

22 APRIL 2021

THAILAND / PETROCHEM & CHEMICALS

EASTERN POLYMER GROUP

EPG TB

BUY

UNCHANGED

TARGET PRICE	THB15.50
CLOSE	THB11.30
UP/DOWNSIDE	+37.2%
PRIOR TP	THB12.00
CHANGE IN TP	+29.2%
TP vs CONSENSUS	+28.9%

TJM: จากปัจจัยถ่วงเป็นปัจจัยผลักดัน

ผลกระทบจำกัดจากการกลับมาของ Covid-19

เรามีความมั่นใจในแนวโน้มกำไรสุทธิของ Aeroklas (ธุรกิจชิ้นส่วนยานยนต์ของ EPG) มากยิ่งขึ้นและคาดว่ากำไรสุทธิของ Aeroklas จะเป็นปัจจัยหนุนการเติบโตในช่วง 1HFY22 (เม.ย.-ก.ย. 2021) ในขณะที่ประเทศไทยประสบปัญหาการแพร่ระบาดของ Covid-19 รอบใหม่มาตั้งแต่มี.ค. 21 รัฐบาลไทยได้ตัดสินใจไม่ปิดประเทศและกิจการรวมทั้งเศรษฐกิจส่วนมากยังสามารถดำเนินต่อไปได้ตามปกติ ทำให้การผลิตรถยนต์โดยเฉพาะสำหรับรถกระบะขนาด 1 ตันเพื่อการส่งออกยังอยู่ในระดับสูงใน 1Q21 (จากข้อมูลของสภาอุตสาหกรรมแห่งประเทศไทย) และเนื่องจากกว่า 50% ของปริมาณขายของ Aeroklas มาจากรถกระบะขนาด 1 ตันเพื่อการส่งออก เราจึงคิดว่ารายได้และกำไรสุทธิของ Aeroklas จะยังคงดีในช่วง 1HFY22

ความมั่นใจเกี่ยวกับการเติบโตมากยิ่งขึ้นหลังเข้าเยี่ยมชมร้าน TJM

ในช่วงวันหยุดสงกรานต์ที่ผ่านมาในกลางเดือน เม.ย. 2021 เราได้เข้าเยี่ยมชมร้าน TJM แห่งแรกของ EPG กล่าวคือ TJM-SV Auto Tires ในอำเภอหาดใหญ่ จังหวัดสงขลา ในภาคใต้ของประเทศไทย การเยี่ยมชมดังกล่าวยืนยันมุมมองที่เป็นบวกของเราเกี่ยวกับการพลิกฟื้นมาโรงงานกำไรสุทธิของ TJM ซึ่งเราคาดว่าจะค่อย ๆ ดีขึ้นใน FY22-23 ร้าน TJM ที่เราเข้าเยี่ยมชม (SV Auto Tires) เป็นร้าน TJM แห่งแรกของ EPG ในประเทศไทย ปัจจุบัน TJM มี 3 สาขาในประเทศไทย ประกอบด้วย 2 สาขาในสงขลาและ 1 สาขาในขอนแก่นในภาคตะวันออกเฉียงเหนือของประเทศไทย

การส่งออกรถกระบะที่อยู่ในระดับสูงจะช่วยผลักดันการเติบโตของกำไรสุทธิของ Aeroklas

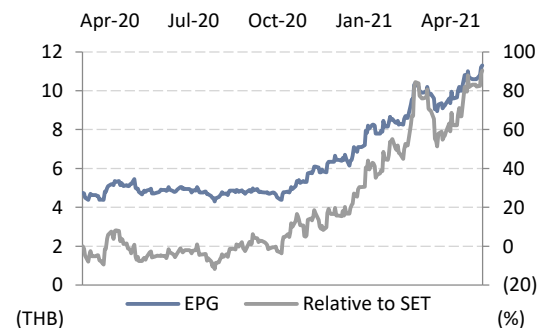
จากข้อมูลของสภาอุตสาหกรรมฯ การส่งออกรถยนต์ของไทยปรับตัวขึ้นต่อเนื่องในช่วง 2M21 นำโดยการส่งออกที่เพิ่มขึ้นของรถกระบะขนาด 1 ตัน ซึ่งเป็นตลาดหลักของ Aeroklas โดยเฉพาะอย่างยิ่งการส่งออกรถยนต์ไปยังออสเตรเลียได้ปรับตัวสูงขึ้น y-y นำโดยการส่งออกที่เพิ่มขึ้นของ Ford (Thailand) ซึ่งเป็นลูกค้าหลักของ EPG และคิดเป็น 15% ของปริมาณขายรวมของ Aeroklas ดังนั้นเราจึงเชื่อว่าแนวโน้มขาขึ้นของการส่งออกของ Ford ไปยังออสเตรเลียจะช่วยส่งเสริมกำไรของ EPG จาก Aeroklas ใน FY22 และทำให้เราคาดว่ากำไรสุทธิจากการดำเนินงานของ EPG จากการขายชิ้นส่วนยานยนต์จะเพิ่มอย่างเห็นได้ชัดใน FY22 (เม.ย. 21 ถึง มี.ค. 22) จากความต้องการที่เพิ่มขึ้นและการพลิกฟื้นของกำไรสุทธิจาก TJM ซึ่งรายงานผลขาดทุนสุทธิรายไตรมาสมาตลอดตั้งแต่ซื้อมาในปี 2015

ปรับเพิ่มราคาเป้าหมายเป็น 15.5 บาท

เราคงคำแนะนำซื้อหลังปรับเพิ่มราคาเป้าหมายจาก 12 บาท (16x ของค่า FY22E EV/EBITDA) เป็น 15.5 บาท (20.9x ของค่า FY22E EV/EBITDA) คิดเป็นเกือบ 1 SD เหนือค่าเฉลี่ย 5 ปีย้อนหลังเพื่อสะท้อนความชัดเจนของการเติบโตของกำไรสุทธิที่อยู่ในระดับสูงของ EPG และแนวโน้มที่อ่อนแอของ Aeroflex

KEY STOCK DATA

YE Mar (THB m)	2020	2021E	2022E	2023E
Revenue	10,217	11,874	12,733	13,113
Net profit	1,003	1,285	1,492	1,553
EPS (THB)	0.36	0.46	0.53	0.55
vs Consensus (%)	-	6.2	5.0	(2.8)
EBITDA	1,549	1,783	2,001	2,061
Core net profit	1,003	1,285	1,492	1,553
Core EPS (THB)	0.36	0.46	0.53	0.55
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	10.9	28.1	16.1	4.1
Core P/E (x)	31.6	24.6	21.2	20.4
Dividend yield (%)	2.1	2.5	2.7	2.7
EV/EBITDA (x)	21.0	17.5	15.0	14.0
Price/book (x)	3.0	2.8	2.7	2.5
Net debt/Equity (%)	8.9	(3.4)	(13.4)	(22.4)
ROE (%)	9.6	11.8	12.9	12.7



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	20.9	33.7	150.0
Relative to country (%)	19.6	28.1	98.2
Mkt cap (USD m)	1,009		
3m avg. daily turnover (USD m)	7.3		
Free float (%)	26		
Major shareholder	Vitoorapakorn Holdings (60%)		
12m high/low (THB)	11.30/4.26		
Issued shares (m)	2,800.00		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 22 เมษายน 2021

Investment thesis

EPG is an innovator and manufacturer of plastic products, with a product portfolio that includes insulators, automotive parts, and accessories and packaging. The company's strengths lie in 1) its highly innovative insulator products using ethylene propylene diene monomer (EPDM) material, the world's only producer of these kinds of insulators; 2) it being an ODM and OEM for car accessories like bed liners, deck covers, canopies, and side steps; and 3) its range of plastic packaging products – from ice-cream cups to microwavable food packaging for ready-to-eat meals.

EPG has six production plants for rubber insulation in Thailand, China, India and the US. Three of its six plants are wholly owned and the other three are joint ventures with local partners. For automotive parts, EPG has two plants in Thailand and Tennessee, USA, and two distribution centres in the US and Australia. For packaging, EPG has one facility in Thailand.

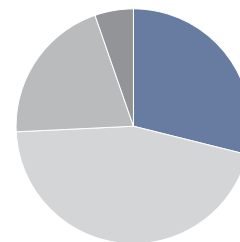
Company profile

EPG is a leading producer of polymers and a plastics converter with its own brands created by its successful innovation. EPG has three main businesses of insulators, automobile parts, and plastics packaging.

www.epg.co.th

Principal activities (revenue, 2020)

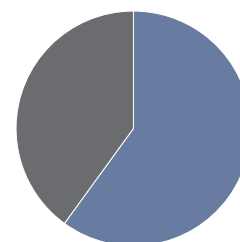
- Rubber insulation - 28.9 %
- Automotive plastics - 45.4 %
- Packaging plastics - 20.4 %
- Others - 5.3 %



Source: Eastern Polymer Group

Major shareholders

- Vitoorapakorn Holdings - 60.0 %
- Others - 40.0 %



Source: Eastern Polymer Group

Catalysts

Lower material costs and higher demand for insulators, automotive parts and packaging are key potential earnings growth drivers.

Risks to our call

Downside risks to our EV/EBITDA-based target price include 1) a sharp rise in feedstock prices, driven mostly by a higher oil price; and 2) lower-than-expected demand for plastics used for insulators and the automobile and packaging industries.

Event calendar

Date	Event
May 2021	4QFY21/FY21 results announcement

Key assumptions

Year to Mar	FY21E	FY22E	FY23E
	(%)	(%)	(%)
Aeroflex utilisation rate	65	60	60
Aeroklas utilisation rate	64	76	80
EPP utilisation rate	60	60	65
Gross margin – Aeroflex	47.6	44.8	44.8
Gross margin – Aeroklas	28.2	28.7	27.6
Gross margin – EPP	17.3	17.4	17.9

Source: FSSIA estimates

Earnings sensitivity

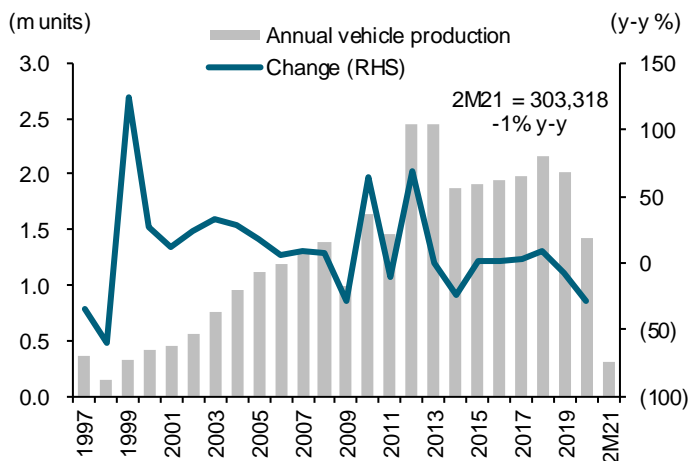
- For every 1% increase in plant utilisation rate, we project FY22 earnings would rise by 2.5%, and vice versa, all else being equal.
- For every 1% increase in HDPE price, we estimate FY22 earnings would decline by 1.3%, and vice versa, all else being equal.
- Stability in crude palm oil price and a rising ME-CPO and FA-PFAD margin are key to earnings growth.

Source: FSSIA estimates

More positive on Aeroklas and TJM outlook

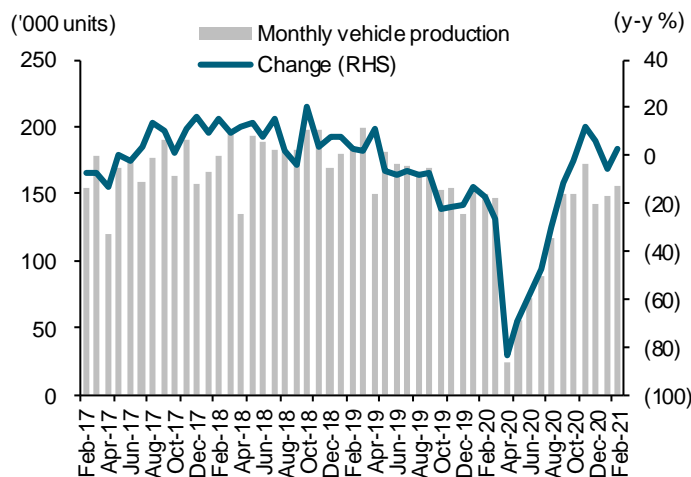
We are more positive on the NP outlook of EPG's Aeroklas (auto parts) unit and expect the NP from Aeroklas to be a key growth driver in 1HFY22 (Apr-Sep 2021). While Thailand has faced a new wave of Covid-19 infections since Mar-21, the Thai government has decided against locking the country down. It is only enforcing a curfew during 11:00 pm to 4:00 am and has temporarily closed entertainment venues but kept restaurants, shopping malls, and markets open, along with allowing domestic travel to continue.

Exhibit 1: Thailand's annual vehicle production



Source: The Federation of Thai Industries

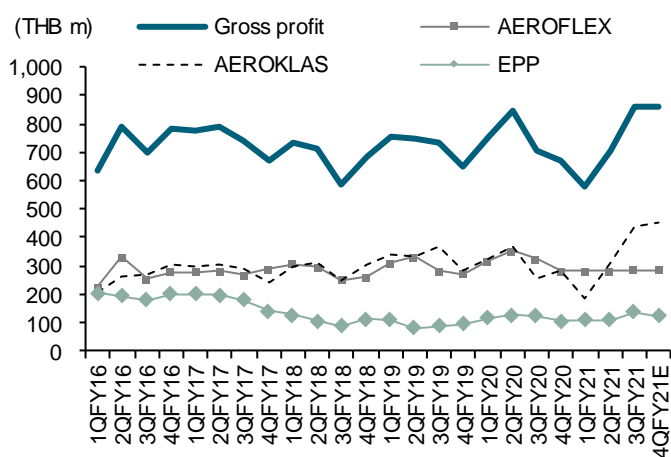
Exhibit 2: Thailand's monthly vehicle production



Source: The Federation of Thai Industries

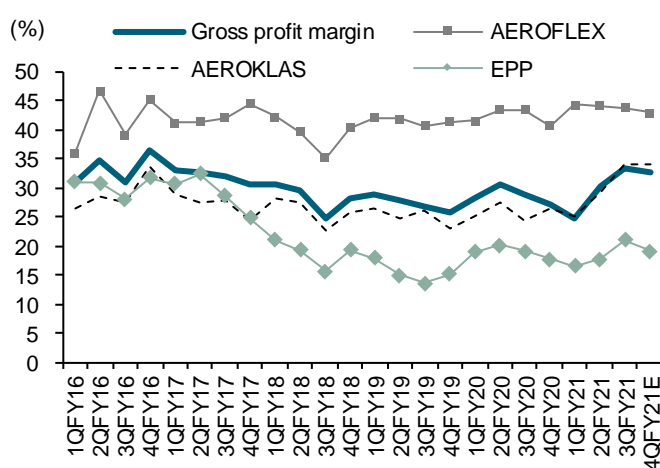
As a result, car production, particularly for one-tonne pickup trucks for the export market, has remained strong in 1Q21, according to the FTI. As over 50% of EPG's Aeroklas sales volume is from one-tonne pickup trucks for export, we think the revenue and NP from its Aeroklas unit will be strong in 1HFY22.

Exhibit 3: Gross profit by segment



Sources: EPG; FSSIA estimates

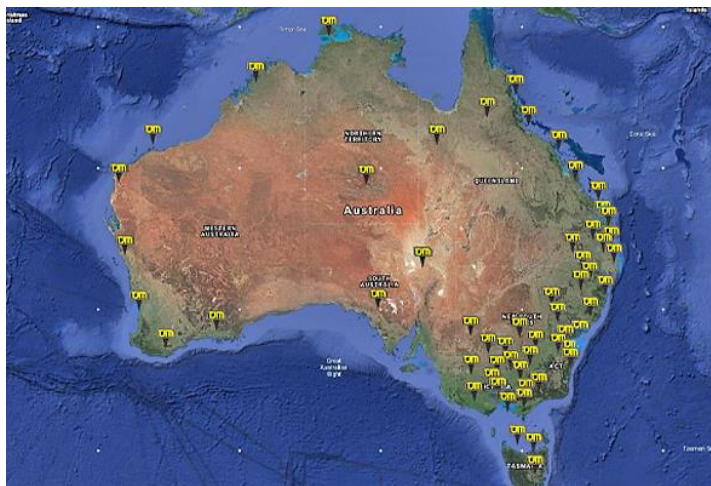
Exhibit 4: Gross profit margin by segment



Sources: EPG; FSSIA estimates

Besides the core NP generated from the sales of auto parts, we think EPG's NP from Aeroklas will rise markedly in FY22 (Apr-21 to Mar-22), driven by an NP turnaround from EPG's TJM subsidiary, which has posted quarterly net losses since it was acquired by EPG in 2015.

Exhibit 5: TJM shop locations in Australia



Source: TJM

Exhibit 6: TJM Thailand off-road caravan



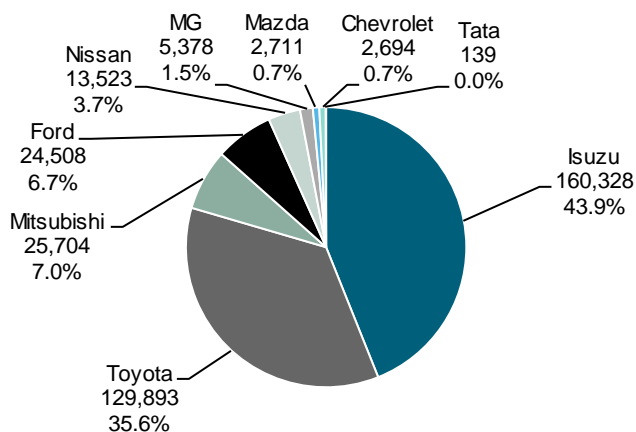
Source: EPG

What is TJM? TJM, founded in 1973 by three partners, Taylor, Jones & Mollenhauer (TJM), is the first company in Australia to manufacture and distribute quality 4WD equipment to enhance the performance and experience of 4WD vehicles. TJM gear is designed, tested and manufactured to thrive in the world’s most famous off-road frontier: the Australian Outback.

While TJM has since become one of Australia’s and the world’s leading brands for off-road 4WD vehicle accessories, the former owners had neglected the brand’s value and did little to raise brand awareness for its end consumers, resulting in chronic net operating losses.

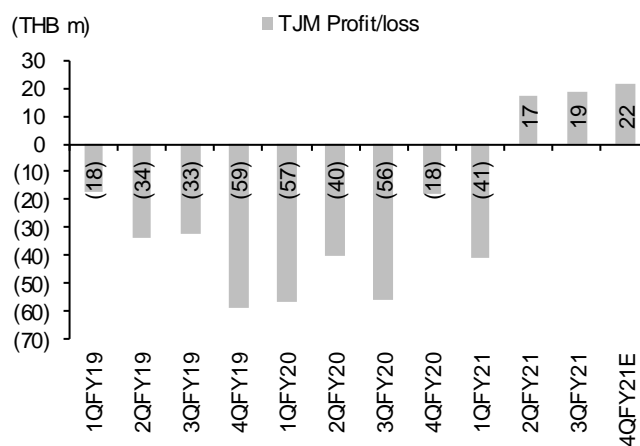
When EPG acquired TJM in 2015, it expected to turn the company around within three years but failed due to the longer-than-expected restructuring process to streamline the cost structure, improve distribution efficiency, and enhance brand awareness. Consequently, TJM suffered core net losses until 3QFY21 before EPG successfully turned it around to become a profitable unit in 4QFY21 (Jan-Mar 2021), based on our estimate. Note that in 2Q-3QFY21, TJM still made operating net losses but those were offset by subsidies from the Australian government. We project TJM to generate a quarterly net profit of THB30m-50m in FY22, rising to THB50m-100m in FY23 (Apr-22 to Mar-23), driven by lower costs and higher sales.

Exhibit 7: Sales of one-tonne pickup trucks in Thailand – breakdown by brand as of 2020



Sources: EPG; FSSIA estimates

Exhibit 8: TJM profit and loss



Note: In 2Q-3QFY21 TGM received a subsidy from Australia
Sources: EPG; FSSIA estimates

Our recent visit during the Songkran holiday to EPG’s first TJM shop – TJM-SV Auto Tires in Haad Yai, Songkla province in Southern Thailand in mid-April 2021 – confirmed our positive view on TJM’s NP turnaround that we expect to gradually improve in FY22-23. The TJM shop we visited – SV Auto Tires – is EPG’s first TJM shop in Thailand. TJM now has three shops in the country – two in Songkla and one in Khonkaen in Northeast Thailand.

Exhibit 9: Customers’ 4WD pickup trucks equipped with TJM equipment



Source: TJM-SV Auto Tires

Exhibit 10: A showcase truck with TJM logo in front of the shop



Source: TJM-SV Auto Tires

At the TJM shop, there were many 4WD pickup trucks fitted with TJM equipment, including canopies, sidesteps, suspension, lighting, and camping accessories. Inside the shop, many TJM products were showcased, including the highlighted shock absorbers, batteries, camping tents, and tools.

Exhibit 11: Highlighted TJM products at the centre of the shop



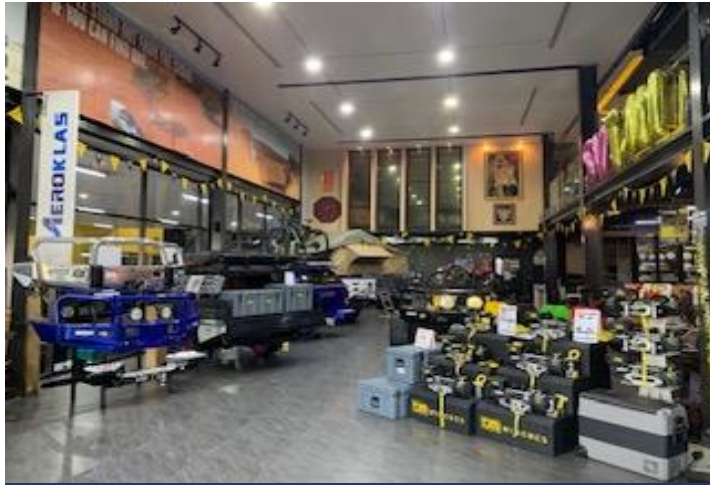
Source: TJM-SV Auto Tires

Exhibit 12: SV Auto Tires shop interior



Source: TJM-SV Auto Tires

Exhibit 13: Wide assortment of TJM equipment in the shop



Source: TJM-SV Auto Tires

Exhibit 14: A resting place for customers with TJM-equipped truck wallpaper



Source: TJM-SV Auto Tires

Exhibit 15: TJM camping tent



Source: TJM-SV Auto Tires

Exhibit 16: A TJM shop interior



Source: TJM-SV Auto Tires

Exhibit 17: TJM shock absorbers and other tools



Source: TJM-SV Auto Tires

Exhibit 18: TJM shock absorbers and other tools

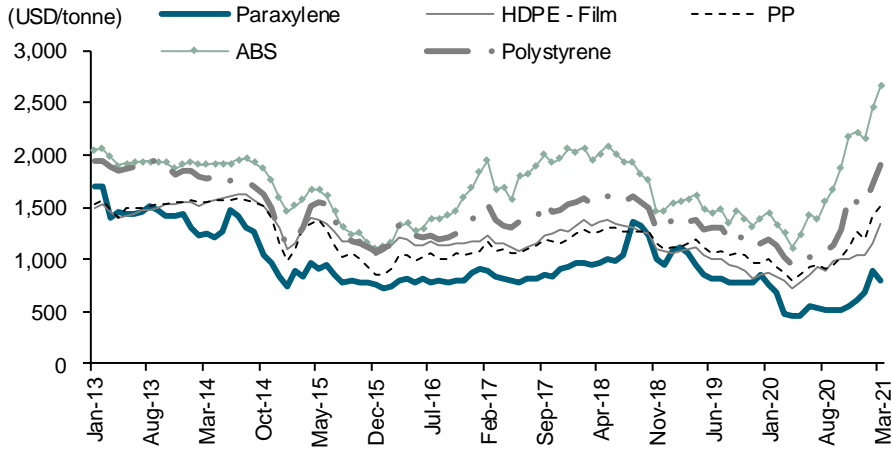


Source: TJM-SV Auto Tires

Limited impact from higher feedstock costs

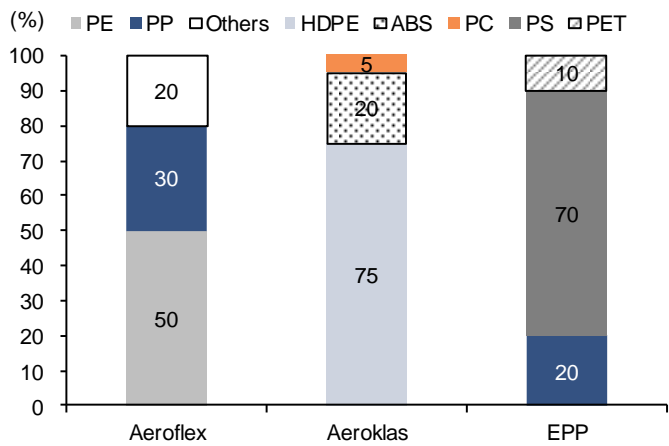
While the prices of EPG’s feedstocks, including polypropylene (PP), polyethylene (PE), PET, and polystyrene (PS), have risen markedly in 3M21, we think EPG should see a limited impact from the rising feedstock costs, given the higher bargaining power for EPG to raise prices in tandem with the hike in feedstock prices thanks to the strong demand for auto parts.

Exhibit 19: Key feedstock prices



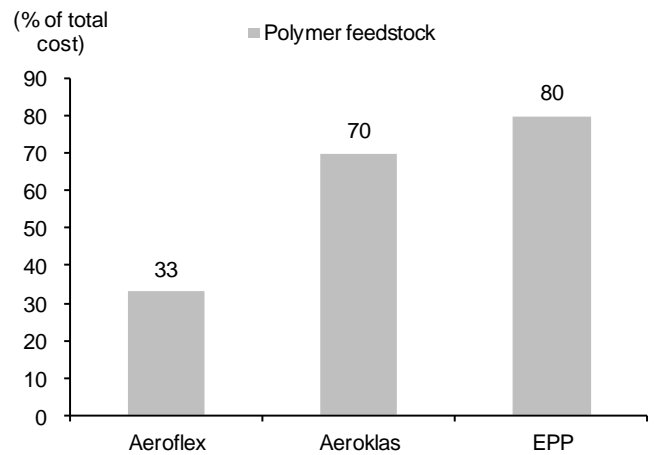
Source: Bloomberg

Exhibit 20: Feedstock breakdown by product for EPG’s units



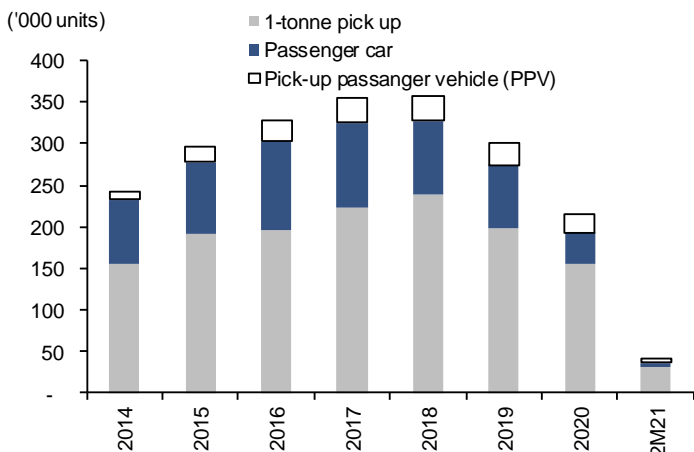
Sources: EPG; FSSIA estimates

Exhibit 21: Polymer feedstock as % of total cost



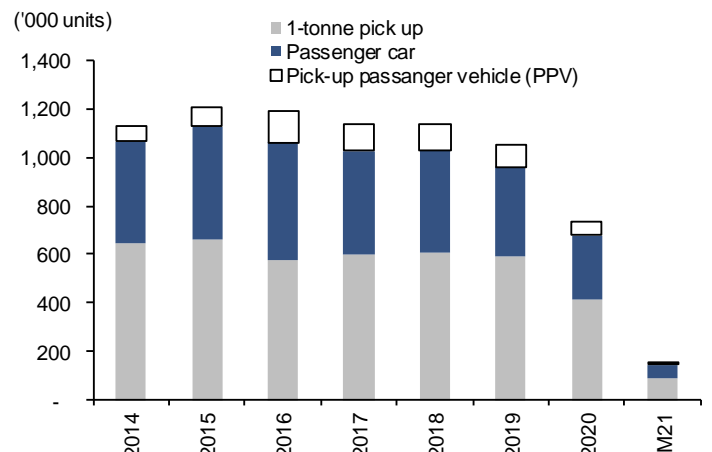
Sources: EPG; FSSIA estimates

Exhibit 22: Thailand’s total car exports



Source: Federation of Thai Industries (FTI)

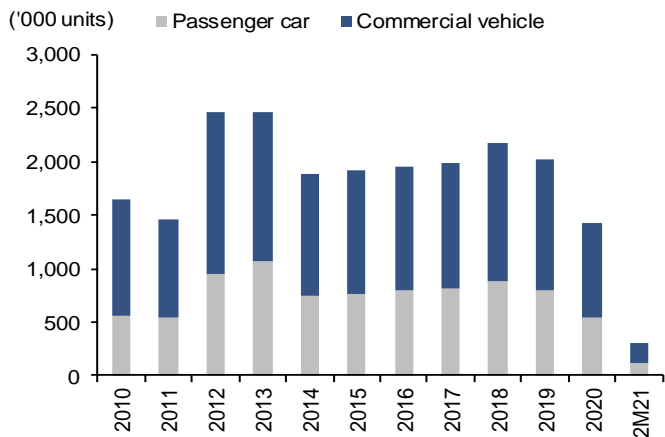
Exhibit 23: Total car’s export to Australia



Source: FTI

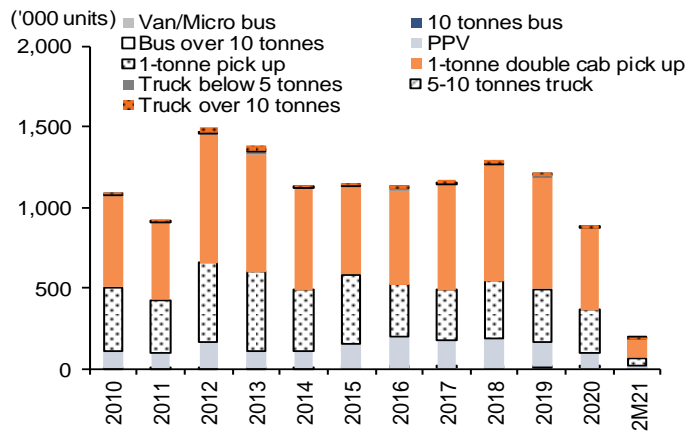
According to the FTI, Thailand's car exports have continued to rise in 2M21, led by the higher exports of one-tonne pickup trucks – the main segment of EPG's Aeroklas unit. In particular, car exports to Australia have risen y-y led by higher exports from Ford (Thailand), EPG's main customer which accounts for 15% of the total sales volume of its Aeroklas unit. Hence, we believe the uptrend in Ford exports to the Australian market should propel EPG's earnings from Aeroklas in FY22.

Exhibit 24: Total vehicle production



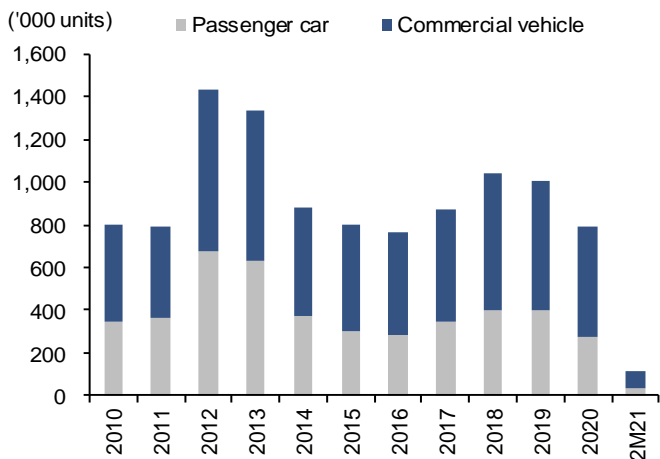
Source: FTI

Exhibit 25: Total commercial vehicle production



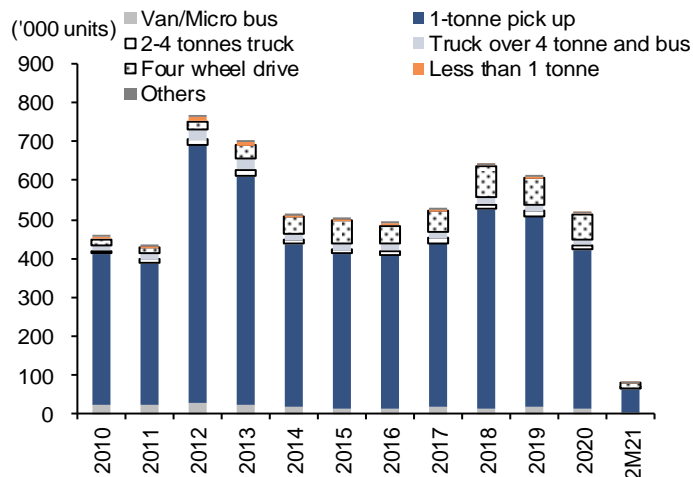
Source: FTI

Exhibit 26: Total domestic retail vehicle sales



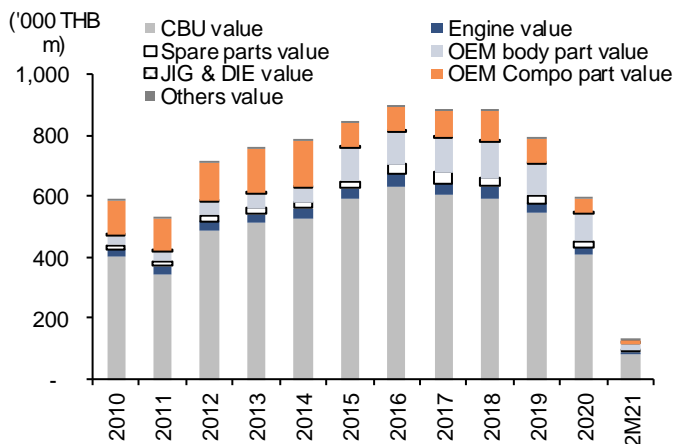
Source: FTI

Exhibit 27: Total domestic retail commercial vehicle sales



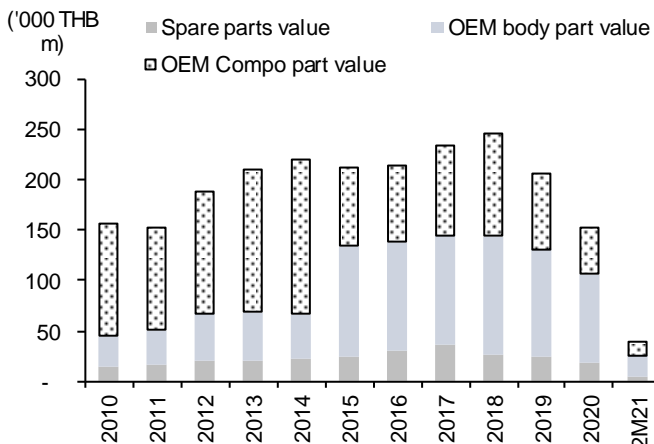
Source: FTI

Exhibit 28: Total car manufacturing export value



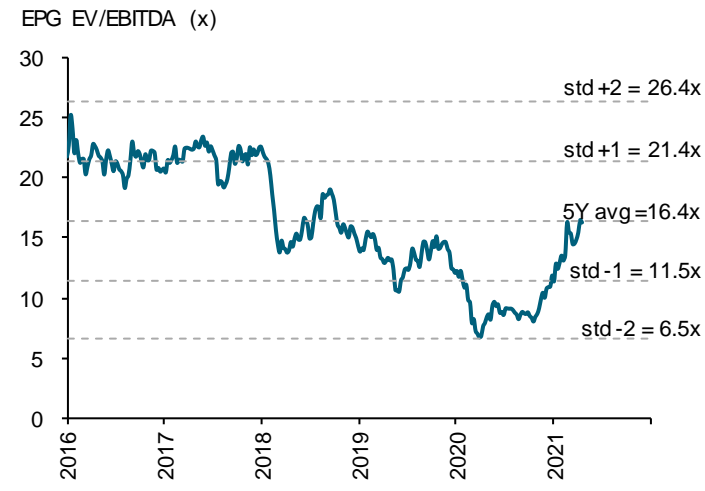
Source: FTI

Exhibit 29: Spare and OEM parts value



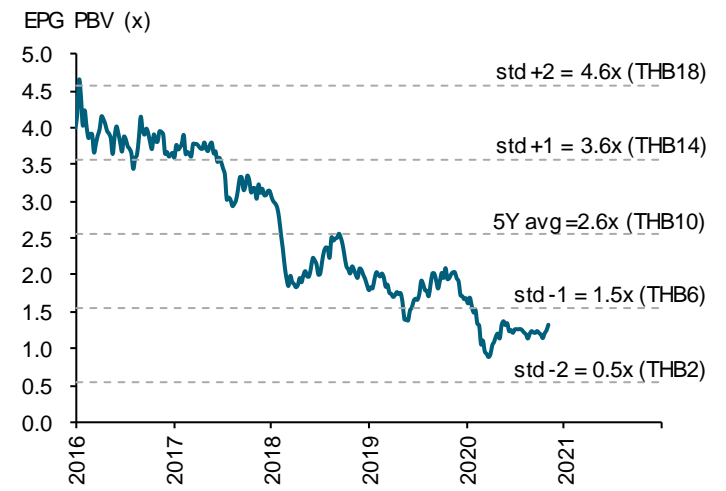
Source: FTI

Exhibit 30: Rolling one-year forward EV/EBITDA band



Sources: EPG; FSSIA estimates

Exhibit 31: Rolling one-year forward P/BV band



Sources: EPG; FSSIA estimates

Financial Statements

Eastern Polymer Group

Profit and Loss (THB m) Year Ending Mar	2019	2020	2021E	2022E	2023E
Revenue	10,579	10,217	11,874	12,733	13,113
Cost of goods sold	(7,077)	(6,627)	(7,523)	(8,068)	(8,309)
Gross profit	3,502	3,590	4,350	4,665	4,804
Other operating income	8	10	12	13	13
Operating costs	(2,105)	(2,051)	(2,579)	(2,677)	(2,756)
Operating EBITDA	1,405	1,549	1,783	2,001	2,061
Depreciation	(617)	(624)	(660)	(665)	(670)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	788	925	1,123	1,336	1,391
Net financing costs	(44)	(27)	(37)	(30)	(21)
Associates	175	127	232	232	232
Recurring non-operating income	211	169	277	279	281
Non-recurring items	0	0	0	0	0
Profit before tax	955	1,068	1,364	1,586	1,652
Tax	(52)	(68)	(79)	(94)	(99)
Profit after tax	903	999	1,285	1,492	1,553
Minority interests	1	3	0	0	0
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	904	1,003	1,285	1,492	1,553
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	904	1,003	1,285	1,492	1,553
Per share (THB)					
Recurring EPS *	0.32	0.36	0.46	0.53	0.55
Reported EPS	0.32	0.36	0.46	0.53	0.55
DPS	0.24	0.24	0.28	0.31	0.30
Diluted shares (used to calculate per share data)	2,800	2,800	2,800	2,800	2,800
Growth					
Revenue (%)	10.1	(3.4)	16.2	7.2	3.0
Operating EBITDA (%)	(1.6)	10.3	15.1	12.2	3.0
Operating EBIT (%)	(6.1)	17.4	21.4	19.0	4.1
Recurring EPS (%)	(6.6)	10.9	28.1	16.1	4.1
Reported EPS (%)	(6.6)	10.9	28.1	16.1	4.1
Operating performance					
Gross margin inc. depreciation (%)	27.3	29.0	31.1	31.4	31.5
Gross margin of key business (%)	27.3	29.1	31.2	31.5	31.6
Operating EBITDA margin (%)	13.3	15.2	15.0	15.7	15.7
Operating EBIT margin (%)	7.5	9.1	9.5	10.5	10.6
Net margin (%)	8.5	9.8	10.8	11.7	11.8
Effective tax rate (%)	6.3	7.0	7.0	7.0	7.0
Dividend payout on recurring profit (%)	74.3	67.0	61.2	57.5	54.1
Interest cover (X)	22.7	40.6	38.2	54.6	80.0
Inventory days	122.9	132.7	117.5	114.0	116.8
Debtor days	59.3	61.1	51.7	48.2	46.8
Creditor days	66.1	64.6	55.8	57.3	58.5
Operating ROIC (%)	7.5	8.6	10.7	13.7	15.2
ROIC (%)	7.0	7.5	9.8	11.9	12.9
ROE (%)	8.9	9.6	11.8	12.9	12.7
ROA (%)	7.1	7.4	9.1	10.2	10.4
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
2019	2020	2021E	2022E	2023E	
Rubber insulation	2,929	2,951	2,826	4,081	4,270
Automotive plastics	5,288	4,634	3,874	4,547	5,107
Packaging plastics	2,001	2,089	3,110	2,867	2,903
Others	361	543	2,065	1,238	833

Sources: Eastern Polymer Group; FSSIA estimates

Financial Statements

Eastern Polymer Group

Cash Flow (THB m) Year Ending Mar	2019	2020	2021E	2022E	2023E
Recurring net profit	904	1,003	1,285	1,492	1,553
Depreciation	617	624	660	665	670
Associates & minorities	175	127	232	232	232
Other non-cash items	36	42	44	47	49
Change in working capital	(90)	(141)	79	(91)	(315)
Cash flow from operations	1,642	1,655	2,300	2,345	2,189
Capex - maintenance	-	-	-	-	-
Capex - new investment	(545)	(813)	(336)	(339)	(341)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(540)	(284)	1,796	539	1,313
Cash flow from investing	(1,085)	(1,097)	1,461	201	972
Dividends paid	(812)	(616)	(672)	(786)	(858)
Equity finance	0	0	0	0	0
Debt finance	(15)	560	189	(1,000)	2
Other financing cash flows	271	25	(1,764)	(552)	(1,077)
Cash flow from financing	(556)	(31)	(2,247)	(2,338)	(1,933)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	0	526	1,513	208	1,227
Free cash flow to firm (FCFF)	596.13	587.35	3,797.16	2,574.99	3,181.40
Free cash flow to equity (FCFE)	812.25	1,142.16	2,185.42	993.40	2,085.50
Per share (THB)					
FCFF per share	0.21	0.21	1.36	0.92	1.14
FCFE per share	0.29	0.41	0.78	0.35	0.74
Recurring cash flow per share	0.62	0.64	0.79	0.87	0.89
Balance Sheet (THB m) Year Ending Mar					
Tangible fixed assets (gross)	9,825	10,869	10,948	11,027	11,107
Less: Accumulated depreciation	(4,208)	(5,062)	(5,722)	(6,386)	(7,056)
Tangible fixed assets (net)	5,617	5,806	5,226	4,641	4,051
Intangible fixed assets (net)	291	258	258	258	258
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	2,430	2,505	2,505	2,505	2,505
Cash & equivalents	545	1,071	2,585	2,792	4,019
A/C receivable	1,739	1,682	1,682	1,682	1,682
Inventories	2,408	2,412	2,432	2,608	2,709
Other current assets	-	-	-	-	-
Current assets	4,692	5,165	6,699	7,082	8,410
Other assets	364	299	299	299	299
Total assets	13,393	14,032	14,986	14,784	15,522
Common equity	10,293	10,555	11,168	11,874	12,569
Minorities etc.	23	19	19	19	19
Total shareholders' equity	10,315	10,574	11,187	11,893	12,588
Long term debt	189	986	200	200	201
Other long-term liabilities	313	330	330	330	330
Long-term liabilities	502	1,315	530	530	531
A/C payable	1,269	1,077	1,223	1,312	1,351
Short term debt	1,262	1,026	2,000	1,000	1,001
Other current liabilities	45	40	46	49	51
Current liabilities	2,576	2,143	3,269	2,361	2,403
Total liabilities and shareholders' equity	13,393	14,032	14,986	14,784	15,521
Net working capital	2,832	2,977	2,845	2,929	2,989
Invested capital	11,534	11,844	11,132	10,631	10,102
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	3.68	3.77	3.99	4.24	4.49
Tangible book value per share	3.57	3.68	3.90	4.15	4.40
Financial strength					
Net debt/equity (%)	8.8	8.9	(3.4)	(13.4)	(22.4)
Net debt/total assets (%)	6.8	6.7	(2.6)	(10.8)	(18.1)
Current ratio (x)	1.8	2.4	2.0	3.0	3.5
CF interest cover (x)	31.8	73.5	69.8	46.0	117.1
Valuation					
Recurring P/E (x) *	35.0	31.6	24.6	21.2	20.4
Recurring P/E @ target price (x) *	48.0	43.3	33.8	29.1	27.9
Reported P/E (x)	35.0	31.6	24.6	21.2	20.4
Dividend yield (%)	2.1	2.1	2.5	2.7	2.7
Price/book (x)	3.1	3.0	2.8	2.7	2.5
Price/tangible book (x)	3.2	3.1	2.9	2.7	2.6
EV/EBITDA (x) **	23.2	21.0	17.5	15.0	14.0
EV/EBITDA @ target price (x) **	31.5	28.6	24.1	20.9	19.7
EV/invested capital (x)	2.8	2.8	2.8	2.8	2.9
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Eastern Polymer Group; FSSIA estimates

Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PCSGH	PDJ	PG	PHOL	PLANB	PLANET
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEAOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TMB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TSC	TSR	TSTE	TSTH	TTA
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL										
2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAHA	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSIB	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIJK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							

GOOD LEVEL										
7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	IHL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TIPIP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

Description

Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; ** delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

Anti-corruption Progress Indicator 2020

CERTIFIED										
2S	ADVANC	AI	AIE	AIRA	AKP	AMA	AMANAHA	AP	AQUA	ARROW
ASK	ASP	AYUD	B	BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG
BGC	BGRIM	BJCHI	BKI	BLA	BPP	BROOK	BRR	BSBM	BTS	BWG
CEN	CENTEL	CFRESH	CGH	CHEWA	CHOTI	CHOW	CIG	CIMBT	CM	CMC
COL	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DELTA	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FPI	FPT	FSS
FTE	GBX	GC	GCAP	GEL	GFPT	GGC	GJS	GPSC	GSTEEL	GUNKUL
HANA	HARN	HMPRO	HTC	ICC	ICHI	IFS	INET	INSURE	INTUCH	IRPC
ITEL	IVL	K	KASET	KBANK	KBS	KCAR	KCE	KGI	KKP	KSL
KTB	KTC	KWC	L&E	LANNA	LHFG	LHK	LPN	LRH	M	MAKRO
MALEE	MBAX	MBK	MBKET	MC	MCOT	MFC	MFEC	MINT	MONO	MOONG
MPG	MSC	MTC	MTI	NBC	NEP	NINE	NKI	NMG	NNCL	NSI
NWR	OCC	OCEAN	OGC	ORI	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPPM
PPS	PREB	PRG	PRINC	PRM	PSH	PSL	PSTC	PT	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QLT	QTC	RATCH	RML	RWI	S & J
SABINA	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SEAOIL	SE-ED	SELIC
SENA	SGP	SIRI	SITHAI	SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK
SPC	SPI	SPRC	SRICHA	SSF	SSSC	SST	STA	SUSCO	SVI	SYNTEC
TAE	TAKUNI	TASCO	TBSP	TCAP	TCMC	TFG	TFI	TFMAMA	THANI	THCOM
THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT	TMB	TMD	TMILL	TMT
TNITY	TNL	TNP	TNR	TOG	TOP	TPA	TPCORP	TPP	TRU	TSC
TSTH	TTCL	TU	TVD	TVI	TVO	TWPC	U	UBIS	UEC	UKEM
UOBKH	UWC	VGI	VIH	VNT	WACOAL	WHA	WHAUP	WICE	WIJK	XO
ZEN	TRUE									

DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

Disclaimer:

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; * FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Suwat Sinsadok FSS International Investment Advisory Securities Co., Ltd

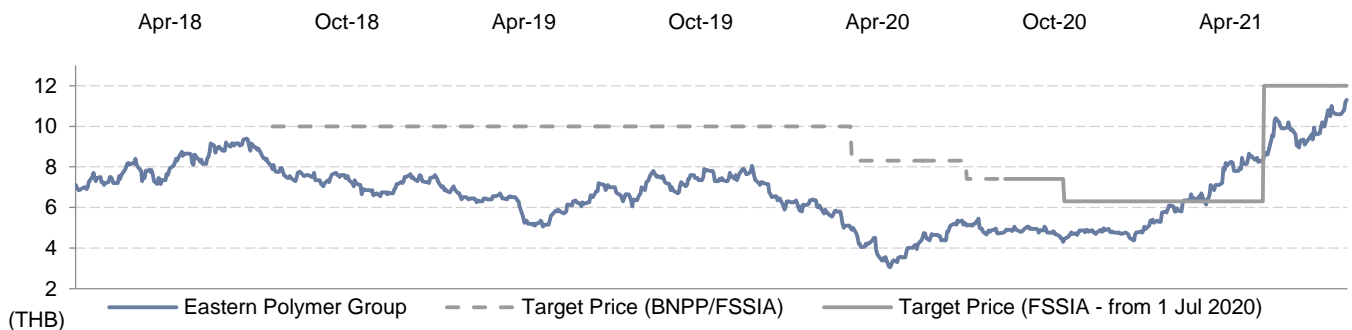
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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History of change in investment rating and/or target price

Eastern Polymer Group (EPG TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
09-Oct-2018	BUY	10.00	29-May-2020	BUY	7.40	08-Feb-2021	BUY	12.00
20-Feb-2020	BUY	8.30	20-Aug-2020	BUY	6.30			
29-May-2020	BUY	7.40	10-Nov-2020	BUY	6.30			

Suwat Sinsadok started covering this stock from 09-Oct-2018

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Eastern Polymer Group	EPG TB	THB 11.30	BUY	Downside risks to our EV/EBITDA-based target price include 1) a sharp rise in feedstock prices, driven mostly by a higher oil price; and 2) lower-than-expected demand for plastics used for insulators and the automobile and packaging industries.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

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

All share prices are as at market close on 21-Apr-2021 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / 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.