

EASTERN POLYMER GROUP
THAILAND / CONSTRUCT

EPG TB

BUY

UNCHANGED

คาดปัจจัยฤดูกาลกดดันกำไร 3QFY24

- คาดกำไรสุทธิ 3QFY24 -27.6% q-q (แต่ +47.6% y-y) จากฤดูกาล รายจ่ายพิเศษและบริษัทร่วมที่แอฟริกาใต้ยังที่อ่อนแอ
- แต่กำไรปกติงวด 9MFY24 คาดว่า +15.1% y-y จากธุรกิจชิ้นส่วนยานยนต์ Aeroklas
- คงคำแนะนำซื้อ คงราคาเป้าหมาย 11 บาท

TARGET PRICE	THB11.00
CLOSE	THB7.75
UP/DOWNSIDE	+41.9%
PRIOR TP	THB11.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+19.0%

KEY STOCK DATA

YE Mar (THB m)	2023	2024E	2025E	2026E
Revenue	12,125	12,916	13,744	14,503
Net profit	1,076	1,486	1,581	1,684
EPS (THB)	0.38	0.53	0.56	0.60
vs Consensus (%)	-	4.3	0.4	7.5
EBITDA	2,104	2,293	2,472	2,587
Recurring net profit	1,232	1,486	1,581	1,684
Core EPS (THB)	0.44	0.53	0.56	0.60
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	(19.1)	20.6	6.4	6.5
Core P/E (x)	17.6	14.6	13.7	12.9
Dividend yield (%)	3.6	4.1	4.4	4.7
EV/EBITDA (x)	12.0	11.0	10.2	9.7
Price/book (x)	1.8	1.7	1.7	1.6
Net debt/Equity (%)	29.5	28.5	26.8	24.8
ROE (%)	10.4	12.2	12.3	12.6

ค่าใช้จ่ายพิเศษและ JV จุดผลประกอบการใน 3QFY24

เราคาดผลกำไรของ EPG ใน 3QFY24 (ต.ค.-ธ.ค.) จะชะลอลงจากรายการพิเศษซึ่งส่วนใหญ่ได้แก่ค่าใช้จ่ายพิเศษที่เกิดขึ้นครั้งเดียว ผลขาดทุนจากอัตราแลกเปลี่ยน และผลประกอบการของบริษัทร่วม JV ที่ชะลอโดยเฉพาะในแอฟริกาใต้ แต่ในด้านผลการดำเนินงานหลัก เราคาดว่ารายได้ใน 3QFY24 จะทรงตัว q-q เนื่องจากวันทำงานน้อยกว่าไตรมาสก่อนแต่ยังเติบโต 10.9% y-y โดยหลักมาจากธุรกิจผลิตชิ้นส่วนยานยนต์ Aeroklas อัตรากำไรขั้นต้นโดยรวมลดลง q-q เพราะปัจจัยฤดูกาลและยังลดลง y-y เพราะฐานสูงกว่าปกติใน 3QFY23 ดังนั้น เราจึงคาดว่ากำไรปกติไตรมาสนี้ 360 ล้านบาท (-20.4% q-q, -0.2% y-y) ส่วนกำไรสุทธิ (รวมขาดทุนอัตราแลกเปลี่ยนและค่าใช้จ่ายจากการซื้อกิจการ) คาด -27.6% q-q เป็น 312 ล้านบาท (ยังโต 47.6% y-y)

กำไรปกติงวด 9MFY24 ขยายตัวเพิ่มขึ้น 15% y-y

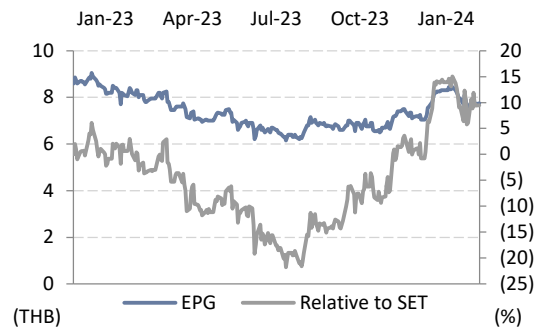
กำไรปกติที่คาดลดลง q-q ใน 3QFY24 ส่วนใหญ่เป็นผลมาจาก low season ซึ่งอยู่ในความคาดหมายของเราอยู่แล้ว ซึ่งทำให้กำไรปกติงวด 9MFY24 เติบโต 15.1% y-y เป็น 1.1 พันล้านบาท ส่วนใหญ่เป็นผลจากธุรกิจ Aeroklas ขณะที่ EPP ในช่วงเดือน ธ.ค. น่าจะทำได้ดีเพราะเป็นช่วงฤดูกาล ทำให้เราคาดว่ารายได้ของ EPP ใน 3QFY23 น่าจะเพิ่มขึ้นได้ 10% y-y และดึงให้รายได้ในงวด 9MFY24 ทรงตัวได้ อย่างไรก็ตาม EPP มีการแข่งขันสูงจึงยังต้องการแรงผลักดัน ซึ่งบริษัทมีแผนขยายตลาดโดยใช้กลยุทธ์ทางด้านราคาเป็นตัวนำโดยใช้ความได้เปรียบจากการเป็นผู้ผลิตที่มีต้นทุนต่ำในภูมิภาค

ยังคงคาดหวังการฟื้นตัวที่แข็งแกร่งในระยะข้างหน้า

เรายังคงประมาณการเดิมโดยคาดว่ารายได้เติบโต 6.5%/6.4%/5.5% ในปี FY24-FY26 และกำไรปกติขยายตัว 20.6%/6.4%/6.5% ในปี FY24-FY26 จากการเพิ่มขึ้นของ EBITDA margin และส่วนแบ่งกำไรของบริษัทร่วมที่มีพัฒนาการที่ดีขึ้น ประเด็นราคาวัตถุดิบที่สัมพันธ์ในทิศทางเดียวกับราคาน้ำมัน ไม่น่ากังวลแล้ว ธุรกิจชิ้นส่วนยานยนต์จะยังคงเป็นพระเอกในปีนี้ตามการฟื้นตัวของบริษัทย่อยในออสเตรเลีย ส่วนธุรกิจจนวน Aeroflex จะยังคงเติบโตอย่างมีเสถียรภาพ

คงราคาเป้าหมายที่ 11 บาท คงคำแนะนำซื้อ

เรายังคงราคาเป้าหมาย 11 บาทถึง FY25E EV/EBITDA 15 เท่า (+1SD ของค่าเฉลี่ย 5 ปีที่ผ่านมา) ราคาหุ้นปัจจุบันซื้อขายที่ FY25E P/E 13.7 เท่าต่ำกว่าค่าเฉลี่ยในช่วง 5 ปีที่ผ่านมาที่ 17.1 เท่า ยังคงแนะนำซื้อ



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(6.6)	18.3	(9.4)
Relative to country (%)	(3.9)	19.3	10.7
Mkt cap (USD m)	610		
3m avg. daily turnover (USD m)	0.8		
Free float (%)	26		
Major shareholder	Vitoorapakorn Holding Co., Ltd. (60%)		
12m high/low (THB)	9.10/6.00		
Issued shares (m)	2,800.00		

Sources: Bloomberg consensus; FSSIA estimates



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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 30 มกราคม 2024

Investment thesis

We expect a soft quarter in 3QFY24 (October-December 2023) largely due to an extra expense, a FX loss, and the temporary drag from JVs especially in South Africa. We project EPG's net profit to decline 27.6% q-q to THB312m (but rise 47.6% y-y) in 3QFY24. Excluding then extra items, its core profit is expected at THB360m (-20.4% q-q, -0.2% y-y).

The q-q soft in 3QFY24 core profit is mainly because of seasonality. We expect the core profit in 9MFY24 to grow 15.1% y-y to THB1.1b, driven mainly by auto unit Aeroklas, accounting 73% of our full year forecast. The concerns over oil-linked raw material prices have now subsided. We maintain our profit growth projection. EPG's share price is currently trading at 14.6x FY25E P/E, lower than its five-year average of 17.1x.

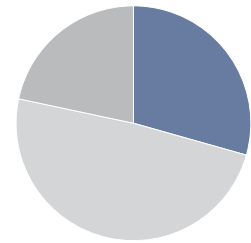
Company profile

EPG is a holding company investing in its affiliates that engage in 1) thermal insulation business operated by Aeroflex Co., Ltd.; 2) automotive and accessories business operated by Aeroklas Co., Ltd.; and 3) plastic and packaging business operated by Eastern Polypack Co., Ltd.

www.epg.co.th

Principal activities (revenue, 2023)

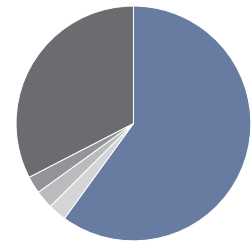
- Aeroflex - 29.4 %
- Asroklas - 49.0 %
- EPP - 21.7 %



Source: Eastern Polymer Group

Major shareholders

- Vitoorapakorn Holding Co., Ltd. - 60.0 %
- Thai NVDR - 2.5 %
- Mr. Pawat Vitoorapakorn - 2.5 %
- Mr. Chaliew Vitoorapakorn - 2.4 %
- Others - 32.6 %



Source: Eastern Polymer Group

Catalysts

Key potential catalysts include 1) the strong recovery of China's economy; 2) lower costs of PP, HDPE, and ABS; and 3) faster-than-expected growth of subsidiaries and associates.

Risks to our call

Downside risks to our EV/EBITDA-based TP include 1) the slow demand for pickup trucks and plastic packaging; 2) the rising cost of oil-linked raw materials; 3) the rising cost of funds; and 4) the fluctuation in foreign exchange currencies.

Event calendar

Date	Event
12 February 2024	3QFY24 earnings announcement

Key assumptions

	FY24E	FY25E	FY26E
	(%)	(%)	(%)
Revenue growth - Aeroflex	6.7	5.7	5.6
Revenue growth - Aeroklas	10.0	7.5	7.0
Revenue growth - EPP	0.0	4.8	1.5
Gross margin - Aeroflex	46.8	46.8	46.8
Gross margin - Aeroklas	32.6	32.8	33.0
Gross margin - EPP	12.6	13.5	13.7

Source: FSSIA estimates

Earnings sensitivity

- For every 0.5% change in blended gross margin, we project EPG's FY25 core profit to change by 4%, all else being equal.
- For every 1% change in SG&A to sales, we project EPG's FY25 core profit to change by 7%, all else being equal.
- For every 1% change in borrowing rate, we project EPG's FY25 core profit to change by 8%, all else being equal.

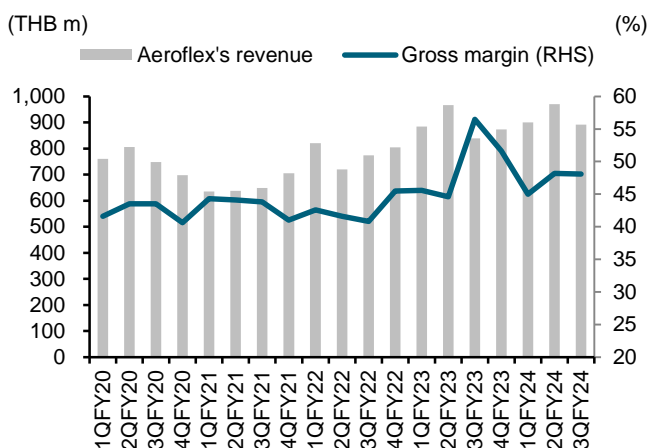
Source: FSSIA estimates

Exhibit 1: 3QFY24 earnings preview

Year to Dec 31	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24E	-----Change-----		9MFY23	9MFY24E	Change	% of
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)	2023E
Sales	3,015	2,998	2,998	3,316	3,343	0.8	10.9	9,127	9,656	5.8	74.8
Cost of sales	(1,973)	(2,013)	(2,049)	(2,227)	(2,273)	2.1	15.2	(6,120)	(6,549)	7.0	75.4
Gross profit	1,042	984	949	1,089	1,069	(1.8)	2.7	3,007	3,108	3.4	73.4
Operating costs	(718)	(746)	(734)	(743)	(754)	1.4	5.0	(2,126)	(2,231)	5.0	75.2
Operating profit	324	238	215	346	316	(8.7)	(2.4)	881	877	(0.5)	69.4
Operating EBITDA	555	487	452	581	551	(5.2)	(0.8)	1,548	1,584	2.3	71.8
Other income	23	19	27	23	23	(1.6)	0.5	50	73	46.0	84.2
Interest expense	(20)	(30)	(53)	(54)	(52)	(4.1)	161.2	(71)	(159)	122.5	75.0
Associates	60	83	82	170	100	(41.2)	66.9	160	352	120.6	79.2
FX gain/(loss)	(114)	(97)	50	23	(48)	<i>nm</i>	<i>nm</i>	(59)	25	<i>nm</i>	<i>nm</i>
Profit before tax	327	227	189	315	287	(9.0)	(12.2)	860	791	(8.0)	69.5
Net profit	212	250	305	431	312	(27.6)	47.6	826	1,049	26.9	70.6
Core profit	361	286	276	453	360	(20.4)	(0.2)	946	1,089	15.1	73.3
Reported EPS (THB)	0.08	0.09	0.11	0.15	0.11	(27.6)	46.7	0.30	0.37	27.0	70.6
Core EPS (THB)	0.13	0.10	0.10	0.16	0.13	(20.4)	(0.2)	0.34	0.39	15.1	73.3
Key Ratios (%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)	
Gross margin	34.6	32.8	31.7	32.8	32.0	(0.9)	(2.6)	32.9	32.2	(0.8)	
Operating margin	10.7	7.9	7.2	10.4	9.4	(1.0)	(1.3)	9.7	9.1	(0.6)	
EBITDA margin	18.4	16.3	15.1	17.5	16.5	(1.0)	(1.9)	17.0	16.4	(0.6)	
Core profit margin	12.0	9.5	9.2	13.7	10.8	(2.9)	(1.2)	10.4	11.3	0.9	
SG&A / Sales	23.8	24.9	24.5	22.4	22.5	0.1	(1.3)	23.3	23.1	(0.2)	
Revenue breakdown	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)	
Aeroflex	839	873	900	970	892	(8.0)	6.4	2,689	2,761	2.7	
Aeroklas	1,498	1,478	1,447	1,701	1,759	3.4	17.4	4,457	4,907	10.1	
EPP	669	632	639	629	692	10.0	3.3	1,953	1,960	0.3	
Gross margin by business	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)	
Aeroflex	56.5	51.6	45.0	48.2	48.1	(0.1)	(8.4)	48.6	47.1	(1.5)	
Aeroklas	32.0	30.3	32.5	31.1	31.1	0.0	(0.9)	31.7	31.5	(0.2)	
EPP	12.6	12.5	10.5	13.1	13.5	0.4	0.9	13.8	12.4	(1.5)	

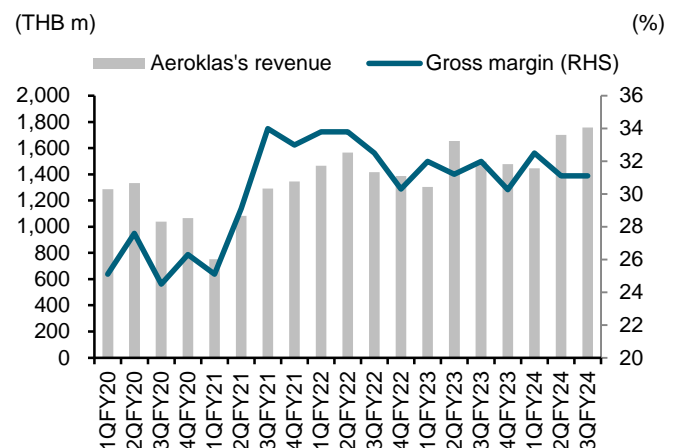
Sources: EPG, FSSIA estimates

Exhibit 2: Revenue from Aeroflex unit and gross margin



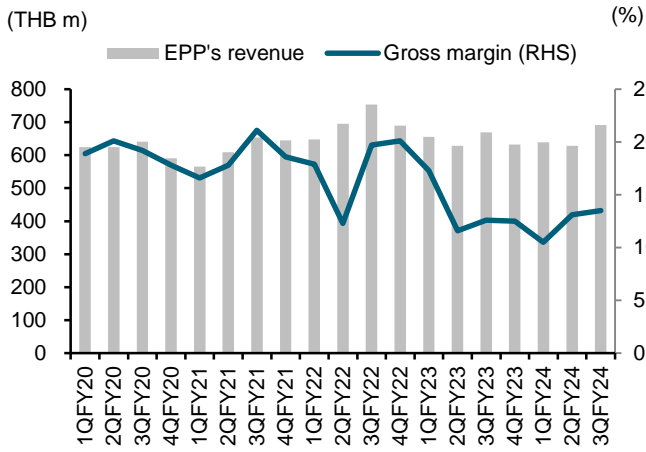
Sources: EPG, FSSIA estimates

Exhibit 3: Revenue from Aeroklas unit and gross margin



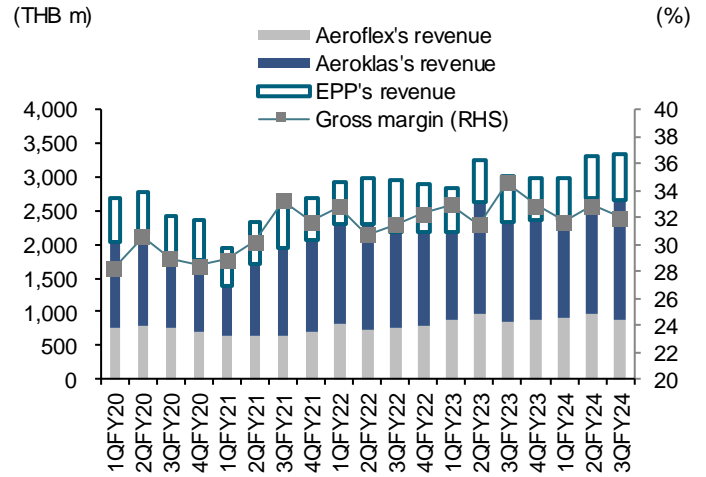
Sources: EPG, FSSIA estimates

Exhibit 4: Revenue from EPP unit and gross margin



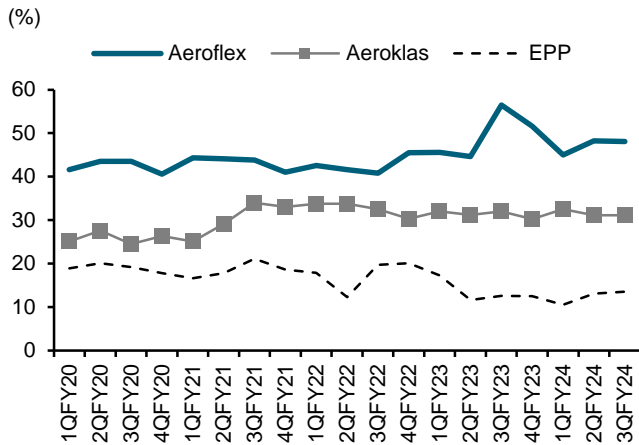
Sources: EPG, FSSIA estimates

Exhibit 5: Total revenue and blended gross margin



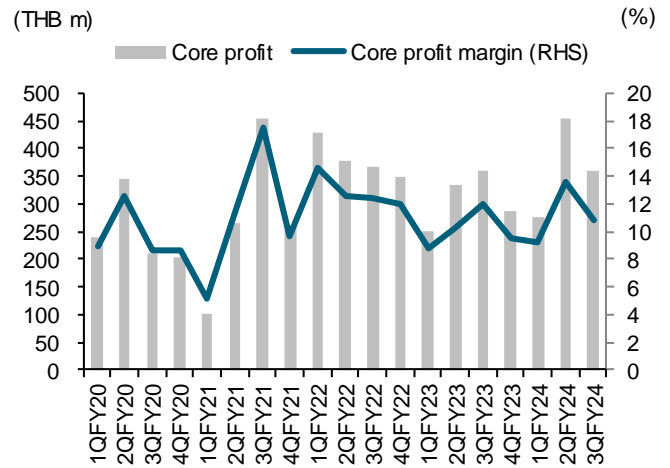
Sources: EPG, FSSIA estimates

Exhibit 6: Gross margin by business units



Sources: EPG, FSSIA estimates

Exhibit 7: Core profit and core profit margin



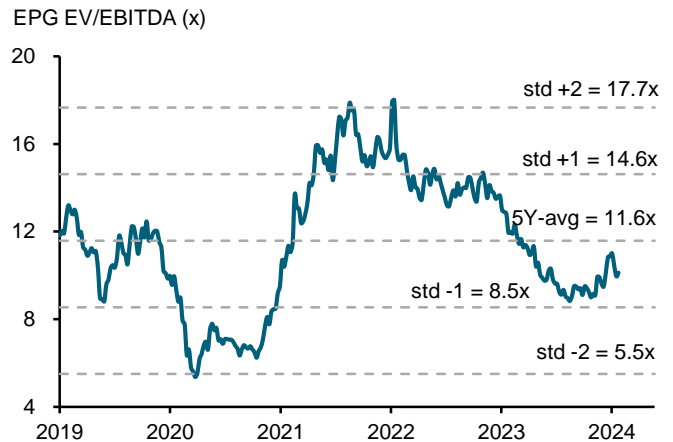
Sources: EPG, FSSIA estimates

Exhibit 8: Rolling one-year forward P/E band



Sources: Bloomberg, FSSIA estimates

Exhibit 9: Rolling one-year forward EV/EBITDA band



Sources: Bloomberg, FSSIA estimates

Financial Statements

Eastern Polymer Group

Profit and Loss (THB m) Year Ending Mar	2022	2023	2024E	2025E	2026E
Revenue	11,770	12,125	12,916	13,744	14,503
Cost of goods sold	(8,028)	(8,134)	(8,684)	(9,199)	(9,665)
Gross profit	3,742	3,991	4,231	4,545	4,838
Other operating income	56	69	87	92	88
Operating costs	(2,339)	(2,872)	(2,968)	(3,128)	(3,321)
Operating EBITDA	2,292	2,104	2,293	2,472	2,587
Depreciation	(834)	(916)	(944)	(963)	(982)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	1,458	1,188	1,350	1,509	1,606
Net financing costs	(81)	(101)	(212)	(206)	(194)
Associates	226	243	444	413	419
Recurring non-operating income	226	243	444	413	419
Non-recurring items	73	(156)	0	0	0
Profit before tax	1,677	1,173	1,582	1,717	1,831
Tax	(74)	(92)	(91)	(130)	(141)
Profit after tax	1,602	1,082	1,491	1,587	1,690
Minority interests	(5)	(6)	(6)	(6)	(6)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	1,597	1,076	1,486	1,581	1,684
Non-recurring items & goodwill (net)	(73)	156	0	0	0
Recurring net profit	1,524	1,232	1,486	1,581	1,684
Per share (THB)					
Recurring EPS *	0.54	0.44	0.53	0.56	0.60
Reported EPS	0.57	0.38	0.53	0.56	0.60
DPS	0.33	0.28	0.32	0.34	0.36
Diluted shares (used to calculate per share data)	2,800	2,800	2,800	2,800	2,800
Growth					
Revenue (%)	22.8	3.0	6.5	6.4	5.5
Operating EBITDA (%)	20.9	(8.2)	9.0	7.8	4.7
Operating EBIT (%)	33.9	(18.5)	13.6	11.8	6.4
Recurring EPS (%)	40.7	(19.1)	20.6	6.4	6.5
Reported EPS (%)	31.0	(32.6)	38.1	6.4	6.5
Operating performance					
Gross margin inc. depreciation (%)	31.8	32.9	32.8	33.1	33.4
Gross margin exc. depreciation (%)	38.9	40.5	40.1	40.1	40.1
Operating EBITDA margin (%)	19.5	17.4	17.8	18.0	17.8
Operating EBIT margin (%)	12.4	9.8	10.5	11.0	11.1
Net margin (%)	12.9	10.2	11.5	11.5	11.6
Effective tax rate (%)	4.4	7.8	5.8	7.6	7.7
Dividend payout on recurring profit (%)	60.6	63.6	60.0	60.0	60.0
Interest cover (X)	20.8	14.1	8.5	9.3	10.4
Inventory days	145.9	178.1	183.3	178.0	175.9
Debtor days	59.3	64.6	64.9	65.0	63.8
Creditor days	64.3	66.2	70.4	69.4	66.2
Operating ROIC (%)	12.7	9.4	10.0	10.7	11.0
ROIC (%)	10.1	7.6	8.8	9.1	9.3
ROE (%)	13.4	10.4	12.2	12.3	12.6
ROA (%)	10.1	7.6	8.7	8.8	9.0
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Aeroflex	3,119	3,563	3,801	4,016	4,242
Asroklas	5,835	5,936	6,529	7,019	7,511
EPP	2,815	2,627	2,585	2,709	2,751

Sources: Eastern Polymer Group; FSSIA estimates

Financial Statements

Eastern Polymer Group

Cash Flow (THB m) Year Ending Mar	2022	2023	2024E	2025E	2026E
Recurring net profit	1,524	1,232	1,486	1,581	1,684
Depreciation	834	916	944	963	982
Associates & minorities	(226)	(243)	(444)	(413)	(419)
Other non-cash items	(139)	(53)	(911)	(947)	(897)
Change in working capital	(1,286)	(626)	(428)	(631)	(587)
Cash flow from operations	707	1,227	645	552	762
Capex - maintenance	0	0	0	0	0
Capex - new investment	(731)	(760)	(191)	(92)	(72)
Net acquisitions & disposals	25	104	0	0	0
Other investments (net)	65	(1,059)	(167)	(21)	(152)
Cash flow from investing	(640)	(1,715)	(359)	(112)	(224)
Dividends paid	(924)	(840)	(891)	(948)	(1,010)
Equity finance	0	0	0	0	0
Debt finance	(25)	1,422	120	70	(24)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(949)	582	(771)	(878)	(1,035)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	284	119	580	544	560
Net other adjustments	284	119	580	544	560
Movement in cash	(598)	212	96	105	64
Free cash flow to firm (FCFF)	147.51	(387.25)	498.35	645.39	733.24
Free cash flow to equity (FCFE)	325.53	1,052.12	987.09	1,053.80	1,074.66

Per share (THB)

FCFF per share	0.05	(0.14)	0.18	0.23	0.26
FCFE per share	0.12	0.38	0.35	0.38	0.38
Recurring cash flow per share	0.71	0.66	0.38	0.42	0.48

Balance Sheet (THB m) Year Ending Mar	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	11,811	12,460	13,853	15,006	16,078
Less: Accumulated depreciation	(6,091)	(6,636)	(7,580)	(8,542)	(9,524)
Tangible fixed assets (net)	5,720	5,824	6,274	6,464	6,554
Intangible fixed assets (net)	296	1,235	1,242	1,235	1,227
Long-term financial assets	254	236	236	236	236
Invest. in associates & subsidiaries	2,660	2,782	2,952	2,952	3,085
Cash & equivalents	901	1,113	1,209	1,314	1,379
A/C receivable	2,108	2,184	2,406	2,485	2,583
Inventories	3,192	3,851	3,926	4,108	4,263
Other current assets	73	105	129	137	145
Current assets	6,274	7,252	7,670	8,044	8,369
Other assets	1,064	1,215	1,221	1,251	1,279
Total assets	16,268	18,543	19,594	20,181	20,749
Common equity	11,785	11,876	12,546	13,078	13,651
Minorities etc.	27	32	39	41	43
Total shareholders' equity	11,812	11,908	12,585	13,119	13,694
Long term debt	761	2,969	3,089	3,160	3,138
Other long-term liabilities	375	536	568	591	609
Long-term liabilities	1,136	3,506	3,657	3,751	3,747
A/C payable	1,203	1,415	1,570	1,563	1,589
Short term debt	2,043	1,658	1,704	1,672	1,640
Other current liabilities	74	56	79	76	79
Current liabilities	3,320	3,130	3,353	3,311	3,308
Total liabilities and shareholders' equity	16,268	18,543	19,594	20,181	20,749
Net working capital	4,096	4,667	4,812	5,093	5,323
Invested capital	14,090	15,958	16,737	17,229	17,703

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

Per share (THB)

Book value per share	4.21	4.24	4.48	4.67	4.88
Tangible book value per share	4.10	3.80	4.04	4.23	4.44

Financial strength

Net debt/equity (%)	16.1	29.5	28.5	26.8	24.8
Net debt/total assets (%)	11.7	19.0	18.3	17.4	16.4
Current ratio (x)	1.9	2.3	2.3	2.4	2.5
CF interest cover (x)	14.1	18.9	6.6	6.6	6.9

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	14.2	17.6	14.6	13.7	12.9
Recurring P/E @ target price (x) *	20.2	25.0	20.7	19.5	18.3
Reported P/E (x)	13.6	20.2	14.6	13.7	12.9
Dividend yield (%)	4.3	3.6	4.1	4.4	4.7
Price/book (x)	1.8	1.8	1.7	1.7	1.6
Price/tangible book (x)	1.9	2.0	1.9	1.8	1.7
EV/EBITDA (x) **	10.3	12.0	11.0	10.2	9.7
EV/EBITDA @ target price (x) **	14.3	16.3	15.0	13.9	13.2
EV/invested capital (x)	1.7	1.6	1.5	1.5	1.4

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

Sources: Eastern Polymer Group; 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 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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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>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> </tbody> </table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570	A	5.714-7.142	BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285	B	1.429-2.856	CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																				
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																				
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																				
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																			
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																			

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

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

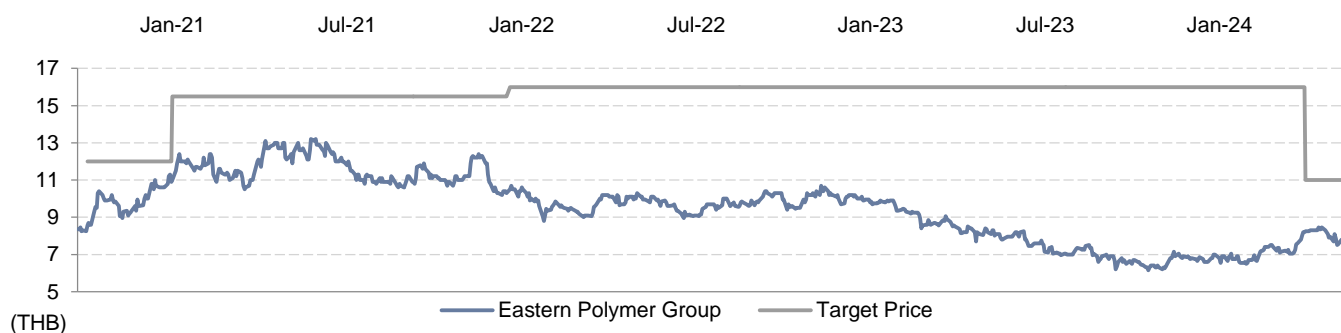
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History of change in investment rating and/or target price

Eastern Polymer Group (EPG TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
08-Feb-2021	BUY	12.00	04-Feb-2022	BUY	16.00	-	-	-
22-Apr-2021	BUY	15.50	21-Dec-2023	BUY	11.00			

Jitra Amornthum started covering this stock from 21-Dec-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Eastern Polymer Group	EPG TB	THB 7.75	BUY	Downside risks to our EV/EBITDA-based TP include 1) the slow demand for pickup trucks and plastic packaging; 2) the rising cost of oil-linked raw materials; 3) the rising cost of funds; and 4) the fluctuation in foreign exchange currencies.

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 29-Jan-2024 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / 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.