

THAI STANLEY ELECTRIC  
THAILAND / AUTOMOTIVE

## STANLY TB

BUY

UNCHANGED

## คาดการณ์ฟื้นตัวอย่างช้า ๆ ใน 4QFY23

- คาดกำไรสุทธิ 4QFY23 โต 11% q-q แต่ลดลง 12% y-y ส่วนมากจากยอดขายในประเทศที่ฟื้นตัวช้ากว่าที่คาด
- เราปรับลดประมาณการกำไรปกติปี FY23-FY25 ลง 4%/5%/7% จากมุมมองในด้านการเติบโตของรายได้ของเราที่ระมัดระวังมากยิ่งขึ้น
- คงแนะนำซื้อหลังปรับลดราคาเป้าหมายลงเล็กน้อยเหลือ 220 บาท

TARGET PRICE	THB220.00
CLOSE	THB179.50
UP/DOWNSIDE	+22.6%
PRIOR TP	THB230.00
CHANGE IN TP	-4.3%
TP vs CONSENSUS	+0.5%

## KEY STOCK DATA

YE Mar (THB m)	2022	2023E	2024E	2025E
Revenue	13,582	14,305	15,593	17,153
Net profit	1,521	1,599	1,894	2,172
EPS (THB)	19.85	20.86	24.72	28.34
vs Consensus (%)	-	(2.0)	7.0	9.1
EBITDA	3,158	3,173	3,500	3,847
Core net profit	1,496	1,599	1,894	2,172
Core EPS (THB)	19.53	20.86	24.72	28.34
Chg. In EPS est. (%)	-	(3.8)	(5.0)	(7.4)
EPS growth (%)	44.7	6.8	18.5	14.7
Core P/E (x)	9.2	8.6	7.3	6.3
Dividend yield (%)	4.7	4.7	5.4	6.2
EV/EBITDA (x)	3.5	3.6	3.1	2.7
Price/book (x)	0.7	0.7	0.6	0.6
Net debt/Equity (%)	(13.3)	(11.1)	(13.0)	(14.3)
ROE (%)	7.7	7.8	8.8	9.6

## การผลิตยานยนต์ในช่วง 2M23 เพิ่มขึ้น 7% y-y โดยได้ปัจจัยผลักดันจากการส่งออก

การผลิตยานยนต์ของไทยในช่วง 2M23 อยู่ที่ 328K คัน (+7% y-y) จากการส่งออกซึ่งปรับขึ้น 17% y-y เป็น 175K คันหลังปัญหาการขาดแคลนชิปและชิ้นส่วนบรรเทาลง อย่างไรก็ตามยอดขายในประเทศลดลง 5% y-y มาอยู่ที่ 137K คันเนื่องจากผู้บริโภคใช้ความระมัดระวังในการใช้จ่ายใช้รถยนต์คันแรก สภาอุตสาหกรรมแห่งประเทศไทยคาดการณ์การผลิตยานยนต์รวม 1,950K คันในปี 2023 เพิ่มขึ้น 4% y-y โดยแบ่งเป็นการผลิตเพื่อการส่งออก 1,050K คัน (+5% y-y) และการผลิตเพื่อขายในประเทศ 900K คัน (+6% y-y) ในปี 2023 การส่งออกยานยนต์น่าจะแตะระดับก่อนโรคระบาดในปี 2019 ในขณะที่ยอดขายในประเทศน่าจะปรับตัวลดลงต่ำกว่าระดับก่อนโรคระบาด 11%

## คาดการณ์ฟื้นตัวอย่างช้า ๆ ใน 4QFY23

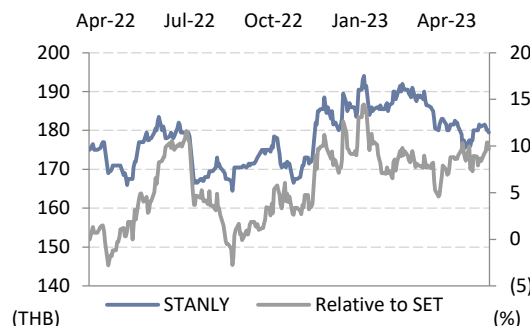
เนื่องจากรายได้ส่วนมากมาจากตลาดในประเทศ เราคาดว่ารายได้จากยอดขายของ STANLY จะโต 7% q-q และ 1% y-y เป็น 3.9 พัน ลบ. ใน 4QFY23 เพิ่มขึ้น q-q จากจำนวนวันทำงานที่เพิ่มขึ้น อัตรากำไรขั้นต้นน่าจะปรับตัวดีขึ้นเป็น 17.4% จาก 17.0% ใน 3QFY23 จากอัตราการใช้กำลังการผลิตที่สูงขึ้นที่ลดลงจาก 18.8% ใน 4QFY22 ส่วนมากจากต้นทุนค่าไฟฟ้าที่สูงขึ้น อย่างไรก็ตามบริษัทสามารถบริหารค่าใช้จ่ายอื่น ๆ ได้ดี เพราะฉะนั้นเราจึงคิดว่ากำไรปกติ 4QFY23 จะโต 7% q-q แต่ลดลง 10% y-y มาอยู่ที่ 418 ลบ.

## ปรับลดประมาณการเพื่อสะท้อนมุมมองในด้านการเติบโตของรายได้ที่ระมัดระวังมากยิ่งขึ้น

เรามีความมั่นใจเกี่ยวกับการฟื้นตัวของอุตสาหกรรมยานยนต์ของไทยในปี 2023 แม้ว่าจะมีความกังวลเพิ่มขึ้นเกี่ยวกับการชะลอตัวของเศรษฐกิจโลกและการซื้อสินค้าคงทนในประเทศที่มีความท้าทาย ด้วยเหตุนี้จึงกล่าวเราปรับลดประมาณการกำไรปกติปี FY23-FY25 ลง 4%/5%/7% เพื่อสะท้อนมุมมองที่ระมัดระวังมากยิ่งขึ้นของเรา กำไรสุทธิของ STANLY น่าจะโตในอัตราที่ลดลงเหลือ 7%/19%/15% จาก 11%/20%/18% ในช่วงปี FY23-FY25

## คงแนะนำซื้อหลังปรับลดราคาเป้าหมายลงเล็กน้อยเหลือ 220 บาท

ปัจจุบันเราคาดว่ากำไรปกติจะโต 17% CAGR ในช่วงปี FY23-FY25 ลดลงจากที่เคยคาดไว้ที่ 19% CAGR เราคงแนะนำซื้อ STANLY แต่ปรับราคาเป้าหมายลงเล็กน้อยเหลือ 220 บาทจาก 230 บาท (9.0x ของค่า FY24E P/E) เท่ากับค่าเฉลี่ย 5 ปีย้อนหลัง เรายังชอบ STANLY ในแง่การประเมินมูลค่าที่อยู่ในระดับต่ำ ความเสี่ยงในด้านการเงินที่ต่ำมากและสภาพคล่องที่อยู่ในระดับสูง ปัจจุบันหุ้นมีการซื้อขายที่ค่า FY24E P/E เท่ากับ 7.3x และค่า P/BV ที่เพียง 0.6x



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(1.6)	(3.8)	2.9
Relative to country (%)	0.2	2.2	11.0
Mkt cap (USD m)			404
3m avg. daily turnover (USD m)			0.2
Free float (%)			34
Major shareholder	Stanley Electric Holding Asia-Pacific Pte., Ltd. (36%)		
12m high/low (THB)			195.00/164.50
Issued shares (m)			76.63

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 10 เมษายน 2023

### Investment thesis

We reiterate our BUY call on STANLY with a slightly lower TP to THB220 from THB230, in accordance with the cuts in our forecast to reflect our more cautious view of its sales revenue as Thailand’s automotive export recovery looks challenging.

We like STANLY as it is in a low-competition industry with only a few players in the market. The company has a competitive advantage as a partner with a Japanese JV and as a listed company on the Stock Exchange of Thailand, which allows the company to seek lower-cost funding sources. Moreover, we think STANLY’s share price is undemanding at only 7.3x FY24E P/E and 0.6x P/BV.

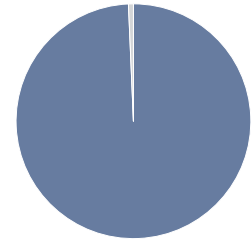
### Company profile

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 manufacturing 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, 2022)

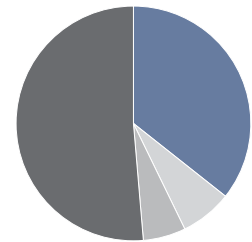
- Auto bulbs & automotive lighting equipment - 99.3 %
- Molds & dies and product designs - 0.7 %



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
May 2023	FY23 results announcement

### Key assumptions

	FY23E	FY24E	FY25E
	(THB m)	(THB m)	(THB m)
Auto bulbs & lighting	14,205	15,484	17,032
Growth (%)	5.3	9.0	10.0
Dies & molds	100	109	121
Growth (%)	8.0	10.0	10.1
Total revenue	14,305	15,593	17,153
Growth (%)	5.3	9.0	10.0
Gross margin (%)	17.0	18.0	18.5
SG&A to sales (%)	7.7	7.1	6.8
Core profit margin	11.2	12.1	12.7

Source: FSSIA estimates

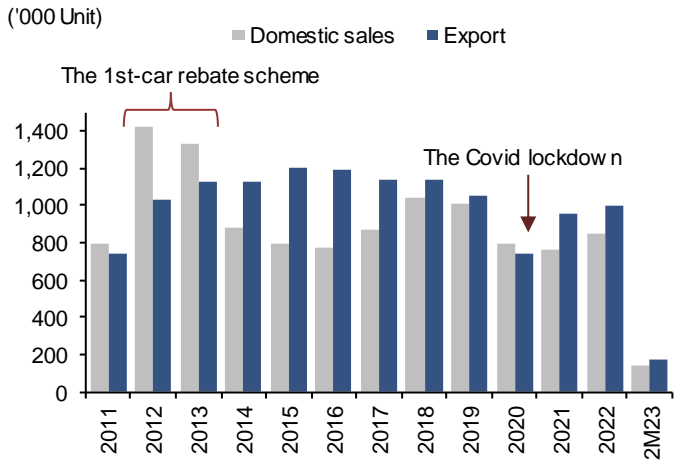
### Earnings sensitivity

- For every 0.5% change in its gross margin, we project STANLY’s FY24 net profit to change by 3%, all else being equal.
- For every 10% change in utility costs, we project STANLY’s FY24 net profit to change by 2%, all else being equal.
- For every 1% change in its SG&A to sales, we forecast STANLY’s FY24 net profit to change by 6%, all else being equal.

Source: FSSIA estimates

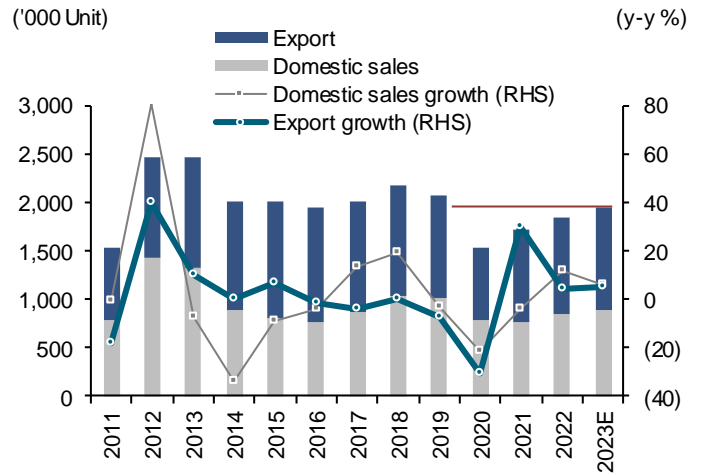


**Exhibit 1: Thailand's domestic car sales and exports**



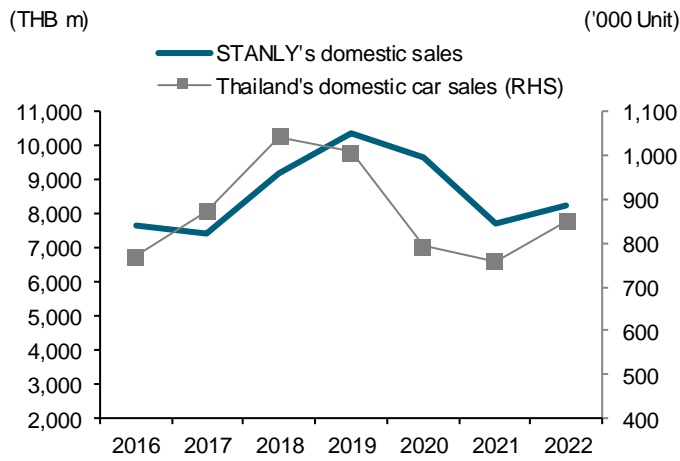
Sources: The Federation of Thai Industries

**Exhibit 2: Thailand's car production**



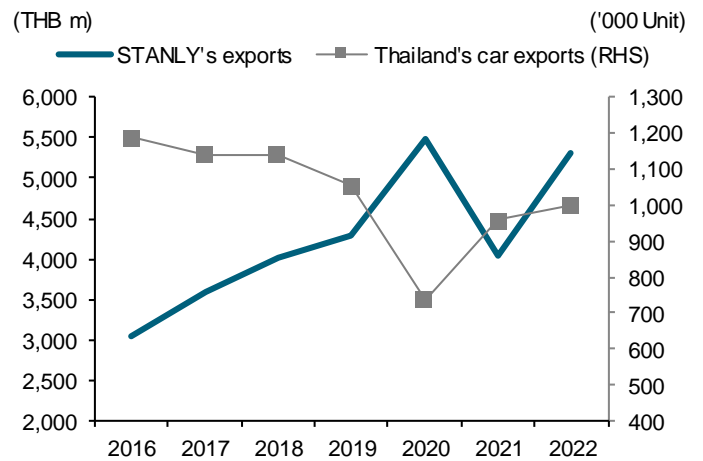
Sources: The Federation of Thai Industries

**Exhibit 3: STANLY's local sales vs Thai domestic car sales**



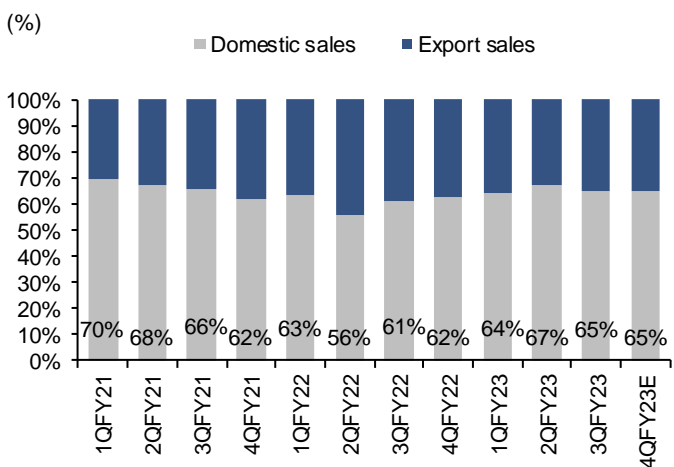
Sources: The Federation of Thai Industries, STANLY

**Exhibit 4: STANLY's export sales vs Thai car exports**



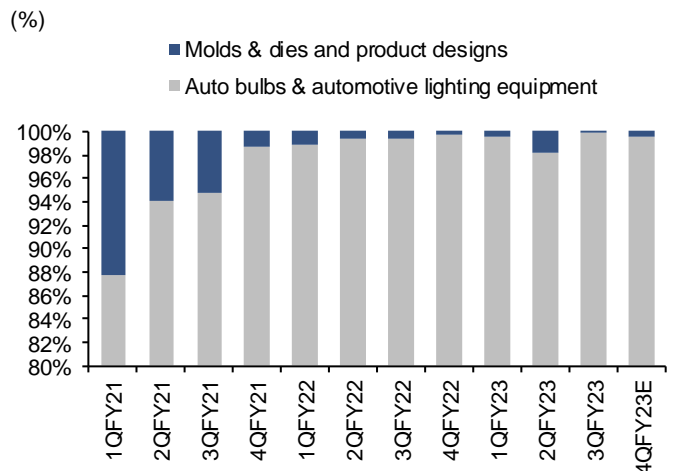
Sources: The Federation of Thai Industries, STANLY

**Exhibit 5: STANLY's revenue by geography**



Sources: STANLY, FSSIA estimates

**Exhibit 6: STANLY's revenue by product type**



Sources: STANLY, FSSIA estimates

**Exhibit 7: 4QFY23 results preview**

Year to Mar 31	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23E	----- Change -----		FY22	FY23E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Sales	3,834	3,283	3,551	3,602	3,868	7.4	0.9	13,582	14,305	5.3
Cost of sales	3,115	2,734	2,949	2,991	3,195	6.8	2.6	11,093	11,869	7.0
Gross profit	719	549	602	611	674	10.2	(6.4)	2,490	2,436	(2.2)
Operating costs	262	270	278	274	275	0.2	4.7	1,024	1,097	7.1
Operating profit	457	279	324	337	399	18.2	(12.7)	1,465	1,339	(8.6)
Operating EBITDA	885	696	848	772	810	5.0	(8.5)	3,158	3,173	0.5
Other income	29	28	135	44	23	(46.9)	(18.3)	75	97	29.9
Interest expense	0	0	0	0	0	nm	nm	0	0	nm
Profit before tax	486	306	459	382	422	10.7	(13.0)	1,584	1,569	(0.9)
Tax	117	79	103	94	70	(25.2)	(40.0)	369	345	(6.5)
Associates	95	77	121	105	72	(31.2)	(23.9)	282	375	33.0
Minority interests	(0)	0	0	0	(0)	nm	nm	(0)	(0)	nm
<b>Reported net profit</b>	<b>473</b>	<b>317</b>	<b>487</b>	<b>376</b>	<b>418</b>	<b>11.1</b>	<b>(11.7)</b>	<b>1,521</b>	<b>1,599</b>	<b>5.1</b>
<b>Core profit</b>	<b>464</b>	<b>304</b>	<b>478</b>	<b>392</b>	<b>418</b>	<b>6.5</b>	<b>(9.8)</b>	<b>1,496</b>	<b>1,599</b>	<b>6.8</b>
Reported EPS (THB)	6.18	4.14	6.35	4.91	5.46	11.1	(11.7)	19.85	20.86	5.1
Core EPS (THB)	6.05	3.97	6.23	5.12	5.46	6.5	(9.8)	19.53	20.86	6.8
<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	18.8	16.7	17.0	17.0	17.4	0.4	(1.3)	18.3	17.0	(1.3)
Operating margin	12.7	9.3	12.9	10.6	10.9	0.3	(1.7)	11.7	11.0	(0.7)
EBITDA margin	23.1	21.2	23.9	21.4	20.9	(0.5)	(2.1)	23.3	22.2	(1.1)
Recurring net margin	12.1	9.3	13.5	10.9	10.8	(0.1)	(1.3)	11.0	11.2	0.2
SG&A / Sales	6.8	8.2	7.8	7.6	7.1	(0.5)	0.3	7.5	7.7	0.1
<b>Revenue breakdown by product type</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(q-q %)</b>	<b>(y-y %)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(y-y %)</b>
Auto bulbs & automotive lighting equipment	3,821	3,271	3,488	3,598	3,849	7.0	0.7	13,490	14,205	5.3
Molds & dies and product designs	14	12	63	4	19	330.1	42.1	92	100	8.0
<b>Revenue breakdown by geographic</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(q-q %)</b>	<b>(y-y %)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(y-y %)</b>
Domestic sales	2,394	2,109	2,390	2,355	2,514	6.8	5.0	8,261	10,500	27.1
Export sales	1,440	1,174	1,161	1,247	1,354	8.5	(6.0)	5,322	3,805	(28.5)

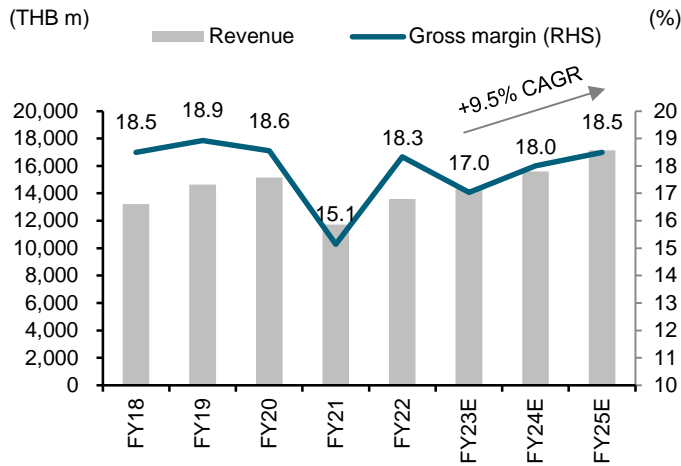
Sources: STANLY, FSSIA estimates

**Exhibit 8: Changes in key assumptions**

	-----Current-----			-----Previous-----			-----Change-----		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)
Auto bulbs & lighting	14,205	15,484	17,032	14,394	15,996	18,239	(1.3)	(3.2)	(6.6)
Dies & molds	100	109	121	100	109	121	0.0	0.0	0.0
Total revenue	14,305	15,593	17,153	14,494	16,106	18,359	(1.3)	(3.2)	(6.6)
Cost of goods sold	11,869	12,786	13,979	12,022	13,207	14,963	(1.3)	(3.2)	(6.6)
Gross profit	2,436	2,807	3,173	2,471	2,899	3,396	(1.4)	(3.2)	(6.6)
EBITDA	3,173	3,500	3,847	3,286	3,780	4,299	(3.4)	(7.4)	(10.5)
EBIT	1,569	1,866	2,184	1,601	1,984	2,392	(2.0)	(5.9)	(8.7)
Core profit	1,599	1,894	2,172	1,661	1,994	2,345	(3.8)	(5.0)	(7.4)
<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	17.0	18.0	18.5	17.1	18.0	18.5	(0.0)	0.0	0.0
EBITDA margin	22.2	22.4	22.4	21.8	22.6	22.7	0.4	(0.2)	(0.3)
EBIT margin	11.0	12.0	12.7	11.0	12.3	13.0	(0.1)	(0.4)	(0.3)
Net profit margin	11.2	12.1	12.7	11.5	12.4	12.8	(0.3)	(0.2)	(0.1)
<b>Growth</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(ppt)</b>
Revenue	5.3	9.0	10.0	6.7	11.1	14.0	(1.4)	(2.1)	(4.0)
Core net profit	6.8	18.5	14.7	11.0	20.1	17.6	(4.2)	(1.6)	(2.9)

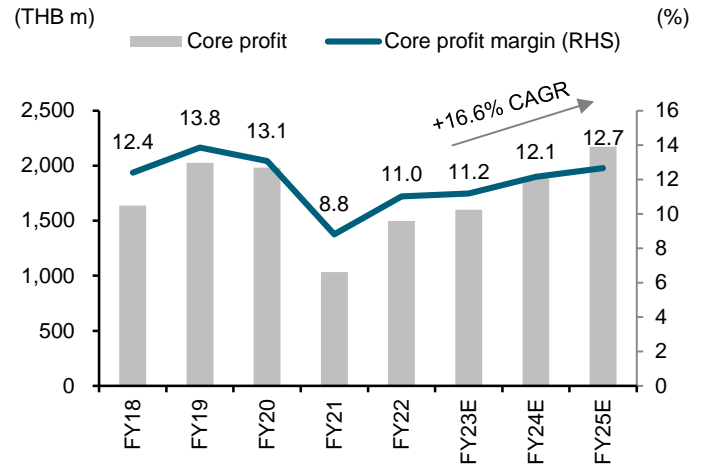
Source: FSSIA estimates

**Exhibit 9: STANLY's revenue and gross margin**



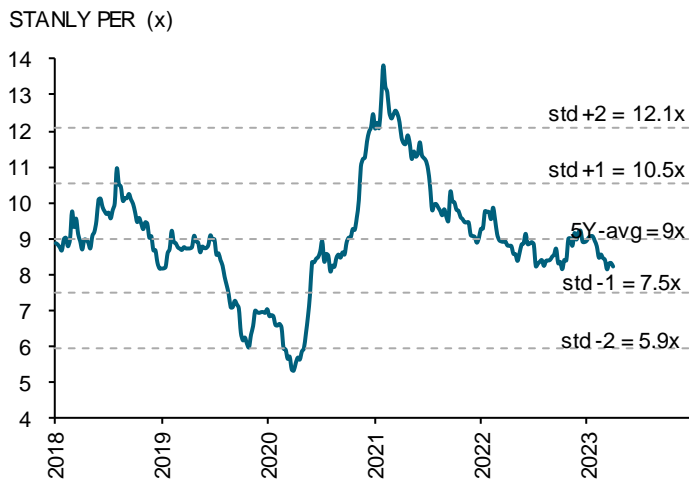
Sources: STANLY, FSSIA estimates

**Exhibit 10: Core profit and core profit margin**



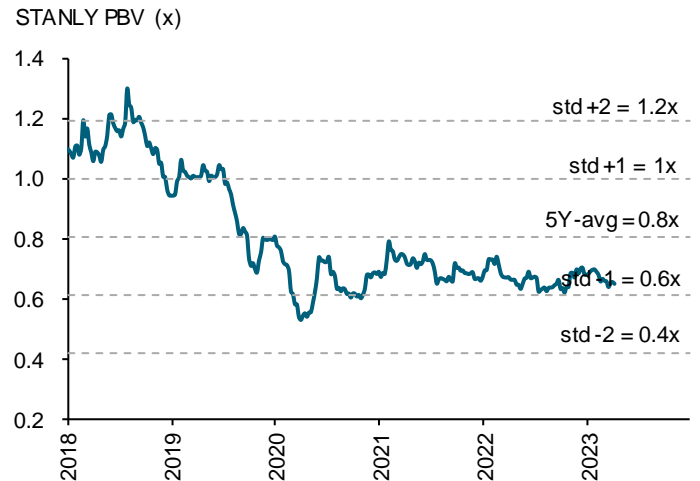
Sources: STANLY, FSSIA estimates

**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: Peers comparisons as of 7 April 2023**

Company	BBG	Rec	Market Cap (USD m)	3Y EPS CAGR (%)	PE		DivYld		ROE		PBV	
					23E (x)	24E (x)	23E (%)	24E (%)	23E (x)	24E (x)	23E (x)	24E (x)
Aapico Hitech	AH TB	BUY	307	(100)	6.3	6.0	6.3	6.7	16.3	15.6	1.0	0.9
Somboon Advance Technology	SAT TB	HOLD	236	(100)	7.7	7.1	8.5	9.3	12.7	13.1	1.0	0.9
Thai Stanley Electric	STANLY TB	BUY	404	13	8.6	7.3	4.7	5.4	7.8	8.8	0.7	0.6
Inoue Rubber (Thailand)	IRC TB	HOLD	77	35	14.2	11.7	3.5	4.3	4.9	5.6	0.7	0.7
<b>Average</b>			<b>1,024</b>	<b>6</b>	<b>9.2</b>	<b>8.0</b>	<b>5.8</b>	<b>6.4</b>	<b>10.4</b>	<b>10.8</b>	<b>0.8</b>	<b>0.8</b>

Sources: Bloomberg, FSSIA estimates

## Financial Statements

### Thai Stanley Electric

Profit and Loss (THB m) Year Ending Mar	2021	2022	2023E	2024E	2025E
Revenue	11,728	13,582	14,305	15,593	17,153
Cost of goods sold	(9,952)	(11,093)	(11,869)	(12,786)	(13,979)
<b>Gross profit</b>	<b>1,776</b>	<b>2,490</b>	<b>2,436</b>	<b>2,807</b>	<b>3,173</b>
Other operating income	1,691	1,693	1,834	1,794	1,832
Operating costs	(883)	(1,024)	(1,097)	(1,101)	(1,158)
<b>Operating EBITDA</b>	<b>2,583</b>	<b>3,158</b>	<b>3,173</b>	<b>3,500</b>	<b>3,847</b>
Depreciation	(1,556)	(1,574)	(1,604)	(1,634)	(1,664)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>1,027</b>	<b>1,584</b>	<b>1,569</b>	<b>1,866</b>	<b>2,184</b>
Net financing costs	0	0	0	0	0
Associates	242	282	375	401	425
Recurring non-operating income	242	282	375	401	425
Non-recurring items	27	24	0	0	0
<b>Profit before tax</b>	<b>1,296</b>	<b>1,890</b>	<b>1,944</b>	<b>2,267</b>	<b>2,608</b>
Tax	(235)	(369)	(345)	(373)	(437)
<b>Profit after tax</b>	<b>1,061</b>	<b>1,521</b>	<b>1,599</b>	<b>1,894</b>	<b>2,172</b>
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>1,061</b>	<b>1,521</b>	<b>1,599</b>	<b>1,894</b>	<b>2,172</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(27)</b>	<b>(24)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>1,034</b>	<b>1,496</b>	<b>1,599</b>	<b>1,894</b>	<b>2,172</b>
<b>Per share (THB)</b>					
Recurring EPS *	13.49	19.53	20.86	24.72	28.34
Reported EPS	13.85	19.85	20.86	24.72	28.34
DPS	5.50	8.50	8.40	9.64	11.05
Diluted shares (used to calculate per share data)	77	77	77	77	77
<b>Growth</b>					
Revenue (%)	(22.6)	15.8	5.3	9.0	10.0
Operating EBITDA (%)	(27.4)	22.3	0.5	10.3	9.9
Operating EBIT (%)	(51.3)	54.3	(0.9)	18.9	17.0
Recurring EPS (%)	(47.8)	44.7	6.8	18.5	14.7
Reported EPS (%)	(46.9)	43.3	5.1	18.5	14.7
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	1.9	6.7	5.8	7.5	8.8
Gross margin of key business (%)	15.1	18.3	17.0	18.0	18.5
Operating EBITDA margin (%)	22.0	23.3	22.2	22.4	22.4
Operating EBIT margin (%)	8.8	11.7	11.0	12.0	12.7
Net margin (%)	8.8	11.0	11.2	12.1	12.7
Effective tax rate (%)	18.1	19.5	17.8	16.5	16.7
Dividend payout on recurring profit (%)	40.8	43.5	40.3	39.0	39.0
Interest cover (X)	-	-	-	-	-
Inventory days	26.0	19.7	23.5	24.1	22.9
Debtor days	80.7	69.4	64.4	58.4	55.3
Creditor days	38.7	34.4	34.2	31.7	26.7
Operating ROIC (%)	6.7	9.5	8.7	9.9	11.3
ROIC (%)	6.4	8.5	8.2	9.1	10.2
ROE (%)	5.7	7.7	7.8	8.8	9.6
ROA (%)	4.9	6.7	6.8	7.8	8.6
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Auto bulbs & automotive lighting equipment	11,125	13,490	14,205	15,484	17,032
Molds & dies and product designs	603	92	100	109	121

Sources: Thai Stanley Electric; FSSIA estimates

## Financial Statements

### Thai Stanley Electric

Cash Flow (THB m) Year Ending Mar	2021	2022	2023E	2024E	2025E
Recurring net profit	1,034	1,496	1,599	1,894	2,172
Depreciation	1,556	1,574	1,604	1,634	1,664
Associates & minorities	(242)	(282)	(375)	(401)	(425)
Other non-cash items	223	405	0	0	0
Change in working capital	302	(621)	59	(262)	(308)
<b>Cash flow from operations</b>	<b>2,873</b>	<b>2,573</b>	<b>2,887</b>	<b>2,865</b>	<b>3,103</b>
Capex - maintenance	0	0	0	0	0
Capex - new investment	(1,604)	(927)	(362)	(872)	(930)
Net acquisitions & disposals	-	0	-	-	-
Other investments (net)	(1,159)	(1,234)	(2,094)	(1,392)	(896)
<b>Cash flow from investing</b>	<b>(2,763)</b>	<b>(2,161)</b>	<b>(2,456)</b>	<b>(2,264)</b>	<b>(1,826)</b>
Dividends paid	(632)	(421)	(644)	(739)	(847)
Equity finance	0	0	0	0	0
Debt finance	0	0	0	0	0
Other financing cash flows	-	0	-	-	-
<b>Cash flow from financing</b>	<b>(632)</b>	<b>(421)</b>	<b>(644)</b>	<b>(739)</b>	<b>(847)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	8	2	0	679	13
<b>Net other adjustments</b>	<b>8</b>	<b>2</b>	<b>(117)</b>	<b>679</b>	<b>13</b>
<b>Movement in cash</b>	<b>(514)</b>	<b>(7)</b>	<b>(329)</b>	<b>541</b>	<b>444</b>
Free cash flow to firm (FCFF)	109.91	411.62	431.01	601.15	1,277.29
Free cash flow to equity (FCFE)	118.05	414.05	314.41	1,279.65	1,290.49

#### Per share (THB)

FCFF per share	1.43	5.37	5.62	7.85	16.67
FCFE per share	1.54	5.40	4.10	16.70	16.84
Recurring cash flow per share	33.55	41.68	36.91	40.81	44.51

Balance Sheet (THB m) Year Ending Mar	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	23,900	24,589	22,447	20,785	19,152
Less: Accumulated depreciation	(14,497)	(15,512)	(13,908)	(12,275)	(10,611)
<b>Tangible fixed assets (net)</b>	<b>9,403</b>	<b>9,077</b>	<b>8,539</b>	<b>8,511</b>	<b>8,541</b>
<b>Intangible fixed assets (net)</b>	<b>1,028</b>	<b>989</b>	<b>989</b>	<b>1,038</b>	<b>1,138</b>
Long-term financial assets	1,337	1,485	1,695	1,695	1,695
Invest. in associates & subsidiaries	1,733	1,909	2,079	2,129	2,179
Cash & equivalents	2,663	2,656	2,327	2,868	3,311
A/C receivable	2,550	2,618	2,430	2,563	2,632
Inventories	477	718	813	876	881
Other current assets	2,310	3,548	5,048	5,099	5,500
<b>Current assets</b>	<b>8,000</b>	<b>9,539</b>	<b>10,618</b>	<b>11,406</b>	<b>12,324</b>
Other assets	42	58	61	62	69
<b>Total assets</b>	<b>21,543</b>	<b>23,057</b>	<b>23,980</b>	<b>24,842</b>	<b>25,946</b>
Common equity	18,718	20,027	20,981	22,016	23,221
Minorities etc.	0	0	0	0	0
<b>Total shareholders' equity</b>	<b>18,718</b>	<b>20,027</b>	<b>20,981</b>	<b>22,016</b>	<b>23,221</b>
Long term debt	-	-	-	-	-
Other long-term liabilities	857	965	1,001	967	978
<b>Long-term liabilities</b>	<b>857</b>	<b>965</b>	<b>1,001</b>	<b>967</b>	<b>978</b>
A/C payable	1,036	1,054	1,171	1,051	996
Short term debt	-	0	-	-	-
Other current liabilities	931	1,011	828	808	752
<b>Current liabilities</b>	<b>1,967</b>	<b>2,065</b>	<b>1,998</b>	<b>1,859</b>	<b>1,748</b>
<b>Total liabilities and shareholders' equity</b>	<b>21,543</b>	<b>23,057</b>	<b>23,980</b>	<b>24,842</b>	<b>25,946</b>
Net working capital	3,369	4,818	6,293	6,679	7,265
Invested capital	16,912	18,335	19,655	20,115	20,887

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

#### Per share (THB)

Book value per share	244.28	261.36	273.81	287.32	303.04
Tangible book value per share	230.87	248.46	260.91	273.77	288.19

#### Financial strength

Net debt/equity (%)	(14.2)	(13.3)	(11.1)	(13.0)	(14.3)
Net debt/total assets (%)	(12.4)	(11.5)	(9.7)	(11.5)	(12.8)
Current ratio (x)	4.1	4.6	5.3	6.1	7.1
CF interest cover (x)	-	-	-	-	-

Valuation	2021	2022	2023E	2024E	2025E
<b>Recurring P/E (x) *</b>	<b>13.3</b>	<b>9.2</b>	<b>8.6</b>	<b>7.3</b>	<b>6.3</b>
<b>Recurring P/E @ target price (x) *</b>	<b>16.3</b>	<b>11.3</b>	<b>10.5</b>	<b>8.9</b>	<b>7.8</b>
Reported P/E (x)	13.0	9.0	8.6	7.3	6.3
Dividend yield (%)	3.1	4.7	4.7	5.4	6.2
Price/book (x)	0.7	0.7	0.7	0.6	0.6
Price/tangible book (x)	0.8	0.7	0.7	0.7	0.6
EV/EBITDA (x) **	4.3	3.5	3.6	3.1	2.7
EV/EBITDA @ target price (x) **	5.5	4.5	4.6	4.0	3.5
EV/invested capital (x)	0.7	0.6	0.6	0.5	0.5

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

Sources: Thai Stanley Electric; FSSIA estimates



## Public disclosures related to sustainable development evaluation of Thai listed companies

**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**" by the Thai Institute of Directors Association (Thai IOD); 2) "**AGM Checklist**" by the Thai Investors Association (TIA), a "**CAC certified member**" of the Thai Private Sector Collective Action Against Corruption (CAC); and 3) **Sustainability Investment List (THSI)** by the Stock Exchange of Thailand. The ratings are updated on an annual basis. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such ratings.

### CG Score by the Thai Institute of Directors Association (Thai IOD)<sup>1</sup>

The **CG Score** indicates corporate governance (CG) strength in the sustainable development of Thai listed companies. Annually, the Thai IOD, with support from the Stock Exchange of Thailand (SET), surveys and assesses the CG practices of companies and publishes the results on the [Thai IOD website](#) in a bid to promote and enhance the CG of Thai listed companies in order to promote compliance with international standards for better investment decisions. The results are from the perspective of a third party, not an evaluation of operations, as of the date appearing in the report, and may be changed after that date.

The **five underlying categories and weighting** used for the CG scoring in 2022 include the rights of shareholders and equitable treatment of shareholders (weight 25% combined), the role of stakeholders (25%), disclosure and transparency (15%), and board responsibilities (35%).

The CGR report rates CG in six categories: 5 for Excellent (score range 90-100), 4 for Very Good (score range 80-89), 3 for Good (Score range 70-79), 2 for Fair (score range 60-69), 1 for Pass (score range 60-69), and not rated (score below 50).

### AGM Checklist by the Thai Investors Association (TIA)<sup>2</sup>

The "**AGM Checklist**" quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and the extent to which information is sufficiently disclosed and the level of its transparency. All the considered factors form important elements of two out of five the CG components. Annually, the TIA, with support from the SEC, leads the project to evaluate the quality of Annual General Meetings of Shareholders (AGMs) and to rate quality of the meetings.

The **Checklist** contains the minimum requirements under law that companies must comply with, or best practices according to international CG guidance. Representatives of the TIA will attend the meetings and perform the evaluation. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating of 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.

The results are classified into four categories: 5 for Excellent (score 100), 4 for Very Good (score 90-99), 3 for Fair (score 80-89), and not rated (score below 79).

### CAC certified member by the Thai Private Sector Collective Action Against Corruption (CAC)<sup>3</sup>

A **CAC certified member** is a listed company whose Checklist satisfies the CAC Certification's criteria and is approved by the CAC Council. The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. Note that the CAC does not certify the behaviour of the employees nor whether the companies have engaged in bribery, and Certification is good for three years.

Companies deciding to become a CAC certified member **start with** by submitting a Declaration of Intent signed by the Chairman of the Board to kick off the 18-month deadline for companies to submit the CAC Checklist for Certification. The 18-month provision is for risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.

The checklist document will be reviewed by the CAC Certification Committee for adequate information and evidence. It is worth noting that the committee consists of nine professionals in business law, corporate governance, internal audit, financial audit and experienced representatives from certified members.

A passed Checklist will move on to the **CAC Council** for granting certification approvals. The CAC Council consists of twelve prominent individuals who are highly respected in professionalism and ethical achievements. Among them are former ministers, a former central bank governor, the former head of the Thai Listed Companies Association, Chairman of Anti-Corruption Organizations (Thailand), Chairman of Thai Institute of Directors, and reputable academic scholars.

### Sustainability Investment (THSI)<sup>4</sup> by the Stock Exchange of Thailand (SET)

Thailand Sustainability Investment (**THSI**) quantifies responsibility in **E**nvironmental, and **S**ocial issues, by managing business with transparency in **G**overnance. The THSI serves as another choice for investors who desire to adopt a responsible investment approach, according to the SET.

Annually, the SET will announce the voluntary participation of the company candidates which pass the preemptive criteria, and whose two key crucial conditions are met, i.e. no irregular trading of the board members and executives and a free float of >150 by the number of shareholders, and combined holding must >15% of paid-up capital. Some key disqualifying criteria include a CG score of below 70%; independent directors and free float violation; executives' wrongdoing related to CG, social and environmental impacts, equity in negative territory, and earnings in the red for more than three years in the last five years. To become eligible for THSI, the candidate must pass three indicators in data declaration: **E**conomic (CG, risk management, customer relation management, supply chain management, and innovation); **E**nvironmental (environmental management, eco-efficiency, and climate risk); **S**ocial (human rights, talent attraction, operational health & safety, community development, and stakeholder engagement); and the incorporation of ESG in business operations.

To be approved for THSI inclusion, verified data must be scored at a 50% minimum for each indicator, unless the company is a part of the Dow Jones Sustainability Indices<sup>5</sup> (DJSI) during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality.

Note that, from the **THSI list**, the SET further developed a sustainability **SETTHSI Index** in June 2018 from selected THSI companies whose 1) market capitalisation > 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.

Sources: [SEC](#); [Thai IOD](#); [Thai CAC](#); [SET](#); FSSIA's compilation

#### Disclaimer:

<sup>1</sup> Thai Institute of Directors Association ([Thai IOD](#)) was established in December 1999 and is a membership organisation that strives to promote professionalism in directorship. The Thai IOD offers directors certification and professional development courses, provides a variety of seminars, forums and networking events, and conducts research on board governance issues and practices. Membership comprises board members from companies ranging from large publicly listed companies to small private firms.

<sup>2</sup> Thai Investors Association ([TIA](#)) was established in 1983 with a mission to promote investment knowledge and to protect the investment rights of Thai investors. In 2002, the association was appointed by the Securities and Exchange Commission (SEC) to represent individual shareholders. To obtain information for evaluation, the association recruits volunteer investors to join AGMs and score the meetings. Weightings for each meeting are at a 45:45:10 ratio. They have been applied since 2017 and subject to change.

<sup>3</sup> Thai Private Sector Collective Action against Corruption ([CAC](#)) was founded in 2010 and is 100% privately funded. It is an initiative by the Thai private sector to take part in tackling corruption problems via collective action. The CAC promotes the implementation of effective anti-corruption policies in order to create a transparent business ecosystem by developing a unique certification program for large/medium/small companies to apply for and to control corruption risk systematically and efficiently. The CAC's operations are sponsored by the US-based Center for Private Enterprise (CIPE) and the UK Prosperity Fund.

<sup>4</sup> Sustainability Investment List ([THSI](#)), created by the Stock Exchange of Thailand in 2015, comprises the listed companies that conduct sustainable business operations.

<sup>5</sup> Dow Jones Sustainability Indices – [Wikipedia](#) – Launched in 1999, DJSI evaluates the sustainability performance of companies based on corporate economic, environmental, and social performance.

**GENERAL DISCLAIMER**

**ANALYST(S) CERTIFICATION**

Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

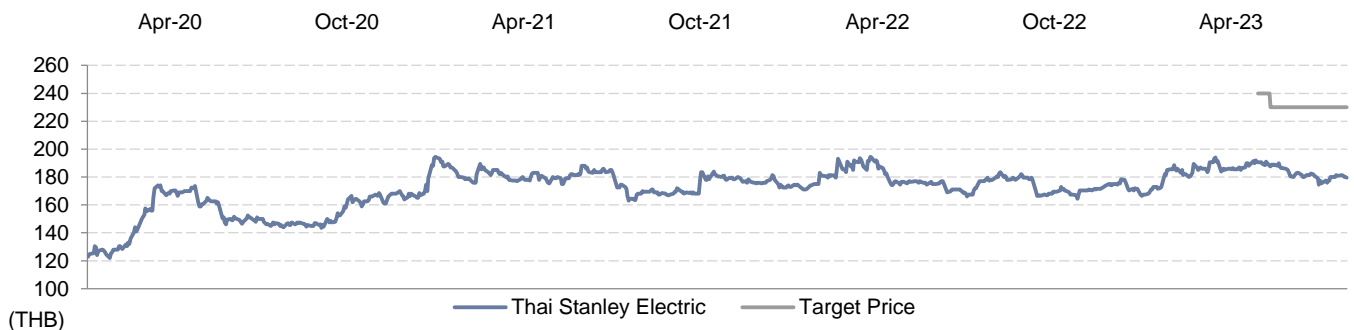
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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**History of change in investment rating and/or target price**

**Thai Stanley Electric (STANLY TB)**



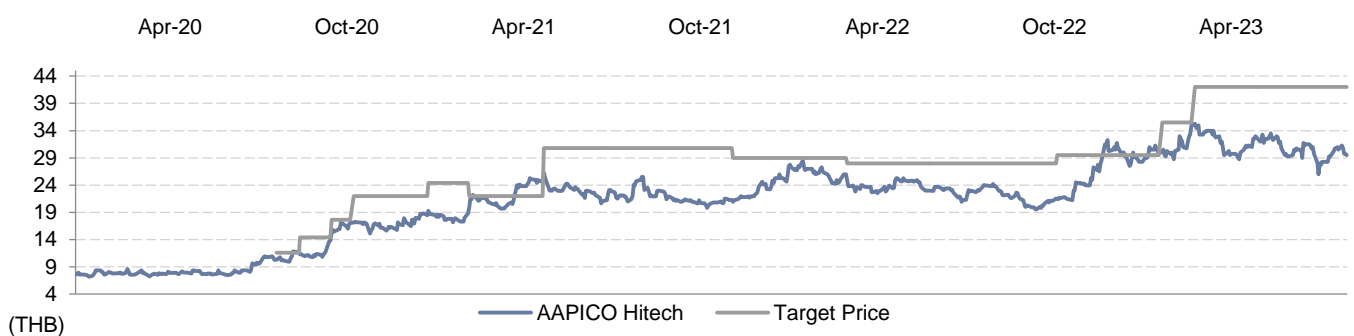
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
19-Jan-2023	BUY	240.00	30-Jan-2023	BUY	230.00	-	-	-

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

Price and TP are in local currency

Source: FSSIA estimates

**AAPICO Hitech (AH TB)**



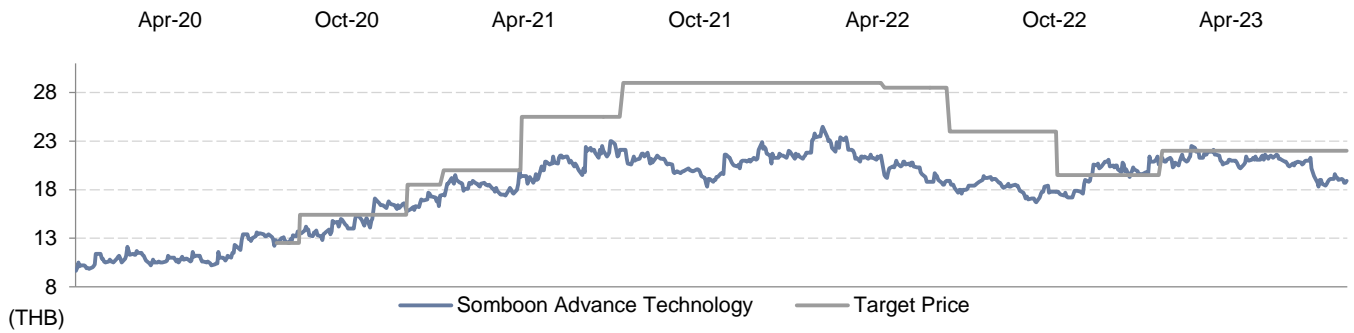
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
01-Oct-2020	HOLD	11.60	15-Mar-2021	BUY	22.00	01-Aug-2022	BUY	29.50
21-Oct-2020	BUY	14.40	18-May-2021	BUY	30.80	28-Oct-2022	BUY	35.50
17-Nov-2020	BUY	17.60	27-Oct-2021	BUY	29.00	25-Nov-2022	BUY	42.00
04-Dec-2020	BUY	22.00	02-Feb-2022	HOLD	28.00			
08-Feb-2021	BUY	24.40	16-Mar-2022	BUY	28.00			

Naruedom Mujjalinkool started covering this stock from 01-Oct-2020

Price and TP are in local currency

Source: FSSIA estimates

**Somboon Advance Technology (SAT TB)**



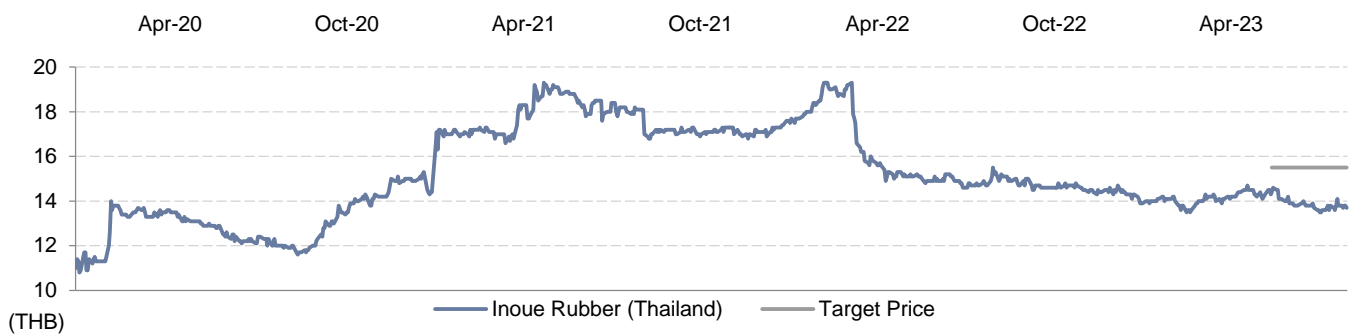
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
01-Oct-2020	HOLD	12.50	29-Apr-2021	BUY	25.50	01-Aug-2022	HOLD	19.50
21-Oct-2020	BUY	15.40	23-Jul-2021	BUY	29.00	28-Oct-2022	HOLD	22.00
21-Jan-2021	BUY	18.50	04-Mar-2022	BUY	28.50			
19-Feb-2021	BUY	20.00	29-Apr-2022	BUY	24.00			

Naruedom Mujjalinkool started covering this stock from 01-Oct-2020

Price and TP are in local currency

Source: FSSIA estimates

**Inoue Rubber (Thailand) (IRC TB)**



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
01-Feb-2023	HOLD	15.50	-	-	-	-	-	-

Jitra Amornthum started covering this stock from 01-Feb-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Thai Stanley Electric	STANLY TB	THB 179.50	BUY	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.
AAPICO Hitech	AH TB	THB 29.50	BUY	Key downside risks to our P/E-derived TP include lower-than-expected car production volumes and lower car sales in both Thailand and Malaysia, higher steel prices, semiconductor shortages, and exchange rate risk.
Somboon Advance Technology	SAT TB	THB 18.90	HOLD	The key downside and upside risks to our P/E-based TP are the domestic car manufacturing industry recovering slower or faster than expected, a faster-than-expected adoption rate for electric vehicles in Thailand, higher raw material prices, and worse global demand for pickup trucks.
Inoue Rubber (Thailand)	IRC TB	THB 13.70	HOLD	Downside risks to our P/E-based TP include 1) weaker demand from the automotive industry; 2) a sharp rise in the price of crude oil; and 3) chip supply shortages. Upside risks are lower costs for raw materials.

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

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 07-Apr-2023 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.