

SCGJWD LOGISTICS

THAILAND / TRANSPORT & LOGISTICS

SJWD TB

BUY
UNCHANGED

After rain comes sunshine

- SJWD's operations should recover in line with the rebound in the domestic economy.
- Revised down our projections for 2024-26 to reflect the 1H24 earnings.
- Trim our TP to THB19.50; reiterate our BUY rating.

TARGET PRICE	THB19.50
CLOSE	THB11.10
UP/DOWNSIDE	+75.7%
PRIOR TP	THB23.00
CHANGE IN TP	-15.2%
TP vs CONSENSUS	+8.9%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	23,732	25,136	27,853	30,173
Net profit	761	820	1,128	1,392
EPS (THB)	0.42	0.45	0.62	0.77
vs Consensus (%)	-	(27.5)	(8.8)	0.3
EBITDA	2,847	2,968	3,327	3,627
Recurring net profit	778	820	1,128	1,392
Core EPS (THB)	0.43	0.45	0.62	0.77
Chg. In EPS est. (%)	-	(30.4)	(17.9)	(9.0)
EPS growth (%)	(18.1)	5.4	37.5	23.5
Core P/E (x)	25.8	24.5	17.8	14.4
Dividend yield (%)	2.3	1.6	2.2	2.8
EV/EBITDA (x)	9.9	10.5	9.1	8.2
Price/book (x)	0.9	0.9	0.9	0.9
Net debt/Equity (%)	29.9	42.0	37.5	35.7
ROE (%)	6.1	3.7	5.0	6.1

Lower growth in 1H24, in line with the domestic economy

Thai economy grew by only 1.9% y-y in 1H24, marking the lowest growth rate in the region. Although private consumption continued to expand, total investment contracted by 5.1% y-y, chiefly due to a decline in public investment. Meanwhile, private investment decreased for the first time in 10 quarters. Logistics businesses are facing risks from a slowly recovering domestic economy and a slowdown in the automotive industry due to the influx of EVs. The operations of SJWD in 1H24 were largely affected by the slowdown in the domestic economy. The core profit from pure operations in 1H24 amounted to THB338m, -5.2% y-y, even with the merger of SCGL's business since February 2024.

Robust recovery is on the horizon

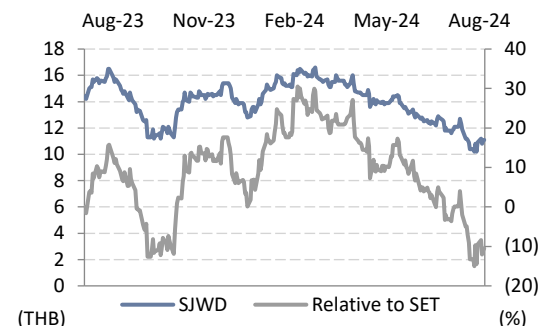
We anticipate that SJWD's operations should recover in line with the rebound in the domestic economy in the latter half. In addition, the acquisition of 100% of SCG International Vietnam (SCG Inter VN) in June 2024 is expected to contribute fully to the group's revenue in 2H24. However, we revise down our core profit forecast for 2024-26 by 30%/18%/9%, respectively, mainly due to 1) lower revenue growth for its automotive yard management and the transportation and distribution units, 2) lower profit sharing from associates, and 3) increased interest expense.

Cut projections to reflect the 1H24 performance

Based on our new assumptions, we expect SJWD's total operating revenue to grow 6%/11%/8% in 2024-26, respectively, or 9.6% CAGR. We anticipate its core profit to slide by 11% in 2024 before jumping by 38% and 24% in 2025-26 or 30% CAGR. The revenue and profit contribution should remain close to the current levels, with the transportation business continuing to be its primary revenue driver while the automotive yard management, cold chain, and overseas units being profit drivers.

Trim our TP to THB19.50; reiterate our BUY rating

We trim our TP to THB19.50 (9.4% WACC, 3% LTG), implying 43x 2024E P/E and only 15x 2024E EV/EBITDA. We reiterate our BUY call as its share price traded on 24.5E 2024E P/E and only 10.5x 2024E EV/EBITDA.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(5.9)	(20.7)	(23.4)
Relative to country (%)	(7.6)	(19.0)	(11.8)
Mkt cap (USD m)	585		
3m avg. daily turnover (USD m)	0.8		
Free float (%)	46		
Major shareholder	SCG Group (43%)		
12m high/low (THB)	16.70/9.80		
Issued shares (m)	1,811.02		

Sources: Bloomberg consensus; FSSIA estimates



Jitra Amornthum

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

Investment thesis

The operations of SJWD in 1H24 were largely affected by the slowdown in the domestic economy. We anticipate that SJWD’s operations will recover in line with the rebound in the domestic economy and a high season for many business units occurring in the latter half. In addition, the acquisition of 100% of SCG International Vietnam (SCG Inter VN) in June 2024 is expected to contribute fully to the group’s revenue in 2H24.

However, we revise down our core profit forecast for 2024-26 by 30%/18%/9%, respectively, to reflect the slow earnings recovery in 1H24. Based on our new assumptions, we anticipate its core profit to slide by 11% in 2024 before jumping by 38% and 24% in 2025-26 or 30% CAGR.

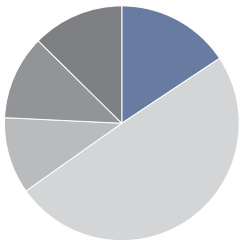
Company profile

SJWD commenced its logistics business in 1979 and is now one of ASEAN’s top specialised logistics and supply chain solutions provider. A win-win merger with SCG Logistics Management Co., Ltd. (SCGL), the logistics arm of Siam Cement Group (SCG), makes SJWD the largest integrated service provider in ASEAN-9 including Southern China.

www.jwd-group.com

Principal activities (revenue, 2023)

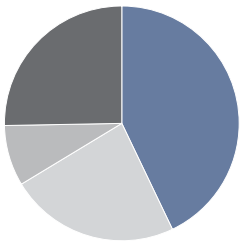
- Warehouse & yard management - 15.7 %
- Transportation & Distribution - 49.5 %
- Other logistics business - 10.6 %
- Overseas - 11.6 %
- Other business - 12.6 %



Source: SCGJWD Logistics

Major shareholders

- SCG Group - 42.9 %
- Bunditkitsada family - 23.4 %
- Nimitpanya family - 8.4 %
- Others - 25.3 %



Source: SCGJWD Logistics

Catalysts

Potential catalysts for SJWD include 1) a fast recovery in freight rates; 2) a strong recovery in Thailand’s and the region’s exports; and 3) booming EV demand in Thailand.

Risks to our call

Downside risks to our DCF-based TP include 1) slower-than-expected regional economic growth; 2) high volatility in energy costs; 3) delayed synergies; and 4) higher cost of funds.

Event calendar

Date	Event
Novembers 2024	3Q24 earnings announcement

Key assumptions

	2024E	2025E	2026E
	(%)	(%)	(%)
Revenue growth breakdown			
Warehouse & yard management	5.0	12.1	8.5
- General goods	6.3	8.4	7.4
- Dangerous goods	3.5	4.0	4.0
- Automotive yard	0.0	15.0	7.0
- Cold chain	10.0	17.0	13.0
Transportation & distribution	8.3	11.4	8.8
Blended gross margin	13.4	13.8	13.9
SG&A to sales	8.8	8.5	8.2

Source: FSSIA estimates

Earnings sensitivity

- For every 0.5% change in the gross margin of transportation, the largest revenue contributor, we project SJWD’s 2024 net profit to change by 5%, all else being equal.
- For every 0.5% change in blended gross margin, we project SJWD’s 2024 net profit to change by 5%, all else being equal.
- For every 1% change in the cost of funds, we project SJWD’s 2024 net profit to change by 6%, all else being equal.

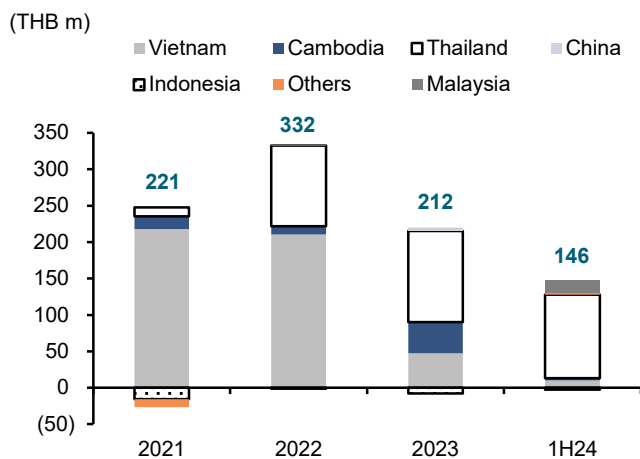
Source: FSSIA estimates

Low growth in 1H24, in line with the domestic economy

Thai economy grew by only 1.9% y-y in 1H24, marking the lowest growth rate in the region. Although private consumption continued to expand, total investment contracted by 5.1% y-y, chiefly due to a decline in public investment. Meanwhile, private investment decreased for the first time in 10 quarters. Logistics and supply chain businesses are facing risks from a slowly recovering domestic economy, high household debts, and a slowdown in the automotive industry due to the influx of EVs. Additionally, the construction sector is sluggish due to delays in government projects and a slowdown in the real estate sector.

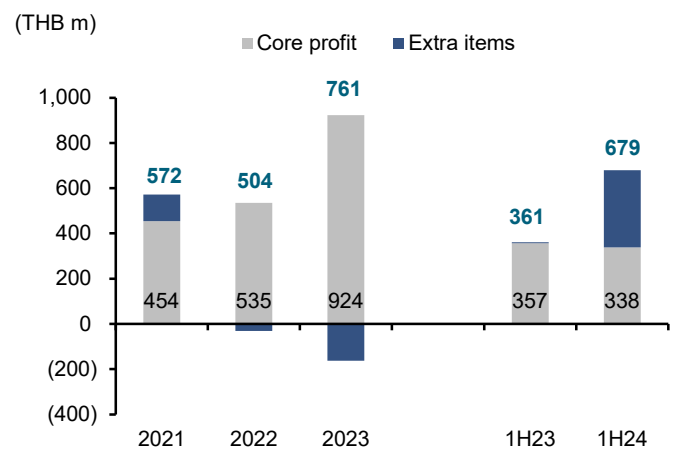
The operations of SJWD in 1H24 were largely affected by the slowdown in the domestic economy. The core profit from pure operations in 1H24 amounted to THB338m, -5.2% y-y, even with the merger of SCGL's business since February 2024. This decline was due to the impact on the automotive and construction materials sector, leading to decreased domestic demand for cement and rising interest rates. However, the profit is still considered high. Additionally, the diversification of its investments has resulted in a higher recognition of a share of profits from associates. The success of its negotiation to invest in a 20.44% stake in SWIFT Haulage Berhad (SWIFT MK) below its fair value resulted in an extra non-cash gain of THB579m in 2Q24, making the 1H24 net profit reach THB679m (+88.3% y-y).

Exhibit 1: SJWD's share of profit from associates



Sources: SJWD, FSSIA's compilation

Exhibit 2: Core profit and net profit



Sources: SJWD, FSSIA's compilation

Robust recovery is on the horizon

We anticipate that SJWD's operations should recover in line with the rebound in the domestic economy and high season for many business units occurring in the latter half. In addition, the acquisition of 100% of SCG International Vietnam (SCG Inter VN) in June 2024 is expected to contribute fully to the group's revenue in 2H24. SCG Inter VN, a partner with Transimex Corp (TMS VN), has been a provider of logistic and supply chain services in Vietnam for 17 years. Also, it would provide logistics services in the Long Son Petrochemicals (LSP) project in Vietnam starting from 4Q24.

Although some clients at the general warehouse business ended their contracts and moved out, SJWD had acquired new clients. The automotive yard management unit is expected to recover in 2H24 as the company has been assigned to manage logistics for a major EV manufacturer. The cold chain unit shows signs of improvement as prices for poultry products have become less volatile.

However, we revised down our core profit forecast for 2024-26 by 30%/18%/9%, respectively, mainly due to;

- Lower revenue growth for the automotive yard management unit, which is now expected to remain flat y-y compared to the previous estimate of 15% growth.
- A cut in our revenue forecast for the transportation and distribution unit to reflect the slow economic recovery.
- A decrease in the projected share of profit from associates, mainly from ANI TB.
- Increased interest expense due to higher financial costs.

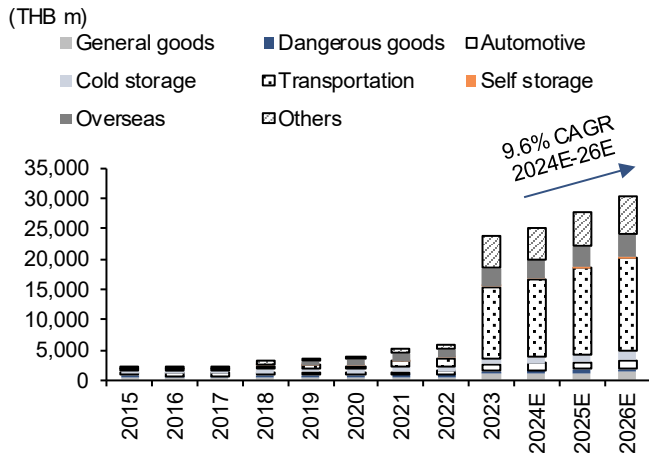
Based on our new assumptions, we expect SJWD's total operating revenue to grow 6%/11%/8% in 2024-26, respectively, or 9.6% CAGR. We anticipate its core profit to slide by 11% in 2024 before jumping by 38% and 24% in 2025-26 or 30% CAGR. The revenue and profit contribution should remain close to the current levels, with the transportation business continuing to be its primary revenue driver while the automotive yard management, cold chain, and overseas units being profit drivers.

Following our earnings revision, we trim our TP to THB19.50 (9.4% WACC, 3% LTG), implying 43x 2024E P/E and only 15x 2024E EV/EBITDA. We reiterate our BUY call as the share price traded on 24.5E 2024E P/E and only 10.5x 2024E EV/EBITDA.

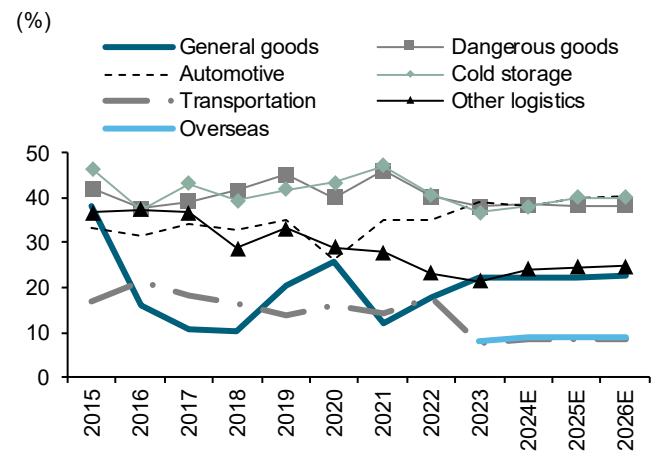
Exhibit 3: Key changes in assumptions

	Current			Previous			Change		
	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (%)	2025E (%)	2026E (%)
Total operating revenue	25,136	27,853	30,173	26,583	29,132	31,553	(5.4)	(4.4)	(4.4)
Blended gross margin (%)	13.4	13.8	13.9	13.3	13.5	13.7	0.1	0.2	0.2
1. Warehouse & yard management	3,890	4,359	4,729	4,284	4,759	5,185	(9.2)	(8.4)	(8.8)
Blended gross margin (%)	33.3	34.7	34.9	34.4	34.9	35.0	(1.1)	(0.2)	(0.1)
▪ General goods	1,170	1,268	1,362	1,236	1,340	1,459	(5.4)	(5.4)	(6.7)
Gross margin (%)	22.2	22.4	22.6	22.2	22.4	22.6	0.0	0.0	0.0
▪ Dangerous goods	531	553	575	531	553	575	0.0	0.0	0.0
Gross margin (%)	38.5	38.4	38.4	39.0	38.4	38.4	(0.5)	0.0	0.0
▪ Automotive yard	1,094	1,259	1,347	1,313	1,471	1,574	(16.7)	(14.4)	(14.4)
Gross margin (%)	38.0	40.0	40.2	39.9	40.0	40.2	(1.9)	0.0	0.0
▪ Cold storage	1,094	1,280	1,446	1,203	1,396	1,577	(9.1)	(8.3)	(8.3)
Gross margin (%)	38.0	40.0	40.0	39.0	40.0	40.0	(1.0)	0.0	0.0
2. Transportation & distribution	12,734	14,192	15,437	13,485	14,801	16,100	(5.6)	(4.1)	(4.1)
Gross margin (%)	8.3	8.5	8.7	7.2	7.4	7.6	1.1	1.1	1.1
3. Other logistics service	2,275	2,415	2,568	2,493	2,652	2,830	(8.8)	(9.0)	(9.3)
Gross margin (%)	20.2	20.2	20.2	20.2	20.2	20.2	0.0	0.0	0.0
4. Overseas business	3,034	3,428	3,737	3,117	3,459	3,736	(2.7)	(0.9)	0.0
Gross margin (%)	9.0	8.7	8.7	9.0	9.0	9.0	0.0	(0.3)	(0.3)
SG&A to sales (%)	8.8	8.5	8.2	8.2	8.1	8.1	0.7	0.4	0.1
Interest expense	629	620	593	518	523	528	21.5	18.5	12.2
Equity income	300	341	373	428	460	476	(29.9)	(25.8)	(21.6)
Core profit	820	1,128	1,392	1,179	1,373	1,529	(30.4)	(17.9)	(9.0)

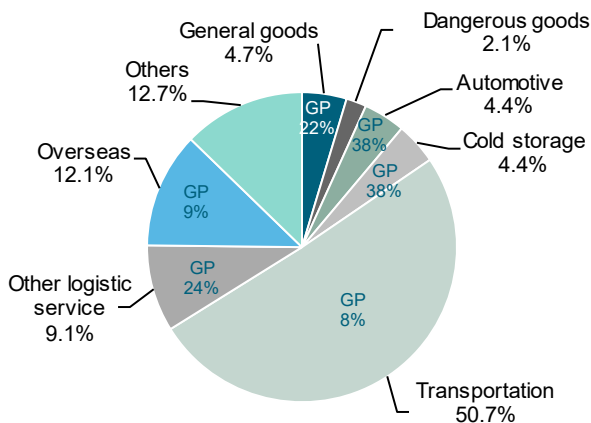
Sources: SJWD, FSSIA estimates

Exhibit 4: Revenue breakdown

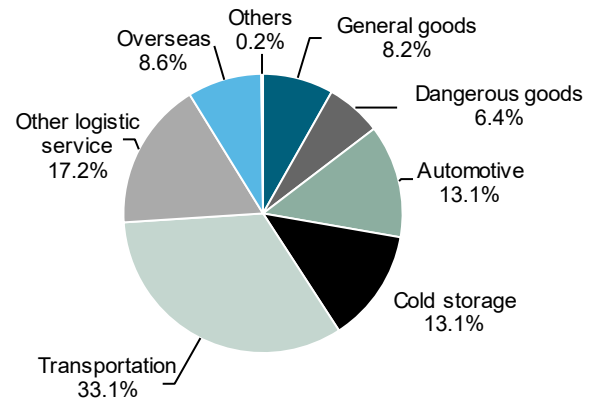
Sources: SJWD, FSSIA estimates

Exhibit 5: Gross margin by BU

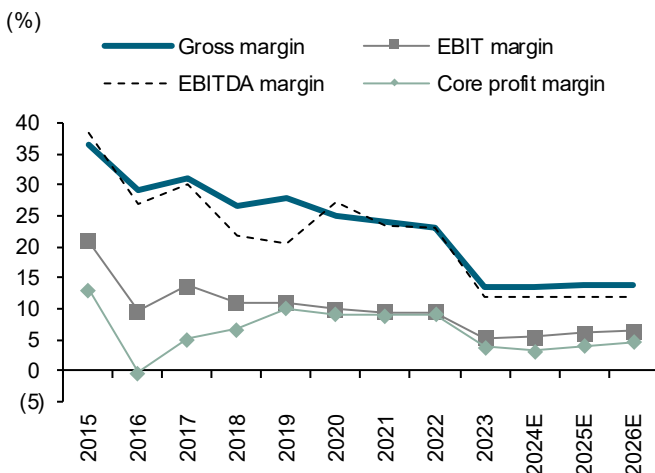
Sources: SJWD, FSSIA estimates

Exhibit 6: Revenue contribution by BU

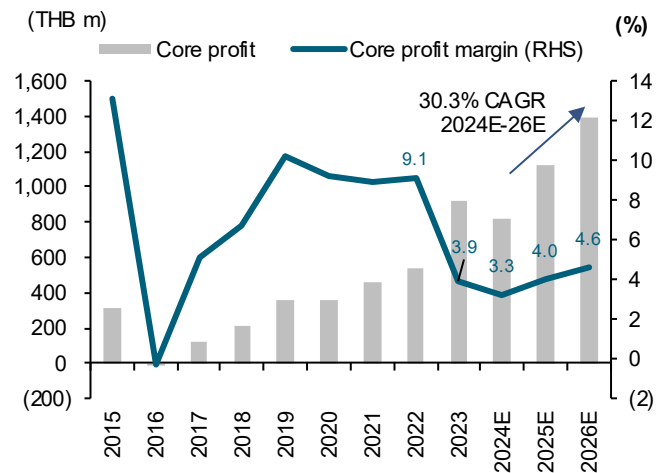
Sources: SJWD, FSSIA estimates

Exhibit 7: Contribution to gross profit by BU

Sources: SJWD, FSSIA estimates

Exhibit 8: Margins

Sources: SJWD, FSSIA estimates

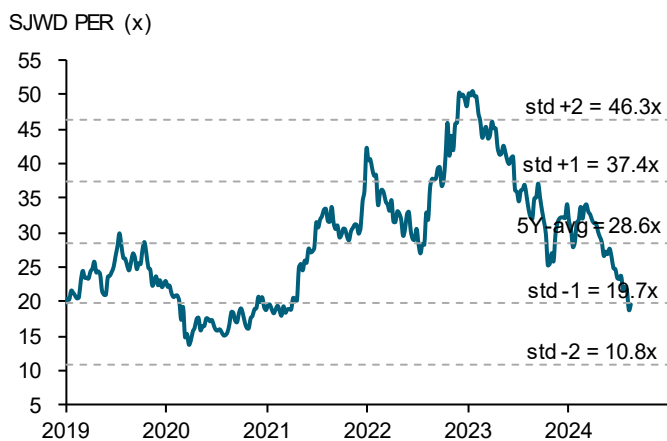
Exhibit 9: Core profit and core profit margin

Sources: SJWD, FSSIA estimates

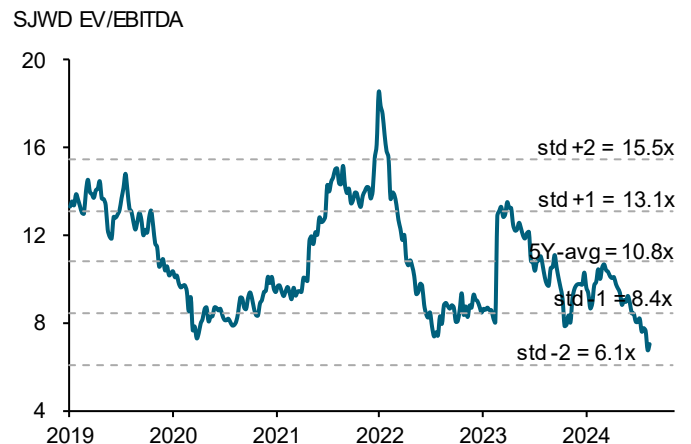
Exhibit 10: DCF-based valuation

Cost of equity assumption	(%)	Cost of debt assumption	(%)
Risk free rate	3.0	Pre-tax cost of debt	5.5
Market risk premium	8.0	Tax rate	20.0
Stock beta	1.3		
Cost of equity, Ke	9.5	Cost of debt, Kd	4.2
Weight applied	55.4	Weight applied	44.6
WACC	9.4		
Terminal growth	3.0		
(THB m)			
Sum of PV of FCF	17,387		
PV of Terminal value	28,523		
Enterprise value	45,910		
(-) Debt	(11,493)		
(+) Cash	1,980		
(-) Minority interest	(1,054)		
Equity value	35,343		
No. of shares	1,811		
Equity value per share	19.52		

Sources: SJWD, FSSIA estimates

Exhibit 11: One-year rolling forward P/E band

Sources: Bloomberg, FSSIA estimates

Exhibit 12: One-year rolling forward EV/EBITDA band

Sources: Bloomberg, FSSIA estimates

Financial Statements

SCGJWD Logistics

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	5,902	23,732	25,136	27,853	30,173
Cost of goods sold	(4,538)	(20,559)	(21,761)	(24,023)	(25,968)
Gross profit	1,364	3,173	3,375	3,830	4,205
Other operating income	86	230	204	209	222
Operating costs	(894)	(2,149)	(2,220)	(2,354)	(2,474)
Operating EBITDA	1,354	2,847	2,968	3,327	3,627
Depreciation	(798)	(1,593)	(1,609)	(1,641)	(1,674)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	556	1,254	1,359	1,686	1,952
Net financing costs	(291)	(471)	(629)	(620)	(593)
Associates	332	212	300	341	373
Recurring non-operating income	332	212	300	341	373
Non-recurring items	(31)	(17)	0	0	0
Profit before tax	567	977	1,030	1,407	1,733
Tax	(49)	(150)	(146)	(213)	(272)
Profit after tax	518	827	884	1,194	1,461
Minority interests	(14)	(66)	(64)	(66)	(69)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	504	761	820	1,128	1,392
Non-recurring items & goodwill (net)	31	17	0	0	0
Recurring net profit	535	778	820	1,128	1,392
Per share (THB)					
Recurring EPS *	0.52	0.43	0.45	0.62	0.77
Reported EPS	0.49	0.42	0.45	0.62	0.77
DPS	0.78	0.25	0.18	0.25	0.31
Diluted shares (used to calculate per share data)	1,020	1,811	1,811	1,811	1,811
Growth					
Revenue (%)	15.7	302.1	5.9	10.8	8.3
Operating EBITDA (%)	14.1	110.2	4.3	12.1	9.0
Operating EBIT (%)	15.7	125.3	8.4	24.0	15.8
Recurring EPS (%)	17.8	(18.1)	5.4	37.5	23.5
Reported EPS (%)	(11.8)	(15.0)	7.7	37.5	23.5
Operating performance					
Gross margin inc. depreciation (%)	23.1	13.4	13.4	13.8	13.9
Gross margin exc. depreciation (%)	36.6	20.1	19.8	19.6	19.5
Operating EBITDA margin (%)	22.9	12.0	11.8	11.9	12.0
Operating EBIT margin (%)	9.4	5.3	5.4	6.1	6.5
Net margin (%)	9.1	3.3	3.3	4.0	4.6
Effective tax rate (%)	8.6	15.4	14.2	15.1	15.7
Dividend payout on recurring profit (%)	148.7	58.2	40.0	40.0	40.0
Interest cover (X)	3.1	3.1	2.6	3.3	3.9
Inventory days	14.2	2.9	2.8	3.1	3.1
Debtor days	67.7	37.7	49.8	40.3	36.5
Creditor days	125.2	46.0	53.3	44.3	39.6
Operating ROIC (%)	10.1	15.2	12.5	15.2	17.2
ROIC (%)	7.2	5.4	3.8	4.5	5.3
ROE (%)	15.6	6.1	3.7	5.0	6.1
ROA (%)	6.1	4.7	3.4	4.1	4.8

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Warehouse & yard management	2,519	3,720	3,890	4,359	4,729
Transportation & Distribution	1,276	11,756	12,734	14,192	15,437
Other logistics business	653	2,505	2,275	2,415	2,568
Overseas	247	2,758	3,034	3,428	3,737

Sources: SCGJWD Logistics; FSSIA estimates

Financial Statements

SCGJWD Logistics

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	535	778	820	1,128	1,392
Depreciation	798	1,593	1,609	1,641	1,674
Associates & minorities	(332)	(212)	(300)	(341)	(373)
Other non-cash items	(14)	358	0	43	(3)
Change in working capital	76	243	(138)	725	(349)
Cash flow from operations	1,064	2,762	1,992	3,195	2,342
Capex - maintenance	-	-	-	-	-
Capex - new investment	(1,041)	(855)	(100)	(557)	(72)
Net acquisitions & disposals	-	-	260	-	-
Other investments (net)	(186)	(485)	(4,188)	(1,038)	(839)
Cash flow from investing	(1,227)	(1,339)	(4,029)	(1,595)	(912)
Dividends paid	(262)	(802)	(328)	(451)	(557)
Equity finance	105	(56)	0	0	0
Debt finance	(42)	887	2,463	(1,051)	(1,247)
Other financing cash flows	(197)	(894)	0	0	0
Cash flow from financing	(397)	(865)	2,134	(1,502)	(1,804)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	63	10	0	0	0
Net other adjustments	63	10	0	0	0
Movement in cash	(498)	568	98	98	(374)
Free cash flow to firm (FCFF)	127.18	1,893.50	(1,408.03)	2,220.52	2,022.87
Free cash flow to equity (FCFE)	(340.16)	1,425.73	425.69	549.43	183.31

Per share (THB)

FCFF per share	0.07	1.05	(0.78)	1.23	1.12
FCFE per share	(0.19)	0.79	0.24	0.30	0.10
Recurring cash flow per share	0.97	1.39	1.18	1.36	1.49

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	7,235	11,511	13,345	15,097	16,851
Less: Accumulated depreciation	(2,307)	(3,328)	(4,938)	(6,579)	(8,253)
Tangible fixed assets (net)	4,928	8,183	8,408	8,518	8,598
Intangible fixed assets (net)	1,795	19,103	19,077	17,910	17,458
Long-term financial assets	0	1,127	391	379	375
Invest. in associates & subsidiaries	2,830	3,702	7,220	7,292	7,292
Cash & equivalents	924	1,492	1,589	1,688	1,314
A/C receivable	1,138	3,764	3,099	3,052	2,976
Inventories	165	134	179	197	213
Other current assets	307	594	673	717	759
Current assets	2,533	5,984	5,540	5,654	5,262
Other assets	955	1,100	1,048	1,011	937
Total assets	13,041	39,198	41,683	40,764	39,922
Common equity	3,117	22,330	22,527	22,804	23,139
Minorities etc.	317	975	1,054	1,085	1,118
Total shareholders' equity	3,434	23,305	23,581	23,889	24,257
Long term debt	3,759	7,586	9,355	8,578	7,955
Other long-term liabilities	1,453	3,506	2,928	2,795	2,291
Long-term liabilities	5,213	11,092	12,283	11,373	10,246
A/C payable	1,697	3,083	2,802	2,633	2,632
Short term debt	2,268	884	2,138	2,072	2,014
Other current liabilities	429	834	879	797	773
Current liabilities	4,394	4,801	5,820	5,501	5,419
Total liabilities and shareholders' equity	13,041	39,198	41,683	40,764	39,922
Net working capital	(518)	575	270	537	543
Invested capital	9,990	33,790	36,413	35,646	35,203

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

Per share (THB)

Book value per share	3.06	12.33	12.44	12.59	12.78
Tangible book value per share	1.30	1.78	1.91	2.70	3.14

Financial strength

Net debt/equity (%)	148.6	29.9	42.0	37.5	35.7
Net debt/total assets (%)	39.1	17.8	23.8	22.0	21.7
Current ratio (x)	0.6	1.2	1.0	1.0	1.0
CF interest cover (x)	3.4	5.8	1.8	2.8	1.4

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	21.2	25.8	24.5	17.8	14.4
Recurring P/E @ target price (x) *	37.2	45.4	43.1	31.3	25.4
Reported P/E (x)	22.5	26.4	24.5	17.8	14.4
Dividend yield (%)	7.0	2.3	1.6	2.2	2.8
Price/book (x)	3.6	0.9	0.9	0.9	0.9
Price/tangible book (x)	8.6	6.2	5.8	4.1	3.5
EV/EBITDA (x) **	12.4	9.9	10.5	9.1	8.2
EV/EBITDA @ target price (x) **	18.7	15.2	15.6	13.6	12.4
EV/invested capital (x)	1.7	0.8	0.9	0.8	0.8

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

Sources: SCGJWD Logistics; FSSIA estimates

SCGJWD Logistics PCL (SJWD TB)

FSSIA ESG rating


42.41 /100

Exhibit 13: 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	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★☆☆	>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 14: 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
NYT	43.79	--	--	Y	5.00	5.00	--	--	53.86	--	--	57.61	--	6.57	45.96
PSL	55.45	--	Y	Y	5.00	5.00	Certified	Medium	59.76	BB	--	--	51.00	--	--
RCL	27.51	--	--	--	4.00	4.00	--	High	41.46	--	--	20.37	13.00	.94	30.36
SJWD	42.41	--	Y	Y	5.00	5.00	--	--	56.00	--	--	42.01	--	3.44	41.46
TTA	65.35	--	Y	Y	5.00	5.00	Certified	Medium	56.56	AA	--	50.79	25.00	3.31	56.20

Sources: [SETTRADE.com](https://www.settrade.com); FSSIA's compilation

Exhibit 15: ESG score by Bloomberg

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	—	—	3.52	3.44
BESG environmental pillar score	—	—	1.04	1.04
BESG social pillar score	—	—	6.18	5.76
BESG governance pillar score	—	—	5.52	5.64
ESG disclosure score	33.18	33.81	41.46	41.46
Environmental disclosure score	1.33	1.66	8.64	8.64
Social disclosure score	16.93	18.50	34.52	34.52
Governance disclosure score	81.10	81.10	81.10	81.10
Environmental				
Emissions reduction initiatives	No	No	Yes	Yes
Climate change policy	No	No	No	No
Climate change opportunities discussed	No	No	No	No
Risks of climate change discussed	No	Yes	Yes	Yes
GHG scope 1	—	—	9	10
GHG scope 2 location-based	—	—	9	8
GHG Scope 3	—	—	—	—
Carbon per unit of production	—	—	—	—
Biodiversity policy	No	No	No	No
Energy efficiency policy	No	No	Yes	Yes
Total energy consumption	—	—	—	—
Renewable energy use	—	—	—	—
Electricity used	—	—	—	—
Fuel used - natural gas	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 16: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No
Waste reduction policy	Yes	Yes	Yes	Yes
Hazardous waste	—	—	—	—
Total waste	—	—	—	—
Waste recycled	—	—	—	—
Waste sent to landfills	—	—	—	—
Environmental supply chain management	No	No	No	No
Water policy	Yes	Yes	Yes	Yes
Water consumption	—	—	—	—
Social				
Human rights policy	Yes	Yes	Yes	Yes
Policy against child labor	Yes	Yes	Yes	Yes
Quality assurance and recall policy	Yes	Yes	Yes	Yes
Consumer data protection policy	Yes	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No
Pct women in workforce	—	30	25	25
Pct disabled in workforce	—	—	—	—
Business ethics policy	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes
Lost time incident rate - employees	—	—	0	0
Total recordable incident rate - employees	—	—	—	—
Training policy	Yes	Yes	Yes	Yes
Fair remuneration policy	Yes	Yes	Yes	Yes
Number of employees – CSR	1,701	1,778	2,215	2,250
Employee turnover pct	—	—	—	—
Total hours spent by firm - employee training	—	—	30,877	34,133
Social supply chain management	No	No	No	No
Governance				
Board size	9	9	9	12
No. of independent directors (ID)	3	3	3	5
No. of women on board	2	2	2	3
No. of non-executive directors on board	4	4	4	8
Company conducts board evaluations	Yes	Yes	Yes	Yes
No. of board meetings for the year	8	10	8	8
Board meeting attendance pct	99	100	100	99
Board duration (years)	3	3	3	3
Director share ownership guidelines	No	No	No	No
Age of the youngest director	44	45	46	43
Age of the oldest director	67	68	69	70
No. of executives / company managers	7	7	6	6
No. of female executives	1	1	1	1
Executive share ownership guidelines	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	4	5	5	4
Audit meeting attendance %	100	100	100	100
Size of compensation committee	3	3	3	3
No. of ID on compensation committee	2	2	2	3
No. of compensation committee meetings	2	2	2	3
Compensation meeting attendance %	100	100	100	89
Size of nomination committee	3	3	3	3
No. of nomination committee meetings	2	2	2	3
Nomination meeting attendance %	100	100	100	89
Sustainability governance				
Verification type	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 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 Sustainability	The Sustainability's ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & 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; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																					
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																					
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																				
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																				

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

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

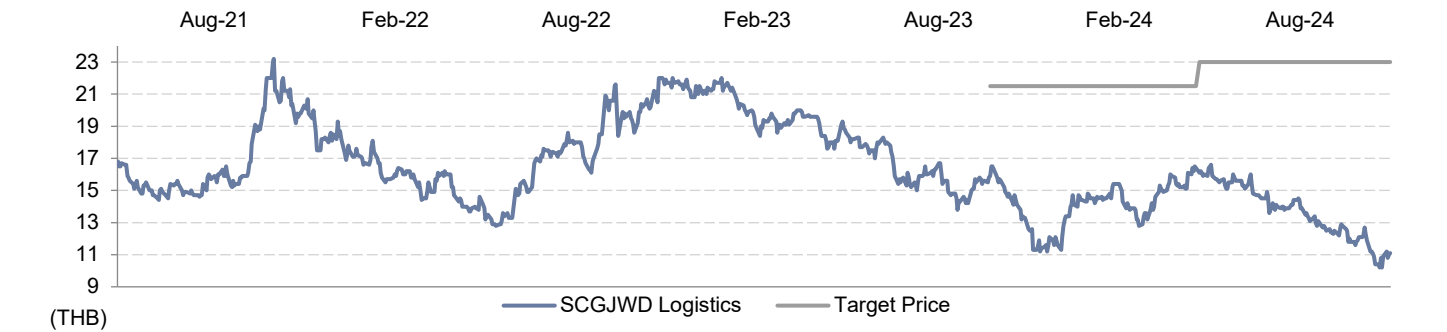
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) 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

SCGJWD Logistics (SJWD TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
12-Sep-2023	BUY	21.50	08-Mar-2024	BUY	23.00	-	-	-

Jitra Amornthum started covering this stock from 12-Sep-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
SCGJWD Logistics	SJWD TB	THB 11.10	BUY	Downside risks to our DCF-based TP include 1) slower-than-expected regional economic growth; 2) high volatility in energy costs; 3) delayed synergies; and 4) higher cost of funds.

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 22-Aug-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.