

INOUE RUBBER (THAILAND)

THAILAND / AUTOMOTIVE

IRC TB

HOLD

ฟันตัวช้ากว่าเพื่อน

- เราคาดว่ากำไรสุทธิ 1QFY23 (ต.ค. – ธ.ค. 2022) จะลดลง 31.3% q-q และ 18.9% y-y จาก 1) ต้นทุนวัตถุดิบที่ลดลงในอัตราที่ช้าลง; 2) ต้นทุนการตลาดที่สูงขึ้น; และ 3) ผลขาดทุนอัตราแลกเปลี่ยน
- ต้นทุนวัตถุดิบที่ลดลงช้าอาจทำให้การฟันตัวต้องล่าช้าออกไป
- เริ่มด้วยคำแนะนำถือที่ราคาเป้าหมาย 15.5 บาท

TARGET PRICE	THB15.50
CLOSE	THB14.50
UP/DOWNSIDE	+6.9%
TP vs CONSENSUS	-3.1%

KEY STOCK DATA

YE Sep (THB m)	2022	2023E	2024E	2025E
Revenue	5,883	6,316	6,724	7,158
Net profit	110	193	234	271
EPS (THB)	0.55	0.96	1.17	1.36
vs Consensus (%)	-	81.1	(21.5)	(24.0)
EBITDA	483	599	649	694
Core net profit	110	193	234	271
Core EPS (THB)	0.55	0.96	1.17	1.36
Chg. In EPS est. (%)	nm	nm	nm	nm
EPS growth (%)	(67.7)	75.2	21.5	16.0
Core P/E (x)	26.4	15.1	12.4	10.7
Dividend yield (%)	2.0	3.3	4.0	4.7
EV/EBITDA (x)	4.1	3.0	2.8	2.6
Price/book (x)	0.8	0.7	0.7	0.7
Net debt/Equity (%)	(23.4)	(27.6)	(25.5)	(25.4)
ROE (%)	2.8	4.9	5.6	6.4

ผู้ผลิต Elastomers ยางและท่อรถจักรยานยนต์ชั้นนำ

IRC เป็นกิจการร่วมค้าระหว่างนักลงทุนชาวไทยและญี่ปุ่น บริษัทฯ ก่อตั้งในปี 1969 เพื่อผลิตยางและท่อสำหรับรถจักรยานยนต์และผลิตภัณฑ์ Elastomer ต่าง ๆ เพื่อใช้ในอุตสาหกรรมยานยนต์และอื่น ๆ (เช่น Railway rubber Rubber chips Rubber cushions ฯลฯ) IRC มีรายได้จากชิ้นส่วน Elastomer (54%) และจากยางและท่อสำหรับรถจักรยานยนต์ (46%) บริษัทฯ มีช่องทางการจัดจำหน่ายที่ครบครันซึ่งรวมถึงชิ้นส่วน OEM ภายใต้สัญญาจ้างผลิตรายละเอียดให้แก่อุตสาหกรรมชิ้นส่วนทดแทนและการส่งออก

อุตสาหกรรมยานยนต์ในประเทศจะโตอย่างต่อเนื่อง

ตลาดในประเทศเป็นแหล่งรายได้หลักของ IRC โดยคิดเป็นประมาณ 80% ของยอดขาย จากตัวเลขดังกล่าวยอดขายยางและท่อสำหรับรถจักรยานยนต์คิดเป็น 43% ในขณะที่อุตสาหกรรมยานยนต์ของไทยโดยรวมฟันตัวหลังได้รับผลกระทบอย่างรุนแรงจากปัญหาในด้านห่วงโซ่อุปทานในช่วงโรคระบาด การดำเนินงานของบริษัทฯ กำลังฟันตัวอย่างช้า ๆ เนื่องจากอำนาจในการซื้อของผู้มีรายได้ในระดับปานกลางและล่างรวมถึงต้นทุนวัตถุดิบที่ผลิตจากน้ำมันอุตสาหกรรมประกอบการทางเงินของบริษัทฯ

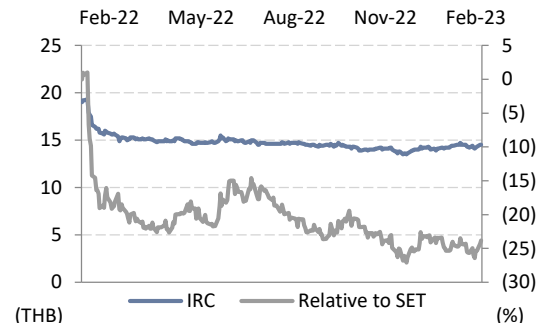
ต้นทุนวัตถุดิบที่ลดลงช้าอาจทำให้การฟันตัวล่าช้าออกไป

เราคาดว่า IRC จะรายงานผลประกอบการที่อ่อนแอใน 1QFY23 (ต.ค. – ธ.ค. 2022) โดยคาดว่ากำไรสุทธิจะลดลง 31.3% q-q และ 18.9% y-y มาอยู่ที่ 22 ลบ.

ส่วนมากจาก 1) ต้นทุนวัตถุดิบ (โพลิเมอร์ เคมี และยางสังเคราะห์) ที่ลดลงในอัตราที่ช้าลง; 2) ต้นทุนการตลาดที่สูงขึ้น; และ 3) ผลขาดทุนอัตราแลกเปลี่ยน ต้นทุนวัตถุดิบที่ลดลงอย่างช้า ๆ อาจเล็งการฟันตัวของบริษัทฯ ไปเป็นในอีก 1-2 ไตรมาสข้างหน้า เหตุผลตัวเลขประมาณการอัตราการเติบโตของกำไรสุทธิที่ 75.2% ใน FY23 เกิดจากฐานที่ต่ำในปีที่แล้ว

เริ่มด้วยคำแนะนำถือที่ราคาเป้าหมาย 15.5 บาท

เราเริ่ม IRC ด้วยคำแนะนำถือที่ราคาเป้าหมาย 15.5 บาท ราคาดังกล่าวคิดเป็น 16x ของค่า FY23E P/E เท่ากับค่าเฉลี่ย 5 ปีย้อนหลัง จากต้นทุนวัตถุดิบที่ค่อนข้างสูงเมื่อเทียบกับคู่แข่ง IRC อาจต้องใช้เวลามากกว่าก่อนที่จะฟันตัวสู่ระดับก่อนโควิด อย่างไรก็ตาม IRC มีจุดแข็งอยู่ที่โครงสร้างทางการเงิน บริษัทฯ มีเงินสดและรายการเทียบเท่าเงินสดอยู่ที่ 897 ลบ. ณ สิ้น FY22 คิดเป็น 4.50 บาทต่อหุ้นหรือ 32% ของราคาหุ้นในปัจจุบัน



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	2.1	2.1	(22.5)
Relative to country (%)	1.9	(1.7)	(23.5)
Mkt cap (USD m)	84		
3m avg. daily turnover (USD m)	0.0		
Free float (%)	24		
Major shareholder	Inoue Rubber Co Ltd (34%)		
12m high/low (THB)	19.30/13.50		
Issued shares (m)	200.00		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 1 กุมภาพันธ์ 2023

Investment thesis

Inoue Rubber (Thailand) (IRC) has achieved sustainable growth as a leading manufacturer of industrial elastomer products and motorcycle tires and tubes with more than 50 years of experience in the industry. The company places importance on R&D, modern manufacturing processes, and reliable technologies, resulting in a consistently high domestic market share.

After being hit hard by supply chain disruptions during the Covid-19 pandemic, the automotive industry is on the road to recovery. However, almost 60% of IRC's total cost of goods sold is linked to the price of crude oil. Therefore, we think the company will take more time to fully recover to the pre-Covid level.

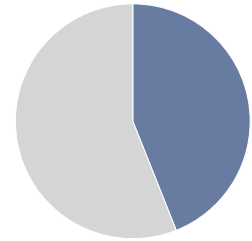
Company profile

Inoue Rubber(Thailand) (IRC) had been established by Inoue Rubber Co Ltd Japan and Leeissaranukul family since 1969. IRC manufactures elastomer products for automotive and other industries, and motorcycle tires and tubes. The company has two plants at Rangsit, Pathumtani province, producing tires and tubes, and Ayutthaya province producing automotive and industrial elastomer.

www.ircthailand.com

Principal activities (revenue, 2022)

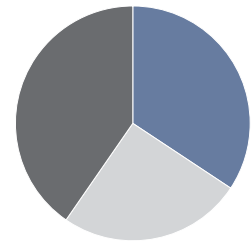
- Motorcycle tires and tubes - 44.0 %
- Industrial elastomer parts - 56.0 %



Source: Inoue Rubber(Thailand)

Major shareholders

- Inoue Rubber Co Ltd - 34.3 %
- KK International Co Ltd - 25.3 %
- Others - 40.4 %



Source: Inoue Rubber(Thailand)

Catalysts

Key catalysts include 1) stronger demand for cars and motorcycles in the region; 2) China's reopening which should boost the global economy; and 3) lower costs for raw materials.

Risks to our call

Downside risks to our P/E-based TP include 1) weaker demand in automotive industry; 2) a sharp rise of crude oil; and 3) chip supply shortage. Upside risks are lower cost of raw materials.

Event calendar

Date	Event
Feb 2023	1QFY23 (Oct-Dec 2022) results announcement

Key assumptions

	FY23E (THB m)	FY24E (THB m)	FY25E (THB m)
Industrial elastomers	3,537	3,765	4,008
Growth (%)	7.3	6.5	6.5
Motorcycle tires & tubes	2,779	2,958	3,149
Growth (%)	7.5	6.5	6.5
Gross margin (%)	9.3	9.9	10.2
SG&A to sales (%)	6.5	6.6	6.5

Source: FSSIA estimates

Earnings sensitivity

- For every 0.5% change in its gross margin, we project STANLY's net profit to change by 13%, all else being equal.
- For every 1% change in its SG&A to sales, we forecast STANLY's net profit to change by 2%, all else being equal.

Source: FSSIA estimates

Leading manufacturer of elastomers, motorcycle tires and tubes

IRC's business is divided into two main categories, namely industrial elastomer parts and motorcycle tires and tubes.

1. **Industrial elastomer parts** can be separated into two groups: elastomer parts for the automotive industry and elastomer parts for other industries.

Exhibit 1: IRC's elastomer parts for automotive industry

Elastomer parts for car



- | | |
|---|---|
| <p>1. Elastomer Parts in Engine Room</p> <ul style="list-style-type: none"> • Guage Oil • Hose Air Intake • Cylinder Gasket <p>2. Elastomer Parts in Powertrain System</p> <ul style="list-style-type: none"> • Column Hole • Cover Dust Shift Lever <p>3. Elastomer Parts for shockproof</p> <ul style="list-style-type: none"> • Seal Rubber Hood • Fuel Hose Seal • Rubber Bumper • Hanger • Clamp Injection Pipe • Stopper Bump • Damper | <ul style="list-style-type: none"> • Washer Rubber • Seal Fuel Tank • SPG Seat Rubber <p>4. Elastomer Parts for Interior and Rubber Seal</p> <ul style="list-style-type: none"> • Weather Strip Inner • Rubber Mirror • Socket Cover • Dam • Door Grommet • Shield Splash • Shield Fuel Tank • Rubber Side Step • Tube Protector • Rubber Molding Upper • Boot Clutch Release Fork Support |
|---|---|

Elastomer parts for motorcycle



- | | |
|---|--|
| <p>1. Elastomer Parts for motorcycle's body</p> <ul style="list-style-type: none"> • Pealing Fuel • Float • Battery Pad • Cover Frame <p>2. Elastomer Parts for shockproof</p> <ul style="list-style-type: none"> • Chain guide • Slider Chain • Roller Comp Cam Chain Guide • Sprocket | <p>3. Elastomer Parts for shockproof</p> <ul style="list-style-type: none"> • Rubber Bush • Damper • Rubber Protector <p>4. Elastomer Parts for Interior and Rubber Seal</p> <ul style="list-style-type: none"> • Rubber Cover • Grommet • Rubber Seal • O-ring • Tube Drain • Socket Body • Ring Head Light |
|---|--|

Source: IRC

Elastomer parts for other industries are developed by the company's R&D department to support customer-specific applications such as rubber parts used in infrastructure projects, agriculture, construction machinery, cooling machines, rubber container seals, and others, depending on clients' needs.

Exhibit 2: IRC's elastomer parts for other industries

Elastomer parts for electrical appliances and air conditioners

— Grommet Cushion



Elastomer parts for agricultural machinery

— Fuel Tube

— Bonnet



Elastomer parts for construction industry

— House wall seal

— Setting Box

— Rubber Gasket



— Street Light Seal

— Expansion Joint



Elastomer parts for Infrastructure system

— Dust Seal

— Butterfly Valve



Elastomer parts for Rail System

— Maintenance Parts

— Rail Pad



Vi-pafe® Products



Polyurethane sport flooring



Multipurpose field



Rubber paving blocks

Source: IRC

2. **Motorcycle tires and tubes.** IRC manufactures motorcycle tires and tubes in Thailand under the IRC brand. The company has complete distribution channels from sales, OEM contracts, and sales of spare parts to the replacement (REP) market and exports. With more than fifty years of experience, IRC has gained trust from the leading motorcycle manufacturers in Thailand, namely Honda, Yamaha, Kawasaki, Suzuki, Great Wall Motors, etc.

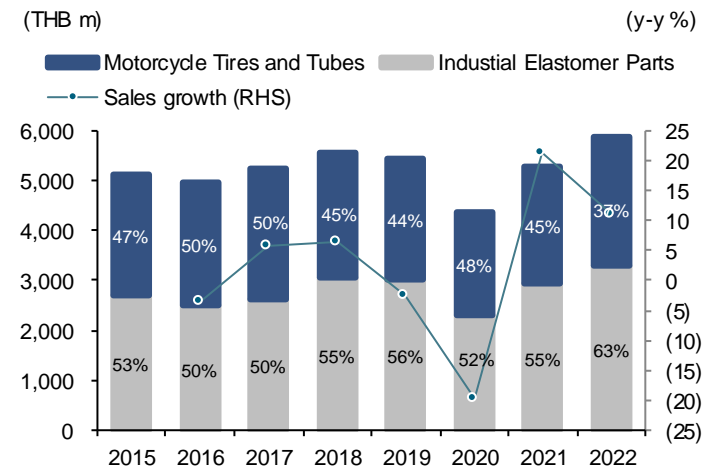
Exhibit 3: IRC's motorcycle tires and tubes



Source: IRC

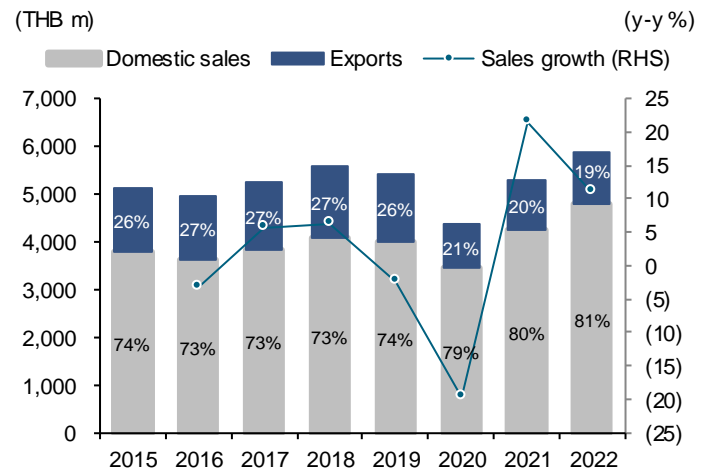
During the past eight years, IRC's revenue contributions from industrial elastomer parts and motorcycle tires and tubes were split 54%:46%, on average. The company's main source of revenue came from the domestic market where its products were sold directly to motorcycle OEM parts dealers and The Sittipol 1919 Co Ltd, a distributor in the replacement parts market. In the export market, IRC supplied motorcycle OEM companies directly via IRC's global marketing arm and via agents in Asean countries including Myanmar and Cambodia. IRC's OEM market also includes automobile assembly plant customers such as Mitsubishi, Toyota, Isuzu, Honda, Nissan, Mazda, Suzuki, Ford, Great Wall Motors, and Mine Mobility, as well as motorcycle assembly plant customers such as Honda, Suzuki, Kawasaki, Yamaha, and Ducati, etc.

Exhibit 4: Sales structure by product type



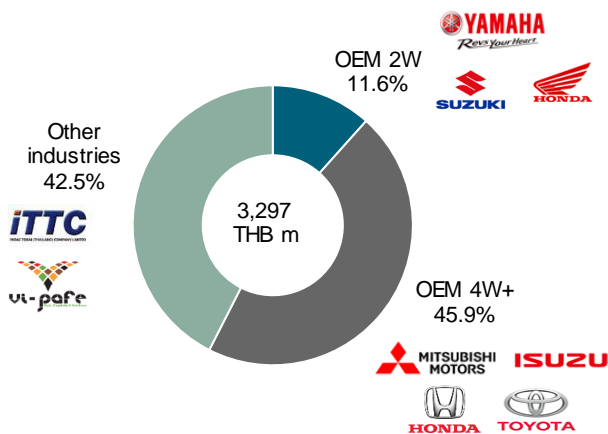
Source: IRC

Exhibit 5: Geographic sales



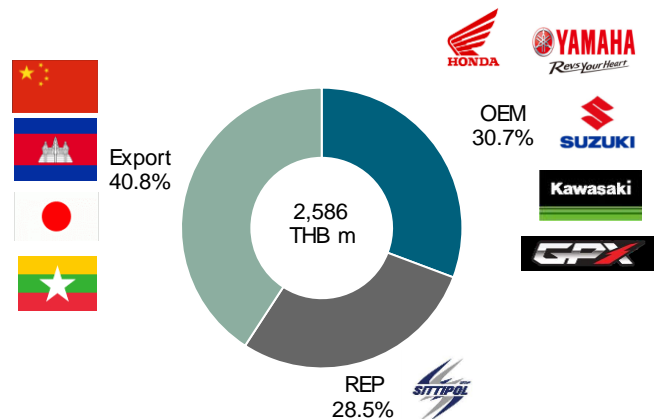
Source: IRC

Exhibit 6: Industrial elastomer sales in 2022



Source: IRC

Exhibit 7: Motorcycle tire and tube sales in 2022



Source: IRC

Leading player in both OEM and REP markets

The industrial elastomer market in Thailand is large and fragmented, resulting in high competition. However, IRC's long experience in industrial tire manufacturing based on high standards and reliable technologies has allowed the company to capture a dominant share of the market. In FY22 (Oct-21 to Sep-22), IRC ranked among the top five in the industrial rubber parts market with a 12.8% share of the OEM market. For motorcycle tires and tubes, IRC was Thailand's first manufacturer of motorcycle tires and tubes, which it sold under the IRC brand. Its diverse distribution channels – one of IRC's strengths – cover sales to OEM dealers, sales of spare parts to the REP market, and export sales.

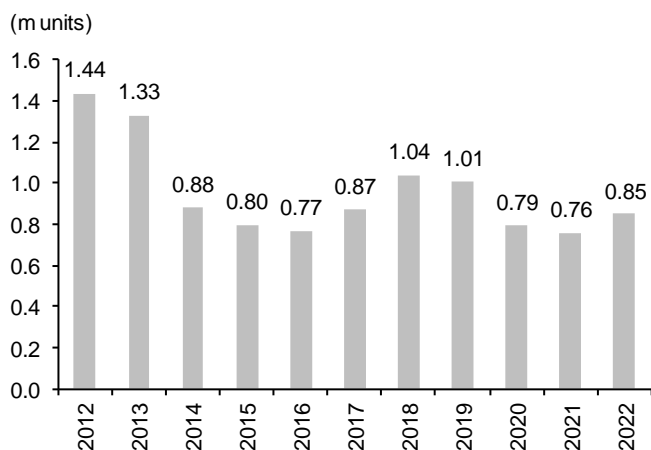
In FY22 (Oct-21 to Sep-22), IRC reported sales revenue of THB5.9b, breaking down into a 56.0% proportion from industrial elastomer products and 44.0% from tire and tube products. Industrial elastomer sales of THB3.3b in FY22 distributed via the four-wheel vehicles or larger (4W+) OEM market accounted for 45.9%, with OEM markets for two-wheel vehicles (2W) making up 11.6%, and 42.5% to other industries (such as agricultural, mechanical, machinery, refrigeration, etc.). Motorcycle tire and tube sales of THB2.6b in FY22 to the OEM market accounted for 30.7%, REP 28.5%, and exports 40.8%.

Domestic automotive industry to continue growing

IRC's revenue growth mainly depends on the local market which contributes c80% of its total sales. After being hit hard by supply chain disruptions during the pandemic, Thailand's automotive industry has undergone a continuous recovery. In 2022, Thailand's car production increased 11.7% y-y to 1.88m units. Domestic sales were the main growth driver with a surge of 11.9% y-y to 0.85m units, while exports grew by only 4.3% y-y. Domestic motorcycle sales soared by an impressive 11.5% y-y to 1.79m units, the highest in five years and already surpassing the pre-Covid level.

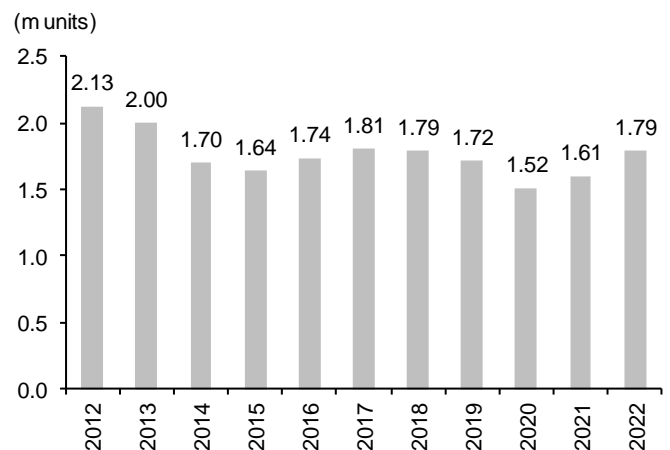
The Federation of Thai Industries (FTI) has set a high car production target for 2023 of 1.95m units, an increase of 3.5% y-y. It expects 1.05m units to be manufactured for export (+1.2%) and 0.9m units for the domestic market (+6.3%). The domestic market has seen a healthy revival, helped by the continued recovery in economic activity and the launch of new car models.

Exhibit 8: Thailand's domestic car sales



Source: The Federation of Thai Industries (FTI)

Exhibit 9: Thailand's domestic motorcycle sales



Source: The Federation of Thai Industries (FTI)

1QFY23E results preview

Despite the improvement in domestic automotive demand, we expect IRC to report an unimpressive result in 1QFY23 (Oct-Dec 2022) with a net profit decline of 31.3% q-q and 18.9% y-y to THB22m, mainly due to 1) a slower decline in its raw material costs (i.e. polymers, chemicals, and synthetic rubber); 2) higher marketing costs to boost sales; and 3) an FX loss. Excluding the FX loss, we expect its core profit to increase 10.6% y-y but lose momentum with an anticipated drop of 6.4% q-q, mainly from the cost side.

Exhibit 10: 1QFY23E results preview

Year to Sep 31	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23E	----- Change -----	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)
Sales	1,403	1,568	1,387	1,525	1,494	(2.0)	6.5
Cost of sales	1,282	1,424	1,316	1,421	1,376	(3.1)	7.3
Gross profit	121	145	71	104	118	13.5	(2.2)
Operating costs	85	103	101	94	88	(7.0)	3.2
Operating profit	36	41	(30)	10	30	209.3	(14.9)
Operating EBITDA	123	155	81	124	122	(1.1)	(0.8)
Other income	14	27	10	17	14	(15.2)	(2.6)
Interest expense	0	0	0	0	0	0.0	0.0
Profit before tax	416	486	306	459	454	(1.1)	9.1
Tax	5	6	1	1	3	228.4	(36.6)
Associates	0	0	0	0	0	0.0	0.0
Minority interests	0	0	0	0	0	0.0	0.0
Reported net profit	27	64	(13)	32	22	(31.3)	(18.9)
Core profit	27	64	(13)	32	30	(6.4)	10.6
Reported EPS (THB)	0.14	0.33	(0.07)	0.16	0.11	(31.3)	(21.4)
Core EPS (THB)	0.14	0.32	(0.07)	0.16	0.15	(6.4)	10.6
Key Ratios (%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)
Gross margin	8.6	9.2	5.1	6.8	7.9	1.1	(0.7)
Operating margin	2.3	4.5	(0.9)	2.2	2.2	0.0	(0.1)
EBITDA margin	8.8	9.9	5.8	8.1	8.2	0.1	(0.6)
Recurring net margin	1.9	4.1	(1.0)	2.1	1.5	(0.6)	(0.5)
SG&A / Sales	7.4	6.4	6.8	5.7	6.6	0.9	(0.7)
Revenue breakdown	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)
Domestic sales	1,157	1,264	1,130	1,241	1,216	(2.0)	5.1
Export sales	246	305	257	284	278	(2.0)	13.0
Gross margin	(%)	(%)	(%)	(%)	(%)	(q-q %)	(y-y %)
Domestic sales	6.8	7.6	3.7	5.1	6.1	1.0	(0.6)
Export sales	17.3	15.9	11.4	14.3	15.7	1.4	(1.6)

Sources: IRC, FSSIA estimates

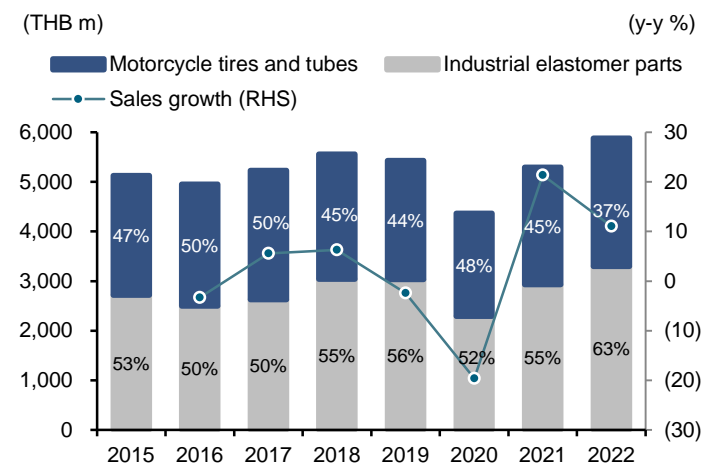
Slow decline in raw material costs could delay recovery

Motorcycle demand relies particularly on the purchasing power of lower-income and middle-class consumers. This, and the cost of oil-linked raw materials, are the key factors affecting IRC's operation. The company's main raw materials to produce tires, tubes and elastomer parts are natural rubber, synthetic rubber, polymers, carbon black, steel, and chemicals, all of which account for almost 60% of the total cost of goods sold. Due to the high price of oil from 2021 to mid-2022, IRC's gross margin plunged from 16.0% in 2QFY21 (Jan-Mar 2021) to its lowest at 5.1% in 3QFY22 (Apr-Jun 2022). Although we believe that oil prices passed their 15-year peak in mid-2022, they are likely to hover around USD70-USD80 per barrel in 2023. Thus, we expect IRC's gross margin to improve slowly into the high-single digits in FY23 but remain below the five-year historical average during pre-Covid at 13.1%.

The 14% hike in the cost of electricity to a minimum of THB5.37 per unit in Jan-April 2023 will also affect IRC's costs in 1QFY23.

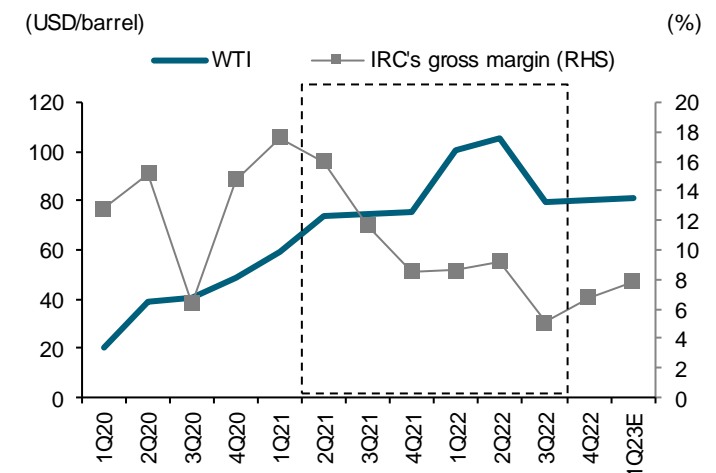
Therefore, we forecast IRC's revenue to increase by 7.4% and 6.5% in FY23-FY24, respectively, with a gradual improvement in gross margin from 7.5% in FY22 to 9.3% in FY23 and 9.9% in FY24. Net profit in FY23 should grow by 75.2% (from the low base in FY22) to THB192.6m, and by 21.5% in FY24 to THB234.0m.

Exhibit 11: IRC's revenue and growth



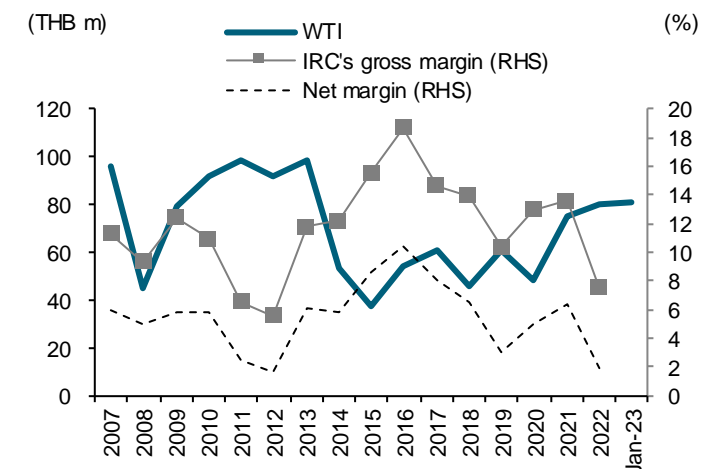
Sources: IRC, FSSIA estimates

Exhibit 12: IRC's cost of goods sold vs oil price



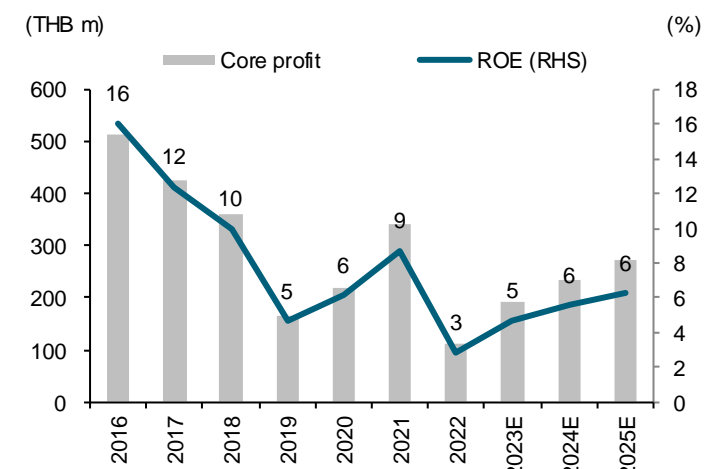
Sources: IRC, Bloomberg

Exhibit 13: IRC's gross and net margins vs oil price



Sources: IRC, FSSIA estimates

Exhibit 14: IRC's core profit and ROE

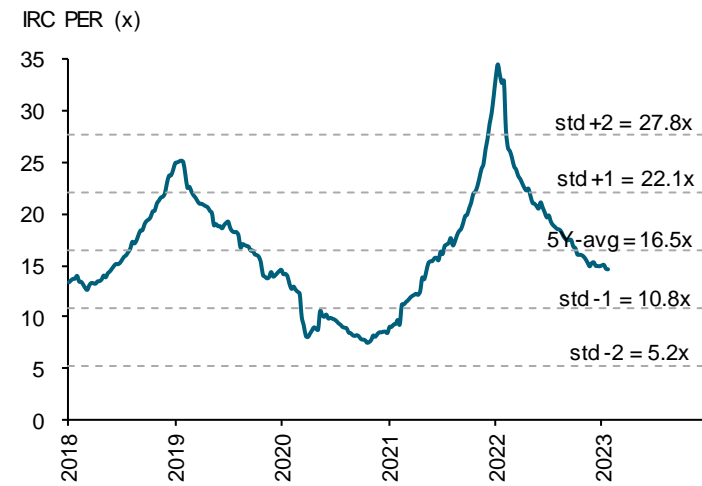


Sources: IRC, FSSIA estimates

Valuation

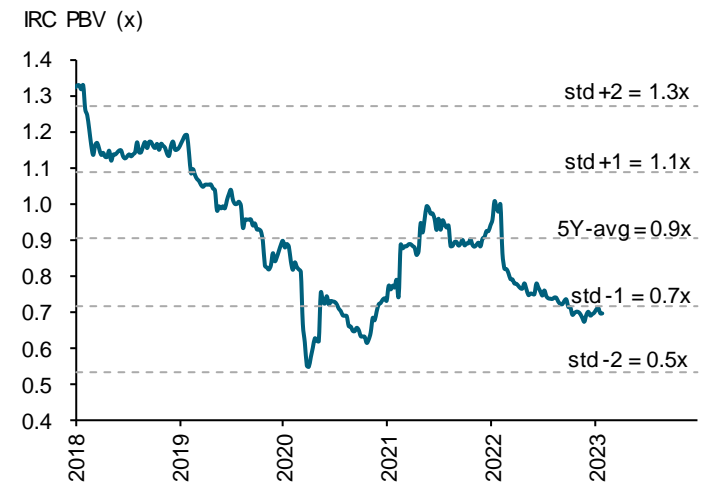
We initiate coverage on IRC with a HOLD rating and a TP of THB15.50 based on 16x FY23E P/E, equal to its five-year historical average. Our TP implies only 0.8x FY23E P/BV, equal to its five-year historical average. With its relatively high raw material costs compared to peers, IRC could take more time to recover to the pre-Covid level. However, IRC is financially strong, with cash and cash equivalents of THB897m at end-FY22 – equal to THB4.50 per share or 32% of its current share price.

Exhibit 15: One-year rolling forward P/E band



Sources: Bloomberg, FSSIA estimates

Exhibit 16: One-year rolling forward P/BV band



Sources: Bloomberg, FSSIA estimates

Exhibit 17: Peers comparison as of 31 Jan-23

Company	BBG	Rec	Share price			Market Cap	3Y EPS CAGR	PE		DivYld		ROE		PBV	
			Current (LCY)	Target (LCY)	Upside (%)			22E (x)	23E (x)	22E (%)	23E (%)	22E (x)	23E (x)	22E (x)	23E (x)
Aapico Hitech	AH TB	BUY	33.00	42.00	27	354	30	7.8	7.1	5.0	5.7	16.5	16.3	1.2	1.1
Somboon Advance Tech.	SAT TB	HOLD	21.40	22.00	3	275	6	9.4	8.8	7.0	7.5	12.4	12.7	1.1	1.1
Thai Stanley Electric	STANLY TB	BUY	187.50	230.00	23	435	24	9.6	8.7	4.5	4.6	7.7	8.3	0.7	0.7
Inoue Rubber (Thailand)	IRC TB	HOLD	14.50	15.50	7	84	(12)	26.4	15.1	2.0	3.3	2.8	4.9	0.8	0.7
PCS Machine Group Holding	PCSGH TB	n/a	5.35	n/a	n/a	248	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Fortune Parts Industry	FPI TB	n/a	3.20	n/a	n/a	147	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Average						1,543	37	13.3	9.9	4.6	5.3	9.9	10.5	1.0	0.9

Sources: Bloomberg, FSSIA estimates

Corporate Governance – IRC

Board structure as of 30 Sep-22

Independent Directors (ID)	4 of 11 board members, 2 female
Percentage of IDs on the board	36.4%
ID attendance at board meetings	n/a
ID in audit/remuneration committee	3/3 in audit committee and 1/2 in remuneration committee
ID terms	Nine years each term, renewable for another nine-year term if extended

Additional information: Chairman of the board is one of the two females and is also the executive chairman. Note that four directors including the chairman are family related.

Compensation and remuneration

Directors' remuneration vs earnings/ROE/share performance	FY22, THB6.12m vs NP THB110m FY21, THB6.02m vs NP THB340m
Changes/stability in senior management	None
Incidents of termination of senior management	None
Track record on insider sales	None

ESG and sustainability management

Inoue Rubber (Thailand) – IRC is a joint-venture company, established in December 1969 to manufacture elastomer products for the automotive industry and others, and motorcycle tires and tubes of high quality at the international level. IRC's plants are in Rangsit, Pathumthani, and Wangnoi. In FY22, IRC's exports accounted for 18.6% of revenue with a main raw material supply cost of 13.71%.

IRC has seven key policies that outline the company's vision to be a leading sustainable company driven by innovation manufacturing reliable, quality elastomer products using newly developed materials and rubber tires in compliance with environmental social and governance (ESG) principles based on touchable definitions including 1) sustainability in safety and environment; 2) quality in each product with international quality systems; 3) best satisfaction for customers in four product-dimensions: (C) price/cost competitive; (D) delivery at best competitive rating; (Q) quality at best competitive rating; and (S to S) best services/solutions at all times; 4) creating opportunities for human resource improvement to achieve competencies at all levels; 5) continuous R&D for new innovations, products, processes and markets and to keep generating the outputs of existing business; 6) generating strong financial status and attractive returns to shareholders; and 7) supporting good corporate governance and corporate social responsibility.

IRC also intensively plans its practical, sustainable business operations strategy in a way that promotes quality of life and the safety of the customers who use the company's products while simultaneously maintaining the environment, using resources wisely, conducting business ethically, and taking care of all stakeholder groups in order to create value and support its supply chain. (2022 achievements can be found in Form 56-1 One Report)

The company's DNA, or the fundamental principles for all IRC members, consist of 1) our company is our home; 2) corporate culture; and 3) competency and career development as the paths to firm sustainability. The key foundation for achieving goals is based on four significant schemes: 1) innovation based on research and development via innovative technology; 2) customer satisfaction and relationships; 3) international standards of quality providing reliability for customers; and 4) production consisting of process improvements, Smart Factory, effective procurement, the 3Rs, and effective productivity.

Materiality issues	Activities and practice
Transitioning to EV	The automotive industry is transitioning from internal combustion engine (ICE) vehicles to electric vehicles (EVs). While some types of parts can still be shared between EV and gasoline vehicles, such as the body and suspension system, the transition is an opportunity for IRC. The Thai government targets making EVs 30% of total car production by 2030. This includes production of hybrid electric vehicles (HEV/PHEV). This means the company's ICE-related products can still enter the hybrid car market, and with current technological advancements, IRC can develop products for EVs with its customers while developing EV-optimised motorcycle tires. Other attempts to mitigate impacts during the transition period and retain market share include product development for value-added creation, innovative products for chargers, and alternative products in other rubber-dependent industries. IRC is also studying rubber parts used in car assembly in order to accommodate upcoming changes.
Reliance on major customers	In FY21, IRC distributed motorcycle tires, tubes, and industrial elastomer parts to 14 major customers. Despite having good relationships with customers, the company is well aware of the need to remain competitive by consistently improving its products and services while acquiring new customers and new markets such as automobile and electric motorcycle manufacturers, as well as customers in other industries.
IT and cyber threats	IRC's IT security policy mitigates the risk of business interruptions caused by such events, and regularly assess risks.
Foreign currency risk	IRC is primarily exposed to THB-USD and THB-YEN exchange rates. The group uses forward exchange contracts with financial institutions covering c97.02% of its foreign currency transactions to manage FX risks.
Cash flow and interest rate risk	IRC's exposure to interest rate risks relates primarily to its deposits at financial institutions and investments in debt instruments, mostly bearing floating rates or fixed rates which are close to the market rate. The company uses interest rate swaps to manage risk when necessary.
Occupational health and safety and the quality of employees	The company sets the highest safety standards in the workplace to help reduce all possible risks that may take place during the employees' daily operations. A safety training program is featured on Safety Day, a corporate activity launched to ensure sufficient knowledge about occupational health and safety for employees. Aside from flood monitoring, the company also holds fire evacuation drills regularly.
Emerging risks	The geopolitical situation and inflation are outside the company's control. To mitigate impacts, the company keeps costs competitive by researching and developing substitutes for high-priced raw materials, as well as supply chain management, including futures contracts.
Sustainability related awards and recognitions received during FY22 (ending in September)	<div>Dec-21</div> <ul style="list-style-type: none"> Sustainability Disclosure Recognition Award 2021 from the Thaipat Institute Honourable Mention from the 10th NACC Integrity Awards organised by the Office of the National Anti-Corruption Commission <div>Jan-22</div> <ul style="list-style-type: none"> Received an Automation Award for production process development using robots from INOAC CORPORATION Received an IT Award for "Tire Component Stock Intelligence Program" from INOAC CORPORATION <div>Feb-22</div> <ul style="list-style-type: none"> Received "2021 BEST QUALITY AWARD" from Thai Yamaha Motor Co <div>Sep-22</div> <ul style="list-style-type: none"> Received Zero Waste to Landfill Achievement Award from Department of Industrial Works <div>Oct-22</div> <ul style="list-style-type: none"> Wang Noi Factory was recognised as an Eco Factory for its Social Value Impact (Silver Award) <div>Nov-22</div> <ul style="list-style-type: none"> "ASEAN Regional Quality Award Finalist" from NISSAN MOTOR (THAILAND) Listed on the Thailand Sustainability Investment index (THSI) 2022 by the SET for six consecutive years Rated as "Excellent" or "five stars" in the Corporate Governance Report on Thai Listed Companies (CGR) in 2022 from the Thai Institute of Directors (IOD)

Source: [Form 56-1 One Report 2022](#)

Audit Practices

Auditor	PricewaterhouseCoopers ABAS Limited (PwC)
Length of service	More than five years
Reporting incidents	None
Fee track record	THB1.98m
Policy on change of audit firm	To be reviewed every five years

Additional information: None

Shareholders' rights

Practice	Activity
Communication - shareholder participation in AGMs/EGMs	AGM once annually, EGM when appropriate and in accordance with SEC guidelines
Related party transactions	In accordance with SEC guidelines
Voting issues - policies, incidents of rejected proposals	None

Financial Statements

Inoue Rubber(Thailand)

Profit and Loss (THB m) Year Ending Sep	2021	2022	2023E	2024E	2025E
Revenue	5,297	5,883	6,316	6,724	7,158
Cost of goods sold	(4,577)	(5,443)	(5,731)	(6,057)	(6,427)
Gross profit	720	440	585	666	731
Other operating income	435	429	426	428	431
Operating costs	(373)	(386)	(412)	(446)	(468)
Operating EBITDA	782	483	599	649	694
Depreciation	(361)	(361)	(359)	(357)	(354)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	421	122	241	293	339
Net financing costs	0	0	0	0	0
Associates	0	0	0	0	0
Recurring non-operating income	0	0	0	0	0
Non-recurring items	0	0	0	0	0
Profit before tax	421	122	241	293	339
Tax	(81)	(12)	(48)	(59)	(68)
Profit after tax	340	110	193	234	271
Minority interests	-	-	-	-	-
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	340	110	193	234	271
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	340	110	193	234	271
Per share (THB)					
Recurring EPS *	1.70	0.55	0.96	1.17	1.36
Reported EPS	1.70	0.55	0.96	1.17	1.36
DPS	0.88	0.29	0.48	0.59	0.68
Diluted shares (used to calculate per share data)	200	200	200	200	200
Growth					
Revenue (%)	21.4	11.1	7.4	6.5	6.5
Operating EBITDA (%)	27.1	(38.2)	24.1	8.3	6.9
Operating EBIT (%)	59.3	(70.9)	96.7	21.5	15.9
Recurring EPS (%)	55.2	(67.7)	75.2	21.5	16.0
Reported EPS (%)	55.2	(67.7)	75.2	21.5	16.0
Operating performance					
Gross margin inc. depreciation (%)	6.8	1.4	3.6	4.6	5.3
Gross margin of key business (%)	13.6	7.5	9.3	9.9	10.2
Operating EBITDA margin (%)	14.8	8.2	9.5	9.7	9.7
Operating EBIT margin (%)	7.9	2.1	3.8	4.4	4.7
Net margin (%)	6.4	1.9	3.0	3.5	3.8
Effective tax rate (%)	19.2	10.1	20.0	20.0	20.0
Dividend payout on recurring profit (%)	52.0	52.9	50.0	50.0	50.0
Interest cover (X)	6,965.7	2,461.9	4,843.5	5,886.6	6,825.3
Inventory days	49.8	54.6	54.2	53.0	51.9
Debtor days	58.6	59.9	60.3	57.7	56.7
Creditor days	68.9	72.9	72.0	65.6	60.7
Operating ROIC (%)	14.3	4.2	8.0	9.4	10.4
ROIC (%)	11.1	3.0	5.9	7.0	7.8
ROE (%)	9.1	2.8	4.9	5.6	6.4
ROA (%)	6.9	2.1	3.6	4.2	4.8

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2021	2022	2023E	2024E	2025E
Motorcycle tires and tubes	2,369	2,586	2,871	3,072	3,287
Industrial elastomer parts	2,929	3,297	3,445	3,652	3,871

Sources: Inoue Rubber(Thailand); FSSIA estimates

Financial Statements

Inoue Rubber(Thailand)

Cash Flow (THB m) Year Ending Sep	2021	2022	2023E	2024E	2025E
Recurring net profit	340	110	193	234	271
Depreciation	361	361	359	357	354
Associates & minorities	0	0	0	0	0
Other non-cash items	(1)	12	0	0	0
Change in working capital	(90)	(142)	20	(294)	(243)
Cash flow from operations	610	340	571	297	383
Capex - maintenance	-	-	-	-	-
Capex - new investment	(225)	(292)	(240)	(235)	(218)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(177)	16	0	0	0
Cash flow from investing	(402)	(276)	(240)	(235)	(218)
Dividends paid	(110)	(170)	(96)	(117)	(136)
Equity finance	0	0	0	0	0
Debt finance	0	0	0	0	0
Other financing cash flows	-	-	-	-	-
Cash flow from financing	(110)	(170)	(96)	(117)	(136)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	(125)	0	(2)	0	0
Movement in cash	(27)	(106)	233	(55)	29
Free cash flow to firm (FCFF)	208.02	64.17	331.41	62.00	164.77
Free cash flow to equity (FCFE)	82.96	64.12	329.36	61.95	164.72
Per share (THB)					
FCFF per share	1.04	0.32	1.66	0.31	0.82
FCFE per share	0.41	0.32	1.65	0.31	0.82
Recurring cash flow per share	3.50	2.41	2.76	2.95	3.13
Balance Sheet (THB m) Year Ending Sep	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	6,707	6,928	6,565	6,226	5,890
Less: Accumulated depreciation	(5,014)	(5,294)	(4,935)	(4,579)	(4,225)
Tangible fixed assets (net)	1,693	1,634	1,629	1,647	1,665
Intangible fixed assets (net)	45	49	49	52	52
Long-term financial assets	217	444	444	444	444
Invest. in associates & subsidiaries	550	235	235	235	235
Cash & equivalents	1,003	897	1,130	1,074	1,102
A/C receivable	884	1,047	1,038	1,087	1,137
Inventories	790	838	864	896	933
Other current assets	12	8	14	15	16
Current assets	2,689	2,791	3,046	3,072	3,189
Other assets	102	119	119	128	133
Total assets	5,295	5,272	5,522	5,578	5,717
Common equity	3,894	3,832	4,088	4,205	4,340
Minorities etc.	0	0	0	0	0
Total shareholders' equity	3,894	3,832	4,088	4,205	4,340
Long term debt	1	1	1	1	1
Other long-term liabilities	350	287	303	296	286
Long-term liabilities	351	287	304	296	287
A/C payable	1,026	1,147	1,115	1,062	1,074
Short term debt	0	0	0	0	0
Other current liabilities	24	6	16	15	16
Current liabilities	1,050	1,153	1,131	1,077	1,090
Total liabilities and shareholders' equity	5,295	5,272	5,522	5,578	5,717
Net working capital	636	741	786	921	997
Invested capital	3,242	3,222	3,262	3,427	3,525
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	19.47	19.16	20.44	21.02	21.70
Tangible book value per share	19.25	18.91	20.19	20.77	21.44
Financial strength					
Net debt/equity (%)	(25.7)	(23.4)	(27.6)	(25.5)	(25.4)
Net debt/total assets (%)	(18.9)	(17.0)	(20.4)	(19.2)	(19.3)
Current ratio (x)	2.6	2.4	2.7	2.9	2.9
CF interest cover (x)	5,096.1	7,163.6	11,454.3	5,968.1	7,700.1
Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	8.5	26.4	15.1	12.4	10.7
Recurring P/E @ target price (x) *	9.1	28.2	16.1	13.2	11.4
Reported P/E (x)	8.5	26.4	15.1	12.4	10.7
Dividend yield (%)	6.1	2.0	3.3	4.0	4.7
Price/book (x)	0.7	0.8	0.7	0.7	0.7
Price/tangible book (x)	0.8	0.8	0.7	0.7	0.7
EV/EBITDA (x) **	2.4	4.1	3.0	2.8	2.6
EV/EBITDA @ target price (x) **	2.7	4.6	3.3	3.1	2.9
EV/invested capital (x)	0.6	0.6	0.5	0.5	0.5
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Inoue Rubber(Thailand); FSSIA estimates

Corporate Governance report of Thai listed companies 2021

EXCELLENT LEVEL – Score range 90-100										
AAV	BCPG	CPALL	GCAP	K	MSC	PLANET	SAMART	SPI	THRE	TVD
ADVANC	BDM5	CPF	GFPT	KBANK	MST	PLAT	SAMTEL	SPRC	THREL	TVI
AF	BEM	CPI	GGC	KCE	MTC	PORT	SAT	SPVI	TIPCO	TVO
AH	BGC	CPN	GLAND	KKP	MVP	PPS	SC	SSSC	TISCO	TWPC
AIRA	BGRIM	CRC	GLOBAL	KSL	NCL	PR9	SCB	SST	TK	U
AKP	BIZ	CSS	GPI	KTB	NEP	PREB	SCC	STA	TKT	UAC
AKR	BKI	DDD	GPSC	KTC	NER	PRG	SCCC	STEC	TMT	UBIS
ALT	BOL	DELTA	GRAMMY	LALIN	NKI	PRM	SCG	STI	TNDT	UV
AMA	BPP	DEMCO	GULF	LANNA	NOBLE	PROUD	SCGP	SUN	TNITY	VGI
AMATA	BRR	DRT	GUNKUL	LH	NSI	PSH	SCM	SUSCO	TOA	VIH
AMATAV	BTS	DTAC	HANA	LHFG	NVD	PSL	SDC	SUTHA	TOP	WACOAL
ANAN	BTW	DUSIT	HARN	LIT	NWR	PTG	SEAFECO	SVI	TPBI	WAVE
AOT	BWG	EA	HMPRO	LPN	NYT	PTT	SEAOL	SYMC	TQM	WHA
AP	CENTEL	EASTW	ICC	MACO	OISHI	PTTEP	SE-ED	SYNTEC	TRC	WHAUP
ARIP	CFRESH	ECF	ICHI	MAJOR	OR	PTTGC	SELIC	TACC	TRU	WICE
ARROW	CHEWA	ECL	III	MAKRO	ORI	PYLON	SENA	TASCO	TRUE	WINNER
ASP	CHO	EE	ILINK	MALEE	OSP	Q-CON	SHR	TCAP	TSC	ZEN
AUCT	CIMBT	EGCO	ILM	MBK	OTO	QH	SIRI	TEAMG	TSR	
AWC	CK	EPG	INTUCH	MC	PAP	QTC	SIS	TFMAMA	TSTE	
AYUD	CKP	ETC	IP	MCOT	PCSGH	RATCH	SITHAI	TGH	TSTH	
BAFS	CM	FPI	IRPC	METCO	PDG	RS	SMK	THANA	TTA	
BANPU	CNT	FPT	ITEL	MFEC	PDJ	S	SMPC	THANI	TTB	
BAY	COM7	FSMART	IVL	MINT	PG	S & J	SNC	THCOM	TTCL	
BBL	COMAN	GBX	JSP	MONO	PHOL	SAAM	SONIC	THG	TTW	
BCP	COTTO	GC	JWD	MOONG	PLANB	SABINA	SPALI	THIP	TU	
VERY GOOD LEVEL – Score range 80-89										
2S	ASIMAR	CHOW	FLOYD	IT	LOXLEY	OCC	RPC	SKY	TCC	TVT
7UP	ASK	CI	FN	ITD	LRH	OGC	RT	SLP	TCMC	TWP
ABICO	ASN	CIG	FNS	J	LST	PATO	RWI	SMIT	TEAM	UEC
ABM	ATP30	CMC	FORTH	JAS	M	PB	S11	SMT	TFG	UMI
ACE	B	COLOR	FSS	JCK	MATCH	PICO	SA	SNP	TFI	UOBKH
ACG	BA	CPL	FTE	JCKH	MBAX	PIMO	SAK	SO	TIGER	UP
ADB	BAM	CPW	FVC	JMART	MEGA	PJW	SALEE	SORKON	TITLE	UPF
AEONTS	BC	CRD	GEL	JMT	META	PL	SAMCO	SPA	TKN	UPOIC
AGE	BCH	CSC	GENCO	KBS	MFC	PM	SANKO	SPC	TKS	UTP
AHC	BEC	CSP	GJS	KCAR	MGT	PMTA	SAPPE	SPCG	TM	VCOM
AIT	BEYOND	CWT	GYT	KEX	MICRO	PPP	SAWAD	SR	TMC	VL
ALL	BFIT	DCC	HEMP	KGI	MILL	PPPM	SCI	SRICHA	TMD	VPO
ALLA	BJC	DCON	HPT	KIAT	MTSIB	PRIME	SCN	SSC	TMI	VRANDA
ALUCON	BJCHI	DHOUSE	HTC	KISS	MK	PRIN	SCP	SSF	TMILL	WGE
AMANAH	BLA	DOD	HYDRO	KOOL	MODERN	PRINC	SE	STANLY	TNL	WIJK
AMARIN	BR	DOHOME	ICN	KTIS	MTI	PSG	SFLEX	STGT	TNP	WP
APCO	BROOK	DV8	IFS	KUMWEL	NBC	PSTC	SFP	STOWER	TOG	XO
APCS	CBG	EASON	IMH	KUN	NCAP	PT	SFT	STPI	TPA	XPG
APURE	CEN	EFORL	IND	KWC	NCH	QLT	SGF	SUC	TPAC	YUASA
AQUA	CGH	ERW	INET	KWM	NETBAY	RBF	SIAM	SWC	TPCS	
ASAP	CHARAN	ESSO	INSET	L&E	NEX	RCL	SINGER	SYNEX	TPS	
ASEFA	CHAYO	ESTAR	INSURE	LDC	NINE	RICHY	SKE	TAE	TRITN	
ASIA	CHG	ETE	IRC	LEO	NRF	RML	SKN	TAKUNI	TRT	
ASIAN	CHOTI	FE	IRCP	LHK	NTV	ROJNA	SKR	TBSP	TSE	
GOOD LEVEL – Score range 70-79										
A	BGT	CITY	GIFT	JTS	MDX	PK	SGP	SUPER	TQR	YGG
AI	BH	CMAN	GLOCON	JUBILE	MJD	PLE	SICT	SVOA	TTI	ZIGA
AIE	BIG	CMO	GREEN	KASET	MORE	PPM	SIMAT	TC	TYCN	
AJ	BLAND	CMR	GSC	KCM	MUD	PRAKIT	SISB	TCCC	UKEM	
ALPHAX	BM	CPT	GTB	KK	NC	PRAPAT	SK	THMUI	UMS	
AMC	BROCK	CRANE	HTECH	KKC	NDR	PRECHA	SMART	TNH	UNIQ	
APP	BSBM	CSR	HUMAN	KWI	NFC	PTL	SOLAR	TNR	UPA	
AQ	BSM	D	IHL	KYE	NNCL	RJH	SPACK	TOPP	UREKA	
ARIN	BTNC	EKH	IIG	LEE	NOVA	RP	SPG	TPCH	VIBHA	
AS	BYD	EMC	INGRS	LPH	NPK	RPH	SQ	TPIPL	W	
AU	CAZ	EP	INOX	MATI	NUSA	RSP	SSP	TIPIP	WIN	
B52	CCP	F&D	JAK	M-CHAI	PAF	SABUY	STARK	TPLAS	WORK	
BEAUTY	CGD	FMT	JR	MCS	PF	SF	STC	TPOLY	WPH	

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

Sources: Thai Institute of Directors Association (IOD); FSSIA's compilation; data as of 26 October 2021

Anti-corruption Progress Indicator

CERTIFIED										
2S	BCH	CPALL	GC	K	MFC	PE	QLT	SNP	THCOM	TU
7UP	BCP	CPF	GCAP	KASET	MFEC	PG	QTC	SORKON	THIP	TVD
ADVANC	BCPG	CPI	GEL	KBANK	MILL	PHOL	RATCH	SPACK	THRE	TVI
AF	BE8	CPN	GFPT	KBS	MINT	PK	RML	SPALI	THREL	TVO
AI	BEYOND	CSC	GGC	KCAR	MONO	PL	RWI	SPC	TIDLOR	TWPC
AIE	BGC	DCC	GJS	KCE	MOONG	PLANB	S & J	SPI	TIPCO	U
AIRA	BGRIM	DELTA	GPI	KGI	MSC	PLANET	SAAM	SPRC	TISCO	UBE
AKP	BJCHI	DEMCO	GPSC	KKP	MST	PLAT	SABINA	SRICHA	TKS	UBIS
ALPHAX	BKI	DIMET	GSTEEL	KSL	MTC	PM	SAPPE	SSF	TKT	UEC
AMA	BLA	DRT	GUNKUL	KTB	MTI	PPP	SAT	SSP	TMD	UKEM
AMANAHA	BPP	DTAC	HANA	KTC	NBC	PPPM	SC	SSSC	TMILL	UOBKH
AMATA	BROOK	DUSIT	HARN	KWC	NEP	PPS	SCB	SST	TMT	UPF
AMATAV	BRR	EA	HEMP	KWI	NINE	PR9	SCC	STA	TNITY	UV
AP	BSBM	EASTW	HENG	L&E	NKI	PREB	SCCC	STOWER	TNL	VGI
APCS	BTS	ECL	HMPRO	LANNA	NMG	PRG	SCG	SUSCO	TNP	VIH
AQUA	BWG	EGCO	HTC	LH	NNCL	PRINC	SCN	SVI	TNR	WACOAL
ARROW	CEN	EP	ICC	LHFG	NOBLE	PRM	SEAOL	SYMC	TOG	WHA
AS	CENTEL	EPG	ICHI	LHK	NOK	PROS	SE-ED	SYNTEC	TOP	WHAUP
ASIAN	CFRESH	ERW	IFEC	LPN	NSI	PSH	SELIC	TAE	TOPP	WICE
ASK	CGH	ESTAR	IFS	LRH	NWR	PSL	SENA	TAKUNI	TPA	WIJK
ASP	CHEWA	ETE	ILINK	M	OCC	PSTC	SGP	TASCO	TPP	XO
AWC	CHOTI	FE	INET	MAKRO	OGC	PT	SINGER	TBSP	TRU	ZEN
AYUD	CHOW	FNS	INSURE	MALEE	ORI	PTG	SIRI	TCAP	TRUE	
B	CIG	FPI	INTUCH	MATCH	PAP	PTT	SITHAI	TCMC	TSC	
BAFS	CIMBT	FPT	IRC	MBAX	PATO	PTTEP	SKR	TFG	TSTE	
BAM	CM	FSMART	IRPC	MBK	PB	PTTGC	SMIT	TFI	TSTH	
BANPU	CMC	FSS	ITEL	MC	PCSGH	PYLON	SMK	TFMAMA	TTA	
BAY	COM7	FTE	IVL	MCOT	PDG	Q-CON	SMPC	TGH	TTB	
BBL	COTTO	GBX	JKN	META	PDJ	QH	SNC	THANI	TTCL	
DECLARED										
AJ	CHG	DDD	ETC	JR	MAJOR	NUSA	RS	SSS	TQM	YUASA
ALT	CPL	DHOUSE	FLOYD	JTS	NCAP	NYT	SAK	STECH	TSI	ZIGA
APCO	CPR	DOHOME	GULF	KEX	NCL	OR	SCGP	STGT	VARO	
B52	CPW	ECF	III	KUMWEL	NOVA	PIMO	SCM	TKN	VCOM	
BEC	CRC	EKH	INOX	LDC	NRF	PLE	SIS	TMI	VIBHA	

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 26 October 2021) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

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

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

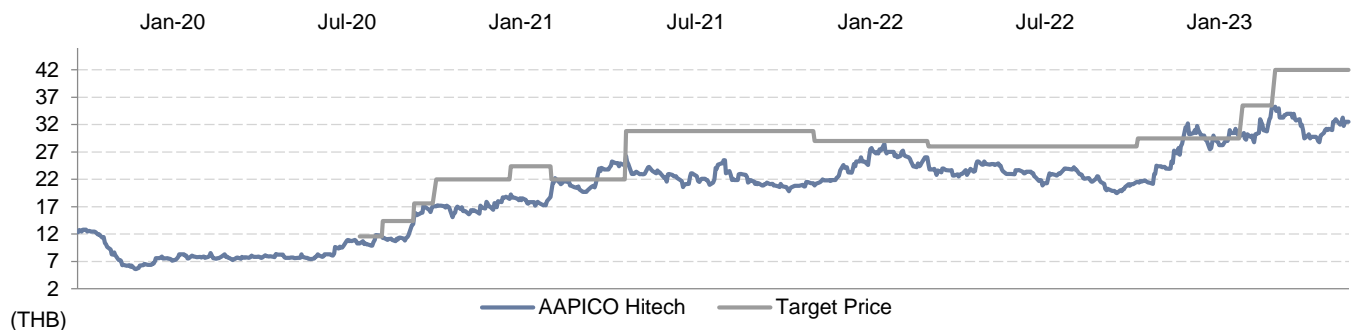
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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History of change in investment rating and/or target price

AAPICO Hitech (AH TB)



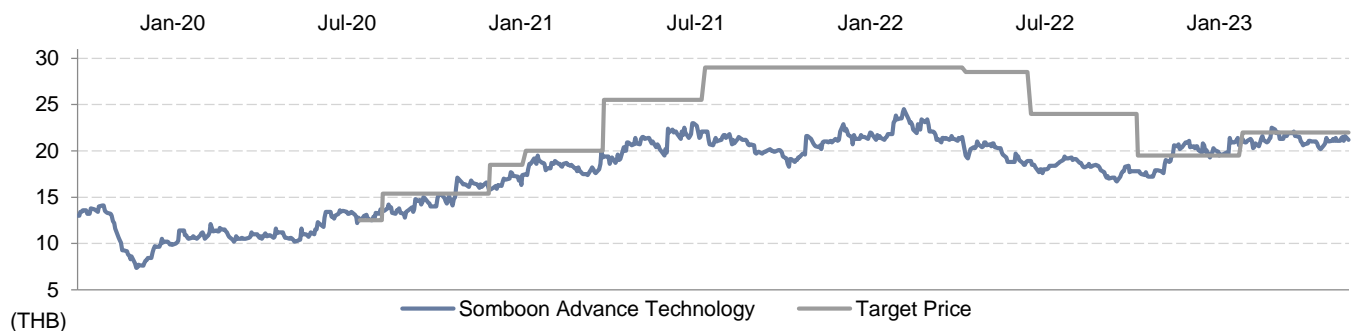
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
01-Oct-2020	HOLD	11.60	15-Mar-2021	BUY	22.00	01-Aug-2022	BUY	29.50
21-Oct-2020	BUY	14.40	18-May-2021	BUY	30.80	28-Oct-2022	BUY	35.50
17-Nov-2020	BUY	17.60	27-Oct-2021	BUY	29.00	25-Nov-2022	BUY	42.00
04-Dec-2020	BUY	22.00	02-Feb-2022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

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

Price and TP are in local currency

Source: FSSIA estimates

Somboon Advance Technology (SAT TB)



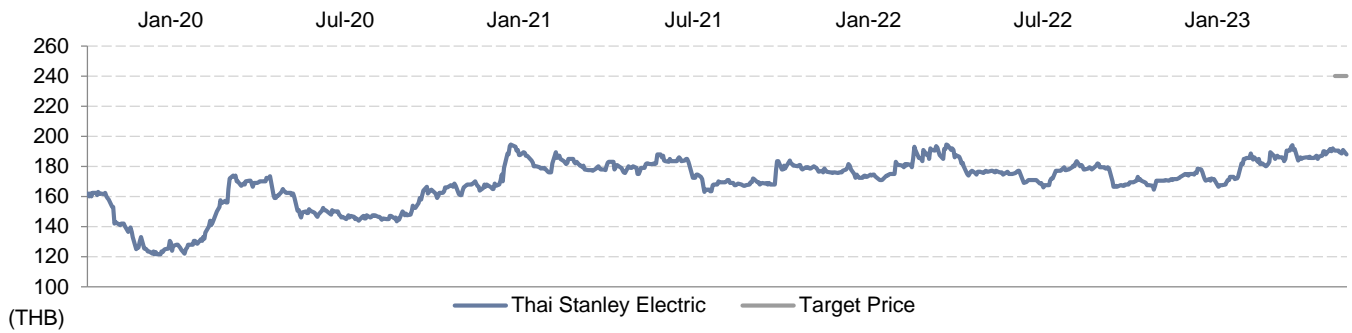
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
01-Oct-2020	HOLD	12.50	29-Apr-2021	BUY	25.50	01-Aug-2022	HOLD	19.50
21-Oct-2020	BUY	15.40	23-Jul-2021	BUY	29.00	28-Oct-2022	HOLD	22.00
21-Jan-2021	BUY	18.50	04-Mar-2022	BUY	28.50			
19-Feb-2021	BUY	20.00	29-Apr-2022	BUY	24.00			

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

Price and TP are in local currency

Source: FSSIA estimates

Thai Stanley Electric (STANLY TB)



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

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

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Inoue Rubber(Thailand)	IRC TB	THB 14.50	HOLD	Downside risks to our P/E-based TP include 1) weaker demand from the automotive industry; 2) a sharp rise in the price of crude oil; and 3) chip supply shortages. Upside risks are lower costs for raw materials.
AAPICO Hitech	AH TB	THB 33.00	BUY	Key downside risks to our P/E-derived TP include lower-than-expected car production volumes and lower car sales in both Thailand and Malaysia, higher steel prices, semiconductor shortages, and exchange rate risk.
Somboon Advance Technology	SAT TB	THB 21.40	HOLD	The key downside and upside risks to our P/E-based TP are the domestic car manufacturing industry recovering slower or faster than expected, a faster-than-expected adoption rate for electric vehicles in Thailand, higher raw material prices, and worse global demand for pickup trucks.
Thai Stanley Electric	STANLY TB	THB 187.50	BUY	Downside risks to our P/E-based TP include 1) weak global automotive demand; 2) higher raw material prices and utility costs; 3) global semiconductor shortages; and 4) fluctuations in the THB.

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 31-Jan-2023 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.