

TOA PAINT (THAILAND)
THAILAND / CONSTRUCTION

TOA TB

BUY

UNCHANGED

คาดการณ์กำไรปกติ 1Q24 ทรงตัวดี

- คาดกำไรปกติ 1Q24 ที่ 662 ล้านบาท -3% q-q แต่ +2% y-y แมื่อยอดขายลดลง q-q, y-y แต่อัตรากำไรขั้นต้นยังยืนระดับสูง 34.2% จากต้นทุนราคา TiO2 ลดลง
- แนวโน้ม 2Q24 คาดชะลอจากปัจจัยฤดูกาลและราคาวัตถุดิบสูงขึ้น
- คงราคาเหมาะสม 29.50 บาท ราคาหุ้นมี Upside กว้าง คงคำแนะนำซื้อ

TARGET PRICE	THB29.50
CLOSE	THB23.30
UP/DOWNSIDE	+26.6%
PRIOR TP	THB29.50
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-1.9%

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 (%)	-	(5.1)	(8.9)	(11.0)
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. (%)	-	-	-	-
EPS growth (%)	56.6	(0.4)	3.4	2.4
Core P/E (x)	18.1	18.1	17.5	17.1
Dividend yield (%)	2.9	2.9	3.0	3.1
EV/EBITDA (x)	11.1	10.9	10.3	9.8
Price/book (x)	3.4	3.1	2.9	2.6
Net debt/Equity (%)	(13.2)	(11.7)	(14.6)	(17.2)
ROE (%)	19.5	17.8	16.9	16.0

แนวโน้มยอดขาย 1Q24 ชะลอลง กดดันหลักจากต่างประเทศหดตัว

คาดยอดขายรวม 1Q24 ลดลงเป็น 5.5 พันล้านบาท (-5% q-q, -3% y-y) กดดันจากการหดตัวของยอดขายต่างประเทศที่ 649 ล้านบาท (-35% q-q, -10% y-y) ตามความต้องการใช้สียังซบเซา โดยเวียดนามยังไม่ฟื้นตัวและมีวันหยุดยาวในเทศกาล TET รวมถึงเมียนมาร์ที่มีสถานการณ์ความไม่สงบในประเทศ ส่วนยอดขายในประเทศคาด 4.8 พันล้านบาท +2% q-q ตามปัจจัยฤดูกาล แต่ -2% y-y จากการเบิกจ่ายงบประมาณภาครัฐล่าช้า รวมถึงมูลค่าเปิดโครงการอสังหาริมทรัพย์

คาดการณ์กำไรขั้นต้นยังยืนสูง หนุนให้ 1Q24 กำไรปกติทรงตัวดี

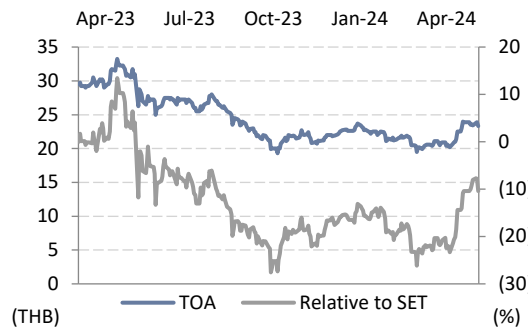
แนวโน้มอัตรากำไรขั้นต้น 1Q24 ทรงตัวดี คาด 34.2% ใกล้เคียงกับ 4Q23 และปรับขึ้นจาก 32.9% ใน 1Q23 แม้เริ่มมีสัญญาณการปรับขึ้นของต้นทุน Oil-linked (18% ของต้นทุนรวม) ตามราคาน้ำมัน แต่มีผลบวกจากต้นทุน TiO2 (20% ของต้นทุนรวม) ซึ่งราคานำเข้าจากสหรัฐลดลง ทำให้กำไรปกติ 1Q24 +2% y-y แต่ -3% q-q อยู่ที่ 662 ล้านบาท อย่างไรก็ดี เงินบาทที่อ่อนค่าทำให้กำไรพิเศษจากอัตราแลกเปลี่ยนประเมินกำไรสุทธิ 1Q24 ที่ 732 ล้านบาท (+34% q-q, +16% y-y)

ทิศทางผลประกอบการ 2Q24 อ่อนลง แต่หวังความต้องการฟื้นตัวใน 2H24

หากกำไรปกติ 1Q24 ตามคาด จะคิดเป็น 25% ของประมาณการทั้งปี แนวโน้ม 2Q24 คาดชะลอลง q-q และ y-y จาก Low Season ขายวัสดุก่อสร้าง และต้นทุนวัตถุดิบเพิ่มขึ้น โดยเฉพาะ Oil-linked ตามราคาน้ำมันจากความขัดแย้งในตะวันออกกลาง กดดันให้กำไรอัตรากำไรขั้นต้นขยับลงเป็น 33.5-34.0% ทั้งนี้ คงประมาณการกำไรปกติปี 2024 ทรงตัวสูง y-y ที่ 2.6 พันล้านบาท โดยคาดยอดขาย +5% y-y ต่ำกว่าเป้าบริษัทที่ +6-8% y-y โดยคาดหวังการฟื้นตัวทั้งในและต่างประเทศใน 2H24 จากการเบิกจ่ายงบประมาณเป็นแรงผลักดันเศรษฐกิจ ส่วนเวียดนามทยอยฟื้นหลังกฎหมายที่ดินฉบับใหม่จะบังคับใช้วันที่ 1 ม.ค. 2025 ส่วนอัตรากำไรขั้นต้นคาด 33.2% (-70bps y-y)

คงราคาเหมาะสม 29.50 บาท คงคำแนะนำซื้อ

เราคงราคาเหมาะสม 29.50 บาท (อิง PER 23x) ปัจจุบันเทรดบน PE2024 ที่ 18x ต่ำกว่าค่าเฉลี่ยในอดีตที่ 31.7x และมี Upside เปิดกว้าง จึงยังแนะนำซื้อ โดยบริษัทอยู่ระหว่างดำเนินการโครงการซื้อหุ้นคืนซึ่งสิ้นสุดวันที่ 17 พ.ค. ช่วยหนุนระยะสั้น ขณะที่ Key Risk คือความผันผวนต้นทุนวัตถุดิบโดยเฉพาะ Oil-linked โดยประเมินอัตรากำไรขั้นต้นที่ลดลงทุก 50bps กระทบประมาณการ 3.5% และราคาเหมาะสม 1 บาท/หุ้น



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	11.5	5.0	(21.7)
Relative to country (%)	13.1	6.5	(10.4)
Mkt cap (USD m)	1,268		
3m avg. daily turnover (USD m)	0.9		
Free float (%)	25		
Major shareholder	TOA Group Holding Co Ltd (30%)		
12m high/low (THB)	33.25/19.20		
Issued shares (m)	2,029.00		

Sources: Bloomberg consensus; FSSIA estimates



Thanayatorn Songwutti

Fundamental Investment Analyst on Securities; License no. 101203
thanayatorn.s@fssia.com, +66 2646 9963

Investment thesis

TOA ถือเป็นหนึ่งในผู้นำในการผลิตและจำหน่ายผลิตภัณฑ์สีและสารเคลือบผิวในประเทศและเป็นที่ยอมรับในภูมิภาคเอเชียตะวันออกเฉียงใต้ ซึ่งรวมถึงเวียดนาม อินโดนีเซีย เมียนมาร์ กัมพูชา ลาว และมาเลเซีย ด้วยประสบการณ์ของผู้ก่อตั้งในแวดวงมากกว่า 58 ปี จุดแข็งของ TOA คือมีแบรนด์และเครือข่ายการจัดจำหน่ายที่แข็งแกร่ง โดยมีส่วนแบ่งการตลาดใหญ่ที่สุดในประเทศราว 48.7%

โครงสร้างรายได้ในปี 2023 จากการขายส่วนใหญ่มาจากผลิตภัณฑ์สีทาอาคาร คิดเป็น 61% ของรายได้รวม ส่วนที่เหลือ 36% มาจากผลิตภัณฑ์สีและสารเคลือบผิว และ 3% มาจากผลิตภัณฑ์อื่น หากพิจารณาตามภูมิภาค รายได้มาจากประเทศไทย 85%, เวียดนาม 7% และประเทศอื่น 8%

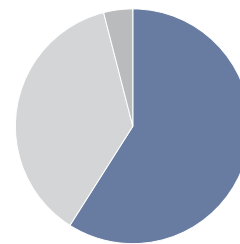
Company profile

TOA ก่อตั้งในปี 1964 เริ่มต้นจากการนำเข้าสีจากประเทศญี่ปุ่น และต่อมาในปี 1977 จัดตั้งในประเทศไทยเพื่อผลิตผลิตภัณฑ์สีทาอาคาร และเปิดตัวแบรนด์ TOA ปัจจุบัน บริษัท ผลิตและจัดจำหน่ายผลิตภัณฑ์สีทาอาคารและสารเคลือบผิว โดยจำหน่ายผลิตภัณฑ์ผ่านเครือข่ายการจัดจำหน่ายที่ครอบคลุม ได้แก่ ร้านค้าปลีก ร้านค้าโมเดิร์นเทรด และช่องทางอื่นๆ (ลูกค้าโครงการ การส่งออก และบริษัทที่เกี่ยวข้อง)

www.toagroup.com

Principal activities (revenue, 2023)

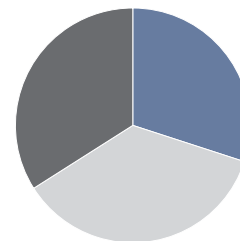
- Decorative paint and coating - 59.0 %
- Non-decorative paint and coating - 37.0 %
- Others - 4.0 %



Source: TOA Paint (Thailand)

Major shareholders

- TOA Group Holding Co Ltd - 30.0 %
- Tangkaravakoon Family - 36.0 %
- Others - 34.0 %



Source: TOA Paint (Thailand)

Catalysts

ปัจจัยหนุนการเติบโตคือ 1) การเติบโตของอุปสงค์ในประเทศตามเศรษฐกิจและการบริโภค 2) การฟื้นตัวของยอดขายต่างประเทศจากฐานต่ำ 3) การปรับลงของต้นทุนวัตถุดิบ โดยเฉพาะ TiO₂ และ Oil-linked และ 4) การเพิ่มความหลากหลายของผลิตภัณฑ์

Risks to our call

ความเสี่ยงต่อประมาณการ 1) การฟื้นตัวของเศรษฐกิจและกำลังซื้อช้ากว่าคาด 2) การฟื้นตัวของยอดขายต่างประเทศต่ำกว่าคาด โดยเฉพาะเวียดนาม 3) ความผันผวนของราคาวัตถุดิบ และค่าเงินบาท 4) การแข่งขันรุนแรง

Event calendar

Date	Event
14 May 2024	1Q24 results announcement

Key assumptions

	2024E	2025E	2026E
Sales revenue (THB m)	23,315	24,019	24,566
GPM (%)	33.2	33.2	33.2
SG&A to sales (%)	19.2	19.1	19.1
Product volume (gallons m)	51.3	52.3	53.2
Average price (THB per gallon)	455	459	462

Source: FSSIA estimates

Earnings sensitivity

- For every 5% increase in sales revenue, we estimate 2024 net profit to rise by 7.2%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2024 net profit to rise by 3.5%, and vice versa, all else being equal.
- For every 0.5% increase in SG&A to sales, we estimate 2024 net profit to fall by 3.6%, and vice versa, all else being equal.

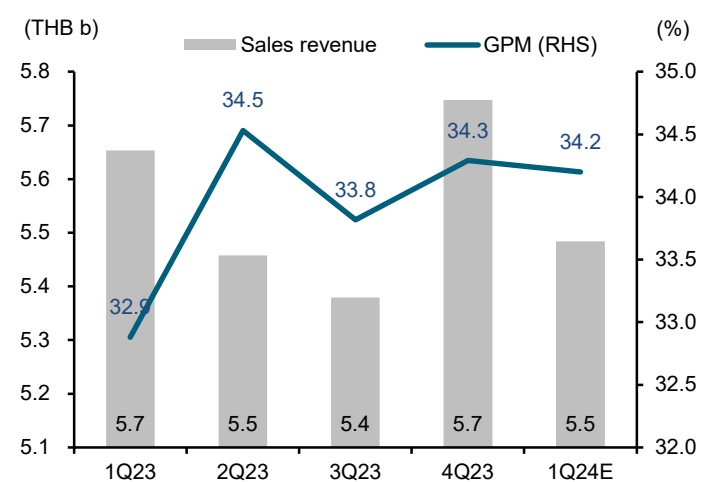
Source: FSSIA estimates

Exhibit 1: TOA - 1Q24 results preview

	1Q23	2Q23	3Q23	4Q23	1Q24E	Change	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Sales revenue	5,654	5,458	5,379	5,747	5,484	(4.6)	(3.0)
Cost of sales	3,795	3,573	3,560	3,776	3,608	(4.5)	(4.9)
Gross profit	1,859	1,885	1,819	1,971	1,875	(4.8)	0.9
SG&A	1,040	1,025	1,082	1,207	1,058	(12.3)	1.7
Operating profit	819	860	737	764	817	7.0	(0.2)
Interest expense	17	4	10	10	10	(3.3)	(42.0)
Tax expense	190	193	184	126	190	50.1	(0.5)
Reported net profit	632	741	651	544	732	34.5	15.7
Core profit	651	694	594	679	662	(2.5)	1.7
Key ratios (%)						(ppt)	(ppt)
Gross margin	32.9	34.5	33.8	34.3	34.2	(0.1)	1.3
SG&A / Sales	18.4	18.8	20.1	21.0	19.3	(1.7)	0.9
Operating margin	14.5	15.8	13.7	13.3	14.9	1.6	0.4
Net margin	11.2	13.6	12.1	9.5	13.3	3.9	2.2
Normalised margin	11.5	12.7	11.0	11.8	12.1	0.3	0.6

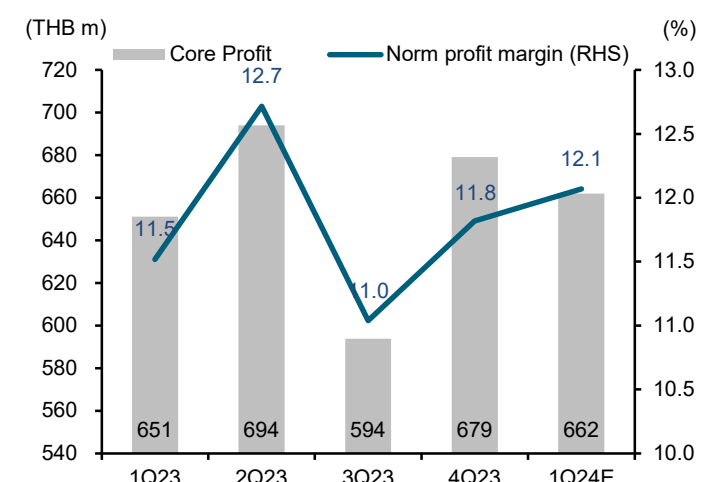
Sources: TOA; FSSIA estimates

Exhibit 2: Quarterly sales revenue and GPM



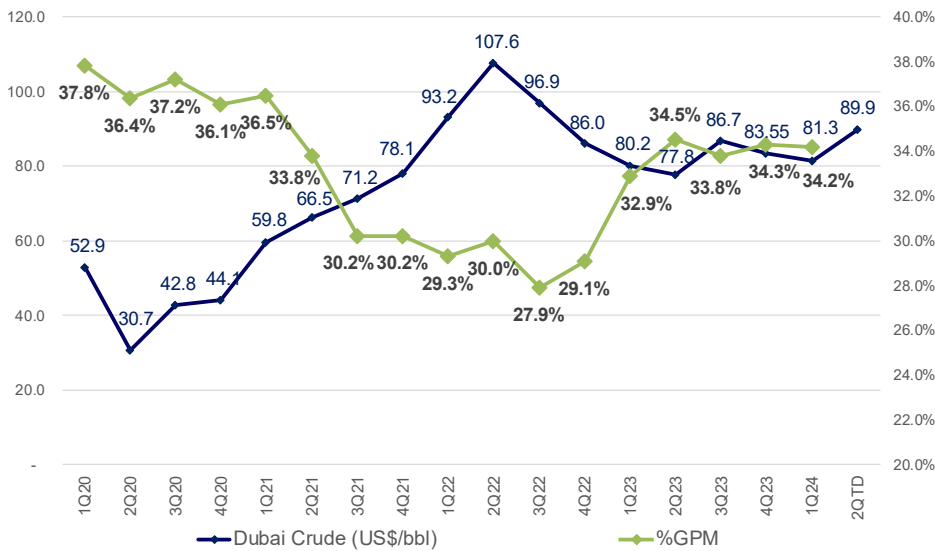
Sources: TOA; FSSIA estimates

Exhibit 3: Quarterly core profit and normalised profit margin



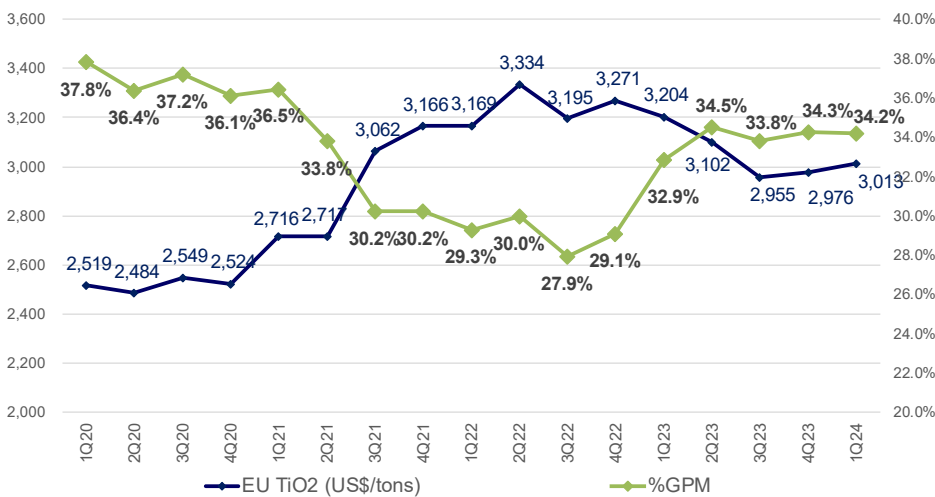
Sources: TOA; FSSIA estimates

Exhibit 4: Dubai crude vs GPM



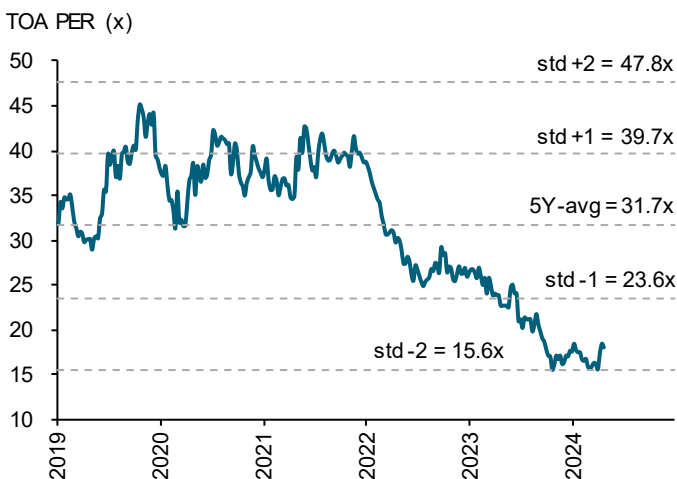
Sources: Aspen; FSSIA's compilation

Exhibit 5: EU TiO2 and GPM



Sources: Bloomberg; FSSIA's compilation

Exhibit 6: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 7: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

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)
Gross profit	6,004	7,533	7,741	7,974	8,156
Other operating income	177	241	213	213	214
Operating costs	(4,001)	(4,354)	(4,472)	(4,592)	(4,692)
Operating EBITDA	2,849	4,142	4,249	4,420	4,563
Depreciation	(670)	(721)	(767)	(823)	(885)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	2,179	3,421	3,482	3,596	3,678
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
Profit before tax	1,887	3,330	3,433	3,548	3,629
Tax	(453)	(694)	(752)	(777)	(795)
Profit after tax	1,435	2,637	2,681	2,771	2,834
Minority interests	(17)	(67)	(75)	(75)	(75)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	1,418	2,569	2,606	2,696	2,759
Non-recurring items & goodwill (net)	254	49	0	0	0
Recurring net profit	1,672	2,618	2,606	2,696	2,759
Per share (THB)					
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
Growth					
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
Operating performance					
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					
Revenue by Division (THB m)					
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)
Cash flow from operations	942	3,848	2,437	3,474	3,626
Capex - maintenance	-	-	-	-	-
Capex - new investment	(858)	(1,512)	(1,054)	(1,312)	(1,420)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	-	-	-	-
Cash flow from investing	(858)	(1,512)	(1,054)	(1,312)	(1,420)
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	-	-	-	-	-
Cash flow from financing	(887)	(1,142)	(1,698)	(1,493)	(1,526)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(803)	1,194	(314)	669	679
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)
Tangible fixed assets (net)	3,481	3,882	4,304	4,767	5,277
Intangible fixed assets (net)	1,474	1,472	1,546	1,571	1,596
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
Current assets	9,416	10,461	11,022	11,931	12,796
Other assets	826	1,041	886	913	934
Total assets	19,311	21,195	22,097	23,522	24,943
Common equity	12,792	14,071	15,296	16,563	17,860
Minorities etc.	698	747	747	747	747
Total shareholders' equity	13,490	14,818	16,043	17,310	18,607
Long term debt	966	1,110	944	953	963
Other long-term liabilities	448	422	467	481	492
Long-term liabilities	1,414	1,532	1,411	1,435	1,455
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
Current liabilities	4,449	4,929	4,643	4,777	4,881
Total liabilities and shareholders' equity	19,352	21,279	22,097	23,522	24,943
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
Recurring P/E (x) *	28.3	18.1	18.1	17.5	17.1
Recurring P/E @ target price (x) *	35.8	22.9	23.0	22.2	21.7
Reported P/E (x)	33.3	18.4	18.1	17.5	17.1
Dividend yield (%)	2.1	2.9	2.9	3.0	3.1
Price/book (x)	3.7	3.4	3.1	2.9	2.6
Price/tangible book (x)	4.2	3.8	3.4	3.2	2.9
EV/EBITDA (x) **	16.5	11.1	10.9	10.3	9.8
EV/EBITDA @ target price (x) **	20.9	14.2	13.8	13.1	12.6
EV/invested capital (x)	3.6	3.5	3.2	3.0	2.8

* 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 8: 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 9: 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
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 10: ESG score by Bloomberg

FY ending Dec 31	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	2.53	3.02	2.95	3.18	3.34	3.79
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
ESG disclosure score	39.11	44.78	45.94	48.05	48.33	49.04
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
Environmental						
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 11: 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	—	—
Social						
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
Governance						
Board size	9	9	9	9	9	9
No. of independent directors (ID)	3	3	3	3	3	3
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
No. of executives / company managers	11	5	7	6	6	6
No. of female executives	6	3	4	3	2	3
Executive share ownership guidelines	No	No	No	No	No	No
Size of audit committee	3	3	3	3	3	3
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
Size of compensation committee	3	3	3	3	3	3
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
Size of nomination committee	3	3	3	3	3	3
No. of nomination committee meetings	—	6	3	5	4	3
Nomination meeting attendance %	—	100	100	100	100	100
Sustainability governance						
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 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 (50-59), 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. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+																		
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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" style="margin-left: auto; margin-right: auto;"> <tbody> <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> </tbody> </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

Thanyatorn Songwutti FSS International Investment Advisory Securities Co., Ltd

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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 23.30	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 24-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.