

TOA PAINT (THAILAND)  
THAILAND / CONSTRUCTION

## TOA TB

BUY

UNCHANGED

## 4Q23 results at first glance

งบ 4Q23 ดีกว่าคาด กำไรปกติโต q-q, y-y

## Highlights

- TOA รายงานกำไรสุทธิ 4Q23 ที่ 544 ล้านบาท (-16% q-q, +90% y-y) โดยมีรายการพิเศษจากขาดทุนอัตราแลกเปลี่ยน 166 ล้านบาทหลังเงินบาทแข็งค่า และกำไรการปรับมูลค่ายุติธรรมสินทรัพย์ทางการเงิน 31 ล้านบาท หากหักออก กำไรปกติ +14% q-q, +70% y-y ที่ 679 ล้านบาท ดีกว่าเราและตลาดคาด 8-9% สาเหตุจากอัตราภาษีจ่ายลดลงเป็น 15% จาก 23% ใน 3Q23 และ 18% ใน 4Q22
- ยอดขายขยายตัว +7% q-q, +6% y-y ที่ 5.7 พันล้านบาท จากปริมาณการขายเพิ่มขึ้น หลักๆจากการเติบโตของประเทศไทยตามปัจจัยฤดูกาลและอานิสงส์ของอุปสงค์การซ่อมแซมปรับปรุงในภาคท่องเที่ยว ประกอบกับการทยอยฟื้นตัวของต่างประเทศจากฐานต่ำใน 3Q23 อาทิ ประเทศเมียนมาร์และมาเลเซีย
- อัตรากำไรขั้นต้นดีขึ้นเป็น 34.3% จาก 33.8% ใน 3Q23 และ 29.1% ใน 4Q22 จากต้นทุนวัตถุดิบที่ลดลงทั้งราคาน้ำมัน รวมถึงสต็อก TiO<sub>2</sub> ที่ราคาต่ำกว่าตลาด
- ค่าใช้จ่ายขายและบริหารต่อยอดขายปรับขึ้น 21% จาก 20% ใน 3Q23 และ 4Q222 หลักๆจากค่าโบนัสนักงานและค่าขนส่งทางเรือที่สูงขึ้น
- จบปี 2023 กำไรสุทธิอยู่ที่ 2.57 พันล้านบาท (+81% y-y) ทำระดับสูงสุดใหม่ หากไม่รวมรายการพิเศษ กำไรปกติทำได้ 2.6 พันล้านบาท (+57% y-y) ขณะที่ประกาศจ่ายปันผลงวด 2H23 ที่ 0.35 บาท/หุ้น Yield 1.8% ขึ้น XD 8 พ.ค. และจ่าย 28 พ.ค. 2024

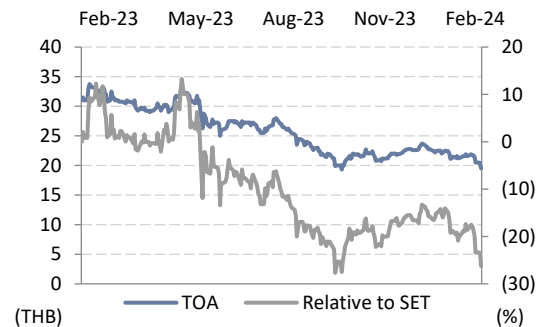
## Outlook

- สำหรับปี 2024 เราคงประมาณการกำไรปกติทรงตัวสูงที่ 2.6 พันล้านบาท ด้วยมุมมองอนุรักษ์นิยม คาดการณ์ยอดขาย +5% y-y ต่ำกว่าเป้าบริษัท +8% y-y โดยคาดการณ์การฟื้นตัวของยอดขายต่างประเทศจากฐานต่ำ และอัตรากำไรขั้นต้น 33.2% เทียบกับ 33.9% ในปี 2023
- เราคงราคาเหมาะสม 29.50 บาท (อิง PER 23x) ราคาหุ้นปรับลง 9% ภายใน 1 เดือน ทำให้มี Upside เปิดกว้าง และหุ้นซื้อขายบน PE2024 15x หรือค่าเฉลี่ยในอดีต -2.25SD ระยะสั้นแนวโน้มกำไรปกติ 1Q24 คาดยังทรงตัวดีจาก High Season และต้นทุนวัตถุดิบที่มีทิศทางลดลง จึงคงคำแนะนำซื้อลงทุน

TARGET PRICE	THB29.50
CLOSE	THB19.50
UP/DOWNSIDE	+51.3%
PRIOR TP	THB29.50
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-10.2%

## KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	22,238	23,315	24,019	24,566
Net profit	2,569	2,606	2,696	2,759
EPS (THB)	1.27	1.28	1.33	1.36
vs Consensus (%)	-	2.1	(1.6)	423.1
EBITDA	4,142	4,249	4,420	4,563
Recurring net profit	2,618	2,606	2,696	2,759
Core EPS (THB)	1.29	1.28	1.33	1.36
Chg. In EPS est. (%)	nm	-	-	nm
EPS growth (%)	56.6	(0.4)	3.4	2.4
Core P/E (x)	15.1	15.2	14.7	14.3
Dividend yield (%)	3.5	3.5	3.6	3.7
EV/EBITDA (x)	9.3	9.0	8.5	8.1
Price/book (x)	2.8	2.6	2.4	2.2
Net debt/Equity (%)	(13.2)	(11.7)	(14.6)	(17.2)
ROE (%)	19.5	17.8	16.9	16.0



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(13.3)	(7.1)	(40.0)
Relative to country (%)	(14.2)	(5.8)	(29.6)
Mkt cap (USD m)	1,097		
3m avg. daily turnover (USD m)	0.7		
Free float (%)	25		
Major shareholder	TOA Group Holding Co Ltd (30%)		
12m high/low (THB)	34.25/19.20		
Issued shares (m)	2,029.00		

Sources: Bloomberg consensus; FSSIA estimates



Thanyatorn Songwutti

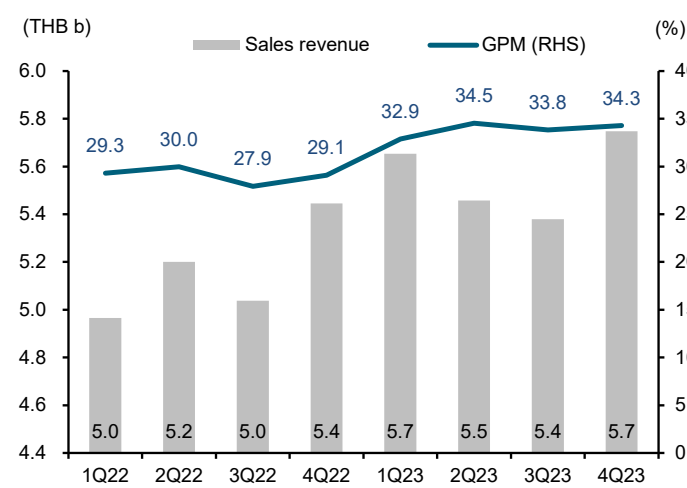
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## Exhibit 1: TOA - 4Q23 results summary

	4Q22	1Q23	2Q23	3Q23	4Q23	Change	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Sales revenue	5,445	5,654	5,458	5,379	5,747	6.8	5.5
Cost of sales	3,862	3,795	3,573	3,560	3,776	6.1	(2.2)
Gross profit	1,583	1,859	1,885	1,819	1,971	8.3	24.5
SG&A	1,092	1,040	1,025	1,082	1,207	11.6	10.5
Operating profit	491	819	860	737	764	3.6	55.6
Interest expense	9	17	4	10	10	(0.4)	10.1
Tax expense	95	190	193	184	126	(31.3)	32.8
Reported net profit	287	632	741	651	544	(16.4)	89.9
Core profit	399	651	694	594	679	14.4	70.1
<b>Key ratios (%)</b>						<b>(ppt)</b>	<b>(ppt)</b>
Gross margin	29.1	32.9	34.5	33.8	34.3	0.5	5.2
SG&A / Sales	20.1	18.4	18.8	20.1	21.0	0.9	0.9
Operating margin	9.0	14.5	15.8	13.7	13.3	(0.4)	4.3
Net margin	5.3	11.2	13.6	12.1	9.5	(2.6)	4.2
Normalised margin	7.3	11.5	12.7	11.0	11.8	0.8	4.5

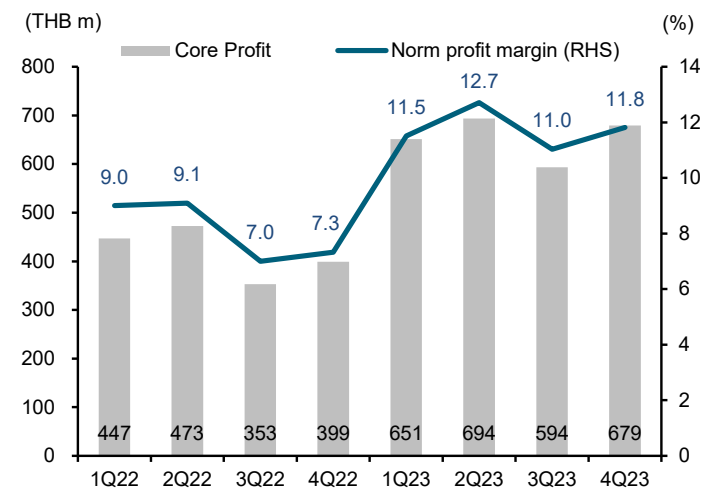
Sources: TOA; FSSIA's compilation

## Exhibit 2: Quarterly sale revenue and GPM



Sources: TOA; FSSIA's compilation

## Exhibit 3: Quarterly core profit and norm profit margin



Sources: TOA; FSSIA's compilation

## Financial Statements

TOA Paint (Thailand)

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	20,649	22,238	23,315	24,019	24,566
Cost of goods sold	(14,645)	(14,704)	(15,575)	(16,045)	(16,410)
<b>Gross profit</b>	<b>6,004</b>	<b>7,533</b>	<b>7,741</b>	<b>7,974</b>	<b>8,156</b>
Other operating income	177	241	213	213	214
Operating costs	(4,001)	(4,354)	(4,472)	(4,592)	(4,692)
<b>Operating EBITDA</b>	<b>2,849</b>	<b>4,142</b>	<b>4,249</b>	<b>4,420</b>	<b>4,563</b>
Depreciation	(670)	(721)	(767)	(823)	(885)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>2,179</b>	<b>3,421</b>	<b>3,482</b>	<b>3,596</b>	<b>3,678</b>
Net financing costs	(38)	(42)	(48)	(49)	(49)
Associates	0	0	0	0	0
Recurring non-operating income	0	0	0	0	0
Non-recurring items	(254)	(49)	0	0	0
<b>Profit before tax</b>	<b>1,887</b>	<b>3,330</b>	<b>3,433</b>	<b>3,548</b>	<b>3,629</b>
Tax	(453)	(694)	(752)	(777)	(795)
<b>Profit after tax</b>	<b>1,435</b>	<b>2,637</b>	<b>2,681</b>	<b>2,771</b>	<b>2,834</b>
Minority interests	(17)	(67)	(75)	(75)	(75)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>1,418</b>	<b>2,569</b>	<b>2,606</b>	<b>2,696</b>	<b>2,759</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>254</b>	<b>49</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>1,672</b>	<b>2,618</b>	<b>2,606</b>	<b>2,696</b>	<b>2,759</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.82	1.29	1.28	1.33	1.36
Reported EPS	0.70	1.27	1.28	1.33	1.36
DPS	0.50	0.68	0.68	0.70	0.72
Diluted shares (used to calculate per share data)	2,029	2,029	2,029	2,029	2,029
<b>Growth</b>					
Revenue (%)	17.5	7.7	4.8	3.0	2.3
Operating EBITDA (%)	(4.5)	45.4	2.6	4.0	3.2
Operating EBIT (%)	(8.0)	57.0	1.8	3.3	2.3
Recurring EPS (%)	(8.9)	56.6	(0.4)	3.4	2.4
Reported EPS (%)	(27.5)	81.2	1.4	3.4	2.4
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	29.1	33.9	33.2	33.2	33.2
Gross margin exc. depreciation (%)	32.3	37.1	36.5	36.6	36.8
Operating EBITDA margin (%)	13.8	18.6	18.2	18.4	18.6
Operating EBIT margin (%)	10.6	15.4	14.9	15.0	15.0
Net margin (%)	8.1	11.8	11.2	11.2	11.2
Effective tax rate (%)	24.0	20.8	21.9	21.9	21.9
Dividend payout on recurring profit (%)	60.7	52.7	53.0	53.0	53.0
Interest cover (X)	57.1	81.6	72.2	73.9	74.9
Inventory days	77.2	79.8	78.0	85.3	85.8
Debtor days	61.8	62.2	63.2	64.7	65.0
Creditor days	100.7	104.9	101.1	98.6	99.2
Operating ROIC (%)	31.1	42.5	39.2	35.3	(8.4)
ROIC (%)	14.4	20.9	20.0	19.3	(4.7)
ROE (%)	13.3	19.5	17.8	16.9	16.0
ROA (%)	9.1	13.4	12.6	12.3	11.7
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Decorative paint and coating	12,431	13,120	13,756	14,171	14,494
Non-decorative paint and coating	7,392	8,228	8,627	8,887	9,089
Others	826	890	933	961	983

Sources: TOA Paint (Thailand); FSSIA estimates

## Financial Statements

### TOA Paint (Thailand)

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	1,672	2,618	2,606	2,696	2,759
Depreciation	670	721	767	823	885
Associates & minorities	-	-	-	-	-
Other non-cash items	17	67	75	75	75
Change in working capital	(1,417)	442	(1,011)	(120)	(93)
<b>Cash flow from operations</b>	<b>942</b>	<b>3,848</b>	<b>2,437</b>	<b>3,474</b>	<b>3,626</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(858)	(1,512)	(1,054)	(1,312)	(1,420)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(858)</b>	<b>(1,512)</b>	<b>(1,054)</b>	<b>(1,312)</b>	<b>(1,420)</b>
Dividends paid	(1,164)	(1,293)	(1,456)	(1,504)	(1,537)
Equity finance	514	(64)	0	0	0
Debt finance	(237)	215	(241)	11	11
Other financing cash flows	-	-	-	-	-
<b>Cash flow from financing</b>	<b>(887)</b>	<b>(1,142)</b>	<b>(1,698)</b>	<b>(1,493)</b>	<b>(1,526)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>(803)</b>	<b>1,194</b>	<b>(314)</b>	<b>669</b>	<b>679</b>
Free cash flow to firm (FCFF)	121.81	2,378.17	1,431.99	2,210.32	2,254.78
Free cash flow to equity (FCFE)	(153.16)	2,551.14	1,142.40	2,172.77	2,216.90

Per share (THB)	2022	2023	2024E	2025E	2026E
FCFF per share	0.06	1.17	0.71	1.09	1.11
FCFE per share	(0.08)	1.26	0.56	1.07	1.09
Recurring cash flow per share	1.16	1.68	1.70	1.77	1.83

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	8,231	9,054	9,960	10,956	12,051
Less: Accumulated depreciation	(4,751)	(5,172)	(5,656)	(6,188)	(6,774)
<b>Tangible fixed assets (net)</b>	<b>3,481</b>	<b>3,882</b>	<b>4,304</b>	<b>4,767</b>	<b>5,277</b>
<b>Intangible fixed assets (net)</b>	<b>1,474</b>	<b>1,472</b>	<b>1,546</b>	<b>1,571</b>	<b>1,596</b>
Long-term financial assets	4,115	4,340	4,340	4,340	4,340
Invest. in associates & subsidiaries	-	-	-	-	-
Cash & equivalents	2,208	3,402	3,088	3,757	4,436
A/C receivable	3,701	3,879	4,197	4,323	4,422
Inventories	3,293	2,824	3,504	3,610	3,692
Other current assets	214	355	233	240	246
<b>Current assets</b>	<b>9,416</b>	<b>10,461</b>	<b>11,022</b>	<b>11,931</b>	<b>12,796</b>
Other assets	826	1,041	886	913	934
<b>Total assets</b>	<b>19,311</b>	<b>21,195</b>	<b>22,097</b>	<b>23,522</b>	<b>24,943</b>
Common equity	12,792	14,071	15,296	16,563	17,860
Minorities etc.	698	747	747	747	747
<b>Total shareholders' equity</b>	<b>13,490</b>	<b>14,818</b>	<b>16,043</b>	<b>17,310</b>	<b>18,607</b>
Long term debt	966	1,110	944	953	963
Other long-term liabilities	448	422	467	481	492
<b>Long-term liabilities</b>	<b>1,414</b>	<b>1,532</b>	<b>1,411</b>	<b>1,435</b>	<b>1,455</b>
A/C payable	3,882	4,154	4,049	4,172	4,267
Short term debt	271	342	267	269	271
Other current liabilities	296	433	326	336	344
<b>Current liabilities</b>	<b>4,449</b>	<b>4,929</b>	<b>4,643</b>	<b>4,777</b>	<b>4,881</b>
<b>Total liabilities and shareholders' equity</b>	<b>19,352</b>	<b>21,279</b>	<b>22,097</b>	<b>23,522</b>	<b>24,943</b>
Net working capital	3,030	2,472	3,558	3,666	3,749
Invested capital	12,925	13,207	14,633	15,257	15,896

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

Per share (THB)	2022	2023	2024E	2025E	2026E
Book value per share	6.30	6.93	7.54	8.16	8.80
Tangible book value per share	5.58	6.21	6.78	7.39	8.02

Financial strength	2022	2023	2024E	2025E	2026E
Net debt/equity (%)	(7.2)	(13.2)	(11.7)	(14.6)	(17.2)
Net debt/total assets (%)	(5.0)	(9.2)	(8.5)	(10.8)	(12.8)
Current ratio (x)	2.1	2.1	2.4	2.5	2.6
CF interest cover (x)	19.5	97.9	46.5	72.6	75.1

Valuation	2022	2023	2024E	2025E	2026E
<b>Recurring P/E (x) *</b>	<b>23.7</b>	<b>15.1</b>	<b>15.2</b>	<b>14.7</b>	<b>14.3</b>
<b>Recurring P/E @ target price (x) *</b>	<b>35.8</b>	<b>22.9</b>	<b>23.0</b>	<b>22.2</b>	<b>21.7</b>
Reported P/E (x)	27.9	15.4	15.2	14.7	14.3
Dividend yield (%)	2.6	3.5	3.5	3.6	3.7
Price/book (x)	3.1	2.8	2.6	2.4	2.2
Price/tangible book (x)	3.5	3.1	2.9	2.6	2.4
EV/EBITDA (x) **	13.8	9.3	9.0	8.5	8.1
EV/EBITDA @ target price (x) **	20.9	14.2	13.8	13.1	12.6
EV/invested capital (x)	3.0	2.9	2.6	2.5	2.3

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

Sources: TOA Paint (Thailand); FSSIA estimates

# TOA Paint Thailand PCL (TOA TB)

**FSSIA ESG rating**

**55.60 /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	<b>Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually.</b>
★★☆☆☆	>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	Domestic ratings						Global ratings						Bloomberg	
	ESG score	DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	5.34	4.40	4.40	4.76	4.65	3.84	Medium	51.76	BBB	20.87	58.72	63.91	3.72	28.17
Coverage	67.12	5.11	4.15	4.17	4.83	4.71	3.53	Medium	52.04	BB	16.97	56.85	62.09	3.40	31.94
TOA	55.60	--	Y	Y	5.00	5.00	--	Medium	61.82	--	--	57.46	30.00	3.79	49.04
EPG	59.63	--	Y	Y	5.00	4.00	Certified	Low	54.46	--	--	41.43	34.00	2.93	--
TASCO	47.02	--	--	--	5.00	4.00	Certified	Medium	63.65	--	--	61.51	49.00	--	--
SCCC	56.50	--	Y	Y	5.00	5.00	Certified	High	60.15	--	--	61.78	32.00	2.34	63.20
SCCC	56.50	--	Y	Y	5.00	5.00	Certified	High	60.15	--	--	61.78	32.00	2.34	63.20

Sources: [SETTRADE.com](https://www.settrade.com); FSSIA's compilation
**Exhibit 6: ESG score by Bloomberg**

FY ending Dec 31	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>ESG financial materiality scores - ESG score</b>	<b>2.53</b>	<b>3.02</b>	<b>2.95</b>	<b>3.18</b>	<b>3.34</b>	<b>3.79</b>
BESG environmental pillar score	1.81	2.75	2.76	3.17	3.20	3.96
BESG social pillar score	1.79	1.77	1.71	1.70	2.09	2.26
BESG governance pillar score	4.90	5.06	4.82	5.00	5.07	5.26
<b>ESG disclosure score</b>	<b>39.11</b>	<b>44.78</b>	<b>45.94</b>	<b>48.05</b>	<b>48.33</b>	<b>49.04</b>
Environmental disclosure score	28.00	30.84	31.17	31.17	32.92	33.25
Social disclosure score	19.92	22.28	25.42	31.77	30.83	32.65
Governance disclosure score	69.30	81.10	81.10	81.10	81.10	81.10
<b>Environmental</b>						
Emissions reduction initiatives	No	No	No	No	Yes	Yes
Climate change policy	No	No	Yes	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No	No	No	No
Risks of climate change discussed	No	No	No	No	No	Yes
GHG scope 1	—	0	0	0	8	9
GHG scope 2 location-based	—	10	10	10	9	9
GHG Scope 3	—	—	—	—	30	250
Carbon per unit of production	—	—	—	—	—	—
Biodiversity policy	No	No	No	No	No	No
Energy efficiency policy	Yes	Yes	Yes	Yes	Yes	Yes
Total energy consumption	—	—	—	—	—	—
Renewable energy use	—	—	—	—	—	—
Electricity used	14	14	14	14	14	17
Fuel used - natural gas	—	—	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

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

FY ending Dec 31	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No	No	No
Waste reduction policy	Yes	Yes	Yes	Yes	Yes	Yes
Hazardous waste	—	—	—	—	—	—
Total waste	—	—	—	—	—	—
Waste recycled	—	—	—	—	—	—
Waste sent to landfills	—	—	—	—	—	—
Environmental supply chain management	Yes	Yes	Yes	Yes	Yes	Yes
Water policy	Yes	Yes	Yes	Yes	Yes	Yes
Water consumption	128	117	119	113	—	—
<b>Social</b>						
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	Yes	Yes	Yes	Yes	Yes	Yes
Quality assurance and recall policy	Yes	Yes	Yes	Yes	Yes	Yes
Consumer data protection policy	Yes	Yes	Yes	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	No	No
Pct women in workforce	—	—	18	20	22	19
Pct disabled in workforce	—	—	0	0	0	0
Business ethics policy	Yes	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	0	0	0	0	0	0
Total recordable incident rate - employees	0	0	0	0	0	0
Training policy	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	Yes	Yes
Number of employees – CSR	4,838	4,940	5,047	5,106	5,106	5,774
Employee turnover pct	—	—	—	—	—	—
Total hours spent by firm - employee training	10,352	15,474	19,570	24,331	19,570	22,658
Social supply chain management	No	Yes	Yes	Yes	Yes	Yes
<b>Governance</b>						
<b>Board size</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>
<b>No. of independent directors (ID)</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of women on board	4	4	4	4	4	4
No. of non-executive directors on board	7	7	7	7	7	7
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	10	8	10	10	10	9
Board meeting attendance pct	77	82	87	89	99	98
Board duration (years)	3	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No	No
Age of the youngest director	40	40	41	42	43	44
Age of the oldest director	74	74	75	76	77	78
<b>No. of executives / company managers</b>	<b>11</b>	<b>5</b>	<b>7</b>	<b>6</b>	<b>6</b>	<b>6</b>
No. of female executives	6	3	4	3	2	3
Executive share ownership guidelines	No	No	No	No	No	No
<b>Size of audit committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on audit committee	3	3	3	3	3	3
Audit committee meetings	9	5	11	12	12	12
Audit meeting attendance %	93	100	94	100	100	100
<b>Size of compensation committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of ID on compensation committee	2	2	2	2	2	2
No. of compensation committee meetings	—	6	3	5	4	3
Compensation meeting attendance %	—	100	100	100	100	100
<b>Size of nomination committee</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
No. of nomination committee meetings	—	6	3	5	4	3
Nomination meeting attendance %	—	100	100	100	100	100
<b>Sustainability governance</b>						
Verification type	No	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.																												
<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. 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.																												
<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.	<table border="1"> <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> <p>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.</p>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+																		
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0-10	10-20	20-30	30-40	40+																										
<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="0"> <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	
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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

#### Thanyatorn Songwutti FSS International Investment Advisory Securities Co., Ltd

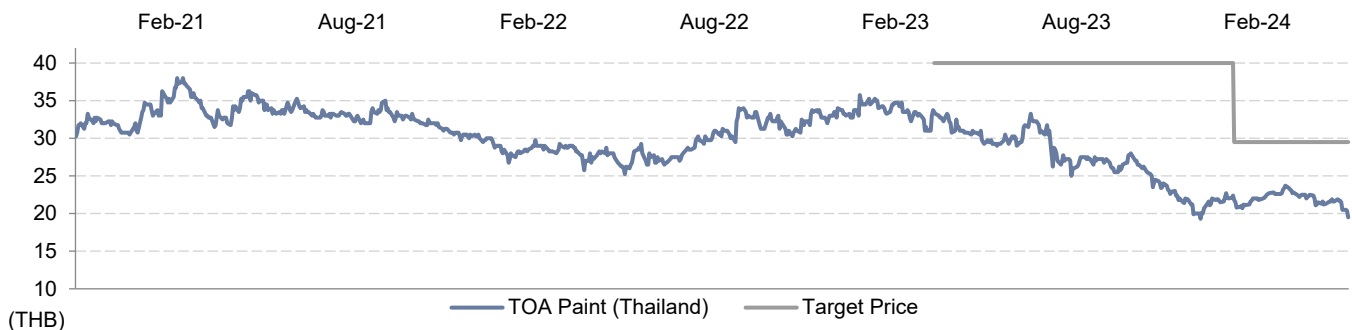
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

#### TOA Paint (Thailand) (TOA TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
08-Mar-2023	BUY	40.00	21-Nov-2023	BUY	29.50	-	-	-

Thanyatorn Songwutti started covering this stock from 08-Mar-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
TOA Paint (Thailand)	TOA TB	THB 19.50	BUY	Downside risks to our P/E-based TP include 1) slower-than-expected economic and purchasing power recoveries, 2) a lower-than-expected international sales recovery, especially in Vietnam, 3) raw material price and Baht fluctuation, and 4) fierce competition.

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.