

## Capacity expansions + price hike

- A dim short-term outlook on flood and weak demand
- By mid-2026 rises in rubber price and demand to timely match NER's capacity expansions
- Maintain BUY and trimmed TP to THB6.3

### Rubber price likely to rebound ahead

Rubber price has declined since Feb-25 with futures dropping over 4% to near USD1.72/kg but should sustain and rebound soon as traders weighed supply disruptions from heavy rainfall and flooding across ASEAN-producing countries against concerns over subdued demand. Malaysia's Association of Natural Rubber Producing Countries (ANRPC) estimates that global natural rubber production in 2025 will rise slightly by 1.3% y-y to 14.9mt while demand is expected to increase 0.8% to 15.6mt, leaving the market with a tighter supply-demand balance.

### Rosy 2026 outlook

We project NER will expand its capacity by 30% to 0.82mtpa, up from current 0.51mtpa, to be completed in 4Q26 (0.15mtpa) and 1Q27 (0.15mtpa). As the rubber price is now standing at lower end after recent plunge, we think NER will reduce its hedging volume to leave more price upsides in 2026, allowing NER to ride on Thailand's rubber leading position and global rubber price uptrend.

### A soft 3Q25 as expected

3Q25 net profit (NP) of THB327m (-41% q-q, -10% y-y), on lower revenue to THB6.7b (-11% q-q, +9% y-y), driven by weaker sales in domestic and overseas markets. EBITDA was THB517m, down 27% q-q but up 32% y-y and EBITDA margin dipped to 7.7%, up from 6.3% in 3Q24 but down from 9.3% in 2Q25. Interest expense flattened at THB137m, flat q-q but up 19% y-y. Core net profit was THB339m, down 31% q-q but up 51% y-y. Revenue from domestic market rose by 15% y-y to THB5.0b while revenue from export dropped to THB1.7b, down 6% y-y. Gross profit margin dipped to 8.9%, down from 10.5% in 2Q25.

### Trimmed 2025-26E but raised 2027E EPS forecasts

While we are sanguine on global rubber price outlook, we turned more conservative on the sales volume outlook given the recent flood in the South of Thailand that could disrupt rubber plantations. Hence, we decided to trim our EPS forecasts in 2025-26 by 4.3%-17.3% but lifted our EPS forecast in 2027 by 2% to reflect the normalized rubber productions that should timely enable NER to enjoy the rubber price rise and rubber sales volume growth on NET's capacity expansion.

### Maintain BUY; TP cut to THB6.3

We maintain BUY and trimmed TP from THB6.4 to THB6.3, based on 6x 2026E P/E to reflect our cuts in EPS forecasts in 2026E. Yet NER's timely capacity expansion to capture higher rubber price by 2H26 is likely to catalyze NER's share price to our TP by 4Q26.

#### Analyst

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ESG Rating : A

CG Rating : ▲▲▲▲▲

## BUY

<b>Target Price 12M (THB)</b>	<b>6.30</b>
VS. BB Consensus TP (%)	+18.5%
Share Price (THB)	4.32
Upside/Downside	+48.1%

### Share Data

Market Cap (THB m)	7,686.81
Par (THB)	0.50
Free Float (%)	63.75
Issued shares (m shares)	1,848

### Financial forecast

YE Dec (THB m)	2024	2025E	2026E	2027E
Revenue	27,448	32,667	44,132	52,369
Net profit	1,652	1,819	1,949	2,554
Core net profit	1,670	1,819	1,949	2,554
vs Consensus (%)		(2.9)	(2.6)	21.5
Net profit growth (%)	6.9	10.1	7.2	31.0
Core net profit growth (%)	5.7	8.9	7.2	31.0
EPS (THB)	0.89	0.98	1.05	1.38
Core EPS (THB)	0.90	0.98	1.05	1.38
Chg from previous (%)		(4.28)	(17.30)	1.98
DPS (THB)	0.50	0.39	0.42	0.55
P/E (x)	5.43	4.39	4.09	3.12
P/BV (x)	1.06	0.85	0.74	0.64
ROE (%)	20.71	20.29	19.34	21.95
Dividend yield (%)	10.29	9.12	9.77	12.80

Source: Financial Statement and Globlex securities

### Share Price Performance (%)

	1M	3M	6M	YTD
Stock	(1.89)	(9.17)	(6.31)	(9.96)
Market	(1.92)	(9.88)	(11.62)	(2.07)
12M High/Low (THB)	5.10 / 3.88			



### Major Shareholders (%) as of 25 Aug 2025

Mr. Chuwit Jungtanasomboon	21.93
Mr. Jirayut Jungtanasomboon	3.47
Miss Aphisak Theppadungporn	1.31

### 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: Summary of 3Q25/9M25 operations

	3Q24	2Q25	3Q25			9M24	9M25	chg.	2025E
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)	
<b>Revenue</b>	<b>6,163</b>	<b>7,585</b>	<b>6,727</b>	<b>(11.3)</b>	<b>9.1</b>	<b>18,514</b>	<b>23,010</b>	<b>24.3</b>	<b>35,583</b>
Operating costs	(5,773)	(6,878)	(6,211)	9.7	(7.6)	(16,788)	(20,979)	(25.0)	(32,814)
<b>EBITDA</b>	<b>390</b>	<b>707</b>	<b>517</b>	<b>(26.9)</b>	<b>32.4</b>	<b>1,727</b>	<b>2,031</b>	<b>17.6</b>	<b>2,769</b>
EBITDA margin (%)	6.3	9.3	7.7	na	na	9.3	8.8	na	7.8
Depn & amort.	(57)	(61)	(59)	3.7	3.0	(171)	(180)	(5.5)	(266)
<b>EBIT</b>	<b>333</b>	<b>646</b>	<b>458</b>	<b>(29.1)</b>	<b>37.5</b>	<b>1,556</b>	<b>1,851</b>	<b>18.9</b>	<b>2,504</b>
Interest expense	(115)	(137)	(137)	0.1	19.1	(340)	(414)	(21.7)	(469)
Interest & invt inc	-	-	-	nm	nm	-	-	nm	-
Other income	11	3	4	5.8	(66.9)	17	10	(38.0)	(30.3)
Associates' contrib	-	-	-	nm	nm	-	-	nm	-
Exceptionals	140	65	(12)	(118.5)	(108.6)	104	67	(35.5)	-
<b>Pretax profit</b>	<b>368</b>	<b>576</b>	<b>312</b>	<b>(45.8)</b>	<b>(15.2)</b>	<b>1,337</b>	<b>1,515</b>	<b>13.3</b>	<b>2,004</b>
Tax	(7)	(22)	14	164.1	(295.3)	(44)	(25)	41.9	(104)
Tax rate (%)	2.0	3.9	(4.6)	(218.3)	(330.2)	3.3	1.7	(48.7)	5.2
Minority interests	-	-	-	nm	nm	-	-	nm	-
<b>Net profit</b>	<b>361</b>	<b>554</b>	<b>327</b>	<b>(41.0)</b>	<b>(9.5)</b>	<b>1,293</b>	<b>1,489</b>	<b>15.2</b>	<b>1,900</b>
Non-recurring	137	62	(13)	(120.2)	(109.2)	102	64	(38.0)	-
<b>Core net profit</b>	<b>224</b>	<b>492</b>	<b>339</b>	<b>(31.1)</b>	<b>51.4</b>	<b>1,191</b>	<b>1,426</b>	<b>19.7</b>	<b>1,900</b>
EPS (THB)	0.22	0.34	0.20	(41.0)	(9.5)	0.80	0.92	15.2	1.03
Core EPS (THB)	0.14	0.30	0.21	(31.1)	51.4	0.74	0.88	19.7	1.03

Sources: NER; Globlex Research

## Exhibit 2: 3Q25/9M25 key performance

	3Q24	2Q25	3Q25	(q-q%)	(y-y%)	9M24	9M25	(y-y%)
<b>Revenue by product</b>	<b>5,463</b>	<b>6,372</b>	<b>5,000</b>	<b>(21.5)</b>	<b>(8.5)</b>	<b>17,045</b>	<b>18,569</b>	<b>8.9</b>
RSS	863	790	761	(3.7)	(11.8)	2,872	2,709	(5.7)
RSS-Mixture	3,188	961	669	(30.4)	(79.0)	7,056	2,479	(64.9)
STR20	1,412	4,621	3,570	(22.7)	152.8	5,918	13,381	126.1
STR-Mixture	699	1,210	1,727	42.7	147.1	2,665	4,436	66.5
						0	0	
<b>Revenues by Geography</b>	<b>6,163</b>	<b>7,585</b>	<b>6,727</b>	<b>(11.3)</b>	<b>9.2</b>	<b>18,512</b>	<b>23,010</b>	<b>24.3</b>
Domestic	4,356	6,088	5,029	(17.4)	15.4	13,938	17,194	23.4
Export	1,807	1,497	1,698	13.4	(6.0)	4,574	5,816	27.2

Sources: NER; Globlex Research

**Exhibit 3: Key changes in assumptions and EPS forecasts**

THB m	Current			Previous			Change (%)		
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Revenue	32,667	44,132	52,369	35,583	46,009	52,369	(8.2)	(4.1)	0.0
Gross profit	3,463	4,187	5,323	3,606	4,629	5,271	(4.0)	(9.6)	1.0
Operating profit	2,684	3,125	4,067	2,769	3,555	4,014	(3.1)	(12.1)	1.3
Net profit	1,819	1,949	2,554	1,900	2,357	2,505	(4.3)	(17.3)	2.0
EPS (THB/share)	0.98	1.05	1.38	1.03	1.28	1.36	(4.3)	(17.3)	2.0
<b>Key assumptions</b>									
Average utilisation rate (%)	70.6	80.8	93.1	75.9	81.8	93.1	(5.2)	(0.9)	0.0
Total sales volume (ton)	484,296	675,280	778,081	520,032	683,140	778,081	(6.9)	(1.2)	0.0
Average selling price (THB/kg)	67.5	65.4	67.3	69.1	69.3	69.3	(2.3)	(5.8)	(2.9)
RSS Price (THB/kg)	70.0	68.0	70.0	71.7	72.0	72.0	(2.3)	(5.6)	(2.8)
STR20 and STR-Mixture price (THB/kg)	67.0	65.0	67.0	68.7	69.0	69.0	(2.4)	(5.8)	(2.9)
RSS-Mixture price (THB/kg)	68.0	66.0	68.0	69.7	70.0	70.0	(2.4)	(5.7)	(2.9)

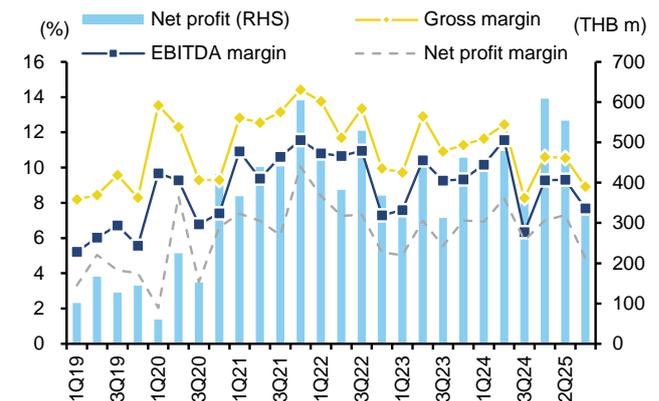
Sources: NER: Globlex Research

**Exhibit 4: Rubber futures price**



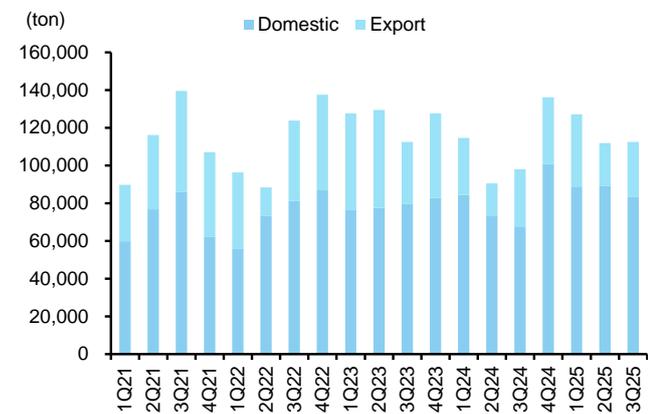
Sources: Trading Economics

**Exhibit 5: Net profit vs margins**



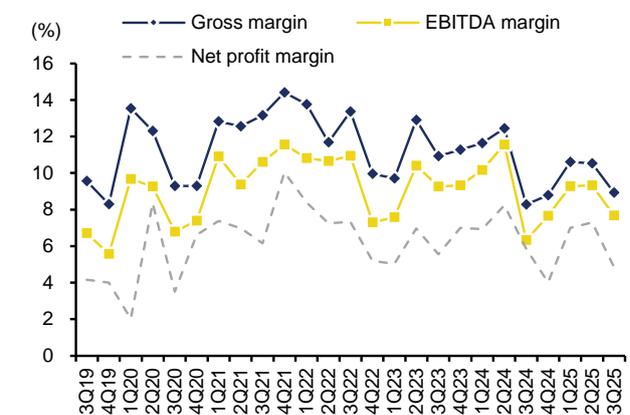
Sources: NER: Globlex Research

**Exhibit 6: Sales volume breakdown by domestic vs export**



Sources: NER: Globlex Research

**Exhibit 7: Key margins**



Sources: NER: Globlex Research

Balance sheet (THB m)						Profit & loss (THB m)					
Year ending Dec	2023	2024	2025E	2026E	2027E	Year ending Dec	2023	2024	2025E	2026E	2027E
<b>Current assets</b>						<b>Revenue</b>					
Cash & ST investment	61	221	3,260	5,720	10,575		25,045	27,448	35,583	46,009	52,369
Account receivable	690	805	953	1,144	1,362	Cost of goods sold	(22,033)	(24,436)	(31,977)	(41,380)	(47,098)
Inventories	13,842	16,213	21,216	27,455	31,249	<b>Gross profit</b>	<b>3,012</b>	<b>3,012</b>	<b>3,606</b>	<b>4,629</b>	<b>5,271</b>
Others	33	30	38	50	57	Operating expenses	(719)	(601)	(837)	(1,074)	(1,257)
<b>Non-current assets</b>						<b>Operating profit</b>	<b>2,293</b>	<b>2,411</b>	<b>2,769</b>	<b>3,555</b>	<b>4,014</b>
Net fixed assets	1,764	1,683	2,117	2,495	2,817	<b>EBIT</b>	<b>2,293</b>	<b>2,411</b>	<b>2,769</b>	<b>3,555</b>	<b>4,014</b>
Others	448	506	506	506	506	Depreciation	(199)	(232)	(266)	(322)	(378)
<b>Total Assets</b>	<b>16,839</b>	<b>19,457</b>	<b>28,091</b>	<b>37,370</b>	<b>46,566</b>	<b>EBITDA</b>	<b>2,095</b>	<b>2,179</b>	<b>2,504</b>	<b>3,233</b>	<b>3,636</b>
<b>Current liabilities</b>						<b>Non-operating income</b>					
Account payable	214	247	323	417	475		(25)	(2)	(30)	(30)	(30)
ST borrowing	4,015	5,209	5,209	5,209	5,209	Other incomes	21	(30)	(30)	(30)	(30)
Others	52	78	101	130	148	Other non-op income	(45)	29	0	0	0
<b>Long-term liabilities</b>						<b>Non-operating expense</b>	<b>(440)</b>	<b>(469)</b>	<b>(469)</b>	<b>(717)</b>	<b>(964)</b>
Long-term debts	5,067	5,257	12,757	20,257	27,757	Interest expense	(440)	(469)	(469)	(717)	(964)
Others	23	180	180	180	180	Other non-op expense	0	0	0	0	0
<b>Total liabilities</b>	<b>9,371</b>	<b>10,969</b>	<b>18,568</b>	<b>26,193</b>	<b>33,768</b>	<b>Equity income/(loss)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Paid-up capital	924	924	924	924	924	<b>Pre-tax Profit</b>	<b>1,630</b>	<b>1,708</b>	<b>2,004</b>	<b>2,486</b>	<b>2,641</b>
Retained earnings	4,973	5,992	6,969	8,566	10,128	Extraordinary items					
Others	1,572	1,572	1,630	1,688	1,746	Current taxation	(84)	(55)	(104)	(129)	(137)
Minority interest	0	0	0	0	0	Minorities	0	0	0	0	0
<b>Shareholders' equity</b>	<b>7,469</b>	<b>8,488</b>	<b>9,523</b>	<b>11,177</b>	<b>12,797</b>	<b>Net Profit</b>	<b>1,546</b>	<b>1,652</b>	<b>1,900</b>	<b>2,357</b>	<b>2,505</b>
<b>Key ratios</b>						<b>Cash flow (THB m)</b>					
Year ending Dec	2023	2024	2025E	2026E	2027E	Year ending Dec	2023	2024	2025E	2026E	2027E
<b>Growth (y-y%)</b>						<b>Operating cash flow</b>					
Sales	(0.5)	9.6	29.6	29.3	13.8		(239)	(688)	(3,092)	(3,910)	(1,389)
Operating profit	(7.3)	5.1	14.9	28.4	12.9	Net profit	1,546	1,652	1,900	2,357	2,505
EBITDA	(8.5)	4.0	14.9	29.1	12.5	Depre. & amortization	199	232	266	322	378
Net profit	(11.6)	6.9	15.0	24.0	6.3	Change in working capital	(1,811)	(2,423)	(5,061)	(6,317)	(3,943)
Core net profit	(9.6)	5.7	13.8	24.0	6.3	Others	(172)	(149)	(198)	(272)	(330)
EPS	(11.6)	6.9	15.0	24.0	6.3	<b>Investment cash flow</b>	<b>(814)</b>	<b>(137)</b>	<b>(1,075)</b>	<b>(1,273)</b>	<b>(1,471)</b>
Core EPS	(9.6)	5.7	13.8	24.0	6.3	Net CAPEX	(274)	(151)	(700)	(700)	(700)
<b>Profitability (%)</b>						Change in LT investment	(59)	99	0	0	0
Gross margin	12.0	11.0	10.1	10.1	10.1	Change in other assets	(481)	(85)	(375)	(573)	(771)
Operation margin	9.2	8.8	7.8	7.7	7.7	<b>Free cash flow</b>	<b>(1,054)</b>	<b>(824)</b>	<b>(4,168)</b>	<b>(5,183)</b>	<b>(2,861)</b>
EBITDA margin	8.4	7.9	7.0	7.0	6.9	<b>Financing cash flow</b>	<b>1,594</b>	<b>2,220</b>	<b>4,229</b>	<b>5,404</b>	<b>6,121</b>
Net margin	6.2	6.0	5.3	5.1	4.8	Change in share capital	0	0	58	58	58
ROE	22.0	20.7	21.1	22.8	20.9	Net change in debt	(45)	29	0	0	0
ROA	9.3	9.1	8.0	7.2	6.0	Dividend paid	(536)	(924)	(924)	(760)	(943)
<b>Stability</b>						Others	2,175	3,115	5,095	6,107	7,006
Interest bearing debt/equity (x)	1.2	1.2	1.9	2.3	2.6	<b>Net cash flow</b>	<b>540</b>	<b>1,396</b>	<b>61</b>	<b>221</b>	<b>3,260</b>
Net debt/equity (x)	1.2	1.2	1.5	1.8	1.7	<b>Per share (THB)</b>					
Interest coverage (x)	5.2	5.1	5.9	5.0	4.2	EPS	0.84	0.89	1.03	1.28	1.36
Interest & ST debt coverage (x)	0.5	0.4	0.5	0.6	0.7	Core EPS	0.86	0.90	1.03	1.28	1.36
Cash flow interest coverage (x)	(0.0)	(0.1)	(0.2)	(0.1)	(0.0)	CFPS	0.94	1.02	1.17	1.45	1.56
Current ratio (x)	3.4	3.1	4.5	6.0	7.4	BVPS	4.04	4.59	5.15	6.05	6.93
Quick ratio (x)	0.2	0.2	0.7	1.2	2.0	Sales/share	13.55	14.86	19.26	24.90	28.34
Net debt (THB m)	9,020	10,244	14,705	19,745	22,390	EBITDA/share	1.13	1.18	1.35	1.75	1.97
<b>Activity</b>						DPS	0.34	0.50	0.41	0.51	0.54
Asset turnover (X)	1.5	1.5	1.5	1.4	1.2	<b>Valuation</b>					
Days receivables	12.2	9.9	9.0	8.3	8.7	P/E (x)	8.01	5.43	4.04	3.26	3.07
Days inventory	212.6	224.5	213.6	214.7	227.5	P/BV (x)	1.66	1.06	0.81	0.69	0.60
Days payable	4.1	3.4	3.2	3.3	3.5	Dividend yield (%)	5.07	10.29	9.89	12.27	13.03
Cash cycle days	220.7	231.0	219.4	219.7	232.7	Dividend payout ratio (%)	41	56	40	40	40

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### 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.