

## SC ASSET CORPORATION

THAILAND / PROPERTY DEVELOPMENT

SC TB

HOLD

UNCHANGED

TARGET PRICE	THB3.00
CLOSE	THB2.78
UP/DOWNSIDE	+7.9%
PRIOR TP	THB3.80
CHANGE IN TP	-21.1%
TP vs CONSENSUS	-19.7%

## 2Q24 looks lackluster

- 2Q24 presales came in at THB5.7b (-5% q-q, -23% y-y), missing the target by 5%.
- 2Q24 profit may be lower than previously thought. Preliminary, we expect it at THB300-400m, recovering q-q due to a low base but sharply tumbling y-y, pressured mainly by a higher rejection rate.
- We have cut our 2024E profit growth to -19% y-y and our TP to THB3 while maintaining our HOLD call.

## 2Q24 presales decrease 5% q-q and 23% y-y, missing the target by 5%

The 2Q24 presales came in at THB5.7b (-5% q-q, -23% y-y), comprising 71% low-rises and 29% condos, missing the target by 5%. Low-rise presales amounted to THB4b, dropping 26% y-y in line with the low-rise market weakness. However, it jumped 20% q-q due to higher new project launches. Meanwhile, condo presales equaled THB1.7b, down 36% q-q and 14% y-y since SC did not introduce any new project during the quarter. It came chiefly from sales of COBE Ratchada-Rama 9 and The Crest Park Residence. It drove 1H24 presales to THB11.6b (-5% y-y), securing 42% of the 2024 target of THB28b (flat y-y).

## More new launches in 2Q24 with a 10% take-up rate

SC introduced new projects in 2Q24 as planned, including seven low-rises with a combined value of THB13b, significantly up from two with a combined value of THB4.75b in 1Q24. 65% were high-end projects priced over THB20 under the Grand Bangkok Boulevard and Bangkok Boulevard Signature brands. The remaining 35% were in the mid-end market priced below THB10. They have a moderate average take-up rate of 10%, close to 1Q24.

## 2Q24 profit may be lower than previously thought

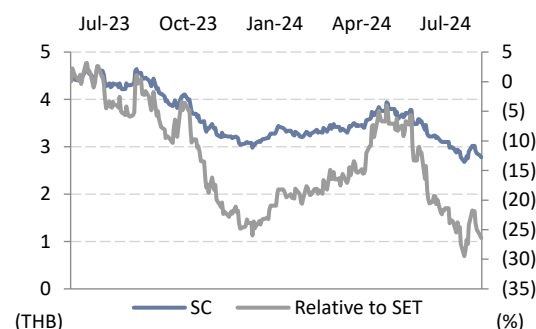
Preliminary, we anticipate a 2Q24 net profit of THB300-400b (vs THB183m in 1Q24 and THB593m in 2Q23), lower than our previous projection of THB500-600m due to low expected transfers of THB4.0-4.5b, pressured by a higher rejection rate in the high-end segment following decreased customer purchasing power and a lower gross margin after fierce competition. However, the earnings should recover q-q due to an abnormally low base in 1Q24. Also, we expect an extra gain from land sales to three JV hotel and warehouse projects, amounting to cTHB100m.

## Slash our estimate and TP to THB3 but maintain our HOLD rating

We have decreased our 2024E net profit by 7% to THB2b (-19% y-y) to factor in our lower low-rise transfer estimate. Consequently, we have lowered our TP to THB3 from THB3.80, assuming a 6.2x PE target, its historical average, down from 7.3x. Although SC plunged by 28% in three months, it has a limited upside. Also, 2Q24 may come in lower than our estimate and street forecasts. We are yet to see a sharp recovery, and the high rejection rate in the high-end segment continues to pressure customers' ability to transfer in the remainder of this year. Hence, we retain our HOLD call with an expected 1H24 DPS of THB0.04, implying a 1.4% yield.

## KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	24,487	21,212	22,353	24,015
Net profit	2,482	2,019	2,216	2,410
EPS (THB)	0.58	0.47	0.52	0.56
vs Consensus (%)	-	(11.0)	(11.9)	(14.1)
EBITDA	3,650	2,893	3,245	3,580
Recurring net profit	2,502	1,919	2,216	2,410
Core EPS (THB)	0.59	0.45	0.52	0.56
Chg. In EPS est. (%)	(2.2)	(13.3)	(5.9)	(4.5)
EPS growth (%)	(4.8)	(23.4)	15.5	8.8
Core P/E (x)	4.7	6.2	5.4	4.9
Dividend yield (%)	8.6	6.8	7.5	8.1
EV/EBITDA (x)	11.9	14.6	12.9	11.3
Price/book (x)	0.5	0.5	0.5	0.4
Net debt/Equity (%)	135.7	124.4	116.1	104.3
ROE (%)	11.1	8.1	8.8	9.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(10.3)	(27.6)	(36.2)
Relative to country (%)	(6.4)	(22.5)	(25.6)
Mkt cap (USD m)	323		
3m avg. daily turnover (USD m)	0.6		
Free float (%)	39		
Major shareholder	Shinawatra Family (64%)		
12m high/low (THB)	4.70/2.66		
Issued shares (m)	4,222.62		

Sources: Bloomberg consensus; FSSIA estimates



Thanyatorn Songwutti

Fundamental Investment Analyst on Securities; License no. 101203  
thanyatorn.s@fssia.com, +66 2646 9963

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).

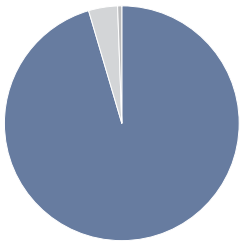
Company profile

SC is an integrated property developer. It has three units, including 1) core Engine 1 property development for sale with detached houses, townhouses, and condos covering all market segments, 2) Engine 2 property development for rent and related services, investing in recurring income businesses, such as office buildings, hotels, and warehouses, and 3) services, such as consultancy, management, industrial engineering, support systems, and after-sale.

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

Principal activities (revenue, 2023)

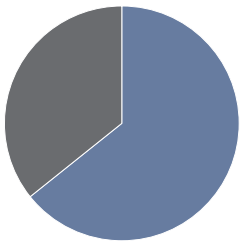
- Project sales - 95.4 %
- Rental and services - 4.0 %
- Consulting and management - 0.6 %



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 and upside risks to our P/E-based TP include 1) a weaker or stronger-than-expected take-up rate, 2) lower or higher-than-expected new launches, 3) slower or faster-than-expected economy and purchasing power recovery, 4) higher or lower-than-expected rejection and cancellation rates, and 5) higher or lower-than-expected competition.

Event calendar

Date	Event
August 2024	2Q24 results announcement

Key assumptions

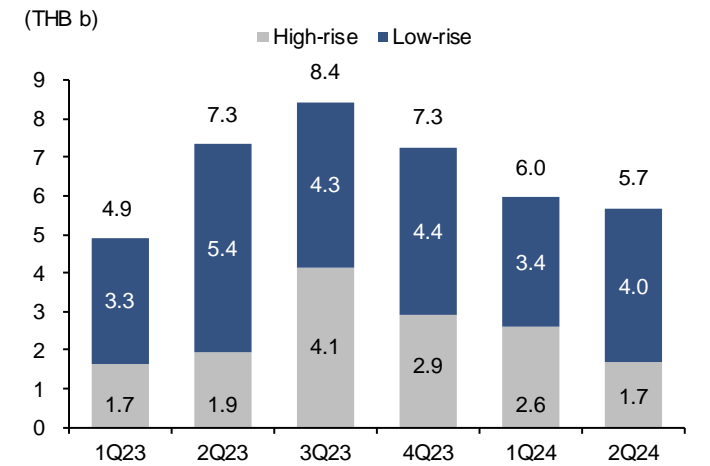
	2024E	2025E	2026E
Project sales (THB m)	19,928	20,766	22,362
Rental and services income (THB m)	1,284	1,396	1,458
Property GPM (%)	29.8	30.2	30.2
GPM (%)	31.8	32.1	32.1
SG&A to sales (%)	19.3	18.6	18.3

Source: FSSIA estimates

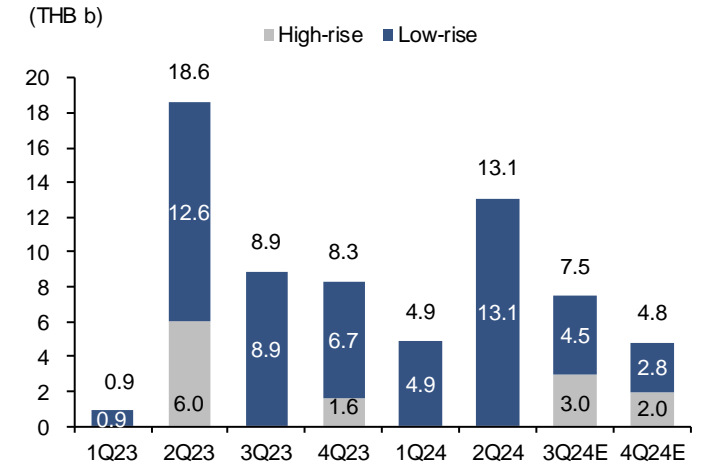
Earnings sensitivity

- For every 5% increase in transfers, we estimate 2024 net profit to rise by 4%, and vice versa, all else being equal.
- For every 0.5% increase in property GPM, we estimate 2024 net profit to rise by 4%, and vice versa, all else being equal.
- For every 0.5% increase in SG&A to revenue, we estimate 2024 net profit to fall by 4%, and vice versa, all else being equal

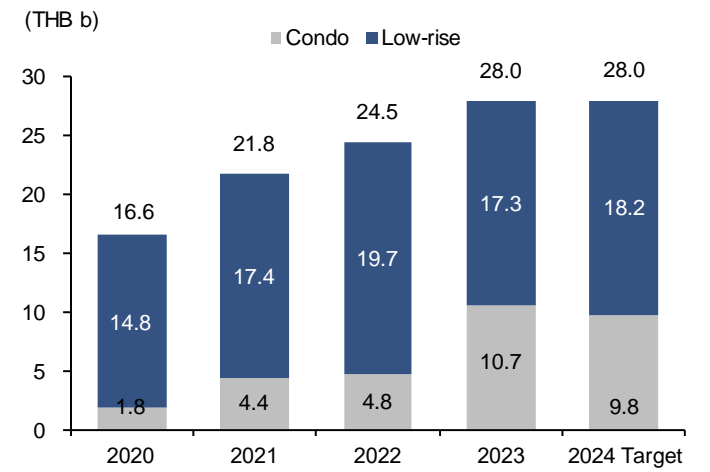
Source: FSSIA estimates

**Exhibit 1: Quarterly presales**

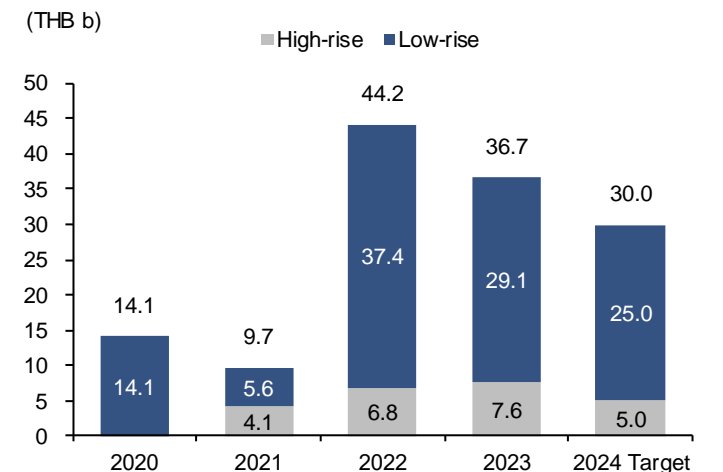
Sources: SC; FSSIA's compilation

**Exhibit 2: Quarterly new launches**

Sources: SC; FSSIA's compilation

**Exhibit 3: Yearly presales**

Sources: SC; FSSIA's compilation

**Exhibit 4: Yearly new launches**

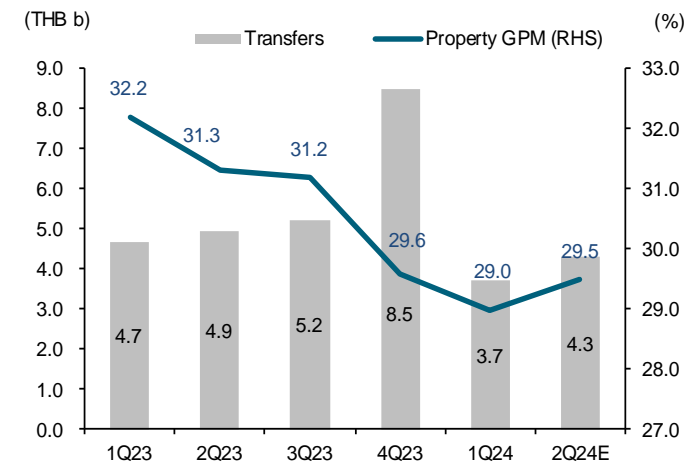
Sources: SC; FSSIA's compilation

**Exhibit 5: New launch plan in 2024**

Period	No.	Product	Project	Total Unit	Total Value (MB)
1Q24	1	SDH	Grand Bangkok Boulevard Bangna KM.15	73	3,000
	2	SDH	Bangkok Boulevard Signature Bangkokkhae	61	1,860
2Q24	3	SDH	VENUE ID Pinklao - Kanchana	85	920
	4	SDH	Grand Bangkok Boulevard Petchkasem - Kanchana	62	2,550
	5	SDH	Bangkok Boulevard Signature Ramintra - Phraya Suren	101	2,450
	6	SDH	Grand Bangkok Boulevard Pinklao - Borom	41	1,800
	7	SDH	Bangkok Boulevard Signature Chaengwattana - Ratchaphruek	60	1,750
	8	SDH	VENUE Portrait Westgate	167	1,500
	9	SDH	PAVE Kanchana - Ratchaphruek	319	2,150
3Q24	10	SDH	Grand Bangkok Boulevard Na Utthayan	47	1,900
	11	SDH	Connoisseur	20	1,600
	12	SDH	Grand Bangkok Boulevard Borommaratchachonnani	21	950
	13	CONDO	Reference Ekkamai	396	3,000
4Q24	14	SDH	Bangkok Boulevard Bangna KM.13	68	900
	15	SDH	Bangkok Boulevard Rama 2	51	1,000
	16	SDH	Bangkok Boulevard Signature Rama 2	30	900
	17	CONDO	Reference	444	2,000
TOTAL				2,046	30,230

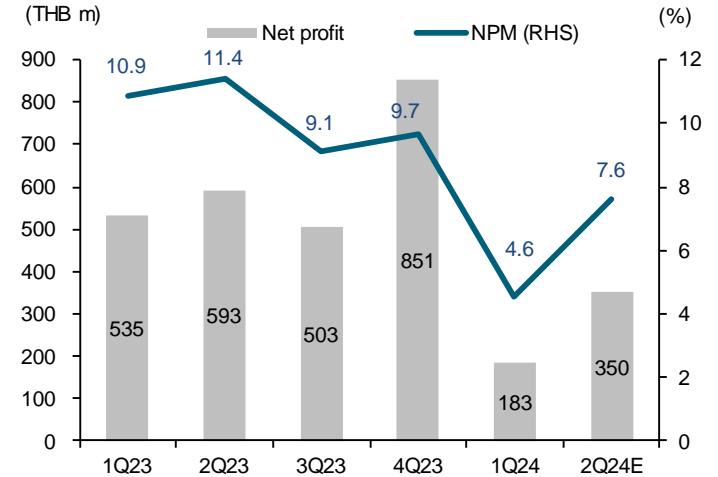
Source: SC

Exhibit 6: Quarterly transfers and property GPM



Sources: SC; FSSIA estimates

Exhibit 7: Quarterly net profit and net profit margin



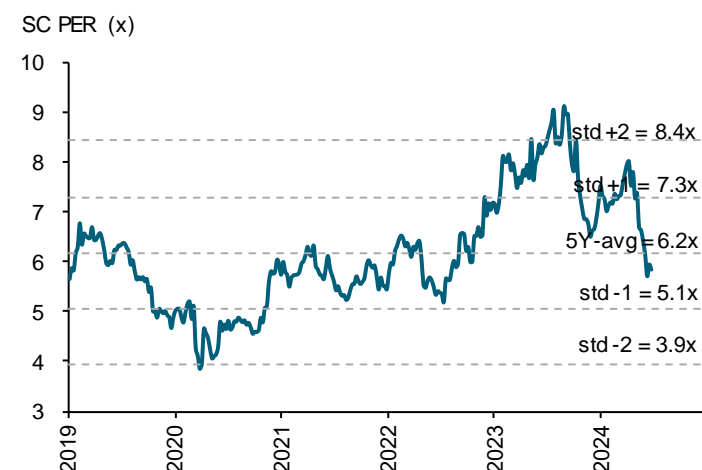
Sources: SC; FSSIA estimates

Exhibit 8: Key assumptions for SC

	Actual	Current				Previous			Change		
	2023	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)	
Total revenue (THB m)	24,487	21,212	22,353	24,015	22,457	22,947	24,582	(6)	(3)	(2)	
Transfers (THB m)	23,370	19,928	20,934	22,533	21,253	21,631	23,204	(6)	(3)	(3)	
Gross margin (%)	32.2	31.8	32.2	32.1	31.6	32.0	32.0	0.2	0.2	0.1	
Property gross margin (%)	30.8	29.8	30.2	30.2	29.9	30.2	30.2	(0.0)	(0.0)	(0.0)	
SG&A expense	4,456	4,136	4,247	4,443	4,154	4,268	4,499	(0)	(0)	(1)	
SG&A to revenue (%)	18.2	19.5	19.0	18.5	18.5	18.6	18.3	1.0	0.4	0.2	
Interest expense (THB m)	383	379	379	364	379	379	364	0	0	0	
Associates (THB m)	54	89	105	22	89	105	33	0	0	(33)	
Core profit (THB m)	2,502	1,919	2,216	2,410	2,163	2,301	2,466	(11)	(4)	(2)	
Net profit (THB m)	2,482	2,019	2,216	2,410	2,163	2,301	2,466	(7)	(4)	(2)	

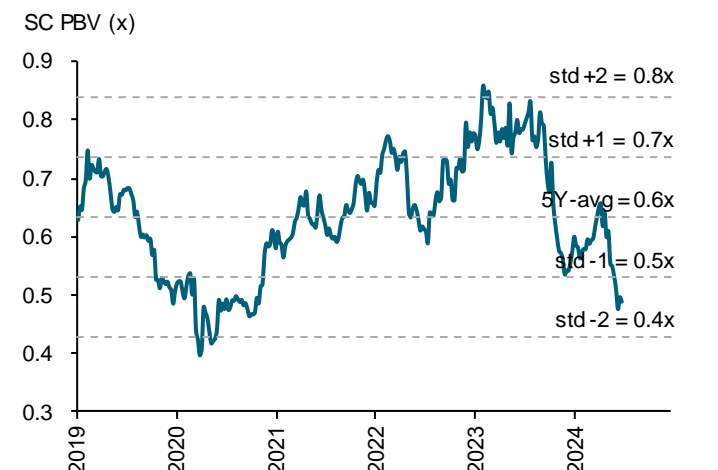
Source: FSSIA estimates

Exhibit 9: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 10: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

## Financial Statements

### SC Asset Corporation

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	21,583	24,487	21,212	22,353	24,015
Cost of goods sold	(14,414)	(16,601)	(14,476)	(15,164)	(16,306)
<b>Gross profit</b>	<b>7,169</b>	<b>7,887</b>	<b>6,736</b>	<b>7,189</b>	<b>7,709</b>
Other operating income	102	99	100	100	100
Operating costs	(3,910)	(4,456)	(4,136)	(4,247)	(4,443)
<b>Operating EBITDA</b>	<b>3,453</b>	<b>3,650</b>	<b>2,893</b>	<b>3,245</b>	<b>3,580</b>
Depreciation	(92)	(120)	(193)	(203)	(213)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>3,361</b>	<b>3,529</b>	<b>2,700</b>	<b>3,042</b>	<b>3,367</b>
Net financing costs	(134)	(383)	(379)	(379)	(364)
Associates	55	54	89	105	22
Recurring non-operating income	55	54	89	105	22
Non-recurring items	(41)	(20)	100	0	0
<b>Profit before tax</b>	<b>3,241</b>	<b>3,181</b>	<b>2,510</b>	<b>2,768</b>	<b>3,025</b>
Tax	(678)	(656)	(464)	(533)	(601)
<b>Profit after tax</b>	<b>2,563</b>	<b>2,525</b>	<b>2,046</b>	<b>2,236</b>	<b>2,424</b>
Minority interests	(7)	(43)	(27)	(20)	(14)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>2,556</b>	<b>2,482</b>	<b>2,019</b>	<b>2,216</b>	<b>2,410</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>41</b>	<b>20</b>	<b>(100)</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>2,597</b>	<b>2,502</b>	<b>1,919</b>	<b>2,216</b>	<b>2,410</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.62	0.59	0.45	0.52	0.56
Reported EPS	0.61	0.58	0.47	0.52	0.56
DPS	0.25	0.24	0.19	0.21	0.23
Diluted shares (used to calculate per share data)	4,223	4,273	4,277	4,277	4,277
<b>Growth</b>					
Revenue (%)	10.8	13.5	(13.4)	5.4	7.4
Operating EBITDA (%)	21.3	5.7	(20.7)	12.2	10.3
Operating EBIT (%)	24.6	5.0	(23.5)	12.7	10.7
Recurring EPS (%)	27.3	(4.8)	(23.4)	15.5	8.8
Reported EPS (%)	23.0	(4.0)	(18.8)	9.8	8.8
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	33.2	32.2	31.8	32.2	32.1
Gross margin exc. depreciation (%)	33.6	32.7	32.7	33.1	33.0
Operating EBITDA margin (%)	16.0	14.9	13.6	14.5	14.9
Operating EBIT margin (%)	15.6	14.4	12.7	13.6	14.0
Net margin (%)	12.0	10.2	9.0	9.9	10.0
Effective tax rate (%)	20.9	20.6	18.5	19.2	19.9
Dividend payout on recurring profit (%)	40.6	41.0	42.1	40.0	40.0
Interest cover (X)	25.6	9.4	7.4	8.3	9.3
Inventory days	963.1	982.6	1,194.9	1,170.0	1,106.3
Debtor days	2.2	2.2	3.2	3.4	3.4
Creditor days	32.6	36.1	39.8	42.5	42.1
Operating ROIC (%)	7.6	6.7	4.8	5.3	(1.5)
ROIC (%)	6.1	5.4	3.9	4.4	(1.2)
ROE (%)	12.4	11.1	8.1	8.8	9.1
ROA (%)	5.1	4.7	3.5	3.9	3.6

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

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Project sales	20,654	23,370	19,928	20,934	22,533
Rental and services	880	977	1,124	1,259	1,322
Consulting and management	49	140	160	160	160

Sources: SC Asset Corporation; FSSIA estimates

## Financial Statements

### SC Asset Corporation

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	2,597	2,502	1,919	2,216	2,410
Depreciation	92	120	193	203	213
Associates & minorities	-	-	-	-	-
Other non-cash items	-	-	-	-	-
Change in working capital	(7,877)	(4,805)	(95)	(726)	229
<b>Cash flow from operations</b>	<b>(5,187)</b>	<b>(2,182)</b>	<b>2,017</b>	<b>1,693</b>	<b>2,852</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(2,121)	(2,027)	-	(352)	(378)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	-	(140)	-	-
<b>Cash flow from investing</b>	<b>(2,121)</b>	<b>(2,027)</b>	<b>(140)</b>	<b>(352)</b>	<b>(378)</b>
Dividends paid	(1,201)	(1,087)	(767)	(886)	(964)
Equity finance	260	127	30	20	14
Debt finance	4,077	5,067	(1,221)	(300)	(1,200)
Other financing cash flows	-	-	-	-	-
<b>Cash flow from financing</b>	<b>3,135</b>	<b>4,107</b>	<b>(1,958)</b>	<b>(1,167)</b>	<b>(2,150)</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>(4,173)</b>	<b>(102)</b>	<b>(81)</b>	<b>175</b>	<b>324</b>
Free cash flow to firm (FCFF)	(7,174.97)	(3,827.36)	2,255.71	1,719.91	2,836.95
Free cash flow to equity (FCFE)	(3,231.46)	857.09	655.65	1,041.16	1,273.35
<b>Per share (THB)</b>					
FCFF per share	(1.70)	(0.91)	0.53	0.41	0.67
FCFE per share	(0.77)	0.20	0.16	0.25	0.30
Recurring cash flow per share	0.64	0.61	0.49	0.57	0.61
<b>Balance Sheet (THB m) Year Ending Dec</b>					
Tangible fixed assets (gross)	2,192	2,302	2,417	2,538	2,664
Less: Accumulated depreciation	(568)	(453)	(483)	(508)	(533)
<b>Tangible fixed assets (net)</b>	<b>1,624</b>	<b>1,849</b>	<b>1,933</b>	<b>2,030</b>	<b>2,132</b>
<b>Intangible fixed assets (net)</b>	<b>122</b>	<b>127</b>	<b>69</b>	<b>70</b>	<b>71</b>
Long-term financial assets	370	231	403	425	456
Invest. in associates & subsidiaries	8,538	10,353	10,103	10,132	10,163
Cash & equivalents	2,140	2,038	1,956	2,131	2,455
A/C receivable	119	171	204	215	231
Inventories	42,488	46,246	47,265	48,646	48,908
Other current assets	1,096	1,957	1,273	894	961
<b>Current assets</b>	<b>45,843</b>	<b>50,411</b>	<b>50,698</b>	<b>51,886</b>	<b>52,554</b>
Other assets	904	916	1,010	1,010	1,010
<b>Total assets</b>	<b>57,401</b>	<b>63,888</b>	<b>64,216</b>	<b>65,553</b>	<b>66,386</b>
Common equity	21,733	23,228	24,382	25,712	27,158
Minorities etc.	(23)	24	52	71	86
<b>Total shareholders' equity</b>	<b>21,709</b>	<b>23,252</b>	<b>24,434</b>	<b>25,783</b>	<b>27,243</b>
Long term debt	12,453	15,584	15,272	15,272	15,272
Other long-term liabilities	1,567	1,885	2,121	2,124	2,281
<b>Long-term liabilities</b>	<b>14,020</b>	<b>17,468</b>	<b>17,393</b>	<b>17,396</b>	<b>17,554</b>
A/C payable	1,837	1,419	1,697	1,788	1,921
Short term debt	16,059	17,995	17,086	16,786	15,586
Other current liabilities	3,776	3,753	3,606	3,800	4,083
<b>Current liabilities</b>	<b>21,672</b>	<b>23,167</b>	<b>22,389</b>	<b>22,374</b>	<b>21,590</b>
<b>Total liabilities and shareholders' equity</b>	<b>57,401</b>	<b>63,888</b>	<b>64,216</b>	<b>65,553</b>	<b>66,386</b>
Net working capital	38,090	43,202	43,438	44,166	44,096
Invested capital	49,648	56,678	56,956	57,834	57,928
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	5.15	5.44	5.70	6.01	6.35
Tangible book value per share	5.12	5.41	5.68	6.00	6.33
<b>Financial strength</b>					
Net debt/equity (%)	121.5	135.7	124.4	116.1	104.3
Net debt/total assets (%)	45.9	49.4	47.3	45.7	42.8
Current ratio (x)	2.1	2.2	2.3	2.3	2.4
CF interest cover (x)	(7.3)	8.5	2.7	4.7	5.5
<b>Valuation</b>					
<b>Recurring P/E (x) *</b>	<b>4.5</b>	<b>4.7</b>	<b>6.2</b>	<b>5.4</b>	<b>4.9</b>
<b>Recurring P/E @ target price (x) *</b>	<b>4.9</b>	<b>5.1</b>	<b>6.7</b>	<b>5.8</b>	<b>5.3</b>
Reported P/E (x)	4.6	4.8	5.9	5.4	4.9
Dividend yield (%)	9.0	8.6	6.8	7.5	8.1
Price/book (x)	0.5	0.5	0.5	0.5	0.4
Price/tangible book (x)	0.5	0.5	0.5	0.5	0.4
EV/EBITDA (x) **	11.0	11.9	14.6	12.9	11.3
EV/EBITDA @ target price (x) **	11.3	12.2	15.0	13.2	11.5
EV/invested capital (x)	0.8	0.8	0.7	0.7	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 11: 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 12: ESG – peer comparison

	FSSIA	Domestic ratings						Global ratings					Bloomberg		
	ESG score	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](https://www.settrade.com); FSSIA's compilation

### Exhibit 13: 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 14: 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>							
Board size	—	—	—	9	9	9	10
No. of independent directors (ID)	—	—	—	6	6	6	7
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
No. of executives / company managers	—	—	—	12	20	21	23
No. of female executives	—	—	—	4	6	7	8
Executive share ownership guidelines	No	No	No	No	No	No	No
Size of audit committee	—	—	—	3	3	3	3
No. of ID on audit committee	—	—	—	3	3	3	3
Audit committee meetings	—	—	—	9	10	9	10
Audit meeting attendance %	—	—	—	100	100	100	100
Size of compensation committee	—	—	—	3	3	3	3
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
Size of nomination committee	—	—	—	3	3	3	3
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 (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 Sustainabilitycs	The Sustainabilitycs' 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
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																			
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

Thanyatorn Songwutti FSS International Investment Advisory Securities Co., Ltd

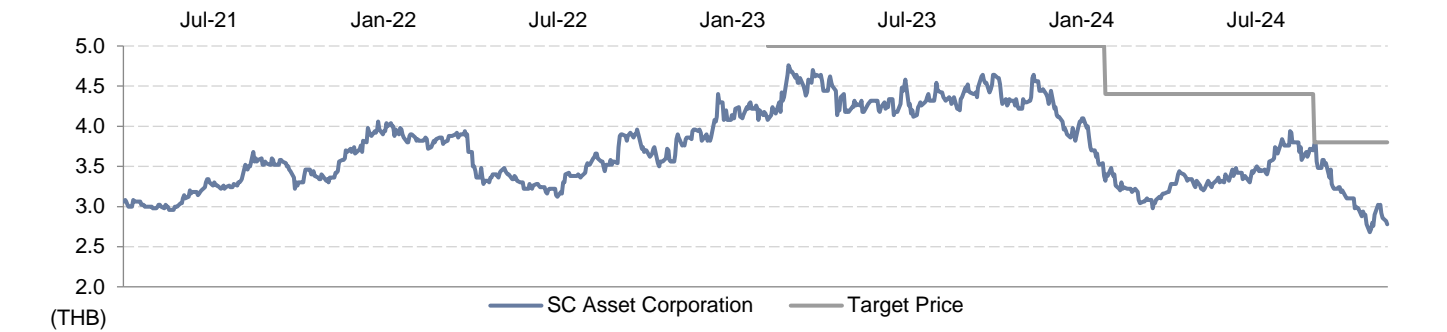
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

This report has been prepared by FSS International Investment Advisory Securities Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSSIA makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSSIA has no intention to solicit investors to buy or sell any security in this report. In addition, FSSIA does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

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	29-Apr-2024	HOLD	3.80

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 2.78	HOLD	Downside risks to our P/E-based TP include 1) a weaker-than-expected take-up rate, 2) sluggish economy and purchasing power, 3) higher rejection and cancellation rates, 4) construction delays and labor shortages, and 5) fierce competition.

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 02-Jul-2024 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price\* - current price) / current price.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

\* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

### Industry Recommendations

**Overweight.** The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

**Neutral.** The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

**Underweight.** The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

### Country (Strategy) Recommendations

**Overweight (O).** Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Neutral (N).** Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Underweight (U).** Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.