

11 OCTOBER 2021

THAILAND / MATERIALS

SIAM CEMENT SCC TB

BUY

UNCHANGED

| | |
|-----------------|-----------|
| TARGET PRICE | THB520.00 |
| CLOSE | THB406.00 |
| UP/DOWNSIDE | +28.1% |
| PRIOR TP | THB520.00 |
| CHANGE IN TP | UNCHANGED |
| TP vs CONSENSUS | +2.7% |

Coal price spike to hurt 3Q21 results

Expect a weak 3Q21 net profit of THB10.3b

We project SCC to post a weak 3Q21 net profit of THB10.3b, down 40% q-q but up 5% y-y. The key culprit, in our view, would be the sharp rise in coal cost, even though SCC has already locked in the coal price 6-9 months in advance. Fuel costs account for 1/3 of its total cost, and SCC has tried to reduce the impact of the coal cost by using biomass fuel at up to 10% of the total cost (1/3 of fuel cost) in the past two years. We project its petrochemical earnings to decline q-q to THB8.6b in 3Q21, down from THB10.4b in 2Q21 due to the lower product margins over naphtha, particularly polyethylene and polypropylene. We expect 3Q21 earnings from cement and building materials (CBM) to plunge from THB2.5b in 2Q21 to THB1.1b in 3Q21 due to the coal cost spike and lower demand, while packaging earnings should weaken q-q to THB1.8b, down from THB2.3b, due to the impact of the lockdowns in Vietnam, Indonesia, and Thailand and the rising cost of imported old corrugated containers (OCC).

Coal price spike erodes margins

We expect SCC to suffer from margin erosion from the current coal price spike for its CBM (1/3 energy cost) and packaging (1/4 energy cost), while the electricity cost (10-20% of total cost for CBM and packaging) remains stagnant thanks to Thailand's relative independence from the global imported LNG, coal, and oil prices for its electricity generation. The global coal price has continued to rise, driven by the tight supply and higher-than-expected demand for electricity during the hot summer, the demand surge for industrial and economic activities after the lockdown easing, and the substitutional impact from the global gas price spike.

Packaging could see improving earnings q-q in 4Q21

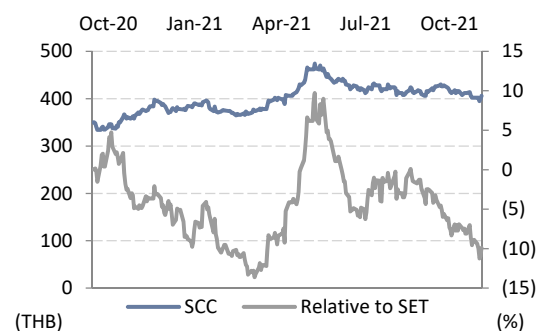
Among SCC's three major business units, we think that only its packaging unit should see a q-q improvement in earnings in 4Q21, driven by higher demand after the expected economic reopenings in Vietnam, Thailand, Indonesia, and Cambodia. The cost pressure from the price spike of OCC should also subside in 4Q21, as the supply should rise q-q in the US after its reopening, leading to higher OCC exports, in our view.

Buy on dip ahead of stronger earnings expected in 4Q21

Maintain BUY and our SOTP TP of THB520. SCC's share price could be pressured in the near term from the weak 3Q21E results, but we expect its earnings to rebound q-q in 4Q21, leading to a share price rerating.

KEY STOCK DATA

| YE Dec (THB m) | 2020 | 2021E | 2022E | 2023E |
|----------------------|---------|---------|---------|---------|
| Revenue | 399,939 | 479,900 | 507,263 | 549,723 |
| Net profit | 34,144 | 59,925 | 62,539 | 61,854 |
| EPS (THB) | 28.45 | 49.94 | 52.12 | 51.55 |
| vs Consensus (%) | - | 25.7 | 34.0 | 25.9 |
| EBITDA | 60,835 | 85,487 | 93,684 | 99,250 |
| Core net profit | 34,144 | 59,925 | 62,539 | 61,854 |
| Core EPS (THB) | 28.45 | 49.94 | 52.12 | 51.55 |
| Chg. In EPS est. (%) | - | - | - | - |
| EPS growth (%) | 6.7 | 75.5 | 4.4 | (1.1) |
| Core P/E (x) | 14.3 | 8.1 | 7.8 | 7.9 |
| Dividend yield (%) | 3.6 | 4.1 | 3.8 | 3.8 |
| EV/EBITDA (x) | 11.6 | 8.8 | 8.1 | 7.8 |
| Price/book (x) | 1.5 | 1.3 | 1.2 | 1.1 |
| Net debt/Equity (%) | 36.8 | 39.9 | 35.5 | 31.3 |
| ROE (%) | 11.4 | 17.6 | 16.3 | 14.5 |



| Share price performance | 1 Month | 3 Month | 12 Month |
|--------------------------------|-------------------------------------|---------|----------|
| Absolute (%) | (2.9) | (3.3) | 15.7 |
| Relative to country (%) | (2.8) | (9.0) | (10.1) |
| Mkt cap (USD m) | 14,387 | | |
| 3m avg. daily turnover (USD m) | 28.7 | | |
| Free float (%) | 67 | | |
| Major shareholder | H.M. King Maha Vajiralongkorn (34%) | | |
| 12m high/low (THB) | 474.00/331.00 | | |
| Issued shares (m) | 1,200.00 | | |

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

We believe SCC's unique asset portfolio – consisting of cyclical chemical production, cement and building materials (CBM), and its more sustainable packaging business – could position it as one of Thailand's leading growth plays. SCC's net profit growth from its packaging business should timely offset the weaker net profit contributions from its chemical and CBM units that we expect in 2021-22.

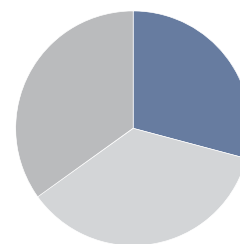
Company profile

SCC is 30% owned by the Crown Property Bureau and is the third largest company on the Thailand Stock Exchange by market capitalisation. Established in 1913 as a cement company, SCC was a means to reduce Thailand's reliance on cement imports and to take fuller advantage of the natural resources available in the country.

www.scg.com

Principal activities (revenue, 2020)

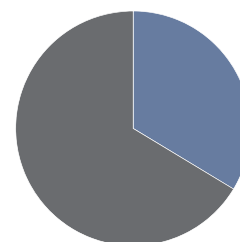
- Cement & Building Material - 29.1 %
- Chemicals - 36.0 %
- Packaging - 34.9 %



Source: Siam Cement

Major shareholders

- H.M. King Maha Vajiralongkorn - 33.6 %
- Others - 66.4 %



Source: Siam Cement

Catalysts

Key potential catalysts for SCC include 1) capacity expansions of its chemical and packaging businesses; 2) the rising demand for chemicals and paper packaging that should more than offset the weak demand for CBM; and 3) margin expansions due to lower energy and financial costs.

Risks to our call

Downside risks to our SOTP-based TP include 1) a lower-than-expected demand for chemicals, CBM, and packaging; 2) rising coal costs for its cement and packaging units; and 3) weaker demand from the automobile industry that could erode the demand for SCC's chemical unit and its dividend contributions.

Event calendar

| Date | Event |
|----------|---------------------------|
| Nov 2021 | 3Q21 results announcement |

Key assumptions

| | 2021E | 2022E | 2023E |
|-------------------------------|-------|-------|-------|
| Cement demand growth (%) | 3.0 | 2.5 | 4.0 |
| Petrochemical utilisation (%) | 80 | 95 | 95 |
| Olefins capacity (m tonnes) | 2,050 | 2,050 | 2,050 |
| HDPE-naphtha (USD/tonne) | 680 | 620 | 710 |
| PP-naphtha (USD/tonne) | 730 | 720 | 810 |

Source: FSSIA estimates

Earnings sensitivity

- For every 1% change in Brent oil price, we estimate a 0.8% change in 2021 EPS, all else being equal.
- For every 1% increase in PP-naphtha margin, we estimate 2021 EPS would rise 0.9%, and vice versa, all else being equal.
- For every 1% increase in utilisation rate, we estimate 2021 EPS would rise 1.4%, and vice versa, all else being equal.
- For every 1% increase in AOCC price, we estimate 2021 EPS would fall by 0.3%, and vice versa, all else being equal.

Source: FSSIA estimates

Exhibit 1: 3Q21E/9M21E results preview

| | 3Q20 | 2Q21 | 3Q21E | | | 9M20 | 9M21E | Change |
|--------------------------|----------------|----------------|----------------|---------------|---------------|----------------|----------------|---------------|
| | (THB m) | (THB m) | (THB m) | (q-q %) | (y-y %) | (THB m) | (THB m) | (y-y %) |
| Revenue | 100,938 | 133,555 | 145,236 | 8.7 | 43.9 | 302,689 | 400,857 | 32.4 |
| Operating costs | (84,645) | (107,212) | (126,582) | 18.1 | 49.5 | (251,958) | (211,310) | (16.1) |
| EBITDA | 16,293 | 26,343 | 18,654 | (29.2) | 14.5 | 50,731 | 44,311 | (12.7) |
| <i>EBITDA margin (%)</i> | <i>16.1</i> | <i>19.7</i> | <i>12.8</i> | <i>(34.9)</i> | <i>(20.4)</i> | <i>16.8</i> | <i>11.1</i> | <i>(34.0)</i> |
| Depn & amort. | (6,889) | (7,106) | (7,256) | 2.1 | 5.3 | (20,488) | (13,967) | (31.8) |
| EBIT | 10,268 | 16,452 | 11,398 | (30.7) | 11.0 | 25,587 | 31,482 | 23.0 |
| Interest expense | (2,024) | (1,694) | (1,756) | 3.6 | (13.3) | (5,784) | (3,385) | (41.5) |
| Interest & invt inc | 1,589 | 2,861 | 1,854 | (35.2) | 16.7 | 5,695 | 4,423 | (22.3) |
| Associates' contrib | 3,041 | 5,708 | 5,253 | (8.0) | 72.8 | 5,991 | 11,405 | 90.4 |
| Exceptionals | 0 | 0 | 0 | <i>nm</i> | <i>nm</i> | 0 | 0 | <i>nm</i> |
| Pretax profit | 12,873 | 23,326 | 16,749 | (28.2) | 30.1 | 31,490 | 43,925 | 39.5 |
| Tax | (1,802) | (2,928) | (2,756) | (5.9) | 53.0 | (3,751) | (5,250) | 40.0 |
| <i>Tax rate (%)</i> | <i>14.0</i> | <i>12.6</i> | <i>16.5</i> | <i>31.1</i> | <i>17.6</i> | <i>11.9</i> | <i>12.0</i> | <i>0.3</i> |
| Minority interests | (1,330) | (3,261) | (3,724) | 14.2 | 179.9 | (1,643) | (6,624) | 303.2 |
| Net profit | 9,741 | 17,137 | 10,269 | (40.1) | 5.4 | 26,096 | 32,051 | 22.8 |
| Core profit | 9,741 | 17,137 | 10,269 | (40.1) | 5.4 | 26,096 | 32,051 | 22.8 |
| EPS (THB) | 8.12 | 14.28 | 8.56 | (40.1) | 5.4 | 21.75 | 26.71 | 22.8 |
| Core EPS (THB) | 8.12 | 14.28 | 8.56 | (40.1) | 5.4 | 21.75 | 26.71 | 22.8 |

Sources: SCC; FSSIA estimates

Exhibit 2: SOTP valuation

| SOP valuation | End-21E | | % total (%) | Valuation basis |
|----------------------------|----------------|------------|----------------|-----------------------|
| | (THB m) | (THB/shr) | | |
| Cement & building material | 332,323 | 277 | 48 | 8x 2021E EV/EBITDA |
| Petrochemical | 268,152 | 223 | 39 | 7x 2021E EV/EBITDA |
| Packaging | 196,211 | 164 | 28 | 14x 2021E EV/EBITDA |
| Total core | 796,686 | 664 | 115 | |
| Investment (P/B) | 160,846 | 134 | 23 | 1.4x 2021E P/BV |
| Gross SOTP | 957,532 | 798 | 138 | |
| Net debt | (178,371) | (149) | (26) | Net debt at end-2021E |
| Minority | (85,768) | (71) | (12) | |
| Net SOP value | 693,393 | 578 | 100 | |
| 10% holding discount | (69,339) | (58) | | |
| SOTP target price | 624,053 | 520 | | |

Sources: SCC; FSSIA estimates

Financial Statements

Siam Cement

| Profit and Loss (THB m) Year Ending Dec | 2019 | 2020 | 2021E | 2022E | 2023E |
|---|----------------|----------------|----------------|----------------|----------------|
| Revenue | 437,980 | 399,939 | 479,900 | 507,263 | 549,723 |
| Cost of goods sold | (331,821) | (282,570) | (332,066) | (347,677) | (379,054) |
| Gross profit | 106,159 | 117,369 | 147,834 | 159,586 | 170,670 |
| Other operating income | - | - | - | - | - |
| Operating costs | (56,902) | (56,535) | (62,348) | (65,903) | (71,419) |
| Operating EBITDA | 49,258 | 60,835 | 85,487 | 93,684 | 99,250 |
| Depreciation | (23,932) | (27,377) | (26,833) | (29,963) | (33,093) |
| Goodwill amortisation | 0 | 0 | 0 | 0 | 0 |
| Operating EBIT | 25,326 | 33,457 | 58,653 | 63,720 | 66,158 |
| Net financing costs | (6,442) | (7,082) | (4,202) | (4,618) | (8,091) |
| Associates | 11,632 | 9,456 | 15,966 | 14,918 | 15,985 |
| Recurring non-operating income | 20,479 | 16,734 | 25,719 | 25,160 | 26,739 |
| Non-recurring items | 0 | 0 | 0 | 0 | 0 |
| Profit before tax | 39,363 | 43,109 | 80,170 | 84,262 | 84,805 |
| Tax | (6,167) | (5,809) | (9,631) | (10,402) | (10,323) |
| Profit after tax | 33,197 | 37,300 | 70,539 | 73,860 | 74,482 |
| Minority interests | (1,182) | (3,156) | (10,614) | (11,322) | (12,628) |
| Preferred dividends | 0 | 0 | 0 | 0 | 0 |
| Other items | - | - | - | - | - |
| Reported net profit | 32,014 | 34,144 | 59,925 | 62,539 | 61,854 |
| Non-recurring items & goodwill (net) | 0 | 0 | 0 | 0 | 0 |
| Recurring net profit | 32,014 | 34,144 | 59,925 | 62,539 | 61,854 |
| Per share (THB) | | | | | |
| Recurring EPS * | 26.68 | 28.45 | 49.94 | 52.12 | 51.55 |
| Reported EPS | 26.68 | 28.45 | 49.94 | 52.12 | 51.55 |
| DPS | 14.50 | 14.50 | 16.50 | 15.50 | 15.50 |
| Diluted shares (used to calculate per share data) | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 |
| Growth | | | | | |
| Revenue (%) | (8.5) | (8.7) | 20.0 | 5.7 | 8.4 |
| Operating EBITDA (%) | (22.6) | 23.5 | 40.5 | 9.6 | 5.9 |
| Operating EBIT (%) | (36.5) | 32.1 | 75.3 | 8.6 | 3.8 |
| Recurring EPS (%) | (28.5) | 6.7 | 75.5 | 4.4 | (1.1) |
| Reported EPS (%) | (28.5) | 6.7 | 75.5 | 4.4 | (1.1) |
| Operating performance | | | | | |
| Gross margin inc. depreciation (%) | 18.8 | 22.5 | 25.2 | 25.6 | 25.0 |
| Gross margin of key business (%) | 18.8 | 22.5 | 25.2 | 25.6 | 25.0 |
| Operating EBITDA margin (%) | 11.2 | 15.2 | 17.8 | 18.5 | 18.1 |
| Operating EBIT margin (%) | 5.8 | 8.4 | 12.2 | 12.6 | 12.0 |
| Net margin (%) | 7.3 | 8.5 | 12.5 | 12.3 | 11.3 |
| Effective tax rate (%) | 15.0 | 15.0 | 15.0 | 15.0 | 15.0 |
| Dividend payout on recurring profit (%) | 54.4 | 51.0 | 33.0 | 29.7 | 30.1 |
| Interest cover (X) | 7.1 | 7.1 | 20.1 | 19.2 | 11.5 |
| Inventory days | 64.5 | 71.7 | 57.7 | 54.2 | 53.1 |
| Debtor days | 52.5 | 53.4 | 41.7 | 39.5 | 36.4 |
| Creditor days | 57.7 | 78.3 | 59.6 | 46.3 | 45.4 |
| Operating ROIC (%) | 5.9 | 7.0 | 10.6 | 9.9 | 9.3 |
| ROIC (%) | 7.2 | 7.3 | 11.0 | 10.4 | 10.1 |
| ROE (%) | 11.5 | 11.4 | 17.6 | 16.3 | 14.5 |
| ROA (%) | 6.3 | 6.2 | 9.6 | 9.2 | 8.6 |
| * Pre-exceptional, pre-goodwill and fully diluted | | | | | |
| Revenue by Division (THB m) | | | | | |
| | 2019 | 2020 | 2021E | 2022E | 2023E |
| Cement & Building Material | 184,690 | 116,534 | 142,495 | 164,408 | 191,655 |
| Chemicals | 177,634 | 143,782 | 177,230 | 171,384 | 179,428 |
| Packaging | 89,070 | 139,624 | 160,035 | 171,320 | 178,491 |
| Others | (13,414) | | 140 | 150 | 150 |

Sources: Siam Cement; FSSIA estimates

Financial Statements

Siam Cement

| Cash Flow (THB m) Year Ending Dec | 2019 | 2020 | 2021E | 2022E | 2023E |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Recurring net profit | 32,014 | 34,144 | 59,925 | 62,539 | 61,854 |
| Depreciation | 23,932 | 27,377 | 26,833 | 29,963 | 33,093 |
| Associates & minorities | 11,632 | 9,456 | 15,966 | 14,918 | 15,985 |
| Other non-cash items | - | - | - | - | - |
| Change in working capital | 13,185 | 18,594 | (18,215) | (436) | (834) |
| Cash flow from operations | 80,763 | 89,571 | 84,509 | 106,984 | 110,098 |
| Capex - maintenance | (22,349) | (25,695) | (29,087) | (32,480) | (35,873) |
| Capex - new investment | (57,404) | (54,360) | (48,991) | (44,703) | (43,006) |
| Net acquisitions & disposals | 11,123 | (20,205) | 0 | 0 | 0 |
| Other investments (net) | (4,271) | 26,143 | 0 | 0 | 0 |
| Cash flow from investing | (72,902) | (74,117) | (78,078) | (77,183) | (78,879) |
| Dividends paid | (19,800) | (17,400) | (19,200) | (18,600) | (18,600) |
| Equity finance | 0 | 0 | 0 | 0 | 0 |
| Debt finance | 21,767 | 21,703 | 20,000 | 42,000 | 42,000 |
| Other financing cash flows | (15,987) | 39,002 | (19,938) | (11,225) | (9,291) |
| Cash flow from financing | (14,020) | 43,305 | (19,138) | 12,175 | 14,109 |
| Non-recurring cash flows | - | - | - | - | - |
| Other adjustments | 0 | 0 | 0 | 0 | 0 |
| Net other adjustments | 0 | 0 | 0 | 0 | 0 |
| Movement in cash | (6,159) | 58,759 | (12,706) | 41,976 | 45,328 |
| Free cash flow to firm (FCFF) | 14,302.99 | 22,536.69 | 10,633.35 | 34,419.31 | 39,309.95 |
| Free cash flow to equity (FCFE) | 13,640.97 | 76,159.26 | 6,493.53 | 60,575.85 | 63,928.21 |
| Per share (THB) | | | | | |
| FCFF per share | 11.92 | 18.78 | 8.86 | 28.68 | 32.76 |
| FCFE per share | 11.37 | 63.47 | 5.41 | 50.48 | 53.27 |
| Recurring cash flow per share | 56.31 | 59.15 | 85.60 | 89.52 | 92.44 |
| Balance Sheet (THB m) Year Ending Dec | | | | | |
| Tangible fixed assets (gross) | 584,507 | 621,946 | 706,762 | 791,579 | 876,395 |
| Less: Accumulated depreciation | (278,521) | (258,521) | (285,354) | (315,318) | (348,411) |
| Tangible fixed assets (net) | 305,986 | 363,425 | 421,408 | 476,261 | 527,984 |
| Intangible fixed assets (net) | 0 | 0 | 0 | 0 | 0 |
| Long-term financial assets | - | - | - | - | - |
| Invest. in associates & subsidiaries | 94,685 | 114,890 | 114,890 | 114,890 | 114,890 |
| Cash & equivalents | 44,222 | 102,981 | 90,274 | 132,249 | 177,578 |
| A/C receivable | 62,166 | 54,842 | 54,842 | 54,842 | 54,842 |
| Inventories | 56,411 | 54,654 | 50,422 | 52,792 | 57,557 |
| Other current assets | 1,587 | 1,540 | 7,020 | 7,417 | 8,034 |
| Current assets | 164,386 | 214,017 | 202,559 | 247,301 | 298,011 |
| Other assets | 69,676 | 57,049 | 57,049 | 57,049 | 57,049 |
| Total assets | 634,733 | 749,381 | 795,905 | 895,501 | 997,934 |
| Common equity | 280,215 | 320,972 | 361,697 | 405,636 | 448,890 |
| Minorities etc. | 47,528 | 75,154 | 85,768 | 97,090 | 109,718 |
| Total shareholders' equity | 327,743 | 396,126 | 447,466 | 502,726 | 558,608 |
| Long term debt | 155,361 | 160,553 | 180,553 | 210,553 | 240,553 |
| Other long-term liabilities | 20,124 | 31,281 | 31,281 | 31,281 | 31,281 |
| Long-term liabilities | 175,485 | 191,834 | 211,834 | 241,834 | 271,834 |
| A/C payable | 55,887 | 65,273 | 43,093 | 45,119 | 49,191 |
| Short term debt | 71,581 | 88,092 | 88,092 | 100,092 | 112,092 |
| Other current liabilities | 4,037 | 8,055 | 5,420 | 5,729 | 6,208 |
| Current liabilities | 131,505 | 161,420 | 136,605 | 150,940 | 167,492 |
| Total liabilities and shareholders' equity | 634,733 | 749,381 | 795,905 | 895,501 | 997,934 |
| Net working capital | 60,240 | 37,708 | 63,772 | 64,203 | 65,034 |
| Invested capital | 530,588 | 573,072 | 657,118 | 712,403 | 764,957 |
| * Includes convertibles and preferred stock which is being treated as debt | | | | | |
| Per share (THB) | | | | | |
| Book value per share | 233.51 | 267.48 | 301.41 | 338.03 | 374.08 |
| Tangible book value per share | 233.51 | 267.48 | 301.41 | 338.03 | 374.08 |
| Financial strength | | | | | |
| Net debt/equity (%) | 55.8 | 36.8 | 39.9 | 35.5 | 31.3 |
| Net debt/total assets (%) | 28.8 | 19.4 | 22.4 | 19.9 | 17.5 |
| Current ratio (x) | 1.3 | 1.3 | 1.5 | 1.6 | 1.8 |
| CF interest cover (x) | 12.0 | 19.4 | 14.2 | 23.8 | 14.2 |
| Valuation | | | | | |
| Recurring P/E (x) * | 15.2 | 14.3 | 8.1 | 7.8 | 7.9 |
| Recurring P/E @ target price (x) * | 19.5 | 18.3 | 10.4 | 10.0 | 10.1 |
| Reported P/E (x) | 15.2 | 14.3 | 8.1 | 7.8 | 7.9 |
| Dividend yield (%) | 3.6 | 3.6 | 4.1 | 3.8 | 3.8 |
| Price/book (x) | 1.7 | 1.5 | 1.3 | 1.2 | 1.1 |
| Price/tangible book (x) | 1.7 | 1.5 | 1.3 | 1.2 | 1.1 |
| EV/EBITDA (x) ** | 14.6 | 11.6 | 8.8 | 8.1 | 7.8 |
| EV/EBITDA @ target price (x) ** | 17.3 | 13.9 | 10.4 | 9.6 | 9.2 |
| EV/invested capital (x) | 1.4 | 1.2 | 1.1 | 1.1 | 1.0 |
| * Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income | | | | | |

Sources: Siam Cement; FSSIA estimates

Corporate Governance report of Thai listed companies 2020

| EXCELLENT LEVEL | | | | | | | | | | |
|-----------------|--------|--------|-------|-------|-------|--------|--------|--------|--------|-------|
| AAV | ADVANC | AF | AIRA | AKP | AKR | ALT | AMA | AMATA | AMATAV | ANAN |
| AOT | AP | ARIP | ARROW | ASP | BAFS | BANPU | BAY | BCP | BCPG | BDMS |
| BEC | BEM | BGRIM | BIZ | BKI | BLA | BOL | BPP | BRR | BTS | BWG |
| CENTEL | CFRESH | CHEWA | CHO | CIMBT | CK | CKP | CM | CNT | COL | COMAN |
| COTTO | CPALL | CPF | CPI | CPN | CSS | DELTA | DEMCO | DRT | DTAC | DTC |
| DV8 | EA | EASTW | ECF | ECL | EGCO | EPG | ETE | FNS | FPI | FPT |
| FSMART | GBX | GC | GCAP | GEL | GFPT | GGC | GPSC | GRAMMY | GUNKUL | HANA |
| HARN | HMPRO | ICC | ICI | III | ILINK | INTUCH | IRPC | IVL | JKN | JSP |
| JWD | K | KBANK | KCE | KKP | KSL | KTB | KTC | LANNA | LH | LHFG |
| LIT | LPN | MAKRO | MALEE | MBK | MBKET | MC | MCOT | METCO | MFEC | MINT |
| MONO | MOONG | MSC | MTC | NCH | NCL | NEP | NKI | NOBLE | NSI | NVD |
| NYT | OISHI | ORI | OTO | PAP | PAP | PCSGH | PDJ | PG | PHOL | PLANB |
| PLAT | PORT | PPS | PR9 | PREB | PRG | PRM | PSH | PSL | PTG | PTT |
| PTTEP | PTTGC | PYLON | Q-CON | QH | QTC | RATCH | RS | S | S & J | SAAM |
| SABINA | SAMART | SAMTEL | SAT | SC | SCB | SCC | SCCC | SCG | SCN | SDC |
| SEAFCO | SEAOIL | SE-ED | SELIC | SENA | SIRI | SIS | SITHAI | SMK | SMPC | SNC |
| SONIC | SORKON | SPALI | SPI | SPRC | SPVI | SSSC | SST | STA | SUSCO | SUTHA |
| SVI | SYMC | SYNTEC | TACC | TASCO | TCAP | TFMAMA | THANA | THANI | THCOM | THG |
| THIP | THRE | THREL | TIP | TIPCO | TISCO | TK | TKT | TTB | TMILL | TNDT |
| TNL | TOA | TOP | TPBI | TQM | TRC | TRC | TSC | TSR | TSTE | TSTH |
| TTCL | TTW | TU | TVD | TVI | TVO | TWPC | U | UAC | UBIS | UV |
| VGI | VIH | WACOAL | WAVE | WHA | WHAUP | WICE | WINNER | TRUE | | |

| VERY GOOD LEVEL | | | | | | | | | | |
|-----------------|---------|--------|-------|--------|-------|--------|--------|--------|--------|-------|
| 2S | ABM | ACE | ACG | ADB | AEC | AEONTS | AGE | AH | AHC | AIT |
| ALLA | AMANAHA | AMARIN | APCO | APCS | APURE | AQUA | ASAP | ASEFA | ASIA | ASIAN |
| ASIMAR | ASK | ASN | ATP30 | AUCT | AWC | AYUD | B | BA | BAM | BBL |
| BFIT | BGC | BJC | BJCHI | BROOK | BTW | CBG | CEN | CGH | CHARAN | CHAYO |
| CHG | CHOTI | CHOW | CI | CIG | CMC | COLOR | COM7 | CPL | CRC | CRD |
| CSC | CSP | CWT | DCC | DCON | DDD | DOD | DOHOME | EASON | EE | ERW |
| ESTAR | FE | FLOYD | FN | FORTH | FSS | FTE | FVC | GENCO | GJS | GL |
| GLAND | GLOBAL | GLOCON | GPI | GULF | GYT | HPT | HTC | ICN | IFS | ILM |
| IMH | INET | INSURE | IRC | IRCP | IT | ITD | ITEL | J | JAS | JCK |
| JCKH | JMART | JMT | KBS | KCAR | KGI | KIAT | KOOL | KTIS | KWC | KWM |
| L&E | LALIN | LDC | LHK | LOXLEY | LPH | LRH | LST | M | MACO | MAJOR |
| MBAX | MEGA | META | MFC | MGT | MILL | MITSIB | MK | MODERN | MTI | MVP |
| NETBAY | NEX | NINE | NTV | NWR | OCC | OGC | OSP | PATO | PB | PDG |
| PDI | PICO | PIMO | PJW | PL | PM | PPP | PRIN | PRINC | PSTC | PT |
| QLT | RCL | RICHY | RML | RPC | RWI | S11 | SALEE | SAMCO | SANKO | SAPPE |
| SAWAD | SCI | SCP | SE | SEG | SFP | SGF | SHR | SIAM | SINGER | SKE |
| SKR | SKY | SMIT | SMT | SNP | SPA | SPC | SPCG | SR | SRICHA | SSC |
| SSF | STANLY | STI | STPI | SUC | SUN | SYNEX | T | TAE | TAKUNI | TBSP |
| TCC | TCMC | TEAM | TEAMG | TFG | TIGER | TITLE | TKN | TKS | TM | TMC |
| TMD | TMI | TMT | TNITY | TNP | TNR | TOG | TPA | TPAC | TPCORP | TPOLY |
| TPS | TRITN | TRT | TRU | TSE | TVT | TWP | UEC | UMI | UOBKH | UP |
| UPF | UPOIC | UT | UTP | UWC | VL | VNT | VPO | WIJK | WP | XO |
| YUASA | ZEN | ZIGA | ZMICO | | | | | | | |

| GOOD LEVEL | | | | | | | | | | |
|------------|------|--------|--------|-------|--------|-------|-------|--------|--------|-------|
| 7UP | A | ABICO | AJ | ALL | ALUCON | AMC | APP | ARIN | AS | AU |
| B52 | BC | BCH | BEAUTY | BGT | BH | BIG | BKD | BLAND | BM | BR |
| BROCK | BSBM | BSM | BTNC | CAZ | CCP | CGD | CITY | CMAN | CMO | CMR |
| CPT | CPW | CRANE | CSR | D | EKH | EP | ESSO | FMT | GIFT | GREEN |
| GSC | GTB | HTECH | HUMAN | IHL | INOX | INSET | IP | JTS | JUBILE | KASET |
| KCM | KKC | KUMWEL | KUN | KWG | KYE | LEE | MATCH | MATI | M-CHAI | MCS |
| MDX | MJD | MM | MORE | NC | NDR | NER | NFC | NNCL | NPK | NUSA |
| OCEAN | PAF | PF | PK | PLE | PMTA | POST | PPM | PRAKIT | PRECHA | PRIME |
| PROUD | PTL | RBF | RCI | RJH | ROJNA | RP | RPH | RSP | SF | SFLEX |
| SGP | SISB | SKN | SLP | SMART | SOLAR | SPG | SQ | SSP | STARK | STC |
| SUPER | SVOA | TC | TCCC | THMUI | TIW | TNH | TOPP | TPCH | TIPIP | TPLAS |
| TTI | TYCN | UKEM | UMS | VCOM | VRANDA | WIN | WORK | WPH | | |

Description

Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; ** delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

Anti-corruption Progress Indicator 2020

| CERTIFIED | | | | | | | | | | |
|-----------|--------|--------|--------|-------|--------|--------|--------|--------|--------|--------|
| 2S | ADVANC | AI | AIE | AIRA | AKP | AMA | AMANAH | AP | AQUA | ARROW |
| ASK | ASP | AYUD | B | BAFS | BANPU | BAY | BBL | BCH | BCP | BCPG |
| BGC | BGRIM | BJCHI | BKI | BLA | BPP | BROOK | BRR | BSBM | BTS | BWG |
| CEN | CENTEL | CFRESH | CGH | CHEWA | CHOTI | CHOW | CIG | CIMBT | CM | CMC |
| COL | COM7 | CPALL | CPF | CPI | CPN | CSC | DCC | DELTA | DEMCO | DIMET |
| DRT | DTAC | DTC | EASTW | ECL | EGCO | FE | FNS | FPI | FPT | FSS |
| FTE | GBX | GC | GCAP | GEL | GFPT | GGC | GJS | GPSC | GSTEEL | GUNKUL |
| HANA | HARN | HMPRO | HTC | ICC | ICHI | IFS | INET | INSURE | INTUCH | IRPC |
| ITEL | IVL | K | KASET | KBANK | KBS | KCAR | KCE | KGI | KKP | KSL |
| KTB | KTC | KWC | L&E | LANNA | LHFG | LHK | LPN | LRH | M | MAKRO |
| MALEE | MBAX | MBK | MBKET | MC | MCOT | MFC | MFEC | MINT | MONO | MOONG |
| MPG | MSC | MTC | MTI | NBC | NEP | NINE | NKI | NMG | NNCL | NSI |
| NWR | OCC | OCEAN | OGC | ORI | PAP | PATO | PB | PCSGH | PDG | PDI |
| PDJ | PE | PG | PHOL | PL | PLANB | PLANET | PLAT | PM | PPP | PPPM |
| PPS | PREB | PRG | PRINC | PRM | PSH | PSL | PSTC | PT | PTG | PTT |
| PTTEP | PTTGC | PYLON | Q-CON | QH | QLT | QTC | RATCH | RML | RWI | S & J |
| SABINA | SAT | SC | SCB | SCC | SCCC | SCG | SCN | SEAOIL | SE-ED | SELIC |
| SENA | SGP | SIRI | SITHAI | SMIT | SMK | SMPC | SNC | SNP | SORKON | SPACK |
| SPC | SPI | SPRC | SRICHA | SSF | SSSC | SST | STA | SUSCO | SVI | SYNTEC |
| TAE | TAKUNI | TASCO | TBSP | TCAP | TCMC | TFG | TFI | TFMAMA | THANI | THCOM |
| THIP | THRE | THREL | TIP | TIPCO | TISCO | TKT | TTB | TMD | TMILL | TMT |
| TNITY | TNL | TNP | TNR | TOG | TOP | TPA | TPCORP | TPP | TRU | TSC |
| TSTH | TTCL | TU | TVD | TVI | TVO | TWPC | U | UBIS | UEC | UKEM |
| UOBKH | UWC | VGI | VIH | VNT | WACOAL | WHA | WHAUP | WICE | WIJK | XO |
| ZEN | TRUE | | | | | | | | | |

| DECLARED | | | | | | | | | | |
|----------|-------|-------|--------|--------|-------|--------|-------|-------|-------|--------|
| 7UP | ABICO | AF | ALT | AMARIN | AMATA | AMATAV | ANAN | APURE | B52 | BKD |
| BM | BROCK | BUI | CHO | CI | COTTO | DDD | EA | EFORL | EP | ERW |
| ESTAR | ETE | EVER | FSMART | GPI | ILINK | IRC | J | JKN | JMART | JMT |
| JSP | JTS | KWG | LDC | MAJOR | META | NCL | NOBLE | NOK | PK | PLE |
| ROJNA | SAAM | SAPPE | SCI | SE | SHANG | SINGER | SKR | SPALI | SSP | STANLY |
| SUPER | SYNEX | THAI | TKS | TOPP | TRITN | TTA | UPF | UV | WIN | ZIGA |

| Level | |
|-----------|---|
| Certified | This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties. |
| Declared | This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) |

Disclaimer:

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; * FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Suwat Sinsadok FSS International Investment Advisory Securities Co., Ltd

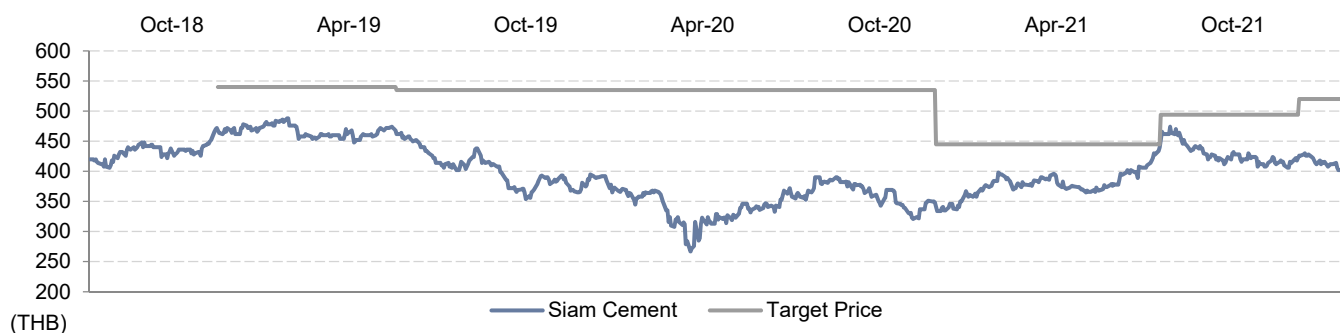
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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History of change in investment rating and/or target price

Siam Cement (SCC TB)



| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 31-Jan-2019 | BUY | 540.00 | 14-Oct-2020 | BUY | 445.00 | 25-Aug-2021 | BUY | 520.00 |
| 05-Jul-2019 | BUY | 535.00 | 28-Jan-2021 | BUY | 445.00 | | | |
| 02-Apr-2020 | BUY | 535.00 | 27-Apr-2021 | BUY | 494.00 | | | |

Suwat Sinsadok started covering this stock from 14-Oct-2020

Price and TP are in local currency

Source: FSSIA estimates

| Company | Ticker | Price | Rating | Valuation & Risks |
|-------------|--------|------------|--------|---|
| Siam Cement | SCC TB | THB 406.00 | BUY | Downside risks to our SOTP based TP include 1) a lower-than-expected demand for chemicals, CBM, and packaging; 2) rising coal costs for its cement and packaging units; and 3) weaker demand from the automobile industry that could erode the demand for SCC's chemical unit and its dividend contributions. |

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 08-Oct-2021 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / current price.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a 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.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). 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 (N). 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 (U). 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.