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KEY HIGHLIGHTS

Results

Bangchak Corporation (BCP TB/BUY/Bt43.50/Target: Bt52.00)

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4Q23: Darkest before the dawn.

Berli Jucker (BJC TB/BUY/Bt26.25/Target: Bt32.00)

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4Q23: Results in line; discount to peers too deep.

Major Cineplex (MAJOR TB/BUY/Bt14.00/Target: Bt18.00)

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4Q23: Earnings beat expectations; impressive outlook ahead.

KEY INDICES

Symbol	Close	Chg	%Chg
SET	1,402.47	8.86	0.64
SET50	857.54	5.51	0.65
Value (Btm) - SET	46,056		
Top 5 Sector			
BANK	373.40	2.01	0.54
PETRO	724.15	3.54	0.49
PROP	227.78	0.08	0.04
ENERG	20,927.07	78.00	0.37
ICT	151.14	1.83	1.23

Source: Bloomberg

TOP VOLUME

Symbol	Close (Baht)	+/- (% Chg)	5-day ADT (BTm)
BDMS	30.00	5.26	1,425.4
ADVANC	209.00	1.95	1,607.5
SCB	111.00	-	1,921.9
AOT	64.25	1.18	1,134.7
BBL	145.00	1.05	1,092.6

TOP GAINERS

Symbol	Close (Baht)	+/- (% Chg)	5-day ADT (BTm)
SDC	0.05	25.00	1.5
GIFT	4.84	13.62	57.7
TFI	0.09	12.50	0.0
BRRGIF	3.80	12.43	0.4
KWI	0.68	11.48	0.7

TOP LOSERS

Symbol	Close (Baht)	+/- (% Chg)	5-day ADT (BTm)
PPPM	0.05	(16.67)	1.1
URBNPF	1.40	(12.50)	0.1
OCC	10.80	(11.48)	0.0
B	0.11	(8.33)	0.3
CCET	2.68	(8.22)	83.3

*ADT: Average daily turnover

KEY STATISTICS

Commodity	Current Price	%Chg		
		1m	3M	YTD
Brent crude*	83.4	5.4	3.2	8.4
Dubai crude*	82.4	5.3	(1.5)	7.7
Baltic Dry Index	1,676.0	13.8	(9.6)	(20.0)
Gold Spot***	2,027.0	(0.1)	1.7	(1.7)

*(US\$/bbl), *** (US\$/toz)

FOREIGN PORTFOLIO INVESTMENT IN EQUITIES (THAILAND)

Day (Mil US\$)	MTD Net (Mil US\$)	YTD Net (Mil US\$)	YTD Net YoY%
95.4	300.3	(569.7)	(9,048.3)

Source: Bloomberg

Foreign Exchange Rate - THB/US\$ (onshore) = 35.93

Interest Rate (%) - TH 1-day RP = 1.50

Thai Lending Rate (%)* - MLR = 7.10

COMPANY RESULTS

Bangchak Corporation (BCP TB)

4Q23: Darkest Before The Dawn

BCP reported net loss of Bt977m due to: a) huge impairment loss of Bt2.2b for E&P business gain, b) inventory loss of Bt993m, and c) an absence of extra gains of Bt7.3b from the acquisition of BSRC. Excluding the extra items, BCP would have posted a core profit of Bt1.4b (-41% yoy, -62% qoq), below our expectations due to higher-than-expected interest expenses. We expect strong earnings turnaround in 2024. Maintain BUY. Target price: Bt52.00.

4Q23 RESULTS

Year to 31 Dec (Btm)	4Q23	4Q22	3Q23	yoy % chg	qoq % chg	2023	2022	yoy % chg
Turnover	142,922	85,900	94,528	66	51	385,853	328,017	17.6
core EBITDA	10,280	10,451	12,828	(2)	(20)	42,161	48,481	(13)
Inventory gain/(loss)	(993)	(4,003)	3,598	(75)	(128)	(346)	1,720	(120)
Interest expense	(1,634)	(1,005)	(1,315)	63	24	(4,980)	(3,977)	25
Net Profit	(977)	473	11,011	(307)	(109)	13,233	12,575	5
EPS	(0.71)	0.34	8.00	(307)	(109)	9.61	9.13	5
Core profit	1,347	2,281	3,504	(41)	(62)	8,856	11,547	(23)

Source: BCP, UOB Kay Hian

RESULTS

- Net loss below expectations but core profit below estimates.** Bangchak Corporation (BCP) reported net loss of Bt977m from net profit of Bt473m in 4Q22 and net profit of Bt11.1b in 3Q23, due to: a) huge impairment loss of Bt2.2b for E&P business, b) inventory loss of Bt993m, and c) an absence of extra gains of Bt7.3b from acquisition of Bangchak Sriracha (BSRC, formerly ESSO Thailand (ESSO)). The net loss was lower than our estimate due to lower-than-expected impairment loss (estimate: Bt2.5b). Excluding the extra items, BCP's core profit was Bt1.4b (-41% yoy, -62% qoq), which is below our expectations due to higher-than-expected interest expenses of Bt1.6b (estimate: Bt1.3). The 2023 core profit came in at Bt8.9b, down 23% yoy.
- Weaker operating numbers.** Despite full-quarter contribution from BSRC, the 41% yoy and 62% qoq decline in core profit was mainly due to weaker market gross refinery margin (GRM). BCP's GRM was US\$7.3/bbl compared with US\$14.7/bbl in 4Q22 and US\$14.7/bbl in 3Q23, while interest expenses rose by 63% yoy and 24% qoq to Bt1.6b due to higher loans from BSRC acquisition. Note that BCP's utilisation rate was 100% (121kbd), up from 97% in 3Q23, reflecting an absence of scheduled maintenance for the Euro 5 project.

KEY FINANCIALS

Year to 31 Dec (Btm)	2022	2023	2024F	2025F	2026F
Net turnover	312,202	385,853	599,921	636,699	639,834
EBITDA	41,796	39,685	43,221	48,359	53,110
Operating profit	31,793	25,315	29,044	33,359	36,610
Net profit (rep./act.)	12,575	13,233	12,815	14,923	16,123
Net profit (adj.)	11,547	8,771	12,815	14,923	16,123
EPS (Bt)	8.5	6.4	9.3	10.8	11.7
PE (x)	5.1	6.8	4.7	4.0	3.7
P/B (x)	0.9	0.8	0.7	0.6	0.5
EV/EBITDA (x)	4.7	5.0	4.6	4.1	3.7
Dividend yield (%)	5.2	4.6	4.8	4.9	5.1
Net margin (%)	4.0	3.4	2.1	2.3	2.5
Net debt/(cash) to equity (%)	56.3	126.8	127.7	112.1	73.3
Interest cover (x)	10.5	8.0	8.1	8.8	9.1
ROE (%)	21.6	19.6	16.5	16.6	15.6
Consensus net profit	-	-	9,897	10,147	10,651
UOBKH/Consensus (x)	-	-	1.29	1.47	1.51

Source: Bangchak Petroleum, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	Bt43.50
Target Price	Bt52.00
Upside	+19.5%

COMPANY DESCRIPTION

Having secured 76.34% ownership of ESSO in October 2023, BCP now stands as Thailand's largest refinery with a comprehensive capacity of 294kbd. The distribution of its refined oil products takes place through petrol stations under the umbrella of its retail marketing segment. Additionally, BCP has ventured into the realm of alternative energy, focusing primarily on solar, wind, and biofuel investments.

STOCK DATA

GICS sector	Energy
Bloomberg ticker:	BCP TB
Shares issued (m):	1,376.9
Market cap (Btm):	62,722.8
Market cap (US\$m):	1,749.8
3-mth avg daily t'over (US\$m):	5.5

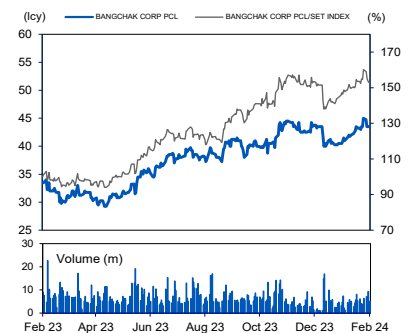
Price Performance (%)

52-week high/low	Bt45.00/Bt29.25
1mth	7.4
3mth	(2.2)
6mth	13.7
1yr	25.2
YTD	0.0

Major Shareholders

PTT	27.2
Ministry of Finance	10.0
FY24 NAV/Share (Bt)	60.63
FY24 Net Debt/Share (Bt)	77.43

PRICE CHART



Source: Bloomberg

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STOCK IMPACT

- **Impressive dividend payment.** BCP announced a dividend payment of Bt1.50/share for 2H23, implying a 3.4% dividend yield (ex-dividend date: 6 Mar 24). This is higher than our and market estimates.
- **Strong contribution from BSRC in 2024.** As we mentioned in our BSRC report on 22 Feb 24, we expect strong core profit contribution from BSRC in 2024. Thus far in 1Q24, the benchmark Singapore GRM has increased to US\$8.10/bbl qtd due to strong gasoline spreads. In addition, we expect BSRC's utilisation rate to rise to 86% (150kbd) in 1Q24 from 68% in 4Q23. We also foresee opex dropping to only US\$1.00/bbl from US\$1.50-2.00/bbl. We expect BSRC to contribute around Bt3.5b to BCP in 2024, accounting for 27% of BCP's core profit in 2024. Note that BCP confirmed synergistic benefits of Bt2.5b/year in 2024 and up to Bt3.0b in 2025.
- **Renewables segment key in supporting growth.** We also expect the renewables segment to contribute about Bt1.0b in earnings to BCP in 2024, supported by higher contribution from power plant in the US and hydro power plant in Laos. Overall, we expect core profit to increase 46% yoy to Bt12.8b in 2024, thanks to contribution from BSRC, higher marketing margin and profit contribution from the renewables business.

EARNINGS REVISION/RISK

- None.

VALUATION/RECOMMENDATION

- **Maintain BUY with a target price of Bt52.00**, based on SOTP valuation. Our target price implies 0.8x 2024F P/B. BCP is now trading at 4.7x 2024x PE. We recommend investors to accumulate BUY for BCP for the long term. However, in terms of strategic share price selection, we prefer BSRC and Thai Oil (TOP) over BCP.

SHARE PRICE CATALYST

- 6 Mar 24: Ex-dividend date.
- 6 Mar 24: Analyst meeting during which we expect positive statements from management.
- 2024: Fully benefitting from synergies with BSRC.

REFINERY PERFORMANCE 4Q23

US\$/bbl	4Q23	4Q22	3Q23
GRM	7.3	14.7	14.7
Hedging	0.8	1.22	(0.69)
Inventory gain/(loss)	(0.71)	(9.26)	3.29
Total GRM	7.39	6.64	17.27

Source: BCP

CRUDE RUN

	4Q23	4Q22	3Q23
Run rate	100%	102%	97%

Source: BCP

OPERATING STATISTICS 4Q23

EBITDA (Btm)	4Q23	4Q22	3Q23	yoy	qoq
Refinery (ex inventory)	3,039	5,522	5,320	(45)	(43)
Retail (ex inventory)	636	305	612	109	4
Renewable	1,048	1,003	1,330	4	(21)
Bio fuel	253	146	169	73	50
E&P	5,684	3,769	4,873	51	17
ESSO	(284)	0	(371)	NA	(23)

Source: BCP

ACQUISITION HIGHLIGHTS

65.99% <small>of East Thailand from Esso/Shell</small> Mandatory Tender Offer	Leading Integrated R&M Player in Thailand 294 KSP 2,200 Service Stations <small>Infrastructures: Jetty, Pipelines, and Oil Terminal</small>	Final Price & Tender Offer Price 9,8986 <small>per share</small> <small>Final price adjusted based on 2Q2023 Financial Report</small>
Debt Financing 50-60% Expected D/E 1.3 times	Expected Synergy 2-3 <small>bn. Baht p.a.</small>	Tender Offer Period SEP - OCT 2023

Source: BCP

SINGAPORE'S GRM



Source: UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
Net turnover	385,853	599,921	636,699	639,834
EBITDA	39,685	43,221	48,359	53,110
Deprec. & amort.	14,370	14,177	15,000	16,500
EBIT	25,315	29,044	33,359	36,610
Total other non-operating income	n.a.	n.a.	n.a.	n.a.
Associate contributions	340	620	620	420
Net interest income/(expense)	(4,980)	(5,352)	(5,512)	(5,850)
Pre-tax profit	20,675	24,312	28,467	31,180
Tax	(8,766)	(8,995)	(10,533)	(11,537)
Minorities	1,325	(2,501)	(3,011)	(3,520)
Net profit	13,233	12,815	14,923	16,123
Net profit (adj.)	8,771	12,815	14,923	16,123

CASH FLOW

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
Operating	35,824	15,565	28,767	32,123
Pre-tax profit	20,675	24,312	28,467	31,180
Tax	(8,766)	(8,995)	(10,533)	(11,537)
Deprec. & amort.	14,370	14,177	15,000	16,500
Associates	1,325	(2,501)	(3,011)	(3,520)
Working capital changes	(2,599)	1,387	20	(2,346)
Other operating cashflows	10,819	(12,815)	(1,176)	1,846
Investing	(88,145)	(29,277)	(28,208)	(3,135)
Capex (growth)	(60,725)	(25,000)	(25,000)	0
Others	(27,420)	(4,277)	(3,208)	(3,135)
Financing	43,143	6,054	4,003	(35,497)
Dividend payments	(2,318)	(1,997)	(1,997)	(1,997)
Issue of shares	n.a.	n.a.	n.a.	n.a.
Proceeds from borrowings	47,036	7,499	6,000	(33,500)
Others/interest paid	(1,574)	551	0	0
Net cash inflow (outflow)	(9,178)	(7,658)	4,563	(6,508)
Beginning cash & cash equivalent	45,932	36,754	29,095	33,658
Ending cash & cash equivalent	36,754	29,095	33,658	27,150

BALANCE SHEET

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
Fixed assets	119,374	130,197	140,197	123,697
Other LT assets	99,174	103,350	111,670	117,352
Cash/ST investment	36,754	29,095	33,658	27,150
Other current assets	85,127	88,267	94,555	97,488
Total assets	340,429	350,909	380,080	365,687
ST debt	27,794	30,294	31,294	32,794
Other current liabilities	60,085	63,420	71,240	73,124
LT debt	100,414	105,414	110,414	75,414
Other LT liabilities	52,104	39,300	41,724	44,820
Shareholders' equity	72,112	83,482	96,409	110,535
Minority interest	27,920	29,000	29,000	29,000
Total liabilities & equity	340,429	350,909	380,080	365,687

KEY METRICS

Year to 31 Dec (%)	2023	2024F	2025F	2026F
Profitability				
EBITDA margin	10.3	7.2	7.6	8.3
Pre-tax margin	5.4	4.1	4.5	4.9
Net margin	3.4	2.1	2.3	2.5
ROA	4.5	3.7	4.1	4.3
ROE	19.6	16.5	16.6	15.6
Growth				
Turnover	23.6	55.5	6.1	0.5
EBITDA	(5.1)	8.9	11.9	9.8
Pre-tax profit	(26.2)	17.6	17.1	9.5
Net profit	5.2	(3.2)	16.4	8.0
Net profit (adj.)	(24.0)	46.1	16.4	8.0
EPS	(25.1)	46.1	16.4	8.0
Leverage				
Debt to total capital	56.2	54.7	53.1	43.7
Debt to equity	177.8	162.6	147.0	97.9
Net debt/(cash) to equity	126.8	127.7	112.1	73.3
Interest cover (x)	8.0	8.1	8.8	9.1

COMPANY RESULTS

Berli Jucker (BJC TB)

4Q23: Results In Line; Discount To Peers Too Deep

BJC's 4Q23 net profit came in at Bt1,638m, flat yoy but up 136% qoq. The yoy improvement was mainly due to higher gross margins from all businesses, but this was offset by higher SGA-to-sales and interest expenses. We expect 2024's earnings to grow 11% yoy. Currently, BJC is trading at 19.8x 2024F PE, which is equivalent to -2SD to its PE mean. Maintain BUY. Target price: Bt32.00.

4Q23 RESULTS

Year to 31 Dec (Btm)	4Q22	3Q23	4Q23	yoy (%)	qoq (%)
Sales and services	39,129	37,901	39,849	1.8	5.1
Gross profit	7,370	7,276	8,046	9.2	10.6
Operating EBIT	3,055	2,489	3,398	11.3	36.6
Tax expenses	15	210	(40)	(365.6)	(119.0)
Net profit	1,629	693	1,638	0.6	136.2
Percent	4Q22	3Q23	4Q23	yoy (ppts)	qoq (ppts)
Gross margin	18.8	19.2	20.2	1.4	1.0
SG&A to sales	19.7	21.2	20.2	0.5	(1.0)
Net profit margin	4.2	1.8	4.1	(0.1)	2.3

Source: BJC, UOB Kay Hian

RESULTS

- 4Q23 results in line.** Berli Jucker's (BJC) 4Q23 net profit of Bt1,638m is flat yoy, but up 136% qoq from a low base. This beat market expectation by 7%, but is in line with our estimate.
- Impressive increase in gross margin.** The yoy improvement was mainly due to better gross profit margin from all businesses on a yoy basis. 4Q23 gross margin came in at 20.2%, up from 18.8% and 19.2% in 4Q22 and 3Q23 respectively. The improvement in gross margin was mainly driven by the packaging and consumer product supply chain. Modern trade also increased slightly to 19.1% from 18.8% in 4Q22. However, this was partly offset by a higher SGA-to-sales and interest expenses on a yoy basis.
- Unexciting top-line growth yoy.** 4Q23 sales rose slightly by 1.8% yoy, mainly driven by modern trade sales improvement of 3.8% yoy from new store sales. For the packaging, consumer product, and healthcare businesses, top-line was flat yoy.

KEY FINANCIALS

Year to 31 Dec (Btm)	2022	2023	2024F	2025F	2026F
Net turnover	163,530.7	167,901.9	175,432.1	182,933.4	190,498.1
EBITDA	19,942.2	20,608.2	21,553.4	22,698.8	23,750.6
Operating profit	10,933.1	11,623.9	12,684.9	13,475.8	14,183.3
Net profit (rep./act.)	5,010.4	4,794.7	5,323.1	5,733.6	6,011.3
Net profit (adj.)	5,010.4	4,794.7	5,323.1	5,733.6	6,011.3
EPS (Bt)	1.3	1.2	1.3	1.4	1.5
PE (x)	21.0	21.9	19.8	18.3	17.5
P/B (x)	0.9	0.9	0.9	0.9	0.8
EV/EBITDA (x)	13.6	13.1	12.5	11.9	11.4
Dividend yield (%)	3.0	3.0	3.2	3.5	3.7
Net margin (%)	3.1	2.9	3.0	3.1	3.2
Net debt/(cash) to equity (%)	135.7	134.9	129.4	128.8	127.5
Interest cover (x)	4.2	3.9	4.0	4.2	4.3
Consensus net profit	-	-	4,904	5,539	6,198
UOBKH/Consensus (x)	-	-	1.09	1.04	0.97

Source: Berli Jucker, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	Bt26.25
Target Price	Bt32.00
Upside	+21.9%
(Previous TP)	Bt31.00)

COMPANY DESCRIPTION

Berli Jucker Pcl (BJC) is a conglomerate that operates in: a) packaging supply chain, b) consumer supply chain, c) healthcare and technical supply chains, and d) modern retail supply chain.

STOCK DATA

GICS sector	Consumer Staples
Bloomberg ticker:	BJC TB
Shares issued (m):	4,007.8
Market cap (Btm):	105,204.7
Market cap (US\$m):	2,922.4
3-mth avg daily t'over (US\$m):	5.6

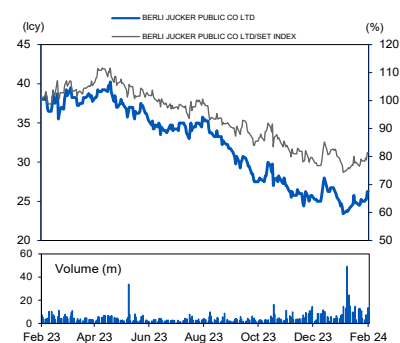
Price Performance (%)

52-week high/low	Bt40.25/Bt23.40			
1mth	3mth	6mth	1yr	YTD
5.0	(4.5)	(26.6)	(31.4)	5.0

Major Shareholders

	%
TCC Corporation	45.68
TCC Holding (1995)	29.32
The Bank of New York (Nominees)	6.52
FY24 NAV/Share (Bt)	30.36
FY24 Net Debt/Share (Bt)	39.28

PRICE CHART



Source: Bloomberg

ANALYST(S)

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- **Effective tax remained low yoy.** BJC reported an effective tax gain of 2.1%, slightly higher from 4Q22's effective tax rate of 0.8%. For 9M23 and 9M22, the effective tax rate was 13% and 10% respectively.
- BJC announced a dividend of Bt0.65/share, which is equivalent to a 2.5% yield. The ex-dividend date is on 30 Apr 24.

STOCK IMPACT

- **Positive earnings momentum in 1Q24.** Qtd, 1Q24 SSS growth of modern trade business is flat yoy, mainly due to a slight drop in Jan 24 SSS due to the high-base effect caused by an early Chinese New Year in Jan 23. Management expects Jan-Feb 24 SSS to rise 2-3% yoy, driven by the better sales during Chinese New Year in Feb 24. In terms of profitability, we expect 1Q24's gross margin to continue to improve yoy due to: a) better modern trade efficiency improvement, and b) lower cost pressure in its manufacturing businesses. Additionally, BJC will benefit from a 22% yoy lower fuel adjustment charge (FT rate).
- **Expect moderate growth in bottom line in 2024.** Overall, we expect BJC to report a net profit of Bt5,323m in 2024, up 11% yoy, driven by increasing modern trade sales and gross margin improvement in all businesses from lower cost pressure and better efficiency.

EARNINGS REVISION/RISK

- **Earnings fine-tuned.** We have fine-tuned 2024-25's earnings to factor in higher-than-expected interest expenses, but this will be offset by higher gross margin and slightly lower effective tax rate.

EARNINGS REVISION TABLE

(Btm)	2024F			2025F		
	New	Previous	% Chg	New	Previous	% Chg
Total Sales	161,767	161,517	0.2%	168,772	168,517	0.2%
Operating profit	12,685	12,244	3.6%	13,476	13,015	3.5%
Core profit (exclude equity income and extra items)	5,473	5,368	2.0%	5,853	5,759	1.6%
Net profit	5,323	5,237	1.6%	5,734	5,654	1.4%
Overall gross margin	19.7%	19.3%	0.42	19.8%	19.6%	0.22
SG&A to sales	20.3%	20.4%	-0.07	20.2%	20.3%	-0.05
Net profit margin	3.8%	3.3%	0.55	4.0%	3.8%	0.16

Source: BJC, UOB Kay Hian

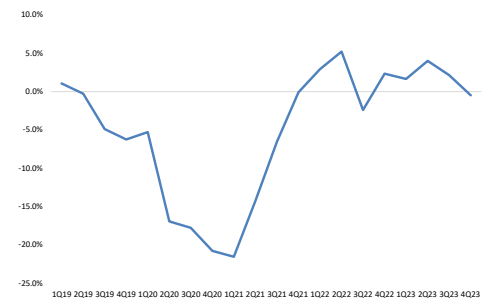
VALUATION/RECOMMENDATION

- **Maintain BUY with a higher target price of Bt32.00.** Our target price is pegged to 24x 2024F PE, which is equivalent to -1SD from its five-year mean from 2017-19 and 2022-23 where we excluded the abnormal period of the COVID-19 pandemic during 2020-21. We maintain BJC's PE target at -1SD from its mean to reflect its slower earnings growth compared with its peers. Currently, BJC is trading at an undemanding valuation of 19.8x 2024F PE, which is equivalent to -2SD to its PE mean.

SHARE PRICE CATALYST

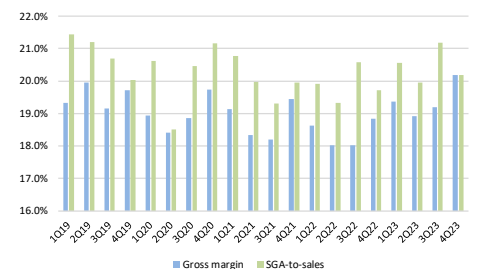
- Better-than-expected SSSG recovery and progress in the implementation of the government's Bt10,000 digital wallets.

QUARTERLY SSSG



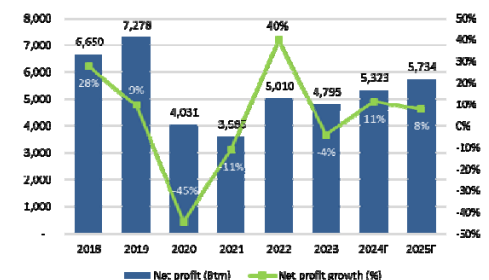
Source: BJC, UOB Kay Hian

QUARTER GROSS MARGIN AND SGA-TO-SALES



Source: BJC, UOB Kay Hian

NET PROFIT AND GROWTH



Source: BJC, UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
Net turnover	167,902	175,432	182,933	190,498
EBITDA	20,608	21,553	22,699	23,751
Deprec. & amort.	8,984	8,869	9,223	9,567
EBIT	11,624	12,685	13,476	14,183
Total other non-operating income	85	0	0	0
Associate contributions	(200)	(150)	(120)	(96)
Net interest income/(expense)	(5,295)	(5,399)	(5,446)	(5,492)
Pre-tax profit	6,214	7,137	7,911	8,595
Tax	(503)	(911)	(1,205)	(1,564)
Minorities	(917)	(903)	(972)	(1,019)
Net profit	4,795	5,323	5,734	6,011
Net profit (adj.)	4,795	5,323	5,734	6,011

CASH FLOW

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
Operating	16,155	16,545	15,576	16,405
Pre-tax profit	6,214	7,137	7,911	8,595
Tax	(503)	(911)	(1,205)	(1,564)
Deprec. & amort.	8,984	8,869	9,223	9,567
Working capital changes	620	2,365	(702)	(300)
Non-cash items	839	(914)	349	107
Other operating cashflows	0	0	0	0
Investing	(13,011)	(9,817)	(12,541)	(13,911)
Capex (growth)	(12,661)	(12,874)	(13,117)	(13,572)
Investments	227	60	48	38
Others	(578)	2,997	529	(378)
Financing	(2,449)	(6,273)	(2,735)	(2,240)
Dividend payments	(3,206)	(3,244)	(4,235)	(3,740)
Issue of shares	2	0	0	0
Proceeds from borrowings	1,516	(3,505)	1,500	1,500
Others/interest paid	(760)	475	0	0
Net cash inflow (outflow)	695	454	300	253
Beginning cash & cash equivalent	4,162	4,857	5,311	5,611
Ending cash & cash equivalent	4,857	5,311	5,611	5,864

BALANCE SHEET

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
Fixed assets	285,926	289,932	293,826	297,830
Other LT assets	5,628	5,626	5,715	5,823
Cash/ST investment	4,857	5,311	5,611	5,864
Other current assets	42,559	43,084	44,919	46,767
Total assets	338,970	343,952	350,071	356,284
ST debt	36,942	33,437	33,437	33,437
Other current liabilities	34,503	36,478	37,960	39,615
LT debt	129,316	129,316	130,816	132,316
Other LT liabilities	12,313	15,368	16,033	15,802
Shareholders' equity	119,665	121,676	123,174	125,445
Minority interest	6,230	7,677	8,649	9,669
Total liabilities & equity	338,970	343,952	350,071	356,284

KEY METRICS

Year to 31 Dec (%)	2023	2024F	2025F	2026F
Profitability				
EBITDA margin	12.3	12.3	12.4	12.5
Pre-tax margin	3.7	4.1	4.3	4.5
Net margin	2.9	3.0	3.1	3.2
ROA	n.a.	n.a.	n.a.	n.a.
Growth				
Turnover	n.a.	n.a.	n.a.	n.a.
EBITDA	n.a.	n.a.	n.a.	n.a.
Pre-tax profit	n.a.	n.a.	n.a.	n.a.
Net profit	n.a.	n.a.	n.a.	n.a.
Net profit (adj.)	(4.3)	11.0	7.7	4.8
EPS	n.a.	n.a.	n.a.	n.a.
Leverage				
Debt to total capital	56.9	55.7	55.5	55.1
Debt to equity	138.9	133.8	133.4	132.1
Net debt/(cash) to equity	134.9	129.4	128.8	127.5
Interest cover (x)	3.9	4.0	4.2	4.3

COMPANY RESULTS

Major Cineplex (MAJOR TB)

4Q23: Earnings Beat Expectations; Impressive Outlook Ahead

MAJOR's earnings came in at Bt335m for 4Q22 (+341% yoy, +221% qoq), coming above our and consensus forecasts by 26% and 18% respectively. The key earnings beat was due to higher-than-expected revenue and gross margin. 2023 earnings skyrocketed by 313% due to higher revenue, wider gross margin and lower SG&A-to-sales. We are positive on MAJOR's outlook in 2024 due to a continuously strong line-up of blockbusters and Thai movies. Maintain BUY. Target price: Bt18.00.

4Q23 RESULTS

Year to 31 Dec (Btm)	4Q23	4Q22	3Q23	yoy chg (%)	qoq chg (%)
Net turnover	2,937	1,902	1,741	54.4	68.7
Gross profit	1,148	668	505	71.7	127.3
EBIT	386	151	(16)	156.0	2,513.1
EBITDA	1,607	808	(16)	98.9	10,139.4
Net profit	335	76	104	340.5	221.2
EPS (Bt)	0.37	0.09	0.12	340.5	221.2
Core profit	238	132	75	80.0	217.2
Ratio (%)				yoy chg (%)	qoq chg (%)
Gross margin	39.1	35.1	29.0	3.9	10.1
SG&A-to-sales	25.9	39.3	29.9	(13.3)	(4.0)
Net profit margin	11.4	4.0	6.0	7.4	5.4

Source: Major Cineplex, UOB Kay Hian

RESULTS

- **Earnings above expectations.** Major Cineplex's (MAJOR) earnings came in at Bt335m for 1Q23 (+341% yoy, +221% qoq), above our and consensus forecasts by 26% and 18%. The key earnings beat was due to higher-than-expected revenue and gross margin.
- **Earnings skyrocketed yoy and qoq.** The yoy and qoq earnings increase was due to higher revenue, better gross margin and lower SG&A-to-sales.
- **Revenue improved 54% yoy and 69% qoq to Bt2.9b**, chiefly underpinned by admission revenue (from selling movie tickets) from a robust line-up of movies, including Sup Pa Per (Bt509m), Tee Yod (Bt341m), 4 Kings 2 (Bt167m), Aquaman and the Lost Kingdom (Bt88m) and The Marvels (Bt33m). As such, concession revenue (selling food and beverage) should improve as well.

KEY FINANCIALS

Year to 31 Dec (Btm)	2022	2023	2024F	2025F	2026F
Net turnover	6,388.5	8,551.3	11,149.6	12,730.6	13,291.0
EBITDA	1,355.5	1,888.0	2,803.7	3,960.2	5,781.2
Operating profit	44.0	667.5	1,371.4	1,616.8	1,688.0
Net profit (rep./act.)	252.1	1,001.2	1,164.6	1,351.0	1,406.9
Net profit (adj.)	194.8	617.2	1,164.6	1,351.0	1,406.9
EPS (Bt)	0.2	0.7	1.3	1.5	1.6
PE (x)	64.3	20.1	10.7	9.2	8.8
P/B (x)	2.0	2.4	2.3	2.3	2.3
EV/EBITDA (x)	11.3	8.1	5.5	3.9	2.7
Dividend yield (%)	4.3	5.4	9.4	10.9	11.3
Net margin (%)	3.9	11.7	10.4	10.6	10.6
Net debt/(cash) to equity (%)	23.9	48.7	61.2	60.5	67.0
Consensus net profit	-	-	836	826	953
UOBKH/Consensus (x)	-	-	1.39	1.64	1.48

Source: Major Cineplex, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	Bt14.00
Target Price	Bt18.00
Upside	+28.6%

COMPANY DESCRIPTION

Major Cineplex is a cinema operator with related businesses like bowling/karaoke, rentals, cinema media and film distribution.

STOCK DATA

GICS sector	Communication Services
Bloomberg ticker:	MAJOR TB
Shares issued (m):	829.1
Market cap (Btm):	11,607.9
Market cap (US\$m):	323.8
3-mth avg daily t'over (US\$m):	0.9

Price Performance (%)

52-week high/low Bt18.10/Bt13.10

1mth	3mth	6mth	1yr	YTD
(2.8)	(10.8)	(7.3)	(22.2)	(6.0)

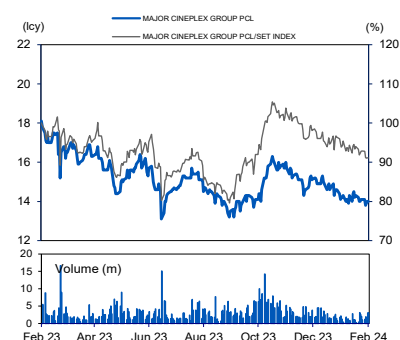
Major Shareholders

	%
Mr. Vicha Poolvaraluck	29.7
Nortrust Nominees	5.9
Thai NVDR	5.6

FY24 NAV/Share (Bt) 5.97

FY24 Net Debt/Share (Bt) 4.27

PRICE CHART



Source: Bloomberg

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Thachasorn Jutaganon

- Gross margin surged to 39.1%.** MAJOR reported gross margin of 39.1% (+0.4ppt yoy, +10.1ppt qoq), riding on robust revenue and reduced cost of rental. SG&A-to-sales was 25.9% (-1.3ppt yoy, -4.0ppt qoq), riding on solid revenue.
- Another remarkable year in 2023.** MAJOR reported a 2023 net profit of Bt1.1b (+313% yoy). Excluding one-time items, core profit came in at Bt658m (+313% yoy) thanks to: a) higher revenue of Bt8.6b (+34% yoy) mainly from the increasing popularity of Thai movies, with Sup Pa Rer, Tee Yod and 4 Kings 2 the highest grossing films, b) increased gross margin of 33.5% (+5.7ppt yoy) due to the economies of scale, and c) lower SG&A-to-sales due to an improvement in revenue.
- Strong recovery of occupancy rate in 2023.** There has been a significant upswing in cinema attendance, with the number of cinemagoers reaching 33.2m (a remarkable increase of 56% yoy). This surge in attendance, leading to an occupancy rate of 50% in 2023 (vs 2022: 31%), has made us positive of a recovery to pre-pandemic levels. Pre-pandemic, the projected occupancy rate ranged from 50-60%.
- Dividend payment announced.** MAJOR announced a dividend payment of Bt0.65/share for 2023, implying an attractive dividend yield of 3.7%. Ex-dividend date is 10 Apr 24 and payment is on 30 Apr 24.
- Resale of treasury stocks.** MAJOR announced the resale for a total amount not exceeding Bt65.5b, and the number of shares not exceeding 58m, which is equivalent to 7.32% of the shares sold to the stock exchange. The resale period will start on 17 Apr 24 and end on 30 Apr 24. Based on the track record of other stocks, the shortened period for the resale implies that MAJOR now does not intend to carry out the resale. Hence, the company might cut the outstanding shares, resulting in higher EPS for the stock. If this is the case, there will be a positive impact on MAJOR's target price in 2024, increasing it to Bt19.00 from Bt18.00 currently.

STOCK IMPACT

- Expect the promising outlook to continue in 2024.** Due to a continuously strong line-up of blockbusters and Thai movies, we expect MAJOR to report robust earnings of Bt1.1b (+20% yoy), chiefly underpinned by admission revenue (from selling movie tickets). In 2024, the line-up of movies includes: Dune: Part Two (1Q24), Godzilla x Kong: The New Empire (2Q24), Deadpool 3 (3Q24), Kraven the Hunter (3Q24), and The Lord of the Rings: The War of the Rohirrim (4Q24). There are 12 Thai movies in the pipeline that the company has produced with Bec World (BEC) and Workpoint Entertainment (WORK). Regarding the strong number of movies, we also expect revenue from concession (food and beverage) to be supported.

EARNINGS REVISION/RISK

- None.** We maintain our current projections until we obtain additional information from the upcoming meeting with MAJOR on 23 Feb 24.

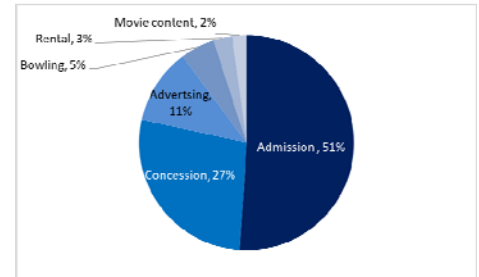
VALUATION/RECOMMENDATION

- Maintain BUY with a lower target price of Bt18.00** Our target price is based on 13x 2024 PE and -1SD to its five-year PE mean. We still like MAJOR as we expect to see strong 2024 earnings due to the high number of movies released, which include both blockbusters and Thai movies. Also, the stock is also less impacted by advertising expenditure compared with other players in the media industry.

SHARE PRICE CATALYST

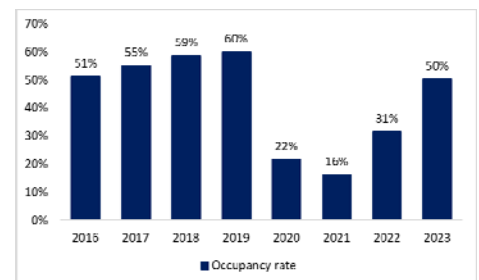
- More blockbuster movies, growth in cinema advertising income, recovery in the economy that could accelerate consumer spending and better gross domestic product.**

REVENUE PROPORTION (2023)



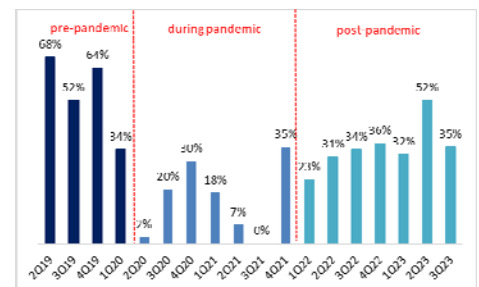
Source: MAJOR, UOB Kay Hian

OUR YEARLY FORECASTED OCCUPANCY RATE



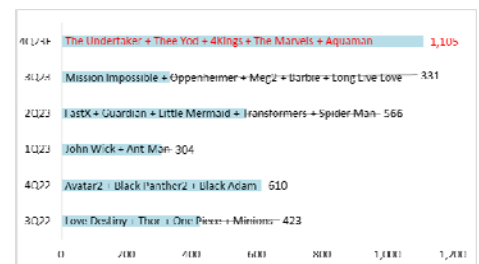
Source: MAJOR, UOB Kay Hian

OUR QUARTERLY FORECASTED OCCUPANCY RATE



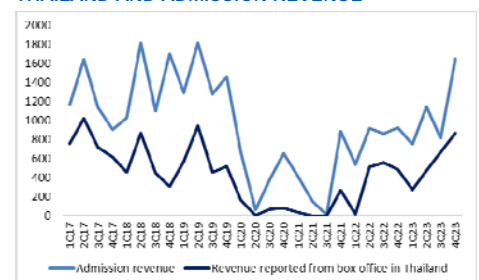
Source: MAJOR, UOB Kay Hian

BLOCKBUSTER REVENUE



Source: MAJOR, UOB Kay Hian

CORRELATION OF REVENUE OF BOX OFFICE IN THAILAND AND ADMISSION REVENUE



Source: Box Office Mojo, MAJOR, UOB Kay Hian

PROFIT & LOSS

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
Net turnover	8,551	11,108	12,690	13,252
EBITDA	1,888	2,799	3,955	5,776
Deprec. & amort.	1,221	1,432	2,343	4,093
EBIT	667	1,366	1,612	1,683
Total other non-operating income	(203)	(122)	(122)	(122)
Associate contributions	451	0	0	0
Net interest income/(expense)	183	283	283	285
Pre-tax profit	1,098	1,527	1,773	1,846
Tax	(75)	(367)	(425)	(443)
Minorities	(22)	0	0	0
Net profit	1,001	1,161	1,347	1,403
Net profit (adj.)	617	1,161	1,347	1,403

CASH FLOW

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
Operating	2,679	2,896	4,840	5,605
Pre-tax profit	1,139	1,527	1,773	1,845
Tax	(75)	(367)	(425)	(443)
Deprec. & amort.	1,221	1,432	2,343	4,093
Working capital changes	326	331	1,167	115
Non-cash items	69	(27)	(17)	(6)
Other operating cashflows	0	0	0	0
Investing	(1,729)	(2,690)	(3,401)	(4,457)
Capex (growth)	(1,523)	(2,685)	(3,394)	(4,454)
Investments	11	7	0	(1)
Others	(217)	(11)	(7)	(2)
Financing	(1,975)	(2,234)	(1,454)	(1,574)
Dividend payments	(671)	(1,116)	(1,454)	(1,575)
Issue of shares	0	0	0	0
Proceeds from borrowings	198	(1,118)	0	1
Others/interest paid	(1,502)	0	0	0
Net cash inflow (outflow)	(1,026)	(2,027)	(15)	(426)
Beginning cash & cash equivalent	3,750	2,725	697	683
Ending cash & cash equivalent	2,725	697	683	257

BALANCE SHEET

Year to 31 Dec (Btm)	2023	2024F	2025F	2026F
Fixed assets	8,105	9,358	10,408	10,769
Other LT assets	2,579	2,775	2,901	2,947
Cash/ST investment	2,725	697	683	257
Other current assets	1,018	1,322	1,510	1,577
Total assets	14,426	14,152	15,502	15,549
ST debt	1,932	814	814	815
Other current liabilities	2,032	2,639	3,977	4,153
LT debt	3,708	3,708	3,708	3,708
Other LT liabilities	642	834	953	995
Shareholders' equity	5,991	6,236	6,329	6,356
Minority interest	121	(79)	(279)	(479)
Total liabilities & equity	14,426	14,152	15,502	15,549

KEY METRICS

Year to 31 Dec (%)	2023	2024F	2025F	2026F
Profitability				
EBITDA margin	22.1	25.2	31.2	43.6
Pre-tax margin	12.8	13.7	14.0	13.9
Net margin	11.7	10.4	10.6	10.6
Net profit (adj.)	216.8	88.1	16.1	4.2
Leverage				
Debt to total capital	48.0	42.3	42.8	43.5
Debt to equity	94.1	72.5	71.4	71.2
Net debt/(cash) to equity	48.7	61.3	60.7	67.1

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