

# SRI TRANG AGRO INDUSTRY

## THAILAND / AGRIBUSINESS

STA TB

BUY

UNCHANGED

TARGET PRICE	THB20.00
CLOSE	THB16.80
UP/DOWNSIDE	+19.0%
PRIOR TP	THB23.00
CHANGE IN TP	-13.0%
TP vs CONSENSUS	-15.9%

## Challenges ahead in managing costs

- We have a slightly negative view from the analyst meeting due to challenges in managing higher costs.
- 1H25 rubber price remains high, while 2H25 needs to be monitored for EUDR.
- Maintain a BUY rating for speculative gains on rubber prices.

### Natural rubber outlook is less optimistic

The natural rubber business outlook is less optimistic than previously expected. STA set its 2025 sales volume target to be flat y-y, based on orders in 1H24, which seem stable. Management guided for EUDR rubber sales volumes to decrease to 36,000-42,000 tonnes/quarter in 1H25, down from 69,000 tonnes in 4Q24. The selling price of EUDR rubber is being renegotiated to a non-EUDR price + premium (from the previous cost plus pricing +15%), which aligns with our assumption that the EUDR price will be the same as the non-EUDR price.

### Rubber glove outlook is neutral

For rubber gloves, the outlook is neutral. STGT targets 2025 sales volumes to grow by 10% y-y, partly due to the positive effect of competitors facing higher import taxes, such as China being hit with higher import duties on rubber gloves by the US, and Brazil imposing higher AD tariffs on China and Malaysia compared to Thailand. However, competition remains high due to excess production capacity in the industry, combined with a drop in synthetic rubber costs, while latex concentrate costs are stabilizing at a high level. This results in a stable selling price outlook from 2024, and managing gross margins remains challenging, mainly due to raw material prices.

### Rubber prices remain high in 1H25

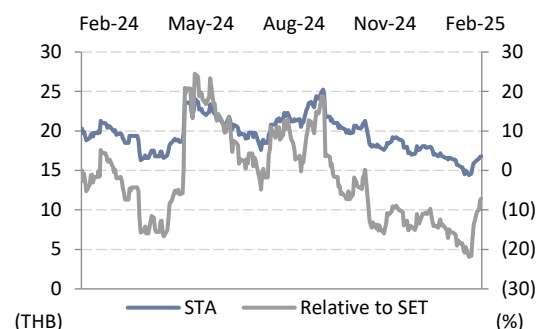
On the positive side, rubber prices are still high. The average SICOM price in 1QTD remains flat q-q at US cents196/kg, and the latest price has surpassed US cents200/kg. Management expects rubber prices to remain high throughout 1H25 due to tight supply, as competing crops such as palm and cocoa (Ivory Coast is increasingly shifting toward cocoa cultivation) are yielding better returns. We need to monitor rubber prices in 2H25, as the EUDR (effective 30 Dec 2025) may push prices higher if it is not delayed. However, if delayed or canceled, rubber prices could decrease. We maintain our 2025 rubber price assumption for non-EUDR and EUDR at US cents180/kg (+3% y-y).

### Cut 2025E profit by 22% and TP to THB20

Due to challenging gross margin management as costs rise with the tight supply, we have reduced our 2025E gross margin by 60 bps to 10%. The STA group will be impacted by the GMT from 1Q25, with the tax rate assumed to increase to 12% from 7.3% in 2024. As a result, we have cut 2025E net profit by 22% to THB1.95b (+17% y-y) and lowered our SoTP-based TP to THB20. This TP implies a target P/BV of 0.6x, slightly below the five-year historical average. We maintain a BUY rating for speculative gains on rubber prices.

### KEY STOCK DATA

YE Dec (THB m)	2024	2025E	2026E	2027E
Revenue	114,374	119,992	126,059	131,432
Net profit	1,670	1,954	2,243	2,388
EPS (THB)	1.09	1.27	1.46	1.55
vs Consensus (%)	-	(2.3)	-	(12.1)
EBITDA	7,421	8,058	8,586	8,877
Recurring net profit	1,670	1,954	2,243	2,388
Core EPS (THB)	1.09	1.27	1.46	1.55
Chg. In EPS est. (%)	-	(21.9)	(14.0)	(13.7)
EPS growth (%)	nm	17.0	14.8	6.4
Core P/E (x)	15.4	13.2	11.5	10.8
Dividend yield (%)	6.0	4.5	5.2	5.6
EV/EBITDA (x)	12.0	11.3	10.7	10.5
Price/book (x)	0.5	0.5	0.5	0.5
Net debt/Equity (%)	64.1	65.2	64.2	64.2
ROE (%)	3.3	3.8	4.3	4.5



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	1.2	(6.7)	(12.5)
Relative to country (%)	9.8	7.9	(2.2)
Mkt cap (USD m)	768		
3m avg. daily turnover (USD m)	3.7		
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



Sureeporn Teewasuwet

Fundamental Investment Analyst on Securities; License no. 040694  
sureeporn.t@fssia.com, +66 2646 9972

Investment thesis

We have a positive outlook on the performance in 2025 due to 1) a slight global rubber supply shortage; 2) an expected increase in rubber production in Thailand due to improved weather conditions; 3) anticipated higher demand driven by low inventory levels in China and expectations of a gradual global economic recovery; and 4) an expected slight increase in rubber prices by 5% y-y. Although the EU has announced a delay in the EUDR, many customers have already started purchasing EUDR-compliant rubber to support sustainable business practices. STA has been able to adapt quickly and began delivering EUDR-compliant rubber to customers in 2Q24.

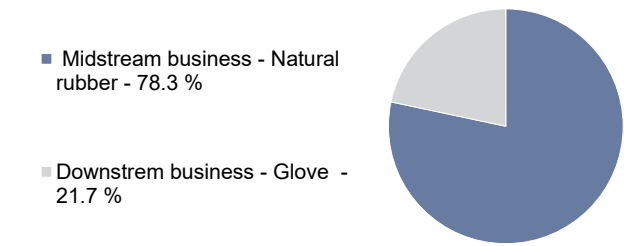
Our 2025 estimates are conservative, assuming selling prices and gross margins for EUDR rubber without a premium compared to non-EUDR rubber.

Company profile

STA, established in 1987, has expanded the business and grown to become the world’s leading fully integrated rubber company. In 2024, revenue from the midstream business accounted for 78.3% of total revenue, while 21.7% came from the glove business, which is operated through STGT TB (STA holds a 56% stake).

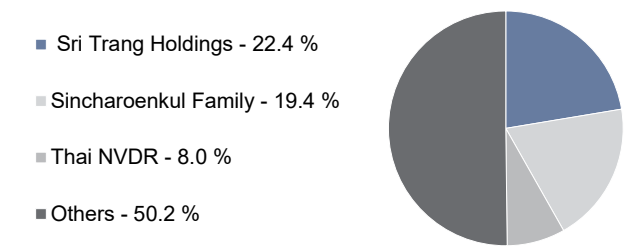
[www.sritranggroup.com](http://www.sritranggroup.com)

Principal activities (revenue, 2024)



Source: Sri Trang Agro Industry

Major shareholders



Source: Sri Trang Agro Industry

Catalysts

Potential catalysts for STA’s earnings growth in 2024-25 are 1) revenue growth driven by demand from China and an automotive industry recovery; 2) declining raw material costs; 3) higher-than-expected demand for rubber under EUDR; and 4) if the price of EUDR rubber is higher than non-EUDR rubber.

Risks to our call

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) higher competition; and 4) a stronger-than-expected THB.

Event calendar

Date	Event
May 2025	1Q25 results announcement

Key assumptions

	2025E	2026E	2027E
Natural rubber sales volumes (1,000 tonnes)	1,546	1,625	1,724
Natural rubber asp (US/tonne)	1,800	1,800	1,800
Glove sale volumes (mn pieces)	42,404	44,524	46,750
Glove asp (USD/1,000 pieces)	18.8	18.8	18.8
Overall gross margin (%)	10.0	10.2	10.2

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in sales volume, we estimate 2025 net profit to rise by 2.8%, and vice versa, all else being equal.
- For every 1% increase in ASP, we estimate 2025 net profit to rise by 2.7%, and vice versa, all else being equal.
- For every 0.1% increase in GPM, we estimate 2025 net profit to rise by 4%, and vice versa, all else being equal.
- For every 0.1% increase in SG&A to sales, we estimate 2025 net profit to fall by 3.2%, and vice versa, all else being equal.

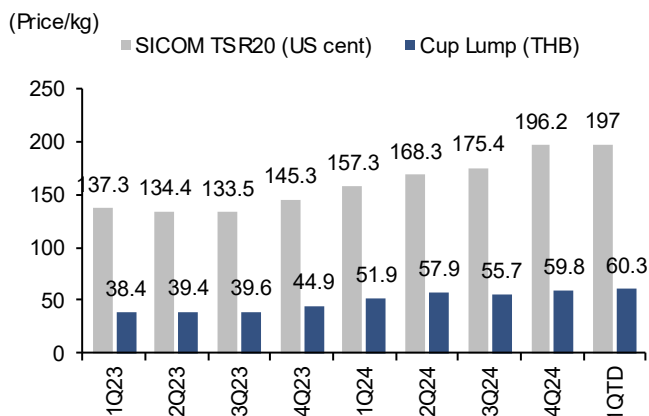
Source: FSSIA estimates

## Exhibit 1: Changes in key assumptions for STA

	Current			Previous			Change		
	2025E (THB m)	2026E (THB m)	2027E (THB m)	2025E (THB m)	2026E (THB m)	2027E (THB m)	2025E (%)	2026E (%)	2027E (%)
Total revenue	119,992	126,059	131,432	119,992	126,059	131,432	0.0	0.0	0.0
Costs	107,993	113,229	118,026	107,221	112,390	117,180	0.7	0.7	0.7
Gross profit	11,999	12,830	13,406	12,772	13,670	14,253	(6.0)	(6.1)	(5.9)
SG&A expense	8,399	8,824	9,200	8,819	9,581	9,989	(4.8)	(7.9)	(7.9)
Interest expense	1,749	1,783	1,797	1,749	1,783	1,797	0.0	0.0	0.0
Profit sharing	120	126	131	120	126	131	0.0	0.0	0.0
Reported net profit	1,954	2,243	2,388	2,501	2,609	2,767	(21.9)	(14.0)	(13.7)
Core profit	1,954	2,243	2,388	2,501	2,609	2,767	(21.9)	(14.0)	(13.7)
<b>Key ratios (%)</b>									
Total revenue growth	4.9	5.1	4.3	4.9	5.1	4.3			
Net profit growth	17.0	14.8	6.4	49.8	4.3	6.1			
Core profit growth	17.2	14.8	6.4	50.0	4.3	6.1			
Gross margin	10.0	10.2	10.2	10.6	10.8	10.8	(0.6)	(0.7)	(0.6)
SG&A to sales	7.0	7.0	7.0	7.4	7.6	7.6	(0.3)	(0.6)	(0.6)
Net margin	1.6	1.8	1.8	2.1	2.1	2.1	(0.5)	(0.3)	(0.3)
Core margin	1.6	1.8	1.8	2.1	2.1	2.1	(0.5)	(0.3)	(0.3)
<b>Operating statistics (THB m)</b>									
Revenue from TSR	86,339	90,742	94,372	86,339	90,742	94,372	0.0	0.0	0.0
Revenue from RSS	6,501	6,761	7,031	6,501	6,761	7,031	0.0	0.0	0.0
Revenue from gloves	26,318	27,634	29,016	26,318	27,634	29,016	0.0	0.0	0.0
Revenue from LTX	635	683	725	635	683	725	0.0	0.0	0.0
<b>Net profit breakdown (THB m)</b>									
Natural rubber	1,174	1,401	1,447	1,721	1,767	1,827	(31.8)	(20.7)	(20.8)
Gloves (56% stake)	780	843	941	780	843	941	0.0	0.0	0.0
<b>Natural rubber</b>									
Sales volumes (tonnes)	1,546,083	1,624,503	1,723,962	1,546,083	1,624,503	1,723,962	0.0	0.0	0.0
Non-EUDR									
EUDR									
ASP (USD/tonne)	1,800	1,800	1,800	1,800	1,800	1,800	0.0	0.0	0.0
SICOM TSR20 (US cents/kg)	180.0	180.0	180.0	180.0	180.0	180.0	0.0	0.0	0.0
<b>Gloves</b>									
Sales volumes (mn pieces)	42,404	44,524	46,750	42,404	44,524	46,750	0.0	0.0	0.0
ASP (USD/1,000 pieces)	18.8	18.8	18.8	18.8	18.8	18.8	0.0	0.0	0.0
GM - Natural rubber (%)	10.0	10.2	10.2	10.6	10.8	10.8	(5.7)	(5.6)	(5.6)
GM - Gloves (%)	10.0	10.1	10.2	10.8	11.0	11.0	(7.4)	(8.2)	(7.3)

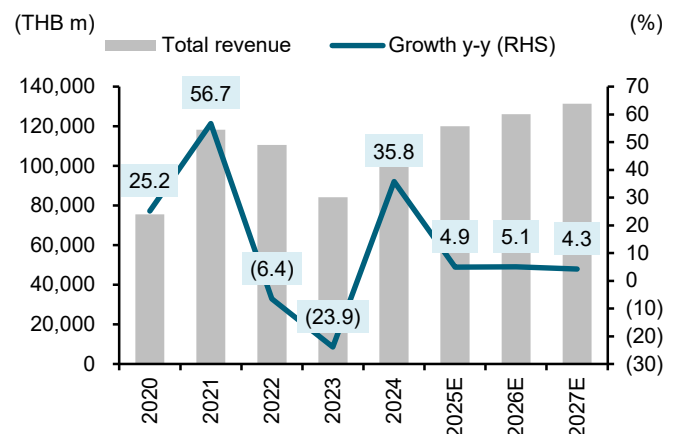
Source: FSSIA estimates

## Exhibit 2: Rubber prices – SICOM TSR20 and cup lump

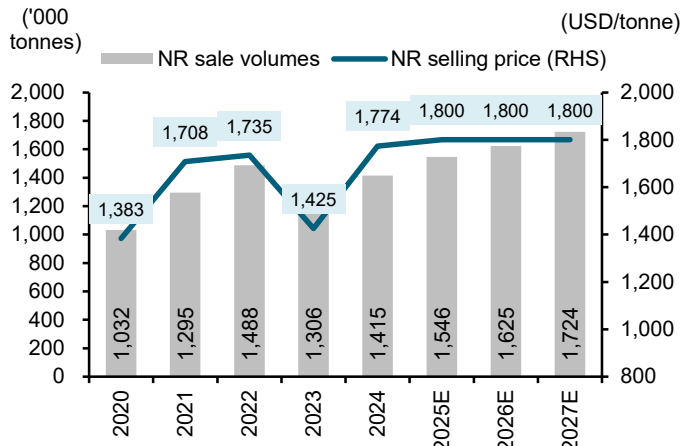


Sources: Bloomberg, The Thai Rubber Association, FSSIA's compilation

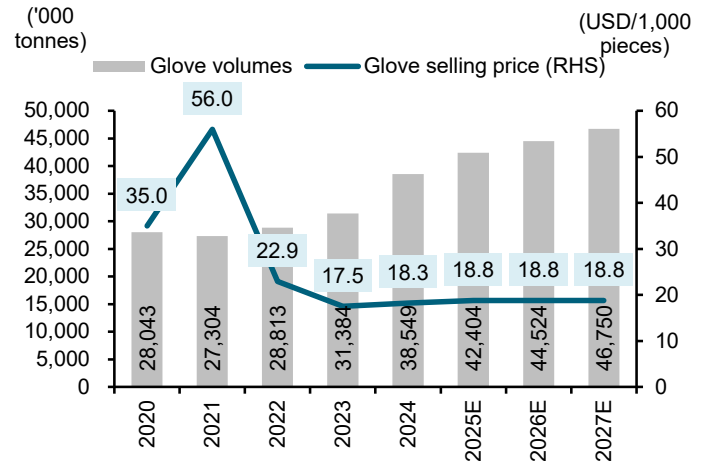
## Exhibit 3: Total revenue and growth



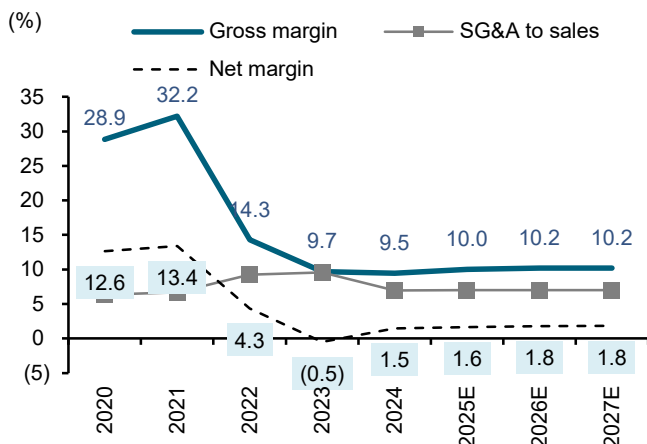
Sources: STA; FSSIA estimates

**Exhibit 4: Sales volumes and selling price – natural rubber**

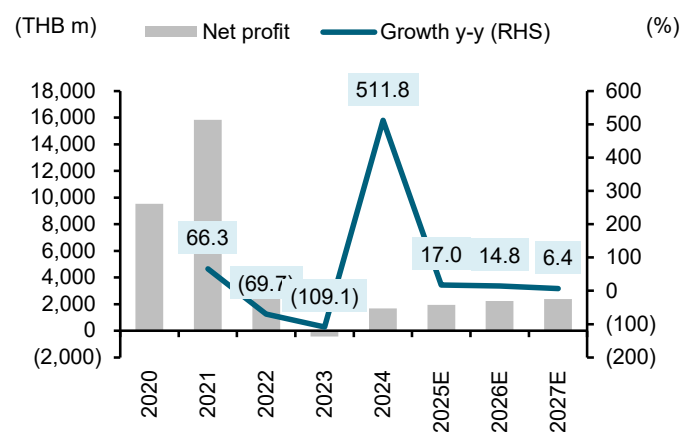
Sources: STA; FSSIA estimates

**Exhibit 5: Sales volumes and selling price – gloves**

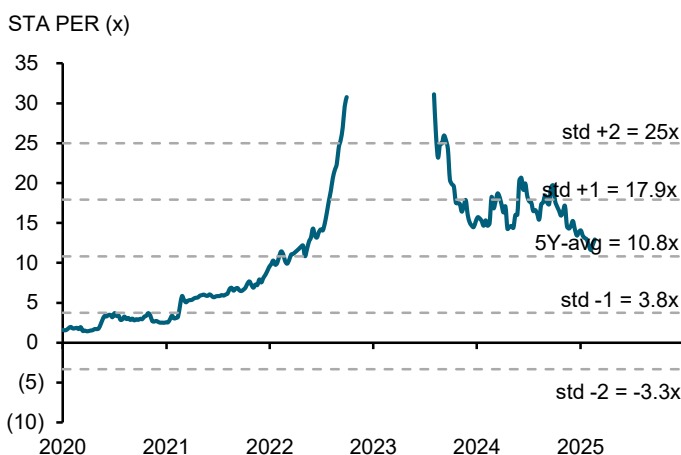
Sources: STA; FSSIA estimates

**Exhibit 6: Gross margin and net margin**

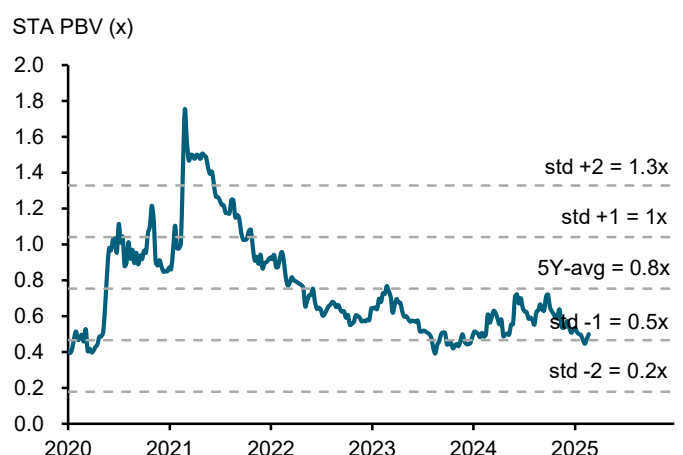
Sources: STA; FSSIA estimates

**Exhibit 7: Net profit and growth**

Sources: STA; FSSIA estimates

**Exhibit 8: Historical P/E band**

Sources: Bloomberg, FSSIA estimates

**Exhibit 9: 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)	(107,993)	(113,229)	(118,026)
<b>Gross profit</b>	<b>8,163</b>	<b>10,821</b>	<b>11,999</b>	<b>12,830</b>	<b>13,406</b>
Other operating income	370	706	432	403	394
Operating costs	(8,063)	(7,973)	(8,399)	(8,824)	(9,200)
<b>Operating EBITDA</b>	<b>4,086</b>	<b>7,421</b>	<b>8,058</b>	<b>8,586</b>	<b>8,877</b>
Depreciation	(3,617)	(3,867)	(4,027)	(4,177)	(4,277)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>469</b>	<b>3,554</b>	<b>4,032</b>	<b>4,410</b>	<b>4,600</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>2,818</b>	<b>3,177</b>	<b>3,367</b>
Tax	71	(163)	(324)	(366)	(388)
<b>Profit after tax</b>	<b>(456)</b>	<b>2,180</b>	<b>2,494</b>	<b>2,811</b>	<b>2,979</b>
Minority interests	22	(510)	(540)	(567)	(591)
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>(434)</b>	<b>1,670</b>	<b>1,954</b>	<b>2,243</b>	<b>2,388</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>1,670</b>	<b>1,954</b>	<b>2,243</b>	<b>2,388</b>
<b>Per share (THB)</b>					
Recurring EPS *	(0.28)	1.09	1.27	1.46	1.55
Reported EPS	(0.28)	1.09	1.27	1.46	1.55
DPS	1.00	1.00	0.76	0.88	0.93
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	8.6	6.6	3.4
Operating EBIT (%)	(92.0)	657.3	13.4	9.4	4.3
Recurring EPS (%)	nm	nm	17.0	14.8	6.4
Reported EPS (%)	nm	nm	17.0	14.8	6.4
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	9.7	9.5	10.0	10.2	10.2
Gross margin exc. depreciation (%)	14.0	12.8	13.4	13.5	13.5
Operating EBITDA margin (%)	4.9	6.5	6.7	6.8	6.8
Operating EBIT margin (%)	0.6	3.1	3.4	3.5	3.5
Net margin (%)	(0.5)	1.5	1.6	1.8	1.8
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	3.1	3.3	3.5
Inventory days	131.5	124.5	144.8	136.8	129.6
Debtor days	36.4	32.8	39.2	39.0	39.2
Creditor days	22.8	16.5	18.7	19.3	19.3
Operating ROIC (%)	0.4	3.1	3.1	3.2	3.3
ROIC (%)	0.3	2.8	2.8	3.0	3.1
ROE (%)	(0.9)	3.3	3.8	4.3	4.5
ROA (%)	0.2	2.7	2.7	2.9	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	1,954	2,243	2,388
Depreciation	3,617	3,867	4,027	4,177	4,277
Associates & minorities	-	-	-	-	-
Other non-cash items	1	799	513	665	349
Change in working capital	(447)	(17,671)	(426)	659	(469)
<b>Cash flow from operations</b>	<b>2,737</b>	<b>(11,336)</b>	<b>6,068</b>	<b>7,744</b>	<b>6,545</b>
Capex - maintenance	(5,155)	(1,819)	(11,762)	(6,697)	(5,957)
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>(6,296)</b>	<b>(6,745)</b>	<b>(6,000)</b>
Dividends paid	(1,314)	(1,379)	(1,173)	(1,346)	(1,433)
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>(2,205)</b>	<b>(234)</b>	<b>(947)</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>(2,432)</b>	<b>765</b>	<b>(402)</b>
Free cash flow to firm (FCFF)	(4,255.89)	(15,976.14)	1,521.98	2,782.11	2,341.96
Free cash flow to equity (FCFE)	(8,987.50)	(1,389.26)	(1,259.51)	2,110.78	1,030.38
<b>Per share (THB)</b>					
FCFF per share	(2.77)	(10.40)	0.99	1.81	1.52
FCFE per share	(5.85)	(0.90)	(0.82)	1.37	0.67
Recurring cash flow per share	2.07	4.12	4.23	4.61	4.57
Balance Sheet (THB m) Year Ending Dec	2023	2024	2025E	2026E	2027E
Tangible fixed assets (gross)	69,385	70,236	73,596	76,746	78,846
Less: Accumulated depreciation	(16,197)	(18,639)	(14,719)	(15,349)	(15,769)
<b>Tangible fixed assets (net)</b>	<b>53,188</b>	<b>51,597</b>	<b>58,877</b>	<b>61,397</b>	<b>63,077</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	6,999	7,764	7,361
A/C receivable	7,941	12,609	13,150	13,815	14,404
Inventories	26,959	41,072	41,422	40,328	40,420
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>63,131</b>	<b>63,545</b>	<b>63,894</b>
Other assets	869	884	960	1,008	1,051
<b>Total assets</b>	<b>111,737</b>	<b>131,208</b>	<b>131,567</b>	<b>134,550</b>	<b>136,622</b>
Common equity	50,340	51,087	51,413	52,311	53,266
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>70,534</b>	<b>72,097</b>	<b>73,401</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	5,622	5,894	6,144
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>38,690</b>	<b>39,517</b>	<b>39,705</b>
<b>Total liabilities and shareholders' equity</b>	<b>111,737</b>	<b>131,208</b>	<b>131,567</b>	<b>134,550</b>	<b>136,622</b>
Net working capital	31,693	49,364	49,790	49,131	49,600
Invested capital	95,077	115,988	118,227	120,136	122,328
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	32.77	33.26	33.47	34.06	34.68
Tangible book value per share	30.43	30.95	31.13	31.71	32.33
<b>Financial strength</b>					
Net debt/equity (%)	37.0	64.1	65.2	64.2	64.2
Net debt/total assets (%)	22.6	34.0	35.0	34.4	34.5
Current ratio (x)	3.3	1.6	1.6	1.6	1.6
CF interest cover (x)	(9.0)	(0.1)	0.1	2.6	1.8
Valuation	2023	2024	2025E	2026E	2027E
<b>Recurring P/E (x) *</b>	<b>(59.4)</b>	<b>15.4</b>	<b>13.2</b>	<b>11.5</b>	<b>10.8</b>
<b>Recurring P/E @ target price (x) *</b>	<b>(70.7)</b>	<b>18.4</b>	<b>15.7</b>	<b>13.7</b>	<b>12.9</b>
Reported P/E (x)	(59.4)	15.4	13.2	11.5	10.8
Dividend yield (%)	6.0	6.0	4.5	5.2	5.6
Price/book (x)	0.5	0.5	0.5	0.5	0.5
Price/tangible book (x)	0.6	0.5	0.5	0.5	0.5
EV/EBITDA (x) **	16.8	12.0	11.3	10.7	10.5
EV/EBITDA @ target price (x) **	18.0	12.7	11.9	11.3	11.0
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 10: 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 11: 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 12: 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 13: 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
<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities																		
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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

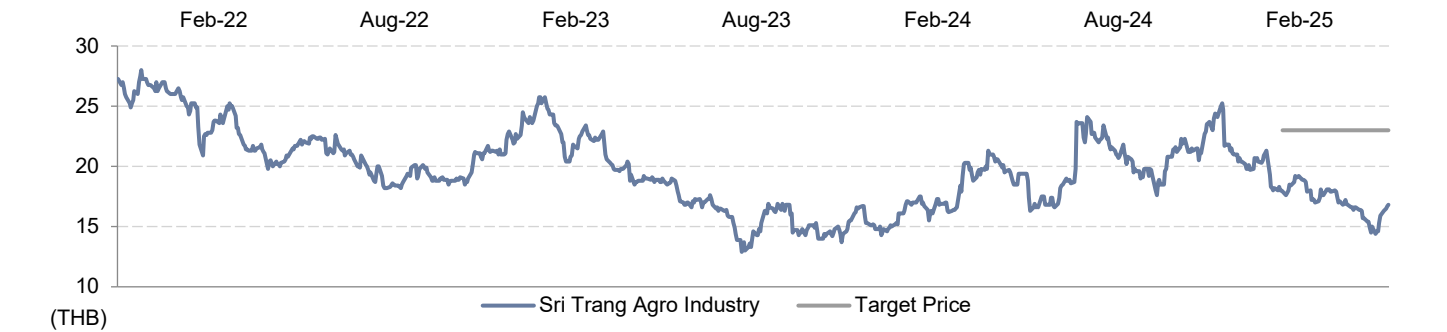
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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History of change in investment rating and/or target price

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 16.80	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 21-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.