

INOUE RUBBER (THAILAND)

THAILAND / AUTOMOTIVE

IRC TB

HOLD

UNCHANGED

1QFY24 results at first glance

TARGET PRICE	THB15.00
CLOSE	THB13.70
UP/DOWNSIDE	+9.5%
TP vs CONSENSUS	+0.0%

กำไรดีพอใช้ ตามคาด มาร์จิ้นที่ดีขึ้นชัดเจนรายได้ที่ลดลงได้

Highlights

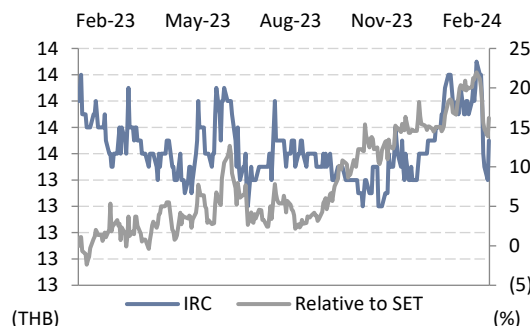
- IRC รายงานกำไรสุทธิ 52 ล้านบาทใน 1QFY24 (ต.ค.-ธ.ค. 2023) ตรงตามคาด กำไรที่ยืนระดับ 50 ล้านบาทต่อไตรมาสถือว่าอยู่ในเกณฑ์ดีพอใช้เมื่อเทียบกับในช่วง 3 ไตรมาสที่ผ่านมา (แต่ต่ำกว่าศักยภาพของบริษัท) และดีกว่าช่วงที่ประสบปัญหาต้นทุนวัตถุดิบราคาสูงในปีที่ผ่านมา แต่เทียบกับในช่วงก่อนโควิดไม่ได้ เนื่องจากอัตรากำไรขั้นต้นในปัจจุบันที่ต่ำลงจากการแข่งขันสูง
- กำไรดังกล่าวลดลง 3% q-q เพราะ low season (วันทำงานน้อยกว่าไตรมาสอื่น) แต่เพิ่มสูงขึ้นถึง 229% y-y จากอัตรากำไรขั้นต้นที่ดีขึ้นจากไตรมาสเดียวกันของปีก่อนที่บริษัทยังเผชิญปัญหาต้นทุนวัตถุดิบราคาสูง
- รายได้ใน 1QFY24 ยังคงปรับลดลงต่อเนื่อง -10% q-q และ -23% y-y เป็น 1.1 พันล้านบาท เป็นการลดลง q-q ติดต่อกันเป็นไตรมาสที่ 5 และลดลง y-y ติดต่อกันเป็นไตรมาสที่ 4 นอกเหนือจาก low season แล้ว กำลังซื้อในประเทศยังอ่อนแอ ประกอบกับการคุมเข้มปล่อยสินเชื่อของสถาบันการเงิน
- อัตรากำไรขั้นต้นดีขึ้น ชัยชนะมาอยู่ที่ 11.6% เพิ่มขึ้น 110 bps q-q และ 460 bps y-y จากวัตถุดิบที่ปรับลดตามราคาน้ำมันและการบริหารจัดการที่ดีขึ้นของบริษัท อัตรากำไรขั้นต้นที่ดีขึ้นเป็นเหตุผลหลักของกำไรที่อยู่ในเกณฑ์ดีในไตรมาสนี้
- ค่าใช้จ่ายในการขายและบริหารไม่เคยเป็นปัญหา ยังควบคุมได้เป็นอย่างดี อยู่ในระดับ 90-100 ล้านบาทต่อไตรมาสมาหลายปี IRC อยู่ในสถานะปลอดภัย ไม่มีภาระดอกเบี้ยจ่าย หัวใจสำคัญของการทำกำไรจึงอยู่ที่การเพิ่มรายได้และบริหารต้นทุน

Outlook

- กำไร 1QFY24 คิดเป็น 1 ใน 3 ของประมาณการทั้งปีที่คาด 166 ล้านบาท +4% y-y ประมาณการของเราอาจมี upside แต่ระยะทางข้างหน้ายังมีความเสี่ยงจากกำลังซื้อในประเทศและแนวโน้มการส่งออกที่ชะลอ รวมถึงรถไฟฟ้ายานที่เข้ามาทดแทนรถสันดาป เราจึงคงประมาณการไว้ก่อน
- เราจรรยาบรรณเป้าหมาย 15 บาท อิง P/E 17 เท่าเท่ากับค่าเฉลี่ยย้อนหลัง 5 ปี คงคำแนะนำถือ

KEY STOCK DATA

YE Sep (THB m)	2023	2024E	2025E	2026E
Revenue	5,417	5,728	6,129	6,552
Net profit	160	166	205	207
EPS (THB)	0.83	0.86	1.06	1.08
vs Consensus (%)	-	11.7	23.3	1.9
EBITDA	513	545	587	611
Recurring net profit	160	166	205	207
Core EPS (THB)	0.83	0.86	1.06	1.08
EPS growth (%)	51.2	3.9	23.2	1.0
Core P/E (x)	16.5	15.9	12.9	12.7
Dividend yield (%)	3.0	3.2	3.9	3.9
EV/EBITDA (x)	2.9	3.1	2.8	2.7
Price/book (x)	0.7	0.7	0.6	0.6
Net debt/Equity (%)	(29.2)	(24.1)	(23.8)	(23.1)
ROE (%)	4.1	4.2	5.0	5.0



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(2.1)	3.0	(2.1)
Relative to country (%)	(0.6)	2.7	17.1
Mkt cap (USD m)	74		
3m avg. daily turnover (USD m)	0.0		
Free float (%)	24		
Major shareholder	Inoue Rubber Co Ltd (34%)		
12m high/low (THB)	17.00/13.10		
Issued shares (m)	192.21		

Sources: Bloomberg consensus; FSSIA estimates



Jitra Amorntum

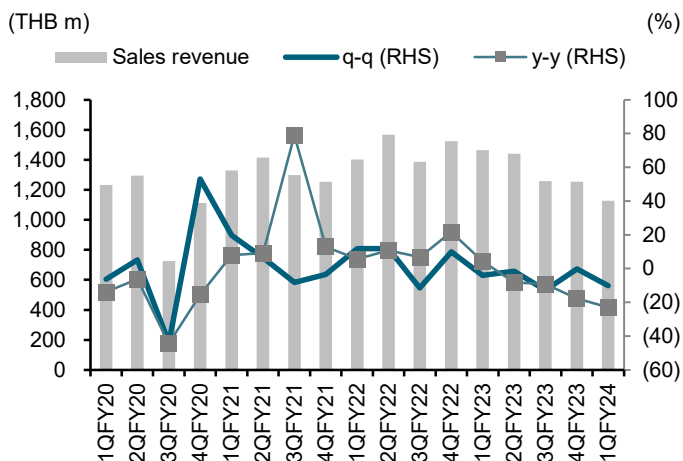
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Exhibit 1: 1QFY24 results summary

Year to Sep 30	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	----- Change -----		FY23	FY24E	Change	% of
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)	FY24E
Sales	1,464	1,441	1,258	1,255	1,127	(10.2)	(23.0)	5,417	5,728	5.7	19.7
Cost of sales	(1,361)	(1,298)	(1,145)	(1,123)	(996)	(11.3)	(26.8)	(4,927)	(5,218)	5.9	19.1
Gross profit	102	144	112	132	131	(0.9)	27.9	491	511	4.1	25.7
Operating costs	(88)	(97)	(98)	(94)	(92)	(1.6)	5.2	(380)	(371)	(2.5)	24.9
Operating profit	15	47	15	39	39	0.8	161.6	110	140	26.8	27.7
Operating EBITDA	105	146	119	143	139	(3.1)	32.9	513	545	6.3	25.5
Other income	11	19	12	17	17	(1.3)	46.5	60	49	(18.5)	34.0
Interest expense	(0)	(0)	(0)	(0)	(0)	(1.3)	(25.0)	(0)	(0)	0.0	23.0
Profit before tax	17	65	31	57	57	1.0	237.0	170	189	10.9	30.4
Tax	(1)	(4)	(1)	(3)	(6)	66.7	331.5	(10)	(23)	119.2	24.8
Associates	0	0	0	0	0	0.0	0.0	0	0	0.0	0.0
Minority interests	0	0	0	(0)	0	0.0	0.0	(0)	(0)	0.0	0.0
Reported net profit	16	61	30	53	52	(3.2)	229.1	160	166	3.9	31.1
Core profit	16	61	30	53	52	(3.2)	229.1	160	166	3.9	31.1
Reported EPS (THB)	0.08	0.30	0.15	0.27	0.26	(3.2)	223.2	0.83	0.86	4.1	29.9
Core EPS (THB)	0.08	0.30	0.15	0.27	0.26	(3.2)	229.1	0.83	0.86	4.1	29.9
Key Ratios (%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)	
Gross margin	7.0	10.0	8.9	10.5	11.6	1.1	4.6	9.1	8.9	(0.1)	
Operating margin	1.2	4.5	2.5	4.5	5.1	0.6	3.9	3.1	3.3	0.2	
EBITDA margin	7.1	10.1	9.5	11.4	12.3	0.9	5.2	9.5	9.5	0.1	
Recurring net margin	1.1	4.2	2.4	4.3	4.6	0.3	3.5	2.9	2.9	(0.1)	
SG&A / Sales	6.6	6.8	7.4	7.3	8.0	0.7	1.4	7.0	6.5	(0.5)	

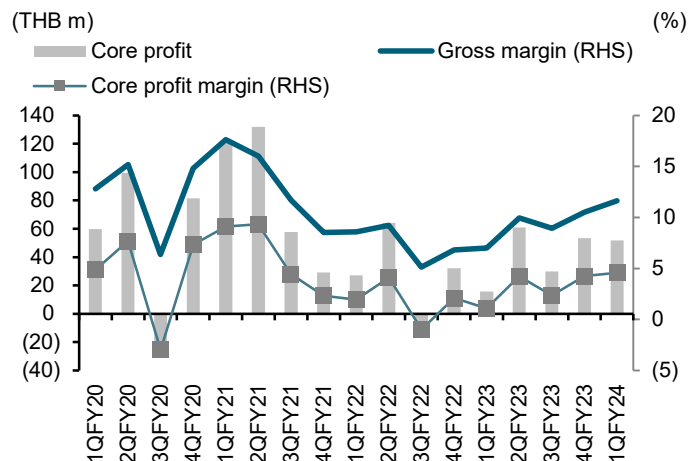
Sources: IRC, FSSIA's compilation

Exhibit 2: Sales revenue and q-q, y-y growth



Sources: IRC, FSSIA's compilation

Exhibit 3: Core profit and margins



Sources: IRC, FSSIA's compilation

Financial Statements

Inoue Rubber (Thailand)

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

Sources: Inoue Rubber (Thailand); FSSIA estimates

Financial Statements

Inoue Rubber (Thailand)

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

Per share (THB)

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

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

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

Per share (THB)

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

Financial strength

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

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	24.9	16.5	15.9	12.9	12.7
Recurring P/E @ target price (x) *	27.3	18.0	17.4	14.1	14.0
Reported P/E (x)	24.9	16.5	15.9	12.9	12.7
Dividend yield (%)	2.1	3.0	3.2	3.9	3.9
Price/book (x)	0.7	0.7	0.7	0.6	0.6
Price/tangible book (x)	0.7	0.7	0.7	0.6	0.6
EV/EBITDA (x) **	3.8	2.9	3.1	2.8	2.7
EV/EBITDA @ target price (x) **	4.4	3.4	3.5	3.2	3.1
EV/invested capital (x)	0.6	0.5	0.5	0.5	0.5

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

Sources: Inoue Rubber (Thailand); FSSIA estimates

INOUE RUBBER (THAILAND) (IRC TB)

FSSIA ESG rating

32.75 /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.
★★★★☆	>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.
★★☆☆☆	>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.

Source: 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	--
IRC	32.75	--	--	Y	5.00	4.00	--	--	62.24	--	--	47.74	--	--	--
SAT	54.39	--	Y	Y	5.00	5.00	Certified	--	70.44	--	--	53.45	29.00	3.52	52.94
STANLY	9.00	--	--	--	4.00	--	--	--	--	--	--	--	--	--	--

Sources: SETTRADE.com; FSSIA's compilation
Exhibit 6: ESG disclosure from the company's one report

FY ending Sep 30	FY 2023	FY ending Sep 30	FY 2023
Environmental		Governance	
Climate change policy	Yes	Board size / Independent directors (ID) / Female	11 / 4 / 4
Climate change opportunities discussed	--	No. of board meetings for the year / % attendance	7 / 98.57%
GHG scope 2 location-based policy	Yes	Company conducts board evaluations	Yes
Biodiversity policy	--	Number of non-executive directors on board	9
Energy efficiency policy	Yes	Director share ownership guidelines	No
Electricity used	Yes	Board age limit	No
Fuel used - crude oil/diesel	--	Age of the youngest / oldest director	56 / 94
Waste reduction policy	Yes	Number of executives / female	9 / 3
Water policy	Yes	Executive share ownership guidelines	No
Water consumption	1,685	Size of audit committee / ID	3 / 3
Social		Audit committee meetings	4
Human rights policy	Yes	Audit committee meeting attendance (%)	100
Policy against child labor	Yes	Size of compensation committee	--
Quality assurance and recall policy	Yes	Number of compensation committee meetings	--
Consumer data protection policy	Yes	Compensation committee meeting attendance (%)	--
Equal opportunity policy	Yes	Size of nomination committee / ID	--
Gender pay gap breakout	--	Number of nomination committee meetings	--
Pct women in workforce	55.74	Nomination committee meeting attendance (%)	--
Business ethics policy	Yes	Board compensation (THB m)	5.94
Anti-bribery ethics policy	Yes	Auditor fee (THB m)	1.88
Health and safety policy	Yes	(PricewaterhouseCoopers ABAS Ltd.)	
Lost time incident rate - employees	--		
Training policy	Yes		
Fair remuneration policy	Yes		
Number of employees - CSR	--		
Total hours spent by firm - employee training	--		
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 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 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+																		
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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="0" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: right;">AAA</td> <td>8.571-10.000</td> <td style="text-align: right;">Leader:</td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td style="text-align: right;">AA</td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">A</td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">BBB</td> <td>4.286-5.713</td> <td style="text-align: right;">Average:</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 style="text-align: right;">BB</td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">B</td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">CCC</td> <td>0.000-1.428</td> <td style="text-align: right;">Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570			A	5.714-7.142			BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285			B	1.429-2.856			CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks	
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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

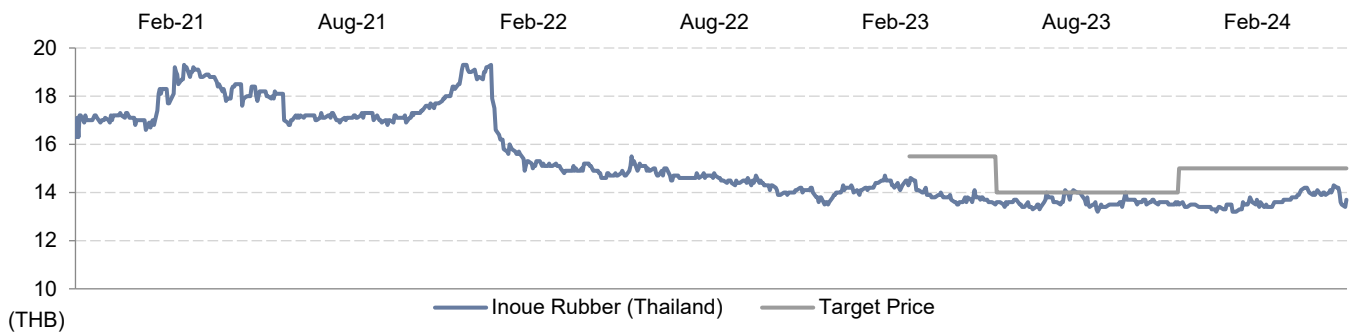
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History of change in investment rating and/or target price

Inoue Rubber (Thailand) (IRC TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
01-Feb-2023	HOLD	15.50	21-Sep-2023	BUY	15.00	-	-	-
17-Apr-2023	HOLD	14.00	05-Feb-2024	HOLD	15.00			

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

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Inoue Rubber (Thailand)	IRC TB	THB 13.70	HOLD	Downside and upside risks to our P/E-based TP include 1) weaker or stronger demand from the automotive industry; 2) a sharp rise or decrease in the price of crude oil; and 3) chip supply shortages or oversupply.

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.