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THAILAND / CONSTRUCTION

TOA TB

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BUY

UNCHANGED

โมเมนต์มบวก 4Q23-1Q24 รับ High Season

- กำไรปกติ 3Q23 -14% q-q, +68% y-y อยู่ที่ 594 ล้านบาท ขณะที่ทิศทาง 4Q23-1Q24 เป็นบวก ตาม High Season การขายวัสดุก่อสร้าง
- ปรับเพิ่มประมาณการปี 2023-2025 สะท้อนอัตรากำไรขั้นต้นสูงกว่าคาด
- ปรับไปใช้ราคาเหมาะสมปี 2024 ที่ 29.50 บาท Upside เปิดกว้าง ยังแนะนำซื้อ

TARGET PRICE	THB29.50
CLOSE	THB22.10
UP/DOWNSIDE	+33.5%
PRIOR TP	THB40.00
CHANGE IN TP	-26.3%
TP vs CONSENSUS	-19.7%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	20,649	22,438	23,315	24,019
Net profit	1,418	2,632	2,606	2,696
EPS (THB)	0.70	1.30	1.28	1.33
vs Consensus (%)	-	7.3	(2.3)	(5.5)
EBITDA	2,849	4,114	4,249	4,420
Recurring net profit	1,672	2,546	2,606	2,696
Core EPS (THB)	0.82	1.25	1.28	1.33
Chg. In EPS est. (%)	-	14.2	7.7	8.1
EPS growth (%)	(8.9)	52.2	2.4	3.4
Core P/E (x)	26.8	17.6	17.2	16.6
Dividend yield (%)	2.3	2.9	2.9	3.0
EV/EBITDA (x)	15.6	10.7	10.2	9.7
Price/book (x)	3.5	3.2	2.9	2.7
Net debt/Equity (%)	(7.2)	(8.9)	(12.7)	(16.0)
ROE (%)	13.3	18.9	17.7	16.8

กำไรปกติ 3Q23 ลดลง q-q แต่เร่งขึ้นดี y-y ใกล้เคียงคาด

TOA รายงานกำไรสุทธิ 3Q23 เท่ากับ 651 ล้านบาท (-12% q-q, +84% y-y) หากไม่รวมรายการพิเศษหลักๆจากกำไรอัตราแลกเปลี่ยน กำไรปกติที่ 594 ล้านบาท (-14% q-q, +68% y-y) โดยยอดขายทรงตัว q-q และ +7% y-y ที่ 5.4 พันล้านบาท หนุนจากยอดขายในประเทศ +11% y-y (85% ของยอดขายรวม) ตามปริมาณขายสูงขึ้น ซึ่งชดเชยยอดขายในเวียดนามที่ -26% y-y (7% ของยอดขายรวม) จากเศรษฐกิจซบเซา ส่วนอัตรากำไรขั้นต้นเกณฑ์ดี 33.8% ชัยบ่งเล็กน้อยจาก 34.5% ใน 2Q23 จากต้นทุน Oil-linked สูงขึ้นในเดือนก.ย. และเงินบาทอ่อนค่า แต่ปรับขึ้นจาก 27.9% ใน 3Q22

ยอดขายในประเทศเป็นแรงหนุนการเติบโตหลัก ท่ามกลางต้นทุนทรงตัว

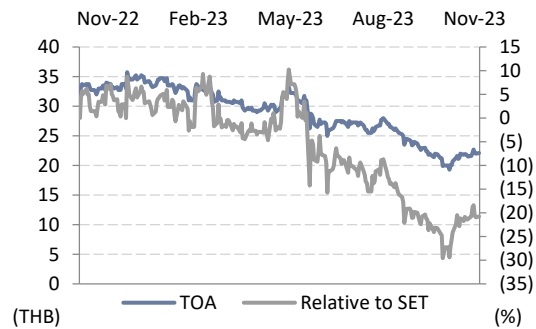
ผู้บริหารมั่นใจต่ออุปสงค์ในประเทศที่มีโมเมนต์เป็นบวกใน 4Q23-1Q24 จาก High Season ของการขายวัสดุก่อสร้าง อย่างไรก็ดี ยอดขายในต่างประเทศเน้นประคองตัว โดยเฉพาะเวียดนามที่หดตัวแรง y-y ขณะที่ปี 2024 มีมุมมองระมัดระวังจากความไม่แน่นอนของภาวะเศรษฐกิจโลก โดยตั้งเป้ายอดขายขยายตัว 8% y-y (จากปี 2023 ที่คาดจบไม่ต่ำกว่า +8% y-y) แรงขับเคลื่อนหลักมาจากในประเทศ โดยเฉพาะกลุ่ม Repaint บวกกับคาดการณ์ฟื้นตัวของต่างประเทศจากฐานต่ำ ด้านต้นทุนวัตถุดิบทรงตัว โดยตั้งเป้าอัตรากำไรขั้นต้นระดับ 33-34% ใกล้เคียงกับ 2H23

ปรับเพิ่มประมาณการปี 2023-2025 จากอัตรากำไรขั้นต้นฟื้นดีกว่าคาด

เราปรับสมมติฐานหลักปี 2023-2025 โดยปรับยอดขายลงสะท้อนเวียดนามฟื้นช้ากว่าคาด แต่ปรับเพิ่มอัตรากำไรขั้นต้นจากสัดส่วนการใช้ TiO2 จากจีน (ราคาต่ำกว่าสหรัฐฯ) สูงขึ้นเป็น 35% จาก 8% ใน 4Q22 ส่งผลให้ประมาณการกำไรปกติปี 2023-2025 เพิ่ม 8-14% เป็น 2.55 พันล้านบาท (+52% y-y), 2.6 พันล้านบาท (+2% y-y) และ 2.7 พันล้านบาท (+3% y-y) ตามลำดับ โดยกำไรปกติ 4Q23 เบื้องต้นคาด 600-650 ล้านบาท ขยายตัว q-q, y-y จากการเร่งขึ้นของยอดขายตามปัจจัยฤดูกาล อย่างไรก็ดี อัตรากำไรขั้นต้นคาดอ่อนลงเล็กน้อย q-q อยู่ที่ 33.0-33.5% (เทียบกับ 33.8% ใน 3Q23 และ 29.1% ใน 4Q22) หลังราคาน้ำมันปรับขึ้นและเงินบาทอ่อนค่าในเดือนก.ย.-ต.ค.

ปรับไปใช้ราคาเป้าหมาย 29.50 บาท Upside เปิดกว้าง คงคำแนะนำซื้อ

เราปรับไปใช้ราคาเหมาะสมปี 2024 ที่ 29.50 บาท อิง PER 23x (ค่าเฉลี่ย-1.5SD) สะท้อนการเติบโตชะลอลง ราคาหุ้นปรับลง 17% ใน 3 เดือน ปัจจุบันเทรดบน PE2024 ที่ 17.2x หรือค่าเฉลี่ย-2.5SD และมี Upside เปิดกว้าง จึงยังแนะนำซื้อ บริษัทประกาศแผนซื้อหุ้นคืนไม่เกิน 60 ล้านหุ้น คิดเป็น 2.96% ของหุ้นทั้งหมด ไม่เกิน 1.5 พันล้านบาท ระยะเวลา 6 เดือน ตั้งแต่ 20 พ.ย. 2023-17 พ.ค. 2024 เป็นบวกเชิงจิตวิทยา



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	10.5	(16.6)	(31.5)
Relative to country (%)	8.9	(10.7)	(21.9)
Mkt cap (USD m)	1,275		
3m avg. daily turnover (USD m)	1.2		
Free float (%)	25		
Major shareholder	TOA Group Holding Co Ltd (30%)		
12m high/low (THB)	36.50/19.20		
Issued shares (m)	2,029.00		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

TOA ถือเป็นหนึ่งในผู้นำในการผลิตและจำหน่ายผลิตภัณฑ์สีและสารเคลือบผิวในประเทศและเป็นที่ยอมรับในภูมิภาคเอเชียตะวันออกเฉียงใต้ ซึ่งรวมถึงเวียดนาม อินโดนีเซีย เมียนมาร์ กัมพูชา ลาว และมาเลเซีย ด้วยประสบการณ์ของผู้ก่อตั้งในแวดวงมากกว่า 58 ปี จุดแข็งของ TOA คือมีแบรนด์และเครือข่ายการจัดจำหน่ายที่แข็งแกร่ง โดยมีส่วนแบ่งการตลาดใหญ่ที่สุดในประเทศราว 48.7%

โครงสร้างรายได้ในปี 2022 จากการขายส่วนใหญ่มาจากผลิตภัณฑ์สีทาอาคาร คิดเป็น 60.2% ของรายได้รวม ส่วนที่เหลือ 35.8% มาจากผลิตภัณฑ์สีและสารเคลือบผิว และ 4% มาจากผลิตภัณฑ์อื่น หากพิจารณาตามภูมิภาค รายได้มาจากประเทศไทย 83.4%, เวียดนาม 9.1% และประเทศอื่น 7.5%

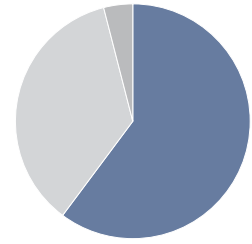
Company profile

TOA ก่อตั้งในปี 1964 เริ่มต้นจากการนำเข้าสีจากประเทศญี่ปุ่น และต่อมาในปี 1977 จัดตั้งในประเทศไทยเพื่อผลิตผลิตภัณฑ์สีทาอาคาร และเปิดตัวแบรนด์ TOA ปัจจุบัน บริษัท ผลิตและจัดจำหน่ายผลิตภัณฑ์สีทาอาคารและสารเคลือบผิว โดยจำหน่ายผลิตภัณฑ์ผ่านเครือข่ายการจัดจำหน่ายที่ครอบคลุม ได้แก่ ร้านค้าปลีก ร้านค้าโมเดิร์นเทรด และช่องทางอื่นๆ (ลูกค้าโครงการ การส่งออก และบริษัทที่เกี่ยวข้อง)

www.toagroup.com

Principal activities (revenue, 2022)

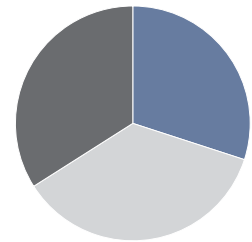
- Decorative paint and coating - 60.2 %
- Non-decorative paint and coating - 35.8 %
- Others - 4.0 %



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

ปัจจัยหนุนการเติบโตคือ 1) การเติบโตของอุปสงค์ในประเทศตามเศรษฐกิจและการบริโภค 2) การฟื้นตัวของยอดขายต่างประเทศจากฐานต่ำ 3) การปรับลงของต้นทุนวัตถุดิบ โดยเฉพาะ TiO₂ และ Oil-linked และ 4) การเพิ่มความหลากหลายของผลิตภัณฑ์

Risks to our call

ความเสี่ยงต่อประมาณการ 1) การฟื้นตัวของเศรษฐกิจและกำลังซื้อช้ากว่าคาด 2) การฟื้นตัวของยอดขายต่างประเทศต่ำกว่าคาด โดยเฉพาะเวียดนาม 3) ความผันผวนของราคาวัตถุดิบ และค่าเงินบาท 4) การแข่งขันรุนแรง

Event calendar

Date	Event
February 2024	4Q23 results announcement

Key assumptions

	2023E	2024E	2025E
Sales revenue (THB m)	14,921	15,575	16,045
GPM (%)	33.5	33.2	33.2
SG&A to sales (%)	19.3	19.2	19.1
Product volume (gallons m)	49.8	51.3	52.3
Average price (THB per gallon)	450	455	459

Source: FSSIA estimates

Earnings sensitivity

- For every 5% increase in sales revenue, we estimate 2024 net profit to rise by 7.2%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2024 net profit to rise by 3.5%, and vice versa, all else being equal.
- For every 0.5% increase in SG&A to sales, we estimate 2024 net profit to fall by 3.6%, and vice versa, all else being equal.

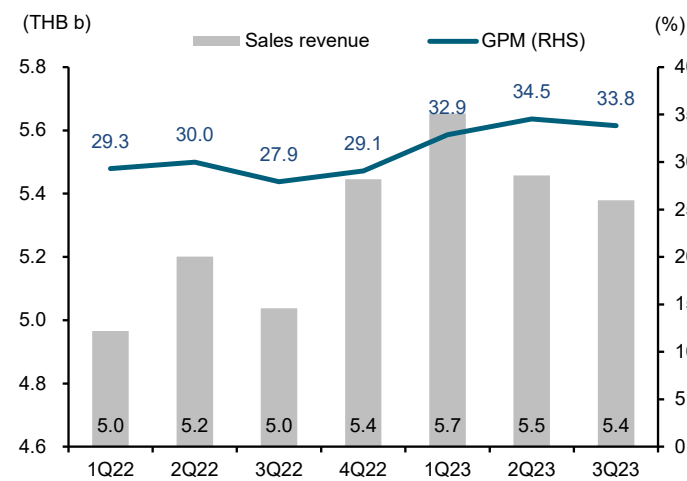
Source: FSSIA estimates

Exhibit 1: 3Q23 results summary

	3Q22	4Q22	1Q23	2Q23	3Q23	Change	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Sales revenue	5,038	5,445	5,654	5,458	5,379	(1.4)	6.8
Cost of sales	3,631	3,862	3,795	3,573	3,560	(0.4)	(1.9)
Gross profit	1,407	1,583	1,859	1,885	1,819	(3.5)	29.3
SG&A	1,009	1,092	1,040	1,025	1,082	5.6	7.2
Operating profit	398	491	819	860	737	(14.3)	85.3
Interest expense	10	9	17	4	10	163.2	6.8
Tax expense	113	95	190	193	184	(5.0)	61.9
Reported net profit	354	287	632	741	651	(12.2)	84.0
Core profit	353	399	651	694	594	(14.4)	68.3
Key ratios (%)						(ppt)	(ppt)
Gross margin	27.9	29.1	32.9	34.5	33.8	(0.7)	5.9
SG&A / Sales	20.0	20.1	18.4	18.8	20.1	1.3	0.1
Operating margin	7.9	9.0	14.5	15.8	13.7	(2.1)	5.8
Net margin	7.0	5.3	11.2	13.6	12.1	(1.5)	5.1
Normalised margin	7.0	7.3	11.5	12.7	11.0	(1.7)	4.0

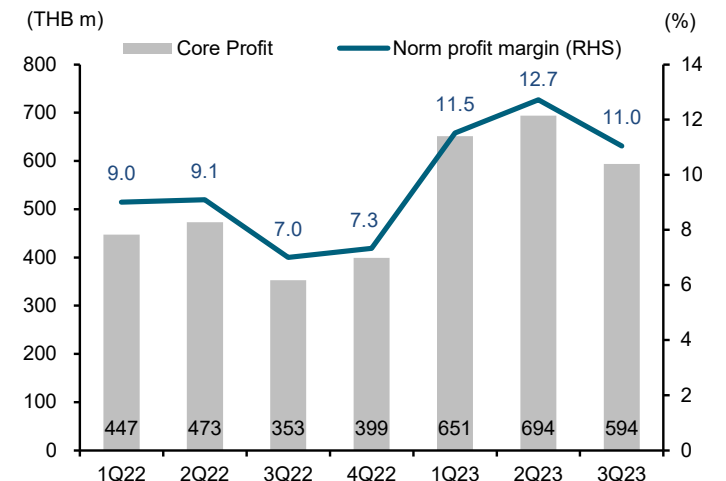
Sources: TOA; FSSIA's compilation

Exhibit 2: Quarterly sales revenue and GPM



Sources: TOA; FSSIA's compilation

Exhibit 3: Quarterly core profit and normalised profit margin



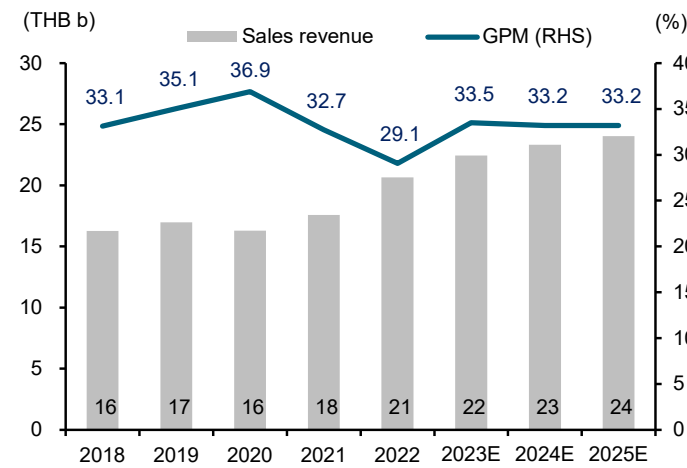
Sources: TOA; FSSIA's compilation

Exhibit 4: Key assumption for TOA

	Current			Previous			Change		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)
Sales revenue (THB m)	22,438	23,315	24,019	22,761	23,759	24,496	(1)	(2)	(2)
Cost of sales (THB m)	14,921	15,575	16,045	15,705	16,275	16,779	(5)	(4)	(4)
Gross profit (THB m)	7,517	7,741	7,974	7,056	7,484	7,716	7	3	3
Gross margin (%)	33.5	33.2	33.2	31.0	31.5	31.5	2.5	1.7	1.7
SG&A (THB m)	4,331	4,472	4,592	4,321	4,505	4,643	0	(1)	(1)
SG&A to revenue (%)	19.3	19.2	19.1	19.0	19.0	19.0	0.3	0.2	0.2
Interest expense (THB m)	43	48	49	37	39	39	6	25	25
Core profit (THB m)	2,546	2,606	2,696	2,229	2,419	2,493	14	8	8
Net profit (THB m)	2,632	2,606	2,696	2,229	2,419	2,493	18	8	8

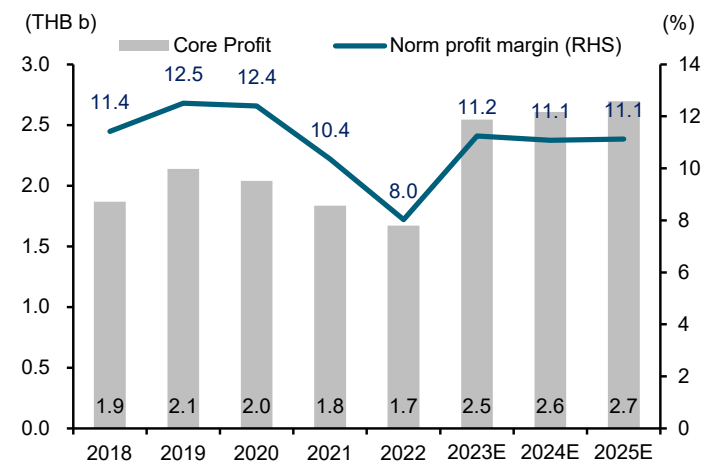
Source: FSSIA estimates

Exhibit 5: Yearly sales revenue and GPM



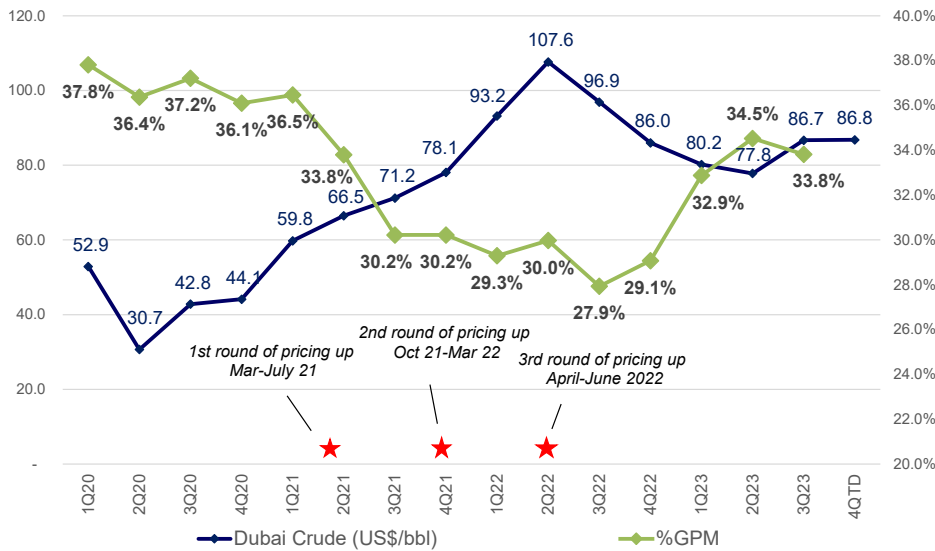
Sources: TOA; FSSIA estimates

Exhibit 6: Yearly core profit and normalised profit margin



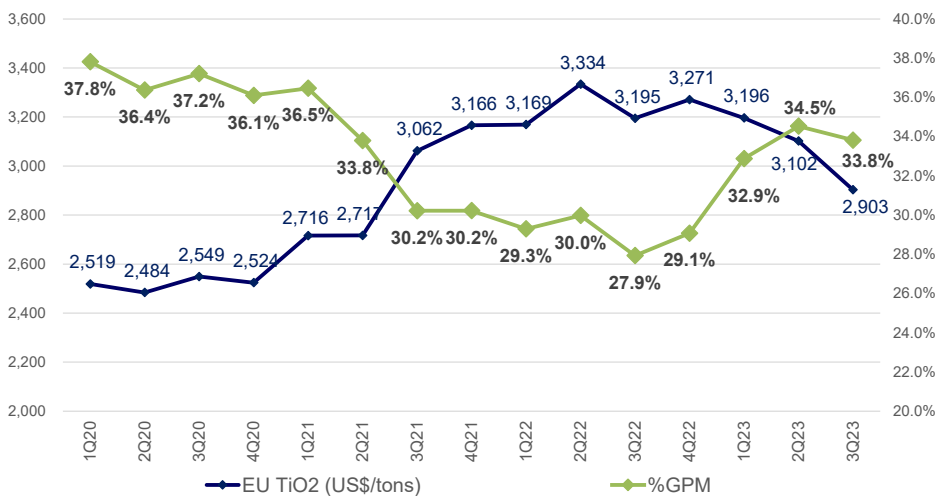
Sources: TOA; FSSIA estimates

Exhibit 7: Dubai crude and GPM



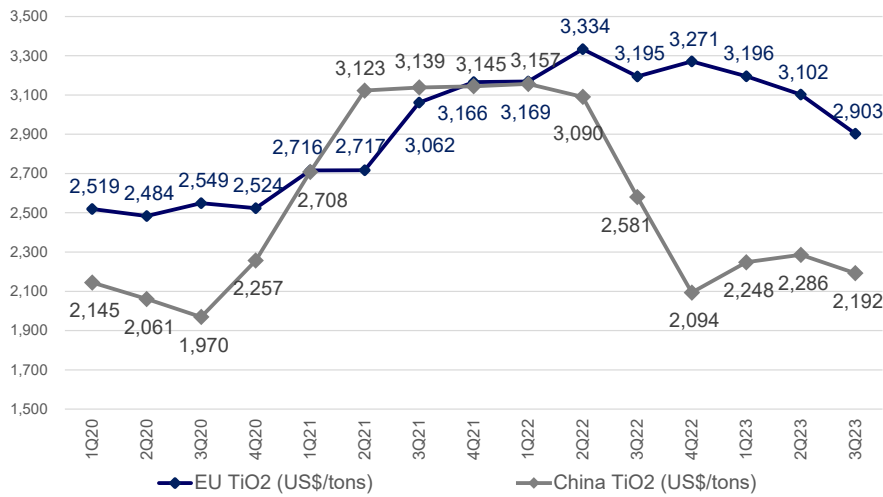
Sources: Aspen; FSSIA's compilation

Exhibit 8: EU TiO2 and GPM



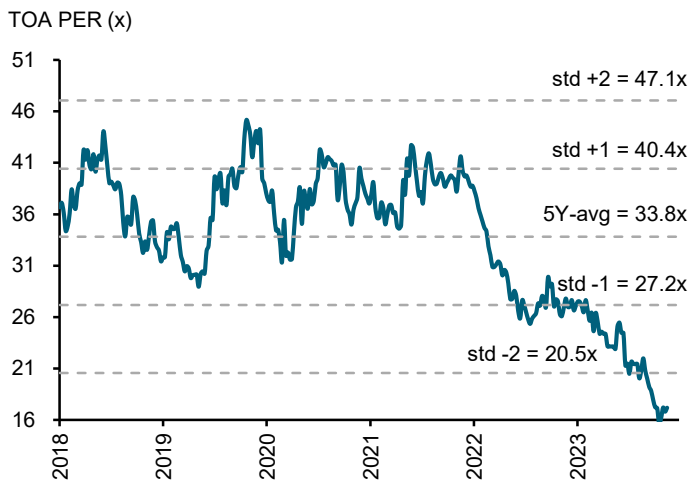
Sources: Aspen; FSSIA's compilation

Exhibit 9: EU TiO2 and China TiO2



Sources: Aspen; FSSIA's compilation

Exhibit 10: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 11: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 12: Peer comparisons as of 20 Nov 2023

Company	BBG	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	1,275	17	17.6	17.2	2.9	2.9	18.9	17.7	3.2	2.9
Delta Paint	DPAINT TB	22	n/a	15.9	11.7	2.6	3.4	7.4	9.5	1.2	1.1
Sherwin-Williams	SHW US	69,889	(64)	26.6	24.5	0.9	1.0	71.9	72.4	18.7	16.7
Akzo nobel	AKZO SW	12,855	n/a	19.2	15.0	2.9	3.2	13.1	16.0	2.6	2.4
Nippon paint	4316 JP	18,835	86	n/a	n/a	1.2	1.3	n/a	n/a	n/a	n/a
PPG industries	4612 JP	31,965	(64)	17.8	16.1	1.9	2.0	24.1	23.5	4.2	3.8
Asian paints	4617 JP	36,075	66	75.1	56.1	0.8	1.0	26.9	n/a	19.1	n/a
Skshu paint	FLUGB DC	4,173	(3)	35.3	24.9	0.6	0.8	30.1	31.0	9.5	6.8
Average		175,090	(33)	29.6	23.6	1.7	1.9	27.5	28.3	8.3	5.6

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	22,438	23,315	24,019
Cost of goods sold	(11,823)	(14,645)	(14,921)	(15,575)	(16,045)
Gross profit	5,747	6,004	7,517	7,741	7,974
Other operating income	138	177	212	213	213
Operating costs	(3,516)	(4,001)	(4,331)	(4,472)	(4,592)
Operating EBITDA	2,985	2,849	4,114	4,249	4,420
Depreciation	(615)	(670)	(716)	(767)	(823)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	2,369	2,179	3,398	3,482	3,596
Net financing costs	(35)	(38)	(43)	(48)	(49)
Associates	0	0	0	0	0
Recurring non-operating income	0	0	0	0	0
Non-recurring items	120	(254)	86	0	0
Profit before tax	2,454	1,887	3,442	3,433	3,548
Tax	(528)	(453)	(735)	(752)	(777)
Profit after tax	1,926	1,435	2,707	2,681	2,771
Minority interests	29	(17)	(75)	(75)	(75)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	1,955	1,418	2,632	2,606	2,696
Non-recurring items & goodwill (net)	(120)	254	(86)	0	0
Recurring net profit	1,835	1,672	2,546	2,606	2,696
Per share (THB)					
Recurring EPS *	0.90	0.82	1.25	1.28	1.33
Reported EPS	0.96	0.70	1.30	1.28	1.33
DPS	0.50	0.50	0.65	0.64	0.66
Diluted shares (used to calculate per share data)	2,029	2,029	2,029	2,029	2,029
Growth					
Revenue (%)	7.8	17.5	8.7	3.9	3.0
Operating EBITDA (%)	(6.7)	(4.5)	44.4	3.3	4.0
Operating EBIT (%)	(10.3)	(8.0)	55.9	2.5	3.3
Recurring EPS (%)	(10.0)	(8.9)	52.2	2.4	3.4
Reported EPS (%)	(3.7)	(27.5)	85.6	(1.0)	3.4
Operating performance					
Gross margin inc. depreciation (%)	32.7	29.1	33.5	33.2	33.2
Gross margin exc. depreciation (%)	36.2	32.3	36.7	36.5	36.6
Operating EBITDA margin (%)	17.0	13.8	18.3	18.2	18.4
Operating EBIT margin (%)	13.5	10.6	15.1	14.9	15.0
Net margin (%)	10.4	8.1	11.3	11.2	11.2
Effective tax rate (%)	21.5	24.0	21.4	21.9	21.9
Dividend payout on recurring profit (%)	55.3	60.7	51.7	50.0	50.0
Interest cover (X)	68.1	57.1	79.7	72.2	73.9
Inventory days	77.9	77.2	85.4	84.6	85.3
Debtor days	65.0	61.8	63.0	64.5	64.7
Creditor days	110.8	100.7	99.7	97.7	98.6
Operating ROIC (%)	40.3	31.1	39.3	36.7	35.3
ROIC (%)	17.2	14.4	20.2	19.6	19.4
ROE (%)	15.5	13.3	18.9	17.7	16.8
ROA (%)	10.5	9.1	13.3	12.7	12.3
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Decorative paint and coating	11,078	12,431	13,238	13,756	14,171
Non-decorative paint and coating	5,938	7,392	8,302	8,627	8,887
Others	554	826	898	933	961

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	2,546	2,606	2,696
Depreciation	615	670	716	767	823
Associates & minorities	-	-	-	-	-
Other non-cash items	(29)	17	75	75	75
Change in working capital	(97)	(1,453)	(387)	(145)	(120)
Cash flow from operations	2,325	905	2,949	3,303	3,474
Capex - maintenance	-	-	-	-	-
Capex - new investment	(1,150)	(816)	(1,304)	(1,195)	(1,293)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	-	-	-	-
Cash flow from investing	(1,150)	(816)	(1,304)	(1,195)	(1,293)
Dividends paid	(1,008)	(1,163)	(1,305)	(1,378)	(1,423)
Equity finance	247	507	0	0	0
Debt finance	177	(237)	(37)	11	11
Other financing cash flows	-	-	-	-	-
Cash flow from financing	(584)	(893)	(1,342)	(1,367)	(1,412)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	591	(803)	303	741	769
Free cash flow to firm (FCFF)	1,210.10	127.45	1,687.90	2,156.69	2,229.32
Free cash flow to equity (FCFE)	1,352.02	(147.52)	1,607.76	2,119.47	2,191.77

Per share (THB)

FCFF per share	0.60	0.06	0.83	1.06	1.10
FCFE per share	0.67	(0.07)	0.79	1.04	1.08
Recurring cash flow per share	1.19	1.16	1.64	1.70	1.77

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)
Tangible fixed assets (net)	2,705	3,481	3,882	4,304	4,767
Intangible fixed assets (net)	1,608	1,474	1,660	1,666	1,673
Long-term financial assets	4,611	4,115	4,115	4,115	4,115
Invest. in associates & subsidiaries	-	-	-	-	-
Cash & equivalents	3,011	2,208	2,511	3,252	4,021
A/C receivable	3,296	3,701	4,039	4,197	4,323
Inventories	2,619	3,293	3,357	3,504	3,610
Other current assets	219	214	224	233	240
Current assets	9,145	9,416	10,131	11,186	12,195
Other assets	429	854	853	886	913
Total assets	18,497	19,338	20,641	22,157	23,662
Common equity	12,287	12,793	14,109	15,412	16,760
Minorities etc.	164	691	691	691	691
Total shareholders' equity	12,451	13,484	14,800	16,103	17,451
Long term debt	1,026	966	934	944	953
Other long-term liabilities	432	439	448	467	481
Long-term liabilities	1,458	1,406	1,382	1,411	1,435
A/C payable	3,831	3,882	3,880	4,049	4,172
Short term debt	448	271	266	267	269
Other current liabilities	309	296	314	326	336
Current liabilities	4,588	4,449	4,459	4,643	4,777
Total liabilities and shareholders' equity	18,497	19,338	20,641	22,157	23,662
Net working capital	1,995	3,030	3,427	3,558	3,666
Invested capital	11,346	12,953	13,937	14,529	15,133

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

Per share (THB)

Book value per share	6.06	6.31	6.95	7.60	8.26
Tangible book value per share	5.26	5.58	6.14	6.77	7.44

Financial strength

Net debt/equity (%)	(12.3)	(7.2)	(8.9)	(12.7)	(16.0)
Net debt/total assets (%)	(8.3)	(5.0)	(6.4)	(9.2)	(11.8)
Current ratio (x)	2.0	2.1	2.3	2.4	2.6
CF interest cover (x)	72.9	18.5	69.3	69.7	72.6

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	24.4	26.8	17.6	17.2	16.6
Recurring P/E @ target price (x) *	32.6	35.8	23.5	23.0	22.2
Reported P/E (x)	22.9	31.6	17.0	17.2	16.6
Dividend yield (%)	2.3	2.3	2.9	2.9	3.0
Price/book (x)	3.6	3.5	3.2	2.9	2.7
Price/tangible book (x)	4.2	4.0	3.6	3.3	3.0
EV/EBITDA (x) **	14.6	15.6	10.7	10.2	9.7
EV/EBITDA @ target price (x) **	19.6	20.9	14.4	13.8	13.1
EV/invested capital (x)	3.8	3.4	3.2	3.0	2.8

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

Sources: TOA Paint (Thailand); FSSIA estimates

TOA Paint Thailand PCL (TOA TB)

FSSIA ESG rating

55.60 /100
Exhibit 13: FSSIA ESG score implication

Rating	Score	Implication
★★★★★	>79-100	Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability.
★★★★★	>59-79	A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.
★★★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

Exhibit 14: ESG – peer comparison

	FSSIA	Domestic ratings						Global ratings						Bloomberg	
	ESG score	DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
TOA	55.60	--	Y	Y	5.00	5.00	--	Medium	61.82	--	--	57.46	30.00	3.79	49.04
EPG	59.63	--	Y	Y	5.00	4.00	Certified	Low	54.46	--	--	41.43	34.00	2.93	--
TASCO	47.02	--	--	--	5.00	4.00	Certified	Medium	63.65	--	--	61.51	49.00	--	--
SCCC	56.50	--	Y	Y	5.00	5.00	Certified	High	60.15	--	--	61.78	32.00	2.34	63.20
SCCC	56.50	--	Y	Y	5.00	5.00	Certified	High	60.15	--	--	61.78	32.00	2.34	63.20

Sources: SETTRADE.com; FSSIA's compilation
Exhibit 15: ESG score by Bloomberg

FY ending Dec 31	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	2.53	3.02	2.95	3.18	3.34	3.79
BESG environmental pillar score	1.81	2.75	2.76	3.17	3.20	3.96
BESG social pillar score	1.79	1.77	1.71	1.70	2.09	2.26
BESG governance pillar score	4.90	5.06	4.82	5.00	5.07	5.26
ESG disclosure score	39.11	44.78	45.94	48.05	48.33	49.04
Environmental disclosure score	28.00	30.84	31.17	31.17	32.92	33.25
Social disclosure score	19.92	22.28	25.42	31.77	30.83	32.65
Governance disclosure score	69.30	81.10	81.10	81.10	81.10	81.10
Environmental						
Emissions reduction initiatives	No	No	No	No	Yes	Yes
Climate change policy	No	No	Yes	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No	No	No	No
Risks of climate change discussed	No	No	No	No	No	Yes
GHG scope 1	—	0	0	0	8	9
GHG scope 2 location-based	—	10	10	10	9	9
GHG Scope 3	—	—	—	—	30	250
Carbon per unit of production	—	—	—	—	—	—
Biodiversity policy	No	No	No	No	No	No
Energy efficiency policy	Yes	Yes	Yes	Yes	Yes	Yes
Total energy consumption	—	—	—	—	—	—
Renewable energy use	—	—	—	—	—	—
Electricity used	14	14	14	14	14	17
Fuel used - natural gas	—	—	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 16: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No	No	No
Waste reduction policy	Yes	Yes	Yes	Yes	Yes	Yes
Hazardous waste	—	—	—	—	—	—
Total waste	—	—	—	—	—	—
Waste recycled	—	—	—	—	—	—
Waste sent to landfills	—	—	—	—	—	—
Environmental supply chain management	Yes	Yes	Yes	Yes	Yes	Yes
Water policy	Yes	Yes	Yes	Yes	Yes	Yes
Water consumption	128	117	119	113	—	—
Social						
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	Yes	Yes	Yes	Yes	Yes	Yes
Quality assurance and recall policy	Yes	Yes	Yes	Yes	Yes	Yes
Consumer data protection policy	Yes	Yes	Yes	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	No	No
Pct women in workforce	—	—	18	20	22	19
Pct disabled in workforce	—	—	0	0	0	0
Business ethics policy	Yes	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	0	0	0	0	0	0
Total recordable incident rate - employees	0	0	0	0	0	0
Training policy	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	Yes	Yes
Number of employees – CSR	4,838	4,940	5,047	5,106	5,106	5,774
Employee turnover pct	—	—	—	—	—	—
Total hours spent by firm - employee training	10,352	15,474	19,570	24,331	19,570	22,658
Social supply chain management	No	Yes	Yes	Yes	Yes	Yes
Governance						
Board size	9	9	9	9	9	9
No. of independent directors (ID)	3	3	3	3	3	3
No. of women on board	4	4	4	4	4	4
No. of non-executive directors on board	7	7	7	7	7	7
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	10	8	10	10	10	9
Board meeting attendance pct	77	82	87	89	99	98
Board duration (years)	3	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No	No
Age of the youngest director	40	40	41	42	43	44
Age of the oldest director	74	74	75	76	77	78
No. of executives / company managers	11	5	7	6	6	6
No. of female executives	6	3	4	3	2	3
Executive share ownership guidelines	No	No	No	No	No	No
Size of audit committee	3	3	3	3	3	3
No. of ID on audit committee	3	3	3	3	3	3
Audit committee meetings	9	5	11	12	12	12
Audit meeting attendance %	93	100	94	100	100	100
Size of compensation committee	3	3	3	3	3	3
No. of ID on compensation committee	2	2	2	2	2	2
No. of compensation committee meetings	—	6	3	5	4	3
Compensation meeting attendance %	—	100	100	100	100	100
Size of nomination committee	3	3	3	3	3	3
No. of nomination committee meetings	—	6	3	5	4	3
Nomination meeting attendance %	—	100	100	100	100	100
Sustainability governance						
Verification type	No	No	No	No	No	No

Sources: Bloomberg; FSSIA's compilation

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 THSI inclusion , 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. SETTHSI Index 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.																											
CG Score 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%).																											
AGM level 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&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.																											
Thai CAC 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.																											
Morningstar Sustainalytics	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 & 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"> <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+																	
NEGL	Low	Medium	High	Severe																									
0-10	10-20	20-30	30-40	40+																									
ESG Book	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.																											
MSCI	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"> <tbody> <tr> <td>AAA</td> <td>8.571-10.000</td> <td>Leader:</td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td>Average:</td> <td>a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td>BB</td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> <td>Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570			A	5.714-7.142			BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285			B	1.429-2.856			CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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Moody's ESG solutions	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.																												
Refinitiv ESG rating	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; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																												
S&P Global	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.																												
Bloomberg	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.																											

Rating regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "CG Score"; 2) "AGM Level"; 3) "Thai CAC"; and 4) THSI. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

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ANALYST(S) CERTIFICATION

Thanyatorn Songwutti FSS International Investment Advisory Securities Co., Ltd

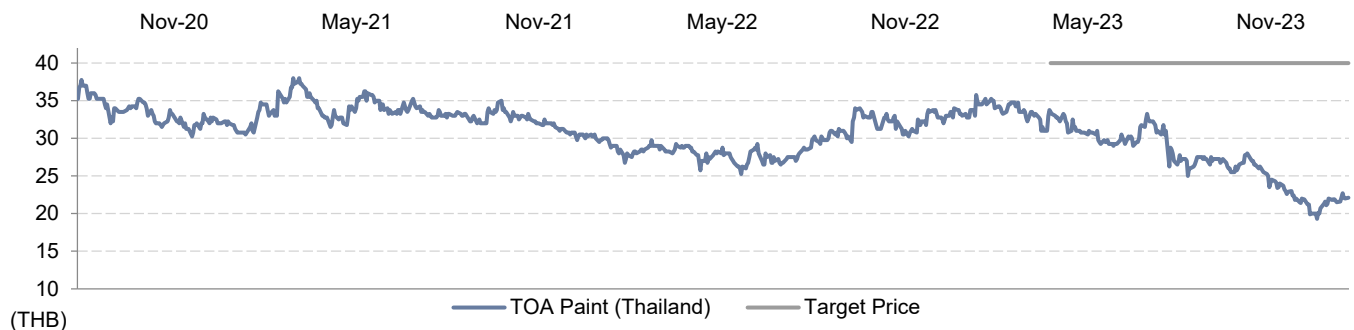
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History of change in investment rating and/or target price

TOA Paint (Thailand) (TOA TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
08-Mar-2023	BUY	40.00	-	-	-	-	-	-

Thanyatorn Songwutti started covering this stock from 08-Mar-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
TOA Paint (Thailand)	TOA TB	THB 22.10	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 ₂ ; 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.

All share prices are as at market close on 20-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.