

BUY (Unchanged)

TP: Bt 14.50

(From: Bt 12.50)

Change in Numbers

Upside : 13.3%

28 APRIL 2022

SISB Pcl (SISB TB)

Back in growth mode

Given the swift student recovery after the COVID crisis to a record high now, we lift our earnings for SISB by 5-6% in 2022-24F and our TP to Bt14.5. With a 30% three-year earnings CAGR, 35%-plus EBITDA margin, and net-cash position, valuation at 42/33/27x PE in 2022-24F vs. its three-year average of 39x looks acceptable to us. BUY.



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Raising our TP to Bt14.5; still a BUY

Given the rapid student recovery after the COVID-19 crisis to a record high now, we lift our student assumptions for SISB by 2-3% in 2022-24F and our earnings by 5-6%. With a lower WACC of 8.5% from 9.7%, our DCF-based TP (2022F base year) is raised to Bt14.5 from Bt12.5. We reaffirm our BUY call on SISB as, **firstly**, we not only forecast a strong earnings turnaround in 1Q22F but also expect record-high earnings this year with further earnings growth of 30/23% y-y in 2023/24F. **Secondly**, its business is highly profitable with 31/35% EBITDA margins despite the COVID crisis in 2020/21 and we project a further rise to 37-38% in 2022-24F. **Thirdly**, its net-cash position allows SISB to expand with no concerns about rising interest rates. **Finally**, it is one of the few international schools that has a growth mindset with a growth strategy via expansion.

Series of record-high earnings

After the easing of the government's COVID restrictions and resumption of onsite classes, SISB's students recovered from a low of 2,275 in 3Q21 to the pre-COVID level of 2,611 in 1Q22. SISB actually expects student numbers to reach a record high of over 2,700 in 2Q22. We assume 2,814 students by end 2022F with student growth of 14/12% y-y in 2023/24F, driven by the planned opening of its Nonhaburi campus in August 2023 and Rayong campus in August 2024. With no more tuition fee discounts and tuition fee hikes of 3-5% a year in 2022-24F, we estimate SISB's earnings growth at 37/30/23% in 2022-24F.

Deserve a premium valuation in our view

Despite its 42% share price rise from its low this year, SISB's 42x PE this year before falling to 33/27x in 2023/24F vs. its three-year average of 39x in 2019-21 is still acceptable to us. Besides a 30% three-year earnings CAGR in 2022-24F, its ROE and ROA look decent at 14-18% and 8-12% in 2022-24F. Despite its net cash position, we estimate SISB to generate EBITDA of Bt458m-664m/year in 2022-24F with EBITDA margins of 37-38%.

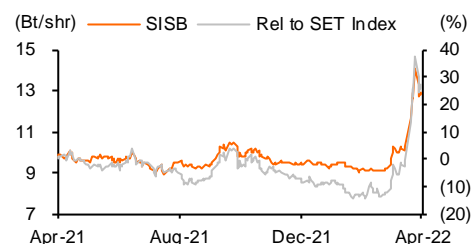
Another potential growth driver

Given strong demand, SISB has changed its plan to build a full-scale school in Rayong instead of a low-cost school. But it still plans to build low-cost schools in Tier-2 provinces. The low-cost schools would have the same Singapore curriculum but a different brand. Tuition fees would be 30-40% lower along with its cost base, e.g. 50% lower capex, 30% lower teacher salaries (using foreign teachers from Asian countries rather than Western ones), and a 1:10 teacher-to-student ratio (vs. 1:7 at full-scale schools). We don't yet factor the potential schools into our model.

COMPANY VALUATION

| Y/E Dec (Bt m) | 2021A | 2022F | 2023F | 2024F |
|-------------------|--------|--------|--------|--------|
| Sales | 1,055 | 1,253 | 1,502 | 1,740 |
| Net profit | 209 | 285 | 371 | 455 |
| Consensus NP | — | 260 | 332 | na |
| Diff frm cons (%) | — | 9.9 | 11.6 | na |
| Norm profit | 209 | 285 | 371 | 455 |
| Prev. Norm profit | — | 271 | 352 | 428 |
| Chg frm prev (%) | — | 5.5 | 5.3 | 6.2 |
| Norm EPS (Bt) | 0.2 | 0.3 | 0.4 | 0.5 |
| Norm EPS grw (%) | 19.2 | 36.7 | 29.8 | 22.7 |
| Norm PE (x) | 57.6 | 42.2 | 32.5 | 26.5 |
| EV/EBITDA (x) | 30.7 | 24.6 | 20.3 | 16.8 |
| P/BV (x) | 6.0 | 5.5 | 5.0 | 4.5 |
| Div yield (%) | 0.8 | 1.1 | 1.4 | 1.7 |
| ROE (%) | 10.7 | 13.6 | 16.1 | 17.9 |
| Net D/E (%) | (34.1) | (34.0) | (29.1) | (32.5) |

PRICE PERFORMANCE



COMPANY INFORMATION

| | |
|-----------------------------|------------------------|
| Price as of 28-Apr-22 (Bt) | 12.80 |
| Market cap (US\$ m) | 349.1 |
| Listed shares (m shares) | 2940.0 |
| Free float (%) | 21.6 |
| Avg daily turnover (US\$ m) | 0.7 |
| 12M price H/L (Bt) | 14.10/8.95 |
| Sector | Professional services |
| Major shareholder | Mr. Yew Hook Koh 32.8% |

Sources: Bloomberg, Company data, Thanachart estimates



Back in growth mode

We raise our earnings estimates by 5-6% in 2022-24F

We raise our earnings estimates for SISB Plc (SISB) by 5-6% in 2022-24F after making changes to the following assumptions:

First, we revise up our student number assumptions by 2-3% in 2022-24F given a faster-than-expected student recovery to a record high in 2Q22 (see more details at the bottom of this page).

Second, given the high operating leverage nature of its business, we now estimate its gross margin to increase to 49-50% in 2022-24F from 46-47% previously.

Our TP is increased to Bt14.5 and we reaffirm our BUY call on SISB

Along with a lower WACC of 8.5% from 9.7% previously, our DCF-based 12-month TP (2022F base year) is increased to Bt14.5/share from Bt12.5 and we reaffirm our BUY rating on shares of SISB.

Ex 1: Key Assumption Changes

| | 2020 | 2021 | 2022F | 2023F | 2024F |
|-----------------------------------|-------|-------|-------|-------|-------|
| Students (students) | | | | | |
| New | 2,638 | 2,434 | 2,814 | 3,202 | 3,591 |
| Old | | | 2,769 | 3,137 | 3,482 |
| Change (%) | | | 1.6 | 2.1 | 3.1 |
| Gross margin (%) | | | | | |
| New | 42.7 | 47.1 | 49.2 | 49.6 | 49.8 |
| Old | | | 46.2 | 46.4 | 46.9 |
| Change (pp) | | | 3.0 | 3.2 | 2.9 |
| Normalized earnings (Bt m) | | | | | |
| New | 175 | 209 | 285 | 371 | 455 |
| Old | | | 271 | 352 | 428 |
| Change (%) | | | 5.5 | 5.3 | 6.2 |

Source: Company data, Thanachart estimates

We like SISB given...

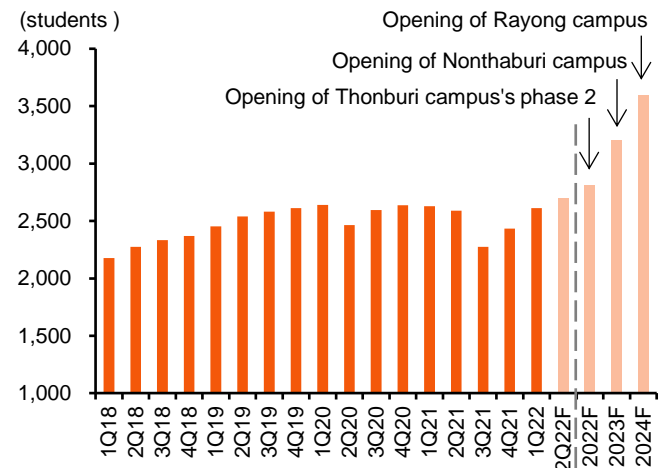
Despite the 42% surge in its share price from its low this year, we still like SISB as:

...1) its strong earnings recovery in 1Q22F with a 30% earnings CAGR in 2022-24F...

First, we not only estimate SISB to experience a strong earnings recovery in 1Q22F, but we also project record-high earnings this year with earnings growth of 30/23% y-y in 2023/24F, driven by;

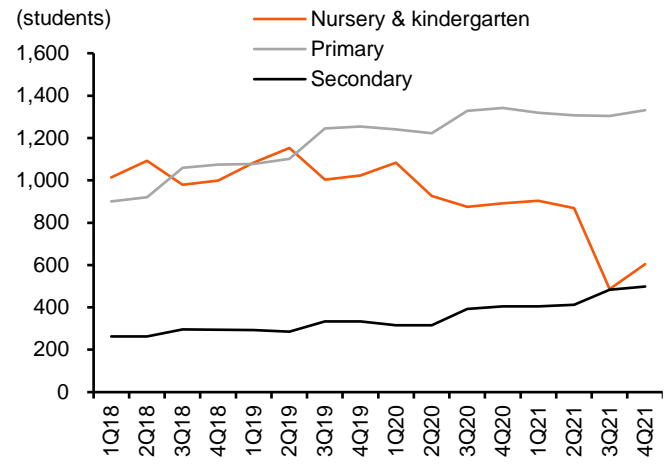
- 1) Student number recovery after the easing of the government's COVID-19 restrictions. SISB resumed its onsite classes (from online study) in November 2021 and dropped-out students (mostly at the kindergarten level) have continued to return to school. SISB's students recovered from a low of 2,275 in 3Q21 to the pre-COVID level of 2,611 in 1Q22. With the enrollment of new students, SISB expects to have over 2,700 students in 2Q22. With the planned opening of the Nonthaburi campus in August 2023 and the Rayong campus in 2024, we now assume 2,814 students by end 2022F, 3,202 students by end 2023F, and 3,591 students by end 2024F.

Ex 2: SISB's Student Numbers



Sources: Company data, Thanachart estimates

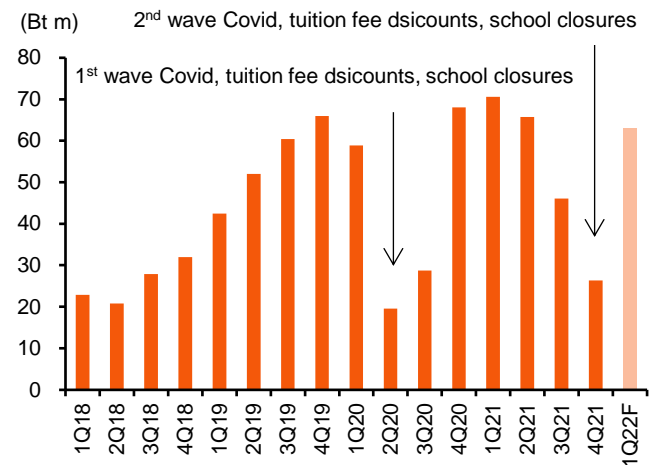
Ex 3: Student breakdown



Sources: Company data

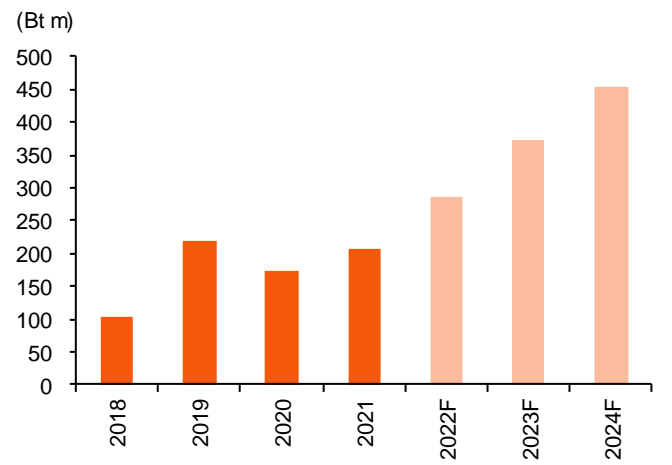
- 2) No more tuition fee discounts this year after SISB gave 5-15% discounts for Term 1 2021/22 (August 2021 to December 2021) to assist parents during the COVID-19 crisis. Moreover, it plans to increase tuition fees by 3-5% for Term 1 in 2022/23 (August 2022 to June 2023).
- 3) Higher food & beverage and after-school activity revenue as students have returned to on-site study at its schools. This revenue made up around 15% of the total in 2019 but it dropped to 8% in 2020 and 5% in 2021 during the online study period.

Ex 4: SISB's Quarterly Normalized Earnings



Sources: Company data, Thanachart estimates

Ex 5: SISB's Yearly Normalized Earnings



Sources: Company data, Thanachart estimates

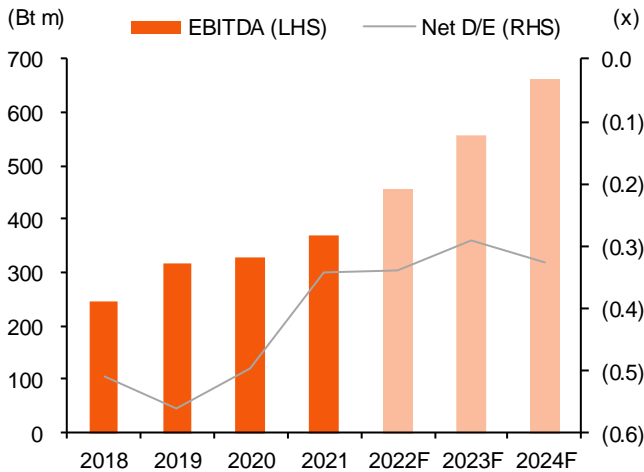
...2) highly profitable business...

Second, its business is very resilient and highly profitable. Despite the COVID-19 crisis, SISB still generated EBITDA of Bt328m-370m in 2020-21 with an EBITDA margin of 31-35%. We estimate its EBITDA to rise to Bt458m-664m/year in 2022-24F with an EBITDA margin of 37-38%.

...3) undemanding valuation in our view...

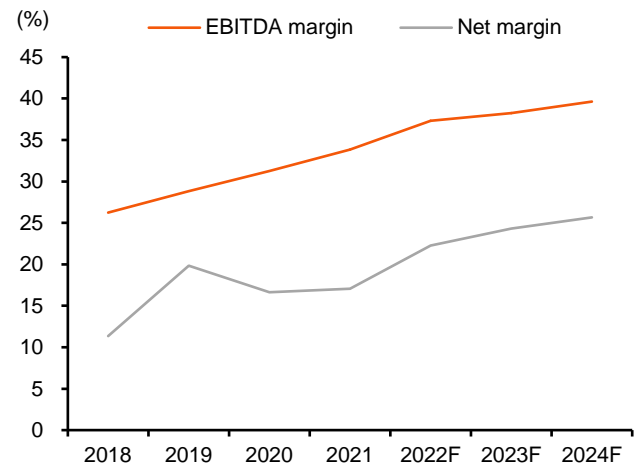
Third, along with its net-cash position, we see its valuation at a PE multiple of 42x in 2022F before falling to 33/27x in 2023/24F as acceptable compared to its three-year average PE of 39x in 2019-21.

Ex 6: SISB's EBITDA Vs. Net D/E



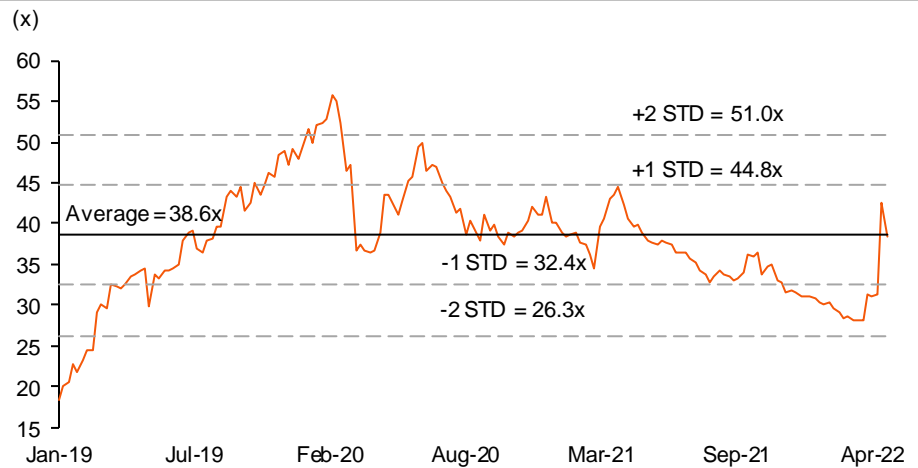
Sources: Company data, Thanachart estimates

Ex 7: SISB's EBITDA Margin Vs. Net Margin



Sources: Company data, Thanachart estimates

Ex 8: SISB's PE Standard Deviation



Sources: Bloomberg, Thanachart estimates

...4) potential upside from low-cost school model

Fourth, we also see potential upside from its new low-cost school model. Besides its expansion plans in the middle- to high-income family market, SISB is studying a new low-cost international school model to capture demand for international schools in the larger, middle-income family segment. The concept is to provide comparable SISB school educational services at a lower price while ensuring high margins through a cost-saving model. The areas where management expects cost savings include 50% lower facility and equipment costs, 30% lower teaching staff salaries by, for example, using foreign teachers from Asian countries rather than from Western ones, and having a higher teacher-to-student ratio of 1:10 vs. SISB's existing schools' 1:7. We have yet to factor in the potential low-cost schools in our model.

Ex 9: Overview Of The Low-Cost School Model...

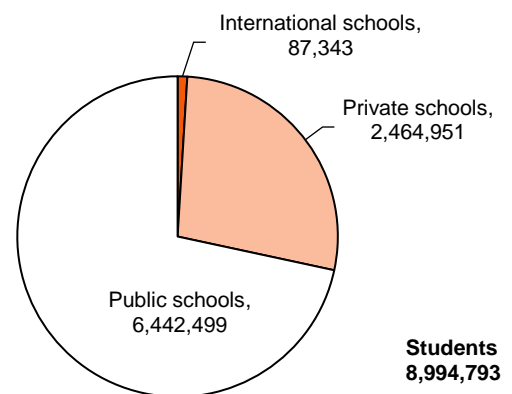


- The Halving Project aims to provide a **comparable quality of SISB Schools' educational services at a lower price, while ensuring margins** through a cost-saving model
- We aim to **tap into a new, sizeable target group** beyond the international education market in Thailand, i.e. new families and students enrolling in EP/bilingual schools
- This will also serve as **a model to expand to Greater Bangkok and upcountry**

Source: Company data

Ex 10: ...To Gain Market Share From Private Schools

Total no. of students in Thailand (2019)



Source: Company data

Ex 11: 12-month DCF-based TP Calculation Using A Base Year Of 2022F

| (Bt m) | 2022F | 2023F | 2024F | 2025F | 2026F | 2027F | 2028F | 2029F | 2030F | 2031F | 2032F | Terminal Value |
|------------------------------------|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|----------------|
| EBITDA | 458 | 558 | 664 | 768 | 885 | 1,002 | 1,118 | 1,243 | 1,390 | 1,551 | 1,727 | — |
| Free cash flow | 251 | 52 | 307 | 608 | 722 | 838 | 953 | 827 | 1,221 | 1,378 | 1,552 | 23,487 |
| PV of free cash flow | 250 | 44 | 240 | 439 | 469 | 500 | 521 | 415 | 562 | 582 | 572 | 7,900 |
| Risk-free rate (%) | 2.5 | | | | | | | | | | | |
| Market risk premium (%) | 8.0 | | | | | | | | | | | |
| Beta | 0.8 | | | | | | | | | | | |
| WACC (%) | 8.5 | | | | | | | | | | | |
| Terminal growth (%) | 2.0 | | | | | | | | | | | |
| Enterprise value - add investments | 13,075 | | | | | | | | | | | |
| Net debt (2021) | (687) | | | | | | | | | | | |
| Minority interest | 0 | | | | | | | | | | | |
| Equity value | 13,762 | | | | | | | | | | | |
| # of shares (m) | 940 | | | | | | | | | | | |
| Target price/share (Bt) | 14.5 | | | | | | | | | | | |

Sources: Company data, Thanachart estimates

Valuation Comparison

Ex 12: Valuation Comparison With Regional Peers

| Name | BBG code | Country | —EPS growth— | | — PE — | | — P/BV — | | EV/EBITDA | | — Div yield — | |
|------------------------|-----------|-----------|--------------|-------------|-------------|-------------|------------|------------|------------|------------|---------------|------------|
| | | | 22F (%) | 23F (%) | 22F (x) | 23F (x) | 22F (x) | 23F (x) | 22F (x) | 23F (x) | 22F (%) | 23F (%) |
| Beijing Kaiwen Edu. | 002659 CH | China | na | 140.0 | 134.8 | 56.2 | 17.6 | 13.9 | 0.8 | 0.8 | na | na |
| NIIT Ltd | NIIT IN | India | 40.5 | 19.4 | 35.7 | 29.9 | 5.1 | 4.5 | 21.1 | 18.4 | 1.6 | 1.6 |
| Huali University Group | 1756 HK | Hong Kong | 16.3 | 20.7 | 3.5 | 2.9 | 0.4 | 0.4 | 4.2 | 3.7 | 10.8 | 12.7 |
| Minsheng Education | 1569 HK | Hong Kong | 41.0 | 20.4 | 2.7 | 2.3 | 0.4 | 0.4 | 1.3 | 1.1 | 9.4 | 11.7 |
| Edvantage Group | 382 HK | Hong Kong | 37.4 | 18.6 | 4.1 | 3.5 | 0.7 | 0.6 | 4.5 | 3.8 | 7.0 | 8.7 |
| SISB Pcl | SISB TB | Thailand | 36.7 | 29.8 | 42.2 | 32.5 | 5.5 | 5.0 | 24.6 | 20.3 | 1.1 | 1.4 |
| Average | | | 34.4 | 41.5 | 37.2 | 21.2 | 5.0 | 4.1 | 9.4 | 8.0 | 6.0 | 7.2 |

Sources: Company data, Thanachart estimates

Note: * Thanachart estimates, using normalized EPS

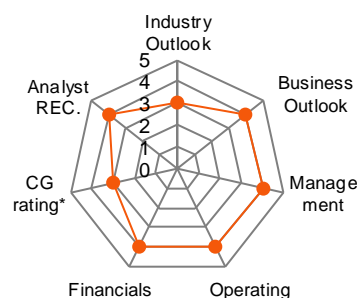
Based on 28-Apr-2022 closing prices

COMPANY DESCRIPTION

SISB Public Company Limited (SISB) provides educational services in Thailand. The school offers various subjects such as languages, sciences, social studies, and maths, as well as music, dance, art, and sports. With four campuses in Bangkok, Samut Prakan and Chiang Mai and more than 2,600 students, it is one of the biggest school groups in Thailand.

Source: Thanachart

COMPANY RATING



Rating Scale

| | |
|--------------------|----------|
| Very Strong | 5 |
| Strong | 4 |
| Good | 3 |
| Fair | 2 |
| Weak | 1 |
| None | 0 |

Source: Thanachart; * CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Solid brand perception and awareness.
- Economies of scale allow it to offer mid-range tuition fees and broaden targeted households.
- Robust financial status.

O — Opportunity

- Growing demand for international schools in Thailand.
- Opportunities to expand in AEC markets.
- Business diversification.

W — Weakness

- Three out of four campuses are located on leased land, so there is a risk pertaining to lease contract extensions.
- Teachers are the key to its success, so a shortage of teachers presents a risk.

T — Threat

- Intense competition.
- Ageing society trend.
- Laws and regulations for operating schools.

CONSENSUS COMPARISON

| | Consensus | Thanachart | Diff |
|------------------------------|---------------|----------------|----------------|
| Target price (Bt) | 12.93 | 14.50 | 12% |
| Net profit 22F (Bt m) | 260 | 285 | 10% |
| Net profit 23F (Bt m) | 332 | 371 | 12% |
| Consensus REC | BUY: 4 | HOLD: 1 | SELL: 0 |

HOW ARE WE DIFFERENT FROM THE STREET?

- Our earnings estimates for 2022-23F are 10-12% higher than the Bloomberg consensus numbers, likely due to us having more aggressive assumptions for SISB's student number growth and economies of scale.
- Our DCF-based TP is 12% higher than the Street's following our higher earnings forecast.

Sources: Bloomberg consensus, Thanachart estimates

RISKS TO OUR INVESTMENT CASE

- A weak economic situation in Thailand would represent the key downside risk to our student and tuition-fee-growth assumptions.
- A continuation of the COVID-19 crisis would also represent a secondary downside risk to our student and tuition-fee-growth assumptions.
- If the company can't increase its tuition fees to offset rising teacher costs, this would negatively impact our gross-margin assumptions and therefore our net-profit forecasts.
- To comply with the government's strict regulations, the company may incur extra costs, which would negatively impact our gross-margin assumptions and our net-profit forecasts. This is a secondary downside risk to our call.

Source: Thanachart

INCOME STATEMENT

| FY ending Dec (Bt m) | 2020A | 2021A | 2022F | 2023F | 2024F |
|-----------------------------------|------------|------------|------------|------------|------------|
| Sales | 1,048 | 1,055 | 1,253 | 1,502 | 1,740 |
| Cost of sales | 601 | 558 | 637 | 757 | 873 |
| Gross profit | 447 | 496 | 616 | 745 | 867 |
| % gross margin | 42.7% | 47.1% | 49.2% | 49.6% | 49.8% |
| Selling & administration expenses | 276 | 279 | 326 | 376 | 418 |
| Operating profit | 172 | 218 | 290 | 370 | 449 |
| % operating margin | 16.4% | 20.7% | 23.2% | 24.6% | 25.8% |
| Depreciation & amortization | 156 | 152 | 168 | 189 | 214 |
| EBITDA | 328 | 370 | 458 | 558 | 664 |
| % EBITDA margin | 31.3% | 35.0% | 36.6% | 37.2% | 38.1% |
| Non-operating income | 28 | 20 | 20 | 25 | 30 |
| Non-operating expenses | (0) | (5) | 0 | 0 | 0 |
| Interest expense | (26) | (26) | (24) | (22) | (21) |
| Pre-tax profit | 174 | 208 | 287 | 373 | 458 |
| Income tax | (1) | 0 | 3 | 4 | 5 |
| After-tax profit | 175 | 208 | 283 | 369 | 453 |
| % net margin | 16.7% | 19.7% | 22.6% | 24.5% | 26.0% |
| Shares in affiliates' Earnings | 1 | 1 | 2 | 2 | 2 |
| Minority interests | 0 | 0 | 0 | 0 | 0 |
| Extraordinary items | (15) | 0 | 0 | 0 | 0 |
| NET PROFIT | 160 | 209 | 285 | 371 | 455 |
| Normalized profit | 175 | 209 | 285 | 371 | 455 |
| EPS (Bt) | 0.2 | 0.2 | 0.3 | 0.4 | 0.5 |
| Normalized EPS (Bt) | 0.2 | 0.2 | 0.3 | 0.4 | 0.5 |

After COVID-19 subsides, we expect SISB's earnings to turn around strongly from 2022F

BALANCE SHEET

| FY ending Dec (Bt m) | 2020A | 2021A | 2022F | 2023F | 2024F |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|
| ASSETS: | | | | | |
| Current assets: | 1,098 | 863 | 917 | 940 | 1,062 |
| Cash & cash equivalent | 1,008 | 764 | 800 | 800 | 900 |
| Account receivables | 77 | 78 | 93 | 112 | 129 |
| Inventories | 7 | 8 | 9 | 11 | 12 |
| Others | 6 | 12 | 15 | 18 | 20 |
| Investments & loans | 54 | 55 | 55 | 55 | 55 |
| Net fixed assets | 1,556 | 1,999 | 2,032 | 2,343 | 2,479 |
| Other assets | 458 | 417 | 423 | 428 | 433 |
| Total assets | 3,166 | 3,334 | 3,427 | 3,766 | 4,029 |
| LIABILITIES: | | | | | |
| Current liabilities: | 626 | 635 | 632 | 669 | 670 |
| Account payables | 77 | 84 | 96 | 114 | 132 |
| Bank overdraft & ST loans | 0 | 0 | 0 | 0 | 0 |
| Current LT debt | 17 | 18 | 13 | 23 | 7 |
| Others current liabilities | 532 | 533 | 522 | 531 | 531 |
| Total LT debt | 60 | 58 | 43 | 74 | 21 |
| Others LT liabilities | 604 | 626 | 564 | 611 | 657 |
| Total liabilities | 1,289 | 1,319 | 1,238 | 1,355 | 1,348 |
| Minority interest | 0 | 0 | 0 | 0 | 0 |
| Preferreds shares | 0 | 0 | 0 | 0 | 0 |
| Paid-up capital | 470 | 470 | 470 | 470 | 470 |
| Share premium | 1,128 | 1,128 | 1,128 | 1,128 | 1,128 |
| Warrants | 0 | 0 | 0 | 0 | 0 |
| Surplus | 0 | 0 | 0 | 0 | 0 |
| Retained earnings | 279 | 416 | 591 | 814 | 1,083 |
| Shareholders' equity | 1,877 | 2,014 | 2,189 | 2,412 | 2,681 |
| Liabilities & equity | 3,166 | 3,334 | 3,427 | 3,766 | 4,029 |

Despite its capex cycle, SISB's huge cash on hand should be ample with no need for loans

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

| FY ending Dec (Bt m) | 2020A | 2021A | 2022F | 2023F | 2024F |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|
| Earnings before tax | 174 | 208 | 287 | 373 | 458 |
| Tax paid | (0) | (0) | (3) | (4) | (5) |
| Depreciation & amortization | 156 | 152 | 168 | 189 | 214 |
| Chg In working capital | 16 | 5 | (4) | (2) | (2) |
| Chg In other CA & CL / minorities | 53 | 21 | (11) | 8 | (1) |
| Cash flow from operations | 399 | 386 | 436 | 564 | 665 |
| Capex | (293) | (595) | (200) | (500) | (350) |
| Right of use | (348) | (6) | (5) | (5) | (5) |
| ST loans & investments | 0 | 0 | 0 | 0 | 0 |
| LT loans & investments | (1) | (1) | 0 | 0 | 0 |
| Adj for asset revaluation | 0 | 0 | 0 | 0 | 0 |
| Chg In other assets & liabilities | 255 | 43 | (63) | 48 | 45 |
| Cash flow from investments | (386) | (558) | (268) | (457) | (310) |
| Debt financing | 1 | (0) | (20) | 41 | (70) |
| Capital increase | 0 | 0 | 0 | 0 | 0 |
| Dividends paid | (94) | (71) | (111) | (148) | (186) |
| Warrants & other surplus | (8) | 0 | 0 | 0 | 0 |
| Cash flow from financing | (101) | (72) | (132) | (106) | (255) |
| Free cash flow | 106 | (209) | 236 | 64 | 315 |

Capex in 2021-24F is for the Thonburi campus's phase 2, the Nonthaburi campus and the Rayong campus

VALUATION

| FY ending Dec | 2020A | 2021A | 2022F | 2023F | 2024F |
|-------------------------------------|-------|-------|-------|-------|-------|
| Normalized PE (x) | 68.7 | 57.6 | 42.2 | 32.5 | 26.5 |
| Normalized PE - at target price (x) | 77.8 | 65.3 | 47.8 | 36.8 | 30.0 |
| PE (x) | 75.2 | 57.6 | 42.2 | 32.5 | 26.5 |
| PE - at target price (x) | 85.2 | 65.3 | 47.8 | 36.8 | 30.0 |
| EV/EBITDA (x) | 33.9 | 30.7 | 24.6 | 20.3 | 16.8 |
| EV/EBITDA - at target price (x) | 38.7 | 35.0 | 28.1 | 23.2 | 19.2 |
| P/BV (x) | 6.4 | 6.0 | 5.5 | 5.0 | 4.5 |
| P/BV - at target price (x) | 7.3 | 6.8 | 6.2 | 5.7 | 5.1 |
| P/CFO (x) | 30.2 | 31.2 | 27.6 | 21.3 | 18.1 |
| Price/sales (x) | 11.5 | 11.4 | 9.6 | 8.0 | 6.9 |
| Dividend yield (%) | 0.6 | 0.8 | 1.1 | 1.4 | 1.7 |
| FCF Yield (%) | 0.9 | (1.7) | 2.0 | 0.5 | 2.6 |
| (Bt) | | | | | |
| Normalized EPS | 0.2 | 0.2 | 0.3 | 0.4 | 0.5 |
| EPS | 0.2 | 0.2 | 0.3 | 0.4 | 0.5 |
| DPS | 0.1 | 0.1 | 0.1 | 0.2 | 0.2 |
| BV/share | 2.0 | 2.1 | 2.3 | 2.6 | 2.9 |
| CFO/share | 0.4 | 0.4 | 0.5 | 0.6 | 0.7 |
| FCF/share | 0.1 | (0.2) | 0.3 | 0.1 | 0.3 |

Sources: Company data, Thanachart estimates

Given its solid fundamentals, SISB deserves a premium valuation, in our view

FINANCIAL RATIOS

| FY ending Dec | 2020A | 2021A | 2022F | 2023F | 2024F |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|
| Growth Rate | | | | | |
| Sales (%) | (4.3) | 0.6 | 18.8 | 19.9 | 15.8 |
| Net profit (%) | (27.6) | 30.5 | 36.7 | 29.8 | 22.7 |
| EPS (%) | (27.6) | 30.5 | 36.7 | 29.8 | 22.7 |
| Normalized profit (%) | (20.7) | 19.2 | 36.7 | 29.8 | 22.7 |
| Normalized EPS (%) | (20.7) | 19.2 | 36.7 | 29.8 | 22.7 |
| Dividend payout ratio (%) | 44.7 | 45.0 | 45.0 | 45.0 | 45.0 |
| Operating performance | | | | | |
| Gross margin (%) | 42.7 | 47.1 | 49.2 | 49.6 | 49.8 |
| Operating margin (%) | 16.4 | 20.7 | 23.2 | 24.6 | 25.8 |
| EBITDA margin (%) | 31.3 | 35.0 | 36.6 | 37.2 | 38.1 |
| Net margin (%) | 16.7 | 19.7 | 22.6 | 24.5 | 26.0 |
| D/E (incl. minor) (x) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net D/E (incl. minor) (x) | (0.5) | (0.3) | (0.3) | (0.3) | (0.3) |
| Interest coverage - EBIT (x) | 6.6 | 8.5 | 12.2 | 16.9 | 21.0 |
| Interest coverage - EBITDA (x) | 12.6 | 14.5 | 19.3 | 25.5 | 30.9 |
| ROA - using norm profit (%) | 6.0 | 6.4 | 8.4 | 10.3 | 11.7 |
| ROE - using norm profit (%) | 9.5 | 10.7 | 13.6 | 16.1 | 17.9 |
| DuPont | | | | | |
| ROE - using after tax profit (%) | 9.4 | 10.7 | 13.5 | 16.0 | 17.8 |
| - asset turnover (x) | 0.4 | 0.3 | 0.4 | 0.4 | 0.4 |
| - operating margin (%) | 19.1 | 22.2 | 24.8 | 26.3 | 27.5 |
| - leverage (x) | 1.6 | 1.7 | 1.6 | 1.6 | 1.5 |
| - interest burden (%) | 87.0 | 89.1 | 92.4 | 94.5 | 95.5 |
| - tax burden (%) | 100.4 | 99.9 | 98.9 | 98.9 | 98.9 |
| WACC (%) | 8.5 | 8.5 | 8.5 | 8.5 | 8.5 |
| ROIC (%) | 21.6 | 23.0 | 21.6 | 25.3 | 26.0 |
| NOPAT (Bt m) | 172 | 218 | 287 | 365 | 444 |
| invested capital (Bt m) | 946 | 1,327 | 1,445 | 1,709 | 1,809 |

Sources: Company data, Thanachart estimates

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