

SIAM GLOBAL HOUSE

THAILAND / COMMERCE

GLOBAL TB

HOLD

FROM BUY

TARGET PRICE	THB17.30
CLOSE	THB16.20
UP/DOWNSIDE	+6.8%
PRIOR TP	THB16.00
CHANGE IN TP	+8.1%
TP vs CONSENSUS	+3.1%

Waiting for new catalysts

- We expect a 3Q24 net profit of THB488m, dropping 36% q-q due to seasonality and down 7% y-y from weak sales, higher expenses.
- We cut 2024-26E net profit by 4.7-8.9% from lower-than-expected SSSG and higher-than-expected SG&A expenses.
- Downgrade to HOLD with 2025 DCF-TP of THB17.3/share.

Sales still weak, especially for contractors

We anticipate a 3Q24 net profit of THB488m, dropping 36% q-q due to seasonal factors and down 7% y-y due to weak sales and higher expenses. We expect SSSG to decline by 5%, with the construction product categories continuing to decline and steel prices dropping in Aug. Moreover, sales from new stores are unlikely to cover the decline in same store sales, resulting in total sales falling by 1% y-y, based on our estimates. However, in Sep and the first half of Oct, SSSG started to recover – with a decrease of 1-3% in Sep and flattish in the first half of Oct – benefiting from the THB10,000 stimulus measure and the increase in sales of flood recovery-related products.

Steel price pressuring GPM and expenses rising

We expect a 3Q24 GPM of 26.1%, slightly up 20bps y-y due to a higher proportion of private brand sales, but down 50 bps y-y due to the sharp drop in steel prices in Aug. SG&A expenses should increase by 5% y-y, along with the increase in stores, though no new stores opened in 3Q24. We expect 3-4 more stores to open in 4Q24. Additionally, we expect profit sharing from operations in Myanmar and Laos to improve.

Cut 2024-26E net profit from weak SSSG and higher expenses

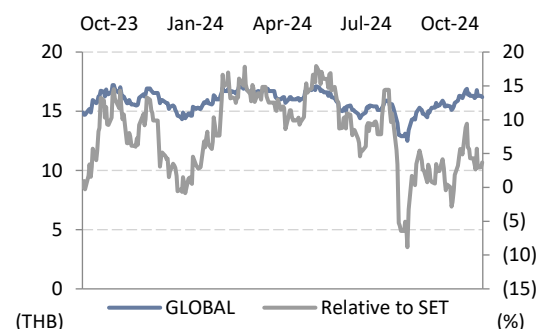
We have revised down our net profit forecasts for 2024-26 by 8.9%/4.7%/8.9%, respectively, due to lower-than-expected SSSG and higher-than-expected SG&A expenses. We now expect a 2024 net profit of THB2.54b (-5% y-y), a 2025 net profit of THB2.96b (+16% y-y), and a 2026 net profit of THB3.25b (+10% y-y). We anticipate a gradual recovery in purchasing power, aided by government stimulus measures, such as tax deductions early in the year, which should help SSSG to turn positive at c3% next year, including plans to add 100 stores by end-2025.

Downgrade to HOLD, roll over DCF-TP to 2025 at THB17.3/share

We roll over our DCF-TP to 2025 at THB17.3/share, implying a 2025 P/E of 30x. We downgrade our call to HOLD from Buy, as we think the positive factors have already been priced in. The stock price has risen by 30% from the bottom in mid-Aug, limiting the upside potential. It is currently trading at 28.5x 2025E P/E, close to its 5-yr historical average.

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	32,301	32,506	35,319	37,430
Net profit	2,671	2,542	2,958	3,255
EPS (THB)	0.53	0.49	0.57	0.63
vs Consensus (%)	-	(11.1)	(10.1)	(10.3)
EBITDA	3,960	3,742	4,335	4,801
Recurring net profit	2,671	2,542	2,958	3,255
Core EPS (THB)	0.53	0.49	0.57	0.63
Chg. In EPS est. (%)	-	(8.9)	(4.7)	(8.9)
EPS growth (%)	(26.5)	(8.5)	16.4	10.0
Core P/E (x)	30.3	33.2	28.5	25.9
Dividend yield (%)	1.3	1.2	1.4	1.5
EV/EBITDA (x)	23.3	25.4	22.2	19.9
Price/book (x)	3.5	3.4	3.2	3.0
Net debt/Equity (%)	46.6	42.2	43.3	39.3
ROE (%)	11.9	10.6	11.7	12.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	4.5	7.3	13.8
Relative to country (%)	3.2	(3.9)	8.3
Mkt cap (USD m)	2,515		
3m avg. daily turnover (USD m)	4.4		
Free float (%)	35		
Major shareholder	Suriyawanakul Family (34%)		
12m high/low (THB)	17.40/12.40		
Issued shares (m)	5,001.80		

Sources: Bloomberg consensus; FSSIA estimates


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Investment thesis

GLOBAL is a leading one-stop shopping home center. It distributes building and decorative materials, tools, and construction equipment. Its target customers are in the mid-to-low market, especially in the North East. Over 80% of its stores are in the Central, North, and North East, where purchasing power depends mainly on farm income. Its customers include contractors and project owners, who are heavily reliant on state budgets and investment in infrastructure projects. Hence, a higher public investment budget and farm income would provide crucial catalysts for GLOBAL. Store expansions, SSSG, and GPM improvements are key growth drivers for GLOBAL.

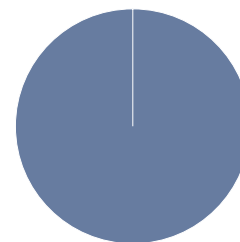
Company profile

Siam Global House is a leading building material distributor focusing on the provincial market. In November 2012, Siam Cement (SCC TB) became a shareholder with a 30% stake.

www.globalhouse.co.th

Principal activities (revenue, 2023)

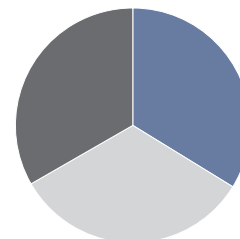
■ Sales - 100.0 %



Source: Siam Global House

Major shareholders

■ Suriyawanakul Family - 33.8 %
 ■ SCG Distribution Co., Ltd. - 32.9 %
 ■ Others - 33.3 %



Source: Siam Global House

Catalysts

Potential catalysts for GLOBAL include 1) higher steel prices (accounting for 15% of total sales); 2) real estate sector growth; 3) government measures to stimulate purchasing power; 4) state investment in infrastructure projects; and 5) higher agricultural product prices and outputs.

Risks to our call

Key risks to our DCF-based TP are 1) lower/higher farm income, which would affect purchasing power in the agricultural sector; 2) government disbursement; 3) a lower/higher private brand mix and margin; 4) higher/lower expenses than expected; and 5) a higher/lower impact than expected from El Nino.

Event calendar

Date	Event
29 Oct 2024	3Q24 results announcement

Key assumptions

GLOBAL	2023A (%)	2024E (%)	2025E (%)	2026E (%)
SSSG	(11.0)	(4.0)	3.0	3.0
New stores (no.)	6.0	8.0	9.0	5.0
GPM	25.4	25.9	26.2	26.5
SG&A to sales	17.2	18.5	18.0	17.8

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in SSSG, we estimate 2025 net profit to rise by 1.6%, and vice versa, all else being equal.
- For every 0.1% increase in GPM, we estimate 2025 net profit to rise by 1.0%, and vice versa, all else being equal.
- For every 0.1% increase in SG&A, we estimate 2025 net profit to fall by 1.0%, and vice versa, all else being equal.

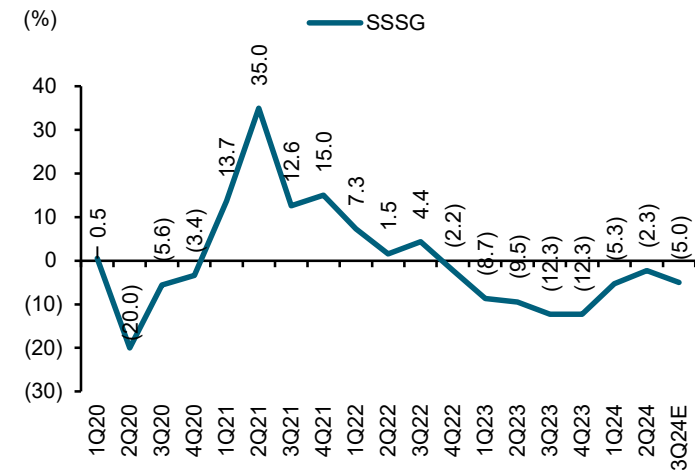
Source: FSSIA estimates

Exhibit 1: GLOBAL – 3Q24 results preview

Profit & Loss Statement	3Q23	4Q23	1Q24	2Q24	3Q24E	Change		9M23E			2024E	Change
Year to Dec 31	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)	%24E	(THB m)	(y-y%)
Retail sales	7,340	7,523	8,767	8,715	7,238	(17)	(1)	24,721	(0)	76	32,506	1
Cost of retail sales	5,443	5,557	6,578	6,395	5,349	(16)	(2)	18,322	(1)	76	24,080	0
Gross profit	1,898	1,966	2,190	2,320	1,889	(19)	(0)	6,399	2	76	8,426	2
Operating costs	(1,399)	(1,423)	(1,464)	(1,574)	(1,462)	(7)	5	(4,500)	10	75	(6,012)	9
Operating profit	499	543	726	746	427	(43)	(14)	1,899	(13)	79	2,415	(12)
Other income/expenses	173	190	212	206	181	(12)	5	599	16	77	782	10
Interest expense	(71)	(81)	(86)	(70)	(71)	1	(0)	(227)	13	77	(294)	4
Profit before tax	601	651	852	882	537	(39)	(11)	2,271	(10)	78	2,902	(8)
Tax	(117)	(126)	(179)	(179)	(107)	(40)	(8)	(465)	(6)	80	(580)	(6)
Associates	44	34	51	61	58	(5)	33	170	69	75	227	68
Minority interests	(2)	1	2	0	0	(100)	(100)	2	(128)	(31)	(7)	1
Non-recurring items	0	0	0	0	0	n/a	n/a	0	n/a	n/a	0	n/a
Reported net profit	525	560	725	765	488	(36)	(7)	1,977	(6)	78	2,542	(5)
Recurring net profit	525	560	725	765	488	(36)	(7)	1,977	(6)	78	2,542	(5)
EPS (THB)	0.10	0.11	0.14	0.15	0.09	(36)	(11)	0	(11)	78	0.49	(9)
Recurring EPS (THB)	0.10	0.11	0.14	0.15	0.09	(36)	(11)	0	(11)	78	0.49	(9)
Key Ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(ppt)		(%)	(ppt)
Retail sales margin	25.9	26.1	25.0	26.6	26.1	(0.5)	0.2	25.9	0.5		25.9	0.3
Operating margin	6.8	7.2	8.3	8.6	5.9	(2.7)	(0.9)	7.7	(0.5)		7.4	(1.0)
Recurring net margin	7.2	7.4	8.3	8.8	6.7	(2.0)	(0.4)	7.1	(0.7)		7.8	(0.5)
SG&A / Sales	19.1	18.9	16.7	18.1	20.2	2.1	1.1	18.2	1.7		18.5	1.4
Operating stats												
SSSG (%)	(12.3)	(12.3)	(5.3)	(2.3)	(5.0)						(4.0)	
Private brand (%)	23.9	24.0	23.0	23.5	24.0						24.2	
Number of stores-TH (no.)	81	83	84	87	87						91	

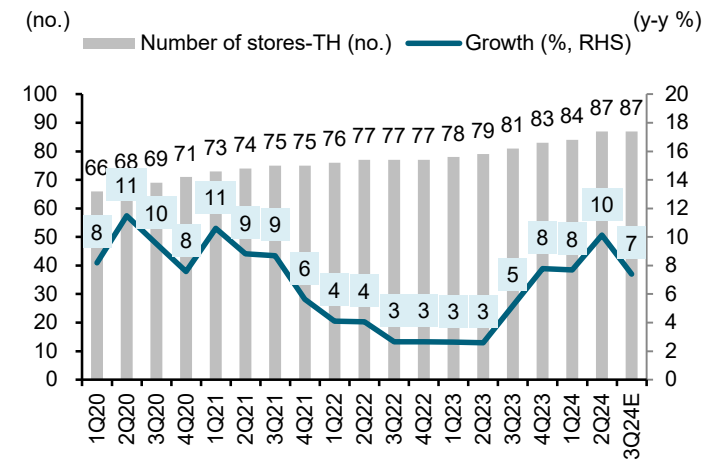
Sources: GLOBAL; FSSIA estimates

Exhibit 2: GLOBAL's SSSG

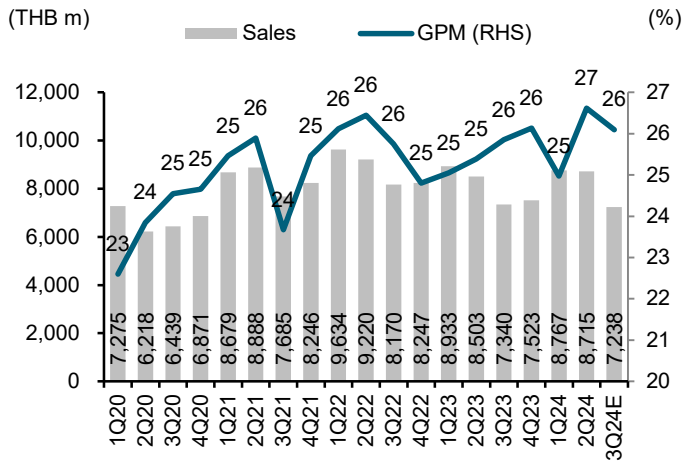


Sources: GLOBAL; FSSIA estimates

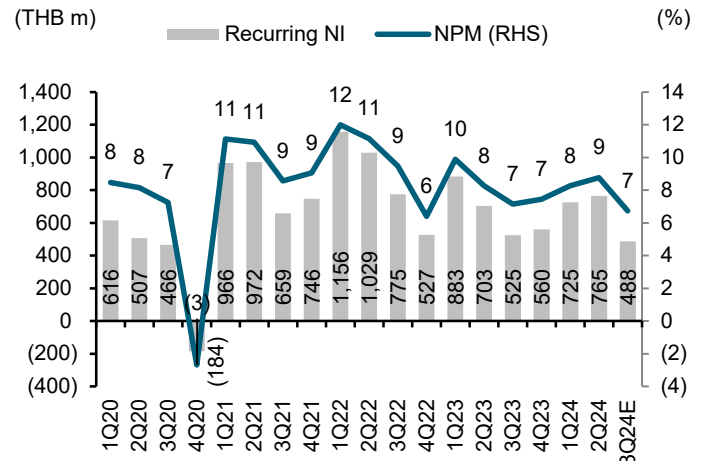
Exhibit 3: Store expansion



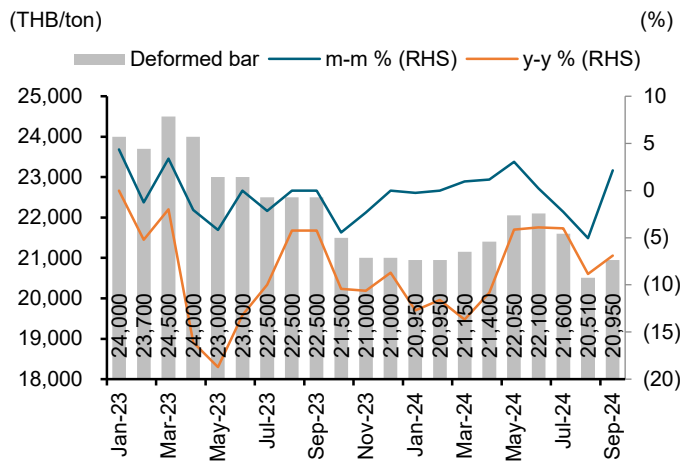
Sources: GLOBAL; FSSIA estimates

Exhibit 4: Quarterly revenue and GPM

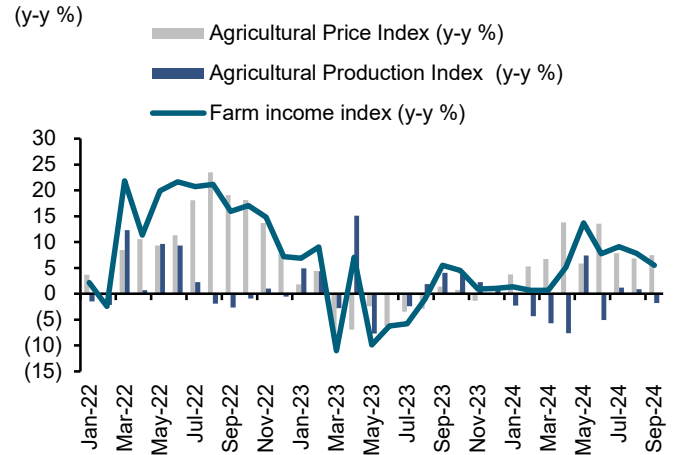
Sources: GLOBAL; FSSIA estimates

Exhibit 5: Quarterly core profit and NPM

Sources: GLOBAL; FSSIA estimates

Exhibit 6: Steel price

Source: Ministry of Commerce

Exhibit 7: Farm income

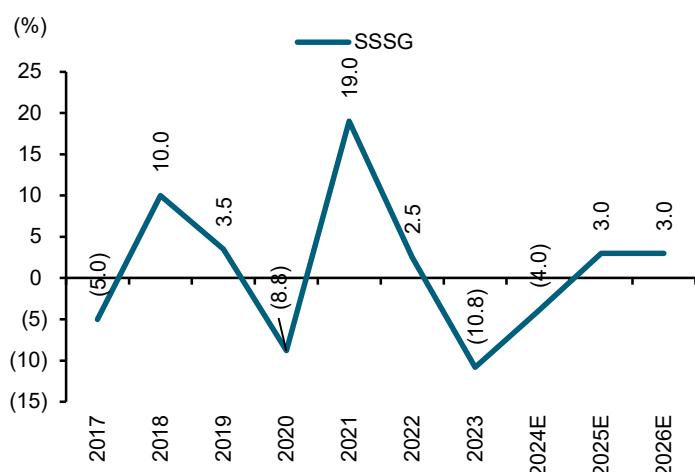
Source: Office of Agricultural Economics

Exhibit 8: Changes in key assumptions

	Current			Previous			Change		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Revenue (THB m)	32,506	35,319	37,430	32,845	35,687	37,820	(1.0)	(1.0)	(1.0)
SSSG (%)	(4.0)	3.0	3.0	(3.0)	3.0	3.0	(1.0)	0.0	0.0
Gross margin (%)	25.9	26.2	26.5	25.7	26.1	26.6	0.2	0.2	(0.2)
No. of new stores	8	9	5	8	9	5	0.0	0.0	0.0
SG&A expenses to sales (%)	18.5	18.0	17.8	17.0	17.0	16.6	1.5	1.0	1.2
Net profit (THB m)	2,542	2,958	3,255	2,790	3,105	3,572	(8.9)	(4.7)	(8.9)

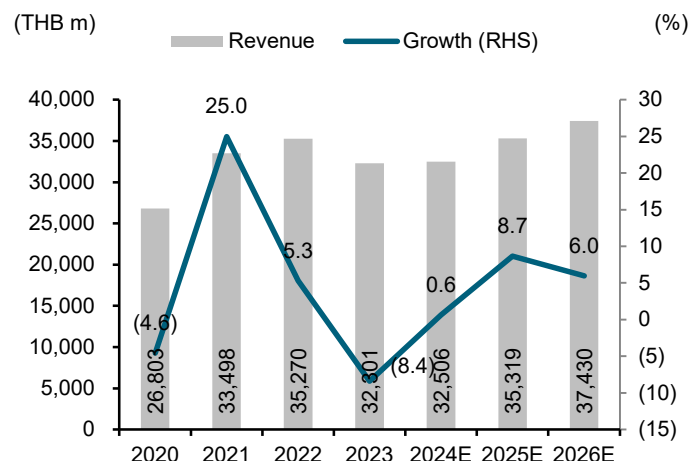
Sources: GLOBAL; FSSIA estimates

Exhibit 9: Yearly SSSG



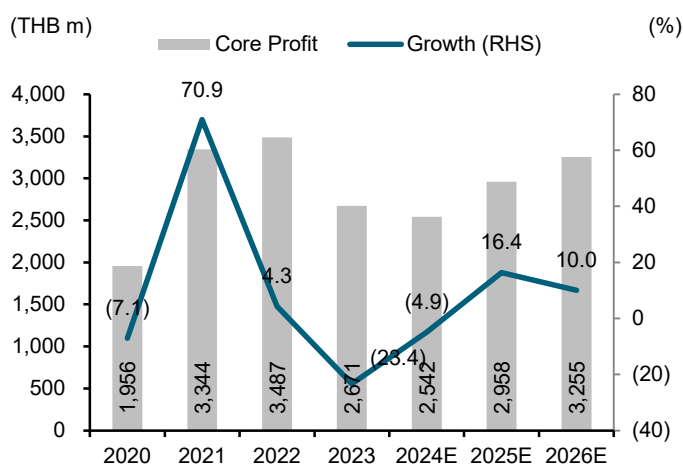
Sources: GLOBAL; FSSIA estimates

Exhibit 10: Yearly revenue



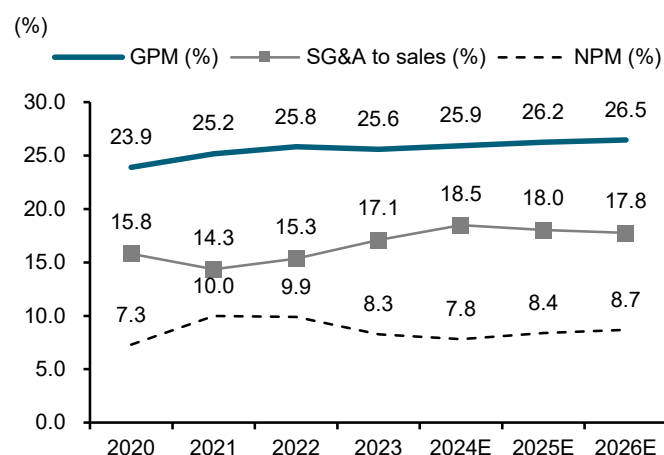
Sources: GLOBAL; FSSIA estimates

Exhibit 11: Yearly core profit



Sources: GLOBAL; FSSIA estimates

Exhibit 12: Profitability



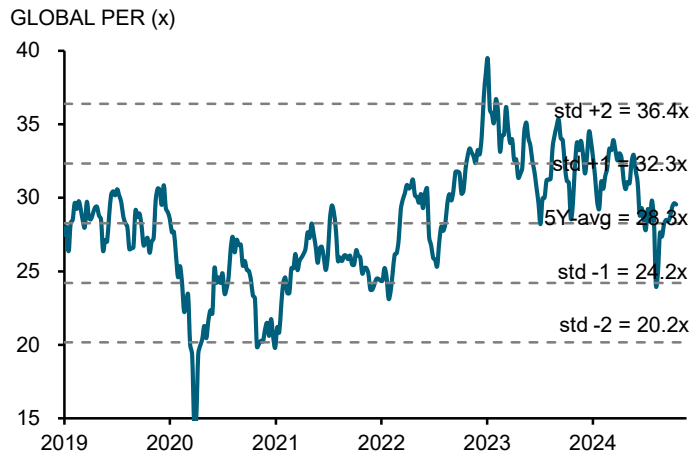
Sources: GLOBAL; FSSIA estimates

Exhibit 13: DCF-derived TP for 2025

DCF-derived TP	(%)	(THB b)
Discount rate (WACC)	7.3	
Terminal growth	2.0	
NPV		27
Add: terminal value		75
Sum of PV		102
Add: investment		0
Less: debt		11
Less: minorities		0
Residual ordinary equity		90
No. of shares (m)		5,202
Residual ordinary equity (THB/share)		17.3

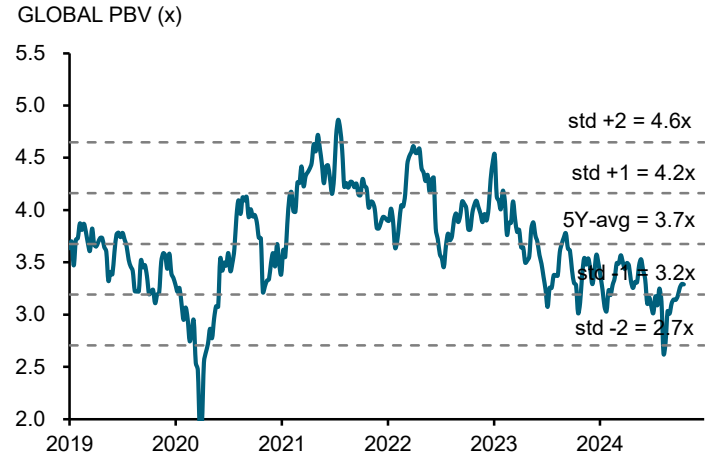
Source: FSSIA estimates

Exhibit 14: Rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 15: Rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 16: Commerce peers as of 22 October 2024

Company	BBG	Rec	----- Share price -----			Market Cap	----- PE -----		----- ROE -----		----- PBV -----		-- EV/ EBITDA --	
			Current (LCY)	Target (LCY)	Upside (%)		24E (x)	25E (x)	24E (%)	25E (%)	24E (x)	25E (x)	24E (x)	25E (x)
Consumer Staple														
CP All	CPALL TB	BUY	66.00	83.00	26	17,695	24.2	21.4	20.9	21.3	5.2	4.7	19.4	17.0
CP Aextra	CPAXT TB	BUY	34.25	42.00	23	10,659	34.2	27.5	3.5	4.3	1.2	1.2	11.6	10.2
Berli Jucker	BJC TB	BUY	24.90	31.00	24	2,978	22.6	19.5	3.7	4.2	0.8	0.8	12.2	11.8
Consumer Staple average						31,332	27.0	22.8	9.4	9.9	2.4	2.2	14.4	13.0
Consumer Discretionary														
Com7	COM7 TB	BUY	25.75	24.00	(7)	1,810	19.4	18.0	36.1	33.2	6.5	5.5	13.2	11.7
Central Retail Corp	CRC TB	BUY	33.00	40.00	21	5,940	23.3	21.3	12.2	12.4	2.7	2.5	9.8	9.2
Home Improvement														
Index Living Mall	ILM TB	BUY	17.90	26.70	49	270	11.5	10.6	12.9	13.5	1.5	1.4	6.3	5.8
Home Product Center	HMPRO TB	BUY	10.20	13.20	29	4,004	20.9	19.8	24.6	24.8	5.0	4.8	12.0	11.3
Siam Global House	GLOBAL TB	HOLD	16.20	17.30	7	2,515	33.2	28.5	10.6	11.7	3.4	3.2	25.4	22.2
Dohome	DOHOME TB	BUY	10.30	11.80	15	993	33.9	26.5	7.7	9.2	2.5	2.4	17.4	15.3
Home Improvement avg.						7,781	24.9	21.3	14.0	14.8	3.1	2.9	15.3	13.6
Consumer Discretionary avg.						15,531	23.7	20.8	17.4	17.4	3.6	3.3	14.0	12.6
Total average						46,863	24.8	21.4	14.7	14.9	3.2	2.9	14.1	12.7

Source: FSSIA estimates

Financial Statements

Siam Global House

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	35,270	32,301	32,506	35,319	37,430
Cost of goods sold	(26,166)	(24,040)	(24,080)	(26,056)	(27,528)
Gross profit	9,104	8,261	8,426	9,263	9,902
Other operating income	0	0	0	-	-
Operating costs	(5,410)	(5,524)	(6,012)	(6,371)	(6,652)
Operating EBITDA	4,941	3,960	3,742	4,335	4,801
Depreciation	(1,246)	(1,223)	(1,328)	(1,443)	(1,550)
Goodwill amortisation	0	0	0	-	-
Operating EBIT	3,695	2,737	2,415	2,892	3,251
Net financing costs	(193)	(287)	(299)	(290)	(297)
Associates	120	135	227	234	241
Recurring non-operating income	828	848	1,013	1,046	1,064
Non-recurring items	0	0	0	0	0
Profit before tax	4,330	3,298	3,129	3,648	4,018
Tax	(824)	(620)	(580)	(683)	(755)
Profit after tax	3,506	2,678	2,549	2,965	3,263
Minority interests	(19)	(7)	(7)	(7)	(8)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	3,487	2,671	2,542	2,958	3,255
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	3,487	2,671	2,542	2,958	3,255
Per share (THB)					
Recurring EPS *	0.73	0.53	0.49	0.57	0.63
Reported EPS	0.73	0.53	0.49	0.57	0.63
DPS	0.30	0.21	0.20	0.23	0.25
Diluted shares (used to calculate per share data)	4,802	5,002	5,202	5,202	5,202
Growth					
Revenue (%)	5.3	(8.4)	0.6	8.7	6.0
Operating EBITDA (%)	1.1	(19.9)	(5.5)	15.8	10.7
Operating EBIT (%)	1.9	(25.9)	(11.8)	19.8	12.4
Recurring EPS (%)	(0.1)	(26.5)	(8.5)	16.4	10.0
Reported EPS (%)	(0.1)	(26.5)	(8.5)	16.4	10.0
Operating performance					
Gross margin inc. depreciation (%)	25.8	25.6	25.9	26.2	26.5
Gross margin exc. depreciation (%)	29.3	29.4	30.0	30.3	30.6
Operating EBITDA margin (%)	14.0	12.3	11.5	12.3	12.8
Operating EBIT margin (%)	10.5	8.5	7.4	8.2	8.7
Net margin (%)	9.9	8.3	7.8	8.4	8.7
Effective tax rate (%)	19.6	19.6	20.0	20.0	20.0
Dividend payout on recurring profit (%)	41.1	40.2	40.0	40.0	40.0
Interest cover (X)	23.5	12.5	11.5	13.6	14.5
Inventory days	233.9	238.2	224.3	214.0	214.6
Debtor days	6.8	7.8	8.5	8.2	8.3
Creditor days	35.5	42.8	49.4	48.6	50.2
Operating ROIC (%)	11.7	8.7	7.6	8.7	9.4
ROIC (%)	12.7	10.0	9.5	10.4	10.9
ROE (%)	16.9	11.9	10.6	11.7	12.1
ROA (%)	9.4	7.6	7.2	7.8	8.1
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Sales	35,270	32,301	32,506	35,319	37,430
Others	0	0	0	0	0

Sources: Siam Global House; FSSIA estimates

Financial Statements

Siam Global House

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	3,487	2,671	2,542	2,958	3,255
Depreciation	1,246	1,223	1,328	1,443	1,550
Associates & minorities	9	(2)	0	0	0
Other non-cash items	19	7	7	7	8
Change in working capital	258	2,060	203	(751)	(462)
Cash flow from operations	5,019	5,959	4,079	3,658	4,350
Capex - maintenance	(1,618)	(2,556)	(2,332)	(2,682)	(1,967)
Capex - new investment	0	0	0	0	0
Net acquisitions & disposals	(549)	(53)	(173)	(344)	(317)
Other investments (net)	0	0	0	0	0
Cash flow from investing	(2,167)	(2,608)	(2,505)	(3,026)	(2,284)
Dividends paid	(1,432)	(1,073)	(1,017)	(1,183)	(1,302)
Equity finance	172	(147)	(110)	(350)	(350)
Debt finance	(2,138)	(2,226)	(395)	957	(356)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(3,399)	(3,446)	(1,521)	(576)	(2,009)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(547)	(95)	53	55	58
Free cash flow to firm (FCFF)	3,044.84	3,632.82	1,868.20	916.25	2,358.47
Free cash flow to equity (FCFE)	713.58	1,124.96	1,179.22	1,588.60	1,710.06

Per share (THB)

FCFF per share	0.61	0.73	0.37	0.18	0.47
FCFE per share	0.14	0.22	0.24	0.32	0.34
Recurring cash flow per share	0.99	0.78	0.75	0.85	0.93

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	25,311	27,696	30,028	32,710	34,677
Less: Accumulated depreciation	(7,840)	(8,893)	(10,220)	(11,663)	(13,213)
Tangible fixed assets (net)	17,471	18,804	19,808	21,047	21,464
Intangible fixed assets (net)	0	0	0	0	0
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	1,824	1,967	2,118	2,275	2,449
Cash & equivalents	1,147	1,053	1,105	1,161	1,219
A/C receivable	631	757	762	828	877
Inventories	15,747	14,038	13,930	14,930	15,623
Other current assets	42	216	218	237	251
Current assets	17,568	16,064	16,015	17,155	17,969
Other assets	2,285	2,222	2,237	2,430	2,575
Total assets	39,148	39,058	40,177	42,907	44,457
Common equity	21,788	23,239	24,654	26,079	27,682
Minorities etc.	304	308	315	322	330
Total shareholders' equity	22,091	23,547	24,969	26,401	28,012
Long term debt	3,252	2,186	1,914	2,252	2,122
Other long-term liabilities	176	204	196	203	205
Long-term liabilities	3,428	2,390	2,110	2,455	2,327
A/C payable	2,311	3,043	3,114	3,441	3,711
Short term debt	11,006	9,845	9,723	10,341	10,115
Other current liabilities	313	232	261	268	292
Current liabilities	13,629	13,120	13,098	14,051	14,119
Total liabilities and shareholders' equity	39,148	39,058	40,177	42,907	44,457
Net working capital	13,797	11,737	11,534	12,285	12,747
Invested capital	35,377	34,730	35,696	38,037	39,235

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

Per share (THB)

Book value per share	4.54	4.65	4.74	5.01	5.32
Tangible book value per share	4.54	4.65	4.74	5.01	5.32

Financial strength

Net debt/equity (%)	59.3	46.6	42.2	43.3	39.3
Net debt/total assets (%)	33.5	28.1	26.2	26.6	24.8
Current ratio (x)	1.3	1.2	1.2	1.2	1.3
CF interest cover (x)	4.7	4.9	4.9	6.5	6.8

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	22.3	30.3	33.2	28.5	25.9
Recurring P/E @ target price (x) *	23.8	32.4	35.4	30.4	27.6
Reported P/E (x)	22.3	30.3	33.2	28.5	25.9
Dividend yield (%)	1.8	1.3	1.2	1.4	1.5
Price/book (x)	3.6	3.5	3.4	3.2	3.0
Price/tangible book (x)	3.6	3.5	3.4	3.2	3.0
EV/EBITDA (x) **	18.5	23.3	25.4	22.2	19.9
EV/EBITDA @ target price (x) **	19.5	24.7	26.9	23.5	21.1
EV/invested capital (x)	2.6	2.7	2.7	2.5	2.4

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

Sources: Siam Global House; FSSIA estimates

Siam Global House PCL (GLOBAL TB)

FSSIA ESG rating


59.18 /100

Exhibit 17: 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 18: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings					Bloomberg		
		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
DOHOME	42.34	--	--	--	5.00	5.00	Declared	Medium	37.50	--	--	37.19	20.00	4.17	46.91
GLOBAL	59.18	--	Y	Y	5.00	5.00	Declared	Low	53.10	--	--	36.48	41.00	3.24	52.38
HMPRO	87.20	Y	Y	Y	5.00	5.00	Certified	Low	66.54	AA	37.00	65.78	81.00	5.36	62.59
ILM	20.00	--	--	--	5.00	5.00	Certified	--	--	--	--	--	--	--	--
MEGA	54.48	--	Y	Y	4.00	4.00	Declared	Medium	66.56	--	--	58.59	24.00	2.39	--

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

Exhibit 19: ESG score by Bloomberg

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	2.92	2.83	3.28	3.24
BESG environmental pillar score	1.16	0.86	0.85	0.96
BESG social pillar score	4.31	4.24	4.82	4.85
BESG governance pillar score	3.70	3.93	4.93	4.56
ESG disclosure score	38.07	41.93	44.61	52.38
Environmental disclosure score	7.58	13.17	15.98	36.70
Social disclosure score	25.39	31.38	30.35	32.95
Governance disclosure score	81.10	81.10	87.36	87.36
Environmental				
Emissions reduction initiatives	Yes	Yes	Yes	Yes
Climate change policy	No	No	No	Yes
Climate change opportunities discussed	No	No	No	No
Risks of climate change discussed	No	No	No	Yes
GHG scope 1	—	—	—	15
GHG scope 2 location-based	—	—	—	34
GHG Scope 3	—	—	—	10
Carbon per unit of production	—	—	—	—
Biodiversity policy	No	No	No	No
Energy efficiency policy	Yes	Yes	Yes	Yes
Total energy consumption	—	—	—	—
Renewable energy use	—	—	—	—
Electricity used	68	133	151	149
Fuel used - natural gas	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 20: 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	No	Yes	Yes	Yes
Hazardous waste	—	—	—	—
Total waste	—	—	—	—
Waste recycled	—	—	—	2
Waste sent to landfills	—	—	—	—
Environmental supply chain management	No	No	No	Yes
Water policy	No	No	Yes	Yes
Water consumption	—	296	297	343
Social				
Human rights policy	Yes	Yes	Yes	Yes
Policy against child labor	Yes	Yes	Yes	Yes
Quality assurance and recall policy	No	No	No	No
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	—	—	43	43
Pct disabled in workforce	1	1	1	1
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	2	1	1	1
Total recordable incident rate - employees	—	—	—	1
Training policy	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No
Number of employees – CSR	9,398	9,286	9,872	10,063
Employee turnover pct	—	—	—	—
Total hours spent by firm - employee training	76,726	69,157	83,511	81,309
Social supply chain management	No	No	No	Yes
Governance				
Board size	10	10	10	10
No. of independent directors (ID)	4	4	4	4
No. of women on board	1	1	0	0
No. of non-executive directors on board	7	7	7	8
Company conducts board evaluations	Yes	Yes	Yes	Yes
No. of board meetings for the year	4	4	6	6
Board meeting attendance pct	100	98	100	98
Board duration (years)	3	3	3	3
Director share ownership guidelines	No	No	No	No
Age of the youngest director	49	53	33	34
Age of the oldest director	74	75	76	77
No. of executives / company managers	12	12	13	11
No. of female executives	3	1	3	3
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	3	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	2
No. of compensation committee meetings	2	2	2	2
Compensation meeting attendance %	100	100	100	100
Size of nomination committee	3	3	3	3
No. of nomination committee meetings	2	2	2	2
Nomination meeting attendance %	100	100	100	100
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
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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

Thada Jirachoenying FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
Siam Global House	GLOBAL TB	THB 16.20	HOLD	Key risks to our DCF-based TP are 1) lower/higher farm income, which would affect purchasing power in the agricultural sector, 2) government disbursement, 3) a lower/higher private brand mix and margin, 4) higher/lower expenses than expected, and 5) a higher/lower impact than expected from the El Nino.
Index Living Mall	ILM TB	THB 17.90	BUY	Risks to our DCF-based TP include 1) a lower-than-expected SSSG; 2) a lower-than-expected GPM; and 3) a higher-than-expected SG&A.
Home Product Center	HMPRO TB	THB 10.20	BUY	Key downside risks to our DCF-based TP include: 1) lower-than-expected SSSG; 2) slower-than-expected recovery in domestic consumption and tourist arrivals, and 3) operating losses from overseas units.
Dohome PCL	DOHOME TB	THB 10.30	BUY	Key risks to our DCF-based TP are 1) lower/higher farm income, which would affect purchasing power in the agricultural sector, 2) government disbursement, 3) a lower/higher private brand mix and margin, 4) higher/lower expenses than expected, and 5) a higher/lower impact than expected from the El Nino.
CP All	CPALL TB	THB 66.00	BUY	The key downside risks to our DCF-derived TP include 1) lower-than-expected SSSG, 2) lower-than-expected gross margin, and 3) higher-than-expected SG&A to sales ratio.
CP Axtra	CPAXT TB	THB 34.25	BUY	Key downside risks to our DCF-based TP include 1) a lower-than-expected SSSG, 2) a lower-than-expected GPM, 3) higher-than-expected SG&A expenses, and 4) an operating loss from its overseas units.
Berli Jucker	BJC TB	THB 24.90	BUY	Key downside risks to our DCF-based TP could come from 1) competition with Lotus which could impact its sales and gross margin; and 2) a higher in raw material prices.
Com7	COM7 TB	THB 25.75	BUY	Risks to our P/E-based TP include 1) lower/higher domestic consumption and purchasing power, 2) store cannibalization/expansion, and 3) lower/higher-than-expected gross margin.
Central Retail Corp	CRC TB	THB 33.00	BUY	Downside risks to our DCF-based TP include 1) a decline in domestic purchasing power, 2) lower-than-expected tourist arrivals, 3) an absence of the government's stimulus, and 4) a slower-than-expected economic recovery in Vietnam.

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-Oct-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.