

21 OCTOBER 2020

THAILAND / AUTOMOTIVES

# AAPICO HITECH AH TB

## BUY

FROM HOLD

TARGET PRICE	THB14.40
CLOSE	THB12.80
UP/DOWNSIDE	+12.5%
PRIOR TP	THB11.60
CHANGE IN TP	+24.1%
TP vs CONSENSUS	+18.0%

## ได้เวลาขึ้นรถ

### ประมาณการกำไร 3Q20 มี Upside สูง

เราเชื่อว่ารายได้ของ AH จะฟื้นตัวอย่างเห็นได้ชัดในไตรมาส 3Q20 เป็น 4.7 พัน ลบ. โดยคาดว่าจะเพิ่มขึ้น 138% q-q จากการฟื้นตัวของปริมาณการผลิตรถยนต์ของไทยในระดับสูงในไตรมาส 3Q20 เป็น 356,934 คัน (-30% y-y, +134% q-q) และเพิ่มขึ้น 9% y-y จากการรับรู้รายได้จากโปรตุเกสตั้งแต่ไตรมาส 4Q19 โดยบริษัทฯ ควบบริหารต้นทุนได้ดีขึ้น เนื่องจากรัฐบาลโปรตุเกสได้ให้เงินอุดหนุนในรูปแบบของเงินเดือนของพนักงานโรงงานในประเทศ ในขณะที่การเพิ่มของปริมาณการผลิตตามจำนวนการผลิตรถยนต์ที่เพิ่มขึ้นควรส่งเสริมอัตราการใช้กำลังการผลิตรวมและก่อให้เกิดการบริหารต้นทุนที่มีประสิทธิภาพมากยิ่งขึ้น ดังนั้นเราจึงคาดว่า AH จะรายงานกำไรสุทธิจากการดำเนินงานหลักที่ 61 ลบ. ในไตรมาส 3Q20 เทียบกับผลขาดทุนสุทธิจากการดำเนินงานหลักที่ 493 ลบ. ใน 2Q20

### รถกระบะรุ่นใหม่และการขยายธุรกิจ

นอกจากการฟื้นตัวของการผลิตรถยนต์ของประเทศไทย อีกหนึ่งปัจจัยสำคัญสำหรับผลประกอบการของ AH ที่คาดว่าจะดีขึ้นอย่างมากในช่วง 2H20 มีแนวโน้มที่จะมาจากรถกระบะรุ่นใหม่ของ Isuzu ซึ่งเป็นลูกค้ารายใหญ่ของ AH และมีสัดส่วนรายได้คิดเป็นประมาณ 20% ของรายได้รวมของบริษัทฯ โดยรถรุ่นดังกล่าวได้เปิดตัวไปเมื่อต้นไตรมาส 3Q20 และได้ผลตอบรับที่ดีจากลูกค้า ทำให้มีคำสั่งซื้อเข้ามาเป็นจำนวนมาก นอกจากนี้ บริษัทฯ ยังได้เพิ่มตัวแทนขายรถยนต์โปรตุเกสอีก 2 แห่งในประเทศมาเลเซียเมื่อปลายไตรมาส 3Q20 ทำให้เราเชื่อว่าแนวโน้มการฟื้นตัวของ AH จะต่อเนื่องจากไตรมาส 3Q20 ถึง 1Q21

### ปรับเพิ่มประมาณการกำไร

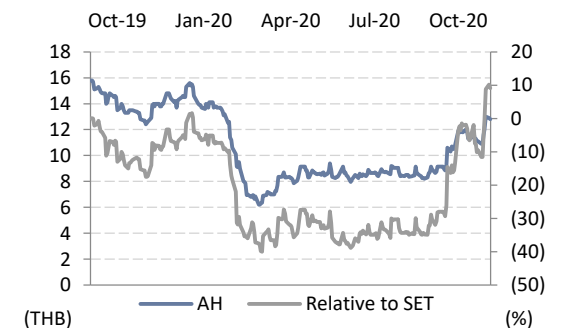
เราปรับเพิ่มสมมติฐานการผลิตรถยนต์สำหรับปี 2020 จาก 1.3 ล้านคันเป็น 1.39 ล้านคันและสำหรับปี 2021 จาก 1.45 ล้านคันเป็น 1.51 ล้านคัน ซึ่งมีผลให้เราปรับประมาณการกำไรของ AH ในทั้งสองปีดังกล่าว สำหรับปี 2020E เราลดผลขาดทุนสุทธิของ AH จาก 299 ลบ. เหลือ 167 ลบ. สำหรับปี 2021 เราปรับเพิ่มประมาณการกำไรอีก 36% จาก 347 ลบ. เป็น 472 ลบ. (ดู Exhibit 5)

### ปรับเพิ่มคำแนะนำเป็นซื้อ

เราเห็นว่าแนวโน้มกำไรของ AH ในปัจจุบันมีความชัดเจนมากขึ้นกว่าในเดือนก่อนหน้าจากการฟื้นตัวของการผลิตรถยนต์ของประเทศไทยในเดือน ก.ย. 2020 เรามีความมั่นใจเกี่ยวกับการฟื้นตัวของกำไรของ AH จากไตรมาส 3Q20 ถึงปี 2021 เราปรับเพิ่มคำแนะนำสำหรับ AH เป็นซื้อหลังปรับราคาเป้าหมายเป็น 14.40 บาทโดยใช้สมมติฐานค่า FY21E P/BV ที่ 0.6x (-0.75SD ของค่า P/BV เดิม) ค่าสมมติฐาน P/BV เพิ่มขึ้นเนื่องจากแนวโน้มในอนาคตของ AH มีความชัดเจนมากยิ่งขึ้น ราคาเป้าหมายของเราคิดเป็นค่า P/E ที่ 9.8x ซึ่งต่ำกว่าบริษัทอื่นในกลุ่ม กล่าวโดยสรุป AH มี Valuation ที่ถูกกว่าและมีปัจจัยบวกในแง่โอกาสการพลิกฟื้นของผลประกอบการ

## KEY STOCK DATA

YE Dec (THB m)	2019	2020E	2021E	2022E
Revenue	18,389	15,743	18,740	21,406
Net profit	(181)	(167)	472	762
EPS (THB)	(0.56)	(0.52)	1.46	2.36
vs Consensus (%)	-	27.8	19.9	29.7
EBITDA	1,293	156	698	843
Core net profit	941	(228)	472	762
Core EPS (THB)	2.92	(0.71)	1.46	2.36
Chg. In EPS est. (%)	-	(36.6)	35.9	11.3
EPS growth (%)	(28.4)	(124.3)	306.7	61.6
Core P/E (x)	4.4	(18.1)	8.8	5.4
Dividend yield (%)	7.4	-	2.3	4.6
EV/EBITDA (x)	9.4	79.1	16.9	13.3
Price/book (x)	0.6	0.6	0.6	0.5
Net debt/Equity (%)	103.2	108.8	96.0	81.5
ROE (%)	12.6	(3.2)	6.5	9.8



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	7.6	49.7	(17.9)
Relative to country (%)	14.5	68.0	10.6
Mkt cap (USD m)	132		
3m avg. daily turnover (USD m)	1.7		
Free float (%)	50		
Major shareholder	Thai NVDR (14%)		
12m high/low (THB)	16.10/5.90		
Issued shares (m)	322.58		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 21 ตุลาคม 2020

### Investment thesis

Aapico Hitech (AH TB) is Thailand’s biggest automotive company in terms of revenue. It has various investments overseas, mainly in China, Portugal, and Malaysia.

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 – compared to the 2020E production level of 1.3m units – which could directly benefit AH because 65% of its operational revenue comes from Thailand.

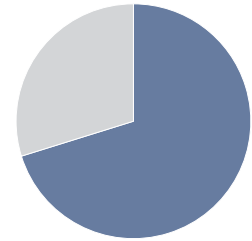
### Company profile

The company’s main businesses are the manufacture of OEM automotive parts, designing, producing, and installing assembly jigs and stamping dies. The company has invested in other businesses associated with the automotive industry, including car dealerships and IoT connectivity and mobility businesses.

[www.aapico.com](http://www.aapico.com)

### Principal activities (revenue, 2019)

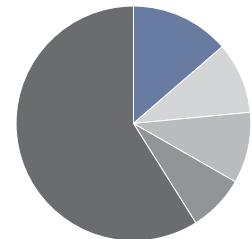
- Manufacture of auto parts - 70.2 %
- Car dealership and others - 29.8 %



Source: AAPICO Hitech

### Major shareholders

- Thai NVDR - 13.7 %
- Teo Lee Ngo - 9.8 %
- Yeap Swee Chuan - 9.8 %
- Yeap Xin Rhu - 7.8 %
- Others - 58.9 %



Source: AAPICO Hitech

### Catalyst

- The strong recovery of Thailand’s car manufacturing industry;
- Trading at a low P/BV (lower than 1x its P/BV).

### Risk to our call

Key downside risks to our P/BV-derived TP include lower-than expected car production volumes and lower car sales in both Thailand and Malaysia. Additional downside risks include a faster-than-expected EV adoption rate in Thailand, and exchange rate risk.

### Event calendar

Date	Event
Nov-20	3Q20 results announcement
Late Nov-20	Thailand’s October car production announcement

### Key assumptions

	2020E	2021E	2022E
	(%)	(%)	(%)
Thailand car production growth	(31)	9	8
Domestic car sales	(26)	5	9
Malaysia car sales	(22)	10	7

Source: FSSIA estimates

### Earnings sensitivity

- For every 1% increase in revenue, we project 2021 earnings to rise by 0.3%, and vice versa, all else being equal.
- For every 10 bps increase in gross profit margin, we project 2021 earnings to rise by 4.6%, and vice versa, all else being equal.

Source: FSSIA estimates



Exhibit 1: AH - 3Q20E results preview

	3Q19	2Q20	3Q20E	-----Change-----		9M19	9M20E	Change	2020E
	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)	(THB m)
Auto parts	2,991	1,268	3,715	193.0	24.2	9,114	8,727	(4.2)	12,480
Car dealership and others	1,327	715	1,000	39.9	(24.6)	4,047	2,821	(30.3)	3,263
<b>Revenue</b>	<b>4,318</b>	<b>1,983</b>	<b>4,715</b>	<b>137.8</b>	<b>9.2</b>	<b>13,161</b>	<b>11,548</b>	<b>(12.3)</b>	<b>15,743</b>
Operating costs	(3,935)	(2,245)	(4,399)	96.0	11.8	(12,048)	(11,064)	(8.2)	(14,877)
<b>Gross profit*</b>	<b>383</b>	<b>(262)</b>	<b>316</b>	<b>n.a.</b>	<b>n.a.</b>	<b>1,114</b>	<b>484</b>	<b>(56.5)</b>	<b>866</b>
SG&A expenses	(233)	(247)	(321)	29.9	37.5	(721)	(957)	32.8	(1,324)
<b>EBIT</b>	<b>150</b>	<b>(508)</b>	<b>(5)</b>	<b>n.a.</b>	<b>n.a.</b>	<b>393</b>	<b>(472)</b>	<b>(220.2)</b>	<b>(458)</b>
Deprn & amort.	151	213	220	3.2	45.7	442	668	51.2	(614)
<b>EBITDA</b>	<b>301</b>	<b>(295)</b>	<b>215</b>	<b>n.a.</b>	<b>(28.4)</b>	<b>835</b>	<b>196</b>	<b>(76.5)</b>	<b>(1,072)</b>
EBITDA margin (%)	7	(15)	5	nm	nm	6	2	nm	(7)
Interest expense	(72)	(88)	(85)	(3.4)	17.7	(202)	(267)	32.3	(305)
Other income	134	146	155	5.8	15.3	528	470	(11.0)	539
Extra items	151	0	0	n.a.	n.a.	151	0	n.a.	0
Associates	(92)	(91)	(5)	(94.5)	n.a.	(49)	(21)	n.a.	0
Gain/Loss from exchange	(22)	(138)	0	n.a.	n.a.	(131)	61	(146.2)	61
<b>Pretax profit</b>	<b>249</b>	<b>(679)</b>	<b>60</b>	<b>n.a.</b>	<b>n.a.</b>	<b>539</b>	<b>(231)</b>	<b>n.a.</b>	<b>(163)</b>
Tax	(44)	44	3	n.a.	n.a.	(129)	(19)	(85.2)	3
Tax rate (%)	(18)	(6)	5	nm	nm	(24)	8	nm	(2)
Minority interests	2	(3)	2	n.a.	n.a.	(1)	(1)	n.a.	8
<b>Net profit</b>	<b>204</b>	<b>(631)</b>	<b>61</b>	<b>n.a.</b>	<b>(69.9)</b>	<b>410</b>	<b>(249)</b>	<b>(160.8)</b>	<b>(167)</b>
<b>Core net profit</b>	<b>75</b>	<b>(493)</b>	<b>61</b>	<b>n.a.</b>	<b>(17.9)</b>	<b>541</b>	<b>(310)</b>	<b>(157.3)</b>	<b>(228)</b>
EPS (THB)	0.63	(1.96)	0.19	n.a.	(69.9)	1.27	(0.77)	(160.8)	(0.52)
Core EPS (THB)	0.23	(1.53)	0.19	n.a.	(17.9)	1.68	(0.96)	(157.3)	(0.71)

\* Including depreciation and amortisation

Sources: AH; FSSIA estimates

Exhibit 2: One-year prospective P/BV band



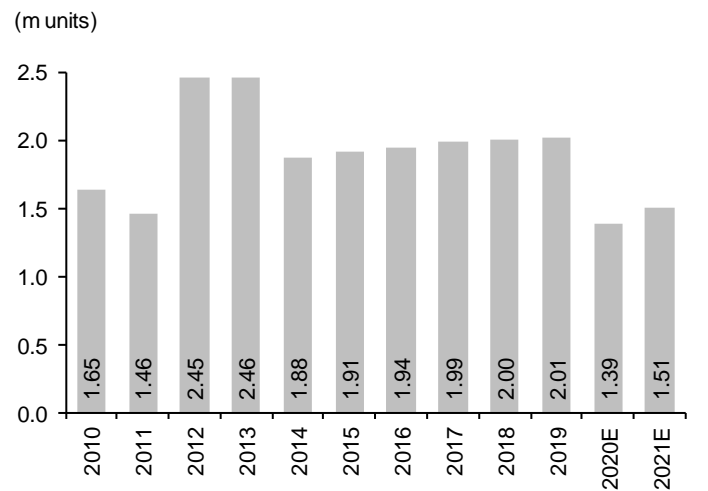
Sources: Bloomberg; FSSIA estimates

**Exhibit 3: Thailand's car sales, production and growth**

	2016	2017	2018	2019	2020E	2021E
	(m)	(m)	(m)	(m)	(m)	(m)
Domestic sales	0.77	0.87	1.04	1.01	0.75	0.79
Exports	1.19	1.14	1.14	1.05	0.70	0.78
<b>Total sales</b>	<b>1.96</b>	<b>2.01</b>	<b>2.18</b>	<b>2.06</b>	<b>1.45</b>	<b>1.57</b>
Production	1.94	1.99	2.00	2.01	1.39	1.51
<b>Growth</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
Domestic sales	(4)	13	19	(3)	(25)	5
Exports	(1)	(4)	0	(8)	(33)	11
<b>Total sales</b>	<b>(2)</b>	<b>3</b>	<b>8</b>	<b>(6)</b>	<b>(30)</b>	<b>8</b>
Production	2	2	0	1	(31)	9

Sources: Thai Automotive Industry Association; FSSIA estimates

**Exhibit 4: Thailand's car production volume**



Sources: Thai Automotive Industry Association; FSSIA estimates

**Exhibit 5: Assumption and forecast changes**

	----- New -----		----- Previous -----		----- Change-----	
	2020E	2021E	2020E	2021E	2020E	2021E
	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)
Thailand's car production (m units)	1.39	1.51	1.30	1.45	6.9	4.1
Revenue	15,743	18,740	14,702	17,501	7.1	7.1
<b>Gross profit</b>	<b>866</b>	<b>1,574</b>	<b>735</b>	<b>1,400</b>	<b>17.8</b>	<b>12.4</b>
EBITDA	156	698	63	620	147.6	12.6
<b>Net profit</b>	<b>(167)</b>	<b>472</b>	<b>(299)</b>	<b>347</b>	<b>(44.1)</b>	<b>36.0</b>
<b>Margin</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>
Gross profit margin	5.5	8.4	5.0	8.0	0.5	0.4
Net profit margin	(1.1)	2.5	(2.0)	2.0	1.0	0.5

Source: FSSIA Estimates

## Financial Statements

AAPICO Hitech

Profit and Loss (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Revenue	16,738	18,389	15,743	18,740	21,406
Cost of goods sold	(14,868)	(16,005)	(14,263)	(16,580)	(18,922)
<b>Gross profit</b>	<b>1,870</b>	<b>2,384</b>	<b>1,480</b>	<b>2,159</b>	<b>2,485</b>
Other operating income	-	-	-	-	-
Operating costs	(854)	(1,091)	(1,324)	(1,462)	(1,642)
<b>Operating EBITDA</b>	<b>1,016</b>	<b>1,293</b>	<b>156</b>	<b>698</b>	<b>843</b>
Depreciation	(596)	(699)	(614)	(585)	(558)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>421</b>	<b>594</b>	<b>(458)</b>	<b>112</b>	<b>285</b>
Net financing costs	171	(101)	(265)	(266)	(275)
Associates	104	115	0	70	80
Recurring non operating income	735	685	499	645	805
Non recurring items	(15)	(1,122)	61	0	0
<b>Profit before tax</b>	<b>1,312</b>	<b>57</b>	<b>(163)</b>	<b>491</b>	<b>814</b>
Tax	30	(224)	3	(10)	(41)
<b>Profit after tax</b>	<b>1,342</b>	<b>(168)</b>	<b>(159)</b>	<b>481</b>	<b>773</b>
Minority interests	(43)	(13)	(8)	(10)	(11)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>1,299</b>	<b>(181)</b>	<b>(167)</b>	<b>472</b>	<b>762</b>
<b>Non recurring items &amp; goodwill (net)</b>	<b>15</b>	<b>1,122</b>	<b>(61)</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>1,314</b>	<b>941</b>	<b>(228)</b>	<b>472</b>	<b>762</b>
<b>Per share (THB)</b>					
Recurring EPS *	4.07	2.92	(0.71)	1.46	2.36
Reported EPS	4.03	(0.56)	(0.52)	1.46	2.36
DPS	1.28	0.94	0.00	0.29	0.59
Diluted shares (used to calculate per share data)	323	323	323	323	323
<b>Growth</b>					
Revenue (%)	6.1	9.9	(14.4)	19.0	14.2
Operating EBITDA (%)	44.7	27.2	(87.9)	346.6	20.8
Operating EBIT (%)	501.5	41.2	(177.1)	(124.5)	153.2
Recurring EPS (%)	24.0	(28.4)	(124.3)	(306.7)	61.6
Reported EPS (%)	12.2	(113.9)	(7.6)	(381.8)	61.6
<b>Operating performance</b>					
Gross margin inc depreciation (%)	7.6	9.2	5.5	8.4	9.0
Gross margin of key business (%)	-	-	-	-	-
Operating EBITDA margin (%)	6.1	7.0	1.0	3.7	3.9
Operating EBIT margin (%)	2.5	3.2	(2.9)	0.6	1.3
Net margin (%)	7.9	5.1	(1.4)	2.5	3.6
Effective tax rate (%)	2.3	-396.2	-2.0	-2.0	-5.0
Dividend payout on recurring profit (%)	31.3	32.3	-	20.0	25.0
Interest cover (X)	(6.8)	12.7	0.2	2.8	4.0
Inventory days	31.2	49.3	68.5	55.4	50.7
Debtor days	50.5	43.5	46.8	44.2	45.0
Creditor days	60.5	80.9	103.2	84.4	79.7
Operating ROIC (%)	6.6	7.9	(5.4)	1.3	3.3
ROIC (%)	9.0	8.6	0.3	4.8	7.0
ROE (%)	17.9	12.6	(3.2)	6.5	9.8
ROA (%)	7.3	5.4	0.2	3.6	4.9
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue By Division (THB m)</b>					
2018	2019	2020E	2021E	2022E	
Manufacture of auto parts	10,641	12,908	12,480	14,366	16,468
Car dealership and others	6,097	5,481	3,263	4,374	4,938

Sources: AAPICO Hitech; FSSIA estimates

## Financial Statements

### AAPICO Hitech

Cash Flow (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Recurring net profit	1,314	941	(228)	472	762
Depreciation	596	699	614	585	558
Associates & minorities	43	13	8	10	11
Other non-cash items	(422)	(76)	138	26	14
Change in working capital	(39)	(69)	(482)	(164)	(126)
<b>Cash flow from operations</b>	<b>1,492</b>	<b>1,507</b>	<b>50</b>	<b>928</b>	<b>1,219</b>
Capex - maintenance	(640)	(702)	(217)	(221)	(294)
Capex - new investment	(274)	(301)	(93)	(95)	(126)
Net acquisitions & disposals	33	40	0	0	0
Other investments (net)	(1,344)	(652)	0	24	23
<b>Cash flow from investing</b>	<b>(2,225)</b>	<b>(1,615)</b>	<b>(310)</b>	<b>(291)</b>	<b>(397)</b>
Dividends paid	(412)	(304)	0	(94)	(191)
Equity finance	1	108	0	0	0
Debt finance	1,468	484	422	(200)	(200)
Other financing cash flows	(201)	(329)	8	10	11
<b>Cash flow from Financing</b>	<b>856</b>	<b>(40)</b>	<b>430</b>	<b>(285)</b>	<b>(380)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	23	0	0	0	0
<b>Net other adjustments</b>	<b>(3)</b>	<b>125</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>119</b>	<b>(22)</b>	<b>169</b>	<b>353</b>	<b>443</b>
Free cash flow to firm (FCFF)	(536.34)	188.48	44.15	943.94	1,137.69
Free cash flow to equity (FCFE)	529.92	173.21	169.35	447.47	633.17

#### Per share (THB)

FCFF per share	(1.66)	0.58	0.14	2.93	3.53
FCFE per share	1.64	0.54	0.52	1.39	1.96
Recurring cash flow per share	4.75	4.89	1.65	3.39	4.17

Balance Sheet (THB m) Year Ending Dec	2018	2019	2020E	2021E	2022E
Tangible fixed asset (gross)	13,948	18,640	18,940	19,240	19,640
Less: Accumulated depreciation	(8,733)	(10,612)	(11,201)	(11,760)	(12,292)
<b>Tangible fixed assets (Net)</b>	<b>5,215</b>	<b>8,028</b>	<b>7,739</b>	<b>7,479</b>	<b>7,348</b>
<b>Intangible fixed assets (Net)</b>	<b>451</b>	<b>2,209</b>	<b>2,207</b>	<b>2,188</b>	<b>2,182</b>
Long-term financial assets	-	-	-	-	-
Invest. In associates & subsidiaries	3,963	3,994	3,994	3,994	3,994
Cash & equivalents	615	592	762	1,115	1,557
A/C receivable	2,416	1,968	2,070	2,464	2,815
Inventories	1,419	2,909	2,446	2,587	2,668
Other current assets	1,075	386	367	386	405
<b>Current assets</b>	<b>5,524</b>	<b>5,856</b>	<b>5,645</b>	<b>6,551</b>	<b>7,446</b>
Other assets	2,738	1,159	883	900	916
<b>Total assets</b>	<b>17,891</b>	<b>21,246</b>	<b>20,467</b>	<b>21,113</b>	<b>21,885</b>
Common equity	7,690	7,228	7,069	7,455	8,038
Minorities etc.	257	252	260	269	280
<b>Total Shareholders' equity</b>	<b>7,947</b>	<b>7,480</b>	<b>7,328</b>	<b>7,725</b>	<b>8,318</b>
Long term debt	4,331	4,788	4,600	4,800	4,700
Other long-term liabilities	131	578	392	452	505
<b>Long-term liabilities</b>	<b>4,462</b>	<b>5,367</b>	<b>4,992</b>	<b>5,252</b>	<b>5,205</b>
A/C payable	2,694	4,397	3,668	3,997	4,270
Short term debt	2,076	3,522	4,133	3,733	3,633
Other current liabilities	713	480	346	406	459
<b>Current liabilities</b>	<b>5,482</b>	<b>8,399</b>	<b>8,147</b>	<b>8,136</b>	<b>8,361</b>
<b>Total liabilities and shareholders' equity</b>	<b>17,891</b>	<b>21,246</b>	<b>20,467</b>	<b>21,113</b>	<b>21,885</b>
Net working capital	1,503	386	869	1,033	1,160
Invested capital	13,870	15,777	15,691	15,595	15,599

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

#### Per share (THB)

Book value per share	23.84	22.41	21.91	23.11	24.92
Tangible book value per share	22.44	15.56	15.07	16.33	18.15

#### Financial strength

Net debt/Equity (%)	72.9	103.2	108.8	96.0	81.5
Net debt/total assets (%)	32.4	36.3	38.9	35.1	31.0
Current ratio (x)	1.0	0.7	0.7	0.8	0.9
CF interest cover (x)	(3.7)	5.7	2.0	3.0	3.8

Valuation	2018	2019	2020E	2021E	2022E
<b>Recurring P/E (x) *</b>	<b>3.1</b>	<b>4.4</b>	<b>(18.1)</b>	<b>8.8</b>	<b>5.4</b>
<b>Recurring P/E @ target price (x) *</b>	<b>3.5</b>	<b>4.9</b>	<b>(20.4)</b>	<b>9.8</b>	<b>6.1</b>
Reported P/E (x)	3.2	(22.8)	(24.7)	8.8	5.4
Dividend yield (%)	10.0	7.4	-	2.3	4.6
Price/book (x)	0.5	0.6	0.6	0.6	0.5
Price/tangible book (x)	0.6	0.8	0.8	0.8	0.7
EV/EBITDA (x) **	10.0	9.4	79.1	16.9	13.3
EV/EBITDA @ target price (x) **	10.5	9.8	82.4	17.7	13.9
EV/invested capital (x)	0.7	0.8	0.8	0.8	0.7

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

Sources: AAPICO Hitech; 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	PM	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)

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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

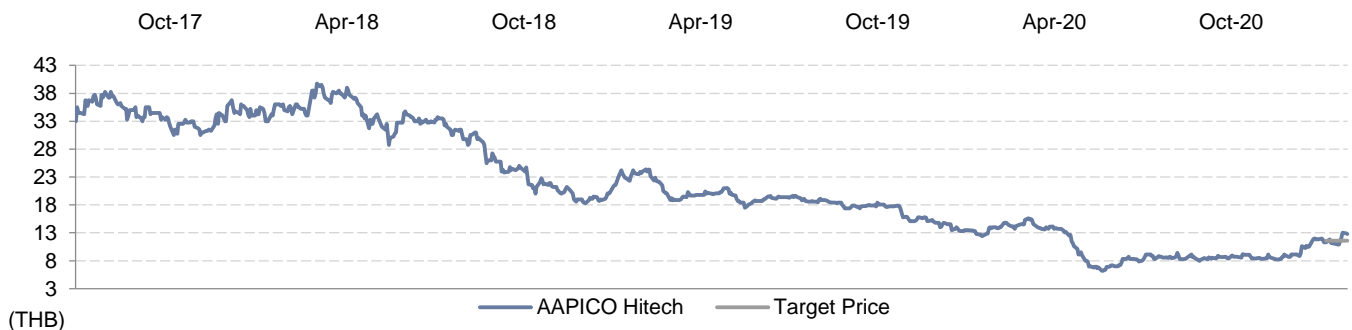
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#### History of change in investment rating and/or target price

#### AAPICO Hitech (AH TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
01-Oct-2020	HOLD	11.60	-	-	-	-	-	-

Naruedom Mujjalinkool started covering this stock from 01-Oct-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
AAPICO Hitech	AH TB	THB 12.80	BUY	Key downside risks to our P/BV-derived TP include lower-than-expected car production volumes and lower 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

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All share prices are as at market close on 20-Oct-2020 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

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