

28 OCTOBER 2021

THAILAND / MATERIALS

## SIAM CEMENT SCC TB

BUY

UNCHANGED

TARGET PRICE THB520.00  
CLOSE THB397.00  
UP/DOWNSIDE +31.0%  
TP vs CONSENSUS +3.4%

## ผลขาดทุนจากการด้อยค่าและมาตรการปิดเมืองกระทบ 3Q

ธุรกิจจิปารายงานผลประกอบการลดลง q-q จากมาตรการปิดเมืองและอุปทาน

SCC รายงานกำไรสุทธิ (NP) 3Q21 จำนวน 6.8 พัน ลบ. (-60% q-q, -30% y-y) ต่ำกว่าที่เรา คาด 33% และต่ำกว่าที่ตลาดคาด 30% จาก NP ในธุรกิจเคมีและบรรจุภัณฑ์ที่อ่อนแอและ รายการพิเศษจำนวน 2.06 พัน ลบ. จากการด้อยค่าของโรงงานปูนซีเมนต์ในพม่าและกำไรจากการปรับมูลค่าสุทธิธุรกิจเคมีรายงาน NP ลดลงเหลือ 5.2 พัน ลบ. (-50% q-q, -5% y-y) จาก Product Margin ที่อ่อนแอเนื่องจากมีกำลังการผลิตใหม่ในประเทศจีน ธุรกิจปูนซีเมนต์ และวัสดุก่อสร้าง (CBM) รายงานผลขาดทุนสุทธิ 2.4 พัน ลบ. จากปริมาณขายเซรามิกที่ลดลง (-7% y-y) และความต้องการปูนซีเมนต์ที่อ่อนแอในประเทศไทย (-12% y-y) ในขณะที่ธุรกิจบรรจุภัณฑ์รายงาน NP ลดลง q-q เหลือ 1.8 พัน ลบ. (-21% q-q, +33% y-y) จากปริมาณขายและอัตรากำไรที่ลดลง ซึ่งหักลบกับ NP ที่เพิ่มขึ้นจากการซื้อและควบรวมกิจการไปบางส่วน

ธุรกิจเคมีรายงานอัตรากำไรอ่อนแอ แต่ปริมาณขายดี

ใน 3Q21 ธุรกิจเคมีรายงาน NP ลดลง 5% y-y จาก Product Margin ที่ลดลง ปริมาณขาย (PE และ PP) เพิ่มขึ้น 505kt (+26% q-q) จากปริมาณขายในตลาดใหม่ EBITDA Margin รวมของ ธุรกิจเคมีลดลงเหลือ 10% จาก HDPE-naphtha (-21% q-q), PP-naphtha (-21% q-q), และ PVC-ethylene dichloride (-32% q-q) แต่ชดเชยได้บางส่วนจาก Butadiene-naphtha Margin ที่อยู่ในระดับสูงถึง USD687/t (+52% q-q) จากปัญหาอุปทานตัวและความต้องการที่อยู่ในระดับสูง

ต้นทุนถ่านหินที่เพิ่มขึ้นและความต้องการที่อ่อนแอกระทบกำไรธุรกิจ CBM ใน 3Q21

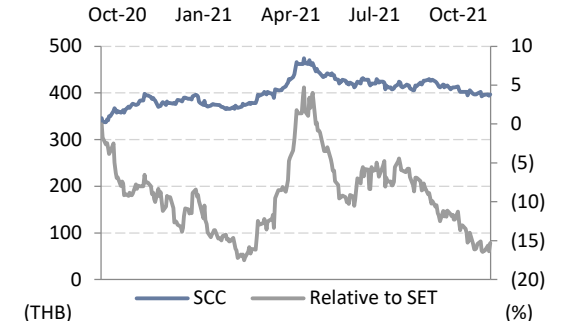
ธุรกิจปูนซีเมนต์รายงานผลขาดทุนสุทธิจำนวน 2.4 พัน ลบ. ลดลงจากที่เคยมีกำไรสุทธิ 2.5 พัน ลบ. ใน 2Q21 จากมาตรการปิดเมือง ปริมาณน้ำฝนที่ตกลงมาเป็นจำนวนมาก ต้นทุนที่สูงขึ้น และผลขาดทุนจากการด้อยค่าจำนวน 3.6 พัน ลบ. สำหรับโรงงานปูนซีเมนต์ในพม่า ใน 3Q21 ความต้องการปูนซีเมนต์ในประเทศลดลง 12% y-y จากความต้องการภาครัฐ (40% ของความต้องการรวม) ที่ลดลง 9% y-y และความต้องการนอกภาครัฐ (60%) ที่ลดลง 15% y-y ราคาปูนซีเมนต์ในประเทศทรงตัว q-q ที่ 1,700-1,750 บาท/t ปริมาณขายเซรามิกอยู่ที่ 35 ล้าน ตรม. ลดลง 15% y-y จากมาตรการปิดเมืองในตลาดอาเซียน ในขณะที่ราคาเซรามิกเพิ่ม 10% y-y จากสัดส่วนผลิตภัณฑ์ที่ดีขึ้น

ได้เวลาลงทุนก่อนที่การฟื้นตัวของกำไรในระดับสูงที่เห็นอย่างเด่นชัด

เราคงคำแนะนำซื้อที่ราคาเป้าหมาย 520 บาท (SOTP) เราคิดว่ากำไร 3Q21 ของ SCC ได้แตะจุดต่ำสุดไปแล้ว NP รายไตรมาสจะติดลบอย่างเห็นได้ชัดเริ่มใน 4Q21 โดยได้ปัจจัยหลักดันจาก 1) การหายไปของผลขาดทุนจากการด้อยค่า; 2) Chemical Margin ที่สูงขึ้นจากการส่งออกของจีนที่ลดลง; และ 3) NP ที่ดีขึ้นของธุรกิจบรรจุภัณฑ์และ CBM จากการกลับมาเปิดเศรษฐกิจ

## 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 (%)    | -       | 23.4    | 35.4    | 23.3    |
| 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   |
| EPS growth (%)      | 6.7     | 75.5    | 4.4     | (1.1)   |
| Core P/E (x)        | 14.0    | 7.9     | 7.6     | 7.7     |
| Dividend yield (%)  | 3.7     | 4.2     | 3.9     | 3.9     |
| EV/EBITDA (x)       | 11.5    | 8.7     | 8.0     | 7.7     |
| 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 (%)                   | (4.1)                               | (2.7)   | 14.7     |
| Relative to country (%)        | (4.8)                               | (8.1)   | (14.8)   |
| Mkt cap (USD m)                | 14,333                              |         |          |
| 3m avg. daily turnover (USD m) | 32.4                                |         |          |
| Free float (%)                 | 67                                  |         |          |
| Major shareholder              | H.M. King Maha Vajiralongkorn (34%) |         |          |
| 12m high/low (THB)             | 474.00/335.00                       |         |          |
| Issued shares (m)              | 1,200.00                            |         |          |

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 28 ตุลาคม 2021

## Exhibit 1: Summary of 3Q21/9M21 operations

|                      | 3Q20           | 2Q21           | ----- 3Q21 ----- |               |               | 9M20           | 9M21           | Change      | 2021E          |
|----------------------|----------------|----------------|------------------|---------------|---------------|----------------|----------------|-------------|----------------|
|                      | (THB m)        | (THB m)        | (THB m)          | (q-q%)        | (y-y%)        | (THB m)        | (THB m)        | (y-y%)      | (THB m)        |
| <b>Revenue</b>       | <b>100,938</b> | <b>133,555</b> | <b>131,825</b>   | <b>(1.3)</b>  | <b>30.6</b>   | <b>302,689</b> | <b>387,446</b> | <b>28.0</b> | <b>479,900</b> |
| Operating costs      | (84,645)       | (107,212)      | (120,974)        | 12.8          | 42.9          | (251,958)      | (332,284)      | 31.9        | (394,413)      |
| <b>EBITDA</b>        | <b>16,293</b>  | <b>26,343</b>  | <b>10,851</b>    | <b>(58.8)</b> | <b>(33.4)</b> | <b>50,731</b>  | <b>55,162</b>  | <b>8.7</b>  | <b>85,487</b>  |
| EBITDA margin (%)    | 16.1           | 19.7           | 8.2              | (58.3)        | (49.0)        | 16.8           | 14.2           | (15.1)      | 17.8           |
| Depn & amort.        | (6,889)        | (7,106)        | (7,451)          | 4.9           | 8.2           | (20,488)       | (21,418)       | 4.5         | (26,833)       |
| <b>EBIT</b>          | <b>10,268</b>  | <b>16,452</b>  | <b>3,990</b>     | <b>(75.7)</b> | <b>(61.1)</b> | <b>25,587</b>  | <b>35,471</b>  | <b>38.6</b> | <b>58,653</b>  |
| Interest expense     | (2,024)        | (1,694)        | (1,681)          | (0.8)         | (16.9)        | (5,784)        | (5,067)        | (12.4)      | (4,202)        |
| Interest & invt inc  | 1,589          | 2,861          | 3,229            | 12.9          | 103.2         | 5,695          | 7,652          | 34.4        | 9,754          |
| Associates' contrib  | 3,041          | 5,708          | 3,890            | (31.9)        | 27.9          | 5,991          | 15,295         | 155.3       | 15,966         |
| Exceptionals         | -              | -              | -                | nm            | nm            | -              | -              | nm          | -              |
| <b>Pretax profit</b> | <b>12,873</b>  | <b>23,326</b>  | <b>9,427</b>     | <b>(59.6)</b> | <b>(26.8)</b> | <b>31,490</b>  | <b>53,352</b>  | <b>69.4</b> | <b>80,170</b>  |
| Tax                  | (1,802)        | (2,928)        | (1,893)          | (35.4)        | 5.1           | (3,751)        | (7,142)        | 90.4        | (9,631)        |
| Tax rate (%)         | 14.0           | 12.6           | 20.1             | 59.9          | 43.5          | 11.9           | 13.4           | 12.4        | 12.0           |
| Minority interests   | (1,330)        | (3,261)        | (717)            | (78.0)        | (46.1)        | (1,643)        | (7,341)        | 346.9       | (10,614)       |
| <b>Net profit</b>    | <b>9,741</b>   | <b>17,137</b>  | <b>6,817</b>     | <b>(60.2)</b> | <b>(30.0)</b> | <b>26,096</b>  | <b>38,868</b>  | <b>48.9</b> | <b>59,925</b>  |
| Non - recurring      | -              | -              | (2,249)          | nm            | nm            | -              | (2,249)        | nm          | -              |
| <b>Core profit</b>   | <b>9,741</b>   | <b>17,137</b>  | <b>9,066</b>     | <b>(47.1)</b> | <b>(6.9)</b>  | <b>26,096</b>  | <b>41,117</b>  | <b>57.6</b> | <b>59,925</b>  |
| EPS (THB)            | 8.12           | 14.28          | 5.68             | (60.2)        | (30.0)        | 21.75          | 32.39          | 48.9        | 49.94          |
| Core EPS (THB)       | 8.12           | 14.28          | 7.56             | (47.1)        | (6.9)         | 21.75          | 34.26          | 57.6        | 49.94          |

Sources: SCC; Bloomberg consensus; FSSIA estimates

## Exhibit 2: 3Q21/9M21 key performance breakdown by sector

|                             | 3Q20          | 2Q21          | 3Q21          | ----- Change ----- |               | 9M20          | 9M21          | Change       |
|-----------------------------|---------------|---------------|---------------|--------------------|---------------|---------------|---------------|--------------|
|                             | (THB m)       | (THB m)       | (THB m)       | (q-q %)            | (y-y %)       | (THB m)       | (THB m)       | (y-y %)      |
| <b>EBITDA breakdown</b>     |               |               |               |                    |               |               |               |              |
| <b>SCC consolidated</b>     | <b>19,334</b> | <b>32,051</b> | <b>14,741</b> | <b>(54.0)</b>      | <b>(23.8)</b> | <b>56,722</b> | <b>70,457</b> | <b>24.2</b>  |
| Cement & building material  | 5,157         | 6,548         | 1,035         | (84.2)             | (79.9)        | 17,894        | 14,162        | (20.9)       |
| Chemicals                   | 8,782         | 15,591        | 6,271         | (59.8)             | (28.6)        | 21,515        | 32,811        | 52.5         |
| Packaging                   | 4,124         | 5,564         | 4,918         | (11.6)             | 19.3          | 13,118        | 15,755        | 20.1         |
| Others                      | 1,355         | 4,450         | 2,621         | (41.1)             | 93.4          | 4,426         | 8,030         | 81.4         |
| <b>Net profit breakdown</b> |               |               |               |                    |               |               |               |              |
| <b>SCC consolidated</b>     | <b>9,741</b>  | <b>17,136</b> | <b>6,817</b>  | <b>(60.2)</b>      | <b>(30.0)</b> | <b>26,096</b> | <b>38,867</b> | <b>48.9</b>  |
| Cement & building material  | 1,894         | 2,468         | (2,400)       | (197.2)            | (226.7)       | 6,616         | 2,877         | (56.5)       |
| Chemicals                   | 5,488         | 10,392        | 5,210         | (49.9)             | (5.1)         | 11,830        | 24,431        | 106.5        |
| Packaging                   | 1,335         | 2,263         | 1,781         | (21.3)             | 33.4          | 4,971         | 6,179         | 24.3         |
| Others                      | 1,029         | 2,682         | 2,738         | 2.1                | 166.1         | 2,712         | 7,156         | 163.9        |
| <b>EBITDA margin</b>        | <b>(%)</b>    | <b>(%)</b>    | <b>(%)</b>    | <b>(ppt)</b>       | <b>(ppt)</b>  | <b>(%)</b>    | <b>(%)</b>    | <b>(ppt)</b> |
| <b>SCC consolidated</b>     | <b>19</b>     | <b>20</b>     | <b>11</b>     | <b>(9.0)</b>       | <b>(8.0)</b>  | <b>17</b>     | <b>17</b>     | <b>-</b>     |
| Cement & building material  | 12            | 13            | 2             | (11.0)             | (10.0)        | 13            | 10            | (3.0)        |
| Chemicals                   | 23            | 20            | 10            | (10.0)             | (13.0)        | 17            | 17            | -            |
| Packaging                   | 18            | 19            | 15            | (4.0)              | (3.0)         | 18            | 18            | -            |

Sources: SCC; FSSIA's compilation

## 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)      |
| <b>Gross profit</b>                               | <b>106,159</b> | <b>117,369</b> | <b>147,834</b> | <b>159,586</b> | <b>170,670</b> |
| Other operating income                            | -              | -              | -              | -              | -              |
| Operating costs                                   | (56,902)       | (56,535)       | (62,348)       | (65,903)       | (71,419)       |
| <b>Operating EBITDA</b>                           | <b>49,258</b>  | <b>60,835</b>  | <b>85,487</b>  | <b>93,684</b>  | <b>99,250</b>  |
| Depreciation                                      | (23,932)       | (27,377)       | (26,833)       | (29,963)       | (33,093)       |
| Goodwill amortisation                             | 0              | 0              | 0              | 0              | 0              |
| <b>Operating EBIT</b>                             | <b>25,326</b>  | <b>33,457</b>  | <b>58,653</b>  | <b>63,720</b>  | <b>66,158</b>  |
| 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              |
| <b>Profit before tax</b>                          | <b>39,363</b>  | <b>43,109</b>  | <b>80,170</b>  | <b>84,262</b>  | <b>84,805</b>  |
| Tax   | (6,167)        | (5,809)        | (9,631)        | (10,402)       | (10,323)       |
| <b>Profit after tax</b>                           | <b>33,197</b>  | <b>37,300</b>  | <b>70,539</b>  | <b>73,860</b>  | <b>74,482</b>  |
| Minority interests                                | (1,182)        | (3,156)        | (10,614)       | (11,322)       | (12,628)       |
| Preferred dividends                               | 0              | 0              | 0              | 0              | 0              |
| Other items                                       | -              | -              | -              | -              | -              |
| <b>Reported net profit</b>                        | <b>32,014</b>  | <b>34,144</b>  | <b>59,925</b>  | <b>62,539</b>  | <b>61,854</b>  |
| <b>Non-recurring items &amp; goodwill (net)</b>   | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>Recurring net profit</b>                       | <b>32,014</b>  | <b>34,144</b>  | <b>59,925</b>  | <b>62,539</b>  | <b>61,854</b>  |
| <b>Per share (THB)</b>                            |                |                |                |                |                |
| 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          |
| <b>Growth</b>                                     |                |                |                |                |                |
| 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)          |
| <b>Operating performance</b>                      |                |                |                |                |                |
| 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)           |
| <b>Cash flow from operations</b>  | <b>80,763</b>   | <b>89,571</b>   | <b>84,509</b>   | <b>106,984</b>  | <b>110,098</b>  |
| 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               |
| <b>Cash flow from investing</b>   | <b>(72,902)</b> | <b>(74,117)</b> | <b>(78,078)</b> | <b>(77,183)</b> | <b>(78,879)</b> |
| 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)         |
| <b>Cash flow from financing</b>   | <b>(14,020)</b> | <b>43,305</b>   | <b>(19,138)</b> | <b>12,175</b>   | <b>14,109</b>   |
| Non-recurring cash flows          | -               | -               | -               | -               | -               |
| Other adjustments                 | 0               | 0               | 0               | 0               | 0               |
| <b>Net other adjustments</b>      | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>0</b>        |
| <b>Movement in cash</b>           | <b>(6,159)</b>  | <b>58,759</b>   | <b>(12,706)</b> | <b>41,976</b>   | <b>45,328</b>   |
| 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             | 2019           | 2020           | 2021E          | 2022E          | 2023E          |
|---|----------------|----------------|----------------|----------------|----------------|
| 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)      |
| <b>Tangible fixed assets (net)</b>                | <b>305,986</b> | <b>363,425</b> | <b>421,408</b> | <b>476,261</b> | <b>527,984</b> |
| <b>Intangible fixed assets (net)</b>              | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| 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          |
| <b>Current assets</b>                             | <b>164,386</b> | <b>214,017</b> | <b>202,559</b> | <b>247,301</b> | <b>298,011</b> |
| Other assets                                      | 69,676         | 57,049         | 57,049         | 57,049         | 57,049         |
| <b>Total assets</b>                               | <b>634,733</b> | <b>749,381</b> | <b>795,905</b> | <b>895,501</b> | <b>997,934</b> |
| Common equity                                     | 280,215        | 320,972        | 361,697        | 405,636        | 448,890        |
| Minorities etc.                                   | 47,528         | 75,154         | 85,768         | 97,090         | 109,718        |
| <b>Total shareholders' equity</b>                 | <b>327,743</b> | <b>396,126</b> | <b>447,466</b> | <b>502,726</b> | <b>558,608</b> |
| 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         |
| <b>Long-term liabilities</b>                      | <b>175,485</b> | <b>191,834</b> | <b>211,834</b> | <b>241,834</b> | <b>271,834</b> |
| 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          |
| <b>Current liabilities</b>                        | <b>131,505</b> | <b>161,420</b> | <b>136,605</b> | <b>150,940</b> | <b>167,492</b> |
| <b>Total liabilities and shareholders' equity</b> | <b>634,733</b> | <b>749,381</b> | <b>795,905</b> | <b>895,501</b> | <b>997,934</b> |
| 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                                 | 2019        | 2020        | 2021E       | 2022E       | 2023E       |
|---|-------------|-------------|-------------|-------------|-------------|
| <b>Recurring P/E (x) *</b>                | <b>14.9</b> | <b>14.0</b> | <b>7.9</b>  | <b>7.6</b>  | <b>7.7</b>  |
| <b>Recurring P/E @ target price (x) *</b> | <b>19.5</b> | <b>18.3</b> | <b>10.4</b> | <b>10.0</b> | <b>10.1</b> |
| Reported P/E (x)                          | 14.9        | 14.0        | 7.9         | 7.6         | 7.7         |
| Dividend yield (%)                        | 3.7         | 3.7         | 4.2         | 3.9         | 3.9         |
| 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) **                          | 14.3        | 11.5        | 8.7         | 8.0         | 7.7         |
| EV/EBITDA @ target price (x) **           | 17.3        | 13.9        | 10.4        | 9.6         | 9.2         |
| EV/invested capital (x)                   | 1.3         | 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    | ICHI  | 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   | PCSGH | PDJ    | PG     | PHOL   | PLANB  | PLANET |
| 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          | SEOIL  | 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   | TSC    | TSR    | TSTE   | TSTH   | TTA    |
| 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    | WIIK   | 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    | AMANA  | 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    | SEAOL  | 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

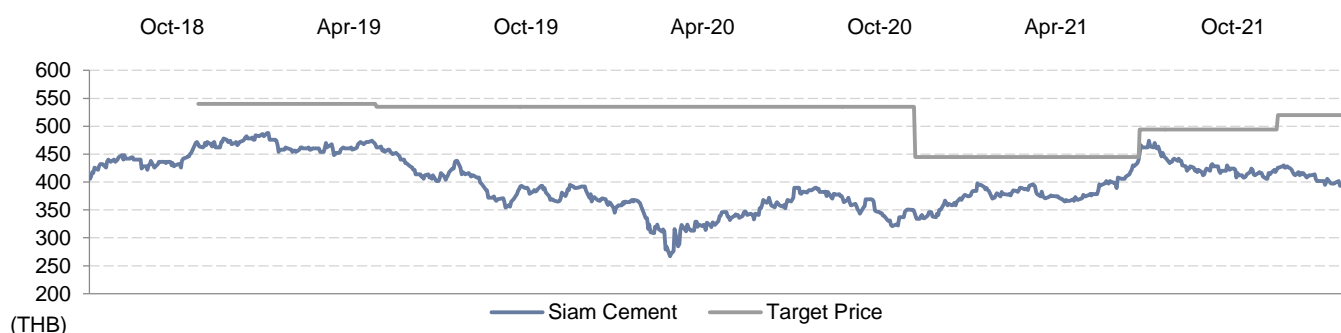
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#### History of change in investment rating and/or target price

##### 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 397.00 | 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 27-Oct-2021 unless otherwise stated.



## RECOMMENDATION STRUCTURE

### Stock ratings

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

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.