

**RELATIVE VALUATION OF SABINA PUBLIC  
COMPANY LIMITED**



**TANCHANOK TUANGVILAI**

**A THEMATIC PAPER SUBMITTED IN PARTIAL  
FULFILLMENT OF THE REQUIREMENTS FOR  
THE DEGREE OF MASTER OF MANAGEMENT  
COLLEGE OF MANAGEMENT  
MAHIDOL UNIVERSITY  
2023**

**COPYRIGHT OF MAHIDOL UNIVERSITY**

Thematic paper  
entitled  
**RELATIVE VALUATION OF SABINA PUBLIC COMPANY  
LIMITED**

was submitted to the College of Management, Mahidol University  
for the degree of Master of Management  
on  
23 December 2023



*Tanchanok Tuangvilai*

Miss Tanchanok Tuangvilai  
Candidate

*Simon Zaby*  
Asst. Prof. Simon Zaby,  
Ph.D  
Advisor

*Roy Kouwenberg*  
Prof. Roy Kouwenberg,,  
Ph.D., CFA  
Chairperson

*Vichita Ractham*  
Assoc. Prof. Vichita Ractham,  
Ph.D.  
Dean  
College of Management  
Mahidol University

*Eakapat Manitkajornkit*  
Eakapat Manitkajornkit,  
Ph.D  
Committee member

## ACKNOWLEDGEMENTS

I want to express my heartfelt appreciation to Dr. Simon Zaby, my advisor, for his invaluable support throughout the creation of this thematic paper. His kindness, patience, and extensive knowledge have been instrumental in guiding our team to the final stages. The open and effective communication between Dr. Simon and our team played a crucial role in the smooth progression of our project. I am truly grateful for his practical advice and engaging discussions, which greatly contributed to the success of our work.

A special thanks to my teammate, Ms. Reachtheany Vang, whose constant kindness and patience provided unwavering support throughout the entire process. Her willingness to share ideas and provide encouragement played a vital role in completing this thematic paper.

Lastly, my heartfelt thanks go out to my family, who stood by me through the challenges, frustrations, and, hopefully, the joys of completing this thematic paper. Their shared experiences, understanding, and support have made this journey more meaningful.

Tanchanok Tuangvilai

**RELATIVE VALUATION OF SABINA PUBLIC COMPANY LIMITED**

TANCHANOK TUANGVILAI 6549002

M.M. (CORPORATE FINANCE)

THEMATIC PAPER ADVISORY COMMITTEE: ASST. PROF. SIMON ZABY, Ph.D.,  
PROF. ROY KOUWENBERG, Ph.D., CFA, EAKAPAT MANITKAJORNKIT, Ph.D.

**ABSTRACT**

This report aims to determine the fair value of Sabina Public Company Limited (SABINA) through a relative valuation method. Sabina is recognized as one of the leading lingerie product companies in Thailand. The assessment, conducted on November 24, 2023, employs various multiples such as Trailing and Forward Price Earning (PE), Price-to-Book Value (PBV), and Enterprise Multiple (EV/EBITDA).

Based on these methods, the target price for Sabina is estimated to be 15.37 Baht per share for the year ending 2023 and 16.86 Baht per share for the year ending 2024, using the average price of each band. Notably, Bboth target prices deviate significantly from the current market price of 25.75 Baht as of December 11, 2023.

Given this scenario, the recommendation for investors is to "HOLD" the shares. This is because, according to the analysis, the share prices are anticipated to remain higher than the target prices both in 2023 and 2024. It's important to consider that these results may indicate a potential discrepancy, and in such cases, a Discounted Cash Flow (DCF) analysis could offer a more accurate evaluation. Investors are advised to carefully weigh their options and consider the market dynamics before making any decisions.

**KEY WORDS: SABINA/ VALUATION/ RELATIVE VALUATION/ THAILAND/  
LINGERIE PRODUCT**

45 pages

## **CONTENTS**

	<b>Page</b>
<b>ACKNOWLEDGEMENTS</b>	<b>ii</b>
<b>ABSTRACT</b>	<b>iii</b>
<b>LIST OF TABLES</b>	<b>vi</b>
<b>LIST OF FIGURES</b>	<b>vii</b>
<b>CHAPTER I INTRODUCTION</b>	<b>1</b>
1.1 Overview	1
1.1.1 Sabina Timeline	2
1.1.2 The Subsidiary	2
1.1.3 Indirect Subsidiaries	3
1.1.4 Sources of Revenues	3
1.1.5 Revenue and growth	4
1.1.6 Products and Brands	4
1.2 Vision, Mission, and Goals	5
1.2.1 Vision	5
1.2.2 Mission	6
1.2.3 Goals	6
1.3 Management and Governance	8
1.3.1 Board of Directors	8
1.3.2 Major Shareholder	9
1.3.3 Governance	10
1.4 Dividend Policy and Payment	10
<b>CHAPTER II EXTERNAL FACTORS ON SABINA’S BUSINESS</b>	<b>12</b>
2.1 Macro-Economic Analysis	12
2.1.1 The GDP of World and Country	12
2.1.2 Economic Glance and Outlook	13
2.1.3 Population Trend and Consumer Expenditure of Thailand	13

## **CONTENTS (cont.)**

	<b>Page</b>
2.2 Inner Wear Industry Analysis	15
2.2.1 Industry Pattern	15
2.2.2 Role of Advertising and Distribution	16
2.2.3 Covid-19 Changing Consumer Behavior	17
2.2.4 Create Value with Innovation	19
2.3 Competitors of Sabina	20
<b>CHAPTER III RELATIVE VALUATION</b>	<b>21</b>
3.1 Multiple Band	21
3.1.1 Trailing PE and Forward PE Band	21
3.1.2 Trailing P/BV and Forward P/BV	23
3.1.3 Trailing EV/EBITDA and Forward EV/EBITDA	25
3.2 Peer Multiples	26
3.2.1 Sensitivity and Scenario Analysis	30
<b>CHAPTER IV INVESTMENT RISKS AND DOWNSIDE POSSIBILITIES</b>	<b>33</b>
4.1 Operational Risk	33
4.1.1 Inventory Risk	33
4.1.2 Shortage of Craftsmanship	34
4.1.3 Dependence on Few Major Raw Material Suppliers	34
4.2 Sustainability risk	35
4.2.1 Climate Change Action	35
4.2.2 Climate Change-related Regulatory Risks	36
4.2.3 Employee and Customer Personal Data Protection (PDPA)	37
4.2.4 Human rights	37
4.3 Global economic downturn	38
<b>CHAPTER V INVESTMENT SUMMARY</b>	<b>39</b>
<b>REFERENCES</b>	<b>42</b>
<b>BIOGRAPHY</b>	<b>45</b>

## LIST OF TABLES

<b>Table</b>	<b>Page</b>
3.1 Peer Group Multiples	27
3.2 Actual and Forecast EPS, Book values, and EBITDA of Sabina Q3-2023-2024F	28
3.3 Multiples for P/E, P/BV, and EV/EBITDA in Q3-2023-2024F	29
3.4 Multiples for P/E and P/BV with the various rates	30
3.5 The Alternative Price Estimated of Best Scenario and Worst Scenario	31
3.6 The Alternative Price Estimated of Best Scenario	31
3.7 The Alternative Price Estimated of Worst Scenario	32
5.1 Target price	39
5.2 Valuation Summaries	40



## LIST OF FIGURES

<b>Figure</b>	<b>Page</b>
1.1 Sabina Timeline	2
1.2 Source of revenue	3
1.3 Revenue and % YoY Growth	4
1.4 Products and brands	5
1.5 Board of Directors	8
1.6 Major Shareholder of Sabina	9
1.7 Dividend Payment	10
2.1 Consumption Expenditure at Current Market Prices by Type of Expenditure Year 2020	14
2.2 Women Expenditure on Innerwear and Related Products	16
2.3 Digital, Internet and Social Media Users	17
2.4 Economic Growth in Thailand	17
2.5 Penetration of Leading Social Media Platforms in Thailand	18
3.1 Trailing PE Band	22
3.2 Forward PE Band	23
3.3 Trailing P/BV Band	24
3.4 Forward P/BV Band	24
3.5 Trailing EV/EBITDA Band	25
3.6 Forward EV/EBITDA Band	26
4.1 Climate Change-related Regulatory Risks	36



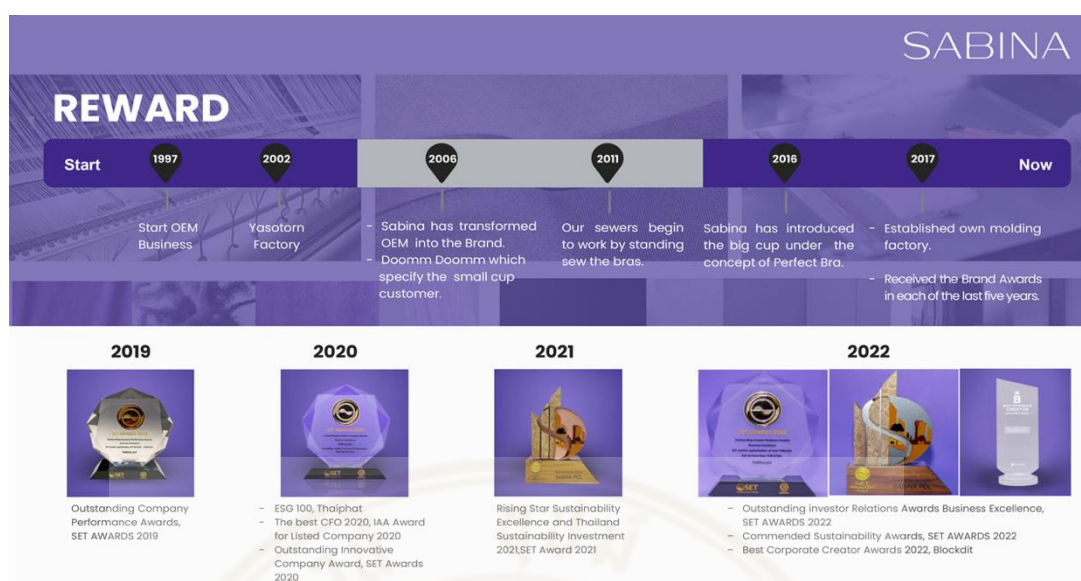
# CHAPTER I

## INTRODUCTION

This chapter will provide a comprehensive overview of the target valuation company, focusing on its core business portfolio and past financial performance. The company's vision, mission, and goals will then be examined to gain insights into its future business strategy. A detailed summary of its revenue sources and growth patterns, extracted from its annual report, will be presented to facilitate a thorough understanding of its business model. An analysis of the company's ownership structure, including information on major shareholders, will be a crucial element in gaining meaningful insights into its management and governance. Lastly, we will delve into the company's recent decision on dividends to elucidate the current shifts in its stock price within the market.

### 1.1 Overview

Sabina Public Company Limited is a manufacturer and distributor of bras catering to women of all ages, offering a diverse range of products including brands for children, teenagers, adults, and functional bras, as well as Shape Wear and swimsuits. The company targets different consumer segments by offering products at various price points. Lower-priced items are distributed through modern trade channels like BigC and Tesco Lotus, mid-priced products are available nationwide, and the higher-end Madmoiselle, Maggiemae, and Cris's Collection brands are exclusively distributed in big cities and the Bangkok area. In this chapter, we will explain about what Sabina do and how they instruct the company, including their vision, mission, and goal.



**Figure 1.1 Sabina Timeline**

Source: Sabina (2023)

### 1.1.1 Sabina Timeline

The company was established on August 17, 1995 and was formerly known as J&D Apparel Company Limited. The business manufactures and distributes undergarments for subsidiaries and consumers who are foreign lingerie suppliers. The company started as an OEM, or original equipment manufacturer, manufacturing and distributing its OEM products to subsidiaries. As the brand is well-recognized among customers abroad, they receive orders from a variety of customers overseas. In the meantime, with the acquisition of a substantial reputation and acknowledgment, the firm transitioned into a wholesaler operating under the "Sabina" (Sabina Far East Company Limited) brand in 1997. This strategic shift enabled them to distribute their goods directly to consumers, bypassing intermediaries as before (Sabina, 2023).

### 1.1.2 The Subsidiary

The company engages in the design, manufacturing, and distribution of women's underwear under the brand name "Sabina." Additionally, they offer production services for customers who would like to use their own brand or engage in OEM arrangements. Furthermore, the company serves as a distributor of women's underwear under the "Sabina" brand to department stores, shopping centers, and modern trade fairs,

both domestically and internationally. The incorporation of sales using novel distribution channels, such as television shopping, websites, the company's application, and other online platforms.

### 1.1.3 Indirect Subsidiaries

Invests in other companies both domestically and abroad.

### 1.1.4 Sources of Revenues

Currently, the primary source of revenue for the company is derived from the sales of items bearing the brand of its subsidiary. In 2021, the revenue from non-OEM items constituted 87.84% of the total; in 2022, it stood for 88.35%. On the other hand, the revenue generated from OEM products represented 10.53% and 10.78% of the total in 2021 and 2022, respectively.

Product Lines	Operated by	Share-holding ratio %	2022		2021		2020	
			Value	%	Value	%	Value	%
Sale of subsidiary's brandname products	Sabina Fareast Co., Ltd.	99.90%	2,814.73	88.35	2,332.78	87.84	2,628.67	90.22
Sale of OEM products	Sabina Plc.	-	343.33	10.78	279.77	10.53	233.54	8.01
Incomes from provision of service and other sources <sup>1, 2</sup>	Sabina Plc.	-	27.66	0.87	43.12	1.63	51.62	1.77
<b>Total</b>			<b>3,185.72</b>	<b>100.00</b>	<b>2,655.67</b>	<b>100.00</b>	<b>2,913.83</b>	<b>100.00</b>

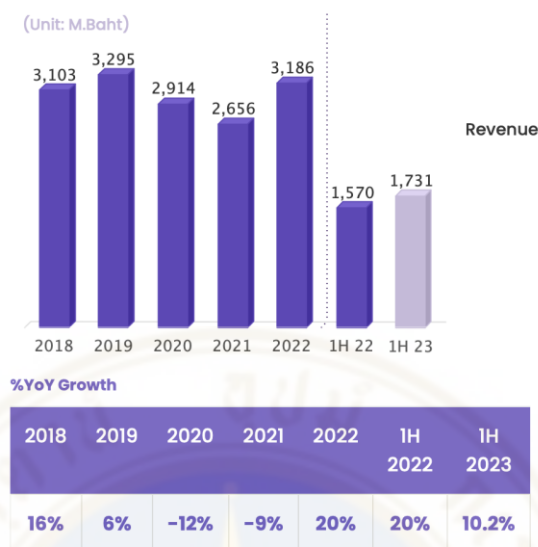
Note: 1. Our sources of incomes are garment production and product sewing services.

2. Other sources of incomes are interest earning, duty refund, profit from the exchange rates, and rent out real estate.

## Figure 1.2 Source of revenue

Source: Sabina (2023)

### 1.1.5 Revenue and growth



**Figure 1.3 Revenue and %YoY Growth**

In 2022, Sabina Public Company Limited successfully met operating standards as expected by fostering strong collaboration both internally and externally. The overall revenue in 2022 climbed by 19.96%, or 530.05 million baht, compared to 2021, with a total revenue of 3,185.72 million baht. The net profit earned in 2022 was the greatest ever attained, reaching 13.10%, or a net profit of 417.22 million baht. This achievement is the company's greatest recorded profit, which bodes well for its anticipated strong expansion in the next year.

### 1.1.6 Products and Brands

Sabina has an extensive range of products for different target groups. The price lists can be found from lowest to highest; the products with the most competitive prices are sold through current trade channels like BigC and Tesco Lotus. Doomm Series, Wireless Bras, and Modern V are some examples of products that fall into the intermediate price range that can be found nationwide; these items cost between 700 and 800 Baht. The high-end items sold under the brand names Madmoiselle, Maggiemae, and Cris's Collection, all of which have prices that are more than one thousand Thai Baht, are exclusively distributed in the main towns and Bangkok city.



**Figure 1.4 Products and brands**

Sabina began gaining a solid reputation among customers in other countries and started selling Original Equipment Manufacturer (OEM) products directly to those consumers. This was done in direct competition with other businesses in the industry. As a result, most of the revenue comes from the production of lingerie for distributors based in other countries. However, since 2008, when the business implemented modifications aimed at minimizing the amount of OEM production and distribution, the company has experienced a considerable rise in the percentage of its revenue from manufacturing and distributing products sold under the "Sabina" brand. These modifications were undertaken in order to reduce the amount of OEM manufacturing and distribution that was being done. The manufacture of products sold under the brand name "SABINA" and their subsequent distribution to the company's subsidiaries are currently the business's key income sources.

## 1.2 Vision, Mission, and Goals

### 1.2.1 Vision

Sabina has declared its vision as “We determine to create product value with modern innovation to strengthen consumer confidence for better daily life. We also place importance on business operations with growth and sustainable profitability (Sabina, 2023).” To achieve its vision, the company adopted its mission using the operational framework for each mission defined by the organization, drawing on its overall purpose and vision. The establishment of short-term goals, with a time frame typically spanning from one to five years, serves as a means to support efficient and transparent operations



aligned with the business purpose. Along with that, the subordinate goals for each department are decided upon by working together using tools that were made to set goals and track results. This makes it easy to evaluate the results and put them into action. For the overarching organizational Key Results (OKR) to achieve success, it is essential that the OKR of each particular department or division within the company align with one another.

### **1.2.2 Mission**

The company's mission framework is intricately tied to its overarching mission and vision. Clear operational strategies are built on short-term goals that last between one and five years. Each section uses tools for setting goals and objective key results to make evaluation and implementation go smoothly. Crucially, every sector's Objectives and Key Results (OKR) harmonize to fortify the organization's overarching success. Sabina has identified its Mission as SABINA PROMISE epitomizes a company deeply committed to excellence across its operations. With a focus on customer satisfaction as the cornerstone, the company ensures loyalty and positive word-of-mouth. Being Data-Driven, decisions are grounded in empirical evidence, enhancing efficiency and foresight. Sustainable Profitability underscores a holistic approach, integrating economic success with environmental stewardship. Embracing Lean Enterprise principles, SABINA PROMISE minimizes waste, optimizing processes for added value. Moreover, Environmental, Social, and Corporate Governance (ESG) considerations are paramount, reflecting a commitment to responsible business practices.

### **1.2.3 Goals**

#### **Strategy and Long-Term Goals until 2027**

Following the COVID-19 crisis of throughout 2020-2022, the company aims to attain restoration of sales to pre-pandemic levels by the year 2022 as part of its long-term target through 2027. The subsequent value will serve as the uppermost objective until 2027. The company has explicit growth targets that are in accordance with its overarching vision and purpose.

Sabina, a dynamic player in the industry, sets its sights on transforming into the foremost premium brand in Thailand, making significant strides toward regional recognition, all while maintaining an unwavering commitment to achieving the highest

levels of customer satisfaction. At the heart of this vision is a strategic focus on brand elevation and customer contentment.

To position itself as a leader in the industry, Sabina recognizes the imperative role of modern technological advances in product manufacturing. Embracing high-tech tools and data-driven methodologies, the organization is dedicated to effective task management, enabling meticulous planning, and facilitating swift adaptability to the evolving landscape.

Integral to Sabina's overarching strategy is the optimization of operational processes, designed not only to streamline efficiency but also to ensure long-term financial viability. With a keen eye on decreasing inefficiencies across all operational facets, the primary objectives include prioritizing cost reduction, minimizing errors, shortening task durations, enhancing overall productivity, and addressing customer needs with precision.

Recent accolades from the Stock Exchange of Thailand underscore Sabina's commitment to sustainable business operations. The Commended Sustainable Award 2022 and the Outstanding Sustainability Prototype Organization Award for Thai Stock Market Support for Persons with Disabilities in 2022 showcase the company's dedication to environmental, social, and corporate governance principles.

In essence, Sabina's ethos revolves around the holistic integration of sustainable business practices. The dedication to business innovation, which seeks to gain a competitive edge while prioritizing the welfare of all stakeholders—employees, communities, and society at large—is an example of this strategy. Sabina's journey unfolds as a testament to its vision, not merely as a brand but as a conscientious entity pioneering excellence and sustainability in the ever-evolving business landscape.



## 1.3 Management and Governance

### 1.3.1 Board of Directors

Name	Company's Committee	Audit Committee	Executive Committee	The nomination and remuneration Committee	Risk Management Committee
1. Mr. Viroj Thanalongkorn	Chairman	-	-	-	-
2. Mr. Bunchai Punturaumporn*	Committee	-	Chairman	Committee	-
3. Ms. Duangdao Mahanavanont*	Chief Executive Officer	-	Committee	-	Committee
4. Mrs. Suchanya Thanalongkorn	Committee	-	-	-	-
5. Mr. Somkid Padungkiattisak *	Committee	-	Committee	-	Committee
6. Ms. Vachirawan Yamsri	Committee	-	Committee	-	Committee
7. Ms. Pitcha Thanalongkorn	Committee	-	Committee	-	-
7. Ms. Raweewan Peyayopanakul	Independent Director	Chairman	-	Committee	-
8. Mr. Somchai Vanavit	Independent Director	Committee	-	Chairman	-
9. Mr. Yuthana Adipath	Independent Director	Committee	-	Committee	-
10. Mr. ChakkritUttayopas	Independent Director	-	-	-	Chairman
11. Ms. Pensri Suteerasan	Independent Director	Committee	-	-	-

\* Also has a position as a director of a subsidiary and Indirect Subsidiary.

**Remark** Information of the directors about education, training history from the Thai Institute of Directors Association (IOD) and key experiences related to the business of the Company can be seen in Attachment 1.

### Figure 1.5 Board of Directors

The composition of the Board of Directors comprises a total of 12 individuals, consisting of 6 female and 6 male non-executive directors, along with 7 non-executive directors, out of whom 5 are independent directors. Among the independent directors, there are 2 female directors, while the remaining 4 hold executive positions.

List of Board of Directors:

1. Mr. Viroj Thanalongkor
2. Mr. Bunchai Punturaumporn
3. Ms. Duangdao Mahanavanont
4. Mrs. Suchanya Thanalongkom
5. Mr. Somkid Padungkiattisak
6. Ms. Vachirawan Yamsri
7. Ms. Pitcha Thanalongkom
8. Ms. Raweewan Peyayopanakul
9. Mr. Somchai Vanavit

10. Mr. Yuthana Adipath
11. Mr. Chakkrit Uttayopas
12. Ms. Pensri Suleerasan

The governing body has decided on the makeup of the Board of Directors, which will include people with a variety of qualifications. These qualifications encompass a combination of knowledge, skills, and experience that are deemed valuable for the company. Moreover, the directors are expected to execute their responsibilities effectively while adhering to accepted moral and ethical standards that inspire trust and confidence. The organization maintains a well-defined division of tasks and obligations to ensure the effective functioning of the Board of Directors.

The Board of Directors is elected through a shareholders' meeting and serves a specific term in accordance with the company's Articles of Association. At each annual general meeting, directors with the longest tenures are required to retire. Following the expiration of their term, these directors may be eligible for re-election. There is an absence of directors who concurrently hold directorship positions in more than five businesses listed on the stock exchange.

### 1.3.2 Major Shareholder

First 10 major shareholders of Sabina PLC. as on the latest book closing date, 25 August 2022

Shareholders		
	Number of Shares	Percentage (%)
1. Mr.Viroj Thanalongkorn	161,157,000	46.38
2. Thai NVDR Company Limited	11,250,075	3.24
3. Mr.Atchada Thanalongkorn	10,501,000	3.02
4. Ms.Pitcha Thanalongkorn	10,504,000	3.02
5. Bualuang Long Term Equity Fund	9,997,900	2.88
6. Bualuang Factor 4 Long-Term Equity Dividend Fund	7,937,900	2.28
7. Mr.Chaiyakorn Siriratatsadon	5,483,900	1.58
8. Thai Life Insurance Public Company Limited.	4,492,200	1.29
9. Mr.Vich Maka-apitruk	4,000,000	1.15
10. Krungsri Thai All Stars Dividend LTF (KFLTFSTARD)	3,445,100	0.99

**Figure 1.6 Major Shareholder of Sabina**

### 1.3.3 Governance

The Stock Exchange of Thailand (SET) guidelines serve as a reminder to the Board of Directors at our company of the critical importance of strong corporate governance. This acknowledgment is a cornerstone for our commitment to advancing the company's trajectory, ensuring organizational stability, and instilling confidence among our valued shareholders, investors, and stakeholders. Central to this commitment is the unwavering dedication to fostering long-term value creation.

The Board has developed a robust corporate governance policy, focusing on transparency, ethical conduct, and responsible business practices. Key principles include clearly defining roles and responsibilities, prioritizing transparent and accurate business operations, fostering a balanced power dynamic, emphasizing customer satisfaction and product excellence, investing in employee development, ensuring equality in shareholder rights, and upholding responsibility towards shareholders, stakeholders, society, and the environment. The policy underscores the company's commitment to ethical governance, effective oversight, and holistic corporate responsibility.

## 1.4 Dividend Policy and Payment

Dividend Payment Data

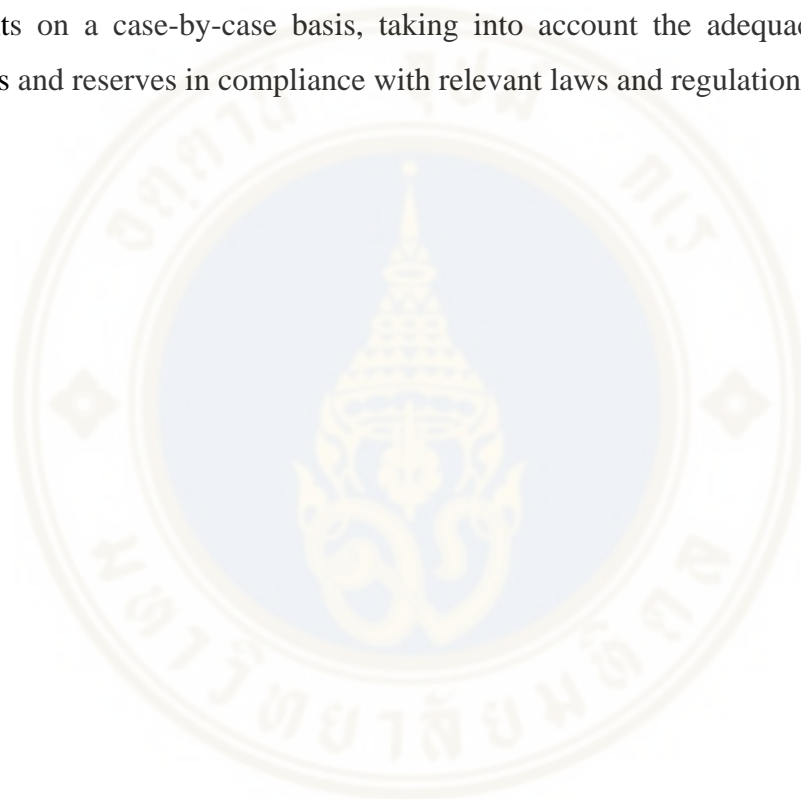
Sabina Co.Ltd.	2022*	2021	2020
Dividend per share (Baht)	1.20	0.85	0.80
Dividend remuneration rate (%) (Overall financial statement)	99.95	100.40	100.43
Dividend remuneration rate (%) (Specific financial statement)	98.48	99.42	87.48

**Remark.** \* 2022 dividend payment - the Board of Directors' meeting passed a resolution to pay interim dividends at the rate of 0.61 baht per share, and on February 20, 2023, the Board of Directors passed a resolution to pay dividends from the retained earnings at the rate of 0.59 baht per share, including dividend payment for the year 2022 equal to 1.20 per share Baht, which will be further proposed to the Annual General Meeting of Shareholders for the year 2023.

**Figure 1.7 Dividend Payment**

According to relevant laws and regulations, the company abides by a dividend payment policy that guarantees a minimum payout ratio of 40% of the net profit after tax and reserve deduction. However, the disbursement of dividends will be contingent upon factors such as the investment strategy, financial requirements, and suitability in subsequent periods.

When evaluating dividend payments, the Board of Directors of subsidiaries will assess the cash flow balance in relation to the investment budget of such subsidiaries. The Board of Directors of the subsidiaries shall assess the possibility of dividend payments on a case-by-case basis, taking into account the adequacy of cash flow balances and reserves in compliance with relevant laws and regulation.



## **CHAPTER II**

### **EXTERNAL FACTORS ON SABINA'S BUSINESS**

#### **2.1 Macro-Economic Analysis**

This chapter covers the macroeconomic analysis, highlighting Thailand's Gross Domestic Product (GDP) trends and the impact of the Covid-19 crisis on the industry. The industry analysis focuses on two customer groups in the Thai population—those supporting local products and those favoring international ones. Lastly, the discussion on competitors will outline the chosen peers in the lingerie market and their respective market shares.

##### **2.1.1 The GDP of World and Country**

Based on the data of The Office of the National Economic and Social Development Council, Thailand's GDP is predicted to increase by 2.5 to 3.0 percent in 2023, according to the Thai government. Continued increases in both private and public investment, as well as favorable development in private consumption and the tourist industry, are major factors. Consumption and spending are expected to rise by 5.0 percent and 1.6 percent, respectively. The current account is expected to record a surplus of 1.2 percent of GDP, with headline inflation ranging from 1.7 to 2.2 percent.

According to (The Conference Board, 2023), real GDP growth is expected to remain unchanged from 3.3 percent in 2022 to 2.9 percent in 2023. We anticipate a further slowing to 2.5 percent in 2024. High inflation and continuous monetary policy tightening continue to restrain economic growth. We foresee slightly weaker economic growth in the near future. In 2024, growing Asian economies are predicted to expand the quickest, while Europe and the United States are expected to develop the slowest.

Semi-durable expenditure climbed by 0.7 percent, slowing from 1.3 percent in the previous quarter, in line with decreased growth in clothes and footwear spending. Increased consumer confidence was also related to higher consumption growth, as assessed

by the Consumer Confidence Index, which grew to 50.3 from 46.9 in the previous quarter, the highest level in 14 quarters. (NESDC, 2023).

### **2.1.2 Economic Glance and Outlook**

According to Bank of Thailand, 2023, Thailand is known as the second-largest economy in South-East Asia, follows by Indonesia (BOT, 2023). In 2011, The country was identified as having an upper-middle income economy, and the World Bank acknowledged it as one of the region's social and economic success stories. The Thai economy was still rebounding in August 2023, mainly due to tourist spending. Following a period of rapid expansion, domestic demand, particularly private consumption and investment, has slowed slightly. While government expenditures grew as a result of higher current expenditures, industrial output remained constant. Regarding the economic stability, inflation increased due to energy inflation following a spike in domestic benzene prices (BOT, 2023).

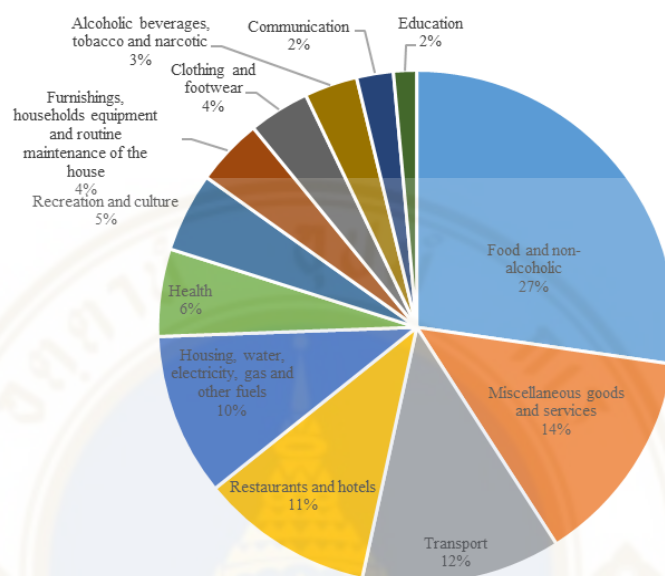
### **2.1.3 Population Trend and Consumer Expenditure of Thailand**

Thailand has a population of more than 70 million people, with women constituting 51.4% based on Data Reported, 2022. According to World Bank 2021, GDP per capita PPP was up to USD 18,855 in 2021. In comparison to other parts of Thailand, the average pay in Bangkok is high. Based on Statistics Office, 2021, Nonthaburi had the highest average monthly household income in Thailand in 2021, at 41,129.42 Thai baht, whereas the entire nation average was at 27,352 Thai baht (Statistics Office, 2021).

Despite holding majority of higher education degrees in Thailand, women have a greater presence within informal sector and earn lower wages. According to (UN Women, 2020), the gap of gender wage increased significantly from 2.5% in 2015 to 10.94% in 2020. The core selling points in Thailand includes price, quality as well as service accessibility. Even though prices may be lower, people does not usually switch brands and are likely to pay more for their preferred brands (USDA, 2021). In Southeast Asia, Thai customers known for the most devoted and brand conscious. In addition to higher purchasing power than the neighbor countries, they have higher debt levels. Additionally, unlike in other Southeast Asian nations, people here often indulge and buy on impulse rather than save money (USDA, 2021).



Despite the effectiveness of advertising, word-of-mouth recommendations have a significant impact on a brand's reputation, which can ultimately increase sales. Customers also demand excellent customer service and after-sales care, which are both taken into consideration when determining whether to make a purchase (USDA, 2021)



**Figure 2.1 Consumption Expenditure at Current Market Prices by Type of Expenditure Year 2020**

Source: Office of the National Economic and Social Development Council, Office of the Prime Minister

As indicated by Figure 2.1, a study on household consumption spending in Thailand in 2020, Thai consumers tend to spend excessively and make impulse purchases. They spend a large portion of their income on transportation, miscellaneous goods and services, and non-alcoholic beverages, which together account for 27%, 14%, and 12% of all purchases, respectively.

Based on the data by (National Income of Thailand, 2021), Clothing and footwear decreased by 9.1%, compared to a drop of 18.8% in 2020. The main factor was a decrease in expenses on clothing and footwear, which dropped by 8.7%, and 12.4%, compared to 19.0%, and 17.1% decline in 2020, respectively. Private consumption expenditure classified by non-durable goods, which Sabina included, grew by 2.1%, continually rising from a 1.7% growth in 2020.



## 2.2 Inner Wear Industry Analysis

### 2.2.1 Industry Pattern

The lingerie industry in which SABINA operates is characterized as an oligopoly market, dominated by a small number of major players with significant market influence. These key companies compete intensely for market share and innovation. The global innerwear market was valued at approximately USD 96.1 billion in 2021 (Grand View Research, 2021).

In Thailand, the innerwear market is highly competitive, featuring both domestic and international brands striving to capture consumer attention. Thai consumers have diverse needs and preferences, and the industry caters to these by offering a wide range of products (HKTDC Research, 2021). To succeed in the competitive Thai market, the company must address these unique demands by providing diverse, high-quality, and sustainable innerwear solutions, including delicate lace to practical everyday essentials, to meet the diverse preferences of Thai customers. This approach allows Thai customers to embrace comfortable, stylish, and culturally appropriate underwear for a confident and comfortable day.

In the past year, women in Thailand spent 25,069 million baht on lingerie, which accounted for 25.53% of the total clothing expenditure (Sabina, 2023). This marked a consistent increase in spending over the last two years, following a significant contraction in 2020 due to the impact of the COVID-19 pandemic. However, the current figures still fall short of the 2019 level when the market was valued at 27,283 million baht (Sabina, 2023).

According to Sabina (2023), the lingerie market, with a total value of 25,069 million baht, is divided into two categories: 40.1% is branded underwear, while 59.9% is unbranded. In the branded underwear segment, major players like Wacoal and Sabina face fierce competition. They offer a variety of underwear styles that emphasize quality, design, innovation, and comfort, with a strong focus on body-centric selling points targeting different market segments.



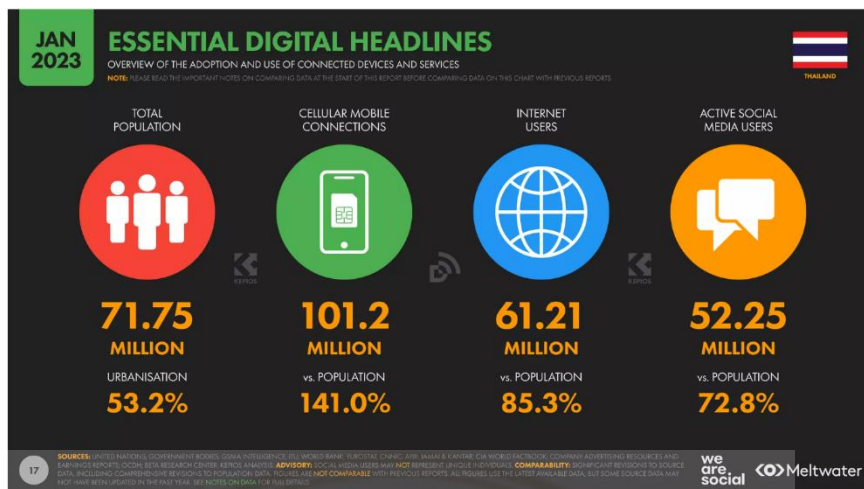
**Figure 2.2 Women Expenditure on Innerwear and Related Products**

Source: Sabina (2023)

### 2.2.2 Role of Advertising and Distribution

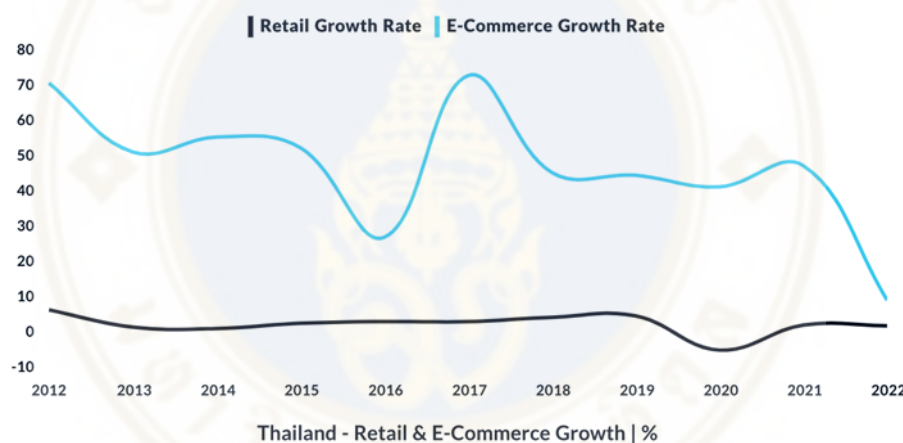
The rise in fashionable undergarments' popularity is fueled by the influence of celebrities and the impact of social media on advertising (HKTDC Research, 2021). This has created profitable opportunities for industry participants, who are increasingly using digital and social media platforms for advertising to reach a broader, more creative-seeking audience. The COVID-19 pandemic has accelerated the shift to e-commerce in Thailand, with various platforms such as social commerce, e-commerce marketplaces, delivery apps, and retailer e-commerce channels playing a pivotal role in driving growth, especially for consumer goods and high-involvement products (HKTDC Research, 2021).

E-commerce channels are now vital for product distribution, contributing significantly to the industry's overall revenue (OOSGA, 2023). The global innerwear market is marked by intense competition among major players with strong brand recognition and extensive distribution networks. To gain a competitive edge, companies are focusing on product innovation to align with evolving consumer preferences (HKTDC Research, 2021). Notably, a substantial portion of the market's revenue is generated from online sales channels, providing consumers with the convenience of browsing a wide range of undergarment products without visiting physical stores. This shift in distribution channels has also reshaped advertising strategies in the industry.



**Figure 2.3 Digital, Internet and Social Media Users**

Source: Data Reportal (2023)

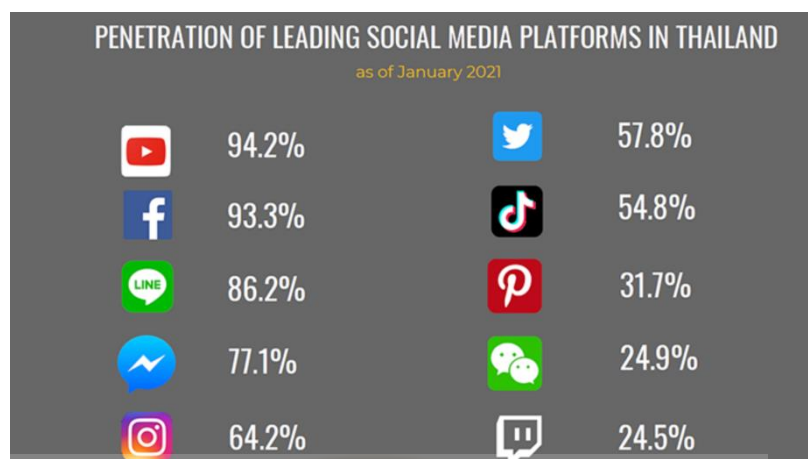


**Figure 2.4 Economic Growth in Thailand**

Source: OOSGA (2023)

### 2.2.3 Covid-19 Changing Consumer Behavior

Individuals are in search of a fresh way of living, and a notable shift in their conduct is the embracing of the "smart life" (Warc, 2022). Despite the fact that social media usage in Thailand has reached a certain level of maturity, there was a noteworthy surge of three million new social media users in January 2021 compared to the previous year, reflecting a 5.8% increase (Warc, 2022). This phenomenon indicates a transformation in the characteristics and actions of the social media audience, influenced by the emergence of diverse social platforms and content (Warc, 2022).



**Figure 2.5 Penetration of Leading Social Media Platforms in Thailand**

Source: Warc An Ascential Company (2022)

Nowadays, clothing serves a purpose beyond mere practicality. People derive confidence from clothing that aligns with their personality, identity, and mood. A recent HKTDC study shows that 86% of Thai consumers plan to either maintain or increase their spending on fashion apparel in the next three years, creating an opportunity for fashion brands that can adapt to evolving consumer preferences. Notable trends in the industry include heightened awareness of climate change, leading to a demand for eco-friendly clothing, and the importance of using natural, recycled, and sustainable materials. Additionally, innerwear brands have embraced body positivity by featuring diverse models in their advertising, resonating with consumers seeking realistic representations and enhancing their confidence (HKTDC Research, 2021).

Since 2020, the Thai economy has experienced sluggish growth, particularly impacting the underwear market in general storefronts and modern retail outlets. This deceleration is largely attributed to the economic consequences of the COVID-19 pandemic, which restricted consumer purchasing power. During the pandemic, there was a notable acceleration in online shopping adoption, fundamentally altering consumer behavior and expectations. This shift has prompted retailers to prioritize their digital presence, adapt to evolving consumer demands, and invest in technologies to enhance the online shopping experience (Grand View Research, 2021).

Sabina has placed a strong emphasis on the teenage underwear market. Consequently, the brand has been proactively engaging in digital and social media

platforms to raise awareness and expand its market presence (Sabina, 2023). Sabina consistently adapts to evolving technology trends, exemplified by innovations such as the Wireless Shape and seamless bra models. These products, while long-standing in Sabina's lineup, have recently gained popularity among those who view frameless underwear as a modern and innovative choice, deviating from the perception of it being associated with older generations (Media and Society Powered by BJM Thammasat, 2021). Sabina's evolving identity and its savvy selection of brand ambassadors align with its commitment to being a brand that enhances people's lives as well as committed to environmentally friendly production methods, contributing to sustainability and adhering to the concept of "We care for your EVERYWEAR." This commitment was first showcased in a capsule collection called "Friendly Earth," which prioritizes environmentally friendly production processes without compromising quality, comfort, and design, all of which are integral to Sabina's brand (Media and Society Powered by BJM Thammasat, 2021).

#### **2.2.4 Create Value with Innovation**

The innerwear industry in Thailand is undergoing a transformation with several innovative trends that cater to evolving consumer preferences. These innovations include a shift toward sustainable materials, with brands adopting eco-friendly fabrics like organic cotton and recycled materials to reduce environmental impact. Additionally, there's a growing emphasis on inclusivity and body positivity, reflecting changing societal norms and fostering brand loyalty. Technological integration is also on the rise, with innerwear brands incorporating features such as moisture-wicking fabrics. Customization and personalization options are gaining popularity, offering customers the ability to tailor their choices for a better overall experience. Furthermore, e-commerce and social commerce platforms are expanding the industry's reach, and sustainable packaging is contributing to brands' eco-conscious efforts. Finally, body-matching technology is helping customers find the ideal fit through measurements and algorithms, enhancing the shopping experience. These innovations collectively shape the dynamic landscape of the Thai innerwear market, aligning with consumer demands and broader sustainability concerns.



## 2.3 Competitors of Sabina

Some key players driving growth in Thailand with a great brand recognition, high geographic presence, and extensive distribution networks include Wacoal Corporation (Thailand), Calvin Klein and Victoria Secret, Gap Inc, and Urban Outfitters.

Wacoal: the company was founded on October 1, 1970 and is headquartered in Bangkok, Thailand. Feature products such as Wireless Bra Wacoal Travel Bra Body Bra, Secret Support Panty, and Feminine Protection Panty. Thai Wacoal Public Company Limited manufactures and sells finished garment products, including women's lingerie, women's outerwear, and childrenswear. Its main product category is women's lingerie, which is produced under registered trademarks and licensed brands. Domestic and export sales account for 72% and 28%, respectively, of the company's total sales turnover.

Victoria's Secret: The largest intimate specialty store in the world, offering a variety of contemporary and fashion-inspired collections, including Victoria's Secret renowned bras, lingerie, sleepwear, swimwear, athleisure and prestigious as well as award winning fragrances and body care products. The brand is dedicated to empowering women worldwide through experiences and products that support, advocate them and their journeys, build enduring relationships, and promote change.

Calvin Klein: In 1968, Calvin Klein was established. The biggest designer underwear brand in the world is its own distinct entity. Calvin Klein Underwear has built a reputation as the go-to brand for customers looking for sexy, stylish, and comfortable underwear thanks to its classic advertising campaigns that include top models, celebrities, and up-and-coming talent.

Urban Outfitters, Inc: is a big retail company that started in the United States, founded by Richard Hayne, Judy Wicks, and Scott Belair in 1970. Urban Outfitters sells a mix of cool and trendy stuff, focusing on young people who like fashion, music, and modern art. They have different brands for various youth interests.

Gap Inc: is a big store that sells clothes and other stuff around the world. It was started in 1969 in San Francisco and California, USA, founded by Donald Fisher and Doris F. Fisher. Gap Inc. has become one of the largest special stores for clothes. They have many famous brands that sell a lot of different things like clothes, accessories, and personal care items.

## **CHAPTER III**

### **RELATIVE VALUATION**

In this chapter, we will delve into the application of relative valuation techniques to assess the value of Sabina PLC. Relative valuation emerges as a highly effective method and tool for appraising the company's assets. This approach involves the comparison of similar assets within the company itself, setting it apart from the Discounted Cash Flow method. The information presented below highlights the utilization of specific relative valuation metrics, including the PE ratio and P/BV ratio.

### **3.1 Multiple Band**

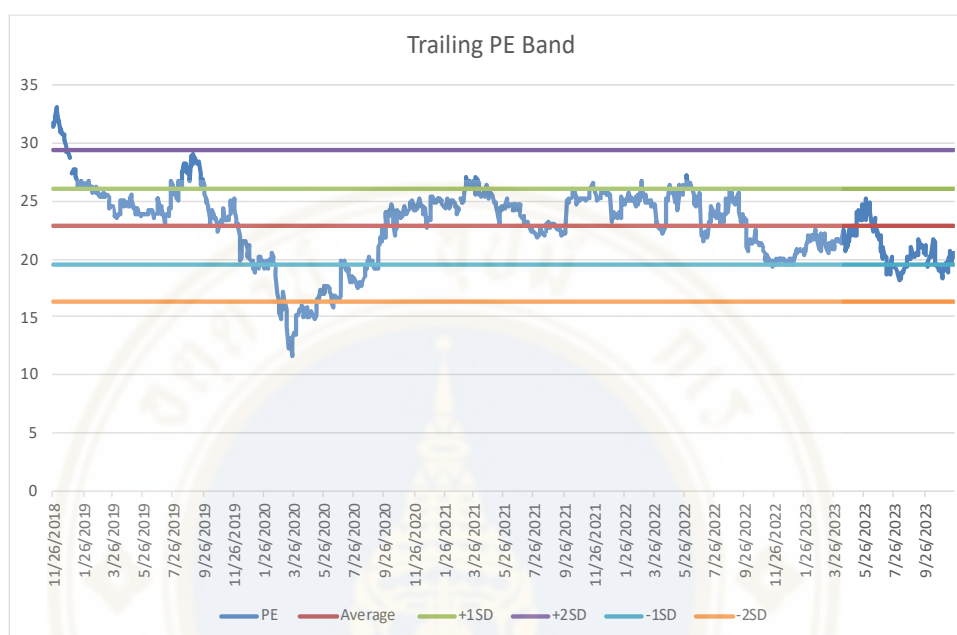
An analysis of historical data is essential to determine the reasonability of the current price. This involves scrutinizing both trailing and forward PE ratios and P/BV ratios observed from 2017 to 2022. This evaluation relies on the Multiple Band methodology for a comprehensive assessment.

#### **3.1.1 Trailing PE and Forward PE Band**

According to Figure 3.1, the Price-to-Earnings (PE) ratio serves as a widely employed metric for evaluating a company's valuation, delineating the relationship between its market price and earnings per share. The illustrated data in Figure 3.1 specifically encompasses the trailing PE band during the period from November 2018 to 2023, revealing an average PE ratio of 22.85. The year 2019 witnessed a significant downturn in the company's performance attributed to the unprecedented challenges posed by the COVID-19 pandemic -1SD (19.59). Nonetheless, subsequent years displayed an obvious recovery trend, as evidenced by the graph representation. Particularly, from 2020 onwards, there is a perceptible upward trend in the company's performance, indicating a gradual recovery and positive drive in the post-pandemic era +2SD (29.36). The better performance was because the organization directed its attention towards corporate



adjustments and the implementation of strong risk management strategies to align with the rapid changes in the business environment. This proactive approach aimed at sustaining the uninterrupted flow of production and distribution operations, determined to restore and maintain normalcy as effectively as possible.



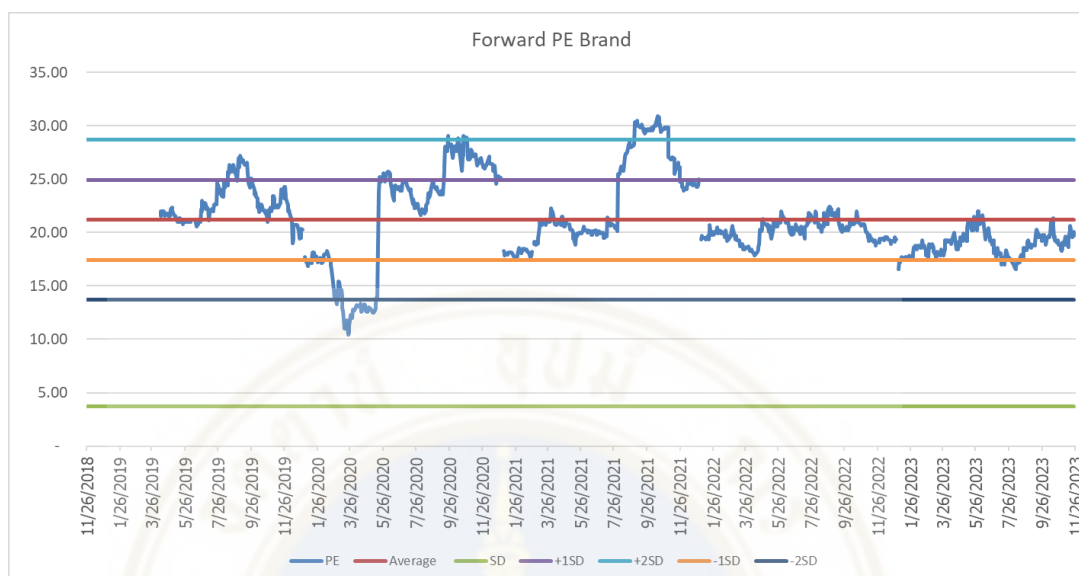
**Figure 3.1 Trailing PE Band**

Source: Own calculations based on Bloomberg .

Looking at Figure 3.2, we see that the forward price-to-earnings ratio (PE) usually follows the same trend as the trailing PE. But if we take a closer look, the average forward PE is 21.19, which is lower than the trailing PE of 22.85. This tells us that there's a stronger expectation that earnings per share (EPS) will be negative in the next 12 months. Basically, it seems like the market is getting ready for not-so-good financial news ahead, anticipating a drop in earnings.

A decrease in Sabina PLC's forward price PE signals a shift in market expectations, impacting investment considerations. Investors interpret this as a potential revision of earnings expectations, heightened perceived risk, and changing market sentiments. The lower forward PE may influence valuation perceptions, posing both opportunities and concerns. Investor confidence may decline, necessitating a thorough analysis of Sabina

PLC's financial performance, recent performance, and external factors. Assessing its forward price-to-earnings (PE) ratio in comparison to industry peers .



**Figure 3.2 Forward PE Band**

Source: Own calculations based on Bloomberg.

### 3.1.2 Trailing P/BV and Forward P/BV

The Price-to-Book Value (P/BV) ratio, a metric that measures a company's worth by comparing stock price to its book value, is often considered more reliable than the Price-to-Earnings (PE) ratio due to the stability of book value. Examining Figure 3.3, the trailing P/BV trend aligns closely with the PE ratio. Notably, from 2018 to 2020, the P/BV ratio increased significantly, exceeding +2SD at 29.36. This indicates an overvaluation of the company's stock during this period, suggesting market excitement or inflated expectations.

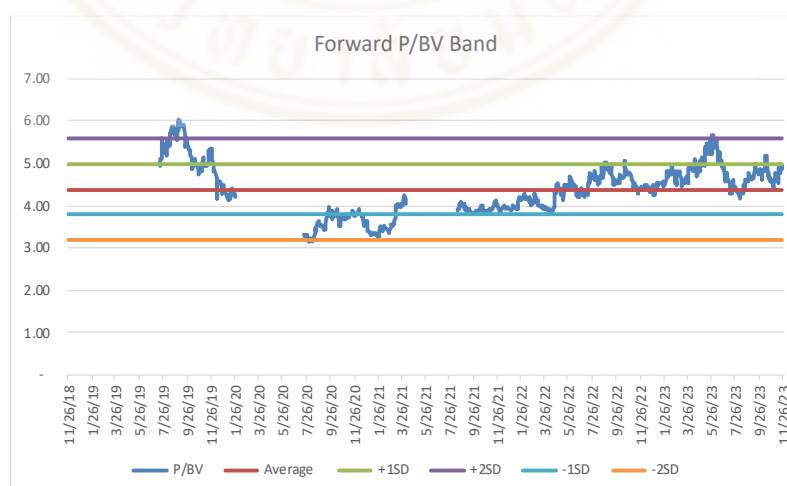
In contrast, recent observations reveal a regression in the trend, settling around the historical average with a P/BV ratio of 22.85. This suggests a potential correction or moderation in the perceived worth of the company's stock, bringing it closer to its book value.



**Figure 3.3 Trailing P/BV Band**

Source: Own calculations based on Bloomberg.

The Forward Price-to-Book Value (P/BV) Band follows a pattern similar to the trailing trend observed from historical data. In the period from 2022 to 2023, there's an indication that the company's stock was leaning towards being overvalued. However, the most recent trend suggests an upward the average of 4.38. This could imply a potential shift in market sentiment, signaling that the market is reevaluating the company's value.



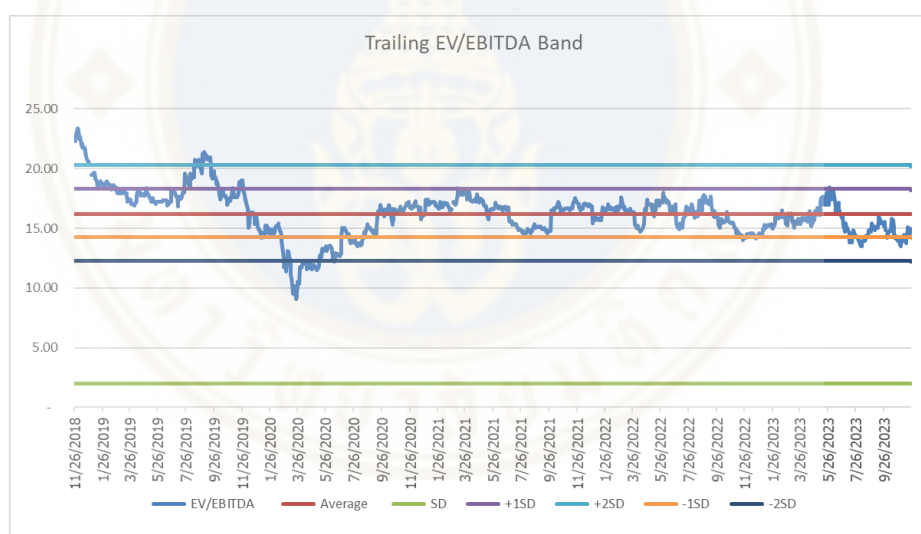
**Figure 3.4 Forward P/BV Band**

Source: Own calculations based on Bloomberg.

### 3.1.3 Trailing EV/EBITDA and Forward EV/EBITDA

EV/EBITDA, known as Enterprise Value to Earnings Before Interest, Taxes, Depreciation, and Amortization, is a widely used financial measure to evaluate a company's worth. It assesses the company's entire enterprise value relative to its EBITDA, serving as a key tool for investors, analysts, and financial experts in the valuation process. In Figure 3.5, the trailing trend of EV/EBITDA remains relatively stable, except for the period of 2019-2020, impacted by the COVID-19 pandemic. During this time, there was a significant decrease, falling below -1 standard deviation at 14.22. This suggests that the company's stock was undervalued among the challenges posed by the pandemic.

However, in more recent observations, the trend has continued to be lower than the 5-year average of 16.28. This implies an ongoing trend of the company's stock being valued below the historical average, signaling potential considerations for investors seeking relatively lower valuation opportunities.

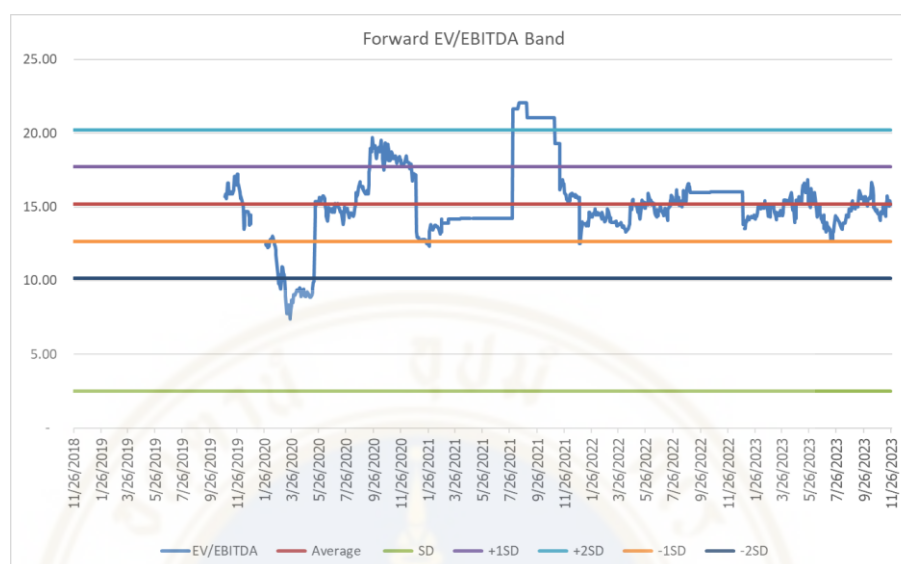


**Figure 3.5 Trailing EV/EBITDA Band**

Source: Own calculations based on Bloomberg.

Regarding Forward EV/EBITDA, the trend has shown notable fluctuations in 2020 and 2021. The company's stock price tended to be undervalued during this period, with the most recent trend dropping below the average of 15.19. This suggests that, currently, the market is valuing the company's stock lower than the historical

average, potentially presenting an opportunity for investors looking for stocks with relatively lower valuations.



**Figure 3.6 Forward EV/EBITDA Band**

Source: Own calculations based on Bloomberg.

### 3.2 Peer Multiples

The above-mentioned market segmentation information serves as a guide for choosing peer multiples. All chosen peers are strategically positioned within the market, concentrating their efforts on renowned lingerie brands. This careful selection ensures a relevant and meaningful comparison within the same industry segment. The main focus of the selected peers pertains to the women's lingerie market. Nevertheless, a notable segmentation is observed within this peer group, classifying them into two distinct categories: direct peers and indirect peers. This division makes it easier to do a more detailed analysis by letting us look at the specific dynamics and market interactions within each subgroup. Such a categorization contributes to a comprehensive understanding of the intricate relationships and influences present in the women's lingerie market landscape.

**Table 3.1 Peer Group Multiples**

Identifier	Company Name	Country	Market Capital	Closing Price	Trailing			Forward		
					P/E	P/BV	EV/EBITDA	P/E	P/BV	EV/EBITDA
SABINA	Sabina PLC	Thailand	THB 9,210,000,000.00	THB 26.50	20.15	5.23	14.72	19.69	4.85	14.59
WACOAL	Wacoal	Thailand	THB 3,720,000,000.00	THB 31.00	27.26	0.67	26.39	N/A	N/A	N/A
PG	People's Garment	Thailand	THB 840,000,000.00	THB 8.75	43.76	0.57	5.30	N/A	N/A	N/A
VSCO	Victoria's Secret	United state	\$ 1,640,000,000	\$ 21.21	6.62	5.85	6.91	9.54	3.38	4.69
PVH	Calvin Klein	United state	\$ 5,260,000,000	\$ 87.09	9.76	1.09	12.56	8.42	1.03	5.84
GPS US	GAP Inc	United state	\$ 7,790,000,000	\$ 18.45	109.72	3.17	14.14	19.81	3.21	8.03
URBN	Urban Outfitters Inc	United state	\$ 3,500,000,000	\$ 33.95	12.83	1.71	7.75	11.79	1.68	5.66
Peer Average					34.99	2.18	12.17	12.39	2.33	6.06
Peer Median					20.04	1.40	10.15	10.66	2.45	5.75
Peer Max					109.72	5.85	26.39	19.81	3.38	8.03
Peer Min					6.62	0.57	5.30	8.42	1.03	4.69

Source: Own calculations based on Bloomberg.



The data presented in Table 3.1 provides comprehensive insights into market capital, closing prices in Thai Baht, USD, Trailing P/E, P/BV, EV/EBITDA, Forward P/E, P/BV, and EV/EBITDA for both Sabina and its peer group. GPS (GAP Inc) boasts the largest market capitalization of \$7.79 billion among its peers, reflecting its diverse product offerings on the international stage. However, delving into the Thai market, Sabina stands out with the highest market capitalization of 9.21 billion THB. Specifically, as of November 24, 2023, Wacoal Thai commands the highest stock price among its Thai peers at 31 THB.

On a global scale, PVH holds the record for the most expensive stock, being internationally renowned and priced in dollars. Examining trailing P/E ratios, GPS leads the group with 109.72 times, while VSCO lags 6.62 times. The peer average and median are 34.99 and 20.04, respectively. Sabina's trailing P/E of 20.15 is slightly under the average but surpasses the median rate.

Turning to Trailing P/BV, the average and median are 2.18 and 1.40, respectively. VSCO dominates with the highest P/BV of 5.85 internationally, and Sabina closely follows in the Thai market with 5.23. PG trails with the lowest P/BV of 0.57, indicating Sabina's slightly lower earning capability.

In the forward P/E, the trend mirrors the trailing P/E, but precise data for Wacoal and PG is unavailable on Bloomberg. Wacoal claims the highest trailing EV/EBITDA in the Thai market at 26.39, while PG holds the lowest at 5.30. Looking at forward EV/EBITDA, Sabina leads, indicating positive expectations for its future earnings, while VSCO trails as the lowest among peers.

**Table 3.2 Actual and Forecast EPS, Book values, and EBITDA of Sabina Q3-2023-2024F**

	<b>Current/L TM</b>	<b>FY 2023 Est</b>	<b>FY 2024 Est</b>
	<b>09/30/2023</b>	<b>12/31/2023</b>	<b>12/31/2024</b>
EPS	1.32	1.35	1.51
Book Value	1,760.19	1,900.13	1,948.09
EBIDA	646.28	651.80	726.20
No. of shares	347.50	347.50	347.50

Source: Bloomberg

As outlined in Table 3.2, Sabina's Earnings Per Share (EPS) and Book Values per share have been extracted from Bloomberg. This data is anticipated to play a pivotal role in forthcoming calculations, specifically in determining the Price-to-Earnings (P/E) and Price-to-Book Value (P/BV), EV/EBITDA through the multiple's method. The reliance on data from such a credible source ensures the accuracy and reliability of the financial metrics, laying a robust foundation for subsequent analytical procedures.

**Table 3.3 Multiples for P/E, P/BV, and EV/EBITDA in Q3-2023-2024F**

	Current/LTM	FY 2023 Est	FY 2024 Est
	09/30/2023	12/31/2023	12/31/2024
Trailing P/E	26.41	26.98	30.23
Trailing P/BV	7.11	7.67	7.86
Trailing EV/EBITDA	18.89	19.05	21.22
Forward P/E	14.05	14.35	16.08
Forward P/BV	12.40	13.39	13.73
Forward EV/EBITDA	10.70	10.79	12.02
<b>Average</b>	<b>14.92</b>	<b>15.37</b>	<b>16.86</b>

Source: Bloomberg

As depicted in Table 3.3, the outcomes of the multiple's method calculations spanning the period from Q32023 to 2024 are presented. This involved the computation of Price-to-Earnings (P/E) and Price-to-Book Value (P/BV) ratios, subsequently culminating in the derivation of the average target price for the year 2023. Furthermore, these calculations are the foundation for forecasting the target prices for the subsequent years, specifically 2024 and 2025. The meticulous analysis and interpretation of these multiples aim to provide valuable insights into the potential trajectory of Sabina's stock prices in the coming years.

The Q3-2023 target price is projected to be 14.92 Baht, but the actual year-end price in 2023 stands approximately at 26.5 Baht, surpassing the forecast. Looking ahead to 2024, the forecast is slightly higher but still below the current stock price, indicating a trend of inaccurate predictions. Especially noteworthy is the 2023 forecast of 15.37 Baht, which may pose a challenge in explaining to investors given its variance from the actual year-end price. This suggests a potential difficulty in accurately estimating the stock's future line.

### 3.2.1 Sensitivity and Scenario Analysis

In this section, dedicated to Sensitivity and Scenario analysis, we delve into the various factors that can exert influence on the estimated price, P/E, and P/BV of the company. This study looks at more than just the median rates of peers; it also looks at other rates, like the highest and lowest rates of multiples, which are shown in Table 3.1. Furthermore, a comprehensive exploration of potential scenarios is undertaken. This includes a best-case scenario, where both Earnings Per Share (EPS) and Book Values per Share exhibit a 10% increase, and a worst-case scenario, marked by a 10% decrease. These scenarios are meticulously examined to unveil alternative outcomes and offer a robust understanding of the potential variations in estimated values.

**Table 3.4 Multiples for P/E and P/BV with the various rates**

		Trailing			Forward			Average
		P/E	P/BV	EV/EBITDA	P/E	P/BV	EV/EBITDA	
Multiple	Max	109.72	5.85	26.39	19.81	3.38	8.03	28.86
	Median	20.04	1.40	10.15	10.66	2.45	5.75	8.41
	Min	6.62	0.57	5.30	8.42	1.03	4.69	4.44
Q32023	Max	144.54	29.65	49.07	26.10	17.11	14.94	46.90
	Median	26.98	7.11	18.89	14.05	12.40	10.70	15.02
	Min	8.72	2.87	9.86	11.09	5.23	8.72	7.75
2023F	Max	147.69	32.01	49.49	26.67	18.47	15.07	48.23
	Median	26.98	7.67	19.05	14.35	13.39	10.79	15.37
	Min	8.91	3.09	9.94	11.33	5.64	8.79	7.95
2024F	Max	165.46	32.82	55.14	29.88	18.94	16.79	53.17
	Median	30.23	7.86	21.22	16.08	13.73	12.02	16.86
	Min	9.99	3.17	11.08	12.69	5.79	9.80	8.75

Referring to Table 3.4, it's evident that various rates—maximum, average, and minimum—have been considered from Q3-2023 to 2024. Table 3.1 highlights Sabina's P/BV rate as the highest in Thai market among peers, suggesting that Sabina's estimated prices should be calculated using this highest rate for precision.

Consequently, Sabina estimates its prices for Q3-2023 to 2024 as 46.90, 48.23, and 53.17 Baht, respectively. Notably, the estimated average price exceeds the actual price observed so far.

On the lower end, Sabina's lowest estimated prices for Q3-2023 to 2024 are 7.75, 7.95, and 8.75 Baht, respectively. However, these figures differ significantly from

the actual prices, emphasizing that the highest rate yields estimate closer to the observed stock prices.

**Table 3.5 The Alternative Price Estimated of Best Scenario and Worst Scenario**

	Best scenario (+10%)			Worst scenario (-10%)		
	Q32023	2023F	2024F	Q32023	2023F	2024F
EPS	2.42	2.45	2.61	1.19	1.21	1.36
Book value	5.57	6.01	6.17	4.56	4.92	5.05
EBITDA	16.19	16.05	14.41	13.25	13.13	11.79

Among the challenges posed by the Covid-19 situation, it becomes essential to consider alternative scenarios that could impact the estimated price and company performance. In the best-case scenario, Sabina adapts well to the circumstances, leading to a 10% increase in EPS, BVPS, and EBITDA. This positive outcome is attributed to the company's effective revenue generation through online channels, as highlighted in the annual report.

Conversely, in the worst-case scenario, the crisis negatively influences the company's performance. As outlined in Table 3.5, there is a 10% decrease in EPS, BVPS, and EBITDA. This scenario reflects the potential challenges and adverse impacts that the crisis may impose on Sabina's financial indicators.

**Table 3.6 The Alternative Price Estimated of Best Scenario**

	Best scenario (+10%)		
	Q32023	2023F	2024F
Trailing P/E	29.05	29.68	33.25
Trailing P/BV	7.82	8.44	8.65
Trailing EV/EBITDA	20.77	20.95	23.34
Forward P/E	15.45	15.79	17.69
Forward P/BV	13.64	14.73	15.10
Forward EV/EBITDA	11.77	11.87	13.22
<b>Average</b>	<b>16.42</b>	<b>16.91</b>	<b>18.54</b>

Referring to Table 3.6, the best-case scenario, with a 10% increase, indicates that in Q3-2023, the estimated average price is 16.42 Baht. However, this falls short of

the actual price of 26.5 Baht, implying that investors may anticipate the company's performance to be somewhat lower than the best-case projection.

Looking ahead to 2023-2024, the estimated average prices are 16.91 Baht and 18.54 Baht, respectively. Despite being below the current price as of November 24, 2023 (26.50 Baht), these projections suggest a positive development in the company's performance. This may instill confidence in investors, assuring them of the company's potential for future growth.

**Table 3.7 The Alternative Price Estimated of Worst Scenario**

	Worst scenario (-10%)		
	Q32023	2023F	2024F
Trailing P/E	23.76	24.28	27.20
Trailing P/BV	6.39	6.90	7.08
Trailing EV/EBITDA	17.00	17.14	19.10
Forward P/E	12.64	12.92	14.47
Forward P/BV	11.16	12.05	12.36
Forward EV/EBITDA	9.63	9.71	10.82
<b>Average</b>	<b>13.43</b>	<b>13.83</b>	<b>15.17</b>

Examining Table 3.7, the worst-case scenario with a 10% decrease presents a Q3-2023 estimated average price of 13.43 Baht, notably lower than the actual price of 26.50 Baht. Looking ahead to 2023-2024, the projected average prices are 13.83 Baht and 15.17 Baht, again significantly below the current price as of November 24, 2023 (26.50 Baht).

This outcome indicates that relying on calculations from the worst-case scenario might not be advisable for estimating the target price. The projections from the worst-case scenario appear to deviate significantly from the actual prices, suggesting that it may not provide an accurate representation of the company's potential future performance.



## **CHAPTER IV**

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

In this chapter, we'll uncover and explain the potential risks of investing in this company. These risks arise from both outside factors and occurrences within the company. We'll get the most of our information from Sabina's 2022 annual report. This part seeks to simplify complex details, assisting you in understanding all the potential risks that could negatively impact the company. We'll visible a concise assessment of both external and internal risks by drawing insights from the annual report, providing you a clearer understanding of what to keep an eye for when deciding on your investment path.

#### **4.1 Operational Risk**

##### **4.1.1 Inventory Risk**

The company faces two inventory risks: having too much or not enough. On the one hand, because of the variety of items, low production costs, and different sizes of women's underwear, there is a risk of having an excess of inventory. This could result in storage concerns, damage, and higher financing costs. On the positive side, it gives customers product options.

On the other hand, there is a possibility of insufficient inventory as a result of COVID-19's "No-take" policy, which has been in effect since 2020. This approach seeks to balance inventory and production; however, it may cause issues such as inventory declines, difficulty fulfilling sales targets, and late delivery of OEM items.

The corporation planned for an optimal inventory level in 2022. To maintain this, they boosted manufacturing capacity, hired more manufacturing employees, and improved inventory availability flexibility. They also sourced finished goods from China, Hong Kong, and Vietnam, among other places. This strategy maintains a balance



between manufacturing and outsourcing, offering stability as well as opportunity for product innovation.

#### **4.1.2 Shortage of Craftsmanship**

A key risk in manufacturing women's lingerie is a shortage of qualified employees, especially since obtaining highly skilled people in the lingerie business is difficult. The COVID-19 epidemic reinforced this by forcing employees to relocate to safer places, resulting in decreased manufacturing capacity, delivery, and quality owing to talent shortages.

With the pandemic showing signs of improvement by 2022, the company expects for sales growth, requiring a rise in production capacity. In order to solve the shortage of skilled tailoring workers, the company started recruiting people with limited tailoring skills. To assist these new staff, they implemented a training program to improve tailoring abilities and allow them to work with different machines. To continuously increase staff capacities, the organization gives incentives for skill development and conducts frequent assessments.

#### **4.1.3 Dependence on Few Major Raw Material Suppliers**

At present, the company procures basic materials from a combination of domestic (48%) and international (52%), suppliers. Seven of these significant suppliers account for 42% of the overall procurement value. The selection of these key vendors is predicated on their capacity to supply high-quality materials at a competitive price, adhere to delivery schedules, and actively promote product innovation within the company's borders. Furthermore, they exhibit responsible environmental, social, and governance (ESG) practices and comply with legal requirements.

Should these primary suppliers encounter difficulties in meeting the deadlines for material delivery, the organization would explore alternative suppliers. Nevertheless, such incidents are rare as a result of the established and skilled partnerships with these key suppliers. The organization routinely evaluates suppliers, reporting results every six months, that include quality inspections and delivery performance in order to maintain its commitment to excellence.

The organization collaborates on quality systems, conducts site visits to evaluate the operation of its suppliers' operations, and examines procurement plans quarterly. Furthermore, procurement risk levels are defined depending on raw material categories (for example, fabric, lace, sponge, rubber), guaranteeing that the company can control potential consequences on production plans, production costs, and product delivery.

## **4.2 Sustainability risk**

Sabina is committed to sustainability and has implemented responsible business practices throughout its operations. Sabina attempts to effect positive change on a global scale by carefully adhering to environmental, social, and governance (ESG) principles. The organization guarantees a conscientious business approach through the implementation of measures such as supplier evaluation, sustainable sourcing of raw materials prioritization, and routine review of procurement plans. Sabina's commitment to excellence, creativity, and moral conduct demonstrates its goal for an environmentally friendly and solid future.

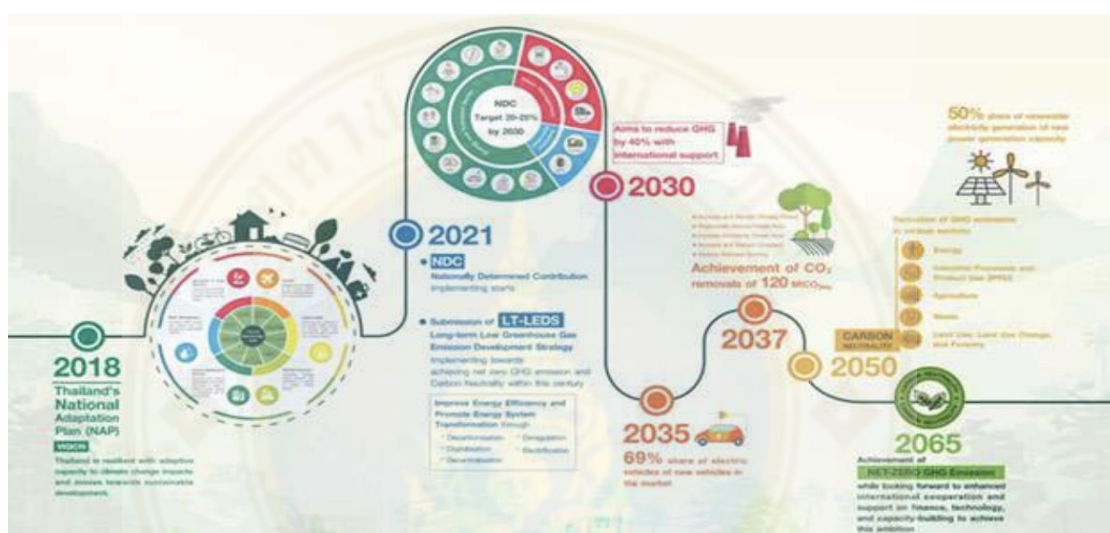
### **4.2.1 Climate Change Action**

Due to its massive waste footprint, the fashion industry's rapid growth, especially the garment industry, has produced severe environmental difficulties and climate change. Neglecting eco-friendly production practices endangers a company's brand image, reputation, and social acceptance, potentially affecting commercial operations.

Recognizing the necessity of addressing climate change, the corporation actively manages the risks connected with it. They are committed to developing environmentally friendly products that are in line with the company's slogan, "We care for your EVERYWEAR." The goal is to grow the share of these ecologically friendly products to 5% by 2023 and 10% by 2025, with the purpose of achieving long-term sustainability. The positive response to sustainable products suggests that they have the potential to be significant factors of sales.

#### 4.2.2 Climate Change-related Regulatory Risks

Global initiatives are underway to attain "Zero" greenhouse gas (GHG) emissions by 2065 due to the urgent need to address climate change. In line with this, the Thai government intends to reduce GHG emissions by 40% by 2030, achieve carbon neutrality by 2050, and achieve net-zero GHG emissions by 2065. To achieve these goals, the company faces regulatory concerns, needing changes in its reporting to meet the criteria of the Thai Stock Exchange.



**Figure 4.1 Climate Change-related Regulatory Risks**

Failure to comply with these requirements may result in inquiries from authorities, the World Association, and investors, affecting the company's reputation and potentially leading to the imposition of a carbon tax on greenhouse gas-producing activities. To mitigate these risks, the company has taken steps such as voluntary participation in the Greenhouse Gas Emission Reduction Scheme, the development of short- and long-term strategies to reduce emissions in various operations, and changes to the CFO and CFP data reporting model to effectively disclose and mitigate greenhouse gas emissions.

### **4.2.3 Employee and Customer Personal Data Protection (PDPA)**

Aside from sales and cost management, the company places a high value on the protection of employees's and customers. Unauthorized access to sensitive information, whether from internal or external sources, threatens the rights of data owners and may result in legal penalties.

Because of the growing dependence on contemporary technology during shop closures, the COVID-19 pandemic has enhanced the need for data security. Recognizing this, the company has put in place rules and processes to protect personal information. They examine how personal information is maintained, implement security measures, and respond to requests from data owners to exercise their rights.

To limit data access, the organization uses a variety of ways, including setting data access privileges depending on the needs of the entity and adding Multi-Factor Authentication. These protections are in place to avoid personal information leaks and breaches and to preserve the security and privacy of individuals' data.

### **4.2.4 Human rights**

There are two potential human rights risks that the company may encounter:

**Holidays and Forced Overtime:** Insufficient production capacity or strict deadlines may necessitate those employees working extra hours or on holidays, which could have a negative effect ongoing extra hours or on holidays. The company is confronted with challenges related to insufficient capacity in 2022. To mitigate this, it implementing order acceptability criteria that are dependent upon lead time, delivery schedules, and production capacity. Prior to employees working overtime or on holidays, the Human Resources Department mandates a voluntary review. Additionally, an ongoing assessment of employee engagement is conducted.

**Misinterpretation of Human Rights:** An additional concern pertains to employees lacking knowledge of human rights, which may result in consequences such as verbal aggression or supervisory fraud attributed to employee mistakes. Although the organization currently faces minimal risks in this field, it has implemented preventative measures. This includes leadership training for management and human rights training for staff and security officers. The ultimate goal of these initiatives is to cultivate a positive work environment by educating employees about human rights, improving their

communication skills, and decreasing the probability of dissatisfaction, which in turn will reduce the number of resignations.

### **4.3 Global economic downturn**

The impact of COVID-19, as well as concerns from the Russia-Ukraine War, has resulted in a worldwide economic slowdown, impacting Thai purchasing power. Despite this, the Thai economy is anticipated to increase by 3.4% in 2022 as private consumption and tourism rebound. To respond to the challenging market, the company is introducing advertising techniques, and cooperating with retailers and online Marketplaces. These efforts include collaboration in marketing activities and the introduction of environmentally friendly products in order to capitalize on new market possibilities.

To mitigate revenue risks in the face of economic uncertainty, the company has created target-group distribution plans:

- Offering exceptional low-cost items in packs that are offered in a variety of markets, including TV and catalog channels.
- Sabina Happy Price items at low prices are now available in Modern Trade outlets such as Big C, Lotus, Provincial Department Store, and Sabina Shop.
- Providing general products at a reasonable price, Central, Robinson, The Mall, Provincial Department Store, and Sabina Shop are accessible in stores countrywide and at numerous department stores such as Central, Robinson, The Mall, Provincial Department Store, and Sabina Shop.
- High-priced Swimwear fashion goods are distributed in big city department stores such as Bangkok and Sabina Shop.

These actions and programs are intended to assist the company in meeting its business performance objectives despite challenging economic circumstances.



## CHAPTER V

### INVESTMENT SUMMARY

This chapter provides comprehensive summaries focusing on the valuation analysis. It encompasses a detailed examination of multiples valuation and sensitivity analysis. The goal of the summary report is to assist investors in making informed decisions regarding whether to hold, buy, or sell Sabina company stocks. This information is tailored to empower investors, aiding them in navigating their choices wisely.

**Table 5.1 Target price**

	<b>Multiples</b>
2023	15.37
2004	16.86

Table 5.1 reveals the estimated target prices based on multiples valuation. The average estimated prices are 15.37 Baht for 2023 and 16.86 Baht for 2024, unaligned with the current price of 25.75 Baht as of December 11, 2023. This suggests that Tralling P/E appears more accurate and reasonable, particularly when compared to the other relative valuation methods as it is the most closest to the current stock price. The report also highlights the challenge of finding suitable benchmarks, as there are only a few lingerie companies listed in the stock market. There are only two major companies exclusively dedicated to lingerie products which is Sabina and Wacoal. These two companies, on the other hand, are well-known in Thailand and have been in business for decades. Despite the fact that they are in the same industry, their goals are vastly different. Sabina caters to a younger audience and offers lower costs than Wacoal. Despite being more expensive, Wacoal is known for producing high-quality products. Nonetheless, Sabina has made better progress, particularly in terms of revenue. This report also covers international companies such as PVH, GAP, and other, which operate in similar industries. These companies are twice the size of Sabina and Wacoal in terms



of market capitalization or sales. Additionally, they offer a range of products beyond lingerie. Consequently, finding a comparable benchmark in terms of company size or sales becomes challenging. This discrepancy makes relative valuation less reliable than the Discounted Cash Flow (DCF) method.

**Table 5.2 Valuation Summaries**

	Current/LTM	FY 2023 Est	FY 2024 Est
	09/30/2023	12/31/2023	12/31/2024
Trailing P/E	26.41	26.98	30.23
Trailing P/BV	7.11	7.67	7.86
Trailing EV/EBITDA	18.89	19.05	21.22
Forward P/E	14.05	14.35	16.08
Forward P/BV	12.40	13.39	13.73
Forward EV/EBITDA	10.70	10.79	12.02
<b>Average</b>	<b>14.92</b>	<b>15.37</b>	<b>16.86</b>

Table 5.2 presents a summary of the overall multiples valuation analysis, revealing that it seems less reasonable compared to the Discounted Cash Flow (DCF) method. The range of prices, including the highest and lowest rates, is shown for various metrics like trailing P/E, trailing P/BV, trailing EV/EBITDA, forward P/E, forward P/BV, forward EV/EBITDA, and their averages.

Especially, the range of trailing P/E and forward P/E is significantly higher than both the current and estimated target prices. On the other hand, trailing P/BV is below the target and actual prices, while forward P/BV is closer to the target but still under the actual price. Additionally, trailing EV/EBITDA is below the actual price but similar to the target, whereas forward EV/EBITDA is considerably lower for both actual and target prices.

Analyzing the average range, the highest rate is much higher than the actual and target prices due to the influence of trailing and forward P/E. However, the average rate is quite close to the actual price, which is slightly higher. Consequently, with an estimated target price of 15.37 Baht, slightly lower than the current price of 25.75 Baht on December 11, 2023, it suggests that Sabina company may be overvalued.

In terms of decision-making for stock purchase, the results imply a potential gradual decrease in the actual stock price. Therefore, investors are advised to sell their stocks and carefully observe the situation.



## REFERENCES

- Bank of Thailand. (2023). *Press Release on the Economic and Monetary Conditions for August of 2023*. Retrieved from <https://www.bot.or.th/en/news-and-media/news/news-20230929.html>
- Dana, M. Peterson. (2023). *Global Overview*. Retrieved from <https://www.conference-board.org/topics/global-economic-outlook>
- Data Reportal, (2023). *Digital 2023 Thailand*. Retrieved from <https://datareportal.com/reports/digital-2023-thailand>
- Fashion constant witness to fashion dynamism. (n.d.). *About Calvin Klein Jeans*. Retrieved from <https://fashiongear.fibre2fashion.com/brand-story/calvinklein/about-the-brand.asp>
- Gap Inc. (n.d.). *History*. Retrieved from <https://www.gapinc.com/en-us/about/history>
- Grand View Research, (2021). *Innerwear Market Size, Share, Trends & Growth Report 2017-2030*. Retrieved from <https://www.grandviewresearch.com/industry-analysis/innerwear-market-report>
- HKTDC Research. (2021). *Thai Consumer Preferences: Clothing and Accessories*. Retrieved from <https://research.hktdc.com/en/article/NjQwNDk1MzQ3>
- MarketWatch. (n.d.). *WACOAL: Thai Wacoal PCL Profile*. Retrieved from <https://www.marketwatch.com/investing/stock/wacoal/company-profile?countrycode=th>
- Media and Society Powered by BJM Thammasa. (2021). *SABINA, an eco-friendly bra brand material, and production processes*. Retrieved from [https://mediaandsociety.org/sabina-an-eco-friendly-bra-brand-material-and-production-processes/?utm\\_source=rss&utm\\_medium=rss&utm\\_campaign=sabina-an-eco-friendly-bra-brand-material-and-production-processes](https://mediaandsociety.org/sabina-an-eco-friendly-bra-brand-material-and-production-processes/?utm_source=rss&utm_medium=rss&utm_campaign=sabina-an-eco-friendly-bra-brand-material-and-production-processes)
- Meesen, N. (2019). *Labour Protection in Thailand a Case Study of Triumph International and Labour Union*. Retrieved from <https://shapesea.com/wp-content/uploads/2019/04/Chapter-3-Part-2-Labour-Protection-in-Thailand-A-Case-Study-of-Triumph-International-and-Labour-Union.pdf>

## REFERENCES (Cont.)

- National Statistical Office (2023). *Consumption Expenditure at Current Market Prices by Type of Expenditure Year 2011 - 2020*. Retrieved from <http://statbbi.nso.go.th/staticreport/page/sector/en/10.aspx>
- NESDC. (2023). *Thai Economic Performance in Q2 of 2023 and the Outlook for (2023)*. Retrieved from [https://www.nesdc.go.th/nesdb\\_en/article\\_attach/article\\_file\\_20230821091203.pdf](https://www.nesdc.go.th/nesdb_en/article_attach/article_file_20230821091203.pdf)
- Office of the National Economic and Social Development Council. (2022). *National Income of Thailand 2021 Chain Volume Measures*. Retrieved from [https://www.nesdc.go.th/ewt\\_dl\\_link.php?nid=13483&filename=ni\\_page](https://www.nesdc.go.th/ewt_dl_link.php?nid=13483&filename=ni_page)
- OOSGA, (2023). *Thailand-E-Commerce Market Outlook & Retail Trends in 2023*. Retrieved from <https://oosga.com/e-commerce/tha/>
- People's Garment Public Company Limited. (2023). *About Us*. Retrieved from <https://www.pg.co.th/about-us/>
- Stock Exchange of Thailand (SETSMART), (2023). *SABINA Price, 2023*. Retrieved from <https://www.set.or.th/en/market/product/stock/quote/SABINA/price>
- Stock Exchange of Thailand (SETSMART). (2023). *SABINA Factsheet 2023*. Retrieved from <https://www.set.or.th/en/market/product/stock/quote/sabina/factsheet>
- Thai Bond Market Association (ThaiBMA), (2023). *Government Bond Yield Curve*. Retrieved from <https://www.thaibma.or.th/EN/Market/YieldCurve/Government.aspx>
- Thai Wacoal Public Company Limited. (2023). *About Us*. Retrieved from [https://corporate.wacoal.co.th/about\\_us/business\\_nature\\_en.php](https://corporate.wacoal.co.th/about_us/business_nature_en.php)
- Thailand Business Environment. (2023). *The Consumer*. Retrieved from <https://international.groupecreditagricole.com/en/international-support/thailand/business-environment>
- The World Bank, (2021). GDP per capita, PPP (international \$) – Thailand. Retrieved from <https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD?end=2022&locations=TH&start=1993>

## REFERENCES (Cont.)

- Trade Markets. (2021). *Analyze market trends: Thailand's economic and political outline*. Available from <https://santandertrade.com/en/portal/analyse-markets/thailand/reaching-the-consumers>
- URBN. (n.d.). *About Us*. Retrieved from <https://www.urbn.com/our-brands/urban-outfitters/about-us>
- Victoria's Secret & Co. (n.d.). *About us*. Retrieved from <https://www.victoriasssecretandco.com/our-company/about-us>
- Warc An Ascential Company. (2022). *How the pandemic has changed the Thai consumer: What to expect in 2022*. Retrieved from <https://www.warc.com/newsandopinion/opinion/how-the-pandemic-has-changed-the-thai-consumer-what-to-expect-in-2022/en-gb/5566>