

# STARFLEX SFLEX TB

## THAILAND / PACKAGING

**BUY**

UNCHANGED

TARGET PRICE	THB5.10
CLOSE	THB3.18
UP/DOWNSIDE	+60.4%
PRIOR TP	THB5.10
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+2.8%

## Expect a record profit in 3Q24

- Expect core profit in 3Q24 to reach a new record high of THB74m from an impressive performance of both SFLEX and its JV in Vietnam.
- Outlook is promising with continuous growth in domestic spending.
- Reiterate our BUY call with a TP of THB5.10.

### Expect 3Q24 profit to reach a new record

We expect core profit in 3Q24 to reach a new record high of THB74m (+14% q-q, +53% y-y), driven by continuous growth in domestic spending. This should also include gradual adjustments in selling prices to align with costs since the previous quarters. We anticipate revenue to increase by 7% q-q and 15% y-y, with the gross margin expected to remain high at 24.5%. SG&A expenses should be well controlled. Additionally, we expect SFLEX to recognize a significantly increased profit sharing from its JV Starprint Vietnam to THB10m (+86% q-q) due to accelerated domestic consumption in Vietnam.

### Promising outlook

The demand for flexible packaging continues to grow strongly in both Thailand and Vietnam, positively impacting SFLEX, a leader in Thailand's high-standard flexible packaging market. This is evident from the company's revenue, which has consistently expanded from an average of THB420m per quarter in 2021 to approximately THB470m in 9M24E. Importantly, raw material prices (HDPE, LLDPE, and other plastic pellets) have decreased, in line with oil prices since 2022, benefiting downstream businesses like SFLEX.

### Cheap valuation with 2024E P/E of only 10.7

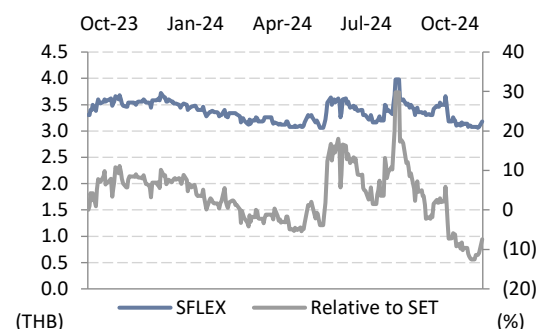
Our profit estimate of THB202m for 9M24 (+45% y-y) represents 83% of our 2024 forecast of THB243m (+34% y-y). Meanwhile, 4Q24 is usually a high season for consumer spending. Together with relatively weak oil prices, they suggest our estimates have an upside potential. This could lead to a cheaper 2024E P/E of 10.7x.

### Reiterate our BUY call with a TP of THB5.10

Based on our current estimates, we expect SFLEX's core profits to grow by 8% and 3% in 2025-26, respectively. Although the growth is not high due to a high-profit base, it represents more stable earnings compared to the past and is less sensitive to oil prices following the company's improvements in production processes and raw material procurement. We maintain our BUY call, with a TP of THB5.10, based on a 2025E P/E of 16x (-0.7SD of its four-year historical average since IPO).

### KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	1,795	1,984	2,136	2,286
Net profit	184	243	261	268
EPS (THB)	0.22	0.30	0.32	0.33
vs Consensus (%)	-	(1.0)	(5.3)	(11.5)
EBITDA	288	326	343	369
Recurring net profit	181	243	261	268
Core EPS (THB)	0.22	0.30	0.32	0.33
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	231.2	33.9	7.6	2.6
Core P/E (x)	14.4	10.7	10.0	9.7
Dividend yield (%)	2.8	3.7	4.0	4.1
EV/EBITDA (x)	11.0	9.9	9.4	8.5
Price/book (x)	2.6	2.5	2.5	2.4
Net debt/Equity (%)	56.7	59.9	58.7	49.6
ROE (%)	18.3	23.9	25.1	25.4



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	0.0	(0.6)	(2.5)
Relative to country (%)	(0.2)	(10.6)	(6.8)
Mkt cap (USD m)	73		
3m avg. daily turnover (USD m)	0.9		
Free float (%)	0		
Major shareholder	Mr. Printhorn Apithanasriwong (24%)		
12m high/low (THB)	4.06/3.04		
Issued shares (m)	820.01		

Sources: Bloomberg consensus; FSSIA estimates


**Jitra Amorntum**

 Fundamental Investment Analyst on Securities; License no. 014530  
 jitra.a@fssia.com, +66 2646 9966

## Investment thesis

We expect core profit in 3Q24 to reach a new record high of THB74m (+14% q-q, +53% y-y), driven by continuous growth in domestic spending. This should also include gradual adjustments in selling prices to align with costs since the previous quarters. We anticipate revenue to increase by 7% q-q and 15% y-y, with the gross margin expected to remain high at 24.5%.

Our profit estimate of THB202m for 9M24 (+45% y-y) represents 83% of our 2024 forecast of THB243m (+34% y-y). Meanwhile, 4Q24 is usually a high season for consumer spending. Together with relatively weak oil prices, they suggest our estimates have an upside potential.

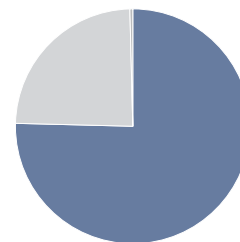
## Company profile

Starflex is a leading manufacturer and distributor of flexible packaging. It sells, in roll form, mainly to local consumer product suppliers. Its flexible packaging is a multilayer film, splicing 2-5 layers using glue or resin as a binding material, resulting in a rigid film, resistant to heat and high pressure. Also, it is lightweight, and graphic patterns can be printed on the surface.

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

## Principal activities (revenue, 2023)

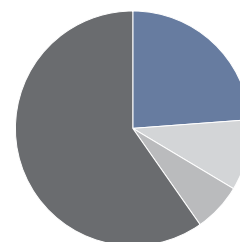
- Non-food packaging - 75.4 %
- Food packaging - 24.2 %
- Others - 0.4 %



Source: Starflex

## Major shareholders

- Mr. Printhorn Apithanasriwong - 23.8 %
- Mr. Ek Picharnchitra - 9.8 %
- BTS Group Holdings - 6.7 %
- Others - 59.7 %



Source: Starflex

## Catalysts

Key potential catalysts include 1) a broad-based economic recovery; 2) a decline in oil prices; 3) Baht appreciation; and 4) strong consumption growth in Vietnam.

## Risks to our call

Downside risks to our P/E-based TP include 1) a sharp rise in crude oil prices; 2) rising inflation pressuring consumers' purchasing power; and 3) Baht depreciation.

## Event calendar

Date	Event
13 November 2024	3Q24 earnings announcement

## Key assumptions

	2024E (THB m)	2025E (THB m)	2026E (THB m)
Sales revenue	1,984	2,136	2,286
<i>Growth (%)</i>	10.5	7.7	7.0
Non-food packaging	1,488	1,602	1,714
<i>Growth (%)</i>	10.0	7.7	7.0
Food packaging	488	525	562
<i>Growth (%)</i>	12.4	7.7	7.0
Gross margin (%)	24.0	23.8	23.8
SG&A to sales (%)	11.6	11.5	11.3

Source: FSSIA estimates

## Earnings sensitivity

- For every 0.5% change in gross margin, we project SFLEX's 2024 core profit to change by 3.6%, all else being equal.
- For every 0.5% change in SG&A to sales, we project SFLEX's 2024 core profit to change by 4.0%, all else being equal.

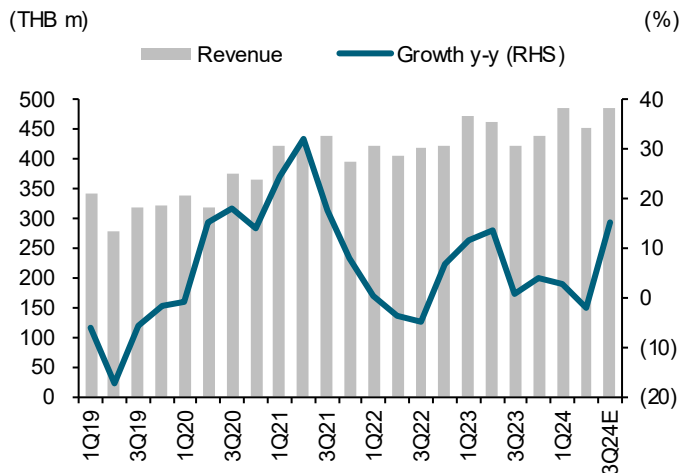
Source: FSSIA estimates

## Exhibit 1: SFLEX - 3Q24 earnings preview

Year to Dec 31	3Q23	4Q23	1Q24	2Q24	3Q24E	----- Change -----		9M23	9M24E	Change	% of
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)	2024E
Sales	421	439	485	452	485	7.2	15.1	1,356	1,422	4.9	71.7
Cost of sales	(314)	(328)	(368)	(341)	(366)	7.6	16.6	(1,037)	(1,075)	3.7	71.3
Gross profit	107	111	117	112	119	6.0	10.7	319	347	8.8	73.1
Other income	8	4	6	5	5	(6.0)	(35.3)	19	16	(15.1)	73.4
Operating costs	(52)	(63)	(55)	(47)	(52)	9.8	(1.1)	(160)	(153)	(4.1)	66.6
Operating profit	63	52	68	70	72	2.5	14.9	178	210	17.9	29.8
Operating EBITDA	77	66	85	87	89	1.9	14.7	221	261	17.9	79.9
Interest expense	(2)	(6)	(8)	(10)	(9)	(8.7)	487.9	(4)	(27)	615.0	68.9
Associates	0	0	3	5	10	85.7	nm	(1)	18	nm	89.9
Profit before tax	62	46	63	66	73	10.9	19.0	175	202	15.5	89.0
<b>Reported net profit</b>	<b>49</b>	<b>42</b>	<b>64</b>	<b>65</b>	<b>74</b>	<b>13.9</b>	<b>52.1</b>	<b>140</b>	<b>203</b>	<b>45.1</b>	<b>83.6</b>
<b>Core profit</b>	<b>48</b>	<b>42</b>	<b>63</b>	<b>65</b>	<b>74</b>	<b>14.0</b>	<b>53.0</b>	<b>139</b>	<b>202</b>	<b>44.9</b>	<b>83.0</b>
Reported EPS (THB)	0.062	0.051	0.077	0.083	0.091	9.2	46.8	0.18	0.25	42.9	84.8
Core EPS (THB)	0.059	0.051	0.077	0.079	0.090	14.0	53.0	0.17	0.25	44.9	83.0
<b>Key Ratios</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	
Gross margin	25.4	25.3	24.0	24.7	24.5	(0.3)	(1.0)	23.5	24.4	0.9	
Operating margin	15.0	11.8	14.1	15.6	14.9	(0.7)	(0.1)	13.2	14.9	1.7	
EBITDA margin	18.4	14.9	17.5	19.2	18.3	(0.9)	(0.1)	16.3	18.3	2.0	
Core profit margin	11.5	9.6	12.9	14.3	15.3	0.9	3.8	10.3	14.2	3.9	
SG&A / Sales	12.4	14.4	11.3	10.4	10.6	0.3	(1.7)	11.8	10.8	(1.0)	

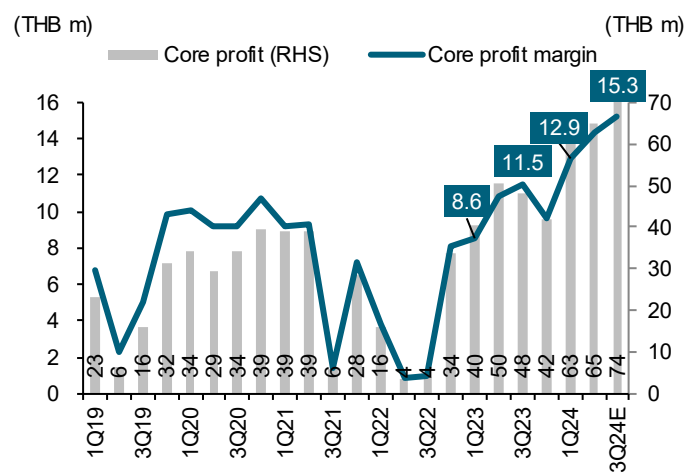
Sources: SFLEX, FSSIA estimates

## Exhibit 2: Revenue and growth



Sources: SFLEX, FSSIA estimates

## Exhibit 3: Core profit and core profit margin



Sources: SFLEX, FSSIA estimates

## Financial Statements

### Starflex

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	1,669	1,795	1,984	2,136	2,286
Cost of goods sold	(1,458)	(1,365)	(1,509)	(1,629)	(1,743)
<b>Gross profit</b>	<b>211</b>	<b>430</b>	<b>475</b>	<b>507</b>	<b>543</b>
Other operating income	27	23	22	21	23
Operating costs	(170)	(223)	(230)	(246)	(258)
<b>Operating EBITDA</b>	<b>124</b>	<b>288</b>	<b>326</b>	<b>343</b>	<b>369</b>
Depreciation	(57)	(58)	(59)	(60)	(61)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>67</b>	<b>230</b>	<b>267</b>	<b>283</b>	<b>307</b>
Net financing costs	(3)	(10)	(39)	(35)	(28)
Associates	-	0	20	23	25
Recurring non-operating income	0	0	20	23	25
Non-recurring items	0	3	0	0	0
<b>Profit before tax</b>	<b>65</b>	<b>223</b>	<b>247</b>	<b>271</b>	<b>304</b>
Tax	(10)	(39)	(5)	(10)	(36)
<b>Profit after tax</b>	<b>55</b>	<b>184</b>	<b>243</b>	<b>261</b>	<b>268</b>
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>55</b>	<b>184</b>	<b>243</b>	<b>261</b>	<b>268</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>(3)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>55</b>	<b>181</b>	<b>243</b>	<b>261</b>	<b>268</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.07	0.22	0.30	0.32	0.33
Reported EPS	0.07	0.22	0.30	0.32	0.33
DPS	0.03	0.09	0.12	0.13	0.13
Diluted shares (used to calculate per share data)	820	820	820	820	820
<b>Growth</b>					
Revenue (%)	(0.5)	7.5	10.5	7.7	7.0
Operating EBITDA (%)	(44.4)	132.7	13.2	5.1	7.5
Operating EBIT (%)	(58.2)	241.6	16.1	6.1	8.6
Recurring EPS (%)	(63.4)	231.2	33.9	7.6	2.6
Reported EPS (%)	(63.1)	234.6	31.8	7.6	2.6
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	12.6	24.0	24.0	23.8	23.8
Gross margin exc. depreciation (%)	16.0	27.2	26.9	26.6	26.4
Operating EBITDA margin (%)	7.4	16.1	16.4	16.1	16.1
Operating EBIT margin (%)	4.0	12.8	13.5	13.3	13.5
Net margin (%)	3.3	10.1	12.2	12.2	11.7
Effective tax rate (%)	14.9	17.4	1.8	3.7	11.9
Dividend payout on recurring profit (%)	45.0	40.7	40.0	40.0	40.0
Interest cover (X)	23.0	23.7	7.3	8.8	11.8
Inventory days	86.9	92.1	82.3	79.3	72.8
Debtor days	66.6	59.5	59.5	56.8	53.1
Creditor days	74.3	83.9	85.1	83.9	82.2
Operating ROIC (%)	5.4	17.5	19.4	20.3	22.5
ROIC (%)	4.8	13.6	14.0	14.4	15.9
ROE (%)	5.6	18.3	23.9	25.1	25.4
ROA (%)	3.7	10.4	13.0	13.2	13.6
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Non-food packaging	1,258	1,353	1,488	1,602	1,714
Food packaging	393	434	488	525	562
Others	18	7	8	9	9

Sources: Starflex; FSSIA estimates

## Financial Statements

### Starflex

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	55	181	243	261	268
Depreciation	57	58	59	60	61
Associates & minorities	0	0	0	0	0
Other non-cash items	-	-	(120)	(55)	(151)
Change in working capital	50	(43)	(77)	(77)	47
<b>Cash flow from operations</b>	<b>162</b>	<b>197</b>	<b>105</b>	<b>189</b>	<b>225</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(144)	-	(206)	(106)	(108)
Net acquisitions & disposals	-	(460)	-	-	-
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(144)</b>	<b>(460)</b>	<b>(206)</b>	<b>(106)</b>	<b>(108)</b>
Dividends paid	(37)	(59)	(97)	(105)	(107)
Equity finance	0	(100)	0	0	0
Debt finance	66	346	180	(33)	(55)
Other financing cash flows	-	-	7	8	9
<b>Cash flow from financing</b>	<b>29</b>	<b>187</b>	<b>90</b>	<b>(130)</b>	<b>(153)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	7	28	49	0	0
<b>Net other adjustments</b>	<b>7</b>	<b>28</b>	<b>49</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>54</b>	<b>(48)</b>	<b>38</b>	<b>(47)</b>	<b>(36)</b>
Free cash flow to firm (FCFF)	20.64	(252.93)	(61.63)	116.80	145.41
Free cash flow to equity (FCFE)	90.80	111.57	135.24	57.05	71.02

#### Per share (THB)

FCFF per share	0.03	(0.31)	(0.08)	0.14	0.18
FCFE per share	0.11	0.14	0.16	0.07	0.09
Recurring cash flow per share	0.14	0.29	0.22	0.32	0.22

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	1,046	1,141	1,231	1,291	1,351
Less: Accumulated depreciation	(307)	(365)	(424)	(484)	(546)
<b>Tangible fixed assets (net)</b>	<b>739</b>	<b>776</b>	<b>807</b>	<b>807</b>	<b>806</b>
<b>Intangible fixed assets (net)</b>	<b>54</b>	<b>40</b>	<b>40</b>	<b>41</b>	<b>42</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	32	408	479	479	479
Cash & equivalents	129	81	119	71	35
A/C receivable	263	322	325	339	327
Inventories	333	326	328	354	317
Other current assets	22	27	29	30	32
<b>Current assets</b>	<b>747</b>	<b>756</b>	<b>801</b>	<b>795</b>	<b>710</b>
Other assets	29	62	64	66	67
<b>Total assets</b>	<b>1,602</b>	<b>2,042</b>	<b>2,191</b>	<b>2,187</b>	<b>2,104</b>
Common equity	985	1,001	1,032	1,050	1,064
Minorities etc.	0	0	0	0	0
<b>Total shareholders' equity</b>	<b>985</b>	<b>1,001</b>	<b>1,032</b>	<b>1,050</b>	<b>1,064</b>
Long term debt	175	168	348	315	260
Other long-term liabilities	43	46	53	61	71
<b>Long-term liabilities</b>	<b>218</b>	<b>215</b>	<b>402</b>	<b>377</b>	<b>331</b>
A/C payable	276	331	351	370	387
Short term debt	114	480	389	372	303
Other current liabilities	8	16	17	18	19
<b>Current liabilities</b>	<b>398</b>	<b>827</b>	<b>757</b>	<b>760</b>	<b>709</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,602</b>	<b>2,042</b>	<b>2,191</b>	<b>2,187</b>	<b>2,104</b>
Net working capital	334	328	314	335	269
Invested capital	1,188	1,615	1,704	1,728	1,663

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

#### Per share (THB)

Book value per share	1.20	1.22	1.26	1.28	1.30
Tangible book value per share	1.14	1.17	1.21	1.23	1.25

#### Financial strength

Net debt/equity (%)	16.3	56.7	59.9	58.7	49.6
Net debt/total assets (%)	10.0	27.8	28.2	28.2	25.1
Current ratio (x)	1.9	0.9	1.1	1.0	1.0
CF interest cover (x)	81.1	12.5	9.6	5.7	7.3

Valuation	2022	2023	2024E	2025E	2026E
<b>Recurring P/E (x) *</b>	<b>47.6</b>	<b>14.4</b>	<b>10.7</b>	<b>10.0</b>	<b>9.7</b>
<b>Recurring P/E @ target price (x) *</b>	<b>76.4</b>	<b>23.1</b>	<b>17.2</b>	<b>16.0</b>	<b>15.6</b>
Reported P/E (x)	47.4	14.2	10.7	10.0	9.7
Dividend yield (%)	0.9	2.8	3.7	4.0	4.1
Price/book (x)	2.6	2.6	2.5	2.5	2.4
Price/tangible book (x)	2.8	2.7	2.6	2.6	2.6
EV/EBITDA (x) **	22.4	11.0	9.9	9.4	8.5
EV/EBITDA @ target price (x) **	35.1	16.5	14.7	14.0	12.8
EV/invested capital (x)	2.3	2.0	1.9	1.9	1.9

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

Sources: Starflex; FSSIA estimates

## Disclaimer for ESG scoring

ESG score	Methodology	Rating																				
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																				
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for <b>THSI inclusion</b> , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. <b>SETTHSI Index</b> is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																				
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 Sustainability	The Sustainability's ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality &amp; peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></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><tr><td>AAA</td><td>8.571-10.000</td><td rowspan="3">Leader:</td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td>AA</td><td>7.143-8.570</td></tr><tr><td>A</td><td>5.714-7.142</td></tr><tr><td>BBB</td><td>4.286-5.713</td><td rowspan="3">Average:</td><td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td></tr><tr><td>BB</td><td>2.857-4.285</td></tr><tr><td>B</td><td>1.429-2.856</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
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																			
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

Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

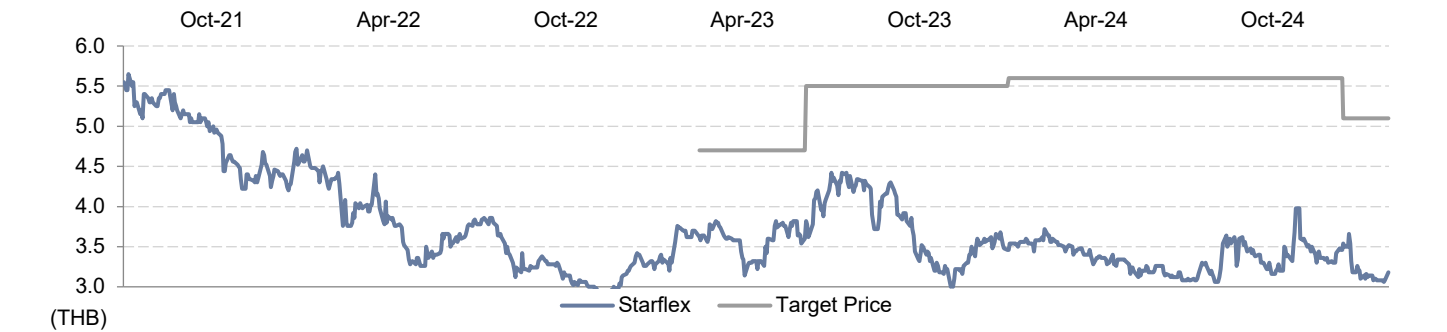
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

This report has been prepared by FSS International Investment Advisory Securities Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSSIA makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSSIA has no intention to solicit investors to buy or sell any security in this report. In addition, FSSIA does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

History of change in investment rating and/or target price

Starflex (SFLEX TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
10-Mar-2023	BUY	4.70	04-Dec-2023	BUY	5.60	-	-	-
12-Jun-2023	BUY	5.50	18-Sep-2024	BUY	5.10			

Jitra Amornthum started covering this stock from 10-Mar-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Starflex	SFLEX TB	THB 3.18	BUY	Downside risks to our P/E-based TP include 1) a sharp rise in crude oil prices; 2) rising inflation pressuring consumers' purchasing power; and 3) baht depreciation.

Source: FSSIA estimates

Additional Disclosures

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

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