

Eastern Polymer Group

EPG

Eastern Polymer Group
Public Company Limited

Bloomberg EPG TB
Reuters EPG.BK

innovest^x
A Subsidiary of SCBX Group

Low investor appetite to continue

EPG share price has plunged 49% YTD, far worse than the SET's -5.6%, reflecting concerns on earnings in the packaging segment and more provisions against expected credit loss (ECL) for products delivered to a joint venture in South Africa. The competition in plastic packaging remains intense and has eaten into EPP's gross margin; the problem at its JV in South Africa has been addressed and partially resolved. Until there are more positive signs, we expect investor appetite for the stock to remain low. We cut our FY2025 profit forecast by 23% to reflect the actual and potential ECL. We also cut TP to Bt5.2, based on 12x PE and maintain Neutral.

1QFY25 recap. EPG reported net profit of Bt254mn in 1QFY25 (-16.8% YoY but +65.1% QoQ). Lower expected credit loss at Bt111mn drove the QoQ rise but ECL was behind the YoY decline as ECL in 1QFY24 was only Bt13mn. This was due primarily to trade receivables for Aeroklas (automotive segment), which supplies raw materials to a joint venture in South Africa. Operating profit was supported by insulation rubber on a higher gross margin for high-value products in the US market, plus stronger profit share from associates and joint ventures (+19% YoY but -11% QoQ) in the insulation business in India and the automotive rubber business.

Maintains target sales revenue growth in FY2025. EPG maintains its sales growth target at 8-10% with a gross profit margin (GPM) of 30-33% in FY2025. Aeroflex (AFC) is expected to drive earnings with sales revenue growth of 6-8% with a GPM of 43-45%, followed by Aeroklas (ARK) which aims for 10-12% growth and GPM of 30-33%. EPP's revenue growth will remain low at 3-5% with a GPM of 12-15% on persistently high competition.

High potential for insulation rubber in the US. Management remains optimistic on AFC's outlook as it is seeing high demand for insulation in high-tech facilities such as semiconductor plants, cloud computing servers and EV car factories in the US. Demand for insulation in data centers is also rising on the need for precise temperature control. Demand for AFC's products in Asia, particularly Japan and Thailand, remains healthy. The relocation of production plants to Thailand is starting to benefit AFC, especially with the setup of EV plants by Chinese manufacturers.

More orders from top automakers to ARK. EPG's automotive plastic business is delivering new products to Japanese automakers after achieving better production efficiency at the flat deck product. Its business in Australia under AAPG (formerly known as TJM Products Pty. Ltd.) is focusing on cost reduction and revenue growth on current assets. It has no plan to add to TJM's 12 retail outlets (as of end-June). Although the company still expects some pressure on OEM products bedliners and sidesteps, new products are expected to enable ARK to deliver revenue growth in FY2025.

Earnings cut to reflect ECL. We slash our FY2025 profit by 23% to reflect provisions for ECL. We keep our Neutral rating as there is no new share catalyst in sight, and cut TP to Bt5.20 from Bt8.90, based on -2SD P/E of 12x (FY2025). We expect provisions for ECL to wend down in coming quarters, as guided by management, as the liquidity issue at its JV in South Africa is being resolved.

Risks & concerns: A slow economy that may hurt demand for EPG products and consequently its revenue, and rising prices for key feedstock. We see ESG risk as effective environmental management (E).

Forecasts and valuation

Year to 31 Mar	Unit	FY2023	FY2024	FY2025F	FY2026F	FY2027F
Revenue	(Btmn)	12,125	13,227	14,317	15,435	16,443
EBITDA	(Btmn)	2,104	2,210	1,965	2,162	2,356
Core profit	(Btmn)	1,232	1,446	1,428	1,668	1,900
Reported profit	(Btmn)	1,076	1,187	1,207	1,668	1,900
Core EPS	(Bt)	0.44	0.52	0.51	0.60	0.68
DPS	(Bt)	0.25	0.22	0.25	0.25	0.35
P/E, core	(x)	9.5	8.1	8.2	7.0	6.2
EPS growth, core	(%)	(19.1)	17.4	(1.2)	16.8	13.9
P/BV, core	(x)	1.0	0.9	0.9	0.8	0.8
ROE	(%)	10.4	11.9	11.2	12.3	13.0
Dividend yield	(%)	6.0	5.3	6.0	6.0	8.4
EV/EBITDA	(x)	7.0	6.5	7.1	6.0	5.1

Source: InnovestX Research

Tactical: NEUTRAL (3-month)

Stock data

Last close (Aug 21) (Bt)	4.18
Target price (Bt)	5.20
Mkt cap (Btbn)	11.70
Mkt cap (US\$mn)	342

Beta	M
Mkt cap (%) SET	0.07
Sector % SET	2.74
Shares issued (mn)	2,800
Par value (Bt)	1.00
12-m high / low (Bt)	8.5 / 3.6
Avg. daily 6m (US\$mn)	0.38
Foreign limit / actual (%)	49 / 1
Free float (%)	26.2
Dividend policy (%)	≥ 30

Share performance

(%)	1M	3M	12M
Absolute	(8.7)	(38.5)	(33.7)
Relative to SET	(11.2)	(37.2)	(23.3)

Source: SET, InnovestX Research

2023 Sustainability / 2022 ESG Score

SET ESG Ratings	AA
ESG Bloomberg Rank in the sector	
ESG Score Rank	2/22
Environmental Score Rank	1/22
Social Score Rank	2/22
Governance Score Rank	3/22

ESG comment

EPG has the ESG score above sector's average and it has committed target on environmental issue.

Source: Bloomberg Finance L.P.

Analyst

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Value proposition

EPG has invested a substantial amount into R&D at ~1% of total annual revenue and this has paid off. Innovation is the hallmark of EPG's success, brought by in-house research and development under "EPG Innovation Center" that is continuously rolling out new and innovative products. EPG's inventions include AFC, AEROFLEX tube and sheet insulation, an ideal EPDM insulation with outstanding physical properties for chilled water, refrigerant, hot water piping and airduct systems; ARK, AEROKLAS bed liner for pickups which has a patented installation system with no drilling required; and EPP, high-quality plastic packaging that is being used by many local and multinational clients.

Business outlook

EPG's revenue structure is diversified: in FY2024 ARK contributed 51% of revenue, followed by AFC at 29% and EPP at 20%. We look for a slight decline in EPG's core earnings (-1.2% YoY) to Bt1.4bn in FY2025, based on 8% revenue growth and 31% gross margin. We expect unexciting earnings in 1HFY25, dragged by weak packaging margin, loss contribution from TJM and provision for expected credit loss (ECL). ARK's business is improving on better supply to global automakers and more manageable production at the JV in South Africa. High gross margin is AFC's key strength, as this is a specialty insulation product. The product is well respected in premium markets in the US and Europe. EPP's business is tied to the economy and consumer consumption, which are poised to improve slowly.

Bullish views	Bearish views
1. Diversified business	1. Weak operations at TJM, an auto accessories business in Australia
2. Innovative products with strong reputation with global automakers	2. Volatility in petrochemical product prices hurt gross margin

Key catalysts

Factor	Event	Impact	Comment
Near-term earnings outlook	2QFY25F (Jul-Sep 2024) earnings momentum	+YoY and +QoQ	We expect EPG's core earnings to improve both YoY and QoQ from improving production efficiency of ARK's new product lines.
TJM's operations	Slow operations in 1HFY25 (Apr-Sep 2024)	Negative	We expect a lower loss at TJM in FY2025 under its cost reduction initiatives, but improvement will remain slow on slowed demand for auto accessories.

Sensitivity Analysis

Factor	Earnings impact	TP impact
Exchange rate (+Bt1/US\$)	+4%	Bt0.2/share
Gross profit margin (+1%)	+9%	Bt0.5/share

Our view on ESG

On sustainability development, we view EPG as mostly clear on environmental issues with a long-term goal to be a “Net Zero” organization within 2042; it also has measures in place to track performance. EPG does have a strategy and response to develop sustainability in social and governance issues for all stakeholders.

ESG Disclosure Score

Bloomberg ESG Score	69.77 (2022)	CG Rating	DJSI	SETESG	SET ESG Ratings	
Rank in Sector	5/67	EPG	5	No	Yes	AA

Source: Thai Institute of Directors and SET

Environmental Issue (E)

- EPG has set a long-term goal of achieving Net Zero Emissions by 2042 for the subsidiary – Aeroflex, which is a model company that has laid out concrete plans to work towards the Net Zero Emissions target for the group.
- EPG has set out long-term ESG development goals for 2025, including reducing greenhouse gas (Scope 1 & 2) emissions by 3% from FY2022, reducing greenhouse gases per product by 1.5% from FY2022 and reducing energy usage per product by 2.5% from FY2020.
- Main Strategies for Greenhouse Gas Management include 1) making an organization's and product's carbon footprint; 2) reducing direct greenhouse gas emissions from production sites (scope 1); 3) increasing energy efficiency to reduce indirect greenhouse gas emissions (scope 2); and 4) promoting renewable energy.

Social Issue (S)

- In FY2024, EPG had a Lost Time Injury Frequency Rate (LTIFR) of 1.37, a slight decline from 1.43 a year ago, which was below a target of zero and had Total Recordable Injury Frequency Rate (TRIFR) of 4.53 (down from 5.45), which was in accordance with the company's target of below 5.50.
- In FY2024, EPG launched 99 projects and community and social activities, with 930 participants and more than 69,000 direct and indirect beneficiaries from the company's initiatives and activities.

Governance Issue (G)

- EPG’s board of directors consists of 10 directors, 2 non-executive directors (20% of the entire Board), 4 independent directors (40% of the entire Board), and 4 executive directors. This includes one female members (10% of the entire Board). The chairman is an independent director.
- EPG has been rated “Excellent” (5 stars) by the Thai Institute of Directors for 2023.
- We view EPG’s management and governance as satisfactory, reflecting management’s experience and expertise in the business, its ability to execute strategic plans for business growth, its transparency with stakeholders, and its independent board of directors.
- EPG conducts and publishes a supplier code of conduct to communicate the company’s intention to conduct business with integrity, transparency, and responsibility to all stakeholders, including society and the environment, throughout the supply chain, with the goal of reducing risks and operating costs while increasing efficiency and value.
- Major shareholders control ~70% of total issued and paid-up shares.

ESG Disclosure Score

End of Mar 31	2022	2023
ESG Disclosure Score	63.18	65.54
Environment	85.50	83.81
Emissions Reduction Initiatives	Yes	Yes
GHG Scope 2 Location-Based ('000 metric tonnes)	1.99	1.83
GHG Scope 3 ('000 metric tonnes)	50.05	41.70
Total Energy Consumption ('000 MWh)	105.92	94.39
Total Waste ('000 metric tonnes)	1.73	1.97
Social	27.87	36.64
Pct Women in Workforce (%)	41.70	43.77
Number of Employees - CSR (persons)	2,806	2,833
Total Hours Spent by Firm - Employee Training (hours)	36,478	79,324
Social Supply Chain Management	Yes	Yes
Human Rights Policy	Yes	Yes
Governance	76.10	76.10
Size of the Board (persons)	9	9
Independent Directors (persons)	4	4
% Independent Directors	44	44
Board Duration (Years)	3	3
# Board Meetings	6	7
Board Mtg Attendance (%)	100	98

Source: Bloomberg Finance L.P.

Disclaimer

Bloomberg ESG Disclosure Scores rate companies on their level of disclosure of ESG data. Bloomberg offers four disclosure scores, for overall ESG, as well as Environmental, Social, and Governance. To review the fully transparent methodology, calculate disclosure scores for any company, and compare a company's scores vs its peers, see ESG Disclosure Score Model in Bloomberg.

Financial statement

Profit and Loss Statement

FY March 31	Unit	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025F	FY2026F	FY2027F
Total revenue	(Btmn)	10,227	9,582	11,770	12,125	13,227	14,317	15,435	16,443
Cost of goods sold	(Btmn)	7,251	6,594	8,028	8,134	8,999	9,885	10,637	11,317
Gross profit	(Btmn)	2,977	2,988	3,742	3,991	4,228	4,432	4,798	5,126
SG&A	(Btmn)	2,051	1,927	2,339	2,872	3,102	3,287	3,466	3,610
Other income	(Btmn)	42	158	56	69	96	100	100	100
Interest expense	(Btmn)	30	61	81	101	194	197	149	109
Pre-tax profit	(Btmn)	938	1,158	1,377	1,087	1,027	1,049	1,283	1,508
Corporate tax	(Btmn)	68	35	74	92	21	84	103	121
Equity a/c profits	(Btmn)	127	93	226	243	463	487	511	536
Minority interests	(Btmn)	3	(2)	(5)	(6)	(24)	(23)	(23)	(23)
Core profit	(Btmn)	1,000	1,212	1,524	1,232	1,446	1,428	1,668	1,900
Extra-ordinary items	(Btmn)	2	6	73	(156)	(259)	(221)	0	0
Net Profit	(Btmn)	1,003	1,219	1,597	1,076	1,187	1,207	1,668	1,900
EBITDA	(Btmn)	1,648	2,024	2,292	2,104	2,210	1,965	2,162	2,356
Core EPS	(Bt)	0.36	0.43	0.54	0.44	0.52	0.51	0.60	0.68
Net EPS	(Bt)	0.36	0.44	0.57	0.38	0.42	0.43	0.60	0.68
DPS	(Bt)	0.22	0.28	0.33	0.25	0.22	0.25	0.25	0.35

Balance Sheet

FY March 31	Unit	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025F	FY2026F	FY2027F
Total current assets	(Btmn)	5,165	5,820	6,274	7,252	7,778	7,569	8,762	10,146
Total fixed assets	(Btmn)	8,867	9,584	9,994	11,291	12,023	12,068	11,870	11,639
Total assets	(Btmn)	14,032	15,405	16,268	18,543	19,801	19,637	20,632	21,785
Total loans	(Btmn)	2,011	1,968	2,152	3,696	3,613	3,254	3,134	3,049
Total current liabilities	(Btmn)	2,143	2,489	3,320	3,130	3,732	3,101	3,187	3,286
Total long-term liabilities	(Btmn)	1,315	1,876	1,136	3,506	3,580	3,462	3,379	3,308
Total liabilities	(Btmn)	3,458	4,364	4,456	6,636	7,312	6,563	6,566	6,594
Paid-up capital	(Btmn)	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800
Total equity	(Btmn)	10,574	11,040	11,812	11,908	12,489	13,074	14,065	15,191
BVPS	(Bt)	3.77	3.94	4.21	4.24	4.44	4.64	4.99	5.38

Cash Flow Statement

FY March 31	Unit	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025F	FY2026F	FY2027F
Core Profit	(Btmn)	1,000	1,212	1,524	1,232	1,446	1,428	1,668	1,900
Depreciation and amortization	(Btmn)	679	806	834	916	988	719	730	739
Operating cash flow	(Btmn)	1,434	1,962	1,041	1,495	1,979	1,950	2,001	2,289
Investing cash flow	(Btmn)	(818)	(881)	(640)	(1,715)	(666)	(758)	(527)	(502)
Financing cash flow	(Btmn)	(87)	(814)	(949)	582	(1,067)	(982)	(797)	(859)
Net cash flow	(Btmn)	529	267	(548)	362	246	210	678	928

Key Financial Ratios

FY March 31	Unit	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025F	FY2026F	FY2027F
Gross margin	(%)	29.1	31.2	31.8	32.9	32.0	31.0	31.1	31.2
Operating margin	(%)	9.1	11.1	11.9	9.2	8.5	8.0	8.6	9.2
EBITDA margin	(%)	16.1	21.1	19.5	17.4	16.7	13.7	14.0	14.3
EBIT margin	(%)	9.5	12.7	12.4	9.8	9.2	8.7	9.3	9.8
Net profit margin	(%)	9.8	12.7	13.6	8.9	9.0	8.4	10.8	11.6
ROE	(%)	9.6	11.2	13.3	10.4	11.9	11.2	12.3	13.0
ROA	(%)	7.3	8.2	9.6	7.1	7.5	7.2	8.3	9.0
Net D/E	(x)	0.1	0.0	0.1	0.2	0.2	0.1	0.1	(0.0)
Interest coverage	(x)	54.7	33.0	28.3	20.7	11.4	10.0	14.5	21.7
Debt service coverage	(x)	1.6	2.0	1.1	1.3	1.2	1.3	1.5	1.7
Payout Ratio	(%)	61.4	64.3	57.9	65.1	51.9	58.0	42.0	51.6

Main Assumptions

FY March 31	Unit	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025F	FY2026F	FY2027F
Revenue growth – insulation	(%)	5.0	(12.8)	18.8	14.2	6.5	7.0	7.0	6.0
Revenue growth – automotive	(%)	(10.4)	(5.4)	30.5	1.7	13.1	11.0	10.0	8.0
Revenue growth – packaging	(%)	1.8	(0.3)	12.7	(7.2)	2.9	3.0	3.0	3.0
Gross margin – insulation	(%)	42.3	43.2	42.6	49.4	46.8	45.0	45.0	45.0
Gross margin – automotive	(%)	25.9	31.0	32.7	31.3	31.2	30.0	30.0	30.0
Gross margin – packaging	(%)	19.0	18.6	17.5	13.5	12.2	12.0	12.0	12.0

Financial statement

Profit and Loss Statement

FY March 31	Unit	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
Total revenue	(Btmn)	3,261	3,015	2,998	2,998	3,316	3,387	3,526	3,590
Cost of goods sold	(Btmn)	2,230	1,969	2,007	2,043	2,220	2,253	2,461	2,388
Gross profit	(Btmn)	1,026	1,042	984	949	1,089	1,129	1,061	1,196
SG&A	(Btmn)	732	718	746	734	743	795	830	896
Other income	(Btmn)	13	23	19	27	23	26	20	37
Interest expense	(Btmn)	34	20	30	53	54	38	50	51
Pre-tax profit	(Btmn)	274	327	227	189	315	323	200	286
Corporate tax	(Btmn)	16	25	20	(9)	30	9	(9)	35
Equity a/c profits	(Btmn)	77	60	83	82	170	101	110	98
Minority interests	(Btmn)	(1)	(1)	(4)	(4)	(3)	(8)	(9)	(2)
Core profit	(Btmn)	333	361	286	276	453	407	310	346
Extra-ordinary items	(Btmn)	51	(149)	(36)	29	(21)	(110)	(157)	(93)
Net Profit	(Btmn)	384	212	250	305	431	297	154	254
EBITDA	(Btmn)	527	578	506	479	604	611	516	604
Core EPS	(Bt)	0.12	0.13	0.10	0.10	0.16	0.15	0.11	0.12
Net EPS	(Bt)	0.14	0.08	0.09	0.11	0.15	0.11	0.05	0.09

Balance Sheet

FY March 31	Unit	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
Total current assets	(Btmn)	8,204	8,160	7,252	7,742	7,746	7,565	7,778	8,041
Total fixed assets	(Btmn)	11,629	11,576	11,291	11,455	11,491	11,717	12,023	12,070
Total assets	(Btmn)	19,833	19,736	18,543	19,197	19,237	19,282	19,801	20,110
Total loans	(Btmn)	4,679	4,771	3,696	3,917	3,771	3,671	3,613	3,696
Total current liabilities	(Btmn)	5,416	4,607	3,130	3,234	3,350	3,380	3,732	3,856
Total long-term liabilities	(Btmn)	2,420	3,424	3,506	3,676	3,555	3,696	3,580	3,484
Total liabilities	(Btmn)	7,836	8,031	6,636	6,910	6,905	7,076	7,312	7,339
Paid-up capital	(Btmn)	2,800	2,800	2,800	2,800	2,800	2,800	2,800	2,800
Total equity	(Btmn)	11,996	11,705	11,908	12,287	12,332	12,206	12,489	12,771
BVPS	(Bt)	4.27	4.17	4.24	4.38	4.39	4.34	4.44	4.54

Cash Flow Statement

FY March 31	Unit	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
Core Profit	(Btmn)	333	361	286	276	453	407	310	346
Depreciation and amortization	(Btmn)	219	232	249	237	235	250	266	267
Operating cash flow	(Btmn)	550	312	312	413	623	586	358	345
Investing cash flow	(Btmn)	(1,403)	(113)	(149)	(122)	(133)	(212)	(198)	(153)
Financing cash flow	(Btmn)	684	(203)	(1,111)	134	(575)	(466)	(161)	(7)
Net cash flow	(Btmn)	(168)	(4)	(948)	425	(85)	(92)	(2)	186

Key Financial Ratios

FY March 31	Unit	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
Gross margin	(%)	31.5	34.6	32.8	31.7	32.8	33.3	30.1	33.3
Operating margin	(%)	9.0	10.7	7.9	7.2	10.4	9.9	6.5	8.4
EBITDA margin	(%)	16.2	19.2	16.9	16.0	18.2	18.0	14.6	16.8
EBIT margin	(%)	9.4	11.5	8.6	8.1	11.1	10.6	7.1	9.4
Net profit margin	(%)	11.8	7.0	8.3	10.2	13.0	8.8	4.4	7.1
ROE	(%)	11.1	12.2	9.7	9.1	14.7	13.3	10.1	11.0
ROA	(%)	7.0	7.3	6.0	5.8	9.4	8.5	6.4	6.9
Net D/E	(x)	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Interest coverage	(x)	15.5	29.0	16.8	9.1	11.1	16.1	10.4	11.9
Debt service coverage	(x)	0.6	0.9	1.2	1.1	1.4	1.5	1.2	1.3

Key Statistics

FY March 31	Unit	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25
Revenue growth – insulation	(%)	34.2	8.4	8.5	1.8	0.3	13.3	11.8	24.6
Revenue growth – automotive	(%)	5.7	5.7	6.6	10.9	2.8	14.4	25.3	27.2
Revenue growth – packaging	(%)	(9.5)	(11.2)	(8.3)	(2.4)	(0.0)	6.0	7.8	(3.7)
Gross margin – insulation	(%)	44.6	49.0	51.6	45.0	48.2	48.3	45.5	47.0
Gross margin – automotive	(%)	31.2	29.0	30.3	32.5	31.1	32.9	28.6	33.2
Gross margin – packaging	(%)	11.6	13.4	12.5	10.5	13.1	13.8	11.1	8.3

Highlights of 1QFY25 earnings

- Sales revenue increased 19.7% YoY and 1.8% QoQ, driven by the insulation rubber business (AFC) in the US, on rising demand for ultra-low temperature insulation and air ducting systems for semiconductor and automotive industries. This led to a higher gross margin for the segment to 47% vs. 45.5% in 4QFY24. Sales revenue of for the automotive segment (ARK) also grew 27.2% YoY on more orders from Japanese automakers and higher canopy exports, though edged down 0.7% QoQ. Lower sales revenue at EPP's packaging business (-3.7% YoY, -9.7% QoQ) was the key drag as intense competition in the domestic market continued.
- The company's gross margin improved to 33.3% in 1QFY25 from 30.1% in 4QFY24, backed by the automotive business, where gross margin widened from 28.6% in 4QFY24 to 33.2% in 1QFY25. The segment contributed 47% of total gross profit in 1QFY25. We believe this reflects new product orders from Japanese automotive manufacturers after it achieved better production efficiency.
- Packaging profit (EPP) fell 27% YoY and 9% QoQ due to lower sales revenue and weak gross margin of only 8.3%, down from 11.1% in 4QFY24 and 5-year average of 16%. EPP's domestic sales accounted for 93% in 1QFY25.
- SG&A expenses increased 21% YoY and 8% QoQ due to higher labor costs at the insulation business in the US and the automotive plastic business in Australia (TJM), as well as higher logistics cost. Note that TJM (with 12 corporate stores in Australia) continued to contribute losses, at Bt58mn in 1QFY25, some improvement from Bt103mn in 4QFY24.
- Operating profit grew 26% YoY and 12% QoQ driven by automotive and insulation segments and higher contribution from associates on better performance of the thermal insulation and automotive businesses in Thailand and India.
- Provision for expected credit loss (ECL) arising out of production and financial difficulties at the JV in South Africa (ATD Alliance) has eaten into EPG's profit for the past four quarters. Most of the ECL was recorded by end 1QFY25, with the remaining ECL of not exceeding Bt164mn to be booked in 2QFY25 on overdue accounts receivable: Bt120mn on accounts overdue 91-180 days and Bt44mn by >180 days. Management says ATD's operations have improved and began repayment in June. The problem in ATD is now in the second stage of resolution, with a focus on supply chain collaboration. Management remains confident on the outlook of the automotive sector in South Africa as being the new hub for ICE vehicles to serve the region. ARK plans to establish a new subsidiary in South Africa to manufacture automotive parts and accessories for a leading automobile manufacturer, with operations expected to start by October 2024.

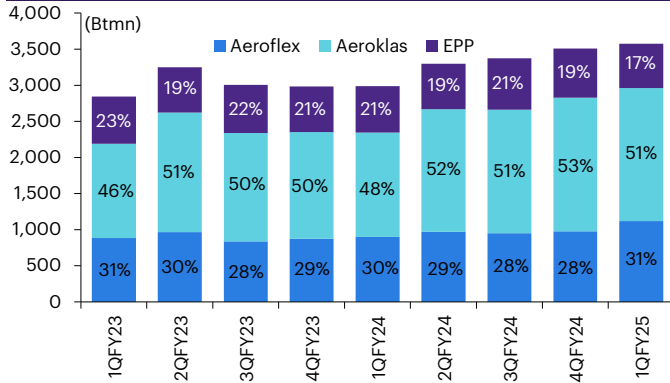
Figure 1: EPG – 1QFY25 earnings review

Year to 31 Mar	1QFY24	4QFY24	1QFY25	%YoY	%QoQ
P&L (Bt, mn)					
Total revenue	2,998	3,526	3,590	19.7	1.8
Gross profit	949	1,061	1,196	26.0	12.7
EBITDA	479	516	604	26.2	17.1
Profit before extra items	276	310	346	25.6	11.6
Net Profit	305	154	254	(16.8)	65.1
EPS (Bt)	0.11	0.05	0.09	(16.8)	65.1
B/S (Bt, mn)					
Total assets	19,197	19,801	20,110	4.8	1.6
Total liabilities	6,910	7,312	7,339	6.2	0.4
Total equity	12,287	12,489	12,771	3.9	2.3
BVPS (Bt)	4.38	4.44	4.54	3.8	2.2
Financial ratio (%)					
Gross margin (%)	31.7	30.1	33.3	1.6	3.2
EBITDA margin (%)	16.0	14.6	16.8	0.9	2.2
Net profit margin (%)	10.2	4.4	7.1	(3.1)	2.7
ROA (%)	5.8	6.4	6.9	1.1	0.6
ROE (%)	9.1	10.1	11.0	1.8	0.9
D/E (X)	0.6	0.6	0.6	1.2	(1.1)

Source: EPG and InnovestX Research

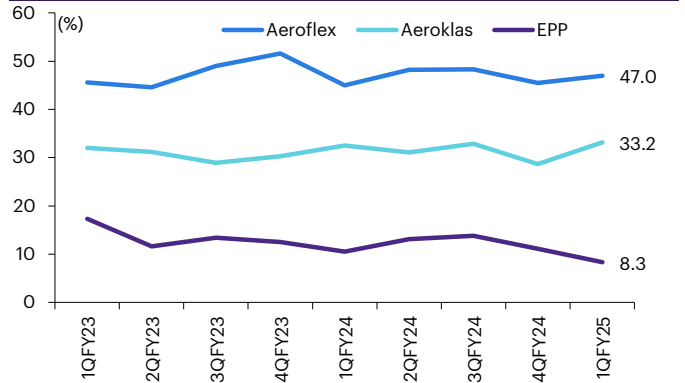
Appendix

Figure 2: EPG – sales breakdown by business



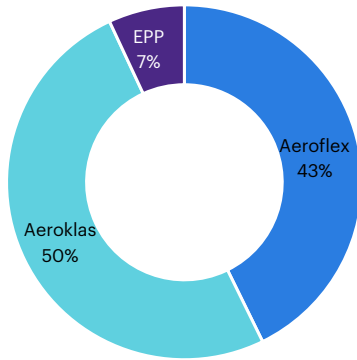
Source: EPG and InnovestX Research

Figure 3: EPG – gross margin



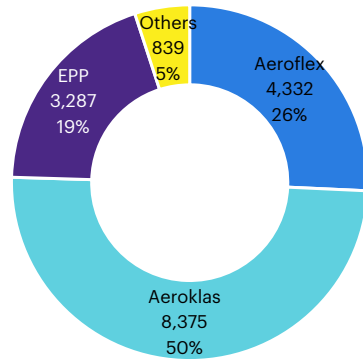
Source: EPG and InnovestX Research

Figure 4: EPG – gross profit breakdown (LTM to 1QFY25)



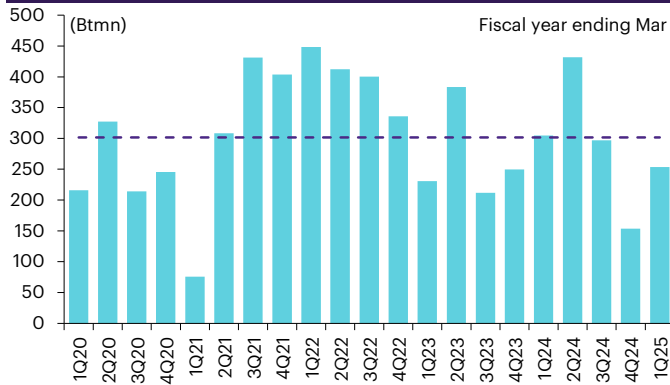
Source: EPG and InnovestX Research

Figure 5: EPG – asset breakdown (1QFY25)



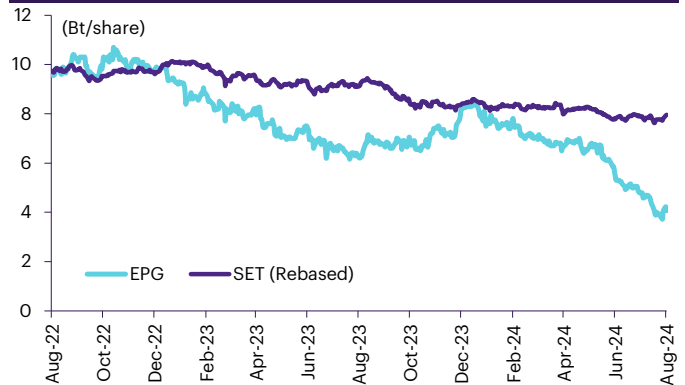
Source: EPG and InnovestX Research

Figure 6: Quarterly net profit



Source: EPG and InnovestX Research

Figure 7: EPG – share price performance



Source: SET and InnovestX Research

Disclaimer

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CG Rating 2023 Companies with CG Rating Companies with Excellent CG Scoring

7UP, AAV, ABM, ACE, ACG, ADB, ADD, ADVANC, AEONTS, AF, AGE, AH, AHC, AIRA, AIT, AJ, AKP, AKR, ALLA, ALT, AMA, AMARIN, AMATA, AMATAV, ANAN, AOT, AP, APCO, APCS, ARIP, ARROW, ASEFA, ASK, ASP, ASW, ATP30, AUCTION, AWC, AYUD, B, BA, BAFS, BAM, BANPU, BAY, BBGI, BBIK, BBL, BC, BCH, BCP, BCPG, BDMS, BEC, BEM, BEYOND, BGC, BGRIM, BH, BIZ, BJC, BJCHI, BKI, BLA, BOL, BPP, BRI, BROOK, BRR, BTS, BTW, BWG, BYD, CBG, CENTEL, CFRESH, CHASE, CHEWA, CHG, CHOW, CIMBT, CIVIL, CK, CKP, CM, CNT, COLOR, COM7, COTTO, CPALL, CPAXT, CPF, CPI, CPL, CPN, CPW, CRC, CRD, CSC, CSS, CV, DCC, DDD, DELTA, DEMCO, DMT, DOHOME, DRT, DUSIT, EA, EASTW, ECF, ECL, EE, EGCO, EPG, ERW, ETC, ETE, FE, FLOYD, FN, FPI, FPT, FSX, FVC, GBX, GC, GCAP, GENCO, GFPT, GGC, GLAND, GLOBAL, GPSC, GRAMMY, GULF, GUNKUL, HANA, HARN, HENG, HMPRO, HPT, HTC, ICC, ICHI, ICN, IIL, ILINK, ILM, IMH, IND, INET, INTUCH, IP, IRC, IRPC, ITC, ITEL, IVL, JAS, JTS, KBANK, KCC, KCE, KEX, KKP, KSL, KTB, KTC, KTMS, KUMWEL, KUN, LALIN, LANNA, LH, LHFH, LIT, LOXLEY, LPN, LRH, LST, M, MAJOR, MALEE, MATCH, MBK, MC, M-CHAI, MCOT, MEGA, MFC, MFEC, MILL, MINT, MONO, MOONG, MSC, MST, MTC, MTI, NC, NCH, NCL, NDR, NER, NKI, NOBLE, NRF, NTV, NVD, NWR, NYT, OCC, OISHI¹, ONEE, OR, ORI, OSP, OTO, PAP, PATO, PB, PCSGH, PDG, PDJ, PG, PHOL, PIMO, PJW, PLANB, PLAT, PLUS, PM, POLY, PRT, PPP, PPS, PR9, PRG, PRINC, PRM, PRTR, PSH, PSL, PT, PTC, PTT, PTPP, PTTGC, Q-CON, QH, QTC, RATCH, RBF, RPH, RS, RT, S, S&J, SA, SABINA, SAK, SAMART, SAMTEL, SAPPE, SAT, SBNEXT, SC, SCB, SCC, SCCC, SCG, SCGP, SCM, SDC, SEAFCO, SEAOL, SECURE, SELIC, SENA, SENX, SFP², SFT, SGC, SGF, SGP, SHR, SICT, SIRI, SIS, SITHAI, SJWD, SKR, SM, SMP, SMT, SNC, SNNP, SNP, SO, SPALI, SPC, SPCG, SPI, SPRC, SR, SSC, SSF, SSSC, STA, STC, STEC, STGT, STI, SUC, SUN, SUSCO, SUTHA, SVI, SVT, SYMC, SYNEX, SYNTEC, TACC, TAE, TCAP, TCMC, TEAMG, TEGH, TFG, TFMAMA, TGE, TGH, THANA, THANI, THCOM, THIP, THRE, THREL, TIDLOR, TIPH, TISCO, TK, TKN, TKS, TKT, TLI, TM, TMC, TMD, TMT, TNDT, TNITY, TNL, TNR, TOA, TOG, TOP, TPBI, TPCS, TPIPL, TPIPP, TPS, TQM, TQR, TRT, TRUE, TRV, TSC, TSTE, TSTH, TTA, TTB, TTCL, TTW, TURTLE, TVDH, TVH, TVO, TVT, TWPC, UAC, UBE, UBIS, UKEM, UP, UPF, UPOIC, UV, VCOM, VGI, VIBHA, VIH, VL, WACOAL, WGE, WHA, WHAUP, WICE, WINMED, WINNER, XPG, YUASA, ZEN

Companies with Very Good CG Scoring

2S, A5, AAI, AIE, ALUCON, AMR, APURE, ARIN, AS, ASIA, ASIAN, ASIMAR, ASN, AURA, BR, BSBM, BSRC, BTG, CEN, CGH, CH, CHIC, CI, CIG, CMC, COMAN, CSP, DOD, DPAINT, DV8, EFORL, EKH, ESTAR, EVER, FORTH, FSMART, FTI, GEL, GPI, HEALTH, HUMAN, IFS, INSET, I, J, JCKH, JDF, JKN, JMART, JUBILE, K, KCAR, KGI, KIAT, KISS, KK, KTIS, KWC, KWM, LDC, LEO, LHK, MACO, METCO, MICRO, MK, MVP, NCAP, NOVA, NTSC, PACO, PIN, PQS, PREB, PRI, PRIME, PROEN, PROS, PROUD, PSTC, PTECH, PYLON, RCL, SALEE, SANKO, SCI, SCN, SE, SE-ED, SFLEX, SINGER, SKN, SONIC, SORKON, SPVI, SSP, SST, STANLY, STP, SUPER, SVOA, SWC, TCC, TEKA, TFM, TMILL, TNP, TPLAS, TPOLY, TRC, TRU, TRUBB, TSE, VRANDA, WAVE, WFX, WIJK, WIN, WP, XO

Companies with Good CG Scoring

24CS, AMANAH, AMARC, AMC, APP, ASAP, BCT, BE8, BIG, BIOTEC, BLESS, BSM, BVG, CAZ, CCET, CHARAN, CHAYO, CHOTI, CITY, CMAN, CMR, CRANE, CWT, DHOUSE, DTCENT, EASON, FNS, FTE, GIFT, GJS, GTB, GTV, GYT, HL, HTECH, HYDRO, IIG, INGRS, INSURE, IRCP, ITD, ITNS, JCK, JMT, JR, JSP, KBS, KGEN, KJL, L&E, LEE, MASTER, MBAX, MEB, MENA, META, MGT, MITSIB, MJD, MOSHI, MUD, NATION, NNCL, NPK, NSL, NV, OGC, PAF, PCC, PEACE, PICO, PK, PL, PLANET, PLE, PMTA, PPM, PRAKIT, PRAPAT, PRECHA, PRIN, PSG, RABBIT, READY, RJH, RSP, RWI, S11, SAAM, SAF, SAMCO, SAWAD, SCAP, SCP, SIAM, SKE, SKY, SMART, SMD, SMIT, SOLAR, SPA, STECH, STPI, SVR, TC, TCCC³, TEAM, TFI, TIGER, TITLE, TKC, TMI, TNH, TPA, TPAC, TRITN, UBA, UMI, UMS, UTP, VARO, VPO, W, WARRIX, WORK, WPH, YONG, ZIGA

Corporate Governance Report

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To recognize well performers, the list of companies attaining "Good", "Very Good" and "Excellent" levels of recognition (Not including listed companies qualified in the "no announcement of the results" clause from 1 January 2022 to 31 October 2023) is publicized.

¹OISHI was voluntarily delisted from the Stock Exchange of Thailand, effectively on September 6, 2023

²SFP was voluntarily delisted from the Stock Exchange of Thailand, effectively on July 19, 2023

³TCCC was voluntarily delisted from the Stock Exchange of Thailand effectively on August 25, 2023

Anti-corruption Progress Indicator

Certified (ได้สัมฤทธิ์ผล)

2S, AAI, ADVANC, AE, AF, AH, AI, AIE, AIRA, AJ, AKP, AMA, AMANAH, AMATA, AMATAV, AP, APCS, AS, ASIAN, ASK, ASP, AWC, AYUD, B, BAFS, BAM, BANPU, BAY, BBGI, BBL, BCH, BCP, BCPG, BE8, BEC, BEYOND, BGC, BGRIM, BLA, BPP, BRR, BSBM, BTC, BTS, BWG, CEN, CENTEL, CFRESH, CGH, CHEWA, CHOTI, CHOW, CIG, CIMBT, CM, CMC, COM7, CPALL, CPAXT, CPF, CPI, CPL, CPN, CPW, CRC, CSC, DCC, DELTA, DEMCO, DIMET, DOHOME, DRT, DUSIT, EA, EASTW, ECF, EGCO, EP, EPG, ERW, ESTAR, ETC, ETE, FNS, FPI, FPT, FSMART, FTE, GBX, GC, GCAP, GEL, GFPT, GGC, GJS, GPI, GPSC, GSTEEL, GULF, GUNKUL, HANA, HARN, HENG, HMPRO, HTC, ICC, ICHI, IFS, IIL, ILINK, ILM, INET, INOX, INSURE, INTUCH, IRPC, ITEL, IVL, JAS, JKN, JR, JTS, KASET, KBANK, KBS, KCAR, KCE, KGEN, KGI, KKP, KSL, KTB, KTC, L&E, LANNA, LHFH, LHK, LPN, LRH, M, MAJOR, MALEE, MATCH, MBAX, MBK, MC, MCOT, META, MFC, MFEC, MILL, MINT, MONO, MOONG, MSC, MST, MTC, MTI, NATION, NCAP, NEP, NKI, NOBLE, NRF, NWR, OCC, OGC, OR, ORI, PAP, PATO, PB, PCSGH, PDG, PDJ, PG, PHOL, PIMO, PK, PL, PLANB, PLANET, PLAT, PM, PPP, PPPM, PPS, PR9, PREB, PRG, PRINC, PRM, PROS, PSH, PSL, PSTC, PT, PTECH, PTG, PTT, PTPP, PTTGC, PYLON, Q-CON, QH, QLT, QTC, RABBIT, RATCH, RML, RS, RWI, S&J, SAAM, SABINA, SAK, SAPPE, SAT, SC, SCC, SCCC, SCG, SCGP, SCM, SCN, SEAOL, SE-ED, SELIC, SENA, SGC, SGP, SIRI, SITHAI, SKR, SMIT, SMK, SMP, SNC, SNP, SORKON, SPACK, SPALI, SPC, SPI, SPRC, SRICHA, SSF, SSSC, SST, STA, STGT, STOWER, SUSCO, SVI, SYMC, SYNTEC, TAE, TAKUNI, TASCOC, TCAP, TCMC, TFG, TFI, TFMAMA, TGE, TGH, THANI, THCOM, THIP, THRE, THREL, TIDLOR, TIPCO, TISCO, TKS, TKT, TMD, TMILL, TMT, TNITY, TNL, TNP, TNR, TOG, TOP, TOPP, TPA, TPCS, TRT, TRU, TSC, TSI, TSTE, TSTH, TTA, TTB, TTCL, TU, TVDH, TVO, TWPC, UBE, UBIS, UEC, UKEM, UOBKH, UV, VCOM, VGI, VIH, WACOAL, WHA, WHAUP, WICE, WIJK, XO, YUASA, ZEN, ZIGA

Declared (ประกาศเจตนา)

ACE, ADB, ALT, AMC, ASW, BLAND, BTG, BYD, CAZ, CBG, CV, DEXON, DMT, EKH, FSX, GLOBAL, GREEN, ICN, IHL, ITC, J, JMART, JMT, LEO, LH, MENA, MITSIB, MODERN, NER, NEX, OSP, PEER, PLUS, POLY, PQS, PRIME, PROEN, PRTR, RBF, RT, SA, SANKO, SCB, SENX, SFLEX, SIS, SKE, SM, SVOA, TBN, TEGH, TIPH, TKN, TPAC, TPLAS, TQM, TRUE, W, WPH, XPG

N/A

24CS, 3K-BAT, A, A5, AAV, ABM, ACAP, ACC, ACG, ADD, ADVICE, AEONTS, AFC, AGE, AHC, AIT, AJA, AKR, AKS, ALL, ALLA, ALPHAX, ALUCON, AMARC, AMARIN, AMR, ANAN, ANI, AOT, APCO, APEX, APO, APP, APURE, AQUA, ARIN, ARIP, ARROW, ASAP, ASEFA, ASIA, ASIMAR, ASN, ATP30, AU, AUCTION, AURA, B52, BA, BBIK, BC, BCT, BDMS, BEAUTY, BEM, BGT, BH, BIG, BIOTEC, BIS, BIZ, BJC, BJCHI, BKD, BKGI, BKIH, BLC, BLESS, BLISS, BM, BOL, BPS, BR, BRI, BROCK, BSM, BSRC, BTNC, BTW, BUI, BVG, CCET, CCP, CEYE, CFARM, CGD, CH, CHAO, CHARAN, CHASE, CHAYO, CHG, CHIC, CHO, CI, CITY, CIVIL, CK, CKP, CMAN, CMO, CMR, CNT, COCOCO, COLOR, COMAN, CPANEL, CPH, CPRO, CPT, CRANE, PDG, CREDIT, CSP, CSR, CSS, CTW, CWT, D, DCON, DDD, DHOUSE, DITTO, DOD, DPAINT, DTCENT, DTICI, DV8, EASON, ECL, EE, EFORL, EMC, ETL, EURO, EVER, F&D, FANCY, FE, FLOYD, FM, FMT, FN, FORTH, FTI, FVC, GABLE, GENCO, GFC, GIFT, GL, GLAND, GLOCON, GLORY, GRAMMY, GRAND, GSC, GTB, GTV, GYT, HEALTH, HFT, HL, HPT, HTECH, HUMAN, HYDRO, I2, IIG, IMH, IND, INGRS, INSET, IP, IRC, IRCP, IT, ITD, ITNS, ITTHI, JAK, JCK, JCKH, JCT, JDF, JPARK, JSP, JUBILE, K, KAMART, KC, KCC, KCG, KCM, KDH, KEX, KIAT, KISS, KJL, KK, KKC, KLINIQ, KOOL, KTIS, KTMS, KUMWEL, KUN, KWC, KWI, KWM, KYE, LALIN, LDC, LEE, LIT, LOXLEY, LPH, LST, LTS, MAGURO, MANRIN, MASTER, MATI, MCA, M-CHAI, MCS, MDX, MEB, MEGA, METCO, MGC, MGI, MGT, MICRO, MIDA, MJD, MK, ML, MORE, MOSHI, MTW, MUD, MVP, NAM, NAT, NC, NCH, NCL, NCP, NDR, NEO, NETBAY, NEW, NEWS, NFC, NL, NNCL, NOK, NOVA, NPK, NSL, NTSC, NTV, NUSA, NV, NVD, NYT, OHTL, ONEE, ORN, PACO, PAF, PANEL, PCC, PEACE, PERM, PF, PHG, PICO, PIN, PJW, PLE, PLT, PMTA, POLAR, POLAR, PORT, PPM, PRAKIT, PRAPAT, PRECHA, PRI, PRIN, PRO, PROUD, PSG, PSP, PTC, PTI, QTCG, RAM, RCL, READY, RICHY, RIJ, ROCK, ROCTEC, ROH, ROJA, RP, RPC, RPH, RSP, S, S11, SABUY, SAF, SAFARI, SAFE, SALEE, SAM, SAMART, SAMCO, SAMTEL, SAUCE, SAV, SAWAD, SAWANG, SBNEXT, SCAP, SCGD, SCI, SCL, SCP, SDC, SE, SEAFCO, SECURE, SFT, SGF, SHANG, SHR, SIAM, SICT, SIMAT, SINGER, SINO, SISB, SJWD, SK, SKN, SKY, SLM, SLP, SMART, SMD, SMT, SNNP, SO, SOLAR, SONIC, SPA, SPCG, SPG, SPREME, SPVI, SQ, SR, SRS, SSC, STANLY, STARK, STC, STEC, STECH, STHAI, STI, STP, STPI, STX, SUC, SUN, SUPER, SUTHA, SVR, SVT, SWC, SYNEX, TACC, TAN, TAPAC, TC, TCC, TCJ, TCOAT, TEAM, TEAMG, TEKA, TERA, TFM, TGPRO, TH, THAI, THANA, THE, THG, THMUI, TIGER, TITLE, TK, TKC, TLI, TM, TMC, TMI, TMW, TNDT, TNH, TNPC, TOA, TPBI, TPCH, TPIPL, TPIPP, TPL, TPOLY, TPP, TPS, TQR, TR, TRC, TRITN, TRP, TRUBB, TRV, TSE, TTI, TTT, TTW, TURTLE, TVH, TVT, TWP, TWZ, TYCN, UAC, UBA, UMI, UMS, UNIQU, UP, UPF, UPOIC, UREKA, UTP, UVAN, VARO, VIBHA, VL, VNG, VPO, VRANDA, WARRIX, WAVE, WELL, WFX, WGE, WIN, WINDOW, WINMED, WINNER, WORK, WORLD, WP, YGG, YONG, ZAA

Explanations

Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of November 1, 2023) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.