BUY (Unchanged) | **TP: Bt 440.00** (From: Bt 490.00) | **4 MAY 2022**

Transfer of Coverage | **Upside : 18.9%**

Thanachart Securities

The Siam Cement Pcl (SCC TB)

Turning the tide

YUPAPAN POLPORNPRASERT
662-779-9110
yupapan.pol@thanachartsec.co.th

We reaffirm our BUY rating on SCC. We expect its earnings to bottom out this year with a strong catalyst of a 47% jump in petrochemical capacity in 1H23F boosting earnings by 35/19% in 2023-24F. Its share price has also fallen to trade at 1.2x P/BV, below its five-year average of 1.6x.

An early BUY call

We transfer coverage of the stock and reaffirm our BUY on SCC with a new DCF-based 12-month TP (2023F base year) of Bt440 (from Bt490). ***First,*** we expect SCC's share price to react ahead of its petrochemical capacity hike of 47% in 1H23F, which is a key driver of our 35/19% earnings growth estimates in 2023-24F. ***Second***, SCC's share price has fallen by 20% from its 2021 peak of Bt470 which we see reflecting a 24% fall in earnings this year from weak petrochemical spreads and high coal prices. SCC is trading on 1.2x P/BV which is below -1STD vs. its five-year average of 1.6x. ***Third,*** we see SCC as a big-cap play on peaking coal prices once the Russian/Ukraine war ends. *This report marks a transfer of coverage.*

New growth phase soon

We expect SCC to enjoy three growth drivers from next year. The first is from a 47% petrochemical capacity boost from the 1.6mt Long Son Plant (LSP), due to be operational in 1H23. The second is our expectation of recovering petrochemical spreads from a new up-cycle where new supply will fall. Our benchmark HDPE-naphtha spread assumptions are US$480/510/600 per tonne in 2022-24F vs. US$630 in 2021 and US$449 YTD. The third is our forecast for coal prices to come down after the Russia-Ukraine conflict ends. Coal accounts for c.30% of cement COGS or 10% of the firm's total COGS.

CBM under transformation

SCC has been transforming its cement & building materials (CBM) business from a producer and SCG Home franchise model to offering customer solutions and more modern trade and online channels. Positive results were seen last year with 6% revenue growth vs. a 3% drop in domestic demand and 2-22% falls in demand in ASEAN markets. That said, the CBM business is being hit by rising coal prices with a six-to-nine month lag time cost adjustment due to long-term coal contracts. Despite the offsetting factor from product price hikes, we forecast an 8% fall in CBM's profit this year and a marginal profit recovery of 5% next year. We estimate CBM profit at 20% of the firm's total profit.

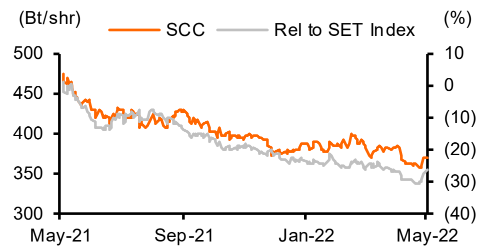
Packaging business to recover in 2H22F

SCC's packaging business, SCGP Pcl (SCGP TB, HOLD, Bt55.00), faced a hiccup in 2H21-1H22 from the lockdown impact that resulted in weaker demand and higher raw material and freight costs. We expect this pressure to ease from 2H22F from falling old corrugated cardboard (OCC) raw material costs and potential selling price increases when demand increases in China post lockdowns. Actually, an improvement has already started to be seen so far in 2Q22F as the OCC price has fallen by 4% from 1Q22 to US$270/tonne.

COMPANY VALUATION

Y/E Dec (Bt m)	2021A	2022F	2023F	2024F
Sales	530,112	529,641	558,767	633,566
Net profit	47,174	35,615	48,090	57,198
Consensus NP	—	40,357	46,328	55,922
Diff frm cons (%)	—	*(11.8)*	*3.8*	*2.3*
Norm profit	46,967	35,615	48,090	57,198
Prev. Norm profit	—	47,773	43,138	42,363
Chg frm prev (%)	—	*(25.4)*	*11.5*	*35.0*
Norm EPS (Bt)	39.1	29.7	40.1	47.7
Norm EPS grw (%)	24.0	(24.2)	35.0	18.9
Norm PE (x)	9.5	12.5	9.2	7.8
EV/EBITDA (x)	8.8	12.1	8.5	7.2
P/BV (x)	1.2	1.2	1.1	1.0
Div yield (%)	5.0	4.0	5.4	6.4
ROE (%)	13.7	9.5	12.2	13.5
Net D/E (%)	49.4	55.7	48.1	40.6

PRICE PERFORMANCE



COMPANY INFORMATION

Price *as of* 3-May-22 (Bt)	370.00
Market Cap (US$ m)	12,862.9
Listed Shares (m shares)	1,200.0
Free Float (%)	66.2
Avg Daily Turnover (US$ m)	35.9
12M Price H/L (Bt)	474.00/356.00
Sector	CONMAT
Major Shareholder	HM King Maha Vajiralongkorn Bodindradebayavarangkun 33.64%

Sources: Bloomberg, Company data, Thanachart estimates

A new chemical growth phase

New capacity and spread improvement are key drivers, in our view

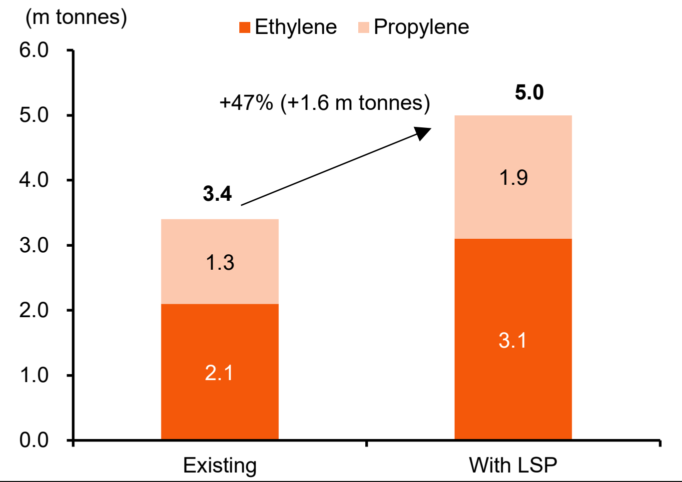
We expect The Siam Cement Pcl's (SCC) petrochemical business segment to soon enter a new growth phase. Three key drivers are: 1) the scheduled start-up of the Long Son Plant (LSP) in Vietnam in 1H23 which would increase SCC's upstream capacity by 47%; 2) our expectation of a turnaround of the petrochemical cycle in 2023F, when additional global supply looks set to fall from 2022's peak; and 3) SCC's new planned projects beyond LSP with a potential Bt330bn (US$10bn) capex over the next seven to eight years.

Long Son Plant (LSP)

LSP would increase SCC's petrochemical capacity by 47% in 1H23

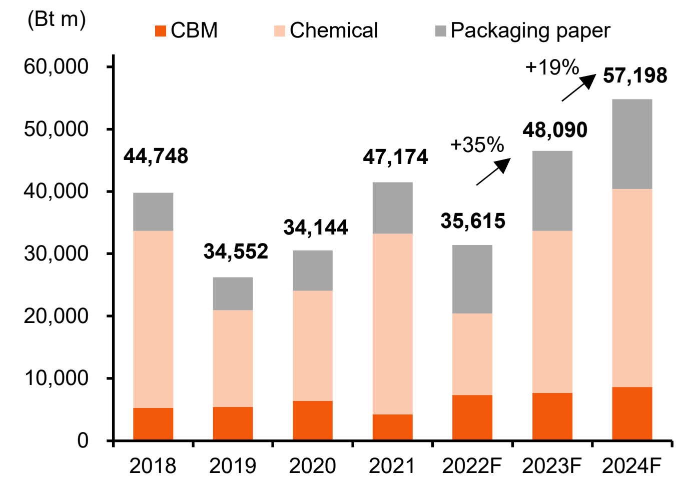
SCC's LSP in Vietnam is scheduled to begin commercial operations in 1H23. This would increase SCC's upstream olefins petrochemical capacity by 47% to 5mt from 3.4mt at present (see Exhibit 1 for existing upstream capacity and LSP's). Unlike its existing plants which mainly use naphtha as feedstock, LSP has the flexibility to use as much as 70% gas (mainly LPG) and the remainder naphtha. This should increase flexibility for the maximization of yield.

Ex 1: A 47% Rise In Olefins Capacity



Source: Company data

Ex 2: A Jump In Petrochemical Profit



Sources: Company data, Thanachart estimates

Ex 3: SCC's Petrochemical Capacity

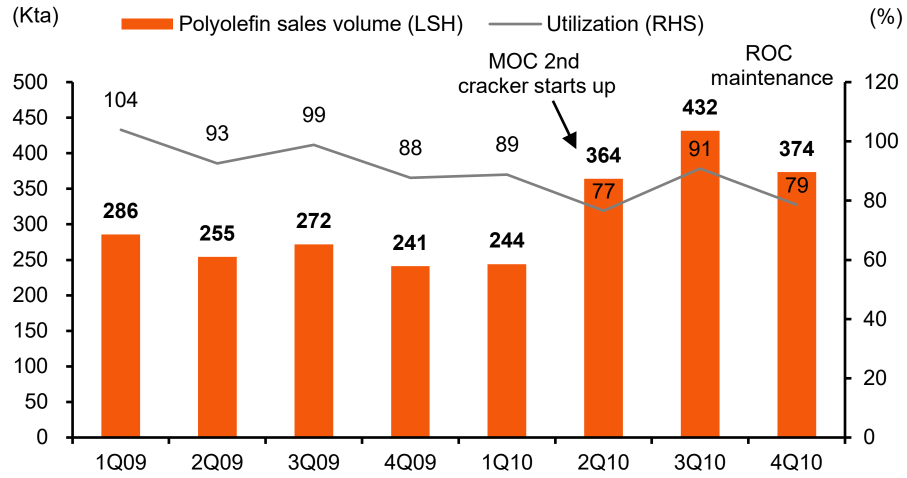
Upstream	Capacity (m tpa)	% stake	To SCC (m tpa)	Company
Consolidated capacity				
Ethylene	2.1			
Propylene	1.3			
Total	**3.4**			
HDPE	1.0			
LDPE+LLDPE	0.3			
PP	0.9			
PVC	0.9			
Total	**3.0**			
Equity income				
Ethylene	0.9	30%	0.27	Chandra Asri
Propylene	0.49	30%	0.15	Chandra Asri
Total	**1.39**		**0.42**	
LLDPE	0.65	50%	0.33	Dow chemical
Special elastomer	0.22	50%	0.11	Dow chemical
PS	0.14	50%	0.07	Dow chemical
SM	0.3	50%	0.15	Dow chemical
PP compound	0.168	46%	0.08	Mitsui chemical
LLDPE	0.015	45%	0.01	Mitsui chemical
MMA	0.175	47%	0.08	Mitsui Rayon
HDPE/LLDPE	0.736	31%	0.23	Chandra Asri
PP	0.59	31%	0.18	Chandra Asri
SM	0.34	31%	0.11	Chandra Asri
Butadiene	0.22	49%	0.11	Bangkok synthetic
SSBR	0.1	49%	0.05	Bangkok synthetic
Total	**3.65**		**1.49**	
Total PE and PP	**2.2**		**0.8**	

Source: Company data

LSP likely to make a profit within the first six months

We expect LSP to make a profit within the first six months of operation with utilization running above the 55% break-even level (please see Exhibit 5 for our estimates). And it should also be able to run fully, say at above 90% utilization, within a year. LSP will also likely sell its products mostly locally in Vietnam, as the country is currently a net importer of petrochemical products. LSP would replace Vietnam's petrochemical import demand. Exhibit 4 shows the utilization ramp-up of SCC's previous plant MOC, which was up and running in 2Q10. The plant reached 70% utilization within three months of starting up and 90% within six months.

Ex 4: SCC's Utilization Ramp-up Track Record



Source: Company data

Ex 5: LSP's Earnings Sensitivity To Utilization Level

Utilization	45%	50%	55%	65%	75%	85%
Upstream capacity (tonnes)						
Ethylene	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Propylene	600,000	600,000	600,000	600,000	600,000	600,000
Total	**1,600,000**	**1,600,000**	**1,600,000**	**1,600,000**	**1,600,000**	**1,600,000**
Downstream capacity (tonnes)						
HDPE	450,000	450,000	450,000	450,000	450,000	450,000
LLDPE	500,000	500,000	500,000	500,000	500,000	500,000
PP	400,000	400,000	400,000	400,000	400,000	400,000
Total	**1,350,000**	**1,350,000**	**1,350,000**	**1,350,000**	**1,350,000**	**1,350,000**
Spread (US$/tonne)						
HDPE-naphtha	500	500	500	500	500	500
LLDPE-naphtha	500	500	500	500	500	500
PP-naphtha	520	520	520	520	520	520
Feedstock breakdown						
Propane (70% maximum)	50%	50%	50%	50%	50%	50%
Naphtha (70% maximum)	50%	50%	50%	50%	50%	50%
Price (US$/tonne)						
Propane price	800	800	800	800	800	800
Naphtha price	900	900	900	900	900	900
Feedstock cost (Bt m)	**22,032**	**24,480**	**26,928**	**31,824**	**36,720**	**41,616**
Processing cost (US$/tonne)	100	100	100	100	100	100
Processing cost (Bt m)	**2,304**	**2,560**	**2,816**	**3,328**	**3,840**	**4,352**
Depreciation (Bt m)	6,267	6,267	6,267	6,267	6,267	6,267
Total cost of sales	**30,603**	**33,307**	**36,011**	**41,419**	**46,827**	**52,235**
Interest expense	3,649	3,649	3,649	3,649	3,649	3,649
Operating profit	**(2,075)**	**(1,189)**	**(299)**	**1,469**	**3,243**	**5,024**
Tax rate	20%	20%	20%	20%	20%	20%
Tax expense	**(415)**	**(238)**	**(60)**	**294**	**649**	**1,005**
Profit (Bt m)	**(1,660)**	**(951)**	**(239)**	**1,175**	**2,595**	**4,019**

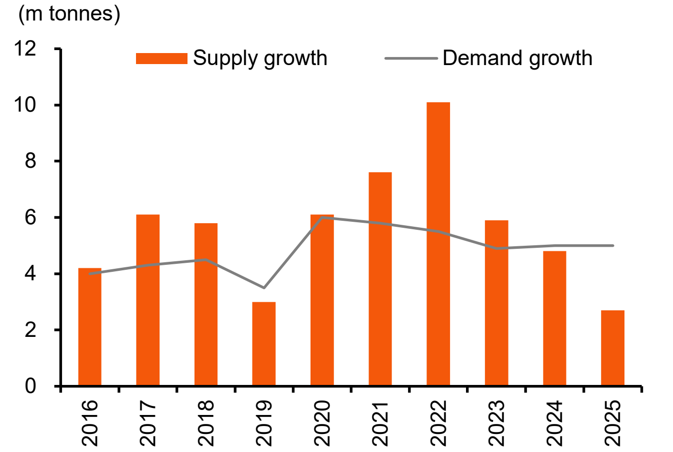
Source: Thanachart estimates

Passing the trough

We expect a 2022F trough and a new cycle to begin in 2023F

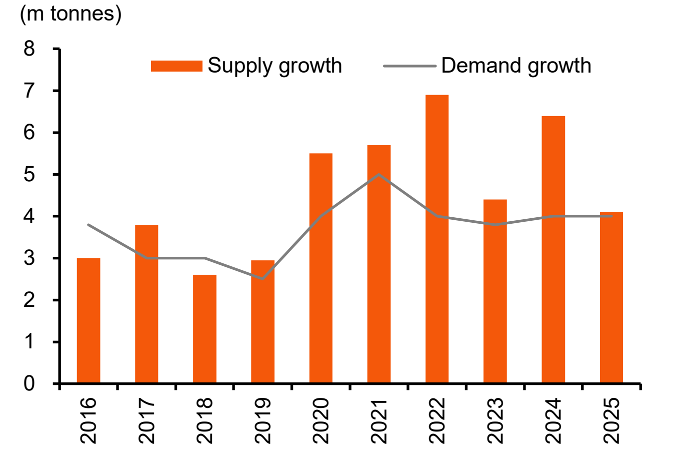
We expect the petrochemical industry (olefins chain) to pass its trough this year and begin a new up-cycle in 2023F. This is due to new supply reaching a peak this year before falling in 2023F with additional demand to start surpassing additional supply from 2024F.

Ex 6: Global PE Demand Vs. Supply Growth



Source: IRPC

Ex 7: Global PP Demand Vs. Supply Growth

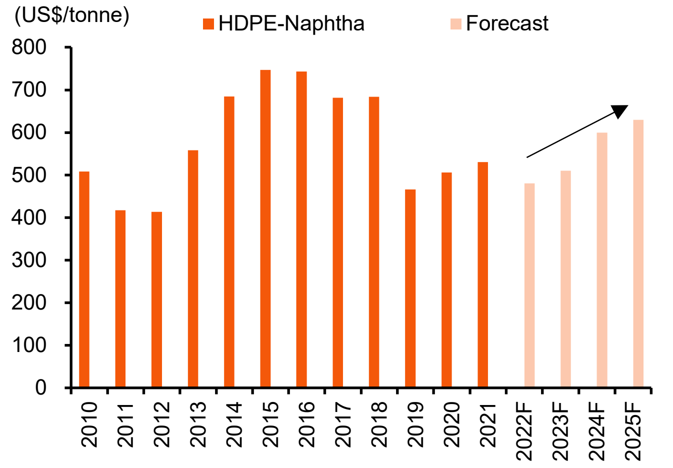


Source: IRPC

Spread should improve along with industry cycle

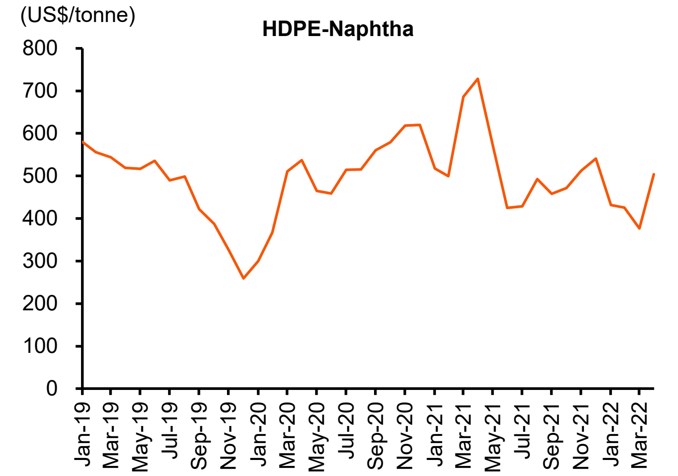
Exhibit 8 shows our forecasts for the benchmark HDPE-naphtha spread. We expect the spread to bottom out this year and recover thereafter. Exhibit 9 shows recent spread movements with the spread this year reaching a bottom of US$377/tonne in March before recovering to US$470 at present.

Ex 8: HDPE-Naphtha Spread



Sources: Bloomberg, Thanachart estimates

Ex 9: HDPE-Naphtha Spread



Source: Bloomberg

Ex 10: Key Petrochemical Spread Assumptions

(US$/tonne)	2020	2021	2022F	2023F	2024F
HDPE-naphtha	506	630	480	510	600
LDPE-naphtha	626	1,020	800	830	880
LLDPE-naphtha	479	630	500	530	600
PP-naphtha	616	680	520	550	630

Sources: Bloomberg, Thanachart estimates

Longer-term potential expansions

SCC is studying the possibility of new expansions beyond LSP. However, most are still a long way off without a definite timeline so we leave them out of our model.

Potential LSP2 and CAP2

Expansions in Vietnam and Indonesia: There is the possibility of LSP2 in Vietnam. Vietnam's polyolefins demand is 3.7mt vs. LSP1's polyolefins capacity of 1.35mt. LSP1 is the only domestic olefins cracker in Vietnam and any remaining demand is met by imports. Demand growth in Vietnam is around 8% p.a. As for Indonesia, SCC has domestic exposure via its 30% stake in Chandra Asri Petrochemical (TPIA IJ, unrated, IDR10,050). CAP currently has 1.3mt of polyolefins capacity and CAP2 with its 1.2mt capacity is due to come on stream in 2026. CAP is the key domestic petrochemical complex in Indonesia and most of its products are for import substitution. Indonesia's polyolefins demand is 3.6mt vs. combined CAP1 and CAP2 capacity of 2.5mt. Therefore, there is room for CAP to increase capacity in the future.

SCC's PVC production has yet to integrate backward to EDC production

PVC upstream integration: SCC has 0.9mt of production capacity of polyvinyl chloride (PVC), which accounted for 20% of SCC's total petrochemical revenue in 2021. In PVC production, the key feedstock is ethylene dichloride (EDC), which is made from ethylene, chlorine, and caustic soda. SCC doesn't have its own EDC production and it sees an opportunity to integrate backward to EDC production. It is looking at a potential 0.52mt of EDC capacity and we estimate potential capex of US$900m. We expect PVC demand to continue to be strong in Asia driven by construction demand on the back of government stimulus packages as well as decarbonization in China. Asia PVC demand is expected to grow by 5.4% p.a. over 2021-25 vs. supply growth of only 3.3%, according to IHS.

Green portfolio expansion for ESG

Green portfolio expansion: SCC has also set a target of expanding its green polymer sales volume to 1mt by 2030 from 0.2mt currently. These are products such as bio-based plastics, or products from green feedstocks, recycled resins, or low carbon footprint materials. The products normally command a price premium and would also help enhance SCC's environmental, social and governance (ESG) score, in our view.

HVA portfolio expansion: SCC plans to continue expanding its high value-added (HVA) product portfolio, which accounted for around 34% of total petrochemical revenue in 2021. The HVA portfolio helped boost the company's performance during the pandemic.

Ex 11: Potential Future Projects

	Demand growth rate (2021-26)	Net imports/Net exports (PO, PVC 2021)	Ongoing investment	Future opportunities
Vietnam	8% CAGR (Polyolefin) 7% CAGR (PVC)	Net imports	LSP1: US$5.4bn, 100% owned	LSP2 LSP1 Debottlenecking
Indonesia	5% CAGR (Polyolefin) 5% CAGR (PVC)	Net imports	CAP1: Rights issue for new complex (US$434m, equity portion)	CAP2
Thailand	R&D and HVA incubation hub Elevate green polymers platform Technology and digital center			

Source: Company data

Ex 12: Potential Capex For Future Projects

Project	Investment size (US$ m)
LSP 2	6,000
LSP debottlenecking	500
EDC backward ingration	900
Downstream vinyl	300
Expand green products	2,000
HVA	300
Investment size opportunity	**10,000**

Source: Thanachart estimates

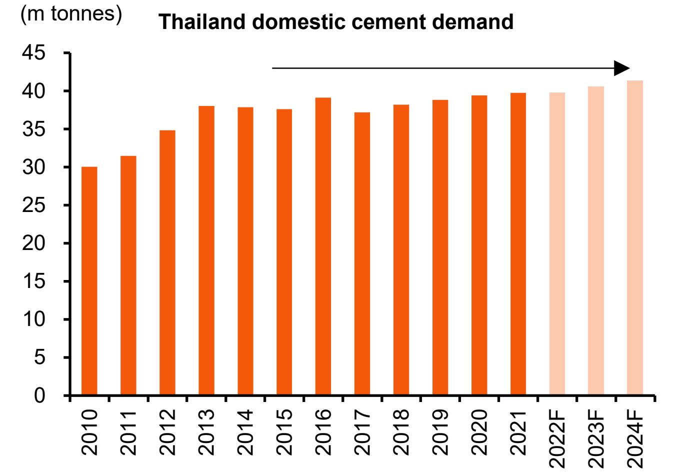
CBM going through a transformation

Organic cement demand growth and range-bound prices

Cement is the biggest business segment under CBM. Demand in Thailand has been fairly stagnant for over a decade, or only seen organic growth at best. We expect organic growth to continue given the country's structural growth trap situation. With stagnant demand and the ongoing structural oversupply of 60mt of capacity vs. 39mt of demand per annum, the cement price has been range-bound in Thailand at Bt1,700-1,800/tonne for over a decade. However, due to the oligopolistic nature of the market with three major players controlling it, the business has provided decent profits with an EBITDA margin of 17-22%.

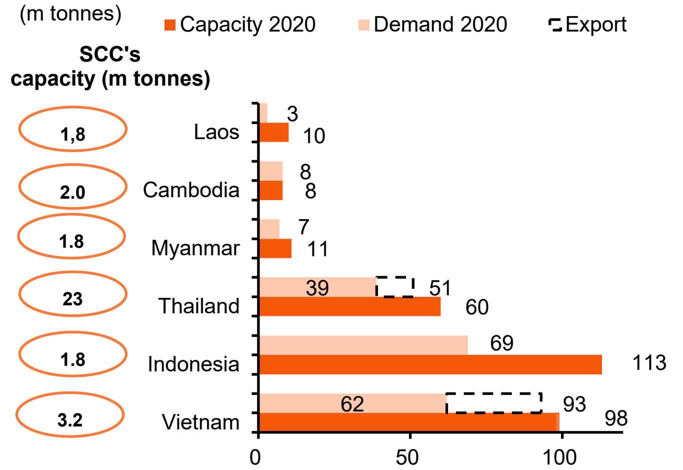
SCC's investments in cement plants in ASEAN have been a result of the stronger demand growth outlook in those countries. SCC has a total of 10.6mt of production capacity in ASEAN vs. 23mt in Thailand (see Exhibit 14). Despite their stronger demand prospects, most of those countries are also experiencing oversupply, thereby limiting potential price increases. In our model, we forecast average ASEAN cement demand growth for SCC at 7% p.a. vs. 1% in Thailand and an EBITDA margin of 10% vs. 17% in Thailand.

Ex 13: Stagnant Domestic Cement Demand



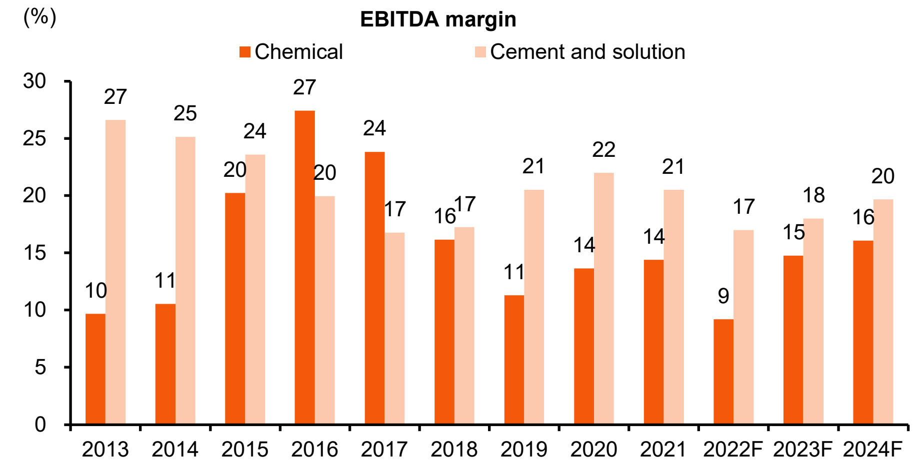
Source: Office of Industrial Economics (OIE)

Ex 14: Oversupply Across ASEAN



Source: Company data

Ex 15: But Still A More Profitable Business Than Petrochem



Sources: Company data, Thanachart estimates

Transforming from traditional producer to direct market access

SCC also produces other building materials products, and agent-based stores are its biggest sales channel. Over the past decade, SCC has been transforming its CBM business to offer more high value-added products, gaining more access to retail customers and offering more solutions-based services. To obtain more direct access to retail customers, it bought a 32% stake in Siam Global House (GLOBAL TB, BUY, Bt21.70) in 2012. Then in 2020 SCC started to gradually convert some dealer stores into a more modern standalone big-shop format, branded as SCG Home. However, out of the total 261 dealers nationwide, SCC currently has only 28 stores in the new format. The majority of its dealer stores are in the traditional shophouse format selling building material products to small contractors. With SCG Home stores, agents are responsible for the initial investment while SCC is responsible for merchandising and inventory, and they then share the profit. This allows SCC to have more control over the shop model and product focus while having more direct access to end customers.

More retail access, better chance to offer value-added and solutions products

Additionally, having more exposure to retail customers offers SCC the opportunity to boost sales of higher value-added products and a better chance of selling solutions-based services. This strategy offers a higher margin than being just a producer. SCG Home is its main outlet to sell solutions-based services and products. For example, the company has launched 3D construction solutions, drone solutions, low-rise building solutions and smart & living solutions. SCC also offers more home renovation services for end customers.

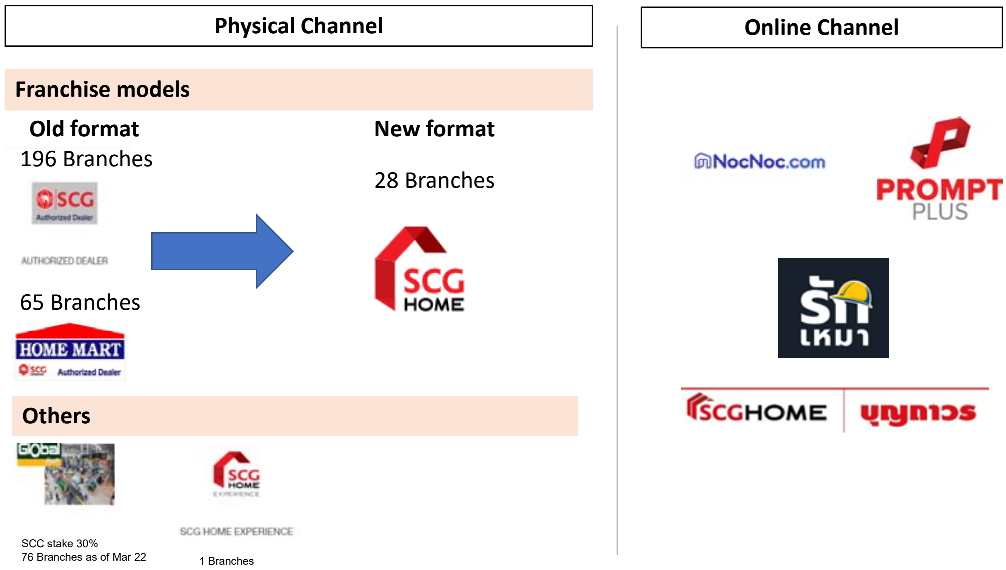
In 2021, SCC launched its online application “Prompt Plus”, a B2B e-commerce platform, to cover over 9,000 retail stores nationwide, along with the e-procurement platform “Rak-Mao” for over 50,000 customers including developers and small- and medium-sized contractors across Thailand.

Transformation bearing fruit

We believe the transformation helped SCC to grow its CBM revenue by 6% in 2021 despite domestic cement demand falling by 3%. Revenue from solutions-based services and products rose to 9% of total CBM revenue in 2021 from only 3% in 2019.

SCC has also been expanding overseas. SCC in 2018 acquired a 29% stake in the leading home-improvement retailer in Indonesia, Catur Sentosa Adiprana (CSA), which operates Mitra10 stores. In 2021, it acquired a 12.75% stake in PT Caturkarda Depo Bangunan Tbk (CKDB), which operates Depo Bangunan, another top home-improvement retailer in Indonesia. Note that the company acquired another 9.25% stake in 1Q22, bringing its total stake to 22%. This was done via its 50%-owned JV with Siam Global House Pcl (GLOBAL TB, BUY, Bt21.70). SCC itself also opened its first retail store in Cambodia in 2022, called SCG Home Design Village.

Ex 16: SCC's Retail Channels

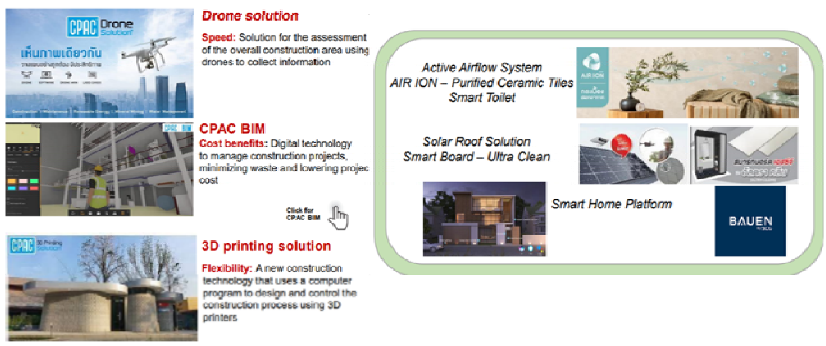


Source: Company data

Ex 17: Retail Stores Abroad

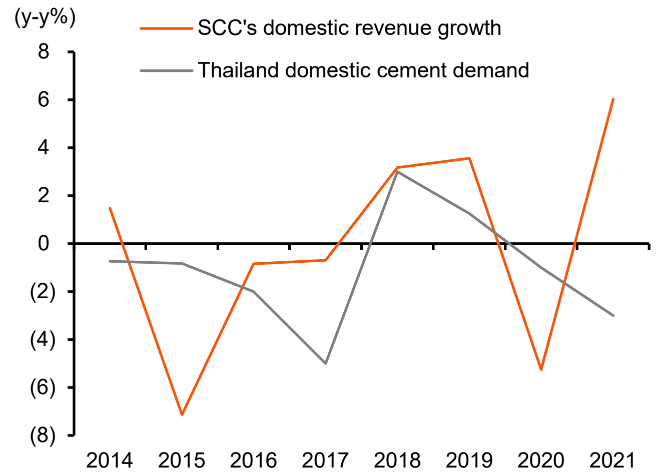
Source: Company data

Ex 18: Examples Of Solutions-based Services And Products



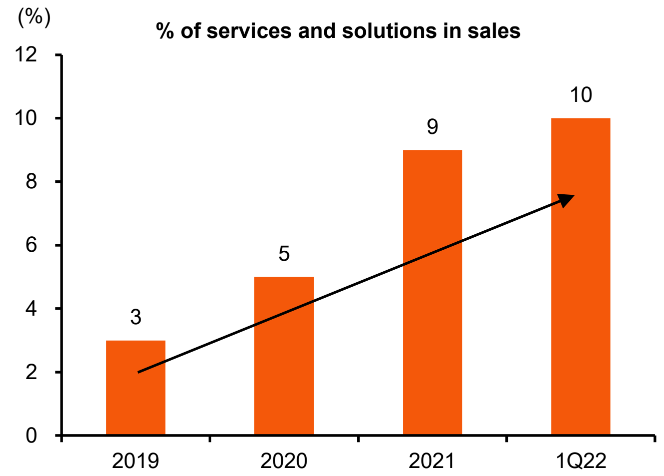
Source: Company data

Ex 19: Domestic CBM Sales Vs. Cement Demand Growth



Source: Company data

Ex 20: Higher Solutions-based Sales



Source: Company data

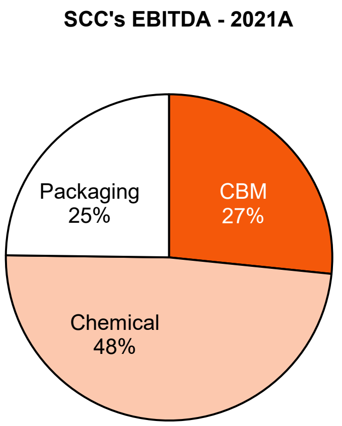
Coal cost pressure

Rising coal price impact looks manageable for SCC

Cement accounted for c.35% of total CBM revenue and coal accounted for one-third of cement's COGS in 2021. The average spot coal benchmark Newcastle price has risen from US$60/tonne in 2020 to US$136/270 in 2021-22 and US$295 currently. The sharp spike this year had been a result of the Russia-Ukraine war.

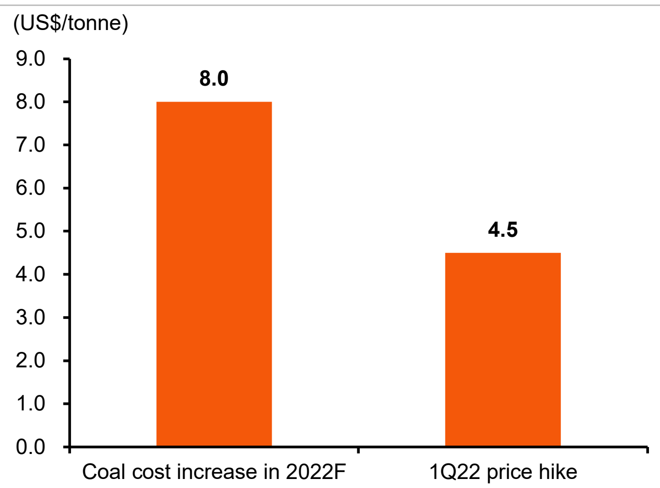
That said, we do not expect the impact to be severe for SCC and we estimate the EBITDA margin of its CBM business to fall only slightly to 11% in 2022-23F vs. 12% in 2021. This manageable impact is due to three reasons. 1) SCC uses lower calorific value (CV) or lower heating value coal than the NEX benchmark and it purchases coal on six- to nine-month contracts rather than at the spot rate. An example is lower CV Indonesian coal with the 5000 GAR coal price at only US$160/tonne vs. NEX at US$329. Buying on a longer-term contract basis also means lower prices. 2) SCC plans to raise the proportion of alternative fuel (agricultural and industrial waste) from 26% in 2021 to 50% by the end of 2022. 3) Cement prices have started to be gradually raised to cover rising costs. SCC had already lifted its prices by a total of Bt150 (or US$4.5) per tonne in 1Q22, which has helped to cover its average coal cost increase of around US$6-8/tonne. Also, as cement EBITDA accounts for 48% of CBM EBITDA or only 13% of SCC's total EBITDA, the impact from rising coal prices should not hit SCC's bottom line too hard.

Ex 21: Cement Makes Up Only 13% Of SCC's EBITDA



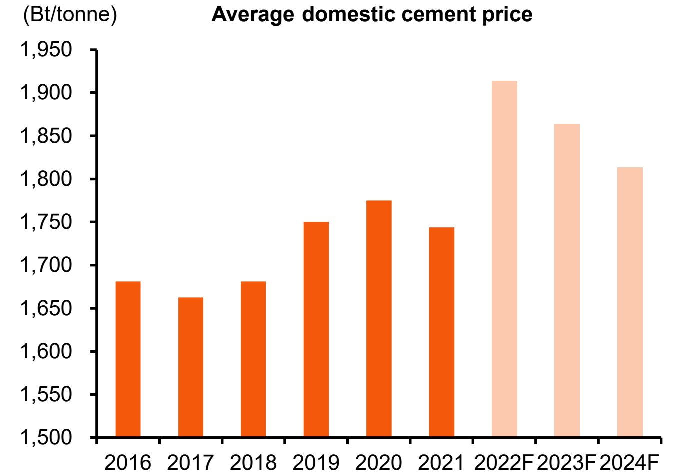
Source: Company data

Ex 22: Coal Cost Vs. Cement Price Increase



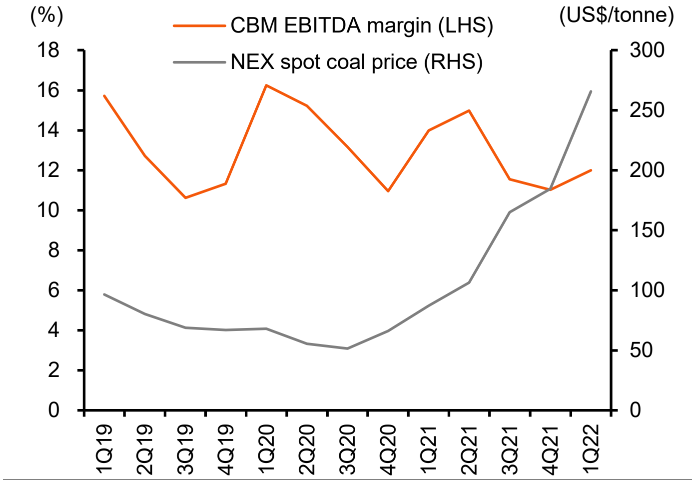
Sources: Company data, Thanachart estimates

Ex 23: Average Domestic Cement Price



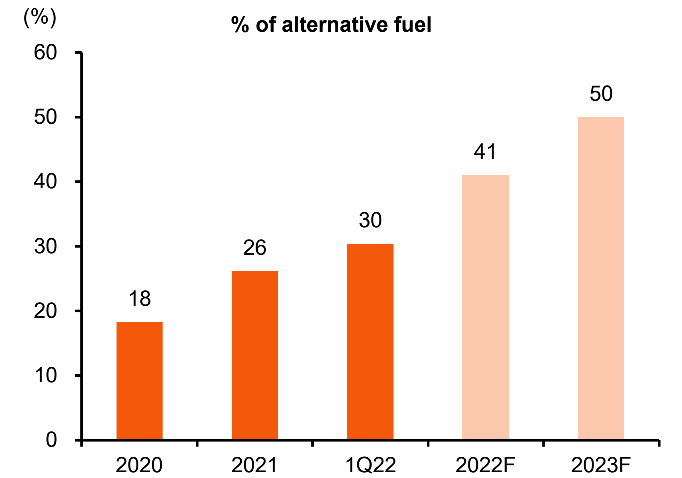
Sources: Company data; Thanachart estimates

Ex 24: CBM Margin Vs. Coal Price



Sources: Company data, Bloomberg

Ex 25: SCC Boosts Alternative Fuel Use



Sources: Company data; Thanachart estimates

Ex 26: Examples Of Alternative Fuel Sources

Source: Company data

Packaging business to recover in 2H22F

COVID hiccups in 2021-1H22F

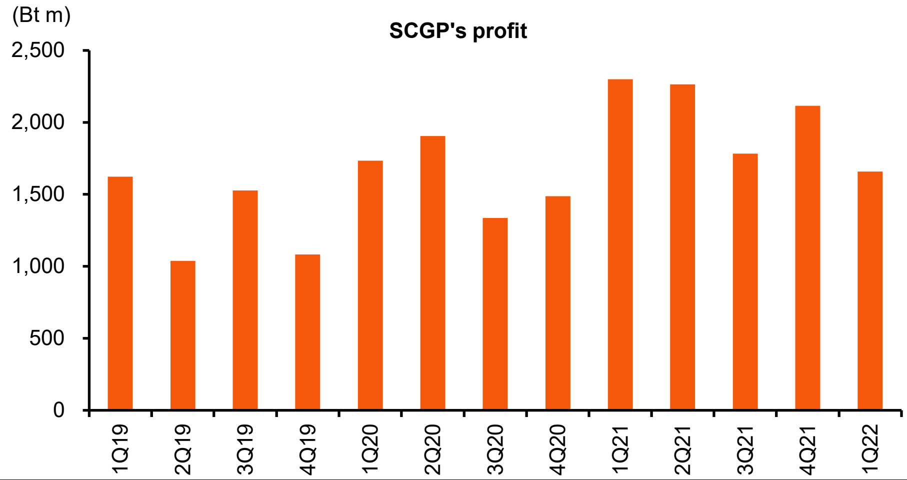
SCC's packaging business is under its 72%-owned listed SCG Packaging (SCGP, HOLD, Bt55.00). SCGP accounted for 13% of SCC's profit in 2021 and in 1Q22. The business faced COVID hiccups in 2021 from lockdowns in Thailand and in ASEAN markets that affected both demand and its production, and increased wastepaper feedstock cost that hurt its margin. Despite no further lockdowns this year which has helped increase the supply of the waste paper raw material OCC and thus brought down its price to US$280/tonne in 1Q22 from last year's peak of US$310/tonne in 3Q21, we still expect 1H22 to face new hiccups from the spike in coal prices (as a fuel for electricity generation for SCGP), and weak demand in China. SCGP's EBITDA margin fell to 16% in 2021 from 19% in 2020 and it stood at 14% in 1Q22.

A turnaround in 2H22F

We expect a recovery to start in 2H22F with a full turnaround from 2023F. After 28% earnings growth in 2021, our current estimates are 32/17/13% growth in 2022-24F. Note that there is some downside risk to our numbers given weaker-than-expected 1Q22 results. In 2022F, we do not anticipate a further decline in earnings despite the hiccups mentioned above because of a 5% capacity increase (or 220kt) at the company's operation in the Philippines. We also expect greater demand from China after its lockdowns ease in 2H22F.

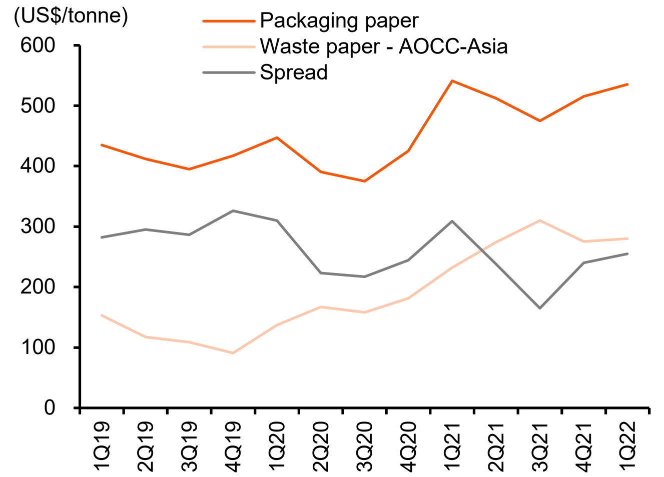
Then we expect a strong turnaround in 2023F from a margin recovery as a result of softening energy and freight costs. We estimate SCGP's EBITDA margin to normalize from 15% in 2021 to 20.5/20.2% in 2023-24F.

Ex 27: SCGP's Quarterly Earnings



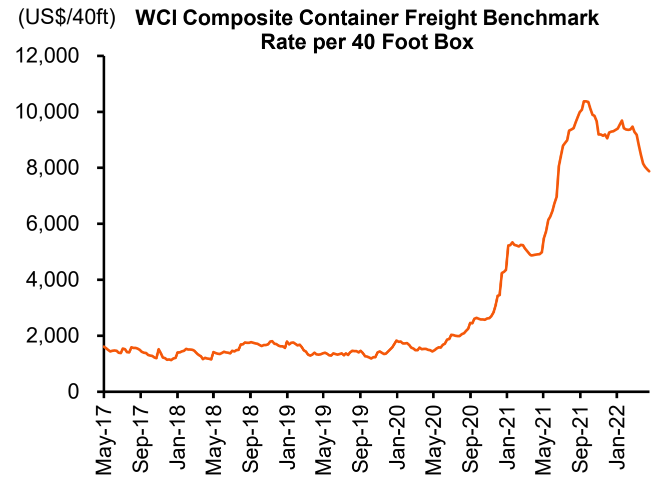
Source: Company data

Ex 28: Rebounding Paper Margin



Source: Company data

Ex 29: Easing Freight Rate From Very High Base



Source: Bloomberg

Inexpensive valuations, in our view

Reaffirm BUY with a new Bt440 TP

This report marks a transfer of coverage and we reaffirm our BUY call on SCC with a new DCF-based 12-month TP, using a 2023F base year, of Bt440/share (from Bt490). While we believe the stock has already been de-rated enough, earnings look likely to bottom out this year while we foresee a few key catalysts that are not too far off.

SCC has already been de-rated significantly and trades at 1.2x P/BV

First, SCC's valuations look inexpensive to us trading at 1.1x P/BV and 9.2x PE in its first recovery year in 2023F. Exhibit 30 shows that SCC has already been de-rated significantly. Also, most of the de-rating factors are no longer news to us, including the petrochemical industry down-cycle over the past few years, rising coal prices and freight rates since last year, and weak Thai and ASEAN economies during the COVID years.

Strong catalyst from a 47% capacity increase in 1H23F

Second, there is a very clear earnings catalyst in 1H23F from its 47% petrochemical capacity increase via its new Long Son Plant (LSP) in Vietnam, which is a net importer of polyolefins products of 3.7mt vs. LSP's capacity of 1.35mt. Therefore, LSP would provide 100% import substitution.

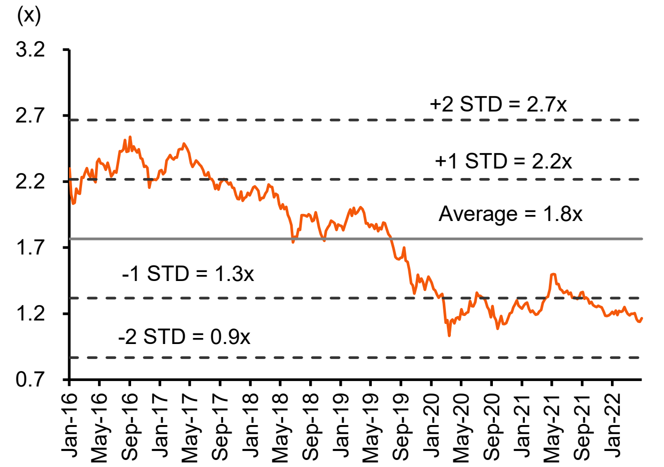
A sharp fall in new supply from 2023F to mark beginning of new up-cycle

Third, we believe the olefins-chain petrochemical cycle has reached its trough this year with the YTD HDPE-naphtha benchmark spread at US$449/tonne from the large amount of new capacity coming on stream as shown in Exhibits 8-9. As new supply is forecast by IHS to drop substantially in 2023F with new demand surpassing new supply in 2024F, we expect the start of a new upcycle next year. In fact, the spread has already recovered to US$470 at present vs. this year's trough level of US$377 in March.

A post-war play, in our view

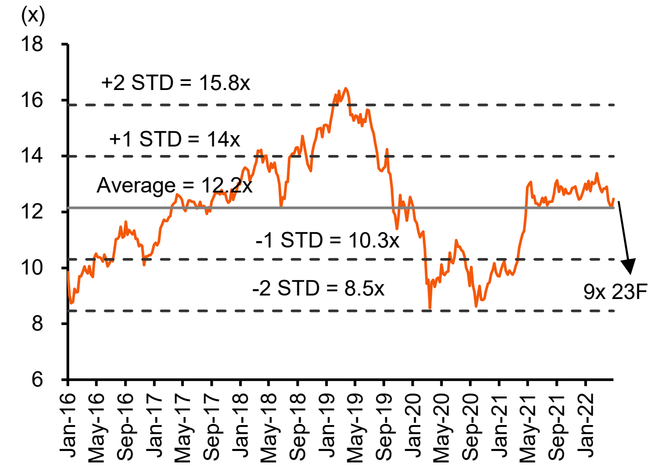
Lastly, we expect the Russia-Ukraine war to end eventually, and we see SCC, as a manufacturer and the largest cement producer in Thailand, as a post-war play on falling coal and energy prices.

Ex 30: De-rated P/BV



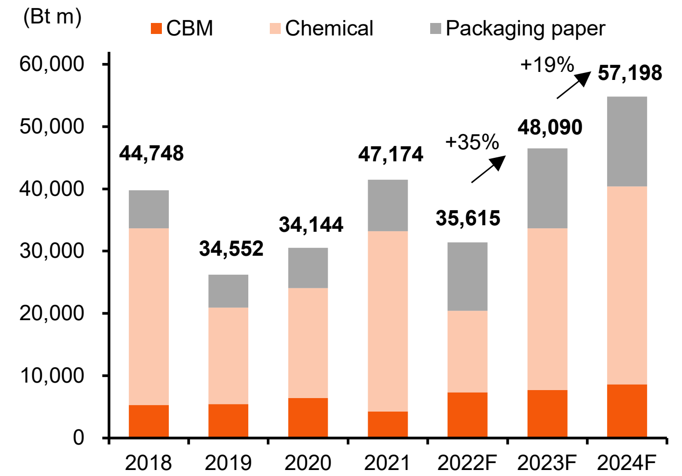
Sources: Bloomberg, Thanachart estimates

Ex 31: At Mean Now But To Fall To 9.2x In 2023F



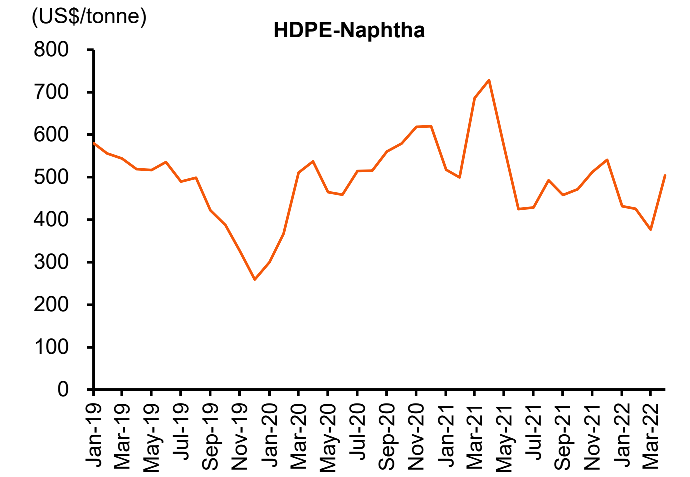
Sources: Bloomberg, Thanachart estimates

Ex 32: SCC's Earnings Turnaround



Sources: Company data, Thanachart estimates

Ex 33: HDPE-naphtha Spread



Source: Bloomberg

Cutting our earnings estimates

In this report, we also cut our 2022F earnings estimate by 25%. The downward revisions mainly reflect a longer-than-expected Russia-Ukraine war and its impact on energy and raw materials prices, which are net negative for SCC. The China lockdowns and potentially sharp US Fed funds rate increases could also result in the risk of a global slowdown which leads us to be more conservative on SCC's prospects. Nonetheless, we raise our earnings forecasts by 12/35% in 2023-24F due to higher chemical spread assumptions.

Ex 34: Earnings Revisions

(Bt m)	2021	2022F	2023F	2024F
New	47,174	35,615	48,090	57,198
Old	47,174	47,773	43,138	42,363
Change (%)		*(25.4)*	*11.5*	*35.0*

Sources: Company data, Thanachart estimates

Ex 35: Key Assumptions

	Unit	2020	2021	2022F	2023F	2024F
Chemical segment						
HDPE-naphtha	(US$/tonne)	506	630	480	510	600
LDPE-naphtha	(US$/tonne)	626	1,020	800	830	880
LLDPE-naphtha	(US$/tonne)	479	630	500	530	600
PP-naphtha	(US$/tonne)	616	680	520	550	630
Cement and building material segment						
Domestic cement demand growth	(%)	(1.0)	(3.0)	0.0	3.0	1.0
Domestic cement price	(Bt/tonne)	1,775	1,744	1,914	1,864	1,814
EBITDA margin	(%)	17.2	12.8	11.0	11.5	12.0

Sources: Company data, Thanachart estimates

Ex 36: 12-month DCF-based TP Calculation, Using A Base Year Of 2023F

(Bt m)		2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	Terminal Value
EBITDA + other income		80,913	92,296	103,194	96,576	90,919	93,393	95,505	97,632	99,775	101,935	103,842	
Free cash flow		40,757	53,211	71,852	69,657	64,824	65,525	68,047	69,990	71,924	73,875	76,114	1,203,666
PV of free cash flow		35,269	42,821	53,783	47,452	40,895	38,275	36,810	35,063	33,370	30,254	28,742	454,525
Risk Free (%)	2.5												
Market Risk Premium (%)	8.0												
Beta	0.9												
Wacc (%)	7.5												
Terminal Growth (%)	2.0												
Enterprise Value	877,259												
Net Debt	261,327												
Minority Interest	87,890												
Equity Value	528,042												
# of Shares	1,200												
Equity Value / Share	**440**												

Sources: Company data, Thanachart estimate

Note: *Includes liquid assets held under current and non-current assets

Valuation Comparison

Ex 37: Valuation Comparison With Regional Peers

Name	BBG code	Country	EPS growth 22F (%)	EPS growth 23F (%)	PE 22F (x)	PE 23F (x)	P/BV 22F (x)	P/BV 23F (x)	EV/EBITDA 22F (x)	EV/EBITDA 23F (x)	Div yield 22F (%)	Div yield 23F (%)
Chemical peers												
Petronas Chemicals Group	PCHEM MK	Malaysia	6.0	(9.5)	11.8	13.0	2.2	2.0	7.8	8.4	4.5	4.7
LG Chem	051910 KS	South Korea	(34.6)	24.6	15.4	12.4	1.5	1.4	6.7	5.5	2.1	2.1
Kumho Petrochemical	011780 KS	South Korea	(43.5)	(16.1)	4.2	5.0	0.9	0.7	2.2	2.6	7.9	5.3
Lotte Chemical	011170 KS	South Korea	(48.0)	36.6	8.7	6.4	0.5	0.4	3.7	3.0	5.2	3.9
Formosa Chemicals & Fibre	1326 TT	Taiwan	(27.1)	(4.7)	15.8	16.6	1.2	1.2	14.3	13.7	6.4	4.5
Formosa Plastics	1301 TT	Taiwan	(16.2)	(2.4)	11.5	11.8	1.7	1.7	11.7	11.7	7.7	6.7
Nan Ya Plastics	1303 TT	Taiwan	(23.8)	(1.8)	11.2	11.4	1.7	1.6	9.0	9.0	8.8	6.8
Formosa Petrochemical	6505 TT	Taiwan	(9.1)	(1.6)	18.3	18.6	2.4	2.3	11.2	11.4	4.6	3.8
Siam Cement	SCC TB *	Thailand	(24.2)	35.0	12.5	9.2	1.2	1.1	12.1	8.5	4.0	5.4
Indorama Ventures	IVL TB *	Thailand	31.7	11.5	9.4	8.5	1.4	1.3	7.6	7.7	5.3	5.9
PTT Global Chemical	PTTGC TB *	Thailand	(19.4)	5.4	9.9	9.4	0.7	0.7	7.6	7.2	5.0	4.8
IRPC	IRPC TB *	Thailand	(70.7)	489.1	62.4	10.6	0.8	0.8	12.9	7.5	4.3	4.7
Average			**(23.2)**	**47.2**	**15.9**	**11.1**	**1.3**	**1.3**	**8.9**	**8.0**	**5.5**	**4.9**
Cement peers												
Indocement	INTP IJ	Indonesia	9.2	18.3	21.9	18.5	1.8	1.7	10.1	8.8	4.6	4.4
Semen Indonesia	SMGR IJ	Indonesia	13.9	25.4	14.3	11.4	1.0	0.9	6.8	6.3	2.9	2.4
Asia Cement	1102 TT	Taiwan	(6.7)	(2.3)	10.8	11.0	1.0	0.9	11.4	11.0	7.5	6.9
Taiwan Cement	1101 TT	Taiwan	0.6	7.2	13.4	12.5	1.3	1.3	11.2	10.2	5.9	5.6
Siam City Cement	SCCC TB	Thailand	(3.1)	12.3	12.2	10.9	1.6	1.5	8.0	7.5	6.3	5.7
TPI Polene	TPIPL TB	Thailand	(37.0)	0.0	8.7	8.7	0.6	0.6	9.2	9.5	na	5.4
Average			**(3.9)**	**10.2**	**13.5**	**12.2**	**1.2**	**1.2**	**9.5**	**8.9**	**5.4**	**5.1**
Packaging paper peers												
Amcor	AMC AU	Britain	7.8	5.4	20.7	19.6	5.5	5.3	11.5	11.1	2.8	3.0
Huhtamaki	HUH1V FH	Finland	16.4	5.7	14.7	13.9	2.2	2.0	9.6	9.1	2.7	2.9
Mondi	MNDI LN	EU	16.3	1.8	8.8	8.7	1.5	1.3	6.6	6.5	4.4	4.9
Leeman	2314 HK	Hong Kong	(25.5)	7.8	5.3	4.9	0.5	0.5	5.6	5.2	8.6	7.1
Nine Dragon Paper	2689 HK	Hong Kong	(27.5)	8.2	6.3	5.9	0.7	0.6	6.0	5.1	7.3	4.3
BillerudKorsnas	BILL SS	EU	74.9	(11.2)	10.8	12.2	1.4	1.3	5.6	5.7	3.0	3.6
Int. Paper	IP US	US	16.8	4.5	9.8	9.4	1.9	1.8	7.1	6.9	4.3	4.0
PCA	PKG US	US	32.4	3.6	13.9	13.4	3.5	3.0	8.5	8.4	2.5	2.5
Mondi	MNDI LN	EU	16.3	1.8	8.8	8.7	1.5	1.3	6.6	6.5	4.4	4.9
SCG Packaging	SCGP TB *	Thailand	50.9	17.1	21.5	18.4	2.4	2.2	10.8	9.4	2.3	2.7
United Paper	UTP TB *	Thailand	27.4	14.5	9.1	8.0	2.5	2.2	6.2	5.3	7.1	8.2
Average			**18.8**	**5.4**	**11.8**	**11.2**	**2.1**	**2.0**	**7.7**	**7.2**	**4.5**	**4.4**
Average			**(3.3)**	**23.7**	**13.9**	**11.3**	**1.6**	**1.5**	**8.5**	**7.9**	**5.1**	**4.7**

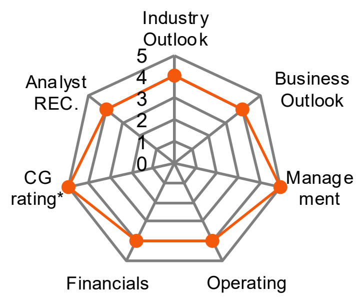
Sources: Bloomberg, * Thanachart estimates
Based on 3 May 2022 closing prices

COMPANY DESCRIPTION

The Siam Cement Pcl (SCC) is one of Thailand's largest industrial conglomerates. The company's operations comprise three main divisions: cement and building materials, petrochemicals, and packaging. Approximately two-thirds of earnings are now derived from chemicals, although the company is focusing on growing its cement and building material businesses in ASEAN.

Source: Thanachart

COMPANY RATING



Rating Scale	
Excellent	**5**
Good	**4**
Fair	**3**
Weak	**2**
Very Weak	**1**
None	**0**

Source: Thanachart; *CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Very strong market position in most of its businesses and products.
- Strong track record of operational and distribution excellence.
- Robust financial position.
- Experienced and prudent management team.

W — Weakness

- Still heavily reliant on Thailand as its key market.
- Petrochemical is a highly cyclical business that can cause high earnings volatility for the company.

O — Opportunity

- M&A opportunities, especially for its construction materials businesses in ASEAN.
- Significant potential to expand its chemical businesses, especially in Vietnam and Indonesia.

T — Threat

- Threat from competition in the local cement market.
- Potential holding discount post Chemical IPO.

CONSENSUS COMPARISON

	Consensus	Thanachart	Diff
Target price (Bt)	432.11	440.00	2%
Net profit 22F (Bt m)	40,357	35,615	-12%
Net profit 23F (Bt m)	46,328	48,090	4%
Consensus REC	**BUY: 14**	**HOLD: 7**	**SELL: 3**

HOW ARE WE DIFFERENT FROM THE STREET?

- We are 12% below the Bloomberg consensus in terms of our 2022F net profit, likely as we factor in lower chemical spreads.
- Our DCF-based TP is slightly higher than the consensus number, which we attribute to us expecting a stronger chemical recovery from 2023F onwards.

Sources: Bloomberg consensus, Thanachart estimates

RISKS TO OUR INVESTMENT CASE

- The key downside risk to our call would be a collapse in chemical spreads due to a sudden demand shock or influx of new supply.
- A secondary downside risk would be prolonged high energy costs which would pressure margin.

Source: Thanachart

We expect lower profit in 2022F due to a lower chemical margin, but a rebound in 2023F

Asset growth to continue with investment in Vietnam petrochemical complex

INCOME STATEMENT

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Sales	399,939	530,112	529,641	558,767	633,566
Cost of sales	309,947	420,793	431,011	432,150	489,318
Gross profit	**89,992**	**109,319**	**98,630**	**126,617**	**144,248**
% gross margin	22.5%	20.6%	18.6%	22.7%	22.8%
Selling & administration expenses	52,815	62,797	70,663	78,141	85,648
Operating profit	**37,177**	**46,522**	**27,967**	**48,476**	**58,600**
% operating margin	9.3%	8.8%	5.3%	8.7%	9.2%
Depreciation & amortization	27,377	28,835	30,404	32,436	33,696
EBITDA	**64,555**	**75,357**	**58,371**	**80,913**	**92,296**
% EBITDA margin	16.1%	14.2%	11.0%	14.5%	14.6%
Non-operating income	7,278	10,594	12,858	12,917	15,281
Non-operating expenses	0	(4,472)	0	0	0
Interest expense	(7,082)	(6,757)	(7,410)	(9,353)	(8,810)
Pre-tax profit	**37,373**	**45,886**	**33,415**	**52,040**	**65,071**
Income tax	5,809	8,900	6,094	9,353	11,245
After-tax profit	**31,564**	**36,986**	**27,321**	**42,687**	**53,826**
% net margin	7.9%	7.0%	5.2%	7.6%	8.5%
Shares in affiliates' Earnings	9,456	17,543	11,866	12,156	11,761
Minority interests	(3,156)	(7,562)	(3,572)	(6,753)	(8,389)
Extraordinary items	(3,720)	207	0	0	0
NET PROFIT	**34,144**	**47,174**	**35,615**	**48,090**	**57,198**
Normalized profit	**37,864**	**46,967**	**35,615**	**48,090**	**57,198**
EPS (Bt)	28.5	39.3	29.7	40.1	47.7
Normalized EPS (Bt)	31.6	39.1	29.7	40.1	47.7

BALANCE SHEET

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
ASSETS:					
Current assets:	214,017	233,016	227,151	231,886	259,761
Cash & cash equivalent	102,981	67,610	60,000	60,000	65,000
Account receivables	54,842	78,951	78,881	83,219	94,359
Inventories	54,654	83,121	85,139	85,364	96,657
Others	1,540	3,334	3,131	3,303	3,745
Investments & loans	117,009	139,808	139,808	139,808	139,808
Net fixed assets	363,425	410,708	456,421	463,985	462,289
Other assets	54,930	77,569	77,500	81,762	92,707
Total assets	**749,381**	**861,101**	**900,881**	**917,442**	**954,565**
LIABILITIES:					
Current liabilities:	161,420	168,386	177,234	172,037	178,377
Account payables	65,273	75,026	76,847	77,050	87,243
Bank overdraft & ST loans	21,510	39,262	43,488	40,902	38,590
Current LT debt	68,908	44,550	49,345	46,411	43,788
Others current liabilities	5,729	9,549	7,554	7,674	8,757
Total LT debt	**160,553**	**206,291**	**228,495**	**214,908**	**202,761**
Others LT liabilities	31,281	36,415	25,960	27,388	31,054
Total liabilities	**353,255**	**411,093**	**431,689**	**414,333**	**412,192**
Minority interest	75,154	84,318	87,890	94,643	103,032
Preferreds shares	0	0	0	0	0
Paid-up capital	1,200	1,200	1,200	1,200	1,200
Share premium	0	3,467	3,467	3,467	3,467
Warrants	0	0	0	0	0
Surplus	(12,001)	1,790	1,790	1,790	1,790
Retained earnings	**331,773**	**359,234**	**374,845**	**402,009**	**432,884**
Shareholders' equity	320,972	365,691	381,302	408,466	439,341
Liabilities & equity	**749,381**	**861,101**	**900,881**	**917,442**	**954,565**

Sources: Company data, Thanachart estimates

Cash flow likely to remain strong and capex cycle is passing

CASH FLOW STATEMENT

FY ending Dec (Bt m)	2020A	2021A	2022F	2023F	2024F
Earnings before tax	37,373	45,886	33,415	52,040	65,071
Tax paid	(4,072)	(10,069)	(4,874)	(9,779)	(10,404)
Depreciation & amortization	27,377	28,835	30,404	32,436	33,696
Chg In working capital	18,467	(42,824)	(126)	(4,360)	(12,240)
Chg In other CA & CL / minorities	37,490	25,030	8,654	12,529	11,560
Cash flow from operations	**116,635**	**46,859**	**67,473**	**82,867**	**87,683**
Capex	(84,817)	(76,117)	(76,117)	(40,000)	(32,000)
Right of use	0	0	0	0	0
ST loans & investments	42	(90)	200	0	0
LT loans & investments	(15,260)	(22,799)	0	0	0
Adj for asset revaluation	0	0	0	0	0
Chg In other assets & liabilities	11,344	(19,899)	(10,386)	(2,834)	(7,279)
Cash flow from investments	**(88,690)**	**(118,906)**	**(86,304)**	**(42,834)**	**(39,279)**
Debt financing	24,202	39,132	31,224	(19,106)	(17,083)
Capital increase	0	3,467	0	0	0
Dividends paid	(14,998)	(20,398)	(20,004)	(20,926)	(26,322)
Warrants & other surplus	21,611	14,475	0	0	0
Cash flow from financing	**30,815**	**36,677**	**11,221**	**(40,032)**	**(43,405)**
Free cash flow	**31,818**	**(29,259)**	**(8,644)**	**42,867**	**55,683**

We see SCC's valuation as attractive given a 2023F recovery

VALUATION

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Normalized PE (x)	11.7	9.5	12.5	9.2	7.8
Normalized PE - at target price (x)	13.9	11.2	14.8	11.0	9.2
PE (x)	13.0	9.4	12.5	9.2	7.8
PE - at target price (x)	15.5	11.2	14.8	11.0	9.2
EV/EBITDA (x)	9.2	8.8	12.1	8.5	7.2
EV/EBITDA - at target price (x)	10.5	10.0	13.5	9.5	8.1
P/BV (x)	1.4	1.2	1.2	1.1	1.0
P/BV - at target price (x)	1.6	1.4	1.4	1.3	1.2
P/CFO (x)	3.8	9.5	6.6	5.4	5.1
Price/sales (x)	1.1	0.8	0.8	0.8	0.7
Dividend yield (%)	3.8	5.0	4.0	5.4	6.4
FCF Yield (%)	7.2	(6.6)	(1.9)	9.7	12.5
(Bt)					
Normalized EPS	31.6	39.1	29.7	40.1	47.7
EPS	28.5	39.3	29.7	40.1	47.7
DPS	14.0	18.5	14.8	20.0	23.8
BV/share	267.5	304.7	317.8	340.4	366.1
CFO/share	97.2	39.0	56.2	69.1	73.1
FCF/share	26.5	(24.4)	(7.2)	35.7	46.4

Sources: Company data, Thanachart estimates

We expect leverage to come down in the coming few years

FINANCIAL RATIOS

FY ending Dec	2020A	2021A	2022F	2023F	2024F
Growth Rate					
Sales (%)	(8.7)	32.5	(0.1)	5.5	13.4
Net profit (%)	6.7	38.2	(24.5)	35.0	18.9
EPS (%)	6.7	38.2	(24.5)	35.0	18.9
Normalized profit (%)	9.4	24.0	(24.2)	35.0	18.9
Normalized EPS (%)	9.4	24.0	(24.2)	35.0	18.9
Dividend payout ratio (%)	49.2	47.1	50.0	50.0	50.0
Operating performance					
Gross margin (%)	22.5	20.6	18.6	22.7	22.8
Operating margin (%)	9.3	8.8	5.3	8.7	9.2
EBITDA margin (%)	16.1	14.2	11.0	14.5	14.6
Net margin (%)	7.9	7.0	5.2	7.6	8.5
D/E (incl. minor) (x)	0.6	0.6	0.7	0.6	0.5
Net D/E (incl. minor) (x)	0.4	0.5	0.6	0.5	0.4
Interest coverage - EBIT (x)	5.2	6.9	3.8	5.2	6.7
Interest coverage - EBITDA (x)	9.1	11.2	7.9	8.7	10.5
ROA - using norm profit (%)	5.5	5.8	4.0	5.3	6.1
ROE - using norm profit (%)	12.6	13.7	9.5	12.2	13.5
DuPont					
ROE - using after tax profit (%)	10.5	10.8	7.3	10.8	12.7
- asset turnover (x)	0.6	0.7	0.6	0.6	0.7
- operating margin (%)	11.1	9.9	7.7	11.0	11.7
- leverage (x)	2.3	2.3	2.4	2.3	2.2
- interest burden (%)	84.1	87.2	81.8	84.8	88.1
- tax burden (%)	84.5	80.6	81.8	82.0	82.7
WACC (%)	7.5	7.5	7.5	7.5	7.5
ROIC (%)	6.8	8.0	3.9	6.2	7.4
NOPAT (Bt m)	31,399	37,498	22,867	39,764	48,473
invested capital (Bt m)	468,962	588,184	642,629	650,687	659,480

Sources: Company data, Thanachart estimates

General Disclaimers And Disclosures:

This report is prepared by analysts who are employed by the research department of TNS. While the information is from sources believed to be reliable, neither the information nor the forecasts shall be taken as a representation or warranty for which TNS or TCAP or its group companies or any of their employees incur any responsibility. This report is provided to you for informational purposes only and it is not, and is not to be construed as, an offer or an invitation to make an offer to sell or buy any securities. Neither TNS, TCAP nor its group companies accept any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents.

The information and opinions contained herein have been compiled or arrived at from sources believed reliable. However, TNS, TCAP and its group companies make no representation or warranty, express or implied, as to their accuracy or completeness. Expressions of opinion herein are subject to change without notice. The use of any information, forecasts and opinions contained in this report shall be at the sole discretion and risk of the user.

TNS, TCAP and its group companies perform and seek to perform business with companies covered in this report. TNS, TCAP, its group companies, their employees and directors may have positions and financial interest in securities mentioned in this report. TNS, TCAP or its group companies may from time to time perform investment banking or other services for, or solicit investment banking or other business from, any entity mentioned in this report. Therefore, investors should be aware of conflict of interest that may affect the objectivity of this report.

Note: Thanachart Securities Public Company Limited act as a Market Maker and Derivative Warrants Issuer. At present, TNS has issued 65 Derivative Warrants which are AMAT16C2206A , AOT16C2206A , AWC16C2207A , BAM16C2206A , BAM16C2207A , BANP16C2205A , BANP16C2207A , BCH16C2207A , BEC16C2207A , BGRI16C2205A , BLA16C2208A, BLA16C2205A , CBG16C2205A , CBG16C2207A , CHG16C2207A , COM716C2208A, COM716C2205A , CPF16C2205A , DOHO16C2207A , EA16C2205A , EA16C2206A , EA16C2207A , GPSC16C2205A , GPSC16C2206A , GPSC16C2207A , GULF16C2205A , GULF16C2207A , GUNK16C2205A , GUNK16C2206A , GUNK16C2207A , HANA16C2205A , HANA16C2207A , INTU16C2205A , IRPC16C2205A , IVL16C2206A , JMAR16C2205A , JMAR16C2206A , JMT16C2205A , JMT16C2207A , KBAN16C2208A, KBAN16C2206A , KCE16C2209A, KCE16C2208A, KCE16C2205A , KCE16C2205B , MEGA16C2207A , MINT16C2207A , OR16C2205A , PTT16C2205A , PTTE16C2209A, PTTG16C2207A , RCL16C2208A, RCL16C2205A , RS16C2205A , S5016C2206A , S5016P2206A , S5016P2206B , SAWA16C2205A , SCB16C2208A, SYNE16C2206A , TOP16C2206A , TRUE16C2205A , TRUE16C2205B , TTA16C2208A, TTA16C2207A , (underlying securities are AMATA , AOT , AWC , BAM , BANPU , BBL , BCH , BEC , BGRIM , BLA , CBG , CHG , COM7 , CPF , DOHOME , EA , GPSC , GULF , GUNKUL , HANA , INTUCH , IRPC , IVL , JMART , JMT , KBANK , KCE , MEGA , MINT , OR , PTT, PTTEP, PTTGC , RCL , RS , SAWAD , SCB, SET50 , TOP, TRUE, TTA). before making investment decisions.

Note: Our major shareholder TCAP (Thanachart Capital Pcl) which holding 50.96% of Thanachart Securities and also TCAP holding 100% of Thanachart SPV1 Co. Ltd. TCAP and Thanachart SPV1 Co. Ltd has stake in THANI for 60% and being the major shareholder of THANI.

Note: Thanachart Capital Public Company Limited (TCAP), TMBThanachart Bank Public Company Limited (TTB), are related companies to Thanachart Securities Public Company Limited (TNS). Thanachart Securities Pcl is a subsidiary of Thanachart Capital Pcl (TCAP) which holds 23% of the shareholding in TMBThanachart Bank Pcl.

Thanachart Capital Public Company Limited (TCAP), Ratchthani Leasing Public Company Limited (THANI), MBK PUBLIC COMPANY LIMITED (MBK) and PATUM RICE MILL AND GRANARY PUBLIC COMPANY LIMTED (PRG) are related companies to Thanachart Securities Public Company Limited (TNS) . Since TNS covers those securities in research report, consequently TNS incurs conflicts of interest.

Disclosure of Interest of Thanachart Securities

Investment Banking Relationship

Within the preceding 12 months, Thanachart Securities has lead-managed public offerings and/or secondary offerings (excluding straight bonds) of the securities of the following companies: SCG Packaging Pcl (SCGP TB)

Recommendation Structure:

Recommendations are based on absolute upside or downside, which is the difference between the target price and the current market price. If the upside is 10% or more, the recommendation is BUY. If the downside is 10% or more, the recommendation is SELL. For stocks where the upside or downside is less than 10%, the recommendation is HOLD. 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 the market price and the formal recommendation.

For sectors, an "Overweight" sector weighting is used when we have BUYs on majority of the stocks under our coverage by market cap. "Underweight" is used when we have SELLs on majority of the stocks we cover by market cap. "Neutral" is used when there are relatively equal weightings of BUYs and SELLs.

Thanachart Securities Pcl.

Research Team
19 Floor, MBK Tower
444 Phayathai Road, Pathumwan Road, Bangkok 10330
Tel: 662 - 779-9119
Email: thanachart.res@thanachartsec.co.th

Pimpaka Nichgaroon, CFA
Head of Research
Tel: 662-779-9199
pimpaka.nic@thanachartsec.co.th

Pattarawan Wangmingmat
Senior Technical Analyst
Tel: 662-779-9105
pattarawan.wan@thanachartsec.co.th

Phannarai Tiyapittayarut
Property, Retail
Tel: 662-779-9109
phannarai.von@thanachartsec.co.th

Sarachada Sornsong
Bank, Finance
Tel: 662-779-9106
sarachada.sor@thanachartsec.co.th

Witchanan Tambamroong
Technical Analyst
Tel: 662-779-9123
witchanan.tam@thanachartsec.co.th

Adisak Phupiphathirungul, CFA
Retail Market Strategy
Tel: 662-779-9120
adisak.phu@thanachartsec.co.th

Nuttapop Prasitsuksant
Telecom, Utilities
Tel: 662-483-8296
nuttapop.pra@thanachartsec.co.th

Rata Limsuthiwanpoom
Auto, Industrial Estate, Media, Prop. Fund
Tel: 662-483-8297
rata.lim@thanachartsec.co.th

Siriporn Arunothai
Small Cap, Healthcare, Hotel
Tel: 662-779-9113
siriporn.aru@thanachartsec.co.th

Sittichet Rungrassameephat
Analyst, Quantitative
Tel: 662-483-8303
sittichet.run@thanachartsec.co.th

Chak Reungsinpinya
Thematic Research, Paper
Tel: 662-779-9104
chak.reu@thanachartsec.co.th

Pattadol Bunnak
Electronics, Food & Beverage, Shipping
Tel: 662-483-8298
pattadol.bun@thanachartsec.co.th

Saksid Phadthananarak
Construction, Transportation
Tel: 662-779-9112
saksid.pha@thanachartsec.co.th

Yupapan Polpornprasert
Energy, Petrochemical
Tel: 662-779-9110
yupapan.pol@thanachartsec.co.th

Thaloengsak Kucharoenpaisan
Analyst, Retail Market
Tel: 662-483-8304
thaloengsak.kuc@thanachartsec.co.th