

**RELATIVE VALUATION OF AFTER YOU PUBLIC COMPANY  
LIMITED**

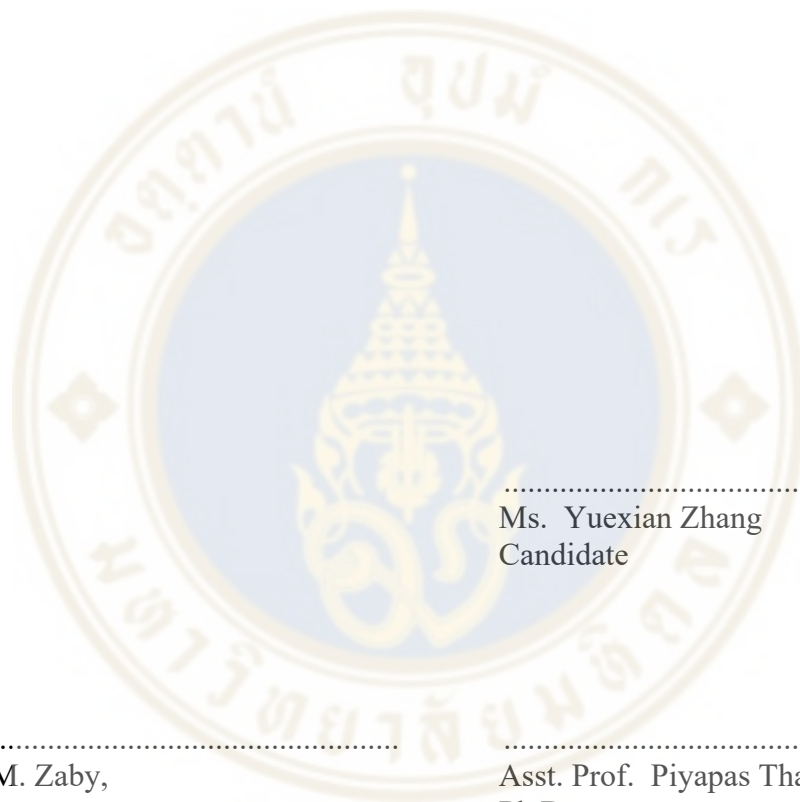


**A THEMATIC PAPER SUBMITTED IN PARTIAL  
FULFILLMENT OF THE REQUIREMENTS FOR  
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Thematic paper  
entitled  
**RELATIVE VALUATION OF AFTER YOU PUBLIC COMPANY  
LIMITED**

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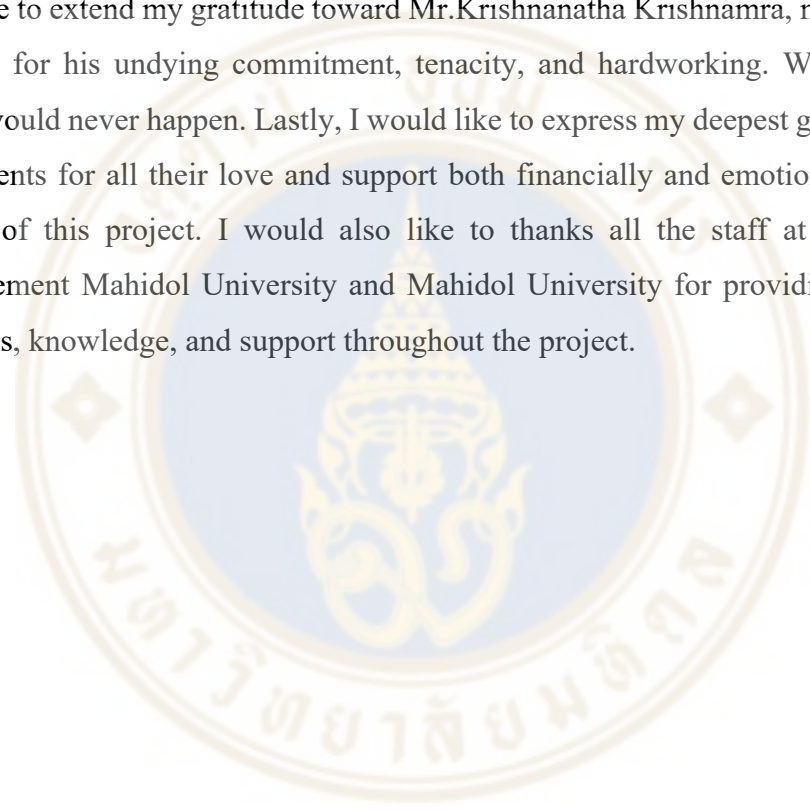
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**ABSTRACT**

This research paper aims to determine the value of After You Public Company Limited to provide investors with a recommended investment decisions. It shows the valuation of the company using the discounted cash flows valuation methods. The papers dive into the macroeconomic, industry analysis and competitor analysis of the company as a groundwork for the company's future business outlook and landscape. The paper also explores the company pas and current business performance as well as the company future business opportunities both domestic and abroad. Next, the paper details an investment summary using the company's fundamental data such as financial statements and financial ratios. Using the resulting form the erase arch, the paper recommends the action of SELL to investors regarding the share action of After You PCL. Upon using valuations the company using the relative valuation, the paper comes up with the value of 6.82 baht per share, compared to the current share price of 11.20 baht.

**KEY WORDS:** relative/ valuation/ overvalued/ sell/ investment

66 pages

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## **CHAPTER I**

### **HIGHLIGHTS**

We recommend to SELL for After You PCL due to the estimate share price being lower than the current share price. We calculate using the DCF method that the current share price of After You PCL has intrinsic value of 3.59 baht per share. Using relative valuation methods, we got target price of 5.49 baht per share. The current share price as of Dec 12 2019 is 11.20 baht per share. The share is overvalued by almost double the firm's intrinsic value. However, After You is experiencing extremely high growth. If the company can sustain this growth, their intrinsic value will increase significantly. There are several factors that can affect the companies' performance and share price going forward:

1. Macroeconomic conditions

As with all premium price restaurants, the company will face lowering sales during economic downturns. This is due to the change in consumer behavior during economic downturns. The company performance tends to follow that of the overall economy. If going forward the Thailand's economy continues to expand, the firm value will increase.

2. Future business expansion

The company are currently working on expand many of their business operations. They have recently focused on opening up more pop-up stores rather than more traditional dessert cafes. An oversea expansion is also planned for next year. The success of these future business expansions will massively affect the firm performance.

3. Branch expansion

More than 90% of the company revenue is from their dessert café. As such, increasing the number of branch each year becomes the main driver of revenue. Any difficulty in opening new branches will negatively affect the firm revenue and value.

4. Changing consumer behavior

There are on-going changes in consumer behavior that could affect the firm dessert café's. First is the trend of healthy eating. People might start to avoid overindulgence desserts such as Honey toast or Kakigori and opt for healthier dessert choices. Second is the rise of take-out. Due to Line and Grab services, ordering take out and enjoy food at the comfort of one's homes have never been easier. If this trend continues, After You dessert café's might see decrease in sales.



## **CHAPTER II**

### **BUSINESS DESCRIPTION**

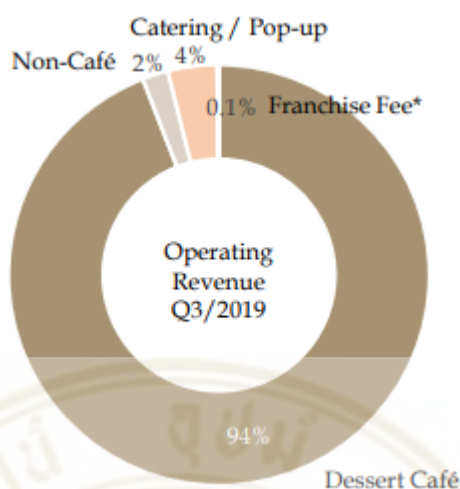
#### **2.1 Company Background**

The history of After You PCL began when its co-founder, May Kanokwatanawan, had a childhood dream of opening a desert store. (After You dessert cafe History) What began as a childhood aspirations, now the company is one of the biggest desert café's in Thailand. (After You dessert cafe History) The company has been operating its signature desert café's for more than 10 years. After You PCL was began in 2005. The company began under the name "Sea Munch co., ltd" operates in restaurant businesses by the Kanokwatanawan, T. Suwan, and Kinship family. (Annual report 2018, 2018) In 2007, the company changes it business line from restaurant to desert café, which was launch under the name "After You". (Annual report 2018, 2018) It opens with many of its signature desert dishes such as Signature desserts include Shibuya Honey Toast, Chocolate Lava Cake, Panookie, Figgy Pudding and many more. (Annual report 2018, 2018) In 2008, the company changes its name from Sea Munch co., ltd to After You co., ltd, to match with it store name. (Annual report 2018, 2018) Since, it has grown to be one of the largest domestic desert cafes with more than 30 branches domestically with its annual revenue close to 1 billion baht. The company has registered capital of 81,562,500.00 baht.

#### **2.2 Vision and mission**

The company vision is to make After You a leading dessert and bakery brand in both Thailand and overseas. (Annual report 2018, 2018)The company is "committed to be the leader in the dessert business which emphasizes on the standard of quality, and maintain the popularity of consumers by each of the products under the brand name "After You"." (Annual report 2018, 2018, p. 16)

## 2.3 Business operations



**Figure 2.1 Business operations**

After You PCL is mainly operates dessert cafes. The company also does catering services. (Annual report 2018, 2018) The company manufactured desert and bakery goods then distribute it and sold to customers through various sales channels both on-site or off site. The company operates in 4 main business categories. (Management Discussion & Analysis Q3/2019) The first is a dessert café's, which is where most of the company's revenue comes from. The second is catering services/pop-up stores and the third is Non-cafes sales. The company last business operation is franchising. After You desert café's take up 94% of the total revenue in Q3 2019, while Catering/Pop-up make up 4%, Non-cafes make up 2%, and Franchising currently make up only 0.1% of the firm total revenue. (Management Discussion & Analysis Q3/2019) The company attributed the following key factors that provide them (Annual report 2018, 2018):

- **Brand awareness** - Since the opening of the first branch in 2007, the company's dessert café under the name "After You" have been well received by consumers due to the high standard of product and service quality, tasty desserts, and innovative products offering. (Annual report 2018, 2018) Through the combinations of word of mouth and social media, the brand name "After You" has grown to be familiar name to consumers in Thailand. (Annual report 2018, 2018)

- **Quality and taste** - Maintaining product quality and raw material freshness are the company's priorities. This is how the company differentiate themselves from their competitors. (Annual report 2018, 2018)

- **Product innovations** - After You PCL have policies that focus on continuously inventing new products to offer customers which differentiate their dessert café's from their competitors. (Annual report 2018, 2018)

- **Excellent services and customer satisfaction** - The company focuses on providing the best service to customers. Their employees are train to provide fast service, while creating warm atmosphere in the café. The company also has feedback channel where customers can voice their concern and give feedback to improve customer service. (Annual report 2018, 2018)

- **Strategic locations** - Their dessert cafés are strategically located in location where the company target customers are. These are locations such as shopping malls an community malls in middle of Bangkok (Annual report 2018, 2018)

## 2.4 Products

### 2.4.1 Dessert café's

The company operates dessert café's under 2 brand name: "After You", and "Maygori"

- After You dessert café's offers a warm and family-like atmosphere that could be enjoyed by customer of all ages. (Annual report 2018, 2018) The decorations are simple and casual. After You dessert café's offers mainly freshly prepared desserts, served with ice creams. (Annual report 2018, 2018) The store also serves varieties of beverages such as tea, coffees, fruit juices, and other seasonal drinks. There are also souvenirs with the brand name trademark "After You" such as shirts, books, glasses, and dessert tools. (Annual report 2018, 2018)

- Following the success of the popular shave ice menu called "Kakigori", which served in After You dessert café's, the company sees a business opportunity to expand their product offering. (Annual report 2018, 2018) The company opens another dessert shop under the brand name "Maygori" in 2016. Maygori is an ice

shaved shop that is decorated in a way that make customers feel at home. The store mainly serves Thai traditional dessert such as shaved iced topped with tropical fruits. (Annual report 2018, 2018) The shop's main customers are students, women, and the elderly, who enjoys Thai traditional desserts at a more affordable price. (Annual report 2018, 2018)

#### **2.4.2 Catering / Pop-up**

The company second business operations are catering services and pop-up stores. Catering services is where the company provide off-sites catering services for events such as wedding, parties, and receptions. (Management Discussion & Analysis Q3/2019) Pop – ups stores are a customer grab-to-go stores where customers can quickly purchase After You dessert café's to go products. They are usually set up locations with high foot traffic such as MRT and BTS stations. (Management Discussion & Analysis Q3/2019) They do not carry the full dessert menu of After You dessert café's.

#### **2.4.3 Non-Café's**

Non-Café's business operations are sales of finish or intermediate products which includes online sales and head office pick up, as well as OEM/ Food manufacturing under the Company trademarks or per customers' demands. (Management Discussion & Analysis Q3/2019) An example of OEM/ Food manufacturing products are producing on request dessert to be sold on airlines or at corporate receptions.

#### **2.4.4 Franchise**

In late 2018, After You PCL announces that they would expand their store not only domestically, but also to neighboring countries. This would be done using a Franchise system, where qualified investors who's the company has vetted and approved using number of criteria such as ability to manage day-to-day operation of a desert café's, ability to hire capable café staff, and the ability to comply with other rules of the franchise deals, would be given the right to use After You desert café's logo, trademarks, and menus for their own stores in their countries. (Franchise



Opportunities) This franchise business model provides revenue to After You PCL in four ways (Franchise Opportunities):

1. Franchise entry fees
2. Monthly royalty fees paid on the agreed percentage of monthly gross sales
3. Branch investment and pre-operating cost
4. Main desert material imports from Franchisor

The franchisees have to pay an entry fee and ongoing monthly royalty fees. The franchisee must also import their raw material from After You PCL.

## **2.5 Recent growth and future expansion**

In their Q3 summary report, the company reported their Q3 2019 revenue grows 45% compare to their Q3 2018, with their EBT and Net profit margin grow at 74% and 71% in the same period. (Management Discussion & Analysis Q3/2019) Their cost of sales only grows allow 37% compare to revenue growth of 45%. (Management Discussion & Analysis Q3/2019) The company attributed the growth of their revenue and their net profit margins to 3 factors:

1. Increase in revenue from dessert café's as a result of the 23% increase in number of total stores
2. The rise in Same-Store-Sales-Growth, which they reports an increase of 24.45% compare to same period last year.
3. Better control of their SG&A. (Management Discussion & Analysis Q3/2019)

The number shows that After You PCL is in high growth period.

In term of business expansion, After You PCL currently has 4 main ways to expand their business:

### **2.5.1 Branch Expansion**

(Unit in million Baht)

**Table 2.1 Number of stores and revenues per store**

	2014	2015	2016	2017	2018	4 years average	2019	
<b>Number of branches</b>	11	15	20	27	32		39	
New branc/ year		4	5	7	5	5.25		<b>T12M SSS</b>
Revenue/store	28.29	27.62	30.32	26.81	27.22	28.05		<b>T12M SSSG</b>
Same store rev.growth		-2.36%	9.78%	-11.56%	1.52%	-0.66%		<b>30.56</b>
								<b>8.94%</b>
								Average
QoQ SSSG (Q3)			14.50%	7.51%	-1.72%			<b>13.60%</b>
Average Q3 QoQ growth				19.9	19.56			<b>8.47%</b>

Source: Financial Statement 2014 – 2018, Annual report 2016 -2018, Management discussion & Analysis 2017 and 2016, Q3 2019 Financial Statement

On average, the company opens around 5.3 branches of After You dessert cafes per year. For Maygori dessert cafe, there have been only 1 store since 2015, so it is safe to assume that the chance of new branches popping up now are quite low. They have already open 6 more branches in 2H 2019. (Management discussion & Analysis Q2/2019) The other 2-3 branches that were planned to open in the second half of 2019 has been postponed. (Management Discussion & Analysis Q3/2019) The company cited ongoing negotiation as the issue. The company has ongoing plans to open more branches in the Bangkok metropolitan areas as well as expand outside of Bangkok to large cities in different provinces where customers have higher purchasing power. (Annual report 2018, 2018) Using historical data, it is safe to assume that their traditional store expansion will generally be around 5-6 stores per year.

### 2.5.2 International expansion

The first franchised store for After You PCL was schedule to open in Q4 of 2019 in Hong Kong. However due to ongoing political unrests in Hong Kong, both sides have agreed to push back the opening dates. (Management Discussion & Analysis Q3/2019) Even though the first revenue in the form of franchise entry fees has been recorded in Q3 financial statement of After You PCL, we have excluded this new business model from our future cash flow forecasts. This is due to the uncertainty of the opening date of this first international store as well as no current announcement of another international store being opened in the near future.

### 2.5.3 New Pop-up stores

After You PCL have also been focusing on opening up more pop-ups stores which differs in term of service and product provide compare to their traditional desert cafés. There are two models of pop-ups store. First type of pop-ups stores is where only To-go product in available, where customers can quickly grab After You product and enjoy it on the go. (Management Discussion & Analysis Q3/2019) This type of pop-ups stores usually opens in high foot traffic locations such as MRT or BTS stations. Second type is a pop-ups store where dining is available. (Management Discussion & Analysis Q3/2019) These stores offer menus close to After You desert cafes. It is usually set up in department store. In total 11 pop-up stores have been opened in Q3 2019. These pop-up stores have proven beneficial in many ways for After You. One, pop-ups stores are easy to set up and require minimal investment. (Management Discussion & Analysis Q3/2019) It also allows the company to test demands in certain locations. Lastly, it also furthers the reach of After You to potential customers. (Management Discussion & Analysis Q3/2019) In the future, the firm plans to open more pop-up stores due to its various benefits to traditional desert cafés.

#### **2.5.4 New menu to increase same store growth**

After You desert cafes are also known for their innovations. The company has been consistently introducing new and innovative menus item in their stores. In the past, these new items, such as “Kanom Pang Noey Sod”, “Kanom Pang Nom Sod”, and various Kagiguri flavored, have been positively receive by customers. (Annual report 2018, 2018) This has help drive same-store sales. Going forward, the company will keep innovating to drive up same-store sales in the future.

## **2.6 Industry overview and market shares**

After You PCL is a public company that are traded in SET Mai or SET Market for alternatives investment, which is Thailand’s second largest stock market and a stock market for small to medium company to publically trade their stocks. (Sector Comparison, 2019) The company is in agro sector in SET Mai, which is a sub sector of food industry. (Sector Comparison, 2019) The company has the highest market capitalization, around 9 billion baht, in Agro sector of the Set Mai Food

industry. (Sector Comparison, 2019) The companies are small, however, when compare to the overall market capitalization of Thailand stock market as a whole. A more in-depth analysis will be in the industry sections.

After You PCL are reported on the EMIS data base to have around 0.37% market share in the food service and drinking place, a subsector of the food industry which include shop that prepare and offer food and beverages to customer both on-site and off-site. (Food Services and Drinking Places - Concentration Analysis, 2019) The company market share are far behind those industry leader such as Minor international PCL, MK restaurant group PCL, and Oishi Group, which have around 32.92%, 7.25%, and 5.38% respectively. (Food Services and Drinking Places - Concentration Analysis, 2019) After You PCL also have smaller market share to Swensen, another dessert café's, which have market share of around 0.91%. (Food Services and Drinking Places - Concentration Analysis, 2019) We can conclude that although small market share in the food industry sector, After You have quite a large present in the dessert and café's industry. More information about market share is in the appendixes.

## 2.7 Target customers and pricing

**Table 2.2 Target customer demographics**

Type/ Brand	Target Groups	Pricing
1. After You Dessert café and After You Durian	Students, adolescence, adult, and elders, who have medium – high income and who likes to have a meal with friends and/or families	Dessert price per a menu Baht 125 - 345 Beverage price per a menu Baht 105 - 155 Take Home Product 22 - 175
2. Maygori shave ice	Students, teenager, and adolescence, adult who have medium – high income	Price per a menu Baht 125 - 245

Source: After You PCL 2018 Annual reports

Both of After You PCL's dessert cafes aims at creating a warm and friendly atmosphere that customer of all age types can enjoy. The prices of their product are charge at premium price because of their focus on the quality of ingredients and attention to every details, aims at medium to higher income customers.

(Annual report 2018, 2018) Maygori are price lower compare to After You dessert café's, which corresponds with their younger target customer.



## **CHAPTER III**

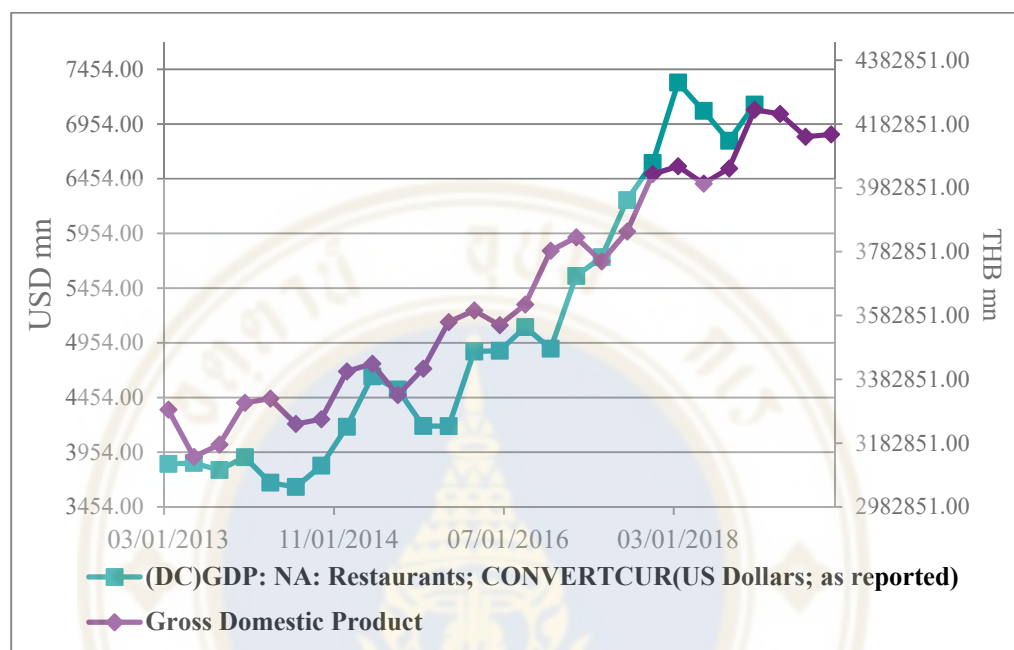
### **MACROECONOMIC, INDUSTRY ANALYSIS, AND COMPETITOR ANALYSIS**

#### **3.1 Macroeconomic Analysis**

##### **3.1.1 Analysis of the change of GDP in Thailand in recent two years**

According to NESDC economic report ( National Economic and Social Development Council, 2019), Thailand economy has been doing well in recent years. Under the background of "the Belt and Road" and Thai Industry 4.0 Plan, Thailand's economy has grown steadily in 2018 and has made great progress in all aspects. The reasons for this increase come from tourism, exports, e-commerce and foreign investment. Thailand's tourism revenue ranked third in the world last year it generating 2020 billion baht. At the same time, Thailand has been the main source of global food exports, especially rice. Rice exports of Thailand ranked first in the world in the first half of last year. In addition, the total value of foreign investment in Thailand in 2018 increased by 58% compared to 2017. Chinese companies such as Alibaba, Jingdong, and Tencent have invested in factories in Thailand, and the Global 500 companies have basically established branches in Bangkok. These foreign investments have also led to a significant increase in the size of e-commerce in Thailand. These changes have helped Thailand to increase its economic strength, thereby increasing investment rates and reducing unemployment, and increasing people's overall spending power. In 2018, the Gross Domestic Product (GDP) increased by 4.1%, which was the fastest growth in the past six years. Exports increased by 7.7%, and total private consumption and investment increased by 4.6% and 3.8% respectively. The overall inflation rate averaged 1.1%. As of the first half of 2019, economic growth in the first half of 2019 was 2.6% compared with 2018 due to the overall global economic slowdown. The main expenditures are private consumption, private investment and expansion of government spending. Although the economic trend has weakened in 2019, in the second half of the year, domestic fuel

retail prices and fresh food prices have fallen, and the government implemented short-term measures to support national economic consumption, people's concerns about income and employment have also eased. It is believed that Thailand's economic indicators will gradually increase under the economic adjustment and measures of the Thai government.



Source: CEIC Data

**Figure 3.1 The growth of GDP and restaurant industry in Thailand**

### 3.1.2 The influence of the appreciation of Thai Baht

GDP growth of 4.1% in 2018 is the highest growth rate of the Thai economy in 6 years, but the economy grew by only 2.6% in the first half of 2019. Therefore, Thailand's economic growth is expected to reach 3.2% this year, which is lower than the previous forecast of 3.3% by the Bank of Thailand. (Thailand Country Profiles, September 2019) The slowdown in economic index growth is closely related to the continuous appreciation of the Thai baht. The appreciation of the Thai baht has a negative impact on the overall Thai economy. (Reuters, 2019)



**Figure 3.2 Asian currencies versus US dollar in 2019**

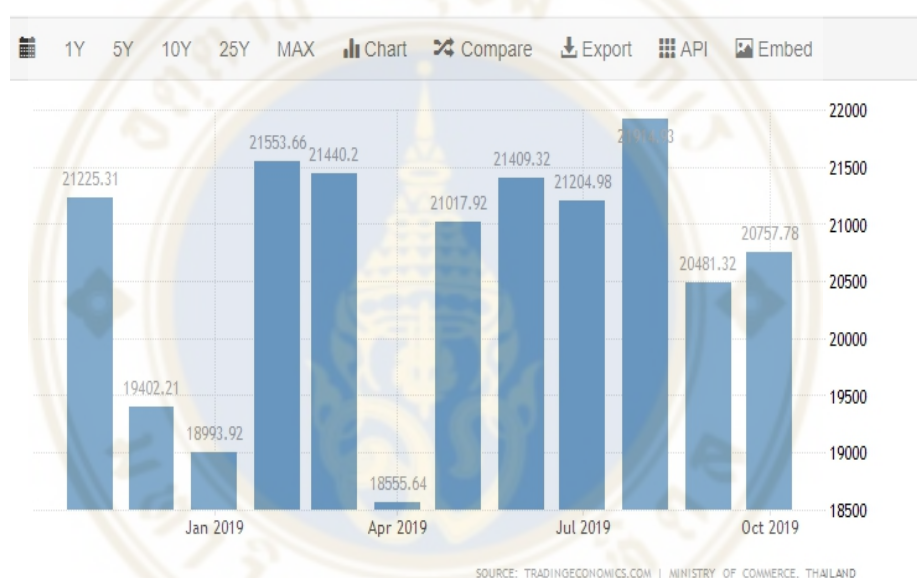
There are two main reasons for the appreciation of the Thai baht. One is the continued trade surplus, and the other is that external factors have also contributed to the rise in the baht.

Thailand's trade surplus has remained high in part because the international gold price has continued to rise since June, making Thailand's gold export value greater than gold import value, so the gold trade surplus. The other is affected by the China–United States trade war. The United States chose to import from Thailand instead of the products originally imported from China. Therefore, the export of Thai industrial products to the U.S. market has achieved positive growth, such as computers, home appliances and auto parts. It can be seen that the sustained trade surplus is one of the important factors supporting the sustained appreciation of the Thai baht. (kasikornresearch, 2019)

Another important reason is foreigners' confidence in Thailand's investment assets. GDP in 2018 and Thailand's first general election in 2019 in nearly five years make investors worry less about the risk of Thai politics. In addition, Thailand's account has a large surplus, which makes more and more capital flow into the Thai market. (SUN, 2019) The continued appreciation of the Thai baht has affected Thailand's tourism and export industries.



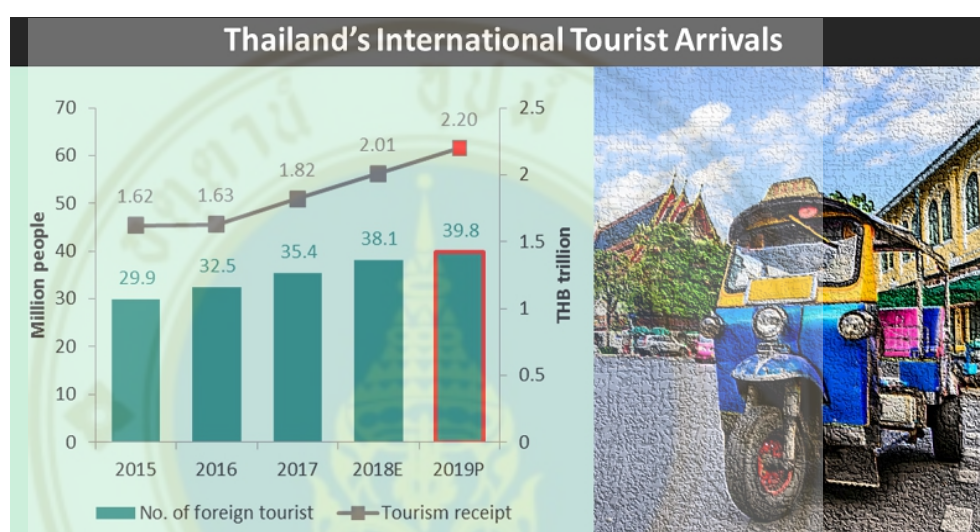
According to the data in October 2019, Thailand's exports reached US \$20.76 billion, down 4.54% year-on-year, while the market expected a 3.7% decline. Considering the period from January to October, the exports fell 2.35% year-on-year. The Ministry of Commerce forecasts that exports will grow by 3% this year, while the state planning agency expects exports to fall by 1.2%. Among them, rice affected by the exchange rate and drought, Thailand's rice exports dropped by a large margin, 19.6% less than the same amount. Thai baht has a strong form, while the currencies of other rice producing countries are stable, so the price of rice in Thailand is higher than that of its competitors, losing its competitive advantage and reducing the growth of exports. (<https://tradingeconomics.com/thailand/exports>, 2019)



**Figure 3.3 Thailand export trend graph**

It also has a certain impact on tourism. Thailand's tourism industry mainly receives Chinese tourists. However, affected by the China-US trade war and the appreciation of the Thai baht, the growth of Chinese tourists has slowed down this year. However, the tourists in East Asia have a positive growth trend. The number of tourists from ASEAN, South Korea and Japan to Thailand is on the rise. The number of tourists from India also shows an objective growth. Tourism still depends on the economic situation of each country.

Although Thailand's export and tourism industry may be a bit volatile, short-term foreign capital inflows and local government policies have helped stabilize the local economy. Even though the number of Chinese tourists grew slowly in the first half of the year, the Thai government approved a series of tax cuts to stimulate Thailand's tourism industry, such as exempting Chinese tourists from visa fees, and the number of other country tourists increases. In addition, the consumer group of after you is mainly local consumers, so it has no significant impact on its income. (Kbank reasearch , 2019)



**Figure 3.4 Thailand's International Tourist Arrivals**

### 3.1.3 Thai population consumption trends

As a country in the tropics, dessert and cold drinks have already become an indispensable part of the daily life of Thai people. The dessert industry has begun to become a popular industry in Thailand, but also one of the fastest growing industries. Nowadays, people's consumption of dessert is not limited to eating after meals or passing dessert shops on the way, but rather waiting in line for a dessert shop for a long time. According to the report on dessert consumption trend of food consultancy Technomic in 2017, the proportion of dessert consumption with "strong purpose" has been increasing in recent years, accounting for 46%. People aged 18 to 34 often go to a restaurant for dessert; 30% of customers eat it twice a week and add dessert after

dinner. Not only in Thailand, has dessert become a major part of people's consumption all over the world.

On the other hand, with the increasing of Thai people's economic income and personal consumption expenditure, people are more and more willing to pay more time and money for a delicious dessert. Consumers' demand for dessert is also growing. Dessert is no longer limited to the choice of festivals. It has become a fashion dessert and has a large number of young consumers. For example, students and young people at work, or middle-aged people with stable income, who are the main force in the consumer market, dessert shops are no longer just places to consume desserts, where they are more looking for a sense of relaxation or the joy of gathering with family and friends. And in the pursuit of taste, people also pay more and more attention to the concept of health. People's demand for a dessert is not only on the standard of 'delicious', but also on the material of dessert. For example, the freshness of raw materials, or the degree of less sugar and no addition of other preservatives are very important. More and more consumers believe that high-quality products bring not only products, but also a quality of life, but also a noble quality of life.

However, another important reason for the rapid development of dessert industry is the development of network media. According to the survey, Thai users spend an average of nearly three hours a day using social media, such as Facebook, Instagram and YouTube, which are effective channels for brands to sell to their audiences on a large scale. Some dessert stores promote social media through celebrities or online celebrities, or create special selling points for some products so that more and more people 'check in' in the store, creating the image of internet-famous shop, thus creating a lot of young consumers. These will also affect visitors to Thailand, who will also consume according to the popularity of dessert shops on the Internet. All of these reasons lead to the increasing trend of dessert store consumption.

## **3.2 Industry Analysis**

### **3.2.1 Development trend of Thai restaurant industry**

Since ancient times, Thailand has a strong food culture, and through the communication and development of new social media and traditional media channels, it has affected the transformation of Thai food, from the beginning of roadside snacks or night market food to the restaurant in the mall. Because of the influence of hot weather all year round, Thai people prefer to eat in the air-conditioned room, which makes more and more indoor restaurants appear in Thailand.

Moreover, the Thai economy is also a very important influence factor on the restaurant industry. In recent years, the growth of personal consumption and government investment in Thailand is higher than expected, the continuous increase of tourism income, and the positive correlation between export and economic growth will promote the growth of GDP, which makes Thailand's economic growth curve very optimistic. Therefore, the catering industry also grows with the trend of overall economic growth. When the economy is optimistic, people's disposable income is more flexible, and the increase in consumer confidence will be reflected in the proportion of consumer spending, thus increasing the number of times consumers go out to eat and drink. At the same time, with the changes of fast-paced life, more and more people are more inclined to eat outside restaurants than cooking at home, which is more convenient and faster for them. Among them, urbanization and the expansion of new shopping malls, as well as Thailand's gradual introduction of takeaway services, these factors have changed the dining behavior of consumers. From the chart below, we can know that Thai households' spending on dining out or takeaways increased by about 3% per year from 2009 to 2018, and 68% of the respondents surveyed conducted more outdoor activities. A popular outdoor activity is dining out, and the ticket received 65% of the vote. This reflects that eating out has become an essential part of many people's lives, and it also reflects the growth opportunities of the catering industry.

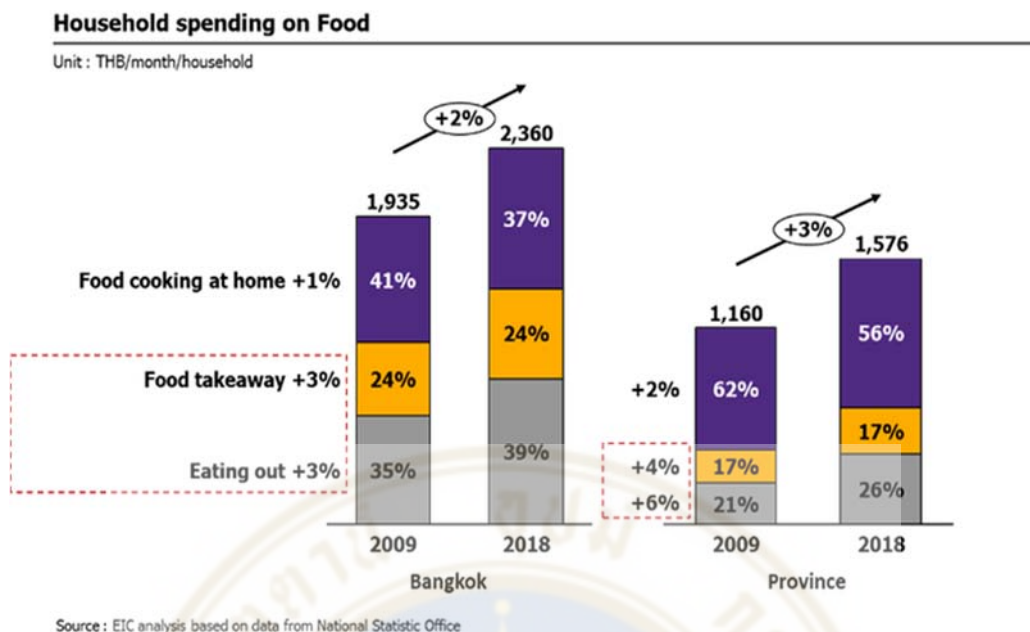
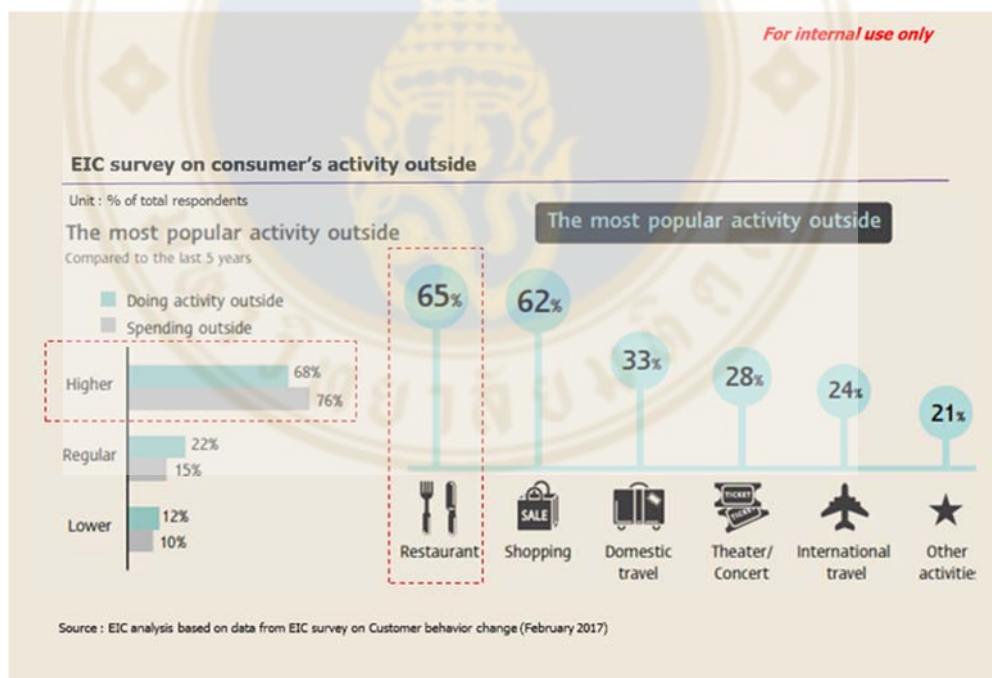


Figure 3.5 household spending on food



(Pranida Syamananda, 2019)

Figure 3.6 EIC survey on consumer's activity outsides

### 3.2.2 General development trend of dessert restaurant industry

In 2019, people pay more attention to the delicious and healthy food than to whether the food can fill their stomachs. In the two years of rapid changes in food

and beverage, consumers' attention to food is also constantly being educated, and the requirements for food and beverage are constantly upgrading. In addition, with the improvement of quality of life, consumers are more and more like to go to coffee shop, milk tea shop or dessert shop for consumption. This is also a consumer's pursuit of quality of life. Dessert or coffee has become a kind of life attitude of contemporary people. For businesses, the profit of this kind of food is greater than that of the dinner, and it has stronger pressure resistance, less investment, and more significant short-term return profit. Therefore, this mode of restaurant is also increasingly attracting the attention of restaurant entrepreneurs and shopping centers. It's not hard to find that most coffee shops or dessert shops are set up in conspicuous places in shopping malls, such as Starbucks and After You.

### **3.2.3 Analysis of After You in restaurant industry**

For after you, as a dessert store, its stores are basically distributed in the center of Bangkok, which ensures its passenger flow. But its popularity in other areas of Thailand is still low, and it still has a lot of space for development. It should open more stores in other areas of the shopping center to improve market share, such as MK and SNP, We can see the stores of these two restaurants in almost every shopping mall area in Thailand. In terms of industry attraction, desserts have great market potential, and consumers' demand for desserts is increasing day by day. And After You takes Kakigori as the main menu. The unique signature menu is rare in Thailand. It has unique characteristics and occupies the leading position in the Thai dessert market. It faces not only young consumers, but also family consumers and the old generation of customers.

### **3.3.4 Entry and exit barriers to the Thai restaurant industry**

Barriers to entry: economies of scale are relatively large. With the diversification of food in the Thai market and the fullness of the dessert restaurant industry, this industry requires new entrants to have a certain cost advantage, otherwise it will be easily eliminated by the market. New entrants must have a certain amount of funds to invest in advertising promotion and research and development of new products, so that they can survive in the current market for a long time, thereby

establishing a concept of product differentiation. Consumers' recognition of the original brand in the market makes it necessary for new entrants to spend money and time to build consumers' new brand loyalty. Another aspect is the barriers of the product itself. The dessert industry requires a high degree of freshness of the raw materials, and requires rich raw materials and continuous innovation to meet the taste of consumers. The sales channel in the restaurant industry is also relatively single, especially in the dessert industry. In order to ensure a good taste experience, most consumers can only choose to consume at the store.

Exit barriers: When companies want to exit the industry, they must abandon some of the assets and equipment they originally purchased. So when the cost of their assets and equipment increases, the loss of exit will also increase. At the same time, the cost of firing employees is also the price that companies need to pay when they exit. On the other hand, the time and emotion invested by the entrepreneur, if the restaurant industry is not good, and need to exit; the emotional barrier is also a great exit barrier in some aspects.

### **3.3 After you analysis of 5 force models**

#### **3.3.1 Threats of new entry**

As I mentioned above, the barriers to entry of the industry, combined with the analysis of the current industry status of After you, the threat of new entrants is not great for it. One aspect is that because of high barriers to entry, new entrants need to invest a lot of time, money and energy to operate. For the dessert industry, it's slow to serve meals and take a long time to change seats. It's easy for people to spend a lot of time in a dessert shop but only order one dessert, which are directly related to the turnover; another aspect is that for After you, it has been on the market for more than ten years, the menu is constantly updated and improved, and new recipes are regularly tested and provided. Given that their technology for making desserts is maturing, it is in the market has established certain brand awareness and has a large base of loyal customers. In summary, as long as After you adhere to the original quality and service, the threat of new entrants to it is relatively small.

### **3.3.2 Threat of substitution**

Although After You already has a high market share, the price of its products is relatively expensive in the Thai market. The price of a dessert is about 170 baht to 250 baht depending on the size. Nevertheless, the amount of food is relatively large, suitable for multi-person dining, and the price is acceptable for most young people who have a source of income in Bangkok. Although the price competitiveness is not high, it is a restaurant with the theme of desserts. The restaurant culture it builds meets the psychological and dietary needs of young people, so it will get customer support and consumption. According to the year-on-year increase in sales rate and profit expansion of After you, the threat of potential substitutes is not too high, and it is still under control.

### **3.3.3 Bargaining power of suppliers**

For After you, the business has its own central kitchen. The central kitchen guarantees quality control of raw materials supply and production preparation. The main ingredients of desserts are supplied by domestic and foreign suppliers. They select suppliers by comparing the quotes and services of the raw material suppliers, and regularly review the prices and quality of the raw material suppliers to ensure the quality of the products. For raw materials ordered in large quantities or regularly ordered, the company also signs contracts with suppliers to control quantity and price costs and establish friendly long-term cooperative relationships.

### **3.3.4 Bargaining power of buyers**

Until now, after you, the consumer customer group is relatively large, and the purchase amount is also considerable. The customers in the dessert restaurant market are consumed as individual customers, and individual customers are usually price receivers, although the price of after you is relatively high, but most customers who choose to eat after you have already accepted the price set by the company by default. Because the company meets the customer's pursuit of humanization, high-quality ingredients and delicious taste have won the support of customers, so customers are willing to pay a higher price for this.



### 3.3.5 Competitive rivalries

There are many restaurants in Thailand, and a large number of restaurants provide cold drinks and desserts. But there are fewer theme dessert shops like After you, and After you started this product idea very early, mixing ice cream and bread, or combining crushed ice with milk yogurt fruit. This is a product feature that distinguishes it from many dessert shops. They have a wide variety of desserts that meet the taste needs of customers. Compared with other competitors, they are more unique in terms of products and store environment, and can also meet consumer needs. However, there may be weak advantages in price competition. Compared with low-income people, they will not choose to spend here regularly. Comparing the price of a dessert can almost be worth the price of a dinner, so after you, if the company wants to occupy a larger market share, they may need to formulate a better price strategy to compete with competitors, after all cities in Thailand except Bangkok , the per capita consumption level is relatively low.

According to the above analysis of After you in the industry, it has a relatively strong brand competitiveness and loyal customer groups. It reduces the customer's sensitivity to prices and brings considerable profits to the company. It is a powerful means to resist the threat of existing competitors and potential entrants. After you continuously innovates and stabilizes the supplier channels to ensure the service and quality of the product, which shows that After you has more room for development potential in the industry.

### 3.4 Competition analysis

According to the latest data released by Bloomberg, the world's best performing restaurant stock this year comes from Thailand. After You's share price has soared nearly 200% this year, ranking first in the world. The second is Haidilao, a Chinese hotpot chain, and chipotle, a Mexican barbecue in the United States, both of which are up less than half as much as after you. This is the result of Bloomberg's data gathering of all restaurants with a market value of at least \$300 million. (LEE & Anuchit, 2019) You know, after you only have dozens of stores in Thailand. It can be seen from the side that the popularity of the dessert restaurant industry in Thailand is

very high. The main reason is that Thailand is a subtropical country, which is in high temperature all the year round, which brings huge potential and competitiveness to the dessert shops with cold drinks as the selling point.



**Figure 3.7 The world's best performing restaurant stock**

There are a lot of desserts in Thailand. After you uses Kakigori as their main selling point. I have listed several main competitors of After You in Thailand market. These brands in the chart below have similar product selling points to After You. They pay more attention to the combination of ice cream and fruit than the dessert like cake. Therefore, we can know that these stores have higher requirements for the freshness of products, and customers are picky about the taste of products. The average price of the following dessert restaurants is between 90-250 Baht, which is higher than the price of after you, but consumers are still willing to pay for its price.

**Table 3.1 Main competitors of After You in Thailand market**

Brand	Price range (Bhat)	Number of branches (only Thailand)
After you	125 - 345	39
Maygori	125 - 245	1
Swenson's	65-259	212
Yenly yours	95-169	12
Farm design	65-125	20
Holly coffee	180	9
Bake a wish	100-220	29

### 3.4.1 Competition mode of After you

Differentiation is their main competitive strategy. The diversity of their products and services distinguishes them from other brands. (After you public company limited, 2018)

1. Since the opening of the first branch in 2007, they have named their own brand After you, and it has continued to this day. The company attaches great importance to building brand awareness. Through the communication and experience of social media, the company has built After you into a very popular dessert restaurant, increased consumers' understanding of ice cream dessert, and brought new customers to the company through the spread of word-of-mouth.

2. After you pay great attention to the quality and taste of food, control and produce under strict standards, and try to achieve the best standards. At the same time, they also pay attention to the quality of service. They train service staff to make a good impression on consumers, and they hope that consumers can feel happy in After you. For example, employees use friendly and polite attitude to order for guests, and fast service and cleaning. All of these directly improve consumer satisfaction.

3. For competitors with the same positioning, After you prevent the expansion and development of later brands through its advantage of entering the market first. The company's policy is to continuously innovate products, regularly invest in the development of new products, and provide products different from competitors in terms of quality and raw material freshness. Every two months, they will launch a new menu to provide customers with more choices.

## **3.5 SWOT analysis of After you**

### **3.5.1 Strength**

First of all, the advantages of brand awareness, so many years of operation and mature product technology make After You brand have certain popularity and a large number of loyal customer groups in the market. Secondly, it's geographical location. Most of the stores of After you are open in the shopping malls with a large number of people, and the stable traffic has a large consumption power. And most of the time, there is a long line at the gate of After You's shop. Invisible advertisements attract the attention of other customers. The products are rich in variety, unique in taste and have certain competitive advantages.

### **3.5.2 Weakness**

As a dessert shop, its business area is limited and its service scope is limited. Therefore, due to the large flow of people and the slow speed of dessert production, many potential customers have no patience to wait. The seasonal consumption of their products is obvious, and the turnover may have an impact. The other is capital. At present, most of the shops are in Bangkok, Thailand, and they are all in prosperous areas. This leads to high rental cost of the shops, which increases the price of the products invisibly, thus limiting the consumption of some customers. For After you, they need a lot of capital to open and expand new shops. They need funds not only to expand other markets, but also to consider the issue of localization. It is said that they have plans to expand new stores in Hong Kong, so they must consider the issue of localization, considering whether local policies and markets are suitable for their development.

### **3.5.3 Opportunity**

As we said above, most of the stores of After you are in the capital of Thailand at present. If After you can expand in other cities in the future, the dessert market is not saturated in other regions, there is a large profit space and a large number of dessert consumers, and the strength and number of competitors in Thailand are limited, which is a huge opportunity for After you. At the same time, people are more and more promote the concept of healthy diet. The idea that After You's fruit

desserts make people feel less fat and healthier will be loved by more and more people.

#### **3.5.4 Threat**

One threat is from competitors. There is a big competition in the same industry. In addition to the directly competitive stores listed above, there are also some other restaurants. They have also successively launched dessert services. And bingsu is an alternative product; consumers can choose other desserts to replace, so there are other desserts for consumers to choose. Consumers are pickier about the taste of sweets, and more and more varieties are required, which is a pressure for long-term product development. When expanding the foreign market, the seasonal change is also a problem for the product raw materials, and the potential competitors are also increasing.



## **CHAPTER IV**

### **INVESTMENT SUMMARY**

#### **4.1 Significant recent developments**

- Recently introduced “Kanom Pang Noey Sod’ and “Kanom Pang Nom Sod” in 2018, and “Boba Tea Souffle” Cheesecake and Eclair, but also a “Pancake Mix”, which is a self-made product that customer can buy and make it themselves at home.

-Opening 6 more branches in Q1 and Q2

-Opening grab-and-go shops at the following MRT stations t:

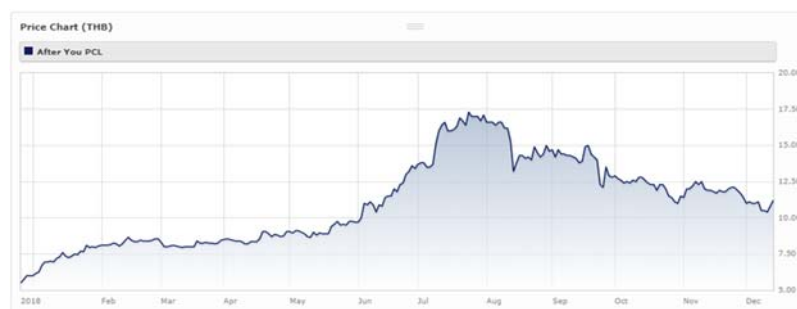
- Chatuchak Park station
- Petchaburi station
- Sam Yan station
- Sukhumvit station

- In recent quarters, the company spent around 125 million Baht in a factory and plant expansion to support future expansions

-The opening of the company first overseas store in Hong Kong is postponed until 2020.

Source: (Management Discussion & Analysis Q3/2019), (Management discussion & Analysis Q2/2019), and (Annual report 2018, 2018)

## 4.2 Valuation summary



**Figure 4.1 After you PCL stock price from 2018 to 2019**

**Source: Morningstar Thailand**

### 4.2.1 Best performing high growth stock in the restaurant sector in the world

In 1H2019, AU earning is growing continuously. AU's 1H 2019 has seen revenue increase of 48% from 1H 2018. (Management discussion & Analysis Q2/2019) This is due to the expansion of their new store branches in 2019 as well as increase same-store-sales due to new products and take-home options. (Management discussion & Analysis Q2/2019) Their net earnings have increase 105% in the same period, which have 2 main drivers. One is the increase in net profit margin Of 20% from 1H2018 to 1H2019. Second is due to better control of operating expense. (Management discussion & Analysis Q2/2019)

The company share price also sees similar increased. Since 1H 2018, AU stock have seen tremendous rise in stock price. During this period, the company stock price increase from around 7.90 THB to 17.90 THB, which is around 120% increase in share price. (Miller & Nguyen, 2019) Bloomberg report the company as “the best performing stock” in the world. (Miller & Nguyen, 2019) The increase could be due to various reasons such as strong earnings growth year to year, strong brand recognition in domestic market, consistent branch expansion, introduction of many innovative product, and possible oversea expansion. (Annual report 2018, 2018)

### 4.2.2 Expect strong sales growth from current business plan

We believe that AU sales will continue to grow in the future due to the company's various business plans and activities both executed in the last few quarters and those that will be in the next few quarters. These are activities such as:

- Strong brand recognition
- Talks about franchise
- Talk about consumer behavior and increase take out menu (Grab and Line man)
- Opening more pop-up store for increased exposure and to correspond with changing consumer behavior

Sources: Management discussion & analysis Q2 and Q3 2019, Annual report 2018

AU's main business plan is to expand their number of branches so that their stores are more easily accessible by their customers. AU has already opened 6 more branches in the first 2 quarters of 2019, in up-country malls and areas outside of Bangkok. Originally, planned to open 2 more stores, but is postponed until next year. There is also an overseas store expansion to Hong Kong, which is also postponed until next year. The main driver of AU sales increase has been due to branch expansion. Their desert cafes are responsible for more than 95% of their total revenue and are responsible for almost a 20% increase in the company revenue from 2017 to 2018. Even with some uncertainty in the company's various business plans, these new expansions will surely boost AU's sales in the future.

#### **4.2.3 Introducing new business model**

AU has started expanding their other business units, which are catering services for corporate clients and OEM product manufacturing under the company's trademark. (Management discussion & Analysis Q1/2019) These two business units, even though tiny compared to sales from their desert cafes, have been growing exponentially. From 2017 to 2018, the sales of catering and OEM services have more than doubled. (Annual report 2018, 2018)

#### **4.2.4 Constant innovations sure to increase same store sales**



AU also seen same store sales increased due to them constantly introducing new products to their stores. In 2018, 2 news items (“Kanom Pang Noey Sod’ and “Kanom Pang Nom Sod”) were introduced, and 2 more items were introduced in 2019 (Bubble Tea Souffle cheesecake and éclair). (Annual report 2018, 2018) In conjunction with the introduction of take home products, this has driven AU’s same store sales upwards.

#### 4.2.5 High consistent dividend payout

**Table 4.1 Total dividend payout from 2016 to 2018**

	2016	2017	2018
<b>Retained earnings and dividends</b>			
Retention ratios	6%	5%	-4%
Payout ratios	94%	95%	105%
Dividend paid / shares	0.13	0.15	0.19
Dividend growth		15%	27%
# of share	725	815.6	815.6
Net Income	98.769165	128.903062	147.425816
Total dividend pay out	83,837,480.00	122,343,534	154,968,477

Sources: SET company summary, After You PCL website.

AU has dividend payment policy that is very attractive for investors and shareholders. The company’s dividend payment policy is to pay dividend not less than 50% of the net income on the separated financial statement after tax and reserves deduction. (Annual report 2018, 2018) And since their IPO in 2016, the company not only has 50% dividend payout, but the actual percentage is closer to 100%, sometimes more. The table shows that AU have paid dividend every year since 2016 and with almost 100% dividend payout ratio in 2017, and exceeding 100% in 2018. This means that company uses some of its retained earnings to pay its shareholders. The company paid out around 154,968,477 THB or equivalent of 0.19 THB per share to their shareholders. (Management discussion & Analysis Q2/2019) Their dividend per share also increases with every year as a result of the company consistent sales increase. From past result, we expect that the company dividend per share could potentially be higher in the future.

#### **4.2.6 High genuine ROE and ROA compare to industry average**

After You PCL have some of the highest profitability ratio of all AGRO industry in both the SET mai and SET 100. (Sector Comparison, 2019) Their current ROA and ROE is above 20% as of 2019 Q3. (Sector Comparison, 2019) The current average ROA and ROE for AGRO industry is around 5 to 7%. (Sector Comparison, 2019) Their ROA and ROE is driven by varieties of factors that reflect the company excellent management in the areas of cost management and operation management. The company has managed to consistently decrease their cost of goods sold and increase efficiency of their daily operations. As a result, the company has some of the highest net profit margin in the industry as well as high total asset turnover. (Sector Comparison, 2019) Compare to the benchmark company, S&P Syndicate which only have 5% profit margin, After You PCL net profit margin is a lot higher at 16.7%. This drives their ROA up above the industry average, ahead of their competitions. Increasing in ROA will ultimately drive up ROE, which is the case of After You PCL's ROE. Furthermore, the company ROE is drive up entirely by their increase net profit margin. This is evidence by their low leverage. High leverage could drive up ROE as well, due to the ability of debt to inflate asset in a company, giving a deceptively high ROE. However, the equity multiplier of After You PCL, for majority of the time, is close to 1, meaning they are funded almost entirely by equity yet still be able to produce such high ROE. This is a strong sign of a healthy company that are backed up by strong financials.

#### **4.2.7 Increasing number of competition in restaurant and bar sector**

During the last 5 years, the number of restaurants in the food industry had been increasing at an alarming rate. From 2012 to 2017, the number of restaurants increases from 129,925 to 152,157 restaurants which are 22,232 more restaurants in just 5 years. (Annual report 2018, 2018) And even more concerning for AU, Cafe's and bars have proven too popular among consumers, and thus have seen significant increase in not only new stores but also many new competitors both domestics and foreign from country such as Japan and Korea are entering the market more and more each year. The graph show the increasing numbers of Cafe's and Bar in 2018. The

increasing number of competitors also leads to increase in competitiveness of quality of product and services.



**Figure 4.2 5yrs price performance (Adjusted price)**

#### 4.2.8 Cyclical stock, higher market risk

After You PCL stock is a consumer cyclical stock with high beta. (After You PCL - AU, 2019) A cyclical stock is a stock that follows the movement of the overall economy and business cycle. During business boom, these stock see increase in price, while during economic downturn, these stock can see severe decrease in its price. As oppose to defensive stock, which are stocks that tend to have smaller growth, but generate small and consistent return for investors. These are seen as safer stock to invest in hence the name defensive stock. One of the characteristics of a cyclical stock is that they these company stock will have higher beta compare to industry average. This is the case of After You PCL. The company's beta (calculate with SET total return index) since their IPO is 1.94 and have consistent have YTD beta of around 1.70 to 1.80. (Company Summary AU, 2019) This means that when SET market generate return of 1 %, After You stock generate return of 2% or -2% if SET market see its return decrease by 1%. Its stock movement tends to follow that of the overall stock market in Thailand. The stock has a lot of exposure to market risk. During economic downturn value might depreciation a lot. This is, however, quite common for the restaurant industry as people can afford to buy more during economic boom, and they can afford to buy less as the economy slow down. A volatile stock, investor should investigate the macroeconomics situation in Thailand and not just fundamental analysis on the company of they want to invest in this company's stock.

### 4.3 Recommended Investment Actions

Our recommendation of After You PCL stock is to Sell. This is because upon examining the firm intrinsic value using the DCF methods, we find that the company share is severely overvalued. Using the DCF methods, we estimated that After You PCL share price is worth 3.59 baht per share. However, as of Dec 12 2019, the current market share price is 11.20 baht per share. DCF valuation offers a 211.98% downturn. For relative valuation, we use two types of companies as comparable companies. One is companies with a normal growth rate, and the other is companies with the same high growth rate as After You. But even these two types of company valuations, the results are all smaller than the current stock price, all are undervalue. The share price using relative valuation offers a 49.3% downturn. We got an average target price of 4.32 baht per share for normal growth rate firm, and 5.49 baht. Relative valuation produces 159.26% downside, and 104.01% downside respectively. Regarding the general environment, we use the overall GDP of Thailand to analyze. Although Thailand's GDP growth rate in 2019 is less than 4.1% of GDP in 2018, but due to the support of Thai government policies and investment by foreign businessmen, Thailand's economy has also shown strong momentum. On the other hand, the appreciation of the Thai baht has caused fluctuations in tourism and exports, but the overall impact on After You's income has not been much. After You PCL is currently experience its high growth period, growing faster than its historical growth rate. The company also has many future expansion planned such as pop-up stores, oversea expansion, and introducing innovative menus. However, the company stock comes with great market risks. The company stock have very high beta. Some of the firm future expansion such as oversea expansion and 2 branch expansion in 2019 has come to a sudden halt. Consumer's behavior in both dining pattern and eating trend are also changing. We feel that what necessarily drive After You sales in recent quarters, new product innovations and explosive same-store-sales growth, are difficult to sustain. And the company has been showing sign of that. Also, the overall foodservice industry is also not growing as much as After You. All these factors could negatively affect the company share price, thus investors should only take on these risks if the company can provide enough value in return. Investors should only buy After You PCL stocks when it share price converge around 4 to 5 baht.

## CHAPTER V

### FINANCIAL STATEMENT AND RATIOS ANALYSIS

**Table 5.1 Financial ratios**

	2014	2015	2016	2017	2018	2019F	2020F	S&P 2018	Industry
<b>Liquidity ratio</b>									
Quick ratio	0.92	0.82	6.14	6.27	4.11	2.59	2.12	1.23	1.75
Current ratio	1.225	1.005	6.422	6.630	4.486	2.900	2.420	1.59	2.51
<b>Profitability ratio</b>									
ROA	0.227	0.204	0.147	0.128	0.138	0.169	0.182	0.100	4.32%
Operating margin	0.197	0.188	0.210	0.214	0.205	0.192	0.192		
Net profit margin	0.147	0.139	0.162	0.175	0.167	0.153	0.153	0.050	6.6%
Equity multiplier	1.894	3.110	1.214	1.109	1.147	1.158	1.174	1.600	2.35
ROE	0.429	0.633	0.178	0.142	0.159	0.196	0.213	0.160	9.1%
ROIC	0.304	0.215	0.130	0.152	0.164	0.203	0.216	0.110	-
<b>Efficiency ratio</b>									
TATO	1.544	1.469	0.904	0.730	0.826	1.105	1.185	1.88	0.33
ARTO	61.286	124.228	137.290	80.066	70.953	89.442	93.674	25.48	11.6
INTO	13.563	12.645	11.994	10.609	9.929	12.521	12.544	13.92	16.4
APTO	4.790	4.576	4.038	4.015	4.204	4.810	4.540		
FATO	2.488	1.759	2.150	1.684	1.744	1.924	1.924	4.71	1.09
Receivables Collection Period (RCP)	5.956	2.938	2.659	4.559	5.144	4.081	3.896	15.40	31.50
Inventory Conversion Period (ICP)	26.911	28.866	30.432	34.405	36.761	29.150	29.098	26.70	22.20
Payables Deferral Period (PDP)	76.195	79.757	90.387	90.917	86.818	75.878	80.391	45.60	34.00
Cash Conversion Cycles (CCC)	(43.329)	(47.953)	(57.296)	(51.953)	(44.913)	(42.647)	(47.397)	(3.500)	19.70
<b>Solvency ratio</b>									
D/A	0.472	0.678	0.176	0.098	0.128	0.137	0.149	0.38	-
D/E	0.894	2.110	0.214	0.109	0.147	0.158	0.174	0.60	0.51
Interest coverage ratio	14.945	13.748	18.815	247.545	781.348	979.768	-	60.01	8.8
<b>Value Ratio</b>									
EVA	34.96	39.05	72.81	82.38	91.47	-	-	-	-
<b>Price ratio</b>									
# of shares	562.5	725	815.6	815.6	815.6	815.6	815.6	490.4	-
EPS	0.08	0.08	0.12	0.16	0.18	0.24	0.28	0.82	-
BVPS	0.19	0.16	0.99	1.14	1.17	1.27	1.38	8.24	-
Dividend payout ratio	0%	0%	95%	95%	105%	100%	100%	-	-
DVS				0.15	0.19	0.24	0.28	-	-
Current share price (as of Nov 14, 2019)	11.2								

### 5.1 High profitability and efficiency firm

After You PCL's profit margin ranks among the highest in the restaurant and bar industry. Their profit margin has been steadily increasing since 2014. During the latest quarters, Q3 2019, they able to increase their profit margin to 20.4% compare to 16.7% in Q4 2018. With their comparable firm, S&P, only have around 5 % and the industry average of around 6.6% in 2018, it goes to show how high After You PCL profit margin is. This provide significant advantage for both the company and its shareholders as the company can generate more profit, but it could also

compete with their competitors in term of both pricing and operation efficiency. From the ratios provided, it is clear that from the period of 2014 to 2018, the company sees a steady decline of both their ROA and ROE. By analyzing their financial ratios using the DuPont methods, it is apparent that this decrease is fuel by the decrease in TATO and the equity multiplier respectively. Their ROA have been showing sign of recovery in late 2018 and 2019 due to the increase in profit margin. Their ROE had been bogged down in recent years due to the decrease of their equity multiplier. This is a result of the company bringing down their debt to almost zero. But since 2018 and 2019 has been rising due to increase ROA and increase net profit margin. And although their return ratios, historically, has been declining more than increasing, it is still significantly higher than the industry average. The industry averages are 4.32% and 9.1% for ROA and ROE respectively, while S&P have around 10% and 16%. After You PCL's ROA is 17.6% and their ROE is 20.2%. Despite these high having higher profitability ratios, After You PCL, does have quite lower TATO compare to S&P, with 0.83 for After You PCL and 1.55 for S&P in 2018. S&P is also bigger than After You as well in term of sizes and revenue. This shows that although the company has higher than average TATO, it could still be improve upon to provide even higher ROA and ROE.

## **5.2 Low leverage and highly liquid firm**

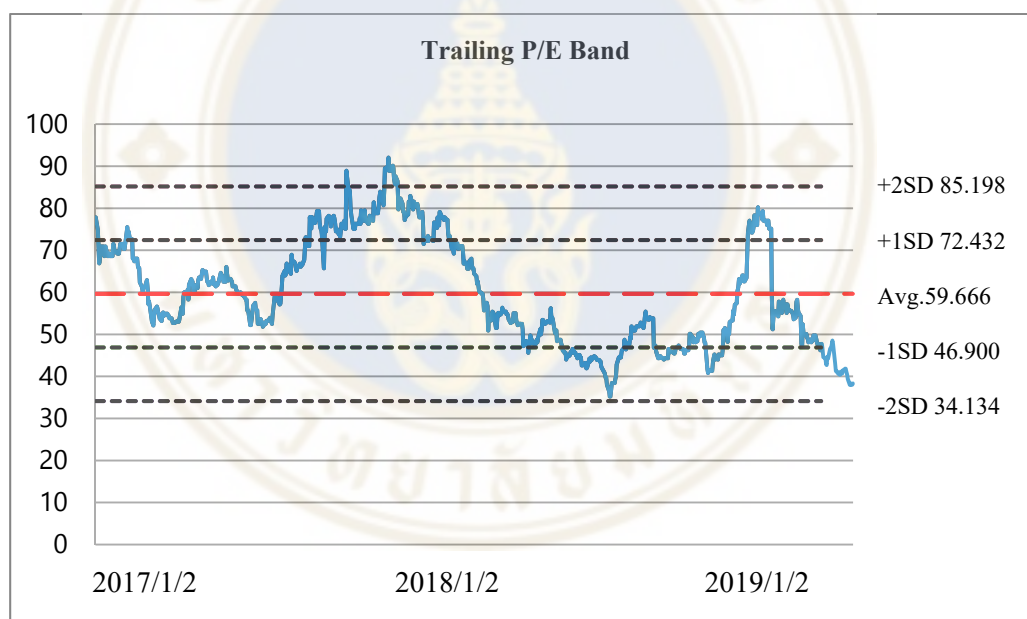
The company's leverage ratios have been decreasing, from 0.89 in 2014 to 0.15 in Q3 2019. This shows that their debt has lowered significantly during this time. Compare to the industry average of 0.51 leverage ratios, it show that After You are funded almost entirely by equity. They also have higher TIE compare to the industry as well. They have 781x EBIT over interest expense, compare to industry average of only 8.8x. This means that they can generate operating profit hundreds of time over their financial obligations each period. The firm also shows to have quite high amount of cash and marketable securities. They have quick ratios of around 4x, with the industry average of around 1.75. All of these ratios show that After You PCL have very low default risk, and a very safe firm to invest in term of financial strength.

## CHAPTER VI

### RELATIVE VALUATION

#### 6.1 Trailing P/E band, Trailing P/BV band, Trailing EV/EBITDA band,

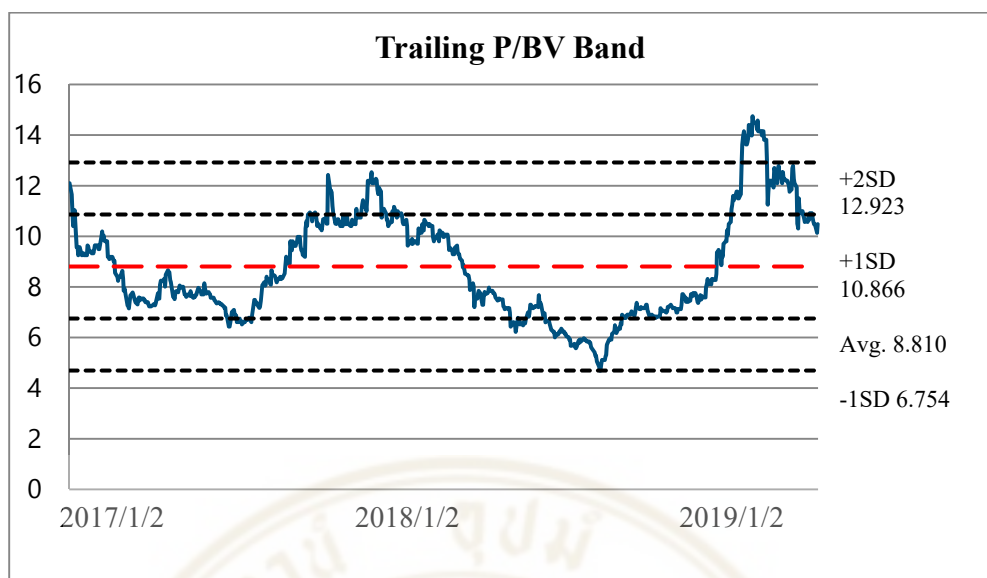
Since After you was officially listed in 2016, we obtained data from 2016 to 2019 on Thomson Reuters EIKON, and calculated their average and standard deviation respectively. (- 1SD to + 2SD fluctuation range) After that we used historical P / E, P / BV and EV / EBITDA data to compare with the current data of the company. It concluded as follow.



Source: Thomson Reuters Eikon and Calculations

**Figure 6.1 Trailing P/E band**

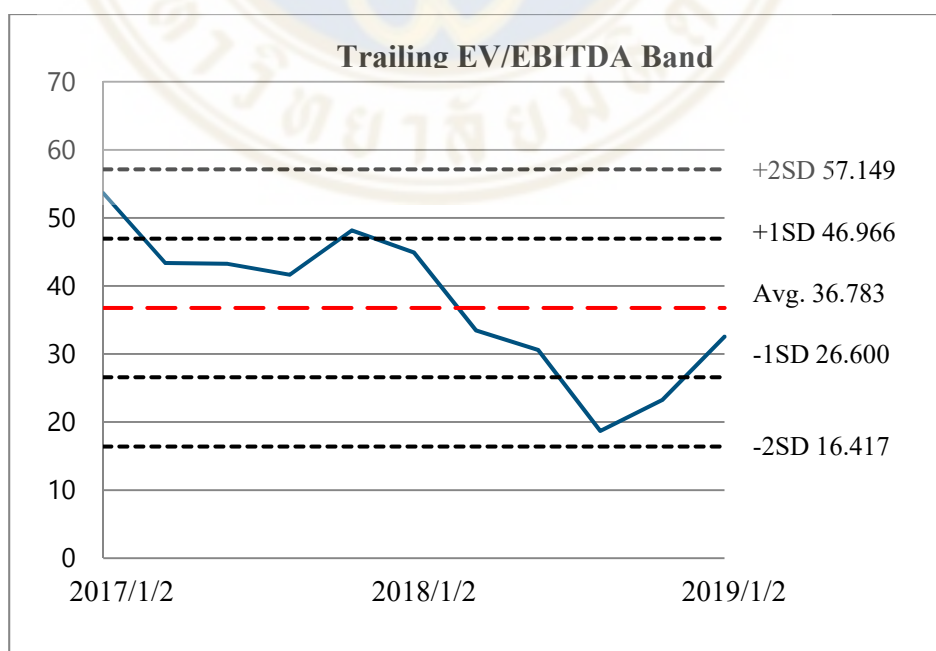
- Current P/E as of 2019/12/6 :38.3
- Its lower than 3 years P/E average: 59.666
- Lower than -1SD band: 46.9;
- Above the -2SD band: 34.134
- Conclusion: “in relation to itself”, the firm is undervalued.



**Figure 6.2 Trailing P/BV band**

Source: Thomson Reuters Eikon and Calculations

- Current P/BV as of 2019/12/6: 9.46
- Its higher than 3 years P/BV average: 8.81
- Lower the +1SD band: 10.866
- Conclusion: “in relation to itself”, the firm is overvalued.



**Figure 6.3 Trailing EV/EBITDA band**



Source: Thomson Reuters Eikon and Calculations

EV / EBITDA I calculate their data on a quarterly basis.

- Current EV/EBITDA as of 2019/12/6: 27.89
- Its lower than 3 years EV/EBITDA average: 36.783
- Above the -1SD band: 26.6;
- Conclusion: “in relation to itself”, the firm is undervalued.

## 6.2 Integrate benchmark corporations

Table 6.1 Integrate benchmark corporations

P/E	2019	2018	2017	2016	Average
AU	42.6	33.2	77.2	69.68	55.7
2752.TWO(TOFU)	18.3	13.33			15.8
ZEN.BK	30.6				30.6
M.BK(MK)	25.7	26.75	32.56	25.63	27.6
SNP.BK	22.5	23.9	22.2	28.58	24.3
MM.BK(Mudman)	-63.2				-63.2
JCKH.BK	-1.6				-1.6
2741.TWO(Renjie)	6.6	10.99	12.1	14.41	11

P/BV	2019	2018	2017	2016	Average
AU	10.1	5.11	10.67	11.03	9.2
2752.TWO(TOFU)	4.7	3.5			4.1
ZEN.BK	3				3
M.BK(MK)	4.9	4.86	5.71	4	4.9
SNP.BK	3.4	3.79	4.27	5.36	4.2
MM.BK(Mudman)	1.1	1.36	1.81		1.4
JCKH.BK	4.2	2.07	22.04	8.89	9.3
2741.TWO(Renjie)	1.6	1.55	2.62	3.21	2.2

EV/EBITDA	2019	2018	2017	2016	Average
AU	31.1	18.7	48.15	53.64	37.9
2752.TWO(TOFU)	9.4	6.14			7.8
ZEN.BK	11.3				11.3
M.BK(MK)	15.1	17.13	20.28	14.42	16.7
SNP.BK	10.4	10.84	10.04	12.44	10.9
MM.BK(Mudman)	18.5	18.19	24.92		20.6
JCKH.BK	-4.2			44.23	20
2741.TWO(Renjie)	7.3	5.62	10.33	9.03	8.1

In the process of using relative valuation methods, we need to choose comparable companies and After you for comparison. Comparable companies refer to companies with the same or similar industries in which the company is located, the company's main business or leading products, capital structure, operating scale, market environment, profitability, and risk. Because there is relatively few dessert companies listed in the Thai market, when I chose the comparison company, I was not limited to the dessert restaurant industry, but expanded the scope and selected the entire restaurant industry. The companies are from the Thai market and the Taiwan market respectively, and based on their market environment there is no great difference. Based on the After you listing started in 2016, so in the following data we have chosen the three-year cycle starting in 2016. Then calculate the valuation indicators of comparable companies, which mainly include P / E ratio, P / BV ratio and EV / EBITDA ratio. Then calculate their respective medians and averages.

### 6.3 Calculate target prices of After you by normal growth rate comparable firms

**Table 6.2 Normal growth rate comparable firms**

Company name	Country	Market Capital (THB)	Closing price (THB)	Trailing P/E	Trailing P/BV	Trailing EV/EBITDA
			11/12/2019			
Tofu Restaurant Co., Ltd	Taiwan, China	THB 1.77B	111.41	19.3	3.2	9.9
ZEN Corporation Group PCL	Thailand	THB 4.11B	14.3	35.3	3	11.8
MK Restaurant Group PCL	Thailand	THB 70.217B	69	23.8	4.6	13.4
S&P Syndicate PCL	Thailand	THB 7.847B	15.7	22.5	3.4	10.2
JCK Hospitality PCL	Thailand	THB 0.2314B	0.25	-1.9	19.6	-3.3
Renjie Oldsichuan Co., Ltd.	Taiwan, China	THB 0.99B	49.54	6.9	1.6	7.8

**Table 6.3 Data we need to use for calculating target price**

	Q3 2019 A	2019 F	2020 F
EBIT	180.32	243.99	276.75
Depreciation	51.6	61.14	69.28
EBITDA	231.92	305.13	346.02
Total equity	957.1	1035.1	1123.66

**Table 6.4 P/E, P/BV and EV/EBITDA Median of industry by normal growth rate comparable firms**

P/E MEDIAN	20.9
P/BV MEDIAN	3.3
EV/EBITDA MEDIAN	10.1

**Calculate Target price****Table 6.5 Target price of After you from normal growth rate comparable firms**

Normal growth rate comparable firm	Q3 2019A	2019 F	2020F
EPS	0.23	0.24	0.27
Book value	957.1	1035.1	1123.66
Number of share	815.6	815.6	815.6
Relative valuation			
Trailing P/E	4.81	5	5.67
Trailing P/BV	3.87	4.19	4.55
Trailing EV/EBITDA	2.87	3.78	4.28
Average	3.85	4.32	4.83

- Share price of trailing P/E=peer median\*EPS
- Share price of trailing P/BV= (peer median\*book value)/#of share
- Share price of trailing EV/EBITDA=(peer median\*EBITDA)/#of share

From above graph we can conclude that the target price in 2020F P/E median is 5.67baht, P/BV Median is 4.55 baht, and EV / EBITDA Median is 4.28 baht. Their average is 4.83. After first time of calculating comparable companies, I found that their value is relatively low compared with the current stock price of after you. I think it may be because of the special situation of after you. As a restaurant stock with three years of IPO, its performance ranks first in the world, this is

inseparable from its high growth rate. So I decided to look for some more high growth companies to compare with it.

**Table 6.6 Growth of revenue of high growth rate comparable firm**

	2017-2018	2016-2017	2015-2016
AU	20.32%	19.39%	46.33%
Development Works Food Co	31.92%	95.26%	21.61%
Haidilao International Holding Ltd	59.53%	36.23%	35.63%
Pioneerindo Gourmet International Tbk PT	16.85%	13.28%	17.70%
ZEN Corporation Group PCL	17.63%	12.37%	9.99%
Tofu Restaurant Co., Ltd	18.95%	20.88%	39.33%
PT Jaya Bersama Indo Tbk	14.77%	23.45%	

#### 6.4 Calculate target price of After you by high growth rate comparable firms

**Table 6.7 High growth rate comparable firms**

Company name	Country	Market Capital	Closing price (THB)	Trailing P/E	Trailing P/BV	Trailing EV/EBITDA
			11/12/2019			
Development Works Food Co	Saudi Arabia	THB 1.27 B	507.02	21.8	4.8	16.3
Haidilao International Holding Ltd	China	THB 661.18 B	126.99	67.8	17.5	33.4
Pioneerindo Gourmet International Tbk PT	Indonesia	THB 2.16B	9.83	39.7	6	12.6
ZEN Corporation Group PCL	Thailand	THB 4.11B	14.3	35.3	3	11.8
Tofu Restaurant Co., Ltd	Taiwan, China	THB 1.77 B	111.41	19.3	3.2	9.9
PT Jaya Bersama Indo Tbk	Indonesia	THB 3.24B	2.54	13.1	1.7	5.4

**Table 6.8 P/E, P/BV and EV/EBITDA Median of industry from high growth rate comparable firms**

P/E MEDIAN	28.55
P/BV MEDIAN	4.01
EV/EBITDA MEDIAN	12.2

**Calculate target price**

**Table 6.9 Target price of After you by high growth rate comparable firms**

High growth rate comparable firm Target price	Q3 2019A	2019 F	2020F
EPS	0.23	0.24	0.27
Book value	957.1	1035.1	1123.66
No.of share	815.6	815.6	815.6
Relative valuation			
Trailing P/E	6.567	6.826	7.75
Trailing P/BV	4.703	5.086	5.521
Trailing EV/EBITDA	3.469	4.564	5.176
Average	4.913	5.492	4.424

From above graph we can conclude that the target price in 2020F P/E median is 7.75 baht, P/BV Median is 5.521 baht, and EV / EBITDA Median is 5.176Bbaht. Their average is 4.424.

## 6.5 Trailing P / E method

The price-earnings ratio is the ratio of stock price to earnings per share during a survey period, usually 12 months. Investors usually use this ratio to estimate the investment value of a stock, or use this indicator to compare the stocks of different companies. The basic reference index of the P / E valuation method is earnings per share, so it is suitable for industries with relatively stable earnings and weak periodicity. From After you's relatively stable EPS every year, it can be seen that it belongs to a relatively cyclical industry and will not cause the company's earnings to fluctuate greatly due to fluctuations in the economic cycle. The stocks with high P / E ratio indicate that the stock price of the enterprise is on the high side in the enterprises with the same earning power, while the stocks with low P / E ratio indicate that the stock price of the enterprise is on the low side in the enterprises with the same earning power, which may be undervalued, and the probability of rising in the future is higher. (CHENGHONG CAIJING, 2018)

In Trailing P / E method of normal growth rate comparable firm that I use peer median 20.9 to multiply EPS of 0.24 in 2019 Forecast , and I can get that the estimated target share price should be 5.0B/ per share.

In Trailing P / E method of high growth rate comparable firm that I use peer median 28.55 to multiply EPS of 0.24 in 2019 Forecast , and I can get that the estimated target share price should be 6.826 B/ per share.

## **6.6 Trailing P / BV method**

The next indicator is P/BV ratio, which is determined by the company's operating conditions. In the financial statements, the book value of net assets is the asset value of shareholders. The better the company's operating state is, the more assets and less liability, the more net assets, the more equity shareholders have, and the greater the space for stock price appreciation. Similarly, when we compare the companies with similar main businesses, the market P/BV is lower than the industry average P/BV level of stocks, which means that the investment value is high and the stock price is likely to rise. On the contrary, if the company P/BV is higher than the industry average P/BV level, we need to pay attention to the risk of decline. The company is likely to be overvalued, and in the future, the stock price may fall back to the industry average P/BV level.

In Trailing P / BV method of normal growth rate comparable firm that I use peer median P/BV 3.3 to multiply book value of 1035.1 in 2019 Forecast and then divided by number of share 815.6 , and I can get that the estimated target share price should be 4.19B / per share.

In Trailing P / BV method of higher growth rate comparable firm that I use peer median P/BV 4.01 to multiply book value of 1035.1 in 2019 Forecast and then divided by number of share 815.6 , and I can get that the estimated target share price should be 5.086B / per share.

## **6.7 Trailing EV/EBITDA method**

One of the indicators we use is EV / EBITDA. This refers to the use of corporate value, which is equivalent to the sum of the stock market value and long-term net liabilities divided by the pre-interest, tax, depreciation and amortization of profits before the enterprise valuation multiples. It is more suitable for manufacturing

and various cyclical industries. Because these industries have large fluctuations in profits, P/E has no significance in loss or small profit, and P/BV is difficult to reflect the business situation of enterprises in time, so EV / EBITDA is a more suitable choice for cyclical enterprises.

In Trailing EV/EBITDA method of normal growth rate comparable firm that I use peer median EV/EBITDA 10.1 to multiply EBITDA of 305.13 in 2019 Forecast and then divided by number of share 815.6 , and I can get that the estimated target share price should be 3.78B / per share.

In Trailing EV/EBITDA method of higher growth rate comparable firm that I use peer median EV/EBITDA 12.20 to multiply EBITDA of 305.13 in 2019 Forecast and then divided by number of share 815.6 , and I can get that the estimated target share price should be 4.564B / per share.

## 6.8 Forward P/E, P/BV and EV/EBITDA of relative valuation

In forward relative valuation, since I can find forward data in return there are only three restaurants (the restaurant data we used before), they are MK, Haidilao and Tofu, of which Tofu only has Forward P / E data. Nevertheless, I calculated their forward median to calculate their target price. The following chart is my target price after calculation.

**Table 6.10 Forward EV/EBITDA, P/E and P/BV**

F12M	AFTER YOU	TOFU	MK	HAIDILAO
EV/EBITDA	21.3		12	20.1
P/E	30.2	18	22.5	43
P/BV			4.3	10.8

**Table 6.11 P/E, P/BV and EV/EBITDA Median (F12)**

F12M	Peer median	Peer average
EV/EBITDA	16.05	16.05
P/E	22.47	27.8
P/BV	7.54	7.54

## Calculate target price of Forward ratio

**Table 6.12 Target price by calculated forward**

F12M Comparable firms	Q3 2019A	2019 F	2020F
EPS	0.23	0.24	0.27
Book value	957.1	1035.1	1123.66
Number of share	815.6	815.6	815.6
Relative valuation			
Forward P/E	5.17	5.37	6.1
Forward P/BV	8.85	9.57	10.39
Forward EV/EBITDA	4.57	6.01	6.81

After calculating the forward data, the forward P / BV data is the closest to the current market price. Unlike training price, P / E is lower here. Nevertheless, we decided to use the training P/E we calculated earlier as our target price. Because we think that only two of the selected comparable companies have complete forward data, and for after you, it does not have forward P/BV itself. The data incompleteness has little reference significance for us, and it cannot well represent the restaurant industry. In addition, MK and Haidilao have a large market share, so I think this forward calculation data of is too one-sided. I still decided to use training P / E data as our target price. But overall, the target price of forward is also lower than the current market price, so we can also know that the current price of after you is overvalued.

## 6.9 Summary of relative valuation

In summary, we calculate the average price of the above three target stock prices of normal growth rate firm, and we can conclude that the final estimated price is 4.32baht. Although we use comparable companies with high growth rates, its average is only 5.49, which is far from enough compared to current stock prices. So I decided to use the high growth rate company's P / E 6.82 as my estimated target price, which is closer to the current stock price of After you. After You's current stock price is around 11 THB, it can be inferred that its stock price is higher than its internal value, so it is overvalued. Holders should sell stocks to avoid future stock price drops.



## **CHAPTER VII**

### **INVESTMENT RISK AND DOWNSIDE POSIBILITIES**

#### **7.1 Risk of franchise failing**

One of the risk that the company might face going forward is the risk of their oversea franchise branch failing. (securities, 2019) The first oversea branch is set to open in Hong Kong at the end of Q4. With the political unrest and protests going on in Hong Kong, it will be challenging for this new branch to thrive. Furthermore, the After you brand is lesser known international who compare to Thailand. Brand recognition among Thai customers is one of After you most important sale drivers. The company's oversea branch will also be competing in new and unfamiliar market, facing more competition than ever. Due to these various factors, the company face the risk of franchising oversea not successful and limiting their growth to only Thailand.

#### **7.2 Risk of new product not popular**

To maintain its high growth, After you PCL relies heavily on constantly introducing new and innovative product to keep growing same-store revenue. This will help them sustain their high growth. In 2019 Q2, same store revenue grows around 16.4%. (Management discussion & Analysis Q2/2019) This increase is mostly due to the company introducing "Kanom Pang Noey Sod" and "Kanom Pang Nom Sod", which is hugely popular for both in store dining and take away. However, there is a risk that new products introduced by After you to their store will succeed like "Kanom Pang Noey Sod" and "Kanom Pang Nom Sod" did, thus decreasing their same store growth, which will lower the company profit and performance.

#### **7.3 Risk of change in consumer behavior**

There is a risk that change in consumer behavior could affect company performance. Economics conditions and social trends are some factors that could affect consumer behavior. (Annual report 2018, 2018) Trends such as healthy eating, could lead to customers avoiding high calories dessert for healthier options. (Annual report 2018, 2018) During economic downturn, people will hold on to the money and spend on necessity goods. Consumer might avoid high quality and high price dessert during economic downturns. Political unrest and protest could also prevent people from After You's store. There is a risk that changing consumer behavior due to these various factors could lead to less demand for luxury dessert, which will lead to lower profit for the company.

#### **7.4 Risk of major shareholder exceed 50%**

There are two major shareholders groups in After you PCL that hold more than 50% of the share which are Ms. Gulapat Kanokwatanawan' s group and Mr. Maetup T. Suwan's group who hold 37% and 32% of the total shares sold by the Company respectively. (Annual report 2018, 2018) Both groups also have relationship with each other. (Annual report 2018, 2018) There are risk of decision regarding the company are introduced decided solely based on the view of these two group, which they will most likely voted on the same direction. (Annual report 2018, 2018) Other shareholders might not be able to both introduce view that goes against the major shareholders, which is very unhealthy for the company. This provides very poor check and balance for the company.

#### **7.5 Risk of high and intense competition**

From 2012 to 2017 Thailand have seen an increase of 22,232 restaurants with the 5 year annual growth rate of 3.2. (Annual report 2018, 2018) Additionally due to the increasing popularity of cafe and bar, the numbers of cafe and bar have seen significant increase both from big player domestically and popular franchise store from Korea and Japan opening up. (Annual report 2018, 2018) New store that also cafe's and bars that mainly sell discretionary dessert also pop-ups such as Bake-a-wish,

Kyo Roll En, and Farm design. (Annual report 2018, 2018) All targets similar customers to After You desert cafe. The increase in competition could affect the company's market share, growth, and performance of the company.

## **7.6 Risk of unable to find leasing and renting space**

After You stores are located in department stores and community mall space that the company leases. (Ratings, Interest Coverage Ratios and Default Spread, 2019) The lease period is 3 years and the lease contracts are renewed. (Annual report 2018, 2018) Due to increase competition and the growing popularity and success of the cafe and bar, the company might find it difficult to find leasing space for future branches or could face higher leasing fees when renewing contract of existing leased space. (Annual report 2018, 2018) If the company unable to find leasing or renting space to expand their store, which is one of the company main profit driver, it could affect the company performance and growth.

## **7.7 Risk of increase of raw material price**

There is a risk of raw material price will increase in the future. Raw material price can increase for the following reasons (Annual report 2018, 2018):

- Increase in demand of bakery product, which drives up the price
- Some raw material use is seasonal, which might see increase in price during some months
- Weathering conditions could affect the growing and harvesting of raw material. If supply decreases, the price of raw material will increase.

The increase in raw material price will lower the company profit.

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**Appendix A: Types of AU shareholders as at 18 March 2019**

<b>Type</b>	<b>Shareholders</b>	<b>Shares</b>	<b>% Shares</b>
Thai Funds / Co.,	10	424,289	0.10%
Thai NVDR	1	25,074,500	3.10%
<b>THAI retails :</b>	7,993	754,442,780	
Founder Groups	7	562,072,195	68.90%
Other      retailed	7,986	192,370,585	23.60%
Thais			
Foreign	12	35,681,992	4.40%
<b>TOTAL</b>	<b>8,016</b>	<b>815,618,021</b>	<b>100.00%</b>

**Source: After You Website**

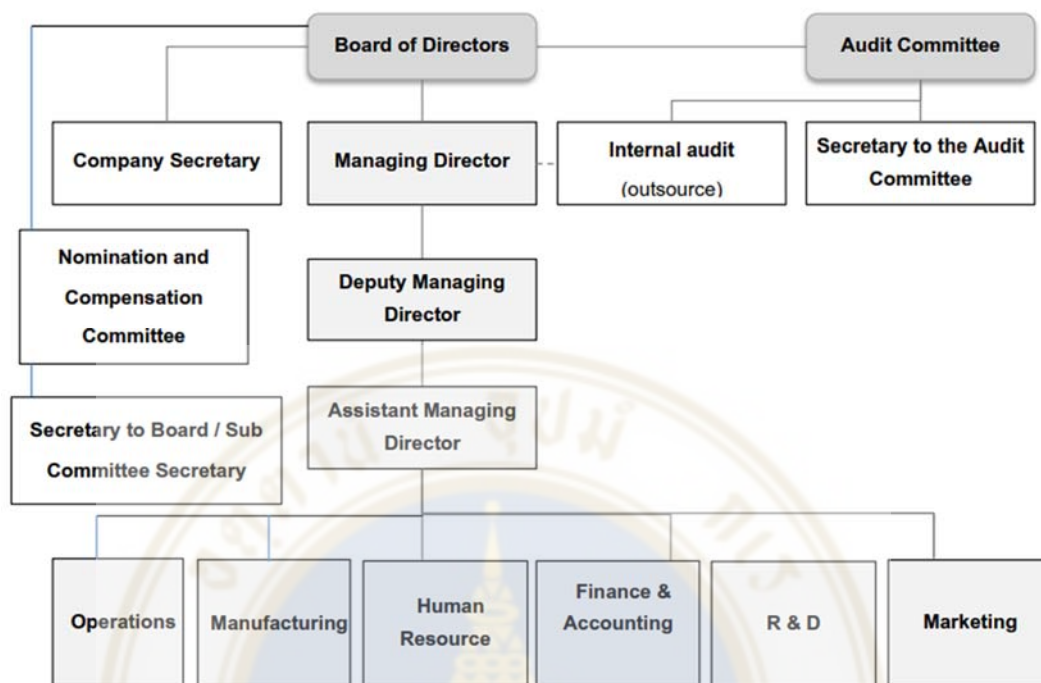
### Appendix B: Major shareholders as at 18 March 2019

Rank	Major Shareholders	# of Shares	% Shares
1	Ms. Gulapat Kanokwatanawan	259,669,759	31.84
2	Mr. Maetup T. Suwan	239,793,750	29.4
3	UBS AG SINGAPORE BRANCH	31,798,991	3.9
4	Mr. Piriyarat Pattarakitkasem	31,550,000	3.87
5	Thai NVDR Company Limited	25,074,500	3.07
6	Mr. Pruet Kanokwatanawan	19,460,937	2.39
7	Ms. Kanitaviriya T. Suwan	18,728,125	2.3
8	Mr. Mill Kanokwatanawan	14,982,187	1.84
9	Ms. Pimpattra Supapatcharawong	9,247,300	1.13
10	Mrs. Patcharawong Panjasup	8,000,000	0.98
11	Others shareholders	157,312,472	19.28
	<b>Total</b>	<b>815,618,021</b>	<b>100</b>

Sources: After You Website

## Appendix C: Management and Organizational Chart

The Company had the structure as at 31 December 2018 as follows:



Sources: After You Website

## Appendix D: Corporate Governance



Sources: The Securities and Exchange Commission, Thailand



## Appendix E: Market share of companies in restaurant industry

No.	Companies/Year	Cumulative Share of Companies	Sales 2018	Market Share	Cumulated Sales	Cumulated Sales %	Xk - Xk-1	Yk + Yk-1
1	Minor International Pcl	100.00 %	77,778,497	32.93 %	236,167,260	100.00 %	3.85 %	167.07 %
2	The Minor Food Group Pcl	96.15 %	29,397,321	12.45 %	158,388,763	67.07 %	3.85 %	121.69 %
3	Cash Van Management Co Ltd	92.31 %	24,861,408	10.53 %	128,991,442	54.62 %	3.85 %	98.71 %
4	Mk Restaurant Group Pcl	88.46 %	17,113,048	7.25 %	104,130,034	44.09 %	3.85 %	80.94 %
5	Oishi Group	84.62 %	12,696,924	5.38 %	87,016,986	36.85 %	3.85 %	68.31 %
6	Central Restaurants Group Co Ltd	80.77 %	11,007,140	4.66 %	74,320,062	31.47 %	3.85 %	58.28 %
7	S&P Syndicate Pcl	76.92 %	7,706,749	3.26 %	63,312,922	26.81 %	3.85 %	50.35 %
8	Starbucks Coffee (Thailand) Co Ltd	73.08 %	7,675,842	3.25 %	55,606,173	23.55 %	3.85 %	43.84 %
9	Num Muang Co Ltd	69.23 %	7,083,189	3.00 %	47,930,331	20.30 %	3.85 %	37.59 %
10	Thai Drinks Co Ltd	65.38 %	6,860,999	2.91 %	40,847,142	17.30 %	3.85 %	31.69 %
11	Mcthai Co Ltd	61.54 %	6,300,253	2.67 %	33,986,143	14.39 %	3.85 %	26.11 %
12	Food Passion Co Ltd	57.69 %	3,769,686	1.60 %	27,685,890	11.72 %	3.85 %	21.85 %
13	Mitrachasima Trading Co Ltd	53.85 %	3,485,806	1.48 %	23,916,204	10.13 %	3.85 %	18.78 %
14	M K Inter Food Company Limited	50.00 %	3,309,642	1.40 %	20,430,398	8.65 %	3.85 %	15.90 %
15	Zen Corporation Group Public Company Limited	46.15 %	2,964,651	1.26 %	17,120,756	7.25 %	3.85 %	13.24 %
16	Sirt Ltd	42.31 %	2,668,136	1.13 %	14,156,105	5.99 %	3.85 %	10.86 %
17	Swensen'S (Thai) Co Ltd	38.46 %	2,143,105	0.91 %	11,487,969	4.86 %	3.85 %	8.82 %
18	Oishi Ramen Co Ltd	34.62 %	2,104,736	0.89 %	9,344,864	3.96 %	3.85 %	7.02 %
19	Select Service Partner Limited	30.77 %	1,945,013	0.82 %	7,240,128	3.07 %	3.85 %	5.31 %
20	Yum Restaurants International (Thailand) Co Ltd	26.92 %	1,527,096	0.65 %	5,295,115	2.24 %	3.85 %	3.84 %
21	Jck Hospitality Pcl	23.08 %	1,516,174	0.64 %	3,768,019	1.60 %	3.85 %	2.55 %
22	After You Pcl	19.23 %	880,730	0.37 %	2,251,845	0.95 %	3.85 %	1.53 %
23	Prime Road Power Pcl	15.38 %	736,960	0.31 %	1,371,115	0.58 %	3.85 %	0.85 %
24	Advanced Connection Corporation Pcl	11.54 %	408,946	0.17 %	634,155	0.27 %	3.85 %	0.36 %
25	City Sports & Recreation Pcl	7.69 %	168,516	0.07 %	225,209	0.10 %	3.85 %	0.12 %
26	We Retail Pcl	3.85 %	56,693	0.02 %	56,693	0.02 %	3.85 %	0.02 %

Sources:EMIS company database

## Appendix F: Common Size - Balance Sheet

Common Size Balance Sheet	2014	2015	2016	2017	2018
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	16.38%	22.61%	64.00%	4.70%	5.70%
Current investments	0.00%	0.00%	0.00%	44.82%	36.69%
Trade and other receivables	2.53%	0.44%	0.74%	1.07%	1.25%
Inventories	4.95%	4.05%	2.20%	2.37%	3.07%
Other current assets	1.45%	1.12%	0.79%	0.50%	0.87%
<b>Total current assets</b>	<b>25.31%</b>	<b>28.22%</b>	<b>67.72%</b>	<b>53.47%</b>	<b>47.59%</b>
<b>Non-current assets</b>					
Restricted bank deposits	0.00%	0.00%	0.02%	0.04%	0.32%
Property, plant and equipment	62.26%	64.83%	28.82%	42.25%	46.01%
Intangible assets	0.39%	0.40%	0.34%	1.21%	1.61%
Advances for acquisition of assets	2.98%	0.00%	0.56%	0.00%	1.15%
Rental deposits	7.23%	5.29%	2.25%	2.75%	2.94%
Deferred tax assets	0.63%	0.42%	0.22%	0.29%	0.39%
Other non-current assets	1.20%	0.84%	0.07%	0.00%	0.00%
<b>Total non-current assets</b>	<b>74.69%</b>	<b>71.78%</b>	<b>32.28%</b>	<b>46.53%</b>	<b>52.41%</b>
<b>Total assets</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
	2014	2015	2016	2017	2018
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Trade and other payables	11.38%	13.04%	6.50%	5.74%	7.52%
Current portion of liabilities under finance lease agreements	0.17%	0.17%	0.04%	0.02%	0.01%
Current portion of long-term loan from a related party	1.29%	0.00%	0.00%	0.00%	0.00%
Current portion of long-term loans from banks	3.85%	3.74%	1.27%	0.00%	0.00%
Income tax payable	2.40%	2.41%	1.05%	1.46%	1.77%
Dividend payable	0.00%	6.98%	0.00%	0.00%	0.00%
Other current liabilities	1.58%	1.73%	1.69%	0.83%	1.31%
<b>Total current liabilities</b>	<b>20.66%</b>	<b>28.07%</b>	<b>10.55%</b>	<b>8.06%</b>	<b>10.61%</b>
<b>Non-current liabilities</b>					
Liabilities under finance lease agreements	0.20%	0.21%	0.04%	0.01%	0.00%
Long-term loan from a related party	4.29%	0.00%	0.00%	0.00%	0.00%
Long-term loan from unrelated parties	0.00%	27.88%	0.00%	0.00%	0.00%
Long-term loans from banks	18.06%	8.78%	5.48%	0.00%	0.00%
Provision for decommissioning	1.92%	1.49%	0.69%	0.88%	0.97%
Provision for long-term employee benefits	0.85%	0.56%	0.47%	0.61%	0.85%
Other non-current liabilities	1.23%	0.86%	0.40%	0.24%	0.36%
<b>Total non-current liabilities</b>	<b>26.54%</b>	<b>39.78%</b>	<b>7.08%</b>	<b>1.76%</b>	<b>2.18%</b>
<b>Total liabilities</b>	<b>47.20%</b>	<b>67.85%</b>	<b>17.63%</b>	<b>9.82%</b>	<b>12.79%</b>
<b>Shareholders' equity</b>					
Share capital issued and fully paid up	24.85%	14.84%	7.38%	7.89%	7.43%
Premium on ordinary shares	0.00%	0.00%	72.26%	68.64%	64.66%
Retained earnings					
Appropriated - Statutory reserve	0.00%	1.48%	0.75%	0.79%	0.74%
Unappropriated	27.94%	15.82%	1.98%	12.87%	14.38%
Other components of shareholders' equity	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Total shareholders' equity</b>	<b>52.80%</b>	<b>32.15%</b>	<b>82.37%</b>	<b>90.18%</b>	<b>87.21%</b>
<b>Total liabilities and shareholders' equity</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

### Appendix G: Common Size - Profit And Loss Statement

Common Size Profit and Loss statement	2014	2015	2016	2017	2018
<b>Revenues</b>					
Sales	100.00%	100.00%	100.00%	100.00%	100.00%
Other income	0.15%	0.14%	0.33%	1.58%	1.11%
<b>Total revenues</b>	100.15%	100.14%	100.33%	101.58%	101.11%
<b>Expenses</b>					
Cost of sales	36.54%	37.70%	35.92%	33.75%	33.17%
Selling and distribution expenses	30.60%	29.49%	29.44%	31.43%	31.11%
Administrative expenses	13.32%	14.08%	13.88%	14.65%	16.12%
<b>Total expenses</b>	80.46%	81.27%	79.24%	79.83%	80.41%
<b>Profit before finance cost and income tax expenses</b>	19.69%	18.88%	21.09%	21.75%	20.70%
Finance cost	-1.32%	-1.37%	-1.12%	-0.09%	-0.03%
<b>Profit before income tax expenses</b>	18.37%	17.50%	19.97%	21.66%	20.67%
Income tax expenses	-3.66%	-3.62%	-3.68%	-3.85%	-3.75%
<b>Profit for the year</b>	14.71%	13.88%	16.29%	17.81%	16.92%

## Appendix H: Trend - Balance Sheet

Trend - Balance Sheet	2014	2015	2016	2017	2018
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	100.00%	249.64%	1906.81%	147.58%	189.79%
Current investments	N/A	N/A	N/A	N/A	N/A
Trade and other receivables	100.00%	31.36%	142.95%	218.33%	269.94%
Inventories	100.00%	147.93%	216.54%	245.75%	338.43%
Other current assets	100.00%	140.10%	266.27%	177.63%	329.31%
<b>Total current assets</b>	100.00%	201.68%	1306.16%	1085.67%	1025.73%
<b>Non-current assets</b>					
Restricted bank deposits	N/A	N/A	N/A	N/A	N/A
Property, plant and equipment	100.00%	188.28%	225.92%	348.70%	403.08%
Intangible assets	100.00%	184.52%	419.44%	1592.93%	2242.46%
Advances for acquisition of assets	100.00%	0.00%	91.90%	0.00%	209.43%
Rental deposits	100.00%	132.23%	151.74%	195.16%	222.06%
Deferred tax assets	100.00%	119.82%	171.15%	232.41%	338.54%
Other non-current assets	100.00%	127.58%	29.05%	0.00%	0.00%
<b>Total non-current assets</b>	100.00%	173.76%	210.92%	320.15%	382.79%
<b>Total assets</b>	100.00%	180.83%	488.09%	513.87%	545.49%
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Trade and other payables	100.00%	207.35%	278.71%	259.45%	360.38%
Current portion of liabilities under finance lease agreements	100.00%	185.25%	116.06%	68.47%	45.60%
Current portion of long-term loan from a related party	100.00%	0.00%	0.00%	0.00%	0.00%
Current portion of long-term loans from banks	100.00%	175.48%	161.39%	0.00%	0.00%
Income tax payable	100.00%	181.34%	212.94%	313.82%	402.78%
Dividend payable	N/A	N/A	N/A	N/A	N/A
Other current liabilities	100.00%	198.97%	523.11%	271.62%	452.29%
<b>Total current liabilities</b>	100.00%	245.65%	249.10%	200.54%	280.03%
<b>Non-current liabilities</b>					
Liabilities under finance lease agreements	100.00%	199.19%	98.75%	39.48%	0.00%
Long-term loan from a related party	100.00%	0.00%	0.00%	0.00%	0.00%
Long-term loan from unrelated parties	N/A	N/A	N/A	N/A	N/A
Long-term loans from banks	100.00%	87.88%	148.11%	0.00%	0.00%
Provision for decommissioning	100.00%	140.93%	175.59%	236.50%	274.78%
Provision for long-term employee benefits	100.00%	117.79%	271.64%	369.80%	542.41%
Other non-current liabilities	100.00%	126.36%	158.49%	102.04%	161.86%
<b>Total non-current liabilities</b>	100.00%	271.03%	130.26%	33.98%	44.78%
<b>Total liabilities</b>	100.00%	259.92%	182.28%	106.90%	147.76%
<b>Shareholders' equity</b>					
Share capital issued and fully paid up	100.00%	108.00%	145.00%	163.12%	163.12%
Premium on ordinary shares	N/A	N/A	N/A	N/A	N/A
Retained earnings					
Appropriated - Statutory reserve	N/A	N/A	N/A	N/A	N/A
Unappropriated	100.00%	102.40%	34.52%	236.59%	280.71%
Other components of shareholders' equity	N/A	N/A	N/A	N/A	N/A
<b>Total shareholders' equity</b>	100.00%	110.12%	761.49%	877.73%	901.08%
<b>Total liabilities and shareholders' equity</b>	100.00%	180.83%	488.09%	513.87%	545.49%



### Appendix I : Common Size - Profit And Loss Statement

<b>Trend - Profit and Loss Statement</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Revenues</b>					
Sales	100.00%	133.14%	194.89%	232.68%	279.96%
Franchise entry fee					
Other income	100.00%	127.08%	438.16%	2489.21%	2102.03%
<b>Total revenues</b>	<b>100.00%</b>	<b>133.14%</b>	<b>195.24%</b>	<b>236.00%</b>	<b>282.64%</b>
<b>Expenses</b>					
Cost of sales	100.00%	137.38%	191.56%	214.91%	254.18%
Selling and distribution expenses	100.00%	128.30%	187.50%	238.95%	284.64%
Administrative expenses	100.00%	140.71%	203.09%	255.98%	338.79%
<b>Total expenses</b>	<b>100.00%</b>	<b>134.48%</b>	<b>191.92%</b>	<b>230.86%</b>	<b>279.77%</b>
<b>Profit before finance cost and income tax expenses</b>	<b>100.00%</b>	<b>127.66%</b>	<b>208.81%</b>	<b>257.02%</b>	<b>294.39%</b>
Finance cost	100.00%	138.78%	165.86%	15.52%	5.63%
<b>Profit before income tax expenses</b>	<b>100.00%</b>	<b>126.86%</b>	<b>211.89%</b>	<b>274.34%</b>	<b>315.10%</b>
Income tax expenses	100.00%	131.57%	195.94%	244.69%	286.55%
<b>Profit for the year</b>	<b>100.00%</b>	<b>125.69%</b>	<b>215.87%</b>	<b>281.72%</b>	<b>322.21%</b>

## Appendix J: Growth – Balance Sheet

Growth - Balance sheet	2015	2016	2017	2018	CAGR
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	149.64%	663.81%	-92.26%	28.60%	13.67%
Current investments	N/A	N/A	N/A	-13.10%	N/A
Trade and other receivables	-68.64%	355.84%	52.73%	23.64%	21.97%
Inventories	47.93%	46.38%	13.49%	37.72%	27.61%
Other current assets	40.10%	90.05%	-33.29%	85.40%	26.92%
<b>Total current assets</b>	<b>101.68%</b>	<b>547.63%</b>	<b>-16.88%</b>	<b>-5.52%</b>	<b>59.30%</b>
<b>Non-current assets</b>					
Restricted bank deposits	N/A	N/A	100.00%	770.16%	N/A
Property, plant and equipment	88.28%	19.99%	54.35%	15.59%	32.15%
Intangible assets	84.52%	127.32%	279.77%	40.78%	86.27%
Advances for acquisition of assets	N/A	N/A	N/A	N/A	N/A
Rental deposits	32.23%	14.75%	28.62%	13.78%	17.30%
Deferred tax assets	19.82%	42.83%	35.80%	45.67%	27.62%
Other non-current assets	27.58%	-77.23%	-100.00%	N/A	-100.00%
<b>Total non-current assets</b>	<b>73.76%</b>	<b>21.38%</b>	<b>51.78%</b>	<b>19.57%</b>	<b>30.80%</b>
<b>Total assets</b>	<b>80.83%</b>	<b>169.92%</b>	<b>5.28%</b>	<b>6.15%</b>	<b>40.40%</b>
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Trade and other payables	107.35%	34.42%	-6.91%	38.90%	29.23%
Current portion of liabilities under finance lease agreements	85.25%	-37.35%	-41.00%	-33.40%	-14.53%
Current portion of long-term loan from a related party	N/A	N/A	N/A	N/A	N/A
Current portion of long-term loans from banks	75.48%	-8.03%	-100.00%	#DIV/0!	-100.00%
Income tax payable	81.34%	17.43%	47.37%	28.35%	32.13%
Dividend payable	N/A	N/A	N/A	N/A	N/A
Other current liabilities	98.97%	162.91%	-48.08%	66.52%	35.23%
<b>Total current liabilities</b>	<b>145.65%</b>	<b>1.40%</b>	<b>-19.49%</b>	<b>39.63%</b>	<b>22.87%</b>
<b>Non-current liabilities</b>					
Liabilities under finance lease agreements	99.19%	-50.42%	-60.02%	-100.00%	-100.00%
Long-term loan from a related party	N/A	N/A	N/A	N/A	N/A
Long-term loan from unrelated parties	N/A	N/A	N/A	N/A	N/A
Long-term loans from banks	-12.12%	68.52%	-100.00%	#DIV/0!	-100.00%
Provision for decommissioning	40.93%	24.59%	34.69%	16.19%	22.40%
Provision for long-term employee benefits	17.79%	130.61%	36.14%	46.68%	40.24%
Other non-current liabilities	26.36%	25.43%	-35.62%	58.63%	10.11%
<b>Total non-current liabilities</b>	<b>171.03%</b>	<b>-51.94%</b>	<b>-73.91%</b>	<b>31.76%</b>	<b>-14.84%</b>
<b>Total liabilities</b>	<b>159.92%</b>	<b>-29.87%</b>	<b>-41.35%</b>	<b>38.23%</b>	<b>8.12%</b>
<b>Shareholders' equity</b>					
Share capital issued and fully paid up	8.00%	34.26%	12.50%	0.00%	10.28%
Premium on ordinary shares	N/A	N/A	N/A	N/A	N/A
Retained earnings					
Appropriated - Statutory reserve	N/A	36.11%	10.97%	0.00%	N/A
Unappropriated	2.40%	-66.29%	585.31%	18.65%	22.93%
Other components of shareholders' equity	N/A	N/A	N/A	N/A	N/A
<b>Total shareholders' equity</b>	<b>10.12%</b>	<b>591.51%</b>	<b>15.26%</b>	<b>2.66%</b>	<b>55.22%</b>
<b>Total liabilities and shareholders' equity</b>	<b>80.83%</b>	<b>169.92%</b>	<b>5.28%</b>	<b>6.15%</b>	<b>40.40%</b>

### Appendix K: Growth – Profit and Loss Statement

Growth - Profit and Loss Statement	2015	2016	2017	2018	CAGR
<b>Revenues</b>					
Sales	33.14%	46.37%	19.39%	20.32%	23%
Franchise entry fee					
Other income	27.08%	244.79%	468.11%	-15.55%	84%
<b>Total revenues</b>	<b>33.14%</b>	<b>46.65%</b>	<b>20.87%</b>	<b>19.77%</b>	<b>23%</b>
<b>Expenses</b>					
Cost of sales	37.38%	39.44%	12.19%	18.27%	21%
Selling and distribution expenses	28.30%	46.15%	27.44%	19.12%	23%
Administrative expenses	40.71%	44.33%	26.04%	32.35%	28%
<b>Total expenses</b>	<b>34.48%</b>	<b>42.72%</b>	<b>20.28%</b>	<b>21.19%</b>	<b>23%</b>
<b>Profit before finance cost and income tax expenses</b>	<b>27.66%</b>	<b>63.57%</b>	<b>23.09%</b>	<b>14.54%</b>	<b>24%</b>
Finance cost	38.78%	19.52%	-90.64%	-63.71%	-44%
<b>Profit before income tax expenses</b>	<b>26.86%</b>	<b>67.03%</b>	<b>29.47%</b>	<b>14.86%</b>	<b>26%</b>
Income tax expenses	31.57%	48.93%	24.88%	17.11%	23%
<b>Profit for the year</b>	<b>25.69%</b>	<b>71.75%</b>	<b>30.51%</b>	<b>14.37%</b>	<b>26%</b>

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