

18 MAY 2021

THAILAND / AUTOMOTIVES

AAPICO HITECH AH TB

BUY

UNCHANGED

| | |
|-----------------|----------|
| TARGET PRICE | THB30.80 |
| CLOSE | THB24.60 |
| UP/DOWNSIDE | +25.2% |
| PRIOR TP | THB22.00 |
| CHANGE IN TP | +40.0% |
| TP vs CONSENSUS | +36.5% |

เล่นที่ระดับความเร็วสูงสุด

ผลประกอบการ 1Q21 ออกมาดี

AH รายงานกำไรจากการดำเนินงาน 1Q21 อยู่ที่ 307 ลบ. (+152% y-y, +14% q-q) ใกล้เคียงกับที่ตลาดและเรคาด รายได้ทรงตัว q-q แต่เพิ่มขึ้น 14% y-y เป็น 5.6 พัน ลบ. จากยอดขายขึ้นส่วนยานยนต์และรายได้จากการเป็นตัวแทนจำหน่ายรถยนต์ที่โต 9% และ 28% y-y ตามลำดับ อัตรากำไรขั้นต้นเพิ่มขึ้นเป็น 12.1% จาก 10.2% ใน 1Q20 จากปริมาณขายที่สูงขึ้น การลดต้นทุนภายใน และการปรับปรุงประสิทธิภาพการผลิตในโปรตุเกส บริษัทฯ รายงานกำไรสุทธิที่ 410 ลบ. จากกำไรจากอัตราแลกเปลี่ยน 102 ลบ.

แนวโน้มอ่อนตัวลงใน 2Q21

แม้ว่ากำไรของบริษัทฯ จะโตดีใน 1Q21 เราคาดว่าแนวโน้ม 2Q21 อาจอ่อนตัวลงเนื่องจาก 2Q เป็นช่วงตกต่ำของอุตสาหกรรมยานยนต์เพราะมีวันหยุดจำนวนมาก โดยปกติยอดการผลิตรถยนต์ในประเทศไทยจะแตะจุดต่ำสุดใน 2Q นอกจากนี้การแพร่ระบาด Covid-19 ในรอบที่ 3 มีแนวโน้มที่จะชะลอรายได้จากการเป็นตัวแทนขายรถยนต์ (25% ของรายได้รวม) ให้ลดลงอย่างมีนัยสำคัญ ผู้บริโภคลดการใช้จ่ายในช่วงการแพร่ระบาด Covid ในรอบที่ 3 เป็นจำนวนมากเมื่อเทียบกับรอบแรกและรอบที่สอง

ปรับประมาณการกำไร

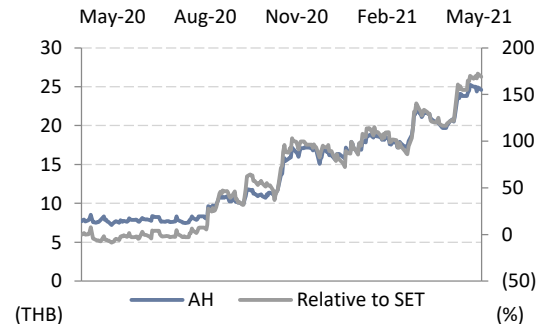
จากอัตรากำไรขั้นต้นที่ดีใน 1Q21 เราเชื่อว่า AH ได้พิสูจน์แล้วว่าบริษัทฯ สามารถปรับปรุงอัตรากำไรขั้นต้นไปสู่ระดับใหม่ที่เหนือ 10% เทียบกับ 6-9% ใน 5 ปีที่ผ่านมา ดังนั้นเราจึงปรับประมาณการอัตรากำไรขั้นต้นปี 2021 และ 2022 ขึ้นเป็น 10.5% และ 10.8% ตามลำดับเมื่อเทียบกับสมมติฐานเดิมของเราที่ 10% นอกจากนี้เราจึงปรับลดประมาณการค่าใช้จ่ายการขายและการบริหาร เนื่องจากเราคาดว่าค่าใช้จ่ายจะทรงตัวตั้งแต่ 1Q21 ทำให้เราคาดว่ากำไรสุทธิจากการดำเนินงานของบริษัทฯ ในปี 2021 จะอยู่ที่ 994 ลบ. (+520% y-y) เทียบกับคาดการณ์เดิมที่ 780 ลบ.

คงคำแนะนำซื้อหลังปรับราคาเป้าหมายเป็น 30.80 บาท

เราคงคำแนะนำซื้อหลังรวมผลกระทบจากจำนวนหุ้นที่เพิ่มขึ้นหลังการจ่ายหุ้นปันผลในอัตรา 10:1 ในวันที่ 20 พ.ค. 21 ราคาเป้าหมายใหม่ของเราที่ 30.80 บาทคิดเป็น 11x ของค่า 2021E P/E (+1.25 SD) ซึ่งยังต่ำกว่าของ Somboon Advance Technology's (SAT TB, BUY, TP THB25.50) แนวโน้มของ AH ยังดี ในขณะที่อัตรากำไรขั้นต้นของบริษัทฯ มีโอกาสโตเมื่อการผลิตรถยนต์รวมของไทยกลับสู่ระดับปกติที่ 1.8-1.9 ล้านคัน เราเชื่อว่า AH ยังมีความเสี่ยงขาขึ้นในแง่ที่ว่าค่า P/E multiple อาจขยับใกล้บริษัทอื่นในกลุ่มถ้าบริษัทฯ สามารถพิสูจน์ได้ว่าบริษัทฯ สามารถรักษ้อัตรากำไรขั้นต้นและกำไรไว้ที่ระดับนี้ได้เมื่อเทียบกับความผันผวนที่อยู่ในระดับสูงในอดีต

KEY STOCK DATA

| YE Dec (THB m) | 2020 | 2021E | 2022E | 2023E |
|----------------------|--------|--------|--------|--------|
| Revenue | 17,172 | 19,049 | 22,742 | 24,458 |
| Net profit | 148 | 994 | 1,337 | 1,504 |
| EPS (THB) | 0.46 | 2.80 | 3.77 | 4.24 |
| vs Consensus (%) | - | 34.9 | 40.7 | 39.7 |
| EBITDA | 783 | 1,289 | 1,465 | 1,545 |
| Core net profit | 146 | 994 | 1,337 | 1,504 |
| Core EPS (THB) | 0.45 | 2.80 | 3.77 | 4.24 |
| Chg. In EPS est. (%) | - | 27.5 | 19.9 | 23.1 |
| EPS growth (%) | (84.5) | 519.5 | 34.5 | 12.5 |
| Core P/E (x) | 54.4 | 8.8 | 6.5 | 5.8 |
| Dividend yield (%) | 0.6 | 4.0 | 5.4 | 6.9 |
| EV/EBITDA (x) | 21.7 | 12.5 | 10.3 | 9.0 |
| Price/book (x) | 1.1 | 1.1 | 1.0 | 0.9 |
| Net debt/Equity (%) | 113.1 | 84.3 | 65.0 | 46.7 |
| ROE (%) | 2.0 | 12.7 | 15.6 | 15.9 |



| Share price performance | 1 Month | 3 Month | 12 Month |
|--------------------------------|-----------------|---------|----------|
| Absolute (%) | 23.0 | 32.6 | 216.5 |
| Relative to country (%) | 23.0 | 29.7 | 161.7 |
| Mkt cap (USD m) | 278 | | |
| 3m avg. daily turnover (USD m) | 1.7 | | |
| Free float (%) | 50 | | |
| Major shareholder | Thai NVDR (14%) | | |
| 12m high/low (THB) | 25.50/7.23 | | |
| Issued shares (m) | 354.84 | | |

Sources: Bloomberg consensus; FSSIA estimates



Naruedom Mujjalinkool

naruedom.muj@fssia.com
+66 2611 3566

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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 18 พฤษภาคม 2021

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 0.8m-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 with the 2020 production level of 1.4m units – which could directly benefit AH because 65% of its operational revenue comes from Thailand.

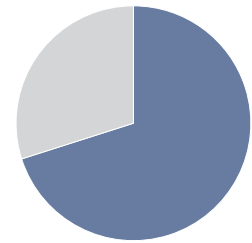
Company profile

The company’s main businesses are the manufacture of OEM automotive parts and 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

Principal activities (revenue, 2020)

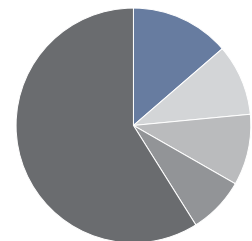
- Manufacture of auto parts - 70.1 %
- Car dealership and others - 29.9 %



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

Catalysts

- The strong recovery of Thailand’s car manufacturing industry;
- Trading at a low P/BV (lower than 1x its P/BV);
- If the company can maintain or improve upon its “new normal” GPM.

Risks to our call

Key downside risks to our P/E-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 |
|---------------|--|
| Late May 2021 | Thailand’s April car production announcement |
| Aug 2021 | 2Q21 results announcement |

Key assumptions

| | 2021E | 2022E | 2023E |
|--------------------------------|-------|-------|-------|
| | (%) | (%) | (%) |
| Thailand car production growth | 9.2 | 4.7 | 8.1 |
| Domestic car sales | 2.3 | 6.2 | 4.7 |
| Malaysia car sales | 10.1 | 7.2 | 5.3 |

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: 1Q21 results review

| | 1Q20 | 4Q20 | 1Q21 | Change | | 2021E |
|--------------------------|--------------|--------------|--------------|----------------|--------------|---------------|
| | (THB m) | (THB m) | (THB m) | (q-q%) | (y-y%) | (THB m) |
| Revenue | 4,920 | 5,587 | 5,586 | (0.0) | 13.5 | 19,049 |
| Operating costs | (4,421) | (5,176) | (4,912) | (5.1) | 11.1 | (17,048) |
| Gross profit | 500 | 412 | 675 | 64.0 | 35.1 | 2,000 |
| SG&A expenses | (389) | (397) | (390) | (1.8) | 0.2 | (1,448) |
| EBIT | 110 | 14 | 285 | 1,868.4 | 158.2 | 552 |
| Depn & amort. | 235 | 234 | 248 | 5.8 | 5.6 | (736) |
| EBITDA | 345 | 249 | 533 | 114.1 | 54.3 | (184) |
| <i>EBITDA margin (%)</i> | 7 | 4 | 10 | <i>nm</i> | <i>nm</i> | (1) |
| Interest expense | (94) | (97) | (87) | (10.2) | (7.3) | (340) |
| Other income | 99 | 252 | 51 | (79.6) | (47.8) | 658 |
| Extra item | 0 | 15 | 0 | <i>n.a.</i> | <i>n.a.</i> | 1 |
| Associates | 74 | 69 | 87 | 27.3 | 17.5 | 229 |
| Gain/Loss from exchange | 199 | (126) | 102 | (181.2) | (48.5) | 0 |
| Pretax profit | 388 | 127 | 439 | 246.6 | 13.2 | 1,099 |
| Tax | (66) | 39 | (26) | (167.8) | (60.3) | (88) |
| <i>Tax rate (%)</i> | (17) | 31 | (6) | <i>nm</i> | <i>nm</i> | (8) |
| Minority interests | 1 | 7 | 3 | (60.6) | 202.0 | 17 |
| Net profit | 321 | 158 | 410 | 158.6 | 27.8 | 994 |
| Core net profit | 122 | 269 | 307 | 14.1 | 152.0 | 994 |
| EPS (THB) | 0.99 | 0.49 | 1.27 | 158.6 | 27.8 | 2.80 |
| Core EPS (THB) | 0.38 | 0.84 | 0.95 | 14.1 | 152.0 | 2.80 |

Note: There were accounting reclassifications on the company's revenue and other income in 1Q20 and 1Q21

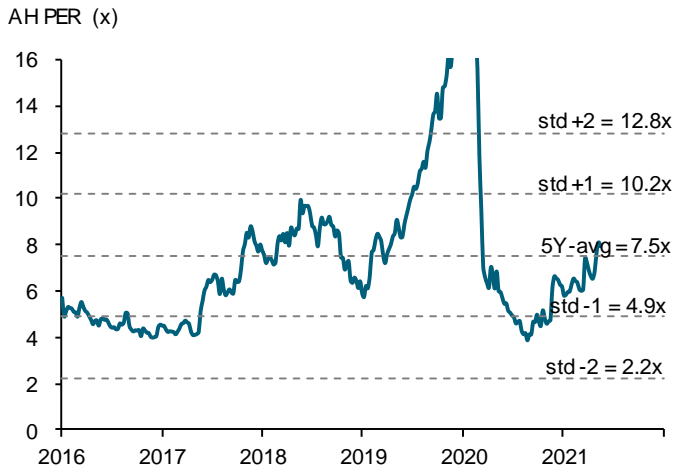
Source: AH; FSSIA estimates

Exhibit 2: Assumption and forecast changes

| | New | | Previous | | Change | |
|---------------|------------|------------|------------|------------|--------------|--------------|
| | 2021E | 2022E | 2021E | 2022E | 2021E | 2022E |
| | (THB m) | (THB m) | (THB m) | (THB m) | (%) | (%) |
| Revenue | 19,049 | 22,742 | 19,048 | 22,757 | 0 | (0) |
| Gross profit | 2,000 | 2,456 | 1,905 | 2,276 | 5 | 8 |
| EBITDA | 1,289 | 1,465 | 976 | 1,134 | 32 | 29 |
| Net profit | 994 | 1,337 | 780 | 1,115 | 27 | 20 |
| Margin | (%) | (%) | (%) | (%) | (ppt) | (ppt) |
| GPM | 10.5 | 10.8 | 10.0 | 10.0 | 0.5 | 0.8 |
| NPM | 5.2 | 5.9 | 4.1 | 4.9 | 1.1 | 1.0 |

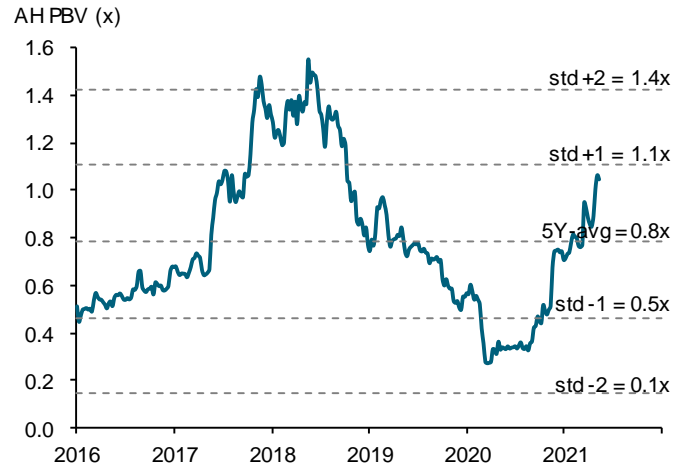
Source: FSSIA estimates

Exhibit 3: Rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 4: Rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

Financial Statements

AAPICO Hitech

| Profit and Loss (THB m) Year Ending Dec | 2019 | 2020 | 2021E | 2022E | 2023E |
|---|--------------|--------------|--------------|--------------|--------------|
| Revenue | 18,389 | 17,172 | 19,049 | 22,742 | 24,458 |
| Cost of goods sold | (16,005) | (15,057) | (16,312) | (19,578) | (21,085) |
| Gross profit | 2,384 | 2,116 | 2,736 | 3,164 | 3,372 |
| Other operating income | - | - | - | - | - |
| Operating costs | (1,091) | (1,333) | (1,448) | (1,699) | (1,827) |
| Operating EBITDA | 1,293 | 783 | 1,289 | 1,465 | 1,545 |
| Depreciation | (699) | (998) | (736) | (708) | (682) |
| Goodwill amortisation | - | - | - | - | - |
| Operating EBIT | 594 | (215) | 552 | 757 | 863 |
| Net financing costs | (101) | (338) | (300) | (292) | (288) |
| Associates | 115 | 101 | 229 | 250 | 268 |
| Recurring non-operating income | 685 | 726 | 847 | 1,018 | 1,101 |
| Non-recurring items | (1,122) | 2 | 0 | 0 | 0 |
| Profit before tax | 57 | 175 | 1,099 | 1,484 | 1,677 |
| Tax | (224) | (12) | (88) | (126) | (151) |
| Profit after tax | (168) | 163 | 1,011 | 1,357 | 1,526 |
| Minority interests | (13) | (15) | (17) | (20) | (22) |
| Preferred dividends | - | - | - | - | - |
| Other items | - | - | - | - | - |
| Reported net profit | (181) | 148 | 994 | 1,337 | 1,504 |
| Non-recurring items & goodwill (net) | 1,122 | (2) | 0 | 0 | 0 |
| Recurring net profit | 941 | 146 | 994 | 1,337 | 1,504 |
| Per share (THB) | | | | | |
| Recurring EPS * | 2.92 | 0.45 | 2.80 | 3.77 | 4.24 |
| Reported EPS | (0.56) | 0.46 | 2.80 | 3.77 | 4.24 |
| DPS | 0.94 | 0.15 | 0.98 | 1.32 | 1.70 |
| Diluted shares (used to calculate per share data) | 323 | 323 | 355 | 355 | 355 |
| Growth | | | | | |
| Revenue (%) | 9.9 | (6.6) | 10.9 | 19.4 | 7.5 |
| Operating EBITDA (%) | 27.2 | (39.4) | 64.5 | 13.7 | 5.5 |
| Operating EBIT (%) | 41.2 | nm | nm | 37.1 | 14.0 |
| Recurring EPS (%) | (28.4) | (84.5) | 519.5 | 34.5 | 12.5 |
| Reported EPS (%) | nm | nm | 511.7 | 34.5 | 12.5 |
| Operating performance | | | | | |
| Gross margin inc. depreciation (%) | 9.2 | 6.5 | 10.5 | 10.8 | 11.0 |
| Gross margin of key business (%) | - | - | - | - | - |
| Operating EBITDA margin (%) | 7.0 | 4.6 | 6.8 | 6.4 | 6.3 |
| Operating EBIT margin (%) | 3.2 | (1.3) | 2.9 | 3.3 | 3.5 |
| Net margin (%) | 5.1 | 0.8 | 5.2 | 5.9 | 6.1 |
| Effective tax rate (%) | -396.2 | -2.0 | -8.0 | -8.5 | -9.0 |
| Dividend payout on recurring profit (%) | 32.3 | 33.2 | 35.0 | 35.0 | 40.0 |
| Interest cover (X) | 12.7 | 1.5 | 4.7 | 6.1 | 6.8 |
| Inventory days | 49.3 | 66.7 | 57.8 | 49.9 | 47.3 |
| Debtor days | 43.5 | 51.2 | 51.3 | 44.1 | 45.8 |
| Creditor days | 80.9 | 103.2 | 90.5 | 78.5 | 79.8 |
| Operating ROIC (%) | 7.9 | (2.5) | 6.3 | 8.8 | 10.1 |
| ROIC (%) | 8.6 | 3.1 | 8.4 | 11.0 | 12.3 |
| ROE (%) | 12.6 | 2.0 | 12.7 | 15.6 | 15.9 |
| ROA (%) | 5.4 | 2.3 | 5.9 | 7.3 | 7.6 |
| * Pre-exceptional, pre-goodwill and fully diluted | | | | | |
| Revenue by Division (THB m) | | | | | |
| Manufacture of auto parts | 12,908 | 12,035 | 14,366 | 17,468 | 18,927 |
| Car dealership and others | 5,481 | 5,138 | 4,683 | 5,273 | 5,530 |

Sources: AAPICO Hitech; FSSIA estimates

Financial Statements

AAPICO Hitech

| Cash Flow (THB m) Year Ending Dec | 2019 | 2020 | 2021E | 2022E | 2023E |
|-----------------------------------|----------------|--------------|----------------|--------------|--------------|
| Recurring net profit | 941 | 146 | 994 | 1,337 | 1,504 |
| Depreciation | 699 | 998 | 736 | 708 | 682 |
| Associates & minorities | 13 | 15 | 17 | 20 | 22 |
| Other non-cash items | (76) | 134 | 400 | 37 | 17 |
| Change in working capital | (69) | (928) | 185 | (169) | 272 |
| Cash flow from operations | 1,507 | 364 | 2,332 | 1,933 | 2,497 |
| Capex - maintenance | (702) | (446) | (263) | (336) | (476) |
| Capex - new investment | (301) | (191) | (113) | (144) | (204) |
| Net acquisitions & disposals | 40 | 84 | 0 | 0 | 0 |
| Other investments (net) | (652) | 145 | 32 | 30 | 29 |
| Cash flow from investing | (1,615) | (408) | (343) | (450) | (651) |
| Dividends paid | (304) | (48) | (348) | (468) | (602) |
| Equity finance | 108 | 0 | 0 | 0 | 0 |
| Debt finance | 484 | 755 | (915) | (200) | (100) |
| Other financing cash flows | (329) | (474) | 17 | 20 | 22 |
| Cash flow from financing | (40) | 232 | (1,246) | (648) | (680) |
| Non-recurring cash flows | - | - | - | - | - |
| Other adjustments | 0 | 0 | 0 | 0 | 0 |
| Net other adjustments | 125 | (92) | 0 | 0 | 0 |
| Movement in cash | (22) | 97 | 743 | 836 | 1,166 |
| Free cash flow to firm (FCFF) | 188.48 | 329.01 | 2,329.18 | 1,815.57 | 2,173.38 |
| Free cash flow to equity (FCFE) | 173.21 | 145.30 | 1,090.70 | 1,303.86 | 1,767.19 |

Per share (THB)

| | | | | | |
|-------------------------------|------|------|------|------|------|
| FCFF per share | 0.53 | 0.93 | 6.56 | 5.12 | 6.12 |
| FCFE per share | 0.49 | 0.41 | 3.07 | 3.67 | 4.98 |
| Recurring cash flow per share | 4.89 | 4.01 | 6.05 | 5.92 | 6.27 |

| Balance Sheet (THB m) Year Ending Dec | 2019 | 2020 | 2021E | 2022E | 2023E |
|---|---------------|---------------|---------------|---------------|---------------|
| Tangible fixed assets (gross) | 18,640 | 19,021 | 19,298 | 19,698 | 20,298 |
| Less: Accumulated depreciation | (10,612) | (11,248) | (11,810) | (12,343) | (12,852) |
| Tangible fixed assets (net) | 8,028 | 7,773 | 7,488 | 7,355 | 7,446 |
| Intangible fixed assets (net) | 2,209 | 3,143 | 3,043 | 2,949 | 2,856 |
| Long-term financial assets | - | - | - | - | - |
| Invest. in associates & subsidiaries | 3,994 | 3,716 | 3,716 | 3,716 | 3,716 |
| Cash & equivalents | 592 | 690 | 1,432 | 2,268 | 3,433 |
| A/C receivable | 1,968 | 2,846 | 2,505 | 2,991 | 3,149 |
| Inventories | 2,909 | 2,596 | 2,569 | 2,779 | 2,684 |
| Other current assets | 386 | 435 | 456 | 479 | 503 |
| Current assets | 5,856 | 6,566 | 6,962 | 8,516 | 9,769 |
| Other assets | 1,159 | 1,148 | 796 | 802 | 791 |
| Total assets | 21,246 | 22,346 | 22,006 | 23,339 | 24,578 |
| Common equity | 7,228 | 7,473 | 8,136 | 9,026 | 9,950 |
| Minorities etc. | 252 | 268 | 285 | 305 | 327 |
| Total shareholders' equity | 7,480 | 7,741 | 8,422 | 9,331 | 10,277 |
| Long term debt | 4,788 | 5,597 | 4,800 | 4,700 | 4,600 |
| Other long-term liabilities | 578 | 562 | 618 | 692 | 726 |
| Long-term liabilities | 5,367 | 6,158 | 5,418 | 5,392 | 5,326 |
| A/C payable | 4,397 | 4,119 | 3,970 | 4,446 | 4,771 |
| Short term debt | 3,522 | 3,852 | 3,733 | 3,633 | 3,633 |
| Other current liabilities | 480 | 476 | 463 | 537 | 571 |
| Current liabilities | 8,399 | 8,446 | 8,166 | 8,616 | 8,975 |
| Total liabilities and shareholders' equity | 21,246 | 22,346 | 22,006 | 23,339 | 24,578 |
| Net working capital | 386 | 1,282 | 1,097 | 1,266 | 994 |
| Invested capital | 15,777 | 17,062 | 16,141 | 16,089 | 15,803 |

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

Per share (THB)

| | | | | | |
|-------------------------------|-------|-------|-------|-------|-------|
| Book value per share | 22.41 | 23.17 | 22.93 | 25.44 | 28.04 |
| Tangible book value per share | 15.56 | 13.42 | 14.35 | 17.13 | 19.99 |

Financial strength

| | | | | | |
|---------------------------|-------|-------|------|------|------|
| Net debt/equity (%) | 103.2 | 113.1 | 84.3 | 65.0 | 46.7 |
| Net debt/total assets (%) | 36.3 | 39.2 | 32.3 | 26.0 | 19.5 |
| Current ratio (x) | 0.7 | 0.8 | 0.9 | 1.0 | 1.1 |
| CF interest cover (x) | 5.7 | 2.0 | 5.0 | 6.0 | 7.8 |

| Valuation | 2019 | 2020 | 2021E | 2022E | 2023E |
|---|-------------|-------------|-------------|------------|------------|
| Recurring P/E (x) * | 8.4 | 54.4 | 8.8 | 6.5 | 5.8 |
| Recurring P/E @ target price (x) * | 10.6 | 68.1 | 11.0 | 8.2 | 7.3 |
| Reported P/E (x) | (43.8) | 53.7 | 8.8 | 6.5 | 5.8 |
| Dividend yield (%) | 3.8 | 0.6 | 4.0 | 5.4 | 6.9 |
| Price/book (x) | 1.1 | 1.1 | 1.1 | 1.0 | 0.9 |
| Price/tangible book (x) | 1.6 | 1.8 | 1.7 | 1.4 | 1.2 |
| EV/EBITDA (x) ** | 12.3 | 21.7 | 12.5 | 10.3 | 9.0 |
| EV/EBITDA @ target price (x) ** | 13.8 | 24.2 | 14.2 | 11.8 | 10.4 |
| EV/invested capital (x) | 1.0 | 1.0 | 1.0 | 0.9 | 0.9 |

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

Sources: AAPICO Hitech; FSSIA estimates

Corporate Governance report of Thai listed companies 2020

| EXCELLENT LEVEL | | | | | | | | | | |
|-----------------|--------|--------|-------|-------|-------|--------|--------|--------|--------|--------|
| AAV | ADVANC | AF | AIRA | AKP | AKR | ALT | AMA | AMATA | AMATAV | ANAN |
| AOT | AP | ARIP | ARROW | ASP | BAFS | BANPU | BAY | BCP | BCPG | BDMS |
| BEC | BEM | BGRIM | BIZ | BKI | BLA | BOL | BPP | BRR | BTS | BWG |
| CENTEL | CFRESH | CHEWA | CHO | CIMBT | CK | CKP | CM | CNT | COL | COMAN |
| COTTO | CPALL | CPF | CPI | CPN | CSS | DELTA | DEMCO | DRT | DTAC | DTC |
| DV8 | EA | EASTW | ECF | ECL | EGCO | EPG | ETE | FNS | FPI | FPT |
| FSMART | GBX | GC | GCAP | GEL | GFPT | GGC | GPSC | GRAMMY | GUNKUL | HANA |
| HARN | HMPRO | ICC | ICI | III | ILINK | INTUCH | IRPC | IVL | JKN | JSP |
| JWD | K | KBANK | KCE | KKP | KSL | KTB | KTC | LANNA | LH | LHFG |
| LIT | LPN | MAKRO | MALEE | MBK | MBKET | MC | MCOT | METCO | MFEC | MINT |
| MONO | MOONG | MSC | MTC | NCH | NCL | NEP | NKI | NOBLE | NSI | NVD |
| NYT | OISHI | ORI | OTO | PAP | PCSGH | PDJ | PG | PHOL | PLANB | PLANET |
| PLAT | PORT | PPS | PR9 | PREB | PRG | PRM | PSH | PSL | PTG | PTT |
| PTTEP | PTTGC | PYLON | Q-CON | QH | QTC | RATCH | RS | S | S & J | SAAM |
| SABINA | SAMART | SAMTEL | SAT | SC | SCB | SCC | SCCC | SCG | SCN | SDC |
| SEAFCO | SEOIL | SE-ED | SELIC | SENA | SIRI | SIS | SITHAI | SMK | SMPC | SNC |
| SONIC | SORKON | SPALI | SPI | SPRC | SPVI | SSSC | SST | STA | SUSCO | SUTHA |
| SVI | SYMC | SYNTEC | TACC | TASCO | TCAP | TFMAMA | THANA | THANI | THCOM | THG |
| THIP | THRE | THREL | TIP | TIPCO | TISCO | TK | TKT | TMB | TMILL | TNDT |
| TNL | TOA | TOP | TPBI | TQM | TRC | TSC | TSR | TSTE | TSTH | TTA |
| TTCL | TTW | TU | TVD | TVI | TVO | TWPC | U | UAC | UBIS | UV |
| VGI | VIH | WACOAL | WAVE | WHA | WHAUP | WICE | WINNER | TRUE | | |

| VERY GOOD LEVEL | | | | | | | | | | |
|-----------------|---------|--------|-------|--------|-------|--------|--------|--------|--------|-------|
| 2S | ABM | ACE | ACG | ADB | AEC | AEONTS | AGE | AH | AHC | AIT |
| ALLA | AMANAHA | AMARIN | APCO | APCS | APURE | AQUA | ASAP | ASEFA | ASIA | ASIAN |
| ASIMAR | ASK | ASN | ATP30 | AUCT | AWC | AYUD | B | BA | BAM | BBL |
| BFIT | BGC | BJC | BJCHI | BROOK | BTW | CBG | CEN | CGH | CHARAN | CHAYO |
| CHG | CHOTI | CHOW | CI | CIG | CMC | COLOR | COM7 | CPL | CRC | CRD |
| CSC | CSP | CWT | DCC | DCON | DDD | DOD | DOHOME | EASON | EE | ERW |
| ESTAR | FE | FLOYD | FN | FORTH | FSS | FTE | FVC | GENCO | GJS | GL |
| GLAND | GLOBAL | GLOCON | GPI | GULF | GYT | HPT | HTC | ICN | IFS | ILM |
| IMH | INET | INSURE | IRC | IRCP | IT | ITD | ITEL | J | JAS | JCK |
| JCKH | JMART | JMT | KBS | KCAR | KGI | KIAT | KOOL | KTIS | KWC | KWM |
| L&E | LALIN | LDC | LHK | LOXLEY | LPH | LRH | LST | M | MACO | MAJOR |
| MBAX | MEGA | META | MFC | MGT | MILL | MITSIB | MK | MODERN | MTI | MVP |
| NETBAY | NEX | NINE | NTV | NWR | OCC | OGC | OSP | PATO | PB | PDG |
| PDI | PICO | PIMO | PJW | PL | PM | PPP | PRIN | PRINC | PSTC | PT |
| QLT | RCL | RICHY | RML | RPC | RWI | S11 | SALEE | SAMCO | SANKO | SAPPE |
| SAWAD | SCI | SCP | SE | SEG | SFP | SGF | SHR | SIAM | SINGER | SKE |
| SKR | SKY | SMIT | SMT | SNP | SPA | SPC | SPCG | SR | SRICHA | SSC |
| SSF | STANLY | STI | STPI | SUC | SUN | SYNEX | T | TAE | TAKUNI | TBSP |
| TCC | TCMC | TEAM | TEAMG | TFG | TIGER | TITLE | TKN | TKS | TM | TMC |
| TMD | TMI | TMT | TNITY | TNP | TNR | TOG | TPA | TPAC | TPCORP | TPOLY |
| TPS | TRITN | TRT | TRU | TSE | TVT | TWP | UEC | UMI | UOBKH | UP |
| UPF | UPOIC | UT | UTP | UWC | VL | VNT | VPO | WIJK | WP | XO |
| YUASA | ZEN | ZIGA | ZMICO | | | | | | | |

| GOOD LEVEL | | | | | | | | | | |
|------------|------|--------|--------|-------|--------|-------|-------|--------|--------|-------|
| 7UP | A | ABICO | AJ | ALL | ALUCON | AMC | APP | ARIN | AS | AU |
| B52 | BC | BCH | BEAUTY | BGT | BH | BIG | BKD | BLAND | BM | BR |
| BROCK | BSBM | BSM | BTNC | CAZ | CCP | CGD | CITY | CMAN | CMO | CMR |
| CPT | CPW | CRANE | CSR | D | EKH | EP | ESSO | FMT | GIFT | GREEN |
| GSC | GTB | HTECH | HUMAN | IHL | INOX | INSET | IP | JTS | JUBILE | KASET |
| KCM | KKC | KUMWEL | KUN | KWG | KYE | LEE | MATCH | MATI | M-CHAI | MCS |
| MDX | MJD | MM | MORE | NC | NDR | NER | NFC | NNCL | NPK | NUSA |
| OCEAN | PAF | PF | PK | PLE | PMTA | POST | PPM | PRAKIT | PRECHA | PRIME |
| PROUD | PTL | RBF | RCI | RJH | ROJNA | RP | RPH | RSP | SF | SFLEX |
| SGP | SISB | SKN | SLP | SMART | SOLAR | SPG | SQ | SSP | STARK | STC |
| SUPER | SVOA | TC | TCCC | THMUI | TIW | TNH | TOPP | TPCH | TIPIP | TPLAS |
| TTI | TYCN | UKEM | UMS | VCOM | VRANDA | WIN | WORK | WPH | | |

| Description | Score Range |
|-------------|-------------|
| Excellent | 90-100 |
| Very Good | 80-89 |
| Good | 70-79 |

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 2020

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

| DECLARED | | | | | | | | | | |
|----------|-------|-------|--------|--------|-------|--------|-------|-------|-------|--------|
| 7UP | ABICO | AF | ALT | AMARIN | AMATA | AMATAV | ANAN | APURE | B52 | BKD |
| BM | BROCK | BUI | CHO | CI | COTTO | DDD | EA | EFORL | EP | ERW |
| ESTAR | ETE | EVER | FSMART | GPI | ILINK | IRC | J | JKN | JMART | JMT |
| JSP | JTS | KWG | LDC | MAJOR | META | NCL | NOBLE | NOK | PK | PLE |
| ROJNA | SAAM | SAPPE | SCI | SE | SHANG | SINGER | SKR | SPALI | SSP | STANLY |
| SUPER | SYNEX | THAI | TKS | TOPP | TRITN | TTA | UPF | UV | WIN | ZIGA |

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

AAPICO Hitech (AH TB)



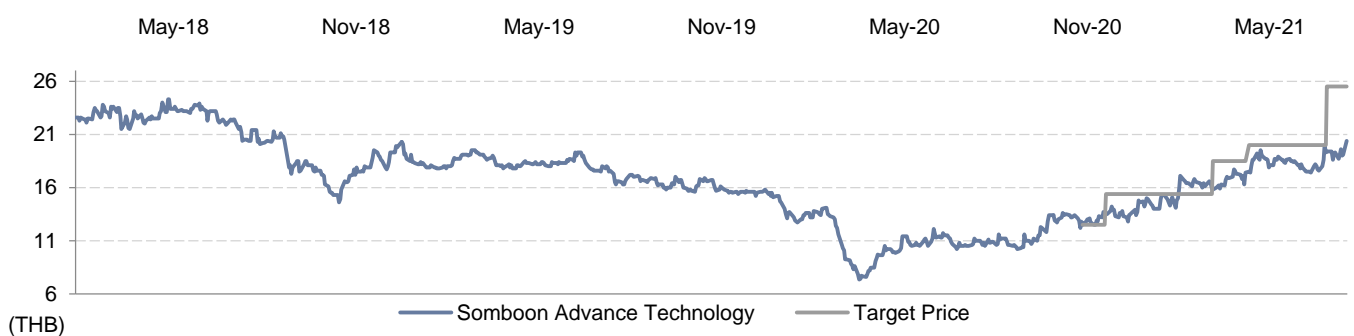
| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 01-Oct-2020 | HOLD | 11.60 | 17-Nov-2020 | BUY | 17.60 | 08-Feb-2021 | BUY | 24.40 |
| 21-Oct-2020 | BUY | 14.40 | 04-Dec-2020 | BUY | 22.00 | 15-Mar-2021 | BUY | 22.00 |

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

Price and TP are in local currency

Source: FSSIA estimates

Somboon Advance Technology (SAT TB)



| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 01-Oct-2020 | HOLD | 12.50 | 21-Jan-2021 | BUY | 18.50 | 29-Apr-2021 | BUY | 25.50 |
| 21-Oct-2020 | BUY | 15.40 | 19-Feb-2021 | BUY | 20.00 | | | |

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 24.60 | BUY | Key downside risks to our P/E-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. |
| Somboon Advance Technology | SAT TB | THB 20.40 | BUY | The key downside risks to our P/E-based TP are the domestic car manufacturing industry recovering more slowly than expected, a slower-than-expected adoption rate for electric vehicles in Thailand, 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

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 17-May-2021 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.