

SCGJWD LOGISTICS  
THAILAND / TRANSPORT & LOGISTICS

## SJWD TB

BUY

## กำไรได้ผ่านจุดต่ำสุดไปแล้ว

- SJWD เป็นผู้ให้บริการในด้าน Logistics และ Supply chain ที่ใหญ่ที่สุดในเอเชียตะวันออกเฉียงใต้
- ในปี 2024 การเติบโตน่าจะดีขึ้นเนื่องจากบริษัท จะเริ่มรับรู้ประโยชน์จากการควบรวมกิจการ
- เริ่มทวีเคราะห์ด้วยคำแนะนำซื้อที่ราคาเป้าหมาย 21.5 บาท

TARGET PRICE	THB21.50
CLOSE	THB15.50
UP/DOWNSIDE	+38.7%
TP vs CONSENSUS	+10.1%

## การควบรวมกิจการจะผสานจุดแข็งเข้าด้วยกัน

ตลาด Logistics ของไทยมีขนาดใหญ่แต่มีผู้เล่นขนาดกลางถึงเล็กเป็นจำนวนมาก การควบรวมกิจการของบริษัท ซึ่งแต่เดิมชื่อ JWD InfoLogistics PLC กับ SCG Logistics Management Co., Ltd. ซึ่งเป็นบริษัท Logistics ของ Siam Cement Group (SCG) เมื่อวันที่ 14 ก.พ. 2023 ทำให้ SJWD เป็นผู้ให้บริการในด้าน Logistics และ Supply chain ที่ใหญ่ที่สุดในเอเชียตะวันออกเฉียงใต้ ทั้งสองบริษัทอยู่ในอุตสาหกรรมเดียวกันแต่มีธุรกิจซ้ำซ้อนกันน้อยซึ่งช่วยเสริมความสามารถของ SJWD ในทุกอุตสาหกรรมใน 9 ประเทศในอาเซียนและบริเวณจีนตอนใต้ได้อย่างมาก

## Business profile ดียิ่งขึ้น

ปัจจุบัน SJWD มีฐานลูกค้ารวมมากกว่า 2,400 ราย มีพื้นที่คลังสินค้ารวมทุกประเภทกว่า 2.3 ล้าน ตรม. มีรถบรรทุกมากกว่า 12,000 คันและมีเรืออีกรกว่า 240 ลำ ประโยชน์จากการควบรวมกิจการจะเกิดขึ้นผ่าน Cross-selling และ Up-selling, การขยายธุรกิจไปต่างประเทศ, การใช้ประโยชน์จากสินทรัพย์ในปัจจุบัน, เครือข่าย, เทคโนโลยี, และโอกาสในการควบรวมและซื้อกิจการ

## กำไรได้ผ่านจุดต่ำสุดไปแล้ว

มีหลายปัจจัยที่ส่งผลกระทบต่อผลการดำเนินงานของธุรกิจของ SJWD ใน 2Q23 อาทิ เช่น ปริมาณการขนส่งถ่านหินและปูนซีเมนต์ที่ลดลงและอัตราการเข้าห้องเย็นที่ต่ำที่สุดในรอบ 7 ปีจากการเบิกคินสินค้าซึ่งได้บรรเทาแล้วในปัจจุบัน เราคาดว่า SJWD จะรายงานรายได้ 22.2 พัน ลบ. และกำไรปกติ 803 ลบ. ในปี 2023 ในช่วง 1H23 กำไรปกติที่ 356 ลบ. คิดเป็น 44% ของประมาณการกำไรทั้งปีของเรา ในปี 2024 การเติบโตน่าจะดีขึ้นเนื่องจากบริษัท จะเริ่มรับรู้ประโยชน์จากการควบรวมกิจการ เราคาดว่ารายได้และกำไรปกติจะโต 8% CAGR และ 27% CAGR ในช่วงปี 2023-25 ตามลำดับ

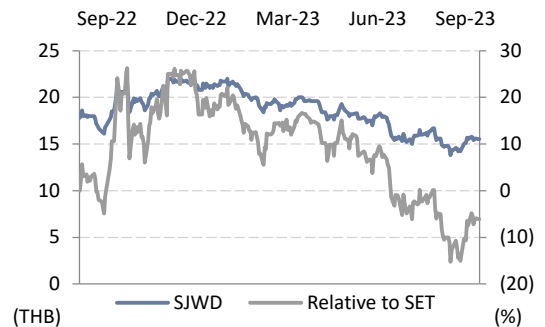
## เริ่มทวีเคราะห์ด้วยคำแนะนำซื้อ SJWD ที่ราคาเป้าหมาย 21.5 บาท

เราเริ่มทวีเคราะห์ SJWD ด้วยคำแนะนำซื้อเนื่องจากเราเชื่อว่าราคาหุ้นที่ปรับตัวลดลง 25% YTD ได้สะท้อนปัจจัยลบทั้งหมดไปแล้ว อุตสาหกรรม Logistics ในช่วงหลังโรคระบาดชะลอตัวตลอดห่วงโซ่อุปทาน ต้นทุนของการควบรวมกิจการส่วนมากอยู่ในช่วง 1H23 ในขณะที่บริษัทค่อย ๆ รับรู้ประโยชน์ที่คาดว่าจะได้ เราได้ราคาเป้าหมายของเราอยู่ที่ 21.5 บาท (DCF, 8.4% WACC, 3% LTG) คิดเป็น 32.8x ของค่า 2024E P/E ซึ่งเท่ากับค่าเฉลี่ยในรอบ 2 ปีและเท่ากับเพียง 13.3x ของค่า 2024E EV/EBITDA ปัจจุบันหุ้นมีการซื้อขายที่ 23.6x ของค่า 2024E P/E นับว่าต่ำที่สุดในรอบ 3 ปีและมีการซื้อขายที่เพียง 13.2x ของค่า 2024E EV/EBITDA

## KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	5,902	22,226	24,485	25,971
Net profit	504	803	1,189	1,303
EPS (THB)	0.49	0.44	0.66	0.72
vs Consensus (%)	-	(5.0)	(0.5)	(6.1)
EBITDA	1,354	2,425	2,921	3,042
Recurring net profit	535	803	1,189	1,303
Core EPS (THB)	0.52	0.44	0.66	0.72
EPS growth (%)	17.8	(15.5)	48.1	9.6

Core P/E (x)	29.5	35.0	23.6	21.5
Dividend yield (%)	5.0	1.1	1.7	1.9
EV/EBITDA (x)	16.6	16.2	13.2	12.3
Price/book (x)	5.1	1.3	1.2	1.2
Net debt/Equity (%)	184.8	48.8	43.8	37.5
ROE (%)	15.6	6.3	5.3	5.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	4.7	(13.4)	(10.9)
Relative to country (%)	4.3	(12.6)	(4.3)
Mkt cap (USD m)			791
3m avg. daily turnover (USD m)			1.3
Free float (%)			46
Major shareholder			SCG Group (43%)
12m high/low (THB)			22.60/13.80
Issued shares (m)			1,811.02

Sources: Bloomberg consensus; FSSIA estimates



Jitra Amornthum

Analyst register no. 014530  
jitra.a@fssia.com, +66 2646 9966

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 12 กันยายน 2023

### Investment thesis

Post-merger with SCG Logistics Management Co., Ltd. (SCGL), SJWD is the largest logistics and supply chain solutions provider in Southeast Asia. The company has a wide geographical footprint in Myanmar, Laos, the Philippines, and Southern China, in addition to SJWD's pre-merger existing markets in Vietnam, Cambodia, and Indonesia. With a few business units overlapping, the merged company has synergies through the economies of scale and scope of business, cross-selling opportunities, and utilising SCG's connectivity to penetrate the region.

We initiate coverage with a BUY call as SJWD's earnings bottom has passed, in our view. Its 2024 operations should be more visible with a stronger financial profile and more M&A opportunities.

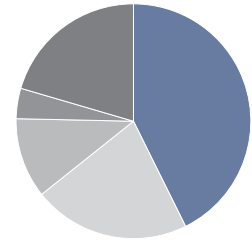
### Company profile

SJWD commenced its logistics business in 1979 and is now one of ASEAN's top specialised logistics and supply chain solutions provider. A win-win merger with SCG Logistics Management Co., Ltd. (SCGL), the logistics arm of Siam Cement Group (SCG), makes SJWD the largest integrated service provider in ASEAN-9 including Southern China.

[www.jwd-group.com](http://www.jwd-group.com)

### Principal activities (revenue, 2022)

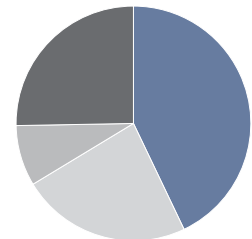
- Warehouse & yard management - 42.7 %
- Transportation & Distribution - 21.6 %
- Other logistics business - 11.1 %
- Overseas - 4.2 %
- Other business - 20.5 %



Source: SCGJWD Logistics

### Major shareholders

- SCG Group - 42.9 %
- Bunditkitsada family - 23.4 %
- Nimitpanya family - 8.4 %
- Others - 25.3 %



Source: SCGJWD Logistics

### Catalysts

Potential catalysts for SJWD include 1) a fast recovery in freight rates; 2) a strong recovery in Thailand's and the region's exports; and 3) booming EV demand in Thailand.

### Risks to our call

Downside risks to our DCF-based TP include 1) slower-than-expected regional economic growth; 2) high volatility in energy costs; 3) delayed synergies; and 4) higher cost of funds.

### Event calendar

Date	Event
November 2023	3Q23 earnings announcement

### Key assumptions

Growth	2023E	2024E	2025E
	(%)	(%)	(%)
<b>Revenue breakdown</b>			
Warehouse & yard management	(21.2)	6.4	3.1
Transportation & distribution	806.2	13.7	7.0
Other logistics service	259.9	6.8	6.1
Overseas business	-	7.0	7.0
Blended gross margin	13.4	13.7	13.8
SG&A to sales	8.9	7.7	7.8

Source: FSSIA estimates

### Earnings sensitivity

- For every 0.5% change in blended gross margin, we project SJWD's 2023 net profit to change by 10%, all else being equal.
- For every 1% change in cost of funds, we project SJWD's 2023 net profit to change by 7%, all else being equal.

Source: FSSIA estimates



## Post-merger integration period

SJWD, formerly JWD InfoLogistics, has provided integrated logistics solutions specialising in the warehouse management of general goods, dangerous goods, automotive yards, and the cold chain business for over 42 years in Thailand, Cambodia, Vietnam, Laos, Indonesia, and Taiwan. After the merger with SCG Logistics Management Co., Ltd., a logistics unit of Siam Cement Group (SCG) on 14 February 2023, the merged company became the largest logistics and supply chain solutions provider in Southeast Asia. The two companies are in the same industry with a few units overlapping, therefore, it significantly enhances SJWD’s capabilities across all industries through nine countries in ASEAN and Southern China.

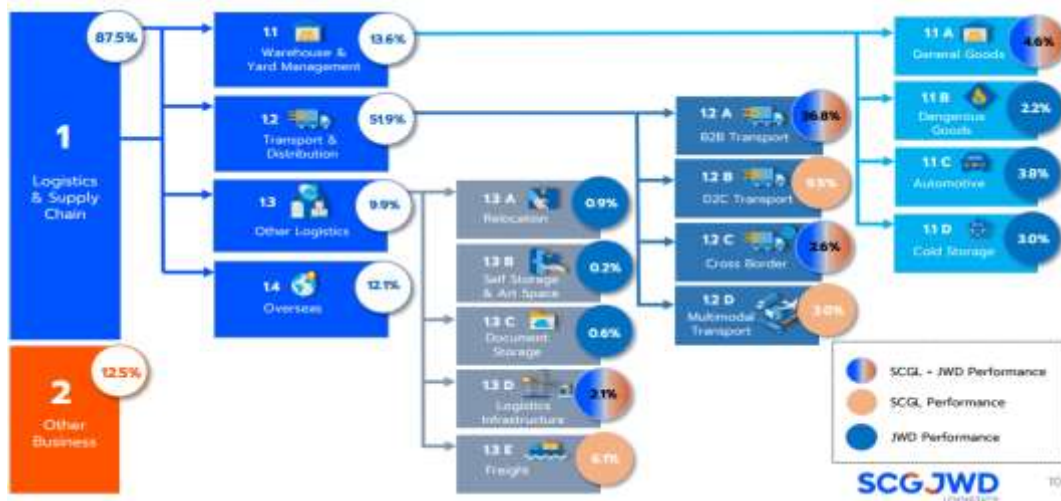
SCG Logistics Management Co., Ltd., founded more than 25 years ago, provides end-to-end distribution and logistics services. The company offers transportation, warehouse, product handling, cross border transportation, and custom services to clients. The company has been granted a 30-year concession by the Industrial Estate Authority of Thailand to operate tugboats in Map Ta Phut harbour. The company also has a strong footprint in Thailand, Myanmar, Laos, Cambodia, Vietnam, and South China. As a subsidiary of SCG, 65% of the company’s revenue comes from the SCG group.

Currently, SJWD has a combined customer base of more than 2,400, over 2.3m square metres of warehouse space of all types, a fleet capacity of more than 12,000 trucks, and over 240 barges. The company’s business can be classified into two major groups: logistics and supply chain, which is its main source of income, and other businesses.

SJWD’s THB6.1b total revenue in 2Q23 was the highest quarter on record as it was the first quarter that fully consolidated the operations from SCG Logistics Management Co., Ltd. The total revenue comprised 87.5% from logistics and supply chain services and the balance from other businesses. Core profit, however, declined 45.7% q-q in 2Q23, leading to a lower core profit margin of 2.0% as compared with the 8-9% core profit margin during the pre-merger period.

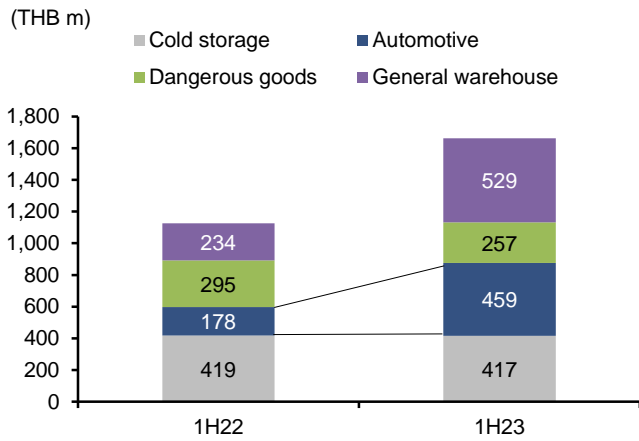
2023 is a tough year for the logistics industry with the softer demand for industrial products affecting cement and coal transportation shipments. The surging tuna prices during 1H23 also had a negative impact on importers, lowering the demand for cold storage space. However, automotive logistics management (automotive yard, warehouse management) delivered outstanding performance, thanks to the EV sales in Thailand.

Exhibit 1: SJWD’s 2Q23 business structure post the merger with SCGL



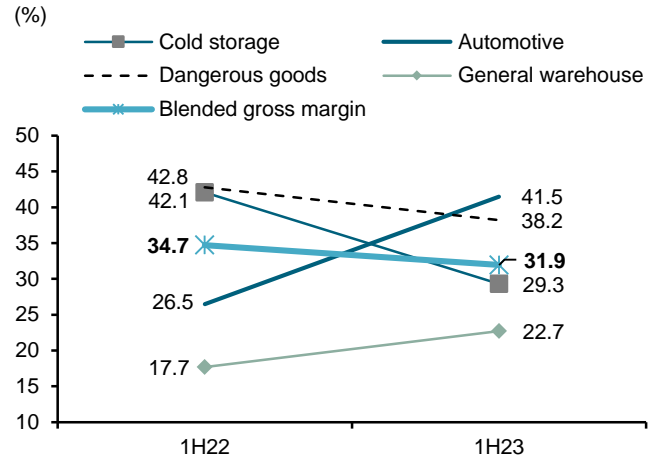
Source: SJWD

**Exhibit 2: Revenue from warehouse & yard management unit**



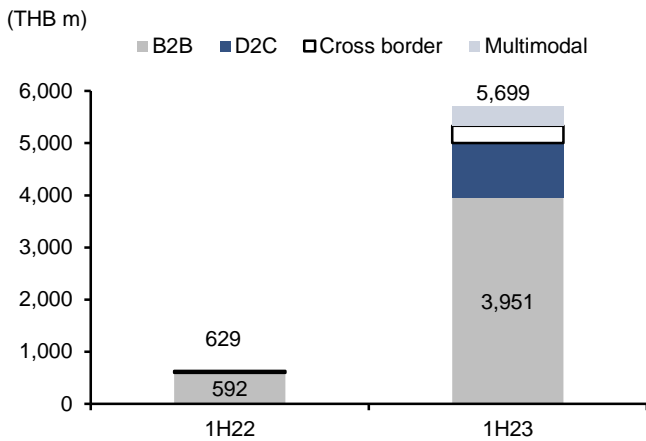
Sources: SJWD; FSSIA's compilation

**Exhibit 3: Gross margin of warehouse & yard unit**



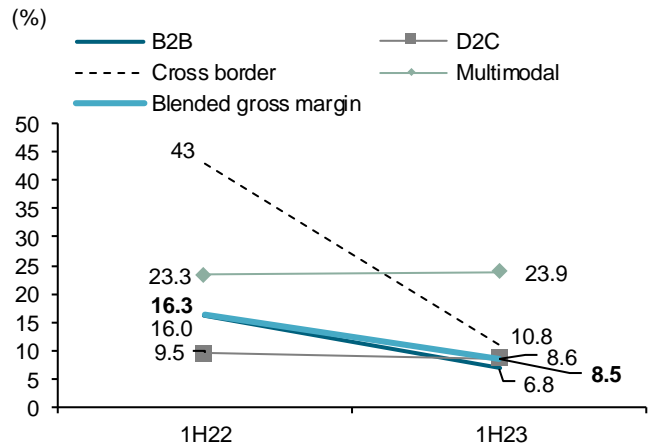
Sources: SJWD; FSSIA's compilation

**Exhibit 4: Revenue from transportation & distribution unit**



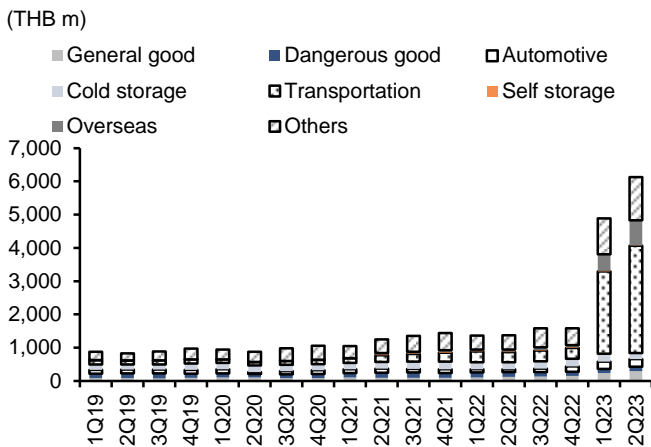
Sources: SJWD; FSSIA's compilation

**Exhibit 5: Gross margin of transportation & distribution unit**



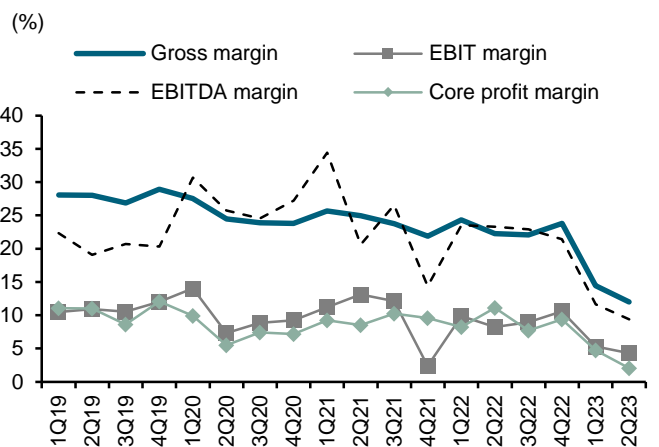
Sources: SJWD; FSSIA's compilation

**Exhibit 6: Revenue breakdown**



Sources: SJWD; FSSIA's compilation

**Exhibit 7: Margins**



Sources: SJWD; FSSIA's compilation

## Realising synergies

Thailand’s logistics market is large but fragmented with numerous mid-to-small players providing services that include transportation, freight forwarding, warehousing, packing, and fulfilment, to name a few. Operating at a large scale has an advantage in terms of competitiveness and cost efficiency.

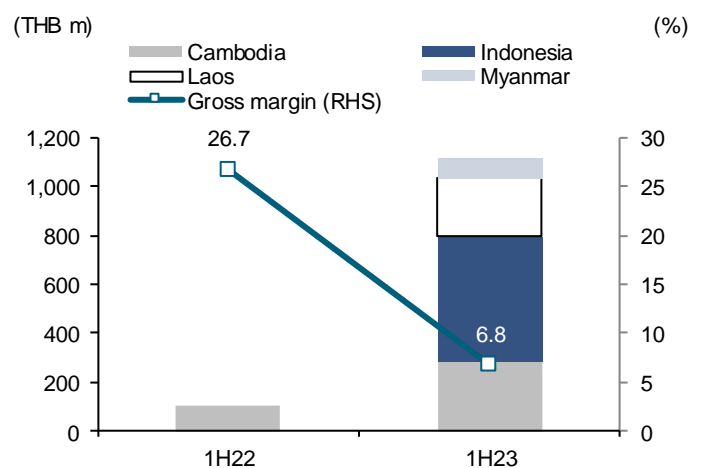
- Scale and cost efficiency.** In 2021, SCGL Logistics Management Co., Ltd. registered operating revenue of THB20.4b and a net profit of THB553m, while SJWD posted revenue of THB5.1b and a net profit of 572m. The merger strengthened both SJWD’s financial and market position to become the largest integrated logistics and supply chain solutions provider in ASEAN. With a large scale, they can share resources for maximum benefits.
- Cross-sale and up-sale synergy.** With more than a 2,400-customer base in eight countries including B2B, B2B2C, and C2C, SJWD can leverage existing assets, networks, and technologies to fulfil each other’s capabilities and offer a wide range of services to customers.
- Overseas expansion.** SCG has a strong position in Thailand and ASEAN countries. SJWD, after the merger, has a wider geographical footprint in Myanmar, Laos, the Philippines, and Southern China, in addition to SJWD’s pre-merger existing markets in Vietnam, Cambodia, and Indonesia. In 1H23, the overseas business contributed 11.3% of SJWD’s total revenue with a gross margin of 6.8% – relatively low as compared to other business units. SJWD can expand more services to those counties to foster growth.
- Financially strong.** At end-2022, pre-merger, SJWD had an IBD/E (excluding liabilities from TFRS16 lease agreements) of 1.7x. The post-merger IBD/E (excluding TFRS16 impact) was significantly down to 0.3x at end-2Q23, thus opening room for more leveraging to support growth. Furthermore, Fitch upgraded SJWD’s national long-term rating by three notches to ‘BBB+’ from ‘BB+’ and its national short-term rating to ‘F2’ from ‘B’ with a stable outlook. The rating upgrade reflected SJWD’s stronger financial profile.

Exhibit 8: Overseas footprint of SJWD



Source: SJWD

Exhibit 9: Revenue and gross margin from overseas services



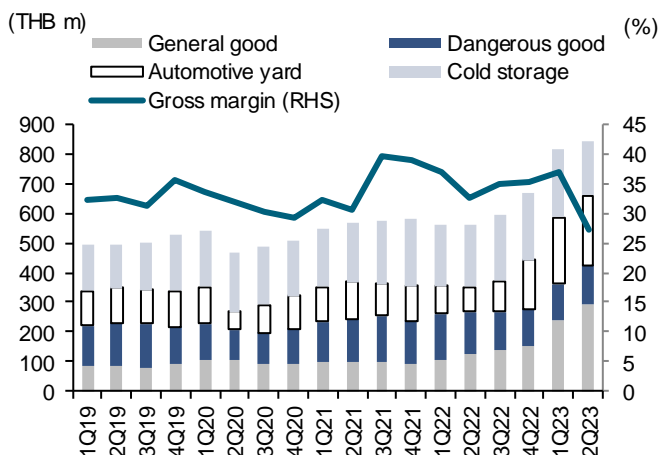
Sources: SJWD; FSSIA’s compilation

### Warehouse business ... a cash cow unit

Warehouse and yard management was a major source of revenue contributing 43-55% of total revenue, and grew at a 16% CAGR during 2020-22. This service includes warehouses for the general zone, free zone and dangerous goods terminal under supervision in Laem Chabang Port. The customers of this service are importers and exporters. SJWD has been awarded a concession by the Port Authority of Thailand as the sole logistics provider for dangerous goods at Laem Chabang Port for 30 years until 2034, with the right to renew the concession twice for the five years each time. Therefore, the company has no competitor for the dangerous goods warehouse business. Shipments at Laem Chabang port are likely to increase in the future due to the limitations of goods transportation at the Bangkok Port, which cannot accommodate large cargo vessels.

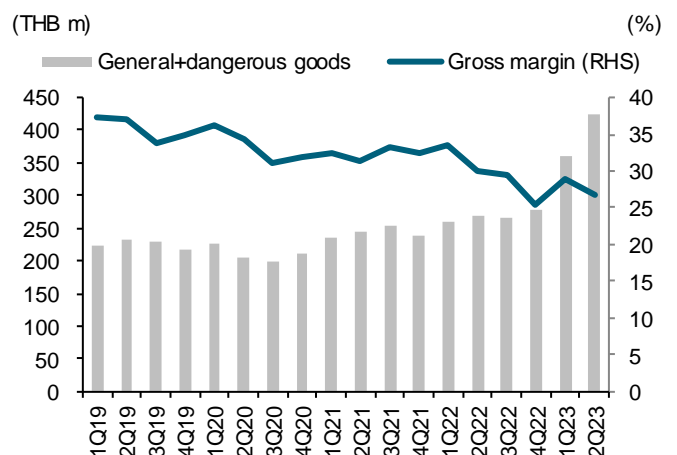
Despite the revenue growth in 2Q23, the gross margin of the warehouse and yard management unit slid to 27.2% from 36.8% in 1Q23, mainly from the cold storage management unit. Revenue from cold storage, 22% of warehouse and yard management, or 3% of total revenue, decreased 21% q-q with a 17.4% gross margin, down from 38.7% in 2Q23 due to the seasonal expensive fish price, causing a significant inventory withdrawal, and thus lowering cold storage space demand. The situation was temporary and started to recover in 2H23. In addition, the revenue of dangerous goods warehouse management in 2Q23 dipped, owing to a slowdown in the chemical and petrochemical industry.

**Exhibit 10: Revenue from warehouse & yard and gross margin**



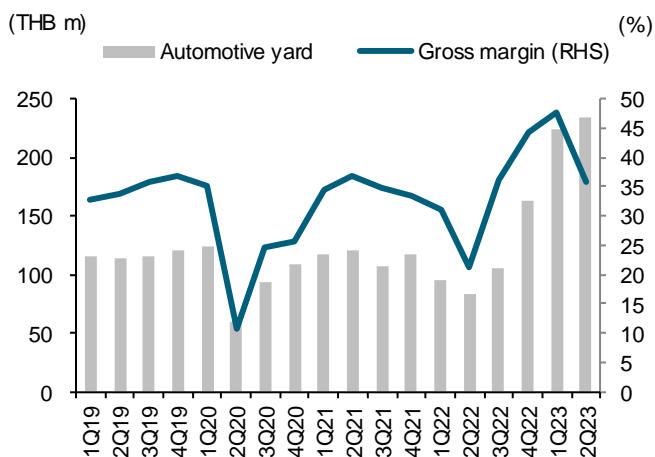
Sources: SJWD; FSSIA's compilation

**Exhibit 11: Revenue from warehouse and gross margin**



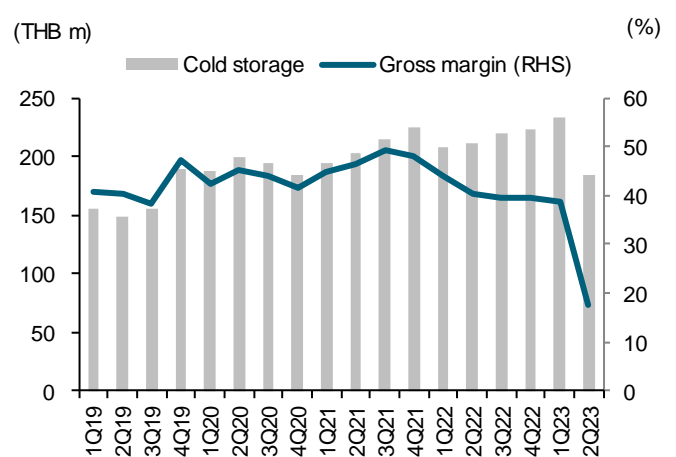
Sources: SJWD; FSSIA's compilation

**Exhibit 12: Revenue from auto yard and gross margin**



Sources: SJWD; FSSIA's compilation

**Exhibit 13: Revenue from cold storage and gross margin**



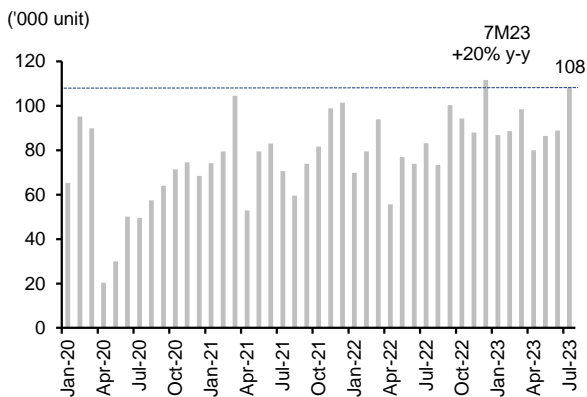
Sources: SJWD; FSSIA's compilation

### Automotive yard management benefits from EV demand in Thailand

SJWD, operated through its subsidiary, offers car parking management services for import and export, rental space for preparation before importing and exporting vehicles, car handling and receiving, pre-delivery inspection, truck sequencing for auto parts for further assembly at car manufacturing factories, and vehicle transport by car carrier. Currently, the company owns approximately 247 rai for vehicle parking space in Chonburi's Laem Chabang Port and Samut Prakan's 19<sup>th</sup> kilometer of Bangna-Trad.

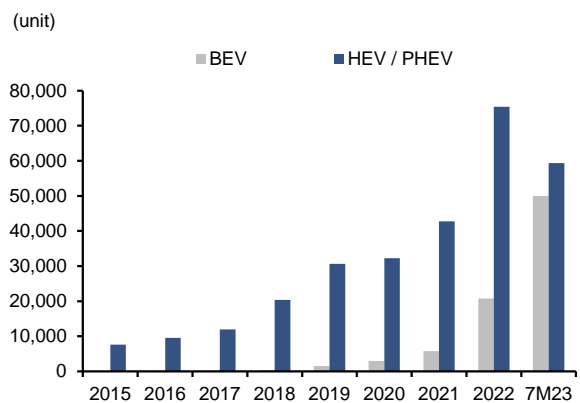
The auto yard management service unit had the most outstanding performance in 1H23 with revenue of THB459m, surpassing the full-year revenue of THB447m in 2022. This was attributable to an impressive 18% y-y increase in car exports from Thailand and a growing demand for imported EVs in Thailand. Currently, SJWD provides services to Nissan, Ford, Mitsubishi, Neta, and BYD. There will be new more EV models for sale in Thailand in the next quarters, benefitting SJWD's autoyard service revenue.

Exhibit 14: Thailand car exports



Source: The Federation of Thailand Industries

Exhibit 15: Number of new xEV registrations



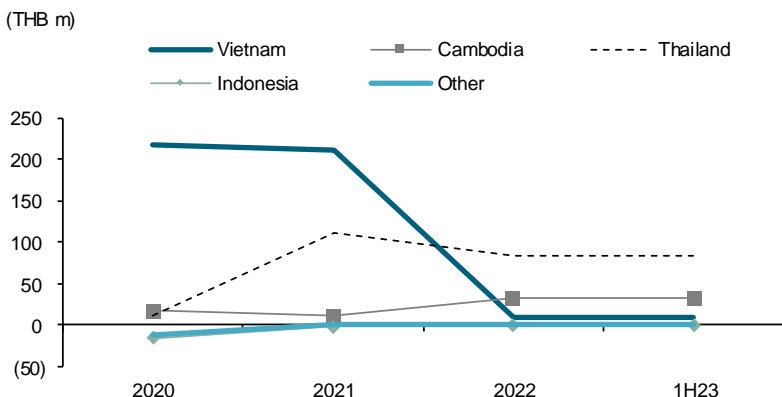
Source: Electric Vehicles Association of Thailand (EVAT)

### Earnings bottom has passed

Several factors negatively affected SJWD's business performance in 2Q23, such as the decline in coal and cement shipment volumes and the seven-year-low occupancy rate of cold storage because of stock withdrawal, which has presently eased. Cement and coal shipments have gradually recovered along with the construction activities. The tuna prices have come down together with the customers' low stocks, leading to fish restocking and demand for cold storage spaces.

The significant plunge in profit sharing from affiliates also contributed to SJWD's disappointing earnings in 2Q23. The equity income from investment in affiliates was THB42m (-51% q-q, -66% y-y), mainly from the profit shrinking from Transimex Corporation, a Vietnamese-based freight forwarder and warehousing operator held 22.8% by SJWD. We believe that the container freight rates hit a trough in mid-2023 and started to stabilize, waiting for China's economic recovery.

Exhibit 16: Share of profits from affiliates



Sources: SJWD; FSSIA's compilation



We expect SJWD to register revenue of THB22.2b and a core profit of THB803m in 2023. The 1H23 core profit of THB356m represents 44% of our full-year profit forecast. SJWD’s 2023E EBITDA and core profit are almost double, despite the post-merger margins being lower, as SCGL’s margins are lower than JWD’s. The growth in 2024 is more promising as the company will start to realise synergies, reduce the redundant expenses, lower financial costs, utilise SCG’s connectivity to penetrate the region, and the disappearance of merger costs.

Our key assumptions include:

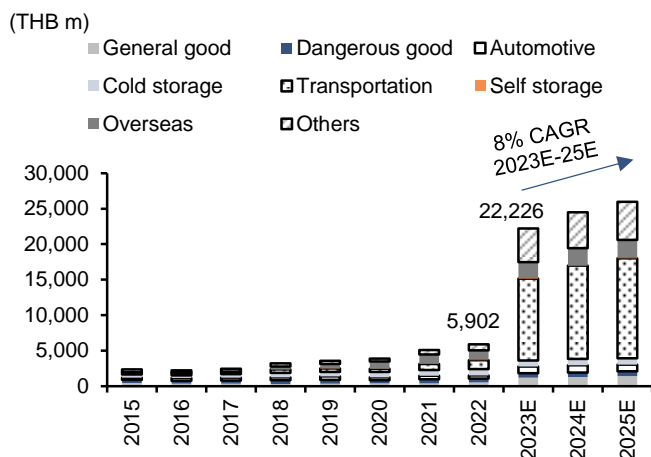
- Revenue of THB22b in 2023 and revenue growth of 8% CAGR during 2023-25.
- Blended gross margin should start at 13.4% in 2023 and reach 13.8% in 2025.
- EBITDA margin at 11-12% during 2023-25.
- Average cost of debt of 4% during 2023-25.
- Dividend payout ratio at 40% during 2023-25.

**Exhibit 17: Key assumptions for SJWD**

	Actual		Forecast				Growth		
	2022	2023E	2024E	2025E	2023E	2024E	2025E		
	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)		
Warehouse & yard management	4,557	3,592	3,821	3,937	-21.2	6.4	3.1		
- General goods	521	1,199	1,294	1,394	130.0	7.9	7.7		
- Dangerous goods	552	609	634	682	10.3	4.1	7.6		
- Automotive yard	447	932	994	944	108.6	6.7	-5.0		
- Cold storage	862	852	899	917	-1.1	5.5	2.0		
Blended gross margin (%)	18.0	22.4	22.6	22.7					
Transportation & distribution	1,276	11,562	13,148	14,061	806.2	13.7	7.0		
Gross margin (%)	8.0	8.3	8.5	8.7					
Other logistics service	653	2,349	2,508	2,660	259.9	6.8	6.1		
Gross margin (%)	27	19.8	20.2	20.45					
Overseas business	0	2,486	2,660	2,846		7.0	7.0		
Gross margin (%)	0.0	7.0	7.2	7.2					
SG&A to sales (%)	15.1	8.9	7.7	7.8					

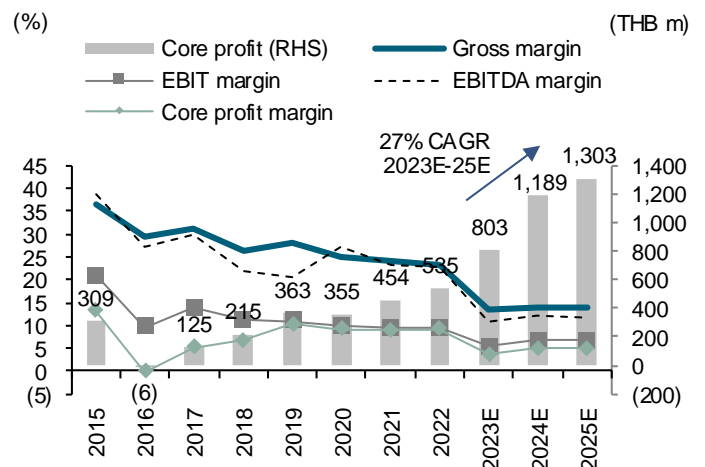
Sources: SJWD, FSSIA estimates

**Exhibit 18: Revenue structure**



Sources: SJWD, FSSIA estimates

**Exhibit 19: Margins and core profit**



Sources: SJWD, FSSIA estimates

## Initiate coverage with a BUY call

We initiate our coverage of SJWD with a BUY rating as the 25% YTD share price plummet has fully reflected the unfavorable factors, we believe. The logistics industry in the aftermath of the pandemic faced a slowdown across supply chains. The cost of the merger was mostly loaded during 1H23, while the synergies have slowly been realised. We derive a DCF-based TP of THB21.50 (8.4% WACC, 3% LTG), implying 32.8x 2024E P/E, equal to its two-year average, and only 13.3x 2024E EV/EBITDA. Its share price, currently trading at 23.6x 2024E P/E, is the lowest in three years, while it is only trading at 13.2x 2024E EV/EBITDA.

### Exhibit 20: DCF-based valuation

Cost of equity assumption	(%)	Cost of debt assumption	(%)
Risk free rate	3.0	Pre-tax cost of debt	4.0
Market risk premium	8.0	Tax rate	20.0
Stock beta	1.1		
Cost of equity, Ke	8.6	Cost of debt, Kd	4.0
Weight applied	59.4	Weight applied	40.6
WACC	8.4		
Terminal growth	3.0		
	<b>(THB m)</b>		
Sum of PV of FCF	13,440		
PV of Terminal value	32,164		
Enterprise value	45,604		
(-) Debt	(8,193)		
(+) Cash	1,909		
(-) Minority interest	(343)		
<b>Equity value</b>	<b>38,977</b>		
No. of shares	1,811		
<b>Equity value per share</b>	<b>21.52</b>		

Sources: SJWD, FSSIA estimates

## Corporate Governance – SJWD

### Board structure

Independent Directors (ID)	5 of 10 board members
Percentage of IDs on the board	At least 33%
ID attendance at board meetings	100%
ID in audit committee	3/3 in audit committee
ID terms	Maximum nine years consecutively from the date of their first appointment.

Additional information: The board of directors is comprised of at least five directors, whereby a minimum of half of all directors must reside in Thailand. The number of independent directors must comprise of at least one third independent directors, of which must be no less than three according to the regulations of the SEC.

### Compensation and remuneration

Directors' remuneration vs earnings/ROE/share performance	THB8.3m vs THB504.3m net profit in 2022
Changes/stability in senior management	Following the merger transaction in December 2022, the company appointed Mr. Bunn Kasemsup as the Co-Chief Executive Officer of SJWD, together with Mr. Charvanin Bunditkitsada.
Incidents of termination of senior management	None
Track record on insider sales	None

Additional information: None

### ESG and sustainability management

SCGJWD Logistics PCL (SJWD TB) realises the importance of stakeholder participation by committing to its business procedure management and efficient business value chain activities. The company includes supply of inventory management and value-added services in which consisted of activities comprising of 5 main activities; 1) goods transport, storage and distribution process, 2) transport and logistics management consultation service, 3) provision goods transport and distribution, 4) marketing and customer servicing, and 5) responsibility for customers and after-sale services. The company develops support activities that encompass staff knowledge development and internal administration. The value created from those activities is offered in the form of service excellence, preciseness, client satisfaction, and reduced social and environment impacts.

Materiality issues	Activities and practice
Goods transport, storage and distribution	<ul style="list-style-type: none"> <li>- Integrated logistics and supply chain management service.</li> <li>- Warehouse and goods storage procurement.</li> <li>- Safety and stored dangerous chemicals management.</li> </ul>
Goods transport and distribution	<ul style="list-style-type: none"> <li>- Storage and delivery with optimum efficiency.</li> <li>- Advanced technology application in transportation, moving and distribution for transportation efficiency control.</li> <li>- Services for customers in food business with temperature-controlled distribution from factories to end customers.</li> </ul>
Marketing and customer servicing	<ul style="list-style-type: none"> <li>- Product and service quality insurance according to the company and customers' identified standard.</li> <li>- Services quality and standard sustainment.</li> </ul>
Responsibility for customers and after-sale services	<ul style="list-style-type: none"> <li>- Customers' complaints, opinion and suggestion receiving and management for continuous improvement and development.</li> <li>- Improvement and development of product and service innovation for society and environment.</li> </ul>
Greenhouse gas management	<ul style="list-style-type: none"> <li>- In the transportation business unit, SJWD started to use ten EVs starting in 2023 to drive renewable energy transportation business. The company estimated that the fuel quantity and greenhouse gas release will be up to a 20% reduction, compared with transportation by vehicles that consume fuel for energy.</li> <li>- The temperature-controlled goods warehouse business group expanded renewable energy production capacity to 6,326 kWh, 62.3% increase from that of the previous year.</li> </ul>
Efficient energy management	<ul style="list-style-type: none"> <li>- SJWD lays out an energy-saving plan at the start of building construction, chooses energy-efficient materials and equipment and raises awareness of energy issues among the employees. In 2022, it found no breach of environmental laws.</li> <li>- The rate of electricity consumption in 2022 was higher than the previous year. Thus, the company set measures to save electricity by changing the light bulbs in buildings and installed a solar rooftop at the Samwa warehouse in 2023 with an installed capacity of 199.65 kWp.</li> </ul>

Additional information: [Form56-1 One Report 2022](#)

### Audit Practices

Auditor	KPMG Phoomchai Audit Co. Ltd.
Effective until	31 December 2023
Reporting incidents	None
Fee track record	In 2022, the total auditing service fee for the company (excluding the subsidiaries) amounted to THB2.5m and non-audit fee amounted to THB0.08m.
Policy on change of audit firm	To review every five years

Additional information: None

### Shareholders' rights

Practice	Activity
Communication - shareholder participation in AGMs/EGMs	AGM once annually, EGM when appropriated and in accordance with SEC guidelines
Related party transactions	In accordance with SEC guidelines
Voting issues - policies, incidents of rejected proposals	None

Additional information: None

## Financial Statements

### SCGJWD Logistics

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	5,101	5,902	22,226	24,485	25,971
Cost of goods sold	(3,881)	(4,538)	(19,243)	(21,130)	(22,379)
<b>Gross profit</b>	<b>1,220</b>	<b>1,364</b>	<b>2,983</b>	<b>3,355</b>	<b>3,592</b>
Other operating income	75	86	182	189	187
Operating costs	(814)	(894)	(1,978)	(1,885)	(2,026)
<b>Operating EBITDA</b>	<b>1,187</b>	<b>1,354</b>	<b>2,425</b>	<b>2,921</b>	<b>3,042</b>
Depreciation	(706)	(798)	(1,239)	(1,263)	(1,289)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>481</b>	<b>556</b>	<b>1,187</b>	<b>1,658</b>	<b>1,753</b>
Net financing costs	(218)	(291)	(421)	(416)	(416)
Associates	221	332	220	224	228
Recurring non-operating income	221	332	220	224	228
Non-recurring items	117	(31)	0	0	0
<b>Profit before tax</b>	<b>601</b>	<b>567</b>	<b>986</b>	<b>1,466</b>	<b>1,566</b>
Tax	(45)	(49)	(153)	(248)	(267)
<b>Profit after tax</b>	<b>557</b>	<b>518</b>	<b>833</b>	<b>1,218</b>	<b>1,298</b>
Minority interests	15	(14)	(30)	(29)	5
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>572</b>	<b>504</b>	<b>803</b>	<b>1,189</b>	<b>1,303</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(117)</b>	<b>31</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>455</b>	<b>535</b>	<b>803</b>	<b>1,189</b>	<b>1,303</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.45	0.52	0.44	0.66	0.72
Reported EPS	0.56	0.49	0.44	0.66	0.72
DPS	0.25	0.78	0.18	0.26	0.29
Diluted shares (used to calculate per share data)	1,020	1,020	1,811	1,811	1,811
<b>Growth</b>					
Revenue (%)	32.2	15.7	276.6	10.2	6.1
Operating EBITDA (%)	13.7	14.1	79.1	20.4	4.1
Operating EBIT (%)	26.3	15.7	113.3	39.7	5.7
Recurring EPS (%)	27.7	17.8	(15.5)	48.1	9.6
Reported EPS (%)	97.2	(11.8)	(10.4)	48.1	9.6
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	23.9	23.1	13.4	13.7	13.8
Gross margin exc. depreciation (%)	37.8	36.6	19.0	18.9	18.8
Operating EBITDA margin (%)	23.3	22.9	10.9	11.9	11.7
Operating EBIT margin (%)	9.4	9.4	5.3	6.8	6.8
Net margin (%)	8.9	9.1	3.6	4.9	5.0
Effective tax rate (%)	7.4	8.6	15.5	16.9	17.1
Dividend payout on recurring profit (%)	56.1	148.7	40.0	40.0	40.0
Interest cover (X)	3.2	3.1	3.3	4.5	4.8
Inventory days	13.7	14.2	3.3	3.0	3.1
Debtor days	63.8	67.7	39.3	54.2	52.0
Creditor days	83.8	125.2	46.6	53.2	49.5
Operating ROIC (%)	9.0	9.7	13.1	13.4	(3.5)
ROIC (%)	6.3	7.0	5.1	4.4	(1.2)
ROE (%)	13.3	15.6	6.3	5.3	5.6
ROA (%)	5.6	6.1	4.5	4.0	3.1
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Warehouse & yard management	2,393	2,519	3,592	3,821	3,937
Transportation & Distribution	836	1,276	11,562	13,148	14,061
Other logistics business	536	653	2,349	2,508	2,660
Overseas	136	247	2,486	2,660	2,846

Sources: SCGJWD Logistics; FSSIA estimates

## Financial Statements

### SCGJWD Logistics

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	454	535	803	1,189	1,303
Depreciation	706	798	1,239	1,263	1,289
Associates & minorities	(221)	(332)	(220)	(224)	(228)
Other non-cash items	90	(14)	0	0	43
Change in working capital	44	76	(481)	(861)	(1,021)
<b>Cash flow from operations</b>	<b>1,074</b>	<b>1,064</b>	<b>1,340</b>	<b>1,367</b>	<b>1,385</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(950)	(1,041)	(173)	(124)	(207)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(917)	(186)	(1,735)	42	497
<b>Cash flow from investing</b>	<b>(1,866)</b>	<b>(1,227)</b>	<b>(1,908)</b>	<b>(82)</b>	<b>290</b>
Dividends paid	(227)	(262)	(321)	(475)	(521)
Equity finance	92	105	396	0	0
Debt finance	1,632	(42)	892	(589)	(846)
Other financing cash flows	(113)	(197)	0	0	0
<b>Cash flow from financing</b>	<b>1,383</b>	<b>(397)</b>	<b>966</b>	<b>(1,065)</b>	<b>(1,367)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	163	43	5	0
<b>Net other adjustments</b>	<b>(47)</b>	<b>163</b>	<b>43</b>	<b>5</b>	<b>0</b>
<b>Movement in cash</b>	<b>544</b>	<b>(397)</b>	<b>441</b>	<b>225</b>	<b>308</b>
Free cash flow to firm (FCFF)	(573.85)	127.18	(146.43)	1,700.44	2,090.96
Free cash flow to equity (FCFE)	679.02	(239.55)	366.84	700.43	828.88

#### Per share (THB)

FCFF per share	(0.32)	0.07	(0.08)	0.94	1.15
FCFE per share	0.37	(0.13)	0.20	0.39	0.46
Recurring cash flow per share	1.01	0.97	1.01	1.23	1.33

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	6,440	7,235	11,251	11,312	11,389
Less: Accumulated depreciation	(2,050)	(2,307)	(2,422)	(2,544)	(2,671)
<b>Tangible fixed assets (net)</b>	<b>4,390</b>	<b>4,928</b>	<b>8,828</b>	<b>8,768</b>	<b>8,718</b>
<b>Intangible fixed assets (net)</b>	<b>2,118</b>	<b>1,795</b>	<b>18,309</b>	<b>18,045</b>	<b>17,387</b>
Long-term financial assets	0	0	370	367	356
Invest. in associates & subsidiaries	2,490	2,830	3,680	3,864	3,903
Cash & equivalents	1,530	1,133	1,575	1,800	2,107
A/C receivable	1,052	1,138	3,654	3,622	3,771
Inventories	126	165	158	174	184
Other current assets	32	99	333	343	364
<b>Current assets</b>	<b>2,740</b>	<b>2,534</b>	<b>5,720</b>	<b>5,938</b>	<b>6,426</b>
Other assets	867	953	1,810	1,912	1,935
<b>Total assets</b>	<b>12,605</b>	<b>13,041</b>	<b>38,718</b>	<b>38,894</b>	<b>38,725</b>
Common equity	3,738	3,117	22,201	22,914	23,696
Minorities etc.	241	317	333	343	353
<b>Total shareholders' equity</b>	<b>3,978</b>	<b>3,434</b>	<b>22,534</b>	<b>23,257</b>	<b>24,049</b>
Long term debt	5,278	4,886	8,319	7,646	6,946
Other long-term liabilities	290	326	556	588	597
<b>Long-term liabilities</b>	<b>5,567</b>	<b>5,213</b>	<b>8,875</b>	<b>8,234</b>	<b>7,544</b>
A/C payable	868	1,697	2,900	2,895	2,820
Short term debt	2,099	2,593	4,251	4,335	4,189
Other current liabilities	92	104	158	174	123
<b>Current liabilities</b>	<b>3,059</b>	<b>4,394</b>	<b>7,309</b>	<b>7,404</b>	<b>7,132</b>
<b>Total liabilities and shareholders' equity</b>	<b>12,605</b>	<b>13,041</b>	<b>38,718</b>	<b>38,894</b>	<b>38,725</b>
Net working capital	250	(400)	1,087	1,071	1,376
Invested capital	10,114	10,107	34,085	34,026	33,675

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

#### Per share (THB)

Book value per share	3.66	3.06	12.26	12.65	13.08
Tangible book value per share	1.59	1.30	2.15	2.69	3.48

#### Financial strength

Net debt/equity (%)	146.9	184.8	48.8	43.8	37.5
Net debt/total assets (%)	46.4	48.7	28.4	26.2	23.3
Current ratio (x)	0.9	0.6	0.8	0.8	0.9
CF interest cover (x)	8.5	3.8	2.3	3.0	3.5

Valuation	2021	2022	2023E	2024E	2025E
<b>Recurring P/E (x) *</b>	<b>34.8</b>	<b>29.5</b>	<b>35.0</b>	<b>23.6</b>	<b>21.5</b>
<b>Recurring P/E @ target price (x) *</b>	<b>48.3</b>	<b>41.0</b>	<b>48.5</b>	<b>32.8</b>	<b>29.9</b>
Reported P/E (x)	27.7	31.3	35.0	23.6	21.5
Dividend yield (%)	1.6	5.0	1.1	1.7	1.9
Price/book (x)	4.2	5.1	1.3	1.2	1.2
Price/tangible book (x)	9.8	12.0	7.2	5.8	4.4
EV/EBITDA (x) **	18.4	16.6	16.2	13.2	12.3
EV/EBITDA @ target price (x) **	23.6	21.1	20.7	16.9	15.9
EV/invested capital (x)	2.2	2.2	1.2	1.1	1.1

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

Sources: SCGJWD Logistics; 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).

### Corporate Governance Report Disclaimer

The disclosure of the survey result 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 companies listed on the Stock Exchange of Thailand and the Market of Alternative Investment disclosed to the public and able to be accessed by a general public investor at [Thai IOD website](#). 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 data appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. **FSSIA** does not confirm nor certify the accuracy of such survey result.

### 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 **Environmental**, and **Social** issues, by managing business with transparency in **Governance**. 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 >150 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: **Economic** (CG, risk management, customer relation management, supply chain management, and innovation); **Environmental** (environmental management, eco-efficiency, and climate risk); **Social** (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.

This report has been prepared by FSS International Investment Advisory Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSS makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSS has no intention to solicit investors to buy or sell any security in this report. In addition, FSS does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

Company	Ticker	Price	Rating	Valuation & Risks
SCGJWD Logistics	SJWD TB	THB 15.50	BUY	Downside risks to our DCF-based TP include 1) slower-than-expected regional economic growth; 2) high volatility in energy costs; 3) delayed synergies; and 4) higher cost of funds.

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 11-Sep-2023 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

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

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

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

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

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

\* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

### Industry Recommendations

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

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

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

### Country (Strategy) Recommendations

**Overweight (O).** Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Neutral (N).** Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Underweight (U).** Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.