

SIAM GLOBAL HOUSE

 THAILAND / COMMERCE

GLOBAL TB

FSSIA ESG rating



BUY

UNCHANGED

Net profit should remain weak in 4Q23 but recover q-q in 1Q24

- We expect a 4Q23 net profit of THB510m (-3% q-q, -3% y-y) on a prolonged negative SSSG of 12% in line with a slow recovery in provincial purchasing power.
- Lower our 2023-24E net profit by 4.8%-2.1% but maintain our 2025E.
- Decrease our TP to THB17.70 but retain our BUY call.

TARGET PRICE	THB17.70
CLOSE	THB15.80
UP/DOWNSIDE	+12.0%
PRIOR TP	THB18.00
CHANGE IN TP	-1.7%
TP vs CONSENSUS	+0.2%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	35,270	32,208	35,554	38,630
Net profit	3,487	2,622	2,956	3,327
EPS (THB)	0.73	0.52	0.59	0.67
vs Consensus (%)	-	(5.8)	(5.0)	(4.7)
EBITDA	4,941	4,029	4,523	5,057
Recurring net profit	3,487	2,622	2,956	3,327
Core EPS (THB)	0.73	0.52	0.59	0.67
Chg. In EPS est. (%)	-	(4.8)	(2.1)	0.0
EPS growth (%)	(0.1)	(27.8)	12.8	12.5
Core P/E (x)	21.8	30.1	26.7	23.8
Dividend yield (%)	1.9	1.3	1.5	1.7
EV/EBITDA (x)	18.1	22.5	20.2	18.1
Price/book (x)	3.5	3.3	3.1	2.9
Net debt/Equity (%)	59.3	47.0	46.2	44.5
ROE (%)	16.9	11.5	12.0	12.5

4Q23 net profit should remain weak

We expect a 4Q23 net profit of THB510b (-3% q-q, -3% y-y) on a prolonged negative SSSG of 12%, close to the previous quarter, due to a slow recovery in provincial purchasing power and a delay in government disbursement. We anticipate a q-q and y-y higher GPM of 26.0% (vs 25.9% in 3Q23 and 24.8% in 4Q22) due to a higher gross margin of the private brands. Also, we project an SG&A-to-sales ratio of 19.1% (vs 19.1% in 3Q23 and 18.6% in 4Q22), up y-y in line with branch expansion. GLOBAL opened two new branches (one in Chumphon and one in Khon Kaen) in 4Q23, driving the total branches to 83 at end-2023.

The short-term outlook remains bearish, with SSSG likely turning positive in 2H24

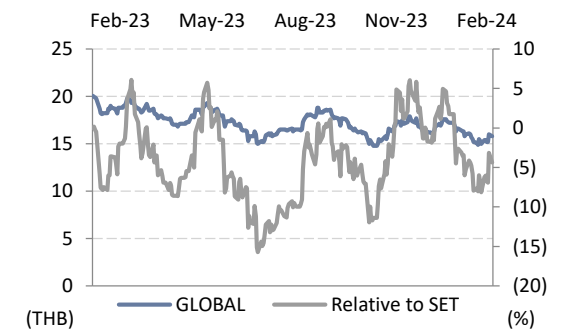
In January, SSSG should remain negative at 5-6%. In particular, contractors were yet to recover due to construction delays, a delay in government disbursement, and the limited impact of the e-receipt tax campaign. However, we expect 2H24 SSSG to turn positive after the 2024 fiscal budget gets approval.

Lower our 2023-24E net profit by 4.8%-2.1% but maintain our 2025E

We have decreased our 2023-24E net profit by 4.8%-2.1% while maintaining our 2025 forecast. The cut incorporated a weaker-than-expected SSSG in line with a slow recovery in provincial purchasing power, the three-month average farm income index for October - December 2023 (-1.8%), and a delay in government disbursement. After the cut, we expect the 2023 net profit to drop by 25% before turning to a 2024-25 growth of 13%-13%, respectively.

Decrease our TP to THB17.70 and retain our BUY call

In the short run, GLOBAL still lacks new catalysts. Meanwhile, SSSG should turn positive in 2H24 after the fiscal budget gets a nod. We have lowered our 2024 TP to THB17.70 (from THB18.00). We maintain our BUY call on a lower-than-average valuation. In particular, it traded on a 2024 P/E of 26.7x, its five-year historical average -0.5 SD.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(4.8)	(4.8)	(22.0)
Relative to country (%)	(1.8)	(2.4)	(4.8)
Mkt cap (USD m)	2,208		
3m avg. daily turnover (USD m)	4.2		
Free float (%)	35		
Major shareholder	Suriyawanakul Family (34%)		
12m high/low (THB)	20.35/14.60		
Issued shares (m)	5,001.80		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

GLOBAL is a leading one-stop shopping home center. It distributes building and decorative materials, tools, and construction equipment. Its target customers are in the mid-to-low market, especially in the North East. Over 80% of its stores are in the Central, North, and North East, where purchasing power depends mainly on farm income. Also, its customers include contractors and project owners, who hinge their hope on state budgets and investment in infrastructure projects. Hence, a higher public investment budget and farm income would provide crucial catalysts for GLOBAL.

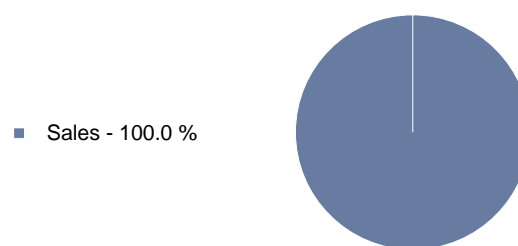
Also, store expansions, SSSG, and GPM improvements are key growth drivers for GLOBAL.

Company profile

Siam Global House is a leading building material distributor focusing on the provincial market. In November 2012, Siam Cement (SCC TB) became a shareholder with a 30% stake.

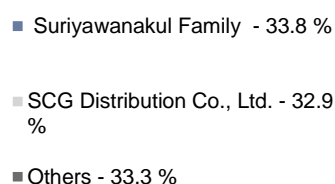
www.globalhouse.co.th

Principal activities (revenue, 2022)



Source: Siam Global House

Major shareholders



Source: Siam Global House

Catalysts

Potential catalysts for GLOBAL include 1) higher steel prices (accounting for 15% of total sales), 2) the real estate sector growth, 3) government measures to stimulate purchasing power, 4) state investment in infrastructure projects, and 5) higher agricultural product prices and outputs.

Risks to our call

Key downside risks to our DCF-based TP are 1) lower farm income, 2) a delay in government disbursement, 3) decreased private brand exposure and its lower gross margin, 4) higher-than-expected expenses, and 5) a larger-than-expected impact of the El Nino.

Event calendar

Date	Event
12 Feb 2024	4Q23 results announcement

Key assumptions

GLOBAL	2023E (%)	2024E (%)	2025E (%)
SSSG	(11.0)	5.0	3.0
New stores growth	7.8	9.6	9.9
GPM	25.5	25.7	26.1
SG&A to sales	17.2	17.0	17.0

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in SSSG, we estimate 2024 net profit to rise by 1.0%, and vice versa, all else being equal.
- For every 0.1% increase in GPM, we estimate 2024 net profit to rise by 1.0%, and vice versa, all else being equal.
- For every 0.1% increase in SG&A, we estimate 2024 net profit to fall by 1.0%, and vice versa, all else being equal.

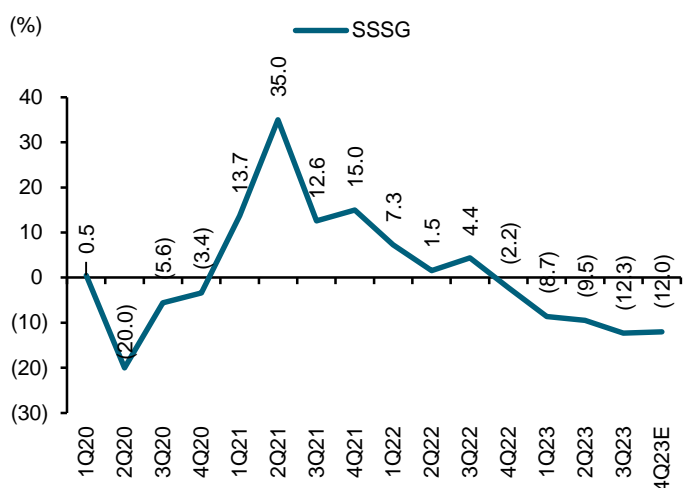
Source: FSSIA estimates

Exhibit 1: 4Q23 results preview

Profit & Loss Statement Year to Dec 31	4Q22	1Q23	2Q23	3Q23	4Q23E	Change		2023E	2024E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Retail sales	8,247	8,933	8,503	7,340	7,431	1	(10)	32,208	35,554	10
Cost of retail sales	6,201	6,696	6,344	5,443	5,500	1	(11)	23,982	26,418	10
Gross profit	2,045	2,238	2,159	1,898	1,932	2	(6)	8,226	9,135	11
Operating costs	(1,530)	(1,280)	(1,423)	(1,399)	(1,423)	2	(7)	(5,524)	(6,044)	9
Operating profit	515	958	736	499	509	2	(1)	2,702	3,091	14
Other income/expenses	160	166	180	173	145	(16)	(9)	663	711	7
Interest expense	(54)	(64)	(65)	(71)	(72)	1	32	(273)	(287)	5
Profit before tax	620	1,060	851	601	581	(3)	(6)	3,093	3,515	14
Tax	(118)	(209)	(167)	(117)	(116)	(1)	(2)	(609)	(703)	15
Associates	29	35	22	44	46	6	58	147	154	5
Minority interests	(5)	(4)	(2)	(2)	(2)	(30)	(67)	(9)	(10)	10
Non-recurring items	0	0	0	0	0	n/a	n/a	0	0	n/a
Reported net profit	527	883	703	525	510	(3)	(3)	2,622	2,956	13
Recurring net profit	527	883	703	525	510	(3)	(3)	2,622	2,956	13
EPS (THB)	0.11	0.18	0.14	0.10	0.10	(3)	(7)	0.52	0.59	13
Recurring EPS (THB)	0.11	0.18	0.14	0.10	0.10	(3)	(7)	0.52	0.59	13
Key Ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)
Retail sales margin	24.8	25.0	25.4	25.9	26.0	0.1	1.2	25.5	25.7	0.2
Operating margin	6.2	10.7	8.7	6.8	6.8	0.0	0.6	8.4	8.7	0.3
Recurring net margin	6.4	9.9	8.3	7.2	6.9	(0.3)	0.5	8.1	8.3	0.2
SG&A / Sales	18.6	14.3	16.7	19.1	19.1	0.1	0.6	17.2	17.0	(0.2)
Operating stats										
SSSG (%)	(2.2)	(8.7)	(9.5)	(12.3)	(12.0)			(11.0)	5.0	
Private brand (%)	23.7	23.8	23.9	23.9	24.0			24.0	24.2	
Number of stores (no.)	77	78	79	81	83			83	91	

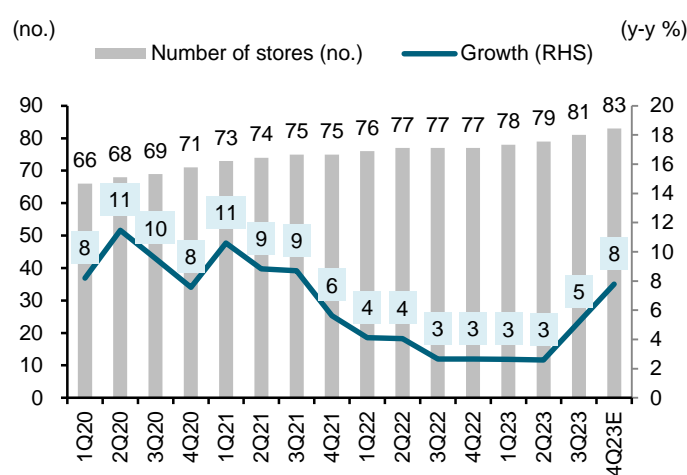
Sources: GLOBAL; FSSIA estimates

Exhibit 2: 4Q23E lower-than-expected SSSG



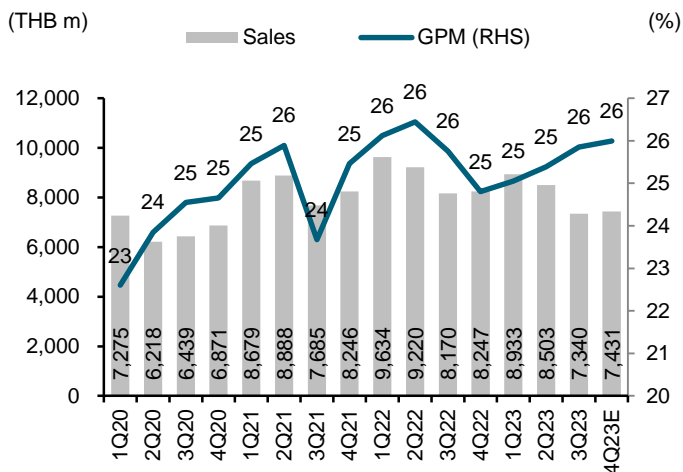
Sources: GLOBAL; FSSIA estimates

Exhibit 3: Continual store expansion



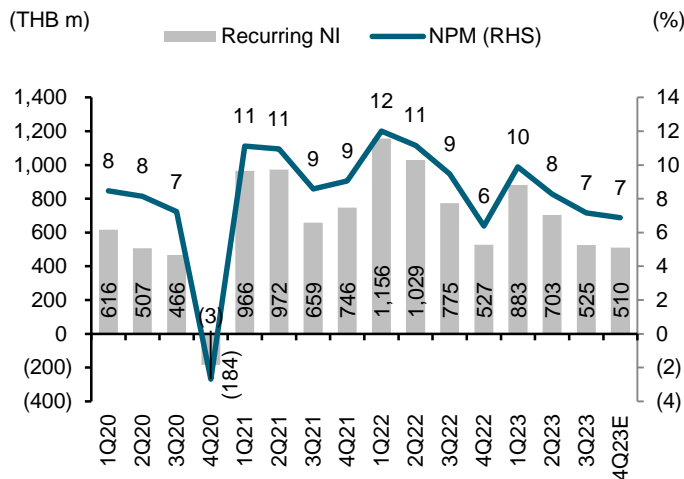
Sources: GLOBAL; FSSIA estimates

Exhibit 4: Sales would drop y-y, while GPM could expand



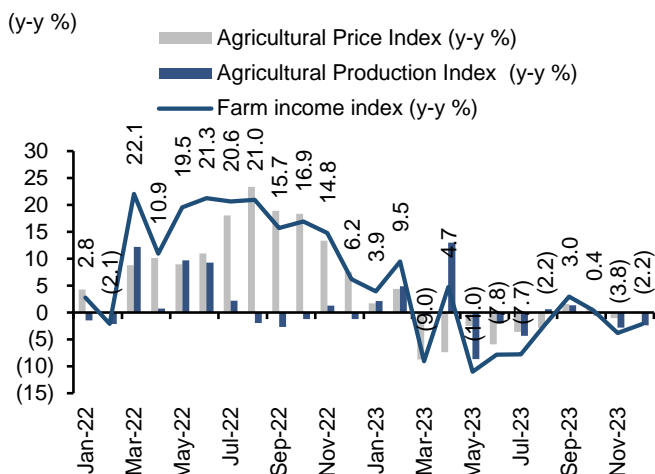
Sources: GLOBAL; FSSIA estimates

Exhibit 5: Net profit and NPM



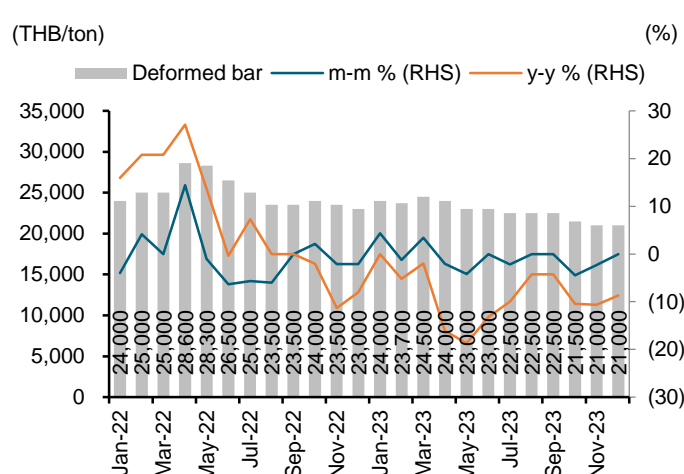
Sources: GLOBAL; FSSIA estimates

Exhibit 6: Farm income index



Source: Office of Agricultural Economics

Exhibit 7: Domestic steel price



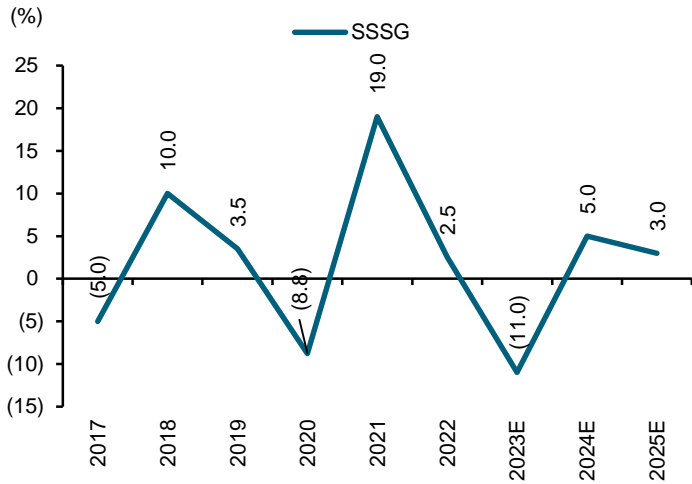
Source: Ministry of Commerce

Exhibit 8: Revise earnings downward to account for lower-than-expected SSSG

	Current			Previous			Change		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
Revenues (THB m)	32,208	35,554	38,630	33,574	35,969	39,044	(4.1)	(1.2)	(1.1)
SSSG (%)	(11.0)	5.0	3.0	(9.0)	2.0	3.0	(2.0)	3.0	0.0
Gross margin (%)	25.5	25.7	26.1	25.6	25.8	26.0	(0.0)	(0.1)	0.0
No. of new stores	6	8	9	7	8	9	(1.0)	0.0	0.0
SG&A expenses to sales (%)	17.2	17.0	17.0	16.9	16.9	17.0	0.3	0.1	0.0
Net profit (THB m)	2,622	2,956	3,327	2,753	3,021	3,326	(4.8)	(2.1)	0.0

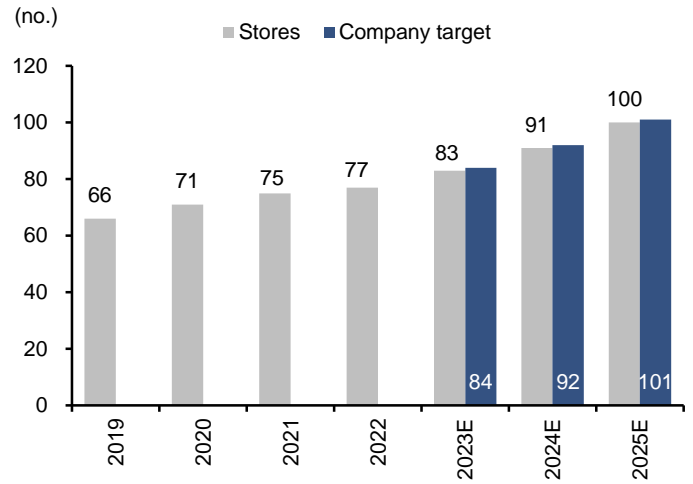
Source: FSSIA estimates

Exhibit 9: Yearly SSSG



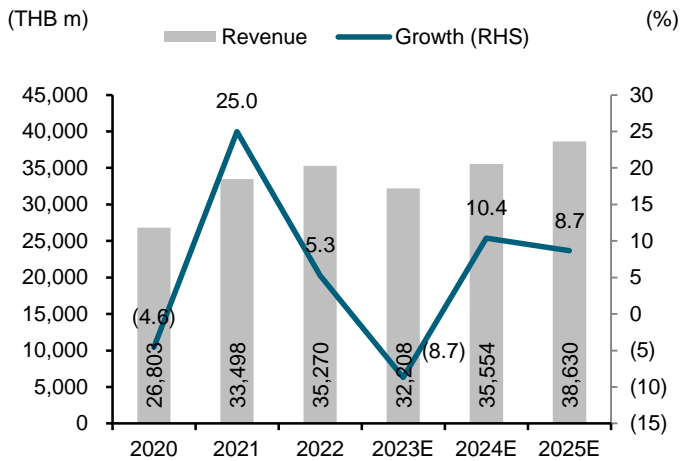
Sources: GLOBAL; FSSIA estimates

Exhibit 10: Store expansion



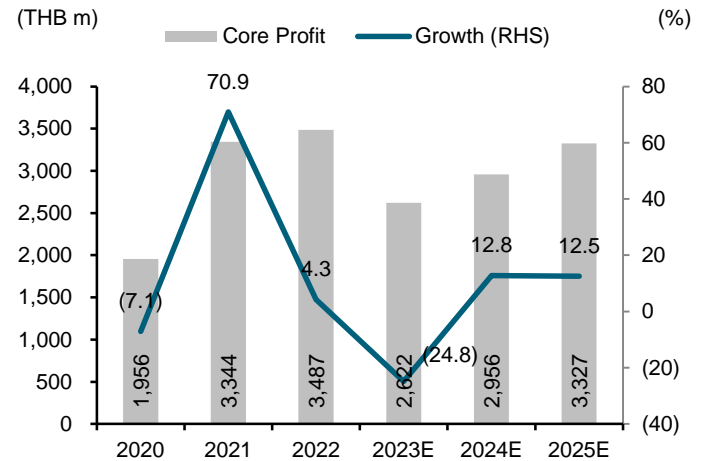
Sources: GLOBAL; FSSIA estimates

Exhibit 11: Yearly revenue and growth



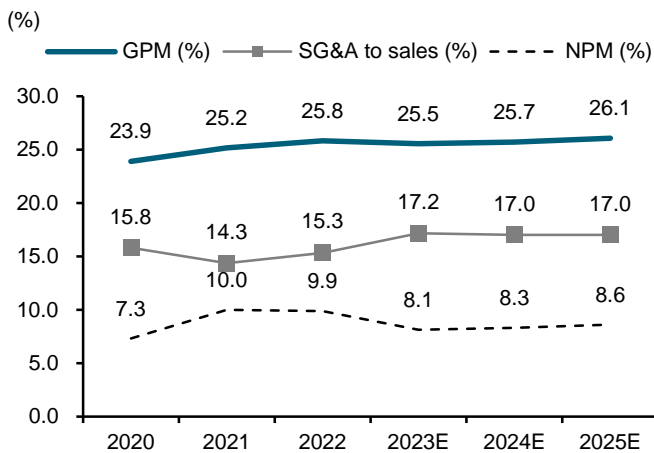
Sources: GLOBAL; FSSIA estimates

Exhibit 12: Yearly core profit and growth



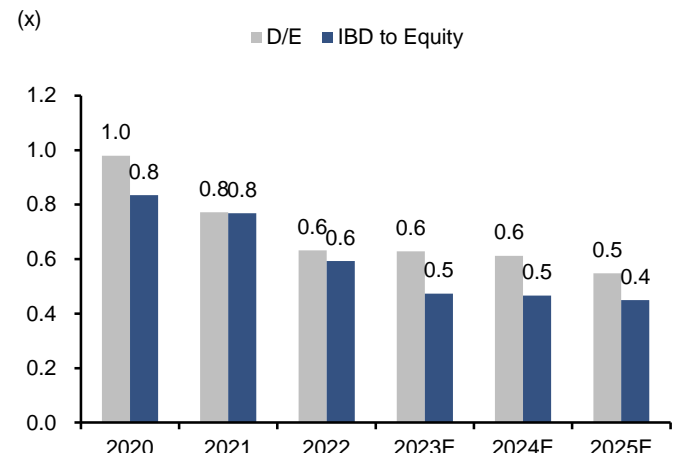
Sources: GLOBAL; FSSIA estimates

Exhibit 13: Profitability



Sources: GLOBAL; FSSIA estimates

Exhibit 14: Strong balance sheet



Sources: GLOBAL; FSSIA estimates

Exhibit 15: DCF-based valuation

DCF-derived TP	(%)	(THB b)
Discount rate (WACC)	7.3	
Terminal growth	2.0	
NPV		24
Add: terminal value		77
Sum of PV		101
Add: investment		0
Less: debt		12
Less: minorities		0
Residual ordinary equity		89
No. of shares (m)		5,002
Residual ordinary equity (THB/share)		17.7

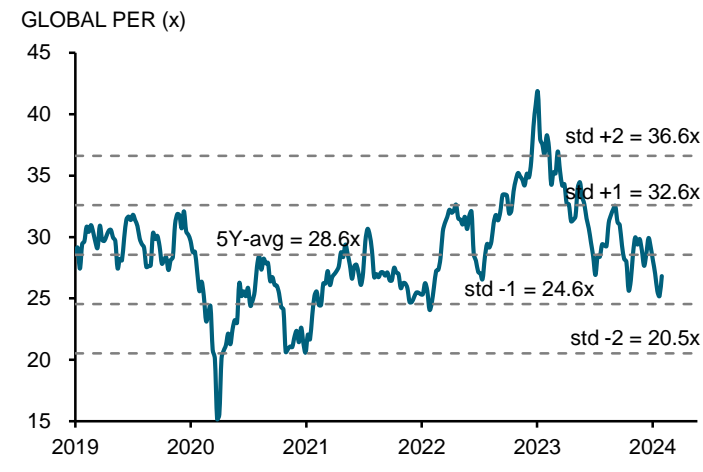
Source: FSSIA estimates

Exhibit 16: Sensitivity to 2024 target price

		Terminal Growth				
		1.0%	1.5%	2.0%	2.5%	3.0%
WACC	6.3%	19.2	20.9	23.0	25.7	29.2
	6.8%	17.0	18.4	20.1	22.1	24.7
	7.3%	15.3	16.4	17.7	19.3	21.3
	7.8%	13.7	14.7	15.7	17.0	18.6
	8.3%	12.4	13.2	14.1	15.1	16.4

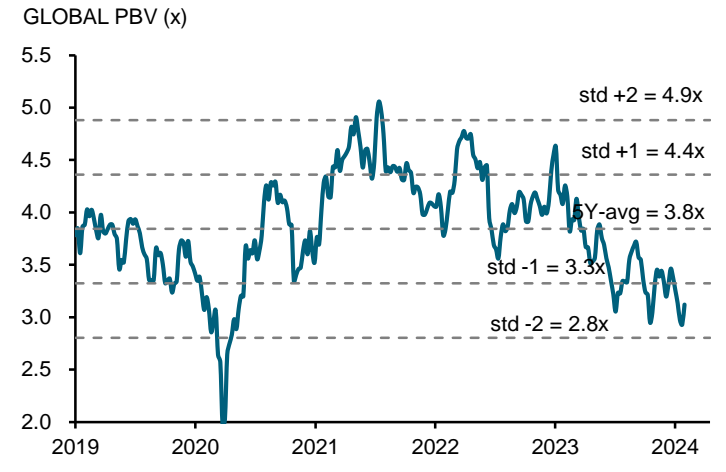
Source: FSSIA estimates

Exhibit 17: Rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 18: Rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 19: Commerce peers as of 5 February 2024

Company	BBG	Rec	Share price			Market Cap (USD m)	PE		ROE		PBV		EV/EBITDA	
			Current (LCY)	Target (LCY)	Upside (%)		23E (x)	24E (x)	23E (%)	24E (%)	23E (x)	24E (x)	23E (x)	24E (x)
Consumer Staple														
CP All	CPALL TB	BUY	54.50	77.00	41	13,680	28.4	24.4	16.4	17.5	4.9	4.5	20.2	17.9
CP Axtra	CPAXT TB	BUY	30.25	36.00	19	8,943	37.2	30.1	2.9	3.6	1.1	1.1	11.2	10.5
Berli Jucker*	BJC TB	n/a	24.50	n/a	n/a	2,741	20.3	17.8	4.0	4.5	0.8	0.8	12.8	11.9
Consumer Staple average						25,364	28.6	24.1	7.8	8.5	2.3	2.1	14.7	13.4
Consumer Discretionary														
Com7	COM7 TB	BUY	21.40	30.00	40	1,426	16.3	14.7	41.6	41.7	6.5	5.8	11.6	10.5
Central Retail Corp	CRC TB	BUY	32.25	48.00	49	5,435	23.7	20.4	12.6	13.4	2.9	2.6	12.8	11.5
Home Improvement														
Index Living Mall	ILM TB	BUY	21.80	26.70	22	308	15.9	14.3	12.0	12.7	1.9	1.8	7.6	6.9
Home Product Center	HMPRO TB	BUY	10.30	13.60	32	3,785	21.3	20.0	25.5	26.0	5.3	5.0	12.4	11.7
Siam Global House	GLOBAL TB	BUY	15.80	17.70	12	2,208	30.1	26.7	11.5	12.0	3.3	3.1	22.5	20.2
Dohome	DOHOME TB	BUY	11.10	12.30	11	958	67.2	35.3	4.3	7.7	2.8	2.6	25.7	19.1
Home Improvement avg.						7,259	33.6	24.1	13.3	14.6	3.3	3.1	17.1	14.5
Consumer Discretionary avg.						14,120	29.1	21.9	17.9	18.9	3.8	3.5	15.5	13.3
Total average						39,484	28.9	22.6	14.6	15.5	3.3	3.0	15.2	13.4

Sources: *Bloomberg; FSSIA estimates

Financial Statements

Siam Global House

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	33,498	35,270	32,208	35,554	38,630
Cost of goods sold	(25,067)	(26,166)	(23,982)	(26,418)	(28,565)
Gross profit	8,431	9,104	8,226	9,135	10,065
Other operating income	0	0	0	0	-
Operating costs	(4,806)	(5,410)	(5,524)	(6,044)	(6,567)
Operating EBITDA	4,889	4,941	4,029	4,523	5,057
Depreciation	(1,264)	(1,246)	(1,327)	(1,432)	(1,559)
Goodwill amortisation	0	0	0	0	-
Operating EBIT	3,625	3,695	2,702	3,091	3,498
Net financing costs	(182)	(193)	(273)	(287)	(301)
Associates	81	120	147	154	162
Recurring non-operating income	699	828	810	865	934
Non-recurring items	0	0	0	0	0
Profit before tax	4,142	4,330	3,240	3,669	4,131
Tax	(783)	(824)	(609)	(703)	(794)
Profit after tax	3,359	3,506	2,631	2,966	3,337
Minority interests	(15)	(19)	(9)	(10)	(11)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	3,344	3,487	2,622	2,956	3,327
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	3,344	3,487	2,622	2,956	3,327
Per share (THB)					
Recurring EPS *	0.73	0.73	0.52	0.59	0.67
Reported EPS	0.73	0.73	0.52	0.59	0.67
DPS	0.23	0.30	0.21	0.24	0.27
Diluted shares (used to calculate per share data)	4,602	4,802	5,002	5,002	5,002
Growth					
Revenue (%)	25.0	5.3	(8.7)	10.4	8.7
Operating EBITDA (%)	46.7	1.1	(18.4)	12.3	11.8
Operating EBIT (%)	67.1	1.9	(26.9)	14.4	13.2
Recurring EPS (%)	63.5	(0.1)	(27.8)	12.8	12.5
Reported EPS (%)	63.5	(0.1)	(27.8)	12.8	12.5
Operating performance					
Gross margin inc. depreciation (%)	25.2	25.8	25.5	25.7	26.1
Gross margin exc. depreciation (%)	28.9	29.3	29.7	29.7	30.1
Operating EBITDA margin (%)	14.6	14.0	12.5	12.7	13.1
Operating EBIT margin (%)	10.8	10.5	8.4	8.7	9.1
Net margin (%)	10.0	9.9	8.1	8.3	8.6
Effective tax rate (%)	19.3	19.6	19.7	20.0	20.0
Dividend payout on recurring profit (%)	31.7	41.1	40.0	40.0	40.0
Interest cover (X)	23.8	23.5	12.9	13.8	14.7
Inventory days	233.6	233.9	241.5	216.9	215.9
Debtor days	7.3	6.8	11.5	15.2	15.3
Creditor days	42.4	35.5	36.2	34.0	35.4
Operating ROIC (%)	11.9	11.7	8.5	9.4	10.0
ROIC (%)	12.9	12.7	9.7	10.6	11.1
ROE (%)	18.3	16.9	11.5	12.0	12.5
ROA (%)	9.4	9.4	7.4	8.0	8.3
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Sales	33,498	35,270	32,208	35,554	38,630
Others	0	0	0	0	0

Sources: Siam Global House; FSSIA estimates

Financial Statements

Siam Global House

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	3,344	3,487	2,622	2,956	3,327
Depreciation	1,264	1,246	1,327	1,432	1,559
Associates & minorities	27	9	0	0	0
Other non-cash items	15	19	9	10	11
Change in working capital	(2,272)	258	610	(1,064)	(846)
Cash flow from operations	2,379	5,019	4,567	3,334	4,051
Capex - maintenance	(1,215)	(1,618)	(1,816)	(2,332)	(2,682)
Capex - new investment	0	0	0	0	0
Net acquisitions & disposals	(850)	(549)	(157)	(558)	(560)
Other investments (net)	0	0	0	0	0
Cash flow from investing	(2,066)	(2,167)	(1,973)	(2,890)	(3,242)
Dividends paid	(1,061)	(1,432)	(1,049)	(1,183)	(1,331)
Equity finance	297	172	304	61	61
Debt finance	921	(2,138)	(1,735)	741	528
Other financing cash flows	0	0	0	0	0
Cash flow from financing	157	(3,399)	(2,479)	(381)	(742)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	470	(547)	115	63	66
Free cash flow to firm (FCFF)	493.54	3,044.84	2,866.45	731.21	1,109.14
Free cash flow to equity (FCFE)	1,233.74	713.58	859.21	1,184.68	1,335.98
Per share (THB)					
FCFF per share	0.10	0.61	0.57	0.15	0.22
FCFE per share	0.25	0.14	0.17	0.24	0.27
Recurring cash flow per share	1.01	0.99	0.79	0.88	0.98
Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	23,807	25,311	27,127	29,459	32,141
Less: Accumulated depreciation	(6,708)	(7,840)	(9,167)	(10,599)	(12,158)
Tangible fixed assets (net)	17,099	17,471	17,960	18,860	19,983
Intangible fixed assets (net)	0	0	0	0	0
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	1,507	1,824	2,157	2,507	2,874
Cash & equivalents	1,694	1,147	1,262	1,325	1,392
A/C receivable	674	631	1,403	1,549	1,683
Inventories	16,186	15,747	14,236	15,465	16,487
Other current assets	78	42	38	42	46
Current assets	18,631	17,568	16,939	18,381	19,607
Other assets	2,037	2,285	2,087	2,303	2,503
Total assets	39,275	39,148	39,143	42,051	44,967
Common equity	19,561	21,788	23,665	25,499	27,556
Minorities etc.	275	304	313	322	333
Total shareholders' equity	19,836	22,091	23,977	25,822	27,889
Long term debt	3,268	3,252	2,708	3,042	3,367
Other long-term liabilities	160	176	153	162	168
Long-term liabilities	3,427	3,428	2,861	3,204	3,534
A/C payable	2,543	2,311	2,184	2,478	2,757
Short term debt	13,128	11,006	9,815	10,221	10,424
Other current liabilities	340	313	306	327	361
Current liabilities	16,011	13,629	12,305	13,026	13,543
Total liabilities and shareholders' equity	39,275	39,148	39,143	42,051	44,967
Net working capital	14,055	13,797	13,187	14,251	15,097
Invested capital	34,698	35,377	35,391	37,921	40,457
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	4.25	4.54	4.73	5.10	5.51
Tangible book value per share	4.25	4.54	4.73	5.10	5.51
Financial strength					
Net debt/equity (%)	74.1	59.3	47.0	46.2	44.5
Net debt/total assets (%)	37.4	33.5	28.8	28.4	27.6
Current ratio (x)	1.2	1.3	1.4	1.4	1.4
CF interest cover (x)	7.8	4.7	4.2	5.1	5.4
Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	21.7	21.8	30.1	26.7	23.8
Recurring P/E @ target price (x) *	24.4	24.4	33.8	29.9	26.6
Reported P/E (x)	21.7	21.8	30.1	26.7	23.8
Dividend yield (%)	1.5	1.9	1.3	1.5	1.7
Price/book (x)	3.7	3.5	3.3	3.1	2.9
Price/tangible book (x)	3.7	3.5	3.3	3.1	2.9
EV/EBITDA (x) **	17.9	18.1	22.5	20.2	18.1
EV/EBITDA @ target price (x) **	19.7	19.9	24.8	22.3	20.0
EV/invested capital (x)	2.5	2.5	2.6	2.4	2.3
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Siam Global House; FSSIA estimates

Siam Global House PCL (GLOBAL TB)

FSSIA ESG rating



59.18 /100

Exhibit 20: 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 21: 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
DOHOME	42.34	--	--	--	5.00	5.00	Declared	Medium	37.50	--	--	37.19	20.00	4.17	46.91
GLOBAL	59.18	--	Y	Y	5.00	5.00	Declared	Low	53.10	--	--	36.48	41.00	3.24	52.38
HMPRO	87.20	Y	Y	Y	5.00	5.00	Certified	Low	66.54	AA	37.00	65.78	81.00	5.36	62.59
ILM	20.00	--	--	--	5.00	5.00	Certified	--	--	--	--	--	--	--	--
MEGA	54.48	--	Y	Y	4.00	4.00	Declared	Medium	66.56	--	--	58.59	24.00	2.39	--

Sources: [SETTRADE.com](https://www.settrade.com); FSSIA's compilation

Exhibit 22: ESG score by Bloomberg

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	2.92	2.83	3.28	3.24
BESG environmental pillar score	1.16	0.86	0.85	0.96
BESG social pillar score	4.31	4.24	4.82	4.85
BESG governance pillar score	3.70	3.93	4.93	4.56
ESG disclosure score	38.07	41.93	44.61	52.38
Environmental disclosure score	7.58	13.17	15.98	36.70
Social disclosure score	25.39	31.38	30.35	32.95
Governance disclosure score	81.10	81.10	87.36	87.36
Environmental				
Emissions reduction initiatives	Yes	Yes	Yes	Yes
Climate change policy	No	No	No	Yes
Climate change opportunities discussed	No	No	No	No
Risks of climate change discussed	No	No	No	Yes
GHG scope 1	—	—	—	15
GHG scope 2 location-based	—	—	—	34
GHG Scope 3	—	—	—	10
Carbon per unit of production	—	—	—	—
Biodiversity policy	No	No	No	No
Energy efficiency policy	Yes	Yes	Yes	Yes
Total energy consumption	—	—	—	—
Renewable energy use	—	—	—	—
Electricity used	68	133	151	149
Fuel used - natural gas	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 23: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No
Waste reduction policy	No	Yes	Yes	Yes
Hazardous waste	—	—	—	—
Total waste	—	—	—	—
Waste recycled	—	—	—	2
Waste sent to landfills	—	—	—	—
Environmental supply chain management	No	No	No	Yes
Water policy	No	No	Yes	Yes
Water consumption	—	296	297	343
Social				
Human rights policy	Yes	Yes	Yes	Yes
Policy against child labor	Yes	Yes	Yes	Yes
Quality assurance and recall policy	No	No	No	No
Consumer data protection policy	Yes	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No
Pct women in workforce	—	—	43	43
Pct disabled in workforce	1	1	1	1
Business ethics policy	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes
Lost time incident rate - employees	2	1	1	1
Total recordable incident rate - employees	—	—	—	1
Training policy	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No
Number of employees – CSR	9,398	9,286	9,872	10,063
Employee turnover pct	—	—	—	—
Total hours spent by firm - employee training	76,726	69,157	83,511	81,309
Social supply chain management	No	No	No	Yes
Governance				
Board size	10	10	10	10
No. of independent directors (ID)	4	4	4	4
No. of women on board	1	1	0	0
No. of non-executive directors on board	7	7	7	8
Company conducts board evaluations	Yes	Yes	Yes	Yes
No. of board meetings for the year	4	4	6	6
Board meeting attendance pct	100	98	100	98
Board duration (years)	3	3	3	3
Director share ownership guidelines	No	No	No	No
Age of the youngest director	49	53	33	34
Age of the oldest director	74	75	76	77
No. of executives / company managers	12	12	13	11
No. of female executives	3	1	3	3
Executive share ownership guidelines	No	No	No	No
Size of audit committee	3	3	3	3
No. of ID on audit committee	3	3	3	3
Audit committee meetings	3	5	5	4
Audit meeting attendance %	100	100	100	100
Size of compensation committee	3	3	3	3
No. of ID on compensation committee	2	2	2	2
No. of compensation committee meetings	2	2	2	2
Compensation meeting attendance %	100	100	100	100
Size of nomination committee	3	3	3	3
No. of nomination committee meetings	2	2	2	2
Nomination meeting attendance %	100	100	100	100
Sustainability governance				
Verification type	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 Sustainability	The Sustainability's 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+																		
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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="0" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: right;">AAA</td> <td style="text-align: left;">8.571-10.000</td> <td style="text-align: right;">Leader:</td> <td style="text-align: left;">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td style="text-align: right;">AA</td> <td style="text-align: left;">7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">A</td> <td style="text-align: left;">5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">BBB</td> <td style="text-align: left;">4.286-5.713</td> <td style="text-align: right;">Average:</td> <td style="text-align: left;">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td style="text-align: right;">BB</td> <td style="text-align: left;">2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">B</td> <td style="text-align: left;">1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">CCC</td> <td style="text-align: left;">0.000-1.428</td> <td style="text-align: right;">Laggard:</td> <td style="text-align: left;">lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </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

Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
Siam Global House	GLOBAL TB	THB 15.80	BUY	Key downside risks to our DCF-based TP are 1) lower farm income, 2) a delay in government disbursement, 3) decreased private brand exposure and its lower gross margin, 4) higher-than-expected expenses, and 5) a larger-than-expected impact of the El Nino.
Dohome PCL	DOHOME TB	THB 11.10	BUY	Downside risks to our DCF-based TP include 1) lower-than-expected SSSG; 2) a lower-than-expected GPM; 3) higher-than-expected SG&A; and 4) a worse-than-expected effect from El Nino.
Index Living Mall	ILM TB	THB 21.80	BUY	Downside risks to our DCF-based TP include 1) lower-than-expected SSSG; 2) a lower-than-expected GPM; and 3) higher-than-expected SG&A.
Home Product Center	HMPRO TB	THB 10.30	BUY	Key downside risks to our DCF-based TP include: 1) lower-than-expected SSSG; 2) slower-than-expected recovery in domestic consumption and tourist arrivals, and 3) operating losses from overseas units.
CP All	CPALL TB	THB 54.50	BUY	The key downside risks to our DCF-derived TP include 1) lower-than-expected SSSG, 2) lower-than-expected gross margin, and 3) higher-than-expected SG&A to sales ratio.
CP Axtra	CPAXT TB	THB 30.25	BUY	The key downside risks to our DCF-based TP include: 1) lower-than-expected SSSG; 2) a lower-than-expected GPM improvement; and 3) operational losses from its overseas business.
Com7	COM7 TB	THB 21.40	BUY	Downside risks to our P/E-based TP include 1) lower consumption and domestic purchasing power, 2) store cannibalization, and 3) product shortages.
Central Retail Corp	CRC TB	THB 32.25	BUY	Downside risks to our DCF-based TP include 1) a decline in domestic purchasing power, 2) lower-than-expected tourist arrivals, 3) an absence of the government's stimulus, and 4) a slower-than-expected economic recovery in Vietnam.

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 05-Feb-2024 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.