

STARFLEX SFLEX TB

THAILAND / PACKAGING

BUY

Time for a turnaround

- After struggling with high oil-linked costs for two years, SFLEX reported strong 4Q22 results and a gross margin recovery.
- As prices gradually readjust, we expect core profit growth to rise at an 11.8% CAGR in 2023-25.
- Recommend BUY with a TP of THB4.70.

TARGET PRICE	THB4.70
CLOSE	THB3.70
UP/DOWNSIDE	+27.0%
TP vs CONSENSUS	-4.6%

A leading manufacturer of flexible packaging

SFLEX manufactures high-quality flexible packaging. Most of its revenue – approximately 60%-70% – comes from film roll products sold locally to the non-food packaging industry. SFLEX started its business 20 years ago and lately has penetrated the food packaging industry. In 2022, non-food packaging contributed 75% of sales revenue, with food packaging at 24% and the remainder comprising sample and scratch protection film.

Margin recovery since 4Q22

After struggling with high oil-linked costs for two years, SFLEX reported a strong 4Q22 core profit of THB34m, the highest in six quarters, which reflected a gross margin recovery to 15.3% compared with its lowest at 10.8% in 3Q22. For full-year 2022, the company posted a sharply lower core profit of THB55m, -63% y-y, after its core profit margin fell to a six-year low of 3.3%. On a positive note, its sales revenue remained at a high level of THB1.7b, with a minimal reduction of 0.5% y-y after showing strong growth of 11% y-y and 20% y-y in 2020-21, respectively.

Time for a turnaround

With gradual price adjustments underway amid stabilised global oil prices, we expect its gross margin to reach 18.5% in 2023 – near the average level during 2020-21. We think the 20.5% power price hike during 4M23 is already factored in, and we forecast its gross margin to slowly climb to the pre-pandemic level of 20% in 2025. As a result, core profit should jump 193% y-y to THB160m in 2023 and grow at an 11.8% CAGR to THB200m in 2025, based on our estimates.

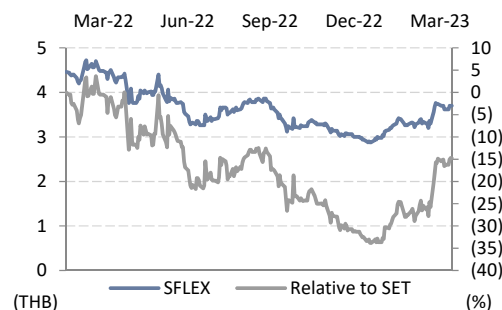
Recommend BUY with a TP of THB4.70

We recommend BUY for SFLEX with a P/E-based TP of THB4.70 based on 24x 2023E P/E, within -0.5SD of its four-year average since listing on the SET. The 41% share price plunge in 2022 fully reflected its poor earnings, in our view. Its share price, currently trading at 18.9x 2023E P/E and only 12.6x 2023E EV/EBITDA, within -1.0SD of its four-year P/E and EV/EBITDA averages, is almost at its lowest level since it was listed on the SET. If SFLEX-W1 are all exercised, 2023 EPS would be diluted by 9%, and thus our 2023 TP would also be diluted to THB4.30. This report represents a continuation of FSSIA's coverage of SFLEX, previously published under FSS Research.

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	1,669	1,802	2,001	2,143
Net profit	55	160	186	200
EPS (THB)	0.07	0.20	0.23	0.24
vs Consensus (%)	-	185.7	9.5	-
EBITDA	124	251	289	317
Core net profit	55	160	186	200
Core EPS (THB)	0.07	0.20	0.23	0.24
EPS growth (%)	(63.1)	191.1	16.3	7.5

Core P/E (x)	55.1	18.9	16.3	15.1
Dividend yield (%)	-	-	-	-
EV/EBITDA (x)	25.8	12.6	10.6	9.6
Price/book (x)	3.1	2.7	2.5	2.4
Net debt/Equity (%)	16.3	11.2	3.3	1.4
ROE (%)	5.7	15.2	16.1	16.1



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	12.1	23.3	(14.4)
Relative to country (%)	15.9	24.0	(12.8)
Mkt cap (USD m)	85		
3m avg. daily turnover (USD m)	0.1		
Free float (%)	0		
Major shareholder	Mr. Printhorn Apithanasriwong (24%)		
12m high/low (THB)	4.78/2.76		
Issued shares (m)	820.00		

Sources: Bloomberg consensus; FSSIA estimates



Jitra Amornthum

jitra.a@fssia.com
+66 2646 9966

Investment thesis

SFLEX manufactures high-quality flexible packaging using mainly oil-linked raw materials, including BOPP, BOPET film, polyester, and polypropylene. After struggling with high costs due to rising oil prices for two years, SFLEX finally showed a strong 4Q22 core profit and gross margin recovery to 15.3%, its highest in six quarters.

We believe that the worst has passed as oil prices have retreated. As selling prices adjust amid stabilised global oil prices, we expect its gross margin to reach 18.5% in 2023 and climb to 20% in 2025. As a result, we forecast its core profit to grow at an 11.8% CAGR in 2023-25. Its valuation is nearly at its cheapest level since it listed on the SET. Therefore, we have a BUY rating on SFLEX.

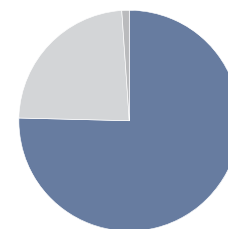
Company profile

Starflex is a leading manufacturer and distributor of flexible packaging in roll form, selling mainly to local consumer product suppliers. Its flexible packaging is a multilayer film, splicing 2-5 layers using glue or resin as a binding material which results in a rigid film that is resistant to heat and high pressure, and is lightweight and capable of having graphic patterns printed on the surface.

www.starflex.co.th

Principal activities (revenue, 2022)

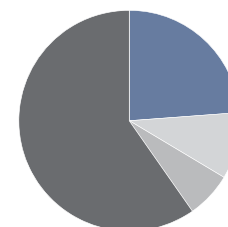
- Non-food packaging - 75.4 %
- Food packaging - 23.5 %
- Others - 1.1 %



Source: Starflex

Major shareholders

- Mr. Printhorn Apithanasriwong - 23.8 %
- Mr. Ek Picharnchitra - 9.8 %
- BTS Group Holdings - 6.7 %
- Others - 59.7 %



Source: Starflex

Catalysts

Key potential catalysts include 1) a broad-based economic recovery; 2) a plunge in oil prices; and 3) baht appreciation.

Risks to our call

Downside risks to our P/E-based TP include 1) a sharp rise in crude oil prices; 2) rising inflation pressuring consumers' purchasing power; and 3) baht depreciation.

Event calendar

Date	Event
Mar 2023	Annual General Meeting
May 2023	1Q23 results announcement

Key assumptions

	2023E (THB m)	2024E (THB m)	2025E (THB m)
Sales revenue	1,802	2,001	2,143
<i>Growth (%)</i>	8.0	11.0	7.1
Non-food packaging	1,359	1,501	1,607
<i>Growth (%)</i>	8.0	10.5	7.1
Food packaging	436	492	527
<i>Growth (%)</i>	11.0	12.9	7.1
Gross margin (%)	18.5	19.5	20.0
SG&A to sales (%)	9.4	9.4	9.4

Source: FSSIA estimates

Earnings sensitivity

- For every 0.5% change in gross margin, we project SFLEX's 2023 core profit to change by 4.8%, all else being equal.
- For every 0.5% change in SG&A to sales, we project SFLEX's 2023 core profit to change by 4.0%, all else being equal.

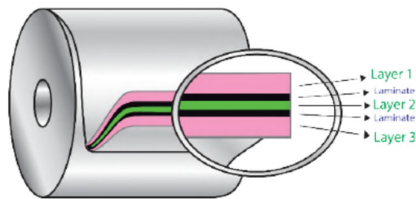
Source: FSSIA estimates

SFLEX at a glance

SFLEX operates in the flexible packaging industry, which supports the food and beverage industry as well as manufacturers of other consumer products. Packaging not only protects goods, but also serves as a marketing tool that facilitates branding. Forms of packaging can vary from metal, glass, paper, or plastic. SFLEX produces 2-5 layered soft plastic packaging for both liquid and dry goods according to customer orders. SFLEX produces packaging in roll form and pouch form (pre-formed pouches).

1. **Roll form:** Film roll is laminated, printed, and cut to the size specified by the customer. Its film roll is mainly distributed to consumer product manufacturers that have their own pouch-forming machines. Film roll packaging needs to have physical properties that are suitable for the pouch forming machines of customers, such as the correct width and smoothness of the film surface. The production of film roll packaging requires special skills to adjust the film formula and other raw materials such as glue and ink so the film roll can be efficiently used with its customers' own pouch-forming machines. Printed film roll is widely used in packaging for consumer products such as laundry detergent, fabric softener, dishwashing liquid, instant noodles, medical equipment, milk and drinking water bottle labels, etc.

Exhibit 1: Multi-layer film roll



Source: SFLEX

Exhibit 2: Roll form products



Source: SFLEX

2. **Pouch form (Pre-formed pouches):** These are produced by forming the printed and coated film roll into finished pouches ready for packaging. Customers who order pre-formed pouches are manufacturers that do not have their own pouch forming machines or have their own machines but cannot properly support the film material used in production. SFLEX produces 1) stand-up pouches; 2) three-sided sealed pouches; 3) centre-sealed pouches; 4) four-sided sealed pouches; 5) flat-bottom pouches; and 6) free-shape die cut pouches.

Exhibit 3: A sample of SFLEX's products

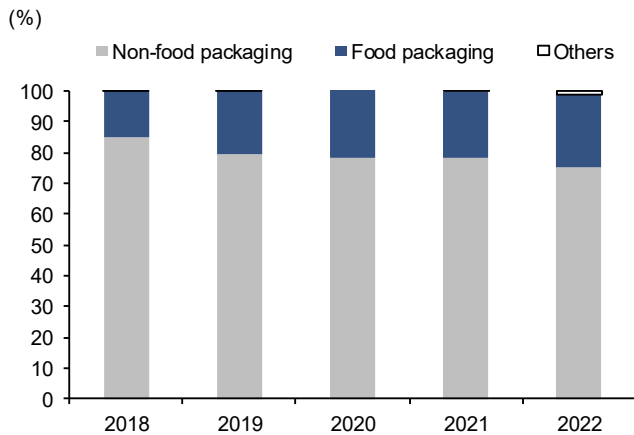


Source: SFLEX

The majority of SFLEX's revenue, c60%-70%, comes from sales of film roll. Most of its products are sold locally to the non-food packaging industry. SFLEX, which started its business 20 years ago, has seen its sales to the food packaging industry increase in recent years. In 2022, packaging for non-food products contributed 75% of its total sales revenue with food packaging 24% and the rest sales of sample and scratch protection film. Gross margins vary widely between the two main products: non-food packaging offered a steady gross margin of 20%-25% during 2018-21, while for food packaging it was below 5%, reflecting its learning curve as a newcomer.

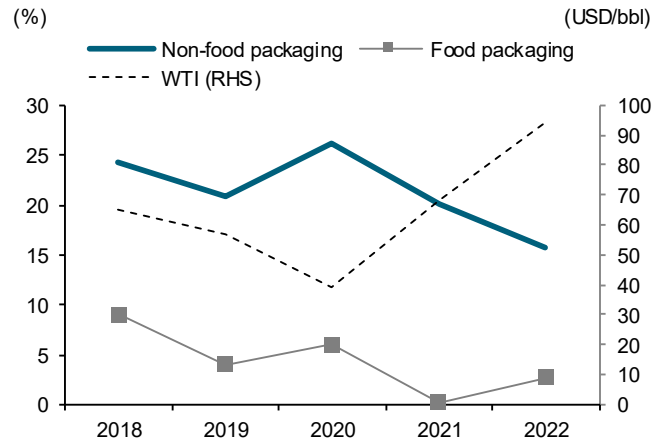
During the Covid-19 pandemic in 2020-21, the demand for flexible, resilient, and adaptable plastic packaging increased significantly amid strong demand for food delivery, e-commerce, and hygiene products. However, SFLEX’s gross margin slid as global crude oil prices spiked. BOPP, BOPET film, polyester, and polypropylene are the main raw materials used in the company’s printing and laminating process and accounted for 62%-68% of the total raw materials purchased in 2019-22. The prices of these raw materials vary in line with global oil prices and largely explain the drop in SFLEX’s gross margin during the pandemic.

Exhibit 4: Revenue structure by product



Source: SFLEX

Exhibit 5: Product margins vs WTI



Sources: SFLEX; Bloomberg

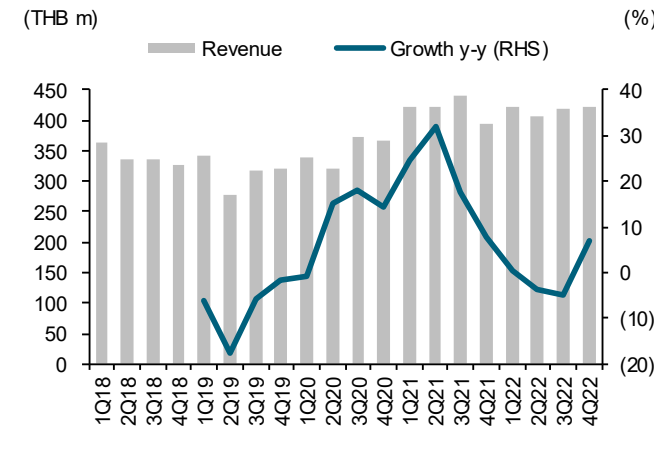
Highly competitive industry

Competition in the flexible plastic packaging market in Thailand is fierce, with plenty of medium and small local players as well as large multinational companies. According to the Ministry of Commerce’s Department of Business Development, the Thai plastic packaging market had more than 1,600 manufacturers in 2021, and more than 80% were SMEs. However, large companies had over 65% of the market share in terms of revenue. SFLEX is considered a large company with annual revenue of THB1.4b-1.7b during the past three years, and its products are certified to meet high international standards, namely FSSC (Food Safety System Certification) 22000, GHPs (Good Hygiene Practice) and HACCP (Hazard Analysis and Critical Control Point), as well as URSA (SEDEX) which is a labor code of conduct certification. The company’s 10-colour, high-speed rotogravure printing process capable of excellent quality is suitable for highly detailed products and has helped make SFLEX become one of the nation’s leading flexible packaging manufacturers.

Margin recovery sets the stage for a turnaround

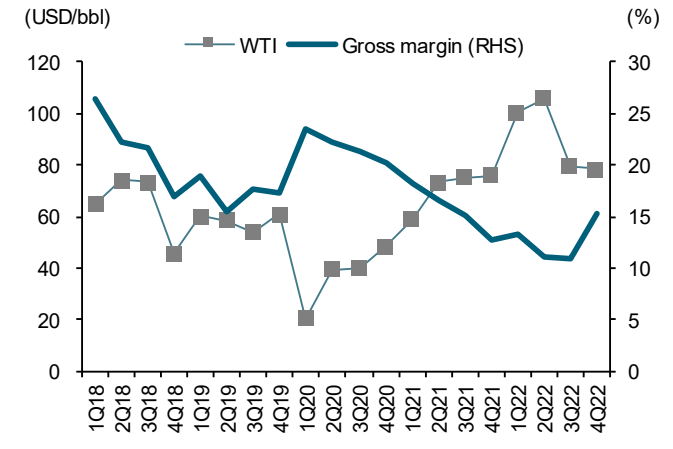
After struggling with high oil-linked costs for two years, in 4Q22 SFLEX's core profit hit THB34m, its highest in six quarters, as its gross margin recovered to 15.3% after bottoming out at 10.8% in 3Q22. For full-year 2022, the company posted a sharply lower core profit of THB55m, -63% y-y, and its core profit margin at 3.3% was the lowest in six years. Apart from the oil price rise, there were additional costs from relocating machines to a new plant, and consulting fees related to an investment project in Vietnam. On a positive note, sales revenue remained high at THB1.7b, down just 0.5% y-y after strong growth in 2020-21 of 11% y-y and 20% y-y, respectively.

Exhibit 6: Revenue and growth



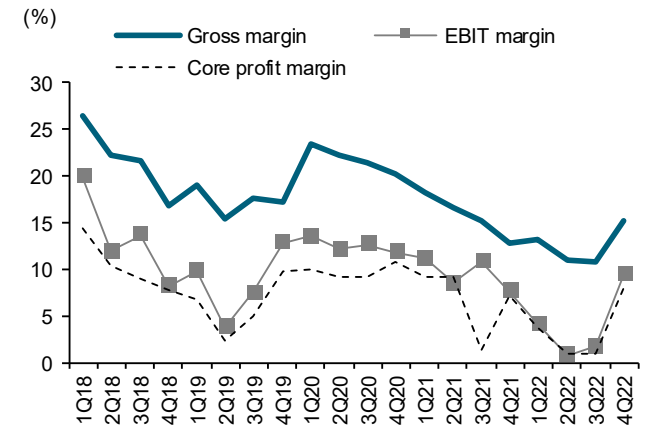
Source: SFLEX

Exhibit 7: Gross margin vs crude oil price



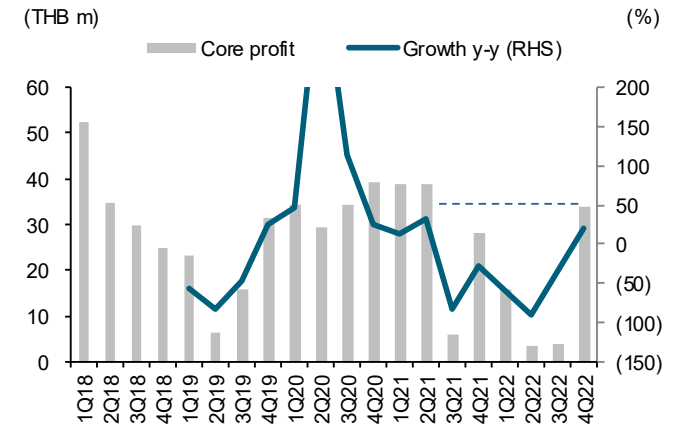
Sources: SFLEX; Bloomberg

Exhibit 8: Margins



Source: SFLEX

Exhibit 9: Core profit and growth

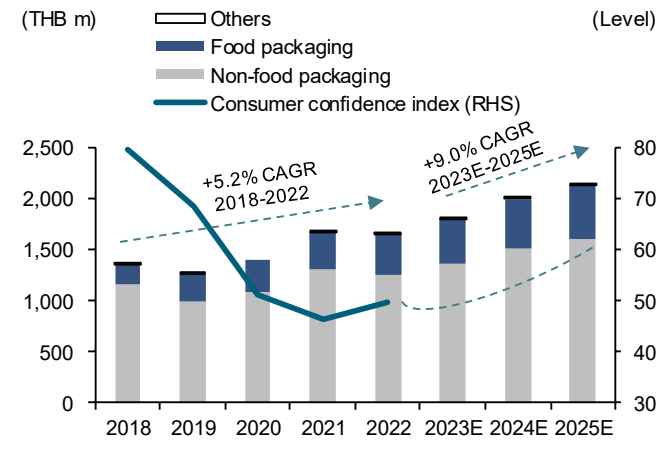


Source: SFLEX

We believe that the worst has passed as oil prices have retreated. With gradual selling price adjustments and stable global oil prices, we expect its gross margin to reach 18.5% in 2023, the average level during 2020-21 when global crude oil prices were 10%-15% lower than currently. Furthermore, with the 20.5% power price hike during 4M23 already factored in, we forecast SFLEX's gross margin to slowly climb to its pre-pandemic level of 20% in 2025.

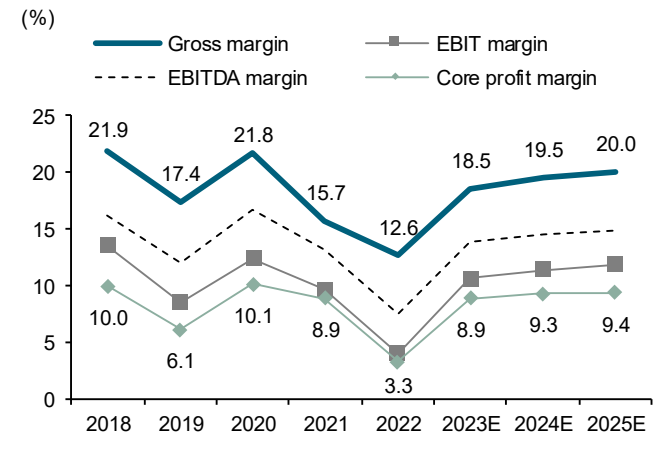
Due to that fact that the company's revenue growth has never faltered, we expect its growth to accelerate at a CAGR of 9.0% in 2023-25, exceeding the 5.2% CAGR seen in 2018-22, supported by the broad-based economic recovery, the restoration of consumer confidence, and the return of tourism. As a result, core profit should jump 193% y-y to THB160m in 2023 from the low base last year and grow at an 11.8% CAGR to THB200m in 2025, based on our estimates. However, we expect slower profit growth in 2025 after the company's Board of Investment tax exemption expires and it begins to pay a 20% effective rate.

Exhibit 10: Revenue and consumer confidence



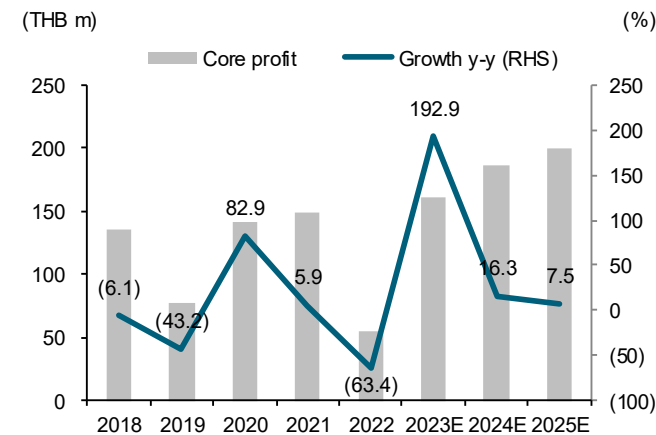
Sources: SFLEX; University of the Thai Chamber of Commerce (UTCC); FSSIA estimates

Exhibit 11: Margins, annually



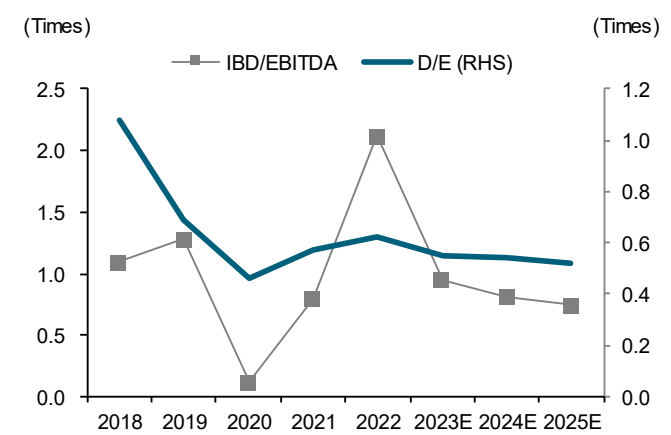
Sources: SFLEX; FSSIA estimates

Exhibit 12: Core profit and growth, annually



Sources: SFLEX; FSSIA estimates

Exhibit 13: D/E and IBD/EBITDA ratios



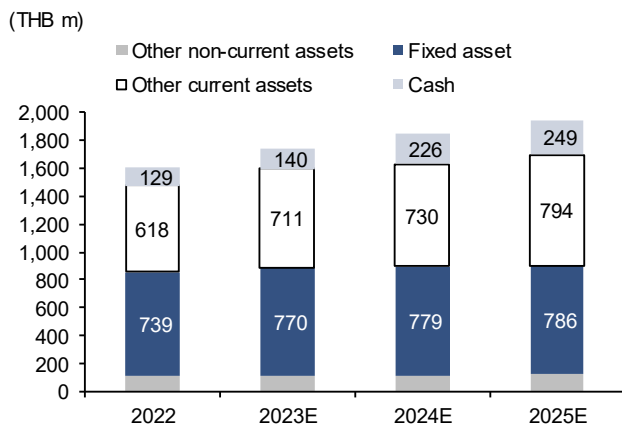
Sources: SFLEX; FSSIA estimates

Financially strong

SFLEX used the THB427m in proceeds from its IPO to improve machinery efficiency, invest in sealant film production, construct a warehouse, and repay loans. At end-2022, its total liabilities were THB616m, 45% of which were trade payables and 43% loans. Its D/E ratio has stayed below 1.0x for four years since 2019. Its interest-bearing debt (IBD) to EBITDA ratio, however, rose to 2.1x from 0.8x in 2021 due to poor EBITDA. With the anticipated operational recovery in 2023, its IBD/EBITDA ratio should fall sharply to under 1.0x. The company has sufficient headroom for borrowing up to THB1.6b in 2023 without exceeding a 2.0x D/E ratio. Therefore, CAPEX of THB250m-300m a year should not burden the company's finances.

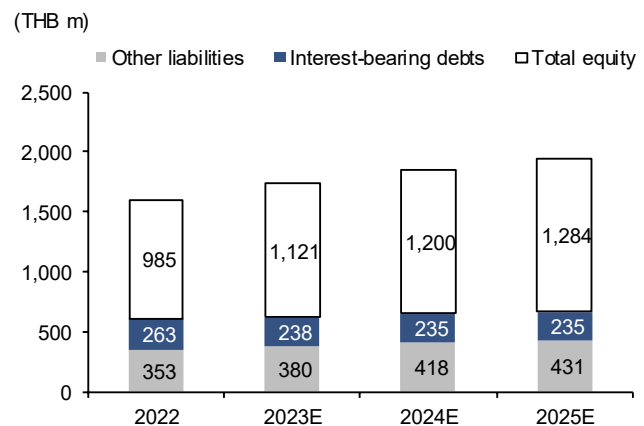
SFLEX issued two warrants in 2021. SFLEX-W1 has an exercise ratio of 1:1 for newly issued common shares with an exercise price of THB4.50 per share. The last exercise will be in Jul-23. SFLEX-W2 has an exercise ratio of 1:1 for newly issued common shares with an exercise price of THB10.00 per share. The last exercise of SFLEX-W2 will be in Jan-26. If all the SFLEX-W1 warrants are exercised, the company will receive THB369m in cash, sufficient to finance its annual CAPEX.

Exhibit 14: Assets



Sources: SFLEX; FSSIA estimates

Exhibit 15: Liabilities and equities



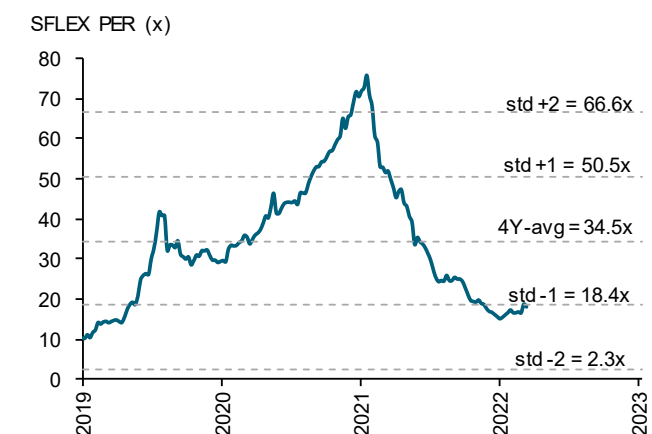
Sources: SFLEX; FSSIA estimates

Recommend BUY with a TP of THB4.70

We recommend BUY for SFLEX with a P/E-based TP of THB4.70 based on 24x 2023E P/E, within -0.5SD of its four-year average since it was listed on the SET. The 41% share price plunge in 2022 fully reflected its poor earnings, in our view. Its share price – currently trading at 18.9x 2023E P/E and only 12.6x 2023E EV/EBITDA, - 1.0SD of its four-year P/E and EV/EBITDA averages – is almost at its lowest level since it became a listed company. If SFLEX-W1 are all exercised, 2023 EPS would be diluted by 9%, and thus our 2023 TP would also be diluted to THB4.30.

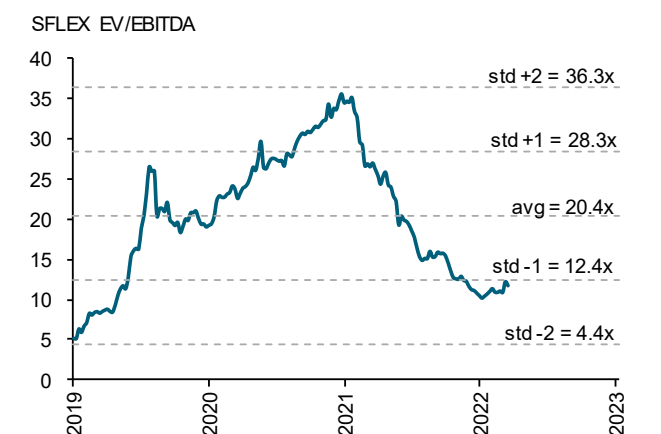
Note that SFLEX has initiated a share repurchase project since Dec-22 capped at 30m shares (3.7% of total paid-up shares) and THB100m that will last until Jun-23. As of Mar-23, SFLEX has repurchased a total 17.8m shares (2.2% of total paid-up shares), amounting to THB62m, for an average price of THB3.49 apiece. (We have not incorporated the number of shares which can be reduced into our financial model.)

Exhibit 16: Rolling one-year forward P/E band



Source: Bloomberg

Exhibit 17: Rolling one-year forward EV/EBITDA band



Source: Bloomberg

Exhibit 18: Peers comparison as of 9 Mar-23

Company	BBG	Market Cap (USD m)	PE		ROE		PBV		EV/EBITDA	
			23E (x)	24E (x)	23E (%)	24E (%)	23E (x)	24E (x)	23E (x)	24E (x)
Thailand										
Starflex	SFLEX TB	85	18.9	16.3	15.2	16.1	2.7	2.5	12.6	10.6
SCG Packaging	SCGP TB	6,443	28.1	23.3	7.8	8.9	2.2	2.0	13.0	11.6
Polyplex Thailand	PTL TB	471	6.4	5.9	13.5	12.8	0.8	0.7	4.2	4.1
Thantawan Industry	THIP TB	86	7.9	7.8	14.4	13.5	n/a	n/a	4.8	4.6
Thailand average		7,083	15.3	13.3	12.7	12.8	1.9	1.8	8.7	7.7
Regional										
Amcor	AMCR US	16,121	14.0	13.4	28.2	28.6	3.9	3.7	10.8	10.5
Huhtamaki	HUH1V FH	3,736	13.8	12.7	12.6	12.6	1.7	1.6	8.4	8.0
Shanghai Baosteel Packaging	601968 CH	1,223	23.3	19.6	9.2	10.4	2.1	2.0	n/a	n/a
Henan Mingtai Industrial	601677 CH	2,382	6.4	6.1	14.1	16.0	1.1	1.0	5.8	4.0
Xiamen Jihong Technology	002803 CH	897	18.6	14.1	12.0	13.5	2.3	2.0	n/a	n/a
Ningbo Homelink	301193 CH	615	17.5	13.8	14.1	15.5	2.5	2.1	11.6	9.5
Time Technoplast	TIME IN	225	7.9	6.3	10.9	12.4	0.9	0.8	4.7	4.0
Shenzhen Leaguer	002243 CH	1,521	13.5	11.7	9.9	10.8	1.4	1.3	n/a	n/a
Nine Dragons	2689 HK	3,413	22.4	6.3	2.1	7.5	0.5	0.5	16.6	8.2
Sonoco Products	SON US	5,628	10.1	9.6	25.9	23.6	2.4	2.2	7.6	7.3
Silgan Holdings	SLGN US	5,752	12.9	12.1	23.7	20.7	2.8	2.4	8.6	8.3
Regional average		41,513	14.6	11.4	14.8	15.6	2.0	1.8	9.3	7.5
Overall average		48,597	14.8	11.9	14.2	14.9	2.0	1.8	9.1	7.5

Sources: Bloomberg, FSSIA estimates

Financial Statements

Starflex

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	1,677	1,669	1,802	2,001	2,143
Cost of goods sold	(1,352)	(1,401)	(1,410)	(1,550)	(1,651)
Gross profit	325	267	393	451	492
Other operating income	50	27	27	26	28
Operating costs	(152)	(170)	(169)	(188)	(202)
Operating EBITDA	223	124	251	289	317
Depreciation	(62)	(57)	(59)	(61)	(63)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	161	67	192	228	254
Net financing costs	(4)	(3)	(3)	(4)	(4)
Associates	-	-	-	0	0
Recurring non-operating income	0	0	0	0	0
Non-recurring items	0	0	0	0	0
Profit before tax	157	65	189	225	250
Tax	(7)	(10)	(28)	(38)	(50)
Profit after tax	149	55	160	186	200
Minority interests	-	-	-	-	-
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	149	55	160	186	200
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	149	55	160	186	200
Per share (THB)					
Recurring EPS *	0.18	0.07	0.20	0.23	0.24
Reported EPS	0.18	0.07	0.20	0.23	0.24
DPS	0.00	0.00	0.00	0.00	0.00
Diluted shares (used to calculate per share data)	820	820	820	820	820
Growth					
Revenue (%)	20.0	(0.5)	8.0	11.0	7.1
Operating EBITDA (%)	(4.2)	(44.4)	102.8	15.2	9.6
Operating EBIT (%)	(7.4)	(58.2)	185.0	19.0	11.4
Recurring EPS (%)	4.6	(63.1)	191.1	16.3	7.5
Reported EPS (%)	4.6	(63.1)	191.1	16.3	7.5
Operating performance					
Gross margin inc. depreciation (%)	15.7	12.6	18.5	19.5	20.0
Gross margin of key business (%)	15.7	12.6	18.5	19.5	20.0
Operating EBITDA margin (%)	13.3	7.4	13.9	14.5	14.8
Operating EBIT margin (%)	9.6	4.0	10.6	11.4	11.9
Net margin (%)	8.9	3.3	8.9	9.3	9.4
Effective tax rate (%)	4.8	14.9	15.0	17.0	20.0
Dividend payout on recurring profit (%)	-	-	-	-	-
Interest cover (X)	40.7	26.0	60.1	62.7	69.5
Inventory days	75.9	86.9	87.5	79.8	77.4
Debtor days	66.1	66.6	61.8	65.4	66.0
Creditor days	78.2	74.3	73.8	72.5	71.4
Operating ROIC (%)	18.1	5.4	14.1	15.7	(4.0)
ROIC (%)	15.7	4.8	12.8	14.3	(3.6)
ROE (%)	16.2	5.7	15.2	16.1	16.1
ROA (%)	11.0	3.7	9.8	10.5	10.5
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Non-food packaging	1,309	1,258	1,359	1,501	1,607
Food packaging	365	393	436	492	527
Others	3	18	7	8	9

Sources: Starflex; FSSIA estimates

Financial Statements

Starflex

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	149	55	160	186	200
Depreciation	62	57	59	61	63
Associates & minorities	0	0	0	0	0
Other non-cash items	-	-	-	-	-
Change in working capital	(134)	50	(191)	(9)	(126)
Cash flow from operations	78	162	29	239	137
Capex - maintenance	-	-	-	-	-
Capex - new investment	(196)	(144)	(15)	(45)	(56)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	-	-	-	-
Cash flow from investing	(196)	(144)	(15)	(45)	(56)
Dividends paid	(70)	(37)	(48)	(56)	(60)
Equity finance	0	0	0	0	0
Debt finance	128	66	0	1	3
Other financing cash flows	-	-	-	-	-
Cash flow from financing	58	29	(48)	(54)	(57)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	7	45	0	0
Net other adjustments	(34)	7	45	(54)	(1)
Movement in cash	(94)	54	11	85	23
Free cash flow to firm (FCFF)	(114.34)	20.98	16.97	197.27	85.55
Free cash flow to equity (FCFE)	(23.95)	91.15	58.90	141.28	83.32

Per share (THB)

FCFF per share	(0.14)	0.03	0.02	0.24	0.10
FCFE per share	(0.03)	0.11	0.07	0.17	0.10
Recurring cash flow per share	0.26	0.14	0.27	0.30	0.32

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	859	1,046	1,136	1,206	1,276
Less: Accumulated depreciation	(428)	(307)	(366)	(427)	(490)
Tangible fixed assets (net)	431	739	770	779	786
Intangible fixed assets (net)	47	54	55	56	57
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	0	32	32	32	32
Cash & equivalents	75	129	140	226	249
A/C receivable	346	263	347	371	404
Inventories	334	333	342	336	365
Other current assets	185	22	23	24	25
Current assets	939	747	852	956	1,043
Other assets	89	29	30	31	32
Total assets	1,507	1,602	1,739	1,853	1,950
Common equity	960	985	1,121	1,200	1,284
Minorities etc.	0	0	0	0	0
Total shareholders' equity	960	985	1,121	1,200	1,284
Long term debt	84	175	176	177	180
Other long-term liabilities	43	43	49	56	65
Long-term liabilities	127	218	225	233	244
A/C payable	295	276	294	322	323
Short term debt	121	114	90	89	88
Other current liabilities	4	8	9	9	10
Current liabilities	419	398	393	420	421
Total liabilities and shareholders' equity	1,507	1,602	1,739	1,853	1,950
Net working capital	566	334	409	398	461
Invested capital	1,133	1,188	1,296	1,296	1,367

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

Per share (THB)

Book value per share	1.17	1.20	1.37	1.46	1.57
Tangible book value per share	1.11	1.14	1.30	1.39	1.50

Financial strength

Net debt/equity (%)	13.5	16.3	11.2	3.3	1.4
Net debt/total assets (%)	8.6	10.0	7.2	2.2	0.9
Current ratio (x)	2.2	1.9	2.2	2.3	2.5
CF interest cover (x)	44.5	91.9	24.2	52.1	39.0

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	20.3	55.1	18.9	16.3	15.1
Recurring P/E @ target price (x) *	25.8	70.0	24.0	20.7	19.2
Reported P/E (x)	20.3	55.1	18.9	16.3	15.1
Dividend yield (%)	-	-	-	-	-
Price/book (x)	3.2	3.1	2.7	2.5	2.4
Price/tangible book (x)	3.3	3.3	2.8	2.7	2.5
EV/EBITDA (x) **	14.2	25.8	12.6	10.6	9.6
EV/EBITDA @ target price (x) **	17.9	32.4	15.8	13.5	12.2
EV/invested capital (x)	2.8	2.7	2.4	2.4	2.2

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

Sources: Starflex; 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	MITSI	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	TCCM	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)

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.

This report has been prepared by FSS International Investment Advisory Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSS makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSS has no intention to solicit investors to buy or sell any security in this report. In addition, FSS does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

Company	Ticker	Price	Rating	Valuation & Risks
Starflex	SFLEX TB	THB 3.70	BUY	Downside risks to our P/E-based TP include 1) a sharp rise of crude oil prices ; 2) rising inflation pressures consumers' purchasing power ; and 3) baht depreciation.

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 09-Mar-2023 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

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.