

Aurora Design Pcl.

August 23, 2024

AURA

Extra benefits from spike in gold price may not be sustainable



Highlights

- ▶ Slightly positive view of AURA's post-results meeting on 1) more upbeat operating guidance; 2) elevated gold price; and 3) high consumer demand for gold financing.
- ▶ Revise up our 2024/25/26 core profit estimates by 11.8%/7.5%/11.7%, implying a 3-year CAGR of 18.1% (13.9% previously) and raise our mid-2025 target price by 0.3% from Bt18.43 to Bt18.48.
- ▶ Maintain our Outperform call on 1) an extended period of lofty profit margins from higher revenue from gold reselling and gold financing; and 2) a prolonged period of elevated gold prices, tight credit, and a subdued economy.

Investment Fundamentals

Year end Dec 31	2022A	2023A	2024E	2025E
Company Financials				
Revenue (Btmn)	29,581	29,878	31,202	33,846
Core profit (Btmn)	728	839	1,105	1,197
Net profit (Btmn)	709	859	1,105	1,197
Net EPS (Bt)	0.53	0.64	0.83	0.90
DPS (Bt)	1.30	0.31	0.41	0.45
BVPS (Bt)	3.70	4.26	4.64	5.14
Net EPS growth (%)	-99.02	21.14	28.60	8.30
ROA (%)	6.80	7.09	7.57	7.16
ROE (%)	19.34	16.20	18.62	18.34
Net D/E (x)	0.74	0.89	1.07	1.14
Valuation				
P/E (x)	32.91	23.91	17.63	16.28
P/BV (x)	4.73	3.62	3.15	2.84
EV/EBITDA (x)	18.79	15.32	12.47	12.07
Dividend yield (%)	7.46	2.02	2.84	3.07

Analyst

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OUTPERFORM	Target Price/Upside:	Bt18.48/26.58%
Maintain Rating	Previous target price:	Bt18.43
Valuation: PER and DCF	Price (Aug 22, 2024)	Bt14.30
Sector: Fashion	No. of shares on issue:	1,334mn
Market Cap: Bt19,476mn	CG Scoring (IOD-Y2023):	Very Good
30-day avg turnover: Bt20.51mn	Anti-Corruption Indicator:	N/A

Investment Topics

- ▶ **Event.** We attended AURA's post-results analyst meeting on Aug. 19.
- ▶ **What's new?** First, management raised several financial targets for 2024, i.e. total outlets of 488 (484 previously), gold financing portfolio value of Bt4.5bn (Bt4.2bn), and net profit growth of >20% (10%+/-). Second, management acknowledged that its robust 1H24 operations came from a big jump in the gold price that may not recur in 2H24. Under this scenario, GPM should fall from 10.3% in 1H24 to 8%-9% in 2H24. Third, a more stable gold price should revive retail gold trading activities whereas a likely rate cut would expand the net interest margin, both of which should neutralize the GPM compression. Last, AURA under a newly hired veteran CFO is working to find alternative financing options, i.e. local debentures, etc. to support the high demand for gold financing.
- ▶ **Outlook.** We have a slightly positive view of AURA from the meeting. First, we believe that the gold price should stay elevated for quite some time amid fear of prolonged geopolitical tension and de-dollarization. Second, we believe that management's more upbeat operating guidance should send a positive signal to the market. Last, we foresee some upside risk if rate cuts are implemented some time in 2H24.
- ▶ **Earnings revision.** To reflect its robust 1H24 results and elevated gold price, we revise up our 2024/25/26 core profit estimates by 11.8%/7.5%/11.7%, implying higher core profit growth in 2024/25/26 from 17.7%/12.6%/11.3% to 31.7%/8.3%/15.7%, or an increase in 3-year CAGR of core profit from 13.9% to 18.1%. We assume that the gold price will fluctuate less at this elevated level, resulting in a normalized gross profit margin of AURA's modern gold business of 8%. We revise up its 2024/25/26 gold financing portfolio value by 15.1%/23.8%/36.6% to Bt4.5bn/Bt5.8bn/Bt7.3bn, resulting in higher revenue/net profit contributions from the gold financing business from 1%/16% in 2023 to 3%/35% in 2026. Meanwhile, we assume that AURA's 2024/25/26 net debt to equity will increase from 0.77x/0.66x/0.57x to 1.07x/1.14x/1.17x, resulting in a sideways ROIC of 9.3%/9.1%/9.3% from 8.9%/9.3%/9.7% previously.

Valuation and Recommendation

- ▶ **Outperform.** We maintain our Outperform call on AURA with a new mid-2025 target price of Bt18.48. Potential rerating catalysts are 1) higher-than-expected expansion of the gold financing business; 2) upside risk to profit margins from an upswing in gold prices; and 3) new business models to accelerate earnings growth after the end of the easy growth phase in the next 2-3 years. We raise our target price by 0.3% from Bt18.43 to Bt18.48 as the effects of our earnings revision and the roll forward of base year are neutralized by the slower core profit growth from a high base in 2024 and lower PERs of its domestic peers.
- ▶ **Risks:** 1) a deep and quick drop in gold prices; 2) inefficient inventory management; and 3) stiffer competition from SME gold and pawn shops.

About AURA: The company engages in 1) the retail distribution (sale and resale) of gold jewelry, diamonds, gems, and k-gold; and 2) service of sale with the right of redemption for jewelry. AURA operates 406 jewelry retail chain throughout the country. The major shareholder is the Srirungthum family with a holding stake of 64.38%.

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Fig 1 Revenue breakdown and drivers

Btmn	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
Revenue breakdown										
Gold jewelry retail sales										
7,543	6,079	6,500	7,659	6,948	7,242	6,257	7,611	7,656	7,096	
Jewelry retail sales	301	377	417	481	467	304	373	376	406	296
Interest income from gold financing	46	55	61	60	60	70	78	91	99	133
Total revenue	7,890	6,511	6,979	8,200	7,475	7,616	6,708	8,078	8,161	7,525
Key data										
Avg selling price of gold jewelry (Bt/Bt gold)	29,839	31,035	30,328	30,248	30,829	32,760	32,599	33,881	34,926	41,120
Price change (Bt/Bt gold)		1,196	-706	-80	580	1,931	-161	1,282	1,045	6,194
Expected volume sale of gold jewelry (Bt gold)	252,789	195,869	214,334	253,220	225,368	221,075	191,951	224,648	219,216	172,560
Portfolio value of gold financing	1,408	1,644	1,845	1,899	1,859	2,305	2,751	2,724	3,186	4,096
No of outlets by types										
Aurora + Seng Heng	221	225	227	233	236	242	246	261	262	263
Diamond + Khong Kwan	10	9	8	6	7	7	7	7	7	7
Thongma Ngernpai	19	30	35	40	47	70	89	138	160	181
Total number of outlets	250	264	270	279	290	319	342	406	429	451
Revenue drivers										
Gold jewelry retail sales per outlet (Btmn/outlet/quarter)	34	27	29	33	29	30	25	29	29	27
Expected volume sale per outlet (Bt gold)	1,144	871	944	1,087	955	914	780	861	837	656
Jewelry retail sales per outlet (Btmn/outlet/quarter)	30	42	52	80	67	43	53	54	58	42
Portfolio value per outlet (Btmn/outlet)	74	55	53	47	40	33	31	20	20	23
Lending rate (%)	13.0%	13.5%	13.2%	12.7%	13.0%	12.2%	11.4%	13.3%	12.4%	13.0%

Source: Company, KS Research

Fig 2 Opex breakdown and drivers

Btmn	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
Cost breakdown										
Cost of goods sold										
Gold jewelry retail business	7,078	5,707	6,225	7,218	6,529	6,754	5,885	7,095	7,060	6,361
Jewelry retail business	157	225	205	249	226	153	200	183	228	163
Gold financing business	0	0	0	0	0	0	0	0	0	0
Total	7,235	5,932	6,430	7,467	6,756	6,907	6,084	7,278	7,288	6,525
Gross profit margin (%)										
Gold jewelry retail business	6.2%	6.1%	4.2%	5.8%	6.0%	6.7%	6.0%	6.8%	7.8%	10.3%
Jewelry retail business	48.1%	40.3%	51.0%	48.2%	51.6%	49.7%	46.5%	51.5%	43.8%	44.8%
Gold financing business	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total	8.3%	8.9%	7.9%	8.9%	9.6%	9.3%	9.3%	9.9%	10.7%	13.3%
SG&A expense	318	347	373	423	350	410	399	428	460	468
SG&A to sales ratio	4.0%	5.3%	5.3%	5.2%	4.7%	5.4%	6.0%	5.3%	5.6%	6.2%
SG&A expense per outlet	1.27	1.31	1.38	1.51	1.21	1.29	1.17	1.06	1.07	1.04
Operating profit	337	232	176	311	370	299	225	372	413	532
OPM (%)	4.3%	3.6%	2.5%	3.8%	4.9%	3.9%	3.4%	4.6%	5.1%	7.1%

Source: Company, KS Research

Fig 3 GPM of gold jewelry retail business

Weight (Bt gold)	2024			2023				
	Retail price (Bt)	GTA's selling price (Bt)	Goldsmith fee (Bt)	% of retail price	Retail price (Bt)	GTA's selling price (Bt)	Goldsmith fee (Bt)	% of retail price
0.25	11,465	10,175	1,290	11.3%	10,553	9,288	1,266	12.0%
0.50	21,840	20,350	1,490	6.8%	19,815	18,575	1,240	6.3%
1.00	42,590	40,700	1,890	4.4%	38,840	37,150	1,690	4.4%

Source: Company, KS Research

Fig 4 Net profit breakdown

Btmn	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
Source of fund										
Borrowing	4,243	4,407	4,377	3,153	4,053	4,367	4,975	4,959	5,323	7,001
Lease	1,179	1,145	988	921	847	782	703	658	583	522
IBD	5,422	5,551	5,364	4,074	4,900	5,148	5,678	5,616	5,907	7,523
Equity	2,641	2,785	2,897	4,931	5,198	5,291	5,433	5,678	5,952	5,884
Change	273	-74	743	1,093	341	671	183	565	1,547	
D/E (x)	2.05	1.99	1.85	0.83	0.94	0.97	1.05	0.99	0.99	1.28
Use of fund										
Working capital ex gold financing	4,593	5,310	5,315	5,307	5,925	6,353	6,494	7,254	6,777	6,825
Gold financing port	1,408	1,644	1,845	1,899	1,859	2,305	2,751	2,724	3,186	4,096
Cash needed	953	206	47	578	874	587	733	-14	958	
Interest expense	47	51	50	71	53	61	69	79	78	108
Effective interest rate (%)	3.44%	3.75%	3.68%	5.98%	4.75%	4.87%	5.11%	5.60%	5.45%	6.43%
Others	10	9	15	24	17	12	21	10	8	6
EBT	301	190	141	265	333	249	176	303	343	430
Tax charge	61	47	29	53	66	50	35	62	68	85
Effective tax rate (%)	20.2%	24.6%	20.2%	20.0%	19.8%	19.9%	19.8%	20.4%	19.8%	19.9%
Net profit breakdown										
Retail business	213	112	77	186	237	164	105	200	228	285
Gold financing business	27	31	36	26	31	36	37	42	47	60
Total	240	143	113	212	267	200	142	242	275	345
Net profit margin (%)										
Retail business	2.7%	1.7%	1.1%	2.3%	3.2%	2.2%	1.6%	2.5%	2.8%	3.9%
Gold financing business	58.7%	55.9%	58.8%	42.7%	50.6%	51.2%	47.1%	46.0%	47.5%	44.9%
Total	3.0%	2.2%	1.6%	2.6%	3.6%	2.6%	2.1%	3.0%	3.4%	4.6%
Profit contribution from gold financing business	11.3%	21.6%	31.9%	12.1%	11.4%	18.0%	26.0%	17.3%	17.1%	17.4%
ROE (%)	38.0%	21.1%	15.8%	21.7%	21.1%	15.2%	10.6%	16.0%	18.9%	23.3%
ROIC (%)	11.4%	6.9%	5.5%	9.3%	10.3%	8.0%	5.8%	7.6%	9.8%	11.4%

Source: Company, KS Research

Fig 5 Long-term trend of monthly average gold jewelry selling price (Bt per Bt gold)



Source: Gold Trader Association, Company, KS Research
Remark: One baht of gold jewelry equals 15.16 grams.

Fig 6 Movement of monthly average gold bar selling prices during 2021-24 (Bt per Bt gold)



Source: Gold Trader Association, Company, KS Research
Remark: One baht of gold jewelry equals 15.16 grams.

Fig 7 Earnings revision

Btmn	2023A	New			Previous			% change		
		2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Revenue	29,878	31,202	33,846	36,563	30,029	32,296	34,207	3.9%	4.8%	6.9%
COGS	27,025	27,562	29,820	32,044	26,936	29,026	30,713	2.3%	2.7%	4.3%
Gross profit	2,853	3,640	4,026	4,518	3,093	3,270	3,494	17.7%	23.1%	29.3%
SG&A exp	1,588	1,863	2,040	2,227	1,595	1,603	1,661	16.8%	27.2%	34.1%
Operating profit	1,265	1,777	1,986	2,291	1,498	1,667	1,833	18.6%	19.1%	25.0%
Other inc (exp)	59	35	41	38	35	41	38	0.0%	0.0%	0.0%
EBIT	1,325	1,812	2,027	2,330	1,533	1,709	1,871	18.2%	18.7%	24.5%
Interest exp	263	431	531	600	298	318	323	44.5%	67.3%	85.8%
Tax	212	276	299	346	247	278	310	11.8%	7.5%	11.7%
Net profit	850	1,105	1,197	1,384	988	1,113	1,239	11.8%	7.5%	11.7%
Core profit	839	1,105	1,197	1,384	988	1,113	1,239	11.8%	7.5%	11.7%
No of shares (m)	1,334	1,334	1,334	1,334	1,334	1,334	1,334	0.0%	0.0%	0.0%
EPS (Bt)	0.64	0.83	0.90	1.04	0.74	0.83	0.93	11.8%	7.5%	11.7%
Core EPS (Bt)	0.63	0.83	0.90	1.04	0.74	0.83	0.93	11.8%	7.5%	11.7%
DPS (Bt)	0.32	0.41	0.45	0.52	0.37	0.42	0.46	11.8%	7.5%	11.7%

Source: Company, KS Research

Fig 8 Key assumptions

Btmn	2023E	New			Previous			% change		
		2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Operating stats										
No of outlets - ending	406	458	510	561	484	546	596	-5.4%	-6.7%	-5.9%
Unit sold (Bt gold)	862,744	743,599	765,137	826,336	857,994	920,140	972,905	-13.3%	-16.8%	-15.1%
Unit price (Bt/Bt gold)	32,523	39,729	41,228	40,899	34,500	34,500	34,500	15.2%	19.5%	18.5%
Goldsmith fee (Bt/Bt gold)	2,081	3,358	3,330	3,270	2,058	1,950	1,910	63.2%	70.7%	71.3%
Loan portfolio	2,788	4,508	5,837	7,277	3,918	4,714	5,328	15.1%	23.8%	36.6%
Effective lending rate (%)	12.8%	14.8%	14.7%	14.6%	12.8%	12.8%	12.8%	2.0%	1.9%	1.8%
Financial ratios										
Revenue % YoY	1.0%	4.4%	8.5%	8.0%	0.5%	7.5%	5.9%	3.9%	0.9%	2.1%
Core profit % YoY	18.5%	31.7%	8.3%	15.7%	17.7%	12.6%	11.3%	13.9%	-4.3%	4.3%
GPM (%)	9.5%	11.7%	11.9%	12.4%	10.3%	10.1%	10.2%	1.4%	1.8%	2.1%
Operating margin (%)	4.2%	5.7%	5.9%	6.3%	5.0%	5.2%	5.4%	0.7%	0.7%	0.9%
SG&A to sale (%)	5.3%	6.0%	6.0%	6.1%	5.3%	5.0%	4.9%	0.7%	1.1%	1.2%
Core profit margin (%)	2.8%	3.5%	3.5%	3.8%	3.3%	3.4%	3.6%	0.3%	0.1%	0.2%
INV days	102	114	112	109	110	100	97	3.6%	11.7%	11.8%
Net debt to equity (x)	0.89	1.07	1.14	1.17	0.77	0.66	0.57	39.1%	71.7%	106.0%
Net debt to EBITDA (x)	3.02	3.16	3.46	3.51	2.56	2.29	2.02	23.4%	51.3%	73.7%
ROE (%)	16.0%	18.6%	18.3%	19.1%	16.7%	17.3%	17.4%	1.9%	1.1%	1.7%
ROIC (%)	7.6%	9.3%	9.1%	9.3%	8.9%	9.3%	9.7%	0.3%	-0.1%	-0.4%

Source: Company, KS Research

Fig 9 Quarterly results preview

Btmn	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24E	4Q24E
Revenue	6,466	4,845	3,431	7,513	7,890	6,511	6,979	8,200	7,475	7,616	6,708	8,078	8,161	7,525	7,252	8,264
COGS	6,043	4,348	3,056	6,831	7,235	5,932	6,430	7,467	6,756	6,907	6,084	7,278	7,288	6,525	6,423	7,326
Gross profit	423	497	375	682	655	579	549	734	719	709	624	801	873	1,000	829	938
SG&A exp	267	249	232	353	318	347	373	423	350	410	399	428	460	468	452	482
Operating profit	156	248	143	329	337	232	176	311	370	299	225	372	413	532	377	456
Other inc (exp)	11	8	32	7	10	9	15	24	17	12	21	10	8	6	6	6
EBIT	167	256	174	336	347	241	191	335	386	310	246	383	421	538	383	462
EBITDA	241	334	231	430	428	327	271	410	465	398	329	479	526	651	498	580
Interest exp	47	50	49	54	47	51	50	71	53	61	69	79	78	108	121	124
EBT	120	206	125	282	301	190	141	265	333	249	176	303	343	430	263	338
Tax charge	24	37	25	56	61	47	29	53	66	50	35	62	68	85	53	68
NCI	0	0	0	5	0	0	0	0	0	0	0	0	0	0	0	0
Net profit	97	168	100	221	240	143	113	212	267	200	142	242	275	345	210	271
Core profit	90	167	80	225	244	146	123	195	266	196	132	245	274	345	210	271
FD EPS (Bt)	0.07	0.13	0.08	0.17	0.18	0.11	0.08	0.16	0.20	0.15	0.11	0.18	0.21	0.26	0.16	0.20
FD core EPS (Bt)	0.07	0.13	0.06	0.17	0.18	0.11	0.09	0.15	0.20	0.15	0.10	0.18	0.21	0.26	0.16	0.20

Source: Company, KS Research

Fig 10 Valuation summary

PER	New	Previous	%change	DCF	New	Previous	%change
Relative PER (x)	17.73	20.73	-14.5%	WACC	6.4%	6.6%	-0.2%
PEG based PER (x)	14.25	13.86	2.8%	LTG rate	3.0%	3.0%	0.0%
Average PER (x)	15.99	17.30	-7.6%	PV of FCFF (2023-29E)	4,820	5,947	-19.0%
Mid-2025 net profit (Btmn)	1,142	988	15.6%	PV of TV	34,043	30,826	10.4%
Mid-2025 PER value	18,267	17,090	6.9%	Net debt	-7,827	-4,704	66.4%
No of shares (m)	1,334	1,334	0.0%	PV of FCFE	31,035	32,068	-3.2%
Bt per share	13.69	12.81	6.9%	Bt per share	23.26	24.04	-3.2%
	New				Previous		% change
Blended value (Bt/share)	18.48				18.43		0.3%

Source: Company, KS Research

Fig 11 DCF-based fair value

Year	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Count	0	1	2	3	4	5	6	7
Discount factor	1.00	0.94	0.88	0.83	0.78	0.73	0.69	0.65
EBITDA	2,262	2,537	2,883	3,113	3,362	3,631	3,922	4,235
Tax	-452	-507	-577	-623	-672	-726	-784	-847
Change in NWC	-1,738	-1,640	-1,754	-1,705	-1,657	-1,611	-1,566	-1,522
Capex	-123	-123	-123	-123	-123	-123	-123	-123
FCFF	-52	266	429	662	909	1,171	1,448	1,743
PV of FCFF	-52	250	379	550	709	858	998	1,128
PV of TV	34,043							
Sum of PV FCFF	38,862							
		Cost of debt		Cost of equity		Cost of capital		
Net debt	-7,827	Kd	5.6%	Rf	3.0%	Debt portion	61.1%	
PV of FCFE	31,035	KdAT	4.5%	Rm	8.0%	WACC	6.41%	
No of shares (m)	1,334			Beta	0.8	LTG	3.0%	
Bt per share	23.26			Ke	9.4%			

Source: Company, KS Research

Fig 12 Balance sheet

Btmn	2020	2021	2022	2023	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
Cash	328	514	419	560	557	336	259	560	166	195
A/R	1,315	1,329	2,049	2,895	2,076	2,395	2,898	2,895	3,331	4,244
INV	5,642	6,421	6,723	8,369	7,258	7,615	7,700	8,369	8,456	8,929
PP&E	100	101	140	201	143	159	167	201	226	228
ROU	1,219	1,403	1,184	964	1,112	1,057	991	964	897	844
Others	269	278	300	423	416	420	416	423	550	555
Total assets	8,874	10,046	10,814	13,412	11,561	11,982	12,431	13,412	13,327	14,995
A/P	1,004	1,749	987	1,301	675	765	620	1,301	866	676
Borrowings	4,049	4,054	3,153	4,959	4,053	4,367	4,975	4,959	5,323	7,001
Lease	1,012	1,189	921	658	847	782	703	658	583	522
Others	625	653	822	817	789	777	700	817	902	913
Total liabilities	6,691	7,644	5,883	7,734	6,363	6,691	6,999	7,734	7,675	9,112
Paid-up capital	1,000	1,000	1,334	1,334	1,334	1,334	1,334	1,334	1,334	1,334
Share premium	0	0	3,228	3,228	3,228	3,228	3,228	3,228	3,228	3,228
Legal reserve	10	27	62	105	62	62	62	105	105	105
R/E	1,177	1,375	306	1,010	573	666	808	1,010	1,285	1,216
Others	-5	0	0	0	0	0	0	0	0	0
Total equity	2,182	2,402	4,931	5,678	5,198	5,291	5,433	5,678	5,952	5,884
Key financials										
Debt	5,062	5,243	4,074	5,616	4,900	5,148	5,678	5,616	5,907	7,523
Net debt	4,734	4,729	3,655	5,056	4,343	4,813	5,419	5,056	5,741	7,328
Net debt/equity (x)	2.17	1.97	0.74	0.89	0.84	0.91	1.00	0.89	0.96	1.25
Net debt/EBITDA (x)	3.28	3.82	2.54	3.02	2.33	3.02	4.12	2.64	2.73	2.81
ROAE (%)	40.4%	26.8%	19.3%	16.0%	21.1%	15.2%	10.6%	16.0%	18.9%	23.3%
ROAA (%)	14.7%	9.9%	10.7%	10.9%	13.8%	10.5%	8.0%	10.9%	12.5%	15.0%
ROIC (%)	10.3%	7.1%	7.9%	7.6%	10.3%	8.0%	5.8%	7.6%	9.8%	11.4%
A/R days	22	22	21	30	25	27	36	30	35	46
INV days	106	109	89	102	94	98	115	102	105	122
A/P days	18	25	18	15	11	10	10	15	14	11

Source: Company, KS Research

Fig 13 Cash flow statement

Btmn	2020	2021	2022	2023	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
Gross CFO	1,254	1,037	1,291	1,515	472	320	226	497	535	541
Change in A/R	-260	-13	-712	-984	-22	-319	-493	-150	-435	-891
Change in INV	-713	-784	-302	-1,494	-535	-358	-85	-516	-86	-473
Change in A/P	-19	548	-395	361	-295	101	-134	688	-427	-178
Others	7	87	134	-150	-215	19	-2	48	-12	13
Change in NWC	-986	-161	-1,275	-2,268	-1,066	-556	-715	70	-961	-1,529
Net CFO	269	876	16	-753	-594	-236	-489	567	-426	-988
Capex	-43	-71	-95	-125	-19	-31	-26	-50	-44	-29
Others	1	0	0	0	0	0	0	0	0	0
Net CFI	-42	-71	-95	-125	-19	-31	-26	-50	-44	-29
Change in borrowings	193	-21	-941	1,766	894	304	609	-41	354	1,666
Change in lease	-290	-306	-364	-379	-89	-91	-102	-96	-99	-101
Change in equity	0	0	3,562	0	0	0	0	0	0	0
Dividend payment	0	-158	-1,933	-107	0	-107	0	0	0	-414
Interest payment	-88	-135	-345	-262	-53	-61	-69	-79	-78	-108
Others	0	0	0	0	0	0	0	0	0	0
Net CFF	-184	-620	-20	1,019	751	45	438	-216	177	1,044
Net CF	42	186	-99	142	138	-221	-76	301	-293	27
Cash - beginning	286	328	517	418	418	557	335	259	458	165
Others	0	0	0	0	0	0	0	0	0	0
Cash - ending	328	514	418	560	557	335	259	560	165	192
Key financials										
EBITDA - Capex	1,401	1,166	1,342	1,547	446	368	303	430	482	622
CFO - Capex + Chg in NWC	1,212	967	1,197	1,390	453	289	200	447	491	512
Change in NWC	-986	-161	-1,275	-2,268	-1,066	-556	-715	70	-961	-1,529
FCFF	226	805	-78	-878	-613	-267	-515	517	-470	-1,017

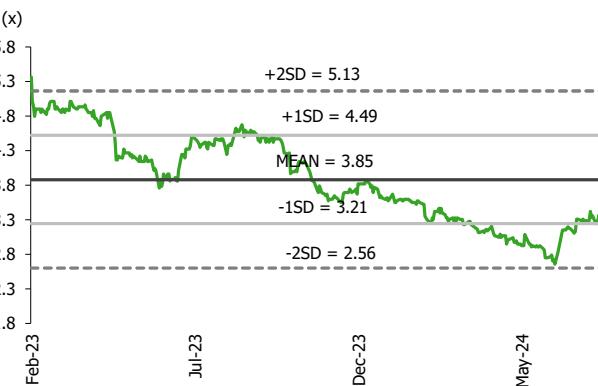
Source: Company, KS Research

Fig 14 PER band



Source: LSEG, Company, KS Research

Fig 15 PBV band



Source: LSEG, Company, KS Research

Year-end 31 Dec

Income Statement (Btmn)	2022A	2023A	2024E	2025E	2026E	Cashflow (Btmn)	2022A	2023A	2024E	2025E	2026E
Revenue	29,581	29,878	31,202	33,846	36,563	Net profit	709	859	1,105	1,197	1,384
Cost of sales and services	-27,063	-27,025	-27,562	-29,820	-32,044	Depreciation & amortization	380	406	315	276	245
Gross Profit	2,517	2,853	3,640	4,026	4,518	Change in working capital	-1,275	-2,268	-2,140	-1,738	-1,640
SG&A	-1,460	-1,588	-1,863	-2,040	-2,227	Others	202	250	276	299	346
Other income	0	0	0	0	0	CF from operation activities	16	-753	-444	33	335
EBIT	1,057	1,265	1,777	1,986	2,291	Capital expenditure	-95	-125	-124	-123	-123
EBITDA	1,437	1,672	2,092	2,262	2,537	Investment in subs and affiliates	0	0	0	0	0
Interest expense	-219	-263	-431	-531	-600	Others	0	0	0	0	0
Equity earnings	0	0	0	0	0	CF from investing activities	-95	-125	-124	-123	-123
EBT	898	1,071	1,381	1,496	1,730	Cash dividend	-1,933	-107	-552	-598	-692
Income tax	-189	-212	-276	-299	-346	Net proceeds from debt	-1,305	1,388	1,486	1,269	1,404
NPAT	709	859	1,105	1,197	1,384	Capital raising	3,562	0	0	0	0
Minority Interest	0	0	0	0	0	Others	-345	-262	-431	-531	-600
Core Profit	728	839	1,105	1,197	1,384	CF from financing activities	-20	1,019	502	139	113
Extraordinary items	19	-20	0	0	0	Net change in cash	-99	142	-66	49	325
FX gain (loss)	0	0	0	0	0	Key Statistics & Ratios					
Reported net profit	709	859	1,105	1,197	1,384	Per share (Bt)					
Balance Sheet (Btmn)						Reported EPS	0.53	0.64	0.83	0.90	1.04
Cash & equivalents	419	560	494	543	868	Core EPS	0.55	0.63	0.83	0.90	1.04
ST investments	0	0	0	0	0	DPS	1.30	0.31	0.41	0.45	0.52
Accounts receivable	2,049	2,895	4,508	5,837	7,277	BV	3.70	4.26	4.64	5.14	5.71
Inventories	6,723	8,369	8,908	9,384	9,692	EV	20.24	19.19	19.55	20.47	21.28
Other current assets	27	26	26	26	26	Free Cash Flow	-0.06	-0.66	-0.43	-0.07	0.16
Total current assets	9,218	11,851	13,937	15,791	17,864	Valuation analysis					
Investment in subs & others	0	105	105	105	105	Reported P/E (x)	32.91	23.91	17.63	16.28	14.07
Fixed assets-net	164	225	509	608	707	Core P/E (x)	32.07	24.48	17.63	16.28	14.07
Other assets	1,432	1,231	1,244	1,113	1,012	P/BV (x)	4.73	3.62	3.15	2.84	2.56
Total assets	10,814	13,412	15,794	17,617	19,688	EV/EBITDA (x)	18.79	15.32	12.47	12.07	11.19
Short-term debt	1,824	3,932	4,578	5,546	6,588	Price/Cash flow (x)	1,428.4	-27.30	-43.88	581.76	58.11
Accounts payable	987	1,301	1,313	1,380	1,488	Dividend yield (%)	7.46	2.02	2.84	3.07	3.55
Other current assets	770	761	761	761	761	Profitability ratios					
Total current liabilities	3,581	5,994	6,651	7,687	8,837	Gross margin (%)	8.51	9.55	11.67	11.89	12.36
Long-term debt	2,250	1,684	2,524	2,824	3,187	EBITDA margin (%)	4.86	5.59	6.70	6.68	6.94
Other liabilities	52	56	431	243	50	EBIT margin (%)	3.78	4.46	5.81	5.99	6.37
Total liabilities	5,883	7,734	9,607	10,754	12,074	Net profit margin (%)	2.40	2.88	3.54	3.54	3.79
Paid-up capital	1,334	1,334	1,334	1,334	1,334	ROA (%)	6.80	7.09	7.57	7.16	7.42
Share premium	3,228	3,228	3,228	3,228	3,228	ROE (%)	19.34	16.20	18.62	18.34	19.12
Reserves & others, net	0	0	0	0	0	Liquidity ratios					
Retained earnings	369	1,115	1,625	2,300	3,051	Current ratio (x)	2.57	1.98	2.10	2.05	2.02
Minority interests	0	0	0	0	0	Quick ratio (x)	0.69	0.58	0.75	0.83	0.92
Total shareholders' equity	4,931	5,678	6,187	6,863	7,614	Leverage Ratios					
Total equity & liabilities	10,814	13,412	15,794	17,617	19,688	Liabilities/Equity ratio (x)	1.19	1.36	1.55	1.57	1.59
Key Assumptions						Net debt/EBITDA (x)	2.54	3.02	3.16	3.46	3.51
SG&A to sales (%)	4.9%	5.3%	6.0%	6.0%	6.1%	Net debt/equity (x)	0.74	0.89	1.07	1.14	1.17
Revenue breakdown per outlet (Btmn)						Int. coverage ratio (x)	5.11	5.08	4.20	3.81	3.89
Gold retail	125	108	108	114	118	Growth					
Sales contract	9	4	3	4	4	Revenue (%)	32.91	1.00	4.43	8.47	8.03
Revenue proportion by channels (%)						EBITDA (%)	16.20	16.33	25.15	8.11	12.16
Gold retail	99.25%	99.00%	98.29%	97.75%	97.38%	Reported net profit (%)	30.52	21.14	28.60	8.30	15.66
Sales contract	0.75%	1.00%	1.71%	2.25%	2.62%	Reported EPS (%)	-99.02	21.14	28.60	8.30	15.66
						Core profit (%)	45.38	15.28	31.65	8.30	15.66
						Core EPS (%)	-98.91	15.28	31.65	8.30	15.66

Source: Company, KS Research

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