

## Softening yet sustainable

- Softening 2Q25 on weak pet food demands for StarUnion
- Yet demands for core portfolio of packaging remains strong
- Maintain BUY and a TP to THB3.6 based on 2025E 10x P/E

### Expect 2Q25 net profit to slow down

We project 2Q25 net profit of THB60m, down from THB63.5m in 1Q24 and THB66m in 1Q25, due to 1) slow demands for packaging caused by poor domestic consumption and export; 2) higher cost on rising raw material cost; and 3) a slight operating loss from the newly operating JV StarUnion, which saw poor demands for export as a result of the US tariff hike for Thailand to 36%, currently still under negotiation.

### Demand resiliency is high

Despite the continued weakening demands for export packaging and domestic consumption, SFLEX still is able to retain its demands and orders from major customers, including Unilever (35%), Lion (25%), InterPharma (20%), Neo (10%), Nipro (5%), given most customers are producers of packaging for necessity products like personal care, consumer goods, and medical dispensary products.

### Pet food demand remains weak on US import tariff

Among all clients, StarUnion, a producer of pet food is the only major weakness for SFLEX's demands, given the heightening uncertainty of the export tariff for pet food from Thailand to US market, triggered by US president Trump on the Liberation Day on 2 April 2025. In July, Thailand is expected to negotiate and finalize the tariff among two countries. Hence, we think the demand visibility of StarUnion should greatly improve by 4Q25 into 2026.

### Vietnam growth remains strong

SFLEX's JV StarPrint, a producer of flexible packaging in Vietnam, has continued to generate strong and sustainable net profit contribution to SFLEX, which owns 25% stake in StarPrint. We project net profit streams of THB39m-THB44m in 2025-27, up from THB35m in 2024.

### Solid packaging play in SET

We maintain BUY and a TP of THB3.60, based on 2025E 10x P/E. We believe SFLEX's strengths in business model of well-diversified client portfolio of high sustainable net profit streams for packaging of consumer products, food and beverage, pet food, medical device (Nipro) and health care medicines for both human and animals. SFLEX also secured sustained yet high-growth potential JV in Vietnam (StarPrint, 25% stake) and Thailand (StarUnion, 49%).

#### Analyst

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ESG Rating : A

CG Rating : ▲▲▲▲

## BUY

|                               |             |
|-------------------------------|-------------|
| <b>Target Price 12M (THB)</b> | <b>3.60</b> |
| VS. BB Consensus TP (%)       | -10.0%      |
| Share Price (THB)             | 2.88        |
| Upside/Downside               | +25.0%      |

#### Share Data

|                          |          |
|--------------------------|----------|
| Market Cap (THB m)       | 2,361.61 |
| Par (THB)                | 0.50     |
| Free Float (%)           | 54.62    |
| Issued shares (m shares) | 820      |

#### Financial forecast

| YE Dec (THB m)             | 2024  | 2025E   | 2026E   | 2027E |
|----------------------------|-------|---------|---------|-------|
| Revenue                    | 1,869 | 2,161   | 2,285   | 2,387 |
| Net profit                 | 281   | 292     | 332     | 340   |
| Core net profit            | 284   | 292     | 332     | 340   |
| vs Consensus (%)           |       | 0.3     | 6.8     | 9.4   |
| Net profit growth (%)      | 52.4  | 3.9     | 13.8    | 2.4   |
| Core net profit growth (%) | 52.0  | 2.8     | 13.8    | 2.4   |
| EPS (THB)                  | 0.34  | 0.36    | 0.40    | 0.41  |
| Core EPS (THB)             | 0.35  | 0.36    | 0.40    | 0.41  |
| Chg from previous (%)      |       | (11.48) | (10.43) | 0.00  |
| DPS (THB)                  | 0.10  | 0.18    | 0.20    | 0.21  |
| P/E (x)                    | 8.94  | 8.10    | 7.12    | 6.95  |
| P/BV (x)                   | 2.20  | 1.76    | 1.51    | 1.32  |
| ROE (%)                    | 26.51 | 23.47   | 22.78   | 20.20 |
| Dividend yield (%)         | 3.27  | 6.17    | 7.02    | 7.19  |

Source: Financial Statement and Globlex securities

#### Share Price Performance (%)

|                    | 1M     | 3M     | 6M    | YTD         |
|--------------------|--------|--------|-------|-------------|
| Stock              | (3.36) | (2.04) | 5.88  | 0.70        |
| Market             | 6.97   | 9.37   | 38.17 | 32.67       |
| 12M High/Low (THB) |        |        |       | 4.06 / 2.28 |



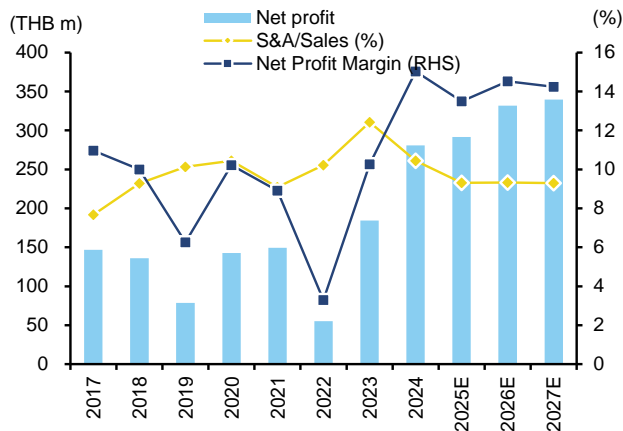
#### Major Shareholders (%) as of 14 Mar 2025

|                                 |       |
|---------------------------------|-------|
| Mr. Printhorn Aphithanasriwong  | 19.74 |
| Mr. Ek Picharnchitra            | 8.41  |
| Starflex Public Company Limited | 5.33  |

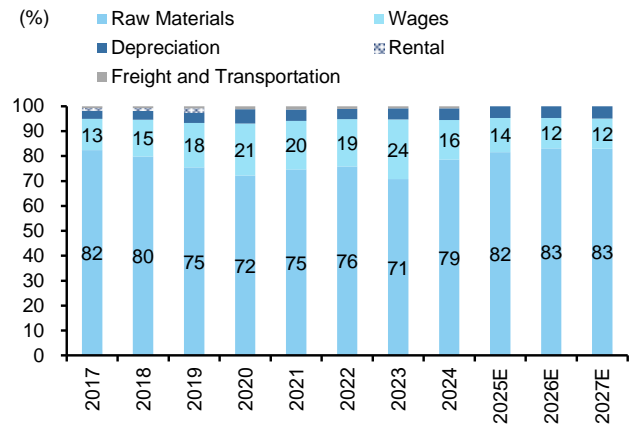
#### Company Profile

Manufacturing and distribution of flexible packaging for both food and non-food products in the form of made to order. The products can be divided into two forms which are roll form and pre form pouch.

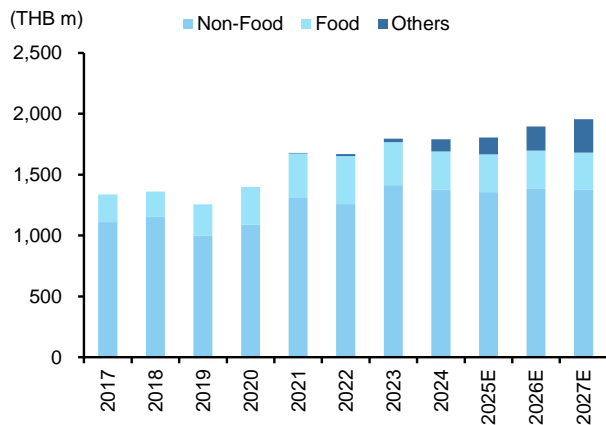
Source: SETSMART, SET

**Exhibit 1: Net profit, SG&A to sales, net profit margin**

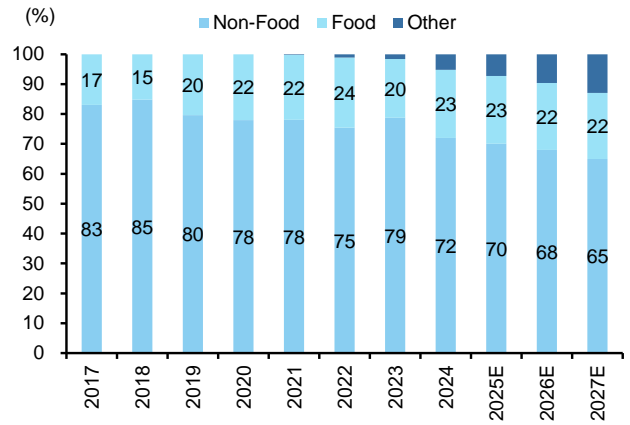
Sources: SFLEX; Globlex Research

**Exhibit 2: Cost structure (%)**

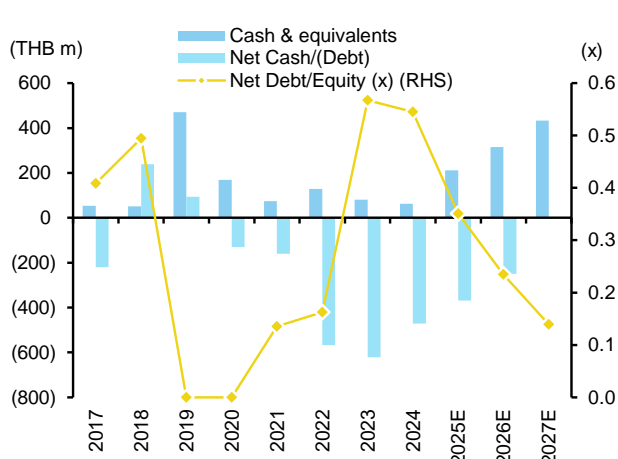
Sources: SFLEX; Globlex Research

**Exhibit 3: Revenue breakdown by segment**

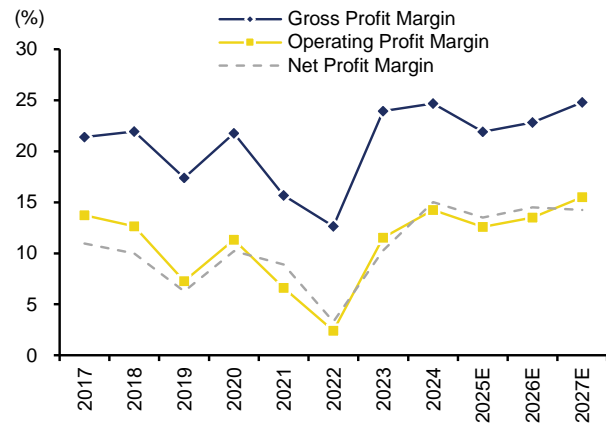
Sources: SFLEX; Globlex Research

**Exhibit 4: Revenue breakdown by segment (%)**

Sources: SFLEX; Globlex Research

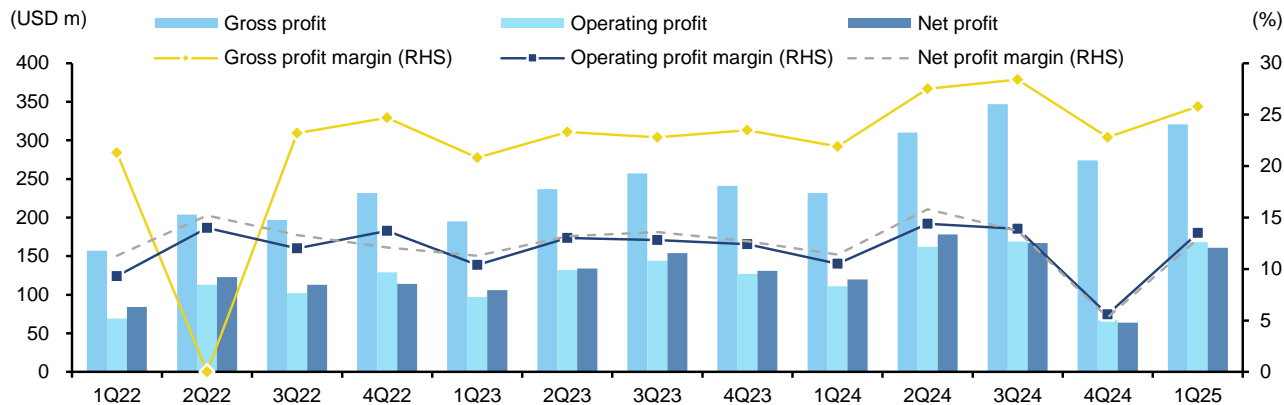
**Exhibit 5: Cash vs Netcash/Debt vs Net debt/Equity**

Sources: SFLEX; Globlex Research

**Exhibit 6: Gross profit margin vs Operating profit margin vs net profit margin**

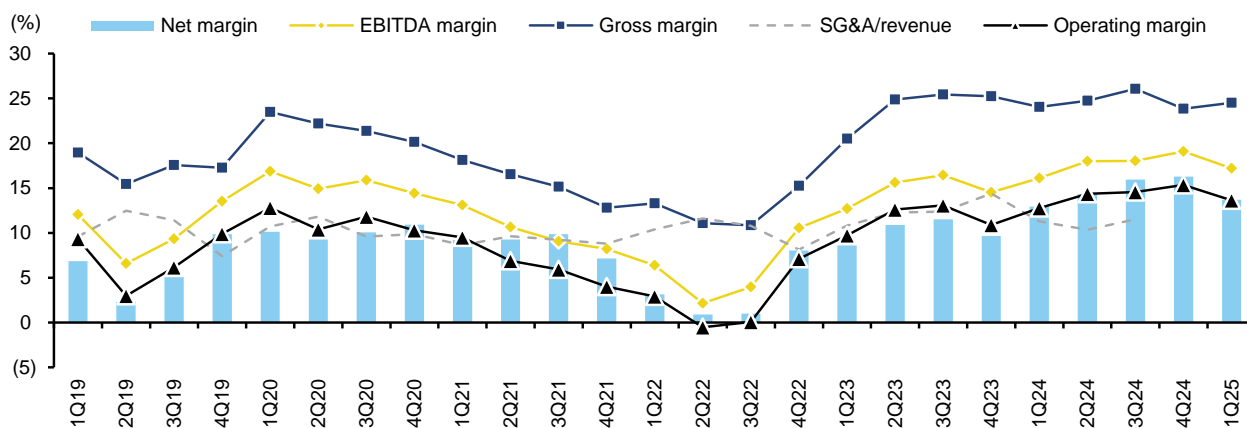
Sources: SFLEX; Globlex Research

### Exhibit 7: Profitability



Sources: SFLEX; Globex Research

### Exhibit 8: Profitability ratios



Sources: SFLEX; Globex Research

### Exhibit 9: Key changes in assumptions

| THB m            | Current |       |       | Previous |       |       | Change (%) |        |       |
|------------------|---------|-------|-------|----------|-------|-------|------------|--------|-------|
|                  | 2025E   | 2026E | 2027E | 2025E    | 2026E | 2027E | 2025E      | 2026E  | 2027E |
| Revenue          | 2,161   | 2,285 | 2,387 | 2,161    | 2,285 | 2,387 | 0.0        | 0.0    | 0.0   |
| Gross profit     | 473     | 522   | 592   | 575      | 633   | 592   | (17.7)     | (17.5) | 0.0   |
| Operating profit | 272     | 309   | 370   | 374      | 420   | 370   | (27.2)     | (26.5) | 0.0   |
| Net profit       | 292     | 332   | 340   | 329      | 370   | 340   | (11.5)     | (10.4) | 0.0   |
| EPS (THB/share)  | 0.36    | 0.40  | 0.41  | 0.40     | 0.45  | 0.41  | (11.5)     | (10.4) | 0.0   |

Sources: SFLEX; Globex Research

| Balance sheet (THB m)        |              |              |              |              |              |
|------------------------------|--------------|--------------|--------------|--------------|--------------|
| Year ending Dec              | 2023         | 2024         | 2025E        | 2026E        | 2027E        |
| <b>Current assets</b>        |              |              |              |              |              |
| Cash & ST investment         | 81           | 62           | 212          | 315          | 434          |
| Account receivable           | 322          | 316          | 359          | 405          | 453          |
| Inventories                  | 326          | 398          | 476          | 496          | 504          |
| Others                       | 27           | 40           | 47           | 49           | 51           |
| <b>Non-current assets</b>    |              |              |              |              |              |
| Net fixed assets             | 770          | 831          | 825          | 901          | 967          |
| Others                       | 510          | 538          | 538          | 538          | 538          |
| <b>Total Assets</b>          | <b>2,036</b> | <b>2,187</b> | <b>2,457</b> | <b>2,704</b> | <b>2,947</b> |
| <b>Current liabilities</b>   |              |              |              |              |              |
| Account payable              | 325          | 306          | 365          | 380          | 386          |
| ST borrowing                 | 480          | 332          | 332          | 332          | 332          |
| Others                       | 16           | 0            | 0            | 0            | 0            |
| <b>Long-term liabilities</b> |              |              |              |              |              |
| Long-term debts              | 168          | 352          | 352          | 352          | 352          |
| Others                       | 46           | 57           | 57           | 57           | 57           |
| <b>Total liabilities</b>     | <b>1,036</b> | <b>1,046</b> | <b>1,105</b> | <b>1,121</b> | <b>1,127</b> |
| Paid-up capital              | 410          | 410          | 410          | 410          | 410          |
| Retained earnings            | 397          | 596          | 742          | 907          | 1,077        |
| Others                       | 193          | 135          | 193          | 251          | 309          |
| Minority interest            | 0            | 0            | 8            | 15           | 24           |
| <b>Shareholders' equity</b>  | <b>1,001</b> | <b>1,140</b> | <b>1,352</b> | <b>1,583</b> | <b>1,820</b> |

| Profit & loss (THB m)        |             |             |             |             |             |
|------------------------------|-------------|-------------|-------------|-------------|-------------|
| Year ending Dec              | 2023        | 2024        | 2025E       | 2026E       | 2027E       |
| <b>Revenue</b>               |             |             |             |             |             |
| Revenue                      | 1,795       | 1,869       | 2,161       | 2,285       | 2,387       |
| Cost of goods sold           | (1,307)     | (1,341)     | (1,601)     | (1,669)     | (1,695)     |
| <b>Gross profit</b>          | <b>488</b>  | <b>528</b>  | <b>559</b>  | <b>616</b>  | <b>692</b>  |
| Operating expenses           | (223)       | (195)       | (201)       | (213)       | (222)       |
| <b>Operating profit</b>      | <b>265</b>  | <b>332</b>  | <b>358</b>  | <b>403</b>  | <b>470</b>  |
| <b>EBIT</b>                  | <b>207</b>  | <b>266</b>  | <b>272</b>  | <b>309</b>  | <b>370</b>  |
| Depreciation                 | (58)        | (66)        | (86)        | (94)        | (100)       |
| <b>EBITDA</b>                | <b>265</b>  | <b>332</b>  | <b>358</b>  | <b>403</b>  | <b>470</b>  |
| <b>Non-operating income</b>  |             |             |             |             |             |
| Other incomes                | 23          | 27          | 34          | 35          | 36          |
| Other non-op income          | 0           | 0           | 0           | 0           | 0           |
| <b>Non-operating expense</b> | <b>(7)</b>  | <b>(32)</b> | <b>(36)</b> | <b>(36)</b> | <b>(36)</b> |
| Interest expense             | (10)        | (35)        | (36)        | (36)        | (36)        |
| Other non-op expense         | 3           | 3           | 0           | 0           | 0           |
| <b>Equity income/(loss)</b>  | <b>(0)</b>  | <b>24</b>   | <b>39</b>   | <b>42</b>   | <b>44</b>   |
| <b>Pre-tax Profit</b>        | <b>223</b>  | <b>285</b>  | <b>309</b>  | <b>350</b>  | <b>415</b>  |
| Extraordinary items          |             |             |             |             |             |
| Current taxation             | (39)        | (4)         | (10)        | (11)        | (67)        |
| Minorities                   | 0           | 0           | (8)         | (8)         | (9)         |
| <b>Net Profit</b>            | <b>184</b>  | <b>281</b>  | <b>292</b>  | <b>332</b>  | <b>340</b>  |
| <b>Core net profit</b>       | <b>187</b>  | <b>284</b>  | <b>292</b>  | <b>332</b>  | <b>340</b>  |
| <b>EPS (THB)</b>             | <b>0.22</b> | <b>0.34</b> | <b>0.36</b> | <b>0.40</b> | <b>0.41</b> |
| <b>Core EPS (THB)</b>        | <b>0.23</b> | <b>0.35</b> | <b>0.36</b> | <b>0.40</b> | <b>0.41</b> |

| Cash flow (THB m)           |              |              |              |              |              |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|
| Year ending Dec             | 2023         | 2024         | 2025E        | 2026E        | 2027E        |
| <b>Operating cash flow</b>  |              |              |              |              |              |
| Net profit                  | 184          | 281          | 292          | 332          | 340          |
| Depre. & amortization       | 104          | 78           | 101          | 107          | 166          |
| Change in working capital   | (0)          | (115)        | (67)         | (53)         | (52)         |
| Others                      | (41)         | (11)         | (17)         | (19)         | (74)         |
| <b>Investment cash flow</b> | <b>(97)</b>  | <b>(155)</b> | <b>(178)</b> | <b>(178)</b> | <b>(178)</b> |
| Net CAPEX                   | (89)         | (127)        | (150)        | (150)        | (150)        |
| Change in LT investment     |              |              |              |              |              |
| Change in other assets      | (8)          | (28)         | (28)         | (28)         | (28)         |
| <b>Free cash flow</b>       | <b>150</b>   | <b>78</b>    | <b>129</b>   | <b>188</b>   | <b>202</b>   |
| <b>Financing cash flow</b>  | <b>(557)</b> | <b>(132)</b> | <b>21</b>    | <b>(85)</b>  | <b>(83)</b>  |
| Change in share capital     | 0            | 0            | 58           | 58           | 58           |
| Net change in debt          | (7)          | (6)          | 0            | 0            | 0            |
| Dividend paid               | (82)         | (82)         | (146)        | (166)        | (170)        |
| Others                      | (469)        | (44)         | 108          | 23           | 29           |
| <b>Net cash flow</b>        | <b>(407)</b> | <b>(54)</b>  | <b>150</b>   | <b>103</b>   | <b>118</b>   |
| <b>Per share (THB)</b>      |              |              |              |              |              |
| EPS                         | 0.22         | 0.34         | 0.36         | 0.40         | 0.41         |
| Core EPS                    | 0.23         | 0.35         | 0.36         | 0.40         | 0.41         |
| CFPS                        | 0.30         | 0.42         | 0.47         | 0.53         | 0.55         |
| BVPS                        | 1.22         | 1.39         | 1.64         | 1.91         | 2.19         |
| Sales/share                 | 2.19         | 2.28         | 2.63         | 2.79         | 2.91         |
| EBITDA/share                | 0.32         | 0.41         | 0.44         | 0.49         | 0.57         |
| DPS                         | 0.10         | 0.10         | 0.18         | 0.20         | 0.21         |
| <b>Valuation</b>            |              |              |              |              |              |
| P/E (x)                     | 15.93        | 8.94         | 8.10         | 7.12         | 6.95         |
| P/BV (x)                    | 2.93         | 2.20         | 1.76         | 1.51         | 1.32         |
| Dividend yield (%)          | 2.79         | 3.27         | 6.17         | 7.02         | 7.19         |
| Dividend payout ratio (%)   | 44.50        | 29.21        | 50.00        | 50.00        | 50.00        |

| Key ratios                       |       |      |       |       |       |
|----------------------------------|-------|------|-------|-------|-------|
| Year ending Dec                  | 2023  | 2024 | 2025E | 2026E | 2027E |
| <b>Growth (%YoY)</b>             |       |      |       |       |       |
| Sales                            | 7.5   | 4.1  | 15.6  | 5.8   | 4.4   |
| Operating profit                 | 173.6 | 25.4 | 7.8   | 12.5  | 16.5  |
| EBITDA                           | 173.6 | 25.4 | 7.8   | 12.5  | 16.5  |
| Net profit                       | 234.6 | 52.4 | 3.9   | 13.8  | 2.4   |
| Core net profit                  | 237.3 | 52.0 | 2.8   | 13.8  | 2.4   |
| EPS                              | 234.6 | 52.4 | 3.9   | 13.8  | 2.4   |
| Core EPS                         | 237.3 | 52.0 | 2.8   | 13.8  | 2.4   |
| <b>Profitability (%)</b>         |       |      |       |       |       |
| Gross margin                     | 27.2  | 28.2 | 25.9  | 27.0  | 29.0  |
| Operation margin                 | 14.8  | 17.8 | 16.6  | 17.6  | 19.7  |
| EBITDA margin                    | 14.8  | 17.8 | 16.6  | 17.6  | 19.7  |
| Net margin                       | 10.3  | 15.0 | 13.5  | 14.5  | 14.2  |
| ROE                              | 18.8  | 26.5 | 23.5  | 22.8  | 20.2  |
| ROA                              | 10.3  | 12.0 | 11.2  | 10.1  | 9.5   |
| <b>Stability</b>                 |       |      |       |       |       |
| Interest bearing debt/equity (x) | 0.6   | 0.6  | 0.5   | 0.4   | 0.4   |
| Net debt/equity (x)              | 0.6   | 0.5  | 0.3   | 0.2   | 0.1   |
| Interest coverage (x)            | 21.3  | 7.6  | 7.6   | 8.6   | 10.3  |
| Interest & ST debt coverage (x)  | 0.4   | 0.7  | 0.7   | 0.8   | 1.0   |
| Cash flow interest coverage (x)  | 0.2   | 0.2  | 0.3   | 0.3   | 0.3   |
| Current ratio (x)                | 0.9   | 1.3  | 1.6   | 1.8   | 2.0   |
| Quick ratio (x)                  | 0.5   | 0.6  | 0.8   | 1.0   | 1.2   |
| Net debt (THB m)                 | 567   | 622  | 472   | 368   | 250   |
| <b>Activity</b>                  |       |      |       |       |       |
| Asset turnover (X)               | 1.0   | 0.9  | 0.9   | 0.9   | 0.8   |
| Days receivables                 | 59.5  | 62.3 | 57.1  | 61.0  | 65.6  |
| Days inventory                   | 92.1  | 98.6 | 99.6  | 106.2 | 107.6 |
| Days payable                     | 83.9  | 85.8 | 76.5  | 81.5  | 82.6  |
| Cash cycle days                  | 67.6  | 75.0 | 80.2  | 85.8  | 90.6  |

## GENERAL DISCLAIMER

### Analyst Certification

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## RECOMMENDATION STRUCTURE

### Stock Recommendations

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

- BUY:** Expected return of 10% or more over the next 12 months.  
**HOLD:** Expected return between -10% and 10% over the next 12 months.  
**REDUCE:** Expected return of -10% or worse over the next 12 months.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause 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.

### Sector Recommendations

- Overweight:** The industry is expected to outperform the relevant primary market index over the next 12 months.  
**Neutral:** The industry is expected to perform in line with the relevant primary market index over the next 12 months.  
**Underweight:** The industry is expected to underperform the relevant primary market index over the next 12 months.

### Country (Strategy) Recommendations

**Overweight:** 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:** 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:** 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.