BUY (Unchanged) | **TP: Bt 16.00** (Unchanged)

Change in Numbers | **Upside : 15.9%** | **11 JULY 2019**

Small Cap Research

Siam Wellness Group (SPA TB)

Growth pace recovering

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Thanachart Securities

We expect SPA's disappointing earnings trend to reverse soon, and its EPS growth to accelerate in 2019-21F. The company also offers a rising ROA story from the end of its capex cycle from an aggressive branch expansion over the past few years. We regard the upcoming seasonally weak 2Q19F results as a BUYing opportunity.

Earnings acceleration on the horizon

SPA's earnings growth have been disappointing over the past few quarters as branch expansion hasn't yielded as much return as we had expected, pressured by a tourism hiccup. However, we reaffirm our BUY call on SPA as we expect earnings to accelerate to 22% p.a. in 2020-21F from 15% in 2019F with ROA rising too after an easing of its capex spending. Our 6-8% earnings cuts in 2019-21F are mostly from an accounting change for franchising income recognition and a tourism industry slowdown. Our lower long-term expansion assumption offsets the base year roll-over to 2020F, so our DCF-based 12-month TP remains at Bt16.

ROA expansion period

SPA's rapid expansion over the past few years has pulled down ROA and profitability as the ramp-up of new branches was slower than we'd expected (Exhibit 2). Recall that SPA opened 20 branches in 2017-18, or 67% expansion from 30 branches in 2016. After 18-24 months have passed, we expect these branches to be in optimal return period. Despite plans to open 10 branches p.a. in the future, we foresee a falling capex-to-sales ratio and a rising ROA trend. We project its utilization rate to rise to 84-87% in 2019-21F vs. 82% in 2018, and estimate 9-12% same-store sales growth (SSSG) and 16-24% sales growth in 2019-21F with gross margin expanding from 31.8% to 33.6%.

Capitalizing on its strong brand

SPA's sixth and seventh franchised branches are due to open in 2H19 in China and Myanmar. Revenue from franchises makes up only 1% of total revenues, but they contribute 5% at the profit level. SPA targets to open two new franchised branches a year. The company is also leveraging on its "Let's Relax" brand to run its business of spas in hotels. With three new deals having been finalized early this year, SPA has set a goal to be operating in 10 hotels by end 2019. This model provides a higher margin with lower capex. As for its spa product rebranding, we leave this as potential upside given the lengthy launch delay.

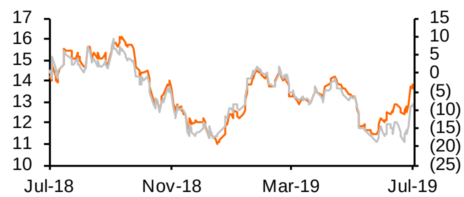
BUY into the weak 2Q19F

We estimate SPA's 2Q19F earnings to come in weak at Bt48m, falling 2% y-y on the accounting change and 19% q-q on a seasonal impact. However, we recommend BUYing into the weak quarter for an earnings growth turnaround of 28% y-y in 2H19F, backed by a recovery in tourist arrivals from the low base in 2H18 and its heavy branch expansion program last year. Tourists from key Asian countries, including China, were flat at -1% y-y in 5M19 which implies a strong possibility of some y-y growth in 2H19F from the low base during the Chinese tourists hiccup period in 2H18, when their numbers fell 3% y-y.

COMPANY VALUATION

Y/E Dec (Bt m)	2018A	2019F	2020F	2021F
Sales	1,134	1,408	1,634	1,905
Net profit	206	236	286	348
Consensus NP	—	247	303	355
Diff frm cons (%)	—	*(4.7)*	*(5.4)*	*(2.1)*
Norm profit	206	236	286	348
Prev. Norm profit	—	251	312	364
Chg frm prev (%)	—	*(6.0)*	*(8.4)*	*(4.3)*
Norm EPS (Bt)	0.4	0.4	0.5	0.6
Norm EPS grw (%)	17.4	14.6	21.4	21.6
Norm PE (x)	38.3	33.4	27.5	22.6
EV/EBITDA (x)	24.4	20.9	16.9	13.6
P/BV (x)	8.1	7.1	6.2	5.4
Div yield (%)	1.1	1.5	1.8	2.2
ROE (%)	23.8	22.7	24.2	25.7
Net D/E (%)	14.1	20.1	11.7	0.8

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 11-Jul-19 (Bt)	13.80
Market Cap (US$ m)	255.2
Listed Shares (m shares)	570.0
Free Float (%)	54.8
Avg Daily Turnover (US$ m)	0.2
12M Price H/L (Bt)	16.10/11.00
Sector	MAI
Major Shareholder	Jiravanstit family 15.96%

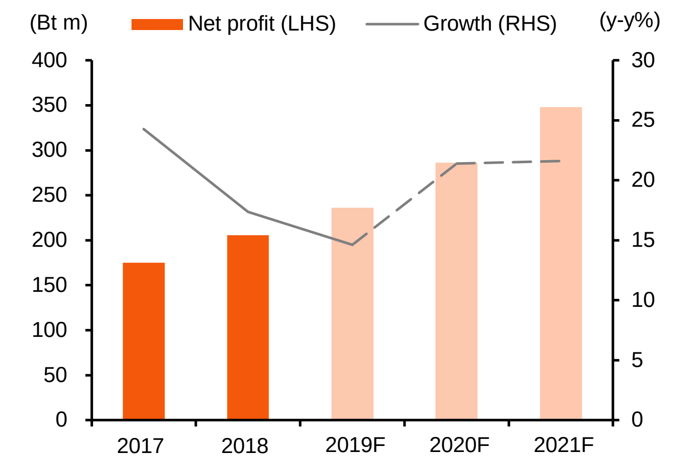
Sources: Bloomberg, Company data, Thanachart estimates

Earnings acceleration on the horizon

We reaffirm our BUY rating with a DCF-based (2020F base year) TP of Bt16/share

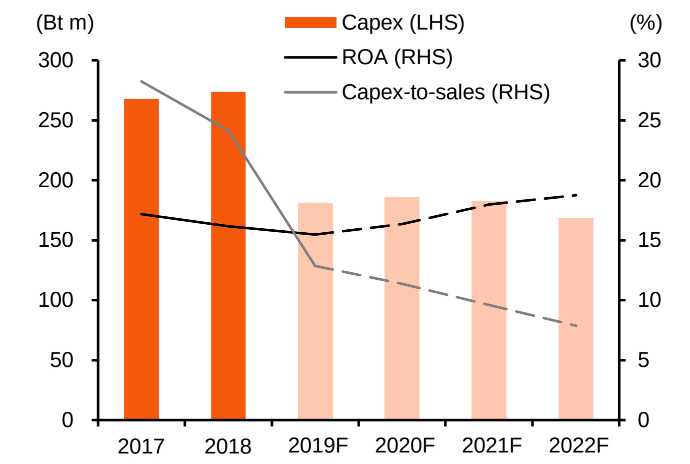
We continue to like Siam Wellness Group Pcl (SPA) as we regard it as a growth stock with strong business foundations in the resilient Thai tourism industry. This is despite its earnings growth pace having been disappointing from 2H18, when a hiccup in Chinese tourist arrivals hit its utilization. Having said that, we reaffirm our BUY rating on shares of SPA, as we expect its earnings growth to accelerate from 15% in 2019F to 21-22% in 2020-21F, and ROA to also expand given that its aggressive capex cycle is easing. Our forecast for accelerating earnings growth is backed by its three fundamental growth drivers, which we expect to be working simultaneously during 2019-21F.

Ex 1: Accelerating Earnings Growth From 2019-21F



Sources: Company data; Thanachart estimates

Ex 2: End Of Aggressive Capex Cycle



Sources: Company data; Thanachart estimates

Three growth drivers of SSSG, expansion, and scale benefits

First, we expect 9-12% same store sales growth (SSSG) over 2019-21F backed by a recovery in tourist arrivals to Phuket (around 20% of total revenues) and Chiang Mai (15%), and a ramping-up of utilization at the branches it opened late last year. We estimate its utilization rate to improve to 84-87% in 2019-21F from 82% in 2018.

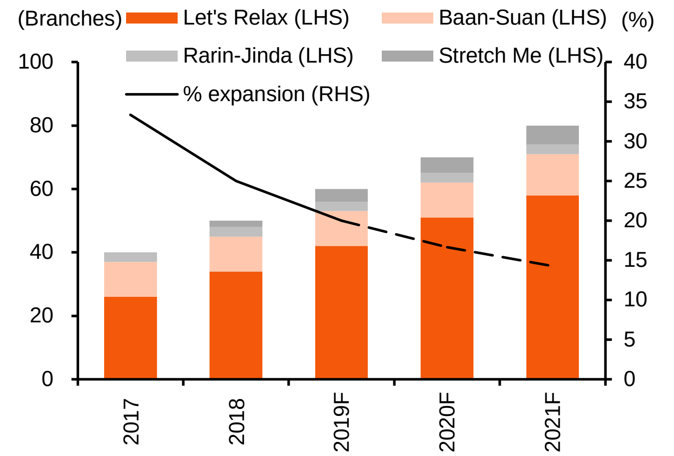
Second, SPA is maintaining its target of opening 10 domestic branches a year. Most of them would be under the "Let's Relax" brand along with "Stretch Me" stretching centers. This implies an expansion pace of 14-20% over 2019-21F. Combining the impact from SSSG and branch expansion, we estimate SPA's total sales to grow by 16-24% in 2019-21F.

Third, we project gross margin to fatten from 31.8% in 2019F to 33.6% in 2021F from scale benefits. The drag of higher fixed costs from continuing expansion should be lower because of a larger base going forward. The addition of new services, i.e. nail care, facial care, and premium spa treatments are bundled with the standard massage packages to increase ticket size per visit.

Our earnings cuts are mostly because of an accounting change

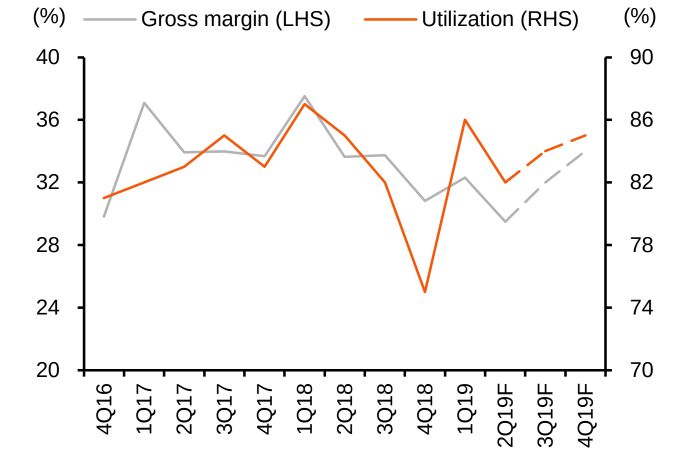
Our 6-8% earnings cuts in 2019-21F mainly reflect a change in accounting method that spreads out the recognition of its franchising fees along with slower Thai tourism growth. Our DCF-based 12-month TP is unchanged at Bt16 after rolling over to a 2020F base year, since the cut in our long-term branch expansion assumption offsets the roll-over benefit.

Ex 3: Smaller Drag From Branch Expansion



Sources: Company data; Thanachart estimates

Ex 4: Rising Margin On Improving Utilization



Sources: Company data; Thanachart estimates

Capitalizing on its strong brand

Expanding franchise into Myanmar

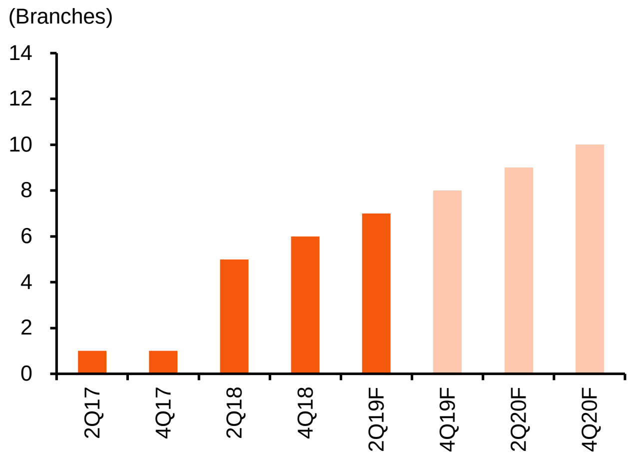
SPA has announced plans to open two franchised branches this year (likely in 3Q19). Its sixth franchised branch is scheduled to open in the city of Qingdao in China (the second branch in the city with the same partner), while its seventh branch is due to open in Myanmar. We like this franchise model overseas where SPA leverages on its strong “Let’s Relax” brand to create more value with what we regard as relatively low risk. Revenue from franchising comes to only 1% of SPA’s total revenues, but the contribution is 5% at the profit level since there are no operating costs while no investment capex is required.

Three new deals for spas operating in hotels planned for this year

Another area of value creation from the “Let’s Relax” brand comes from its business model of being an outsourced operator of spas in hotels. After recently finalizing three new deals, SPA plans to operate spas in 10 domestic hotels by the end of this year. The business model also requires low capex, so the margin is higher than for stand-alone branches. Even though capacity is lower at hotel branches due to their smaller size, this is compensated for by strong locations and traffic from hotel guests speeding up the ramp-up period.

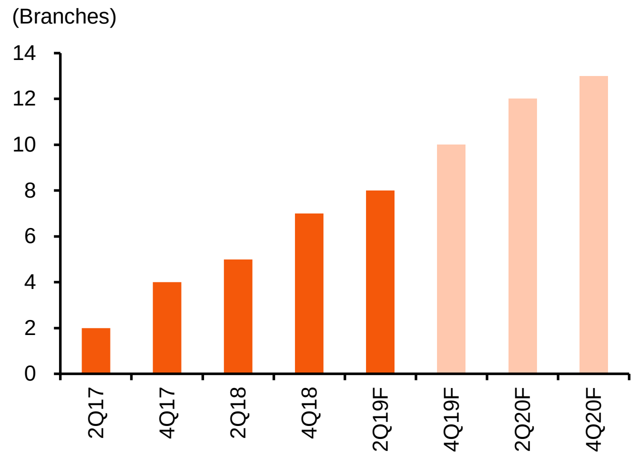
Two new businesses of “Stretch Me” stretching centers and the acquisition of the nail & spa shop “Chaba” are growing but their contributions are still relatively small. We still foresee strong potential for its plan to rebrand its spa products to be sold in-house and in franchised branches overseas, but we now leave it as potential upside since the launch has been delayed for nearly a year.

Ex 5: Expanded Franchising To 3 Neighboring Countries



Sources: Company data; Thanachart estimates

Ex 6: Entering Hotel Spa Business With Let's Relax Brand



Sources: Company data; Thanachart estimates

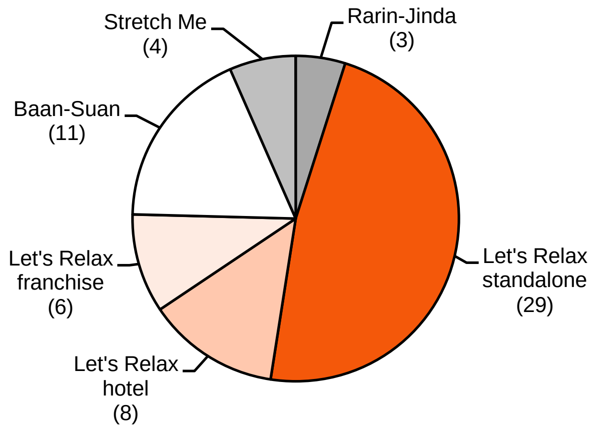
Ex 7: Comparison Of SPA's Business Nature

Brand	Rarin–Jinda	Let's Relax (Standalone)	Let's Relax (Hotel)	Let's Relax (China)	Let's Relax (Cambodia)	Baan–Suan	Stretch Me
Average ticket size (Bt)	2,000	1,050	1,050	1,500	1,000	500	1,200
Average sale (Bt/day)	40,000	88,000	49,500	35,000	30,000	30,000	38,400
Estimated gross margin	25%	40%	45%	5%*	10%*	15%	20%
Capex (Bt/branch)	25m	15-20m	2-5m	na	na	10m	5-7m

Sources: Company data, Thanachart estimates

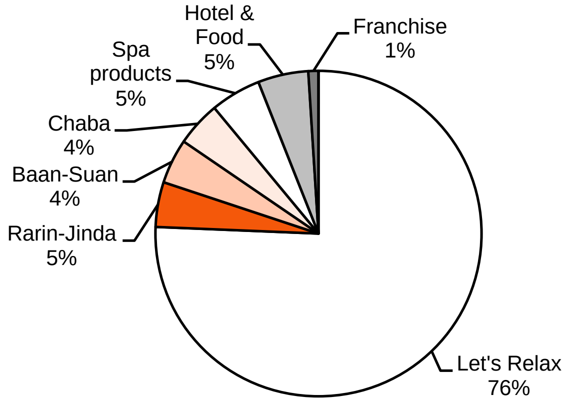
Note: *Revenue sharing scheme

Ex 8: SPA's Branch Breakdown (1Q19)



Source: Company data

Ex 9: Revenue Breakdown By Business (1Q19)



Sources: Company data, Thanachart estimates

BUY into a weak 2Q19F

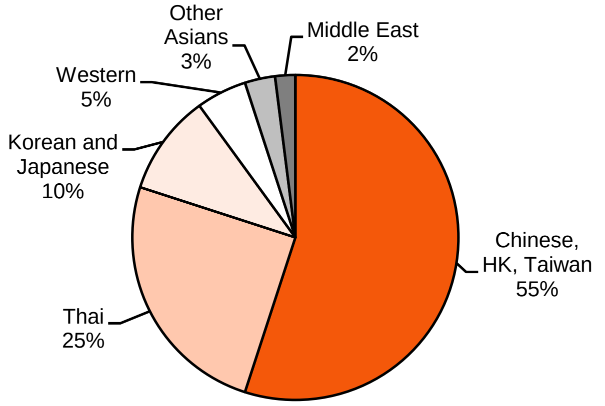
We expect a weak 2Q19F on an accounting change rather than to operations

We estimate SPA's 2Q19F earnings to come in weak at Bt48m, 2% lower than for the same period last year and also down 19% q-q on the seasonal impact. This would mark SPA's first quarter of a y-y earnings decline. However, we attribute the drop mainly to two key accounting changes rather than weaker operations: 1) extra provisions for employee benefit expenses due to a statutory change that will be booked this quarter and 2) the new accounting standard (TFRS-15) to be implemented this year requires the upfront franchise fee to be allocated over the contract period instead of the whole amount in the first year.

BUY for a strong 2H19F when we expect a tourism industry recovery

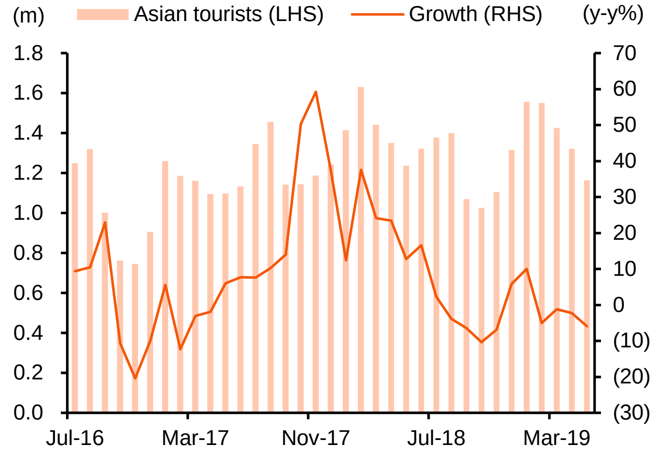
We maintain our BUY rating on SPA and suggest accumulating the shares on a potential pullback after the weak quarterly results. This is because we expect an earnings growth turnaround of 28% y-y in 2H19F, backed by a recovery in Chinese tourists after the boat tragedy in Phuket and the widely publicized assault of a Chinese traveler late last year. The severe air pollution problem in Chiang Mai is also subsiding. Despite the above-mentioned issues, Asian tourist arrivals were flat at -1% y-y in 1H19, improving from -3% in 2H18, which we believe implies a strong chance of y-y growth in 2H19F. The ramping up of utilization at its seven branches opened in 2H18 will likely provide another boost to both revenue and margin.

Ex 10: SPA's Revenue Exposure To Tourists



Source: Company data

Ex 11: Stabilizing Asian Tourist Arrivals



Source: Ministry of tourism & sports

Ex 12: 12-month DCF-based TP Calculation, Using A Base Year Of 2020F

(Bt m)		2019F	2020F	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	Terminal value
EBITDA		387	475	580	668	722	833	938	1,025	1,122	1,210	1,306	—
Free cash flow		183	246	338	420	471	566	668	773	873	946	1,025	14,896
PV of free cash flow		—	225	281	319	327	358	385	407	419	414	410	5,428
Risk-free rate (%)	4.5												
Market risk premium (%)	7.5												
Beta	0.8												
WACC (%)	9.6												
Terminal growth (%)	2.0												
Enterprise value - add investments	9,377												
Net debt (2019F)	222												
Minority interest	–												
Equity value	9,154												
# of shares (m)	570												
Target price/share (Bt)	**16.00**												

Sources: Company data, Thanachart estimates

Valuation Comparison

Ex 13: Valuation Comparison With Regional Peers

Name	BBG Code	Country	EPS growth		PE		P/BV		EV/EBITDA		Div Yield	
			19F	20F	19F	20F	19F	20F	19F	20F	19F	20F
			(%)	(%)	(x)	(x)	(x)	(x)	(x)	(x)	(%)	(%)
Emei Shan Tourism	000888 CH	China	3.5	6.8	14.5	13.6	1.2	1.2	6.4	6.4	1.6	1.7
Shanghai Jin Jiang Int'l	2006 HK	China	(10.1)	13.0	11.7	10.4	0.7	0.7	6.1	5.8	5.8	5.9
Hongkong & Shanghai	45 HK	Hong Kong	(37.8)	16.7	38.1	32.7	na	na	na	na	na	na
Shangri-La Asia	69 HK	Hong Kong	33.3	3.1	21.9	21.2	na	na	15.0	14.5	2.2	2.2
IGB Corp Bhd	IGB MK	Malaysia	13.6	3.4	na	na	na	na	na	na	na	na
Genting Malaysia Bhd	GENM MK	Malaysia	na	9.0	15.5	14.2	1.0	1.0	8.6	8.0	3.4	3.6
Mirvac Group	MGR AU	Australia	(43.9)	4.2	20.0	19.2	1.3	1.3	19.7	18.4	3.6	3.7
Indian Hotels	IH IN	India	(9.0)	39.3	67.9	48.8	3.9	3.8	23.6	19.7	0.4	0.4
Mandarin Oriental Int'l	MAND SP	Singapore	21.4	(4.8)	42.6	44.8	na	na	na	na	1.7	1.7
Hotel Shilla	008770 KS	South Korea	na	na	na	na	na	na	na	na	na	na
Resorttrust Inc	4681 JP	Japan	7.3	(18.7)	13.1	16.1	1.3	1.3	8.3	8.9	3.0	2.8
Central Plaza Hotel	CENTEL TB*	Thailand	0.2	7.0	22.0	20.5	3.4	3.1	11.2	10.4	1.8	1.9
Erawan Group	ERW TB*	Thailand	14.2	17.7	26.1	22.2	2.7	2.5	13.0	11.8	1.5	1.8
Minor International	MINT TB*	Thailand	(3.5)	21.8	34.4	28.2	2.4	2.3	16.0	14.7	1.4	1.2
Siam Wellness Group	SPA TB*	Thailand	14.6	21.4	33.4	27.5	7.1	6.2	20.9	16.9	1.5	1.8
Average			**0.9**	**10.7**	**27.1**	**23.9**	**2.5**	**2.3**	**13.1**	**11.9**	**2.2**	**2.3**

Sources: Company data, Thanachart estimates

Note: * Thanachart estimates, using normalized EPS

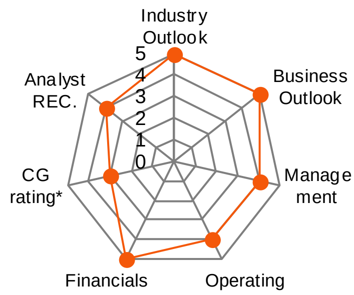
Based on 11 Jul 2019 closing prices

COMPANY DESCRIPTION

Siam Wellness Group Pcl operates wellness spas and other related businesses, with four main operations: 1) Spas under the brands "Let's Relax", "Rarin-Jinda Wellness Spa" & "Baan-Suan Massage". 2) Hotel & Restaurants: A boutique resort hotel in Chiang Mai under the name "RarinJinda Wellness Spa Resort" and the “Deck 1” and “D Bistro” restaurants. 3) Spa products: Distributes and sells spa-related products under the "Blooming" brand. 4) Traditional Thai massage school "Blooming Thai Massage School" to train therapists in massage and spa services to support its business expansion.

Source: Thanachart

COMPANY RATING



Rating Scale	
Excellent	5
Good	4
Fair	3
Weak	2
Very Weak	1
None	0

Source: Thanachart; *CG Rating

THANACHART’S SWOT ANALYSIS

S — Strength

- Strong brand recognition, especially among Chinese and other Asian tourists
- Its own upstream business helps provide sufficient therapists and products for rapid expansion
- Asset-light business model

W — Weakness

- Relies heavily on expansion to grow, due to limited capacity of service hours per branch
- Highly dependent on tourist traffic

O — Opportunity

- Gaining market share from smaller local players via both organic and inorganic expansion
- Expansion of its business overseas
- Adding more services as bundled packages to increase ticket size

T — Threat

- Extraordinary and uncontrollable events, i.e. geopolitical disturbances, natural disasters, etc. could disrupt its operations and decrease tourist traffic
- Large network but only a small management team

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	14.72	16.00	9%
Net profit 19F (Bt m)	247	236	-5%
Net profit 20F (Bt m)	303	286	-5%
Consensus REC	**BUY: 3**	**HOLD: 2**	**SELL: 0**

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2019-20F profits are 5% below the Bloomberg consensus, which we believe is due to us having a more conservative view on the recovery pace of Thai tourism.
- However, our TP is 9% higher, likely as we are more confident about SPA’s long-term growth potential.

Sources: Bloomberg consensus, Thanachart estimates

RISKS TO OUR INVESTMENT CASE

- A slower pace of expansion, both for domestic and overseas branches, would represent the key downside risk to our earnings forecasts.
- Any events causing a downturn in Thailand’s tourism industry, ie, involving politics, the global economy or natural disasters, would be negative for our numbers.
- The success rates of new services added to its portfolio represent another swing factor to our projections.

Source: Thanachart

Strong sales growth momentum on expansion and new services added

INCOME STATEMENT

FY ending Dec (Bt m)	2017A	2018A	2019F	2020F	2021F
Sales	948	1,134	1,408	1,634	1,905
Cost of sales	620	750	961	1,096	1,266
Gross profit	**328**	**384**	**448**	**538**	**640**
% gross margin	34.6%	33.9%	31.8%	32.9%	33.6%
Selling & administration expenses	130	152	178	201	218
Operating profit	**198**	**232**	**270**	**337**	**422**
% operating margin	20.9%	20.4%	19.1%	20.6%	22.1%
Depreciation & amortization	77	96	118	138	159
EBITDA	**275**	**328**	**387**	**475**	**580**
% EBITDA margin	29.0%	28.9%	27.5%	29.1%	30.5%
Non-operating income	15	18	20	20	19
Non-operating expenses	0	0	0	0	0
Interest expense	(7)	(9)	(10)	(10)	(9)
Pre-tax profit	**206**	**241**	**280**	**346**	**432**
Income tax	31	35	43	57	80
After-tax profit	**175**	**206**	**236**	**289**	**352**
% net margin	18.5%	18.1%	16.8%	17.7%	18.5%
Shares in affiliates' Earnings	0	0	0	0	0
Minority interests	(0)	(0)	(1)	(3)	(4)
Extraordinary items	0	0	0	0	0
NET PROFIT	**175**	**206**	**236**	**286**	**348**
Normalized profit	**175**	**206**	**236**	**286**	**348**
EPS (Bt)	0.3	0.4	0.4	0.5	0.6
Normalized EPS (Bt)	0.3	0.4	0.4	0.5	0.6

Low risk, asset-light business model

BALANCE SHEET

FY ending Dec (Bt m)	2017A	2018A	2019F	2020F	2021F
ASSETS:					
Current assets:	191	176	265	336	509
Cash & cash equivalent	67	79	124	154	282
Account receivables	12	24	27	31	37
Inventories	28	31	39	45	52
Others	84	42	74	106	138
Investments & loans	0	0	125	125	125
Net fixed assets	889	1,067	1,130	1,178	1,202
Other assets	95	126	157	182	212
Total assets	**1,176**	**1,369**	**1,677**	**1,822**	**2,049**
LIABILITIES:					
Current liabilities:	207	224	261	282	320
Account payables	86	83	105	120	139
Bank overdraft & ST loans	8	6	7	6	6
Current LT debt	69	84	85	83	89
Others current liabilities	44	51	64	73	86
Total LT debt	**185**	**126**	**255**	**213**	**198**
Others LT liabilities	18	34	42	49	57
Total liabilities	**421**	**399**	**572**	**561**	**594**
Minority interest	0	0	1	1	5
Preferreds shares	0	0	0	0	0
Paid-up capital	143	143	143	143	143
Share premium	279	279	279	279	279
Warrants	0	0	0	0	0
Surplus	(6)	44	44	44	44
Retained earnings	**339**	**505**	**639**	**794**	**984**
Shareholders' equity	755	970	1,104	1,260	1,449
Liabilities & equity	**1,176**	**1,369**	**1,677**	**1,822**	**2,049**

Sources: Company data, Thanachart estimates

Expanding free cash flow on declining capex

Strong business growth outlook justifies high valuation in our view

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2017A	2018A	2019F	2020F	2021F
Earnings before tax	206	241	280	346	432
Tax paid	(26)	(33)	(39)	(54)	(76)
Depreciation & amortization	77	96	118	138	159
Chg In working capital	4	(17)	10	5	6
Chg In other CA & CL / minorities	10	3	7	1	6
Cash flow from operations	**272**	**291**	**375**	**437**	**527**
Capex	(268)	(274)	(181)	(186)	(183)
ST loans & investments	(58)	44	(30)	(30)	(30)
LT loans & investments	0	0	(125)	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	(15)	(12)	(23)	(16)	(19)
Cash flow from investments	**(340)**	**(242)**	**(359)**	**(232)**	**(232)**
Debt financing	162	(46)	130	(45)	(8)
Capital increase	0	0	0	0	0
Dividends paid	(57)	(40)	(102)	(130)	(158)
Warrants & other surplus	(2)	50	0	0	0
Cash flow from financing	**103**	**(36)**	**29**	**(175)**	**(167)**
Free cash flow	**4**	**17**	**194**	**251**	**344**

VALUATION

FY ending Dec	2017A	2018A	2019F	2020F	2021F
Normalized PE (x)	44.9	38.3	33.4	27.5	22.6
Normalized PE - at target price (x)	52.1	44.4	38.7	31.9	26.2
PE (x)	44.9	38.3	33.4	27.5	22.6
PE - at target price (x)	52.1	44.4	38.7	31.9	26.2
EV/EBITDA (x)	29.3	24.4	20.9	16.9	13.6
EV/EBITDA - at target price (x)	33.9	28.3	24.1	19.5	15.7
P/BV (x)	10.4	8.1	7.1	6.2	5.4
P/BV - at target price (x)	12.1	9.4	8.3	7.2	6.3
P/CFO (x)	29.0	27.1	21.0	18.0	14.9
Price/sales (x)	8.3	6.9	5.6	4.8	4.1
Dividend yield (%)	0.9	1.1	1.5	1.8	2.2
FCF Yield (%)	0.0	0.2	2.5	3.2	4.4
(Bt)					
Normalized EPS	0.3	0.4	0.4	0.5	0.6
EPS	0.3	0.4	0.4	0.5	0.6
DPS	0.1	0.2	0.2	0.3	0.3
BV/share	1.3	1.7	1.9	2.2	2.5
CFO/share	0.5	0.5	0.7	0.8	0.9
FCF/share	0.0	0.0	0.3	0.4	0.6

Sources: Company data, Thanachart estimates

Earnings growth accelerates in 2020-21F on rising profitability

FINANCIAL RATIOS

FY ending Dec	2017A	2018A	2019F	2020F	2021F
Growth Rate					
Sales (%)	30.7	19.7	24.1	16.1	16.6
Net profit (%)	24.3	17.4	14.6	21.4	21.6
EPS (%)	24.3	17.4	14.6	21.4	21.6
Normalized profit (%)	24.3	17.4	14.6	21.4	21.6
Normalized EPS (%)	24.3	17.4	14.6	21.4	21.6
Dividend payout ratio (%)	39.0	41.6	50.0	50.0	50.0
Operating performance					
Gross margin (%)	34.6	33.9	31.8	32.9	33.6
Operating margin (%)	20.9	20.4	19.1	20.6	22.1
EBITDA margin (%)	29.0	28.9	27.5	29.1	30.5
Net margin (%)	18.5	18.1	16.8	17.7	18.5
D/E (incl. minor) (x)	0.3	0.2	0.3	0.2	0.2
Net D/E (incl. minor) (x)	0.3	0.1	0.2	0.1	0.0
Interest coverage - EBIT (x)	30.1	26.2	28.2	32.5	47.2
Interest coverage - EBITDA (x)	41.9	37.0	40.5	45.8	65.0
ROA - using norm profit (%)	17.2	16.2	15.5	16.4	18.0
ROE - using norm profit (%)	25.1	23.8	22.7	24.2	25.7
DuPont					
ROE - using after tax profit (%)	25.1	23.8	22.8	24.5	26.0
- asset turnover (x)	0.9	0.9	0.9	0.9	1.0
- operating margin (%)	22.4	22.0	20.5	21.8	23.1
- leverage (x)	1.5	1.5	1.5	1.5	1.4
- interest burden (%)	96.9	96.5	96.7	97.1	98.0
- tax burden (%)	85.1	85.3	84.5	83.5	81.5
WACC (%)	9.6	9.6	9.6	9.6	9.6
ROIC (%)	23.8	20.8	20.6	21.2	24.4
NOPAT (Bt m)	168	198	228	281	344

Sources: Company data, Thanachart estimates

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Recommendations are based on absolute upside or downside, which is the difference between the target price and the current market price. If the upside is 10% or more, the recommendation is BUY. If the downside is 10% or more, the recommendation is SELL. For stocks where the upside or downside is less than 10%, the recommendation is HOLD. Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on the market price and the formal recommendation.

For sectors, an “Overweight” sector weighting is used when we have BUYs on majority of the stocks under our coverage by market cap. “Underweight” is used when we have SELLs on majority of the stocks we cover by market cap. “Neutral” is used when there are relatively equal weightings of BUYs and SELLs.

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