

## COM7 (COM7 TB)

Limited Upside After Price Rally, Downgrade to HOLD

### Highlights

- **We expect Apple products to be the key earnings driver going forward.** The earnings outlook remains resilient, as we expect 3Q25 earnings to improve yoy.
- **COM7's share price has delivered an impressive return since our BUY call and is now close to our target price.** Moreover, share prices typically slump after an iPhone launch. Downgrade to HOLD, with a target price of Bt29.50.

### Analysis

- **The outlook remains resilient.** We expect the earnings in 3Q25 to improve yoy but fall qoq. We expect foot traffic to improve after the iPhone 17 series launch in September, which will also likely have a positive impact on IT retail sales. With the strong demand, we expect the store expansion plan to reach 1,400 stores by the end of 2025. Non-retail sales also positive. We expect the non-retail sales to improve yoy in 3Q25 as management expects to increase its loan portfolio by Bt850m from End-2024, with a 2025 target of Bt4.5b-5.0b. Asset quality remains healthy, with NPL stable at 1.16%, reflecting that the asset quality should remain robust.
- **Half-Half scheme as an indirect benefit to COM7.** During 2020-22, when the government launched the “Half-Half” co-payment scheme (phases 1-4), COM7's revenue continued to grow despite the negative impact from lockdowns. This was partly supported by other positive measures such as the “Shop for Nation” tax-deduction programme, policy rate cuts, and COM7's strategy to expand into standalone stores while shopping malls were closed during the COVID-19 outbreak.
- In the current environment, the new government's plan to revive the Half-Half scheme should indirectly benefit COM7. Although we expect that COM7's retail chains (BaNaNa, Studio7, etc) will not be eligible for the scheme, we opine that the broader consumption recovery should have a positive effect on COM7's sales.

**HOLD (Downgraded)**

Share Price	Bt25.75
Target Price	Bt29.50
Upside	14.5%

### Analyst(s)

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### Stock Data

GICS sector	Consumer Discretionary
Bloomberg ticker:	COM7 TB
Shares issued (m):	2,400.0
Market cap (Btm):	50,880.0
Market cap (US\$m):	1,541.8
3-mth avg daily t'over (US\$m):	5.7

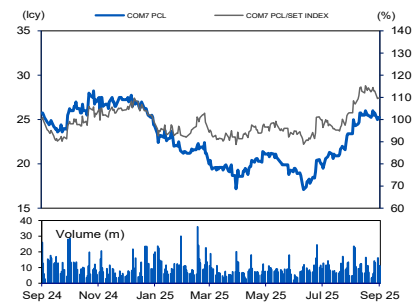
### Price Performance (%)

52-week high/low	Bt28.25/Bt16.40
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### Major Shareholders

	%
Mr. Sura Kanitaweekul	25.05
FY24 NAV/Share (Bt)	5.03
FY24 Net Debt/Share (Bt)	3.71

### Price Chart



Source: Bloomberg

### Key Financials

Year to 31 Dec (Btm)	2023	2024	2025F	2026F	2027F
Net turnover	69,559	79,074	85,352	92,200	98,995
EBITDA	4,670	5,169	5,879	6,298	6,800
Operating profit	3,721	4,148	4,652	4,933	5,296
Net profit (rep./act.)	2,857	3,307	3,760	4,003	4,300
Net profit (adj.)	2,857	3,307	3,760	4,003	4,300
EPS (Bt)	1.2	1.4	1.6	1.7	1.8
PE (x)	18.2	15.7	13.9	13.0	12.1
P/B (x)	6.5	6.0	4.3	3.7	3.3
EV/EBITDA (x)	12.4	11.2	9.9	9.2	8.5
Dividend yield (%)	3.2	4.0	4.3	4.6	5.0
Net margin (%)	4.1	4.2	4.4	4.3	4.3
Net debt/(cash) to equity (%)	93.5	98.1	55.7	44.6	36.2
Interest cover (x)	20.1	16.9	17.9	18.4	19.0
ROE (%)	37.6	39.4	35.8	30.5	28.8
Consensus net profit	-	-	3,711	4,096	4,564
UOBKH/Consensus (x)	-	-	1.01	0.98	0.94

Source: COM7, Bloomberg, UOB Kay Hian

### Company Description

COM7 is a leading retailer 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.

### Share Price Performance

MoM	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Average</b>	<b>-1%</b>	<b>2%</b>	<b>-1%</b>	<b>5%</b>	<b>2%</b>	<b>-1%</b>	<b>13%</b>	<b>10%</b>	<b>-2%</b>	<b>7%</b>	<b>0%</b>	<b>-2%</b>
2025	-16%	0%	-12%	7%	-3%	-7%	18%	17%				
2024	-11%	-2%	-8%	-4%	-3%	5%	10%	20%	-2%	17%	-5%	-1%
2023	-8%	-2%	0%	-17%	15%	-9%	6%	15%	-3%	-14%	-14%	4%
2022	-4%	5%	4%	-3%	-10%	-21%	2%	13%	-16%	4%	5%	7%
2021	11%	19%	25%	15%	-4%	-2%	-7%	8%	-4%	7%	8%	5%
2020	2%	-18%	-30%	38%	14%	15%	35%	7%	-4%	4%	0%	-5%
2019	-2%	18%	0%	10%	-1%	12%	16%	3%	-6%	18%	-3%	-5%
2018	7%	11%	-2%	-1%	-3%	-9%	9%	6%	17%	-8%	-8%	-18%
2017	-10%	-1%	-9%	-3%	9%	2%	0%	15%	3%	14%	6%	-1%
2016	24%	-6%	17%	8%	10%	2%	37%	-7%	-6%	25%	10%	-7%

Source: Bloomberg, UOB Kay Hian

- **COM7's share price has historically delivered negative returns following iPhone launches.** In September, the stock price typically declines, with a probability of seven out of nine times over the past nine years, averaging a 2% drop, though we expect iPhone 17 sales to perform at least as well as the iPhone 16 did. Historically, COM7's share price tends to bottom out in early October, delivering an average return of 7% over the past nine years, with positive returns seven out of nine times.

### Valuation/Recommendation

- **Downgrade to HOLD and maintain a target price of Bt29.50.** Our target price is based on a 2025F PE multiple of 19x, in line with the eight-year average excluding the abnormal COVID-19 period of 2021. COM7's share price has delivered an impressive return since our BUY call and is now close to our target price. We expect limited upside and no new catalyst to lift our target price.

### Earnings Revision/Risk

- **No earnings revision.** We believe there is limited downside to our forecast since 1H25 earnings already account for 50% of our full-year 2025 forecast, which is above the 10-year average of 45%.

### Share Price Catalyst

- Higher contribution from its new businesses, and b) gross margin improvement in 2025.

### Environmental, Social, Governance (ESG)

CG Report: 5

SET ESG Rating: AA

#### • Environmental

- **Net zero.** COM7 aims to be a net zero company by 2050.
- COM7 places emphasis on the Sustainable Development Goals (SDG) by giving priority to our Material Topics in order to create sustainable value to all stakeholders.

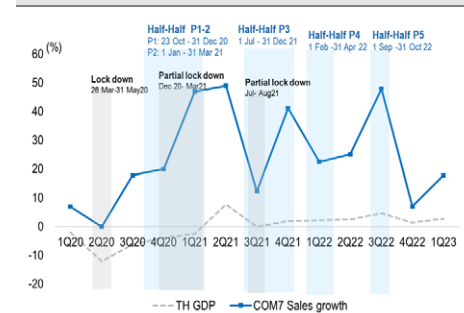
#### • Social

- The company focuses on personnel development to train both ethical and talented employees. It pledges to improve employees' skills through lifelong learning.

#### • Governance

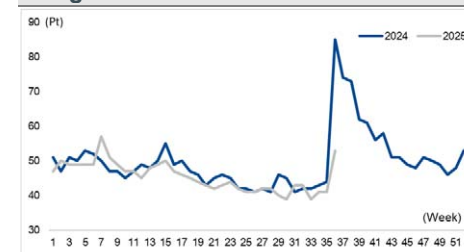
- **Good governance practices.** COM7 is committed to operating its business in accordance with good corporate governance policy. COM7 received the "Excellent" rating on good corporate governance from the Thai Institute of Directors (IOD).

### Sales Growth During The Half-Half Scheme



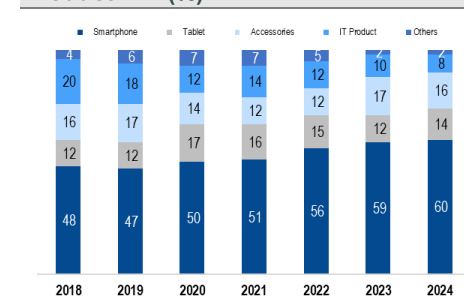
Source: COM7, NESDC, UOB Kay Hian

### Google Search For iPhone



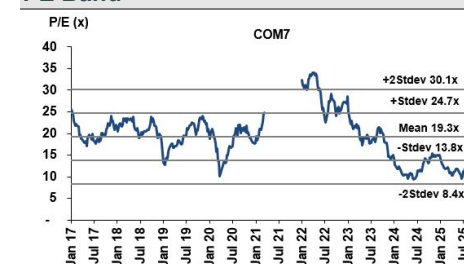
Source: Google, UOB Kay Hian

### Product Mix (%)



Source: COM7, UOB Kay Hian

### PE Band



Source: Bloomberg, UOB Kay Hian

### Profit & Loss

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Net turnover	79,074	85,352	92,200	98,995
EBITDA	5,169	5,879	6,298	6,800
Deprec. & amort.	1,021	1,228	1,366	1,504
EBIT	4,148	4,652	4,933	5,296
Total other non-operating income	109	63	62	62
Associate contributions	43	61	80	84
Net interest income/(expense)	(306)	(328)	(343)	(359)
Pre-tax profit	3,995	4,448	4,732	5,083
Tax	(674)	(680)	(721)	(775)
Minorities	(14)	(8)	(8)	(9)
Net profit	3,307	3,760	4,003	4,300
Net profit (adj.)	3,307	3,760	4,003	4,300

### Balance Sheet

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
Fixed assets	3,043	4,234	4,669	5,056
Other LT assets	4,049	4,022	4,188	4,423
Cash/ST investment	2,551	4,111	5,188	6,208
Other current assets	16,993	18,116	19,180	20,632
<b>Total assets</b>	<b>26,637</b>	<b>30,482</b>	<b>33,226</b>	<b>36,319</b>
ST debt	10,124	10,603	11,106	11,634
Other current liabilities	6,087	6,644	7,060	7,635
LT debt	1,009	326	326	326
Other LT liabilities	593	468	536	620
Shareholders' equity	8,751	12,247	13,994	15,892
Minority interest	73	196	204	213
<b>Total liabilities &amp; equity</b>	<b>26,637</b>	<b>30,483</b>	<b>33,226</b>	<b>36,320</b>

### Cash Flow

Year to 31 Dec (Btm)	2024	2025F	2026F	2027F
<b>Operating</b>	<b>2,153</b>	<b>4,429</b>	<b>4,729</b>	<b>4,936</b>
Pre-tax profit	3,995	4,448	4,732	5,083
Tax	(674)	(680)	(721)	(775)
Deprec. & amort.	1,021	1,228	1,366	1,504
Associates	(43)	(61)	(80)	(84)
Working capital changes	(1,204)	(769)	(381)	(798)
Non-cash items	(216)	202	(267)	(78)
Other operating cashflows	(726)	61	80	84
<b>Investing</b>	<b>(745)</b>	<b>(594)</b>	<b>(1,898)</b>	<b>(2,042)</b>
Capex (growth)	(741)	(2,418)	(1,801)	(1,891)
Investment	(409)	71	(32)	(33)
Others	405	1754	(65)	(118)
<b>Financing</b>	<b>(718)</b>	<b>(2,275)</b>	<b>(1,753)</b>	<b>(1,874)</b>
Dividend payments	(1,680)	(2,064)	(2,256)	(2,402)
Proceeds from borrowings	1,752	(204)	503	528
Loan repayment	0	0	0	0
Others/interest paid	(790)	(7)	0	0
Net cash inflow (outflow)	691	1,560	1,078	1,020
Beginning cash & cash equivalent	1,860	2,551	4,111	5,188
Changes due to forex impact	0	0	0	0
Ending cash & cash equivalent	2,551	4,111	5,188	6,208

### Key Metrics

Year to 31 Dec (%)	2024	2025F	2026F	2027F
<b>Profitability</b>				
EBITDA margin	6.5	6.9	6.8	6.9
Pre-tax margin	5.1	5.2	5.1	5.1
Net margin	4.2	4.4	4.3	4.3
ROA	13.3	13.2	12.6	12.4
ROE	39.4	35.8	30.5	28.8
<b>Growth</b>				
Turnover	13.7	7.9	8.0	7.4
EBITDA	10.7	13.7	7.1	8.0
Pre-tax profit	13.4	11.3	6.4	7.4
Net profit	15.7	13.7	6.5	7.4
Net profit (adj.)	15.7	13.7	6.5	7.4
EPS	15.7	13.7	6.5	7.4
<b>Leverage</b>				
Debt to total capital	55.8	46.8	44.6	42.6
Debt to equity	127.2	89.2	81.7	75.3
Net debt/(cash) to equity	98.1	55.7	44.6	36.2
Interest cover (x)	16.9	17.9	18.4	19.0

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