

# HANA Microelectronics HANA

HANA Microelectronics  
Public Company Limited

Bloomberg HANA.TB  
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## RFID to drive growth in 2024

**A check with management shows RFID is looking to be a solid growth driver, with increasing RFID activity: Michelin is on board and Walmart is mandating more RFID from suppliers. With profit looking good in 2024, risk/reward is attractive after a 25% YTD plunge in share price, which has priced in the negatives. We rate Outperform with a TP of Bt42.0.**

**RFID a key to growth.** According to a recent *Business Wire* report, subsidiary Hana Technologies signed a new licensing agreement with Michelin. Under this agreement HANA will produce and market Michelin's innovative "link-less" embeddable RFID tire tag (Revolution 4) for both tire and other applications. Management says it expects a strong performance in the RFID segment in 2024. The agreement also gives HANA the right to sell this technology to other tire companies and it can use certain other patented Michelin technologies (paying royalties) when selling to other companies. In other good news, recent reports suggest that Walmart will require all suppliers to use RFID tags on products they sell, a trend that is spreading throughout the retail supply chain, particularly in the US, and will further increase demand for RFID tags for inventory management. HANA is positioned to benefit from these developments in RFID throughout 2024.

**Upside to HANA's 2024 earnings.** We believe everyone is underestimating the momentum of RFID revenue growth and we see good potential for significant upside in 2024; we will continue to monitor this segment as it contributes more to earnings growth. HANA's RFID sales accounted for 12% of total revenue in 4Q23 and we are maintaining a conservative 13% projection for the 2024 revenue share. At the same time, we look for the momentum to raise RFID revenue generation for HANA in the medium to long term. Each 1% increase in RFID revenue generation translates to a 1% increase in net profit, which could potentially increase our target price by Bt0.4 per share.

**2024 outlook.** We preliminarily expect weak 1Q24 core earnings at ~Bt310mn (+4.4% QoQ and +11.9% YoY): though gross margin benefits from the 5.7% depreciation of the baht against US\$ in 1Q24, the IC business was weak and it was low season for other products. We expect 2Q24 core earnings to improve on the back of the AI smartphone replacement cycle that will drive smartphone demand. We expect earnings to continue to grow in 2H24, backed by high season for its business, the installation of silicon carbide capacity expansion plus greater RFID activities. HANA is also working to reduce staff and manage costs more efficiently.

**Action & recommendation.** We maintain our Outperform rating with TP of Bt42.0 based on its 5-year PE mean of 19x. We believe risk/reward is attractive with the 25.8% YTD fall in share price already factoring in negatives while we expect to see solid moves in RFID activities. The share is trading at -0.5 SD of its PE mean. We recommend Outperform for the better 2H24 outlook.

**Key risks** are changes in purchasing power, and exchange rate volatility. Key ESG risk are labor management and suppliers (S).

### Forecasts and valuation

Year to 31 Dec	Unit	2022	2023	2024F	2025F	2026F
Revenue	(Btmn)	27,167	26,152	27,599	30,711	32,208
EBITDA	(Btmn)	3,276	2,854	3,404	3,547	3,700
Core profit	(Btmn)	2,384	2,035	1,958	2,136	2,226
Reported profit	(Btmn)	2,102	1,761	1,958	2,136	2,226
Core EPS	(Bt)	3.0	2.5	2.2	2.4	2.5
DPS	(Bt)	2.00	1.00	1.55	1.69	1.76
P/E, core	(x)	15.0	18.3	17.8	16.3	15.6
EPS growth, core	(%)	36.0	(16.2)	11.2	9.1	4.2
P/BV, core	(x)	1.3	1.1	1.2	1.2	1.2
ROE	(%)	9.0	6.6	6.8	7.3	7.5
Dividend yield	(%)	3.9	2.0	3.0	3.3	3.5
EBITDA growth	(%)	13.3	(12.9)	19.2	4.2	4.3

Source: InnovestX Research

## Tactical: OUTPERFORM (3-month)

### Stock data

Last close (Apr 3) (Bt)	39.25
Target price (Bt)	42.00
Mkt cap (Btmn)	34.75
Mkt cap (US\$m)	950

Beta	M
Mkt cap (%) SET	0.20
Sector % SET	6.20
Shares issued (mn)	885
Par value (Bt)	1.00
12-m high / low (Bt)	66.3 / 35.3
Avg. daily 6m (US\$m)	17.85
Foreign limit / actual (%)	100 / 44.69
Free float (%)	68.4
Dividend policy (%)	30 - 100

### Share performance

(%)	1M	3M	12M
Absolute	9.0 (25.6)	(21.9)	
Relative to SET	8.0 (22.4)	(9.5)	

Source: SET, InnovestX Research

### 2023 Sustainability / 2022 ESG Score

SET ESG Ratings	AA
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### ESG Bloomberg Rank in the sector

ESG Score Rank	4/8
Environmental Score Rank	4/8
Social Score Rank	4/8
Governance Score Rank	4/8

### ESG comment

HANA is committed to reducing its environmental impact and to reduce the various impacts of its operations. Its key ESG focus areas are labor management and suppliers.

Source: Bloomberg Finance L.P.

### Analyst

**Chaiwat Arsirawichai**  
Fundamental Investment  
Analyst on Securities  
(66-2) 949-1021  
Chaiwat.arsirawichai@scb.co.th

### Value proposition

HANA, the leading independent electronics manufacturing service (EMS) company in Southeast Asia, manufactures a wide range of products across its six production facilities located in Thailand (Ayutthaya and Lamphun), China (Jiaxing), USA (Ohio), and Cambodia. These facilities boast a total manufacturing floor space of over 1,100,000 sq. ft. In 2023, Microelectronics or Printed Circuit Board Assembly (PCBA) accounted for 61% of its revenue, followed by Semiconductor Integrated Circuit (IC) at 31%, Microdisplay at 6%, and Silicon (Si)/silicon carbide (SiC) at 2%.

### Business outlook

We expect net profit to grow 30% in 2024, assuming there are no repeat of 2023's extra expenses (Bt262mn from write-down on inventory related to silicon carbide business). We forecast 11.4% growth in core earnings in 2024, driven by 5.5% sales growth. This growth will be fueled by increased revenue generation from the SiC business, with production machinery and equipment gradually coming online for installation through 2025. We also expect HANA to benefit from the AI smartphone replacement cycle, given the 30% contribution to total revenue in 2023 from the telecom segment. This trend has the potential to translate into upside for the IC business in the second half of 2024.

Bullish views	Bearish views
1. The beginning of AI smartphone replacement cycle to drive overall mobile and PC demand in 2H24	1. Weak demand in 1H24 from weak economic activities, especially in China
2. Expect a strong growth in SiC business due to strong customer order backlog	2. In an Investment cycle, especially impacting the SiC business if customers delay orders
3. RFID is expected to be key growth driver for 2024	3. Increase in labor cost to erode profitability

### Key catalysts

Factor	Event	Impact	Comment
1Q24F earnings outlook	Expect net profit to improve QoQ on the absence of last year's one-time expense but core earnings are expected to be flat QoQ	Improve QoQ and YoY	Expect net profit to improve QoQ on an absence of a one-time expense but core earnings are expected to be flat QoQ
2024 earnings outlook	Expect core earnings to improve 11.4% on the back of growth in the AI smartphone, RFID, and SiC businesses.	Improve YoY	We expect core earnings to grow 11.4% in 2024 supported by the resumption of growth in consumer electronics, plus the AI smartphone replacement cycle, RFID demand from a new agreement and Walmart RFID mandate as well as the ramping up of its SiC business

### Sensitivity Analysis

Factor	Earnings impact	TP impact
1% rise in sales revenue (Dollar term)	1.0%	Bt0.4/sh.
Bt1.0 per US\$ depreciation	2.5%	Bt2.0/sh.

## Our view on ESG

**HANA is committed to reducing its environmental impact and combating climate change and assesses the potential of its significant machinery and equipment to identify energy conservation measures as well as social responsibility to reduce the various impacts of its operations. The company's key ESG focus areas are labor management and suppliers. The company requires a large workforce, and some of the required skills are highly specialized.**

### Disclosure Score

<b>Bloomberg ESG Score</b>	<b>33.99 (2022)</b>
Rank in Sector	4/8

<b>CG Rating</b>	<b>DJSI</b>	<b>SETESG</b>	<b>SET ESG Ratings</b>	
HANA	5	No	Yes	AA

Source: Thai Institute of Directors (IOD), SET

### Environmental Issue (E)

- HANA is committed to reducing its environmental impact and combating climate change. It uses the United Nations Sustainable Development Goals (SDGs) as a framework for its environmental development.
- Energy efficiency measures: HANA assesses the potential of its significant machinery and equipment to identify energy conservation measures. It has invested in various projects to improve efficiency or replace machinery and equipment to save energy. It also has energy conservation projects to reduce electricity consumption or the use of non-renewable energy.
- We believe that HANA's environmental management is relatively behind from peers. This is because the company has limited publish of the key environment data. This is consistent with the company's ESG environmental score, which is lagging the industry average.

### Social Issue (S)

- HANA conducts business with social responsibility to reduce the various impacts of its operations. It adheres to the principles of transparent, verifiable, and ethical operation, and respects human rights. It focuses on the needs and expectations of stakeholders throughout the value chain, such as respecting human rights.
- HANA is committed to conducting business ethically and responsibly towards society and all stakeholders in accordance with corporate governance and ethics. In terms of human rights protection, the company strictly complies with laws and international principles.
- We believe that labor issues are a significant factor for HANA. The company requires a large workforce, and some of the required skills are highly specialized. Therefore, we place a higher weight on social factors than on other ESG factors. While the ESG social score still below industry average.

### Governance Issue (G)

- HANA conducts business with good governance, transparency, and responsibility. It considers the long-term growth of the company and continuously creates appropriate returns for shareholders. It also promotes creativity and drives innovation in both production processes, work processes, and services to increase efficiency and deliver products and services to customers with quality standards. This leads to the creation of benefits or positive impacts on the organization towards sustainable development.
- The Board of Directors has established a Sustainability Committee composed mostly of independent directors. The Committee is tasked with setting the sustainability policy, framework, goals, strategies, and overseeing the implementation and monitoring of progress.
- HANA also has a policy of opening up opportunities for stakeholders to participate in communication and engagement on issues that different stakeholder groups have or may be affected by the company's operations. It uses stakeholder feedback to assess key issues and find ways to benefit all parties involved.
- We believe that governance is an area where HANA needs to improve. The company's ESG governance score is lower than the industry average.

### ESG Disclosure Score

	2021	2022
<b>ESG Disclosure Score</b>	<b>36.02</b>	<b>33.99</b>
<b>Environment</b>	<b>22.92</b>	<b>19.96</b>
GHG Scope 1 ('000 metric tonnes)	0.5	0.5
GHG Scope 2 Location-Based (%)	23.3	23.3
Waste Reduction Policy	Yes	Yes
<b>Social</b>	<b>24.79</b>	<b>21.64</b>
Women in Management (%)	39.0	—
Women in Middle and or Other Management (%)	57	—
Women in Workforce (%)	72	69
<b>Governance</b>	<b>60.26</b>	<b>60.26</b>
Board Size (persons)	6	8
Number of Non Executive Directors on Board (persons)	3	4
Number of Board Meetings for the Year	7	6
Board Meeting Attendance (%)	100	100

Source: Bloomberg Finance L.P.

### Disclaimer

Bloomberg ESG Disclosure Scores rate companies on their level of disclosure of ESG data. Bloomberg offers four disclosure scores, for overall ESG, as well as Environmental, Social, and Governance. To review the fully transparent methodology, calculate disclosure scores for any company, and compare a company's scores vs its peers, see ESG Disclosure Score Model in Bloomberg.

## Financial statement

### Profit and Loss Statement

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
Total revenue	(Btmn)	20,384	19,283	23,780	27,167	26,152	27,599	30,711	32,208
Cost of goods sold	(Btmn)	(18,070)	(16,734)	(20,493)	(23,506)	(23,172)	(23,956)	(26,657)	(27,957)
<b>Gross profit</b>	<b>(Btmn)</b>	<b>2,314</b>	<b>2,548</b>	<b>3,287</b>	<b>3,661</b>	<b>2,980</b>	<b>3,643</b>	<b>4,054</b>	<b>4,251</b>
SG&A	(Btmn)	(1,254)	(1,211)	(1,697)	(2,014)	(1,672)	(2,042)	(2,273)	(2,383)
Other income	(Btmn)	866	671	471	552	536	544	553	562
Interest expense	(Btmn)	(13)	(9)	(7)	(13)	(52)	(62)	(62)	(62)
<b>Pre-tax profit</b>	<b>(Btmn)</b>	<b>1,913</b>	<b>1,968</b>	<b>1,598</b>	<b>2,209</b>	<b>1,584</b>	<b>2,083</b>	<b>2,272</b>	<b>2,368</b>
Corporate tax	(Btmn)	(108)	(60)	(53)	(107)	(85)	(125)	(136)	(142)
Equity a/c profits	(Btmn)	0	0	0	0	0	0	0	0
Minority interests	(Btmn)	0	0	0	0	0	0	0	0
<b>Core profit</b>	<b>(Btmn)</b>	<b>1,490</b>	<b>1,778</b>	<b>2,229</b>	<b>2,384</b>	<b>1,757</b>	<b>1,958</b>	<b>2,136</b>	<b>2,226</b>
Extra-ordinary items	(Btmn)	0	(31)	(455)	24	55	0	0	0
<b>Net Profit</b>	<b>(Btmn)</b>	<b>1,805</b>	<b>1,908</b>	<b>1,545</b>	<b>2,102</b>	<b>1,499</b>	<b>1,958</b>	<b>2,136</b>	<b>2,226</b>
EBITDA	(Btmn)	2,198	2,512	2,892	3,276	2,854	3,404	3,547	3,700
<b>Core EPS</b>	<b>(Btmn)</b>	<b>1.68</b>	<b>2.01</b>	<b>2.52</b>	<b>2.69</b>	<b>1.98</b>	<b>2.21</b>	<b>2.41</b>	<b>2.51</b>
Net EPS	(Bt)	2.04	2.15	1.75	2.37	1.69	2.21	2.41	2.51
DPS	(Bt)	1.65	1.30	1.75	2.00	1.27	1.66	1.81	1.89

### Balance Sheet (Btmn)

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
Total current assets	(Btmn)	17,015	17,720	17,570	18,243	23,159	23,495	24,310	25,031
Total fixed assets	(Btmn)	7,412	7,460	10,283	11,460	12,147	12,696	12,928	13,108
<b>Total assets</b>	<b>(Btmn)</b>	<b>24,426</b>	<b>25,180</b>	<b>27,853</b>	<b>29,703</b>	<b>35,306</b>	<b>36,191</b>	<b>37,238</b>	<b>38,138</b>
Total loans	(Btmn)	802	311	342	619	1,443	334	334	334
Total current liabilities	(Btmn)	3,182	2,806	4,029	5,027	5,034	4,273	4,591	4,851
Total long-term liabilities	(Btmn)	699	760	766	814	1,125	3,447	3,575	3,625
<b>Total liabilities</b>	<b>(Btmn)</b>	<b>3,881</b>	<b>3,567</b>	<b>4,795</b>	<b>5,841</b>	<b>6,159</b>	<b>7,720</b>	<b>8,166</b>	<b>8,476</b>
Paid-up capital	(Btmn)	805	805	805	805	805	805	805	805
<b>Total equity</b>	<b>(Btmn)</b>	<b>20,546</b>	<b>21,614</b>	<b>23,058</b>	<b>23,862</b>	<b>29,147</b>	<b>28,307</b>	<b>28,908</b>	<b>29,498</b>
<b>BVPS</b>	<b>(Bt)</b>	<b>25.53</b>	<b>26.85</b>	<b>28.65</b>	<b>29.65</b>	<b>36.21</b>	<b>35.17</b>	<b>35.92</b>	<b>36.65</b>

### Cash Flow Statement (Btmn)

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
Core Profit	(Btmn)	1,913	1,968	1,598	2,209	1,846	2,083	2,272	2,368
Depreciation and amortization	(Btmn)	1,138	1,175	1,301	1,630	1,702	1,803	1,766	1,832
Operating cash flow	(Btmn)	2,976	(675)	2,093	1,342	3,250	1,866	2,461	3,204
Investing cash flow	(Btmn)	(610)	(1,170)	(4,114)	(1,169)	(3,413)	(2,330)	(1,870)	(1,961)
Financing cash flow	(Btmn)	(1,865)	(1,322)	(75)	(1,102)	5,073	(424)	(1,535)	(1,636)
<b>Net cash flow</b>	<b>(Btmn)</b>	<b>501</b>	<b>(3,167)</b>	<b>(2,096)</b>	<b>(929)</b>	<b>4,580</b>	<b>(888)</b>	<b>(944)</b>	<b>(393)</b>

### Key Financial Ratios

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
Gross margin	(%)	11.4	13.2	13.8	13.5	11.4	13.2	13.2	13.2
Operating margin	(%)	5.2	6.9	6.7	6.1	5.0	5.8	5.8	5.8
EBITDA margin	(%)	10.8	13.0	12.2	12.1	10.9	12.3	11.5	11.5
EBIT margin	(%)	9.4	10.4	8.7	8.1	7.0	7.8	7.6	7.5
Net profit margin	(%)	8.9	9.9	6.5	7.7	5.7	7.1	7.0	6.9
ROE	(%)	8.8	8.8	6.7	8.8	5.1	6.9	7.4	7.5
ROA	(%)	7.4	7.6	5.6	7.1	4.4	5.6	5.9	6.0
Net D/E	(x)	(0.4)	(0.2)	(0.1)	(0.1)	(0.2)	(0.1)	(0.0)	(0.0)
Interest coverage	(x)	80.1	147.5	212.3	131.6	25.2	25.6	28.5	29.9
Debt service coverage	(x)	2.4	6.5	6.0	3.5	1.3	6.4	7.0	7.3
Payout Ratio	(%)	73.6	54.8	91.1	76.6	75.0	75.0	75.0	75.0

### Main Assumptions

FY December 31	Unit	2019	2020	2021	2022	2023	2024F	2025F	2026F
<b>Total sales</b>	<b>(Btmn)</b>	<b>20,384</b>	<b>19,283</b>	<b>23,780</b>	<b>27,167</b>	<b>26,152</b>	<b>27,599</b>	<b>30,711</b>	<b>32,208</b>
Sales from PCBA business	(Btmn)	11,967	11,306	13,425	15,028	15,953	15,147	14,844	14,906
Sale from IC business	(Btmn)	7,580	7,294	9,344	10,231	8,107	8,164	8,001	7,938
Sales from Micro display business	(Btmn)	838	687	962	1,343	1,569	1,864	1,999	2,132
Sales from PMS business	(Btmn)	0	4	50	299	523	1,750	3,500	4,200
Total GPM	(%)	11.4	13.2	13.8	13.5	11.4	13.2	13.2	13.2
FX	(THB/US\$)	31.1	31.3	32.0	35.4	35.0	35.0	35.0	35.0

## Financial statement

### Profit and Loss Statement

FY December 31	Unit	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Total revenue	(Btmn)	6,107	6,390	7,545	7,125	6,466	6,910	6,555	6,221
Cost of goods sold	(Btmn)	(5,445)	(5,512)	(6,378)	(6,171)	(5,913)	(5,871)	(5,523)	(5,864)
<b>Gross profit</b>	<b>(Btmn)</b>	<b>663</b>	<b>878</b>	<b>1,167</b>	<b>954</b>	<b>553</b>	<b>1,039</b>	<b>1,031</b>	<b>357</b>
SG&A	(Btmn)	(381)	(401)	(408)	(505)	(382)	(392)	(449)	(408)
Other income	(Btmn)	133	143	133	142	137	144	131	124
Interest expense	(Btmn)	(1)	(3)	(3)	(6)	(2)	(8)	(17)	(25)
<b>Pre-tax profit</b>	<b>(Btmn)</b>	<b>380</b>	<b>260</b>	<b>463</b>	<b>1,107</b>	<b>17</b>	<b>930</b>	<b>755</b>	<b>144</b>
Corporate tax	(Btmn)	(15)	(15)	(46)	(31)	(12)	(33)	(21)	(19)
Equity a/c profits	(Btmn)	0	0	0	0	0	0	0	0
Minority interests	(Btmn)	0	0	0	0	0	0	0	0
<b>Core profit</b>	<b>(Btmn)</b>	<b>396</b>	<b>581</b>	<b>817</b>	<b>586</b>	<b>277</b>	<b>758</b>	<b>678</b>	<b>297</b>
Extra-ordinary items	(Btmn)	(62)	(31)	(42)	160	0	(218)	185	88
<b>Net Profit</b>	<b>(Btmn)</b>	<b>365</b>	<b>245</b>	<b>417</b>	<b>1,075</b>	<b>4</b>	<b>897</b>	<b>734</b>	<b>125</b>
EBITDA	(Btmn)	640	531	798	1,308	564	1,073	1,003	370
<b>Core EPS</b>	<b>(Btmn)</b>	<b>0.49</b>	<b>0.72</b>	<b>1.02</b>	<b>0.73</b>	<b>0.34</b>	<b>0.94</b>	<b>0.84</b>	<b>0.37</b>
Net EPS	(Bt)	0.45	0.30	0.52	1.34	0.01	1.11	0.91	0.16

FY December 31	Unit	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Total current assets	(Btmn)	17,889	18,166	18,914	18,243	17,613	19,176	20,360	23,159
Total fixed assets	(Btmn)	10,636	10,867	11,262	11,460	11,294	11,839	12,269	12,147
<b>Total assets</b>	<b>(Btmn)</b>	<b>28,525</b>	<b>29,033</b>	<b>30,176</b>	<b>29,703</b>	<b>28,906</b>	<b>31,015</b>	<b>32,629</b>	<b>35,306</b>
Total loans	(Btmn)	0	300	0	0	0	849	1,626	1,280
Total current liabilities	(Btmn)	4,571	5,257	5,545	5,027	4,099	5,681	6,100	5,034
Total long-term liabilities	(Btmn)	760	830	833	814	822	878	1,058	1,125
<b>Total liabilities</b>	<b>(Btmn)</b>	<b>5,330</b>	<b>6,087</b>	<b>6,378</b>	<b>5,841</b>	<b>4,920</b>	<b>6,560</b>	<b>7,158</b>	<b>6,159</b>
Paid-up capital	(Btmn)	805	805	805	805	805	805	805	805
<b>Total equity</b>	<b>(Btmn)</b>	<b>23,194</b>	<b>22,947</b>	<b>23,798</b>	<b>23,862</b>	<b>23,986</b>	<b>24,456</b>	<b>25,471</b>	<b>29,147</b>
<b>BVPS</b>	<b>(Bt)</b>	<b>29</b>	<b>29</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>32</b>	<b>36</b>

### Cash Flow Statement (Btmn)

FY December 31	Unit	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Core Profit	(Btmn)	380	260	463	1,107	278	668	755	145
Depreciation and amortization	(Btmn)	359	382	419	469	421	426	429	426
Operating cash flow	(Btmn)	311	173	(330)	1,188	117	1,271	788	1,075
Investing cash flow	(Btmn)	(86)	(197)	(815)	(71)	(507)	(1,036)	(913)	(957)
Financing cash flow	(Btmn)	(2)	(507)	(303)	(406)	(2)	444	768	3,862
<b>Net cash flow</b>	<b>(Btmn)</b>	<b>224</b>	<b>(532)</b>	<b>(1,448)</b>	<b>710</b>	<b>(391)</b>	<b>679</b>	<b>643</b>	<b>3,650</b>

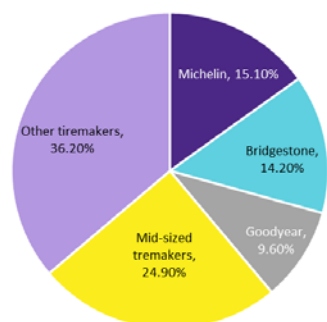
### Key Financial Ratios

FY December 31	Unit	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Gross margin	(%)	10.8	13.7	15.5	13.4	8.6	15.0	15.7	5.7
Operating margin	(%)	4.6	7.5	10.1	6.3	2.7	9.4	8.9	(0.8)
EBITDA margin	(%)	10.5	8.3	10.6	18.4	8.7	15.5	15.3	5.9
EBIT margin	(%)	6.8	9.7	11.8	8.3	4.8	11.4	10.9	1.2
Net profit margin	(%)	6.0	3.8	5.5	15.1	0.1	13.0	11.2	2.0
ROE	(%)	1.6	1.1	1.8	4.5	0.0	3.7	2.9	0.4
ROA	(%)	1.3	0.8	1.4	3.6	0.0	2.9	2.2	0.4
Net D/E	(x)	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)
Interest coverage	(x)	262.3	98.6	185.2	189.3	10.4	116.7	44.5	6.9
Debt service coverage	(x)	272.8	218.1	325.2	99.7	156.5	42.5	10.0	12.0

### Main Assumptions

FY December 31	Unit	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
<b>Total sales</b>	<b>(Btmn)</b>	<b>3,770</b>	<b>3,783</b>	<b>7,545</b>	<b>7,125</b>	<b>6,466</b>	<b>32,216</b>	<b>6,555</b>	<b>6,221</b>
Sales from PCBA business	(Btmn)	3,507	3,471	4,219	3,932	3,912	4,164	4,010	3,867
Sale from IC business	(Btmn)	2,337	2,606	2,957	2,454	2,209	2,405	2,156	1,860
Sales from Micro display business	(Btmn)	263	312	370	740	345	341	389	494
Sales from PMS business	(Btmn)	41	31	109	118	146	129	92	156
Total GPM	(%)	10.8	13.7	15.5	13.4	8.6	15.0	15.7	5.7
FX	(Bt/US\$)	33.1	34.4	36.4	36.4	34.1	34.5	35.5	35.5

**Figure 1: Tire manufacturers' share of the global tire market**



Source: Statista, InnovestX Research

**Figure 2: Valuation summary** (price as of Apr 3, 2024)

	Rating	Price (Bt/Sh)	Target (Bt/Sh)	ETR (%)	P/E (x)			EPS growth (%)			P/BV (x)			ROE (%)			Div. Yield (%)			EV/EBITDA (x)		
					23A	24F	25F	23A	24F	25F	23A	24F	25F	23A	24F	25F	23A	24F	25F	23A	24F	25F
DELTA	Neutral	74.00	70.0	(4.8)	52.0	48.4	42.2	22	7	15	13.7	11.4	9.6	29	26	25	0.6	0.6	0.7	41.0	39.7	35.3
HANA	Outperform	39.25	42.0	10.9	15.8	17.8	16.3	(16)	(11)	9	1.1	1.2	1.2	8	7	7	2.5	3.9	4.3	11.3	10.2	9.8
KCE	Outperform	39.50	52.0	33.6	29.7	20.6	19.2	(31)	45	7	3.4	3.1	2.8	12	16	15	1.5	1.9	2.1	16.1	13.1	13.0
<b>Average</b>					<b>32.5</b>	<b>28.9</b>	<b>25.9</b>	<b>(9)</b>	<b>14</b>	<b>10</b>	<b>6.1</b>	<b>5.2</b>	<b>4.5</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>1.6</b>	<b>2.2</b>	<b>2.4</b>	<b>22.8</b>	<b>21.0</b>	<b>19.4</b>

Source: InnovestX Research

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**CG Rating 2023 Companies with CG Rating**

**Companies with Excellent CG Scoring**

7UP, AAV, ABM, ACE, ACG, ADB, ADD, ADVANC, AEONTS, AF, AGE, AH, AHC, AIRA, AIT, AJ, AKP, AKR, ALLA, ALT, AMA, AMARIN, AMATA, AMATAV, ANAN, AOT, AP, APCO, APCS, ARIP, ARROW, ASEFA, ASK, ASP, ASW, ATP30, AUCT, AWC, AYUD, B, BA, BAFS, BAM, BANPU, BAY, BBGI, BBIK, BBL, BC, BCH, BCP, BCPG, BDMS, BEC, BEM, BEYOND, BGC, BGRIM, BH, BIZ, BJC, BJCHI, BKI, BLA, BOL, BPP, BRI, BROOK, BRR, BTS, BTW, BWG, BYD, CBG, CENTEL, CFRESH, CHASE, CHEWA, CHG, CHOW, CIMBT, CIVIL, CK, CKP, CM, CNT, COLOR, COM7, COTTO, CPALL, CPAXT, CPF, CPI, CPL, CPN, CPW, CRC, CRD, CSC, CSS, CV, DCC, DDD, DELTA, DEMCO, DMT, DOHOME, DRT, DUSIT, EA, EASTW, ECF, ECL, EE, EGCO, EPG, ERW, ETC, ETE, FE, FLOYD, FN, FPI, FPT, FSX, FVC, GBX, GC, GCAP, GENCO, GFPT, GGC, GLAND, GLOBAL, GPSC, GRAMMY, GULF, GUNKUL, HANA, HARN, HENG, HMPRO, HPT, HTC, ICC, ICHI, ICN, III, ILINK, ILM, IMH, IND, INET, INTUCH, IP, IRC, IRPC, ITC, ITEL, IVL, JAS, JTS, KBANK, KCC, KCE, KEX, KKP, KSL, KTB, KTC, KTMS, KUMWEL, KUN, LALIN, LANNA, LH, LHF, LIT, LOXLEY, LPN, LRH, LST, M, MAJOR, MALEE, MATCH, MBK, MC, M-CHAI, MCOT, MEGA, MFC, MFEC, MILL, MINT, MONO, MOONG, MSC, MST, MTC, MTI, NC, NCH, NCL, NDR, NER, NKI, NOBLE, NRF, NTV, NVD, NWR, NYT, OCC, OISHI<sup>1</sup>, ONEE, OR, ORI, OSP, OTO, PAP, PATO, PB, PCSGH, PDG, PDJ, PG, PHOL, PIMO, PJW, PLANB, PLAT, PLUS, PM, POLY, PORT, PPP, PPS, PR9, PRG, PRINC, PRM, PRTR, PSH, PSL, PT, PTC, PTT, PTTEP, PTGCG, Q-CON, QH, QTC, RATCH, RBF, RPH, RS, RT, S, S&J, SA, SABINA, SAK, SAMART, SAMTEL, SAPPE, SAT, SBNEXT, SC, SCB, SCC, SCCC, SCG, SCGP, SCM, SDC, SEAFCO, SEAOL, SECURE, SELIC, SENA, SENX, SFP<sup>2</sup>, SFT, SGC, SGF, SGP, SHR, SICT, SIRI, SIS, SITHAI, SJWD, SKR, SM, SMPC, SMT, SNC, SNNP, SNP, SO, SPALI, SPC, SPCG, SPI, SPRC, SR, SSC, SSF, SSSC, STA, STC, STEC, STGT, STI, SUC, SUN, SUSCO, SUTHA, SVI, SVT, SYMC, SYNEX, SYNTEC, TACC, TAE, TCAP, TCMC, TEAMG, TEGH, TFG, TFMAMA, TGE, TGH, THANA, THANI, THCOM, THIP, THRE, THREL, TIDLOR, TIPH, TISCO, TK, TKN, TKS, TKT, TLI, TM, TMC, TMD, TMT, TNDT, TNITY, TNL, TNR, TOA, TOG, TOP, TPBI, TPCS, TPIPL, TPIPP, TPS, TQM, TQR, TRT, TRUE, TRV, TSC, TSTE, TSTH, TTA, TTB, TTCL, TTW, TURTLE, TVDH, TVH, TVO, TVT, TWPC, UAC, UBE, UBIS, UKEM, UP, UPF, UPOIC, UV, VCOM, VGI, VIBHA, VIH, VL, WACOAL, WGE, WHA, WHAUP, WICE, WINMED, WINNER, XPG, YUASA, ZEN

**Companies with Very Good CG Scoring**

2S, A5, AAI, AIE, ALUCON, AMR, APURE, ARIN, AS, ASIA, ASIAN, ASIMAR, ASN, AURA, BR, BSBM, BTG, CEN, CGH, CH, CHIC, CI, CIG, CMC, COMAN, CSP, DOD, DPAINT, DV8, EFORL, EKH, ESSO, ESTAR, EVER, FORTH, FSMART, FTI, GEL, GPI, HEALTH, HUMAN, IFS, INSET, IT, J, JCKH, JDF, JKN, JMART, JUBILE, K, KCAR, KGI, KIAT, KISS, KK, KTIS, KWC, KWM, LDC, LEO, LHK, MACO, METCO, MICRO, MK, MVP, NCAP, NOVA, NTSC, PACO, PIN, PQS, PREB, PRI, PRIME, PROEN, PROS, PROUD, PSTC, PTECH, PYLON, RCL, SALEE, SANKO, SCI, SCN, SE, SE-ED, SFLEX, SINGER, SKN, SONIC, SORKON, SPVI, SSP, SST, STANLY, STP, SUPER, SVOA, SWC, TCC, TEKA, TFM, TMILL, TNP, TPLAS, TPOLY, TRC, TRU, TRUBB, TSE, VRANDA, WAVE, WFX, WIJK, WIN, WP, XO

**Companies with Good CG Scoring**

24CS, AMANAH, AMARC, AMC, APP, ASAP, BCT, BE8, BIG, BIOTEC, BLESS, BSM, BVG, CAZ, CCET, CHARAN, CHAYO, CHOTI, CITY, CMAN, CMR, CRANE, CWT, DHOUSE, DTCENT, EASON, FNS, FTE, GIFT, GJS, GTB, GTV, GYT, HL, HTECH, HYDRO, IIG, INGRS, INSURE, IRCP, ITD, ITNS, JCK, JMT, JR, JSP, KBS, KGEN, KJL, L&E, LEE, MASTER, MBAX, MEB, MENA, META, MGT, MITSIB, MJD, MOSHI, MUD, NATION, NNCL, NPK, NSL, NV, OGC, PAF, PCC, PEACE, PICO, PK, PL, PLANET, PLE, PMTA, PPM, PRAKIT, PRAPAT, PRECHA, PRIN, PSG, RABBIT, READY, RJH, RSP, RWI, S11, SAAM, SAF, SAMCO, SAWAD, SCAP, SCP, SIAM, SKE, SKY, SMART, SMD, SMIT, SOLAR, SPA, STECH, STPI, SVR, TC, TCCC<sup>3</sup>, TEAM, TFI, TIGER, TITLE, TKC, TMI, TNH, TPA, TPAC, TRITN, UBA, UMI, UMS, UTP, VARO, VPO, W, WARRIX, WORK, WPH, YONG, ZIGA

**Corporate Governance Report**

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The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. InnovestX Securities Company Limited does not conform nor certify the accuracy of such survey result.

To recognize well performers, the list of companies attaining "Good", "Very Good" and "Excellent" levels of recognition (Not including listed companies qualified in the "no announcement of the results" clause from 1 January 2022 to 31 October 2023) is publicized.

<sup>1</sup>OISHI was voluntarily delisted from the Stock Exchange of Thailand, effectively on September 6, 2023

<sup>2</sup>SFP was voluntarily delisted from the Stock Exchange of Thailand, effectively on July 19, 2023

<sup>3</sup>TCCC was voluntarily delisted from the Stock Exchange of Thailand effectively on August 25, 2023

**Anti-corruption Progress Indicator**

**Certified (ได้สมรส)**

2S, 7UP, AAI, ADVANC, AF, AH, AI, AIE, AIRA, AJ, AKP, AMA, AMANAH, AMATA, AMATAV, AP, APCS, AS, ASIAN, ASK, ASP, AWC, AYUD, B, BAFS, BAM, BANPU, BAY, BBGI, BBL, BCH, BCP, BCPG, BE8, BEC, BEYOND, BGC, BGRIM, BKI, BLA, BPP, BROOK, BRR, BSBM, BTS, BWG, CEN, CENTEL, CFRESH, CGH, CHEWA, CHOTI, CHOW, CIG, CIMBT, CM, CMC, COM7, CPALL, CPAXT, CPF, CPI, CPL, CPN, CPW, CRC, CSC, DCC, DELTA, DEMCO, DIMET, DOHOME, DRT, DUSIT, EA, EASTW, ECF, EGCO, EP, EPG, ERW, ESTAR, ETC, ETE, FNS, FPI, FPT, FSMART, RTE, GBX, GC, GCAP, GEL, GFPT, GGC, GJS, GPI, GPSC, GSTEEL, GULF, GUNKUL, HANA, HARN, HENG, HMPRO, HTC, ICC, ICHI, IFS, III, ILINK, ILM, INET, INOX, INSURE, INTUCH, IRPC, ITEL, IVL, JAS, JKN, JR, JTS, KASET, KBANK, KBS, KCAR, KCCAMC, KCE, KGEN, KGI, KKP, KSL, KTB, KTC, L&E, LANNA, LHF, LHK, LPN, LRH, M, MAJOR, MALEE, MATCH, MBAX, MBK, MC, MCOT, META, MFC, MFEC, MILL, MINT, MONO, MOONG, MSC, MST, MTC, MTI, NATION, NCAP, NEP, NKI, NOBLE, NRF, NWR, OCC, OGC, OR, ORI, PAP, PATO, PB, PCSGH, PDG, PDJ, PG, PHOL, PIMO, PK, PL, PLANB, PLANET, PLAT, PM, PPP, PPPM, PPS, PR9, PREB, PRG, PRINC, PRM, PROS, PSH, PSL, PSTC, PT, PTECH, PTG, PTT, PTTEP, PTGCG, PYLON, Q-CON, QH, QLT, QTC, RABBIT, RATCH, RML, RS, RWI, S&J, SAAM, SABINA, SAK, SAPPE, SAT, SC, SCC, SCCC, SCG, SCGP, SCM, SCN, SEAOL, SE-ED, SELIC, SENA, SGC, SGP, SIRI, SITHAI, SKR, SMIT, SMK, SMPC, SNC, SNP, SORKON, SPACK, SPALI, SPC, SPI, SPRC, SRICHA, SSF, SSP, SSSC, SST, STA, STGT, STOWER, SUSCO, SVI, SYMC, SYNTEC, TAE, TAKUNI, TASCOS, TCAP, TCMC, TFG, TFI, TFMAMA, TGE, TGH, THANI, THCOM, THIP, THRE, THREL, TIDLOR, TIPCO, TISCO, TKS, TKT, TMD, TMILL, TMT, TNITY, TNL, TNP, TNR, TOG, TOP, TOPP, TPA, TPCS, TRT, TRU, TSC, TSI, TSTE, TSTH, TTA, TTB, TTCL, TU, TVDH, TVO, TWPC, UBE, UBIS, UEC, UKEM, UOBKH, UV, VCOM, VGI, VIH, WACOAL, WHA, WHAUP, WICE, WIJK, XO, YUASA, ZEN, ZIGA

**Declared (ได้ประกาศเจตนา)**

ACE, ADB, ALT, AMC, ASW, BLAND, BTG, BYD, CAZ, CBG, CV, DEXON, DMT, EKH, FSX, GLOBAL, GREEN, ICN, IHL, ITC, J, JMART, JMT, LEO, LH, MENA, MITSIB, MODERN, NER, NEX, OSP, PEER, PLUS, POLY, PQS, PRIME, PROEN, PRTR, RBF, RT, SA, SANKO, SCB, SENX, SFLEX, SIS, SKE, SM, SVOA, TBN, TEGH, TIPH, TKN, TPAC, TPLAS, TQM, TRUE, W, WPH, XPG

**N/A**

24CS, 3K-BAT, A, A5, AAV, ABM, ACAP, ACC, ACG, ADD, ADVICE, AEONTS, AFC, AGE, AHC, AIT, AJA, AKR, AKS, ALL, ALLA, ALPHAX, ALUCON, AMARC, AMARIN, AMR, ANAN, ANI, AOT, APCO, APX, APO, APP, APURE, AQUA, ARIN, ARIP, ARROW, ASAP, ASEFA, ASIA, ASIMAR, ASN, ATP30, AU, AUCT, AURA, B52, BA, BBIK, BC, BCT, BDMS, BEAUTY, BEM, BGT, BH, BIG, BIOTEC, BIS, BIZ, BJC, BJCHI, BKD, BKGI, BLC, BLESS, BLISS, BM, BOL, BPS, BR, BRI, BROCK, BSM, BSRC, BTNC, BTW, BUI, BVG, CCET, CCP, CEYE, CGD, CH, CHARAN, CHASE, CHAYO, CHG, CHIC, CHO, CI, CITY, CIVIL, CK, CKP, CMAN, CMO, CMR, CNT, COCOCO, COLOR, COMAN, CPANEL, CPH, CPR, CPT, CRANE, CRD, CREDIT, CSP, CSR, CSS, CTW, CWT, D, DCON, DDD, DHOUSE, DITTO, DOD, DPAINT, DTCENT, DTICI, DV8, EASON, ECL, EE, EFORL, EMC, ETL, EURO, EVER, F&D, FANCY, FE, FLOYD, FMT, FN, FORTH, FTI, FVC, GABLE, GCON, GFC, GIFT, GL, GLAND, GLOCON, GLORY, GRAMMY, GRAND, GSC, GTB, GTV, GYT, HEALTH, HFT, HL, HPT, HTECH, HUMAN, HYDRO, I2, IFEC, IIG, IMH, IND, INGRS, INSET, IP, IRC, IRCP, IT, ITD, ITNS, ITTHI, JAK, JCK, JCH, JCT, JDF, JPARK, JSP, JUBILE, K, KAMART, KC, KCG, KCM, KDH, KEX, KIAT, KISS, KJL, KK, KKC, KLINIQ, KOOL, KTIS, KTMS, KUMWEL, KUN, KWC, KWI, KWM, KYE, LALIN, LDC, LEE, LIT, LOXLEY, LPH, LST, MANRIN, MASTER, MATI, MCA, M-CHAI, MCS, MDX, MEB, MEGA, METCO, MGC, MGI, MGT, MICRO, MIDA, MJD, MK, ML, MORE, MOSHI, MTW, MUD, MVP, NAM, NAT, NC, NCH, NCL, NDR, NETBAY, NEW, NEWS, NFC, NL, NNCL, NOK, NOVA, NPK, NSL, NTSC, NTV, NUSA, NV, NVD, NYT, OHTL, ONEE, ORN, PACE, PACO, PAF, PANEL, PCC, PEACE, PERM, PF, PHG, PICO, PIN, PJW, PLE, PLT, PMTA, POLAR, PORT, POST, PPM, PRAKIT, PRAPAT, PRECHA, PRI, PRIN, PRO, PROUD, PSG, PSP, PTC, PTL, RAM, QTCG, RCL, READY, RICHY, RJH, ROCK, ROCTEC, ROH, ROJNA, RP, RPC, RPH, RSP, S, S11, SABUY, SAF, SAFARI, SAFE, SALEE, SAM, SAMART, SAMCO, SAMTEL, SAUCE, SAV, SAWAD, SAWANG, SBNEXT, SCAP, SCGD, SCI, SCL, SPC, SDC, SE, SEAFCO, SECURE, SFT, SGF, SHANG, SHR, SIAM, SICT, SIMAT, SINGER, SINO, SISB, SJWD, SK, SKN, SKY, SLM, SLP, SMART, SMD, SMT, SNNP, SO, SOLAR, SONIC, SPA, SPCG, SPG, SPVI, SQ, SR, SRS, SSC, STANLY, STARK, STC, STEC, STECH, STHAI, STI, STP, STPI, SUC, SUN, SUPER, SUTHA, SVR, SVT, SWC, SYNEX, TACC, TAN, TAPAC, TC, TCC, TCJ, TCOAT, TEAM, TEAMG, TEKA, TFM, TGPRO, TH, THAI, THANA, THE, THG, THMUI, TIGER, TITLE, TK, TKC, TLI, TM, TMC, TMI, TMW, TNDT, TNH, TNPC, TOA, TPBI, TPCH, TPIPL, TPIPP, TPL, TPOLY, TPP, TPS, TQR, TR, TRC, TRITN, TRP, TRUBB, TRV, TSE, TTI, TTT, TTW, TURTLE, TVH, TVT, TWP, TWZ, TYCN, UAC, UBA, UMI, UMS, UNIQ, UP, UPF, UPOIC, UREKA, UTP, UVAN, VARO, VIBHA, VL, VNG, VPO, VRANDA, WARRIX, WAVE, WELL, WFX, WGE, WIN, WINDOW, WINMED, WINNER, WORK, WORLD, WP, YGG, YONG, ZAA

**Explanations**

Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of November 1, 2023) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.