

From trendsetter to beauty powerhouse

- Compelling valuation backed by strong growth momentum
- Confident in 15-20% growth, despite a cautious economic outlook
- Initiated with a BUY and TP of THB15

Solidify foundations for sustained growth

Amid the current uncertainty in Thailand's stock market, KAMART has emerged as a standout performer, achieving over 30% y-y revenue growth with an attractive valuation of just 16x 25E P/E. With its ability to sustain 15-20% growth in 2025E, KAMART sets itself apart from its peers. Over the past years, the company has transformed significantly, doubling its market cap from THB7b in 2022 to THB14b, supported by solid fundamentals and a strong growth trajectory. Operating in a highly competitive beauty industry with low barriers to entry, KAMART has not only survived but thrived over its 15 years, establishing itself as one of Thailand's most recognizable beauty brands.

Riding high with 32% anticipated revenue growth

We remain confident in KAMART's revenue growth for 4Q24E, projecting THB861m (+6% q-q, +32% y-y), driven by robust festive spending and a tourism peak. While the 15th anniversary event incurred additional expenses of THB10m, the resulting boost in brand awareness is expected to yield significant mid-term benefits, particularly in 2025E. Despite an anticipated y-y decline in reported net profit due to the absence of a THB90m unrealized gain from MGI and property in 4Q23, the "core" net profit is forecast to rise to THB 194m (+8% q-q, +38% y-y), underscoring strong fundamentals of KAMART.

Targeting THB4b in a cautious economy

Looking into 2025E, KAMART's management has set an ambitious revenue target of THB 4b, reflecting 25% growth from the company's 2024 target. Historically, KAMART's actual revenues have closely aligned with, but not exceeded, its targets over the past 3-4 years. Considering the challenging economic environment in Thailand, where consumers remain cautious with spending, we adopt a more conservative view, estimating revenue growth of around 20%, driven by both domestic and international markets.

A beauty giant with affordable valuation

KAMART's valuation remains attractive, with a 2025E P/E of 16x and a PEG ratio of less than 1, reflecting strong growth at a reasonable price. Despite a challenging macroeconomic environment where consumer spending is under pressure, we are confident in KAMART's ability to sustain its growth momentum.

Initiated with a BUY and TP of THB15

We recommend a BUY for KAMART with a TP of THB 15, based on a 2025E P/E of 22x, which aligns with its robust revenue and net profit growth. While beauty brands with strong growth often command higher P/E valuations in international markets, we believe a 22x multiple is a fair reflection of KAMART's potential, considering the current sentiment and efficiency of Thailand's stock market.

ESG Rating : -

CG Rating : -

BUY

Target Price 12M (THB)	15.00
VS. BB Consensus TP (%)	+23.6%
Share Price (THB)	10.50
Upside/Downside	+42.9%

Share Data

Market Cap (THB m)	13,474.97
Par (THB)	0.60
Free Float (%)	53.12
Issued shares (m shares)	1,283

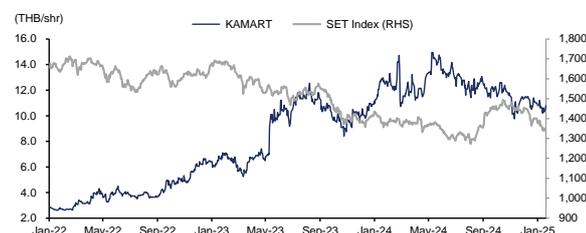
Financial forecast

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	2,455	3,218	3,824	4,551
Net profit	661	714	865	1,056
Core net profit	521	733	865	1,056
vs Consensus (%)	-	1.7	8.4	19.8
Net profit growth (%)	102.1	8.0	21.1	22.0
Core net profit growth (%)	78.1	40.6	18.1	22.0
EPS (THB)	0.71	0.56	0.67	0.82
Core EPS (THB)	0.56	0.57	0.67	0.82
Chg in core EPS (%)	-	0.00	0.00	0.00
DPS (THB)	0.31	0.27	0.33	0.40
P/E (x)	18.53	18.87	15.58	12.76
P/BV (x)	4.45	3.66	3.23	2.82
ROE (%)	22.93	20.85	21.39	22.91
Dividend yield (%)	2.33	2.58	3.12	3.81

Source: Financial Statement and Globlex securities

Share Price Performance (%)

	1M	3M	6M	YTD
Stock	-	(12.50)	(19.23)	(4.55)
Market	1.83	(2.75)	(20.64)	(0.29)
12M High/Low (THB)				15.94 / 9.65



Major Shareholders (%) as of 28 Nov 2024

MR. WIWAT THEEKHAKHIRIKUL	18.55
WELLSIAM COMPANY LIMITED	18.00
UBS AG SINGAPORE BRANCH	4.75

Company Profile

The Company is enterprising and distributing imported cosmetics, skin care products, toiletries, dietary supplement etc under the brands "Cathy Doll", "Baby Bright", "Brow it", "Lipit" and etc.

Source: SETSMART, SET

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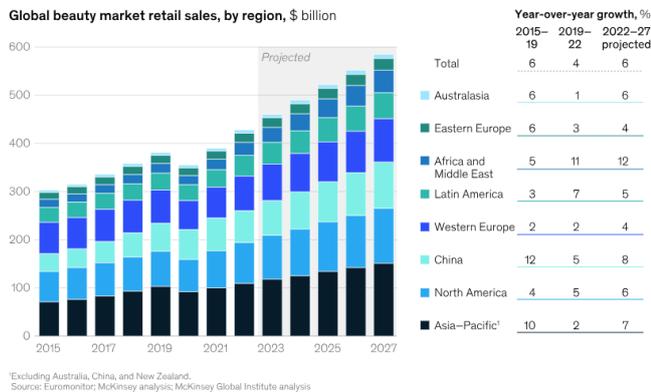
Solidify foundations for sustained growth

In the current climate of the Thailand stock market, where fear and uncertainty dominate, identifying true gems can feel like navigating through a storm. Yet, KAMART has captured our attention with its remarkable performance—achieving over 30% y-y revenue growth—and its attractive valuation of just 18x trailing P/E and 16x 25E P/E. If we were to point out companies, we are confident could deliver 15-20% growth in 2025E, the list would be limited. However, KAMART stands out as a strong contender on this shortlist.

What sets KAMART apart is its transformation over the past few years. From a modest market cap of THB7b in 2022, it has now doubled to THB14b, underpinned by solid fundamentals and a growth trajectory that we believe will sustain double-digit expansion in the coming years. This combination of resilience and potential positions KAMART as a standout performer in a challenging market.

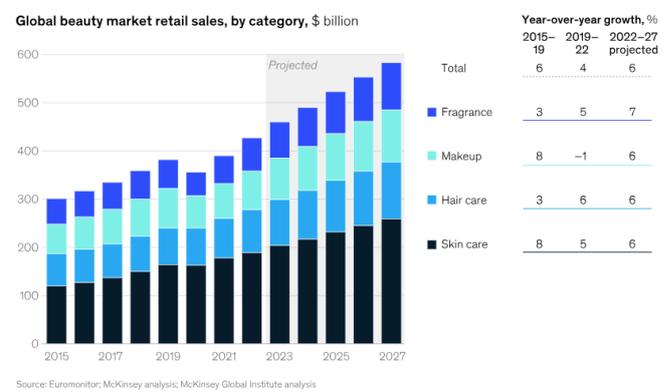
Despite operating in a highly competitive industry with low barriers to entry and a low survival rate, KAMART has demonstrated resilience and growth. Over its 15 years in the beauty industry, the company has not only survived but also thrived, establishing itself as one of the most recognizable beauty brands in Thailand. This achievement reflects KAMART's ability to innovate, build strong brand equity, and adapt to ever-changing consumer preferences in a challenging market.

Exhibit 1: Global beauty market retail sales



Sources: McKinsey & Company

Exhibit 2: Beauty market retail sales by category



Sources: McKinsey & Company

Looking ahead, KAMART is well-positioned to capitalize on global beauty market trends. According to McKinsey research, the Middle East is expected to lead regional growth with a 12% CAGR, followed by China and Asia at 8% and 7%, respectively. With distribution channels already established in the Middle East and Asia, KAMART is poised to benefit from these fast-growing markets. Furthermore, the rise of the "dupes" or affordable beauty segment is outpacing the broader market, aligning perfectly with KAMART's product positioning. This combination of market presence and category focus gives KAMART a compelling advantage in driving sustained growth.

Exhibit 3: Brands under KAMART

Cathy Doll	BABY BRIGHT	BROWIT
	Lip it.	intimi
HAIR IT	Dr.NIKS+	BEAUTILOX
ACCA by Dr.DSP	Get Skin!	REUNROM
Jejuvita	SKYNLAB+	BOYA
IFME skincare	Keumyon	7CLEAN セブンクリーン
BERGAMO	CATHY CHOO	

Sources: KAMART

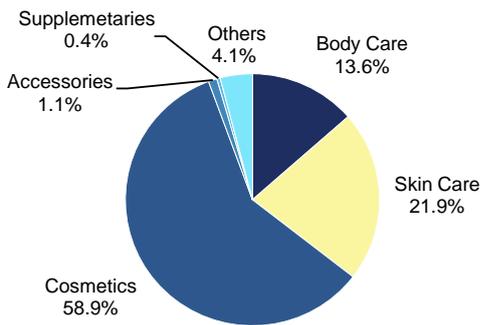
Exhibit 4: Lip It launches in Japan



Sources: @nisamane_nutt

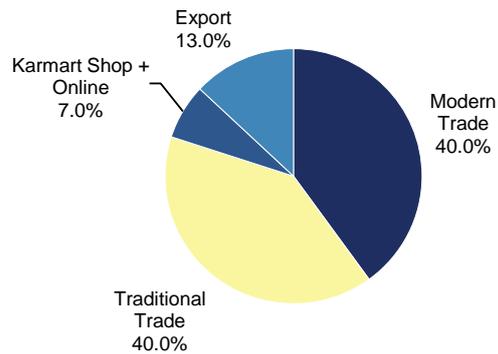
KAMART today is a significantly stronger and more diversified company compared to 3-4 years ago. In 2021, KAMART managed just 10 brands and was in the early stages of leveraging KOL collaborations, starting with Nongchat. Fast forward to today, the company has expanded its portfolio to over 20 brands, each with a more solid market presence. Notably, KOL collaborations now play a pivotal role in driving revenue, with Browit alone contributing over THB 600m, followed by Lip It and Hair It. Additionally, KAMART has significantly expanded its distribution network to CLMV and the Middle East, while securing a strategic private placement from Marubeni. This capital injection is being channeled into enhancing branding, manufacturing, and market expansion, further solidifying its position. These developments have elevated KAMART to a fundamentally stronger and more competitive level, setting it apart from its previous standing.

Exhibit 5: 2023 revenue breakdown



Sources: KAMART; Globlex Research

Exhibit 6: Revenue breakdown by channels



Sources: Globlex Research

Sustaining strong growth momentum in 4Q24E

In 4Q24E, KAMART celebrated its milestone 15th Anniversary with a grand event at Icon Siam, featuring numerous superstars and influencers. The event garnered significant attention, boosting brand awareness and receiving positive feedback. Alongside this, KAMART launched its latest KOL collaboration brand, “Getskin,” in partnership with Eyeta, a beauty influencer with over 3m followers.

We remain confident in KAMART’s revenue growth for 4Q24E, projecting THB861m (+6% q-q, +32% y-y), driven by robust festive spending and a rebound in tourism. While the anniversary event incurred additional expenses of THB10m, the resulting boost in brand awareness is expected to yield significant mid-term benefits, particularly in 2025E. Despite an anticipated y-y decline in reported net profit due to the absence of a THB90m unrealized gain from MGI and property in 4Q23, the “core” net profit is forecast to rise to THB 194m (+8% q-q, +38% y-y), underscoring the resilience and strong fundamentals of KAMART’s operations.

Our view on the 2025E beauty climate

In 2024, despite cautious consumer spending in Thailand—especially on discretionary goods—the beauty industry showcased resilience, with demand outpacing economic conditions. Affordable beauty brands with strong innovation—such as KAMART, Mizumi, and Srichand—along with prominent distributors like Watsons, Eve & Boy, and Beautrium, achieved exceptional performance. This stood in stark contrast to the premium imported brands, some of which exited the Thai market due to weak sentiment (Exhibit 5). This shift underscores the growing preference for value-driven and innovative products in the Thai beauty market.

Exhibit 7: 8 beauty brands exit Thailand’s market



Sources: BangkokBizNews

Exhibit 8: Thailand’s beauty industry



Sources: BangkokBizNews

Looking ahead to 2025E, we expect Thai consumers to remain cautious with their spending. The macroeconomic outlook shows limited catalysts for a significant sentiment boost, with only measures like the THB10,000 government digital wallet scheme and the Easy E-Receipt campaign offering mild support. Meanwhile, concerns around economic stability, government policy direction, and high household debt are likely to persist, preventing the beauty industry from fully unleashing its growth potential.

However, KAMART's strategic investments in 2024 position it well to navigate this challenging environment. The company has aggressively expanded its marketing activities, leveraging high-profile superstars and influencers both domestically and internationally (Exhibit 7&8). It has also strengthened its distribution network and engaged overseas influencers to grow its global presence. These efforts have not only enhanced brand awareness but also planted the seeds for future growth. Even in a stagnant market, KAMART's focus on innovation and trend-driven products positions it to capture market share from less agile competitors, ensuring continued momentum in 2025E.

Exhibit 9: Cathy Doll x LingOrm



Sources: Konvy

Exhibit 10: Bella Ranee as Cathy Doll's presenter



Sources: Karmartsclub

Looking into 2025E, KAMART's management has set an ambitious revenue target of THB 4b, reflecting 25% growth from the company's 2024 target. Historically, KAMART's actual revenues have closely aligned with, but not exceeded, its targets over the past 3-4 years. Considering the challenging economic environment in Thailand, where consumers remain cautious with spending, we adopt a more conservative view, estimating revenue growth of around 20%, driven by both domestic and international markets. In 2025E, KAMART plans to continue expanding brand coverage, such as introducing "Hair It" to the Middle East, alongside launching new brands and innovations within its existing portfolio. We expect marketing expenses as a percentage of revenue to decline with improved revenue scaling. With ongoing innovation and robust marketing strategies, we believe KAMART is well-positioned to sustain its growth momentum.

Will KAMART's growth be sustainable or just a passing trend?

KAMART has established itself as a key player in the beauty industry for over 15 years, with flagship brands like Cathy Doll and Baby Bright remaining popular for more than a decade—an impressive feat in an industry often dominated by short-lived trends. Sustained success in the beauty sector hinges on continuous innovation and the launch of new products, as it closely resembles the dynamics of the fast-fashion market. History shows that strong brands with enduring appeal, such as L'Oréal, Shiseido, and Sulwhasoo, achieve greater sustainability, with growth largely dependent on aligning strategy with emerging trends. In recent years, KAMART has demonstrated a keen ability to adopt the right strategies, propelling its brands to new heights. We believe this momentum will continue for at least 1-2 years, as its effective use of KOL collaborations and marketing remains impactful in driving growth and brand recognition.

We also view KAMART's diverse portfolio of brands as a significant strength in the beauty industry, providing a strategic advantage by enabling the company to cater to various market segments effectively. This diversified approach not only allows KAMART to capture a broader customer base but also ensures resilience against shifts in consumer trends.

Exhibit 11: KAMART's brands timeline



Sources: KAMART

Our perspective on Marubeni's private placement and unused cash

In 2023, Marubeni invested in KAMART through a private placement of 220m shares, equivalent to THB1.6b in cash. The funds were intended to enhance operations through improvements in distribution channels, potential M&A, and manufacturing upgrades. By the end of 2024, only THB 0.2b had been utilized to acquire property and warehouses, leaving THB1.4b unused, raising concerns among investors about the unallocated capital.

While some investors may worry about the delay in M&A utilization, we hold a different perspective. The rapid growth of certain strong beauty brands in 2023-24 has undoubtedly increased their valuation, making acquisitions both expensive and risky. Acquiring brands at high multiples, such as a P/E of 20x, could yield only a 5% ROI, with limited opportunities to double revenue due to the limited synergies typical in the beauty industry. Beyond distribution expertise or manufacturing economies of scale, M&A in this space often involves significant risk if the acquired brand fails to sustain its appeal.

Exhibit 12: SkyLAB in 7-Eleven



Sources: SkyLAB

Exhibit 13: Lipit in 7-Eleven



Sources: Lip It

KAMART's expertise lies in brand creation, a strategy that has proven successful over the past decade with launches like Reunrom, Skynlab, Brow it, and Lipit. While building brands demands time and effort, it delivers far greater returns in the long term. For instance, both Skynlab and Brow it took over five years to generate significant contributions to KAMART's fundamentals, showcasing the company's strength in cultivating sustainable growth organically through brand innovation.

That said, we remain positive about KAMART's ability to utilize the remaining cash effectively. Strategic acquisitions during market downturns, when valuations are reasonable, could generate attractive ROI. Additionally, we expect the company to deploy the funds to expand in overseas markets, such as Vietnam and Southeast Asian countries, where acquisition costs are relatively lower and growth opportunities abound. This balanced approach between organic growth and strategic investments could enhance KAMART's competitive position and drive long-term shareholder value.

KAMART's valuation remains attractive, with a 2025E P/E of 16x and a PEG ratio of less than 1, reflecting strong growth at a reasonable price. Despite a challenging macroeconomic environment where consumer spending is under pressure, we are confident in KAMART's ability to sustain its growth momentum. The beauty industry continues to demonstrate resilience and robust growth, even amid economic headwinds, and KAMART has consistently outperformed the sector with its strong performance. This ability to seize market opportunities and drive continuous innovation positions KAMART as a compelling investment opportunity in the current market landscape.

Initiated with a BUY and TP of THB15

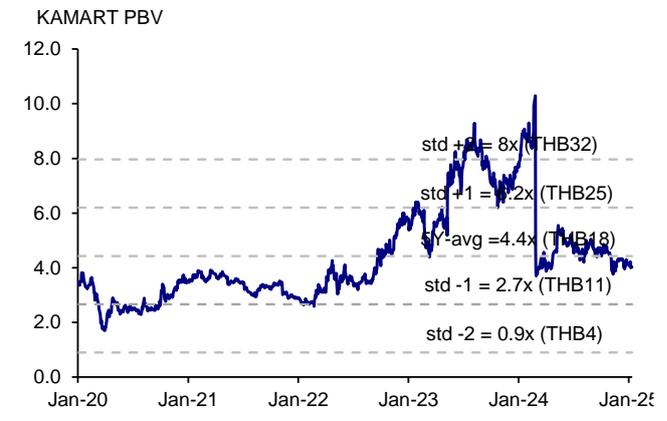
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Exhibit 14: 5 years P/E bands



Sources: Bloomberg; Globlex Research

Exhibit 15: 5 years P/BV bands



Sources: Bloomberg; Globlex Research

GENERAL DISCLAIMER

Analyst Certification

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RECOMMENDATION STRUCTURE

Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

- BUY:** Expected return of 10% or more over the next 12 months.
HOLD: Expected return between -10% and 10% over the next 12 months.
REDUCE: Expected return of -10% or worse over the next 12 months.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Sector Recommendations

- Overweight:** The industry is expected to outperform the relevant primary market index over the next 12 months.
Neutral: The industry is expected to perform in line with the relevant primary market index over the next 12 months.
Underweight: The industry is expected to underperform the relevant primary market index over the next 12 months.

Country (Strategy) Recommendations

Overweight: Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral: Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight: Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.