

# คาร์มาร์ท KAMART TB / KAMART.BK

**13 พฤศจิกายน 2556**

## อัตรากำไรสูงกว่าคาดมาก

### สูงกว่าคาดมาก

KAMART รายงานกำไรสุทธิไตรมาส 3/56 ที่ 50 ล้านบาท เติบโต 25% YoY และ 39% QoQ ผลประกอบการที่ออกมาสูงกว่าประมาณการของเรามาก 30% เนื่องจากอัตรากำไรขั้นต้นที่สูงกว่าคาด

### ประเด็นหลักจากผลประกอบการ

รายได้โต 36% YoY และทรงตัว QoQ อยู่ที่ 226 ล้านบาท ตามคาด โดยมีปัจจัยหนุนมาจากยอดขายผ่านโมเดิร์นเทรดที่เพิ่มสูงขึ้น อัตรากำไรขั้นต้นขยายตัวเป็น 52.2% ในไตรมาส 3/56 จาก 48.6% ในไตรมาส 3/55 และ 46.7% ในไตรมาส 2/56 ทั้งนี้อัตรากำไรขั้นต้นที่สูงกว่าคาดส่วนใหญ่เป็นผลมาจากบริษัทให้โปรโมชั่นส่วนลดเพื่อกระตุ้นยอดขายน้อยกว่าที่เราคาดการณ์ไว้ นอกจากนี้การเพิ่มขึ้นของยอดขายผ่านโมเดิร์นเทรดซึ่งมีอัตรากำไรที่ต่ำกว่าช่องทางอื่น ก็เป็นอีกปัจจัยที่ช่วยหนุนอัตรากำไรไตรมาสนี้เพิ่มสูงขึ้น

สัดส่วนค่าใช้จ่ายในการขายและบริหารต่อยอดขายลดลงเล็กน้อยมาอยู่ที่ 22.7% จาก 22.8% ในไตรมาส 3/55 และ 22.9% ในไตรมาส 2/56 ด้วยอานิสงส์จากการประหยัดต่อขนาด ซึ่งส่งผลให้อัตรากำไรจากการดำเนินงานปรับตัวดีขึ้นเป็น 30.1% ในไตรมาส 3/56 จาก 26.8% ในไตรมาส 3/55 และ 24.9% ในไตรมาส 2/56

### แนวโน้ม

ผลการดำเนินงานไตรมาส 4/56 จะปรับตัวดีขึ้นหนุนโดยปัจจัยทางฤดูกาล ประเด็นปัญหาเกี่ยวกับระบบแฟรนไชส์น่าจะคลี่คลายลงในเร็วนี้ซึ่งจะทำให้บริษัทกลับมาขยายสาขาร้านค้าคาร์มาร์ทได้อีกครั้งในปลายไตรมาส 4/56

### สิ่งที่เปลี่ยนแปลงไป

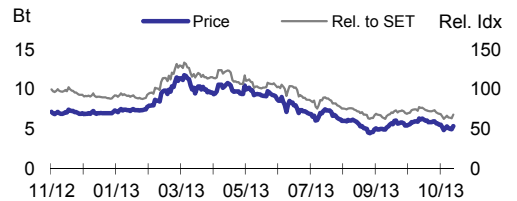
เราปรับเพิ่มประมาณการกำไรปี 2556-57 ของเราขึ้น 10% และ 7% ตามลำดับ เพื่อสะท้อนคาดการณ์แนวโน้มอัตรากำไรที่ขยายตัว ดังนั้นราคาเป้าหมาย ณ สิ้นปี 2557 ของเราเพิ่มขึ้นเป็น 6.20 บาท จาก 5.80 บาท

### คำแนะนำ

จากอัตราผลตอบแทนเป้าหมาย 15% เราจึงปรับเพิ่มคำแนะนำในหุ้น KAMART เป็น **ซื้อ** จาก **ถือ** อย่างไรก็ตาม ภายในกลุ่มค้าปลีกเครื่องสำอางค์ เรายังคงชอบหุ้น BEAUTY มากกว่าเนื่องจากมีแนวโน้มการเติบโตในระยะยาวที่ชัดเจนแข็งแกร่งและความเสี่ยงในการดำเนินงานต่ำกว่า

**Sector: Consumer/Retail Neutral**
**คำแนะนำพื้นฐาน: ซื้อ**
**เป้าหมายพื้นฐาน: 6.20 บาท**
**ราคา (12/11/13): 5.40 บาท**

### Price chart

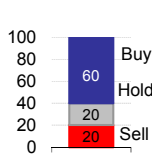


Share price perf. (%)	1M	3M	12M
Relative to SET	(10.4)	(9.8)	(32.5)
Absolute	(13.6)	(12.9)	(22.9)

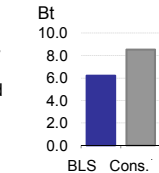
### Key statistics

Market cap	Bt3.3bn	USD0.1bn
12-mth price range	Bt4.3/Bt12.3	
12-mth avg daily volume	Bt57m	USD1.8m
# of shares (m)	608	
Est. free float (%)	48.9	
Foreign limit (%)	49.0	

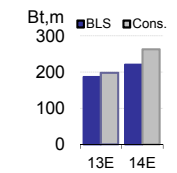
### Consensus rating



### BLS Target price vs. Consensus



### BLS earnings vs. Consensus



### Financial summary

FY Ended 31 Dec	2012	2013E	2014E	2015E
Revenues (Btm)	680	899	1,094	1,353
Net profit (Btm)	152	186	221	269
EPS (Bt)	0.25	0.30	0.33	0.41
EPS growth (%)	+35.8%	+18.9%	+10.7%	+21.7%
Core profit (Btm)	132	190	221	269
Core EPS (Bt)	0.22	0.31	0.33	0.41
Core EPS growth (%)	+2.6%	+40.4%	+8.5%	+21.7%
PER (x)	22.1	17.9	16.2	13.3
PBV (x)	5.9	5.2	4.5	4.2
Dividend (Bt)	0.2	0.2	0.3	0.3
Dividend yield (%)	3.8	4.4	4.8	5.7
ROE (%)	30.1	30.8	31.0	32.7

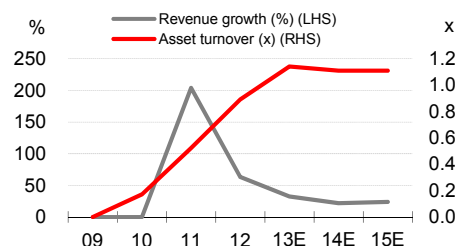
### CG rating

**N/A**
**ไชยธร ศรีเจริญ, CFA**
**+662 618 1000**

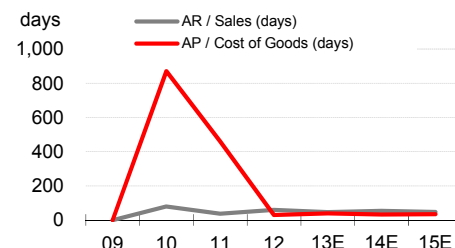
## KAMART : Financial Tables – Year

PROFIT & LOSS (Btm)	2011	2012	2013E	2014E	2015E
Revenue	417	680	899	1,094	1,353
Cost of sales and services	(178)	(337)	(446)	(549)	(680)
<b>Gross profit</b>	<b>239</b>	<b>343</b>	<b>453</b>	<b>545</b>	<b>673</b>
SG&A	(108)	(159)	(212)	(259)	(323)
<b>EBIT</b>	<b>131</b>	<b>184</b>	<b>241</b>	<b>286</b>	<b>350</b>
Interest expense	(17)	(14)	(13)	(16)	(21)
Other income/exp.	11	8	9	11	14
<b>EBT</b>	<b>126</b>	<b>178</b>	<b>238</b>	<b>282</b>	<b>343</b>
Corporate tax	0	(46)	(48)	(61)	(75)
<b>After-tax net profit (loss)</b>	<b>126</b>	<b>132</b>	<b>189</b>	<b>221</b>	<b>269</b>
Minority interest	3	(1)	0	0	0
Equity earnings from affiliates	0	0	0	0	0
Extra items	(16)	21	(4)	0	0
<b>Net profit (loss)</b>	<b>112</b>	<b>152</b>	<b>186</b>	<b>221</b>	<b>269</b>
Reported EPS	0.19	0.25	0.30	0.33	0.41
<b>Fully diluted EPS</b>	<b>0.19</b>	<b>0.25</b>	<b>0.28</b>	<b>0.33</b>	<b>0.41</b>
<b>Core net profit</b>	<b>128</b>	<b>132</b>	<b>190</b>	<b>221</b>	<b>269</b>
Core EPS	0.21	0.22	0.31	0.33	0.41
<b>EBITDA</b>	<b>159</b>	<b>213</b>	<b>274</b>	<b>325</b>	<b>395</b>
<b>KEY RATIOS</b>					
Revenue growth (%)	203.8	63.3	32.2	21.6	23.6
Gross margin (%)	57.3	50.4	50.4	49.8	49.7
EBITDA margin (%)	38.1	31.3	30.4	29.7	29.2
Operating margin (%)	31.5	27.1	26.8	26.2	25.9
Net margin (%)	26.9	22.4	20.7	20.2	19.9
Core profit margin (%)	30.8	19.4	21.1	20.2	19.9
ROA (%)	14.1	20.0	23.6	22.4	22.0
ROCE (%)	20.3	24.7	25.6	24.2	24.2
Asset turnover (x)	0.5	0.9	1.1	1.1	1.1
Current ratio (x)	1.1	3.5	3.1	4.7	5.2
Gearing ratio (x)	0.3	0.2	0.2	0.3	0.4
Interest coverage (x)	9.5	15.2	21.6	20.5	19.1
<b>BALANCE SHEET (Btm)</b>					
Cash & Equivalent	18	2	134	199	330
Accounts receivable	41	112	113	161	178
Inventory	238	277	281	361	386
PP&E-net	464	278	282	387	383
Other assets	26	68	29	27	25
<b>Total assets</b>	<b>787</b>	<b>738</b>	<b>838</b>	<b>1,135</b>	<b>1,302</b>
Accounts payable	224	28	47	49	64
ST debts & current portion	61	81	123	106	106
Long-term debt	52	29	12	156	210
Other liabilities	8	33	17	39	66
<b>Total liabilities</b>	<b>345</b>	<b>171</b>	<b>198</b>	<b>349</b>	<b>446</b>
Paid-up capital	600	360	370	396	396
Share premium	165	0	22	84	84
Retained earnings	(331)	183	224	281	351
<b>Shareholders equity</b>	<b>444</b>	<b>567</b>	<b>640</b>	<b>785</b>	<b>856</b>
Minority interests	(2)	(1)	(0)	(0)	(0)
<b>Total Liab.&amp;Shareholders' equity</b>	<b>787</b>	<b>738</b>	<b>838</b>	<b>1,135</b>	<b>1,302</b>
<b>CASH FLOW (Btm)</b>					
Net income	112	152	186	221	269
Depreciation and amortization	17	21	23	27	31
Change in working capital	(37)	(114)	14	(126)	(26)
FX, non-cash adjustment & others	8	13	16	16	21
<b>Cash flows from operating activities:</b>	<b>100</b>	<b>72</b>	<b>240</b>	<b>138</b>	<b>294</b>
Capex (Invest)/Divest	48	(23)	(26)	(130)	(26)
Others	(1)	(4)	0	0	0
<b>Cash flows from investing activities</b>	<b>47</b>	<b>(27)</b>	<b>(26)</b>	<b>(130)</b>	<b>(25)</b>
Debt financing (repayment)	(129)	(17)	30	133	60
Equity financing	0	0	32	88	0
Dividend payment	0	(90)	(145)	(164)	(198)
Others	(1)	(4)	0	0	0
<b>Cash flows from financing activities</b>	<b>(129)</b>	<b>(107)</b>	<b>(83)</b>	<b>57</b>	<b>(138)</b>
Net change in cash	17	(62)	132	65	131
<b>Free cash flow (Btm)</b>	<b>148</b>	<b>49</b>	<b>214</b>	<b>7</b>	<b>269</b>
<b>FCF per share (Bt)</b>	<b>0.2</b>	<b>0.1</b>	<b>0.3</b>	<b>0.0</b>	<b>0.4</b>
<b>Key Assumptions</b>					
No. of Kamarts shops	30	80	90	120	170
Tradition-trade sales growth	222%	17%	6%	8%	8%
Modern-trade sales growth	n.a.	n.a.	131%	31%	28%

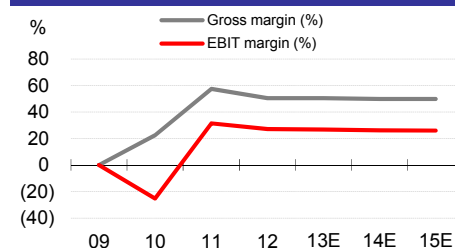
### Revenue growth and asset turnover



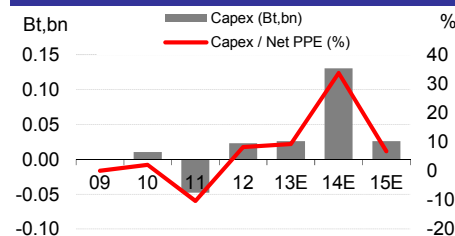
### A/C receivable & A/C payable days



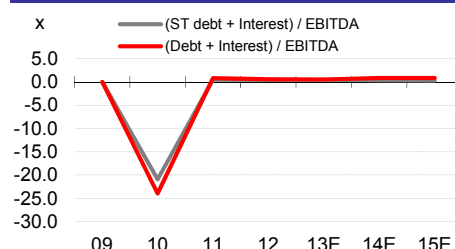
### Profit margins



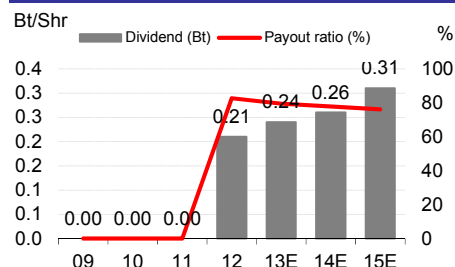
### Capital expenditure



### Debt serviceability



### Dividend payout



## KAMART : Financial Tables – Quarter

QUARTERLY PROFIT & LOSS (Btm)	3Q12	4Q12	1Q13	2Q13	3Q13
Revenue	166	191	196	224	226
Cost of sales and services	(85)	(96)	(94)	(120)	(108)
Gross profit	81	96	102	105	118
SG&A	(38)	(55)	(52)	(51)	(51)
<b>EBIT</b>	43	40	50	53	67
Interest expense	(4)	(3)	(3)	(3)	(3)
Other income/exp.	3	(1)	1	2	1
<b>EBT</b>	42	37	48	53	65
Corporate tax	(10)	(12)	(10)	(9)	(15)
After-tax net profit (loss)	32	24	38	43	50
Minority interest	(0)	1	0	0	0
Equity earnings from affiliates	0	0	0	0	0
Extra items	9	13	4	(7)	(0)
<b>Net profit (loss)</b>	40	38	42	36	50
Reported EPS	0.07	0.06	0.07	0.06	0.08
<b>Fully diluted EPS</b>	0.07	0.06	0.07	0.06	0.08
<b>Core net profit</b>	31	25	38	43	51
Core EPS	0.05	0.04	0.06	0.07	0.08
<b>EBITDA</b>	50	47	57	62	74

### KEY RATIOS

Gross margin (%)	48.6	50.0	52.1	46.7	52.2
EBITDA margin (%)	30.0	24.4	29.0	27.5	32.7
Operating margin (%)	27.3	20.7	26.2	24.9	30.1
Net margin (%)	24.2	19.9	21.2	16.1	22.2
Core profit margin (%)	18.7	12.9	19.4	19.4	22.3
BV (Bt)	0.9	0.9	1.0	1.0	1.0
ROE (%)	30.5	26.8	27.4	25.1	33.6
ROA (%)	17.9	20.6	20.2	17.9	24.4
Current ratio (x)	1.2	3.5	2.9	2.5	2.7
Gearing ratio (x)	0.3	0.2	0.2	0.3	0.2
Interest coverage (x)	(13.6)	(15.3)	(17.8)	(18.3)	(24.7)

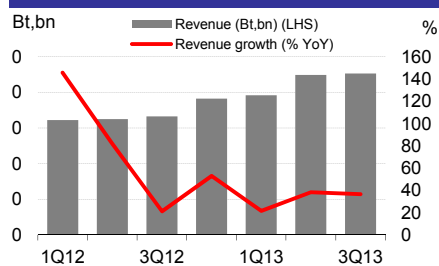
### QUARTERLY BALANCE SHEET (Btm)

Cash & Equivalent	3	2	52	36	60
Accounts receivable	85	112	123	141	144
Inventory	311	277	315	305	301
PP&E-net	467	278	276	271	269
Other assets	36	68	57	54	49
<b>Total assets</b>	901	738	823	807	824
Accounts payable	225	28	35	41	42
ST debts & current portion	102	81	140	147	130
Long-term debt	33	29	11	8	7
Other liabilities	14	33	29	38	48
<b>Total liabilities</b>	375	171	215	234	227
Paid-up capital	360	360	360	360	365
Share premium	0	0	0	0	11
Retained earnings	143	183	224	188	200
<b>Shareholders equity</b>	528	567	609	573	598
Minority interests	(1)	(1)	(1)	(1)	(1)
<b>Total Liab.&amp;Shareholders' equity</b>	901	738	823	807	824

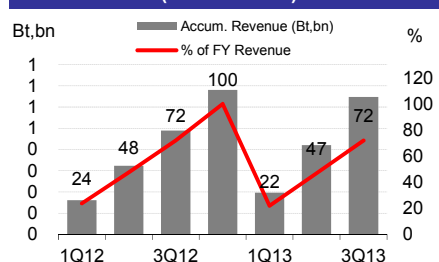
### Company profile

Kamart (KAMART) is an importer and distributor of makeup, facial care, body care, hair care, nail care, fragrance, beauty accessories, dietary supplements and consumer household products. Three major distribution channels are Kamarts shops, traditional trade agents and modern-trade retailers.

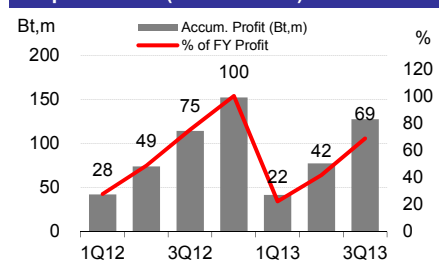
### Revenue trend



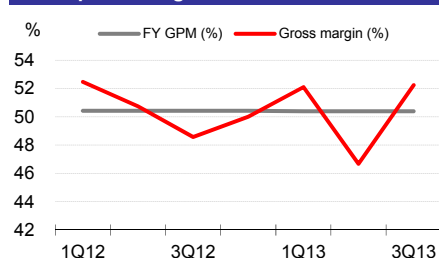
### Revenue trend (accumulated)



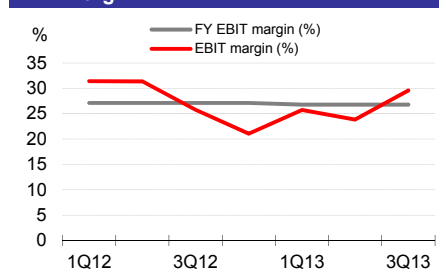
### Net profit trend (accumulated)



### Gross profit margin



### EBIT margin



**Figure 1 : 3Q13 results**

FY Ended 31 Dec (Btm)	3Q13	3Q12	YoY %	2Q13	QoQ %	9M13	9M12	YoY %	9M13 vs. FY13E
<b>Income Statement</b>									
Revenue	226	166	36	224	1	647	489	32	72
Cost of sales and services	(108)	(85)	27	(120)	(10)	(322)	(242)	33	72
EBITDA	74	50	49	62	20	193	166	16	70
EBIT	67	43	57	53	25	171	144	18	71
Interest expense	(3)	(4)	(18)	(3)	(11)	(10)	(11)	(13)	75
Other income/exp.	1	3	(48)	2	(46)	5	9	(47)	52
Equity earnings from affiliates	0	0	nm	0	nm	0	0	nm	nm
Extra items	(0)	9	(104)	(7)	nm	(4)	7	(156)	nm
<b>EBT</b>	<b>65</b>	<b>42</b>	<b>57</b>	<b>53</b>	<b>24</b>	<b>166</b>	<b>142</b>	<b>17</b>	<b>70</b>
Corporate tax	(15)	(10)	46	(9)	62	(34)	(34)	2	
Minority interest	0	(0)	nm	0	4	0	(1)	nm	
<b>Net profit (loss)</b>	<b>50</b>	<b>40</b>	<b>25</b>	<b>36</b>	<b>39</b>	<b>128</b>	<b>115</b>	<b>12</b>	<b>69</b>
Reported EPS	0.08	0.07	25	0.1	39	0.21	0.19	12	71
<b>Core net profit</b>	<b>51</b>	<b>31</b>	<b>63</b>	<b>43</b>	<b>16</b>	<b>132</b>	<b>107</b>	<b>23</b>	<b>70</b>
<b>Key ratios</b>									
Gross margin (%)	52.2	48.6		46.7		50.3	50.6		
EBITDA margin (%)	32.7	30.0		27.5		29.8	33.9		
EBIT margin (%)	29.6	25.8		23.8		26.4	29.5		
Tax rate (%)	22.7	24.3		17.4		20.6	23.7		
Net margin (%)	22.2	24.2		16.1		19.8	23.4		
Current ratio (x)	2.7	1.2		2.5		2.7	1.2		
Gearing ratio (x)	0.2	0.3		0.3		0.2	0.3		
Interest coverage (x)	24.7	13.6		18.3		17.9	13.2		
<b>Balance Sheet</b>									
Cash & Equivalent	60	3	2,240	36	69				
<b>Total assets</b>	<b>824</b>	<b>901</b>	<b>(9)</b>	<b>807</b>	<b>2</b>				
ST debts & current portion	130	102	27	147	(12)				
Long-term debt	7	33	(79)	8	(16)				
<b>Total liabilities</b>	<b>227</b>	<b>375</b>	<b>(39)</b>	<b>234</b>	<b>(3)</b>				
Retained earnings	200	143	40	188	6				
<b>Shareholders equity</b>	<b>598</b>	<b>528</b>	<b>13</b>	<b>573</b>	<b>4</b>				
Minority interests	(1)	(1)	nm	(1)	nm				
BV (Bt)	1.0	0.9	13	1.0	4				

- Revenue grew in line with our estimate

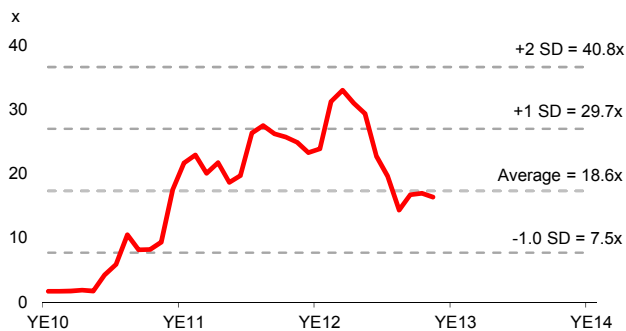
- GM exceeded our assumption, due to smaller-than-expected promotional discounts

Sources: Company data, Bualuang Research

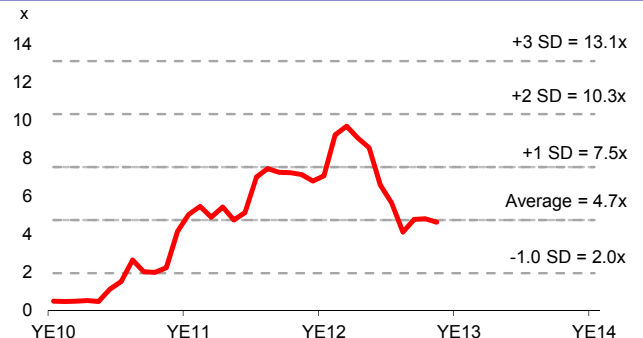
## Regional Comparisons

	Bloomberg Code	Price (local curr.)	Market Cap (US\$ equivalent)	PER (x)		EPS Growth (%)		PBV (x)		ROE (%)		Div Yield (%)	
				2013E	2014E	2013E	2014E	2013E	2014E	2013E	2014E	2013E	2014E
Suning Appliance Co Ltd	002024 CH	CNY10.4	2,546	72.9	39.4	-64.3	97.7	2.6	2.6	2.1	2.2	0.3	0.2
Wumart Stores Inc	1025 HK	HKD12.9	2,125	20.4	18.3	12.8	13.2	3.3	2.8	17.0	16.9	2.2	2.5
Parkson Retail Group	3368 HK	HKD2.7	985	9.2	8.7	-18.8	8.5	10	0.9	112	112	4.8	4.9
Nitori Hldg Co Ltd	9843 JT	JPY9,080.0	5,220	13.3	13.1	4.8	13	2.1	18	16.7	14.8	11	12
Lawson Inc	2651JT	JPY7,640.0	7,699	20.8	19.2	10.7	8.0	3.1	2.9	15.6	15.9	2.9	3.1
Seven & I Holdings Co Ltd	3382 JT	JPY3,585.0	3,1929	18.1	16.7	27.0	7.9	15	15	8.8	8.9	19	2.0
Family Mart	8028 JP	JPY4,365.0	4,284	17.8	16.2	-94.8	9.8	16	16	10.6	9.4	2.4	2.6
President Chain Store Corp	2912 TT	TWD206.0	7,236	26.1	23.8	214	10.0	8.2	7.2	33.2	32.7	2.6	3.0
Capitaland Limited	CAPL SP	SGD3.0	1,280	18.9	15.3	-15.5	17.8	0.8	0.8	5.2	5.7	2.4	2.5
SM Prime Holdings Inc.	SMPH PM	PHP 17.8	11,297	26.1	23.9	12.4	8.1	3.7	3.1	15.8	15.4	1.5	1.8
Home Depot	HD US	USD76.2	109,124	20.6	17.4	210	17.7	7.1	7.1	33.7	41.8	2.1	2.3
Costco whole sale corp	COST US	USD122.5	53,501	24.7	22.3	5.6	12.2	4.5	4.0	18.7	18.8	10	11
Carrefour	CA FP	EUR27.4	26,665	20.1	17.0	-8.3	-2.1	2.3	2.1	119	130	2.3	2.6
Home Product Center	HMPRO TB	THB11.0	3,366	32.7	25.7	216	27.6	9.2	7.6	30.3	32.5	2.4	1.8
Big C Supercenter	BIGC TB	THB10.0	4,982	24.1	20.5	7.7	17.6	4.3	3.7	19.1	19.5	1.2	1.5
Beauty Community	BEAUTY TB	THB22.70	215	30.1	210	30.2	43.4	6.1	5.3	216	27.0	2.0	2.9
Kamarts	KAMART TB	THB5.40	104	19.2	16.2	110	18.6	5.2	4.5	30.8	310	4.4	4.8
Berli Jucker	BJC TB	THB45.50	2,288	29.4	26.8	2.7	9.9	4.1	3.8	17.3	17.4	1.9	2.1
C.P. All	CPALL TB	THB41.00	11,645	33.6	28.0	-0.5	20.1	12.3	10.5	38.7	411	2.2	2.4
Central Pattana	CPN TB	THB46.00	6,527	33.8	27.4	-4.1	23.1	5.5	4.8	19.6	19.0	1.2	1.5
Siam Global House	GLOBAL TB	THB18.40	1,520	49.1	29.7	60.7	65.7	4.4	3.9	9.7	13.8	0.6	1.0
Robinson Department Store	ROBINS TB	THB56.75	1,993	30.9	23.1	-12	33.9	5.2	4.5	18.7	22.2	1.6	2.2
Officemate	OFM TB	THB33.00	334	27.0	21.7	36.1	24.3	2.4	2.2	9.0	10.5	1.8	2.3
Siam Makro	MAKRO TB	THB33.50	5,084	37.6	29.3	20.3	28.1	13.6	12.1	37.7	43.7	46.3	58.2
<b>Simple average</b>				<b>27.4</b>	<b>21.7</b>	<b>4.1</b>	<b>21.8</b>	<b>4.8</b>	<b>4.2</b>	<b>18.9</b>	<b>20.2</b>	<b>3.9</b>	<b>4.6</b>

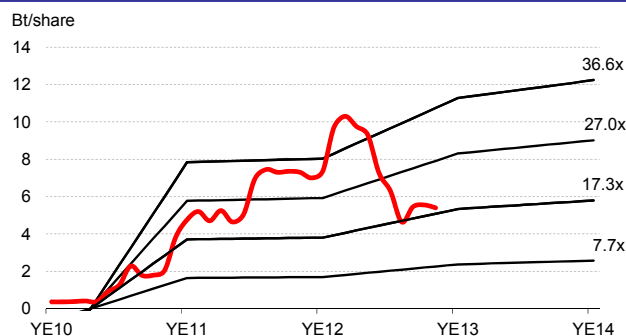
PER band versus SD (next 12 months)



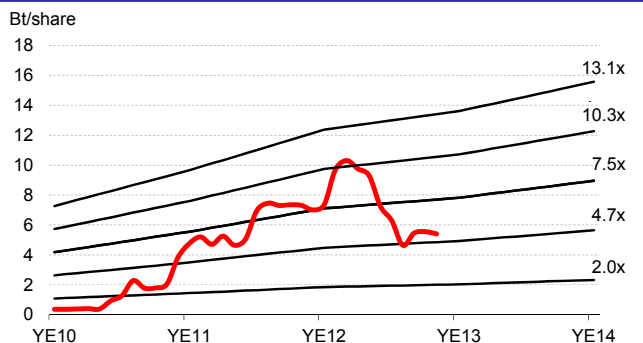
PBV band versus SD (next 12 months)



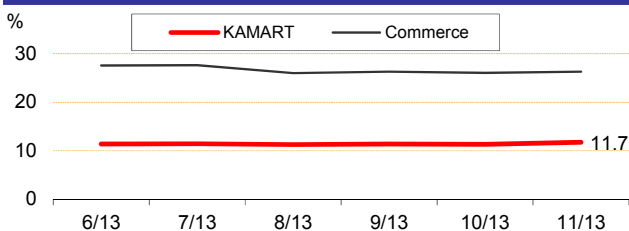
PER band and share price



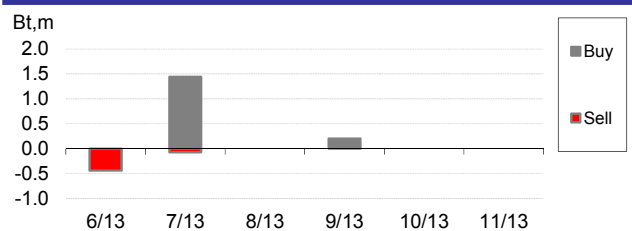
PBV band and share price



Foreign holding



Management trading activities during past six months








BUALUANG SECURITIES PUBLIC COMPANY LIMITED (BLS) is a subsidiary of BANGKOK BANK PUBLIC COMPANY LIMITED (BBL). This document is produced based upon sources believed to be reliable but their accuracy, completeness or correctness is not guaranteed. The statements or expressions of opinion herein were arrived at after due and careful consideration to use as information for investment. Expressions of opinion contained herein are subject to change without notice. This document is not, and should not be construed as, an offer or the solicitation of an offer to buy or sell any securities. The use of any information shall be at the sole discretion and risk of the user.

BUALUANG SECURITIES PUBLIC COMPANY LIMITED MAY BE IN RELATIONSHIP WITH THE SECURITIES IN THIS REPORT. "Opinions, projections and other information contained in this report are based upon sources believed to be accurate including the draft prospectus, but no responsibility is accepted for any loss occasioned by reliance placed upon the contents hereof. Bualuang Securities Public Company Limited may from time to time perform investment, advisory or other services for companies mentioned in this report, as well as dealing (as principal or otherwise) in, or otherwise being interested in, any securities mentioned herein, This report does not constitute a solicitation to buy or sell any securities". Investors should carefully read details in the prospectus before making investment decision.

BUALUANG SECURITIES PUBLIC COMPANY LIMITED ACTS AS MARKET MAKER AND ISSUER OF DWs UNDERLYING STOCKS. Investors should carefully read the details of the derivative warrants in the prospectus before making investment decisions. (Please file information: [www.blswarrant.com](http://www.blswarrant.com))

BUALUANG SECURITIES PUBLIC COMPANY LIMITED IS OR MAY BE A UNDERWRITER/CO-UNDERWRITER/JOINT LEAD IN RESPECT OF THE INITIAL PUBLIC OFFERING ("IPO") OF SECURITIES.

Financial Advisor	Lead underwriter/ Underwriter/ Co-underwriter
	BJCHI, ICHI, MEGA, NYT, PCSGH

Score Range	Score Range	Description
90 – 100		Excellent
80 – 89		Very Good
70 – 79		Good
60 – 69		Satisfactory
50 – 59		Pass
Below 50	No logo given	N/A

#### CORPORATE GOVERNANCE REPORT DISCLAIMER

This research report was prepared by Bualuang Securities Public Company Limited and refers to research prepared by Morgan Stanley. Morgan Stanley does not warrant or guarantee the accuracy or completeness of its research reports. Morgan Stanley reserves copyright and other proprietary rights in the material reproduced in this report. Morgan Stanley is under no obligation to inform Bualuang Securities or you if the views or information referred to or reproduced in this research report change.

#### Corporate Governance Report 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 evaluation of operation and is not base 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. Bualuang Securities Public Company Limited does not conform nor certify the accuracy of such survey result.

#### BUALUANG RESEARCH – RECOMMENDATION FRAMEWORK

##### STOCK RECOMMENDATIONS

**BUY:** Expected positive total returns of 15% or more over the next 12 months.

**HOLD:** Expected total returns of between -15% and +15% over the next 12 months.

**SELL:** Expected negative total returns of 15% or more over the next 12 months.

**TRADING BUY:** Expected positive total returns of 15% or more over the next 3 months.

##### SECTOR RECOMMENDATIONS

**OVERWEIGHT:** The industry, as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 12 months.

**NEUTRAL:** The industry, as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months.

**UNDERWEIGHT:** The industry, as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index over the next 12 months.