

SYNNEX (THAILAND)

THAILAND / INFORMATION&COMM TECH

SYNEX TB

BUY

UNCHANGED

Resilience in 2024 and steady growth into 2025

- We estimate a 4Q24 core profit of THB150m (+5% q-q, +10% y-y), driven by the communication segment.
- We revise 2024E profit down by 9%. Despite this, 2024-25E core profit remains impressive at +26% y-y and +30% y-y, respectively.
- Maintain BUY with TP of THB17.6.

4Q24 core profit likely to be strong

We estimate a 4Q24 core profit of THB150m (+5% q-q, +10% y-y), driven by a 16% y-y growth in sales. This growth is supported by the communication segment, which entered the high season, led by products such as iPhones, iPads, Honor devices, and smartwatches, which continue to perform well. Additionally, the commercial segment should show y-y growth from revenue recognition from Autodesk as an exclusive distributor, and the surveillance segment, which continues to achieve steady sales growth. We expect the GPM to remain stable at c3.9%, similar to 3Q24, while SG&A-to-sales should slightly increase to 2.2% (3Q24 was at 2.1%).

Management still expects sales growth of 10% in 2025

Management expects sales in 2025 to grow at a rate similar to 2024, with a projected increase of not less than 10%. The focus would be on the enterprise solution segment, which has a higher-than-average gross margin for the company, and the AI product group, including notebooks and PCs, with products gradually arriving since 4Q24. The gaming segment has also been well-received, following the opening of the Nintendo Authorized Store at Siam Paragon and the anticipated release of a new Nintendo Switch model this year, after the original model's launch in 2017.

Revise 2024E profit down by 9%; 2024-25E profit still strong

We revise our 2024 profit forecast down by 9% due to higher-than-expected interest expenses, as financial costs have risen in line with policy rate increases. c90% of Synex's financing relies on short-term loans, making it more sensitive to higher interest rates. Despite this, the 2024E core profit remains impressive at THB545m (+26% y-y), with an expected increase to THB708m in 2025 (+30% y-y). This is based on anticipated sales growth of 10% and a 20bps GPM expansion, supported by high-margin products in the enterprise solution segment and the consumer categories of AI PCs and gaming.

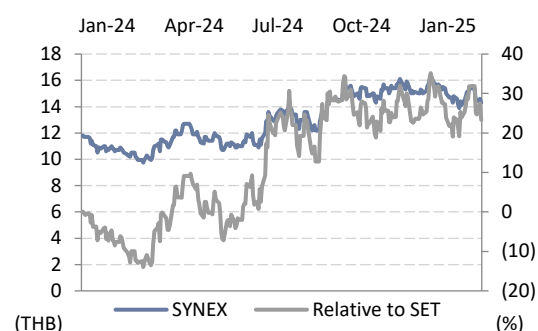
Maintain BUY with TP of THB17.6

Maintain our BUY call with a target price of THB17.6, based on a target P/E of 21x, which is close to the 5-year historical average. The current valuation remains attractive, trading at a 2025E P/E of 17.1x.

TARGET PRICE	THB17.60
CLOSE	THB14.30
UP/DOWNSIDE	+23.1%
PRIOR TP	THB17.60
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-0.5%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	36,534	41,433	45,594	47,663
Net profit	513	625	788	862
EPS (THB)	0.61	0.74	0.93	1.02
vs Consensus (%)	-	(1.3)	0.2	(2.9)
EBITDA	697	877	1,075	1,170
Recurring net profit	433	545	708	782
Core EPS (THB)	0.51	0.64	0.84	0.92
Chg. In EPS est. (%)	nm	nm	nm	nm
EPS growth (%)	(40.9)	25.9	30.0	10.3
Core P/E (x)	28.0	22.2	17.1	15.5
Dividend yield (%)	4.3	3.3	4.2	4.6
EV/EBITDA (x)	26.2	20.8	17.5	16.2
Price/book (x)	3.0	2.8	2.6	2.5
Net debt/Equity (%)	150.9	142.7	145.6	138.8
ROE (%)	10.6	13.0	16.0	16.5



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(4.7)	(2.1)	26.5
Relative to country (%)	(0.5)	2.3	29.9
Mkt cap (USD m)	351		
3m avg. daily turnover (USD m)	0.8		
Free float (%)	20		
Major shareholder	TKS Technology PCL (39%)		
12m high/low (THB)	16.70/9.70		
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 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, the communication segment should see continued growth due to Apple and the solid gains of Honor, for which SYNEX is an exclusive distributor.

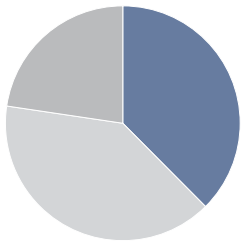
Company profile

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

Principal activities (revenue, 2023)

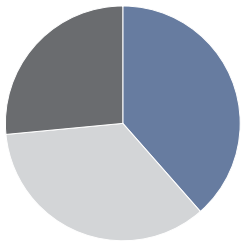
- Consumer - 37.6 %
- Communication - 39.8 %
- Commercial - 22.7 %



Source: Synnex (Thailand)

Major shareholders

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



Source: Synnex (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) later-than-expected government budget disbursement; and 3) slower-than-expected AI-capable PC/smartphone adoption.

Event calendar

Date	Event
Feb 2025	4Q24 results announcement

Key assumptions

	2023A	2024E	2025E	2026E
Revenue (THB m)	36,534	41,433	45,594	47,663
Growth (%)				
- Consumer	(10.6)	(6.3)	7.9	5.0
- Communication	3.7	33.5	10.0	5.0
- Commercial	3.0	6.5	5.0	3.0
Gross margin (%)	4.0	4.0	4.2	4.3
SG&A to sales (%)	2.5	2.2	2.2	2.2
Cost of debt (%)	2.4	3.0	2.8	2.8
Core profit (THB m)	433	545	708	782

Source: FSSIA estimates

Earnings sensitivity

- For every 1.0% increase in revenue, we estimate 2025 core profit to rise by 1.0%, and vice versa, all else being equal.
- For every 0.1% increase in GPM, we estimate 2025 core profit to rise by 5.1%, and vice versa, all else being equal.
- For every 0.1% increase in SG&A to sales, we estimate 2025 core profit to fall by 5.1%, and vice versa, all else being equal.

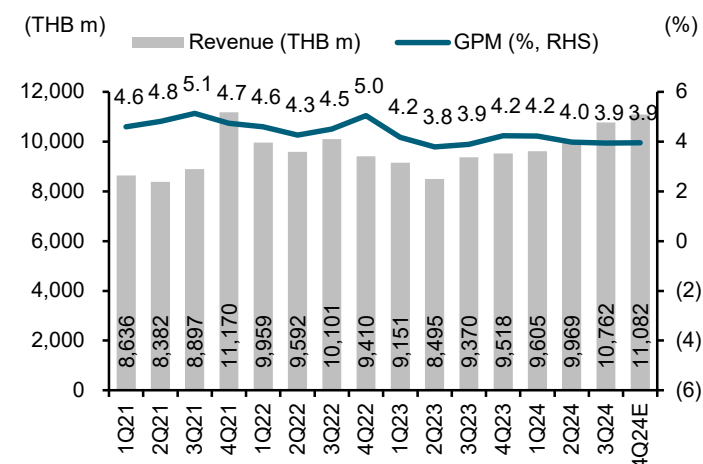
Source: FSSIA estimates

Exhibit 1: SYNEX – 4Q24 earnings preview

Year to Dec 31	4Q23 (THB m)	1Q24 (THB m)	2Q24 (THB m)	3Q24 (THB m)	4Q24E (THB m)	----- Change -----		2024E (THB m)	Change (y-y%)	2025E (THB m)	Change (y-y%)
						(q-q%)	(y-y%)				
Revenue	9,518	9,605	9,969	10,762	11,082	3	16	41,433	13	45,594	10
COGS	(9,115)	(9,200)	(9,573)	(10,338)	(10,645)	3	17	(39,770)	13	(43,682)	10
Gross profit	403	405	396	424	437	3	8	1,663	13	1,912	15
Operating costs	(217)	(227)	(228)	(230)	(243)	6	12	(928)	2	(989)	7
Operating profit	186	178	168	195	195	0	5	735	30	923	26
Other income	20	20	20	22	24	11	24	87	3	96	10
FX Gain (Loss)	12	30	30	27	0	(100)	(100)	80	(1)	80	0
Interest expense	(42)	(43)	(47)	(50)	(50)	(0)	20	(191)	32	(184)	(4)
Profit before tax	176	184	171	193	169	(12)	(4)	711	22	916	29
Tax	(38)	(38)	(23)	(39)	(37)	(4)	(2)	(137)	2	(183)	33
Associates	10	5	12	14	18	24	86	50	(20)	55	10
Minority interests	0.3	0.2	0.2	0.2	0.2	8	(14)	1	0	1	0
Non-recurring items	12	30	30	27	0	(100)	(100)	80	(1)	80	0
Reported net profit	148	152	160	169	150	(11)	1	625	22	788	26
Recurring net profit	136	122	130	142	150	5	10	545	26	708	30
EPS (THB)	0.17	0.18	0.19	0.20	0.18	(11)	1	0.74	22	0.93	26
Recurring EPS (THB)	0.16	0.14	0.15	0.17	0.18	5	10	0.64	26	0.84	30
Key ratios (%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(ppt)	(%)	(ppt)
Gross margin	4.2	4.2	4.0	3.9	3.9	0.0	(0.3)	4.0	(0.0)	4.2	0.2
Operating margin	2.0	1.9	1.7	1.8	1.8	(0.1)	(0.2)	1.8	0.2	2.0	0.3
Recurring net margin	1.4	1.3	1.3	1.3	1.4	0.0	(0.1)	1.3	0.1	1.6	0.2
SG&A / Sales	2.3	2.4	2.3	2.1	2.2	0.1	(0.1)	2.2	(0.2)	2.2	(0.1)
Operating statistics											
Product mix (% to sales)											
Consumer (%)	36	35	30	32	30			31		31	
Communication (%)	43	45	48	46	50			47		47	
Commercial (%)	21	19	22	22	20			21		22	
Other (%)	0	1	0	0	0			0		0	

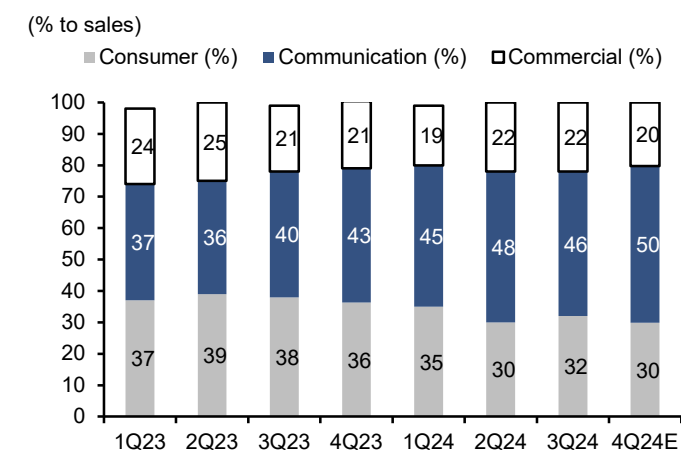
Sources: SYNEX, FSSIA estimates

Exhibit 2: Quarterly revenue and %GPM



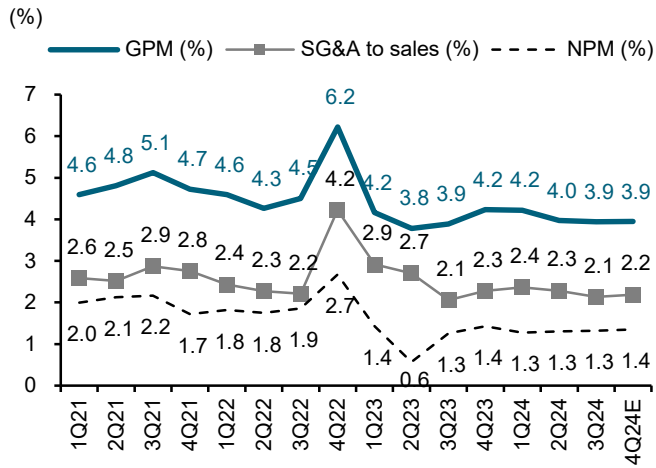
Sources: SYNEX, FSSIA estimates

Exhibit 3: Product mix (% to sales)



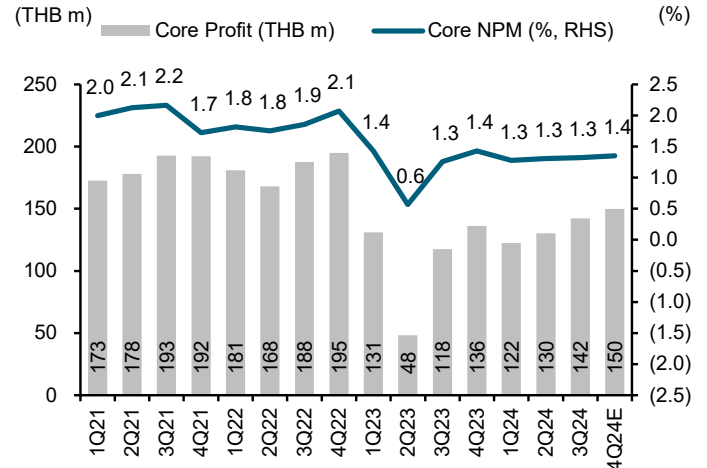
Sources: SYNEX, FSSIA estimates

Exhibit 4: Profitability



Sources: SYNEX, FSSIA estimates

Exhibit 5: Quarterly core profit and % margin



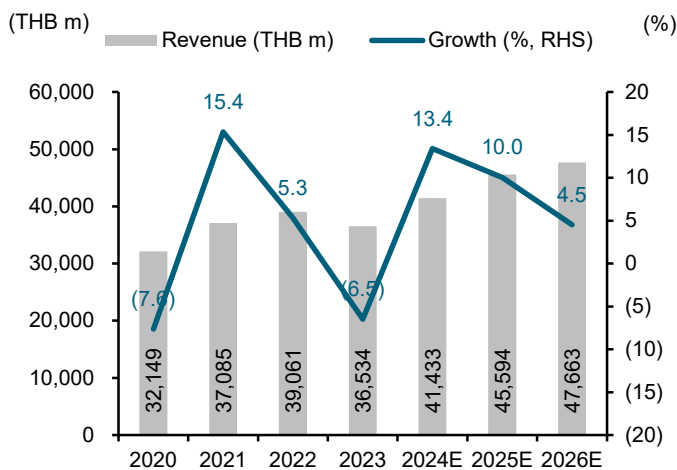
Sources: SYNEX, FSSIA estimates

Exhibit 6: Key assumptions

	Current			Previous			Change		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Revenue (THB m)	41,433	45,594	47,663	40,758	45,692	48,325	1.7	(0.2)	(1.4)
- Consumer growth (%)	(6.3)	7.9	5.0	(7.3)	16.7	8.6	1.0	(8.8)	(3.6)
- Communication growth (%)	33.5	10.0	5.0	35.0	10.0	5.0	(1.5)	0.0	0.0
- Commercial growth (%)	6.5	5.0	3.0	(5.0)	1.0	3.0	11.5	4.0	0.0
Gross margin (%)	4.0	4.2	4.3	4.1	4.2	4.3	(0.1)	(0.0)	0.0
SG&A to sales (%)	2.2	2.2	2.2	2.3	2.2	2.2	(0.0)	(0.0)	(0.0)
Cost of debt (%)	3.0	2.8	2.8	2.75	2.43	2.40	0.3	0.4	0.4
Core profit (THB m)	545	708	782	601	744	811	(9)	(5)	(4)

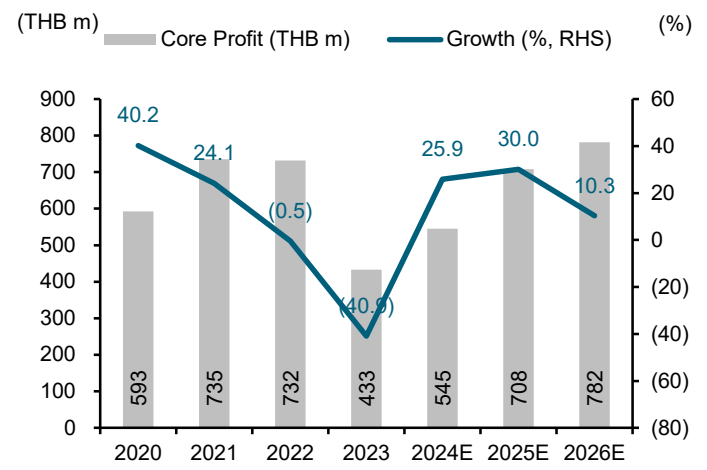
Source: FSSIA estimates

Exhibit 7: Yearly revenue



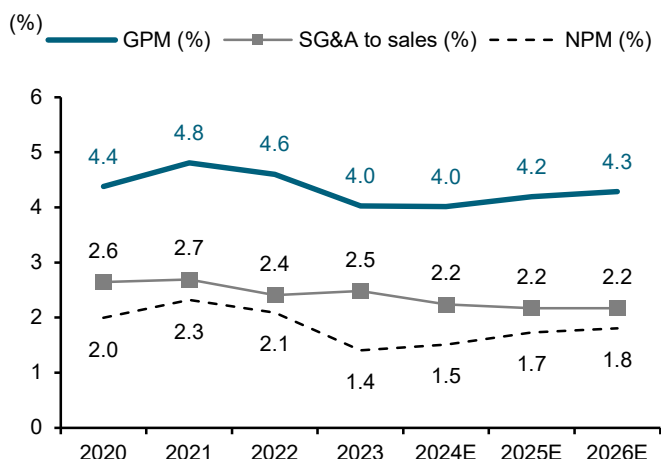
Sources: SYNEX, FSSIA estimates

Exhibit 8: Yearly core profit



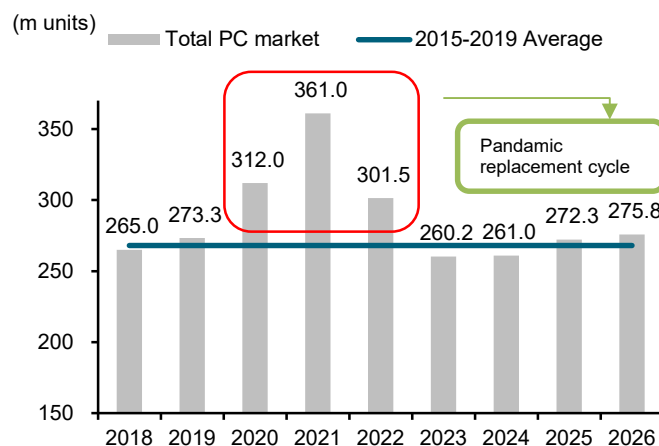
Sources: SYNEX, FSSIA estimates

Exhibit 9: Profitability



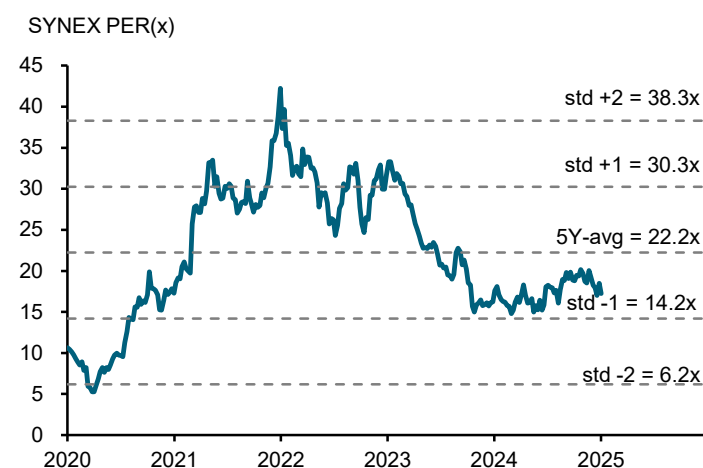
Sources: SYNEX, FSSIA estimates

Exhibit 10: Replacement cycle aids recovery



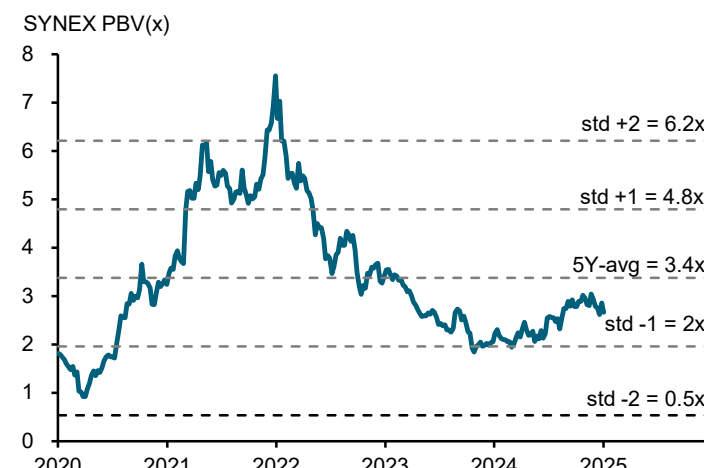
Sources: IDC; FSSIA's compilation

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

Exhibit 13: Commerce peers as of 7 Jan 2025

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	56.25	83.00	48	14,652	20.6	18.2	20.9	21.3	4.5	4.0	18.0	15.7
CP Aextra	CPAXT TB	BUY	26.50	34.00	28	8,013	26.5	21.8	3.5	4.2	0.9	0.9	9.4	8.3
Berli Jucker	BJC TB	BUY	22.70	31.00	37	2,638	20.6	17.8	3.7	4.2	0.8	0.7	11.9	11.5
Consumer Staple average						25,386	21.2	18.2	10.8	11.3	2.1	2.0	12.4	11.2
Consumer Discretionary														
Com7	COM7 TB	BUY	25.50	30.00	18	1,741	19.2	17.8	36.1	33.2	6.4	5.5	13.1	11.6
Synnex Thailand	SYNEX TB	BUY	14.30	17.60	23	351	22.2	17.1	13.0	16.0	2.8	2.6	20.8	17.5
Central Retail Corp	CRC TB	BUY	34.25	42.00	23	5,990	24.2	22.1	12.2	12.4	2.8	2.6	10.0	9.4
Consumer Discretionary avg.						8,082	21.9	19.0	20.5	20.5	4.0	3.6	14.6	12.8
Home Improvement														
Index Living Mall	ILM TB	BUY	15.50	22.00	42	227	10.4	9.4	12.4	13.1	1.3	1.2	6.4	6.0
Home Product Center	HMPRO TB	BUY	9.70	13.20	36	3,699	19.8	18.8	24.6	24.8	4.8	4.6	11.4	10.8
Siam Global House	GLOBAL TB	HOLD	13.90	17.30	24	2,097	28.4	24.4	10.6	11.7	2.9	2.8	22.2	19.4
Dohome	DOHOME TB	HOLD	9.30	10.50	13	871	47.3	32.4	5.1	7.0	2.3	2.2	19.3	16.7
Home Improvement avg.						6,893	26.5	21.3	13.2	14.2	2.8	2.7	14.8	13.2
Total average						40,361	23.3	19.5	14.3	14.8	2.9	2.7	13.9	12.4

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	41,433	45,594	47,663
Cost of goods sold	(37,265)	(35,063)	(39,770)	(43,682)	(45,619)
Gross profit	1,796	1,470	1,663	1,912	2,044
Other operating income	81	85	87	96	100
Operating costs	(941)	(906)	(928)	(989)	(1,034)
Operating EBITDA	981	697	877	1,075	1,170
Depreciation	(46)	(48)	(55)	(56)	(60)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	935	648	822	1,019	1,110
Net financing costs	33	(65)	(111)	(104)	(110)
Associates	38	63	50	55	61
Recurring non-operating income	38	63	50	55	61
Non-recurring items	0	0	0	0	0
Profit before tax	1,007	646	761	971	1,061
Tax	(201)	(134)	(137)	(183)	(200)
Profit after tax	806	512	624	787	861
Minority interests	10	1	1	1	1
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	816	513	625	788	862
Non-recurring items & goodwill (net)	(84)	(80)	(80)	(80)	(80)
Recurring net profit	732	433	545	708	782
Per share (THB)					
Recurring EPS *	0.86	0.51	0.64	0.84	0.92
Reported EPS	0.96	0.61	0.74	0.93	1.02
DPS	0.70	0.62	0.47	0.60	0.65
Diluted shares (used to calculate per share data)	847	847	847	847	847
Growth					
Revenue (%)	5.3	(6.5)	13.4	10.0	4.5
Operating EBITDA (%)	7.8	(29.0)	26.0	22.5	8.8
Operating EBIT (%)	8.6	(30.7)	26.8	24.0	8.9
Recurring EPS (%)	(0.5)	(40.9)	25.9	30.0	10.3
Reported EPS (%)	(5.1)	(37.1)	21.7	26.2	9.3
Operating performance					
Gross margin inc. depreciation (%)	4.6	4.0	4.0	4.2	4.3
Gross margin exc. depreciation (%)	4.7	4.2	4.1	4.3	4.4
Operating EBITDA margin (%)	2.5	1.9	2.1	2.4	2.5
Operating EBIT margin (%)	2.4	1.8	2.0	2.2	2.3
Net margin (%)	1.9	1.2	1.3	1.6	1.6
Effective tax rate (%)	19.9	20.8	18.0	18.9	18.9
Dividend payout on recurring profit (%)	81.0	121.4	73.8	71.6	71.0
Interest cover (X)	(29.2)	11.0	7.9	10.4	10.6
Inventory days	33.3	37.9	34.7	33.4	34.3
Debtor days	52.1	58.9	56.1	56.2	57.7
Creditor days	28.7	26.3	25.8	27.1	27.7
Operating ROIC (%)	11.1	6.4	7.7	9.0	9.2
ROIC (%)	9.6	5.7	6.7	7.8	8.1
ROE (%)	18.2	10.6	13.0	16.0	16.5
ROA (%)	5.7	3.6	4.4	5.2	5.4

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Consumer	16,511	13,720	12,903	13,922	14,616
Communication	14,061	14,539	19,470	21,417	22,487
Commercial	7,734	8,275	8,861	10,054	10,355
Others	755		200	202	204

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	545	708	782
Depreciation	46	48	55	56	60
Associates & minorities	(38)	(63)	(50)	(55)	(61)
Other non-cash items	(102)	(74)	63	108	97
Change in working capital	(1,830)	(519)	(222)	(882)	(465)
Cash flow from operations	(1,192)	(174)	391	(65)	412
Capex - maintenance	-	-	-	-	-
Capex - new investment	(97)	(44)	(52)	(47)	(50)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(758)	(214)	0	0	0
Cash flow from investing	(855)	(258)	(52)	(47)	(50)
Dividends paid	(593)	(523)	(402)	(508)	(555)
Equity finance	(10)	(1)	0	0	0
Debt finance	2,674	725	68	403	156
Other financing cash flows	(37)	(17)	1	2	1
Cash flow from financing	2,034	185	(334)	(102)	(397)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	84	80	80	80	80
Movement in cash	71	(167)	85	(134)	46
Free cash flow to firm (FCFF)	(1,997.10)	(287.09)	529.61	71.64	553.09
Free cash flow to equity (FCFE)	673.68	356.90	486.84	373.26	600.29

Per share (THB)

FCFF per share	(2.36)	(0.34)	0.63	0.08	0.65
FCFE per share	0.80	0.42	0.57	0.44	0.71
Recurring cash flow per share	0.75	0.41	0.72	0.96	1.04

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	39
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	1,266	1,328	1,328	1,328	1,328
Cash & equivalents	304	137	222	88	133
A/C receivable	6,491	6,548	7,219	7,952	8,329
Inventories	3,547	3,734	3,811	4,185	4,371
Other current assets	841	1,109	1,140	1,259	1,340
Current assets	11,184	11,528	12,391	13,484	14,173
Other assets	395	564	566	576	582
Total assets	13,245	13,817	14,679	15,772	16,457
Common equity	4,098	4,073	4,296	4,577	4,884
Minorities etc.	6	5	5	5	5
Total shareholders' equity	4,105	4,079	4,301	4,582	4,889
Long term debt	688	471	330	146	71
Other long-term liabilities	101	102	103	111	117
Long-term liabilities	788	573	433	258	189
A/C payable	2,885	2,880	3,436	3,780	3,959
Short term debt	4,878	5,820	6,029	6,615	6,846
Other current liabilities	590	466	481	536	575
Current liabilities	8,352	9,165	9,945	10,932	11,380
Total liabilities and shareholders' equity	13,245	13,817	14,679	15,772	16,457
Net working capital	7,405	8,045	8,253	9,079	9,506
Invested capital	9,467	10,334	10,541	11,368	11,791

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

Per share (THB)

Book value per share	4.84	4.81	5.07	5.40	5.76
Tangible book value per share	4.80	4.76	5.03	5.36	5.72

Financial strength

Net debt/equity (%)	128.2	150.9	142.7	145.6	138.8
Net debt/total assets (%)	39.7	44.5	41.8	42.3	41.2
Current ratio (x)	1.3	1.3	1.2	1.2	1.2
CF interest cover (x)	(22.1)	7.2	5.9	5.1	6.9

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	16.6	28.0	22.2	17.1	15.5
Recurring P/E @ target price (x) *	20.4	34.5	27.4	21.1	19.1
Reported P/E (x)	14.8	23.6	19.4	15.4	14.1
Dividend yield (%)	4.9	4.3	3.3	4.2	4.6
Price/book (x)	3.0	3.0	2.8	2.6	2.5
Price/tangible book (x)	3.0	3.0	2.8	2.7	2.5
EV/EBITDA (x) **	17.7	26.2	20.8	17.5	16.2
EV/EBITDA @ target price (x) **	20.6	30.3	24.0	20.1	18.6
EV/invested capital (x)	1.8	1.8	1.7	1.7	1.6

* 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 14: 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 15: ESG – peer comparison

	FSSIA ESG score	Domestic ratings					Global ratings							Bloomberg	
		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 16: 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 17: 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.																			
SET ESG Ratings List (SETESG) by The Stock Exchange of Thailand (SET)	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 SETESG 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. SETESG Index 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.																			
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 Sustainabilitys	The Sustainabilitys' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+									
NEGL	Low	Medium	High	Severe																	
0-10	10-20	20-30	30-40	40+																	
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																			
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table><tr><td>AAA</td><td>8.571-10.000</td><td rowspan="3">Leader:</td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td>AA</td><td>7.143-8.570</td></tr><tr><td>A</td><td>5.714-7.142</td></tr><tr><td>BBB</td><td>4.286-5.713</td><td rowspan="3">Average:</td><td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td></tr><tr><td>BB</td><td>2.857-4.285</td></tr><tr><td>B</td><td>1.429-2.856</td></tr><tr><td>CCC</td><td>0.000-1.428</td><td>Laggard:</td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr></table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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B	1.429-2.856																				
CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks																		
Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																				
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																				
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																				
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																			
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																			

[Rating](#) regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**"; 2) "**AGM Level**"; 3) "**Thai CAC**"; and 4) **THSI**. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Thada Jiracharoenying FSS International Investment Advisory Securities Co., Ltd

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

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Company	Ticker	Price	Rating	Valuation & Risks
Synnex (Thailand)	SYNEX TB	THB 14.30	BUY	Downside risks to our P/E-based TP include 1) a slower-than-expected PC recovery; 2) later-than-expected government budget disbursement; and 3) slower-than-expected AI-capable PC/smartphone adoption.
Com7	COM7 TB	THB 25.50	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 34.25	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.
CP All	CPALL TB	THB 56.25	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 26.50	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; 4) an operating loss from its overseas units; 5) lower-than-expected synergy value; and 6) lower-than-expected losses in Happitat project.
Berli Jucker	BJC TB	THB 22.70	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.
Index Living Mall	ILM TB	THB 15.50	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 9.70	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 13.90	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 9.30	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 07-Jan-2025 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.