

27 OCTOBER 2021

THAILAND / AUTOMOTIVES

AAPICO HITECH AH TB

BUY

UNCHANGED

TARGET PRICE	THB29.00
CLOSE	THB21.30
UP/DOWNSIDE	+36.2%
PRIOR TP	THB30.80
CHANGE IN TP	-5.8%
TP vs CONSENSUS	-3.3%

A hiccup before the recovery

Sluggish 3Q21 results expected

We expect AH's core net profit in 3Q21 to fall by 35% q-q to THB135m. The company's revenue should drop by 8% q-q to THB4.4b due to 1) a slowdown in its auto parts production revenue in Thailand on the holiday season and the chip shortage in Portugal; and 2) weak car dealership revenue in both Thailand and Malaysia during the lockdown period. We expect AH's GPM to drop significantly to 10.5% in 3Q21 vs 11.6% in 2Q21, in line with the slowdown in both the car production and sales volumes. Note that AH has the potential to book a significant exchange rate gain following the Thai Baht's continuing depreciation in 3Q21.

Semi-conductor shortage

The semi-conductor shortage is continuing to hurt the car production volume, especially in Portugal. AH's management admits that the impact may continue into next year (they had previously expected that the situation would improve in 4Q21). This could continue to have a negative impact on Portugal's performance until next year. Note that the revenue from Portugal contributes about 20% of AH's total revenue.

Earnings revisions

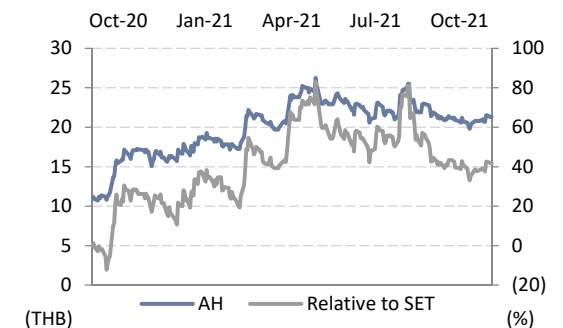
We cut our assumptions on AH's other income significantly for 2021-22 after it changed the accounting methodology for scrap sales which were previously recognised as other income into its revenue. Our GPM forecasts improved from this change. However, we revise down our assumptions on AH's financial performance in 2021 and 2022 in order to reflect the negative impact of Covid-19 on the company's revenue, especially its car dealership business. Consequently, our 2021 net profit estimate has fallen by 8% from our previous expectation to THB910m.

Maintain BUY with a revised TP of THB29

We slightly cut our 2022 TP for AH from THB30.80 to THB29, pegged to 9x 2022E P/E (+0.5 SD), in order to reflect the Covid and chip shortage impacts that continue to pressure the car production volume. However, we still like AH given that the company is trading at a lower valuation than Somboon Advance Technology (SAT TB, BUY, TP THB29), our top pick. AH is now trading at 6.6x 2022E P/E compared with SAT at 8.0x. Maintain BUY on AH as we expect the worst of its earnings to be over and believe it is now entering a recovery stage.

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	17,172	19,558	22,293	23,056
Net profit	148	910	1,143	1,240
EPS (THB)	0.46	2.56	3.22	3.49
vs Consensus (%)	-	(8.8)	(7.3)	(10.7)
EBITDA	783	1,538	1,717	1,773
Core net profit	146	910	1,143	1,240
Core EPS (THB)	0.45	2.56	3.22	3.49
Chg. In EPS est. (%)	-	(8.5)	(14.6)	(17.6)
EPS growth (%)	(84.5)	466.9	25.6	8.5
Core P/E (x)	47.1	8.3	6.6	6.1
Dividend yield (%)	0.7	4.2	5.3	6.6
EV/EBITDA (x)	20.3	9.8	8.2	7.4
Price/book (x)	0.9	0.9	0.9	0.8
Net debt/Equity (%)	113.1	85.9	68.4	51.8
ROE (%)	2.0	11.7	13.5	13.4



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	1.9	(3.6)	95.3
Relative to country (%)	1.6	(9.0)	44.2
Mkt cap (USD m)	228		
3m avg. daily turnover (USD m)	1.8		
Free float (%)	50		
Major shareholder	Thai NVDR (14%)		
12m high/low (THB)	27.25/10.45		
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.

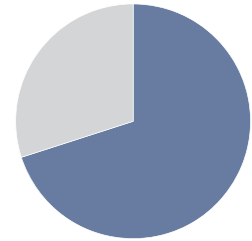
Company profile

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

Principal activities (revenue, 2020)

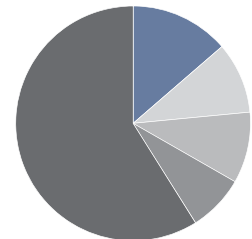
- Manufacture of auto parts - 70.0 %
- Car dealership and others - 30.0 %



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 2021	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 1: 3Q21E results preview

	3Q20	2Q21	3Q21E	Change		9M20	9M21E	Change	2021E
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)	(THB m)
Revenue	4,682	4,833	4,436	(8.2)	(5.3)	11,585	14,855	28.2	19,558
Operating costs	(4,214)	(4,273)	(3,970)	(7.1)	(5.8)	(10,879)	(13,155)	20.9	(17,250)
Gross profit	468	559	466	(16.8)	(0.6)	706	1,700	140.6	2,308
SG&A expenses	(300)	(391)	(362)	(7.4)	20.8	nm	(1,143)	22.2	(1,506)
EBIT	169	168	104	(38.4)	(38.6)	(229)	557	nm	802
Depn & amort.	315	259	247	(4.5)	(21.5)	763	754	(1.2)	736
EBITDA	484	427	351	(17.9)	(27.5)	534	1,311	145.5	1,538
EBITDA margin (%)	10	9	8	nm	nm	5	9	nm	8
Interest expense	(93)	(89)	(86)	(3.6)	(7.7)	(276)	(263)	(4.7)	(340)
Other income	163	104	67	(35.9)	(58.9)	408	223	(45.4)	278
Associates	49	57	62	7.9	26.3	33	207	n.a.	268
Gain/Loss from exchange	52	42	0	n.a.	n.a.	113	145	28.3	0
Pretax profit	340	283	147	(48.3)	(56.8)	49	868	1,684.9	1,008
Tax	(29)	(33)	(12)	(64.1)	(59.1)	(51)	(71)	38.8	(81)
Tax rate (%)	(8)	(12)	(8)	nm	nm	(105)	(8)	nm	(8)
Minority interests	9	0	0	n.a.	n.a.	7	3	n.a.	17
Net profit	302	250	135	(46.1)	(55.3)	(9)	795	n.a.	910
Core net profit	250	208	135	(35.1)	(46.0)	(122)	650	nm	910
EPS (THB)	0.94	0.78	0.38	(51.0)	(59.4)	(0.03)	2.24	nm	2.56
Core EPS (THB)	0.77	0.64	0.38	(41.0)	(50.9)	(0.38)	1.83	nm	2.56

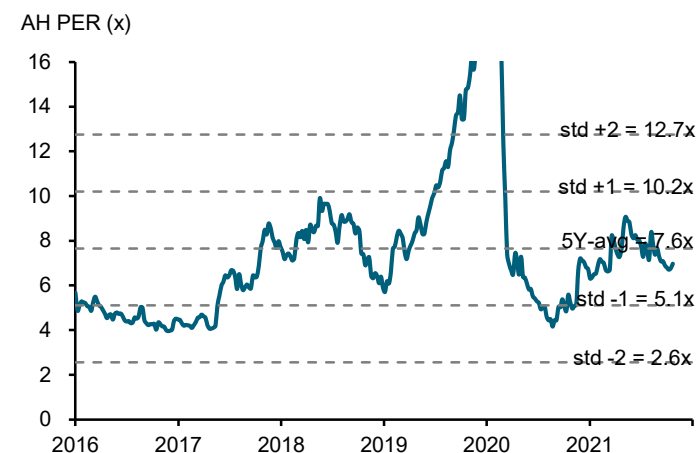
Sources: AH; FSSIA estimates

Exhibit 2: Assumption and forecast changes

	New		Previous		Change	
	2021E	2022E	2021E	2022E	2021E	2022E
	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)
Revenue	19,558	22,293	19,049	22,742	3	(2)
Gross profit	2,308	2,675	2,000	2,456	15	9
Other income	506	553	847	1,018	(40)	(46)
EBITDA	1,538	1,717	1,289	1,465	19	17
Net profit	910	1,143	994	1,337	(8)	(15)
Margin	(%)	(%)	(%)	(%)	(ppt)	(ppt)
GPM	11.8	12.0	10.5	10.8	1.3	1.2
NPM	4.7	5.1	5.2	5.9	(0.6)	(0.8)

Source: FSSIA estimates

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



Sources: Bloomberg; FSSIA estimates

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



Sources: Bloomberg; FSSIA estimates

Financial Statements

AAPICO Hitech

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	18,389	17,172	19,558	22,293	23,056
Cost of goods sold	(16,005)	(15,057)	(16,514)	(18,910)	(19,561)
Gross profit	2,384	2,116	3,044	3,383	3,495
Other operating income	-	-	-	-	-
Operating costs	(1,091)	(1,333)	(1,506)	(1,665)	(1,722)
Operating EBITDA	1,293	783	1,538	1,717	1,773
Depreciation	(699)	(998)	(736)	(708)	(682)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	594	(215)	802	1,010	1,091
Net financing costs	(101)	(338)	(300)	(292)	(288)
Associates	115	101	268	292	302
Recurring non-operating income	685	726	506	553	583
Non-recurring items	(1,122)	2	0	0	0
Profit before tax	57	175	1,008	1,270	1,385
Tax	(224)	(12)	(81)	(108)	(125)
Profit after tax	(168)	163	927	1,162	1,260
Minority interests	(13)	(15)	(17)	(20)	(21)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	(181)	148	910	1,143	1,240
Non-recurring items & goodwill (net)	1,122	(2)	0	0	0
Recurring net profit	941	146	910	1,143	1,240
Per share (THB)					
Recurring EPS *	2.92	0.45	2.56	3.22	3.49
Reported EPS	(0.56)	0.46	2.56	3.22	3.49
DPS	0.94	0.15	0.90	1.13	1.40
Diluted shares (used to calculate per share data)	323	323	355	355	355
Growth					
Revenue (%)	9.9	(6.6)	13.9	14.0	3.4
Operating EBITDA (%)	27.2	(39.4)	96.4	11.7	3.2
Operating EBIT (%)	41.2	nm	nm	25.9	8.0
Recurring EPS (%)	(28.4)	(84.5)	466.9	25.6	8.5
Reported EPS (%)	nm	nm	459.7	25.6	8.5
Operating performance					
Gross margin inc. depreciation (%)	9.2	6.5	11.8	12.0	12.2
Gross margin of key business (%)	-	-	-	-	-
Operating EBITDA margin (%)	7.0	4.6	7.9	7.7	7.7
Operating EBIT margin (%)	3.2	(1.3)	4.1	4.5	4.7
Net margin (%)	5.1	0.8	4.7	5.1	5.4
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	4.4	5.4	5.8
Inventory days	49.3	66.7	57.4	51.0	48.4
Debtor days	43.5	51.2	50.6	45.1	46.7
Creditor days	80.9	103.2	89.9	80.3	81.5
Operating ROIC (%)	7.9	(2.5)	9.1	11.7	12.8
ROIC (%)	8.6	3.1	7.9	9.7	10.5
ROE (%)	12.6	2.0	11.7	13.5	13.4
ROA (%)	5.4	2.3	5.5	6.5	6.6
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
2019	2020	2021E	2022E	2023E	
Manufacture of auto parts	12,908	12,028	14,875	16,277	17,525
Car dealership and others	5,481	5,144	4,683	6,016	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	910	1,143	1,240
Depreciation	699	998	736	708	682
Associates & minorities	13	15	17	20	21
Other non-cash items	(76)	134	405	27	8
Change in working capital	(69)	(928)	144	(133)	283
Cash flow from operations	1,507	364	2,213	1,764	2,233
Capex - maintenance	(702)	(446)	(263)	(336)	(476)
Capex - new investment	(301)	(191)	(113)	(144)	(204)
Net acquisitions & disposals	40	84	0	0	0
Other investments (net)	(652)	145	32	30	29
Cash flow from investing	(1,615)	(408)	(343)	(450)	(651)
Dividends paid	(304)	(48)	(318)	(400)	(496)
Equity finance	108	0	0	0	0
Debt finance	484	755	(915)	(200)	(100)
Other financing cash flows	(329)	(474)	17	20	21
Cash flow from financing	(40)	232	(1,216)	(580)	(575)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	125	(92)	0	0	0
Movement in cash	(22)	97	654	734	1,006
Free cash flow to firm (FCFF)	188.48	329.01	2,210.09	1,646.38	1,909.71
Free cash flow to equity (FCFE)	173.21	145.30	972.07	1,134.27	1,502.27

Per share (THB)	2019	2020	2021E	2022E	2023E
FCFF per share	0.53	0.93	6.23	4.64	5.38
FCFE per share	0.49	0.41	2.74	3.20	4.23
Recurring cash flow per share	4.89	4.01	5.83	5.35	5.50

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	18,640	19,021	19,298	19,698	20,298
Less: Accumulated depreciation	(10,612)	(11,248)	(11,810)	(12,343)	(12,852)
Tangible fixed assets (net)	8,028	7,773	7,488	7,355	7,446
Intangible fixed assets (net)	2,209	3,143	3,043	2,949	2,856
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	3,994	3,716	3,716	3,716	3,716
Cash & equivalents	592	690	1,343	2,077	3,083
A/C receivable	1,968	2,846	2,572	2,932	2,969
Inventories	2,909	2,596	2,599	2,687	2,496
Other current assets	386	435	456	479	503
Current assets	5,856	6,566	6,970	8,175	9,051
Other assets	1,159	1,148	801	798	777
Total assets	21,246	22,346	22,019	22,993	23,846
Common equity	7,228	7,473	8,082	8,844	9,609
Minorities etc.	252	268	286	305	326
Total shareholders' equity	7,480	7,741	8,368	9,150	9,935
Long term debt	4,788	5,597	4,800	4,700	4,600
Other long-term liabilities	578	562	628	683	698
Long-term liabilities	5,367	6,158	5,428	5,383	5,298
A/C payable	4,397	4,119	4,017	4,300	4,437
Short term debt	3,522	3,852	3,733	3,633	3,633
Other current liabilities	480	476	473	528	543
Current liabilities	8,399	8,446	8,223	8,461	8,613
Total liabilities and shareholders' equity	21,246	22,346	22,019	22,993	23,846
Net working capital	386	1,282	1,138	1,271	988
Invested capital	15,777	17,062	16,186	16,089	15,783

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

Per share (THB)	2019	2020	2021E	2022E	2023E
Book value per share	22.41	23.17	22.78	24.93	27.08
Tangible book value per share	15.56	13.42	14.20	16.61	19.03

Financial strength	2019	2020	2021E	2022E	2023E
Net debt/equity (%)	103.2	113.1	85.9	68.4	51.8
Net debt/total assets (%)	36.3	39.2	32.7	27.2	21.6
Current ratio (x)	0.7	0.8	0.8	1.0	1.1
CF interest cover (x)	5.7	2.0	4.6	5.4	6.9

Valuation	2019	2020	2021E	2022E	2023E
Recurring P/E (x) *	7.3	47.1	8.3	6.6	6.1
Recurring P/E @ target price (x) *	9.9	64.1	11.3	9.0	8.3
Reported P/E (x)	(37.9)	46.5	8.3	6.6	6.1
Dividend yield (%)	4.4	0.7	4.2	5.3	6.6
Price/book (x)	1.0	0.9	0.9	0.9	0.8
Price/tangible book (x)	1.4	1.6	1.5	1.3	1.1
EV/EBITDA (x) **	11.5	20.3	9.8	8.2	7.4
EV/EBITDA @ target price (x) **	13.4	23.5	11.6	9.8	8.9
EV/invested capital (x)	0.9	0.9	0.9	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

Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PCSGH	PDJ	PG	PHOL	PLANB	PLANET
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEAOIL	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	TTB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TRC	TSC	TSR	TSTE	TSTH
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	TTB	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

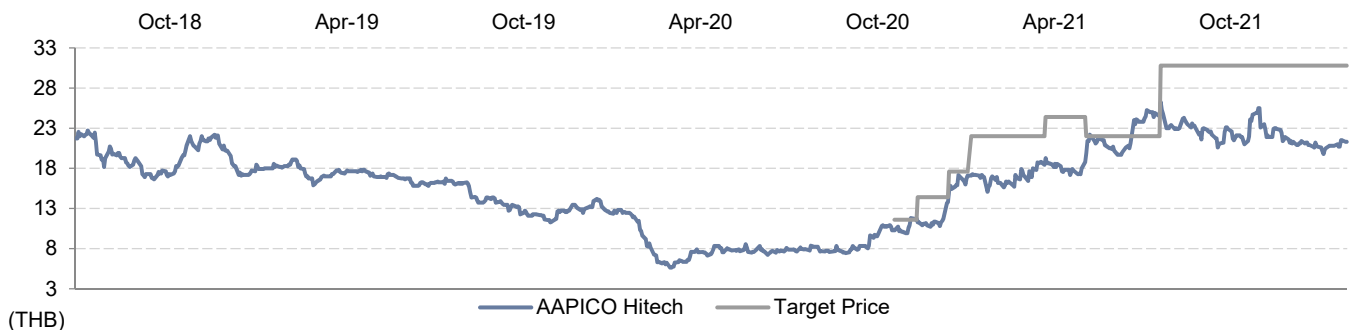
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) 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)



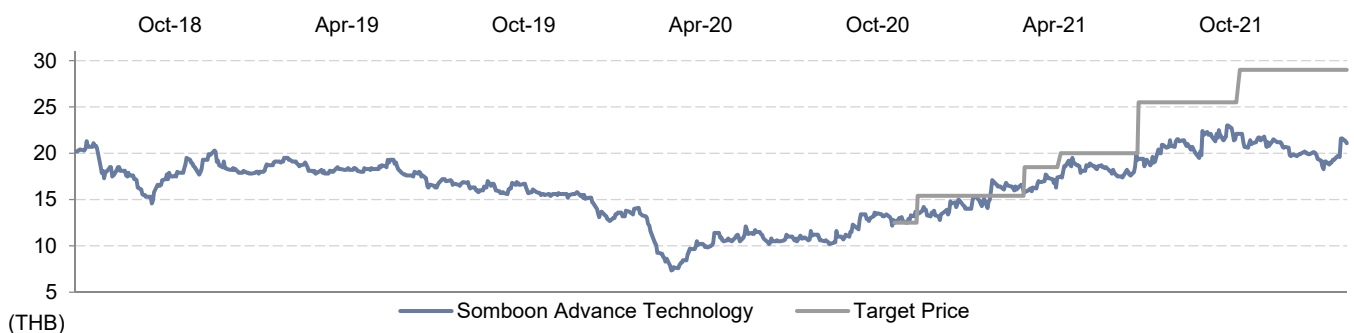
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
01-Oct-2020	HOLD	11.60	04-Dec-2020	BUY	22.00	18-May-2021	BUY	30.80
21-Oct-2020	BUY	14.40	08-Feb-2021	BUY	24.40			
17-Nov-2020	BUY	17.60	15-Mar-2021	BUY	22.00			

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

Company	Ticker	Price	Rating	Valuation & Risks
AAPICO Hitech	AH TB	THB 21.30	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 21.10	BUY	The key downside risks to our P/E-based TP are the domestic car manufacturing industry recovering more slowly than expected, a slower-than-expected adoption rate for electric vehicles in Thailand, and worse global demand for pickup trucks.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

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

All share prices are as at market close on 26-Oct-2021 unless otherwise stated.

RECOMMENDATION STRUCTURE**Stock ratings**

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

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.