

SYNEX (THAILAND) SYNEX TB
THAILAND / INFORMATION&COMM TECH

BUY

UNCHANGED

ผ่านจุดต่ำสุดไปแล้ว

- ผู้บริหารให้เป้าหมายรายได้ปี 2024 และ 40,000 ลบ. หรือเติบโต 10% หนุนจากการฟื้นตัวของตลาด PCs พร้อมสินค้าที่มาพร้อมกับเทคโนโลยี AI
- คาดการณ์กำไรปี 2024-26E เติบโตเฉลี่ย 24% จากการเติบโตของทุกกลุ่มธุรกิจ
- คงคำแนะนำ ซื้อ ราคาเป้าหมาย 13 บาท

TARGET PRICE	THB13.00
CLOSE	THB11.70
UP/DOWNSIDE	+11.1%
PRIOR TP	THB13.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+15.5%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	36,534	39,595	41,856	44,250
Net profit	513	690	827	897
EPS (THB)	0.61	0.81	0.98	1.06
vs Consensus (%)	-	20.9	25.3	41.3
EBITDA	697	904	1,044	1,123
Recurring net profit	433	610	747	817
Core EPS (THB)	0.51	0.72	0.88	0.96
Chg. In EPS est. (%)	nm	0.0	0.0	nm
EPS growth (%)	(40.9)	40.8	22.5	9.4
Core P/E (x)	22.9	16.3	13.3	12.1
Dividend yield (%)	5.3	4.5	5.4	5.8
EV/EBITDA (x)	23.1	17.6	15.4	14.4
Price/book (x)	2.4	2.3	2.1	2.0
Net debt/Equity (%)	150.9	138.1	132.8	127.3
ROE (%)	10.6	14.5	16.7	17.1

ผู้บริหารให้เป้าหมายรายได้ปี 2024 และ 40,000 ลบ. หรือเติบโต 10%

บริษัทให้เป้าหมายรายได้ปี 2024 ที่ 40,000 ลบ. คิดเป็นการเติบโตที่ 10% (เราทำ 8.4%) จากการฟื้นตัวของกลุ่ม Consumer (38% ของยอดขาย) หนุนจากรอบการเปลี่ยนเครื่อง PCs/Notebook ที่ซื้อในช่วงปี 2020-21 รวมถึงการเปลี่ยนเทคโนโลยีนำ AI เข้ามาช่วยประมวลผลเป็น NPC (Neural processing unit) กลุ่ม Communication (40% ของยอดขาย) ยังหนุนจากยอดขายของกลุ่ม Apple, Samsung รวมถึง Honor ที่เติบโตต่อเนื่อง กลุ่ม Commercial (22% ของยอดขาย) เชื่อว่ายอดขายจะกลับมาเติบโตเด่นใน 2H24 ภายหลังจากการอนุมัติงบประมาณ (8% ของยอดขายเป็น government base)

เชื่อว่าปี 2023 เป็น bottom ไปแล้ว

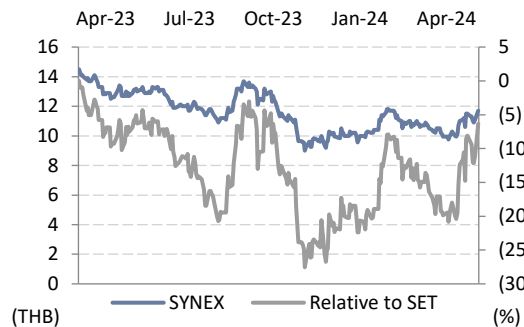
กำไรสุทธิปี 2023 ที่ 513 ลบ. (-37% y-y) หากไม่รวมกำไรจากอัตราแลกเปลี่ยน 80 ลบ. ทำให้กำไรปี 433 ลบ. (-41% y-y) ใกล้เคียงกับที่เราคาด เราคาด 435 ลบ. จากยอดขายในกลุ่ม Consumer ลดลง 11% ตามภาพรวมตลาด PCs ที่อ่อนแอ รวมถึง Vendor ต่างๆ กังวลเรื่องราคาขายและ Product mixed กลุ่ม Communication สูงขึ้น ทำให้ GPM ลดลงเป็น 4.0% จาก 4.6% ในปี 2022 และค่าใช้จ่ายดอกเบี้ยที่ปรับสูงขึ้น

คาดการณ์กำไรปี 2024 ฟื้นตัว และคาดการณ์การเพิ่มขึ้นของยอดขายในทุกกลุ่ม

ปี 2024 เราคาดการณ์กำไรปี 610 ลบ. (+41% y-y) หนุนจากการฟื้นตัวในกลุ่ม Consumer ตามรอบการเปลี่ยนเครื่องและเทคโนโลยีที่อัพเดทขึ้น, GPM คาดฟื้นตัวขึ้นเป็น 4.2% (จาก 4.0% ในปี 2023) หนุนจาก Product mixed ของกลุ่ม Consumer ที่เน้นสินค้า High margin จากทั้ง PC gaming, Nintendo switch รวมถึงการบุกตลาด Software ที่จะสร้างรายได้แบบ Recurring และมี Margin สูงกว่า Hardware ภาพรวมระยะสั้น 1Q24 คาดกำไรปีฟื้นตัวได้ทั้ง q-q, y-y จากมาตรการ Easy E-receipt และการเปิดตัว Samsung S24 เร็วกว่าปีที่แล้วราว 2 อาทิตย์ หนุนยอดขายในกลุ่ม Phone

คงคำแนะนำ ซื้อ และคงราคาเป้าหมายที่ 13 บาท

เราคงคำแนะนำ ซื้อ ราคาเป้าหมาย 13 บาท อิง Target P/E ที่ 18 เท่า ใกล้เคียงค่าเฉลี่ย 5 ปี -0.5 SD โดยช่วงปี 2024-25 มองตลาด PCs นำขึ้นเด่นกว่า Smartphone เนื่องจากการ implementation ของ AI ที่ช่วยทั้งเรื่องการประมวลผล และ Data security โดย IDC คาดการเติบโตของตลาด PCs ทั่วโลกปี 2024-25 เติบโตเฉลี่ย 3.7% CAGR เทียบกับตลาด Smartphone ที่ 2.8% CAGR



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	17.6	12.5	(19.9)
Relative to country (%)	16.6	15.5	(6.5)
Mkt cap (USD m)	272		
3m avg. daily turnover (USD m)	0.2		
Free float (%)	20		
Major shareholder	TKS Technology PCL (39%)		
12m high/low (THB)	14.60/8.90		
Issued shares (m)	847.36		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

SYNEX เป็นผู้นำในด้าน IT distributor ภายใต้การดำเนินธุรกิจกว่า 30 ปี โดยบริษัทมุ่งที่จะเป็นผู้นำในการจัดจำหน่ายสินค้าและให้บริการแบบครบวงจรด้าน IT ไปสู่การเติบโตที่มั่นคงและยั่งยืน ภายใต้กลยุทธ์ “No.1 IT Ecosystem” เราคาดการณ์ได้รวมในปี 2024-26E เติบโตเฉลี่ย 23.6% CAGR จากการฟื้นตัวของกลุ่มสินค้า Consumer electronics รวมถึงการ Implementation ของ AI เข้ากับระบบการประมวลผล (NPU; Neural Processing Unit) ซึ่งจะเข้ามาช่วยให้การทำงานมีประสิทธิภาพมากขึ้น รวมถึงการมุ่งเน้นในกลุ่ม Gaming ที่มีมูลค่าตลาดสูง และการบุกตลาด Software ที่มีรายได้สม่ำเสมอและ Margin ที่ดี ประกอบกับธุรกิจ Communication ที่มีการเติบโตต่อเนื่องอย่าง Brand Apple รวมถึงบริษัทเป็น Exclusive distributor ของ Honor ที่มีการเติบโตได้ดี

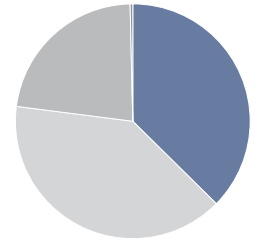
Company profile

SYNEX เป็นผู้จัดจำหน่ายคอมพิวเตอร์ อุปกรณ์ต่อพ่วงคอมพิวเตอร์ ซอฟต์แวร์ ระบบสารสนเทศ และวัสดุสิ้นเปลืองที่ใช้กับคอมพิวเตอร์ โดยมีฐานลูกค้าที่เป็นผู้ประกอบการคอมพิวเตอร์ทั้งที่เป็นร้านค้าปลีกและค้าส่งทั่วประเทศ ผู้ผลิตคอมพิวเตอร์ภายใต้เครื่องหมายการค้าของตัวเอง รวมถึงห้างสรรพสินค้า ห้างค้าปลีกขนาดใหญ่.

www.synnex.co.th

Principal activities (revenue, 2023)

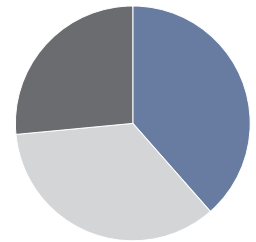
- Consumer - 37.7 %
- Communication - 39.9 %
- Commercial - 22.8 %
- Others - (0.4) %



Source: Synex (Thailand)

Major shareholders

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



Source: Synex (Thailand)

Catalysts

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

Risks to our call

ความเสี่ยง 1) การฟื้นตัวของสินค้าในกลุ่ม PC ช้ากว่าที่คาด 2) สินค้าขาดแคลน 3) อัตราแลกเปลี่ยนผันผวน

Event calendar

Date	Event
May 2024	1Q24 results announcement

Key assumptions

	2023A	2024E	2025E	2026E
Revenues (THB m)	36,534	39,595	41,856	44,250
Growth (%)				
- Consumer	(10.6)	9.3	7.0	7.0
- Communication	3.7	5.0	5.0	5.0
- Commercial	3.0	5.0	5.0	5.0
Gross margin (%)	4.0	4.2	4.4	4.4
SG&A to sales (%)	2.5	2.3	2.2	2.2
Core profit (THB m)	433	610	747	817

Source: FSSIA estimates

Earnings sensitivity

- For every 1.0% increase in revenue, we estimate 2024 net profit to rise by 1.0%, and vice versa, all else being equal.
- For every 0.1% increase in GPM, we estimate 2024 net profit to rise by 5.2%, and vice versa, all else being equal.
- For every 0.1% increase in SG&A to sales, we estimate 2024 net profit to fall by 5.2%, and vice versa, all else being equal.

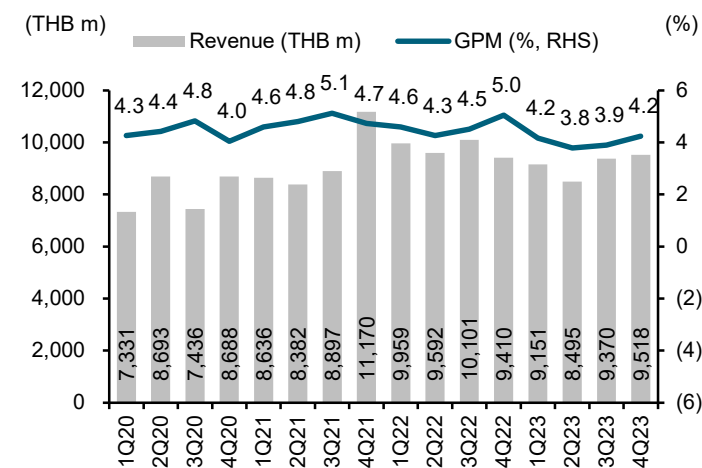
Source: FSSIA estimates

Exhibit 1: 4Q23 results summary and 2024 forecast

Year to Dec 31	4Q22	1Q23	2Q23	3Q23	4Q23	----- Change -----		2023	Change	2024E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)	(THB m)	(y-y%)
Revenue	9,410	9,151	8,495	9,370	9,518	2	1	36,534	(6)	39,595	8
COGS	(8,935)	(8,770)	(8,173)	(9,006)	(9,115)	1	2	(35,063)	(6)	(37,925)	8
Gross profit	475	381	321	365	403	11	(15)	1,470	(18)	1,670	14
Operating costs	(258)	(267)	(230)	(193)	(217)	12	(16)	(906)	(4)	(913)	1
Operating profit	217	114	91	172	186	9	(14)	564	(34)	757	34
Other income	34	32	19	14	20	42	(43)	85	5	92	8
FX Gain (Loss)	(9)	5	39	25	12	(52)	(226)	80	(4)	80	(1)
Interest expense	(23)	(27)	(36)	(41)	(42)	2	80	(145)	186	(137)	(6)
Profit before tax	219	124	114	170	176	4	(20)	584	(40)	792	36
Tax	(52)	(26)	(36)	(35)	(38)	10	(27)	(134)	(33)	(172)	28
Associates	17	37	9	7	10	33	(45)	63	64	69	10
Minority interests	2	0.2	0.2	0.3	0.3	(7)	(84)	1	(90)	1	0
Non-recurring items	0	0	0	0	0	n/a	n/a	0	n/a	0	n/a
Reported net profit	186	136	87	143	148	4	(21)	513	(37)	690	34
Recurring net profit	195	131	48	118	136	16	(30)	433	(41)	610	41
EPS (THB)	0.22	0.16	0.10	0.17	0.17	4	(21)	0.61	(37)	0.81	34
Recurring EPS (THB)	0.23	0.15	0.06	0.14	0.16	16	(30)	0.51	(41)	0.72	41
Key Ratios (%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(ppt)	(%)	(ppt)
Gross margin	5.0	4.2	3.8	3.9	4.2	0.3	(0.8)	4.0	(0.6)	4.2	0.2
Operating margin	2.6	1.3	1.1	1.8	2.0	0.1	(0.6)	1.5	(0.6)	1.9	0.4
Recurring net margin	2.1	1.4	0.6	1.3	1.4	0.2	(0.6)	1.2	(0.7)	1.5	0.4
SG&A / Sales	2.7	2.9	2.7	2.1	2.3	0.2	(0.5)	2.5	0.1	2.3	(0.2)
Product mix (% to sales)											
Consumer (%)	42	37	39	38	36			37		38	
Communication (%)	31	37	36	40	43			40		39	
Commercial (%)	21	24	25	21	21			22		22	
Other (%)	6	2	0	1	0			1		1	

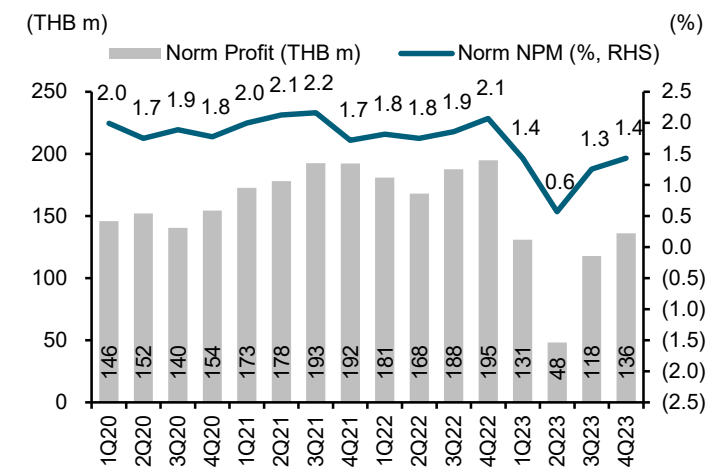
Sources: SYNEX; FSSIA estimates

Exhibit 2: Quarterly revenue and gross margin



Sources: SYNEX; FSSIA estimates

Exhibit 3: Quarterly norm profit and norm margin



Sources: SYNEX; FSSIA estimates

Exhibit 4: Worldwide PCs shipment (units)

PCs Vendors	2019	2020	2021	2022	2023
Lenovo	64.9	71.8	81.8	68.0	59.1
HP Inc	62.9	67.8	74.0	55.3	52.9
Dell Technologies	46.5	50.3	59.3	49.8	40.0
Apple	17.9	22.8	27.8	27.9	21.9
ASUS	15.0	18.2	21.8	20.5	16.8
Acer Group	17.1	21.0	24.0	18.2	15.4
Huawei	2.7	6.5	4.4	5.9	4.9
Samsung	3.3	4.2	6.7	4.0	3.7
MSI	1.4	2.1	3.0	1.9	2.2
Others	41.7	47.3	58.2	50.0	43.2
Total	273.3	312.0	361.0	301.5	260.2
<i>Growth (% y-y)</i>	3.1	14.2	15.7	(16.5)	(13.7)

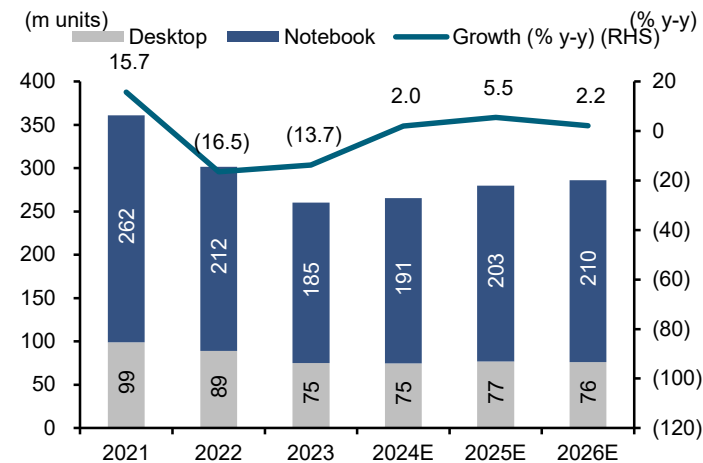
Sources: Bloomberg; IDC; FSSIA's compilation

Exhibit 5: Worldwide smartphone shipments (units)

Smartphone Vendors	2019	2020	2021	2022	2023
Apple	191.0	203.4	235.8	226.3	234.3
Samsung	295.8	256.6	272.1	262.2	226.7
Xiaomi	125.6	147.8	191.0	153.2	146.0
OPPO	114.3	111.2	133.6	103.3	103.4
Transsion	42.2	60.8	82.4	72.6	94.9
vivo	110.1	111.7	128.3	99.0	87.9
Honor	-	-	40.4	57.0	61.4
Lenovo	40.6	33.9	51.2	45.0	46.8
realme	24.6	42.5	65.2	51.4	46.2
Others	428.4	313.4	159.8	136.0	116.9
Total	1,372.6	1,281.2	1,359.8	1,205.9	1,164.4
<i>Growth (% y-y)</i>	(2.1)	(6.7)	6.1	(11.3)	(3.4)

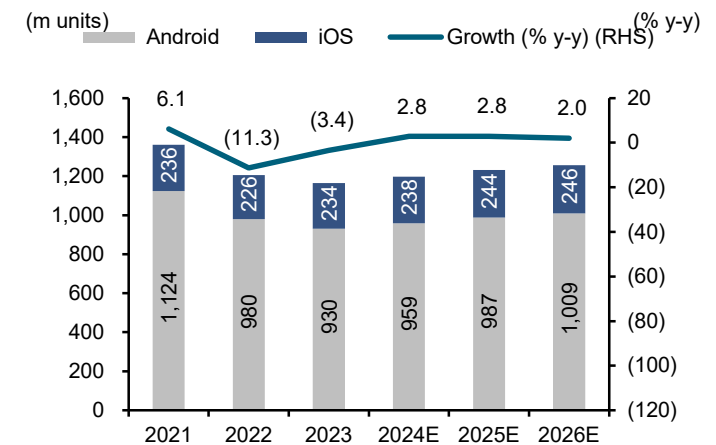
Sources: Bloomberg; IDC; FSSIA's compilation

Exhibit 6: Worldwide PCs shipments forecast



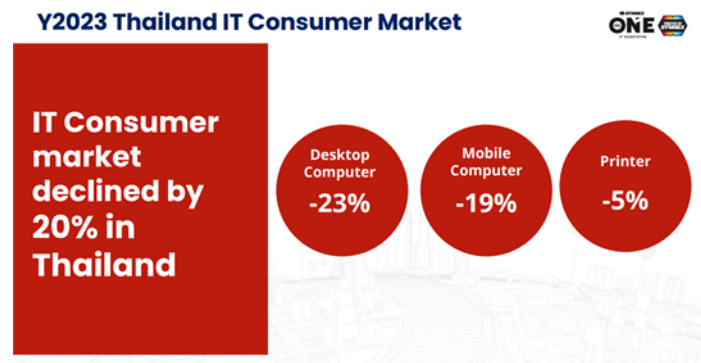
Sources: Bloomberg; IDC; FSSIA's compilation

Exhibit 7: Worldwide smartphone shipments forecast



Sources: Bloomberg; IDC; FSSIA's compilation

Exhibit 8: 2023 TH IT consumer market declined



Source: SYNEX

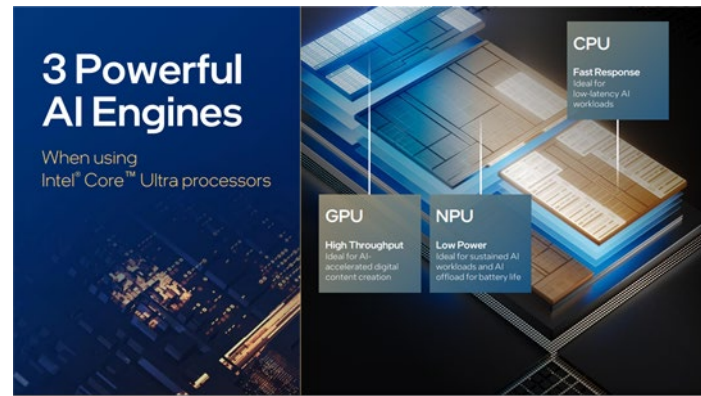
Exhibit 9: 2023 TH smartphone decreased

Company	2023		2022		YoY Growth
	Shipments	Market Share	Shipments	Market Share	
1. Samsung	2.8	19.7%	4.0	24.0%	-28.2% ▼
2. OPPO	2.8	19.6%	3.0	18.0%	-4.9% ▼
3. Apple	2.5	17.6%	2.4	14.5%	6.4% ▲
4. Xiaomi	2.1	14.2%	2.1	12.6%	-1.7% ▼
5. vivo	1.5	10.2%	2.3	13.6%	-34.4% ▼
Others	2.7	18.7%	2.9	17.4%	-6.2% ▼
Total	14.4	100.0%	16.5	100.0%	-12.7% ▼

Source: IDC

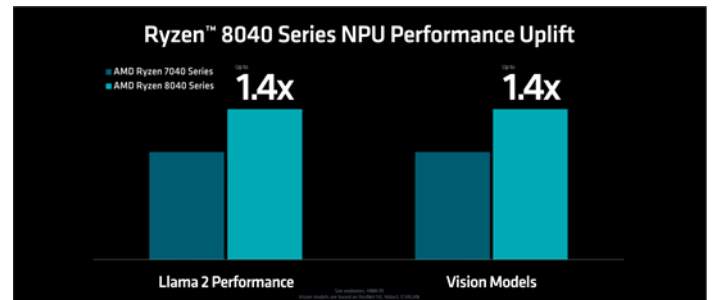
Source: SYNEX

Exhibit 10: Intel - AI embedded



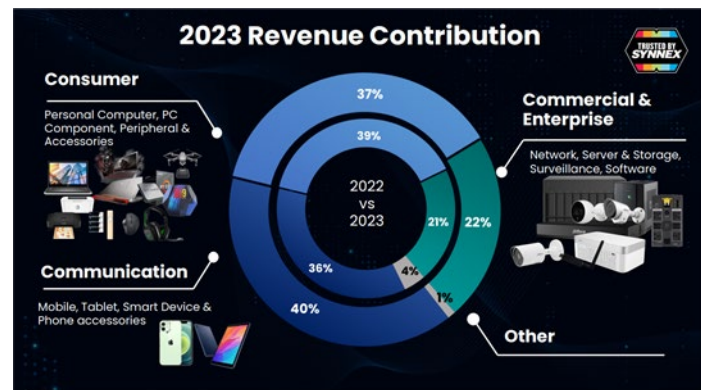
Source: Intel

Exhibit 11: AMD - AI embedded



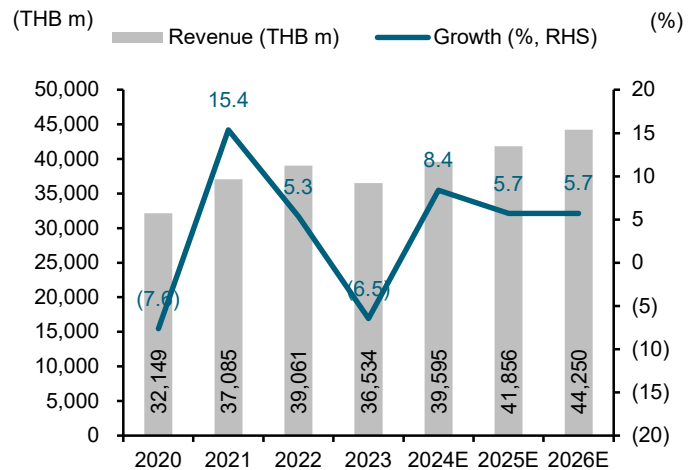
Source: AMD

Exhibit 12: 2023 Revenue contribution



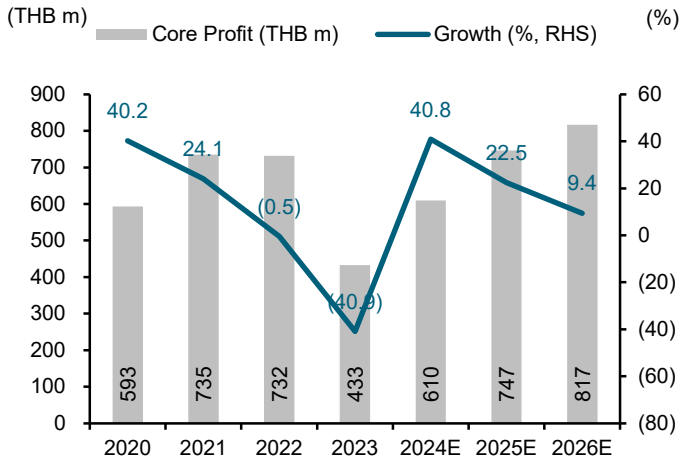
Source: SYNEX

Exhibit 13: Yearly revenue and growth



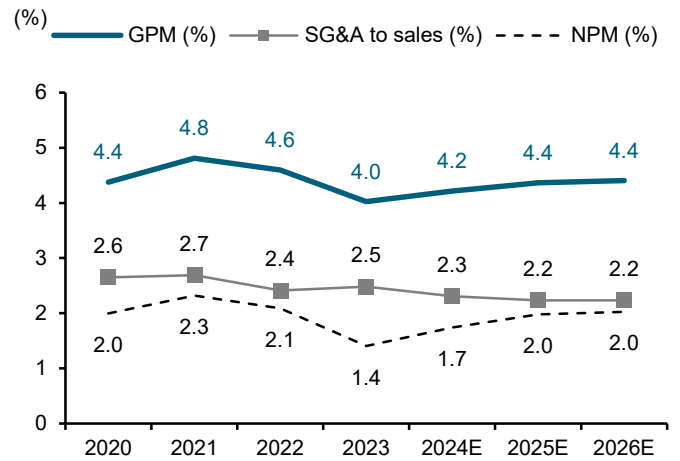
Sources: SYNEX; FSSIA estimates

Exhibit 14: Yearly core profit and growth



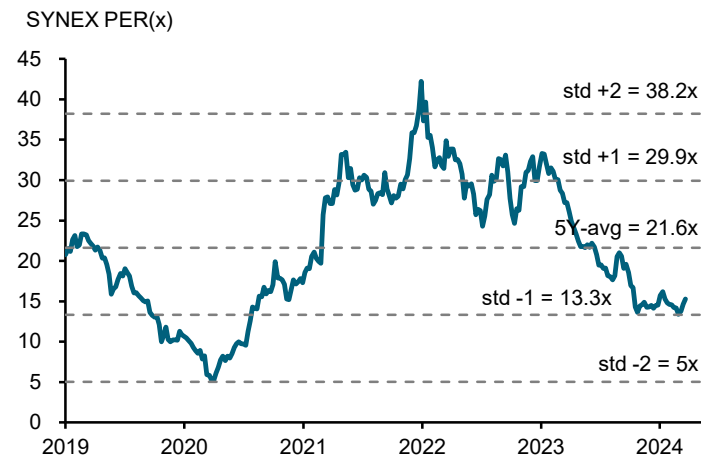
Sources: SYNEX; FSSIA estimates

Exhibit 15: Profitability



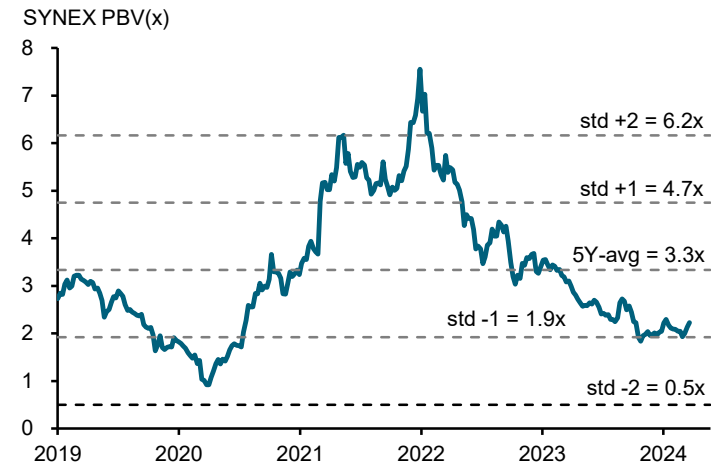
Sources: SYNEX; FSSIA estimates

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

Financial Statements

Synex (Thailand)

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	39,061	36,534	39,595	41,856	44,250
Cost of goods sold	(37,265)	(35,063)	(37,925)	(40,029)	(42,300)
Gross profit	1,796	1,470	1,670	1,826	1,950
Other operating income	81	85	92	97	103
Operating costs	(941)	(906)	(913)	(935)	(989)
Operating EBITDA	981	697	904	1,044	1,123
Depreciation	(46)	(48)	(55)	(56)	(60)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	935	648	849	988	1,064
Net financing costs	33	(65)	(57)	(35)	(35)
Associates	38	63	69	79	91
Recurring non-operating income	38	63	69	79	91
Non-recurring items	0	0	0	0	0
Profit before tax	1,007	646	861	1,032	1,120
Tax	(201)	(134)	(172)	(206)	(224)
Profit after tax	806	512	689	826	896
Minority interests	10	1	1	1	1
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	816	513	690	827	897
Non-recurring items & goodwill (net)	(84)	(80)	(80)	(80)	(80)
Recurring net profit	732	433	610	747	817
Per share (THB)					
Recurring EPS *	0.86	0.51	0.72	0.88	0.96
Reported EPS	0.96	0.61	0.81	0.98	1.06
DPS	0.70	0.62	0.52	0.63	0.68
Diluted shares (used to calculate per share data)	847	847	847	847	847
Growth					
Revenue (%)	5.3	(6.5)	8.4	5.7	5.7
Operating EBITDA (%)	7.8	(29.0)	29.8	15.5	7.6
Operating EBIT (%)	8.6	(30.7)	30.9	16.4	7.6
Recurring EPS (%)	(0.5)	(40.9)	40.8	22.5	9.4
Reported EPS (%)	(5.1)	(37.1)	34.3	19.9	8.5
Operating performance					
Gross margin inc. depreciation (%)	4.6	4.0	4.2	4.4	4.4
Gross margin exc. depreciation (%)	4.7	4.2	4.4	4.5	4.5
Operating EBITDA margin (%)	2.5	1.9	2.3	2.5	2.5
Operating EBIT margin (%)	2.4	1.8	2.1	2.4	2.4
Net margin (%)	1.9	1.2	1.5	1.8	1.8
Effective tax rate (%)	19.9	20.8	20.0	20.0	20.0
Dividend payout on recurring profit (%)	81.0	121.4	72.8	71.3	70.7
Interest cover (X)	(29.2)	11.0	16.1	30.1	32.9
Inventory days	33.3	37.9	35.5	34.1	34.1
Debtor days	52.1	58.9	57.3	57.3	57.3
Creditor days	28.7	26.3	25.4	25.6	25.6
Operating ROIC (%)	11.1	6.4	8.1	9.1	9.3
ROIC (%)	9.6	5.7	7.1	8.0	8.3
ROE (%)	18.2	10.6	14.5	16.7	17.1
ROA (%)	5.7	3.6	4.7	5.4	5.6
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Consumer	16,511	13,765	15,046	16,099	17,226
Communication	14,061	14,584	15,313	16,079	16,883
Commercial	7,734	8,320	8,736	9,173	9,631
Others	755	(135)	500	505	510

Sources: Synex (Thailand); FSSIA estimates

Financial Statements

Synex (Thailand)

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	732	433	610	747	817
Depreciation	46	48	55	56	60
Associates & minorities	(38)	(63)	(69)	(79)	(91)
Other non-cash items	(102)	(74)	71	110	118
Change in working capital	(1,830)	(519)	(71)	(497)	(512)
Cash flow from operations	(1,192)	(174)	596	337	391
Capex - maintenance	-	-	-	-	-
Capex - new investment	(97)	(44)	(52)	(47)	(49)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(758)	(214)	0	0	0
Cash flow from investing	(855)	(258)	(52)	(47)	(49)
Dividends paid	(593)	(523)	(444)	(532)	(577)
Equity finance	(10)	(1)	0	0	0
Debt finance	2,674	725	(190)	133	199
Other financing cash flows	(37)	(17)	0	1	1
Cash flow from financing	2,034	185	(633)	(398)	(378)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	84	80	80	80	80
Movement in cash	71	(167)	(10)	(27)	45
Free cash flow to firm (FCFF)	(1,997.10)	(287.09)	680.73	405.68	457.80
Free cash flow to equity (FCFE)	673.68	356.90	434.14	504.85	622.29
Per share (THB)					
FCFF per share	(2.36)	(0.34)	0.80	0.48	0.54
FCFE per share	0.80	0.42	0.51	0.60	0.73
Recurring cash flow per share	0.75	0.41	0.79	0.98	1.07
Balance Sheet (THB m) Year Ending Dec					
Tangible fixed assets (gross)	1,020	1,050	1,094	1,138	1,182
Less: Accumulated depreciation	(647)	(690)	(737)	(791)	(846)
Tangible fixed assets (net)	373	359	356	347	335
Intangible fixed assets (net)	28	37	37	37	38
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	1,266	1,328	1,328	1,328	1,328
Cash & equivalents	304	137	127	100	145
A/C receivable	6,491	6,548	6,910	7,311	7,729
Inventories	3,547	3,734	3,634	3,835	4,053
Other current assets	841	1,109	1,116	1,186	1,246
Current assets	11,184	11,528	11,787	12,432	13,174
Other assets	395	564	564	570	575
Total assets	13,245	13,817	14,073	14,714	15,450
Common equity	4,098	4,073	4,319	4,614	4,933
Minorities etc.	6	5	5	5	5
Total shareholders' equity	4,105	4,079	4,325	4,619	4,938
Long term debt	688	471	330	146	71
Other long-term liabilities	101	102	101	106	110
Long-term liabilities	788	573	431	253	182
A/C payable	2,885	2,880	3,077	3,253	3,437
Short term debt	4,878	5,820	5,771	6,088	6,361
Other current liabilities	590	466	469	502	531
Current liabilities	8,352	9,165	9,317	9,843	10,329
Total liabilities and shareholders' equity	13,245	13,817	14,073	14,714	15,450
Net working capital	7,405	8,045	8,113	8,577	9,060
Invested capital	9,467	10,334	10,399	10,859	11,337
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	4.84	4.81	5.10	5.44	5.82
Tangible book value per share	4.80	4.76	5.05	5.40	5.78
Financial strength					
Net debt/equity (%)	128.2	150.9	138.1	132.8	127.3
Net debt/total assets (%)	39.7	44.5	42.4	41.7	40.7
Current ratio (x)	1.3	1.3	1.3	1.3	1.3
CF interest cover (x)	(22.1)	7.2	9.5	16.6	20.1
Valuation					
Recurring P/E (x) *	13.5	22.9	16.3	13.3	12.1
Recurring P/E @ target price (x) *	15.0	25.5	18.1	14.8	13.5
Reported P/E (x)	12.1	19.3	14.4	12.0	11.1
Dividend yield (%)	6.0	5.3	4.5	5.4	5.8
Price/book (x)	2.4	2.4	2.3	2.1	2.0
Price/tangible book (x)	2.4	2.5	2.3	2.2	2.0
EV/EBITDA (x) **	15.5	23.1	17.6	15.4	14.4
EV/EBITDA @ target price (x) **	16.6	24.7	18.8	16.4	15.4
EV/invested capital (x)	1.6	1.6	1.5	1.5	1.4
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Synex (Thailand); FSSIA estimates

Synnex (Thailand) PCL (SYNEX TB)

FSSIA ESG rating

35.18 /100
Exhibit 18: 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 19: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings						Bloomberg	
		DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
ITEL	38.30	--	--	Y	5.00	5.00	Certified	--	40.60	--	--	41.18	--	2.05	39.11
ILINK	37.92	--	--	Y	5.00	5.00	Certified	--	57.40	--	--	45.96	--	--	--
SYNEX	35.18	--	Y	Y	4.00	4.00	--	--	53.33	--	--	27.64	--	--	41.24
ADVANC	84.07	Y	Y	Y	5.00	5.00	Certified	Medium	59.80	AA	40.00	73.60	90.00	3.62	59.09
FORTH	23.00	--	--	--	4.00	4.00	--	Low	--	--	--	--	--	--	--

Sources: [SETTRADE.com](https://www.settrade.com); FSSIA's compilation
Exhibit 20: 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 21: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No
Waste reduction policy	Yes	Yes
Hazardous waste	0	0
Total waste	0	0
Waste recycled	—	—
Waste sent to landfills	—	—
Environmental supply chain management	No	No
Water policy	Yes	Yes
Water consumption	11	14
Social		
Human rights policy	Yes	Yes
Policy against child labor	No	No
Quality assurance and recall policy	Yes	Yes
Consumer data protection policy	Yes	Yes
Equal opportunity policy	Yes	Yes
Gender pay gap breakout	No	No
Pct women in workforce	—	—
Pct disabled in workforce	—	1
Business ethics policy	Yes	Yes
Anti-bribery ethics policy	Yes	Yes
Health and safety policy	Yes	Yes
Lost time incident rate - employees	0	0
Total recordable incident rate - employees	—	—
Training policy	Yes	Yes
Fair remuneration policy	No	No
Number of employees – CSR	698	704
Employee turnover pct	—	—
Total hours spent by firm - employee training	17,450	14,784
Social supply chain management	No	No
Governance		
Board size	12	12
No. of independent directors (ID)	4	4
No. of women on board	4	4
No. of non-executive directors on board	9	10
Company conducts board evaluations	Yes	Yes
No. of board meetings for the year	4	4
Board meeting attendance pct	100	100
Board duration (years)	3	3
Director share ownership guidelines	No	No
Age of the youngest director	40	41
Age of the oldest director	71	72
No. of executives / company managers	13	11
No. of female executives	6	6
Executive share ownership guidelines	No	No
Size of audit committee	3	3
No. of ID on audit committee	3	3
Audit committee meetings	5	5
Audit meeting attendance %	100	100
Size of compensation committee	3	3
No. of ID on compensation committee	1	1
No. of compensation committee meetings	2	2
Compensation meeting attendance %	100	100
Size of nomination committee	3	3
No. of nomination committee meetings	2	2
Nomination meeting attendance %	100	100
Sustainability governance		
Verification type	No	No

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating																												
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																												
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																												
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																												
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																												
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																												
Morningstar Sustainalytics	The Sustainalytics' 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 border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+																		
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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 border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td>AAA</td> <td>8.571-10.000</td> <td>Leader:</td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td>Average:</td> <td>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> <td></td> <td></td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> <td></td> <td></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> </tbody> </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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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

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History of change in investment rating and/or target price

Synex (Thailand) (SYNEX TB)



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

Jitra Amornthum started covering this stock from 03-Feb-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Synex (Thailand)	SYNEX TB	THB 11.70	BUY	Downside risks to our P/E-based TP include 1) a slower-than-expected PC recovery, 2) product shortages, and 3) currency fluctuations.

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 01-Apr-2024 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.