

SYNEX (THAILAND)

SYNEX TB

THAILAND / INFORMATION&COMM TECH

BUY

UNCHANGED

เติบโตไปพร้อมกับ AI on device

- โทนการประชุมเป็นกลาง SYNEX ยังคงเป้าการเติบโตไม่น้อยกว่า 10% ในปี 2024 แนวโน้ม 2H24 คาดเติบโตทั้ง h-h & y-y คาดกำไรปกติปี 24 โต 39% y-y
- เราคาดการณ์กำไรปกติปี 2025-26 เติบโต 16.2% CAGR
- คงคำแนะนำ ซื้อ, Rollover TP ปี 25, re-rate P/E เป็น 20x ได้ TP 17.6 บาท

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

เรามีมุมมองเป็นกลางสำหรับการประชุมนักวิเคราะห์ในวันที่ 5/9/2024

เรามีมุมมองเป็นกลางสำหรับโทนการประชุมเมื่อวันที่ 5/9/2024 โดย SYNEX ยังคงเป้าการเติบโตของยอดขายปี 2024 ไม่น้อยกว่า 10% โดยช่วงครึ่งปีหลังจะมีสินค้าใหม่ทยอยเปิดตัวเพิ่มมากขึ้น โดยเฉพาะ iPhone16 ที่มาพร้อมกับ Apple intelligent และวางขายเร็วขึ้น 2 วัน นอกจากนี้ SYNEX พยายามจะ Blend สินค้า high margin มากขึ้นผ่านสินค้าในกลุ่ม Gaming อย่าง Nintendo และสินค้า Software อย่าง Autodesk ที่เริ่มรับรู้รายได้ในช่วง 2Q24

เราเชื่อว่า AI on device จะยังมีโอกาสเติบโต

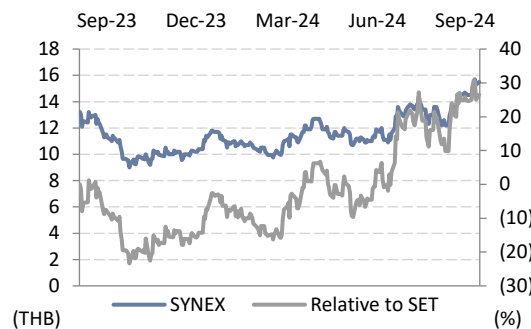
เราเชื่อว่า AI on device ยังมีโอกาสเติบโต ซึ่งปัจจุบันยังอยู่ในช่วงเริ่มต้น (Early stage) ทั้งนี้ ตามการคาดการณ์ของ Canalys คาดว่าสัดส่วนการตลาดของ AI-capable smartphone จะปรับขึ้นต่อเนื่องเป็น 54% ในปี 2028 และ AI-capable PC จะเป็น 60% ในปี 2027 ซึ่งจะช่วยให้การทำงานดีขึ้นและเร็วขึ้น, ลดการใช้พลังงานในการ process ลง ซึ่งจะสอดคล้องกับ Trend ของโลกที่จะมุ่งสู่ Net zero รวมถึงมีความปลอดภัยของข้อมูล ซึ่งปัจจุบัน AI Modal ส่วนใหญ่จะ Train บน Cloud หากมี AI-enable on device จะช่วยให้ process บนเครื่องได้ และจะช่วยเรื่อง Data security ได้มากขึ้น

ปรับประมาณการเล็กน้อย คาดกำไรปกติปี 2024 ยังเติบโตเด่น +39% y-y

เราปรับประมาณการเล็กน้อยเพื่อ fine tune ประมาณการของเราให้สอดคล้องกับเป้าหมายของบริษัท โดยปรับยอดขายปี 2024-26 ขึ้น 3-9% และปรับอัตรากำไรขั้นต้นลงเล็กน้อย โดยปี 2024 คาดว่ากลุ่มสินค้า Communication จะเป็นกลุ่มหลักที่เติบโต ขณะที่ปี 2025-26 เราเชื่อว่าสินค้ากลุ่ม Consumer เป็นกลุ่มที่จะกลับมาเติบโต จากรอบการเปลี่ยนสินค้า PC/Notebook บวกกับสินค้าในกลุ่ม AI PC ที่จะทยอยเข้ามาใน 1-2 ปีหน้า รวมถึงการหยุดสนับสนุน Window 10 ในเดือนต.ค. 2025

คงคำแนะนำซื้อ ราคาเป้าหมายปี 2025 ที่ 17.6 บาท

เราคงคำแนะนำ ซื้อ โดย Rollover ราคาเป้าหมายเป็นปี 2025 และ re-rate P/E ขึ้นเป็น 20 เท่า (เฉลี่ย 5 ปี -0.15SD) จากเดิม 18 เท่า (เฉลี่ย 5 ปี -0.4SD) จากแนวโน้มการเติบโตปี 2025-26 ที่ 16% CAGR คิดเป็น PEG 1.2 เท่า ได้ TP ปี 2025 ที่ 17.6 บาท



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 เป็นผู้นำในด้าน IT distributor ภายใต้การดำเนินธุรกิจกว่า 30 ปี โดยบริษัทมุ่งที่จะเป็นผู้นำในการจัดจำหน่ายสินค้าและให้บริการแบบครบวงจรด้าน IT ไปสู่การเติบโตที่มั่นคงและยั่งยืน ภายใต้กลยุทธ์ “No.1 IT Ecosystem” เราคาดการณ์ได้รวมในปี 2024-26E เติบโตเฉลี่ย 23.3% CAGR จากการฟื้นตัวของกลุ่มสินค้า Consumer electronics รวมถึงการ Implementation ของ AI เข้ากับระบบการประมวลผล (NPU; Neural Processing Unit) ซึ่งจะเข้ามาช่วยในการทำงานมีประสิทธิภาพมากขึ้น รวมถึงการมุ่งเน้นในกลุ่ม Gaming ที่มีมูลค่าตลาดสูง และการบุกตลาด Software ที่มีรายได้สม่ำเสมอและ Margin ที่ดี ประกอบกับธุรกิจ Communication ที่มีการเติบโตต่อเนื่องอย่าง Brand Apple รวมถึงบริษัทเป็น Exclusive distributor ของ Honor ที่มีการเติบโตได้ดี

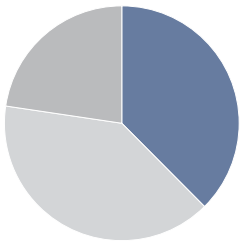
Company profile

SYNEX เป็นผู้จัดจำหน่ายคอมพิวเตอร์ อุปกรณ์ต่อพ่วงคอมพิวเตอร์ ซอฟต์แวร์ ระบบสารสนเทศ และวัสดุสิ้นเปลืองที่ใช้กับคอมพิวเตอร์ โดยมีฐานลูกค้าที่เป็นผู้ประกอบการคอมพิวเตอร์ทั้งที่เป็นร้านค้าปลีกและค้าส่งทั่วประเทศ ผู้ผลิตคอมพิวเตอร์ภายใต้เครื่องหมายการค้าของตัวเอง รวมถึงห้างสรรพสินค้า ห้างค้าปลีกขนาดใหญ่

www.synnex.co.th

Principal activities (revenue, 2023)

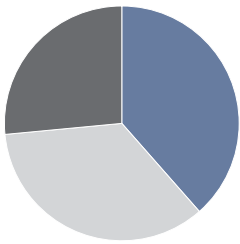
- Consumer - 37.6 %
- Communication - 39.8 %
- Commercial - 22.7 %



Source: Synex (Thailand)

Major shareholders

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



Source: Synex (Thailand)

Catalysts

ปัจจัยบวกต่อราคาหุ้น 1) การฟื้นตัวของกำลังซื้อในประเทศ 2) นโยบายการกระตุ้นเศรษฐกิจของภาครัฐ 3) โครงการภาคเอกชนและภาครัฐ ที่เริ่มกลับมาลงทุนด้าน IT ซึ่งจะช่วยกระตุ้นยอดขายในกลุ่มสินค้า Commercial (8% ของยอดขายรวมเป็น Government base) 4) การพัฒนาเทคโนโลยีใหม่ๆ เช่น AI Processors

Risks to our call

ความเสี่ยง 1) การฟื้นตัวของสินค้าในกลุ่ม PC เร็ว/ช้ากว่าที่คาด 2) การเบิกจ่ายงบประมาณภาครัฐเร็ว/ช้ากว่าที่คาด 3) การ Adopt ใช้ AI PC/AI Smartphone เร็ว/ช้ากว่าที่คาด

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.

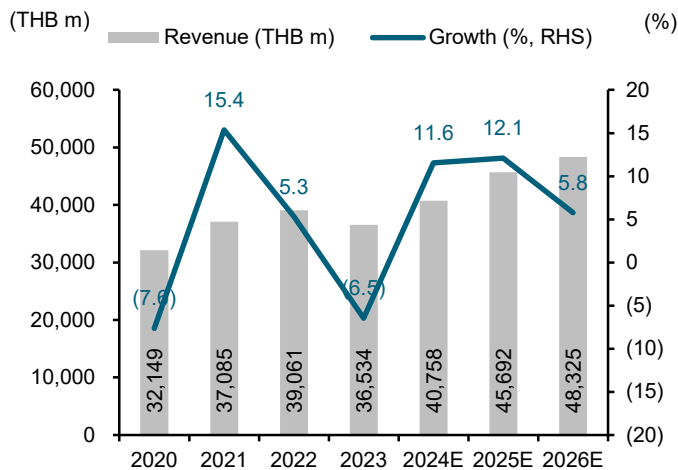
Source: FSSIA estimates

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)

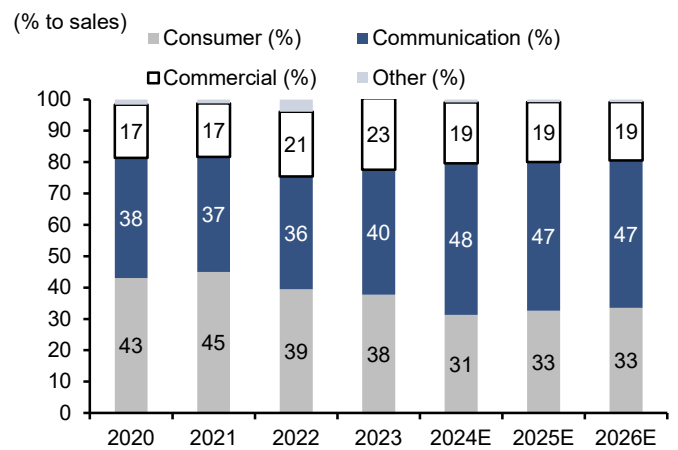
Sources: FSSIA estimates

Exhibit 2: Yearly revenue



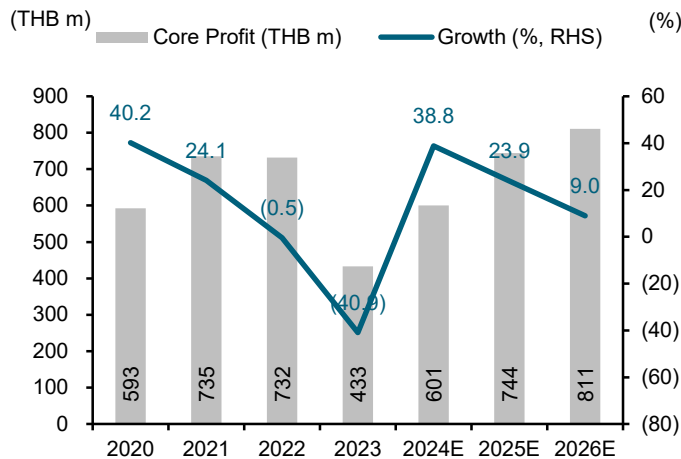
Sources: SYNEX; FSSIA estimates

Exhibit 3: Revenue contribution by segments



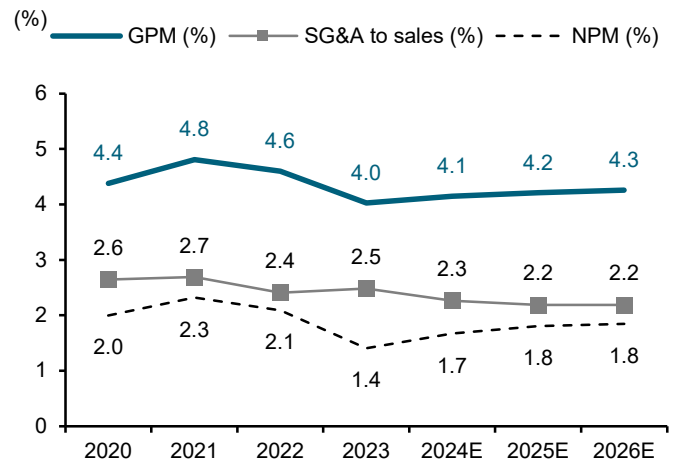
Sources: SYNEX; FSSIA estimates

Exhibit 4: Yearly core profit



Sources: SYNEX; FSSIA estimates

Exhibit 5: Profitability



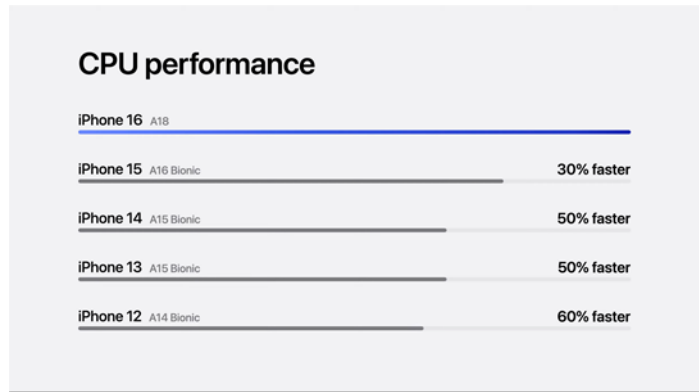
Sources: SYNEX; FSSIA estimates

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



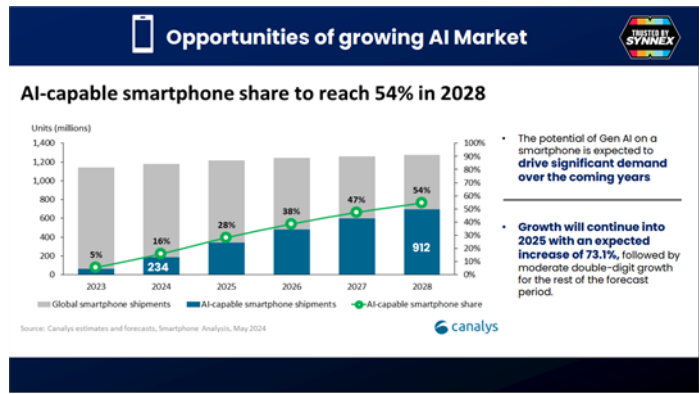
Source: Apple

Exhibit 8: New Apple Watch and AirPods were also unveiled



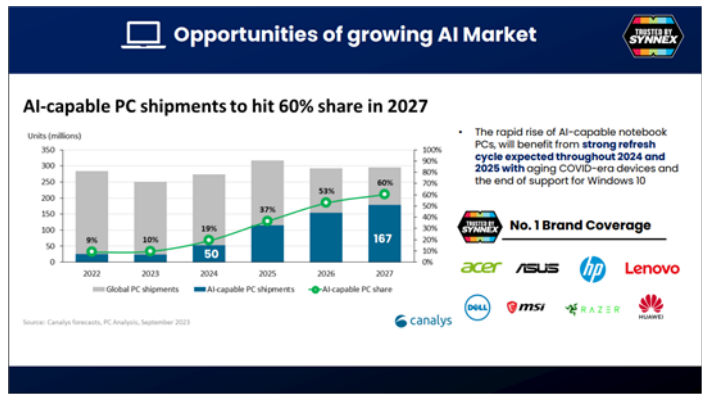
Source: Apple

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



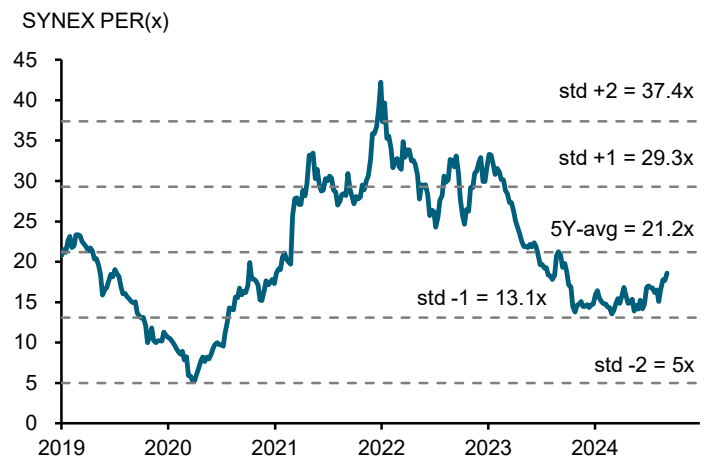
Source: SYNEX

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



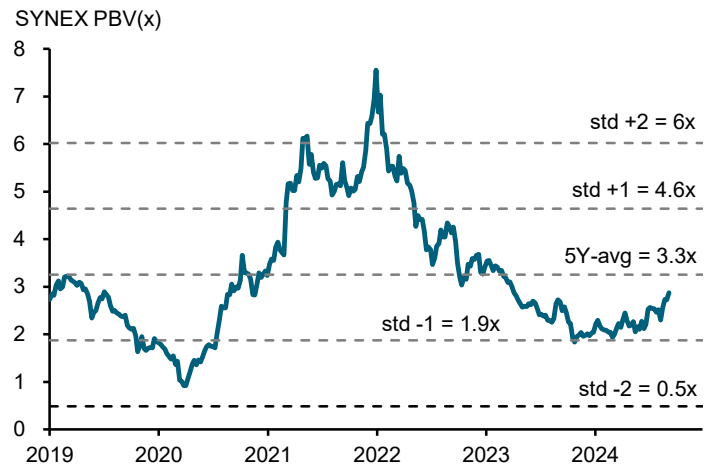
Source: SYNEX

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)
Gross profit	1,796	1,470	1,691	1,924	2,058
Other operating income	81	85	94	106	112
Operating costs	(941)	(906)	(922)	(1,001)	(1,058)
Operating EBITDA	981	697	920	1,085	1,171
Depreciation	(46)	(48)	(55)	(56)	(60)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	935	648	864	1,029	1,112
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
Profit before tax	1,007	646	834	1,013	1,095
Tax	(201)	(134)	(154)	(190)	(205)
Profit after tax	806	512	680	823	890
Minority interests	10	1	1	1	1
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	816	513	681	824	891
Non-recurring items & goodwill (net)	(84)	(80)	(80)	(80)	(80)
Recurring net profit	732	433	601	744	811
Per share (THB)					
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
Growth					
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
Operating performance					
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)
Cash flow from operations	(1,192)	(174)	575	(170)	328
Capex - maintenance	-	-	-	-	-
Capex - new investment	(97)	(44)	(52)	(47)	(49)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(758)	(214)	0	0	0
Cash flow from investing	(855)	(258)	(52)	(47)	(49)
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
Cash flow from financing	2,034	185	(465)	(17)	(336)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	84	80	80	80	80
Movement in cash	71	(167)	138	(153)	23
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)
Tangible fixed assets (net)	373	359	356	347	335
Intangible fixed assets (net)	28	37	37	37	38
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
Current assets	11,184	11,528	12,255	13,531	14,369
Other assets	395	564	565	575	583
Total assets	13,245	13,817	14,543	15,818	16,654
Common equity	4,098	4,073	4,316	4,610	4,927
Minorities etc.	6	5	5	5	5
Total shareholders' equity	4,105	4,079	4,321	4,615	4,932
Long term debt	688	471	330	146	71
Other long-term liabilities	101	102	102	111	118
Long-term liabilities	788	573	432	257	189
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
Current liabilities	8,352	9,165	9,789	10,946	11,532
Total liabilities and shareholders' equity	13,245	13,817	14,543	15,818	16,654
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
Recurring P/E (x) *	17.9	30.3	21.9	17.6	16.2
Recurring P/E @ target price (x) *	20.4	34.5	24.8	20.0	18.4
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


35.18 /100

Exhibit 13: 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 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](https://www.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
Social		
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
Governance		
Board size	12	12
No. of independent directors (ID)	4	4
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
No. of executives / company managers	13	11
No. of female executives	6	6
Executive share ownership guidelines	No	No
Size of audit committee	3	3
No. of ID on audit committee	3	3
Audit committee meetings	5	5
Audit meeting attendance %	100	100
Size of compensation committee	3	3
No. of ID on compensation committee	1	1
No. of compensation committee meetings	2	2
Compensation meeting attendance %	100	100
Size of nomination committee	3	3
No. of nomination committee meetings	2	2
Nomination meeting attendance %	100	100
Sustainability governance		
Verification type	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="2">Average:</td><td rowspan="2">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><td rowspan="2">Laggard:</td><td rowspan="2">lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr><tr><td>CCC</td><td>0.000-1.428</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	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks	CCC	0.000-1.428
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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

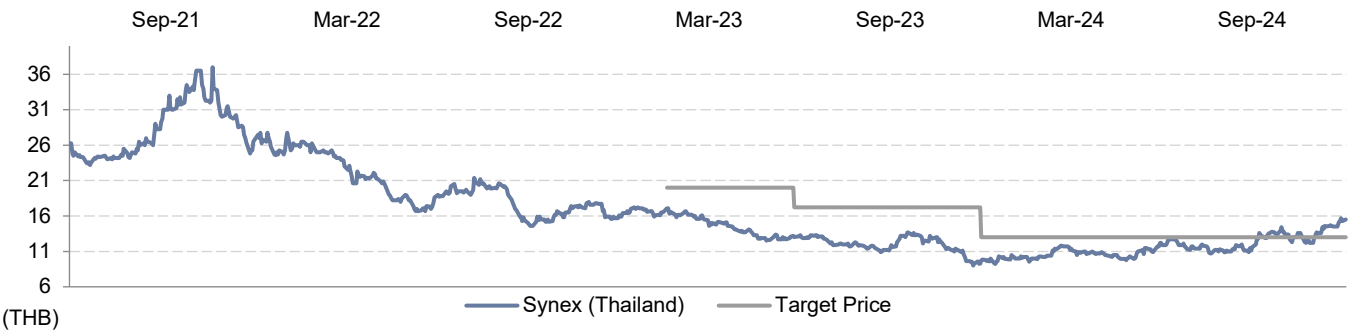
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History of change in investment rating and/or target price

Synex (Thailand) (SYNEX TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
03-Feb-2023	BUY	20.00	25-May-2023	BUY	17.20	01-Nov-2023	BUY	13.00

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 $(\text{target price}^* - \text{current price}) / \text{current price}$.

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.