

# SCG DECOR SCGD TB

THAILAND / CONSTRUCTION

## BUY

  
 UNCHANGED

## 2Q24 results at first glance

TARGET PRICE	THB9.80
CLOSE	THB7.25
UP/DOWNSIDE	+35.2%
TP vs CONSENSUS	-7.8%

กำไร 2Q24 โต q-q, y-y ดีกว่าคาด 7%

### Highlights

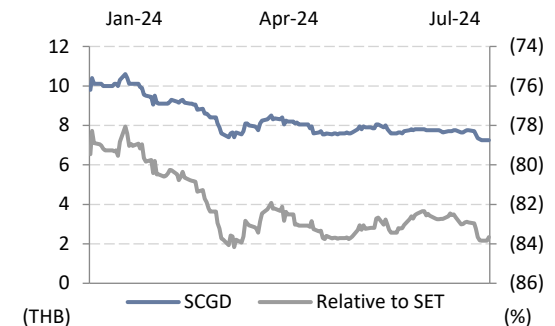
- รายงานกำไรสุทธิ 2Q24 เท่ากับ 284 ล้านบาท (+10% q-q, +109% y-y) ดีกว่าคาด 7% สาเหตุจากอัตรากำไรขั้นต้นสูงกว่าคาด ทำได้ 27.3% ปรับขึ้นจาก 23.9% ใน 1Q24 และ 23% ใน 2Q23 จากผลบวกจากโครงการลดต้นทุนและปรับปรุงประสิทธิภาพการผลิต อาทิ การใช้เชื้อเพลิงทดแทนและติดตั้งโซลาร์เซลล์ ท่ามกลางต้นทุนพลังงานที่เริ่มทรงตัว และรักษาราคาขายได้
- การปรับขึ้นของมาร์จิ้นชดเชยยอดขาย -3% q-q, -7% y-y ที่ 6.6 พันล้านบาท โดย q-q ในต่างประเทศเริ่มฟื้นตัวโดยเฉพาะเวียดนาม แต่ในประเทศยังอ่อนลงจากวันหยุดยาว ส่วน y-y ลดลงจากกำลังซื้อและภาคอสังหาริมทรัพย์
- ยอดขายในประเทศ ธุรกิจเรือ -7% q-q, -11% y-y ตามทิศทางตลาดเซรามิกที่ -12% q-q, -5% y-y ส่วนธุรกิจสุขภัณฑ์ ทรงตัว y-y แต่ -12% q-q ตามฤดูกาล
- ยอดขายต่างประเทศ โดยเวียดนาม +22% q-q, +5% y-y จากปัจจัยฤดูกาล, ความคืบหน้าของกฎหมายที่ดินและการขายสินค้า HVA ที่ราคาสูงขึ้น อย่างไรก็ตามฟิลิปปินส์ +5% q-q แต่ -4% y-y เนื่องจากยังมีผลกระทบต่อเงินเพื่อ ส่วนอินโดนีเซีย -25% q-q, -2% y-y จากการหยุดซ่อมบำรุงเตาของโรงงาน
- บริษัทประกาศจ่ายเงินปันผลงวด 1H24 ที่ 0.10 บาท/หุ้น Yield 1.4% ขึ้น XD 5 ส.ค. และจ่าย 22 ส.ค. 2024

### Outlook

- กำไรปกติ 1H24 อยู่ที่ 541 ล้านบาท (+129% y-y) คิดเป็น 50% ของประมาณการทั้งปีที่ 1.1 พันล้านบาท (+39% y-y) แนวโน้ม 2H24 ความต้องการกระเบื้องในประเทศคาดว่าจะดีขึ้นจากการเบิกจ่ายงบประมาณภาครัฐ และเวียดนามฟื้นตัวหลังกฎหมายที่ดินบังคับใช้เร็วขึ้นเป็น 1 ส.ค.นี้ รวมถึงธุรกิจสุขภัณฑ์มีอุปสงค์การ renovate โรงแรมใน 3Q24 ขณะที่มาร์จิ้นคาดทรงตัวดีจากผลโครงการลดต้นทุน
- บริษัทแจ้งตลท.ประเด็นศาลชั้นต้นยกฟ้องหรือไม่รับพิจารณากรณี KIA (บ.ย่อยในอินโดนีเซีย SCGD ถือหุ้น 92%) ยื่นฟ้องให้หน่วยงานรัฐอินโดนีเซียให้หยุดอ้างว่า KIA ติดหนี้ 3,000 ล้านบาท อย่างไรก็ตาม บริษัทจะยื่นอุทธรณ์ต่อ และยืนยันใจว่าไม่มีส่วนเกี่ยวข้องกับหนี้ เนื่องจากเป็นของผู้ก่อตั้ง KIA ที่เกิดจากการรับไปฟื้นฟูกิจการธนาคารของบุคคลดังกล่าวซึ่งเกิดใน 10 ปีก่อนหน้าที่บริษัทจะเข้าไปซื้อหุ้น ขณะที่ปัจจุบัน KIA ยังสามารถดำเนินธุรกิจปกติ อย่างไรก็ตาม เป็นปัจจัยเสี่ยงที่ต้องติดตาม โดยมีกระบวนการพิจารณาอีก 3 ชั้นศาล ซึ่งอาจใช้เวลามากกว่า 1 ปี

### 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 (%)	-	(3.7)	(8.2)	(14.4)
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
EPS growth (%)	(94.9)	39.3	11.1	5.5
Core P/E (x)	15.4	11.1	10.0	9.5
Dividend yield (%)	-	2.7	3.0	3.2
EV/EBITDA (x)	8.8	7.9	7.4	7.1
Price/book (x)	0.6	0.6	0.6	0.5
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 (%)	(6.5)	(5.8)	n/a
Relative to country (%)	(6.1)	(2.4)	n/a
Mkt cap (USD m)	330		
3m avg. daily turnover (USD m)	0.2		
Free float (%)	27		
Major shareholder	Thitisuriyarak Family (26%)		
12m high/low (THB)	10.90/7.15		
Issued shares (m)	1,210.90		

Sources: Bloomberg consensus; FSSIA estimates


**Thanayatorn Songwutti**

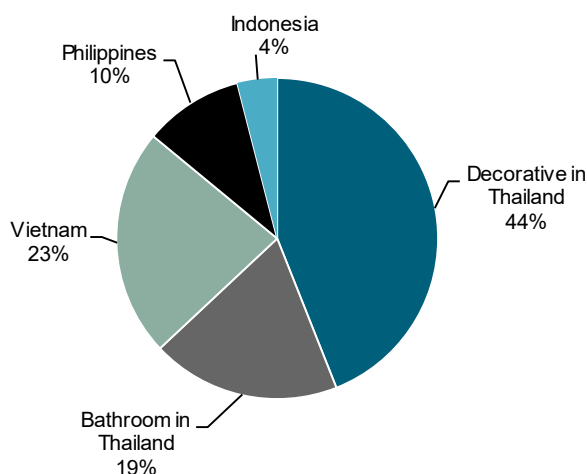
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**Exhibit 1: SCGD - 2Q24 results summary**

	2Q23	3Q23	4Q23	1Q24	2Q24	Change	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Sales revenue	7,060	7,186	6,802	6,784	6,566	(3.2)	(7.0)
Cost of Sales	5,438	5,476	5,203	5,161	4,774	(7.5)	(12.2)
Gross profit	1,622	1,710	1,599	1,623	1,792	10.4	10.5
SG&A	1,388	1,407	1,322	1,322	1,419	7.3	2.2
Operating profit	234	303	277	301	373	24.2	59.6
Other income	155	174	152	160	141	(11.4)	(9.0)
Interest Expense	137	137	133	130	130	(0.1)	(5.1)
Tax Expense	50	73	-37	75	94	25.5	87.7
Minorities	32	39	25	-1	8	na	(75.0)
Reported net profit	136	228	146	257	284	10.3	108.7
Core profit	170	228	146	257	284	10.3	66.6
<b>Key ratios (%)</b>						<b>(ppt)</b>	<b>(ppt)</b>
Gross margin	23.0	23.8	23.5	23.9	27.3	3.4	4.3
SG&A / Sales	19.7	19.6	19.4	19.5	21.6	2.1	1.9
Operating margin	3.3	4.2	4.1	4.4	5.7	1.3	2.4
Net margin	1.9	3.2	2.1	3.8	4.3	0.5	2.4
Norm margin	2.4	3.2	2.1	3.8	4.3	0.5	1.9

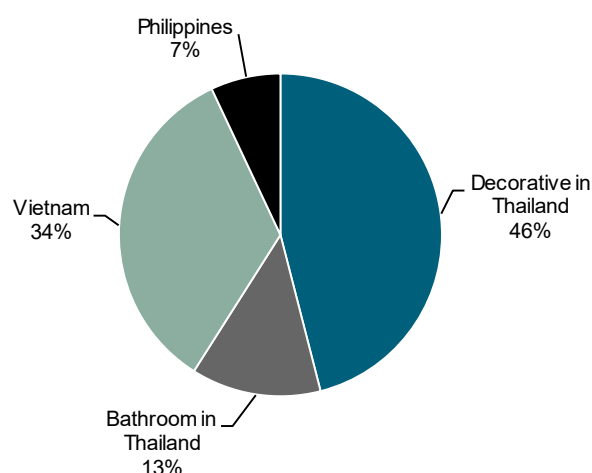
Sources: SCGD; FSSIA's compilation

**Exhibit 2: 2Q24 Sales breakdown by country**



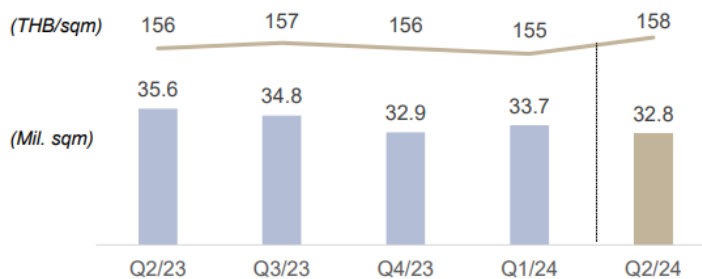
Sources: SCGD; FSSIA's compilation

**Exhibit 3: 2Q24 EBITDA breakdown by country**



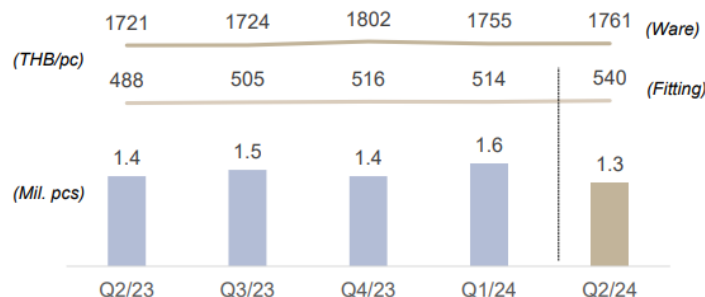
Sources: SCGD; FSSIA's compilation

**Exhibit 4: Decor surface sales volume and selling price**



Source: SCGD

**Exhibit 5: Bathroom sales volume and selling price**



Source: SCGD

## 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)
<b>Gross profit</b>	<b>8,209</b>	<b>6,679</b>	<b>6,602</b>	<b>6,945</b>	<b>7,194</b>
Other operating income	-	-	-	-	-
Operating costs	(7,250)	(5,550)	(5,318)	(5,522)	(5,703)
<b>Operating EBITDA</b>	<b>2,740</b>	<b>2,669</b>	<b>2,901</b>	<b>3,120</b>	<b>3,274</b>
Depreciation	(1,781)	(1,540)	(1,617)	(1,698)	(1,782)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>959</b>	<b>1,129</b>	<b>1,284</b>	<b>1,423</b>	<b>1,491</b>
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
<b>Profit before tax</b>	<b>576</b>	<b>764</b>	<b>1,399</b>	<b>1,554</b>	<b>1,639</b>
Tax	(261)	(290)	(314)	(349)	(369)
<b>Profit after tax</b>	<b>315</b>	<b>474</b>	<b>1,085</b>	<b>1,205</b>	<b>1,271</b>
Minority interests	(736)	(147)	(5)	(5)	(5)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>(421)</b>	<b>328</b>	<b>1,080</b>	<b>1,200</b>	<b>1,266</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>1,152</b>	<b>447</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>731</b>	<b>775</b>	<b>1,080</b>	<b>1,200</b>	<b>1,266</b>
<b>Per share (THB)</b>					
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
<b>Growth</b>					
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
<b>Operating performance</b>					
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					
<b>Revenue by Division (THB m)</b>					
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)
<b>Cash flow from operations</b>	<b>813</b>	<b>3,528</b>	<b>3,125</b>	<b>2,597</b>	<b>2,794</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(1,788)	-	(2,455)	(2,529)	(2,402)
Net acquisitions & disposals	-	(717)	-	-	-
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(1,788)</b>	<b>(717)</b>	<b>(2,455)</b>	<b>(2,529)</b>	<b>(2,402)</b>
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	-	-	-	-	-
<b>Cash flow from financing</b>	<b>351</b>	<b>576</b>	<b>(450)</b>	<b>(753)</b>	<b>(778)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>(467)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>(1,092)</b>	<b>3,387</b>	<b>220</b>	<b>(685)</b>	<b>(386)</b>
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)
<b>Tangible fixed assets (net)</b>	<b>11,435</b>	<b>11,621</b>	<b>12,221</b>	<b>12,821</b>	<b>13,221</b>
<b>Intangible fixed assets (net)</b>	<b>6,201</b>	<b>5,797</b>	<b>5,911</b>	<b>6,027</b>	<b>6,145</b>
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
<b>Current assets</b>	<b>15,581</b>	<b>17,642</b>	<b>17,686</b>	<b>17,511</b>	<b>17,543</b>
Other assets	803	666	699	734	770
<b>Total assets</b>	<b>40,550</b>	<b>41,651</b>	<b>42,567</b>	<b>43,258</b>	<b>43,946</b>
Common equity	15,854	19,697	20,506	21,406	22,355
Minorities etc.	2,971	1,615	1,620	1,625	1,630
<b>Total shareholders' equity</b>	<b>18,825</b>	<b>21,312</b>	<b>22,127</b>	<b>23,031</b>	<b>23,986</b>
Long term debt	638	609	640	672	705
Other long-term liabilities	1,346	1,280	1,228	1,281	1,325
<b>Long-term liabilities</b>	<b>1,984</b>	<b>1,889</b>	<b>1,868</b>	<b>1,953</b>	<b>2,030</b>
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
<b>Current liabilities</b>	<b>19,742</b>	<b>18,450</b>	<b>18,573</b>	<b>18,274</b>	<b>17,930</b>
<b>Total liabilities and shareholders' equity</b>	<b>40,550</b>	<b>41,651</b>	<b>42,567</b>	<b>43,258</b>	<b>43,946</b>
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
<b>Recurring P/E (x) *</b>	<b>0.8</b>	<b>15.4</b>	<b>11.1</b>	<b>10.0</b>	<b>9.5</b>
<b>Recurring P/E @ target price (x) *</b>	<b>1.1</b>	<b>20.9</b>	<b>15.0</b>	<b>13.5</b>	<b>12.8</b>
Reported P/E (x)	(1.4)	36.5	11.1	10.0	9.5
Dividend yield (%)	-	-	2.7	3.0	3.2
Price/book (x)	0.0	0.6	0.6	0.6	0.5
Price/tangible book (x)	0.1	0.9	0.8	0.8	0.7
EV/EBITDA (x) **	6.5	8.8	7.9	7.4	7.1
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 <b>THSI inclusion</b> , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. <b>SETTHSI Index</b> is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																												
<b>CG Score</b> by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																												
<b>AGM level</b> By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&amp;A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																												
<b>Thai CAC</b> By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																												
<b>Morningstar Sustainalytics</b>	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 &amp; peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+																		
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<b>ESG Book</b>	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.																												
<b>MSCI</b>	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: right;"><b>AAA</b></td> <td>8.571-10.000</td> <td style="text-align: right;"><b>Leader:</b></td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td style="text-align: right;"><b>AA</b></td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;"><b>A</b></td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;"><b>BBB</b></td> <td>4.286-5.713</td> <td style="text-align: right;"><b>Average:</b></td> <td>a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td style="text-align: right;"><b>BB</b></td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;"><b>B</b></td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;"><b>CCC</b></td> <td>0.000-1.428</td> <td style="text-align: right;"><b>Laggard:</b></td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570			<b>A</b>	5.714-7.142			<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285			<b>B</b>	1.429-2.856			<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks	
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<b>Moody's ESG solutions</b>	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.																													
<b>Refinitiv ESG rating</b>	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>																													
<b>S&amp;P Global</b>	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																													
<b>Bloomberg</b>	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																												
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																												

**Rating** regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) **CG Score**; 2) **AGM Level**; 3) **Thai CAC**; and 4) **THSI**. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

Thanyatorn Songwutti FSS International Investment Advisory Securities Co., Ltd

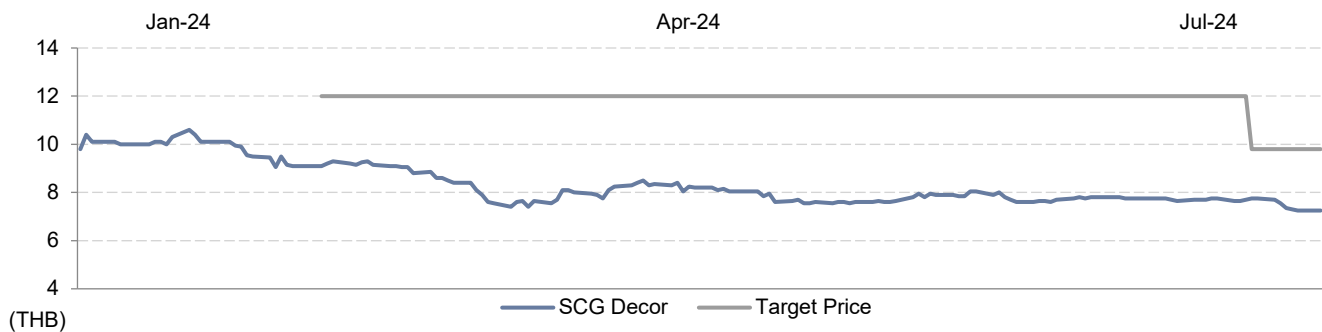
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### History of change in investment rating and/or target price

#### SCG Decor (SCGD TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
30-Jan-2024	BUY	12.00	10-Jul-2024	BUY	9.80	-	-	-

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 7.25	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 23-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.