

## SYNNEX (THAILAND)

THAILAND / INFORMATION&amp;COMM TECH

## SYNEX TB

BUY

UNCHANGED

TARGET PRICE	THB17.60
CLOSE	THB15.70
UP/DOWNSIDE	+12.1%
PRIOR TP	THB17.60
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+0.6%

## Robust sales and profits should continue

- The analyst meeting ended on a neutral note. The feedback was optimistic, as expected. 4Q24 sales and profit growth should continue q-q and y-y, supported by Communication and Commercial.
- We expect 2025 sales of THB45b (+16% y-y) due to growth across all sectors.
- Maintain a BUY call at our TP of THB17.6.

## Neutral-toned meeting with positive feedback, as expected

The analyst meeting ended on a neutral note. The feedback was optimistic, as expected, with initial forecasts showing 4QTD sales likely surpassing 3Q24 by 3%. It implies that 4Q24 sales may end at THB11b (+16% y-y). If 4Q24 matches our estimate, 2024 sales could finish at roughly THB41b (+14% y-y), 2% higher than our projection, driven mainly by Communication, particularly healthy sales from the iPhone16, N minus, Honor, and smartwatches, and Commercial, where Surveillance and Software, such as Autodesk, should record robust sales growth. In 2025, management is confident that it will achieve minimum sales of THB45b (+12% y-y), supported by a PC replacement cycle, smartphones' continued growth, Commercial with a recovery in the public project, Surveillance's extended strength, and full-year realization from Autodesk.

## Debut of Nintendo's first flagship store outside Japan on Nov 22

SYNEX will open an authorized Nintendo flagship store at Siam Paragon, with a product range covering games, accessories, and copyright items. As a Nintendo distributor, SYNEX will source all products while CPW will be responsible for store operations and expenses. We expect it to help support gaming sales in the remainder of this year and next year.

## A bright 4Q24 outlook with projected growth across all sectors in 2025

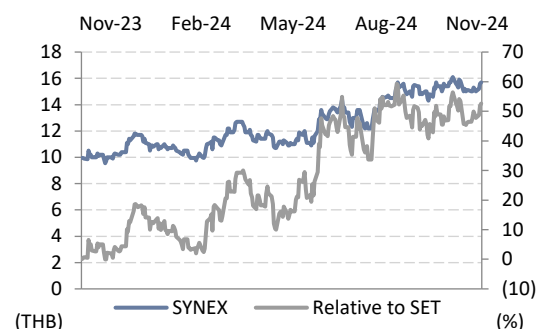
We anticipate 4Q24 core profit growth to continue q-q and y-y due to continuous solid sales from Communication and Commercial. Meanwhile, management guided its initial 2025 sales target at THB45b, close to our estimate. In this regard, we expect resumed sales growth across all product categories and a 2025 core profit of THB744m (+24% y-y).

## Maintain a BUY call at our TP of THB17.6

We reaffirm a BUY recommendation at our TP of THB17.6, assuming 20x 2025E P/E, close to its five-year historical average of 21x. We prefer SYNEX to COM7 because of 1) its less demanding valuation of 17.9x 2025E P/E, lower than COM7 of 18.7x, and 2) its higher revenue mix of 30% from AI PC than COM7 of only 10%.

## 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 (%)	-	14.9	14.4	11.2
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. (%)	-	-	-	-
EPS growth (%)	(40.9)	38.8	23.9	9.0
Core P/E (x)	30.7	22.1	17.9	16.4
Dividend yield (%)	3.9	3.3	4.0	4.3
EV/EBITDA (x)	27.9	21.0	18.4	17.2
Price/book (x)	3.3	3.1	2.9	2.7
Net debt/Equity (%)	150.9	138.6	144.2	139.2
ROE (%)	10.6	14.3	16.7	17.0



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	1.9	9.0	55.4
Relative to country (%)	3.9	(1.0)	50.9
Mkt cap (USD m)	383		
3m avg. daily turnover (USD m)	0.9		
Free float (%)	20		
Major shareholder	TKS Technology PCL (39%)		
12m high/low (THB)	16.30/9.55		
Issued shares (m)	847.36		

Sources: Bloomberg consensus; FSSIA estimates



Thada Jirachoenying

Fundamental Investment Analyst on Securities; License no. 054189  
thada.j@fssia.com, +66 2646 9964

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.

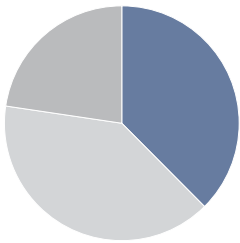
Company profile

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)

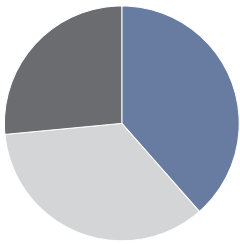
- Consumer - 37.6 %
- Communication - 39.8 %
- Commercial - 22.7 %



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
Feb 2025	4Q24 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 1.1%, and vice versa, all else being equal.
- For every 0.1% increase in GPM, we estimate 2024 net profit to rise by 4.9%, 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 4.9%, and vice versa, all else being equal.

Source: FSSIA estimates

Exhibit 1: 3Q24 could grow in iPhone



Source: SYNEX

Exhibit 2: New product launch – Apple



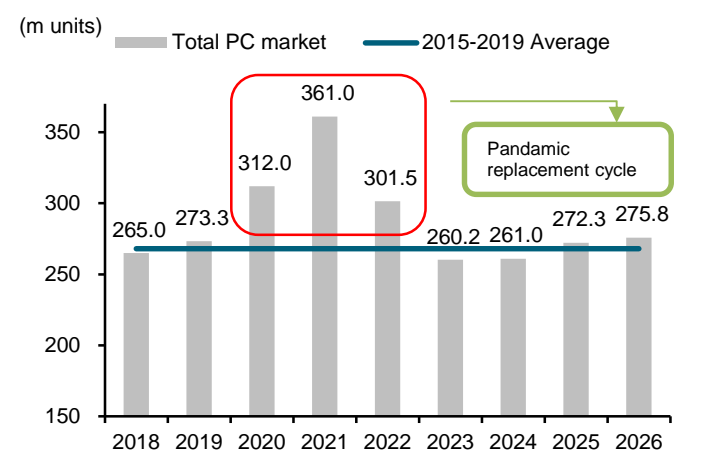
Source: SYNEX

Exhibit 3: New product launch – Non-Apple



Source: SYNEX

Exhibit 4: Replacement cycle aids recovery



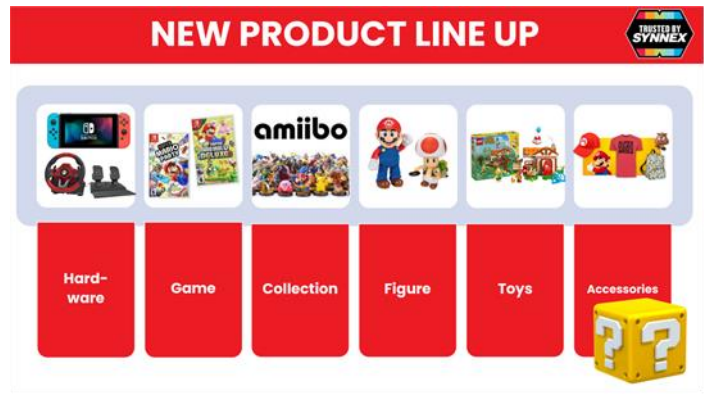
Sources: IDC; FSSIA's compilation

Exhibit 5: Nintendo flagship store



Source: SYNEX

Exhibit 6: Nintendo flagship store – product line up



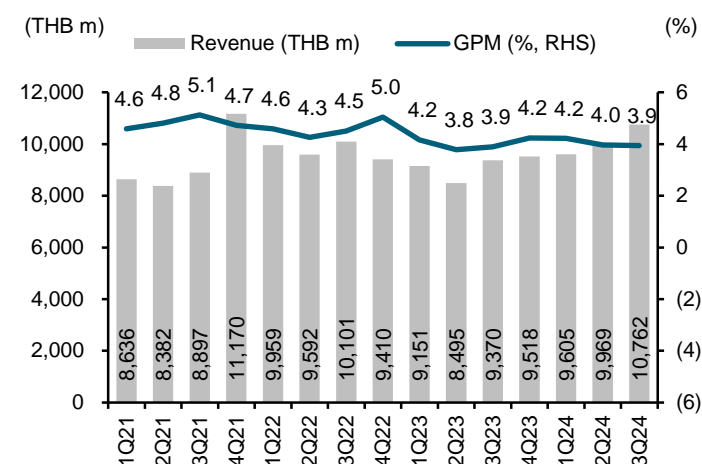
Source: SYNEX

## Exhibit 7: SYNEX – 3Q24 results summary

Year to Dec 31	3Q23 (THB m)	4Q23 (THB m)	1Q24 (THB m)	2Q24 (THB m)	3Q24 (THB m)	----- Change -----		----- 9M24 -----			2024E	Change
						(q-q%)	(y-y%)	(THB m)	(y-y%)	(%24E)	(THB m)	(y-y%)
<b>Revenue</b>	<b>9,370</b>	<b>9,518</b>	<b>9,605</b>	<b>9,969</b>	<b>10,762</b>	<b>8</b>	<b>15</b>	<b>30,336</b>	<b>12</b>	<b>74</b>	<b>40,758</b>	<b>11.6</b>
COGS	(9,006)	(9,115)	(9,200)	(9,573)	(10,338)	8	15	(29,110)	12	75	(39,067)	11.4
<b>Gross profit</b>	<b>365</b>	<b>403</b>	<b>405</b>	<b>396</b>	<b>424</b>	<b>7</b>	<b>16</b>	<b>1,226</b>	<b>15</b>	<b>72</b>	<b>1,691</b>	<b>15.0</b>
Operating costs	(193)	(217)	(227)	(228)	(230)	1	19	(685)	(1)	74	(922)	1.7
<b>Operating profit</b>	<b>172</b>	<b>186</b>	<b>178</b>	<b>168</b>	<b>195</b>	<b>16</b>	<b>13</b>	<b>541</b>	<b>43</b>	<b>70</b>	<b>770</b>	<b>36.5</b>
Other income	14	20	20	20	22	8	58	62	(5)	65	94	11.6
FX Gain (Loss)	25	12	30	30	27	(10)	7	86	25	107	80	(0.6)
Interest expense	(41)	(42)	(43)	(47)	(50)	6	23	(141)	36	81	(173)	19.1
<b>Profit before tax</b>	<b>170</b>	<b>176</b>	<b>184</b>	<b>171</b>	<b>193</b>	<b>13</b>	<b>14</b>	<b>548</b>	<b>34</b>	<b>71</b>	<b>772</b>	<b>32.1</b>
Tax	(35)	(38)	(38)	(23)	(39)	68	12	(99)	4	64	(154)	15.0
Associates	7	10	5	12	14	22	99	31	(41)	50	63	(0.0)
Minority interests	0.3	0.3	0.2	0.2	0.2	(8)	(27)	1	(5)	69	1	0.0
Non-recurring items	25	12	30	30	27	(10)	7	86	(99)	107	80	(0.6)
Reported net profit	143	148	152	160	169	6	19	481	32	71	681	32.6
<b>Recurring net profit</b>	<b>118</b>	<b>136</b>	<b>122</b>	<b>130</b>	<b>142</b>	<b>9</b>	<b>21</b>	<b>395</b>	<b>33</b>	<b>66</b>	<b>601</b>	<b>38.8</b>
EPS (THB)	0.17	0.17	0.18	0.19	0.20	6	19	0.57	32	71	0.80	32.6
<b>Recurring EPS (THB)</b>	<b>0.14</b>	<b>0.16</b>	<b>0.14</b>	<b>0.15</b>	<b>0.17</b>	<b>9</b>	<b>21</b>	<b>0.47</b>	<b>33</b>	<b>66</b>	<b>0.71</b>	<b>38.8</b>
<b>Key ratios (%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(ppt)</b>		<b>(%)</b>	<b>(ppt)</b>
Gross margin	3.9	4.2	4.2	4.0	3.9	(0.0)	0.1	4.0	0.1		4.1	0.1
Operating margin	1.8	2.0	1.9	1.7	1.8	0.1	(0.0)	1.8	0.4		1.9	0.3
Recurring net margin	1.3	1.4	1.3	1.3	1.3	0.0	0.1	1.3	0.2		1.5	0.3
SG&A / Sales	2.1	2.3	2.4	2.3	2.1	(0.1)	0.1	2.3	(0.3)		2.3	(0.2)
<b>Operating statistics</b>												
Product mix (% to sales)												
Consumer (%)	38	36	35	30	32						31	
Communication (%)	40	43	45	48	46						48	
Commercial (%)	21	21	19	22	22						19	
Other (%)	1	0	1	0	0						1	

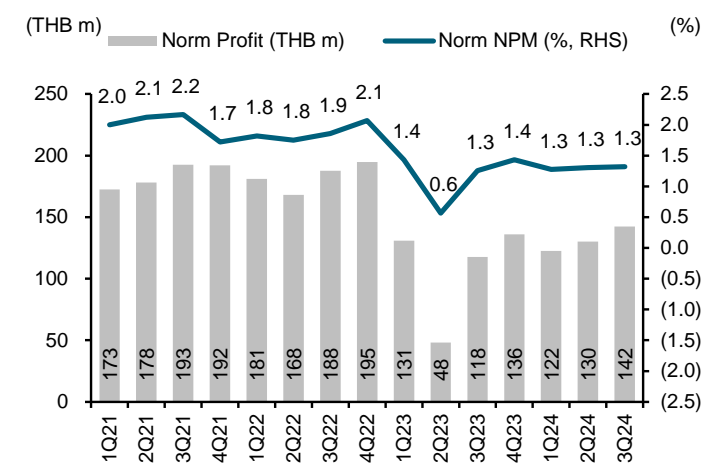
Sources: SYNEX; FSSIA estimates

## Exhibit 8: Quarterly revenue and %GPM



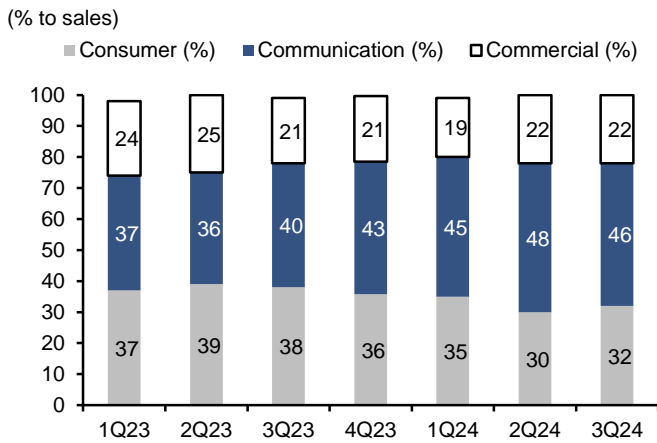
Sources: SYNEX; FSSIA estimates

## Exhibit 9: Quarterly norm profit and %NPM



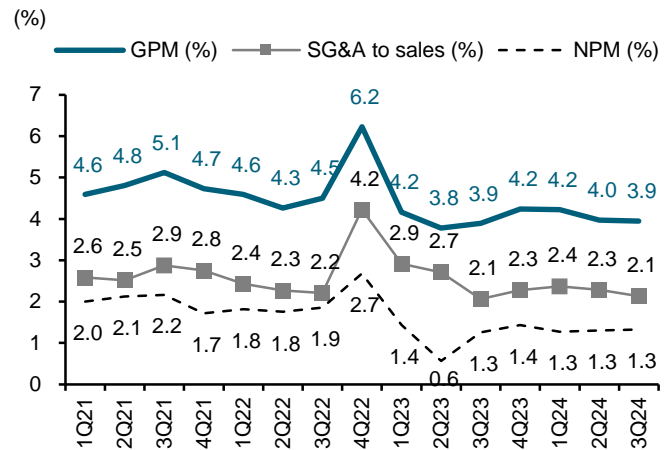
Sources: SYNEX; FSSIA estimates

Exhibit 10: Product mix (% to sales)



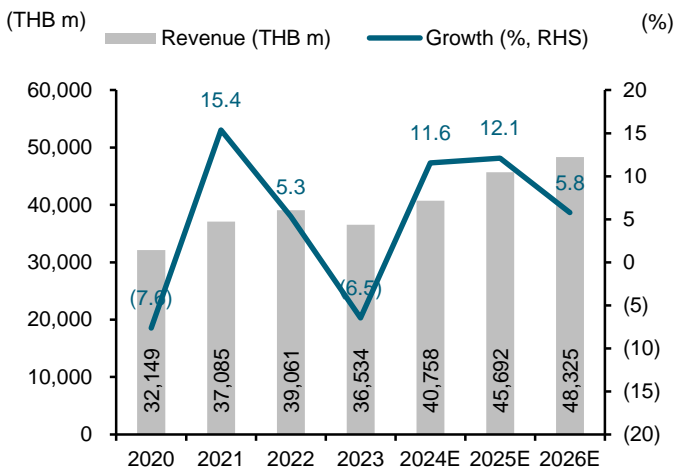
Sources: SYNEX; FSSIA estimates

Exhibit 11: Profitability



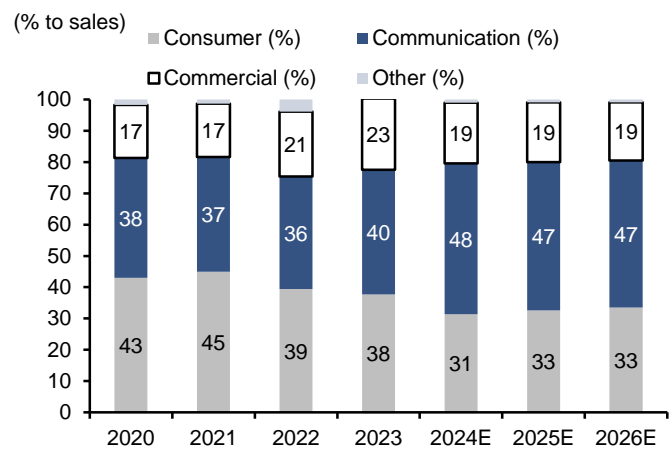
Sources: SYNEX; FSSIA estimates

Exhibit 12: Yearly revenue



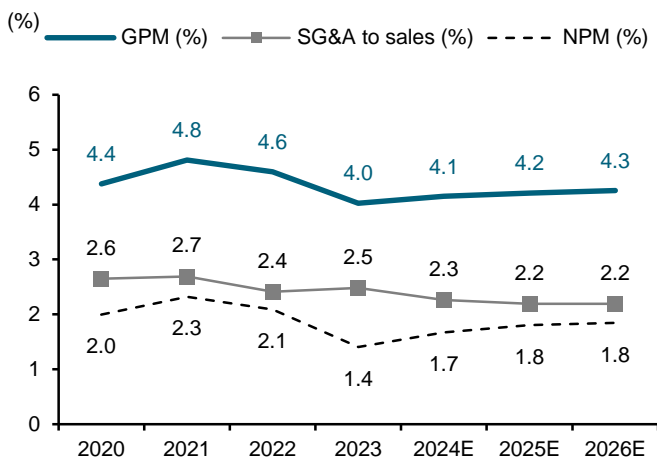
Sources: SYNEX; FSSIA estimates

Exhibit 13: Sales mixed by product



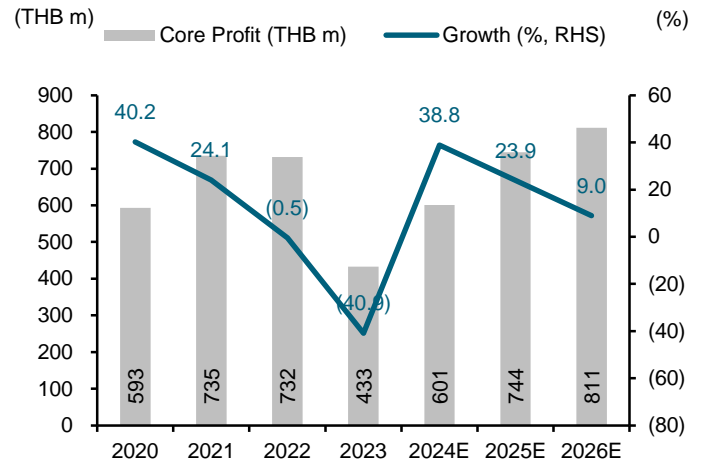
Sources: SYNEX; FSSIA estimates

Exhibit 14: Profitability



Sources: SYNEX; FSSIA estimates

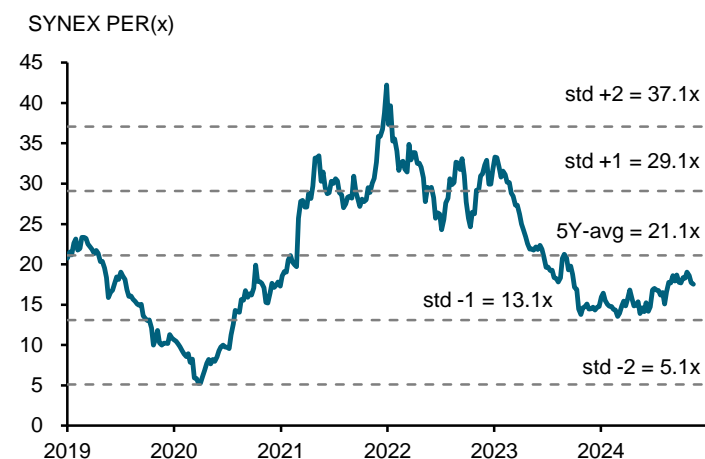
Exhibit 15: Yearly core profit



Sources: SYNEX; FSSIA estimates



Exhibit 16: Rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 17: Rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 18: Commerce peers as of 20 Nov 2024

Company	BBG	Rec	Share price			Market Cap	PE		ROE		PBV		EV/EBITDA	
			Current (LCY)	Target (LCY)	Upside (%)		24E (x)	25E (x)	24E (%)	25E (%)	24E (x)	25E (x)	24E (x)	25E (x)
Consumer Staple														
CP All	CPALL TB	BUY	63.25	83.00	31	16,366	23.2	20.5	20.9	21.3	5.0	4.5	19.0	16.6
CP Aextra	CPAXT TB	BUY	34.50	42.00	22	10,362	34.5	27.7	3.5	4.3	1.2	1.2	11.7	10.2
Berli Jucker	BJC TB	BUY	22.90	31.00	35	2,644	20.8	18.0	3.7	4.2	0.8	0.7	11.9	11.5
Consumer Staple average						29,455	23.9	20.3	10.8	11.3	2.4	2.2	13.3	11.9
Consumer Discretionary														
Com7	COM7 TB	BUY	26.75	30.00	12	1,815	20.2	18.7	36.1	33.2	6.7	5.7	13.7	12.2
Synnex Thailand	SYNEX TB	BUY	15.70	17.60	12	383	22.1	17.9	14.3	16.7	3.1	2.9	21.0	18.4
Central Retail Corp	CRC TB	BUY	33.50	42.00	25	5,820	23.7	21.6	12.2	12.4	2.8	2.6	9.8	9.3
Consumer Discretionary avg.						8,018	22.0	19.4	20.9	20.8	4.2	3.7	14.8	13.3
Home Improvement														
Index Living Mall	ILM TB	BUY	17.20	22.00	28	250	11.5	10.5	12.4	13.1	1.4	1.3	6.9	6.4
Home Product Center	HMPRO TB	BUY	9.65	13.20	37	3,656	19.7	18.7	24.6	24.8	4.7	4.5	11.4	10.8
Siam Global House	GLOBAL TB	HOLD	15.80	17.30	9	2,367	32.3	27.8	10.6	11.7	3.3	3.2	24.9	21.7
Dohome	DOHOME TB	HOLD	10.00	10.50	5	930	50.9	34.8	5.1	7.0	2.5	2.4	20.3	17.5
Home Improvement avg.						7,203	28.6	23.0	13.2	14.2	3.0	2.9	15.9	14.1
Total average						44,676	25.1	21.0	14.4	14.9	3.1	2.8	14.6	13.1

Source: FSSIA estimates

## Financial Statements

Synnex (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: Synnex (Thailand); FSSIA estimates

## Financial Statements

Synnex (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
<b>Per share (THB)</b>					
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					
<b>Per share (THB)</b>					
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
<b>Financial strength</b>					
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>18.2</b>	<b>30.7</b>	<b>22.1</b>	<b>17.9</b>	<b>16.4</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)	16.3	25.9	19.5	16.1	14.9
Dividend yield (%)	4.5	3.9	3.3	4.0	4.3
Price/book (x)	3.2	3.3	3.1	2.9	2.7
Price/tangible book (x)	3.3	3.3	3.1	2.9	2.7
EV/EBITDA (x) **	18.9	27.9	21.0	18.4	17.2
EV/EBITDA @ target price (x) **	20.6	30.3	22.7	19.9	18.6
EV/invested capital (x)	2.0	1.9	1.9	1.8	1.7
* Pre-exceptional, pre-goodwill and fully diluted    ** EBITDA includes associate income and recurring non-operating income					

Sources: Synnex (Thailand); FSSIA estimates



# Synnex (Thailand) PCL (SYNEX TB)

## FSSIA ESG rating


**35.18 /100**

### Exhibit 19: 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	<b>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.</b>
★	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 20: ESG – peer comparison

	FSSIA	Domestic ratings						Global ratings					Bloomberg		
	ESG score	DJSI	SET ESG	SET ESG Rating	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 21: 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
<b>Environmental</b>		
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 22: 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.																			
SET ESG Ratings List ( <a href="#">SETESG</a> ) by The Stock Exchange of Thailand ( <a href="#">SET</a> )	SET ESG 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="#">SETESG 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="#">SETESG Index</a> is extended from the SET ESG Ratings 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																		
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<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

Thada Jiracharoenyong FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
Synnex (Thailand)	SYNEX TB	THB 15.70	BUY	Downside risks to our P/E-based TP include 1) a slower-than-expected PC recovery, 2) product shortages, and 3) currency fluctuations.
CP All	CPALL TB	THB 63.25	BUY	The key downside risks to our DCF-derived TP include 1) lower-than-expected SSSG, 2) lower-than-expected gross margin, and 3) higher-than-expected SG&A to sales ratio.
CP Axtra	CPAXT TB	THB 34.50	BUY	Key downside risks to our DCF-based TP include 1) a lower-than-expected SSSG, 2) a lower-than-expected GPM, 3) higher-than-expected SG&A expenses, and 4) an operating loss from its overseas units.
Berli Jucker	BJC TB	THB 22.90	BUY	Key downside risks to our DCF-based TP could come from 1) competition with Lotus which could impact its sales and gross margin; and 2) a higher in raw material prices.
Com7	COM7 TB	THB 26.75	BUY	Risks to our P/E-based TP include 1) lower/higher domestic consumption and purchasing power, 2) store cannibalization/expansion, and 3) lower/higher-than-expected gross margin.
Central Retail Corp	CRC TB	THB 33.50	BUY	Downside risks to our DCF-based TP include 1) a decline in domestic purchasing power, 2) lower-than-expected tourist arrivals, 3) an absence of the government's stimulus, and 4) a slower-than-expected economic recovery in Vietnam.
Index Living Mall	ILM TB	THB 17.20	BUY	Risks to our DCF-based TP include 1) a lower-than-expected SSSG; 2) a lower-than-expected GPM; and 3) a higher-than-expected SG&A.
Home Product Center	HMPRO TB	THB 9.65	BUY	Key downside risks to our DCF-based TP include: 1) lower-than-expected SSSG; 2) slower-than-expected recovery in domestic consumption and tourist arrivals, and 3) operating losses from overseas units.
Siam Global House	GLOBAL TB	THB 15.80	HOLD	Key risks to our DCF-based TP are 1) lower/higher farm income, which would affect purchasing power in the agricultural sector, 2) government disbursement, 3) a lower/higher private brand mix and margin, 4) higher/lower expenses than expected, and 5) a higher/lower impact than expected from the El Nino.
Dohome	DOHOME TB	THB 10.00	HOLD	Key risks to our DCF-based TP are 1) lower/higher farm income, which would affect purchasing power in the agricultural sector, 2) government disbursement, 3) a lower/higher private brand mix and margin, 4) higher/lower expenses than expected, and 5) a higher/lower impact than expected from the El Nino.

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 20-Nov-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.