

THAI STANLEY ELECTRIC
THAILAND / CONSUMER, CYCLICAL

STANLY TB

BUY

น่าจะโตดีตามแผน

- เราคาดว่า 3QFY23 จะเป็นอีกไตรมาสที่ดีสำหรับ STANLY โดยคาดว่ากำไรปกติจะโต 14.6% y-y
- กำไรน่าจะเร่งตัวขึ้นต่อเนื่องจากความต้องการที่อ่อนแอและอุปทานชิปที่เพิ่มขึ้น
- เริ่มด้วยคำแนะนำซื้อที่ราคาเป้าหมาย 240 บาท

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

ผู้ผลิตคอมพิวเตอร์รายใหญ่ที่สุดในประเทศไทย

STANLY เป็นผู้ผลิตคอมพิวเตอร์รายใหญ่ที่สุดในประเทศไทยด้วยส่วนแบ่งตลาดสูงกว่า 70% บริษัท มีผลิตภัณฑ์หลักประกอบด้วยหลอดไฟสำหรับรถยนต์ อุปกรณ์ส่องสว่าง และคอมพิวเตอร์ นอกจากนี้บริษัท ยังมีฝ่ายออกแบบแม่พิมพ์เพื่อช่วยสนับสนุนธุรกิจหลักของบริษัท STANLY ได้ประโยชน์จากการอยู่ในอุตสาหกรรมที่มีการแข่งขันต่ำเนื่องจากมีผู้เล่นจำนวนน้อยในตลาด อุตสาหกรรมไฟส่องสว่างสำหรับรถยนต์มีกำแพงในการเข้าสู่ตลาดสูงเนื่องจากธุรกิจดังกล่าวจำเป็นต้องใช้เงินทุนจำนวนมาก เทคโนโลยีเฉพาะ แรงงานที่มีทักษะพิเศษ และมาตรฐานความปลอดภัยสูง

อุปทานชิปที่มากขึ้นและความต้องการที่อ่อนแอจะช่วยกระตุ้นกำไร

เราคาดว่า 3QFY23 (ต.ค. - ธ.ค. 2022) จะเป็นอีกหนึ่งไตรมาสที่ดีสำหรับ STANLY โดยคาดว่าจะรายได้จากการขายจะโต 9.5% q-q และ 10.8% y-y เป็น 3.9 พัน ลบ. จากความต้องการที่อ่อนแอหลังสภาวะขาดแคลนอุปทานในอุตสาหกรรม Semiconductor ได้บรรเทาลง อัตรากำไรขั้นต้นที่น่าจะปรับตัวดีขึ้นต่อเนื่องจากหลังการผลิตได้กลับสู่ระดับที่สูงจนได้ประโยชน์และต้นทุนของวัตถุดิบที่อ้างอิงจากราคาน้ำมันกำลังปรับตัวลดลงอย่างต่อเนื่อง เราคาดว่ากำไรปกติจะโต 14.6% y-y เป็น 450 ลบ. อย่างไรก็ตามกำไรที่ไร้น่าจะลดลง 5.9% q-q เนื่องจากไม่มีรายได้เงินปันผลเหมือนใน 2QFY23 (ก.ค. - ก.ย. 2022)

แนวโน้มเร่งตัวขึ้นต่อเนื่องในปี 2023

STANLY มีกำไรเพิ่มขึ้นอย่างต่อเนื่องมาเป็นเวลาหลายปีก่อนหยุดชะงักจากปัญหาการแพร่ระบาดโควิด เมื่อเข้าสู่ปี 2023 กำไรของบริษัท น่าจะเร่งตัวขึ้นสอดคล้องกับอุตสาหกรรมยานยนต์ในประเทศไทย เราคาดว่าบริษัท จะรายงานกำไรโตได้ถึง 13.3% ในปี FY23 (สิ้นสุดเดือน มี.ค. 2023) และ 21.1% ในปี FY24 (สิ้นสุดเดือน มี.ค. 2024) และจะสามารถรักษาราคาหุ้นที่อยู่ที่อยู่ในระดับสูงเมื่อเทียบกับกลุ่มฯ ที่ประมาณ 11%-13%

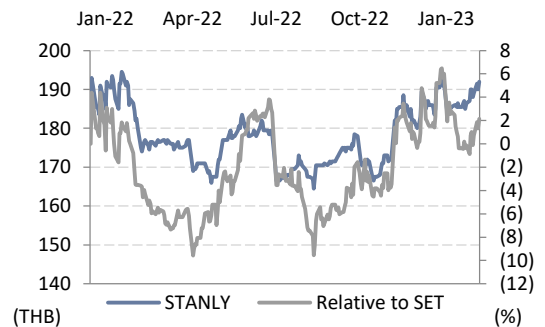
เริ่มด้วยคำแนะนำซื้อที่ราคาเป้าหมาย 240 บาท

เราเริ่ม STANLY ด้วยคำแนะนำซื้อที่ราคาเป้าหมาย 240 บาท ราคาตั้งกล่าวคิดเป็น 9.0x ของค่า FY24E P/E (เท่ากับค่าเฉลี่ย 5 ปีย้อนหลัง) และเพียง 0.7x ของค่า FY24E P/BV (ต่ำกว่าค่าเฉลี่ย 5 ปีย้อนหลังที่ 0.8x อยู่เล็กน้อย) เราชอบ STANLY จากระดับการประเมินมูลค่าที่ต่ำ ความเสี่ยงทางด้านการเงินที่ต่ำมาก และสภาพคล่องที่อยู่ในระดับสูง บริษัท มีเงินสดและการลงทุนระยะสั้นรวม 6.9 พัน ลบ. ณ สิ้น 2QFY23 เท่ากับเกือบ 50% ของ Market cap ในปัจจุบัน

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

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

PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 19 มกราคม 2023

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.

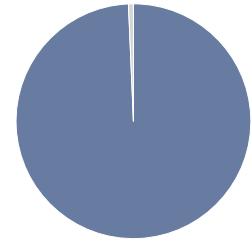
Company profile

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)

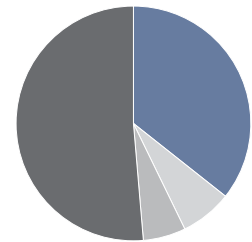
- Auto bulbs & automotive lighting equipment - 99.3 %
- Molds & dies and product designs - 0.7 %



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	FY24E	FY25E
	(THB m)	(THB m)	(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.

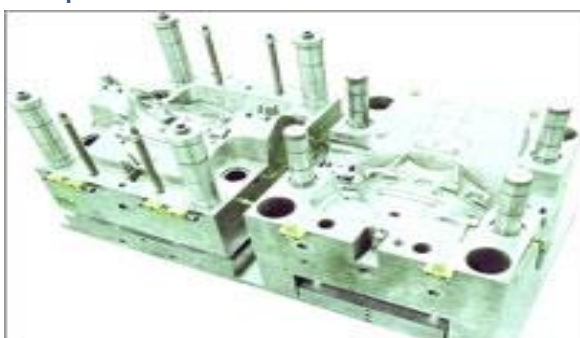
Exhibit 2: Automotive lamps



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.

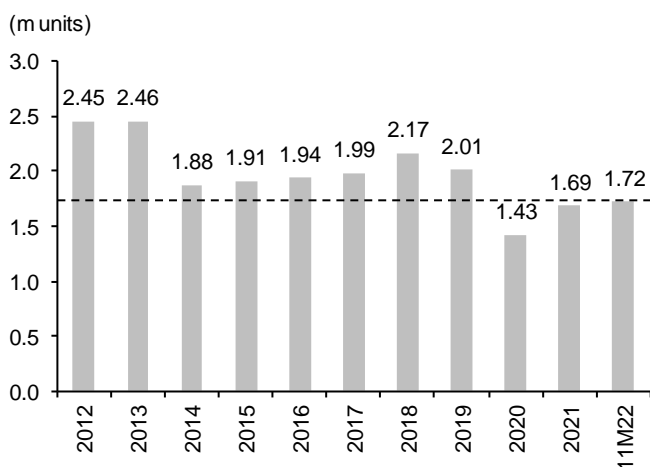
Low competition environment, high barriers to entry

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.

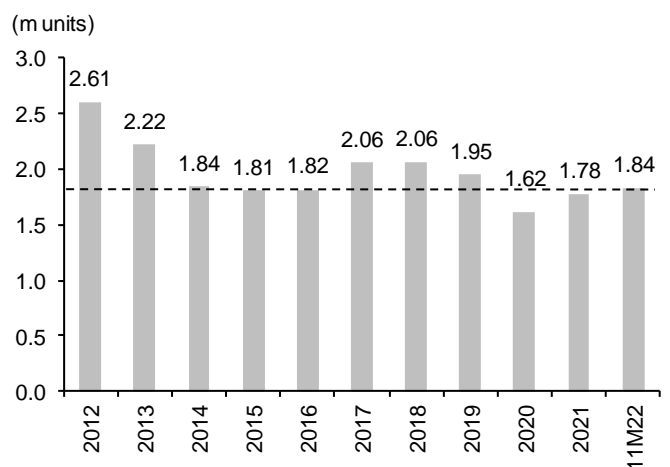
STANLY’s operations depend on vehicle demand. During 11M22, Thailand’s car production reached 1.72m units, an increase of 12.6% y-y, already surpassing 2021 production. We think it is highly likely that full-year production will exceed the Federation of Thai Industries’ target of 1.80m units. Motorcycle 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)

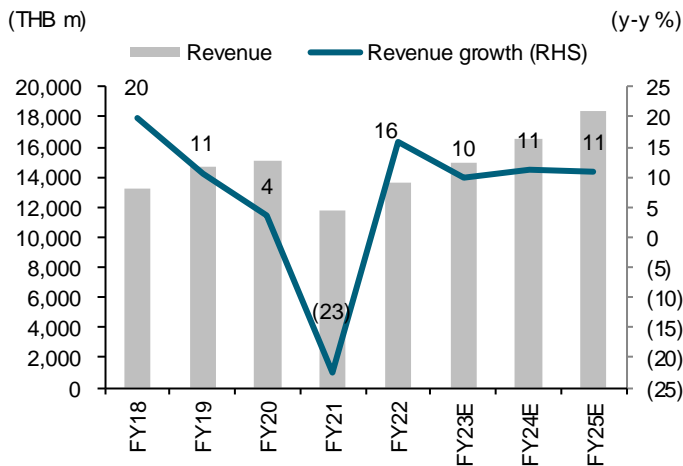
Sources: STANLY, FSSIA estimates

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.

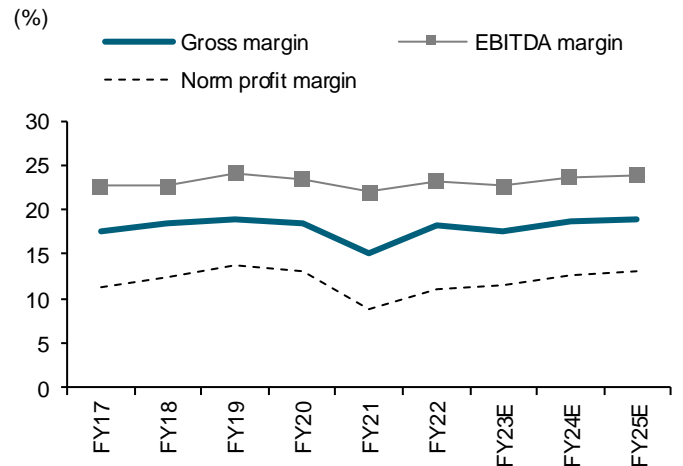
In addition, STANLY is ready for EV adoption. EVs still need lighting equipment, which should mean additional opportunities for the company to add value and more high-tech products to EVs. Its Lamp 8 automotive lighting system factory was built in 2020 with the aim of manufacturing lighting systems for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

Exhibit 7: STANLY’s revenue and growth



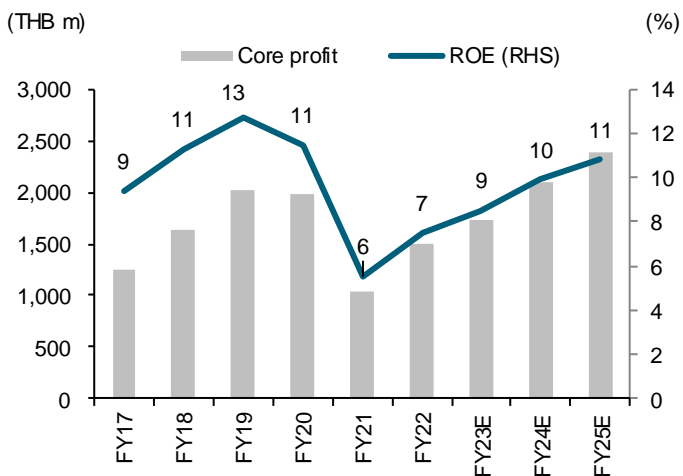
Sources: STANLY, FSSIA estimates

Exhibit 8: Margins



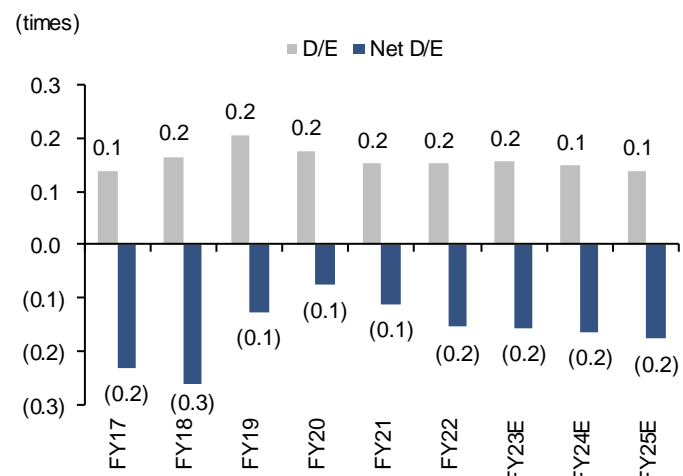
Sources: STANLY, FSSIA estimates

Exhibit 9: Core profit and ROE



Sources: STANLY, FSSIA estimates

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

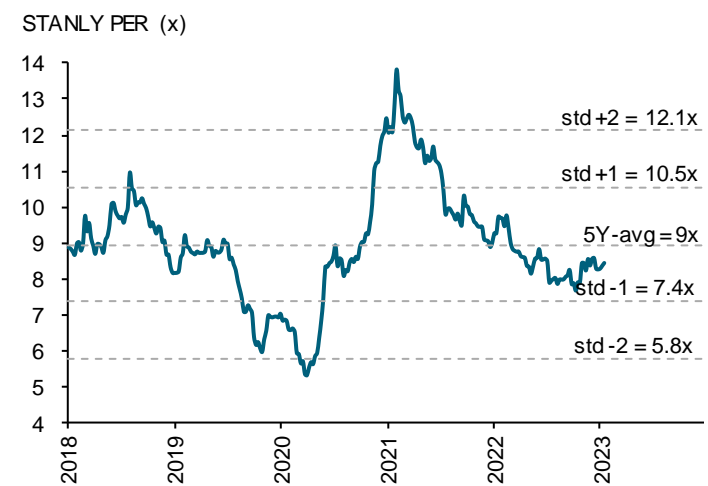


Sources: STANLY, FSSIA estimates

Valuation

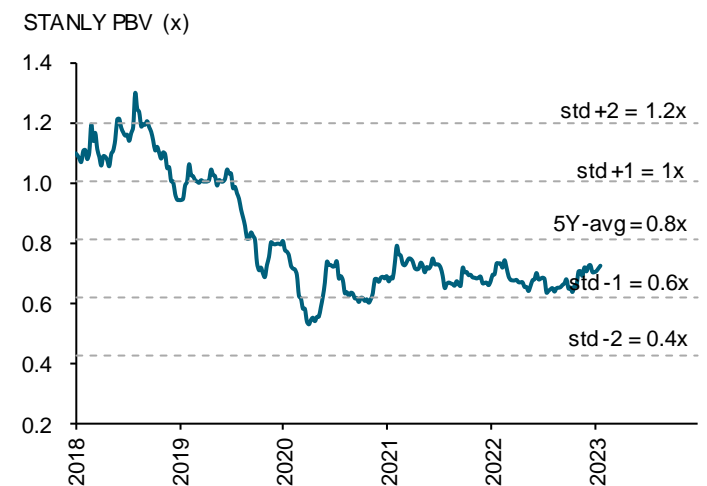
We initiate coverage on STANLY with a BUY rating and a TP of THB240 based on 9.0x FY24E P/E, equal to its five-year historical average. Our TP implies only 0.7x FY24E P/BV, slightly below its five-year historical average of 0.8x. We like STANLY for its undemanding valuations, very low financial risk, 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	3Y EPS CAGR	PE		DivYld		ROE		PBV	
					22E	23E	22E	23E	22E	23E	22E	23E
			(USD m)	(%)	(x)	(x)	(%)	(%)	(x)	(x)	(x)	(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

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](#)

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

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	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	DRS	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	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	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	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

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.