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BUY

UNCHANGED

## 2 ปัจจัยหนุนการเติบโตจาก iCNG และโรงไฟฟ้าพลังแสงอาทิตย์

- เราคาดว่ากำไรสุทธิของ SCN จะโตจากจุดต่ำสุดที่ 69 ลบ. ใน 2021 เป็น 124 ลบ. ใน ปี 2022 และ 232 ลบ. ในปี 2023
- ปัจจัยหนุนสำคัญ: 1) การขยายกำลังการผลิตของ 2 โรงไฟฟ้าพลังแสงอาทิตย์; และ 2) กำไรที่เพิ่มขึ้นจากธุรกิจก๊าซอุตสาหกรรม
- แนะนำซื้อที่ราคาเป้าหมาย 3.1 บาท (SOTP)

TARGET PRICE	THB3.10
CLOSE	THB2.66
UP/DOWNSIDE	+16.5%
PRIOR TP	THB3.10
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	n/a

## KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	1,686	1,887	1,912	2,140
Net profit	69	118	225	235
EPS (THB)	0.06	0.10	0.19	0.20
vs Consensus (%)	-	(9.1)	(9.5)	(13.0)
EBITDA	216	275	274	262
Core net profit	69	118	225	235
Core EPS (THB)	0.06	0.10	0.19	0.20
Chg. In EPS est. (%)	-	(13.6)	(12.0)	(15.3)
EPS growth (%)	63.5	70.0	91.5	4.2
Core P/E (x)	46.2	27.2	14.2	13.6
Dividend yield (%)	0.8	1.9	1.5	1.5
EV/EBITDA (x)	26.0	24.1	23.8	24.6
Price/book (x)	1.2	1.1	1.1	1.0
Net debt/Equity (%)	90.5	123.3	112.9	104.2
ROE (%)	2.6	4.3	7.9	7.7

## จากจุดต่ำสุดในปี 2021 สู่กำไรสุทธิ 249 ลบ. ในปี 2024

เริ่มตั้งแต่ปี 2022 เราคาดว่ากำไรสุทธิของ SCN จะโตจากจุดต่ำสุดที่ 69 ลบ. ในปี 2021 เป็น 124 ลบ. ในปี 2022 และ 232 ลบ. ในปี 2023 ปัจจัยหนุนสำคัญที่เรามองเห็นประกอบด้วย 1) การขยายกำลังการผลิตของ 2 โรงไฟฟ้าพลังแสงอาทิตย์ของ Minbu ในพม่าและ SAP ในไทย; และ 2) กำไรที่เพิ่มขึ้นจากธุรกิจก๊าซอุตสาหกรรม ในปี 2021 SCN ย้ายสินทรัพย์สู่ iCNG และ iLNG ทั้งสองธุรกิจขายก๊าซธรรมชาติให้แก่ผู้ซื้ออุตสาหกรรมผ่านท่อและรถบรรทุกใน 2 รูปแบบ - iCNG สำหรับก๊าซธรรมชาติอัดและ iLNG สำหรับ LNG นำเข้า

## SCN กำลังเปลี่ยนรูปแบบการทำธุรกิจ

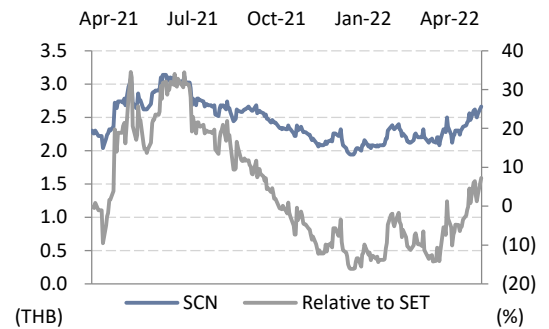
ากการเปลี่ยนแปลงในพฤติกรรมของผู้บริโภคและความสามารถในการแข่งขันที่ลดลงของ NGV เมื่อเทียบกับเชื้อเพลิงประเภทอื่น SCN ในฐานะที่เป็นผู้ประกอบกิจการสถานีบริการ NGV เอกชนที่ใหญ่ที่สุดในประเทศไทยต้องประสบปัญหากำไรสุทธิที่ลดลงจากธุรกิจ NGV โดย SCN ได้รับความเสียหายลดลงเหลือเพียง 92 ลบ. ก่อนค่าใช้จ่ายการขายและการบริหารของสำนักงานใหญ่ กำไรดังกล่าวลดลงจากที่กว่า 0.4 พัน ลบ. ในปี 2016 อย่างไรก็ตาม SCN ได้พยายามปรับเปลี่ยนรูปแบบการทำธุรกิจจากบริษัทที่ขับเคลื่อนด้วยธุรกิจ NGV มาเป็นบริษัทที่ขับเคลื่อนด้วยธุรกิจพลังงาน โดยได้เพิ่มโรงไฟฟ้าพลังแสงอาทิตย์และโครงการ Rooftop จำนวนหนึ่งไว้ในพอร์ตมาตั้งแต่ปี 2018

## หุ้นส่วนใหม่จะช่วยหนุนการเติบโตของธุรกิจก๊าซอุตสาหกรรม

เนื่องจากกิจการ iCNG และ iLNG มีโครงสร้างต้นทุนคงที่สูง เราคาดว่าปริมาณขายที่สูงขึ้นน่าจะช่วยเพิ่มกำไรสุทธิจาก Thai-Japan Gas Network Company (TJN) ซึ่ง SCN ถือหุ้น 51% และ Shizuoka Gas ถือหุ้น 49% ได้อย่างมีนัยสำคัญ ด้วยฐานลูกค้าที่ใหญ่ขึ้นจากบริษัทญี่ปุ่นในประเทศไทยผ่านเครือข่ายของ Shizuoka Gas SCN ตั้งเป้าเพิ่มปริมาณขายก๊าซธรรมชาติให้ลูกค้าอุตสาหกรรมจาก 4,000mmbtu ต่อวันในปัจจุบันเป็น 10,000mmbtu ต่อวันภายในปี 2025

## การเติบโตที่สูงขึ้นในธุรกิจพลังงานจะช่วยชดเชยกำไรที่ลดลงจากธุรกิจก๊าซ

เราแนะนำซื้อที่ราคาเป้าหมาย 3.1 บาท (SOTP) เนื่องจากเราประเมินมูลค่าธุรกิจก๊าซและโรงไฟฟ้าของ SCN ด้วยวิธี DCF ในขณะที่การปรับลดประมาณการกำไรต่อหุ้นในปี 2022-24 แต่ส่งผลกระทบต่อมูลค่าของธุรกิจก่อสร้าง ซึ่งคิดจาก 12x ของค่า 2022E P/E ค่า P/E เป้าหมายดังกล่าวมีส่วนลดเมื่อเทียบกับค่าเฉลี่ยของคู่แข่งในประเทศที่ 20x เราปรับลดประมาณการกำไรต่อหุ้นปี 2022-24 ลง 5.8-74.2% เพื่อรวม 1) สมมติฐานปริมาณขายที่ลดลงของสถานีบริการ NGV; 2) รายได้ที่ลดลงจากธุรกิจออกแบบจัดหารวมติดตั้ง (EPC) จากแนวโน้มการเติบโตที่จำกัดของธุรกิจ NGV ในประเทศไทย; และ 3) ส่วนแบ่งกำไรสุทธิที่สูงขึ้นจากโรงไฟฟ้าพลังแสงอาทิตย์



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	12.7	26.7	13.7
Relative to country (%)	10.6	24.7	5.4
Mkt cap (USD m)	95		
3m avg. daily turnover (USD m)	0.7		
Free float (%)	37		
Major shareholder	Mr. Thanchart Kitpipit (60%)		
12m high/low (THB)	3.30/1.91		
Issued shares (m)	1,200.00		

\*Currently only covered by FSSIA

Sources: Bloomberg consensus; FSSIA estimates



Suwat Sinsadok, CFA, FRM, ERP

suwat.sin@fssia.com

+66 2611 3558

Siriluck Pinthusoonthorn

siriluck.pin@fssia.com

+66 2611 3562

PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 5 เมษายน 2022

## Investment thesis

SCN has been in a difficult spot since 2017 due to the structural decline in the natural gas for vehicle (NGV), or compressed natural gas (CNG), demand in Thailand.

We project an earnings recovery from 2022 onward, with net profit growth at a 76% CAGR from 2020-23, driven mainly by rising net profits from its 40%-owned Minbu solar farm capacity expansion.

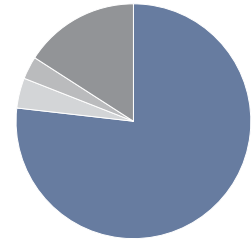
## Company profile

SCN is a leading integrated provider of NGV gas services, including mother stations, transportation, NGV stations, construction and maintenance.

[www.scan-inter.com](http://www.scan-inter.com)

## Principal activities (revenue, 2021)

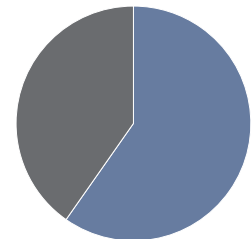
- Gas related business - 76.8 %
- Car dealer and spare parts - 4.2 %
- Renewable energy - 3.1 %
- Others - 15.9 %



Source: Scan Inter

## Major shareholders

- Mr. Thanchart Kitpipit - 59.7 %
- Others - 40.3 %



Source: Scan Inter

## Catalysts

Rising oil prices, a higher demand for NGV, and M&A are key potential earnings growth drivers for SCN.

## Risks to our call

The downside risks to our SOTP-based TP include 1) a sharp decline in oil prices; and 2) weaker demand for NGV and delays in new NGV projects.

## Event calendar

Date	Event
May 2022	1Q22 results announcement

## Key assumptions

	2022E	2023E	2024E
EPC revenue (THB m)	300	200	100
Utilisation rate -NGV station (pts)	55	55	56
Capacity - NGV stations (tonnes per year)	125,050	125,050	125,050
Solar farms net profit (THB m)	171	364	378
iCNG (mmbtu)	94,645	111,990	152,802

Source: FSSIA estimates

## Earnings sensitivity

- For every 1% increase in NGV margin, we project 2022 earnings would rise by 1.2%, and vice versa, all else being equal.
- For every 1% increase in Dubai oil price, we estimate 2022 earnings would decline by 1.3%, and vice versa, all else being equal.
- For every 1% increase in NGV station utilisation rate, we estimate 2022 earnings would decline by 1.1%, and vice versa, all else being equal.

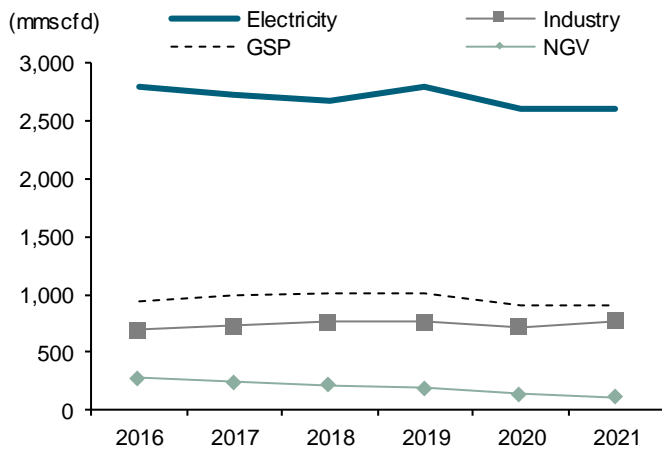
Source: FSSIA estimates



## Twin growth drivers from iCNG and solar

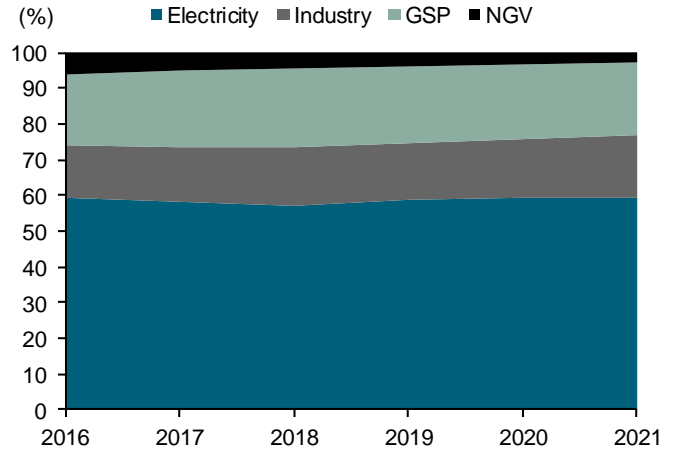
In the past three years, SCN has continued to witness a structural decline in the NGV demand for its core gas business, thanks to the change in consumer preference for gasoline and diesel over NGV, stemming from economic motivation and convenience.

**Exhibit 1: Annual gas demand breakdown by sector**



Source: Energy Policy and Planning Office (EPPO)

**Exhibit 2: Annual gas demand breakdown by sector (%)**



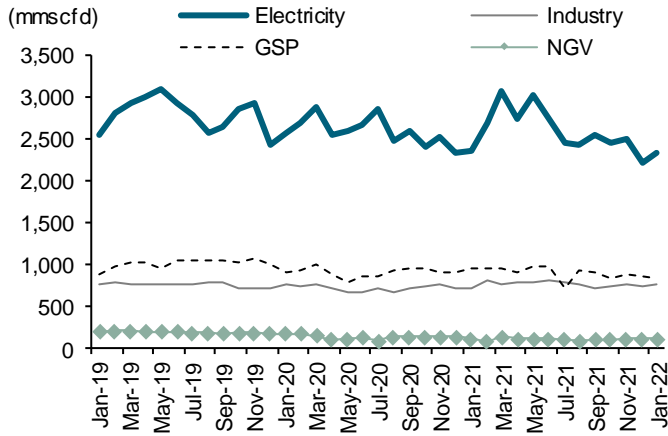
Source: EPPO

**Background for NGV market in Thailand:** The Thai government has promoted the usage of NGV (compressed natural gas (CNG) as known outside of Thailand) since 2010 to replace LPG, which is a more valuable product that can be used as a fuel for transportation or as a petrochemical feedstock to produce much higher value-added chemical products.

In addition, the government has aimed to reduce the import of crude oils and encourage the use of NGV for the transportation sector in order to help alleviate the country's overreliance on the import of crude oils. According to the Energy Planning and Policy Office (EPPO), the demand for NGV in Thailand has declined from 278m cubic feet per day (mmscfd) or 5.9% of total gas demand in 2016 down to only 112mmscfd in 2021 (2.8% of total gas demand).

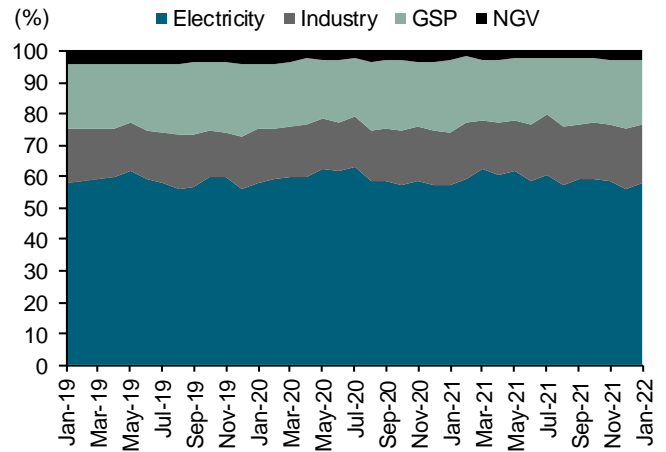
Despite the recent spikes in oil and LPG prices, the two major alternative fuels competing with NGV for consumers, the demand for NGV remained weak at 114mmscfd in Jan-22, according to the EPPO. This reflects that the industry demand downturn is structural for NGV and is unlikely to reverse regardless of the prices of oil and LPG.

**Exhibit 3: Monthly gas demand breakdown by sector**



Source: EPPO

**Exhibit 4: Monthly gas demand breakdown by sector (%)**



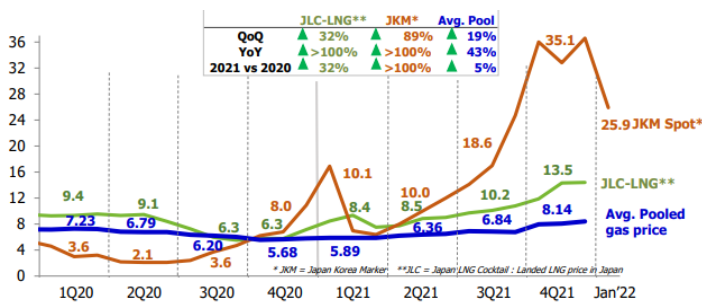
Source: EPPO

**NGV business for SCN: The point of no return.** As a result of the changes in consumer behaviours and industry demand preference for other fuels, SCN, as Thailand's largest private operator of NGV stations, has seen declining net profits from the NGV value chain. This includes the upstream Private Mother Stations (PMS) for the NGV supply to PTT (PTT TB, BUY)'s NGV stations, mid-stream third-party logistics to deliver NGV from the gas pipeline and PMS to the NGV stations located far from the gas pipeline, and downstream Private Brand Stations or simply NGV retail stations.

PTT, as Thailand's largest NGV provider with a market share of over 85% as of 2021, has similarly witnessed chronic operating losses from its NGV unit as a result of its high cost structure, the government's price cap policy, and the industry demand downturn. However, as of 2021, the NGV EBITDA loss for PTT amounted to THB2.4b vs THB1.8b in 2020 despite the lower demand for NGV due to the higher gas cost.

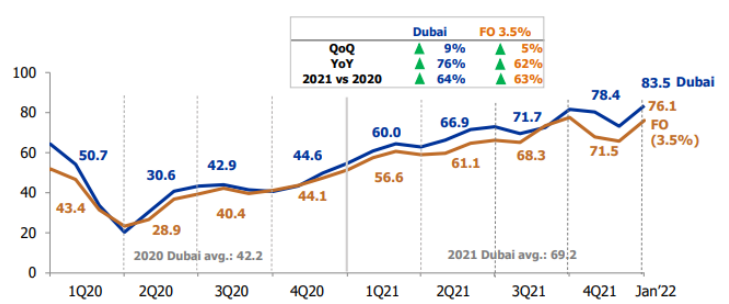
In 2021, the prices of crude oil and fuel oil, whose prices are linked to the pool gas price of Thailand and makes up SCN's eventual cost of gas for its NGV, had risen markedly due to the higher global crude oil price and the higher import volume of high-cost spot LNG to compensate for the gas supply shortfall from the Erawan gas field.

**Exhibit 5: Average natural gas price**



Source: PTT

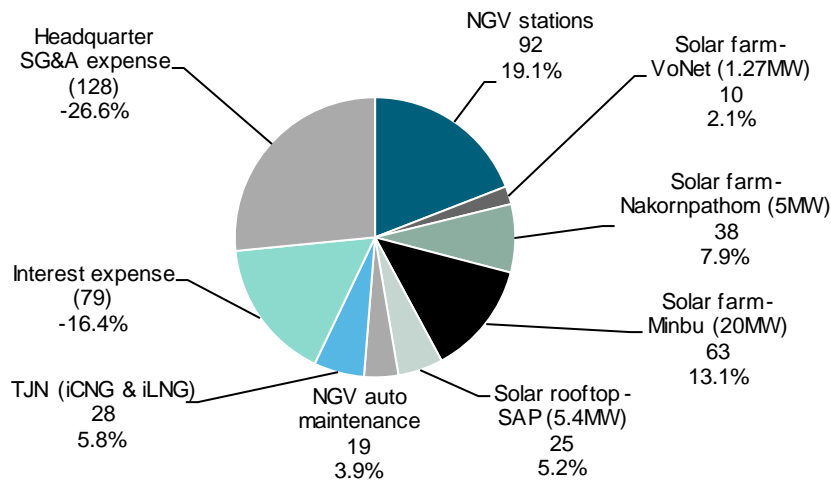
**Exhibit 6: Average petroleum price**



Source: PTT

As a result, SCN earned a lower net profit of only THB92m before headquarter SG&A expense allocation, down from over THB0.4b in 2016. However, SCN has already strived for changes in its business model from an NGV-driven to a power-driven company, adding a number of solar farms and rooftop projects to its portfolio since 2018.

**SCN's business model change is underway.** Currently, only around one-third of SCN's net profit in 2021 is generated from its gas-related businesses, including NGV stations (19.1%), NGV auto maintenance (3.9%), and the industrial gas business of iCNG and iLNG via its JV TJN with its Japanese partner Shizuoka Gas, the fourth largest gas operator in Japan.

**Exhibit 7: Net profit breakdown by project (2021) at THB69m**

Sources: SCN; FSSIA estimates

Earnings from the power business now accounts for two-thirds of SCN's net profit in 2021 and we project it to grow significantly in 2022-24, backed by the planned capacity expansions. Currently, SCN owns and operates four solar power projects, including:

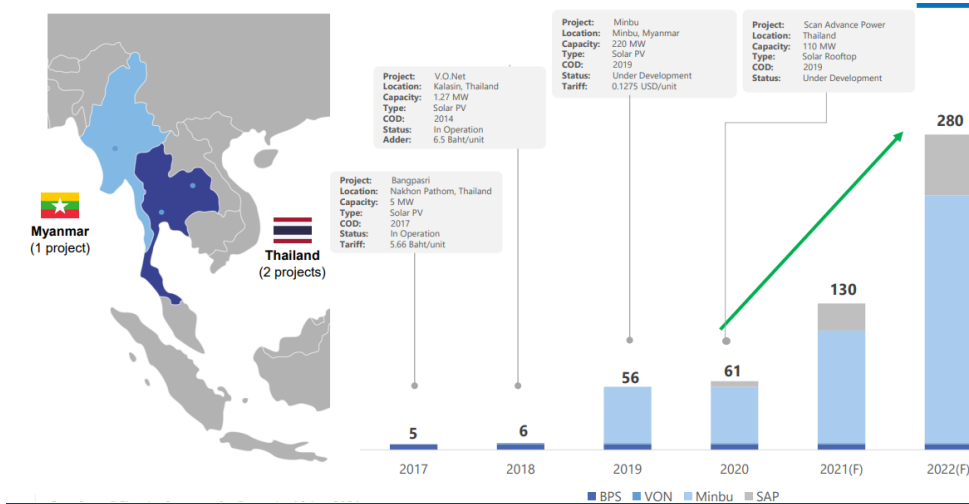
- Solar farm (Minbu) in Myanmar with a total capacity of 50MW (SCN owns a 40% stake). It plans to expand the capacity by 50MW in 2022 and by 120MW in 2023 to reach 220MW by 2023.
- Solar rooftop project (SAP) in Thailand with a total capacity of 10MW (53.5%), with a plan to expand the capacity by 7.5MW in 2022.
- Solar farm Nakornpathom (BPS) with a total capacity of 5MW (100%).
- Solar farm (VON) with a capacity of 1.25MW (100%).

**Exhibit 8: SCN's solar projects**

	Total capacity	Equity capacity	% owned by SCN	Capacity expansion		Estimated net profit in 2021
				2022E	2023E	
	(MW)	(MW)	(%)	(MW)	(MW)	(THB m)
Solar farm - VoNet (1.27MW)	1.3	1.3	100	0.0	0.0	10
Solar farm - Nakornpathom (5MW)	5.0	5.0	100	0.0	0.0	38
Solar farm - Minbu	50.0	20.0	40	50.0	120.0	63
Solar rooftop -SAP	10.0	5.4	54	7.5	0.0	25
<b>Total</b>	<b>66.3</b>	<b>31.6</b>		<b>57.5</b>	<b>120.0</b>	<b>136.0</b>

Sources: SCN; FSSIA estimates

### Exhibit 9: SCN's renewable growth plan



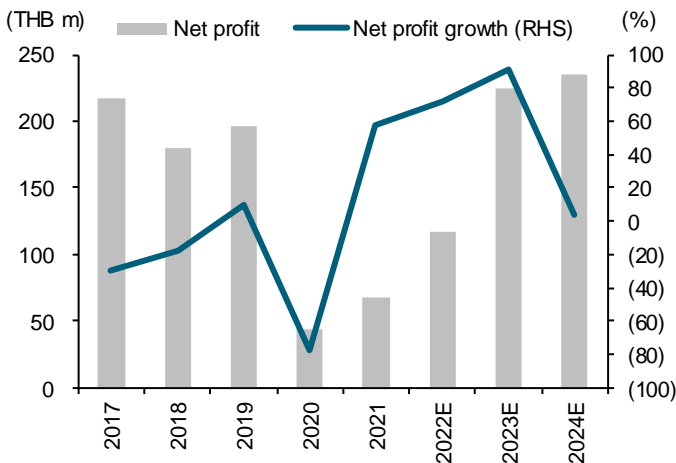
Source: SCN

### Net profit growth post Covid-19

Starting in 2022, we project SCN's net profit to grow from its bottom of THB69m in 2021 to THB124m in 2022 and THB232m in 2023. The key drivers we can see are:

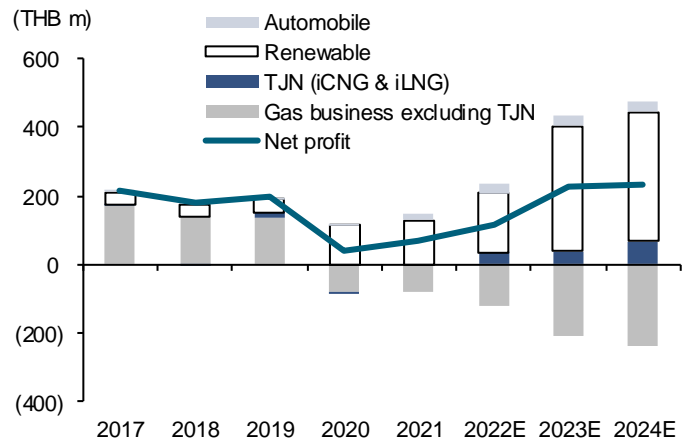
- 1) Capacity expansions of the two solar farm projects of Minbu in Myanmar and SAP in Thailand;
- 2) Improving earnings from its industrial gas business. In 2021, SCN transferred assets to iCNG and iLNG. Both units market natural gas to industrial clients via pipeline and trucks in two forms – iCNG for compressed natural gas and iLNG for imported LNG.

### Exhibit 10: Net profit and net profit growth



Sources: SCH; FSSIA estimates

### Exhibit 11: Net profit breakdown by business

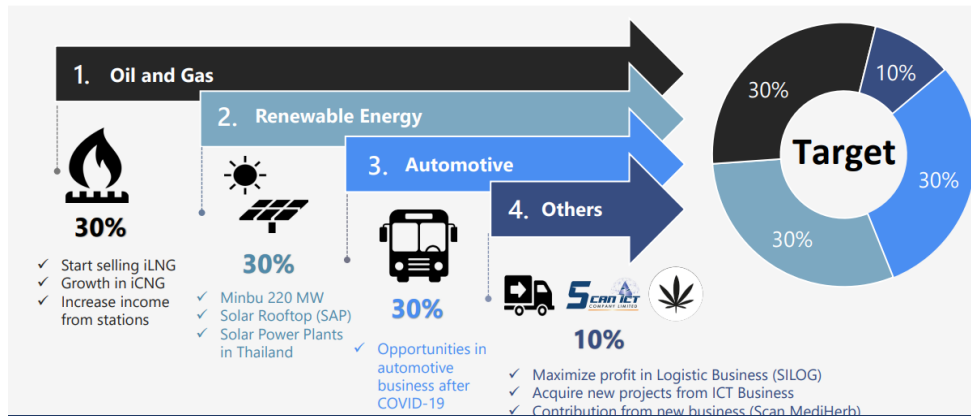


Sources: SCN; FSSIA Estimates

According to management, SCN is now cooperating with Shizuoka Gas to strengthen its industrial gas business. Since its inception in 2016, SCN has struggled to grow its industrial gas business despite the proven track record of its gas compression technology which allows SCN to accommodate gas transportation to clients located far from the gas pipeline.

With the wider customer base, mainly from Japanese companies in Thailand via Shizuoka Gas' network, SCN aims to increase its sales volume of natural gas to industrial clients from the current 4,000mmbtu per day to 10,000mmbtu per day by 2025.

Exhibit 12: Net profit targets by 2025 – breakdown by business segment



Source: SCN



As the iCNG and iLNG ventures have high fixed-cost structures, we estimate that higher sales volumes should significantly boost the net profit from TJN, owned 51% by SCN and 49% by Shizuoka Gas. TJN should be able to grow its sales volume as a marketer of natural gas both as a more economic fuel than LPG and coal-based energy but also as a cleaner fuel for clients who are increasingly focused on environmental, social, and corporate governance (ESG) to effectively reduce greenhouse gas and carbon emissions.

**Who is Shizuoka Gas?** Established in April 1910, Shizuoka Gas is Japan's fourth largest gas operator and distributor with capital of ¥6,279m as of December 2021. Its line of businesses include: 1) production, supply and the sale of city gas; 2) the sale of gas appliances; and 3) contracts for gas-related construction work.

According to [Shizuoka Gas' website](#), Shizuoka Gas' sales volume was 1,522m m3 in FY19 (Apr-19 to Mar-20), comprising 791m m3 for the industrial sector, 580m m3 for wholesale, 83m m3 for residential, and 68m m3 for the commercial sector. Shizuoka Gas owns a total gas piping network of 4,469km in length as of December 2021. It had a total of 320,390 clients at the end of 2021.

## EPS and target price revisions

We lower our EPS forecasts for 2022-24 by 5.8-74.2% to incorporate 1) our lower sales volume projections for NGV stations; 2) lower revenue from the engineering, procurement, and construction (EPC) business as EPC for NGV stations is now on a sharp decline toward the end of the business cycle, in our view; and 3) higher net profit contributions from the solar farm business.

We maintain BUY and our SOTP-based target price of THB3.1 as our values for SCN's gas and solar farm businesses are based on DCF valuations, while the cuts in our EPS forecasts for 2022-24 impact only the value of the construction business, which is based on 12x 2022E P/E, a discount to its local peers' average of 20x.

### Exhibit 13: Changes in key assumptions and EPS forecasts

	Current			Previous			Change (%)		
	2022E (THB m)	2023E (THB m)	2024E (THB m)	2022E (THB m)	2023E (THB m)	2024E (THB m)	2022E (THB m)	2023E (THB m)	2024E (THB m)
Revenue	1,887	1,912	2,140	3,754	1,660	1,735	(49.7)	15.1	23.4
Gross profit	464	466	476	751	426	454	(38.2)	9.3	5.0
Operating profit	62	(11)	(31)	179	32	(13)	(65.3)	(135.1)	134.8
Net profit	118	225	235	450	252	249	(73.9)	(10.6)	(5.8)
EPS (THB/share)	0.10	0.19	0.20	0.38	0.21	0.21	(74.2)	(10.7)	(5.8)
<b>Key assumptions</b>									
EPC revenue (THB m)	300	200	100	350	300	150	(14.3)	(33.3)	(33.3)
Utilisation rate -NGV station (pts)	55	55	56	65	65	65	(10.0)	(10.0)	(9.0)
Capacity- NGV stations (tonnes per year)	125,050	125,050	125,050	301,200	301,200	297,550	(58.5)	(58.5)	(58.0)
Solar farms net profit (THB m)	171	364	378	80	85	100	114.0	328.3	278.1
iCNG (mmbtu)	94,645	111,990	152,802	54,214	55,236	56,785	74.6	102.7	169.1

Sources: SCN; FSSIA estimates

### Exhibit 14: SOTP target price

Cost of equity assumptions	(%)		Cost of debt assumptions	(%)
Risk free rate	2.3		Pretax cost of debt	5.2
Market risk premium	8.5		Marginal tax rate	20.0
Stock beta	1.20			
Cost of equity, Ke	12.5		Net cost of debt, Kd	4.2
Weight applied	25.0		Weight applied	75.0
WACC (%)	6.2			
Sum-of-part valuation estimate	(THB m)	(THB/share)	Comments	
Private Mother Station (PMS)	975	0.8	DCF WACC 6.2%, Zero terminal growth	
Third Party Logistics (TPL)	451	0.4	DCF WACC 6.2%, Zero terminal growth	
Private Brand Station - operating (7)	1,646	1.4	DCF WACC 6.2%, Zero terminal growth	
Construction	240	0.2	At 12x 2022E P/E	
MA	234	0.2	DCF WACC 6.2%, Zero terminal growth	
iCNG phase #1	446	0.4	DCF WACC 6.2%, Zero terminal growth	
Bangphasi Solar Farm (COD Dec ,2016)	660	0.6	DCF WACC 6.2%, Zero terminal growth	
Minbu	1,933	1.6	DCF WACC 6.2%, Zero terminal growth	
SAP - rooftop	560	0.5	DCF WACC 6.2%, Zero terminal growth	
Net debt	(3,434)	(2.9)	At end-2022E	
<b>Residual ordinary equity</b>	<b>3,711</b>	<b>3.1</b>		

Sources: SCN; FSSIA estimates



## Financial Statements

Scan Inter

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	1,496	1,686	1,887	1,912	2,140
Cost of goods sold	(1,159)	(1,293)	(1,423)	(1,446)	(1,664)
<b>Gross profit</b>	<b>337</b>	<b>393</b>	<b>464</b>	<b>466</b>	<b>476</b>
Other operating income	-	-	-	-	-
Operating costs	(173)	(177)	(189)	(191)	(214)
<b>Operating EBITDA</b>	<b>164</b>	<b>216</b>	<b>275</b>	<b>274</b>	<b>262</b>
Depreciation	(177)	(171)	(213)	(286)	(294)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>(13)</b>	<b>45</b>	<b>62</b>	<b>(11)</b>	<b>(31)</b>
Net financing costs	(74)	(79)	(87)	(109)	(95)
Associates	76	72	97	290	304
Recurring non-operating income	139	99	147	330	344
Non-recurring items	0	0	0	0	0
<b>Profit before tax</b>	<b>52</b>	<b>65</b>	<b>122</b>	<b>210</b>	<b>218</b>
Tax	(10)	5	(5)	15	17
<b>Profit after tax</b>	<b>42</b>	<b>70</b>	<b>118</b>	<b>225</b>	<b>235</b>
Minority interests	0	(1)	0	0	0
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>42</b>	<b>69</b>	<b>118</b>	<b>225</b>	<b>235</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>42</b>	<b>69</b>	<b>118</b>	<b>225</b>	<b>235</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.04	0.06	0.10	0.19	0.20
Reported EPS	0.04	0.06	0.10	0.19	0.20
DPS	0.02	0.02	0.05	0.04	0.04
Diluted shares (used to calculate per share data)	1,200	1,200	1,200	1,200	1,200
<b>Growth</b>					
Revenue (%)	(49.7)	12.7	11.9	1.3	12.0
Operating EBITDA (%)	(58.0)	32.0	27.2	(0.2)	(4.4)
Operating EBIT (%)	nm	nm	39.3	nm	nm
Recurring EPS (%)	(78.4)	63.5	70.0	91.5	4.2
Reported EPS (%)	(78.4)	63.5	70.0	91.5	4.2
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	10.7	13.2	13.3	9.4	8.5
Gross margin of key business (%)	10.7	13.2	13.3	9.4	8.5
Operating EBITDA margin (%)	10.9	12.8	14.6	14.4	12.3
Operating EBIT margin (%)	(0.9)	2.7	3.3	(0.6)	(1.5)
Net margin (%)	2.8	4.1	6.2	11.8	11.0
Effective tax rate (%)	(45.7)	63.6	18.1	19.2	19.3
Dividend payout on recurring profit (%)	56.8	34.7	51.0	21.3	20.5
Interest cover (X)	1.7	1.8	2.4	2.9	3.3
Inventory days	142.2	111.6	102.0	106.0	99.9
Debtor days	80.3	75.3	85.1	102.8	109.7
Creditor days	54.2	41.2	43.1	44.8	42.2
Operating ROIC (%)	(0.6)	0.6	1.5	(0.2)	(0.6)
ROIC (%)	3.8	1.0	3.0	4.0	3.9
ROE (%)	1.6	2.6	4.3	7.9	7.7
ROA (%)	2.9	1.8	2.3	2.8	2.7
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Gas related business	1,265	1,295	1,392	1,401	1,401
Car dealer and spare parts	70	70	70	70	70
Renewable energy	60	53	53	53	53
Others	101	268	372	387	616

Sources: Scan Inter; FSSIA estimates

## Financial Statements

### Scan Inter

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	42	69	118	225	235
Depreciation	177	171	213	286	294
Associates & minorities	76	72	97	290	304
Other non-cash items	-	-	-	-	-
Change in working capital	1,067	1,294	5,719	6,295	6,511
<b>Cash flow from operations</b>	<b>1,361</b>	<b>1,607</b>	<b>6,146</b>	<b>7,096</b>	<b>7,344</b>
Capex - maintenance	(177)	(171)	(204)	(262)	(282)
Capex - new investment	(559)	(65)	(946)	(21)	(48)
Net acquisitions & disposals	436	(43)	0	0	0
Other investments (net)	(437)	125	97	290	304
<b>Cash flow from investing</b>	<b>(737)</b>	<b>(155)</b>	<b>(1,053)</b>	<b>7</b>	<b>(25)</b>
Dividends paid	(24)	(24)	(24)	(60)	(48)
Equity finance	0	0	0	0	0
Debt finance	746	(50)	5,236	362	(76)
Other financing cash flows	(1,477)	(1,355)	(6,067)	(6,939)	(7,210)
<b>Cash flow from financing</b>	<b>(755)</b>	<b>(1,429)</b>	<b>(854)</b>	<b>(6,638)</b>	<b>(7,334)</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>(131)</b>	<b>23</b>	<b>4,239</b>	<b>465</b>	<b>(15)</b>
Free cash flow to firm (FCFF)	698.39	1,530.83	5,180.56	7,212.25	7,413.84
Free cash flow to equity (FCFE)	(106.83)	47.30	4,263.00	525.37	32.51

#### Per share (THB)

FCFF per share	0.58	1.28	4.32	6.01	6.18
FCFE per share	(0.09)	0.04	3.55	0.44	0.03
Recurring cash flow per share	0.25	0.26	0.36	0.67	0.69

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	1,975	1,910	3,060	3,300	3,534
Less: Accumulated depreciation	(22)	(22)	(235)	(520)	(814)
<b>Tangible fixed assets (net)</b>	<b>1,953</b>	<b>1,889</b>	<b>2,825</b>	<b>2,780</b>	<b>2,720</b>
<b>Intangible fixed assets (net)</b>	<b>330</b>	<b>422</b>	<b>422</b>	<b>422</b>	<b>422</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	1,058	1,230	1,230	1,230	1,230
Cash & equivalents	85	109	4,348	4,813	4,798
A/C receivable	304	391	489	588	699
Inventories	412	379	417	423	487
Other current assets	266	415	465	471	527
<b>Current assets</b>	<b>1,067</b>	<b>1,294</b>	<b>5,719</b>	<b>6,295</b>	<b>6,511</b>
Other assets	1,079	812	812	812	812
<b>Total assets</b>	<b>5,486</b>	<b>5,647</b>	<b>11,009</b>	<b>11,540</b>	<b>11,695</b>
Common equity	2,585	2,691	2,784	2,949	3,136
Minorities etc.	0	1	1	1	1
<b>Total shareholders' equity</b>	<b>2,585</b>	<b>2,692</b>	<b>2,785</b>	<b>2,950</b>	<b>3,137</b>
Long term debt	805	704	6,782	7,144	7,068
Other long-term liabilities	172	113	113	113	113
<b>Long-term liabilities</b>	<b>977</b>	<b>818</b>	<b>6,896</b>	<b>7,257</b>	<b>7,181</b>
A/C payable	132	160	176	179	206
Short term debt	1,791	1,842	1,000	1,000	1,000
Other current liabilities	2	135	151	153	172
<b>Current liabilities</b>	<b>1,924</b>	<b>2,137</b>	<b>1,327</b>	<b>1,332</b>	<b>1,377</b>
<b>Total liabilities and shareholders' equity</b>	<b>5,486</b>	<b>5,647</b>	<b>11,009</b>	<b>11,540</b>	<b>11,695</b>
Net working capital	848	890	1,043	1,150	1,336
Invested capital	5,268	5,243	6,333	6,395	6,521

\* Includes convertibles and preferred stock which is being treated as debt

#### Per share (THB)

Book value per share	2.15	2.24	2.32	2.46	2.61
Tangible book value per share	1.88	1.89	1.97	2.11	2.26

#### Financial strength

Net debt/equity (%)	97.1	90.5	123.3	112.9	104.2
Net debt/total assets (%)	45.8	43.2	31.2	28.9	28.0
Current ratio (x)	0.6	0.6	4.3	4.7	4.7
CF interest cover (x)	7.1	2.4	60.8	6.0	1.8

Valuation	2020	2021	2022E	2023E	2024E
<b>Recurring P/E (x) *</b>	<b>75.5</b>	<b>46.2</b>	<b>27.2</b>	<b>14.2</b>	<b>13.6</b>
<b>Recurring P/E @ target price (x) *</b>	<b>88.0</b>	<b>53.8</b>	<b>31.6</b>	<b>16.5</b>	<b>15.9</b>
Reported P/E (x)	75.5	46.2	27.2	14.2	13.6
Dividend yield (%)	0.8	0.8	1.9	1.5	1.5
Price/book (x)	1.2	1.2	1.1	1.1	1.0
Price/tangible book (x)	1.4	1.4	1.4	1.3	1.2
EV/EBITDA (x) **	34.8	26.0	24.1	23.8	24.6
EV/EBITDA @ target price (x) **	38.1	28.5	26.0	25.7	26.6
EV/invested capital (x)	1.1	1.1	1.0	1.0	1.0

\* Pre-exceptional, pre-goodwill and fully diluted \*\* EBITDA includes associate income and recurring non-operating income

Sources: Scan Inter; 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	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	SEAOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SE-EDI	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	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	AMANAHA	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, CFA, FRM, ERP FSS International Investment Advisory Securities Co., Ltd

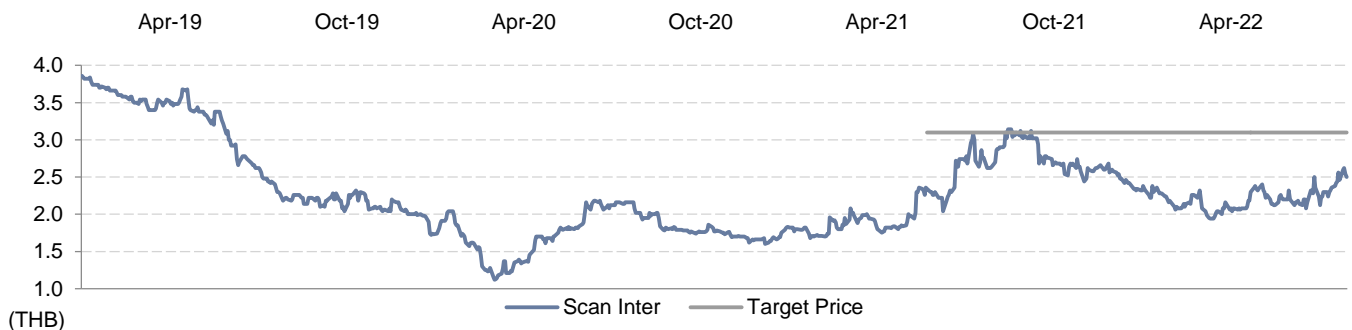
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) 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

#### Scan Inter (SCN TB)



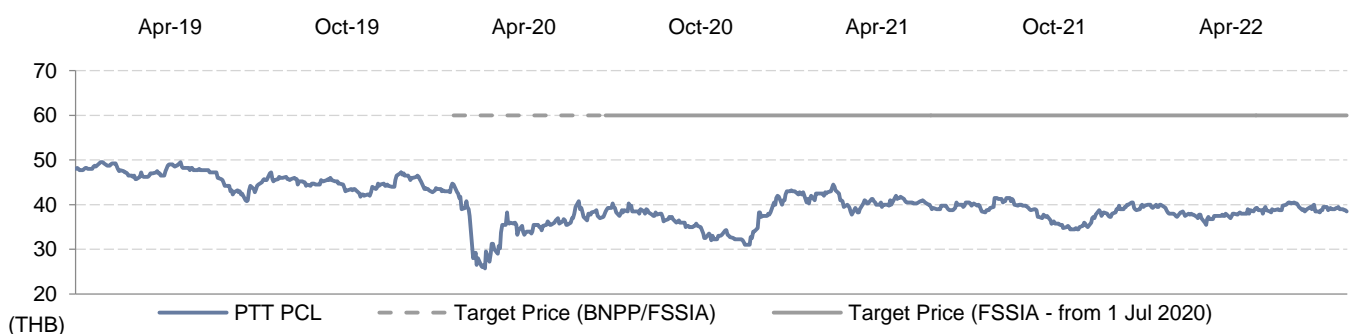
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
01-Apr-2021	BUY	3.10	-	-	-	-	-	-

Suwat Sinsadok, CFA, FRM, ERP started covering this stock from 09-Oct-2018

Price and TP are in local currency

Source: FSSIA estimates

#### PTT PCL (PTT TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
21-Feb-2020	BUY	60.00	-	-	-	-	-	-

Suwat Sinsadok, CFA, FRM, ERP started covering this stock from 12-May-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Scan Inter	SCN TB	THB 2.66	BUY	The downside risks to our SOTP-based TP include 1) a sharp decline in oil prices; and 2) weaker demand for NGV and delays in new NGV projects.
PTT PCL	PTT TB	THB 38.75	BUY	Risks to our SOTP-based valuation are the oil price and potential earnings downside from government intervention.

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

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All share prices are as at market close on 04-Apr-2022 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.