

# Siam Cement (SCC TB)

## 4Q22E earnings to tumble, moderate recovery in 2023

### Cut FY22E earnings forecast, retain HOLD

4Q22 earnings are likely to plunge 86% YoY to only THB1.15b. The earnings flop seen in all three businesses, namely chemicals, building material products and packaging, should be dragged by weak demand and reduced prices. We thus cut our FY22E earnings forecast 22% to THB22.376b (-53% YoY). However, China's reopening should see earnings recover in 2023 and we maintain our earnings forecast of THB31.652b, a rebound of 42%, but still off a low base. We maintain our HOLD rating with a TP of THB340.

### 4Q22E earnings likely to plunge

SCC will announce its 4Q22 earnings results on 25 Jan. We expect earnings to nosedive to only THB1.15b (-86% YoY). All three businesses; chemicals, building material products and packaging, were hit hard by China's lockdown. This hurt demand for petrochemicals and packaging paper while energy costs remain high and inflation erodes purchasing power. We expect dividend income of THB800m to come to the rescue in 4Q.

### Weak performance in all three businesses

1) Chemicals business in 4Q22 saw HDPE-naphtha spreads tumble further to USD362/tonne (-7%QoQ, -29%YoY) and PP-naphtha spreads dropped to USD304/tonne (-15%QoQ, -46%YoY) on new global production capacity; weak demand and the ROC plant maintenance closure. Sales volume is expected to drop to 338,000 tonnes (-32%YoY) which should see chemicals business losses widening to THB500m from a loss of THB339m in 3Q22 and profit of THB4.5b in 4Q21. 2) The cement-building materials business was affected by tile provisions of THB570m and rising energy costs. Earnings will drop to only THB50m (-96%YoY). 3) Packaging business was affected by a sharp decline in the selling price of packaging paper and stagnant demand. Profit is expected to drop to THB1b (-53%YoY).

### Cut earnings forecast, expect recovery in FY23E

We cut our FY22E earnings forecast by 22% to THB22.38b, down 53%YoY. We foresee a turnaround in FY23E, especially in the petrochemical business following China's reopening as demand in China accounts for 40% of the global market. However, new production capacity for both ethylene and propylene this year is still high and will pressure profits. We maintain our FY23E profit forecast at THB31.65b, a 42% YoY recovery, but still off a low base compared to the past.

FYE Dec (THB m)	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue	399,939	530,112	572,421	657,547	728,147
EBITDA	68,113	81,685	49,608	67,875	75,162
Core net profit	34,144	47,174	22,376	31,652	37,036
Core EPS (THB)	28.45	39.31	18.65	26.38	30.86
Core EPS growth (%)	0.3	38.2	(52.6)	41.5	17.0
Net DPS (THB)	14.00	18.50	8.95	12.66	14.81
Core P/E (x)	13.3	9.8	19.2	13.6	11.6
P/BV (x)	1.4	1.3	1.2	1.1	1.1
Net dividend yield (%)	3.7	4.8	2.5	3.5	4.1
ROAE (%)	11.4	13.7	6.1	8.4	9.3
ROAA (%)	4.9	5.9	2.6	3.7	4.1
EV/EBITDA (x)	10.1	9.6	15.7	11.6	10.5
Net gearing (%) (incl perps)	40.0	52.3	59.7	57.1	54.2
Consensus net profit	-	-	26,505	34,385	46,354
MKE vs. Consensus (%)	-	-	(15.6)	(7.9)	(20.1)

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# HOLD

Share Price THB 358.00  
12m Price Target THB 340.00 (-5%)  
Previous Price Target THB 340.00

### Company Description

The Company operates 3 core businesses consists of investments in the Cement-Building Materials business, chemicals business and packaging business.

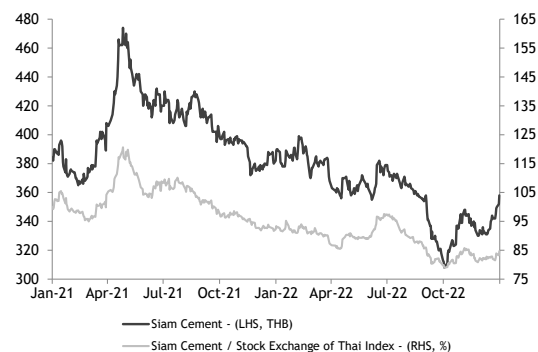
### Statistics

52w high/low (THB)	399.00/308.00
3m avg turnover (USDm)	20.9
Free float (%)	66.2
Issued shares (m)	1,200
Market capitalisation	THB429.6B USD12.8B

### Major shareholders:

King Maha Vajiralongkorn B	33.6%
Thai NVDR	9.0%
Social Security office of Thailand	4.2%

### Price Performance



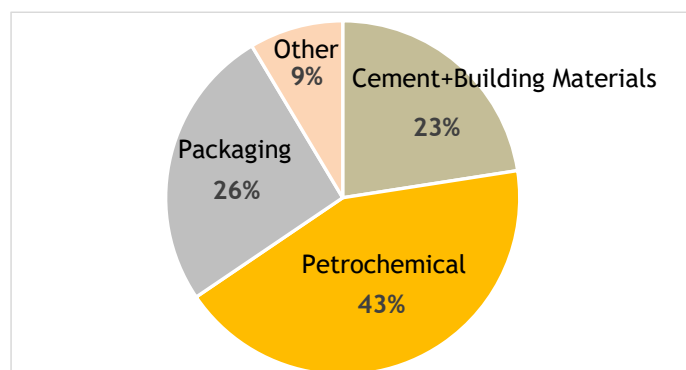
	-1M	-3M	-12M
Absolute (%)	7	14	(6)
Relative to index (%)	3	6	(8)

Source: FactSet

## Value Proposition

- Thailand’s largest materials & industrial conglomerate. It ranks within the top 3 by market share for every industry where it has a presence in (cement, petrochem and paper).
- SCC creates entry barriers by keeping high capacity that costs THB50-60b/year in capex. Utilization rates of its facilities are at nearly 100%.
- SCC’s earnings are highly concentrated in the petrochemical business. Hence, its operating performance is highly leveraged to a change in global demand/supply dynamics of key polymer products than domestic-oriented businesses like cement and building materials.

### EBITDA - more evenly distributed across divisions

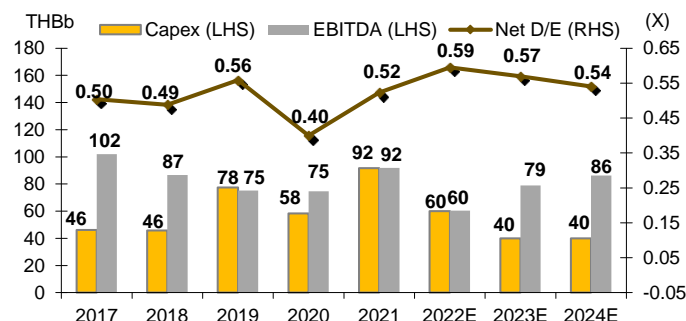


Source: Company

## Financial Metrics

- SCC’s earnings are sensitive to the change in H/L/LLDPE and PP over naphtha spreads. Every USD100/t change in HDPE-naphtha margin, changes EBITDA by 15% from the base-case.
- Investment in JVs with companies like Toyota (10%), Kubota (40%) etc generated healthy dividend income of THB11.8b in 2021.
- High EBITDA of THB60-86b in FY22-FY24. Our baseline case is 48% dividend payout ratio in FY22-FY24.

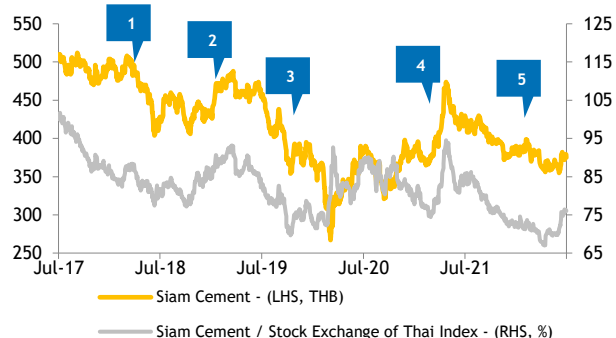
### High EBITDA for dividend and further expansion



Source: Company, MST

## Price Drivers

### Historical share price trend



Source: Company, MST

1. Correction on concerns of weakening economic activity.
2. Optimism in relation to the planned listing of SCG Packaging
3. Another correction following rising oil prices, which leads to higher feedstock costs for petrochem while high supply leads to a weak pass-on cost mechanism
4. Anticipating recovery in three segments: petrochemicals, CBM and packaging, followed by profit taking in-sync with the SET.
5. Depressed performance due to resurgence of pandemic and heightened risk of a slowdown due to the war.

## Swing Factors

### Upside

- Lower oil price could lead to lower naphtha feedstock cost and better chemicals profitability.
- Delays of start-up of new ethylene/PE capacities in China/US would lead to better ethylene and PE spread over naphtha.
- Residential property demand recovery should lead to better domestic cement demand.

### Downside

- Baht appreciation normally hurts SCC’s profits as it is a net exporter of cement, paper and petrochemical products.
- Unexpected, deep collapse in petrochemical spreads will affect SCC’s profits and returns, adversely.
- Loss of pricing discipline in Thai construction materials market - mainly cement - will also negatively impact the share price.

Risk Rating & Score <sup>1</sup>	20.9 (Medium risk - 1/112)
Score Momentum <sup>2</sup>	0.0
Last Updated	25 May 2021
Controversy Score <sup>3</sup> (Updated: 29 July 2022)	Category 1 - Low

## Business Model & Industry Issues

- SCC has to grapple with a multitude of issues relating to ESG as it operates in extractive industries such as cement, building materials, packaging and petrochemicals with a broad based distribution network and a regional presence.
- SCC's ESG began from its commitment to the +2°C global target in the Paris Accord by 2030 and this commitment cascades into layers of key sustainability goals in the following areas: GHG, Water, Energy, Product Stewardship, Innovation & Technology, Human Rights, Safety and Customer Experience.
- This is a step process; 2025 is the next milestone for most material variables such as GHGE down by 20%, ECR by 13%. Under ECR, R&D embraces CEP, which has seen 75.68MW of solar power installed to date and a subsequent GHGE reduction of c.48.3K tonnes of CO<sub>2</sub>/yr.
- As capacity expansion via green and/or brownfield acquisitions is on the cards, SCC has set its ICP at USD18/tonne CO<sub>2</sub> as the criteria for project approval. CEP/ICP will embed sustainability goals into the corporate's DNA.

## Material E issues

- CBM is a highly extractive industry and interfaces with local counterparties. In mining limestone a mountain wall is maintained to keep in particles and not deface the sides. Reforestation follows post mining; one quarry already hit its targeted biodiversity index (three more on the way). Long-term target is a natural forest zone of 60%.
- Firing the refractory is coal intensive. To reduce coal usage cement plants now have a waste heat generator to capture excess energy and is augmented with RDF and biogas. This year, one industrial waste power plant will start operation and it can process 65k tpa of waste.
- End of 2019, cement used 24% of recycled inputs, building materials 14%, packaging 61%, petrochems only 1%, though this division runs on 12.3% recycled water, 13.6% solar power.
- In 2019, SCC assessed opportunities and risks relating to climate change and its impact with the Task Force on Climate-Related Financial Disclosures by FSB UNEP. This in turn will allow SCC to incorporate the latter's recommendations to foster sustainable business practices.
- SCC is in the DJSI and also reports to GRI.

## Material S issues

- SCC's human rights practices are in accordance with United Nations & International Labour Organization's Declaration on Fundamental Principles & Rights at Work and its own policy.
- In the previous mining licence renewal, SCC met pressures from NGOs relating to environmental effects of mining. This was resolved. To prevent recurrence, SCC engages local communities. Since 2019, 19 communities are now able to manage their own water resources, and 7,139 monkey cheeks dams were built to augment water supply. The group achieved 82% community satisfaction index.
- The SCG Foundation seeded with THB75b in 1963 is the main corporate social responsibility vehicle; 5Y spending ranges THB591-748m covering multiple activities.
- Leveraging on its relationship with Oxford University, it brought together AstraZeneca, Oxford and Siam Bioscience to sign a letter of intent to produce the AZD1222 Covid-19 vaccine to supply to Thailand and the region. SCC has been actively donating medical equipment to hospitals help tackle the pandemic.

## Key G metrics and issues

- SCC's 12-member board of directors has six independents, two female directors and three recommended by the major shareholder. Total compensation in 2021 was THB78m, or 0.16% of reported net profit. Its auditor (2018-2022) is KPMG Phoomchai, which has been its auditor for many terms.
- In 2020, SCC announced its diversity and inclusion policy and intention to support gender equality and evaluate gender discrimination.
- Female employees are c.22% of its total and 27% of the managerial level. During 2015-19, between THB1.2-2.0b/year was spent on employee training programmes. Employee engagement had reached 68% in 2019 (target 70% by 2022).
- For now, the 13-member top management are all males. SCC has an active whistleblowing policy to control and prevent corruption. So far, 29 cases have been investigated involving compliance laws and violation of internal rules on code of conduct. The total damage was THB0.67m, and 17 employees were dismissed.

<sup>1</sup>**Risk Rating & Score** - derived by Sustainalytics and assesses the company's exposure to unmanaged ESG risks. Scores range between 0 - 50 in order of increasing severity with low/high scores & ratings representing negligible/significant risk to the company's enterprise value, respectively, from ESG-driven financial impacts. <sup>2</sup>**Score Momentum** - indicates changes to the company's score since the last update - a **negative** integer indicates a company's improving risk score; a **positive** integer indicates a deterioration. <sup>3</sup>**Controversy Score** - reported periodically by Sustainalytics in the event of material ESG-related incident(s), with the impact severity scores of these events ranging from Category 0-5 (0 - no reports; 1 - negligible risks; ...; 5 - poses serious risks & indicative of potential structural deficiencies at the company).

Quantitative Parameters (Score: 28)						
	Particulars	Unit	2019	2020	2021	Siam City Cement
E	Scope 1 GHG emissions	m tCO2e	21.6	30.7	29.8	10.7
	Scope 2 GHG emissions	m tCO2e	2.4	3.2	3.2	0.7
	<b>Total</b>	<b>m tCO2e</b>	<b>24.0</b>	<b>33.9</b>	<b>33.0</b>	<b>11.4</b>
	Scope 3 GHG emissions	m tCO2e	NA	NA	12.1	NA
	<b>Total</b>	<b>m tCO2e</b>	<b>NA</b>	<b>NA</b>	<b>45.1</b>	<b>NA</b>
	Scope 1 emission intensity	kgCO2e/ton	634	616	623	628
	Green energy share of power usage	%	13.6%	14.3%	14.8%	11.6%
	Water recycled as % of usage	%	10.6%	11.6%	11.9%	NA
	% of flyash recycled/treated	%	99%	99%	99%	99%
	% of recycled material used	%	8.3%	10.7%	5.3%	6.6%
	% of debt from green instruments	%	NIL	NIL	NIL	NIL
	NOx (excluding N2O)	tons	25,720	30,800	34,500	15,118
	SOx	tons	2,750	3,710	3,130	844
	SPM/particulate matter (PM10)	tons	1,360	1,390	1,530	662
S	% of women in workforce	%	21.9%	23.0%	22.4%	5.1%
	% of women in management roles	%	24.7%	24.9%	24.8%	18.6%
	Lost time injury frequency rate	number	0.239	0.113	0.175	0.25
G	MD/CEO salary as % of net profit	%	NA	NA	NA	NA
	Top 12 employees salary as % of profit	%	0.8%	0.6%	0.6%	3.5%
	Independent director tenure <10 years	%	58%	50%	50%	30%
	Women directors on board	%	17%	17%	17%	20%

Qualitative Parameters (Score: 100)	
a) is there an ESG policy in place and whether there is a standalone ESG committee or is it part of a risk committee?	<i>Yes - SCC Sustainable Development Committee are tasked with reporting sustainability plan and performance to the Board of Directors.</i>
b) is the senior management salary linked to fulfilling ESG targets?	<i>Yes</i>
c) Does the company follow the task force of climate related disclosures (TCFD) framework for ESG reporting?	<i>Yes</i>
e) Does the company have a mechanism to capture Scope 3 emissions - which parameters are captured?	<i>Yes - SCC captures data across most of the 15 Scope 3 categories</i>
f) What are the 2-3 key carbon mitigation/water/waste management strategies adopted by the company?	<i>Installed Terminox GS burner technology for reducing NO2 emission. Manage industrial waste according to the 3Rs and Circular Economy principles within SCC. Rehabilitate the ecosystems related to water resources, and support water supply to community and agriculture. SCC pioneered Thailand's first EV Mixer Truck to deliver concrete.</i>
g) Does carbon offset form part of the net zero/carbon neutrality target of the company?	<i>Yes - Reforestation and rehabilitation of terrestrial forest, mangrove and seagrass as carbon sink is one of the strategies to reach net zero by 2050.</i>

Target (Score: 100)		
Particulars	Target	Achieved
Reduce Scope 1+2 intensity by 2030	20.0%	2.7%
Revenue from SCG Green Choice	66.7%	40.7%
Alternative fuel use by 2022	50.0%	26.2%
Reduction of dust emission by 2025	8.0%	15.2%
Reduction of water withdrawal by 2025	23.0%	22.6%
Net zero GHG emissions by 2050		
Biodiversity net positive by 2052		
Impact		
Assuming carbon price of USD10/50/100 and threshold scope 1 intensity of 550 kgCO2e for cement, the impact on FY21 EBITDA will be 2.1-21.4% and FY21 net profit will be 3.7-37.0%		
Overall Score: 64		
As per our ESG matrix, Siam Cement (SCC TB) has an overall score of 64.		

ESG score	Weights	Scores	Final Score
Quantitative	50%	28	14
Qualitative	25%	100	25
Target	25%	100	25
<b>Total</b>			<b>64</b>

As per our ESG assessment, SCC has an established framework, internal policies, and tangible mid/long-term targets but needs to make headway in improving its quantitative "E" metrics YoY. SCC's overall ESG score is 64, which makes its ESG rating above average in our view (average ESG rating = 50; refer to Appendix I for our ESG Assessment Scoring).

**Figure 1: Quarterly earnings - 4Q22E profit slump deepens**

(THBm)	4Q22E	3Q22	%QoQ	4Q21	%YoY	2022E	2021	%YoY
Sales	125,001	142,392	-12%	142,665	-12%	572,421	530,112	8%
Other income	1,723	2,101	-18%	2,942	-41%	11,817	10,594	12%
COGS	102,703	117,313	-12%	112,399	-9%	463,641	392,165	18%
Depreciation	7,548	7,487	1%	7,416	2%	29,437	28,835	2%
Gross profit	14,750	17,591	-16%	22,850	-35%	79,343	109,112	-27%
Gross margin (%)	11.8%	12.4%	-0.6%	16.0%	-4.2%	13.9%	20.6%	-6.7%
SG&A	17,065	18,057	-5%	16,065	6%	70,990	66,855	6%
SG&A/Sales (%)	14%	13%	1.0%	11%	2.4%	12%	13%	-0.2%
EBITDA	6,955	9,122	-24%	17,144	-59%	49,608	81,685	-39%
EBITDA margin (%)	6%	6%	-0.8%	12%	-6.5%	9%	15%	-6.7%
Interest expense	1,870	1,899	-2%	1,691	11%	7,131	6,757	6%
Equity income	1,815	2,064	-12%	2,248	-19%	10,647	17,543	-39%
Net profit	1,150	2,444	-53%	8,307	-86%	22,376	47,174	-53%
EPS (THB)	0.96	2.04	-53%	6.92	-86%	18.65	39.31	-53%

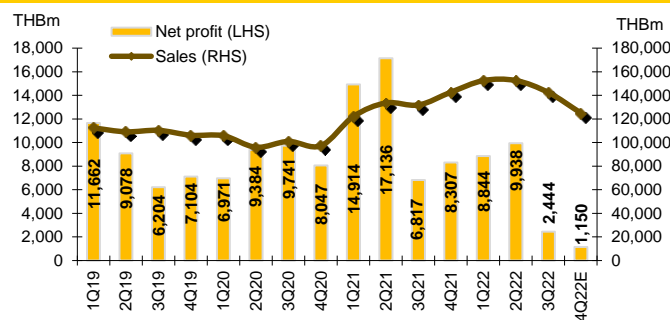
Source: SCC, MST

**Figure 2: Business breakdown quarterly performance - all businesses 4Q22E profits weakened.**

(THBm)	4Q21	1Q22	2Q22	3Q22	4Q22E	%QoQ	%YoY
<b>Sales</b>	<b>142,666</b>	<b>152,494</b>	<b>152,534</b>	<b>142,391</b>	<b>125,004</b>	<b>-12%</b>	<b>-12%</b>
> Cement + Building Material	45,869	50,890	52,881	51,558	49,950	-3%	9%
> Petrochemicals	65,983	69,162	66,789	57,351	42,926	-25%	-35%
> Packaging	35,145	36,634	37,982	37,943	36,128	-5%	3%
<b>EBITDA</b>	<b>17,144</b>	<b>16,372</b>	<b>17,158</b>	<b>9,122</b>	<b>6,955</b>	<b>-24%</b>	<b>-59%</b>
> Cement + Building Material	4,636	5,893	5,668	3,952	3,095	-22%	-33%
> Petrochemicals	5,608	4,655	9,973	(1,060)	(1,484)	nm	nm
> Packaging	5,409	4,887	5,478	5,483	4,313	-21%	-20%
<b>EBITDA Margin</b>	<b>12.0%</b>	<b>10.7%</b>	<b>11.2%</b>	<b>6.4%</b>	<b>5.6%</b>		
> Cement + Building Material	10.1%	11.6%	10.7%	7.7%	6.2%		
> Petrochemicals	8.5%	6.7%	14.9%	(1.8%)	(3.5%)		
> Packaging	15.4%	13.3%	14.4%	14.5%	11.9%		
<b>Net profit</b>	<b>8,307</b>	<b>8,844</b>	<b>9,938</b>	<b>2,444</b>	<b>1,150</b>	<b>-53%</b>	<b>-86%</b>
> Cement + Building Material	1,385	2,308	1,668	530	50	-91%	-96%
> Petrochemicals	4,500	3,588	3,704	(339)	(500)	nm	nm
> Packaging	2,115	1,658	1,856	1,837	1,000	-46%	-53%

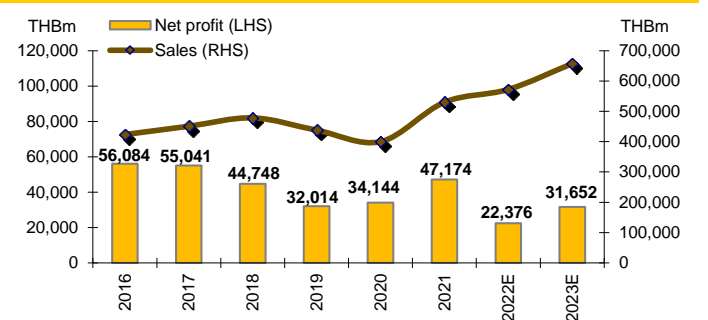
Source: SCC, MST

**Figure 3: SCC : Quarterly earnings**



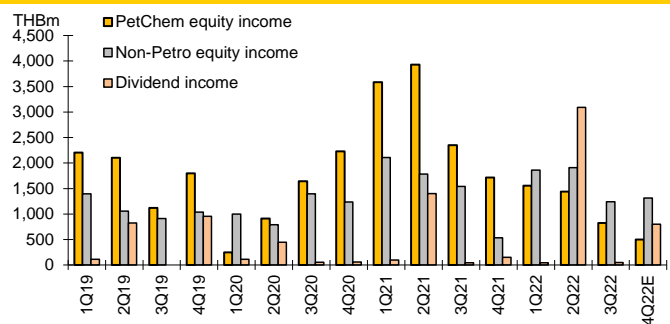
Source: SCC, MST

**Figure 4: SCC : Annual earnings**



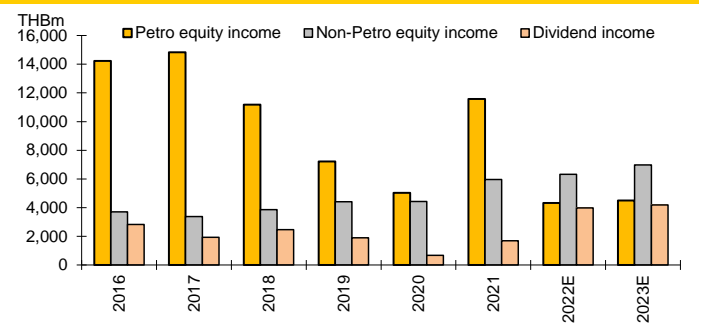
Source: SCC, MST

**Figure 5: SCC : Quarterly equity & dividend income**



Source: SCC, MST

**Figure 6: SCC : Annual equity & dividend income**



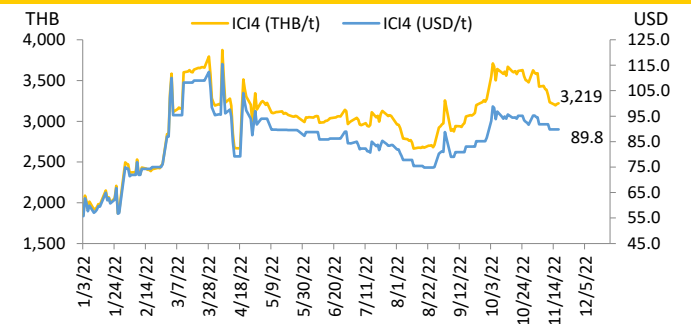
Source: SCC, MST

Figure 7: Cement + Building Material (CMB) quarterly performance

	4Q21	1Q22	2Q22	3Q22	4Q22E	%QoQ	%YoY
Domestic Demand (M tonne)	7.2	8.0	7.2	7.5	7.2	-3%	0%
> Avg Cement Price (THB/Tonne)	1,800	1,850	1,900	1,975	1,975	0%	10%
Net Sales (THBm)	45,869	50,890	52,881	51,558	49,950	-3%	9%
EBITDA (THBm)	4,636	5,893	5,668	3,952	3,095	-22%	-33%
EBITDA margin (%)	10.1%	11.6%	10.7%	7.7%	6.2%		
Net Profit (THBm)	1,385	2,308	1,668	530	50	-91%	-96%

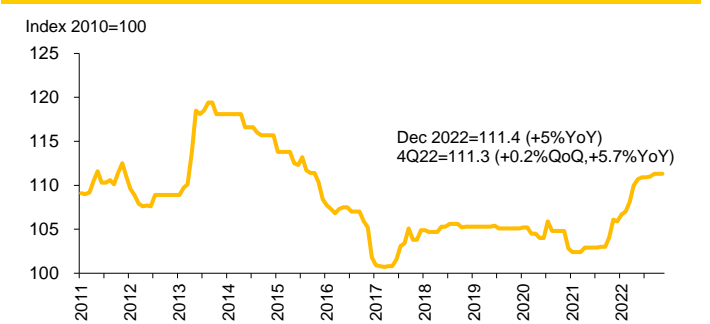
Source: SCC, MST

Figure 8: Kalimantan (ICI4) coal prices rose 50%YTD



Source: Investing.com., MST

Figure 9: Thai cement price index turns higher



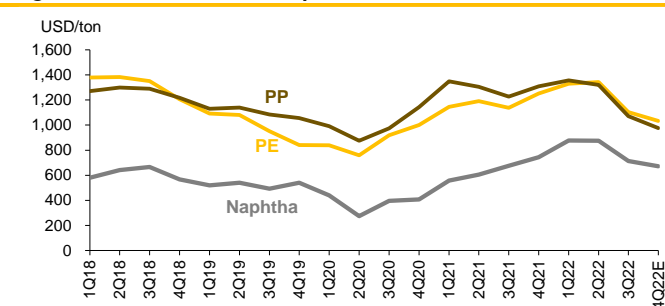
Source: Ministry of Commerce

Figure 10: Petrochemical quarterly performance

	4Q21	1Q22	2Q22	3Q22	4Q22E	%QoQ	%YoY
Net Sales (THBm)	65,983	69,162	66,789	57,351	42,926	-25%	-35%
Volume sales (Tonnes)	495,000	496,000	426,000	422,000	338,000	-20%	-32%
PE (\$/Tonne)	1,252	1,330	1,343	1,104	1,034	-6%	-17%
PP (\$/Tonne)	1,308	1,356	1,321	1,072	976	-9%	-25%
Naphtha (\$/Tonne)	745	877	875	714	672	-6%	-10%
PE - Naphtha Spread (\$/tonne)	507	453	468	390	362	-7%	-29%
PP - Naphtha Spread (\$/tonne)	563	479	446	358	304	-15%	-46%
Equity income (THBm)	1,715	1,557	1,440	823	500	-39%	-71%
EBITDA (THBm)	5,608	4,655	9,973	(1,060)	(1,484)	nm	nm
EBITDA margin (%)	8.5%	6.7%	14.9%	(1.8%)	(3.5%)		
Net Profit (THBm)	4,500	3,588	3,704	(339)	(500)	nm	nm

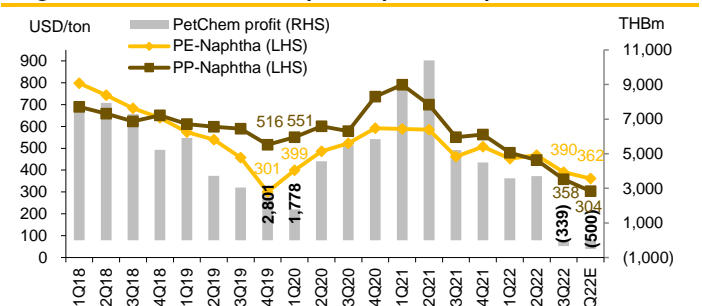
Source: SCC, MST

Figure 11: Petrochemical price movements



Source: SCC, MST

Figure 12: Petrochemical price spread vs profit



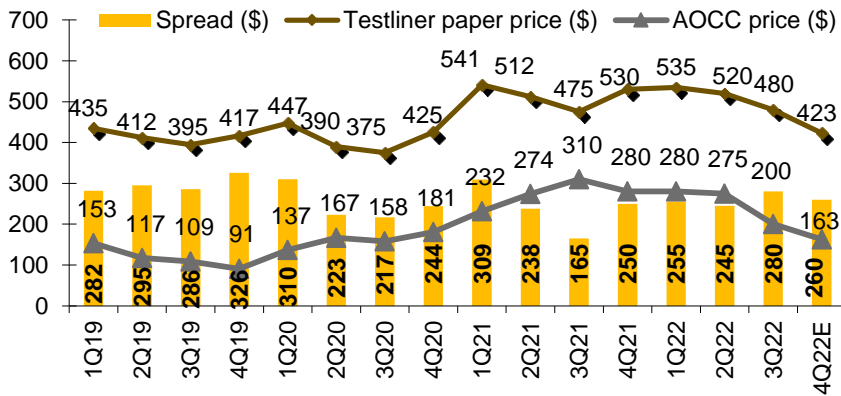
Source: SCC, MST

Figure 13: Packaging quarterly performance

	4Q21	1Q22	2Q22	3Q22	4Q22E	%QoQ	%YoY
Net Sales (THBm)	35,145	36,634	37,982	37,943	36,128	-5%	3%
Integrated Packaging (THBm)	30,339	30,955	31,790	29,221	27,590	-6%	-9%
> Volume sales (1,000 Tonnes)	1,070	1,060	1,050	930	890	-4%	-17%
> Sales price (\$/tonne)	530	535	520	480	423	-12%	-20%
Fibrous Chain (THBm)	4,806	5,679	6,192	6,162	6,038	-2%	26%
EBITDA (THBm)	5,409	4,887	5,478	5,483	4,313	-21%	-20%
EBITDA margin (%)	15.4%	13.3%	14.4%	14.5%	11.9%		
Net Profit (THBm)	2,115	1,658	1,856	1,837	1,000	-46%	-53%

Source: SCC, MST

Figure 14: Packaging product prices in the market and spread



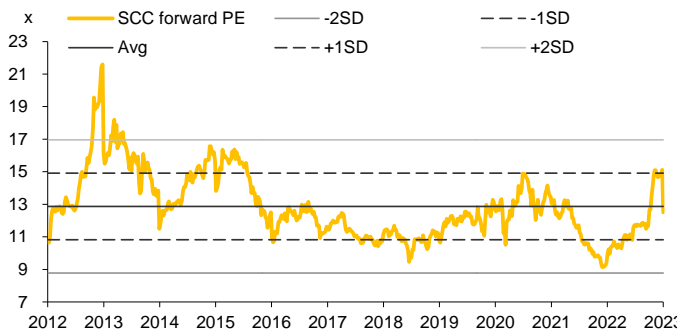
Source: SCGP

Figure 15: SoTP of SCC

	Value (THBm)	Determinants	Remarks
Cement+Building Material	217,579	10x FY23E EV/EBITDA	11x Sector average
Petrochemical	233,095	8x FY23E EV/EBITDA	8x regional average
Packaging	209,243	8x FY23 EV/EBITDA	10x Regional average
Associates	221,181	1.3x FY23 P/BV	SCC 10-yr avg P/BV=2.2x
Net Debt	-246,139		
Minorities	-95,024		
Equity value	539,935		
No of shares (m)	1,200		
Fair value (THB per share)	450		

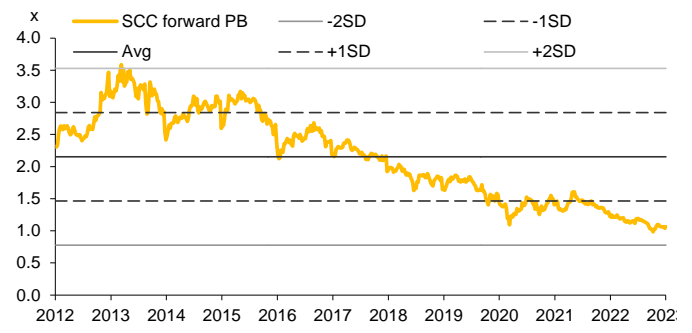
Source: SCC, MST

Figure 16: SCC forward PER band



Source: Bloomberg

Figure 17: SCC forward PBV band



Source: Bloomberg

FYE 31 Dec	FY20A	FY21A	FY22E	FY23E	FY24E
<b>Key Metrics</b>					
P/E (reported) (x)	12.4	10.3	19.2	13.6	11.6
Core P/E (x)	13.3	9.8	19.2	13.6	11.6
P/BV (x)	1.4	1.3	1.2	1.1	1.1
P/NTA (x)	1.4	1.3	1.2	1.1	1.1
Net dividend yield (%)	3.7	4.8	2.5	3.5	4.1
FCF yield (%)	10.2	nm	nm	nm	0.2
EV/EBITDA (x)	10.1	9.6	15.7	11.6	10.5
EV/EBIT (x)	16.9	14.8	38.5	20.4	17.3
<b>INCOME STATEMENT (THB m)</b>					
Revenue	399,939.2	530,111.6	572,420.8	657,546.5	728,146.7
EBITDA	68,112.5	81,685.4	49,607.7	67,874.5	75,162.2
EBIT	40,735.2	52,850.6	20,170.7	38,376.5	45,780.2
Net interest income / (exp)	(7,082.4)	(6,757.3)	(7,131.0)	(7,579.0)	(7,519.0)
Associates & JV	9,455.8	17,542.7	10,647.0	11,472.0	12,608.5
Exceptionals	0.0	0.0	0.0	0.0	0.0
Other pretax income	0.0	0.0	0.0	0.0	0.0
Pretax profit	43,108.7	63,635.9	23,686.7	42,269.5	50,869.6
Income tax	(5,808.5)	(8,900.0)	(5,031.1)	(6,148.3)	(7,433.6)
Minorities	(3,156.3)	(7,561.9)	3,720.0	(4,469.0)	(6,400.0)
Discontinued operations	0.0	0.0	0.0	0.0	0.0
Reported net profit	34,143.9	47,174.0	22,375.6	31,652.2	37,036.1
Core net profit	34,143.9	47,174.0	22,375.6	31,652.2	37,036.1
<b>BALANCE SHEET (THB m)</b>					
Cash & Short Term Investments	102,980.9	67,610.2	26,000.0	27,000.0	28,000.0
Accounts receivable	54,842.2	78,951.4	80,135.6	81,337.7	82,557.7
Inventory	54,654.0	83,120.8	84,367.6	85,633.1	86,917.6
Reinsurance assets	0.0	0.0	0.0	0.0	0.0
Property, Plant & Equip (net)	363,425.1	410,707.6	426,270.6	441,772.6	457,390.6
Intangible assets	0.0	0.0	0.0	0.0	0.0
Investment in Associates & JVs	114,808.4	137,578.8	148,225.8	159,697.8	172,306.2
Other assets	58,670.3	83,132.3	83,132.3	83,132.3	83,132.3
<b>Total assets</b>	<b>749,380.9</b>	<b>861,101.0</b>	<b>848,131.9</b>	<b>878,573.5</b>	<b>910,304.5</b>
ST interest bearing debt	90,927.6	86,390.9	83,384.1	84,500.8	85,164.5
Accounts payable	65,273.1	75,025.5	76,150.9	77,293.2	78,452.6
Insurance contract liabilities	0.0	0.0	0.0	0.0	0.0
LT interest bearing debt	170,436.2	216,723.4	209,180.2	211,981.8	213,646.7
Other liabilities	26,618.0	32,953.0	32,953.0	32,953.0	32,953.0
<b>Total Liabilities</b>	<b>353,254.8</b>	<b>411,092.7</b>	<b>401,668.0</b>	<b>406,728.6</b>	<b>410,216.6</b>
Shareholders Equity	320,972.2	365,690.7	365,866.3	386,778.2	408,621.2
Minority Interest	75,153.9	84,317.6	80,597.6	85,066.6	91,466.6
<b>Total shareholder equity</b>	<b>396,126.0</b>	<b>450,008.3</b>	<b>446,463.9</b>	<b>471,844.8</b>	<b>500,087.8</b>
<b>Total liabilities and equity</b>	<b>749,380.9</b>	<b>861,101.0</b>	<b>848,131.9</b>	<b>878,573.5</b>	<b>910,304.5</b>
<b>CASH FLOW (THB m)</b>					
Pretax profit	43,108.7	63,635.9	23,686.7	42,269.5	50,869.6
Depreciation & amortisation	27,377.3	28,834.8	29,437.0	29,498.0	29,382.0
Adj net interest (income)/exp	7,082.4	6,757.3	7,131.0	7,579.0	7,519.0
Change in working capital	20,167.9	(42,867.4)	(1,305.7)	(1,325.3)	(1,345.2)
Cash taxes paid	(5,808.5)	(8,900.0)	(5,031.1)	(6,148.3)	(7,433.6)
Other operating cash flow	0.0	0.0	0.0	0.0	0.0
Cash flow from operations	123,910.0	(26,529.4)	(8,881.3)	41,773.9	45,945.4
Capex	(77,618.9)	(98,785.5)	(45,000.0)	(45,000.0)	(45,000.0)
Free cash flow	46,291.1	(125,314.9)	(53,881.3)	(3,226.1)	945.4
Dividends paid	(14,997.8)	(20,398.0)	(22,200.0)	(10,740.3)	(15,193.1)
Equity raised / (purchased)	0.0	0.0	0.0	0.0	0.0
Change in Debt	33,950.4	41,750.5	(10,550.0)	3,918.3	2,328.6
Other invest/financing cash flow	(6,484.6)	68,591.7	45,021.2	11,048.0	12,919.0
Effect of exch rate changes	0.0	0.0	0.0	0.0	0.0
Net cash flow	58,759.2	(35,370.7)	(41,610.2)	1,000.0	1,000.0



FYE 31 Dec	FY20A	FY21A	FY22E	FY23E	FY24E
<b>Key Ratios</b>					
<b>Growth ratios (%)</b>					
Revenue growth	(8.7)	32.5	8.0	14.9	10.7
EBITDA growth	12.3	19.9	(39.3)	36.8	10.7
EBIT growth	11.0	29.7	(61.8)	90.3	19.3
Pretax growth	2.9	47.6	(62.8)	78.5	20.3
Reported net profit growth	6.7	38.2	(52.6)	41.5	17.0
Core net profit growth	0.3	38.2	(52.6)	41.5	17.0
<b>Profitability ratios (%)</b>					
EBITDA margin	17.0	15.4	8.7	10.3	10.3
EBIT margin	10.2	10.0	3.5	5.8	6.3
Pretax profit margin	10.8	12.0	4.1	6.4	7.0
Payout ratio	49.2	47.1	48.0	48.0	48.0
<b>DuPont analysis</b>					
Net profit margin (%)	8.5	8.9	3.9	4.8	5.1
Revenue/Assets (x)	0.5	0.6	0.7	0.7	0.8
Assets/Equity (x)	2.3	2.4	2.3	2.3	2.2
ROAE (%)	11.4	13.7	6.1	8.4	9.3
ROAA (%)	4.9	5.9	2.6	3.7	4.1
<b>Liquidity &amp; Efficiency</b>					
Cash conversion cycle	46.8	44.4	56.0	49.6	45.5
Days receivable outstanding	52.7	45.4	50.0	44.2	40.5
Days inventory outstanding	64.5	58.9	61.1	55.4	51.0
Days payables outstanding	70.4	60.0	55.2	50.0	46.0
Dividend cover (x)	2.0	2.1	2.1	2.1	2.1
Current ratio (x)	1.3	1.4	1.2	1.2	1.2
<b>Leverage &amp; Expense Analysis</b>					
Asset/Liability (x)	2.1	2.1	2.1	2.2	2.2
Net gearing (%) (incl perps)	40.0	52.3	59.7	57.1	54.2
Net gearing (%) (excl. perps)	40.0	52.3	59.7	57.1	54.2
Net interest cover (x)	5.8	7.8	2.8	5.1	6.1
Debt/EBITDA (x)	3.8	3.7	5.9	4.4	4.0
Capex/revenue (%)	19.4	18.6	7.9	6.8	6.2
Net debt/ (net cash)	158,382.9	235,504.1	266,564.3	269,482.6	270,811.2

Source: Company; Maybank IBG Research

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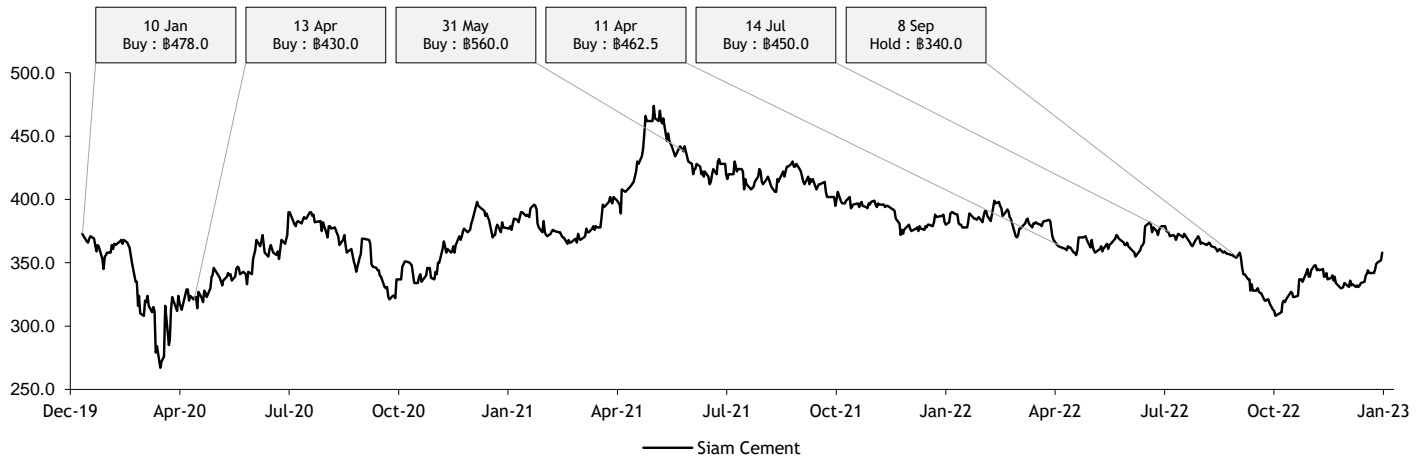
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## Historical recommendations and target price: Siam Cement (SCC TB)



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