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THAILAND / AUTOMOTIVES

AH TB

BUY

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## อีกปีของการเติบโตต่ำ

- เป้าการเติบโตของการผลิตรายยนต์ของไทยที่ 3.2% ในปี 2024 อาจไม่บรรลุได้ง่าย
- เราปรับลดประมาณการกำไรปกติคิดเป็นการเติบโตที่ -4%/+9%/+10% ในปี 2024-26 ตามลำดับ
- คงคำแนะนำซื้อหลังปรับลดราคาเป้าหมายเป็น 35 บาท

TARGET PRICE	THB35.00
CLOSE	THB22.90
UP/DOWNSIDE	+52.8%
PRIOR TP	THB45.00
CHANGE IN TP	-22.2%
TP vs CONSENSUS	-13.8%

## KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	30,034	30,988	32,600	34,235
Net profit	1,610	1,709	1,866	2,053
EPS (THB)	4.54	4.82	5.26	5.79
vs Consensus (%)	-	(7.1)	(4.9)	(4.5)
EBITDA	3,046	3,017	3,219	3,373
Recurring net profit	1,771	1,709	1,866	2,053
Core EPS (THB)	4.99	4.82	5.26	5.79
Chg. In EPS est. (%)	-	(10.1)	(8.9)	(4.6)
EPS growth (%)	3.7	(3.5)	9.2	10.0
Core P/E (x)	4.6	4.8	4.4	4.0
Dividend yield (%)	7.2	6.9	7.6	8.3
EV/EBITDA (x)	3.9	4.2	3.8	3.5
Price/book (x)	0.8	0.7	0.6	0.6
Net debt/Equity (%)	29.7	33.8	26.3	22.5
ROE (%)	17.3	15.0	14.9	14.8

## เป้าการเติบโตของการผลิตรายยนต์ที่ 3.2% ในปี 2024 มีความท้าทาย

เราเห็นว่าเป้าการเติบโตของการผลิตรายยนต์ของไทยที่ 3.2% ไปแตะ 1.9 ล้านคันในปี 2024 ของ FTI มีความท้าทาย ยอดขายในประเทศน่าจะเป็นปัจจัยหนุนสำคัญในปี 2024 โดย FTI คาดว่าจะอยู่ที่ 0.7 ล้านคัน (+9.4% y-y) ในขณะที่ FTI คาดว่าการส่งออกยานยนต์จะลดลง 0.5% y-y เป็น 1.2 ล้านคัน เมื่อพิจารณาจากหนี้ด้วยคุณภาพที่อยู่ในระดับสูงของไทยจากอุตสาหกรรมที่อยู่อาศัยและรถยนต์ มาตรฐานการปล่อยสินเชื่อที่เข้มงวดอย่างต่อเนื่อง ความไม่แน่นอนต่าง ๆ ที่เกี่ยวกับอัตราดอกเบี้ยนโยบายของไทยและความตึงเครียดในทะเลแดงซึ่งอาจกระทบห่วงโซ่อุปทานโลก การเพิ่มการผลิตยานยนต์ 3.2% อาจไม่ใช่เรื่องง่ายที่จะได้มา ในเดือน ม.ค. 2024 ตัวเลขการผลิตยานยนต์อยู่ที่ 142,102 คัน ลดลง y-y เป็นเดือนที่ 6 ติดต่อกันโดยยอดขายในประเทศลดลงสูงสุด (-16% y-y ลดลง y-y เป็นเดือนที่ 8 ติดต่อกัน)

## ปรับลดประมาณการกำไร

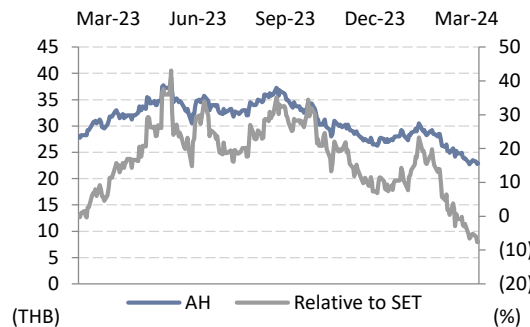
จากกำไร 4Q23 ที่นำมิดหวังและแนวโน้มอุตสาหกรรมที่ไม่สดใส เราปรับลดประมาณการกำไรของเราลง 12%/11%/5% ในปี 2024-26 คิดเป็นการเติบโตที่ -4%/+9%/+10% ตามลำดับ เราปรับลดประมาณการรายได้และอัตรากำไรขั้นต้นในขณะที่ปรับเพิ่มสมมติฐานค่าใช้จ่ายการขายและบริหารและค่าใช้จ่ายดอกเบี้ยโดยเราคาดว่ารายได้จะโตเพียง 3.2% ในปี 2024 ตามอุตสาหกรรมหลังการเติบโตที่ดีในโปรตุเกสและจีนไม่สามารถชดเชยความต้องการในประเทศที่อ่อนแอ นอกจากนี้เรายังปรับเพิ่มสมมติฐานค่าใช้จ่ายดอกเบี้ยจากอัตราดอกเบี้ยที่สูงขึ้น

## เส้นทางที่ไม่ราบรื่นของผู้ผลิตรายยนต์ในปี 2024

2023 เป็นปีที่ยากลำบากสำหรับอุตสาหกรรมยานยนต์ของไทย แม้เราจะคาดว่าตัวเลขจะดีขึ้นในปี 2024 เส้นทางดังกล่าวจะไม่ราบรื่น การไหลเข้าของรถยนต์ไฟฟ้าของจีนอาจกระทบผู้จำหน่ายรถยนต์ของไทยที่มีความสัมพันธ์มาอย่างยาวนานหลายสิบปีกับผู้ผลิตรายยนต์ญี่ปุ่น กำไรปกติของ AH ที่คาดว่าจะโตต่ำในปี 2024 สอดคล้องกับคู่แข่งเนื่องจากเราคาดว่ากำไรปกติของกลุ่มจะเพิ่ม 5% ซึ่งต่ำกว่า 9% ในปี 2023

## คงคำแนะนำซื้อที่ราคาเป้าหมายใหม่ที่ 35 บาท

เราปรับลดราคาเป้าหมายเป็น 35 จาก 45 บาทโดยปรับลดค่า 2024E P/E เป็น 7x ต่ำกว่าค่าเฉลี่ย 5 ปีย้อนหลังที่ 7.7x อยู่เล็กน้อยจากการเติบโตที่ต่ำกว่าค่าเฉลี่ย ปัจจุบันราคาหุ้นของ AH อยู่ในระดับต่ำโดยมีการซื้อขายที่ค่า 2024E P/E ที่ 4.8x และค่า 2024E P/BV ที่เพียง 0.7x ด้วยเหตุดังกล่าวเราจึงยังคงคำแนะนำซื้อ AH



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(13.6)	(14.4)	(18.2)
Relative to country (%)	(13.1)	(16.0)	(7.1)
Mkt cap (USD m)	227		
3m avg. daily turnover (USD m)	1.4		
Free float (%)	50		
Major shareholder	Thai NVDR (15%)		
12m high/low (THB)	39.25/22.50		
Issued shares (m)	354.84		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 14 มีนาคม 2024

Investment thesis

2023 was a tough year for the Thai automotive industry. We expect to see an improvement in 2024, but the road is likely to be bumpy. Given the disappointing earnings in 4Q23 and the dim industry outlook, we cut our profit projections by 12%/11%/5% in 2024-26, indicating growth of -4%/+9%/+10%, respectively.

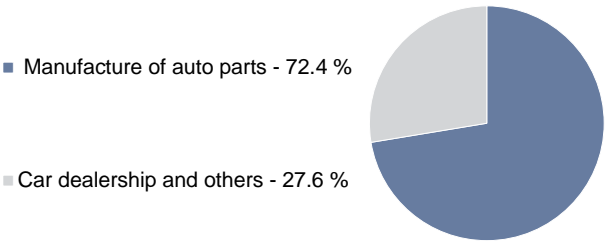
Following the earnings revisions, we cut our TP to THB35 from THB45 by cutting the target 2024 P/E to 7x; slightly lower than its five-year historical average of 7.7x. AH's share price is already undemanding with a 2024E P/E of 4.8x and 2024E P/BV of only 0.7x. We, therefore, maintain our BUY rating on AH.

Company profile

Established in 1996, AH's business is to manufacture and distribute automotive parts to automobile manufacturers in Thailand and overseas. The products and services of AH and its subsidiaries include 1) OEM auto parts manufacturing; 2) car dealerships; and 3) Internet of Things (smart factory, smart logistics, smart office).

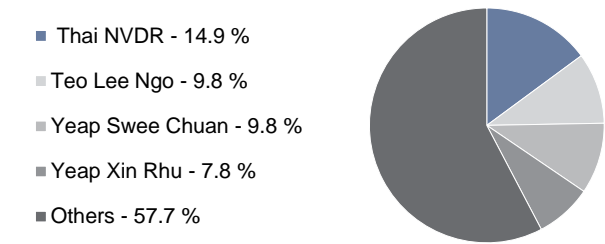
[www.aapico.com](http://www.aapico.com)

Principal activities (revenue, 2023)



Source: AAPICO Hitech

Major shareholders



Source: AAPICO Hitech

Catalysts

Key potential catalysts include 1) faster-than-expected economic conditions; 2) falling interest rates; 3) more new models from global automakers; and 4) government incentives to stimulate demand.

Risks to our call

Key downside risks to our P/E-derived TP include lower-than-expected car production volumes and lower car sales in both Thailand and Malaysia, higher steel prices, semiconductor shortages, and exchange rate risk.

Event calendar

Date	Event
14 March 2024	EX-dividend date
26 April 2024	Annual General Meeting for shareholders
24 May 2024	Dividend payment

Key assumptions

	2024E (y-y %)	2025E (y-y %)	2026E (y-y %)
Auto parts revenue	2.2	5.3	5.3
Car dealership revenue	5.7	4.8	4.2
Total revenue	3.2	5.2	5.0
Key ratios	(%)	(%)	(%)
Blended gross margin	11.6	11.6	11.6
SG&A to sales	6.0	5.8	5.6
Core profit margin	5.5	5.7	6.0

Source: FSSIA estimates

Earnings sensitivity

- For every 1% change in revenue, we project AH's 2024 net profit to change by 0.9%, all else being equal.
- For every 0.5% change in gross margin, we project AH's 2024 net profit to change by 7%, all else being equal.
- For every 1% change in SG&A expense to revenue, we project AH's 2024 net profit to change by 8%, all else being equal.

Source: FSSIA estimates

## Earnings cut on weak demand

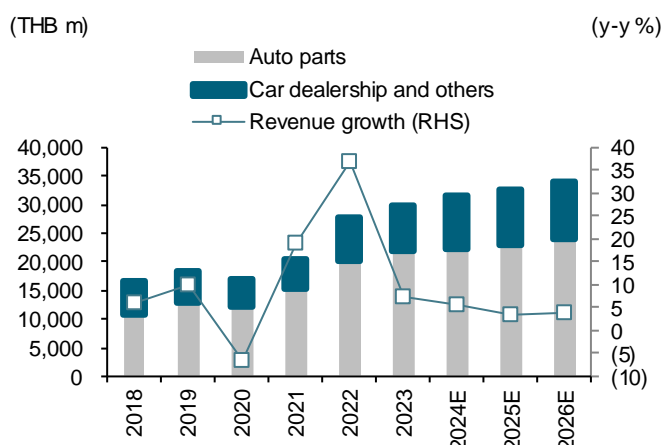
Due to the weak automotive demand in Thailand and global headwinds, we cut our core profit projections by 12%/11%/5% in 2024-26, indicating growth of -4%/+9%/+10%, respectively. We trim our revenue and gross margin forecasts and largely revise up our SG&A and interest expense assumptions. We expect AH's revenue to grow by only 3.2% in 2024, in tandem with the industry. The weak demand in Thailand cannot be fully offset by high growth in the Portugal and China units. We revise up the SG&A and interest expenses due to the rising interest rates in the market and the company's expansion abroad. The equity income is lower due to the lack of a contribution from Hyundai Motor (Thailand) since 2Q23.

### Exhibit 1: Changes in key assumptions

	Current			Previous			Change		
	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (%)	2025E (%)	2026E (%)
Total revenue	30,988	32,600	34,235	31,893	32,922	33,680	(2.8)	(1.0)	1.6
Auto parts	22,227	23,415	24,666	22,362	22,967	23,427	(0.6)	1.9	5.3
Car dealership	8,761	9,186	9,568	9,531	9,955	10,253	(8.1)	(7.7)	(6.7)
Cost of goods sold	(27,409)	(28,819)	(30,263)	(28,130)	(29,037)	(29,672)	(2.6)	(0.8)	2.0
Gross profit	3,580	3,782	3,971	3,763	3,885	4,008	(4.9)	(2.7)	(0.9)
SG&A	(1,853)	(1,875)	(1,931)	(1,796)	(1,827)	(1,886)	3.2	2.6	2.4
EBIT	1,727	1,907	2,040	1,968	2,058	2,674	(12.3)	(7.3)	(23.7)
Interest expense	(360)	(302)	(262)	(313)	(280)	(237)	15.0	7.7	10.3
Equity income	135	142	160	166	210	215	(18.6)	(32.4)	(25.5)
<b>Core profit</b>	<b>1,709</b>	<b>1,866</b>	<b>2,053</b>	<b>1,934</b>	<b>2,089</b>	<b>2,152</b>	<b>(11.6)</b>	<b>(10.7)</b>	<b>(4.6)</b>
<b>Core EPS (THB)</b>	<b>4.82</b>	<b>5.26</b>	<b>5.79</b>	<b>5.36</b>	<b>5.77</b>	<b>6.06</b>	<b>(11.6)</b>	<b>(10.7)</b>	<b>(4.6)</b>
<b>Margins</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(ppt)</b>
Gross margin	11.6	11.6	11.6	11.8	11.8	11.9	(0.2)	(0.2)	(0.3)
EBITDA margin	9.7	9.9	9.9	8.0	8.0	8.0	1.8	1.9	1.9
EBIT margin	5.6	5.9	6.0	6.2	6.3	6.3	(0.6)	(0.4)	(0.3)
Core profit margin	5.5	5.7	6.0	6.1	6.3	6.3	(0.5)	(0.6)	(0.3)

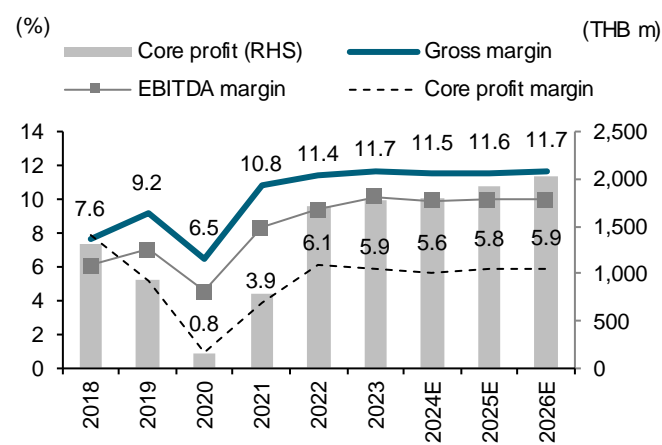
Sources: AH, FSSIA estimates

### Exhibit 2: Revenue structure and growth



Sources: AH, FSSIA estimates

### Exhibit 3: Margins and core profit



Sources: AH, FSSIA estimates

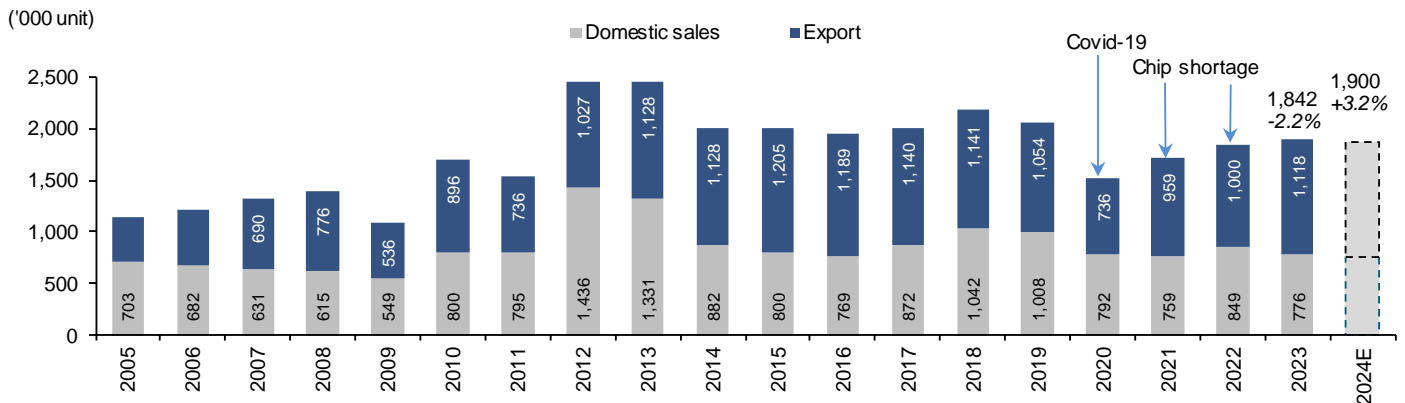
## Thailand's weak vehicle demand to continue

The Federation of Thai Industries (FTI) forecasts a 3.2% rise in Thailand's vehicle production to 1.9m units in 2024 after dropping 2.2% in 2023. The estimated figure comprises 1.2m units for export (-0.5% y-y), constituting 60% of total production, and 750,000 units for domestic sales (+9.4% y-y), making up the remaining 40%.

The targeted export production at slightly lower than the previous year is the result of the global economic slowdown and geopolitical conflicts. However, the impact of the Red Sea shipping crisis on global supply chains, possibly causing delays and price increases for some routes, may be larger and more prolonged than we initially anticipated.

The predicted domestic sales growth of 9.4% y-y in 2024 is very challenging, in our view, given the high household debt, lower purchasing power, strict loan standards, and the delay of the 2024 fiscal budget.

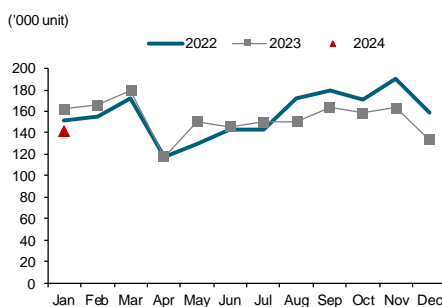
### Exhibit 4: Thailand's domestic automobile sales and exports



Sources: The Federation of Thai Industries, FSSIA's compilation

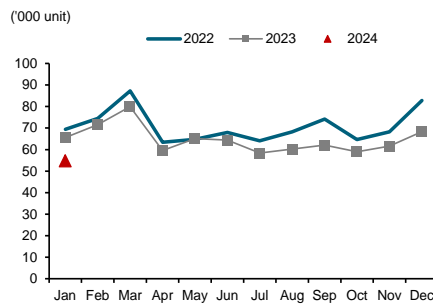
Thailand's car production in January 2024 totaled 142,102 units (-12.5% y-y, +6.3% m-m), representing 8% of the year's target. Domestic sales contributed the biggest drop of 16.4% y-y and 19.8% m-m to 54,814 units. Car exports also fell 0.1% y-y and 4.0% m-m to 86,716 units.

### Exhibit 5: Car production (2022-24)



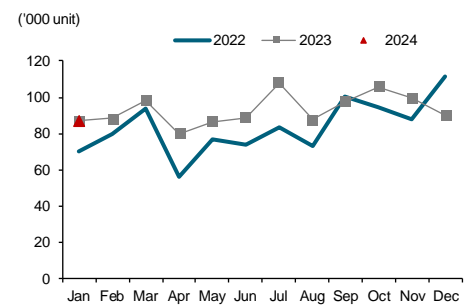
Sources: Automotive Industry Club, FSSIA's compilation

### Exhibit 6: Domestic car sales (2022-24)



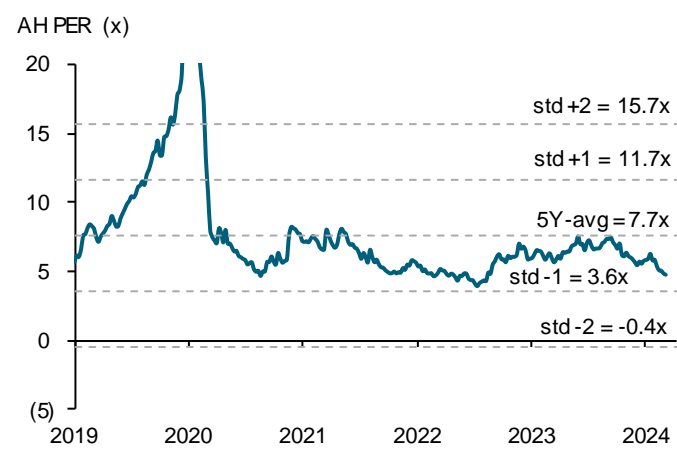
Sources: Automotive Industry Club, FSSIA's compilation

### Exhibit 7: Car exports (2022-24)



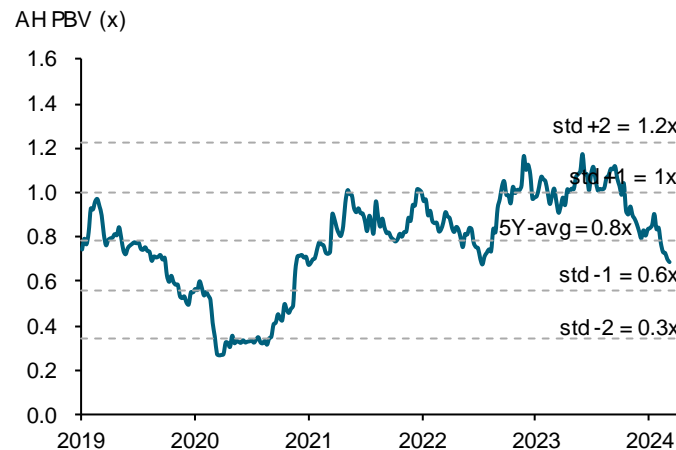
Sources: Automotive Industry Club, FSSIA's compilation

Exhibit 8: One-year rolling forward P/E band



Sources: Bloomberg, FSSIA estimates

Exhibit 9: One-year rolling forward P/BV band



Sources: Bloomberg, FSSIA estimates

Exhibit 10: Peer comparisons as of 12 March 2024

	BBG	Rec	Share price			Market Cap (USD m)	PE		ROE		PBV		EV/EBITDA	
			Current (LCY)	Target (LCY)	Upside (%)		24E (x)	25E (x)	24E (%)	25E (%)	24E (x)	25E (x)	24E (x)	25E (x)
Aapico Hitech	AH TB	BUY	22.90	35.00	52.8	227	4.8	4.4	15.00	14.91	0.7	0.6	4.2	3.8
Inoue Rubber (Thailand)	IRC TB	BUY	13.20	15.00	13.6	71	15.3	12.4	4.13	4.96	0.6	0.6	2.9	2.6
Somboon Advance Technology	SAT TB	BUY	16.90	23.00	36.1	202	6.7	6.5	12.17	12.11	0.8	0.8	3.1	2.7
Thai Stanley Electric	STANLY TB	BUY	233.00	240.00	3.0	502	9.1	8.1	9.21	9.92	0.8	0.8	4.6	4.1
Average							9.0	7.8	10.1	10.5	0.7	0.7	3.7	3.3

Sources: Bloomberg, FSSIA estimates

## Financial Statements

### AAPICO Hitech

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	27,967	30,034	30,988	32,600	34,235
Cost of goods sold	(24,777)	(26,522)	(27,409)	(28,819)	(30,263)
<b>Gross profit</b>	<b>3,191</b>	<b>3,512</b>	<b>3,580</b>	<b>3,782</b>	<b>3,971</b>
Other operating income	-	-	-	-	-
Operating costs	(1,719)	(1,729)	(1,853)	(1,875)	(1,931)
<b>Operating EBITDA</b>	<b>2,625</b>	<b>3,046</b>	<b>3,017</b>	<b>3,219</b>	<b>3,373</b>
Depreciation	(1,154)	(1,262)	(1,291)	(1,312)	(1,333)
Goodwill amortisation	-	-	-	-	-
<b>Operating EBIT</b>	<b>1,471</b>	<b>1,784</b>	<b>1,727</b>	<b>1,907</b>	<b>2,040</b>
Net financing costs	(333)	(446)	(349)	(291)	(250)
Associates	452	132	135	142	160
Recurring non-operating income	769	488	468	447	480
Non-recurring items	116	(161)	0	0	0
<b>Profit before tax</b>	<b>2,024</b>	<b>1,664</b>	<b>1,846</b>	<b>2,063</b>	<b>2,271</b>
Tax	(177)	(82)	(166)	(227)	(250)
<b>Profit after tax</b>	<b>1,847</b>	<b>1,583</b>	<b>1,680</b>	<b>1,836</b>	<b>2,021</b>
Minority interests	(23)	28	29	30	32
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>1,824</b>	<b>1,610</b>	<b>1,709</b>	<b>1,866</b>	<b>2,053</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(116)</b>	<b>161</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>1,708</b>	<b>1,771</b>	<b>1,709</b>	<b>1,866</b>	<b>2,053</b>
<b>Per share (THB)</b>					
Recurring EPS *	4.81	4.99	4.82	5.26	5.79
Reported EPS	5.14	4.54	4.82	5.26	5.79
DPS	1.05	1.65	1.59	1.74	1.91
Diluted shares (used to calculate per share data)	355	355	355	355	355
<b>Growth</b>					
Revenue (%)	36.9	7.4	3.2	5.2	5.0
Operating EBITDA (%)	54.5	16.0	(0.9)	6.7	4.8
Operating EBIT (%)	120.1	21.2	(3.2)	10.5	7.0
Recurring EPS (%)	115.6	3.7	(3.5)	9.2	10.0
Reported EPS (%)	78.1	(11.7)	6.1	9.2	10.0
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	11.4	11.7	11.6	11.6	11.6
Gross margin exc. depreciation (%)	15.5	15.9	15.7	15.6	15.5
Operating EBITDA margin (%)	9.4	10.1	9.7	9.9	9.9
Operating EBIT margin (%)	5.3	5.9	5.6	5.9	6.0
Net margin (%)	6.1	5.9	5.5	5.7	6.0
Effective tax rate (%)	8.7	4.9	9.0	11.0	11.0
Dividend payout on recurring profit (%)	21.8	33.1	33.0	33.0	33.0
Interest cover (X)	6.7	5.1	6.3	8.1	10.1
Inventory days	52.6	53.3	52.4	53.1	54.7
Debtor days	42.9	50.3	48.3	48.8	49.3
Creditor days	91.9	105.8	99.0	87.9	84.2
Operating ROIC (%)	17.2	20.5	17.7	16.9	16.9
ROIC (%)	13.3	14.3	13.8	13.5	13.8
ROE (%)	18.8	17.3	15.0	14.9	14.8
ROA (%)	8.6	8.7	8.1	8.3	8.6

\* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Manufacture of auto parts	20,333	21,744	22,227	23,415	24,666
Car dealership and others	7,634	8,290	8,761	9,186	9,568

Sources: AAPICO Hitech; FSSIA estimates

## Financial Statements

### AAPICO Hitech

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	1,708	1,771	1,709	1,866	2,053
Depreciation	1,154	1,262	1,291	1,312	1,333
Associates & minorities	23	(28)	(29)	(30)	(32)
Other non-cash items	101	123	135	(20)	(46)
Change in working capital	(939)	(1,022)	(1,885)	(430)	(1,070)
<b>Cash flow from operations</b>	<b>2,047</b>	<b>2,106</b>	<b>1,220</b>	<b>2,698</b>	<b>2,239</b>
Capex - maintenance	(671)	(617)	(819)	(399)	(350)
Capex - new investment	(287)	(265)	(351)	(171)	(150)
Net acquisitions & disposals	58	2,535	0	1	2
Other investments (net)	128	85	2	(42)	(47)
<b>Cash flow from investing</b>	<b>(773)</b>	<b>1,739</b>	<b>(1,168)</b>	<b>(611)</b>	<b>(545)</b>
Dividends paid	(372)	(589)	(564)	(616)	(678)
Equity finance	0	0	0	0	0
Debt finance	(278)	(1,320)	(113)	(570)	(247)
Other financing cash flows	(493)	(598)	(31)	(30)	(32)
<b>Cash flow from financing</b>	<b>(1,143)</b>	<b>(2,507)</b>	<b>(708)</b>	<b>(1,216)</b>	<b>(956)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>(106)</b>	<b>(38)</b>	<b>(289)</b>	<b>(818)</b>	<b>(759)</b>
<b>Movement in cash</b>	<b>25</b>	<b>1,300</b>	<b>(944)</b>	<b>53</b>	<b>(22)</b>
Free cash flow to firm (FCFF)	1,616.44	4,308.41	412.43	2,389.22	1,955.28
Free cash flow to equity (FCFE)	397.59	1,888.56	(380.35)	669.04	655.98

#### Per share (THB)

FCFF per share	4.56	12.14	1.16	6.73	5.51
FCFE per share	1.12	5.32	(1.07)	1.89	1.85
Recurring cash flow per share	8.42	8.82	8.75	8.82	9.32

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	20,524	21,124	22,884	24,064	25,184
Less: Accumulated depreciation	(12,612)	(13,671)	(14,780)	(15,909)	(17,058)
<b>Tangible fixed assets (net)</b>	<b>7,913</b>	<b>7,453</b>	<b>8,104</b>	<b>8,155</b>	<b>8,126</b>
<b>Intangible fixed assets (net)</b>	<b>3,347</b>	<b>3,434</b>	<b>3,451</b>	<b>3,438</b>	<b>3,355</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	4,199	1,309	1,309	1,339	1,369
Cash & equivalents	767	2,067	1,123	1,176	1,154
A/C receivable	4,330	3,950	4,245	4,466	4,783
Inventories	3,784	3,591	3,905	4,106	4,560
Other current assets	302	1,565	1,752	1,963	2,198
<b>Current assets</b>	<b>9,184</b>	<b>11,173</b>	<b>11,025</b>	<b>11,710</b>	<b>12,696</b>
Other assets	826	1,388	1,295	1,368	1,481
<b>Total assets</b>	<b>25,469</b>	<b>24,756</b>	<b>25,184</b>	<b>26,010</b>	<b>27,027</b>
Common equity	9,611	10,832	11,948	13,168	14,512
Minorities etc.	318	484	456	426	394
<b>Total shareholders' equity</b>	<b>9,929</b>	<b>11,317</b>	<b>12,404</b>	<b>13,594</b>	<b>14,906</b>
Long term debt	3,759	1,851	1,750	1,632	1,590
Other long-term liabilities	543	493	501	505	518
<b>Long-term liabilities</b>	<b>4,302</b>	<b>2,344</b>	<b>2,251</b>	<b>2,137</b>	<b>2,108</b>
A/C payable	7,010	7,631	6,533	6,711	6,633
Short term debt	3,771	3,581	3,569	3,117	2,912
Other current liabilities	456	421	428	451	468
<b>Current liabilities</b>	<b>11,237</b>	<b>11,633</b>	<b>10,529</b>	<b>10,279</b>	<b>10,012</b>
<b>Total liabilities and shareholders' equity</b>	<b>25,469</b>	<b>25,293</b>	<b>25,184</b>	<b>26,010</b>	<b>27,027</b>
Net working capital	950	1,054	2,941	3,371	4,441
Invested capital	17,235	14,637	17,101	17,672	18,772

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

#### Per share (THB)

Book value per share	27.09	30.53	33.67	37.11	40.90
Tangible book value per share	17.65	20.85	23.95	27.42	31.44

#### Financial strength

Net debt/equity (%)	68.1	29.7	33.8	26.3	22.5
Net debt/total assets (%)	26.6	13.6	16.7	13.7	12.4
Current ratio (x)	0.8	1.0	1.0	1.1	1.3
CF interest cover (x)	3.1	5.8	0.9	3.9	4.2

Valuation	2022	2023	2024E	2025E	2026E
<b>Recurring P/E (x) *</b>	<b>4.8</b>	<b>4.6</b>	<b>4.8</b>	<b>4.4</b>	<b>4.0</b>
<b>Recurring P/E @ target price (x) *</b>	<b>7.3</b>	<b>7.0</b>	<b>7.3</b>	<b>6.7</b>	<b>6.0</b>
Reported P/E (x)	4.5	5.0	4.8	4.4	4.0
Dividend yield (%)	4.6	7.2	6.9	7.6	8.3
Price/book (x)	0.8	0.8	0.7	0.6	0.6
Price/tangible book (x)	1.3	1.1	1.0	0.8	0.7
EV/EBITDA (x) **	5.8	3.9	4.2	3.8	3.5
EV/EBITDA @ target price (x) **	7.4	5.3	5.7	5.1	4.8
EV/invested capital (x)	0.9	0.8	0.7	0.7	0.6

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

Sources: AAPICO Hitech; FSSIA estimates

# AAPICO Hitech PCL (AH TB)

## FSSIA ESG rating


**44.82 /100**

### Exhibit 11: FSSIA ESG score implication

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.
★★★	>39-59	<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>
★★	>19-39	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 12: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings					Bloomberg		
		DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	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	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
AH	44.82	--	Y	Y	5.00	4.00	Certified	--	49.81	--	--	34.05	--	3.56	--
IRC	32.75	--	--	Y	5.00	4.00	--	--	62.24	--	--	47.74	--	--	--
SAT	54.39	--	Y	Y	5.00	5.00	Certified	--	70.44	--	--	53.45	29.00	3.52	52.94
STANLY	9.00	--	--	--	4.00	--	--	--	--	--	--	--	--	--	--

Sources: [SETTRADE.com](https://www.settrade.com); FSSIA's compilation

### Exhibit 13: ESG score by Bloomberg

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
<b>ESG financial materiality scores - ESG score</b>	<b>—</b>	<b>—</b>	<b>3.55</b>	<b>3.56</b>
BESG environmental pillar score	—	—	3.09	—
BESG social pillar score	—	—	2.95	—
BESG governance pillar score	—	—	4.88	—
<b>ESG disclosure score</b>	<b>39.31</b>	<b>40.92</b>	<b>47.84</b>	<b>—</b>
Environmental disclosure score	15.68	16.52	36.27	—
Social disclosure score	21.01	25.00	26.03	—
Governance disclosure score	81.10	81.10	81.10	—
<b>Environmental</b>				
Emissions reduction initiatives	Yes	Yes	Yes	Yes
Climate change policy	No	No	No	No
Climate change opportunities discussed	No	No	No	No
Risks of climate change discussed	No	No	No	No
GHG scope 1	2	2	2	0
GHG scope 2 location-based	2	2	2	5
GHG Scope 3	—	—	0	31
Carbon per unit of production	—	—	0	0
Biodiversity policy	Yes	Yes	No	No
Energy efficiency policy	Yes	Yes	Yes	Yes
Total energy consumption	5	3	3	4
Renewable energy use	—	—	—	—
Electricity used	4	3	3	4
Fuel used - natural gas	—	—	—	—

Sources: Bloomberg; FSSIA's compilation



**Exhibit 14: ESG score by Bloomberg (cont.)**

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No
Waste reduction policy	Yes	Yes	Yes	Yes
Hazardous waste	0	0	0	—
Total waste	10	8	8	10
Waste recycled	—	—	—	—
Waste sent to landfills	—	—	—	—
Environmental supply chain management	No	No	Yes	Yes
Water policy	No	Yes	Yes	Yes
Water consumption	—	—	—	—
<b>Social</b>				
Human rights policy	Yes	Yes	Yes	Yes
Policy against child labor	Yes	Yes	Yes	Yes
Quality assurance and recall policy	No	No	Yes	No
Consumer data protection policy	No	No	No	No
Equal opportunity policy	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No
Pct women in workforce	31	32	27	—
Pct disabled in workforce	1	1	1	—
Business ethics policy	Yes	Yes	Yes	No
Anti-bribery ethics policy	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes
Lost time incident rate - employees	3	1	1	0
Total recordable incident rate - employees	8	1	1	1
Training policy	Yes	Yes	Yes	Yes
Fair remuneration policy	No	Yes	Yes	No
Number of employees – CSR	4,019	2,795	4,699	5,365
Employee turnover pct	15	8	13	—
Total hours spent by firm - employee training	—	11,206	10,632	21,923
Social supply chain management	No	Yes	Yes	Yes
<b>Governance</b>				
<b>Board size</b>	<b>8</b>	<b>7</b>	<b>7</b>	<b>7</b>
<b>No. of independent directors (ID)</b>	<b>6</b>	<b>5</b>	<b>5</b>	<b>4</b>
No. of women on board	2	2	2	2
No. of non-executive directors on board	6	5	5	5
Company conducts board evaluations	Yes	Yes	Yes	Yes
No. of board meetings for the year	4	4	4	7
Board meeting attendance pct	88	93	93	100
Board duration (years)	1	1	1	1
Director share ownership guidelines	No	No	No	No
Age of the youngest director	50	51	52	50
Age of the oldest director	72	73	74	74
<b>No. of executives / company managers</b>	<b>6</b>	<b>5</b>	<b>6</b>	<b>6</b>
No. of female executives	2	2	2	2
Executive share ownership guidelines	No	No	No	No
<b>Size of audit committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on audit committee	3	3	3	3
Audit committee meetings	4	4	4	4
Audit meeting attendance %	100	92	100	100
<b>Size of compensation committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on compensation committee	3	3	3	3
No. of compensation committee meetings	2	2	2	5
Compensation meeting attendance %	100	83	100	100
<b>Size of nomination committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of nomination committee meetings	2	2	2	5
Nomination meeting attendance %	100	83	100	100
<b>Sustainability governance</b>				
Verification type	No	No	No	No

Sources: Bloomberg; FSSIA's compilation

## Disclaimer for ESG scoring

ESG score	Methodology	Rating																				
The Dow Jones Sustainability Indices ( <a href="#">DJSI</a> ) 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 ( <a href="#">THSI</a> ) by The Stock Exchange of Thailand ( <a href="#">SET</a> )	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 <a href="#">THSI inclusion</a> , 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. <a href="#">SETTHSI Index</a> 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.																				
<a href="#">Thai CAC</a> 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.																				
<a href="#">Morningstar Sustainabilitys</a>	The Sustainabilitys' 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><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+										
NEGL	Low	Medium	High	Severe																		
0-10	10-20	20-30	30-40	40+																		
<a href="#">ESG Book</a>	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.																				
<a href="#">MSCI</a>	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><tr><td><b>AAA</b></td><td>8.571-10.000</td><td rowspan="3"><b>Leader:</b></td><td rowspan="3">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></tr><tr><td><b>A</b></td><td>5.714-7.142</td></tr><tr><td><b>BBB</b></td><td>4.286-5.713</td><td rowspan="3"><b>Average:</b></td><td rowspan="3">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></tr><tr><td><b>B</b></td><td>1.429-2.856</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></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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<a href="#">Moody's ESG solutions</a>	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.																					
<a href="#">Refinitiv ESG rating</a>	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>																					
<a href="#">S&amp;P Global</a>	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.																				

[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"; 2) "AGM Level"; 3) "Thai CAC"; and 4) THSI. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

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Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

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

#### AAPICO Hitech (AH TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
15-Mar-2021	BUY	22.00	02-Feb-2022	HOLD	28.00	28-Oct-2022	BUY	35.50
18-May-2021	BUY	30.80	16-Mar-2022	BUY	28.00	25-Nov-2022	BUY	42.00
27-Oct-2021	BUY	29.00	01-Aug-2022	BUY	29.50	11-Oct-2023	BUY	45.00

Jitra Amornthum started covering this stock from 11-Oct-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
AAPICO Hitech	AH TB	THB 22.90	BUY	Key downside risks to our P/E-derived TP include lower-than-expected car production volumes and lower car sales in both Thailand and Malaysia, higher steel prices, semi-conductor shortages, and exchange rate risk.

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 13-Mar-2024 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.