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ปรับลดประมาณการและราคาเป้าหมาย

- เมื่อหักกำไรจากอัตราแลกเปลี่ยน AH รายงานกำไรปกติ 301 ลบ. ใน 1Q24 (-29% q-q, -50% y-y) ต่ำกว่าที่เราและตลาดคาด 14%
- ปรับลดประมาณการลงอีกครั้งจากความต้องการในประเทศที่อ่อนแอ
- ปรับลดราคาเป้าหมายเป็น 29 บาท คงคำแนะนำซื้อ

TARGET PRICE	THB29.00
CLOSE	THB21.80
UP/DOWNSIDE	+33.0%
PRIOR TP	THB35.00
CHANGE IN TP	-17.1%
TP vs CONSENSUS	-6.6%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	30,034	30,083	31,206	32,271
Net profit	1,610	1,592	1,705	1,833
EPS (THB)	4.54	4.49	4.81	5.17
vs Consensus (%)	-	(0.7)	(2.2)	(2.2)
EBITDA	3,046	2,843	3,019	3,156
Recurring net profit	1,771	1,592	1,705	1,833
Core EPS (THB)	4.99	4.49	4.81	5.17
Chg. In EPS est. (%)	-	(6.8)	(8.6)	(10.7)
EPS growth (%)	3.7	(10.1)	7.1	7.5
Core P/E (x)	4.4	4.9	4.5	4.2
Dividend yield (%)	7.6	6.8	7.3	7.8
EV/EBITDA (x)	3.8	4.4	3.9	3.7
Price/book (x)	0.7	0.7	0.6	0.5
Net debt/Equity (%)	29.7	34.0	27.1	23.8
ROE (%)	17.3	14.0	13.7	13.5

1Q24 ออกมาอ่อนแอกว่าคาดสอดคล้องกับกลุ่มฯ

กำไรที่อ่อนแอใน 1Q24 สอดคล้องกับกลุ่มอุตสาหกรรมยานยนต์ในประเทศไทย เมื่อหักกำไรจากอัตราแลกเปลี่ยน AH รายงานกำไรปกติ 301 ลบ. ใน 1Q24 (-29% q-q, -50% y-y) ต่ำกว่าที่เราและตลาดคาด 14% รายได้จากการขายเพิ่ม 5% q-q ส่วนมากจากยอดขายรถยนต์ฮอนด้าที่สูงขึ้นของตัวแทนจำหน่ายในมาเลเซียแต่ลดลง 8% y-y ส่วนมากจากธุรกิจ OEM อัตรากำไรขั้นต้นและระดับต่ำสุดในรอบ 10 ไตรมาสโดยอยู่ที่ 9.5% จากอัตราการใช้กำลังการผลิตที่ต่ำของธุรกิจผลิตชิ้นส่วนรถยนต์

ปรับลดประมาณการอีกครั้งจากความต้องการในประเทศที่อยู่ในระดับต่ำ

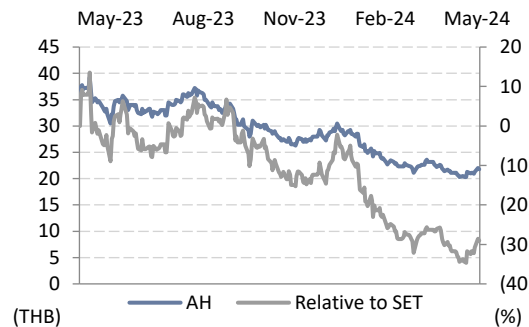
นอกจากกำไร 1Q24 ที่ต่ำกว่าคาดแล้วโดยปกติ 2Q จะเป็นช่วง Low season สำหรับการผลิตรถยนต์ของไทยเนื่องจากมีวันทำงานน้อยลง เราปรับลดประมาณการกำไรปกติของเราอีก 7%/9%/11% ในปี 2024-26 คิดเป็นอัตราการเติบโตที่ -10%/+7%/+8% ตามลำดับหลังเราปรับลดสมมติฐานรายได้จากการขายและอัตรากำไรขั้นต้นเพื่อสะท้อนผลกระทบที่อ่อนแอใน 1Q24

2024 เป็นปีแห่งความท้าทายของอุตสาหกรรมยานยนต์ของไทย

ปัจจุบันเราคาดว่ารายได้จากการขายจะทรงตัวในปี 2024 สอดคล้องกับยอดขายรถยนต์ในประเทศของไทยจากที่เคยคาดว่าตัวเลขดังกล่าวจะปรับขึ้น 3% ก่อนหน้า อัตรากำไรขั้นต้นน่าจะอ่อนแอจากปริมาณการผลิตที่ลดลง อย่างไรก็ตามบริษัทฯ น่าจะบริหารค่าใช้จ่ายการขายและบริหารได้ดี ดังนั้นเราจึงคาดว่ากำไรปกติจะลดลง 10% เป็น 1.6 พัน ลบ. ในปี 2024 ก่อนทยอยปรับตัวดีขึ้นในปี 2025

ปรับลดราคาเป้าหมายเป็น 29 บาท คงคำแนะนำซื้อ

เราปรับลดราคาเป้าหมายของเราเป็น 29 จาก 35 บาทโดยปรับลดค่า P/E เป้าหมายปี 2024 เป็น 6.5x (-0.5SD ของค่าเฉลี่ย 5 ปีย้อนหลัง) AH มีการซื้อขายในระดับต่ำโดยมีค่า 2024E P/E ที่เพียง 4.9x และ 2024E P/BV ที่เพียง 0.7x ดังนั้นเรายังคงคำแนะนำซื้อ AH



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	1.9	(9.5)	(37.3)
Relative to country (%)	1.7	(8.3)	(29.5)
Mkt cap (USD m)	211		
3m avg. daily turnover (USD m)	1.1		
Free float (%)	50		
Major shareholder	Thai NVDR (15%)		
12m high/low (THB)	39.25/19.90		
Issued shares (m)	354.84		

Sources: Bloomberg consensus; FSSIA estimates



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PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 29 พฤษภาคม 2024

Investment thesis

2023 was a tough year for the Thai automotive industry. Vehicle production reached 1,841,686 units, a decrease of 2% y-y, mainly due to the 9% slump in domestic car sales, while exports rose 12% y-y. The decline in domestic sales was largely attributable to banks tightening auto loans, rising interest rates, high household debt, and low purchasing power.

2024 looks to be an even more challenging year. The Federation of Thai Industries (FTI) forecasts vehicle production to rise 3.2% y-y to 1.9m units in 2024. We believe this is difficult to reach.

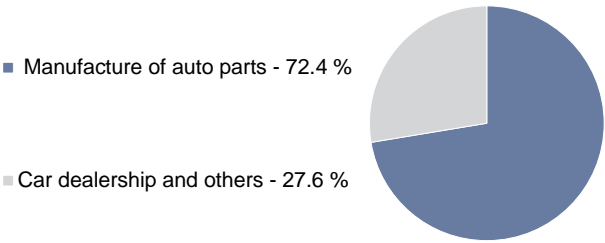
We cut our earnings projections again and cut our TP to THB29 from THB35 by cutting the target 2024 P/E to 6.5x (-0.5SD of its five-year historical average).

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).

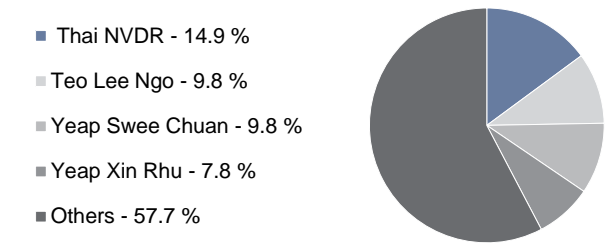
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Principal activities (revenue, 2023)



Source: AAPICO Hitech

Major shareholders



Source: AAPICO Hitech

Catalysts

Key potential catalysts include 1) better-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, semi-conductor shortages, and exchange rate risk.

Event calendar

Date	Event
August 2024	2Q24 earnings announcement

Key assumptions

	2024E (y-y %)	2025E (y-y %)	2026E (y-y %)
Revenue from OEM	-3.3	4.0	3.7
Revenue from car dealership	9.2	3.1	2.6
Total revenue	0.2	3.7	3.4
Key ratios	(%)	(%)	(%)
Blended gross margin	11.2	11.4	11.5
SG&A to sales	6.0	5.8	5.6
Core profit margin	5.3	5.5	5.7

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

Weak profit in 1Q24 in line with the industry in Thailand

The weak earnings in 1Q24 were in tandem with the automotive industry in Thailand. Excluding an FX gain, AH registered a core profit of THB301m in 1Q24 (-29% q-q, -50% y-y), 14% lower than our estimate and the Bloomberg consensus.

Thailand's domestic car sales in 1Q24 decreased 13% q-q and 25% y-y to 163,756 units, largely due to the persistently sluggish pickup sales (-20% q-q, -47% y-y). AH's sales have usually outperformed the industry because of its geographical diversification. The company's 1Q24 sales revenue was up 5% q-q, mainly driven by higher sales of Honda cars at the Malaysia dealership, but down 8% y-y, mainly from the OEM business.

The gross margin hit its lowest in ten quarters at 9.5% owing to the low utilization rate of automotive parts manufacturing.

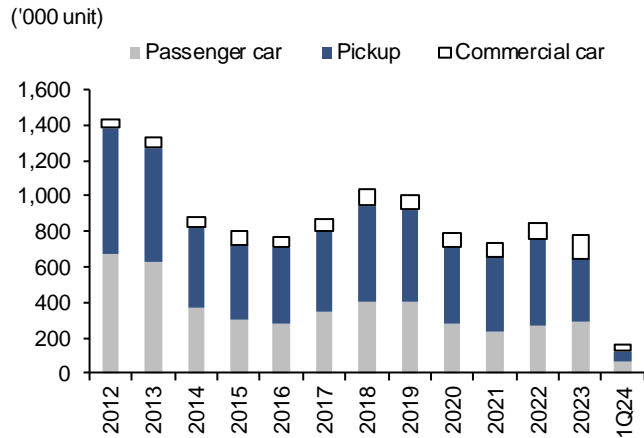
Share of profits from associates dove 64% y-y partly due to the disposal of its investment in Sakthi Auto Component Ltd (SACL) in India since 4Q23 and the dissolution of Hyundai Motor (Thailand) since 2Q23.

Exhibit 1: 1Q24 earnings summary

	1Q23	2Q23	3Q23	4Q23	1Q24	----- Change -----	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Sales revenue	8,126	7,153	7,624	7,131	7,452	4.5	(8.3)
Operating costs	(7,100)	(6,380)	(6,729)	(6,313)	(6,745)	6.8	(5.0)
Gross profit	1,026	772	895	819	708	(13.6)	(31.0)
SG&A expenses	(458)	(429)	(457)	(538)	(460)	(14.4)	0.4
EBIT	568	344	439	281	248	(11.9)	(56.4)
Depreciation	(311)	(310)	(312)	(329)	(321)	(2.5)	3.3
EBITDA	879	653	751	611	569	(6.8)	(35.3)
Interest expense	(91)	(111)	(124)	(138)	(107)	(22.2)	17.5
Other income	74	95	103	101	139	38.2	87.8
Associates	123	32	81	(103)	44	nm	(63.9)
Gain/Loss from FX	(35)	111	69	(153)	19	nm	nm
Net profit	562	410	501	138	319	132.0	(43.1)
Core net profit	597	299	432	421	301	(28.5)	(49.6)
EPS (THB)	1.58	1.16	1.41	0.38	0.90	135.0	(43.2)
Core EPS (THB)	1.68	0.84	1.22	1.19	0.85	(28.5)	(49.6)
Margins	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)
Gross margin	12.6	10.8	11.7	11.5	9.5	(2.0)	(3.1)
SG&A to sales	5.6	6.0	6.0	7.5	6.2	(1.4)	0.5
Operating margin	7.0	4.8	5.8	3.9	3.3	(0.6)	(3.7)
EBITDA margin	10.8	9.1	9.8	8.6	7.6	(0.9)	(3.2)
Core profit margin	7.3	4.2	5.7	5.9	4.0	(1.9)	(3.3)
Revenue breakdown	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)
OEM business	5,966	5,166	5,555	5,057	5,117	1.2	(14.2)
Car dealership business	2,160	1,987	2,066	2,077	2,331	12.2	7.9

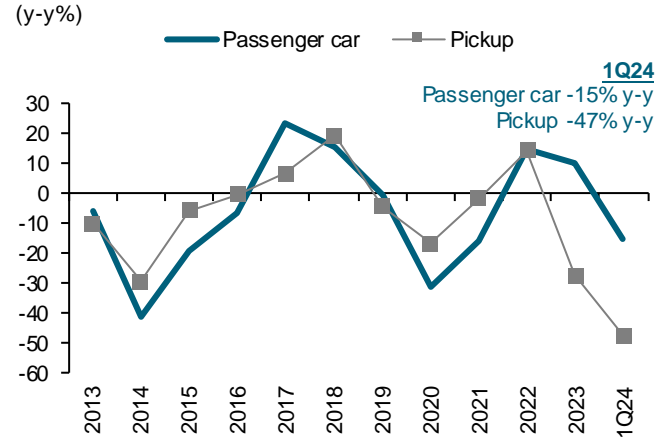
Sources: AH, FSSIA's compilation

Exhibit 2: Thailand's car sales



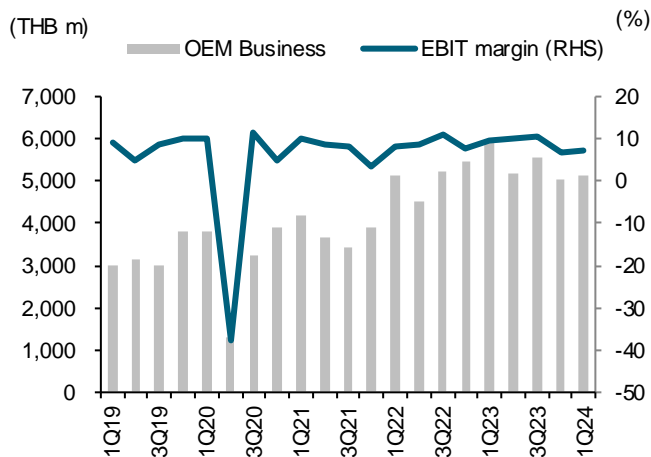
Sources: The Federation of Thai Industries, FSSIA's compilation

Exhibit 3: Thailand's car sales growth



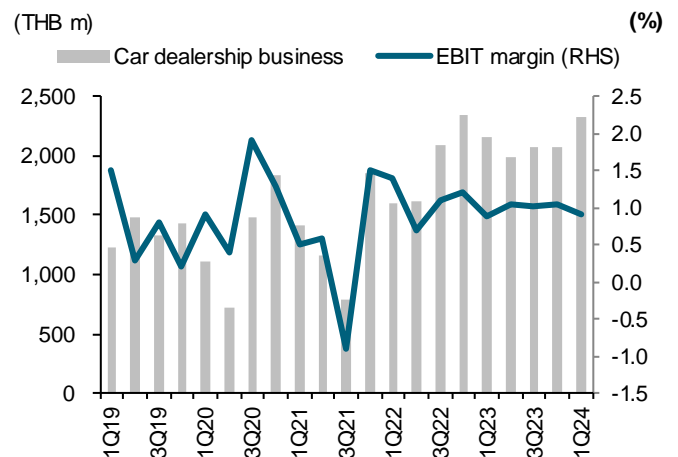
Sources: The Federation of Thai Industries, FSSIA's compilation

Exhibit 4: Revenue from OEM business and EBIT margin



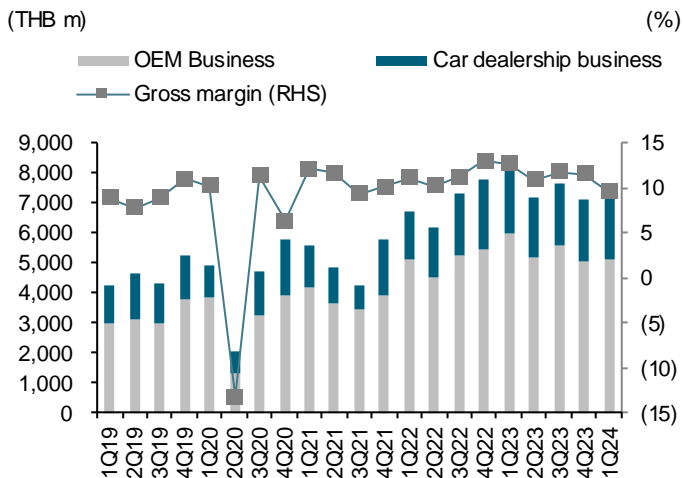
Sources: AH, FSSIA's compilation

Exhibit 5: Revenue from car dealership and EBIT margin



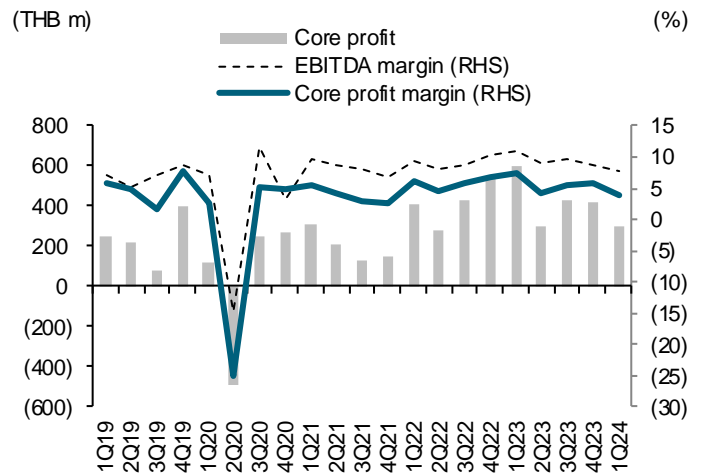
Sources: AH, FSSIA's compilation

Exhibit 6: Revenue breakdown and blended gross margin



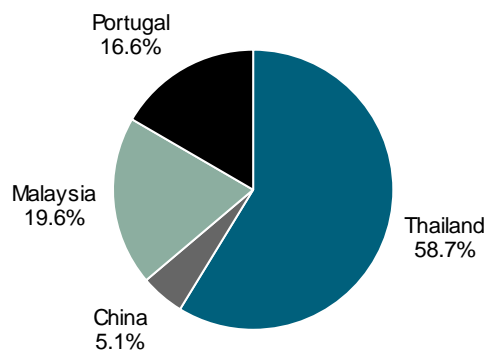
Sources: AH, FSSIA's compilation

Exhibit 7: Core profit and margins



Sources: AH, FSSIA's compilation

Exhibit 8: 1Q24 sales contribution by geography



Sources: AH, FSSIA's compilation

Exhibit 9: AH's products



Sources: AH, FSSIA's compilation

Exhibit 10: AH's OEM presence



Sources: AH, FSSIA's compilation

Exhibit 11: AH's car dealership presence



Sources: AH, FSSIA's compilation

Cut projections on softer-than-expected domestic demand

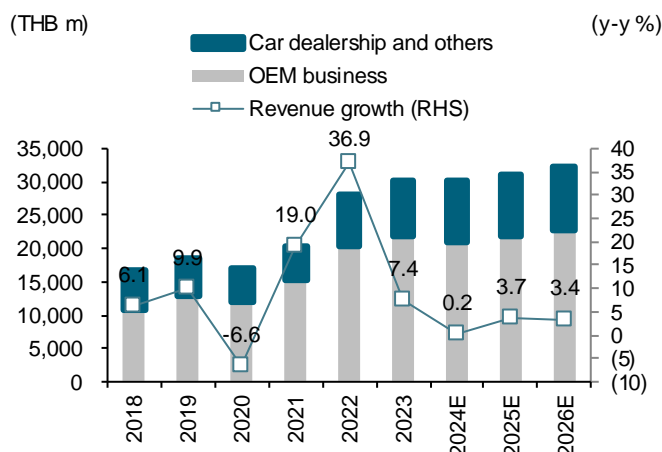
In addition to the lower-than-expected earnings in 1Q24, 2Q is normally the low season for automotive manufacturing in Thailand due to fewer working days. We cut our core profit estimates again by 7%/9%/11% in 2024-26, indicating a decline/growth of -10%/+7%/+8%, respectively. We trim our sales revenue and gross margin forecasts, reflecting the company's weak 1Q24 performance. We now expect AH's sales revenue to be flat in 2024 in line with Thailand's domestic car sales, instead of rising 3% in the previous projection. The gross margin should be soft from the lower production volume.

Exhibit 12: Key changes in assumptions

	Current			Previous			Change		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)
Total revenue	30,083	31,206	32,271	30,988	32,600	34,235	(2.9)	(4.3)	(5.7)
OEM business	21,027	21,867	22,685	22,227	23,415	24,666	(5.4)	(6.6)	(8.0)
Car dealership	9,057	9,339	9,586	8,761	9,186	9,568	3.4	1.7	0.2
Cost of goods sold	(26,720)	(27,648)	(28,576)	(27,409)	(28,819)	(30,263)	(2.5)	(4.1)	(5.6)
Gross profit	3,363	3,557	3,695	3,580	3,782	3,971	(6.0)	(5.9)	(7.0)
SG&A	(1,811)	(1,851)	(1,872)	(1,853)	(1,875)	(1,931)	(2.3)	(1.3)	(3.1)
EBIT	1,552	1,707	1,823	1,727	1,907	2,040	(10.1)	(10.5)	(10.6)
Interest expense	(369)	(340)	(313)	(360)	(302)	(262)	2.6	12.5	19.7
Equity income	173	180	186	135	142	160	27.9	26.3	16.6
Core profit	1,592	1,705	1,833	1,709	1,866	2,053	(6.8)	(8.6)	(10.7)
Core EPS (THB)	4.49	4.81	5.17	4.82	5.26	5.79	(6.8)	(8.6)	(10.7)
Margins	(%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(ppt)
Gross margin	11.2	11.4	11.5	11.6	11.6	11.6	(0.4)	(0.2)	(0.2)
EBITDA margin	9.5	9.7	9.8	9.7	9.9	9.9	(0.3)	(0.2)	(0.1)
EBIT margin	5.2	5.5	5.7	5.6	5.9	6.0	(0.4)	(0.4)	(0.3)
Core profit margin	5.3	5.5	5.7	5.5	5.7	6.0	(0.2)	(0.3)	(0.3)

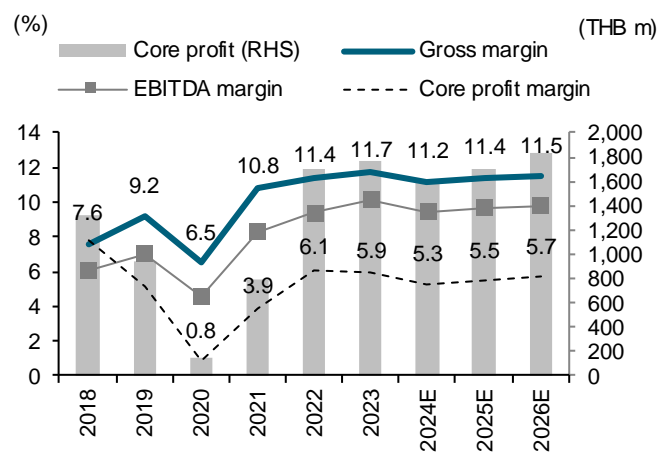
Sources: AH, FSSIA estimates

Exhibit 13: Revenue structure and growth



Sources: AH, FSSIA estimates

Exhibit 14: Margins and core profit

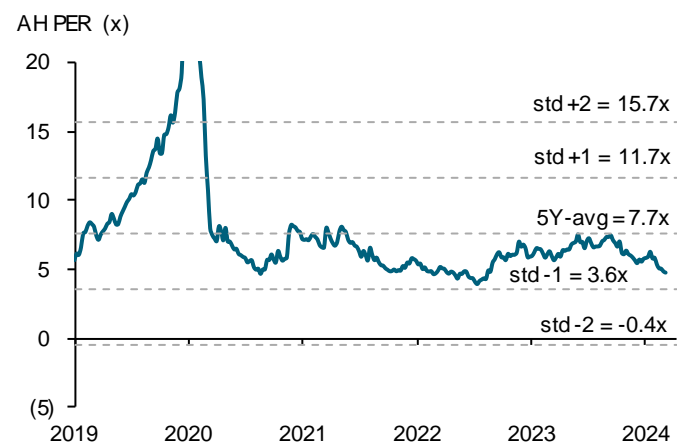


Sources: AH, FSSIA estimates

Cut our TP to THB29; maintain BUY rating

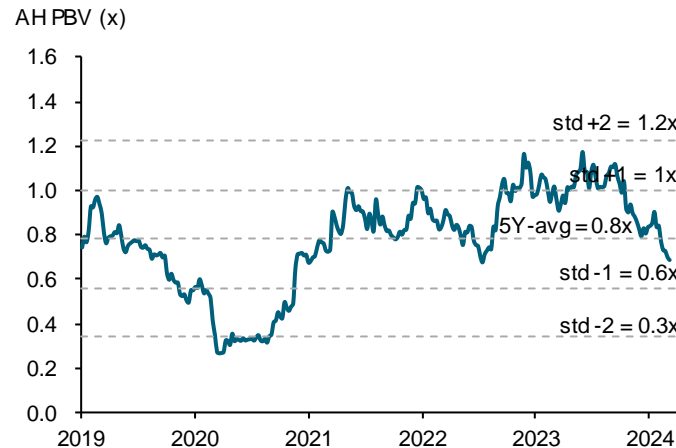
We cut our TP to THB29 from THB35 by cutting the target 2024 P/E to 6.5x (-0.5SD of its five-year historical average). AH's share price is already undemanding with a 2024E P/E of only 4.9x and 2024E P/BV of only 0.7x. Therefore, we maintain our BUY rating on AH.

Exhibit 15: One-year rolling forward P/E band



Sources: Bloomberg, FSSIA estimates

Exhibit 16: One-year rolling forward P/BV band



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	30,083	31,206	32,271
Cost of goods sold	(24,777)	(26,522)	(26,720)	(27,648)	(28,576)
Gross profit	3,191	3,512	3,363	3,557	3,695
Other operating income	-	-	-	-	-
Operating costs	(1,719)	(1,729)	(1,811)	(1,851)	(1,872)
Operating EBITDA	2,625	3,046	2,843	3,019	3,156
Depreciation	(1,154)	(1,262)	(1,291)	(1,312)	(1,333)
Goodwill amortisation	-	-	-	-	-
Operating EBIT	1,471	1,784	1,552	1,707	1,823
Net financing costs	(333)	(446)	(358)	(329)	(301)
Associates	452	132	173	180	186
Recurring non-operating income	769	488	488	464	481
Non-recurring items	116	(161)	0	0	0
Profit before tax	2,024	1,664	1,682	1,842	2,004
Tax	(177)	(82)	(118)	(166)	(200)
Profit after tax	1,847	1,583	1,565	1,676	1,803
Minority interests	(23)	28	28	29	30
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	1,824	1,610	1,592	1,705	1,833
Non-recurring items & goodwill (net)	(116)	161	0	0	0
Recurring net profit	1,708	1,771	1,592	1,705	1,833
Per share (THB)					
Recurring EPS *	4.81	4.99	4.49	4.81	5.17
Reported EPS	5.14	4.54	4.49	4.81	5.17
DPS	1.05	1.65	1.48	1.59	1.70
Diluted shares (used to calculate per share data)	355	355	355	355	355
Growth					
Revenue (%)	36.9	7.4	0.2	3.7	3.4
Operating EBITDA (%)	54.5	16.0	(6.7)	6.2	4.5
Operating EBIT (%)	120.1	21.2	(13.0)	10.0	6.8
Recurring EPS (%)	115.6	3.7	(10.1)	7.1	7.5
Reported EPS (%)	78.1	(11.7)	(1.1)	7.1	7.5
Operating performance					
Gross margin inc. depreciation (%)	11.4	11.7	11.2	11.4	11.5
Gross margin exc. depreciation (%)	15.5	15.9	15.5	15.6	15.6
Operating EBITDA margin (%)	9.4	10.1	9.5	9.7	9.8
Operating EBIT margin (%)	5.3	5.9	5.2	5.5	5.7
Net margin (%)	6.1	5.9	5.3	5.5	5.7
Effective tax rate (%)	8.7	4.9	7.0	9.0	10.0
Dividend payout on recurring profit (%)	21.8	33.1	33.0	33.0	33.0
Interest cover (X)	6.7	5.1	5.7	6.6	7.7
Inventory days	52.6	53.3	53.1	53.7	55.2
Debtor days	42.9	50.3	49.0	49.1	49.7
Creditor days	91.9	105.8	100.5	88.8	85.1
Operating ROIC (%)	17.2	20.5	15.9	15.2	15.3
ROIC (%)	13.3	14.3	12.9	12.6	12.8
ROE (%)	18.8	17.3	14.0	13.7	13.5
ROA (%)	8.6	8.7	7.7	7.9	8.1

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Manufacture of auto parts (OEM)	20,333	21,744	21,027	21,867	22,685
Car dealership business	7,634	8,290	9,057	9,339	9,586

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	1,592	1,705	1,833
Depreciation	1,154	1,262	1,291	1,312	1,333
Associates & minorities	23	(28)	(28)	(29)	(30)
Other non-cash items	101	123	162	(5)	(27)
Change in working capital	(939)	(1,022)	(1,836)	(408)	(1,002)
Cash flow from operations	2,047	2,106	1,181	2,576	2,107
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)
Cash flow from investing	(773)	1,739	(1,168)	(611)	(545)
Dividends paid	(372)	(589)	(526)	(563)	(605)
Equity finance	0	0	0	0	0
Debt finance	(278)	(1,320)	(113)	(570)	(247)
Other financing cash flows	(493)	(598)	(30)	(29)	(30)
Cash flow from financing	(1,143)	(2,507)	(669)	(1,162)	(882)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	(106)	(38)	(289)	(818)	(759)
Movement in cash	25	1,300	(945)	(15)	(78)
Free cash flow to firm (FCFF)	1,616.44	4,308.41	382.20	2,304.53	1,875.38
Free cash flow to equity (FCFE)	397.59	1,888.56	(419.25)	547.91	526.49

Per share (THB)

FCFF per share	4.56	12.14	1.08	6.49	5.29
FCFE per share	1.12	5.32	(1.18)	1.54	1.48
Recurring cash flow per share	8.42	8.82	8.50	8.41	8.76

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)
Tangible fixed assets (net)	7,913	7,453	8,104	8,155	8,126
Intangible fixed assets (net)	3,347	3,434	3,451	3,438	3,355
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	4,199	1,309	1,309	1,339	1,369
Cash & equivalents	767	2,067	1,122	1,107	1,029
A/C receivable	4,330	3,950	4,121	4,275	4,509
Inventories	3,784	3,591	3,807	3,939	4,306
Other current assets	302	1,565	1,752	1,963	2,198
Current assets	9,184	11,173	10,802	11,284	12,042
Other assets	826	1,388	1,261	1,315	1,405
Total assets	25,469	24,756	24,927	25,531	26,296
Common equity	9,611	10,832	11,871	12,985	14,183
Minorities etc.	318	484	457	428	398
Total shareholders' equity	9,929	11,317	12,328	13,412	14,581
Long term debt	3,759	1,851	1,750	1,632	1,590
Other long-term liabilities	543	493	493	494	503
Long-term liabilities	4,302	2,344	2,243	2,126	2,093
A/C payable	7,010	7,631	6,369	6,439	6,263
Short term debt	3,771	3,581	3,569	3,117	2,912
Other current liabilities	456	421	419	437	448
Current liabilities	11,237	11,633	10,356	9,993	9,623
Total liabilities and shareholders' equity	25,469	25,293	24,927	25,531	26,296
Net working capital	950	1,054	2,892	3,300	4,302
Invested capital	17,235	14,637	17,017	17,547	18,556

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

Per share (THB)

Book value per share	27.09	30.53	33.45	36.59	39.97
Tangible book value per share	17.65	20.85	23.73	26.90	30.52

Financial strength

Net debt/equity (%)	68.1	29.7	34.0	27.1	23.8
Net debt/total assets (%)	26.6	13.6	16.8	14.3	13.2
Current ratio (x)	0.8	1.0	1.0	1.1	1.3
CF interest cover (x)	3.1	5.8	0.8	3.2	3.2

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	4.5	4.4	4.9	4.5	4.2
Recurring P/E @ target price (x) *	6.0	5.8	6.5	6.0	5.6
Reported P/E (x)	4.2	4.8	4.9	4.5	4.2
Dividend yield (%)	4.8	7.6	6.8	7.3	7.8
Price/book (x)	0.8	0.7	0.7	0.6	0.5
Price/tangible book (x)	1.2	1.0	0.9	0.8	0.7
EV/EBITDA (x) **	5.6	3.8	4.4	3.9	3.7
EV/EBITDA @ target price (x) **	6.6	4.6	5.3	4.8	4.5
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 17: 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	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.
★★	>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 18: 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 19: ESG score by Bloomberg

FY ending Dec 31	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	—	—	3.55	3.56
BESG environmental pillar score	—	—	3.09	—
BESG social pillar score	—	—	2.95	—
BESG governance pillar score	—	—	4.88	—
ESG disclosure score	39.31	40.92	47.84	—
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	—
Environmental				
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 20: 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	—	—	—	—
Social				
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
Governance				
Board size	8	7	7	7
No. of independent directors (ID)	6	5	5	4
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
No. of executives / company managers	6	5	6	6
No. of female executives	2	2	2	2
Executive share ownership guidelines	No	No	No	No
Size of audit committee	3	3	3	3
No. of ID on audit committee	3	3	3	3
Audit committee meetings	4	4	4	4
Audit meeting attendance %	100	92	100	100
Size of compensation committee	3	3	3	3
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
Size of nomination committee	3	3	3	3
No. of nomination committee meetings	2	2	2	5
Nomination meeting attendance %	100	83	100	100
Sustainability governance				
Verification type	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 THSI inclusion , 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. SETTHSI Index 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.																				
CG Score 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%).																				
AGM level 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&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.																				
Thai CAC 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.																				
Morningstar Sustainability	The Sustainability's 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 & 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+																		
ESG Book	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.																				
MSCI	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>AAA</td><td>8.571-10.000</td><td rowspan="3">Leader:</td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td>AA</td><td>7.143-8.570</td></tr><tr><td>A</td><td>5.714-7.142</td></tr><tr><td>BBB</td><td>4.286-5.713</td><td rowspan="3">Average:</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>BB</td><td>2.857-4.285</td></tr><tr><td>B</td><td>1.429-2.856</td></tr><tr><td>CCC</td><td>0.000-1.428</td><td>Laggard:</td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr></table>		AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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B	1.429-2.856																					
CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks																			
Moody's ESG solutions	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.																					
Refinitiv ESG rating	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; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																					
S&P Global	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.																					
Bloomberg	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

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

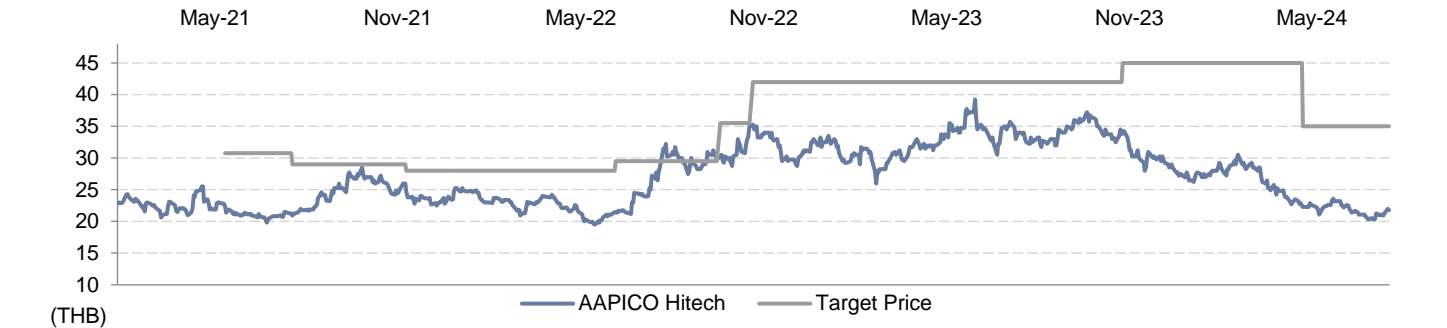
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) 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

AAPICO Hitech (AH TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
30-Aug-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
02-Feb-2022	HOLD	28.00	28-Oct-2022	BUY	35.50	14-Mar-2024	BUY	35.00

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 21.80	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 28-May-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.