

THAI STANLEY ELECTRIC

THAILAND / CONSUMER, CYCLICAL

STANLY TB

BUY

On track for strong growth

- We expect another strong quarter for STANLY in 3QFY23 with core profit growth of 14.6% y-y.
- Earnings should continue to gain momentum due to pent-up demand and more chip supplies.
- Initiate with a BUY call and TP of THB240.

| | |
|-----------------|-----------|
| TARGET PRICE | THB240.00 |
| CLOSE | THB192.00 |
| UP/DOWNSIDE | +25.0% |
| TP vs CONSENSUS | +13.3% |

KEY STOCK DATA

| YE Mar (THB m) | 2022 | 2023E | 2024E | 2025E |
|------------------|--------|--------|--------|--------|
| Revenue | 13,582 | 14,912 | 16,570 | 18,359 |
| Net profit | 1,521 | 1,724 | 2,088 | 2,387 |
| EPS (THB) | 19.85 | 22.49 | 27.25 | 31.16 |
| vs Consensus (%) | - | 10.7 | 25.6 | 34.8 |
| EBITDA | 3,158 | 3,389 | 3,924 | 4,380 |
| Core net profit | 1,496 | 1,724 | 2,088 | 2,387 |
| Core EPS (THB) | 19.53 | 22.49 | 27.25 | 31.16 |
| EPS growth (%) | 44.7 | 15.2 | 21.1 | 14.3 |

The largest auto lamp manufacturer in Thailand

STANLY is Thailand's largest auto lamp manufacturer with more than a 70% market share. Its main products are auto bulbs, lighting equipment, and lamps. The company also has a die & mold design unit to support its core business. It benefits from being in a low competition industry with only a few players in the market. The automotive lighting industry has high barriers to entry as it requires intensive capital, specialised technology, special skilled workers, and high safety standards.

More chip supplies, pent-up demand to boost earnings

We expect another strong quarter for STANLY in 3QFY23 (Oct-Dec 2022) with sales revenue growth of 9.5% q-q and 10.8% y-y to THB3.9b due to pent-up demand after the semiconductor supply shortage has eased. Its gross margin is expected to continue to improve as its production has returned to the economy of scale level and the costs of oil-linked raw materials have been falling. Its core profit is forecast to grow by 14.6% y-y to THB450m. An expected 5.9% q-q decline in its core profit was due to the absence of dividend income incurred in 2QFY23 (Jul-Sep 2022).

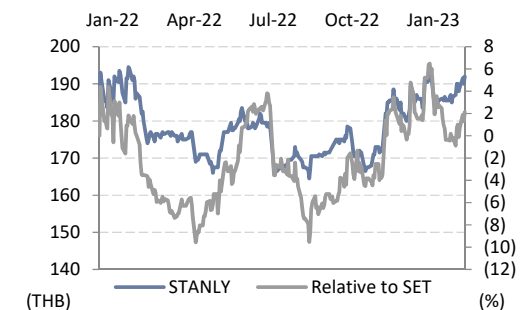
Gaining momentum heading into 2023

STANLY's earnings kept growing for years before being paused by the Covid-19 pandemic. Heading into 2023, the company's earnings should continue to gain momentum in line with the automotive industry in Thailand. We expect the company to deliver strong profit growth of 13.3% in FY23 (ended Mar-2023) and 21.1% in FY24 (ended Mar-2024) and maintain its relatively high net margin among peers of around 11%-13%.

Initiate with a BUY rating, TP of THB240

We initiate coverage on STANLY with a BUY rating and TP of THB240 based on 9.0x FY24E P/E, equal to its five-year historical average. Our TP implies only 0.7x FY24E P/BV, slightly below its five-year historical average of 0.8x. We like STANLY for its undemanding valuation, very low financial risk, and high liquidity. It had cash and short-term investments of THB6.9b at end 2QFY23 – equal to almost 50% of its current market cap.

| | | | | |
|---------------------|--------|--------|--------|--------|
| Core P/E (x) | 9.8 | 8.5 | 7.0 | 6.2 |
| Dividend yield (%) | 4.4 | 4.7 | 5.7 | 6.5 |
| EV/EBITDA (x) | 3.8 | 3.7 | 3.1 | 2.7 |
| Price/book (x) | 0.7 | 0.7 | 0.7 | 0.7 |
| Net debt/Equity (%) | (13.3) | (11.4) | (12.0) | (13.4) |
| ROE (%) | 7.7 | 8.6 | 10.1 | 11.0 |



| | | | |
|--------------------------------|--|---------|----------|
| Share price performance | 1 Month | 3 Month | 12 Month |
| Absolute (%) | 0.3 | 13.3 | 7.0 |
| Relative to country (%) | (3.7) | 6.8 | 5.2 |
| Mkt cap (USD m) | 447 | | |
| 3m avg. daily turnover (USD m) | 0.3 | | |
| Free float (%) | 34 | | |
| Major shareholder | Stanley Electric Holding Asia-Pacific Pte., Ltd. (36%) | | |
| 12m high/low (THB) | 198.50/164.50 | | |
| Issued shares (m) | 76.63 | | |

Sources: Bloomberg consensus; FSSIA estimates



Jitra Amornthum

jitra.a@fssia.com
+66 2646 9966

Investment thesis

Thai Stanley Electric (STANLY) is Thailand’s largest auto lamp manufacturer with more than a 70% market share. Its main products are auto bulbs, lighting equipment, and lamps. In addition to its main products, the company has a mold & die design unit to support its core business.

STANLY is in a low competition industry with only a few players in the market. The company has a competitive advantage as a partner with a Japanese JV and as a listed company on the Stock Exchange of Thailand, which allows the company to seek lower-cost funding sources.

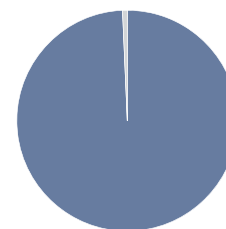
Company profile

STANLY is a manufacturer and distributor of automotive lighting equipment, namely lamps, lighting sets, and metal mold to domestic and international automotive manufacturers. STANLY was founded by a Thai-Japanese joint venture between The Sittipol 1919 Co., Ltd. and Stanley Electric Co., Ltd. of Japan. The company has three plants in Thailand operating auto bulbs, dies and molds, and auto lamps. The company has two joint ventures in Vietnam and Laos.

www.thaistanley.com

Principal activities (revenue, 2022)

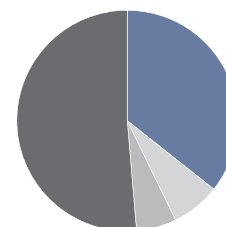
- Auto bulbs & automotive lighting equipment - 99.3 %
- Molds & dies and product designs - 0.7 %



Source: Thai Stanley Electric

Major shareholders

- Stanley Electric Holding Asia-Pacific Pte., Ltd. - 35.7 %
- Mr. Apichart Lee-issaranukul - 7.1 %
- Mrs. Porndee Lee-issaranukul - 5.9 %
- Others - 51.4 %



Source: Thai Stanley Electric

Catalysts

Key catalysts include 1) stronger demand for cars and motorcycles in the region; 2) new orders; and 3) lower costs for raw materials.

Risks to our call

Downside risks to our P/E-based TP include 1) weak global automotive demand; 2) higher raw material prices; 3) global semiconductor shortage; 4) fluctuation of Thai baht.

Event calendar

| Date | Event |
|----------|--|
| Jan 2023 | 3Q23 (Oct-Dec 2022) results announcement |

Key assumptions

| | FY23E (THB m) | FY24E (THB m) | FY25E (THB m) |
|-----------------------|------------------|------------------|------------------|
| Auto bulbs & lighting | 14,812 | 16,461 | 18,239 |
| <i>Growth (%)</i> | 9.8 | 11.1 | 10.8 |
| Die & molds | 100 | 109 | 121 |
| <i>Growth (%)</i> | 8.0 | 10.0 | 10.1 |
| Gross margin (%) | 17.6 | 18.6 | 19.0 |
| SG&A to sales (%) | 7.5 | 7.1 | 6.8 |

Source: FSSIA estimates

Earnings sensitivity

- For every 0.5% change in its gross margin, we project STANLY’s net profit to change by 3%, all else being equal.
- For every 1% change in its SG&A to sales, we forecast STANLY’s net profit to change by 3%, all else being equal.

Source: FSSIA estimates

Largest auto lighting system manufacturer in Thailand

Thai Stanley Electric Pcl. (STANLY) was founded in May 1980 by a Thai-Japanese joint venture between Seng Nguan Hong (Sittipol) Co., Ltd. (currently known as The Sittipol 1919 Co., Ltd.) and Stanley Electric Co., Ltd. of Japan. STANLY's main products are auto bulbs, lighting equipment, and lamps. The company manufactures bulbs for automobiles and sells them through local dealers and exports to Stanley Group. As for lighting equipment and lamps, the company manufactures head lamps, rear combination lamps, signal lamps, stop lamps, and room lamps that are jointly developed with automotive manufacturers as specific models. In addition to its main products, the company has a die & mold design unit to support its core business and for sale to other industrial operators.

STANLY currently has three manufacturing plants, as follows;

1. **Automotive bulbs plant.** The company has one bulb plant with a total capacity of 113m pieces per year.

Exhibit 1: Automotive bulbs



Sources: STANLY

2. **Automotive lamps plant.** The company has five lamp plants with a total capacity of 40.5m pieces per year.

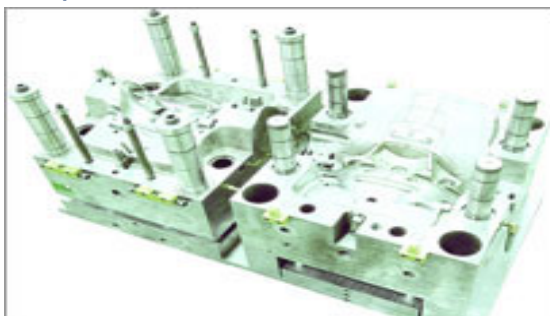
Exhibit 2: Automotive lamps



Sources: STANLY

3. **Die & mold plant.** The company has one plant with a total capacity of 400 sets per year.

Exhibit 3: Die & mold products



Sources: STANLY

STANLY’s main raw materials are wire harnesses and resin which are 70%-80% sourced from local suppliers and the rest from foreign suppliers. The majority of imported materials are supplied by Stanley Electric Co., Ltd. and other companies in the Stanley Group to maintain cost effectiveness on large orders.

The company’s customers are manufacturers and distributors of passenger cars, commercial vehicles, and motorcycles. It also sells spare parts through its dealer, The Sittipol 1919 Co., Ltd. Domestic sales accounted for 65.8% of the company’s total revenue in 1H23 (Apr-Sep 2022) while export sales were 34.2% of total revenue. For the domestic market, STANLY sells directly to local assembly plants or original equipment manufacturer (OEM) companies. For the replacement equipment market (REM), the company sells through its dealer. For international markets, the company has two channels, local OEM assembly plants and exports to members of the Stanley Group.

STANLY has two auto lamp manufacturers in which it holds more than a 15% stake: Lao Stanley Automotive Lighting Equipment Co., Ltd. (held 50%) and Vietnam Stanley Electric Co., Ltd. (held 20%). The company has also invested in a lower than 15% stake in five companies in Indonesia, Pakistan, and Thailand. All of these companies are manufacturers of auto lighting, auto lamps, die & molds, and lighting-related products.

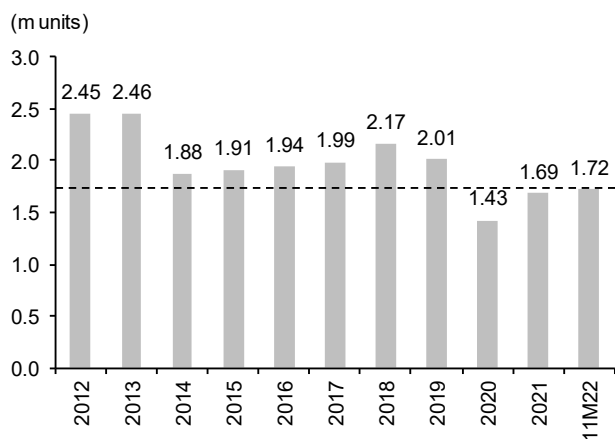
Low competition environment, high barriers to entry

The automotive lighting industry in Thailand has relatively low competition with only a few players in the industry. Among the few manufacturers, STANLY has a competitive advantage in terms of its size and full integration including R&D, design, molding, manufacturing, assembly, and technology transfers from its Japanese joint venture partner. Also, as a SET-listed company, STANLY has lower-cost funding sources.

The automotive lighting industry has high barriers to entry as it requires intensive capital, specialised technology, special skilled workers, and compliance with the high safety standards of each country.

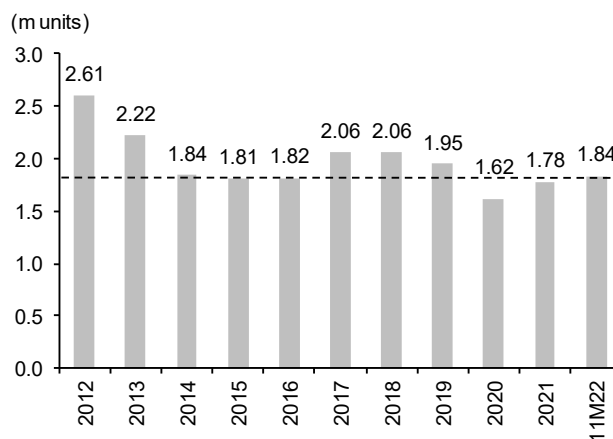
STANLY’s operations depend on vehicle demand. During 11M22, Thailand’s car production reached 1.72m units, an increase of 12.6% y-y, already surpassing 2021 production. We think it is highly likely that full-year production will exceed the Federation of Thai Industries’ target of 1.80m units. Motorcycle production posted a strong 1.84m units in 11M22, up 13.8% y-y and the highest level in three years. This was attributed to more chip supplies and pent-up demand.

Exhibit 4: Thailand’s car production



Sources: The Federation of Thai Industries (FTI)

Exhibit 5: Thailand’s motorcycle production



Sources: The Federation of Thai Industries (FTI)

3QFY23E results preview

We expect another strong quarter for STANLY in 3QFY23 (Oct-Dec 2022) with sales revenue rising by 9.5% q-q and 10.8% y-y to THB3.9b due to pent-up demand from both local and export markets after the semiconductor supply shortage has eased. Thailand's car production during Oct-Nov 2022 was 360,872 units, up 13.0% y-y with the highest figure in 44 months seen in Nov-2022. Motorcycle production during the same period was 360,684 units, up by 8.2% y-y. The auto market should gain strong momentum in Dec-2022 due to the success of Bangkok's Motor Expo 2022 (30 Nov-12 Dec 2022).

STANLY's gross margin is expected to continue to improve as its production has returned to the economy of scale level and the costs of oil-linked raw materials have been falling. Therefore, we expect its 3QFY23 gross margin to rise by 1.0% to 18.0%, the highest in three quarters. Its core profit is forecast to grow by 14.6% y-y to THB450m. An expected 5.9% q-q decline in its core profit was due to the absence of dividend income incurred in 2QFY23 (Jul-Sep 2022). Excluding the dividend received in 2QFY23, STANLY's 3QFY23 core profit should firmly increase by almost 20% q-q.

Exhibit 6: 3QFY23E results preview

| Year to Mar 31 | 3QFY22 | 2QFY23 | 3QFY23E | ----- Change ----- | | 9MFY22 | 9MFY23E | Change |
|--|----------------|----------------|----------------|--------------------|----------------|----------------|----------------|----------------|
| | (THB m) | (THB m) | (THB m) | (q-q %) | (y-y %) | (THB m) | (THB m) | (y-y %) |
| Sales | 3,512 | 3,551 | 3,890 | 9.5 | 10.8 | 9,748 | 10,724 | 10.0 |
| Cost of sales | 2,844 | 2,949 | 3,190 | 8.2 | 12.1 | 7,978 | 8,873 | 11.2 |
| Gross profit | 667 | 602 | 700 | 16.3 | 4.9 | 1,770 | 1,851 | 4.6 |
| Operating costs | 274 | 278 | 277 | (0.4) | 1.2 | 762 | 825 | 8.3 |
| Operating profit | 394 | 324 | 423 | 30.7 | 7.6 | 1,008 | 1,026 | 1.7 |
| Operating EBITDA | 816 | 848 | 843 | (0.5) | 3.4 | 2,273 | 2,387 | 5.0 |
| Other income | 23 | 135 | 31 | (77.3) | 35.2 | 90 | 193 | 114.8 |
| Interest expense | 0 | 0 | 0 | nm | nm | 416 | 499 | 19.8 |
| Profit before tax | 416 | 459 | 454 | (1.1) | 9.1 | 1,099 | 1,219 | 11.0 |
| Tax | 98 | 103 | 95 | (7.0) | (3.1) | 253 | 277 | 9.6 |
| Associates | 74 | 121 | 91 | (24.9) | 22.4 | 187 | 289 | 54.5 |
| Minority interests | 0 | 0 | 0 | nm | nm | 0 | 0 | nm |
| Reported net profit | 397 | 487 | 450 | (7.6) | 13.3 | 1,047 | 1,254 | 19.7 |
| Core profit | 392 | 478 | 450 | (5.9) | 14.6 | 1,033 | 1,231 | 19.2 |
| Reported EPS (THB) | 5.18 | 6.35 | 5.87 | (7.6) | 13.3 | 13.67 | 16.36 | 19.7 |
| Core EPS (THB) | 5.12 | 6.23 | 5.87 | (5.9) | 14.6 | 13.48 | 16.07 | 19.2 |
| Key Ratios (%) | (%) | (%) | (%) | (ppt) | (ppt) | (%) | (%) | (ppt) |
| Gross margin | 19.0 | 17.0 | 18.0 | 1.0 | (1.0) | 18.2 | 17.3 | (0.9) |
| Operating margin | 11.9 | 12.9 | 11.7 | (1.3) | (0.2) | 11.3 | 11.4 | 0.1 |
| EBITDA margin | 23.2 | 23.9 | 21.7 | (2.2) | (1.6) | 23.3 | 22.3 | (1.1) |
| Recurring net margin | 11.2 | 13.5 | 11.6 | (1.9) | 0.4 | 10.6 | 11.5 | 0.9 |
| SG&A / Sales | 7.8 | 7.8 | 7.1 | (0.7) | (0.7) | 7.8 | 7.7 | (0.1) |
| Revenue breakdown by product type | (THB m) | (THB m) | (THB m) | (q-q %) | (y-y %) | (THB m) | (THB m) | (y-y %) |
| Auto bulbs & automotive lighting equipment | 3,490 | 3,488 | 3,847 | 10.3 | 10.2 | 9,670 | 10,606 | 9.7 |
| Molds & dies and product designs | 21 | 63 | 43 | (32.5) | 99.3 | 79 | 119 | 50.9 |
| Revenue breakdown by market | (THB m) | (THB m) | (THB m) | (q-q %) | (y-y %) | (THB m) | (THB m) | (y-y %) |
| Domestic sales | 2,139 | 2,390 | 2,560 | 7.1 | 19.7 | 5,867 | 7,058 | 20.3 |
| Export sales | 1,373 | 1,161 | 1,330 | 14.5 | (3.1) | 3,882 | 3,666 | (5.6) |

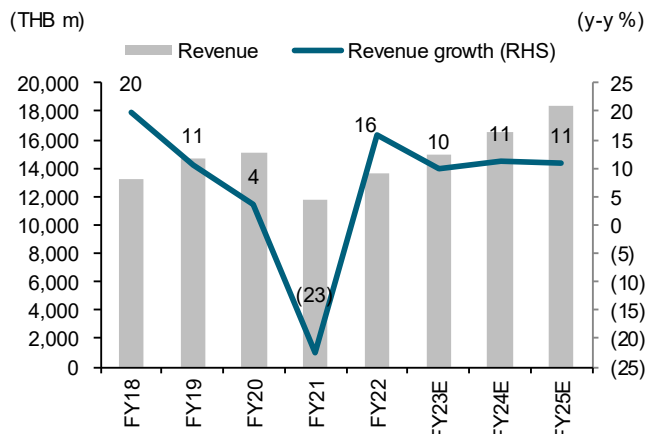
Sources: STANLY, FSSIA estimates

Strong growth in FY23 onwards

STANLY’s financial performance kept improving for years before being paused by the Covid-19 pandemic. Heading into 2023, we think the automobile and motorcycle markets should continue to gain momentum with a preliminary car production forecast of 1.75m-1.95m units and more than 2m motorcycles produced according to the Federation of Thai Industries (FTI). Given STANLY’s healthy financial status, strong relationship with its Japanese partner, and the low competition environment, we believe that the company should be able to deliver strong 13% profit growth in FY23 (ended Mar-23) and 21.1% in FY24 (ended Mar-24) and maintain its relatively high net margin among peers of around 11%-13%. This is based on expected revenue growth of 9.8% and 11.1% in FY23 and FY24, respectively, better than the industry’s projected domestic sales growth of 5%-6% a year. Besides sales growth, cost efficiency is also a key for growth. Its gross margin is forecast to improve 40-50 bps each year due to economies of scale.

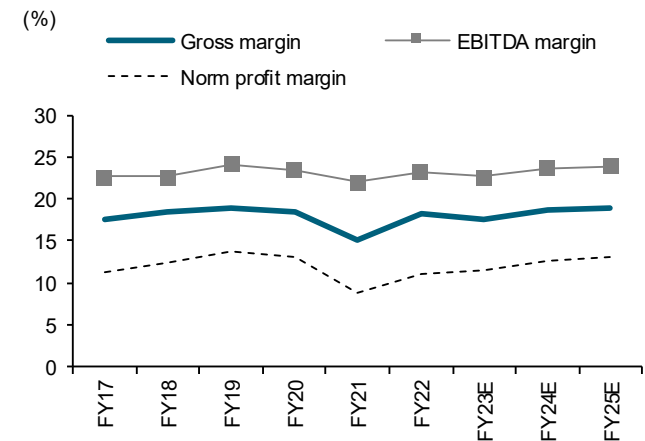
In addition, STANLY is ready for EV adoption. EVs still need lighting equipment, which should mean additional opportunities for the company to add value and more high-tech products to EVs. Its Lamp 8 automotive lighting system factory was built in 2020 with the aim of manufacturing lighting systems for EVs. Currently, some of the company’s lamp models are being sold to PHEV makers in Thailand.

Exhibit 7: STANLY’s revenue and growth



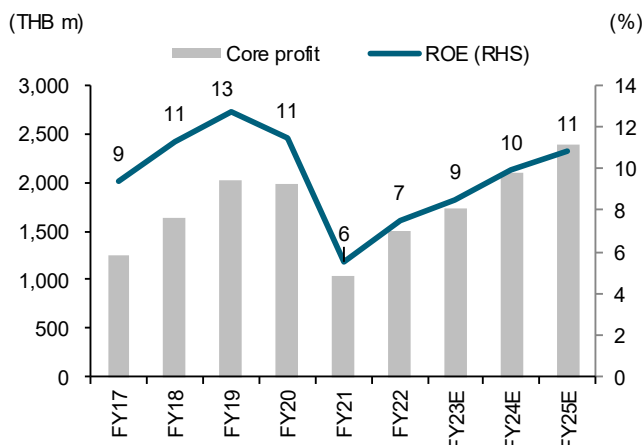
Sources: STANLY, FSSIA estimates

Exhibit 8: Margins



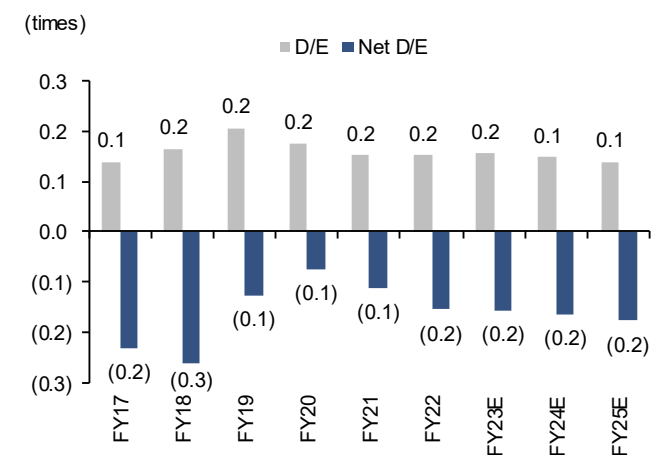
Sources: STANLY, FSSIA estimates

Exhibit 9: Core profit and ROE



Sources: STANLY, FSSIA estimates

Exhibit 10: D/E and Net D/E ratios



Sources: STANLY, FSSIA estimates

Valuation

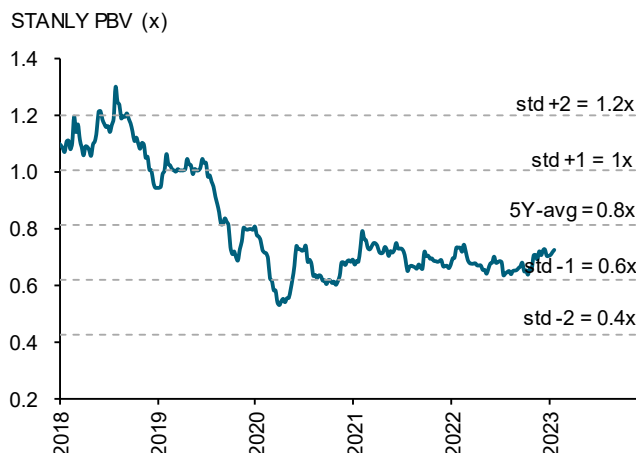
We initiate coverage on STANLY with a BUY rating and a TP of THB240 based on 9.0x FY24E P/E, equal to its five-year historical average. Our TP implies only 0.7x FY24E P/BV, slightly below its five-year historical average of 0.8x. We like STANLY for its undemanding valuations, very low financial risk, and high liquidity. It had cash and short-term investments of THB6.9b at end 2QFY23 – equal to almost 50% of its current market cap.

Exhibit 11: P/E band



Sources: Bloomberg, FSSIA estimates

Exhibit 12: P/BV band



Sources: Bloomberg, FSSIA estimates

Exhibit 13: Peers comparison as of 18 Jan-23

| 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 | 351 | 30 | 7.7 | 7.0 | 5.1 | 5.7 | 16.5 | 16.3 | 1.2 | 1.1 |
| Somboon Advance Technology | SAT TB | HOLD | 273 | 6 | 9.3 | 8.6 | 7.1 | 7.6 | 12.4 | 12.7 | 1.1 | 1.1 |
| Thai Stanley Electric | STANLY TB | BUY | 447 | 26 | 9.8 | 8.5 | 4.4 | 4.7 | 7.7 | 8.6 | 0.7 | 0.7 |
| Inoue Rubber (Thailand) | IRC TB | n/a | 84 | 0 | 27.0 | 9.6 | 0.3 | 3.8 | 2.7 | 7.4 | 0.7 | 0.7 |
| Average | | | 1,154 | 23 | 13.4 | 8.4 | 4.2 | 5.5 | 9.8 | 11.2 | 0.9 | 0.9 |

Sources: Bloomberg, FSSIA estimates

Corporate Governance – STANLY

Board structure

| Independent Directors (ID) | 4 of 12 board members, 2 female |
|------------------------------------|--|
| Percentage of IDs on the board | 33.3% |
| ID attendance at board meetings | 100% |
| ID in audit/remuneration committee | 3/3 in audit committee and 2/3 in remuneration committee |
| ID terms | Term has not been fixed yet |

Additional information: The company has no restrictions on the qualifications of independent directors in terms of gender, age and term.

Compensation and remuneration

| | |
|---|--|
| Directors' remuneration vs earnings/ROE/share performance | In 2021, THB3.46m vs net profit of THB1,520m |
| Changes/stability in senior management | None |
| Incidents of termination of senior management | None |
| Track record on insider sales | None |

Additional information: None

Audit Practices

| Auditor | PricewaterhouseCoopers ABAS Ltd. |
|--------------------------------|----------------------------------|
| Length of service | More than five years |
| Reporting incidents | None |
| Fee track record | THB2.2m in 2021 |
| Policy on change of audit firm | To be reviewed every five years |

Additional information: None

Shareholders' rights

| Practice | Activity |
|---|---|
| Communication - shareholder participation in AGMs/EGMs | AGM once annually, EGM when appropriate and in accordance with SEC guidelines |
| Related party transactions | In accordance with SEC guidelines |
| Voting issues - policies, incidents of rejected proposals | None |

Additional information: None

ESG and sustainability management

Thai Stanley Electric (STANLY) was first established in 1980 as a Thai-Japanese joint venture for manufacturing, importing and distributing automotive light bulbs and lighting equipment and was listed on the SET in 1991. Thai Stanley expanded to become an integrated business with separate plants for R&D, dies & molds, bulbs, and lamps. Thai Stanley is part of the [Stanley Group](#) (head office, laboratories, branches, factories, group companies, etc.) whose network spans the globe.

Competition in the automotive lighting industry has been relatively low. Nevertheless, the company produces all kinds of high-quality products at reasonable prices based on production costs plus standard profit and has expanded into other automotive-related product lines to correspond with demand in automotive markets and to extend market share.

According to STANLY, Thailand has three major automotive lighting players. Only two, including STANLY, have a similar business size. STANLY has a better diversified customer base given its integrated business of R&D, design, molding, manufacturing, assembly, and quality control. Also, as a listed company, STANLY can raise funds at a comparatively lower rate. Barriers to entry are heavy investment costs, costly specialised training, and reliance on technology. STANLY benefits greatly from modern technology and valuable experience transferred from its joint venture partner, Stanley Electric Co Ltd of Japan.

| Materiality issues | Activities and practices |
|---|---|
| Major shareholders holding more than 25% of equity* | The major shareholder and founder of the company is Stanley Electric Co Ltd, Japan (36.10%), whose businesses are lighting equipment, automotive, and electronics, and the Lee-issaranukul Family (or Sittipol Group) (29.57%), who operate an automotive parts business. Thai Stanley was established as a JV in 1980 before listing on the SET in 1991. Both have representatives on the company's board. Currently, the company's executive chairman and general manager is Mr. Apichart Lee-issaranukul, age 59, who was appointed in 1988, while Mr. Koichi Nagano, the president, aged 62, was appointed in 2009. Both parties support each other in production techniques, new product design and marketing, and align with the policies of Stanley Electric Co Ltd, Japan. |
| Sourcing of raw material | For the fiscal year ending 31 Mar-22, the company's raw materials were sourced 82%/18% locally and imported, with approximately 130 trading partners. The proportion of local suppliers has remained stable at 73.2%/71.1%/72.7%, respectively, from FY19 to FY21. The majority of its raw materials are supplied by Stanley Electric Co Ltd, Japan and alliances in the Stanley Group, whose large orders facilitate cost effectiveness and economies of scale. |
| Production risks | Risks include delayed or halted deliveries of raw materials from suppliers, new product development, problems with new production processes or technologies, product quality that does not meet customer requirements, etc. |
| Quality risk | The company has measures in place and an information management system to counter potential risks by identifying alternative suppliers and consistently evaluating suppliers. It also provides regular training to enhance employee knowledge and skills. As for quality, the company is certified as meeting international standards via quality management system IATF16949 and ISO9001. Above all, there is a strict preventive internal audit system for quality control of raw materials and production processes as well as for delivering products to customers. Several related industry standards that STANLY has gained certifications for include ISO14001_2004 Auto Bulb, DM and lighting, ISO 9001_2000_Auto Bulb, ISO 9001_2000_Design and Manufacturing of Dies & Molds, ISO 9001_2000_design development plastic, ISO_TS16949_Bangpoon, and ISO_TS16949_Navanakorn. |
| Fraud & Corruption | STANLY has prioritised this factor as a top business risk. The company has established anti-corruption measures, a code of conduct for directors and employees, and other related policies such as training to educate employees, and channels for whistleblowing and receiving complaints. It has also adopted a self-assessment based on the Private Sector Collective Action against Corruption. Amidst intensive concern, there were no complaints about corruption in 2021. |
| IT, electricity, and natural disaster risks | The company has outlined strict measures governing the use of IT and has a back-up plan that includes preventive measures & BCP. A "TOP GUN" team has been set up to quickly counter potential emergency issues. |
| Working environment | The company has been awarded the Best Outstanding Model Company for Safety, Occupational Health and Working Environment for 18 consecutive years (2004 to 2021) from the Department of Labor Protection and the Welfare Ministry of Labor. In 2021, there were zero work-related incidents. |
| Environmental awareness | STANLY achieved several environmental targets between 2019 and 2021, including 1) reducing water consumption by 2%, or 67,649m ³ /MTB; 2) reducing paper usage by 2% or 2,224 reams; 3) reducing landfill waste disposal by separating, destroying and selling to recyclers; 4) reducing carbon dioxide (CO ₂) emissions by 1% by installing solar panels on the roof of Lamp 7 factory and the roof of the multipurpose building; and 5) reducing electricity consumption by closing the production plant on Sunday once a month. |
| Employment | At the end of Mar-22, STANLY had 3,033 employees of whom 44.9% were female, with 91.9% in the production division. There has been no significant change in this number since 2018. |

Additional information: *as of 13 July 2021 in STANLY's [annual report FY2021 ending Mar-22](#)

Financial Statements

Thai Stanley Electric

| Profit and Loss (THB m) Year Ending Mar | 2021 | 2022 | 2023E | 2024E | 2025E |
|---|--------------|--------------|--------------|--------------|--------------|
| Revenue | 11,728 | 13,582 | 14,912 | 16,570 | 18,359 |
| Cost of goods sold | (9,952) | (11,093) | (12,295) | (13,488) | (14,871) |
| Gross profit | 1,776 | 2,490 | 2,617 | 3,082 | 3,488 |
| Other operating income | 1,691 | 1,693 | 1,884 | 2,011 | 2,131 |
| Operating costs | (883) | (1,024) | (1,112) | (1,170) | (1,239) |
| Operating EBITDA | 2,583 | 3,158 | 3,389 | 3,924 | 4,380 |
| Depreciation | (1,556) | (1,574) | (1,685) | (1,796) | (1,907) |
| Goodwill amortisation | 0 | 0 | 0 | 0 | 0 |
| Operating EBIT | 1,027 | 1,584 | 1,704 | 2,128 | 2,473 |
| Net financing costs | 0 | 0 | 0 | 0 | 0 |
| Associates | 242 | 282 | 360 | 386 | 409 |
| Recurring non-operating income | 242 | 282 | 360 | 386 | 409 |
| Non-recurring items | 27 | 24 | 0 | 0 | 0 |
| Profit before tax | 1,296 | 1,890 | 2,064 | 2,514 | 2,882 |
| Tax | (235) | (369) | (341) | (426) | (495) |
| Profit after tax | 1,061 | 1,521 | 1,724 | 2,088 | 2,387 |
| Minority interests | 0 | 0 | 0 | 0 | 0 |
| Preferred dividends | - | - | - | - | - |
| Other items | - | - | - | - | - |
| Reported net profit | 1,061 | 1,521 | 1,724 | 2,088 | 2,387 |
| Non-recurring items & goodwill (net) | (27) | (24) | 0 | 0 | 0 |
| Recurring net profit | 1,034 | 1,496 | 1,724 | 2,088 | 2,387 |
| Per share (THB) | | | | | |
| Recurring EPS * | 13.49 | 19.53 | 22.49 | 27.25 | 31.16 |
| Reported EPS | 13.85 | 19.85 | 22.49 | 27.25 | 31.16 |
| DPS | 5.50 | 8.50 | 9.00 | 10.90 | 12.46 |
| Diluted shares (used to calculate per share data) | 77 | 77 | 77 | 77 | 77 |
| Growth | | | | | |
| Revenue (%) | (22.6) | 15.8 | 9.8 | 11.1 | 10.8 |
| Operating EBITDA (%) | (27.4) | 22.3 | 7.3 | 15.8 | 11.6 |
| Operating EBIT (%) | (51.3) | 54.3 | 7.6 | 24.9 | 16.2 |
| Recurring EPS (%) | (47.8) | 44.7 | 15.2 | 21.1 | 14.3 |
| Reported EPS (%) | (46.9) | 43.3 | 13.3 | 21.1 | 14.3 |
| Operating performance | | | | | |
| Gross margin inc. depreciation (%) | 1.9 | 6.7 | 6.3 | 7.8 | 8.6 |
| Gross margin of key business (%) | 15.1 | 18.3 | 17.6 | 18.6 | 19.0 |
| Operating EBITDA margin (%) | 22.0 | 23.3 | 22.7 | 23.7 | 23.9 |
| Operating EBIT margin (%) | 8.8 | 11.7 | 11.4 | 12.8 | 13.5 |
| Net margin (%) | 8.8 | 11.0 | 11.6 | 12.6 | 13.0 |
| Effective tax rate (%) | 18.1 | 19.5 | 16.5 | 16.9 | 17.2 |
| Dividend payout on recurring profit (%) | 40.8 | 43.5 | 40.0 | 40.0 | 40.0 |
| Interest cover (X) | - | - | - | - | - |
| Inventory days | 26.0 | 19.7 | 23.2 | 24.4 | 24.8 |
| Debtor days | 80.7 | 69.4 | 64.5 | 60.2 | 58.0 |
| Creditor days | 38.7 | 34.4 | 31.7 | 30.1 | 28.6 |
| Operating ROIC (%) | 6.7 | 9.5 | 9.7 | 11.9 | 13.5 |
| ROIC (%) | 6.4 | 8.5 | 8.9 | 10.4 | 11.5 |
| ROE (%) | 5.7 | 7.7 | 8.6 | 10.1 | 11.0 |
| ROA (%) | 4.9 | 6.7 | 7.4 | 8.8 | 9.7 |
| * Pre-exceptional, pre-goodwill and fully diluted | | | | | |
| Revenue by Division (THB m) | | | | | |
| Auto bulbs & automotive lighting equipment | 11,125 | 13,490 | 14,812 | 16,461 | 18,239 |
| Molds & dies and product designs | 603 | 92 | 100 | 109 | 121 |

Sources: Thai Stanley Electric; FSSIA estimates

Financial Statements

Thai Stanley Electric

| Cash Flow (THB m) Year Ending Mar | 2021 | 2022 | 2023E | 2024E | 2025E |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|
| Recurring net profit | 1,034 | 1,496 | 1,724 | 2,088 | 2,387 |
| Depreciation | 1,556 | 1,574 | 1,685 | 1,796 | 1,907 |
| Associates & minorities | (242) | (282) | (360) | (386) | (409) |
| Other non-cash items | 223 | 405 | 0 | 0 | 0 |
| Change in working capital | 302 | (621) | (54) | (175) | (349) |
| Cash flow from operations | 2,873 | 2,573 | 2,994 | 3,323 | 3,537 |
| Capex - maintenance | 0 | 0 | 0 | 0 | 0 |
| Capex - new investment | (1,604) | (927) | (562) | (872) | (872) |
| Net acquisitions & disposals | - | 0 | - | - | - |
| Other investments (net) | (1,159) | (1,234) | (2,094) | (1,392) | (1,296) |
| Cash flow from investing | (2,763) | (2,161) | (2,656) | (2,264) | (2,168) |
| Dividends paid | (632) | (421) | (689) | (835) | (955) |
| Equity finance | 0 | 0 | 0 | 0 | 0 |
| Debt finance | 0 | 0 | 0 | 0 | 0 |
| Other financing cash flows | - | 0 | - | - | - |
| Cash flow from financing | (632) | (421) | (689) | (835) | (955) |
| Non-recurring cash flows | - | - | - | - | - |
| Other adjustments | 8 | 2 | 8 | 2 | 13 |
| Net other adjustments | 8 | 2 | 8 | 2 | 13 |
| Movement in cash | (514) | (7) | (342) | 227 | 427 |
| Free cash flow to firm (FCFF) | 109.91 | 411.62 | 338.74 | 1,059.69 | 1,369.20 |
| Free cash flow to equity (FCFE) | 118.05 | 414.05 | 347.19 | 1,061.99 | 1,382.25 |

Per share (THB)

| | | | | | |
|-------------------------------|-------|-------|-------|-------|-------|
| FCFF per share | 1.43 | 5.37 | 4.42 | 13.83 | 17.87 |
| FCFE per share | 1.54 | 5.40 | 4.53 | 13.86 | 18.04 |
| Recurring cash flow per share | 33.55 | 41.68 | 39.78 | 45.65 | 50.71 |

| Balance Sheet (THB m) Year Ending Mar | 2021 | 2022 | 2023E | 2024E | 2025E |
|---|---------------|---------------|---------------|---------------|---------------|
| Tangible fixed assets (gross) | 23,900 | 24,589 | 22,566 | 20,742 | 18,808 |
| Less: Accumulated depreciation | (14,497) | (15,512) | (13,827) | (12,032) | (10,125) |
| Tangible fixed assets (net) | 9,403 | 9,077 | 8,739 | 8,711 | 8,683 |
| Intangible fixed assets (net) | 1,028 | 989 | 989 | 1,038 | 1,060 |
| Long-term financial assets | 1,337 | 1,485 | 1,685 | 1,685 | 1,685 |
| Invest. in associates & subsidiaries | 1,733 | 1,909 | 2,079 | 2,329 | 2,579 |
| Cash & equivalents | 2,663 | 2,656 | 2,314 | 2,540 | 2,968 |
| A/C receivable | 2,550 | 2,618 | 2,656 | 2,815 | 3,018 |
| Inventories | 477 | 718 | 842 | 961 | 1,059 |
| Other current assets | 2,310 | 3,548 | 4,049 | 4,100 | 4,101 |
| Current assets | 8,000 | 9,539 | 9,860 | 10,416 | 11,146 |
| Other assets | 42 | 58 | 63 | 66 | 73 |
| Total assets | 21,543 | 23,057 | 23,415 | 24,246 | 25,227 |
| Common equity | 18,718 | 20,027 | 20,270 | 21,123 | 22,155 |
| Minorities etc. | 0 | 0 | 0 | 0 | 0 |
| Total shareholders' equity | 18,718 | 20,027 | 20,270 | 21,123 | 22,155 |
| Long term debt | - | - | - | - | - |
| Other long-term liabilities | 857 | 965 | 1,014 | 1,060 | 1,102 |
| Long-term liabilities | 857 | 965 | 1,014 | 1,060 | 1,102 |
| A/C payable | 1,036 | 1,054 | 1,078 | 1,146 | 1,182 |
| Short term debt | - | 0 | - | - | - |
| Other current liabilities | 931 | 1,011 | 1,053 | 916 | 789 |
| Current liabilities | 1,967 | 2,065 | 2,131 | 2,062 | 1,970 |
| Total liabilities and shareholders' equity | 21,543 | 23,057 | 23,415 | 24,246 | 25,227 |
| Net working capital | 3,369 | 4,818 | 5,415 | 5,813 | 6,209 |
| Invested capital | 16,912 | 18,335 | 18,971 | 19,643 | 20,289 |

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

Per share (THB)

| | | | | | |
|-------------------------------|--------|--------|--------|--------|--------|
| Book value per share | 244.28 | 261.36 | 264.54 | 275.67 | 289.14 |
| Tangible book value per share | 230.87 | 248.46 | 251.63 | 262.12 | 275.31 |

Financial strength

| | | | | | |
|---------------------------|--------|--------|--------|--------|--------|
| Net debt/equity (%) | (14.2) | (13.3) | (11.4) | (12.0) | (13.4) |
| Net debt/total assets (%) | (12.4) | (11.5) | (9.9) | (10.5) | (11.8) |
| Current ratio (x) | 4.1 | 4.6 | 4.6 | 5.1 | 5.7 |
| CF interest cover (x) | - | - | - | - | - |

| Valuation | 2021 | 2022 | 2023E | 2024E | 2025E |
|---|-------------|-------------|-------------|------------|------------|
| Recurring P/E (x) * | 14.2 | 9.8 | 8.5 | 7.0 | 6.2 |
| Recurring P/E @ target price (x) * | 17.8 | 12.3 | 10.7 | 8.8 | 7.7 |
| Reported P/E (x) | 13.9 | 9.7 | 8.5 | 7.0 | 6.2 |
| Dividend yield (%) | 2.9 | 4.4 | 4.7 | 5.7 | 6.5 |
| Price/book (x) | 0.8 | 0.7 | 0.7 | 0.7 | 0.7 |
| Price/tangible book (x) | 0.8 | 0.8 | 0.8 | 0.7 | 0.7 |
| EV/EBITDA (x) ** | 4.7 | 3.8 | 3.7 | 3.1 | 2.7 |
| EV/EBITDA @ target price (x) ** | 6.1 | 5.0 | 4.7 | 4.0 | 3.5 |
| EV/invested capital (x) | 0.7 | 0.7 | 0.7 | 0.6 | 0.6 |

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

Sources: Thai Stanley Electric; FSSIA estimates

Corporate Governance report of Thai listed companies 2021

EXCELLENT LEVEL – Score range 90-100

| | | | | | | | | | | |
|--------|--------|--------|--------|-------|-------|--------|--------|--------|-------|--------|
| AAV | BPCG | 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 | SEAFCO | SVI | TPBI | WAVE |
| AOT | BWG | EA | HMPRO | LPN | NYT | PTT | SEAOIL | 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 | MITSIB | 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 | WIIK |
| 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 | TPIPP | 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 | SEAOIL | 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 | WIIK |
| 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

Jitra Amornthum 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.

| Company | Ticker | Price | Rating | Valuation & Risks |
|----------------------------|-----------|------------|--------|---|
| Thai Stanley Electric | STANLY TB | THB 192.00 | BUY | Downside risks to our P/E-based TP include 1) weak global automotive demand; 2) higher raw material prices; 3) global semiconductor shortages; and 4) fluctuations in the THB. |
| AAPICO Hitech | AH TB | THB 32.50 | 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. |
| Somboon Advance Technology | SAT TB | THB 21.10 | 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 18-Jan-2023 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / current price.

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

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

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

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

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

Industry Recommendations

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

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

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

Country (Strategy) Recommendations

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

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

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