

23 JUNE 2021

THAILAND / TECHNOLOGY

# NEX POINT NEX TB

## BUY

TARGET PRICE	THB12.00
CLOSE	THB5.70
UP/DOWNSIDE	+110.5%
TP vs CONSENSUS	-

## จากอิเล็กทรอนิกส์สู่การเติบโตด้วยยานยนต์ไฟฟ้า

### ผู้บริหารใหม่สำหรับกิจการใหม่เพื่อการพลิกฟื้นในปี 2021

หลังประสบผลขาดทุนสุทธิมาตั้งแต่ปี 2018 เราเชื่อว่าปัจจุบัน NEX อยู่ในจุดเปลี่ยนสำหรับระยะการเติบโตของกำไรสุทธิใหม่ ซึ่งจะเปลี่ยนจากบริษัทที่มุ่งเน้นในด้านการขายและบริการสินค้าอิเล็กทรอนิกส์สู่ธุรกิจที่เกี่ยวข้องกับยานยนต์ไฟฟ้า (EV) ตั้งแต่ปี 2021 เป็นต้นไป ผู้บริหารใหม่ซึ่งเข้ามาดูแลกิจการตั้งแต่ปี 2020 ได้เริ่มเปลี่ยน NEX จากบริษัทที่มุ่งเน้นในด้านการขายและบริการสินค้าอิเล็กทรอนิกส์และรายงานผลการดำเนินงานขาดทุนสู่บริษัทที่มีธุรกิจ EV เป็นศูนย์กลาง ผู้บริหารใหม่ นำโดยคุณณิศร ศรีวัชรประภา เข้ามารับตำแหน่งเป็นประธานเจ้าหน้าที่บริหารคนใหม่ของ NEX ในเดือน มิ.ย. 2020

### ปัจจัยผลักดันทางการเงิน: ผู้ผลิต ผู้ท่าตลาด และผู้ให้บริการ

เราเห็นปัจจัยผลักดันสำคัญ 3 ประการที่จะพลิกฟื้นผลการดำเนินงานและหนุนให้กำไรสุทธิของ NEX โตในปี 2021-23 ประกอบด้วย 1) ส่วนแบ่งกำไรสุทธิจากกิจการ EV ของบริษัทฯ ผ่านหุ้น 40% ที่บริษัทฯ ถือใน Absolute Assembly (AAB, not listed) ซึ่งเป็นผู้ผลิต EV; 2) กำไรจากการเริ่มทำการตลาดและขายรถมอเตอร์ไซด์และรถบรรทุกไฟฟ้าภายใต้ NEX ในฐานะที่เป็นบริษัทการตลาดและการค้าสำคัญให้ EA Group; และ 3) กำไรสุทธิที่ยั่งยืนจากบริการซ่อมบำรุงที่ให้อัตรากำไรสูงสำหรับทั้งลูกค้าเครื่องยนตสันดาปภายใน (ICE) และ EV

การเติบโตเชิงกลยุทธ์ในฐานะที่เป็นผู้นำรายแรก ๆ ทำธุรกิจครบวงจร และเป็นผู้ชนะในอุตสาหกรรมนี้

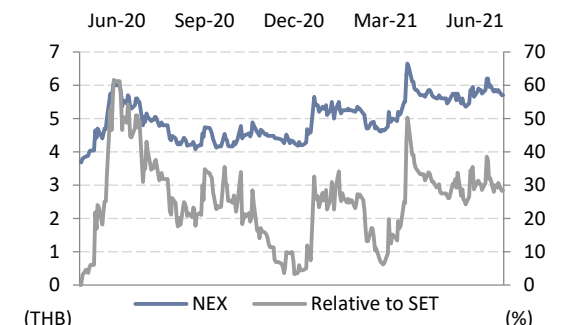
เราคิดว่า NEX เป็นหนึ่งในหุ้นที่น่าสนใจที่สุดในการเติบโตที่มาจาก EV ในขณะที่จำนวนคู่แข่งในธุรกิจที่เกี่ยวข้องกับ EV ในประเทศไทย ณ สิ้นปี 2020 ยังมีจำกัดจากอุปสรรคในด้านเงินทุนที่ต้องใช้เป็นจำนวนมาก เราเห็นปัจจัยขับเคลื่อนสำคัญ 3 ประการที่จะผลักดันให้กำไรสุทธิของ NEX โตในปี 2021-23 ประการแรกคือข้อได้เปรียบของ NEX ในฐานะที่เป็นผู้นำรายแรก ๆ ในขณะที่อุตสาหกรรมยานยนต์เปลี่ยนจาก ICE เป็น EV ประการที่สองอยู่ที่แนวโน้มการเติบโตของความต้องการในอุตสาหกรรมที่อยู่ในระดับสูงจากนโยบายของรัฐ ประการที่สาม NEX ได้เข้าสู่ธุรกิจ EV ด้วยรูปแบบธุรกิจที่ครบวงจรในฐานะที่เป็นผู้ผลิตรถยนต์ไฟฟ้า รถมอเตอร์ไซด์ไฟฟ้า และรถกระบะไฟฟ้าผ่านการถือหุ้น 45% ใน AAB และการดำเนินธุรกิจของบริษัท ในฐานะที่เป็นผู้ทำการตลาด ผู้จัดการจำหน่าย และตัวแทนรถมอเตอร์ไซด์ไฟฟ้า รวมถึงผู้ให้บริการซ่อมบำรุง EV

### เริ่มด้วยคำแนะนำซื้อที่ราคาเป้าหมาย 12 บาท

เราเริ่มรายงาน NEX ด้วยคำแนะนำซื้อที่ราคาเป้าหมาย 12 บาท (SOTP) เราใช้ Forward P/E Multiples ที่แตกต่างกันในแต่ละธุรกิจเพื่อสะท้อนแนวโน้มอัตราผลตอบแทนต่อความเสี่ยงที่ต่างกัน กล่าวคือ 7x สำหรับธุรกิจชิ้นส่วนคอมพิวเตอร์และอิเล็กทรอนิกส์ที่มีความเสี่ยงสูง 10x สำหรับธุรกิจการผลิตรถมอเตอร์ไซด์และรถยนต์ไฟฟ้าผ่าน AAB 12x สำหรับธุรกิจการตลาดและการขายรถมอเตอร์ไซด์ไฟฟ้าและ 15x สำหรับธุรกิจบริการซ่อมบำรุง ราคาเป้าหมายของเราจะไม่รวมมูลค่า 2.6 บาทสำหรับธุรกิจรถบรรทุกไฟฟ้าซึ่งยังไม่แน่นอน เนื่องจากต้องรอผลการทดสอบของรถบรรทุกไฟฟ้าที่ AAB เป็นผู้ผลิต

## KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	1,404	2,774	6,445	10,511
Net profit	(214)	501	1,463	2,093
EPS (THB)	(0.13)	0.30	0.87	1.25
vs Consensus (%)	-	-	-	-
EBITDA	(124)	149	900	1,428
Core net profit	(214)	501	1,463	2,093
Core EPS (THB)	(0.13)	0.30	0.87	1.25
Chg. In EPS est. (%)	nm	nm	nm	nm
EPS growth (%)	nm	nm	191.8	43.1
Core P/E (x)	(44.7)	19.0	6.5	4.6
Dividend yield (%)	-	2.6	8.8	10.5
EV/EBITDA (x)	(67.7)	51.8	7.3	3.8
Price/book (x)	3.2	2.8	2.0	1.6
Net debt/Equity (%)	(43.1)	(55.4)	(64.3)	(69.5)
ROE (%)	(12.4)	15.6	36.0	39.5



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	6.5	14.9	55.7
Relative to country (%)	3.4	12.6	31.7
Mkt cap (USD m)	301		
3m avg. daily turnover (USD m)	2.3		
Free float (%)	35		
Major shareholder	EA Mobility Holding (40%)		
12m high/low (THB)	6.80/3.60		
Issued shares (m)	1,674.45		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 23 มิถุนายน 2021

## Investment thesis

We believe NEX is a turnaround company due to its business transformation from an electronic parts company into an EV company in 2021 onward. NEX's net profit growth should be driven by the EV industry's growth, its first-mover advantage, and integrated business model to capture Thailand's EV demand growth.

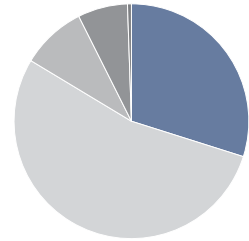
## Company profile

Nex is one of the leaders in the comprehensive commercial vehicle industry in Thailand.

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

## Principal activities (revenue, 2020)

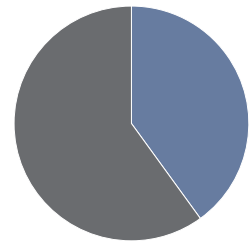
- Electronic sales and service - 30.2 %
- Bus sales - 54.3 %
- Repair and maintenance - 9.1 %
- Transportation - 6.9 %
- Others - -0.5 %



Source: Nex Point

## Major shareholders

- EA Mobility Holding - 40.0 %
- Others - 60.0 %



Source: Nex Point

## Catalysts

Key potential drivers for NEX are 1) net profit sharing from its EV venture, via a 45% stake in Absolute Assembly, a manufacturer of EVs; 2) earnings from the commencement of the marketing and sales of EV buses and E-trucks under NEX as a key trading and marketing arm for the EA group; and 3) sustainable net profits from its high-margin repair and maintenance services covering both ICE and EV clients.

## Risks to our call

Downside risks to our SOTP-based TP include: 1) a lower-than-expected bus sales volume; 2) delays in bus deliveries; and 3) risk from regulatory changes.

## Event calendar

Date	Event
Aug 2021	2Q21 results announcement

## Key assumptions

	2021E	2022E	2023E
EV bus sales (buses)	500	1,000	1,500
E-truck sales (trucks)	0	200	500
Number of vehicles for maintenance services	700	2,000	3,000
E-buses produced & sales (buses) – AAB (no.)	720	1,800	2,400
EV cars produced & sales (cars) – AAB (no.)	750	750	750
E-trucks produced & sales (trucks) – AAB (no.)	720	1,800	2,400
NEX Express (passengers)	157,680	473,040	630,720
NEX Express tickets (THB)	209	209	209

Source: FSSIA estimates

## Earnings sensitivity

- Ceteris Paribus, for every 1% increase in AAB's utilisation rate, we estimate 2021 earnings would increase 2%, and vice versa.

Source: FSSIA estimates

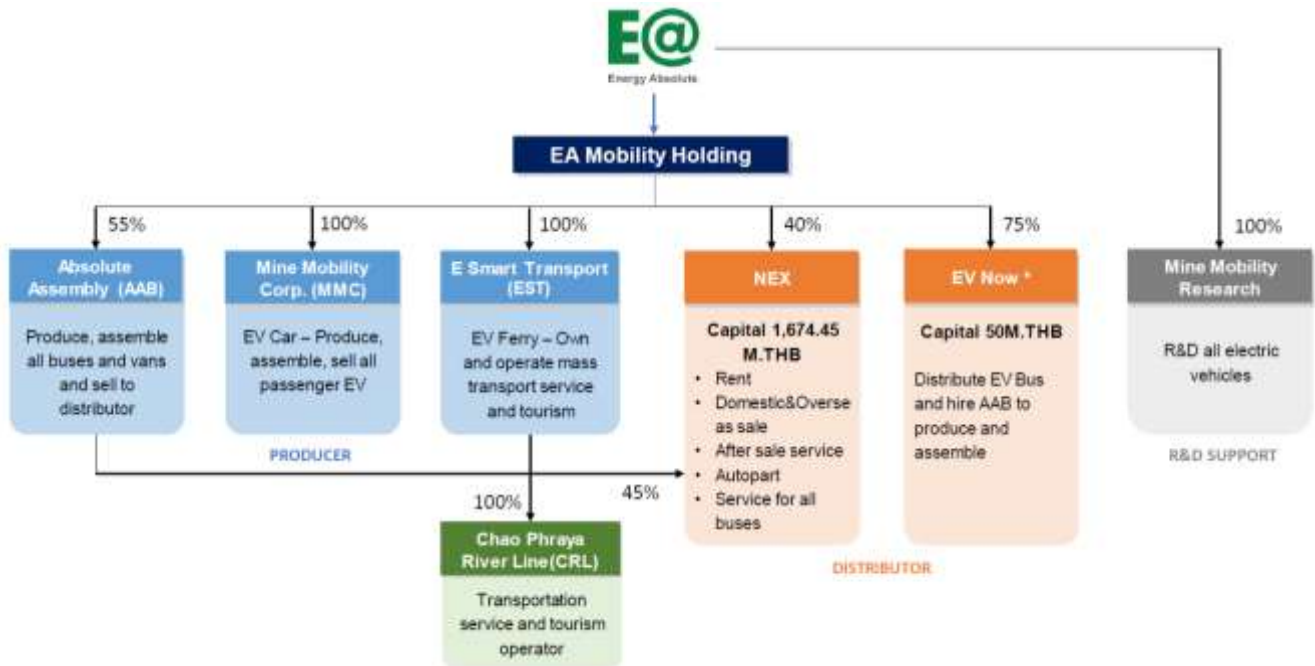


## From transformation to turnaround

After suffering many years of net losses due to the structural decline in its core electronics and computer component businesses in 2016-20, we believe NEX's net profit growth momentum is now poised to accelerate starting in 2Q21, with an estimated THB0.5b net profit in 2021.

The new management which has taken over the business since 2020 has begun to transform NEX from a loss-making, electronics-focused company into an EV-centric company. The new management team is led by Mr. Kanit Srivachiraprapha, who took the helm as the new CEO of NEX in June 2020.

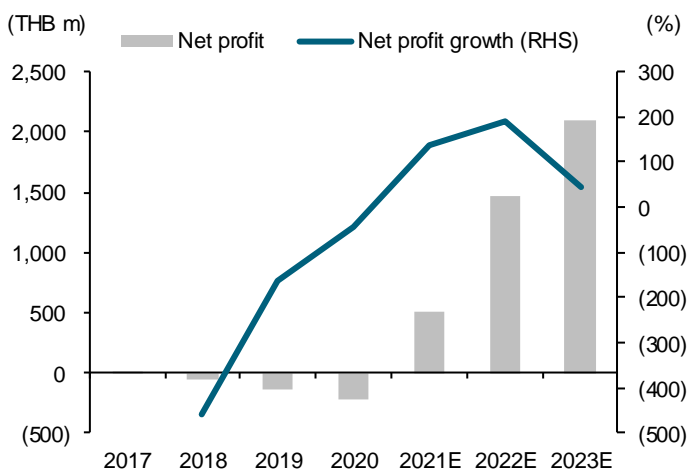
Exhibit 1: EV business structure for EA and NEX



Source: EA

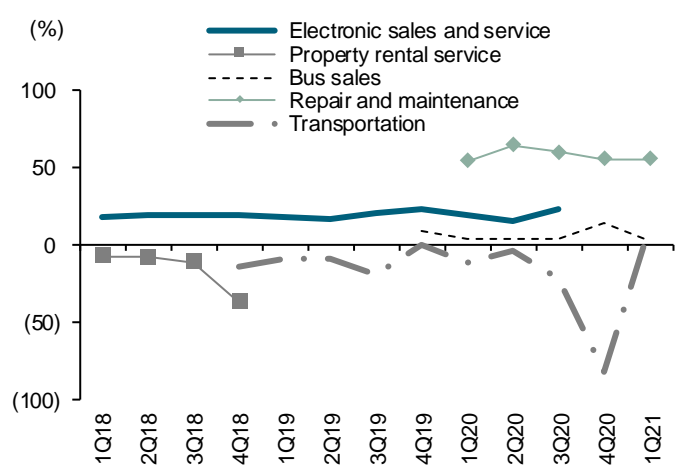
In May 2020, Energy Absolute (EA TB, BUY, TP THB76), acquired a 40% stake in NEX at a THB1.5b investment cost, further strengthening NEX as a key growth platform for Thailand's future EV industry. NEX has strong support from EA's fully integrated EV value chain (battery and EV manufacturing plants and EV charging stations) to ride the Thai government's push to achieve an internal combustion engine (ICE)-to-EV industry transformation from 2021-30.

Exhibit 2: Net profit and net profit growth



Sources: NEX; FSSIA estimates

Exhibit 3: Quarterly gross profit margin by segment



Source: NEX

We see three key drivers to turn around and drive NEX's net profit growth in 2021-23: 1) net profit sharing from its EV ventures, via a 45% stake in AAB, a manufacturer of EVs; 2) earnings from the commencement of the marketing and sales of EV buses and E-trucks under NEX as a key trading and marketing arm for the EA group; and 3) sustainable net profits from its high-margin repair and maintenance services (RMS) covering both ICE and EV clients.

While at present NEX continues to operate as a marketer and service provider for the 'Sunlong' ICE buses imported from China, we expect that starting in 2H21, NEX will gradually increase its sales and marketing of EV buses produced by AAB. With over 20 repair and maintenance centres nationwide in Thailand, NEX's new management team has long operated as one of Thailand's leading players in the bus market.

**Exhibit 4: Sunlong imported ICE buses from China**



Source: [NEX](#)

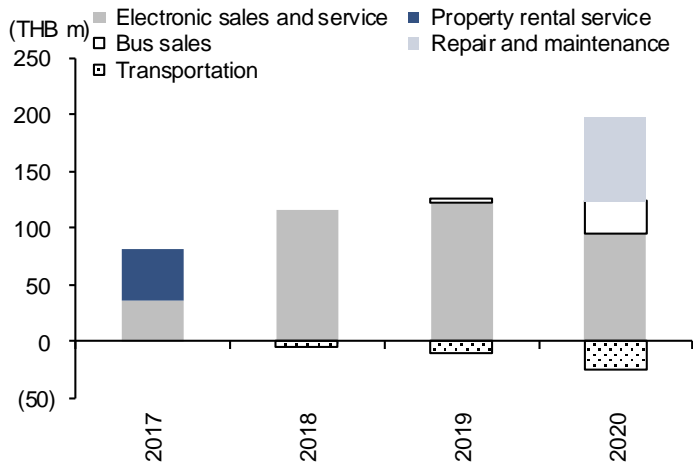
**Exhibit 5: Repair and maintenance centres nationwide**



Source: [NEX](#)

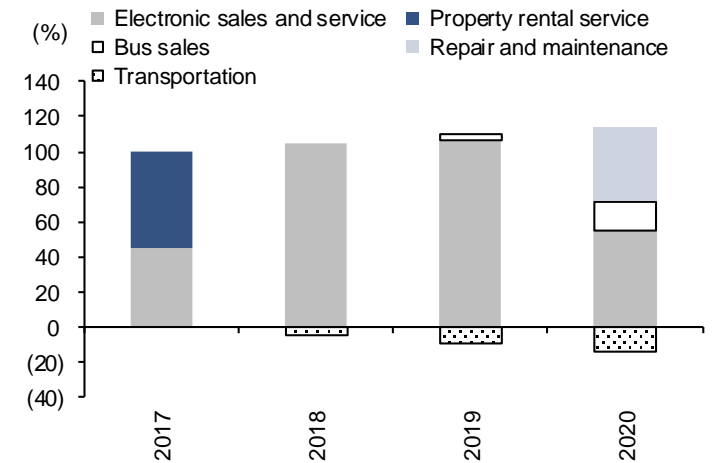
**From electronic parts to electric cars.** After suffering net losses since 2018, we believe NEX is now at an inflection point for a new net profit growth phase, transforming from a company with a focus on electronics sales and services into an EV-related business in 2021 onward. Management indicated that NEX will gradually focus on higher sales of EVs and eventually reduce its ICE bus business to a minimum level, likely covering only RMS for the existing ICE buses purchased and under RMS contracts with NEX.

**Exhibit 6: Gross profit breakdown by business**



Source: NEX

**Exhibit 7: Gross profit breakdown by business (%)**

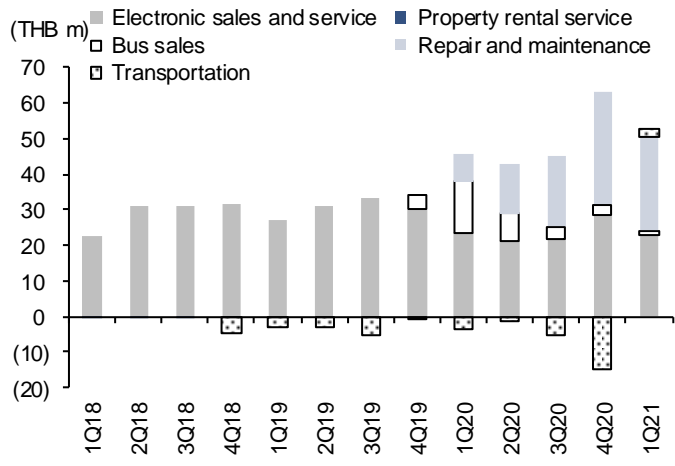


Source: NEX

**NEX's historical business.** In the past, prior to the takeover by the new management team, NEX (formerly known as Single Point Part Company (SPPT TB, delisted) primarily focused on electronic component production and sales and service. As the electronics parts produced by NEX gradually became uncompetitive and eventually obsolete due to the fast-changing electronics industry, NEX saw the gross margin for its electronics sales business sharply plunge, which accounted for over 80% of its net profit in 2018-19.

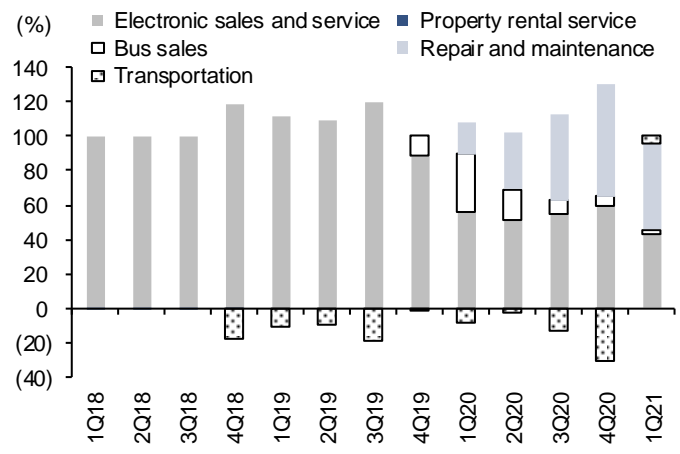
Hence, in 2018, NEX realised a net loss of THB55.8m, with a lower gross profit margin of 17%, down from 20% in 2017. In 2019, NEX began to diversify into the vehicle business, entering the bus market as a marketer, distributor and dealer. NEX also started providing repair and maintenance services for its customers and it has since become a core business to replace the loss-making electronics business.

**Exhibit 8: Gross profit breakdown by business**



Source: NEX

**Exhibit 9: Gross profit breakdown by business (%)**



Source: NEX

**NEX's new ventures.** We classify NEX's new business ventures as follows:

**EV Manufacturing via 45% stake in AAB.** The manufacturing plant under the JV, AAB, with EA (owns 55% of AAB), owned 45% by NEX, produces E-buses, EV cars, and E-trucks with a total capacity of 6,000 EVs annually.

**EV marketing and sales.** NEX is poised to be a leader in the marketing and sales of E-buses and E-trucks for AAB, thanks to NEX's long proven track record of selling and marketing imported ICE buses from China for the annual 12,000-14,000 bus market in Thailand.

**EV repair and maintenance services.** NEX has established itself as a proven reliable service provider for ICE buses in Thailand, with over 20 RMS centres nationwide. This is one of NEX's key strengths that could fit well with EA's integrated EV value chain to capture Thailand's upcoming EV industry growth in 2021 onward.

**NEX Express.** On 7 April 2021, NEX launched its first 'NEX Express' business to operate an intercity bus route between Bangkok and Nakornratchasima in Northeast Thailand. It began with 48 round trips daily and the company plans to expand the number of routes and buses in 2022-23.

**Exhibit 10: NEX Express bus**



Source: NEX

**Exhibit 11: Launching of NEX Express on 7 April 2021**



Source: NEX

In 2020, NEX successfully transformed from small parts sales and services to bus sales and car services. This led to EA – which owns and operates a 1GWh phase 1 battery plant with its in-house produced batteries from Amita Technologies (Thailand) – acquiring a 40% stake in NEX in May-20. NEX additionally set up an E-bus venture with EA via AAB to own a 45% stake in an E-bus manufacturing plant with a total capacity of 6,000 E-buses annually. We believe that this should allow NEX, as an E-bus marketer, distributor and dealer, and through AAB as a manufacturer, to see strong net profit growth in 2021-23.

## From old world (electronics and computer parts) to new world (EV)

We believe NEX will be a key beneficiary of the demand growth for the EV industry in Thailand that we expect to see in 2021 onward. The delivery of its E-buses, and E-bus sales in 2Q21 should be key catalysts for its net profit growth momentum in 2021 onward. We also think that NEX stands as one of the most attractive plays for the EV investment theme in Asian markets, as the number of EV-related competitors in Thailand, as of 2020, is still limited due to the high capital intensity as an entry barrier.

With the following three simple but vital strategies underpinning NEX's future net profit growth outlook in 2021-23, we project NEX's earnings to accelerate during that period.

First, NEX's first-mover advantage as the auto industry shifts from ICE vehicles to EVs, supported by unprecedented global awareness over clean energy.

Second, the strong industry demand growth trend, potentially driving up the demand for EV products, including E-buses, E-trucks, E-ferries, and EV cars in 2021-23.

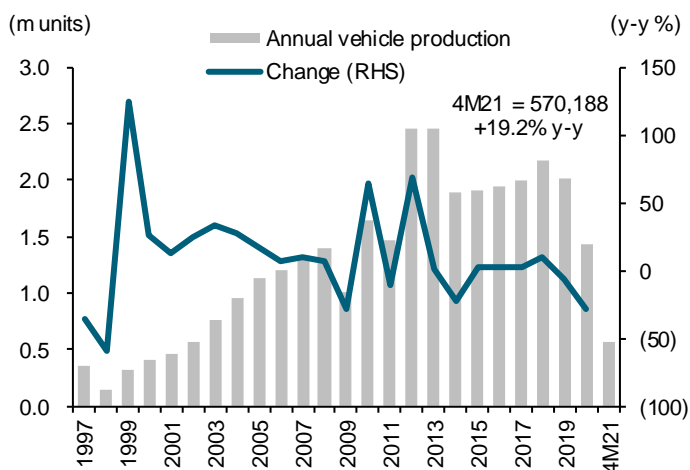
Third, NEX has entered into the EV business with a fully integrated business model as a manufacturer of EV cars, E-buses, and E-trucks via its 45% stake in AAB, and itself as an E-bus marketer, distributor, dealer, and EV repair and maintenance service provider.

### Growth engine #1: Capturing a lucrative, growing EV industry uptrend as a first mover into the EV business in Thailand

Thailand's ICE automotive demand and production plunged in 2020. Even before the global Covid-19 outbreak, Thailand had already seen declining production levels of ICE cars in 2019 due to consumers' shifting preference toward EV cars. This shift is thanks to the sharp drop in EV selling prices and the improving technology and efficiency of EVs, closing the preference gap between EV and ICE cars in the eyes of consumers.

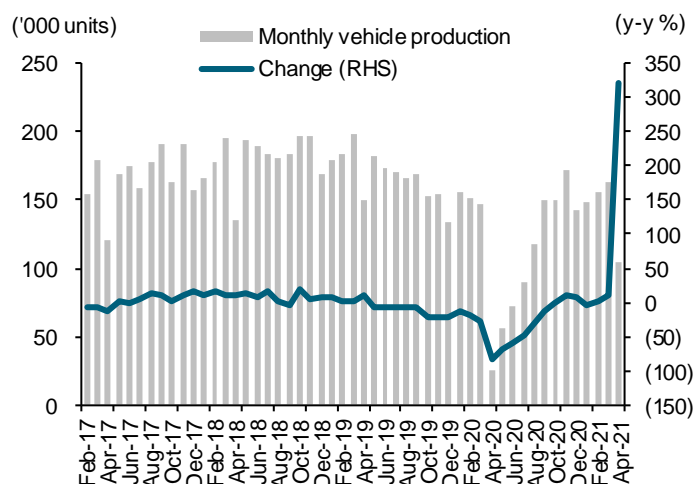
The Covid-19 outbreak directly hit automobile demand in both domestic and export markets in 2020. In 2020-1H21, B.Grimm Power (BGRIM TB, BUY, TP THB56), Thailand's largest operator of small power producers (SPP), indicated that it saw a 15% y-y demand decline from industrial users mainly due to the lower demand from the automotive industry.

Exhibit 12: Annual vehicle production



Source: Federation of Thai Industries (FTI)

Exhibit 13: Monthly vehicle production



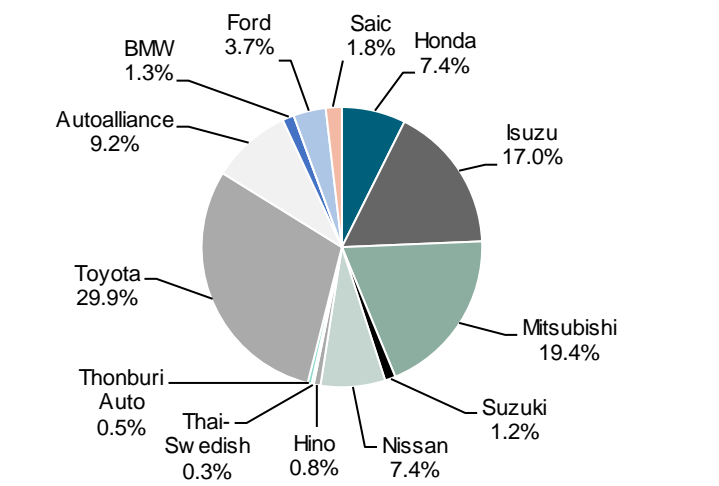
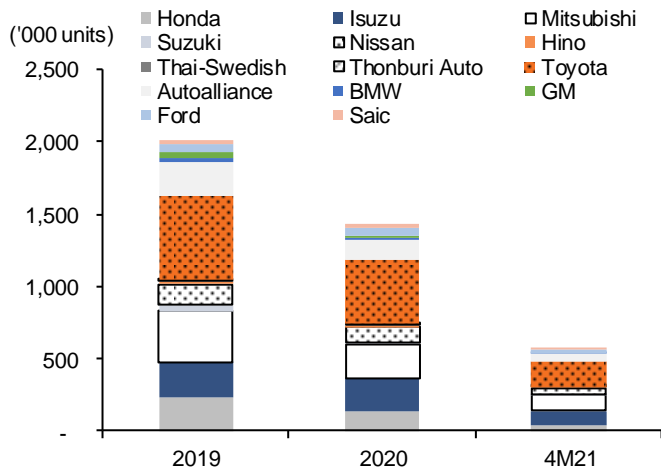
Source: FTI



According Thailand's Federation of Thai Industries (FTI), Thailand's car production plunged by 25% y-y to 1.33m cars in 2020, dropping from 1.95m in 2019. Of the 1.33m produced in 2020, about 50% were slated for export, while 665k units were destined for the domestic market. In Apr-20, three car manufacturers announced that they would voluntarily shut down their production plants – Mitsubishi, Mazda, and Honda – and we think that even after the country's lockdown easing, likely in 2H21, the production of ICE cars in Thailand may never return to the glory days seen during 2012-18.

**Exhibit 14: Thailand's total production breakdown by brand**

**Exhibit 15: Thailand's total production breakdown by brand as of 4Q21**



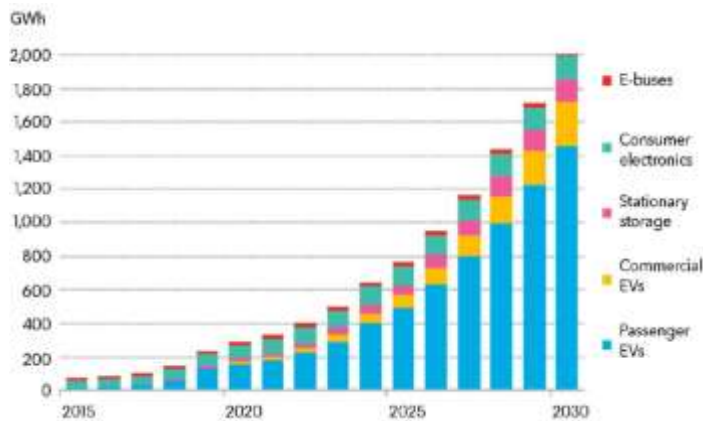
Source: Somboon Advance Technology (SAT)

Source: SAT

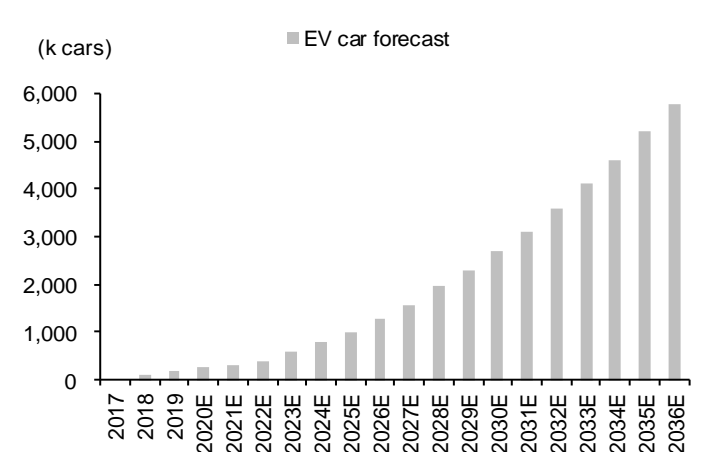
In contrast, according to Bloomberg, global EV car sales could rise substantially during 2020-30, growing tenfold within 10 years. Thailand, according to the Power Development Plan 2018 (PDP 2018), aims to grow its EV car sales to almost 3m cars by 2030, up from a mere 100 cars in 2018, and the government is aiming for 30% of the country's vehicle production to be battery EV (BEV) and plug-in hybrid EV (PHEV) in 2026-30, equivalent to 0.7m cars, based on our estimate. Of this, 60k-110k would be EVs used in the public and transportation sectors.

**Exhibit 16: Annual global lithium-ion battery demand**

**Exhibit 17: EV car projections under PDP 2018**



Source: BloombergNEF



Source: Power Development Plan 2018 (PDP 2018)

**NEX as a first mover.** NEX as a first-mover, as an E-bus marketer, distributor and dealer, and through AAB as a manufacturer, should benefit from Thailand's auto industry shift from ICE vehicles to EV, supported by unprecedented global awareness over clean energy. NEX should be a key beneficiary of the demand growth for the EV industry in Thailand that we expect to see in 2021 onward.

Starting in 2Q21, we expect NEX to begin booking revenues from its EV ventures, selling 122 E-buses to its customers and booking a revenue of up to THB0.5b in 2Q21, based on our estimate. We project NEX to post a net profit of THB501m in 2021, jumping to THB1.5b in 2022, mainly driven by the earnings growth from its new S-curve businesses.

Exhibit 18: EA-NEX JV for E-bus growth opportunities



Source: [HoonSmart](#)

**Driver #1: E-buses – a visible growth engine in 2021 onward**

According to the Transport Statistics Sub-Division, Planning Division, Department of Land Transport, there were 149,738 registered buses as of Feb-21. According to the Electric Vehicle Association of Thailand (EVAT), E-buses remain a tiny proportion of the overall bus total in Thailand, with only 120 E-buses currently in operation, representing only 2.4% of all BEVs in Thailand as of 1Q21.

As a first mover and the most integrated company in Thailand's EV industry via the EA-NEX JV and the 45% stake in AAB, we believe that this should give NEX an edge over its competitors to penetrate and quickly gain market share in Thailand's bus market.

Exhibit 19: EV bus by AAB



Source: EA

Exhibit 20: NEX's buses



Source: NEX

NEX also has higher cost competitiveness from its E-buses vs ICE buses. While E-bus prices are slightly higher than that of ICE buses, using diesel by up to 15%, the accumulated cost for one of EA-NEX's E-buses throughout its 10-year useful lifetime could be c44% lower than for an ICE bus, according to EA's management. The company projects the operating expenses, which include maintenance and energy costs, to be only THB7.2m vs THB13m for ICE buses and THB10m for natural gas for vehicle (NGV) or compressed natural gas (CNG) buses.

#### Exhibit 21: NEX's E-bus financials and profitability

NEX as a marketer	Unit	Value
Estimated number of buses sold annually	bus	1,000
Price range	THB m	3-6
Average selling price	THB m	5
Estimated net margin	%	15
<b>Net profit</b>	<b>THB m</b>	<b>750</b>
NEX's stake	%	100
<b>NEX's net profit from E-buses as a marketer</b>	<b>THB m</b>	<b>750</b>
Net profit per E-bus	THB m	0.75

Sources: EA; FSSIA estimates

We estimate that NEX could generate a net profit of up to THB194m in 2021 from E-buses, based on 1) 500 buses sold annually; 2) an average selling price per bus of THB5m; and 3) an estimated net profit margin of 15%. However, starting in 2022 we project that the E-bus JV could generate up to THB750m net profit for NEX, as we assume that NEX will increase its E-bus sales volume from 500 in 2021 to 1,000 in 2022.

NEX will also earn additional net profits via its 45% stake in AAB to manufacture E-buses, E-trucks, and EV cars for NEX to sell and distribute in Thailand. We estimate that NEX will earn a net profit of THB160m annually from AAB, assuming that AAB produces 1,000 E-buses and sells them for THB5m per bus with a net margin of 8%.

#### Exhibit 22: AAB's E-bus financials and profitability

NEX's stake in AAB as a manufacturer	Unit	Value
Estimated number of buses sold annually	bus	1,000
Price range	THB m	3-6
Average selling price	THB m	5
Estimated net margin	%	8
<b>Net profit</b>	<b>THB m</b>	<b>400</b>
NEX's stake	%	40
<b>NEX's net profit from E-buses as a manufacturer</b>	<b>THB m</b>	<b>160</b>
Net profit per E-bus	THB m	0.40

Sources: EA; FSSIA estimates

#### Exhibit 23: Maintenance revenue and net profit for 1,000 E-buses

Maintenance service	Unit	Value
Estimated number of buses sold annually	bus	1,000
Estimated running distance	km/year	100,000
Maintenance service fee (EV)	THB/km	3.75
Maintenance service fee (NGV)	THB/km	5.25
Estimated maintenance revenue	THB m/year	375
Estimated net margin	%	30
<b>Net profit</b>	<b>THB m</b>	<b>113</b>
NEX's stake	%	100
<b>NEX's net profit from maintenance service</b>	<b>THB m</b>	<b>113</b>

Sources: EA; FSSIA estimates

If NEX wins the maintenance contract for the E-buses that it sells, we estimate that NEX could add an additional net profit of up to THB113m annually from the maintenance income, assuming that it can sell 1,000 E-buses annually.

In addition, EA is in the process of bidding for a contract to supply 2,500-3,000 E-buses to the Bangkok Mass Transit Authority (BMTA), which is scheduled to be finalised within 2021.

**Driver #2: E- trucks could emerge to be the next growth engine**

We believe the MOU that EA and NEX signed with one of Thailand's two leading truck producers (Isuzu and Hino under the Toyota group) is a positive move, given that 1) strategically, NEX should enhance investors' and potential future buyers of AAB's products with high-value EV development capabilities for the production of E-trucks, charging stations and, particularly, batteries; and 2) financially, we estimate that E-trucks could generate THB0.3b net profit for NEX annually, based on 1,000 yearly E-truck sales at a selling price of THB3m per truck.

**Exhibit 24: NEX's financial analysis of E-trucks**

Analysis of NEX's E-truck financials	Unit	Value
Estimated number of trucks sold annually	Truck	1,000
Price range	THB m	1-4
Average selling price	THB m	3
Estimate net margin	%	10
<b>Net profit</b>	<b>THB m</b>	<b>300</b>
NEX's stake	%	100
<b>NEX's net profit from E-truck</b>	<b>THB m</b>	<b>300</b>
Net profit per E-truck	THB m	0.30

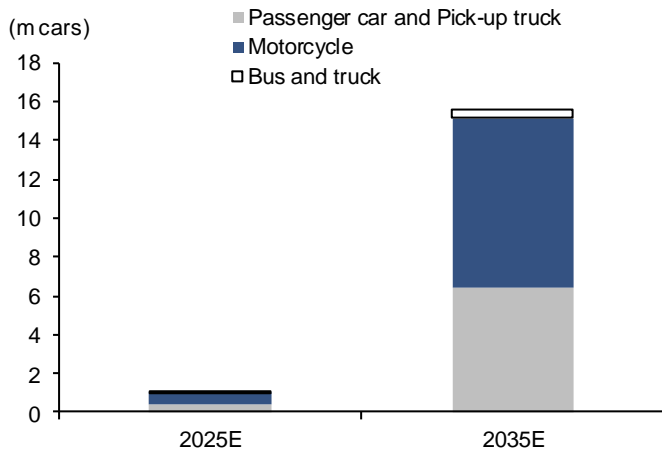
Sources: NEX; FSSIA estimates

## Growth engine #2: Riding Thailand's EV industry growth

**Thailand's EV growth is in the limelight.** Following the announcement by Thailand's National Electric Vehicle Policy Committee (NEVPC) for the new zero-emission vehicle targets for vehicles used and produced during 2021-35, we believe Thailand's EV industry is now positioned to see accelerated demand growth in the next 15 years.

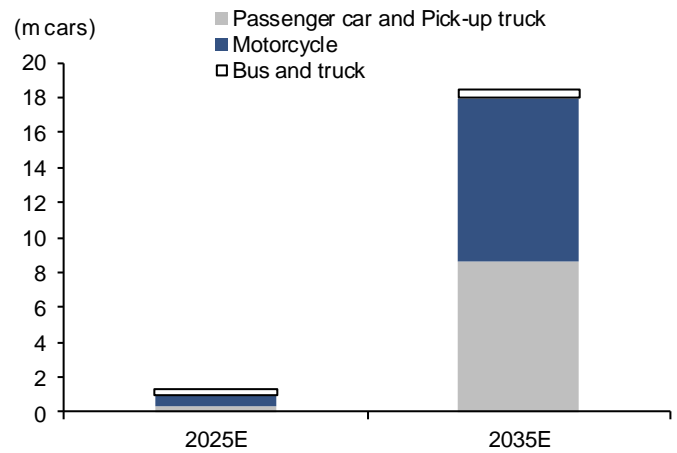
In our view, the gradual target increases – from 4% in 2022 to 100% in 2035 for new EVs registered, and from 2% in 2022 to 50% in 2035 for total vehicles produced – will provide two key frameworks for the EV industry participants to ride the global and domestic demand growth for EVs, transforming Thailand's ICE industry into a full EV industry by 2035.

**Exhibit 25: Targeted EV usage**



Source: NEVPC

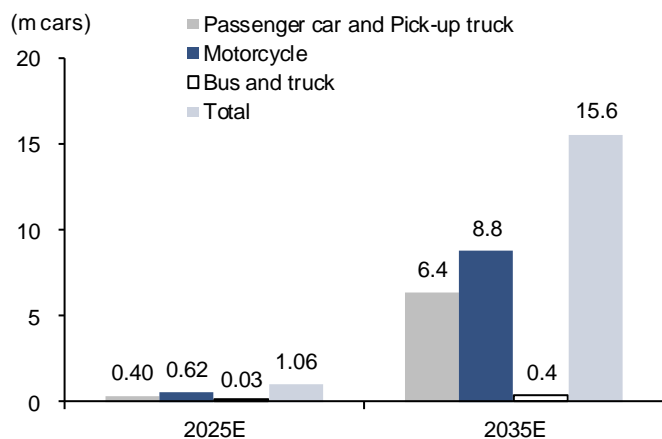
**Exhibit 26: Targeted EV production**



Source: NEVPC

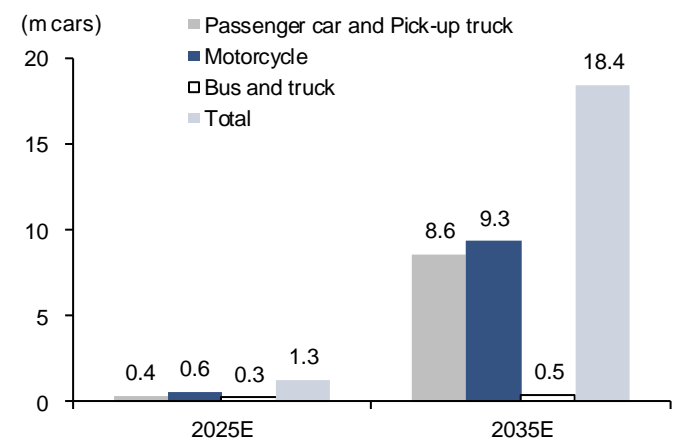
Under the two EV targets, the NEVPC also announced usage target breakdowns for each vehicle type, including 1) a passenger car and pickup truck target of 0.4m in 2025, rising to 6.4m in 2035 (36% of current usage in 2020); 2) a motorcycle target of 0.62m in 2025 and 8.8m in 2035 (44%); and 3) a bus and truck target of 0.03m in 2025 rising to 0.4m in 2035 (31%). Hence, the most aggressive EV target is for motorcycles (44% in 2035), followed by EV passenger cars and pickup trucks (36%) and E-buses and E-trucks (31%).

**Exhibit 27: EV usage target by vehicle type**



Source: NEVPC

**Exhibit 28: EV production target by vehicle type**

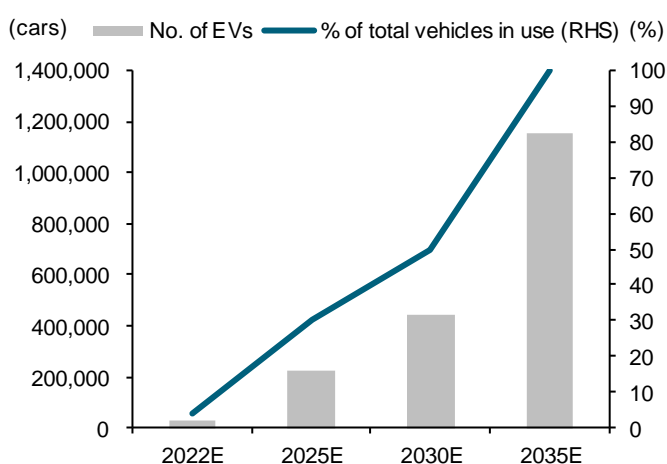


Source: NEVPC

We believe Thailand is now at an inflection point to see explosive demand growth in the EV industry, considering that:

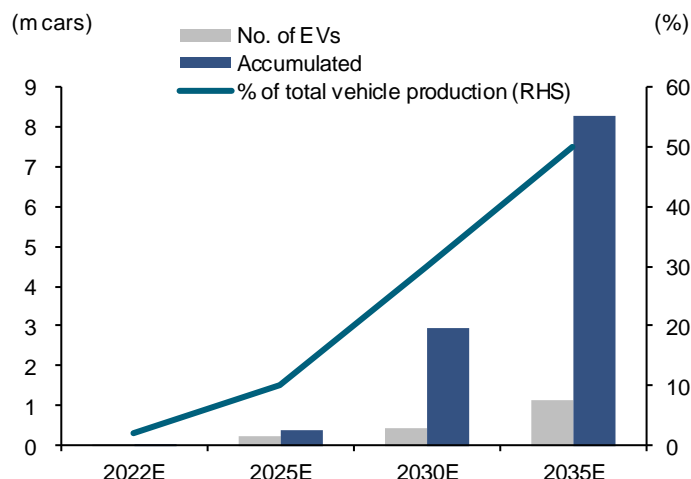
- 1) The number of new BEVs jumped markedly in 2020;
- 2) The EVs produced domestically will be competitive in not only production cost and price due to high tax incentive schemes and the large cluster of automotive parts producers, but also in driving performance, thanks to EA and NEX's first-mover position and the existing competitive cluster within the ICE-based automotive industry that is now poised to transition to the EV manufacturing industry;
- 3) The timely and favourable regulations and government promotions, which include the Board of Investment (BOI), the Eastern Economic Corridor (EEC), and the excise tax scheme.

**Exhibit 29: EV usage target**



Source: NEVPC

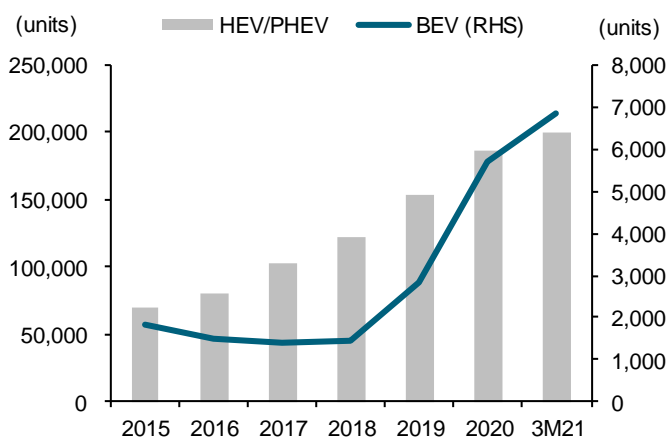
**Exhibit 30: EV production target**



Source: NEVPC

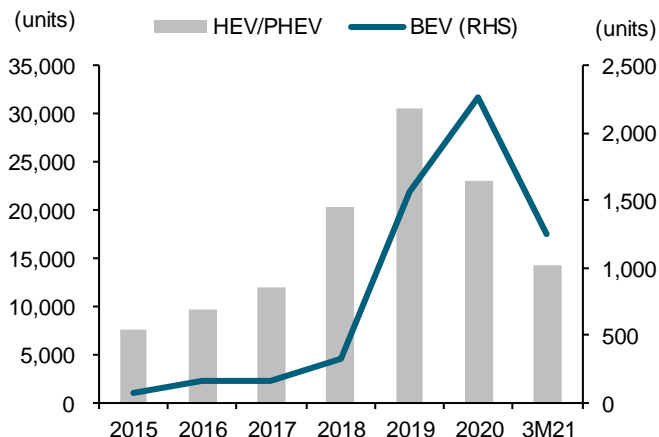
According to EVAT, while the number of BEVs remains low, with registered BEVs in 2018 to Mar-21 totalling 6,849 – comprising 3,832 E-bikes, 2,646 EV cars, 120 E-buses, 250 E-tricycles (Tuk-Tuks) and one truck – HEVs and PHEVs amounted to 199,474, comprising 162,192 cars, 7,956 motorbikes, one bus and one truck.

**Exhibit 31: Thailand's accumulated number of xEV registrations**



Source: Electric Vehicle Association of Thailand (EVAT)

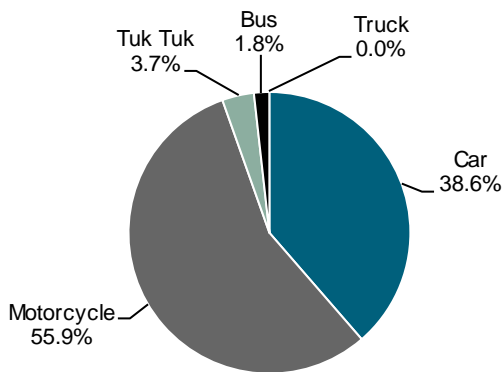
**Exhibit 32: Thailand's new xEV registrations**



Source: EVAT

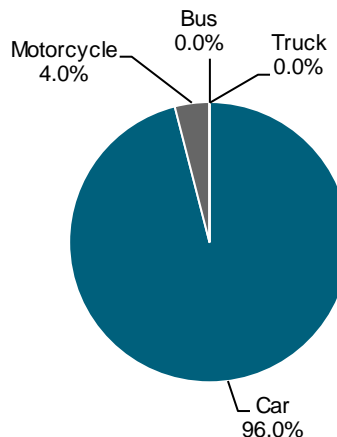
In the past few years, most EVs were not the fully battery powered BEVs but the semi- or quasi-battery powered HEVs and PHEVs. However, in 3M21, the number of new BEVs in Thailand jumped markedly to 1,253, accounting for 8.0% of all new EVs, up from 2,267 BEVs (9% of total EVs) in 2020 and 1,572 BEVs (5%) in 2019.

Exhibit 33: Accumulated number of BEVs as of 1Q21



Source: EVAT

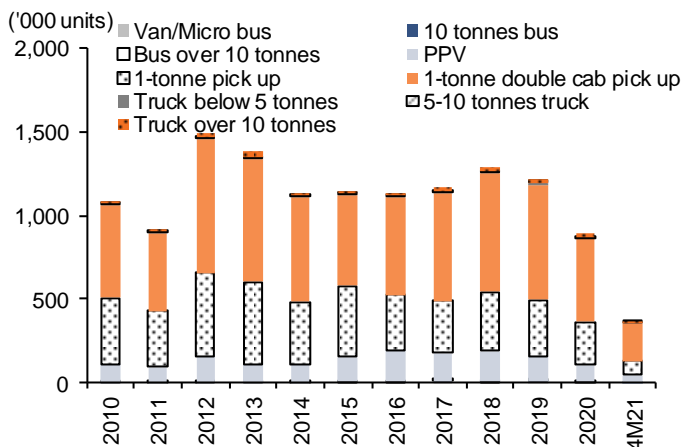
Exhibit 34: Accumulated number of HEVs/PHEVs as of 1Q21



Source: EVAT

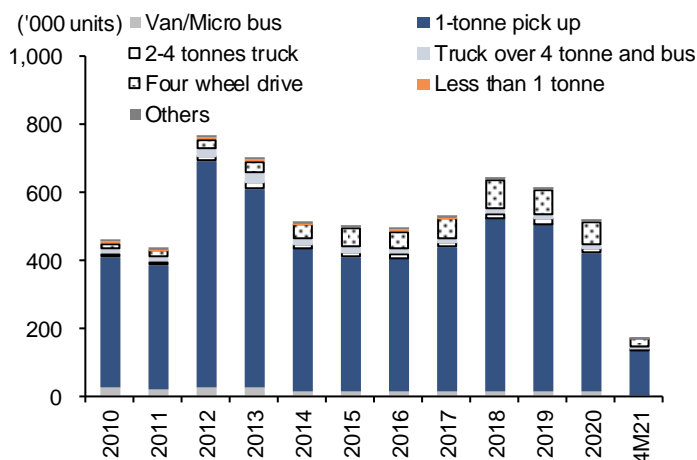
The 199k BEVs, HEVs, and PHEVs in Thailand represented 25% of the country's total domestic car sales as of 2020. Most of Thailand's new vehicles are still ICE vehicles, with 50% of the total cars sold in the domestic market in 1Q21 being 1-tonne pickups and 35% passenger cars. The number of cars sold in Thailand has already rebounded from its bottom at 25k in Apr-20, dropping 65% y-y, up to 162k in Mar-21, an increase of 3% y-y. This reflects the highly resilient demand for automobiles in Thailand, in our view.

Exhibit 35: Thailand's production breakdown by car type



Source: Transport Statistics Sub-Division, Planning Division, Department of Land Transport

Exhibit 36: Thailand's retail sales breakdown by car type



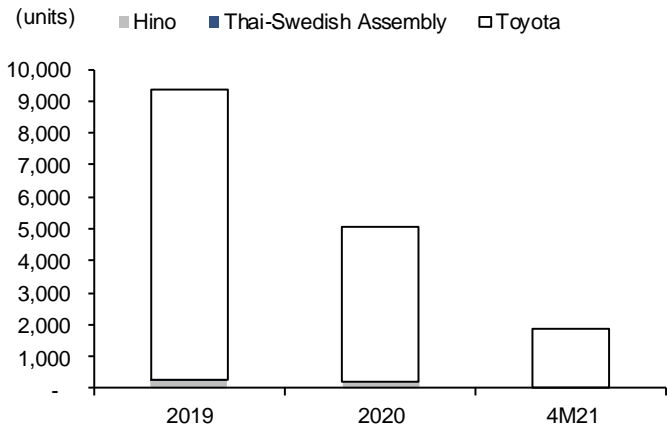
Source: Transport Statistics Sub-Division, Planning Division, Department of Land Transport

We believe that there are only a number of first-mover companies that are ready to capture the upcoming demand growth for EVs in Thailand in 2021-35: NEX should be one of the key winners for E-buses and E-trucks, as an E-bus marketer, distributor, and dealer, and via its 45% stake in AAB as a manufacturer. AAB is likely to benefit from the domestic demand boom, as EA's batteries produced in Thailand will be exempt from a 20% import tax, making their batteries more competitive.

**E-buses: A fledging fleet market in Thailand**

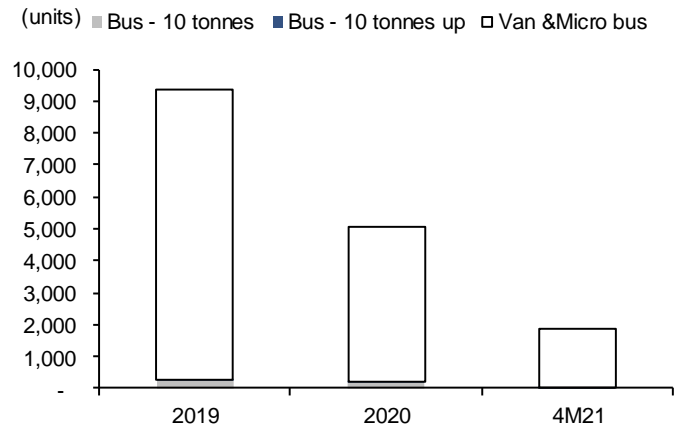
According to EVAT, E-buses remain a tiny proportion of the overall bus total in Thailand, with only 120 E-buses currently in operation, representing only 2.4% of all battery EVs in Thailand as of 1Q21. We believe the EA-NEX JV will be one of the competitive players to capture market share as a first mover.

**Exhibit 37: Thailand's total bus, micro bus and van production breakdown by brand**



Source: Transport Statistics Sub-Division, Planning Division, Department of Land Transport

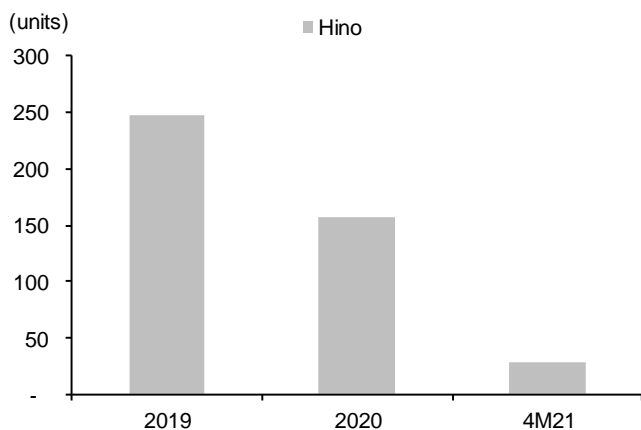
**Exhibit 38: Thailand's total bus, micro bus and van production breakdown by car type**



Source: Transport Statistics Sub-Division, Planning Division, Department of Land Transport

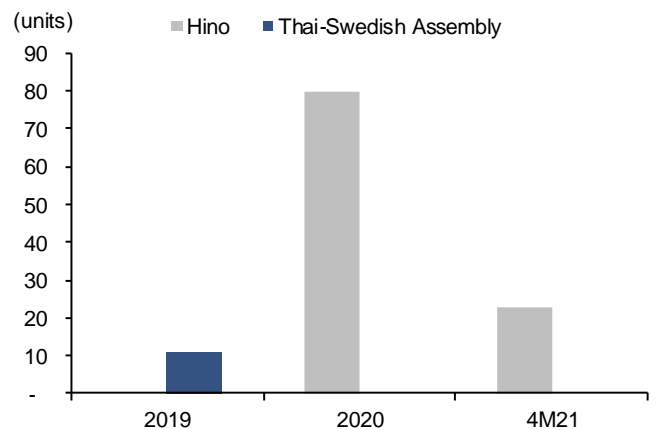
The demand for E-buses in Thailand is likely to be strong in 2020-25, considering that the Thai government intends to 1) gradually shift the country's industry focus from its current ICE vehicles, to EV cars by 2030; and 2) reduce pollution emitted from existing ICE buses for the public sector under BMTA.

**Exhibit 39: Thailand's 10-tonne bus production breakdown by brand**



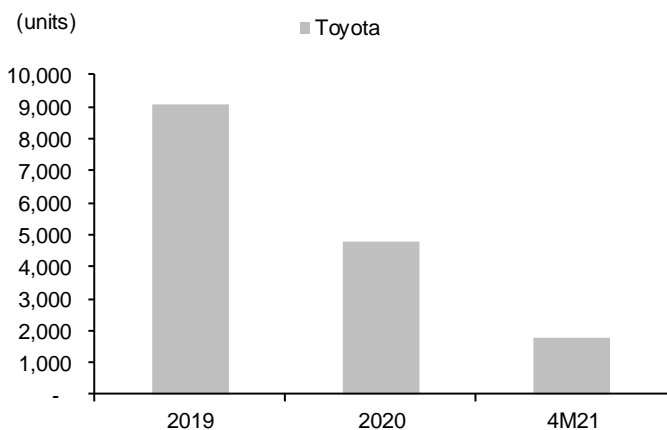
Source: Transport Statistics Sub-Division, Planning Division, Department of Land Transport

**Exhibit 40: Thailand's over 10-tonne bus production breakdown by brand**



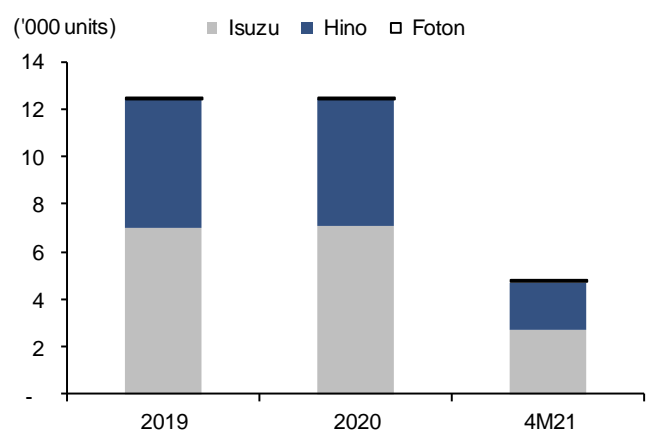
Source: Transport Statistics Sub-Division, Planning Division, Department of Land Transport

**Exhibit 41: Thailand's van & micro bus production breakdown by brand**



Source: Transport Statistics Sub-Division, Planning Division, Department of Land Transport

**Exhibit 42: Thailand's van & micro bus sales breakdown by brand**



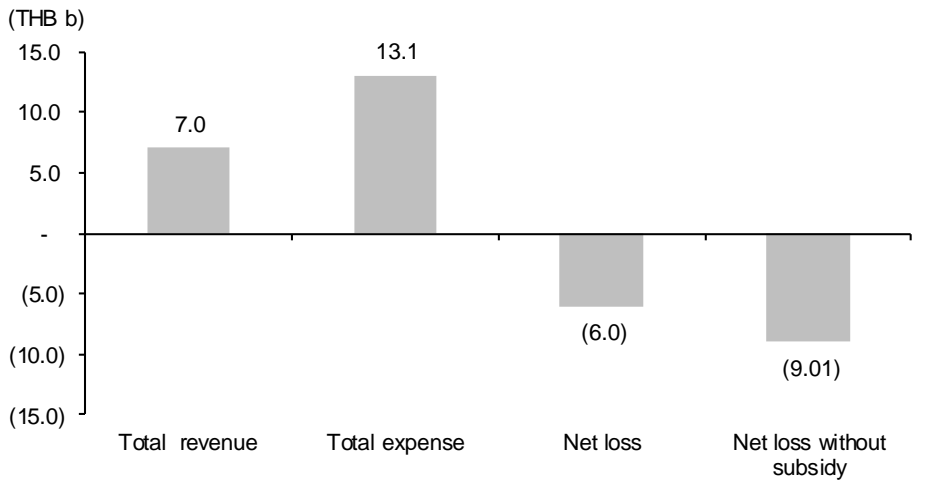
Source: Transport Statistics Sub-Division, Planning Division, Department of Land Transport



**BMTA – looming growth for NEX and EA.** The following paragraphs on this and the next page are excerpted from “From utility to mobility growth”, FSSIA’s report for [Energy Absolute, dated 15 December 2020.](#)

Under the rehabilitation plan led by the State Enterprise Policy Office committee to restructure BMTA, the main operator of public buses within the greater Bangkok area, the Thai cabinet on 8 Jun-20 approved a plan to gradually replace all internal combustion engine buses with NGV and EV buses domestically, assembled from not less than 50% local content.

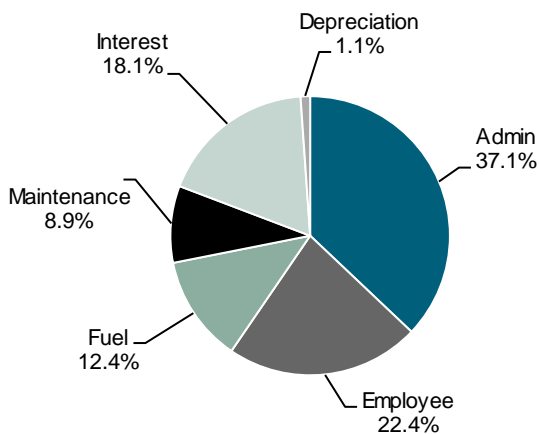
**Exhibit 43: BMTA incurred a net loss of THB6b in 2019**



Source: BMTA

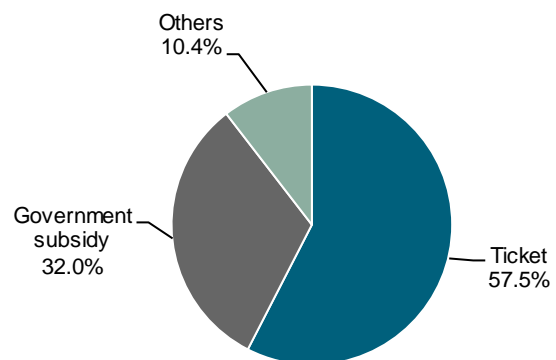
In the past 40 years since 1976, BMTA has accumulated net losses of up to THB120b, with a reported net loss of THB6b in 2019. Its total operating expense of THB5.9b and interest expense of THB2.9b far exceeded its total revenue of THB7b. The main factors were the high employee expense of THB3.6b and the maintenance expense of THB1.4b vs a fuel expense of only THB2b.

**Exhibit 44: BMTA’s expense breakdown (2019)**



Source: BMTA

**Exhibit 45: Revenue breakdown**



Source: BMTA

One of the main reasons for BMTA's large operating losses is its high maintenance expenses as a result of its aging bus fleet with an average of 22 working years, based on our estimate, as of Feb-20. Most of BMTA's common buses have over 26 working years, leading to high maintenance costs.

#### Exhibit 46: Average age of BMTA's buses

As of Feb-20	Number of buses		Working years
		(no.)	(years)
Common bus	1,520		29
Air-conditioned common bus	179		26
NGV bus	201		22
Air-conditioned NGV bus	175		19
NGV bus (second phase)	489		2
Others	441		22
<b>Total</b>	<b>3,005</b>		<b>22</b>

Source: BMTA

The key points under the rehabilitation plan to turn around BMTA by 2030 are as follows:

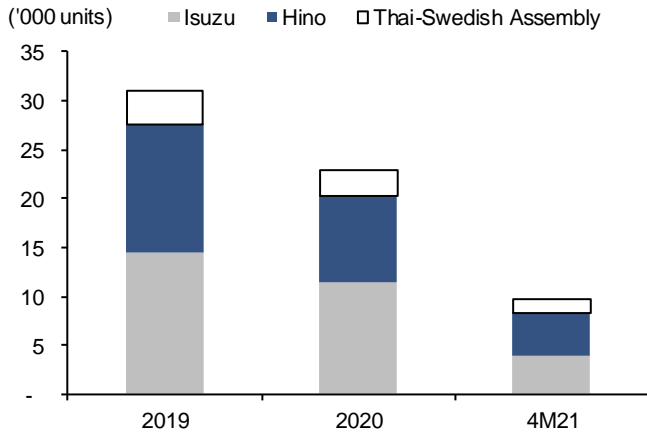
- Lease and rent 2,511 EV buses to reduce maintenance and operating expenses;
- Outsource the operation of 1,500 buses to private companies (on already approved routes) using only EV or NGV buses manufactured in Thailand with a minimum of 50% local content;
- A fixed and flat rate bus fare of THB30/person per day without any restriction for the distance and number of rides;
- Reduce the number of operating routes from the current 269 routes down to 162 routes (BMTA operates 108 routes and private firms operate 54 routes).

Coupled with the projected increase in EV cars in Thailand under the Power Development Plan 2018 (PDP 2018), we think the EA-NEX JV will be a key beneficiary from the new demand for E-buses, which we estimate to be 3,000-10,000 E-buses annually.

**E-trucks: NEX’s emerging near-term growth engine**

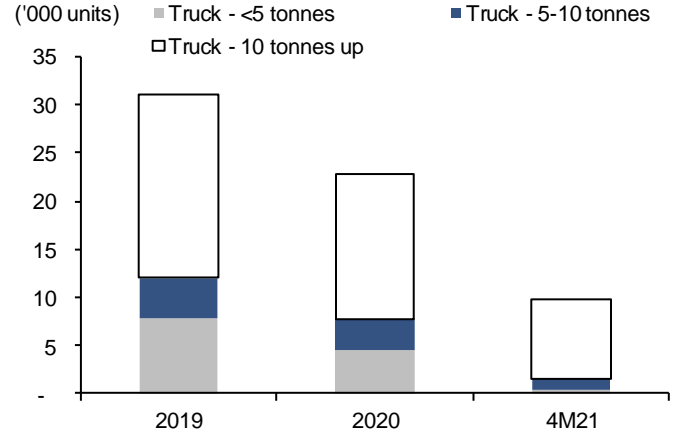
According to the Transportation Statistics Sub-Division, Department of Land Transport, there were 1,176,960 trucks registered in Thailand as of Feb-21. Of this, 69% were private trucks and 31% were non-fixed-route trucks.

**Exhibit 47: Thailand’s total truck production breakdown by brand**



Source: Transport Statistics Sub-Division, Planning Division, Department of Land Transport

**Exhibit 48: Thailand’s total truck production breakdown by car type**

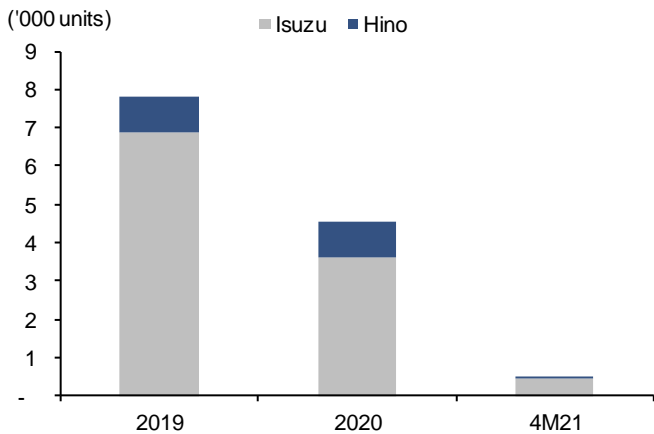


Source: Transport Statistics Sub-Division, Planning Division, Department of Land Transport

According to management, the NEX-EA JV will penetrate Thailand’s truck market via the OEM channel rather than directly through its own brand, as the truck market is a much more consumer-oriented, brand-aware market than the bus market, with buyers focusing more on cost saving and less on the brand.

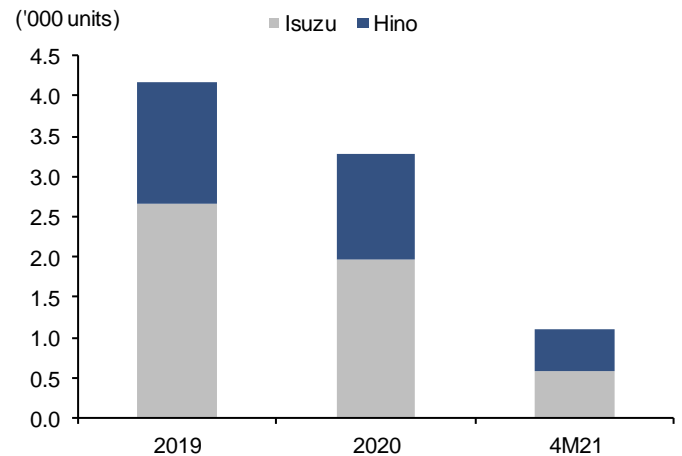
NEX has already been testing its AAB-produced EV-trucks with Hino and they are scheduled to be completed and launched by end-2021. If this OEM venture succeeds, we believe NEX could see another growth engine for its net profit post 2021.

**Exhibit 49: Thailand’s lower 5-tonne truck production breakdown by brand**



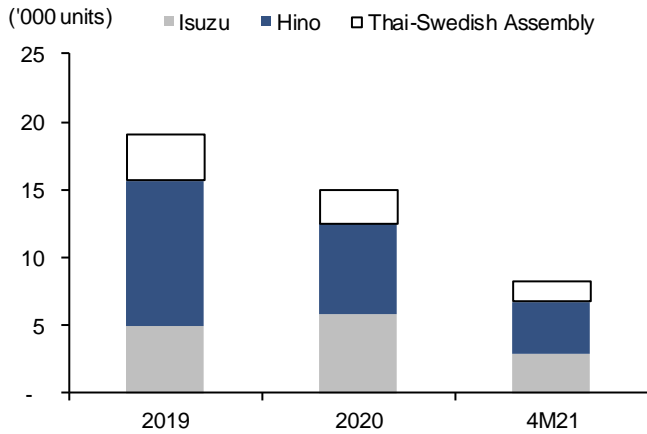
Source: Transport Statistics Sub-Division, Planning Division, Department of Land Transport

**Exhibit 50: Thailand’s 5 to 10-tonne truck production breakdown by brand**



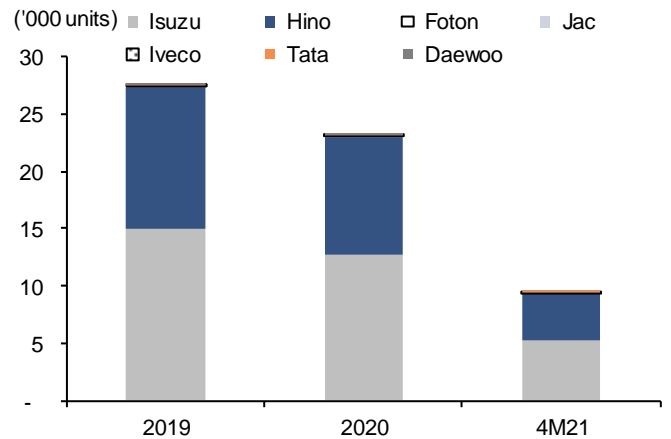
Source: Transport Statistics Sub-Division, Planning Division, Department of Land Transport

**Exhibit 51: Thailand's over 10-tonne truck production breakdown by brand**



Source: Transport Statistics Sub-Division, Planning Division, Department of Land Transport

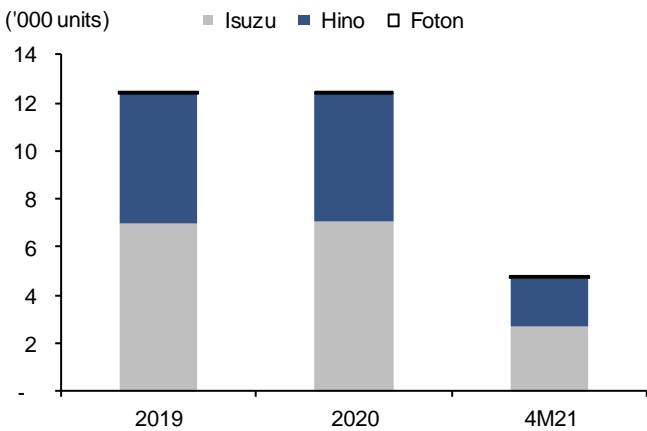
**Exhibit 52: Thailand's total truck sales breakdown by brand**



Source: Transport Statistics Sub-Division, Planning Division, Department of Land Transport

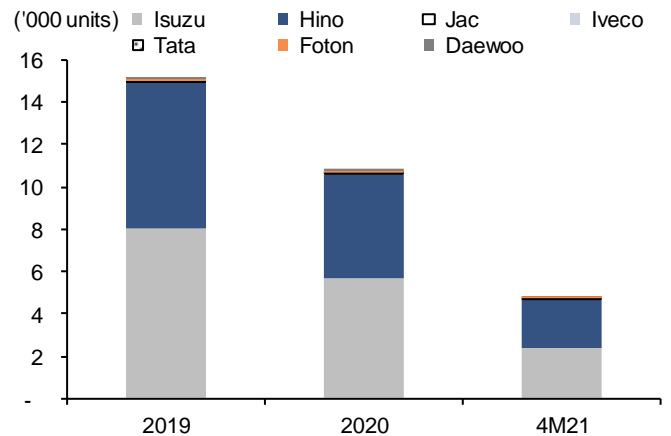
In Thailand, Hino is one of two leading brands in the truck market, covering all categories, including 2 to 4-tonne, 5-tonne, and 10-tonne trucks, for the over 12,000-14,000 truck market size in Thailand. Hence, we believe that if NEX succeeds in proving its E-truck business with Hino, EA-NEX could sell up to 500-1,000 trucks annually in 2022-23, potentially rising to over 1,500-2,000 trucks annually in 2023 onward.

**Exhibit 53: Thailand's 2 to 4-tonne truck sales breakdown by brand**



Source: Transport Statistics Sub-Division, Planning Division, Department of Land Transport

**Exhibit 54: Thailand's big truck sales breakdown by brand**



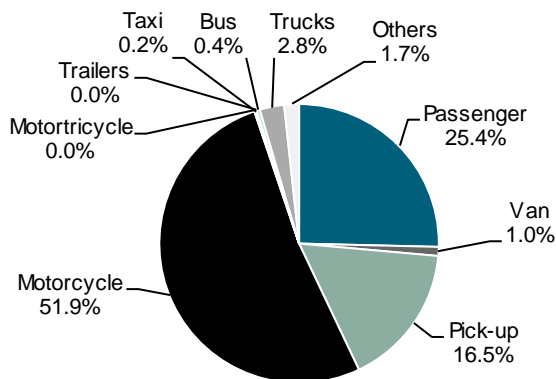
Source: Transport Statistics Sub-Division, Planning Division, Department of Land Transport

### Growth engine #3: One-stop integrated EV producer cements high net margin

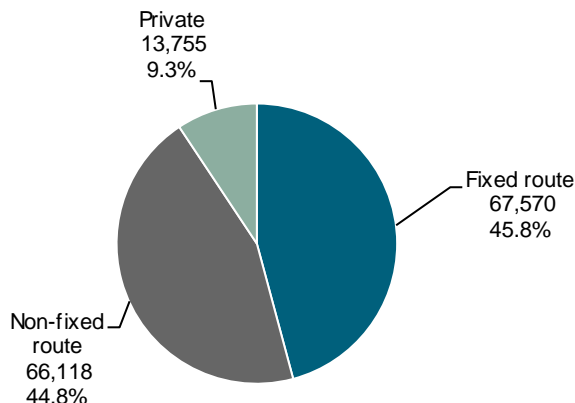
To capture the EV market trend as a one-stop producer, NEX has long strived to achieve value creation by being a fully integrated marketer, distributor, dealer and manufacturer. For manufacturing, NEX invested in a 45% stake in AAB, which is a joint venture with EA, which owns and operates a 1GWh phase 1 battery plant with its in-house produced batteries from Amita (Thailand).

**A market opportunity for NEX-EA as a first mover and the most integrated player for E-buses.** As a first mover and the most integrated company in Thailand’s EV industry, the EA-NEX JV should have an edge over its competitors, both domestic and foreign, to penetrate and quickly gain market share in Thailand’s bus market.

**Exhibit 55: Thailand’s total number of registered vehicles – breakdown by type (41.8m vehicles as of 30 April 2021)**



**Exhibit 56: Thailand’s total number of registered buses (147,443 buses as of 30 April 2021)**



Source: Transport Statistics Sub-Division, Planning Division, Department of Land Transport

Source: Transport Statistics Sub-Division, Planning Division, Department of Land Transport

According to the Transportation Statistics Sub-Division, Department of Land Transport, there are 147,443 registered buses, comprising 67.6k fixed-route buses, including BMTA buses (45.8% of total buses), 66.1k non-fixed route buses (44.8%), and 13.8k private buses as of April 2021.

We think all of these bus segments, particularly the fixed-route buses, will be the key target market for NEX to capture in the next few years. Management expects to sell 500 E-buses in 2021, rising to 1,500-3,000 E-buses in 2022 onward, representing only 20% of the market share of Thailand’s annual new bus market of 11,000-13,000 buses.

Thanks to EA-NEX JV’s fully integrated business model, we think NEX will be able to capture the timely EV sales growth in Thailand, particularly for the fleet market like E-buses and E-trucks via its OEM channel.

Exhibit 57: EA's E-bus business model



Source: EA

**State-of-the-art technology for EV manufacturing plant, import parts, batteries, and EV chargers.** To ensure its product reliability and quality, EA has employed state-of-the-art technology for its manufacturing plant, which was designed by Dongfeng Design Institute; the company which built manufacturing plants for China's leading EV brands, including Sunlong, Honda, Toyota, and Fiat.

Exhibit 58: AAB's EV manufacturing plant under EV-NEX JV

**EV BUS FACTORY**



- **Company:** Absolute Assembly Co Ltd
- **Capacity:** 3,000 buses per year
- **Standard Granted:** ISO:9001
- **Area:** Over 65,000 sqm3
- **Manpower:** Over 700
- **Investment cost:** 1,800 MB
- **Process:** Welding, Painting, Assembly

**BUILD TO HIGHEST QUALITY**

1. Design by Dongfeng Design Institute



 <b>SUNLONG</b>	 <b>HONDA</b>	 <b>TOYOTA</b>	 <b>FIAT</b>
<b>Shenlong Motor</b> Maximum capacity 240,000 vehicle per year	<b>Dongfeng Honda Motor</b> Maximum capacity 240,000 car per year	<b>GAC Toyota Motor</b> Maximum capacity 300,000 car per year	<b>GAC Fiat Motor</b> Maximum capacity 200,000 car per year

2. Machine Sourcing / Installation / Commissioning



Chinese Stated-Owned Defense Coporation  
 Revenue 62 Billions USD  
 Specialized in Defense Product and also Heavy-Duty Machinery  
 (Produce Heavy Duty Truck & Mining Vehicle & Other Vehicle)

3. Monitoring production process

Our partner both stakeholder and Chinese bus company will send a professional team to monitor during production process to ensure the quality of bus.



Source: EA

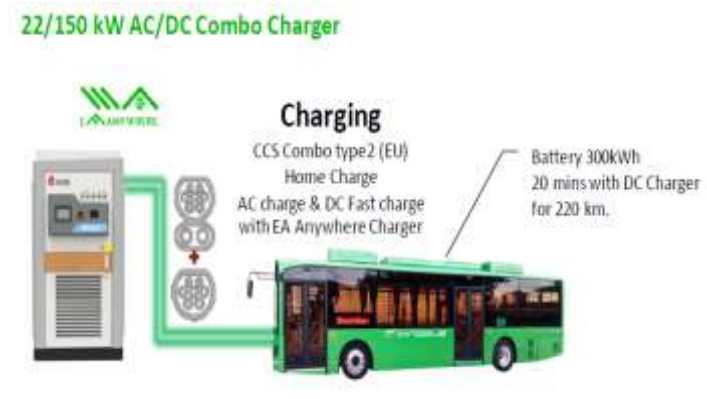
In addition, EA has fully integrated all business units within its EV value chain for its E-buses, which includes importing parts from China's leading E-bus brands (Yutong, Sunlong, Golden Dragon, and Skywell) for assembly at its plant. The batteries used are produced at its plant operated by Amita Technology, and the EV chargers use technology from Growatt and Ates Power Technology.

Exhibit 59: EV business



Source: EA

Exhibit 60: Charging stations for E-buses



Source: EA

Exhibit 61: EA's E-bus characteristics

**MINE BUS**

เพื่อการขนส่งที่มีคุณภาพ และ ไร้รอยต่อ

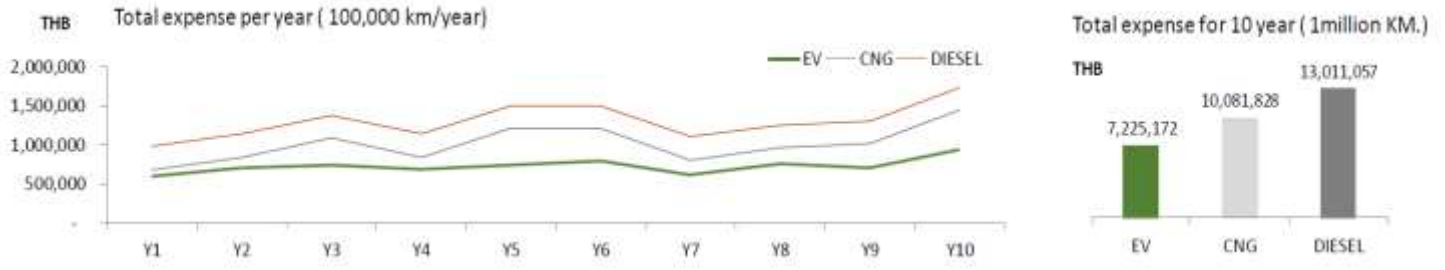
จำนวนผู้โดยสาร	60-80 คน
ความเร็วสูงสุด	80 กม./ชม.
ขนาดแบตเตอรี่	250-350 กิโลวัตต์ ชั่วโมง
ระยะทาง	220 กม./ชาร์จ

ชาร์จภายใน 20 นาที (80%)  
ด้วย DC-Charger EA Anywhere

Source: EA

**Cost competitiveness (E-bus vs ICE bus).** While E-bus prices are slightly higher than that of ICE buses, using diesel by up to 15%, the accumulated cost for one of EA-NEX's E-buses throughout its 10-year useful lifetime could be c44% lower than for an ICE bus, according to EA's management. The company projects the operating expenses, which include maintenance and energy costs, to be only THB7.2m vs THB13m for ICE buses and THB10m for NGV or CNG buses.

**Exhibit 62: Operating cost comparison (ICE vs EV bus)**



Source: EA

NEX's E-buses, produced domestically at EA's THB1.8b plant and assembled from not less than 50% local material, should be able to capitalise on the government's favourable tax incentive scheme and the projected demand growth in the next five years, based on the current Power Development Plan 2018 Revision 1.

Meanwhile, EA will use its in-house produced battery from Amita (Thailand), which owns and operates a 1GWh phase 1 battery plant (expandable to 50GWh capacity), for its E-buses, E-ferries, EV cars, and E-trucks, to achieve a zero-tax benefit. This would be achieved mainly via the 50% local content, enabling it to be tax exempt from the 40% import tax for E-buses and 20% import tax for batteries.



## Initiate with BUY and an SOTP-based TP of THB12

We initiate coverage of NEX with a BUY call and an SOTP-based TP of THB12. We apply different forward P/E multiples for each of NEX's business segments to reflect their different risk-reward outlooks as follows:

**Electronics and computer parts segment:** 7x 2022E P/E to reflect the weak outlook of NEX's conventional electronics and computer parts segment. The 7x P/E is at a deep discount to the industry's average 20-30x valuation range.

**E-bus sales:** We apply 12x 2022E P/E to reflect NEX's first-mover edge over competitors and the high net margin of over 10%, based on our estimate. The THB5.4/share value for NEX's E-bus business accounts for 45% of our total value for NEX of THB12, indicating that E-buses are NEX's most promising and visible business growth engine, in our view.

**Maintenance services:** We use 15x 2022E P/E to indicate NEX's solid maintenance service business, which commands up to a 30% net margin, based on management's guidance. We think this business should command the highest valuation among NEX's businesses given NEX's strong footprint with its proven track record of reliable and comprehensive maintenance and repair services for its bus customers, thanks to its over 20 RMS centres nationwide.

**NEX Express:** 10x 2022E P/E for NEX's new venture, NEX Express, which started operating with one intercity bus route between Bangkok and Nakornratchasima in Northeast Thailand. This is a highly competitive business but given the recurring nature of its cash flows and the edge from NEX-EA's fully integrated business model, we think NEX Express' 10x is justified.

**Manufacturing via 45% stake in AAB.** We derived the values of NEX's stake in AAB for E-buses and EV cars at THB3.3/share and THB0.1/share, assigning 10x 2022E P/E to reflect its low net margin of 8%, based on management's guidance.

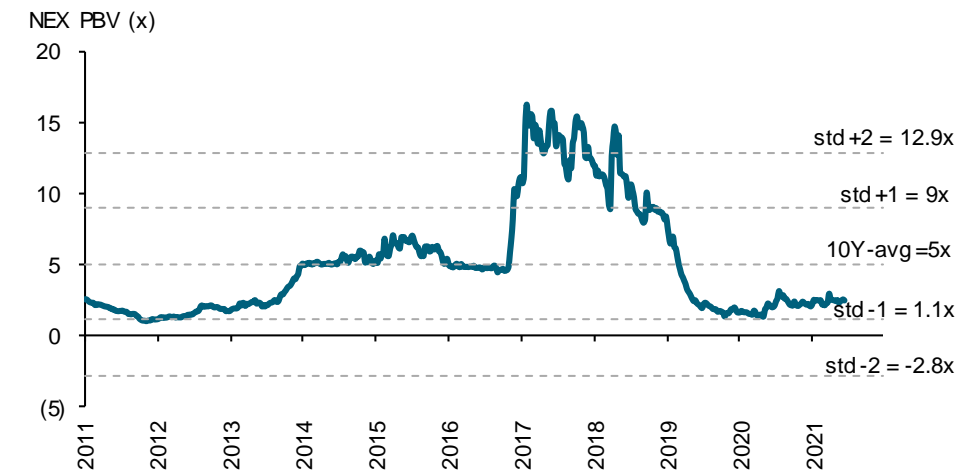
**E-truck value of THB2.6/share.** Our SOTP-based TP still excludes a THB2.6 value for the E-truck business, which remains uncertain pending the operational test results for the E-trucks produced by AAB. However, once this venture is launched, scheduled to be within 4Q21, we think this THB2.6/share value could provide an upside to our TP.

### Exhibit 63: SOTP valuation

SOTP valuation estimate	THB m	THB/share	Valuation methodology
Electronics & computer	2,953	1.8	2022E P/E at 7x
EV bus - seller	8,998	5.4	2022E P/E at 12x
Maintenance service	2,238	1.3	2022E P/E at 15x
NEX express (BKK-Korat route)	286	0.2	2022E P/E at 10x
AAB - EV bus (2Q21E)	5,451	3.3	2022E P/E at 10x
AAB - EV car (4Q21E)	117	0.1	2022E P/E at 10x
Net debt	2,031	1.2	At end -2021E
Minorities	(204)	(0.1)	At end -2021E
<b>Residual ordinary equity (TP)</b>	<b>20,086</b>	<b>12.0</b>	
E-truck - seller	1,728	1.0	2022E P/E at 12x
AAB - EV truck (2Q21E)	2,727	1.6	2022E P/E at 12x
<b>Residual ordinary equity</b>	<b>24,541</b>	<b>14.6</b>	

Sources: NEX; FSSIA estimates

## Exhibit 64: Rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

## Exhibit 65: Peer comparisons

Company	BBG code	Rec	Share Price	Target price	Upside	Market Cap	3Y EPS CAGR	PE		ROE		PBV		EV / EBITDA	
								21E	22E	21E	22E	21E	22E	21E	22E
			(LCY)	(LCY)	(%)	(USD m)	(%)	(x)	(x)	(%)	(%)	(x)	(x)	(x)	(x)
<b>THAILAND</b>															
Energy Absolute	EA TB	BUY	60	76	27	7,047	29.3	27.3	23.0	26.1	24.8	6.4	5.1	21.4	16.8
BANPU	BANPU TB	BUY	15.5	18	16	2,477	(240.0)	8.6	9.6	14.2	11.9	1.2	1.1	7.2	7.7
Banpu Power	BPP TB	BUY	18.4	22	20	1,766	3.9	12.4	11.9	10.7	10.6	1.3	1.2	58.4	51.5
Nex Point	NEX TB	BUY	5.7	12	111	301	NA	19.0	6.5	15.6	36.0	2.8	2.0	51.8	7.3
Global Power Syn	GPSC TB	BUY	74.5	112	50	6,614	11.8	22.5	21.6	9.0	9.0	2.0	1.9	14.5	14.3
<b>Thailand avg</b>						<b>18,204</b>	<b>24.0</b>	<b>21.4</b>	<b>19.3</b>	<b>16.6</b>	<b>16.1</b>	<b>3.5</b>	<b>3.0</b>	<b>21.0</b>	<b>17.9</b>
<b>US</b>															
Tesla Inc	TSLA US	NA	623.71	NA	NA	600,839	126.1	138.9	96.0	17.7	19.5	22.5	17.6	67.7	44.9
Nio Inc - Adr	NIO US	NA	44.10	NA	NA	72,259	(178.6)	NA	NA	(14.7)	(0.5)	11.6	12.4	NA	391.8
Nikola Corp	NKLA US	NA	17.32	NA	NA	6,821	(10.5)	NA	NA	(54.1)	(145.8)	7.6	15.1	NA	NA
Workhorse	WKHS US	NA	14.54	NA	NA	1,792	(66.2)	NA	NA	(92.0)	(37.0)	8.7	11.7	NA	NA
<b>US avg</b>						<b>681,711</b>	<b>137.0</b>	<b>122.5</b>	<b>84.6</b>	<b>13.3</b>	<b>15.5</b>	<b>21.2</b>	<b>17.0</b>	<b>59.7</b>	<b>81.1</b>
<b>Alternative energy under coverage</b>						<b>18,204</b>	<b>24.0</b>	<b>21.4</b>	<b>19.3</b>	<b>16.6</b>	<b>16.1</b>	<b>3.5</b>	<b>3.0</b>	<b>21.0</b>	<b>17.9</b>
<b>Average (all)</b>						<b>699,915</b>	<b>132.3</b>	<b>119.8</b>	<b>82.9</b>	<b>13.4</b>	<b>15.6</b>	<b>20.7</b>	<b>16.6</b>	<b>58.7</b>	<b>79.5</b>

Share price as of 22 Jun 2021

Sources: Bloomberg; FSSIA estimates

## Corporate Governance - NEX

### Board structure

Number of Independent Directors (ID)	4 of 9 board members
Percentage of IDs on the board	44.4%
ID participation/attendance at board meetings	n/a
ID participation in audit/remuneration committees	3 of 3 audit committee and 3 of 3 in remuneration committee
ID terms (years of service, re-election/replacement procedures)	Nine years each term, re-election up to justification

Source: NEX

**Additional comments:** NEX listed on the SET since 17 Feb 2005 and had name changed from SPPT on 17 May 2019.

### Audit Practices

Auditor	Dharmniti Auditing Company Limited
Length of service	Since 2019
Reporting incidents	None
Fee track record	THB4.1m in 2020, THB3.29m in 2019
Policy on change of audit firm	To review every five years

Source: NEX

**Additional comments:** None

### Compensation and remuneration

Directors' remuneration vs earnings/ROE/share performance	THB 0.8m vs net loss of THB214m in 2020, THB 0.95m vs net profit of THB23.2m in 2017*
Changes/stability in senior management	There was considerable change in the Board of Directors in 2020
Incidents of termination of senior management	None
Track record on insider sales	None

Source: NEX

**Additional comments:** NEX reported three years of consecutive losses of THB56m, THB147m, and THB214m from 2018-2020, respectively.

### Shareholders' rights

Communication - shareholder participation in AGMs/EGMs	AGMs once a year/EGM as appropriate
Related party transactions	In accordance with SEC regulations
Voting issues - policies, incidents of rejected proposals	None

Source: NEX

**Additional comments:** None

## Financial Statements

Nex Point

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	783	1,404	2,774	6,445	10,511
Cost of goods sold	(695)	(1,168)	(2,347)	(4,772)	(7,822)
<b>Gross profit</b>	<b>88</b>	<b>236</b>	<b>426</b>	<b>1,673</b>	<b>2,690</b>
Other operating income	-	-	-	-	-
Operating costs	(196)	(360)	(277)	(773)	(1,261)
<b>Operating EBITDA</b>	<b>(107)</b>	<b>(124)</b>	<b>149</b>	<b>900</b>	<b>1,428</b>
Depreciation	(25)	(63)	(64)	(74)	(81)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>(132)</b>	<b>(187)</b>	<b>85</b>	<b>826</b>	<b>1,348</b>
Net financing costs	(10)	(16)	(2)	(2)	(2)
Associates	0	(6)	419	788	1,001
Recurring non-operating income	15	11	439	808	1,021
Non-recurring items	0	0	0	0	0
<b>Profit before tax</b>	<b>(126)</b>	<b>(192)</b>	<b>522</b>	<b>1,632</b>	<b>2,367</b>
Tax	(15)	(8)	(21)	(169)	(273)
<b>Profit after tax</b>	<b>(141)</b>	<b>(200)</b>	<b>501</b>	<b>1,463</b>	<b>2,093</b>
Minority interests	(5)	(13)	0	0	0
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>(147)</b>	<b>(214)</b>	<b>501</b>	<b>1,463</b>	<b>2,093</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>(147)</b>	<b>(214)</b>	<b>501</b>	<b>1,463</b>	<b>2,093</b>
<b>Per share (THB)</b>					
Recurring EPS *	(0.09)	(0.13)	0.30	0.87	1.25
Reported EPS	(0.09)	(0.13)	0.30	0.87	1.25
DPS	0.00	0.00	0.15	0.50	0.60
Diluted shares (used to calculate per share data)	1,674	1,674	1,674	1,674	1,674
<b>Growth</b>					
Revenue (%)	19.5	79.2	97.6	132.4	63.1
Operating EBITDA (%)	nm	nm	nm	503.8	58.8
Operating EBIT (%)	nm	nm	nm	871.0	63.2
Recurring EPS (%)	nm	nm	nm	191.8	43.1
Reported EPS (%)	nm	nm	nm	191.8	43.1
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	8.2	12.3	13.1	24.8	24.8
Gross margin of key business (%)	8.2	12.3	13.1	24.8	24.8
Operating EBITDA margin (%)	(13.7)	(8.8)	5.4	14.0	13.6
Operating EBIT margin (%)	(16.8)	(13.3)	3.1	12.8	12.8
Net margin (%)	(18.7)	(15.2)	18.1	22.7	19.9
Effective tax rate (%)	-11.9	-4.3	20.0	20.0	20.0
Dividend payout on recurring profit (%)	-	-	50.1	57.2	48.0
Interest cover (X)	(12.0)	(11.1)	291.7	909.6	1,318.8
Inventory days	10.8	22.3	29.1	29.0	31.3
Debtor days	58.0	32.7	17.6	8.6	6.4
Creditor days	55.8	38.7	35.2	35.0	37.8
Operating ROIC (%)	(41.4)	(27.3)	10.1	102.8	141.9
ROIC (%)	(15.5)	(10.7)	22.2	70.5	96.1
ROE (%)	(32.5)	(12.4)	15.6	36.0	39.5
ROA (%)	(15.6)	(8.3)	12.6	28.0	29.6
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Electronic sales and service	622	424			
Bus sales	48	763			
Repair and maintenance	0	127			
Transportation	119	97			

Sources: Nex Point; FSSIA estimates

## Financial Statements

Nex Point

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	(147)	(214)	501	1,463	2,093
Depreciation	25	63	64	74	81
Associates & minorities	0	(6)	419	788	1,001
Other non-cash items	-	-	-	-	-
Change in working capital	(132)	(66)	(99)	(278)	(312)
<b>Cash flow from operations</b>	<b>(254)</b>	<b>(223)</b>	<b>885</b>	<b>2,047</b>	<b>2,862</b>
Capex - maintenance	(24)	(23)	(64)	(74)	(81)
Capex - new investment	(90)	(434)	(264)	(174)	(181)
Net acquisitions & disposals	0	(476)	0	0	0
Other investments (net)	29	(406)	419	788	1,001
<b>Cash flow from investing</b>	<b>(84)</b>	<b>(1,339)</b>	<b>91</b>	<b>540</b>	<b>739</b>
Dividends paid	0	0	0	(251)	(837)
Equity finance	230	2,685	0	0	0
Debt finance	(16)	(54)	0	0	0
Other financing cash flows	116	255	(310)	(1,228)	(1,640)
<b>Cash flow from financing</b>	<b>330</b>	<b>2,886</b>	<b>(310)</b>	<b>(1,479)</b>	<b>(2,477)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>(8)</b>	<b>1,324</b>	<b>666</b>	<b>1,108</b>	<b>1,125</b>
Free cash flow to firm (FCFF)	(328.40)	(1,546.22)	977.70	2,588.46	3,603.63
Free cash flow to equity (FCFE)	(238.37)	(1,360.93)	666.27	1,359.03	1,962.19
<b>Per share (THB)</b>					
FCFF per share	(0.20)	(0.92)	0.58	1.55	2.15
FCFE per share	(0.14)	(0.81)	0.40	0.81	1.17
Recurring cash flow per share	(0.07)	(0.09)	0.59	1.39	1.90
<b>Balance Sheet (THB m) Year Ending Dec</b>					
Tangible fixed assets (gross)	277	591	391	291	191
Less: Accumulated depreciation	(89)	(56)	(119)	(193)	(274)
<b>Tangible fixed assets (net)</b>	<b>187</b>	<b>536</b>	<b>272</b>	<b>98</b>	<b>(83)</b>
<b>Intangible fixed assets (net)</b>	<b>120</b>	<b>201</b>	<b>201</b>	<b>201</b>	<b>201</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	0	476	476	476	476
Cash & equivalents	86	1,410	2,076	3,184	4,309
A/C receivable	123	129	139	163	203
Inventories	18	124	250	509	834
Other current assets	192	207	410	952	1,552
<b>Current assets</b>	<b>420</b>	<b>1,871</b>	<b>2,875</b>	<b>4,808</b>	<b>6,897</b>
Other assets	201	534	534	534	534
<b>Total assets</b>	<b>929</b>	<b>3,617</b>	<b>4,358</b>	<b>6,116</b>	<b>8,025</b>
Common equity	486	2,961	3,463	4,674	5,931
Minorities etc.	79	204	204	204	204
<b>Total shareholders' equity</b>	<b>566</b>	<b>3,166</b>	<b>3,667</b>	<b>4,879</b>	<b>6,135</b>
Long term debt	42	0	0	0	0
Other long-term liabilities	84	167	167	167	167
<b>Long-term liabilities</b>	<b>126</b>	<b>167</b>	<b>167</b>	<b>167</b>	<b>167</b>
A/C payable	97	150	302	614	1,006
Short term debt	57	45	45	45	45
Other current liabilities	83	90	178	413	674
<b>Current liabilities</b>	<b>237</b>	<b>285</b>	<b>525</b>	<b>1,072</b>	<b>1,725</b>
<b>Total liabilities and shareholders' equity</b>	<b>929</b>	<b>3,617</b>	<b>4,358</b>	<b>6,117</b>	<b>8,026</b>
Net working capital	154	220	319	597	909
Invested capital	662	1,967	1,802	1,905	2,037
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	0.29	1.77	2.07	2.79	3.54
Tangible book value per share	0.22	1.65	1.95	2.67	3.42
<b>Financial strength</b>					
Net debt/equity (%)	2.2	(43.1)	(55.4)	(64.3)	(69.5)
Net debt/total assets (%)	1.4	(37.7)	(46.6)	(51.3)	(53.1)
Current ratio (x)	1.8	6.6	5.5	4.5	4.0
CF interest cover (x)	(14.3)	(57.5)	519.0	854.7	1,194.3
<b>Valuation</b>					
<b>Recurring P/E (x) *</b>	<b>(65.1)</b>	<b>(44.7)</b>	<b>19.0</b>	<b>6.5</b>	<b>4.6</b>
<b>Recurring P/E @ target price (x) *</b>	<b>(137.0)</b>	<b>(94.1)</b>	<b>40.1</b>	<b>13.7</b>	<b>9.6</b>
Reported P/E (x)	(65.1)	(44.7)	19.0	6.5	4.6
Dividend yield (%)	-	-	2.6	8.8	10.5
Price/book (x)	19.6	3.2	2.8	2.0	1.6
Price/tangible book (x)	26.0	3.5	2.9	2.1	1.7
EV/EBITDA (x) **	(89.9)	(67.7)	51.8	7.3	3.8
EV/EBITDA @ target price (x) **	(188.3)	(152.9)	122.6	19.1	11.2
EV/invested capital (x)	14.5	4.3	4.3	3.5	2.7
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Nex Point; 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	PAP	PCSGH	PDJ	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

#### Suwat Sinsadok 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
Next Point	NEX TB	THB 5.70	BUY	Downside risks to our SOTP-based TP include: 1) a lower-than-expected bus sales volume; 2) delays in bus deliveries; and 3) risk from regulatory changes.
Energy Absolute	EA TB	THB 60.00	BUY	Downside risks to our SoTP-based TP include: 1) lower-than-expected demand for electricity in Thailand; 2) lower crude prices; and 3) lower-than-expected demand for batteries.
Banpu	BANPU TB	THB 15.50	BUY	We see downside risks to our SoTP-based TP from lower coal prices, higher diesel costs and any unplanned shutdowns of its power plants
Banpu Power	BPP TB	THB 18.40	BUY	Downside risks to our SOTP valuation are the start-up delays of its new projects and government intervention in the electricity tariff.
Global Power Synergy	GPSC TB	THB 74.50	BUY	The downside risks to our SoTP-based TP on GPSC include 1) lower-than-expected demand for electricity in Thailand, 2) lower crude price, and 3) lower-than-expected demand from industrial users.
B.Grimm Power	BGRIM TB	THB 43.25	BUY	The downside risks to our SoTP-based TP include 1) lower-than-expected demand for electricity in Thailand, 2) a lower crude price, and 3) unplanned shutdowns of its SPPs.

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 22-Jun-2021 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.