

## PANJAWATTANA PLASTIC

PJW TB

THAILAND / INDUSTRIALS

BUY

UNCHANGED

## ฤดูกาลและรายการพิเศษกดดัน 4Q23 ชั่วคราว

- คาดกำไรสุทธิใน 4Q23 ที่ 24 ล้านบาท -39.9% q-q, +109.6% y-y ต่ำกว่าที่เราเคยคาดก่อนหน้านี้เพราะรายการพิเศษ
- ปรับกำไรปี 2023 ลง 9.5% เป็นเติบโต 74% y-y คาดปี 2024 เติบโตต่อ 38% y-y
- คงราคาเป้าหมาย 5.90 บาท ถ้ารวมวอร์เรนทั้งหมดจะได้ลูทเป็น 4.55 บาท

TARGET PRICE	THB5.90
CLOSE	THB3.36
UP/DOWNSIDE	+75.6%
PRIOR TP	THB5.90
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-

## KEY STOCK DATA

YE Dec (THB m)	2022E	2023E	2024E	2025E
Revenue	3,339	3,142	3,501	4,042
Net profit	84	145	200	244
EPS (THB)	0.14	0.23	0.32	0.39
vs Consensus (%)	-	(11.5)	(3.0)	(7.1)
EBITDA	401	483	555	617
Recurring net profit	84	145	200	244
Core EPS (THB)	0.14	0.23	0.32	0.39
Chg. In EPS est. (%)	-	(9.5)	(1.7)	(6.7)
EPS growth (%)	(53.8)	72.3	37.1	22.2
Core P/E (x)	24.6	14.3	10.4	8.5
Dividend yield (%)	1.5	2.8	3.8	4.7
EV/EBITDA (x)	7.7	6.4	5.5	5.0
Price/book (x)	1.7	1.6	1.5	1.5
Net debt/Equity (%)	81.4	79.6	72.0	68.3
ROE (%)	6.9	11.4	15.1	17.6

## จำนวนวันทำงานที่น้อยและรายการพิเศษ จะกระทบกำไรใน 4Q23

เราคาดกำไรสุทธิใน 4Q23 ที่ 24 ล้านบาท -39.9% q-q, +109.6% y-y ต่ำกว่าที่เราเคยคาดก่อนหน้านี้ที่ 40 ล้านบาท เพราะจะมีรายการพิเศษราว 10 ล้านบาทในการปรับโครงสร้างธุรกิจ สำหรับผลการดำเนินงานหลักโดยรวมชะลอลงเพราะจำนวนวันทำงานน้อยกว่าไตรมาสอื่น โดยเราคาดรายได้ -33.8% q-q, -29.4% y-y เป็น 517.8 ล้านบาท อัตรากำไรขั้นต้นคาดว่าจะขยับขึ้นได้เล็กน้อยเป็น 21.0% จาก 20.8% ใน 3Q23 และ 16.3% ใน 4Q22 ในปีที่ผ่านมาต้นทุนเริ่มไม่ใช้ปัญหาเหมือนปี 2022 จากเศรษฐกิจโลกโดยเฉพาะเงินที่ฟื้นทำให้เม็ดพลาสติกค่อนข้าง oversupply

## ปรับประมาณการกำไรปี 2023 ลงแต่คาดว่าจะยังเติบโต 74% y-y

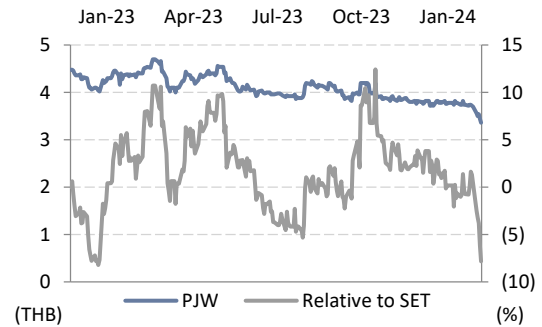
กำไรสุทธิใน 4Q23 ที่ต่ำกว่าที่เคยคาด ทำให้เราปรับประมาณการกำไรปี 2023 ลง 9.5% จากเดิมคาด 160 ล้านบาทเป็น 145 ล้านบาท โดยหลักมาจากการปรับลดประมาณการรายได้และปรับเพิ่มค่าใช้จ่าย กำไรสุทธิหลังจากปรับประมาณการแล้วยังเติบโตสูงถึง 73.9% y-y turnaround จากปี 2022 ที่ถูกกระทบจากโควิดทำให้โรงงานในจีนประสบผลขาดทุน และธุรกิจ Master Laundry ขาดทุนเช่นกัน

## ชิ้นส่วนยานยนต์ยังคงเป็นพระเอก คาดกำไรปี 2024-25 โต 38%/22%

เราทบทวนประมาณการปี 2024-25 ยังคิดว่าบริษัทจะสามารถทำกำไรได้ 200 ล้านบาทในปี 2024 (+37.6% y-y) แม้ว่าจะปรับลดรายได้ลงจากเดิม 12.2% แต่ปรับเพิ่มอัตรากำไรขั้นต้นและลดค่าใช้จ่ายบริหารลง รายได้จากชิ้นส่วนยานยนต์ยังคงเป็นพระเอกในปี 2024-25 โดยคาดว่าจะสร้างรายได้ราว 1.2 พันล้านบาทปี 2024 ก่อนจะเพิ่มเป็น 1.4 พันล้านบาทปี 2025 (สัดส่วน 35% ของรายได้รวม) หลังจากปี PJW เป็น First tier แบบ co-design ได้ นอกจากนี้ ในช่วง 2H24 จะเริ่มมีรายได้จากกลุ่ม Medical ราว 50 ล้านบาท ส่วน Master Laundry คาดว่ารายได้จะเพิ่มกว่า 60% หลังมีลูกค้าเพิ่ม ส่วนกำไรปี 2025 คาดเติบโตต่อเนื่อง +22.2% y-y (ปรับลงจากเดิม 6.4%)

## คงราคาเป้าหมาย 5.90 บาท หากรวมวอร์เรนทั้งหมด จะได้ลูทเป็น 4.55 บาท

เรายังคงราคาเป้าหมายปี 2024 ที่ 5.90 บาท อิง PE 18.0 เท่า ใกล้เคียงค่าเฉลี่ยของ PE ช่วง 3 ปีที่ผ่านมาที่ 18.8 เท่า ทั้งนี้ PJW มี PJW-W1 ที่ราคาใช้สิทธิ 2.857 บาทต่อหุ้น ต่ำกว่าราคาหุ้นปัจจุบัน PJW-W1 ใช้สิทธิครั้งสุดท้ายวันที่ 18 ก.ค. 2024 หากวอร์เรนที่ใช้สิทธิทั้งหมด ราคาเป้าหมายจะถูก dilute เป็น 4.55 บาทสูงกว่าราคาหุ้นปัจจุบัน จึงยังแนะนำซื้อ



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(10.6)	(13.8)	(24.0)
Relative to country (%)	(7.7)	(13.7)	(7.1)
Mkt cap (USD m)	59		
3m avg. daily turnover (USD m)	0.1		
Free float (%)	47		
Major shareholder	Hemmondharop Family (52%)		
12m high/low (THB)	4.76/2.80		
Issued shares (m)	618.05		

Sources: Bloomberg consensus; FSSIA estimates



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## Investment thesis

เราคาดการณ์กำไรสุทธิใน 4Q23 ที่ 24 ล้านบาท -39.9% q-q, +109.6% y-y ต่ำกว่าที่เราเคยคาดการณ์ก่อนหน้านี้ที่ 40 ล้านบาท เพราะจะมีรายการพิเศษราว 10 ล้านบาทบาทในการปรับโครงสร้างธุรกิจ สำหรับผลการดำเนินงานหลักโดยรวมชะลอลงเพราะจำนวนวันทำงานน้อยกว่าไตรมาสอื่น กำไรสุทธิใน 4Q23 ที่ต่ำกว่าที่เคยคาด ทำให้เราปรับประมาณการกำไรปี 2023 ลง 9.5% จากเดิมคาด 160 ล้านบาทเป็น 145 ล้านบาท

เราทบทวนประมาณการปี 2024-25 ยังคิดว่าบริษัทจะสามารถทำได้กำไรได้ 200 ล้านบาทในปี 2024 (+37.6% y-y) แม้ว่าจะปรับลดรายได้ลงจากเดิม 12.2% ก็ตาม ส่วนกำไรปี 2025 คาดเติบโตต่อเนื่อง +22.2% y-y

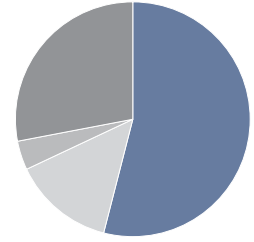
## Company profile

PJW เป็นผู้ผลิตและจำหน่ายบรรจุภัณฑ์พลาสติกประเภทขวดและฝา ได้แก่บรรจุภัณฑ์พลาสติกสำหรับน้ำมันหล่อลื่น สำหรับบรรจุนมและนมเปรี้ยว สำหรับบรรจุสินค้าอุปโภคและเคมีภัณฑ์ และชิ้นส่วนพลาสติกสำหรับยานยนต์ให้กับลูกค้ารายยนต์ต่างๆ บริษัทมีโรงงาน 5 แห่ง (3 แห่งในไทย 2 แห่งในจีน) วัตถุดิบหลักเป็นเม็ดพลาสติกประเภท Polyethylene และ Polypropylene

[www.pjw.co.th](http://www.pjw.co.th)

## Principal activities (revenue, 2021)

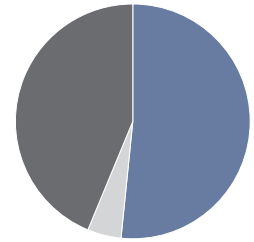
- Lubricant packaging - 54.0 %
- Dairy packaging - 14.0 %
- Consumer and chemical packaging - 4.0 %
- Auto parts - 28.0 %



Source: Panjawattana Plastic

## Major shareholders

- Hemmondharop Family - 51.6 %
- Mr. Soontorn Sriprachyaanand - 4.7 %
- Others - 43.7 %



Source: Panjawattana Plastic

## Catalysts

ปัจจัยหนุนการเติบโตได้แก่ 1) กำลังซื้อยานยนต์ดีขึ้นทำให้ยอดการผลิตรถยนต์สูงกว่าคาด 2) นักท่องเที่ยวเพิ่มขึ้นอย่างรวดเร็ว หนุนธุรกิจบรรจุภัณฑ์สำหรับบรรจุนมและนมเปรี้ยว 3) ราคาเม็ดพลาสติกปรับลงเร็ว

## Risks to our call

Downside risks to our DCF-based TP include 1) ราคาเม็ดพลาสติกปรับสูงขึ้นอย่างรวดเร็วโดยบริษัทไม่สามารถปรับราคาขายได้ทัน 2) อัตราดอกเบี้ยเงินกู้ปรับสูงขึ้น

## Event calendar

Date	Event
February 2024	4Q23 earnings announcement

## Key assumptions

	2023E (%)	2024E (%)	2025E (%)
<b>Revenue growth</b>			
- Lubricant packaging	(15.0)	2.0	2.0
- Dairy packaging	7.3	7.0	6.0
- Consumer & chemical packaging	3.0	10.0	10.0
- Auto parts	28.0	11.0	15.0
- Medical products	0.0	100.0	300.0
- Laundry	38.5	66.7	46.7

Source: FSSIA estimates

## Earnings sensitivity

- For every 0.5% change in gross margin, we project 2024 net profit to change by 8%, all else being equal.
- For every 0.5% change in cost of fund, we project 2024 net profit to change by 10.8%, all else being equal.

Source: FSSIA estimates

## Exhibit 1: 4Q23/2023 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	733	941	901	782	518	(33.8)	(29.4)	3,339	3,142	(5.9)
Cost of sales	(614)	(769)	(713)	(619)	(409)	(33.9)	(33.4)	(2,797)	(2,510)	(10.3)
Gross profit	119	172	188	163	109	(33.3)	(9.1)	542	632	16.6
Operating costs	(92)	(116)	(121)	(94)	(87)	(7.4)	(5.4)	(403)	(418)	3.7
Operating profit	29	68	71	69	27	(60.6)	(4.2)	160	236	47.0
Operating EBITDA	89	127	121	134	77	(42.2)	(12.6)	401	483	20.7
Other income	1	13	3	0	6	1,237.8	454.1	22	22	1.1
Interest expense	(12)	(16)	(15)	(15)	(8)	(49.4)	(38.7)	(50)	(54)	7.9
Profit before tax	16	52	55	54	20	(63.6)	22.3	110	182	64.9
Tax	(5)	(13)	(14)	(14)	4	(131.2)	(195.3)	(27)	(36)	36.7
<b>Core profit</b>	<b>12</b>	<b>39</b>	<b>42</b>	<b>40</b>	<b>24</b>	<b>(39.9)</b>	<b>109.6</b>	<b>84</b>	<b>145</b>	<b>73.9</b>
<b>Reported net profit</b>	<b>12</b>	<b>39</b>	<b>42</b>	<b>40</b>	<b>24</b>	<b>(39.9)</b>	<b>109.6</b>	<b>84</b>	<b>145</b>	<b>73.9</b>
Reported EPS (THB)	0.020	0.064	0.068	0.065	0.039	(39.7)	94.7	0.138	0.235	70.3
Core EPS (THB)	0.020	0.064	0.068	0.065	0.039	(39.7)	94.7	0.138	0.235	70.3
<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	16.3	18.3	20.9	20.8	21.0	0.1	4.7	16.2	20.1	3.9
EBIT margin	3.9	7.3	7.8	8.9	5.3	(3.6)	1.4	4.8	7.5	2.7
EBITDA margin	12.1	13.5	13.4	17.1	15.0	(2.2)	2.9	12.0	15.4	3.4
Net profit margin	1.6	4.1	4.6	5.2	4.7	(0.5)	3.1	2.5	4.6	2.1
SG&A / Sales	12.5	12.4	13.4	12.0	16.8	4.8	4.2	12.1	13.3	1.2
<b>Operating statistics</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(q-q %)</b>	<b>(y-y %)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(y-y %)</b>
Lubricant packaging	412	447	394	352	228	(35.2)	(44.8)	1,803	1,323	(26.6)
Auto parts	265	291	308	289	192	(33.8)	(27.7)	935	1,100	17.7
Milk & Yogur packaging	106	129	132	117	83	(29.4)	(21.6)	467	402	(14.1)
Consumer & Chemical pkg	42	38	27	23	16	(33.8)	(62.7)	134	138	3.0
Others								0	180	100.0

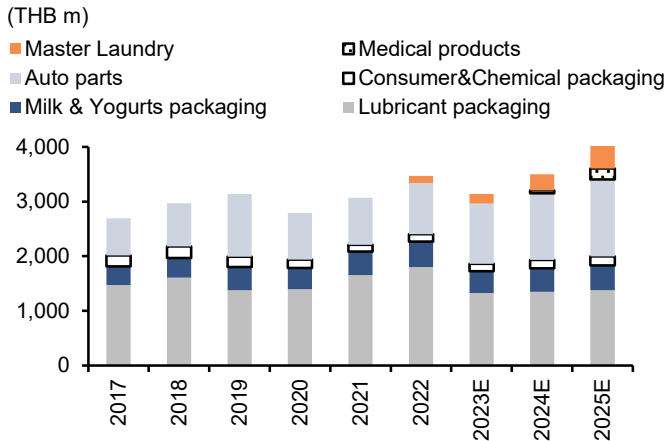
Sources: PJW, FSSIA estimates

## Exhibit 2: Changes in key assumptions

	----- Current -----			----- Previous -----			----- Change -----		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)
Lubricant packaging	1,323	1,349	1,376	1,623	1,655	1,688	(18.5)	(18.5)	(18.5)
Dairy packaging	402	430	455	502	537	558	(19.9)	(19.9)	(18.4)
Consumer and chemical packaging	138	151	166	138	146	153	0.0	3.8	8.7
Auto parts	1,100	1,221	1,404	1,197	1,412	1,553	(8.1)	(13.5)	(9.6)
Medical products	0	50	200	0	80	400	0.0	(37.5)	(50.0)
Master laundry	180	300	440	180	160	200	0.0	87.5	120.0
<b>Total sales revenue</b>	<b>3,142</b>	<b>3,501</b>	<b>4,042</b>	<b>3,713</b>	<b>3,990</b>	<b>4,553</b>	<b>(15.4)</b>	<b>(12.2)</b>	<b>(11.2)</b>
Cost of sales	(2,510)	(2,777)	(3,226)	(3,004)	(3,196)	(3,642)	(16.4)	(13.1)	(11.4)
SG&A expenses	(418)	(441)	(477)	(477)	(503)	(546)	(12.3)	(12.2)	(12.7)
Interest expense	(54)	(49)	(49)	(58)	(56)	(54)	(6.6)	(11.7)	(10.4)
<b>Net profit</b>	<b>145</b>	<b>200</b>	<b>244</b>	<b>160</b>	<b>202</b>	<b>261</b>	<b>(9.5)</b>	<b>(1.3)</b>	<b>(6.4)</b>
EPS (THB/share)	0.23	0.32	0.39	0.26	0.33	0.42	(9.5)	(1.7)	(6.7)
<b>Key ratio</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(ppt)</b>
Gross margin	20.1	20.7	20.2	19.1	19.9	20.0	1.0	0.8	0.2
SG&A to sales	13.3	12.6	11.8	12.8	12.6	12.0	0.5	0.0	-0.2
Net profit margin	4.6	5.7	6.0	4.3	5.1	5.7	0.3	0.6	0.3

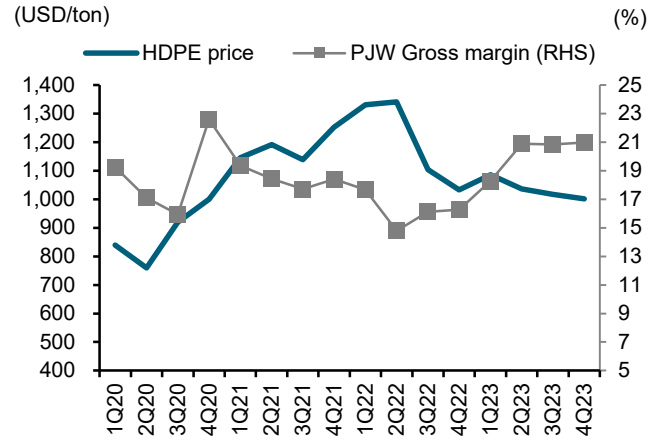
Sources: PJW, FSSIA estimates

**Exhibit 3: Revenue breakdown by unit**



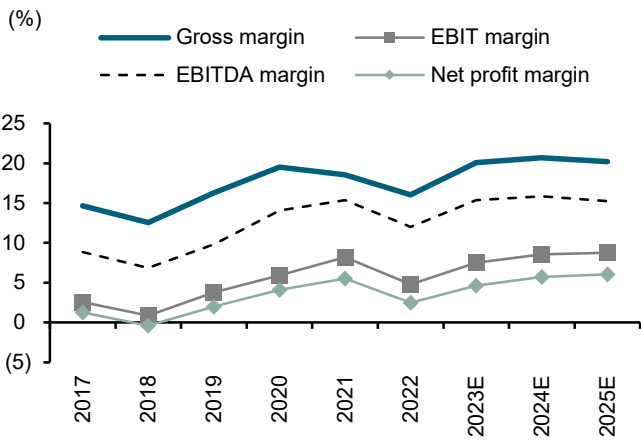
Sources: PJW, FSSIA estimates

**Exhibit 4: HDPE price and PJW's gross margin**



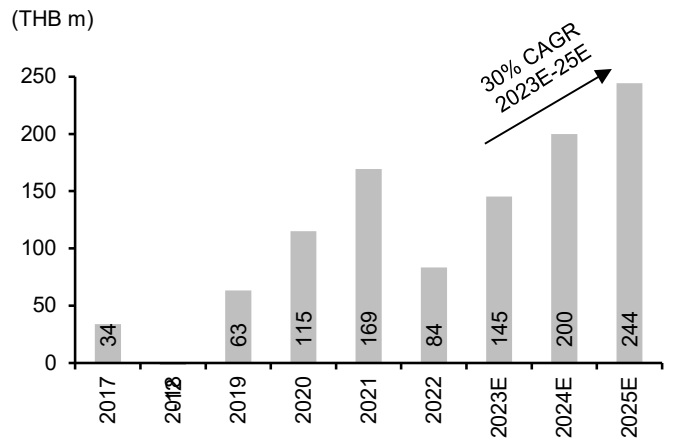
Sources: PJW, FSSIA estimates

**Exhibit 5: Margins**



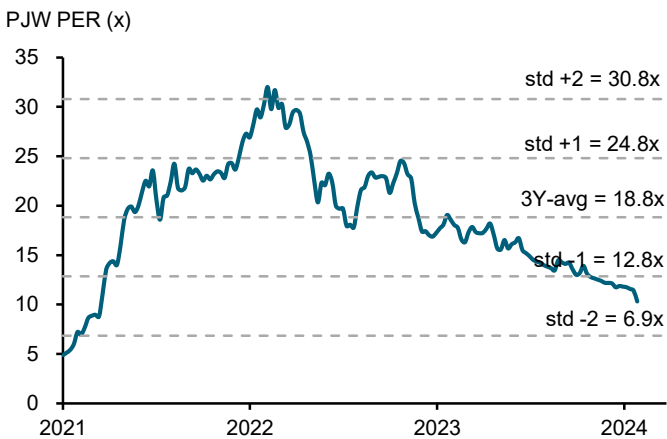
Sources: PJW, FSSIA estimates

**Exhibit 6: Net profit**



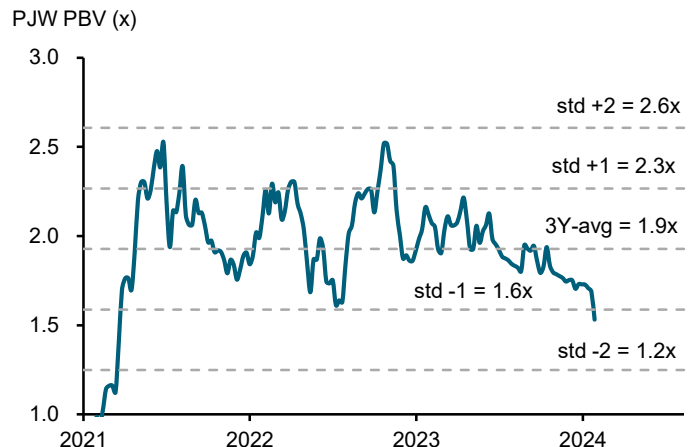
Sources: PJW, FSSIA estimates

**Exhibit 7: Rolling one-year forward P/E band**



Sources: Bloomberg, FSSIA estimates

**Exhibit 8: Rolling one-year forward P/BV band**



Sources: Bloomberg, FSSIA estimates

## Financial Statements

### Panjawattana Plastic

Profit and Loss (THB m) Year Ending Dec	2021	2022E	2023E	2024E	2025E
Revenue	3,067	3,339	3,142	3,501	4,042
Cost of goods sold	(2,501)	(2,797)	(2,510)	(2,777)	(3,226)
<b>Gross profit</b>	<b>567</b>	<b>542</b>	<b>632</b>	<b>725</b>	<b>817</b>
Other operating income	19	22	22	16	14
Operating costs	(335)	(403)	(418)	(441)	(477)
<b>Operating EBITDA</b>	<b>471</b>	<b>401</b>	<b>483</b>	<b>555</b>	<b>617</b>
Depreciation	(220)	(240)	(248)	(255)	(263)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>251</b>	<b>160</b>	<b>236</b>	<b>299</b>	<b>354</b>
Net financing costs	(49)	(50)	(54)	(49)	(49)
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>203</b>	<b>110</b>	<b>182</b>	<b>250</b>	<b>305</b>
Tax	(33)	(27)	(36)	(50)	(61)
<b>Profit after tax</b>	<b>169</b>	<b>84</b>	<b>145</b>	<b>200</b>	<b>244</b>
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>169</b>	<b>84</b>	<b>145</b>	<b>200</b>	<b>244</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>169</b>	<b>84</b>	<b>145</b>	<b>200</b>	<b>244</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.30	0.14	0.23	0.32	0.39
Reported EPS	0.30	0.14	0.23	0.32	0.39
DPS	0.08	0.05	0.09	0.13	0.16
Diluted shares (used to calculate per share data)	574	612	618	620	620
<b>Growth</b>					
Revenue (%)	9.8	8.9	(5.9)	11.4	15.5
Operating EBITDA (%)	20.0	(15.0)	20.7	14.8	11.2
Operating EBIT (%)	51.9	(36.2)	47.0	26.9	18.2
Recurring EPS (%)	47.3	(53.8)	72.3	37.1	22.2
Reported EPS (%)	47.3	(53.8)	72.3	37.1	22.2
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	18.5	16.2	20.1	20.7	20.2
Gross margin exc. depreciation (%)	25.7	23.4	28.0	28.0	26.7
Operating EBITDA margin (%)	15.4	12.0	15.4	15.8	15.3
Operating EBIT margin (%)	8.2	4.8	7.5	8.5	8.7
Net margin (%)	5.5	2.5	4.6	5.7	6.0
Effective tax rate (%)	16.4	24.1	20.0	20.0	20.0
Dividend payout on recurring profit (%)	27.1	36.7	40.0	40.0	40.0
Interest cover (X)	5.2	3.2	4.4	6.1	7.3
Inventory days	44.5	46.5	56.4	53.3	45.4
Debtor days	81.7	75.9	82.1	75.6	66.5
Creditor days	75.2	70.4	89.0	84.2	71.0
Operating ROIC (%)	9.3	5.9	8.8	11.0	12.8
ROIC (%)	8.6	5.3	7.6	9.6	11.2
ROE (%)	14.8	6.9	11.4	15.1	17.6
ROA (%)	7.1	4.0	6.0	7.5	8.7
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Lubricant packaging	1,656	1,803	1,323	1,349	1,376
Dairy packaging	429	467	402	430	455
Consumer and chemical packaging	123	134	138	151	166
Auto parts	859	935	1,100	1,221	1,404

Sources: Panjawattana Plastic; FSSIA estimates

## Financial Statements

### Panjawattana Plastic

Cash Flow (THB m) Year Ending Dec	2021	2022E	2023E	2024E	2025E
Recurring net profit	169	84	145	200	244
Depreciation	220	240	248	255	263
Associates & minorities	0	0	0	0	0
Other non-cash items	103	(61)	(92)	(59)	(76)
Change in working capital	(109)	100	8	62	18
<b>Cash flow from operations</b>	<b>384</b>	<b>363</b>	<b>309</b>	<b>458</b>	<b>449</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(183)	(381)	(217)	(269)	(278)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(183)</b>	<b>(381)</b>	<b>(217)</b>	<b>(269)</b>	<b>(278)</b>
Dividends paid	(118)	(31)	(58)	(80)	(98)
Equity finance	0	46	12	1	0
Debt finance	65	(50)	(22)	(32)	(7)
Other financing cash flows	(90)	38	(27)	(7)	(7)
<b>Cash flow from financing</b>	<b>(143)</b>	<b>3</b>	<b>(94)</b>	<b>(117)</b>	<b>(112)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>(15)</b>	<b>(5)</b>	<b>(36)</b>	<b>(51)</b>	<b>(61)</b>
<b>Movement in cash</b>	<b>43</b>	<b>(20)</b>	<b>(38)</b>	<b>21</b>	<b>(1)</b>
Free cash flow to firm (FCFF)	248.94	31.90	146.94	238.79	219.92
Free cash flow to equity (FCFE)	160.19	(34.95)	7.91	99.99	96.34

Per share (THB)	2021	2022E	2023E	2024E	2025E
FCFF per share	0.40	0.05	0.24	0.39	0.36
FCFE per share	0.26	(0.06)	0.01	0.16	0.16
Recurring cash flow per share	0.86	0.43	0.49	0.64	0.70

Balance Sheet (THB m) Year Ending Dec	2021	2022E	2023E	2024E	2025E
Tangible fixed assets (gross)	3,177	3,414	3,664	3,929	4,194
Less: Accumulated depreciation	(1,523)	(1,756)	(2,003)	(2,259)	(2,522)
<b>Tangible fixed assets (net)</b>	<b>1,654</b>	<b>1,658</b>	<b>1,660</b>	<b>1,670</b>	<b>1,672</b>
<b>Intangible fixed assets (net)</b>	<b>27</b>	<b>61</b>	<b>61</b>	<b>61</b>	<b>61</b>
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	-	-	-	-	-
Cash & equivalents	110	91	53	75	73
A/C receivable	707	681	732	719	753
Inventories	323	328	371	365	371
Other current assets	48	47	63	70	81
<b>Current assets</b>	<b>1,189</b>	<b>1,147</b>	<b>1,219</b>	<b>1,229</b>	<b>1,278</b>
Other assets	159	265	240	245	258
<b>Total assets</b>	<b>3,028</b>	<b>3,131</b>	<b>3,180</b>	<b>3,206</b>	<b>3,270</b>
Common equity	1,190	1,247	1,296	1,357	1,424
Minorities etc.	0	0	0	0	0
<b>Total shareholders' equity</b>	<b>1,190</b>	<b>1,247</b>	<b>1,296</b>	<b>1,357</b>	<b>1,424</b>
Long term debt	357	275	377	382	372
Other long-term liabilities	154	188	153	154	159
<b>Long-term liabilities</b>	<b>511</b>	<b>463</b>	<b>530</b>	<b>536</b>	<b>531</b>
A/C payable	467	519	585	578	574
Short term debt	799	830	707	671	673
Other current liabilities	62	72	62	64	67
<b>Current liabilities</b>	<b>1,328</b>	<b>1,421</b>	<b>1,354</b>	<b>1,313</b>	<b>1,315</b>
<b>Total liabilities and shareholders' equity</b>	<b>3,028</b>	<b>3,131</b>	<b>3,180</b>	<b>3,206</b>	<b>3,270</b>
Net working capital	550	465	519	512	563
Invested capital	2,390	2,450	2,481	2,489	2,555

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

Per share (THB)	2021	2022E	2023E	2024E	2025E
Book value per share	2.07	2.04	2.10	2.19	2.29
Tangible book value per share	2.03	1.94	2.00	2.09	2.20

Financial strength	2021	2022E	2023E	2024E	2025E
Net debt/equity (%)	87.8	81.4	79.6	72.0	68.3
Net debt/total assets (%)	34.5	32.4	32.4	30.5	29.7
Current ratio (x)	0.9	0.8	0.9	0.9	1.0
CF interest cover (x)	8.0	7.9	5.1	8.5	8.7

Valuation	2021	2022E	2023E	2024E	2025E
<b>Recurring P/E (x) *</b>	<b>11.4</b>	<b>24.6</b>	<b>14.3</b>	<b>10.4</b>	<b>8.5</b>
<b>Recurring P/E @ target price (x) *</b>	<b>20.0</b>	<b>43.3</b>	<b>25.1</b>	<b>18.3</b>	<b>15.0</b>
Reported P/E (x)	11.4	24.6	14.3	10.4	8.5
Dividend yield (%)	2.4	1.5	2.8	3.8	4.7
Price/book (x)	1.6	1.7	1.6	1.5	1.5
Price/tangible book (x)	1.7	1.7	1.7	1.6	1.5
EV/EBITDA (x) **	6.3	7.7	6.4	5.5	5.0
EV/EBITDA @ target price (x) **	9.4	11.6	9.7	8.4	7.5
EV/invested capital (x)	1.2	1.3	1.3	1.2	1.2

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

Sources: Panjawattana Plastic; FSSIA estimates

# Panjawattana Plastic PCL (PJW TB)

**FSSIA ESG rating**

**20.00 /100**
**Exhibit 1: 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.
★★	<b>&gt;19-39</b>	<b>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.</b>
★	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 2: 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
SFLEX	16.00	--	--	--	4.00	4.00	Declared	--	--	--	--	--	--	--	--
AJ	25.00	--	--	Y	5.00	5.00	Certified	--	--	--	--	--	--	--	--
BGC	40.15	--	Y	Y	5.00	5.00	Certified	--	49.46	--	--	31.74	--	--	--
CSC	27.93	--	--	--	4.00	4.00	Certified	--	52.39	--	--	27.08	--	--	--
PJW	20.00	--	--	Y	4.00	5.00	--	--	--	--	--	--	--	--	--
THIP	35.54	--	--	Y	5.00	4.00	Certified	--	55.37	--	--	36.96	--	--	--

Sources: SETTRADE.com; \* FSSIA estimate; FSSIA's compilation

**Exhibit 3: ESG disclosure from company's one report**

FY ending Dec 31	FY 2022	FY ending Dec 31	FY 2022
<b>Environmental</b>		<b>Governance</b>	
Climate change policy	Yes	<b>Board size / Independent directors (ID) / Female</b>	<b>9 / 3 / 1</b>
Climate change opportunities discussed	--	No. of board meetings for the year / % attendance	8 / 100%
GHG scope 2 location-based policy	Yes	Company conducts board evaluations	Yes
Biodiversity policy	--	Number of non-executive directors on board	5
Energy efficiency policy	Yes	Director share ownership guidelines	No
Electricity used	Yes	Board age limit	No
Fuel used - crude oil/diesel	Yes	Age of the youngest / oldest director	53 / 83
Waste reduction policy	Yes	Number of executives / female	8 / 4
Water policy	Yes	Executive share ownership guidelines	No
Water consumption	Yes	<b>Size of audit committee / ID</b>	<b>4 / 4</b>
<b>Social</b>		Audit committee meetings	4
Human rights policy	Yes	Audit committee meeting attendance (%)	100
Policy against child labor	Yes	<b>Size of compensation committee / ID</b>	<b>3 / 2</b>
Quality assurance and recall policy	Yes	Number of compensation committee meetings	1
Consumer data protection policy	Yes	Compensation committee meeting attendance (%)	100
Equal opportunity policy	Yes	<b>Size of nomination committee / ID</b>	<b>3 / 2</b>
Gender pay gap breakout	--	Number of nomination committee meetings	1
Pct women in workforce	44.43	Nomination committee meeting attendance (%)	100
Business ethics policy	Yes	Board compensation (THB m)	3.18
Anti-bribery ethics policy	Yes	Executive compensation (THB m)	65.59
Health and safety policy	Yes	Auditor fee (THB m)	2.38
Lost time incident rate - employees	Yes	(Dharmniti Auditing Co., Ltd.)	
Training policy	Yes	Total employee (no.)	<b>1,645</b>
Fair remuneration policy	Yes	Employee compensation (THB m)	531
Number of employees - CSR	Yes		
Total hours spent by firm - employee training	Yes		
Social supply chain management	Yes		

Source: 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 <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.																			
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&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.																			
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. 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.	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+									
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" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td><b>AAA</b></td> <td>8.571-10.000</td> <td rowspan="3"><b>Leader:</b></td> <td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td><b>AA</b></td> <td>7.143-8.570</td> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td rowspan="3"><b>Average:</b></td> <td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td><b>BB</b></td> <td>2.857-4.285</td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</td> </tr> <tr> <td><b>CCC</b></td> <td>0.000-1.428</td> <td><b>Laggard:</b></td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570	<b>A</b>	5.714-7.142	<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285	<b>B</b>	1.429-2.856	<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks
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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; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;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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#### Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

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

##### Panjawattana Plastic (PJW TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
17-Oct-2023	BUY	5.90	-	-	-	-	-	-

Jitra Amornthum started covering this stock from 17-Oct-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Panjawattana Plastic	PJW TB	THB 3.36	BUY	Downside risks to our DCF-based TP include 1) ราคาเม็ดพลาสติกปรับสูงขึ้นอย่างรวดเร็วโดยบริษัทไม่สามารถปรับราคาขายได้ทัน 2) อัตราดอกเบี้ยเงินกู้ปรับสูงขึ้น

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 26-Jan-2024 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.