

SOMBOON ADVANCE TECHNOLOGY

THAILAND / AUTOMOTIVES

SAT TB

BUY
 UNCHANGED

1Q24 results at first glance

TARGET PRICE	THB23.00
CLOSE	THB16.20
UP/DOWNSIDE	+42.0%
TP vs CONSENSUS	+18.7%

Earnings weak as expected

Highlights

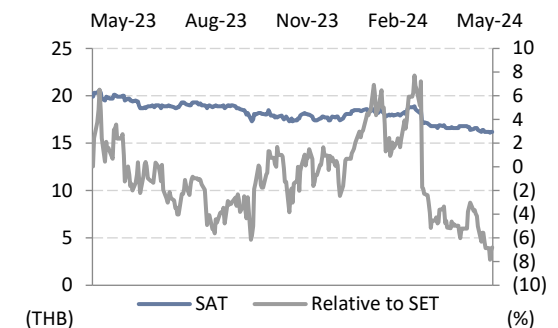
- SAT reported a 1Q24 core profit of THB184m (-15.7% q-q, -32.8% y-y), the lowest in 14 quarters after being hit by the Covid-19 pandemic. This is in line with Bloomberg's consensus.
- The weak performance was in line with the automotive manufacturing industry. In 1Q24, car production in Thailand fell 18.4% y-y, mainly from domestic sales, which plunged 36.0% y-y, especially in the pickup segment.
- Specifically, the pickup sales slumped 47.3% y-y in 1Q24, resulting from tightened conditions for auto loans, high household debts, and decreased consumer purchasing power for big-ticket sales.
- The company's 1Q24 sales revenue dropped 1.9% q-q and 18.8% y-y to THB2.0b, with the gross margin tumbling by 233 bps q-q and 90 bps y-y to its 15-quarter low of 16.3%.
- Harsh El Nino weather conditions depressed the company's agricultural tractor production (c20% of revenue). It dropped 27.0% y-y, despite a slight q-q improvement.

Outlook

- 2023 was already a tough year for Thailand's automotive industry. However, challenges remain in 2024. Besides tight credit controls and low purchasing power, the influx of Chinese EV carmakers threatens Japanese brands, which have dominated Thailand's automobile industry for 60 years.
- Thailand's auto parts manufacturers must adapt fast to maintain their positions in the competitive Chinese EV market supply chain.
- SAT's core profit in 1Q24 accounts for only 17.2% of our full-year forecast, while 2Q is usually a low season due to fewer working days. Although we believe 2024 will be another difficult year for SAT, cheap valuations and a high dividend yield convince us to retain a BUY call.

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	9,089	10,164	10,425	10,603
Net profit	979	1,066	1,110	1,121
EPS (THB)	2.30	2.51	2.61	2.64
vs Consensus (%)	-	10.8	7.5	3.9
EBITDA	1,471	1,635	1,699	1,732
Recurring net profit	979	1,066	1,110	1,121
Core EPS (THB)	2.30	2.51	2.61	2.64
EPS growth (%)	3.3	8.9	4.1	1.0
Core P/E (x)	7.0	6.5	6.2	6.1
Dividend yield (%)	9.9	10.0	10.4	10.6
EV/EBITDA (x)	3.3	2.9	2.6	2.3
Price/book (x)	0.8	0.8	0.8	0.7
Net debt/Equity (%)	(25.0)	(24.6)	(27.7)	(31.3)
ROE (%)	12.1	12.5	12.4	12.0



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(3.6)	(9.5)	(17.8)
Relative to country (%)	(1.3)	(8.2)	(6.0)
Mkt cap (USD m)	186		
3m avg. daily turnover (USD m)	0.6		
Free float (%)	64		
Major shareholder	Kitapanich Family (44%)		
12m high/low (THB)	20.80/16.10		
Issued shares (m)	425.19		

Sources: Bloomberg consensus; FSSIA estimates


Jitra Amorntum

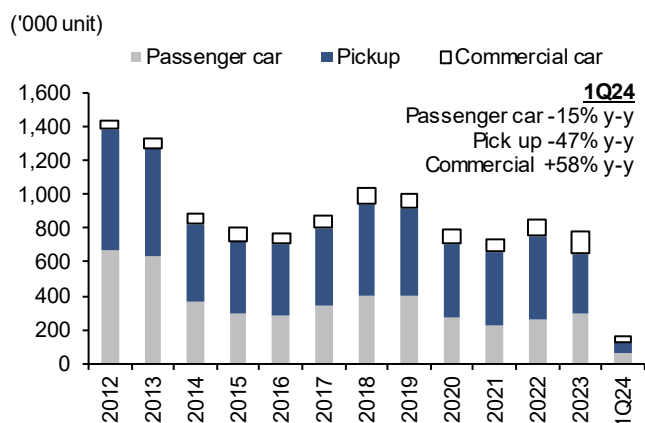
 Fundamental Investment Analyst on Securities; License no. 014530
 jitra.a@fssia.com, +66 2646 9966

Exhibit 1: SAT - 1Q24 results summary

	1Q23	2Q23	3Q23	4Q23	1Q24	----- Change -----		2024E	Change	% of
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)	2024E
Revenue	2,519	2,154	2,333	2,084	2,044	(1.9)	(18.8)	10,164	11.8	20.1
Operating costs	(2,086)	(1,766)	(1,890)	(1,695)	(1,711)	0.9	(18.0)	(8,263)	11.1	20.7
Gross profit	433	388	443	388	333	(14.2)	(23.1)	1,901	15.0	17.5
SG&A expenses	(159)	(168)	(174)	(185)	(161)	(13.2)	1.2	(731)	0.0	22.0
EBIT	275	220	269	203	173	(15.1)	(37.2)	845	0.0	20.4
Depreciation & amortisation	125	125	126	128	132	2.9	5.4	528	4.8	24.9
EBITDA	399	345	395	331	304	(8.2)	(23.9)	1,635	11.2	18.6
Interest expense	(0)	(0)	(0)	(0)	(1)	34.9	23.8	(2)	0.0	34.2
Other income	19	34	24	29	20	(31.0)	3.9	102	(4.4)	19.7
Associates	18	1	12	25	18	(27.9)	(1.6)	39	(31.0)	46.4
Pretax profit	313	261	303	257	213	(16.9)	(31.7)	1,248	10.1	17.1
Tax	(41)	(41)	(43)	(42)	(29)	(31.4)	(29.7)	(187)	12.0	15.4
Net profit	274	223	263	218	187	(14.2)	(31.8)	1,066	8.9	17.5
Core profit	273	217	265	218	184	(15.7)	(32.8)	1,066	8.9	17.2
EPS (THB)	0.65	0.52	0.62	0.51	0.44	(14.2)	(32.3)	2.51	8.9	17.5
Core EPS (THB)	0.64	0.51	0.62	0.51	0.43	(15.7)	(32.8)	2.51	8.9	17.2
Margins	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(ppt)	
Gross margin	17.2	18.0	19.0	18.6	16.3	(2.3)	(0.9)	18.7	0.4	
SG&A to sales	6.3	7.8	7.5	8.9	7.9	(1.0)	1.6	7.8	0.2	
Operating margin	10.9	10.2	11.5	9.8	8.4	(1.3)	(2.5)	12.3	(0.2)	
EBITDA margin	15.9	16.0	16.9	15.9	14.9	(1.0)	(1.0)	16.1	(0.1)	
Core profit margin	10.9	10.1	11.4	10.5	9.0	(1.5)	(1.9)	10.5	(0.3)	

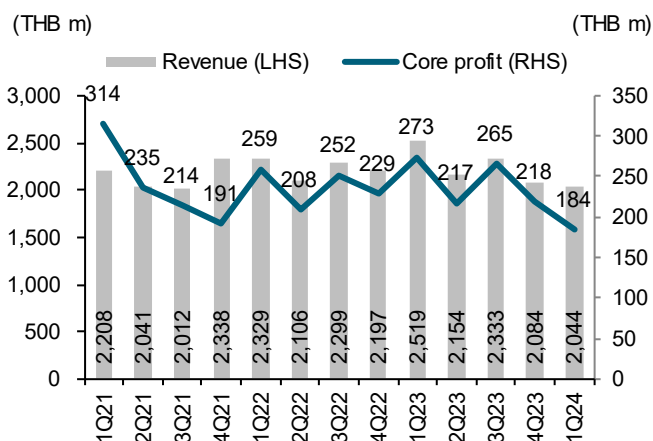
Sources: SAT, FSSIA estimates

Exhibit 2: Thailand automotive sales



Sources: The Thai Automotive Industry Association, FSSIA's compilation

Exhibit 3: Revenue and core profit



Sources: SAT, FSSIA's compilation

Financial Statements

Somboon Advance Technology

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	8,931	9,089	10,164	10,425	10,603
Cost of goods sold	(7,316)	(7,436)	(8,263)	(8,434)	(8,578)
Gross profit	1,616	1,653	1,901	1,991	2,025
Other operating income	-	-	-	-	-
Operating costs	(731)	(686)	(793)	(834)	(848)
Operating EBITDA	1,399	1,471	1,635	1,699	1,732
Depreciation	(515)	(504)	(528)	(542)	(556)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	885	967	1,108	1,157	1,177
Net financing costs	(2)	4	0	0	0
Associates	38	56	39	40	40
Recurring non-operating income	200	162	140	144	146
Non-recurring items	(8)	0	0	0	0
Profit before tax	1,075	1,133	1,248	1,301	1,323
Tax	(140)	(167)	(187)	(195)	(198)
Profit after tax	936	966	1,061	1,106	1,125
Minority interests	4	12	5	4	(4)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	940	979	1,066	1,110	1,121
Non-recurring items & goodwill (net)	8	0	0	0	0
Recurring net profit	948	979	1,066	1,110	1,121
Per share (THB)					
Recurring EPS *	2.23	2.30	2.51	2.61	2.64
Reported EPS	2.21	2.30	2.51	2.61	2.64
DPS	1.50	1.60	1.62	1.69	1.72
Diluted shares (used to calculate per share data)	425	425	425	425	425
Growth					
Revenue (%)	3.9	1.8	11.8	2.6	1.7
Operating EBITDA (%)	(6.1)	5.1	11.2	3.9	2.0
Operating EBIT (%)	(3.6)	9.3	14.6	4.4	1.7
Recurring EPS (%)	(0.7)	3.3	8.9	4.1	1.0
Reported EPS (%)	(1.3)	4.1	8.9	4.1	1.0
Operating performance					
Gross margin inc. depreciation (%)	18.1	18.2	18.7	19.1	19.1
Gross margin exc. depreciation (%)	23.9	23.7	23.9	24.3	24.3
Operating EBITDA margin (%)	15.7	16.2	16.1	16.3	16.3
Operating EBIT margin (%)	9.9	10.6	10.9	11.1	11.1
Net margin (%)	10.6	10.8	10.5	10.6	10.6
Effective tax rate (%)	(13.0)	(15.0)	(15.0)	(15.0)	(15.0)
Dividend payout on recurring profit (%)	67.3	69.5	64.7	64.8	65.2
Interest cover (X)	548.4	(280.6)	-	-	-
Inventory days	36.7	42.1	39.7	39.7	38.7
Debtor days	74.0	68.9	62.1	66.6	65.9
Creditor days	98.1	93.9	78.5	79.3	78.5
Operating ROIC (%)	17.5	19.1	21.0	21.3	21.8
ROIC (%)	17.2	17.6	18.5	18.8	19.1
ROE (%)	12.2	12.1	12.5	12.4	12.0
ROA (%)	9.4	9.3	10.0	10.0	9.8
* Pre exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Auto	7,145	7,635	8,276	8,471	8,590
Non-auto	1,786	1,454	1,888	1,954	2,013

Sources: Somboon Advance Technology; FSSIA estimates

Financial Statements

Somboon Advance Technology

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	948	979	1,066	1,110	1,121
Depreciation	515	504	528	542	556
Associates & minorities	(4)	(12)	(5)	(4)	4
Other non-cash items	(40)	106	(5)	(4)	4
Change in working capital	(200)	(166)	(303)	(20)	42
Cash flow from operations	1,218	1,409	1,280	1,624	1,726
Capex - maintenance	(452)	(430)	(357)	(357)	(357)
Capex - new investment	(194)	(184)	(153)	(153)	(153)
Net acquisitions & disposals	0	4	0	0	0
Other investments (net)	471	(69)	(39)	(40)	(40)
Cash flow from investing	(174)	(680)	(549)	(550)	(550)
Dividends paid	(629)	(637)	(628)	(690)	(719)
Equity finance	0	0	0	0	0
Debt finance	0	0	(14)	0	0
Other financing cash flows	(18)	(17)	(19)	0	0
Cash flow from financing	(648)	(655)	(662)	(690)	(719)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	396	75	70	385	457
Free cash flow to firm (FCFF)	1,046.06	731.38	731.77	1,074.26	1,176.13
Free cash flow to equity (FCFE)	1,025.68	712.30	698.05	1,074.26	1,176.13

Per share (THB)	2022	2023	2024E	2025E	2026E
FCFF per share	2.46	1.72	1.72	2.53	2.77
FCFE per share	2.41	1.68	1.64	2.53	2.77
Recurring cash flow per share	3.34	3.71	3.72	3.87	3.96

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	11,867	12,284	12,784	13,284	13,784
Less: Accumulated depreciation	(8,654)	(9,028)	(9,544)	(10,074)	(10,619)
Tangible fixed assets (net)	3,213	3,256	3,240	3,210	3,165
Intangible fixed assets (net)	44	52	49	48	47
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	1,114	1,229	1,268	1,307	1,347
Cash & equivalents	1,998	2,073	2,143	2,528	2,985
A/C receivable	1,869	1,562	1,894	1,914	1,917
Inventories	776	822	860	855	846
Other current assets	1,188	1,241	1,240	1,253	1,265
Current assets	5,830	5,698	6,137	6,549	7,014
Other assets	149	167	162	164	166
Total assets	10,351	10,401	10,856	11,278	11,739
Common equity	7,951	8,290	8,723	9,139	9,545
Minorities etc.	16	3	(2)	(6)	(2)
Total shareholders' equity	7,966	8,293	8,721	9,133	9,543
Long term debt	0	0	0	0	0
Other long-term liabilities	330	339	336	353	370
Long-term liabilities	330	339	336	353	370
A/C payable	1,961	1,607	1,721	1,710	1,739
Short term debt	0	0	0	0	0
Other current liabilities	93	162	79	83	87
Current liabilities	2,054	1,769	1,799	1,793	1,826
Total liabilities and shareholders' equity	10,351	10,401	10,856	11,278	11,739
Net working capital	1,778	1,856	2,195	2,229	2,203
Invested capital	6,299	6,559	6,913	6,958	6,928

* Includes convertibles and preferred stock which is being treated as debt

Per share (THB)	2022	2023	2024E	2025E	2026E
Book value per share	18.70	19.50	20.51	21.49	22.45
Tangible book value per share	18.60	19.38	20.40	21.38	22.34

Financial strength	2022	2023	2024E	2025E	2026E
Net debt/equity (%)	(25.1)	(25.0)	(24.6)	(27.7)	(31.3)
Net debt/total assets (%)	(19.3)	(19.9)	(19.7)	(22.4)	(25.4)
Current ratio (x)	2.8	3.2	3.4	3.7	3.8
CF interest cover (x)	617.2	(221.8)	-	-	-

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	7.3	7.0	6.5	6.2	6.1
Recurring P/E @ target price (x) *	10.3	10.0	9.2	8.8	8.7
Reported P/E (x)	7.3	7.0	6.5	6.2	6.1
Dividend yield (%)	9.3	9.9	10.0	10.4	10.6
Price/book (x)	0.9	0.8	0.8	0.8	0.7
Price/tangible book (x)	0.9	0.8	0.8	0.8	0.7
EV/EBITDA (x) **	3.5	3.3	2.9	2.6	2.3
EV/EBITDA @ target price (x) **	5.6	5.2	4.7	4.3	3.9
EV/invested capital (x)	0.8	0.7	0.7	0.6	0.6

* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income

Sources: Somboon Advance Technology; FSSIA estimates

Somboon Advance Technology (SAT TB)

FSSIA ESG rating

★ ★ ★

54.39 /100

Exhibit 4: FSSIA ESG score implication

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

Exhibit 5: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings					Bloomberg		
		DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
AH	44.82	--	Y	Y	5.00	4.00	Certified	--	49.81	--	--	34.05	--	3.56	--
IRC	32.75	--	--	Y	5.00	4.00	--	--	62.24	--	--	47.74	--	--	--
SAT	54.39	--	Y	Y	5.00	5.00	Certified	--	70.44	--	--	53.45	29.00	3.52	52.94
STANLY	9.00	--	--	--	4.00	--	--	--	--	--	--	--	--	--	--

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 6: ESG score by Bloomberg

FY ending Dec 31	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	—	—	—	3.55	3.52
BESG environmental pillar score	—	—	—	1.68	1.81
BESG social pillar score	—	—	—	4.42	4.42
BESG governance pillar score	—	—	—	5.09	4.68
ESG disclosure score	55.82	55.57	56.04	53.52	52.94
Environmental disclosure score	57.14	57.14	57.14	51.13	49.41
Social disclosure score	29.11	28.36	29.78	28.20	28.20
Governance disclosure score	81.10	81.10	81.10	81.10	81.10
Environmental					
Emissions reduction initiatives	Yes	Yes	Yes	Yes	Yes
Climate change policy	No	No	No	Yes	Yes
Climate change opportunities discussed	No	No	No	No	No
Risks of climate change discussed	No	No	No	Yes	Yes
GHG scope 1	—	—	—	6	5
GHG scope 2 location-based	—	—	—	73	70
GHG Scope 3	—	—	—	32	33
Carbon per unit of production	—	—	—	1	0
Biodiversity policy	No	No	No	No	No
Energy efficiency policy	Yes	Yes	Yes	Yes	Yes
Total energy consumption	273	206	125	174	177
Renewable energy use	0	0	1	3	6
Electricity used	152	156	117	159	160
Fuel used - natural gas	5,135	15	13	619	275

Sources: Bloomberg; FSSIA's compilation

Exhibit 7: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No	No
Waste reduction policy	Yes	Yes	Yes	Yes	Yes
Hazardous waste	14	4	3	4	5
Total waste	33	28	20	36	40
Waste recycled	30	9	5	29	32
Waste sent to landfills	1	16	12	7	6
Environmental supply chain management	Yes	Yes	Yes	Yes	Yes
Water policy	Yes	Yes	Yes	Yes	Yes
Water consumption	—	—	—	—	—
Social					
Human rights policy	Yes	Yes	Yes	Yes	Yes
Policy against child labor	No	No	Yes	Yes	Yes
Quality assurance and recall policy	No	No	No	No	No
Consumer data protection policy	Yes	Yes	Yes	Yes	Yes
Equal opportunity policy	No	No	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	No
Pct women in workforce	15	15	16	15	15
Pct disabled in workforce	1	1	1	—	—
Business ethics policy	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	0	0	1	0	0
Total recordable incident rate - employees	1	0	1	1	0
Training policy	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	No
Number of employees – CSR	2,038	2,221	1,968	2,067	2,140
Employee turnover pct	8	11	9	8	13
Total hours spent by firm - employee training	43,479	27,168	14,701	25,717	25,602
Social supply chain management	Yes	Yes	Yes	Yes	Yes
Governance					
Board size	9	9	9	9	9
No. of independent directors (ID)	5	6	6	6	6
No. of women on board	1	1	1	1	1
No. of non-executive directors on board	8	8	8	8	8
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	11	12	12	14	11
Board meeting attendance pct	96	98	100	100	100
Board duration (years)	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No
Age of the youngest director	54	55	56	57	58
Age of the oldest director	75	76	77	78	79
No. of executives / company managers	7	7	7	6	8
No. of female executives	0	0	0	1	1
Executive share ownership guidelines	No	No	No	No	No
Size of audit committee	3	3	3	3	3
No. of ID on audit committee	3	3	3	3	3
Audit committee meetings	5	6	5	7	8
Audit meeting attendance %	100	100	100	100	100
Size of compensation committee	3	3	3	3	3
No. of ID on compensation committee	3	3	3	3	3
No. of compensation committee meetings	3	3	3	2	2
Compensation meeting attendance %	100	100	100	100	100
Size of nomination committee	3	3	3	3	3
No. of nomination committee meetings	3	3	3	2	2
Nomination meeting attendance %	100	100	100	100	100
Sustainability governance					
Verification type	No	No	No	No	No

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating																			
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																			
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																			
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																			
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																			
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																			
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+									
NEGL	Low	Medium	High	Severe																	
0-10	10-20	20-30	30-40	40+																	
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																			
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td>AAA</td> <td>8.571-10.000</td> <td rowspan="3">Leader:</td> <td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td rowspan="3">Average:</td> <td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td>BB</td> <td>2.857-4.285</td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> <td>Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities																		
AA	7.143-8.570																				
A	5.714-7.142																				
BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers																		
BB	2.857-4.285																				
B	1.429-2.856																				
CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks																		
Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																				
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																				
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																				
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																			
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																			

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

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

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

This report has been prepared by FSS International Investment Advisory Securities Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSSIA makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSSIA has no intention to solicit investors to buy or sell any security in this report. In addition, FSSIA does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

History of change in investment rating and/or target price

Somboon Advance Technology (SAT TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
23-Jul-2021	BUY	29.00	29-Apr-2022	BUY	24.00	28-Oct-2022	HOLD	22.00
04-Mar-2022	BUY	28.50	01-Aug-2022	HOLD	19.50	11-Oct-2023	BUY	23.00

Jitra Amornthum started covering this stock from 19-Apr-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Somboon Advance Technology	SAT TB	THB 16.20	BUY	The key downside risks to our P/E-based TP are the domestic car manufacturing industry recovering slower than expected, a faster-than-expected adoption rate for electric vehicles in Thailand, higher raw material prices, and worse global demand for pickup trucks.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited.

All share prices are as at market close on 09-May-2024 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.