

# SISB SISB TB

THAILAND / PROFESSIONAL SERVICE

**BUY**

FROM HOLD

TARGET PRICE	THB44.00
CLOSE	THB36.50
UP/DOWNSIDE	+20.5%
PRIOR TP	THB42.00
CHANGE IN TP	+4.8%
TP vs CONSENSUS	-1.5%

## Likely larger student enrolments

- The growing popularity of international schools in Thailand.
- Earnings upward revision on likely higher new enrolments and lower administrative expenses.
- TP revised up to THB44; Upgrade to BUY.

### Growing popularity of international schools in Thailand

The international schools in Thailand have continued their growth since the number of international schools rose from 175 schools in 2016 to 236 schools in 2023, while their students grew from 50,958 in 2016 to 70,200 in 2023. Factors contributing to the boom in international education in Thailand include 1) the increasing number of high net worth individuals at 10.2% CAGR (2008-20), 2) low fertility resulting in parents focusing more on quality of education for their children, 3) the growing number of expats in Thailand, and 4) more CLMV students moving to Thailand.

### SISB's campuses have been well-received among parents

Location and academic pathway are also crucial factors when choosing an international school for children. Besides the Thonburi campus, which has been the fastest-growing branch in terms of student enrolments, Suvarnabhumi and Chiang Mai (SISB holds a 50% stake) campuses have lately been booming. The company ran the Chiang Mai campus for eight years and completed its first expansion in February 2024 with 300 additional seat capacity. Bangna-Suvarnabhumi has become a new CBD due to the growth of residential projects and tourist attractions and lots of main roads nearby, benefiting SISB's Suvarnabhumi campus.

### Earnings upward revision on likely higher new enrolments

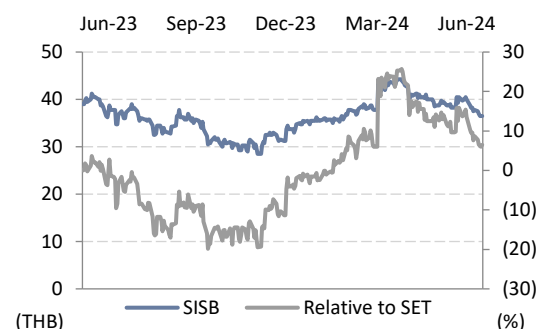
The school's net enrolments in 5M24 were 140 students or an average of 28 students a month, possibly implying 336 students a year. Given a lot of admission inquiries recently, as we are approaching a new academic year in August, we believe 500 net new enrolments are highly likely for 2024, above the management's target of 400. We revised up our net profit forecast by 3%/8%/9% in 2024-26, mainly by increasing the number of students and lowering administrative expenses. Based on our new assumptions, SISB's net profit should rise by 41%/24%/17% in 2024-26 or at a 20% CAGR.

### TP revised up to THB44; Upgrade to BUY

We increased our DCF-based TP to THB44 (8.0% WACC, 5% LTG) from THB42. Our new TP implies 45.0x 2024E P/E, which should decline to 31.0x in 2026E when the capacity expansion is completed. We upgraded our rating to BUY from HOLD after the recent share price correction offered more than 10% upside.

### KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	1,889	2,390	2,761	3,137
Net profit	654	920	1,136	1,334
EPS (THB)	0.70	0.98	1.21	1.42
vs Consensus (%)	-	1.6	(1.3)	(6.0)
EBITDA	851	1,109	1,338	1,542
Recurring net profit	654	920	1,136	1,334
Core EPS (THB)	0.70	0.98	1.21	1.42
Chg. In EPS est. (%)	-	3.2	8.4	8.7
EPS growth (%)	77.0	40.7	23.6	17.4
Core P/E (x)	52.5	37.3	30.2	25.7
Dividend yield (%)	0.8	1.2	1.4	1.7
EV/EBITDA (x)	39.5	30.4	25.2	21.8
Price/book (x)	12.3	10.4	9.3	7.9
Net debt/Equity (%)	(23.9)	(19.2)	(17.5)	(17.3)
ROE (%)	25.7	30.2	32.4	33.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(5.8)	(12.0)	(8.2)
Relative to country (%)	(4.2)	(10.4)	4.6
Mkt cap (USD m)	932		
3m avg. daily turnover (USD m)	1.8		
Free float (%)	29		
Major shareholder	Mr. Yew Hock Koh (33%)		
12m high/low (THB)	45.00/27.25		
Issued shares (m)	940.00		

Sources: Bloomberg consensus; FSSIA estimates


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### Investment thesis

The school's net enrolments in 5M24 were 140 students or an average of 28 students a month, possibly implying 336 students a year. Given a lot of admission inquiries recently, as we are approaching a new academic year in August, we believe 500 net new enrolments are highly likely for 2024, above the management's target of 400.

We revised up our net profit forecast by 3%/8%9% in 2024-26, mainly by increasing the number of students and lowering administrative expenses. Based on our new assumptions, SISB's net profit should rise by 41%/24%/17% in 2024-26 or at a 20% CAGR. We increased our DCF-based TP to THB44 (8.0% WACC, 5% LTG) from THB42 and upgraded our rating to BUY from HOLD.

### Company profile

The company operates international schools under its own brand. SISB provides the Singapore curriculum, which is ranked highest in the world for mathematics and science. Its unique strength is its trilingual focus, including English, Chinese, and Thai. Besides the Singapore curriculum, SISB also provides Cambridge IGCSE A and AS Levels, as well as the International Baccalaureate program.

[www.sisb.ac.th](http://www.sisb.ac.th)

### Principal activities (revenue, 2023)

Tuition fees and service income - 99.3 %

Education equipment revenue - 0.7 %

Source: SISB

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### Major shareholders

Mr. Yew Hock Koh - 32.8 %

Ms. Wilawan Kaewkanokvijit - 25.4 %

Mr. Prayong Vanichsuwan - 7.8 %

Others - 34.0 %

Source: SISB

### Catalysts

Key potential catalysts include 1) capacity expansion; 2) stronger demand from both Thai and foreign families; and 3) more SISB students accepted at top universities.

### Risks to our call

Downside risks to our DCF-based TP include 1) intensified competition; 2) less demand from China; 3) staff shortages; and 4) risks from legal requirements and government policies relating to the business of private schools.

### Event calendar

Date	Event
August 2024	2Q24 earnings announcement

### Key assumptions

	2024E	2025E	2026E
Students, all campus	4,700	5,200	5,600
New students	503	500	400
Tuition fee (THB/year)	0.57	0.60	0.63
Revenue (THB m)	2,390	2,761	3,137
Student to teacher ratio	8.1	8.2	8.3
Gross margin (%)	57.1	58.6	59.7
EBITDA margin (%)	47.2	49.3	49.9
SG&A to sales (%)	20.5	19.2	19.1

Source: FSSIA estimates

### Earnings sensitivity

- For every 100-student change in enrollment, we project SISB's 2024 net profit to change by 3%, all else being equal.
- For every 1% change in gross margin, we project SISB's 2024 net profit to change by 3%, all else being equal.
- For every 1% change in SG&A expenses, we project SISB's 2024 net profit to change by 2%, all else being equal.

Source: FSSIA estimates

## Growing popularity of international schools in Thailand

The international schools in Thailand have continued their growth since the number of international schools rose from 175 schools in 2016 to 236 schools in 2023, while their students grew from 50,958 in 2016 to 70,200 in 2023. Factors contributing to the boom in international education in Thailand include 1) the increasing number of high net worth individuals at 10.2% CAGR (2008-20), 2) low fertility resulting in parents focusing more on quality of education for their children, 3) the growing number of expats in Thailand, and 4) more CLMV students moving to Thailand.

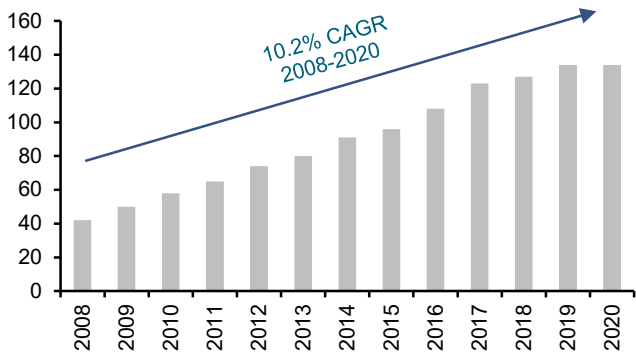
Exhibit 1: Number of students and schools for international education

	2016	2017	2018	2019	2020	2021	2022	2023
International education								
- Number of students	50,958	53,754	86,445	87,343	na	na	69,257	70,200
International schools								
- Number of schools	175	182	206	207	na	na	235	236

Sources: The Office of the Private Education Commission (OPEC), Ministry of Education

Exhibit 2: High Net Worth Individuals (HNWI) in Thailand

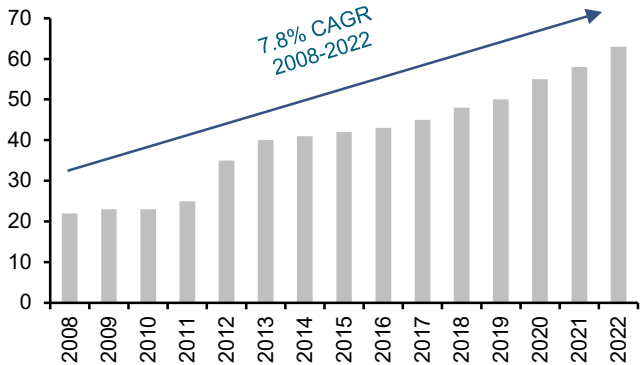
('000 HNWI)



Note: HNWI means wealthy families with more than USD1m or at least THB30m excluding residences, belongings, and collections.  
Sources: Capgemini World Wealth Report, 2018 & 2020, SISB's one report

Exhibit 3: Deposit accounts with a balance of >THB25m of commercial banks in Thailand

(account)

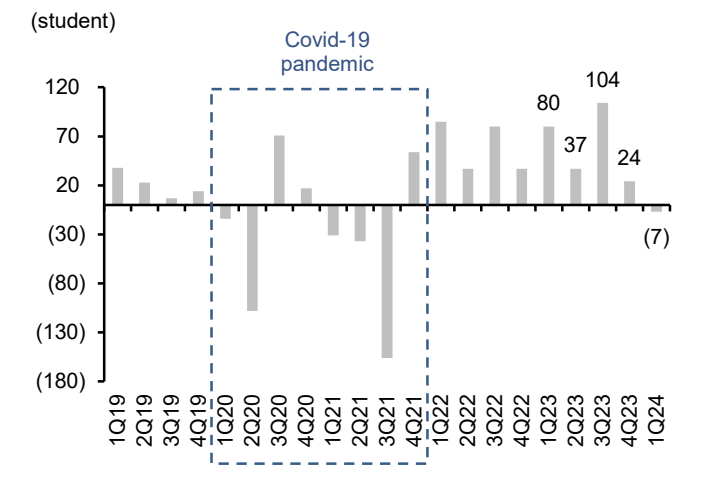


Sources: Bank of Thailand, SISB's one report

New enrolments likely higher than expectation

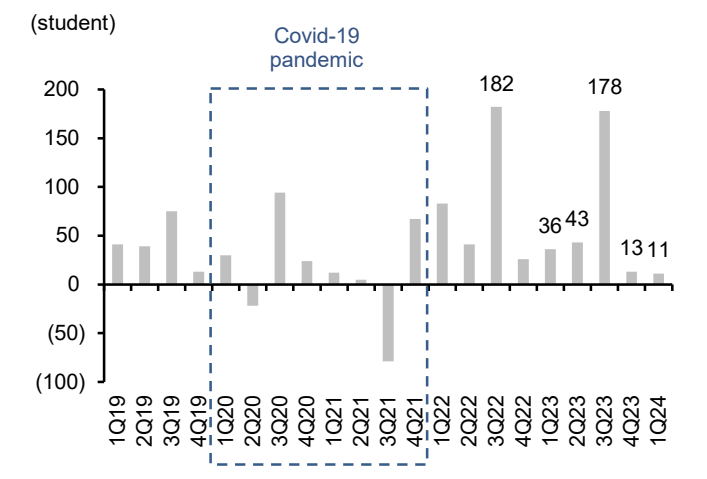
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Exhibit 4: Net enrolments at PU (Bangkok) campus



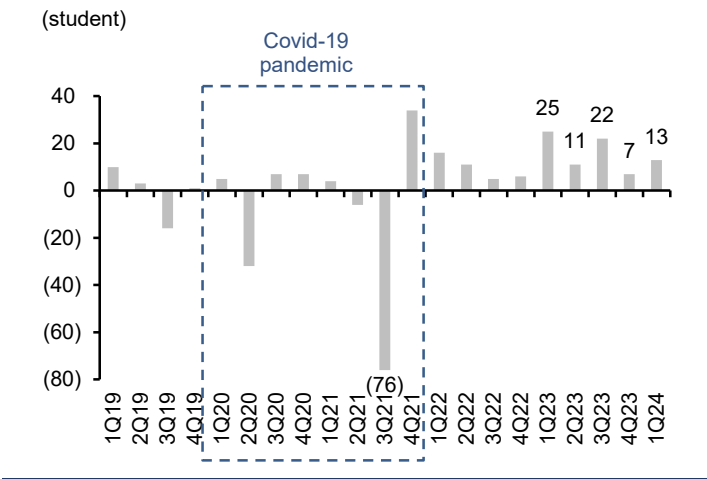
Sources: SISB, FSSIA's compilation

Exhibit 5: Net enrolments at TR (Thonburi) campus



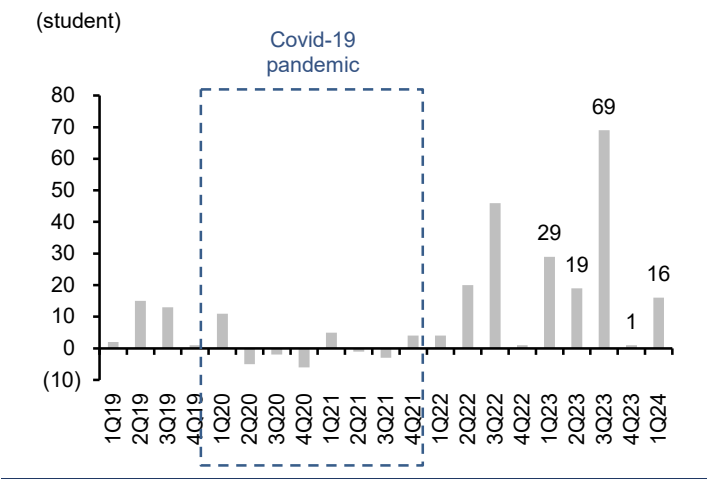
Sources: SISB, FSSIA's compilation

Exhibit 6: Net enrolments at SV (Suvarnabhumi) campus



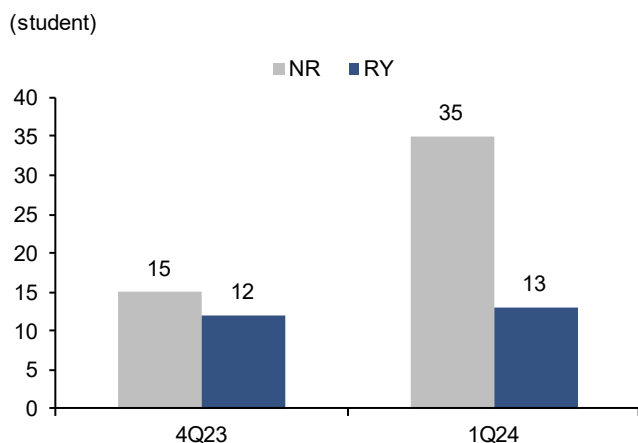
Sources: SISB, FSSIA's compilation

Exhibit 7: Net enrolments at CM (Chiangmai) campus



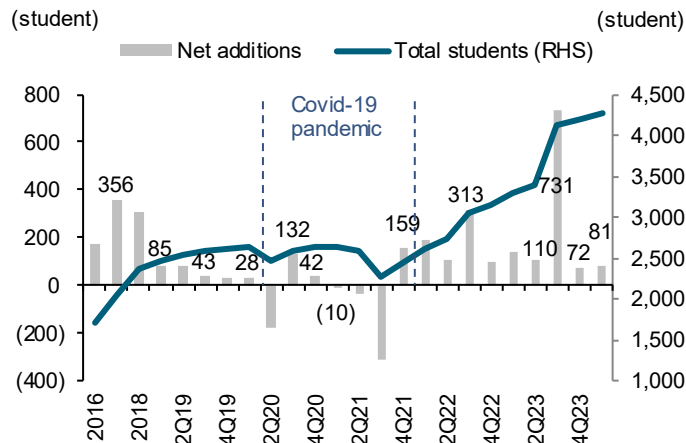
Sources: SISB, FSSIA's compilation

Exhibit 8: Net enrolments at NR (Nonthaburi) &amp; RY (Rayong)



Sources: SISB, FSSIA's compilation

Exhibit 9: Net enrolments at all campuses



Sources: SISB, FSSIA's compilation

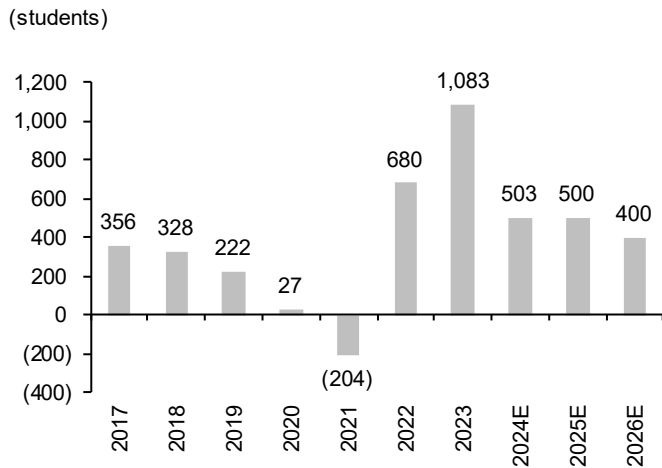
## Earnings upward revision

The school's net enrolments in 5M24 were 140 students or an average of 28 students a month, possibly implying 336 students a year. Given a lot of admission inquiries recently, as we are approaching a new academic year in August, we believe 500 net new enrolments are highly likely for 2024, above the management's target of 400. We revised up our net profit forecast by 3%/8%/9% in 2024-26, mainly by increasing the number of students and lowering administrative expenses. Based on our new assumptions, SISB's net profit should rise by 41%/24%/17% in 2024-26 or at a 20% CAGR.

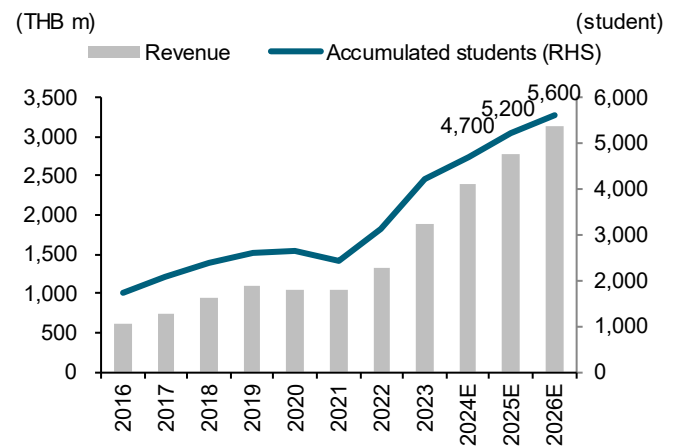
Exhibit 10: Changes in key assumptions

	Current			Previous			Change		
	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (%)	2025E (%)	2026E (%)
Tuition and services revenue	2,390	2,761	3,137	2,371	2,733	3,107	0.8	1.0	1.0
Cost of services	1,024	1,144	1,266	979	1,108	1,248	4.7	3.2	1.4
Gross profit	1,366	1,617	1,872	1,392	1,625	1,859	(1.9)	(0.5)	0.7
Administrative expense	490	530	598	522	605	668	(6.2)	(12.3)	(10.5)
EBITDA	1,109	1,338	1,542	1,122	1,293	1,429	(1.2)	3.5	7.9
Net profit	920	1,136	1,334	891	1,048	1,227	3.2	8.4	8.7
Growth (%)	40.7	23.6	17.4	37.2	17.4	17.1	3.5	6.2	0.3
<b>Key ratios</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(ppt)</b>
Gross profit	57.1	58.6	59.7	59.0	59.5	59.8	(1.9)	(1.0)	(0.2)
EBITDA	47.2	49.3	49.9	47.8	48.3	46.8	(0.6)	1.0	3.1
Net profit margin	38.5	41.1	42.5	37.3	38.4	39.5	1.1	2.7	3.0
<b>Key assumptions</b>									
Students, all campus (students)	4,700	5,200	5,600	4,600	5,000	5,400	2.2	4.0	3.7
Net additions (students)	503	500	400	420	400	400	19.8	25.0	0.0
Annual tuition fee (THB m/student)	0.57	0.60	0.63	0.57	0.60	0.63	0.1	0.1	0.2
Student to teacher ratio	8.05	8.16	8.28	8.04	8.15	8.27	0.0	0.0	0.0

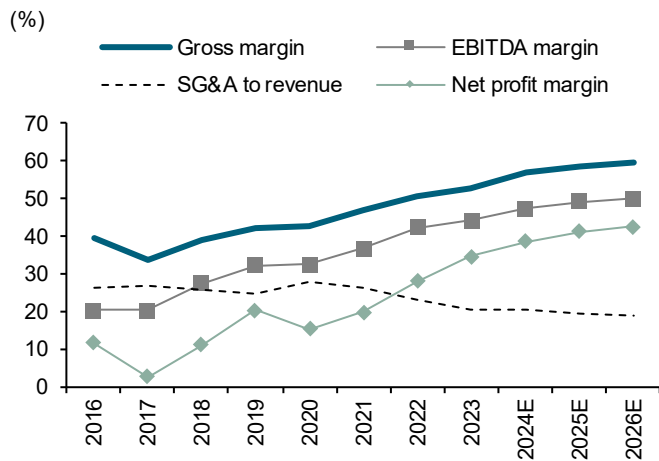
Sources: SISB, FSSIA estimates

**Exhibit 11: Net student additions at all campuses**

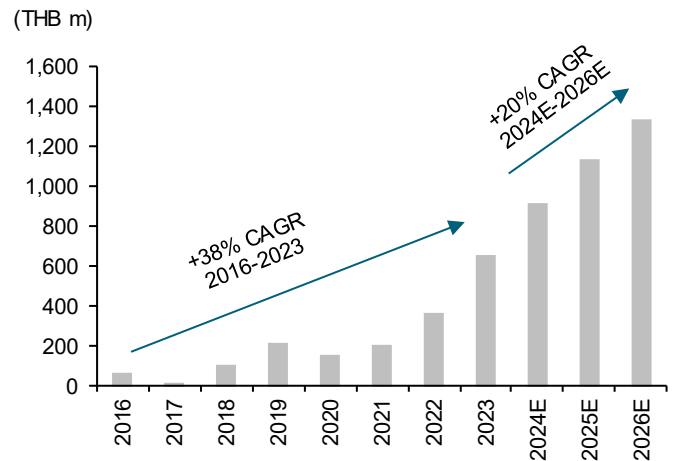
Sources: SISB, FSSIA estimates

**Exhibit 12: Total number of students and revenue**

Sources: SISB, FSSIA estimates

**Exhibit 13: Margins**

Sources: SISB, FSSIA estimates

**Exhibit 14: Net profit**

Sources: SISB, FSSIA estimates

## TP revised up; Upgrade to BUY

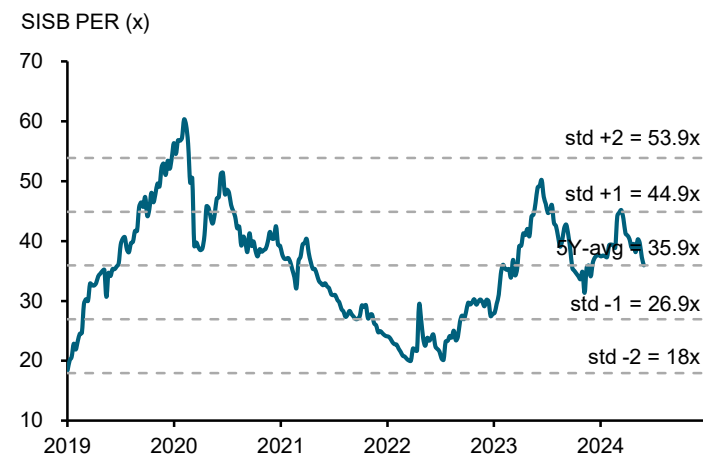
We increased our DCF-based TP to THB44 (8.0% WACC, 5% LTG) from THB42. Our new TP implies 45.0x 2024E P/E, which should decline to 31.0x in 2026E when the capacity expansion is completed. We upgraded our rating to BUY from HOLD after the recent share price correction offered more than 10% upside.

### Exhibit 15: DCF-based valuation

Cost of equity assumption	(%)	Cost of debt assumption	(%)
Risk free rate	3.0	Pre-tax cost of debt	3.0
Market risk premium	8.0	Tax rate	0.0
Stock beta	1.0		
Cost of equity, Ke	11.0	Cost of debt, Kd	1.1
Weight applied	62.5	Weight applied	37.5
WACC	8.0		
Terminal growth	5		
<b>(THB m)</b>			
Sum of PV of FCF	5,119		
PV of Terminal value	35,414		
Enterprise value	40,533		
Net debt	1,073		
Equity value	41,606		
No. of shares	940		
<b>Equity value per share</b>	<b>44.26</b>		

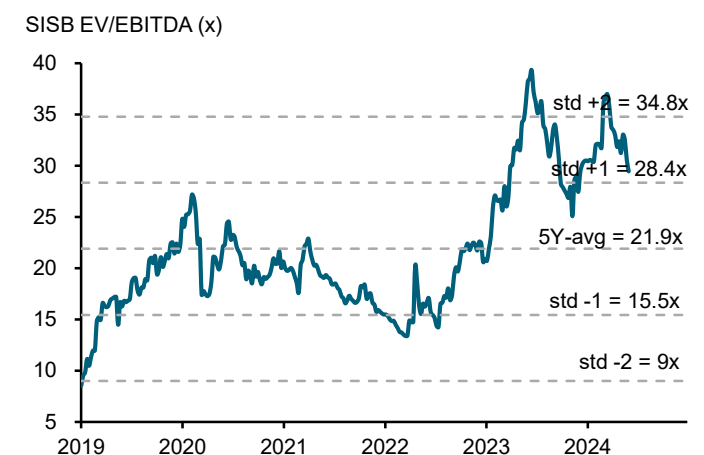
Sources: SISB, FSSIA estimates

### Exhibit 16: One-year rolling forward P/E band



Sources: Bloomberg, FSSIA estimates

### Exhibit 17: One-year rolling forward EV/EBITDA band



Sources: Bloomberg, FSSIA estimates

## Financial Statements

### SISB

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	1,319	1,889	2,390	2,761	3,137
Cost of goods sold	(653)	(898)	(1,024)	(1,144)	(1,266)
<b>Gross profit</b>	<b>666</b>	<b>992</b>	<b>1,366</b>	<b>1,617</b>	<b>1,872</b>
Other operating income	25	51	50	53	61
Operating costs	(301)	(382)	(490)	(530)	(598)
<b>Operating EBITDA</b>	<b>551</b>	<b>851</b>	<b>1,109</b>	<b>1,338</b>	<b>1,542</b>
Depreciation	(161)	(191)	(183)	(198)	(208)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>390</b>	<b>661</b>	<b>926</b>	<b>1,140</b>	<b>1,335</b>
Net financing costs	(25)	(26)	(25)	(24)	(22)
Associates	5	20	20	22	23
Recurring non-operating income	5	20	20	22	23
Non-recurring items	0	0	0	0	0
<b>Profit before tax</b>	<b>370</b>	<b>655</b>	<b>921</b>	<b>1,138</b>	<b>1,336</b>
Tax	(1)	(1)	(2)	(2)	(2)
<b>Profit after tax</b>	<b>369</b>	<b>654</b>	<b>920</b>	<b>1,136</b>	<b>1,334</b>
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>369</b>	<b>654</b>	<b>920</b>	<b>1,136</b>	<b>1,334</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>369</b>	<b>654</b>	<b>920</b>	<b>1,136</b>	<b>1,334</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.39	0.70	0.98	1.21	1.42
Reported EPS	0.39	0.70	0.98	1.21	1.42
DPS	0.16	0.31	0.42	0.52	0.61
Diluted shares (used to calculate per share data)	940	940	940	940	940
<b>Growth</b>					
Revenue (%)	25.1	43.2	26.5	15.5	13.6
Operating EBITDA (%)	41.3	54.6	30.2	20.6	15.3
Operating EBIT (%)	63.8	69.4	40.1	23.1	17.0
Recurring EPS (%)	73.1	77.0	40.7	23.6	17.4
Reported EPS (%)	73.1	77.0	40.7	23.6	17.4
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	50.5	52.5	57.1	58.6	59.7
Gross margin exc. depreciation (%)	62.7	62.6	64.8	65.7	66.3
Operating EBITDA margin (%)	41.7	45.1	46.4	48.5	49.2
Operating EBIT margin (%)	29.6	35.0	38.7	41.3	42.5
Net margin (%)	28.0	34.6	38.5	41.1	42.5
Effective tax rate (%)	0.2	0.2	0.2	0.2	0.2
Dividend payout on recurring profit (%)	40.7	44.6	43.0	43.0	43.0
Interest cover (X)	15.6	26.3	38.0	47.6	62.5
Inventory days	5.7	5.7	6.6	6.2	5.8
Debtor days	22.6	21.4	20.7	20.4	22.0
Creditor days	86.3	55.7	49.9	43.5	22.8
Operating ROIC (%)	23.8	34.3	39.2	(0.4)	(40.6)
ROIC (%)	18.6	28.4	33.8	(0.4)	(36.6)
ROE (%)	17.2	25.7	30.2	32.4	33.1
ROA (%)	10.9	15.9	19.0	20.5	21.7

\* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Tuition fees and service income	1,311	1,875	2,374	2,743	3,117
Education equipment revenue	9	14	17	18	20

Sources: SISB; FSSIA estimates



## Financial Statements

### SISB

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	369	654	920	1,136	1,334
Depreciation	161	191	183	198	208
Associates & minorities	(5)	(20)	(20)	(22)	(23)
Other non-cash items	(36)	(404)	(105)	(170)	(102)
Change in working capital	138	324	200	(67)	(94)
<b>Cash flow from operations</b>	<b>627</b>	<b>745</b>	<b>1,177</b>	<b>1,074</b>	<b>1,322</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(1,923)	(1,330)	(689)	(449)	(459)
Net acquisitions & disposals	1,471	1,047	0	0	0
Other investments (net)	0	28	(150)	(150)	(206)
<b>Cash flow from investing</b>	<b>(452)</b>	<b>(254)</b>	<b>(839)</b>	<b>(599)</b>	<b>(665)</b>
Dividends paid	(94)	(150)	(395)	(489)	(574)
Equity finance	0	0	0	0	0
Debt finance	(36)	(36)	18	18	(22)
Other financing cash flows	0	0	0	0	0
<b>Cash flow from financing</b>	<b>(130)</b>	<b>(187)</b>	<b>(378)</b>	<b>(470)</b>	<b>(595)</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>46</b>	<b>304</b>	<b>(40)</b>	<b>5</b>	<b>62</b>
Free cash flow to firm (FCFF)	201.06	516.19	362.35	500.11	679.11
Free cash flow to equity (FCFE)	139.91	453.91	355.25	493.74	635.72

#### Per share (THB)

FCFF per share	0.21	0.55	0.39	0.53	0.72
FCFE per share	0.15	0.48	0.38	0.53	0.68
Recurring cash flow per share	0.52	0.45	1.04	1.21	1.51

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	3,327	3,919	4,419	4,669	4,919
Less: Accumulated depreciation	(833)	(986)	(803)	(605)	(397)
<b>Tangible fixed assets (net)</b>	<b>2,493</b>	<b>2,933</b>	<b>3,616</b>	<b>4,064</b>	<b>4,521</b>
<b>Intangible fixed assets (net)</b>	<b>340</b>	<b>321</b>	<b>323</b>	<b>317</b>	<b>311</b>
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	60	60	60	60	60
Cash & equivalents	810	1,113	1,073	1,078	1,140
A/C receivable	93	128	143	165	214
Inventories	7	15	16	16	17
Other current assets	15	14	14	15	15
<b>Current assets</b>	<b>926</b>	<b>1,270</b>	<b>1,246</b>	<b>1,275</b>	<b>1,386</b>
Other assets	95	52	53	54	55
<b>Total assets</b>	<b>3,914</b>	<b>4,636</b>	<b>5,298</b>	<b>5,769</b>	<b>6,333</b>
Common equity	2,290	2,788	3,312	3,708	4,345
Minorities etc.	0	0	0	0	0
<b>Total shareholders' equity</b>	<b>2,290</b>	<b>2,788</b>	<b>3,312</b>	<b>3,708</b>	<b>4,345</b>
Long term debt	442	431	423	414	373
Other long-term liabilities	323	362	388	415	434
<b>Long-term liabilities</b>	<b>766</b>	<b>793</b>	<b>811</b>	<b>829</b>	<b>807</b>
A/C payable	149	67	163	63	69
Short term debt	14	14	14	15	15
Other current liabilities	696	974	999	1,155	1,096
<b>Current liabilities</b>	<b>858</b>	<b>1,055</b>	<b>1,176</b>	<b>1,233</b>	<b>1,181</b>
<b>Total liabilities and shareholders' equity</b>	<b>3,914</b>	<b>4,636</b>	<b>5,299</b>	<b>5,770</b>	<b>6,333</b>
Net working capital	(728)	(884)	(989)	(1,021)	(920)
Invested capital	2,260	2,482	3,064	3,474	4,027

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

#### Per share (THB)

Book value per share	2.44	2.97	3.52	3.94	4.62
Tangible book value per share	2.07	2.62	3.18	3.61	4.29

#### Financial strength

Net debt/equity (%)	(15.4)	(23.9)	(19.2)	(17.5)	(17.3)
Net debt/total assets (%)	(9.0)	(14.4)	(12.0)	(11.3)	(11.9)
Current ratio (x)	1.1	1.2	1.1	1.0	1.2
CF interest cover (x)	82.6	69.8	43.0	39.6	51.3

Valuation	2022	2023	2024E	2025E	2026E
<b>Recurring P/E (x) *</b>	<b>92.9</b>	<b>52.5</b>	<b>37.3</b>	<b>30.2</b>	<b>25.7</b>
<b>Recurring P/E @ target price (x) *</b>	<b>112.0</b>	<b>63.3</b>	<b>45.0</b>	<b>36.4</b>	<b>31.0</b>
Reported P/E (x)	92.9	52.5	37.3	30.2	25.7
Dividend yield (%)	0.4	0.8	1.2	1.4	1.7
Price/book (x)	15.0	12.3	10.4	9.3	7.9
Price/tangible book (x)	17.6	13.9	11.5	10.1	8.5
EV/EBITDA (x) **	61.7	39.5	30.4	25.2	21.8
EV/EBITDA @ target price (x) **	74.5	47.8	36.7	30.4	26.3
EV/invested capital (x)	15.0	13.6	11.0	9.7	8.3

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

Sources: SISB; FSSIA estimates

## 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 <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.																				
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&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.																				
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 &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><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></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><tr><td>AAA</td><td>8.571-10.000</td><td rowspan="3">Leader:</td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td>AA</td><td>7.143-8.570</td></tr><tr><td>A</td><td>5.714-7.142</td></tr><tr><td>BBB</td><td>4.286-5.713</td><td rowspan="3">Average:</td><td rowspan="3">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></tr><tr><td>B</td><td>1.429-2.856</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></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; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;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

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History of change in investment rating and/or target price

SISB (SISB TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
27-Mar-2023	BUY	30.00	26-Sep-2023	BUY	42.00	-	-	-
08-Jun-2023	BUY	45.00	25-Mar-2024	HOLD	42.00			

Jitra Amornthum started covering this stock from 27-Mar-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
SISB	SISB TB	THB 36.50	BUY	Downside risks to our DCF-based TP include 1) intensified competition; 2) less demand from China; 3) staff shortages; and 4) risks from legal requirements and government policies relating to the business of private schools.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited.

All share prices are as at market close on 31-May-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.