

1 OCTOBER 2020

THAILAND / AUTOMOTIVES

## SOMBOON ADVANCE TECHNOLOGY

SAT TB

# HOLD

TARGET PRICE	THB12.50
CLOSE	THB12.20
UP/DOWNSIDE	+2.5%
TP vs CONSENSUS	+1.3%

## In for the long haul

### รายได้หน้าจะสูงกว่าเพื่อน

แม้เราจะคาดว่าจะลดการผลิตยานยนต์ของประเทศจะลดลงเหลือ 1.3 ล้านคันในปี 2020 (-35% y-y) เราเชื่อว่ารายได้ของ SAT ในปี 2020E จะสูงกว่าค่าเฉลี่ยอุตสาหกรรมเล็กน้อย โดยคาดว่าจะลดการผลิตรถแทรกเตอร์ (20% ของรายได้รวมของ SAT) จะลดลงไม่มากนัก (-13% y-y) ในปี 2020E ดังนั้นเราจึงคาดว่าจะรายได้จะลดลง 28% y-y ในปี 2020 เหลือ 5.9 พัน ลบ. นอกจากนี้คำสั่งซื้อ axle shaft ใหม่ซึ่งอาจทำรายได้ประมาณ 300 ลบ. ต่อปีที่บริษัทฯ จะรับรู้ในปี 2021 อาจช่วยให้รายได้ของ SAT สูงกว่าอุตสาหกรรมในปีหน้าอีกด้วย เราคาดว่าจะรายได้ของบริษัทจะฟื้นตัวกลับไป 6.9 พัน ลบ. (+17% y-y) ในปี 2021

### มาตรการประหยัดต้นทุนควรมีส่วนช่วยเพิ่มกำไรในปี 2021

รายได้ของ SAT ในปี 2020E อาจต่ำที่สุดในรอบ 10 ปีที่ผ่านมา จากแนวโน้มดังกล่าว บริษัทฯ ได้วางมาตรการจัดการต้นทุนอย่างเข้มงวดมากยิ่งขึ้น ประกอบด้วยการรวมสายการผลิต การเพิ่มประสิทธิภาพการผลิต และการลดชั่วโมงการทำงาน เราเชื่อว่าการรวมสายการผลิตของ SAT จะเป็นกุญแจสำคัญสำหรับแนวโน้มของบริษัทฯ เนื่องจากเราคาดว่าจะต้องใช้เวลาประมาณ 3-4 ปีกว่าจะลดการผลิตยานยนต์ของไทยจะฟื้นกลับสู่ระดับ 2 ล้านคันต่อปี

### คาด 2020 ยังคงตกต่ำ แต่แนวโน้มดูมีหวังในปี 2021

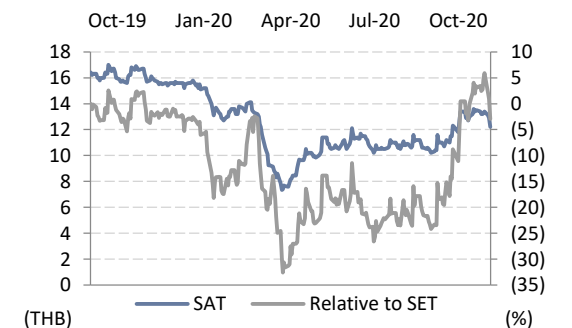
เราคาดว่า SAT จะบันทึกกำไรเล็กน้อยใน 3Q20 จากการค่อย ๆ ฟื้นตัวของอุตสาหกรรมการผลิตของไทยจาก 2Q20 โดยกำไรจากการดำเนินงานหลักในปี 2020E อาจลดลง 68% y-y เหลือ 283 ลบ. ก่อนฟื้นตัวกลับมาอยู่ที่ 488 ลบ. ในปี 2021E (+72% y-y) จากการฟื้นตัวของอุตสาหกรรมการผลิตของไทยและมาตรการประหยัดต้นทุนของบริษัทฯ ซึ่งอาจต่อเนื่องไปในปี 2021 อย่างไรก็ตาม บริษัทฯ อาจจำเป็นต้องบันทึกค่าตัดจำหน่ายจากการรวมสายการผลิต ซึ่งอาจเป็นปัจจัยเสี่ยงด้านลบต่อกำไรของบริษัทฯ ในปี 2020E โดยเฉพาะอย่างยิ่งใน 4Q20E

### เริ่มด้วยคำแนะนำถือที่ราคาเป้าหมาย 12.5 บาท

เรามองว่า SAT เป็นบริษัทที่ปลอดภัยที่สุดในกลุ่มยานยนต์ เนื่องจากบริษัทฯ ไม่มีหนี้และมีเงินสดมากกว่า 1.7 พัน ลบ. คิดเป็นเงินสดที่ 4 บาทต่อหุ้น ปัจจุบัน SAT มีการซื้อขายที่ค่า P/BV ที่ 0.7x (-1.5SD ของค่าเฉลี่ยของบริษัทฯ) ในขณะที่ผลตอบแทนในรูปเงินปันผลใน FY2021E ก็น่าสนใจโดยอยู่ที่ 5.7% ต่อปี อย่างไรก็ตาม ราคาหุ้นได้ปรับสูงขึ้นถึง 30% ภายใน 2 เดือนที่ผ่านมา ดังนั้นเราจึงเริ่มรายงานของเราด้วยคำแนะนำถือที่ราคาเป้าหมาย 12.5 บาทโดยคิดจากค่า FY2021E P/E ที่ 10.8x (ค่า P/E เฉลี่ยของบริษัทฯ) และ FY2021E P/BV ที่ 0.8x (-1SD ของค่าเฉลี่ยของบริษัทฯ)

## KEY STOCK DATA

YE Dec (THB m)	2019	2020E	2021E	2022E
Revenue	8,006	5,872	6,854	7,568
Net profit	895	283	488	710
EPS (THB)	2.10	0.67	1.15	1.67
vs Consensus (%)	-	1.5	(0.2)	12.5
EBITDA	1,401	859	1,046	1,290
Core net profit	895	283	488	710
Core EPS (THB)	2.10	0.67	1.15	1.67
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	(2.3)	(68.3)	72.4	45.3
Core P/E (x)	5.8	18.3	10.6	7.3
Dividend yield (%)	11.1	-	5.7	8.4
EV/EBITDA (x)	2.7	3.7	2.9	2.1
Price/book (x)	0.7	0.7	0.7	0.6
Net debt/Equity (%)	(19.2)	(27.5)	(28.4)	(29.9)
ROE (%)	12.7	3.9	6.4	8.9



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	2.5	14.0	(27.4)
Relative to country (%)	8.6	23.4	(3.9)
Mkt cap (USD m)	164		
3m avg. daily turnover (USD m)	0.8		
Free float (%)	58		
Major shareholder	Kitapanich Family (44%)		
12m high/low (THB)	17.30/7.30		
Issued shares (m)	425.19		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 1 ตุลาคม 2020

### Investment thesis

SAT is the largest producer of axle shafts (76% market share), which are used in the manufacturing of one-tonne pickup trucks and large commercial cars.

SAT is the safest company in the automotive sector, in our view, as it has no debt and holds more than THB1.7b in cash, equal to THB4 per share. SAT is now trading at 0.7x P/BV (-1.5SD of its mean), while its FY21E dividend yield is also attractive at 5.7% p.a. The company has a solid earnings outlook, as Thailand's automobile manufacturing industry is one of the largest drivers of the country's economy. The demand for new cars in Thailand has consistently remained at 0.8-1m units per year, according to historical data. Therefore, when the economy returns to normal, we expect Thailand's automobile production volume to also return to its normal level, vs the 2020E production level of 0.7m units.

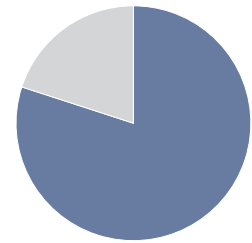
### Company profile

SAT manufactures parts for the motor vehicle industry. These parts are for: passenger cars, pickup trucks, and the agricultural industry. Its major customers are original equipment manufacturers (OEMs) on long-term purchase contracts, as well as the replacement equipment manufacturer (REM) segment.

[www.satpcl.co.th](http://www.satpcl.co.th)

### Principal activities (revenue, 2019)

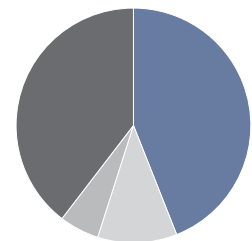
■ Auto - 80.0 % ■ Non-auto - 20.0 %



Source: Somboon Advance Technology

### Major shareholders

■ Kitapanich Family - 44.0 %  
 ■ Thai NVDR - 10.9 %  
 ■ NORTRUST NOMINEES - 5.5 %  
 ■ Others - 39.6 %



Source: Somboon Advance Technology

### Catalyst

- The gradual recovery of Thailand's car manufacturing industry;
- Deep valuation at 0.7x P/BV;
- Solid dividend yield track record at 4-7% p.a.

### Risk to our call

The key upside and downside risks to our P/E-based TP are Thailand's car manufacturing industry recovering more slowly or quickly than expected, a faster- or slower-than-expected adoption rate for electric vehicles in Thailand, and better or worse global demand for pickup trucks.

### Event calendar

Date	Event
Late Oct-20	Thailand's September car production announcement
Nov-20	3Q20 results announcement

### Key assumptions

	2018	2019	2020E	2021E	2022E
	(%)	(%)	(%)	(%)	(%)
Car production growth	0	1	(34)	12	12
Kubota tractor growth	7	3	(13)	11	5

Source: FSSIA estimates

### Earnings sensitivity

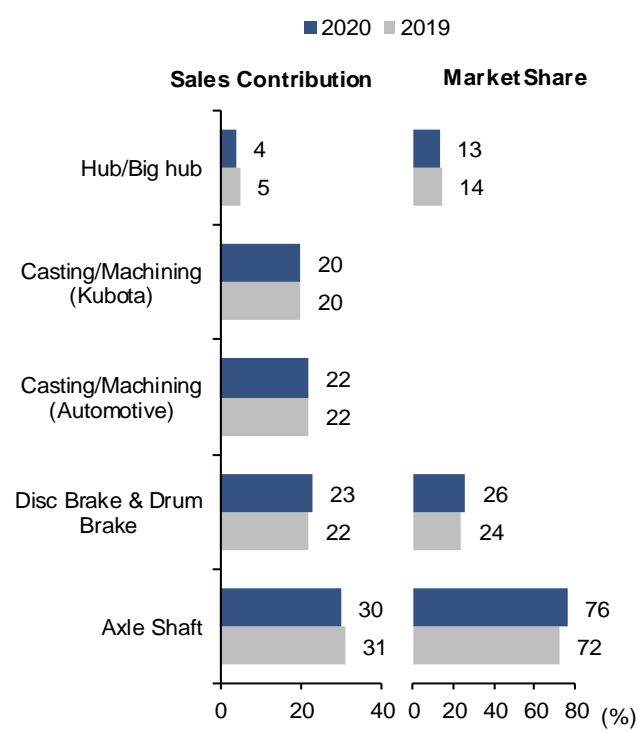
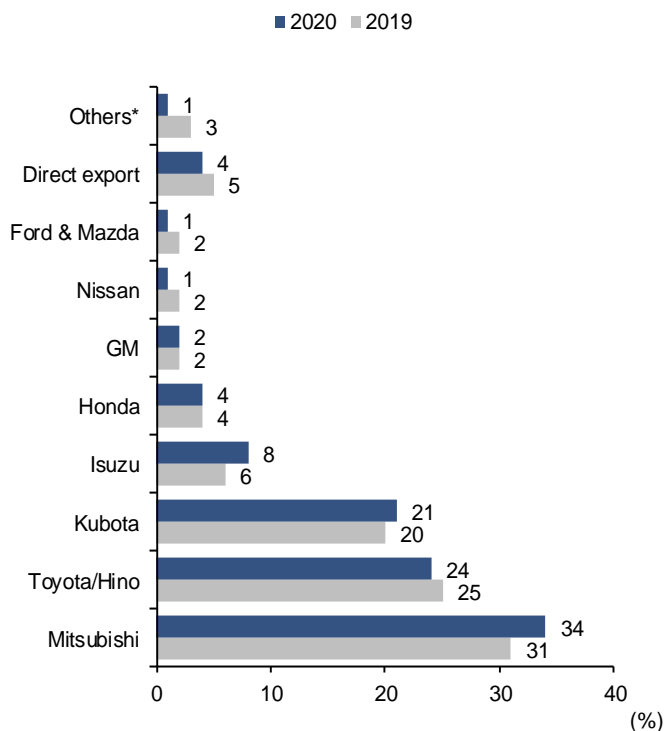
- For every 1% increase in auto-part revenue, we project 2021 earnings to rise by 0.5%, and vice versa, all else being equal.
- For every 1 bps increase in gross profit margin, we project 2021 earnings to rise by 1.1%, and vice versa, all else being equal.

Source: FSSIA estimates



Exhibit 1: Sales by customers (6M)

Exhibit 2: 6M market share by products



Note: \*Others is other customers and REM customers  
Source: SAT, [extracted from 2Q20 company presentation](#)

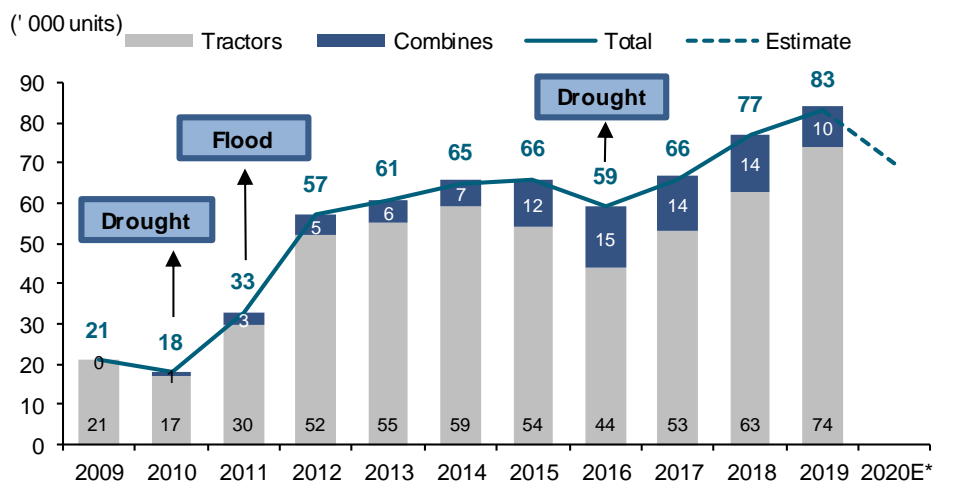
Source: SAT, [extracted from 2Q20 company presentation](#)

Exhibit 3: Capacity and utilisation

Production line	2Q19		2019		1Q20		2Q20	
	Capacity (pcs/month)	Utilisation (%)	Capacity (pcs/month)	Utilisation (%)	Capacity (pcs/month)	Utilisation (%)	Capacity (pcs/month)	Utilisation (%)
Axle Shaft	365,500	65	365,500	67	365,500	61	365,500	25
Machining (Auto)	437,000	64	437,000	57	437,000	63	437,000	18
Machining (non-Auto)	229,000	77	229,000	76	229,000	55	229,000	41
General Forging	280,500	37	280,500	37	280,500	34	280,500	22
<b>Total</b>		<b>65</b>		<b>64</b>		<b>58</b>		<b>26</b>

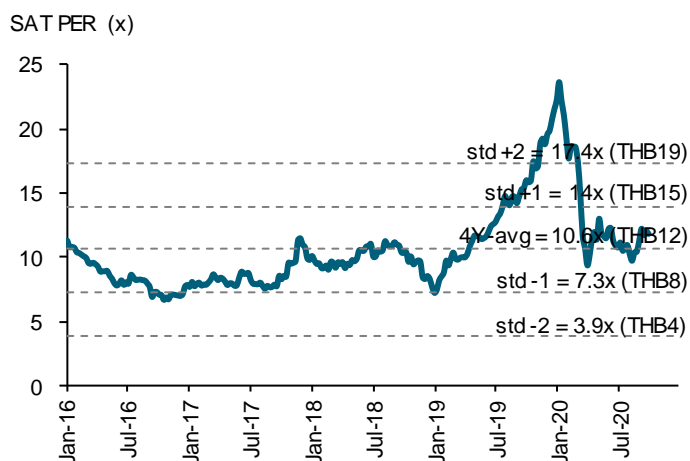
Note: Capacity is calculated based on 500hrs per month (20hrs x 25 days), except Axle Shaft & General Forging: 550hrs per month  
Source: SAT, [extracted from 2Q20 company presentation](#)

Exhibit 4: Tractor production outlook



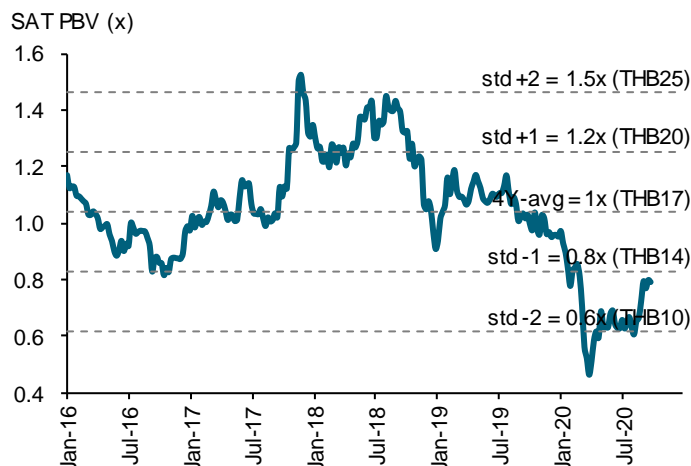
Source: \* SAT's estimate, [extracted from 2Q20 company presentation](#)

**Exhibit 5: One-year prospective P/E band**



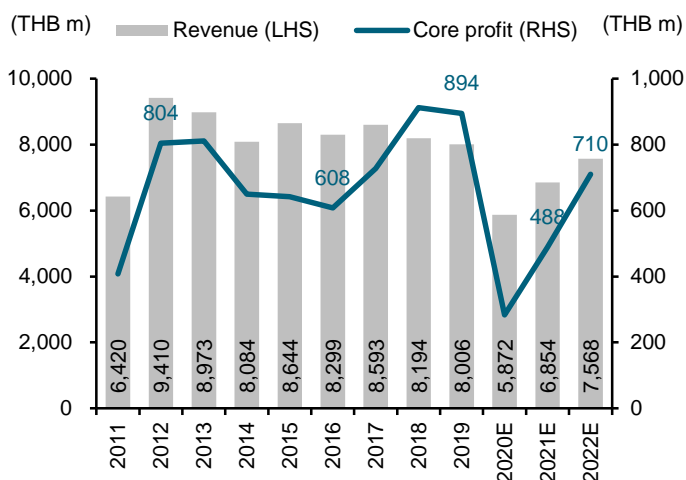
Source: Bloomberg; FSSIA estimates

**Exhibit 6: One-year prospective P/BV band**



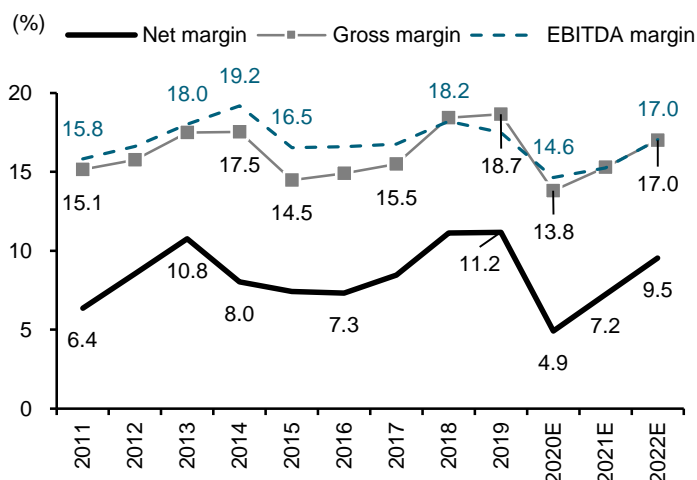
Source: Bloomberg; FSSIA estimates

**Exhibit 7: SAT's revenue and core profit**



Sources: SAT; FSSIA estimates

**Exhibit 8: SAT's margin**



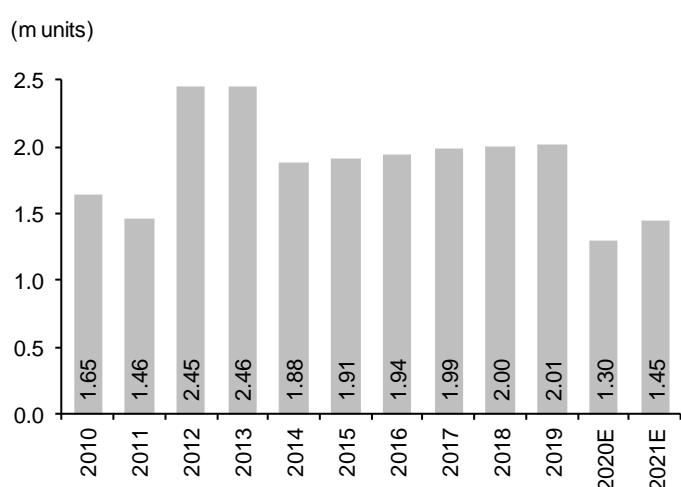
Sources: SAT; FSSIA estimates

**Exhibit 9: Thailand's car sales, production and growth**

(unit)	2016	2017	2018	2019	2020E	2021E
	(m)	(m)	(m)	(m)	(m)	(m)
Domestic sales	0.77	0.87	1.04	1.01	0.71	0.78
Exports	1.19	1.14	1.14	1.05	0.70	0.77
<b>Total sales</b>	<b>1.96</b>	<b>2.01</b>	<b>2.18</b>	<b>2.06</b>	<b>1.41</b>	<b>1.55</b>
<b>Production</b>	<b>1.94</b>	<b>1.99</b>	<b>2.00</b>	<b>2.01</b>	<b>1.30</b>	<b>1.45</b>
<b>Growth</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
Domestic sales	(4)	13	19	(3)	(29)	10
Exports	(1)	(4)	0	(8)	(34)	11
<b>Total sales</b>	<b>(2)</b>	<b>3</b>	<b>8</b>	<b>(6)</b>	<b>(32)</b>	<b>10</b>
<b>Production</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>(35)</b>	<b>12</b>

Sources: Thai Automotive Industry Association; FSSIA estimate

**Exhibit 10: Thailand's car production volume**



Sources: Thai Automotive Industry Association; FSSIA estimates

## Exhibit 11: Peers comparison as of 30 Sep 2020

Company	BBG	Rec	Share price			Market Cap (USD m)	PE		DivYld		ROE		PBV	
			Current (LCL)	Target (LCL)	Upside (%)		20E (x)	21E (x)	20E (%)	21E (%)	20E (%)	21E (%)	20E (x)	21E (x)
Aapico Hitech	AH TB	HOLD	11.30	11.60	2.7	115	(10.1)	10.5	0.0	2.5	(5.1)	4.9	0.5	0.5
Somboon Advance Tech	SAT TB	HOLD	12.20	12.50	2.5	164	18.3	10.6	0.0	5.7	3.9	6.4	0.7	0.7
<b>Coverage</b>						<b>279</b>	<b>4.1</b>	<b>10.6</b>	<b>0.0</b>	<b>4.1</b>	<b>(0.6)</b>	<b>5.7</b>	<b>0.6</b>	<b>0.6</b>
PCS Machine Group	PCSGH TB	n/a	4.42	n/a	n/a	213	49.1	21.0	3.4	3.3	5.7	6.5	1.4	1.4
Thai Stanley Electric	STANLY	n/a	145.50	n/a	n/a	352	6.1	9.8	5.0	3.2	10.9	6.4	0.6	0.6
<b>Thai auto sector</b>						<b>844</b>	<b>15.8</b>	<b>13.0</b>	<b>2.1</b>	<b>3.7</b>	<b>3.9</b>	<b>6.0</b>	<b>0.8</b>	<b>0.8</b>
Gabriel India Ltd	GABR IN	n/a	105.70	n/a	n/a	206	21.2	23.9	n/a	1.2	11.0	9.0	2.4	2.2
Mahindra CIE Automotive	MACA IN	n/a	138.50	n/a	n/a	693	28.7	14.1	0.9	1.4	2.4	7.2	1.1	1.0
Shanghai Daimay Automotive	603730 CH	n/a	28.12	n/a	n/a	2,394	28.7	21.9	1.3	1.7	13.6	15.7	3.8	3.4
Bethel Automotive Safety	603596 CH	n/a	33.04	n/a	n/a	1,983	29.5	23.4	0.6	0.8	17.0	17.8	5.0	4.2
Great Wall Motor	601633 CH	n/a	19.12	n/a	n/a	20,999	38.8	28.1	1.1	1.5	8.1	10.3	3.1	2.8
Geely Automobile Holdings	175 HK	n/a	15.40	n/a	n/a	19,499	17.5	13.0	1.4	2.0	12.5	14.3	2.0	1.8
<b>Peer group</b>						<b>45,775</b>	<b>27.4</b>	<b>20.7</b>	<b>1.1</b>	<b>1.4</b>	<b>10.8</b>	<b>12.4</b>	<b>2.9</b>	<b>2.6</b>
<b>Average</b>							<b>22.8</b>	<b>17.6</b>	<b>1.5</b>	<b>2.3</b>	<b>8.0</b>	<b>9.8</b>	<b>2.1</b>	<b>1.9</b>

Sources: Bloomberg; FSSIA estimates

## Corporate Governance

### Board structure

Number of independent directors (ID)	6 of total 9
Percentage of IDs on the board	66.67%
ID participation/attendance at board meetings	98.6%
ID participation in audit/remuneration committees	3 of 3 in audit and 3 of 3 in remuneration committees
ID terms (years of service, re-election/replacement procedures)	Each director has 3 years term and the term of Independent directors is not exceeding 9 years consecutively

Source: SAT

Additional comments: One of the independent director is Chairman of the Board

### Audit Practices

Auditor	KPMG Phoomchai Audit Ltd.
Length of service	5 years
Reporting incidents	None
Fee track record	THB1.36m in 2020, THB1.36m in 2019, and THB1.28m in 2018
Policy on change of audit firm	None

Source: SAT

Additional comments: None

### Compensation and remuneration

Directors' remuneration vs earnings/ROE/share performance	In 2019, THB13.6m (1.53% of net profits)
Changes/stability in senior management	Immaterial change
Incidents of termination of senior management	None
Track record on insider sales	None in 2019 and 0.01% of outstanding shares in 2020 to date

Source: SAT

Additional comments: None

### Shareholders' rights

Communication - shareholder participation in AGMs/EGMs	AGM yearly with some key agenda on nominating/voting for qualified directors. ON 16 Jul 2020 AGM, participated shareholders represented 63.4369% of total issued shares excluding treasury shares.
Related party transactions	Related party transactions will be taken according the SET regulation. The related transactions are processed in fairness according to the market price and in accordance with the normal business trade practices.
Voting issues - policies, incidents of rejected proposals	None

Source: SAT

Additional comments: None

## Financial Statements

Somboon Advance Technology

Profit and Loss (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Revenue	8,194	8,006	5,872	6,854	7,568
Cost of goods sold	(6,021)	(5,869)	(4,413)	(5,144)	(5,590)
<b>Gross profit</b>	<b>2,173</b>	<b>2,137</b>	<b>1,459</b>	<b>1,710</b>	<b>1,979</b>
Other operating income	-	-	-	-	-
Operating costs	(682)	(736)	(600)	(665)	(689)
<b>Operating EBITDA</b>	<b>1,491</b>	<b>1,401</b>	<b>859</b>	<b>1,046</b>	<b>1,290</b>
Depreciation	(663)	(643)	(649)	(662)	(692)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>827</b>	<b>757</b>	<b>210</b>	<b>384</b>	<b>598</b>
Net financing costs	(19)	(10)	(7)	(1)	(1)
Associates	89	59	(15)	27	57
Recurring non operating income	200	252	115	175	223
Non recurring items	0	0	0	0	0
<b>Profit before tax</b>	<b>1,007</b>	<b>998</b>	<b>319</b>	<b>558</b>	<b>820</b>
Tax	(92)	(100)	(30)	(61)	(98)
<b>Profit after tax</b>	<b>916</b>	<b>899</b>	<b>288</b>	<b>496</b>	<b>722</b>
Minority interests	0	(4)	(5)	(8)	(12)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>916</b>	<b>895</b>	<b>283</b>	<b>488</b>	<b>710</b>
<b>Non recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>916</b>	<b>895</b>	<b>283</b>	<b>488</b>	<b>710</b>
<b>Per share (THB)</b>					
Recurring EPS *	2.15	2.10	0.67	1.15	1.67
Reported EPS	2.15	2.10	0.67	1.15	1.67
DPS	1.35	1.35	0.00	0.70	1.02
Diluted shares (used to calculate per share data)	425	425	425	425	425
<b>Growth</b>					
Revenue (%)	(4.6)	(2.3)	(26.7)	16.7	10.4
Operating EBITDA (%)	3.6	(6.0)	(38.7)	21.7	23.4
Operating EBIT (%)	27.1	(8.5)	(72.2)	82.5	55.8
Recurring EPS (%)	12.9	(2.3)	(68.3)	72.4	45.3
Reported EPS (%)	12.9	(2.3)	(68.3)	72.4	45.3
<b>Operating performance</b>					
Gross margin inc depreciation (%)	18.4	18.7	13.8	15.3	17.0
Gross margin of key business (%)	-	-	-	-	-
Operating EBITDA margin (%)	18.2	17.5	14.6	15.3	17.0
Operating EBIT margin (%)	10.1	9.5	3.6	5.6	7.9
Net margin (%)	11.2	11.2	4.8	7.1	9.4
Effective tax rate (%)	(9.1)	(10.0)	(9.5)	(11.0)	(12.0)
Dividend payout on recurring profit (%)	62.7	64.2	-	61.0	61.0
Interest cover (X)	52.9	96.6	47.8	698.3	1,026.5
Inventory days	27.4	32.5	43.6	34.2	32.4
Debtor days	66.8	66.7	82.5	67.1	64.7
Creditor days	93.7	88.9	101.3	84.5	86.5
Operating ROIC (%)	16.5	15.0	4.3	8.1	12.3
ROIC (%)	17.0	16.5	5.4	9.5	13.5
ROE (%)	13.8	12.7	3.9	6.4	8.9
ROA (%)	10.0	9.9	3.2	5.3	7.3
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue By Division (THB m)</b>					
Auto	6,637	6,404	4,483	5,311	5,948
Non-auto	1,557	1,601	1,389	1,543	1,620

Sources: Somboon Advance Technology; FSSIA estimates



## Financial Statements

Somboon Advance Technology

Cash Flow (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Recurring net profit	916	895	283	488	710
Depreciation	663	643	649	662	692
Associates & minorities	-	-	(5)	(8)	(12)
Other non-cash items	(66)	(88)	32	8	12
Change in working capital	(60)	(153)	168	17	3
<b>Cash flow from operations</b>	<b>1,453</b>	<b>1,297</b>	<b>1,127</b>	<b>1,167</b>	<b>1,405</b>
Capex - maintenance	(298)	(253)	(322)	(567)	(567)
Capex - new investment	(128)	(108)	(138)	(243)	(243)
Net acquisitions & disposals	1	4	0	0	0
Other investments (net)	(203)	121	15	(27)	(57)
<b>Cash flow from investing</b>	<b>(628)</b>	<b>(237)</b>	<b>(445)</b>	<b>(837)</b>	<b>(867)</b>
Dividends paid	(425)	(574)	0	(173)	(298)
Equity finance	0	0	0	0	0
Debt finance	(898)	0	(39)	(150)	0
Other financing cash flows	(24)	(11)	(4)	0	0
<b>Cash flow from Financing</b>	<b>(1,347)</b>	<b>(585)</b>	<b>(43)</b>	<b>(323)</b>	<b>(298)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>(136)</b>	<b>(109)</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>(522)</b>	<b>340</b>	<b>529</b>	<b>7</b>	<b>241</b>
Free cash flow to firm (FCFF)	847.72	1,071.31	688.49	330.82	539.52
Free cash flow to equity (FCFE)	(96.66)	913.90	529.44	180.02	538.72

### Per share (THB)

FCFF per share	1.99	2.52	1.62	0.78	1.27
FCFE per share	(0.23)	2.15	1.25	0.42	1.27
Recurring cash flow per share	3.56	3.41	2.26	2.71	3.30

Balance Sheet (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Tangible fixed asset (gross)	11,341	11,575	12,025	12,825	13,625
Less: Accumulated depreciation	(7,537)	(7,978)	(8,615)	(9,264)	(9,944)
<b>Tangible fixed assets (Net)</b>	<b>3,804</b>	<b>3,596</b>	<b>3,410</b>	<b>3,560</b>	<b>3,681</b>
<b>Intangible fixed assets (Net)</b>	<b>47</b>	<b>74</b>	<b>45</b>	<b>42</b>	<b>40</b>
Long-term financial assets	-	-	-	-	-
Invest. In associates & subsidiaries	917	973	958	985	1,042
Cash & equivalents	1,363	1,703	2,232	2,239	2,480
A/C receivable	1,480	1,448	1,207	1,314	1,369
Inventories	476	570	485	477	516
Other current assets	906	860	817	842	867
<b>Current assets</b>	<b>4,224</b>	<b>4,581</b>	<b>4,741</b>	<b>4,873</b>	<b>5,232</b>
Other assets	73	88	81	126	133
<b>Total assets</b>	<b>9,065</b>	<b>9,312</b>	<b>9,235</b>	<b>9,587</b>	<b>10,128</b>
Common equity	6,887	7,158	7,446	7,770	8,194
Minorities etc.	-	45	40	32	20
<b>Total Shareholders' equity</b>	<b>6,887</b>	<b>7,203</b>	<b>7,487</b>	<b>7,802</b>	<b>8,214</b>
Long term debt	195	118	20	20	20
Other long-term liabilities	260	355	368	387	406
<b>Long-term liabilities</b>	<b>455</b>	<b>473</b>	<b>388</b>	<b>407</b>	<b>426</b>
A/C payable	1,519	1,340	1,109	1,272	1,377
Short term debt	115	199	150	0	0
Other current liabilities	90	97	100	105	111
<b>Current liabilities</b>	<b>1,724</b>	<b>1,636</b>	<b>1,360</b>	<b>1,378</b>	<b>1,487</b>
<b>Total liabilities and shareholders' equity</b>	<b>9,065</b>	<b>9,311</b>	<b>9,235</b>	<b>9,587</b>	<b>10,128</b>
Net working capital	1,253	1,442	1,299	1,256	1,264
Invested capital	6,093	6,173	5,793	5,970	6,160

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

### Per share (THB)

Book value per share	16.20	16.83	17.51	18.27	19.27
Tangible book value per share	16.09	16.66	17.41	18.17	19.18

### Financial strength

Net debt/Equity (%)	(15.3)	(19.2)	(27.5)	(28.4)	(29.9)
Net debt/total assets (%)	(11.6)	(14.9)	(22.3)	(23.1)	(24.3)
Current ratio (x)	2.5	2.8	3.5	3.5	3.5
CF interest cover (x)	2.6	98.9	99.2	529.8	978.1

Valuation	2018	2019	2020E	2021E	2022E
<b>Recurring P/E (x) *</b>	<b>5.7</b>	<b>5.8</b>	<b>18.3</b>	<b>10.6</b>	<b>7.3</b>
<b>Recurring P/E @ target price (x) *</b>	<b>5.8</b>	<b>5.9</b>	<b>18.8</b>	<b>10.9</b>	<b>7.5</b>
Reported P/E (x)	5.7	5.8	18.3	10.6	7.3
Dividend yield (%)	11.1	11.1	-	5.7	8.4
Price/book (x)	0.8	0.7	0.7	0.7	0.6
Price/tangible book (x)	0.8	0.7	0.7	0.7	0.6
EV/EBITDA (x) **	2.8	2.7	3.7	2.9	2.1
EV/EBITDA @ target price (x) **	2.9	2.8	3.8	3.0	2.2
EV/invested capital (x)	0.7	0.6	0.5	0.5	0.4

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

Sources: Somboon Advance Technology; FSSIA estimates

## Corporate Governance report of Thai listed companies 2019

EXCELLENT LEVEL										
AAV	ADVANC	AIRA	AKP	AKR	AMA	AMATA	AMATAV	ANAN	AOT	AP
ARROW	BAFS	BANPU	BAY	BCP	BCPG	BOL	BRR	BTS	BTW	BWG
CFRESH	CHEWA	CHO	CK	CKP	CM	CNT	COL	COMAN	CPALL	CPF
CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC	EA	EASTW	ECF
EGCO	GBX	GC	GCAP	GEL	GGP	GGC	GOLD	GPSC	GRAMMY	GUNKUL
HANA	HARN	HMPRO	ICC	ICHI	III	ILINK	INTUCH	IRPC	IVL	JKN
JSP	K	KBANK	KCE	KKP	KSL	KTB	KTC	KTIS	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	MFEC	MINT	MONO*
MTC	NCH	NCL	NKI	NSI	NVD	NYT	OISHI	OTO	PAP	PCSGH
PDJ	PG	PHOL	PJW	PLANB	PLANET	PORT	PPS	PR9	PREB	PRG
PRM	PSH	PSL	PTG	PTT	PTTEP	PTTGC	PYLON	Q-CON	QH	QTC
RATCH	ROBINS**	RS	S	S & J	SABINA	SAMART	SAMTEL	SAT	SC	SCB
SCC	SCCC	SCN	SDC	SEAFCO	SEAOIL	SE-ED	SELIC	SENA	SIS	SITHAI
SNC	SORKON	SPALI	SPI	SPRC	SSSC	STA	STEC	SVI	SYNTEC	TASCO
TCAP	THAI	THANA	THANI	THCOM	THIP	THREL	TIP	TISCO	TK	TKT
TMB	TMILL	TNDT	TOA	TOP	TRC	TRU	TRUE	TSC	TSR	TSTH
TTA	TTCL	TTW	TU	TVD	TVO	U	UAC	UV	VGI	VIH
WACOAL	WAVE	WHA	WHAUP	WICE	WINNER					
VERY GOOD LEVEL										
2S	ABM	ADB	AF	AGE	AH	AHC	AIT	ALLA	ALT	AMANA
AMARIN	APCO	APCS	AQUA	ARIP	ASAP	ASIA	ASIAN	ASIMAR	ASK	ASN
ASP	ATP30	AUCT	AYUD	B	BA	BBL	BDMS	BEC	BEM	BFIT
BGC	BGRIM	BIZ	BJC	BJCHI	BLA	BPP	BROOK	CBG	CEN	CENDEL
CGH	CHG	CHOTI	CHOW	CI	CIMBT	CNS	COLOR	COM7	COTTO	CRD
CSC	CSP	DCC	DCON	DDD	DOD	EASON	ECL	EE	EPG	ERW
ESTAR	ETE	FLOYD	FN	FNS	FORTH	FPI	FPT	FSMART	FSS	FVC
GENCO	GJS	GL	GLOBAL	GLOW**	GULF	HPT	HTC	HYDRO	ICN	IFS
INET	INSURE	IRC	IRCP	IT	ITD***	ITEL	J	JAS*	JCK	JCKH
JMART	JMT	JWD	KBS	KCAR	KGI	KIAT	KOOL	KWC	KWM	L&E
LALIN	LANNA	LDC	LHK	LOXLEY	LRH	LST	M	MACO	MAJOR	MBAX
MEGA	METCO	MFC	MK	MODERN	MOONG	MPG	MSC	MTI	NEP	NETBAY
NEX	NINE	NOBLE	NOK	NTV	NWR	OCC	OGC	ORI	OSP	PATO
PB	PDG	PDI	PL	PLAT	PW	PPP	PRECHA	PRIN	PRINC	PSTC
PT	QLT	RCL	RICHY	RML	RWI	S11	SAAM	SALEE	SAMCO	SANKO
SAPPE	SAWAD	SCG	SCI	SCP	SE	SFP	SIAM	SINGER	SIRI	SKE
SKR	SKY	SMIT	SMK	SMP	SMT	SNP	SONIC	SPA	SPC	SPCG
SPVI	SR	SRICHA	SSC	SSF	SST	STANLY	STPI	SUC	SUN	SUSCO
SUTHA	SWC	SYMC	SYNEX	T	TACC	TAE	TAKUNI	TBSP	TCC	TCMC
TEAM	TEAMG	TFG	TFMAMA	THG	THRE	TIPCO	TITLE	TIW	TKN	TKS
TM	TMC	TMD	TMI	TMT	TNITY	TNL	TNP	TNR	TOG	TPA
TPAC	TPBI	TPCORP	TPOLY	TRITN	TRT	TSE	TSTE	TVI	TVT	TWP
TWPC	UBIS	UEC	UMI	UOBKH	UP	UPF	UPOIC	UT	UWC	VNT
WIIK	XO	YUASA	ZEN	ZMICO						
GOOD LEVEL										
A	ABICO	ACAP***	AEC	AEONTS	AJ	ALUCON	AMC	APURE	AS	ASEFA
AU	B52	BCH	BEAUTY	BGT	BH	BIG	BLAND	BM	BR	BROCK
BSBM	BSM	BTNC	CCET	CCP	CGD	CHARAN	CHAYO	CITY	CMAN	CMC
CMO	CMR	CPL	CPT	CSR	CTW	CWT	D	DIMET	EKH	EMC
EPCO	ESSO	FE	FTE	GIFT	GLAND	GLOCON	GPI	GREEN	GTB	GYT
HTECH	HUMAN	IHL	INGRS	INOX	JTS	JUBILE	KASET	KCM	KKC	KWG
KYE	LEE	LPH	MATCH	MATI	M-CHAI	MCS	MDX	META	MGT	MJD
MM	MVP	NC	NDR	NER	NNCL	NPK	NUSA	OCEAN	PAF	PF
PICO	PIMO	PK	PLE	PMTA	POST	PPM	PROUD	PTL	RCI	RJH
ROJNA	RPC	RPH	SF	SGF	SGP	SKN	SLP	SMART	SOLAR	SPG
SQ	SSP	STI	SUPER	SVOA	TCCC	THE	THMUI	TIC	TIGER	TNH
TOPP	TPCH	TPIPP	TPLAS	TQM	TTI	TYCN	UTP	VCOM	VIBHA	VPO
WIN	WORK	WP	WPH	ZIGA						
Score Range	Number of Logo					Description				
90-100						Excellent				
80-89						Very Good				
70-79						Good				
60-69						Satisfactory				
50-59						Pass				
Less than 50	No logo given					-				

**Disclaimer:**

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

\* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; \*\* delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

## Anti-corruption Progress Indicator

CERTIFIED										
ADVANC	AIE	AKP	AMANAH	AP	APCS	AQUA	ARROW	ASK	ASP	AYUD
BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG	BGRIM	BJCHI	BKI	BLA
BROOK	BRR	BSBM	BTS	BWG	CEN	CENTEL	CFRESH	CGH	CHEWA	CIG
CIMBT	CM	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FSS	GBX	GC
GCAP	GEL	GFPT	GGC	GJS	GOLD	GPSC	GSTEEL	GUNKUL	HANA	HARN
HMPRO	HTC	ICC	IFS	INET	INSURE	INTUCH	IRPC	IVL	K	KASET
KBANK	KBS	KCAR	KCE	KGI	KKP	KSL	KTB	KTC	KWC	L&E
LANNA	LHK	LPN	LRH	M	MAKRO	MALEE	MBAX	MBK	MBKET	MC
MCOT	MFC	MINT	MONO	MOONG	MSC	MTI	NBC	NINE	NKI	NMG
NNCL	NSI	OCC	OCEAN	OGC	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPS
PREB	PRG	PRINC	PSH	PSTC	PT	PTG	PTT	PTTEP	PTTGC	PYLON
Q-CON	QH	QLT	QTC	RATCH	RML	S & J	SABINA	SAT	SC	SCB
SCC	SCCC	SCG	SCN	SE-ED	SELIC	SENA	SGP	SIRI	SIS	SITHAI
SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK	SPC	SPI	SPRC	SRICHA
SSF	SSI	SSSC	SST	STA	SUSCO	SVI	SYNTEC	TASCO	TCAP	TFG
TFI	TFMAMA	THANI	THCOM	THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT
TMB	TMD	TMILL	TMT	TNITY	TNL	TNP	TNR	TOG	TOP	TPA
TPCORP	TRU	TRUE	TSC	TSTH	TTCL	TU	TVD	TVI	TWPC	U
UBIS	UEC	UKEM	UOBKH	VGI	VIH	VNT	WACOAL	WHA	WICE	WIIK
DECLARED										
2S	ABICO	AF	AI	AIRA	ALT	AMA	AMARIN	AMATA	ANAN	B
BM	BPP	BUI	CHG	CHO	CHOTI	CHOW	CI	CMC	COL	DDD
DELTA	EFORL	EPCO	ESTAR	ETE	FPI	FTE	ICHI	INOX	IRC	ITEL
JAS	JSP	JTS	KWG	LDC	LIT	META	MFEC	MPG	NEP	NOK
NWR	ORI	PRM	PSL	ROJNA	RWI	SAAM	SAPPE	SCI	SEOIL	SHANG
SKR	SPALI	STANLY	SYNEX	TAE	TAKUNI	TMC	TOPP	TPP	TRITN	TVO
UV	UWC	WHAUP	XO	YUASA	ZEN					

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

### Disclaimer:

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; \* FSSIA's compilation

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

#### Naruedom Mujjalinkool 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.

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Company	Ticker	Price	Rating	Valuation & Risks
Somboon Advance Technology	SAT TB	THB 12.20	HOLD	The key upside and downside risks to our P/E-based TP are Thailand's car manufacturing industry recovering more slowly or quickly than expected, a faster- or slower-than-expected adoption rate for electric vehicles in Thailand, and better or worse global demand for pickup trucks.
AAPICO Hitech	AH TB	THB 11.30	HOLD	Key downside and upside risks to our P/BV TP include lower- or higher-than-expected car production volumes and lower or higher car sales in both Thailand and Malaysia. Additional downside risks include a faster-than-expected EV adoption rate in Thailand, and exchange rate risk.

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 30 Sep 2020 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.