

SRISAWAD CORP SAWAD TB

THAILAND / FINANCE & SECURITIES

BUY

UNCHANGED

Credit cost ของ SCAP ผ่านจุดสูงสุดใน 3Q23

- เราไม่แปลกใจกับการเร่งตัวของหนี้ด้วยคุณภาพ (NPL) และต้นทุนความเสี่ยงในการปล่อยสินเชื่อ (Credit cost) ใน 3Q23 ซึ่งส่วนมากมาจากบริษัทย่อย (SCAP)
- เรามองว่าแนวโน้มกำไร 4Q23 ของ SAWAD ดีกว่าใน 3Q23 จากปัจจัยด้านฤดูกาลและ Credit cost ที่ลดลง
- เราคงประมาณการกำไรปี 2023-25 ของเราและคำแนะนำซื้อ SAWAD

เชิงบริหารจัดการ NPL และขาดทุนรถยัตของ SCAP ใน 3Q23

การประชุมนักวิเคราะห์ของ SAWAD เน้นที่การให้ความกระจ่างในประเด็นที่เกี่ยวข้องกับคุณภาพสินทรัพย์ของ SCAP (ส่วนมากเป็นสินเชื่อเช่าซื้อรถจักรยานยนต์ซึ่งปัจจุบันมีส่วนแบ่งตลาดสูงใน 3 อันดับแรกของอุตสาหกรรม) หลัง NPL เร่งตัวขึ้น 5 ไตรมาสติดต่อกันเป็น 2.63% ใน 3Q23 ในขณะที่ Credit cost อยู่ที่ 3.32% (6.27% ถ้ารวมผลขาดทุนจากรถยัต) พร้อมกำไรสุทธิ 3Q23 ที่ลดลงเหลือ 91 ลบ. (-69.2% q-q, -54.1% y-y) ผลกระทบดังกล่าวเกิดจากการขายสินเชื่อเชิงรุกในปี 2022 เมื่อสินเชื่อเช่าซื้อเพิ่มจาก 4.52 พัน ลบ. ในปี 2021 เป็น 32.2 พัน ลบ. ใน 3Q23 ซึ่งทำให้เมื่อสถานะเศรษฐกิจไม่เอื้ออำนวย NPL จึงปรับขึ้นอย่างต่อเนื่อง (โดยใช้เวลา 6-9 เดือนจาก 1Q23) ประกอบกับการควบคุมเพดานอัตราดอกเบี้ยของ ธปท. สำหรับสินเชื่อเช่าซื้อรถจักรยานยนต์ที่ไม่เกิน 23% ต่อปีซึ่งทำให้ SCAP ปรับกลยุทธ์การปล่อยสินเชื่อโดยเพิ่มเงินมัดจำเป็น 20-30% (ก่อนหน้านี้ไม่มี) และลดสัดส่วนสินเชื่อต่อมูลค่าสินทรัพย์ (LTV) เป็น 70-90% (จาก 100%) ซึ่งทำให้สินเชื่อของ SCAP ได้อัตราที่ลดลงพร้อมการบริหาร NPL เชิงรุกมากยิ่งขึ้นโดยบริษัทฯ จะยึดรถเร็วขึ้น

Credit cost ของ SCAP และระดับสูงสุดใน 3Q23 และน่าจะกลับมาเป็นปกติใน 1Q24

SAWAD คาดว่า Credit cost ของ SCAP ใน 4Q23 (รวมผลขาดทุนจากรถยัต) จะลดลงจาก 230 ลบ. ใน 3Q23 และกลับสู่ระดับปกติที่ค่าเฉลี่ยประมาณ 100 ลบ./ไตรมาสใน 1Q24 ในทางตรงกันข้ามแนวโน้ม NPL ที่สูงขึ้นน่าจะอยู่ต่อเนื่องในช่วง 4Q23 - 1Q24 อย่างไรก็ตามการเพิ่มน่าจะลดลงจากนโยบายการปล่อยสินเชื่อด้วยความระมัดระวังและน่าจะต่ำกว่านโยบายของกลุ่มฯ ที่ 4% สำหรับประมาณการ Credit cost ของ SAWAD ใน 2024 บริษัทฯ คาดว่าตัวเลขจะลดลงมาอยู่ในช่วง 100-180bp ซึ่งต่ำกว่าประมาณการที่ตั้งอยู่บนความระมัดระวังของเราที่ 260bp อยู่มาก

คงประมาณการปี 2023-25 สินเชื่อทะเบียนสินทรัพย์ยังเป็นปัจจัยหนุนสำคัญ

เราคงประมาณการปี 2023-25 ของเรา เราคาดว่ากำไรสุทธิปี 2023-25 จะโตต่อเนื่องที่ 18.5% CAGR จาก 1) สินเชื่อทะเบียนสินทรัพย์ของ SAWAD ที่จะกลับมาโตเชิงรุกมากขึ้นและ 2) การรวมงบการเงินของ FM ซึ่งน่าจะรายงานผลประกอบการเป็นบวกตลอดปี

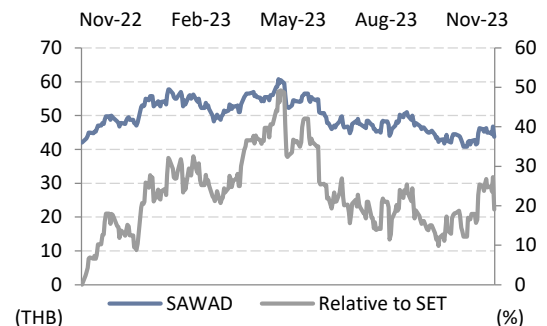
คงแนะนำซื้อหลังปรับราคาเป้าหมายไปในปี 2024 ที่ 54 บาท

เราคงคำแนะนำซื้อ ราคาเป้าหมายปี 2024 ของเราที่ 54 บาท (GGM) (จากปี 2023 ที่ 51 บาท) คิดเป็นค่า P/BV ที่ 2.05x (ลดลงจาก 2.21x จากค่า COE ที่สูงขึ้นพร้อมค่า Risk-free rate ที่ปรับขึ้นเป็น 3.0% จาก 2.5%)

TARGET PRICE	THB54.00
CLOSE	THB43.75
UP/DOWNSIDE	+23.4%
PRIOR TP	THB51.00
CHANGE IN TP	+5.9%
TP vs CONSENSUS	-1.7%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Operating profit	5,924	7,137	8,119	9,579
Net profit	4,476	5,340	6,303	7,439
EPS (THB)	3.26	3.89	4.59	5.42
vs Consensus (%)	-	5.4	6.1	10.5
Recurring net profit	4,476	5,340	6,303	7,439
Core EPS (THB)	3.26	3.89	4.59	5.42
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	(5.2)	19.3	18.0	18.0
Core P/E (x)	13.4	11.2	9.5	8.1
Dividend yield (%)	4.1	4.1	4.6	5.5
Price/book (x)	2.3	2.1	1.9	1.6
ROE (%)	17.8	19.7	20.7	21.4
ROA (%)	8.1	6.1	5.1	5.0



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(0.6)	(0.6)	1.2
Relative to country (%)	0.3	6.8	15.8
Mkt cap (USD m)	1,693		
3m avg. daily turnover (USD m)	15.4		
Free float (%)	45		
Major shareholder	Kaewbootta Family (28%)		
12m high/low (THB)	61.00/40.50		
Issued shares (m)	1,373		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

We reiterate our BUY call on SAWAD at the current price due to:

- 1) We like the company's return to growth with a more potent loan quality control strategy since SCAP has faced higher NPLs from the beginning of 2023.
- 2) Higher profits may be partly offset by the tendency to set ECL from NPLs that will accelerate further. However, we believe it is still manageable.
- 3) We expect 2023-25 net profit growth to continue at 18.5% CAGR, with a main supporting factor from vehicle title loans.
- 4) A potential return of 27.5% p.a. (23.4% potential upside plus expected dividend yields of 4.1 p.a.).

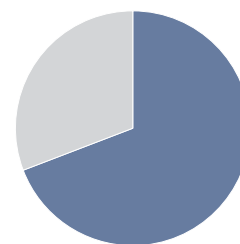
Company profile

SAWAD provides loan services to retail customers. Its business operations can be classified into four main categories: 1) title loans against all types of used vehicles, homes, and land; 2) unsecured personal loans; 3) motorcycle hire-purchase; and 4) asset management.

www.meebaanmeerod.com

Principal activities (revenue, 2022)

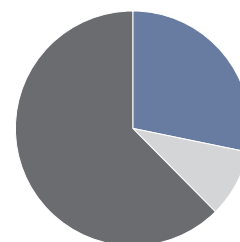
- Net interest income - 69.2 %
- Non-interest income - 30.8 %



Source: Srisawad Corp

Major shareholders

- Kaewbootta Family - 28.2 %
- Thai NVDR - 9.3 %
- Others - 62.4 %



Source: Srisawad Corp

Catalysts

- 1) Better-than-expected loan growth.
- 2) Better-than-expected spread.
- 3) Lower-than-expected NPLs and credit costs.
- 4) Lower-than-expected operating expenses.

Risks to our call

Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board.

Event calendar

Date	Event
26-29 February 2024	2023 results announcement

Key assumptions

	2023E	2024E	2025E
	(%)	(%)	(%)
Loan growth	84.2	21.8	21.9
HP income growth	128.1	47.0	26.0
Loan income growth	48.1	41.5	19.7
Spread	15.53	15.24	15.06
Credit cost	2.00	2.60	2.80
NPL ratio	2.95	3.10	3.30

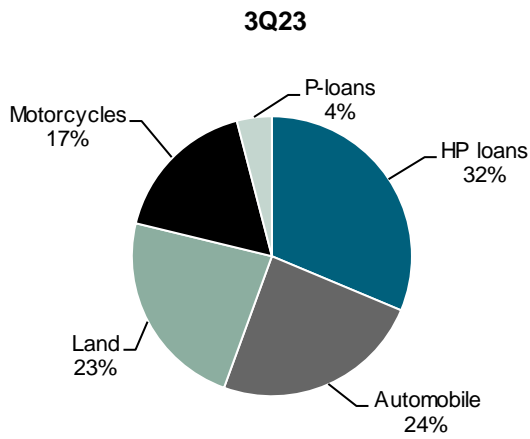
Source: FSSIA estimates

Earnings sensitivity

			2024E	
Loan growth	±2ppt	19.5%	21.5%	23.5%
% change in net profit		(1)	-	+1
Spread (%)	±10bp	15.14%	15.24%	15.34%
% change in net profit		(1)	-	+1
Credit cost (bp)	±10bp	2.50%	2.60%	2.70%
% change in net profit		+1	-	(1)

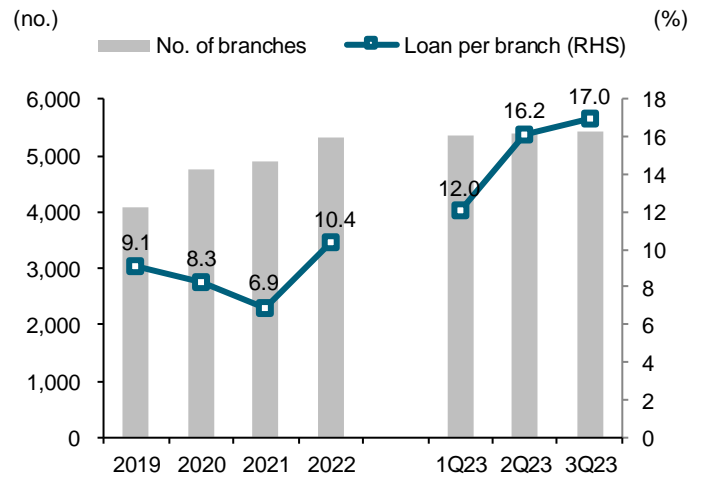
Source: FSSIA estimates

Exhibit 1: 3Q23 loan breakdown



Source: SAWAD

Exhibit 2: Branch network



Sources: SAWAD; FSSIA's compilation

Exhibit 3: GGM-derived, 2024E revision

Gordon growth model	
Sustainable ROE	20.6%
g	5.0%
ROE-g	15.6%
Beta	1.60
Risk free rate	3.0%
Risk premium	6.0%
COE	12.60%
COE-g	7.60%
ROE-g/COE-g	2.05

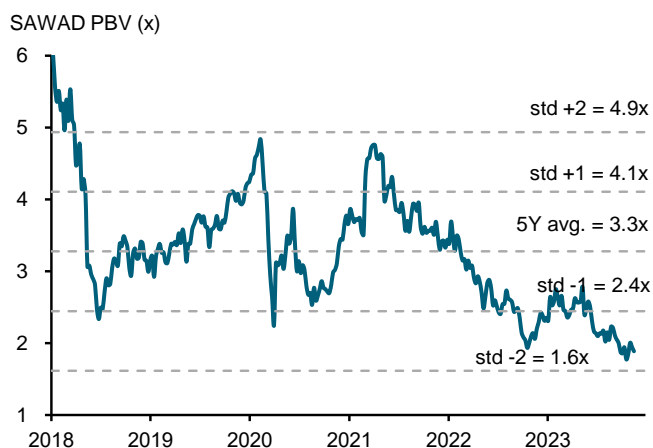
Source: FSSIA estimates

Exhibit 4: SAWAD – 3Q23 operations summary

	3Q22	4Q22	1Q23	2Q23	3Q23	----- Change -----		9M23	Change	% of	2023E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)	23E	(THB m)	(y-y%)
Interest income	2,307	2,830	3,108	3,444	4,647	34.9	101.4	11,198	88.2	73	15,287	74
Interest expense	(235)	(277)	(344)	(482)	(690)	43.1	193.3	(1,517)	159.6	68	(2,242)	160
Net interest income	2,072	2,552	2,763	2,961	3,956	33.6	91.0	9,681	80.4	74	13,045	65
Other income	995	899	868	956	605	(36.7)	(39.2)	2,429	(7.5)	71	3,400	(4)
Total income	3,067	3,452	3,632	3,917	4,562	16.5	48.7	12,110	51.5	74	16,445	44
Operating expenses	(1,642)	(1,692)	(1,778)	(1,776)	(2,447)	37.7	49.0	(6,001)	60.0	78	(7,741)	42
Pre-provision operating profit	1,425	1,760	1,853	2,140	2,115	(1.2)	48.4	6,109	44.0	70	8,704	45
Expected credit loss	121	(148)	(208)	(575)	(316)	(45.2)	n/a	(1,099)	n/a	70	(1,567)	1,905
Profit after ECL	1,546	1,611	1,646	1,565	1,800	15.0	16.4	5,010	16.2	70	7,137	20
Operating profit	1,546	1,611	1,646	1,565	1,800	15.0	16.4	5,010	16.2	70	7,137	20
Income tax	(295)	(292)	(325)	(342)	(375)	9.6	27.4	(1,042)	29.4	68	(1,534)	40
NCI	(66)	(106)	(120)	(76)	(37)	n/a	n/a	(234)	(4.2)	89	(262)	(25)
Net profit	1,186	1,213	1,200	1,146	1,387	21.0	17.0	3,734	14.4	70	5,340	19
EPS (THB)	0.86	0.88	0.87	0.83	1.01	21.0	17.0	2.72	14.4	70	3.89	19
NPL	1,264	1,385	1,606	2,303	2,527	9.7	99.9	2,527	99.9		2,996	116
Loans	47,763	55,147	64,475	86,983	92,429	6.3	93.5	92,429	93.5		101,572	84
Interest bearing debt	32,269	36,467	44,441	69,155	76,686	10.9	137.6	76,686	137.6		79,350	118
Key ratios	3Q22	4Q22	1Q23	2Q23	3Q23			9M23			2023E	
	(%)	(%)	(%)	(%)	(%)			(%)			(%)	
Yield on loans	20.85	22.00	20.78	18.19	20.72			21.30			19.51	
Cost of funds	3.27	3.36	3.53	3.49	3.90			3.85			3.98	
Spread	17.58	18.64	17.25	14.70	16.82			17.45			15.53	
Cost to income	50.89	48.99	49.19	45.46	53.62			49.66			47.07	
Credit cost	(1.09)	1.15	1.39	3.04	1.41			2.09			2.00	
NPL / Loan	2.65	2.51	2.49	2.65	2.78			2.78			2.95	
LLR / Loan	1.16	1.19	1.18	1.36	1.37			1.37			1.62	
Coverage ratio	43.96	47.37	47.38	51.28	50.22			50.22			55.07	
D/E (x)	1.31	1.40	1.62	2.55	2.69			2.69			2.61	
IBD/E (x)	1.16	1.26	1.48	2.42	2.55			2.55			2.48	
S/T debt/IBD (x)	49.51	48.44	51.24	16.68	16.03			16.03			41.98	
ROA	7.83	7.27	6.47	5.08	5.23			5.70			5.78	
ROE	19.50	19.36	18.28	17.49	21.15			19.37			19.70	
Loan growth q-q	17.21	15.46	16.91	34.91	6.26							
Loan growth y-y	41.95	63.80	79.78	113.46	93.52			93.52			84.18	
Loan growth YTD	41.86	63.80	16.91	57.73	67.60			67.60				

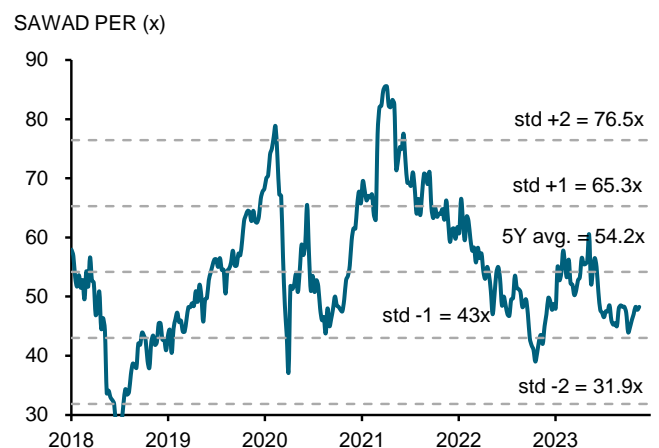
Sources: SAWAD; FSSIA estimates

Exhibit 5: SAWAD – one-year prospective P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 6: SAWAD – one-year prospective PER band



Sources: Bloomberg; FSSIA estimates

Financial Statements

Srisawad Corp

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Interest Income	6,855	8,780	15,287	21,752	26,523
Interest expense	(791)	(862)	(2,242)	(3,489)	(4,445)
Net interest income	6,065	7,918	13,045	18,263	22,077
Net fees & commission	1,516	1,215	3,000	2,300	2,484
Foreign exchange trading income	-	-	-	-	-
Securities trading income	-	-	-	-	-
Dividend income	-	-	-	-	-
Other income	1,831	2,312	400	480	576
Non interest income	3,347	3,527	3,400	2,780	3,060
Total income	9,411	11,445	16,445	21,043	25,137
Staff costs	(3,476)	(5,442)	(7,741)	(9,996)	(11,714)
Other operating costs	-	-	-	-	-
Operating costs	(3,476)	(5,442)	(7,741)	(9,996)	(11,714)
Pre provision operating profit	5,936	6,002	8,704	11,048	13,423
Expected credit loss	455	(78)	(1,567)	(2,929)	(3,844)
Other provisions	-	-	-	-	-
Operating profit	6,391	5,924	7,137	8,119	9,579
Recurring non operating income	0	0	0	0	0
Associates	0	0	0	0	0
Goodwill amortization	-	-	-	-	-
Non recurring items	0	0	0	0	0
Profit before tax	6,391	5,924	7,137	8,119	9,579
Tax	(1,352)	(1,097)	(1,534)	(1,746)	(2,060)
Profit after tax	5,038	4,827	5,602	6,373	7,520
Non-controlling interest	(316)	(351)	(262)	(70)	(80)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	4,722	4,476	5,340	6,303	7,439
Non recurring items & goodwill (net)	-	-	0	0	0
Recurring net profit	4,722	4,476	5,340	6,303	7,439
Per share (THB)					
Recurring EPS *	3.44	3.26	3.89	4.59	5.42
Reported EPS	3.44	3.26	3.89	4.59	5.42
DPS	1.80	1.80	1.80	2.00	2.40
Growth					
Net interest income (%)	(16.5)	30.6	64.7	40.0	20.9
Non interest income (%)	18.4	5.4	(3.6)	(18.2)	10.1
Pre provision operating profit (%)	(5.8)	1.1	45.0	26.9	21.5
Operating profit (%)	6.8	(7.3)	20.5	13.8	18.0
Reported net profit (%)	4.7	(5.2)	19.3	18.0	18.0
Recurring EPS (%)	4.7	(5.2)	19.3	18.0	18.0
Reported EPS (%)	4.7	(5.2)	19.3	18.0	18.0
Income Breakdown					
Net interest income (%)	64.4	69.2	79.3	86.8	87.8
Net fees & commission (%)	16.1	10.6	18.2	10.9	9.9
Foreign exchange trading income (%)	-	-	-	-	-
Securities trading income (%)	-	-	-	-	-
Dividend income (%)	-	-	-	-	-
Other income (%)	19.5	20.2	2.4	2.3	2.3
Operating performance					
Gross interest yield (%)	18.75	19.77	19.51	19.31	19.32
Cost of funds (%)	4.26	3.26	3.98	4.07	4.26
Net interest spread (%)	14.49	16.51	15.53	15.24	15.06
Net interest margin (%)	16.6	17.8	16.6	16.2	16.1
Cost/income(%)	36.9	47.6	47.1	47.5	46.6
Cost/assets(%)	6.8	9.1	8.4	7.9	7.8
Effective tax rate (%)	21.2	18.5	21.5	21.5	21.5
Dividend payout on recurring profit (%)	52.3	55.2	46.3	43.6	44.3
ROE (%)	20.2	17.8	19.7	20.7	21.4
ROE - COE (%)	7.6	5.2	7.1	8.1	8.8
ROA (%)	9.9	8.1	6.1	5.1	5.0
RORWA (%)	-	-	-	-	-

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Srisawad Corp; FSSIA estimates

Financial Statements

Srisawad Corp

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Gross customer loans	33,668	55,147	101,572	123,747	150,823
Allowance for expected credit loss	(736)	(748)	(2,273)	(3,076)	(4,559)
interest in suspense	386	664	979	1,190	1,450
Net customer loans	33,318	55,063	100,277	121,862	147,714
Bank loans	-	-	-	-	-
Government securities	-	-	-	-	-
Trading securities	-	-	-	-	-
Investment securities	3,296	3,019	3,321	3,653	4,018
Cash & equivalents	2,689	2,823	1,716	1,098	1,440
Other interesting assets	-	-	-	-	-
Tangible fixed assets	611	598	710	781	859
Associates	-	-	-	-	-
Goodwill	1,113	1,372	980	1,000	1,020
Other intangible assets	622	961	1,463	1,463	1,463
Other assets	8,317	5,646	6,901	6,770	7,477
Total assets	49,967	69,482	115,368	136,627	163,991
Customer deposits	170	0	0	0	0
Bank deposits	-	-	-	-	-
Other interest bearing liabilities	18,973	36,467	79,350	95,601	116,872
Non interest bearing liabilities	3,849	4,011	4,046	4,763	5,599
Hybrid Capital	-	-	-	-	-
Total liabilities	22,992	40,477	83,396	100,364	122,471
Share capital	1,373	1,373	1,373	1,373	1,373
Reserves	23,325	24,289	27,173	31,005	35,698
Total equity	24,698	25,662	28,546	32,378	37,071
Non-controlling interest	2,277	3,342	3,426	3,885	4,449
Total liabilities & equity	49,967	69,482	115,368	136,627	163,991
Supplementary items					
Risk weighted assets (RWA)	n/a	n/a	n/a	n/a	n/a
Average interest earning assets	36,559	44,408	78,360	112,659	137,285
Average interest bearing liabilities	18,541	26,421	56,332	85,716	104,352
CET 1 capital	n/a	n/a	n/a	n/a	n/a
Total capital	0	0	0	0	0
Gross non performing loans (NPL)	1,249	1,385	2,996	3,836	4,977
Per share (THB)					
Book value per share	17.99	18.69	20.79	23.58	27.00
Tangible book value per share	16.72	16.99	19.01	21.79	25.19
Growth					
Gross customer loans	(14.7)	63.8	84.2	21.8	21.9
Average interest earning assets	(3.0)	21.5	76.5	43.8	21.9
Total asset (%)	(3.9)	39.1	66.0	18.4	20.0
Risk weighted assets (%)	-	-	-	-	-
Customer deposits (%)	(96.8)	nm	nm	nm	nm
Leverage & capital measures					
Customer loan/deposits (%)	19,610.5	-	-	-	-
Equity/assets (%)	49.4	36.9	24.7	23.7	22.6
Tangible equity/assets (%)	46.0	33.6	22.6	21.9	21.1
RWA/assets (%)	-	-	-	-	-
CET 1 CAR (%)	-	-	-	-	-
Total CAR (%)	-	-	-	-	-
Asset Quality (FSSIA's calculation)					
Change in NPL (%)	(15.6)	10.9	116.3	28.0	29.7
NPL/gross loans (%)	3.7	2.5	3.0	3.1	3.3
Allowance for ECL/gross loans (%)	2.2	1.4	2.2	2.5	3.0
Allowance for ECL/NPL (%)	58.9	54.0	75.9	80.2	91.6
Valuation					
Recurring P/E (x) *	12.7	13.4	11.2	9.5	8.1
Recurring P/E @ target price (x) *	15.7	16.6	13.9	11.8	10.0
Reported P/E (x)	12.7	13.4	11.2	9.5	8.1
Dividend yield (%)	4.1	4.1	4.1	4.6	5.5
Price/book (x)	2.4	2.3	2.1	1.9	1.6
Price/tangible book (x)	2.6	2.6	2.3	2.0	1.7
Price/tangible book @ target price (x)	3.2	3.2	2.8	2.5	2.1

* Pre-exceptional, pre-goodwill and fully diluted

Sources: Srisawad Corp; FSSIA estimates

Srisawad Corp PCL (SAWAD TB)

FSSIA ESG rating

46.52 /100
Exhibit 7: FSSIA ESG score implication

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

Exhibit 8: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings						Bloomberg	
		DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
MTC	68.21	--	Y	Y	5.00	5.00	Certified	Low	42.19	AA	--	58.09	42.00	3.31	--
SAWAD	46.52	--	Y	Y	4.00	5.00	--	Medium	43.97	BB	--	20.18	13.00	1.93	40.04
TIDLOR	36.71	--	--	--	4.00	4.00	Certified	Medium	37.03	--	--	23.69	19.00	1.66	--
SAK	45.28	--	Y	Y	4.00	4.00	Certified	High	40.10	--	--	43.87	--	2.02	36.23
TK	15.00	--	--	--	5.00	5.00	--	--	--	--	--	--	--	--	--
HENG	20.00	--	--	--	5.00	5.00	Certified	--	--	--	--	--	--	--	--
S11	13.00	--	--	--	4.00	4.00	--	--	--	--	--	--	--	--	--
NCAP	18.00	--	--	--	4.00	4.00	Certified	--	--	--	--	--	--	--	--

Sources: SETTRADE.com; FSSIA's compilation
Exhibit 9: ESG score by Bloomberg

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	1.69	1.77	1.67	1.70	1.93	1.77	1.90	1.93
BESG environmental pillar score	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BESG social pillar score	0.84	0.87	0.74	0.87	1.07	1.07	1.27	1.33
BESG governance pillar score	4.42	4.66	4.62	4.39	4.77	4.09	4.12	4.09
ESG disclosure score	23.59	28.37	28.51	29.45	29.45	29.45	38.34	40.04
Environmental disclosure score	0.00	0.00	0.42	0.42	0.42	0.42	16.79	17.12
Social disclosure score	11.22	11.22	11.22	11.67	11.67	11.67	21.98	21.74
Governance disclosure score	59.42	73.72	73.72	76.10	76.10	76.10	76.10	81.10
Environmental								
Emissions reduction initiatives	No	No	No	No	No	No	Yes	Yes
Climate change policy	No	No	No	No	No	No	No	Yes
Climate change opportunities discussed	No	No	No	No	No	No	No	No
Risks of climate change discussed	No	No	No	No	No	No	Yes	Yes
GHG scope 1	--	--	--	--	--	--	--	--
GHG scope 2 location-based	--	--	--	--	--	--	--	--
GHG Scope 3	--	--	--	--	--	--	--	--
Carbon per unit of production	--	--	--	--	--	--	--	--
Biodiversity policy	No	No	No	No	No	No	No	No
Energy efficiency policy	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Total energy consumption	--	--	--	--	--	--	--	--
Renewable energy use	--	--	--	--	--	--	--	--
Electricity used	--	--	--	--	--	--	--	--
Fuel used - natural gas	--	--	--	--	--	--	--	--

Sources: Bloomberg; FSSIA's compilation

Exhibit 10: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No	No	No	No	No
Waste reduction policy	No	No	No	No	No	No	Yes	Yes
Hazardous waste	—	—	—	—	—	—	—	—
Total waste	—	—	—	—	—	—	—	—
Waste recycled	—	—	—	—	—	—	—	—
Waste sent to landfills	—	—	—	—	—	—	—	—
Environmental supply chain management	No	No	No	No	No	No	Yes	Yes
Water policy	No	No	No	No	No	No	Yes	Yes
Water consumption	—	—	—	—	—	—	—	—
Social								
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	No	No	No	No	No	No	No	No
Quality assurance and recall policy	No	No	No	No	No	No	No	No
Consumer data protection policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	No	No	No	No
Pct women in workforce	—	—	—	—	—	—	—	54
Pct disabled in workforce	—	—	—	—	—	—	—	—
Business ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	No	No	No	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	—	—	—	—	—	—	—	—
Total recordable incident rate - employees	—	—	—	—	—	—	10	—
Training policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	No	No	No	No
Number of employees – CSR	4,085	5,590	6,137	7,016	8,907	7,580	6,808	9,745
Employee turnover pct	—	—	—	—	—	—	3	3
Total hours spent by firm - employee training	—	—	—	—	—	—	23,574	5,165
Social supply chain management	No	No	No	No	No	No	Yes	Yes
Governance								
Board size	12	12	12	12	12	13	13	13
No. of independent directors (ID)	4	4	5	5	5	5	5	5
No. of women on board	2	2	1	1	1	1	1	1
No. of non-executive directors on board	9	9	9	9	9	9	9	9
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	13	14	13	13	12	13	10	13
Board meeting attendance pct	—	—	—	88	88	88	98	92
Board duration (years)	3	3	3	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No	No	No	No
Age of the youngest director	—	—	—	—	—	—	—	43
Age of the oldest director	—	—	—	—	—	—	—	76
No. of executives / company managers	9	8	8	4	5	5	5	5
No. of female executives	2	2	1	1	2	2	2	2
Executive share ownership guidelines	No	No	No	No	No	No	No	No
Size of audit committee	3	3	3	3	3	3	3	3
No. of ID on audit committee	3	3	3	3	3	3	3	3
Audit committee meetings	5	5	5	5	4	4	5	6
Audit meeting attendance %	—	100	100	93	100	100	100	100
Size of compensation committee	3	3	3	3	3	3	3	3
No. of ID on compensation committee	2	3	2	2	2	2	2	2
No. of compensation committee meetings	—	2	4	2	3	3	3	3
Compensation meeting attendance %	—	100	100	100	100	100	100	100
Size of nomination committee	3	3	3	3	3	3	3	3
No. of nomination committee meetings	—	2	4	2	3	3	3	3
Nomination meeting attendance %	—	100	100	100	100	100	100	100
Sustainability governance								
Verification type	No	No	No	No	No	No	No	No

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating																											
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																											
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > 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.																											
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																											
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating 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.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																											
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																											
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+																	
NEGL	Low	Medium	High	Severe																									
0-10	10-20	20-30	30-40	40+																									
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																											
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td>AAA</td> <td>8.571-10.000</td> <td>Leader:</td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td>Average:</td> <td>a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td>BB</td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> <td>Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570			A	5.714-7.142			BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285			B	1.429-2.856			CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																												
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																												
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																												
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																											
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																											

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"; 2) "AGM Level"; 3) "Thai CAC"; and 4) THSI. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Usanee Liurut, CISA FSS International Investment Advisory Securities Co., Ltd

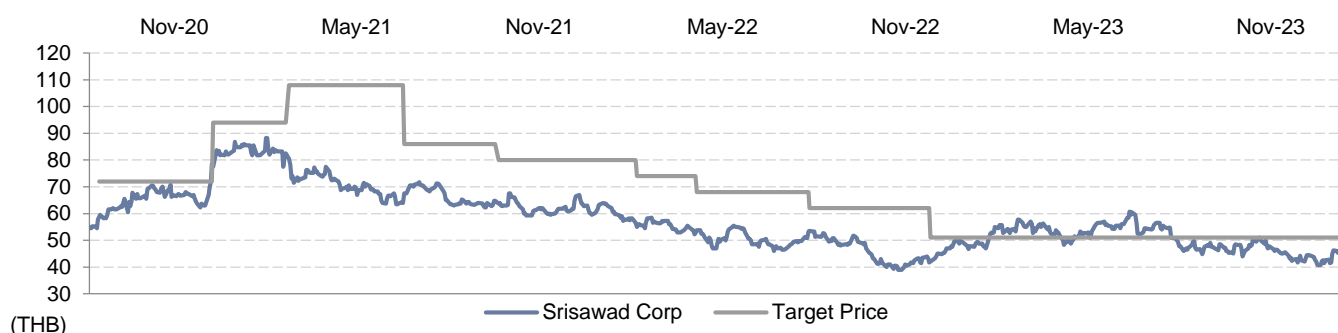
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History of change in investment rating and/or target price

Srisawad Corp (SAWAD TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
25-Nov-2020	BUY	72.00	17-Aug-2021	BUY	86.00	28-Apr-2022	BUY	68.00
04-Mar-2021	BUY	94.00	05-Nov-2021	BUY	80.00	04-Aug-2022	BUY	62.00
07-May-2021	BUY	108.00	07-Mar-2022	BUY	74.00	17-Nov-2022	BUY	51.00

Usanee Liurut, CISA started covering this stock from 11-Oct-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Srisawad Corp	SAWAD TB	THB 43.75	BUY	Downside risks to our GGM-based TP include 1) a further weakening of asset quality that could potentially hit both loan yield and credit cost; and 2) changes in financial regulations by the Bank of Thailand and the Office of Consumer Protection Board.

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.

All share prices are as at market close on 16-Nov-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.