

Key takeaways from analyst meeting

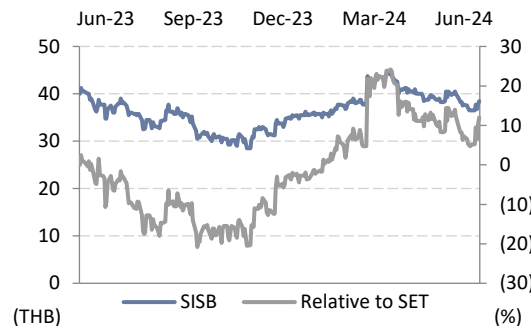
โรงเรียนส่วนต่อขยายเป็นไปตามกำหนด

- โทนจากการประชุมวานนี้เป็นกลาง นอกจากพูดถึงผลประกอบการ 1Q24 แล้ว ผู้บริหารใช้เวลาส่วนใหญ่ในการอัปเดตการขยายโรงเรียนสาขาต่างๆ ซึ่งเชื่อว่าจะแล้วเสร็จตรงตามกำหนด
- SISB เชียงใหม่ (CM) ได้เปิดให้บริการอาคารใหม่ (เฟส 2) ที่ก่อสร้างแล้วเสร็จ ตั้งแต่เดือน ก.พ. ที่ผ่านมาแล้ว หลังการขยายเสร็จสิ้นสามารถรองรับนักเรียนได้ 770 คน +64% จากก่อนขยาย ณ สิ้น 1Q24 แคมปัสเชียงใหม่มีนักเรียนทั้งหมด 386 คน คิดเป็น utilisation rate 50%
- SISB กรุงเทพฯ (PU) ส่วนต่อขยายจะแล้วเสร็จในเดือน ส.ค. 2025 ซึ่งจะรองรับนักเรียนได้เพิ่มอีก 600 คน คิดเป็นการเพิ่มขึ้น 28% ณ สิ้น 1Q24 แคมปัสนี้มีจำนวนนักเรียนทั้งหมด 1,737 คนคิดเป็น utilisation rate ค่อนข้างตึงมากที่ 80%
- SISB ธนบุรี (TR) มีนักเรียนทั้งสิ้น 1,390 คนหรือ utilization rate แน่นมากที่ 87% ณ สิ้น 1Q24 การขยายจะแบ่งเป็น 2 เฟสโดยเฟส 3.1 คาดว่าจะแล้วเสร็จ เดือน ส.ค. 2024 รองรับนักเรียนได้เพิ่มขึ้น 300 คน เฟส 3.2 (+600 seats) วางแผนว่าจะแล้วเสร็จเดือน ส.ค. 2025 หลังจากขยายทั้งสองเฟสเสร็จสิ้น สาขา TR จะรองรับนักเรียนได้ทั้งหมด 2,490 คน (เพิ่มขึ้น 57% จากปัจจุบัน) ยังคงเป็นแคมปัสใหญ่ที่สุดเป็นอันดับ 2 รองจากสาขากทม
- เมื่อการขยายโรงเรียนทั้งหมดแล้วเสร็จ SISB จะมี capacity รวมทั้งสิ้น 8,365 คน ในเดือน ส.ค. 2025 จาก 7,015 คน ณ สิ้น 1Q24 (+19%) แล้วด้วยโรงเรียนทั้ง 6 สาขา (ไม่รวมแคมปัสเชียงใหม่) เราคาดว่าจะสร้าง EBITDA ได้ปีละประมาณ 1.1-1.2 พันล้านบาท เทียบกับปี 2023 ที่มี EBITDA 862 ล้านบาท
- จำนวนนักเรียนในช่วง 5M24 มีจำนวนเพิ่มขึ้นราว 140 คน เรายังเชื่อว่าโรงเรียนน่าจะเพิ่มนักเรียนใหม่ได้ 500 คนต่อปีในช่วงปี 2024-25 สูงกว่าเป้าของผู้บริหารที่ตั้งไว้ 400 คนต่อปีซึ่งเป็นเป้าที่ค่อนข้าง conservative
- เราคาดว่ากำไรใน 2Q24 มีโอกาสชะลอ q-q เนื่องจากเป็นเทอมสุดท้าย กิจกรรมพิเศษ เช่นการออกค่าย หรือกิจกรรมอื่น มักจะน้อยกว่าสองเทอมแรก ซึ่งทำให้รายได้ในส่วนนี้น้อยตามไปด้วยแม้ว่าจำนวนนักเรียนจะเพิ่มขึ้นก็ตาม
- เราคงประมาณการกำไรปี 2024-26 เติบโต 41%/24%/17% ตามลำดับ หรือคิดเป็นการเติบโตเฉลี่ย 20% CAGR และคงราคาเป้าหมาย 44 บาท (DCF, WACC 8.0%, LTG 5%) เรายังคงแนะนำซื้อ SISB .

TARGET PRICE	THB44.00
CLOSE	THB38.50
UP/DOWNSIDE	+14.3%
TP vs CONSENSUS	-2.3%

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 (%)	-	1.1	(2.3)	(7.0)
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
EPS growth (%)	77.0	40.7	23.6	17.4
Core P/E (x)	55.4	39.4	31.9	27.1
Dividend yield (%)	0.8	1.1	1.3	1.6
EV/EBITDA (x)	41.7	32.1	26.6	23.0
Price/book (x)	13.0	10.9	9.8	8.3
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 (%)	0.0	(10.5)	(3.1)
Relative to country (%)	3.3	(7.8)	11.4
Mkt cap (USD m)	991		
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



Jitra Amorntum

Fundamental Investment Analyst on Securities; License no. 014530
 jitra.a@fssia.com, +66 2646 9966

Exhibit 1: CM phase 2 was completed in Feb-24 (+300 seats)



Sources: SISB, FSSIA's compilation

Exhibit 2: PU phase 3 will be ready by Aug-25 (+600 seats)



Sources: SISB, FSSIA's compilation

Exhibit 3: TR phase 3.1 will be ready by Aug-24 (+300) and phase 3.2 by Aug25 (+600)

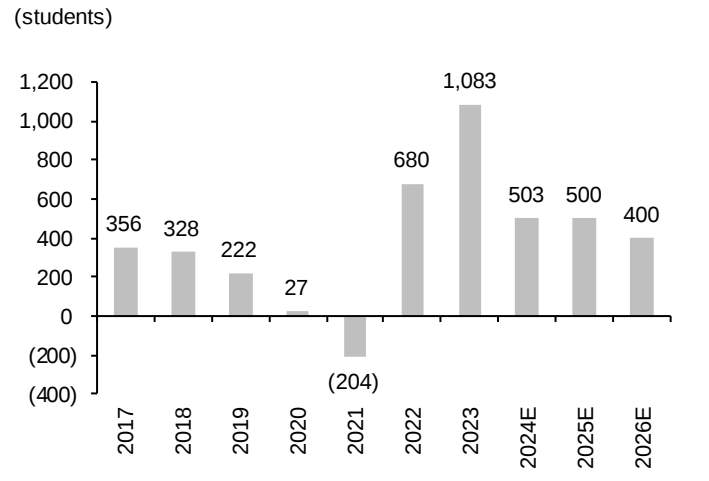


Sources: SISB, FSSIA's compilation



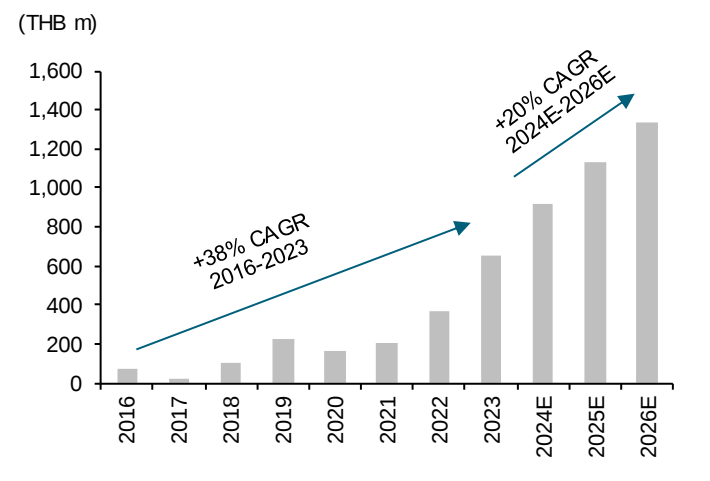
TR Phase3.1, Construction Update on May 2024

Exhibit 4: Net student additions at all campuses



Sources: SISB, FSSIA estimates

Exhibit 5: Net profit



Sources: SISB, 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)
Gross profit	666	992	1,366	1,617	1,872
Other operating income	25	51	50	53	61
Operating costs	(301)	(382)	(490)	(530)	(598)
Operating EBITDA	551	851	1,109	1,338	1,542
Depreciation	(161)	(191)	(183)	(198)	(208)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	390	661	926	1,140	1,335
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
Profit before tax	370	655	921	1,138	1,336
Tax	(1)	(1)	(2)	(2)	(2)
Profit after tax	369	654	920	1,136	1,334
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	369	654	920	1,136	1,334
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	369	654	920	1,136	1,334
Per share (THB)					
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
Growth					
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
Operating performance					
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)
Cash flow from operations	627	745	1,177	1,074	1,322
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)
Cash flow from investing	(452)	(254)	(839)	(599)	(665)
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
Cash flow from financing	(130)	(187)	(378)	(470)	(595)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	46	304	(40)	5	62
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)
Tangible fixed assets (net)	2,493	2,933	3,616	4,064	4,521
Intangible fixed assets (net)	340	321	323	317	311
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
Current assets	926	1,270	1,246	1,275	1,386
Other assets	95	52	53	54	55
Total assets	3,914	4,636	5,298	5,769	6,333
Common equity	2,290	2,788	3,312	3,708	4,345
Minorities etc.	0	0	0	0	0
Total shareholders' equity	2,290	2,788	3,312	3,708	4,345
Long term debt	442	431	423	414	373
Other long-term liabilities	323	362	388	415	434
Long-term liabilities	766	793	811	829	807
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
Current liabilities	858	1,055	1,176	1,233	1,181
Total liabilities and shareholders' equity	3,914	4,636	5,299	5,770	6,333
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
Recurring P/E (x) *	98.0	55.4	39.4	31.9	27.1
Recurring P/E @ target price (x) *	112.0	63.3	45.0	36.4	31.0
Reported P/E (x)	98.0	55.4	39.4	31.9	27.1
Dividend yield (%)	0.4	0.8	1.1	1.3	1.6
Price/book (x)	15.8	13.0	10.9	9.8	8.3
Price/tangible book (x)	18.6	14.7	12.1	10.7	9.0
EV/EBITDA (x) **	65.1	41.7	32.1	26.6	23.0
EV/EBITDA @ target price (x) **	74.5	47.8	36.7	30.4	26.3
EV/invested capital (x)	15.9	14.3	11.6	10.2	8.8

* 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 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 Sustainabilitys	The Sustainabilitys' 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><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="2">Average:</td><td rowspan="2">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><td rowspan="2">Laggard:</td><td rowspan="2">lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr><tr><td>CCC</td><td>0.000-1.428</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	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks	CCC	0.000-1.428
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CCC	0.000-1.428																					
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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History of change in investment rating and/or target price

SISB (SISB TB)



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 38.50	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 07-Jun-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.