

SISB SISB TB
THAILAND / PROFESSIONAL SERVICE

BUY

UNCHANGED

คาดตัวเลขนักเรียนจะเพิ่มขึ้นใน 1Q23

- คาดตัวเลขนักเรียนรวมในทุกสาขาจะทำสถิติสูงสุดใหม่ที่ 3,304 คนใน 1Q23; กำไรสุทธิน่าจะกระโดดเพิ่ม 19% q-q และ 142% y-y เป็น 153 ลบ.
- พร้อมเปิด Campus ใหม่ 2 แห่ง ในเดือน ส.ค. 2023 เราคาดว่ากำไรจะโต 64%/26%/20% ในปี 2023-25
- คงแนะนำซื้อที่ราคาเป้าหมาย 30 บาท

TARGET PRICE	THB30.00
CLOSE	THB31.75
UP/DOWNSIDE	-5.5%
PRIOR TP	THB30.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-8.0%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	1,319	1,719	2,122	2,490
Net profit	369	607	765	918
EPS (THB)	0.39	0.65	0.81	0.98
vs Consensus (%)	-	(5.5)	(6.0)	(8.4)
EBITDA	551	804	987	1,155
Core net profit	369	607	765	918
Core EPS (THB)	0.39	0.65	0.81	0.98
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	73.1	64.5	25.9	20.0
Core P/E (x)	80.8	49.1	39.0	32.5
Dividend yield (%)	0.3	0.8	1.0	1.2
EV/EBITDA (x)	53.5	36.6	29.8	25.4
Price/book (x)	13.0	11.2	9.6	8.8
Net debt/Equity (%)	(15.4)	(14.2)	(14.4)	(15.8)
ROE (%)	17.2	24.6	26.5	28.2

ตัวเลขนักเรียนน่าจะเพิ่มขึ้นต่อเนื่องใน 1Q23

เราคาดว่าตัวเลขนักเรียนรวมในทุกสาขาจะเพิ่มขึ้น 160 คนไปทำสถิติสูงสุดใหม่ที่ 3,304 คนใน 1Q23 คิดเป็นอัตราการเติบโตสูงถึง 5% q-q และ 26% y-y ถ้าสมมติให้ค่าธรรมเนียมการศึกษาเฉลี่ยต่อรายอยู่ที่ 0.54 ลบ. ไกลกับ 4Q22 เราคาดว่ารายได้รวมใน 1Q23 (รวมค่าธรรมเนียมการศึกษาและรายได้จากการขายอุปกรณ์การศึกษา) จะอยู่ที่ 426 ลบ. เพิ่มขึ้น 10% q-q และ 50% y-y จาก Operating leverage ที่อยู่ในระดับสูงของโรงเรียน อัตราค่าเล่าเรียนต้นใน 1Q23 น่าจะเพิ่มต่อเนื่องเป็น 55.6% EBITDA margin น่าจะแตะ 46.5% และอัตรากำไรสุทธิน่าจะอยู่ที่ 35.8% ใน 1Q23 กำไรสุทธิน่าจะกระโดดเพิ่ม 19% q-q และ 142% y-y เป็น 153 ลบ.

พร้อมเปิด 2 วิทยาเขตใหม่ในเดือน ส.ค. 2023

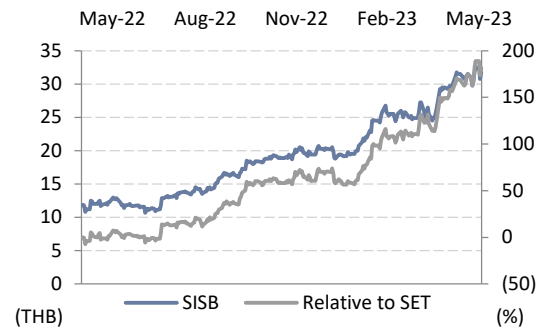
SISB อาจได้ประโยชน์จากกระแสที่ต่อเนื่องจนถึง 2Q23 เนื่องจากมีนักเรียนอีกประมาณ 100 คน (ณ. สิ้นเดือน มี.ค. 2023) กำลังรอเพื่อสมัครเข้าเรียนในเดือน เม.ย. ส่วนสาขาใหม่ 2 แห่ง ในนนทบุรีและระยองยังเป็นไปตามแผน เปิดในเดือน ส.ค. 2023 เนื่องจากมีผู้ปกครองแสดงความสนใจเป็นจำนวนมาก ผู้บริหารจึงตั้งเป้านักเรียนประมาณ 300 คนจากทั้ง 2 สาขาใหม่ และจำนวนนักเรียนรวม 3,700 คน ณ. สิ้นปี 2023 เพิ่มขึ้น 586 คนจากปี 2022 ซึ่งเป็นตัวเลขที่ผู้บริหารคาดว่าจะทำได้ ขณะที่เราคาดว่าจำนวนนักเรียนจะเพิ่ม 634 คนในปี 2023 สูงกว่าเป้าของผู้บริหารอยู่เล็กน้อย

กำไรอยู่ในช่วงของการเติบโต

ประมาณการกำไรสุทธิ 1Q23 ของเราคิดเป็น 25% ของประมาณการเต็มปี โดยมีปัจจัยบวกสำคัญอยู่ที่ตัวเลขนักเรียนที่เพิ่มขึ้น หลังดำเนินการมาเป็นเวลา 22 ปี SISB มีนักเรียนสำเร็จการศึกษาไปแล้วมากมายหลายรุ่น ในปี 2020-22 นักเรียนจาก SISB ได้รับการตอบรับให้เข้าเรียนในมหาวิทยาลัยที่อยู่ใน 100 อันดับแรกของโลกหลายแห่งซึ่งช่วยสร้างชื่อเสียงให้แก่โรงเรียน เราคาดว่ากำไรจะโต 64%/26%/20% ในปี 2023-25 ซึ่งยังไม่รวมโครงการที่โรงเรียนอาจมีในอนาคต

คงแนะนำซื้อที่ราคาเป้าหมาย 30 บาท

เราคงราคาเป้าหมาย 30 บาท (DCF, 8.2% WACC, 3.5% LTG) คิดเป็น 2023E P/E ที่ 46.4x และ 26.5x ในปี 2026 ภายหลังจากการขายโรงเรียนแล้วเสร็จ เราเห็นว่า SISB เป็นหนึ่งในโรงเรียนที่ดีที่สุดในกลุ่มภาคและชัดเจนว่ายังอยู่ในช่วงของการเติบโต เราคงแนะนำซื้อ SISB



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	8.5	23.3	169.1
Relative to country (%)	13.3	35.8	189.9
Mkt cap (USD m)	877		
3m avg. daily turnover (USD m)	1.9		
Free float (%)	22		
Major shareholder	Mr. Yew Hock Koh (33%)		
12m high/low (THB)	32.50/10.50		
Issued shares (m)	940.00		

Sources: Bloomberg consensus; FSSIA estimates



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

บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 8 พฤษภาคม 2023

Investment thesis

International education has seen rapid growth in Thailand. Smaller family sizes have resulted in parents considering an international education a priority and a worthy investment in their children's future. SISB provides the Singapore curriculum, renowned for mathematics and science with a strong trilingual focus. With growing enrolment on every campus and plans to add a fifth and sixth campus in 2023, SISB is one of the top-ranked international schools in the country with 3,114 students in 2022. Its earnings are still in a growth stage with net profit expected to rise at a 23% CAGR during 2023-25. Longer-term, SISB plans to tap new demand in suburban areas with its proposed lower-cost 'Halving' project.

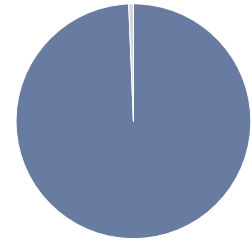
Company profile

The company operates international schools under its own brand. SISB provides the Singapore curriculum which is ranked highest in the world for mathematics and science. Its unique strength is its trilingual focus that includes English, Chinese, and Thai. Besides the Singapore curriculum, SISB also provides Cambridge IGCSE A and AS Levels, as well as the International Baccalaureate programme.

www.sisb.ac.th

Principal activities (revenue, 2022)

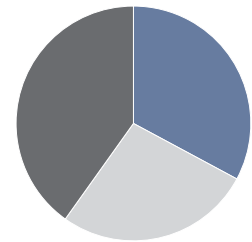
- Tuition fees and service income - 99.4 %
- Education equipment revenue - 0.6 %



Source: SISB

Major shareholders

- Mr. Yew Hock Koh - 32.8 %
- Ms. Wilawan Kaewkanokvijit - 27.0 %
- Others - 40.1 %



Source: SISB

Catalysts

Key potential catalysts include 1) capacity expansion; 2) stronger demand from both Thai and foreign families; and 3) more SISB students accepted at top universities.

Risks to our call

Downside risks to our DCF-based TP include 1) intensified competition; 2) less demand from China; 3) staff shortages; and 4) risks from legal requirements and government policies relating to the business of private schools.

Event calendar

Date	Event
May 2023	1Q23 results announcement

Key assumptions

	2023E	2024E	2025E
Students, all campuses (no.)	3,748	4,333	4,808
Tuition fees (THB/year/student)	520,000	540,000	570,000
Revenue (THB m)	1,719	2,122	2,490
<i>Growth (%)</i>	30.4	23.6	17.4
Gross margin (%)	55.4	56.6	57.2
EBITDA margin (%)	47.2	46.8	46.7
SG&A to sales (%)	20.4	20.8	20.7

Source: FSSIA estimates

Earnings sensitivity

- For every 100-student change in enrolment, we project SISB's 2023 net profit to change by 3%, all else being equal.
- For every 1% change in gross margin, we project SISB's 2023 net profit to change by 3%, all else being equal.
- For every 1% change in SG&A expenses, we project SISB's 2023 net profit to change by 2%, all else being equal.

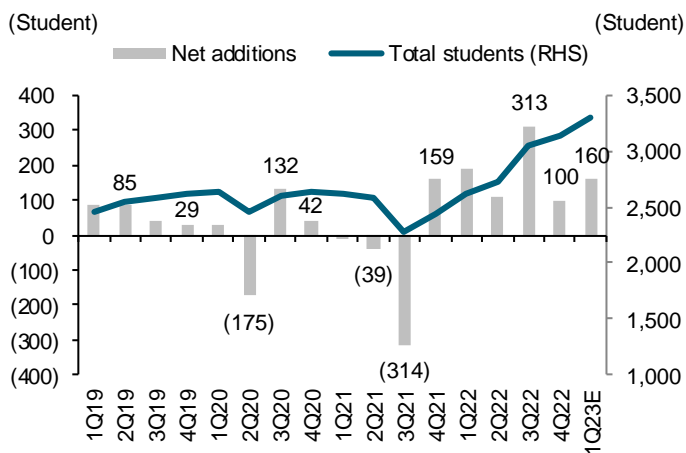
Source: FSSIA estimates

Exhibit 1: 1Q23 results preview

Year to Dec 31	1Q22	2Q22	3Q22	4Q22	1Q23E	-----Change-----		2022	2023E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Sales	285	303	342	390	428	10	50	1,319	1,719	30
Cost of sales	(145)	(155)	(172)	(182)	(190)	4	31	(653)	(767)	17
Gross profit	140	148	170	208	238	14	70	666	952	43
Operating costs	(75)	(70)	(66)	(90)	(91)	1	21	(301)	(351)	16
Operating profit	215	218	235	298	329	10	53	967	1,302	35
Operating EBITDA	107	124	147	174	199	14	86	556	810	46
Other income	4	4	6	6	8	21	105	21	23	11
Interest expense	1	1	1	2	2	2	129	(25)	(24)	(6)
Profit before tax	63	78	100	129	154	19	143	370	608	64
Associates	0	1	2	2	3	29	868	5	6	12
Net profit	63	78	99	128	153	19	142	369	607	64
Core profit	63	78	99	128	153	19	142	369	607	64
Reported EPS (THB)	0.07	0.08	0.11	0.14	0.16	19	133	0.39	0.65	64
Core EPS (THB)	0.07	0.08	0.11	0.14	0.16	19	133	0.39	0.65	64
Key ratios (%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)
Gross margin	49.2	48.9	49.7	53.3	55.6	2.3	6.4	50.5	55.4	4.9
Operating margin	24.1	27.8	30.8	34.1	36.8	2.7	12.7	29.6	36.7	7.0
EBITDA margin	37.7	41.1	43.1	44.7	46.5	1.8	8.8	42.2	47.2	5.0
Net margin	22.2	25.8	29.1	32.9	35.8	2.9	13.6	28.0	35.3	7.3
SG&A / Sales	26.5	23.0	19.2	23.2	21.3	(1.9)	(5.2)	28.0	35.3	7.3
Number of students	(unit)	(unit)	(unit)	(unit)	(unit)	(q-q %)	(y-y %)	(unit)	(unit)	(y-y %)
Total students	2,622	2,731	3,044	3,144	3,304	5.1	26.0	3,114	3,748	20.4
Pracha-Uthit campus	1,345	1,382	1,462	1,499				1,499	1,629	8.7
Suvarnabhumi campus	232	243	248	254				254	263	3.5
Thonburi campus	860	901	1,083	1,109				1,109	1,274	14.9
Chiangmai campus	185	205	251	252				252	253	0.4

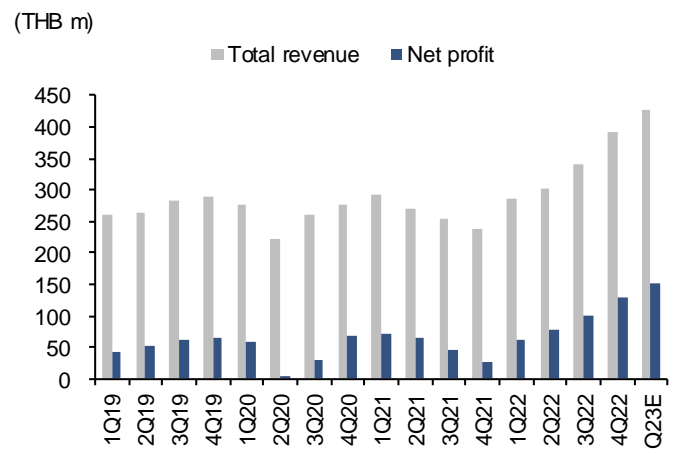
Sources: SISB, FSSIA estimates

Exhibit 2: Number of students



Sources: SISB, FSSIA estimates

Exhibit 3: Total revenue and net profit



Sources: SISB, FSSIA estimates

Financial Statements

SISB

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	1,055	1,319	1,719	2,122	2,490
Cost of goods sold	(407)	(493)	(589)	(716)	(844)
Gross profit	648	827	1,130	1,406	1,646
Other operating income	20	25	25	22	24
Operating costs	(279)	(301)	(351)	(441)	(515)
Operating EBITDA	390	551	804	987	1,155
Depreciation	(152)	(161)	(178)	(205)	(221)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	238	390	626	782	933
Net financing costs	(26)	(25)	(24)	(22)	(21)
Associates	1	5	6	7	7
Recurring non-operating income	1	5	6	7	7
Non-recurring items	0	0	0	0	0
Profit before tax	213	370	608	766	919
Tax	0	(1)	(1)	(1)	(2)
Profit after tax	213	369	607	765	918
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	213	369	607	765	918
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	213	369	607	765	918
Per share (THB)					
Recurring EPS *	0.23	0.39	0.65	0.81	0.98
Reported EPS	0.23	0.39	0.65	0.81	0.98
DPS	0.08	0.10	0.26	0.33	0.39
Diluted shares (used to calculate per share data)	940	940	940	940	940
Growth					
Revenue (%)	0.6	25.1	30.3	23.5	17.3
Operating EBITDA (%)	14.4	41.3	46.0	22.7	17.0
Operating EBIT (%)	28.8	63.8	60.5	24.8	19.4
Recurring EPS (%)	33.2	73.1	64.5	25.9	20.0
Reported EPS (%)	33.2	73.1	64.5	25.9	20.0
Operating performance					
Gross margin inc. depreciation (%)	47.1	50.5	55.4	56.6	57.2
Gross margin of key business (%)	47.1	50.5	55.4	56.6	57.2
Operating EBITDA margin (%)	37.0	41.7	46.8	46.5	46.4
Operating EBIT margin (%)	22.6	29.6	36.4	36.8	37.5
Net margin (%)	20.2	28.0	35.3	36.0	36.9
Effective tax rate (%)	0.1	0.2	0.2	0.2	0.2
Dividend payout on recurring profit (%)	33.5	25.5	40.0	40.0	40.0
Interest cover (X)	9.4	15.6	26.6	35.1	44.4
Inventory days	6.7	5.7	4.6	4.0	3.6
Debtor days	25.3	22.6	20.9	23.8	27.7
Creditor days	72.2	86.3	90.4	73.7	44.3
Operating ROIC (%)	19.5	23.8	32.0	33.3	(0.4)
ROIC (%)	13.7	18.6	25.6	27.5	(0.3)
ROE (%)	11.0	17.2	24.6	26.5	28.2
ROA (%)	7.3	10.9	15.4	17.9	19.9
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Tuition fees and service income	1,050	1,311	1,709	2,112	2,479
Education equipment revenue	5	9	9	10	11

Sources: SISB; FSSIA estimates

Financial Statements

SISB

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	213	369	607	765	918
Depreciation	152	161	178	205	221
Associates & minorities	(1)	(5)	(6)	(7)	(7)
Other non-cash items	0	0	0	0	0
Change in working capital	22	198	(14)	(258)	(137)
Cash flow from operations	386	723	765	705	995
Capex - maintenance	-	-	-	-	-
Capex - new investment	(591)	(452)	(439)	(253)	(237)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	0	0	0	0	0
Cash flow from investing	(591)	(452)	(439)	(253)	(237)
Dividends paid	(71)	(94)	(243)	(306)	(367)
Equity finance	0	0	0	0	0
Debt finance	(33)	(36)	15	38	50
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(104)	(130)	(227)	(268)	(317)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	65	0	0	0	0
Net other adjustments	65	(96)	(83)	(121)	(357)
Movement in cash	(244)	46	15	63	83
Free cash flow to firm (FCFF)	(179.69)	296.58	349.74	474.06	778.68
Free cash flow to equity (FCFE)	(172.72)	139.69	258.19	368.50	449.84

Per share (THB)

FCFF per share	(0.19)	0.32	0.37	0.50	0.83
FCFE per share	(0.18)	0.15	0.27	0.39	0.48
Recurring cash flow per share	0.39	0.56	0.83	1.02	1.20

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	2,697	3,327	3,827	4,127	4,427
Less: Accumulated depreciation	(697)	(833)	(1,012)	(1,217)	(1,438)
Tangible fixed assets (net)	1,999	2,493	2,815	2,910	2,988
Intangible fixed assets (net)	8	1	10	10	10
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	55	60	60	60	60
Cash & equivalents	764	810	825	888	970
A/C receivable	70	93	103	174	204
Inventories	8	7	8	8	8
Other current assets	21	15	16	16	16
Current assets	863	926	951	1,085	1,199
Other assets	408	434	442	451	460
Total assets	3,334	3,914	4,279	4,516	4,718
Common equity	2,014	2,290	2,654	3,113	3,402
Minorities etc.	0	0	0	0	0
Total shareholders' equity	2,014	2,290	2,654	3,113	3,402
Long term debt	445	442	434	425	416
Other long-term liabilities	239	323	348	394	452
Long-term liabilities	684	766	781	819	869
A/C payable	84	149	143	146	58
Short term debt	12	14	16	15	16
Other current liabilities	539	696	685	423	372
Current liabilities	635	858	844	585	447
Total liabilities and shareholders' equity	3,334	3,914	4,279	4,516	4,718
Net working capital	(524)	(728)	(702)	(372)	(202)
Invested capital	1,947	2,260	2,626	3,059	3,317

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

Per share (THB)

Book value per share	2.14	2.44	2.82	3.31	3.62
Tangible book value per share	2.13	2.43	2.81	3.30	3.61

Financial strength

Net debt/equity (%)	(15.2)	(15.4)	(14.2)	(14.4)	(15.8)
Net debt/total assets (%)	(9.2)	(9.0)	(8.8)	(9.9)	(11.4)
Current ratio (x)	1.4	1.1	1.1	1.9	2.7
CF interest cover (x)	17.4	24.4	30.4	28.7	33.4

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	139.9	80.8	49.1	39.0	32.5
Recurring P/E @ target price (x) *	132.2	76.4	46.4	36.9	30.7
Reported P/E (x)	139.9	80.8	49.1	39.0	32.5
Dividend yield (%)	0.2	0.3	0.8	1.0	1.2
Price/book (x)	14.8	13.0	11.2	9.6	8.8
Price/tangible book (x)	14.9	13.0	11.3	9.6	8.8
EV/EBITDA (x) **	75.8	53.5	36.6	29.8	25.4
EV/EBITDA @ target price (x) **	71.5	50.6	34.6	28.1	24.0
EV/invested capital (x)	15.2	13.0	11.2	9.6	8.8

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

Sources: SISB; FSSIA estimates

Public disclosures related to sustainable development evaluation of Thai listed companies

Rating regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**" by the Thai Institute of Directors Association (Thai IOD); 2) "**AGM Checklist**" by the Thai Investors Association (TIA), a "**CAC certified member**" of the Thai Private Sector Collective Action Against Corruption (CAC); and 3) "**Sustainability Investment List (THSI)**" by the Stock Exchange of Thailand. The ratings are updated on an annual basis. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such ratings.

CG Score by the Thai Institute of Directors Association (Thai IOD)¹

The **CG Score** indicates corporate governance (CG) strength in the sustainable development of Thai listed companies. Annually, the Thai IOD, with support from the Stock Exchange of Thailand (SET), surveys and assesses the CG practices of companies and publishes the results on the [Thai IOD website](#) in a bid to promote and enhance the CG of Thai listed companies in order to promote compliance with international standards for better investment decisions. The results are from the perspective of a third party, not an evaluation of operations, as of the date appearing in the report, and may be changed after that date.

The **five underlying categories and weighting** used for the CG scoring in 2022 include the rights of shareholders and equitable treatment of shareholders (weight 25% combined), the role of stakeholders (25%), disclosure and transparency (15%), and board responsibilities (35%).

The CGR report rates CG in six categories: 5 for Excellent (score range 90-100), 4 for Very Good (score range 80-89), 3 for Good (Score range 70-79), 2 for Fair (score range 60-69), 1 for Pass (score range 60-69), and not rated (score below 50).

AGM Checklist by the Thai Investors Association (TIA)²

The "**AGM Checklist**" quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and the extent to which information is sufficiently disclosed and the level of its transparency. All the considered factors form important elements of two out of five the CG components. Annually, the TIA, with support from the SEC, leads the project to evaluate the quality of Annual General Meetings of Shareholders (AGMs) and to rate quality of the meetings.

The **Checklist** contains the minimum requirements under law that companies must comply with, or best practices according to international CG guidance. Representatives of the TIA will attend the meetings and perform the evaluation. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating of how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.

The results are classified into four categories: 5 for Excellent (score 100), 4 for Very Good (score 90-99), 3 for Fair (score 80-89), and not rated (score below 79).

CAC certified member by the Thai Private Sector Collective Action Against Corruption (CAC)³

A **CAC certified member** is a listed company whose Checklist satisfies the CAC Certification's criteria and is approved by the CAC Council. The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. Note that the CAC does not certify the behaviour of the employees nor whether the companies have engaged in bribery, and Certification is good for three years.

Companies deciding to become a CAC certified member **start with** by submitting a Declaration of Intent signed by the Chairman of the Board to kick off the 18-month deadline for companies to submit the CAC Checklist for Certification. The 18-month provision is for risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.

The checklist document will be reviewed by the CAC Certification Committee for adequate information and evidence. It is worth noting that the committee consists of nine professionals in business law, corporate governance, internal audit, financial audit and experienced representatives from certified members.

A passed Checklist will move on to the **CAC Council** for granting certification approvals. The CAC Council consists of twelve prominent individuals who are highly respected in professionalism and ethical achievements. Among them are former ministers, a former central bank governor, the former head of the Thai Listed Companies Association, Chairman of Anti-Corruption Organizations (Thailand), Chairman of Thai Institute of Directors, and reputable academic scholars.

Sustainability Investment (THSI)⁴ by the Stock Exchange of Thailand (SET)

Thailand Sustainability Investment (**THSI**) quantifies responsibility in **E**nvironmental, and **S**ocial issues, by managing business with transparency in **G**overnance. The THSI serves as another choice for investors who desire to adopt a responsible investment approach, according to the SET.

Annually, the SET will announce the voluntary participation of the company candidates which pass the preemptive criteria, and whose two key crucial conditions are met, i.e. no irregular trading of the board members and executives and a free float of >15% by the number of shareholders, and combined holding must >15% of paid-up capital. Some key disqualifying criteria include a CG score of below 70%; independent directors and free float violation; executives' wrongdoing related to CG, social and environmental impacts, equity in negative territory, and earnings in the red for more than three years in the last five years. To become eligible for THSI, the candidate must pass three indicators in data declaration: **E**conomic (CG, risk management, customer relation management, supply chain management, and innovation); **E**nvironmental (environmental management, eco-efficiency, and climate risk); **S**ocial (human rights, talent attraction, operational health & safety, community development, and stakeholder engagement); and the incorporation of ESG in business operations.

To be approved for THSI inclusion, verified data must be scored at a 50% minimum for each indicator, unless the company is a part of the Dow Jones Sustainability Indices⁵ (DJSI) during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality.

Note that, from the **THSI list**, the SET further developed a sustainability **SETTHSI Index** in June 2018 from selected THSI companies whose 1) market capitalisation > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.

Sources: [SEC](#); [Thai IOD](#); [Thai CAC](#); [SET](#); FSSIA's compilation

Disclaimer:

¹ Thai Institute of Directors Association ([Thai IOD](#)) was established in December 1999 and is a membership organisation that strives to promote professionalism in directorship. The Thai IOD offers directors certification and professional development courses, provides a variety of seminars, forums and networking events, and conducts research on board governance issues and practices. Membership comprises board members from companies ranging from large publicly listed companies to small private firms.

² Thai Investors Association ([TIA](#)) was established in 1983 with a mission to promote investment knowledge and to protect the investment rights of Thai investors. In 2002, the association was appointed by the Securities and Exchange Commission (SEC) to represent individual shareholders. To obtain information for evaluation, the association recruits volunteer investors to join AGMs and score the meetings. Weightings for each meeting are at a 45:45:10 ratio. They have been applied since 2017 and subject to change.

³ Thai Private Sector Collective Action against Corruption ([CAC](#)) was founded in 2010 and is 100% privately funded. It is an initiative by the Thai private sector to take part in tackling corruption problems via collective action. The CAC promotes the implementation of effective anti-corruption policies in order to create a transparent business ecosystem by developing a unique certification program for large/medium/small companies to apply for and to control corruption risk systematically and efficiently. The CAC's operations are sponsored by the US-based Center for Private Enterprise (CIPE) and the UK Prosperity Fund.

⁴ Sustainability Investment List ([THSI](#)), created by the Stock Exchange of Thailand in 2015, comprises the listed companies that conduct sustainable business operations.

⁵ Dow Jones Sustainability Indices – [Wikipedia](#) – Launched in 1999, DJSI evaluates the sustainability performance of companies based on corporate economic, environmental, and social performance.

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

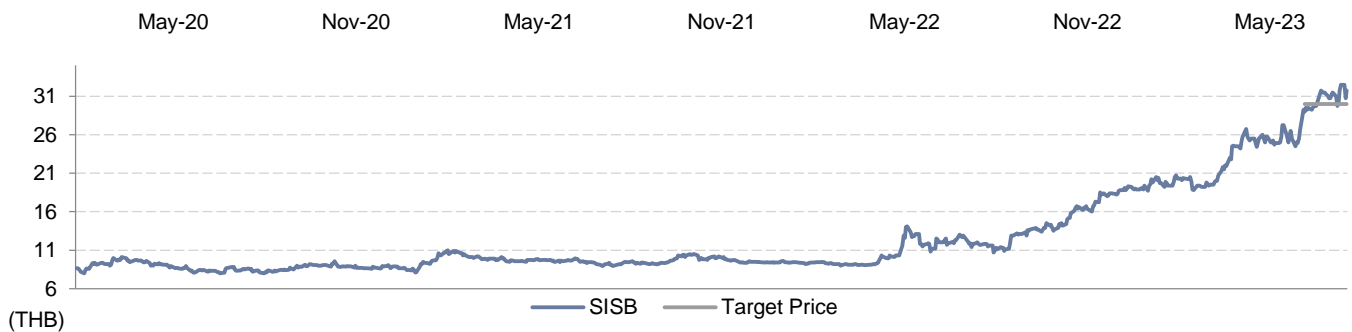
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History of change in investment rating and/or target price

SISB (SISB TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
27-Mar-2023	BUY	30.00	-	-	-	-	-	-

Jitra Amornthum started covering this stock from 27-Mar-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
SISB	SISB TB	THB 31.75	BUY	Downside risks to our DCF-based TP include 1) intensified competition; 2) less demand from China; 3) staff shortages; and 4) risks from legal requirements and government policies relating to the business of private schools.

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 03-May-2023 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.