

SC ASSET CORPORATION

THAILAND / PROPERTY DEVELOPMENT

SC TB

HOLD

FROM BUY

Expect dull 4Q24 core profit

- Expect 4Q24 core profit to tumble (-29% q-q, -63% y-y), lower than our earlier prediction due to a weak gross margin.
- Cut our 2024-26 profit forecast by 22-27%.
- Downgrade to HOLD at a lower TP of THB2.80.

TARGET PRICE	THB2.80
CLOSE	THB2.56
UP/DOWNSIDE	+9.4%
PRIOR TP	THB3.20
CHANGE IN TP	-12.5%
TP vs CONSENSUS	-11.9%

4Q24E lower than previously thought, pressured by GPM

We anticipate a 4Q24 net profit of THB522m (+3% q-q, -39% y-y). Excluding extra gain worth THB165m from fair value adjustment of investment property and land sales to new JVs, core profit should be THB357m (-29% q-q, -63% y-y), weaker than our previous forecast for a q-q growth to THB500-600m. It should see pressure from a lower property gross margin of 25.4%, in line with the industry, down from 27.7% in 3Q24 and 29.6% in 4Q23, due to more promotional campaigns for low-rise projects amid fierce competition and unfavorable market conditions.

Higher profit sharing from JVs should drive 4Q24 earnings

We project SC's 4Q24 transfers at THB5.6b (+3% q-q, -34% y-y), comprising 85% low-rise and 15% condo. The q-q increase should come from condo transfers of THB843m (+23% q-q, -69% y-y) from a newly built condo named Scope Thonglor (THB2.8b, 61% presales). Meanwhile, low-rise transfers should be flat q-q but down 18% y-y to THB4.8b from sluggish presales. However, the share of profits from its JVs should be a crucial driver in 4Q24. Specifically, it should improve to a profit of THB70m (vs a loss of THB9m in 3Q24 and a profit of THB3m in 4Q23) since SC started to transfer a new sizable JV condo: Reference Sathorn-Wongwianyai (THB4b, 54% presales).

Cut 2024-26E profit to reflect lower gross margin

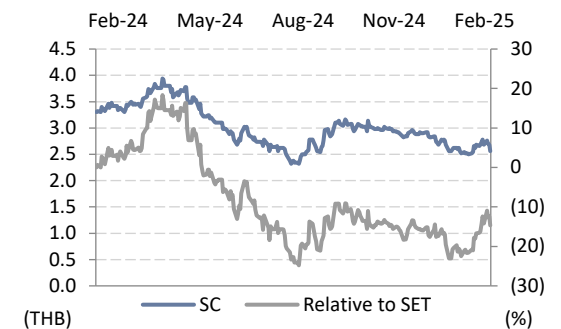
We slash our 2024-26E core profit by 27%/22%/22% to factor in a reduction in the expected property gross margin, pressured by fierce competition and sluggish demand, especially low-rise projects. After the cut, core profit should be THB1.4b (-44% y-y) and THB1.7b (+23% y-y) in 2024-25, respectively. Meanwhile, SC will announce its 2025 business plan on 20 Feb-25, which should be a cautious one, in our view. In particular, we expect the value of new projects to decrease to THB25b-30b (vs THB31.8b in 2024), with more condo and fewer low-rise launches. Moreover, it should focus on controlling expenses and inventory sales.

Downgrade to HOLD with a lower TP of THB2.80

Similarly, we cut our TP to THB2.80 (from THB3.20), based on a 6.8x P/E target (its historical average), implying less than 10% upside. Additionally, SC lacks fresh catalysts but has negative factors, such as its unimpressive 4Q24 outlook, concerns over a significant decrease in the gross margin, and a likely downward revision of consensus estimates. Therefore, we downgrade our rating to HOLD to receive 2H24E DPS of THB0.11, implying a 4.4% dividend yield.

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	24,487	20,454	22,116	23,849
Net profit	2,482	1,739	1,726	1,884
EPS (THB)	0.58	0.41	0.40	0.44
vs Consensus (%)	-	(8.9)	(18.2)	(23.7)
EBITDA	3,650	2,179	2,606	2,909
Recurring net profit	2,502	1,399	1,726	1,884
Core EPS (THB)	0.59	0.33	0.40	0.44
Chg. In EPS est. (%)	-	(27.1)	(22.1)	(21.8)
EPS growth (%)	(4.8)	(44.1)	23.4	9.1
Core P/E (x)	4.4	7.8	6.3	5.8
Dividend yield (%)	9.4	6.4	6.3	6.9
EV/EBITDA (x)	11.6	19.3	15.9	13.6
Price/book (x)	0.5	0.5	0.4	0.4
Net debt/Equity (%)	135.7	128.4	120.0	108.2
ROE (%)	11.1	5.9	7.0	7.3



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(2.3)	(14.1)	(23.4)
Relative to country (%)	6.3	(0.1)	(15.2)
Mkt cap (USD m)	324		
3m avg. daily turnover (USD m)	0.2		
Free float (%)	39		
Major shareholder	Shinawatra Family (64%)		
12m high/low (THB)	4.00/2.30		
Issued shares (m)	4,222.62		

Sources: Bloomberg consensus; FSSIA estimates



Thanyatorn Songwutti

Fundamental Investment Analyst on Securities; License no. 101203
 thanyatorn.s@fssia.com, +66 2646 9963

Investment thesis

SC disclosed its 2024-28 business targets. They included 1) five-year revenue of over THB150b, supported by property and recurring income; 2) reasonable investment with a D/E of less than 1.5x; and 3) a diversified profit portfolio with a recurring income mix of over 25% from 17 projects in four businesses, including offices for rent (total rental space of 120,000 sqm from six buildings), hotels (545 keys from three projects), warehouses (total storage area of 160,000 sqm from four projects), and property for rent in the US (78 units in four Boston locations).

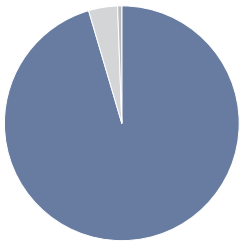
Company profile

SC is an integrated property developer. It has three units, including 1) core Engine 1 (property development for sale, with detached houses, townhouses, and condos covering all market segments), 2) Engine 2 (property development for rent and related services, and investing in recurring income businesses, such as office buildings, hotels, and warehouses), and 3) services, such as consultancy, management, industrial engineering, support systems, and after-sale.

www.scasset.com

Principal activities (revenue, 2023)

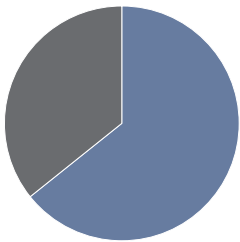
- Project sales - 95.4 %
- Rental and services - 4.0 %
- Consulting and management - 0.6 %



Source: SC Asset Corporation

Major shareholders

- Shinawatra Family - 64.3 %
- Others - 35.7 %



Source: SC Asset Corporation

Catalysts

Crucial potential growth drivers include 1) successful new launches; 2) investment in new businesses, such as warehouses and hotels; and 3) potential JVs to develop new condos.

Risks to our call

Downside and upside risks to our P/E-based TP include 1) a weaker or stronger-than-expected take-up rate, 2) lower or higher-than-expected new launches, 3) slower or faster-than-expected economic and purchasing power recovery, 4) higher or lower-than-expected rejection and cancellation rates, and 5) higher or lower-than-expected competition.

Event calendar

Date	Event
19 February 2025	4Q24 results announcement
20 February 2025	2025 Business plan

Key assumptions

	2024E	2025E	2026E
Project sales (THB m)	19,149	20,734	22,421
Rental and services income (THB m)	1,306	1,381	1,428
Property GPM (%)	27.4	27.7	27.7
GPM (%)	29.6	29.7	29.7
SG&A to sales (%)	20.3	19.3	18.8

Source: FSSIA estimates

Earnings sensitivity

- For every 5% increase in transfers, we estimate 2024 net profit to rise by 4%, and vice versa, all else being equal.
- For every 0.5% increase in property GPM, we estimate 2024 net profit to rise by 4%, and vice versa, all else being equal.
- For every 0.5% increase in SG&A to revenue, we estimate 2024 net profit to fall by 4%, and vice versa, all else being equal.

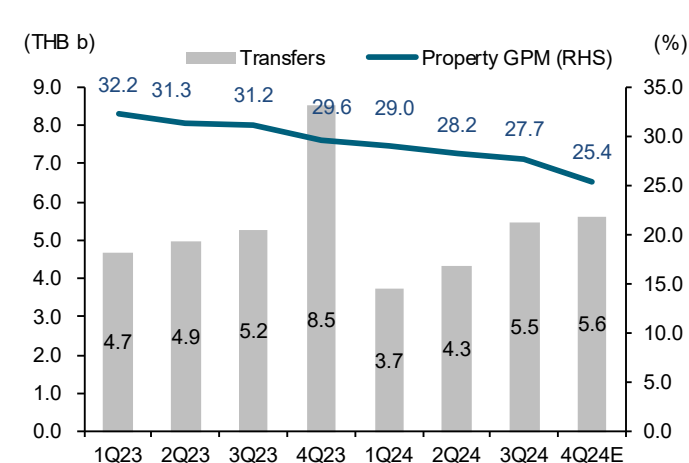
Source: FSSIA estimates

Exhibit 1: SC - 4Q24 results preview

	4Q23	1Q24	2Q24	3Q24	4Q24E	----- Change -----	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Total revenue	8,818	4,010	4,640	5,804	5,952	2.6	(32.5)
Cost of sales	6,107	2,747	3,220	4,081	4,324	5.9	(29.2)
Gross profit	2,712	1,263	1,420	1,722	1,628	(5.5)	(40.0)
SG&A	1,424	948	992	1,053	1,146	8.8	(19.5)
Operating profit	1,288	315	428	669	482	(28.0)	(62.6)
Interest expense	100	97	90	102	110	8.2	10.1
Tax	231	68	82	76	84	11.3	(63.6)
Associates	3	26	77	(9)	70	(900.7)	2150.6
Reported net profit	851	183	531	506	522	3.3	(38.6)
Normalised profit	968	183	355	506	357	(29.3)	(63.1)
Key ratios (%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)
Property gross margin	29.6	29.0	28.2	27.7	25.4	(2.3)	(4.2)
Gross margin	30.8	31.5	30.6	29.7	27.4	(2.3)	(3.4)
SG&A to sales	16.1	23.6	21.4	18.2	19.3	1.1	3.1
Operating margin	14.6	7.9	9.2	11.5	8.1	(3.4)	(6.5)
Net profit margin	9.7	4.6	11.5	8.7	8.8	0.1	(0.9)
Normalised profit margin	11.0	4.6	7.6	8.7	6.0	(2.7)	(5.0)
Operating statistics	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Property transfers	8,513	3,704	4,313	5,461	5,622	3.0	(34.0)
-- Low-rise	5,809	2,711	4,112	4,777	4,779	0.0	(17.7)
-- High-rise	2,704	993	201	683	843	23.4	(68.8)
Presales	7,264	5,960	5,679	6,486	6,875	6.0	(5.4)
-- Low-rise	4,357	3,353	4,040	5,233	3,874	(26.0)	(11.1)
-- High-rise	2,907	2,607	1,639	1,253	3,001	139.5	3.2
New launches	8,290	4,860	13,590	8,130	5,250	(35.4)	(36.7)

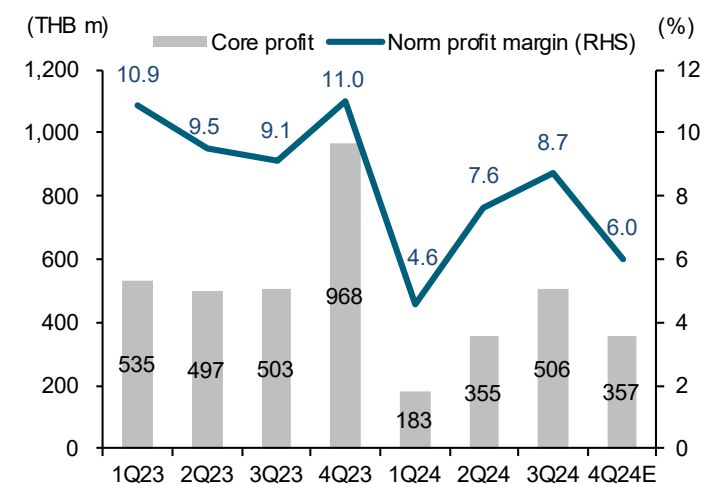
Sources: SC; FSSIA estimates

Exhibit 2: Quarterly transfers and property GPM



Sources: SC; FSSIA's compilation

Exhibit 3: Quarterly core profit and norm profit margin



Sources: SC; FSSIA's compilation

Exhibit 4: Key assumptions for SC

	Actual	Current			Previous			Change		
	2023	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)
Total revenue (THB m)	24,487	20,454	22,116	23,849	21,212	22,353	24,015	(4)	(1)	(1)
Transfers (THB m)	23,370	19,149	20,734	22,421	19,928	20,934	22,533	(4)	(1)	(0)
Gross margin (%)	32.2	29.6	29.7	29.7	31.8	32.2	32.1	(2.2)	(2.4)	(2.4)
Property gross margin (%)	30.8	27.4	27.7	27.7	29.8	30.2	30.2	(2.4)	(2.5)	(2.5)
SG&A expense	4,456	4,148	4,276	4,487	4,136	4,247	4,443	0	1	1
SG&A to revenue (%)	18.2	20.3	19.3	18.8	19.5	19.0	18.5	0.8	0.3	0.3
Interest expense (THB m)	383	394	397	394	379	379	364	4	5	8
Associates (THB m)	54	165	170	70	89	105	22	85	62	216
Core profit (THB m)	2,502	1,399	1,726	1,884	1,919	2,216	2,410	(27)	(22)	(22)
Net profit (THB m)	2,482	1,739	1,726	1,884	2,019	2,216	2,410	(14)	(22)	(22)

Source: FSSIA estimates

Exhibit 5: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 6: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

Financial Statements

SC Asset Corporation

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	21,583	24,487	20,454	22,116	23,849
Cost of goods sold	(14,414)	(16,601)	(14,410)	(15,537)	(16,766)
Gross profit	7,169	7,887	6,044	6,579	7,083
Other operating income	102	99	90	100	100
Operating costs	(3,910)	(4,456)	(4,148)	(4,276)	(4,487)
Operating EBITDA	3,453	3,650	2,179	2,606	2,909
Depreciation	(92)	(120)	(193)	(203)	(213)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	3,361	3,529	1,986	2,403	2,696
Net financing costs	(134)	(383)	(394)	(397)	(394)
Associates	55	54	165	170	70
Recurring non-operating income	55	54	165	170	70
Non-recurring items	(41)	(20)	340	0	0
Profit before tax	3,241	3,181	2,097	2,176	2,371
Tax	(678)	(656)	(318)	(401)	(460)
Profit after tax	2,563	2,525	1,779	1,775	1,911
Minority interests	(7)	(43)	(39)	(48)	(27)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	2,556	2,482	1,739	1,726	1,884
Non-recurring items & goodwill (net)	41	20	(340)	0	0
Recurring net profit	2,597	2,502	1,399	1,726	1,884
Per share (THB)					
Recurring EPS *	0.62	0.59	0.33	0.40	0.44
Reported EPS	0.61	0.58	0.41	0.40	0.44
DPS	0.25	0.24	0.16	0.16	0.18
Diluted shares (used to calculate per share data)	4,223	4,273	4,277	4,277	4,277
Growth					
Revenue (%)	10.8	13.5	(16.5)	8.1	7.8
Operating EBITDA (%)	21.3	5.7	(40.3)	19.6	11.6
Operating EBIT (%)	24.6	5.0	(43.7)	21.0	12.2
Recurring EPS (%)	27.3	(4.8)	(44.1)	23.4	9.1
Reported EPS (%)	23.0	(4.0)	(30.0)	(0.8)	9.1
Operating performance					
Gross margin inc. depreciation (%)	33.2	32.2	29.6	29.7	29.7
Gross margin exc. depreciation (%)	33.6	32.7	30.5	30.7	30.6
Operating EBITDA margin (%)	16.0	14.9	10.7	11.8	12.2
Operating EBIT margin (%)	15.6	14.4	9.7	10.9	11.3
Net margin (%)	12.0	10.2	6.8	7.8	7.9
Effective tax rate (%)	20.9	20.6	15.2	18.4	19.4
Dividend payout on recurring profit (%)	40.6	41.0	49.7	40.0	40.0
Interest cover (X)	25.6	9.4	5.5	6.5	7.0
Inventory days	963.1	982.6	1,201.4	1,138.9	1,063.7
Debtor days	2.2	2.2	3.3	3.4	3.4
Creditor days	32.6	36.1	39.2	40.5	40.5
Operating ROIC (%)	7.6	6.7	3.5	4.2	(1.2)
ROIC (%)	6.1	5.4	3.0	3.6	(1.0)
ROE (%)	12.4	11.1	5.9	7.0	7.3
ROA (%)	5.1	4.7	2.8	3.3	2.8

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Project sales	20,654	23,370	19,149	20,734	22,421
Rental and services	880	977	1,056	1,119	1,153
Consulting and management	49	140	250	263	276

Sources: SC Asset Corporation; FSSIA estimates

Financial Statements

SC Asset Corporation

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	2,597	2,502	1,399	1,726	1,884
Depreciation	92	120	193	203	213
Associates & minorities	-	-	-	-	-
Other non-cash items	-	-	-	-	-
Change in working capital	(7,877)	(4,805)	(386)	(203)	722
Cash flow from operations	(5,187)	(2,182)	1,207	1,726	2,819
Capex - maintenance	-	-	-	-	-
Capex - new investment	(2,121)	(2,027)	-	(362)	(380)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	-	(126)	-	-
Cash flow from investing	(2,121)	(2,027)	(126)	(362)	(380)
Dividends paid	(1,201)	(1,087)	(560)	(691)	(754)
Equity finance	260	127	43	48	27
Debt finance	4,077	5,067	(1,221)	(300)	(1,200)
Other financing cash flows	-	-	-	-	-
Cash flow from financing	3,135	4,107	(1,739)	(942)	(1,926)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(4,173)	(102)	(658)	422	513
Free cash flow to firm (FCFF)	(7,174.97)	(3,827.36)	1,474.89	1,761.18	2,833.17
Free cash flow to equity (FCFE)	(3,231.46)	857.09	(140.32)	1,064.25	1,239.27
Per share (THB)					
FCFF per share	(1.70)	(0.91)	0.35	0.42	0.67
FCFE per share	(0.77)	0.20	(0.03)	0.25	0.29
Recurring cash flow per share	0.64	0.61	0.37	0.45	0.49
Balance Sheet (THB m) Year Ending Dec					
Tangible fixed assets (gross)	2,192	2,302	2,417	2,538	2,664
Less: Accumulated depreciation	(568)	(453)	(483)	(508)	(533)
Tangible fixed assets (net)	1,624	1,849	1,933	2,030	2,132
Intangible fixed assets (net)	122	127	69	70	71
Long-term financial assets	370	231	389	420	453
Invest. in associates & subsidiaries	8,538	10,353	10,103	10,132	10,163
Cash & equivalents	2,140	2,038	1,380	1,802	2,315
A/C receivable	119	171	196	212	229
Inventories	42,488	46,246	47,344	48,345	48,135
Other current assets	1,096	1,957	1,227	885	954
Current assets	45,843	50,411	50,147	51,244	51,633
Other assets	904	916	1,010	1,010	1,010
Total assets	57,401	63,888	63,651	64,906	65,462
Common equity	21,733	23,228	24,071	25,106	26,237
Minorities etc.	(23)	24	64	112	139
Total shareholders' equity	21,709	23,252	24,134	25,218	26,376
Long term debt	12,453	15,584	15,272	15,272	15,272
Other long-term liabilities	1,567	1,885	2,045	2,101	2,266
Long-term liabilities	14,020	17,468	17,318	17,373	17,538
A/C payable	1,837	1,419	1,636	1,769	1,908
Short term debt	16,059	17,995	17,086	16,786	15,586
Other current liabilities	3,776	3,753	3,477	3,760	4,054
Current liabilities	21,672	23,167	22,199	22,315	21,548
Total liabilities and shareholders' equity	57,401	63,888	63,651	64,906	65,462
Net working capital	38,090	43,202	43,654	43,913	43,355
Invested capital	49,648	56,678	57,158	57,575	57,184
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	5.15	5.44	5.63	5.87	6.13
Tangible book value per share	5.12	5.41	5.61	5.85	6.12
Financial strength					
Net debt/equity (%)	121.5	135.7	128.4	120.0	108.2
Net debt/total assets (%)	45.9	49.4	48.7	46.6	43.6
Current ratio (x)	2.1	2.2	2.3	2.3	2.4
CF interest cover (x)	(7.3)	8.5	0.6	4.6	5.1
Valuation					
Recurring P/E (x) *	4.2	4.4	7.8	6.3	5.8
Recurring P/E @ target price (x) *	4.6	4.8	8.6	6.9	6.4
Reported P/E (x)	4.2	4.4	6.3	6.3	5.8
Dividend yield (%)	9.8	9.4	6.4	6.3	6.9
Price/book (x)	0.5	0.5	0.5	0.4	0.4
Price/tangible book (x)	0.5	0.5	0.5	0.4	0.4
EV/EBITDA (x) **	10.8	11.6	19.3	15.9	13.6
EV/EBITDA @ target price (x) **	11.1	11.9	19.7	16.2	14.0
EV/invested capital (x)	0.7	0.7	0.7	0.7	0.7
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: SC Asset Corporation; FSSIA estimates

SC Asset Corp PCL (SC TB)

FSSIA ESG rating


60.14 /100

Exhibit 7: 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 8: ESG – peer comparison

	FSSIA	Domestic ratings						Global ratings					Bloomberg		
	ESG score	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
AP	53.36	--	Y	Y	5.00	5.00	Certified	Low	43.30	--	--	16.91	24.00	1.89	34.26
ASW	27.00	--	Y	Y	5.00	4.00	Declared	--	--	--	--	--	--	--	--
BRI	16.00	--	--	--	4.00	4.00	Declared	--	--	--	--	--	--	--	--
NOBLE	30.88	--	Y	Y	5.00	5.00	Certified	--	--	--	--	--	7.00	--	--
ORI	53.22	--	Y	Y	5.00	5.00	Certified	Medium	41.33	--	--	48.60	--	3.82	52.01
SC	60.14	--	Y	Y	5.00	4.00	Certified	Low	45.20	--	--	70.85	25.00	2.34	42.60
SIRI	66.14	--	Y	Y	5.00	5.00	Certified	Low	43.82	A	--	57.85	23.00	3.00	61.14
SPALI	59.80	--	Y	Y	5.00	5.00	Certified	Low	52.93	BB	--	36.30	24.00	2.19	42.36

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

Exhibit 9: ESG score by Bloomberg

FY ending Dec 31	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	—	—	—	—	—	2.66	2.34
BESG environmental pillar score	—	—	—	—	—	1.70	1.14
BESG social pillar score	—	—	—	—	—	3.67	2.51
BESG governance pillar score	—	—	—	—	—	3.80	4.29
ESG disclosure score	—	—	—	32.63	33.83	44.32	42.60
Environmental disclosure score	—	—	—	1.75	1.75	18.79	15.95
Social disclosure score	—	—	—	14.87	18.47	32.95	30.62
Governance disclosure score	—	—	—	81.10	81.10	81.10	81.10
Environmental							
Emissions reduction initiatives	No	No	No	No	No	Yes	Yes
Climate change policy	No	No	No	No	No	No	No
Climate change opportunities discussed	No	No	No	No	No	No	No
Risks of climate change discussed	No	No	No	No	No	Yes	Yes
GHG scope 1	—	—	—	—	—	0	—
GHG scope 2 location-based	—	—	—	—	—	12	—
GHG Scope 3	—	—	—	—	—	—	—
Carbon per unit of production	—	—	—	—	—	—	—
Biodiversity policy	No	No	No	No	No	No	No
Energy efficiency policy	No	No	No	Yes	Yes	Yes	Yes
Total energy consumption	—	—	—	—	—	—	—
Renewable energy use	—	—	—	—	—	—	—
Electricity used	—	—	—	—	—	—	—
Fuel used - natural gas	—	—	—	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 10: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No	No	No	No
Waste reduction policy	No	No	No	Yes	Yes	Yes	Yes
Hazardous waste	—	—	—	—	—	—	—
Total waste	—	—	—	—	—	—	—
Waste recycled	—	—	—	—	—	—	—
Waste sent to landfills	—	—	—	—	—	—	—
Environmental supply chain management	No	No	No	No	No	No	No
Water policy	No	No	No	Yes	Yes	Yes	Yes
Water consumption	—	—	—	—	—	—	—
Social							
Human rights policy	No	No	No	Yes	Yes	Yes	Yes
Policy against child labor	No	No	No	Yes	Yes	Yes	Yes
Quality assurance and recall policy	No	No	No	No	No	No	No
Consumer data protection policy	No	No	No	No	Yes	Yes	Yes
Equal opportunity policy	No	No	No	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	No	No	No
Pct women in workforce	—	—	—	—	—	47	—
Pct disabled in workforce	—	—	—	—	—	1	1
Business ethics policy	No	No	No	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	No	No	No	Yes	Yes	Yes	Yes
Health and safety policy	No	No	No	Yes	Yes	Yes	Yes
Lost time incident rate - employees	—	—	—	—	—	0	0
Total recordable incident rate - employees	—	—	—	—	—	—	—
Training policy	No	No	No	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	Yes	Yes	Yes	Yes
Number of employees – CSR	—	—	—	877	923	1,033	1,212
Employee turnover pct	—	—	—	—	—	11	11
Total hours spent by firm - employee training	—	—	—	18,038	13,819	17,698	19,113
Social supply chain management	No	No	No	No	No	No	No
Governance							
Board size	—	—	—	9	9	9	10
No. of independent directors (ID)	—	—	—	6	6	6	7
No. of women on board	—	—	—	1	1	1	1
No. of non-executive directors on board	—	—	—	7	7	7	8
Company conducts board evaluations	No	No	No	Yes	Yes	Yes	Yes
No. of board meetings for the year	—	—	—	7	8	7	9
Board meeting attendance pct	—	—	—	92	99	100	100
Board duration (years)	—	—	—	3	3	3	3
Director share ownership guidelines	No	No	No	No	No	No	No
Age of the youngest director	—	—	—	40	41	42	43
Age of the oldest director	—	—	—	75	76	77	76
No. of executives / company managers	—	—	—	12	20	21	23
No. of female executives	—	—	—	4	6	7	8
Executive share ownership guidelines	No	No	No	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	—	—	—	9	10	9	10
Audit meeting attendance %	—	—	—	100	100	100	100
Size of compensation committee	—	—	—	3	3	3	3
No. of ID on compensation committee	—	—	—	3	3	3	3
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	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 SETESG 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. SETESG Index 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&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 Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+										
NEGL	Low	Medium	High	Severe																		
0-10	10-20	20-30	30-40	40+																		
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																				
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table><tr><td>AAA</td><td>8.571-10.000</td><td rowspan="3">Leader:</td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td>AA</td><td>7.143-8.570</td></tr><tr><td>A</td><td>5.714-7.142</td></tr><tr><td>BBB</td><td>4.286-5.713</td><td rowspan="3">Average:</td><td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td></tr><tr><td>BB</td><td>2.857-4.285</td></tr><tr><td>B</td><td>1.429-2.856</td></tr><tr><td>CCC</td><td>0.000-1.428</td><td>Laggard:</td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr></table>		AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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

Thanyatorn Songwutti FSS International Investment Advisory Securities Co., Ltd

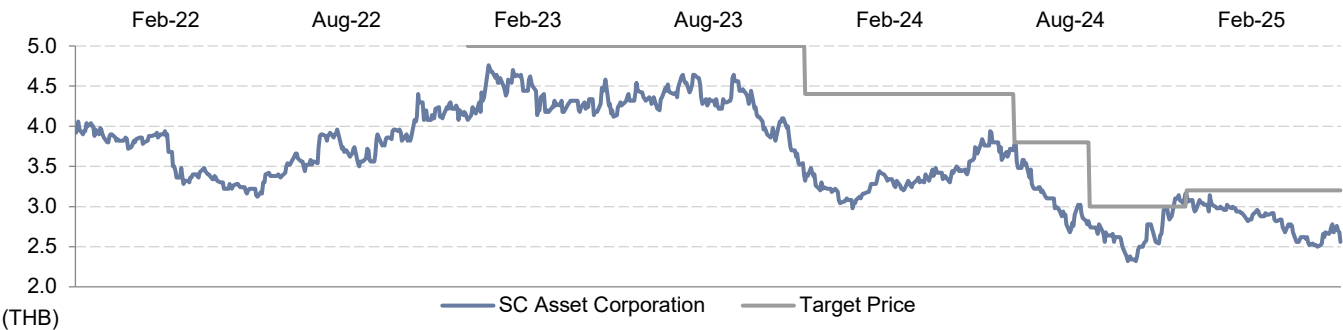
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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

SC Asset Corporation (SC TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
12-Jan-2023	BUY	5.00	29-Apr-2024	HOLD	3.80	25-Sep-2024	HOLD	3.20
31-Oct-2023	BUY	4.40	03-Jul-2024	HOLD	3.00	16-Dec-2024	BUY	3.20

Thanyatorn Songwutti started covering this stock from 12-Jan-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
SC Asset Corporation	SC TB	THB 2.56	HOLD	Downside and upside risks to our P/E-based TP include 1) a weaker or stronger-than-expected take-up rate, 2) lower or higher-than-expected new launches, 3) slower or faster-than-expected economy and purchasing power recovery, 4) higher or lower-than-expected rejection and cancellation rates, and 5) higher or lower-than-expected competition.

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 06-Feb-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.