

SOMBOON ADVANCE TECHNOLOGY

THAILAND / AUTOMOTIVES

SAT TB

BUY

FROM HOLD

TARGET PRICE	THB23.00
CLOSE	THB18.20
UP/DOWNSIDE	+26.4%
PRIOR TP	THB22.00
CHANGE IN TP	+4.5%
TP vs CONSENSUS	+5.8%

3Q23 to recover from low season

- Expect 3Q23 core profit to rise 16.6% q-q due to low season in 2Q23, and remain flat y-y.
- Risk of drought likely to affect 2023 tractor sales, but the improved overall economic conditions should drive SAT's future growth.
- Upgrade to BUY with 2024 TP of THB23.

Expect 3Q23 profit to rise q-q due to low season in 2Q23

Thailand's car production during the first two months of 3Q23 recovered to 73% of 2Q23. We expect SAT's revenue to rise 7.6% q-q and 0.8% y-y to THB2.3b in 3Q23, mainly from the production volume recovery of the automotive industry and the revenue realisation from Somboon Tron Energy (STRON, not listed; 60% held by SAT) starting from September. Its gross margin should gradually improve q-q to 18.9% due to higher utilisation as well as efficient cost control. Therefore, we estimate core profit to rise 16.6% q-q and 0.3% y-y to THB253m in 3Q23.

Trim 2023E earnings as drought risk likely to affect tractor sales

We trim our profit forecast in 2023 by 1% to THB997m from THB1.0b by cutting the Kubota tractor production volume (18% of total revenue) due to drought concerns caused by El Nino. We now expect 2023 revenue of THB9.6b, an increase of 7.7% y-y. The additional sales in 2023 should be attributable to new orders worth around THB400m-500m for case sets, output shafts, and some EV parts. We believe its gross margin and administrative expenses will improve following the stabilised steel prices and the reduced electricity prices. Following the earnings revision, 2023 core profit should grow 5.2% y-y, after a 0.7% profit fall in 2022.

Growth to continue into 2024-25 as economy improves

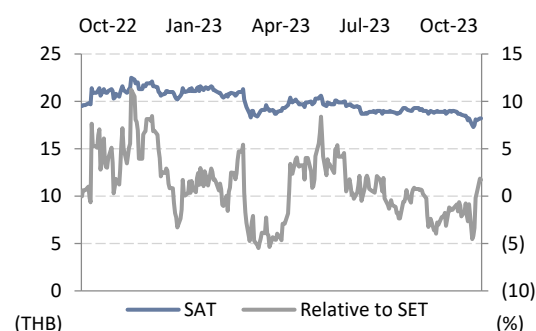
We maintain our 2024-25 earnings estimates, assuming that the overall economy will gradually expand, the tractor sales volume will recover, inflation will abate further, and there will be no fluctuation in the raw material costs. Based on these assumptions, we should see revenue growth of 5.6% and 2.6% and a core profit increase of 6.9% and 4.1% in 2024-25, respectively. Despite a record high in sales and profits in 2024-25E, the company's core profit margins are expected to lag behind the pre-pandemic level in 2019 by 11.2%, mainly due to the estimated lower performance of associates during some of their early stages of operation.

Upgrade to BUY with 2024 TP of THB23

We upgrade our recommendation to BUY from Hold as we roll over our TP to 2024 at THB23, based on the same P/E target of 9.3x, its five-year historical average. SAT is currently trading at 7.3x 2024E P/E with an 8.9% 2024E dividend yield.

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	8,931	9,621	10,164	10,425
Net profit	940	997	1,066	1,110
EPS (THB)	2.21	2.35	2.51	2.61
vs Consensus (%)	-	0.6	(1.9)	(4.0)
EBITDA	1,399	1,591	1,688	1,747
Recurring net profit	948	997	1,066	1,110
Core EPS (THB)	2.23	2.35	2.51	2.61
Chg. In EPS est. (%)	0.8	(0.9)	(2.3)	(3.8)
EPS growth (%)	(0.7)	5.2	6.9	4.1
Core P/E (x)	8.2	7.8	7.3	7.0
Dividend yield (%)	8.2	8.3	8.9	9.3
EV/EBITDA (x)	4.1	3.4	3.0	2.6
Price/book (x)	1.0	0.9	0.9	0.8
Net debt/Equity (%)	(25.1)	(28.1)	(31.2)	(34.2)
ROE (%)	12.2	12.3	12.5	12.4



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(2.7)	(4.2)	(8.5)
Relative to country (%)	5.0	0.0	0.1
Mkt cap (USD m)	211		
3m avg. daily turnover (USD m)	0.4		
Free float (%)	64		
Major shareholder	Kitapanich Family (44%)		
12m high/low (THB)	22.50/17.10		
Issued shares (m)	425.19		

Sources: Bloomberg consensus; FSSIA estimates


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Investment thesis

SAT is Thailand’s largest manufacturer of axle shafts with an 86% market share in 2022. The company also produces other vehicle parts, namely disc brakes, drum brakes, leaf springs, stabiliser bars, and hot coil springs, which are used for pickup trucks, passenger cars, and agricultural machinery. Only 3-5% of all parts may be affected by the EV boom.

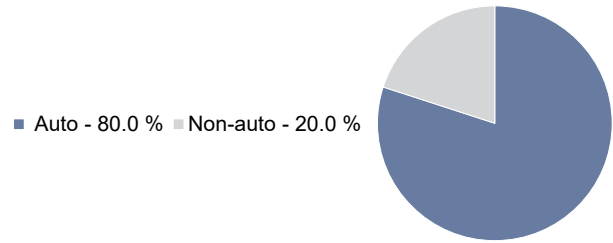
Thailand’s automotive industry is one of the largest drivers of the nation’s economy and one of the industries the government focuses on and supports. Headwinds during 2021-22 such as chip shortages, fluctuations in raw material costs and the power tariff hike should slowly fade in 2023 onward. SAT’s operations passed the disappointing earnings period in 2022 with a strong financial position.

Company profile

SAT manufactures parts for the motor vehicle industry. These parts are for: passenger cars, pickup trucks, and the agricultural industry. Its major customers are original equipment manufacturers (OEMs) on long-term purchase contracts, as well as the replacement equipment manufacturer (REM) segment.

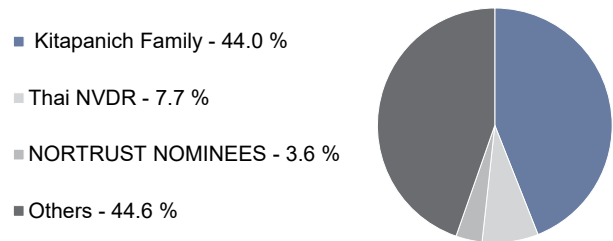
www.satpcl.co.th

Principal activities (revenue, 2022)



Source: Somboon Advance Technology

Major shareholders



Source: Somboon Advance Technology

Catalysts

Key potential catalysts include 1) stronger demand for vehicles domestically; 2) higher farm income; 3) lower steel prices; and 4) lower electricity tariffs.

Risks to our call

The key downside risks to our P/E-based TP are the domestic car manufacturing industry recovering slower than expected, a faster-than-expected adoption rate for electric vehicles in Thailand, higher raw material prices, and worse global demand for pickup trucks.

Event calendar

Date	Event
November 2023	3Q23 earnings announcement

Key assumptions

	2023E	2024E	2025E
Car production growth (%)	1.4	2.1	1.0
Car production (unit)	1,910,000	1,950,000	1,970,000
Kubota tractor growth (%)	(11.0)	11.5	3.5
Gross margin (%)	18.3	18.7	19.1
SG&A to sales (%)	7.7	7.8	8.0
EBITDA margin (%)	16.5	16.6	16.8

Source: FSSIA estimates

Earnings sensitivity

- For every 1% change in auto parts revenue, we estimate SAT’s 2023 net profit to change by 0.5%, all else being equal.
- For every 0.5% change in gross margin, we project SAT’s 2023 net profit to change by 4%, all else being equal.

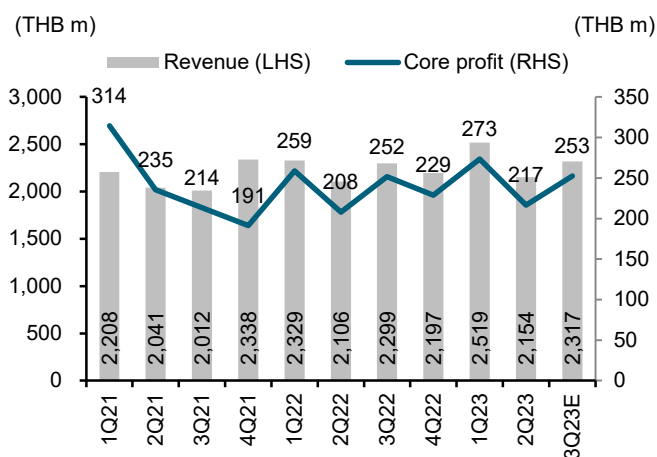
Source: FSSIA estimates

Exhibit 1: 3Q23 earnings preview

	3Q22	4Q22	1Q23	2Q23	3Q23E	Change		9M22	9M23E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Revenue	2,299	2,197	2,519	2,154	2,317	7.6	0.8	6,735	6,990	3.8
Operating costs	(1,878)	(1,831)	(2,086)	(1,766)	(1,879)	6.4	0.1	(5,485)	(5,731)	4.5
Gross profit	421	366	433	388	438	12.9	3.9	1,249	1,259	0.8
SG&A expenses	(184)	(197)	(159)	(168)	(173)	3.4	(5.6)	(534)	(500)	(6.4)
EBIT	238	169	275	220	265	20.1	11.3	715	759	6.2
Depreciation & amortisation	129	130	125	125	125	0.1	(3.0)	385	374	(2.7)
EBITDA	366	299	399	345	389	12.9	6.3	1,100	1,134	3.1
Interest expense	(1)	(0)	(0)	(0)	(0)	(0.2)	(27.4)	(2)	(1)	(33.8)
Other income	19	65	19	34	30	(12.1)	56.4	97	84	(13.1)
Associates	(4)	30	18	1	1	19.3	nm	8	(2)	nm
Pretax profit	299	248	313	261	295	13.0	(1.4)	828	869	5.0
Tax	(42)	(39)	(41)	(41)	(46)	10.8	9.6	(101)	(128)	26.7
Net profit	259	211	274	223	253	13.2	(2.5)	728	750	3.0
Core net profit	252	229	273	217	253	16.6	0.3	719	743	3.3
EPS (THB)	0.61	0.50	0.65	0.52	0.59	14.3	(2.6)	1.71	1.76	3.2
Core EPS (THB)	0.59	0.54	0.64	0.51	0.59	16.6	0.3	1.69	1.75	3.3
Margins	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)
Gross margin	20.1	16.7	17.2	18.0	18.9	0.9	(1.2)	18.6	18.0	(0.5)
SG&A to sales	8.0	9.0	6.3	7.8	7.5	(0.3)	(0.5)	7.9	7.1	(0.8)
Operating margin	12.1	7.7	10.9	10.2	11.4	1.2	(0.7)	10.6	10.9	0.2
EBITDA margin	17.7	13.6	15.9	16.0	16.8	0.8	(0.9)	16.3	16.2	(0.1)
Core profit margin	11.0	10.4	10.9	10.1	10.9	0.8	(0.1)	10.7	10.6	(0.0)

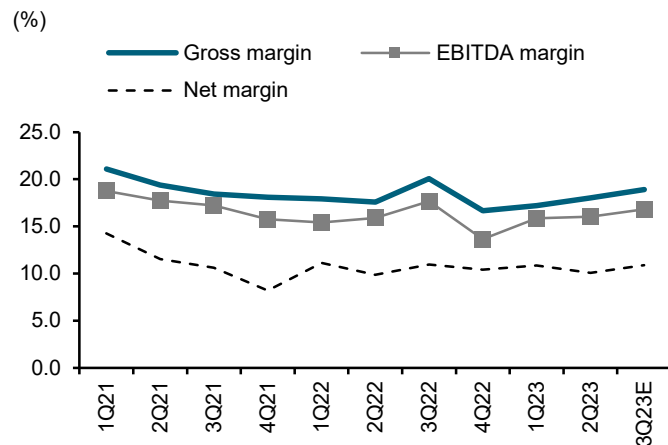
Sources: SAT, FSSIA estimates

Exhibit 2: Revenue and core profit



Sources: SAT, FSSIA estimates

Exhibit 3: Margins



Sources: SAT, FSSIA estimates

Financial Statements

Somboon Advance Technology

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	8,598	8,931	9,621	10,164	10,425
Cost of goods sold	(6,943)	(7,316)	(7,864)	(8,263)	(8,434)
Gross profit	1,655	1,616	1,758	1,901	1,991
Other operating income	-	-	-	-	-
Operating costs	(737)	(731)	(736)	(793)	(834)
Operating EBITDA	1,490	1,399	1,591	1,688	1,747
Depreciation	(572)	(515)	(570)	(580)	(590)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	918	885	1,022	1,108	1,157
Net financing costs	(6)	(2)	(2)	0	0
Associates	84	38	38	39	40
Recurring non-operating income	204	200	139	140	144
Non-recurring items	(2)	(8)	0	0	0
Profit before tax	1,114	1,075	1,159	1,248	1,301
Tax	(159)	(140)	(174)	(187)	(195)
Profit after tax	955	936	985	1,061	1,106
Minority interests	(3)	4	12	5	4
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	953	940	997	1,066	1,110
Non-recurring items & goodwill (net)	2	8	0	0	0
Recurring net profit	955	948	997	1,066	1,110
Per share (THB)					
Recurring EPS *	2.25	2.23	2.35	2.51	2.61
Reported EPS	2.24	2.21	2.35	2.51	2.61
DPS	1.50	1.50	1.51	1.62	1.69
Diluted shares (used to calculate per share data)	425	425	425	425	425
Growth					
Revenue (%)	46.2	3.9	7.7	5.6	2.6
Operating EBITDA (%)	63.7	(6.1)	13.7	6.1	3.5
Operating EBIT (%)	216.1	(3.6)	15.5	8.4	4.4
Recurring EPS (%)	147.7	(0.7)	5.2	6.9	4.1
Reported EPS (%)	156.9	(1.3)	6.1	6.9	4.1
Operating performance					
Gross margin inc. depreciation (%)	19.2	18.1	18.3	18.7	19.1
Gross margin exc. depreciation (%)	25.9	23.9	24.2	24.4	24.8
Operating EBITDA margin (%)	17.3	15.7	16.5	16.6	16.8
Operating EBIT margin (%)	10.7	9.9	10.6	10.9	11.1
Net margin (%)	11.1	10.6	10.4	10.5	10.6
Effective tax rate (%)	(14.3)	(13.0)	(15.0)	(15.0)	(15.0)
Dividend payout on recurring profit (%)	66.8	67.3	64.2	64.7	64.8
Interest cover (X)	193.8	548.4	580.6	-	-
Inventory days	33.2	36.7	35.6	31.5	31.9
Debtor days	65.0	74.0	68.4	64.2	65.2
Creditor days	86.8	98.1	92.2	84.0	85.2
Operating ROIC (%)	19.3	17.5	20.5	22.3	23.4
ROIC (%)	18.9	17.2	18.4	19.7	20.4
ROE (%)	13.0	12.2	12.3	12.5	12.4
ROA (%)	10.3	9.4	9.5	9.9	9.9
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Auto	6,449	7,145	7,907	8,276	8,471
Non-auto	2,150	1,786	1,715	1,888	1,954

Sources: Somboon Advance Technology; FSSIA estimates

Financial Statements

Somboon Advance Technology

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	955	948	997	1,066	1,110
Depreciation	572	515	570	580	590
Associates & minorities	3	(4)	(12)	(5)	(4)
Other non-cash items	(10)	(40)	(21)	(5)	(4)
Change in working capital	(157)	(200)	5	(65)	(43)
Cash flow from operations	1,363	1,218	1,539	1,571	1,649
Capex - maintenance	(192)	(452)	(357)	(357)	(357)
Capex - new investment	(82)	(194)	(153)	(153)	(153)
Net acquisitions & disposals	8	0	0	0	0
Other investments (net)	(1,002)	471	(38)	(39)	(40)
Cash flow from investing	(1,268)	(174)	(548)	(549)	(550)
Dividends paid	(374)	(629)	(608)	(640)	(690)
Equity finance	0	0	0	0	0
Debt finance	(94)	0	(13)	0	0
Other financing cash flows	(22)	(18)	(23)	0	0
Cash flow from financing	(490)	(648)	(645)	(640)	(690)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	16	0	0	0	0
Movement in cash	(379)	396	345	382	410
Free cash flow to firm (FCFF)	100.92	1,046.06	992.30	1,022.39	1,099.49
Free cash flow to equity (FCFE)	(4.93)	1,025.68	953.57	1,022.39	1,099.49

Per share (THB)	2021	2022	2023E	2024E	2025E
FCFF per share	0.24	2.46	2.33	2.40	2.59
FCFE per share	(0.01)	2.41	2.24	2.40	2.59
Recurring cash flow per share	3.57	3.34	3.61	3.85	3.98

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	11,370	11,867	12,367	12,867	13,367
Less: Accumulated depreciation	(8,301)	(8,654)	(9,211)	(9,780)	(10,359)
Tangible fixed assets (net)	3,069	3,213	3,155	3,087	3,008
Intangible fixed assets (net)	39	44	51	49	48
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	1,031	1,114	1,152	1,191	1,231
Cash & equivalents	1,602	1,998	2,343	2,725	3,135
A/C receivable	1,751	1,869	1,740	1,838	1,885
Inventories	594	776	646	679	693
Other current assets	1,597	1,188	1,224	1,260	1,298
Current assets	5,543	5,830	5,953	6,503	7,011
Other assets	148	149	149	155	158
Total assets	9,830	10,351	10,461	10,984	11,455
Common equity	7,642	7,951	8,328	8,748	9,164
Minorities etc.	0	16	4	(1)	(6)
Total shareholders' equity	7,642	7,966	8,331	8,747	9,159
Long term debt	0	0	0	0	0
Other long-term liabilities	296	330	322	338	355
Long-term liabilities	296	330	322	338	355
A/C payable	1,694	1,961	1,724	1,811	1,848
Short term debt	0	0	0	0	0
Other current liabilities	199	93	84	88	93
Current liabilities	1,892	2,054	1,808	1,899	1,941
Total liabilities and shareholders' equity	9,830	10,351	10,461	10,984	11,455
Net working capital	2,049	1,778	1,802	1,878	1,935
Invested capital	6,336	6,299	6,310	6,360	6,379

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

Per share (THB)	2021	2022	2023E	2024E	2025E
Book value per share	17.97	18.70	19.59	20.57	21.55
Tangible book value per share	17.88	18.60	19.47	20.46	21.44

Financial strength	2021	2022	2023E	2024E	2025E
Net debt/equity (%)	(21.0)	(25.1)	(28.1)	(31.2)	(34.2)
Net debt/total assets (%)	(16.3)	(19.3)	(22.4)	(24.8)	(27.4)
Current ratio (x)	2.9	2.8	3.3	3.4	3.6
CF interest cover (x)	14.3	617.2	554.3	-	-

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	8.1	8.2	7.8	7.3	7.0
Recurring P/E @ target price (x) *	10.2	10.3	9.8	9.2	8.8
Reported P/E (x)	8.1	8.2	7.8	7.3	7.0
Dividend yield (%)	8.2	8.2	8.3	8.9	9.3
Price/book (x)	1.0	1.0	0.9	0.9	0.8
Price/tangible book (x)	1.0	1.0	0.9	0.9	0.8
EV/EBITDA (x) **	4.1	4.1	3.4	3.0	2.6
EV/EBITDA @ target price (x) **	5.5	5.6	4.7	4.2	3.8
EV/invested capital (x)	1.0	0.9	0.9	0.8	0.7

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

Sources: Somboon Advance Technology; 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

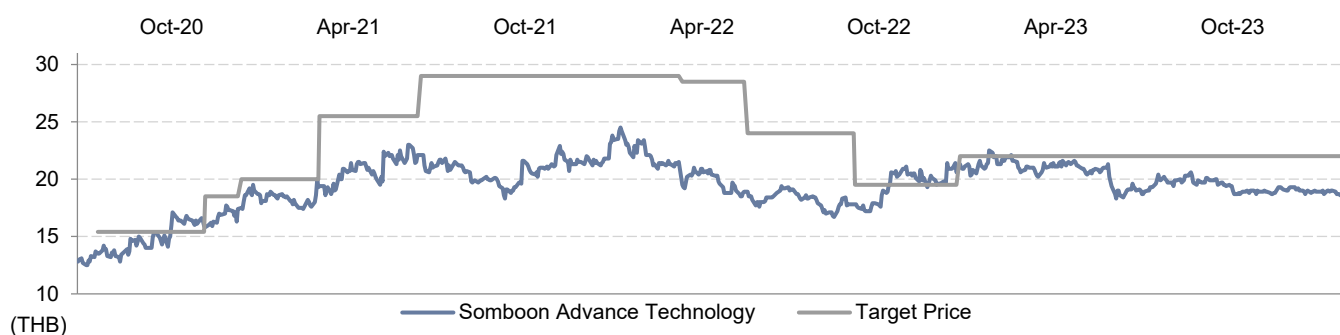
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History of change in investment rating and/or target price

Somboon Advance Technology (SAT TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
21-Oct-2020	BUY	15.40	29-Apr-2021	BUY	25.50	29-Apr-2022	BUY	24.00
21-Jan-2021	BUY	18.50	23-Jul-2021	BUY	29.00	01-Aug-2022	HOLD	19.50
19-Feb-2021	BUY	20.00	04-Mar-2022	BUY	28.50	28-Oct-2022	HOLD	22.00

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

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Somboon Advance Technology	SAT TB	THB 18.20	BUY	The key downside risks to our P/E-based TP are the domestic car manufacturing industry recovering slower 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.

All share prices are as at market close on 10-Oct-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.