

**RELATIVE VALUATION OF DYNASTY CERAMIC PUBLIC  
COMPANY LIMITED**

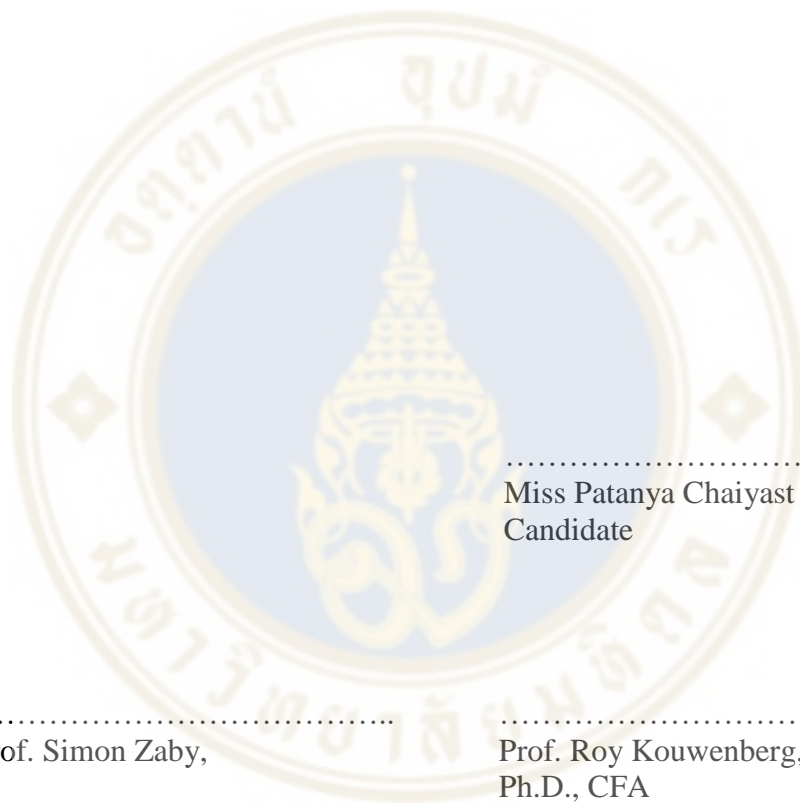


**A THEMATIC PAPER SUBMITTED IN PARTIAL  
FULFILLMENT OF THE REQUIREMENTS FOR  
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2022**

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Thematic paper  
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**RELATIVE VALUATION OF DYNASTY CERAMIC PUBLIC  
COMPANY LIMITED**

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**RELATIVE VALUATION OF DYNASTY CERAMIC PUBLIC COMPANY LIMITED**

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**ABSTRACT**

This thematic paper demonstrated how to value the stock price of The Dynasty Ceramic Public Company Limited (DCC) which applied the concept of the relative valuation model i.e. P/E, P/BV, and EV/EBITDA in order to express the value of the company's stock comparing a company's value to that of its competitors or industry peers to assess the firm's financial worth. the study can still provide guidance regarding intrinsic valuation for investors and interested person in construction material business. As the result, the DCC target price from relative valuation method with one-year target price is 3.40 THB, comparing to the current price of 2.88 THB, therefore I recommend BUY.

**KEYWORD:** DCC PCL/ Relative Valuation/ P/E Multiple/ P/BV Multiple/ EV/EBITDA Multiple

50 pages

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## LIST OF ABBREVIATIONS

1808.TW	Run Long Construction Co., Ltd.
6929T	Nippon Ceramic Co., Ltd.
ASEAN	Association of South East Asian Nations
BOT	Bank of Thailand
USD	United States Dollar
GBP	British Pound
EBIT	Earnings before Interests and Taxes
EPS	Earnings per Share
EUR	Euro
EV/EBITDA	Enterprise Value per Earnings before Interests, Taxes, Depreciations and Amortizations
GDP	Gross Domestic Product
JPY	Japanese Yen
MRT	Mass Rapid Transits
P/BV	Price per Book Value
P/E	Price per Earnings
PYLON	PYLON PCL
ROE	Return on Equity
SCCC	Siam City Cement PCL
SEAFCO	SEAFCO PCL
Sq.m.	Square Meter
STEC	Sino Thai Engineering and Construction PCL
TCI	Total Comprehensive Income
TOA	Toa Paint Thailand PCL
UMI	Union Mosaic Industry PCL
YoY	Year-over-Year

## **CHAPTER I**

### **HIGHLIGHTS**

In the highlights, it contains with the important information about the company. It consists of the recommendation after calculating valuation and the results should be “Buy”, the main reason to support the recommendation which are the proportion of sales is increased and Thai Government support the industry.

The forward EV/EBITDA multiples is appropriate multiple under relative valuation model as it reflects construction material industry. Due to the plan and strategy of the company that it plans to improve its production, offices, and outlets by expand its outlets, purchase land, and rent space in the shopping mall. In the result, the company has high fix assets and depreciation thus, EV/EBITDA is more reliable for the company with high depreciation.

The stock price of DCC is 2.88 Baht per share on March 9,2022, while the forecasted the target price in 2021 based on relative valuation model is around 3.96 Baht per share and target price in 2022 is around 3.40 Baht per share. The share price of DCC is upside about 14.77% and 14.57% by frequency. Thus, the recommendation should be “BUY” comparing when DCC share price is 2.88 Baht as of 28 April 2022.

#### **1.1 Increase the Proportion of Sales**

The company launched a bigger size tile with is 60X120 cm. and 80X80 cm which can complete with the imported tiles by comparing the price that is cheaper.

#### **1.2 Supporting from Thai Government**

In 2019, Thai government plans to support infrastructure construction projects as it plans to develop the logistics system and integrate all transportation platforms such as rail, air, road and water as some of the projects form part of a plan to

link the country's transportation system with those of neighboring countries. That will affect Ceramic Tiles and Walls businesses because this business is considered as construction materials, thus, the infrastructure projects that have buildings benefit to this business and also real estate business. Ministry of Transport (2016)



## **CHAPTER II**

### **COMPANY OVERVIEW**

In the company overview, it consists of business description, plan and strategy and income structure of the Dynasty Ceramic Public Company Limited (DCC).

#### **2.1 Business Description**

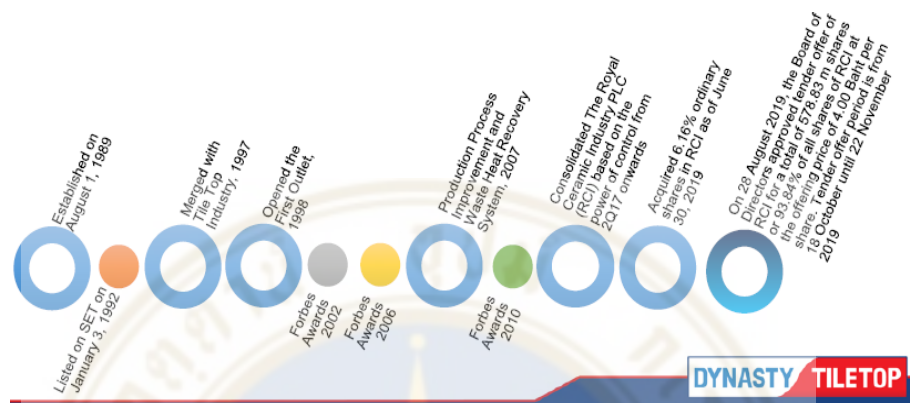
The whole chapter about Business Description is summarized from DCC (2019) and DCC (2020). Dynasty Ceramic Public Company Limited (DCC) was established in 1989 and was formerly known as Royal Floor Tiles Co., Ltd. (Figure 2.1). Business-wise, DCC is specializing primarily on the manufacturing and distribution of ceramic tiles and walls, both domestically and internationally. In 2000, DCC expanded its production capacity by acquiring Tile Top Industry Public Co., Ltd. and its factory. DCC currently holds a major share of 96.83%r in Tile Top Industry Public Co., Ltd.

In 2005, DCC heavily invested through its three subsidiaries Pick and Pay Co. Ltd., Muang thong Ceramic Co. Ltd. and Worldwide Ceramic Co. Ltd, to build factory outlets to support the retail business. This step allowed DCC to get more in touch with its customers, understand their preferences and purchasing trends. As a result, DCC improved its products and services and increased sales.

In 2014, DCC has restructured its business by Entire Business Transfer of its three subsidiaries with the goal to increase the effectivity of the business and lower the costs and expenses. As a result, DCC currently has only one subsidiary, Tile Top Industry Public Co., Ltd. (Appendix A).

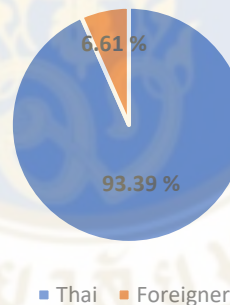
DCC and its subsidiaries produce the ceramic tiles under the trademark “Dynasty”, “Tile Top”, “Jaguar”, “Value”, “Mustang”, “Chicken”, “Birdie”, “Ducky”, “Swan”. The secondary business comprises purchasing sanitary ware and products related to ceramic tiles such as stair components and tile grout for sale through outlets and its products are exported overseas to another countries as well as other regions

including Philippines, Malaysia, South Africa, Brunei, the Maldives Indochina, Sri Lanka, Myanmar, New Zealand, Canada, Fiji, Laos, Cambodia, Yemen, Taiwan, and etc. The company is held by Thai nationals 93.39% and 6.61% by foreigners. (Figure 2.2).



**Figure 2.1 Company History**

Source: DCC (2019)



**Figure 2.2 The Proportion of Shareholders**

Source: DCC (2020)

Due to coronavirus pandemic that had effect to the resulted in the lowest income in Thailand. Thus, the company had to new policies to operate its business and attract to customers. As the results, the company has new policy about producing quality tiles which it launched a new product in order to complete with the imported tiles with large size, suitable for Thai taste and cheaper. In addition, this policy can satisfy with the customer satisfaction as the trend that rapidly change thus, the new product design can be accommodate with the need of architects, interior and exterior decoration.

Another policy is development and optimization at all levels of production and personal management resulting in 10% reduction in administrative cost along with the price of oil and fuel that become cheaper from the effect of COVID-19 outbreak that lead to 41.5% of gross profit, 18.6% of net profit and 4.7% of sales increased compare with others in the same industry that performance decreased.

## **2.2 Plan and Strategy**

As per the coronavirus pandemic which effect to economic condition in 2022 resulted in the lowest income in Thailand. Meanwhile, the government announced the country lock down in the beginning of the year which had impacted on the big shop to be close. However, the company's outlets are classified as the small shop thus, the company still can operate during that time. In addition, the company follows the recommendation of the Ministry of Public Health's regulation in order to prevent the disease by increasing the disease control which can be confidential to all employees and customers who use a service of shopping center. Furthermore, marketing strategy has been adjusted to suit with the situation by using customer tracking via communication tools such as social media.

In 2021, there are 3 major operation goals which company has been set up as follows:

### **2.2.1 Increase the proportion of sales**

The company launched a bigger size tile with is 60X120 cm. and 80X80 cm which can complete with the imported tiles by comparing the price that is cheaper.

### **2.2.2 Reduce the investment budget**

From the Covid-19 pandemic, the economic turned to be slowdown. Thus, the company focuses on under construction branch development instead of invest in creating new branch by improving the environment, adjusting the space to be comfortable, increase space for parking, and modern in order to attract customers who come to use the service. Thus, they can spend more shopping time.

### 2.2.3 Develop work efficiency of all level of employees

The training has been provided to the staffs in all levels in order to increase knowledge and understanding about the company, culture of the organization and basic knowledge of work information. To build the employees' skill and increase working condition from new employees to be ready to work with the company. This will be benefit to the staffs and company.

## 2.3 Income Structure

**Table 2.1 Total Income Structure over last 3 years (Consolidated Financial Statement)**

Type of Income	by	Y2020		Y2019		Y2018	
		MB	%	MB	%	MB	%
<b>Domestic</b>							
Sales from tiles	DCC + Purchases from subsidiaries	7,717	90	7,446	91	7,428	93
Sales from grout and others	DCC and Outlets	486	6	370	4	326	4
<b>Total Sales - Domestic</b>		<b>8,203</b>	<b>96</b>	<b>7,816</b>	<b>95</b>	<b>7,754</b>	<b>97</b>
<b>Overseas</b>							
Sales from tiles	DCC +TTOP	298	3	302	4	273	3
Sales from grout and others	DCC	0	0	0	0	0	0
<b>Total Sales - Overseas</b>		<b>298</b>	<b>3</b>	<b>302</b>	<b>4</b>	<b>273</b>	<b>3</b>
<b>Total Sales</b>		<b>8,501</b>	<b>99</b>	<b>8,118</b>	<b>99</b>	<b>8,027</b>	<b>100</b>
Others income		88	1	73	1	26	0
<b>Total income</b>		<b>8,589</b>	<b>100</b>	<b>8,191</b>	<b>100</b>	<b>8,053</b>	<b>100</b>

Source: DCC (2020)

In Table 2.1, the total income structure in the last 3 years is presented (Consolidated Financial Statement). Regarding domestic sales, the income in 2020 came primarily from sales from tiles by the company and purchases from subsidiaries (90%), the remaining domestic income came from sales from grout and others by the company and outlets (6%). Therefore, income from domestic sales made 96% of the total income



of the company. The rest of the total income came from sales from tiles of overseas by the company and TTOP (3%) and others income (1%).



## **CHAPTER III**

### **INDUSTRY OVERVIEW AND COMPETITIVE POSITIONING**

In the industry overview and competitive positioning, it consists of macro-economic analysis, industry analysis and competition analysis of the Dynasty Ceramic Public Company Limited (DCC).

#### **3.1 Macro-Economic Analysis**

##### **3.1.1 Thai Economic Outlook**

The whole chapter is about Macroeconomic analysis which summarized from Bank of Thailand (2020a). From the Covid-19 situation that affected to the economy led to the Thai economy in 2020 is likely to contract by 6.6 percent, less than previously estimated. This was because the economy in the third quarter recovered faster than expected especially, exports of goods which gradually improved from trade partners' economies. Including, private consumption that improved after the easing of domestic epidemic control and the issuance of government policy in order to support household purchasing power. However, the tourism sector and private investment continued to contract sharply. (Bank of Thailand (2020a))

In 2021, the economy is expected to grow by 3.2 percent as exports will improve in parallel with the growth of trading partners' economies. Export services will shrink sharply and recover slower than previously estimated because the admission of foreign tourists into Thailand may be limited by the Covid-19 situation. In foreign countries that are protracted and violent for domestic demand The new wave of infections remains the main driver of private consumption. At the same time, government spending remains a key economic driver. However, government support will decline somewhat due to fiscal year 2021 budget cuts and an accelerated carryover budget after disbursement in 2020.

In addition, some SOE investment projects have been postponed and budget cuts have been cut. In 2022, the economy is expected to grow by 4.8 per cent on the back of a recovery in foreign tourist numbers. After vaccination against COVID-19 covering both domestic and international in the second half of 2022, GDP will return to pre-epidemic levels

### **3.1.2 Reduction of the Policy Rate by 0.25% point from 1.25% to 1.00% per Annum by BOT**

The Committee viewed that the Thai economy would expand at a slower rate in 2020 than previously forecasted and much further below its potential due to the outbreak of coronavirus, the delayed enactment of the Annual Budget Expenditure Act, and the drought that would affect a large number of related businesses and employment. Tourist figures were expected to grow at a much lower rate than the previous forecast. Exports of goods would decline in line with trading partner economies and potential impacts of regional supply chain disruptions. Regarding domestic demand, public expenditure would grow at a lower rate owing to the delayed enactment of the Annual Budget Expenditure Act which remained subject to high uncertainty. Furthermore, private consumption would be restrained by moderating household income in the services, agricultural, and manufacturing sectors as well as by elevated household debt. Consequently, the Committee would continue to monitor the downside risks from the coronavirus outbreak, the delayed budget disbursement, and the drought that could be more severe than previously assessed, together with trade tensions and geopolitical risks that remained highly uncertain. (Bank of Thailand (2020b))

### **3.1.3 The Annual Average Core Inflation and Headline Inflation Target of 0.2% and 1.0% as the Target is Expected by BOT**

From the forecast by BOT, headline inflation is likely to slow down, especially in 2020 as coronavirus pandemic by pressure on demand, but headline inflation is likely to enter the target in 2021 followed (Table 3.1). The outlook for economic growth and inflationary pressures on the cost of a policy to raise the minimum wage.

**Table 3.1 Expected Inflation Rate**

Percentage (%)	2020	2021
Headline Inflation	-0.8	1.0
Core Inflation	0.3	0.2

Source: Bank of Thailand (2020c)

### **3.1.4 Construction and Real Estate Businesses Benefit Ceramic Tiles and Walls Business**

Ministry of Transport (2016) will continue supporting infrastructure construction via projects to develop the logistics system and integrate all transportation platforms such as rail, air, road and water. Subsequently, the plan is to link the country's transportation system with the transportation systems of neighboring countries. This has a considerable potential to increase sales of Ceramic Tiles and Walls because the improved infrastructure will lead to better export logistics and export support.

## **3.2 Industry Analysis**

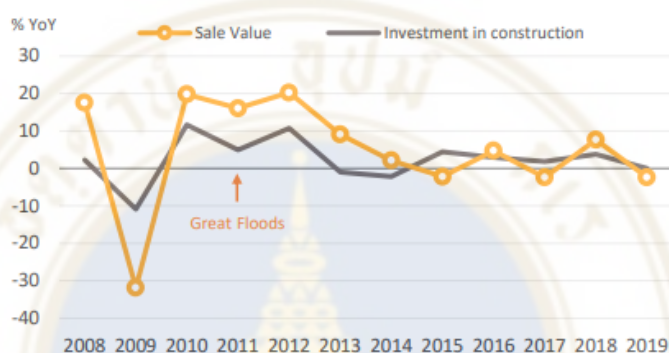
In 2020, the revenues from the business of production and distribution of construction materials are likely to contract from 2019 from economic slowdown condition from the impact of the COVID-19 crisis that led to government construction expected to slow down to 1.0-2.0% (from 3.1% in 2019).

In 2021-2022, demand for construction materials is expected to gradually recover because of the improving investment in the construction sector for both public and private projects (Investment in public construction is expected to grow by 2.0-3.0% in 2021 and 3.0-4.0% in 2022, while the private sector will grow by 0.0-1.0% and 1.0-2.0%, respectively.)

In addition, the export of construction materials has increase in trend as economic recovery and investment in construction in CLM countries (Thailand's main export markets). As a result, the trend of revenue of manufacturers and distributors becomes recover and return to grow in 2020. (Krungsri 2020)

### 3.2.1 Thai Ceramic Tiles and Walls Industry Outlook

Referred to Krungsri 2020, for ceramic tiles and walls are considered as construction materials, the volume of domestic sales and exports in 2020 tends to shrink because of the stagnation of the Thai real estate sector along with the severe contraction of the world economy. However, in 2021-2022, the sale domestic expects to be gradually recovered from the infrastructure construction and government support especially, extension of the city train around Bangkok. (Figure 3.1)



**Figure 3.1 Sales Value of Construction Materials and Investment in Construction**

Source: Krungsri (2020)

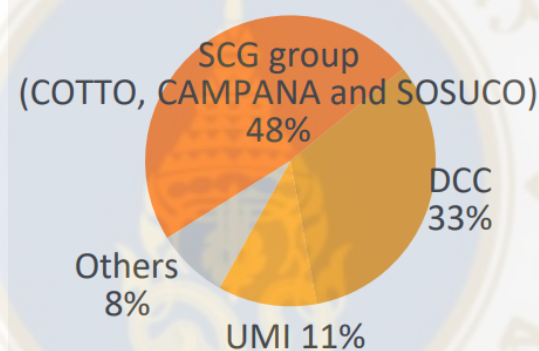
### 3.2.2 Market Share

The medium and large-sized enterprises are able to produce a variety of products with large quantities due to its financial strength, efficient production and the strong bargaining with suppliers in the supply of adequate, while smaller players focus on smaller range of product items. Figure 3.2 is shown the largest proportion of market share in 2019 came from “others” (31%) whereas tiles’ market share is 8% and figure 3.4 shown the proportion of market share by operation which DCC’ market share is 33%.



**Figure 3.2 Market Share by Category**

Source: Krungsri (2020)

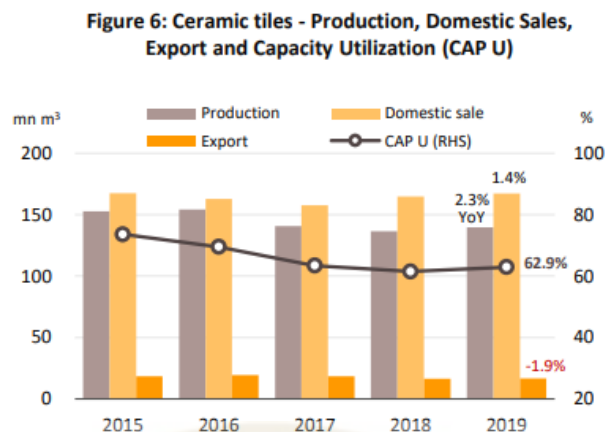


**Figure 3.3 Market Share by Operation**

Source: Krungsri (2020)

### 3.2.3 Demand of Ceramic Tiles in Domestic, Import, and Export

In 2019, the construction sector turns to be slowdown led to the production and distribution of construction materials to be slower growth. The production volume grew 2.3%, after shrinking 2.9% in 2018. However, the domestic demand slow increased by 1.4% compare to 4.5% in 2018, or 167 million square meters. Effecting from falling in investment of the residential real estate sector while export volume contracted by 1.9% from the main trading partners which are Laos and Cambodia that turned to import cheaper products from China. (Figure 3.4).



**Figure 3.4 Ceramic Tile – Production, Domestic Sales and Export**

Source: Krungsri (2020)

### 3.3 Competition Analysis

In the current competition in the industry, ceramic tile, Thailand has strong competition in domestic competition but also competition from abroad. This tile was imported from China to cheaper competition from China, which came into use pricing (Price Strategy). As a result, operators are adjusting their strategies to maintain sales by

#### 3.3.1 Production

Product development with design and design products to meet the diverse needs of consumers, resulting in a pattern or design of the product quality and more diverse because most tiles quality will not very much, but it is. different patterns and designs. Works include increasing the efficiency of image production and reduce production costs in various ways.

#### 3.3.2 Place

The development of distribution channels and improve its image of the company to be more modern.

As company's main target market are mid to medium market which price of product is important thus the company uses cost leadership with the production process that leads to the price to be cheaper however, the company is still considered for the

trustworthy product quality, changing of customer behavior, and social and environmental responsibility that the company has continuous improve for its production, head office, and outlets to satisfy the demand of customers and make their environment to be sustainable.

The main domestic competitors of DCC are Union Mosaic Public CO., LTD. (UMI) and Royal Ceramic Industry PLC (RCI) and the ranking of company is in sixth place as shown in Table 3.2.

**Table 3.2 Company Highlight: Construction Materials**

Company Highlight : Construction Materials								
Rank	Securities	High	Low	Close	Change	% Change	Volume	Value (Mil B.)
1	SCCC	156.00	153.50	155.00	-1.50	-0.96	534,302	82.73
2	VNG	8.45	8.25	8.40	0.00	0.00	557,500	4.65
3	COTTO	2.32	2.24	2.30	0.00	0.00	11,887,173	27.04
4	TASCO	18.00	17.70	17.90	+0.10	+0.56	7,450,072	132.91
5	WIJK	2.36	2.32	2.34	+0.02	+0.86	997,068	2.33
6	Q-CON	5.60	5.45	5.55	+0.05	+0.91	70,300	0.39
7	SCC	378.00	370.00	376.00	+4.00	+1.08	5,829,465	2,181.76
8	TPIPL	1.68	1.64	1.68	+0.02	+1.20	6,066,359	10.05
9	TOA	33.00	32.50	32.75	+0.50	+1.55	959,244	31.40
10	STECH	2.48	2.36	2.44	+0.04	+1.67	2,641,100	6.34
11	SCP	5.95	5.85	5.95	+0.10	+1.71	77,900	0.46
12	CCP	0.60	0.58	0.59	+0.01	+1.72	5,689,776	3.35
13	EPG	11.30	10.80	11.30	+0.20	+1.80	20,929,893	231.97
14	DCON	0.54	0.51	0.53	+0.01	+1.92	24,259,434	12.71
15	DRT	7.75	7.40	7.65	+0.20	+2.68	431,160	3.27
16	UMI	1.86	1.80	1.86	+0.05	+2.76	854,101	1.56
17	GEL	0.38	0.35	0.37	+0.01	+2.78	15,477,070	5.65
18	DCC	2.82	2.74	2.82	+0.08	+2.92	10,697,363	29.87
19	PPP	2.20	2.10	2.20	+0.08	+3.77	148,900	0.32
20	SKN	6.90	6.40	6.85	+0.40	+6.20	3,904,678	26.38

Source: Settrade (2020)



## CHAPTER IV

### INVESTMENT SUMMARY

In the investment summary, it consists of brief description of the company, developing in production, head office, and outlets of the Dynasty Ceramic Public Company Limited (DCC).

#### 4.1 Brief Description of the Company

Refer to DCC (2020), Dynasty Ceramic PLC (DCC) is the major manufacturer and distributor of ceramic floor and wall tiles in Thailand with owned nationwide distribution network over 200 outlets. In addition, the company currently operate 3 manufacturing facilities in Thailand –Dynasty, Tile Top, and RCI factories with total production capacity of 84M Sq m. in 2019 (Table 4.1).

**Table 4.1 Production Capacity**

	Max Capacity FY2019 (M Sq.m)	YTD Utilization Rate (%)
Dynasty	31	72%
Tile Top	39	83%
RCI	14	82%
Total	84	79%

Source: DCC (2020)

## **4.2 Developing in Production, Head Office, and Outlets**

### **4.2.1 Product development to meet customer demand**

The company increases production volumes of larger size tiles, following higher sales volume and demand in this product and increases production mix of digital printing tiles to correspond to the demand of customers which shift to look for fancy and colorful patterns.

### **4.2.2 Increase in productivity of the production system**

The company increases efficiency in production process that improves in speed, accuracy, balance and communication in the production system toward maximum productivity. Fully Automatic System has been implemented and Quick Setup Time has been used to respond to dynamic change in customer taste. It also reduced firing process from multiple to one time in order to reduce energy consumption.

### **4.2.3 Development of efficiency of employees and working process**

The Company also arranged of training program in-house and externally throughout the year with emphasis on implementation of software and application to ensure maximum efficiency to ensure that the employees could work with creativity and present their ideas in order to develop their work quality.

### **4.2.4 Expended the outlets**

According to DCC (2019), the company has planned to be opened about 4-5 new outlets during the year 2019-23. And, there are about 25-30 outlets currently under renovation (modernization and space extension). Figure 4.1 is shown the pictures of the outlets before and after renovation.



Before Renovation (38 outlets)      After Renovation (165 outlets)

**Figure 4.1 The Outlets Before and After Renovation**

Source: DCC (2019)

Refer to the plan of DCC (2019), some of the new outlets, as well as the 61 existing outlets are the Company's owned land, which we plan to rent out available space to other manufacturers and importers of construction material and equipment. We aim to become a one-stop service for customers and to create traffic to our outlets and earn recurring rental income as shown in Table 4.2.

**Table 4.2 Available and Rented Space in 2018 and 2019**

	Available Space	Rented Space
At YE2018A	52,000 sq.m	9,000 sq.m
At YE2019E	69,000 sq.m	33,000 sq.m*

Source: DCC (2019)

These are the list of the companies that rent DCC's space as shown below in Figure 4.2;



**Figure 4.2 The List of the Companies that Rent DCC's Space**

#### **4.2.5 Store expansion and rebranding projects**

By looking for new location to set up new additional outlets and to relocate the existing ones which contracts expire during the year. The company emphasized on rebranding the appearance and ambiance of the outlets with modern designs and offering conveniences to customers.

#### **4.2.6 Software development**

New applications have been developed continuously such as Sales and Inventory Applications for head office and outlet managers to utilize these tools to help them monitor and analyze the data more profoundly.

#### **4.2.7 Rental space and Construction materials community mall plan**

The company worked on its plan to rent out vacant spaces to other manufacturer and importers of construction material and equipment to make our outlets a community mall for construction materials in the future.

#### **4.2.8 Earning Outlook**

This year, DCC is expanding production capacity for 3 production lines, two for DCC and one for RCI, totaling 900,000 sqm/month, with a total investment of THB 700M. Last year, it has production capacity of 7 m sqm/month. It will add 5 tile branches, totaling 204 branches at the end of 2019, and top 219 branches in the next 5 years. It also plans to develop a comprehensive integrated construction material center. Total investment in 5 years is THB 2.3B. We have cut our earnings forecast due to additional expense of THB43m required by new Labor Protection Act and risks from drought hitting several provinces that affect purchasing power. In 2019, we estimate DCC's sales will grow 4% to THB 8.364B, with a net profit of THB 990M, up 1% YoY. If excluding employee benefit provision, normalized profit should grow 5.4% YoY. May Bank (2019)

#### **4.2.9 Forecasts**

From the calculation, the overall sale is going to be increased (3.28%) in the same direction of Thailand Economic growth per Thai's government policy which

actuates the country's economy such as Policy for decreasing of transfer fee of buying a new house, Policy for supporting a down payment for buying the first new house from Thai government about 50,000 baht as example. In a mean time, DCC also able to control its production volume as good as before. Even though, the company has to face the increasing of selling cost that is pushing the net sale of the company to be increased. From these forecasts, these all are supported the increasing of company profit.



## **CHAPTER V**

### **RELATIVE VALUATION**

In the relative valuation, it consists of peer analysis, valuation model, target price and valuation summary of the Dynasty Ceramic Public Company Limited (DCC).

For multiple or relative valuation models by using forecasted of statement of comprehensive income. This multiple technique is used to find a target price of DCC in 2021 and 2022 through six multiples: Trailing Price to Earnings Ratio (Trailing P/E), Trailing Price to Book Value Ratio (Trailing P/BV), Trailing Enterprise Value to Earnings before Interest, Taxes, Depreciation and Amortization Ratio (Trailing EV/EBITDA), Forward Price to Earnings Ratio (Forward P/E), Forward Price to Book Value Ratio (Forward P/BV), and Forward Enterprise Value to Earnings before Interest, Taxes, Depreciation and Amortization Ratio (Forward EV/EBITDA). Ultimately, the average of multiples is the most reliable metric to get a target price.

#### **5.1 Peer Analysis**

The selected peer comes from Thomson Reuters Eikon in construction material sector group. The 9 comparable companies have different in investment policy, revenue structure, market capitalization and accounting policy. The company performance and ratio use to benchmark the equivalent of business sizing to use as the benchmark P/E. By comparing the market capitalization, closing price, market value, P/E ratio, P/BV ratio, and EV/EBITDA ratio and eliminate the one with the standout value of those criteria. After that the benchmark companies where remains 4 companies which are UMI, STEC, SEAFCO, and PYLON as shown in Table 5.1 and 5.2.

**Table 5.1 Peer Analysis before Selected Peer**

Identifiers	Country	Market Capital (B)	Closing price 30/12/2020	Market Value (MB)	Trailing P/E	Trailing P/BV	Trailing EV/EBITDA
DCC.BK	Thailand	THB 13.38	1.9	13,739.71	13.3	3.46	8.76
UMI.BK	Thailand	THB 0.60	0.68	568.82	N/A	0.4	10.92
TOA.BK	Thailand	THB 96.54	44.75	90,797.69	42.2	9.64	25.62
STEC.BK	Thailand	THB 26.58	14.7	22,419.32	14.7	2.05	8.96
SCCC.BK	Thailand	THB 64.18	206	61,387.98	20.8	1.86	10.87
SEAFCO.BK	Thailand	THB 4.78	6.1	4,512.21	10.2	3.23	8.02
PYLON.BK	Thailand	THB 3.76	4.94	3,704.37	15.1	4.27	9.87
1808.TW	Taiwan	TWD 19.33	58.3	17,975.67	397.7	2.46	72.59
6929.T	Japan	JYP 76.96	2,745	74,749.75	27.6	1.46	6.22

Source: Thomson Reuters Eikon

**Table 5.2 Selected Peer**

Identifiers	Country	Market Capital (B)	Closing price 30/12/2020	Market Value (MB)	Trailing P/E	Trailing P/BV	Trailing EV/EBITDA
DCC.BK	Thailand	THB 13.38	1.9	13,739.71	13.3	3.46	8.76
UMI.BK	Thailand	THB 0.60	0.68	568.82	N/A	0.4	10.92
STEC.BK	Thailand	THB 26.58	14.7	22,419.32	14.7	2.05	8.96
SEAFCO.BK	Thailand	THB 4.78	6.1	4,512.21	10.2	3.23	8.02
PYLON.BK	Thailand	THB 3.76	4.94	3,704.37	15.1	4.27	9.87

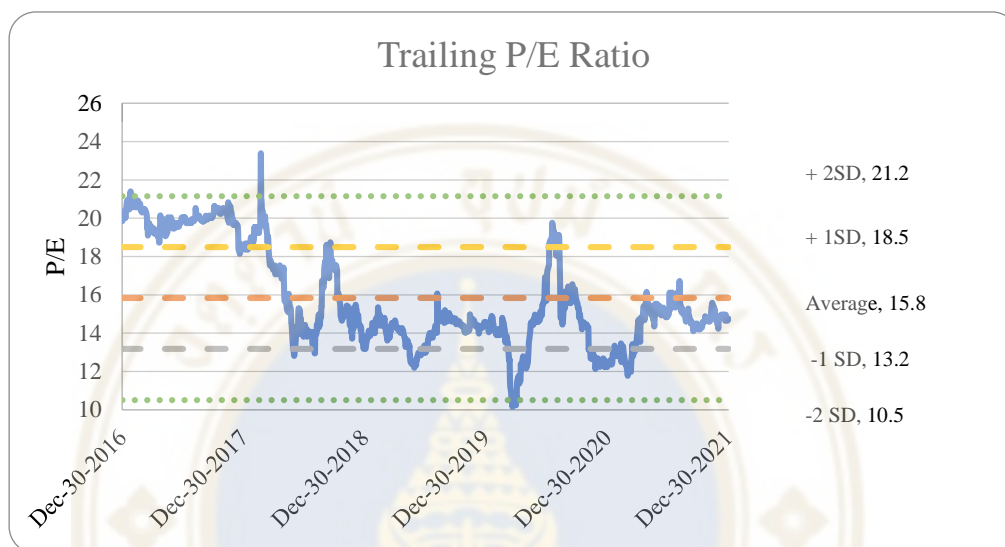
Source: Thomson Reuters Eikon

## 5.2 Valuation Model

### 5.2.1 P/E Multiple

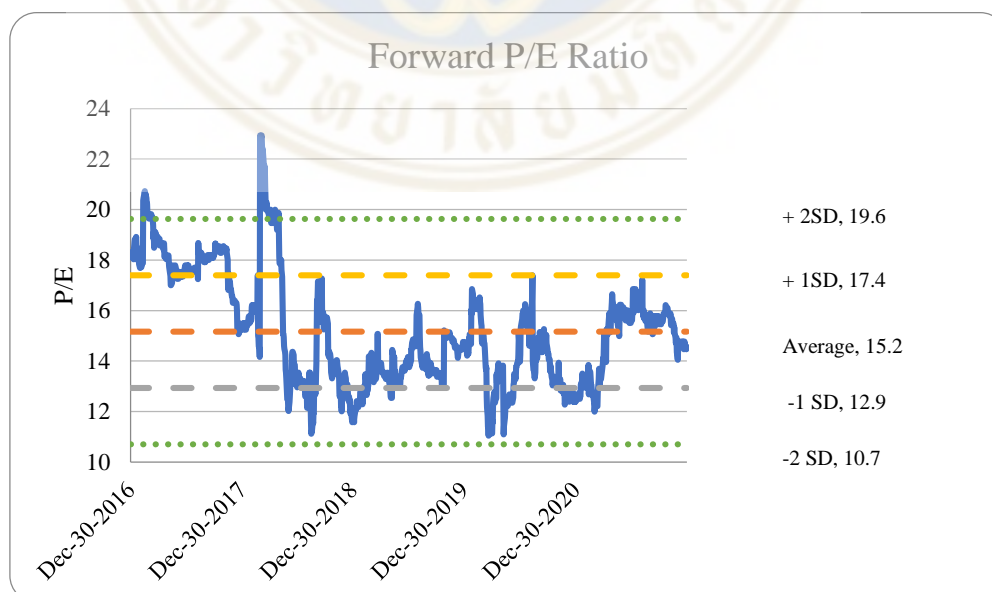
We can decide whether DCC is under or overvalued by grouping a trailing P/E ratio bands and forward P/E ratio based on 5 years history. Currently, DCC has P/E ratio of 13.5x as of 30 December 2021. The reporting date DCC's stock price is slightly

undervalued because the current P/E of DCC is 14.6x, ranged between average of P/E ratio of the company and minus 1 standard deviation over the past 5 years. Also, DCC's forward P/E ratio is ranged between the average of forward P/E ratio of the company and minus 1 standard deviation over the past 5 years – see the figure below. Therefore, DCC is likely to be undervalued in the future.



**Figure 5.1 Trailing P/E band over the past 5 years**

Source: Thomson Reuters Eikon and Calculations



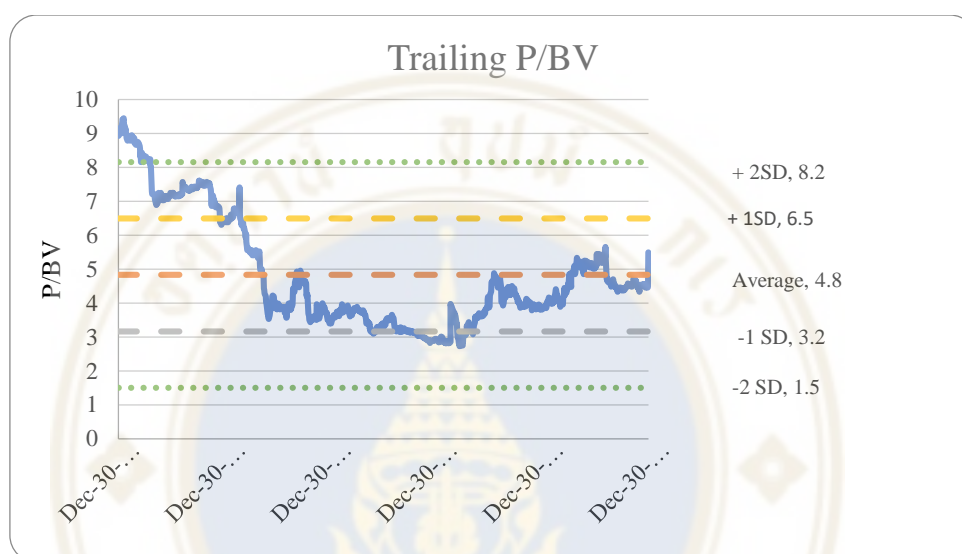
**Figure 5.2 Forward P/E band over the past 5 years**

Source: Thomson Reuters Eikon and Calculations



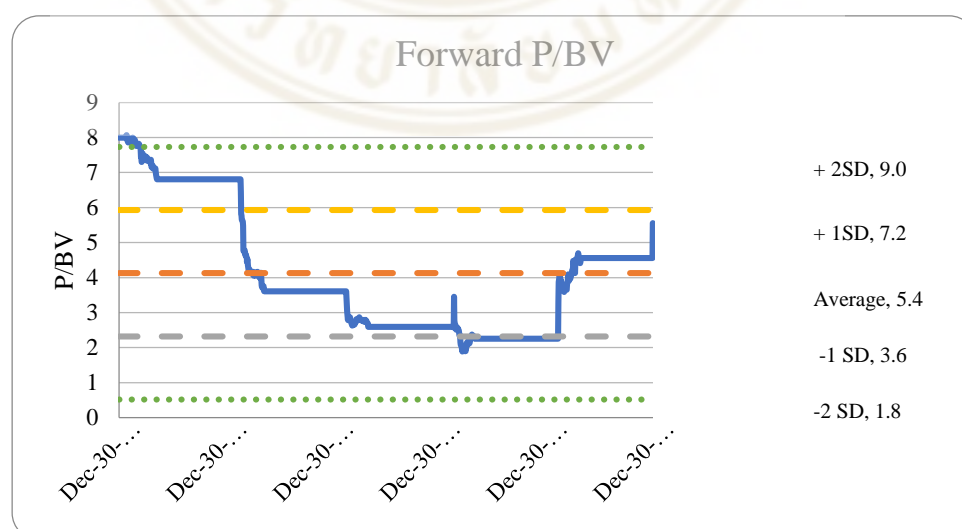
### 5.2.2 P/BV Multiple

For the calculation of P/BV ratio we grouped a trailing P/BV ratio bands and forward P/BV ratio based on 5-year history. Current P/BV ratio is 5.49x as of 30 December, 2021. Also, DCC's forward P/E ratio is ranged between the average of forward P/E ratio of the company and plus 1 standard deviation over the past 5 years – see the figure below. Therefore, DCC is overvalued in the future in term of P/BV metric.



**Figure 5.3 Trailing P/BV band over the past 5 years**

Source: Thomson Reuters Eikon and Calculations

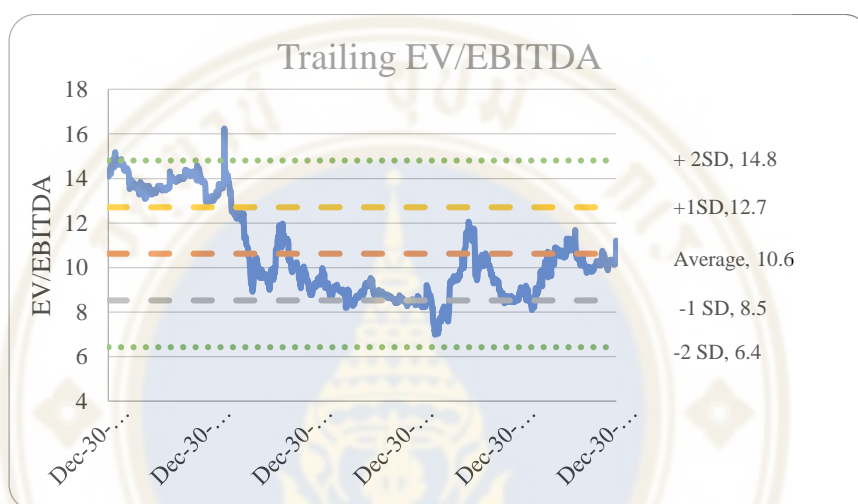


**Figure 5.4 Forward P/BV band along past 5 years**

Source: Thomson Reuters Eikon and Calculations

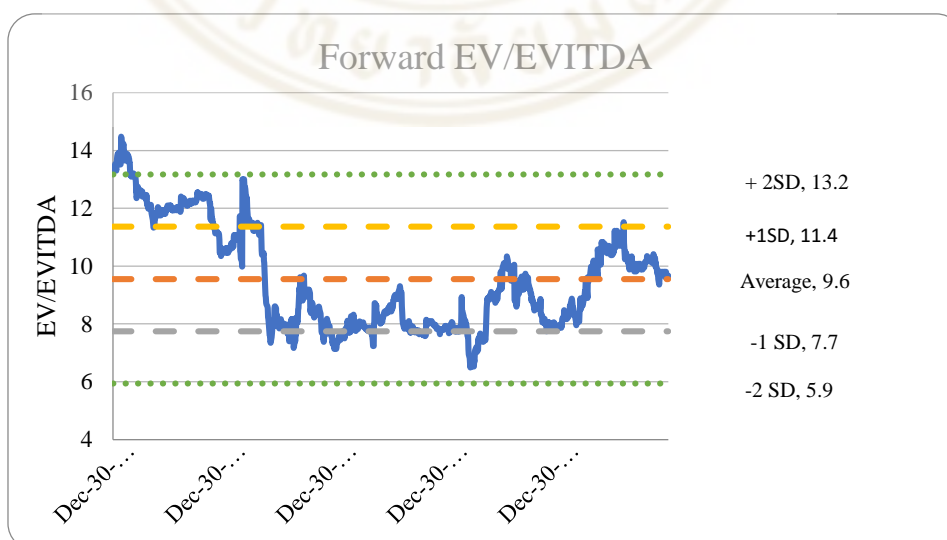
### 5.2.3 EV/EBITDA Multiple

In terms of EV/EBITDA band we plotted trailing EV/EBITDA ratio bands and forward EV/EBITDA ratio from the last 5 years. Its relation shows that DCC is fairly valued because current trailing EV/EBITDA is 10.7x as of 30 December, 2021, and lies between average EV/EBITDA of the company and plus 1 standard deviation. Therefore, DCC likely to be overvalued in the future in terms of EV/EBITD – see the figures below.



**Figure 5.5 Trailing EV/EBITDA band over the past 5 years**

Source: Thomson Reuters Eikon and Calculations



**Figure 5.6 Forward EV/EBITDA band over the past 5 years**

Source: Thomson Reuters Eikon and Calculations

### 5.2.4 Forecasted statement of comprehensive income

The projection of EPS and EBITDA for 2021 and 2022 by calculating a proforma income statement. For the fiscal year 2021, then forecasted a profit of 1,174 million Baht and shareholders' equity of 5,411.47 million Baht. For the year 2020, The forecasted a profit of 1,207.95 million Baht and shareholders' equity of 5,550.20 million Baht. Assumed that the number of shares will stay constant over the next 2 years. Also, there is no evidence in its business plan suggesting otherwise.

**Table 5.3 Forecasted Statement of Comprehensive Income**

STATEMENTS OF COMPREHENSIVE INCOME (Unit: Baht)	2020	2021 F	2022F	2023F	2024F
Revenue from Sales	8,026,552,658	8,124,201,658	8,332,470,395	8,546,078,226	8,765,162,020
Costs of Goods Sold	(4,924,268,286)	(4,959,708,286)	(4,973,074,906)	(5,100,562,637)	(5,231,318,591)
Gross Income	3,102,284,372	3,164,493,372	3,359,395,489	3,445,515,589	3,533,843,429
Other Income	25,605,881	51,863,881	29,782,119	30,545,601	31,328,656
Selling Expenses	(869,423,205)	(849,975,205)	(879,729,913)	(902,282,312)	(925,412,855)
Administrative Expenses	(879,511,424)	(937,565,424)	(954,657,241)	(979,130,447)	(1,004,231,037)
EBIT		1,428,816,624	1,554,790,455	1,594,648,432	1,635,528,193
Finance Costs	(40,731,593)	(39,503,593)	(44,857,669)	(46,007,622)	(47,187,055)
Income before Income Tax	1,338,224,031	1,389,313,031	1,509,932,786	1,548,640,810	1,588,341,138
Income Tax	(201,674,829)	(215,208,829)	(301,986,557)	(309,728,162)	(317,668,228)
Income for the year	1,136,549,202	1,174,104,202	1,207,946,229	1,238,912,648	1,270,672,910

Source: Calculation

**Table 5.4 Key Input Data from Forecasted Financial Statement (2021)**

Forecast Earnings in 2019F	Value
Listed Share (Share) 2018(A)	8,198,942,195
Shareholder's Equity (B)	5,837,087,428
EBIT (B)	2,140,062,751
Depreciation and Amortization (B)	673,004,257
Income for the year (B)	1,703,621,393
Total Assets (B)	8,942,768,053
Interest bearing debt (B)	1,250,000,000
EPS	0.21
Book Value	0.938
EBITDA (B)	0.34

Source: Calculation

**Table 5.5 Key Input Data from Forecasted Financial Statement (2022)**

Forecast Earnings in 2020F	Value
Listed Share (Share) 2018(A)	8,198,942,195
Shareholder's Equity (B)	6,028,568,042
EBIT (B)	1,658,328,026
Depreciation and Amortization (B)	912,235,601
Income for the year (B)	1,295,312,282
Total Assets (B)	9,236,127,838
Interest bearing debt (B)	1,291,005,171
EPS	0.16
Book Value	0.969
EBITDA (B)	0.31

Source: Calculation

### 5.2.5 Summary of multiple values

The forward multiple valuation seems more reliable than trailing multiple valuation (that is based on historical data) because it considers also the future earning

and it is useful for comparing current earning to future earnings. We found a median of the peer group in each relative method. Then we obtain the P/E ratio of 24.75x, P/BV ratio of 5.60x and EV/EBITDA of 10.85x. The results are summarized in the table below.

**Table 5.6 Summary of Multiple Values**

Company Name	Country	Market Capital (B)	Closing price 30/12/2020	Forward P/E	Forward P/BV	Forward EV/EBITDA	
Dynasty Ceramic PCL	Thailand	THB 25.29	2.84	14.6	5.6	10.7	
UNION MOSAIC INDUSTRY PCL	Thailand	THB 1.58	1.89	N/A	N/A	N/A	
Sino Thai Engineering and Construction PCL	Thailand	THB 22.42	14.7	22.1	N/A	7.7	
SEAFCO PCL	Thailand	THB 3.46	4.68	28.4	N/A	11.0	
PYLON PCL	Thailand	THB 3.82	5.1	27.4	N/A	13.0	
				Peer Average	23.13	5.60	10.60
				Peer Median	24.75	5.60	10.85

Source: Thomson Reuters Eikon and Calculations

### 5.3 Target Price

Based on peer group median of the analyzed metrics, the target price in 2020 of DCC shares will be derived from the multiple values times with its respective earning. For P/E ratio, we obtain a target price of 5.41 Baht. P/BV ratio comes with a target price of 5.25 Baht. EV/EBITDA yields a target price of 22.64 Baht and the average of forward multiple values is 4.71 Baht. The results are shown in the table below.

**Table 5.7 Summary of Target Price (2021)**

Relative valuation (Trailing)		Target Price	Upside (%)
Trailing P/E	27.90	5.80	49.98
Trailing P/BV	2.20	2.06	-40.49
Trailing EV/EBITDA	11.70	4.01	27.76
	Average	3.96	26.74
Relative valuation (Forward)		Target Price	Upside/Downside (%)
Forward P/E	24.75	5.14	43.61
Forward P/BV	5.60	5.25	44.81
Forward EV/EBITDA	10.85	22.64	22.10
	Average	4.71	38.38

Source: Thomson Reuters Eikon and Calculations

In 2022, the target price of DCC shares will be derived from the multiple values times its respective earning. For P/E ratio, we obtain a target price of 3.91 Baht. P/BV ratio comes with a target price of 5.43 Baht. EV/EBITDA yields a target price of 3.40 Baht and the average of forward multiple values is 4.25 Baht. The results are shown in the table below.

**Table 5.8 Summary of Target Price (2022)**

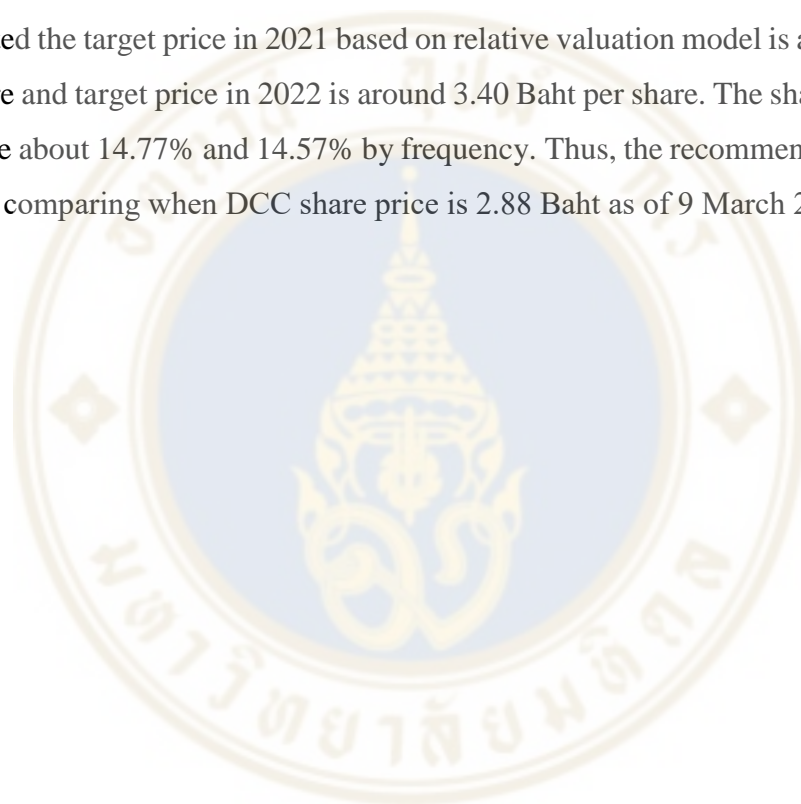
Relative valuation (Tailing)		Target Price	Upside (%)
Trailing P/E	27.90	4.41	34.21
Trailing P/BV	2.20	2.13	-36.03
Trailing EV/EBITDA	11.70	3.67	20.94
	Average	3.40	14.77
Relative valuation (Forward)		Target Price	Upside/Downside (%)
Forward P/E	24.74	3.91	25.83
Forward P/BV	5.60	5.43	46.56
Forward EV/EBITDA	10.85	3.40	14.75
	Average	4.25	31.70

Source: Thomson Reuters Eikon and Calculations

## 5.4 Valuation Summary

In conclusion, the forward EV/EBITDA multiples is appropriate multiple under relative valuation model as it reflects construction material industry. Due to the plan and strategy of the company that it plans to improve its production, offices, and outlets by expand its outlets, purchase land, and rent space in the shopping mall. In the result, the company has high fix assets and depreciation thus, EV/EBITDA is more reliable for the company with high depreciation.

The stock price of DCC is 2.88 Baht per share on March 9,2022, while the forecasted the target price in 2021 based on relative valuation model is around 3.96 Baht per share and target price in 2022 is around 3.40 Baht per share. The share price of DCC is upside about 14.77% and 14.57% by frequency. Thus, the recommendation should be “BUY” comparing when DCC share price is 2.88 Baht as of 9 March 2022.



## **CHAPTER VI**

### **INVESTMENT RISKS AND DOWNSIDE POSSIBILITIES**

In the investment risks and downside possibilities, it consists of the investment risks and downside possibilities from the valuation in chapter 5 which are projection growth may drop, mismatch funding may arise and market share may decrease.

#### **6.1 Projection Growth May Drop**

Cause: Due to the coronavirus pandemic that led Thai economic lockdown

Mitigations: However, the company's outlets are in small shop thus, the business can run as normal.

#### **6.2 Mismatch Funding May Arise**

Cause: Debt structure depend only on short term loans from banks. Payout ratio or dividend policy is relatively high.

Mitigations: The company always operates profit and has more amount in retained earnings. It could be the first source of fund to support those expense and cost.

#### **6.3 Market Share May Decrease**

Cause: Intensive competitions in local business

Mitigations: However, the company has more branches than other competitors. The firm will emphasize on wholesale and support big construction projects rather than retails. It results to gain better economy of scale (EOS). Moreover, they have specialists to always do research and development the products. These



qualifications lead them to be able to sell product in low price and good quality. Hence, the competitors may face with hard situations to compete in the market.



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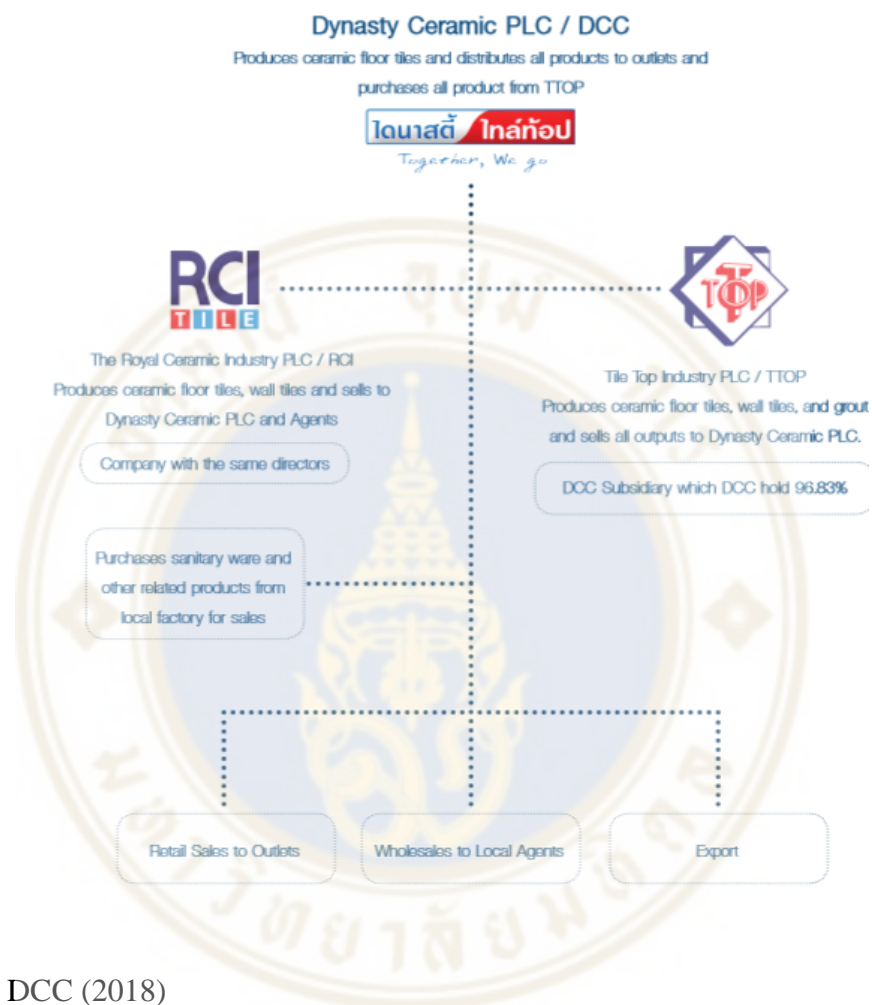
[https://www.settrade.com/C04\\_08\\_stock\\_sectorcomparison\\_p1.jsp?txtSymbol=DCC](https://www.settrade.com/C04_08_stock_sectorcomparison_p1.jsp?txtSymbol=DCC)





## Appendix A: Organization Structure

### ORGANIZATION STRUCTURE



Source: DCC (2018)

## Appendix B: Shareholding Structure

Shareholding structure (10 major shareholders) and shareholding changes in the last 3 years are as follows.

Ranking No.	Shareholder name	% of shareholding		
		31 Jan 2017	29 Dec 2017	28 Dec 2018
1	Mr. Roongroj Saengsastra	24.510	24.510	24.510
2	Mr. Monrak Saengsastra	7.353	7.353	7.353
3	Mr. Maruth Saengsastra	7.353	7.353	7.353
4	Mr. Chaiyasith Viriyamettakul	5.038	5.038	5.069
5	N.C.B.TRUST LIMITED-NORGES BANK 11	2.723	2.887	2.996
6	Miss Supanee Thongplengsri	2.838	2.613	2.959
7	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	na	na	2.821
8	Miss Cattleya Saengsastra	2.696	2.696	2.696
9	Mr. Suvit Smarnphanchai	2.451	2.451	2.451
10	Miss Rotsukon Wadcharasurang	2.257	2.257	2.257
<b>Total 10 major shareholders</b>		<b>58.294</b>	<b>57.218</b>	<b>57.158</b>
Total number of shares (Shares)		6,528,000,000	6,528,000,000	6,527,993,958
Issued and Paid-up share capital (Baht)		652,799,395.80	652,799,395.80	652,799,395.80
Authorized Share Capital (Baht)		652,800,000	652,800,000	652,799,395.80
Par Value per share (Baht)		0.10	0.10	0.10

Source: DCC (2018)

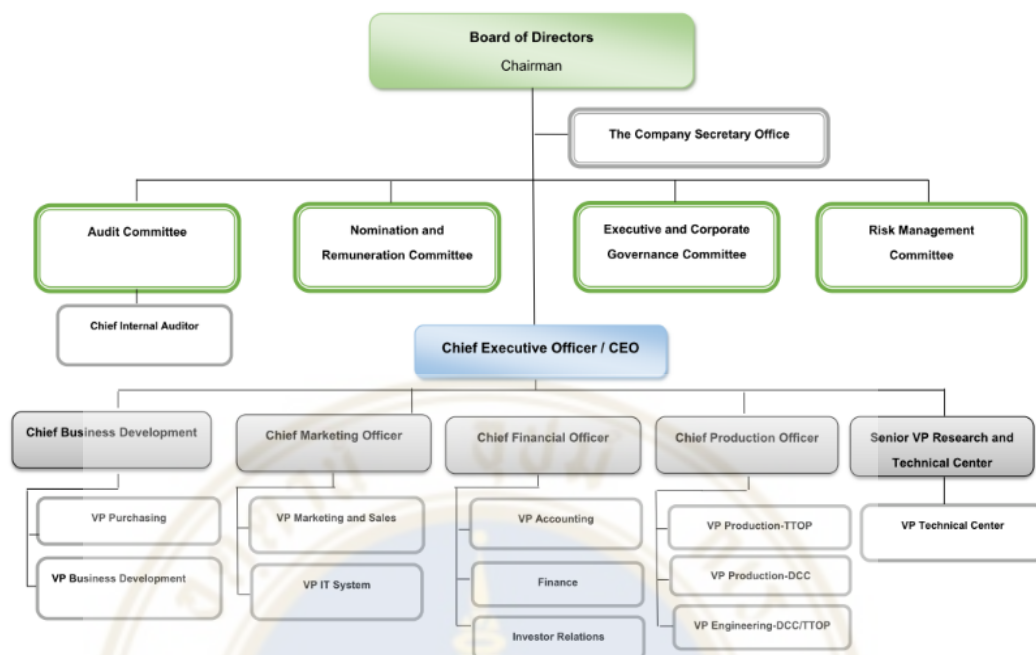
## Appendix C: Board of Director

Latest Board	Position
Board of Directors	
Mr. ROONGROJ SAENGSASTRA	CHAIRMAN OF BOARD OF DIRECTOR
	CHAIRMAN OF EXECUTIVE DIRECTOR
Mr. SUVIT SMARNPHANCHAI	DIRECTOR
Mr. CHAISITH VIRIYAMETTAKUL	DIRECTOR
Miss CATTLEYA SAENGSASTRA	DIRECTOR
Mr. MONRAK SAENGSASTRA	DIRECTOR
Mr. MARUTH SAENGSASTRA	DIRECTOR
Mr. SURASAK KOSIYACHINDA	INDEPENDENT DIRECTOR
Mr. JARUWAT TRAITHAVIL	DIRECTOR
Mr. SURASAK KOSIYACHINDA	AUDIT COMMITTEE
GEN. YUTHASAK SASIPRAPHA	INDEPENDENT DIRECTOR
	CHAIRMAN OF AUDIT COMMITTEE
Mr. SIRIPONG TINNARAT	INDEPENDENT DIRECTOR
	AUDIT COMMITTEE
Mr. TOTSAPORN BANYONGWATE	INDEPENDENT DIRECTOR
	AUDIT COMMITTEE

Source: DCC (2018)



## Appendix D: Management and Organization Chart



Source: DCC (2018)



## **Appendix E: SWOT Analysis**

### **Strengths**

- Extensive experience: the company has extensive experience in the production of ceramic tiles for a long period gives customer's confidence in the quality of ceramic tiles.
- Low-cost producer: the company is a low-cost producer from cost leadership strategy to attract the low- to mid-range markets
- Large number of distribution networks: the company has many distribution networks via the company retail outlets located throughout the country
- Ongoing improvements: the company also continuous improvement for its production, Head Office, and Outlets

### **Weaknesses**

- Focus on narrow segment of the market: The company has a low customer base diversification because the company is mainly focus on mid to middle market
- Impact by the changed of energy prices: The changing in energy prices effects to the company's earnings due to the main production process is needed energy within its.

### **Opportunities**

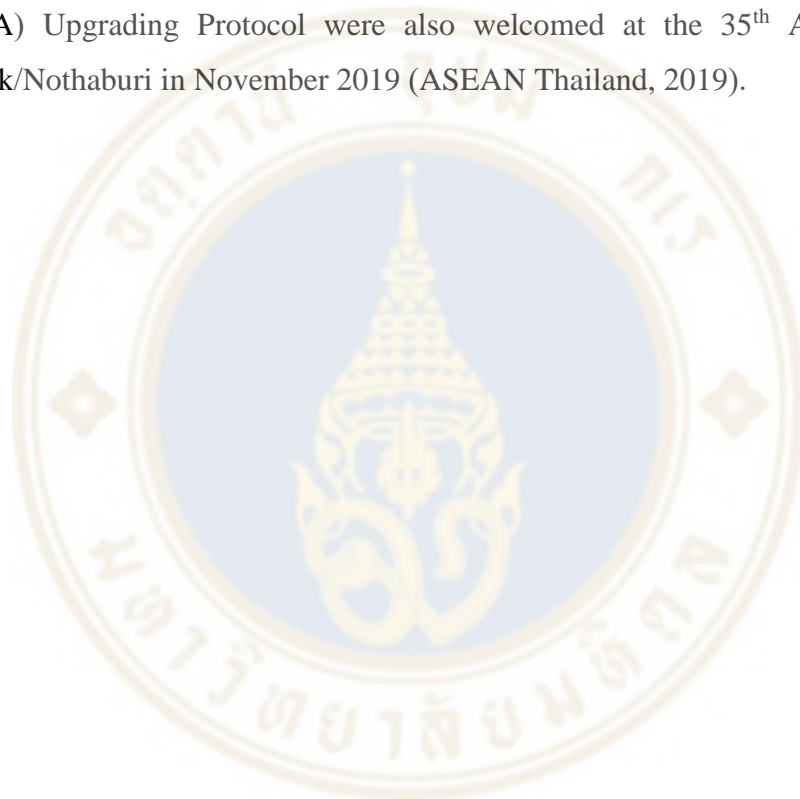
- Market growth: Government policies to stimulate the economy, the real estate market begins to recover, resulting in the ceramic tile market growth coupled with investments in the sector of construction.
- Increase of distribution channel: the result of the Free Trade Area (FTA), the company has increased its distribution channels, which can be marketed by companies exporting to foreign countries increased.
- Use of domestic raw material: Ceramic tile industry can use raw materials, mainly from within the country.
- Changing of customers' behavior: the customers' behavior has changed with modernization and a more urban society. Therefore, the demand for ceramic tiles quality, elegant, and differentiation.

### **Threats**

- Weak (lower) demand: Weak provincial demand, especially in the agricultural sector and high household debt levels that may further decrease the demand.

- Lower competitiveness: The result of the signing of the agreement on free trade zone with China<sup>1</sup>, with tiles imported from China to be a lot cheaper and thus affect the company's sales.

- The efforts to upgrade ASEAN's existing free trade agreements, including, but not limited to, the full implementation of the ASEAN-China Free Trade Area (ACFTA) Upgrading Protocol were also welcomed at the 35<sup>th</sup> ASEAN Summit Bangkok/Nothaburi in November 2019 (ASEAN Thailand, 2019).



## **Appendix F: Five Force Model**

### **Bargaining Power of Buyer (High)**

The buyers have a strong bargaining power to force a very important due to the diverse needs of consumers with a greater choice in selecting ceramic tile because competition in the industry can produce an equal quality product, diverse, and meet the needs of customers and the sales price is lower. Therefore, consumers can choose a quality product that meets the demands and offers as reasonable prices, as the results the bargaining power of consumers is high for both in Thailand and foreigner countries.

### **Bargaining Power of Supplier (Moderate)**

Supplier of production factors in the ceramic tile industry have bargaining power that can be explained as follows:

#### **Raw Materials**

The suppliers of raw materials in the field of soil, mineral, and mixed soil cannot be considered as a pressure in the ceramic industry because the mineral and soil sources are spread all over the country, so it cannot be monopolized by one group because there are other distributors that can be substituted. As for the machinery used in the production of paint, coatings, and various chemicals. Most are imported from foreign countries and there is no monopolization of the imports at all. The same applies to the tools used to measure and check the quality of that product that can be imported from foreign countries as well.

#### **Energy**

Energy used in production can be considered as the industry's strongest pressure, because most operators prefer the use of LPG gas, which is monopolized by PTT and is likely to increase the price that impacts on the production of ceramic tiles because in the production requires a large stove and the need for high energy, the price of gas is an important factor that affecting the production cost. Currently the operator is unable to find other energy sources to replace gas LPG. Although some operators turn to natural gas however, the cost of connecting pipes to the factory is very high, which makes it unable to bear the cost burden.

#### **Labors**

Labors in the ceramic tile industry can be divided into two groups: industrial workers, management workers, which range from administrative staff

to managers and executives, and the other is the production group, which is skillful workers, technicians, researchers, as well as engineers involved in the production process, which labor depression is a major force in the ceramic tile industry. If considering the structure, the cost of production is the cost of labor, raw materials, energy, depreciation and other expenses.

#### **Threat of New Entrance (High)**

The ceramic tile industry is considered an industry that requires a lot of investment. In addition, the production innovation and technology investment are also high, and requires the money to invest in building a production plant, including hire personnel in production expertise and must invest continuously to research and product development department which requires high investment funds that makes a new entry of competitors can be difficult. Another reason is that businesses need to have a large reserve of funds for working circulation.

In the other hand, the advent of new entrepreneurs coming from outside the country has a huge impact, which is something that cannot be neglected to consider. Due to the official liberalization trade facilitates new competitors to trade freely. For example, china can enter the Thai market easily, with cheap products affecting the ceramic tiles in Thailand a lot. In the future, if there is a wider liberalization of government, the entry of foreign entrepreneurs will also be easier because of the labor wage advantage that is lower than Thailand.

#### **Threat of Substitute Product or Service (High)**

Nowadays, the ceramic tile industry is highly competitive, so the products produced are equal quality but different in design, combined with the high price competition. Therefore, the obstacles from substitute products are moderate, even though ceramics have different properties from other materials. Thus, there are not many products that can replace ceramic tiles such as marble flooring, granite products, and wood (Paquet's), but nevertheless a ceramic tile product with transport costs and cheaper than granite but with a competition which is high in quality and price, it may give these substitutes an opportunity to come as an alternative for consumers to buy to replace the company's products.

### **Rivalry among Existing Competitors (High)**

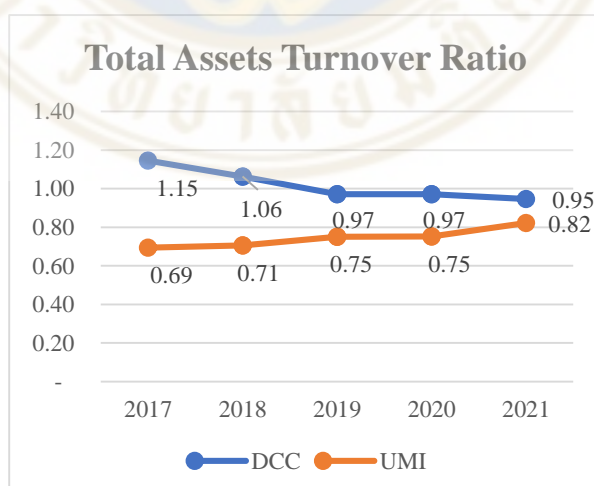
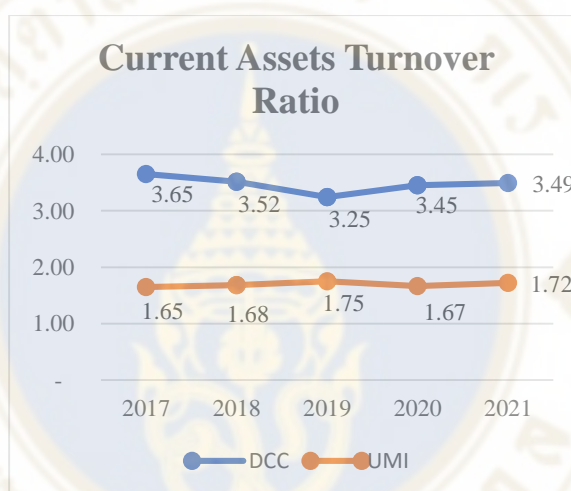
Competition in the ceramic tile industry is highly competitive. Due to the price war that has occurred within the industry both from domestic competitors and overseas. Especially the competitors from foreign countries entering the Thai market by using the low-price strategy in marketing makes the competition more intense. As a result of liberalization trade with China, Vietnam, etc. For China, it can be considered as an important competitor that have an advantage in production costs, labor costs or machinery that is lower than Thailand which leads to the import price is cheaper than Thailand and has a lot affects to the operators within country. The competitiveness of domestic industries that are violent as well. Due to the capacity of competitors is increasing every year and competitive strategies that the competition focused on producing a quality product and make a difference in the competition even more intense with the economy making consumers decide to buy more. Thus, price competition has intensified significantly.

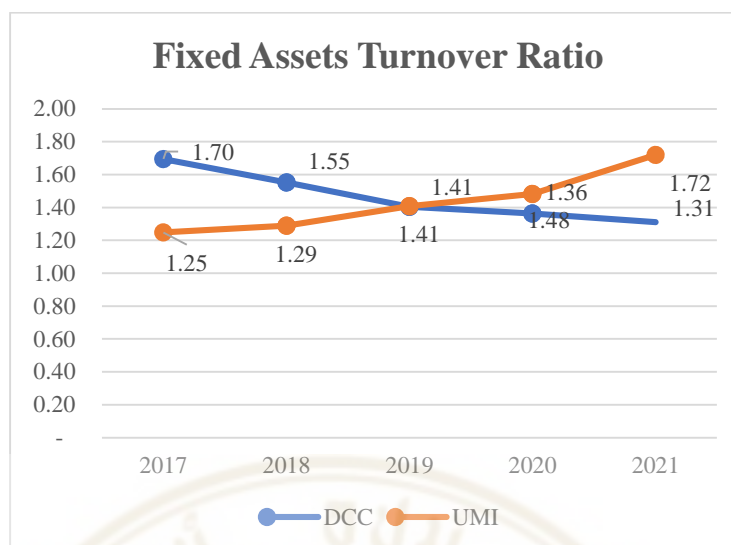
## Appendix G: Financial Analysis

### Financial Ratio Analysis

Key ratios are analyzed to cover in consideration of liquidity, asset management, solvency, and profitability. The Union Mosaic Industry Public Company Limited (UMI) is chosen as peer to be comparable with the company (Dynasty Ceramic Public Company Limited (DCC) because both of two firms are almost the same type of business activities. Moreover, the market share in this industry is different but it is not too much.

#### Current Asset, Total Asset, and Fixed Asset Turnover Ratios



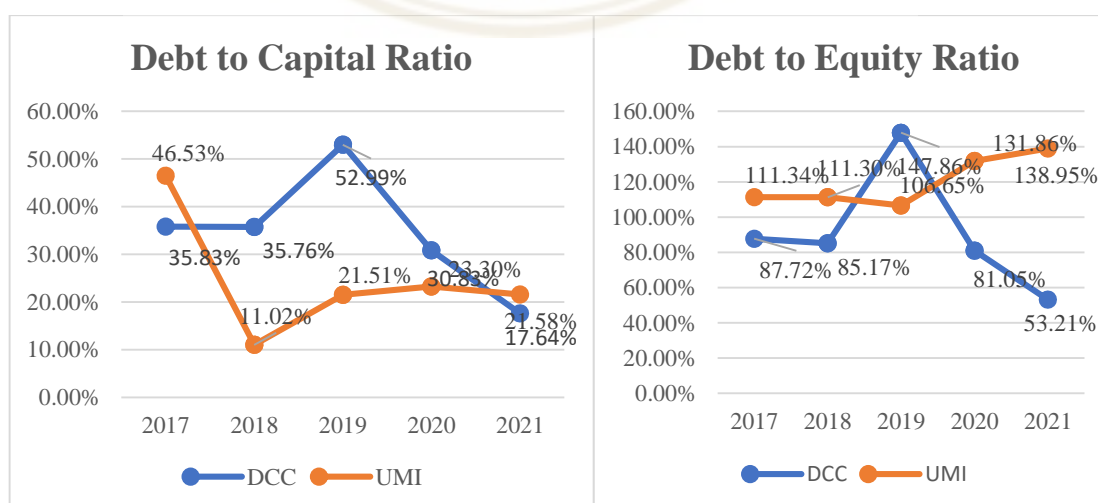


Source: Calculation

The company's asset utilization trends to decrease every year indicate that it is not efficiently using its assets to generate from sales. CAGR is relatively low comparing to investment in assets especially on PPE.

Dynasty is able to manage asset utilization look good both current and fixed assets. Also, current assets can generate above than UMI but UMI in the case of fixed assets after 2019 UMI can generate above than DCC because their assets were decreased since 2014. It can conclude that they effectively use the company assets to generate the profit.

### Debt-to-Capital and Debt-to-Equity Ratios

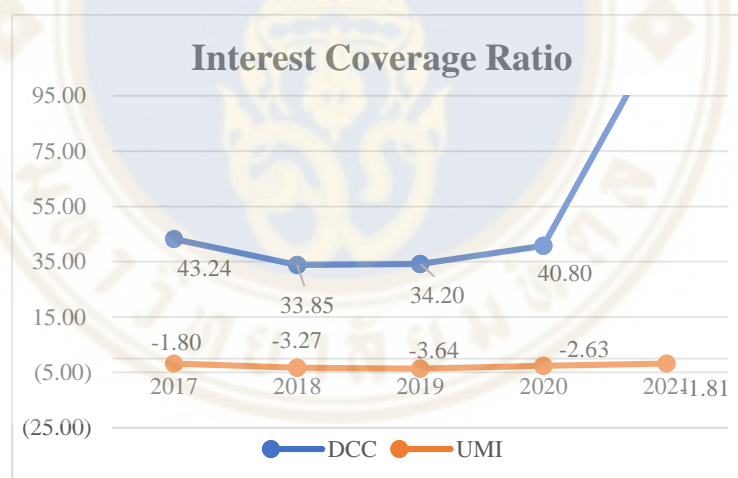


Source: Calculation

The company's financial distress trends to increase slightly until 2018 from continuing to increase source of funds from debts rather and issuance of equity. This is a measurement of a company's financial leverage increases. Unless, capital structure has no long-term debts, the company's obligation depends on short term both borrowings and creditors. It results from inventories that are large amount item of assets and CAGR increases. D/E ratio is greater than debt to capital because liabilities also include borrowings and creditors while another one considers only debt from the bank. But they run in the same direction.

Dynasty's financial distress is relatively low comparing to the competitor. The capital structure of company mostly depends on only short-term borrowing and credit term from suppliers. They also have quite high the portion of equity. It results to face the least chance to financial distress. While, UMI is risky to bankrupt from relying on liabilities.

### Interest Coverage Ratio



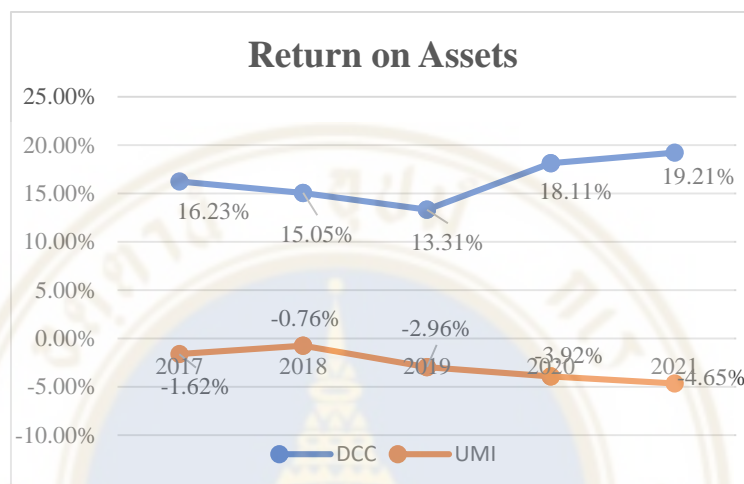
Source: Calculation

Dynasty's interest coverage ratio trends to increase because of decreasing in debts both in debt repayment results in lower interest expenses and increases borrowing capacity for future investments. and accounts payable. However, the company can manage times interest earned very well. Ability to pay interest on its outstanding debt average over 5 years is around 54.66 times. It indicates that the company's EBIT can cover financial cost.



It is difficult to compare ability to pay interest among two firms because the one is profitable and another is loss. Dynasty's interest coverage ratio is very good, the value still greater than 1 whit multiple around 54.66 times. By the way, UMI mostly operates loss in EBIT along 5 years.

### Return on Assets Ratio

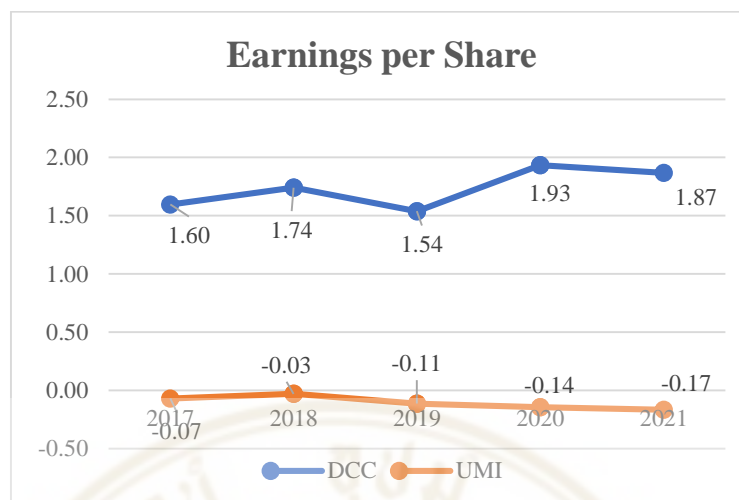


Source: Calculation

Dynasty's profitability to generate the returns trends to increase. The company's ability to manage using a company's assets to create an increased profits as a result of lower distribution and administrative expenses resulting in higher profits for the company. However, the company always creates more amount of return comparing to original investments average over 5 years is 16.38%.

Dynasty's profitability to generate the returns from asset investment is good comparing to the competitor. The company creates more amount of return comparing to original investments average over 5 years is around 16.38%. In contrast, UMI is ineffective to generate return from using the assets.

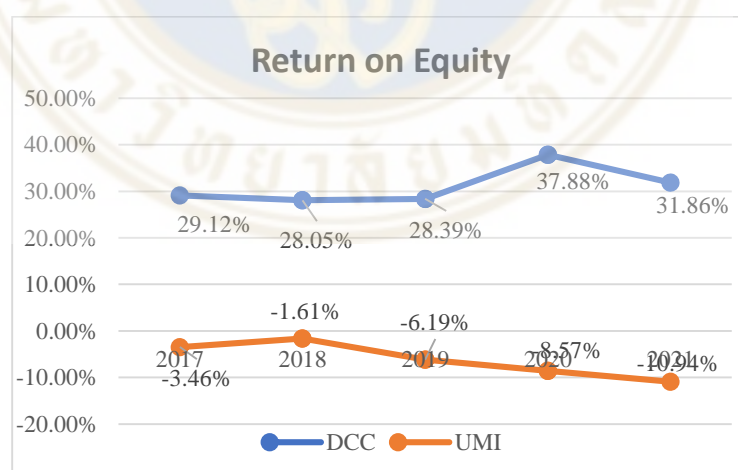
### Earnings Per Share (EPS)



Source: Calculation

The company's EPS is quite volatile a bit over the 5 years. However, the trend starts increasing once again since 2018. In addition, the value is over than par at 1.62 baht. An investor can see the value of a stock in terms of how much the market is willing to pay for each amount of earning returns.

### Return on equity (ROE)

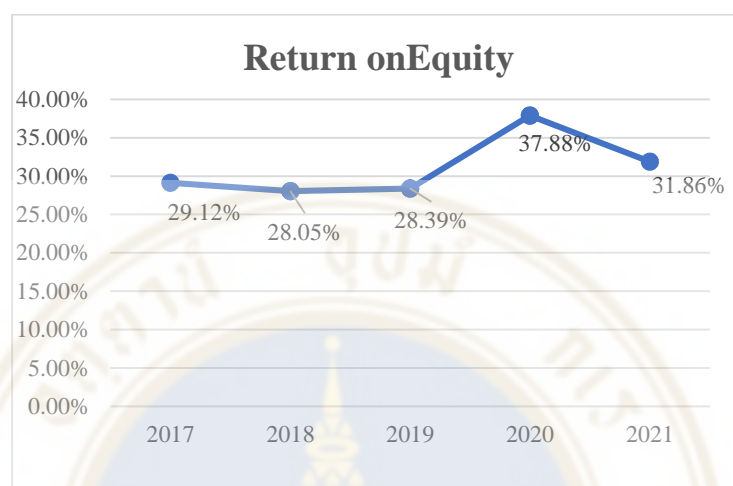


Source: Calculation

The capital structure of company mostly depends on only short term borrowing and credit term from suppliers. They also have quite high the portion of

equity. It results to face the least chance to financial distress. While, UMI is risky to bankrupt from relying on liabilities.

### 5.1.7 DuPont Analysis for ROE (DCC Company)



**Figure 5.7 DuPont Analysis for ROE (DCC Company)**

Source: Calculation

### DuPont Analysis for ROE (DCC Company)

Ratio	2017	2018	2019	2020	2021
<b>ROA</b>	20.68%	18.26%	17.10%	22.78%	24.13%
<b>TCI-EBIT</b>	78.47%	82.42%	77.83%	79.51%	79.61%
<b>Leverage</b>	1.79	1.86	2.13	2.09	1.66
<b>ROE</b>	29.12%	28.05%	28.39%	37.88%	31.86%

Source: Calculation

Overall DCC ROE was reduce through years, it could be the reason that the asset had not been utilized fully capacity, the large investment on PPE cannot generate the return. DCC had impressive ROE during 2015 to 2016 because of historical high revenue and lower equity value.