

## SC ASSET CORPORATION

## SC TB

THAILAND / PROPERTY DEVELOPMENT

BUY

UNCHANGED

## ยอดขาย 3Q ทำ New High มีคอนโดเป็นพระเอก

- ยอด Presales 3Q23 เติบโต +15% q-q, +63% y-y และจุดสูงสุดใหม่ 8.4 พันล้านบาท แรงแทนหลักจากคอนโดเปิดใหม่ใน 2Q23 ที่มียอดขายต่างชาติเพิ่มขึ้นมีนัย
- คาดกำไรปกติ 3Q23 ขยายตัว q-q แต่อ่อนลง y-y จากค่าใช้จ่ายที่สูงขึ้น
- ราคาหุ้นปรับแรง หุ่นซื้อขายบน PE2024 ที่ 6.2x และคาดปันผล 4.3% ใน 2H23

TARGET PRICE	THB5.00
CLOSE	THB3.98
UP/DOWNSIDE	+25.6%
PRIOR TP	THB5.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-1.3%

## KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	21,583	23,225	22,683	22,750
Net profit	2,556	2,636	2,705	2,822
EPS (THB)	0.61	0.63	0.65	0.68
vs Consensus (%)	-	0.6	(7.1)	(6.8)
EBITDA	3,453	3,601	3,657	3,735
Recurring net profit	2,597	2,636	2,705	2,822
Core EPS (THB)	0.62	0.63	0.65	0.68
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	28.2	1.5	2.6	4.4
Core P/E (x)	6.4	6.3	6.2	5.9
Dividend yield (%)	6.2	6.3	6.4	6.7
EV/EBITDA (x)	12.5	12.6	12.4	12.1
Price/book (x)	0.8	0.7	0.7	0.6
Net debt/Equity (%)	121.5	122.3	114.5	106.9
ROE (%)	12.4	11.7	11.3	11.0

## ยอด Presale 3Q23 +15% q-q, +63% y-y ผลักดันจากคอนโดใหม่

ยอด Presales เติบโต 15% q-q และ 63% y-y ทำระดับสูงสุดรายไตรมาสที่ 8.4 พันล้านบาท หนีจากความสำเร็จของคอนโดใหม่ใน 2Q23 อย่าง COBE Ratchada-Rama 9 ทำให้ยอด Presales คอนโดทำได้ 4.1 พันล้านบาท (+113% q-q, +322% y-y) ส่วนยอด Presales แนวราบที่ 4.3 พันล้านบาท (-20% q-q, +3% y-y) ท่ามกลางตลาดแนวราบที่ชะลอตัว แต่กลุ่มที่ยังเห็นการเติบโตได้เป็นระดับ High End ราคาสูงกว่า 20 ล้านบาท/ยูนิต โดยเฉพาะแบรนด์ Grand Bangkok Boulevard ซึ่งถูกกระทบจำกัดจากเศรษฐกิจและความเข้มงวดของการปล่อยสินเชื่อ โดย 3Q23 เปิดโครงการใหม่ 7 โครงการ มูลค่ารวม 8.9 พันล้านบาท ทำให้ยอด Presales 9M23 อยู่ที่ 2.1 หมื่นล้านบาท (+20% y-y) เป็น 71% ของเป้าหมายที่ 2.9 หมื่นล้านบาท (+19% y-y)

## ยอดขายคอนโดที่ฟื้นตัวดี ช่วยชดเชยการชะลอของแนวราบ

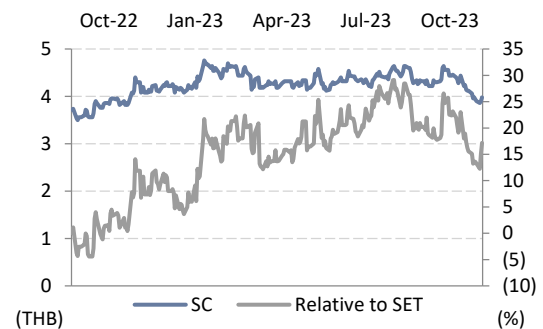
นอกเหนือจากกลยุทธ์ที่ SC พัฒนาโครงการที่ตอบโจทย์บนทำเลศักยภาพ ยังได้รับอานิสงส์จากตลาดคอนโดที่มีทิศทางทยอยฟื้นตัวต่อเนื่อง และอุปสงค์ลูกค้าต่างชาติที่เร่งขึ้นสะท้อนผลตอบรับที่ดีของคอนโดใหม่ COBE Ratchada-Rama 9 มูลค่า 6 พันล้านบาท สร้างยอดขายใหม่ 2.8 พันล้านบาท ทำให้ Take-up rate ปรับขึ้นเป็น 62% เทียบกับช่วงที่เริ่มเปิดขายในปลายเดือนมิ.ย. ที่ 16% และดีกว่าเป้าของบริษัทที่ 60% ในปลายปีนี้ โดยมีสัดส่วนยอดขายจากต่างชาติกว่า 50% จากลูกค้าชาวจีนและกลุ่มใหม่อย่างไต้หวัน อีกทั้ง ยังเห็นความคืบหน้าขายดีของโครงการอื่น โดยเฉพาะคอนโด 28 Chidlom และ SCOPE Langsuan ซึ่งสร้างยอดขาย 400-600 ล้านบาท/โครงการ

## ทิศทางผลประกอบการ 3Q23 ดีขึ้น q-q แต่อ่อนลง y-y

ยอดโอน 3Q23 คาดดีขึ้นเล็กน้อย q-q และ y-y ระดับ low single-digit หลักๆ จากการทยอยรับรู้ Backlog ที่ยกมาจาก 2Q23 ราว 9.1 พันล้านบาท และยอดขายใหม่ระหว่างไตรมาส หากไม่รวมกำไรพิเศษใน 2Q23 เบื้องต้นประเมินกำไรปกติ 3Q23 ที่ 550-600 ล้านบาท ขยายตัว q-q จาก 2Q23 ที่ 497 ล้านบาท แต่อ่อนลง y-y เทียบกับ 3Q22 ที่ 653 ล้านบาท จาก SG&A เพิ่มขึ้นจากการขยายธุรกิจอื่น และดอกเบี้ยจ่ายสูงขึ้น

## ราคาหุ้นปรับแรงมี Upside เปิดกว้าง คงคำแนะนำซื้อ

แม้ตลาดแนวราบมีแนวโน้มชะลอ แต่กลุ่ม High End ซึ่งบริษัทถนัดยังมีอุปสงค์ที่แข็งแกร่ง รวมถึงการเปิดตัวคอนโดมากขึ้นตั้งแต่ 2H23 คาดช่วยให้ SC ประคองตัวได้ ส่วนระยะกลาง-ยาวจะเห็นผลของการขยายไปลงทุนธุรกิจ Recurring ราคาหุ้นปรับแรง 13% ภายใน 1 เดือน เทียบกับ SETPROP และ SET -6% ปัจจุบันเทรดบน PE2024 ที่ 6.2x และคาดปันผลงวด 2H23 Yield 4.3% จึงยังแนะนำซื้อ ราคาเหมาะสม 5 บาท



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(12.7)	(10.4)	9.3
Relative to country (%)	(6.9)	(6.8)	19.1
Mkt cap (USD m)	460		
3m avg. daily turnover (USD m)	1.1		
Free float (%)	39		
Major shareholder	Shinawatra Family (64%)		
12m high/low (THB)	4.78/3.44		
Issued shares (m)	4,222.62		

Sources: Bloomberg consensus; FSSIA estimates



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### Investment thesis

ปี 2023 SC ตั้งเป้า Presales ที่ 2.9 หมื่นลบ. (+19% y-y) ผ่านแผนการเปิดโครงการใหม่ 25 โครงการ มูลค่ารวม 4.3 หมื่นล้านบาท ซึ่งภาพรวมได้รับผลตอบแทนที่ดี สะท้อน Take-up rate สูงถึง 36% ของยูนิตที่เปิดใหม่ใน 9M23 นอกจากนี้ ยังเดินหน้าเพิ่มรายได้ Recurring (ปีนี้ตั้งเป้าสัดส่วน 5% ของรายได้รวม) ทั้งธุรกิจโรงแรมที่เริ่มเปิดแห่งแรกชื่อ YANH Ratchawat ใน 1Q23 และอยู่ระหว่างก่อสร้างอีก 2 แห่ง คาดเปิดดำเนินการในปี 2025-2026 รวมถึงธุรกิจคลังสินค้า ตั้งเป้าหมายพัฒนาพื้นที่คลังสินค้า 1 ล้านตร.ม.ภายในปี 2030 ปัจจุบันร่วมมือกับ Flash Express และร่วมลงทุนกับ Storage Asia Public Company Limited (I-Store) โดยมีแผนขายสินทรัพย์ให้แก่ REIT ในปี 2027

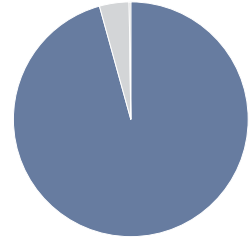
### Company profile

SC ดำเนินธุรกิจพัฒนาอสังหาริมทรัพย์อย่างครบวงจร แบ่งเป็น 1) ธุรกิจพัฒนาอสังหาริมทรัพย์เพื่อขาย (Engine 1) ซึ่งเป็นธุรกิจหลักประกอบด้วยบ้านเดี่ยว ทาวน์เฮ้าส์ และคอนโด ซึ่งครอบคลุมตลาดในทุก Segment 2) ธุรกิจพัฒนาอสังหาริมทรัพย์เพื่อเช่าและบริการ (Engine 2) ซึ่งลงทุนธุรกิจที่สร้างรายได้ประจำสม่ำเสมอ ประกอบด้วยธุรกิจอาคารสำนักงานให้เช่า, ธุรกิจโรงแรม และธุรกิจคลังสินค้า 3) ธุรกิจให้บริการที่ปรึกษาและจัดการด้านการบริหาร เทคนิควิศวกรรม และระบบงานสนับสนุน ตลอดจนการให้บริการหลังการขายเกี่ยวกับที่อยู่อาศัย

[www.scasset.com](http://www.scasset.com)

### Principal activities (revenue, 2022)

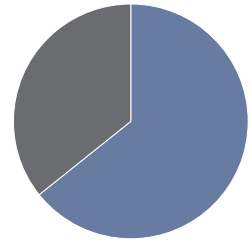
- Project sales - 95.7 %
- Rental and services - 4.1 %
- Consulting and management - 0.2 %



Source: SC Asset Corporation

### Major shareholders

- Shinawatra Family - 64.3 %
- Others - 35.7 %



Source: SC Asset Corporation

### Catalysts

ปัจจัยขับเคลื่อนการเติบโตคือ 1) การถือครองส่วนแบ่งการตลาดที่แข็งแกร่งในตลาดอสังหาริมทรัพย์ โดยเฉพาะกลุ่มระดับ High-End ราคาสูงกว่า 10 ล้านบาท/ยูนิต 2) ความสำเร็จของการเปิดโครงการใหม่ และ 3) แผนการขยายการลงทุนไปในธุรกิจใหม่อย่างคลังสินค้า และโรงแรม

### Risks to our call

ความเสี่ยง 1) อัตราการขายโครงการต่ำกว่าคาด 2) เศรษฐกิจและกำลังซื้อชะลอตัว 3) อัตราการปฏิเสธสินเชื่อจากธนาคารและยอดยกเลิกจากลูกค้าสูงขึ้น 4) การก่อสร้างล่าช้าและการขาดแคลนแรงงาน และ 5) การแข่งขันรุนแรง

### Event calendar

Date	Event
10 November 2023	3Q23 results announcement

### Key assumptions

	2023E	2024E	2025E
Project sales (THB m)	21,169	21,626	21,999
Rental and services income (THB m)	884	926	969
Property GPM (%)	30.4	31.0	31.4
GPM (%)	31.6	32.3	32.6
SG&A to sales (%)	17.0	17.2	17.4

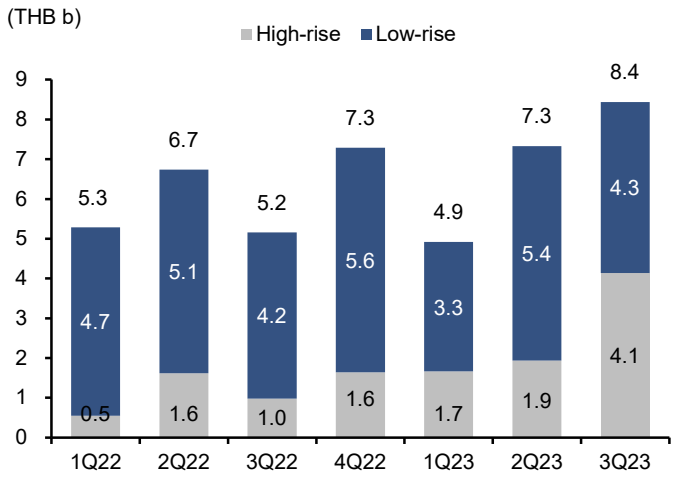
Source: FSSIA estimates

### Earnings sensitivity

- For every 5% increase in transfers, we estimate 2023 net profit to rise by 4.5%, and vice versa, all else being equal.
- For every 0.5% increase in property GPM, we estimate 2023 net profit to rise by 3%, and vice versa, all else being equal.
- For every 0.5% increase in SG&A, we estimate 2023 net profit to fall by 3.5%, and vice versa, all else being equal

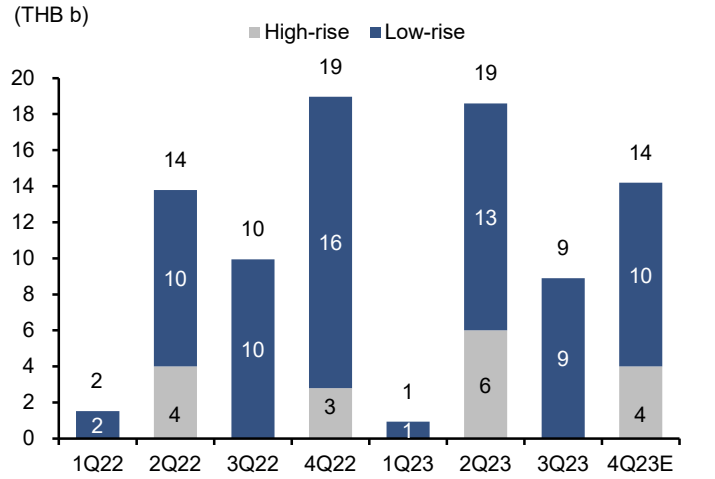
Source: FSSIA estimates

**Exhibit 1: Quarterly presales**



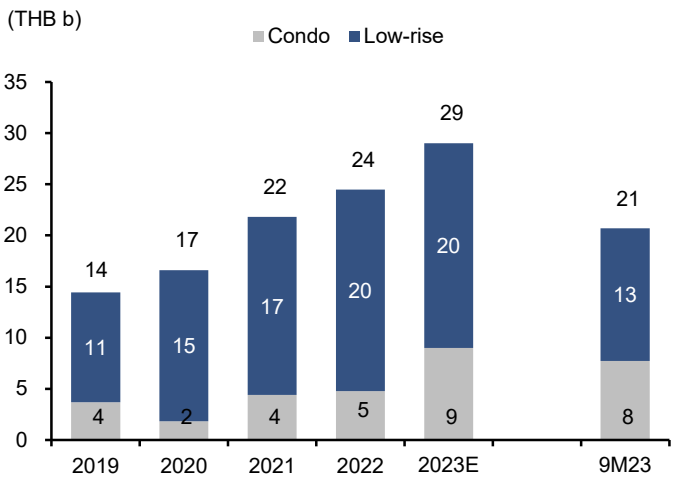
Sources: SC; FSSIA's compilation

**Exhibit 2: Quarterly new launches**



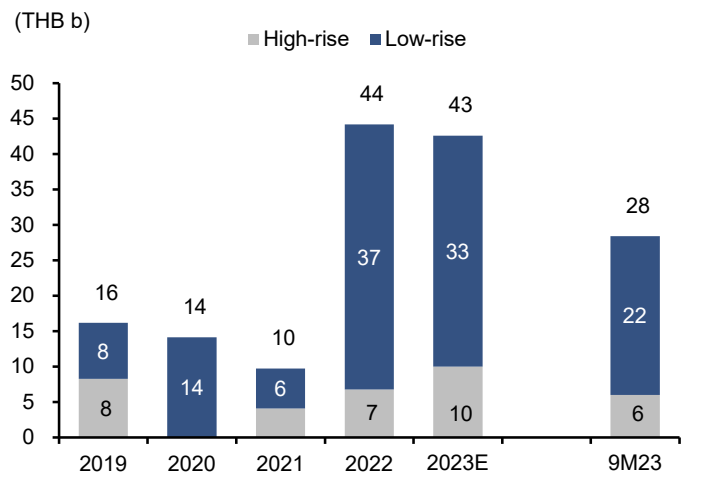
Sources: SC; FSSIA's compilation

**Exhibit 3: Yearly presales**



Sources: SC; FSSIA's compilation

**Exhibit 4: Yearly new launches**



Sources: SC; FSSIA's compilation

**Exhibit 5: New projects in 3Q23**

**LANDED**

7 Projects

8,900 MB

>10 MB  
6 Projects

85%

<10 MB  
1 Project

15%

Bangkok Boulevard Signature Pinklao - Borom

Bangkok Boulevard Signature Sathorn - Pinklao

Grand Bangkok Boulevard Yard Bangna

Bangkok Boulevard Ratchaphruek - Pinklao

VENUE ID Rangsit-Pathumthani

Bangkok Boulevard Westgate Station

The Gentry Sukhumvit - Bangna

Source: SC

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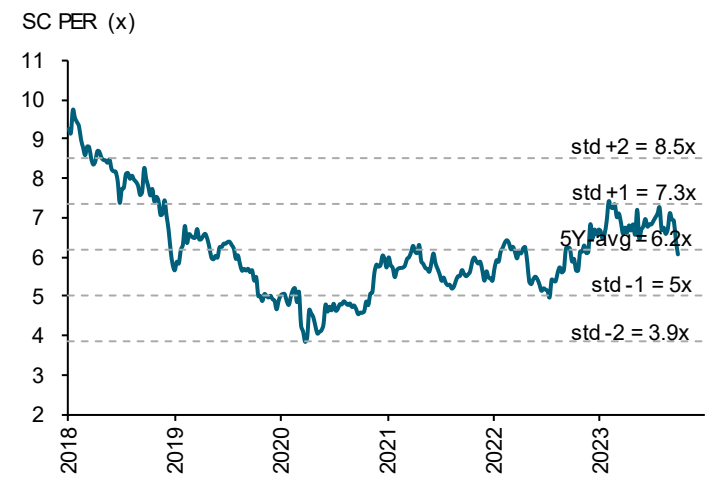
5 OCTOBER 2023

**Exhibit 6: New launch plans for 2023**

Period	No.	Product	Project	Total units (no.)	Total value (THB m)
<b>1Q23</b>	1	SDH	Bangkok Boulevard Signature Westgate	42	930
<b>2Q23</b>	2	SDH	The Gentry Cultivar Rama 9	15	530
	3	SDH	Grand Bangkok Boulevard Krungthep Kritha	62	2,190
	4	SDH	Grand Bangkok Boulevard Rama 9 - Krungthep Kritha	35	2,070
	5	SDH	95E1 Ninety-Five East One	10	1,010
	6	SDH/TH	V COMPOUND Tiwanon - Rangsit Next	326	1,240
	7	SDH	VENUE ID Ramintra - Minburi	212	1,910
	8	SDH	Grand Bangkok Boulevard State Bangna	34	1,300
	9	SDH	Grand Bangkok Boulevard Pinklao - Kanchana	52	2,350
	10	CONDO	New Brand Tiam Ruam Mit	1,620	6,000
	<b>3Q23</b>	11	SDH	The Gentry Sukhumvit - Bangna	17
12		SDH	Grand Bangkok Boulevard Yard Bangna	31	1,280
13		SDH	Bangkok Boulevard Signature Pinklao - Borom	47	1,290
14		SDH	Bangkok Boulevard Signature Sathorn - Pinklao	73	1,760
15		SDH	Bangkok Boulevard Ratchaphruek - Pinklao	77	1,370
16		SDH	VENUE ID Rangsit - Prathumthani	201	1,430
17		SDH	Bangkok Boulevard Westgate Station	51	770
<b>4Q23</b>	18	SDH	VENUE ID Ratchaphruek 345	209	2,160
	19	SDH/TH	V COMPOUND Ratchaphruek 345	116	750
	20	SDH	Grand Bangkok Boulevard Chiangwattana - Ratchaphruek	69	2,280
	21	SDH	Bangkok Boulevard Signature Bangkokhae	61	1,700
	22	SDH	Bangkok Boulevard Signature Ramintra - Watcharapol	49	1,010
	23	SDH	Bangkok Boulevard Signature Bangna Km.15	89	2,290
	24	CONDO	New Brand Sripratum	408	1,400
	25	CONDO	SCOPE Prasarnmit	74	2,600
<b>Total</b>				<b>3,980</b>	<b>42,600</b>

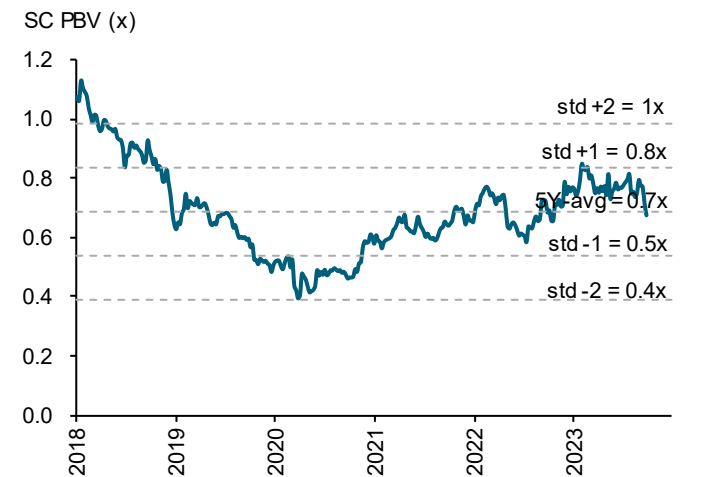
Sources: SC; FSSIA's compilation

**Exhibit 7: Historical P/E band**



Sources: Bloomberg; FSSIA estimates

**Exhibit 8: Historical P/BV band**



Sources: Bloomberg; FSSIA estimates

## Financial Statements

SC Asset Corporation

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	19,475	21,583	23,225	22,683	22,750
Cost of goods sold	(13,482)	(14,414)	(15,650)	(15,128)	(15,114)
<b>Gross profit</b>	<b>5,993</b>	<b>7,169</b>	<b>7,575</b>	<b>7,554</b>	<b>7,635</b>
Other operating income	41	102	60	60	60
Operating costs	(3,336)	(3,910)	(4,218)	(4,151)	(4,163)
<b>Operating EBITDA</b>	<b>2,846</b>	<b>3,453</b>	<b>3,601</b>	<b>3,657</b>	<b>3,735</b>
Depreciation	(149)	(92)	(184)	(193)	(203)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>2,697</b>	<b>3,361</b>	<b>3,417</b>	<b>3,463</b>	<b>3,532</b>
Net financing costs	(104)	(134)	(170)	(182)	(182)
Associates	(27)	55	123	141	189
Recurring non-operating income	(27)	55	123	141	189
Non-recurring items	37	(41)	0	0	0
<b>Profit before tax</b>	<b>2,603</b>	<b>3,241</b>	<b>3,370</b>	<b>3,422</b>	<b>3,540</b>
Tax	(552)	(678)	(682)	(689)	(704)
<b>Profit after tax</b>	<b>2,051</b>	<b>2,563</b>	<b>2,688</b>	<b>2,733</b>	<b>2,836</b>
Minority interests	11	(7)	(52)	(28)	(14)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>2,062</b>	<b>2,556</b>	<b>2,636</b>	<b>2,705</b>	<b>2,822</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(37)</b>	<b>41</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>2,025</b>	<b>2,597</b>	<b>2,636</b>	<b>2,705</b>	<b>2,822</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.48	0.62	0.63	0.65	0.68
Reported EPS	0.49	0.61	0.63	0.65	0.68
DPS	0.20	0.25	0.25	0.26	0.27
Diluted shares (used to calculate per share data)	4,180	4,180	4,180	4,180	4,180
<b>Growth</b>					
Revenue (%)	2.6	10.8	7.6	(2.3)	0.3
Operating EBITDA (%)	3.5	21.3	4.3	1.5	2.1
Operating EBIT (%)	3.7	24.6	1.7	1.3	2.0
Recurring EPS (%)	5.0	28.2	1.5	2.6	4.4
Reported EPS (%)	8.7	24.0	3.1	2.6	4.4
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	30.8	33.2	32.6	33.3	33.6
Gross margin exc. depreciation (%)	31.5	33.6	33.4	34.2	34.5
Operating EBITDA margin (%)	14.6	16.0	15.5	16.1	16.4
Operating EBIT margin (%)	13.8	15.6	14.7	15.3	15.5
Net margin (%)	10.4	12.0	11.4	11.9	12.4
Effective tax rate (%)	21.2	20.9	20.2	20.1	19.9
Dividend payout on recurring profit (%)	41.3	39.8	39.6	39.6	39.6
Interest cover (X)	25.8	25.6	20.8	19.8	20.5
Inventory days	865.9	963.1	1,058.5	1,169.2	1,202.3
Debtor days	3.1	2.2	2.7	3.5	3.5
Creditor days	17.0	32.6	43.6	44.9	44.5
Operating ROIC (%)	7.2	7.6	6.5	6.2	6.1
ROIC (%)	5.6	6.1	5.5	5.3	5.3
ROE (%)	10.5	12.4	11.7	11.3	11.0
ROA (%)	4.5	5.1	4.7	4.6	4.7
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Project sales	18,612	20,654	22,252	21,686	21,710
Rental and services	816	880	924	942	980
Consulting and management	47	49	50	55	60

Sources: SC Asset Corporation; FSSIA estimates

## Financial Statements

SC Asset Corporation

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	2,025	2,597	2,636	2,705	2,822
Depreciation	149	92	184	193	203
Associates & minorities	-	-	-	-	-
Other non-cash items	-	-	-	-	-
Change in working capital	(1,879)	(7,877)	(3,239)	(1,434)	(1,266)
<b>Cash flow from operations</b>	<b>296</b>	<b>(5,187)</b>	<b>(419)</b>	<b>1,464</b>	<b>1,759</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(1,030)	(2,121)	(512)	(475)	(582)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(1,030)</b>	<b>(2,121)</b>	<b>(512)</b>	<b>(475)</b>	<b>(582)</b>
Dividends paid	(696)	(1,201)	(1,054)	(1,082)	(1,129)
Equity finance	82	260	(59)	28	14
Debt finance	3,186	4,077	2,007	(999)	(999)
Other financing cash flows	-	-	-	-	-
<b>Cash flow from financing</b>	<b>2,571</b>	<b>3,135</b>	<b>894</b>	<b>(2,052)</b>	<b>(2,114)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>1,837</b>	<b>(4,173)</b>	<b>(36)</b>	<b>(1,063)</b>	<b>(937)</b>
Free cash flow to firm (FCFF)	(631.19)	(7,174.97)	(760.80)	1,171.19	1,359.05
Free cash flow to equity (FCFE)	2,450.98	(3,231.46)	1,076.70	(9.61)	<b>178.25</b>

Per share (THB)					
FCFF per share	(0.15)	(1.70)	(0.18)	0.28	0.32
FCFE per share	0.58	(0.77)	0.25	0.00	0.04
Recurring cash flow per share	0.52	0.64	0.67	0.69	0.72

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	1,993	2,192	2,302	2,417	2,538
Less: Accumulated depreciation	(848)	(568)	(460)	(483)	(508)
<b>Tangible fixed assets (net)</b>	<b>1,145</b>	<b>1,624</b>	<b>1,841</b>	<b>1,933</b>	<b>2,030</b>
<b>Intangible fixed assets (net)</b>	<b>87</b>	<b>122</b>	<b>69</b>	<b>69</b>	<b>70</b>
Long-term financial assets	370	370	441	431	432
Invest. in associates & subsidiaries	7,024	8,538	8,630	8,830	9,110
Cash & equivalents	6,313	2,140	2,104	1,041	103
A/C receivable	146	119	223	218	218
Inventories	33,092	42,488	47,214	48,471	49,759
Other current assets	450	1,096	697	680	682
<b>Current assets</b>	<b>40,002</b>	<b>45,843</b>	<b>50,238</b>	<b>50,410</b>	<b>50,764</b>
Other assets	1,128	904	1,010	1,010	1,010
<b>Total assets</b>	<b>49,754</b>	<b>57,401</b>	<b>62,229</b>	<b>62,684</b>	<b>63,416</b>
Common equity	20,084	21,733	23,204	24,826	26,520
Minorities etc.	(30)	(23)	29	57	71
<b>Total shareholders' equity</b>	<b>20,054</b>	<b>21,709</b>	<b>23,232</b>	<b>24,884</b>	<b>26,591</b>
Long term debt	11,048	12,453	11,334	11,006	11,007
Other long-term liabilities	1,349	1,567	2,323	2,268	2,275
<b>Long-term liabilities</b>	<b>12,398</b>	<b>14,020</b>	<b>13,657</b>	<b>13,274</b>	<b>13,282</b>
A/C payable	722	1,837	1,858	1,815	1,820
Short term debt	13,387	16,059	19,186	18,515	17,515
Other current liabilities	3,194	3,776	4,297	4,196	4,209
<b>Current liabilities</b>	<b>17,303</b>	<b>21,672</b>	<b>25,340</b>	<b>24,526</b>	<b>23,544</b>
<b>Total liabilities and shareholders' equity</b>	<b>49,754</b>	<b>57,401</b>	<b>62,229</b>	<b>62,684</b>	<b>63,416</b>
Net working capital	29,772	38,090	41,979	43,359	44,632
Invested capital	39,525	49,648	53,971	55,632	57,284

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

Per share (THB)					
Book value per share	4.79	5.15	5.50	5.88	6.28
Tangible book value per share	4.77	5.12	5.48	5.86	6.26

Financial strength					
Net debt/equity (%)	90.4	121.5	122.3	114.5	106.9
Net debt/total assets (%)	36.4	45.9	45.7	45.4	44.8
Current ratio (x)	2.3	2.1	2.0	2.1	2.2
CF interest cover (x)	34.6	(7.3)	10.3	3.6	5.2

Valuation	2021	2022	2023E	2024E	2025E
<b>Recurring P/E (x) *</b>	<b>8.2</b>	<b>6.4</b>	<b>6.3</b>	<b>6.2</b>	<b>5.9</b>
<b>Recurring P/E @ target price (x) *</b>	<b>10.3</b>	<b>8.0</b>	<b>7.9</b>	<b>7.7</b>	<b>7.4</b>
Reported P/E (x)	8.1	6.5	6.3	6.2	5.9
Dividend yield (%)	5.0	6.2	6.3	6.4	6.7
Price/book (x)	0.8	0.8	0.7	0.7	0.6
Price/tangible book (x)	0.8	0.8	0.7	0.7	0.6
EV/EBITDA (x) **	12.2	12.5	12.6	12.4	12.1
EV/EBITDA @ target price (x) **	13.7	13.7	13.8	13.6	13.3
EV/invested capital (x)	0.9	0.9	0.8	0.8	0.8

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

Sources: SC Asset Corporation; 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 >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: **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

Thanyatorn Songwutti FSS International Investment Advisory Securities Co., Ltd

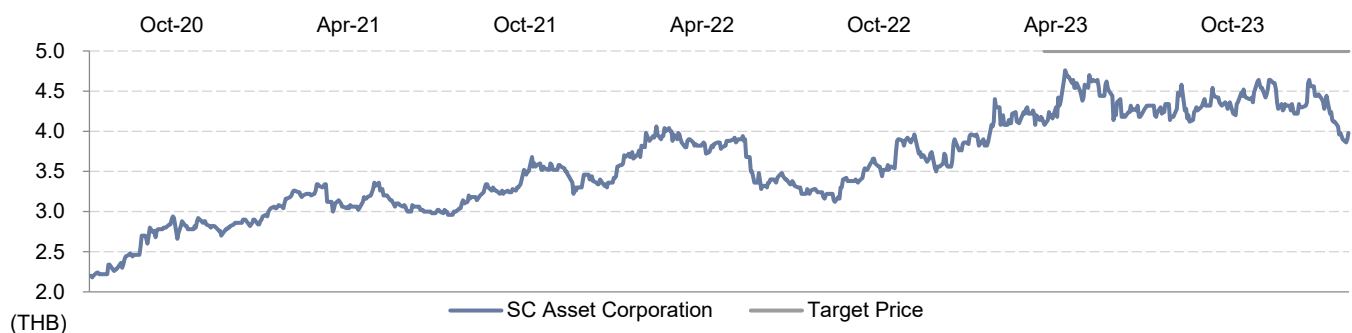
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### History of change in investment rating and/or target price

#### SC Asset Corporation (SC TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
12-Jan-2023	BUY	5.00	-	-	-	-	-	-

Thanyatorn Songwutti started covering this stock from 12-Jan-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
SC Asset Corporation	SC TB	THB 3.98	BUY	ความเสี่ยง 1) อัตราการขายโครงการต่ำกว่าคาด 2) เศรษฐกิจและกำลังซื้อชะลอตัว 3) อัตราการปฏิเสธสินเชื่อจากรถยนต์และยอดยกเลิกจากลูกค้าสูงขึ้น 4) การก่อสร้างล่าช้าและการขาดแคลนแรงงาน และ 5) การแข่งขันรุนแรง.

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 Finasia Syrus Securities Public Company Limited.

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