

INOUE RUBBER (THAILAND)  
THAILAND / AUTOMOTIVE

## IRC TB

BUY

UNCHANGED

## 4QFY23 results at first glance

กำไร 4QFY23 ดีกว่าคาดจากต้นทุนที่ลดลงเร็ว แต่รายได้ต่ำกว่าคาด

TARGET PRICE	THB15.00
CLOSE	THB13.60
UP/DOWNSIDE	+10.3%
PRIOR TP	THB15.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+0.0%

## Highlights

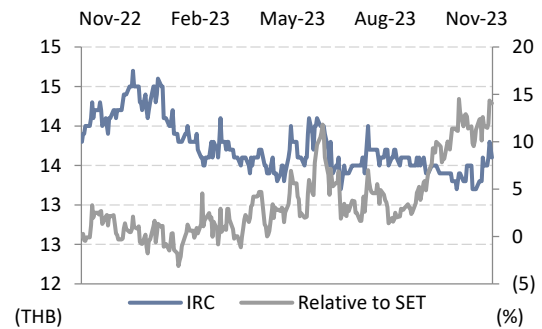
- IRC มีกำไรสุทธิ 53 ล้านบาทใน 4QFY23 (ก.ค.-ก.ย. 2023) +80% q-q, +67% y-y ดีกว่าคาด 25% จากต้นทุนวัตถุดิบที่ลดลงอย่างรวดเร็ว และการบริหารจัดการวัตถุดิบและค่าใช้จ่ายอื่นที่ดีกว่าคาด แต่รายได้อ่อนแอกว่าคาด
- กำไรที่ฟื้นดีขึ้นในไตรมาสนี้สาเหตุหลักมาจากราคาวัตถุดิบที่ลดลงเร็ว ทำให้อัตรากำไรขั้นต้นดีขึ้นเป็นลำดับและดีกว่าที่เรคาด เป็น 10.5% จาก 8.9% ใน 3QFY23 และ 6.8% 4QFY22 และเป็นอัตราที่ดีที่สุดในรอบ 9 ไตรมาส ทอยปรับขึ้นมาใกล้ระดับปกติที่ 12-13% ในช่วงปี 2020-2021 ก่อนจะเผชิญปัญหาต้นทุนวัตถุดิบ (เช่น โพลีเมอร์ที่สัมพันธ์กับราคาน้ำมันดิบ) ที่พุ่งสูง
- อย่างไรก็ตาม รายได้จากการขายใน 4QFY23 ทำได้เพียง 1,255 ล้านบาท -0.2% q-q, -18% y-y และต่ำกว่าคาด จากการลดลงของยอดขายในประเทศตามกำลังซื้อที่อ่อนแอจากผลกระทบของอัตราดอกเบี้ยที่สูงและความเข้มในการปล่อยสินเชื่อของสถาบันการเงิน และแรงส่งของยอดส่งออกที่ลดลง
- การควบคุมค่าใช้จ่ายในการขายและบริหารที่ดีทำให้ EBITDA margin และอัตรากำไรสุทธิดีขึ้นเป็น 11.4% และ 4.3% ตามลำดับ
- ภาพรวมทั้งปี FY23 (ต.ค. 2022-ก.ย. 2023) เริ่มฟื้นตัวแต่ยังไม่กลับสู่ระดับปกติ โดยรายได้หดตัว 8% เป็น 5,417 ล้านบาท แต่อัตรากำไรขั้นต้นที่ดีขึ้นจาก 7.5% ในปี FY22 เป็น 9.1% ทำให้กำไรสุทธิเติบโต 45% y-y เป็น 160 ล้านบาท ยังต่ำกว่าปี 2019-21 ที่มีกำไรเฉลี่ย 240 ล้านบาท
- ประกาศจ่ายเงินปันผล 0.4178 บาทต่อหุ้น (Yield 3.1%) XD 8 ก.พ. 2024

## Outlook

- ภาพรวมอุตสาหกรรมยานยนต์ปี 2023 อ่อนแอส่วนหนึ่งตามกำลังซื้อในประเทศ ซึ่งรายได้หลัก (80%) ของ IRC มาจากการขายในประเทศ อีกส่วนหนึ่งจากการถูกแย่งส่วนแบ่งตลาดในประเทศจากรถ EV ซึ่งได้รับการสนับสนุนจากรัฐ
- แนวโน้มยอดขายยานยนต์ในประเทศในปี 2024 เชื่อว่าจะดีขึ้นกว่าปีที่ผ่านมาแม้จะมีความท้าทายอยู่มาก โดยเฉพาะความนิยมของรถ EV ที่มีมาตรการสนับสนุนจากรัฐต่อเนื่อง ขณะที่ลูกค้าหลักของ IRC เป็นค่ายรถสัญชาติญี่ปุ่นซึ่งมีสัดส่วน EV ไม่มากนัก เรายังคงประมาณการกำไรของ IRC ปี FY24 เติบโต 4% y-y คงราคาเป้าหมาย 15 บาท (2024E P/E 17x เท่ากับค่าเฉลี่ย 5 ปีย้อนหลัง)

## KEY STOCK DATA

YE Sep (THB m)	2023	2024E	2025E	2026E
Revenue	5,417	5,728	6,129	6,552
Net profit	160	166	205	207
EPS (THB)	0.83	0.86	1.06	1.08
vs Consensus (%)	-	11.7	16.5	(3.6)
EBITDA	513	545	587	611
Recurring net profit	160	166	205	207
Core EPS (THB)	0.83	0.86	1.06	1.08
Chg. In EPS est. (%)	nm	(4.6)	(4.6)	nm
EPS growth (%)	51.2	3.9	23.2	1.0
Core P/E (x)	16.4	15.7	12.8	12.6
Dividend yield (%)	3.1	3.2	3.9	4.0
EV/EBITDA (x)	2.9	3.0	2.8	2.7
Price/book (x)	0.7	0.7	0.6	0.6
Net debt/Equity (%)	(29.2)	(24.1)	(23.8)	(23.1)
ROE (%)	4.1	4.2	5.0	5.0



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	3.0	(0.7)	0.7
Relative to country (%)	2.6	10.6	17.1
Mkt cap (USD m)	74		
3m avg. daily turnover (USD m)	0.0		
Free float (%)	24		
Major shareholder	Inoue Rubber Co Ltd (34%)		
12m high/low (THB)	17.00/13.10		
Issued shares (m)	192.21		

Sources: Bloomberg consensus; FSSIA estimates



Jitra Amorntum

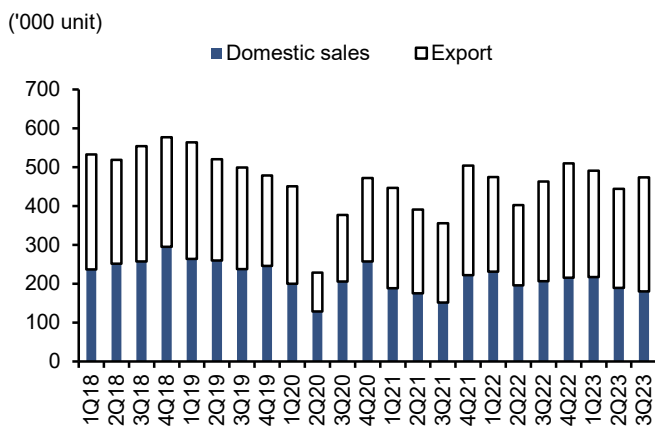
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## Exhibit 1: 4QFY23/FY2023 results summary

Year to Sep 30	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	----- Change -----		FY22	FY23	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Sales	1,525	1,464	1,441	1,258	1,255	(0.2)	(17.7)	5,883	5,417	(7.9)
Cost of sales	(1,421)	(1,361)	(1,298)	(1,145)	(1,123)	(2.0)	(21.0)	(5,443)	(4,927)	(9.5)
Gross profit	104	102	144	112	132	17.5	27.0	440	491	11.4
Operating costs	(94)	(88)	(97)	(98)	(94)	(4.2)	(0.6)	(386)	(380)	(1.5)
Operating profit	10	15	47	15	39	162.1	291.1	54	110	102.7
Operating EBITDA	124	105	146	119	143	20.1	15.8	483	513	6.2
Other income	17	11	19	12	17	36.4	1.6	68	60	(12.0)
Interest expense	(0)	(0)	(0)	(0)	(0)	1.3	(22.1)	(0)	(0)	(21.3)
Profit before tax	33	17	65	31	57	82.4	72.3	122	170	39.0
Tax	(1)	(1)	(4)	(1)	(3)	142.3	273.3	(12)	6	(144.9)
Associates	0	0	0	0	0	0.0	0.0	0	0	nm
Minority interests	0	0	0	0	(0)	0.0	0.0	0	0	nm
<b>Reported net profit</b>	<b>32</b>	<b>16</b>	<b>61</b>	<b>30</b>	<b>53</b>	<b>79.6</b>	<b>66.6</b>	<b>110</b>	<b>77</b>	<b>(30.3)</b>
<b>Core profit</b>	<b>32</b>	<b>16</b>	<b>61</b>	<b>30</b>	<b>53</b>	<b>79.6</b>	<b>66.6</b>	<b>110</b>	<b>77</b>	<b>(30.3)</b>
Reported EPS (THB)	0.16	0.08	0.30	0.15	0.27	78.0	66.6	0.57	0.38	(33.0)
Core EPS (THB)	0.16	0.08	0.30	0.15	0.27	79.6	66.6	0.55	0.38	(30.3)
<b>Key Ratios (%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>
Gross margin	6.8	7.0	10.0	8.9	10.5	1.6	3.7	7.5	9.1	1.6
Operating margin	2.2	1.2	4.5	2.5	4.5	2.1	2.4	2.1	3.1	1.1
EBITDA margin	8.1	7.1	10.1	9.5	11.4	1.9	3.3	8.2	9.5	1.3
Recurring net margin	2.1	1.1	4.2	2.4	4.3	1.9	2.2	1.9	2.9	1.1
SG&A / Sales	5.7	6.6	6.8	7.4	7.3	(0.1)	1.6	6.6	7.0	0.5

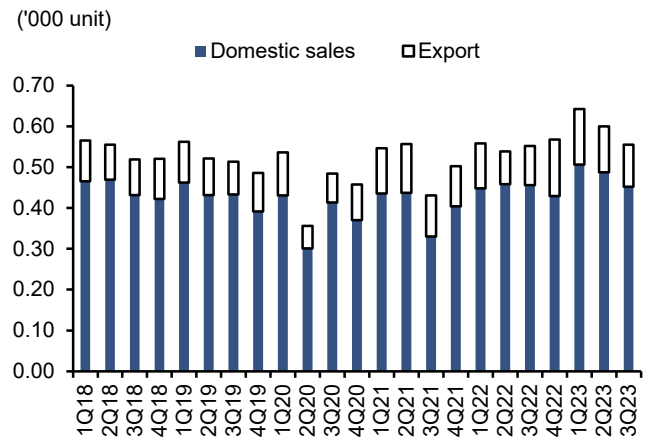
Sources: IRC, FSSIA's compilation

## Exhibit 2: Car domestic sales and exports



Source: The Federation of Thai Industries

## Exhibit 3: Motorcycle domestic sales and exports



Source: The Federation of Thai Industries

## Financial Statements

Inoue Rubber (Thailand)

Profit and Loss (THB m) Year Ending Sep	2022	2023	2024E	2025E	2026E
Revenue	5,883	5,417	5,728	6,129	6,552
Cost of goods sold	(5,804)	(5,269)	(5,574)	(5,905)	(6,275)
<b>Gross profit</b>	<b>80</b>	<b>148</b>	<b>154</b>	<b>224</b>	<b>276</b>
Other operating income	429	402	405	403	401
Operating costs	(386)	(380)	(371)	(395)	(419)
<b>Operating EBITDA</b>	<b>483</b>	<b>513</b>	<b>545</b>	<b>587</b>	<b>611</b>
Depreciation	(361)	(343)	(357)	(354)	(352)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>122</b>	<b>170</b>	<b>189</b>	<b>232</b>	<b>258</b>
Net financing costs	0	0	0	0	0
Associates	0	0	0	0	0
Recurring non-operating income	0	0	0	0	0
Non-recurring items	0	0	0	0	0
<b>Profit before tax</b>	<b>122</b>	<b>170</b>	<b>189</b>	<b>232</b>	<b>258</b>
Tax	(12)	(10)	(23)	(28)	(52)
<b>Profit after tax</b>	<b>110</b>	<b>160</b>	<b>166</b>	<b>205</b>	<b>207</b>
Minority interests	-	-	-	-	-
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>110</b>	<b>160</b>	<b>166</b>	<b>205</b>	<b>207</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>110</b>	<b>160</b>	<b>166</b>	<b>205</b>	<b>207</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.55	0.83	0.86	1.06	1.08
Reported EPS	0.55	0.83	0.86	1.06	1.08
DPS	0.29	0.42	0.43	0.53	0.54
Diluted shares (used to calculate per share data)	200	192	192	192	192
<b>Growth</b>					
Revenue (%)	11.1	(7.9)	5.7	7.0	6.9
Operating EBITDA (%)	(38.2)	6.2	6.3	7.6	4.1
Operating EBIT (%)	(70.9)	39.0	10.9	23.2	11.1
Recurring EPS (%)	(67.7)	51.2	3.9	23.2	1.0
Reported EPS (%)	(67.7)	51.2	3.9	23.2	1.0
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	1.4	2.7	2.7	3.7	4.2
Gross margin exc. depreciation (%)	7.5	9.1	8.9	9.4	9.6
Operating EBITDA margin (%)	8.2	9.5	9.5	9.6	9.3
Operating EBIT margin (%)	2.1	3.1	3.3	3.8	3.9
Net margin (%)	1.9	2.9	2.9	3.3	3.2
Effective tax rate (%)	10.1	6.1	12.0	12.0	20.0
Dividend payout on recurring profit (%)	52.9	50.3	50.0	50.0	50.0
Interest cover (X)	2,461.9	4,349.5	4,823.8	5,943.5	6,604.9
Inventory days	54.6	54.8	51.4	55.8	54.7
Debtor days	59.9	64.4	60.5	63.3	62.4
Creditor days	72.9	72.0	61.8	65.0	62.4
Operating ROIC (%)	4.2	5.9	6.5	7.5	(2.0)
ROIC (%)	3.0	4.3	4.7	5.6	(1.5)
ROE (%)	2.8	4.1	4.2	5.0	5.0
ROA (%)	2.1	3.1	3.2	3.9	3.8
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Motorcycle tires and tubes	2,586	2,381	2,548	2,726	2,944
Industrial elastomer parts	3,297	3,036	3,180	3,403	3,607

Sources: Inoue Rubber (Thailand); FSSIA estimates

## Financial Statements

Inoue Rubber (Thailand)

Cash Flow (THB m) Year Ending Sep	2022	2023	2024E	2025E	2026E
Recurring net profit	110	160	166	205	207
Depreciation	361	343	357	354	352
Associates & minorities	0	0	0	0	0
Other non-cash items	12	15	0	0	0
Change in working capital	(142)	19	(419)	(268)	(264)
<b>Cash flow from operations</b>	<b>340</b>	<b>536</b>	<b>103</b>	<b>291</b>	<b>295</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(292)	(227)	(235)	(218)	(218)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	16	(4)	0	0	0
<b>Cash flow from investing</b>	<b>(276)</b>	<b>(231)</b>	<b>(235)</b>	<b>(218)</b>	<b>(218)</b>
Dividends paid	(170)	(56)	(83)	(102)	(103)
Equity finance	0	0	0	0	0
Debt finance	0	0	0	0	0
Other financing cash flows	-	-	-	-	-
<b>Cash flow from financing</b>	<b>(170)</b>	<b>(56)</b>	<b>(83)</b>	<b>(102)</b>	<b>(103)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	39	42	19
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>39</b>	<b>42</b>	<b>19</b>
<b>Movement in cash</b>	<b>(106)</b>	<b>249</b>	<b>(176)</b>	<b>13</b>	<b>(7)</b>
Free cash flow to firm (FCFF)	64.17	305.01	(131.39)	73.33	76.68
Free cash flow to equity (FCFE)	64.12	304.97	(92.88)	115.32	96.00

### Per share (THB)

FCFF per share	0.33	1.59	(0.68)	0.38	0.40
FCFE per share	0.33	1.59	(0.48)	0.60	0.50
Recurring cash flow per share	2.41	2.69	2.72	2.91	2.91

Balance Sheet (THB m) Year Ending Sep	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	6,928	6,474	6,136	5,800	5,465
Less: Accumulated depreciation	(5,294)	(4,951)	(4,595)	(4,240)	(3,888)
<b>Tangible fixed assets (net)</b>	<b>1,634</b>	<b>1,523</b>	<b>1,541</b>	<b>1,559</b>	<b>1,577</b>
<b>Intangible fixed assets (net)</b>	<b>49</b>	<b>40</b>	<b>42</b>	<b>42</b>	<b>42</b>
Long-term financial assets	444	566	566	566	566
Invest. in associates & subsidiaries	235	108	108	108	108
Cash & equivalents	897	1,146	970	983	976
A/C receivable	1,047	863	1,036	1,092	1,149
Inventories	838	642	829	867	909
Other current assets	8	6	11	12	13
<b>Current assets</b>	<b>2,791</b>	<b>2,657</b>	<b>2,847</b>	<b>2,954</b>	<b>3,047</b>
Other assets	119	139	126	130	135
<b>Total assets</b>	<b>5,272</b>	<b>5,032</b>	<b>5,230</b>	<b>5,359</b>	<b>5,474</b>
Common equity	3,832	3,929	4,015	4,121	4,228
Minorities etc.	0	0	0	0	0
<b>Total shareholders' equity</b>	<b>3,832</b>	<b>3,929</b>	<b>4,015</b>	<b>4,121</b>	<b>4,228</b>
Long term debt	1	0	0	0	0
Other long-term liabilities	287	298	235	227	216
<b>Long-term liabilities</b>	<b>287</b>	<b>299</b>	<b>235</b>	<b>227</b>	<b>217</b>
A/C payable	1,147	795	972	1,004	1,022
Short term debt	0	0	0	0	0
Other current liabilities	6	9	7	8	8
<b>Current liabilities</b>	<b>1,153</b>	<b>804</b>	<b>979</b>	<b>1,011</b>	<b>1,031</b>
<b>Total liabilities and shareholders' equity</b>	<b>5,272</b>	<b>5,032</b>	<b>5,230</b>	<b>5,359</b>	<b>5,475</b>
Net working capital	741	707	897	959	1,040
Invested capital	3,222	3,082	3,281	3,365	3,468

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

### Per share (THB)

Book value per share	19.16	20.44	20.89	21.44	22.00
Tangible book value per share	18.91	20.24	20.67	21.22	21.78

### Financial strength

Net debt/equity (%)	(23.4)	(29.2)	(24.1)	(23.8)	(23.1)
Net debt/total assets (%)	(17.0)	(22.8)	(18.5)	(18.3)	(17.8)
Current ratio (x)	2.4	3.3	2.9	2.9	3.0
CF interest cover (x)	7,163.6	13,610.5	3,625.8	8,522.3	8,028.3

Valuation	2022	2023	2024E	2025E	2026E
<b>Recurring P/E (x) *</b>	<b>24.7</b>	<b>16.4</b>	<b>15.7</b>	<b>12.8</b>	<b>12.6</b>
<b>Recurring P/E @ target price (x) *</b>	<b>27.3</b>	<b>18.0</b>	<b>17.4</b>	<b>14.1</b>	<b>14.0</b>
Reported P/E (x)	24.7	16.4	15.7	12.8	12.6
Dividend yield (%)	2.1	3.1	3.2	3.9	4.0
Price/book (x)	0.7	0.7	0.7	0.6	0.6
Price/tangible book (x)	0.7	0.7	0.7	0.6	0.6
EV/EBITDA (x) **	3.8	2.9	3.0	2.8	2.7
EV/EBITDA @ target price (x) **	4.4	3.4	3.5	3.2	3.1
EV/invested capital (x)	0.6	0.5	0.5	0.5	0.5

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

Sources: Inoue Rubber (Thailand); FSSIA estimates

## 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><b>Leader:</b></td> <td>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> <td></td> <td></td> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td><b>Average:</b></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><b>BB</b></td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</td> <td></td> <td></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.																											

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

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

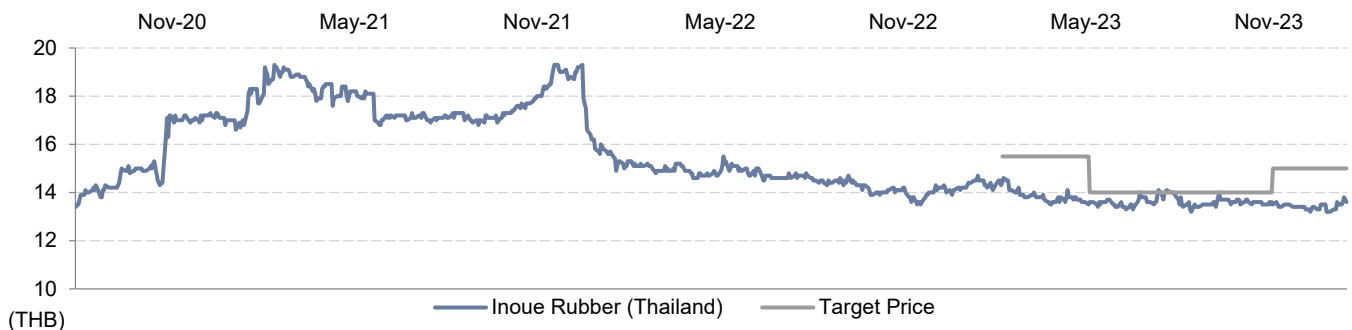
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### History of change in investment rating and/or target price

#### Inoue Rubber (Thailand) (IRC TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
01-Feb-2023	HOLD	15.50	17-Apr-2023	HOLD	14.00	21-Sep-2023	BUY	15.00

Jitra Amornthum started covering this stock from 01-Feb-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Inoue Rubber (Thailand)	IRC TB	THB 13.60	BUY	Downside risks to our P/E-based TP include 1) weaker demand from the automotive industry; 2) a sharp rise in the price of crude oil; and 3) chip supply shortages.

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 24-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.