

30 AUGUST 2021

# Thailand Automotive

## ชะลอในระยะสั้น

### ความเสี่ยงขาลงมีจำกัด

กลุ่มยานยนต์ยังคงได้รับแรงกดดันจากปัญหาการขาดแคลน Semiconductor โดยมีรายงานข่าวเป็นจำนวนมากว่าผู้ผลิตรถยนต์ส่วนมาก เช่น โตโยต้า ฮอนด้า GM ฯลฯ ได้ประกาศลดปริมาณการผลิตรถยนต์ทั่วโลกในปีนี้อาจจากปัญหาการขาดแคลนชิป ผู้ผลิตดังกล่าวคาดว่าจะปัญหาดังกล่าวจะยาวไปอย่างน้อยจนถึงสิ้นปีนี้ อย่างไรก็ตามในประเทศไทย เราเชื่อว่าปัญหาดังกล่าวยังอยู่ในระดับที่จัดการได้ โดย Somboon Advance Technology (SAT TB, BUY, TP THB29) คาดว่าปัญหาการขาดแคลนชิปจะมีผลกระทบจำกัดต่อลูกค้า เช่นเดียวกับ Aapico Hitech (AH TB, BUY, THB30.80) บริษัททั้งสองคาดว่าปัญหาการขาดแคลนชิปในประเทศไทยน่าจะกดดันปริมาณการผลิตไปจนถึงสิ้น 3Q21 และน่าจะปรับตัวดีขึ้นใน 4Q21 ดังนั้นเราจึงเชื่อว่าปัญหาการขาดแคลนชิปจะมีผลกระทบในระดับที่สามารถจัดการได้ในประเทศไทย นอกจากนี้เนื่องจากลูกค้าของ SAT และ AH ส่วนมากเป็นผู้ผลิตรถกระบะ ซึ่งมีข่าวเกี่ยวกับปัญหาการขาดแคลนชิปน้อยกว่าเมื่อเทียบกับผู้ผลิตรถยนต์รายอื่นที่ผลิตรถยนต์โดยสาร เราเชื่อว่าปัญหาดังกล่าวจะมีส่งผลกระทบจำกัดต่อรายได้ของบริษัทยานยนต์ที่เราทำการศึกษาในช่วง 2H21

### คงประมาณการที่ 1.65 ล้านคัน (+16% y-y)

แม้ว่าบรรยากาศในตลาดดูจะชะลอตัวลงในระยะสั้นจาก 1) ผลกระทบของโรคระบาด Covid ต่อความต้องการทั้งในประเทศและทั่วโลก; และ 2) ปัญหาการขาดแคลนในอุตสาหกรรม Semiconductor เราเชื่อว่าสมมติฐานการผลิตของเราที่ 1.65 ล้านคัน (+16% y-y) ยังเป็นไปได้ ตัวเลขรถยนต์ที่ผลิตได้ในเดือน ก.ค. 21 น่าจะเป็นจุดต่ำสุดก่อนฟื้นตัวได้ตั้งแต่เดือน ก.ย. 21 เป็นต้นไป

### คงน้ำหนักมากกว่าตลาด

ราคาหุ้นกลุ่มยานยนต์ได้ทรงตัวออกข้างมาตั้งแต่การประกาศผลประกอบการที่ดีใน 1Q21 เพื่อให้หุ้นกลับสู่ระยะการเติบโต เราเชื่อว่ากลุ่มฯ จะต้องได้รับแรงหนุนจากการประกาศการผลิตรถยนต์ในทุก ๆ สัปดาห์ ถ้าตลาดเห็นปริมาณการผลิตรถยนต์เป็นไปด้วยดีในเดือนที่ได้รับผลกระทบจาก Covid สูงสุด กล่าวคือ ส.ค. 21 และไม่มีปัจจัยลบเพิ่มเติมในอนาคต เราคิดว่าราคาหุ้นกลุ่มยานยนต์จะสามารถปรับขึ้นได้จากกำไรที่สูงกว่าระดับก่อนหน้า Covid พร้อมผลตอบแทนในรูปแบบปันผลที่น่าสนใจ เราคงน้ำหนักมากกว่าตลาด โดยมี SAT เป็นหุ้นเด่นของเราในกลุ่มยานยนต์

### FSSIA recommendations

Company	BBG code	share price	Rating		Target Price			
			Current	Previous	Current	Previous	%change	Up/downside
AAPICO Hitech	AH TB	22.90	BUY	unchanged	30.80	30.80	unchanged	+34.5%
Somboon Advance Technology	SAT TB	21.20	BUY	unchanged	29.00	29.00	unchanged	+36.8%
Nam Yona Terminal	NYT TB	4.36	BUY	unchanged	5.50	5.50	unchanged	+26.1%



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 30 สิงหาคม 2021

## Investment thesis

Thailand's automotive industry has played an important role in the country's economy, especially in terms of exports. Automobiles and auto parts contributed the highest value to Thailand's exports in 2019; accounting for almost 10% of Thailand's total exports that year.

Thailand's total car production capacity is almost 4m units per year, while the country usually produces about 2m units per year. Moreover, Thailand ranked as the 11th largest car producer in 2019; 5th in Asia, and 1st in ASEAN. Thailand is especially proficient in manufacturing commercial vehicles, or pickup trucks, as the country produces around 1.2m units per year, ranking 6th out of commercial vehicle producers globally in 2019.

The car production volume in Thailand experienced very minor growth over the past five years (pre-Covid-19) at 1.3% p.a.

We expect Thailand's car production in 2021 to increase to 1.65m units (+16% y-y).

## Catalysts

- A strong recovery in car production volume during 2H21 as well as in 2022;
- New car models introduced to the market in 2021 and 2022;

## Risks to our call

- Lower car production volume than expected;
- The faster-than-expected adoption of EVs globally;
- Semiconductor shortage is longer than our expectation.

## Contents

Only a short-term slowdown .....	4
SAT is the better option .....	5
Company reports	

AAPICO Hitech (AH TB, BUY, TP THB30.8)

Somboon Advance Technology (SAT TB, BUY, TP THB29)

Nam Yong Terminal (NYT TB, BUY, TP THB5.5)

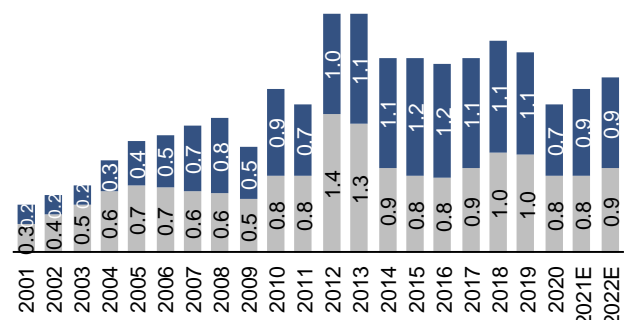
## Event Calendar

Date	Event
Late Sep-21	Aug-21 car production announcement
Nov-21	3Q21 results announcement

## Thailand's car sales (domestic and export)

(m units)

■ Domestic ■ Exports



Source: Thai Automotive Industry Association; FSSIA estimates



## Only a short-term slowdown

Although the car production in Jul-21 may look weak, with the lowest output if we exclude the seasonal effect in Apr-21, we believe it should have bottomed and started to recover slightly in Aug-21. In Jul-21, Toyota, the biggest car producer in Thailand, suspended operations at all three of its plants over a two-week period due to Covid disrupting the supply of key automobile parts.

The total car production in Aug-21 should grow by only single digits, while we expect it to improve meaningfully in Sep-21 as the number of Covid cases in Thailand starts to decline from its peak. The Thai government expects to start relaxing some activity restrictions in Sep-21.

Moreover, we believe the Covid situation in Thailand, as well as the rest of the world, should improve significantly in 4Q21 thanks to the vaccine rollouts. This should increase the demand for new cars and improve the car production numbers to be similar to last year.

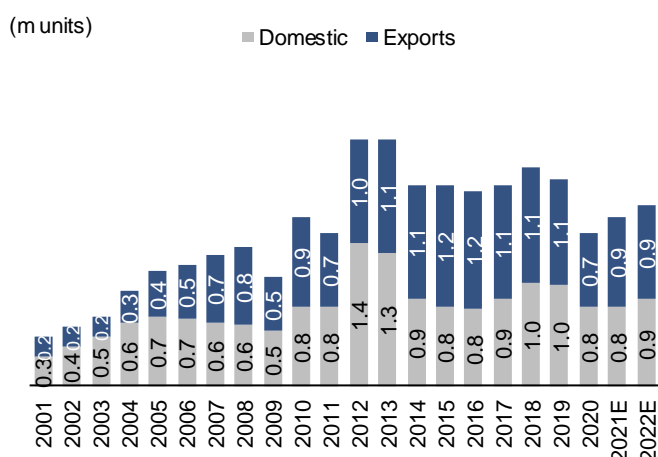
As a result, we maintain our 2021 projection on Thailand's car production at 1.65m units (+16%). We expect domestic car sales and exports at 0.8m (+1%) and 0.9m units (+22% y-y), respectively. According to the table below, we can see that for the remaining five months in 2021, car production and exports could have a lower-than-YTD-average number in order to achieve our estimate for the year. Therefore, we believe these two numbers are achievable. However, there is a downside risk on our domestic car sales target of 0.8m units, as the average monthly car sales volume is now only 0.06m units vs 0.08m units per month required for the rest of this year in order to meet our estimate. As a result, domestic car sales in 2021 may be lower than our expectation.

### Exhibit 1: Monthly car output

	YTD (units)	Monthly average (units)	2021 estimate (units)	Monthly required (units)
Car production	967,453	138,208	1,650,000	136,509
Domestic sales	417,353	59,622	800,000	76,529
Exports	544,079	77,726	900,000	71,184

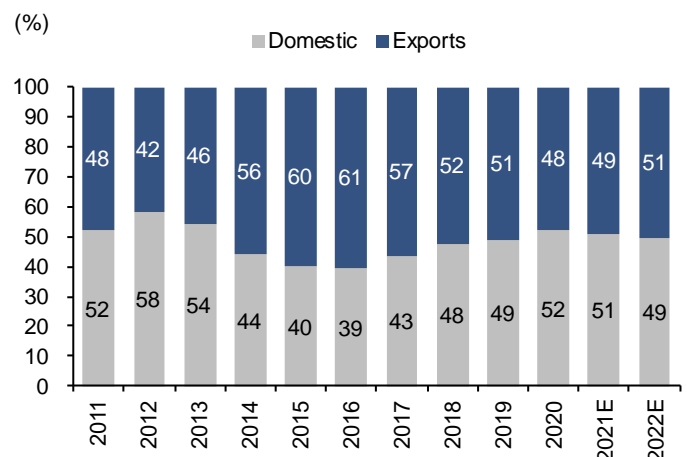
Sources: Thai Automotive Industry Association; FSSIA estimates

### Exhibit 2: Thailand's car sales (domestic and export)



Sources: Thai Automotive Industry Association; FSSIA estimates

### Exhibit 3: Thailand's domestic sales vs exports



Sources: Thai Automotive Industry Association; FSSIA estimates

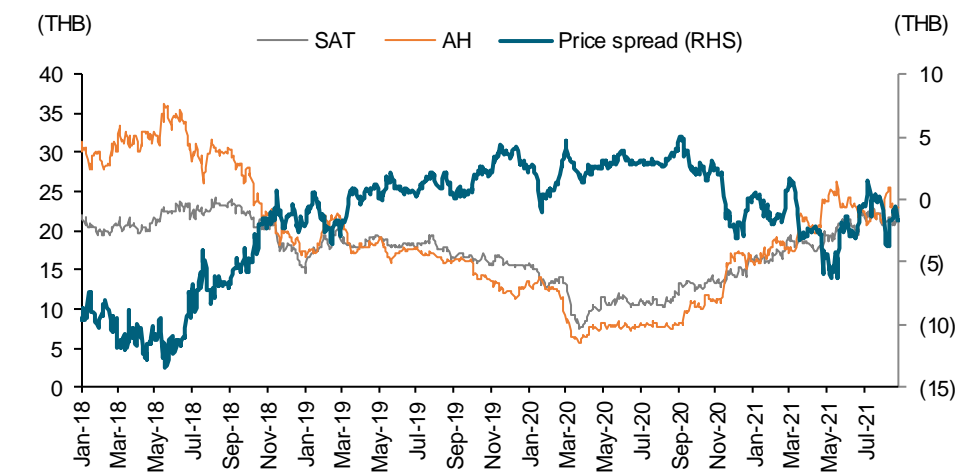
## SAT is the better option

At this moment, we prefer SAT over AH, as AH should suffer a greater negative impact from the car dealerships that took a direct hit from the Covid pandemic. Its car showroom in Malaysia has had to close for 1.5 months in 3Q21, while in Thailand it also had weak demand for new cars during the Covid situation in Jul and Aug-21. Moreover, we expect to see a slowdown in the performance of its Portugal factory that was hit by 1) a semiconductor shortage that is weaker than in 2Q21; 2) long holiday periods; and 3) the higher steel price. This could drop the Portugal factory's performance to the breakeven point.

According to share price spread between SAT and AH, SAT had a stronger share price vs AH during 2019-20, given that SAT had a better outlook while AH still needed to clear its burden on its overseas investment. However, since 2021, AH has shown promising growth. The company had solid earnings growth thanks to the Portugal factory's performance, making its share price outperform SAT's.

Therefore, with the expectation of AH's net profit softening due to the weak performance of its car dealership business and Portugal factory, we expect SAT's share price to endure a lower negative impact, potentially outperforming AH in the short term.

### Exhibit 4: Share price spread between SAT and AH



Sources: Bloomberg; FSSIA's compilation

### Exhibit 5: Peers comparison as of 27 Aug 2021

Company	BBG	Rec	Share price			Market Cap	3Y EPS CAGR	PE		DivYld		ROE		PBV	
			Current (LCY)	Target (LCY)	Upside (%)			21E (x)	22E (x)	21E (%)	22E (%)	21E (x)	22E (x)	21E (x)	22E (x)
Aapico Hitech	AH TB	BUY	22.90	30.80	34	249	(111)	8.2	6.1	4.3	5.8	12.7	15.6	1.0	0.9
Somboon Advance Technology	SAT TB	BUY	21.20	29.00	37	276	47	9.4	8.1	7.5	8.8	13.0	14.0	1.2	1.1
<b>Coverage</b>						<b>525</b>	<b>74</b>	<b>8.8</b>	<b>7.1</b>	<b>5.9</b>	<b>7.3</b>	<b>12.9</b>	<b>14.8</b>	<b>1.1</b>	<b>1.0</b>
Pcs Machine Group Holding	PCSGH TB	n/a	5.55	n/a	n/a	260	(45)	14.6	12.1	4.5	5.8	11.9	14.0	1.7	1.6
Thai Stanley Electric	STANLY	n/a	167.50	n/a	n/a	394	6	13.6	9.3	2.8	3.7	5.3	7.7	0.7	0.6
<b>Local peers</b>						<b>654</b>	<b>(6)</b>	<b>14.1</b>	<b>10.7</b>	<b>3.6</b>	<b>4.7</b>	<b>8.6</b>	<b>10.8</b>	<b>1.2</b>	<b>1.1</b>
Gabriel India	GABR IN	n/a	136.90	n/a	n/a	1,048	n/a	36.0	21.6	0.7	1.2	8.1	12.1	n/a	2.6
Mahindra Cie Automotive	MACA IN	n/a	226.10	n/a	n/a	1,166	(86)	78.0	15.9	0.8	1.0	2.0	10.7	n/a	n/a
Shanghai Daimay Automotive-A	603730 CH	n/a	17.31	n/a	n/a	1,938	(31)	20.6	16.8	n/a	n/a	13.5	15.0	2.8	2.5
Bethel Automotive Safety S-A	603596 CH	n/a	40.38	n/a	n/a	2,549	(27)	28.8	23.1	0.4	0.4	18.2	18.8	5.1	4.2
Great Wall Motor Co Ltd-A	601633 CH	n/a	62.97	n/a	n/a	72,715	(43)	66.7	48.4	0.7	1.0	13.9	17.3	9.0	7.9
Geely Automobile Holdings	175 HK	n/a	25.80	n/a	n/a	32,532	(37)	27.3	20.1	1.1	1.4	11.2	13.7	3.0	2.7
<b>Regional peers</b>						<b>111,948</b>	<b>40</b>	<b>42.9</b>	<b>24.3</b>	<b>0.7</b>	<b>1.0</b>	<b>11.2</b>	<b>14.6</b>	<b>5.0</b>	<b>4.0</b>
<b>Average</b>						<b>113,127</b>	<b>54</b>	<b>30.3</b>	<b>18.1</b>	<b>2.5</b>	<b>3.2</b>	<b>11.0</b>	<b>13.9</b>	<b>3.1</b>	<b>2.7</b>

Sources: Bloomberg; FSSIA estimates

30 AUGUST 2021

THAILAND / AUTOMOTIVES

AAPICO HITECH AH TB

BUY

UNCHANGED

TARGET PRICE	THB30.80
CLOSE	THB22.90
UP/DOWNSIDE	+34.5%
PRIOR TP	THB30.80
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+2.7%

## Slowdown at the next corner

### Neutral view from management

At AH's latest analyst meeting, management stated that it anticipates the car production numbers in Thailand in 3Q21 to slow down due to the Covid impact. Moreover, its car dealership business should also take a hit from the 1.5-month lockdown in Malaysia, while this business in Thailand also has weak demand. Its Portugal factory should be negatively impacted by 1) the semiconductor shortage that is weaker than in 2Q21; 2) long holiday periods; and 3) the higher steel price. This could drop the Portugal factory's performance to the breakeven point. However, management still has a positive view on its 3Q21 earnings, expecting to maintain its net profit (NP) level close to 2Q21 at THB208m.

### We have a slightly negative view

Contrary to management's opinion, we have a slightly negative view on AH's outlook. Although management believes AH can maintain its NP in 3Q21, we believe that with all of the factors that the company mentioned, the situation could look worse compared to 2Q21. The weak performance from Portugal and the car dealership business should drag its earnings down in 3Q21, in our view. We expect its earnings to drop slightly q-q.

### High hopes for 4Q21

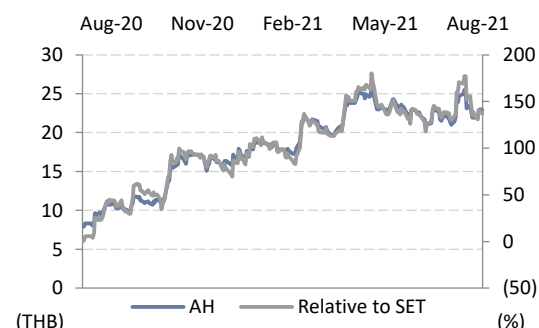
Management also added that 4Q21 should see a strong recovery on an improving Covid situation in Thailand as well as the rest of the world. The semiconductor shortage situation should also improve, based on the future rolling orders from its customers. Management also believes that the steel prices should be more stable. We also have a positive view on 4Q21, expecting AH's performance to recover significantly after all of the negative pressure in 3Q21 potentially improves.

### Maintain BUY with TP of THB30.80

The weak outlook in 3Q21 could put short-term pressure on AH's share price. The situation should be clearer in late Sep-21, after Thailand's Aug-21 car production numbers are announced. We maintain BUY on AH with the same P/E-based TP of THB30.80, despite the slowdown in its short-term outlook. We believe our earnings forecast on AH in 2021 is still achievable, with a downside of not more than 7%. Its long-term outlook remains strong, in our view. After the Covid situation improves, possibly next year, we expect the pent-up demand for new cars to be the key driver for the company.

### 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 (%)	-	(0.2)	8.6	8.4
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. (%)	-	-	-	-
EPS growth (%)	(84.5)	519.5	34.5	12.5
Core P/E (x)	50.6	8.2	6.1	5.4
Dividend yield (%)	0.7	4.3	5.8	7.4
EV/EBITDA (x)	21.0	12.0	9.9	8.6
Price/book (x)	1.0	1.0	0.9	0.8
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 (%)	4.6	(1.7)	175.3
Relative to country (%)	(1.2)	(3.5)	126.1
Mkt cap (USD m)	249		
3m avg. daily turnover (USD m)	2.1		
Free float (%)	50		
Major shareholder	Thai NVDR (14%)		
12m high/low (THB)	27.25/7.82		
Issued shares (m)	354.84		

Sources: Bloomberg consensus; FSSIA estimates



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## 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.

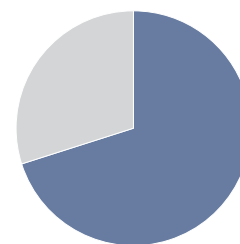
## Company profile

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

## Principal activities (revenue, 2020)

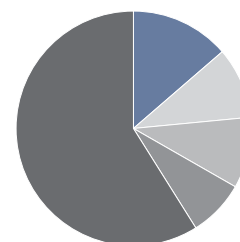
- Manufacture of auto parts - 70.1 %
- Car dealership and others - 29.9 %



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
Nov-21	3Q21 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

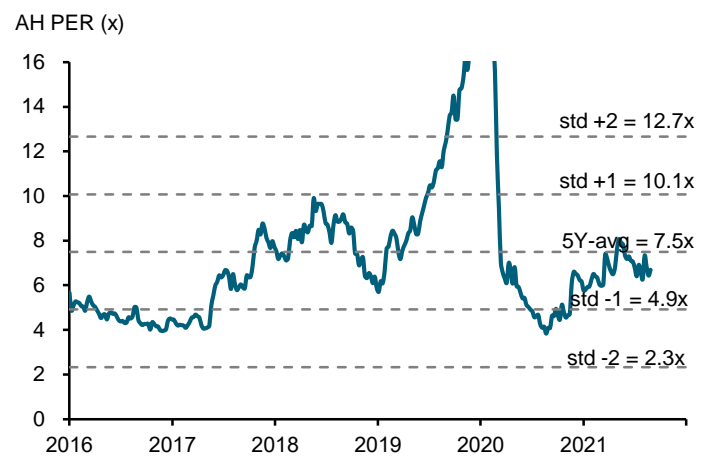
Source: FSSIA estimates

## 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.

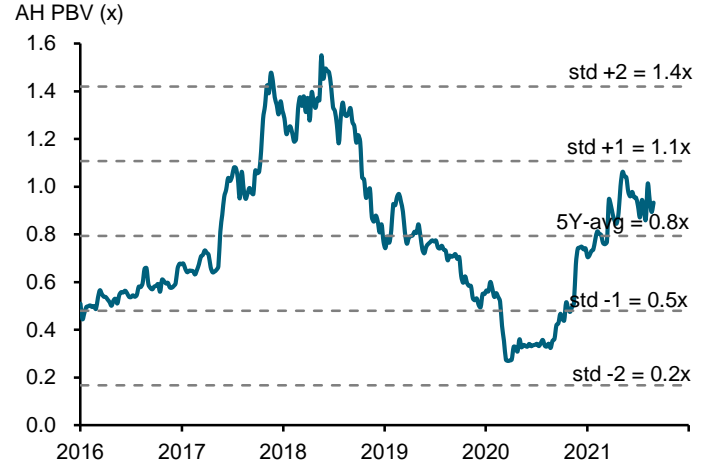
Source: FSSIA estimates

Exhibit 6: Rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 7: 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)
<b>Gross profit</b>	<b>2,384</b>	<b>2,116</b>	<b>2,736</b>	<b>3,164</b>	<b>3,372</b>
Other operating income	-	-	-	-	-
Operating costs	(1,091)	(1,333)	(1,448)	(1,699)	(1,827)
<b>Operating EBITDA</b>	<b>1,293</b>	<b>783</b>	<b>1,289</b>	<b>1,465</b>	<b>1,545</b>
Depreciation	(699)	(998)	(736)	(708)	(682)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>594</b>	<b>(215)</b>	<b>552</b>	<b>757</b>	<b>863</b>
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
<b>Profit before tax</b>	<b>57</b>	<b>175</b>	<b>1,099</b>	<b>1,484</b>	<b>1,677</b>
Tax	(224)	(12)	(88)	(126)	(151)
<b>Profit after tax</b>	<b>(168)</b>	<b>163</b>	<b>1,011</b>	<b>1,357</b>	<b>1,526</b>
Minority interests	(13)	(15)	(17)	(20)	(22)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>(181)</b>	<b>148</b>	<b>994</b>	<b>1,337</b>	<b>1,504</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>1,122</b>	<b>(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>941</b>	<b>146</b>	<b>994</b>	<b>1,337</b>	<b>1,504</b>
<b>Per share (THB)</b>					
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
<b>Growth</b>					
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
<b>Operating performance</b>					
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)	2019	2020	2021E	2022E	2023E
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
<b>Cash flow from operations</b>	<b>1,507</b>	<b>364</b>	<b>2,332</b>	<b>1,933</b>	<b>2,497</b>
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
<b>Cash flow from investing</b>	<b>(1,615)</b>	<b>(408)</b>	<b>(343)</b>	<b>(450)</b>	<b>(651)</b>
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
<b>Cash flow from financing</b>	<b>(40)</b>	<b>232</b>	<b>(1,246)</b>	<b>(648)</b>	<b>(680)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>125</b>	<b>(92)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>(22)</b>	<b>97</b>	<b>743</b>	<b>836</b>	<b>1,166</b>
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
<b>Per share (THB)</b>					
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)
<b>Tangible fixed assets (net)</b>	<b>8,028</b>	<b>7,773</b>	<b>7,488</b>	<b>7,355</b>	<b>7,446</b>
<b>Intangible fixed assets (net)</b>	<b>2,209</b>	<b>3,143</b>	<b>3,043</b>	<b>2,949</b>	<b>2,856</b>
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
<b>Current assets</b>	<b>5,856</b>	<b>6,566</b>	<b>6,962</b>	<b>8,516</b>	<b>9,769</b>
Other assets	1,159	1,148	796	802	791
<b>Total assets</b>	<b>21,246</b>	<b>22,346</b>	<b>22,006</b>	<b>23,339</b>	<b>24,578</b>
Common equity	7,228	7,473	8,136	9,026	9,950
Minorities etc.	252	268	285	305	327
<b>Total shareholders' equity</b>	<b>7,480</b>	<b>7,741</b>	<b>8,422</b>	<b>9,331</b>	<b>10,277</b>
Long term debt	4,788	5,597	4,800	4,700	4,600
Other long-term liabilities	578	562	618	692	726
<b>Long-term liabilities</b>	<b>5,367</b>	<b>6,158</b>	<b>5,418</b>	<b>5,392</b>	<b>5,326</b>
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
<b>Current liabilities</b>	<b>8,399</b>	<b>8,446</b>	<b>8,166</b>	<b>8,616</b>	<b>8,975</b>
<b>Total liabilities and shareholders' equity</b>	<b>21,246</b>	<b>22,346</b>	<b>22,006</b>	<b>23,339</b>	<b>24,578</b>
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					
<b>Per share (THB)</b>					
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
<b>Financial strength</b>					
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
<b>Recurring P/E (x) *</b>	<b>7.9</b>	<b>50.6</b>	<b>8.2</b>	<b>6.1</b>	<b>5.4</b>
<b>Recurring P/E @ target price (x) *</b>	<b>10.6</b>	<b>68.1</b>	<b>11.0</b>	<b>8.2</b>	<b>7.3</b>
Reported P/E (x)	(40.8)	50.0	8.2	6.1	5.4
Dividend yield (%)	4.1	0.7	4.3	5.8	7.4
Price/book (x)	1.0	1.0	1.0	0.9	0.8
Price/tangible book (x)	1.5	1.7	1.6	1.3	1.1
EV/EBITDA (x) **	11.9	21.0	12.0	9.9	8.6
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	0.8
* Pre-exceptional, pre-goodwill and fully diluted    ** EBITDA includes associate income and recurring non-operating income					

Sources: AAPICO Hitech; FSSIA estimates

30 AUGUST 2021

THAILAND / AUTOMOTIVES

## SOMBOON ADVANCE TECHNOLOGY

## SAT TB

BUY

UNCHANGED

TARGET PRICE	THB29.00
CLOSE	THB21.20
UP/DOWNSIDE	+36.8%
PRIOR TP	THB29.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+10.4%

## Solid long-term outlook

## Conservative view from the company

We still have a positive view on SAT's outlook, despite the company's conservative view on the higher steel price that may pressure its GPM in 2H21. SAT indicated that the continuous increase in the steel price since the beginning of the year should start to pressure its GPM in 3Q21 following an increase in the price of the steel used for axle shafts. The company has around 3-6 months of lead time before it can pass through its costs to the customers.

## Manageable impact on higher steel price

SAT stated that if the higher raw material price impact amounts to 100%, 50% of the impact would already have been recognised in the cost of goods sold (COGs) in 1H21. The remaining 50% could be divided into a 25% impact in 3Q21 and 25% in 4Q21. Therefore, if SAT has already recognised a 50% increase in the steel price in 1H21, then its GPM at 20.3% would have already recognised 50% of the impact of the higher steel price. SAT's 2H21 GPM may be slightly lower than in 1H21 due to the higher raw material costs and lower car production numbers compared with 1H21. Note that SAT's raw material costs contribute about 54-63% of its COGs, with an average of 58%.

## Softer 3Q21 but expect strong growth in 4Q21

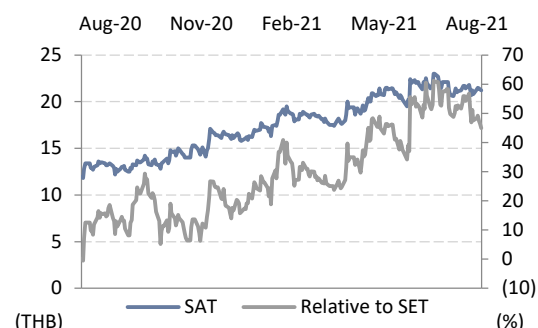
Car production in Jul-21 looks weak, dropping by 9% m-m. This was due to the Covid impact in Thailand and other countries and the Toyota plant shutdowns. Aug-21 car production will likely post a similar trend. We think this impact is minimal, as Toyota contributes 21% of SAT's total revenue and we expect it to ramp up its production volume in the future. The Covid situation in Thailand, as well as the rest of the world, should improve continuously thanks to the vaccination rollouts.

## Maintain BUY with TP of THB29

SAT's outlook may soften due to the weaker earnings we expect to see in 3Q21 but we still have a positive view on the company in the long term. Its 4Q21 performance should bounce back after the Covid situation improves. SAT's 2022 outlook remains solid, in our view, premised on 1) the recovery of the global economy; 2) new orders; 3) a more stable steel price; 4) an improvement in the semiconductor shortage; and 5) future investments. Maintain BUY on SAT with our TP of THB29. SAT offers an attractive dividend yield and has a strong financial position.

## KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	5,883	8,010	8,842	9,461
Net profit	371	964	1,117	1,218
EPS (THB)	0.87	2.27	2.63	2.86
vs Consensus (%)	-	3.5	4.1	1.8
EBITDA	910	1,437	1,581	1,682
Core net profit	385	964	1,117	1,218
Core EPS (THB)	0.91	2.27	2.63	2.86
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	(56.9)	150.1	15.9	9.0
Core P/E (x)	23.4	9.4	8.1	7.4
Dividend yield (%)	2.8	7.5	8.8	9.6
EV/EBITDA (x)	7.9	4.6	3.9	3.5
Price/book (x)	1.3	1.2	1.1	1.0
Net debt/Equity (%)	(26.1)	(32.0)	(34.5)	(35.9)
ROE (%)	5.4	13.0	14.0	14.5



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(4.1)	(0.9)	72.4
Relative to country (%)	(9.4)	(2.7)	41.6
Mkt cap (USD m)	276		
3m avg. daily turnover (USD m)	1.7		
Free float (%)	64		
Major shareholder	Kitapanich Family (44%)		
12m high/low (THB)	23.50/11.50		
Issued shares (m)	425.19		

Sources: Bloomberg consensus; FSSIA estimates



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## Investment thesis

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

SAT is the safest company in the automotive sector, in our view, as it has no debt and holds more than THB2.5b in cash, equal to THB6 per share. The company has a solid earnings outlook, as Thailand's automobile manufacturing industry is one of the largest drivers of the country's economy. The demand for new cars in Thailand has consistently remained at 0.8m-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 in 2022, which would directly benefit SAT.

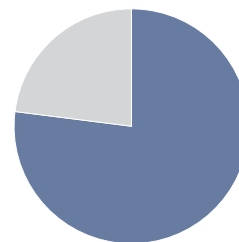
## Company profile

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

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

## Principal activities (revenue, 2020)

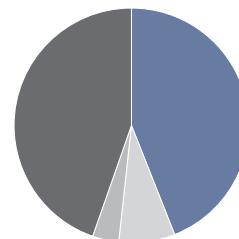
■ Auto - 77.0 % ■ Non-auto - 23.0 %



Source: Somboon Advance Technology

## Major shareholders

■ Kitapanich Family - 44.0 %  
 ■ Thai NVDR - 7.7 %  
 ■ NORTRUST NOMINEES - 3.6 %  
 ■ Others - 44.6 %



Source: Somboon Advance Technology

## Catalysts

- The strong recovery of Thailand's car manufacturing industry in 2021;
- Cost reduction program;
- Solid dividend yield track record at 5-7% p.a.

## Risks to our call

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.

## Event calendar

Date	Event
Nov-21	3Q21 results announcement

## Key assumptions

	2021E (%)	2022E (%)	2023E (%)
Car production growth	29	9	7
Kubota tractor growth	20	4	7

Source: FSSIA estimates

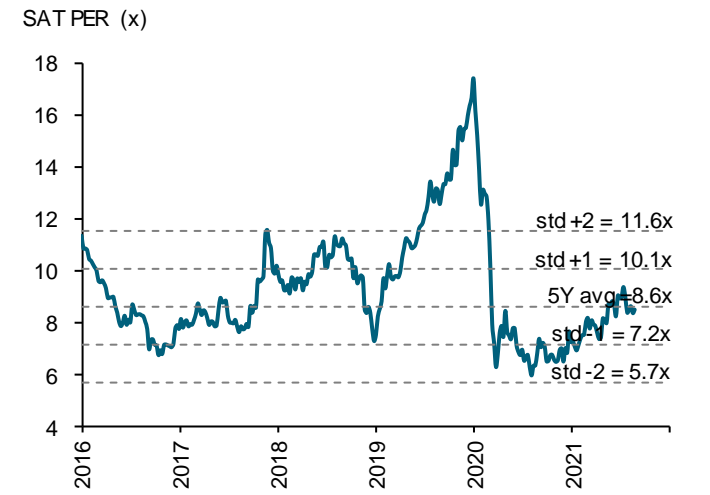
## Earnings sensitivity

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

Source: FSSIA estimates

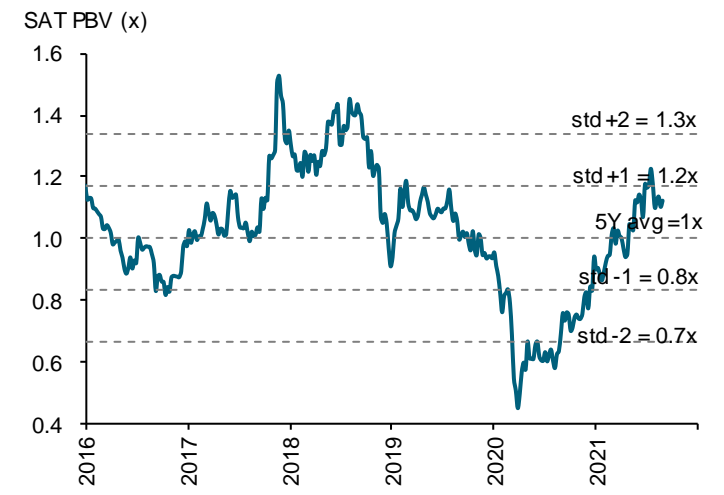


**Exhibit 8: Rolling one-year forward P/E band**



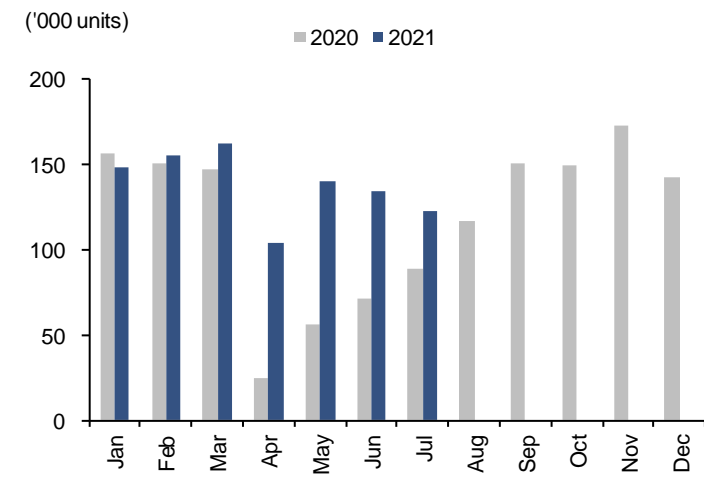
Sources: Bloomberg; FSSIA estimates

**Exhibit 9: Rolling one-year forward P/BV band**



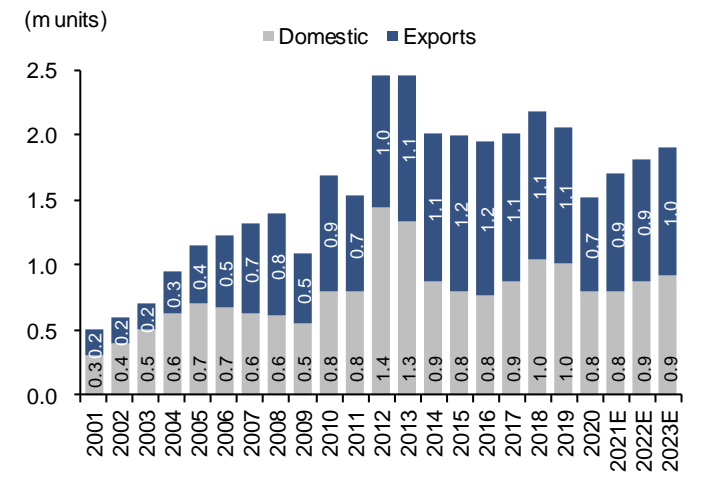
Sources: Bloomberg; FSSIA estimates

**Exhibit 10: Monthly car production**



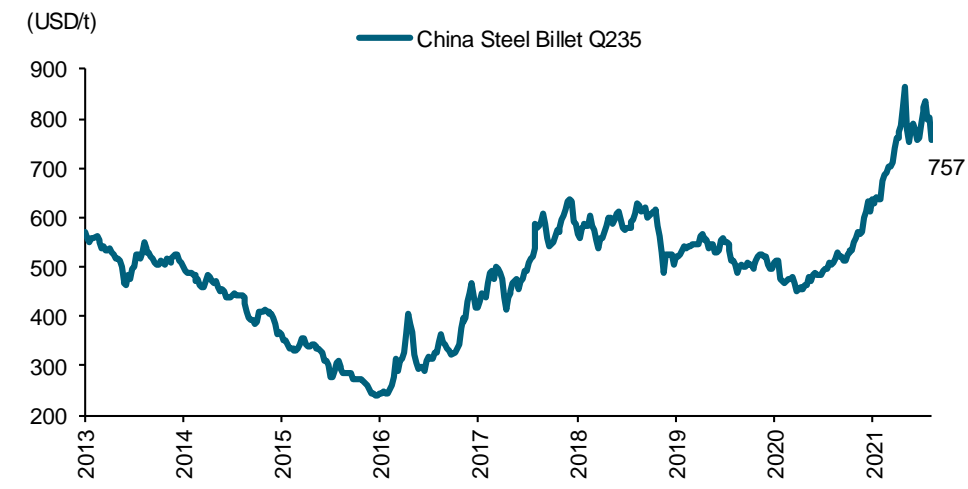
Sources: Thai Automotive Industry Association; FSSIA estimates

**Exhibit 11: Thailand car sales and exports forecast**



Sources: Thai Automotive Industry Association; FSSIA estimates

**Exhibit 12: Steel price**



Source: Bloomberg

## Financial Statements

Somboon Advance Technology

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	8,006	5,883	8,010	8,842	9,461
Cost of goods sold	(5,869)	(4,372)	(5,804)	(6,456)	(6,928)
<b>Gross profit</b>	<b>2,137</b>	<b>1,511</b>	<b>2,206</b>	<b>2,386</b>	<b>2,533</b>
Other operating income	-	-	-	-	-
Operating costs	(736)	(601)	(769)	(805)	(852)
<b>Operating EBITDA</b>	<b>1,401</b>	<b>910</b>	<b>1,437</b>	<b>1,581</b>	<b>1,682</b>
Depreciation	(643)	(620)	(604)	(618)	(622)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>757</b>	<b>290</b>	<b>833</b>	<b>964</b>	<b>1,060</b>
Net financing costs	(11)	(8)	(5)	(4)	(4)
Associates	59	3	120	133	142
Recurring non-operating income	252	147	264	309	331
Non-recurring items	0	(15)	0	0	0
<b>Profit before tax</b>	<b>998</b>	<b>415</b>	<b>1,092</b>	<b>1,269</b>	<b>1,386</b>
Tax	(100)	(40)	(120)	(140)	(153)
<b>Profit after tax</b>	<b>899</b>	<b>374</b>	<b>972</b>	<b>1,129</b>	<b>1,234</b>
Minority interests	(4)	(4)	(8)	(12)	(16)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>895</b>	<b>371</b>	<b>964</b>	<b>1,117</b>	<b>1,218</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>15</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>894</b>	<b>385</b>	<b>964</b>	<b>1,117</b>	<b>1,218</b>
<b>Per share (THB)</b>					
Recurring EPS *	2.10	0.91	2.27	2.63	2.86
Reported EPS	2.10	0.87	2.27	2.63	2.86
DPS	1.35	0.60	1.60	1.86	2.03
Diluted shares (used to calculate per share data)	425	425	425	425	425
<b>Growth</b>					
Revenue (%)	(2.3)	(26.5)	36.2	10.4	7.0
Operating EBITDA (%)	(6.0)	(35.0)	57.9	10.0	6.3
Operating EBIT (%)	(8.5)	(61.7)	186.9	15.7	9.9
Recurring EPS (%)	(1.9)	(56.9)	150.1	15.9	9.0
Reported EPS (%)	(2.3)	(58.6)	159.9	15.9	9.0
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	18.7	15.1	20.0	20.0	20.2
Gross margin of key business (%)	0.2	0.2	0.2	0.2	0.2
Operating EBITDA margin (%)	17.5	15.5	17.9	17.9	17.8
Operating EBIT margin (%)	9.5	4.9	10.4	10.9	11.2
Net margin (%)	11.2	6.6	12.0	12.6	12.9
Effective tax rate (%)	-10.0	-9.7	-11.0	-11.0	-11.0
Dividend payout on recurring profit (%)	64.2	66.2	70.6	70.8	70.9
Interest cover (X)	94.6	56.4	202.1	293.2	320.3
Inventory days	32.5	47.4	34.3	31.3	31.7
Debtor days	66.7	85.6	64.9	64.7	63.8
Creditor days	88.9	111.7	86.2	83.5	84.4
Operating ROIC (%)	15.0	6.2	18.8	21.7	23.8
ROIC (%)	16.5	7.5	19.7	22.4	23.8
ROE (%)	12.7	5.4	13.0	14.0	14.5
ROA (%)	9.9	4.3	10.5	11.3	11.6
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Auto	6,404	4,530	6,393	7,169	7,670
Non-auto	1,601	1,353	1,617	1,674	1,791

Sources: Somboon Advance Technology; FSSIA estimates

## Financial Statements

Somboon Advance Technology

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	894	385	964	1,117	1,218
Depreciation	643	620	604	618	622
Associates & minorities	-	4	8	12	16
Other non-cash items	(88)	(109)	47	12	16
Change in working capital	(153)	128	(48)	23	(50)
<b>Cash flow from operations</b>	<b>1,297</b>	<b>1,028</b>	<b>1,575</b>	<b>1,782</b>	<b>1,822</b>
Capex - maintenance	(253)	(283)	(357)	(427)	(427)
Capex - new investment	(108)	(121)	(153)	(183)	(183)
Net acquisitions & disposals	4	17	0	0	0
Other investments (net)	121	329	(120)	(133)	(142)
<b>Cash flow from investing</b>	<b>(237)</b>	<b>(59)</b>	<b>(630)</b>	<b>(743)</b>	<b>(752)</b>
Dividends paid	(574)	(476)	(262)	(680)	(791)
Equity finance	0	0	0	0	0
Debt finance	0	(187)	(35)	0	0
Other financing cash flows	(11)	(29)	(11)	0	0
<b>Cash flow from financing</b>	<b>(585)</b>	<b>(692)</b>	<b>(309)</b>	<b>(680)</b>	<b>(791)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>(136)</b>	<b>0</b>	<b>(12)</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>340</b>	<b>277</b>	<b>624</b>	<b>359</b>	<b>280</b>
Free cash flow to firm (FCFF)	1,071.31	977.18	950.33	1,043.37	1,074.58
Free cash flow to equity (FCFE)	913.90	753.56	886.06	1,039.03	1,070.24
<b>Per share (THB)</b>					
FCFF per share	2.52	2.30	2.24	2.45	2.53
FCFE per share	2.15	1.77	2.08	2.44	2.52
Recurring cash flow per share	3.41	2.12	3.82	4.14	4.40
Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	11,575	11,605	12,105	12,705	13,305
Less: Accumulated depreciation	(7,978)	(8,202)	(8,794)	(9,399)	(10,009)
<b>Tangible fixed assets (net)</b>	<b>3,596</b>	<b>3,403</b>	<b>3,311</b>	<b>3,306</b>	<b>3,296</b>
<b>Intangible fixed assets (net)</b>	<b>74</b>	<b>70</b>	<b>41</b>	<b>39</b>	<b>37</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	973	867	987	1,120	1,262
Cash & equivalents	1,703	1,981	2,604	2,963	3,243
A/C receivable	1,448	1,311	1,536	1,599	1,711
Inventories	570	565	527	581	621
Other current assets	860	550	567	584	601
<b>Current assets</b>	<b>4,581</b>	<b>4,407</b>	<b>5,234</b>	<b>5,727</b>	<b>6,175</b>
Other assets	88	208	138	147	153
<b>Total assets</b>	<b>9,312</b>	<b>8,955</b>	<b>9,712</b>	<b>10,339</b>	<b>10,923</b>
Common equity	7,158	7,042	7,752	8,201	8,644
Minorities etc.	45	48	56	68	84
<b>Total shareholders' equity</b>	<b>7,203</b>	<b>7,091</b>	<b>7,808</b>	<b>8,269</b>	<b>8,729</b>
Long term debt	118	59	109	109	109
Other long-term liabilities	355	305	309	324	340
<b>Long-term liabilities</b>	<b>473</b>	<b>364</b>	<b>417</b>	<b>433</b>	<b>449</b>
A/C payable	1,340	1,337	1,404	1,550	1,655
Short term debt	199	71	0	0	0
Other current liabilities	97	93	82	86	91
<b>Current liabilities</b>	<b>1,636</b>	<b>1,501</b>	<b>1,487</b>	<b>1,637</b>	<b>1,746</b>
<b>Total liabilities and shareholders' equity</b>	<b>9,311</b>	<b>8,955</b>	<b>9,712</b>	<b>10,339</b>	<b>10,923</b>
Net working capital	1,442	996	1,143	1,127	1,187
Invested capital	6,173	5,545	5,621	5,739	5,935
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	16.83	16.56	18.23	19.29	20.33
Tangible book value per share	16.66	16.40	18.13	19.20	20.24
<b>Financial strength</b>					
Net debt/equity (%)	(19.2)	(26.1)	(32.0)	(34.5)	(35.9)
Net debt/total assets (%)	(14.9)	(20.7)	(25.7)	(27.6)	(28.7)
Current ratio (x)	2.8	2.9	3.5	3.5	3.5
CF interest cover (x)	96.9	113.8	192.4	282.4	289.6
Valuation	2019	2020	2021E	2022E	2023E
<b>Recurring P/E (x) *</b>	<b>10.1</b>	<b>23.4</b>	<b>9.4</b>	<b>8.1</b>	<b>7.4</b>
<b>Recurring P/E @ target price (x) *</b>	<b>13.8</b>	<b>32.0</b>	<b>12.8</b>	<b>11.0</b>	<b>10.1</b>
Reported P/E (x)	10.1	24.3	9.4	8.1	7.4
Dividend yield (%)	6.4	2.8	7.5	8.8	9.6
Price/book (x)	1.3	1.3	1.2	1.1	1.0
Price/tangible book (x)	1.3	1.3	1.2	1.1	1.0
EV/EBITDA (x) **	5.5	7.9	4.6	3.9	3.5
EV/EBITDA @ target price (x) **	7.8	11.6	6.9	6.0	5.5
EV/invested capital (x)	1.2	1.3	1.2	1.1	1.0
* Pre-exceptional, pre-goodwill and fully diluted    ** EBITDA includes associate income and recurring non-operating income					

Sources: Somboon Advance Technology; FSSIA estimates



30 AUGUST 2021

THAILAND / TRANSPORT &amp; LOGISTICS

# NAM YONG TERMINAL NYT TB

## BUY

UNCHANGED

TARGET PRICE	THB5.50
CLOSE	THB4.36
UP/DOWNSIDE	+26.1%
PRIOR TP	THB5.50
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-1.8%

## Short-term pain but long-term gain

### Impact from new business

NYT's 2Q21 results were slightly lower than our expectation as the company had to recognise the cost of its new ferry business, providing marine transportation services for vehicles and passengers. This business was unable to operate due to the government restrictions in place to avoid a new Covid cluster. NYT has had to recognise the cost but has not yet begun operations and gained revenue. This should put short-term pressure on NYT's net profit in 3Q21. The company may be able to operate this business and start recognising revenue in 4Q21 after the Covid situation potentially improves.

### Downside risk on 2021 net profit

NYT's 1H21 earnings only accounted for 37% of our full-year forecast. In addition, the recognition cost of operations due to the ferry business could be a downside risk to our full-year earnings forecast for 2021 at THB389m (+70% y-y). However, we believe this impact will only hurt the company in the short term. Once the ferry business can start operating, possibly in 4Q21, we believe NYT's earnings should greatly improve.

### Slowdown in car exports in 3Q21 but expect a recovery in 4Q21

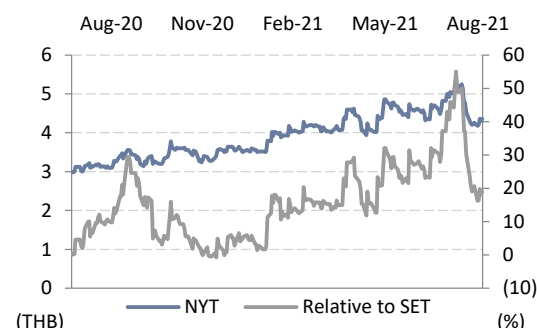
Car exports in Jul-21 dropped 15% m-m due to the semiconductor shortage and the Covid impact. We expect the exports in Aug-21 to have a similar trend before posting a recovery starting from Sep-21. Thailand just needs monthly exports of 71,184 units for the rest of this year in order to achieve our estimate at 0.9m units (+22% y-y), lower than the average monthly exports at 77,726 units YTD.

### Maintain BUY with TP of THB5.50

The slowdown in car exports and its inability to operate its ferry business could be short-term downside risks for NYT. Looking to next year, with the expectation of a recovery on car exports after the Covid situation improves globally, along with the operation of its ferry business, NYT should have solid net profit growth in 2022. NYT's share price was at THB5.50 in early Aug-21, its highest share price in the past three years and also our TP, before dropping significantly by over 20%. We believe that this is a good time to reinvest in NYT given its strong 2022 outlook. The company still offers a decent dividend yield of over 6% p.a. Maintain BUY on NYT with our 2022 P/E-based TP of THB5.50.

### KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	1,195	1,422	1,526	1,691
Net profit	229	389	419	467
EPS (THB)	0.18	0.31	0.34	0.38
vs Consensus (%)	-	25.0	11.5	8.6
EBITDA	848	841	856	889
Core net profit	243	389	419	467
Core EPS (THB)	0.20	0.31	0.34	0.38
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	(33.7)	59.9	7.6	11.5
Core P/E (x)	22.2	13.9	12.9	11.6
Dividend yield (%)	4.6	6.5	7.0	7.8
EV/EBITDA (x)	8.5	8.3	7.9	7.4
Price/book (x)	1.7	1.7	1.6	1.6
Net debt/Equity (%)	54.5	46.9	40.2	33.6
ROE (%)	6.9	11.9	12.7	14.0



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(12.8)	(1.8)	46.3
Relative to country (%)	(17.6)	(3.6)	20.2
Mkt cap (USD m)	166		
3m avg. daily turnover (USD m)	2.2		
Free float (%)	41		
Major shareholder	Nam Yuen Yong Shipping (25%)		
12m high/low (THB)	5.50/2.96		
Issued shares (m)	1,240.00		

Sources: Bloomberg consensus; FSSIA estimates



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## Investment thesis

NYT is the terminal operator with the highest volume of cars exported through Thailand, and has an approximate market share of 80%, facilitating Thailand's total car exports. NYT provides a full scope of services for car exports and imports through A5 Terminal, which can be categorised as follows:

- 1) Terminal services;
- 2) Supporting car storage areas and warehousing services;
- 3) Other services related to its core business.

The company has a solid dividend yield track record of over 5% p.a. Together with being a low beta stock and having a monopoly business, we believe NYT is a good defensive stock for investors looking for a decent yield.

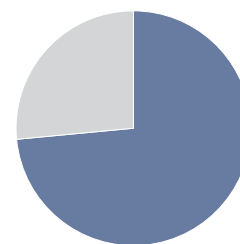
## Company profile

NYT is the roll-on/roll-off and general cargo terminal operator of A5 Terminal which is located at Laem-Chabang Port, Sriracha district, Chonburi.

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

## Principal activities (revenue, 2020)

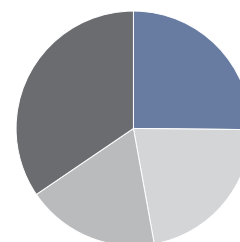
- Seaport and related - 73.5 %
- Warehouse service - 26.5 %



Source: Nam Yong Terminal

## Major shareholders

- Nam Yuen Yong Shipping - 25.2 %
- Leungsuwan Family - 22.0 %
- N.Y.K (Thailand) - 18.3 %
- Others - 34.5 %



Source: Nam Yong Terminal

## Catalysts

- The recovery of the global economy that would boost the demand for cars from Thailand;
- Decent dividend yield of over 5% p.a.

## Risks to our call

The key downside risks to our P/E multiple TP includes 1) weaker-than-expected Thai car exports; and 2) inability to secure an A5 contract extension.

## Event calendar

Date	Event
Nov-21	3Q21 results announcement

## Key assumptions

	2020 (%)	2021E (%)	2022E (%)	2023E (%)
Thailand's car export growth	(30.2)	6.0	12.8	13.0
NYT's revenue growth	(15.8)	9.3	13.6	13.7

Source: FSSIA estimates

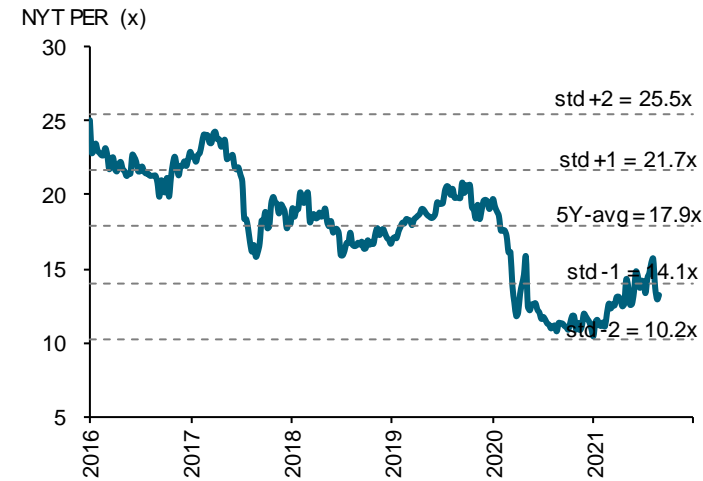
## Earnings sensitivity

- For every 1% increase in Thailand's car exports, we project 2021 earnings to rise by 1.5%, and vice versa, all else being equal.
- For every 1% increase in rental space revenue, we project 2021 earnings to rise by 0.3%, and vice versa, all else being equal.

Source: FSSIA estimates

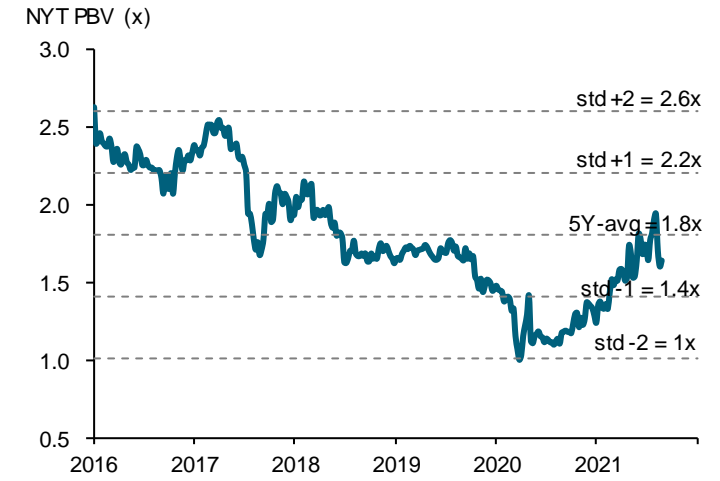


**Exhibit 13: Rolling one-year forward P/E band**



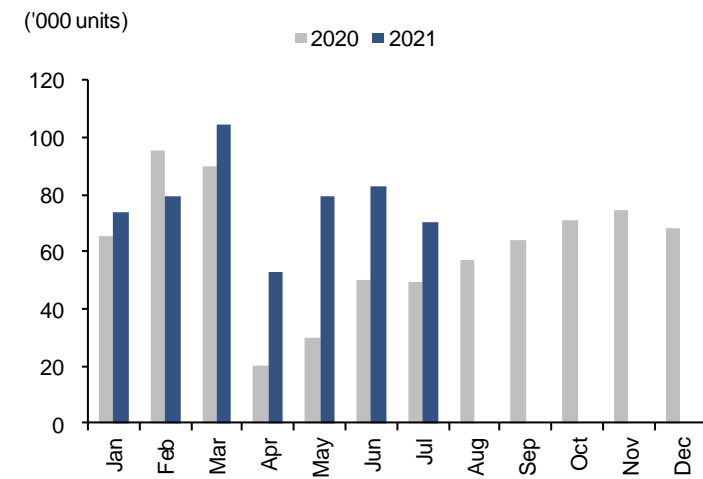
Sources: Bloomberg; FSSIA estimates

**Exhibit 14: Rolling one-year forward P/BV band**



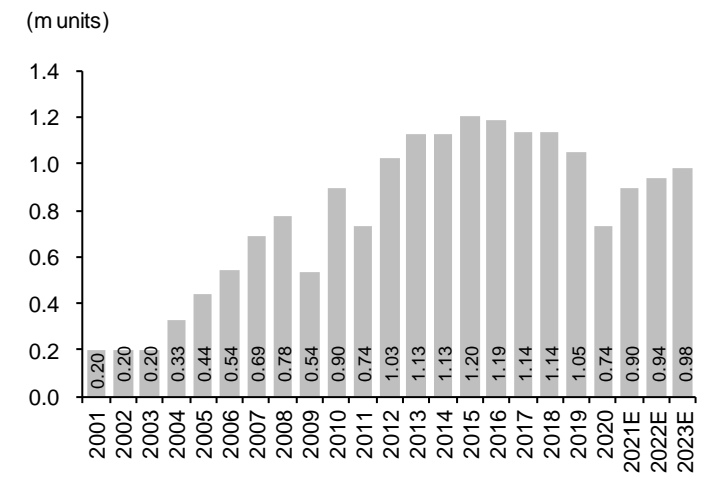
Sources: Bloomberg; FSSIA estimates

**Exhibit 15: Monthly car exports**



Source: Thai Automotive Industry Association

**Exhibit 16: Thailand car exports forecast**



Sources: Thai Automotive Industry Association; FSSIA estimates

**Exhibit 17: Monthly car output required to meet FSSIA's 2021 estimate**

	YTD (units)	Monthly average (units)	2021 estimate (units)	Monthly required (units)
Car production	967,453	138,208	1,650,000	136,509
Domestic sales	417,353	59,622	800,000	76,529
Exports	544,079	77,726	900,000	71,184

Sources: Thai Automotive Industry Association; FSSIA estimates

# Financial Statements

Nam Yong Terminal

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	1,419	1,195	1,422	1,526	1,691
Cost of goods sold	(575)	(192)	(423)	(501)	(614)
<b>Gross profit</b>	<b>844</b>	<b>1,003</b>	<b>999</b>	<b>1,025</b>	<b>1,077</b>
Other operating income	7	5	7	8	8
Operating costs	(161)	(160)	(165)	(177)	(196)
<b>Operating EBITDA</b>	<b>690</b>	<b>848</b>	<b>841</b>	<b>856</b>	<b>889</b>
Depreciation	(207)	(429)	(333)	(307)	(284)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>483</b>	<b>419</b>	<b>508</b>	<b>549</b>	<b>606</b>
Net financing costs	22	(53)	(46)	(41)	(35)
Associates	(36)	(55)	2	8	13
Recurring non-operating income	(36)	(55)	2	8	13
Non-recurring items	9	(15)	0	0	0
<b>Profit before tax</b>	<b>479</b>	<b>296</b>	<b>464</b>	<b>516</b>	<b>584</b>
Tax	(102)	(69)	(93)	(103)	(117)
<b>Profit after tax</b>	<b>377</b>	<b>227</b>	<b>371</b>	<b>413</b>	<b>467</b>
Minority interests	0	1	18	6	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>377</b>	<b>229</b>	<b>389</b>	<b>419</b>	<b>467</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(9)</b>	<b>15</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>367</b>	<b>243</b>	<b>389</b>	<b>419</b>	<b>467</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.30	0.20	0.31	0.34	0.38
Reported EPS	0.30	0.18	0.31	0.34	0.38
DPS	0.50	0.20	0.28	0.30	0.34
Diluted shares (used to calculate per share data)	1,240	1,240	1,240	1,240	1,240
<b>Growth</b>					
Revenue (%)	(0.6)	(15.8)	19.0	7.3	10.8
Operating EBITDA (%)	(0.8)	22.8	(0.8)	1.7	4.0
Operating EBIT (%)	1.4	(13.3)	21.3	8.0	10.4
Recurring EPS (%)	(9.4)	(33.7)	59.9	7.6	11.5
Reported EPS (%)	(7.0)	(39.3)	70.3	7.6	11.5
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	44.9	48.0	46.9	47.1	46.9
Gross margin of key business (%)	-	-	-	-	-
Operating EBITDA margin (%)	48.7	71.0	59.1	56.1	52.6
Operating EBIT margin (%)	34.1	35.1	35.8	36.0	35.8
Net margin (%)	25.9	20.4	27.4	27.4	27.6
Effective tax rate (%)	-	-	-	-	-
Dividend payout on recurring profit (%)	168.9	101.9	90.0	90.0	90.0
Interest cover (X)	(20.6)	6.9	11.0	13.6	17.7
Inventory days	-	3.2	3.0	2.8	2.5
Debtor days	31.2	33.4	27.5	29.5	29.0
Creditor days	27.6	46.9	24.6	19.7	6.3
Operating ROIC (%)	21.9	18.4	23.4	25.5	28.1
ROIC (%)	12.7	7.9	9.9	11.3	13.0
ROE (%)	9.7	6.9	11.9	12.7	14.0
ROA (%)	7.9	5.9	7.4	8.3	9.5

\* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2019	2020	2021E	2022E	2023E
Seaport and related	1,129	878	1,080	1,160	1,300
Warehouse service	290	317	342	366	391

Sources: Nam Yong Terminal; FSSIA estimates

## Financial Statements

### Nam Yong Terminal

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	367	243	389	419	467
Depreciation	207	429	333	307	284
Associates & minorities	36	54	(18)	(6)	0
Other non-cash items	2	47	0	0	0
Change in working capital	(43)	(118)	16	(25)	(25)
<b>Cash flow from operations</b>	<b>568</b>	<b>656</b>	<b>720</b>	<b>694</b>	<b>725</b>
Capex - maintenance	(59)	(198)	(70)	(70)	(70)
Capex - new investment	(27)	(86)	(32)	(32)	(32)
Net acquisitions & disposals	(907)	31	0	0	0
Other investments (net)	(144)	460	0	0	0
<b>Cash flow from investing</b>	<b>(1,137)</b>	<b>206</b>	<b>(102)</b>	<b>(102)</b>	<b>(102)</b>
Dividends paid	(372)	(620)	(350)	(377)	(420)
Equity finance	0	0	0	0	0
Debt finance	(2)	(22)	(195)	(180)	(180)
Other financing cash flows	0	(60)	(18)	(6)	0
<b>Cash flow from financing</b>	<b>(374)</b>	<b>(701)</b>	<b>(564)</b>	<b>(563)</b>	<b>(600)</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>(943)</b>	<b>161</b>	<b>54</b>	<b>29</b>	<b>23</b>
Free cash flow to firm (FCFF)	(564.02)	937.20	687.53	657.51	684.03
Free cash flow to equity (FCFE)	(570.75)	781.11	404.47	406.18	443.48
<b>Per share (THB)</b>					
FCFF per share	(0.45)	0.76	0.55	0.53	0.55
FCFE per share	(0.46)	0.63	0.33	0.33	0.36
Recurring cash flow per share	0.49	0.62	0.57	0.58	0.61
Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	2,367	2,646	2,746	2,846	2,946
Less: Accumulated depreciation	(1,339)	(1,444)	(1,581)	(1,711)	(1,836)
<b>Tangible fixed assets (net)</b>	<b>1,029</b>	<b>1,202</b>	<b>1,165</b>	<b>1,135</b>	<b>1,110</b>
<b>Intangible fixed assets (net)</b>	<b>214</b>	<b>1,724</b>	<b>1,530</b>	<b>1,356</b>	<b>1,200</b>
Long-term financial assets	175	189	182	185	183
Invest. in associates & subsidiaries	1,146	1,072	1,072	1,072	1,072
Cash & equivalents	94	255	309	338	361
A/C receivable	124	95	120	127	141
Inventories	0	3	4	4	4
Other current assets	1,519	1,067	1,071	1,071	1,072
<b>Current assets</b>	<b>1,737</b>	<b>1,420</b>	<b>1,504</b>	<b>1,540</b>	<b>1,579</b>
Other assets	55	87	71	79	75
<b>Total assets</b>	<b>4,355</b>	<b>5,693</b>	<b>5,524</b>	<b>5,367</b>	<b>5,218</b>
Common equity	3,792	3,254	3,275	3,310	3,357
Minorities etc.	0	40	22	16	16
<b>Total shareholders' equity</b>	<b>3,792</b>	<b>3,293</b>	<b>3,296</b>	<b>3,326</b>	<b>3,373</b>
Long term debt	0	1,855	1,675	1,495	1,315
Other long-term liabilities	278	163	175	178	181
<b>Long-term liabilities</b>	<b>278</b>	<b>2,018</b>	<b>1,851</b>	<b>1,674</b>	<b>1,496</b>
A/C payable	25	24	33	21	0
Short term debt	0	195	180	180	180
Other current liabilities	260	163	164	166	169
<b>Current liabilities</b>	<b>286</b>	<b>382</b>	<b>377</b>	<b>368</b>	<b>349</b>
<b>Total liabilities and shareholders' equity</b>	<b>4,355</b>	<b>5,693</b>	<b>5,524</b>	<b>5,367</b>	<b>5,218</b>
Net working capital	1,358	978	998	1,015	1,048
Invested capital	3,976	5,252	5,018	4,841	4,688
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	3.06	2.62	2.64	2.67	2.71
Tangible book value per share	2.89	1.23	1.41	1.58	1.74
<b>Financial strength</b>					
Net debt/equity (%)	(2.5)	54.5	46.9	40.2	33.6
Net debt/total assets (%)	(2.1)	31.5	28.0	24.9	21.7
Current ratio (x)	6.1	3.7	4.0	4.2	4.5
CF interest cover (x)	26.1	17.5	10.4	11.7	14.6
Valuation	2019	2020	2021E	2022E	2023E
<b>Recurring P/E (x) *</b>	<b>14.7</b>	<b>22.2</b>	<b>13.9</b>	<b>12.9</b>	<b>11.6</b>
<b>Recurring P/E @ target price (x) *</b>	<b>18.6</b>	<b>28.0</b>	<b>17.5</b>	<b>16.3</b>	<b>14.6</b>
Reported P/E (x)	14.4	23.7	13.9	12.9	11.6
Dividend yield (%)	11.5	4.6	6.5	7.0	7.8
Price/book (x)	1.4	1.7	1.7	1.6	1.6
Price/tangible book (x)	1.5	3.5	3.1	2.8	2.5
EV/EBITDA (x) **	7.7	8.5	8.3	7.9	7.4
EV/EBITDA @ target price (x) **	9.7	10.2	10.0	9.6	9.0
EV/invested capital (x)	1.3	1.4	1.4	1.4	1.4
* Pre-exceptional, pre-goodwill and fully diluted    ** EBITDA includes associate income and recurring non-operating income					

Sources: Nam Yong Terminal; 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	ICHI	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	WIIK	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	HL	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	AMANA	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	SEAOL	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)



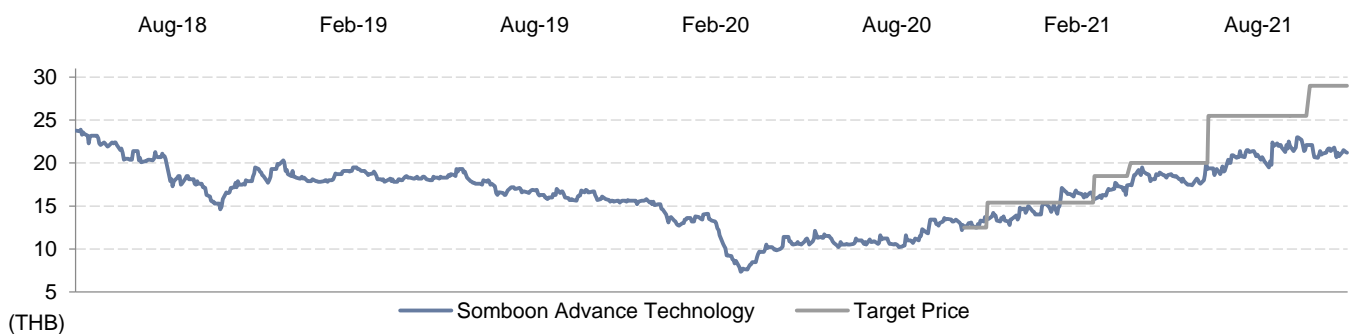
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
01-Oct-2020	HOLD	11.60	04-Dec-2020	BUY	22.00	18-May-2021	BUY	30.80
21-Oct-2020	BUY	14.40	08-Feb-2021	BUY	24.40			
17-Nov-2020	BUY	17.60	15-Mar-2021	BUY	22.00			

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)



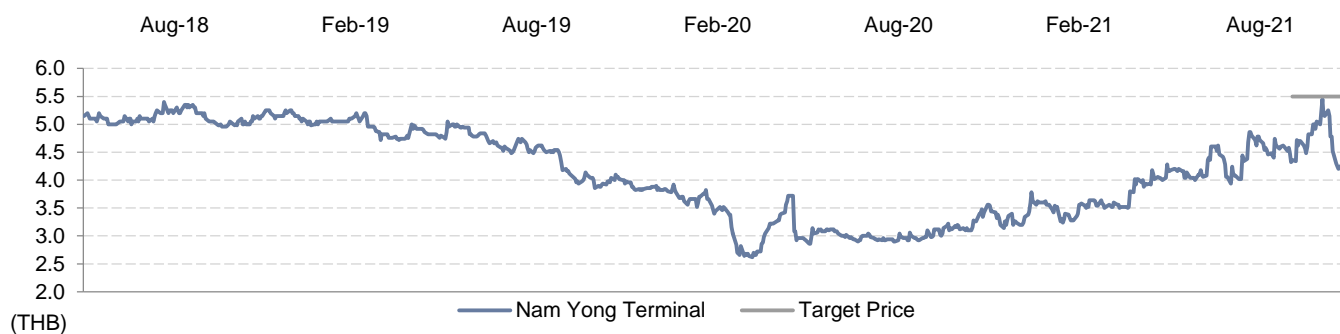
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
01-Oct-2020	HOLD	12.50	21-Jan-2021	BUY	18.50	29-Apr-2021	BUY	25.50
21-Oct-2020	BUY	15.40	19-Feb-2021	BUY	20.00	23-Jul-2021	BUY	29.00

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

Price and TP are in local currency

Source: FSSIA estimates

## Nam Yong Terminal (NYT TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
08-Jul-2021	BUY	5.50	-	-	-	-	-	-

Naruedom Mujjalinkool started covering this stock from 08-Jul-2021

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
AAPICO Hitech	AH TB	THB 22.90	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 21.20	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.
Nam Yong Terminal	NYT TB	THB 4.36	BUY	The key downside risks to our P/E multiple TP includes 1) weaker-than-expected Thai car exports; and 2) inability to secure an A5 contract extension.

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 27-Aug-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.