

PANJAWATTANA PLASTIC  
THAILAND / INDUSTRIALS

PJW TB

BUY

UNCHANGED

## กำไร 4Q23 ชะลอหน้ยกว่าคาดจากรายได้โตสูง

- กำไรสุทธิใน 4Q23 -22% q-q, +171% y-y ตีกว่าคาด 29% จากรายได้ที่สูงกว่าคาดชดเชยรายจ่ายที่สูงได้
- ปี 2024 ธุรกิจผลิตชิ้นส่วนยานยนต์ยังเป็นพระเอก เพิ่มเติมด้วยธุรกิจใหม่ใน 2H24
- คงราคาเป้าหมาย 5.90 บาท ถ้ารวมวอร์เรนทั้งหมดจะได้ลูทเป็น 4.55 บาท

TARGET PRICE	THB5.90
CLOSE	THB3.30
UP/DOWNSIDE	+78.8%
PRIOR TP	THB5.90
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	0.0%

## KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	3,456	3,666	4,211	4,562
Net profit	152	191	243	278
EPS (THB)	0.25	0.31	0.39	0.45
vs Consensus (%)	-	(18.4)	21.9	73.1
EBITDA	494	550	622	671
Recurring net profit	152	191	243	278
Core EPS (THB)	0.25	0.31	0.39	0.45
Chg. In EPS est. (%)	nm	(4.5)	(0.4)	nm
EPS growth (%)	80.6	24.9	27.3	14.4
Core P/E (x)	13.4	10.7	8.4	7.4
Dividend yield (%)	3.6	3.7	4.7	5.4
EV/EBITDA (x)	6.3	5.6	4.9	4.5
Price/book (x)	1.5	1.4	1.4	1.3
Net debt/Equity (%)	76.7	71.9	66.8	64.1
ROE (%)	11.6	13.6	16.6	18.1

## กำไร 4Q23 ตีกว่าคาดจากรายได้เติบโตดี ชดเชยรายจ่ายที่สูงได้

PJW รายงานกำไรสุทธิ 4Q23 ที่ 31 ล้านบาท -22% q-q, +171% y-y ตีกว่าเราคาดถึง 29% จากรายได้ที่สูงกว่าคาดมาก กำไรที่ลดลง q-q เพราะ 4Q เป็น low season มีวันทำงานน้อยกว่าไตรมาสอื่น ส่วนกำไรที่โตแรง y-y เพราะผลการดำเนินงานปี 2022 ถูกกระทบจากต้นทุนวัตถุดิบ (เม็ดพลาสติก) มีราคาสูงขึ้นตามราคาน้ำมันในตลาดโลก ส่วนรายได้ที่เติบโต 6% q-q คาดว่ามาจากกลุ่มธุรกิจบรรจุภัณฑ์นมและนมเปรี้ยวซึ่งและสินค้าอุปโภคบริโภคซึ่งเข้าฤดูการขายในไตรมาสสุดท้าย แต่อัตรากำไรขั้นต้นชะลอเล็กน้อย ค่าใช้จ่ายในการขายและบริหารสูงขึ้นเพราะค่าใช้จ่ายในการปรับโครงสร้าง

## ปี 2023 turnaround แต่กลับมายังไม่เท่าก่อนโควิด

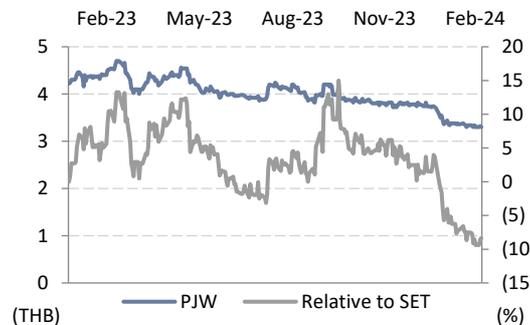
ภาพรวมปี 2023 กำไร turnaround จากปี 2022 ที่เผชิญทั้งต้นทุนวัตถุดิบราคาสูงและโรงงานในจีนที่ขาดทุนเพราะยังถูกกระทบจากโควิด และธุรกิจซักรีด Master Laundry ขาดทุน โดยในปี 2023 PJW ทำกำไรได้ 152 ล้านบาท +82% y-y จากอัตรากำไรขั้นต้นที่ปรับตัวดีขึ้นมาจาก 16.2% ในปี 2022 เป็น 19.4% สูงกว่าช่วงก่อนโควิดที่ทำได้ 15-18% ขณะที่รายได้เติบโตเพียง 3.5% y-y ธุรกิจผลิตชิ้นส่วนรถยนต์เป็นพระเอกในปี 2023 เติบโตแรงสามารถชดเชยการหดตัวของธุรกิจบรรจุภัณฑ์น้ำมันหล่อลื่นได้ ทั้งนี้ PJW แจกจ่ายเงินปันผล 0.06 บาทต่อหุ้น (yield 1.8%) XD 29 เม.ย. 2024

## คาดปี 2024 โตต่อเนื่อง ชิ้นส่วนยานยนต์เป็นพระเอก

เราเชื่อว่า PJW จะยังฟื้นตัวต่อเนื่องในปี 2024 ธุรกิจผลิตชิ้นส่วนยานยนต์ยังเป็นพระเอก ปัจจุบัน PJW เป็น First tier (co-design) นอกจากมี Backlog จำนวนมาก อัตรากำไรจะอยู่ในระดับดี รายได้รวมคาดว่าจะโตเพียง 6% y-y เพราะการเติบโตของรายได้จากการผลิตชิ้นส่วนรถยนต์ถูกหักล้างบางส่วนจากการลดลงของบรรจุภัณฑ์น้ำมันหล่อลื่น แต่อัตรากำไรขั้นต้นจะดีขึ้น ธุรกิจ Master Laundry จะเริ่มทำกำไรได้จากฐานลูกค้าที่เพิ่มขึ้น และเริ่มมีรายได้จากกลุ่ม Medical ใน 2H24 เราคาดกำไรปี 2024-26 โต 25%/27%/14% ตามลำดับ

## คงราคาเป้าหมาย 5.90 บาท หรือ 4.55 บาทกรณี full dilution

เราคงราคาเป้าหมาย 5.90 บาท อิง 2024 P/E 18 เท่า (ใกล้เคียงค่าเฉลี่ย 3 ปีที่ผ่านมา) ทั้งนี้ ราคาเป้าหมายจะ fully dilute เป็น 4.55 บาทหาก PJW-W1 ใช้สิทธิแปลงสภาพทั้งหมด (ใช้สิทธิครั้งสุดท้าย 18 ก.ค. 2024 ราคาใช้สิทธิ 2.857 บาทต่อหุ้น) คงคำแนะนำซื้อ



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(1.8)	(13.6)	(21.4)
Relative to country (%)	(2.8)	(12.4)	(7.8)
Mkt cap (USD m)			57
3m avg. daily turnover (USD m)			0.0
Free float (%)			47
Major shareholder	Hemmondharop Family (52%)		
12m high/low (THB)	4.76/2.80		
Issued shares (m)	618.05		

Sources: Bloomberg consensus; FSSIA estimates



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## Investment thesis

ปี 2023 กำไร turnaround จากปี 2022 ที่เผชิญทั้งต้นทุนวัตถุดิบราคาสูงและโรงงานในจีนที่ขาดทุนเพราะยังถูกกระทบจากโควิด และธุรกิจซักผ้า Master Laundry ขาดทุน โดยในปี 2023 PJW ทำกำไรได้ 152 ล้านบาท +82% y-y จากอัตรากำไรขั้นต้นที่ปรับตัวดีขึ้นมากจาก 16.2% ในปี 2022 เป็น 19.4%

ปี 2024 PJW จะฟื้นตัวต่อเนื่อง ธุรกิจผลิตชิ้นส่วนยานยนต์จะยังเป็นพระเอก รายได้รวมคาดว่าจะโตเพียง 6% y-y เพราะการเติบโตของรายได้จากการผลิตชิ้นส่วนรถยนต์ถูกหักล้างบางส่วนจากการลดลงของบรรจุภัณฑ์น้ำมันหล่อลื่น แต่อัตรากำไรขั้นต้นจะดีขึ้น ธุรกิจ Master Laundry จะเริ่มทำกำไรได้จากฐานลูกค้าที่เพิ่มขึ้น และเริ่มมีรายได้จากกลุ่ม Medical ใน 2H24

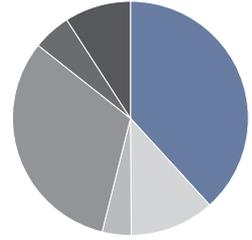
## Company profile

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

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

## Principal activities (revenue, 2023)

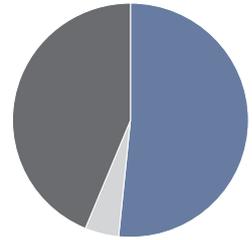
- Lubricant packaging - 38.3 %
- Dairy packaging - 11.6 %
- Consumer and chemical packaging - 4.0 %
- Auto parts - 31.8 %



Source: Panjawattana Plastic

## Major shareholders

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



Source: Panjawattana Plastic

## Catalysts

ปัจจัยหนุนการเติบโตได้แก่ 1) กำลังซื้อยานยนต์ดีขึ้นทำให้ยอดการผลิตรถยนต์สูงกว่าคาด 2) นักท่องเที่ยวเพิ่มขึ้นอย่างรวดเร็ว หนุนธุรกิจบรรจุภัณฑ์สำหรับบรรจุนมและนมเปรี้ยว 3) ราคาเม็ดพลาสติกปรับลงเร็ว

## Risks to our call

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

## Event calendar

Date	Event
22 April 2024	General Annual Meeting
29 April 2024	Ex-dividend date
17 May 2024	Dividend payment

## Key assumptions

	2024E (%)	2025E (%)	2026E (%)
<b>Revenue growth</b>			
- Lubricant packaging	2.0	2.0	1.0
- Dairy packaging	8.0	6.0	7.0
- Consumer & chemical packaging	10.0	10.0	8.0
- Auto parts	12.0	15.0	13.0
- Medical products	100.0	300.0	50.0
- Laundry	66.7	46.7	0.0

Source: FSSIA estimates

## Earnings sensitivity

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

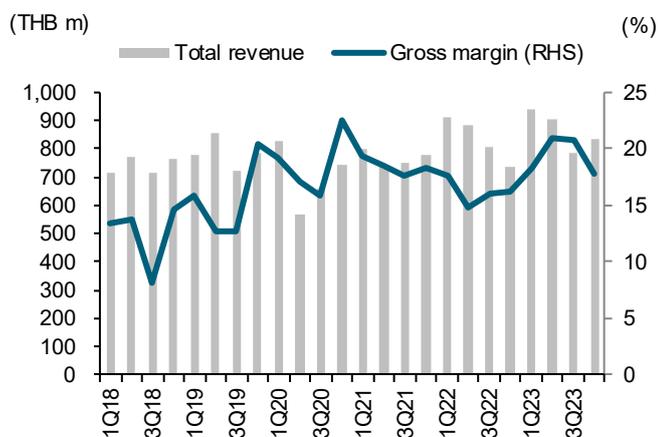
Source: FSSIA estimates

## Exhibit 1: PJW - 4Q23 earnings result

Year to Dec 31	4Q22	1Q23	2Q23	3Q23	4Q23	----- Change -----		2022	2023	Change
	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)				
Sales	733	941	901	782	832	6.4	13.4	3,339	3,456	3.5
Cost of sales	(614)	(769)	(713)	(619)	(683)	10.4	11.3	(2,797)	(2,785)	(0.5)
Gross profit	119	172	188	163	148	(8.9)	24.3	542	671	24.0
Operating costs	(92)	(116)	(121)	(94)	(109)	15.8	18.4	(403)	(440)	9.1
Operating profit	29	68	71	69	47	(32.6)	63.8	160	255	59.2
Operating EBITDA	89	127	121	134	97	(27.6)	9.3	401	494	23.4
Other income	1	13	3	0	7	1,573.5	593.1	22	23	7.6
Interest expense	(12)	(16)	(15)	(15)	(12)	(20.6)	(3.9)	(50)	(59)	16.5
Profit before tax	16	52	55	54	35	(35.9)	115.6	110	197	78.6
Tax	(5)	(13)	(14)	(14)	(4)	(74.5)	(22.0)	(27)	(44)	67.0
<b>Core profit</b>	<b>12</b>	<b>39</b>	<b>42</b>	<b>40</b>	<b>31</b>	<b>(22.3)</b>	<b>170.8</b>	<b>84</b>	<b>152</b>	<b>82.3</b>
<b>Reported net profit</b>	<b>12</b>	<b>39</b>	<b>42</b>	<b>40</b>	<b>31</b>	<b>(22.3)</b>	<b>170.8</b>	<b>84</b>	<b>152</b>	<b>82.3</b>
Reported EPS (THB)	0.020	0.064	0.068	0.065	0.051	(22.1)	151.5	0.138	0.247	79.0
Core EPS (THB)	0.020	0.064	0.068	0.065	0.051	(22.1)	151.5	0.138	0.247	79.0
<b>Key Ratios (%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>
Gross margin	16.3	18.3	20.9	20.8	17.8	(3.0)	1.6	16.2	19.4	3.2
EBIT margin	3.9	7.3	7.8	8.9	5.6	(3.3)	1.7	4.8	7.4	2.6
EBITDA margin	12.1	13.5	13.4	17.1	11.6	(5.5)	(0.4)	12.0	14.3	2.3
Net profit margin	1.6	4.1	4.6	5.2	3.8	(1.4)	2.2	2.5	4.4	1.9
SG&A / Sales	12.5	12.4	13.4	12.0	13.1	1.1	0.5	12.1	12.7	0.7

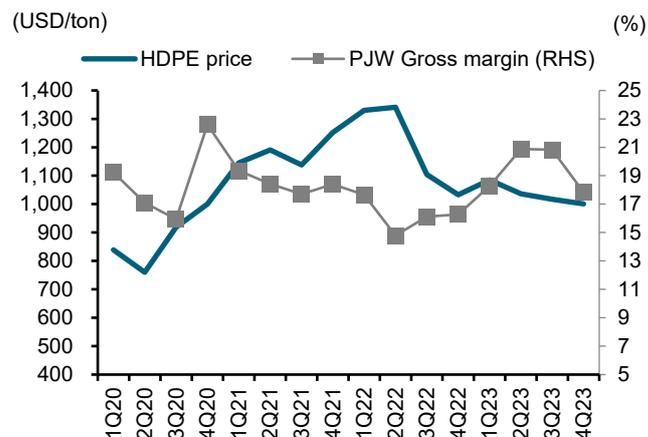
Sources: PJW, FSSIA's compilation

## Exhibit 2: Total revenue and gross margin



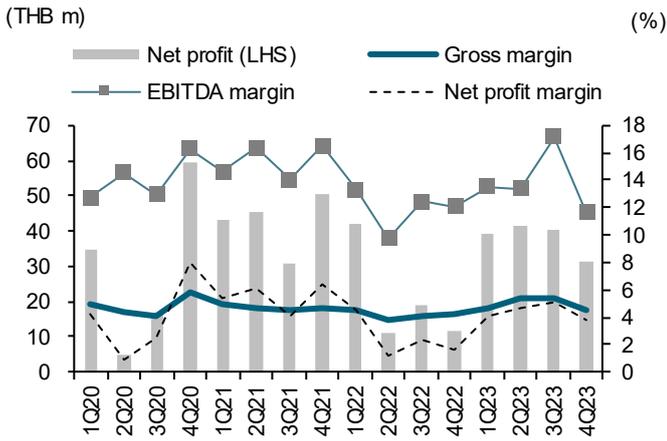
Sources: PJW, FSSIA's compilation

## Exhibit 3: Gross margin vs HDPE price



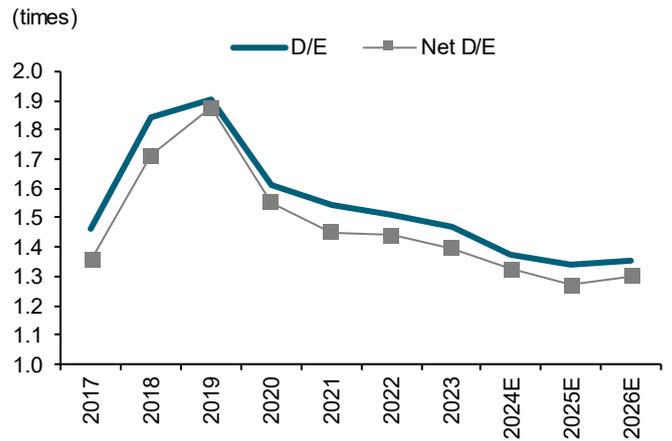
Sources: PJW, Bloomberg, FSSIA's compilation

**Exhibit 4: Net profit and margins**



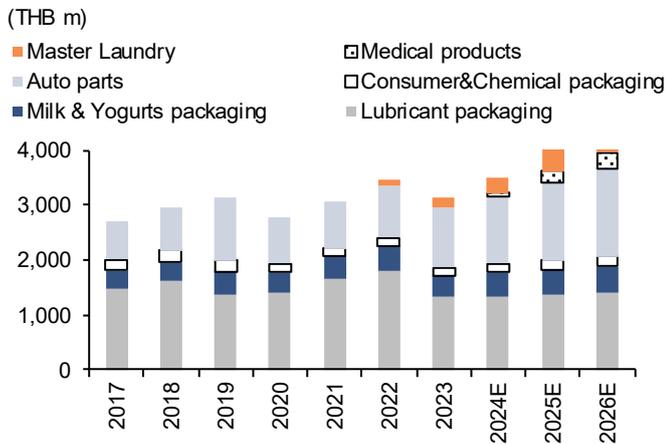
Sources: PJW, FSSIA's compilation

**Exhibit 5: D/E and Net D/E ratios**



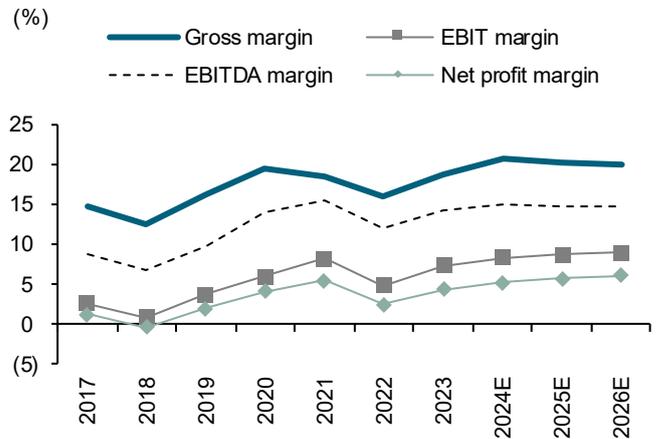
Sources: PJW, FSSIA estimates

**Exhibit 6: Revenue structure**



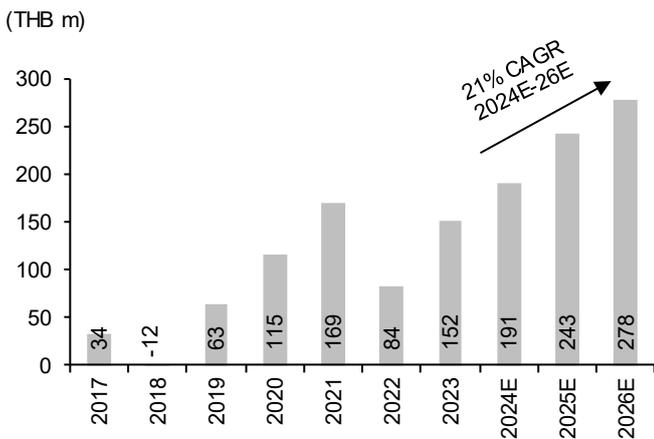
Sources: PJW, FSSIA estimates

**Exhibit 7: Margins**



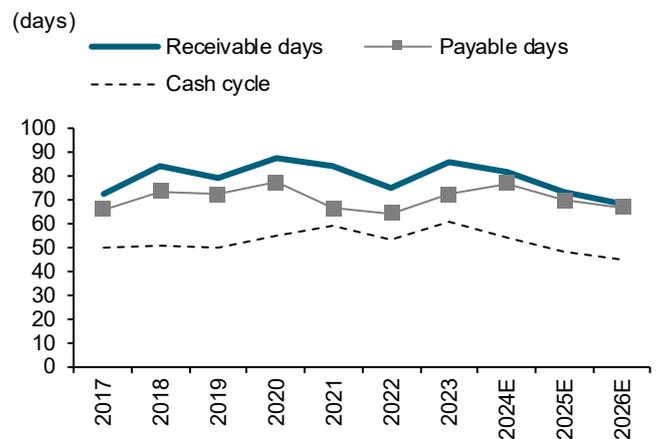
Sources: PJW, FSSIA estimates

**Exhibit 8: Net profit**



Sources: PJW, FSSIA estimates

**Exhibit 9: Liquidity**



Sources: PJW, FSSIA estimates

## Financial Statements

### Panjawattana Plastic

Profit and Loss (THB m) Year Ending Dec	2022E	2023	2024E	2025E	2026E
Revenue	3,339	3,456	3,666	4,211	4,562
Cost of goods sold	(2,797)	(2,785)	(2,901)	(3,351)	(3,629)
<b>Gross profit</b>	<b>542</b>	<b>671</b>	<b>765</b>	<b>859</b>	<b>932</b>
Other operating income	22	23	16	14	11
Operating costs	(403)	(440)	(477)	(505)	(534)
<b>Operating EBITDA</b>	<b>401</b>	<b>494</b>	<b>550</b>	<b>622</b>	<b>671</b>
Depreciation	(240)	(239)	(246)	(254)	(261)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>160</b>	<b>255</b>	<b>304</b>	<b>368</b>	<b>410</b>
Net financing costs	(50)	(59)	(57)	(53)	(49)
Associates	0	0	0	0	0
Recurring non-operating income	0	0	0	0	0
Non-recurring items	0	0	0	0	0
<b>Profit before tax</b>	<b>110</b>	<b>197</b>	<b>248</b>	<b>316</b>	<b>361</b>
Tax	(27)	(44)	(57)	(73)	(83)
<b>Profit after tax</b>	<b>84</b>	<b>152</b>	<b>191</b>	<b>243</b>	<b>278</b>
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>84</b>	<b>152</b>	<b>191</b>	<b>243</b>	<b>278</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>84</b>	<b>152</b>	<b>191</b>	<b>243</b>	<b>278</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.14	0.25	0.31	0.39	0.45
Reported EPS	0.14	0.25	0.31	0.39	0.45
DPS	0.05	0.12	0.12	0.16	0.18
Diluted shares (used to calculate per share data)	612	618	620	620	620
<b>Growth</b>					
Revenue (%)	8.9	3.5	6.1	14.8	8.3
Operating EBITDA (%)	(15.0)	23.4	11.3	13.0	7.9
Operating EBIT (%)	(36.2)	59.2	19.3	21.0	11.2
Recurring EPS (%)	(53.8)	80.6	24.9	27.3	14.4
Reported EPS (%)	(53.8)	80.6	24.9	27.3	14.4
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	16.2	19.4	20.9	20.4	20.4
Gross margin exc. depreciation (%)	23.4	26.3	27.6	26.4	26.2
Operating EBITDA margin (%)	12.0	14.3	15.0	14.8	14.7
Operating EBIT margin (%)	4.8	7.4	8.3	8.7	9.0
Net margin (%)	2.5	4.4	5.2	5.8	6.1
Effective tax rate (%)	24.1	22.6	23.0	23.0	23.0
Dividend payout on recurring profit (%)	36.7	48.7	40.0	40.0	40.0
Interest cover (X)	3.2	4.4	5.4	7.0	8.4
Inventory days	46.5	51.4	54.0	48.3	44.4
Debtor days	75.9	78.8	80.8	72.3	66.7
Creditor days	70.4	80.4	84.0	75.5	73.0
Operating ROIC (%)	5.9	9.3	10.7	12.8	(3.5)
ROIC (%)	5.3	8.1	9.4	11.3	(3.1)
ROE (%)	6.9	11.6	13.6	16.6	18.1
ROA (%)	4.0	6.1	7.0	8.2	7.4
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Lubricant packaging	1,803	1,323	1,349	1,376	1,390
Dairy packaging	467	402	434	460	492
Consumer and chemical packaging	134	138	151	166	180
Auto parts	935	1,100	1,232	1,417	1,601

Sources: Panjawattana Plastic; FSSIA estimates

## Financial Statements

### Panjawattana Plastic

Cash Flow (THB m) Year Ending Dec	2022E	2023	2024E	2025E	2026E
Recurring net profit	84	152	191	243	278
Depreciation	240	239	246	254	261
Associates & minorities	0	0	0	0	0
Other non-cash items	(61)	74	(68)	(62)	76
Change in working capital	100	(34)	62	49	174
<b>Cash flow from operations</b>	<b>363</b>	<b>431</b>	<b>431</b>	<b>483</b>	<b>789</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(381)	(305)	(265)	(280)	(158)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(381)</b>	<b>(305)</b>	<b>(265)</b>	<b>(280)</b>	<b>(158)</b>
Dividends paid	(31)	(31)	(76)	(97)	0
Equity finance	46	19	0	0	0
Debt finance	(50)	47	(55)	(12)	79
Other financing cash flows	38	(105)	(7)	(7)	(7)
<b>Cash flow from financing</b>	<b>3</b>	<b>(70)</b>	<b>(139)</b>	<b>(117)</b>	<b>72</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>(5)</b>	<b>(50)</b>	<b>(57)</b>	<b>(73)</b>	<b>(622)</b>
<b>Movement in cash</b>	<b>(20)</b>	<b>6</b>	<b>(29)</b>	<b>14</b>	<b>81</b>
Free cash flow to firm (FCFF)	31.90	184.41	222.18	256.04	679.40
Free cash flow to equity (FCFE)	(34.95)	17.85	46.86	110.95	81.20

#### Per share (THB)

FCFF per share	0.05	0.30	0.36	0.41	1.10
FCFE per share	(0.06)	0.03	0.08	0.18	0.13
Recurring cash flow per share	0.43	0.75	0.59	0.70	0.99

Balance Sheet (THB m) Year Ending Dec	2022E	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	3,414	3,732	3,997	4,262	4,673
Less: Accumulated depreciation	(1,756)	(1,995)	(2,241)	(2,494)	(2,756)
<b>Tangible fixed assets (net)</b>	<b>1,658</b>	<b>1,737</b>	<b>1,756</b>	<b>1,768</b>	<b>1,918</b>
<b>Intangible fixed assets (net)</b>	<b>61</b>	<b>68</b>	<b>68</b>	<b>68</b>	<b>68</b>
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	-	-	-	-	-
Cash & equivalents	91	97	67	81	163
A/C receivable	681	810	814	854	812
Inventories	328	388	397	422	398
Other current assets	47	51	55	63	66
<b>Current assets</b>	<b>1,147</b>	<b>1,346</b>	<b>1,333</b>	<b>1,421</b>	<b>1,438</b>
Other assets	265	241	242	257	265
<b>Total assets</b>	<b>3,131</b>	<b>3,392</b>	<b>3,400</b>	<b>3,513</b>	<b>3,689</b>
Common equity	1,247	1,375	1,432	1,501	1,562
Minorities etc.	0	0	0	0	0
<b>Total shareholders' equity</b>	<b>1,247</b>	<b>1,375</b>	<b>1,432</b>	<b>1,501</b>	<b>1,562</b>
Long term debt	275	391	400	387	466
Other long-term liabilities	188	151	134	139	140
<b>Long-term liabilities</b>	<b>463</b>	<b>542</b>	<b>533</b>	<b>526</b>	<b>607</b>
A/C payable	519	602	620	661	686
Short term debt	830	760	697	697	697
Other current liabilities	72	112	117	129	138
<b>Current liabilities</b>	<b>1,421</b>	<b>1,475</b>	<b>1,434</b>	<b>1,486</b>	<b>1,521</b>
<b>Total liabilities and shareholders' equity</b>	<b>3,131</b>	<b>3,392</b>	<b>3,399</b>	<b>3,513</b>	<b>3,689</b>
Net working capital	465	535	529	549	452
Invested capital	2,450	2,580	2,595	2,642	2,703

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

#### Per share (THB)

Book value per share	2.04	2.22	2.31	2.42	2.52
Tangible book value per share	1.94	2.11	2.20	2.31	2.41

#### Financial strength

Net debt/equity (%)	81.4	76.7	71.9	66.8	64.1
Net debt/total assets (%)	32.4	31.1	30.3	28.5	27.1
Current ratio (x)	0.8	0.9	0.9	1.0	0.9
CF interest cover (x)	7.9	6.5	6.5	8.4	5.9

Valuation	2022E	2023	2024E	2025E	2026E
<b>Recurring P/E (x) *</b>	<b>24.2</b>	<b>13.4</b>	<b>10.7</b>	<b>8.4</b>	<b>7.4</b>
<b>Recurring P/E @ target price (x) *</b>	<b>43.3</b>	<b>23.9</b>	<b>19.2</b>	<b>15.1</b>	<b>13.2</b>
Reported P/E (x)	24.2	13.4	10.7	8.4	7.4
Dividend yield (%)	1.5	3.6	3.7	4.7	5.4
Price/book (x)	1.6	1.5	1.4	1.4	1.3
Price/tangible book (x)	1.7	1.6	1.5	1.4	1.4
EV/EBITDA (x) **	7.6	6.3	5.6	4.9	4.5
EV/EBITDA @ target price (x) **	11.6	9.5	8.5	7.5	6.9
EV/invested capital (x)	1.2	1.2	1.2	1.2	1.1

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

Sources: Panjawattana Plastic; 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 <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.																			
<b>CG Score</b> 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%).																			
<b>AGM level</b> 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.																			
<b>Thai CAC</b> 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.																			
<b>Morningstar Sustainalytics</b>	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. <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 &amp; 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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<b>ESG Book</b>	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.																			
<b>MSCI</b>	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td><b>AAA</b></td> <td>8.571-10.000</td> <td rowspan="3"><b>Leader:</b></td> <td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td><b>AA</b></td> <td>7.143-8.570</td> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td rowspan="3"><b>Average:</b></td> <td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td><b>BB</b></td> <td>2.857-4.285</td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</td> </tr> <tr> <td><b>CCC</b></td> <td>0.000-1.428</td> <td><b>Laggard:</b></td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570	<b>A</b>	5.714-7.142	<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285	<b>B</b>	1.429-2.856	<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks
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<b>Moody's ESG solutions</b>	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.																				
<b>Refinitiv ESG rating</b>	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>																				
<b>S&amp;P Global</b>	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.																				
<b>Bloomberg</b>	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

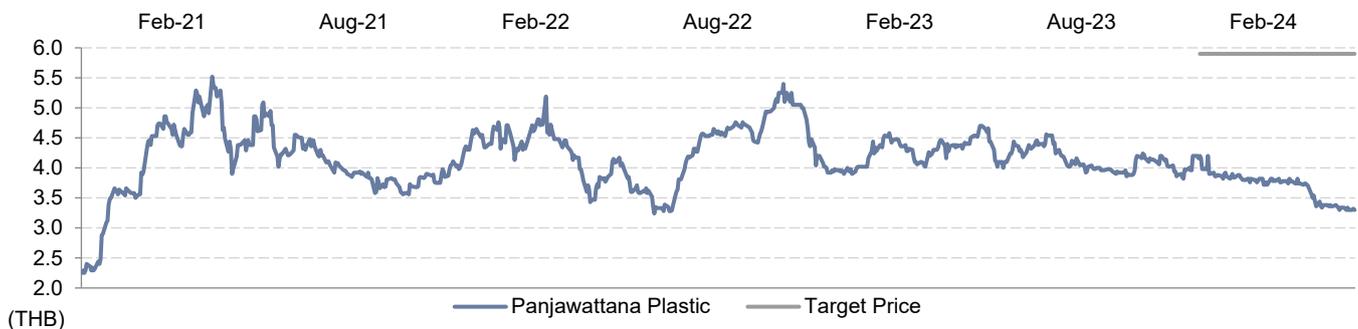
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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

#### Panjawattana Plastic (PJW TB)



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

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

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Panjawattana Plastic	PJW TB	THB 3.30	BUY	Downside risks to our DCF-based TP include 1) ราคาเม็ดพลาสติกปรับสูงขึ้นอย่างรวดเร็วโดยบริษัทไม่สามารถปรับราคาขายได้ทัน 2) อัตราดอกเบี้ยเงินกู้ปรับสูงขึ้น

Source: FSSIA estimates

### Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited.

All share prices are as at market close on 28-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.