

SISB SISB TB  
THAILAND / PROFESSIONAL SERVICEBUY  
UNCHANGED

## ความต้องการเพิ่มขึ้นเรื่อย ๆ

- ผู้บริหารเชื่อว่าเป้าตัวเลขนักเรียนก่อนหน้าที่ 3,700 คน ณ. สิ้นปี 2023 มี Upside อยู่ 8-10%
- โรงเรียนที่นันทบุรีก่อสร้างเสร็จ 100% แล้วในขณะที่โรงเรียนที่ระยองก่อสร้างแล้วเสร็จถึงเกือบ 90%
- ปรับเพิ่มประมาณการกำไรสุทธิปี 2023-25 ขึ้น 17%/23%/26% และราคาเป้าหมายเป็น 45 บาท

TARGET PRICE	THB45.00
CLOSE	THB39.75
UP/DOWNSIDE	+13.2%
PRIOR TP	THB30.00
CHANGE IN TP	+50.0%
TP vs CONSENSUS	+17.8%

## KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	1,319	1,813	2,290	2,672
Net profit	369	711	938	1,157
EPS (THB)	0.39	0.76	1.00	1.23
vs Consensus (%)	-	1.1	3.3	(3.4)
EBITDA	551	909	1,165	1,399
Core net profit	369	711	938	1,157
Core EPS (THB)	0.39	0.76	1.00	1.23
Chg. In EPS est. (%)	-	17.0	22.7	26.1
EPS growth (%)	73.1	92.5	32.0	23.3
Core P/E (x)	101.2	52.6	39.8	32.3
Dividend yield (%)	0.3	0.8	1.0	1.2
EV/EBITDA (x)	67.2	40.7	31.8	26.4
Price/book (x)	16.3	13.8	11.4	10.0
Net debt/Equity (%)	(15.4)	(14.0)	(10.9)	(10.8)
ROE (%)	17.2	28.4	31.3	33.1

## ความต้องการเพิ่มขึ้นเรื่อย ๆ

ความรู้สึกโดยรวมจากที่ประชุมนักวิเคราะห์เมื่อวันที่ 6 มิ.ย. 2023 เป็นบวกโดยเฉพาะอย่างยิ่งในด้านความต้องการ ผู้บริหารเชื่อว่าตัวเลขประมาณการจำนวนนักเรียนก่อนหน้าที่ 3,700 คน ณ. สิ้นปี 2023 มี Upside อยู่ 8-10% เมื่อพิจารณาจากตัวเลขผู้ปกครองจำนวนมากที่สอบถามเข้ามาเกี่ยวกับโรงเรียนใหม่ทั้ง 2 แห่ง โรงเรียนที่นันทบุรีอาจมีนักเรียนจำนวน 200-250 คน เมื่อเปิดสอนในเดือน ส.ค. 2023 ในขณะที่โรงเรียนในระยองอาจมีนักเรียน 100-150 คน ตัวเลขดังกล่าวสูงกว่าเป้าประมาณการก่อนหน้าของผู้บริหาร

## ตัวเลขนักเรียนชาวจีนโตอย่างรวดเร็ว

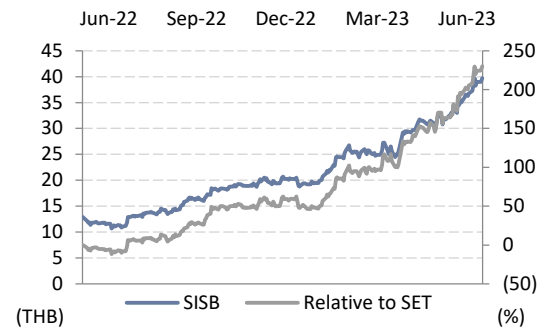
ตัวเลขนักเรียนรวมในทุกโรงเรียนอยู่ที่ 3,284 คน ณ. สิ้นไตรมาส 1Q23 ประกอบด้วยนักเรียนไทย 78% และนักเรียนต่างชาติ 22% จากตัวเลขนักเรียนต่างชาติ 715 คนใน 1Q23 68% เป็นชาวจีน ตัวเลขนักเรียนสัญชาติดังกล่าวโตอย่างรวดเร็วที่อัตราเฉลี่ย 23% q-q ในช่วง 4 ไตรมาสที่ผ่านมา ผู้ปกครองที่มองหาโรงเรียนนานาชาติสำหรับบุตรธิดาต่างมองหาทางออกในประเทศอื่นเนื่องจากจีนมีนโยบายจำกัดระบบการศึกษาแบบตะวันตกและ SISB เป็นหนึ่งในทางเลือกที่ได้รับความนิยมเนื่องจากมีรูปแบบการสอนถึง 3 ภาษา

## แผนการขยายโรงเรียนในปัจจุบัน

โรงเรียนที่ธนบุรีเป็นโรงเรียนที่โตเร็วที่สุดในทั้ง 4 แห่ง โรงเรียนดังกล่าวมีจำนวนนักเรียนรวม 1,145 คน ณ. สิ้น 1Q23 คิดเป็น 72% ของความสามารถในการรับนักเรียนและนักเรียนบางชั้นที่มากเกินความสามารถที่จะรับนักเรียนได้ โรงเรียนที่ประจวบคีรีขันธ์และเชียงใหม่กำลังเจอสถานการณ์เดียวกันซึ่งทำให้มีความจำเป็นต้องขยาย บริษัท มีงบประมาณรวมสำหรับ NR และระยองอยู่ที่ 850 ลบ. แต่ยังไม่ได้สรุปค่าใช้จ่ายในการลงทุนสำหรับ PU, TR, และ CM จากประมาณการตัวเลข EBITDA ของเราที่ 909 ลบ. ในปี 2023 และอัตราการเติบโตที่ 24% CAGR ในช่วงปี 2023-25 SISB จะมีกระแสเงินสดภายในมากพอสำหรับแผนการขยายดังกล่าว

## คงแนะนำซื้อที่ราคาเป้าหมายใหม่ที่ 45 บาท

ปรับเพิ่มประมาณการกำไรสุทธิปี 2023-25 ของเราขึ้น 17%/23%/26% ตามลำดับส่วนมากจากตัวเลขนักเรียนที่สูงเกินคาดและความต้องการที่อยู่ในระดับสูง ปัจจุบันเราคิดว่ากำไรสุทธิจะเพิ่ม 93%/32%/23% ในปี 2023-25 คิดเป็นอัตราการเติบโตที่ 28% CAGR เราปรับเพิ่มราคาเป้าหมายเป็น 45 บาท (DCF, 7.7% WACC, 4% LTG) จาก 30 บาท (8.2% WACC, 3.5% LTG) ราคาเป้าหมายใหม่ของเราคิดเป็น 59.5x ของค่า 2023E P/E แต่เราจะลดลงเหลือ 32.0x ในปี 2026 เมื่อการขยายความสามารถในการรับนักเรียนแล้วเสร็จ เราคงแนะนำซื้อ SISB



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	25.2	59.0	210.5
Relative to country (%)	27.6	67.2	231.5
Mkt cap (USD m)			1,076
3m avg. daily turnover (USD m)			2.3
Free float (%)			29
Major shareholder		Mr. Yew Hock Koh (33%)	
12m high/low (THB)			40.00/10.50
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 มิถุนายน 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 3,284 students in 1Q23. Its earnings are still in a growth stage with net profit expected to rise at a 28% CAGR during 2023-25. Longer-term, SISB plans to tap new demand in suburban areas with its proposed lower-cost 'Halving' project.

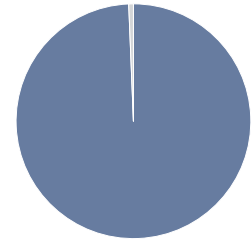
## Company profile

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](http://www.sisb.ac.th)

## Principal activities (revenue, 2022)

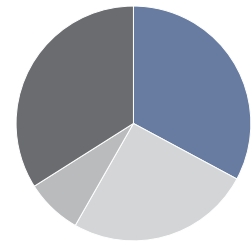
- Tuition fees and service income - 99.4 %
- Education equipment revenue - 0.6 %



Source: SISB

## Major shareholders

- Mr. Yew Hock Koh - 32.8 %
- Ms. Wilawan Kaewkanokvijit - 25.4 %
- Mr. Prayong Vanichsuwan - 7.8 %
- Others - 34.0 %



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
August 2023	2Q23 results announcement Nonthaburi and Rayong campuses open
November 2023	3Q23 results announcement

## Key assumptions

	2023E	2024E	2025E
Students, all campuses	4,014	4,609	5,104
Tuition fees (THB/year/student)	530,000	550,000	570,000
Revenue (THB m)	1,813	2,290	2,672
Growth (%)	30.3	26.3	16.7
Gross margin (%)	58.9	61.4	63.6
EBITDA margin (%)	50.5	51.2	52.7
SG&A to sales (%)	20.1	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



## Demand keeps rising

The overall tone from the analyst meeting on 6 June 2023 was positive, particularly on the demand side. Management believes that the previous guidance for students numbering 3,700 at end-2023 has an upside of 8-10%. The continued strong demand is driving upbeat sentiment. Based on numerous inquiries from parents regarding the two new campuses, the school in Nonthaburi province might have 200-250 students once the school opens in August 2023, while the school in Rayong province could reach 100-150 students at its opening. These numbers are larger than management's previous guidance of 300 students from the two campuses combined. Currently, Nonthaburi campus' (NR) construction is 100% complete, whereas Rayong campus has reached nearly 90%. Both schools' capacity can facilitate up to 1,000 students each for phase 1.

### Exhibit 1: SISB 5<sup>th</sup> international school in Nonthaburi province (NR) phase 1 on 18.5 rai



Source: SISB

### Exhibit 2: SISB 6<sup>th</sup> international school in Rayong province phase 1 on 28.5 rai



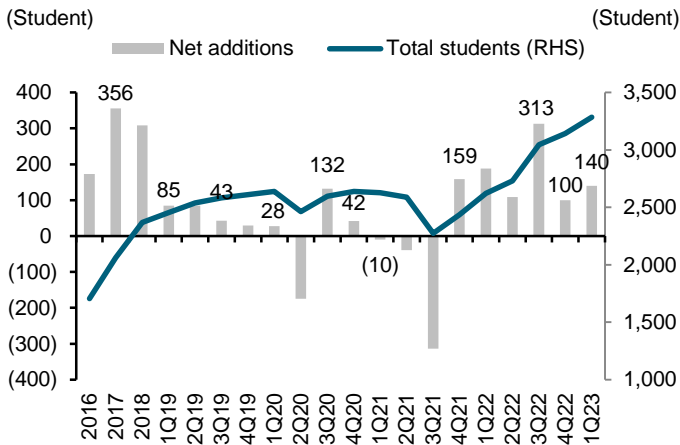
Note: Construction update, April 2023

Source: SISB



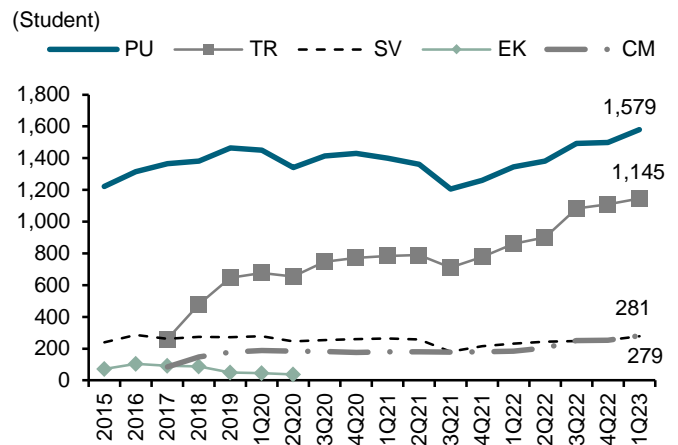
In 1Q23, SISB had net new enrolments of 140 students, 60% which were foreign. Total students at all campuses reached 3,284 at end-1Q23, comprising 78% Thai and 22% foreign students. Out of 715 foreign students in 1Q23, 68% were Chinese. Chinese student numbers have grown rapidly at an average rate of 23% q-q during the past four quarters as compared to the single-digit q-q growth rate for Thai students. Parents in search of a multinational education for their children have gone elsewhere because of China's restrictions on the Western school system. Thailand is one of the most popular destinations for the quality of its education and cheaper tuition fees, as well as lower living costs. SISB is among the popular choices for Chinese families due to its trilingual educational model.

**Exhibit 3: Total student numbers**



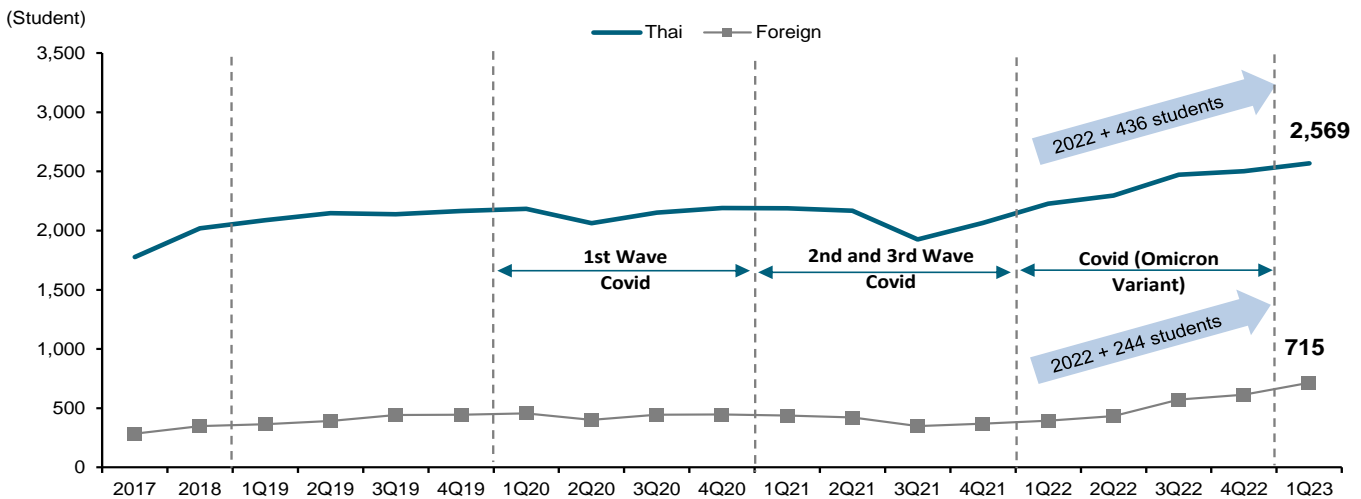
Sources: SISB

**Exhibit 4: Student numbers by campus**



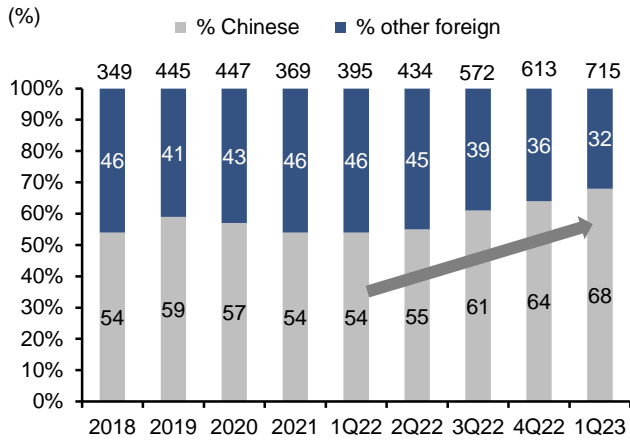
Sources: SISB

**Exhibit 5: Student enrolment by nationality**



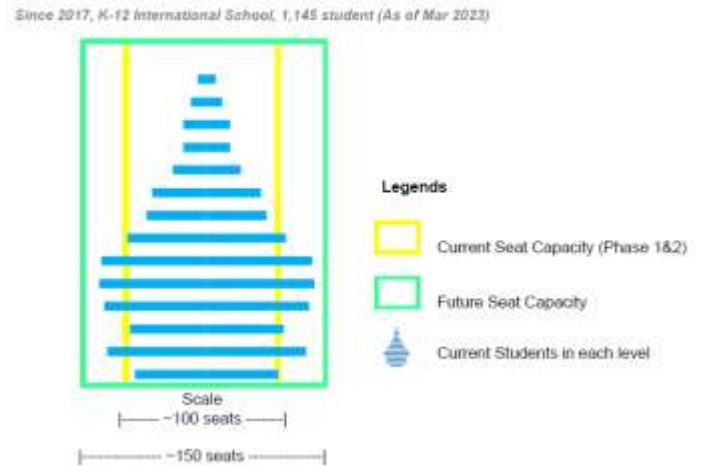
Source: SISB

**Exhibit 6: % Chinese students to total foreign students**



Source: SISB

**Exhibit 7: Singapore International School Thonburi (TR)**



Source: SISB

**Expansion of existing campuses on the way**

SISB’s plan to expand the capacity of its existing campuses in 2024-25 is due to solid demand. Thonburi campus (TR) is the fastest growing school among its four campuses. It first launched in 2017 with a capacity of 900 seats and expanded in phase two with a maximum capacity of 1,590 seats in 2021. TR had a total of 1,145 students at end-1Q23; a 72% utilisation rate, with some classes exceeding capacity. SISB is planning the phase three expansion at TR with an additional capacity of 700 seats in 2024-25. Pracha Uthit campus (PU) and Chiangmai campus (CM) are facing the same situation, leading to additional capacities of 300 seats and 325 seats, respectively. Once completed, SISB will have a total enrolment capacity of 8,000 students. The total budget for NR and Rayong campuses is THB850m. The capex for its PU, TR, and CM campuses is not yet finalised, but we expect the budget will range around only THB200m-300m. Based on our projected EBITDA of THB909m in 2023 with a 24% CAGR during 2023-25, SISB’s internal cash flow is sufficient to fund these expansions.

**Exhibit 8: Singapore International School Thonburi (TR)**



Source: SISB

**Exhibit 9: Singapore International School Chiangmai (CM)**



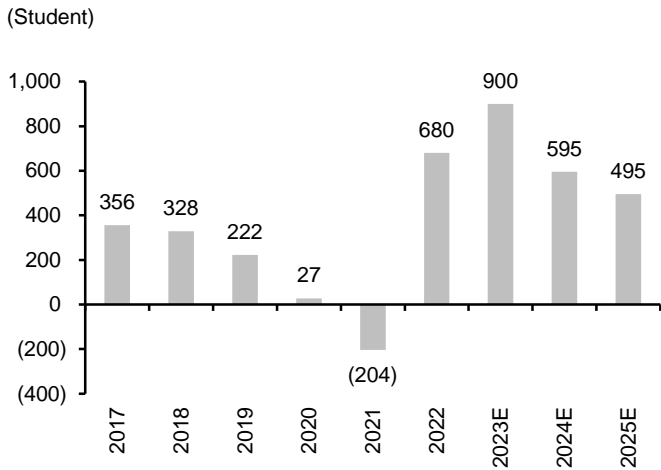
Source: SISB

### Projection and TP revisions

We revise up our 2023-25 net profit forecasts by 17%/23%/26% largely due to the higher expected student numbers and solid demand going forward. We now project net profit to rise by 93%/32%/23% in 2023-25, or at a 28% CAGR.

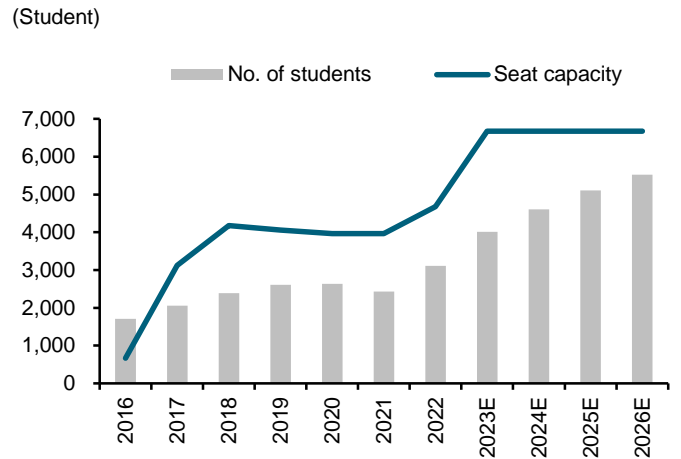
We increase our DCF-based TP to THB45 (7.7% WACC, 4% LTG) from THB30 (8.2% WACC, 3.5% LTG). Our new TP implies 59.5x 2023E P/E, which should decline to 32.0x in 2026 when the capacity expansion is completed. As one of the best schools in the region, we believe its gross and net profit margins will keep rising to as high as 58.9% and 39.2% in 2023 and 63.6% and 43.3% in 2025, respectively. We, therefore, retain our BUY call on SISB.

**Exhibit 10: Net student additions at all campuses**



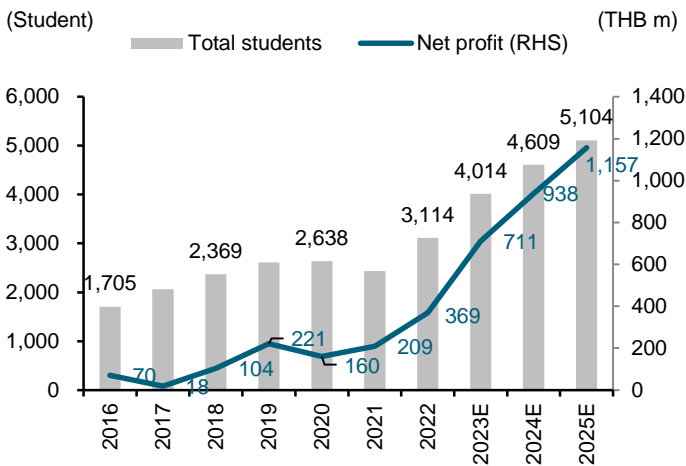
Sources: SISB, FSSIA estimates

**Exhibit 11: Seat capacity and our enrolment projections**



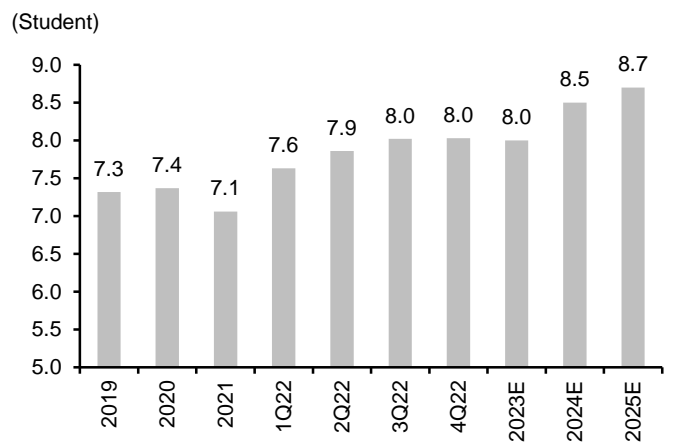
Sources: SISB, FSSIA estimates

**Exhibit 12: SISB's enrolment and net profit**



Sources: SISB, FSSIA estimates

**Exhibit 13: Student-to-teacher ratio**



Sources: SISB, FSSIA estimates

## Exhibit 14: Changes in key assumptions

	Current			Previous			Change		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)
Revenue from tuition and services	1,813	2,290	2,672	1,719	2,122	2,490	5.5	7.9	7.3
<i>Growth (%)</i>	37.6	26.4	16.7	30.4	23.6	17.4	7.2	2.9	-0.7
Gross profit	1,067	1,407	1,700	952	1,201	1,425	12.1	17.2	19.3
<i>Growth (%)</i>	60.2	31.9	20.8	42.9	26.2	18.7	17.3	5.7	2.1
EBITDA	909	1,165	1,399	810	993	1,162	12.9	18.0	21.1
<i>Growth (%)</i>	64.6	28.1	20.0	45.7	22.6	17.0	18.8	5.6	3.1
Net profit	711	938	1,157	607	765	918	17.0	22.7	26.1
<i>Growth (%)</i>	92.5	32.0	23.3	64.5	25.9	20.0	28.0	6.2	3.3
<b>Key ratios</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(ppt)</b>
Gross margin	58.9	61.4	63.6	55.4	56.6	57.2	3.5	4.9	6.4
EBITDA margin	50.5	51.2	52.7	47.2	46.8	46.7	3.3	4.4	6.0
Net profit margin	39.2	41.0	43.3	35.3	36.0	36.9	3.9	5.0	6.5
<b>Key assumptions</b>									
Students, all campuses (students)	4,014	4,609	5,104	3,748	4,333	4,808	7.1	6.4	6.2
Net additions (students)	900	595	495	634	585	475	42.0	1.7	4.2
Annual tuition fee (THB m/student)	0.53	0.55	0.57	0.52	0.54	0.57	1.5	1.5	1.5

Sources: SISB, FSSIA estimates

## Exhibit 15: DCF-based valuation

Cost of equity assumption	(%)	Cost of debt assumption	(%)
Risk-free rate	2.7	Pre-tax cost of debt	3.0
Market risk premium	8.0	Tax rate	0.0
Stock beta	1.0		
Cost of equity, Ke	10.5	Cost of debt, Kd	1.1
Weight applied	61.9	Weight applied	38.1
WACC	7.7		
Terminal growth	4		
	<b>(THB)</b>		
Sum of PV of FCF	5,936		
PV of Terminal value	36,171		
Enterprise value	42,107		
Net debt	212		
Equity value	42,319		
No. of shares	940		
<b>Equity value per share</b>	<b>45.02</b>		

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	1,813	2,290	2,672
Cost of goods sold	(558)	(653)	(746)	(883)	(972)
<b>Gross profit</b>	<b>496</b>	<b>666</b>	<b>1,067</b>	<b>1,407</b>	<b>1,700</b>
Other operating income	20	25	26	24	25
Operating costs	(279)	(301)	(364)	(476)	(553)
<b>Operating EBITDA</b>	<b>390</b>	<b>551</b>	<b>909</b>	<b>1,165</b>	<b>1,399</b>
Depreciation	(152)	(161)	(180)	(211)	(227)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>238</b>	<b>390</b>	<b>729</b>	<b>955</b>	<b>1,172</b>
Net financing costs	(26)	(25)	(23)	(22)	(21)
Associates	1	5	6	7	8
Recurring non-operating income	1	5	6	7	8
Non-recurring items	0	0	0	0	0
<b>Profit before tax</b>	<b>213</b>	<b>370</b>	<b>712</b>	<b>940</b>	<b>1,159</b>
Tax	0	(1)	(1)	(2)	(2)
<b>Profit after tax</b>	<b>213</b>	<b>369</b>	<b>711</b>	<b>938</b>	<b>1,157</b>
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>213</b>	<b>369</b>	<b>711</b>	<b>938</b>	<b>1,157</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>213</b>	<b>369</b>	<b>711</b>	<b>938</b>	<b>1,157</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.23	0.39	0.76	1.00	1.23
Reported EPS	0.23	0.39	0.76	1.00	1.23
DPS	0.08	0.10	0.30	0.40	0.49
Diluted shares (used to calculate per share data)	940	940	940	940	940
<b>Growth</b>					
Revenue (%)	0.6	25.1	37.4	26.3	16.7
Operating EBITDA (%)	14.4	41.3	65.0	28.2	20.1
Operating EBIT (%)	28.8	63.8	86.9	31.0	22.7
Recurring EPS (%)	33.2	73.1	92.5	32.0	23.3
Reported EPS (%)	33.2	73.1	92.5	32.0	23.3
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	47.1	50.5	58.9	61.4	63.6
Gross margin exc. depreciation (%)	61.4	62.7	68.8	70.6	72.1
Operating EBITDA margin (%)	37.0	41.7	50.1	50.9	52.4
Operating EBIT margin (%)	22.6	29.6	40.2	41.7	43.9
Net margin (%)	20.2	28.0	39.2	41.0	43.3
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	31.5	43.7	56.8
Inventory days	6.7	5.7	4.8	4.3	4.0
Debtor days	25.3	22.6	20.4	23.6	27.7
Creditor days	72.2	86.3	92.8	75.8	47.4
Operating ROIC (%)	19.5	23.8	36.5	37.8	(0.4)
ROIC (%)	13.7	18.6	29.4	31.5	(0.3)
ROE (%)	11.0	17.2	28.4	31.3	33.1
ROA (%)	7.3	10.9	17.7	21.1	23.6
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Tuition fees and service income	1,050	1,311	1,803	2,280	2,660
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	711	938	1,157
Depreciation	152	161	180	211	227
Associates & minorities	(1)	(5)	(6)	(7)	(8)
Other non-cash items	0	0	0	0	0
Change in working capital	22	198	313	(265)	(142)
<b>Cash flow from operations</b>	<b>386</b>	<b>723</b>	<b>1,197</b>	<b>876</b>	<b>1,234</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(591)	(452)	(538)	(448)	(432)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	0	0	0	0	0
<b>Cash flow from investing</b>	<b>(591)</b>	<b>(452)</b>	<b>(538)</b>	<b>(448)</b>	<b>(432)</b>
Dividends paid	(71)	(94)	(284)	(375)	(463)
Equity finance	0	0	0	0	0
Debt finance	(33)	(36)	30	48	52
Other financing cash flows	0	0	0	0	0
<b>Cash flow from financing</b>	<b>(104)</b>	<b>(130)</b>	<b>(254)</b>	<b>(328)</b>	<b>(411)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	65	0	0	0	0
<b>Net other adjustments</b>	<b>65</b>	<b>(96)</b>	<b>(386)</b>	<b>(134)</b>	<b>(353)</b>
<b>Movement in cash</b>	<b>(244)</b>	<b>46</b>	<b>20</b>	<b>(33)</b>	<b>39</b>
Free cash flow to firm (FCFF)	(179.69)	296.58	682.76	450.37	823.51
Free cash flow to equity (FCFE)	(172.72)	139.69	304.09	342.22	501.51

### Per share (THB)

FCFF per share	(0.19)	0.32	0.73	0.48	0.88
FCFE per share	(0.18)	0.15	0.32	0.36	0.53
Recurring cash flow per share	0.39	0.56	0.94	1.21	1.46

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	2,697	3,327	3,927	4,427	4,927
Less: Accumulated depreciation	(697)	(833)	(1,013)	(1,224)	(1,451)
<b>Tangible fixed assets (net)</b>	<b>1,999</b>	<b>2,493</b>	<b>2,913</b>	<b>3,203</b>	<b>3,475</b>
<b>Intangible fixed assets (net)</b>	<b>8</b>	<b>1</b>	<b>10</b>	<b>10</b>	<b>10</b>
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	55	60	60	60	60
Cash & equivalents	764	810	829	796	835
A/C receivable	70	93	109	187	219
Inventories	8	7	8	8	8
Other current assets	21	15	16	16	16
<b>Current assets</b>	<b>863</b>	<b>926</b>	<b>962</b>	<b>1,008</b>	<b>1,078</b>
Other assets	408	434	442	451	460
<b>Total assets</b>	<b>3,334</b>	<b>3,914</b>	<b>4,388</b>	<b>4,732</b>	<b>5,084</b>
Common equity	2,014	2,290	2,716	3,279	3,723
Minorities etc.	0	0	0	0	0
<b>Total shareholders' equity</b>	<b>2,014</b>	<b>2,290</b>	<b>2,716</b>	<b>3,279</b>	<b>3,723</b>
Long term debt	445	442	434	425	416
Other long-term liabilities	239	323	362	419	479
<b>Long-term liabilities</b>	<b>684</b>	<b>766</b>	<b>796</b>	<b>844</b>	<b>896</b>
A/C payable	84	149	139	140	53
Short term debt	12	14	16	15	16
Other current liabilities	539	696	721	453	396
<b>Current liabilities</b>	<b>635</b>	<b>858</b>	<b>876</b>	<b>609</b>	<b>465</b>
<b>Total liabilities and shareholders' equity</b>	<b>3,334</b>	<b>3,914</b>	<b>4,388</b>	<b>4,732</b>	<b>5,084</b>
Net working capital	(524)	(728)	(728)	(382)	(206)
Invested capital	1,947	2,260	2,698	3,342	3,800

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

### Per share (THB)

Book value per share	2.14	2.44	2.89	3.49	3.96
Tangible book value per share	2.13	2.43	2.88	3.48	3.95

### Financial strength

Net debt/equity (%)	(15.2)	(15.4)	(14.0)	(10.9)	(10.8)
Net debt/total assets (%)	(9.2)	(9.0)	(8.7)	(7.5)	(7.9)
Current ratio (x)	1.4	1.1	1.1	1.7	2.3
CF interest cover (x)	17.4	24.4	37.1	36.9	46.0

Valuation	2021	2022	2023E	2024E	2025E
<b>Recurring P/E (x) *</b>	<b>175.2</b>	<b>101.2</b>	<b>52.6</b>	<b>39.8</b>	<b>32.3</b>
<b>Recurring P/E @ target price (x) *</b>	<b>198.3</b>	<b>114.5</b>	<b>59.5</b>	<b>45.1</b>	<b>36.6</b>
Reported P/E (x)	175.2	101.2	52.6	39.8	32.3
Dividend yield (%)	0.2	0.3	0.8	1.0	1.2
Price/book (x)	18.5	16.3	13.8	11.4	10.0
Price/tangible book (x)	18.6	16.3	13.8	11.4	10.1
EV/EBITDA (x) **	95.0	67.2	40.7	31.8	26.4
EV/EBITDA @ target price (x) **	107.7	76.2	46.1	36.0	29.9
EV/invested capital (x)	19.0	16.4	13.7	11.1	9.7

\* 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)<sup>1</sup>

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)<sup>2</sup>

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)<sup>3</sup>

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)<sup>4</sup> 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 Indices<sup>5</sup> (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:

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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.

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

<sup>5</sup> 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

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

#### 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 39.75	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 07-Jun-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.