

THAI STANLEY ELECTRIC

THAILAND / AUTOMOTIVE

STANLY TB

BUY

UNCHANGED

1QFY24 results at first glance

TARGET PRICE	THB240.00
CLOSE	THB200.00
UP/DOWNSIDE	+20.0%
TP vs CONSENSUS	+1.3%

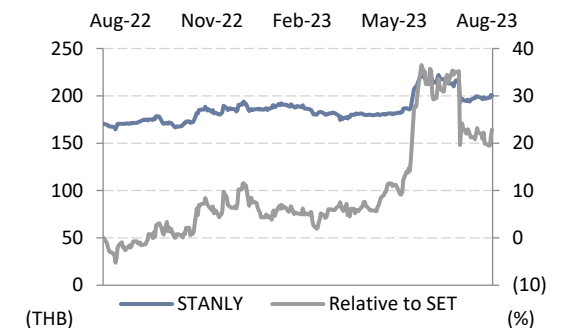
1QFY24 results in line with our estimate but missed consensus by 11%

Highlights

- Excluding a THB12m FX gain, STANLY registered a core profit of THB303m in 1QFY24, in line with our estimate but lower than Bloomberg's consensus by 11%. The 1QFY24 core profit declined by 47% q-q and 0.2% y-y.
- April is typically the least productive month of the year for the automotive industry owing to the long Songkran holiday period. Therefore, STANLY's 1QFY24 revenue slid 18% q-q to THB3.3b. Its revenue, however, was flat y-y because of the drop in sales from molds and dies by 52% y-y, or cTHB6m less than a year earlier. Although the contribution from molds and dies was less than 1% of total revenue, the GPM was relatively higher than that of auto bulbs.
- Given the company's efficient cost control together with the four-month cut in electricity bills during May-August 2023, its selling and administrative expenses fell 1.1% q-q and 0.9% y-y.
- Its EBITDA margin shrank to 20.7% from 24.8% in 4QFY23 mainly due to the diseconomies of scale, and was slightly below 21.2% in 1QFY23 owing to the revenue mix.
- STANLY is still a debt-free company. At end-1QFY24, the company had total liabilities of THB4.5b, which accounted for only 18% of total assets, most of which were trade receivables. Its D/E ratio was as low as 0.2x.
- STANLY's 1QFY24 profit accounts for 16% of our full-year forecast of THB2.0b (+12% y-y). We maintain our projection and TP of THB240, which is based on 9.4x FY24E P/E, close to its five-year historical average. We maintain our BUY rating on STANLY.

KEY STOCK DATA

YE Mar (THB m)	2023	2024E	2025E	2026E
Revenue	14,448	15,804	17,385	18,779
Net profit	1,746	1,955	2,216	2,401
EPS (THB)	22.78	25.52	28.92	31.34
vs Consensus (%)	-	19.5	17.7	18.3
EBITDA	3,311	3,495	3,815	4,027
Recurring net profit	1,742	1,955	2,216	2,401
Core EPS (THB)	22.73	25.52	28.92	31.34
EPS growth (%)	16.4	12.3	13.3	8.4
Core P/E (x)	8.8	7.8	6.9	6.4
Dividend yield (%)	10.0	5.7	6.5	7.1
EV/EBITDA (x)	4.0	3.9	3.4	3.2
Price/book (x)	0.7	0.7	0.7	0.7
Net debt/Equity (%)	(9.8)	(8.7)	(10.0)	(10.9)
ROE (%)	8.4	9.2	10.2	10.5



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(3.2)	15.8	22.9
Relative to country (%)	(4.6)	16.1	28.2
Mkt cap (USD m)	442		
3m avg. daily turnover (USD m)	0.5		
Free float (%)	34		
Major shareholder	Stanley Electric Holding Asia-Pacific Pte., Ltd. (36%)		
12m high/low (THB)	215.08/156.55		
Issued shares (m)	76.63		

Sources: Bloomberg consensus; FSSIA estimates



Jitra Amornthum

Analyst register no. 014530

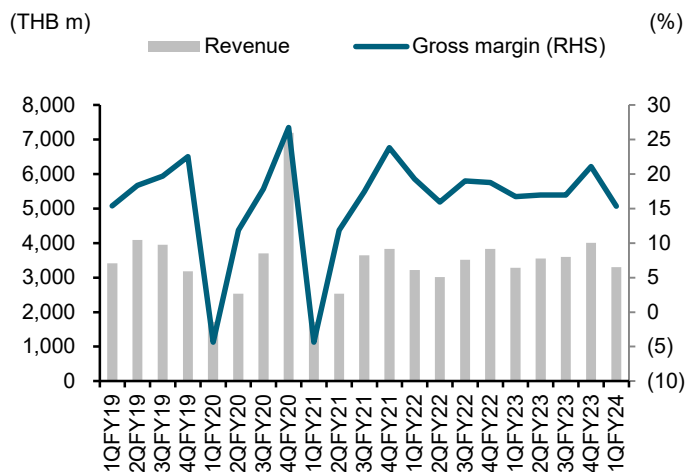
jitra.a@fssia.com, +66 2646 9966

Exhibit 1: STANLY – 1QFY24 operations summary

Year to Mar 31	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	-----Change-----		FY23	FY24E	% of 1QFY24
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(%)
Sales	3,283	3,551	3,602	4,012	3,306	(17.6)	0.7	14,448	15,804	20.9
Cost of sales	(2,734)	(2,949)	(2,991)	(3,165)	(2,799)	(11.6)	2.4	(11,839)	(12,944)	21.6
Gross profit	549	602	611	846	507	(40.1)	(7.6)	2,609	2,861	17.7
Operating costs	(270)	(278)	(274)	(271)	(268)	(1.1)	(0.9)	(1,093)	(1,144)	23.4
Operating profit	279	324	337	575	239	(58.4)	(14.1)	1,515	1,716	14.0
Operating EBITDA	696	848	772	996	685	(31.2)	(1.6)	3,311	3,495	19.6
Other income	28	135	44	40	46	15.2	67.6	101	95	21.6
Interest expense	0	0	0	0	0	0.0	0.0	0	0	nm
Profit before tax	306	459	382	616	286	(53.6)	(6.7)	1,763	1,922	14.9
Tax	(79)	(103)	(94)	(133)	(78)	(40.8)	(0.8)	(408)	(384)	20.4
Associates	77	121	105	84	96	13.6	24.9	387	418	22.9
Reported net profit	317	487	376	565	315	(44.3)	(0.8)	1,746	1,955	16.1
Core profit	304	478	392	568	303	(46.6)	(0.2)	1,742	1,955	16.1
Reported EPS (THB)	4.14	6.35	4.91	7.38	4.11	(44.3)	(0.8)	22.78	25.52	16.1
Core EPS (THB)	3.97	6.23	5.12	7.41	3.96	(46.6)	(0.2)	22.73	25.52	16.1
Key Ratios (%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)
Gross margin	16.7	17.0	17.0	21.1	15.3	(5.8)	(1.4)	18.1	18.1	0.0
Operating margin	9.3	12.9	10.6	15.3	8.6	(6.7)	(0.7)	12.2	12.2	(0.0)
EBITDA margin	21.2	23.9	21.4	24.8	20.7	(4.1)	(0.5)	22.9	22.1	(0.8)
Core profit margin	9.3	13.5	10.9	14.1	9.2	(5.0)	(0.1)	12.1	12.4	0.3
SG&A / Sales	8.2	7.8	7.6	6.8	8.1	1.3	(0.1)	7.6	7.2	(0.3)
Revenue breakdown by product type	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Auto bulbs & automotive lighting equipment	3,271	3,488	3,598	3,973	3,300	(16.9)	0.9	14,329	15,676	9.4
Molds & dies and product designs	12	63	4	39	6	(84.5)	(51.7)	119	129	8.0
Revenue breakdown by geographic	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Domestic sales	2,109	2,390	2,355	2,648	2,037	(23.1)	(3.4)	9,502	10,036	5.6
Export sales	1,174	1,161	1,247	1,363	1,269	(6.9)	8.1	4,946	5,769	16.6

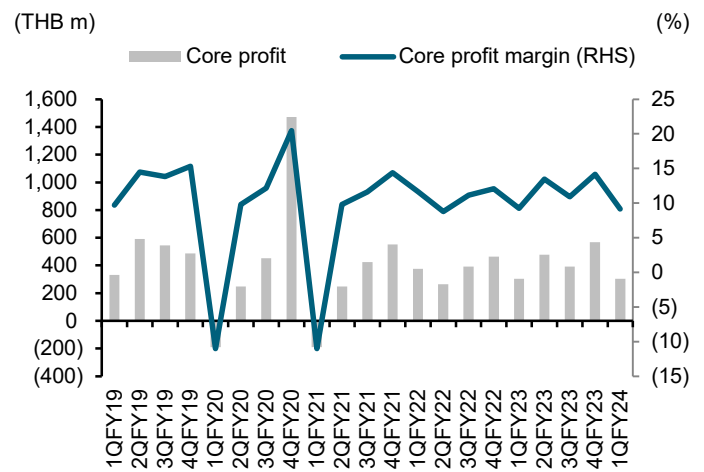
Sources: STANLY; FSSIA estimates

Exhibit 2: Revenue and gross margin



Source: STANLY

Exhibit 3: Core profit and core profit margin



Source: STANLY

Financial Statements

Thai Stanley Electric

Profit and Loss (THB m) Year Ending Mar	2022	2023	2024E	2025E	2026E
Revenue	13,582	14,448	15,804	17,385	18,779
Cost of goods sold	(12,666)	(13,387)	(14,517)	(15,767)	(16,928)
Gross profit	916	1,061	1,287	1,618	1,851
Other operating income	1,693	1,795	1,779	1,816	1,849
Operating costs	(1,024)	(1,093)	(1,144)	(1,217)	(1,296)
Operating EBITDA	3,158	3,311	3,495	3,815	4,027
Depreciation	(1,574)	(1,548)	(1,573)	(1,598)	(1,623)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	1,584	1,763	1,922	2,217	2,404
Net financing costs	0	0	0	0	0
Associates	282	387	418	443	478
Recurring non-operating income	282	387	418	443	478
Non-recurring items	24	4	0	0	0
Profit before tax	1,890	2,154	2,340	2,660	2,882
Tax	(369)	(408)	(384)	(443)	(481)
Profit after tax	1,521	1,746	1,955	2,216	2,401
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	1,521	1,746	1,955	2,216	2,401
Non-recurring items & goodwill (net)	(24)	(4)	0	0	0
Recurring net profit	1,496	1,742	1,955	2,216	2,401
Per share (THB)					
Recurring EPS *	19.53	22.73	25.52	28.92	31.34
Reported EPS	19.85	22.78	25.52	28.92	31.34
DPS	8.50	20.00	11.48	13.02	14.10
Diluted shares (used to calculate per share data)	77	77	77	77	77
Growth					
Revenue (%)	15.8	6.4	9.4	10.0	8.0
Operating EBITDA (%)	22.3	4.8	5.6	9.1	5.6
Operating EBIT (%)	54.3	11.3	9.0	15.3	8.4
Recurring EPS (%)	44.7	16.4	12.3	13.3	8.4
Reported EPS (%)	43.3	14.8	12.0	13.3	8.4
Operating performance					
Gross margin inc. depreciation (%)	6.7	7.3	8.1	9.3	9.9
Gross margin exc. depreciation (%)	18.3	18.1	18.1	18.5	18.5
Operating EBITDA margin (%)	23.3	22.9	22.1	21.9	21.4
Operating EBIT margin (%)	11.7	12.2	12.2	12.8	12.8
Net margin (%)	11.0	12.1	12.4	12.7	12.8
Effective tax rate (%)	19.5	18.9	16.4	16.7	16.7
Dividend payout on recurring profit (%)	43.5	88.0	45.0	45.0	45.0
Interest cover (X)	-	-	-	-	-
Inventory days	19.7	20.2	17.8	18.2	18.3
Debtor days	69.4	65.4	60.5	56.7	53.9
Creditor days	34.4	31.7	29.6	28.2	25.5
Operating ROIC (%)	9.5	9.6	9.9	11.3	(3.0)
ROIC (%)	8.5	8.9	9.2	10.3	(2.7)
ROE (%)	7.7	8.4	9.2	10.2	10.5
ROA (%)	6.7	7.4	8.0	8.9	9.3
* Pre exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Auto bulbs & automotive lighting equipment	13,490	14,329	15,676	17,243	18,623
Molds & dies and product designs	92	119	129	141	156

Sources: Thai Stanley Electric; FSSIA estimates

Financial Statements

Thai Stanley Electric

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	1,496	1,742	1,955	2,216	2,401
Depreciation	1,574	1,548	1,573	1,598	1,623
Associates & minorities	(282)	(387)	(418)	(443)	(478)
Other non-cash items	405	(504)	0	0	0
Change in working capital	(621)	(202)	22	(67)	(423)
Cash flow from operations	2,573	2,197	3,133	3,305	3,124
Capex - maintenance	0	0	0	0	0
Capex - new investment	(927)	(677)	(872)	(930)	(918)
Net acquisitions & disposals	0	-	-	-	-
Other investments (net)	(1,234)	(2,235)	(1,281)	(796)	(1,000)
Cash flow from investing	(2,161)	(2,911)	(2,153)	(1,726)	(1,918)
Dividends paid	(421)	(651)	(880)	(997)	(1,081)
Equity finance	0	0	0	0	0
Debt finance	0	0	0	0	0
Other financing cash flows	0	-	-	-	-
Cash flow from financing	(421)	(651)	(880)	(997)	(1,081)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	2	794	0	0	209
Net other adjustments	2	794	(329)	(201)	209
Movement in cash	(7)	(572)	(228)	381	334
Free cash flow to firm (FCFF)	411.62	(714.86)	980.46	1,579.17	1,205.55
Free cash flow to equity (FCFE)	414.05	79.54	651.66	1,378.07	1,414.45

Per share (THB)

FCFF per share	5.37	(9.33)	12.80	20.61	15.73
FCFE per share	5.40	1.04	8.50	17.98	18.46
Recurring cash flow per share	41.68	31.31	40.60	44.00	46.28

Balance Sheet (THB m) Year Ending Mar

	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	24,589	24,700	23,099	21,530	19,925
Less: Accumulated depreciation	(15,512)	(16,231)	(14,657)	(13,059)	(11,436)
Tangible fixed assets (net)	9,077	8,469	8,441	8,471	8,489
Intangible fixed assets (net)	989	940	987	1,187	1,387
Long-term financial assets	1,485	1,702	1,702	1,702	1,702
Invest. in associates & subsidiaries	1,909	2,023	2,023	2,173	2,323
Cash & equivalents	2,656	2,084	1,856	2,237	2,571
A/C receivable	2,618	2,557	2,685	2,715	2,830
Inventories	718	591	674	738	797
Other current assets	3,548	5,933	5,934	5,935	5,936
Current assets	9,539	11,165	11,148	11,624	12,133
Other assets	58	25	79	122	150
Total assets	23,057	24,325	24,381	25,279	26,184
Common equity	20,027	21,287	21,241	22,340	23,541
Minorities etc.	0	0	0	0	0
Total shareholders' equity	20,027	21,287	21,241	22,340	23,541
Long term debt	-	-	-	-	-
Other long-term liabilities	965	1,046	1,027	956	789
Long-term liabilities	965	1,046	1,027	956	789
A/C payable	1,054	1,001	1,099	1,087	1,048
Short term debt	0	-	-	-	-
Other current liabilities	1,011	991	1,013	896	807
Current liabilities	2,065	1,992	2,112	1,983	1,855
Total liabilities and shareholders' equity	23,057	24,325	24,381	25,279	26,184
Net working capital	4.818	7.089	7.180	7.404	7.707
Invested capital	18,335	20,249	20,412	21,059	21,759

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

Per share (THB)

Book value per share	261.36	277.80	277.21	291.55	307.22
Tangible book value per share	248.46	265.53	264.32	276.05	289.11

Financial strength

Net debt/equity (%)	(13.3)	(9.8)	(8.7)	(10.0)	(10.9)
Net debt/total assets (%)	(11.5)	(8.6)	(7.6)	(8.8)	(9.8)
Current ratio (x)	4.6	5.6	5.3	5.9	6.5
CF interest cover (x)	-	-	-	-	-

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	10.2	8.8	7.8	6.9	6.4
Recurring P/E @ target price (x) *	12.3	10.6	9.4	8.3	7.7
Reported P/E (x)	10.1	8.8	7.8	6.9	6.4
Dividend yield (%)	4.3	10.0	5.7	6.5	7.1
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) **	4.0	4.0	3.9	3.4	3.2
EV/EBITDA @ target price (x) **	5.0	4.9	4.7	4.2	3.9
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

Public disclosures related to sustainable development evaluation of Thai listed companies

Rating regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**" by the Thai Institute of Directors Association (Thai IOD); 2) "**AGM Checklist**" by the Thai Investors Association (TIA), a "**CAC certified member**" of the Thai Private Sector Collective Action Against Corruption (CAC); and 3) "**Sustainability Investment List (THSI)**" by the Stock Exchange of Thailand. The ratings are updated on an annual basis. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such ratings.

CG Score by the Thai Institute of Directors Association (Thai IOD)¹

The **CG Score** indicates corporate governance (CG) strength in the sustainable development of Thai listed companies. Annually, the Thai IOD, with support from the Stock Exchange of Thailand (SET), surveys and assesses the CG practices of companies and publishes the results on the [Thai IOD website](#) in a bid to promote and enhance the CG of Thai listed companies in order to promote compliance with international standards for better investment decisions. The results are from the perspective of a third party, not an evaluation of operations, as of the date appearing in the report, and may be changed after that date.

The **five underlying categories and weighting** used for the CG scoring in 2022 include the rights of shareholders and equitable treatment of shareholders (weight 25% combined), the role of stakeholders (25%), disclosure and transparency (15%), and board responsibilities (35%).

The CGR report rates CG in six categories: 5 for Excellent (score range 90-100), 4 for Very Good (score range 80-89), 3 for Good (Score range 70-79), 2 for Fair (score range 60-69), 1 for Pass (score range 60-69), and not rated (score below 50).

Corporate Governance Report Disclaimer

The disclosure of the survey result 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 companies listed on the Stock Exchange of Thailand and the Market of Alternative Investment disclosed to the public and able to be accessed by a general public investor at [Thai IOD website](#). 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 data appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. **FSSIA** does not confirm nor certify the accuracy of such survey result.

AGM Checklist by the Thai Investors Association (TIA)²

The "**AGM Checklist**" quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and the extent to which information is sufficiently disclosed and the level of its transparency. All the considered factors form important elements of two out of five the CG components. Annually, the TIA, with support from the SEC, leads the project to evaluate the quality of Annual General Meetings of Shareholders (AGMs) and to rate quality of the meetings.

The **Checklist** contains the minimum requirements under law that companies must comply with, or best practices according to international CG guidance. Representatives of the TIA will attend the meetings and perform the evaluation. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating of how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.

The results are classified into four categories: 5 for Excellent (score 100), 4 for Very Good (score 90-99), 3 for Fair (score 80-89), and not rated (score below 79).

CAC certified member by the Thai Private Sector Collective Action Against Corruption (CAC)³

A **CAC certified member** is a listed company whose Checklist satisfies the CAC Certification's criteria and is approved by the CAC Council. The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. Note that the CAC does not certify the behaviour of the employees nor whether the companies have engaged in bribery, and Certification is good for three years.

Companies deciding to become a CAC certified member **start with** by submitting a Declaration of Intent signed by the Chairman of the Board to kick off the 18-month deadline for companies to submit the CAC Checklist for Certification. The 18-month provision is for risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.

The checklist document will be reviewed by the CAC Certification Committee for adequate information and evidence. It is worth noting that the committee consists of nine professionals in business law, corporate governance, internal audit, financial audit and experienced representatives from certified members.

A passed Checklist will move on to the **CAC Council** for granting certification approvals. The CAC Council consists of twelve prominent individuals who are highly respected in professionalism and ethical achievements. Among them are former ministers, a former central bank governor, the former head of the Thai Listed Companies Association, Chairman of Anti-Corruption Organizations (Thailand), Chairman of Thai Institute of Directors, and reputable academic scholars.

Sustainability Investment (THSI)⁴ by the Stock Exchange of Thailand (SET)

Thailand Sustainability Investment (**THSI**) quantifies responsibility in **Environmental**, and **Social** issues, by managing business with transparency in **Governance**. The THSI serves as another choice for investors who desire to adopt a responsible investment approach, according to the SET.

Annually, the SET will announce the voluntary participation of the company candidates which pass the preemptive criteria, and whose two key crucial conditions are met, i.e. no irregular trading of the board members and executives and a free float of >150 by the number of shareholders, and combined holding must >15% of paid-up capital. Some key disqualifying criteria include a CG score of below 70%; independent directors and free float violation; executives' wrongdoing related to CG, social and environmental impacts, equity in negative territory, and earnings in the red for more than three years in the last five years. To become eligible for THSI, the candidate must pass three indicators in data declaration: **Economic** (CG, risk management, customer relation management, supply chain management, and innovation); **Environmental** (environmental management, eco-efficiency, and climate risk); **Social** (human rights, talent attraction, operational health & safety, community development, and stakeholder engagement); and the incorporation of ESG in business operations.

To be approved for THSI inclusion, verified data must be scored at a 50% minimum for each indicator, unless the company is a part of the Dow Jones Sustainability Indices⁵ (DJSI) during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality.

Note that, from the **THSI list**, the SET further developed a sustainability **SETTHSI Index** in June 2018 from selected THSI companies whose 1) market capitalisation > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.

Sources: [SEC](#); [Thai IOD](#); [Thai CAC](#); [SET](#); FSSIA's compilation

Disclaimer:

¹ Thai Institute of Directors Association ([Thai IOD](#)) was established in December 1999 and is a membership organisation that strives to promote professionalism in directorship. The Thai IOD offers directors certification and professional development courses, provides a variety of seminars, forums and networking events, and conducts research on board governance issues and practices. Membership comprises board members from companies ranging from large publicly listed companies to small private firms.

² Thai Investors Association ([TIA](#)) was established in 1983 with a mission to promote investment knowledge and to protect the investment rights of Thai investors. In 2002, the association was appointed by the Securities and Exchange Commission (SEC) to represent individual shareholders. To obtain information for evaluation, the association recruits volunteer investors to join AGMs and score the meetings. Weightings for each meeting are at a 45:45:10 ratio. They have been applied since 2017 and subject to change.

³ Thai Private Sector Collective Action against Corruption ([CAC](#)) was founded in 2010 and is 100% privately funded. It is an initiative by the Thai private sector to take part in tackling corruption problems via collective action. The CAC promotes the implementation of effective anti-corruption policies in order to create a transparent business ecosystem by developing a unique certification program for large/medium/small companies to apply for and to control corruption risk systematically and efficiently. The CAC's operations are sponsored by the US-based Center for Private Enterprise (CIPE) and the UK Prosperity Fund.

⁴ Sustainability Investment List ([THSI](#)), created by the Stock Exchange of Thailand in 2015, comprises the listed companies that conduct sustainable business operations.

⁵ Dow Jones Sustainability Indices – [Wikipedia](#) – Launched in 1999, DJSI evaluates the sustainability performance of companies based on corporate economic, environmental, and social performance.

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

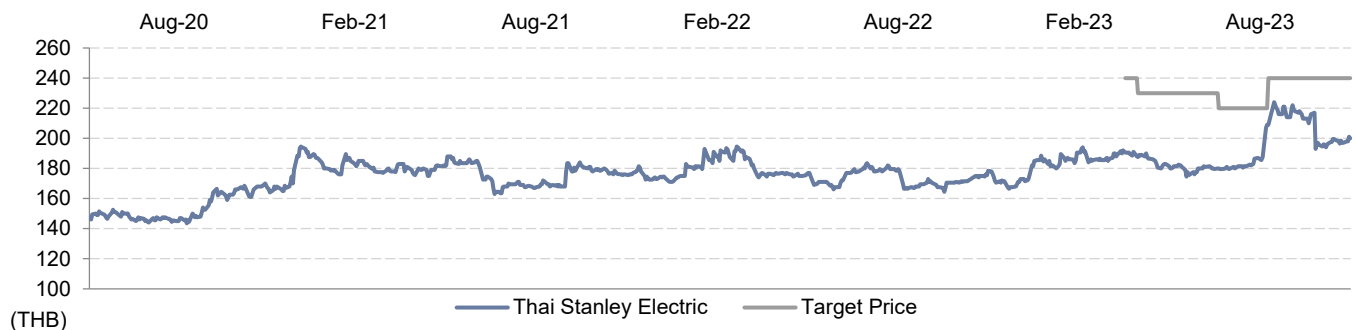
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History of change in investment rating and/or target price

Thai Stanley Electric (STANLY TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
19-Jan-2023	BUY	240.00	10-Apr-2023	BUY	220.00	-	-	-
30-Jan-2023	BUY	230.00	23-May-2023	BUY	240.00			

Jitra Amornthum started covering this stock from 19-Jan-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Thai Stanley Electric	STANLY TB	THB 200.00	BUY	Downside risks to our P/E-based TP include 1) weak global automotive demand; 2) higher raw material prices and utility costs; 3) global semiconductor shortages; and 4) fluctuations in the THB.

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 03-Aug-2023 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

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

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

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

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

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

Industry Recommendations

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

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

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

Country (Strategy) Recommendations

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

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

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