

## HANA MICROELECTRONICS

## HANA TB

THAILAND / ELECTRONIC COMPONENT

BUY

UNCHANGED

## เพิ่มทุนเพื่อรองรับการเติบโตในอนาคต

- เสนอขายหุ้นเพิ่มทุน PP ได้ครบตามที่ขอกู้หุ้นไว้ และได้เงิน 4.5 พันลพ. เพื่อใช้ขยายโรงงาน SiC ที่ปัจจุบันตลาดยังเล็ก แต่มีแนวโน้มเติบโตสูง โดยเฉพาะตลาด EV
- คาดปี 2024 เกิด EPS Dilution เพราะการลงทุนต้องใช้เวลา แต่มองบวกระยะยาว
- ปรับลดเป้าเป็น 64 บาท หลังรวมหุ้นเพิ่มทุน ราคาหุ้นที่ปรับลง มองเป็นโอกาสซื้อ

TARGET PRICE	THB64.00
CLOSE	THB57.50
UP/DOWNSIDE	+11.3%
PRIOR TP	THB67.00
CHANGE IN TP	-4.5%
TP vs CONSENSUS	-3.9%

## KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	27,167	27,303	28,309	30,530
Net profit	2,102	2,298	2,464	2,755
EPS (THB)	2.61	2.60	2.78	3.11
vs Consensus (%)	-	(6.2)	(14.9)	(18.8)
EBITDA	4,054	4,172	4,361	4,757
Recurring net profit	2,398	2,314	2,464	2,755
Core EPS (THB)	2.98	2.61	2.78	3.11
Chg. In EPS est. (%)	-	(0.6)	(4.6)	(1.2)
EPS growth (%)	5.4	(12.3)	6.5	11.8
Core P/E (x)	19.3	22.0	20.7	18.5
Dividend yield (%)	1.7	1.8	2.2	2.4
EV/EBITDA (x)	10.6	11.5	11.0	10.1
Price/book (x)	1.9	2.0	1.9	1.8
Net debt/Equity (%)	(14.1)	(11.2)	(10.5)	(10.8)
ROE (%)	10.2	9.4	9.4	10.1

## เพิ่มทุน PP ได้ครบ 10% ตามที่ขอกู้หุ้นไว้ เพื่อขยายโรงงาน SiC

ประกาศเพิ่มทุน PP จำนวน 80.48 ล้านหุ้น (10% ของทุนทั้งหมด) ให้กับนักลงทุนสถาบัน 25 ราย ที่ราคา 57 บาท/หุ้น ซึ่งได้รับอนุมัติจากผู้ถือหุ้นเมื่อวันที่ 28 เม.ย. 23 ทั้งนี้บริษัทจะได้รับเงินจากการเพิ่มทุนราว 4.5 พันลพ. โดยมีวัตถุประสงค์การใช้เงินแบ่งเป็น 1) เพื่อใช้ขยายกำลังการผลิต SiC โรงงานที่เกาหลีใต้ ภายใต้บริษัทย่อย Power Master Semiconductor ราว 2.9 พันลพ. ในปี 2024 และ 2) อีกราว 1.6 พันลพ. จะใช้ลงทุนในอุปกรณ์สำหรับธุรกิจเดิมของบริษัทในปี 2025

## ตลาด SiC ยังเล็ก แต่แนวโน้มเติบโตสูง

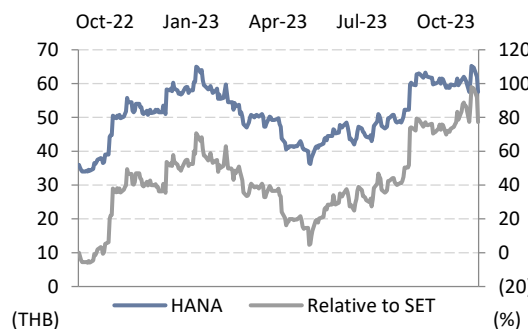
การเพิ่มทุนนี้อาจก่อให้เกิด Dilution Effect ในปี 2024 แต่มองบวกระยะยาว หลังเริ่มลงทุนขยายกำลังการผลิต SiC โดยมีแผนใช้เงินลงทุนปี 2023-24 ราว USD100 ล้าน แม้มูลค่าตลาด SiC ยังเล็กราว USD2.3 พันล้าน (0.4% ของยอดขาย Semiconductor ทั่วโลก) แต่ตลาดคาดว่าจะมีอัตราการเติบโตสูงราว 46% CAGR เป็น USD7 พันล้าน ในปี 2025 ปัจจุบันมีการใช้ SiC ในอุตสาหกรรม Automotive และ Industrial ในสัดส่วนราว 68% และ 32% ตามลำดับ โดย HANA ตั้งเป้ารายได้ SiC ในปี 2023-25 ไว้ที่ USD20m/45-48m/90-94m ตามลำดับ และคาด EBITDA จะถึงจุดคุ้มทุนได้เร็วสุดในปี 2024 ส่วน Bottom line จะบวกได้น่าจะเห็นในปี 2025

## คาดการณ์กำไรตัวต่อหุ้นเป็นค่อยไป ระยะยาวยังมองบวกตามเดิม

เรคาดกำไรสุทธิ 3Q23 อยู่ที่ 750 ลพ. (+18% q-q, +80% y-y) หากไม่รวม FX loss ที่สูงปีก่อน คาดกำไรปกติ 3Q23 ยังลดลง 11% y-y เนื่องจากภาพรวม Demand สินค้ากลุ่ม Consumer พื้นตัวอย่างค่อยเป็นค่อยไป รวมถึงยังรอการฟื้นตัวของตลาดจีนเบื้องต้นคาดการณ์รายได้อยู่ที่ USD202 ล้าน (-1% q-q, -2.4% y-y) และยังคงกำไร 4Q23 จะอ่อนลง q-q ตามฤดูกาล แต่โดยรวมยังดีกว่าที่เคยคาดไว้ หลังการปรับลดระดับสินค้าคงเหลือของลูกค้านิสิตลดลง และคาดเห็นความต้องการสินค้า Consumer ในปี 2024 เริ่มฟื้นตัวอีกครั้งนับตั้งแต่มีโควิด เราจึงปรับเพิ่มกำไรสุทธิปี 2023-25 ขึ้น 9.4%/5%/8.7% แต่ปรับลด EPS หลังรวมหุ้นเพิ่มทุน 1.3%/4.6%/1.2% ตามลำดับ

## ปรับลดราคาเป้าหมายปี 2024 หลังเผชิญผลของ Dilution เล็กน้อย

ปรับลดราคาเป้าหมายปี 2024 ลงเป็น 64 บาท จากเดิม 67 บาท (อิง PE เดิม 23x) แม้คาดปี 2024 จะเกิด Dilution ราว 4.6% เนื่องจากการขยายกำลังการผลิตต้องใช้เวลา แต่มองบวกต่อการเติบโตระยะยาว ขณะที่ฐานะทางการเงินยังแข็งแกร่งต่อเนื่อง โดยคาด D/E ratio ยังต่ำเพียง 0.17x แต่ ROE ก็ยังค่อนข้างต่ำกว่ากลุ่มเพียง 9.4% ด้วยผลของการเพิ่มทุน และคาดจะขยับขึ้นเป็น 10.1% ในปี 2024 ที่ราคาเป้าหมายใหม่มี Upside ราว 11% คงคำแนะนำซื้อ



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(6.1)	17.9	67.9
Relative to country (%)	0.0	26.3	86.3
Mkt cap (USD m)	1,271		
3m avg. daily turnover (USD m)	25.9		
Free float (%)	58		
Major shareholder	OMAC and related companies (32%)		
12m high/low (THB)	66.25/32.75		
Issued shares (m)	885.36		

Sources: Bloomberg consensus; FSSIA estimates



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### Investment thesis

HANA ถือเป็นหนึ่งในผู้นำที่ให้บริการผลิต EMS ในภูมิภาคเอเชียตะวันออกเฉียงใต้ และมีประสบการณ์มายาวนานกว่า 45 ปี นับตั้งแต่ก่อตั้งบริษัทในปี 1978 แม้บริษัทจัดเป็นผู้ผลิตกลางน้ำ แต่มีจุดแข็งอยู่ที่การกระจายไปใน End products หลากหลายกลุ่ม อาทิ Telecommunications, Computers, Consumer products, Automobiles, Radio frequency identification (RFID), and Medical products รวมถึงมีฐานการผลิตอยู่ในหลายประเทศ และยังมีการพัฒนาสินค้าใหม่เช่น SiC เพื่อตอบสนองให้ทันกับความต้องการของลูกค้าในหลายอุตสาหกรรม โดยเฉพาะรถยนต์ EV

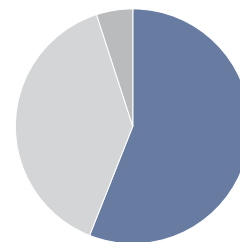
### Company profile

HANA เป็นผู้ให้บริการผลิต ผลิตภัณฑ์อิเล็กทรอนิกส์แบบครบวงจร (Electronic Manufacturing Service หรือ EMS) โดยครอบคลุมทั้ง IC PCBA, RFID และ LCOS เป็นต้น ซึ่งมีโรงงานผลิตจำนวน 7 แห่งตั้งอยู่ที่ประเทศไทย จีน สหรัฐ กัมพูชา และเกาหลีใต้ รวมจำนวนพื้นที่การผลิตกว่า 1.7 ล้านตร.ฟุต และมีพนักงานกว่า 1 หมื่นคนทั่วโลก โดยสิ้นปี 2022 บริษัทมีสัดส่วนรายได้จาก PCBA 56% รองมาคือ IC 38%, RFID 5% และ SiC 1% ของรายได้รวม ตามลำดับ

[www.hanagroup.com](http://www.hanagroup.com)

### Principal activities (revenue, 2022)

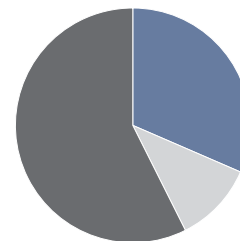
- PCBA - 56.0 %
- IC - 39.0 %
- IC Assemble (RFID / Microdisplay) - 5.0 %



Source: Hana Microelectronics

### Major shareholders

- OMAC and related companies - 31.5 %
- LGT Bank (Singapore) Ltd - 11.1 %
- Others - 57.4 %



Source: Hana Microelectronics

### Catalysts

ปัจจัยหนุนการเติบโตในปี 2024 คือ 1) การฟื้นตัวของเศรษฐกิจโลก และกำลังซื้อ โดยเฉพาะในตลาดจีน 2) การลดลงของราคาต้นทุนวัตถุดิบ 3) การขยายกำลังการผลิตที่เร็วกว่าแผน

### Risks to our call

ความเสี่ยงต่อราคาเป้าหมายของเราคือ 1) เศรษฐกิจโลกและกำลังซื้อฟื้นตัวช้ากว่าคาด 2) ต้นทุนวัตถุดิบปรับตัวสูงกว่าคาด 3) ค่าเงินบาทแข็งค่า และ 4) ต้นทุนค่าแรงปรับตัวสูงขึ้น หรือประสบปัญหาขาดแคลนแรงงาน

### Event calendar

Date	Event
November 2023	3Q23 results announcement 3Q23 Analyst meeting

### Key assumptions

	2023E	2024E	2025E
USD total revenue (USD m)	791	858	925
SiC revenue (USD m)	20	48	90
FX rate (USD/THB)	35	33	33
THB revenue growth (%)	0.5	3.7	7.8
Gross margin (%)	13.0	13.0	13.4

Source: FSSIA estimates

### Earnings sensitivity

- For every THB1/USD increase, we estimate 2024 net profit to fall by 6.8%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2024 net profit to rise by 5.7%, and vice versa, all else being equal.
- For every 0.2% increase in SG&A, we estimate 2024 net profit to fall by 1.3%, and vice versa, all else being equal.
- For every 10% increase in labour cost, we estimate 2024 net profit to fall by 6.6%, and vice versa, all else being equal.

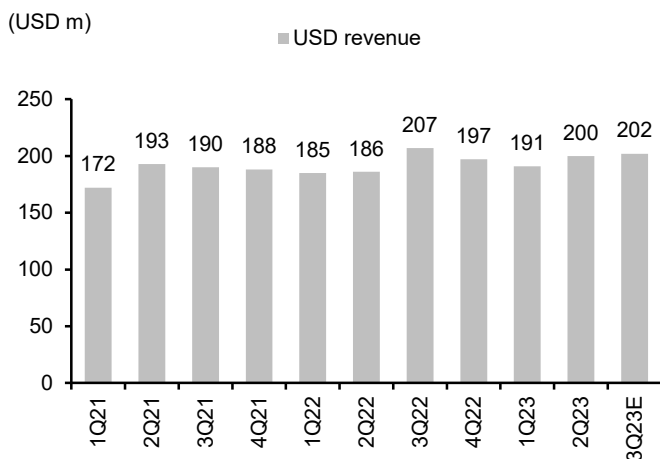
Source: FSSIA estimates

**Exhibit 1: 3Q23 earnings preview**

	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23E	----- Change -----		9M22	9M23E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Total revenue	6,107	6,390	7,545	7,125	6,466	6,910	7,070	2.3	(6.3)	20,042	20,446	2.0
Cost of sales	5,445	5,512	6,378	6,171	5,913	5,871	6,024	2.6	(5.6)	17,335	17,808	2.7
Gross profit	663	878	1,167	954	553	1,039	1,046	0.7	(10.3)	2,707	2,638	(2.6)
SG&A	381	401	408	505	382	392	396	0.9	(2.9)	1,189	1,170	(1.6)
Operating profit	282	477	759	449	171	646	650	0.6	(14.3)	1,518	1,468	(3.3)
Interest expense	1.5	2.7	2.5	5.9	1.8	8.0	8.0	(0.5)	218.3	7	18	168.7
Tax expense	15	15	46	31	12	33	35	7.5	(23.6)	76	80	5.2
Reported net profit	365	245	417	1,075	266	635	750	18.1	80.0	1,027	1,652	60.9
Core profit	399	603	843	553	295	749	750	0.1	(11.1)	1,845	1,794	(2.8)
<b>Key Ratios (%)</b>								<b>(ppt)</b>	<b>(ppt)</b>			
Gross margin	10.8	13.7	15.5	13.4	8.6	15.0	14.8	(0.2)	(0.7)	13.5	12.9	(0.6)
SG&A to sales	6.2	6.3	5.4	7.1	5.9	5.7	5.6	(0.1)	0.2	5.9	5.7	(0.2)
Operating margin	4.6	7.5	10.1	6.3	2.7	9.4	9.2	(0.2)	(0.9)	7.6	7.2	(0.4)
Net margin	6.0	3.8	5.5	15.1	4.1	9.2	10.6	1.4	5.1	5.1	8.1	3.0
Core margin	6.5	9.4	11.2	7.8	4.6	10.8	10.6	(0.2)	(0.6)	9.2	8.8	(0.4)

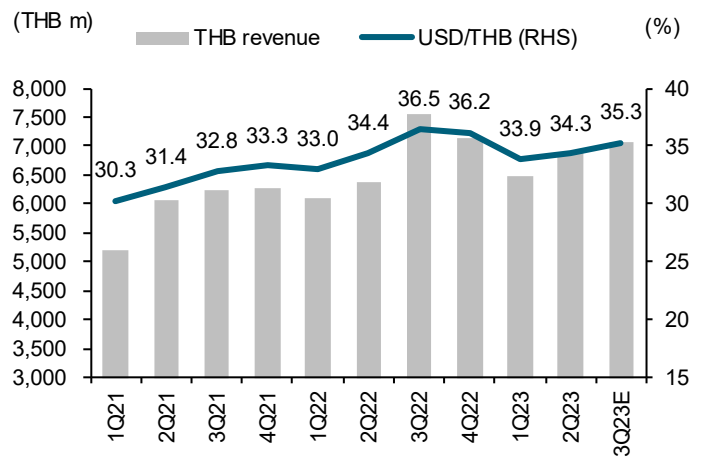
Sources: HANA, FSSIA estimates

**Exhibit 2: Quarterly USD revenue**



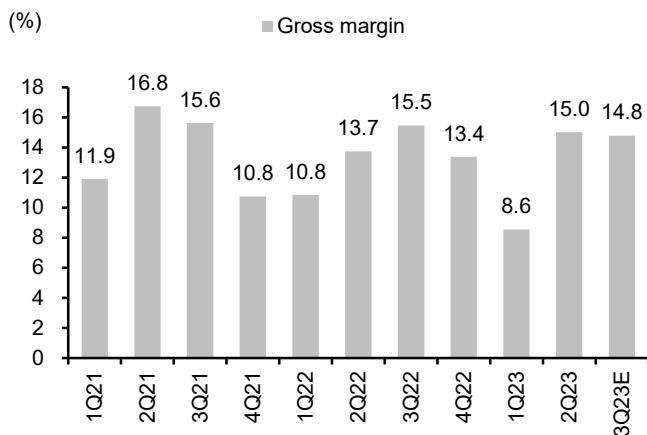
Sources: HANA, FSSIA estimates

**Exhibit 3: Quarterly THB revenue**



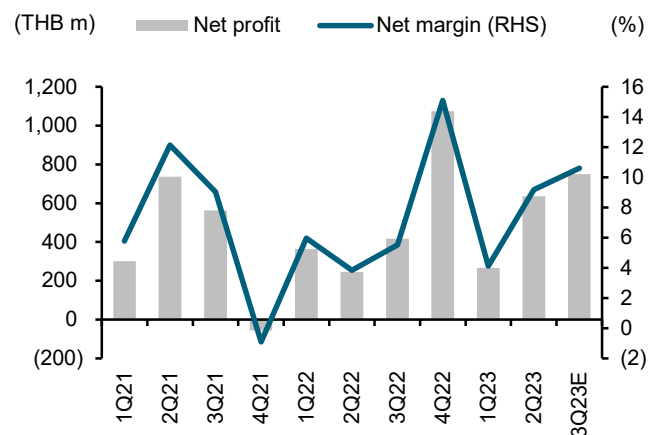
Sources: HANA, FSSIA estimates

**Exhibit 4: Quarterly gross margin**



Sources: HANA, FSSIA estimates

**Exhibit 5: Quarterly net profit and net margin**



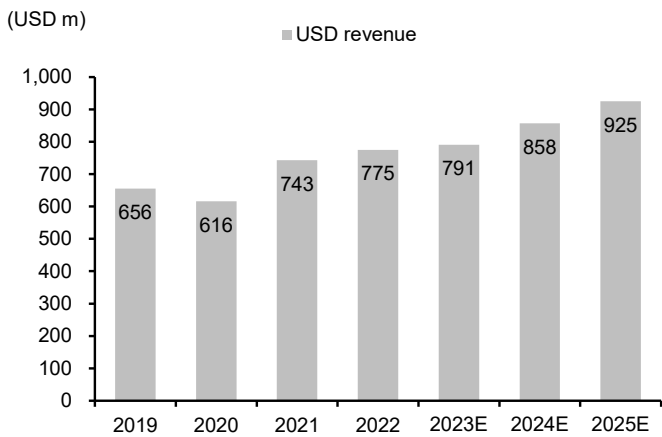
Sources: HANA, FSSIA estimates

**Exhibit 6: Key assumptions for HANA**

	Current			Previous			Change		
	2023E (THB m)	2024E (THB m)	2025E (THB m)	2023E (THB m)	2024E (THB m)	2025E (THB m)	2023E (%)	2024E (%)	2025E (%)
Total sale value (THB m)	27,303	28,309	30,530	26,725	27,717	29,590	2.2	2.1	3.2
Costs	23,754	24,629	26,455	23,438	24,958	26,584	1.3	(1.3)	(0.5)
Gross profit	3,549	3,680	4,076	3,287	3,598	3,902	8.0	2.3	4.4
SG&A expense	1,666	1,755	1,893	1,630	1,713	1,829	2.2	2.4	3.5
Interest expense	26	19	15	11	11	12	145.8	73.6	24.8
Reported net profit	2,298	2,464	2,755	2,116	2,347	2,535	8.6	5.0	8.7
Core profit	2,314	2,464	2,755	2,116	2,347	2,535	9.4	5.0	8.7
EPS (THB/share)	2.60	2.78	3.11	2.63	2.92	3.15	(1.3)	(4.6)	(1.2)
<b>Key ratios (%)</b>									
Total revenue growth	0.5	3.7	7.8	(1.6)	6.9	6.8	2.1	(3.2)	1.1
Net profit growth	9.3	7.2	11.8	0.7	10.9	8.0	8.6	(3.7)	3.8
Core profit growth	(3.5)	6.5	11.8	(11.8)	10.9	8.0	8.3	(4.4)	3.8
Gross margin	13.0	13.0	13.4	12.3	12.6	12.8	0.7	0.4	0.5
SG&A to sales	6.1	6.2	6.2	6.1	6.0	6.0	0.0	0.2	0.2
Net margin	8.4	8.7	9.0	7.9	8.2	8.3	0.5	0.5	0.7
Core margin	8.5	8.7	9.0	7.9	8.2	8.3	0.6	0.5	0.7
<b>Operating statistics</b>									
Total revenue (USD m)	791	858	925	786	840	897	0.7	2.1	3.2
SiC revenue (USD m)	20	48	90	20	48	80	0.0	0.0	12.5
FX rate (THB/USD)	34.5	33.0	33.0	33.0	33.0	33.0	4.5	0.0	0.0

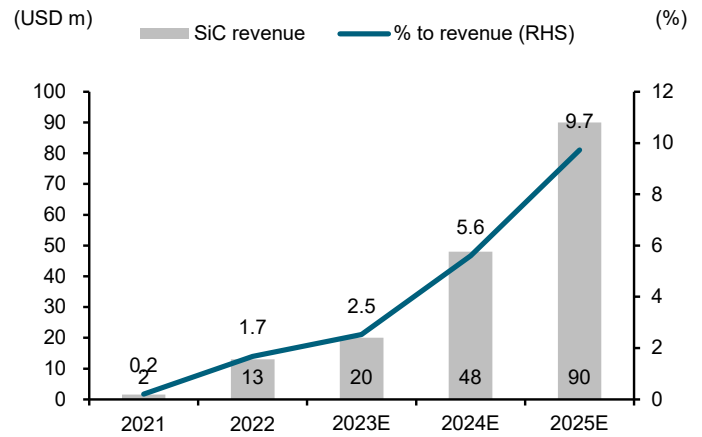
Source: FSSIA estimates

**Exhibit 7: Yearly USD revenue**



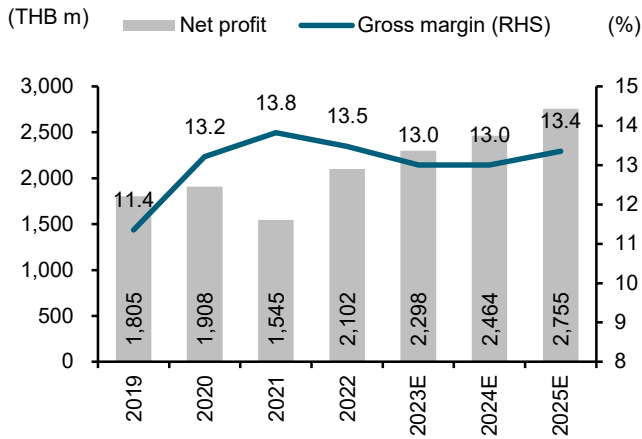
Sources: HANA, FSSIA estimates

**Exhibit 8: Yearly SiC revenue**



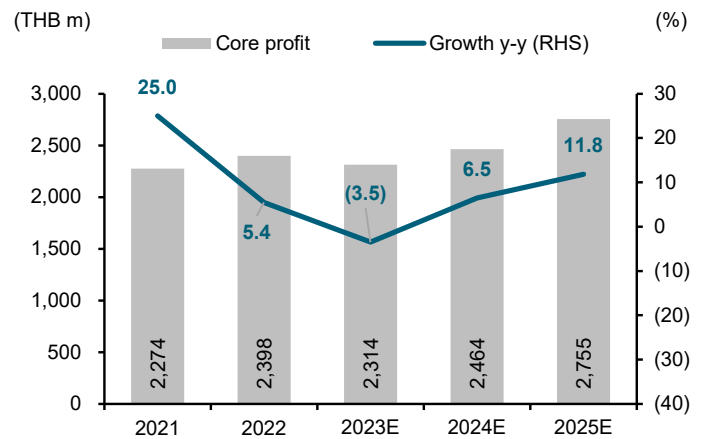
Sources: HANA, FSSIA estimates

**Exhibit 9: Yearly net profit and gross margin**



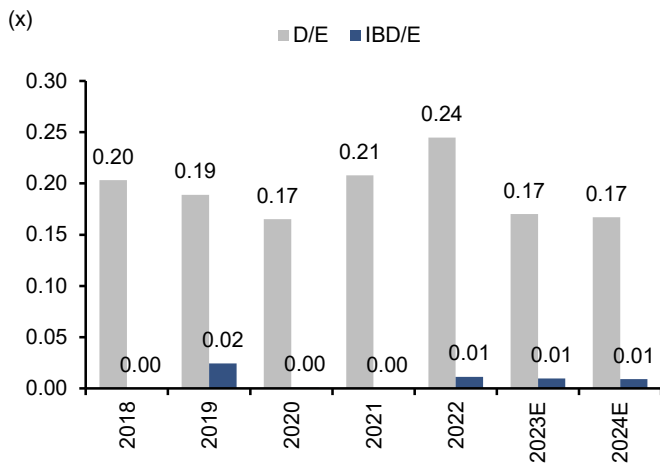
Sources: HANA, FSSIA estimates

**Exhibit 10: Yearly core profit and growth**



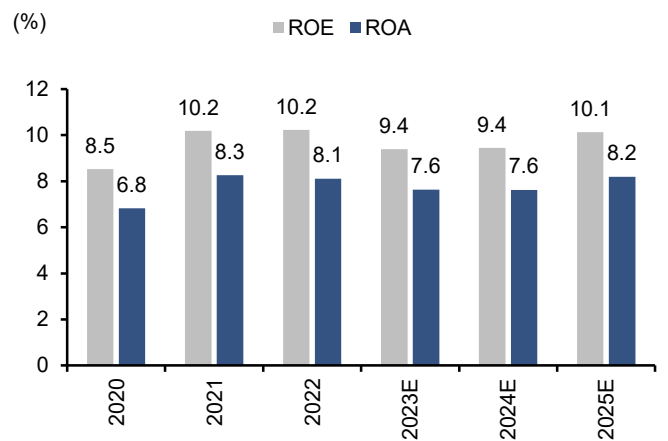
Sources: HANA, FSSIA estimates

**Exhibit 11: D/E and IBD/E**



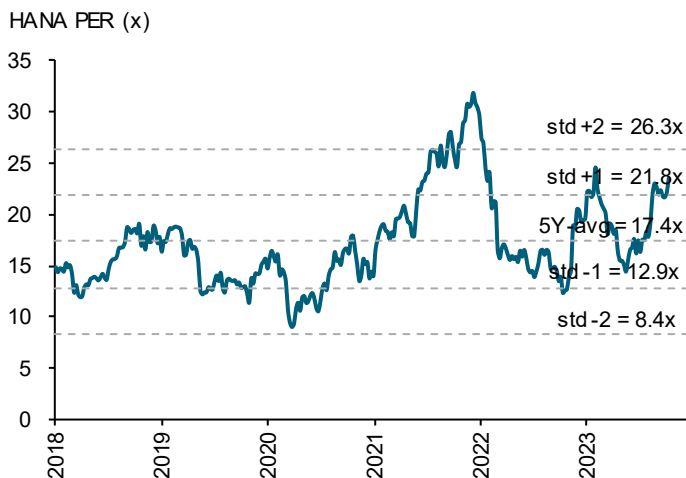
Sources: HANA, FSSIA estimates

**Exhibit 12: ROE and ROA**



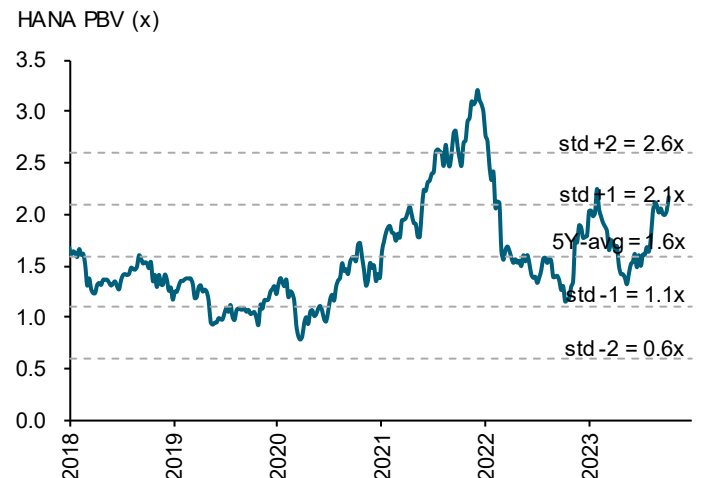
Sources: HANA, FSSIA estimates

**Exhibit 13: Historical P/E band**



Sources: Bloomberg, FSSIA estimates

**Exhibit 14: Historical P/BV band**



Sources: Bloomberg, FSSIA estimates

## Financial Statements

### Hana Microelectronics

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	23,780	27,167	27,303	28,309	30,530
Cost of goods sold	(20,493)	(23,506)	(23,754)	(24,629)	(26,455)
<b>Gross profit</b>	<b>3,287</b>	<b>3,661</b>	<b>3,549</b>	<b>3,680</b>	<b>4,076</b>
Other operating income	357	458	483	481	519
Operating costs	(1,423)	(1,695)	(1,666)	(1,755)	(1,893)
<b>Operating EBITDA</b>	<b>3,522</b>	<b>4,054</b>	<b>4,172</b>	<b>4,361</b>	<b>4,757</b>
Depreciation	(1,301)	(1,630)	(1,805)	(1,955)	(2,055)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>2,221</b>	<b>2,425</b>	<b>2,367</b>	<b>2,406</b>	<b>2,702</b>
Net financing costs	106	81	56	174	183
Associates	0	0	0	0	0
Recurring non-operating income	0	0	0	0	0
Non-recurring items	(729)	(296)	(16)	0	0
<b>Profit before tax</b>	<b>1,598</b>	<b>2,209</b>	<b>2,407</b>	<b>2,580</b>	<b>2,885</b>
Tax	(53)	(107)	(109)	(116)	(130)
<b>Profit after tax</b>	<b>1,545</b>	<b>2,102</b>	<b>2,298</b>	<b>2,464</b>	<b>2,755</b>
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>1,545</b>	<b>2,102</b>	<b>2,298</b>	<b>2,464</b>	<b>2,755</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>729</b>	<b>296</b>	<b>16</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>2,274</b>	<b>2,398</b>	<b>2,314</b>	<b>2,464</b>	<b>2,755</b>
<b>Per share (THB)</b>					
Recurring EPS *	2.83	2.98	2.61	2.78	3.11
Reported EPS	1.92	2.61	2.60	2.78	3.11
DPS	2.00	1.00	1.04	1.25	1.40
Diluted shares (used to calculate per share data)	805	805	885	885	885
<b>Growth</b>					
Revenue (%)	23.3	14.2	0.5	3.7	7.8
Operating EBITDA (%)	21.4	15.1	2.9	4.5	9.1
Operating EBIT (%)	28.6	9.2	(2.4)	1.6	12.3
Recurring EPS (%)	26.5	5.4	(12.3)	6.5	11.8
Reported EPS (%)	(19.0)	36.0	(0.6)	7.2	11.8
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	13.8	13.5	13.0	13.0	13.4
Gross margin exc. depreciation (%)	19.3	19.5	19.6	19.9	20.1
Operating EBITDA margin (%)	14.8	14.9	15.3	15.4	15.6
Operating EBIT margin (%)	9.3	8.9	8.7	8.5	8.9
Net margin (%)	9.6	8.8	8.5	8.7	9.0
Effective tax rate (%)	3.3	4.9	4.5	4.5	4.5
Dividend payout on recurring profit (%)	70.8	33.6	39.7	45.0	45.0
Interest cover (X)	(20.9)	(29.9)	(42.2)	(13.8)	(14.7)
Inventory days	108.0	136.1	149.0	138.7	136.1
Debtor days	61.5	64.0	65.8	63.8	62.6
Creditor days	55.7	64.0	61.7	53.3	52.3
Operating ROIC (%)	12.1	10.2	8.8	8.4	9.0
ROIC (%)	11.6	9.9	8.6	8.2	8.8
ROE (%)	10.2	10.2	9.4	9.4	10.1
ROA (%)	8.3	8.1	7.6	7.6	8.2
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
PCBA	13,425	15,214	14,915	14,413	14,546
IC	9,394	10,595	11,019	11,687	13,073
IC Assemble (RFID / Microdisplay)	961	1,358	1,369	2,208	2,911

Sources: Hana Microelectronics; FSSIA estimates

## Financial Statements

### Hana Microelectronics

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	2,274	2,398	2,314	2,464	2,755
Depreciation	1,301	1,630	1,805	1,955	2,055
Associates & minorities	-	-	-	-	-
Other non-cash items	(455)	24	(16)	0	0
Change in working capital	(2,566)	(2,626)	197	(356)	(763)
<b>Cash flow from operations</b>	<b>554</b>	<b>1,426</b>	<b>4,300</b>	<b>4,063</b>	<b>4,048</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(4,026)	(2,821)	(3,500)	(3,000)	(2,000)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(99)	14	(12)	(20)	28
<b>Cash flow from investing</b>	<b>(4,124)</b>	<b>(2,807)</b>	<b>(3,512)</b>	<b>(3,020)</b>	<b>(1,972)</b>
Dividends paid	(1,382)	(1,191)	(941)	(1,109)	(1,240)
Equity finance	0	0	80	0	0
Debt finance	(5)	(2)	0	0	0
Other financing cash flows	1,289	209	(457)	10	(649)
<b>Cash flow from financing</b>	<b>(98)</b>	<b>(984)</b>	<b>(1,317)</b>	<b>(1,099)</b>	<b>(1,889)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>(3,668)</b>	<b>(2,365)</b>	<b>(529)</b>	<b>(56)</b>	<b>187</b>
Free cash flow to firm (FCFF)	(3,562.70)	(1,368.15)	813.72	1,061.68	2,090.70
Free cash flow to equity (FCFE)	(2,285.87)	(1,174.20)	330.63	1,053.03	1,426.72

#### Per share (THB)

FCFF per share	(4.02)	(1.55)	0.92	1.20	2.36
FCFE per share	(2.58)	(1.33)	0.37	1.19	1.61
Recurring cash flow per share	3.88	5.03	4.63	4.99	5.43

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	26,004	28,300	31,800	34,800	36,800
Less: Accumulated depreciation	(16,342)	(17,446)	(19,251)	(21,206)	(23,261)
<b>Tangible fixed assets (net)</b>	<b>9,663</b>	<b>10,853</b>	<b>12,549</b>	<b>13,594</b>	<b>13,539</b>
<b>Intangible fixed assets (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Long-term financial assets	72	72	72	72	0
Invest. in associates & subsidiaries	-	-	-	-	-
Cash & equivalents	5,999	3,634	3,105	3,049	3,236
A/C receivable	4,553	4,981	4,862	5,041	5,437
Inventories	6,857	9,457	8,460	8,772	9,422
Other current assets	162	171	137	142	153
<b>Current assets</b>	<b>17,570</b>	<b>18,243</b>	<b>16,564</b>	<b>17,004</b>	<b>18,247</b>
Other assets	548	534	546	566	611
<b>Total assets</b>	<b>27,853</b>	<b>29,703</b>	<b>29,731</b>	<b>31,236</b>	<b>32,397</b>
Common equity	23,058	23,862	25,408	26,763	27,607
Minorities etc.	0	0	0	0	0
<b>Total shareholders' equity</b>	<b>23,058</b>	<b>23,862</b>	<b>25,408</b>	<b>26,763</b>	<b>27,607</b>
Long term debt	3	0	0	0	0
Other long-term liabilities	763	813	273	283	305
<b>Long-term liabilities</b>	<b>766</b>	<b>814</b>	<b>273</b>	<b>283</b>	<b>305</b>
A/C payable	3,506	4,161	3,254	3,374	3,624
Short term debt	8	274	250	250	250
Other current liabilities	515	593	546	566	611
<b>Current liabilities</b>	<b>4,029</b>	<b>5,027</b>	<b>4,050</b>	<b>4,190</b>	<b>4,485</b>
<b>Total liabilities and shareholders' equity</b>	<b>27,853</b>	<b>29,703</b>	<b>29,731</b>	<b>31,236</b>	<b>32,397</b>
Net working capital	7,550	9,856	9,659	10,015	10,777
Invested capital	17,833	21,316	22,826	24,247	24,927

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

#### Per share (THB)

Book value per share	28.65	29.65	28.70	30.23	31.18
Tangible book value per share	28.65	29.65	28.70	30.23	31.18

#### Financial strength

Net debt/equity (%)	(26.0)	(14.1)	(11.2)	(10.5)	(10.8)
Net debt/total assets (%)	(21.5)	(11.3)	(9.6)	(9.0)	(9.2)
Current ratio (x)	4.4	3.6	4.1	4.1	4.1
CF interest cover (x)	(15.3)	(19.3)	(67.3)	(22.3)	(17.7)

Valuation	2021	2022	2023E	2024E	2025E
<b>Recurring P/E (x) *</b>	<b>20.3</b>	<b>19.3</b>	<b>22.0</b>	<b>20.7</b>	<b>18.5</b>
<b>Recurring P/E @ target price (x) *</b>	<b>22.6</b>	<b>21.5</b>	<b>24.5</b>	<b>23.0</b>	<b>20.6</b>
Reported P/E (x)	29.9	22.0	22.2	20.7	18.5
Dividend yield (%)	3.5	1.7	1.8	2.2	2.4
Price/book (x)	2.0	1.9	2.0	1.9	1.8
Price/tangible book (x)	2.0	1.9	2.0	1.9	1.8
EV/EBITDA (x) **	11.4	10.6	11.5	11.0	10.1
EV/EBITDA @ target price (x) **	12.9	11.9	12.9	12.4	11.3
EV/invested capital (x)	2.3	2.0	2.1	2.0	1.9

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

Sources: Hana Microelectronics; FSSIA estimates



# Hana Microelectronics PCL (HANA TB)

**FSSIA ESG rating**

★ ★ ★

## Exhibit 15: FSSIA ESG score implication

**47.25 /100**

Rating	Score	Implication
★ ★ ★ ★ ★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★ ★ ★ ★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★ ★ ★	<b>&gt;39-59</b>	<b>Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.</b>
★ ★	>20-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

## Exhibit 16: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings						Bloomberg	
		DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	61.4	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	59.3	5.15	4.14	4.16	4.84	4.70	3.56	Medium	52.11	BB	17.11	57.13	62.51	3.41	31.94
DELTA	79.66	Y	Y	Y	5.00	5.00	Certified	Low	68.81	AA	--	91.19	74.00	4.15	--
HANA	47.25	--	Y	Y	5.00	5.00	Certified	Negligible	56.93	BBB	--	44.01	31.00	1.81	--
KCE	36.85	--	--	--	5.00	5.00	Certified	Medium	52.70	--	--	61.53	16.00	2.16	52.98
SVI	16.25	--	--	--	5.00	4.00	Certified	--	--	--	--	--	18.00	2.00	49.49

Sources: [SETTRADE.com](http://SETTRADE.com); FSSIA's compilation

## Exhibit 17: ESG score by Bloomberg

FY ending Dec 31	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>ESG financial materiality scores - ESG score</b>	<b>0.91</b>	<b>0.98</b>	<b>0.99</b>	<b>1.39</b>	<b>1.61</b>	<b>1.81</b>	<b>—</b>
BESG environmental pillar score	0.00	0.00	0.00	0.00	0.00	0.00	—
BESG social pillar score	0.37	0.37	0.37	1.14	1.63	1.66	—
BESG governance pillar score	3.51	3.89	3.96	3.95	3.95	4.88	—
<b>ESG disclosure score</b>	<b>25.98</b>	<b>25.98</b>	<b>25.98</b>	<b>30.50</b>	<b>36.02</b>	<b>36.02</b>	<b>—</b>
Environmental disclosure score	1.66	1.66	1.66	7.13	22.92	22.92	—
Social disclosure score	15.90	15.90	15.90	24.00	24.79	24.79	—
Governance disclosure score	60.26	60.26	60.26	60.26	60.26	60.26	—
<b>Environmental</b>							
Emissions reduction initiatives	No	No	No	No	No	No	No
Climate change policy	No	No	No	No	No	No	No
Climate change opportunities discussed	No	No	No	No	No	No	No
Risks of climate change discussed	No	No	No	No	No	No	No
GHG scope 1	—	—	—	—	1	1	1
GHG scope 2 location-based	—	—	—	26	26	23	23
GHG Scope 3	—	—	—	—	—	—	—
Carbon per unit of production	—	—	—	—	—	—	—
Biodiversity policy	No	No	No	No	No	No	No
Energy efficiency policy	No	No	No	No	No	No	No
Total energy consumption	—	—	—	—	—	—	—
Renewable energy use	—	—	—	—	—	—	—
Electricity used	—	—	—	—	—	—	—
Fuel used - natural gas	—	—	—	—	—	—	—
Fuel used - crude oil/diesel	No	No	No	No	No	No	No
Waste reduction policy	No	No	No	No	No	No	No
Hazardous waste	—	—	—	—	—	—	—
Total waste	—	—	—	—	—	—	—
Waste recycled	—	—	—	—	—	—	—
Waste sent to landfills	—	—	—	—	—	—	—
Environmental supply chain management	No	No	No	No	No	No	No
Water policy	No	No	No	No	No	No	No
Water consumption	—	—	—	—	—	—	—

Sources: Bloomberg; FSSIA's compilation



## Exhibit 18: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>Social</b>							
Human rights policy	No	No	No	No	No	No	No
Policy against child labor	No	No	No	No	No	No	No
Quality assurance and recall policy	No	No	No	No	No	No	No
Consumer data protection policy	No	No	No	No	No	No	No
Equal opportunity policy	No	No	No	No	No	No	No
Gender pay gap breakout	No	No	No	No	No	No	No
Pct women in workforce	—	—	—	73.00	73.00	72.00	—
Pct disabled in workforce	—	—	—	0.99	1.04	1.06	—
Business ethics policy	No	No	No	No	No	No	No
Anti-bribery ethics policy	No	No	No	No	No	No	No
Health and safety policy	No	No	No	No	No	No	No
Lost time incident rate - employees	—	—	—	0.03	0.02	0.04	—
Total recordable incident rate - employees	—	—	—	—	—	—	—
Training policy	No	No	No	No	No	No	No
Fair remuneration policy	No	No	No	No	No	No	No
Number of employees – CSR	4,038	3,947	3,969	3,957	3,742	3,636	3,324
Employee turnover pct	—	—	—	—	—	—	—
Total hours spent by firm - employee training	199,881	165,774	182,574	197,850	179,616	207,252	150,148
Social supply chain management	No	No	No	No	No	No	No
<b>Governance</b>							
<b>Board size</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>8</b>
<b>No. of independent directors (ID)</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>4</b>
No. of women on board	1	1	1	1	1	1	2
No. of non-executive directors on board	3	3	3	3	3	3	4
Company conducts board evaluations	No	No	No	No	No	No	No
No. of board meetings for the year	7	7	7	7	7	7	6
Board meeting attendance pct	100	100	100	100	100	100	100
Board duration (years)	—	—	—	—	—	—	—
Director share ownership guidelines	No	No	No	No	No	No	No
Age of the youngest director	56	53	54	55	56	57	58
Age of the oldest director	82	72	73	73	74	75	65
No. of executives / company managers	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>6</b>
No. of female executives	1	1	1	1	1	1	1
Executive share ownership guidelines	No	No	No	No	No	No	No
<b>Size of audit committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>4</b>
No. of ID on audit committee	3	3	3	3	3	3	4
Audit committee meetings	4	4	4	4	4	4	4
Audit meeting attendance %	100	100	100	100	100	100	100
<b>Size of compensation committee</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
No. of ID on compensation committee	—	—	—	—	—	—	—
No. of compensation committee meetings	—	—	—	—	—	—	—
Compensation meeting attendance %	—	—	—	—	—	—	—
<b>Size of nomination committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>4</b>
No. of nomination committee meetings	3	2	3	3	2	3	3
Nomination meeting attendance %	100	100	100	100	100	100	100
<b>Sustainability governance</b>							
Verification type	No	No	No	No	No	No	No

Sources: Bloomberg; FSSIA's compilation

## Disclaimer for ESG scoring

ESG score	Methodology	Rating																												
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																												
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for <b>THSI inclusion</b> , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. <b>SETTHSI Index</b> is extended from the THSI companies whose 1) market capitalization > 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.																												
<b>CG Score</b> by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																												
<b>AGM level</b> By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&amp;A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																												
<b>Thai CAC</b> By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																												
<b>Morningstar Sustainalytics</b>	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality &amp; peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+																		
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<b>ESG Book</b>	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																												
<b>MSCI</b>	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td><b>AAA</b></td> <td>8.571-10.000</td> <td><b>Leader:</b></td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td><b>AA</b></td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td><b>Average:</b></td> <td>a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td><b>BB</b></td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td><b>CCC</b></td> <td>0.000-1.428</td> <td><b>Laggard:</b></td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570			<b>A</b>	5.714-7.142			<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285			<b>B</b>	1.429-2.856			<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks	
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<b>Moody's ESG solutions</b>	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																													
<b>Refinitiv ESG rating</b>	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																													
<b>S&amp;P Global</b>	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																													
<b>Bloomberg</b>	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																												
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																												

Source: FSSIA's compilation

**GENERAL DISCLAIMER**

**ANALYST(S) CERTIFICATION**

Sureeporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

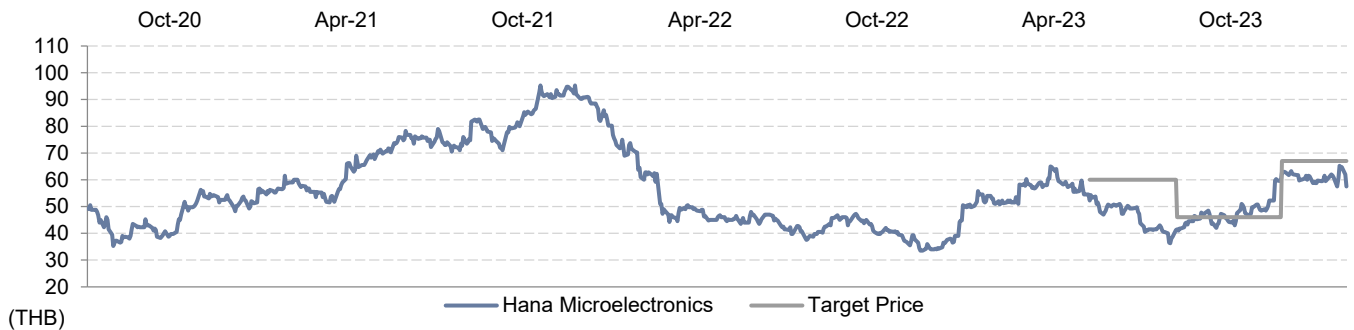
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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**History of change in investment rating and/or target price**

**Hana Microelectronics (HANA TB)**



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
07-Mar-2023	HOLD	60.00	22-May-2023	BUY	46.00	21-Aug-2023	BUY	67.00

Sureeporn Teewasuwet started covering this stock from 07-Mar-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Hana Microelectronics	HANA TB	THB 57.50	BUY	Downside risks to our P/E-based TP include 1) a slower-than-expected consumption recovery; 2) a potential rise in raw material costs; and 3) a stronger-than-expected THB against USD.

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 17-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.