

Synnex (Thailand) Pcl.

March 18, 2024

SYNEX

The worst is behind us, but momentum looks lackluster

OUTPERFORM

No Change in Recommendation

Valuation: SOTP

Sector: ICT
Market Cap: Bt9,321mn
30-day avg turnover: Bt6.08mn

Target price: Bt12.87

Price (Mar 15, 2024): Bt11.00

Upside: 17.00%

No. of shares on issue: 847mn
CG Scoring (IOD-Y2023): Excellent
Anti-Corruption Indicator: N/A



Highlights

- Despite a continued weak IT demand outlook, mgt is confident about its strategic focus, new product brands and new software businesses to restore 2024 revenue growth with a higher GPM.
- Revising down our 2024-26 core profit forecasts by 7.6%/7%/6.2% and lower our end-2024 TP by 2.1% to reflect a higher ECL related to more IT service businesses and higher leverage.
- Outperform call on 1) a replacement cycle of IT consumer products; 2) popularity of IT products with exclusive distribution contracts; and 3) a likely acceleration of government disbursement that will boost project backlog.

Investment Fundamentals

Year end Dec 31	2023A	2024E	2025E	2026E
Company Financials				
Revenue (Btmn)	36,534	39,516	41,072	42,657
Core profit (Btmn)	470	549	610	655
Net profit (Btmn)	513	637	697	749
Net EPS (Bt)	0.61	0.75	0.82	0.88
DPS (Bt)	0.36	0.45	0.50	0.54
BVPS (Bt)	4.81	5.11	5.42	5.77
Net EPS growth (%)	-37.10	24.17	9.37	7.43
ROA (%)	3.79	4.43	4.55	4.67
ROE (%)	12.56	15.18	15.62	15.79
Net D/E (x)	1.51	1.32	1.25	1.18
Valuation				
P/E (x)	17.17	14.62	13.37	12.45
P/BV (x)	2.16	2.15	2.03	1.91
EV/EBITDA (x)	21.49	18.32	17.03	16.15
Dividend yield (%)	3.46	4.12	4.58	4.92

Analyst

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Investment Topics

- **Event.** On March 14, SYNEX held a post-4Q24 result analyst meeting. The company will participate in a SET Opportunity Day on March 19.
- **New strategy.** The company's corporate strategy this year will be to 1) focus on key brands, i.e., Apple, Honor, and Huawei; 2) focus on gaming and e-sports; 3) focus on the enterprise solution business; and 4) embark on a new growth engine, software.
- **New guidance.** First, management told us that Gartner forecasts IT spending in 2024 will increase by 5.8%. Second, management targets 2024 revenue growth of >10% or exceeding Bt40bn. Third, the company expects GPM this year will exceed 4% in 2023. Fourth, management is confident SG&A expense will be stable this year. Fifth, it aims to deleverage its financing level for bank loans and working capital.
- **Positive.** On the positive front, management is confident 1) the gross profit margin will improve; 2) SG&A expense to sales will decrease; and 3) its financing situation will be deleveraged. Our financial projections for 2024 call for revenue growth of 8% (-6.5% in 2023, >10% of management guidance), GPM 4.1% (4%, >4%), SG&A expense of Bt944mn (Bt906mn, slightly higher).
- **Negative.** On the negative side, the revenue growth guidance was lowered from 10-15% previously to 10%. This reflects the management's concern over demand for IT products and the competitive environment. Second, 2023 accounts receivable (A/R) aged over 12 months totaled Bt410mn vs. Bt244mn in 2022. Without better collection management in place, this would lead to a higher expected credit loss in following quarters.
- **Earnings revisions.** We revise down our 2024-26 core profit projections by 7.6%, 7% and 6.2% to reflect a higher financial cost resulting from higher borrowing. Our 2024 financial projections are now in line with management guidance, i.e., 2024 revenue growth of 8% (vs. guidance of 10%) and GPM of 4.1% (vs. >4% guidance).

Valuation and Recommendation

- **Outperform.** We reiterate our Outperform call with a new end-2024 SOTP-based target price of Bt12.87. Rating catalysts could be 1) an accelerating replacement cycle of IT consumer products; 2) popularity of IT products with exclusive distribution contracts such as Honor and Nintendo game consoles; and 3) a likely acceleration of the government's budget disbursement, which would boost the project backlog of the IT commercial unit. We lower our target price by 2.1%, or from Bt13.15 to Bt12.87, to incorporate a higher ECL and financial cost. The stock is currently trading at a 2024 PER of 14.62x with our expected core EPS growth of 16.8%, ROE of 15.2% and yield of 4.12%.
- **Risks** include 1) a slow recovery of demand for IT consumer products; and 2) high currency fluctuations that affecting profit margins.

About SYNEX: Synnex (Thailand) PCL. is one of the leading distributors of IT products and communication devices in Thailand. SYNEX was founded by TKS in 1988. Synnex Technology Internation Corp from Taiwan became a strategic shareholder of SYNEX in 1999. Major shareholders include TKS (38.51% stake) and King's Eye Investments Ltd. (a subsidiary of Synnex (Taiwan) Ltd.).

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Fig 1 2024 guidance (new vs. previous) and our estimates

	2023	2024E SYNEX			2024E KS
		Previous		New	
		Low	High		
Revenue % YoY	-6.5%	10.0%	15.0%	10.0%	8.2%
Gross profit margin (%)	4.0%	4.0%	4.2%	Up YoY	4.1%
SG&A expense (Btmn)	906	n.a.	n.a.	Up slightly	970
Implication					
Revenue (Btmn)	36,534	40,187	42,014	40,187	39,516
Gross profit (Btmn)	1,470	1,607	1,765	1,648	1,616
% YoY	-18.1%	9.3%	20.0%	12.1%	9.9%
Operating profit (Btmn)	564	n.a.	n.a.	696	646
% YoY	-30.7%	n.a.	n.a.	23.4%	14.6%
Operating profit margin (%)	1.5%	n.a.	n.a.	1.7%	1.6%

Source: Company, KS Research

Fig 2 Earnings revisions

Btmn	2023	New			Previous			% change		
		2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Revenue	36,534	39,516	41,072	42,657	39,517	41,074	42,659	0.0%	0.0%	0.0%
COGS	35,063	37,898	39,381	40,909	37,942	39,426	40,956	-0.1%	-0.1%	-0.1%
Gross profit	1,470	1,618	1,692	1,748	1,576	1,648	1,703	2.7%	2.7%	2.7%
SG&A exp	906	944	957	965	935	942	953	0.9%	1.6%	1.3%
Operating profit	648	761	828	878	721	790	837	5.5%	4.8%	4.9%
Equity income	63	62	68	72	62	68	72	0.0%	0.0%	0.0%
EBIT	711	823	896	950	783	858	909	5.1%	4.4%	4.5%
Interest exp	145	154	151	151	66	66	66	133.6%	129.6%	129.6%
Tax	134	121	135	145	131	145	236	-7.4%	-6.6%	-38.4%
NCI	-1	-1	-1	-2	-8	-9	-9	-84.3%	-84.2%	-83.3%
Core profit	470	549	610	655	594	656	698	-7.6%	-7.0%	-6.2%
Non-recurring items	43	89	87	94	101	102	113	-12.1%	-14.8%	-16.5%
Net profit	513	637	697	749	695	758	811	-8.3%	-8.0%	-7.7%
No of shares (m)	847	847	847	847	847	847	847	0.0%	0.0%	0.0%
Core EPS (Bt)	0.55	0.65	0.72	0.77	0.70	0.77	0.82	-7.6%	-7.0%	-6.2%
EPS (Bt)	0.61	0.75	0.82	0.88	0.82	0.89	0.96	-8.3%	-8.0%	-7.7%
DPS (Bt)	0.36	0.45	0.50	0.54	0.49	0.54	0.58	-7.6%	-7.0%	-6.8%

Source: Company, KS Research

Fig 3 Key financials

	2023	New			Previous			%ppt		
		2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Revenue mix (%)										
Communication	40.0%	39.9%	39.9%	39.9%	39.9%	39.9%	39.9%	0.0%	0.0%	0.0%
Consumer	37.0%	33.8%	32.3%	30.8%	32.3%	30.8%	30.8%	1.5%	1.5%	0.0%
Commercial	22.0%	24.3%	25.7%	27.2%	25.7%	27.2%	27.2%	-1.5%	-1.5%	0.0%
Others	1.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	0.0%	0.0%	0.0%
Momentum										
% YoY revenue	-6.5%	8.2%	3.9%	3.9%	3.9%	3.9%	3.9%	4.2%	0.1%	0.0%
% YoY operating profit	-30.7%	17.4%	8.7%	6.1%	5.4%	3.0%	6.0%	12.0%	5.7%	0.1%
% YoY core profit	-35.8%	16.8%	11.2%	7.3%	7.6%	4.0%	6.4%	9.2%	7.2%	0.8%
Margin										
GPM (%)	4.0%	4.1%	4.1%	4.1%	4.1%	4.1%	4.0%	0.0%	0.0%	0.1%
OPM (%)	1.8%	1.9%	2.0%	2.1%	1.9%	1.9%	2.0%	0.0%	0.1%	0.1%
CPM (%)	1.3%	1.4%	1.5%	1.5%	1.4%	1.4%	1.6%	0.0%	0.1%	-0.1%
Leverage										
Net debt/equity (x)	1.5	1.3	1.2	1.2	1.3	1.2	1.2	4.7%	4.5%	0.0%
Net debt/EBITDA (x)	8.8	7.0	6.5	6.2	6.9	6.8	6.2	0.5%	-4.3%	0.0%
CCC (days)	73	65	65	65	65	65	65	0.0%	0.0%	0.0%
Return (%)										
ROE	12.6%	15.2%	15.6%	15.8%	14.7%	14.5%	15.8%	0.4%	1.1%	0.0%
ROA	3.8%	4.4%	4.6%	4.7%	4.3%	4.3%	4.7%	0.1%	0.3%	0.0%
Capex intensity	0.5%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%

Source: Company, KS Research

Fig 4 Quarterly results preview

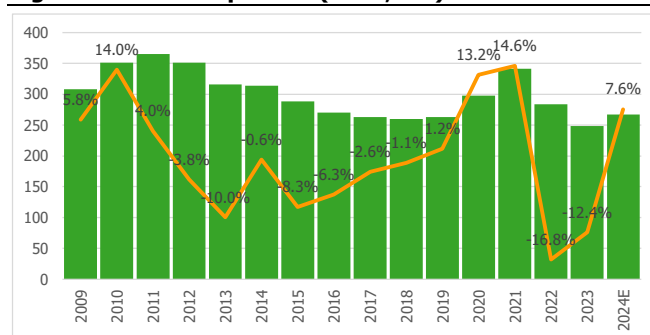
Btmn	1Q19	2Q19	3Q19	4Q19	1Q23	2Q23	3Q23	4Q23	1Q24E	2Q24E	3Q24E	4Q24E
Revenue	9,554	7,881	7,916	9,453	9,151	8,495	9,370	9,518	9,817	8,678	9,619	11,402
COGS	9,154	7,544	7,619	9,157	8,740	8,173	9,006	9,115	9,443	8,346	9,248	10,978
Gross profit	399	337	297	296	411	321	365	403	374	332	371	424
SG&A exp	220	211	221	182	267	230	186	217	242	227	233	242
Operating profit	180	126	76	114	144	91	179	186	132	104	138	182
EBITDA	207	163	111	145	201	122	205	205	147	119	153	197
Other inc (exp)	17	26	22	19	46	19	14	6	26	15	18	19
Equity income	8	6	11	14	37	9	7	10	17	9	13	15
EBIT	204	158	109	147	227	120	200	202	175	128	169	217
Interest exp	16	21	20	18	27	36	41	42	42	42	39	31
Tax	45	29	21	26	26	36	35	38	33	28	34	42
Core profit	143	108	69	103	174	48	125	122	133	112	136	167
Extra items	41	11	25	24	-9	39	18	26	22	22	22	22
Net profit	184	119	94	127	136	87	143	148	155	135	158	189
EPS (Bt)	0.24	0.14	0.11	0.15	0.16	0.10	0.17	0.17	0.18	0.16	0.19	0.22
Core EPS (Bt)	0.19	0.13	0.08	0.1219	0.21	0.06	0.15	0.14	0.16	0.13	0.16	0.20
DPS (Bt)	0.00	0.15	0.00	0.32	0.00	0.10	0.00	0.26	0.00	0.13	0.00	0.31

Source: Company, KS Research

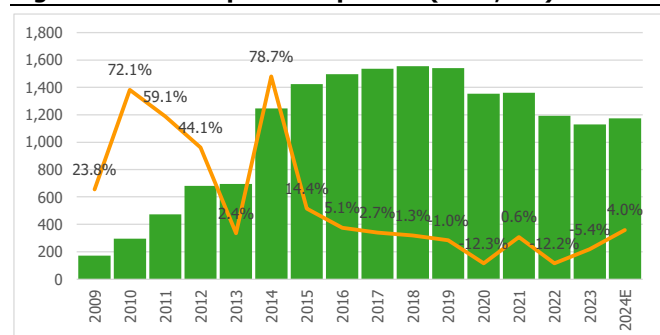
Fig 5 Revision of our target price

Approach Period	New			Previous			% change		
	3y mean 2016-19	PEG 2024-26	Intrinsic PER	3y mean 2016-19	PEG 2023-25	Intrinsic PER	3y mean 2016-19	PEG 2023-25	Intrinsic PER
IT wholesale business									
Assigned PER (x)	16.91	14.76	16.82	16.91	11.10	17.25	0.0%	33.0%	-2.5%
2025E net profit (Btmn)	697	697	697	758	758	758	-8.0%	-8.0%	-8.0%
2025E equity income (Btmn)	68	68	68	68	68	68	0.0%	0.0%	0.0%
2025E net profit - adj (Btmn)	629	629	629	690	690	690	-8.8%	-8.8%	-8.8%
No of shares (m)	847	847	847	847	847	847	0.0%	0.0%	0.0%
2025E EPS - adj (Bt)	0.74	0.74	0.74	0.81	0.81	0.81	-8.3%	-8.3%	-8.3%
PER based fair value (Bt)	12.55	10.96	12.48	13.76	9.03	14.04	-8.8%	21.4%	-11.1%
Simple average (Bt)		12.00			12.28			-2.3%	
Investment on NCAP									
KS's 24E target price (Bt)		2.41			2.41			0.0%	
No of shares (m)		1,350			1,350			0.0%	
Equity fair value (Btmn)		3,254			3,254			0.0%	
% holding		26.68%			26.68%			0.0%	
Proportionate value (Btmn)		868			868			0.0%	
% holding discount		15%			15%			0.0%	
Net proportionate value (Btmn)		738			738			0.0%	
No of SYNEX's shares (m)		847			847			0.0%	
Per share (Bt)		0.87			0.87			0.0%	
Sum-of-the-parts valuation (Btmn)		15,333			11,143			37.6%	
Per share (Bt)		12.87			13.15			-2.1%	

Source: LSEG, Company, KS Research

Fig 6 Global PC shipments (units, mn)


Source: Canalys, Statista, Company, KS Research

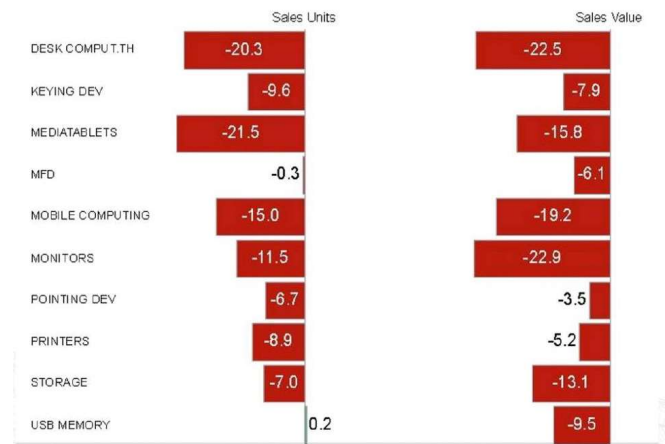
Fig 7 Global smartphone shipments (units, mn)


Source: Canalys, Statista, Company, KS Research

Fig 8 Thailand smartphone market in 2023

Company	2023 Shipments	2023 Market Share	2022 Shipments	2022 Market Share	YoY Growth
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, Company, KS Research

Fig 9 Thailand IT consumer market in 2023


Source: GfK, Company, KS Research

Fig 10 Long-term financial performance and valuation multiples

Btmn	2017	2018	2019	2020	2021	2022	2023	2024E	2025E
Revenue	32,341	38,100	34,692	32,044	36,992	38,957	36,446	39,358	40,908
% YoY	36.0%	17.8%	-8.9%	-7.6%	15.4%	5.3%	-6.4%	8.0%	3.9%
Gross profit	1,435	1,618	1,329	1,408	1,784	1,796	1,470	1,618	1,692
% YoY	28.9%	12.7%	-17.9%	5.9%	26.7%	0.7%	-18.1%	10.1%	4.5%
Net profit	624	721	524	642	860	816	513	637	697
% YoY	53.3%	15.7%	-27.4%	22.5%	34.0%	-5.1%	-37.1%	24.2%	9.4%
GPM	4.4%	4.2%	3.8%	4.4%	4.8%	4.6%	4.0%	4.1%	4.1%
NPM	1.9%	1.9%	1.5%	2.0%	2.3%	2.1%	1.4%	1.6%	1.7%
Financial position									
Equity	2,773	3,085	3,213	3,471	3,941	4,105	4,079	4,332	4,602
ROE	23.7%	24.6%	16.6%	19.2%	23.3%	20.3%	12.6%	15.2%	15.6%
Debt	3,648	4,453	5,104	1,959	2,891	5,344	6,291	6,077	6,077
Cash	205	257	166	164	234	304	137	365	325
Net debt	3,444	4,196	4,938	1,795	2,658	5,040	6,153	5,712	5,751
D/E (x)	1.24	1.36	1.54	0.52	0.67	1.23	1.51	1.32	1.25
Relative multiples									
Share price (Bt)	14.09	10.36	7.50	15.00	35.25	16.40	10.40	11.00	11.00
No of share (m)	847	847	847	847	847	847	847	847	847
Mkt cap	11,939	8,779	6,355	12,710	29,869	13,897	8,813	9,321	9,321
Interest bearing debt	3,859	4,664	5,265	1,968	2,891	5,344	6,291	6,077	6,077
Cash	205	257	166	164	234	304	137	365	325
Enterprise value	15,594	13,186	11,454	14,515	32,527	18,937	14,966	15,033	15,072
P/E (x)	19.14	12.17	12.13	19.80	34.72	17.03	17.17	14.62	13.37
P/BV (x)	4.31	2.85	1.98	3.66	7.58	3.39	2.16	2.15	2.03

Source: Company, KS Research

Fig 11 Financial comparison (SYNEX vs. SIS)

Btmn	SYNEX					SIS				
	2020	2021	2022	2023	2024E	2020	2021	2022	2023	2024E
Market price (Bt)	15.00	36.50	16.40	10.40	11.00	17.50	44.00	26.00	21.60	25.50
No of shares (m)	847	847	847	847	847	350	350	350	350	350
Market cap (Btmn)	12,710	30,929	13,897	8,813	9,321	6,125	15,400	9,100	7,560	8,925
Revenue	32,044	36,992	38,957	36,446	39,358	24,019	32,425	29,073	27,676	28,608
% YoY	-7.6%	15.4%	5.3%	-6.4%	8.0%	17.8%	35.0%	-10.3%	-4.8%	3.4%
GPM (%)	4.4%	4.8%	4.6%	4.0%	4.1%	6.8%	5.6%	6.7%	7.1%	7.10%
Net profit	642	860	816	513	637	597	793	689	646	730
% YoY	22.5%	34.0%	-5.1%	-37.1%	24.2%	41.1%	32.8%	-13.1%	-6.2%	13.1%
Net margin (%)	2.0%	2.3%	2.1%	1.4%	1.6%	2.5%	2.4%	2.4%	2.3%	2.6%
EPS (Bt)	0.76	1.02	0.96	0.61	0.75	1.71	2.26	1.97	1.84	2.09
DPS (Bt)	0.54	0.70	0.70	0.36	0.45	1.00	1.20	1.20	1.05	1.20
% payout	71.3%	69.0%	72.7%	59.4%	60.3%	58.6%	53.0%	61.0%	56.9%	57.5%
Equity	3,471	3,941	4,105	4,079	4,332	2,809	3,157	3,532	3,770	4,130
Net debt (Btmn)	1,804	2,658	5,040	6,153	5,712	1,349	4,038	3,616	2,619	n.a.
Enterprise value (Btmn)	14,515	33,587	18,937	14,966	15,033	7,474	19,438	12,716	10,179	n.a.
ROE (%)	19.2%	23.3%	20.3%	12.6%	15.2%	22.9%	23.3%	23.1%	22.1%	18.48%
P/E (x)	19.8	36.0	17.0	17.2	14.6	10.3	19.4	13.2	11.7	12.2
PBV (x)	3.7	7.8	3.4	2.2	2.2	2.2	4.9	2.6	2.0	2.2
Dividend yield (%)	3.6%	1.9%	4.3%	3.5%	4.1%	5.7%	2.7%	4.6%	4.9%	4.7%
CCC (days)	47.60	52.13	64.03	72.83	65.00	48.90	71.00	81.40	77.38	n.a.
D/E (x)	0.57	0.73	1.30	1.54	1.40	0.57	1.37	1.09	0.78	n.a.

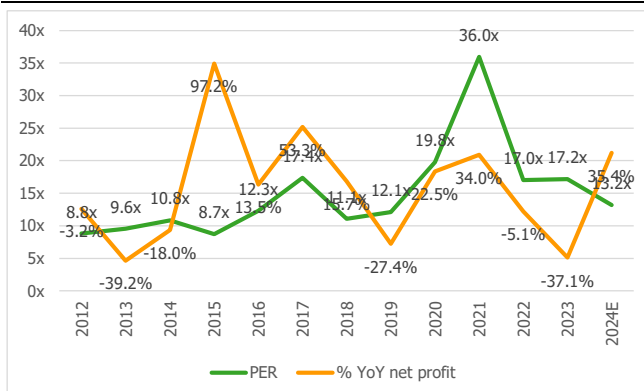
Source: Bloomberg, Company, KS Research

Remark: SIS's financial performance in 2024 is based on the data from Bloomberg.

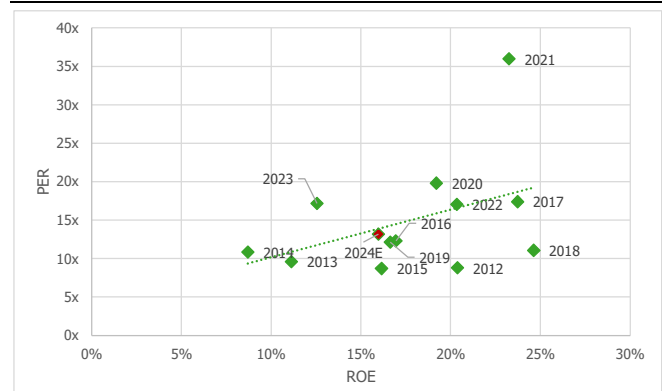
Fig 12 Accounts receivable analysis

Btmn	2020	2021	2022	2023
Trade accounts receivable	4,849	5,391	5,762	6,035
Aging				
Within credit terms	3,287	3,902	4,783	5,076
< 3 months	1,551	1,550	964	707
3-6 months	76	63	133	190
6-12 months	10	10	22	66
> 12 months	181	209	244	410
Gross A/R	5,106	5,735	6,145	6,448
Expected credit loss				
Beginning	181	191	246	227
Change	10	55	-19	25
Ending	191	246	227	253

Source: Company, KS Research

Fig 13 Correlation between PER and net profit growth


Source: Company, KS Research

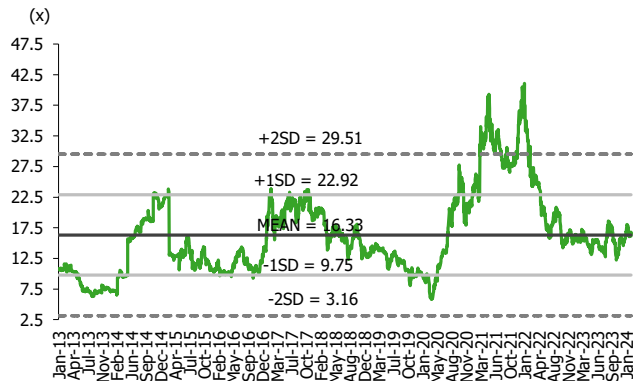
Fig 14 Correlation between PER and ROE


Source: Company, KS Research

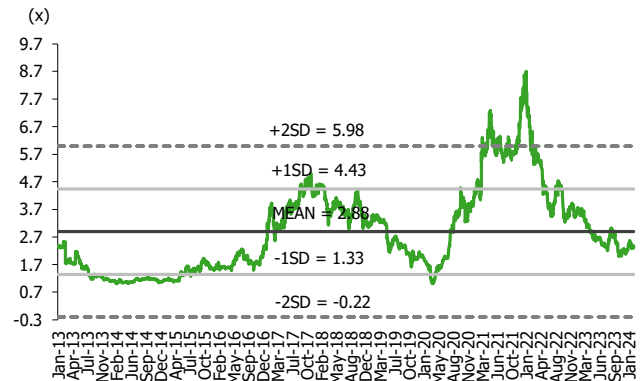
Fig 15 Peer valuation comparison

Company	Listed market	Market cap (Btmn)	2024E	PER (x) 2025E	2026E	2024E	PBV (x) 2025E	2026E	2024E	ROE (%) 2025E	2026E
Synnex (Thailand) Pcl.	Thailand	9,067	13.90	12.09	11.15	1.98	1.87	1.73	14.89	15.94	15.96
TD Synnex Corp	USA	328,856	8.85	8.05	7.53	1.07	0.98	0.94	12.11	12.50	12.93
Arrow Electronics Inc.	USA	234,552	10.15	7.54	6.18	n.m.	n.m.	n.m.	10.88	n.a.	n.a.
Insight Enterprises Inc.	USA	214,976	17.27	14.97	n.m.	2.95	2.50	n.m.	20.10	20.20	n.a.
Avnet Inc.	USA	153,535	9.10	8.02	6.24	0.98	n.m.	n.m.	13.00	n.a.	n.a.
ePlus Inc.	USA	76,864	15.52	14.58	n.m.	2.86	n.m.	n.m.	18.60	n.a.	n.a.
PC Connection Inc.	USA	60,565	18.18	16.53	n.m.	n.m.	n.m.	n.m.	n.a.	n.a.	n.a.
WPG Holdings Ltd.	Taiwan	163,116	19.67	14.92	9.28	1.59	1.48	1.36	8.87	10.42	15.22
WT Microelectronics Co., Ltd.	Taiwan	167,560	12.92	7.69	n.m.	1.95	1.72	n.m.	14.07	19.05	n.a.
Simple average			14.34	11.87	8.80	1.94	1.76	1.49	13.87	15.46	15.01
Weighted average			12.83	10.45	4.58	1.38	0.99	0.39	12.84	9.51	4.85
Median			14.71	13.19	8.41	1.96	1.80	1.54	13.00	15.30	15.58

Source: LSEG, Company, KS Research

Fig 16 SYNEX – TTM PER


Source: LSEG, Company, KS Research

Fig 17 SYNEX – TTM PBV


Source: LSEG, Company, KS Research

SYNEX: Year-end 31 Dec

Income Statement (Btmn)						Cashflow (Btmn)					
	2022A	2023A	2024E	2025E	2026E		2022A	2023A	2024E	2025E	2026E
Revenue	39,061	36,534	39,516	41,072	42,657	Net profit	816	513	637	697	749
Cost of sales and services	-37,265	-35,063	-37,898	-39,381	-40,909	Depreciation & amortization	46	48	60	58	57
Gross Profit	1,796	1,470	1,618	1,692	1,748	Change in working capital	-1,497	-437	195	-301	-296
SG&A	-941	-906	-944	-957	-965	Others	-513	-171	-16	-16	-16
Other income	81	85	87	93	95	CF from operation activities	-1,149	-46	876	438	494
EBIT	973	711	823	896	950	Capital expenditure	-97	-44	-50	-50	-50
EBITDA	981	697	821	886	935	Investment in subs and affiliates	-682	-217	0	0	0
Interest expense	-51	-145	-154	-151	-151	Others	-48	95	0	0	0
Equity earnings	38	63	62	68	72	CF from investing activities	-827	-166	-50	-50	-50
EBT	923	566	669	744	798	Cash dividend	-593	-525	-384	-427	-458
Income tax	-201	-134	-121	-135	-145	Net proceeds from debt	2,453	946	-214	0	0
NPAT	722	432	548	609	653	Capital raising	0	0	0	0	0
Minority Interest	10	1	1	1	2	Others	188	-376	0	0	0
Core Profit	732	470	549	610	655	CF from financing activities	2,047	45	-598	-427	-458
Extraordinary items	0	0	0	0	0	Net change in cash	72	-167	228	-40	-15
FX gain (loss)	84	43	89	87	94	Key Statistics & Ratios					
Reported net profit	816	513	637	697	749	Per share (Bt)					
Balance Sheet (Btmn)						Reported EPS	0.96	0.61	0.75	0.82	0.88
Cash & equivalents	304	137	365	325	311	Core EPS	0.86	0.55	0.65	0.72	0.77
ST investments	0	0	0	0	0	DPS	0.70	0.36	0.45	0.50	0.54
Accounts receivable	5,762	6,035	7,037	7,877	8,473	BV	4.84	4.81	5.11	5.42	5.77
Inventories	3,547	3,734	3,626	3,499	3,635	EV	22.36	17.67	17.75	17.79	17.81
Other current assets	1,570	1,622	1,654	1,687	1,721	Free Cash Flow	-1.47	-0.11	0.97	0.46	0.52
Total current assets	11,184	11,528	12,682	13,389	14,140	Valuation analysis					
Investment in subs & others	1,596	1,812	1,812	1,812	1,812	Reported P/E (x)	17.03	17.17	14.62	13.37	12.45
Fixed assets-net	401	397	387	379	372	Core P/E (x)	18.98	18.75	16.98	15.27	14.24
Other assets	65	80	81	83	84	P/BV (x)	3.39	2.16	2.15	2.03	1.91
Total assets	13,245	13,817	14,963	15,663	16,409	EV/EBITDA (x)	19.31	21.49	18.32	17.03	16.15
Short-term debt	4,657	5,820	5,603	5,603	5,603	Price/Cash flow (x)	-12.10	-191.02	10.64	21.30	18.88
Accounts payable	2,515	2,537	3,626	4,037	4,474	Dividend yield (%)	4.27	3.46	4.12	4.58	4.92
Other current liabilities	1,181	808	824	841	858	Profitability ratios					
Total current liabilities	8,352	9,165	10,054	10,481	10,934	Gross margin (%)	4.60	4.02	4.10	4.12	4.10
Long-term debt	688	471	474	474	474	EBITDA margin (%)	2.51	1.91	2.08	2.16	2.19
Other liabilities	101	102	104	106	108	EBIT margin (%)	2.49	1.95	2.08	2.18	2.23
Total liabilities	9,141	9,738	10,631	11,061	11,516	Net profit margin (%)	2.09	1.41	1.61	1.70	1.76
Paid-up capital	847	847	847	847	847	ROA (%)	6.65	3.79	4.43	4.55	4.67
Share premium	351	351	351	351	351	ROE (%)	20.34	12.56	15.18	15.62	15.79
Reserves & others, net	207	192	192	192	192	Liquidity ratios					
Retained earnings	2,693	2,684	2,937	3,207	3,497	Current ratio (x)	1.34	1.26	1.26	1.28	1.29
Minority interests	6	5	5	5	5	Quick ratio (x)	0.73	0.67	0.74	0.78	0.80
Total shareholders' equity	4,105	4,079	4,332	4,602	4,893	Leverage Ratios					
Total equity & liabilities	13,245	13,817	14,963	15,663	16,409	Liabilities/Equity ratio (x)	2.23	2.39	2.45	2.40	2.35
Key Assumptions						Net debt/EBITDA (x)	5.14	8.83	6.96	6.49	6.17
Revenue breakdown (%)						Net debt/equity (x)	1.23	1.51	1.32	1.25	1.18

Source: Company, KS Research

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