

SISB SISB TB
THAILAND / PROFESSIONAL SERVICEBUY
UNCHANGED

ค่าใช้จ่ายดำเนินงานสูงขึ้นชั่วคราว

- ผู้บริหารปรับประมาณการตัวเลขนักเรียนขึ้น 8-10% ในช่วงปี 2023-25 จากความต้องการที่อยู่ในระดับสูง
- คาดการณ์ 3Q23 ที่ 108 ลบ. (-30.4% q-q, +8.8% y-y)
- จากค่าใช้จ่ายดำเนินงาน (OPEX) ที่สูงขึ้น เราปรับลดประมาณการกำไรปี 2023-25 และราคาเป้าหมายลงเหลือ 42 บาท คงแนะนำซื้อ

TARGET PRICE	THB42.00
CLOSE	THB32.25
UP/DOWNSIDE	+30.2%
PRIOR TP	THB45.00
CHANGE IN TP	-6.7%
TP vs CONSENSUS	+0.2%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	1,319	1,826	2,246	2,568
Net profit	369	592	851	1,002
EPS (THB)	0.39	0.63	0.90	1.07
vs Consensus (%)	-	(12.9)	(7.0)	(13.0)
EBITDA	551	789	1,076	1,243
Recurring net profit	369	592	851	1,002
Core EPS (THB)	0.39	0.63	0.90	1.07
Chg. In EPS est. (%)	-	(16.8)	(9.4)	(13.4)
EPS growth (%)	73.1	60.2	43.8	17.8
Core P/E (x)	82.1	51.2	35.6	30.2
Dividend yield (%)	0.3	0.8	1.1	1.3
EV/EBITDA (x)	54.4	38.0	28.0	24.3
Price/book (x)	13.2	11.5	9.6	8.7
Net debt/Equity (%)	(15.4)	(12.6)	(7.4)	(4.6)
ROE (%)	17.2	24.0	29.3	30.1

ผู้บริหารเปิดเผยประมาณการใหม่สำหรับตัวเลขนักเรียน

ผู้บริหารของ SISB เปิดเผยประมาณการใหม่สำหรับตัวเลขนักเรียนโดยอยู่ที่ 4,100, 4,600, 5,000, และ 5,400 คนในช่วงปี 2023-26 ตามลำดับซึ่งสูงกว่าเดิม 8-10% หลังมีตัวเลขนักเรียนสมัครใหม่อยู่ที่ประมาณ 360 คนใน 2 โรงเรียนใหม่ที่นนทบุรีและระยองในช่วงอาทิตย์แรกหลังโรงเรียนเปิดเมื่อวันที่ 15 ส.ค. 2023

ปรับลดประมาณการกำไรเพื่อสะท้อน OPEX ที่สูงกว่าคาด

โรงเรียนที่ระยองรับนักเรียนตั้งแต่อายุ 2 ปีจนถึงระดับมัธยมต้นซึ่งทำให้มีต้นทุนบุคลากรและต้นทุนในการดำเนินงานอื่นสูงกว่าที่คาด ปัจจุบันเราคาดว่าสัดส่วนตัวเลขนักเรียนต่อครูจะอยู่ที่ 7.3-7.6 ในช่วงปี 2023-25 เทียบกับสัดส่วนเดิมที่ 8.0-8.7 นอกจากนี้บริษัท น่าจะบันทึกค่าใช้จ่ายพิเศษก่อนดำเนินงานที่ 40 ลบ. รายได้จากการตลาดและการสร้างแบรนด์ที่ประมาณ 40 ลบ. ใน 3Q23 เพราะฉะนั้นเราจึงปรับลดประมาณการกำไรของเราลง 17%/9%/13% ในปี 2023-25 ตามลำดับ

คาดการณ์กำไรจะแตะจุดต่ำสุดใน 3Q23

เราคาดว่ากำไรสุทธิของ SISB จะแตะจุดต่ำสุดของปีใน 3Q23 ที่ 108 ลบ. (-30.4% q-q, +8.8% y-y) โดยมีสมมติฐานจาก 1) ตัวเลขนักเรียนเข้าใหม่สุทธิที่ 454 คน; 2) สัดส่วนตัวเลขนักเรียนต่อครูที่ 7.0; 3) ค่าเสื่อมเพิ่มจาก 2 โรงเรียนใหม่ที่ 5 ลบ. ต่อเดือน; และ 4) ค่าใช้จ่ายพิเศษก่อนดำเนินงานที่ 40 ลบ. รายได้จากการตลาดและการสร้างแบรนด์ใหม่ล่าสุดที่ 468 ลบ. (+10.7% q-q, +37.1% y-y) อย่างไรก็ตามกำไรที่แท้จริงจะลดลงจากต้นทุนในการดำเนินงานที่เพิ่มขึ้น

ปรับลดราคาเป้าหมาย คงแนะนำซื้อ

หลังการปรับประมาณการ เราคาดว่ากำไรสุทธิของ SISB จะโต 60%/44%/18% ในปี 2023-25 หรือ 30% CAGR เราปรับลดราคาเป้าหมายของเราลงเหลือ 42 บาท (DCF, 8.2% WACC, 5% LTG) จาก 45 บาท (7.7% WACC, 4% LTG) ราคาเป้าหมายใหม่ของเราคิดเป็น 46.4x ของค่า 2024E P/E และน่าจะลดลงเหลือ 36.0x ในปี 2026 เมื่อการขยายความสามารถในการรับนักเรียนแล้วเสร็จ เราคงแนะนำซื้อ SISB



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(5.8)	(16.2)	96.6
Relative to country (%)	(2.5)	(17.5)	111.5
Mkt cap (USD m)			839
3m avg. daily turnover (USD m)			2.8
Free float (%)			29
Major shareholder		Mr. Yew Hock Koh (33%)	
12m high/low (THB)			41.50/15.80
Issued shares (m)			940.00

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 26 กันยายน 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 the current six campuses, SISB is one of the top-ranked international schools in the country with 3,394 students in 2Q23. Its earnings are still in a growth stage with net profit expected to rise at a 30% CAGR during 2023-25. Longer-term, SISB plans to tap new demand in suburban areas with its proposed lower-cost 'Halving' project.

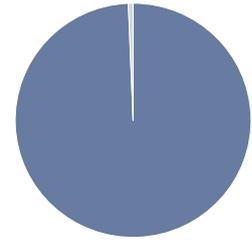
Company profile

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)

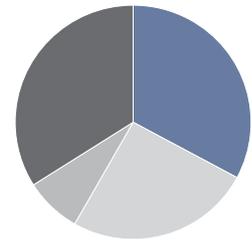
- Tuition fees and service income - 99.4 %
- Education equipment revenue - 0.6 %



Source: SISB

Major shareholders

- Mr. Yew Hock Koh - 32.8 %
- Ms. Wilawan Kaewkanokvijit - 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
November 2023	3Q23 earnings announcement

Key assumptions

	2023E	2024E	2025E
Students, all campus	4,100	4,600	5,008
Tuition fee (THB/year)	0.53	0.54	0.56
Revenue (THB m)	1,826	2,246	2,568
<i>Growth (%)</i>	38.4	23.1	14.3
Gross margin (%)	53.7	57.6	58.2
EBITDA margin (%)	43.6	48.3	48.8
SG&A to sales (%)	21.7	20.0	19.6

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.

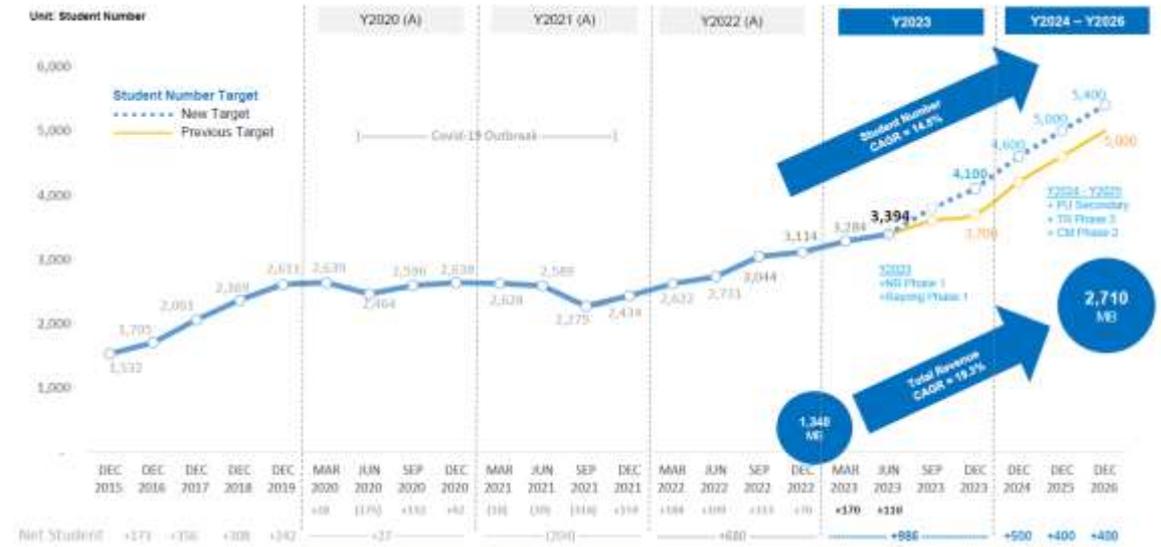
Source: FSSIA estimates

Management revised up student number projections

SISB’s management unveiled their new student number projections of 4,100, 4,600, 5,000, and 5,400 during 2023-26, respectively – approximately 8-10% higher than the previous estimates. This comes after the new enrolment of around 360 students at two new campuses in Nonthaburi and Rayong provinces during the first week after the schools opened on 15 August 2023.

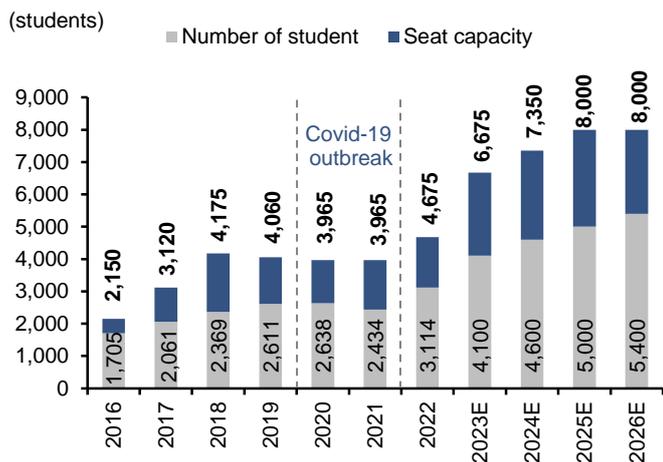
The seat capacity expansion of SISB’s existing campuses is still on the way, commencing in 2024-25 due to solid demand and tight seat utilisation, particularly in the secondary levels. Management plans for an additional capacity of 700 seats at Thonburi campus, 300 seats at Pracha Uthit campus, and 325 seats at Chiangmai campus, bringing the total seat capacity to 8,000 seats in 2025.

Exhibit 1: Student number projections 2023-26



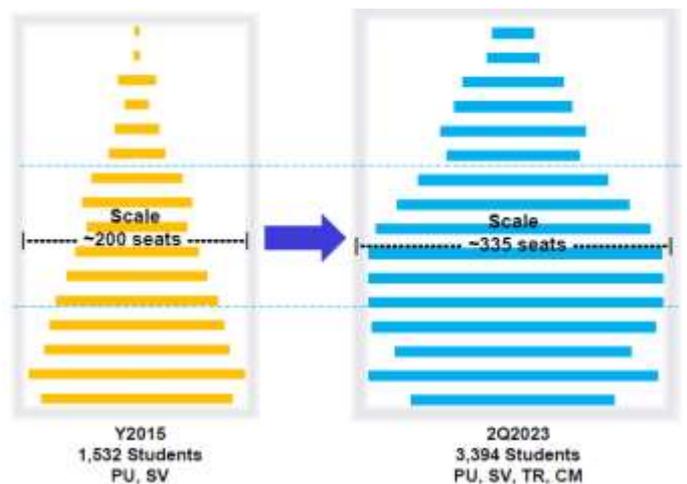
Source: SISB

Exhibit 2: Student numbers and seat capacity



Sources: SISB, FSSIA's compilation

Exhibit 3: SISB's student demographics



Source: SISB

Earnings trimmed to reflect higher-than-expected OPEX costs

Unlike the solid demand for Nonthaburi campus, SISB's Rayong campus, the school's first upcountry campus, started slowly with about 94 students once the school opened, as compared with the target of 120 students. Rayong campus provides education for students from two years old to the early secondary level, resulting in higher personnel and other operating costs than previously expected. We now assume a student-to-teacher ratio of 7.3-7.6 during 2023-25, instead of our previous estimate of 8.0-8.7. Moreover, there will likely be a one-time pre-operating expense, i.e. marketing and branding costs, of around THB40m booked in 3Q23.

We slightly trim our student number projections during 2024-25, assuming a higher student-to-teacher ratio and higher depreciation costs from the two new campuses. We, therefore, cut our profit projections by 17%/9%/13% in 2023-25 accordingly. Based on our new assumptions, SISB's net profit should grow by 60%/44%/18% to THB592m, THB851m, and THB1,002m in 2023-25, respectively, or at a 30% CAGR.

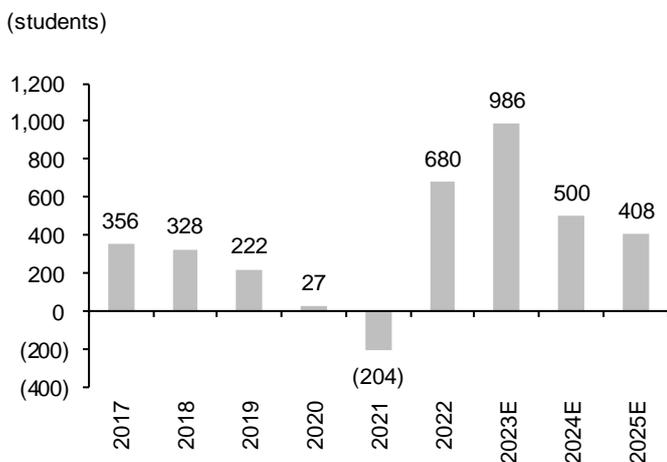
Exhibit 4: Changes in key assumptions

	Current			Previous			Change		
	2023E (THB m)	2024E (THB m)	2025E (THB m)	2023E (THB m)	2024E (THB m)	2025E (THB m)	2023E (%)	2024E (%)	2025E (%)
Tuition and services revenue	1,826	2,246	2,568	1,813	2,290	2,672	0.7	(1.9)	(3.9)
Growth (%)	38.4	23.1	14.3	37.4	26.4	16.7	1.0	(3.3)	(2.4)
Gross profit	980	1,294	1,495	1,066	1,407	1,700	(8.1)	(8.1)	(12.1)
Growth (%)	47.1	32.0	15.5	60.2	31.9	20.8	(13.1)	0.2	(5.3)
EBITDA	789	1,076	1,243	909	1,165	1,399	(13.2)	(7.6)	(11.2)
Growth (%)	43.1	36.4	15.5	64.6	28.2	20.1	(21.5)	8.2	(4.6)
Net profit	592	851	1,002	711	938	1,157	(16.8)	(9.4)	(13.4)
Growth (%)	60.2	43.8	17.8	92.5	32.0	23.3	(32.3)	11.7	(5.5)
Key ratios	(%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(ppt)
Gross profit margin	53.7	57.6	58.2	58.9	61.4	63.6	(5.2)	(3.9)	(5.4)
EBITDA margin	43.6	48.3	48.8	50.5	51.2	52.7	(6.9)	(2.9)	(3.9)
Net profit margin	32.4	37.9	39.0	39.2	41.0	43.3	(6.8)	(3.1)	(4.3)
Key assumptions									
Students, all campus (students)	4,100	4,600	5,008	4,014	4,609	5,104	2.1	(0.2)	(1.9)
Net additions (students)	986	500	408	900	595	495	9.6	(16.0)	(17.6)
Annual tuition fee (THB m/student)	0.53	0.54	0.56	0.53	0.55	0.57	0.0	(1.9)	(1.9)

Note: Change of items in percentage terms are represented in ppt change

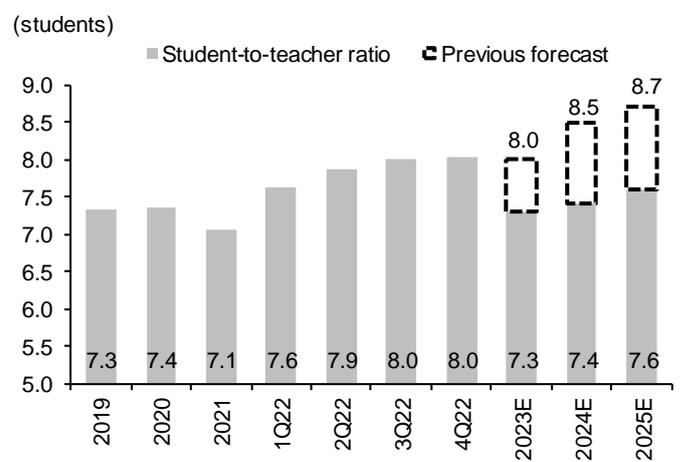
Sources: SISB, FSSIA estimates

Exhibit 5: Net student additions at all campuses



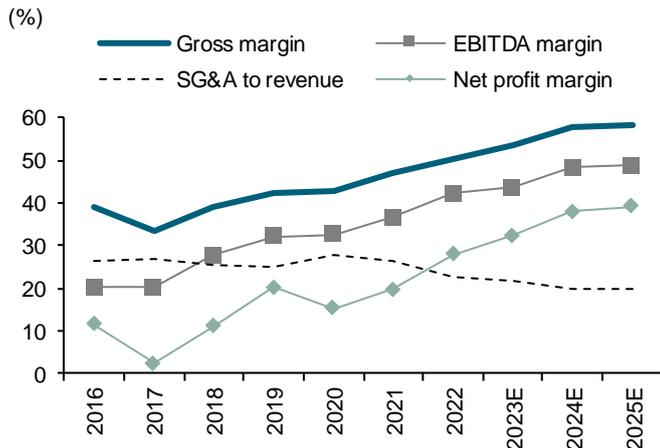
Sources: SISB, FSSIA estimates

Exhibit 6: Student-to-teacher ratio



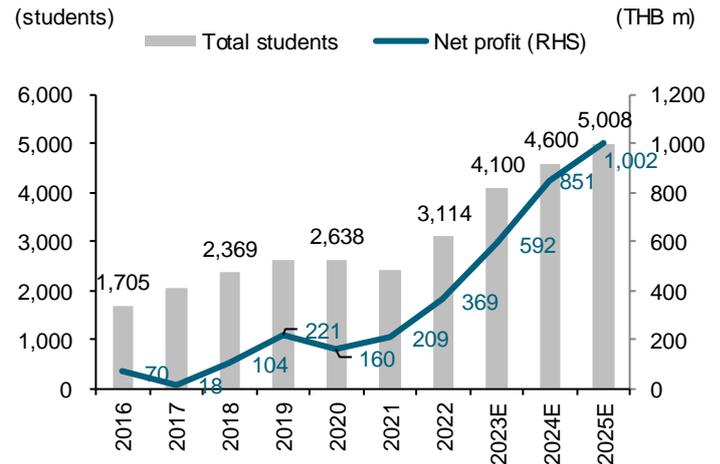
Sources: SISB, FSSIA estimates

Exhibit 7: Margins



Sources: SISB, FSSIA estimates

Exhibit 8: SISB's enrolment and net profit



Sources: SISB, FSSIA estimates

Expect earnings to bottom in 3Q23

We expect SISB's net profit to hit the bottom of the year in 3Q23 at THB108m (-30.4% q-q, +8.8% y-y), assuming 1) net new enrolments of 454 students, bringing the total number to 3,848 students; 2) a student-to-teacher ratio of 7.0; 3) an additional depreciation cost from the two new campuses of THB5m per month; and 4) a one-time pre-operating expense of THB40m. Tuition revenue should reach a new record high at THB468m, (+10.7% q-q, +37.1% y-y). The gross and net profit margins, however, should decline due to the increase in operating costs.

Exhibit 9: 3Q23 earnings preview

Year to Dec 31	3Q22	4Q22	1Q23	2Q23	3Q23E	Change		9M22	9M23E	Change
	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)					
Tuition and service revenue	342	390	426	423	468	10.7	37.1	929	1,317	41.8
Cost of service	(172)	(182)	(189)	(182)	(235)	29.4	36.9	(471)	(606)	28.6
Gross profit	170	208	237	241	233	(3.5)	37.3	458	711	55.4
Operating costs	(66)	(90)	(87)	(92)	(132)	43.1	101.7	(211)	(312)	48.0
Operating profit	104	118	150	149	101	(32.4)	(3.2)	247	400	61.7
Operating EBITDA	147	174	203	201	162	(19.6)	9.9	379	566	49.5
Interest expense	1	2	2	1	2	71.0	80.5	3	5	96.2
Profit before tax	100	129	159	156	108	(30.4)	8.5	241	423	75.3
Associates	2	2	4	4	5	23.1	226.6	1	13	769.7
Net profit	99	128	159	155	108	(30.4)	8.8	241	423	75.4
Core profit	99	128	159	155	108	(30.4)	8.8	241	423	75.4
Reported EPS (THB)	0.11	0.14	0.17	0.17	0.12	(30.4)	8.7	0.26	0.45	73.7
Core EPS (THB)	0.11	0.14	0.17	0.17	0.12	(30.4)	8.7	0.26	0.45	73.7
Key ratios (%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)
Gross margin	49.7	53.3	55.7	57.0	49.7	(7.3)	0.1	49.3	54.0	4.7
EBITDA margin	43.1	44.7	47.8	47.5	34.5	(13.0)	(8.6)	40.8	43.0	2.2
Net margin	29.1	32.9	37.3	36.7	23.1	(13.6)	(6.0)	25.9	32.1	6.1
SG&A / Sales	19.2	23.2	20.4	21.8	28.2	6.4	9.0	22.7	23.7	1.0
Number of students (no.)						(q-q %)	(y-y %)			(y-y %)
Total students	3,044	3,144	3,284	3,394	3,848	13.4	26.4	3,044	3,848	26.4
Pracha-Uthit campus	1,462	1,499	1,579	1,616						
Suvarnabhumi campus	248	254	279	290						
Thonburi campus	1,083	1,109	1,145	1,188						
Chiangmai campus	251	252	281	300						
Net additions	313	100	140	110	454	312.7	45.0	610	704	15.4

Sources: SISB, FSSIA estimates

TP slightly cut, BUY maintained

Following the projection revisions, we decrease our DCF-based TP to THB42 (8.2% WACC, 5% LTG) from THB45 (7.7% WACC, 4% LTG). Our new TP implies 46.4x 2024E P/E, which should decline to 36.0x in 2026 when the capacity expansion is completed. We retain our BUY call on SISB.

Exhibit 10: DCF-based valuation

Cost of equity assumption	(%)	Cost of debt assumption	(%)
Risk free rate	2.8	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	0.9
Weight applied	68.5	Weight applied	31.5
WACC	8.2		
Terminal growth	5.0		
(THB m)			
Sum of PV of FCF	5,420		
PV of Terminal value	33,433		
Enterprise value	38,852		
Net debt	672		
Equity value	39,525		
No. of shares	940		
Equity value per share (THB)	42.05		

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	1,826	2,246	2,568
Cost of goods sold	(558)	(653)	(846)	(953)	(1,073)
Gross profit	496	666	980	1,294	1,495
Other operating income	20	25	26	21	24
Operating costs	(279)	(301)	(397)	(449)	(503)
Operating EBITDA	390	551	789	1,076	1,243
Depreciation	(152)	(161)	(180)	(211)	(227)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	238	390	609	866	1,016
Net financing costs	(26)	(25)	(23)	(22)	(21)
Associates	1	5	7	8	9
Recurring non-operating income	1	5	7	8	9
Non-recurring items	0	0	0	0	0
Profit before tax	213	370	593	852	1,004
Tax	0	(1)	(1)	(1)	(2)
Profit after tax	213	369	592	851	1,002
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	213	369	592	851	1,002
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	213	369	592	851	1,002
Per share (THB)					
Recurring EPS *	0.23	0.39	0.63	0.90	1.07
Reported EPS	0.23	0.39	0.63	0.90	1.07
DPS	0.08	0.10	0.25	0.36	0.43
Diluted shares (used to calculate per share data)	940	940	940	940	940
Growth					
Revenue (%)	0.6	25.1	38.4	23.1	14.3
Operating EBITDA (%)	14.4	41.3	43.3	36.4	15.5
Operating EBIT (%)	28.8	63.8	56.1	42.1	17.3
Recurring EPS (%)	33.2	73.1	60.2	43.8	17.8
Reported EPS (%)	33.2	73.1	60.2	43.8	17.8
Operating performance					
Gross margin inc. depreciation (%)	47.1	50.5	53.7	57.6	58.2
Gross margin exc. depreciation (%)	61.4	62.7	63.5	67.0	67.1
Operating EBITDA margin (%)	37.0	41.7	43.2	47.9	48.4
Operating EBIT margin (%)	22.6	29.6	33.4	38.5	39.5
Net margin (%)	20.2	28.0	32.4	37.9	39.0
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	26.4	39.7	49.4
Inventory days	6.7	5.7	4.1	3.9	3.6
Debtor days	25.3	22.6	20.3	23.8	28.0
Creditor days	72.2	86.3	83.9	76.0	45.4
Operating ROIC (%)	19.5	23.8	30.7	34.4	(0.3)
ROIC (%)	13.7	18.6	24.7	28.8	(0.3)
ROE (%)	11.0	17.2	24.0	29.3	30.1
ROA (%)	7.3	10.9	14.9	19.5	21.2
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Tuition fees and service income	1,050	1,311	1,816	2,236	2,557
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	592	851	1,002
Depreciation	152	161	180	211	227
Associates & minorities	(1)	(5)	(7)	(8)	(9)
Other non-cash items	0	0	0	0	0
Change in working capital	22	198	336	(286)	(153)
Cash flow from operations	386	723	1,101	767	1,067
Capex - maintenance	-	-	-	-	-
Capex - new investment	(591)	(452)	(556)	(448)	(432)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	0	0	0	0	0
Cash flow from investing	(591)	(452)	(556)	(448)	(432)
Dividends paid	(71)	(94)	(237)	(340)	(401)
Equity finance	0	0	0	0	0
Debt finance	(33)	(36)	32	39	43
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(104)	(130)	(204)	(301)	(358)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	65	0	0	0	0
Net other adjustments	65	(96)	(367)	(129)	(355)
Movement in cash	(244)	46	(26)	(111)	(77)
Free cash flow to firm (FCFF)	(179.69)	296.58	567.90	341.00	656.21
Free cash flow to equity (FCFE)	(172.72)	139.69	210.25	229.33	323.64

Per share (THB)

FCFF per share	(0.19)	0.32	0.60	0.36	0.70
FCFE per share	(0.18)	0.15	0.22	0.24	0.34
Recurring cash flow per share	0.39	0.56	0.81	1.12	1.30

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)
Tangible fixed assets (net)	1,999	2,493	2,913	3,203	3,475
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	783	672	595
A/C receivable	70	93	109	184	210
Inventories	8	7	8	8	8
Other current assets	21	15	16	16	16
Current assets	863	926	916	880	830
Other assets	408	434	442	451	460
Total assets	3,334	3,914	4,342	4,604	4,836
Common equity	2,014	2,290	2,645	3,155	3,498
Minorities etc.	0	0	0	0	0
Total shareholders' equity	2,014	2,290	2,645	3,155	3,498
Long term debt	445	442	434	425	416
Other long-term liabilities	239	323	364	412	464
Long-term liabilities	684	766	798	837	880
A/C payable	84	149	158	151	59
Short term debt	12	14	16	15	16
Other current liabilities	539	696	726	445	382
Current liabilities	635	858	899	612	457
Total liabilities and shareholders' equity	3,334	3,914	4,342	4,604	4,836
Net working capital	(524)	(728)	(751)	(389)	(206)
Invested capital	1,947	2,260	2,675	3,335	3,799

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

Per share (THB)

Book value per share	2.14	2.44	2.81	3.36	3.72
Tangible book value per share	2.13	2.43	2.80	3.35	3.71

Financial strength

Net debt/equity (%)	(15.2)	(15.4)	(12.6)	(7.4)	(4.6)
Net debt/total assets (%)	(9.2)	(9.0)	(7.7)	(5.0)	(3.4)
Current ratio (x)	1.4	1.1	1.0	1.4	1.8
CF interest cover (x)	17.4	24.4	33.9	31.8	37.4

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	142.1	82.1	51.2	35.6	30.2
Recurring P/E @ target price (x) *	185.1	106.9	66.7	46.4	39.4
Reported P/E (x)	142.1	82.1	51.2	35.6	30.2
Dividend yield (%)	0.2	0.3	0.8	1.1	1.3
Price/book (x)	15.0	13.2	11.5	9.6	8.7
Price/tangible book (x)	15.1	13.2	11.5	9.6	8.7
EV/EBITDA (x) **	77.0	54.4	38.0	28.0	24.3
EV/EBITDA @ target price (x) **	100.5	71.0	49.6	36.5	31.6
EV/invested capital (x)	15.4	13.3	11.2	9.0	7.9

* 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).

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)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 **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 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

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.

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	08-Jun-2023	BUY	45.00	-	-	-

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 32.25	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 25-Sep-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.