

## Rebound, recover, and re-rating

- Lower losses from TJM and South African JVs are visible ahead
- Stronger net profit growth from Aeroflex and marginal improvements in Aeroklas and EPP should drive core profits
- Maintain BUY but cut TP to THB3.2

### Business restructuring and operational optimizations are key

We think EPG's worst year of weak net profit of THB0.8b (-33% y-y) and core net profit of THB1.0b (-16% y-y), caused by depressed margins and demands, are now behind in FY2024/25 (Apr-24 to Mar-25). We see improving net profit trajectory in FY2025/26 (Apr-25 to Mar-26E) to continue into FY2026/27E-FY2027/28E on the lower losses of TJM in Australia and ATD/DUYS in South Africa, stronger net profits from JVs, Tough Dog (4-way suspension) in Australia, and Aeroflex in US, and the marginally improving net profits of EPP (packaging) and Aeroklas (auto parts) on operational optimizations.

### TJM losses to narrow marginally

In the past three fiscal years in FY2022/23-FY2024/25, TJM, the distributor of off-road accessories in Australia, has been suffering greater operating losses of -THB181m in FY2022/23 to -THB331m in FY2024/25 due to weak demands and high fixed cost structure, mainly personnel expenses given high salary base in Australia. In FY2025/26E onwards, we project narrower operating losses of THB301m and THB271m given management aims to cut costs while maintain revenues.

### South African auto parts JV to turn around

In FY2024/25 EPG booked Expected Credit Loss (ECL) of THB325m for ATD, its 46%-owned JV who produces auto parts similar to EPG's Aeroklas division. Yet the swelling ECL was caused by the plant operational mismanagement and off-spec auto parts problems that are now fully resolved and written off by EPG. Hence, in FY2025/26E we project no further ECL and improving margins and operational utilization rate to generate gradual increase in net profits.

### Core businesses remain healthy and growing

In FY2025/26E-FY2026/27E, Aeroflex (insulation) is still EPG's crown jewel to generate over 50% of total net profits, thanks to solid growth in US market. Aeroklas (auto parts) is likely to be in doldrums due to weak demands in domestic market. EPP (packaging) is now a margin game as any additional revenue on depressed margins is unwarranted.

### Maintain BUY but lowered TP to THB3.2

We maintain BUY and lower our TP from THB4.65, previously based on 11x FY2024/25E P/E, to THB3.2, now based on 6x FY2025/26E P/E to reflect the incurring losses from TJM and South African JVs and the cloudy outlook for auto parts and packaging businesses. However, we think downsides are now limited on 7x FY2025/26E P/E and 4.8x EV/EBITDA which are deep discounts to EPG's historical valuations.

#### Analyst

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ESG Rating : AA

CG Rating : ▲▲▲▲▲

## BUY

Target Price 12M (THB)	3.20
VS. BB Consensus TP (%)	+2.6%
Share Price (THB)	2.48
Upside/Downside	+29.0%

### Share Data

Market Cap (THB m)	6,944.00
Par (THB)	1.00
Free Float (%)	26.21
Issued shares (m shares)	2,800

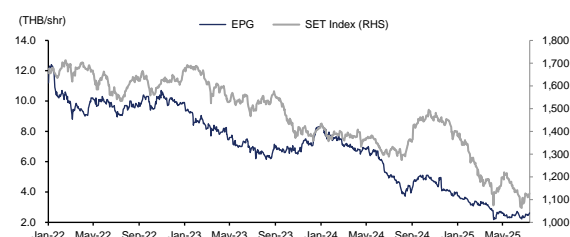
### Financial forecast

YE Dec (THB m)	FY25	FY26E	FY27E	FY28E
Revenue	13,864	14,591	15,132	15,784
Net profit	796	982	1,056	1,126
Core net profit	796	982	1,056	1,126
vs Consensus (%)		(19.7)	(22.5)	(19.1)
Net profit growth (%)	(32.9)	23.3	7.5	6.6
Core net profit growth (%)	(32.9)	23.3	7.5	6.6
EPS (THB)	0.28	0.35	0.38	0.40
Core EPS (THB)	0.28	0.35	0.38	0.40
Chg from previous (%)		(29.38)	(27.23)	0.00
DPS (THB)	0.27	0.11	0.11	0.12
P/E (x)	10.13	7.07	6.58	6.17
P/BV (x)	0.64	0.53	0.50	0.48
ROE (%)	7.66	7.69	7.89	7.95
Dividend yield (%)	9.38	4.24	4.56	4.86

Source: Financial Statement and Globlex securities

### Share Price Performance (%)

	1M	3M	6M	YTD
Stock	(8.82)	10.71	(30.34)	(37.69)
Market	(7.16)	11.46	(15.00)	(22.18)
12M High/Low (THB)				5.25 / 2.12



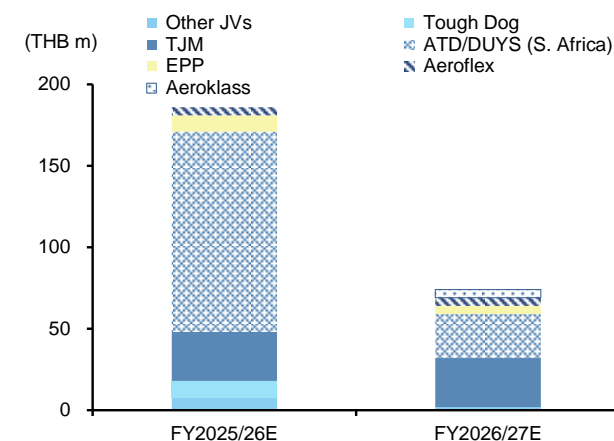
### Major Shareholders (%) as of 16 Jun-25

Vitoorapakorn holding	60.00
Mr. Pawat Vitoorapakorn	2.51
Mr. Chaliew Vitoorapakorn	2.41

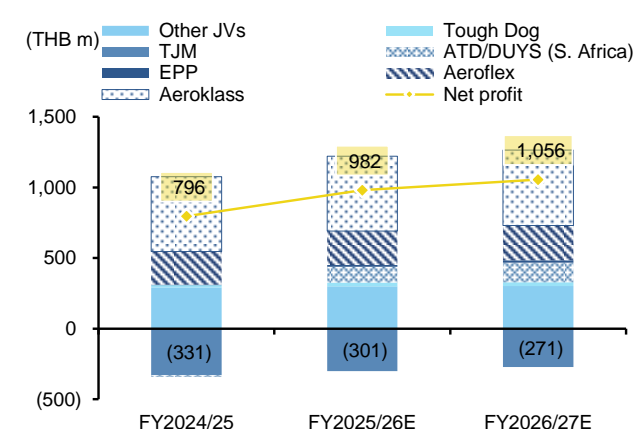
### Company Profile

EPG is a holding company, and mainly invests in innovative polymer and plastic convertor company, including: (1) manufacturing and distribution of insulation, heat and cold, operated by Aeroflex company limited (AFC), the flagship company under the trademark "AEROFLEX" (2) manufacturing and distribution of car accessories, operated by Aeroklas company limited (ARK) under the trademark "AEROKLAS" and (3) manufacturing and distribution of plastic packaging operated by Eastern Polypack company limited (EPP) under the trademark "EPP"

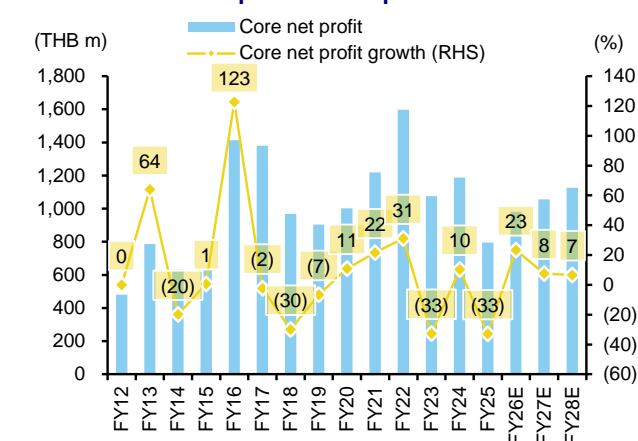
Source: SETSMART, SET

**Exhibit 1: Net profit growth drivers in FY2025/26E-FY2026/27E**

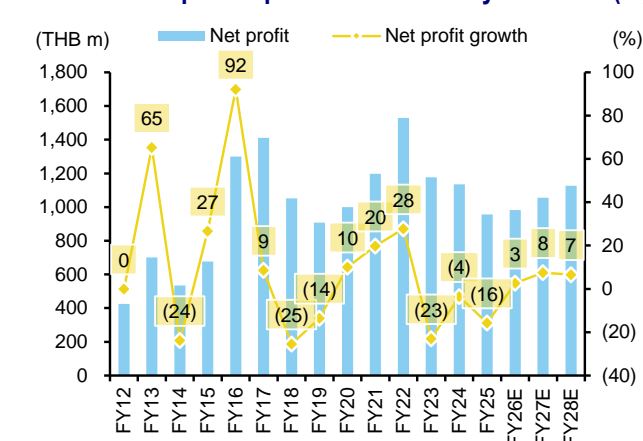
Sources: EPG

**Exhibit 2: Net profit forecasts by key drivers in FY2025/26E-FY2026/27E**

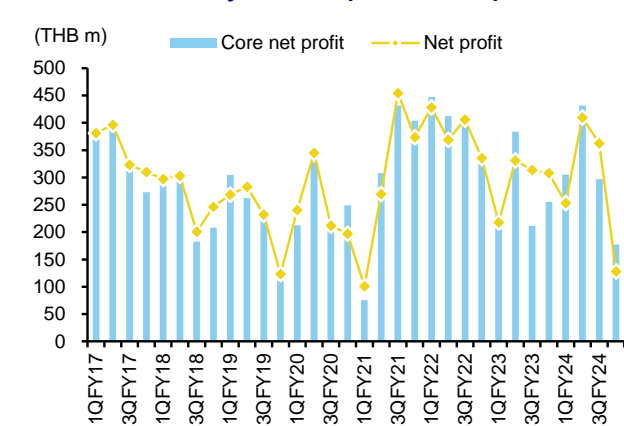
Sources: EPG

**Exhibit 3: Core net profit vs net profit**

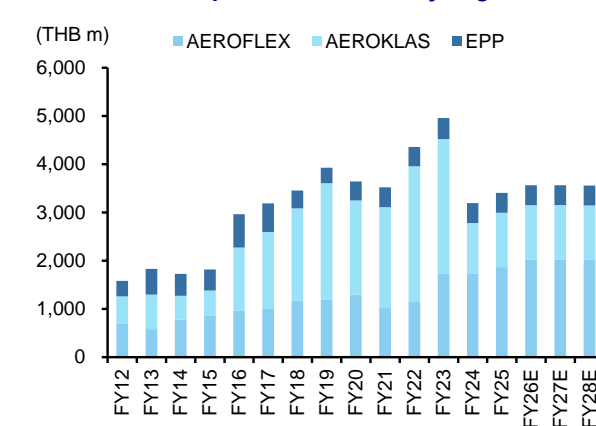
Sources: EPG; Globex Research

**Exhibit 4: Net profit upside breakdown by business (%)**

Sources: EPG; Globex Research

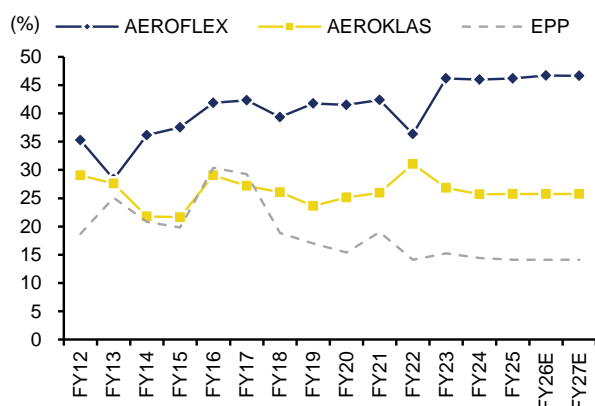
**Exhibit 5: Quarterly core net profit vs net profit**

Sources: EPG

**Exhibit 6: Gross profit breakdown by segment**

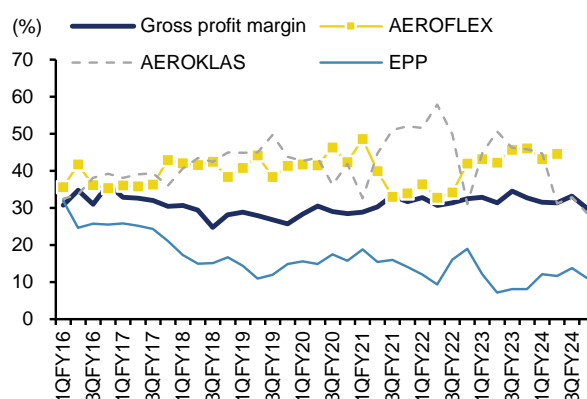
Sources: EPG; Globex Research

Exhibit 7: Gross profit margin by segment



Sources: EPG; Globlex Research

Exhibit 8: Quarterly gross profit margin by segment



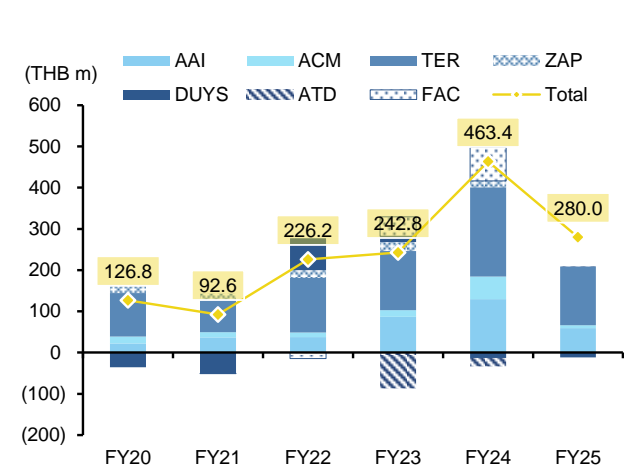
Sources: EPG; Globlex Research

Exhibit 9: Financial forecasts for JVs

Company	Stake (%)	Products	Country	Setting up date	Equity income (THB m)	
					FY2025/26E	FY2024/25
ALP Aeroflex India Private	40	Rubber insulation (NBR) and auto parts	India	Since IPO	59	59
Aerocel Construction Materials (Jiansu)	40	Rubber insulation (NBR)	China	Since IPO	10	7
Sumirito Eastern Rubber (Thailand)	30	Anti-vibration rubber parts for automobile	Thailand (With Japanese Partner)	Since IPO	140	143
Zeon Advance Polymix	27	Rubber compound (Use in Automotive)	Thailand (With Japanese Partner)	Since IPO	11	11
DUYS (South Africa)	45	Produce/distribute metal & plastic auto parts	South Africa	4QFY2018/19	-	(12)
ATD (South Africa)	46	Produce/distribute metal and plastic auto parts	South Africa	1QFY2022/23	-	0
Farplas Otomotiv (Thailand)	51	Produce injection auto plastic products	Thailand (with Turkish Partner)	2QFY2020/21	80	71
Total					300	280

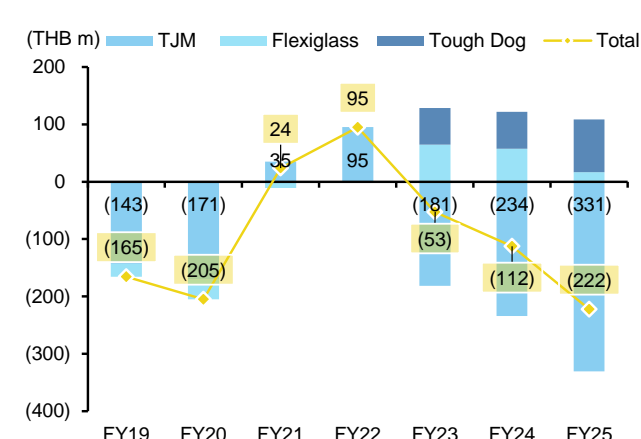
Sources: EPG; Globlex Research

Exhibit 10: Equity incomes from JVs



Sources: EPG

Exhibit 11: Net profit/ (loss) from Australian subsidiaries



Sources: EPG

Balance sheet (THB m)					
Year ending Mar	FY24	FY25	FY26E	FY27E	FY28E
<b>Current assets</b>					
Cash & ST investment	1,404	1,894	1,611	3,202	4,824
Account receivable	2,451	2,469	2,469	2,469	2,469
Inventories	3,791	3,770	3,669	3,805	3,969
Others	131	121	672	697	728
<b>Non-current assets</b>					
Net fixed assets	5,704	5,360	4,769	3,833	2,896
Others	6,319	6,273	6,273	6,273	6,273
<b>Total Assets</b>	<b>19,801</b>	<b>19,887</b>	<b>19,464</b>	<b>20,280</b>	<b>21,158</b>
<b>Current liabilities</b>					
Account payable	1,850	1,571	1,696	1,759	1,835
ST borrowing	1,574	2,971	1,000	1,000	1,000
Others	308	81	85	88	92
<b>Long-term liabilities</b>					
Long-term debts	1,791	551	1,500	1,500	1,500
Others	1,789	2,118	2,118	2,118	2,118
<b>Total liabilities</b>	<b>7,312</b>	<b>7,293</b>	<b>6,399</b>	<b>6,465</b>	<b>6,545</b>
Pai-up capital	2,800	2,800	2,800	2,800	2,800
Retained earnings	5,831	6,179	6,650	7,400	8,198
Others	3,805	3,558	3,558	3,558	3,558
Minority interest	53	57	57	57	57
<b>Shareholders' equity</b>	<b>12,489</b>	<b>12,594</b>	<b>13,065</b>	<b>13,815</b>	<b>14,613</b>

Key ratios					
Year ending Mar	FY24	FY25	FY26E	FY27E	FY28E
<b>Growth (%YoY)</b>					
Sales	3.0	9.1	4.8	5.2	3.7
Operating profit	(13.0)	(9.7)	0.3	(5.6)	3.7
EBITDA	(13.0)	(9.7)	2.6	(7.7)	3.7
Net profit	(32.6)	10.3	(32.9)	23.3	7.5
Core net profit	(32.6)	10.3	(32.9)	23.3	7.5
EPS	(32.6)	10.3	(32.9)	23.3	7.5
Core EPS	(32.6)	10.3	(32.9)	23.3	7.5
<b>Profitability (%)</b>					
Gross margin	38.8	40.1	38.8	38.8	38.8
Operation margin	13.0	12.4	11.1	11.1	11.1
EBITDA margin	13.0	12.7	11.1	11.1	11.1
Net margin	9.0	5.7	6.7	7.0	7.1
ROE	6.0	3.8	4.6	4.9	5.1
ROA	4.5	3.7	3.4	3.7	3.8
<b>Stability</b>					
Interest bearing debt/equity (x)	0.3	0.3	0.2	0.2	0.2
Net debt/equity (x)	0.2	0.1	0.1	n.a.	n.a.
Interest coverage (x)	4.2	7.0	6.6	8.7	9.5
Interest & ST debt coverage (x)	0.5	0.3	0.6	0.7	0.7
Cash flow interest coverage (x)	0.3	0.2	0.3	0.3	0.3
Current ratio (x)	2.1	1.8	3.0	3.6	4.1
Quick ratio (x)	1.0	0.9	1.5	2.0	2.5
Net debt (THB m)	1,962	1,629	889	(702)	(2,324)
<b>Activity</b>					
Asset turnover (X)	0.7	0.7	0.7	0.8	0.8
Days receivables	64.0	64.8	61.8	59.5	57.1
Days inventory	172.3	166.2	152.1	147.3	146.9
Days payable	73.6	75.2	66.8	68.1	67.9
Cash cycle days	162.6	155.8	147.0	138.7	136.1

Profit & loss (THB m)					
Year ending Mar	FY24	FY25	FY26E	FY27E	FY28E
<b>Revenue</b>					
Revenue	13,227	13,864	14,591	15,132	15,784
Cost of goods sold	(8,096)	(8,305)	(8,928)	(9,259)	(9,658)
<b>Gross profit</b>	<b>5,131</b>	<b>5,559</b>	<b>5,663</b>	<b>5,873</b>	<b>6,126</b>
Operating expenses	(3,414)	(3,835)	(4,036)	(4,186)	(4,366)
<b>Operating profit</b>	<b>1,718</b>	<b>1,724</b>	<b>1,627</b>	<b>1,687</b>	<b>1,760</b>
<b>EBIT</b>	<b>814</b>	<b>810</b>	<b>674</b>	<b>733</b>	<b>804</b>
Depreciation	(903)	(952)	(953)	(954)	(955)
<b>EBITDA</b>	<b>1,718</b>	<b>1,762</b>	<b>1,627</b>	<b>1,687</b>	<b>1,760</b>
<b>Non-operating income</b>					
Other incomes	0	0	0	0	0
Other non-op income	148	(84)	120	126	133
<b>Non-operating expense</b>	<b>269</b>	<b>202</b>	<b>296</b>	<b>313</b>	<b>313</b>
Interest expense	(194)	(116)	(102)	(84)	(84)
Other non-op expense	463	318	397	397	397
<b>Equity income/(loss)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Pre-tax Profit</b>	<b>1,232</b>	<b>928</b>	<b>1,090</b>	<b>1,172</b>	<b>1,249</b>
Extraordinary items					
Current taxation	(21)	(119)	(108)	(116)	(124)
Minorities	(24)	(12)	0	0	0
<b>Net Profit</b>	<b>1,187</b>	<b>796</b>	<b>982</b>	<b>1,056</b>	<b>1,126</b>
<b>Core net profit</b>	<b>1,187</b>	<b>796</b>	<b>982</b>	<b>1,056</b>	<b>1,126</b>
<b>EPS (THB)</b>	<b>0.42</b>	<b>0.28</b>	<b>0.35</b>	<b>0.38</b>	<b>0.40</b>
<b>Core EPS (THB)</b>	<b>0.42</b>	<b>0.28</b>	<b>0.35</b>	<b>0.38</b>	<b>0.40</b>

Cash flow (THB m)					
Year ending Mar	FY24	FY25	FY26E	FY27E	FY28E
<b>Operating cash flow</b>					
Operating cash flow	2,481	1,371	1,733	2,041	2,099
Net profit	1,187	796	982	1,056	1,126
Depre. & amortization	903	952	953	954	955
Change in working capital	295	(491)	(321)	(95)	(114)
Others	96	115	120	126	133
<b>Investment cash flow</b>					
Investment cash flow	291	490	(282)	1,591	1,621
Net CAPEX	784	608	(115)	(460)	(460)
Change in LT investment	(493)	(118)	(167)	2,051	2,082
Change in other assets	0	0	0	0	0
<b>Free cash flow</b>	<b>2,772</b>	<b>1,861</b>	<b>1,451</b>	<b>3,632</b>	<b>3,721</b>
<b>Financing cash flow</b>					
Financing cash flow	(2,481)	(1,371)	(1,733)	(2,041)	(2,099)
Change in share capital	0	0	0	0	0
Net change in debt	92	157	(1,022)	0	0
Dividend paid	(728)	(756)	(511)	(306)	(327)
Others	(1,845)	(772)	(200)	(1,735)	(1,772)
<b>Net cash flow</b>	<b>291</b>	<b>490</b>	<b>(282)</b>	<b>1,591</b>	<b>1,621</b>
<b>Per share (THB)</b>					
EPS	0.42	0.28	0.35	0.38	0.40
Core EPS	0.42	0.28	0.35	0.38	0.40
CFPS	0.75	0.63	0.69	0.72	0.74
BVPS	4.44	4.48	4.65	4.91	5.20
Sales/share	4.72	4.95	5.21	5.40	5.64
EBITDA/share	0.61	0.63	0.58	0.60	0.63
DPS	0.27	0.27	0.11	0.11	0.12
<b>Valuation</b>					
P/E (x)	9.39	10.13	7.07	6.58	6.17
P/BV (x)	0.90	0.64	0.53	0.50	0.48
Dividend yield (%)	6.78	9.38	4.24	4.56	4.86
Dividend payout ratio (%)	63.69	94.98	30.00	30.00	30.00



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### Analyst Certification

Suwat Sinsadok, Register No. 020799, Globlex Securities Public Company Limited

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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.