

Siam Makro

Siam Makro
Public Company Limited

MAKRO

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Preview 4Q22F: Core to be 2022F's high

4Q22F core profit is expected at Bt2.7bn, +4% YoY, supported by the B2B unit where higher sales outpaced the slip in the B2C unit on higher interest expenses and +67% QoQ on seasonally better B2B and B2C units. We raise our 2023F by 5%, factoring in its more aggressive store expansion plan for both B2B and B2C units. The completion of its US\$ debt refinancing in 1H23 to eliminate the risk of a higher US interest rate will be the next catalyst. Maintain Outperform with an end-2023 DCF TP of Bt46 (from 43).

Expect 4Q22F net profit of Bt2.5bn, -72% YoY but +54% QoQ. Excluding extra loss from Bt215mn in early debt payment expenses in the B2C unit, we estimate 4Q22F core profit at Bt2.7bn, +4% YoY and +67% QoQ. The YoY growth comes from a better B2B unit and the QoQ growth is from seasonally better B2B and B2C units. Results will be posted on Feb 20.

4Q22 B2B unit (business-to-business, MAKRO). We estimate core profit of Bt2.4bn, +10% YoY and +53% QoQ, up YoY on higher sales and stable gross margin offsetting higher SG&A/sales. We estimate sales revenue growth of 12% YoY, backed by store expansion (8 added in 4Q22) and SSS growth of 9% YoY (vs 4.1% YoY in 4Q21 and 8.9% YoY in 3Q22). Gross margin on B2B sales is expected at 13.2% (flat YoY), with SG&A/sales up 60bps YoY on higher expenses for store adjustment for online sales and B2B Marketplace and utilities costs.

4Q22 B2C unit (business-to-consumer, Lotus's). Core profit from the B2C unit is expected at Bt272mn, -31% YoY (68-day recognition of Lotus's earnings in 4Q21), pulled down by higher interest expenses but better than the Bt29mn in 3Q22 on seasonality. We expect 4% YoY growth in 4Q22 total revenue (assuming 92-day recognition of Lotus's earnings in 4Q21), with 3% YoY retail sales growth and 10% YoY rental and rendering service growth. For the retail unit, SSS is set to grow 1.5% YoY (vs -6% YoY in 4Q21 and flat YoY in 3Q22 in Thailand and -2.2% YoY in 4Q21 and -3.7% YoY in 3Q22 in Malaysia). Gross margin is set to soften YoY from more promotional campaigns to stimulate sales. For the rental unit, occupancy rate is set to rise to 92% in Thailand (vs 90% in 4Q21 and 91% in 3Q22) and 95% in Malaysia (vs 92% in 4Q21 and 91% in 3Q22), with rental rate up YoY with no more rent discount. We expect gross margin to be up YoY from better occupancy and rental rates. SG&A/sales is set to drop 30 bps YoY from a slower rise in expenses than in sales. Interest expenses are expected to rise to Bt1.9bn, +40% YoY (assuming 92-day recognition of Lotus's earnings in 4Q21) and +9% QoQ, on higher interest rate and weaker THB on its remaining US\$1.3bn loan.

Key risks are changes in purchasing power and higher costs from inflationary pressure, higher interest rate, and depreciation of the THB against the US dollar.

Forecasts and valuation

Year to 31 Dec	Unit	2020	2021	2022F	2023F	2024F
Revenue	(Btmn)	218,259	265,545	466,801	502,517	539,089
EBITDA	(Btmn)	12,534	16,819	34,227	38,944	42,787
Core profit	(Btmn)	6,563	7,169	7,908	10,468	13,166
Reported profit	(Btmn)	6,563	13,687	7,693	10,468	13,166
Core EPS	(Bt)	1.37	1.25	0.75	0.99	1.24
DPS	(Bt)	1.00	0.72	0.36	0.49	0.62
P/E, core	(x)	30.7	33.7	56.2	42.5	33.8
EPS growth, core	(%)	4.8	(8.8)	(40.0)	32.4	25.8
P/BV, core	(x)	1.9	0.8	1.5	1.5	1.5
ROE	(%)	10.2	3.6	2.7	3.6	4.4
Dividend yield	(%)	2.4	1.7	0.9	1.2	1.5
FCF yield	(x)	5.5	11.5	2.0	0.8	2.2
EV/EBIT	(x)	23.1	33.1	33.4	27.2	23.6
EBIT growth, core	(%)	8.9	19.4	56.0	23.0	14.2
EV/CE	(x)	(4.1)	0.8	1.3	1.2	1.2
ROCE	(%)	(13.2)	1.8	2.1	2.7	3.0
EV/EBITDA	(x)	16.5	21.1	16.3	14.3	12.9
EBITDA growth	(%)	14.5	34.2	103.5	13.8	9.9

Source: InnovestX Research

See the end of this report for disclaimer

Tactical: OUTPERFORM (3-month)

Stock data

Last close (Jan 20) (Bt)	42.00
Target price (Bt)	46.00
Mkt cap (Btbn)	444.37
Mkt cap (US\$mn)	13,554

Beta	L
Mkt cap (%) SET	2.16
Sector % SET	10.31
Shares issued (mn)	10,580
Par value (Bt)	0.50
12-m high / low (Bt)	43.8 / 32
Avg. daily 6m (US\$mn)	12.00
Foreign limit / actual (%)	49 / 2
Free float (%)	13.5
Dividend policy (%)	≥ 40

2022 Sustainability / 2021 ESG Score

Sustainability Index (THSI)	Not Included
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ESG Bloomberg Score	62.50
Environmental Score	48.51
Social Score	42.74
Governance Score	96.12

Source: Bloomberg Finance L.P.

Share performance

(%)	1M	3M	12M
Absolute	12.0	20.9	7.0
Relative to SET	7.5	14.7	5.4

Source: SET, InnovestX Research

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Value proposition

Siam Makro PCL (MAKRO) is a membership-based cash & carry trade center registered under the “Makro” banner in Thailand, Cambodia, China, and Myanmar and the “LOTS Wholesale Solutions” banner in India, to sell groceries and consumer products and engage in the import, export and distribution of frozen and chilled food products as well as provide storage and delivery services for the food service business.

C.P. Retail Development Co. Ltd (CPRD) holds: 1) 99.9% in Lotus's Stores (Thailand) Co., Ltd. which holds 99.9% of Ek-Chai Distribution System Co., Ltd., which operates a retail business under the name Lotus's in Thailand; 2) 100% of Lotus's Stores (Malaysia) Sdn. Bhd., which operates a retail business under the name Lotus's in Malaysia (collectively referred to “Lotus's”). After the Oct 25, 2021 completion of the EBT via offering new MAKRO shares to Lotus's shareholders in exchange for Lotus's business instead of cash, MAKRO held 99.99% in CPRD. According to Euromonitor, MAKRO (B2B, business-to-business unit) and Lotus's (B2C, business-to-consumer unit) combined made it the largest modern grocery wholesaler and retailer in Southeast Asia, based on 2020 retail sales.

Business outlook

In 2023F, MAKRO expects sales at both B2B and B2C units to grow in double digits YoY. It targets 12 new stores in Thailand and 6 overseas for the B2B unit and 5 hypermarket stores, 5 supermarkets and 200 Go Fresh stores in Thailand and 14 supermarkets in Malaysia for the B2C unit. Of the Bt2.7bn target for synergy realization, about Bt1.3bn was achieved in 10M22: capex savings on combined equipment purchases and margin improvement and cost savings on better fresh food, private brand and rental income management and sharing finance, IT and online channel services; the rest will be achieved in 2023F. MAKRO estimate its all-in cost of funds to peak in 4Q22F at 5% p.a. and decline in 2H23F, as it plans to complete the refinancing of the remaining US\$1.3bn loan to THB debt within 1H23F. It targets 2023F CAPEX at Bt26.5-27.5bn.

In the medium to long term, MAKRO's strategies are to build a fresh food-focused omnichannel retail platform in South and Southeast Asia, improve operations in Thailand and Malaysia, raise supply chain capabilities and realize business synergy. It will continue to focus on growing business in the new S curve with B2B Marketplace platform and the acceleration of O2O business with delivery from both MAKRO and Lotus's. It targets to extend its leadership position in online sales, targeting 15-20% online sales to total sales within the next 3 years (vs 9.5% in 2022), supported by adjustment of stores as fulfillment centers, the construction of new distribution centers, and increased delivery capacity.

Bullish views	Bearish views
1. Resumption of domestic activities from revived economic activities	1. Weak purchasing power from inflationary pressure
2. Rental income to revive on less rent discount/waiver for tenants after the lockdown was lifted	2. Rental income to come back slowly from a continued rent discount in response to fragile purchasing power
3. More local and international travel will support SSS	3. Slow return in tourists will delay the return of its SSS

Key catalysts

Factor	Event	Impact	Comment
1Q23F core earnings	Better B2B & B2C operations, higher interest expenses	Up YoY but down QoQ	We expect 1Q23F core earnings to grow YoY with better retail sales (SSS growth in high single digits YoY for the B2B unit and low single digits for the B2C unit in 1Q23TD) and rental income outpacing higher interest expenses but down QoQ from seasonality.
2023F core earnings	Better B2B & B2C operations, the completion of US\$ debt refinancing	Up YoY	We expect 2023F core earnings to grow from sales and margin improvement and more business synergy. The completion of the US\$ debt refinancing in 1H23 will help lower the risk of a higher US interest rate.

Sensitivity Analysis

Factor	Earnings impact	TP impact
1% change in SSS in B2B&B2C units	1% and 3%	Bt0.5-1.5/sh.

ESG Disclosure Score

Bloomberg ESG Score	62.50 (2021)
Rank in Sector	2/31

CG Rating 0-5	DJSI	SETTHSI	THSI
MAKRO	5	No	No

Source: Thai Institute of Directors (IOD), SET

Environmental Issue (E)

- By 2030, MARKO commits to achieving carbon neutral operations (scope 1&2), 100% food waste to landfill and use of sustainable packaging, 20% reduction in water use compared to baseline year 2020, 100% traceability of high-risk raw materials and 100% business participation and collaboration with relevant international partners to effectively enhance biodiversity.
- In 2021, greenhouse gas emissions intensity (Scope 1 & 2) per revenue decreased by 12% (vs target of 8%), its food waste to landfill reduced 3% (vs target of 10%), sales of green packaging products increased 22%, water intensity per revenue unit decreased by 9% YoY (vs target of 2% YoY), and 27,511 trees were planted and preserved on company and partner premises.

Governance Issue (G)

- By 2030, MAKRO plans to achieve 100% implementation of a corporate governance impact scoring assessment and 100% certification to international standards for data security and data privacy.
- In 2021, 100% of its business units had a Corporate Governance (CG) structure and 100% of its board of directors, employees and business partners signed the anti-corruption policy and 100% of its management and employees passed the anti-corruption training program. In 2021, 100% of employees were trained in the cybersecurity awareness program and 100% of data routes conducted the cybersecurity risk assessment.
- In 2021, MAKRO's board of directors consisted of 15 directors. Of this, 13 were non-executive directors (87% of the entire board), 5 were independent directors (33% of the entire board), and 3 were female members (20% of the entire board).
- In 2021, CG rating was excellent and anti-corruption progress indicator was certified.

Social Issue (S)

- By 2030, MAKRO aims to achieve 70% of total sales volume of B2B & B2C products & services to promote health and wellness, 150,000 jobs supported to generate income for the community, 150,000 people supported to get access to safe and nutritious food and supported through education and upskilling, 100% conduction of human rights impact assessment at high-risk own operations and tier 1 suppliers and 100% of employees engaged in learning and initiatives.
- In 2021, 50% of B2B & B2C sales helped promote health and well-being, 172,832 people had access to education and upskilling, 72,832 retailers participated in the Makro Retailer Alliance (MRA) program, 89,752 people had jobs to generate income, over 40,000 people were encouraged to access safe and nutritious food, 100% of its Siam Makro operations in Thailand conducted a human rights risk assessment, 100% of employees participated in training and development.

ESG Disclosure Score

	2020	2021
ESG Disclosure Score	62.50	62.50
Environment	48.51	48.51
GHG Scope 1 ('000 metric tonnes)	49.83	65.93
GHG Scope 2 Location-Based ('000 metric tonnes)	183.64	185.59
GHG Scope 3 ('000 metric tonnes)	57.54	58.94
Total Energy Consumption ('000 MWh)	394.72	418.79
Renewable Energy Use ('000 MWh)	17.74	35.58
Total Waste ('000 metric tonnes)	61.63	67.91
Waste Recycled ('000 metric tonnes)	40.26	39.24
Social	42.74	42.74
Pct Women in Management (%)	64.29	66.66
Pct Women in Workforce (%)	55.04	55.20
Lost Time Incident Rate - Employees (per 100 employees)	0.52	0.52
Number of Employees - CSR (persons)	16,108	16,920
Employee Turnover Pct (%)	16.73	16.31
Total Hours Spent by Firm - Employee Training (hours)	231,049	249,570
Governance	96.12	96.12
Size of the Board (persons)	15	15
Number of Non Executive Directors on Board (persons)	13	13
Number of Board Meetings for the Year (times)	9	13
Board Meeting Attendance Pct (%)	99	98
Number of Female Executives (persons)	1	2
Number of Women on Board (persons)	3	3

Source: Bloomberg Finance L.P.

Disclaimer

Bloomberg ESG Disclosure Scores rate companies on their level of disclosure of ESG data. Bloomberg offers four disclosure scores, for overall ESG, as well as Environmental, Social, and Governance such as energy consumption, board composition, and workforce accidents.

Company ESG reporting has evolved since our ESG Disclosure Score was originally created in 2010. In order to reflect the evolution in corporate reporting, in early 2022 Bloomberg updated its ESG disclosure scores methodology. The methodology changes were implemented for all years of data for all companies in the ESG Coverage universe.

To review the fully transparent methodology, calculate disclosure scores for any company, and compare a company's scores vs its peers, see ESG Disclosure Score Model in Bloomberg.

Financial statement

Profit and Loss Statement

FY December 31	Unit	2017	2018	2019	2020	2021	2022F	2023F	2024F
Total revenue	(Btmn)	182,753	188,583	206,180	218,259	265,545	466,801	502,517	539,089
Cost of goods sold	(Btmn)	(164,352)	(169,639)	(185,012)	(192,072)	(229,451)	(390,471)	(418,087)	(447,666)
Gross profit	(Btmn)	18,401	18,944	21,168	26,186	36,094	76,330	84,430	91,423
SG&A	(Btmn)	(14,395)	(15,481)	(17,390)	(17,731)	(26,293)	(63,236)	(67,961)	(72,616)
Other income	(Btmn)	4,001	4,347	4,447	502	890	3,587	4,051	4,635
Interest expense	(Btmn)	(348)	(336)	(310)	(619)	(1,557)	(6,849)	(7,649)	(7,006)
Pre-tax profit	(Btmn)	7,658	7,474	7,915	8,337	9,134	9,832	12,871	16,437
Corporate tax	(Btmn)	(1,511)	(1,601)	(1,710)	(1,813)	(2,128)	(2,825)	(3,368)	(4,299)
Equity a/c profits	(Btmn)	0	0	0	0	149	871	935	1,005
Minority interests	(Btmn)	31	69	60	39	14	30	30	23
Core profit	(Btmn)	6,178	5,942	6,265	6,563	7,169	7,908	10,468	13,166
Extra-ordinary items	(Btmn)	0	0	(20)	0	6,517	(215)	0	0
Net Profit	(Btmn)	6,178	5,942	6,245	6,563	13,687	7,693	10,468	13,166
EBITDA	(Btmn)	10,407	10,361	10,948	12,534	16,819	34,227	38,944	42,787
Core EPS (Bt)	(Btmn)	1.29	1.24	1.31	1.37	1.25	0.75	0.99	1.24
Net EPS (Bt)	(Bt)	1.29	1.24	1.30	1.37	2.38	0.73	0.99	1.24
DPS (Bt)	(Bt)	0.96	0.96	0.96	1.00	0.72	0.36	0.49	0.62

Balance Sheet (Btmn)

FY December 31	Unit	2017	2018	2019	2020	2021	2022F	2023F	2024F
Total current assets	(Btmn)	20,413	22,999	23,333	28,251	110,000	104,827	103,225	106,655
Total fixed assets	(Btmn)	38,563	39,067	39,308	131,336	459,490	471,837	483,404	491,650
Total assets	(Btmn)	58,976	62,065	62,641	159,587	569,490	576,663	586,629	598,304
Total loans	(Btmn)	9,038	11,177	8,395	15,675	181,224	169,102	164,102	159,102
Total current liabilities	(Btmn)	37,118	34,094	32,749	40,475	118,211	110,685	117,601	124,882
Total long-term liabilities	(Btmn)	3,848	8,714	9,158	10,848	162,781	175,077	171,505	167,968
Total liabilities	(Btmn)	40,965	42,809	41,907	51,324	280,992	285,762	289,106	292,850
Paid-up capital	(Btmn)	2,400	2,400	2,400	2,400	5,290	5,290	5,290	5,290
Total equity	(Btmn)	18,011	19,257	20,734	108,263	288,498	290,901	297,522	305,454
BVPS (Bt)	(Bt)	3.75	4.01	4.32	22.55	27.27	27.49	28.12	28.87

Cash Flow Statement (Btmn)

FY December 31	Unit	2017	2018	2019	2020	2021	2022F	2023F	2024F
Core Profit	(Btmn)	6,178	5,942	6,265	6,563	7,169	7,908	10,468	13,166
Depreciation and amortization	(Btmn)	2,401	2,551	2,723	3,577	6,128	17,546	18,424	19,345
Operating cash flow	(Btmn)	11,928	6,012	10,270	13,353	16,774	34,859	33,440	37,231
Investing cash flow	(Btmn)	(6,468)	(2,866)	(3,130)	(2,288)	10,991	(25,918)	(29,991)	(27,590)
Financing cash flow	(Btmn)	(3,649)	(2,411)	(7,402)	(5,413)	26,455	(17,412)	(8,847)	(10,234)
Net cash flow	(Btmn)	1,811	735	(262)	5,653	54,220	(8,471)	(5,397)	(593)

Key Financial Ratios

FY December 31	Unit	2017	2018	2019	2020	2021	2022F	2023F	2024F
Gross margin	(%)	10.1	10.0	10.3	12.0	13.6	16.4	16.8	17.0
Operating margin	(%)	2.2	1.8	1.8	3.9	3.7	2.8	3.3	3.5
EBITDA margin	(%)	5.7	5.5	5.3	5.7	6.3	7.3	7.7	7.9
EBIT margin	(%)	4.4	4.1	4.0	4.1	4.0	3.6	4.1	4.3
Net profit margin	(%)	3.4	3.2	3.0	3.0	5.2	1.6	2.1	2.4
ROE	(%)	36.6	31.9	31.3	10.2	3.6	2.7	3.6	4.4
ROA	(%)	11.0	9.8	10.0	5.9	2.0	1.4	1.8	2.2
Net D/E	(x)	0.3	0.3	0.2	0.0	0.4	0.4	0.4	0.4
Interest coverage	(x)	29.9	30.9	35.3	20.2	10.8	5.0	5.1	6.1
Debt service coverage	(x)	1.6	2.6	9.5	1.9	0.5	1.8	1.9	2.2
Payout Ratio	(%)	74.6	77.5	73.8	73.1	38.8	50.0	50.0	50.0

Main Assumptions

FY December 31	Unit	2017	2018	2019	2020	2021	2022F	2023F	2024F
SSS growth (%) - B2B	(%)	1.3	(0.1)	6.3	1.9	2.5	6.6	3.0	3.0
No. of stores, ending - B2B	(Stores)	124	132	140	144	149	162	203	245
SSS growth (%) - B2C TH	(%)	n.a.	n.a.	(2.5)	(6.4)	(6.3)	(0.1)	3.0	3.0
No. of stores, ending - B2C TH	(Stores)	n.a.	n.a.	1,988	2,094	2,618	2,578	2,736	2,898
SSS growth (%) - B2C MY	(%)	n.a.	n.a.	2.2	0.7	(2.2)	(0.5)	3.0	3.0
No. of stores, ending - B2C MY	(Stores)	n.a.	n.a.	69	62	62	65	75	83

Financial statement

Profit and Loss Statement

FY December 31	Unit	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22
Total revenue	(Btmn)	57,161	55,969	54,723	54,739	100,115	110,777	117,933	114,963
Cost of goods sold	(Btmn)	(49,728)	(49,349)	(48,644)	(48,182)	(83,275)	(92,514)	(99,170)	(95,731)
Gross profit	(Btmn)	7,432	6,619	6,078	6,557	16,839	18,263	18,763	19,232
SG&A	(Btmn)	(4,551)	(4,427)	(4,560)	(4,616)	(12,689)	(14,616)	(15,776)	(16,031)
Other income	(Btmn)	(13)	129	233	232	296	439	530	597
Interest expense	(Btmn)	(146)	(129)	(142)	(137)	(1,148)	(1,494)	(1,598)	(1,826)
Pre-tax profit	(Btmn)	2,722	2,192	1,608	2,036	3,299	2,593	1,920	1,972
Corporate tax	(Btmn)	(591)	(461)	(331)	(473)	(862)	(767)	(549)	(603)
Equity a/c profits	(Btmn)	0	0	0	0	149	224	202	230
Minority interests	(Btmn)	(2)	3	10	10	(9)	0	0	3
Core profit	(Btmn)	2,130	1,734	1,287	1,572	2,577	2,050	1,573	1,602
Extra-ordinary items	(Btmn)	0	0	0	0	6,517	0	0	0
Net Profit	(Btmn)	2,130	1,734	1,287	1,572	9,094	2,050	1,573	1,602
EBITDA	(Btmn)	3,686	3,101	2,545	2,971	7,664	8,139	7,556	7,847
Core EPS (Bt)	(Btmn)	0.44	0.36	0.27	0.33	0.40	0.19	0.15	0.15
Net EPS (Bt)	(Bt)	0.44	0.36	0.27	0.33	1.42	0.19	0.15	0.15

Balance Sheet (Btmn)

FY December 31	Unit	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22
Total current assets	(Btmn)	28,251	29,241	24,200	22,384	110,000	105,709	87,983	74,540
Total fixed assets	(Btmn)	131,336	45,900	45,931	46,285	459,490	458,777	459,791	461,230
Total assets	(Btmn)	159,587	75,141	70,131	68,669	569,490	564,486	547,773	535,771
Total loans	(Btmn)	15,675	16,186	15,747	14,956	181,224	184,611	170,885	167,346
Total current liabilities	(Btmn)	40,475	36,485	32,939	31,504	118,211	111,553	92,236	74,526
Total long-term liabilities	(Btmn)	10,848	14,141	14,335	14,586	162,781	162,715	166,751	172,395
Total liabilities	(Btmn)	51,324	50,627	47,274	46,091	280,992	274,268	258,987	246,921
Paid-up capital	(Btmn)	2,400	2,400	2,400	2,400	5,290	5,290	5,290	5,290
Total equity	(Btmn)	108,263	24,515	22,857	22,578	288,498	290,218	288,786	288,850
BVPS (Bt)	(Bt)	22.55	5.11	4.76	4.70	45.15	27.43	27.30	27.30

Cash Flow Statement (Btmn)

FY December 31	Unit	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22
Core Profit	(Btmn)	2,130	1,734	1,287	1,572	9,094	2,050	1,573	1,602
Depreciation and amortization	(Btmn)	913	886	897	905	3,440	4,325	4,380	4,383
Operating cash flow	(Btmn)	5,454	2,769	(1,020)	2,366	12,659	1,574	6,482	(2,895)
Investing cash flow	(Btmn)	(528)	(432)	(593)	(772)	12,787	(7,629)	(2,483)	(2,498)
Financing cash flow	(Btmn)	(404)	(597)	(3,774)	(3,236)	34,062	(1,017)	(22,734)	(9,378)
Net cash flow	(Btmn)	4,523	1,741	(5,387)	(1,642)	59,509	(7,072)	(18,734)	(14,771)

Key Financial Ratios

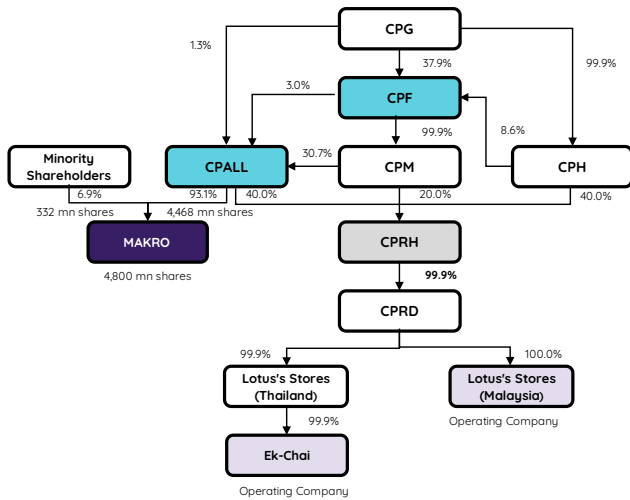
FY December 31	Unit	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22
Gross margin	(%)	13.0	11.8	11.1	12.0	16.8	16.5	15.9	16.7
Operating margin	(%)	5.0	3.9	2.8	3.5	4.1	3.3	2.5	2.8
EBITDA margin	(%)	6.4	5.5	4.7	5.4	7.7	7.3	6.4	6.8
EBIT margin	(%)	5.0	4.1	3.2	4.0	4.4	3.7	3.0	3.3
Net profit margin	(%)	3.7	3.1	2.4	2.9	9.1	1.9	1.3	1.4
ROE	(%)	13.2	10.4	21.7	27.7	6.6	2.8	2.2	2.2
ROA	(%)	7.5	5.9	7.1	9.1	3.2	1.4	1.1	1.2
Net D/E	(x)	0.0	0.2	0.4	0.4	0.4	0.4	0.4	0.5
Interest coverage	(x)	25.2	24.0	17.9	21.6	6.7	5.4	4.7	4.3
Debt service coverage	(x)	2.0	1.9	2.7	3.8	5.0	0.9	0.7	1.3

Main Assumptions

FY December 31	Unit	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22
SSS growth (%) - B2B	(%)	0.6	(1.2)	6.1	1.3	4.1	1.0	7.4	8.9
No. of stores, ending - B2B	(Stores)	144	145	145	145	149	151	154	154
SSS growth (%) -B2C TH	(%)	n.a.	n.a.	n.a.	n.a.	(6.1)	0.4	(2.1)	0.0
No. of stores, ending - B2C TH	(Stores)	n.a.	n.a.	n.a.	n.a.	2,618	2,600	2,597	2,580
SSS growth (%) -B2C MY	(%)	n.a.	n.a.	n.a.	n.a.	(2.2)	(7.9)	8.3	(3.7)
No. of stores, ending - B2C MY	(Stores)	n.a.	n.a.	n.a.	n.a.	62	64	64	64

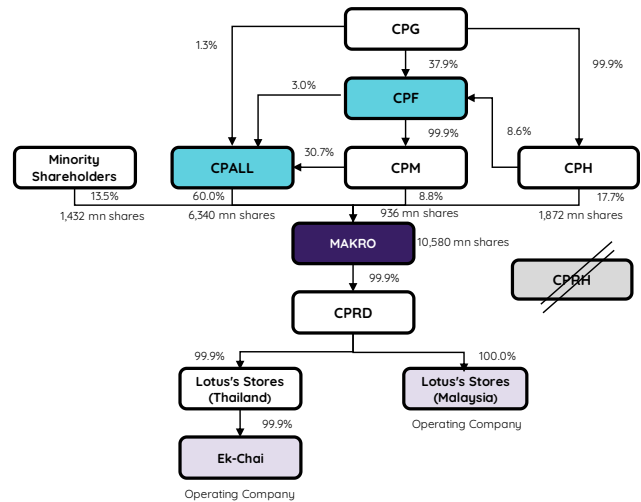
Appendix

Figure 1: Shareholding structure of MAKRO before the EBT and PO transactions in 4Q21



Source: Company data and InnovestX Research

Figure 2: Shareholding structure of MAKRO after the EBT and PO transactions in 4Q21



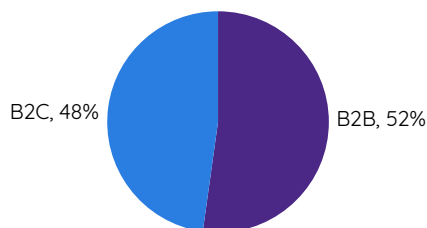
Source: Company data and InnovestX Research

Figure 3: Stores broken down by store format at end-2021

	B2B						B2C		
	Classic	Eco Plus	Foodservice	Food Shop	Small Formats		Hypermarkets	Supermarkets	Mini-supermarkets
	79	15	35	5	1	7	222	199	2,197
	142						2,618		
	1	4	2				46	16	
Total	149						2,680		
Space	818,377 sq.m						1,813,696 sq.m		

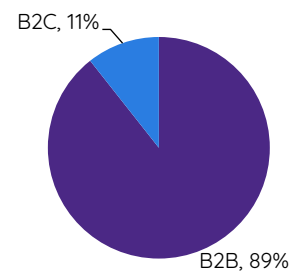
Source: Company data and InnovestX Research

Figure 4: Sales contribution by business in 9M22



Source: Company data and InnovestX Research

Figure 5: Net profit contribution by business in 9M22



Source: Company data and InnovestX Research

Figure 6: Valuation summary (price as of Jan 20, 2023)

	Rating	Price (Bt/Sh)	Target (Bt/Sh)	ETR (%)	P/E (x)			EPS growth (%)			P/BV (x)			ROE (%)			Div. Yield (%)			EV/EBITDA (x)		
					21A	22F	23F	21A	22F	23F	21A	22F	23F	21A	22F	23F	21A	22F	23F	21A	22F	23F
BJC	Outperform	36.50	42.0	17.1	42.0	30.0	26.2	(22)	40	15	1.2	1.2	1.2	3	4	4	1.8	2.0	2.1	16.1	14.8	13.8
CPALL	Outperform	68.00	78.0	15.9	79.2	46.2	36.1	(49)	71	28	2.1	2.1	2.0	4	5	6	0.6	1.1	1.4	19.9	15.1	13.5
CRC	Outperform	43.25	50.0	16.6	n.m.	39.0	31.1	n.m.	3,421	26	4.4	4.1	3.8	0	11	13	0.7	1.0	1.3	19.1	12.8	11.5
GLOBAL	Neutral	20.60	24.0	17.8	29.6	26.2	24.4	73	13	7	5.0	4.4	3.9	18	18	17	1.2	1.3	1.4	20.6	18.9	17.4
HMPRO	Outperform	14.70	17.0	18.0	35.5	30.3	26.9	6	17	13	8.4	7.7	7.0	24	27	27	2.2	2.3	2.6	20.2	17.9	16.2
MAKRO	Outperform	42.00	46.0	10.4	33.7	56.2	42.5	(9)	(40)	32	1.5	1.5	1.5	4	3	4	1.7	0.9	1.2	21.1	16.3	14.3
Average					44.0	38.0	31.2	(0)	587	20	3.8	3.5	3.2	9	11	12	1.4	1.4	1.7	19.5	16.0	14.5

Source: InnovestX Research

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Mon, Jan 23, 2023

CG Rating 2022 Companies with CG Rating Companies with Excellent CG Scoring

Companies with Very Good CG Scoring

Companies with Good CG Scoring

Corporate Governance Report

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. InnovestX Securities Company Limited does not conform nor certify the accuracy of such survey result.

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Anti-corruption Progress Indicator

Declared (ประกาศเจตนาแนบ)

N/A

24CS, 3K-BAT, A, A5, AAI, AAV, ABICO, ABM, ACAP, ACC, ACE, ACG, ADB, ADD, AEONTS, AFC, AGE, AHC, AIT, AJA, AKR, ALL, ALLA, ALPHAX, ALUCON, AMARC, AMARIN, AMC, AMR, ANR, AOT, BIOTE, APP, APURE, AQU, AQUA, ARIN, ARIP, ARROW, ASAP, ASEFA, ASIA, ASIMAR, ASN, ATP30, AU, AUCT, AURA, BA, BBGI, BBIK, BC, BCT, BDMS, BEAUTY, BEM, BGN, BH, BIG, BIPTEX, BIS, BJ, BJC, BJCHI, BKA, BLAND, BLESS, BLISS, BM, BOL, BR, BRI, BROCK, BSM, BTG, BTNC, BTW, BUI, BYD, CAZ, CBG, CCET, CCP, CEYE, CGD, CH, CHARAN, CHAYO, CHIC, CHO, CITY, CIVIL, CK, CKP, CMAN, CMO, CMR, CNT, COLLO, COMAN, CPANEL, CPH, CPT, CRANE, CRD, CSP, CSR, CSS, CTW, CV, CWT, D, DCON, DITTO, DMT, DOD, DPAINT, DTCENT, DTCI, DV8, EASON, ECL, EE, EFORL, EMC, ESSO, F&D, FANCY, FMT, FN, FORTH, FTI, FVC, GENCO, GIFT, GL, GLAND, GLOCON, GLORY, GRAMMY, GRAND, GREEN, GSC, GTB, GYT, HFT, HL, HPT, HTECH, HUMAN, HYDRO, ICN, IFEC, IHL, IIG, IMH, IND, INGRS, INSET, IP, IRCP, IT, ITC, ITLD, ITNS, JAK, JAS, JCK, JCHK, JCT, JDF, JSP, JUBILE, JWD, KAMART, KC, KCC, KCM, KDH, KIAT, KISS, KJL, KK, KKC, KLINIQ, KOOL, KTIS, KTMS, KUN, KWC, KWM, KYE, LALIN, LEE, LEO, LIT, LOXLEY, LPH, LST, MACO, MANRIN, MASTER, MATI, MAX, M-CHAI, MCS, MEND, MENA, METCO, MGT, MICRO, MIDA, MITSIB, MJD, MK, ML, MOSHI, MODERN, MORE, MPIC, MTW, MUD, MVP, NATION, NC, NCH, NCL, NDR, NER, NETBAY, NEW, NEWS, NEX, NFC, NNCL, NPK, NSL, NTV, NV, NVD, NYT, OHTL, OISHI, ONEE, OSP, OTO, PACE, PACO, PAF, PCC, PEACE, PERM, PF, PICO, PIN, PJW, PLUS, PMTA, POLAR, POLY, POMPU, PORT, POST, PPM, PRAKIT, PRAPAT, PRECHA, PRI, PRIME, PRIN, PRO, PROEN, PROUD, PSG, PTC, PTECH, PTL, RAM, RBF, RCL, RICHY, RJH, ROCK, ROH, ROJNA, RP, RPC, RPH, RSP, RT, S, S11, SA, SABUY, SAF, SAFARI, SALEE, SAM, SAMART, SAMCO, SAMTEL, SANKO SAUCE, SAWAD, SAWANG, SCAP, SCI, SCP, SDC, SE, SEAFCO, SECURE, SENAJ, SFLEX, SFP, SFT, SGC, SGF, SHANG, SHR, SIAM, SICT, SIMAT, SISB, SK, SKE, SKN, SKY, SLM, SLP, SM, SMART, SMD, SMT, SNPN, SO, SOLAR, SONIC, SPA, SPCG, SPV, SPVI, SQ, SR, SSC, STANLY, STARK, STC, STEC, STHAI, STI, STP, STPI, SUL, SUN, SUTHA, SVH, SVOA, SWC, SYNEX, TACC, TAPAC, TC, TCC, TCCC, TCJ, TCOAT, TEAM, TEAMG, TEGH, TEKA, TFM, TGE, TGPRO, TH, THAI, THANA, THE, THG, THL, THMUU, TIGER, TIPH, TITLE, TK, TKC, TLI, TM, TMC, TMW, TNDT, TNH, TNPC, TOA, TPAC, TPBI, TPCH, TPIPL, TPIPP, TPLAS, TPOLY, TPS, TQR, TR, TRC, TRITN, TRUBB, TRV, TSE, TSF, TSR, TTI, TTT, TTW, TVT, TWP, TWZ, TYCN, UAC, UBA, UMI, UMS, UNIQU, UP, UPA, UPOIC, UREKA, UTP, UVAN, VL, VNG, VPO, VRANDA, WARRIX, WAVE, WFX, WGE, WINMED, WINNER, WORK, WORLD, WP, WPH, XPG, YAG, YONG

Explanations