

## PANJAWATTANA PLASTIC

## PJW TB

THAILAND / INDUSTRIALS

BUY

UNCHANGED

## เป็นหุ้นเติบโตที่มี valuations ต่ำ

- วิกฤตทะเลแดงเริ่มส่งผลกระทบต่อการขนส่ง ซึ่งอาจกระทบธุรกิจการผลิต Auto parts ที่เป็นพระเอกในปี 2023
- เราปรับประมาณการกำไรปี 2024-26 ลง 8-10% เป็นเติบโตเฉลี่ย 15% CAGR
- ปรับราคาเป้าหมายลงเล็กน้อยเป็น 5.30 บาท ยังคงแนะนำซื้อ

TARGET PRICE	THB5.30
CLOSE	THB3.02
UP/DOWNSIDE	+75.5%
PRIOR TP	THB5.90
CHANGE IN TP	-10.2%
TP vs CONSENSUS	-10.2%

## KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	3,456	3,778	4,078	4,379
Net profit	152	189	218	250
EPS (THB)	0.25	0.31	0.35	0.40
vs Consensus (%)	-	-	(10.3)	(11.1)
EBITDA	494	539	577	621
Recurring net profit	152	189	218	250
Core EPS (THB)	0.25	0.31	0.35	0.40
Chg. In EPS est. (%)	-	(0.8)	(10.3)	(10.2)
EPS growth (%)	80.6	23.8	15.2	14.4
Core P/E (x)	12.3	9.9	8.6	7.5
Dividend yield (%)	4.0	4.3	5.0	5.7
EV/EBITDA (x)	5.9	5.4	5.0	4.6
Price/book (x)	1.4	1.3	1.3	1.2
Net debt/Equity (%)	76.7	73.7	68.3	64.9
ROE (%)	11.6	13.5	15.0	16.7

## วิกฤตทะเลแดงเริ่มส่งผลกระทบต่อการขนส่ง

วิกฤตทะเลแดงเริ่มส่งผลกระทบต่อความล่าช้าของการขนส่งชิ้นส่วนยานยนต์ของบริษัท ส่งผลให้ธุรกิจผลิตชิ้นส่วนยานยนต์ (Auto parts) ที่เป็นพระเอกหนุนการเติบโตในปี 2023 (เติบโต 18% y-y มีสัดส่วน 32% ต่อรายได้รวม) มีโอกาสเติบโตชะลอกว่าที่เราเคยคาด นอกจากนี้ เราปรับลดประมาณการยอดขายของอุปกรณ์ทางการแพทย์ลงจากเดิมเพื่อความระมัดระวัง และปรับเพิ่มค่าใช้จ่ายทางการตลาดขึ้นเนื่องจาก PJW เพิ่มมีสินค้าใหม่ที่เป็น New S-curve ของบริษัทมากขึ้นเพื่อชดเชยรายได้จากบรรจุภัณฑ์น้ำมันหล่อลื่นที่โตช้าลงและมีโอกาสลดลงในอนาคต

## ปรับประมาณการกำไรปี 2024-26 ลง 8-10%

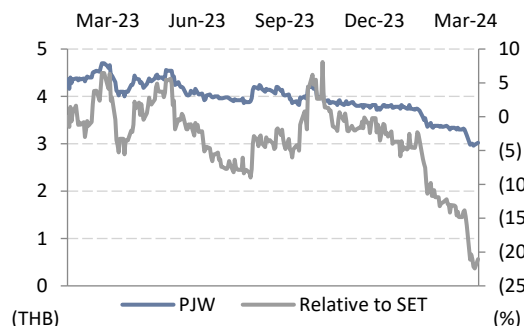
เราปรับประมาณการกำไรปี 2024-26 ลงปีละ 8-10% โดยคาดว่ารายได้ในปี 2024-26 จะขยายตัว 9%/8%/7% ตามลำดับ ทั้งนี้ บริษัทตั้งเป้ารายได้รวมปี 2024 เติบโต 5-10% ประมาณการของเราอยู่ใกล้กรอบบนของบริษัท ธุรกิจที่ผลักดันการเติบโตในปีนี้ได้แก่ Master Laundry และ Medical supplies โดย Master Laundry ในปี 2023 มีรายได้ 200 ล้านบาทแต่ขาดทุนจากการตั้งต้อยค่าเครื่องจักรเดิมจากการปรับใช้มาตรฐานบัญชีใหม่ เราคาดรายได้ปี 2024 เติบโต 25% เป็น 250 ล้านบาทหลังได้ลูกค้าเพิ่ม ปัจจุบัน Master Laundry มีส่วนแบ่งตลาดราว 10% ของมูลค่าตลาดแบบ B2B ทั้งหมดราว 3 พันล้านบาท บริษัทยังมีตลาดให้ขยายรวมถึงเพิ่มบริการได้อีก

## คาดการณ์กำไรเติบโตเฉลี่ย 15% CAGR ในปี 2024-26

Medical supplies สินค้าแรกที่จะนำสู่ตลาดคือ Oxygen Humidifier ตั้งเป้าเริ่มจำหน่ายใน 3Q24 เป็นสินค้าทดแทนการใช้ซ้ำในปัจจุบัน เนื่องจากเป็นปีแรกและไม่เต็มปีเราจึงไม่ได้คาดหวังรายได้มากนักในปี 2024 แต่เป็นสินค้าที่มีมาร์จิ้นสูงเชื่อว่าจะช่วยภาพรวมได้ และคาดว่าจะเติบโตอย่างมีนัยยะในปี 2025 เป็นต้นไป ภายหลังจากการปรับประมาณการ พบว่ากำไรปี 2024-26 เติบโต 24%/15%/14% ตามลำดับ หรือคิดเป็นอัตราการเติบโตเฉลี่ย 15% CAGR (ลดลงจากเดิมที่คาด +17% CAGR)

## ปรับลดราคาเป้าหมายลงเล็กน้อยเป็น 5.30 บาท ยังคงแนะนำซื้อ

เราปรับราคาเป้าหมายลงเป็น 5.30 บาท (เดิม 5.90 บาท) โดยปรับ 2024E Target P/E ลงเป็น 17.5x จากการเติบโตที่ช้าลงเล็กน้อย ราคาเป้าหมายจะ dilute เป็น 4.10 บาท หาก PJW-W1 ใช้สิทธิแปลงสภาพทั้งหมด (ใช้สิทธิครั้งสุดท้าย 18 ก.ค. 2024 ราคาใช้สิทธิ 2.857 บาทต่อหุ้น) ยังชอบ PJW ปัจจุบันมี P/E ต่ำเพียง 10x ยังคงแนะนำซื้อ



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(10.1)	(20.9)	(32.3)
Relative to country (%)	(9.6)	(20.9)	(21.5)
Mkt cap (USD m)			53
3m avg. daily turnover (USD m)			0.1
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

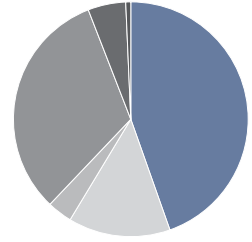
## Company profile

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

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

## Principal activities (revenue, 2023)

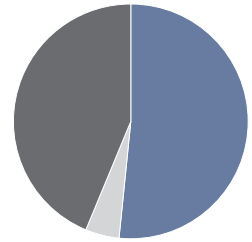
- Lubricant packaging - 44.6 %
- Dairy packaging - 14.1 %
- Consumer and chemical packaging - 3.4 %
- Auto parts - 32.0 %



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	206E
	(%)	(%)	(%)
<b>Revenue growth</b>			
- Lubricant packaging	1.2	1.2	1.2
- Dairy packaging	4.0	6.0	6.0
- Consumer & chemical packaging	3.0	5.0	6.0
- Auto parts	2.0	8.0	8.0
- Medical products	na	300.0	66.7
- Laundry	27.0	25.0	20.0

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: Changes in key assumptions

	Current			Previous			Change		
	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (%)	2025E (%)	2026E (%)
Lubricant packaging	1,742	1,763	1,784	1,692	1,726	1,743	2.9	2.1	2.3
Dairy packaging	505	536	568	434	460	492	16.5	16.5	15.4
Consumer and chemical packaging	123	129	137	151	166	180	(18.9)	(22.6)	(24.0)
Auto parts	1,128	1,218	1,316	1,232	1,417	1,601	(8.4)	(14.0)	(17.8)
Medical products	30	120	200	50	200	300	(40.0)	(40.0)	(33.3)
Master laundry	250	313	375	300	400	420	(16.7)	(21.9)	(10.7)
<b>Total sales revenue</b>	<b>3,778</b>	<b>4,078</b>	<b>4,379</b>	<b>3,859</b>	<b>4,042</b>	<b>4,385</b>	<b>(2.1)</b>	<b>0.9</b>	<b>(0.1)</b>
Cost of sales	(3,036)	(3,273)	(3,497)	(3,173)	(3,226)	(3,499)	(4.3)	1.5	(0.1)
SG&A expenses	(472)	(506)	(547)	(521)	(477)	(513)	(9.4)	6.0	6.7
Interest expense	(56)	(51)	(47)	(59)	(49)	(45)	(4.6)	5.4	4.8
<b>Net profit</b>	<b>189</b>	<b>218</b>	<b>250</b>	<b>211</b>	<b>244</b>	<b>272</b>	<b>(10.1)</b>	<b>(10.7)</b>	<b>(8.2)</b>
EPS (THB/share)	0.31	0.35	0.40	0.34	0.39	0.44	(10.1)	(10.7)	(8.2)
<b>Key ratio</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(ppt)</b>
Gross margin	19.7	19.7	20.2	20.9	20.2	20.2	(1.2)	(0.5)	(0.0)
SG&A to sales	12.5	12.4	12.5	13.0	11.8	11.7	(0.5)	0.6	0.8
Net profit margin	5.0	5.3	5.7	5.3	6.0	6.2	(0.2)	(0.7)	(0.5)

Sources: PJW, FSSIA estimates

Exhibit 2: Master Laundry's clients



Source: PJW

Exhibit 3: Master Laundry's clients



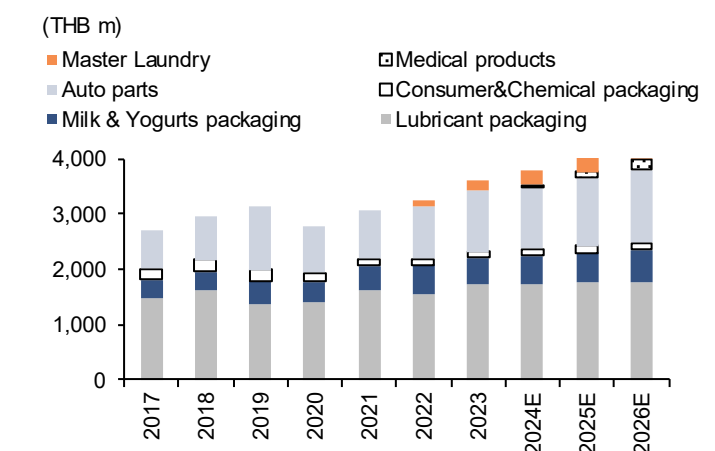
Source: PJW

Exhibit 4: Fist medical equipment product of PJW



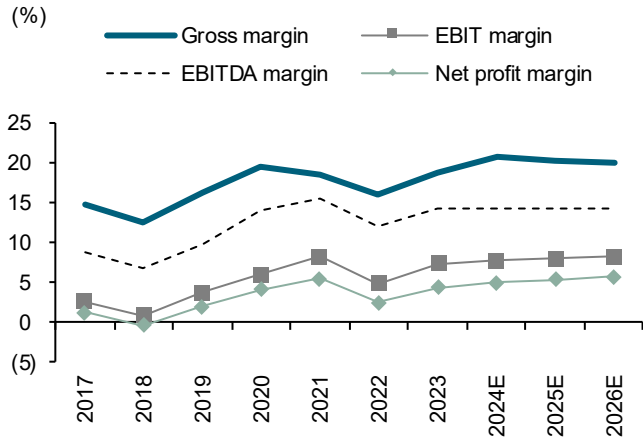
Source: PJW

Exhibit 5: Revenue projection



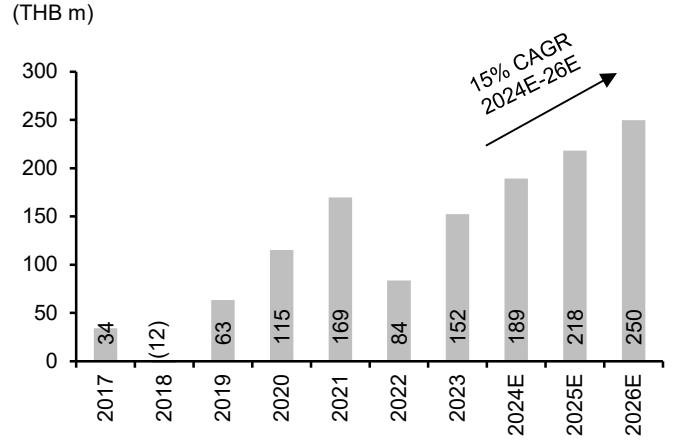
Sources: PJW, FSSIA estimates

**Exhibit 6: Margins**



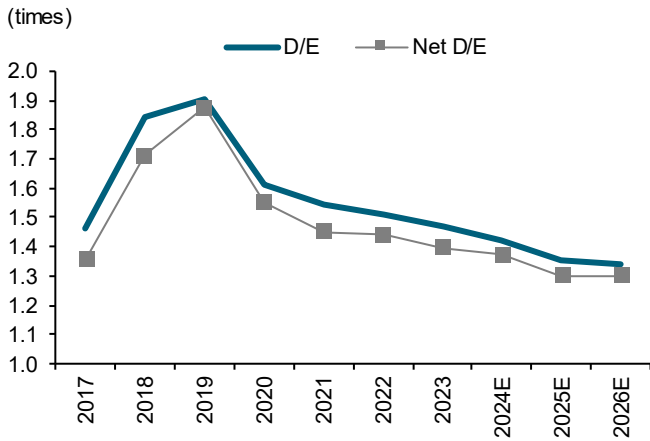
Sources: PJW, FSSIA estimates

**Exhibit 7: Core profit**



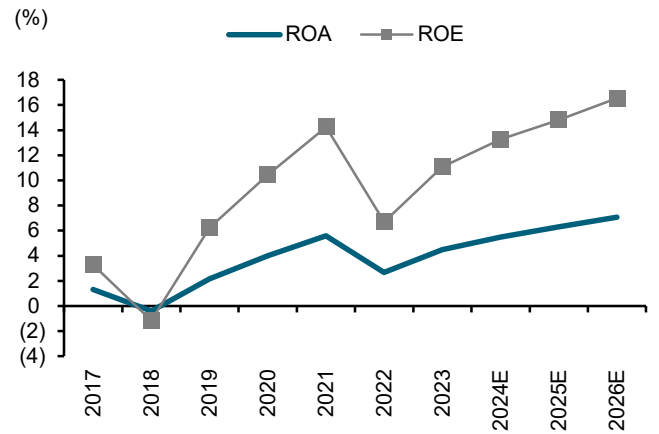
Sources: PJW, FSSIA estimates

**Exhibit 8: Strong financial position**



Sources: PJW, FSSIA estimates

**Exhibit 9: High profitability**



Sources: PJW, FSSIA estimates

## Financial Statements

### Panjawattana Plastic

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	3,339	3,456	3,778	4,078	4,379
Cost of goods sold	(2,797)	(2,785)	(3,036)	(3,273)	(3,497)
<b>Gross profit</b>	<b>542</b>	<b>671</b>	<b>742</b>	<b>805</b>	<b>882</b>
Other operating income	22	23	23	24	24
Operating costs	(403)	(440)	(472)	(506)	(547)
<b>Operating EBITDA</b>	<b>401</b>	<b>494</b>	<b>539</b>	<b>577</b>	<b>621</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>293</b>	<b>324</b>	<b>359</b>
Net financing costs	(50)	(59)	(56)	(51)	(47)
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>237</b>	<b>273</b>	<b>312</b>
Tax	(27)	(44)	(47)	(55)	(62)
<b>Profit after tax</b>	<b>84</b>	<b>152</b>	<b>189</b>	<b>218</b>	<b>250</b>
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>84</b>	<b>152</b>	<b>189</b>	<b>218</b>	<b>250</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>189</b>	<b>218</b>	<b>250</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.14	0.25	0.31	0.35	0.40
Reported EPS	0.14	0.25	0.31	0.35	0.40
DPS	0.05	0.12	0.13	0.15	0.17
Diluted shares (used to calculate per share data)	612	618	620	620	620
<b>Growth</b>					
Revenue (%)	8.9	3.5	9.3	7.9	7.4
Operating EBITDA (%)	(15.0)	23.4	9.0	7.2	7.5
Operating EBIT (%)	(36.2)	59.2	14.8	10.6	10.9
Recurring EPS (%)	(53.8)	80.6	23.8	15.2	14.4
Reported EPS (%)	(53.8)	80.6	23.8	15.2	14.4
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	16.2	19.4	19.7	19.7	20.2
Gross margin exc. depreciation (%)	23.4	26.3	26.2	26.0	26.1
Operating EBITDA margin (%)	12.0	14.3	14.3	14.2	14.2
Operating EBIT margin (%)	4.8	7.4	7.8	7.9	8.2
Net margin (%)	2.5	4.4	5.0	5.3	5.7
Effective tax rate (%)	24.1	22.6	20.0	20.0	20.0
Dividend payout on recurring profit (%)	36.7	48.7	43.0	43.0	43.0
Interest cover (X)	3.2	4.4	5.2	6.3	7.6
Inventory days	46.5	51.4	52.6	50.1	44.9
Debtor days	75.9	78.8	79.6	74.5	67.0
Creditor days	70.4	80.4	81.8	78.2	73.7
Operating ROIC (%)	5.6	9.0	10.3	11.3	12.5
ROIC (%)	5.0	7.9	9.0	9.9	11.0
ROE (%)	6.9	11.6	13.5	15.0	16.7
ROA (%)	3.9	6.1	6.8	7.5	8.2
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Lubricant packaging	1,568	1,541	1,742	1,763	1,784
Dairy packaging	509	486	505	536	568
Consumer and chemical packaging	122	119	123	129	137
Auto parts	935	1,106	1,128	1,218	1,316

Sources: Panjawattana Plastic; FSSIA estimates

## Financial Statements

### Panjawattana Plastic

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	84	152	189	218	250
Depreciation	240	239	246	254	261
Associates & minorities	0	0	0	0	0
Other non-cash items	(61)	74	(65)	(68)	(93)
Change in working capital	100	(34)	38	66	154
<b>Cash flow from operations</b>	<b>363</b>	<b>431</b>	<b>409</b>	<b>470</b>	<b>572</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(381)	(305)	(270)	(270)	(368)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(381)</b>	<b>(305)</b>	<b>(270)</b>	<b>(270)</b>	<b>(368)</b>
Dividends paid	(31)	(31)	(81)	(94)	(107)
Equity finance	46	19	0	0	0
Debt finance	(50)	47	(25)	(41)	9
Other financing cash flows	38	(105)	(7)	(7)	(6)
<b>Cash flow from financing</b>	<b>3</b>	<b>(70)</b>	<b>(114)</b>	<b>(141)</b>	<b>(104)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>(5)</b>	<b>(50)</b>	<b>(47)</b>	<b>(54)</b>	<b>(62)</b>
<b>Movement in cash</b>	<b>(20)</b>	<b>6</b>	<b>(22)</b>	<b>5</b>	<b>37</b>
Free cash flow to firm (FCFF)	31.90	184.41	195.16	251.02	250.99
Free cash flow to equity (FCFE)	(34.95)	17.85	59.89	98.33	144.76

#### Per share (THB)

FCFF per share	0.05	0.30	0.32	0.41	0.41
FCFE per share	(0.06)	0.03	0.10	0.16	0.23
Recurring cash flow per share	0.43	0.75	0.60	0.65	0.67

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	3,414	3,732	3,997	4,262	4,623
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>1,868</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	75	79	116
A/C receivable	681	810	838	827	780
Inventories	328	388	416	412	383
Other current assets	47	51	57	61	61
<b>Current assets</b>	<b>1,147</b>	<b>1,346</b>	<b>1,386</b>	<b>1,380</b>	<b>1,341</b>
Other assets	265	241	246	252	257
<b>Total assets</b>	<b>3,131</b>	<b>3,392</b>	<b>3,457</b>	<b>3,467</b>	<b>3,534</b>
Common equity	1,247	1,375	1,426	1,473	1,508
Minorities etc.	0	0	0	0	0
<b>Total shareholders' equity</b>	<b>1,247</b>	<b>1,375</b>	<b>1,426</b>	<b>1,473</b>	<b>1,508</b>
Long term debt	275	391	412	408	421
Other long-term liabilities	188	151	136	136	136
<b>Long-term liabilities</b>	<b>463</b>	<b>542</b>	<b>548</b>	<b>543</b>	<b>558</b>
A/C payable	519	602	649	646	661
Short term debt	830	760	715	678	673
Other current liabilities	72	112	120	127	135
<b>Current liabilities</b>	<b>1,421</b>	<b>1,475</b>	<b>1,483</b>	<b>1,451</b>	<b>1,469</b>
<b>Total liabilities and shareholders' equity</b>	<b>3,131</b>	<b>3,392</b>	<b>3,457</b>	<b>3,467</b>	<b>3,535</b>
Net working capital	465	535	542	528	429
Invested capital	2,450	2,580	2,613	2,615	2,622

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

#### Per share (THB)

Book value per share	2.04	2.22	2.30	2.37	2.43
Tangible book value per share	1.94	2.11	2.19	2.26	2.32

#### Financial strength

Net debt/equity (%)	81.4	76.7	73.7	68.3	64.9
Net debt/total assets (%)	32.4	31.1	30.4	29.0	27.7
Current ratio (x)	0.8	0.9	0.9	1.0	0.9
CF interest cover (x)	7.9	6.5	6.9	8.2	11.9

Valuation	2022	2023	2024E	2025E	2026E
<b>Recurring P/E (x) *</b>	<b>22.1</b>	<b>12.3</b>	<b>9.9</b>	<b>8.6</b>	<b>7.5</b>
<b>Recurring P/E @ target price (x) *</b>	<b>38.9</b>	<b>21.5</b>	<b>17.4</b>	<b>15.1</b>	<b>13.2</b>
Reported P/E (x)	22.1	12.3	9.9	8.6	7.5
Dividend yield (%)	1.7	4.0	4.3	5.0	5.7
Price/book (x)	1.5	1.4	1.3	1.3	1.2
Price/tangible book (x)	1.6	1.4	1.4	1.3	1.3
EV/EBITDA (x) **	7.2	5.9	5.4	5.0	4.6
EV/EBITDA @ target price (x) **	10.6	8.8	8.1	7.4	6.9
EV/invested capital (x)	1.2	1.1	1.1	1.1	1.1

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

Sources: Panjawattana Plastic; FSSIA estimates



# Panjawattana Plastic PCL (PJW TB)

**FSSIA ESG rating**

**20.00 /100**
**Exhibit 10: 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.
★★☆☆☆	<b>&gt;19-39</b>	<b>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.</b>
★☆☆☆☆	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 11: 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
SFLEX	16.00	--	--	--	4.00	4.00	Declared	--	--	--	--	--	--	--	--
AJ	25.00	--	--	Y	5.00	5.00	Certified	--	--	--	--	--	--	--	--
BGC	40.15	--	Y	Y	5.00	5.00	Certified	--	49.46	--	--	31.74	--	--	--
CSC	27.93	--	--	--	4.00	4.00	Certified	--	52.39	--	--	27.08	--	--	--
PJW	20.00	--	--	Y	4.00	5.00	--	--	--	--	--	--	--	--	--
THIP	35.54	--	--	Y	5.00	4.00	Certified	--	55.37	--	--	36.96	--	--	--

Sources: [SETTRADE.com](http://SETTRADE.com); \* FSSIA estimate; FSSIA's compilation
**Exhibit 12: ESG disclosure from company's one report**

FY ending Dec 31	FY 2022	FY ending Dec 31	FY 2022
<b>Environmental</b>		<b>Governance</b>	
Climate change policy	Yes	<b>Board size / Independent directors (ID) / Female</b>	<b>9 / 3 / 1</b>
Climate change opportunities discussed	--	No. of board meetings for the year / % attendance	8 / 100%
GHG scope 2 location-based policy	Yes	Company conducts board evaluations	Yes
Biodiversity policy	--	Number of non-executive directors on board	5
Energy efficiency policy	Yes	Director share ownership guidelines	No
Electricity used	Yes	Board age limit	No
Fuel used - crude oil/diesel	Yes	Age of the youngest / oldest director	53 / 83
Waste reduction policy	Yes	Number of executives / female	8 / 4
Water policy	Yes	Executive share ownership guidelines	No
Water consumption	Yes	<b>Size of audit committee / ID</b>	<b>4 / 4</b>
<b>Social</b>		Audit committee meetings	4
Human rights policy	Yes	Audit committee meeting attendance (%)	100
Policy against child labor	Yes	<b>Size of compensation committee / ID</b>	<b>3 / 2</b>
Quality assurance and recall policy	Yes	Number of compensation committee meetings	1
Consumer data protection policy	Yes	Compensation committee meeting attendance (%)	100
Equal opportunity policy	Yes	<b>Size of nomination committee / ID</b>	<b>3 / 2</b>
Gender pay gap breakout	--	Number of nomination committee meetings	1
Pct women in workforce	44.43	Nomination committee meeting attendance (%)	100
Business ethics policy	Yes	Board compensation (THB m)	3.18
Anti-bribery ethics policy	Yes	Executive compensation (THB m)	65.59
Health and safety policy	Yes	Auditor fee (THB m)	2.38
Lost time incident rate - employees	Yes	(Dharmniti Auditing Co., Ltd.)	
Training policy	Yes	Total employee (no.)	<b>1,645</b>
Fair remuneration policy	Yes	Employee compensation (THB m)	531
Number of employees - CSR	Yes		
Total hours spent by firm - employee training	Yes		
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 <b>THSI inclusion</b> , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. <b>SETTHSI Index</b> is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																											
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																											
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&amp;A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																											
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																											
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" data-bbox="877 1137 1500 1205"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+																	
NEGL	Low	Medium	High	Severe																									
0-10	10-20	20-30	30-40	40+																									
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																											
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="1" data-bbox="239 1400 1500 1601"> <tbody> <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> </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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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																												
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																												
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																												
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																											
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																											

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

Source: FSSIA's compilation



## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

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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 3.02	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 11-Mar-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.