

# TOA PAINT (THAILAND)

## THAILAND / CONSTRUCTION

# TOA TB

# BUY

## Getting back to growth

- TOA targets 2023 sales growth of at least 15%. It also expects its gross margin to reach 31% in 1H23.
- Despite the 9% y-y dip in 2022 core profit, 2023 normalised earnings should jump 33% y-y from higher sales and gross margin.
- BUY call with TP of THB40, based on 36x 2023E P/E.

TARGET PRICE	THB40.00
CLOSE	THB33.00
UP/DOWNSIDE	+21.2%
TP vs CONSENSUS	+4.6%

### Market leader in the paint and coating industry

With over 58 years of experience, TOA aims to be Thailand's leading paint and coating producer and distributor. It also has a wide manufacturing and distribution presence across the AEC. Its competitive strengths are its strong brand awareness, diversified product portfolio, and widespread distribution network via retail dealers and modern trade. In 2022, its revenue came mainly from decorative paint at 60%, with non-decorative paint and others at 36% and 4%, respectively.

### Positive tone as sales and margin improve

We have a positive view from the analyst meeting yesterday. TOA targets 2023 sales revenue growth of at least 15% y-y. This should be driven by both decorative and non-decorative products due to recoveries in the economy, tourism, and real estate. TOA also expects its gross margin to reach 31% in 1H23 from a gradual decline in raw material prices, especially oil-linked raw materials (15% of costs) following stable energy prices. For TiO<sub>2</sub> (20% of costs), it is exploring alternate sources of supply from China which are priced lower than the US. It imported 3-4% of its supply from China in 4Q22, and should rise to 20% at end-1Q23.

### Brighter 2023 earnings prospects

Despite the 9% y-y dip in 2022 core profit, 2023 normalised profit should jump 33% y-y to THB2.2b (above THB2.1b at the pre-Covid level in 2019). We expect sales revenue growth to continue at 10% to THB22.8b, mainly supported by higher volumes and sales pricing in Thailand. The gross margin should increase to 31% from 29.1% in 2022 since raw material market prices have begun to stabilise and costs should reduce after sourcing some TiO<sub>2</sub> from China. Preliminarily, we forecast a 1Q23 core profit jump to THB500m-600m (vs THB399m in 4Q22 and THB447m in 1Q22) from the high season and an improved gross margin.

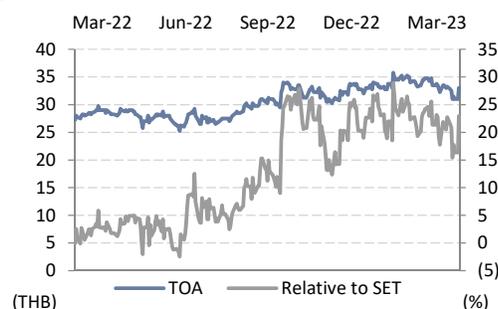
### BUY rating with TP of THB40

Our 2023 TP at THB40 assumes a P/E ratio of 36x, within its historical average. We have a BUY rating on TOA. In our view, the key catalysts for the stock are its robust 1Q23E earnings and the improving cost reduction trend in 2023. This report represents a continuation of FSSIA's coverage of TOA, which was previously published under FSS Research.

### KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	20,649	22,761	23,759	24,496
Net profit	1,418	2,229	2,419	2,493
EPS (THB)	0.70	1.10	1.19	1.23
vs Consensus (%)	-	30.3	9.5	3.2
EBITDA	2,849	3,613	3,909	4,060
Core net profit	1,672	2,229	2,419	2,493
Core EPS (THB)	0.82	1.10	1.19	1.23
EPS growth (%)	(8.9)	33.3	8.6	3.1

Core P/E (x)	40.0	30.0	27.7	26.9
Dividend yield (%)	1.5	1.7	1.8	1.9
EV/EBITDA (x)	23.4	18.4	16.9	16.1
Price/book (x)	5.2	4.8	4.4	4.1
Net debt/Equity (%)	(7.2)	(7.5)	(10.7)	(13.8)
ROE (%)	13.3	16.7	16.7	15.8



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(3.6)	3.1	18.9
Relative to country (%)	0.1	4.0	22.8
Mkt cap (USD m)	1,937		
3m avg. daily turnover (USD m)	1.8		
Free float (%)	25		
Major shareholder	TOA Group Holding Co Ltd (30%)		
12m high/low (THB)	36.50/25.00		
Issued shares (m)	2,029.00		

Sources: Bloomberg consensus; FSSIA estimates



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## Investment thesis

TOA aims to be Thailand's leading paint and coating producer and distributor. Decorative paint and coating products accounted for 60.2% of sales revenue in 2022. The remaining 35.8% came from non-decorative paint and coating products, and 4.0% was from other products. Its competitive strength is its strong retail distribution network which accounted for 48.7% of the domestic market share in 2022. It also has a wide manufacturing and distribution presence across the ASEAN Economic Community (AEC) with a 13% market share, mainly from Vietnam. In 2022, its revenue came mainly from Thailand at 83.4%, with Vietnam and others at 9.1% and 7.5%, respectively.

TOA targets 2023 sales growth of at least 15%. It expects its gross margin to exceed 30% in 1H23.

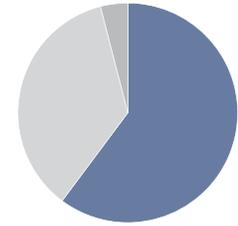
## Company profile

TOA manufactures and distributes decorative and non-decorative paint and coating products. It has over 58 years of experience and more than 7,400 retail stores nationwide, plus online sales. TOA has 10 production plants in Thailand and the AEC, i.e. Vietnam, Malaysia, Laos, Cambodia, Indonesia, and Myanmar. Total production capacity was 102.5m gallons/yr at end-2022.

[www.toagroup.com](http://www.toagroup.com)

## Principal activities (revenue, 2022)

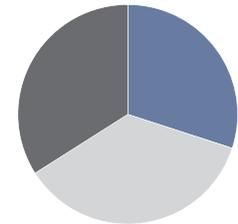
- Decorative paint and coating - 60.2 %
- Non-decorative paint and coating - 35.8 %
- Others - 4.0 %



Source: TOA Paint (Thailand)

## Major shareholders

- TOA Group Holding Co Ltd - 30.0 %
- Tangkaravakoon Family - 36.0 %
- Others - 34.0 %



Source: TOA Paint (Thailand)

## Catalysts

Key potential growth drivers include 1) a strong economic and consumption recovery; 2) rapidly rising demand; 3) a decline in raw material prices; and 4) the potential to expand to a wide variety of product lines.

## Risks to our call

Downside risks to our P/E-based TP include 1) a slower-than-expected economic recovery and weak purchasing power; 2) an increase in raw material costs, especially in relation to oil price movement and TiO<sub>2</sub>; 3) currency exchange fluctuation, as c13% of its raw materials are imported; and 4) the challenging situation in Vietnam.

## Event calendar

Date	Event
May 2023	1Q23 results announcement

## Key assumptions

	2023E	2024E	2025E
Sales revenue (THB m)	22,761	23,759	24,496
GPM (%)	31.0	31.5	31.5
SG&A to sales (%)	19.0	19.0	19.0
Effective tax rate (%)	21.5	21.5	21.5
Product volume (gallons m)	50.5	52.0	52.8
Average price (THB per gallon)	450	457	464

Source: FSSIA estimates

## Earnings sensitivity

- For every 5% increase in sales revenue, we estimate 2023 net profit to rise by 7.4%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2023 net profit to rise by 4.0%, and vice versa, all else being equal.
- For every 0.5% increase in SG&A, we estimate 2023 net profit to fall by 4.1%, and vice versa, all else being equal.

Source: FSSIA estimates

## 4Q22 core profit recovered q-q and was stable y-y

TOA reported a 4Q22 net profit of THB287m (-19% q-q, -39% y-y). Excluding a loss on exchange rates of THB179m and a gain on the fair value of financial assets of THB66m, the company's normalised profit was equal to THB399m (+13% q-q, -1% y-y).

4Q22 sales revenue rose by 8% q-q and 17% y-y to THB5.4b, mainly supported by sales in Thailand (85% of total sales in 4Q22). To elaborate, this was driven by an increase in both average selling price and sales volume, as well as an increase in all channels due to seasonality, the low base in 4Q21, and a higher average selling price. Meanwhile, the 4Q22 gross margin improved to 29.1% (vs 27.9% in 3Q22 and 30.2% in 4Q21).

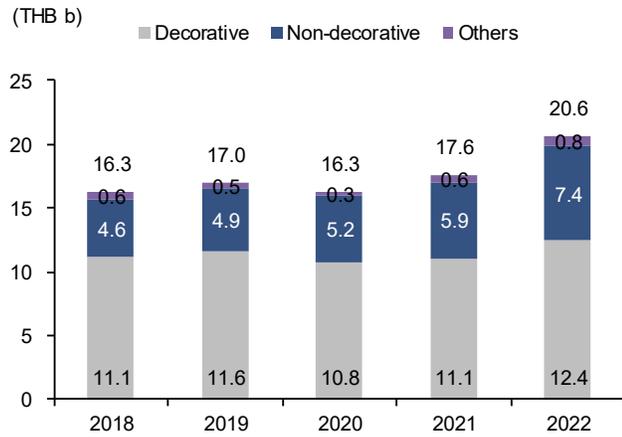
On a full-year basis, TOA posted a 2022 net profit of THB1.4b (-28% y-y) and a normalised profit of THB1.7m (-9% y-y). Even though sales revenue grew by 18% y-y to THB20.6b, the earnings were pressured by a lower gross margin at 29.1% from 32.7% in 2021 due to the significant increase in raw material prices, such as oil-linked raw materials and titanium dioxide (TiO<sub>2</sub>).

### Exhibit 1: 4Q22 results review

	4Q21	1Q22	2Q22	3Q22	4Q22	Change		2021	2022	Change
	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)				
Sales revenue	4,672	4,965	5,201	5,038	5,445	8.1	16.6	17,570	20,649	17.5
Cost of sales	3,260	3,511	3,642	3,631	3,862	6.4	18.5	11,823	14,645	23.9
Gross profit	1,412	1,455	1,559	1,407	1,583	12.5	12.1	5,747	6,004	4.5
SG&A	907	901	999	1,009	1,092	8.2	20.5	3,516	4,001	13.8
Operating profit	505	554	560	398	491	23.4	(2.9)	2,232	2,003	(10.3)
Interest expense	10	9	10	10	9	(3.4)	(4.9)	35	38	9.7
Tax expense	115	131	113	113	95	(16.2)	(17.5)	528	453	(14.3)
Reported net profit	473	410	368	354	287	(19.0)	(39.4)	1,955	1,418	(27.5)
Core profit	401	447	473	353	399	13.2	(0.5)	1,835	1,672	(8.9)
<b>Key ratios (%)</b>						<b>(ppt)</b>	<b>(ppt)</b>			<b>(ppt)</b>
Gross margin	30.2	29.3	30.0	27.9	29.1	1.1	(1.1)	32.7	29.1	(3.6)
SG&A / Sales	19.4	18.1	19.2	20.0	20.1	0.0	0.7	20.0	19.4	(0.6)
Operating margin	10.8	11.2	10.8	7.9	9.0	1.1	(1.8)	12.7	9.7	(3.0)
Net margin	10.1	8.3	7.1	7.0	5.3	(1.8)	(4.9)	11.1	6.9	(4.3)
Norm margin	8.6	9.0	9.1	7.0	7.3	0.3	(1.3)	10.4	8.1	(2.3)
<b>Revenue breakdown by product</b>										
Decorative	2,943	3,111	3,106	2,874	3,330	15.9	13.1	11,078	12,421	12.1
Non-decorative	1,591	1,693	1,896	1,914	1,896	(0.9)	19.2	5,938	7,400	24.6
Others	138	161	199	250	219	(12.4)	58.7	555	828	49.2
<b>Revenue breakdown by geography</b>										
Thailand	3,785	4,225	4,253	4,126	4,619	11.9	22.0	14,870	17,222	15.8
Vietnam	521	386	535	511	456	(10.8)	(12.5)	1,397	1,888	35.1
Others	366	354	413	401	370	(7.7)	1.1	1,303	1,539	18.1

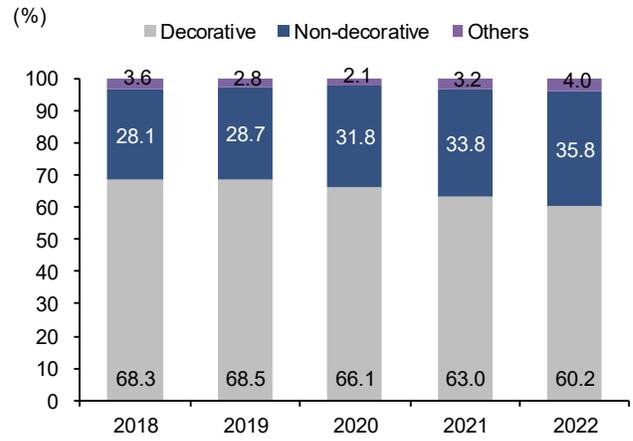
Sources: TOA; FSSIA's compilation

**Exhibit 2: Revenue breakdown by product (THB b)**



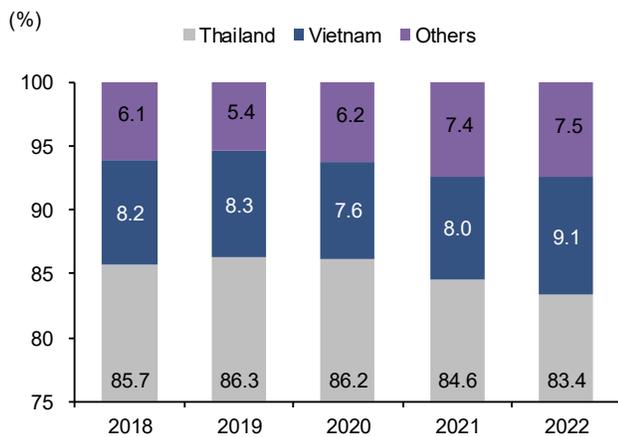
Sources: TOA; FSSIA's compilation

**Exhibit 3: Revenue breakdown by product (%)**



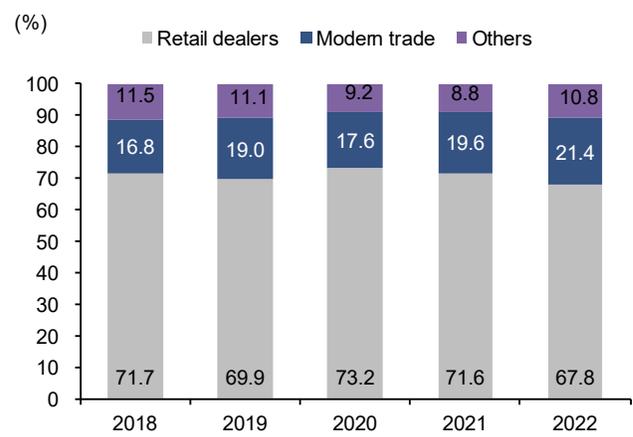
Sources: TOA; FSSIA's compilation

**Exhibit 4: Revenue breakdown by geography (%)**



Sources: TOA; FSSIA's compilation

**Exhibit 5: Revenue breakdown by distribution channel (%)**



Sources: TOA; FSSIA's compilation

## Positive tone as sales and margin improve

At the analyst meeting yesterday, TOA said it is targeting 2023 sales revenue growth of at least 15% y-y from pricing and volume increases, especially in Thailand (83% of total sales). This should be driven by decorative products while maintaining the leading position in the domestic market as the economy and tourism recover, resulting in new low-rise projects and a recovery in repainting demand. For non-decorative products, TOA aims to propose total solutions to customers by offering construction chemicals and construction materials. It plans to expand its retail model businesses. For instance, seven Mega Paint & Home stores are currently open and 25 new stores are expected to open this year. For Fix & Build, four stores have opened and 15 new stores are expected to open this year.

Even though Vietnam (9% of total sales) is pressured by tighter lending restrictions, TOA expects an insignificant impact due to the low revenue contribution that comes from the residential project distribution channel in Vietnam.

For the cost of materials outlook, there are signs of an improvement in TOA's gross margin from the gradual decline in material prices, as follows: 1) oil-linked (15% of total cost) costs have started to level out following stable energy prices; 2) even though the cost of TiO2 (20% of total cost) remains high, TOA is exploring an alternative source of supply from China, which is priced lower than TiO2 from the United States at around \$1,000 per tonne for economy-grade paint formula. TOA started importing about 3-4% of its supply from China in 4Q22, and expects to increase the proportion to 20% at end-1Q23. Hence, the company expects to reduce costs via this solution by THB50m per year.

### Exhibit 6: Mega Paint & Home stores



Source: TOA

### Exhibit 7: Fix & Build store

4 stores have opened, and 15 more are expected to open this year.

**Store Format:**  
Shop in shop

**Product group assortment:**

- Hardware
- Decorative and Hand tools
- Construction Chemicals
- Plumbing
- Electricals

**Location:**

Phulthamonthon Sai 4,  
Nakorn Pathom



Source: TOA

## Brighter 2023 earnings prospects

Our forecast sees TOA's 2023 normalised profit jumping 33% y-y to THB2.2b, which is above THB2.1b at the pre-covid level in 2019. We expect sales revenue growth to continue at 10% y-y to THB22.8b (vs the company's growth target at 15% y-y), supported by rising demand and full-year pricing improvement effects. Also, the gross margin should increase to 31% from 29.1% in 2022 since raw material prices have started to stabilise and some of its TiO<sub>2</sub> will be imported from China, which has lower prices.

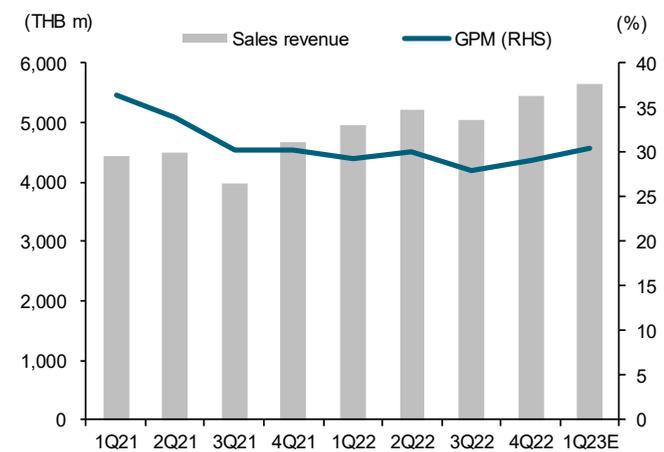
TOA's overall 1Q23 operations should be driven by higher sales and an improving gross margin. Preliminarily, we expect 1Q23 sales revenue to grow q-q and y-y, mainly from Thailand, supported by the high season, price improvements and rising repainting demand. The gross margin should reach 30-31% (vs 29.1% in 4Q22 and 29.3% in 1Q22) on softer raw material prices following lower energy costs, as the Brent crude oil spot price averaged USD81/bbl in 1QTD which was down from USD84.9/bbl in 4Q22 and USD93.2/bbl in 1Q22. TOA should see the results of gradually increasing TiO<sub>2</sub> supply from China, with a 20% proportion at the end of this quarter. Hence, we forecast a 1Q23 core profit jump to THB500m-600m from THB399m in 4Q22 and THB447m in 1Q22.

### Exhibit 8: Key assumptions

Assumptions	Forecast				% Growth		
	2022A	2023E	2024E	2025E	2023E	2024E	2025E
Production capacity (gallons m)	103	103	103	103	0.0	0.0	0.0
Utilisation rate (%)	46.5	49.3	50.7	51.5	2.8	1.4	0.8
Product volume (gallons m)	47.7	50.5	52.0	52.8	6.0	2.8	1.6
Average price (THB per gallon)	433	450	457	464	4.0	1.5	1.5
Sales revenue (THB m)	20,649	22,761	23,759	24,496	10.2	4.4	3.1
Gross margin (%)	29.1	31.0	31.5	31.5	1.9	0.5	0.0
SG&A to sales (%)	19.4	19.0	19.0	19.0	(0.4)	0.0	0.0
Reported net profit (THB m)	1,418	2,229	2,419	2,493	57.2	8.6	3.1
Core profit (THB m)	1,672	2,229	2,419	2,493	33.3	8.6	3.1

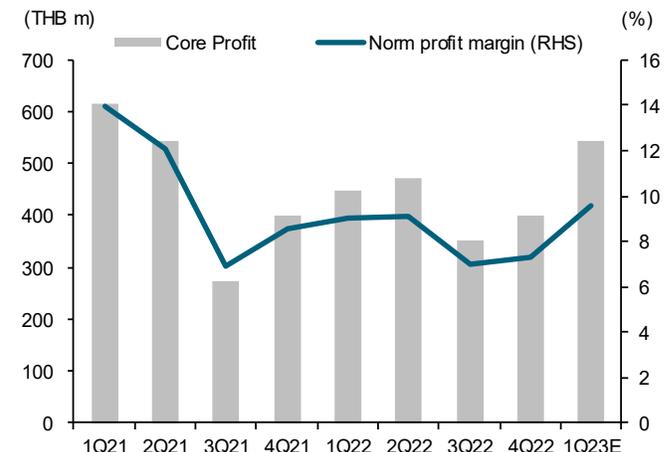
Sources: TOA; FSSIA's estimates

### Exhibit 9: Quarterly sales revenue and GPM



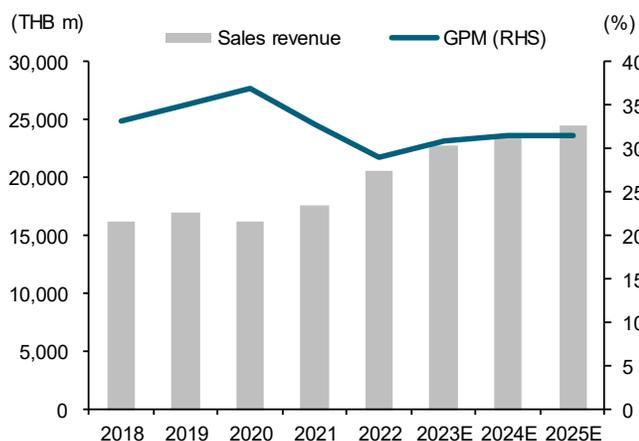
Sources: TOA; FSSIA estimate

### Exhibit 10: Quarterly core profit and normalised profit



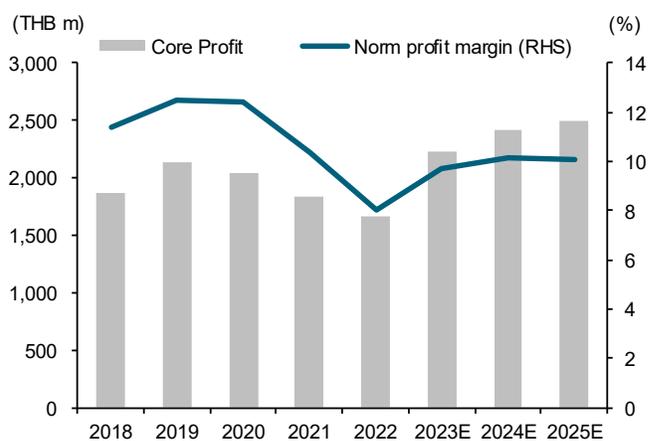
Sources: TOA; FSSIA estimate

**Exhibit 11: Yearly sales revenue and GPM**



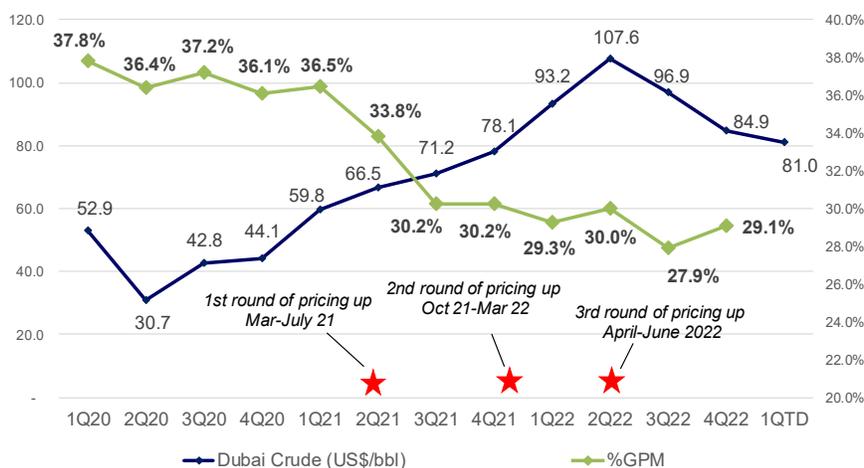
Sources: TOA; FSSIA estimates

**Exhibit 12: Yearly core profit and normalised profit margin**



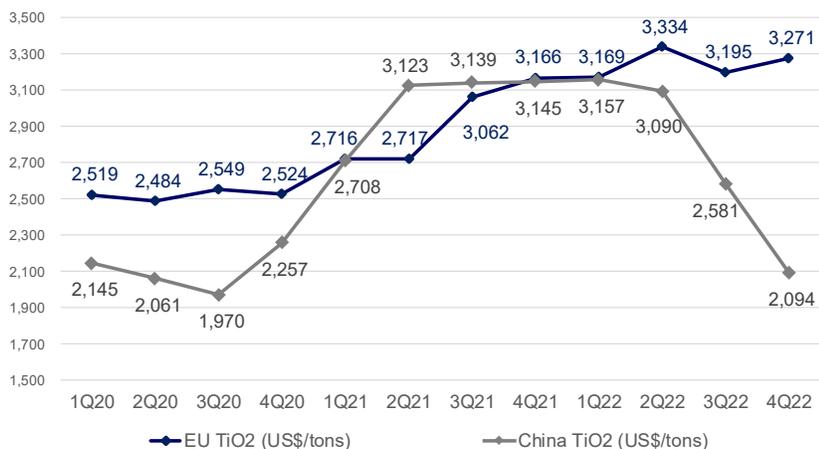
Sources: TOA; FSSIA estimates

**Exhibit 13: Dubai Crude vs %GPM**



Sources: Aspen; FSSIA's compilation

**Exhibit 14: EU TiO2 vs China TiO2**



Sources: Bloomberg; FSSIA's compilation

## Valuation and recommendation

We have a BUY rating on TOA. We derive our 2023 TP of THB40 for TOA based on a P/E ratio of 36x, in line with its historical average.

In our view, TOA's strengths are as follows: 1) its brand awareness and well-known products; 2) its strong business model, which is flexible and well diversified in terms of product categories, segments, geography, and distribution networks; and 3) its healthy financial position as net cash company, with a low D/E of 0.4x and high cash and cash equivalents of THB2.2b (THB1.1/share) at the end 2022.

The catalysts for the stock, in our view, are its robust 1Q23 profit outlook and the improving cost reduction trend. Currently, the stock trades at 30x 2023E P/E. Note that TOA has announced a DPS of THB0.25 for its performance in 2H22, implying a dividend yield of 1%. The stock's XD is on 8 May and the dividend will be paid on 26 May 2023.

Exhibit 15: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 16: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 17: Peer comparisons as of 7 Mar 2023

Company	BBG	Rec	Market Cap (USD m)	3Y EPS CAGR (%)	PE		DivYld		ROE		PBV	
					23E (x)	24E (x)	23E (%)	24E (%)	23E (x)	24E (x)	23E (x)	24E (x)
TOA Paint	TOA TB	BUY	1,937	14	30.0	27.7	1.7	1.8	16.7	16.7	4.8	4.4
Delta Paint	DPAINT TB	NR	65	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sherwin-Williams	SHW US	NR	56,987	(65)	26.0	22.4	1.1	1.2	66.3	81.3	16.9	16.1
Akzo Nobel	AKZO SW	NR	12,576	n/a	n/a	n/a	n/a	n/a	12.0	15.2	n/a	n/a
Kansai Paint	4316 JP	NR	11	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Nippon Paint	4612 JP	NR	20,995	77	n/a	n/a	1.0	1.2	n/a	n/a	n/a	n/a
Chugoku Paint	4617 JP	NR	444	69	n/a	n/a	3.2	3.2	n/a	n/a	n/a	n/a
Fluegger Group	FLUGB DC	NR	168	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
PPG Industries	PPG US	NR	30,787	(66)	19.9	16.9	1.9	2.0	22.1	24.7	4.7	4.1
Asian Paints	APNT IN	NR	33,346	59	68.3	57.5	0.8	1.0	26.9	28.2	17.4	15.1
Berger Paints	BRGR IN	NR	6,952	58	63.0	49.6	0.7	0.9	21.8	23.2	12.7	11.0
Indigo Paint	INDIGOPN IN	NR	613	67	45.8	33.8	0.4	0.5	15.7	18.4	6.7	5.8
Skshu Paint	603737 CH	NR	6,546	(187)	45.9	33.7	0.6	0.9	31.2	32.7	13.7	10.3
<b>Average</b>			<b>171,428</b>	<b>(28)</b>	<b>42.7</b>	<b>34.5</b>	<b>1.3</b>	<b>1.4</b>	<b>26.6</b>	<b>30.0</b>	<b>11.0</b>	<b>9.5</b>

Sources: Bloomberg; FSSIA estimates

## Financial Statements

TOA Paint (Thailand)

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	17,570	20,649	22,761	23,759	24,496
Cost of goods sold	(11,208)	(13,976)	(14,989)	(15,508)	(15,956)
<b>Gross profit</b>	<b>6,363</b>	<b>6,674</b>	<b>7,772</b>	<b>8,251</b>	<b>8,540</b>
Other operating income	138	177	162	163	163
Operating costs	(3,516)	(4,001)	(4,321)	(4,505)	(4,643)
<b>Operating EBITDA</b>	<b>2,985</b>	<b>2,849</b>	<b>3,613</b>	<b>3,909</b>	<b>4,060</b>
Depreciation	(615)	(670)	(716)	(767)	(823)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>2,369</b>	<b>2,179</b>	<b>2,897</b>	<b>3,142</b>	<b>3,236</b>
Net financing costs	(35)	(38)	(37)	(39)	(39)
Associates	0	0	0	0	0
Recurring non-operating income	0	0	0	0	0
Non-recurring items	120	(254)	0	0	0
<b>Profit before tax</b>	<b>2,454</b>	<b>1,887</b>	<b>2,860</b>	<b>3,103</b>	<b>3,197</b>
Tax	(528)	(453)	(615)	(667)	(687)
<b>Profit after tax</b>	<b>1,926</b>	<b>1,435</b>	<b>2,245</b>	<b>2,436</b>	<b>2,510</b>
Minority interests	29	(17)	(17)	(17)	(17)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>1,955</b>	<b>1,418</b>	<b>2,229</b>	<b>2,419</b>	<b>2,493</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(120)</b>	<b>254</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>1,835</b>	<b>1,672</b>	<b>2,229</b>	<b>2,419</b>	<b>2,493</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.90	0.82	1.10	1.19	1.23
Reported EPS	0.96	0.70	1.10	1.19	1.23
DPS	0.50	0.50	0.55	0.60	0.61
Diluted shares (used to calculate per share data)	2,029	2,029	2,029	2,029	2,029
<b>Growth</b>					
Revenue (%)	7.8	17.5	10.2	4.4	3.1
Operating EBITDA (%)	(6.7)	(4.5)	26.8	8.2	3.9
Operating EBIT (%)	(10.3)	(8.0)	32.9	8.5	3.0
Recurring EPS (%)	(10.0)	(8.9)	33.3	8.6	3.1
Reported EPS (%)	(3.7)	(27.5)	57.2	8.6	3.1
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	32.7	29.1	31.0	31.5	31.5
Gross margin of key business (%)	32.7	29.1	31.0	31.5	31.5
Operating EBITDA margin (%)	17.0	13.8	15.9	16.5	16.6
Operating EBIT margin (%)	13.5	10.6	12.7	13.2	13.2
Net margin (%)	10.4	8.1	9.8	10.2	10.2
Effective tax rate (%)	21.5	24.0	21.5	21.5	21.5
Dividend payout on recurring profit (%)	55.3	60.7	50.0	50.0	50.0
Interest cover (X)	68.1	57.1	79.2	81.4	83.1
Inventory days	77.9	77.2	83.1	84.7	85.1
Debtor days	65.0	61.8	62.5	64.3	64.7
Creditor days	110.8	100.7	97.0	97.9	98.3
Operating ROIC (%)	40.3	31.1	33.5	33.0	31.6
ROIC (%)	17.2	14.4	17.2	17.6	17.4
ROE (%)	15.5	13.3	16.7	16.7	15.8
ROA (%)	10.5	9.1	11.4	11.5	11.2
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Decorative paint and coating	11,078	12,431	13,429	14,018	14,452
Non-decorative paint and coating	5,938	7,392	8,422	8,791	9,063
Others	554	826	910	950	980

Sources: TOA Paint (Thailand); FSSIA estimates

## Financial Statements

### TOA Paint (Thailand)

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	1,835	1,672	2,229	2,419	2,493
Depreciation	615	670	716	767	823
Associates & minorities	-	-	-	-	-
Other non-cash items	(29)	17	17	17	17
Change in working capital	(97)	(1,453)	(406)	(176)	(125)
<b>Cash flow from operations</b>	<b>2,325</b>	<b>905</b>	<b>2,556</b>	<b>3,027</b>	<b>3,209</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(1,150)	(816)	(1,304)	(1,195)	(1,293)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(1,150)</b>	<b>(816)</b>	<b>(1,304)</b>	<b>(1,195)</b>	<b>(1,293)</b>
Dividends paid	(1,008)	(1,163)	(1,131)	(1,226)	(1,263)
Equity finance	247	507	0	0	0
Debt finance	177	(237)	(37)	11	11
Other financing cash flows	-	-	-	-	-
<b>Cash flow from financing</b>	<b>(584)</b>	<b>(893)</b>	<b>(1,168)</b>	<b>(1,215)</b>	<b>(1,252)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>591</b>	<b>(803)</b>	<b>83</b>	<b>617</b>	<b>663</b>
Free cash flow to firm (FCFF)	1,210.10	127.45	1,288.44	1,870.43	1,954.05
Free cash flow to equity (FCFE)	1,352.02	(147.52)	1,214.40	1,842.85	1,926.23

#### Per share (THB)

FCFF per share	0.60	0.06	0.64	0.92	0.96
FCFE per share	0.67	(0.07)	0.60	0.91	0.95
Recurring cash flow per share	1.19	1.16	1.46	1.58	1.64

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	6,923	8,231	9,054	9,960	10,956
Less: Accumulated depreciation	(4,219)	(4,751)	(5,172)	(5,656)	(6,188)
<b>Tangible fixed assets (net)</b>	<b>2,705</b>	<b>3,481</b>	<b>3,882</b>	<b>4,304</b>	<b>4,767</b>
<b>Intangible fixed assets (net)</b>	<b>1,608</b>	<b>1,474</b>	<b>1,660</b>	<b>1,666</b>	<b>1,673</b>
Long-term financial assets	4,611	4,115	4,115	4,115	4,115
Invest. in associates & subsidiaries	-	-	-	-	-
Cash & equivalents	3,011	2,208	2,291	2,908	3,571
A/C receivable	3,296	3,701	4,097	4,277	4,409
Inventories	2,619	3,293	3,534	3,662	3,775
Other current assets	219	214	228	238	245
<b>Current assets</b>	<b>9,145</b>	<b>9,416</b>	<b>10,150</b>	<b>11,084</b>	<b>12,000</b>
Other assets	429	854	865	903	931
<b>Total assets</b>	<b>18,497</b>	<b>19,338</b>	<b>20,672</b>	<b>22,071</b>	<b>23,486</b>
Common equity	12,287	12,793	13,907	15,117	16,364
Minorities etc.	164	691	691	691	691
<b>Total shareholders' equity</b>	<b>12,451</b>	<b>13,484</b>	<b>14,598</b>	<b>15,808</b>	<b>17,055</b>
Long term debt	1,026	966	934	944	953
Other long-term liabilities	432	439	471	488	503
<b>Long-term liabilities</b>	<b>1,458</b>	<b>1,406</b>	<b>1,406</b>	<b>1,432</b>	<b>1,457</b>
A/C payable	3,831	3,882	4,083	4,231	4,363
Short term debt	448	271	266	267	269
Other current liabilities	309	296	319	333	343
<b>Current liabilities</b>	<b>4,588</b>	<b>4,449</b>	<b>4,668</b>	<b>4,831</b>	<b>4,974</b>
<b>Total liabilities and shareholders' equity</b>	<b>18,497</b>	<b>19,338</b>	<b>20,672</b>	<b>22,071</b>	<b>23,486</b>
Net working capital	1,995	3,030	3,456	3,612	3,724
Invested capital	11,346	12,953	13,978	14,600	15,210

\* Includes convertibles and preferred stock which is being treated as debt

#### Per share (THB)

Book value per share	6.06	6.31	6.85	7.45	8.06
Tangible book value per share	5.26	5.58	6.04	6.63	7.24

#### Financial strength

Net debt/equity (%)	(12.3)	(7.2)	(7.5)	(10.7)	(13.8)
Net debt/total assets (%)	(8.3)	(5.0)	(5.3)	(7.7)	(10.0)
Current ratio (x)	2.0	2.1	2.2	2.3	2.4
CF interest cover (x)	72.9	18.5	69.9	79.7	83.7

Valuation	2021	2022	2023E	2024E	2025E
<b>Recurring P/E (x) *</b>	<b>36.5</b>	<b>40.0</b>	<b>30.0</b>	<b>27.7</b>	<b>26.9</b>
<b>Recurring P/E @ target price (x) *</b>	<b>44.2</b>	<b>48.5</b>	<b>36.4</b>	<b>33.5</b>	<b>32.6</b>
Reported P/E (x)	34.2	47.2	30.0	27.7	26.9
Dividend yield (%)	1.5	1.5	1.7	1.8	1.9
Price/book (x)	5.4	5.2	4.8	4.4	4.1
Price/tangible book (x)	6.3	5.9	5.5	5.0	4.6
EV/EBITDA (x) **	22.0	23.4	18.4	16.9	16.1
EV/EBITDA @ target price (x) **	26.7	28.4	22.4	20.5	19.6
EV/invested capital (x)	5.8	5.1	4.8	4.5	4.3

\* Pre-exceptional, pre-goodwill and fully diluted \*\* EBITDA includes associate income and recurring non-operating income

Sources: TOA Paint (Thailand); FSSIA estimates

## Corporate Governance report of Thai listed companies 2022

EXCELLENT LEVEL – Score range 90-100											
AAV	BAM	CIMBT	ECL	HENG	LALIN	NEP	PRG	SCC	SPRC	THRE	TTW
ADVANC	BANPU	CK	EE	HMPRO	LANNA	NER	PRM	SCCC	SPVI	THREL	TU
AF	BAY	CKP	EGCO	ICC	LHFG	NKI	PSH	SCG	SSC	TIPCO	TVDH
AH	BBIK	CM	EPG	ICHI	LIT	NOBLE	PSL	SCGP	SSSC	TISCO	TVI
AIRA	BBL	CNT	ETC	III	LOXLEY	NSI	PTG	SCM	SST	TK	TVO
AJ	BCP	COLOR	ETE	ILINK	LPN	NVD	PTA	SCN	STA	TKN	TPWC
AKP	BCPG	COM7	FN	ILM	LRH	NYT	PTTEP	SDC	STEC	TKS	UAC
AKR	BDMS	COMAN	FNS	IND	LST	OISHI	PTTGC	SEAFCO	STGT	TKT	UBIS
ALLA	BEM	COTTO	FPI	INTUCH	MACO	OR	PYLON	SEAOIL	STI	TMILL	UPOIC
ALT	BEYOND	CPALL	FPT	IP	MAJOR	ORI	Q-CON	SE-ED	SUN	TMT	UV
AMA	BGC	CPF	FSMART	IRC	MAKRO	OSP	QH	SELIC	SUSCO	TNDT	VCOM
AMARIN	BGRIM	CPI	FVC	IRPC	MALEE	OTO	QTC	SENA	SUTHA	TNITY	VGI
AMATA	BIZ	CPN	GC	ITEL	MBK	PAP	RABBIT	SENAJ	SVI	TOA	VIH
AMATAV	BKI	CRC	GEL	IVL	MC	PCSGH	RATCH	SGF	SYMC	TOP	WACOAL
ANAN	BOL	CSS	GFPT	JTS	MCOT	PDG	RBF	SHR	SYNTEC	TPBI	WAVE
AOT	BPP	DDD	GGC	JWD	METCO	PDJ	RS	SICT	TACC	TQM	WHA
AP	BRR	DELTA	GLAND	K	MFEC	PG	S	SIRI	TASCO	TRC	WHAUP
APURE	BTS	DEMCO	GLOBAL	KBANK	MINT	PHOL	S&J	SIS	TCAP	TRUE	WICE
ARIP	BTW	DOHOME	GPI	KCE	MONO	PLANB	SAAM	SITHAI	TEAMG	TSC	WINNER
ASP	BWG	DRT	GPSC	KEX	MOONG	PLANET	SABINA	SMPC	TFMAMA	TSR	XPG
ASW	CENTEL	DTAC	GRAMMY	KGI	MSC	PLAT	SAMART	SNC	THANA	TSTE	ZEN
AUCT	CFRESH	DUSIT	GULF	KKP	MST	PORT	SAMTEL	SONIC	THANI	TSTH	
AWC	CGH	EA	GUNKUL	KSL	MTC	PPS	SAT	SORKON	THCOM	TTA	
AYUD	CHEWA	EASTW	HANA	KTB	MVP	PR9	SC	SPALI	THG	TTB	
BAFS	CHO	ECF	HARN	KTC	NCL	PREB	SCB	SPI	THIP	TTCL	

VERY GOOD LEVEL – Score range 80-89											
2S	ASIMAR	CHOTI	ESSO	INSURE	LH	NRF	PROEN	SCI	SR	TMC	UMI
7UP	ASK	CHOW	ESTAR	IRCP	LHK	NTV	PROS	SCP	SRICHA	TMD	UOBKH
ABM	ASN	CI	FE	IT	M	NUSA	PROUD	SE	SSF	TMI	UP
ACE	ATP30	CIG	FLOYD	ITD	MATCH	NWR	PSG	SECURE	SSP	TNL	UPF
ACG	B	CITY	FORTH	J	MBAX	OCC	PSTC	SFLEX	STANLY	TNP	UTP
ADB	BA	CIVIL	FSS	JAS	MEGA	OGC	PT	SFP	STC	TNR	VIBHA
ADD	BC	CMC	FTE	JCK	META	ONEE	PTC	SFT	STPI	TOG	VL
AEONTS	BCH	CPL	GBX	JCKH	MFC	PACO	QLT	SGP	SUC	TPA	VPO
AGE	BE8	CPW	GCAP	JMT	MGT	PATO	RCL	SIAM	SVOA	TPAC	VRANDA
AHC	BEC	CRANE	GENCO	JR	MICRO	PB	RICHY	SINGER	SVT	TPCS	WGE
AIE	BH	CRD	GJS	KBS	MILL	PICO	RJH	SKE	SWC	TIPLI	WIHK
AIT	BIG	CSC	GTB	KCAR	MTSIB	PIMO	ROJNA	SKN	SYNEX	TIPIP	WIN
ALUCON	BJC	CSP	GYT	KGEN	MK	PIN	RPC	SKR	TAE	TPLAS	WINMED
AMANAH	BJCHI	CV	HEMP	KIAT	MODERN	PJW	RT	SKY	TAKUNI	TPS	WORK
AMR	BLA	CWT	HPT	KISS	MTI	PL	RWI	SLP	TCC	TQR	WP
APCO	BR	DCC	HTC	KK	NATION	PLE	S11	SMART	TCMC	TRITN	XO
APCS	BRI	DHOUSE	HUMAN	KOOL	NCAP	PM	SA	SMD	TFG	TRT	YUASA
AQUA	BROOK	DITTO	HYDRO	KTIS	NCH	PMTA	SABUY	SMIT	TFI	TRU	ZIGA
ARIN	BSM	DMT	ICN	KUMWEL	NDR	PPP	SAK	SMT	TFM	TRV	
ARROW	BYD	DOD	IFS	KUN	NETBAY	PPPM	SALEE	SNNP	TGH	TSE	
AS	CBG	DPAINT	IIG	KWC	NEX	PRAPAT	SAMCO	SNP	TIDLOR	TVT	
ASAP	CEN	DV8	IMH	KWM	NINE	PRECHA	SANKO	SO	TIGER	TWP	
ASEFA	CHARAN	EASON	INET	L&E	NNCL	PRIME	SAPPE	SPA	TIPH	UBE	
ASIA	CHAYO	EFORL	INGRS	LDC	NOVA	PRIN	SAWAD	SPC	TITLE	UEC	
ASIAN	CHG	ERW	INSET	LEO	NPK	PRINC	SCAP	SPCG	TM	UKEM	

GOOD LEVEL – Score range 70-79											
A	BEAUTY	CMAN	EMC	HL	KWI	MORE	PF	RSP	SUPER	TOPP	VARO
A5	BGT	CMO	EP	HTECH	KYE	MPIC	PK	SIMAT	TC	TPCH	W
AI	BLAND	CMR	EVER	IHL	LEE	MUD	PPM	SISB	TCCC	TPOLY	WFX
ALL	BM	CPANEL	F&D	INOX	LPH	NC	PRAKIT	SK	TCJ	TRUBB	WPH
ALPHAX	BROCK	CPT	FMT	JAK	MATI	NEWS	PTECH	SOLAR	TEAM	TTI	YGG
AMC	BSBM	CSR	GIFT	JMART	M-CHAI	NFC	PTL	SPACK	THE	TYCN	
APP	BTNC	CTW	GLOCON	JSP	MCS	NSL	RAM	SPG	THMUI	UMS	
AQ	CAZ	D	GLORY	JUBILE	MDX	NV	ROCK	SQ	TKC	UNIQ	
AU	CCP	DCON	GREEN	KASET	MENA	PAF	RP	STARK	TNH	UPA	
B52	CGD	EKH	GSC	KCM	MJD	PEACE	RPH	STECH	TNPC	UREKA	

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

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)

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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

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#### Thanyatorn Songwutti FSS International Investment Advisory Securities Co., Ltd

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Company	Ticker	Price	Rating	Valuation & Risks
TOA Paint (Thailand)	TOA TB	THB 33.00	BUY	Downside risks to our P/E-based TP include 1) a slower-than-expected economic recovery and weak purchasing power; 2) an increase in raw material costs, especially in relation to oil price movement and TiO <sub>2</sub> ; 3) currency exchange fluctuation, as c13% of its raw materials are imported; and 4) the challenging situation in Vietnam.

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

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All share prices are as at market close on 07-Mar-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.