

# THAI STANLEY ELECTRIC

## THAILAND / AUTOMOTIVE

# STANLY TB

# HOLD

UNCHANGED

TARGET PRICE	THB210.00
CLOSE	THB218.00
UP/DOWNSIDE	-3.7%
PRIOR TP	THB210.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+4.2%

## Short-term pain, long-term gain

- The merger of factory lamps should incur a one-time impairment and expenses of cTHB335m in FY25.
- Positive effects post-factory merger should be seen next year.
- Maintain our TP at THB210 and HOLD rating for dividends, which we expect a 6%-8% yield for FY25E-FY27E.

### Merger of factory lamps should incur a one-time impairment

STANLY's Board of Directors has approved a consolidation of factory lamp 1 and 5 combined with factory lamp 2, factory lamp 7, and factory lamp 8, in order to improve production competitiveness and cost efficiency. As a result, the company expects an impairment of unused assets, i.e. buildings and installed equipment, amounting to approximately THB245m in 2QFY25E (July - September 2024), and relocation expenses of THB90m in 4QFY25E (January - March 2025). The company estimates that the factory merger will help lessen redundant labor, leading to increased operational efficiency, lower operating costs, and reduced depreciation costs, totaling THB18-21m per month. Additionally, it should help cut CO2 by about 500 tons per month.

### Trim FY25E but raise FY26E-FY27E profit

We slightly decrease our FY25E core profit (ending March 2025) by 4% due to the anticipated one-time expenses. Furthermore, we slash our net profit forecast by 20% to factor in the impairment. As a result, our FY25E core profit now implies a loss of 12% y-y, while the net profit should drop by 28% y-y. For FY26E-FY27E, we raise our core profit forecast by 6% and 2%, respectively, due to cost savings, leading to a growth of 16% y-y in FY26E and flat y-y in FY27E.

### 2QFY25E profit hardly hit by impairment of assets

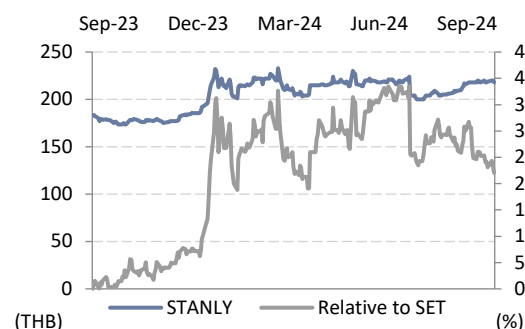
For the 2QFY25 earnings outlook, we expect STANLY's sales revenue to recover 8% q-q from a low season in the previous quarter but plummet 14% y-y due to continued sluggish domestic vehicle sales. The core profit should follow a similar trend, with a projected 55% q-q gain and 3% y-y weakness. However, the net profit should drop 26% q-q and 54% y-y to THB227m, mainly due to the THB245m impairment. Despite that, part of this may be offset by expected dividends from associates of around THB150m.

### Maintain TP at THB210 and HOLD rating for dividends

Even with the downward revision for our FY25E estimate and no signs of recovery in the country's domestic vehicle sales, we maintain our TP of THB210, based on 10x FY25E P/E, and retain our rating HOLD for dividends, which we forecast a 6%-8% yield for FY25E-FY27E.

### KEY STOCK DATA

YE Mar (THB m)	2024	2025E	2026E	2027E
Revenue	14,380	13,043	13,303	13,963
Net profit	1,757	1,268	1,757	1,764
EPS (THB)	22.93	16.55	22.93	23.02
vs Consensus (%)	-	(30.0)	11.1	6.8
EBITDA	3,326	3,071	3,360	3,379
Recurring net profit	1,724	1,513	1,757	1,764
Core EPS (THB)	22.49	19.74	22.93	23.02
Chg. In EPS est. (%)	-	(4.4)	6.4	2.2
EPS growth (%)	(1.0)	(12.2)	16.2	0.4
Core P/E (x)	9.7	11.0	9.5	9.5
Dividend yield (%)	9.2	6.1	8.4	8.4
EV/EBITDA (x)	4.4	5.1	4.6	4.6
Price/book (x)	0.8	0.8	0.8	0.8
Net debt/Equity (%)	(9.2)	(4.5)	(5.0)	(4.5)
ROE (%)	8.0	6.9	8.0	7.9



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	4.3	3.6	23.1
Relative to country (%)	(3.3)	(6.5)	26.9
Mkt cap (USD m)	511		
3m avg. daily turnover (USD m)	0.5		
Free float (%)	34		
Major shareholder	Stanley Electric Holding Asia-Pacific Pte., Ltd. (36%)		
12m high/low (THB)	221.91/163.33		
Issued shares (m)	76.63		

Sources: Bloomberg consensus; FSSIA estimates



**Jitra Amornthum**

Fundamental Investment Analyst on Securities; License no. 014530  
jitra.a@fssia.com, +66 2646 9966

## Investment thesis

We trim our FY25E core profit (ending March 2025) by 4% due to anticipated one-time expenses, and reduce our net profit forecast by 20% to factor in an impairment. As a result, our FY25E core profit decreases by 12% y-y, while the net profit should contract by 28% y-y. For FY26E-FY27E, we raise our core profit forecast by 6% and 2%, respectively, due to cost savings, leading to a growth of 16% y-y in FY26E and flat y-y in FY27E.

Even with the downward revision for our FY25E estimate, we maintain our TP of THB210, based on 10x FY25E P/E, and retain our HOLD rating for dividends, which we forecast a 6%-8% yield for FY25E-FY27E.

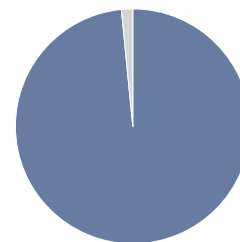
## Company profile

STANLY is a manufacturer and distributor of automotive lighting equipment, namely lamps, lighting sets, and metal molds to domestic and international automotive manufacturers. STANLY was founded by a Thai-Japanese joint venture between The Sittipol 1919 Co., Ltd. and Stanley Electric Co., Ltd. of Japan. The company has three plants in Thailand that manufacture auto bulbs, dies and molds, and auto lamps. The company has two joint ventures in Vietnam and Laos.

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

## Principal activities (revenue, 2024)

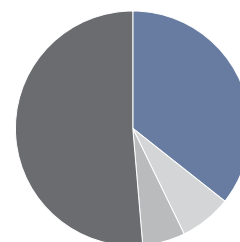
- Auto bulbs & automotive lighting equipment - 98.4 %
- Molds & dies and product designs - 1.6 %



Source: Thai Stanley Electric

## Major shareholders

- Stanley Electric Holding Asia-Pacific Pte., Ltd. - 35.7 %
- Mr. Apichart Lee-issaranukul - 7.1 %
- Mrs. Porndee Lee-issaranukul - 5.9 %
- Others - 51.4 %



Source: Thai Stanley Electric

## Catalysts

Key potential catalysts include 1) stronger demand for cars and motorcycles in the region; 2) new orders; and 3) lower costs for raw materials and electricity.

## Risks to our call

Downside risks to our P/E-based TP include 1) weak global automotive demand; 2) higher raw material prices and utility costs; 3) global semiconductor shortages; and 4) fluctuations in the THB.

## Event calendar

Date	Event
November 2024	2QFY25 earnings announcement

## Key assumptions

Year ending Mar	FY25E (THB m)	FY26E (THB m)	FY27E (THB m)
Auto bulbs & lighting	12,883	13,140	13,797
Growth (%)	(9.0)	2.0	5.0
Die & molds	161	162	166
Growth (%)	(28.0)	1.0	2.0
Total revenue	13,043	13,303	13,963
Growth (%)	(9.3)	2.0	5.0
Gross margin (%)	18.6	18.6	19.1
Core profit margin (%)	11.6	13.2	12.6

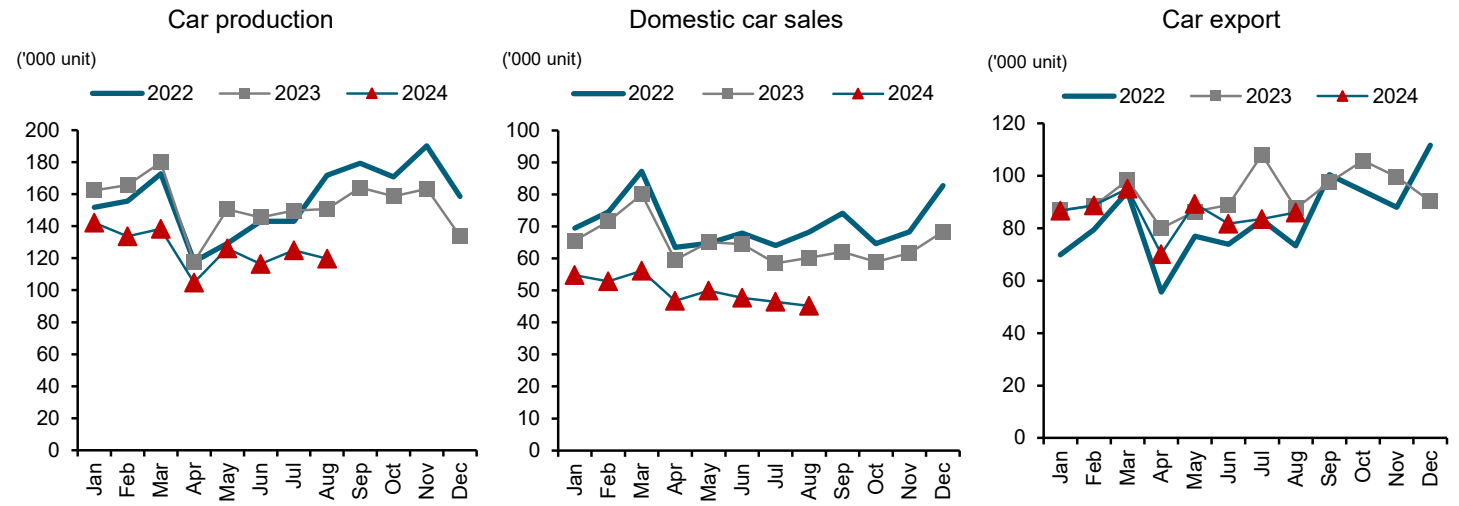
Source: FSSIA estimates

## Earnings sensitivity

- For every 0.5% change in its gross margin, we project STANLY's FY25 net profit to change by 3%, all else being equal.
- For every 10% change in utility costs, we project STANLY's FY25 net profit to change by 2%, all else being equal.
- For every 1% change in its SG&A to sales, we forecast STANLY's FY25 net profit to change by 6%, all else being equal.

Source: FSSIA estimates

### Exhibit 1: Thailand car industry, 2022 - Aug-24



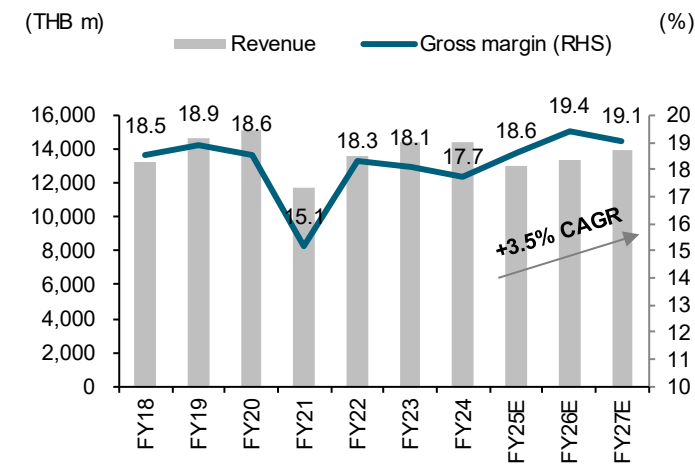
Sources: The Federation of Thai Industries; FSSIA's compilation

### Exhibit 2: Key changes in assumptions

Year Ending Mar	Current			Previous			Change		
	FY25E (THB m)	FY26E (THB m)	FY27E (THB m)	FY25E (THB m)	FY26E (THB m)	FY27E (THB m)	FY25E (%)	FY26E (%)	FY27E (%)
Total revenue	13,043	13,303	13,963	13,043	13,303	13,963	0.0	0.0	0.0
- Automotive bulbs & lights	12,883	13,140	13,797	12,883	13,140	13,797	0.0	0.0	0.0
- Molds & dies	161	162	166	161	162	166	0.0	0.0	0.0
Cost of goods sold	(10,617)	(10,720)	(11,303)	(10,617)	(10,822)	(11,359)	0.0	(0.9)	(0.5)
Gross profit	2,426	2,582	2,660	2,426	2,481	2,604	0.0	4.1	2.1
SG&A	(1,278)	(1,121)	(1,187)	(1,188)	(1,157)	(1,180)	7.6	(3.1)	0.6
EBITDA	3,071	3,360	3,379	3,161	3,247	3,354	(2.8)	3.5	0.7
Core profit	1,513	1,757	1,764	1,582	1,652	1,726	(4.4)	6.4	2.2
Net profit	1,268	1,757	1,764	1,582	1,652	1,726	(19.9)	6.4	2.2
<b>Margins</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(ppt)</b>
Gross margin	18.6	19.4	19.1	18.6	18.7	18.7	0.0	0.8	0.4
EBITDA margin	23.5	25.3	24.2	24.2	24.4	24.0	(0.7)	0.9	0.2
Net profit margin	9.7	13.2	12.6	12.1	12.4	12.4	(2.4)	0.8	0.3

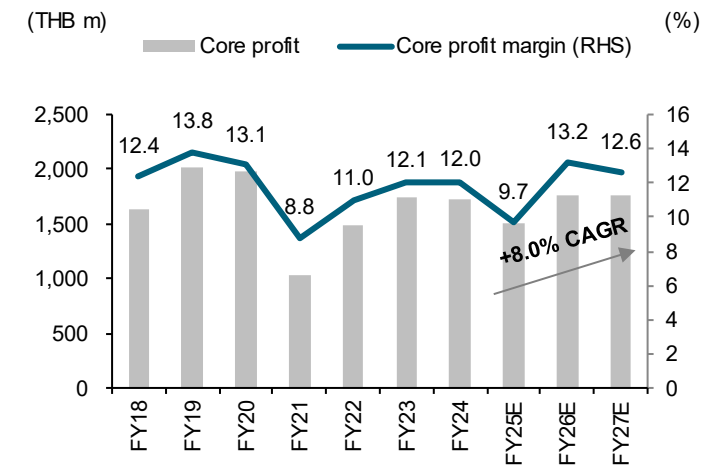
Sources: STANLY, FSSIA estimates

### Exhibit 3: Revenue and gross margin



Sources: STANLY, FSSIA estimates

### Exhibit 4: Core profit and core profit margin



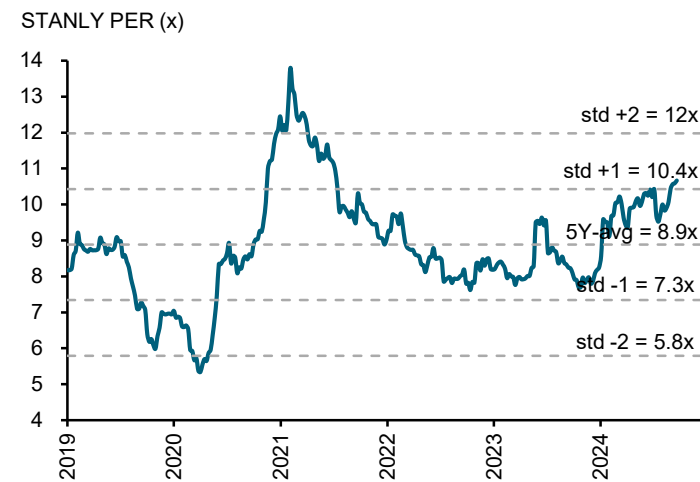
Sources: STANLY, FSSIA estimates

### Exhibit 5: STANLY - 2QFY25 earnings preview

Year to Mar 31	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25E	----- Change -----		1HFY24	1HFY25E	Change	% of
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)	FY25E
Sales	3,745	3,607	3,722	2,996	3,235	8.0	(13.6)	7,051	6,231	(11.6)	47.8
Cost of sales	(3,135)	(2,915)	(2,980)	(2,444)	(2,633)	7.8	(16.0)	(5,934)	(5,077)	(14.4)	47.8
Gross profit	610	692	742	552	602	9.0	(1.3)	1,117	1,154	3.3	47.6
Operating costs	(281)	(286)	(294)	(308)	(291)	(5.4)	3.5	(549)	(599)	9.0	46.9
Operating profit	328	406	448	244	311	27.1	(5.4)	568	555	(2.3)	48.3
Operating EBITDA	898	853	915	652	837	28.3	(6.8)	1,583	1,489	(5.9)	48.5
Other income	177	56	66	44	162	268.1	(8.3)	223	206	(7.6)	527.4
Interest expense	0	0	0	0	0	0.0	0.0	0	0	0.0	0.0
Profit before tax	505	462	514	288	473	64.0	(6.4)	791	761	(3.8)	50.5
Tax	(108)	(111)	(125)	(78)	(95)	20.7	(12.1)	(186)	(173)	(7.1)	(49.3)
Associates	87	102	93	94	94	0.0	7.5	183	187	2.4	52.4
<b>Reported net profit</b>	<b>495</b>	<b>443</b>	<b>503</b>	<b>308</b>	<b>227</b>	<b>(26.3)</b>	<b>(54.2)</b>	<b>810</b>	<b>535</b>	<b>(34.0)</b>	<b>42.2</b>
<b>Core profit</b>	<b>485</b>	<b>453</b>	<b>482</b>	<b>304</b>	<b>472</b>	<b>55.4</b>	<b>(2.7)</b>	<b>788</b>	<b>776</b>	<b>(1.6)</b>	<b>51.3</b>
Reported EPS (THB)	6.47	5.78	6.57	4.02	2.96	(26.3)	(54.2)	10.58	6.98	(34.0)	42.2
Core EPS (THB)	6.33	5.92	6.29	3.96	6.16	55.4	(2.7)	10.29	10.12	(1.6)	51.3
<b>Key Ratios</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	
Gross margin	16.3	19.2	19.9	18.4	18.6	0.2	2.3	15.8	18.5	2.7	
Operating margin	13.5	12.8	13.8	9.6	14.6	5.0	1.1	11.2	12.2	1.0	
EBITDA margin	24.0	23.7	24.6	21.8	25.9	4.1	1.9	22.4	23.9	1.5	
Core profit margin	12.9	12.6	12.9	10.1	14.6	4.5	1.6	11.2	12.4	1.3	
SG&A / Sales	7.5	7.9	7.9	10.3	9.0	(1.3)	1.5	7.8	9.6	1.8	

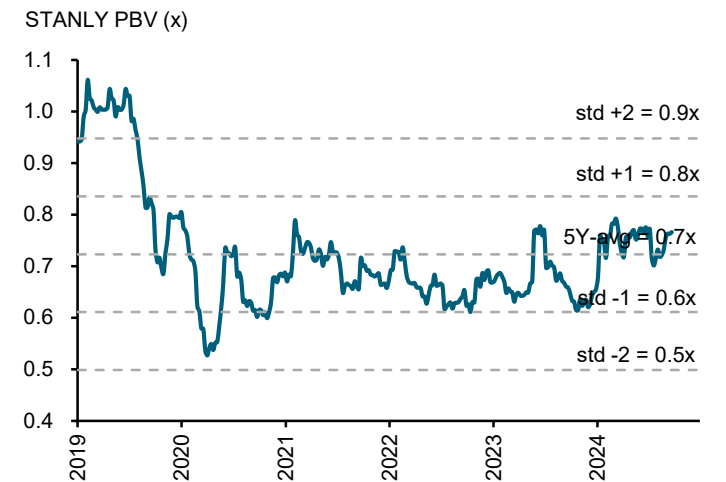
Sources: STANLY, FSSIA estimates

### Exhibit 6: One-year rolling forward P/E band



Sources: Bloomberg, FSSIA estimates

### Exhibit 7: One-year rolling forward P/BV band



Sources: Bloomberg, FSSIA estimates

## Financial Statements

### Thai Stanley Electric

Profit and Loss (THB m) Year Ending Mar	2023	2024	2025E	2026E	2027E
Revenue	14,448	14,380	13,043	13,303	13,963
Cost of goods sold	(13,387)	(13,387)	(12,182)	(12,267)	(12,860)
<b>Gross profit</b>	<b>1,061</b>	<b>993</b>	<b>861</b>	<b>1,036</b>	<b>1,103</b>
Other operating income	1,795	1,904	1,923	1,899	1,906
Operating costs	(1,093)	(1,129)	(1,278)	(1,121)	(1,187)
<b>Operating EBITDA</b>	<b>3,311</b>	<b>3,326</b>	<b>3,071</b>	<b>3,360</b>	<b>3,379</b>
Depreciation	(1,548)	(1,558)	(1,565)	(1,547)	(1,557)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>1,763</b>	<b>1,768</b>	<b>1,507</b>	<b>1,813</b>	<b>1,822</b>
Net financing costs	0	0	0	0	0
Associates	387	378	357	364	365
Recurring non-operating income	387	378	357	364	365
Non-recurring items	4	33	(245)	0	0
<b>Profit before tax</b>	<b>2,154</b>	<b>2,179</b>	<b>1,619</b>	<b>2,178</b>	<b>2,187</b>
Tax	(408)	(422)	(351)	(421)	(423)
<b>Profit after tax</b>	<b>1,746</b>	<b>1,757</b>	<b>1,268</b>	<b>1,757</b>	<b>1,764</b>
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>1,746</b>	<b>1,757</b>	<b>1,268</b>	<b>1,757</b>	<b>1,764</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(4)</b>	<b>(33)</b>	<b>245</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>1,742</b>	<b>1,724</b>	<b>1,513</b>	<b>1,757</b>	<b>1,764</b>
<b>Per share (THB)</b>					
Recurring EPS *	22.73	22.49	19.74	22.93	23.02
Reported EPS	22.78	22.93	16.55	22.93	23.02
DPS	20.00	20.00	13.24	18.35	18.42
Diluted shares (used to calculate per share data)	77	77	77	77	77
<b>Growth</b>					
Revenue (%)	6.4	(0.5)	(9.3)	2.0	5.0
Operating EBITDA (%)	4.8	0.4	(7.6)	9.4	0.6
Operating EBIT (%)	11.3	0.3	(14.8)	20.4	0.5
Recurring EPS (%)	16.4	(1.0)	(12.2)	16.2	0.4
Reported EPS (%)	14.8	0.6	(27.8)	38.6	0.4
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	7.3	6.9	6.6	7.8	7.9
Gross margin exc. depreciation (%)	18.1	17.7	18.6	19.4	19.1
Operating EBITDA margin (%)	22.9	23.1	23.5	25.3	24.2
Operating EBIT margin (%)	12.2	12.3	11.5	13.6	13.1
Net margin (%)	12.1	12.0	11.6	13.2	12.6
Effective tax rate (%)	18.9	19.4	21.7	19.3	19.3
Dividend payout on recurring profit (%)	88.0	88.9	67.0	80.0	80.0
Interest cover (X)	-	-	-	-	-
Inventory days	20.2	16.9	17.7	17.9	17.5
Debtor days	65.4	62.8	63.4	58.9	57.1
Creditor days	31.7	30.3	31.1	28.4	26.5
Operating ROIC (%)	9.2	8.6	7.2	8.5	8.5
ROIC (%)	8.6	7.9	6.7	7.7	7.7
ROE (%)	8.4	8.0	6.9	8.0	7.9
ROA (%)	7.4	7.0	6.2	7.2	7.2

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

Revenue by Division (THB m)	2023	2024	2025E	2026E	2027E
Auto bulbs & automotive lighting equipment	14,329	14,157	12,883	13,140	13,797
Molds & dies and product designs	119	223	161	162	166

Sources: Thai Stanley Electric; FSSIA estimates

# Financial Statements

## Thai Stanley Electric

Cash Flow (THB m) Year Ending Mar	2023	2024	2025E	2026E	2027E
Recurring net profit	1,742	1,724	1,513	1,757	1,764
Depreciation	1,548	1,558	1,565	1,547	1,557
Associates & minorities	(387)	(378)	(357)	(364)	(365)
Other non-cash items	(504)	(604)	(699)	819	65
Change in working capital	(202)	(116)	300	(662)	(116)
<b>Cash flow from operations</b>	<b>2,197</b>	<b>2,183</b>	<b>2,321</b>	<b>3,096</b>	<b>2,905</b>
Capex - maintenance	0	0	0	0	0
Capex - new investment	(677)	(749)	(889)	(907)	(908)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(2,235)	(823)	(1,158)	(700)	(699)
<b>Cash flow from investing</b>	<b>(2,911)</b>	<b>(1,572)</b>	<b>(2,047)</b>	<b>(1,607)</b>	<b>(1,607)</b>
Dividends paid	(651)	(1,532)	(1,014)	(1,406)	(1,411)
Equity finance	0	0	0	0	0
Debt finance	0	0	0	0	0
Other financing cash flows	-	-	-	-	-
<b>Cash flow from financing</b>	<b>(651)</b>	<b>(1,532)</b>	<b>(1,014)</b>	<b>(1,406)</b>	<b>(1,411)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	794	838	0	32	11
<b>Net other adjustments</b>	<b>794</b>	<b>838</b>	<b>(266)</b>	<b>32</b>	<b>11</b>
<b>Movement in cash</b>	<b>(572)</b>	<b>(84)</b>	<b>(1,006)</b>	<b>115</b>	<b>(102)</b>
Free cash flow to firm (FCFF)	(714.86)	610.72	273.83	1,488.52	1,297.72
Free cash flow to equity (FCFE)	79.54	1,448.48	8.16	1,520.41	1,309.09

### Per share (THB)

FCFF per share	(9.33)	7.97	3.57	19.43	16.94
FCFE per share	1.04	18.90	0.11	19.84	17.08
Recurring cash flow per share	31.31	30.00	26.38	49.04	39.42

Balance Sheet (THB m) Year Ending Mar	2023	2024	2025E	2026E	2027E
Tangible fixed assets (gross)	24,700	24,904	26,458	28,012	29,577
Less: Accumulated depreciation	(16,231)	(17,006)	(18,570)	(20,117)	(21,674)
<b>Tangible fixed assets (net)</b>	<b>8,469</b>	<b>7,899</b>	<b>7,888</b>	<b>7,895</b>	<b>7,903</b>
<b>Intangible fixed assets (net)</b>	<b>940</b>	<b>873</b>	<b>899</b>	<b>926</b>	<b>953</b>
Long-term financial assets	1,702	1,898	2,098	2,098	2,098
Invest. in associates & subsidiaries	2,023	2,205	2,205	2,205	2,205
Cash & equivalents	2,084	2,000	994	1,109	1,007
A/C receivable	2,557	2,390	2,144	2,150	2,219
Inventories	591	504	524	529	557
Other current assets	5,933	6,934	7,590	7,591	7,592
<b>Current assets</b>	<b>11,165</b>	<b>11,829</b>	<b>11,252</b>	<b>11,379</b>	<b>11,375</b>
Other assets	25	75	65	67	70
<b>Total assets</b>	<b>24,325</b>	<b>24,778</b>	<b>24,406</b>	<b>24,568</b>	<b>24,604</b>
Common equity	21,287	21,702	21,978	22,180	22,233
Minorities etc.	0	0	0	0	0
<b>Total shareholders' equity</b>	<b>21,287</b>	<b>21,702</b>	<b>21,978</b>	<b>22,180</b>	<b>22,233</b>
Long term debt	-	-	-	-	-
Other long-term liabilities	1,046	1,140	717	705	698
<b>Long-term liabilities</b>	<b>1,046</b>	<b>1,140</b>	<b>717</b>	<b>705</b>	<b>698</b>
A/C payable	1,001	964	844	822	821
Short term debt	-	-	-	-	-
Other current liabilities	991	972	867	861	852
<b>Current liabilities</b>	<b>1,992</b>	<b>1,936</b>	<b>1,711</b>	<b>1,683</b>	<b>1,673</b>
<b>Total liabilities and shareholders' equity</b>	<b>24,325</b>	<b>24,778</b>	<b>24,406</b>	<b>24,568</b>	<b>24,604</b>
Net working capital	7,089	7,893	8,547	8,587	8,696
Invested capital	20,249	20,842	21,702	21,776	21,924

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

### Per share (THB)

Book value per share	277.80	283.22	286.83	289.46	290.15
Tangible book value per share	265.53	271.84	275.10	277.38	277.71

### Financial strength

Net debt/equity (%)	(9.8)	(9.2)	(4.5)	(5.0)	(4.5)
Net debt/total assets (%)	(8.6)	(8.1)	(4.1)	(4.5)	(4.1)
Current ratio (x)	5.6	6.1	6.6	6.8	6.8
CF interest cover (x)	-	-	-	-	-

Valuation	2023	2024	2025E	2026E	2027E
<b>Recurring P/E (x) *</b>	<b>9.6</b>	<b>9.7</b>	<b>11.0</b>	<b>9.5</b>	<b>9.5</b>
<b>Recurring P/E @ target price (x) *</b>	<b>9.2</b>	<b>9.3</b>	<b>10.6</b>	<b>9.2</b>	<b>9.1</b>
Reported P/E (x)	9.6	9.5	13.2	9.5	9.5
Dividend yield (%)	9.2	9.2	6.1	8.4	8.4
Price/book (x)	0.8	0.8	0.8	0.8	0.8
Price/tangible book (x)	0.8	0.8	0.8	0.8	0.8
EV/EBITDA (x) **	4.4	4.4	5.1	4.6	4.6
EV/EBITDA @ target price (x) **	4.2	4.2	4.9	4.5	4.5
EV/invested capital (x)	0.7	0.7	0.7	0.7	0.7

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

Sources: Thai Stanley Electric; FSSIA estimates



## Disclaimer for ESG scoring

ESG score	Methodology	Rating																			
The Dow Jones Sustainability Indices ( <a href="#">DJSI</a> ) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																			
Sustainability Investment List ( <a href="#">THSI</a> ) by The Stock Exchange of Thailand ( <a href="#">SET</a> )	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for <a href="#">THSI inclusion</a> , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. <a href="#">SETTHSI Index</a> is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																			
<b>CG Score</b> by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																			
<b>AGM level</b> By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&amp;A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																			
<a href="#">Thai CAC</a> By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																			
<a href="#">Morningstar 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
<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																		
<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

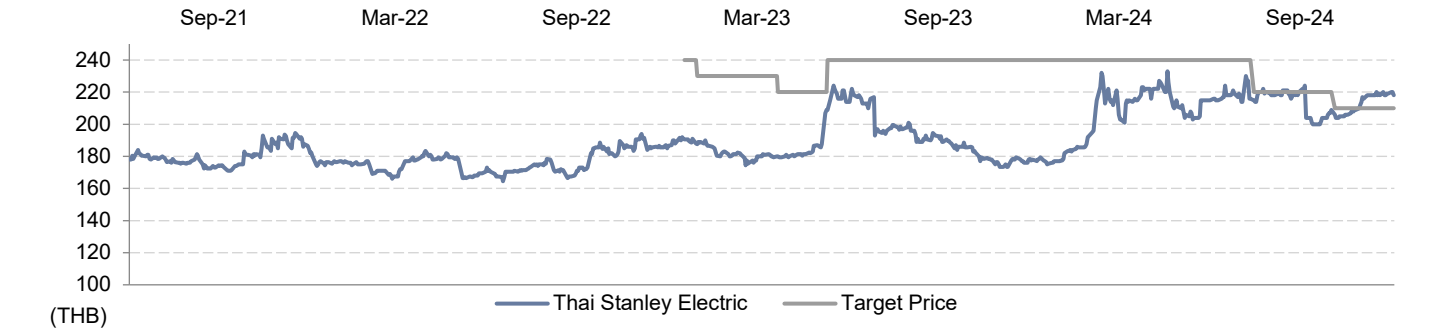
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

This report has been prepared by FSS International Investment Advisory Securities Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSSIA makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSSIA has no intention to solicit investors to buy or sell any security in this report. In addition, FSSIA does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

History of change in investment rating and/or target price

Thai Stanley Electric (STANLY TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
19-Jan-2023	BUY	240.00	10-Apr-2023	BUY	220.00	24-May-2024	HOLD	220.00
30-Jan-2023	BUY	230.00	23-May-2023	BUY	240.00	02-Aug-2024	HOLD	210.00

Jitra Amornthum started covering this stock from 19-Jan-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Thai Stanley Electric	STANLY TB	THB 218.00	HOLD	Downside risks to our P/E-based TP include 1) weak global automotive demand; 2) higher raw material prices and utility costs; 3) global semiconductor shortages; and 4) fluctuations in the THB.

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 25-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.