

# AAPICO HITECH AH TB

## THAILAND / AUTOMOTIVES

**BUY**

UNCHANGED

TARGET PRICE	THB35.50
CLOSE	THB30.25
UP/DOWNSIDE	+17.4%
PRIOR TP	THB29.50
CHANGE IN TP	+20.3%
TP vs CONSENSUS	+4.4%

## A solid vehicle for growth

- We expect AH's 3Q22 core earnings continue to grow to THB339m (+21% q-q, +167% y-y) thanks to a solid car production volume in Thailand and high car sales in Malaysia.
- We increase our 2022 earnings forecast for AH by 18% to THB1.3b.
- Maintain BUY with a new TP of THB35.50; remains our top pick.

### Expect solid 3Q22 results

With Thailand's car production in 3Q22 reaching 494k units (+27% q-q, +35% y-y) – the highest quarterly car production in the past three years – and the strong car sales in both Thailand and Malaysia (MY), we expect AH's core earnings in 3Q22 to hit THB339m (+21% q-q, +167% y-y). We think AH's 3Q22 revenue will grow significantly by 9% q-q and 58% y-y to THB6.7b, driven by both auto parts manufacturing and its car dealership business. On top off that, we expect its GPM to slightly improve to 10.5% vs 10.1% in 2Q22 following the stronger revenue. Note that the company also expects to book a significant exchange gain in 3Q22, much like in the previous quarter when it booked a gain of THB129m.

### Earnings upgrade

We finally have an earnings upgrade for AH for the first time this year as the revenue from both auto parts and car sales has been slightly better than previously expected. The demand for new cars has bounced back impressively after the improvement of the semi-conductor shortage, and the car promotion from the MY government could stimulate this year's total car sales in MY to reach the highest number of all time. Therefore, we expect AH's core earnings in 2022 to hit THB1,302m (+64% y-y), higher than our previous expectation by 18%.

### Softening expected in 4Q22

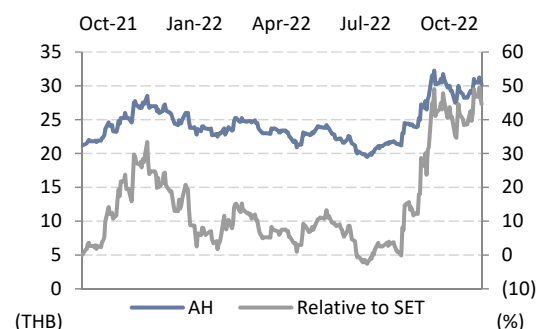
Although 3Q22 could be a great quarter for AH, 4Q22, however, could see a slight slowdown as 1) the Portugal factory is expected to enter the low season; 2) the car sales in MY could slow down; and 3) there could be higher electricity costs. Nevertheless, we still believe that AH should post y-y growth in 4Q22 thanks to cost controls in Portugal and a higher auto parts volume.

### Maintain BUY with a new 2023 TP of THB35.50

AH's outlook remains strong. We expect its 2023 core earnings to grow by 7% – another record high – thanks to the continuous recovery of the auto industry, as we expect total car production to grow by 3% in 2023. Maintain BUY on AH with a new 2023 TP of THB35.50, pegged to 9x 2023E P/E (+1SD). AH remains our top pick in the auto sector.

### KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	20,433	25,783	26,974	28,573
Net profit	1,024	1,302	1,396	1,490
EPS (THB)	2.89	3.67	3.94	4.20
vs Consensus (%)	-	8.7	2.3	(4.0)
EBITDA	1,699	1,903	1,943	1,971
Core net profit	792	1,302	1,396	1,490
Core EPS (THB)	2.23	3.67	3.94	4.20
Chg. In EPS est. (%)	-	17.5	7.0	0.2
EPS growth (%)	393.4	64.5	7.2	6.7
Core P/E (x)	13.6	8.2	7.7	7.2
Dividend yield (%)	2.0	4.2	5.2	5.6
EV/EBITDA (x)	10.7	9.2	8.4	7.8
Price/book (x)	1.3	1.1	1.0	1.0
Net debt/Equity (%)	81.5	66.5	48.8	36.8
ROE (%)	9.9	14.6	14.2	13.9



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	0.8	43.4	42.0
Relative to country (%)	1.4	41.0	44.3
Mkt cap (USD m)	284		
3m avg. daily turnover (USD m)	2.8		
Free float (%)	50		
Major shareholder	Thai NVDR (14%)		
12m high/low (THB)	34.25/19.40		
Issued shares (m)	354.84		

Sources: Bloomberg consensus; FSSIA estimates


**Naruedom Mujjalinkool**

 naruedom.muj@fssia.com  
 +66 2611 3566

## 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.

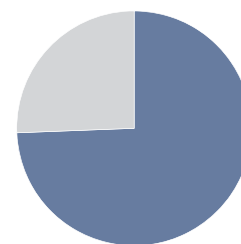
## Company profile

Main businesses of AH are the manufacture of OEM automotive parts and designing, producing, and installing assembly jigs and stamping dies. The company has invested in other businesses associated with the automotive industry, including car dealerships and IoT connectivity and mobility businesses.

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

## Principal activities (revenue, 2021)

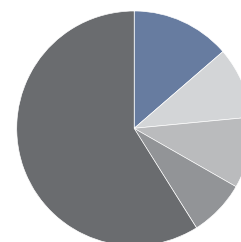
- Manufacture of auto parts - 74.4 %
- Car dealership and others - 25.6 %



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
Nov-22	3Q22 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 2023 earnings to rise by 0.5%, and vice versa, all else being equal.
- For every 10 bps increase in gross profit margin, we project 2023 earnings to rise by 5.1%, and vice versa, all else being equal.

Source: FSSIA estimates

## Car sales in MY for 2022 are expected to be at an all-time high

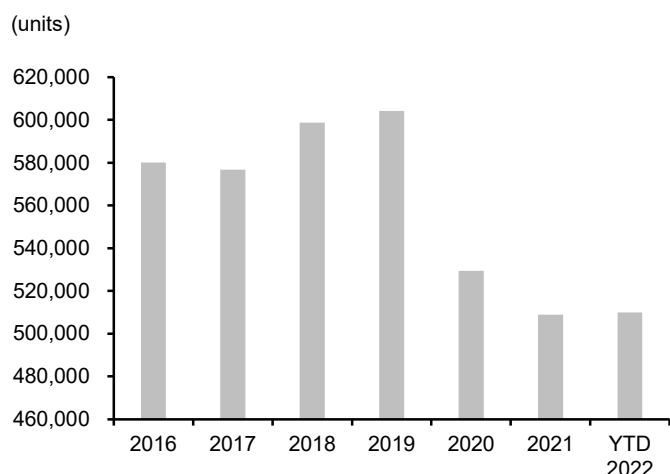
The MY government has announced a current sales tax (SST) exemption for new vehicles, with a 100% exemption for locally-assembled (CKD) cars and 50% for fully-imported (CBU) cars. The exemption has resulted in reduced prices for passenger cars by a moderate amount.

It was originally scheduled to end in Jun-21, but the government extended this package twice and it finished at the end of Jun-22. Toward the end of the exemption, according to the company, there was a huge demand for new cars in MY as it was the last chance to get a tax exemption. Therefore, there are still a lot of new cars to be booked and awaiting delivery to customers by the end of this year, according to the company.

## Conservative view on MY's revenue for 2023

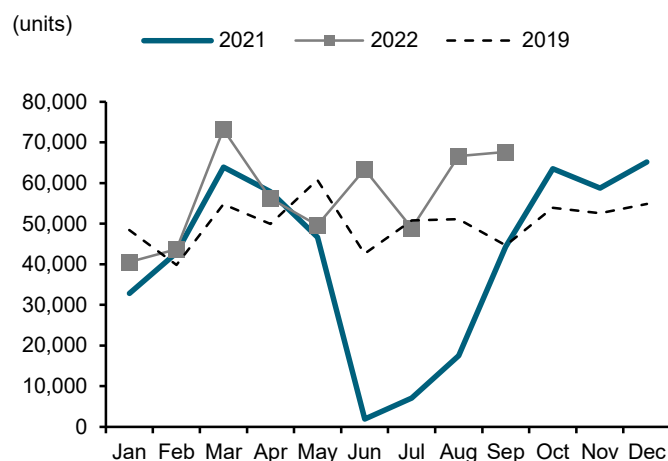
Car sales in MY could reach an all-time high for this year thanks to the MY government's stimulus package which made demand jump significantly in late 2Q22 and 3Q22. Monthly car sales during those periods already beat the sales volume in the pre-Covid period during 2019. We expect that this momentum could continue throughout this year and possibly into 1Q23, given that there is pent-up demand.

### Exhibit 1: Yearly car sales in Malaysia



Note: YTD 2022 = Jan-Sep  
Source: Malaysian Automotive Association

### Exhibit 2: Monthly car sales in Malaysia vs 2019

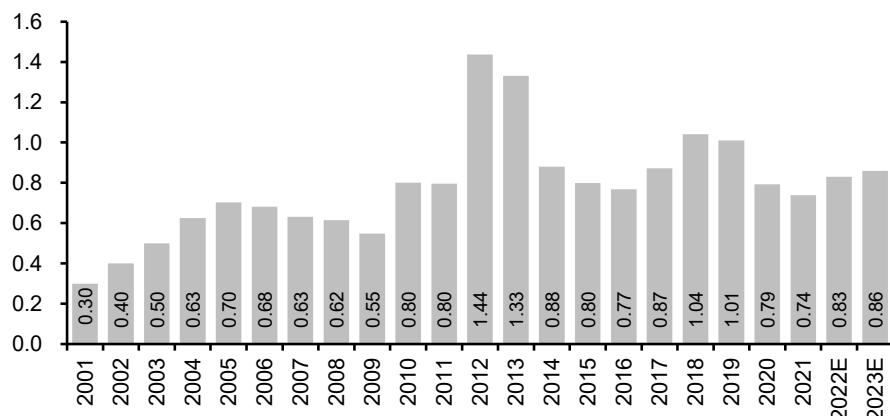


Sources: Malaysian Automotive Association; FSSIA compilation

However, we believe the demand for new cars in MY will drop dramatically next year, similar to the first-car purchase tax policy in Thailand that was applied in 2012-13. During that period, Thailand's car sales spiked by 81% y-y to 1.44m units, but started to decline in 2013. They then returned to the normal level in 2014. We believe MY car sales in 2023 will face the same trend.

**Exhibit 3: Thailand domestic car sales**

(m units)



Sources: Thailand Automotive Association; FSSIA estimates

Therefore, we cut our car dealership revenue assumption down by 7% in 2023 in order to reflect the potential slowdown in MY car sales by 15%. Note that the revenue from MY contributes about 10-12% of AH's revenue. However, we increase our auto parts revenue estimate for AH by 5% in 2023 as 1) the Portugal factory is getting more new orders for this year and next; 2) we have an expectation of no lockdowns in China, which could allow Chinese factories to manufacture at 100% capacity through 2023; and 3) we expect continuous growth in Thailand's car production by 3% to 1.86m units.

As a result, we expect that AH's revenue for 2023 could slightly increase by 2% compared to our previous expectation. Its cost control and the alleviation of the steel price situation, especially for the Portugal factory, should drive AH's earnings in 2023 to hit THB1.4b (+7% y-y)

**Exhibit 4: Key assumption changes**

	Current			Previous			Change		
	2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)
Auto parts	19,119	20,414	21,527	17,654	19,419	20,752	8	5	4
Car dealership and others	6,664	6,559	7,046	6,664	7,079	7,827	0	(7)	(10)
<b>Revenue</b>	<b>25,783</b>	<b>26,974</b>	<b>28,573</b>	<b>24,318</b>	<b>26,499</b>	<b>23,772</b>	<b>6</b>	<b>2</b>	<b>20</b>
<b>Gross profit</b>	<b>2,836</b>	<b>3,021</b>	<b>3,214</b>	<b>2,724</b>	<b>3,021</b>	<b>2,853</b>	<b>4</b>	<b>0</b>	<b>13</b>
<b>EBITDA</b>	<b>1,903</b>	<b>1,943</b>	<b>1,971</b>	<b>1,674</b>	<b>1,802</b>	<b>1,823</b>	<b>14</b>	<b>8</b>	<b>8</b>
<b>Net profit</b>	<b>1,302</b>	<b>1,396</b>	<b>1,490</b>	<b>1,108</b>	<b>1,305</b>	<b>1,279</b>	<b>18</b>	<b>7</b>	<b>16</b>
<b>Margin</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(ppt)</b>
GPM	11.0	11.2	11.3	11.2	11.4	12.0	(0.2)	(0.2)	(0.8)
NPM (Core)	5.1	5.2	5.2	4.6	4.9	5.4	0.5	0.3	(0.2)

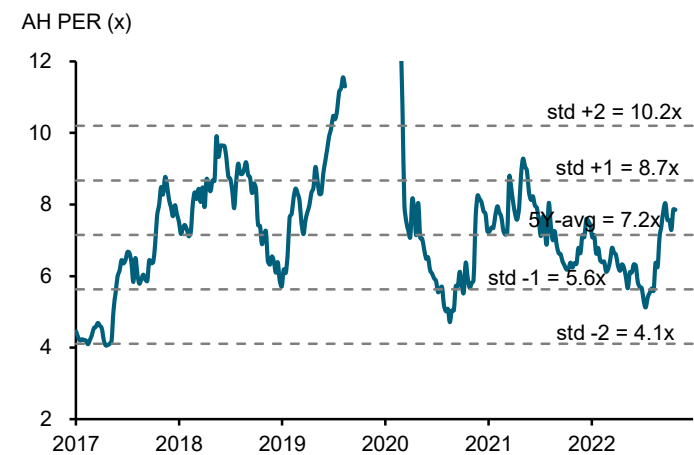
Source; FSSIA estimates

## Exhibit 5: 3Q22 results preview

	3Q21	2Q22	3Q22E	Change		9M21	9M22E	Change	2022E
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)	(THB m)
Auto parts	3,447	4,522	5,044	11.5	46.3	11,283	14,700	30.3	19,119
Car dealership and others	795	1,623	1,672	3.0	110.3	3,375	4,891	44.9	6,664
<b>Revenue</b>	<b>4,244</b>	<b>6,145</b>	<b>6,715</b>	<b>9.3</b>	<b>58.2</b>	<b>14,663</b>	<b>19,591</b>	<b>33.6</b>	<b>25,783</b>
Operating costs	(3,848)	(5,523)	(6,010)	8.8	56.2	(13,033)	(17,518)	34.4	(22,896)
<b>Gross profit</b>	<b>396</b>	<b>622</b>	<b>705</b>	<b>13.4</b>	<b>78.0</b>	<b>1,630</b>	<b>2,073</b>	<b>27.1</b>	<b>2,888</b>
SG&A expenses	(310)	(412)	(422)	2.3	36.1	(1,091)	(1,227)	12.4	(1,766)
<b>EBIT</b>	<b>86</b>	<b>209</b>	<b>283</b>	<b>35.3</b>	<b>228.3</b>	<b>540</b>	<b>846</b>	<b>n.a.</b>	<b>1,122</b>
Depreciation & amortisation	261	297	272	(8.5)	n.a.	763	768	0.6	743
<b>EBITDA</b>	<b>347</b>	<b>506</b>	<b>555</b>	<b>9.6</b>	<b>59.7</b>	<b>1,303</b>	<b>1,614</b>	<b>23.9</b>	<b>1,864</b>
<i>EBITDA margin (%)</i>	<i>8</i>	<i>8</i>	<i>8</i>	<i>nm</i>	<i>nm</i>	<i>9</i>	<i>8</i>	<i>nm</i>	<i>7</i>
Interest expense	(87)	(77)	(73)	(5.7)	(16.5)	(264)	(231)	(12.4)	(315)
Other income	82	74	90	22.0	10.0	237	250	5.3	349
Extra item	0	0	0	n.a.	n.a.	0	0	n.a.	0
Associates	64	122	82	(32.5)	28.3	209	287	37.1	323
Gain/Loss from exchange	108	129	0	n.a.	n.a.	253	125	(50.4)	0
<b>Pretax profit</b>	<b>253</b>	<b>457</b>	<b>383</b>	<b>(16.2)</b>	<b>51.2</b>	<b>975</b>	<b>1,277</b>	<b>31.0</b>	<b>1,494</b>
Tax	(22)	(43)	(37)	(13.6)	70.7	(80)	(108)	34.2	(164)
<i>Tax rate (%)</i>	<i>(9)</i>	<i>(9)</i>	<i>(10)</i>	<i>nm</i>	<i>nm</i>	<i>(8)</i>	<i>(8)</i>	<i>nm</i>	<i>(11)</i>
Minority interests	(3)	4	7	68.1	n.a.	0	18	15,451.7	27
<b>Net profit</b>	<b>235</b>	<b>410</b>	<b>339</b>	<b>(17.4)</b>	<b>44.4</b>	<b>894</b>	<b>1,151</b>	<b>28.7</b>	<b>1,302</b>
<b>Core net profit</b>	<b>127</b>	<b>281</b>	<b>339</b>	<b>20.6</b>	<b>167.3</b>	<b>642</b>	<b>1,025</b>	<b>59.8</b>	<b>1,302</b>
EPS (THB)	0.73	1.27	0.95	(24.9)	31.2	2.77	3.24	17.0	3.67
Core EPS (THB)	0.39	0.87	0.95	9.6	143.0	1.99	2.89	45.2	3.67

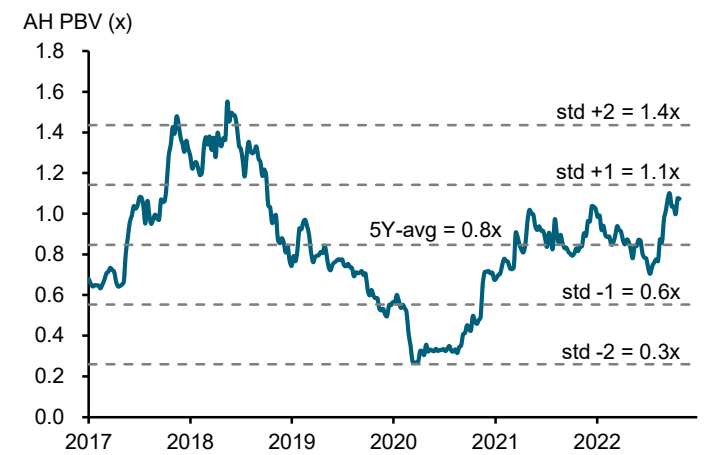
Sources: AH; FSSIA estimates

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



Sources: Bloomberg; FSSIA estimates

## Exhibit 7: Rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

## Financial Statements

### AAPICO Hitech

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	17,172	20,433	25,783	26,974	28,573
Cost of goods sold	(15,057)	(17,194)	(22,205)	(23,237)	(24,673)
<b>Gross profit</b>	<b>2,116</b>	<b>3,239</b>	<b>3,579</b>	<b>3,736</b>	<b>3,900</b>
Other operating income	-	-	-	-	-
Operating costs	(1,333)	(1,540)	(1,676)	(1,794)	(1,929)
<b>Operating EBITDA</b>	<b>783</b>	<b>1,699</b>	<b>1,903</b>	<b>1,943</b>	<b>1,971</b>
Depreciation	(998)	(1,031)	(743)	(715)	(686)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>(215)</b>	<b>668</b>	<b>1,160</b>	<b>1,227</b>	<b>1,286</b>
Net financing costs	(338)	(343)	(310)	(313)	(303)
Associates	101	281	323	337	357
Recurring non-operating income	726	593	644	685	719
Non-recurring items	2	232	0	0	0
<b>Profit before tax</b>	<b>175</b>	<b>1,151</b>	<b>1,494</b>	<b>1,599</b>	<b>1,702</b>
Tax	(12)	(113)	(164)	(174)	(182)
<b>Profit after tax</b>	<b>163</b>	<b>1,037</b>	<b>1,329</b>	<b>1,425</b>	<b>1,520</b>
Minority interests	(15)	(13)	(27)	(28)	(30)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>148</b>	<b>1,024</b>	<b>1,302</b>	<b>1,396</b>	<b>1,490</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(2)</b>	<b>(232)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>146</b>	<b>792</b>	<b>1,302</b>	<b>1,396</b>	<b>1,490</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.45	2.23	3.67	3.94	4.20
Reported EPS	0.46	2.89	3.67	3.94	4.20
DPS	0.00	0.61	1.28	1.57	1.68
Diluted shares (used to calculate per share data)	323	355	355	355	355
<b>Growth</b>					
Revenue (%)	(6.6)	19.0	26.2	4.6	5.9
Operating EBITDA (%)	(39.4)	117.0	12.0	2.1	1.5
Operating EBIT (%)	nm	nm	73.6	5.8	4.8
Recurring EPS (%)	(84.5)	393.4	64.5	7.2	6.7
Reported EPS (%)	nm	530.0	27.2	7.2	6.7
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	6.5	10.8	11.0	11.2	11.3
Gross margin of key business (%)	-	-	-	-	-
Operating EBITDA margin (%)	4.6	8.3	7.4	7.2	6.9
Operating EBIT margin (%)	(1.3)	3.3	4.5	4.5	4.5
Net margin (%)	0.8	3.9	5.1	5.2	5.2
Effective tax rate (%)	(6.9)	(9.9)	(11.0)	(10.9)	(10.7)
Dividend payout on recurring profit (%)	-	27.2	35.0	40.0	40.0
Interest cover (X)	1.5	3.7	5.8	6.1	6.6
Inventory days	66.7	59.7	50.7	47.9	45.0
Debtor days	51.2	45.4	39.8	46.4	45.7
Creditor days	103.2	95.6	81.5	80.7	79.9
Operating ROIC (%)	(2.5)	7.7	13.3	13.5	14.2
ROIC (%)	3.1	7.5	10.8	11.5	12.1
ROE (%)	2.0	9.9	14.6	14.2	13.9
ROA (%)	2.3	5.1	7.0	7.0	7.0

\* 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	19,119	20,414	21,527
Car dealership and others	5,144	5,232	6,664	6,559	7,046

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	1,302	1,396	1,490
Depreciation	998	1,031	743	715	686
Associates & minorities	15	13	27	28	30
Other non-cash items	86	375	654	12	16
Change in working capital	(928)	1,087	(1,102)	337	(54)
<b>Cash flow from operations</b>	<b>316</b>	<b>3,299</b>	<b>1,624</b>	<b>2,489</b>	<b>2,167</b>
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
<b>Cash flow from investing</b>	<b>(408)</b>	<b>(791)</b>	<b>(475)</b>	<b>(675)</b>	<b>(676)</b>
Dividends paid	0	(215)	(456)	(559)	(596)
Equity finance	0	0	0	0	0
Debt finance	755	(1,631)	411	(100)	(200)
Other financing cash flows	(474)	(431)	27	28	30
<b>Cash flow from financing</b>	<b>281</b>	<b>(2,277)</b>	<b>(18)</b>	<b>(630)</b>	<b>(766)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	14	0	0	0
<b>Net other adjustments</b>	<b>(92)</b>	<b>(178)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>97</b>	<b>52</b>	<b>1,131</b>	<b>1,184</b>	<b>725</b>
Free cash flow to firm (FCFF)	281.01	2,853.68	1,463.97	2,133.67	1,803.38
Free cash flow to equity (FCFE)	97.30	267.66	1,586.40	1,742.11	1,321.29
<b>Per share (THB)</b>					
FCFF per share	0.79	8.04	4.13	6.01	5.08
FCFE per share	0.27	0.75	4.47	4.91	3.72
Recurring cash flow per share	3.86	6.23	7.68	6.06	6.26
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)
<b>Tangible fixed assets (net)</b>	<b>7,773</b>	<b>8,222</b>	<b>8,041</b>	<b>8,110</b>	<b>8,208</b>
<b>Intangible fixed assets (net)</b>	<b>3,143</b>	<b>3,317</b>	<b>3,159</b>	<b>3,055</b>	<b>2,951</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	3,716	4,150	4,150	4,150	4,150
Cash & equivalents	690	742	1,872	3,056	3,781
A/C receivable	2,846	2,237	3,391	3,473	3,679
Inventories	2,596	3,031	3,143	2,953	3,126
Other current assets	435	277	291	306	321
<b>Current assets</b>	<b>6,566</b>	<b>6,286</b>	<b>8,698</b>	<b>9,788</b>	<b>10,908</b>
Other assets	1,148	746	349	356	368
<b>Total assets</b>	<b>22,346</b>	<b>22,722</b>	<b>24,397</b>	<b>25,459</b>	<b>26,585</b>
Common equity	7,473	8,513	9,387	10,253	11,177
Minorities etc.	268	302	329	357	387
<b>Total shareholders' equity</b>	<b>7,741</b>	<b>8,815</b>	<b>9,715</b>	<b>10,610</b>	<b>11,563</b>
Long term debt	5,597	4,238	4,700	4,600	4,500
Other long-term liabilities	562	512	696	720	752
<b>Long-term liabilities</b>	<b>6,158</b>	<b>4,750</b>	<b>5,396</b>	<b>5,320</b>	<b>5,252</b>
A/C payable	4,119	4,884	5,030	5,250	5,558
Short term debt	3,852	3,687	3,636	3,636	3,536
Other current liabilities	476	587	620	644	676
<b>Current liabilities</b>	<b>8,446</b>	<b>9,158</b>	<b>9,285</b>	<b>9,530</b>	<b>9,770</b>
<b>Total liabilities and shareholders' equity</b>	<b>22,346</b>	<b>22,722</b>	<b>24,397</b>	<b>25,459</b>	<b>26,585</b>
Net working capital	1,282	73	1,175	838	892
Invested capital	17,062	16,509	16,875	16,509	16,570
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	23.17	23.99	26.45	28.89	31.50
Tangible book value per share	13.42	14.64	17.55	20.29	23.18
<b>Financial strength</b>					
Net debt/equity (%)	113.1	81.5	66.5	48.8	36.8
Net debt/total assets (%)	39.2	31.6	26.5	20.3	16.0
Current ratio (x)	0.8	0.7	0.9	1.0	1.1
CF interest cover (x)	1.9	2.9	6.6	7.2	6.0
Valuation	2020	2021	2022E	2023E	2024E
<b>Recurring P/E (x) *</b>	<b>66.9</b>	<b>13.6</b>	<b>8.2</b>	<b>7.7</b>	<b>7.2</b>
<b>Recurring P/E @ target price (x) *</b>	<b>78.5</b>	<b>15.9</b>	<b>9.7</b>	<b>9.0</b>	<b>8.5</b>
Reported P/E (x)	66.0	10.5	8.2	7.7	7.2
Dividend yield (%)	-	2.0	4.2	5.2	5.6
Price/book (x)	1.3	1.3	1.1	1.0	1.0
Price/tangible book (x)	2.3	2.1	1.7	1.5	1.3
EV/EBITDA (x) **	24.0	10.7	9.2	8.4	7.8
EV/EBITDA @ target price (x) **	26.1	11.8	10.2	9.3	8.7
EV/invested capital (x)	1.1	1.1	1.0	1.0	0.9
* Pre-exceptional, pre-goodwill and fully diluted    ** EBITDA includes associate income and recurring non-operating income					

Sources: AAPICO Hitech; FSSIA estimates

## Corporate Governance report of Thai listed companies 2021

EXCELLENT LEVEL – Score range 90-100										
AAV	BCPG	CPALL	GCAP	K	MSC	PLANET	SAMART	SPI	THRE	TVD
ADVANC	BDMS	CPF	GFPT	KBANK	MST	PLAT	SAMTEL	SPRC	THREL	TVI
AF	BEM	CPI	GGC	KCE	MTC	PORT	SAT	SPVI	TIPCO	TVO
AH	BGC	CPN	GLAND	KKP	MVP	PPS	SC	SSSC	TISCO	TWPC
AIRA	BGRIM	CRC	GLOBAL	KSL	NCL	PR9	SCB	SST	TK	U
AKP	BIZ	CSS	GPI	KTB	NEP	PREB	SCC	STA	TKT	UAC
AKR	BKI	DDD	GPSC	KTC	NER	PRG	SCCC	STEC	TMT	UBIS
ALT	BOL	DELTA	GRAMMY	LALIN	NKI	PRM	SCG	STI	TNDT	UV
AMA	BPP	DEMCO	GULF	LANNA	NOBLE	PROUD	SCGP	SUN	TNITY	VGI
AMATA	BRR	DRT	GUNKUL	LH	NSI	PSH	SCM	SUSCO	TOA	VIH
AMATAV	BTS	DTAC	HANA	LHFG	NVD	PSL	SDC	SUTHA	TOP	WACOAL
ANAN	BTW	DUSIT	HARN	LIT	NWR	PTG	SEAFECO	SVI	TPBI	WAVE
AOT	BWG	EA	HMPRO	LPN	NYT	PTT	SEOIL	SYMC	TQM	WHA
AP	CENTEL	EASTW	ICC	MACO	OISHI	PTTEP	SE-ED	SYNTEC	TRC	WHAUP
ARIP	CFRESH	ECF	ICHI	MAJOR	OR	PTTGC	SELIC	TACC	TRU	WICE
ARROW	CHEWA	ECL	III	MAKRO	ORI	PYLON	SENA	TASCO	TRUE	WINNER
ASP	CHO	EE	ILINK	MALEE	OSP	Q-CON	SHR	TCAP	TSC	ZEN
AUCT	CIMBT	EGCO	ILM	MBK	OTO	QH	SIRI	TEAMG	TSR	
AWC	CK	EPG	INTUCH	MC	PAP	QTC	SIS	TFMAMA	TSTE	
AYUD	CKP	ETC	IP	MCOT	PCSGH	RATCH	SITHAI	TGH	TSTH	
BAFS	CM	FPI	IRPC	METCO	PDG	RS	SMK	THANA	TTA	
BANPU	CNT	FPT	ITEL	MFEC	PDJ	S	SMPC	THANI	TTB	
BAY	COM7	FSMART	IVL	MINT	PG	S & J	SNC	THCOM	TTCL	
BBL	COMAN	GBX	JSP	MONO	PHOL	SAAM	SONIC	THG	TTW	
BCP	COTTO	GC	JWD	MOONG	PLANB	SABINA	SPALI	THIP	TU	
VERY GOOD LEVEL – Score range 80-89										
2S	ASIMAR	CHOW	FLOYD	IT	LOXLEY	OCC	RPC	SKY	TCC	TVT
7UP	ASK	CI	FN	ITD	LRH	OGC	RT	SLP	TCMC	TWP
ABICO	ASN	CIG	FNS	J	LST	PATO	RWI	SMIT	TEAM	UEC
ABM	ATP30	CMC	FORTH	JAS	M	PB	S11	SMT	TFG	UMI
ACE	B	COLOR	FSS	JCK	MATCH	PICO	SA	SNP	TFI	UOBKH
ACG	BA	CPL	FTE	JCKH	MBAX	PIMO	SAK	SO	TIGER	UP
ADB	BAM	CPW	FVC	JMART	MEGA	PJW	SALEE	SORKON	TITLE	UPF
AEONTS	BC	CRD	GEL	JMT	META	PL	SAMCO	SPA	TKN	UPOIC
AGE	BCH	CSC	GENCO	KBS	MFC	PM	SANKO	SPC	TKS	UTP
AHC	BEC	CSP	GJS	KCAR	MGT	PMTA	SAPPE	SPCG	TM	VCOM
AIT	BEYOND	CWT	GYT	KEX	MICRO	PPP	SAWAD	SR	TMC	VL
ALL	BFIT	DCC	HEMP	KGI	MILL	PPPM	SCI	SRICHA	TMD	VPO
ALLA	BJC	DCON	HPT	KIAT	MTSIB	PRIME	SCN	SSC	TMI	VRANDA
ALUCON	BJCHI	DHOUSE	HTC	KISS	MK	PRIN	SCP	SSF	TMILL	WGE
AMANAH	BLA	DOD	HYDRO	KOOL	MODERN	PRINC	SE	STANLY	TNL	WIJK
AMARIN	BR	DOHOME	ICN	KTIS	MTI	PSG	SFLEX	STGT	TNP	WP
APCO	BROOK	DV8	IFS	KUMWEL	NBC	PSTC	SFP	STOWER	TOG	XO
APCS	CBG	EASON	IMH	KUN	NCAP	PT	SFT	STPI	TPA	XPG
APURE	CEN	EFORL	IND	KWC	NCH	QLT	SGF	SUC	TPAC	YUASA
AQUA	CGH	ERW	INET	KWM	NETBAY	RBF	SIAM	SWC	TPCS	
ASAP	CHARAN	ESSO	INSET	L&E	NEX	RCL	SINGER	SYNEX	TPS	
ASEFA	CHAYO	ESTAR	INSURE	LDC	NINE	RICHY	SKE	TAE	TRITN	
ASIA	CHG	ETE	IRC	LEO	NRF	RML	SKN	TAKUNI	TRT	
ASIAN	CHOTI	FE	IRCP	LHK	NTV	ROJNA	SKR	TBSP	TSE	
GOOD LEVEL – Score range 70-79										
A	BGT	CITY	GIFT	JTS	MDX	PK	SGP	SUPER	TQR	YGG
AI	BH	CMAN	GLOCON	JUBILE	MJD	PLE	SICT	SVOA	TTI	ZIGA
AIE	BIG	CMO	GREEN	KASET	MORE	PPM	SIMAT	TC	TYCN	
AJ	BLAND	CMR	GSC	KCM	MUD	PRAKIT	SISB	TCCC	UKEM	
ALPHAX	BM	CPT	GTB	KK	NC	PRAPAT	SK	THMUI	UMS	
AMC	BROCK	CRANE	HTECH	KKC	NDR	PRECHA	SMART	TNH	UNIQ	
APP	BSBM	CSR	HUMAN	KWI	NFC	PTL	SOLAR	TNR	UPA	
AQ	BSM	D	IHL	KYE	NNCL	RJH	SPACK	TOPP	UREKA	
ARIN	BTNC	EKH	IIG	LEE	NOVA	RP	SPG	TPCH	VIBHA	
AS	BYD	EMC	INGRS	LPH	NPK	RPH	SQ	TPIPL	W	
AU	CAZ	EP	INOX	MATI	NUSA	RSP	SSP	TIPIP	WIN	
B52	CCP	F&D	JAK	M-CHAI	PAF	SABUY	STARK	TPLAS	WORK	
BEAUTY	CGD	FMT	JR	MCS	PF	SF	STC	TPOLY	WPH	

**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

Sources: Thai Institute of Directors Association (IOD); FSSIA's compilation; data as of 26 October 2021

## Anti-corruption Progress Indicator

CERTIFIED										
2S	BCH	CPALL	GC	K	MFC	PE	QLT	SNP	THCOM	TU
7UP	BCP	CPF	GCAP	KASET	MFEC	PG	QTC	SORKON	THIP	TVD
ADVANC	BCPG	CPI	GEL	KBANK	MILL	PHOL	RATCH	SPACK	THRE	TVI
AF	BE8	CPN	GFPT	KBS	MINT	PK	RML	SPALI	THREL	TVO
AI	BEYOND	CSC	GGC	KCAR	MONO	PL	RWI	SPC	TIDLOR	TWPC
AIE	BGC	DCC	GJS	KCE	MOONG	PLANB	S & J	SPI	TIPCO	U
AIRA	BGRIM	DELTA	GPI	KGI	MSC	PLANET	SAAM	SPRC	TISCO	UBE
AKP	BJCHI	DEMCO	GPSC	KKP	MST	PLAT	SABINA	SRICHA	TKS	UBIS
ALPHAX	BKI	DIMET	GSTEEL	KSL	MTC	PM	SAPPE	SSF	TKT	UEC
AMA	BLA	DRT	GUNKUL	KTB	MTI	PPP	SAT	SSP	TMD	UKEM
AMANAHA	BPP	DTAC	HANA	KTC	NBC	PPPM	SC	SSSC	TMILL	UOBKH
AMATA	BROOK	DUSIT	HARN	KWC	NEP	PPS	SCB	SST	TMT	UPF
AMATAV	BRR	EA	HEMP	KWI	NINE	PR9	SCC	STA	TNITY	UV
AP	BSBM	EASTW	HENG	L&E	NKI	PREB	SCCC	STOWER	TNL	VGI
APCS	BTS	ECL	HMPRO	LANNA	NMG	PRG	SCG	SUSCO	TNP	VIH
AQUA	BWG	EGCO	HTC	LH	NNCL	PRINC	SCN	SVI	TNR	WACOAL
ARROW	CEN	EP	ICC	LHFG	NOBLE	PRM	SEAOL	SYMC	TOG	WHA
AS	CENTEL	EPG	ICHI	LHK	NOK	PROS	SE-ED	SYNTEC	TOP	WHAUP
ASIAN	CFRESH	ERW	IFEC	LPN	NSI	PSH	SELIC	TAE	TOPP	WICE
ASK	CGH	ESTAR	IFS	LRH	NWR	PSL	SENA	TAKUNI	TPA	WIJK
ASP	CHEWA	ETE	ILINK	M	OCC	PSTC	SGP	TASCO	TPP	XO
AWC	CHOTI	FE	INET	MAKRO	OGC	PT	SINGER	TBSP	TRU	ZEN
AYUD	CHOW	FNS	INSURE	MALEE	ORI	PTG	SIRI	TCAP	TRUE	
B	CIG	FPI	INTUCH	MATCH	PAP	PTT	SITHAI	TCMC	TSC	
BAFS	CIMBT	FPT	IRC	MBAX	PATO	PTTEP	SKR	TFG	TSTE	
BAM	CM	FSMART	IRPC	MBK	PB	PTTGC	SMIT	TFI	TSTH	
BANPU	CMC	FSS	ITEL	MC	PCSGH	PYLON	SMK	TFMAMA	TTA	
BAY	COM7	FTE	IVL	MCOT	PDG	Q-CON	SMPC	TGH	TTB	
BBL	COTTO	GBX	JKN	META	PDJ	QH	SNC	THANI	TTCL	
DECLARED										
AJ	CHG	DDD	ETC	JR	MAJOR	NUSA	RS	SSS	TQM	YUASA
ALT	CPL	DHOUSE	FLOYD	JTS	NCAP	NYT	SAK	STECH	TSI	ZIGA
APCO	CPR	DOHOME	GULF	KEX	NCL	OR	SCGP	STGT	VARO	
B52	CPW	ECF	III	KUMWEL	NOVA	PIMO	SCM	TKN	VCOM	
BEC	CRC	EKH	INOX	LDC	NRF	PLE	SIS	TMI	VIBHA	

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 26 October 2021) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

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

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

Naruedom Mujjalinkool FSS International Investment Advisory Securities Co., Ltd

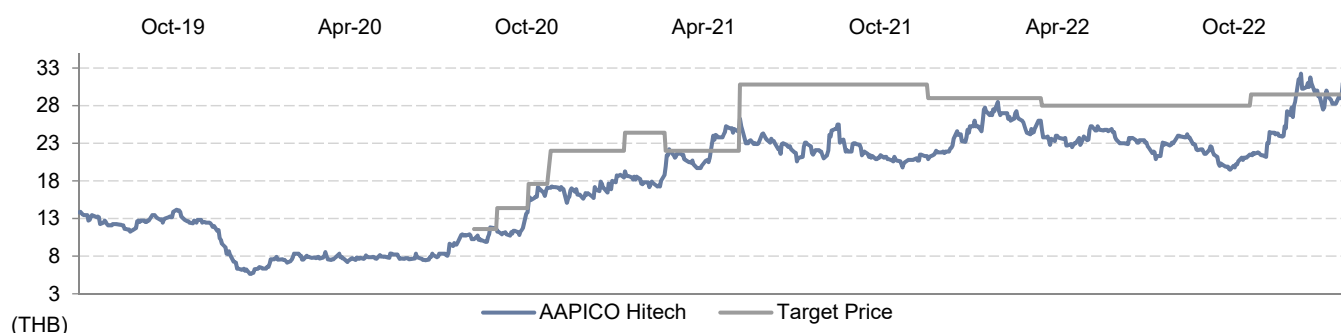
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

This report has been prepared by FSS International Investment Advisory Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSS makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSS has no intention to solicit investors to buy or sell any security in this report. In addition, FSS does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

### 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	01-Aug-2022	BUY	29.50
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

Company	Ticker	Price	Rating	Valuation & Risks
AAPICO Hitech	AH TB	THB 30.25	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.

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-Oct-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.