

SYNEX (THAILAND) SYNEX TB

THAILAND / INFORMATION&COMM TECH

BUY

High season results incoming

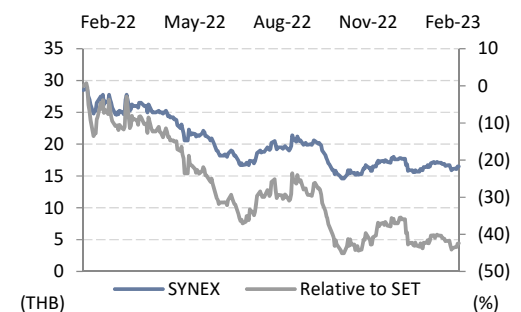
- We anticipate a 4Q22 net profit of THB218m (+1.3% q-q, -18.8% y-y), flat q-q and down y-y from the iPhone14 pro series shortage and lower FX gains. We expect a core profit of THB197m (+4.8% q-q, +2.3% y-y).
- A key driver for 2023 could come from the commercial sector resuming old projects and new private and public sector projects.
- Initiate with a BUY call and TP of THB20, based on 20.3x 2023E P/E.

TARGET PRICE THB20.00
CLOSE THB16.50
UP/DOWNSIDE +21.2%
TP vs CONSENSUS +5.3%

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	37,085	40,101	44,103	48,834
Net profit	860	848	915	1,062
EPS (THB)	1.02	1.00	1.08	1.25
vs Consensus (%)	-	10.6	9.1	16.5
EBITDA	910	975	1,123	1,295
Core net profit	735	733	835	982
Core EPS (THB)	0.87	0.87	0.99	1.16
EPS growth (%)	24.1	(0.3)	13.9	17.5

Core P/E (x)	19.0	19.1	16.7	14.2
Dividend yield (%)	4.2	4.2	4.6	5.3
EV/EBITDA (x)	18.3	18.1	16.0	14.1
Price/book (x)	3.6	3.3	3.1	2.9
Net debt/Equity (%)	67.4	87.4	88.6	90.2
ROE (%)	19.9	18.1	19.4	21.3



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	0.6	1.9	(45.5)
Relative to country (%)	(0.2)	(1.6)	(45.9)
Mkt cap (USD m)	426		
3m avg. daily turnover (USD m)	1.2		
Free float (%)	46		
Major shareholder	TKS Technology PCL (39%)		
12m high/low (THB)	30.50/14.50		
Issued shares (m)	847.36		

Sources: Bloomberg consensus; FSSIA estimates

Thailand's leading distributor of IT equipment

SYNEX distributes computers, computer peripherals, software, IT systems, computer consumables, and communication devices from over 60 global brands. Its customer base includes domestic computer retailers and wholesalers, major software solutions providers, local-branded computer manufacturers, department stores, giant superstores, stationery shops, and retailers in Indochina. In 2H22, SYNEX generated 42% of its revenue from consumer sales, 31% from the communications sector, 21% from commercial sales and 6% from others.

4Q22 earnings should be this year's peak

We anticipate a 4Q22 net profit of THB218m (+1.3% q-q, -18.8% y-y), up q-q due to the consumer electronics high season and corporate investments in IT infrastructure, but down y-y due to 1) a shortage of new iPhone14 devices, especially the pro series; 2) a declining gross margin after the end of the supply shortage; 3) lower profit sharing from NCAP (SYNEX holds 26.7%) following the interest rate cap on motorcycle hire-purchase at 23% (NCAP formerly charged c30%-35%); and 4) the FX gain of THB76m in 4Q21 (in 4Q22 we assume a cTHB22m FX gain). If we exclude FX, its core profit would be THB197m (+4.8% q-q, +2.3% y-y) due to the positive impact of good cost management. SG&A to sales should decrease to 2.3% from 2.8% in 4Q21.

Brighter outlook overall in 2023

We forecast 2022-2024 core profit to rise at a 10.1% CAGR backed by a stable gross margin of c4.5%-4.6% with SG&A to sales up by 2.3%-2.4%. We do not see any negative impacts for the company in 2023 as the chip shortages and iPhone shipment delays – both related to the Covid-19 situation – have been resolved. We believe the company should see higher revenue in 2023 as the private and public sector resumes old projects and steps up new investments in hardware and IT infrastructure.

Initiate coverage with a BUY rating and TP of THB20

Our BUY recommendation is based on its five-year average P/E of 20.3x (+0.5SD). We adjust our P/E estimate based on SYNEX's status as the market leader in this business and the potential for its "No.1 IT Ecosystem" strategy to capture sustainable revenue growth.



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Investment thesis

SYNEX is a leading IT distributor that has been in the business for more than 30 years. The company is committed to being a leader in IT products and offering total solution services for sustainable growth under its "No.1 IT Ecosystem" strategy. We forecast 2022-2024 average revenue growth at a 9.6% CAGR and we believe that the company should maintain its gross margin at c4.5%-4.6% and its SG&A to sales at c2.3%-2.4% resulting in core profit growth at a 10.1% CAGR.

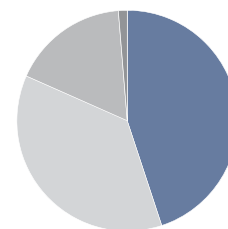
Company profile

Synnex (Thailand) distributes computers, computer peripherals, software, IT systems, computer supplies and communication devices. The company is a distributor for more than 60 world-class brands to a customer base of more than 6,000 retail, wholesale, modern trade, hypermarket, and stationery stores in Thailand and across Indochina.

www.synnex.co.th

Principal activities (revenue, 2021)

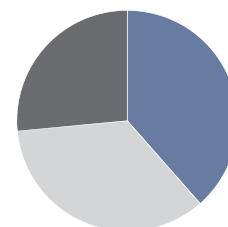
- Consumer - 44.9 %
- Communication - 36.7 %
- Commercial - 17.1 %
- Others - 1.3 %



Source: Synex (Thailand)

Major shareholders

- TKS Technology PCL - 38.5 %
- King's Eye Investments Ltd - 35.0 %
- Others - 26.5 %



Source: Synex (Thailand)

Catalysts

Key growth drivers for SYNEX's share price include 1) the post-covid recovery of private and public sector companies that should boost revenue from the sales of consumer, communications, and commercial products; and 2) government stimulus packages.

Risks to our call

Downside risks to our P/E-based TP include 1) outmoded or obsolete products; 2) product shortages; 3) currency fluctuations.

Event calendar

Date	Event
February 2023	4Q22 results announcement

Key assumptions

	2022E	2023E	2024E
Sales (THB m)	40,101	44,103	48,834
GPM (%)	4.5	4.6	4.6
- Consumer (%)	5.1	5.1	5.2
- Communication (%)	3.0	3.2	3.2
- Commercial (%)	4.4	4.8	4.8
SG&A to sales (%)	2.3	2.4	2.3

Source: FSSIA estimates

Earnings sensitivity

- For every 0.2% increase in GPM, we estimate 2023 net profit to rise by 7.5%, and vice versa, all else being equal.
- For every 0.1% increase in SG&A to sales, we estimate 2023 net profit to fall by 3.9%, and vice versa, all else being equal.

Source: FSSIA estimates

Business overview

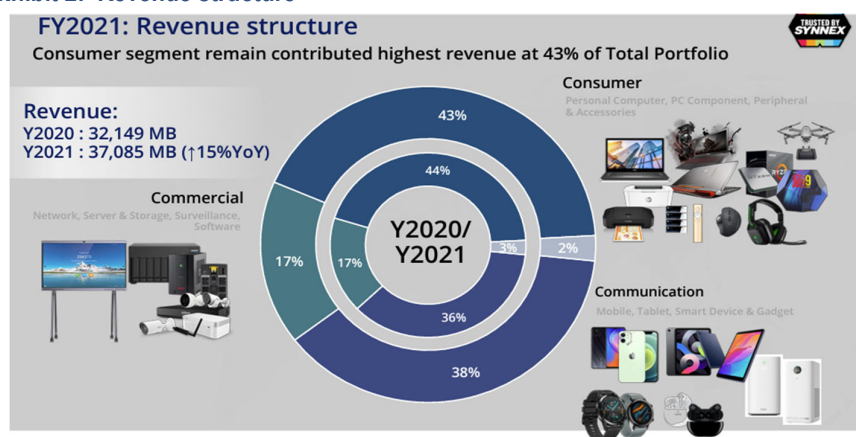
The company distributes computers, computer peripherals, software, IT systems, and computer consumables from over 60 global brands. The company's customer base includes domestic computer retailers and wholesalers, local-brand computer manufacturers, department stores, superstores, and stationery shops.

Exhibit 1: Product categories

Categories	Product Groups	Brands
Mobile phones & tablets	Mobile phones & tablets	APPLE, ASUS, HUAWEI, MOTOROLA, TECNO, SAMSUNG
Personal computers	Notebook, Ultrabook, 2-in-1 notebooks, desktop computers & all-in-one PCs, Configure-to-Order (CTO)	APPLE, ASUS, DELL, HPI, HUAWEI, LENOVO, MSI, LG APPLE, ASUS, DELL, HPI, LENOVO LEMEL
PC components	Motherboard/Mainboard HDD and SSD Central Processing Unit: CPU DRAM Video Graphics Array: VGA Power supply & computer case	ASROCK, ASUS, GIGABYTE, INTEL, MSI HGST, INTEL, KINGSTON, KLEVV, SEAGATE, WD AMD, INTEL KINGSTON, KLEVV, THERMALTAKE, TEAMGROUP ASROCK, ASUS, GIGABYTE, INNO3D, MSI CORSAIR, THERMALTAKE
Peripherals & Accessories	Monitor and TV Mouse & keyboard Speaker Headset Mobile phone accessories Web camera / Video camera Optical disk drive Projector Uninterruptible Power Supply: UPS Printer Scanner Sewing machine Ink cartridge, toner, ribbon USB flash drives External HDD / External SSD Instant camera	ACER, AOC, ASUS, DELL, EIZO, GIGABYTE, HPI, LEMEL, LENOVO, LG, MSI, PHILIPS, SAMSUNG, VIEWSONIC ASUS, GIGABYTE, KINGSTON, LEMEL, LENOVO, LOGITECH, MSI, RAPOO, RAZER, THERMALTAKE HUAWEI, LEMEL, LOGITECH, RAPOO, RAZER APPLE, EPOS, HUAWEI, LOGITECH, MSI, RAPOO, RAZER APPLE, ASUS, HUAWEI, RAZER, SAMSUNG LOGITECH ASUS, LG ACER, CANON, EPSON, VIEWSONIC APC, DELTA, EATON, EMPOW, HUAWEI, ZIRCON BROTHER, CANON, EPSON, FUJIFILM, HPI, HUAWEI, PANTUM BROTHER, CANON, EPSON, FUJIFILM, HPI, KODAK BROTHER BROTHER, CANON, EPSON, FUJIFILM, FULLMARK, HPI, PANTUM KINGSTON, SANDISK GTECH, SANDISK, SEAGATE, WD FUJIFILM
Commercial & Cloud Services	Commercial notebook Digital signage Closed Circuit Television: CCTV Barcode & labelling equipment Server Network Attached Storage: NAS Switches & routers LAN Card Wireless LAN Network management software & hardware Network security or firewall Network accessories Cloud service solutions	ACER, APPLE, DELL, HPI, LENOVO, MICROSOFT, ASUS, HUAWEI SAMSUNG, LG, VIEWSONIC DAHUA, HUAWEI, IMOU BROTHER, EPSON CISCO, DELL, HUAWEI, INTEL, LENOVO ASUSTOR, DELL, QNAP, WD, ZYXEL ASUS, CISCO, DELL, D-LINK, HUAWEI, TP-LINK, ZYXEL, RUIJIE D-LINK, INTEL, TP-LINK ASUS, CISCO, D-LINK, HUAWEI, TP-LINK, ZYXEL, RUIJIE APC, DELL, ZYXEL, RUIJIE CISCO, HUAWEI, ZYXEL, WATCHGUARD, KASPERSKY APC, CISCO, DELTA, D-LINK, HUAWEI, TP-LINK, RUIJIE MICROSOFT, HUAWEI
Smart Device & IoT	Smart watch & eyewear, wristband Virtual reality glasses and headsets Drones Air purifiers Internet protocol camera: IP cameras	APPLE, HUAWEI, SAMSUNG EPSON, HTC DJI LG, PANDO, VIOAMI D-LINK, TP-LINK
Service & Maintenance	Maintenance Service Agreement: MA	ACER, APC, APPLE, CISCO, DELL, DELTA, EATON, HUAWEI, LENOVO, HPI, MICROSOFT, QNAP

Sources: SYNEX; FSSIA's compilation

Exhibit 2: Revenue structure



Source: SYNEX

4Q22 results preview

We anticipate a 4Q22 net profit of THB218m (+1.3% q-q, -18.8% y-y), up q-q due to the consumer electronics high season and corporate investment in IT infrastructure, and down y-y due to 1) the new iPhone14 shortage, especially for the pro series; 2) a decline in gross margin following the resolution of the supply shortages; 3) a lower share of profit from Next Capital (NCAP TB, not rated; SYNEX holds a 26.7% stake) following the interest rate cap on motorcycle hire-purchase at 23% (NCAP formerly charged c30%-35%); and 4) the FX gain of THB76m in 4Q21 (in 4Q22 we assume a cTHB22m FX gain). If we exclude FX, SYNEX's core profit in 4Q22 would be THB197m (+4.8% q-q, +2.3% y-y) due to the positive impact of good cost management. SG&A to sales should decrease to 2.3% from 2.8% in 4Q21.

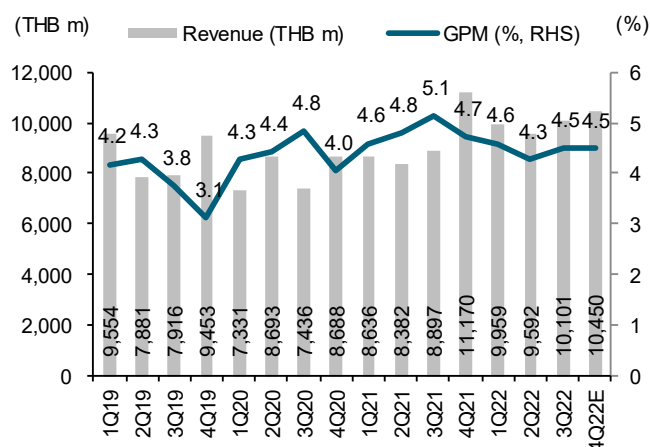
For 2022-2024, we project core net profit growth at a 10.1% CAGR and a stable gross margin of c4.5%-4.6%, and 2.3%-2.4% higher SG&A to sales. We think the key catalyst in 2023 should come from commercial sector sales as private and public sector companies resume their old projects and undertake new investments in hardware and IT infrastructure.

Exhibit 3: 4Q22 results preview

	4Q21	1Q22	2Q22	3Q22	4Q22E	Change		2021	2022E	Change
Year to Dec 31	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Revenue	11,170	9,959	9,592	10,101	10,450	3	(6)	37,085	40,101	8
COGS	(10,642)	(9,502)	(9,183)	(9,646)	(9,980)	3	(6)	(35,302)	(38,310)	9
Gross profit	528	457	409	455	469	3	(11)	1,784	1,790	0
Operating costs	(308)	(242)	(218)	(223)	(240)	8	(22)	(997)	(924)	(7)
Operating profit	220	215	191	232	229	(1)	4	786	867	10
Other income	13	7	27	12	18	51	36	75	64	(14)
FX Gain (Loss)	76	41	24	28	22	(23)	(72)	125	115	(8)
Interest expense	(4)	(6)	(8)	(14)	(12)	(15)	214	(14)	(39)	176
Profit before tax	306	258	234	258	257	(0)	(16)	971	1,006	4
Tax	(63)	(55)	(46)	(48)	(51)	8	(18)	(191)	(200)	4
Associates	22	16	2	3	11	252	(60)	77	32	(59)
Minority interests	4	4	2	2	2	(1)	(49)	4	10	173
Reported net profit	269	222	192	215	218	1	(19)	860	848	(1)
Recurring net profit	192	181	168	188	197	5	2	735	733	(0)
EPS (THB)	0.32	0.26	0.23	0.25	0.26	1	(19)	1.02	1.00	(1)
Recurring EPS (THB)	0.23	0.21	0.20	0.22	0.23	5	2	0.87	0.87	(0)
Key Ratios (%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)
Gross margin	4.7	4.6	4.3	4.5	4.5	(0.0)	(0.2)	4.8	4.5	(0.3)
Operating margin	2.8	2.6	2.5	2.7	2.6	(0.1)	(0.2)	2.1	2.2	0.0
Recurring net margin	1.7	1.8	1.8	1.9	1.9	0.0	0.2	2.0	1.8	(0.2)
SG&A / Sales	2.8	2.4	2.3	2.2	2.3	0.1	(0.5)	2.7	2.3	(0.4)

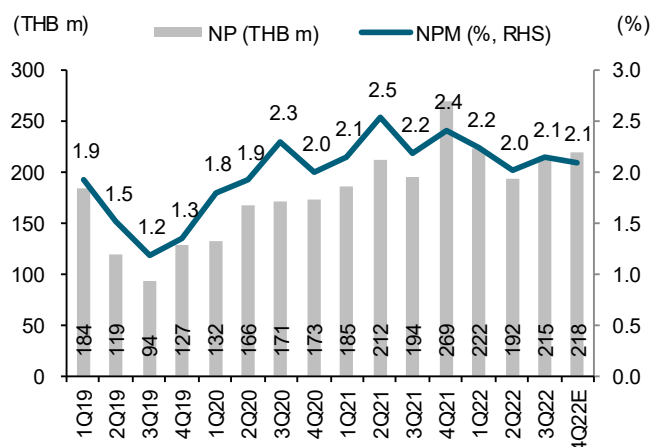
Sources: SYNEX; FSSIA estimates

Exhibit 4: Revenue by quarter



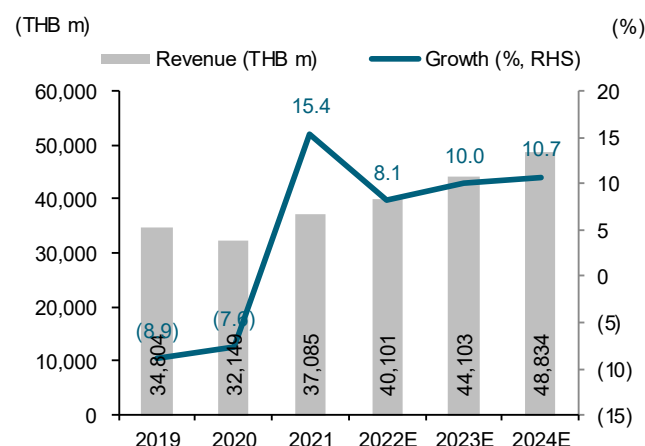
Sources: SYNEX; FSSIA estimate

Exhibit 5: Net profit by quarter



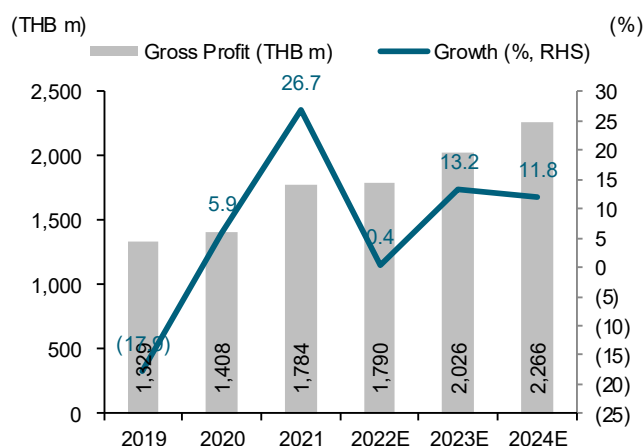
Sources: SYNEX; FSSIA estimate

Exhibit 6: Yearly revenue



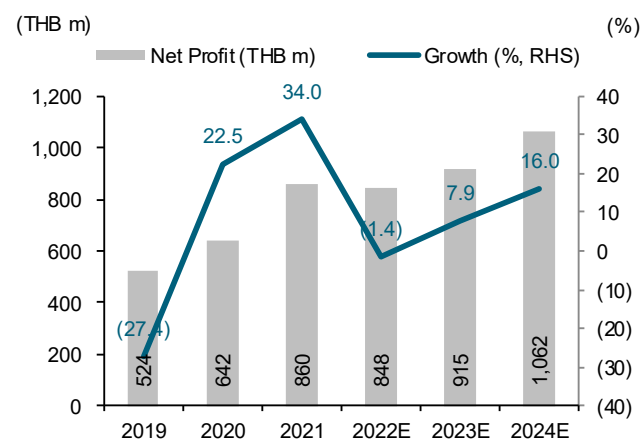
Sources: SYNEX; FSSIA estimates

Exhibit 7: Yearly gross profit



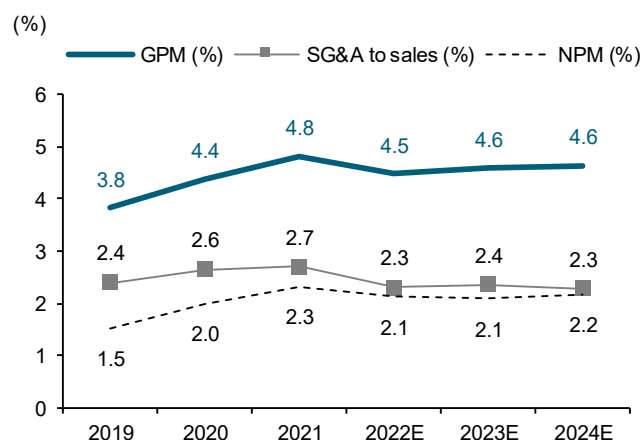
Sources: SYNEX; FSSIA estimates

Exhibit 8: Yearly net profit



Sources: SYNEX; FSSIA estimates

Exhibit 9: Profitability ratios



Sources: SYNEX; FSSIA estimates

Valuation

Our 2023 price target of THB20 is based on SYNEX's five-year average P/E of 20.3x (+0.5SD). We adjust our P/E estimate based on its status as the market leader in this business and its well-diversified product mix, keen inventory management, and record of following major trends (5G, gaming and digital transformation). We think SYNEX's long-term strategy of being the "No.1 IT Ecosystem" should support sustainable revenue growth based on its 1) plans to invest in new businesses related to its IT ecosystem by expanding into new segments such as cloud services, cyber security, electric vehicles (EVs), gaming, health, internet of things (IoT) solutions and robotics.

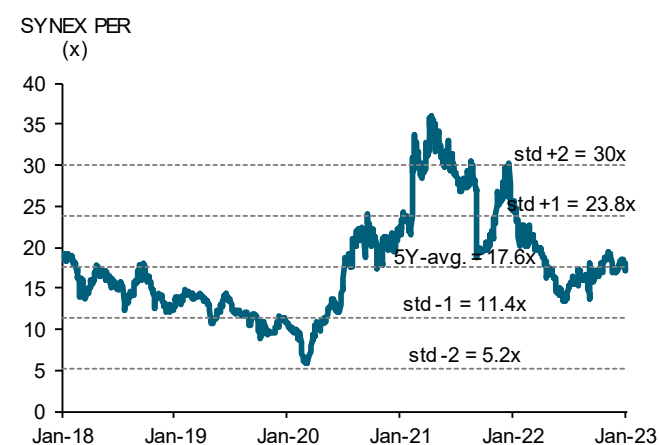
SYNEX currently trades at 16.7x 2023E P/E (core eps), a discount from its five-year average PER of 17.6x. We see a short-term catalyst in the government's "Shop Dee Mee Kuen" stimulus package that offers tax deductions.

Exhibit 10: IT ecosystem



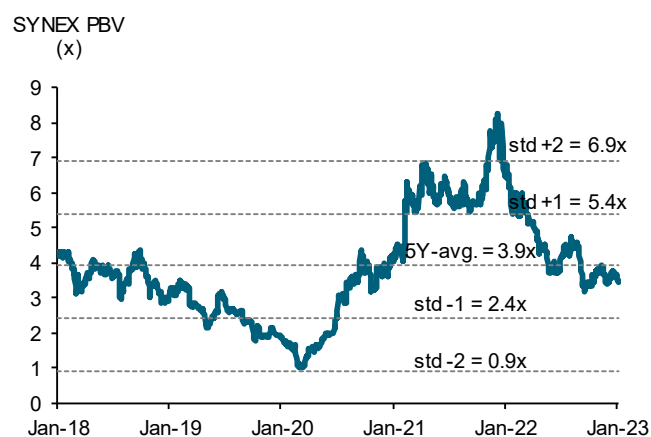
Source: SYNNEX

Exhibit 11: Historical P/E band



Source: Bloomberg

Exhibit 12: Historical P/BV band



Source: Bloomberg

Corporate governance – SYNEX

Board structure

Independent Directors (ID)	4 of 12 board members, 4 females
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 1/3 in remuneration committee
ID terms	At every AGM at least 1/3rd must resign in rotation; directors may be reappointed for another term.

Additional information: ID term has not been specifically mentioned, assuming "term of office" of Board Directors

Compensation and remuneration

Directors' remuneration vs earnings/ROE/share performance	In 2021, THB2.91m vs net profit of THB860m
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	KPMG Phoomchai Audit Ltd.
Length of service	More than five years
Reporting incidents	None
Fee track record	THB2.61m
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

SYNEX was listed on the Stock Exchange of Thailand (SET) in Jun-08. Its operation involves rapid IT advancement products of a fast-moving and frequently replaced nature. The company distributes mobile phones & tablets, personal computers, PC components, peripherals & accessories, commercial and cloud services, smart devices and IoT, and provides service and maintenance. SYNEX (Thailand) is a distributor of more than 60 world-class brands in Thailand and Indochina. Some well-known products are purchased directly from Apple, HP, Asus, Lenovo, WD (SanDisk), Gigabyte, Kingston, Cisco, Huawei, Samsung, and LG. Products are 65% from foreign manufacturers in Thailand and 35.5% imported from overseas manufacturers.

Materiality issues	Activities and practices
Major shareholders holding more than 25% stake	As of 23 Aug-22, T.K.S Technologies PCL holds 38.51% and Synnex Taiwan, through King's Eye Investments Ltd, holds 34.99%. These holdings are unchanged from end-2021 and immaterial compared to the average of 39.35% and 36.03%, respectively, since the listing in 2008.
Competitive advantage	SYNEX distributes the TOP 20 global brands worldwide via more than 6,000 dealers in Thailand, and diversified customers and channels. There are 11 after-sales service offices in five regions in Thailand plus 67 trusted partners in 54 provinces, and another 13 Huawei service centres. The company gives priority to product quality by testing and guarantees. SYNEX also has invested in digital marketing and B2B2C online businesses to correspond with the new normal of consumer behaviour. The Covid-19 pandemic presented more of an opportunity than a threat for SYNEX
Product procurement	The company purchases products based on the flow of goods, i.e. regular ordering for fast-moving items and pre-ordering for certain known projects. Procurement managers optimise and balance sourcing both domestic and overseas. SYNEX receives 60-day credit terms from domestic and overseas manufacturers. Most of the authorised distributor agreements are auto-renew.
Warehousing and delivery	The company uses a modern warehouse and distribution management system from the Synnex group of Taiwan. The ASRS (Automatic Storage and Retrieval System) can store and remove products from the warehouse by using a mechanical arm and a conveyor belt that covers the whole computerised system for efficient storage and search for products. The 24-hour automated ordering system was developed to support online B2B2C sales, and enables fast, accurate, and on-time delivery. In addition, the over 6,000 branches plus service centres are key supportive factors for efficiency.
Pricing	Price strategy varies among products and services to optimise inventory turnover. For example, cost-plus pricing is for high-tech products and fixed pricing for homogeneous products. In cases of rapid technological advancement, high prices will be set for new products, and gradually lowered for less popular or older models. Generally, items manufactured domestically will have low profit margins, but benefit from being well-accepted brands with large sales volumes. While products imported directly from manufacturers are of higher quality and lower cost, the company's own marketing provides high profitability.
Inventory aging	The company not only manages inventory aging strictly in compliance with accounting standards but also ensures that inventory aging will be well managed. Inventory reports are submitted to management monthly with solutions for over aging stocks. Inventory KPIs include < 0.5% for returned/trials/damaged products, <2% for aging over 360 days, and <10% for aging >120 days. The company lines up certain procedures to deal with stock aging >120 days, in addition to "price protection" from some manufacturers, i.e. receiving compensation for discounted products and the able to rotate obsolete products.
Exchange rate	SYNEX's imported products and parts paid for in USD dollars account for c36% of the total products sold during the year. The company employs forward contracting to manage risks related to fluctuations in FX rates and has no policy to speculate on FX.
Awards and recognitions	The company is ISO9001:2008 certified for quality management and ISO14001:2004 certified for environmental management from Bureau Veritas Certification (Thailand) Limited. In 2021, SYNEX was rated "very good" or four stars in the Corporate Governance Report of Thai Listed Companies 2021 (CGR Checklist) by the Thai Institute of Directors (IOD); recognised by the SET in 2021 as a Thailand Sustainability Investment (THSI) company; and received a perfect score of 100 from the quality assessment for annual general meetings (AGM Checklist) by the Thai Investors Association.

Additional information: 2021 annual report

Financial Statements

Synex (Thailand)

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	32,149	37,085	40,101	44,103	48,834
Cost of goods sold	(30,690)	(35,253)	(38,267)	(42,031)	(46,526)
Gross profit	1,459	1,832	1,834	2,072	2,308
Other operating income	96	75	64	88	98
Operating costs	(851)	(997)	(924)	(1,036)	(1,110)
Operating EBITDA	704	910	975	1,123	1,295
Depreciation	(51)	(49)	(44)	(45)	(42)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	653	861	931	1,078	1,253
Net financing costs	15	111	76	20	24
Associates	102	77	32	33	37
Recurring non-operating income	102	77	32	33	37
Non-recurring items	0	0	0	0	0
Profit before tax	770	1,048	1,038	1,132	1,314
Tax	(128)	(191)	(200)	(226)	(263)
Profit after tax	642	857	838	905	1,052
Minority interests	0	4	10	10	10
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	642	860	848	915	1,062
Non-recurring items & goodwill (net)	(49)	(125)	(115)	(80)	(80)
Recurring net profit	593	735	733	835	982
Per share (THB)					
Recurring EPS *	0.70	0.87	0.87	0.99	1.16
Reported EPS	0.76	1.02	1.00	1.08	1.25
DPS	0.54	0.70	0.70	0.76	0.88
Diluted shares (used to calculate per share data)	847	847	847	847	847
Growth					
Revenue (%)	(7.6)	15.4	8.1	10.0	10.7
Operating EBITDA (%)	12.7	29.2	7.1	15.3	15.3
Operating EBIT (%)	12.7	31.9	8.1	15.8	16.3
Recurring EPS (%)	40.2	24.1	(0.3)	13.9	17.5
Reported EPS (%)	22.5	34.0	(1.4)	7.9	16.0
Operating performance					
Gross margin inc. depreciation (%)	4.4	4.8	4.5	4.6	4.6
Gross margin of key business (%)	4.4	4.8	4.5	4.6	4.6
Operating EBITDA margin (%)	2.2	2.5	2.4	2.5	2.7
Operating EBIT margin (%)	2.0	2.3	2.3	2.4	2.6
Net margin (%)	1.8	2.0	1.8	1.9	2.0
Effective tax rate (%)	16.6	18.3	19.2	20.0	20.0
Dividend payout on recurring profit (%)	77.2	80.7	81.0	76.7	75.7
Interest cover (X)	(49.0)	(8.5)	(12.7)	(54.6)	(52.8)
Inventory days	31.5	27.4	33.0	33.5	33.3
Debtor days	59.4	50.4	49.7	48.1	47.9
Creditor days	28.8	31.1	31.5	29.7	29.6
Operating ROIC (%)	8.6	13.5	12.4	13.0	13.9
ROIC (%)	8.8	12.5	10.5	10.8	11.6
ROE (%)	17.7	19.9	18.1	19.4	21.3
ROA (%)	5.7	6.4	5.5	6.1	6.8
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Consumer	13,825	16,666	17,721	19,139	20,973
Communication	12,323	13,608	14,288	15,717	17,289
Commercial	5,453	6,334	7,601	8,741	10,052
Others	548	477	491	505	520

Sources: Synex (Thailand); FSSIA estimates

Financial Statements

Synex (Thailand)

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	593	735	733	835	982
Depreciation	51	49	44	45	42
Associates & minorities	(102)	(77)	(32)	(33)	(37)
Other non-cash items	160	452	114	106	127
Change in working capital	2,832	(1,596)	(735)	(668)	(795)
Cash flow from operations	3,534	(437)	125	285	318
Capex - maintenance	-	-	-	-	-
Capex - new investment	(51)	(30)	(30)	(16)	(17)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	144	(124)	(627)	0	0
Cash flow from investing	92	(155)	(657)	(16)	(17)
Dividends paid	(402)	(488)	(594)	(641)	(743)
Equity finance	0	16	0	0	0
Debt finance	(3,297)	923	1,252	(50)	325
Other financing cash flows	22	84	1	1	1
Cash flow from financing	(3,678)	536	659	(690)	(417)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	49	125	115	80	80
Movement in cash	(2)	70	241	(341)	(35)
Free cash flow to firm (FCFF)	3,660.35	(576.89)	(493.23)	328.54	357.33
Free cash flow to equity (FCFE)	400.51	541.00	834.90	299.96	707.74

Per share (THB)

FCFF per share	4.32	(0.68)	(0.58)	0.39	0.42
FCFE per share	0.47	0.64	0.99	0.35	0.84
Recurring cash flow per share	0.83	1.37	1.01	1.12	1.31

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	923	941	969	982	996
Less: Accumulated depreciation	(563)	(614)	(658)	(703)	(745)
Tangible fixed assets (net)	360	327	311	279	251
Intangible fixed assets (net)	7	22	25	27	30
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	545	609	1,236	1,236	1,236
Cash & equivalents	164	234	475	134	99
A/C receivable	5,078	5,886	6,088	6,691	7,406
Inventories	2,045	3,243	3,674	4,035	4,465
Other current assets	417	615	680	737	809
Current assets	7,704	9,977	10,916	11,597	12,779
Other assets	268	351	357	361	367
Total assets	8,885	11,287	12,844	13,500	14,664
Common equity	3,471	3,925	4,179	4,454	4,772
Minorities etc.	0	16	16	16	16
Total shareholders' equity	3,471	3,941	4,195	4,470	4,789
Long term debt	14	8	783	556	331
Other long-term liabilities	76	82	88	93	99
Long-term liabilities	90	90	871	649	430
A/C payable	3,007	3,655	3,617	3,970	4,393
Short term debt	1,955	2,884	3,360	3,538	4,088
Other current liabilities	362	718	800	873	964
Current liabilities	5,324	7,256	7,778	8,381	9,445
Total liabilities and shareholders' equity	8,885	11,287	12,844	13,500	14,664
Net working capital	4,170	5,372	6,024	6,619	7,324
Invested capital	5,351	6,681	7,952	8,523	9,208

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

Per share (THB)

Book value per share	4.10	4.63	4.93	5.26	5.63
Tangible book value per share	4.09	4.61	4.90	5.22	5.60

Financial strength

Net debt/equity (%)	52.0	67.4	87.4	88.6	90.2
Net debt/total assets (%)	20.3	23.5	28.6	29.3	29.5
Current ratio (x)	1.4	1.4	1.4	1.4	1.4
CF interest cover (x)	(28.4)	(4.2)	(10.4)	(14.5)	(28.7)

Valuation	2020	2021	2022E	2023E	2024E
Recurring P/E (x) *	23.6	19.0	19.1	16.7	14.2
Recurring P/E @ target price (x) *	28.6	23.0	23.1	20.3	17.3
Reported P/E (x)	21.8	16.3	16.5	15.3	13.2
Dividend yield (%)	3.3	4.2	4.2	4.6	5.3
Price/book (x)	4.0	3.6	3.3	3.1	2.9
Price/tangible book (x)	4.0	3.6	3.4	3.2	2.9
EV/EBITDA (x) **	22.4	18.3	18.1	16.0	14.1
EV/EBITDA @ target price (x) **	26.6	21.6	21.2	18.6	16.4
EV/invested capital (x)	3.0	2.5	2.2	2.1	2.0

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

Sources: Synex (Thailand); FSSIA estimates

Corporate Governance report of Thai listed companies 2021

EXCELLENT LEVEL – Score range 90-100										
AAV	BCPG	CPALL	GCAP	K	MSC	PLANET	SAMART	SPI	THRE	TVD
ADVANC	BDMS	CPF	GFPT	KBANK	MST	PLAT	SAMTEL	SPRC	THREL	TVI
AF	BEM	CPI	GGC	KCE	MTC	PORT	SAT	SPVI	TIPCO	TVO
AH	BGC	CPN	GLAND	KKP	MVP	PPS	SC	SSSC	TISCO	TWPC
AIRA	BGRIM	CRC	GLOBAL	KSL	NCL	PR9	SCB	SST	TK	U
AKP	BIZ	CSS	GPI	KTB	NEP	PREB	SCC	STA	TKT	UAC
AKR	BKI	DDD	GPSC	KTC	NER	PRG	SCCC	STEC	TMT	UBIS
ALT	BOL	DELTA	GRAMMY	LALIN	NKI	PRM	SCG	STI	TNDT	UV
AMA	BPP	DEMCO	GULF	LANNA	NOBLE	PROUD	SCGP	SUN	TNITY	VGI
AMATA	BRR	DRT	GUNKUL	LH	NSI	PSH	SCM	SUSCO	TOA	VIH
AMATAV	BTS	DTAC	HANA	LHFG	NVD	PSL	SDC	SUTHA	TOP	WACOAL
ANAN	BTW	DUSIT	HARN	LIT	NWR	PTG	SEAFECO	SVI	TPBI	WAVE
AOT	BWG	EA	HMPRO	LPN	NYT	PTT	SEAOL	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	TIPL	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
AMANA	BPP	DTAC	HANA	KTC	NBC	PPPM	SC	SSSC	TMILL	UOBKH
AMATA	BROOK	DUSIT	HARN	KWC	NEP	PPS	SCB	SST	TMT	UPF
AMATAV	BRR	EA	HEMP	KWI	NINE	PR9	SCC	STA	TNITY	UV
AP	BSBM	EASTW	HENG	L&E	NKI	PREB	SCCC	STOWER	TNL	VGI
APCS	BTS	ECL	HMPRO	LANNA	NMG	PRG	SCG	SUSCO	TNP	VIH
AQUA	BWG	EGCO	HTC	LH	NNCL	PRINC	SCN	SVI	TNR	WACOAL
ARROW	CEN	EP	ICC	LHFG	NOBLE	PRM	SEAOL	SYMC	TOG	WHA
AS	CENTEL	EPG	ICHI	LHK	NOK	PROS	SE-ED	SYNTEC	TOP	WHAUP
ASIAN	CFRESH	ERW	IFEC	LPN	NSI	PSH	SELIC	TAE	TOPP	WICE
ASK	CGH	ESTAR	IFS	LRH	NWR	PSL	SENA	TAKUNI	TPA	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)

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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

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ANALYST(S) CERTIFICATION

Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
Synex (Thailand)	SYNEX TB	THB 16.50	BUY	Downside risks to our P/E-based TP include 1) outmoded or obsolete products; 2) product shortages; 3) currency fluctuations

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

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All share prices are as at market close on 02-Feb-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.