

BUY (Unchanged)

TP: Bt 5.60

(From: Bt 6.50)

Change in Numbers

Upside : 86.7%

24 JANUARY 2023

Stark Corporation Pcl. (STARK TB)

Solid organic growth

We reaffirm our BUY on STARK despite its failed M&A deal. We still expect diluted EPS to grow 5/21/19% in 2023-25F on rising local power cable demand and growing exports, so its share price collapse to 10x 2023F PE looks overdone to us. We cut our TP to Bt5.6 to reflect the dilution impact and a near-term margin hit from high utility costs.



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Reaffirming BUY

We reaffirm BUY on STARK as we believe its sharp share price correction, likely due to market disappointment over its decision to call off its acquisition deal, is overdone. *First*, the failed deal has no impact on the growth outlook of its existing power cable business in Thailand and Vietnam. *Second*, after factoring in the share dilution impact from its capital call to fund the deal last October, we still expect EPS to grow 5/21/19% in 2023-25F amid a rise in electricity costs and workers' wages. *Third*, we now see its valuation as highly attractive at 10x PE in 2023F even with slower near-term earnings growth. Our DCF-based 12-month TP (2023F) falls to Bt5.6 (from Bt6.5) from the dilution impact and our 7-10% earnings cuts in 2022-25F on higher operating costs.

Existing business growth intact

We estimate STARK's profit to grow by 18% p.a. over 2023-25F, even though it failed to acquire the automotive cable business from Leoni AG in Germany, so the growth is from its Thailand and Vietnam factories alone. We expect 12/10/8% revenue growth for STARK in 2023-25F on a continuing rise in power cable demand in local markets. Thailand needs cables to expand (urbanization), replace (aerial to underground), and upgrade (two-way flow and smart grid) the national grid. Despite its fluid political situation, we believe Vietnam will still have to grow its generation and transmission capacity to continue attracting foreign investment. A margin improvement from leverage benefits and a better product mix is another driver for its earnings growth. Exports are a wildcard to boost this growth further.

Searching for smaller M&A deals

STARK targets to spend the Bt5.5bn in proceeds from its capital call, originally for the Leoni deal, on smaller acquisitions. We expect them to be local cable manufacturers for STARK to expand its capacity and customer base. If it can't find favorable deals, STARK is still considering alternative options of an extra dividend or a share buyback for its shareholders to partially counter the dilution impact. We leave all these inorganic activities as potential upside and only factor in dilution with no extra return from the proceeds in our numbers.

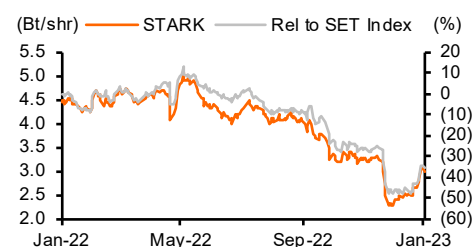
Share price correction looks overdone

We see STARK's share price drop of 19% from its private placement (PP) price and 39% from its peak in 2022 before the acquisition announcement as an overly pessimistic reaction by the market. Its 10x PE multiple in 2023F looks attractive to us, against its 15% three-year EPS CAGR over 2023-25F after the 13% share dilution impact with potential upside from its possible capital-restructuring plan and M&As.

COMPANY VALUATION

| Y/E Dec (Bt m) | 2021A | 2022F | 2023F | 2024F |
|-------------------|--------|--------|--------|--------|
| Sales | 27,094 | 30,132 | 33,672 | 37,018 |
| Net profit | 2,783 | 3,609 | 4,157 | 5,041 |
| Consensus NP | — | 3,087 | 3,373 | 3,993 |
| Diff frm cons (%) | — | 16.9 | 23.2 | 26.2 |
| Norm profit | 3,203 | 3,609 | 4,157 | 5,041 |
| Prev. Norm profit | — | 3,908 | 4,582 | 5,389 |
| Chg frm prev (%) | — | (7.7) | (9.3) | (6.5) |
| Norm EPS (Bt) | 0.3 | 0.3 | 0.3 | 0.4 |
| Norm EPS grw (%) | 170.7 | 9.5 | 5.3 | 21.3 |
| Norm PE (x) | 11.2 | 10.2 | 9.7 | 8.0 |
| EV/EBITDA (x) | 9.2 | 8.4 | 6.8 | 5.6 |
| P/BV (x) | 5.5 | 2.6 | 2.1 | 1.8 |
| Div yield (%) | 0.0 | 0.0 | 3.1 | 3.8 |
| ROE (%) | 63.3 | 32.5 | 23.8 | 23.9 |
| Net D/E (%) | 198.1 | 99.6 | 46.2 | 27.6 |

PRICE PERFORMANCE



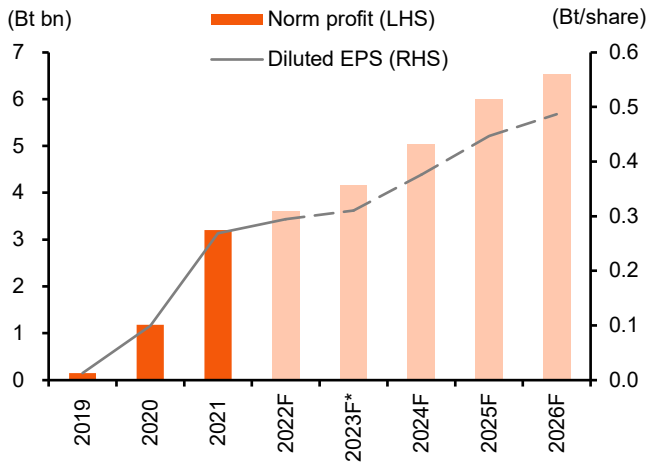
COMPANY INFORMATION

| | |
|-----------------------------|----------------------------------|
| Price as of 24-Jan-23 (Bt) | 3.00 |
| Market Cap (US\$ m) | 1,225.0 |
| Listed Shares (m shares) | 13,406.4 |
| Free Float (%) | 28.8 |
| Avg Daily Turnover (US\$ m) | 5.3 |
| 12M Price H/L (Bt) | 5.05/2.28 |
| Sector | Industrial Materials & Machinery |
| Major Shareholder | K.Vonnarat Tangkaravakoon |
| | 48.7% |

Sources: Bloomberg, Company data, Thanachart estimates



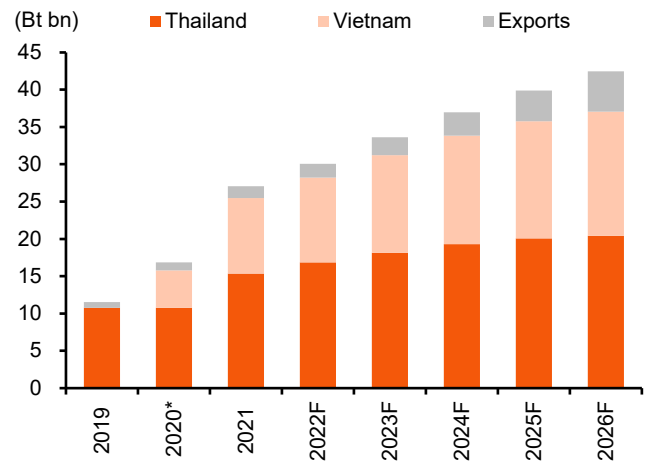
Ex 1: Share Dilution Weighs Down 2023F EPS



Sources: Company data, Thanachart estimates

Note: STARK issued 1,500 million new shares for a private placement (PP) in October 2022, so the full dilution impact occurs in 2023F.

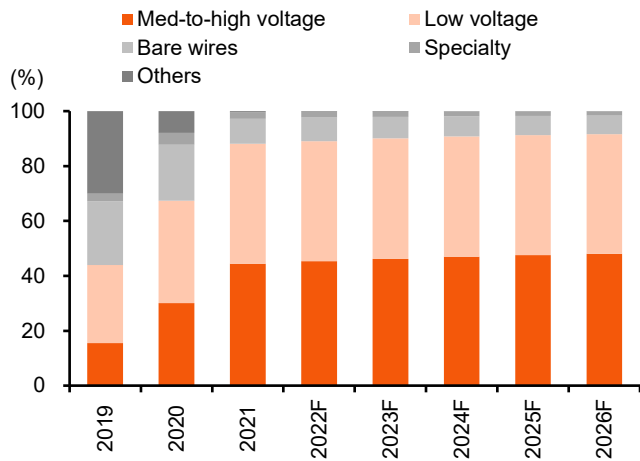
Ex 2: Growing Revenue From Home Markets



Sources: Company data, Thanachart estimates

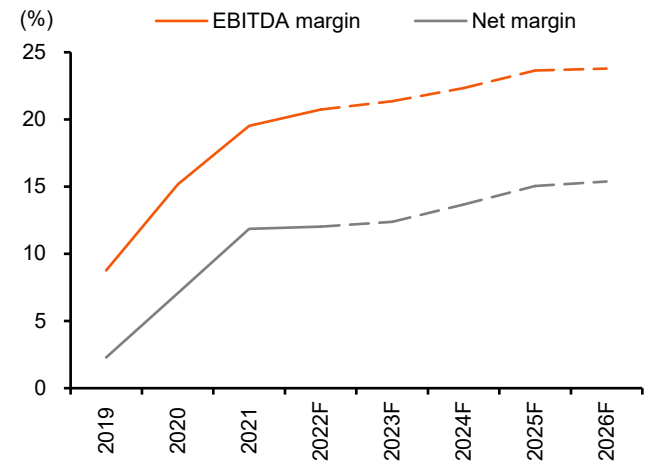
Note: * STARK acquired its Vietnam factory in April 2020.

Ex 3: More Favorable Product Mix ...



Sources: Company data, Thanachart estimates

Ex 4: ... So Margin Expansion Intact Despite Higher Costs



Sources: Company data, Thanachart estimates

Ex 5: 12-month DCF-based TP Calculation Using A Base Year Of 2023F

| (Bt m) | 2023F | 2024F | 2025F | 2026F | 2027F | 2028F | 2029F | 2030F | 2031F | 2032F | 2033F | Terminal Value |
|----------------------------------------|--------|-------|-------|--------|--------|--------|--------|--------|--------|--------|--------|----------------|
| EBITDA (excl. depre from right of use) | 7,141 | 8,217 | 9,391 | 10,055 | 10,425 | 10,659 | 10,817 | 10,972 | 11,124 | 11,273 | 11,419 | — |
| Free cash flow | 7,716 | 4,073 | 5,292 | 6,189 | 6,618 | 6,908 | 7,090 | 7,211 | 7,329 | 7,445 | 7,559 | 113,673 |
| PV of free cash flow | 7,156 | 3,501 | 4,217 | 4,573 | 4,438 | 4,276 | 4,051 | 3,804 | 3,569 | 3,347 | 2,993 | 45,010 |
| Risk-free rate (%) | 2.5 | | | | | | | | | | | |
| Market risk premium (%) | 8.0 | | | | | | | | | | | |
| Beta | 0.9 | | | | | | | | | | | |
| WACC (%) | 7.9 | | | | | | | | | | | |
| Terminal growth (%) | 2.0 | | | | | | | | | | | |
| Enterprise value - add investments | 90,935 | | | | | | | | | | | |
| Net debt (2022F) | 15,733 | | | | | | | | | | | |
| Minority interest | 100 | | | | | | | | | | | |
| Equity value | 75,101 | | | | | | | | | | | |
| # of shares * | 13,406 | | | | | | | | | | | |
| Equity value/share (Bt) | 5.60 | | | | | | | | | | | |

Sources: Company data, Thanachart estimates

Note: * We use the number of fully diluted shares in our DCF calculation, assuming all STARK-W1 warrants are exercised in 2024F.

Valuation Comparison

Ex 6: Comparison With Regional Peers

| Name | BBG code | Country | EPS growth | | PE | | P/BV | | EV/EBITDA | | Div yield | |
|------------------------------|-----------|-------------|-------------|------------|-------------|-------------|------------|------------|-------------|-------------|------------|------------|
| | | | 22F (%) | 23F (%) | 22F (x) | 23F (x) | 22F (x) | 23F (x) | 22F (x) | 23F (x) | 22F (%) | 23F (%) |
| Nexans SA | NEX FP | France | 61.6 | (6.8) | 15.5 | 16.6 | 2.5 | 2.2 | 7.5 | 7.6 | 1.5 | 1.5 |
| nVent Electric PLC | NVT US | Britain | 42.3 | 8.3 | 16.7 | 15.4 | 2.4 | 2.3 | 13.3 | 12.6 | 1.8 | 2.0 |
| TE Connectivity Ltd | TEL US | Switzerland | (3.1) | (5.2) | 17.1 | 18.1 | 3.7 | 3.4 | 11.3 | 11.9 | 1.7 | 1.7 |
| Huber + Suhner AG | HUBN SW | Switzerland | (3.0) | 0.0 | 21.0 | 21.0 | 2.6 | 2.5 | 12.5 | 12.4 | 2.3 | 2.3 |
| Topsec Technologies Group | 002212 CH | China | 105.8 | 28.0 | 26.1 | 20.4 | 1.3 | 1.3 | 22.4 | 17.4 | 0.5 | 0.7 |
| Yangtze Optical Fibre & Cabl | 601869 CH | China | 59.9 | 27.4 | 23.4 | 18.3 | 2.5 | 2.3 | 14.7 | 11.7 | 1.1 | 1.6 |
| Interlink Telecom PCL | ITEL TB | Thailand | (30.4) | 18.8 | 23.6 | 19.9 | 1.5 | 1.4 | 11.9 | 10.6 | 0.0 | 0.0 |
| Stark Corporation * | STARK TB | Thailand | 9.5 | 5.3 | 10.2 | 9.7 | 2.6 | 2.1 | 9.0 | 6.8 | 0.0 | 3.1 |
| Average | | | 30.3 | 9.5 | 19.2 | 17.4 | 2.4 | 2.2 | 12.8 | 11.4 | 1.1 | 1.6 |

Sources: Bloomberg, * Thanachart estimates

Based on 24 Jan 2023 closing prices

COMPANY DESCRIPTION

Stark Corporation Pcl (STARK) is a holding company with subsidiaries that are major wire and cable manufacturers with more than 50 years of industry experience in Thailand and Vietnam. Its total production capacity is the largest in ASEAN and it is ranked 14th globally. STARK also runs service businesses of providing manpower, logistics, and warehouse rental to clients in the oil and gas industry.

Source: Thanachart

COMPANY RATING



Rating Scale

| | |
|------------------|----------|
| Excellent | 5 |
| Good | 4 |
| Fair | 3 |
| Weak | 2 |
| Very Weak | 1 |
| None | 0 |

Source: Thanachart; * CG Rating

THANACHART'S SWOT ANALYSIS

S — Strength

- Good reputation and track record in home-based markets
- Strong purchasing power with its suppliers and scale benefits over peers as it is now the largest cable producer in ASEAN

O — Opportunity

- Opportunities to export more products, and leverage on scale advantages, low worker wages, and tax privileges with various developing countries
- Potential to acquire more related businesses to strengthen its competitiveness and increase market share

W — Weakness

- Relies on importing key raw materials, copper and aluminum, from abroad
- Relies on government spending on national infrastructure projects to grow sales

T — Threat

- Cable manufacturing is a mature technology, so it is not difficult for new players with substantial capital to penetrate the market
- Changes to tax incentives and regulations to take part in biddings for infrastructure projects in each country

CONSENSUS COMPARISON

| | Consensus | Thanachart | Diff |
|------------------------------|---------------|----------------|----------------|
| Target price (Bt) | 4.50 | 5.60 | 24% |
| Net profit 22F (Bt m) | 3,087 | 3,609 | 17% |
| Net profit 23F (Bt m) | 3,373 | 4,157 | 23% |
| Consensus REC | BUY: 2 | HOLD: 0 | SELL: 0 |

HOW ARE WE DIFFERENT FROM THE STREET?

- Our 2022-23F earnings are 17/23% higher than the Bloomberg consensus numbers, which we attribute to us expecting stronger revenue growth and margin expansion than the market.
- Our DCF-based TP is, therefore, 24% higher.

Sources: Bloomberg consensus, Thanachart estimates

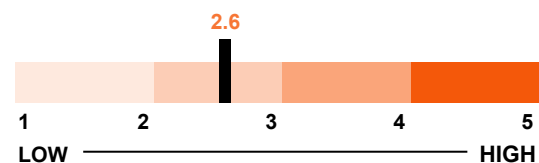
RISKS TO OUR INVESTMENT CASE

- A slower-than-expected pace of infrastructure investments in Thailand and Vietnam, either from changes in government policies or delayed construction activities, would represent the key downside risk to our earnings forecasts.
- A sharper rise in electricity and utilities costs and labour wages are downside risks to its near-term earnings growth.
- A slower-than-expected pace of its capacity expansion plan, either organically or inorganically, represents a long-term downside risk to our numbers.
- Lower-than-expected demand for high-end electricity cable products would represent another downside risk to its margins, and therefore our earnings projections.

Source: Thanachart

STARK operates three factories producing power cables in Thailand, and another one in Vietnam. Despite hardly any carbon emissions from its manufacturing process, we see its ESG policies as still relatively weak. A safe working place for its staff and support for their quality of life during the pandemic are its key strengths. We rate its ESG score at 2.6.

Thanachart ESG Rating



| | SETTHSI Index | THSI Index | DJSI Index | MSCI (CCC-AAA) | Arabesque S-Ray (0-100) | Refinitiv (0-100) | S&P Global (0-100) | Moody's (0-100) | CG Rating (0-5) |
|-------|---------------|------------|------------|----------------|-------------------------|-------------------|--------------------|-----------------|-----------------|
| STARK | - | - | - | - | 45.91 | 24.66 | 8.08 | - | 3.0 |

Sources: SETTRADE, SETTHSI Index, Thailand Sustainability Investment (THSI), The Dow Jones Industrial Average (DJSI), MSCI ESG Research LLC, Arabesque S-Ray®, Refinitiv ESG Information, S&P Global Market Intelligence, Moody's ESG Solutions, Thai IOD (CG rating)
 Note: Please see third party on "term of use" in the following back page.

| Factors | Our Comments |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>ENVIRONMENT</p> <ul style="list-style-type: none"> Environmental Policies & Guidelines Energy Management Carbon Management Water Management Waste Management | <ul style="list-style-type: none"> STARK positions itself as a renewable enabler, providing electricity cables for national grid and renewable power plants, to help Thailand reach its carbon neutrality target. STARK has installed a solar rooftop system totalling 5.6MW at its three factories in Thailand to partially offset the impact from its heavy electricity-consuming production process. It also plans to convert some vehicles at its factories into electric fleets. STARK is committed strongly to selecting as much reusable or recyclable materials as possible to manufacture its products to minimize waste creation. |
| <p>SOCIAL</p> <ul style="list-style-type: none"> Human Rights Staff Management Health & Safety Product Safety & Quality Social Responsibility | <ul style="list-style-type: none"> STARK has guidelines to treat all employees equally, pay fair compensation based on their knowledge and capabilities, and ensure a safe working environment for its staff. STARK strongly supported its staff and surrounding communities during the COVID-19 pandemic by providing food, shelter, hygienic and medical supplies, including vaccination during the country's lockdown. STARK provides seminars and training on electrical system design to educate its staff and external electricians across the country to be familiar with new energy technology trends. |
| <p>GOVERNANCE & SUSTAINABILITY</p> <ul style="list-style-type: none"> Board Ethics & Transparency Business Sustainability Risk Management Innovation | <ul style="list-style-type: none"> STARK's board of directors comprises nine members, all of whom are male. Three of those members are independent directors. We feel that the number of its directors is sufficient for its business size, but see the portion of independent directors as too low. Due to its highly active acquisition program, STARK is sometimes slow in providing clarification or details on its investment strategy. STARK has assigned digitalization adoption and continuous R&D enrichment as its two key policies to ensure long-term business sustainability. It strongly believes that sufficient investment for product development, via both its internal team and external consultants, is important to sustain and grow its business |

Sources: Thanachart, Company data

INCOME STATEMENT

Revenue growth intact from strong power cable demand in local markets

| FY ending Dec (Bt m) | 2020A | 2021A | 2022F | 2023F | 2024F |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|
| Sales | 16,858 | 27,094 | 30,132 | 33,672 | 37,018 |
| Cost of sales | 13,809 | 21,134 | 23,034 | 25,625 | 27,887 |
| Gross profit | 3,049 | 5,959 | 7,098 | 8,047 | 9,131 |
| % gross margin | 18.1% | 22.0% | 23.6% | 23.9% | 24.7% |
| Selling & administration expenses | 854 | 1,097 | 1,337 | 1,426 | 1,499 |
| Operating profit | 2,195 | 4,862 | 5,761 | 6,621 | 7,631 |
| % operating margin | 13.0% | 17.9% | 19.1% | 19.7% | 20.6% |
| Depreciation & amortization | 363 | 430 | 489 | 567 | 636 |
| EBITDA | 2,558 | 5,293 | 6,250 | 7,188 | 8,267 |
| % EBITDA margin | 15.2% | 19.5% | 20.7% | 21.3% | 22.3% |
| Non-operating income | 60 | 36 | 34 | 70 | 113 |
| Non-operating expenses | 0 | 0 | 0 | 0 | 0 |
| Interest expense | (660) | (943) | (1,091) | (1,129) | (1,001) |
| Pre-tax profit | 1,595 | 3,955 | 4,704 | 5,562 | 6,743 |
| Income tax | 403 | 741 | 1,082 | 1,390 | 1,686 |
| After-tax profit | 1,192 | 3,215 | 3,622 | 4,171 | 5,057 |
| % net margin | 7.1% | 11.9% | 12.0% | 12.4% | 13.7% |
| Shares in affiliates' Earnings | 1 | (0) | 0 | 0 | 0 |
| Minority interests | (10) | (12) | (13) | (15) | (16) |
| Extraordinary items | 338 | (420) | 0 | 0 | 0 |
| NET PROFIT | 1,521 | 2,783 | 3,609 | 4,157 | 5,041 |
| Normalized profit | 1,183 | 3,203 | 3,609 | 4,157 | 5,041 |
| EPS (Bt) | 0.1 | 0.2 | 0.3 | 0.3 | 0.4 |
| Normalized EPS (Bt) | 0.1 | 0.3 | 0.3 | 0.3 | 0.4 |

BALANCE SHEET

STARK has been left with excess cash after the failed M&A deal last year

| FY ending Dec (Bt m) | 2020A | 2021A | 2022F | 2023F | 2024F |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|
| ASSETS: | | | | | |
| Current assets: | 16,331 | 27,962 | 29,444 | 31,011 | 33,880 |
| Cash & cash equivalent | 1,214 | 1,029 | 1,000 | 6,000 | 6,500 |
| Account receivables | 6,042 | 15,571 | 16,511 | 13,838 | 15,213 |
| Inventories | 8,618 | 10,487 | 11,359 | 10,531 | 11,461 |
| Others | 457 | 875 | 575 | 642 | 706 |
| Investments & loans | 344 | 329 | 329 | 329 | 329 |
| Net fixed assets | 4,417 | 4,413 | 5,969 | 7,249 | 8,163 |
| Other assets | 6,266 | 6,438 | 15,905 | 15,435 | 14,962 |
| Total assets | 27,358 | 39,142 | 51,648 | 54,024 | 57,334 |
| LIABILITIES: | | | | | |
| Current liabilities: | 19,649 | 23,548 | 26,074 | 24,766 | 26,064 |
| Account payables | 10,248 | 17,093 | 17,039 | 17,551 | 19,101 |
| Bank overdraft & ST loans | 7,761 | 4,030 | 4,183 | 2,242 | 2,572 |
| Current LT debt | 1,057 | 1,711 | 3,765 | 3,811 | 3,087 |
| Others current liabilities | 583 | 714 | 1,086 | 1,162 | 1,304 |
| Total LT debt | 3,310 | 8,347 | 8,785 | 8,892 | 7,202 |
| Others LT liabilities | 723 | 655 | 996 | 1,025 | 1,049 |
| Total liabilities | 23,682 | 32,551 | 35,855 | 34,683 | 34,315 |
| Minority interest | 55 | 87 | 100 | 114 | 131 |
| Preferred shares | 0 | 0 | 0 | 0 | 0 |
| Paid-up capital | 11,906 | 11,906 | 13,406 | 13,406 | 13,406 |
| Share premium | (10,542) | (10,542) | (6,462) | (6,462) | (6,462) |
| Warrants | 0 | 0 | 0 | 0 | 0 |
| Surplus | (591) | (493) | (493) | (493) | (493) |
| Retained earnings | 2,847 | 5,633 | 9,242 | 12,775 | 16,437 |
| Shareholders' equity | 3,621 | 6,505 | 15,693 | 19,227 | 22,888 |
| Liabilities & equity | 27,358 | 39,142 | 51,648 | 54,024 | 57,334 |

Sources: Company data, Thanachart estimates

CASH FLOW STATEMENT

Accelerating capex to cope with rising demand from higher capacity

| FY ending Dec (Bt m) | 2020A | 2021A | 2022F | 2023F | 2024F |
|-----------------------------------|----------------|----------------|-----------------|----------------|----------------|
| Earnings before tax | 1,595 | 3,955 | 4,704 | 5,562 | 6,743 |
| Tax paid | (190) | (1,020) | (832) | (1,501) | (1,595) |
| Depreciation & amortization | 363 | 430 | 489 | 567 | 636 |
| Chg In working capital | (2,064) | (4,553) | (1,866) | 4,014 | (755) |
| Chg In other CA & CL / minorities | 74 | 168 | 65 | 119 | (13) |
| Cash flow from operations | (222) | (1,020) | 2,559 | 8,761 | 5,015 |
| Capex | (2,126) | (381) | (2,000) | (1,800) | (1,500) |
| Right of use | (789) | (31) | (50) | (50) | (50) |
| ST loans & investments | (179) | (149) | 358 | 0 | 0 |
| LT loans & investments | (44) | 15 | 0 | 0 | 0 |
| Adj for asset revaluation | 0 | 0 | 0 | 0 | 0 |
| Chg In other assets & liabilities | (4,202) | (114) | (9,121) | 501 | 498 |
| Cash flow from investments | (7,339) | (659) | (10,813) | (1,349) | (1,052) |
| Debt financing | 7,512 | 1,393 | 2,644 | (1,789) | (2,083) |
| Capital increase | (432) | 0 | 5,580 | 0 | 0 |
| Dividends paid | 0 | 0 | 0 | (624) | (1,380) |
| Warrants & other surplus | 264 | 101 | 0 | 0 | 0 |
| Cash flow from financing | 7,344 | 1,494 | 8,224 | (2,412) | (3,463) |
| Free cash flow | (2,348) | (1,400) | 559 | 6,961 | 3,515 |

VALUATION

Attractive valuation in our view after its share price fell due to the failed deal

| FY ending Dec | 2020A | 2021A | 2022F | 2023F | 2024F |
|-------------------------------------|---------|--------|-------|-------|-------|
| Normalized PE (x) | 30.2 | 11.2 | 10.2 | 9.7 | 8.0 |
| Normalized PE - at target price (x) | 56.4 | 20.8 | 19.0 | 18.1 | 14.9 |
| PE (x) | 23.5 | 12.8 | 10.2 | 9.7 | 8.0 |
| PE - at target price (x) | 43.8 | 24.0 | 19.0 | 18.1 | 14.9 |
| EV/EBITDA (x) | 18.2 | 9.2 | 8.4 | 6.8 | 5.6 |
| EV/EBITDA - at target price (x) | 30.3 | 15.1 | 13.5 | 11.7 | 9.9 |
| P/BV (x) | 9.9 | 5.5 | 2.6 | 2.1 | 1.8 |
| P/BV - at target price (x) | 18.4 | 10.3 | 4.8 | 3.9 | 3.3 |
| P/CFO (x) | (160.9) | (35.0) | 14.4 | 4.6 | 8.0 |
| Price/sales (x) | 2.4 | 1.5 | 1.3 | 1.2 | 1.1 |
| Dividend yield (%) | 0.0 | 0.0 | 0.0 | 3.1 | 3.8 |
| FCF Yield (%) | (6.6) | (3.9) | 1.5 | 17.3 | 8.7 |
| (Bt) | | | | | |
| Normalized EPS | 0.1 | 0.3 | 0.3 | 0.3 | 0.4 |
| EPS | 0.1 | 0.2 | 0.3 | 0.3 | 0.4 |
| DPS | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 |
| BV/share | 0.3 | 0.5 | 1.2 | 1.4 | 1.7 |
| CFO/share | (0.0) | (0.1) | 0.2 | 0.7 | 0.4 |
| FCF/share | (0.2) | (0.1) | 0.0 | 0.5 | 0.3 |

Sources: Company data, Thanachart estimates

FINANCIAL RATIOS

| FY ending Dec | 2020A | 2021A | 2022F | 2023F | 2024F |
|----------------------------------|---------|--------|--------|--------|--------|
| Growth Rate | | | | | |
| Sales (%) | 46.2 | 60.7 | 11.2 | 11.7 | 9.9 |
| Net profit (%) | 1,127.2 | 83.0 | 29.7 | 15.2 | 21.3 |
| EPS (%) | 1,127.2 | 83.0 | 26.0 | 5.3 | 21.3 |
| Normalized profit (%) | 687.6 | 170.7 | 12.7 | 15.2 | 21.3 |
| Normalized EPS (%) | 687.6 | 170.7 | 9.5 | 5.3 | 21.3 |
| Dividend payout ratio (%) | 0.0 | 0.0 | 0.0 | 30.0 | 30.0 |
| Operating performance | | | | | |
| Gross margin (%) | 18.1 | 22.0 | 23.6 | 23.9 | 24.7 |
| Operating margin (%) | 13.0 | 17.9 | 19.1 | 19.7 | 20.6 |
| EBITDA margin (%) | 15.2 | 19.5 | 20.7 | 21.3 | 22.3 |
| Net margin (%) | 7.1 | 11.9 | 12.0 | 12.4 | 13.7 |
| D/E (incl. minor) (x) | 3.3 | 2.1 | 1.1 | 0.8 | 0.6 |
| Net D/E (incl. minor) (x) | 3.0 | 2.0 | 1.0 | 0.5 | 0.3 |
| Interest coverage - EBIT (x) | 3.3 | 5.2 | 5.3 | 5.9 | 7.6 |
| Interest coverage - EBITDA (x) | 3.9 | 5.6 | 5.7 | 6.4 | 8.3 |
| ROA - using norm profit (%) | 5.9 | 9.6 | 7.9 | 7.9 | 9.1 |
| ROE - using norm profit (%) | 40.2 | 63.3 | 32.5 | 23.8 | 23.9 |
| DuPont | | | | | |
| ROE - using after tax profit (%) | 40.5 | 63.5 | 32.6 | 23.9 | 24.0 |
| - asset turnover (x) | 0.8 | 0.8 | 0.7 | 0.6 | 0.7 |
| - operating margin (%) | 13.4 | 18.1 | 19.2 | 19.9 | 20.9 |
| - leverage (x) | 6.8 | 6.6 | 4.1 | 3.0 | 2.6 |
| - interest burden (%) | 70.7 | 80.7 | 81.2 | 83.1 | 87.1 |
| - tax burden (%) | 74.7 | 81.3 | 77.0 | 75.0 | 75.0 |
| WACC (%) | 7.9 | 7.9 | 7.9 | 7.9 | 7.9 |
| ROIC (%) | 28.3 | 27.2 | 22.7 | 15.8 | 20.3 |
| NOPAT (Bt m) | 1,640 | 3,952 | 4,436 | 4,966 | 5,724 |
| invested capital (Bt m) | 14,534 | 19,564 | 31,427 | 28,171 | 29,249 |

Sources: Company data, Thanachart estimates

ESG Information - Third Party Terms

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2. Arabesque S-Ray (0-100)
3. Refinitiv (0-100)
4. S&P Global (0-100)
5. Moody's ESG Solutions (0-100)

SET THSI Index (SETTHSI)

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SET has created a Thailand Sustainability Investment (THSI) list since 2015 for using as an alternative investment in the high performance ESG stocks for investors while, supporting the sustainable Thai companies. SET defines the sustainable companies as the companies that embrace risk management, supply chain management and innovations together with responsibility for environmental, social and governance aspects

As a result, SET has created the SETTHSI for the purpose of indicating the price of these sustainable companies that pass the market capital size and liquidity criteria.

Arabesque S-Ray®

The S-Ray data here is published with a 3 month delay. For the latest data, please contact sray@arabesque.com

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| Score range | Description |
|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CCC - B | LAGGARD: A company lagging its industry based on its high exposure and failure to manage significant ESG risks |
| BB - BBB - A | AVERAGE : A company with a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers |
| AA - AAA | LEADER: A company leading its industry in managing the most significant ESG risks and opportunities |

The Dow Jones Sustainability Indices (DJSI)

The Dow Jones Sustainability Indices (DJSI) are a family of best-in-class benchmarks for investors who have recognized that sustainable business practices are critical to generating long-term shareholder value and who wish to reflect their sustainability convictions in their investment portfolios. The family was launched in 1999 as the first global sustainability benchmark and tracks the stock performance of the world's leading companies in terms of economic, environmental and social criteria. Created jointly by S&P Dow Jones Indices and SAM, the DJSI combine the experience of an established index provider with the expertise of a specialist in Sustainable Investing to select the most sustainable companies from across 61 industries. The indices serve as benchmarks for investors who integrate sustainability considerations into their portfolios, and provide an effective engagement platform for investors who wish to encourage companies to improve their corporate sustainability practices.

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ESG risk combines the concepts of management and exposure to arrive at an absolute assessment of ESG risk. We identify five categories of ESG risk severity that could impact a company's enterprise value

Moody's ESG Solutions

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| | | |
|--------|-------|--------------|
| 90-100 | ▲▲▲▲▲ | Excellent |
| 80-89 | ▲▲▲▲ | Very Good |
| 70-79 | ▲▲▲ | Good |
| 60-69 | ▲▲ | Satisfactory |
| 50-59 | ▲ | Pass |
| Below | | N/A |

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