

STARFLEX SFLEX TB

THAILAND / PACKAGING

BUY

UNCHANGED

คาดการณ์ 4Q23 เติบโต y-y แต่ชะลอ q-q

- คาดกำไร 4Q23 ยังคงโตสูง y-y แต่ลดลง q-q เพราะ SG&A ที่สูงตามฤดูกาล
- Story การเติบโตในปี 2023 คือการพลิกฟื้นของอัตรากำไร ขณะที่ Story ความสำเร็จในปี 2024 คือ synergies ที่จะได้จาก SPV
- แนะนำซื้อ ราคาเป้าหมาย 5.60 บาท

TARGET PRICE	THB5.60
CLOSE	THB3.44
UP/DOWNSIDE	+62.8%
PRIOR TP	THB5.60
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+6.7%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	1,669	1,812	2,080	2,234
Net profit	55	183	228	253
EPS (THB)	0.07	0.22	0.28	0.31
vs Consensus (%)	-	(0.9)	2.9	3.3
EBITDA	124	293	313	340
Recurring net profit	55	183	228	253
Core EPS (THB)	0.07	0.22	0.28	0.31
Chg. In EPS est. (%)	-	1.6	-	-
EPS growth (%)	(63.1)	232.6	24.7	10.9
Core P/E (x)	51.2	15.4	12.4	11.1
Dividend yield (%)	0.9	1.9	2.4	2.7
EV/EBITDA (x)	24.1	10.3	10.3	9.3
Price/book (x)	2.9	2.7	2.5	2.3
Net debt/Equity (%)	16.3	18.0	36.1	28.9
ROE (%)	5.7	17.9	20.9	21.7

คาดการณ์กำไรยังเติบโต y-y สูงใน 4Q23

เราขยับกำไรปกติปี 2023 ขึ้นเล็กน้อย 1.6% เป็น 183 ล้านบาทจากเดิม 180 ล้านบาท เนื่องจากคาดว่ากำไรใน 4Q23 น่าจะได้ 44 ล้านบาท ซึ่งลดลง 9% q-q จากฐานอัตรากำไรขั้นต้นที่สูงมากในไตรมาสก่อนและเพราะไตรมาสสุดท้ายมักมีค่าใช้จ่ายที่เกี่ยวข้องกับพนักงานที่สูงตามฤดูกาล แต่กำไรดังกล่าวยังสูงมาก 30% y-y จาก 4Q22 ที่ผลประกอบการเพิ่งฟื้นจากปัญหาการขาดทุนและค่าขนส่งที่สูงมากและส่งผลกระทบในช่วง 9M22 อันที่จริงกำไรที่เราคาด 44 ล้านบาทใน 4Q23 ถือเป็นกำไรที่ดีมากไตรมาสหนึ่ง

ในที่สุดก็ปิดดีลเข้าลงทุน 25% ใน SPV ได้ก่อนสิ้นปี 2023

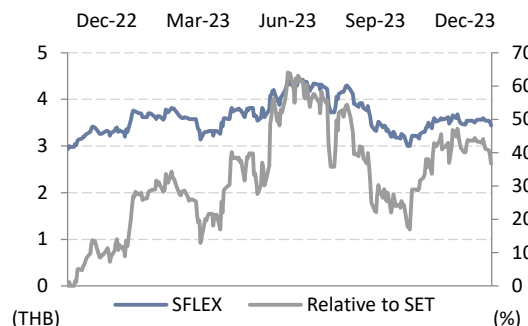
ในช่วงสัปดาห์ก่อนสุดท้ายของปี 2023 SFLEX แจ้งตลาดหลักทรัพย์ ว่าในที่สุดก็สามารถปิดดีลเข้าลงทุน 25% ใน Starprint Vietnam JSC (SPV) เป็นที่เรียบร้อยแล้ว บริษัทจะเริ่มรับรู้ส่วนแบ่งรายได้ของ SPV ตั้งแต่เดือน ม.ค. 2024 เป็นต้นไป หากอิงจากกำไรของ SPV ในปี 2022 ที่ทำได้ 135 ล้านบาท เราประเมินว่า SFLEX น่าจะรับรู้ส่วนแบ่งกำไรของ SPV รวม 34 ล้านบาทในปี 2024 และ 36 ล้านบาทในปี 2025 คิดเป็นสัดส่วน 15% และ 14% ในปี 2024-25 ตามลำดับ ทั้งนี้ เราได้รวมผลกระทบของดอกเบี้ยจ่ายที่จะเกิดขึ้นจากการกู้ยืม 300 ล้านบาทสำหรับการลงทุนครั้งนี้ไว้แล้ว

Synergies จาก SPV หนุนการเติบโตของกำไรในปี 2024

การเติบโตก้าวกระโดดของกำไรในปี 2023 ที่เราคาด +323% y-y โดยหลักมาจากอัตรากำไรขั้นต้นที่ turnaround จากราคาน้ำมันดิบในตลาดโลกที่ปรับลง สำหรับปี 2024 ที่เราคาดกำไรยังเติบโตต่อเนื่อง 25% y-y ปัจจัยหนุนหลักมาจากการขยายตลาดไปยังเวียดนามผ่านการลงทุนใน SPV ทั้งนี้ เวียดนามเป็นประเทศที่มีอัตราการเติบโตของเศรษฐกิจสูง 5.3% y-y ใน 3Q23 สูงกว่าไทยที่ขยายตัวเพียง 1.6% y-y เป็นประเทศที่ประชากรส่วนใหญ่อยู่ในวัยหนุ่มสาว มีความต้องการบริโภคและพร้อมจ่ายใช้สอย SFLEX สามารถสร้าง synergy ด้วยการเสริม Flexible packaging เข้าไปในการผลิตและสร้างตลาด

ยืนยันคำแนะนำซื้อ ราคาเป้าหมาย 5.60 บาท

เราคงราคาเป้าหมายปี 2024 ที่ 5.60 บาท อิง P/E 20x (-0.7SD ของค่าเฉลี่ย 4 ปีตั้งแต่เข้าตลาดหลักทรัพย์) ปัจจุบัน SFLEX ซื้อขายที่ 2024E P/E เพียง 12.4x (-1.1SD ของค่าเฉลี่ย) และ EV/EBITDA 10.3x (-1.3SD ของค่าเฉลี่ย) เรายังคงแนะนำซื้อ



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(4.4)	0.6	16.2
Relative to country (%)	(5.6)	6.8	35.4
Mkt cap (USD m)	79		
3m avg. daily turnover (USD m)	0.3		
Free float (%)	0		
Major shareholder	Mr. Printhorn Apithanasriwong (24%)		
12m high/low (THB)	4.50/2.86		
Issued shares (m)	820.01		

Sources: Bloomberg consensus; FSSIA estimates


Jitra Amornthum

 Fundamental Investment Analyst on Securities; License no. 014530
 jitra.a@fssia.com, +66 2646 9966

PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 28 ธันวาคม 2023

Investment thesis

การลงทุน 25% ใน Star Print เวียดนาม (SPV) ซึ่งเป็นผู้ผลิตบรรจุภัณฑ์กล่องกระดาษแข็งแบบพับได้ (Offset Folding Carton) รายใหญ่ในเวียดนาม เรามองว่าเป็นการลงทุนที่ดีสำหรับ SFLEX เพราะจะช่วยเสริมความหลากหลายของผลิตภัณฑ์ให้แก่ลูกค้า เนื่องจาก SFLEX เป็นผู้นำด้าน Flexible packaging ไม่เน้น Paper packaging จึงถือว่าผลิตภัณฑ์ไม่ซ้ำกัน และยังช่วยขยายฐานตลาดเข้าไปในเวียดนามได้อีกด้วย การลงทุนในกิจการที่มีกำไรอยู่แล้ว ทำให้ SFLEX สามารถรับรู้ส่วนแบ่งกำไรได้โดยไม่ต้องรอ หากอิงกำไรของ SPV ในปี 2022 เราคาดว่า SFLEX น่าจะรับรู้ส่วนแบ่งกำไรของ SPV ได้ปีละ 33-36 ล้านบาท

ขณะที่การพลิกฟื้นของอัตรากำไรเป็นความสำเร็จของปี 2023 การขยายตลาดสู่ต่างประเทศจะเป็นความสำเร็จของปี 2024

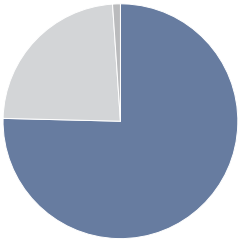
Company profile

บริษัท สตาร์ฟлекс จำกัด (มหาชน) เป็นผู้ผลิตและจำหน่ายบรรจุภัณฑ์พลาสติกชนิดอ่อน (Flexible packaging) สำหรับสินค้าอุปโภคบริโภคตามคำสั่งซื้อของลูกค้า รายได้หลักของบริษัทมาจากการจำหน่ายบรรจุภัณฑ์ที่เป็นมันฟิล์ม (Roll form) ที่ผ่านขั้นตอนการพิมพ์และเคลือบ และยังมีบรรจุภัณฑ์ที่ขึ้นรูปแบบสำเร็จรูป (Pre-form pouch) ในรูปทรงที่หลากหลายจากการวิจัยและพัฒนาร่วมกับลูกค้า SFLEX มีบริษัทร่วมทุน คือ บจ. สตาร์ยูเนี่ยน แพคเกจจิง (SFLEX ถือ 50% TU TB ถือ 50%) และ Starprint Vietnam (SFLEX ถือ 25%)

www.starflex.co.th

Principal activities (revenue, 2022)

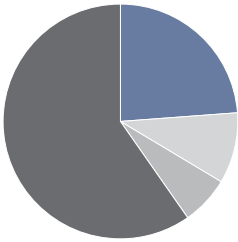
- Non-food packaging - 75.4 %
- Food packaging - 23.5 %
- Others - 1.1 %



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

ปัจจัยกระตุ้นการเติบโตของบริษัท 1) การเติบโตของการบริโภคในประเทศ 2) ราคาน้ำมันดิบปรับลง 3) ค่าเงินบาทแข็งค่า และ 4) การเติบโตที่แข็งแกร่งของการบริโภคในประเทศเวียดนาม

Risks to our call

Downside risks ต่อราคาเป้าหมายของเรา ได้แก่ 1) ราคาน้ำมันปรับขึ้นอย่างรวดเร็วและสูงกว่าคาด 2) เงินเฟ้อสูงกดดันกำลังซื้อในประเทศ และ 3) ค่าเงินบาทอ่อนค่า

Event calendar

Date	Event
February 2024	4Q23/2023 earnings announcement

Key assumptions

	2023E (THB m)	2024E (THB m)	2025E (THB m)
Sales revenue	1,812	2,080	2,234
Growth (%)	8.6	14.8	7.4
Non-food packaging	1,366	1,560	1,676
Growth (%)	8.6	14.2	7.4
Food packaging	439	512	550
Growth (%)	11.6	16.7	7.4
Gross margin (%)	23.8	21.0	21.0
SG&A to sales (%)	12.3	10.1	9.8

Source: FSSIA estimates

Earnings sensitivity

- For every 0.5% change in gross margin, we project SFLEX's 2024 core profit to change by 3.6%, all else being equal.
- For every 0.5% change in SG&A to sales, we project SFLEX's 2024 core profit to change by 4.0%, all else being equal.

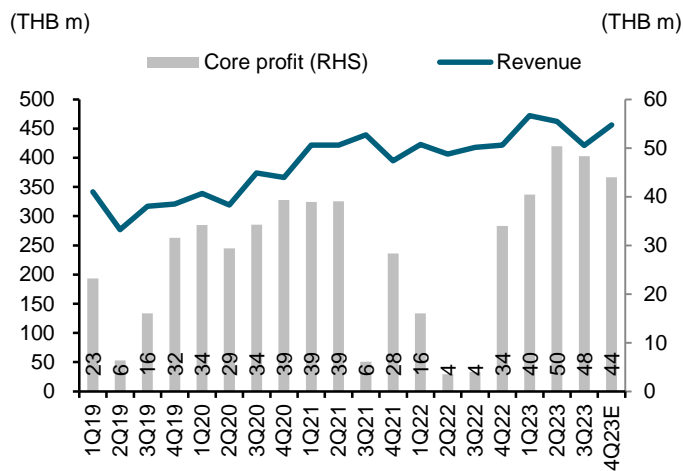
Source: FSSIA estimates

Exhibit 1: 4Q23 earnings preview

Year to Dec 31	4Q22	1Q23	2Q23	3Q23	4Q23E	-----Change-----		2022	2023E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Sales	422	472	462	421	456	8	8	1,669	1,812	9
Cost of sales	(357)	(375)	(347)	(314)	(345)	10	(3)	(1,458)	(1,382)	(5)
Gross profit	64	97	115	107	111	4	73	211	430	104
Other income	10	5	6	8	8	10	(20)	27	27	1
Operating costs	(34)	(51)	(57)	(52)	(63)	22	84	(170)	(223)	31
Operating profit	40	51	64	63	56	(10)	40	381	653	71
Operating EBITDA	54	66	78	77	70	(9)	29	124	293	136
Interest expense	1	(1)	(1)	(2)	(2)	13	(238)	(3)	(6)	89
Profit before tax	41	50	63	62	55	(11)	34	65	229	254
Tax	(8)	(10)	(13)	(13)	(11)	(16)	40	(10)	(46)	375
Reported net profit	33	41	50	49	44	(10)	32	55	183	233
Core profit	34	40	50	48	44	(9)	30	55	183	235
Reported EPS (THB)	0.041	0.050	0.064	0.062	0.054	(13)	32	0.07	0.22	233
Core EPS (THB)	0.041	0.049	0.061	0.059	0.054	(9)	30	0.07	0.22	235
Key Ratios (%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)
Gross margin	15.3	20.5	24.9	25.4	24.4	(1.0)	9.2	12.6	23.8	11.1
Operating margin	9.4	10.9	13.9	15.0	12.4	(2.6)	3.0	4.0	12.9	8.9
EBITDA margin	12.9	13.9	16.9	18.4	15.4	(3.0)	2.5	7.4	16.2	8.7
Recurring net margin	8.1	8.6	10.9	11.5	9.6	(1.8)	1.6	3.3	10.1	6.8
SG&A / Sales	8.1	10.8	12.3	12.4	13.9	1.5	5.7	10.2	12.3	2.1

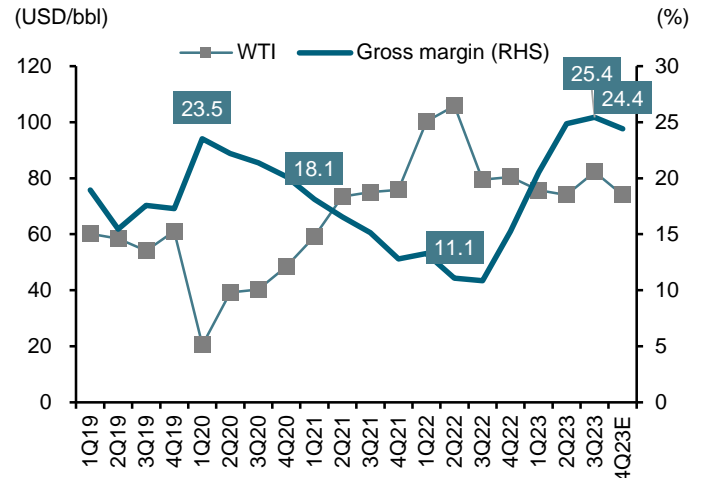
Sources: SFLEX, FSSIA estimates

Exhibit 2: Revenue and core profit



Sources: SFLEX, FSSIA estimates

Exhibit 3: Gross margin vs crude oil prices



Sources: SFLEX, FSSIA estimates

Financial Statements

Starflex

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	1,677	1,669	1,812	2,080	2,234
Cost of goods sold	(1,414)	(1,458)	(1,382)	(1,643)	(1,765)
Gross profit	263	211	430	437	469
Other operating income	50	27	27	27	29
Operating costs	(152)	(170)	(223)	(210)	(218)
Operating EBITDA	223	124	293	313	340
Depreciation	(62)	(57)	(58)	(59)	(60)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	161	67	234	254	280
Net financing costs	(4)	(3)	(6)	(9)	(8)
Associates	-	-	0	33	35
Recurring non-operating income	0	0	0	33	35
Non-recurring items	0	0	0	0	0
Profit before tax	157	65	229	277	308
Tax	(7)	(10)	(46)	(49)	(55)
Profit after tax	149	55	183	228	253
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	149	55	183	228	253
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	149	55	183	228	253
Per share (THB)					
Recurring EPS *	0.18	0.07	0.22	0.28	0.31
Reported EPS	0.18	0.07	0.22	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
Growth					
Revenue (%)	20.0	(0.5)	8.6	14.8	7.4
Operating EBITDA (%)	(4.2)	(44.4)	136.4	7.0	8.7
Operating EBIT (%)	(7.4)	(58.2)	248.4	8.2	10.5
Recurring EPS (%)	4.6	(63.1)	232.6	24.7	10.9
Reported EPS (%)	4.6	(63.1)	232.6	24.7	10.9
Operating performance					
Gross margin inc. depreciation (%)	15.7	12.6	23.8	21.0	21.0
Gross margin exc. depreciation (%)	19.4	16.0	27.0	23.9	23.7
Operating EBITDA margin (%)	13.3	7.4	16.2	15.1	15.2
Operating EBIT margin (%)	9.6	4.0	12.9	12.2	12.6
Net margin (%)	8.9	3.3	10.1	11.0	11.3
Effective tax rate (%)	4.8	14.9	20.0	17.7	17.7
Dividend payout on recurring profit (%)	24.7	44.7	30.0	30.0	30.0
Interest cover (X)	40.7	26.0	42.4	32.1	41.5
Inventory days	75.9	86.9	93.6	88.3	92.3
Debtor days	66.1	66.6	62.3	65.0	65.9
Creditor days	78.2	74.3	76.2	69.7	70.8
Operating ROIC (%)	18.1	5.4	17.3	15.5	(3.6)
ROIC (%)	15.7	4.8	15.7	16.1	(3.7)
ROE (%)	16.2	5.7	17.9	20.9	21.7
ROA (%)	11.0	3.7	11.4	12.7	12.3
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Non-food packaging	1,309	1,258	1,366	1,560	1,676
Food packaging	365	393	439	512	550
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	183	228	253
Depreciation	62	57	58	59	60
Associates & minorities	0	0	0	0	0
Other non-cash items	-	-	-	-	-
Change in working capital	(134)	50	(206)	(161)	(85)
Cash flow from operations	78	162	35	127	228
Capex - maintenance	-	-	-	-	-
Capex - new investment	(196)	(144)	-	(277)	(19)
Net acquisitions & disposals	-	-	14	-	-
Other investments (net)	-	-	-	-	-
Cash flow from investing	(196)	(144)	14	(277)	(19)
Dividends paid	(70)	(37)	(55)	(69)	(76)
Equity finance	0	0	0	0	0
Debt finance	128	66	2	227	(96)
Other financing cash flows	-	-	-	-	-
Cash flow from financing	58	29	(53)	158	(172)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	7	0	0	0
Net other adjustments	(34)	7	(22)	0	(50)
Movement in cash	(94)	54	(26)	8	(13)
Free cash flow to firm (FCFF)	(114.34)	20.98	54.46	(141.20)	217.28
Free cash flow to equity (FCFE)	(23.95)	91.15	28.97	76.72	62.78
Per share (THB)					
FCFF per share	(0.14)	0.03	0.07	(0.17)	0.26
FCFE per share	(0.03)	0.11	0.04	0.09	0.08
Recurring cash flow per share	0.26	0.14	0.29	0.35	0.38
Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	859	1,046	1,106	1,406	1,436
Less: Accumulated depreciation	(428)	(307)	(365)	(424)	(484)
Tangible fixed assets (net)	431	739	741	982	952
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	102	111	98
A/C receivable	346	263	355	385	422
Inventories	334	333	345	421	441
Other current assets	185	22	22	23	24
Current assets	939	747	825	940	985
Other assets	89	29	30	31	32
Total assets	1,507	1,602	1,683	2,041	2,057
Common equity	960	985	1,056	1,128	1,204
Minorities etc.	0	0	0	0	0
Total shareholders' equity	960	985	1,056	1,128	1,204
Long term debt	84	175	177	404	308
Other long-term liabilities	43	43	49	56	65
Long-term liabilities	127	218	226	460	372
A/C payable	295	276	276	329	333
Short term debt	121	114	116	114	138
Other current liabilities	4	8	9	9	10
Current liabilities	419	398	401	452	481
Total liabilities and shareholders' equity	1,507	1,602	1,683	2,041	2,057
Net working capital	566	334	437	492	544
Invested capital	1,133	1,188	1,296	1,592	1,616
* 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	18.0	36.1	28.9
Net debt/total assets (%)	8.6	10.0	11.3	20.0	16.9
Current ratio (x)	2.2	1.9	2.1	2.1	2.0
CF interest cover (x)	44.5	91.9	6.2	40.6	11.7
Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	18.9	51.2	15.4	12.4	11.1
Recurring P/E @ target price (x) *	30.7	83.4	25.1	20.1	18.1
Reported P/E (x)	18.9	51.2	15.4	12.4	11.1
Dividend yield (%)	1.3	0.9	1.9	2.4	2.7
Price/book (x)	2.9	2.9	2.7	2.5	2.3
Price/tangible book (x)	3.1	3.0	2.8	2.6	2.5
EV/EBITDA (x) **	13.3	24.1	10.3	10.3	9.3
EV/EBITDA @ target price (x) **	21.2	38.4	16.3	16.0	14.5
EV/invested capital (x)	2.6	2.5	2.3	2.0	2.0
* 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 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 Sustainability	The Sustainability's 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><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></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><tr><td>AAA</td><td>8.571-10.000</td><td rowspan="3">Leader:</td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td>AA</td><td>7.143-8.570</td></tr><tr><td>A</td><td>5.714-7.142</td></tr><tr><td>BBB</td><td>4.286-5.713</td><td rowspan="3">Average:</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>BB</td><td>2.857-4.285</td></tr><tr><td>B</td><td>1.429-2.856</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></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
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																			
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

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 Securities Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSSIA makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSSIA has no intention to solicit investors to buy or sell any security in this report. In addition, FSSIA 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.

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	04-Dec-2023	BUY	5.60

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 3.44	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 27-Dec-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.