

INOUE RUBBER (THAILAND)

THAILAND / AUTOMOTIVE

IRC TB

HOLD

FROM BUY

TARGET PRICE	THB15.00
CLOSE	THB14.30
UP/DOWNSIDE	+4.9%
PRIOR TP	THB15.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+0.0%

Lower costs to offset weak sales

- Expect 1QFY24 core profit to slide 1.3% q-q but rise 235% y-y.
- IRC's revenue losing momentum. We expect 1QFY24 to be the fifth consecutive quarter where revenue has fallen quarter-on-quarter.
- Maintain our profit forecast and TP of THB15; downgrade to HOLD due to limited upside.

Expect revenue to lose momentum

We expect IRC to post a 1QFY24 core profit of THB53m (-1.3% q-q), in line with the slight drop in sales revenue. Its 1QFY24 core profit should grow 235% y-y because 1QFY23 was hit hard by rising raw material costs. Like 4QFY23, this quarter's performance should be saved by the lower raw material costs. We project IRC's 1QFY24 revenue at THB1.2b (-1.4% q-q, -15.5% y-y). It would be the fifth consecutive quarter where revenue has fallen q-q and the fourth consecutive quarter with a revenue decline y-y. We anticipate its gross margin to tick up 20bps due to lower energy-related costs, supporting the company's bottom line.

FTI projects motorcycle sales in domestic market will improve

In 2023, motorcycle sales in the domestic market increased by 3.6% y-y to 1.8m units, with internal combustion engine units contributing almost 100%. Only 420 battery-powered motorcycles were bought. Exports of motorcycles rose 10.8% y-y as the shortage of chips and parts continued to ease. However, 80% of motorcycles manufactured in Thailand are sold domestically. The Federation of Thai Industries (FTI) projects motorcycle production in 2024 to be steady at 2.1m units, driven by domestic sales, while exports are expected to slide as neighboring countries plan to manufacture more motorcycles.

Forecast maintained as challenges lie ahead

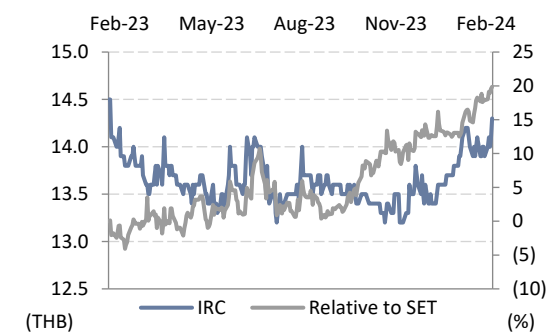
Our projected profit in 1QFY24 accounts for 32% of our full-year forecast, but we prefer to maintain our projection for at least the next two quarters. We believe that motorcycle sales should remain steady this year as the effective interest rate for bike loans has not exceeded 23% (since January 2023), prompting banks to put the brakes on loan growth.

Downgrade to HOLD on limited upside

We maintain our TP of THB15.00, based on a P/E of 17x, equal to its five-year historical average. However, as IRC's current share price offers less than a 10% upside, we downgrade our rating to HOLD from Buy. On the positive side, IRC has a strong base as a leading manufacturer of industrial elastomer products and motorcycle tires and tubes for over 50 years. As a debt-free company, IRC is also cash rich at THB6.0 per share as of end-September 2023.

KEY STOCK DATA

YE Sep (THB m)	2023	2024E	2025E	2026E
Revenue	5,417	5,728	6,129	6,552
Net profit	160	166	205	207
EPS (THB)	0.83	0.86	1.06	1.08
vs Consensus (%)	-	11.7	23.3	1.9
EBITDA	513	545	587	611
Recurring net profit	160	166	205	207
Core EPS (THB)	0.83	0.86	1.06	1.08
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	51.2	3.9	23.2	1.0
Core P/E (x)	17.2	16.6	13.4	13.3
Dividend yield (%)	2.9	3.0	3.7	3.8
EV/EBITDA (x)	3.1	3.3	3.0	2.9
Price/book (x)	0.7	0.7	0.7	0.7
Net debt/Equity (%)	(29.2)	(24.1)	(23.8)	(23.1)
ROE (%)	4.1	4.2	5.0	5.0



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	2.9	5.9	(0.7)
Relative to country (%)	6.5	7.4	20.7
Mkt cap (USD m)	78		
3m avg. daily turnover (USD m)	0.0		
Free float (%)	24		
Major shareholder	Inoue Rubber Co Ltd (34%)		
12m high/low (THB)	17.00/13.10		
Issued shares (m)	192.21		

Sources: Bloomberg consensus; FSSIA estimates


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Investment thesis

We expect IRC to post a 1QFY24 core profit of THB53m, (-1.3% q-q), in line with the slight drop in sales revenue. Its 1QFY24 core profit should grow 235% y-y because 1QFY23 was hit hard by rising raw material costs. Our projected profit in 1QFY24 accounts for 32% of our full-year forecast, but we prefer to maintain our projection for at least the next two quarters as a bumpy road lies ahead.

IRC's current share price offers less than a 10% upside. We downgrade our rating to HOLD from Buy. IRC, however, has a strong base as a leading manufacturer of industrial elastomer products and motorcycle tires and tubes for over 50 years and is a cash-rich company.

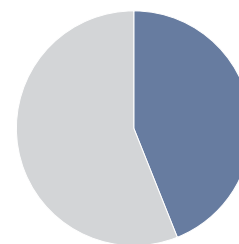
Company profile

Inoue Rubber (Thailand) (IRC) was established by Inoue Rubber Co Ltd Japan and the Leeissaranukul family in 1969. IRC manufactures elastomer products for automotive and other industries, along with motorcycle tires and tubes. The company has two plants at Rangsit, Pathumtani province, producing tires and tubes, and Ayutthaya province producing automotive and industrial elastomer.

www.ircthailand.com

Principal activities (revenue, 2023)

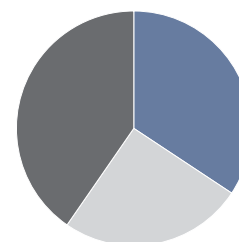
- Motorcycle tires and tubes - 44.0 %
- Industrial elastomer parts - 56.0 %



Source: Inoue Rubber (Thailand)

Major shareholders

- Inoue Rubber Co Ltd - 34.3 %
- KK International Co Ltd - 25.3 %
- Others - 40.4 %



Source: Inoue Rubber (Thailand)

Catalysts

Key potential catalysts include 1) stronger demand for cars and motorcycles in the region; 2) China's stimulus measures, which should boost the global economy; and 3) lower costs for raw materials.

Risks to our call

Downside and upside risks to our P/E-based TP include 1) weaker or stronger demand from the automotive industry; 2) a sharp rise or decrease in the price of crude oil; and 3) chip supply shortages or oversupply.

Event calendar

Date	Event
February 2024	1QFY24 earnings announcement

Key assumptions

YE Sep	FY24E (THB m)	FY25E (THB m)	FY26E (THB m)
Industrial elastomer parts	3,208	3,432	3,669
Growth (%)	4.6	7.0	6.9
Motorcycle tire & tube	2,520	2,697	2,883
Growth (%)	7.3	7.0	6.9
Gross margin (%)	8.9	9.4	9.6
SG&A to sales (%)	6.5	6.5	6.4

Source: FSSIA estimates

Earnings sensitivity

- For every 0.5% change in its gross margin, we project IRC's FY24 net profit to change by 13%, all else being equal.
- For every 1% change in its SG&A to sales, we forecast IRC's FY24 net profit to change by 2%, all else being equal.

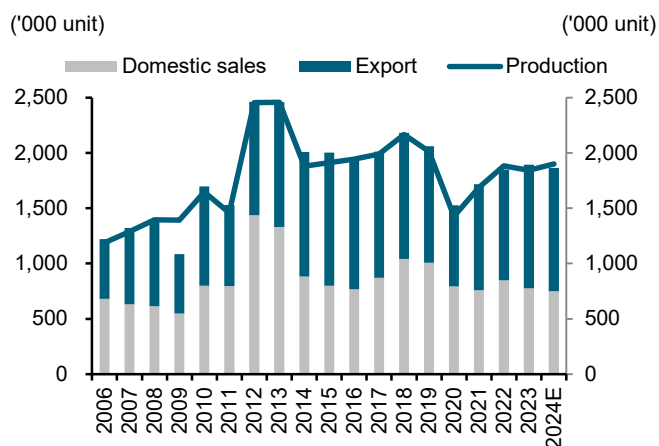
Source: FSSIA estimates

Exhibit 1: 1QFY24 earnings preview

Year to Sep 30	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24E	----- Change -----		FY23	FY24E	Change	% of
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)	FY24E
Sales	1,464	1,441	1,258	1,255	1,237	(1.4)	(15.5)	5,417	5,728	5.7	21.6
Cost of sales	(1,361)	(1,298)	(1,145)	(1,123)	(1,105)	(1.6)	(18.8)	(4,927)	(5,218)	5.9	21.2
Gross profit	102	144	112	132	132	0.2	29.3	491	511	4.1	25.9
Operating costs	(88)	(97)	(98)	(94)	(92)	(1.6)	5.2	(380)	(371)	(2.5)	24.9
Operating profit	15	47	15	39	40	4.5	171.2	110	140	26.8	28.8
Operating EBITDA	105	146	119	143	142	(0.9)	35.9	513	545	6.3	26.0
Other income	11	19	12	17	15	(10.6)	32.6	60	49	(18.5)	30.8
Interest expense	(0)	(0)	(0)	(0)	(0)	0.0	(24.0)	(0)	(0)	0.0	23.3
Profit before tax	17	65	31	57	56	(1.4)	229.1	170	189	10.9	29.7
Tax	(1)	(4)	(1)	(3)	(3)	(2.0)	153.6	(10)	(23)	119.2	14.6
Associates	0	0	0	0	0	0.0	0.0	0	0	0.0	0.0
Minority interests	0	0	0	(0)	0	0.0	0.0	(0)	(0)	0.0	0.0
Reported net profit	16	61	30	53	53	(1.3)	235.4	160	166	3.9	31.7
Core profit	16	61	30	53	53	(1.3)	235.4	160	166	3.9	31.7
Reported EPS (THB)	0.08	0.30	0.15	0.27	0.26	(1.3)	229.4	0.83	0.86	4.1	30.5
Core EPS (THB)	0.08	0.30	0.15	0.27	0.26	(1.3)	235.4	0.83	0.86	4.1	30.5
Key Ratios (%)	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)	(ppt)	
Gross margin	7.0	10.0	8.9	10.5	10.7	0.2	3.7	9.1	8.9	(0.1)	
Operating margin	1.2	4.5	2.5	4.5	4.5	0.0	3.4	3.1	3.3	0.2	
EBITDA margin	7.1	10.1	9.5	11.4	11.5	0.1	4.3	9.5	9.5	0.1	
Recurring net margin	1.1	4.2	2.4	4.3	4.3	0.0	3.2	2.9	2.9	(0.1)	
SG&A / Sales	6.6	6.8	7.4	7.3	7.4	0.0	0.8	7.0	6.5	(0.5)	

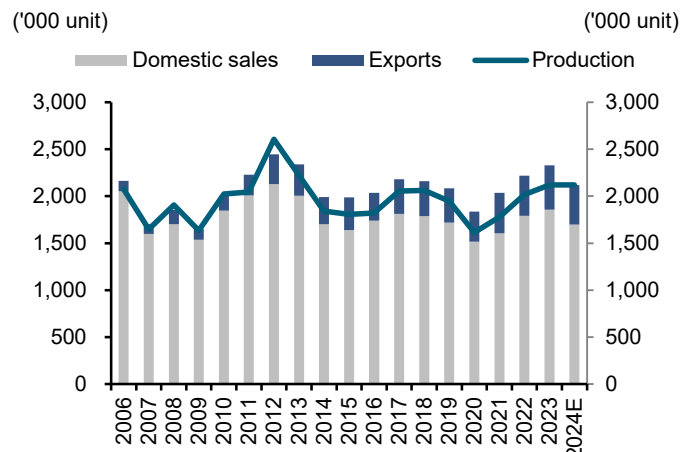
Sources: IRC, FSSIA estimates

Exhibit 2: Car production, domestic sales, exports



Sources: The Federation of Thai Industries, FSSIA's compilation

Exhibit 3: Motorcycle production, domestic sales, exports



Sources: The Federation of Thai Industries, FSSIA's compilation

Financial Statements

Inoue Rubber (Thailand)

Profit and Loss (THB m) Year Ending Sep	2022	2023	2024E	2025E	2026E
Revenue	5,883	5,417	5,728	6,129	6,552
Cost of goods sold	(5,804)	(5,269)	(5,574)	(5,905)	(6,275)
Gross profit	80	148	154	224	276
Other operating income	429	402	405	403	401
Operating costs	(386)	(380)	(371)	(395)	(419)
Operating EBITDA	483	513	545	587	611
Depreciation	(361)	(343)	(357)	(354)	(352)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	122	170	189	232	258
Net financing costs	0	0	0	0	0
Associates	0	0	0	0	0
Recurring non-operating income	0	0	0	0	0
Non-recurring items	0	0	0	0	0
Profit before tax	122	170	189	232	258
Tax	(12)	(10)	(23)	(28)	(52)
Profit after tax	110	160	166	205	207
Minority interests	-	-	-	-	-
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	110	160	166	205	207
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	110	160	166	205	207
Per share (THB)					
Recurring EPS *	0.55	0.83	0.86	1.06	1.08
Reported EPS	0.55	0.83	0.86	1.06	1.08
DPS	0.29	0.42	0.43	0.53	0.54
Diluted shares (used to calculate per share data)	200	192	192	192	192
Growth					
Revenue (%)	11.1	(7.9)	5.7	7.0	6.9
Operating EBITDA (%)	(38.2)	6.2	6.3	7.6	4.1
Operating EBIT (%)	(70.9)	39.0	10.9	23.2	11.1
Recurring EPS (%)	(67.7)	51.2	3.9	23.2	1.0
Reported EPS (%)	(67.7)	51.2	3.9	23.2	1.0
Operating performance					
Gross margin inc. depreciation (%)	1.4	2.7	2.7	3.7	4.2
Gross margin exc. depreciation (%)	7.5	9.1	8.9	9.4	9.6
Operating EBITDA margin (%)	8.2	9.5	9.5	9.6	9.3
Operating EBIT margin (%)	2.1	3.1	3.3	3.8	3.9
Net margin (%)	1.9	2.9	2.9	3.3	3.2
Effective tax rate (%)	10.1	6.1	12.0	12.0	20.0
Dividend payout on recurring profit (%)	52.9	50.3	50.0	50.0	50.0
Interest cover (X)	2,461.9	4,349.5	4,823.8	5,943.5	6,604.9
Inventory days	54.6	54.8	51.4	55.8	54.7
Debtor days	59.9	64.4	60.5	63.3	62.4
Creditor days	72.9	72.0	61.8	65.0	62.4
Operating ROIC (%)	4.2	5.9	6.5	7.5	(2.0)
ROIC (%)	3.0	4.3	4.7	5.6	(1.5)
ROE (%)	2.8	4.1	4.2	5.0	5.0
ROA (%)	2.1	3.1	3.2	3.9	3.8
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Motorcycle tires and tubes	2,586	2,381	2,548	2,726	2,944
Industrial elastomer parts	3,297	3,036	3,180	3,403	3,607

Sources: Inoue Rubber (Thailand); FSSIA estimates

Financial Statements

Inoue Rubber (Thailand)

Cash Flow (THB m) Year Ending Sep	2022	2023	2024E	2025E	2026E
Recurring net profit	110	160	166	205	207
Depreciation	361	343	357	354	352
Associates & minorities	0	0	0	0	0
Other non-cash items	12	15	0	0	0
Change in working capital	(142)	19	(419)	(268)	(264)
Cash flow from operations	340	536	103	291	295
Capex - maintenance	-	-	-	-	-
Capex - new investment	(292)	(227)	(235)	(218)	(218)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	16	(4)	0	0	0
Cash flow from investing	(276)	(231)	(235)	(218)	(218)
Dividends paid	(170)	(56)	(83)	(102)	(103)
Equity finance	0	0	0	0	0
Debt finance	0	0	0	0	0
Other financing cash flows	-	-	-	-	-
Cash flow from financing	(170)	(56)	(83)	(102)	(103)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	39	42	19
Net other adjustments	0	0	39	42	19
Movement in cash	(106)	249	(176)	13	(7)
Free cash flow to firm (FCFF)	64.17	305.01	(131.39)	73.33	76.68
Free cash flow to equity (FCFE)	64.12	304.97	(92.88)	115.32	96.00

Per share (THB)

FCFF per share	0.33	1.59	(0.68)	0.38	0.40
FCFE per share	0.33	1.59	(0.48)	0.60	0.50
Recurring cash flow per share	2.41	2.69	2.72	2.91	2.91

Balance Sheet (THB m) Year Ending Sep	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	6,928	6,474	6,136	5,800	5,465
Less: Accumulated depreciation	(5,294)	(4,951)	(4,595)	(4,240)	(3,888)
Tangible fixed assets (net)	1,634	1,523	1,541	1,559	1,577
Intangible fixed assets (net)	49	40	42	42	42
Long-term financial assets	444	566	566	566	566
Invest. in associates & subsidiaries	235	108	108	108	108
Cash & equivalents	897	1,146	970	983	976
A/C receivable	1,047	863	1,036	1,092	1,149
Inventories	838	642	829	867	909
Other current assets	8	6	11	12	13
Current assets	2,791	2,657	2,847	2,954	3,047
Other assets	119	139	126	130	135
Total assets	5,272	5,032	5,230	5,359	5,474
Common equity	3,832	3,929	4,015	4,121	4,228
Minorities etc.	0	0	0	0	0
Total shareholders' equity	3,832	3,929	4,015	4,121	4,228
Long term debt	1	0	0	0	0
Other long-term liabilities	287	298	235	227	216
Long-term liabilities	287	299	235	227	217
A/C payable	1,147	795	972	1,004	1,022
Short term debt	0	0	0	0	0
Other current liabilities	6	9	7	8	8
Current liabilities	1,153	804	979	1,011	1,031
Total liabilities and shareholders' equity	5,272	5,032	5,230	5,359	5,475
Net working capital	741	707	897	959	1,040
Invested capital	3,222	3,082	3,281	3,365	3,468

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

Per share (THB)

Book value per share	19.16	20.44	20.89	21.44	22.00
Tangible book value per share	18.91	20.24	20.67	21.22	21.78

Financial strength

Net debt/equity (%)	(23.4)	(29.2)	(24.1)	(23.8)	(23.1)
Net debt/total assets (%)	(17.0)	(22.8)	(18.5)	(18.3)	(17.8)
Current ratio (x)	2.4	3.3	2.9	2.9	3.0
CF interest cover (x)	7,163.6	13,610.5	3,625.8	8,522.3	8,028.3

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	26.0	17.2	16.6	13.4	13.3
Recurring P/E @ target price (x) *	27.3	18.0	17.4	14.1	14.0
Reported P/E (x)	26.0	17.2	16.6	13.4	13.3
Dividend yield (%)	2.0	2.9	3.0	3.7	3.8
Price/book (x)	0.7	0.7	0.7	0.7	0.7
Price/tangible book (x)	0.8	0.7	0.7	0.7	0.7
EV/EBITDA (x) **	4.1	3.1	3.3	3.0	2.9
EV/EBITDA @ target price (x) **	4.4	3.4	3.5	3.2	3.1
EV/invested capital (x)	0.6	0.5	0.5	0.5	0.5

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

Sources: Inoue Rubber (Thailand); FSSIA estimates

Disclaimer for ESG scoring

ESG score	Methodology	Rating																												
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																												
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																												
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																												
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																												
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																												
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+																		
NEGL	Low	Medium	High	Severe																										
0-10	10-20	20-30	30-40	40+																										
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																												
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: right;">AAA</td> <td>8.571-10.000</td> <td style="text-align: right;">Leader:</td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td style="text-align: right;">AA</td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">A</td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">BBB</td> <td>4.286-5.713</td> <td style="text-align: right;">Average:</td> <td>a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td style="text-align: right;">BB</td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">B</td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">CCC</td> <td>0.000-1.428</td> <td style="text-align: right;">Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570			A	5.714-7.142			BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285			B	1.429-2.856			CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks	
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																													
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																													
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																													
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																												
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																												

Rating regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**"; 2) "**AGM Level**"; 3) "**Thai CAC**"; and 4) **THSI**. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Jitra Amornthum FSS International Investment Advisory Securities Co., Ltd

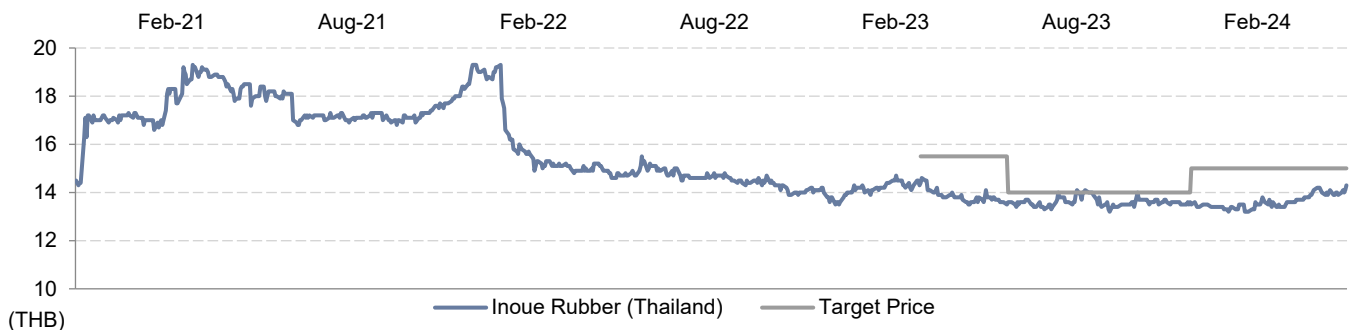
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History of change in investment rating and/or target price

Inoue Rubber (Thailand) (IRC TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
01-Feb-2023	HOLD	15.50	17-Apr-2023	HOLD	14.00	21-Sep-2023	BUY	15.00

Jitra Amornthum started covering this stock from 01-Feb-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Inoue Rubber (Thailand)	IRC TB	THB 14.30	HOLD	Downside and upside risks to our P/E-based TP include 1) weaker or stronger demand from the automotive industry; 2) a sharp rise or decrease in the price of crude oil; and 3) chip supply shortages or oversupply.

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 02-Feb-2024 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.