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THAILAND / CONSTRUCTION

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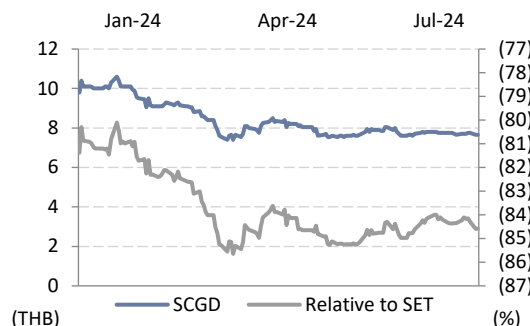
แผนลดต้นทุนช่วยหนุนกำไร 2Q24 โต

- คาดกำไรสุทธิ 2Q24 ที่ 265 ล้านบาท (+3% q-q, +96% y-y) จากโครงการลดต้นทุนพลังงานและเพิ่มสินค้า HVA หนุน GPM สูงขึ้น ชดเชยการหดตัวของยอดขาย
- ปรับประมาณการกำไรปี 2024-26 ลง 17-19% โดยคาดหวัง Demand พื้นใน 2H24
- ปรับราคาเหมาะสมลงเป็น 9.80 บาท คงคำแนะนำซื้อ

TARGET PRICE	THB9.80
CLOSE	THB7.65
UP/DOWNSIDE	+28.1%
PRIOR TP	THB12.00
CHANGE IN TP	-18.3%
TP vs CONSENSUS	-12.3%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	28,312	27,286	28,470	29,442
Net profit	328	1,080	1,200	1,266
EPS (THB)	0.20	0.65	0.73	0.77
vs Consensus (%)	-	(8.8)	(12.6)	(17.9)
EBITDA	2,669	2,901	3,120	3,274
Recurring net profit	775	1,080	1,200	1,266
Core EPS (THB)	0.47	0.65	0.73	0.77
Chg. In EPS est. (%)	-	(18.7)	(18.6)	(16.9)
EPS growth (%)	(94.9)	39.3	11.1	5.5
Core P/E (x)	16.3	11.7	10.5	10.0
Dividend yield (%)	-	2.6	2.9	3.0
EV/EBITDA (x)	9.0	8.1	7.7	7.3
Price/book (x)	0.6	0.6	0.6	0.6
Net debt/Equity (%)	46.0	42.5	41.8	39.8
ROE (%)	4.4	5.4	5.7	5.8



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(0.6)	(5.6)	n/a
Relative to country (%)	0.3	0.3	n/a
Mkt cap (USD m)	347		
3m avg. daily turnover (USD m)	0.2		
Free float (%)	27		
Major shareholder	Thitisuriyarak Family (26%)		
12m high/low (THB)	10.90/7.25		
Issued shares (m)	1,210.90		

Sources: Bloomberg consensus; FSSIA estimates

คาดการณ์ 2Q24 ขยายตัว q-q, y-y จาก GPM เพิ่มจากแผนประหยัดพลังงาน

เราประเมินกำไรสุทธิ 2Q24 ที่ 265 ล้านบาท (+3% q-q, +96% y-y) แม้แนวโน้มยอดขายชะลอลง แต่สามารถชดเชยด้วยผลลัพธ์โครงการลดต้นทุนพลังงานและเพิ่มประสิทธิภาพการผลิตตั้งแต่ปลายปี 2023 อาทิ การใช้เชื้อเพลิงชีวมวล (Biomass) ทดแทนเชื้อเพลิงก๊าซธรรมชาติ โดย 2Q24 มีโครงการ Hot Air Generator เริ่มดำเนินการเพิ่ม 2 แห่งในเดือนพ.ค. รวมถึงเพิ่มการติดตั้งแผงโซลาร์เซลล์ นอกจากนี้ มุ่งเพิ่มผลิตภัณฑ์ที่มีมูลค่าเพิ่ม (HVA) ซึ่งมาร์จิ้นสูงกว่าสินค้าปกติ อาทิ Smart Toilet ขณะที่ต้นทุนก๊าซธรรมชาติทรงตัวจาก 1Q24 แต่ลดลงจาก 2Q23 ส่งผลให้กำไรสุทธิปรับขึ้นเป็น 24.3% จาก 23.9% ใน 1Q24 และ 22.8% ใน 2Q23

2Q24 อุปสงค์กระเบื้องในประเทศชะลอ ส่วนภูมิภาคเริ่มฟื้น q-q

ความต้องการใช้กระเบื้องของประเทศไทยใน 2Q24 หดตัวราว 10% y-y จากวันหยุดยาว รวมถึงภาวะชะลอตัวของตลาดอสังหาริมทรัพย์จากปัญหานี้ครัวเรือนและสถาบันการเงินเข้มงวดปล่อยสินเชื่อ ขณะที่ SCGD มียอดขายกระเบื้องในประเทศเป็นสัดส่วนหลัก 45-50% ส่งผลให้กำไรสุทธิรวม 2Q24 ที่ 6.5 พันล้านบาท (-4% q-q, -8% y-y) สำหรับในภูมิภาค แม้ยอดขายลดลง y-y แต่ดีขึ้น q-q จากเวียดนาม (สัดส่วน 20%) พื้นที่เทียบกับ 1Q24 ซึ่งมีวันหยุดยาวในเทศกาล TET รวมถึงอินโดนีเซียหนุนจากช่วงการเลือกตั้งประธานาธิบดี ส่วนฟิลิปปินส์ยังถูกกดดันด้วยสถานการณ์เงินเฟ้อสูง ขณะที่ยอดขายสุราษฎร์ (สัดส่วน 20%) คาดทรงตัว y-y แต่ลดลง q-q จากปัจจัยฤดูกาล

ปรับประมาณการกำไรปกติปี 2024-2026 ลง 17-19%

เราปรับประมาณการกำไรปกติปี 2024-2026 ลง 17-19% ต่อปี เป็น 1.1 พันล้านบาท (+39% y-y), 1.2 พันล้านบาท (+11% y-y) และ 1.3 พันล้านบาท (+6% y-y) ตามลำดับสะท้อนยอดขายกระเบื้องต่ำกว่าคาด อย่างไรก็ตาม ภาพอุตสาหกรรม 2H24 เป็นบวกขึ้น ในประเทศหนุนด้วยการเบิกจ่ายงบประมาณภาครัฐ และอุปสงค์ตลาดปรับปรุงซ่อมแซมเร่งขึ้นใน 3Q24 ส่วนภูมิภาค เวียดนามได้อานิสงส์จากการเร่งใช้จ่ายภาครัฐ และกฎหมายที่ดินฉบับใหม่เริ่มใช้เร็วขึ้นเป็น 1 ส.ค. 2024 (เดิม 1 ม.ค. 2025) ช่วยกระตุ้นอสังหาริมทรัพย์และอินโดนีเซียที่กิจกรรมทางเศรษฐกิจทยอยฟื้นตัว

ปรับลดราคาเหมาะสมเป็น 9.80 บาท คงคำแนะนำซื้อ

เราปรับลดราคาเหมาะสมเป็น 9.80 บาท (อิง PER เดิม 15x) คงคำแนะนำซื้อ จากราคาหุ้นมี Upside เปิดกว้าง ปัจจุบันซื้อขายบน PE2024 ที่ 11.7x ต่ำกว่า DCC ที่ 13.4x ระยะสั้นแนวโน้มกำไร 2Q24 คาดขยายตัว q-q, y-y และดีขึ้นใน 3Q24



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Investment thesis

เรามองว่าผลประโยชน์ของการของ SCGD ผ่านระดับต่ำสุดแล้วในปี 2022-2023 ขณะที่ปี 2024 มีทิศทางดีขึ้นหลังต้นทุนพลังงาน โดยเฉพาะราคาก๊าซธรรมชาติลดลง รวมถึงผลบวกของแผนลด โครงการลดต้นทุนพลังงานและเพิ่มประสิทธิภาพการผลิต ทำให้ อัตรากำไรขั้นต้นขยับขึ้น นอกจากนี้ NCI ลดลงหลัง Share Swap ทำให้สัดส่วนการถือ COTTO เพิ่มขึ้นในปลายปี 2023

ฐานะการเงินแข็งแกร่ง ณ สิ้นปี 2023 D/E ที่ 0.95x โดยภายหลังการ IPO SCGD มีความพร้อมด้านกระแสเงินสด และรองรับโอกาสในการ ขยายธุรกิจเพื่อเพิ่มศักยภาพในการเติบโตในอนาคต ซึ่งรวมถึงการ เข้าซื้อและควบรวมกิจการในอนาคต

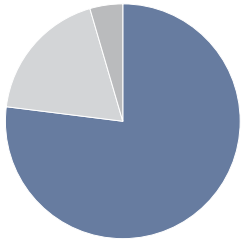
Company profile

SCGD ดำเนินธุรกิจผลิตและจำหน่ายกระเบื้องปูพื้น บუნนิง ทั้งใน ประเทศไทยและต่างประเทศ ได้แก่ ประเทศเวียดนาม ประเทศ ฟิลิปปินส์ และประเทศอินโดนีเซีย รวมถึงธุรกิจผลิตสุขภัณฑ์ใน ประเทศไทย อีกทั้ง มีการจัดหาผลิตภัณฑ์เพื่อจัดจำหน่าย และมี ร้านค้าปลีกเพื่อจัดจำหน่ายผลิตภัณฑ์กระเบื้องเซรามิก สุขภัณฑ์ และวัสดุปิดผิวอื่นๆ รวมถึงสินค้าอื่นๆ ที่เกี่ยวข้อง และการ ดำเนินงานด้านการค้นคว้าวิจัยและพัฒนาที่เกี่ยวข้อง นอกจากนี้ มี ธุรกิจอื่นๆ ได้แก่ การให้บริการธุรกิจนิคมอุตสาหกรรม

www.scgdecor.com

Principal activities (revenue, 2023)

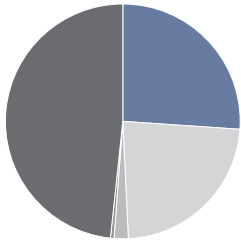
- Decor Surfaces - 77.0 %
- Bathroom - 18.5 %
- Other - 4.5 %



Source: SCG Decor

Major shareholders

- Thitisuriyarak Family - 26.1 %
- Manothumraksa Family - 23.2 %
- Wangpaithoon Family - 2.0 %
- Chantararat Family - 0.5 %
- Others - 48.3 %



Source: SCG Decor

Catalysts

ปัจจัยหนุนต่อการเติบโตในปี 2024 คือ 1) การเติบโตของปริมาณการ ขาย 2) กลยุทธ์ขยายธุรกิจสุขภัณฑ์ในอาเซียน 3) ต้นทุนพลังงาน โดยเฉพาะราคาก๊าซธรรมชาติปรับลง 4) โอกาสการเข้าซื้อหรือควบรวม กิจการในอนาคต

Risks to our call

ความเสี่ยง 1) เศรษฐกิจและกำลังซื้อฟื้นตัวช้ากว่าคาด 2) ความไม่ แน่นอนของสถานการณ์ต่างประเทศ 3) ความผันผวนของต้นทุนพลังงาน และวัตถุดิบ 4) การนำเสนอสินค้าสุขภัณฑ์ในอาเซียนไม่ประสบ ความสำเร็จ 5) การตั้งสำรองต่อค่าเพิ่มของโรงงานที่หยุดผลิต

Event calendar

Date	Event
23 July 2024	2Q24 results announcement

Key assumptions

	2023	2024E	2025E
Sales revenue (THB m)	27,286	28,470	29,442
Decor Surfaces revenue (THB m)	21,139	22,028	22,690
Bathroom revenue (THB m)	5,747	6,242	6,652
GPM (%)	24.2	24.4	24.4
SG&A to sales (%)	19.5	19.4	19.4

Source: FSSIA estimates

Earnings sensitivity

- For every 5% increase in sales revenue, we estimate 2024 net profit to rise by 11%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2024 net profit to rise by 9%, 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 8%, and vice versa, all else being equal

Source: FSSIA estimates

Exhibit 1: SCGD - 2Q24 results preview

	2Q23	3Q23	4Q23	1Q24	2Q24E	Change	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Sales revenue	7,110	7,186	6,802	6,784	6,512	(4.0)	(8.4)
Cost of Sales	5,486	5,476	5,155	5,161	4,930	(4.5)	(10.1)
Gross profit	1,623	1,710	1,647	1,623	1,583	(2.5)	(2.5)
SG&A	1,388	1,407	1,321	1,322	1,283	(3.0)	(7.6)
Operating profit	235	303	326	301	300	(0.3)	27.3
Other income	154	174	154	160	160	0.3	4.0
Interest Expense	138	137	132	130	130	(0.0)	(5.5)
Tax Expense	50	73	-37	75	66	(11.9)	31.9
Minorities	32	39	25	-1	-1	0.0	(102.5)
Reported net profit	135	228	146	257	265	2.9	95.8
Core profit	170	228	146	257	265	2.9	56.1
Key ratios (%)						(ppt)	(ppt)
Gross margin	22.8	23.8	24.2	23.9	24.3	0.4	1.5
SG&A / Sales	19.5	19.6	19.4	19.5	19.7	0.2	0.2
Operating margin	3.3	4.2	4.8	4.4	4.6	0.2	1.3
Net margin	1.9	3.2	2.1	3.8	4.1	0.3	2.2
Norm margin	2.4	3.2	2.1	3.8	4.1	0.3	1.7

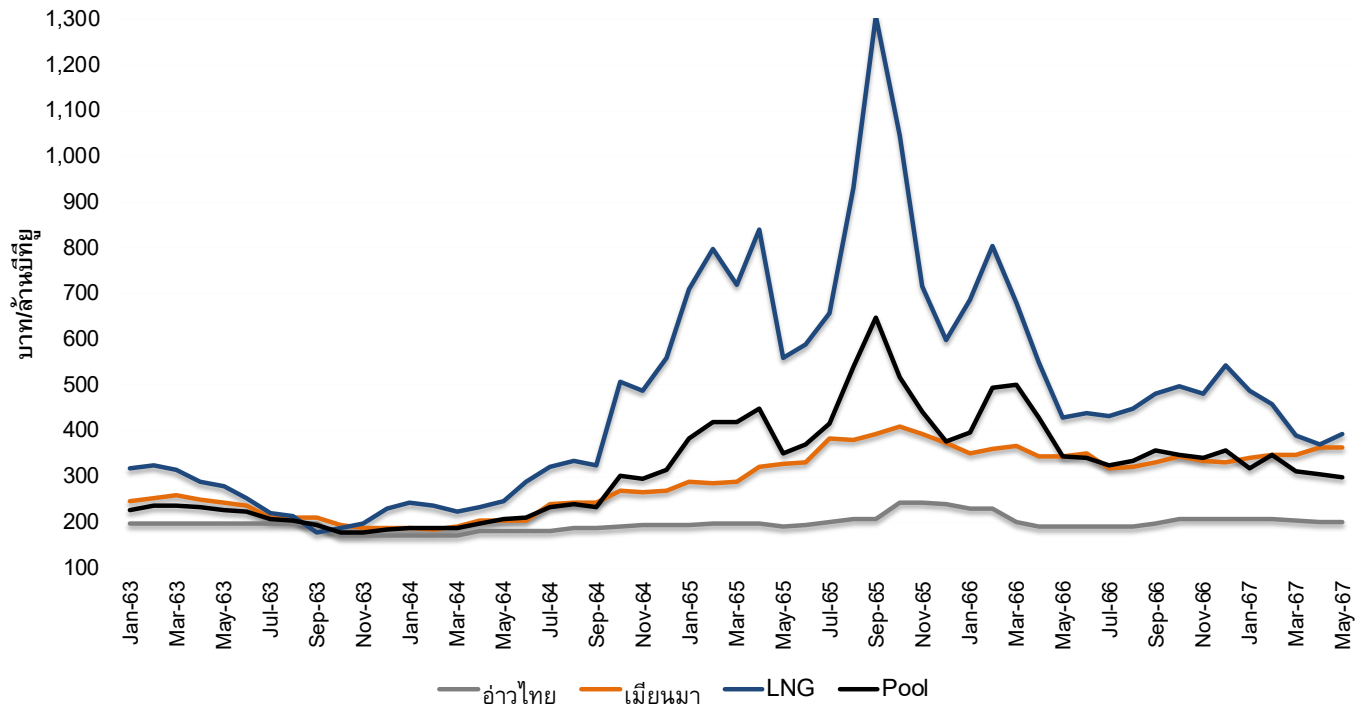
Sources: SCGD; FSSIA estimates

Exhibit 2: Change of key assumptions for SCGD

	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)	(%)	(%)	(%)	
Sales revenue (THB m)	28,312	23,315	24,019	24,566	29,524	31,197	24,566	(21)	(23)	0	
Cost of sales (THB m)	21,633	20,684	21,525	22,248	22,150	23,383	23,981	(7)	(8)	(7)	
Gross profit (THB m)	6,679	6,602	6,945	7,194	7,374	7,813	8,033	(10)	(11)	(10)	
Gross margin (%)	23.6	24.2	24.4	24.4	25.0	25.0	25.1	(0.8)	(0.7)	(0.7)	
SG&A (THB m)	5,550	5,318	5,522	5,703	5,675	5,951	6,126	(6)	(7)	(7)	
SG&A to revenue (%)	19.6	19.5	19.4	19.4	19.2	19.1	19.1	0.3	0.3	0.2	
Interest expense (THB m)	548	526	510	493	453	434	416	16	17	19	
Core profit (THB m)	775	1,080	1,200	1,266	1,327	1,474	1,524	(19)	(19)	(17)	
Net profit (THB m)	328	1,080	1,200	1,266	1,327	1,474	1,524	(19)	(19)	(17)	
Key assumptions											
Decor Surfaces											
Sales volume (m)	139	135	140	144	145	152	155	(7)	(8)	(7)	
Average selling price (THB/sq m)	156	157	157	157	158	159	160	(0)	(1)	(2)	
Bathroom											
Sales volume (unit)	5.8	6.1	6.6	6.9	6.1	6.6	6.9	0	0	0	
Average selling price (THB/unit)	921	935	949	963	935	949	963	0	0	0	

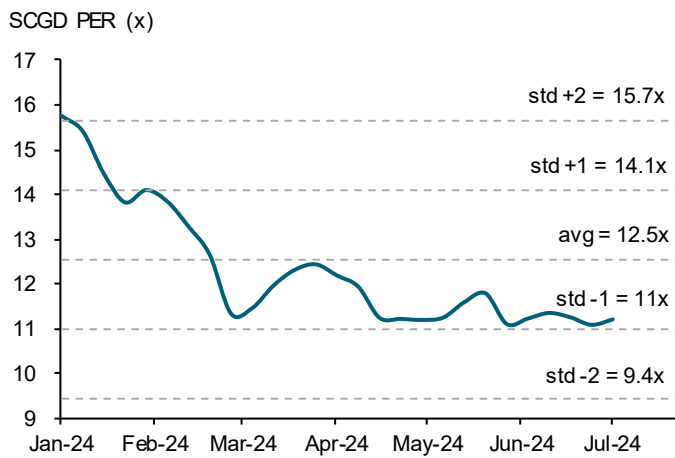
Source: FSSIA estimates

Exhibit 3: Natural gas



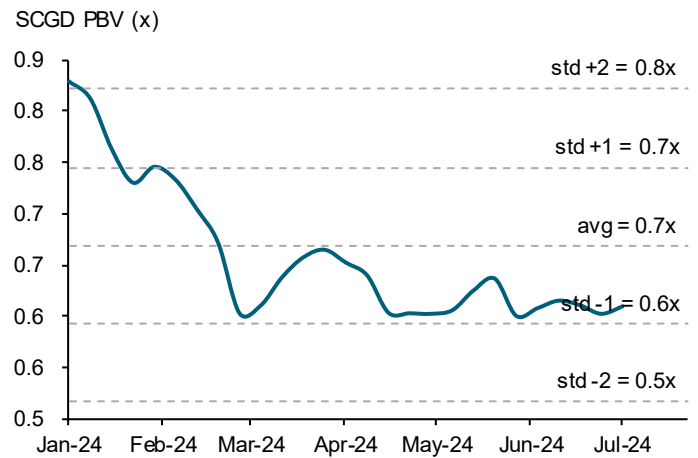
Source: EPPO

Exhibit 4: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 5: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

Financial Statements

SCG Decor

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	35,228	28,312	27,286	28,470	29,442
Cost of goods sold	(27,019)	(21,633)	(20,684)	(21,525)	(22,248)
Gross profit	8,209	6,679	6,602	6,945	7,194
Other operating income	-	-	-	-	-
Operating costs	(7,250)	(5,550)	(5,318)	(5,522)	(5,703)
Operating EBITDA	2,740	2,669	2,901	3,120	3,274
Depreciation	(1,781)	(1,540)	(1,617)	(1,698)	(1,782)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	959	1,129	1,284	1,423	1,491
Net financing costs	(160)	(548)	(526)	(510)	(493)
Associates	4	1	1	1	1
Recurring non-operating income	930	630	641	641	641
Non-recurring items	(1,152)	(447)	0	0	0
Profit before tax	576	764	1,399	1,554	1,639
Tax	(261)	(290)	(314)	(349)	(369)
Profit after tax	315	474	1,085	1,205	1,271
Minority interests	(736)	(147)	(5)	(5)	(5)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	(421)	328	1,080	1,200	1,266
Non-recurring items & goodwill (net)	1,152	447	0	0	0
Recurring net profit	731	775	1,080	1,200	1,266
Per share (THB)					
Recurring EPS *	9.24	0.47	0.65	0.73	0.77
Reported EPS	(5.32)	0.20	0.65	0.73	0.77
DPS	0.00	0.00	0.20	0.22	0.23
Diluted shares (used to calculate per share data)	79	1,650	1,650	1,650	1,650
Growth					
Revenue (%)	35.8	(19.6)	(3.6)	4.3	3.4
Operating EBITDA (%)	(20.7)	(2.6)	8.7	7.6	4.9
Operating EBIT (%)	(47.4)	17.8	13.7	10.8	4.8
Recurring EPS (%)	(39.6)	(94.9)	39.3	11.1	5.5
Reported EPS (%)	nm	nm	229.4	11.1	5.5
Operating performance					
Gross margin inc. depreciation (%)	23.3	23.6	24.2	24.4	24.4
Gross margin exc. depreciation (%)	28.4	29.0	30.1	30.4	30.5
Operating EBITDA margin (%)	7.8	9.4	10.6	11.0	11.1
Operating EBIT margin (%)	2.7	4.0	4.7	5.0	5.1
Net margin (%)	2.1	2.7	4.0	4.2	4.3
Effective tax rate (%)	45.3	37.9	22.5	22.5	22.5
Dividend payout on recurring profit (%)	-	-	30.0	30.0	30.0
Interest cover (X)	11.8	3.2	3.7	4.0	4.3
Inventory days	110.4	142.7	142.7	138.6	139.4
Debtor days	49.9	61.3	59.0	57.2	57.4
Creditor days	59.6	69.6	75.2	77.0	77.5
Operating ROIC (%)	3.8	4.4	5.1	(1.4)	(1.4)
ROIC (%)	4.5	4.2	4.7	(1.2)	(1.2)
ROE (%)	4.6	4.4	5.4	5.7	5.8
ROA (%)	3.9	3.3	3.6	2.6	2.7

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Decor Surfaces	24,418	21,794	21,139	22,028	22,690
Bathroom	4,996	5,238	5,747	6,242	6,652
Other	5,814	1,280	400	200	100

Sources: SCG Decor; FSSIA estimates

Financial Statements

SCG Decor

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	731	775	1,080	1,200	1,266
Depreciation	1,781	1,540	1,617	1,698	1,782
Associates & minorities	-	-	-	-	-
Other non-cash items	-	-	-	-	-
Change in working capital	(1,699)	1,214	429	(300)	(255)
Cash flow from operations	813	3,528	3,125	2,597	2,794
Capex - maintenance	-	-	-	-	-
Capex - new investment	(1,788)	-	(2,455)	(2,529)	(2,402)
Net acquisitions & disposals	-	(717)	-	-	-
Other investments (net)	-	-	-	-	-
Cash flow from investing	(1,788)	(717)	(2,455)	(2,529)	(2,402)
Dividends paid	0	(4,494)	(270)	(300)	(316)
Equity finance	(236)	6,207	5	5	5
Debt finance	587	(1,137)	(185)	(458)	(466)
Other financing cash flows	-	-	-	-	-
Cash flow from financing	351	576	(450)	(753)	(778)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	(467)	0	0	0	0
Movement in cash	(1,092)	3,387	220	(685)	(386)
Free cash flow to firm (FCFF)	(815.13)	3,358.91	1,195.69	578.18	885.29
Free cash flow to equity (FCFE)	(855.76)	1,674.29	484.66	(389.67)	(74.40)
Per share (THB)					
FCFF per share	(0.67)	2.77	0.99	0.48	0.73
FCFE per share	(0.71)	1.38	0.40	(0.32)	(0.06)
Recurring cash flow per share	31.76	1.40	1.63	1.76	1.85
Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	44,909	47,155	49,513	51,988	54,588
Less: Accumulated depreciation	(33,475)	(35,534)	(37,292)	(39,168)	(41,367)
Tangible fixed assets (net)	11,435	11,621	12,221	12,821	13,221
Intangible fixed assets (net)	6,201	5,797	5,911	6,027	6,145
Long-term financial assets	984	850	894	926	943
Invest. in associates & subsidiaries	5,547	5,076	5,157	5,240	5,324
Cash & equivalents	1,817	5,203	5,423	4,738	4,353
A/C receivable	5,068	4,449	4,366	4,555	4,711
Inventories	8,165	7,542	7,367	7,687	7,949
Other current assets	532	448	530	530	530
Current assets	15,581	17,642	17,686	17,511	17,543
Other assets	803	666	699	734	770
Total assets	40,550	41,651	42,567	43,258	43,946
Common equity	15,854	19,697	20,506	21,406	22,355
Minorities etc.	2,971	1,615	1,620	1,625	1,630
Total shareholders' equity	18,825	21,312	22,127	23,031	23,986
Long term debt	638	609	640	672	705
Other long-term liabilities	1,346	1,280	1,228	1,281	1,325
Long-term liabilities	1,984	1,889	1,868	1,953	2,030
A/C payable	3,891	3,768	4,093	4,270	4,416
Short term debt	15,503	14,395	14,180	13,690	13,190
Other current liabilities	348	286	300	313	324
Current liabilities	19,742	18,450	18,573	18,274	17,930
Total liabilities and shareholders' equity	40,550	41,651	42,567	43,258	43,946
Net working capital	9,526	8,384	7,870	8,188	8,450
Invested capital	34,495	32,393	32,751	33,936	34,853
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	200.45	11.94	12.43	12.97	13.55
Tangible book value per share	122.04	8.42	8.85	9.32	9.82
Financial strength					
Net debt/equity (%)	76.1	46.0	42.5	41.8	39.8
Net debt/total assets (%)	35.3	23.5	22.1	22.2	21.7
Current ratio (x)	0.8	1.0	1.0	1.0	1.0
CF interest cover (x)	6.8	4.1	6.6	5.2	5.7
Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	0.8	16.3	11.7	10.5	10.0
Recurring P/E @ target price (x) *	1.1	20.9	15.0	13.5	12.8
Reported P/E (x)	(1.4)	38.5	11.7	10.5	10.0
Dividend yield (%)	-	-	2.6	2.9	3.0
Price/book (x)	0.0	0.6	0.6	0.6	0.6
Price/tangible book (x)	0.1	0.9	0.9	0.8	0.8
EV/EBITDA (x) **	6.5	9.0	8.1	7.7	7.3
EV/EBITDA @ target price (x) **	6.6	10.3	9.4	8.8	8.4
EV/invested capital (x)	0.5	0.7	0.7	0.7	0.7
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: SCG Decor; 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 Sustainalytics	The Sustainalytics' 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="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; >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

Thanyatorn Songwutti FSS International Investment Advisory Securities Co., Ltd

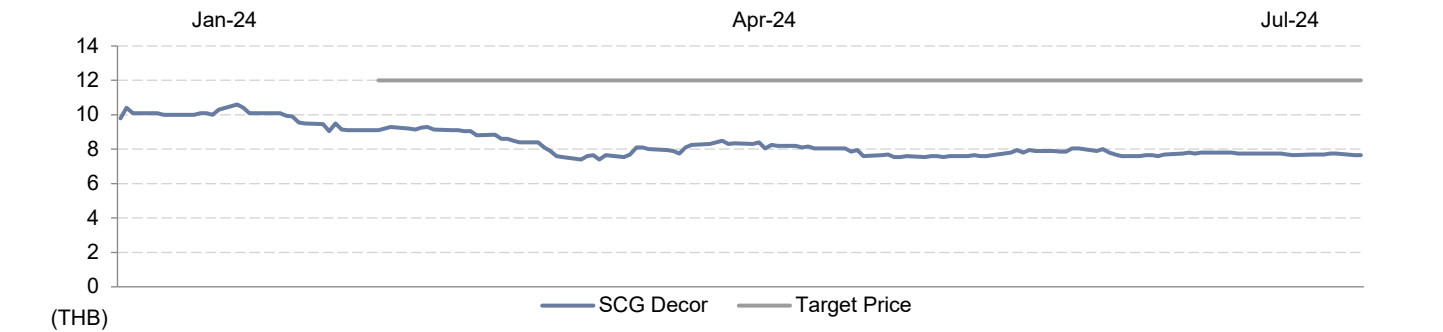
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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History of change in investment rating and/or target price

SCG Decor (SCGD TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
30-Jan-2024	BUY	12.00	-	-	-	-	-	-

Thanyatorn Songwutti started covering this stock from 30-Jan-2024

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
SCG Decor	SCGD TB	THB 7.65	BUY	Key downside risks to our DCF-based TP include 1) slower-than-expected economic and purchasing power recovery, 2) global uncertainties, 3) energy and raw material cost fluctuation, 4) an unsuccessful sanitary ware business in ASEAN, and 5) an additional impairment provision on its discontinued factory.

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 09-Jul-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.