

COM7 (COM7 TB)

Promising Outlook With Attractive Valuation

Highlights

- Management targets top-line growth of 10% and bottom line growth of 10-15%. If COM7 achieves this target, there would be a 6-11% upside to our earnings forecast.
- If suppliers are unable to export to the Middle East, excess supply may be redirected to Thailand, which would benefit COM7.
- Maintain BUY with a target price of Bt30.00.

Analysis

- **Positive tone from analyst meeting.**
- **2026 targets.** Management targets top-line growth of 10% and bottom line growth of 10-15%. If COM7 achieves this target, there would be a 6-11% upside to our earnings forecast. The key driver is the expansion of other businesses, which should increase profit contribution from 31% to 35% in 2026.
- **1Q26 performance expected to be promising.** Management noted that 2M26 performance was strong, while Mar 26 is expected to soften slightly due to the late selling stage of the iPhone 17 series, which should be offset by better-than-expected orders for the Samsung S26 series. Overall, we expect 1Q26 earnings to remain positive.
- **Development in other business.** The non-retail businesses performed strongly in 2025, driven by the expansion of the UFund portfolio to Bt5b and improved performance in the iCare insurance business, while the loss-making Petpaw business was terminated. Management targets non-retail profit contribution to increase to 35% in 2026 from 31% in 2025, supported by further UFund expansion and iCare growth. The higher credit cost in 4Q25 was due to a more conservative accounting approach, while NPLs remained under control, leaving room for a potential reversal in the future.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net turnover	79,043	87,255	88,256	90,117	92,020
EBITDA	5,187	6,252	6,513	6,795	7,063
Operating profit	4,167	5,099	5,147	5,291	5,430
Net profit (rep./act.)	3,323	4,064	4,172	4,293	4,439
Net profit (adj.)	3,323	4,064	4,172	4,293	4,439
EPS	1.4	1.7	1.7	1.8	1.8
PE (x)	14.6	12.0	11.6	11.3	11.3
P/B (x)	5.5	3.9	3.4	3.0	3.0
EV/EBITDA (x)	11.0	9.0	8.4	7.8	7.8
Dividend yield (%)	4.3	5.0	5.2	5.3	5.3
Net margin (%)	4.2	4.7	4.9	4.9	4.9
Net debt/(cash) to equity(%)	98.1	52.2	35.5	24.7	24.7
Interest cover (x)	16.9	20.8	19.7	18.7	18.7
Consensus net profit	n.a	n.a	4,370	4,676	4,700
UOBKH/Consensus (x)	n.a	n.a	1.0	0.9	0.9

Source: COM7, Bloomberg, UOB Kay Hian

BUY (Maintained)

Share Price	Bt22.10
Target Price	Bt30.00
Upside	+35.75%

Analyst(s)

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Stock Data

GICS sector	Consumer Discretionary
Bloomberg ticker:	COM7 TB
Shares issued (m):	2,357.7
Market cap (Btm):	53,048.2
Market cap (US\$m):	1,653.6
3-mth avg daily t'over (US\$m):	10.0

Price Performance (%)

52-week high/low	Bt28.0/Bt17.1			
1mth	3mth	6mth	1yr	YTD
(8.9)	7.7	(10.9)	6.1	14.8

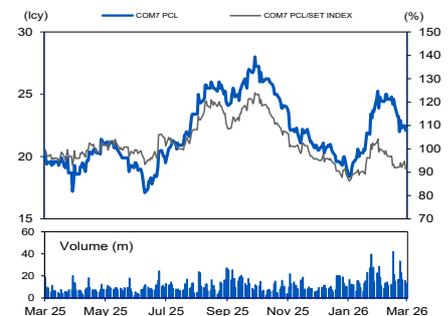
Major Shareholders

	%
Mr. Sura Kanitaweekul	25.05
MR. Pongsak Thammathachare	19.81
Thai NVDR	8.60

Balance Sheet Metrics

	%
FY26 NAV/Share (Bt)	6.0
FY26 Net Debt/Share (Bt)	2.2

Price Chart



Source: Bloomberg

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.

Essential

- Memory shortage remains manageable.** The memory shortage has pushed mobile phone prices up by 5-10%, but demand remains unaffected. COM7 plans to focus more on B2C and reduce promotional campaigns, while management believes the company can maintain its gross margin. The shortage is currently limited to memory products, which account for a small proportion of sales. COM7 has addressed the issue by sourcing from alternative suppliers and placing greater emphasis on retail sales. We view the product shortage as a short-term opportunity for the retail business to raise prices and support gross profit in 1Q26.
- War-related risks could be positive for supply.** If suppliers are unable to export to the Middle East, excess supply may be redirected to Thailand, which would benefit COM7. Meanwhile, the risk from higher oil prices is minimal, as transportation costs account for less than 0.5% of SG&A.

Valuation/Recommendation

- Maintain BUY with a target price of Bt30.00.** Our target price is pegged to a 2026F PE of 17x, implying -1.5SD to the five-year average. COM7 deserves to trade at a premium to its Thai IT commerce peers (SYNEX: 13x, SIS: 9x, ADVICE: 11x, CRC: 16x) due to its stronger competitive advantage and profitability.

Earnings Revision/Risk

- No earnings revision.

Share Price Catalyst

- Catalysts:** Higher contribution from its new businesses.
- Risks:** Supply shortage, lack of government stimulus.

Environment, Social, Governance (ESG) Updates

CG Report: 5, SET ESG Rating: AA

Environmental

- COM7 aims to achieve net zero emissions by 2050.

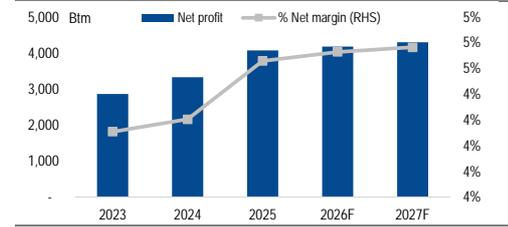
Social

- COM7 focuses on personnel development to train both ethical and talented employees. It has pledged to improve staff's skills through lifelong learning.

Governance

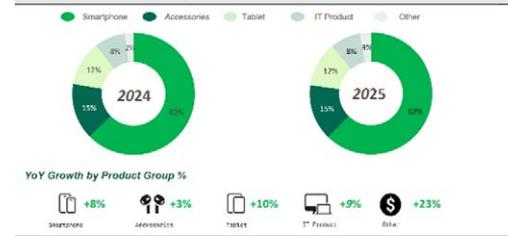
- Previously, we had reservations regarding the announcement of the intention to subscribe to newly-issued shares in M Vision (MVP) on 17 Oct 25, as MVP operates a less attractive business model, has a relatively weak financial position, and the transaction raised conflict-of-interest concerns due to overlapping shareholders. However, COM7 subsequently cancelled the subscription plan on 25 Nov 25, which has alleviated these concerns.

Net Profit



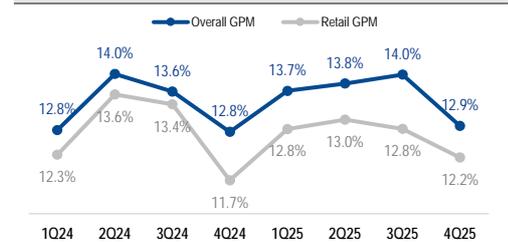
Source: COM7, UOB Kay Hian

Product Mix (%)



Source: COM7, UOB Kay Hian

Gross Margin



Source: COM7, UOB Kay Hian

PE Band



Source: Bloomberg, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Net turnover	87,255	88,256	90,117	92,020
EBITDA	6,252	6,513	6,795	7,063
Deprec. & amort.	1,153	1,366	1,504	1,634
EBIT	5,099	5,147	5,291	5,430
Total other non-operating income	235	258	284	313
Associate contributions	125	143	158	173
Net interest income/(expense)	(277)	(305)	(336)	(332)
Pre-tax profit	4,920	5,049	5,192	5,368
Tax	(837)	(856)	(879)	(907)
Minorities	(20)	(20)	(21)	(21)
Net profit	4,064	4,172	4,293	4,439
Net profit (adj.)	4,064	4,172	4,293	4,439

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Fixed assets	4,234	4,669	5,056	5,407
Other LT assets	1,931	1,937	2,026	2,042
Cash/ST investment	4,109	5,799	7,213	8,812
Other current assets	18,526	18,362	18,784	19,134
Total assets	30,959	32,982	35,356	37,742
ST debt	10,603	11,106	11,634	12,188
Other current liabilities	6,619	6,524	6,710	12,188
LT debt	326	326	326	326
Other LT liabilities	466	496	545	326
Shareholders' equity	12,504	14,196	15,974	17,604
Minority interest	202	217	232	272
Total liabilities & equity	30,959	32,982	35,356	37,742

Cash Flow

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Operating	4,410	5,689	5,588	5,896
Pre-tax profit	4,920	5,049	5,192	5,368
Tax	(837)	(856)	(879)	(907)
Deprec. & amort.	1,153	1,366	1,504	1,634
Working capital changes	(1,006)	321	(219)	(224)
Non-cash items	179	(189)	(11)	25
Other operating cashflows	0	0	0	0
Investing	(577)	(1,828)	(1,991)	(2,096)
Capex (growth)	(2,344)	(1,801)	(1,891)	(1,985)
Investments	46	(57)	(63)	(69)
Others	1,722	30	(38)	(42)
Financing	(2,275)	(2,171)	(2,183)	(2,201)
Dividend payments	(2,064)	(2,640)	(2,711)	(2,789)
Issue of shares	(7)	(34)	0	34
Proceeds from borrowings	(204)	503	528	554
Others/interest paid	0	0	0	0
Net cash inflow (outflow)	1,557	1,690	1,414	1,599
Beginning cash & cash equivalent	2,551	4,109	5,799	7,213
Ending cash & cash equivalent	4,109	5,799	7,213	8,812

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	7.2	7.4	7.5	7.7
Pre-tax margin	5.6	5.7	5.8	5.8
Net margin	5.6	5.7	5.8	5.8
Growth				
Net profit (adj.)	22.3	2.7	2.9	3.4
Leverage				
Debt to total capital	85.5	80.0	75.2	71.1
Debt to equity	87.0	81.3	76.4	72.2
Net debt/(cash) to equity	54.3	40.0	30.3	21.4
Interest cover	22.5	21.3	20.2	21.3

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