

Advanced Info Service

(ADVANC.BK/ADVANC TB)*

Outperform · Maintained

| | |
|-------------------------------|-----------|
| Price as of January 14, 2021 | 180.50 |
| 12M target price (Bt/shr) | 219.00 |
| Unchanged/Revised up(down)(%) | Unchanged |
| Upside/downside (%) | 21.3 |

Key messages

ADVANC เปิดเผยว่าคณะอนุญาโตตุลาการมีคำชี้ขาดออกมาในทางที่เป็นคุณกับบริษัท สำหรับกรณีพิพาทที่เกิดขึ้นระหว่าง บจ. ดิจิตอล โฟน (DPC) ซึ่งเป็นบริษัทลูกของ ADVANC และ บมจ. กสท โทรคมนาคม (CAT) โดยที่ผ่านมา CAT ได้ยื่นข้อเรียกร้องตั้งแต่เดือนมกราคม 2561 ให้ DPC ส่งมอบอุปกรณ์โทรคมนาคมให้แก่ เสาโทรคมนาคม ตู้คอนเทนเนอร์ แหล่งจ่ายไฟฟ้า ระบบคลังสินค้าและระบบ Call Center ที่ DPC ใช้งานร่วมกับ ADVANC รวมมูลค่า 13,431 ล้านบาท ถึงแม้ว่านี่จะเป็นบวกกับหุ้น ADVANC แต่ยังไม่ส่งผลกับงบการเงินของบริษัทในตอนนี้ เพราะคำชี้ขาดของคณะอนุญาโตตุลาการยังไม่ถือเป็นที่สุด โดยเรามองว่าการตีพิพาทน่าจะจบลงด้วยการต่อไปในชั้นศาล ซึ่งต้องใช้ระยะเวลา ดังนั้นเชื่อว่าในอีก 2-3 ปีข้างหน้า บริษัทน่าจะยังไม่ได้รับผลกระทบจากกรณีพิพาทนี้ เรายังคงคำแนะนำซื้อ ADVANC โดยมีราคาเป้าหมายที่ 219 บาท

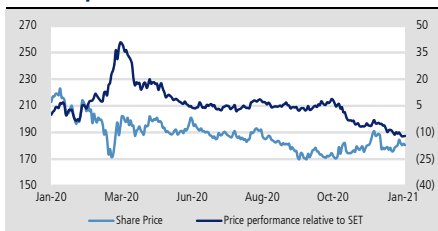
Trading data

| | | | |
|----------------------------|-----------------|-------|-------|
| Mkt cap (Btbn/US\$m) | 536.7/13418 | | |
| Outstanding shares (mn) | 2,974 | | |
| Foreign ownership (mn) | 1,042 | | |
| 3M avg. daily trading (mn) | 11 | | |
| 52-week trading range (Bt) | 156.50 – 223.00 | | |
| Performance (%) | 3M | 6M | 12M |
| Absolute | 4.0 | -4.7 | -15.3 |
| Relative | -16.5 | -15.7 | -12.8 |

Quarterly EPS

| | 1Q | 2Q | 3Q | 4Q |
|------|------|------|------|------|
| 2018 | 2.70 | 2.69 | 2.29 | 2.35 |
| 2019 | 2.55 | 2.61 | 2.96 | 2.38 |
| 2020 | 2.27 | 2.35 | 2.19 | NA |

Share price chart



Source: SET

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คำชี้ขาดของอนุญาโตตุลาการเป็นบวกในระยะสั้น

Event

ADVANC เปิดเผยว่าคณะอนุญาโตตุลาการมีคำชี้ขาดออกมาในทางที่เป็นคุณกับบริษัทในกรณีพิพาทระหว่าง บจ. ดิจิตอล โฟน (DPC) ซึ่งเป็นบริษัทลูกของ ADVANC และ บมจ. กสท โทรคมนาคม (CAT) โดยที่ผ่านมา CAT ได้ยื่นข้อเรียกร้องตั้งแต่เดือนมกราคม 2561 ให้ DPC ส่งมอบอุปกรณ์โทรคมนาคมให้แก่ เสาโทรคมนาคม ตู้คอนเทนเนอร์ แหล่งจ่ายไฟฟ้า ระบบคลังสินค้าและระบบ Call Center ที่ DPC ใช้งานร่วมกับ ADVANC รวมมูลค่า 13,431 ล้านบาท ซึ่งล่าสุดคณะอนุญาโตตุลาการมีคำชี้ขาดออกมาว่า DPC ไม่ต้องโอนอุปกรณ์โทรคมนาคม หรือจ่ายเงินให้ตามที่ CAT เรียกร้อง

Impact

เป็นบวกกับหุ้น ADVANC แต่ไม่มีผลกับงบการเงิน

ข่าวนี้เป็นบวกกับหุ้น ADVANC แต่ไม่มีผลกับงบการเงินของบริษัทในตอนนี้ เพราะ i) คำชี้ขาดของคณะอนุญาโตตุลาการยังไม่ถือเป็นที่สุด ii) CAT ยังมีสิทธิ์ที่จะยื่นคำร้องขอเพิกถอนคำชี้ขาดของคณะอนุญาโตตุลาการต่อศาลปกครองกลางได้ภายใน 90 วัน iii) กรณีพิพาทลักษณะนี้ยังต้องใช้เวลามากหลายปีกว่าคดีจะถึงที่สุด เพราะหากคู่ความไม่เห็นด้วยกับคำตัดสินของศาลปกครองกลางก็ยังสามารถยื่นอุทธรณ์ต่อไปที่ศาลปกครองสูงสุดได้ต่อ

ลงประมาณการกำไรปี 2563-64 เอาไว้ตามเดิม

เนื่องจากคำชี้ขาดของคณะอนุญาโตตุลาการไม่มีผลกับงบการเงินของบริษัทในตอนนี้ ดังนั้นเราจึงยังคงประมาณการกำไรปี 2563 เอาไว้ตามเดิมที่ 2.70 หมื่นล้านบาท (-14% YoY) ในขณะที่คาดว่ากำไรในปี 2564 จะลดลงมาอยู่ที่ 2.62 หมื่นล้านบาท (-3% YoY) เพราะจะถูกกดดันจากต้นทุนที่เพิ่มขึ้นจากการที่ ADVANC เริ่มรับซื้อคลื่นทุนจากคลื่นใหม่ (700 MHz, 26 GHz) และค่าเสื่อมราคาที่จะเพิ่มขึ้นจากการเดินหน้าลงทุนขยายโครงข่าย

คาดผลกระทบในกรณีเลวร้าย ไม่สูงมากนัก

หากมีการยื่นคำร้องไปที่ศาลปกครองกลาง และต่อมามีการอุทธรณ์ต่อไปที่ศาลปกครองสูงสุด โดยในกรณีเลวร้ายที่ ADVANC ถูกตัดสินให้แพ้คดีในที่สุด เราคาดว่าความเสียหายในกรณีนี้ที่อิงจากคำชี้ขาดของคณะอนุญาโตตุลาการจะอยู่ที่ 1.34 หมื่นล้านบาท ซึ่งจะกระทบกับมูลค่าหุ้น ADVANC ประมาณ 4.50 บาท/หุ้น (ไม่รวมดอกเบี้ย) อย่างไรก็ตามเราเชื่อว่ายังต้องใช้เวลามากกว่าคดีจะถึงที่สุด และผลของคดีนี้จะยังไม่ส่งผลกระทบต่องบการเงินของบริษัทในอีก 2-3 ปีข้างหน้า

Valuation & action

เรายังคงคำแนะนำซื้อ ADVANC เนื่องจาก i) คาดว่ากำไรจะโตโดดเด่นใน 4Q63 – 2564 เมื่อเทียบกับคู่แข่ง และ ii) อัตราผลตอบแทนจากเงินปันผลซึ่งยังสูงอยู่ที่ประมาณ 3.4% - 3.5% ต่อปีในปี 2564-65

Risks

การแข่งขันรุนแรงมากขึ้น และต้นทุนสูงเกินคาด

Key financials and valuations

| | Dec-18A | Dec-19A | Dec-20F | Dec-21F | Dec-22F |
|------------------------------|---------|---------|---------|---------|---------|
| Revenue (Btmn) | 169,856 | 180,894 | 171,640 | 174,249 | 179,311 |
| Gross Profit (Btmn) | 66,400 | 68,994 | 61,801 | 58,356 | 60,916 |
| EBIT (Btmn) | 40,784 | 42,178 | 37,507 | 34,033 | 34,946 |
| Net Profit (Btmn) | 29,682 | 31,190 | 26,969 | 26,225 | 26,962 |
| Normalized Profit (Btmn) | 29,564 | 31,064 | 27,230 | 26,225 | 26,962 |
| EPS (Bt) | 9.98 | 10.49 | 9.07 | 8.82 | 9.07 |
| DPS (Bt) | 7.08 | 7.34 | 6.35 | 6.17 | 6.35 |
| EPS growth (%) | (1.3) | 5.1 | (13.5) | (2.8) | 2.8 |
| P/E (x) | 17.3 | 20.3 | 19.4 | 20.5 | 19.9 |
| P/B (x) | 8.9 | 9.1 | 6.9 | 6.4 | 5.8 |
| EV/EBITDA (x) | 8.4 | 9.1 | 6.8 | 6.8 | 6.4 |
| Net debt/Equity (x) | 1.7 | 1.1 | 1.0 | 0.6 | 0.4 |
| Dividend yield (%) | 4.1 | 3.4 | 3.6 | 3.4 | 3.5 |
| Return on Average Equity (%) | 54.9 | 49.1 | 37.1 | 32.8 | 30.6 |

Source: Company data, KGI Research

Figure 1: ADVANC's key disputes

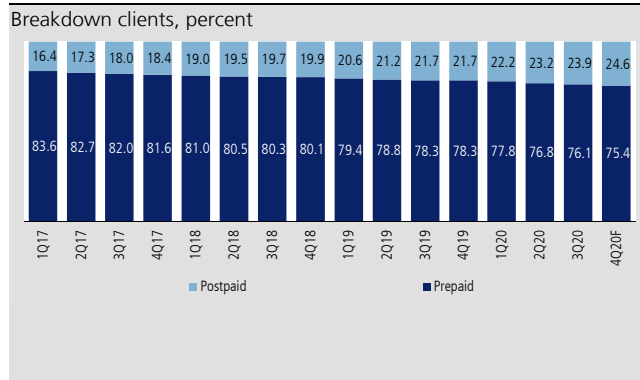
| Disputes | Litigant | Amount of claimed Bt mn | Compensation based on previous resolution | | On process of |
|--|----------|----------------------------|---|-------------------|------------------------------|
| | | | Principal Bt mn | Interest Bt mn | |
| 1 TOT claimed for the revenue sharing on the interconnection charges of the Agreement for operations year 17th - 20th | TOT | 17,803.0 | 224.0 | | Central Administrative Court |
| 2 TOT demanded the compensation from the breach of Concession Agreement between the Company and TOT in relation to the 900 MHz subscribers porting to 3G 2100 MHz | TOT | 32,813.0 | - | | Central Administrative Court |
| 3 TOT claimed for additional revenue from the 6th and 7th Amendments to the Agreement for operations | TOT | 62,774.0 | 31,076.0 | | Central Administrative Court |
| 4 NBTC office demanded the Company to pay revenue at remedy period from October 1, 2015 to June 30, 2016 | NBTC | 7,221.0 | - | | Supreme Court |
| 5 TOT claimed for the additional revenue sharing from the rental charge for providing transmission services | TOT | 1,141.5 | - | | Central Administrative Court |
| 6 TOT claimed for the payment regarding the usage of co-location, site facilities and its related equipment rental for asset under Cellular Mobile Telephone providing during the remedy period | TOT | 183.4 | - | | Central Administrative Court |
| 7 TOT claimed for the additional revenue sharing from provision of roaming services from the discount of service fees without prior consent from TOT | TOT | 16,252.7 | - | | Central Administrative Court |
| 8 CAT demaned for additional payment of revenue sharing due to the deduction of excise tax from the revenue sharing | CAT | 3,410.0 | - | | Supreme Court |
| 9 CAT requested DPC to pay additional payment of revenue sharing of 10th - 12th operation year that DPC reduced roaming fee per minute | CAT | 2,113.0 | 1,749.0 | 364.0 | Central Administrative Court |
| 10 CAT asked for compensation due to the damage arisen from uncollectible international call service charges | CAT | 35.0 | - | | Central Administrative Court |
| 11 CAT demanded DPC to pay additional payment of revenue sharing of the 10 th - 14 th operation year | CAT | 183.0 | - | | Central Administrative Court |
| 12 CAT demanded DPC to pay additional payment of revenue sharing of 15th - 16th operation year | CAT | 203.0 | - | | Central Administrative Court |
| 13 CAT claimed DPC, NBTC Office, NTC and NBTC for compensation from the usage/revenue arising from the use of telecommunication equipment and telecommunication network during the remedy period | CAT | 3,202.0 | - | | Central Administrative Court |
| 14 NBTC requested DPC to submit the revenue sharing during consumer protection period | NBTC | 921.0 | - | | Central Administrative Court |
| 15 CAT claimed for transferring telecom equipment under the Agreement such as Tower, Container, Power Supply, Mobile Number Portability Enable and Call Center System including opportunity cost | CAT | 13,431.0 | - | | Arbitration |
| 16 NBTC demanded AWN to pay administrative fines regarding the mobile number portability issue | NBTC | 826.0 | - | | Central Administrative Court |
| Total | | 162,512.6 | 33,049.0 | 364.0 | |

Source: Company, KGI Research

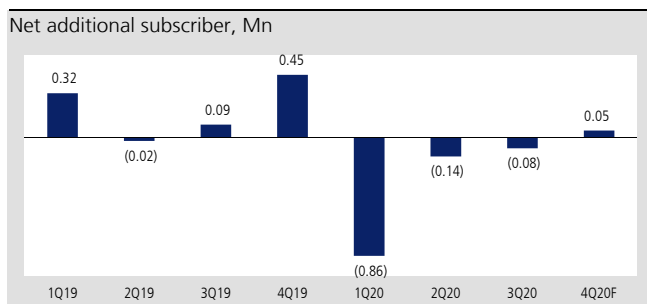
Figure 2: Company profile

Advanced Info Service (ADVANC) was founded in 1990. The company operated its mobile services under TOT Plc.'s concession that terminated in September 2015. Currently the company's subsidiary (AWN) provides both mobile services and fixed broadband services under the National Broadcasting and Telecommunication Commission (NBTC)'s licenses. By the end of 2019, the company had total customers of 42mn and 78% of them were prepaid subscribers. The company's core revenue in 2019 comes from service revenue, which represents 83% of total sales and services revenue. The major part of the service revenue came from mobile business at 84% while fixed broadband accounted for 4%.

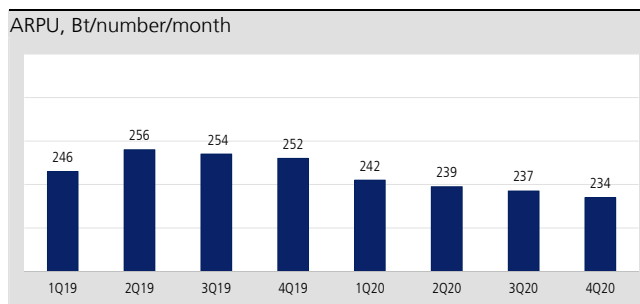
Source: Company data

Figure 3: Breakdown clients by type of payment


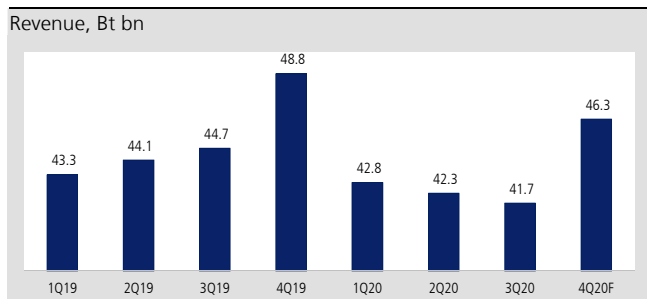
Source: Company data

Figure 4: Net additional subscribers


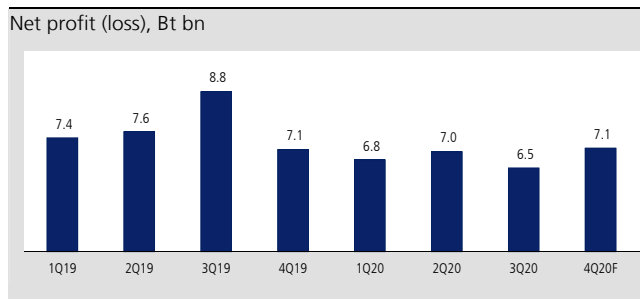
Source: Company data

Figure 5: Average Revenue Per User


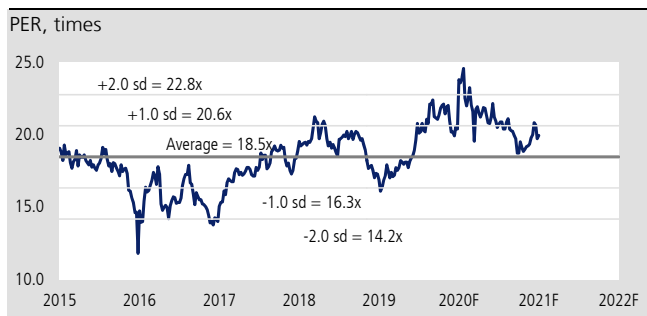
Source: Company data

Figure 6: Sales and service revenue


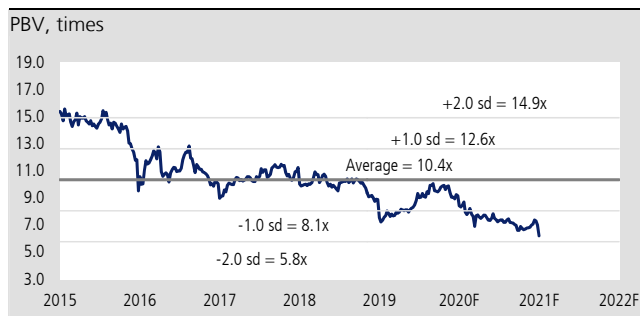
Source: Company data and KGI research

Figure 7: Net profit (loss)


Source: Company data and KGI research

Figure 8: PER band


Source: KGI Research

Figure 9: PBV band


Source: KGI Research

Quarterly Income Statement

| | Mar-18A | Jun-18A | Sep-18A | Dec-18A | Mar-19A | Jun-19A | Sep-19A | Dec-19A | Mar-20A | Jun-20A | Sep-20A | Dec-20F |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Income Statement (Bt mn) | | | | | | | | | | | | |
| Revenue | 40,933 | 42,228 | 42,110 | 44,584 | 43,262 | 44,081 | 44,733 | 48,818 | 42,845 | 42,256 | 41,715 | 46,328 |
| Cost of Goods Sold | (23,718) | (25,299) | (26,023) | (28,414) | (26,976) | (26,879) | (26,637) | (31,408) | (26,757) | (26,767) | (26,528) | (30,948) |
| Gross Profit | 17,215 | 16,929 | 16,087 | 16,170 | 16,286 | 17,202 | 18,096 | 17,410 | 16,088 | 15,489 | 15,187 | 15,380 |
| Operating Expenses | (6,384) | (6,253) | (6,835) | (6,866) | (6,297) | (7,094) | (6,361) | (8,132) | (6,313) | (6,066) | (6,050) | (6,237) |
| Other incomes | | | | | | | | | | | | |
| Operating Profit | 10,831 | 10,675 | 9,251 | 9,304 | 9,989 | 10,108 | 11,735 | 9,277 | 9,775 | 9,423 | 9,138 | 9,143 |
| Depreciation of fixed assets | (8,079) | (8,325) | (8,556) | (8,919) | (8,847) | (9,052) | (9,410) | (9,600) | (12,586) | (12,484) | (12,545) | (12,645) |
| Operating EBITDA | 18,910 | 19,000 | 17,807 | 18,223 | 18,836 | 19,160 | 21,145 | 18,877 | 22,361 | 21,907 | 21,683 | 21,788 |
| Non-Operating Income | 308 | 262 | 205 | 333 | 339 | 414 | 163 | 283 | 319 | 534 | 220 | 224 |
| Interest Income | 48 | 42 | 36 | 38 | 45 | 42 | 49 | 62 | 92 | 103 | 72 | 73 |
| Other Non-op Income | 260 | 220 | 169 | 295 | 294 | 372 | 114 | 221 | 227 | 431 | 147 | 152 |
| Non-Operating Expenses | (1,421) | (1,290) | (1,277) | (1,288) | (1,217) | (1,194) | (1,238) | (1,171) | (1,995) | (1,546) | (1,630) | (1,442) |
| Interest Expense | (1,292) | (1,290) | (1,277) | (1,288) | (1,217) | (1,194) | (1,195) | (1,171) | (1,564) | (1,546) | (1,449) | (1,442) |
| Other Non-op Expenses | (129) | - | - | - | - | - | (44) | - | (430) | - | (181) | - |
| Net investment Income/(Loss) | (13) | (24) | (33) | (54) | (17) | (24) | (25) | (20) | (7) | 0 | 3 | 5 |
| Pre-tax Profit | 9,706 | 9,623 | 8,147 | 8,295 | 9,094 | 9,304 | 10,634 | 8,369 | 8,092 | 8,411 | 7,730 | 7,931 |
| Current taxation | (1,658) | (1,599) | (1,345) | (1,320) | (1,523) | (1,550) | (1,833) | (1,303) | (1,335) | (1,411) | (1,215) | (1,324) |
| Minorities | (11) | (19) | (1) | (1) | (1) | (0) | (1) | (1) | (1) | 1 | (2) | (2) |
| Extraordinary items | - | - | (134) | - | - | (509) | 383 | (331) | (495) | 280 | (181) | 500 |
| Net Profit | 8,037 | 8,005 | 6,800 | 6,973 | 7,570 | 7,754 | 8,800 | 7,065 | 6,756 | 7,001 | 6,513 | 7,105 |
| EPS (Bt) | 2.70 | 2.69 | 2.29 | 2.35 | 2.55 | 2.61 | 2.96 | 2.38 | 2.27 | 2.35 | 2.19 | 2.39 |
| Margins (%) | | | | | | | | | | | | |
| Gross profit margin | 42.1 | 40.1 | 38.2 | 36.3 | 37.6 | 39.0 | 40.5 | 35.7 | 37.5 | 36.7 | 36.4 | 33.2 |
| Operating margin | 26.5 | 25.3 | 22.0 | 20.9 | 23.1 | 22.9 | 26.2 | 19.0 | 22.8 | 22.3 | 21.9 | 19.7 |
| Operating EBITDA margin | 46.2 | 45.0 | 42.3 | 40.9 | 43.5 | 43.5 | 47.3 | 38.7 | 52.2 | 51.8 | 52.0 | 47.0 |
| Net profit margin | 19.6 | 19.0 | 16.1 | 15.6 | 17.5 | 17.6 | 19.7 | 14.5 | 15.8 | 16.6 | 15.6 | 15.3 |
| Growth (%) | | | | | | | | | | | | |
| Revenue growth | 5.3 | 8.1 | 9.2 | 8.2 | 5.7 | 4.4 | 6.2 | 9.5 | (1.0) | (4.1) | (6.7) | (5.1) |
| Operating growth | 5.2 | 9.0 | (6.2) | (7.8) | (7.8) | (5.3) | 26.8 | (0.3) | (2.1) | (6.8) | (22.1) | (1.4) |
| Operating EBITDA growth | 9.9 | 10.9 | 1.2 | (0.2) | (0.4) | 0.8 | 18.7 | 3.6 | 18.7 | 14.3 | 2.5 | 15.4 |
| Net profit growth | 4.5 | 10.9 | (9.0) | (9.4) | (5.8) | (3.1) | 29.4 | 1.3 | (10.8) | (9.7) | (26.0) | 0.6 |

Source: KGI Research
Peer comparison – Key valuation stats

| | | Target | Current | Upside | 19 EPS | 20F EPS | 21F EPS | 20F EPS | 21F EPS | 20F PER | 21F PER | 20F PBV | 21F PBV | 20F Div | 20F ROAE |
|---------------|----------------|------------|------------|--------|-------------|-------------|-------------|------------|---------------|-------------|-------------|------------|------------|------------|-------------|
| | Rating | price (Bt) | price (Bt) | (%) | (Bt) | (Bt) | (Bt) | growth | growth | (x) | (x) | (X) | (X) | Yield (%) | (%) |
| ADVANC* | OP | 219.00 | 180.50 | 21.3 | 10.5 | 9.1 | 8.8 | (13.5) | (2.8) | 19.9 | 20.5 | 7.0 | 6.4 | 3.5 | 37.1 |
| DTAC* | U | 33.50 | 34.25 | (2.2) | 2.3 | 2.4 | 1.0 | 5.2 | (59.5) | 14.2 | 35.1 | 3.3 | 3.2 | 3.5 | 22.9 |
| TRUE* | U | 3.40 | 3.46 | (1.7) | 0.2 | 0.0 | (0.1) | (99.4) | NM | 3,558.8 | NM | 1.4 | 1.4 | 0.0 | 0.0 |
| THCOM | N | 4.94 | 9.15 | (46.0) | (2.1) | 0.7 | 0.0 | NM | (95.0) | 14.0 | 279.5 | 0.9 | 0.9 | 0.0 | 6.4 |
| INTUCH* | OP | 65.00 | 58.50 | 11.1 | 3.5 | 3.4 | 3.2 | (2.0) | (5.4) | 17.3 | 18.3 | 4.3 | 4.1 | 4.0 | 25.9 |
| Sector | Neutral | | | | 14.4 | 15.5 | 13.0 | 8.2 | (16.5) | 21.1 | 24.5 | 3.4 | 3.2 | 2.2 | 18.5 |

Source: KGI Research

Balance Sheet

| As of 31 Dec (Bt mn) | 2018 | 2019 | 2020F | 2021F | 2022F |
|------------------------------|----------------|----------------|----------------|----------------|----------------|
| Total Assets | 290,505 | 289,669 | 322,093 | 328,398 | 308,831 |
| Current Assets | 34,905 | 47,142 | 36,620 | 40,779 | 40,947 |
| Cash & ST Investments | 11,287 | 21,626 | 10,300 | 15,743 | 16,017 |
| Inventories | 3,823 | 4,828 | 3,433 | 3,485 | 3,586 |
| Accounts Receivable | 19,242 | 20,167 | 22,313 | 20,910 | 20,621 |
| Others | 553 | 521 | 575 | 641 | 723 |
| Non-current Assets | 255,600 | 242,527 | 285,473 | 287,619 | 267,884 |
| LT Investments | 814 | 727 | 694 | 663 | 633 |
| Net fixed Assets | 130,212 | 125,510 | 134,010 | 125,364 | 119,748 |
| Others | 124,575 | 116,290 | 150,769 | 161,593 | 147,503 |
| Total Liabilities | 232,836 | 220,275 | 245,945 | 244,446 | 216,529 |
| Current Liabilities | 72,764 | 105,115 | 91,961 | 79,885 | 78,082 |
| Accounts Payable | 37,680 | 41,377 | 42,910 | 40,077 | 35,862 |
| ST Borrowings | 17,104 | 24,872 | 14,021 | 12,958 | 14,553 |
| Others | 17,981 | 38,866 | 35,030 | 26,850 | 27,667 |
| Long-term Liabilities | 160,072 | 115,160 | 153,984 | 164,561 | 138,447 |
| Long-term Debts | 92,030 | 69,172 | 66,829 | 53,871 | 39,318 |
| Others | 68,042 | 45,988 | 87,155 | 110,690 | 99,129 |
| Shareholders' Equity | 57,669 | 69,394 | 76,148 | 83,952 | 92,302 |
| Common Stock | 2,973 | 2,973 | 2,973 | 2,973 | 2,973 |
| Capital Surplus | 21,704 | 21,716 | 21,716 | 21,716 | 21,716 |
| Retained Earnings | 32,505 | 44,226 | 50,977 | 58,778 | 67,124 |
| Others | 487 | 479 | 482 | 485 | 488 |

Source: KGI Research

Key Ratios

| Year to 31 Dec (Bt mn) | 2018 | 2019 | 2020F | 2021F | 2022F |
|----------------------------------|---------|--------|--------|--------|--------|
| Forecast Drivers | | | | | |
| Subscribers (Mn) | 41.2 | 42.0 | 41.0 | 40.5 | 40.5 |
| Growth (% YoY) | | | | | |
| Sales | 7.7 | 6.5 | (5.1) | 1.5 | 2.9 |
| EBIT | (0.8) | 3.0 | (10.3) | (10.1) | 2.8 |
| EBITDA | 4.7 | 6.1 | 12.3 | (0.2) | 3.2 |
| NP | (1.3) | 5.1 | (13.5) | (2.8) | 2.8 |
| EPS | (1.3) | 5.1 | (13.5) | (2.8) | 2.8 |
| Profitability (%) | | | | | |
| Gross Margin | 39.1 | 38.1 | 36.0 | 33.5 | 34.0 |
| Operating Margin | 23.5 | 22.7 | 21.5 | 19.0 | 19.0 |
| EBITDA Margin | 43.1 | 43.0 | 50.9 | 50.0 | 50.1 |
| Net Profit Margin | 17.5 | 17.2 | 15.7 | 15.1 | 15.0 |
| ROAA | 10.3 | 10.8 | 8.8 | 8.1 | 8.5 |
| ROAE | 54.9 | 49.1 | 37.1 | 32.8 | 30.6 |
| Stability | | | | | |
| Gross Debt/Equity (%) | 189.2 | 135.5 | 106.2 | 79.6 | 58.4 |
| Net Debt/Equity (%) | 173.5 | 107.2 | 95.3 | 63.2 | 43.2 |
| Interest Coverage (x) | 7.8 | 8.6 | 6.1 | 7.2 | 7.7 |
| Interest & ST Debt Coverage (x) | 1.8 | 1.4 | 1.8 | 1.9 | 1.8 |
| Cash Flow Interest Coverage (x) | (13.4) | (16.0) | (11.4) | (15.1) | (15.9) |
| Cash Flow/Interest & ST Debt (x) | 5.8 | 3.8 | 8.6 | 8.3 | 7.0 |
| Current Ratio (x) | 0.5 | 0.4 | 0.4 | 0.5 | 0.5 |
| Quick Ratio (x) | 0.4 | 0.4 | 0.4 | 0.5 | 0.5 |
| Net Debt (Bt mn) | 100,066 | 74,407 | 72,539 | 53,075 | 39,844 |
| Per Share Data (Bt) | | | | | |
| EPS | 10.0 | 10.5 | 9.1 | 8.8 | 9.1 |
| CFPS | (0.5) | 3.6 | (7.0) | 3.8 | 0.1 |
| BVPS | 19.4 | 23.3 | 25.6 | 28.2 | 31.0 |
| SPS | 57.1 | 60.8 | 57.7 | 58.6 | 60.3 |
| EBITDA/Share | 24.6 | 26.1 | 29.4 | 29.3 | 30.2 |
| DPS | 7.1 | 7.3 | 6.3 | 6.2 | 6.3 |
| Activity | | | | | |
| Asset Turnover (x) | 0.6 | 0.6 | 0.6 | 0.5 | 0.6 |
| Days Receivables | 39.0 | 39.8 | 45.2 | 45.3 | 42.3 |
| Days Inventory | 13.7 | 14.1 | 13.7 | 10.9 | 10.9 |
| Days Payable | 123.2 | 128.9 | 140.0 | 130.7 | 117.1 |
| Cash Cycle | (70.4) | (75.1) | (81.2) | (74.5) | (63.9) |

Source: KGI Research

Profit & Loss

| Year to 31 Dec (Bt mn) | 2018 | 2019 | 2020F | 2021F | 2022F |
|------------------------------|----------------|----------------|----------------|----------------|----------------|
| Revenue | 169,856 | 180,894 | 171,640 | 174,249 | 179,311 |
| Cost of Goods Sold | (103,456) | (111,899) | (109,839) | (115,893) | (118,395) |
| Gross Profit | 66,400 | 68,994 | 61,801 | 58,356 | 60,916 |
| Operating Expenses | (26,472) | (27,885) | (24,933) | (25,223) | (26,870) |
| Other incomes | - | - | - | - | - |
| Operating Profit | 39,928 | 41,109 | 36,868 | 33,133 | 34,046 |
| Depreciation of fixed assets | 33,282 | 36,598 | 50,423 | 53,980 | 55,812 |
| Operating EBITDA | 73,210 | 77,707 | 87,291 | 87,112 | 89,858 |
| Non-Operating Income | 979 | 1,155 | 900 | 900 | 900 |
| Interest Income | 165 | 198 | 200 | 200 | 200 |
| Other Non-op Income | 815 | 957 | 700 | 700 | 700 |
| Non-Operating Expenses | (5,148) | (4,777) | (6,278) | (4,595) | (4,449) |
| Interest Expense | (5,148) | (4,777) | (6,017) | (4,595) | (4,449) |
| Other Non-op Expenses | - | - | (261) | - | - |
| Equity Income/(Loss) | (123) | (86) | 0 | - | - |
| Pre-tax Profit | 35,637 | 37,402 | 31,490 | 29,438 | 30,497 |
| Current taxation | (5,923) | (6,209) | (4,518) | (3,210) | (3,532) |
| Minorities | (32) | (3) | (3) | (3) | (3) |
| Extraordinary items | - | - | - | - | - |
| Net Profit | 29,682 | 31,190 | 26,969 | 26,225 | 26,962 |
| EPS (Bt) | 9.98 | 10.49 | 9.07 | 8.82 | 9.07 |

Source: KGI Research

Cash Flow

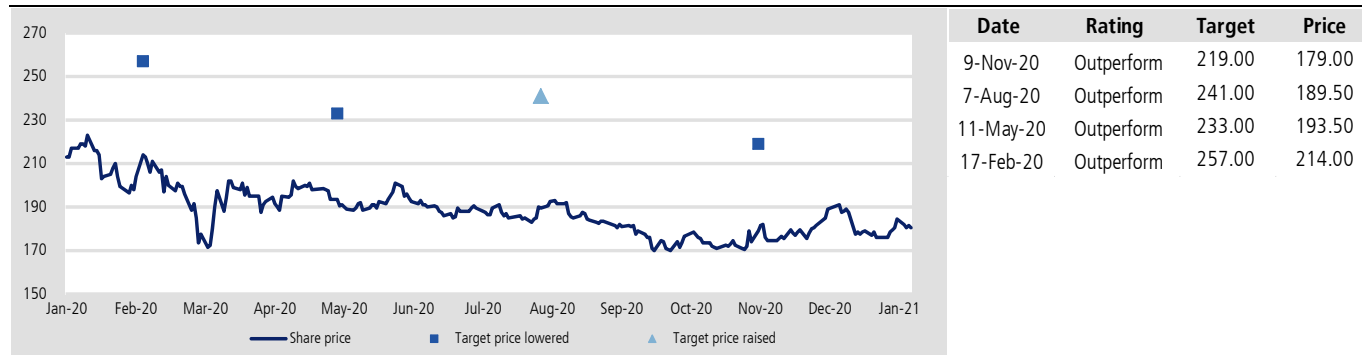
| Year to 31 Dec (Bt mn) | 2018 | 2019 | 2020F | 2021F | 2022F |
|-----------------------------|----------|----------|----------|----------|----------|
| Operating Cash Flow | 69,132 | 76,627 | 68,657 | 69,246 | 70,784 |
| Net Profit | 29,714 | 31,193 | 26,972 | 26,228 | 26,965 |
| Depreciation & Amortization | 33,879 | 37,229 | 38,896 | 42,221 | 45,222 |
| Change in Working Capital | (1,816) | (784) | 2,790 | 797 | (1,403) |
| Others | 7,355 | 8,989 | - | - | - |
| Investment Cash Flow | (43,877) | (26,784) | (56,002) | (25,644) | (38,938) |
| Net CAPEX | (20,198) | (23,029) | (37,260) | (21,113) | (26,227) |
| Change in LT Investment | (3,990) | 180 | 451 | 428 | 407 |
| Change in Other Assets | (19,689) | (3,936) | (19,193) | (4,958) | (13,118) |
| Free Cash Flow | 25,255 | 49,843 | 12,655 | 43,602 | 31,846 |
| Financing Cash Flow | (26,838) | (39,273) | (33,412) | (32,444) | (31,573) |
| Change in Share Capital | - | - | - | - | - |
| Net Change in Debt | (1,690) | (15,132) | (13,194) | (14,021) | (12,958) |
| Change in Other LT Liab. | (25,149) | (24,141) | (20,218) | (18,424) | (18,615) |
| Net Cash Flow | (1,584) | 10,570 | (20,757) | 11,158 | 273 |

Source: KGI Research

Rates of Return on Invested Capital

| Year | 1- COGS Revenue | + Depreciation Revenue | + Operating Exp. Revenue | = Operating Margin |
|---------|----------------------------------|------------------------------|--------------------------------|--|
| Dec-18A | 60.9% | 19.6% | 15.6% | 3.9% |
| Dec-19A | 61.9% | 20.2% | 15.4% | 2.5% |
| Dec-20F | 64.0% | 29.4% | 14.5% | -7.9% |
| Dec-21F | 66.5% | 31.0% | 14.5% | -12.0% |
| Dec-22F | 66.0% | 31.1% | 15.0% | -12.1% |
| Year | 1/ Working Capital Revenue | + Net PPE Revenue | + Other Assets Revenue | = Capital Turnover |
| Dec-18A | -0.11 | 0.77 | 0.74 | 0.72 |
| Dec-19A | -0.12 | 0.69 | 0.65 | 0.82 |
| Dec-20F | -0.12 | 0.78 | 0.88 | 0.65 |
| Dec-21F | -0.11 | 0.72 | 0.93 | 0.65 |
| Dec-22F | -0.09 | 0.67 | 0.83 | 0.71 |
| Year | Operating Margin | x Capital Turnover | x Cash Tax Rate | = After-tax Return on Inv. Capital |
| Dec-18A | 3.9% | 0.7 | 83.4 | 2.3 |
| Dec-19A | 2.5% | 0.8 | 83.4 | 1.7 |
| Dec-20F | -7.9% | 0.6 | 85.7 | -4.4 |
| Dec-21F | -12.0% | 0.6 | 89.1 | -6.9 |
| Dec-22F | -12.1% | 0.7 | 89.1 | -7.7 |

Source: KGI Research

ADVANC– Recommendation & target price history


Source: KGI Research

Corporate Governance Report of Thai Listed Companies



Companies with Excellent CG Scoring

| Stock | Company name | Stock | Company name | Stock | Company name |
|--------|--|--------|--------------------------------|--------|---|
| ADVANC | ADVANCED INFO SERVICE | HMPRO | HOME PRODUCT CENTER | QH | QUALITY HOUSES |
| ANAN | ANANDA DEVELOPMENT | INTUCH | SHIN CORPORATION | RATCH | RATCHABURI ELECTRICITY GENERATING HOLDING |
| AOT | AIRPORTS OF THAILAND | IRPC | IRPC | ROBINS | ROBINSON DEPARTMENT STORE |
| AP | ASIAN PROPERTY DEVELOPMENT | IVL | INDORAMA VENTURES | SAMART | SAMART CORPORATION |
| BANPU | BANPU | KBANK | KASIKORN BANK | SAMTEL | SAMART TELCOMS |
| BCP | THE BANGCHAK PETROLEUM | KCE | KCE ELECTRONICS | SCB | THE SIAM COMMERCIAL BANK |
| BTS | BTS GROUP HOLDINGS | KKP | KIATNAKIN BANK | SCC | THE SIAM CEMENT |
| CK | CH. KARNCHANG | KTB | KRUNG THAI BANK | SCCC | SIAM CITY CEMENT |
| CPF | CHAROEN POKPHAND FOODS | KTC | KRUNGTHAI CARD | SPALI | SUPALAI |
| CPN | CENTRAL PATTANA | LPN | L.P.N. DEVELOPMENT | SPRC | STAR PETROLEUM REFINING |
| DELTA | DELTA ELECTRONICS (THAILAND) | MINT | MINOR INTERNATIONAL | STEC | SINO-THAI ENGINEERING AND CONSTRUCTION |
| DTAC | TOTAL ACCESS COMMUNICATION | MONO | MONO TECHNOLOGY | SVI | SVI |
| EASTW | EASTERN WATER RESOURCES DEVELOPMENT AND MANAGE | PLANB | PLAN B MEDIA | TCAP | THANACHART CAPITAL |
| EGCO | ELECTRICITY GENERATING | PSH | PRUKSA HOLDING | THCOM | THAI COM |
| GFPT | GFPT | PTT | PTT | TISCO | TISCO FINANCIAL GROUP |
| GPSC | GLOBAL POWER SYNERGY | PTTEP | PTT EXPLORATION AND PRODUCTION | TMB | TMB BANK |
| GUNKUL | GUNKUL ENGINEERING | PTTGC | PTT GLOBAL CHEMICAL | TOP | THAI OIL |
| HANA | HANA MICROELECTRONICS | PYLON | PYLON | TRUE | TRUE CORPORATION |



Companies with Very Good CG Scoring

| Stock | Company name | Stock | Company name | Stock | Company name |
|--------|--------------------------------|--------|----------------------|--------|-----------------------------------|
| AAV | ASIA AVIATION | ERW | THE ERAWAN GROUP | SAWAD | SRISAWAD POWER 1979 |
| AMATA | AMATA CORPORATION | GLOBAL | SIAM GLOBAL HOUSE | SCI | SCI ELECTRIC |
| BBL | BANGKOK BANK | GLOW | GLOW ENERGY | SCN | SCAN INTER |
| BCPG | BCPG | LH | LAND AND HOUSES | SEAFCO | SEAFCO |
| BDMS | BANGKOK DUSIT MEDICAL SERVICES | MAJOR | MAJOR CINEPLEX GROUP | SIRI | SANSIRI |
| BEM | BANGKOK EXPRESSWAY AND METRO | MAKRO | SIAM MAKRO | SMT | STARS MICROELECTRONICS (THAILAND) |
| CENTEL | CENTRAL PLAZA HOTEL | MALEE | MALEE SAMPRAN | TASCO | TIPCO ASPHALT |
| CHG | CHULARAT HOSPITAL | MTLS | MUANGTHAI LEASING | TKN | TAOKAENOI FOOD & MARKETING |
| CKP | CK POWER | NOK | NOK AIRLINES | TVO | THAI VEGETABLE OIL |
| DCC | DYNASTY CERAMIC | RS | RS | TWPC | THAI WAH |



Companies with Good CG Scoring

| Stock | Company name | Stock | Company name | Stock | Company name |
|-------|------------------------|-------|--------------------------|-------|-------------------|
| AMA | AMA MARINE | BPP | BANPU POWER | SQ | SAHAKOL EQUIPMENT |
| BA | BANGKOK AIRWAYS | CBG | CARABAO GROUP | TPCH | TPC POWER HOLDING |
| BCH | BANGKOK CHAIN HOSPITAL | LPH | LADPRAO GENERAL HOSPITAL | | |
| BH | BUMRUNGRAD HOSPITAL | SAPPE | SAPPE | | |

Companies classified Not in the three highest score groups

| Stock | Company name | Stock | Company name | Stock | Company name |
|-------|----------------------------|-------|-------------------------------------|-------|-------------------------|
| BGRIM | B.GRIMM POWER | TOA | TOA PAINT (THAILAND) | WHAUP | WHA UTILITIES AND POWER |
| CPALL | CP ALL | UNIQ | UNIQUE ENGINEERING AND CONSTRUCTION | WORK | WORKPOINT ENTERTAINMENT |
| THAI | THAI AIRWAYS INTERNATIONAL | WHA | WHA CORPORATION | | |

Source: www.thai-iod.com

Disclaimer: The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an assessment of operation and is not based on inside information. The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date or when there is any change to the relevant information. Nevertheless, KGI Securities (Thailand) Public Company Limited (KGI) does not confirm, verify, or certify the accuracy and completeness of such survey result.

Anti-corruption Progress Indicator

Level 5: Extended

| Stock | Company name | Stock | Company name | Stock | Company name |
|-------|-----------------|-------|-----------------|-------|--------------|
| CPN | CENTRAL PATTANA | SCC | THE SIAM CEMENT | | |

Level 4: Certified

| Stock | Company name | Stock | Company name | Stock | Company name |
|--------|------------------------|-------|----------------------------|-------|-----------------------|
| ADVANC | ADVANCED INFO SERVICE | IFEC | INTER FAR EAST ENGINEERING | SVI | SVI |
| BBL | BANGKOK BANK | KBANK | KASIKORN BANK | TCAP | THANACHART CAPITAL |
| DCC | DYNASTY CERAMIC | KKP | KIATNAKIN BANK | TISCO | TISCO FINANCIAL GROUP |
| DRT | DIAMOND ROOFING TILES | KTB | KRUNG THAI BANK | TMB | TMB BANK |
| EGCO | ELECTRICITY GENERATING | MINT | MINOR INTERNATIONAL | | |
| ERW | THE ERAWAN GROUP | SCB | THE SIAM COMMERCIAL BANK | | |

Level 3: Established

| Stock | Company name | Stock | Company name | Stock | Company name |
|--------|--------------------------------|--------|----------------------------|--------|---|
| AAV | ASIA AVIATION | DTAC | TOTAL ACCESS COMMUNICATION | PACE | PACE DEVELOPMENT CORPORATION |
| ANAN | ANANDA DEVELOPMENT | GFPT | GFPT | PS | PRUKSA REAL ESTATE |
| AP | ASIAN PROPERTY DEVELOPMENT | GL | GROUP LEASE | RATCH | RATCHABURI ELECTRICITY GENERATING HOLDING |
| BA | BANGKOK AIRWAYS | GLOW | GLOW ENERGY | ROBINS | ROBINSON DEPARTMENT STORE |
| BDMS | BANGKOK DUSIT MEDICAL SERVICES | GPSC | GLOBAL POWER SYNERGY | SAMART | SAMART CORPORATION |
| BIGC | BIG C SUPERCENTER | HMPRO | HOME PRODUCT CENTER | SPALI | SUPALAI |
| BJCHI | BJC HEAVY INDUSTRIES | KTC | KRUNGTHAI CARD | STEC | SINO-THAI ENGINEERING AND CONSTRUCTION |
| CENDEL | CENTRAL PLAZA HOTEL | LPN | L.P.N. DEVELOPMENT | TASCO | TIPCO ASPHALT |
| CHG | CHULARAT HOSPITAL | MAKRO | SIAM MAKRO | TMT | THAI METAL TRADE |
| CK | CH. KARNCHANG | MODERN | MODERNFORM GROUP | TPCH | TPC POWER HOLDING |
| CKP | CK POWER | NOK | NOK AIRLINES | WHA | NOK AIRLINES |

Level 2: Declared

| Stock | Company name | Stock | Company name | Stock | Company name |
|--------|----------------------|--------|-------------------------|-------|--------------------|
| AOT | AIRPORTS OF THAILAND | GUNKUL | GUNKUL ENGINEERING | QH | QUALITY HOUSES |
| BH | BUMRUNGRAD HOSPITAL | ILINK | INTERLINK COMMUNICATION | TRT | TIRATHAI |
| GLOBAL | SIAM GLOBAL HOUSE | MTLS | MUANGTHAI LEASING | TVO | THAI VEGETABLE OIL |

Level 1: Committed

| Stock | Company name | Stock | Company name | Stock | Company name |
|-------|----------------------|-------|--------------|-------|----------------------|
| CBG | CARABAO GROUP | RS | RS | SAWAD | SRI SAWAD POWER 1979 |
| MAJOR | MAJOR CINEPLEX GROUP | | | | |

No progress

| Stock | Company name | Stock | Company name | Stock | Company name |
|-------|------------------------------|-------|--------------------------|-------|-------------------------|
| BCH | BANGKOK CHAIN HOSPITAL | CPALL | CP ALL | WORK | WORKPOINT ENTERTAINMENT |
| BEM | BANGKOK EXPRESSWAY AND METRO | LPH | LADPRAO GENERAL HOSPITAL | | |

Source: www.cgthailand.org

Disclaimer: The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by the relevant institution as disclosed by the Office of the Securities and Exchange Commission, is made in order to comply with the policy and sustainable development plan for the listed companies. The relevant institution made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, KGI Securities (Thailand) Public Company Limited (KGI) does not confirm, verify, or certify the accuracy and completeness of the assessment result.

KGI Locations

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KGI's Ratings

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

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