

# SRI TRANG AGRO INDUSTRY

## THAILAND / AGRIBUSINESS

STA TB

BUY

UNCHANGED

TARGET PRICE	THB23.00
CLOSE	THB16.30
UP/DOWNSIDE	+41.1%
PRIOR TP	THB23.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+0.8%

## 4Q24 results at first glance

### 4Q24 net profit was good, supported by a large hedging gain

#### Highlights

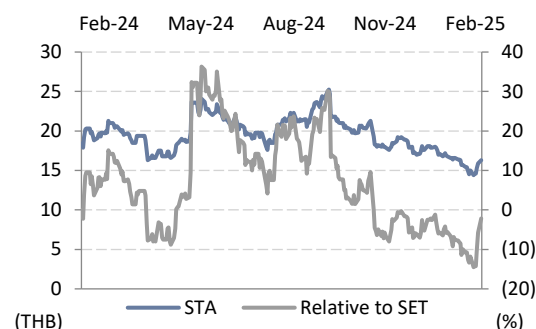
- STA reported a 4Q24 net profit of THB854m (+65% q-q and turning from a loss in 4Q23). Excluding a hedging gain of THB963m and an FX loss of THB239m, the core profit was only THB130m. This came from a profit of THB301m from rubber gloves (holding 56%), while the natural rubber (NR) business turned to a loss of THB172m due to raw material costs increasing more than selling prices, leading to a lower gross margin. However, on a business-wide scale, STA managed risks well, leading to a large gain from hedging, which offset the negative impact from volatile raw material costs.
- On a positive note, the NR sales volume increased by 1.7% q-q and 23% y-y to 387,000 tonnes, with EUDR rubber sales increasing by 9.7% q-q to 69,000 tonnes, accounting for 9.7% of the total NR sales volume in 4Q24. Meanwhile, the sales volume of rubber gloves increased by 8.8% q-q and 18% y-y, with selling prices up by 0.6% q-q and 13.8% y-y.
- However, the NR business' gross margin decreased both q-q and y-y to 7.3%, while the rubber glove business' gross margin increased q-q to 8.3%, but was still lower than 10.3% in 4Q23 due to raw material costs increasing more than the rise in selling prices for both businesses.
- For 2024, STA reported a net profit of THB1.67b, recovering from a loss of THB434m in 2023.

#### Outlook

- In the short term, the outlook for NR rubber selling prices in 1QTD remain strong, steady q-q and growing by 24% y-y, while EUDR rubber sales are continuing. However, raw material costs are still at high levels. Nonetheless, the company continues to manage risks from rubber price fluctuations effectively, so we expect the net profit trend to remain strong.
- STA announced a 2024 DPS of THB1/shr, yielding 6.1%, with the XD on 18 April. Its subsidiary, STGT, announced a 2024 DPS of THB 0.5/shr, higher than its EPS of THB0.35, implying a payout ratio of 143%, yielding 6.5%.

#### KEY STOCK DATA

YE Dec (THB m)	2024	2025E	2026E	2027E
Revenue	114,374	119,992	126,059	131,432
Net profit	1,670	2,501	2,609	2,767
EPS (THB)	1.09	1.63	1.70	1.80
vs Consensus (%)	-	25.4	17.2	3.2
EBITDA	7,421	8,429	8,834	9,275
Recurring net profit	1,667	2,501	2,609	2,767
Core EPS (THB)	1.09	1.63	1.70	1.80
Chg. In EPS est. (%)	nm	(1.7)	(1.6)	nm
EPS growth (%)	nm	49.8	4.3	6.1
Core P/E (x)	15.0	10.0	9.6	9.0
Dividend yield (%)	6.1	6.0	6.3	6.6
EV/EBITDA (x)	11.9	10.8	10.6	10.5
Price/book (x)	0.5	0.5	0.5	0.5
Net debt/Equity (%)	64.1	66.5	67.4	70.4
ROE (%)	3.3	4.9	5.0	5.2



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(3.0)	(10.4)	(1.8)
Relative to country (%)	3.5	2.8	8.3
Mkt cap (USD m)	743		
3m avg. daily turnover (USD m)	3.8		
Free float (%)	29		
Major shareholder	Sri Trang Holdings (22%)		
12m high/low (THB)	25.75/14.20		
Issued shares (m)	1,536.00		

Sources: Bloomberg consensus; FSSIA estimates



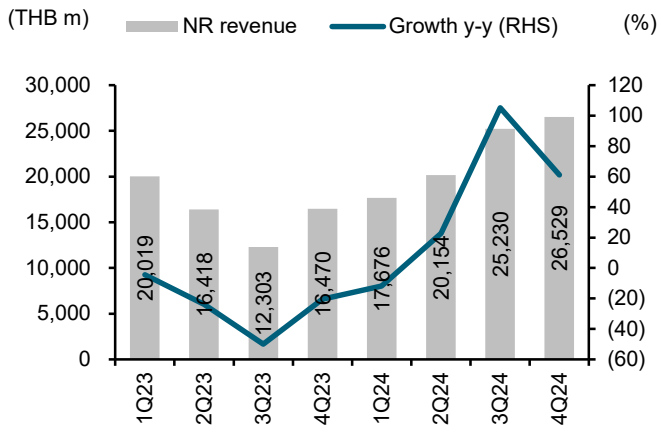
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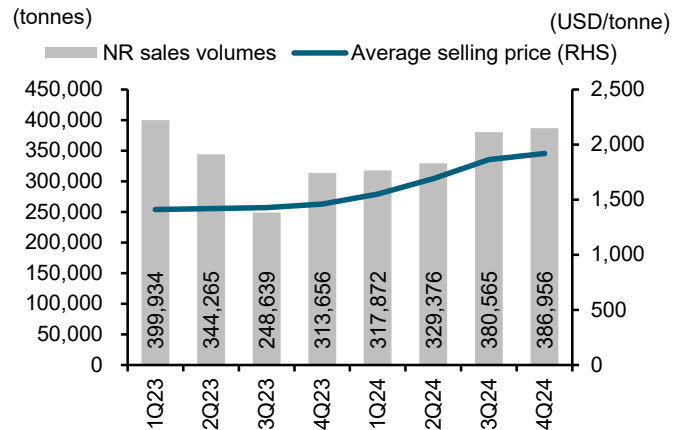
## Exhibit 1: STA – 4Q24 results summary

	4Q23	1Q24	2Q24	3Q24	4Q24	----- Change -----		2023	2024	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Sales	21,709	23,678	25,821	31,619	33,257	5.2	53.2	84,245	114,374	35.8
Cost of sales	19,727	21,805	22,675	28,327	30,746	8.5	55.9	76,082	103,552	36.1
Gross profit	1,982	1,873	3,146	3,292	2,511	(23.7)	26.7	8,163	10,821	32.6
SG&A	2,285	1,789	1,996	2,047	2,141	4.6	(6.3)	8,063	7,973	(1.1)
Operating profit	(189)	129	1,218	1,308	900	(31.2)	nm	469	3,554	657.3
Interest expense	341	391	435	452	443	(2.1)	29.8	1,422	1,721	21.1
Tax expense	(72)	(40)	93	18	92	425.4	nm	(71)	163	226.0
Reported net profit	(422)	(330)	628	517	854	65.2	nm	(434)	1,670	511.8
Core profit	(301)	(183)	725	995	130	(87.0)	nm	(441)	1,667	669.0
<b>Key ratios (%)</b>						<b>(ppt)</b>	<b>(ppt)</b>			
Gross margin	9.1	7.9	12.2	10.4	7.5	(2.9)	(1.6)	9.7	9.5	(0.2)
SG&A to Sales	10.5	7.6	7.7	6.5	6.4	(0.0)	(4.1)	9.6	7.0	(2.6)
Operating margin	(0.9)	0.5	4.7	4.1	2.7	(1.4)	3.6	0.6	3.1	2.6
Net margin	(1.9)	(1.4)	2.4	1.6	2.6	0.9	4.5	(0.5)	1.5	2.0
Core margin	(1.4)	(0.8)	2.8	3.1	0.4	(2.8)	1.8	(0.5)	1.5	2.0
<b>Operating statistics</b>										
Revenue from TSR	15,184	16,447	18,653	23,202	24,624	6.1	62.2	60,558	82,926	36.9
Revenue from RSS	1,179	1,152	1,404	1,834	1,831	(0.2)	55.3	4,095	6,221	51.9
Revenue from gloves	5,239	6,001	5,666	6,389	6,728	5.3	28.4	19,035	24,784	30.2
Revenue from LTX	62	63	51	159	43	(73.1)	(30.4)	355	316	(11.0)
<b>Natural rubber</b>										
Net profit (THB m)	(398)	(412)	417	566	543	(4.1)	nm	(520)	1,113	nm
Core profit (THB m)	(377)	(249)	517	1,007	(172)	nm	nm	(633)	1,104	nm
Sales volumes (tonnes)	313,656	317,872	329,376	380,565	386,956	1.7	23.4	1,306,494	1,414,769	8.3
Non-EUDR	313,656	317,872	327,835	317,810	318,089	0.1	1.4	1,306,494	1,281,606	(1.9)
EUDR	0	0	1,541	62,755	68,867	9.7	nm	0	133,163	nm
ASP (USD/tonne)	1,461	1,552	1,692	1,862	1,920	3.1	31.4	1,425	1,800	26.3
SICOM TSR20 (US cents/kg)	145.3	157.3	168.3	175.4	196.2	11.9	35.0	137.6	174.4	26.7
<b>Gloves</b>										
Net profit (THB m)	(24)	82	212	(48)	312	nm	nm	86	557	551.9
Core profit (THB m)	76	66	208	(12)	301	nm	293.9	192	563	193.5
Sales volumes (mn pieces)	8,840	10,091	8,429	9,593	10,436	8.8	18.1	31,384	38,549	22.8
ASP (USD/1,000 pieces)	16.7	16.9	18.5	18.9	19.0	0.6	13.8	17.5	18.3	4.3
GM - Natural rubber (%)	7.9	7.7	10.8	11.8	7.3	(4.5)	(0.6)	9.4	9.5	0.1
GM - Gloves (%)	10.3	8.4	13.5	5.0	8.3	3.3	(2.0)	10.5	9.5	(1.0)

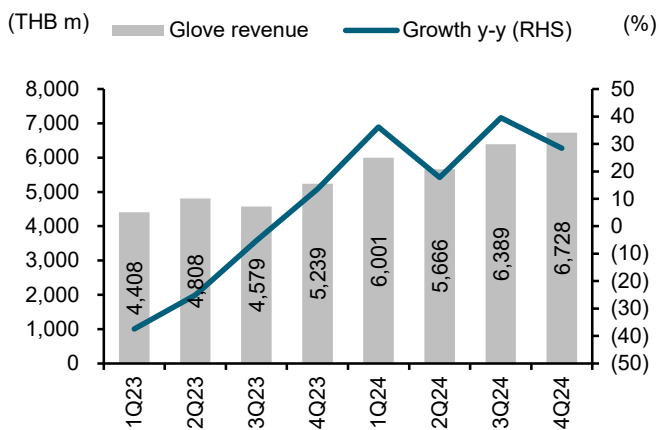
Sources: STA, FSSIA's compilation

**Exhibit 2: Revenue from natural rubber and growth**

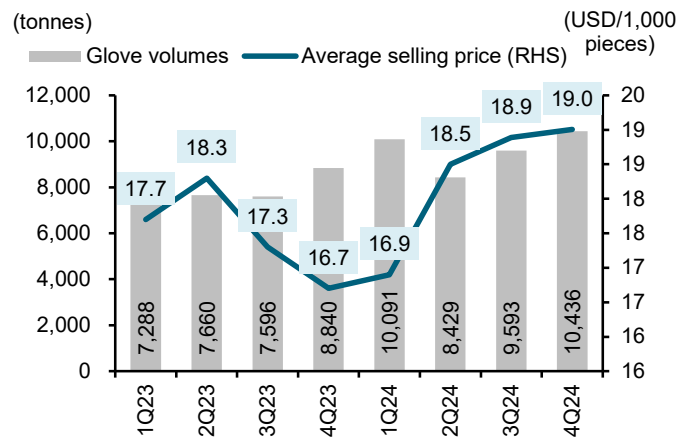
Sources: STA, FSSIA's compilation

**Exhibit 3: Natural rubber – sales volume and selling price**

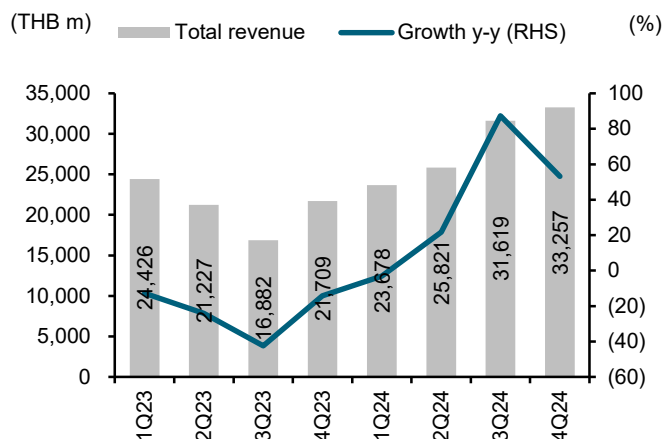
Sources: STA, FSSIA's compilation

**Exhibit 4: Revenue from glove business and growth**

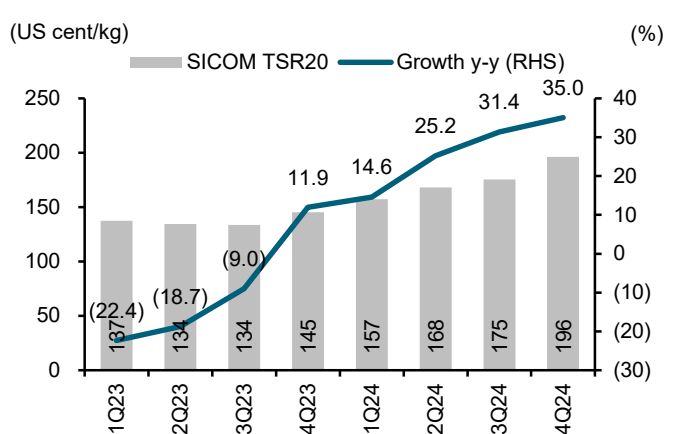
Sources: STA, FSSIA's compilation

**Exhibit 5: Gloves – sales volume and selling price**

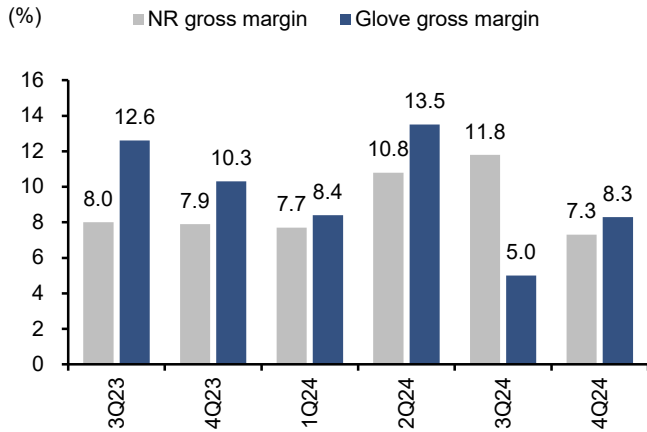
Sources: STA, FSSIA's compilation

**Exhibit 6: Total revenue and growth**

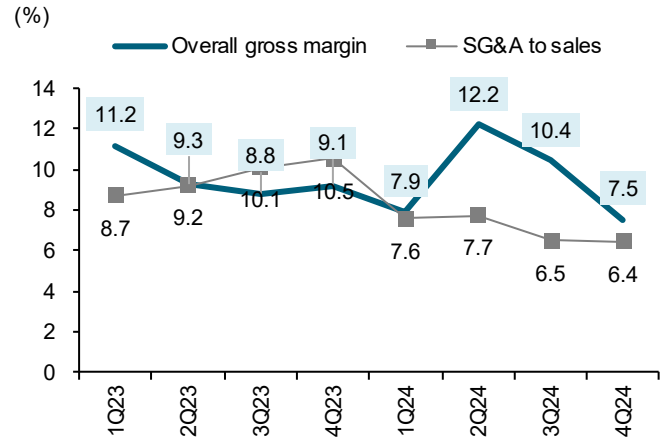
Sources: STA, FSSIA's compilation

**Exhibit 7: Quarterly SICOM TSR20 rubber price**

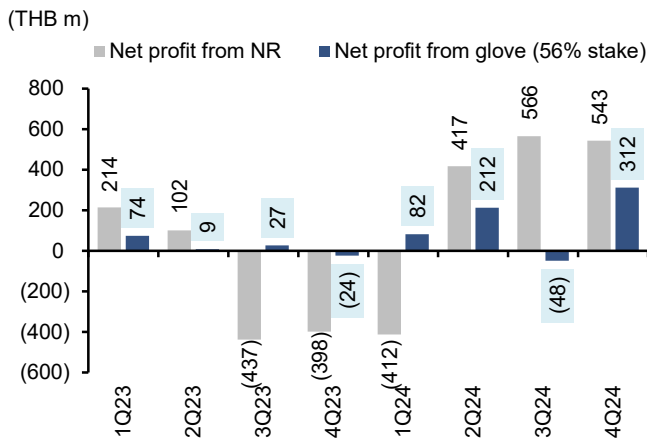
Sources: STA, FSSIA's compilation

**Exhibit 8: Gross margin breakdown by type of business**

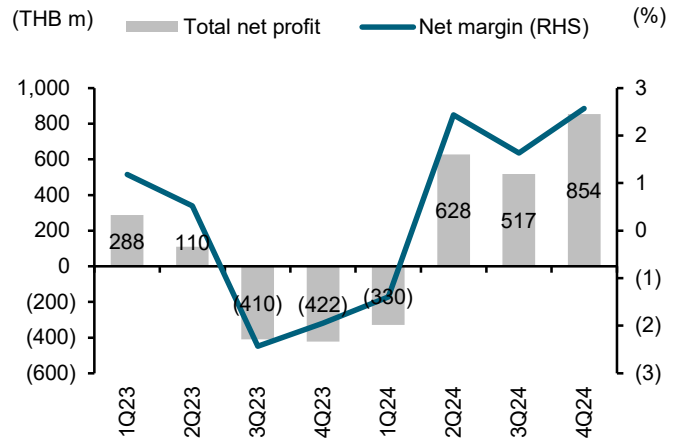
Sources: STA, FSSIA's compilation

**Exhibit 9: Overall gross margin and SG&A to sales**

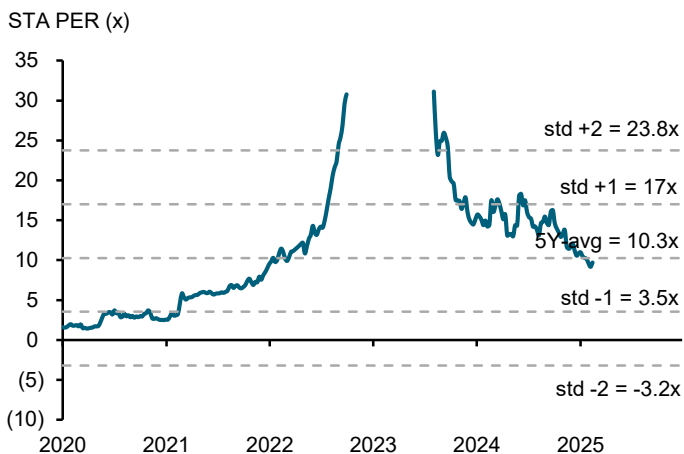
Sources: STA, FSSIA's compilation

**Exhibit 10: Net profit breakdown by type of business**

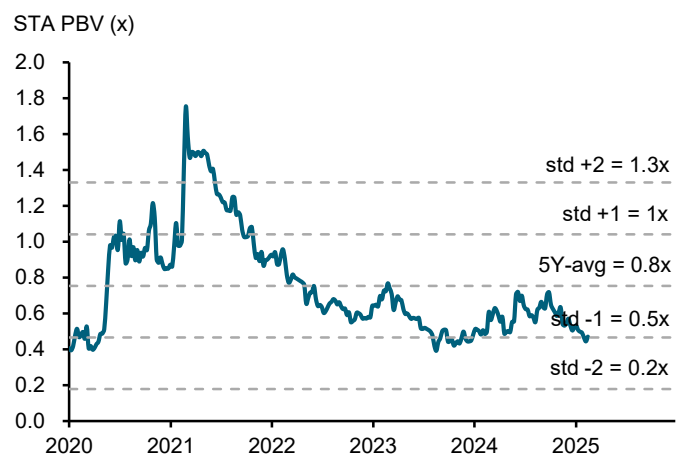
Sources: STA, FSSIA estimates

**Exhibit 11: Total net profit and net margin**

Sources: STA, FSSIA's compilation

**Exhibit 12: Historical P/E band**

Sources: Bloomberg, FSSIA estimates

**Exhibit 13: Historical P/BV band**

Sources: Bloomberg, FSSIA estimates

## Financial Statements

### Sri Trang Agro Industry

Profit and Loss (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Revenue	84,245	114,374	119,992	126,059	131,432
Cost of goods sold	(76,082)	(103,552)	(107,221)	(112,390)	(117,180)
<b>Gross profit</b>	<b>8,163</b>	<b>10,821</b>	<b>12,772</b>	<b>13,670</b>	<b>14,253</b>
Other operating income	370	706	360	378	394
Operating costs	(8,063)	(7,973)	(8,819)	(9,581)	(9,989)
<b>Operating EBITDA</b>	<b>4,086</b>	<b>7,421</b>	<b>8,429</b>	<b>8,834</b>	<b>9,275</b>
Depreciation	(3,617)	(3,867)	(4,117)	(4,367)	(4,617)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>469</b>	<b>3,554</b>	<b>4,312</b>	<b>4,467</b>	<b>4,658</b>
Net financing costs	(896)	(1,314)	(1,334)	(1,359)	(1,364)
Associates	(107)	99	120	126	131
Recurring non-operating income	(107)	99	120	126	131
Non-recurring items	7	3	0	0	0
<b>Profit before tax</b>	<b>(527)</b>	<b>2,343</b>	<b>3,099</b>	<b>3,234</b>	<b>3,425</b>
Tax	71	(163)	(357)	(373)	(395)
<b>Profit after tax</b>	<b>(456)</b>	<b>2,180</b>	<b>2,741</b>	<b>2,861</b>	<b>3,030</b>
Minority interests	22	(510)	(240)	(252)	(263)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>(434)</b>	<b>1,670</b>	<b>2,501</b>	<b>2,609</b>	<b>2,767</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Recurring net profit</b>	<b>(434)</b>	<b>1,667</b>	<b>2,501</b>	<b>2,609</b>	<b>2,767</b>
<b>Per share (THB)</b>					
Recurring EPS *	(0.28)	1.09	1.63	1.70	1.80
Reported EPS	(0.28)	1.09	1.63	1.70	1.80
DPS	1.00	1.00	0.98	1.02	1.08
Diluted shares (used to calculate per share data)	1,536	1,536	1,536	1,536	1,536
<b>Growth</b>					
Revenue (%)	(23.9)	35.8	4.9	5.1	4.3
Operating EBITDA (%)	(58.1)	81.6	13.6	4.8	5.0
Operating EBIT (%)	(92.0)	657.3	21.3	3.6	4.3
Recurring EPS (%)	nm	nm	49.8	4.3	6.1
Reported EPS (%)	nm	nm	49.8	4.3	6.1
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	9.7	9.5	10.6	10.8	10.8
Gross margin exc. depreciation (%)	14.0	12.8	14.1	14.3	14.4
Operating EBITDA margin (%)	4.9	6.5	7.0	7.0	7.1
Operating EBIT margin (%)	0.6	3.1	3.6	3.5	3.5
Net margin (%)	(0.5)	1.5	2.1	2.1	2.1
Effective tax rate (%)	13.5	7.0	11.5	11.5	11.5
Dividend payout on recurring profit (%)	(353.6)	92.0	60.0	60.0	60.0
Interest cover (X)	0.4	2.8	3.3	3.4	3.5
Inventory days	131.5	124.5	145.5	137.1	130.0
Debtor days	36.4	32.8	39.2	39.0	39.2
Creditor days	22.8	16.5	18.8	19.3	19.4
Operating ROIC (%)	0.4	3.1	3.3	3.2	3.2
ROIC (%)	0.3	2.8	3.0	3.0	3.1
ROE (%)	(0.9)	3.3	4.9	5.0	5.2
ROA (%)	0.2	2.7	2.9	3.0	3.0

\* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2023	2024	2025E	2026E	2027E
Midstream business - Natural rubber	65,210	89,589	93,674	98,425	102,416
Downstream business - Glove	19,035	24,784	26,318	27,634	29,016

Sources: Sri Trang Agro Industry; FSSIA estimates

## Financial Statements

### Sri Trang Agro Industry

Cash Flow (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Recurring net profit	(434)	1,670	2,501	2,609	2,767
Depreciation	3,617	3,867	4,117	4,367	4,617
Associates & minorities	-	-	-	-	-
Other non-cash items	1	799	513	665	349
Change in working capital	(447)	(17,671)	(170)	658	(478)
<b>Cash flow from operations</b>	<b>2,737</b>	<b>(11,336)</b>	<b>6,961</b>	<b>8,299</b>	<b>7,255</b>
Capex - maintenance	(5,155)	(1,819)	(13,364)	(8,567)	(8,817)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(3,259)	(4,542)	5,467	(49)	(43)
<b>Cash flow from investing</b>	<b>(8,414)</b>	<b>(6,362)</b>	<b>(7,898)</b>	<b>(8,615)</b>	<b>(8,860)</b>
Dividends paid	(1,314)	(1,379)	(1,501)	(1,566)	(1,660)
Equity finance	0	0	0	0	0
Debt finance	(3,102)	16,373	(1,066)	1,027	410
Other financing cash flows	(207)	(65)	34	85	75
<b>Cash flow from financing</b>	<b>(4,623)</b>	<b>14,929</b>	<b>(2,533)</b>	<b>(454)</b>	<b>(1,175)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>(10,301)</b>	<b>(2,768)</b>	<b>(3,469)</b>	<b>(770)</b>	<b>(2,780)</b>
Free cash flow to firm (FCFF)	(4,255.89)	(15,976.14)	813.03	1,467.13	192.25
Free cash flow to equity (FCFE)	(8,987.50)	(1,389.26)	(1,968.47)	795.80	(1,119.33)
<b>Per share (THB)</b>					
FCFF per share	(2.77)	(10.40)	0.53	0.96	0.13
FCFE per share	(5.85)	(0.90)	(1.28)	0.52	(0.73)
Recurring cash flow per share	2.07	4.12	4.64	4.97	5.03
Balance Sheet (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Tangible fixed assets (gross)	69,385	70,236	75,486	80,736	85,986
Less: Accumulated depreciation	(16,197)	(18,639)	(15,097)	(16,147)	(17,197)
<b>Tangible fixed assets (net)</b>	<b>53,188</b>	<b>51,597</b>	<b>60,389</b>	<b>64,589</b>	<b>68,789</b>
<b>Intangible fixed assets (net)</b>	<b>3,601</b>	<b>3,551</b>	<b>3,600</b>	<b>3,600</b>	<b>3,600</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	5,726	10,591	5,000	5,000	5,000
Cash & equivalents	12,199	9,431	5,962	5,192	2,412
A/C receivable	7,941	12,609	13,150	13,815	14,404
Inventories	26,959	41,072	41,126	40,029	40,130
Other current assets	1,253	1,472	1,560	1,639	1,709
<b>Current assets</b>	<b>48,353</b>	<b>64,584</b>	<b>61,797</b>	<b>60,675</b>	<b>58,655</b>
Other assets	869	884	960	1,008	1,051
<b>Total assets</b>	<b>111,737</b>	<b>131,208</b>	<b>131,746</b>	<b>134,872</b>	<b>137,095</b>
Common equity	50,340	51,087	51,632	52,676	53,783
Minorities etc.	17,806	18,608	19,121	19,786	20,135
<b>Total shareholders' equity</b>	<b>68,146</b>	<b>69,695</b>	<b>70,753</b>	<b>72,462</b>	<b>73,918</b>
Long term debt	27,115	20,106	20,663	21,172	21,676
Other long-term liabilities	1,711	1,646	1,680	1,765	1,840
<b>Long-term liabilities</b>	<b>28,825</b>	<b>21,752</b>	<b>22,343</b>	<b>22,937</b>	<b>23,516</b>
A/C payable	3,979	5,014	5,581	5,850	6,100
Short term debt	10,305	33,971	32,349	32,867	32,773
Other current liabilities	482	775	720	756	789
<b>Current liabilities</b>	<b>14,766</b>	<b>39,760</b>	<b>38,650</b>	<b>39,473</b>	<b>39,661</b>
<b>Total liabilities and shareholders' equity</b>	<b>111,737</b>	<b>131,208</b>	<b>131,746</b>	<b>134,872</b>	<b>137,095</b>
Net working capital	31,693	49,364	49,534	48,876	49,354
Invested capital	95,077	115,988	119,483	123,073	127,794
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	32.77	33.26	33.61	34.29	35.01
Tangible book value per share	30.43	30.95	31.27	31.95	32.67
<b>Financial strength</b>					
Net debt/equity (%)	37.0	64.1	66.5	67.4	70.4
Net debt/total assets (%)	22.6	34.0	35.7	36.2	38.0
Current ratio (x)	3.3	1.6	1.6	1.5	1.5
CF interest cover (x)	(9.0)	(0.1)	(0.5)	1.6	0.2
Valuation	2023	2024	2025E	2026E	2027E
<b>Recurring P/E (x) *</b>	<b>(57.6)</b>	<b>15.0</b>	<b>10.0</b>	<b>9.6</b>	<b>9.0</b>
<b>Recurring P/E @ target price (x) *</b>	<b>(81.3)</b>	<b>21.1</b>	<b>14.1</b>	<b>13.5</b>	<b>12.8</b>
Reported P/E (x)	(57.6)	15.0	10.0	9.6	9.0
Dividend yield (%)	6.1	6.1	6.0	6.3	6.6
Price/book (x)	0.5	0.5	0.5	0.5	0.5
Price/tangible book (x)	0.5	0.5	0.5	0.5	0.5
EV/EBITDA (x) **	16.7	11.9	10.8	10.6	10.5
EV/EBITDA @ target price (x) **	19.2	13.3	12.0	11.8	11.6
EV/invested capital (x)	0.7	0.8	0.8	0.8	0.8
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Sri Trang Agro Industry; FSSIA estimates

# Sri Trang-Agro Industry PCL (STA TB)

## FSSIA ESG rating



### Exhibit 14: FSSIA ESG score implication

**60.94 /100**

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	<b>A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers.</b>
★★★	>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 15: 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
NER	30.00	--	Y	A	5.00	5.00	Certified	--	--	--	--	--	--	--	--
STA	60.94	--	Y	AAA	5.00	4.00	Certified	Low	57.05	--	--	64.49	54.00	--	--
STGT	68.21	--	Y	AAA	5.00	4.00	Certified	Low	69.14	BBB	--	79.76	59.00	--	64.37
TEGH	20.00	--	--	--	5.00	5.00	Certified	--	--	--	--	--	--	--	--
TRUBB	14.00	--	--	--	5.00	4.00	--	--	--	--	--	--	--	--	--

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

### Exhibit 16: ESG score by Bloomberg

FY ending Dec 31	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
<b>ESG financial materiality scores - ESG score</b>	<b>1.92</b>	<b>2.11</b>	<b>3.10</b>	<b>3.31</b>	<b>3.49</b>	<b>3.65</b>	<b>4.29</b>	<b>—</b>
BESG environmental pillar score	0.00	0.00	1.42	2.64	2.87	2.83	3.49	—
BESG social pillar score	3.37	4.12	4.65	3.49	3.56	4.11	5.18	—
BESG governance pillar score	4.16	4.21	4.29	4.08	4.30	4.38	4.54	—
<b>ESG disclosure score</b>	<b>42.46</b>	<b>45.44</b>	<b>48.45</b>	<b>59.04</b>	<b>59.79</b>	<b>63.64</b>	<b>72.92</b>	<b>—</b>
Environmental disclosure score	18.21	26.06	25.82	55.06	57.32	61.01	68.65	—
Social disclosure score	27.93	29.02	35.79	38.36	38.36	39.93	60.19	—
Governance disclosure score	81.10	81.10	83.59	83.59	83.59	89.86	89.86	—
<b>Environmental</b>								
Emissions reduction initiatives	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Climate change policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No	No	No	No	No	No
Risks of climate change discussed	No	No	No	No	No	No	Yes	Yes
GHG scope 1	—	—	—	35	15	33	44	30
GHG scope 2 location-based	—	—	—	200	82	109	125	120
GHG Scope 3	—	—	—	—	—	—	—	—
Carbon per unit of production	—	—	—	0	0	0	0	0
Biodiversity policy	No	No	No	No	Yes	Yes	Yes	Yes
Energy efficiency policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Total energy consumption	—	—	—	404	450	602	706	627
Renewable energy use	—	—	—	200	210	299	354	305
Electricity used	—	—	57	159	175	217	250	241
Fuel used - natural gas	—	—	—	—	—	—	—	—

Sources: Bloomberg; FSSIA's compilation

## Exhibit 17: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Fuel used - crude oil/diesel	No	No	No	No	No	No	No	No
Waste reduction policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Hazardous waste	—	2	3	0	0	0	0	0
Total waste	—	4	7	4	5	8	15	10
Waste recycled	—	1	—	0	1	1	2	1
Waste sent to landfills	—	2	3	0	0	0	1	1
Environmental supply chain management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water consumption	—	—	—	2,300	2,090	2,090	1,830	1,350
<b>Social</b>								
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Quality assurance and recall policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Consumer data protection policy	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	No	No	Yes	No
Pct women in workforce	—	34	32	43	32	33	34	44
Pct disabled in workforce	—	0	1	1	1	0	0	—
Business ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	1	—	—	—	—	—	—	1
Total recordable incident rate - employees	2	—	—	—	—	1	0	—
Training policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	No	No	No	No	No	No	No	No
Number of employees – CSR	12,413	13,482	14,047	15,073	15,052	16,730	15,287	15,852
Employee turnover pct	—	6	3	2	2	3	3	—
Total hours spent by firm - employee training	265,886	519,192	51,974	55,016	210,728	204,980	535,045	713,340
Social supply chain management	No	Yes	Yes	Yes	Yes	Yes	Yes	No
<b>Governance</b>								
Board size	12	12	12	12	12	13	12	12
No. of independent directors (ID)	4	4	4	4	4	5	4	4
No. of women on board	0	1	1	1	1	1	2	2
No. of non-executive directors on board	4	4	4	4	4	5	4	4
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	7	7	9	7	9	8	8	7
Board meeting attendance pct	99	98	95	99	95	99	99	99
Board duration (years)	3	3	3	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No	No	No	No
Age of the youngest director	32	33	34	35	34	35	36	37
Age of the oldest director	78	79	80	81	82	83	71	72
No. of executives / company managers	8	16	16	13	11	12	12	9
No. of female executives	3	3	3	1	1	2	1	1
Executive share ownership guidelines	No	No	No	No	No	No	No	No
Size of audit committee	3	3	3	3	3	3	3	3
No. of ID on audit committee	3	3	3	3	3	3	3	3
Audit committee meetings	8	10	8	8	8	8	8	8
Audit meeting attendance %	96	97	100	100	100	100	100	100
Size of compensation committee	3	3	3	3	3	3	3	3
No. of ID on compensation committee	3	3	3	3	3	3	3	3
No. of compensation committee meetings	2	2	2	2	2	2	2	2
Compensation meeting attendance %	100	100	100	100	100	100	100	100
Size of nomination committee	3	3	3	3	3	3	3	3
No. of nomination committee meetings	2	2	2	2	2	2	2	2
Nomination meeting attendance %	100	100	100	100	100	100	100	100
<b>Sustainability governance</b>								
Verification type	No	No	No	No	No	Yes	Yes	Yes

Sources: Bloomberg; FSSIA's compilation



## Disclaimer for ESG scoring

ESG score	Methodology	Rating																			
The Dow Jones Sustainability Indices ( <a href="#">DJSI</a> ) 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 ( <a href="#">SETESG</a> ) by The Stock Exchange of Thailand ( <a href="#">SET</a> )	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 <b>SETESG 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>SETESG Index</b> 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.																			
<b>CG Score</b> 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%).																			
<b>AGM level</b> 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.																			
<a href="#">Thai CAC</a> 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.																			
<a href="#">Morningstar Sustainabilitys</a>	The Sustainabilitys' 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+																	
<a href="#">ESG Book</a>	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.																			
<a href="#">MSCI</a>	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><b>AAA</b></td><td>8.571-10.000</td><td rowspan="3"><b>Leader:</b></td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td><b>AA</b></td><td>7.143-8.570</td></tr><tr><td><b>A</b></td><td>5.714-7.142</td></tr><tr><td><b>BBB</b></td><td>4.286-5.713</td><td rowspan="3"><b>Average:</b></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><b>BB</b></td><td>2.857-4.285</td></tr><tr><td><b>B</b></td><td>1.429-2.856</td></tr><tr><td><b>CCC</b></td><td>0.000-1.428</td><td><b>Laggard:</b></td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr></table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570	<b>A</b>	5.714-7.142	<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285	<b>B</b>	1.429-2.856	<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks
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<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks																		
<a href="#">Moody's ESG solutions</a>	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.																				
<a href="#">Refinitiv ESG rating</a>	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>																				
<a href="#">S&amp;P Global</a>	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.																				
<b>Bloomberg</b>	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

Sureporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

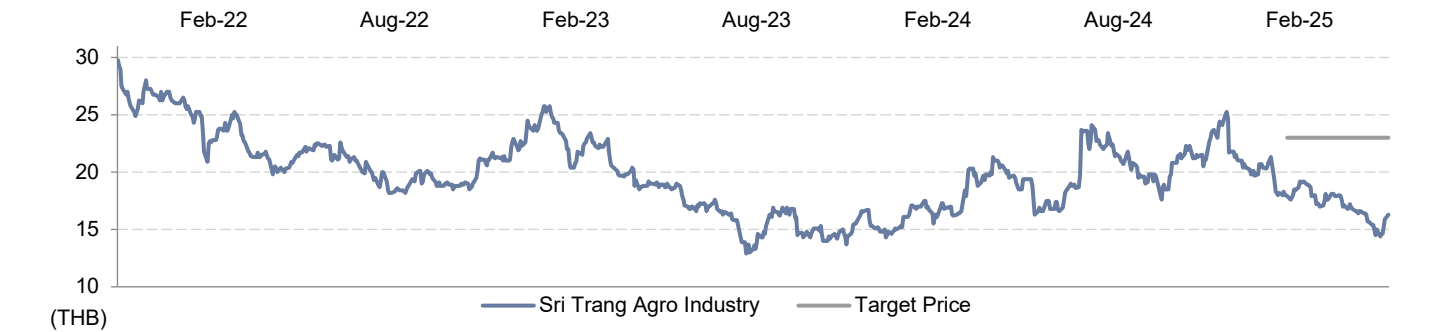
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History of change in investment rating and/or target price

Sri Trang Agro Industry (STA TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
21-Nov-2024	BUY	23.00	-	-	-	-	-	-

Sureporn Teewasuwet started covering this stock from 21-Nov-2024

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Sri Trang Agro Industry	STA TB	THB 16.30	BUY	Downside risks to our P/E-based TP include 1) a slower-than-expected automotive and glove industry recovery; 2) the high volatility of selling and raw material prices; 3) a higher competition; and 4) a stronger-than-expected THB.

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 17-Feb-2025 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.