

# STARFLEX SFLEX TB

THAILAND / PACKAGING

## BUY

UNCHANGED

## 3Q23 results at first glance

TARGET PRICE	THB5.50
CLOSE	THB3.60
UP/DOWNSIDE	+52.8%
TP vs CONSENSUS	-0.7%

กำไรปกติ +1,112% y-y สูงเป็นอันดับ 2 รองจาก 2Q23

### Highlights

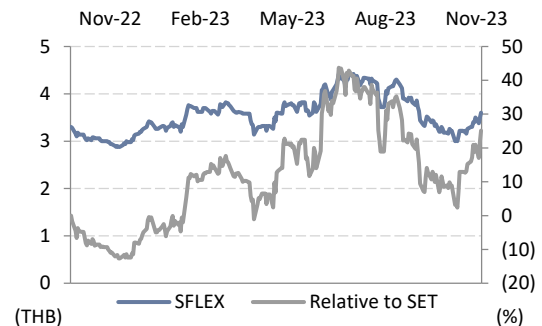
- SFLEX รายงานกำไรสุทธิ 48.9 ล้านบาทใน 3Q23 ถ้าหักกำไรจากอัตราแลกเปลี่ยน จะเป็นกำไรปกติ 48.5 ล้านบาท (-4% q-q, +1,112% y-y) ดีกว่าคาด 4% แม้กำไรจะลดลงเล็กน้อย q-q แต่ถือเป็นกำไรไตรมาสที่สูงมาก สูงเป็นอันดับ 2 รองจาก 2Q23
- กำไรที่สูงเกิดจากอัตรากำไรขั้นต้นที่เพิ่มสูงขึ้นเป็น 25.4% สูงสุดในรอบ 22 ไตรมาสนับตั้งแต่ 2Q18 ราคาน้ำมันดิบในไตรมาสที่ปรับขึ้นเล็กน้อยมีผลกระทบจำกัดมากต่อต้นทุนของบริษัทเพราะบริษัทได้ทยอยลดต้นทุนวัตถุดิบสำคัญไปแล้วในช่วงก่อนหน้านี้ บวกกับการบริหารจัดการวัตถุดิบ การปรับปรุงกระบวนการผลิตและปรับเปลี่ยนเครื่องจักรให้ทันสมัย
- รายได้ในไตรมาสที่ -9% q-q, +1% y-y เป็น 421.3 ล้านบาท แม้ว่าจะต่ำกว่า 1Q23 และ 2Q23 แต่ไม่ถือเป็นลบ ยอดขายของ SFLEX อยู่ในระดับเฉลี่ย 420-430 ล้านบาทต่อไตรมาสมาตั้งแต่ปี 2021 แต่กำไรทยอยปรับเพิ่มขึ้นต่อเนื่องจาก 39 ล้านบาทใน 1Q21 เป็น 49 ล้านบาทในไตรมาสที่ ยกเว้นช่วง 2Q22-3Q22 ที่ประสบปัญหาต้นทุนเม็ดพลาสติกสูงผิดปกติ สะท้อนถึงประสิทธิภาพของกระบวนการผลิตและการบริหารจัดการภายในองค์กรที่ดีขึ้น
- ค่าใช้จ่ายในการขายและบริหารยังสามารถควบคุมได้ดี ดอกเบี้ยจ่ายเพิ่มเล็กน้อย บริษัทมีหนี้ที่จ่ายดอกเบี้ย 262 ล้านบาท มี IBD/E อยู่ในระดับต่ำเพียง 0.3 เท่า
- SFLEX ประกาศจ่ายเงินปันผลสำหรับผลการดำเนินงานงวด 1H23 ที่ 0.045 บาท ต่อหุ้น (yield 1.25%) XD 22 พ.ย. 2023

### Outlook

- กำไรปกติงวด 9M23 เท่ากับ 139.2 ล้านบาท +491% y-y คิดเป็น 75% ของประมาณการทั้งปี ในขณะที่แนวโน้ม 4Q23 น่าจะดีต่อเนื่องและเริ่มรับรู้ส่วนแบ่งกำไรจาก SPV ในเวียดนาม เราจึงมีแนวโน้มปรับประมาณการปี 2023
- ราคาหุ้นปัจจุบันเทรดที่ 2024P/E 13.7 เท่า -1.5SD ของค่า P/E เฉลี่ยย้อนหลัง 4 ปี ขณะที่กำไรใน 3 ปีข้างหน้าก่อนปรับประมาณการ คาดโตเฉลี่ย 17% CAGR จึงยังคงแนะนำซื้อ ยังคงอิงราคาเป้าหมายปี 2023 ที่ 5.50 บาท (P/E 24 เท่า) และจะปรับไปใช้ราคาเป้าหมายปี 2024 ภายหลังการปรับประมาณการในระยะถัดไป

### KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	1,669	1,922	2,080	2,234
Net profit	55	185	229	255
EPS (THB)	0.07	0.23	0.28	0.31
vs Consensus (%)	-	2.7	2.9	1.0
EBITDA	124	287	313	340
Recurring net profit	55	185	229	255
Core EPS (THB)	0.07	0.23	0.28	0.31
EPS growth (%)	(63.1)	236.7	23.7	11.1
Core P/E (x)	53.6	15.9	12.9	11.6
Dividend yield (%)	0.8	1.9	2.3	2.6
EV/EBITDA (x)	25.1	11.9	10.6	9.6
Price/book (x)	3.0	2.8	2.6	2.4
Net debt/Equity (%)	16.3	44.5	33.4	26.2
ROE (%)	5.7	18.2	21.0	21.8



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	13.2	(14.7)	9.8
Relative to country (%)	15.3	(8.2)	26.9
Mkt cap (USD m)	80		
3m avg. daily turnover (USD m)	0.5		
Free float (%)	0		
Major shareholder	Mr. Printhorn Apithanasriwong (24%)		
12m high/low (THB)	4.50/2.76		
Issued shares (m)	820.00		

Sources: Bloomberg consensus; FSSIA estimates



**Jitra Amorntum**

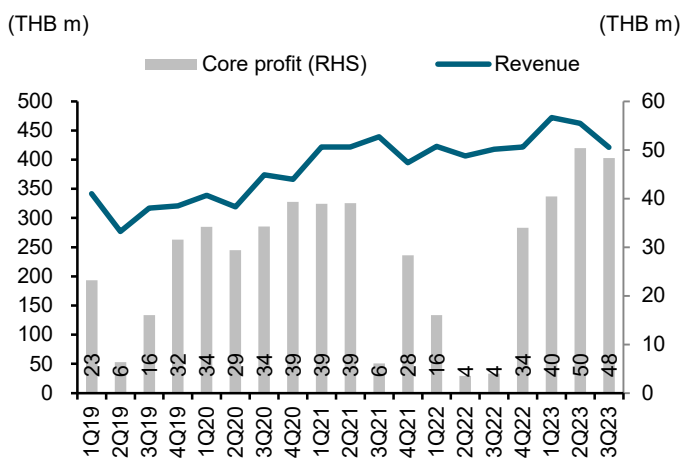
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**Exhibit 1: 3Q23 results summary**

Year to Dec 31	3Q22	4Q22	1Q23	2Q23	3Q23	-----Change-----		9M23	Change	% of	2023E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(y-y %)	2023E	(THB m)	(y-y %)
Sales	418	422	472	462	421	(9)	1	1,356	9	71	1,922	15
Cost of sales	(372)	(357)	(375)	(347)	(314)	(10)	(16)	(1,037)	(6)	68	(1,528)	5
Gross profit	45	64	97	115	107	(7)	136	319	118	81	394	87
Other income	6	10	5	6	8	29	28	19	14	65	29	7
Operating costs	(45)	(34)	(51)	(57)	(52)	(8)	15	(160)	17	82	(194)	14
Operating profit	6	40	51	64	63	(2)	926	178	562	30	588	54
Operating EBITDA	23	54	66	78	77	(1)	230	221	204	77	287	131
Interest expense	(1)	1	(1)	(1)	(2)	19	5	(4)	(9)	43	(9)	202
Profit before tax	6	41	50	63	62	(2)	997	175	636	80	220	240
Tax	(1)	(8)	(10)	(13)	(13)	1	1,839	(35)	1,687	80	(44)	356
<b>Reported net profit</b>	<b>5</b>	<b>33</b>	<b>41</b>	<b>50</b>	<b>49</b>	<b>(3)</b>	<b>885</b>	<b>140</b>	<b>542</b>	<b>75</b>	<b>185</b>	<b>237</b>
<b>Core profit</b>	<b>4</b>	<b>34</b>	<b>40</b>	<b>50</b>	<b>48</b>	<b>(4)</b>	<b>1,112</b>	<b>139</b>	<b>491</b>	<b>75</b>	<b>185</b>	<b>239</b>
Reported EPS (THB)	0.006	0.041	0.050	0.064	0.062	(4)	929	0.176	542	78	0.23	237
Core EPS (THB)	0.005	0.041	0.049	0.061	0.059	(4)	1,112	0.170	491	75	0.23	239
<b>Key Ratios (%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>
Gross margin	10.8	15.3	20.5	24.9	25.4	0.6	14.6	23.5	11.8	20.5	7.9	
Operating margin	1.7	9.4	10.9	13.9	15.0	1.1	13.3	13.1	11.0	11.9	7.9	
EBITDA margin	5.6	12.9	13.9	16.9	18.4	1.5	12.7	16.3	10.5	14.9	7.5	
Recurring net margin	1.0	8.1	8.6	10.9	11.5	0.6	10.5	10.3	8.4	9.7	6.4	
SG&A / Sales	10.8	8.1	10.8	12.3	12.4	0.1	1.6	11.8	0.9	10.1	(0.1)	

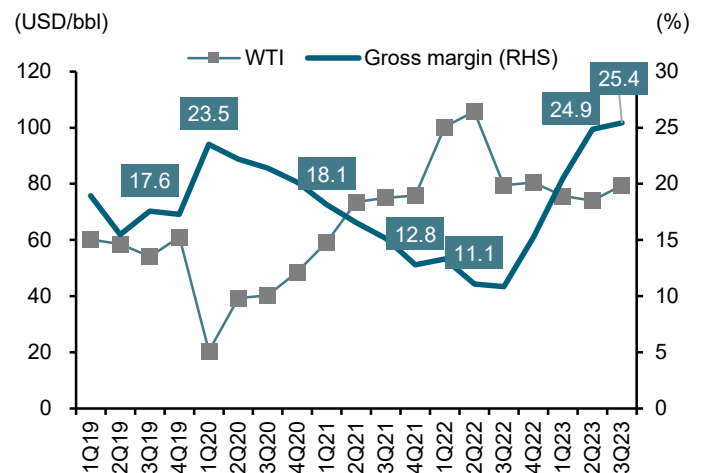
Sources: SFLEX, FSSIA's compilation

**Exhibit 2: Sales revenue and core profit**



Sources: SFLEX, FSSIA's compilation

**Exhibit 3: Gross margin vs crude oil price**



Sources: SFLEX, FSSIA's compilation

## Financial Statements

### Starflex

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	1,677	1,669	1,922	2,080	2,234
Cost of goods sold	(1,414)	(1,458)	(1,528)	(1,643)	(1,765)
<b>Gross profit</b>	<b>263</b>	<b>211</b>	<b>394</b>	<b>437</b>	<b>469</b>
Other operating income	50	27	29	27	29
Operating costs	(152)	(170)	(194)	(210)	(218)
<b>Operating EBITDA</b>	<b>223</b>	<b>124</b>	<b>287</b>	<b>313</b>	<b>340</b>
Depreciation	(62)	(57)	(58)	(59)	(60)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>161</b>	<b>67</b>	<b>229</b>	<b>254</b>	<b>280</b>
Net financing costs	(4)	(3)	(9)	(9)	(7)
Associates	-	-	10	34	36
Recurring non-operating income	0	0	10	34	36
Non-recurring items	0	0	0	0	0
<b>Profit before tax</b>	<b>157</b>	<b>65</b>	<b>229</b>	<b>278</b>	<b>310</b>
Tax	(7)	(10)	(44)	(49)	(55)
<b>Profit after tax</b>	<b>149</b>	<b>55</b>	<b>185</b>	<b>229</b>	<b>255</b>
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>149</b>	<b>55</b>	<b>185</b>	<b>229</b>	<b>255</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>149</b>	<b>55</b>	<b>185</b>	<b>229</b>	<b>255</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.18	0.07	0.23	0.28	0.31
Reported EPS	0.18	0.07	0.23	0.28	0.31
DPS	0.05	0.03	0.07	0.08	0.09
Diluted shares (used to calculate per share data)	820	820	820	820	820
<b>Growth</b>					
Revenue (%)	20.0	(0.5)	15.1	8.3	7.4
Operating EBITDA (%)	(4.2)	(44.4)	131.7	9.2	8.7
Operating EBIT (%)	(7.4)	(58.2)	239.8	11.0	10.5
Recurring EPS (%)	4.6	(63.1)	236.7	23.7	11.1
Reported EPS (%)	4.6	(63.1)	236.7	23.7	11.1
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	15.7	12.6	20.5	21.0	21.0
Gross margin exc. depreciation (%)	19.4	16.0	23.5	23.9	23.7
Operating EBITDA margin (%)	13.3	7.4	14.9	15.1	15.2
Operating EBIT margin (%)	9.6	4.0	11.9	12.2	12.6
Net margin (%)	8.9	3.3	9.7	11.0	11.4
Effective tax rate (%)	4.8	14.9	19.2	17.6	17.6
Dividend payout on recurring profit (%)	24.7	44.7	30.0	30.0	30.0
Interest cover (X)	40.7	26.0	27.0	31.1	43.2
Inventory days	75.9	86.9	91.3	94.9	92.3
Debtor days	66.1	66.6	60.1	66.2	65.9
Creditor days	78.2	74.3	72.2	73.1	70.8
Operating ROIC (%)	18.1	5.4	15.0	14.2	(3.7)
ROIC (%)	15.7	4.8	14.3	14.8	(3.8)
ROE (%)	16.2	5.7	18.2	21.0	21.8
ROA (%)	11.0	3.7	10.7	11.7	12.4
* Pre exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Non-food packaging	1,309	1,258	1,449	1,560	1,676
Food packaging	365	393	465	512	550
Others	3	18	8	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	185	229	255
Depreciation	62	57	58	59	60
Associates & minorities	0	0	0	0	0
Other non-cash items	-	-	-	-	-
Change in working capital	(134)	50	(317)	(26)	(106)
<b>Cash flow from operations</b>	<b>78</b>	<b>162</b>	<b>(74)</b>	<b>263</b>	<b>209</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(196)	(144)	(226)	(7)	(19)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(196)</b>	<b>(144)</b>	<b>(226)</b>	<b>(7)</b>	<b>(19)</b>
Dividends paid	(70)	(37)	(56)	(69)	(76)
Equity finance	0	0	0	0	0
Debt finance	128	66	302	(98)	(101)
Other financing cash flows	-	-	-	-	-
<b>Cash flow from financing</b>	<b>58</b>	<b>29</b>	<b>246</b>	<b>(167)</b>	<b>(177)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	7	48	0	0
<b>Net other adjustments</b>	<b>(34)</b>	<b>7</b>	<b>48</b>	<b>(71)</b>	<b>(50)</b>
<b>Movement in cash</b>	<b>(94)</b>	<b>54</b>	<b>(6)</b>	<b>18</b>	<b>(37)</b>
Free cash flow to firm (FCFF)	(114.34)	20.98	(291.17)	265.66	198.05
Free cash flow to equity (FCFE)	(23.95)	91.15	49.81	87.00	39.31

#### Per share (THB)

FCFF per share	(0.14)	0.03	(0.36)	0.32	0.24
FCFE per share	(0.03)	0.11	0.06	0.11	0.05
Recurring cash flow per share	0.26	0.14	0.30	0.35	0.38

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	859	1,046	1,346	1,376	1,406
Less: Accumulated depreciation	(428)	(307)	(365)	(424)	(484)
<b>Tangible fixed assets (net)</b>	<b>431</b>	<b>739</b>	<b>981</b>	<b>952</b>	<b>922</b>
<b>Intangible fixed assets (net)</b>	<b>47</b>	<b>54</b>	<b>55</b>	<b>56</b>	<b>57</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	0	32	32	32	32
Cash & equivalents	75	129	123	142	104
A/C receivable	346	263	370	385	422
Inventories	334	333	402	421	441
Other current assets	185	22	23	24	25
<b>Current assets</b>	<b>939</b>	<b>747</b>	<b>918</b>	<b>972</b>	<b>992</b>
Other assets	89	29	30	31	32
<b>Total assets</b>	<b>1,507</b>	<b>1,602</b>	<b>2,016</b>	<b>2,042</b>	<b>2,035</b>
Common equity	960	985	1,058	1,130	1,206
Minorities etc.	0	0	0	0	0
<b>Total shareholders' equity</b>	<b>960</b>	<b>985</b>	<b>1,058</b>	<b>1,130</b>	<b>1,206</b>
Long term debt	84	175	477	379	278
Other long-term liabilities	43	43	49	56	65
<b>Long-term liabilities</b>	<b>127</b>	<b>218</b>	<b>526</b>	<b>435</b>	<b>343</b>
A/C payable	295	276	306	329	333
Short term debt	121	114	117	139	142
Other current liabilities	4	8	9	9	10
<b>Current liabilities</b>	<b>419</b>	<b>398</b>	<b>432</b>	<b>477</b>	<b>485</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,507</b>	<b>1,602</b>	<b>2,016</b>	<b>2,042</b>	<b>2,035</b>
Net working capital	566	334	480	492	545
Invested capital	1,133	1,188	1,578	1,563	1,587

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

#### Per share (THB)

Book value per share	1.17	1.20	1.29	1.38	1.47
Tangible book value per share	1.11	1.14	1.22	1.31	1.40

#### Financial strength

Net debt/equity (%)	13.5	16.3	44.5	33.4	26.2
Net debt/total assets (%)	8.6	10.0	23.4	18.4	15.5
Current ratio (x)	2.2	1.9	2.1	2.0	2.0
CF interest cover (x)	44.5	91.9	32.2	11.1	8.9

Valuation	2021	2022	2023E	2024E	2025E
<b>Recurring P/E (x) *</b>	<b>19.8</b>	<b>53.6</b>	<b>15.9</b>	<b>12.9</b>	<b>11.6</b>
<b>Recurring P/E @ target price (x) *</b>	<b>30.2</b>	<b>81.9</b>	<b>24.3</b>	<b>19.7</b>	<b>17.7</b>
Reported P/E (x)	19.8	53.6	15.9	12.9	11.6
Dividend yield (%)	1.3	0.8	1.9	2.3	2.6
Price/book (x)	3.1	3.0	2.8	2.6	2.4
Price/tangible book (x)	3.2	3.2	2.9	2.8	2.6
EV/EBITDA (x) **	13.8	25.1	11.9	10.6	9.6
EV/EBITDA @ target price (x) **	20.9	37.7	17.4	15.6	14.2
EV/invested capital (x)	2.7	2.6	2.2	2.1	2.1

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

Sources: Starflex; FSSIA estimates

### Disclaimer for ESG scoring

ESG score	Methodology	Rating																			
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																			
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for <b>THSI inclusion</b> , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. <b>SETTHSI Index</b> is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																			
<b>CG Score</b> by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																			
<b>AGM level</b> By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&amp;A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																			
<b>Thai CAC</b> By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																			
<b>Morningstar Sustainalytics</b>	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality &amp; peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+									
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<b>ESG Book</b>	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																			
<b>MSCI</b>	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td><b>AAA</b></td> <td>8.571-10.000</td> <td rowspan="3"><b>Leader:</b></td> <td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td><b>AA</b></td> <td>7.143-8.570</td> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td rowspan="3"><b>Average:</b></td> <td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td><b>BB</b></td> <td>2.857-4.285</td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</td> </tr> <tr> <td><b>CCC</b></td> <td>0.000-1.428</td> <td><b>Laggard:</b></td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570	<b>A</b>	5.714-7.142	<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285	<b>B</b>	1.429-2.856	<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks
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<b>Moody's ESG solutions</b>	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																				
<b>Refinitiv ESG rating</b>	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																				
<b>S&amp;P Global</b>	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																				
<b>Bloomberg</b>	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																			
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																			

Source: 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

#### Starflex (SFLEX TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
10-Mar-2023	BUY	4.70	12-Jun-2023	BUY	5.50	-	-	-

Jitra Amornthum started covering this stock from 10-Mar-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Starflex	SFLEX TB	THB 3.60	BUY	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.

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.

All share prices are as at market close on 08-Nov-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.