

## EASTERN POLYMER GROUP

THAILAND / CONSTRUCT

## EPG TB



BUY

UNCHANGED

## 3QFY24 results at first glance

TARGET PRICE	THB11.00
CLOSE	THB7.55
UP/DOWNSIDE	+45.7%
TP vs CONSENSUS	+17.8%

## Core profit in 3QFY24 beat our estimate by 13%

## Highlights

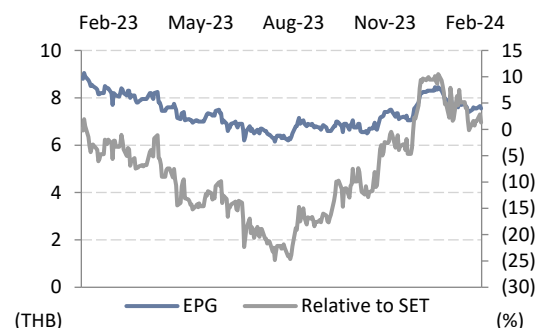
- EPG posted a net profit of THB297m in 3QFY24 (October-December 2023), a drop of 31% q-q but rise of 40% y-y. The q-q decline was mainly due to seasonality and extra expenses (an FX loss, the temporary drag from JVs, especially in South Africa, and the expense related to some TJM branch acquisitions).
- Excluding the extra expenses, the company's core profit would be THB407m (-10% q-q, +13% y-y), beating our expectation by 13% and Bloomberg's consensus by 15%. The profit above the THB400m level in this quarter was impressive, as it was higher than the average profit level of THB325m per quarter during the past eight quarters.
- EPG's total revenue increased 2% q-q and 12% y-y to THB3.4b in 3QFY24 amid the low season thanks to higher sales from its plastic packaging unit EPP during the festive season. The auto unit Aeroklas maintained its momentum due to the improving market conditions in Australia.
- The revenue from its insulation unit Aeroflex showed a slight q-q decline due to the delayed investment in the private sector. However, the company's new product for the ultra-low temperature insulation and air ducting system industry has been well-received by customers.
- The blended gross margin in the quarter came in at 33.3%, with a q-q improvement in all business units.
- EPG's core profit in 9MFY24 stood at THB1.1b, +20% y-y, accounting for 77% of our full-year profit forecast of THB1.5b (+21% y-y).

## Outlook

- The overall operations in 4QFY24 still look promising, especially its Aeroklas and Aeroflex units. The auto unit Aeroklas should remain a key driver, helped by the recovery of Australian subsidiaries. The EPP unit still needs a push as there is ongoing competition. The concerns over oil-linked raw material prices have now subsided.
- We maintain our TP of THB11.0, based on 15.0x FY25E EV/EBITDA, +1SD of its five-year average. We also retain our BUY rating for EPG.

## 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 (%)	-	3.3	(0.5)	6.6
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
EPS growth (%)	(19.1)	20.6	6.4	6.5
Core P/E (x)	17.2	14.2	13.4	12.6
Dividend yield (%)	3.7	4.2	4.5	4.8
EV/EBITDA (x)	11.7	10.8	10.0	9.5
Price/book (x)	1.8	1.7	1.6	1.5
Net debt/Equity (%)	29.5	28.5	26.8	24.8
ROE (%)	10.4	12.2	12.3	12.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(5.0)	5.6	(14.2)
Relative to country (%)	(3.5)	5.2	2.6
Mkt cap (USD m)	592		
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



Jitra Amornthum

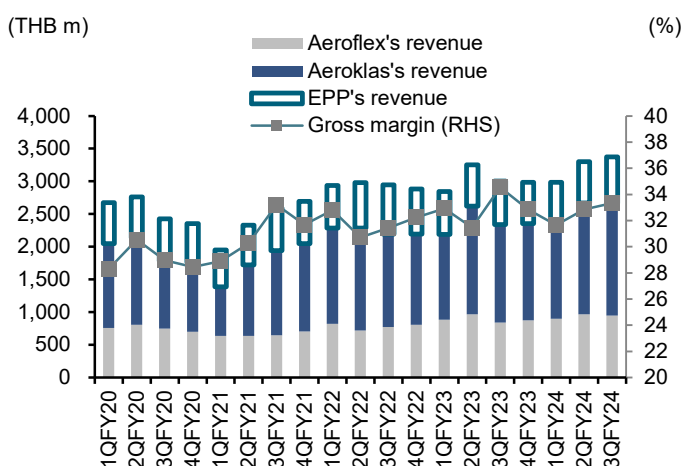
Fundamental Investment Analyst on Securities; License no. 014530  
jitra.a@fssia.com, +66 2646 9966

Exhibit 1: 3QFY24 results summary

Year to Dec 31	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	-----Change-----		9MFY23	9MFY24	Change	% of
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)	2024E
Sales	3,015	2,998	2,998	3,316	3,387	2.2	12.4	9,127	9,701	6.3	75.1
Cost of sales	(1,973)	(2,013)	(2,049)	(2,227)	(2,258)	1.4	14.4	(6,120)	(6,534)	6.7	75.2
Gross profit	1,042	984	949	1,089	1,129	3.7	8.4	3,007	3,168	5.3	74.9
Operating costs	(718)	(746)	(734)	(743)	(795)	6.9	10.7	(2,126)	(2,272)	6.9	76.6
Operating profit	324	238	215	346	334	(3.4)	3.3	881	895	1.6	70.9
Operating EBITDA	555	487	452	581	585	0.7	5.3	1,548	1,618	4.5	73.3
Other income	23	19	27	23	26	13.2	15.6	50	76	53.0	88.2
Interest expense	(20)	(30)	(53)	(54)	(38)	(30.1)	90.4	(71)	(145)	102.8	68.3
Associates	60	83	82	170	101	(40.6)	68.8	160	353	121.4	79.5
FX gain/(loss)	(114)	(97)	50	23	(68)	nm	nm	(59)	6	(109.7)	nm
Profit before tax	327	227	189	315	323	2.5	(1.2)	860	827	(3.8)	72.7
<b>Net profit</b>	<b>212</b>	<b>250</b>	<b>305</b>	<b>431</b>	<b>297</b>	<b>(31.2)</b>	<b>40.4</b>	<b>826</b>	<b>1,033</b>	<b>25.1</b>	<b>69.6</b>
<b>Core profit</b>	<b>361</b>	<b>286</b>	<b>276</b>	<b>453</b>	<b>407</b>	<b>(10.1)</b>	<b>12.8</b>	<b>946</b>	<b>1,136</b>	<b>20.1</b>	<b>76.5</b>
Reported EPS (THB)	0.08	0.09	0.11	0.15	0.11	(31.2)	39.5	0.30	0.37	25.1	69.5
Core EPS (THB)	0.13	0.10	0.10	0.16	0.15	(10.1)	12.8	0.34	0.41	20.1	76.5
<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	34.6	32.8	31.7	32.8	33.3	0.5	(1.2)	32.9	32.7	(0.3)	
Operating margin	10.7	7.9	7.2	10.4	9.9	(0.6)	(0.9)	9.7	9.2	(0.4)	
EBITDA margin	18.4	16.3	15.1	17.5	17.3	(0.3)	(1.2)	17.0	16.7	(0.3)	
Core profit margin	12.0	9.5	9.2	13.7	12.0	(1.6)	0.0	10.4	11.7	1.3	
SG&A / Sales	23.8	24.9	24.5	22.4	23.5	1.1	(0.4)	23.3	23.4	0.1	
<b>Revenue breakdown</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>	
Aeroflex	839	873	900	970	950	(2.0)	13.3	2,689	2,819	4.8	
Aeroklas	1,498	1,478	1,447	1,701	1,714	0.8	14.4	4,457	4,862	9.1	
EPP	669	632	639	629	709	12.8	6.0	1,953	1,977	1.2	
<b>Gross margin by business</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	
Aeroflex	56.5	51.6	45.0	48.2	48.3	0.1	(8.2)	48.6	47.1	(1.5)	
Aeroklas	32.0	30.3	32.5	31.1	32.9	1.8	0.9	31.7	31.5	(0.2)	
EPP	12.6	12.5	10.5	13.1	13.8	0.7	1.2	13.8	12.4	(1.5)	

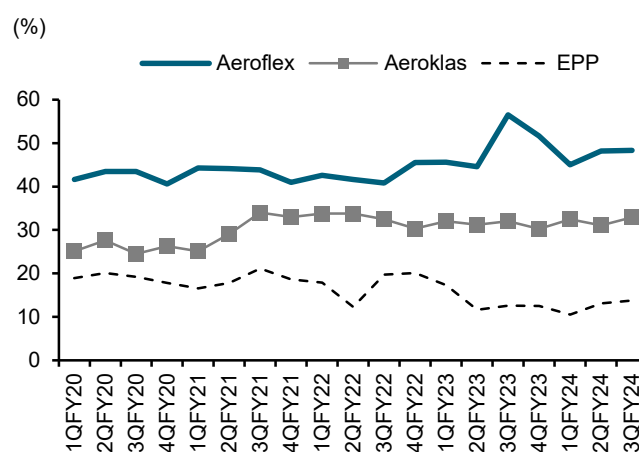
Sources: EPG, FSSIA estimates

Exhibit 2: Revenue breakdown and gross margin



Sources: EPG, FSSIA's compilation

Exhibit 3: Gross margins by business unit



Sources: EPG, FSSIA's compilation

## 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)
<b>Gross profit</b>	<b>3,742</b>	<b>3,991</b>	<b>4,231</b>	<b>4,545</b>	<b>4,838</b>
Other operating income	56	69	87	92	88
Operating costs	(2,339)	(2,872)	(2,968)	(3,128)	(3,321)
<b>Operating EBITDA</b>	<b>2,292</b>	<b>2,104</b>	<b>2,293</b>	<b>2,472</b>	<b>2,587</b>
Depreciation	(834)	(916)	(944)	(963)	(982)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>1,458</b>	<b>1,188</b>	<b>1,350</b>	<b>1,509</b>	<b>1,606</b>
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
<b>Profit before tax</b>	<b>1,677</b>	<b>1,173</b>	<b>1,582</b>	<b>1,717</b>	<b>1,831</b>
Tax	(74)	(92)	(91)	(130)	(141)
<b>Profit after tax</b>	<b>1,602</b>	<b>1,082</b>	<b>1,491</b>	<b>1,587</b>	<b>1,690</b>
Minority interests	(5)	(6)	(6)	(6)	(6)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>1,597</b>	<b>1,076</b>	<b>1,486</b>	<b>1,581</b>	<b>1,684</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(73)</b>	<b>156</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>1,524</b>	<b>1,232</b>	<b>1,486</b>	<b>1,581</b>	<b>1,684</b>
<b>Per share (THB)</b>					
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
<b>Growth</b>					
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
<b>Operating performance</b>					
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					
<b>Revenue by Division (THB m)</b>					
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 Dec	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)
<b>Cash flow from operations</b>	<b>707</b>	<b>1,227</b>	<b>645</b>	<b>552</b>	<b>762</b>
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)
<b>Cash flow from investing</b>	<b>(640)</b>	<b>(1,715)</b>	<b>(359)</b>	<b>(112)</b>	<b>(224)</b>
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
<b>Cash flow from financing</b>	<b>(949)</b>	<b>582</b>	<b>(771)</b>	<b>(878)</b>	<b>(1,035)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	284	119	580	544	560
<b>Net other adjustments</b>	<b>284</b>	<b>119</b>	<b>580</b>	<b>544</b>	<b>560</b>
<b>Movement in cash</b>	<b>(598)</b>	<b>212</b>	<b>96</b>	<b>105</b>	<b>64</b>
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)	2022	2023	2024E	2025E	2026E
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)
<b>Tangible fixed assets (net)</b>	<b>5,720</b>	<b>5,824</b>	<b>6,274</b>	<b>6,464</b>	<b>6,554</b>
<b>Intangible fixed assets (net)</b>	<b>296</b>	<b>1,235</b>	<b>1,242</b>	<b>1,235</b>	<b>1,227</b>
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
<b>Current assets</b>	<b>6,274</b>	<b>7,252</b>	<b>7,670</b>	<b>8,044</b>	<b>8,369</b>
Other assets	1,064	1,215	1,221	1,251	1,279
<b>Total assets</b>	<b>16,268</b>	<b>18,543</b>	<b>19,594</b>	<b>20,181</b>	<b>20,749</b>
Common equity	11,785	11,876	12,546	13,078	13,651
Minorities etc.	27	32	39	41	43
<b>Total shareholders' equity</b>	<b>11,812</b>	<b>11,908</b>	<b>12,585</b>	<b>13,119</b>	<b>13,694</b>
Long term debt	761	2,969	3,089	3,160	3,138
Other long-term liabilities	375	536	568	591	609
<b>Long-term liabilities</b>	<b>1,136</b>	<b>3,506</b>	<b>3,657</b>	<b>3,751</b>	<b>3,747</b>
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
<b>Current liabilities</b>	<b>3,320</b>	<b>3,130</b>	<b>3,353</b>	<b>3,311</b>	<b>3,308</b>
<b>Total liabilities and shareholders' equity</b>	<b>16,268</b>	<b>18,543</b>	<b>19,594</b>	<b>20,181</b>	<b>20,749</b>
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)	2022	2023	2024E	2025E	2026E
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
<b>Financial strength</b>					
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
<b>Recurring P/E (x) *</b>	<b>13.9</b>	<b>17.2</b>	<b>14.2</b>	<b>13.4</b>	<b>12.6</b>
<b>Recurring P/E @ target price (x) *</b>	<b>20.2</b>	<b>25.0</b>	<b>20.7</b>	<b>19.5</b>	<b>18.3</b>
Reported P/E (x)	13.2	19.6	14.2	13.4	12.6
Dividend yield (%)	4.4	3.7	4.2	4.5	4.8
Price/book (x)	1.8	1.8	1.7	1.6	1.5
Price/tangible book (x)	1.8	2.0	1.9	1.8	1.7
EV/EBITDA (x) **	10.1	11.7	10.8	10.0	9.5
EV/EBITDA @ target price (x) **	14.3	16.3	15.0	13.9	13.2
EV/invested capital (x)	1.6	1.5	1.5	1.4	1.4

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

Sources: Eastern Polymer Group; FSSIA estimates

# Eastern Polymer Group (EPG TB)

## FSSIA ESG rating



**59.63 /100**

### Exhibit 4: 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.
★★★★★	<b>&gt;59-79</b>	<b>A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.</b>
★★★	>39-59	Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.
★★	>19-39	Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable.
★	1-19	The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC.

Sources: FSSIA estimates

### Exhibit 5: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings						Bloomberg	
		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
AH	44.82	--	Y	Y	5.00	4.00	Certified	--	49.81	--	--	34.05	--	3.56	--
EPG	59.63	--	Y	Y	5.00	4.00	Certified	Low	54.46	--	--	41.43	34.00	2.93	--
IRC	32.75	--	--	Y	5.00	4.00	--	--	62.24	--	--	47.74	--	--	--
STANLY	9.00	--	--	--	4.00	--	--	--	--	--	--	--	--	--	--

Sources: [SETTRADE.com](https://www.settrade.com); FSSIA's compilation

### Exhibit 6: ESG score by Bloomberg

FY ending Dec 31	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>ESG financial materiality scores - ESG score</b>	—	—	—	<b>2.41</b>	<b>2.48</b>
BESG environmental pillar score	—	—	—	1.74	1.74
BESG social pillar score	—	—	—	2.04	2.22
BESG governance pillar score	—	—	—	3.84	3.90
<b>ESG disclosure score</b>	—	<b>31.98</b>	<b>31.85</b>	<b>49.40</b>	<b>49.40</b>
Environmental disclosure score	—	1.24	1.24	45.94	45.94
Social disclosure score	—	18.44	18.05	26.06	26.06
Governance disclosure score	—	76.10	76.10	76.10	76.10
<b>Environmental</b>					
Emissions reduction initiatives	No	Yes	Yes	Yes	Yes
Climate change policy	No	No	No	Yes	Yes
Climate change opportunities discussed	No	No	No	No	No
Risks of climate change discussed	No	No	No	No	No
GHG scope 1	—	—	—	1	2
GHG scope 2 location-based	—	—	—	32	50
GHG Scope 3	—	—	—	0	40
Carbon per unit of production	—	—	—	—	—
Biodiversity policy	No	No	No	No	No
Energy efficiency policy	No	Yes	Yes	Yes	Yes
Total energy consumption	—	—	—	112	106
Renewable energy use	—	—	—	1	1
Electricity used	—	—	—	97	104
Fuel used - natural gas	—	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

## Exhibit 7: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No	No
Waste reduction policy	No	Yes	Yes	Yes	Yes
Hazardous waste	—	—	—	0	0
Total waste	—	—	—	1	2
Waste recycled	—	—	—	1	1
Waste sent to landfills	—	—	—	0	0
Environmental supply chain management	No	No	No	Yes	Yes
Water policy	No	No	No	Yes	Yes
Water consumption	—	—	—	70	71
<b>Social</b>					
Human rights policy	No	Yes	Yes	Yes	Yes
Policy against child labor	No	No	No	Yes	Yes
Quality assurance and recall policy	No	Yes	Yes	Yes	Yes
Consumer data protection policy	No	No	Yes	Yes	Yes
Equal opportunity policy	No	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	No
Pct women in workforce	—	42	41	44	42
Pct disabled in workforce	—	—	1	1	1
Business ethics policy	No	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	No	Yes	Yes	Yes	Yes
Health and safety policy	No	Yes	Yes	Yes	Yes
Lost time incident rate - employees	—	0	—	0	0
Total recordable incident rate - employees	—	0	—	1	1
Training policy	No	No	Yes	Yes	Yes
Fair remuneration policy	No	Yes	Yes	Yes	Yes
Number of employees – CSR	—	3,116	3,162	2,755	2,806
Employee turnover pct	—	—	—	—	—
Total hours spent by firm - employee training	—	—	—	44,436	36,478
Social supply chain management	No	No	No	Yes	Yes
<b>Governance</b>					
<b>Board size</b>	—	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>
<b>No. of independent directors (ID)</b>	—	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>
No. of women on board	—	0	0	0	0
No. of non-executive directors on board	—	8	8	8	8
Company conducts board evaluations	No	Yes	Yes	Yes	Yes
No. of board meetings for the year	—	5	6	6	6
Board meeting attendance pct	—	98	92	98	100
Board duration (years)	—	3	3	3	3
Director share ownership guidelines	No	No	No	No	No
Age of the youngest director	—	—	—	—	—
Age of the oldest director	—	—	—	—	—
<b>No. of executives / company managers</b>	—	<b>9</b>	<b>9</b>	<b>9</b>	<b>11</b>
No. of female executives	—	2	2	2	1
Executive share ownership guidelines	No	No	No	No	No
<b>Size of audit committee</b>	—	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on audit committee	—	3	3	3	3
Audit committee meetings	—	4	4	4	4
Audit meeting attendance %	—	100	83	92	100
<b>Size of compensation committee</b>	—	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
No. of ID on compensation committee	—	3	3	3	3
No. of compensation committee meetings	—	2	3	3	3
Compensation meeting attendance %	—	90	93	100	93
<b>Size of nomination committee</b>	—	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
No. of nomination committee meetings	—	2	3	3	3
Nomination meeting attendance %	—	90	93	100	93
<b>Sustainability governance</b>					
Verification type	No	No	No	No	No

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating																											
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																											
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for <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="0" style="margin-left: 20px;"> <tr> <td><b>AAA</b></td> <td>8.571-10.000</td> <td><b>Leader:</b></td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td><b>AA</b></td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td><b>Average:</b></td> <td>a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td><b>BB</b></td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td><b>CCC</b></td> <td>0.000-1.428</td> <td><b>Laggard:</b></td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </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
<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																										
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



## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

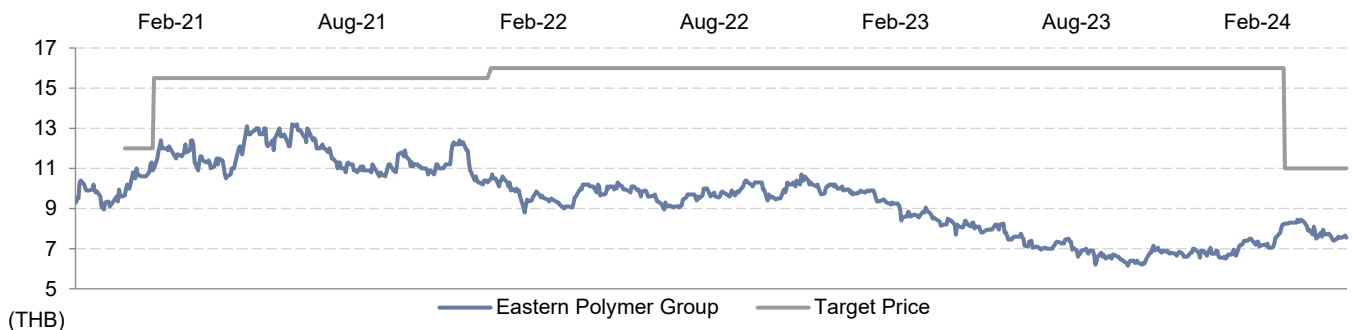
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) 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

#### Eastern Polymer Group (EPG TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
26-Mar-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 7.55	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 13-Feb-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.