

Thailand Automotive

A rough road ahead

- The growth in Thailand's car production in 2Q22 at 3% y-y should still support the auto sector with fine earnings growth.
- However, we revise down our car production target for Thailand this year from 1.78m units to 1.68m units to reflect the global economic slowdown.
- Downgrade sector to NEUTRAL from Overweight. AH is our top pick.

A fine car production volume in 2Q22

Thailand's car production in 2Q22 amounted to 390k units (+3% y-y). Domestic car sales surged by 12% y-y to 196k units. Exports, however, fell to 206k units (-4% y-y). The 2Q22 figures give us confidence in our Thailand car production target of 6% growth y-y in 2022 to 1.78m units, with y-y growth in every quarter. Against this backdrop, we expect AAPICO Hitech (AH TB, BUY, TP THB29.50)'s core earnings in 2Q22 to rise by 3% y-y to THB213m. On the other hand, we expect Somboon Advance Technology (SAT TB, HOLD, TP THB19.50)'s core earnings to fall by 14% y-y to THB203m due to cost pressure from the soaring steel price eating into its revenue growth.

Total car production downgrade

There is a concern that the global economy will enter into a recession in the near future, mainly due to the inflation that is spiking globally as well as in Thailand. The rising interest rates and economic slowdown globally will pressure the demand for new cars, given that consumers will have to pay more to purchase cars. This is reflected in the slowdown in car exports, which is also representative of the slower economy and semiconductor shortage. As a result, we cut our car production estimates for Thailand this year and next to 1.68m/1.75m units from 1.78m/1.88m units. This would result in car production this year being flattish from last year.

Downgrade to NEUTRAL

With the expectation that car production should remain weak in 3Q22, possibly continuing into 4Q22, we believe auto companies under our coverage will be pressured by the stale industry outlook. Therefore, we downgrade our view on the auto sector to NEUTRAL from Overweight. AH remains our top pick as we think its earnings in 2022 should post solid growth at 40% y-y. We have not made any earnings revisions to AH despite our total car production estimate cut, thanks to the strong volume from its customers.

FSSIA recommendations

Company	BBG code	share price	Rating		Target Price			
			Current	Previous	Current	Previous	%change	Up/downside
AAPICO Hitech	AH TB	21.10	BUY	-	29.50	28.00	+5.36%	+39.8%
Nam Yong Terminal	NYT TB	3.80	HOLD	BUY	3.90	5.00	-22.00%	+2.6%
Somboon Advance Technology	SAT TB	17.80	HOLD	BUY	19.50	24.00	-18.75%	+9.6%

Note: Priced at close of business 27/07/2022. Share prices and TPs are in listing currency.

Sources: FSSIA estimates



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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 has experienced very minor growth over the past five years (pre-Covid-19) at 1.3% p.a.

We expect Thailand’s car production in 2022 to increase to 1.68m units (+0.16% y-y).

Catalysts

- A recovery in car production volume in 2023;
- New car models introduced to the market in 2022;
- New orders.

Risks to our call

- A lower car production volume than expected;
- The faster-than-expected adoption of EVs globally;
- If the semiconductor shortage continues to pressure the number of cars produced in 2022;
- High steel prices that keep rising.

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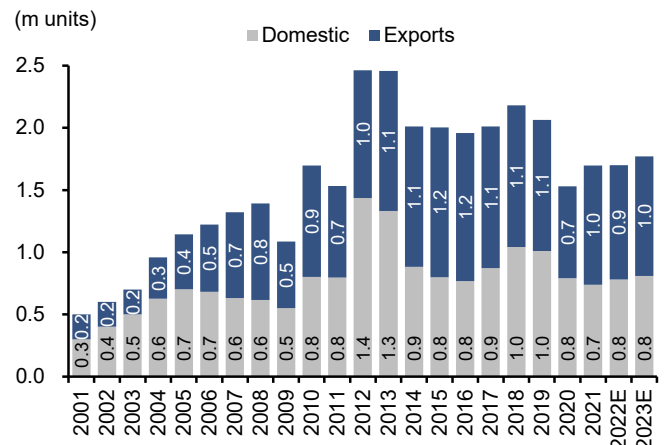
Company reports

Aapico Hitech (AH TB, BUY, TP THB29.50)
 Nam Yong Terminal (NYT TB, HOLD, TP THB3.90)
 Somboon Advance Tech (SAT TB, HOLD, TP THB19.50)

Event Calendar

Date	Event
Aug 2022	2Q22 results announcements
Late Aug 2022	Jul 2022 car production announcement

Thailand’s car sales (domestic and export)

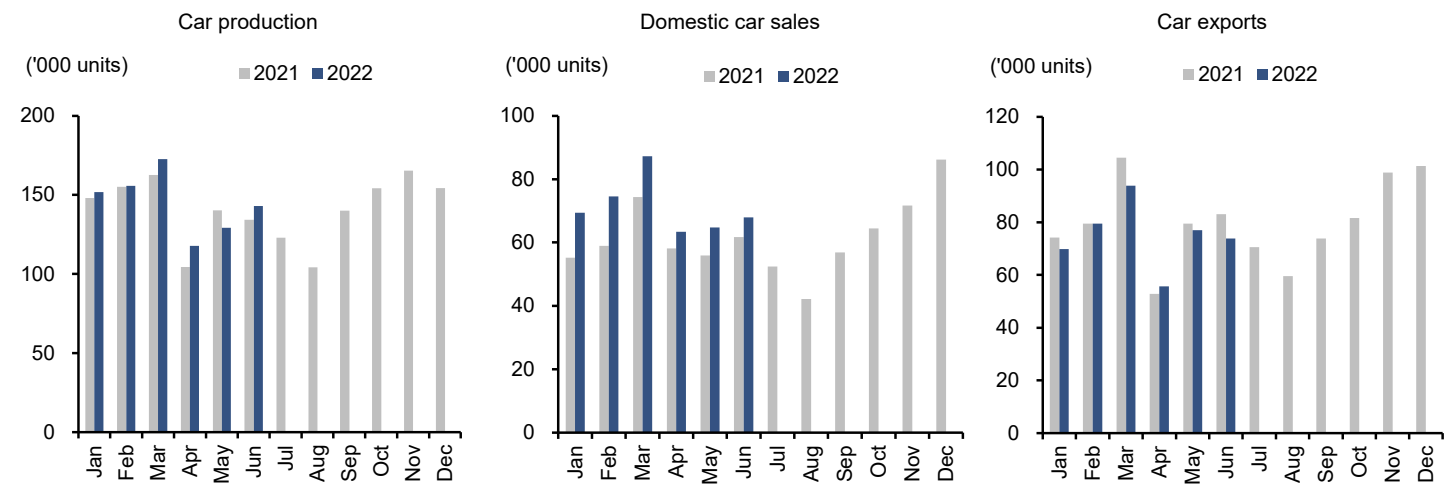


Source: Thai Automotive Industry Association; FSSIA estimates

Car production in June was fine

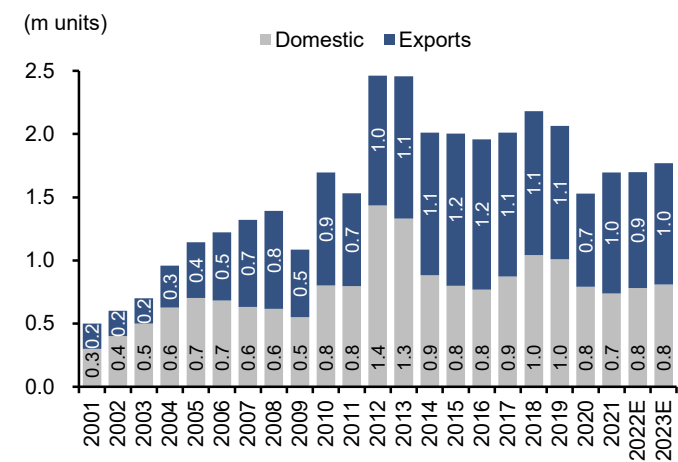
In Jun-22, the Federation of Thai Industries (FTI) announced that the month's car production volume amounted to 143k units (+7% y-y). This figure was supported by a 10% y-y recovery in domestic car sales that hit 68k units, thanks to Thailand's border reopening and the resumption of out-of-home activity. However, car exports in Jun-22 dropped by 11% y-y to 74k units mainly due to the semiconductor shortage.

Exhibit 1: Thailand's car industry



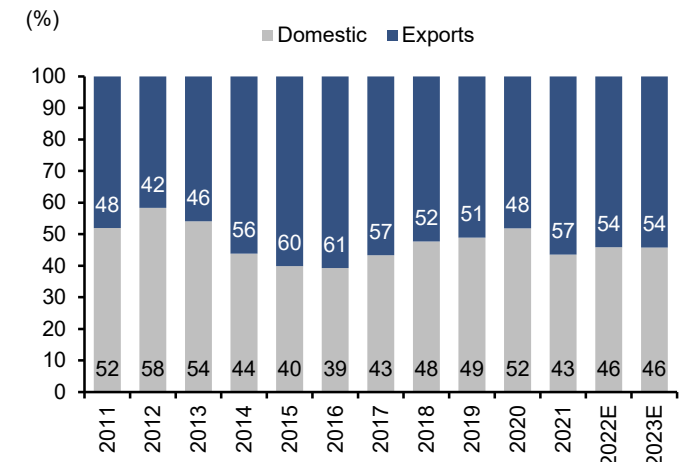
Sources: Thai Automotive Industry Association; FSSIA estimates

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

Car production target revision

Although YTD (six months) car production in Thailand has grown by 3% y-y to 870k units, comprising 427k units of domestic car sales (+17% y-y) and exports of 450k units (-5% y-y), we have some concern over Thailand's car production for the rest of this year. The global economy could enter into a recession in the near future, mainly due to the inflation that is spiking globally as well as in Thailand. The rising interest rates and economic slowdown globally would pressure the demand for new cars, given that consumers would have to pay more for a car purchase. This is reflected in the slowdown in car exports, which is also representative of the slower economy and semiconductor shortage. As a result, we cut our car production estimates for Thailand this year and next to 1.68m/1.75m units from 1.78m/1.88m units. This would result in car production this year being flattish from last year.

Exhibit 4: Key assumption changes for Thailand's car production

	----- New -----			----- Previous -----		----- Change-----	
	2021 (Unit)	2022E (Unit)	2023E (Unit)	2022E (Unit)	2023E (Unit)	2022E (%)	2023E (%)
Domestic car sales	738,107	780,000	810,000	800,000	850,000	(2.5)	(4.7)
Exports	959,194	920,000	960,000	1,000,000	1,050,000	(8.0)	(8.6)
Car production	1,685,394	1,683,000	1,752,300	1,782,000	1,881,000	(5.6)	(6.8)
Change y-y		(%)	(%)	(%)	(%)	(ppt)	(ppt)
Domestic car sales		5.7	3.8	8.4	9.0	(2.7)	(5.1)
Exports		(4.1)	4.3	4.3	14.1	(8.3)	(9.8)
Car production		(0.1)	4.1	5.7	11.8	(5.9)	(7.6)

Note: Total car production is not equal to total car sales for both domestic and export as domestic car sales include car imports

Sources: Thai Automotive Industry Association; FSSIA estimates

The 1.68m car production estimate for 2022 comprises 780k units (+6% y-y) of domestic car sales, lower than our previous expectation of 800k units, and 920k units (-4% y-y) of car exports from 1m units. The reason behind the domestic sales and export cuts are as follows:

Domestic car sales

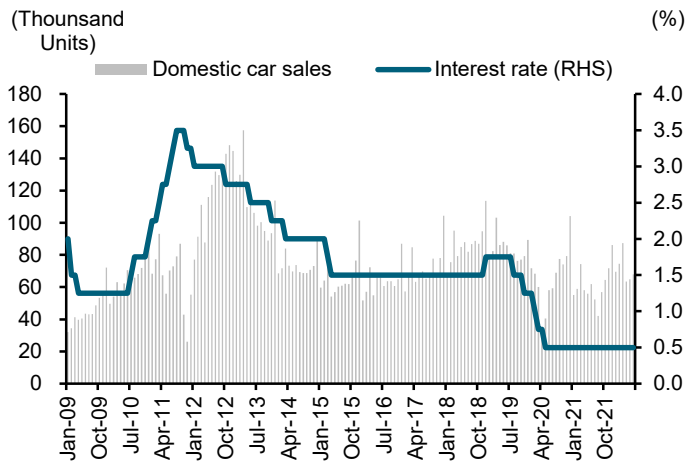
1. Interest rate hike

According to the historical data, we can see that the Thai policy rate has a relationship with the economy and domestic car sales. When the policy rate increases, which normally means that the economic outlook is solid, it can reflect a higher number of cars sold during that period. Now, looking at the interest rate of 0.5% (historical low) due to the economic slowdown since Covid hit Thailand in 2020, domestic car sales have also stood at a low level since then.

However, with the expectation that the policy rate will increase in order to curb inflation and control the Thai Baht, a rising policy rate no longer reflects a solid economic outlook like the historical data. This is due to the current economic situation where Thailand as well as the rest of the world is entering into stagflation – a period of high inflation combined with a decline in GDP. Therefore, FSSIA expects the Bank of Thailand to increase the policy rate two times this year and next. The policy rate should hit 1% and 1.5% at the end of 2022 and 2023, respectively.

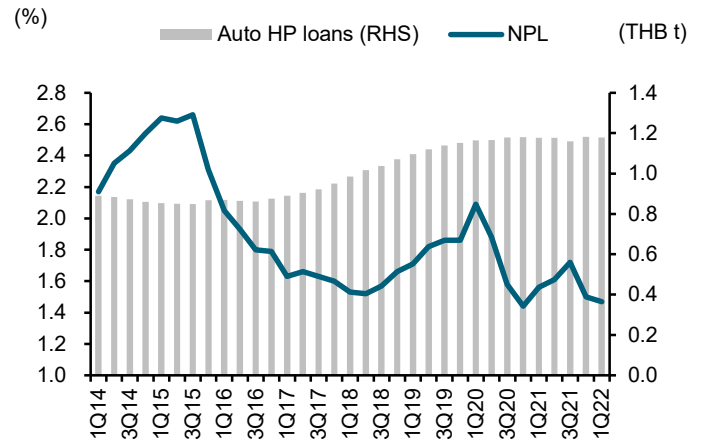
This would likely lead to a higher cost of purchasing a new car in Thailand, as the interest rate should increase in line with the policy rate. Therefore, this would slow the future demand for new cars, in our view.

Exhibit 5: Domestic car sales and interest rate



Sources: Bank of Thailand; Thai Automotive Industry Association

Exhibit 6: Auto loans and NPLs



Source: Bank of Thailand

2. Non-performing loans

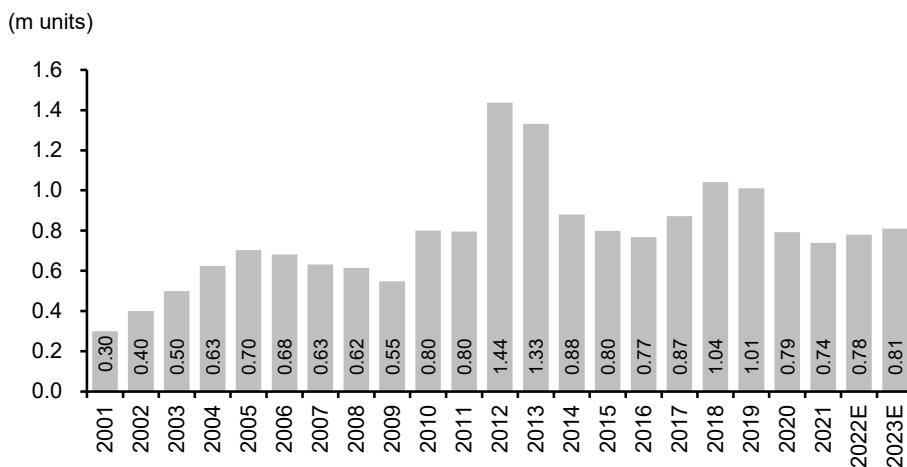
Although non-performing loans (NPLs) for auto purchase loans are now at a low level, we are concerned that they could increase in the future if the Thai economy starts to slow down. Hence, there is the risk that the banking sector would place more restrictions on granting consumers loans for purchasing new cars in order to control NPLs.

Financial institutions have played an important role in the auto sector because almost 90% of Thai people who purchase a new car do so via a loan. If the NPL trend has the possibility to increase in the future, those financial institutions may apply more intense credit checking and may not approve loans that easily. This could be a key risk to the demand for new cars in the future.

3. GDP

FSSIA projects Thai GDP growth for this year at 3%, which is lower than the Bank of Thailand's current estimate of 3.3% and lower than FSSIA's previous expectation of 3.5%. We foresee that there are several key challenges in 2H22, especially on the back of inflation.

Exhibit 7: Thailand domestic car sales forecast



Sources: Thai Automotive Industry Association; FSSIA estimates

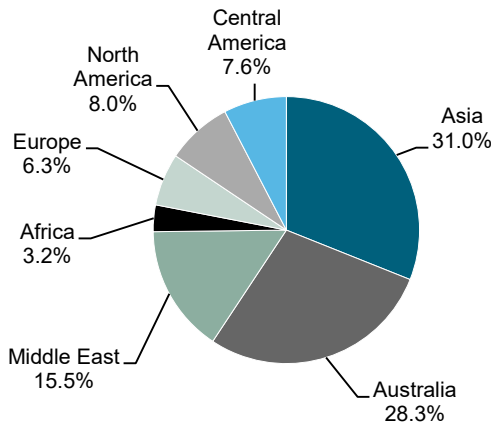
Exports

The International Monetary Fund (IMF) now expects the world economy to grow by 3.2% this year, before slowing further to a 2.9% GDP rate in 2023. The revisions mark a downgrade of 0.4% and 0.7%, respectively, from its Apr-22 projections. This represents a slight negative. The key challenges include 1) soaring global inflation; 2) a worse-than-expected slowdown in China; and 3) the ongoing fallout from the war in Ukraine.

As we can see from the charts below, the two biggest car export destinations for Thailand are Asia and Australia. These account for almost 60% of Thailand's total car exports, though the rate is in a declining trend. From Jan-May 2022, these two destinations imported fewer new cars from Thailand, lower than the same period last year by 9% and 5%, respectively. Although the Middle East and North America have had solid growth, importing more cars by 22% and 28% in Jan-May 2022, respectively, these two destinations only account for 23% of Thailand's exports.

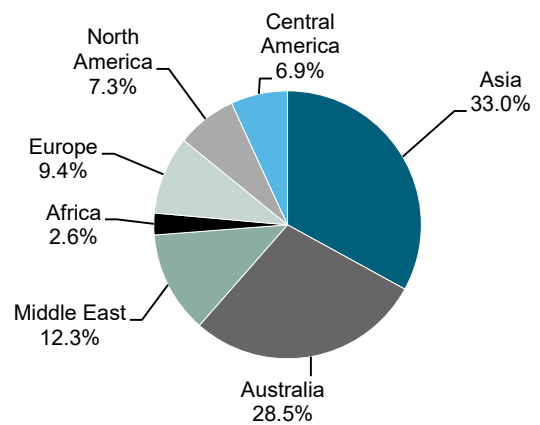
Moreover, Europe, which used to rank fourth in car export destinations and account for almost 10% of total car exports, has been disrupted by the war in Ukraine. It posted the biggest decline in demand of 38% YTD. Europe now accounts for only 6% of Thailand's car exports. On top of that, there is still no sign that the war will end soon. This could continue to pressure the demand for new cars in Europe further.

Exhibit 8: Thailand's car exports by region (Jan-May 2022)



Sources: Thai Automotive Industry Association

Exhibit 9: Thailand's car exports by region (2020)



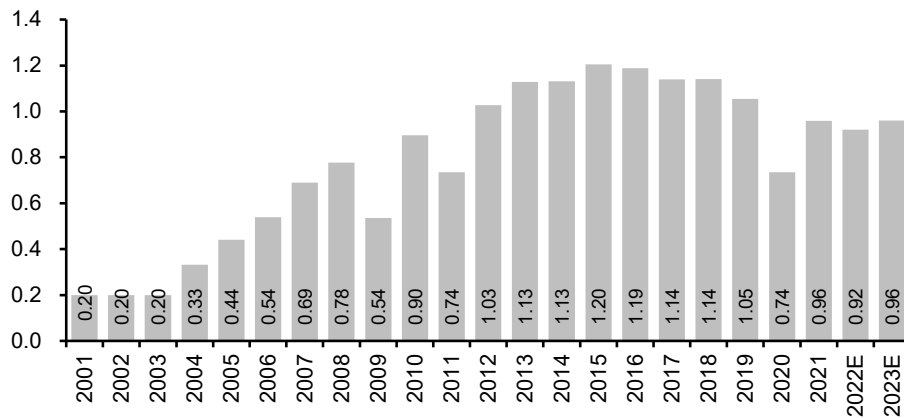
Thai Automotive Industry Association

With the IMF's expectation of soaring global inflation, interest rates would increase all over the world. As previously mentioned, an interest rate hike would impact domestic car sales, and every other country would likely face a similar problem. This is the key reason why we revise our 2022 car export target down by 8% to 920k units (-4% y-y).

For 2023, we lower our car export target by 8.6% to 960k units, even more than in 2022. This reflects the IMF's global GDP growth expectation of 2.9% in 2023, which is lower than the expected growth rate in 2022.

Exhibit 10: Thailand car exports forecast

(m units)



Sources: Thai Automotive Industry Association; FSSIA estimates

Exhibit 11: Peers comparison as of 27 Jul-22

Company	BBG	Rec	Market Cap (USD m)	3Y EPS CAGR (%)	----- PE -----		--- DivYld ---		----- ROE -----		----- PBV -----	
					22E (x)	23E (x)	22E (%)	23E (%)	22E (x)	23E (x)	22E (x)	23E (x)
Aapico Hitech*	AH TB	BUY	203	23	6.8	5.7	5.2	7.0	12.5	13.5	0.8	0.7
Nam Yong Terminal *	NYT TB	HOLD	128	13	22.8	18.1	3.9	5.0	6.3	7.9	1.4	1.4
Somboon Advance Technology*	SAT TB	HOLD	205	6	7.8	7.3	8.4	9.0	12.4	12.7	0.9	0.9
Coverage			537	15	12.5	10.4	5.8	7.0	10.4	11.4	1.1	1.0
Pcs Machine Group Holding	PCSGH TB	n/a	211	n/a	10.6	9.6	8.4	9.4	15.0	17.0	1.6	1.6
Thai Stanley Electric	STANLY	n/a	362	16	8.4	7.3	3.9	5.4	7.8	8.5	0.7	0.6
Local peers			573	45	9.5	8.5	6.2	7.4	11.4	12.8	1.1	1.1
Gabriel India	GABR IN	n/a	248	n/a	22.9	16.9	1.0	0.9	11.4	14.5	2.55	2.3
Mahindra Cie Automotive	MACA IN	n/a	1,332	23	17.7	16.3	1.1	1.4	10.9	11.2	n/a	n/a
Shanghai Daimay Automotive-A	603730 CH	n/a	2,291	17.0	27.2	21.8	3.35	3.7	13.5	15.5	3.6	3.3
Bethel Automotive Safety S-A	603596 CH	n/a	6,352	30	66.0	48.1	0.3	0.4	16.8	19.7	11.2	9.3
Great Wall Motor Co Ltd-A	601633 CH	n/a	38,285	33	38.0	27.7	0.9	1.3	13.1	16.5	4.8	4.4
Geely Automobile Holdings	175 HK	n/a	22,340	31	21.7	16.1	1.5	2.1	9.1	11.3	2.0	1.9
Regional peers			70,848	31	32.3	24.5	1.4	1.6	12.5	14.8	4.8	4.2
Simple average			71,958	24	22.7	17.7	3.5	4.1	11.7	13.5	3.0	2.6

Sources: Bloomberg; * FSSIA estimates

AAPICO HITECH AH TB

THAILAND / AUTOMOTIVES

BUY

UNCHANGED

TARGET PRICE	THB29.50
CLOSE	THB21.10
UP/DOWNSIDE	+39.8%
PRIOR TP	THB28.00
CHANGE IN TP	+5.4%
TP vs CONSENSUS	-3.0%

A perfect off-road vehicle

- We expect AH's core earnings in 2Q22 to remain strong, despite some obstacles, growing by 3% y-y to THB213m.
- AH should overcome the negative downside from the industry.
- Maintain BUY with a new 2023 TP of THB29.50. AH remains our top pick.

Expect continuous growth in 2Q22

Despite a one-month shutdown of AH's Shanghai factory in 2Q22 due to the lockdown policy, plus the semiconductor shortage and the high steel price, we believe AH's core earnings in 2Q22 should grow by 3% y-y to THB213m. Its new order worth about THB700m per year has already started full production. Car dealerships should also have a strong performance thanks to Thailand's domestic car sales during 2Q22 which grew by 12% y-y. Therefore, we expect AH's 2Q22 revenue to grow significantly by 25% y-y to THB6b. The company's GPM should stay at 10%. Lastly, with the huge depreciation in Thai Baht, we expect AH to have an exchange gain of over THB103m in 2Q22.

Negative sentiment from the industry...

Total car production in Thailand is at risk of slowing down in 2H22 because of the economic slowdown globally as well as in Thailand. High inflation, with increasing interest rates all over the world, will be the key pressure point on the demand for new cars, in our view. Therefore, we revise our target for Thailand's car production in 2022 from 1.78m units to 1.68m units, flattish from last year.

... But we believe AH should overcome the industry's downside

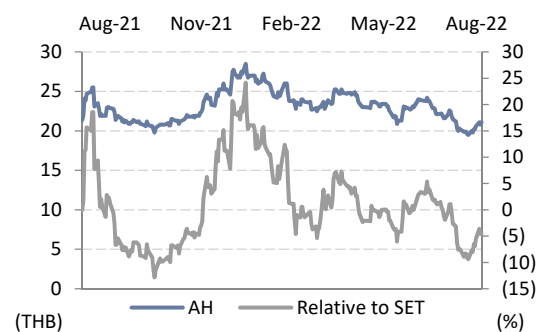
Although there could be a key challenge in 2H22 from the risk of an economic slowdown, we believe AH should still generate strong core earnings growth in 2022 at THB1.1b (+40% y-y). We expect AH's core earnings in 1H22 to contribute 56% of our full-year forecast. We believe the company should continue to post y-y growth in 2H22 thanks to 1) a strong volume from its customers; 2) the Portugal factory should not be loss-making like last year; and 3) no more lockdowns, which should help the car dealership business to generate better revenue.

Maintain BUY with a new 2023 TP of THB29.50

We see AH as an off-road vehicle at the moment, able to overcome all of the obstacles ahead to post solid earnings growth this year and next. We maintain our BUY call on AH with a new 2023 TP of THB29.50, pegged to 8x P/E (+0.5SD of its mean). AH remains our top pick in the sector.

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	20,433	24,318	26,499	28,579
Net profit	1,024	1,108	1,305	1,487
EPS (THB)	2.89	3.12	3.68	4.19
vs Consensus (%)	-	(0.8)	1.1	2.2
EBITDA	1,699	1,674	1,802	1,929
Core net profit	792	1,108	1,305	1,487
Core EPS (THB)	2.23	3.12	3.68	4.19
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	393.4	39.9	17.7	13.9
Core P/E (x)	9.5	6.8	5.7	5.0
Dividend yield (%)	2.9	5.2	7.0	7.9
EV/EBITDA (x)	8.8	8.6	7.3	6.4
Price/book (x)	0.9	0.8	0.7	0.7
Net debt/Equity (%)	81.5	68.7	52.0	39.9
ROE (%)	9.9	12.5	13.5	14.2



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(4.5)	(8.7)	(3.7)
Relative to country (%)	(4.3)	(3.7)	(6.0)
Mkt cap (USD m)	203		
3m avg. daily turnover (USD m)	0.5		
Free float (%)	50		
Major shareholder	Thai NVDR (14%)		
12m high/low (THB)	28.50/19.40		
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. Its average car production is also high at 1.9m-2m units per year. Therefore, when the economy returns to normal, we expect Thailand’s automobile production volume to also return to its normal level – compared with the 2021 production level of 1.7m units – which could directly benefit AH because 65% of its operational revenue comes from Thailand.

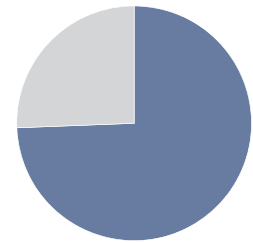
Company profile

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, 2021)

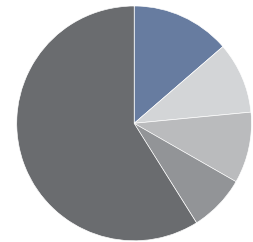
- Manufacture of auto parts - 74.4 %
- Car dealership and others - 25.6 %



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 lower P/E compared to its peers
- New orders.

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, higher steel prices, semiconductor shortages, and exchange rate risk.

Event calendar

Date	Event
Aug-22	2Q22 results announcement

Key assumptions

	2020	2021	2022E	2023E	2024E
	(%)	(%)	(%)	(%)	(%)
Auto parts revenue growth	(6.8)	26.4	16.1	10	6.9
Car dealership revenue growth	(6.1)	1.7	27.4	6.2	10.6

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in revenue, we project 2022 earnings to rise by 0.4%, and vice versa, all else being equal.
- For every 10 bps increase in gross profit margin, we project 2022 earnings to rise by 4.8%, and vice versa, all else being equal.

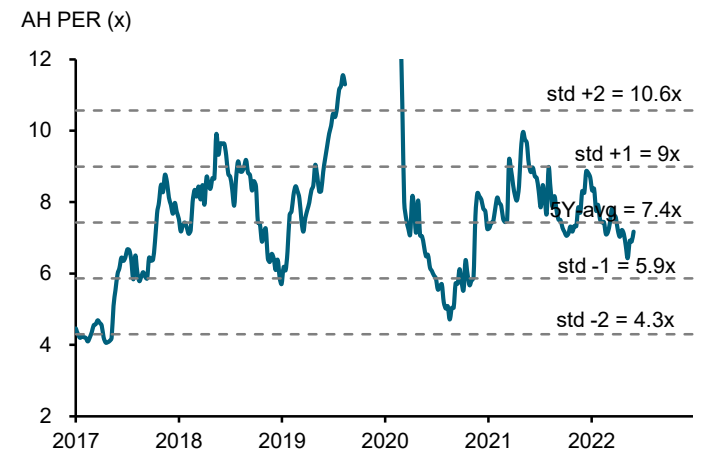
Source: FSSIA estimates

Exhibit 12: AH - 2Q22 results preview

	2Q21	1Q22	2Q22E	Change		1H21	1H22E	Change	2022E
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)	(THB m)
Auto parts	3,663	5,134	4,650	(9.4)	26.9	7,836	9,784	24.9	17,654
Car dealership and others	1,167	1,596	1,372	(14.0)	17.6	2,580	2,968	15.0	6,664
Revenue	4,833	6,730	6,022	(10.5)	24.6	10,419	12,752	22.4	24,318
Operating costs	(4,273)	(5,985)	(5,420)	(9.4)	26.8	(9,185)	(11,404)	24.2	(21,594)
Gross profit	559	746	602	(19.3)	7.6	1,234	1,348	9.2	2,724
SG&A expenses	(391)	(392)	(398)	1.5	1.8	(781)	(790)	1.2	(1,792)
EBIT	168	354	204	(42.2)	21.3	453	558	n.a.	931
Depreciation & amortisation	259	273	268	(1.7)	n.a.	448	507	13.1	743
EBITDA	427	626	472	(24.6)	10.5	902	1,065	18.1	1,674
EBITDA margin (%)	9	9	8	nm	nm	9	8	nm	7
Interest expense	(89)	(81)	(81)	(1.0)	(9.8)	(177)	(162)	(8.4)	(332)
Other income	104	87	80	(7.7)	(23.3)	156	167	7.0	358
Extra item	0	0	0	n.a.	n.a.	0	0	n.a.	0
Associates	57	82	72	(12.6)	25.3	145	154	6.6	306
Gain/Loss from exchange	42	(4)	103	n.a.	143.1	145	99	n.a.	0
Pretax profit	283	438	379	(13.5)	33.7	722	816	13.1	1,263
Tax	(33)	(29)	(57)	98.1	74.0	(59)	(85)	45.1	(139)
Tax rate (%)	(12)	(7)	(15)	nm	nm	(8)	(10)	nm	(11)
Minority interests	0	7	6	(11.4)	1,375.8	3	12	n.a.	16
Net profit	250	402	316	(21.5)	26.3	660	719	8.9	1,108
Core net profit	208	406	213	(47.5)	2.5	515	619	20.2	1,108
EPS (THB)	0.78	1.25	0.89	(28.6)	14.9	2.05	2.03	(1.0)	3.12
Core EPS (THB)	0.64	1.26	0.60	(52.3)	(6.8)	1.60	1.74	9.2	3.12

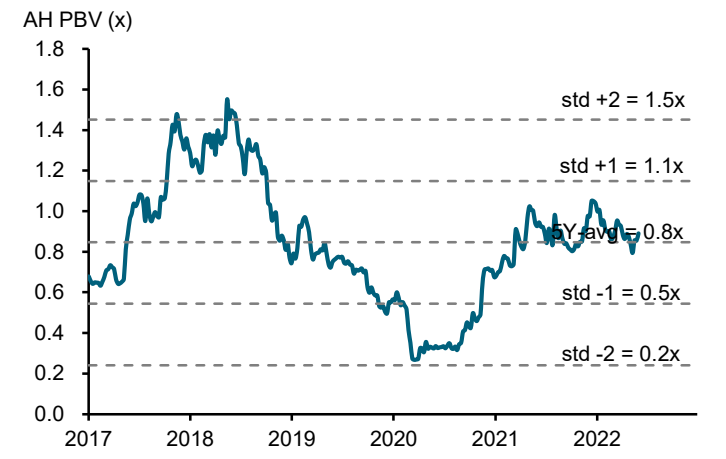
Sources: AH; FSSIA estimates

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

Financial Statements

AAPICO Hitech

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	17,172	20,433	24,318	26,499	28,579
Cost of goods sold	(15,057)	(17,194)	(20,852)	(22,762)	(24,578)
Gross profit	2,116	3,239	3,466	3,736	4,001
Other operating income	-	-	-	-	-
Operating costs	(1,333)	(1,540)	(1,792)	(1,934)	(2,072)
Operating EBITDA	783	1,699	1,674	1,802	1,929
Depreciation	(998)	(1,031)	(743)	(715)	(686)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	(215)	668	931	1,086	1,243
Net financing costs	(338)	(343)	(327)	(321)	(311)
Associates	101	281	306	333	359
Recurring non-operating income	726	593	659	712	754
Non-recurring items	2	232	0	0	0
Profit before tax	175	1,151	1,263	1,477	1,686
Tax	(12)	(113)	(139)	(155)	(180)
Profit after tax	163	1,037	1,124	1,322	1,505
Minority interests	(15)	(13)	(16)	(17)	(19)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	148	1,024	1,108	1,305	1,487
Non-recurring items & goodwill (net)	(2)	(232)	0	0	0
Recurring net profit	146	792	1,108	1,305	1,487
Per share (THB)					
Recurring EPS *	0.45	2.23	3.12	3.68	4.19
Reported EPS	0.46	2.89	3.12	3.68	4.19
DPS	0.00	0.61	1.09	1.47	1.68
Diluted shares (used to calculate per share data)	323	355	355	355	355
Growth					
Revenue (%)	(6.6)	19.0	19.0	9.0	7.9
Operating EBITDA (%)	(39.4)	117.0	(1.5)	7.6	7.1
Operating EBIT (%)	nm	nm	39.3	16.6	14.4
Recurring EPS (%)	(84.5)	393.4	39.9	17.7	13.9
Reported EPS (%)	nm	530.0	8.2	17.7	13.9
Operating performance					
Gross margin inc. depreciation (%)	6.5	10.8	11.2	11.4	11.6
Gross margin of key business (%)	-	-	-	-	-
Operating EBITDA margin (%)	4.6	8.3	6.9	6.8	6.7
Operating EBIT margin (%)	(1.3)	3.3	3.8	4.1	4.4
Net margin (%)	0.8	3.9	4.6	4.9	5.2
Effective tax rate (%)	-6.9	-9.9	-11.0	-10.5	-10.7
Dividend payout on recurring profit (%)	-	27.2	35.0	40.0	40.0
Interest cover (X)	1.5	3.7	4.9	5.6	6.4
Inventory days	66.7	59.7	52.4	46.9	44.6
Debtor days	51.2	45.4	40.8	45.5	45.3
Creditor days	103.2	95.6	84.2	79.2	79.3
Operating ROIC (%)	(2.5)	7.7	10.7	12.0	13.8
ROIC (%)	3.1	7.5	9.5	10.8	12.1
ROE (%)	2.0	9.9	12.5	13.5	14.2
ROA (%)	2.3	5.1	6.2	6.7	7.1
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
2020	2021	2022E	2023E	2024E	
Manufacture of auto parts	12,028	15,201	17,654	19,419	20,752
Car dealership and others	5,144	5,232	6,664	7,079	7,827

Sources: AAPICO Hitech; FSSIA estimates

Financial Statements

AAPICO Hitech

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	146	792	1,108	1,305	1,487
Depreciation	998	1,031	743	715	686
Associates & minorities	15	13	16	17	19
Other non-cash items	86	375	639	22	21
Change in working capital	(928)	1,087	(1,050)	291	(70)
Cash flow from operations	316	3,299	1,456	2,351	2,142
Capex - maintenance	(446)	(929)	(336)	(476)	(476)
Capex - new investment	(191)	(398)	(144)	(204)	(204)
Net acquisitions & disposals	84	73	0	0	0
Other investments (net)	145	463	5	5	4
Cash flow from investing	(408)	(791)	(475)	(675)	(676)
Dividends paid	0	(215)	(388)	(522)	(595)
Equity finance	0	0	0	0	0
Debt finance	755	(1,631)	411	(100)	(200)
Other financing cash flows	(474)	(431)	16	17	19
Cash flow from financing	281	(2,277)	39	(604)	(776)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	14	0	0	0
Net other adjustments	(92)	(178)	0	0	0
Movement in cash	97	52	1,020	1,071	690
Free cash flow to firm (FCFF)	281.01	2,853.68	1,313.05	2,003.15	1,785.92
Free cash flow to equity (FCFE)	97.30	267.66	1,407.92	1,592.62	1,284.76

Per share (THB)					
FCFF per share	0.79	8.04	3.70	5.65	5.03
FCFE per share	0.27	0.75	3.97	4.49	3.62
Recurring cash flow per share	3.86	6.23	7.06	5.80	6.23

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	19,021	20,209	20,585	21,185	21,785
Less: Accumulated depreciation	(11,248)	(11,987)	(12,544)	(13,076)	(13,578)
Tangible fixed assets (net)	7,773	8,222	8,041	8,110	8,208
Intangible fixed assets (net)	3,143	3,317	3,159	3,055	2,951
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	3,716	4,150	4,150	4,150	4,150
Cash & equivalents	690	742	1,762	2,833	3,523
A/C receivable	2,846	2,237	3,198	3,412	3,680
Inventories	2,596	3,031	2,958	2,895	3,115
Other current assets	435	277	291	306	321
Current assets	6,566	6,286	8,209	9,445	10,638
Other assets	1,148	746	334	351	368
Total assets	22,346	22,722	23,894	25,111	26,316
Common equity	7,473	8,513	9,249	10,050	10,960
Minorities etc.	268	302	318	335	354
Total shareholders' equity	7,741	8,815	9,567	10,385	11,315
Long term debt	5,597	4,238	4,700	4,600	4,500
Other long-term liabilities	562	512	667	710	752
Long-term liabilities	6,158	4,750	5,367	5,310	5,252
A/C payable	4,119	4,884	4,733	5,146	5,537
Short term debt	3,852	3,687	3,636	3,636	3,536
Other current liabilities	476	587	591	635	676
Current liabilities	8,446	9,158	8,960	9,416	9,749
Total liabilities and shareholders' equity	22,346	22,722	23,894	25,111	26,316
Net working capital	1,282	73	1,123	832	902
Invested capital	17,062	16,509	16,808	16,498	16,579

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

Per share (THB)					
Book value per share	23.17	23.99	26.07	28.32	30.89
Tangible book value per share	13.42	14.64	17.16	19.71	22.57

Financial strength					
Net debt/equity (%)	113.1	81.5	68.7	52.0	39.9
Net debt/total assets (%)	39.2	31.6	27.5	21.5	17.1
Current ratio (x)	0.8	0.7	0.9	1.0	1.1
CF interest cover (x)	1.9	2.9	5.7	6.6	5.8

Valuation	2020	2021	2022E	2023E	2024E
Recurring P/E (x) *	46.6	9.5	6.8	5.7	5.0
Recurring P/E @ target price (x) *	65.2	13.2	9.4	8.0	7.0
Reported P/E (x)	46.1	7.3	6.8	5.7	5.0
Dividend yield (%)	-	2.9	5.2	7.0	7.9
Price/book (x)	0.9	0.9	0.8	0.7	0.7
Price/tangible book (x)	1.6	1.4	1.2	1.1	0.9
EV/EBITDA (x) **	20.2	8.8	8.6	7.3	6.4
EV/EBITDA @ target price (x) **	23.7	10.6	10.4	9.0	8.0
EV/invested capital (x)	0.9	0.9	0.9	0.8	0.7

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

Sources: AAPICO Hitech; FSSIA estimates

NAM YONG TERMINAL

NYT TB

THAILAND / TRANSPORT & LOGISTICS

HOLD

FROM BUY

TARGET PRICE	THB3.90
CLOSE	THB3.80
UP/DOWNSIDE	+2.6%
PRIOR TP	THB5.00
CHANGE IN TP	-22.0%
TP vs CONSENSUS	-7.1%

A slower year

- We expect NYT's earnings in 2Q22 to drop to THB46m (-15% q-q, -21% y-y) due to the slowdown in Thailand's car exports.
- With our 2022 total car export target revised to 920k units (-4% y-y), we revise NYT's earnings down to THB206m (-10% y-y).
- Downgrade to HOLD with a 2023 TP of THB3.90.

Slowdown in 2Q22 due to the low season

Given that Thailand's car exports during 2Q22 were at 207k units (-15% q-q, -4% y-y), we expect NYT's roll-on/roll-off (Ro/Ro) business in 2Q22 to fall q-q to THB244m (-7% q-q, 0% y-y). While other revenues should be flat, we expect NYT's overall revenue in 2Q22 to drop by 4% q-q to THB336m. In addition, the ferry business should still be loss-making, along with the C0 terminal. As a result, we expect NYT's core earnings in 2Q22 to drop to THB46m (-15% q-q; -21% y-y).

Revising down car export target to 920k units

We revise down our car export target for Thailand in 2022/2023 by 8%/9% from 1m/1.05m units to 920k/960k units due to 1) the negative impact of the semiconductor shortage that continues to pressure the number of cars produced in Thailand; and 2) the expectation of a global economic recession. Therefore, with the decline in car exports, which is the main revenue stream for the company, we revise down our revenue estimate for NYT in 2022 by 8% to THB1.3b (+0.2% y-y).

Earnings estimate cut

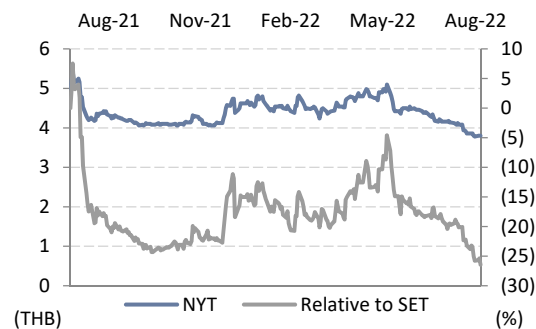
Seahorse Ferry, NYT's new business that started operating from the end of last year, is still ramping up its passenger volume. According to management, there has been no significant improvement in its operations yet, which is slower than our expectation. Therefore, we believe this business could make a bigger loss than we had previously expected. Moreover, the C0 terminal has also been unable to find more customers and its ports are still underutilised. As a result, with the weak revenue outlook and expected losses from Seahorse Ferry and C0 terminal, we cut our earnings estimate for 2022 by 43% to THB206m (-15% y-y).

Downgrade to HOLD with 2023 TP of THB3.90

Over 70% of NYT's revenue comes from the Ro/Ro business that depends on Thailand's car export volume, the outlook of which remains unclear. Ferries and C0 continue to be a burden. Hence, we think NYT's outlook is unexciting for 2H22 and downgrade our recommendation to HOLD from Buy. We roll-over our TP to 2023 at THB3.90, pegged to 18.6x P/E (-0.5SD of its mean P/E). Its 2022E dividend yield, which used to be a key investment point for NYT, is also unattractive below 4%.

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	1,334	1,336	1,461	1,587
Net profit	243	206	261	326
EPS (THB)	0.20	0.17	0.21	0.26
vs Consensus (%)	-	6.3	16.7	10.6
EBITDA	840	699	742	812
Core net profit	228	206	261	326
Core EPS (THB)	0.18	0.17	0.21	0.26
Chg. In EPS est. (%)	nm	(42.5)	(35.0)	nm
EPS growth (%)	(6.2)	(9.7)	26.3	24.8
Core P/E (x)	20.6	22.8	18.1	14.5
Dividend yield (%)	4.2	3.9	5.0	6.2
EV/EBITDA (x)	8.7	9.9	9.0	7.9
Price/book (x)	1.5	1.4	1.4	1.4
Net debt/Equity (%)	77.5	69.0	61.4	53.4
ROE (%)	7.0	6.3	7.9	9.8



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(8.7)	(19.8)	(24.0)
Relative to country (%)	(8.4)	(15.5)	(25.9)
Mkt cap (USD m)	128		
3m avg. daily turnover (USD m)	0.2		
Free float (%)	41		
Major shareholder	Nam Yuen Yong Shipping (25%)		
12m high/low (THB)	5.50/3.76		
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.

During the pre-Covid period, the company had 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.

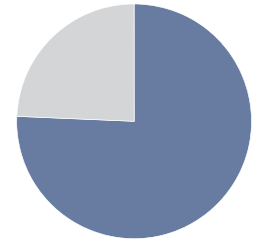
Company profile

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

Principal activities (revenue, 2021)

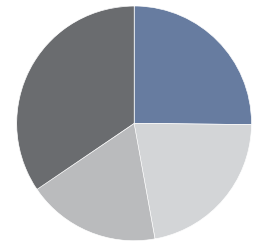
- Seaport and related - 75.7 %
- Warehouse service - 24.3 %



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 in the future that would boost the demand for cars from Thailand

Risks to our call

The key downside and upside risks to our P/E-multiple TP include 1) weaker or stronger-than-expected Thai car exports; 2) Seahorse Ferry turning profitable faster or slower than our expectation; and 3) NYT's ability to secure an A5 contract extension.

Event calendar

Date	Event
Aug-22	2Q22 results announcement

Key assumptions

	2021 (%)	2022E (%)	2023E (%)	2024E (%)
Thailand's car export growth	30.4	(4.1)	4.3	4.2
NYT's revenue growth	17	0.2	9.4	8.6

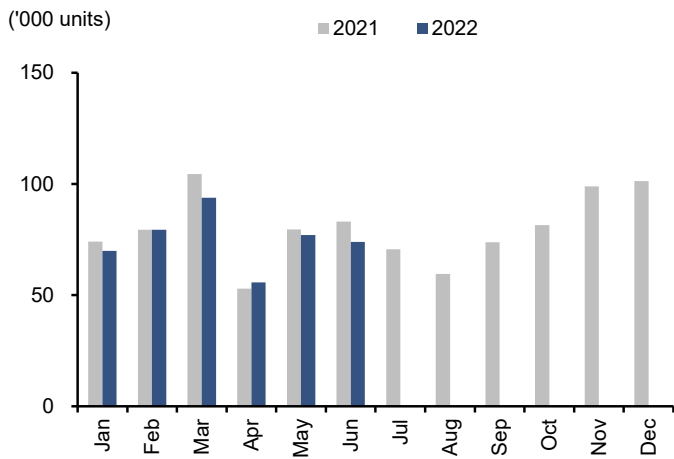
Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in Thailand's car exports, we project 2022 earnings to rise by 1.7%, and vice versa, all else being equal.
- For every 1% increase in rental space revenue, we project 2022 earnings to rise by 0.4%, and vice versa, all else being equal.

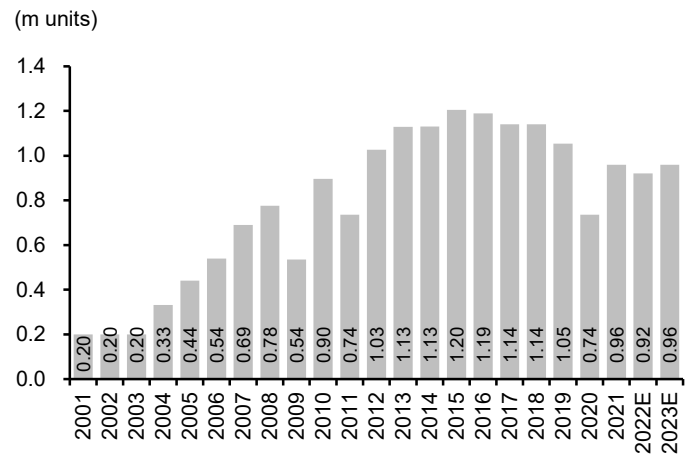
Source: FSSIA estimates

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: 2Q22 results forecast

	2Q21	1Q22	2Q22E	Change		1H21	1H22E	Change	2022E
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)	(THB m)
Revenue	325	351	336	(4)	3	657	687	5	1,336
Cost of service	(186)	(224)	(220)	(2)	18	(366)	(443)	21	(856)
Gross profit	138	127	116	(8)	(16)	291	244	(16)	480
SG&A expenses	(49)	(42)	(43)	3	(13)	(89)	(85)	(4)	(170)
EBIT	89	85	73	(14)	(18)	202	158	(22)	310
Depreciation & amortization	115	120	118	(2)	2	223	238	7	382
EBITDA	204	206	191	(7)	(6)	425	397	(7)	692
EBITDA margin (%)	62.8	58.6	56.9	nm	nm	64.6	57.8	nm	51.8
Interest expense	(24)	(25)	(26)	2	9	(41)	(51)	24	(103)
Other income	5	6	6	2	15	10	12	13	26
Associates	(5)	(6)	(5)	(15)	16	(6)	(12)	91	(19)
Extra items	1	1	0	n.a.	n.a.	9	1	(91)	0
Pretax profit	67	60	48	(20)	(28)	174	108	(38)	214
Tax	(18)	(18)	(13)	(27)	(26)	(44)	(32)	(29)	(56)
Tax rate (%)	(27.0)	(30.5)	(28.0)	nm	nm	(25.5)	(29.4)	nm	(26)
Minority interests	(9)	(12)	(11)	(8)	23	(14)	(24)	72	(48)
Net profit	58	54	46	(15)	(21)	143	100	(31)	206
Core net profit	57	53	46	(14)	(20)	134	99	(27)	206
EPS (THB)	0.05	0.04	0.04	(15)	(21)	0.12	0.08	(31)	0.17
Core EPS (THB)	0.05	0.04	0.04	(14)	(20)	0.11	0.08	(27)	0.17

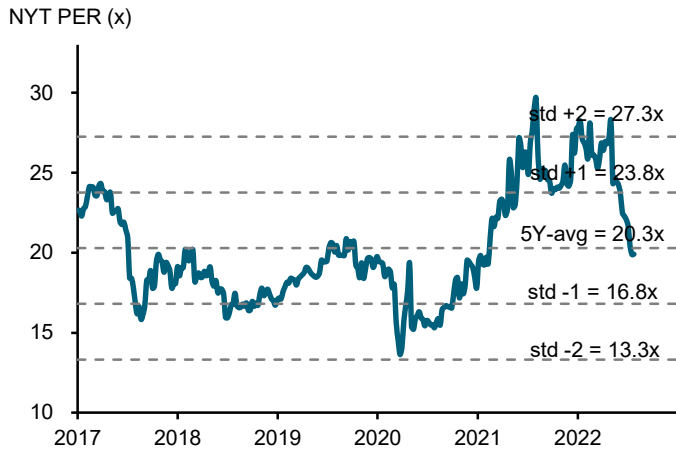
Sources: NYT; FSSIA estimates

Exhibit 18: Key assumption changes

	New		Previous		Change	
	2022E	2023E	2022E	2023E	2022E	2023E
	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)
Thailand car exports (m units)	0.92	0.96	1	1.05	(8)	(9)
Revenue	1,336	1,461	1,454	1,611	(8)	(9)
Gross profit	480	570	674	823	(29)	(31)
SG&A	(170)	(186)	(185)	(181)	(8)	3
Share of profit (loss) from associate	(19)	(5)	8	13	n.a.	n.a.
MI	(48)	(21)	(6)	0	700	n.a.
Net profit	206	261	359	401	(43)	(35)
Margin	(%)	(%)	(%)	(%)	(ppt)	(ppt)
GPM	35.9	39.0	46.4	51.1	(10.4)	(12.1)
NPM	15.4	17.8	24.7	24.9	(9.3)	(7.1)

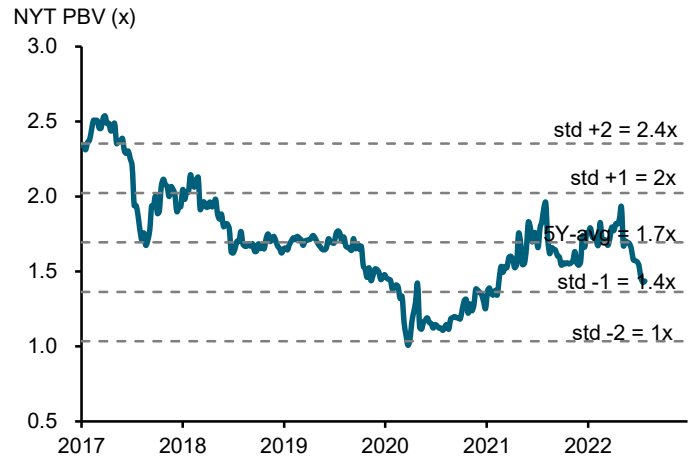
Source: FSSIA estimates

Exhibit 19: Rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 20: Rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

Financial Statements

Nam Yong Terminal

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	1,195	1,334	1,336	1,461	1,587
Cost of goods sold	(192)	(298)	(474)	(540)	(580)
Gross profit	1,003	1,036	863	921	1,007
Other operating income	5	5	7	7	8
Operating costs	(160)	(201)	(170)	(186)	(202)
Operating EBITDA	848	840	699	742	812
Depreciation	(429)	(469)	(382)	(351)	(324)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	419	371	317	391	489
Net financing costs	(53)	(76)	(84)	(75)	(66)
Associates	(55)	(25)	(19)	(5)	0
Recurring non-operating income	(55)	(25)	(19)	(5)	0
Non-recurring items	(15)	14	0	0	0
Profit before tax	296	283	214	311	423
Tax	(69)	(80)	(56)	(72)	(97)
Profit after tax	227	203	158	240	326
Minority interests	1	39	48	21	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	229	243	206	261	326
Non-recurring items & goodwill (net)	15	(14)	0	0	0
Recurring net profit	243	228	206	261	326
Per share (THB)					
Recurring EPS *	0.20	0.18	0.17	0.21	0.26
Reported EPS	0.18	0.20	0.17	0.21	0.26
DPS	0.20	0.16	0.15	0.19	0.24
Diluted shares (used to calculate per share data)	1,240	1,240	1,240	1,240	1,241
Growth					
Revenue (%)	(15.8)	11.6	0.2	9.4	8.6
Operating EBITDA (%)	22.8	(1.0)	(16.8)	6.2	9.4
Operating EBIT (%)	(13.3)	(11.5)	(14.6)	23.5	25.0
Recurring EPS (%)	(33.7)	(6.2)	(9.7)	26.3	24.8
Reported EPS (%)	(39.3)	6.2	(15.0)	26.3	24.8
Operating performance					
Gross margin inc. depreciation (%)	48.0	42.5	35.9	39.0	43.0
Gross margin of key business (%)	-	-	-	-	-
Operating EBITDA margin (%)	71.0	63.0	52.3	50.8	51.2
Operating EBIT margin (%)	35.1	27.8	23.7	26.7	30.8
Net margin (%)	20.4	17.1	15.4	17.8	20.5
Effective tax rate (%)	-	-	-	-	-
Dividend payout on recurring profit (%)	101.9	86.9	90.0	90.0	90.0
Interest cover (X)	6.9	4.5	3.6	5.2	7.4
Inventory days	3.2	4.5	3.2	3.1	3.2
Debtor days	33.4	28.9	31.4	29.5	29.5
Creditor days	46.9	37.5	30.6	27.0	24.6
Operating ROIC (%)	18.4	16.4	13.7	17.2	21.6
ROIC (%)	7.9	6.0	4.9	6.6	8.7
ROE (%)	6.9	7.0	6.3	7.9	9.8
ROA (%)	5.9	4.3	3.7	5.0	6.4
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Seaport and related	878	1,009	959	1,035	1,118
Warehouse service	317	325	338	351	369
Ferries service			40	75	100

Sources: Nam Yong Terminal; FSSIA estimates

Financial Statements

Nam Yong Terminal

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	243	228	206	261	326
Depreciation	429	469	382	351	324
Associates & minorities	54	(14)	(48)	(21)	0
Other non-cash items	47	79	0	0	0
Change in working capital	(118)	(20)	45	(10)	(11)
Cash flow from operations	656	742	586	581	638
Capex - maintenance	(198)	(140)	(70)	(70)	(70)
Capex - new investment	(86)	(64)	(32)	(32)	(32)
Net acquisitions & disposals	31	0	0	0	0
Other investments (net)	460	(174)	0	0	0
Cash flow from investing	206	(379)	(102)	(102)	(102)
Dividends paid	(620)	(248)	(186)	(235)	(293)
Equity finance	0	0	0	0	0
Debt finance	(22)	(186)	(310)	(180)	(180)
Other financing cash flows	(60)	(67)	0	0	0
Cash flow from financing	(701)	(501)	(496)	(415)	(473)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	161	(138)	(12)	64	63
Free cash flow to firm (FCFF)	937.20	456.88	586.68	573.73	623.68
Free cash flow to equity (FCFE)	781.11	110.10	173.52	298.55	356.41

Per share (THB)	2020	2021	2022E	2023E	2024E
FCFF per share	0.76	0.37	0.47	0.46	0.50
FCFE per share	0.63	0.09	0.14	0.24	0.29
Recurring cash flow per share	0.62	0.61	0.44	0.48	0.52

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	2,646	2,836	2,936	3,036	3,136
Less: Accumulated depreciation	(1,444)	(1,562)	(1,705)	(1,840)	(1,970)
Tangible fixed assets (net)	1,202	1,274	1,231	1,196	1,167
Intangible fixed assets (net)	1,724	2,545	2,308	2,094	1,902
Long-term financial assets	189	236	212	224	218
Invest. in associates & subsidiaries	1,072	1,047	1,047	1,047	1,047
Cash & equivalents	255	117	104	168	231
A/C receivable	95	117	113	124	133
Inventories	3	4	4	5	5
Other current assets	1,067	1,227	1,230	1,231	1,233
Current assets	1,420	1,465	1,451	1,527	1,603
Other assets	87	88	88	88	88
Total assets	5,693	6,655	6,337	6,176	6,024
Common equity	3,254	3,248	3,269	3,295	3,328
Minorities etc.	40	23	(25)	(46)	(46)
Total shareholders' equity	3,293	3,272	3,244	3,249	3,282
Long term debt	1,855	2,343	2,163	1,983	1,803
Other long-term liabilities	163	436	451	466	483
Long-term liabilities	2,018	2,780	2,614	2,450	2,286
A/C payable	24	37	42	38	40
Short term debt	195	310	180	180	180
Other current liabilities	163	257	257	259	235
Current liabilities	382	604	479	477	456
Total liabilities and shareholders' equity	5,693	6,655	6,337	6,176	6,024
Net working capital	978	1,055	1,048	1,062	1,095
Invested capital	5,252	6,244	5,934	5,711	5,516

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

Per share (THB)	2020	2021	2022E	2023E	2024E
Book value per share	2.62	2.62	2.64	2.66	2.68
Tangible book value per share	1.23	0.57	0.77	0.97	1.15

Financial strength	2020	2021	2022E	2023E	2024E
Net debt/equity (%)	54.5	77.5	69.0	61.4	53.4
Net debt/total assets (%)	31.5	38.1	35.3	32.3	29.1
Current ratio (x)	3.7	2.4	3.0	3.2	3.5
CF interest cover (x)	17.5	3.3	3.5	5.4	6.9

Valuation	2020	2021	2022E	2023E	2024E
Recurring P/E (x) *	19.4	20.6	22.8	18.1	14.5
Recurring P/E @ target price (x) *	19.9	21.2	23.4	18.6	14.9
Reported P/E (x)	20.6	19.4	22.8	18.1	14.5
Dividend yield (%)	5.3	4.2	3.9	5.0	6.2
Price/book (x)	1.4	1.5	1.4	1.4	1.4
Price/tangible book (x)	3.1	6.7	4.9	3.9	3.3
EV/EBITDA (x) **	7.7	8.7	9.9	9.0	7.9
EV/EBITDA @ target price (x) **	7.9	8.8	10.1	9.1	8.1
EV/invested capital (x)	1.2	1.2	1.2	1.2	1.2

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

Sources: Nam Yong Terminal; FSSIA estimates

SOMBOON ADVANCE TECHNOLOGY

THAILAND / AUTOMOTIVES

SAT TB

HOLD

FROM BUY

TARGET PRICE	THB19.50
CLOSE	THB17.80
UP/DOWNSIDE	+9.6%
PRIOR TP	THB24.00
CHANGE IN TP	-18.8%
TP vs CONSENSUS	-16.8%

A decelerating car

- We expect SAT's earnings in 2Q22 to slow down to THB203m (-22% q-q, -15% y-y), mainly due to pressure from the steel price.
- Revising earnings estimate for this year down by 5% to THB967m due to GPM estimate cut.
- Downgrade to HOLD with a new 2023 TP of THB19.50.

Expect a slowdown in 2Q22 earnings

We believe SAT's revenue in 2Q22 will grow by 7% y-y to THB2.18b (-6% q-q) and continue to beat the industry – as Thailand's car production grew by only 3% in 2Q22 – thanks to the new orders that started mass production in the quarter. However, due to the low season and the rising steel price, we expect the company's GPM to drop to 16.3% in 2Q22 vs 19.4% in 2Q21 and 17.9% in 1Q22. Moreover, its share of profits from associates will also likely slow due to the semiconductor shortage. As a result, we expect SAT's earnings in 2Q22 to fall to THB203m (-22% q-q, -15% y-y).

Car production target revision doesn't impact SAT's revenue

Although we revise our 2022 target for Thailand's car production down from 1.8m units to 1.68m units, we still have a positive view on SAT's revenue thanks to its new orders. We increase our revenue estimate for SAT this year by 2% to THB9.4b (+9% y-y).

Earnings estimate cuts due to the rising steel price

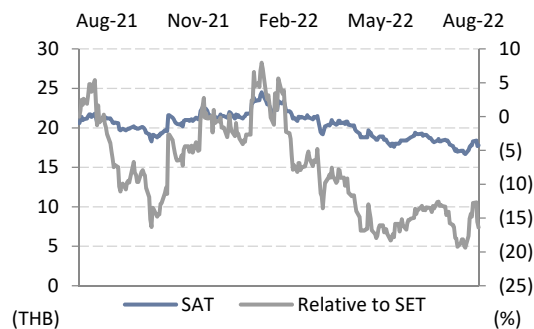
We cut our core net profit assumptions in 2022/23 down by 5%/13% to THB967m/THB1b. This is mainly due to the GPM that we expect to stay at a low level throughout this year and next. The company anticipates that the steel price is still in an uptrend. SAT indicated that it might need almost 12 months in order to pass through the costs to its customers, which is a longer time than we had expected. We had previously expected that the company would be able to completely pass through its costs to customers within this year. As a result, we expect that SAT's GPM for 2022/23 should fall to 18%/18.4% vs our previous expectation of 18.6%/19.4%.

Downgrade to HOLD with a new 2023 TP of THB19.50

We downgrade our recommendation on SAT to HOLD from Buy, with a new 2023 TP of THB19.50 pegged to 8x P/E (-0.5SD of its mean). The company will likely be pressured by the slowdown in car production and the rising steel price, which could increase the risk and uncertainty for 2H22. SAT's 2022E earnings growth at only 1% y-y is less attractive than its peers. In our opinion, the only key investment highlight for SAT is its status as a high dividend payer that offers a dividend yield of over 8% p.a.

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	8,598	9,375	9,924	10,542
Net profit	953	967	1,039	1,137
EPS (THB)	2.24	2.28	2.44	2.67
vs Consensus (%)	-	1.2	(5.4)	(8.0)
EBITDA	1,490	1,481	1,578	1,696
Core net profit	955	967	1,039	1,137
Core EPS (THB)	2.25	2.28	2.44	2.67
Chg. In EPS est. (%)	-	(5.1)	(12.8)	(10.3)
EPS growth (%)	147.7	1.3	7.4	9.5
Core P/E (x)	7.9	7.8	7.3	6.7
Dividend yield (%)	8.4	8.4	9.0	9.9
EV/EBITDA (x)	4.0	3.8	3.4	2.9
Price/book (x)	1.0	0.9	0.9	0.9
Net debt/Equity (%)	(21.0)	(23.9)	(26.9)	(29.9)
ROE (%)	13.0	12.4	12.7	13.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(3.8)	(3.8)	(19.5)
Relative to country (%)	(3.6)	1.4	(21.4)
Mkt cap (USD m)	205		
3m avg. daily turnover (USD m)	0.4		
Free float (%)	64		
Major shareholder	Kitapanich Family (44%)		
12m high/low (THB)	24.80/16.60		
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 2023, which would directly benefit SAT.

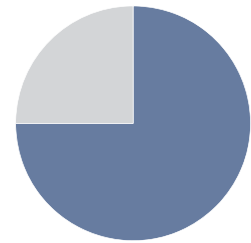
Company profile

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

Principal activities (revenue, 2021)

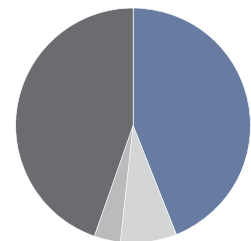
■ Auto - 75.0 % ■ Non-auto - 25.0 %



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 expectation that its earnings should reach another all-time high in 2022;
- Solid dividend yield track record at 5-7% p.a.

Risks to our call

The key downside and upside risks to our P/E-based TP are the domestic car manufacturing industry recovering slower or faster than expected, a faster-than-expected adoption rate for electric vehicles in Thailand, higher raw material prices, and worse global demand for pickup trucks.

Event calendar

Date	Event
Aug-22	2Q22 results announcement

Key assumptions

	2021	2022E	2023E	2024E
Car production growth (%)	18	(0.1)	4.1	6.2
Kubota tractor growth (%)	43	(6)	5	5

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in auto parts revenue, we project 2022 earnings to rise by 0.6%, and vice versa, all else being equal.
- For every 1 bp increase in gross profit margin, we project 2022 earnings to rise by 1.2%, and vice versa, all else being equal.

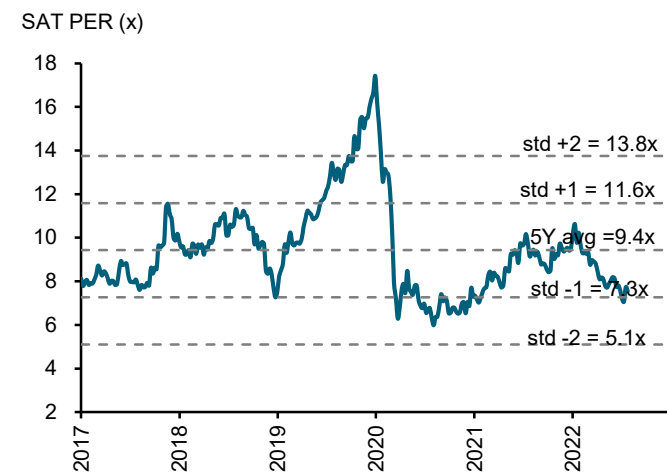
Source: FSSIA estimates

Exhibit 21: SAT - 2Q22 results preview

	2Q21	1Q22	2Q22E	Change		1H21	2H22E	Change	2022E
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)	(THB m)
Revenue	2,041	2,329	2,180	(6.4)	6.8	4,248	4,509	6.1	9,375
Operating costs	(1,645)	(1,912)	(1,825)	(4.6)	10.9	(3,387)	(3,737)	10.3	(7,688)
Gross profit	396	418	355	(14.9)	(10.2)	862	773	(10.3)	1,688
SG&A expenses	(181)	(186)	(172)	(7.6)	(4.9)	(378)	(358)	(5.3)	(764)
EBIT	215	231	183	(20.7)	(14.7)	483	415	(14.2)	923
Depn & amort.	147	128	135	5.7	(8.0)	311	292	(6.1)	558
EBITDA	362	359	318	(11.3)	(12.0)	795	707	(11.0)	1,481
EBITDA margin (%)	18	15	15	nm	nm	19	16	nm	16
Interest expense	(2)	(1)	(0)	(34.9)	(76.6)	(3)	(1)	(65.9)	(3)
Other income	30	43	38	(11.0)	27.2	64	81	25.8	141
Associates	21	11	6	(47.6)	(72.1)	69	17	(74.7)	47
Gain/Loss from exchange	2	0	0	n.a.	(100.0)	8	0	n.a.	0
Extra items	0	0	0	n.a.	n.a.	0	0	n.a.	0
Pretax profit	266	285	227	(20.4)	(14.8)	622	512	(17.6)	1,108
Tax	(27)	(26)	(22)	(14.0)	(17.0)	(61)	(48)	(21.2)	(133)
Tax rate (%)	(10)	(9)	(10)	nm	nm	(10)	(9)	nm	(12)
Minority interests	2	0	2	n.a.	(14.2)	7	3	(62.5)	8
Net profit	237	259	203	(21.9)	(14.6)	554	461	(16.6)	967
Core net profit	235	259	203	(21.7)	(13.9)	546	461	(15.5)	967
EPS (THB)	0.56	0.61	0.48	(21.9)	(14.6)	1.30	1.09	(16.6)	2.28
Core EPS (THB)	0.55	0.61	0.48	(21.7)	(13.9)	1.28	1.08	(15.5)	2.28

Sources: SAT; FSSIA estimates

Exhibit 22: Rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 23: Rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 24: Key assumption changes

	Current		Previous		Change	
	2022E	2023E	2022E	2023E	2022E	2023E
	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)
Revenue	9,375	9,924	9,172	10,012	2.2	(0.9)
Gross profit (includes depreciation and amortisation)	1,688	1,827	1,707	1,942	(1.1)	(5.9)
EBITDA	1,481	1,578	1,498	1,676	(1.1)	(5.8)
Net profit	967	1,039	1,019	1,191	(5.1)	(12.8)
Margin	(%)	(%)	(%)	(%)	(ppt)	(ppt)
Gross profit margin	18.0	18.4	18.6	19.4	(0.6)	(1.0)
Net profit margin	10.3	10.5	11.1	11.9	(0.8)	(1.4)

Source: FSSIA estimates

Financial Statements

Somboon Advance Technology

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	5,883	8,598	9,375	9,924	10,542
Cost of goods sold	(4,372)	(6,371)	(7,130)	(7,532)	(7,984)
Gross profit	1,511	2,227	2,245	2,392	2,558
Other operating income	-	-	-	-	-
Operating costs	(601)	(737)	(764)	(814)	(862)
Operating EBITDA	910	1,490	1,481	1,578	1,696
Depreciation	(620)	(572)	(558)	(565)	(576)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	290	918	923	1,013	1,120
Net financing costs	(8)	(6)	(3)	(2)	0
Associates	3	84	47	55	63
Recurring non-operating income	147	204	188	203	221
Non-recurring items	(15)	(2)	0	0	0
Profit before tax	415	1,114	1,108	1,215	1,341
Tax	(40)	(159)	(133)	(164)	(188)
Profit after tax	374	955	975	1,051	1,153
Minority interests	(4)	(3)	(8)	(12)	(16)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	371	953	967	1,039	1,137
Non-recurring items & goodwill (net)	15	2	0	0	0
Recurring net profit	385	955	967	1,039	1,137
Per share (THB)					
Recurring EPS *	0.91	2.25	2.28	2.44	2.67
Reported EPS	0.87	2.24	2.28	2.44	2.67
DPS	0.60	1.50	1.49	1.61	1.76
Diluted shares (used to calculate per share data)	425	425	425	425	425
Growth					
Revenue (%)	(26.5)	46.2	9.0	5.9	6.2
Operating EBITDA (%)	(35.0)	63.7	(0.6)	6.6	7.4
Operating EBIT (%)	(61.7)	216.1	0.6	9.7	10.5
Recurring EPS (%)	(56.9)	147.7	1.3	7.4	9.5
Reported EPS (%)	(58.6)	156.9	1.6	7.4	9.5
Operating performance					
Gross margin inc. depreciation (%)	15.1	19.2	18.0	18.4	18.8
Gross margin of key business (%)	0.2	0.2	0.2	0.2	0.2
Operating EBITDA margin (%)	15.5	17.3	15.8	15.9	16.1
Operating EBIT margin (%)	4.9	10.7	9.8	10.2	10.6
Net margin (%)	6.6	11.1	10.3	10.5	10.8
Effective tax rate (%)	-9.7	-14.3	-12.0	-13.5	-14.0
Dividend payout on recurring profit (%)	66.2	66.8	65.5	65.8	65.9
Interest cover (X)	56.4	193.8	444.4	608.4	-
Inventory days	47.4	33.2	31.4	31.4	31.3
Debtor days	85.6	65.0	67.1	64.2	64.1
Creditor days	111.7	86.8	86.5	83.8	83.5
Operating ROIC (%)	6.2	19.3	18.0	19.7	21.6
ROIC (%)	7.5	18.9	17.5	18.9	20.6
ROE (%)	5.4	13.0	12.4	12.7	13.1
ROA (%)	4.3	10.3	9.8	10.2	10.6
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Auto	4,412	6,449	7,355	7,803	8,315
Non-auto	1,471	2,150	2,021	2,122	2,228

Sources: Somboon Advance Technology; FSSIA estimates

Financial Statements

Somboon Advance Technology

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	385	955	967	1,039	1,137
Depreciation	620	572	558	565	576
Associates & minorities	4	3	8	12	16
Other non-cash items	(109)	(10)	(8)	12	16
Change in working capital	128	(157)	(103)	(79)	(86)
Cash flow from operations	1,028	1,363	1,423	1,549	1,660
Capex - maintenance	(283)	(192)	(287)	(357)	(357)
Capex - new investment	(121)	(82)	(123)	(153)	(153)
Net acquisitions & disposals	17	8	0	0	0
Other investments (net)	329	(1,002)	(47)	(55)	(63)
Cash flow from investing	(59)	(1,268)	(457)	(565)	(573)
Dividends paid	(476)	(374)	(621)	(634)	(683)
Equity finance	0	0	0	0	0
Debt finance	(187)	(94)	(13)	0	0
Other financing cash flows	(29)	(22)	(18)	0	0
Cash flow from financing	(692)	(490)	(652)	(634)	(683)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	16	0	0	0
Movement in cash	277	(379)	314	350	404
Free cash flow to firm (FCFF)	977.18	100.92	968.36	985.95	1,086.49
Free cash flow to equity (FCFE)	753.56	(4.93)	934.91	983.95	1,086.49

Per share (THB)	2020	2021	2022E	2023E	2024E
FCFF per share	2.30	0.24	2.28	2.32	2.56
FCFE per share	1.77	(0.01)	2.20	2.31	2.56
Recurring cash flow per share	2.12	3.57	3.59	3.83	4.10

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	11,605	11,370	11,770	12,270	12,770
Less: Accumulated depreciation	(8,202)	(8,301)	(8,847)	(9,400)	(9,964)
Tangible fixed assets (net)	3,403	3,069	2,923	2,870	2,806
Intangible fixed assets (net)	70	39	53	51	49
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	867	1,031	1,078	1,133	1,196
Cash & equivalents	1,981	1,602	1,916	2,266	2,669
A/C receivable	1,311	1,751	1,695	1,795	1,906
Inventories	565	594	632	666	704
Other current assets	550	1,597	1,645	1,694	1,745
Current assets	4,407	5,543	5,887	6,420	7,024
Other assets	208	148	125	130	137
Total assets	8,955	9,830	10,067	10,604	11,212
Common equity	7,042	7,642	7,997	8,414	8,884
Minorities etc.	48	0	8	20	36
Total shareholders' equity	7,091	7,642	8,005	8,434	8,920
Long term debt	59	0	0	0	0
Other long-term liabilities	305	296	291	306	321
Long-term liabilities	364	296	291	306	321
A/C payable	1,337	1,694	1,685	1,775	1,876
Short term debt	71	0	0	0	0
Other current liabilities	93	199	86	90	95
Current liabilities	1,501	1,892	1,771	1,865	1,971
Total liabilities and shareholders' equity	8,955	9,830	10,067	10,604	11,212
Net working capital	996	2,049	2,201	2,289	2,384
Invested capital	5,545	6,336	6,380	6,474	6,572

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

Per share (THB)	2020	2021	2022E	2023E	2024E
Book value per share	16.56	17.97	18.81	19.79	20.89
Tangible book value per share	16.40	17.88	18.68	19.67	20.78

Financial strength	2020	2021	2022E	2023E	2024E
Net debt/equity (%)	(26.1)	(21.0)	(23.9)	(26.9)	(29.9)
Net debt/total assets (%)	(20.7)	(16.3)	(19.0)	(21.4)	(23.8)
Current ratio (x)	2.9	2.9	3.3	3.4	3.6
CF interest cover (x)	113.8	14.3	424.2	569.5	-

Valuation	2020	2021	2022E	2023E	2024E
Recurring P/E (x) *	19.6	7.9	7.8	7.3	6.7
Recurring P/E @ target price (x) *	21.5	8.7	8.6	8.0	7.3
Reported P/E (x)	20.4	7.9	7.8	7.3	6.7
Dividend yield (%)	3.4	8.4	8.4	9.0	9.9
Price/book (x)	1.1	1.0	0.9	0.9	0.9
Price/tangible book (x)	1.1	1.0	1.0	0.9	0.9
EV/EBITDA (x) **	6.3	4.0	3.8	3.4	2.9
EV/EBITDA @ target price (x) **	7.1	4.5	4.3	3.8	3.3
EV/invested capital (x)	1.0	0.9	0.9	0.8	0.8

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

Sources: Somboon Advance Technology; FSSIA estimates

Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PAP	PCSGH	PDJ	PG	PHOL	PLANB
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	TMB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TSC	TSR	TSTE	TSTH	TTA
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

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

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

Description

Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; ** delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

Anti-corruption Progress Indicator 2020

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

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

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

Disclaimer:

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; * FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Naruedom Mujjalinkool FSS International Investment Advisory Securities Co., Ltd

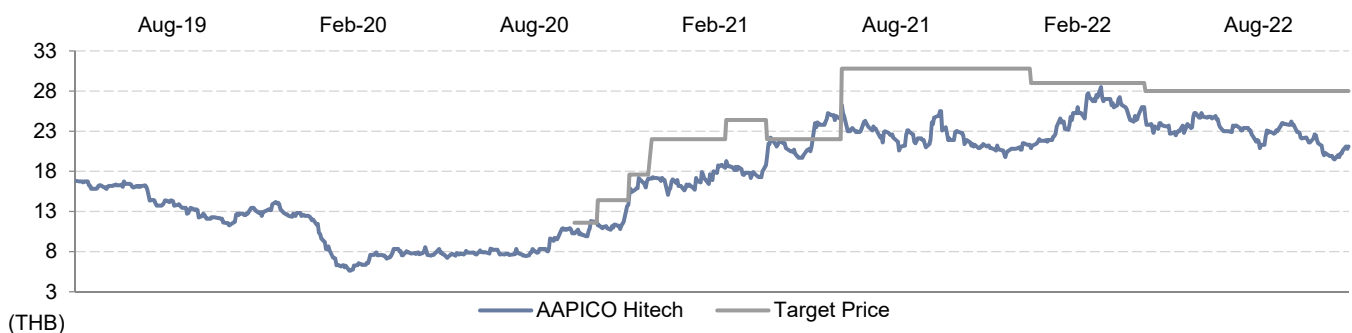
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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History of change in investment rating and/or target price

AAPICO Hitech (AH TB)



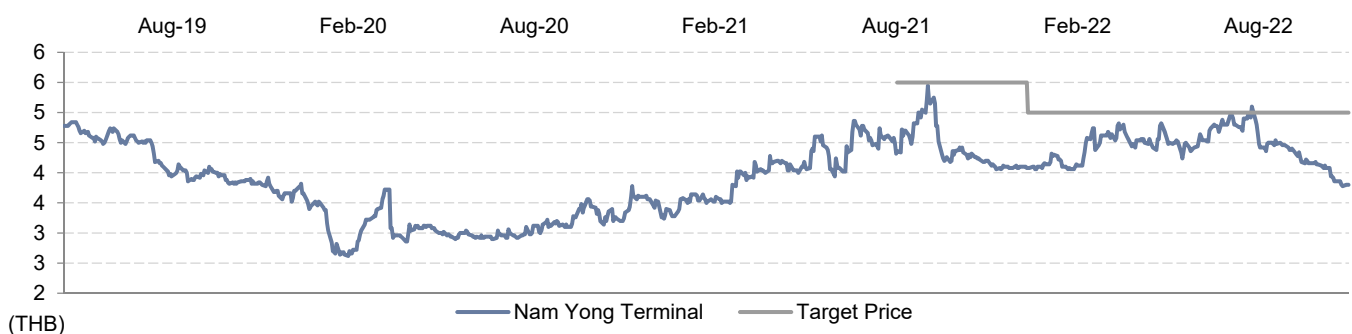
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
01-Oct-2020	HOLD	11.60	08-Feb-2021	BUY	24.40	02-Feb-2022	HOLD	28.00
21-Oct-2020	BUY	14.40	15-Mar-2021	BUY	22.00	16-Mar-2022	BUY	28.00
17-Nov-2020	BUY	17.60	18-May-2021	BUY	30.80			
04-Dec-2020	BUY	22.00	27-Oct-2021	BUY	29.00			

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)



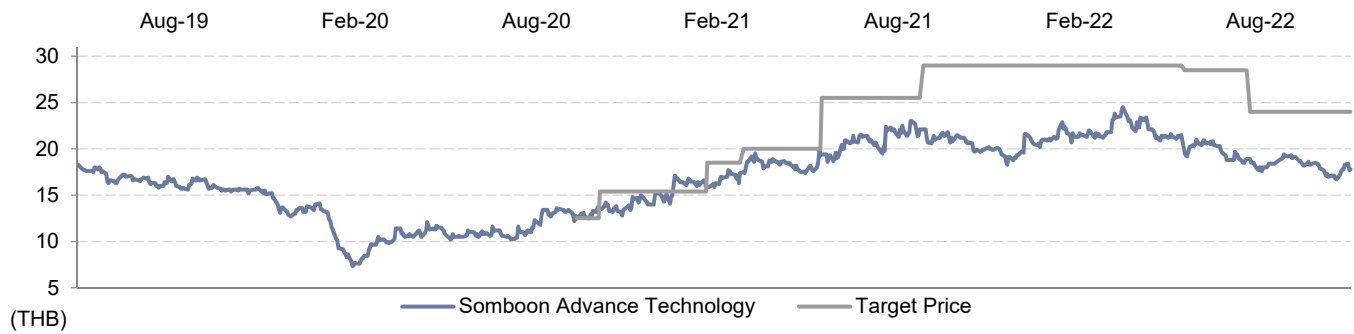
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
08-Jul-2021	BUY	5.50	27-Oct-2021	BUY	5.00	-	-	-

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

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	19-Feb-2021	BUY	20.00	04-Mar-2022	BUY	28.50
21-Oct-2020	BUY	15.40	29-Apr-2021	BUY	25.50	29-Apr-2022	BUY	24.00
21-Jan-2021	BUY	18.50	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 21.10	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, higher steel prices, semiconductor shortages, and exchange rate risk.
Nam Yong Terminal	NYT TB	THB 3.80	HOLD	The key downside and supdie risks to our P/E-multiple TP include 1) weaker or stronger-than-expected Thai car exports; 2) Seahorse ferries can turn into profit faster or slower than our expectation; and 3) NYT's inability to secure an A5 contract extension.
Somboon Advance Technology	SAT TB	THB 17.80	HOLD	The key downside and upside risks to our P/E-based TP are the domestic car manufacturing industry recovering slower or faster than expected, a faster-than-expected adoption rate for electric vehicles in Thailand, higher raw material prices, 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 27-Jul-2022 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.