

# SIAM GLOBAL HOUSE

THAILAND / COMMERCE

## GLOBAL TB

# BUY

FROM HOLD

TARGET PRICE	THB16.70
CLOSE	THB13.00
UP/DOWNSIDE	+28.5%
PRIOR TP	THB17.30
CHANGE IN TP	-3.5%
TP vs CONSENSUS	+2.2%

## Entering the recovery phase

- We expect a 4Q24 net profit of THB502m, up 38% q-q from seasonality, but down 10% y-y on higher operating expenses.
- We revise our 2024 net profit forecast down by c7%, and 2025-26E by c3-4% due to higher-than-expected operating expenses.
- We upgrade to a BUY call with a DCF-TP of THB16.7.

### We expect earnings to enter a recovery phase

We anticipate a 4Q24 net profit of THB502m (+38% q-q, -10% y-y), with the q-q improvement from seasonality, with the y-y decline reflecting higher operating expenses due to store expansions. We expect SSSG in 4Q24 to decline by 1%, dragged down by slower sales in Dec (with Oct and Nov remaining flat); showing signs of improvement compared to -6.5% in 3Q24. We project total sales to grow by 3% y-y, primarily driven by store expansions, with three new stores added in 4Q24, bringing the total to 90 stores by year-end 2024. Retail customer performance remains stronger than contractor customers, affected by lower-than-expected government disbursement benefits. Meanwhile, the performance of foreign stores remains robust, similar to 3Q24 levels.

### Expenses to pressure 4Q24 net profit, causing a y-y decline

We expect a gross margin of 26% in 4Q24, close to the level in 3Q24, with house brand sales expected to contribute 24%. SG&A expenses should grow by 12% y-y along with the new store expansions, resulting in an SG&A to sales ratio of 20.5% in the quarter.

### Revise earnings down, but 2025 should recover with 21% growth

We revise our 2024 net profit forecast downward by c7%, primarily due to higher-than-expected operating expenses, to THB2.35b (-12% y-y). We cut 2025-26E earnings by c3-4%. In 2025, we anticipate a net profit of THB2.85b (+21% y-y), driven by 9% sales growth on the back of 3% SSSG and the addition of nine new stores, bringing the total to 99 stores (the company's target is 101 stores).

### Upgrade to BUY recommendation, TP of THB16.7

We upgrade our recommendation to BUY from Hold based on the following: 1) we expect earnings to enter a recovery phase along with the high season in 1Q25; 2) the stock price has declined by c16% in 2024, creating upside potential for the target price; 3) the farm income index in Nov 2024 increased by c9% y-y, marking 11 consecutive months of growth; and 4) in the first quarter of the fiscal year, government disbursements for investment budgets reached c12-13% of the annual investment budget, surpassing the 7% disbursed during fiscal year 2024.

### KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	32,301	32,419	35,303	37,414
Net profit	2,671	2,355	2,850	3,144
EPS (THB)	0.53	0.45	0.55	0.60
vs Consensus (%)	-	(12.3)	(7.3)	(10.0)
EBITDA	3,960	3,519	4,134	4,590
Recurring net profit	2,671	2,355	2,850	3,144
Core EPS (THB)	0.53	0.45	0.55	0.60
Chg. In EPS est. (%)	-	(7.3)	(3.7)	(3.4)
EPS growth (%)	(26.5)	(15.2)	21.0	10.3
Core P/E (x)	24.3	28.7	23.7	21.5
Dividend yield (%)	1.6	1.4	1.7	1.9
EV/EBITDA (x)	19.3	22.3	19.2	17.2
Price/book (x)	2.8	2.8	2.6	2.5
Net debt/Equity (%)	46.6	42.0	43.6	40.0
ROE (%)	11.9	9.9	11.3	11.8



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(16.7)	(21.2)	(17.1)
Relative to country (%)	(11.8)	(15.4)	(14.3)
Mkt cap (USD m)	1,955		
3m avg. daily turnover (USD m)	3.1		
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 Northeast. Over 80% of its stores are in the central, northern, and northeastern regions, where purchasing power depends mainly on farm income. Also, its customers include contractors and project owners, who are 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 also key growth drivers for GLOBAL.

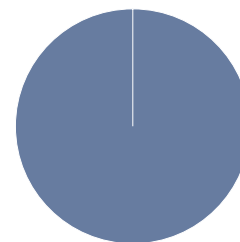
## Company profile

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](http://www.globalhouse.co.th)

## Principal activities (revenue, 2023)

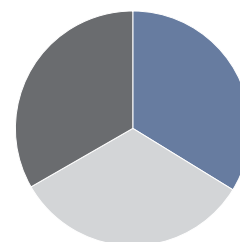
■ Sales - 100.0 %



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 the El Nino.

## Event calendar

Date	Event
Feb 2025	4Q24 results announcement

## Key assumptions

GLOBAL	2023A (%)	2024E (%)	2025E (%)	2026E (%)
SSSG	(11.0)	(4.0)	3.0	3.0
New stores (no.)	6	7	9	5
GPM	25.4	25.9	26.2	26.5
SG&A to sales	17.2	19.1	18.6	18.3

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.

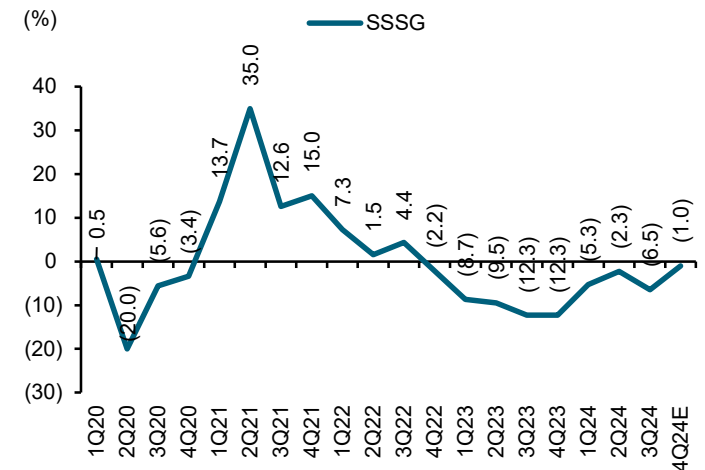
Source: FSSIA estimates

## Exhibit 1: GLOBAL - 4Q24 earnings preview

Profit & Loss Statement	4Q23	1Q24	2Q24	3Q24	4Q24E	Change		2024E	Change	2025E	Change
Year to Dec 31	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)	(THB m)	(y-y%)
<b>Retail sales</b>	<b>7,523</b>	<b>8,767</b>	<b>8,715</b>	<b>7,182</b>	<b>7,754</b>	<b>8</b>	<b>3</b>	<b>32,419</b>	<b>0</b>	<b>35,303</b>	<b>9</b>
Cost of retail sales	5,557	6,578	6,395	5,323	5,740	8	3	24,036	(0)	26,036	8
<b>Gross profit</b>	<b>1,966</b>	<b>2,190</b>	<b>2,320</b>	<b>1,858</b>	<b>2,015</b>	<b>8</b>	<b>2</b>	<b>8,383</b>	<b>1</b>	<b>9,266</b>	<b>11</b>
Operating costs	(1,423)	(1,464)	(1,574)	(1,561)	(1,588)	2	12	(6,188)	12	(6,565)	6
<b>Operating profit</b>	<b>543</b>	<b>726</b>	<b>746</b>	<b>297</b>	<b>427</b>	<b>44</b>	<b>(21)</b>	<b>2,196</b>	<b>(20)</b>	<b>2,701</b>	<b>23</b>
Other income/expenses	190	212	206	138	185	34	(3)	741	5	807	9
Interest expense	(81)	(86)	(70)	(83)	(80)	(3)	(1)	(319)	13	(305)	(4)
Profit before tax	651	852	882	353	531	51	(19)	2,617	(17)	3,203	22
Tax	(126)	(179)	(179)	(71)	(107)	52	(15)	(535)	(14)	(641)	20
Associates	34	51	61	79	78	(1)	127	269	99	282	5
Minority interests	1	2	0	3	0	(99)	(98)	5	(175)	5	9
Non-recurring items	0	0	0	0	0	n/a	n/a	0	n/a	0	n/a
Reported net profit	560	725	765	364	502	38	(10)	2,355	(12)	2,850	21
<b>Recurring net profit</b>	<b>560</b>	<b>725</b>	<b>765</b>	<b>363</b>	<b>502</b>	<b>38</b>	<b>(10)</b>	<b>2,355</b>	<b>(12)</b>	<b>2,850</b>	<b>21</b>
EPS (THB)	0.11	0.14	0.15	0.07	0.10	38	(14)	0.45	(15)	0.55	21
<b>Recurring EPS (THB)</b>	<b>0.11</b>	<b>0.14</b>	<b>0.15</b>	<b>0.07</b>	<b>0.10</b>	<b>38</b>	<b>(14)</b>	<b>0.45</b>	<b>(15)</b>	<b>0.55</b>	<b>21</b>
<b>Key ratios</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(ppt)</b>
Retail sales margin	26.1	25.0	26.6	25.9	26.0	0.1	(0.1)	25.9	0.3	26.2	0.3
Operating margin	7.2	8.3	8.6	4.1	5.7	1.4	(1.7)	6.8	(1.7)	7.7	0.9
Recurring net margin	7.4	8.3	8.8	5.1	6.7	1.4	(1.0)	7.3	(1.0)	8.1	0.8
SG&A / Sales	18.9	16.7	18.1	21.7	20.5	(1.2)	1.6	19.1	2.0	18.6	(0.5)
<b>Operating stats</b>											
SSSG (%)	(12.3)	(5.3)	(2.3)	(6.5)	(1.0)			(4.0)		3.0	
Private brand (%)	24.0	23.0	23.5	24.0	24.0			23.9		24.1	
Number of stores-TH (no.)	83	84	87	87	90			90		99	

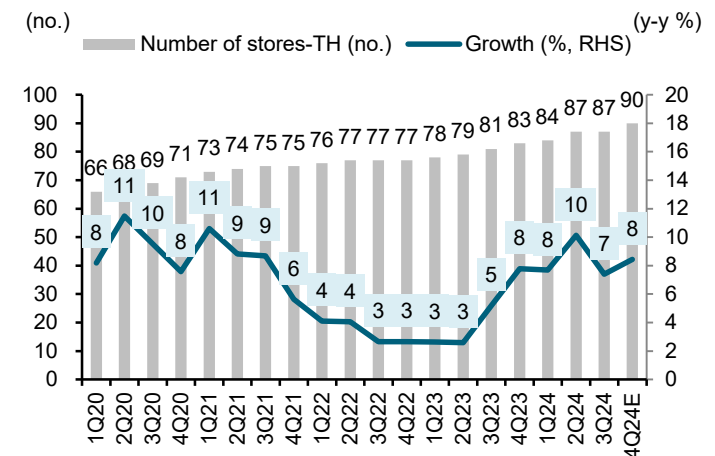
Sources: GLOBAL; FSSIA estimates

## Exhibit 2: Quarterly SSSG



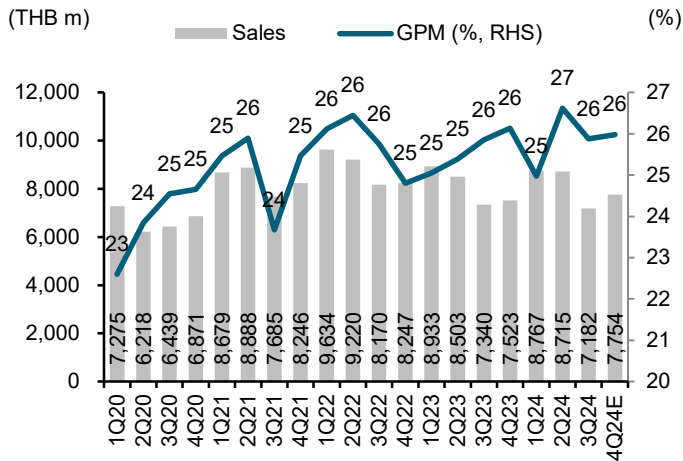
Sources: GLOBAL; FSSIA estimates

## Exhibit 3: Store expansion



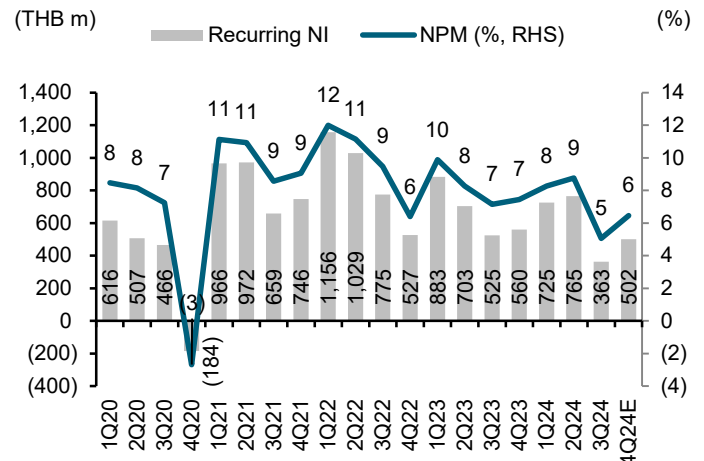
Sources: GLOBAL; FSSIA estimates

Exhibit 4: Quarterly revenue and % GPM



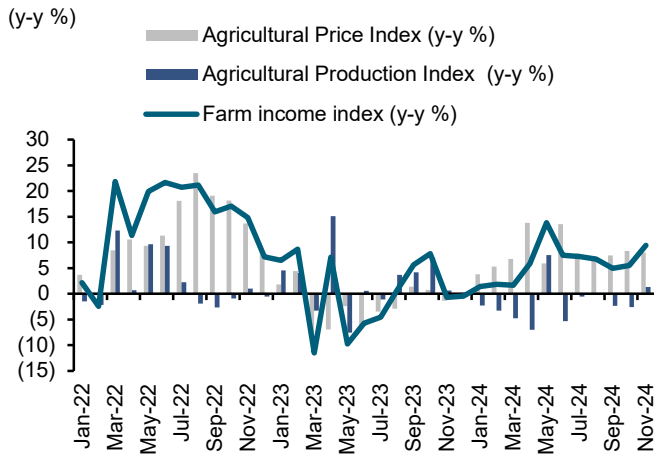
Sources: GLOBAL; FSSIA estimates

Exhibit 5: Quarterly net profit and % NPM



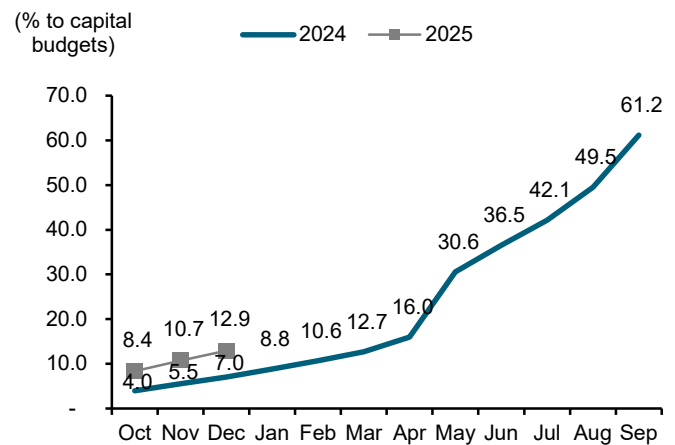
Sources: GLOBAL; FSSIA estimates

Exhibit 6: Farm income index marking 11 consecutive months of growth



Source: Office of Agricultural Economics

Exhibit 7: Capital budgets disbursement 2025



Source: Minister of Finance

Exhibit 8: Changes in key assumptions

	Current			Previous			Change		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Revenue (THB m)	32,419	35,303	37,414	32,506	35,319	37,430	(0.3)	(0.0)	(0.0)
SSSG (%)	(4.0)	3.0	3.0	(4.0)	3.0	3.0	0.0	0.0	0.0
Gross margin (%)	25.9	26.2	26.5	25.9	26.2	26.5	(0.1)	0.0	0.0
No. of new stores (no.)	7	9	5	8	9	5	(1.0)	0.0	0.0
SG&A expenses to sales (%)	19.1	18.6	18.3	18.5	18.0	17.8	0.6	0.6	0.6
Net profit (THB m)	2,355	2,850	3,144	2,542	2,958	3,255	(7.3)	(3.7)	(3.4)

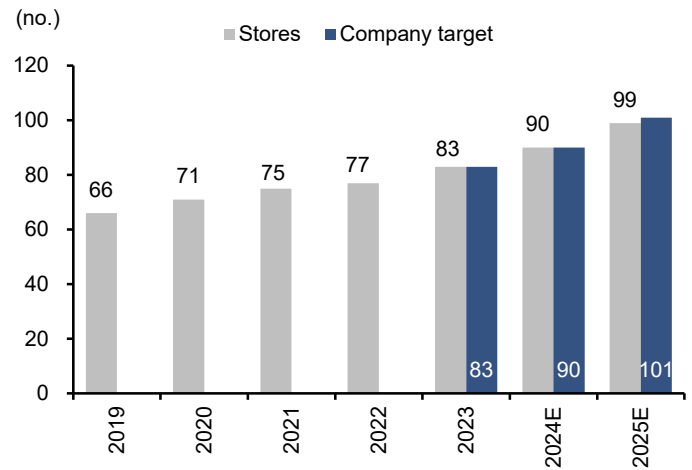
Source: FSSIA estimates

Exhibit 9: Yearly SSSG



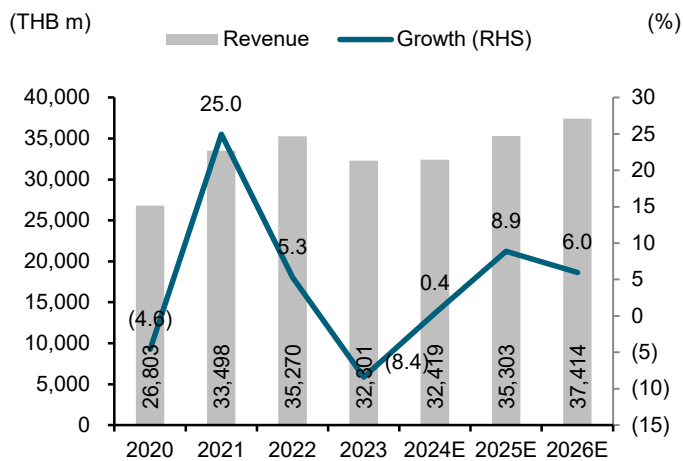
Sources: GLOBAL; FSSIA estimates

Exhibit 10: Store expansion plan



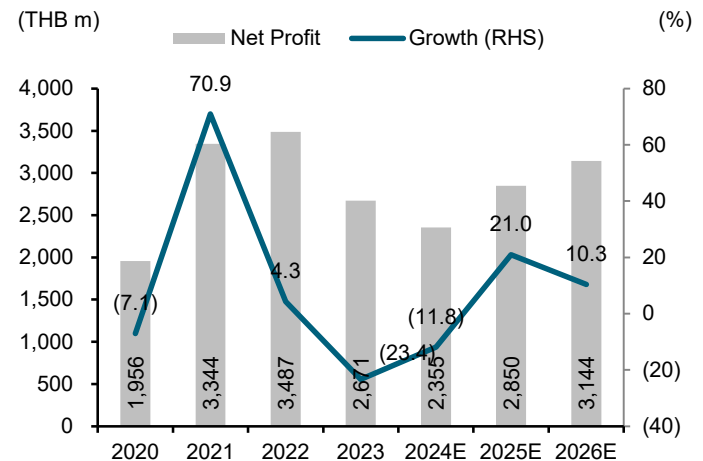
Sources: GLOBAL; FSSIA estimates

Exhibit 11: Yearly revenue and % y-y growth



Sources: GLOBAL; FSSIA estimates

Exhibit 12: Yearly net profit and % y-y growth



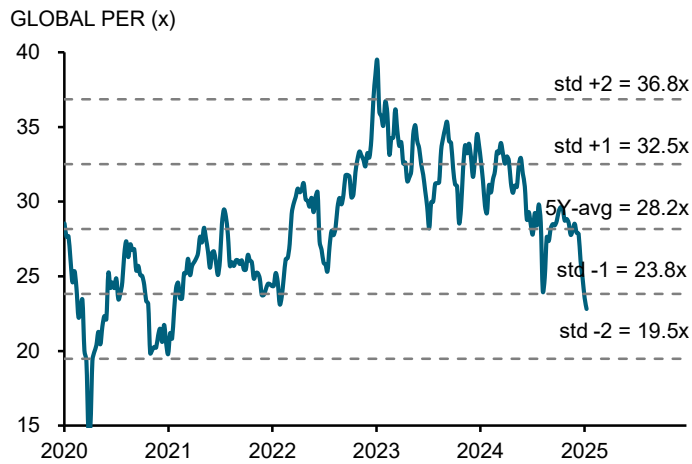
Sources: GLOBAL; FSSIA estimates

Exhibit 13: DCF-derived TP for 2025

DCF-derived TP	(%)	(THB b)
Discount rate (WACC)	7.3%	
Terminal growth	2.0%	
NPV		26
Add: terminal value		73
Sum of PV		99
Add: investment		0
Less: debt		11
Less: minorities		0
Residual ordinary equity		87
No. of shares (m)		5,202
<b>Residual ordinary equity (THB/share)</b>		<b>16.7</b>

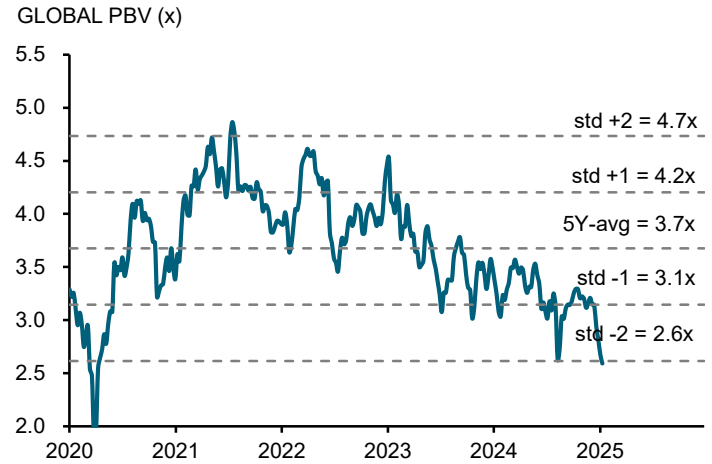
Source: FSSIA estimates

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 10 January 2025

Company	BBG	Rec	Share price			Market Cap	PE		ROE		PBV		EV/EBITDA	
			Current	Target	Upside		24E	25E	24E	25E	24E	25E	24E	25E
			(LCY)	(LCY)	(%)	(USD m)	(x)	(x)	(%)	(%)	(x)	(x)	(x)	(x)
<b>Consumer Staple</b>														
CP All	CPALL TB	BUY	55.50	83.00	50	14,410	20.4	18.0	20.9	21.3	4.4	3.9	17.8	15.6
CP Aextra	CPAXT TB	BUY	26.50	34.00	28	7,987	26.5	21.8	3.5	4.2	0.9	0.9	9.4	8.3
Berli Jucker	BJC TB	BUY	21.70	31.00	43	2,514	19.7	17.0	3.7	4.2	0.7	0.7	11.7	11.3
<b>Consumer Staple average</b>						24,910	22.2	18.9	9.4	9.9	2.0	1.8	13.0	11.7
<b>Consumer Discretionary</b>														
Com7	COM7 TB	BUY	24.30	30.00	23	1,654	18.3	17.0	36.1	33.2	6.1	5.2	12.5	11.1
Central Retail Corp	CRC TB	BUY	34.00	42.00	24	5,927	24.1	21.9	12.2	12.4	2.8	2.6	9.9	9.4
<b>Home Improvement</b>														
Index Living Mall	ILM TB	BUY	15.10	22.00	46	220	10.1	9.2	12.4	13.1	1.2	1.2	6.3	5.9
Home Product Center	HMPRO TB	BUY	9.00	13.20	47	3,421	18.4	17.5	24.6	24.8	4.4	4.2	10.7	10.1
Siam Global House	GLOBAL TB	BUY	13.00	16.70	28	1,955	28.7	23.7	9.9	11.3	2.8	2.6	22.3	19.2
Dohome	DOHOME TB	HOLD	8.90	10.50	18	831	45.3	31.0	5.1	7.0	2.2	2.1	18.8	16.2
<b>Home Improvement avg.</b>						6,427	25.6	20.3	13.0	14.1	2.7	2.5	14.5	12.9
<b>Consumer Discretionary avg.</b>						14,007	24.1	20.0	16.7	17.0	3.3	3.0	13.4	12.0
<b>Total average</b>						38,917	23.5	19.7	14.3	14.6	2.8	2.6	13.3	11.9

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	32,419	35,303	37,414
Cost of goods sold	(26,166)	(24,040)	(24,036)	(26,036)	(27,508)
<b>Gross profit</b>	<b>9,104</b>	<b>8,261</b>	<b>8,383</b>	<b>9,266</b>	<b>9,906</b>
Other operating income	0	0	0	-	-
Operating costs	(5,410)	(5,524)	(6,188)	(6,565)	(6,856)
<b>Operating EBITDA</b>	<b>4,941</b>	<b>3,960</b>	<b>3,519</b>	<b>4,134</b>	<b>4,590</b>
Depreciation	(1,246)	(1,223)	(1,323)	(1,433)	(1,540)
Goodwill amortisation	0	0	0	-	-
<b>Operating EBIT</b>	<b>3,695</b>	<b>2,737</b>	<b>2,196</b>	<b>2,701</b>	<b>3,050</b>
Net financing costs	(193)	(287)	(324)	(310)	(320)
Associates	120	135	269	282	296
Recurring non-operating income	828	848	1,014	1,094	1,119
Non-recurring items	0	0	0	0	0
<b>Profit before tax</b>	<b>4,330</b>	<b>3,298</b>	<b>2,886</b>	<b>3,485</b>	<b>3,849</b>
Tax	(824)	(620)	(535)	(641)	(711)
<b>Profit after tax</b>	<b>3,506</b>	<b>2,678</b>	<b>2,350</b>	<b>2,844</b>	<b>3,138</b>
Minority interests	(19)	(7)	5	5	6
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
<b>Reported net profit</b>	<b>3,487</b>	<b>2,671</b>	<b>2,355</b>	<b>2,850</b>	<b>3,144</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>3,487</b>	<b>2,671</b>	<b>2,355</b>	<b>2,850</b>	<b>3,144</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.73	0.53	0.45	0.55	0.60
Reported EPS	0.73	0.53	0.45	0.55	0.60
DPS	0.30	0.21	0.18	0.22	0.24
Diluted shares (used to calculate per share data)	4,802	5,002	5,202	5,202	5,202
<b>Growth</b>					
Revenue (%)	5.3	(8.4)	0.4	8.9	6.0
Operating EBITDA (%)	1.1	(19.9)	(11.1)	17.5	11.0
Operating EBIT (%)	1.9	(25.9)	(19.8)	23.0	12.9
Recurring EPS (%)	(0.1)	(26.5)	(15.2)	21.0	10.3
Reported EPS (%)	(0.1)	(26.5)	(15.2)	21.0	10.3
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	25.8	25.6	25.9	26.2	26.5
Gross margin exc. depreciation (%)	29.3	29.4	29.9	30.3	30.6
Operating EBITDA margin (%)	14.0	12.3	10.9	11.7	12.3
Operating EBIT margin (%)	10.5	8.5	6.8	7.7	8.2
Net margin (%)	9.9	8.3	7.3	8.1	8.4
Effective tax rate (%)	19.6	19.6	20.5	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	9.9	12.2	13.0
Inventory days	233.9	238.2	224.5	213.8	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	6.9	8.2	8.9
ROIC (%)	12.7	10.0	8.9	10.1	10.6
ROE (%)	16.9	11.9	9.9	11.3	11.8
ROA (%)	9.4	7.6	6.7	7.6	7.9

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

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Sales	35,270	32,301	32,419	35,303	37,414
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	2,355	2,850	3,144
Depreciation	1,246	1,223	1,323	1,433	1,540
Associates & minorities	9	(2)	0	0	0
Other non-cash items	19	7	(5)	(5)	(6)
Change in working capital	258	2,060	224	(763)	(462)
<b>Cash flow from operations</b>	<b>5,019</b>	<b>5,959</b>	<b>3,898</b>	<b>3,514</b>	<b>4,216</b>
Capex - maintenance	(1,618)	(2,556)	(2,126)	(2,673)	(1,958)
Capex - new investment	0	0	0	0	0
Net acquisitions & disposals	(549)	(53)	(167)	(349)	(317)
Other investments (net)	0	0	0	0	0
<b>Cash flow from investing</b>	<b>(2,167)</b>	<b>(2,608)</b>	<b>(2,293)</b>	<b>(3,022)</b>	<b>(2,275)</b>
Dividends paid	(1,432)	(1,073)	(942)	(1,140)	(1,258)
Equity finance	172	(147)	(110)	(350)	(350)
Debt finance	(2,138)	(2,226)	(500)	1,053	(276)
Other financing cash flows	0	0	0	0	0
<b>Cash flow from financing</b>	<b>(3,399)</b>	<b>(3,446)</b>	<b>(1,552)</b>	<b>(437)</b>	<b>(1,883)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>(547)</b>	<b>(95)</b>	<b>53</b>	<b>55</b>	<b>58</b>
Free cash flow to firm (FCFF)	3,044.84	3,632.82	1,923.97	797.16	2,256.45
Free cash flow to equity (FCFE)	713.58	1,124.96	1,104.64	1,545.27	1,665.86
<b>Per share (THB)</b>					
FCFF per share	0.61	0.73	0.38	0.16	0.45
FCFE per share	0.14	0.22	0.22	0.31	0.33
Recurring cash flow per share	0.99	0.78	0.71	0.82	0.90
<b>Balance Sheet (THB m) Year Ending Dec</b>					
Tangible fixed assets (gross)	25,311	27,696	29,822	32,496	34,454
Less: Accumulated depreciation	(7,840)	(8,893)	(10,216)	(11,649)	(13,189)
<b>Tangible fixed assets (net)</b>	<b>17,471</b>	<b>18,804</b>	<b>19,607</b>	<b>20,847</b>	<b>21,265</b>
<b>Intangible fixed assets (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
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	760	827	877
Inventories	15,747	14,038	13,904	14,919	15,611
Other current assets	42	216	217	236	251
<b>Current assets</b>	<b>17,568</b>	<b>16,064</b>	<b>15,986</b>	<b>17,143</b>	<b>17,957</b>
Other assets	2,285	2,222	2,231	2,429	2,574
<b>Total assets</b>	<b>39,148</b>	<b>39,058</b>	<b>39,941</b>	<b>42,694</b>	<b>44,245</b>
Common equity	21,788	23,239	24,543	25,902	27,439
Minorities etc.	304	308	303	298	292
<b>Total shareholders' equity</b>	<b>22,091</b>	<b>23,547</b>	<b>24,846</b>	<b>26,200</b>	<b>27,730</b>
Long term debt	3,252	2,186	1,887	2,251	2,147
Other long-term liabilities	176	204	195	203	205
<b>Long-term liabilities</b>	<b>3,428</b>	<b>2,390</b>	<b>2,082</b>	<b>2,453</b>	<b>2,352</b>
A/C payable	2,311	3,043	3,109	3,439	3,709
Short term debt	11,006	9,845	9,645	10,334	10,162
Other current liabilities	313	232	260	268	292
<b>Current liabilities</b>	<b>13,629</b>	<b>13,120</b>	<b>13,014</b>	<b>14,041</b>	<b>14,163</b>
<b>Total liabilities and shareholders' equity</b>	<b>39,148</b>	<b>39,058</b>	<b>39,941</b>	<b>42,694</b>	<b>44,245</b>
Net working capital	13,797	11,737	11,512	12,276	12,738
Invested capital	35,377	34,730	35,467	37,827	39,026
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	4.54	4.65	4.72	4.98	5.27
Tangible book value per share	4.54	4.65	4.72	4.98	5.27
<b>Financial strength</b>					
Net debt/equity (%)	59.3	46.6	42.0	43.6	40.0
Net debt/total assets (%)	33.5	28.1	26.1	26.8	25.1
Current ratio (x)	1.3	1.2	1.2	1.2	1.3
CF interest cover (x)	4.7	4.9	4.4	6.0	6.2
<b>Valuation</b>					
<b>Recurring P/E (x) *</b>	<b>17.9</b>	<b>24.3</b>	<b>28.7</b>	<b>23.7</b>	<b>21.5</b>
<b>Recurring P/E @ target price (x) *</b>	<b>23.0</b>	<b>31.3</b>	<b>36.9</b>	<b>30.5</b>	<b>27.6</b>
Reported P/E (x)	17.9	24.3	28.7	23.7	21.5
Dividend yield (%)	2.3	1.6	1.4	1.7	1.9
Price/book (x)	2.9	2.8	2.8	2.6	2.5
Price/tangible book (x)	2.9	2.8	2.8	2.6	2.5
EV/EBITDA (x) **	15.3	19.3	22.3	19.2	17.2
EV/EBITDA @ target price (x) **	18.9	23.9	27.7	23.8	21.4
EV/invested capital (x)	2.1	2.2	2.2	2.1	2.0
* 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.
★★★★★	<b>&gt;59-79</b>	<b>A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.</b>
★★★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

### Exhibit 18: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings					Bloomberg		
		DJSI	SET ESG	SET ESG Rating	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
<b>ESG financial materiality scores - ESG score</b>	<b>2.92</b>	<b>2.83</b>	<b>3.28</b>	<b>3.24</b>
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
<b>ESG disclosure score</b>	<b>38.07</b>	<b>41.93</b>	<b>44.61</b>	<b>52.38</b>
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
<b>Environmental</b>				
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
<b>Social</b>				
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
<b>Governance</b>				
<b>Board size</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>No. of independent directors (ID)</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
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
<b>No. of executives / company managers</b>	<b>12</b>	<b>12</b>	<b>13</b>	<b>11</b>
No. of female executives	3	1	3	3
Executive share ownership guidelines	No	No	No	No
<b>Size of audit committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on audit committee	3	3	3	3
Audit committee meetings	3	5	5	4
Audit meeting attendance %	100	100	100	100
<b>Size of compensation committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
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
<b>Size of nomination committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of nomination committee meetings	2	2	2	2
Nomination meeting attendance %	100	100	100	100
<b>Sustainability governance</b>				
Verification type	No	No	No	No

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.																				
SET ESG Ratings List (SETESG) by The Stock Exchange of Thailand (SET)	SET ESG 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>SETESG 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>SETESG Index</b> is extended from the SET ESG Ratings companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																				
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																				
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&amp;A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																				
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																				
Morningstar Sustainabilitycs	The Sustainabilitycs' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality &amp; peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+										
NEGL	Low	Medium	High	Severe																		
0-10	10-20	20-30	30-40	40+																		
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																				
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table><tr><td>AAA</td><td>8.571-10.000</td><td rowspan="3">Leader:</td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td>AA</td><td>7.143-8.570</td></tr><tr><td>A</td><td>5.714-7.142</td></tr><tr><td>BBB</td><td>4.286-5.713</td><td rowspan="3">Average:</td><td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td></tr><tr><td>BB</td><td>2.857-4.285</td></tr><tr><td>B</td><td>1.429-2.856</td></tr><tr><td>CCC</td><td>0.000-1.428</td><td>Laggard:</td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr></table>		AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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B	1.429-2.856																					
CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks																			
Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																					
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																					
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																					
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																				
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																				

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

Source: FSSIA's compilation

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#### 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 13.00	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.
Index Living Mall	ILM TB	THB 15.10	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 9.00	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	DOHOME TB	THB 8.90	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.
CP All	CPALL TB	THB 55.50	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 26.50	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; 4) an operating loss from its overseas units; 5) lower-than-expected synergy value; and 6) lower-than-expected losses in Happitap project.
Berli Jucker	BJC TB	THB 21.70	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 24.30	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 34.00	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 10-Jan-2025 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.