

# SYNEX (THAILAND)

THAILAND / INFORMATION&amp;COMM TECH

# SYNEX TB

# BUY

UNCHANGED

## Growth in line with AI on device

- The meeting ended on a neutral note. SYNEX maintained its growth target of over 10% in 2024. In this aspect, we expect h-h and y-y strength in 2H24. Also, we expect the 2024 profit to jump by 39% y-y.
- We anticipate 2025-26 core profit growth of 16.2% CAGR.
- We maintain our BUY call after rolling over to our 2025 TP of THB17.6, based on a higher P/E of 20x.

TARGET PRICE	THB17.60
CLOSE	THB15.50
UP/DOWNSIDE	+13.5%
PRIOR TP	THB13.00
CHANGE IN TP	+35.4%
TP vs CONSENSUS	+6.6%

## KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	36,534	40,758	45,692	48,325
Net profit	513	681	824	891
EPS (THB)	0.61	0.80	0.97	1.05
vs Consensus (%)	-	13.8	13.1	10.2
EBITDA	697	920	1,085	1,171
Recurring net profit	433	601	744	811
Core EPS (THB)	0.51	0.71	0.88	0.96
Chg. In EPS est. (%)	-	(1.4)	(0.3)	(0.7)
EPS growth (%)	(40.9)	38.8	23.9	9.0
Core P/E (x)	30.3	21.9	17.6	16.2
Dividend yield (%)	4.0	3.3	4.0	4.4
EV/EBITDA (x)	27.7	20.8	18.2	17.1
Price/book (x)	3.2	3.0	2.8	2.7
Net debt/Equity (%)	150.9	138.6	144.2	139.2
ROE (%)	10.6	14.3	16.7	17.0

## A neutral analyst meeting on August 5, 2024

We have a neutral view of the meeting on August 5, 2024. SYNEX retained its 2024 sales growth target of over 10% due to more new product launches in 2H24, particularly the iPhone 16. It would come with Apple Intelligent and hit the market two days sooner. Also, SYNEX attempted to increase high-margin products in the gaming segment, such as Nintendo, and software, such as Autodesk, whose revenue recognition began in 2Q24.

## Robust AI on device growth prospects

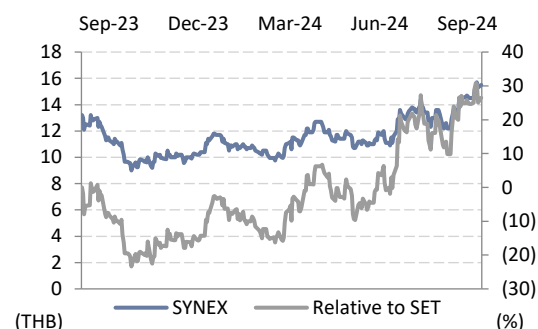
We believe AI on devices still has the potential to grow since it is still in its early stages. According to Canalys, the market share of AI-capable smartphones would record an extended gain to 54% by 2028 and AI-capable PCs to 60% by 2027. They would work better and faster and reduce energy consumption while processing, in line with the global trend toward a net zero, with enhanced data security. Currently, most AI models are trained on clouds. However, with AI on devices, they would process on machines with improved data security.

## Fine-tuning estimate, with 2024E core profit growth of 39% y-y

We have fine-tuned our estimate in line with the guidance. In particular, we raised our 2024-26E sales by 3-9%, with potential growth from Communication in 2024 and Consumer in 2025-26 due to a PC/Notebook upgrade cycle, AI-capable PC launches in the next 1-2 years, and an end of support for Window 10 in October 2025. Also, we trimmed our gross margin assumption.

## Reaffirm a BUY call at our 2025 TP of THB17.6

We keep our BUY call unchanged after rolling over to our 2025 TP of THB17.6, based on a higher P/E of 20x (its five-year historical average - 0.15SD), up from 18x (its five-year historical average -0.4SD) to reflect a 2025-26E growth of 16% CAGR, implying a PEG of 1.2x.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	27.0	30.3	15.7
Relative to country (%)	15.1	21.3	25.1
Mkt cap (USD m)	387		
3m avg. daily turnover (USD m)	0.9		
Free float (%)	20		
Major shareholder	TKS Technology PCL (39%)		
12m high/low (THB)	15.90/8.90		
Issued shares (m)	847.36		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

SYNEX is a leading IT distributor. It has been in the business for more than 30 years. SYNEX aims to become a leading one-stop service distributor of IT products and services, leading to sustainable and stable growth under its No.1 IT ecosystem strategy. We expect a 2024-26 revenue growth of 23.6% CAGR due to a recovery in Consumer Electronics, the AI implementation in NPU (Neural Processing Unit) to help improve efficiency, a focus on the high-value gaming market, and aggressive marketing in the software market, generating recurring income with a healthy margin. Also, Communication should see continued growth due to Apple and the solid gain of Honor, which SYNEX is an exclusive distributor.

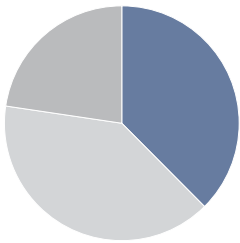
Company profile

SYNEX distributes computers, computer peripherals, software, IT systems, and computer-related supplies. Its customer base includes retailers and wholesalers nationwide, local-branded computer manufacturers, department stores, and superstores.

[www.synnex.co.th](http://www.synnex.co.th)

Principal activities (revenue, 2023)

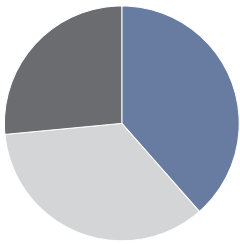
- Consumer - 37.6 %
- Communication - 39.8 %
- Commercial - 22.7 %



Source: Synex (Thailand)

Major shareholders

- TKS Technology PCL - 38.5 %
- King's Eye Investments Ltd - 35.0 %
- Others - 26.5 %



Source: Synex (Thailand)

Catalysts

Key catalysts for SYNEX include 1) a domestic purchasing power recovery, 2) government stimulus measures, 3) IT investments in the public and private sectors, which would help stimulate Commercial sales (8% of sales were government-based), and 4) new technological developments, such as AI processors.

Risks to our call

Downside risks to our P/E-based TP include 1) a slower-than-expected PC recovery, 2) sooner or later-than-expected government budget disbursement, and 3) sooner or slower-than-expected AI-capable PC/smartphone adoption.

Event calendar

Date	Event
Nov 2024	3Q24 results announcement

Key assumptions

	2023A	2024E	2025E	2026E
Revenues (THB m)	36,534	40,758	45,692	48,325
Growth (%)				
- Consumer	(10.6)	(7.3)	16.7	8.6
- Communication	3.7	35.0	10.0	5.0
- Commercial	3.0	(5.0)	1.0	3.0
Gross margin (%)	4.0	4.1	4.2	4.3
SG&A to sales (%)	2.5	2.3	2.2	2.2
Core profit (THB m)	433	601	744	811

Source: FSSIA estimates

Earnings sensitivity

- For every 1.0% increase in revenue, we estimate 2024 net profit to rise by 1.0%, and vice versa, all else being equal.
- For every 0.1% increase in GPM, we estimate 2024 net profit to rise by 5.2%, and vice versa, all else being equal.
- For every 0.1% increase in SG&A to sales, we estimate 2024 net profit to fall by 5.2%, and vice versa, all else being equal.

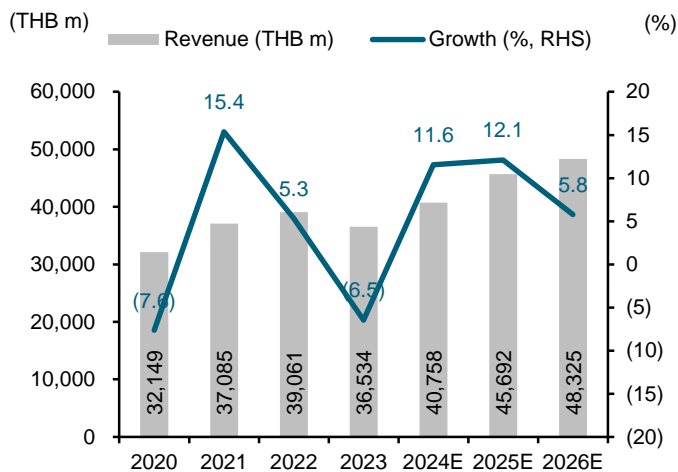
Source: FSSIA estimates

## Exhibit 1: Key assumptions

	Current			Previous			Change		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Revenues (THB m)	40,758	45,692	48,325	39,595	41,856	44,250	2.9	9.2	9.2
- Consumer growth (%)	(7.3)	16.7	8.6	9.3	7.0	7.0	(16.6)	9.7	1.6
- Communication growth (%)	35.0	10.0	5.0	5.0	5.0	5.0	30.0	5.0	0.0
- Commercial growth (%)	(5.0)	1.0	3.0	5.0	5.0	5.0	(10.0)	(4.0)	(2.0)
Gross margin (%)	4.1	4.2	4.3	4.2	4.4	4.4	(0.1)	(0.2)	(0.1)
SG&A to sales (%)	2.3	2.2	2.2	2.3	2.2	2.2	(0.0)	(0.0)	(0.0)
Core profit (THB m)	601	744	811	610	747	817	(1)	(0)	(1)

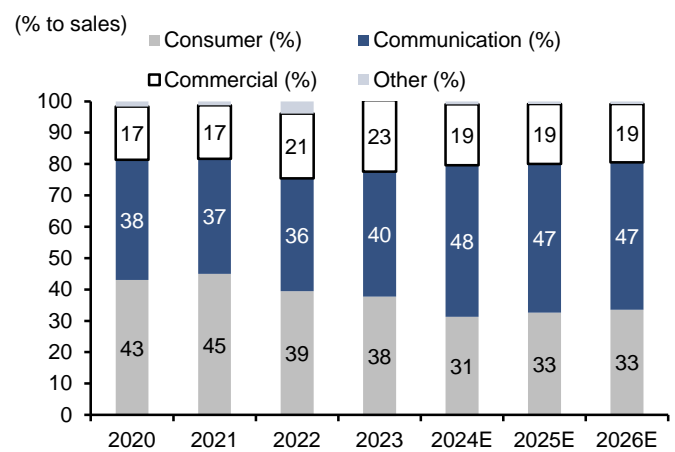
Sources: FSSIA estimates

## Exhibit 2: Yearly revenue



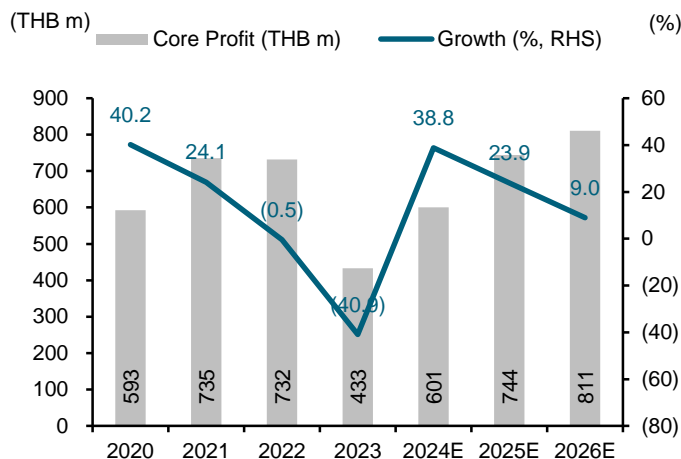
Sources: SYNEX; FSSIA estimates

## Exhibit 3: Revenue contribution by segments



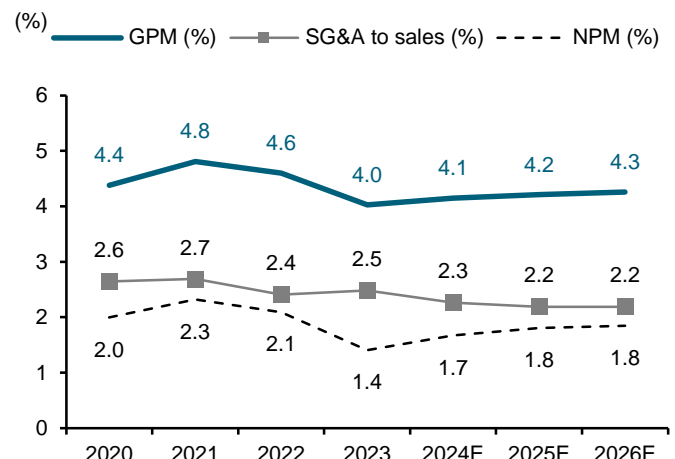
Sources: SYNEX; FSSIA estimates

## Exhibit 4: Yearly core profit



Sources: SYNEX; FSSIA estimates

## Exhibit 5: Profitability



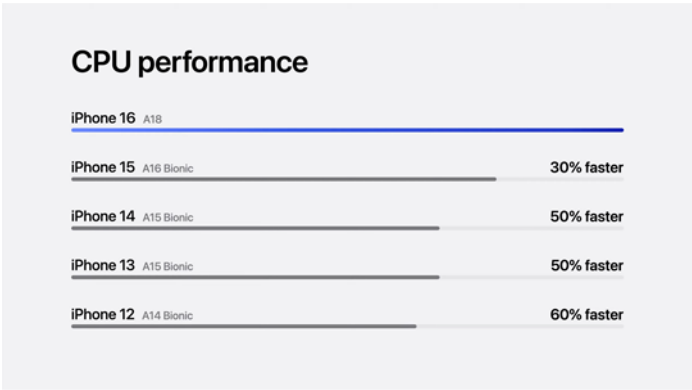
Sources: SYNEX; FSSIA estimates

Exhibit 6: iPhone price comparison (THB)

Thai (THB)	Display	Chip	128 GB	256 GB	512 GB	1TB
15	6.1"	A16 Bionic	32,900	36,900	45,900	
15 Plus	6.7"	A16 Bionic	37,900	41,900	50,900	
15 Pro	6.1"	A17 Pro	41,900	45,900	54,900	63,900
15 Pro Max	6.7"	A17 Pro	-	48,900	57,900	66,900
16	6.1"	A18 Bionic	29,900	33,900	41,900	
16 Plus	6.7"	A18 Bionic	34,900	38,900	46,900	
16 Pro	6.3"	A18 Pro	39,900	43,900	51,900	59,900
16 Pro Max	6.9"	A18 Pro	-	48,900	56,900	64,900
Price change (%)						
16			(9)	(8)	(9)	-
16 Plus			(8)	(7)	(8)	-
16 Pro			(5)	(4)	(5)	(6)
16 Pro Max			-	-	(2)	(3)

Sources: Apple, FSSIA's compilation

Exhibit 7: CPU performance



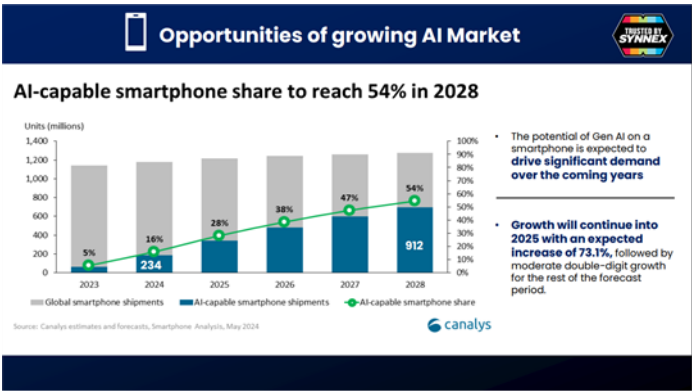
Source: Apple

Exhibit 8: New Apple Watch and AirPods were also unveiled



Source: Apple

Exhibit 9: AI-capable smartphone share to reach 54% in 2028



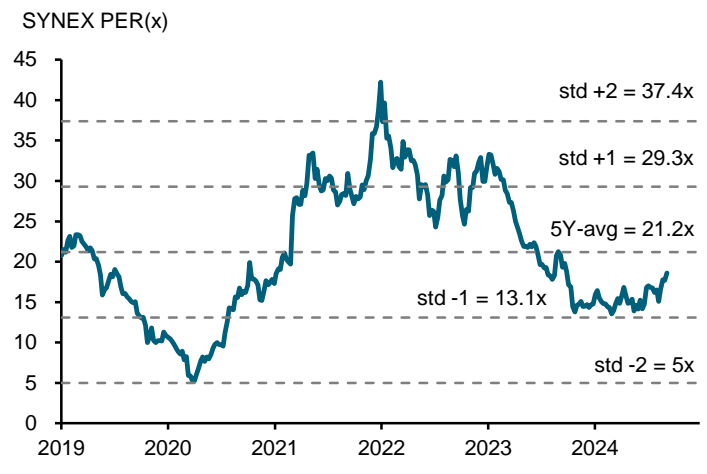
Source: SYNEX

Exhibit 10: AI-capable PC shipments to reach 60% in 2027



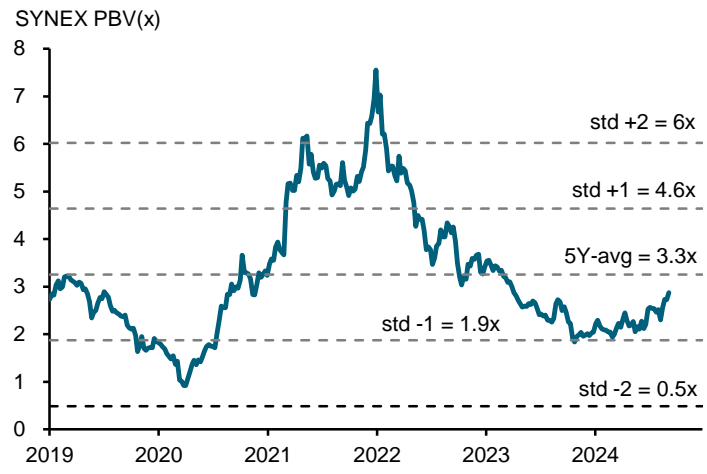
Source: SYNEX

Exhibit 11: Rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 12: Rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

## Financial Statements

Synex (Thailand)

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	39,061	36,534	40,758	45,692	48,325
Cost of goods sold	(37,265)	(35,063)	(39,067)	(43,768)	(46,267)
<b>Gross profit</b>	<b>1,796</b>	<b>1,470</b>	<b>1,691</b>	<b>1,924</b>	<b>2,058</b>
Other operating income	81	85	94	106	112
Operating costs	(941)	(906)	(922)	(1,001)	(1,058)
<b>Operating EBITDA</b>	<b>981</b>	<b>697</b>	<b>920</b>	<b>1,085</b>	<b>1,171</b>
Depreciation	(46)	(48)	(55)	(56)	(60)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>935</b>	<b>648</b>	<b>864</b>	<b>1,029</b>	<b>1,112</b>
Net financing costs	33	(65)	(93)	(78)	(85)
Associates	38	63	63	63	69
Recurring non-operating income	38	63	63	63	69
Non-recurring items	0	0	0	0	0
<b>Profit before tax</b>	<b>1,007</b>	<b>646</b>	<b>834</b>	<b>1,013</b>	<b>1,095</b>
Tax	(201)	(134)	(154)	(190)	(205)
<b>Profit after tax</b>	<b>806</b>	<b>512</b>	<b>680</b>	<b>823</b>	<b>890</b>
Minority interests	10	1	1	1	1
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>816</b>	<b>513</b>	<b>681</b>	<b>824</b>	<b>891</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(84)</b>	<b>(80)</b>	<b>(80)</b>	<b>(80)</b>	<b>(80)</b>
<b>Recurring net profit</b>	<b>732</b>	<b>433</b>	<b>601</b>	<b>744</b>	<b>811</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.86	0.51	0.71	0.88	0.96
Reported EPS	0.96	0.61	0.80	0.97	1.05
DPS	0.70	0.62	0.52	0.63	0.68
Diluted shares (used to calculate per share data)	847	847	847	847	847
<b>Growth</b>					
Revenue (%)	5.3	(6.5)	11.6	12.1	5.8
Operating EBITDA (%)	7.8	(29.0)	32.0	18.0	7.9
Operating EBIT (%)	8.6	(30.7)	33.3	19.1	8.0
Recurring EPS (%)	(0.5)	(40.9)	38.8	23.9	9.0
Reported EPS (%)	(5.1)	(37.1)	32.6	21.1	8.1
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	4.6	4.0	4.1	4.2	4.3
Gross margin exc. depreciation (%)	4.7	4.2	4.3	4.3	4.4
Operating EBITDA margin (%)	2.5	1.9	2.3	2.4	2.4
Operating EBIT margin (%)	2.4	1.8	2.1	2.3	2.3
Net margin (%)	1.9	1.2	1.5	1.6	1.7
Effective tax rate (%)	19.9	20.8	18.5	18.8	18.7
Dividend payout on recurring profit (%)	81.0	121.4	72.9	71.3	70.7
Interest cover (X)	(29.2)	11.0	10.0	14.0	13.9
Inventory days	33.3	37.9	35.0	33.1	34.1
Debtor days	52.1	58.9	56.5	55.8	57.3
Creditor days	28.7	26.3	26.0	26.8	27.6
Operating ROIC (%)	11.1	6.4	8.2	9.2	9.2
ROIC (%)	9.6	5.7	7.1	8.0	8.1
ROE (%)	18.2	10.6	14.3	16.7	17.0
ROA (%)	5.7	3.6	4.8	5.3	5.4

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

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Consumer	16,511	13,720	12,766	14,898	16,182
Communication	14,061	14,539	19,688	21,657	22,740
Commercial	7,734	8,275	7,904	8,733	8,995
Others	755		400	404	408

Sources: Synex (Thailand); FSSIA estimates

## Financial Statements

Synex (Thailand)

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	732	433	601	744	811
Depreciation	46	48	55	56	60
Associates & minorities	(38)	(63)	(63)	(63)	(69)
Other non-cash items	(102)	(74)	71	116	113
Change in working capital	(1,830)	(519)	(90)	(1,023)	(587)
<b>Cash flow from operations</b>	<b>(1,192)</b>	<b>(174)</b>	<b>575</b>	<b>(170)</b>	<b>328</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(97)	(44)	(52)	(47)	(49)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(758)	(214)	0	0	0
<b>Cash flow from investing</b>	<b>(855)</b>	<b>(258)</b>	<b>(52)</b>	<b>(47)</b>	<b>(49)</b>
Dividends paid	(593)	(523)	(438)	(531)	(574)
Equity finance	(10)	(1)	0	0	0
Debt finance	2,674	725	(27)	511	236
Other financing cash flows	(37)	(17)	0	2	2
<b>Cash flow from financing</b>	<b>2,034</b>	<b>185</b>	<b>(465)</b>	<b>(17)</b>	<b>(336)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>84</b>	<b>80</b>	<b>80</b>	<b>80</b>	<b>80</b>
<b>Movement in cash</b>	<b>71</b>	<b>(167)</b>	<b>138</b>	<b>(153)</b>	<b>23</b>
Free cash flow to firm (FCFF)	(1,997.10)	(287.09)	695.47	(57.99)	443.53
Free cash flow to equity (FCFE)	673.68	356.90	576.44	377.30	596.43

### Per share (THB)

FCFF per share	(2.36)	(0.34)	0.82	(0.07)	0.52
FCFE per share	0.80	0.42	0.68	0.45	0.70
Recurring cash flow per share	0.75	0.41	0.78	1.01	1.08

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	1,020	1,050	1,094	1,138	1,182
Less: Accumulated depreciation	(647)	(690)	(737)	(791)	(846)
<b>Tangible fixed assets (net)</b>	<b>373</b>	<b>359</b>	<b>356</b>	<b>347</b>	<b>335</b>
<b>Intangible fixed assets (net)</b>	<b>28</b>	<b>37</b>	<b>37</b>	<b>37</b>	<b>38</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	1,266	1,328	1,328	1,328	1,328
Cash & equivalents	304	137	275	122	145
A/C receivable	6,491	6,548	7,105	7,964	8,441
Inventories	3,547	3,734	3,743	4,194	4,433
Other current assets	841	1,109	1,131	1,251	1,350
<b>Current assets</b>	<b>11,184</b>	<b>11,528</b>	<b>12,255</b>	<b>13,531</b>	<b>14,369</b>
Other assets	395	564	565	575	583
<b>Total assets</b>	<b>13,245</b>	<b>13,817</b>	<b>14,543</b>	<b>15,818</b>	<b>16,654</b>
Common equity	4,098	4,073	4,316	4,610	4,927
Minorities etc.	6	5	5	5	5
<b>Total shareholders' equity</b>	<b>4,105</b>	<b>4,079</b>	<b>4,321</b>	<b>4,615</b>	<b>4,932</b>
Long term debt	688	471	330	146	71
Other long-term liabilities	101	102	102	111	118
<b>Long-term liabilities</b>	<b>788</b>	<b>573</b>	<b>432</b>	<b>257</b>	<b>189</b>
A/C payable	2,885	2,880	3,379	3,784	4,013
Short term debt	4,878	5,820	5,934	6,629	6,940
Other current liabilities	590	466	476	533	579
<b>Current liabilities</b>	<b>8,352</b>	<b>9,165</b>	<b>9,789</b>	<b>10,946</b>	<b>11,532</b>
<b>Total liabilities and shareholders' equity</b>	<b>13,245</b>	<b>13,817</b>	<b>14,543</b>	<b>15,818</b>	<b>16,654</b>
Net working capital	7,405	8,045	8,125	9,091	9,632
Invested capital	9,467	10,334	10,412	11,379	11,917

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

### Per share (THB)

Book value per share	4.84	4.81	5.09	5.44	5.81
Tangible book value per share	4.80	4.76	5.05	5.40	5.77

### Financial strength

Net debt/equity (%)	128.2	150.9	138.6	144.2	139.2
Net debt/total assets (%)	39.7	44.5	41.2	42.1	41.2
Current ratio (x)	1.3	1.3	1.3	1.2	1.2
CF interest cover (x)	(22.1)	7.2	7.8	6.4	8.6

Valuation	2022	2023	2024E	2025E	2026E
<b>Recurring P/E (x) *</b>	<b>17.9</b>	<b>30.3</b>	<b>21.9</b>	<b>17.6</b>	<b>16.2</b>
<b>Recurring P/E @ target price (x) *</b>	<b>20.4</b>	<b>34.5</b>	<b>24.8</b>	<b>20.0</b>	<b>18.4</b>
Reported P/E (x)	16.1	25.6	19.3	15.9	14.7
Dividend yield (%)	4.5	4.0	3.3	4.0	4.4
Price/book (x)	3.2	3.2	3.0	2.8	2.7
Price/tangible book (x)	3.2	3.3	3.1	2.9	2.7
EV/EBITDA (x) **	18.8	27.7	20.8	18.2	17.1
EV/EBITDA @ target price (x) **	20.6	30.3	22.7	19.9	18.6
EV/invested capital (x)	1.9	1.9	1.8	1.7	1.7

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

Sources: Synex (Thailand); FSSIA estimates



# Synnex (Thailand) PCL (SYNEX TB)

FSSIA ESG rating

★ ★

Exhibit 13: FSSIA ESG score implication

35.18 /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.
★★★	>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 14: 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	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
ITEL	38.30	--	--	Y	5.00	5.00	Certified	--	40.60	--	--	41.18	--	2.05	39.11
ILINK	37.92	--	--	Y	5.00	5.00	Certified	--	57.40	--	--	45.96	--	--	--
SYNEX	35.18	--	Y	Y	4.00	4.00	--	--	53.33	--	--	27.64	--	--	41.24
ADVANC	84.07	Y	Y	Y	5.00	5.00	Certified	Medium	59.80	AA	40.00	73.60	90.00	3.62	59.09
FORTH	23.00	--	--	--	4.00	4.00	--	Low	--	--	--	--	--	--	--

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 15: ESG score by Bloomberg

FY ending Dec 31	FY 2021	FY 2022
ESG financial materiality scores - ESG score	—	—
BESG environmental pillar score	—	—
BESG social pillar score	—	—
BESG governance pillar score	4.06	4.01
ESG disclosure score	42.99	41.24
Environmental disclosure score	21.41	14.59
Social disclosure score	23.82	25.39
Governance disclosure score	83.59	83.59
Environmental		
Emissions reduction initiatives	Yes	Yes
Climate change policy	Yes	Yes
Climate change opportunities discussed	No	No
Risks of climate change discussed	No	No
GHG scope 1	714	622
GHG scope 2 location-based	—	—
GHG Scope 3	—	—
Carbon per unit of production	—	—
Biodiversity policy	No	No
Energy efficiency policy	Yes	Yes
Total energy consumption	1	1
Renewable energy use	0	—
Electricity used	1	1
Fuel used - natural gas	—	—

Sources: Bloomberg; FSSIA's compilation



**Exhibit 16: ESG score by Bloomberg (cont.)**

FY ending Dec 31	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No
Waste reduction policy	Yes	Yes
Hazardous waste	0	0
Total waste	0	0
Waste recycled	—	—
Waste sent to landfills	—	—
Environmental supply chain management	No	No
Water policy	Yes	Yes
Water consumption	11	14
<b>Social</b>		
Human rights policy	Yes	Yes
Policy against child labor	No	No
Quality assurance and recall policy	Yes	Yes
Consumer data protection policy	Yes	Yes
Equal opportunity policy	Yes	Yes
Gender pay gap breakout	No	No
Pct women in workforce	—	—
Pct disabled in workforce	—	1
Business ethics policy	Yes	Yes
Anti-bribery ethics policy	Yes	Yes
Health and safety policy	Yes	Yes
Lost time incident rate - employees	0	0
Total recordable incident rate - employees	—	—
Training policy	Yes	Yes
Fair remuneration policy	No	No
Number of employees – CSR	698	704
Employee turnover pct	—	—
Total hours spent by firm - employee training	17,450	14,784
Social supply chain management	No	No
<b>Governance</b>		
<b>Board size</b>	<b>12</b>	<b>12</b>
<b>No. of independent directors (ID)</b>	<b>4</b>	<b>4</b>
No. of women on board	4	4
No. of non-executive directors on board	9	10
Company conducts board evaluations	Yes	Yes
No. of board meetings for the year	4	4
Board meeting attendance pct	100	100
Board duration (years)	3	3
Director share ownership guidelines	No	No
Age of the youngest director	40	41
Age of the oldest director	71	72
<b>No. of executives / company managers</b>	<b>13</b>	<b>11</b>
No. of female executives	6	6
Executive share ownership guidelines	No	No
<b>Size of audit committee</b>	<b>3</b>	<b>3</b>
No. of ID on audit committee	3	3
Audit committee meetings	5	5
Audit meeting attendance %	100	100
<b>Size of compensation committee</b>	<b>3</b>	<b>3</b>
No. of ID on compensation committee	1	1
No. of compensation committee meetings	2	2
Compensation meeting attendance %	100	100
<b>Size of nomination committee</b>	<b>3</b>	<b>3</b>
No. of nomination committee meetings	2	2
Nomination meeting attendance %	100	100
<b>Sustainability governance</b>		
Verification type	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 <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.																				
<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 Sustainability</a>	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 &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

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

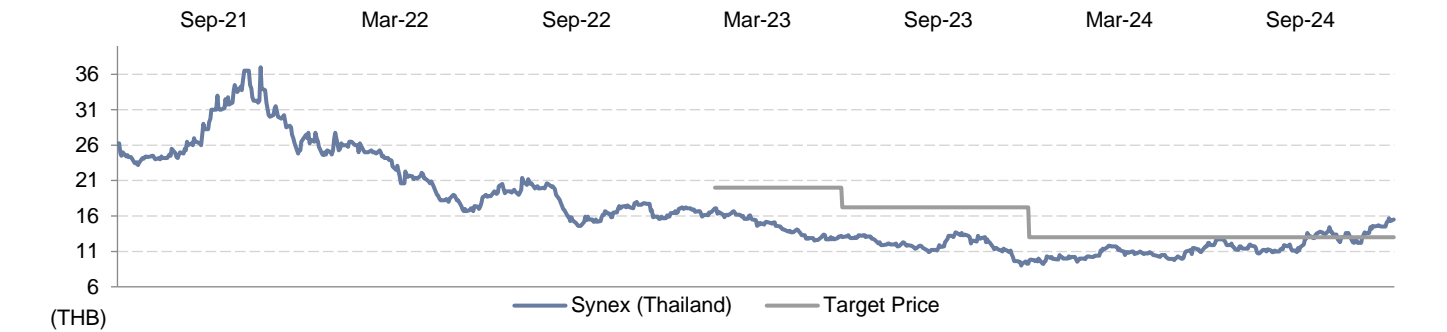
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History of change in investment rating and/or target price

Synex (Thailand) (SYNEX TB)



Jitra Amornthum started covering this stock from 03-Feb-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Synex (Thailand)	SYNEX TB	THB 15.50	BUY	Downside risks to our P/E-based TP include 1) a slower-than-expected PC recovery, 2) product shortages, and 3) currency fluctuations.

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 09-Sep-2024 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

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