

STARFLEX SFLEX TB

THAILAND / PACKAGING

BUY
 UNCHANGED

Decoupling from oil prices

- Effective cost management helping to reduce profit volatility.
- Revise up our profit projections by 11%/9%/8% for 2024-26, respectively, on a brighter outlook.
- Maintain our BUY call and TP at THB5.10.

Cost management is one of the keys to success

Cost management is a key factor for SFLEX's profitability. BOPP, BOPET film, polyester, and polypropylene are SFLEX's main raw materials used in the printing and laminating process. The prices of these raw materials vary in line with global oil prices. The record high gross margin of 26.1% in 3Q24 was not due to a decrease in crude oil prices, but rather the result of effective management. SFLEX has negotiated advance pricing agreements, improved machine efficiency and production processes, developed new raw material formulas to provide more options for material selection, and adjusted sales prices to reflect the increased costs.

Speed to market, service, and customers... another key to success

While about 75% of its revenue comes from four major consumer product clients, which could be seen as a risk, we view this as a strength. SFLEX has three key strengths that build trust and foster long-term relationships with customers: speed to market, speed to service, and speed to customers. SFLEX has successfully attracted these four major clients, who are key players in the country's consumer product sector, and has maintained long-lasting partnerships with them since its inception.

Revise up our profit projections on brighter outlook

We revise up our profit forecasts by 11%/9%/8% for 2024-26, respectively, by an increase in the gross margin assumptions, a reduction in SG&A expenses, and a higher projected share of profits from JVs. To reduce electricity consumption, SFLEX has installed a solar rooftop and E-Saver printing machines. Hence, the effective tax rate has decreased to just 1% since 4Q23. This has been another contributing factor driving profit growth and increasing dividend payments to shareholders.

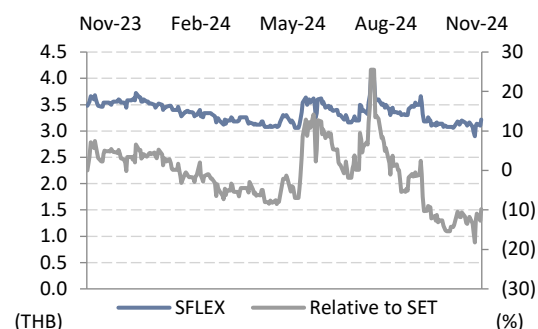
Maintain our BUY call and TP at THB5.10

We maintain BUY and our TP at THB5.10. Despite raising our estimates, we lower our target P/E from 16x (-0.6SD of its four-year average) to 14.8x (-0.7SD of its four-year average). SFLEX shares have been used as collateral in margin accounts, accounting for a high proportion of 32% of its paid-up capital over the past three years. This issue is not related to SFLEX's fundamentals but represents a risk to shareholders if the stock price does not align with its underlying fundamentals.

TARGET PRICE	THB5.10
CLOSE	THB3.22
UP/DOWNSIDE	+58.4%
PRIOR TP	THB5.10
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+2.4%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	1,795	1,895	2,037	2,179
Net profit	184	270	284	289
EPS (THB)	0.22	0.33	0.35	0.35
vs Consensus (%)	-	6.5	0.0	(7.9)
EBITDA	288	339	353	379
Recurring net profit	181	269	284	289
Core EPS (THB)	0.22	0.33	0.35	0.35
Chg. In EPS est. (%)	-	10.8	8.8	7.8
EPS growth (%)	231.2	48.5	5.6	1.6
Core P/E (x)	14.6	9.8	9.3	9.1
Dividend yield (%)	2.8	4.1	4.3	4.4
EV/EBITDA (x)	11.1	9.6	9.2	8.5
Price/book (x)	2.6	2.5	2.5	2.4
Net debt/Equity (%)	56.7	59.5	57.4	52.7
ROE (%)	18.3	26.3	27.0	26.9



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	4.5	(8.0)	(10.1)
Relative to country (%)	6.7	(17.9)	(12.8)
Mkt cap (USD m)	72		
3m avg. daily turnover (USD m)	0.6		
Free float (%)	0		
Major shareholder	Mr. Printhorn Apithanasriwong (24%)		
12m high/low (THB)	4.06/2.86		
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

Due to the better-than-expected profit in 3Q24 and the positive outlook moving forward, we revise up our profit forecasts by 11%/9%/8% for 2024-26, respectively. The revisions are primarily driven by an increase in the gross margin assumptions, a reduction in SG&A expenses, and a higher projected share of profits from JVs.

We expect the core profit in 2024 to grow significantly by 49% y-y to THB269m, primarily driven by an improved gross margin and the first-year recognition of profit sharing from Starprint Vietnam. We estimate the core profit to continue growing by 5.2% y-y and 1.6% y-y in 2025-26. The relatively flat growth in 2026 is due to the expiration of tax benefits. However, we estimate that the pre-tax profit growth in 2026 should be 10.8% y-y.

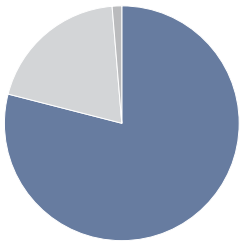
Company profile

Starflex is a leading manufacturer and distributor of flexible packaging in roll form, selling 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 which results in a rigid film that is resistant to heat and high pressure, and is lightweight and capable of having graphic patterns printed on the surface.

www.starflex.co.th

Principal activities (revenue, 2023)

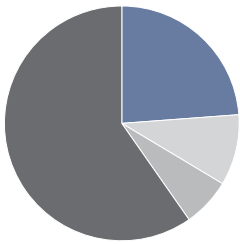
- Non-food packaging - 79.0 %
- Food packaging - 19.7 %
- Others - 1.3 %



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
February 2025	2024 earnings announcement
April 2025	1Q25 earnings announcement

Key assumptions

	2024E (THB m)	2025E (THB m)	2026E (THB m)
Sales revenue	1,895	2,037	2,179
Growth (%)	5.6	7.5	7.0
Non-food packaging	1,422	1,528	1,635
Food packaging	466	501	536
Gross margin (%)	24.8	24.5	24.5
SG&A to sales (%)	11.2	11.1	10.9

Source: FSSIA estimates

Earnings sensitivity

- For every 0.5% change in gross margin, we project SFLEX's 2025 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 2025 core profit to change by 4.0%, all else being equal.

Source: FSSIA estimates

3Q24 set a new record as expected

SFLEX set a new record for its highest-ever profit, reaching THB76m in 3Q24 (+17.2% q-q, +57.2% y-y). Although its profit was in line with our expectation, the gross margin was significantly better than we anticipated. The record profit was driven by the highest gross margin in over six years at 26.1%, along with profit sharing from joint ventures and tax benefits from the Board of Investment (BOI).

The impressively high gross margin was the result of efficient raw material management, including advanced pricing agreements, the ability to negotiate price adjustments with customers to reflect cost changes, and the economies of scale.

Sales revenue continued to grow in 3Q24 (+5.3% q-q, +13.1% y-y), reaching THB476m, the second-highest quarter after 1Q24. This growth was driven by the expansion of domestic consumption, which boosted demand for flexible packaging, as well as price adjustments to reflect rising costs.

The SG&A expenses were still well controlled, remaining within the historical range of 11-12% of revenue.

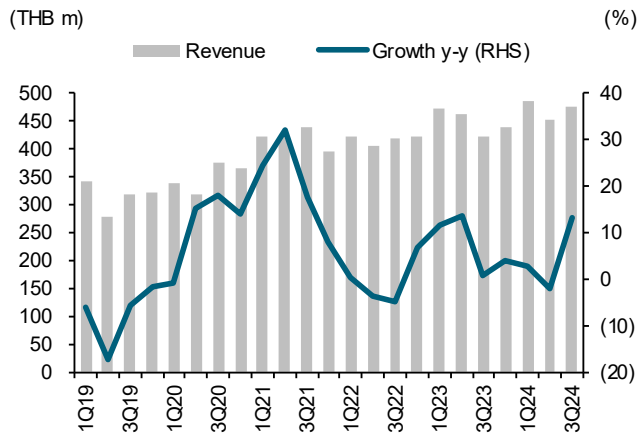
Additionally, SFLEX's profit sharing from its joint venture, Starprint Vietnam (in which SFLEX holds a 25% stake), amounted to THB10m, nearly double that in 2Q24 (+82.7% q-q), reflecting the ongoing recovery of the Vietnamese economy. This profit share accounted for 13.0% of total profit. Excluding the profit share from Starprint Vietnam, SFLEX's core profit would still be a record high THB66m.

Exhibit 1: SFLEX – 3Q24 earnings summary

Year to Dec 31	3Q23	4Q23	1Q24	2Q24	3Q24	----- Change -----		9M23	9M24	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Sales	421	439	485	452	476	5.3	13.1	1,356	1,414	4.3
Cost of sales	(314)	(328)	(368)	(341)	(352)	3.5	12.1	(1,037)	(1,061)	2.4
Gross profit	107	111	117	112	124	11.0	15.9	319	353	10.6
Other income	8	4	6	5	7	30.8	(10.0)	19	18	(4.9)
Operating costs	(52)	(63)	(55)	(47)	(55)	16.9	5.3	(160)	(156)	(2.0)
Operating profit	63	52	68	70	76	8.5	21.7	178	214	20.3
Operating EBITDA	77	66	85	87	92	5.8	19.1	221	264	19.4
Interest expense	(2)	(6)	(8)	(10)	(8)	(14.0)	453.6	(4)	(27)	601.2
Associates	0	0	3	5	10	82.7	nm	(1)	18	nm
Profit before tax	62	46	63	66	77	16.3	24.9	175	206	17.6
Reported net profit	49	42	64	65	75	15.6	54.3	140	204	45.8
Core profit	48	42	63	65	76	17.2	57.2	139	204	46.3
Reported EPS (THB)	0.062	0.051	0.077	0.083	0.097	16.9	57.1	0.18	0.26	46.5
Core EPS (THB)	0.059	0.051	0.077	0.079	0.093	17.2	57.2	0.17	0.25	46.3
Key Ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)
Gross margin	25.4	25.3	24.0	24.7	26.1	1.3	0.6	23.5	24.9	1.4
Operating margin	15.0	11.8	14.1	15.6	15.9	0.3	0.9	13.2	15.2	2.0
EBITDA margin	18.4	14.9	17.5	19.2	19.3	0.1	1.0	16.3	18.7	2.4
Core profit margin	11.5	9.6	12.9	14.3	16.0	1.6	4.5	10.3	14.4	4.1
SG&A / Sales	12.4	14.4	11.3	10.4	11.5	1.1	(0.9)	11.8	11.1	(0.7)

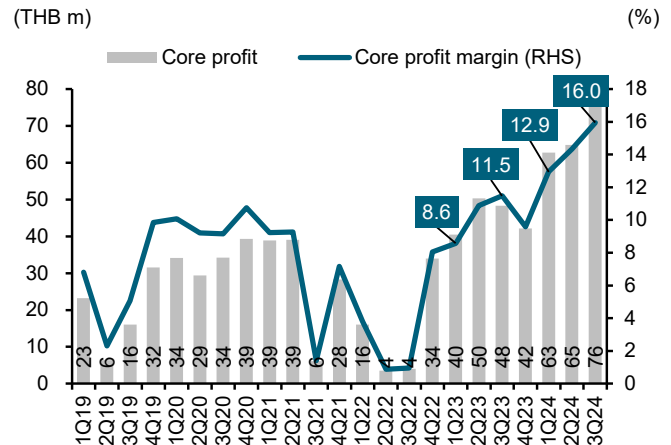
Sources: SFLEX, FSSIA's compilation

Exhibit 2: Revenue and growth



Sources: SFLEX, FSSIA's compilation

Exhibit 3: Core profit and core profit margin



Sources: SFLEX, FSSIA's compilation

Growth strategy following the peak performance in 3Q24

SFLEX has three key strengths that build trust and foster long-term relationships with customers. While approximately 75% of its revenue comes from four major consumer product clients, which could be seen as a risk, we view this as a strength. SFLEX has successfully attracted these four major clients, who are key players in the country's consumer product sector, and has maintained long-lasting partnerships with them.

- **Speed to market.** If customers need to launch a new product to align with market trends, SFLEX can produce packaging within 45 days, while the industry average is 60-90 days.
- **Speed to service.** If a customer plans to launch a new product, they can trust a supplier like SFLEX to maintain confidentiality. Additionally, if the customer needs to run a promotion, they can rely on SFLEX to produce packaging in a shorter time than usual, meeting the customer's required deadline.
- **Speed to customer.** If customers encounter any issues during the packaging process, the company has a technical team that resolves problems within the same day or provides a replacement product promptly to avoid disrupting the customer's production process. SFLEX has earned long-standing trust from its customers, and switching to a different supplier could incur excessive costs for SFLEX's customers. Therefore, SFLEX's new customers are typically those with long-term business relationships.

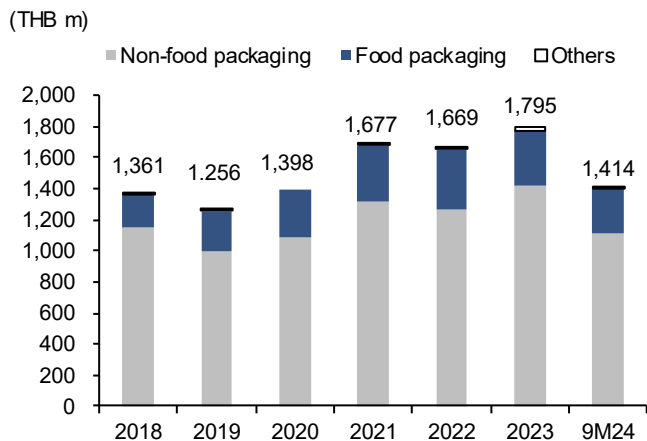
Organic growth: successful profit margin expansion

Cost management is a key factor for SFLEX's profitability. As seen over the past three years (2021-23), sales revenue remained relatively stable at around THB1.7b-1.8b per year, with profits averaging THB30m-35m per quarter. However, profits sharply declined to only THB3m-4m during 2Q22 and 3Q22. The main reason for this was the rapid rise in raw material costs, driven by the increase in crude oil prices, which caused the gross margin to drop to just 10-11% during this period, compared to the normal range of 18-20% during the pre-Covid period.

BOPP, BOPET film, polyester, and polypropylene are SFLEX's main raw materials used in the printing and laminating process and accounted for 62-68% of the total raw materials purchased in 2021-23. The prices of these raw materials vary in line with global oil prices.

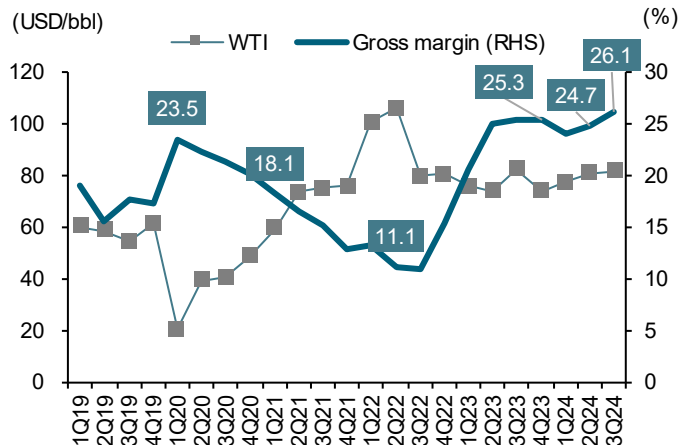
The record high gross margin of 26.1% in 3Q24 was not due to a decrease in crude oil prices, but rather the result of effective management. SFLEX has successfully negotiated advance pricing agreements, improved machine efficiency and production processes, developed new raw material formulas to provide more options for material selection, and adjusted sales prices to reflect the increased costs. Additionally, there were times when the company needed to be selective about the customers it served, all of which contributed to the strong performance in profit margins.

Exhibit 4: Revenue structure



Sources: SFLEX, FSSIA's compilation

Exhibit 5: Gross margin vs crude oil price



Sources: SFLEX, FSSIA's compilation

Inorganic growth: market expansion

Approximately 75-80% of SFLEX's revenue comes from non-food packaging, with key customers being leading consumer goods manufacturers such as Unilever Thai Holdings Ltd, Neo Factory Co, Ltd, Lion (Thailand) Co, Ltd, and I.P. Manufacturing Co, Ltd. The food packaging and healthcare packaging markets are both large and offer higher margins compared to the non-food packaging segment. Although the revenue from these sectors is currently smaller, there is significant potential for growth through two JVs: Star Union Packaging (SFLEX holds 51%, TU holds 49%) and Starprint Vietnam JSC (SCGP holds 75%, SFLEX holds 25%).

Starprint Vietnam is a leading manufacturer of premium offset folding carton packaging, serving both domestic and multinational customers. SFLEX began recognizing its share of profits from Starprint since 1Q24, with profits improving rapidly. In 9M24, Starprint's profit contribution accounted for 11.7% of SFLEX's total profit. We expect SFLEX to recognize a profit share from Starprint in the amount of THB27m, THB35m, and THB38m in 2024-26, respectively, contributing 10-13% to SFLEX's total profits.

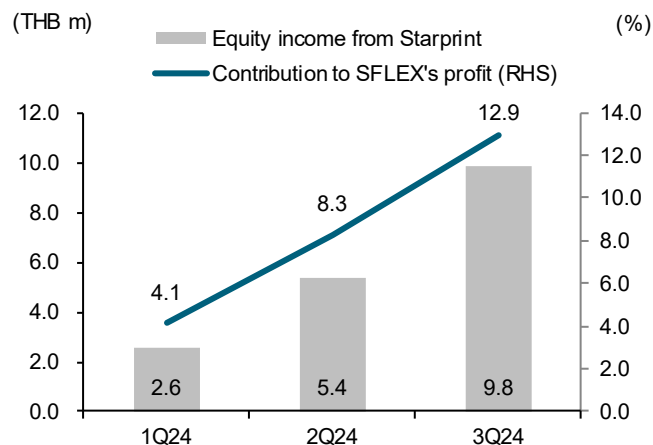
Star Union will manufacture and distribute high quality flexible packaging to TU group, the world's leading seafood producers, and other customers. We expect Star Union to generate a profit around the end of 2024.

Exhibit 6: Example of Starprint's products



Source: Starprint Vietnam JSC website

Exhibit 7: Equity income from Starprint Vietnam



Sources: SFLEX, FSSIA's compilation

Social and environmental responsibility improving margins and dividends

The production process of soft plastic packaging at SFLEX generates waste contaminated with chemicals, including ink, adhesives, and solvents. These solvents are used to clean ink and adhesives from various equipment. This waste is then processed through a distillation process, which results in a liquid solution and solid residue. The company reuses the liquid for cleaning tools and equipment. The solid residue is properly disposed of by hiring specialists to destroy it through legally compliant processes. The company also conducts annual environmental quality checks in various areas, such as air quality measurements, monitoring of pollutants in exhaust air, and light intensity measurements, to ensure compliance with environmental standards.

In addition, to reduce electricity consumption and lower energy costs, SFLEX has installed an additional 1,600 kW of solar rooftop capacity. The company has also installed energy-efficient E-Saver printing machines with integrated heating systems, as well as two types of coating machines: solvent-based and solvent-free, to enhance flexibility in its coating capabilities. These efforts are part of SFLEX's ongoing commitment to sustainability and energy efficiency.

As a result, the effective tax rate has decreased to just 1% since 4Q23. This has been another contributing factor to boost profit growth and increase dividend payments. In 1H24, SFLEX paid a dividend of THB0.06 per share vs THB0.045 per share in 1H23.

SFLEX has set a goal to reduce greenhouse gas emissions per unit of production by 10% as compared to the base year of 2022 by 2027, and by 20% by 2032. Additionally, the company aims to reduce the energy consumption per unit of production by 20% as compared to the base year of 2021 by 2027, and by 30% by 2032. These targets reflect SFLEX's commitment to sustainability and environmental responsibility as part of its long-term growth strategy.

Upward revision on brighter outlook

Due to the better-than-expected profit in 3Q24 and the positive outlook moving forward, we revise up our profit forecasts by 11%/9%/8% for 2024-26, respectively. The revisions are primarily driven by an increase in the gross margin assumptions, a reduction in SG&A expenses, and a higher projected share of profits from JVs.

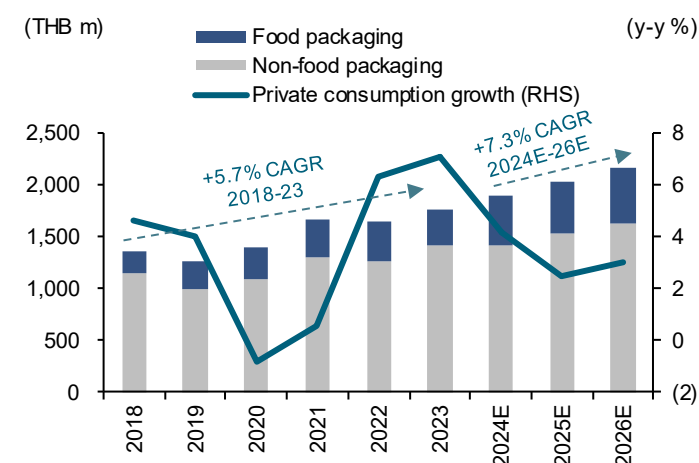
We expect the core profit in 2024 to grow significantly by 49% y-y to THB269m, primarily driven by an improved gross margin and the first-year recognition of profit sharing from Starprint Vietnam. We estimate the core profit to continue growing by 5.2% y-y and 1.6% y-y in 2025-26. The relatively flat growth in 2026 is due to the expiration of tax benefits. However, we estimate that the pre-tax profit growth in 2026 should be 10.8% y-y.

Exhibit 8: Key changes in assumptions

	Current			Previous			Change		
	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (%)	2025E (%)	2026E (%)
Sales revenue	1,895	2,037	2,179	1,984	2,136	2,286	(4.5)	(4.6)	(4.7)
Gross profit	470	499	533	476	507	543	(1.2)	(1.6)	(1.8)
SG&A expense	(212)	(226)	(237)	(230)	(246)	(258)	(7.9)	(8.1)	(8.1)
Interest expense	(35)	(33)	(29)	(39)	(35)	(28)	(10.9)	(4.9)	4.6
EBITDA	339	353	379	326	343	369	4.1	3.0	2.6
Equity income	27	35	38	20	23	25	33.5	50.9	52.7
Tax	(2)	(10)	(37)	(5)	(10)	(36)	(55.9)	4.0	4.1
Core profit	269	284	289	243	261	268	11.2	8.9	7.8
Key ratios	(%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(ppt)
Gross profit margin	24.8	24.5	24.5	24.0	23.8	23.8	0.8	0.7	0.6
SG&A to sales	11.2	11.1	10.9	11.6	11.5	11.3	(0.4)	(0.4)	(0.4)
EBITDA margin	17.9	17.3	17.4	16.4	16.1	16.1	1.5	1.3	1.2
Core profit margin	14.2	14.0	13.3	12.3	12.2	11.7	2.0	1.7	1.5

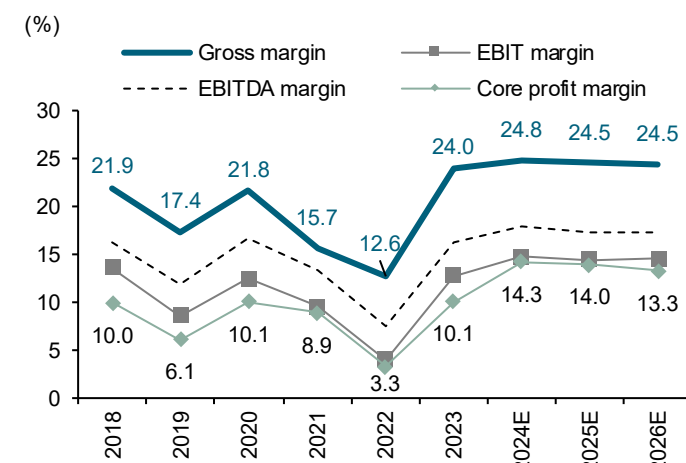
Sources: SFLEX, FSSIA estimates

Exhibit 9: Revenue vs private consumption growth



Sources: Bank of Thailand, SFLEX, FSSIA estimates

Exhibit 10: Margins



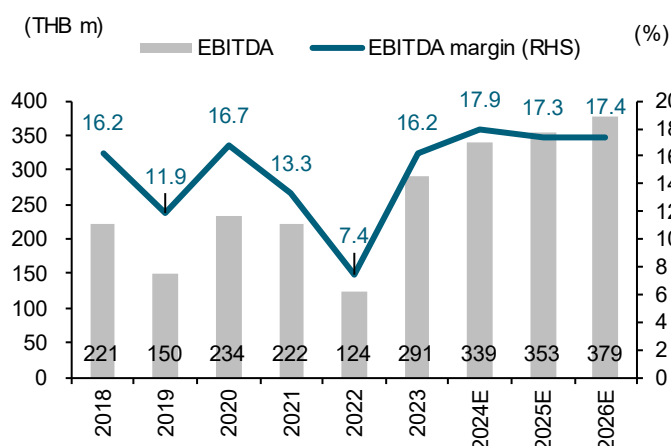
Sources: SFLEX, FSSIA estimates

Outstanding ROE. SFLEX's ROE has consistently increased due to its strong profitability. In 2023, SFLEX achieved an ROE of 18.1%, the highest since it was listed on the SET. We expect the ROE to be in the range of 26-27% during 2024-26, making SFLEX one of the companies with the highest projected ROE in the region, especially when compared to Amcor PLC (AMCOR US), a global packaging manufacturer and one of its key competitors. However, SFLEX's P/E and EV/EBITDA ratios are among the lowest in the region. It is currently trading at -1SD of 2025E P/E and EV/EBITDA.

We maintain our BUY call and TP at THB5.10. Although we raise our profit estimates, we lower our target P/E from 16x (-0.6SD of its four-year average) to 14.8x (-0.7SD of its four-year average), in line with the regional average.

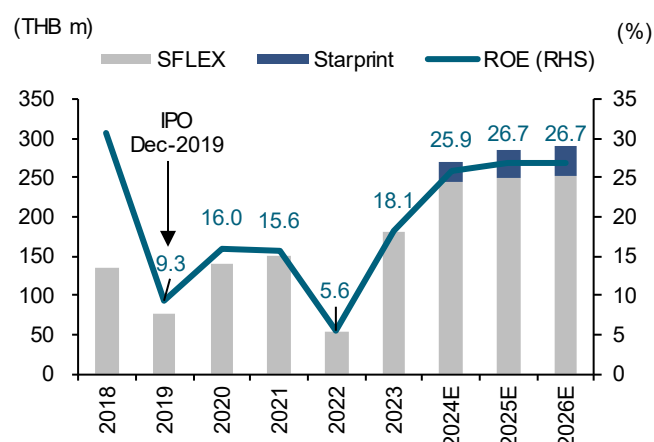
SFLEX shares have been used as collateral in margin accounts, accounting for a high proportion of 32% of its paid-up capital over the past three years, even though it declined in September 2024. This issue is not related to SFLEX's fundamentals but represents a risk to shareholders if the stock price does not align with the company's underlying fundamentals. The downgrade in target P/E reflects this risk.

Exhibit 11: EBITDA and EBITDA margin



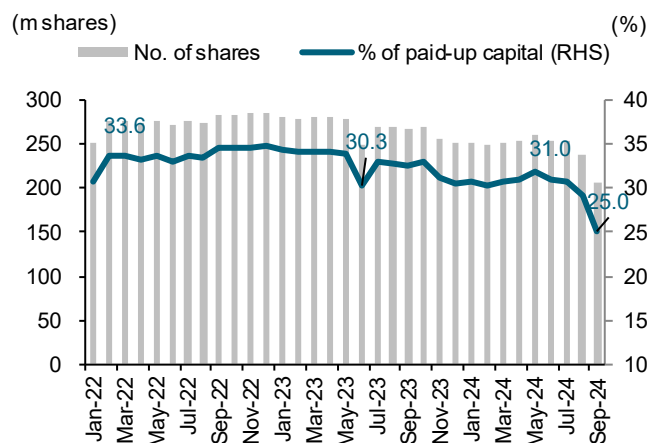
Sources: SFLEX, FSSIA estimates

Exhibit 12: Core profit and ROE



Sources: SFLEX, FSSIA estimates

Exhibit 13: Margin account for SFLEX shares



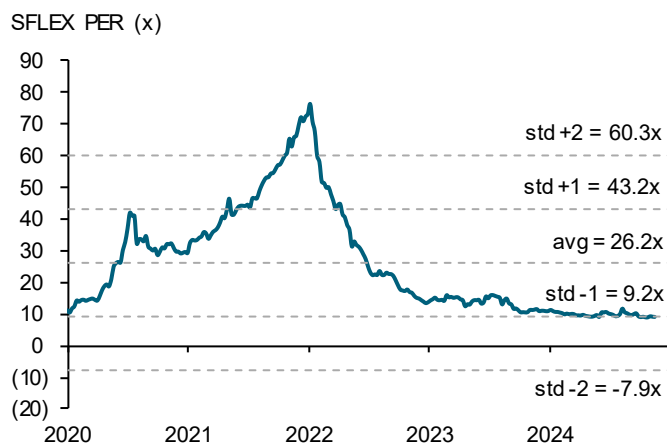
Source: The Securities and Exchange Commission, Thailand

Exhibit 14: Share price performance

	Price performance				
	1M	3M	6M	1Y	YTD
	(%)	(%)	(%)	(%)	(%)
BGC	(0.7)	21.0	7.1	(12.8)	(2.0)
CSC	1.1	4.6	4.6	1.1	1.7
PJW	(2.3)	(4.5)	(14.2)	(34.5)	(24.9)
SCGP	(10.0)	3.8	(27.5)	(36.1)	(22.9)
SFLEX	0.0	(11.4)	(1.9)	(14.4)	(9.9)
SMPC	(7.6)	(8.0)	(7.1)	(15.3)	(3.2)
SETPKG	(7.9)	2.9	(19.3)	(27.2)	(16.5)
SET	(2.8)	9.8	5.1	2.3	6.5

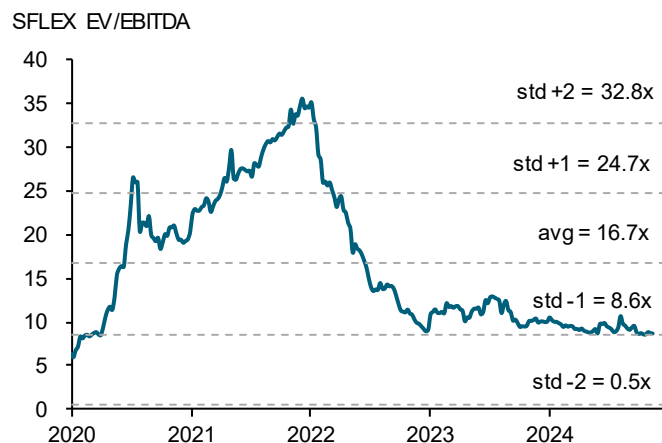
Sources: SET, FSSIA's compilation

Exhibit 15: One-year rolling forward P/E band



Sources: Bloomberg, FSSIA estimates

Exhibit 16: One-year rolling forward EV/EBITDA band



Sources: Bloomberg, FSSIA estimates

Exhibit 17: Peers comparison

Company	BBG	Rec	Share price			Market Cap	PE		ROE		PBV		EV/EBITDA	
			Current	Target	Upside		24E	25E	24E	25E	24E	25E	24E	25E
			(LCY)	(LCY)	(%)	(USD m)	(x)	(x)	(%)	(%)	(x)	(x)	(x)	(x)
Thailand														
Starflex*	SFLEX TB	BUY	3.22	5.10	58	72	9.8	9.3	26.3	27.0	2.5	2.5	9.6	9.2
SCG packaging*	SCGP TB	BUY	24.30	36.00	48	3,019	19.1	16.6	6.9	7.6	1.3	1.2	9.4	8.6
Thailand average						3,092	14.4	12.9	16.6	17.3	1.9	1.9	9.5	8.9
Regional														
Amcor	AMCR US	n/a	9.89	n/a	n/a	14,294	13.4	12.5	26.3	26.9	3.5	3.3	10.7	10.2
Huhtamaki	HUH1V FH	n/a	33.96	n/a	n/a	3,867	14.1	12.7	12.4	13.6	1.8	1.7	8.0	7.6
Shanghai Baosteel Packaging	601968 CH	n/a	5.51	n/a	n/a	862	32.4	26.9	5.7	6.5	1.6	1.5	14.8	13.0
Sunrise Group	002752 CH	n/a	5.64	n/a	n/a	761	12.7	10.3	11.3	13.9	1.6	1.4	8.4	7.1
Henan Mingtai Industrial	601677 CH	n/a	12.70	n/a	n/a	2,181	8.4	7.4	11.1	11.4	0.9	0.8	5.9	5.0
Xiamen Jihong Technology	002803 CH	n/a	15.50	n/a	n/a	823	28.5	20.1	8.9	11.9	2.6	2.4	19.5	14.8
Ningbo Homelink	301193 CH	n/a	17.00	n/a	n/a	451	22.2	18.7	8.3	9.2	1.9	1.7	14.5	12.1
Time Technoplast	TIME IN	n/a	366.50	n/a	n/a	986	20.4	16.3	14.1	15.4	n/a	n/a	10.9	9.5
Shandong Linuo Technical	301188 CH	n/a	16.94	n/a	n/a	544	30.6	19.9	7.9	11.0	2.4	2.2	17.8	12.0
Shantou Dongfeng Printing	601515 CH	n/a	4.16	n/a	n/a	1,059	n/a	104.0	(1.5)	1.2	1.4	1.3	77.1	23.1
Graphic Packaging	GPK US	n/a	28.24	n/a	n/a	8,476	11.2	10.5	26.0	22.9	2.7	2.3	8.1	7.8
DS Smith	SMDS LN	n/a	570.00	n/a	n/a	9,984	20.4	16.6	9.2	10.8	2.0	1.9	10.3	9.1
Mondi	MNDI LN	n/a	1,164.0	n/a	n/a	6,519	15.3	11.2	7.9	11.0	1.3	1.2	7.6	6.2
Nine Dragons	2689 HK	n/a	3.16	n/a	n/a	1,984	8.0	6.2	3.8	4.7	0.3	0.3	10.6	9.3
Winpak	WPK CT	n/a	48.07	n/a	n/a	2,170	14.2	12.9	11.2	11.4	1.6	1.4	7.0	6.6
Sealed Air	SEE US	n/a	34.83	n/a	n/a	5,074	11.4	11.1	64.5	48.5	6.3	4.5	8.3	8.1
Packaging Corp	PKG US	n/a	238.31	n/a	n/a	21,401	26.2	21.4	19.3	21.9	4.9	4.4	13.9	12.0
Silgan Holdings	SLGN US	n/a	54.29	n/a	n/a	5,798	15.1	13.3	17.8	18.6	2.8	2.5	10.3	9.0
Sonoco Products	SON US	n/a	49.19	n/a	n/a	4,833	9.6	8.7	18.2	19.3	1.9	1.7	7.4	6.0
Regional average						92,068	17.5	19.0	14.9	15.3	2.3	2.0	14.3	9.9
Overall average						95,160	17.2	18.4	14.9	15.4	2.3	2.0	13.8	9.8

Note: Share prices as of 19 November 2024

Sources: Bloomberg, *FSSIA estimates

Risk factors

Risk from dependence on major customers

Over the past several years, the company has derived approximately 75% of its revenue from its top four major customers. If the company were to lose any of these customers or if these customers reduce their purchase volumes, it could negatively impact the company's revenue. Therefore, the company is focusing on expanding its market to broaden its customer base and targeting new product markets, particularly increasing its presence in consumer packaging.

Risk from volatility of raw material prices

SFLEX uses plastic film as the primary raw material for manufacturing flexible packaging. The price of this film is subject to fluctuations based on the supply and demand of plastic resin and global crude oil prices. If the cost of these key raw materials rises sharply, it could adversely impact the company's cost of sales and gross profit margin. However, SFLEX mitigates this risk through a policy of purchasing raw materials directly from producers. The company maintains strong relationships with suppliers, which gives it bargaining power to negotiate prices. Additionally, SFLEX ensures a sufficient stock of critical raw materials to support production, thus helping to reduce the impact of price volatility on its operations.

Risk from high inventory level

Over the past three years (2021-23), SFLEX has maintained inventory levels between THB326m-333m per year, representing a decreasing proportion of total assets at 22%, 21%, and 16%, respectively. When considering the turnover period for finished goods, it averaged 11 days during the past three years, which indicates a fast-moving inventory. However, the company still needs to manage its inventory carefully to align with sales volumes during different periods to prevent product deterioration and obsolescence.

Risk from high competition and changing consumer behavior

In the flexible packaging industry, there are many players, both small and large. The company is considered a major player as it serves leading consumer goods manufacturers in the country and provides high-quality packaging solutions. Therefore, the company places great emphasis on continuously improving product quality and developing new product formats to meet the evolving needs of its customers.

Risk from relying on skilled labor

The production of flexible packaging requires skilled labor with high technical expertise, especially in color management. Additionally, the film printing process also demands skill and craftsmanship, which is typically acquired through on-the-job training. Therefore, the company may face risks if these skilled workers are unable to remain with the company over the long term. To mitigate this risk, the company provides continuous training and development programs to enhance the skills and capabilities of its employees.

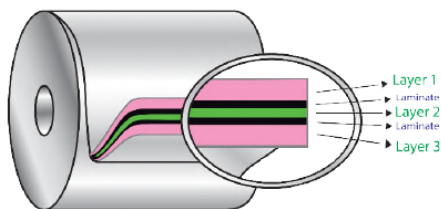
APPENDIX

SFLEX at a glance

SFLEX operates in the flexible packaging industry, which supports the food and beverage industry as well as manufacturers of other consumer products. Packaging not only protects goods, but also serves as a marketing tool that facilitates branding. Forms of packaging can vary from metal, glass, paper, or plastic. SFLEX produces 2-5 layered soft plastic packaging for both liquid and dry goods according to customer orders. SFLEX produces packaging in roll form and pouch form (pre-formed pouches).

1. **Roll form:** Film roll is laminated, printed, and cut to the size specified by the customer. Its film roll is mainly distributed to consumer product manufacturers that have their own pouch-forming machines. Film roll packaging needs to have physical properties that are suitable for the pouch forming machines of customers, such as the correct width and smoothness of the film surface. The production of film roll packaging requires special skills to adjust the film formula and other raw materials such as glue and ink so the film roll can be efficiently used with its customers' own pouch-forming machines. Printed film roll is widely used in packaging for consumer products such as laundry detergent, fabric softener, dishwashing liquid, instant noodles, medical equipment, milk and drinking water bottle labels, etc.

Exhibit 18: Multi-layer film roll



Source: SFLEX

Exhibit 19: Roll form products



Source: SFLEX

2. **Pouch form (pre-formed pouches):** These are produced by forming the printed and coated film roll into finished pouches ready for packaging. Customers who order pre-formed pouches are manufacturers that do not have their own pouch forming machines or have their own machines but cannot properly support the film material used in production. SFLEX produces 1) stand-up pouches; 2) three-sided sealed pouches; 3) center-sealed pouches; 4) four-sided sealed pouches; 5) flat-bottom pouches; and 6) free-shape die-cut pouches.

Exhibit 20: A sample of SFLEX's products – food and non-food packaging products



Source: SFLEX

Financial Statements

Starflex

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	1,669	1,795	1,895	2,037	2,179
Cost of goods sold	(1,458)	(1,365)	(1,425)	(1,538)	(1,647)
Gross profit	211	430	470	499	533
Other operating income	27	23	21	20	22
Operating costs	(170)	(223)	(212)	(226)	(237)
Operating EBITDA	124	288	339	353	379
Depreciation	(57)	(58)	(59)	(60)	(61)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	67	230	279	293	318
Net financing costs	(3)	(10)	(35)	(33)	(29)
Associates	-	0	27	35	38
Recurring non-operating income	0	0	27	35	38
Non-recurring items	0	3	1	0	0
Profit before tax	65	223	272	295	326
Tax	(10)	(39)	(2)	(10)	(37)
Profit after tax	55	184	270	284	289
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	55	184	270	284	289
Non-recurring items & goodwill (net)	0	(3)	(1)	0	0
Recurring net profit	55	181	269	284	289
Per share (THB)					
Recurring EPS *	0.07	0.22	0.33	0.35	0.35
Reported EPS	0.07	0.22	0.33	0.35	0.35
DPS	0.03	0.09	0.13	0.14	0.14
Diluted shares (used to calculate per share data)	820	820	820	820	820
Growth					
Revenue (%)	(0.5)	7.5	5.6	7.5	7.0
Operating EBITDA (%)	(44.4)	132.7	17.6	4.3	7.2
Operating EBIT (%)	(58.2)	241.6	21.5	5.0	8.3
Recurring EPS (%)	(63.4)	231.2	48.5	5.6	1.6
Reported EPS (%)	(63.1)	234.6	46.3	5.4	1.6
Operating performance					
Gross margin inc. depreciation (%)	12.6	24.0	24.8	24.5	24.5
Gross margin exc. depreciation (%)	16.0	27.2	28.0	27.4	27.3
Operating EBITDA margin (%)	7.4	16.1	17.9	17.3	17.4
Operating EBIT margin (%)	4.0	12.8	14.7	14.4	14.6
Net margin (%)	3.3	10.1	14.2	14.0	13.3
Effective tax rate (%)	14.9	17.4	0.8	3.5	11.5
Dividend payout on recurring profit (%)	45.0	40.7	40.1	40.0	40.0
Interest cover (X)	23.0	23.7	8.8	9.9	12.1
Inventory days	86.9	92.1	91.2	90.5	87.7
Debtor days	66.6	59.5	60.9	56.8	53.1
Creditor days	74.3	83.9	92.5	92.8	89.8
Operating ROIC (%)	5.4	17.5	20.3	20.9	22.7
ROIC (%)	4.8	13.6	14.9	15.4	16.6
ROE (%)	5.6	18.3	26.3	27.0	26.9
ROA (%)	3.7	10.4	14.1	14.2	14.3
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Non-food packaging	1,258	1,418	1,422	1,528	1,635
Food packaging	393	353	466	501	536
Others	18	24	8	8	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	269	284	289
Depreciation	57	58	59	60	61
Associates & minorities	0	0	0	0	0
Other non-cash items	-	-	(50)	(63)	(106)
Change in working capital	50	(43)	(112)	(66)	(26)
Cash flow from operations	162	197	167	215	218
Capex - maintenance	-	-	-	-	-
Capex - new investment	(144)	-	(226)	(116)	(116)
Net acquisitions & disposals	-	(460)	-	-	-
Other investments (net)	-	-	-	-	-
Cash flow from investing	(144)	(460)	(226)	(116)	(116)
Dividends paid	(37)	(59)	(108)	(114)	(116)
Equity finance	0	(100)	0	0	0
Debt finance	66	346	157	(12)	(5)
Other financing cash flows	-	-	7	8	9
Cash flow from financing	29	187	56	(118)	(111)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	7	28	0	0	0
Net other adjustments	7	28	0	0	0
Movement in cash	54	(48)	(3)	(19)	(9)
Free cash flow to firm (FCFF)	20.64	(252.93)	(24.66)	132.38	131.60
Free cash flow to equity (FCFE)	90.80	111.57	104.93	95.00	106.94

Per share (THB)

FCFF per share	0.03	(0.31)	(0.03)	0.16	0.16
FCFE per share	0.11	0.14	0.13	0.12	0.13
Recurring cash flow per share	0.14	0.29	0.34	0.34	0.30

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)
Tangible fixed assets (net)	739	776	807	807	806
Intangible fixed assets (net)	54	40	40	41	42
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	32	408	488	488	488
Cash & equivalents	129	81	78	59	51
A/C receivable	263	322	311	323	311
Inventories	333	326	356	377	385
Other current assets	22	27	36	37	39
Current assets	747	756	780	797	786
Other assets	29	62	64	66	67
Total assets	1,602	2,042	2,180	2,199	2,189
Common equity	985	1,001	1,043	1,064	1,081
Minorities etc.	0	0	0	0	0
Total shareholders' equity	985	1,001	1,043	1,064	1,081
Long term debt	175	168	325	313	309
Other long-term liabilities	43	46	55	63	72
Long-term liabilities	218	215	380	376	381
A/C payable	276	331	367	384	396
Short term debt	114	480	373	357	312
Other current liabilities	8	16	16	17	18
Current liabilities	398	827	757	759	727
Total liabilities and shareholders' equity	1,602	2,042	2,180	2,199	2,189
Net working capital	334	328	319	336	321
Invested capital	1,188	1,615	1,718	1,738	1,724

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

Per share (THB)

Book value per share	1.20	1.22	1.27	1.30	1.32
Tangible book value per share	1.14	1.17	1.22	1.25	1.27

Financial strength

Net debt/equity (%)	16.3	56.7	59.5	57.4	52.7
Net debt/total assets (%)	10.0	27.8	28.5	27.8	26.1
Current ratio (x)	1.9	0.9	1.0	1.1	1.1
CF interest cover (x)	81.1	12.5	10.5	7.3	8.6

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	48.2	14.6	9.8	9.3	9.1
Recurring P/E @ target price (x) *	76.4	23.1	15.5	14.7	14.5
Reported P/E (x)	47.9	14.3	9.8	9.3	9.1
Dividend yield (%)	0.9	2.8	4.1	4.3	4.4
Price/book (x)	2.7	2.6	2.5	2.5	2.4
Price/tangible book (x)	2.8	2.7	2.6	2.6	2.5
EV/EBITDA (x) **	22.6	11.1	9.6	9.2	8.5
EV/EBITDA @ target price (x) **	35.1	16.5	14.2	13.6	12.5
EV/invested capital (x)	2.4	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

Starflex PCL (SFLEX TB)

FSSIA ESG rating

n/a

Exhibit 21: 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.

Source: FSSIA estimates

Exhibit 22: ESG – peer comparison

	FSSIA ESG score	Domestic ratings						Global ratings					Bloomberg		
		DJSI	SET ESG	SET ESG Rating	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	67.71	5.69	4.38	4.05	4.77	4.43	4.02	Medium	57.34	BBB	22.70	60.82	67.31	1.19	35.34
Coverage	66.17	5.16	4.33	3.94	4.81	4.43	3.83	Medium	56.41	BBB	18.92	59.20	65.82	1.38	35.46
SFLEX	17.00	--	--	--	4.00	3.00	Certified	--	--	--	--	--	--	--	--
AJ	32.11	--	--	AAA	5.00	4.00	Certified	--	--	--	--	64.91	--	--	--
BGC	33.87	--	Y	AA	5.00	5.00	Certified	--	--	--	--	30.97	--	--	--
CSC	28.92	--	--	BBB	5.00	5.00	Certified	--	--	--	--	31.33	--	--	--
PJW	18.00	--	--	A	4.00	4.00	--	--	--	--	--	--	--	--	--

Sources: [SETTRADE.com](https://settrade.com); FSSIA's compilation

Exhibit 23: ESG disclosure from the company's one report

FY ending Dec 31	FY 2023	FY ending Dec 31	FY 2023
Environmental		Governance	
Climate change policy	Yes	Board size / Independent directors (ID) / Female	9 / 5 / 0
Climate change opportunities discussed	Yes	No. of board meetings for the year / % attendance	5 / 100%
GHG scope 2 location-based policy	Yes	Company conducts board evaluations	Yes
Biodiversity policy	Yes	Number of non-executive directors on board	5
Energy efficiency policy	Yes	Director share ownership guidelines	No
Electricity used	Yes	Board age limit	No
Fuel used - crude oil/diesel	--	Age of the youngest / oldest director	56 / 81
Waste reduction policy	Yes	Number of executives / female	6 / 0
Water policy	Yes	Executive share ownership guidelines	No
Water consumption	Yes	Size of audit committee / ID	3 / 3
Social		Audit committee meetings	8
Human rights policy	Yes	Audit committee meeting attendance (%)	100
Policy against child labor	--	Size of compensation committee	3 / 2
Quality assurance and recall policy	Yes	Number of compensation committee meetings	3
Consumer data protection policy	Yes	Compensation committee meeting attendance (%)	100
Equal opportunity policy	Yes	Size of nomination committee / ID	3 / 2
Gender pay gap breakout	--	Number of nomination committee meetings	3
Pct women in workforce	41.2	Nomination committee meeting attendance (%)	100
Business ethics policy	Yes	Board compensation (THB m)	6.12
Anti-bribery ethics policy	Yes	Auditor fee (THB m)	2.1
Health and safety policy	Yes	(EY OFFICE LIMITED)	
Lost time incident rate - employees	--		
Training policy	Yes		
Fair remuneration policy	Yes		
Number of employees - CSR	--		
Total hours spent by firm - employee training	--		
Social supply chain management	Yes		

Source: FSSIA's compilation

Disclaimer for ESG scoring

ESG score	Methodology	Rating																				
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																				
SET ESG Ratings List (SETESG) by The Stock Exchange of Thailand (SET)	SET ESG 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 SETESG 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. SETESG Index is extended from the SET ESG Ratings 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. <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><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; >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

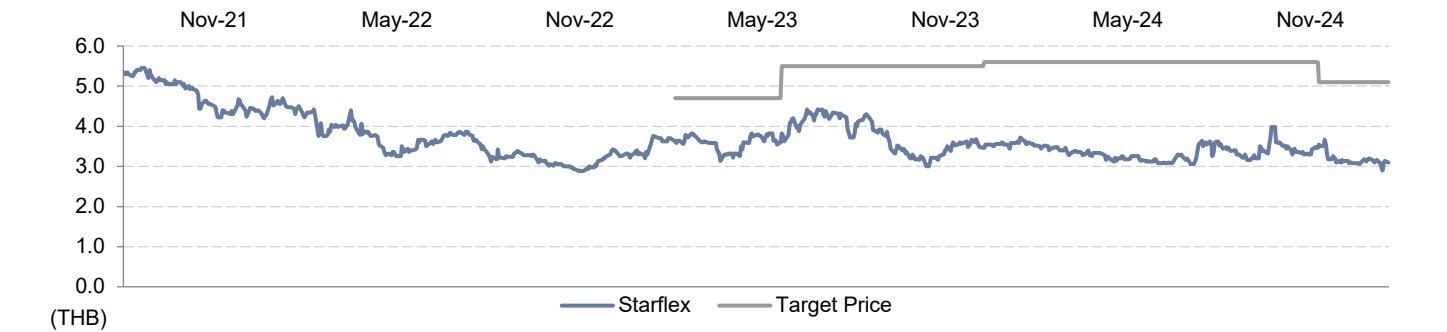
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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 3.22	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 19-Nov-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.