

# SC ASSET CORPORATION

THAILAND / PROPERTY DEVELOPMENT

# SC TB

# BUY

UNCHANGED

TARGET PRICE	THB4.40
CLOSE	THB3.30
UP/DOWNSIDE	+33.3%
PRIOR TP	THB4.40
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+2.6%

## A likely strong 4Q23

- SC disclosed a cautious 2024 business plan, targeting y-y flat presales of THB28b from planned new launches of THB30b (-18% y-y) and sales of its inventory of over THB91b.
- Expect a 4Q23 core profit of THB1b (+100% q-q, +3% y-y), higher than our previous forecast.
- Maintain our 2024E profit growth (flat y-y) and BUY rating on an expected 2H23 dividend yield of 5.2%.

### A cautious 2024 business plan with y-y flat presales

SC disclosed a cautious 2024 property business plan amid challenges, focusing on diversifying to recurring businesses to create long-term stability. It planned to introduce 17 new projects with a combined value of THB30b (-18% y-y). Two-thirds would be in 1H24 to realize within this year. Fifteen would be low-rises with a combined value of THB25b (-14% y-y), mainly high-end projects with prices of over THB10m. Two would be condos with a combined value of THB5b (-34% y-y) under the Reference brand of its JV. Under this plan, SC targets presales of THB28b, close to 2023, comprising low-rises of THB18b (+5% y-y) and condos of THB9.8b (-8% y-y), driven by sales of 86 existing projects with a combined value of THB91b (low-rises 80%, condos 20%) and new launches.

### Continued investment in recurring businesses to create long-term stability

SC targeted 2024 revenue of THB26.5b, including low-rises of 70%, condos of 25%, and recurring of 5%. In this regard, its recurring unit (Engine 2) would focus on investing in four businesses, with an EBITDA target from Engine 2 at 16% in 2024 and up to 26% by 2028. In 2024, it should progress with a higher hotel room of 384 from the opening of 306-room Kromo in Sukhumvit 29 late this year and a higher storage area of 33,000 SQM from an additional warehouse of 17,000 SQM in Bangna K.M. 22 area.

### 4Q23 profit (+q-q, +y-y) likely beats our estimate

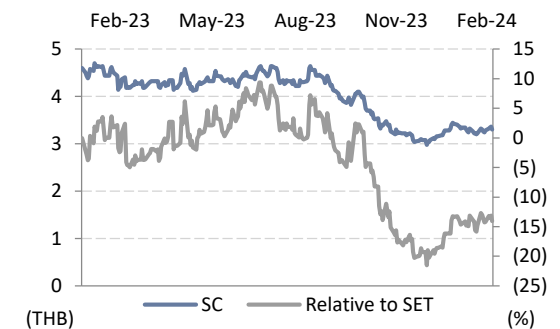
We expect a new quarterly-high 4Q23 core profit (excluding gain/loss from fair value adjustment of investment property, which is usually in 4Q) of THB1b (+100% q-q, +3% y-y), better than our previously forecast for a y-y loss to THB800m, due to higher transfers of THB8.5b (+64% q-q, +20% y-y) mainly from high-end low-rises with prices of over THB20m and the progress of SCOPE Langsuan condo. However, the gross margin should decrease to 30% from 31-32% in 3Q23 and 4Q22 due to a higher exposure of condo revenue. Hence, we expect a 2023 core profit of THB2.5b (flat y-y), 7% higher than our previous estimate.

### Maintain our BUY call at our TP of THB4.40 on a 2H23 dividend yield of 5.2%

We retain our 2024E core profit of THB2.5b, close to 2023, cautiously assuming 7% lower transfers (including JV) than the guidance. Similarly, we reaffirm our BUY rating at our TP of THB4.40 (unchanged) after SC decreased to trade on a 2024 PE of only 5.5x. Also, the 4Q23 profit growth should surpass its peers, with an anticipated 2H23 DPS of THB0.17, implying a yield of 5.2%.

### KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	21,583	22,793	23,112	24,145
Net profit	2,556	2,468	2,508	2,660
EPS (THB)	0.61	0.59	0.60	0.64
vs Consensus (%)	-	6.9	2.0	(6.6)
EBITDA	3,453	3,523	3,680	3,840
Recurring net profit	2,597	2,371	2,508	2,660
Core EPS (THB)	0.62	0.57	0.60	0.64
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	28.2	(8.7)	5.8	6.1
Core P/E (x)	5.3	5.8	5.5	5.2
Dividend yield (%)	7.5	7.5	7.5	7.5
EV/EBITDA (x)	11.7	12.1	11.4	10.8
Price/book (x)	0.6	0.6	0.6	0.5
Net debt/Equity (%)	121.5	124.3	113.3	105.5
ROE (%)	12.4	10.6	10.5	10.5



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(2.9)	(2.4)	(27.3)
Relative to country (%)	(0.9)	(0.7)	(12.6)
Mkt cap (USD m)	394		
3m avg. daily turnover (USD m)	0.5		
Free float (%)	39		
Major shareholder	Shinawatra Family (64%)		
12m high/low (THB)	4.74/2.96		
Issued shares (m)	4,222.62		

Sources: Bloomberg consensus; FSSIA estimates



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### Investment thesis

SC disclosed its 2024-2028 business targets. They include 1) five-year revenue of over THB150b, supported by property and recurring income, 2) reasonable investment with a D/E of less than 1.5x, 3) diversified profit portfolio with a recurring income mix of over 25% from 17 projects in four businesses, including offices for rent (total rental space of 120,000 SQM from six buildings), hotels (545 keys from three projects), warehouses (total storage area of 160,000 SQM from four projects), and property for rent in the U.S. (78 units in four Boston locations).

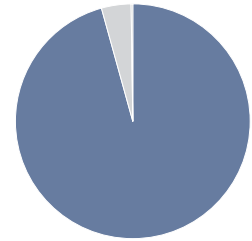
### Company profile

SC operates in three segments including property development for sale, rental, and consulting and management services. It generates most of its revenue from real estate sales such as single-detached houses, townhouses, home offices, and condominiums.

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

### Principal activities (revenue, 2022)

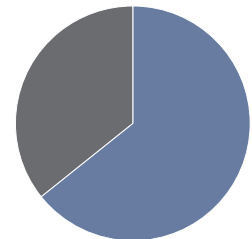
- Project sales - 95.7 %
- Rental and services - 4.1 %
- Consulting and management - 0.2 %



Source: SC Asset Corporation

### Major shareholders

- Shinawatra Family - 64.3 %
- Others - 35.7 %



Source: SC Asset Corporation

### Catalysts

Key potential growth drivers include 1) the success of new launches, 2) investment in new businesses, such as warehouses and hotels, and 3) potential JVs to develop new condos.

### Risks to our call

Downside risks to our P/E-based TP include 1) weaker-than-expected take-up rates of new launches; 2) weak purchasing power; 3) cancellation of presales; 4) bank loan rejections; and 5) construction delays.

### Event calendar

Date	Event
27 February 2024	4Q23 results announcement

### Key assumptions

	2023E	2024E	2025E
Project sales (THB m)	21,820	22,114	23,105
Rental and services income (THB m)	974	997	1,040
Property GPM (%)	31.5	31.9	31.9
GPM (%)	32.8	33.2	33.2
SG&A to sales (%)	18.3	18.3	18.3

Source: FSSIA estimates

### Earnings sensitivity

- For every 5% increase in transfers, we estimate 2023 net profit to rise by 4.6%, and vice versa, all else being equal.
- For every 0.5% increase in property GPM, we estimate 2023 net profit to rise by 3.6%, and vice versa, all else being equal.
- For every 0.5% increase in SG&A to revenue, we estimate 2023 net profit to fall by 3.4%, and vice versa, all else being equal

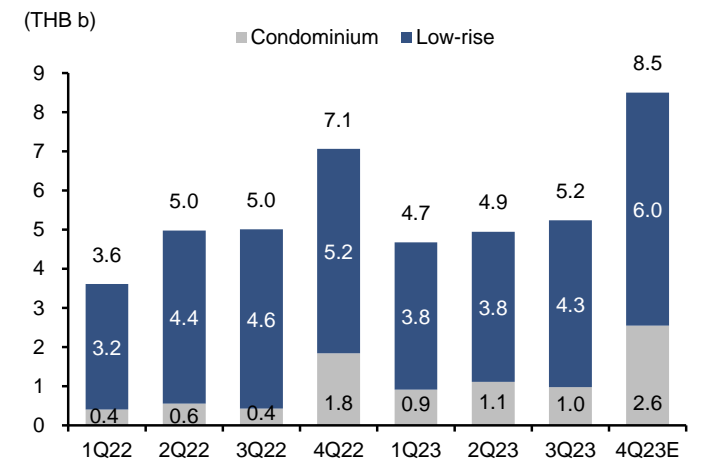
Source: FSSIA estimates

**Exhibit 1: 4Q23 results preview**

	4Q22	1Q23	2Q23	3Q23	4Q23E	Change	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Total revenue	7,308	4,922	5,213	5,533	8,764	58.4	19.9
Cost of sales	4,861	3,265	3,510	3,719	6,053	62.8	24.5
Gross profit	2,447	1,657	1,704	1,814	2,711	49.5	10.8
SG&A	1,264	921	1,009	1,103	1,364	23.7	7.9
Operating profit	1,183	737	694	711	1,347	89.5	13.9
Interest expense	65	95	96	92	96	4.2	47.9
Tax	238	140	138	147	268	82.7	12.7
Associates	64	29	19	3	3	0.0	(94.9)
Reported net profit	935	535	593	503	946	87.9	1.1
Normalised profit	976	535	497	503	1,006	99.8	3.1
<b>Key ratios (%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>
Property gross margin	31.9	32.2	31.3	31.2	30.0	(0.1)	(1.5)
Gross margin	33.5	33.7	32.7	32.8	30.9	0.1	(1.1)
SG&A to sales	17.3	18.7	19.4	19.9	15.6	0.6	2.1
Operating margin	16.2	15.0	13.3	12.9	15.4	(0.5)	(3.2)
Net profit margin	12.8	10.9	11.4	9.1	10.8	(2.3)	(3.3)
Normalised profit margin	13.4	10.9	9.5	9.1	11.5	(0.4)	(3.4)
<b>Operating statistics</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(q-q%)</b>	<b>(y-y%)</b>
<b>Property transfers</b>	<b>7,061</b>	<b>4,673</b>	<b>4,948</b>	<b>5,235</b>	<b>8,500</b>	<b>62.4</b>	<b>20.4</b>
-- Low-rise	5,218	3,759	3,838	4,260	5,950	39.7	14.0
-- High-rise	1,843	914	1,110	976	2,550	161.4	38.4
<b>Presales</b>	<b>7,286</b>	<b>4,918</b>	<b>7,328</b>	<b>8,434</b>	<b>7,270</b>	<b>(13.8)</b>	<b>(0.2)</b>
-- Low-rise	5,648	3,256	5,389	4,295	4,360	1.5	(22.8)
-- High-rise	1,638	1,662	1,939	4,139	2,910	(29.7)	77.6
<b>New launches</b>	<b>18,960</b>	<b>930</b>	<b>18,600</b>	<b>8,870</b>	<b>8,290</b>	<b>(6.5)</b>	<b>(56.3)</b>

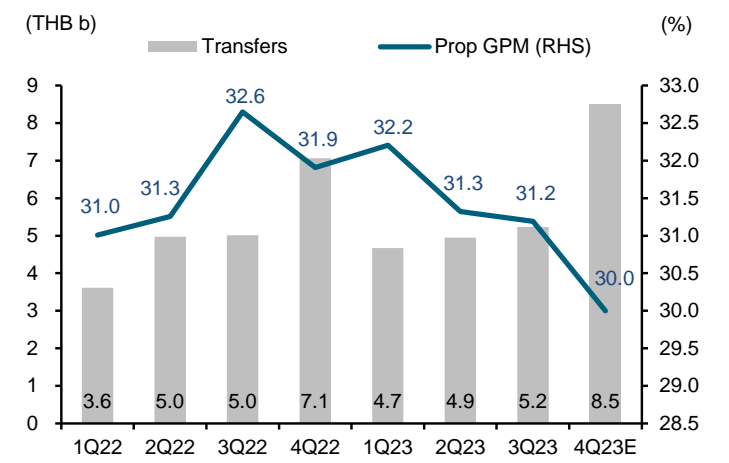
Sources: SC; FSSIA estimates

**Exhibit 2: Quarterly transfers breakdown**



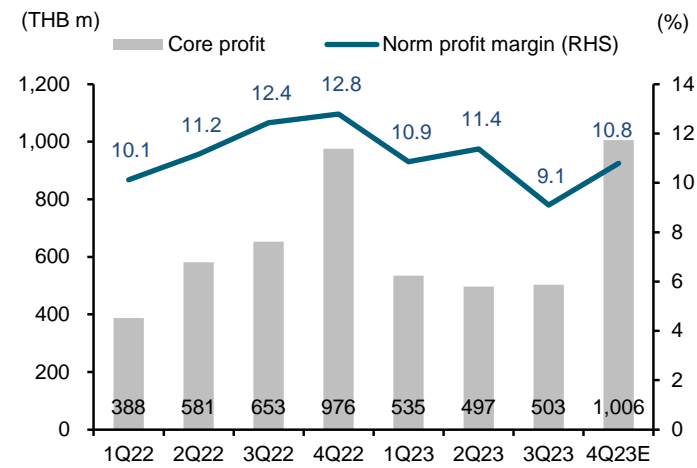
Sources: SC; FSSIA estimates

**Exhibit 3: Quarterly transfers and property GPM**



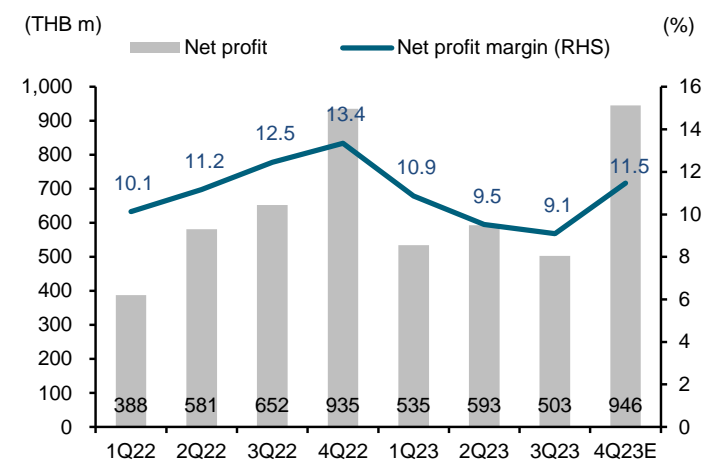
Sources: SC; FSSIA estimates

**Exhibit 4: Quarterly core profit and norm profit margin**



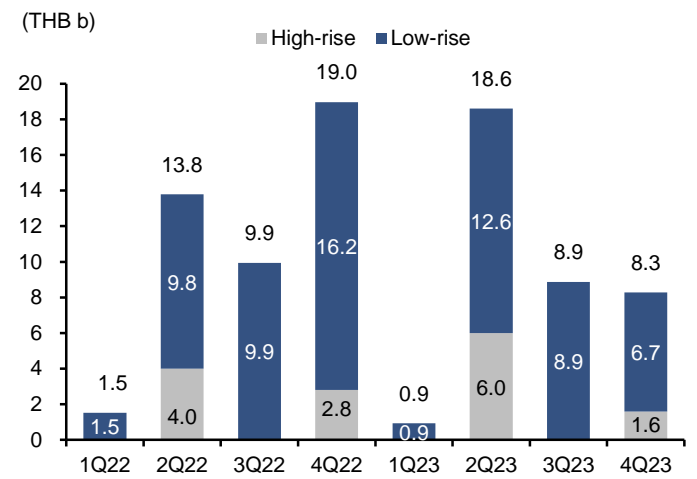
Sources: SC; FSSIA estimates

**Exhibit 5: Quarterly net profit and net profit margin**



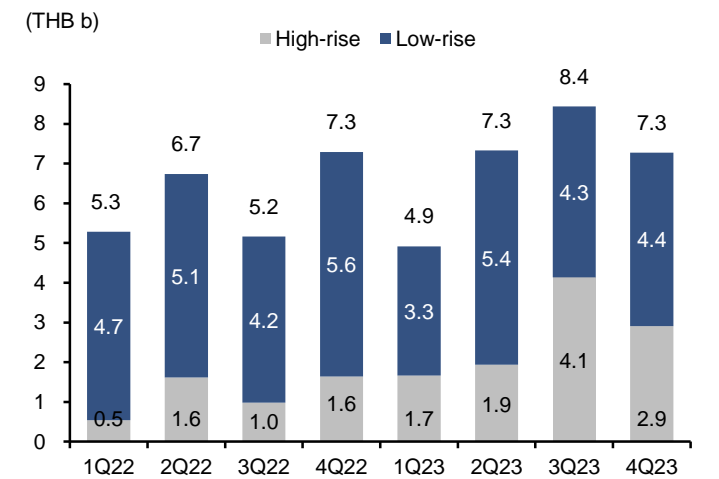
Sources: SC; FSSIA estimates

**Exhibit 6: Quarterly new launches**



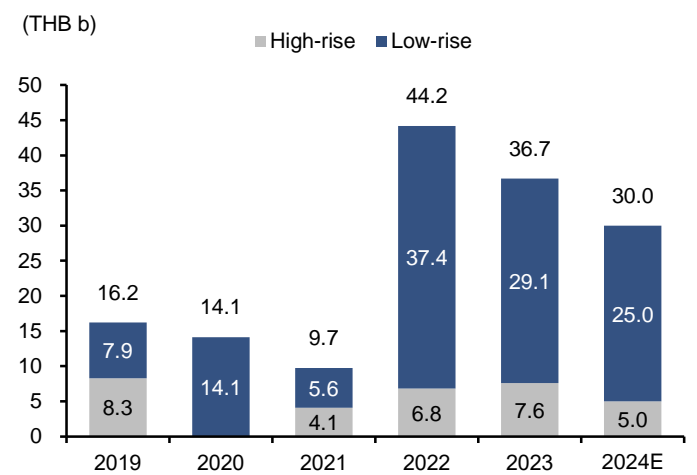
Sources: SC; FSSIA's compilation

**Exhibit 7: Quarterly presales**



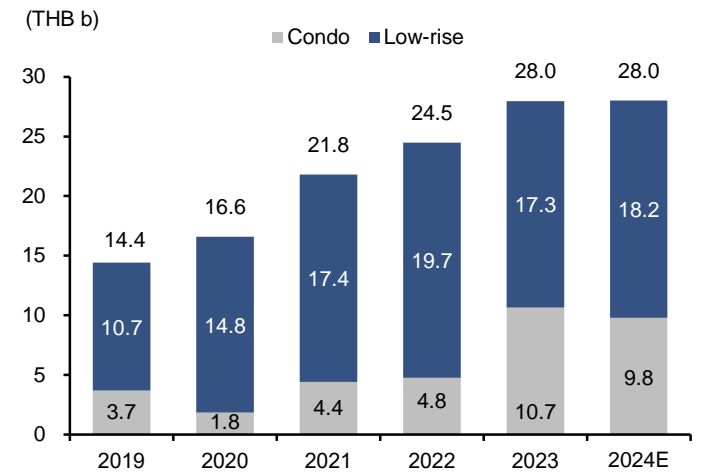
Sources: SC; FSSIA's compilation

**Exhibit 8: Yearly new launches**



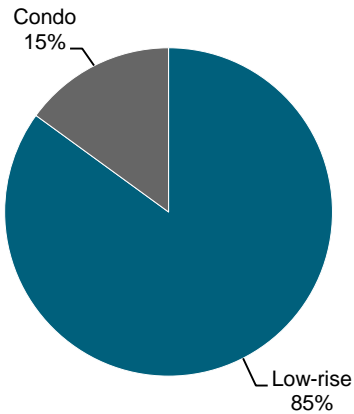
Sources: SC; FSSIA's compilation

**Exhibit 9: Yearly presales**



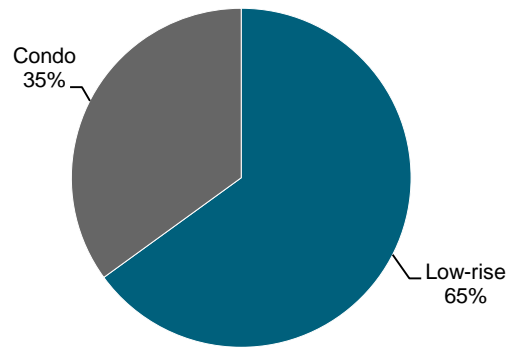
Sources: SC; FSSIA's compilation

Exhibit 10: 2024E new launches by product



Sources: SC; FSSIA's compilation

Exhibit 11: 2024E presales target by product



Sources: SC; FSSIA's compilation

Exhibit 12: New highlight low-rise project



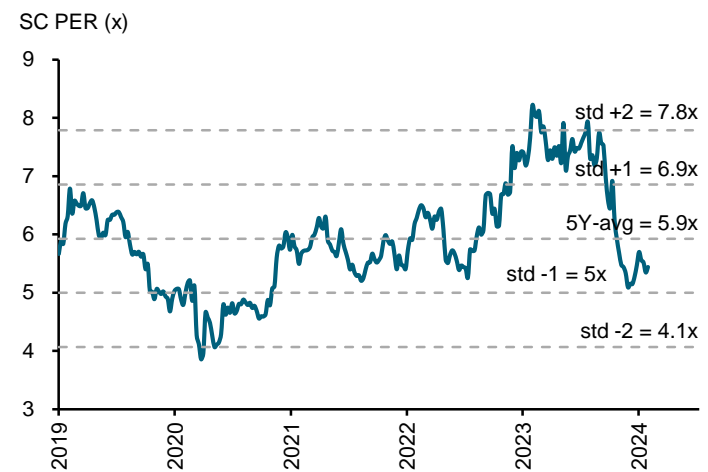
Source: SC

Exhibit 13: Condo projects



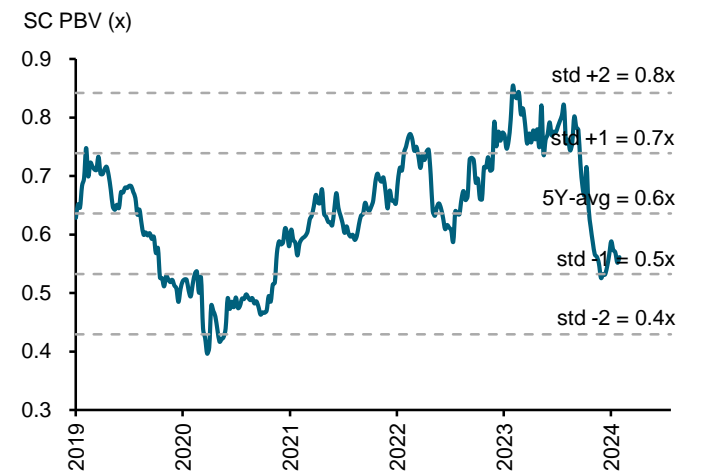
Source: SC

Exhibit 14: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 15: 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	22,793	23,112	24,145
Cost of goods sold	(13,482)	(14,414)	(15,326)	(15,446)	(16,140)
<b>Gross profit</b>	<b>5,993</b>	<b>7,169</b>	<b>7,467</b>	<b>7,666</b>	<b>8,005</b>
Other operating income	41	102	50	50	50
Operating costs	(3,336)	(3,910)	(4,178)	(4,229)	(4,418)
<b>Operating EBITDA</b>	<b>2,846</b>	<b>3,453</b>	<b>3,523</b>	<b>3,680</b>	<b>3,840</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>3,339</b>	<b>3,486</b>	<b>3,637</b>
Net financing costs	(104)	(134)	(371)	(379)	(379)
Associates	(27)	55	68	78	105
Recurring non-operating income	(27)	55	68	78	105
Non-recurring items	37	(41)	97	0	0
<b>Profit before tax</b>	<b>2,603</b>	<b>3,241</b>	<b>3,133</b>	<b>3,186</b>	<b>3,363</b>
Tax	(552)	(678)	(638)	(653)	(684)
<b>Profit after tax</b>	<b>2,051</b>	<b>2,563</b>	<b>2,495</b>	<b>2,533</b>	<b>2,679</b>
Minority interests	11	(7)	(27)	(25)	(18)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>2,062</b>	<b>2,556</b>	<b>2,468</b>	<b>2,508</b>	<b>2,660</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(37)</b>	<b>41</b>	<b>(97)</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>2,025</b>	<b>2,597</b>	<b>2,371</b>	<b>2,508</b>	<b>2,660</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.48	0.62	0.57	0.60	0.64
Reported EPS	0.49	0.61	0.59	0.60	0.64
DPS	0.20	0.25	0.25	0.25	0.25
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	5.6	1.4	4.5
Operating EBITDA (%)	3.5	21.3	2.0	4.4	4.3
Operating EBIT (%)	3.7	24.6	(0.6)	4.4	4.3
Recurring EPS (%)	5.0	28.2	(8.7)	5.8	6.1
Reported EPS (%)	8.7	24.0	(3.5)	1.6	6.1
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	30.8	33.2	32.8	33.2	33.2
Gross margin exc. depreciation (%)	31.5	33.6	33.6	34.0	34.0
Operating EBITDA margin (%)	14.6	16.0	15.5	15.9	15.9
Operating EBIT margin (%)	13.8	15.6	14.6	15.1	15.1
Net margin (%)	10.4	12.0	10.4	10.9	11.0
Effective tax rate (%)	21.2	20.9	20.4	20.5	20.3
Dividend payout on recurring profit (%)	41.3	39.8	43.6	41.2	38.9
Interest cover (X)	25.8	25.6	9.2	9.4	9.9
Inventory days	865.9	963.1	1,073.0	1,124.9	1,101.9
Debtor days	3.1	2.2	2.7	3.5	3.4
Creditor days	17.0	32.6	44.1	43.9	43.3
Operating ROIC (%)	7.2	7.6	6.4	6.3	6.5
ROIC (%)	5.6	6.1	5.3	5.3	5.4
ROE (%)	10.5	12.4	10.6	10.5	10.5
ROA (%)	4.5	5.1	4.5	4.5	4.7
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Project sales	18,612	20,654	21,820	22,114	23,105
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	2,371	2,508	2,660
Depreciation	149	92	184	193	203
Associates & minorities	-	-	-	-	-
Other non-cash items	-	-	-	-	-
Change in working capital	(1,879)	(7,877)	(3,160)	(612)	(1,227)
<b>Cash flow from operations</b>	<b>296</b>	<b>(5,187)</b>	<b>(604)</b>	<b>2,090</b>	<b>1,637</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(1,030)	(2,121)	(634)	(329)	(360)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(1,030)</b>	<b>(2,121)</b>	<b>(634)</b>	<b>(329)</b>	<b>(360)</b>
Dividends paid	(696)	(1,201)	(948)	(1,003)	(1,064)
Equity finance	82	260	(83)	25	18
Debt finance	3,186	4,077	2,007	(499)	1
Other financing cash flows	-	-	-	-	-
<b>Cash flow from financing</b>	<b>2,571</b>	<b>3,135</b>	<b>975</b>	<b>(1,477)</b>	<b>(1,045)</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>(262)</b>	<b>284</b>	<b>232</b>
Free cash flow to firm (FCFF)	(631.19)	(7,174.97)	(867.18)	2,139.74	1,655.84
Free cash flow to equity (FCFE)	2,450.98	(3,231.46)	769.46	1,261.99	1,278.09

### Per share (THB)

FCFF per share	(0.15)	(1.70)	(0.21)	0.51	0.39
FCFE per share	0.58	(0.77)	0.18	0.30	0.30
Recurring cash flow per share	0.52	0.64	0.61	0.65	0.69

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	433	439	459
Invest. in associates & subsidiaries	7,024	8,538	8,760	8,798	8,837
Cash & equivalents	6,313	2,140	1,878	2,161	2,394
A/C receivable	146	119	219	222	232
Inventories	33,092	42,488	46,538	47,478	48,741
Other current assets	450	1,096	912	924	966
<b>Current assets</b>	<b>40,002</b>	<b>45,843</b>	<b>49,546</b>	<b>50,786</b>	<b>52,332</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>61,660</b>	<b>63,035</b>	<b>64,738</b>
Common equity	20,084	21,733	23,045	24,550	26,146
Minorities etc.	(30)	(23)	4	29	47
<b>Total shareholders' equity</b>	<b>20,054</b>	<b>21,709</b>	<b>23,049</b>	<b>24,579</b>	<b>26,193</b>
Long term debt	11,048	12,453	11,334	11,006	11,007
Other long-term liabilities	1,349	1,567	2,051	2,311	2,294
<b>Long-term liabilities</b>	<b>12,398</b>	<b>14,020</b>	<b>13,386</b>	<b>13,317</b>	<b>13,301</b>
A/C payable	722	1,837	1,823	1,849	1,932
Short term debt	13,387	16,059	19,186	19,015	19,015
Other current liabilities	3,194	3,776	4,217	4,276	4,298
<b>Current liabilities</b>	<b>17,303</b>	<b>21,672</b>	<b>25,226</b>	<b>25,139</b>	<b>25,244</b>
<b>Total liabilities and shareholders' equity</b>	<b>49,754</b>	<b>57,401</b>	<b>61,660</b>	<b>63,035</b>	<b>64,738</b>
Net working capital	29,772	38,090	41,629	42,500	43,709
Invested capital	39,525	49,648	53,742	54,749	56,115

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

### Per share (THB)

Book value per share	4.79	5.15	5.46	5.81	6.19
Tangible book value per share	4.77	5.12	5.44	5.80	6.18

### Financial strength

Net debt/equity (%)	90.4	121.5	124.3	113.3	105.5
Net debt/total assets (%)	36.4	45.9	46.5	44.2	42.7
Current ratio (x)	2.3	2.1	2.0	2.0	2.1
CF interest cover (x)	34.6	(7.3)	4.8	5.2	5.3

Valuation	2021	2022	2023E	2024E	2025E
<b>Recurring P/E (x) *</b>	<b>6.8</b>	<b>5.3</b>	<b>5.8</b>	<b>5.5</b>	<b>5.2</b>
<b>Recurring P/E @ target price (x) *</b>	<b>9.1</b>	<b>7.1</b>	<b>7.8</b>	<b>7.3</b>	<b>6.9</b>
Reported P/E (x)	6.7	5.4	5.6	5.5	5.2
Dividend yield (%)	6.1	7.5	7.5	7.5	7.5
Price/book (x)	0.7	0.6	0.6	0.6	0.5
Price/tangible book (x)	0.7	0.6	0.6	0.6	0.5
EV/EBITDA (x) **	11.2	11.7	12.1	11.4	10.8
EV/EBITDA @ target price (x) **	12.8	13.0	13.4	12.6	12.0
EV/invested capital (x)	0.8	0.8	0.8	0.8	0.7

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

Sources: SC Asset Corporation; FSSIA estimates

# SC Asset Corp PCL (SC TB)

**FSSIA ESG rating**

★★★★

**60.14 /100**

## Exhibit 16: 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	<b>A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.</b>
★★★	>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 17: 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
AP	53.36	--	Y	Y	5.00	5.00	Certified	Low	43.30	--	--	16.91	24.00	1.89	34.26
ASW	27.00	--	Y	Y	5.00	4.00	Declared	--	--	--	--	--	--	--	--
BRI	16.00	--	--	--	4.00	4.00	Declared	--	--	--	--	--	--	--	--
NOBLE	30.88	--	Y	Y	5.00	5.00	Certified	--	--	--	--	--	7.00	--	--
ORI	53.22	--	Y	Y	5.00	5.00	Certified	Medium	41.33	--	--	48.60	--	3.82	52.01
SC	60.14	--	Y	Y	5.00	4.00	Certified	Low	45.20	--	--	70.85	25.00	2.34	42.60
SIRI	66.14	--	Y	Y	5.00	5.00	Certified	Low	43.82	A	--	57.85	23.00	3.00	61.14
SPALI	59.80	--	Y	Y	5.00	5.00	Certified	Low	52.93	BB	--	36.30	24.00	2.19	42.36

Sources: [SETTRADE.com](http://SETTRADE.com); FSSIA's compilation

## Exhibit 18: ESG score by Bloomberg

FY ending Dec 31	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>ESG financial materiality scores - ESG score</b>	--	--	--	--	--	2.66	2.34
BESG environmental pillar score	--	--	--	--	--	1.70	1.14
BESG social pillar score	--	--	--	--	--	3.67	2.51
BESG governance pillar score	--	--	--	--	--	3.80	4.29
<b>ESG disclosure score</b>	--	--	--	32.63	33.83	44.32	42.60
Environmental disclosure score	--	--	--	1.75	1.75	18.79	15.95
Social disclosure score	--	--	--	14.87	18.47	32.95	30.62
Governance disclosure score	--	--	--	81.10	81.10	81.10	81.10
<b>Environmental</b>							
Emissions reduction initiatives	No	No	No	No	No	Yes	Yes
Climate change policy	No	No	No	No	No	No	No
Climate change opportunities discussed	No	No	No	No	No	No	No
Risks of climate change discussed	No	No	No	No	No	Yes	Yes
GHG scope 1	--	--	--	--	--	0	--
GHG scope 2 location-based	--	--	--	--	--	12	--
GHG Scope 3	--	--	--	--	--	--	--
Carbon per unit of production	--	--	--	--	--	--	--
Biodiversity policy	No	No	No	No	No	No	No
Energy efficiency policy	No	No	No	Yes	Yes	Yes	Yes
Total energy consumption	--	--	--	--	--	--	--
Renewable energy use	--	--	--	--	--	--	--
Electricity used	--	--	--	--	--	--	--
Fuel used - natural gas	--	--	--	--	--	--	--

Sources: Bloomberg; FSSIA's compilation



**Exhibit 19: ESG score by Bloomberg (cont.)**

FY ending Dec 31	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
Waste reduction policy	No	No	No	Yes	Yes	Yes	Yes
Hazardous waste	—	—	—	—	—	—	—
Total waste	—	—	—	—	—	—	—
Waste recycled	—	—	—	—	—	—	—
Waste sent to landfills	—	—	—	—	—	—	—
Environmental supply chain management	No	No	No	No	No	No	No
Water policy	No	No	No	Yes	Yes	Yes	Yes
Water consumption	—	—	—	—	—	—	—
<b>Social</b>							
Human rights policy	No	No	No	Yes	Yes	Yes	Yes
Policy against child labor	No	No	No	Yes	Yes	Yes	Yes
Quality assurance and recall policy	No	No	No	No	No	No	No
Consumer data protection policy	No	No	No	No	Yes	Yes	Yes
Equal opportunity policy	No	No	No	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	No	No	No
Pct women in workforce	—	—	—	—	—	47	—
Pct disabled in workforce	—	—	—	—	—	1	1
Business ethics policy	No	No	No	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	No	No	No	Yes	Yes	Yes	Yes
Health and safety policy	No	No	No	Yes	Yes	Yes	Yes
Lost time incident rate - employees	—	—	—	—	—	0	0
Total recordable incident rate - employees	—	—	—	—	—	—	—
Training policy	No	No	No	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	Yes	Yes	Yes	Yes
Number of employees – CSR	—	—	—	877	923	1,033	1,212
Employee turnover pct	—	—	—	—	—	11	11
Total hours spent by firm - employee training	—	—	—	18,038	13,819	17,698	19,113
Social supply chain management	No	No	No	No	No	No	No
<b>Governance</b>							
<b>Board size</b>	—	—	—	<b>9</b>	<b>9</b>	<b>9</b>	<b>10</b>
<b>No. of independent directors (ID)</b>	—	—	—	<b>6</b>	<b>6</b>	<b>6</b>	<b>7</b>
No. of women on board	—	—	—	1	1	1	1
No. of non-executive directors on board	—	—	—	7	7	7	8
Company conducts board evaluations	No	No	No	Yes	Yes	Yes	Yes
No. of board meetings for the year	—	—	—	7	8	7	9
Board meeting attendance pct	—	—	—	92	99	100	100
Board duration (years)	—	—	—	3	3	3	3
Director share ownership guidelines	No	No	No	No	No	No	No
Age of the youngest director	—	—	—	40	41	42	43
Age of the oldest director	—	—	—	75	76	77	76
<b>No. of executives / company managers</b>	—	—	—	<b>12</b>	<b>20</b>	<b>21</b>	<b>23</b>
No. of female executives	—	—	—	4	6	7	8
Executive share ownership guidelines	No	No	No	No	No	No	No
<b>Size of audit committee</b>	—	—	—	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on audit committee	—	—	—	3	3	3	3
Audit committee meetings	—	—	—	9	10	9	10
Audit meeting attendance %	—	—	—	100	100	100	100
<b>Size of compensation committee</b>	—	—	—	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on compensation committee	—	—	—	3	3	3	3
No. of compensation committee meetings	—	—	—	2	2	2	2
Compensation meeting attendance %	—	—	—	100	100	100	100
<b>Size of nomination committee</b>	—	—	—	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of nomination committee meetings	—	—	—	2	2	2	2
Nomination meeting attendance %	—	—	—	100	100	100	100
<b>Sustainability governance</b>							
Verification type	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 ( <a href="#">DJSI</a> ) 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 ( <a href="#">THSI</a> ) by The Stock Exchange of Thailand ( <a href="#">SET</a> )	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 <b>THSI inclusion</b> , 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. <b>SETTHSI Index</b> 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.																												
<b>CG Score</b> 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%).																												
<b>AGM level</b> 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&amp;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.																												
<b>Thai CAC</b> 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.																												
<a href="#">Morningstar Sustainability</a>	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 &amp; 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+																										
<a href="#">ESG Book</a>	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.																												
<a href="#">MSCI</a>	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;"><b>AAA</b></td> <td style="text-align: left;">8.571-10.000</td> <td style="padding-left: 20px;"><b>Leader:</b></td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td style="text-align: right;"><b>AA</b></td> <td style="text-align: left;">7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;"><b>A</b></td> <td style="text-align: left;">5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;"><b>BBB</b></td> <td style="text-align: left;">4.286-5.713</td> <td style="padding-left: 20px;"><b>Average:</b></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 style="text-align: right;"><b>BB</b></td> <td style="text-align: left;">2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;"><b>B</b></td> <td style="text-align: left;">1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;"><b>CCC</b></td> <td style="text-align: left;">0.000-1.428</td> <td style="padding-left: 20px;"><b>Laggard:</b></td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570			<b>A</b>	5.714-7.142			<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285			<b>B</b>	1.429-2.856			<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks	
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<a href="#">Moody's ESG solutions</a>	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.																													
<a href="#">Refinitiv ESG rating</a>	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; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																													
<a href="#">S&amp;P Global</a>	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.																													
<b>Bloomberg</b>	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**

Thanyatorn Songwutti FSS International Investment Advisory Securities Co., Ltd

The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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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	31-Oct-2023	BUY	4.40	-	-	-

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 3.30	BUY	Downside risks to our P/E-based TP include 1) weaker-than-expected take-up rates of new launches; 2) weak purchasing power; 3) cancellation of presales; 4) bank loan rejections; and 5) construction delays.

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 08-Feb-2024 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.