Net margin	5.1	5.7	6.0	6.2
Net profit (adj.)	76.4	33.1	19.9	18.0
Leverage				
Debt to total capital	48.6	32.7	26.2	20.3
Debt to equity	94.7	48.8	35.7	25.5
Net debt/(cash) to equity	57.5	25.1	14.2	(11.2)
Interest cover (x)	80.6	72.5	94.4	130.5

COMPANY UPDATE

CP ALL (CPALL TB)

About To Make A Big Comeback

We believe CPALL's earnings have already bottomed out in 2021 and the company is on the path to recovery. CPALL is still trading at PE multiples below its 10-year historical mean and PEG at 0.68x (far below 1x), which implies inexpensive valuation. Maintain BUY. Target price: Bt82.00.

WHAT'S NEW

- Analyst meeting post-4Q21 results.** We attended CP ALL's (CPALL) analyst meeting to review its 4Q21 results and obtained an update on its business outlook for 2022. CPALL has gone through its concerns in 2021 and is set to make a stunning comeback in 2022.

STOCK IMPACT

- Earnings growth about to ramp up.** We believe CPALL will see an acceleration in earnings in 2022, driven by organic growth in convenience stores (CSV) and cash and carry businesses, store expansion of around 700 stores (accounting for 5.4% growth) for CVS business, and revenue recognition from the Lotus acquisition. Although management guides that same-store sales growth (SSSG) for CVS business will grow in line with national GDP growth, we expect SSSG to grow at around 10% in 2022 due to a low base in 2021. In addition, CPALL plans to further penetrate the e-commerce market, aiming to increase the proportion of non-food revenue in 2022 through multiple channels, including high-end live products.
- COVID-19 is of less concern.** Despite rising numbers of new COVID-19 cases daily, we believe that consumption will not freeze and the chance of another major lockdown is low, thanks to the high vaccination rate in Thailand which has resulted in a much lower death rate compared to 2020-21. According to google trends, Thailand's mobility index showed a sharp rebound in retail and grocery locations in Feb 22, as opposed to the mobility index in the residential locations which saw a drop in Feb 22, which is likely to be positive for CPALL. This data goes in line with management's guidance that CPALL's SSSG remains in positive territory in 2M22.
- Enter recovery cycle.** After two consecutive years of negative earnings growth, we believe CPALL will resume its recovery phase in 2022 and continue to report attractive growth over 2023-24. We estimate CPALL to report net profit growth of 45% in 2022 and estimate three-year earnings CAGR of around 40% over 2022-24.

KEY FINANCIALS

Year to 31 Dec (Btm)	2020	2021	2022F	2023F	2024F
Net turnover	525,884	565,207	769,025	853,652	898,724
EBITDA	27,041	26,349	39,923	48,645	56,482
Operating profit	7,146	3,502	15,381	23,049	29,658
Net profit (rep./act.)	16,102	12,986	18,877	25,931	32,061
Net profit (adj.)	16,102	12,986	18,877	25,931	32,061
EPS (Bt)	1.8	1.4	2.1	2.9	3.6
PE (x)	37.9	47.1	32.4	23.6	19.1
P/B (x)	6.3	5.9	5.2	4.6	4.0
EV/EBITDA (x)	42.8	43.9	29.0	23.8	20.5
Dividend yield (%)	1.3	0.9	1.5	2.1	2.6
Net margin (%)	3.1	2.3	2.5	3.0	3.6
Net debt/(cash) to equity (%)	260.8	350.6	306.2	260.6	221.2
Interest cover (x)	3.2	2.1	2.6	3.3	3.8
Consensus net profit	-	-	16,988	23,469	30,299
UOBKH/Consensus (x)	-	-	1.11	1.10	1.06

Source: CP ALL PCL, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	Bt68.00
Target Price	Bt82.00
Upside	+20.6%
(Previous TP)	Bt78.00)

COMPANY DESCRIPTION

Operator of Thai 7-Eleven stores, controlling more than 50% of the convenience store market in Thailand.

STOCK DATA

GICS sector	Consumer Staples
Bloomberg ticker:	CPALL TB
Shares issued (m):	8,983.1
Market cap (Btm):	610,850.9
Market cap (US\$m):	18,689.0
3-mth avg daily t'over (US\$m):	52.1

Price Performance (%)

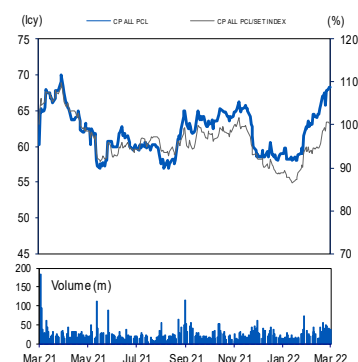
52-week high/low			Bt70.00/Bt57.00	
1mth	3mth	6mth	1yr	YTD
8.4	16.2	4.6	14.3	15.3

Major Shareholders

	%
CP Group	47.1
AIA	7.2
NVDR	3.9

FY22 NAV/Share (Bt)	12.98
FY22 Net Debt/Share (Bt)	39.74

PRICE CHART



Source: Bloomberg

ANALYST(S)

Peerawat Dentananan, CFA, FRM
+662 659 8302
peerawat@uobkayhian.co.th

4Q21 RESULTS RECAP

Bt m	4Q20	3Q21	4Q21	yoy (%)	qoq (%)	2020	2021	yoy (%)
Sales and services	131,822	125,287	179,226	36.0	43.1	525,884	565,207	7.5
Operating EBIT	1,581	-339	2,154	36.3	(735.9)	7,146	3,502	(51.0)
Net profit	3,572	1,493	6,704	87.7	349.0	16,102	12,986	(19.4)
Percent	4Q20	3Q21	4Q21	yoy (ppts)	qoq (ppts)	2020	2021	yoy (ppts)
Gross margin	21.9	21.0	21.6	(0.2)	0.7	21.9	21.3	(0.6)
SG&A to sales	20.7	21.2	20.4	(0.2)	(0.8)	20.5	20.7	0.2
Net profit margin	2.7	1.2	3.7	1.0	2.5	3.1	2.3	(0.8)

Source: CPALL, UOB Kay Hian

- **Earnings beat.** CPALL posted 4Q21 net profit of Bt6.7b, up 88% yoy and 349% qoq, mainly due to the record of several one-off items. Excluding all one-off items and earnings contribution from Lotus, we estimate CPALL's core earnings at Bt3.2b (-10% yoy, +115% qoq), which were 22% and 11% above our and consensus' forecasts respectively. One-off items include: a) gain from selling "All Now" net after tax at Bt1b, b) loss on intangibles after tax at Bt5.8b, and c) gain from EBT transactions of Bt6b.
- **SSSG for CVS business** was 1% yoy in 4Q21, boosted by the easing of lockdown measures and initial return of international arrivals. Meanwhile, SSSG for cash and carry business was 4.1% yoy. Blended gross margin fell 20bp to 21.6%, due to higher inventory management cost, higher logistic cost, and higher contribution of new business segments which yielded lower gross margins.

KEY STATISTICS

	4Q20	3Q21	4Q21	yoy (%)	qoq (%)
SSSG for CVS (%)	-18.0%	-9.2%	1.0%	19.0	10.2
Number of store	12,432	12,882	13,134	5.6	2.0
Spending per ticket (Bt)	76	85	84	10.5	(1.2)
No. customer/store/day	916	730	822	(10.3)	12.6
SSSG for cash and carry (%)	0.6%	1.3%	4.1%	3.5	2.8
Number of store	137	138	138	0.7	0.0
Sales per stores (Btm)	415	402	429	3.6	6.9

Source: CPALL, UOB Kay Hian

EARNINGS REVISION/RISK

	2022F			2023F		
(Bt m)	New	Previous	% Chg	New	Previous	% Chg
Total revenue	769,025	573,183	34.2%	853,652	639,214	33.5%
Gross profit	167,648	123,397	35.9%	189,511	141,906	33.5%
Net profit	18,877	16,281	15.9%	25,931	22,640	14.5%
Overall gross margin	21.8%	21.5%	0.27	22.2%	22.2%	0.00
SG&A to sales	19.8%	20.0%	-0.20	19.5%	20.0%	-0.50
Net profit margin	2.5%	2.9%	-0.40	3.1%	3.6%	-0.52

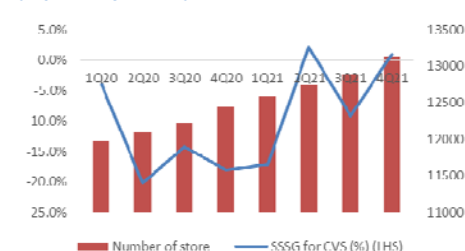
Source: CPALL, UOB Kay Hian

- **Raise our earnings forecast.** We raise our earnings forecast by around 15-16% for 2022-23, mainly to factor in earnings contribution from EBT transactions which will consolidate additional revenue from the Lotus business.

VALUATION/RECOMMENDATION

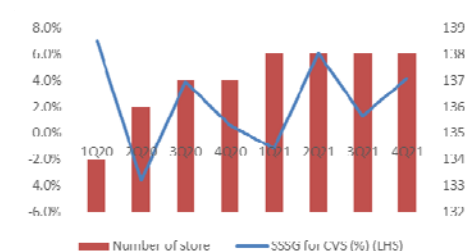
- **Maintain BUY on CPALL.** Our target price is Bt84.00, pegged to 39x 2022 PE or 0.5SD above its 10-year historical mean. We believe CPALL will be the main beneficiary of the reopening theme, especially with the return of international tourist arrivals in 2H22. Hence, we believe that the company's earnings have already bottomed out in 3Q21 and CPALL is on a clear path to recovery. With the removal of overhang regarding EBT transactions, we expect CPALL's positive earnings results in 2022 to act as a positive catalyst for the share price.

CVS PERFORMANCE



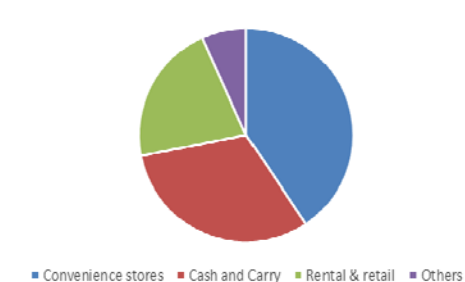
Source: CPALL, UOB Kay Hian

CASH AND CARRY PERFORMANCE



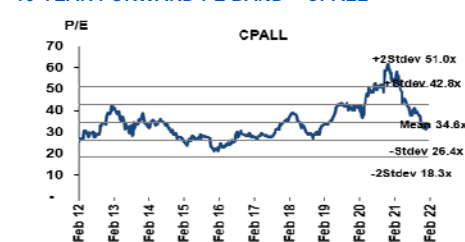
Source: CPALL, UOB Kay Hian

4Q21 OPERATING REVENUE



Source: CPALL, UOB Kay Hian

10-YEAR FORWARD PE BAND - CPALL



Source: CPALL, UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (Btm)	2021	2022F	2023F	2024F
Net turnover	565,207	769,025	853,652	898,724
EBITDA	26,349	39,923	48,645	56,482
Deprec. & amort.	22,847	24,542	25,596	26,824
EBIT	3,502	15,381	23,049	29,658
Total other non-operating income	22,261	21,533	23,024	23,882
Associate contributions	(226)	0	0	0
Net interest income/(expense)	(12,514)	(15,401)	(14,879)	(14,972)
Pre-tax profit	12,577	21,512	31,193	38,568
Tax	(525)	(2,151)	(4,679)	(5,785)
Minorities	933	(484)	(583)	(721)
Net profit	12,986	18,877	25,931	32,061
Net profit (adj.)	12,986	18,877	25,931	32,061

CASH FLOW

Year to 31 Dec (Btm)	2021	2022F	2023F	2024F
Operating	54,826	43,097	59,424	62,004
Pre-tax profit	12,577	21,512	31,193	38,568
Tax	(525)	(2,151)	(4,679)	(5,785)
Deprec. & amort.	22,847	24,542	25,596	26,824
Working capital changes	24,046	(1,834)	7,616	1,360
Non-cash items	(4,119)	1,027	(303)	1,037
Other operating cashflows	0	0	0	0
Investing	(336,786)	(28,657)	(39,774)	(38,814)
Capex (growth)	(183,114)	(26,089)	(26,863)	(27,660)
Investments	70,751	0	0	0
Others	(224,423)	(2,569)	(12,910)	(11,154)
Financing	338,469	(32,636)	(23,688)	(12,215)
Dividend payments	165,752	(5,392)	(9,438)	(12,965)
Issue of shares	0	3	0	0
Proceeds from borrowings	169,309	(26,248)	(14,250)	750
Others/interest paid	3,408	(1,000)	0	0
Net cash inflow (outflow)	56,508	(18,197)	(4,038)	10,974
Beginning cash & cash equivalent	40,626	97,134	78,936	74,898
Ending cash & cash equivalent	97,134	78,936	74,898	85,872

BALANCE SHEET

Year to 31 Dec (Btm)	2021	2022F	2023F	2024F
Fixed assets	385,404	386,950	388,217	389,053
Other LT assets	380,716	383,970	398,981	410,276
Cash/ST investment	97,134	78,936	74,898	85,872
Other current assets	68,639	74,211	78,024	80,256
Total assets	931,893	924,067	940,121	965,458
ST debt	72,000	45,452	30,902	31,352
Other current liabilities	142,888	147,653	158,779	163,409
LT debt	390,277	390,577	390,877	391,177
Other LT liabilities	33,921	34,606	36,707	36,848
Shareholders' equity	104,134	116,622	133,115	152,211
Minority interest	188,673	189,157	189,740	190,462
Total liabilities & equity	931,893	924,067	940,121	965,458

KEY METRICS

Year to 31 Dec (%)	2021	2022F	2023F	2024F
Profitability				
EBITDA margin	4.7	5.2	5.7	6.3
Pre-tax margin	2.2	2.8	3.7	4.3
Net margin	2.3	2.5	3.0	3.6
Net profit (adj.)	(19.4)	45.4	37.4	23.6
Leverage				
Debt to total capital	61.2	58.8	56.6	55.2
Debt to equity	443.9	373.9	316.9	277.6
Net debt/(cash) to equity	350.6	306.2	260.6	221.2
Interest cover (x)	2.1	2.6	3.3	3.8

COMPANY UPDATE

Hana Microelectronics (HANA TB)

Temporary Net Loss In 4Q21, Expect 1Q22 Earnings To Recover

We are optimistic on HANA's outlook in 2022. Although earnings in 1H22 would grow slowly from the cost pressure, 2H22's earnings could improve due to strong orders and capacity expansion from new equipment. We also believe the negative outlook in 4Q21 could be temporary and expect to see earnings recovering in 2022. Maintain BUY. Target price: Bt70.00.

WHAT'S NEW

- Analyst meeting after 4Q21 results.** We attended Hana Microelectronics' (HANA) analyst meeting to obtain an update on its business outlook. We believe its earnings will continue growing in 2022, even though they may incur losses from the new business in the initial stage. The key highlights of the meeting are as follows.

STOCK IMPACT

- Earnings likely to recover in 1Q22.** We think the net loss in 4Q21 would be temporary and expect 1Q22's earnings to continue growing. For yoy earnings, we expect earnings to grow due to robust revenue in all operations and a low base compared with 1Q21. For qoq earnings, although revenue would be soft due to the delay of capacity expansion, we believe earnings should improve due to better gross margin. Gross margin is expected to improve as the cost of new business investment would be lower and we do not expect a large amount of extraordinary items as in 4Q21.
- Sales would grow slowly in 1H22, but recover in 2H22.** Due to limited capacities which are pressured by long lead time and the ordering of equipment and materials, management expects orderbooks in 1H22 would be flat from 2H21. However, 2H22's revenue would recover due to continuous strong demand in many growth products, such as RFID tyre tags, inlays as well as new customers, which have high growth potential. Moreover, we think HANA's revenue will be supported by new capacities coming from HANA Ayutthaya from 1Q22. Therefore, we estimate HANA's revenue to improve 12% yoy to Bt26.7b in 2022.

KEY FINANCIALS

Year to 31 Dec (Btm)	2020	2021	2022F	2023F	2024F
Net turnover	19,282.5	23,780.2	26,564.4	29,471.1	32,592.2
EBITDA	2,512.3	2,891.5	3,455.1	3,910.8	4,511.8
Operating profit	1,337.0	1,590.1	2,125.1	2,505.0	3,031.1
Net profit (rep./act.)	1,913.3	1,965.8	2,707.0	3,071.6	3,573.7
Net profit (adj.)	1,913.3	1,965.8	2,707.0	3,071.6	3,573.7
EPS (Bt)	2.4	2.4	3.4	3.8	4.4
PE (x)	21.5	20.9	15.2	13.4	11.5
P/B (x)	1.9	1.8	1.7	1.6	1.4
EV/EBITDA (x)	15.0	13.1	10.9	9.7	8.4
Dividend yield (%)	0.8	0.8	1.4	1.6	1.8
Net margin (%)	9.9	8.3	10.2	10.4	11.0
Net debt/(cash) to equity (%)	(23.5)	(12.8)	(13.7)	(15.5)	(17.9)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.	n.a.
ROE (%)	9.1	8.8	11.5	12.2	12.9
Consensus net profit	-	-	3,020	3,396	1,980
UOBKH/Consensus (x)	-	-	0.90	0.90	1.80

Source: Hana Microelectronics, Bloomberg, UOB Kay Hian

n.m. : not meaningful; negative P/E, EV/EBITDA reflected as "n.m."

BUY

(Maintained)

Share Price	Bt51.00
Target Price	Bt70.00
Upside	+37.3%

COMPANY DESCRIPTION

HANA is an electronics manufacturing service company. Its major product groups are PCBA, IC, LED and LCE assembly.

STOCK DATA

GICS sector	Information Technology
Bloomberg ticker:	HANA TB
Shares issued (m):	804.9
Market cap (Btm):	41,048.8
Market cap (US\$m):	1,255.9
3-mth avg daily t'over (US\$m):	22.9

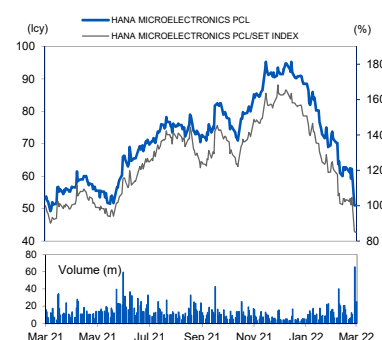
Price Performance (%)

52-week high/low			Bt95.25/Bt49.25	
1mth	3mth	6mth	1yr	YTD
(26.6)	(45.5)	(27.7)	1.5	(42.4)

Major Shareholders

	%
OMAC (HK) Limited	21.4
CREDIT SUISSE AG	10.5
-	-
FY22 NAV/Share (Bt)	29.63
FY22 Net Cash/Share (Bt)	4.06

PRICE CHART



Source: Bloomberg

ANALYST(S)

Peerawat Dentananan, CFA, FRM

+662 659 8302

ASSISTANT ANALYST

Thachasorn Jutaganon

+662 659 8033

thachasorn@uobkayhian.co.th

- **Expect earnings to improve in 2022.** We think 4Q21's earnings were bottomed out due to the cost pressure from the power master semiconductor (PMS) business and extraordinary items. Thus, we expect HANA's earnings will continue growing in 2022 and expect earnings of Bt2.7b (+75%) yoy, mainly supported by strong revenue and higher gross margin. We expect HANA to post 2022 revenue of Bt26.6b (+12% yoy) thanks to: a) capacity expansion, b) revenue contribution from the PMS business, and c) strong demand of products, relating to automobile and smartphones. Gross margin could increase to 15.0% (+1.2ppt yoy). Although gross margin would be pressured by the cost of the new business' investment, we think the strong revenue could still support revenue.

- **More cost from new business, but earnings would still grow.** Management has guided that PMS will generate more cost at the beginning stages. In 2022, the company expects to gain US\$19m in revenue and bear some losses from PMS at about Bt580m-620m due to the cost of ramping up the production and human resources. In 2023, revenue will increase to US\$50m as the company is likely to have their facilities and will be mass producing products. In 2024, revenue would grow to US\$92m due to coming of products. In 2025, HANA expects revenue of Bt132m and expects it to reach the breakeven point. We believe an increase of revenue could continuously support earnings in the future.

EARNINGS REVISION/RISK

- **None.**

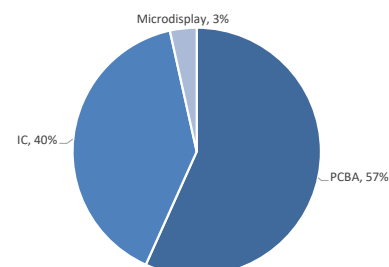
VALUATION/RECOMMENDATION

- **Maintain BUY with a target price of Bt70.00**, pegged at 20.4x 2022F PE, or +2SD to its five-year mean. We still recommend BUY on HANA as we still see earnings growth in 2022. Moreover, we believe HANA's weak 4Q21 earnings should be temporary, all negatives have already been priced in, and share price has dropped more 20% since releasing the net loss in 4Q21's results.

SHARE PRICE CATALYST

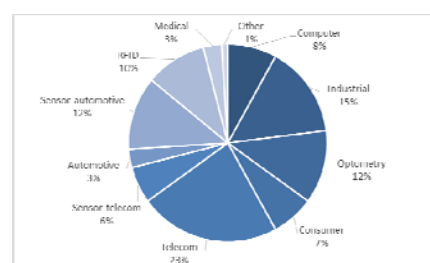
- Growth of the silicon carbide market, 5G network rollout, expansion of artificial intelligent usage, increase in Internet of Things adoption, electric vehicles, and lower-than-expected baht depreciation against the US dollar.

REVENUE STRUCTURE IN 2021



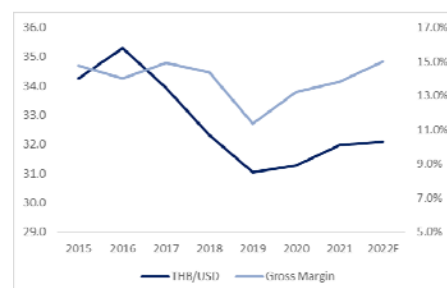
Source: HANA, UOB Kay Hian

PRODUCT APPLICATION IN 4Q21



Source: HANA, UOB Kay Hian

THB/US VS GPM



Source: HANA, UOB Kay Hian

PE BAND



Source: UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (Btm)	2021	2022F	2023F	2024F
Net turnover	23,780	26,564	29,471	32,592
EBITDA	2,892	3,455	3,911	4,512
Deprec. & amort.	1,301	1,330	1,406	1,481
EBIT	1,590	2,125	2,505	3,031
Total other non-operating income	322	582	585	589
Associate contributions	0	0	0	0
Net interest income/(expense)	106	148	153	158
Pre-tax profit	2,019	2,855	3,243	3,778
Tax	(53)	(148)	(172)	(204)
Minorities	0	0	0	0
Net profit	1,966	2,707	3,072	3,574
Net profit (adj.)	1,966	2,707	3,072	3,574

BALANCE SHEET

Year to 31 Dec (Btm)	2021	2022F	2023F	2024F
Fixed assets	10,157	7,805	7,812	7,817
Other LT assets	126	98	133	147
Cash/ST investment	3,304	3,606	4,424	5,552
Other current assets	14,266	17,160	19,436	21,785
Total assets	27,853	28,669	31,804	35,301
ST debt	342	334	334	334
Other current liabilities	3,687	3,552	4,108	4,652
LT debt	3	3	3	3
Other LT liabilities	763	933	1,044	1,115
Shareholders' equity	23,058	23,846	26,316	29,197
Minority interest	0	0	0	0
Total liabilities & equity	27,853	28,669	31,804	35,301

CASH FLOW

Year to 31 Dec (Btm)	2021	2022F	2023F	2024F
Operating (BTm)	2,093	1,008	2,758	3,248
Pre-tax profit (BTm)	1,598	2,855	3,243	3,778
Tax (BTm)	(53)	(148)	(172)	(204)
Deprec. & amort. (BTm)	1,301	1,330	1,406	1,481
Working capital changes (BTm)	(2,301)	(48)	(1,108)	(1,143)
Non-cash items (BTm)	1,547	(2,981)	(611)	(663)
Other operating cashflows (BTm)	0	0	0	0
Investing (BTm)	(4,114)	1,221	(1,338)	(1,428)
Capex (growth) (BTm)	(4,085)	1,022	(1,413)	(1,485)
Investments (BTm)	0	0	0	0
Others (BTm)	(28)	198	76	57
Financing (BTm)	(75)	(1,927)	(602)	(692)
Dividend payments (BTm)	(765)	(443)	(602)	(692)
Issue of shares (BTm)	0	(805)	0	0
Proceeds from borrowings (BTm)	26	(8)	0	0
Others/interest paid (BTm)	664	(671)	0	0
Net cash inflow (outflow) (BTm)	(2,096)	301	818	1,128
Beginning cash & cash equivalent (BTm)	5,400	3,304	3,606	4,424
Ending cash & cash equivalent (BTm)	3,304	3,606	4,424	5,552

KEY METRICS

Year to 31 Dec (%)	2021	2022F	2023F	2024F
Profitability				
EBITDA margin	12.2	13.0	13.3	13.8
Pre-tax margin	8.5	10.7	11.0	11.6
Net margin	8.3	10.2	10.4	11.0
ROA	7.4	9.6	10.2	10.7
ROE	8.8	11.5	12.2	12.9
Growth				
Turnover	23.3	11.7	10.9	10.6
EBITDA	15.1	19.5	13.2	15.4
Pre-tax profit	2.3	41.5	13.6	16.5
Net profit	2.7	37.7	13.5	16.3
Net profit (adj.)	2.7	37.7	13.5	16.3
EPS	2.7	37.7	13.5	16.3
Leverage				
Debt to total capital	1.5	1.4	1.3	1.1
Debt to equity	1.5	1.4	1.3	1.2
Net debt/(cash) to equity	(12.8)	(13.7)	(15.5)	(17.9)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.

COMPANY UPDATE

Home Product Center (HMPRO TB)

Recovered Before Peers; Will Continue To Generate Profit

HMPRO's earnings have likely already bottomed out in 3Q21 due the impact of the lockdown measures. We like HMPRO for its resilient business model and ability to generate profit even in the midst of the COVID-19 crisis. For 2022, we expect the company to resume its exciting growth outlook. Maintain BUY. Target price: Bt18.00.

WHAT'S NEW

- **Analyst meeting post-4Q21 results.** We attended Home Product Center's (HMPRO) analyst meeting to review its 4Q21 results and obtain an update on its business outlook for 2022. We believe HMPRO's earnings will resume its attractive growth level in 2022, from a more positive same store sales growth (SSSG), resumption of store expansion, and higher profitability outlook.

STOCK IMPACT

- **Announced 2022 business plan.** Management set SSSG targets at 5-7% for 2022, supported by the resumption of operation of its stores and recovery of malls in the tourism areas as management expects the economy to pick up from the return of international arrivals in 2H22. In addition, management plans to expand seven more branches in 2H22, consisting of two HomePro stores and five Mega Home stores. For margin outlook, management expects gross margin to improve by 20-30bp yoy in 2022 and maintains the five-year target average increase of around 30bp per year. Margin is expected to be driven by scale benefit, higher contribution from the private brand, and change in product mix which yield a higher gross margin.
- **Expect net profit to grow 15% yoy in 2022.** We expect HMPRO's net profit to increase 15% yoy, underpinned by 9% total revenue growth and more cost efficiency. We see a higher demand for home products driven by both new homes and existing housing. For newly-registered homes, we expect higher demand growth in 2022, supported by the relaxation of loan-to-value measures and the economic recovery. As for existing housing, we believe the demand for home products will be driven by changes in customer behavior and a new work-from-home lifestyle.

KEY FINANCIALS

Year to 31 Dec (Btm)	2020	2021	2022F	2023F	2024F
Net turnover	59,874	61,791	67,177	70,687	73,289
EBITDA	7,947	8,139	9,293	10,330	10,866
Operating profit	4,766	4,931	6,017	6,847	7,237
Net profit (rep./act.)	5,155	5,441	6,276	7,177	7,715
Net profit (adj.)	5,155	5,441	6,276	7,177	7,715
EPS (Bt)	0.4	0.4	0.5	0.5	0.6
PE (x)	38.8	36.7	31.9	27.9	25.9
P/B (x)	9.3	8.7	8.2	7.6	7.1
EV/EBITDA (x)	27.0	26.4	23.1	20.8	19.8
Dividend yield (%)	2.0	2.1	2.6	2.9	3.1
Net margin (%)	8.6	8.8	9.3	10.2	10.5
Net debt/(cash) to equity (%)	68.3	60.8	60.2	48.7	39.9
Interest cover (x)	18.0	19.9	23.2	29.4	35.8
Consensus net profit	-	-	6,316	7,169	8,025
UOBKH/Consensus (x)	-	-	0.99	1.00	0.96

Source: Home Product Center PCL, Bloomberg, UOB Kay Hian

n.m. : not meaningful; negative P/E, EV/EBITDA reflected as "n.m."

BUY

(Maintained)

Share Price	Bt15.20
Target Price	Bt18.00
Upside	+18.4%
(Previous TP)	Bt17.50)

COMPANY DESCRIPTION

Thailand's largest home improvement centre, controls nearly 40% market share in the modern trade segment.

STOCK DATA

GICS sector	Consumer Discretionary
Bloomberg ticker:	HMPRO TB
Shares issued (m):	13,151.2
Market cap (Btm):	199,898.2
Market cap (US\$m):	6,115.9
3-mth avg daily t'over (US\$m):	12.0

Price Performance (%)

52-week high/low Bt15.50/Bt12.60

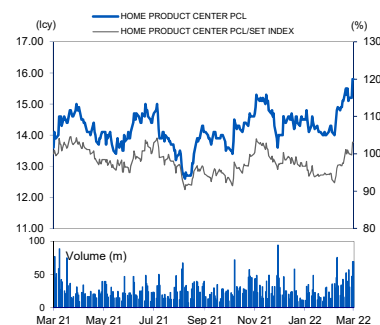
1mth	3mth	6mth	1yr	YTD
7.8	11.8	6.3	14.3	4.8

Major Shareholders

	%
Land and House	30.2
Quality House	20.0
AIA	4.8

FY22 NAV/Share (Bt)	1.86
FY22 Net Debt/Share (Bt)	1.12

PRICE CHART



Source: Bloomberg

ANALYST(S)

Peerawat Dentananan, CFA, FRM

+662 659 8302

peerawat@uobkayhian.co.th

4Q21 RESULTS

Year to 31 Dec (Btm)	4Q20	3Q21	4Q21	yoy (%)	qoq (%)	2020	2021	yoy (%)
Sales and services	15,358	13,387	16,570	7.9	23.8	59,874	61,791	3.2
Gross profit	4,133	3,391	4,619	11.7	36.2	15,722	16,257	3.4
Operating EBIT	1,228	832	1,398	13.9	68.2	4,766	4,931	3.5
Net profit	1,545	870	1,775	14.9	103.9	5,155	5,441	5.5
Percent				yoy (ppts)	qoq (ppts)			yoy (ppts)
Gross margin	26.9	25.3	27.9	1.0	2.5	26.3	26.3	0.1
SG&A to sales	18.9	19.1	19.4	0.5	0.3	18.3	18.3	0.0
EBIT margin	10.9	8.3	11.7	0.8	3.4	8.0	8.0	0.0
Net profit margin	10.1	6.5	10.7	0.7	4.2	8.6	8.8	0.2

Source: HMPRO, UOB Kay Hian

- **Earnings beat.** HMPRO reported 4Q21 net profit of Bt1.8b, up 15% yoy and 104% qoq. The results were 14% and 11% above our and consensus estimates respectively. Key beat was mainly due to a higher-than-expected gross margin.
- **4Q21 sales revenue increased 8% yoy and 24 qoq**, driven by the reopening of malls in both Thailand and Malaysia. SSSG was guided to be around 11% in 4Q21, supported by the roll out of heavy sales promotions. Gross margin improved 1pt yoy and 2.5pt qoq to 27.9%, owing to the increase in sales volume (scale benefit) and better sales mix from high-margin products.

KEY STATISTICS

	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21
SSSG (%)	-6.1%	-17.0%	-3.5%	-7.0%	0.6%	13.0%	-11.0%	11.0%
Number of outlet								
Homepro	84	84	84	86	86	86	86	87
MegaHome	14	14	14	14	14	14	14	14
HomeproS	9	9	9	9	9	8	7	6
Malaysia	6	6	6	6	6	7	7	7
Total	113	113	113	115	115	115	114	114

Source: HMPRO, UOB Kay Hian

EARNINGS REVISION/RISK

KEY EARNINGS REVISIONS

	2022F			2023F		
(Btm)	New	Previous	% Chg	New	Previous	% Chg
Sales revenue	65,526	64,396	1.8%	68,771	67,419	2.0%
Total revenue	69,413	68,137	1.9%	73,170	71,831	1.9%
Gross profit	18,108	17,786	1.8%	19,500	19,446	0.3%
Net profit	6,276	6,086	3.1%	7,177	7,177	0.0%
Overall gross margin	27.0%	26.9%	0.01	27.6%	28.0%	-0.44
SG&A to sales	18.0%	18.0%	0.00	17.9%	18.0%	-0.10
Net profit margin	9.3%	9.2%	0.12	10.2%	10.3%	-0.19

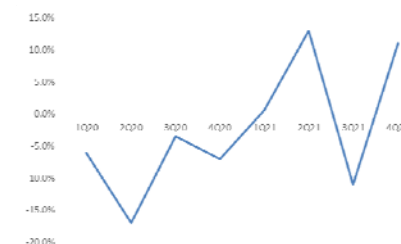
Source: HMPRO, UOB Kay Hian

- **Raise our 2022 earnings forecast.** We revised up our 2022 earnings forecast by 3% to factor in slightly higher sales and gross margin assumptions. We fine-tune our 2023 by less than 1%.

VALUATION/RECOMMENDATION

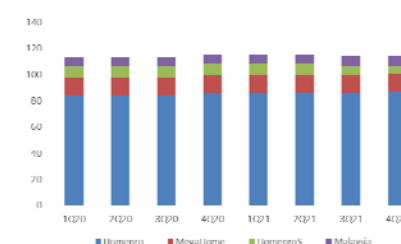
- **Maintain BUY.** Our earnings revision has led to a higher target price of Bt18.00, based on 37.6x 2022 PE or equivalent to 1SD above its 10-year historical mean. We believe the worst for HMPRO has already passed and expect to see meaningful earnings recovery in 4Q21. The company should resume attractive growth of 14-15% over 2022-23, driven by the resumption of store expansion and improvement of SSSG.

SAME-STORES-SALES



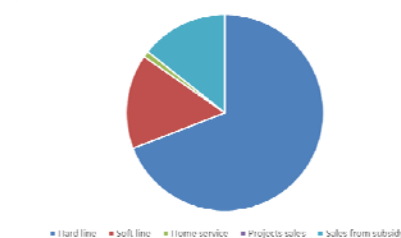
Source: HMPRO, UOB Kay Hian

NUMBER OF STORES



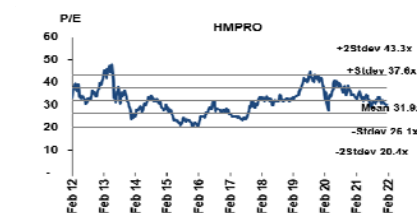
Source: HMPRO, UOB Kay Hian

SALES BREAKDOWN IN 2021



Source: HMPRO, UOB Kay Hian

10-YEAR FORWARD PE BAND - HMPRO



Source: HMPRO, UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (Btm)	2021	2022F	2023F	2024F
Net turnover	61,791	67,177	70,687	73,289
EBITDA	8,139	9,293	10,330	10,866
Deprec. & amort.	3,208	3,276	3,483	3,629
EBIT	4,931	6,017	6,847	7,237
Total other non-operating income	2,135	2,228	2,476	2,710
Associate contributions	0	0	0	0
Net interest income/(expense)	(408)	(400)	(351)	(303)
Pre-tax profit	6,634	7,845	8,971	9,644
Tax	(1,194)	(1,569)	(1,794)	(1,929)
Minorities	0	0	0	0
Net profit	5,441	6,276	7,177	7,715
Net profit (adj.)	5,441	6,276	7,177	7,715

BALANCE SHEET

Year to 31 Dec (Btm)	2021	2022F	2023F	2024F
Fixed assets	37,918	40,641	41,183	41,106
Other LT assets	1,748	1,881	1,909	2,035
Cash/ST investment	4,546	2,243	2,183	1,762
Other current assets	14,374	15,022	15,195	15,700
Total assets	58,586	59,787	60,470	60,602
ST debt	4,662	4,662	4,662	4,662
Other current liabilities	15,849	16,861	17,601	17,916
LT debt	13,809	12,309	10,309	8,309
Other LT liabilities	1,376	1,478	1,628	1,644
Shareholders' equity	22,890	24,478	26,270	28,071
Minority interest	0	0	0	0
Total liabilities & equity	58,586	59,787	60,470	60,602

CASH FLOW

Year to 31 Dec (Btm)	2021	2022F	2023F	2024F
Operating	7,632	9,916	11,227	11,154
Pre-tax profit	6,634	7,845	8,971	9,644
Tax	(1,194)	(1,569)	(1,794)	(1,929)
Deprec. & amort.	3,208	3,276	3,483	3,629
Working capital changes	(1,211)	543	438	(340)
Non-cash items	194	(179)	129	151
Other operating cashflows	0	0	0	0
Investing	(2,722)	(6,031)	(3,902)	(3,661)
Capex (growth)	(2,393)	(6,000)	(4,025)	(3,551)
Investments	0	0	0	0
Others	(329)	(31)	123	(110)
Financing	(3,647)	(6,189)	(7,384)	(7,914)
Dividend payments	(4,208)	(4,689)	(5,384)	(5,914)
Issue of shares	0	0	0	0
Proceeds from borrowings	468	(1,500)	(2,000)	(2,000)
Others/interest paid	93	0	0	0
Net cash inflow (outflow)	1,263	(2,303)	(60)	(421)
Beginning cash & cash equivalent	3,283	4,546	2,243	2,183
Ending cash & cash equivalent	4,546	2,243	2,183	1,762

KEY METRICS

Year to 31 Dec (%)	2021	2022F	2023F	2024F
Profitability				
EBITDA margin	13.2	13.8	14.6	14.8
Pre-tax margin	10.7	11.7	12.7	13.2
Net margin	8.8	9.3	10.2	10.5
Net profit (adj.)	5.5	15.4	14.4	7.5
Leverage				
Debt to total capital	44.7	40.9	36.3	31.6
Debt to equity	80.7	69.3	57.0	46.2
Net debt/(cash) to equity	60.8	60.2	48.7	39.9
Interest cover (x)	19.9	23.2	29.4	35.8

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