

More growth, more yields

- We turned more positive on NER on the margin expansions and marginally growing sales volumes in 2026E-28E
- Three structural drivers for higher rubber prices – crude oil hike, tight supply, and high demand – would drive NER's margins up
- Upgrade to BUY and lifted TP to THB6.0

More bullish on margin-driven earnings growth outlook

After posting a strong 2Q26 net profit of THB436m on the flat sales volume but rising margins, we now turned more bullish on NER's earnings outlook in 2H26 and particularly 2027, when we think NER will greatly enjoy the margin expansions on the consequence of lower supply for natural rubber (NR).

Margins bottomed in 2026 before rising in 2027E-28E

While we forecast a relatively flat y-y sales volume of 440-450kt in 2026-27 due to the supply shortages on the super El Nino-hit drought, we are bullish on the margin outlook, projecting NER's gross profit margin (GPM) to decline from 9.68% in 2025, the year that NER enjoyed high margins on low-cost NR inventory, to 8.79% in 2026E, rising to 9.46% in 2027E and 9.37% in 2028E.

Raising EPS forecasts by +0.7%/ +28.0/ +27.7% in 2026E-28E

We revised up our EPS forecasts in 2026E-28E by +0.7%/ +28%/ +27.7% to reflect 1) changes in sales volume assumptions as we cut our sales volume in 2026 by 4.2% while lifted +1.2% in 2027 as we expect the tight NR will peak in 2H26-1H27 before improving meaningfully in 2H27-2028 post Super El Nino; 2) higher ASP by 3.0%-10.4% in 2026-28 to reflect the industry supply tightness and higher-for-longer prices for synthetic rubber driven by higher crude oil prices.

Higher for longer global natural rubber

We highlight that the global NR price trend remains on the upside in 2H26-2028, given 1) lower supply not only in Thailand, the world's largest NR producer on the drought impact, but also in Indonesia on the structural decline in the growing areas for palm at the expense of the shrinking area for NR thanks to the much higher prices of palm used as both edible food (palm oil) and energy (biofuel); and 2) rising demands for tires particularly for the replacement market which comprises 85% of total global tire consumption in 2025.

Upgrade from HOLD to BUY and lifted our TP to THB6.0

We upgrade from HOLD to BUY and lifted our TP from THB4.8, previously based on 4.5x 2026E P/E, to THB6.0, now based on 6x 2027E P/E, to reflect NER's more promising earnings growth outlook on the back of the higher-for-longer NR price uptrend that we think will continue into 2028E on the back of the global high crude oil price to drive up the cost of the substitute synthetic rubber, the global structural tighter supply, and the higher demands for the tire replacement market. More, NER offers attractive dividend yields at 7%, 8.8%, and 8.8%.

Analyst

Suwat Sinsadok, CFA, FRM, ERP
suwat.s@globlex.co.th,
+662 687 7026

ESG Rating : AAA

CG Rating : ▲▲▲▲▲

BUY (from HOLD)

Target Price 12M (THB)	6.00
VS. BB Consensus TP (%)	+17.0%
Share Price (THB)	4.52
Upside/Downside	+32.7%

Share Data

Market Cap (THB m)	8,352.13
Par (THB)	0.50
Free Float (%)	63.75
Issued shares (m shares)	1,848

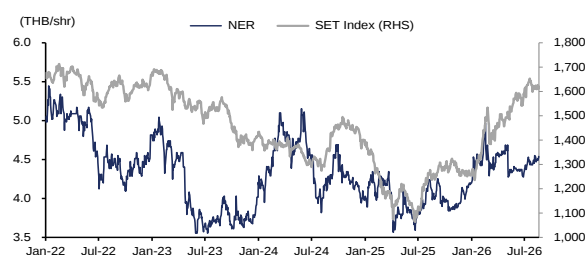
Financial forecast

YE Dec (THB m)	2025	2026E	2027E	2028E
Revenue	30,240	31,206	33,744	35,996
Net profit	1,885	1,683	1,847	1,862
Core net profit	1,652	1,683	1,847	1,862
vs Consensus (%)		4.8	8.2	0.4
Net profit growth (%)	14.0	(10.7)	9.8	0.8
Core net profit growth (%)	(1.1)	1.8	9.8	0.8
EPS (THB)	1.02	0.91	1.00	1.01
Core EPS (THB)	0.89	0.91	1.00	1.01
Chg from previous (%)		0.70	28.03	27.74
DPS (THB)	0.36	0.32	0.40	0.40
P/E (x)	4.39	4.96	4.52	4.48
P/BV (x)	0.85	0.77	0.69	0.62
ROE (%)	20.71	16.35	16.02	14.57
Dividend yield (%)	8.04	7.05	8.85	8.92

Source: Financial Statement and Globlex securities

Share Price Performance (%)

	1M	3M	6M	YTD
Stock	(0.44)	3.20	(8.87)	0.89
Market	1.79	(2.03)	(16.25)	(21.06)
12M High/Low (THB)				5.40 / 4.08



Major Shareholders (%) as of 24 Apr 2026

Mr. Chuwit Jungtanasomboon	17.60
Mr. Jirayut Jungtanasomboon	3.47
Mrs. Suphaporn Jansereewithaya	1.38

Company Profile

Manufactures and distributes Ribbed Smoked Sheet, Standard Thai Rubber and Mixtures Rubber for manufacturers in automotive industry and traders

Source: SETSMART, SET

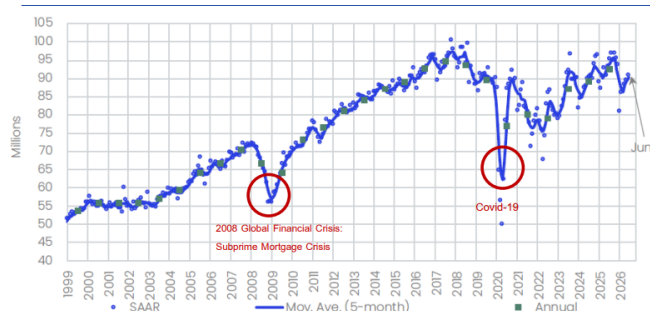
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Exhibit 1: Key changes in assumptions and EPS forecasts

THB m	----- Current -----			----- Previous -----			----- Change (%) -----		
	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Revenue	31,206	33,744	35,996	31,633	30,226	32,612	(1.4)	11.6	10.4
Gross profit	3,007	3,509	3,746	3,026	3,075	3,319	(0.6)	14.1	12.8
Operating profit	2,301	2,778	2,973	2,289	2,351	2,546	0.5	18.1	16.7
Net profit	1,683	1,847	1,862	1,671	1,443	1,458	0.7	28.0	27.7
EPS (THB/share)	0.91	1.00	1.01	0.90	0.78	0.79	0.7	28.0	27.7
Key assumptions									
Average utilisation rate (%)	87.1	87.9	93.8	88.0	87.5	92.0	(0.9)	0.4	1.8
Total sales volume (ton)	449,060	453,016	483,464	468,840	447,860	483,464	(4.2)	1.2	0.0
Average selling price (THB/kg)	69.5	74.5	74.5	67.5	67.5	67.5	3.0	10.4	10.4
RSS Price (THB/kg)	72.0	77.0	77.0	70.0	70.0	70.0	2.9	10.0	10.0
STR20 and STR-Mixture price (THB/kg)	69.0	74.0	74.0	67.0	67.0	67.0	3.0	10.4	10.4
RSS-Mixture price (THB/kg)	70.0	75.0	75.0	68.0	68.0	68.0	2.9	10.3	10.3

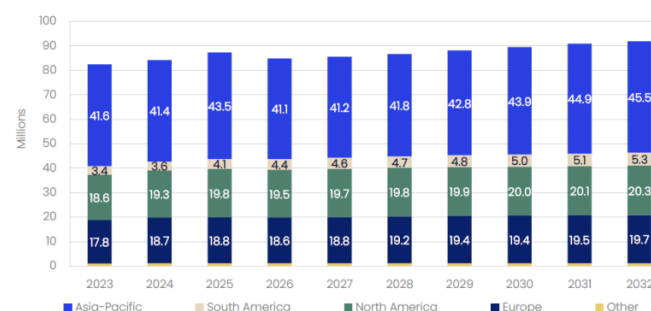
Sources: Globlex Research

Exhibit 2: Global light vehicle sales



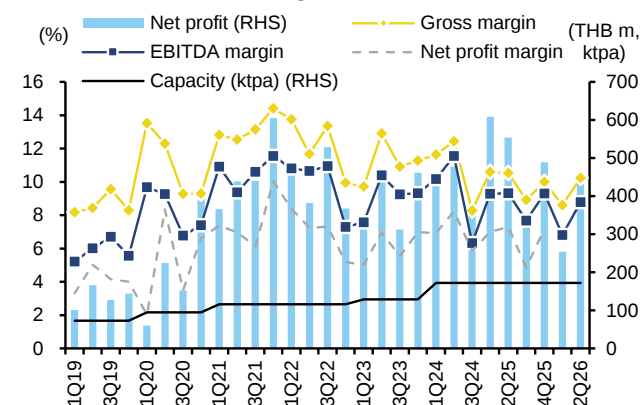
Sources: Globaldata : World Tyre Forecasting Service Quarter 2, 2026 Report / Global Light Vehicle Forecast Quarter 2, 2026 Report

Exhibit 3: Global light vehicle forecast sales by region



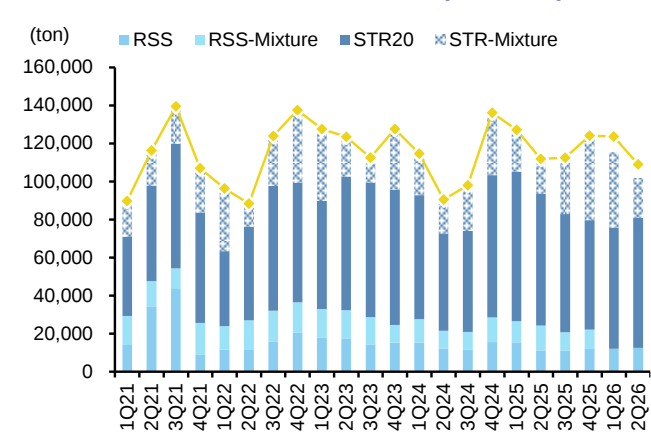
Sources: Globaldata : World Tyre Forecasting Service Quarter 2, 2026 Report / Global Light Vehicle Forecast Quarter 2, 2026 Report

Exhibit 4: Profits vs Margins



Sources: NER: Globlex Research

Exhibit 5: Sales volume breakdown by rubber type



Sources: NER: Globlex Research

Exhibit 6: China natural rubber import statistics



Sources: GACC

Exhibit 7: Natural rubber futures price



Sources: Trading Economics

Balance sheet (THB m)					
Year ending Dec	2024	2025	2026E	2027E	2028E
Current assets					
Cash & ST investment	221	60	7,312	14,361	13,834
Account receivable	805	917	1,032	1,157	1,291
Inventories	16,213	17,029	17,733	19,014	20,281
Others	30	2	2	2	2
Non-current assets					
Net fixed assets	1,683	1,515	2,120	2,502	2,827
Others	506	483	483	483	483
Total Assets	19,457	20,005	28,683	37,518	38,718
Current liabilities					
Account payable	247	244	254	272	290
ST borrowing	5,209	5,541	5,541	5,541	5,541
Others	78	3	3	4	4
Long-term liabilities					
Long-term debts	5,257	4,455	11,955	19,455	19,455
Others	180	53	53	53	53
Total liabilities	10,969	10,298	17,808	25,326	25,345
Paid-up capital	924	924	924	924	924
Retained earnings	5,992	7,212	8,322	9,580	10,703
Others	1,572	1,572	1,630	1,688	1,746
Minority interest	0	0	0	0	0
Shareholders' equity	8,488	9,707	10,875	12,192	13,373

Key ratios					
Year ending Dec	2024	2025	2026E	2027E	2028E
Growth (y-y%)					
Sales	9.6	10.2	3.2	8.1	6.7
Operating profit	5.1	2.0	(6.4)	20.7	7.0
EBITDA	4.0	2.0	(8.3)	20.7	5.7
Net profit	6.9	14.0	(10.7)	9.8	0.8
Core net profit	5.7	(1.1)	1.8	9.8	0.8
EPS	6.9	14.0	(10.7)	9.8	0.8
Core EPS	5.7	(1.1)	1.8	9.8	0.8
Profitability (%)					
Gross margin	11.0	10.5	9.6	10.4	10.4
Operation margin	8.8	8.1	7.4	8.2	8.3
EBITDA margin	7.9	7.4	6.5	7.3	7.2
Net margin	6.0	6.2	5.4	5.5	5.2
ROE	20.7	20.7	16.4	16.0	14.6
ROA	9.1	9.6	6.9	5.6	4.9
Stability					
Interest bearing debt/equity (x)	1.2	1.0	1.6	2.1	1.9
Net debt/equity (x)	1.2	1.0	0.9	0.9	0.8
Interest coverage (x)	5.1	4.5	5.1	4.0	3.6
Interest & ST debt coverage (x)	0.4	0.4	0.4	0.4	0.5
Cash flow interest coverage (x)	(0.1)	0.1	0.1	0.0	0.0
Current ratio (x)	3.1	3.1	4.5	5.9	6.1
Quick ratio (x)	0.2	0.2	1.4	2.7	2.6
Net debt (THB m)	10,244	9,937	10,184	10,636	11,163
Activity					
Asset turnover (X)	1.5	1.5	1.3	1.0	0.9
Days receivables	9.9	10.4	11.4	11.8	12.4
Days inventory	224.5	224.0	225.0	221.8	222.4
Days payable	3.4	3.3	3.2	3.2	3.2
Cash cycle days	231.0	231.1	233.2	230.5	231.6

Profit & loss (THB m)					
Year ending Dec	2024	2025	2026E	2027E	2028E
Revenue					
Revenue	27,448	30,240	31,206	33,744	35,996
Cost of goods sold	(24,436)	(27,078)	(28,199)	(30,235)	(32,250)
Gross profit	3,012	3,162	3,007	3,509	3,746
Operating expenses	(601)	(704)	(706)	(732)	(773)
Operating profit	2,411	2,458	2,301	2,778	2,973
EBIT	2,411	2,458	2,301	2,778	2,973
Depreciation	(232)	(235)	(263)	(319)	(374)
EBITDA	2,179	2,223	2,038	2,459	2,598
Non-operating income					
Other incomes	(30)	190	190	190	190
Other non-op income	29	79	0	0	0
Non-operating expense	(469)	(548)	(454)	(701)	(825)
Interest expense	(469)	(548)	(454)	(701)	(825)
Other non-op expense	0	0	0	0	0
Equity income/(loss)	0	0	0	0	0
Pre-tax Profit	1,708	1,945	1,775	1,948	1,964
Extraordinary items					
Current taxation	(55)	(60)	(92)	(101)	(102)
Minorities	0	0	0	0	0
Net Profit	1,652	1,885	1,683	1,847	1,862
Core net profit	1,670	1,652	1,683	1,847	1,862
EPS (THB)	0.89	1.02	0.91	1.00	1.01
Core EPS (THB)	0.90	0.89	0.91	1.00	1.01

Cash flow (THB m)					
Year ending Dec	2024	2025	2026E	2027E	2028E
Operating cash flow					
Operating cash flow	(688)	973	953	538	587
Net profit	1,652	1,885	1,683	1,847	1,862
Depre. & amortization	232	235	263	319	374
Change in working capital	(2,423)	(977)	(810)	(1,387)	(1,383)
Others	(149)	(170)	(183)	(241)	(267)
Investment cash flow					
Investment cash flow	(488)	(701)	(1,063)	(1,261)	(1,360)
Net CAPEX	(151)	(67)	(700)	(700)	(700)
Change in LT investment	99	(104)	0	0	0
Change in other assets	(436)	(531)	(363)	(561)	(660)
Free cash flow	(1,175)	272	(110)	(723)	(773)
Financing cash flow					
Financing cash flow	2,571	(211)	331	783	8,085
Change in share capital	0	0	58	58	58
Net change in debt	29	79	0	0	0
Dividend paid	(573)	(573)	(573)	(589)	(739)
Others	3,115	283	846	1,314	8,766
Net cash flow	1,396	61	221	60	7,312
Per share (THB)					
EPS	0.89	1.02	0.91	1.00	1.01
Core EPS	0.90	0.89	0.91	1.00	1.01
CFPS	1.02	1.15	1.05	1.17	1.21
BVPS	4.59	5.25	5.89	6.60	7.24
Sales/share	14.86	16.37	16.89	18.26	19.48
EBITDA/share	1.18	1.20	1.10	1.33	1.41
DPS	0.36	0.36	0.32	0.40	0.40
Valuation					
P/E (x)	5.43	4.39	4.96	4.52	4.48
P/BV (x)	1.06	0.85	0.77	0.69	0.62
Dividend yield (%)	7.41	8.04	7.05	8.85	8.92
Dividend payout ratio (%)	40	35	35	40	40

NORTH EAST RUBBER (NER TB) | THAILAND / SET / AGRIBUSINESS

ESG Analysis

ESG Assessment	SET ESG	Bloomberg
Environment NER promotes sustainable natural rubber production through responsible raw material sourcing, renewable energy adoption, biomass utilization, and energy efficiency improvements. The company also focuses on reducing greenhouse gas emissions, improving water management, and minimizing waste while supporting sustainable rubber supply chains.	AAA	4.33
Social NER works closely with rubber farmers to promote sustainable agricultural practices and improve livelihoods through knowledge sharing and long-term partnerships. The company also prioritizes employee health and safety, human capital development, and community support through education and local development initiatives.		4.89
Governance NER maintains a robust governance framework with independent board oversight, enterprise risk management, internal controls, and anti-corruption measures. Sustainability is integrated into business operations through transparent ESG disclosure, responsible procurement, and ethical business practices.		4.94
Overall CG Score: Excellent (5-star) CAC: Certified		4.68

Bloomberg ESG scores reflect FY2025 data (latest available). SET ESG Rating as of April 2026 (Globlex Research). CG rating reflects 2025 Thai IOD survey. SET ESG Rating as of 9 January 2026.

Sources: SET, Thai IOD, CAC, Bloomberg, Globlex Securities Research

SET ESG Ratings 2025 | Thai Listed Companies

As of 9 January 2026

Ratings: AAA (90-100)							
AAV	ACE	ADVANC	AJ	AMATA	AMATAV	ASW	AWC
BAM	BANPU	BAY	BBGI	BBL	BDMS	BEM	BGC
BGRIM	BJC	BKIH	BPP	BTG	CENTEL	CKP	CPALL
CPF	CPAXT	CPN	CRC	DITTO	EASTW	FPI	FPT
GLOBAL	GPSC	GUNKUL	HANA	HENG	HMPRO	III	ILM
IVL	KBANK	KCG	KJL	KKP	KTB	KTC	LH
LOXLEY	MAJOR	MBK	MC	M-CHAI	MFEC	MTI	NER
NOBLE	OR	ORI	OSP	PB	PLANB	PR9	PSH
PTG	PTT	PTTEP	PTTGC	RATCH	S	S&J	SABINA
SAT	SC	SCB	SCC	SCG	SCGP	SIRI	SJWD
SKY	SNP	STA	STECON	STGT	SVOA	TEAMG	TEGH
TFMAMA	THCOM	TISCO	TMT	TOA	TOP	TPBI	TTA
TTB	TTW	TVO	VNG	WHA	WHAUP		
Ratings: AA (80-89)							
ADB	AKP	AOT	AP	ASK	ASP	AURA	BCH
BLA	BRI	BTS	CBG	CIVIL	CK	CMAN	COLOR
COM7	DMT	DRT	EGCO	EPG	ETC	GFPT	GULF
HTC	ICHI	ILINK	IT	ITTHI	JMART	KCE	KUMWEL
LHFG	MINT	MODERN	MOSHI	MSC	MTC	NVD	NYT
PCC	PRM	PSL	QTC	RBF	SA	SAWAD	SCCC
SCGD	SELIC	SFLEX	SHR	SMPC	SNNP	SPALI	SPI
SSP	SUTHA	SYNEX	TASCO	TCAP	TCMC	TGH	THANI
TIPH	TKS	TLI	TOG	TPAC	TPIPP	TSC	TU
UAC	UBE	VIH	WICE	XO	ZEN		
Ratings: A (65-100)							
AEONTS	ALLA	ALT	ALUCON	BA	BH	BLC	CFRESH
CHAO	CHASE	CHG	CM	CPL	CREDIT	ERW	GABLE
HARN	HUMAN	INSET	IRC	ITC	JMT	KSL	M
MALEE	MGC	MOONG	NEO	PHOL	PLUS	PM	PPS
PQS	PROUD	PRTR	PSP	Q-CON	QLT	SAK	SAPPE
SCAP	SEAFCO	SEAOIL	SENA	SENX	SGC	SICT	SITHAI
SKR	SNC	SPC	SSSC	SYMC	TAN	TBN	TGE
THANA	THIP	THREL	TPA	TPCS	TQM	TRU	TWPC
UPF	UPOIC	VIBHA	WPH				
Ratings: BBB (50-64)							
AKR	ASIMAR	CSC	J	LEO	MEGA	NL	PRIN
SE	SO	SPRC	SUN	TMILL	TSTH	WP	YUASA

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Source: SET ESG Ratings, Stock Exchange of Thailand (setsustainability.com). Ratings as of 9 January 2026. Only companies scoring 50 and above are assigned a rating. Covered company are Bold in letter.

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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.