

EASTERN POLYMER GROUP

THAILAND / CONSTRUCT

EPG TB

BUY

UNCHANGED

TARGET PRICE	THB11.00
CLOSE	THB6.70
UP/DOWNSIDE	+64.2%
PRIOR TP	THB11.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+16.2%

Oil price risk exposure limited

- Chemical price risk exposure to the group is limited, as only the EPP unit may face increased polymer costs.
- 4QFY24 core profit should be soft q-q, pressured by a continued high SG&A expense.
- We maintain our projection and TP of THB11.

Oil price risk exposure is limited

The rising oil prices have a limited impact on downstream producers like EPG. The selling prices of its insulator unit Aeroflex and the auto unit Aeroklas can be adjusted according to the increased raw material costs. In addition, the company can efficiently adjust its production formulas, manage raw material sourcing, and find other replacement materials. This should offset the plastic packaging unit Eastern Polypack (EPP), which is not only directly affected by the increased prices of polymers, including polypropylene (PP), ABS, and PET, but is also affected by the high competition.

Low profit margin unit shares small proportion of revenue

In fact, EPG's high-margin generating units have consistently been Aeroflex and Aeroklas, with combined revenue accounting for 75-80% of the total. Aeroflex's gross margin has been 40%+, while Aeroklas's gross margin improved to 31-33% during the past two years from 25% earlier. The EPP unit had the lowest gross margin at 12.5% in 9MFY24, contributing only 21% of total revenue. In terms of gross profit contributions, EPP shared only 8% of EPG's total gross profit.

High SG&A expense could pressure 4QFY24 profit

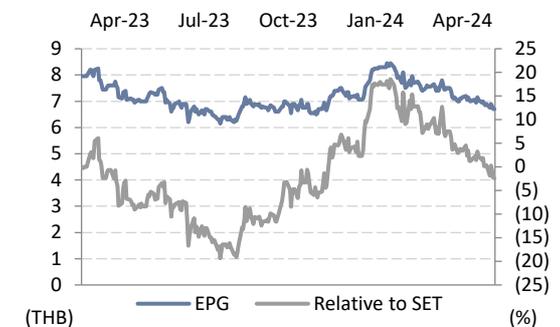
We maintain our FY24 revenue and core profit forecast of THB12.9b (+6.5% y-y) and 1.5b (+20.6% y-y), respectively. This implies a soft quarter in 4QFY24 with a preliminary core profit estimate of THB350m (-14% q-q, +22% y-y). The main factors should be the squeezed gross margin from its EPP unit due to the fierce competition and the continued high SG&A expense related to the TJM retail stores acquisition. This quarter should be the last with such an extra SG&A expense.

Maintain earnings projection and TP of THB11

We maintain our profit growth projection of 6.4% and 6.5% in FY25-FY26. Aeroklas should remain a key driver, helped by the recovery of Australian subsidiaries, while Aeroflex should maintain its consistent growth and high gross margin. We maintain our TP of THB11.0, based on 15.0x FY25E EV/EBITDA, +1SD of its five-year average. EPG's share price is currently trading at 9.0x FY25E EV/EBITDA, lower than its five-year average of 11.5x. We retain our BUY call.

KEY STOCK DATA

YE Mar (THB m)	2023	2024E	2025E	2026E
Revenue	12,125	12,916	13,744	14,503
Net profit	1,076	1,486	1,581	1,681
EPS (THB)	0.38	0.53	0.56	0.60
vs Consensus (%)	-	(7.0)	(10.0)	5.3
EBITDA	2,104	2,264	2,472	2,585
Recurring net profit	1,232	1,486	1,581	1,681
Core EPS (THB)	0.44	0.53	0.56	0.60
Chg. In EPS est. (%)	-	-	-	(0.1)
EPS growth (%)	(19.1)	20.6	6.4	6.4
Core P/E (x)	15.2	12.6	11.9	11.2
Dividend yield (%)	4.2	4.8	5.1	5.4
EV/EBITDA (x)	10.6	9.9	9.0	8.6
Price/book (x)	1.6	1.5	1.4	1.4
Net debt/Equity (%)	29.5	28.2	26.6	24.6
ROE (%)	10.4	12.2	12.3	12.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(4.3)	(20.7)	(14.1)
Relative to country (%)	(5.4)	(17.7)	(1.9)
Mkt cap (USD m)	512		
3m avg. daily turnover (USD m)	0.5		
Free float (%)	26		
Major shareholder	Vitoorapakorn Holding Co., Ltd. (60%)		
12m high/low (THB)	8.50/6.00		
Issued shares (m)	2,800.00		

Sources: Bloomberg consensus; FSSIA estimates


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Investment thesis

The rising oil prices have a limited impact on downstream producers like EPG. The selling prices of its insulator unit Aeroflex and the auto unit Aeroklas can be adjusted according to the increased raw material costs. This should offset the plastic packaging unit EPP, which is not only directly affected by the increased prices of polymers but is also affected by the high competition.

However, we expect a soft quarter in 4QFY24, mainly due to another high SG&A expense related to the TJM retail stores acquisition. Aeroklas should remain a key driver, helped by the recovery of Australian subsidiaries, while Aeroflex should maintain its consistent growth and high gross margin. We maintain our earnings projection and our TP of THB11, based on 15.0x FY25E EV/EBITDA.

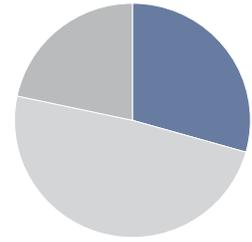
Company profile

EPG is a holding company investing in its affiliates that engage in 1) thermal insulation business operated by Aeroflex Co., Ltd.; 2) automotive and accessories business operated by Aeroklas Co., Ltd.; and 3) plastic and packaging business operated by Eastern Polypack Co., Ltd.

www.epg.co.th

Principal activities (revenue, 2023)

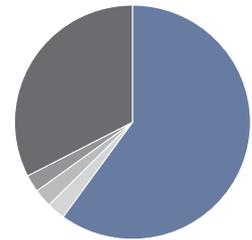
- Aeroflex - 29.4 %
- Asroklas - 49.0 %
- EPP - 21.7 %



Source: Eastern Polymer Group

Major shareholders

- Vitoorapakorn Holding Co., Ltd. - 60.0 %
- Thai NVDR - 2.5 %
- Mr. Pawat Vitoorapakorn - 2.5 %
- Mr. Chaliew Vitoorapakorn - 2.4 %
- Others - 32.6 %



Source: Eastern Polymer Group

Catalysts

Key potential catalysts include 1) the strong recovery of China's economy; 2) lower costs of PP, HDPE, and ABS; and 3) faster-than-expected growth of subsidiaries and associates.

Risks to our call

Downside risks to our EV/EBITDA-based TP include 1) the slow demand for pickup trucks and plastic packaging; 2) the rising cost of oil-linked raw materials; 3) the rising cost of funds; and 4) the fluctuation in foreign exchange currencies.

Event calendar

Date	Event
May 2024	Annual financial performance

Key assumptions

	FY24E	FY25E	FY26E
	(%)	(%)	(%)
Revenue growth - Aeroflex	6.7	5.7	5.6
Revenue growth - Aeroklas	10.0	7.5	7.0
Revenue growth - EPP	0.0	4.8	1.5
Gross margin - Aeroflex	46.8	46.8	46.8
Gross margin - Aeroklas	32.6	32.8	33.0
Gross margin - EPP	12.6	13.5	13.7

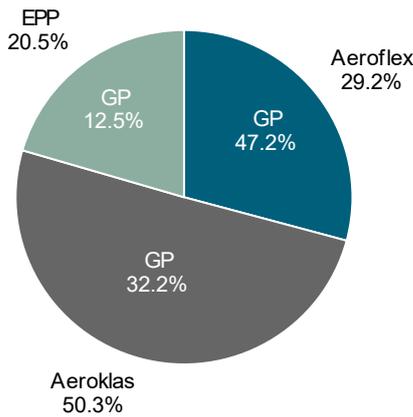
Source: FSSIA estimates

Earnings sensitivity

- For every 0.5% change in blended gross margin, we project EPG's FY25 core profit to change by 4%, all else being equal.
- For every 1% change in SG&A to sales, we project EPG's FY25 core profit to change by 7%, all else being equal.
- For every 1% change in borrowing rate, we project EPG's FY25 core profit to change by 8%, all else being equal.

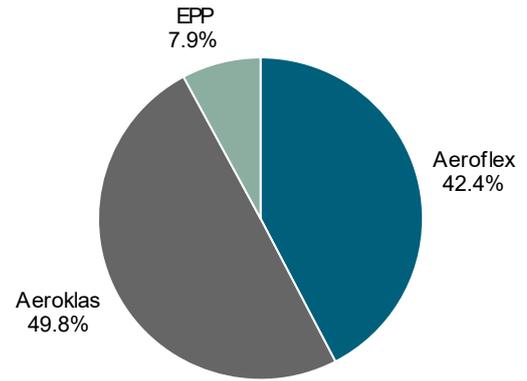
Source: FSSIA estimates

Exhibit 1: Revenue contribution by BU in 9MFY24



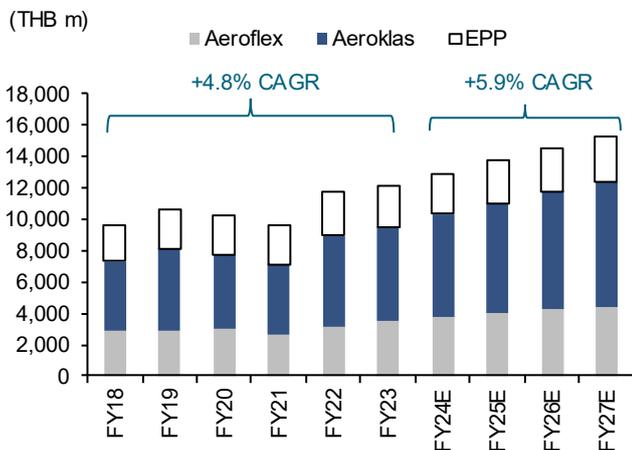
Sources: EPG, FSSIA's compilation

Exhibit 2: Gross profit contribution by BU in 9MFY24



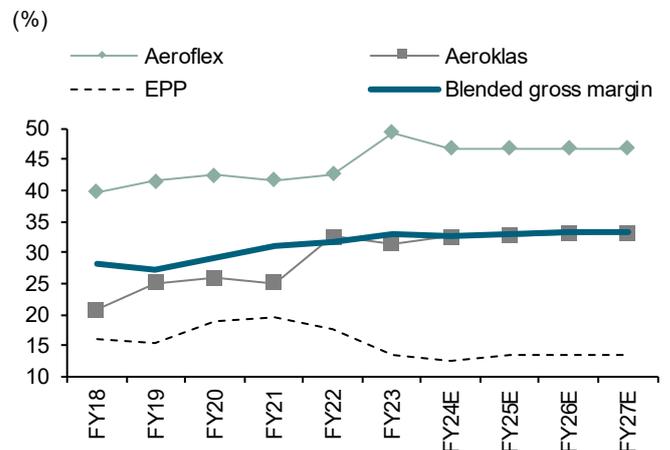
Sources: EPG, FSSIA's compilation

Exhibit 3: Revenue structure



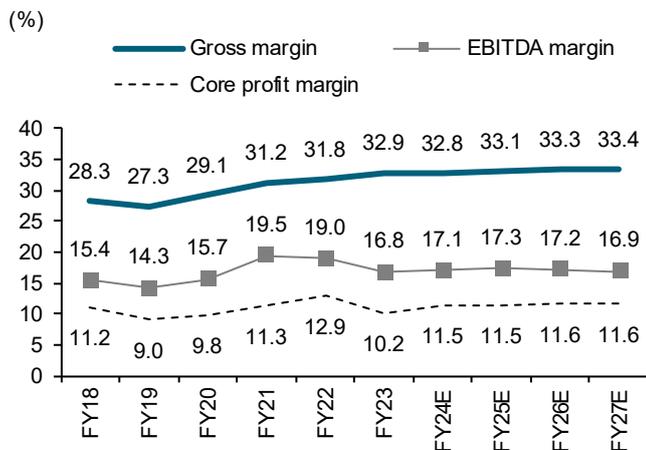
Sources: EPG, FSSIA estimates

Exhibit 4: Gross margin by BU



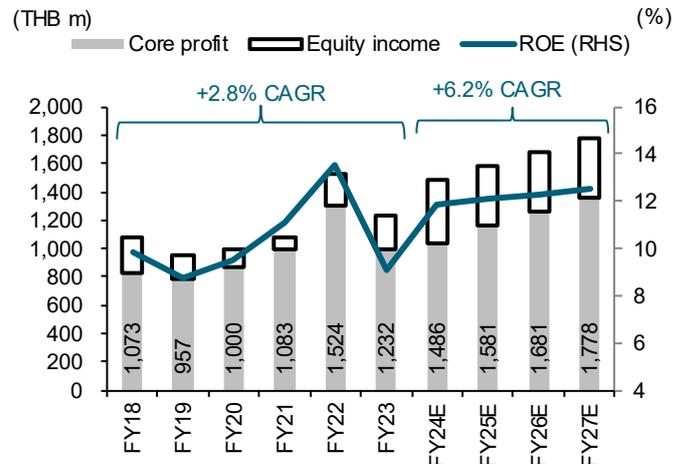
Sources: EPG, FSSIA estimates

Exhibit 5: Margins



Sources: EPG, FSSIA estimates

Exhibit 6: Core profit, equity income and ROE



Sources: EPG, FSSIA estimates

Exhibit 7: Rolling one-year forward P/E band



Sources: Bloomberg, FSSIA estimates

Exhibit 8: Rolling one-year forward EV/EBITDA band



Sources: Bloomberg, FSSIA estimates

Exhibit 9: Peers comparison as of 5 April 2024

Company	BBG	Rec	Share price			Market Cap (USD m)	PE		ROE		PBV		EV/EBITDA	
			Current (LCY)	Target (LCY)	Upside (%)		24E (x)	25E (x)	24E (%)	25E (%)	24E (x)	25E (x)	24E (x)	25E (x)
Thailand														
Eastern Polymer Group*	EPG TB	BUY	6.70	11.00	64	512	12.6	11.9	12.2	12.3	1.5	1.4	9.9	9.0
Thai Stanley Electric*	STANLY TB	BUY	204.00	240.00	18	427	8.0	7.1	9.2	10.2	0.7	0.7	3.9	3.5
Aapico Hitech*	AH TB	BUY	22.60	35.00	55	219	4.7	4.3	15.0	14.9	0.7	0.6	4.2	3.7
Somboon Advance Technology*	SAT TB	BUY	16.60	23.00	39	193	6.6	6.4	12.5	12.4	0.8	0.8	3.0	2.7
Inoue Rubber(Thailand)*	IRC TB	HOLD	12.50	15.00	20	66	14.5	11.7	4.2	5.0	0.6	0.6	2.6	2.4
Thailand average						1,415	9.3	8.3	10.6	11.0	0.9	0.8	4.7	4.3
Regional														
Magna International	MGA US	n/a	52.30	n/a	n/a	14,935	8.7	7.1	13.7	15.0	1.2	1.0	4.8	4.2
AMCOR	AMCR US	n/a	9.17	n/a	n/a	13,268	13.4	12.6	24.1	25.3	3.2	3.1	10.5	9.9
Samvardhana Motherson Intern	MOTHERSO IN	n/a	119.40	n/a	n/a	9,711	32.3	20.0	10.5	15.0	3.3	3.0	10.9	8.7
LEAR	LEA US	n/a	140.22	n/a	n/a	7,981	9.8	7.8	16.0	17.3	1.5	1.3	5.1	4.6
CIE Automotive	CIE SM	n/a	26.30	n/a	n/a	3,414	9.1	8.5	22.9	21.4	2.0	1.8	6.3	6.0
NHK SPRING	5991 JP	n/a	1,497.50	n/a	n/a	2,411	9.1	11.2	10.4	8.3	0.9	0.8	6.0	4.9
Regional average						51,721	13.7	11.2	16.2	17.0	2.0	1.8	7.2	6.4
Overall average						53,136	11.7	9.9	13.7	14.3	1.5	1.4	6.1	5.4

Sources: * FSSIA estimates, Bloomberg

Financial Statements

Eastern Polymer Group

Profit and Loss (THB m) Year Ending Mar	2022	2023	2024E	2025E	2026E
Revenue	11,770	12,125	12,916	13,744	14,503
Cost of goods sold	(8,028)	(8,134)	(8,684)	(9,199)	(9,667)
Gross profit	3,742	3,991	4,231	4,545	4,836
Other operating income	56	69	87	92	88
Operating costs	(2,339)	(2,872)	(2,997)	(3,128)	(3,321)
Operating EBITDA	2,292	2,104	2,264	2,472	2,585
Depreciation	(834)	(916)	(944)	(963)	(982)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	1,458	1,188	1,321	1,509	1,603
Net financing costs	(81)	(101)	(183)	(206)	(194)
Associates	226	243	444	413	419
Recurring non-operating income	226	243	444	413	419
Non-recurring items	73	(156)	0	0	0
Profit before tax	1,677	1,173	1,582	1,717	1,828
Tax	(74)	(92)	(91)	(130)	(141)
Profit after tax	1,602	1,082	1,491	1,587	1,687
Minority interests	(5)	(6)	(6)	(6)	(6)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	1,597	1,076	1,486	1,581	1,681
Non-recurring items & goodwill (net)	(73)	156	0	0	0
Recurring net profit	1,524	1,232	1,486	1,581	1,681
Per share (THB)					
Recurring EPS *	0.54	0.44	0.53	0.56	0.60
Reported EPS	0.57	0.38	0.53	0.56	0.60
DPS	0.33	0.28	0.32	0.34	0.36
Diluted shares (used to calculate per share data)	2,800	2,800	2,800	2,800	2,800
Growth					
Revenue (%)	22.8	3.0	6.5	6.4	5.5
Operating EBITDA (%)	20.9	(8.2)	7.6	9.2	4.6
Operating EBIT (%)	33.9	(18.5)	11.2	14.3	6.2
Recurring EPS (%)	40.7	(19.1)	20.6	6.4	6.4
Reported EPS (%)	31.0	(32.6)	38.1	6.4	6.4
Operating performance					
Gross margin inc. depreciation (%)	31.8	32.9	32.8	33.1	33.3
Gross margin exc. depreciation (%)	38.9	40.5	40.1	40.1	40.1
Operating EBITDA margin (%)	19.5	17.4	17.5	18.0	17.8
Operating EBIT margin (%)	12.4	9.8	10.2	11.0	11.1
Net margin (%)	12.9	10.2	11.5	11.5	11.6
Effective tax rate (%)	4.4	7.8	5.8	7.6	7.7
Dividend payout on recurring profit (%)	60.6	63.6	60.0	60.0	60.0
Interest cover (X)	20.8	14.1	9.7	9.3	10.4
Inventory days	145.9	178.1	183.3	178.0	175.9
Debtor days	59.3	64.6	64.9	65.0	63.8
Creditor days	64.3	66.2	70.4	69.4	66.2
Operating ROIC (%)	12.7	9.4	9.8	10.7	10.9
ROIC (%)	10.1	7.6	8.6	9.1	9.3
ROE (%)	13.4	10.4	12.2	12.3	12.6
ROA (%)	10.1	7.6	8.6	8.8	9.0
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Aeroflex	3,119	3,563	3,801	4,016	4,242
Asroklas	5,835	5,936	6,529	7,019	7,511
EPP	2,815	2,627	2,585	2,709	2,751

Sources: Eastern Polymer Group; FSSIA estimates

Financial Statements

Eastern Polymer Group

Cash Flow (THB m) Year Ending Mar	2022	2023	2024E	2025E	2026E
Recurring net profit	1,524	1,232	1,486	1,581	1,681
Depreciation	834	916	944	963	982
Associates & minorities	(226)	(243)	(444)	(413)	(419)
Other non-cash items	(139)	(53)	(911)	(947)	(897)
Change in working capital	(1,286)	(626)	(399)	(631)	(587)
Cash flow from operations	707	1,227	674	552	760
Capex - maintenance	0	0	0	0	0
Capex - new investment	(731)	(760)	(191)	(92)	(72)
Net acquisitions & disposals	25	104	0	0	0
Other investments (net)	65	(1,059)	(167)	(21)	(152)
Cash flow from investing	(640)	(1,715)	(359)	(112)	(224)
Dividends paid	(924)	(840)	(891)	(948)	(1,009)
Equity finance	0	0	0	0	0
Debt finance	(25)	1,422	120	70	(24)
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(949)	582	(771)	(878)	(1,033)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	284	119	580	544	560
Net other adjustments	284	119	580	544	560
Movement in cash	(598)	212	125	105	63
Free cash flow to firm (FCFF)	147.51	(387.25)	498.35	645.39	730.30
Free cash flow to equity (FCFE)	325.53	1,052.12	1,016.15	1,053.80	1,071.72

Per share (THB)

FCFF per share	0.05	(0.14)	0.18	0.23	0.26
FCFE per share	0.12	0.38	0.36	0.38	0.38
Recurring cash flow per share	0.71	0.66	0.38	0.42	0.48

Balance Sheet (THB m) Year Ending Mar	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	11,811	12,460	13,853	15,006	16,078
Less: Accumulated depreciation	(6,091)	(6,636)	(7,580)	(8,542)	(9,524)
Tangible fixed assets (net)	5,720	5,824	6,274	6,464	6,554
Intangible fixed assets (net)	296	1,235	1,242	1,235	1,227
Long-term financial assets	254	236	236	236	236
Invest. in associates & subsidiaries	2,660	2,782	2,952	2,952	3,085
Cash & equivalents	901	1,113	1,238	1,343	1,406
A/C receivable	2,108	2,184	2,406	2,485	2,583
Inventories	3,192	3,851	3,926	4,108	4,264
Other current assets	73	105	129	137	145
Current assets	6,274	7,252	7,699	8,073	8,398
Other assets	1,064	1,215	1,221	1,251	1,279
Total assets	16,268	18,543	19,623	20,210	20,778
Common equity	11,785	11,876	12,546	13,078	13,650
Minorities etc.	27	32	39	41	43
Total shareholders' equity	11,812	11,908	12,585	13,119	13,693
Long term debt	761	2,969	3,089	3,160	3,138
Other long-term liabilities	375	536	568	591	609
Long-term liabilities	1,136	3,506	3,657	3,751	3,747
A/C payable	1,203	1,415	1,570	1,563	1,589
Short term debt	2,043	1,658	1,704	1,672	1,640
Other current liabilities	74	56	79	76	79
Current liabilities	3,320	3,130	3,353	3,311	3,308
Total liabilities and shareholders' equity	16,268	18,543	19,594	20,181	20,749
Net working capital	4,096	4,667	4,812	5,093	5,323
Invested capital	14,090	15,958	16,737	17,229	17,703

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

Per share (THB)

Book value per share	4.21	4.24	4.48	4.67	4.88
Tangible book value per share	4.10	3.80	4.04	4.23	4.44

Financial strength

Net debt/equity (%)	16.1	29.5	28.2	26.6	24.6
Net debt/total assets (%)	11.7	19.0	18.1	17.3	16.2
Current ratio (x)	1.9	2.3	2.3	2.4	2.5
CF interest cover (x)	14.1	18.9	7.6	6.6	6.9

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	12.3	15.2	12.6	11.9	11.2
Recurring P/E @ target price (x) *	20.2	25.0	20.7	19.5	18.3
Reported P/E (x)	11.7	17.4	12.6	11.9	11.2
Dividend yield (%)	4.9	4.2	4.8	5.1	5.4
Price/book (x)	1.6	1.6	1.5	1.4	1.4
Price/tangible book (x)	1.6	1.8	1.7	1.6	1.5
EV/EBITDA (x) **	9.0	10.6	9.9	9.0	8.6
EV/EBITDA @ target price (x) **	14.3	16.3	15.2	13.9	13.2
EV/invested capital (x)	1.5	1.4	1.3	1.3	1.3

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

Sources: Eastern Polymer Group; FSSIA estimates

Eastern Polymer Group (EPG TB)

FSSIA ESG rating

★★★★

59.63 /100

Exhibit 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.
★★	>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 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
AH	44.82	--	Y	Y	5.00	4.00	Certified	--	49.81	--	--	34.05	--	3.56	--
EPG	59.63	--	Y	Y	5.00	4.00	Certified	Low	54.46	--	--	41.43	34.00	2.93	--
IRC	32.75	--	--	Y	5.00	4.00	--	--	62.24	--	--	47.74	--	--	--
STANLY	9.00	--	--	--	4.00	--	--	--	--	--	--	--	--	--	--

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 12: ESG score by Bloomberg

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

Sources: Bloomberg; FSSIA's compilation

Exhibit 13: ESG score by Bloomberg (cont.)

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

Sources: Bloomberg; FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating																											
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																											
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																											
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																											
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																											
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																											
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+																	
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ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																											
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="0" style="margin-left: 20px;"> <tr> <td>AAA</td> <td>8.571-10.000</td> <td>Leader:</td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td>Average:</td> <td>a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td>BB</td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> <td>Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570			A	5.714-7.142			BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285			B	1.429-2.856			CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																												
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																												
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																												
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																											
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																											

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

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

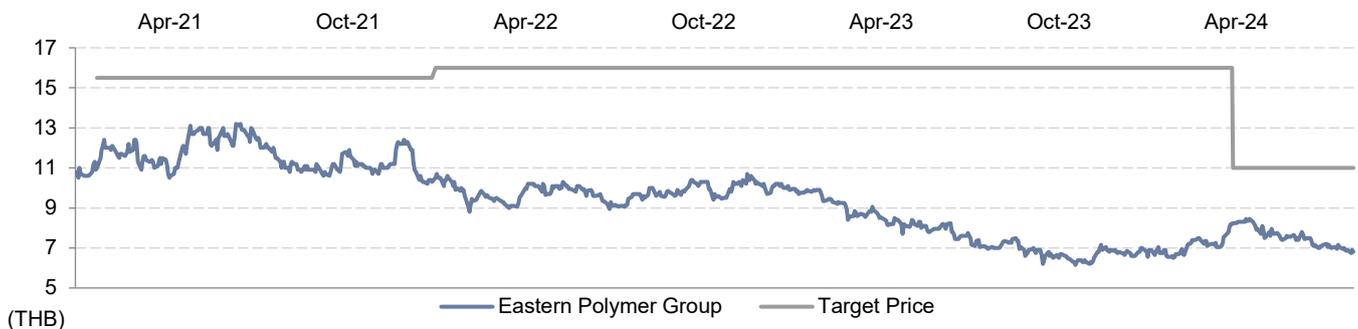
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

Eastern Polymer Group (EPG TB)



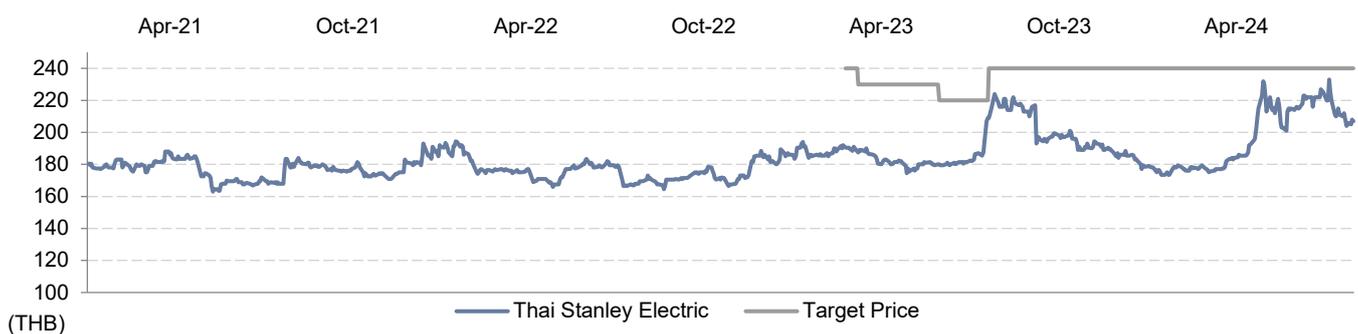
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
22-Apr-2021	BUY	15.50	04-Feb-2022	BUY	16.00	21-Dec-2023	BUY	11.00

Jitra Amornthum started covering this stock from 21-Dec-2023

Price and TP are in local currency

Source: FSSIA estimates

Thai Stanley Electric (STANLY TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
19-Jan-2023	BUY	240.00	10-Apr-2023	BUY	220.00	-	-	-
30-Jan-2023	BUY	230.00	23-May-2023	BUY	240.00			

Jitra Amornthum started covering this stock from 19-Jan-2023

Price and TP are in local currency

Source: FSSIA estimates

AAPICO Hitech (AH TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
18-May-2021	BUY	30.80	16-Mar-2022	BUY	28.00	25-Nov-2022	BUY	42.00
27-Oct-2021	BUY	29.00	01-Aug-2022	BUY	29.50	11-Oct-2023	BUY	45.00
02-Feb-2022	HOLD	28.00	28-Oct-2022	BUY	35.50	14-Mar-2024	BUY	35.00

Jitra Amornthum started covering this stock from 11-Oct-2023

Price and TP are in local currency

Source: FSSIA estimates

Somboon Advance Technology (SAT TB)



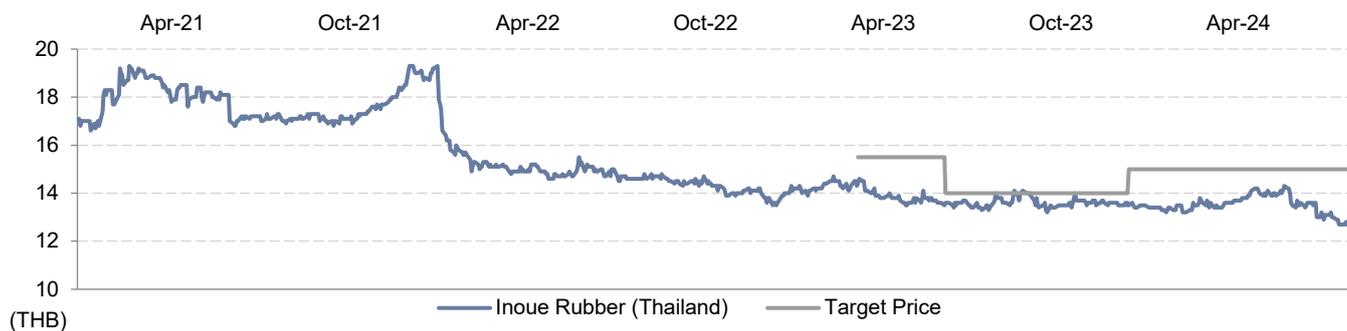
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
29-Apr-2021	BUY	25.50	29-Apr-2022	BUY	24.00	11-Oct-2023	BUY	23.00
23-Jul-2021	BUY	29.00	01-Aug-2022	HOLD	19.50			
04-Mar-2022	BUY	28.50	28-Oct-2022	HOLD	22.00			

Jitra Amornthum started covering this stock from 19-Apr-2023

Price and TP are in local currency

Source: FSSIA estimates

Inoue Rubber (Thailand) (IRC TB)



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

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

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Eastern Polymer Group	EPG TB	THB 6.70	BUY	Downside risks to our EV/EBITDA-based TP include 1) the slow demand for pickup trucks and plastic packaging; 2) the rising cost of oil-linked raw materials; 3) the rising cost of funds; and 4) the fluctuation in foreign exchange currencies.
Thai Stanley Electric	STANLY TB	THB 204.00	BUY	Downside risks to our P/E-based TP include 1) weak global automotive demand; 2) higher raw material prices and utility costs; 3) global semiconductor shortages; and 4) fluctuations in the THB.
AAPICO Hitech	AH TB	THB 22.60	BUY	Key downside risks to our P/E-derived TP include lower-than-expected car production volumes and lower car sales in both Thailand and Malaysia, higher steel prices, semiconductor shortages, and exchange rate risk.
Somboon Advance Technology	SAT TB	THB 16.60	BUY	The key downside risks to our P/E-based TP are the domestic car manufacturing industry recovering slower than expected, a faster-than-expected adoption rate for electric vehicles in Thailand, higher raw material prices, and worse global demand for pickup trucks.
Inoue Rubber (Thailand)	IRC TB	THB 12.50	HOLD	Downside and upside risks to our P/E-based TP include 1) weaker or stronger demand from the automotive industry; 2) a sharp rise or decrease in the price of crude oil; and 3) chip supply shortages or oversupply.

Source: FSSIA estimates

Additional Disclosures

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

All share prices are as at market close on 05-Apr-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.