

I-TAIL CORPORATION ITC TB  
THAILAND / FOOD & BEVERAGE

BUY

UNCHANGED

TARGET PRICE	THB27.00
CLOSE	THB21.10
UP/DOWNSIDE	+28.0%
PRIOR TP	THB27.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+4.8%

## แนวโน้มกำไร 1Q24 อาจสูงกว่าที่เคยคาด

- กำไร 1Q24 อาจสูงกว่าที่เราเคยคาดโดยอาจแตะ 742 ลบ. (เทียบกับประมาณการเดิมที่ 680 ลบ.)
- แนวโน้ม 2Q24 ยังคงเป็นบวกหลังมากกว่า 72% ของเป้าหมายได้มีคำสั่งซื้อยืนยันเรียบร้อยแล้ว
- คงคำแนะนำซื้อที่ราคาเป้าหมายเดิมที่ 27 บาท

## กำไรสุทธิ 1Q24 อาจสูงกว่าที่เราเคยคาด

กำไร 1Q24 อาจสูงกว่าที่เราเคยคาดโดยอาจแตะ 742 ลบ. (+74.6% y-y, ลดลงเล็กน้อย q-q) (เทียบกับประมาณการเดิมของเราที่ 680 ลบ.) แนวโน้มที่ดีขึ้นดังกล่าวมีสมมติฐานจากข้อมูลที่เราได้รับจากที่ประชุมเมื่อวันที่ 28 มี.ค. โดยผู้บริหารได้เปิดเผยว่ารายได้สินค้า Premium ใน 1Q24 ได้ขยับขึ้นเป็น 49.6% ของรายได้รวม (เทียบกับ 43.2% ในปี 2023) ซึ่งสูงกว่าเป้าหมายทั้งปีที่ 45-48% และดีกว่าประมาณการก่อนหน้าของเรา นอกจากนี้ต้นทุนปลาทูน่าได้ปรับตัวลดลง โดยมีราคาเฉลี่ยใน 1Q24 อยู่ที่ USD1,333 ต่อดัน (-12% q-q, -27% y-y) ดังนั้นเราจึงคาดว่าอัตรากำไรขั้นต้นอาจปรับขึ้นอยู่ที่ 23% สูงกว่าเป้าของ ITC ที่ 21-22%

## แนวโน้ม 2Q24 ยังเป็นบวก

เราคาดว่ารายได้ 1Q24 จะเติบโตราว 15% y-y แต่ลดลง 13% q-q จากฐานที่สูงในไตรมาสก่อน ซึ่งการเติบโต y-y ถือว่าสอดคล้องกับการส่งออกอาหารสัตว์เลี้ยงของไทยในช่วง 1QTD ที่โตราว 23% y-y ขณะที่แนวโน้ม 2Q24 ยังดีต่อเนื่อง หลังมีคำสั่งซื้อล่วงหน้าครอบคลุมราว 72% ของเป้าหมายได้แล้ว โดยลูกค้ารายใหญ่รายหนึ่งได้สั่งซื้อสินค้าครอบคลุมกว่า 50% ของเป้าหมายได้ทั้งปีพร้อมล็อกราคาขายใน 1Q-2Q24 ที่ค่อนข้างสูงใกล้เคียงกับในช่วง 2H23 (อ้างอิงจากราคาปลาทูน่าที่ USD1,700-1,800 ต่อดัน) ดังนั้นเราจึงคิดว่ารายได้รวมใน 2Q24 อาจฟื้นตัวเป็น 4.3-4.5 พัน ลบ. เติบโตมากกว่า 30% y-y บัจจุบันดังกล่าวจะช่วยชดเชยผลกระทบจากต้นทุนค่าเสื่อมที่สูงขึ้นอันเกิดจากการเริ่มดำเนินงานของสายการผลิตใหม่ หากเป็นไปตามที่เราคาด แนวโน้มกำไรสุทธิ 2Q24 อาจทะลุระดับ 800 ลบ.ได้

## เริ่มเห็น Upside ต่อประมาณการปี 2024 ของเรา

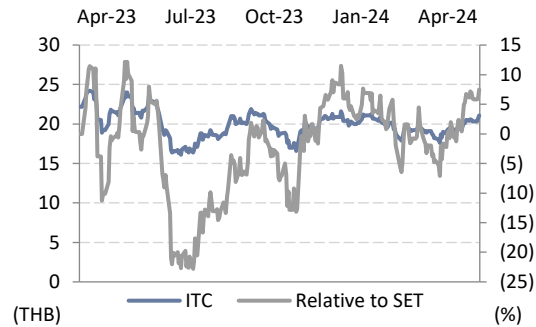
ผู้บริหารคงเป้าการเติบโตที่ Conservative สำหรับปี 2024 ประกอบด้วย 1) การเติบโตของรายได้ที่ 15% y-y 2) อัตรากำไรขั้นต้นที่ 21-22% โดยรวมผลของค่าเสื่อมที่สูงขึ้นและยังคงสัดส่วนสินค้า Premium ที่ 45-48% ของรายได้รวม 3) สัดส่วนค่าใช้จ่ายการขายและบริหารต่อยอดขายที่ 7-8% และ 4) ค่าใช้จ่ายการลงทุน (CAPEX) ที่ 1.4 พัน ลบ. จากผลประกอบการ 1H24 ที่คาดว่าจะออกมาดี อัตรากำไรขั้นต้นอาจมี Upside ถ้าสัดส่วนสินค้า Premium ยังคงอยู่ที่ 48-50% ใน 2H24 และราคาขายเฉลี่ยทรงตัวที่ระดับเดียวกันกับในช่วง 1H24

## คงคำแนะนำซื้อที่ราคาเป้าหมาย 27 บาท

นักกลยุทธ์ของ FSSIA ได้เลือก ITC เป็นหนึ่งในหุ้นเด่นใน FSSIA's Momentum Report สำหรับเดือน เม.ย. 2024 เราคงคำแนะนำซื้อที่ราคาเป้าหมาย 27 บาท เราชอบโมเมนตัมกำไร 1Q24 ที่อยู่ในเกณฑ์ดีซึ่งอาจเกิดต่อเนื่องจนถึง 3Q24 ปัจจุบัน ITC มีการซื้อขายที่ 19.7x ของค่า 2024E P/E พร้อม Upside อีก 28%

## KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	15,577	17,779	19,947	21,907
Net profit	2,281	3,217	3,705	4,184
EPS (THB)	0.76	1.07	1.24	1.39
vs Consensus (%)	-	12.2	14.1	10.3
EBITDA	2,995	3,963	4,569	5,154
Recurring net profit	2,312	3,217	3,705	4,184
Core EPS (THB)	0.77	1.07	1.24	1.39
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	(68.6)	39.1	15.2	12.9
Core P/E (x)	27.4	19.7	17.1	15.1
Dividend yield (%)	2.8	3.6	4.1	4.6
EV/EBITDA (x)	18.0	13.5	11.8	10.4
Price/book (x)	2.7	2.6	2.5	2.4
Net debt/Equity (%)	(40.0)	(40.2)	(37.8)	(36.7)
ROE (%)	9.6	13.6	15.1	16.2



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	11.1	1.9	(7.0)
Relative to country (%)	9.3	2.3	5.2
Mkt cap (USD m)	1,740		
3m avg. daily turnover (USD m)	2.8		
Free float (%)	22		
Major shareholder	Thai Union Group (79%)		
12m high/low (THB)	24.50/15.70		
Issued shares (m)	3,000.00		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 11 เมษายน 2024

## Investment thesis

ITC is a leading global pet food manufacturer. It has cost and innovation advantages due partly to its parent company, Thai Union Group (TU TB), a leading global tuna processor. Also, its management has extensive experience of over 20 years. They help make it possible for ITC to respond to changing customer needs and maintain a good relationship with global pet food brands.

Additionally, increased pet ownership should encourage continued growth in the global pet food market value. In 2024, ICT plans to expand its capacity by 17-18% to cope with pet food growth and develop new value-added products to enhance profitability.

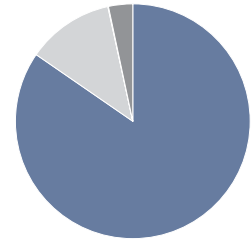
## Company profile

Revenue-wise, ITC is in the world's top 10 pet food producers and the second largest in Asia. Also, it is a global pet care company under TU, which has been operating a pet food business since 1977. ITC has two factories in Samut Sakhon and Songkhla. It distributes products globally. In 2023, its revenue came mainly from the US (50.3% of total revenue), followed by Asia, Oceania, and others (37.1%), and Europe (12.6%).

[www.i-tail.com](http://www.i-tail.com)

## Principal activities (revenue, 2023)

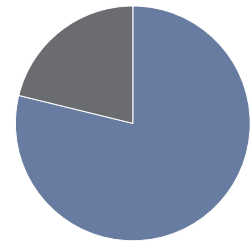
- Pet Food - 84.6 %
- Treats - 12.0 %
- Other - 0.1 %
- Other segment - 3.3 %



Source: i-Tail Corporation

## Major shareholders

- Thai Union Group - 78.8 %
- Others - 21.2 %



Source: i-Tail Corporation

## Catalysts

Potential catalysts for ITC's earnings growth in 2024 are 1) revenue growth from existing customers, with growth in line with the industry and new customers; 2) capacity expansion; and 3) lower raw material costs.

## Risks to our call

Downside risks to our P/E-based TP include 1) a slower-than-expected recovery in purchasing power; 2) greater fluctuation in raw material prices than expected; 3) a stronger-than-expected THB; and 4) labor shortages.

## Event calendar

Date	Event
2 May 2024	1Q24 results announcement
3 May 2024	1Q24 analyst meeting

## Key assumptions

	2024E	2025E	2026E
FX rate (USD/THB)	33.0	33.0	33.0
Tuna price (USD/tonne)	1,600	1,500	1,500
Total sales growth (%)	14.1	12.2	9.8
Gross margin (%)	22.0	22.5	23.0

Source: FSSIA estimates

## Earnings sensitivity

- For every 1% increase in revenue, we estimate 2024 net profit to rise by 0.8%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2024 net profit to rise by 2.9%, and vice versa, all else being equal.
- For every 0.5% increase in SG&A, we estimate 2024 net profit to fall by 2.8%, and vice versa, all else being equal.

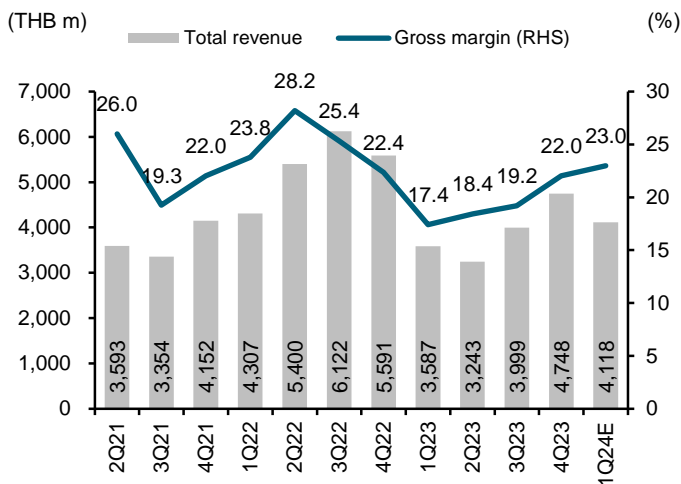
Source: FSSIA estimates

**Exhibit 1: ITC - 1Q24 earnings preview**

	1Q23	2Q23	3Q23	4Q23	1Q24E	----- Change -----		2024E	Change	%1Q24E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(y-y%)	to 2024E
Sales	3,587	3,243	3,999	4,748	4,118	(13.3)	14.8	17,779	14.1	23.2
Cost of sales	2,962	2,645	3,231	3,702	3,171	(14.3)	7.0	13,868	10.6	22.9
Gross profit	625	598	768	1,046	947	(9.5)	51.6	3,911	28.8	24.2
SG&A	301	298	266	319	309	(3.1)	2.7	1,120	(5.4)	27.6
Operating profit	447	431	685	894	783	(12.4)	75.1	3,325	35.3	23.6
Other income	123	130	183	166	145	(12.9)	17.7	533	(11.5)	27.2
Interest expense	6	2	2	2	2	0.7	(71.9)	13	15.3	13.1
Tax expense	26	(4)	31	80	39	(51.1)	52.9	93	(29.6)	42.1
Other gain (loss)	11	12	(9)	(46)	0	nm	nm	0	(100.0)	0.0
Reported net profit	425	445	645	767	742	(3.2)	74.6	3,217	41.0	23.1
Core profit	414	433	653	812	742	(8.6)	79.4	3,217	39.1	23.1
<b>Key ratios (%)</b>						<b>(ppt)</b>	<b>(ppt)</b>			
Gross margin	17.4	18.4	19.2	22.0	23.0	1.0	5.6	22.0	2.5	
SG&A to sales	8.4	9.2	6.7	6.7	7.5	0.8	(0.9)	6.3	(1.3)	
Operating margin	12.5	13.3	17.1	18.8	19.0	0.2	6.6	18.7	2.9	
Net margin	11.9	13.7	16.1	16.2	18.0	1.9	6.2	18.1	3.4	
Core margin	11.5	13.4	16.3	17.1	18.0	0.9	6.5	18.1	3.3	
<b>Operating statistics (THB m)</b>										
THB/USD	33.9	34.5	35.2	35.8	35.6	(0.5)	4.9	33.0	(5.2)	
Tuna price (USD/tonne)	1,820	2,000	1,850	1,533	1,350	(11.9)	(25.8)	1,600	(11.1)	
Cat food sales	2,399	2,264	2,885	3,226	2,685	(16.8)	11.9	12,262	13.8	21.9
Dog food sales	594	563	399	849	784	(7.6)	32.0	2,736	13.8	28.7
Treat sales	499	338	487	542	519	(4.3)	4.0	2,300	23.3	22.6
Other pet sales	2	4	2	5	3	(33.3)	42.9	14	9.1	21.8
Other non-pet sales	92	74	226	126	127	0.9	37.6	467	(9.9)	27.2

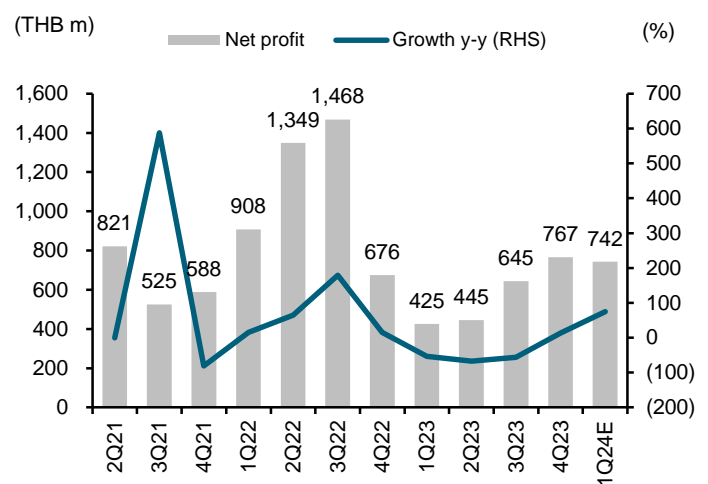
Sources: ITC; FSSIA estimates

**Exhibit 2: Quarterly total revenue and gross margin**



Sources: ITC, FSSIA estimates

**Exhibit 3: Quarterly net profit and growth**



Sources: ITC, FSSIA estimates

**Exhibit 4: Key assumptions for ITC**

	Actual	Current			Growth		
	2023 (THB m)	2024E (THB m)	2025E (THB m)	2026E (THB m)	2024E (%)	2025E (%)	2026E (%)
Total revenue	15,577	17,779	19,947	21,907	14.1	12.2	9.8
Cost	12,539	13,868	15,459	16,868	10.6	11.5	9.1
Gross profit	3,038	3,911	4,488	5,039	28.8	14.7	12.3
SG&A expenses	1,183	1,120	1,257	1,380	(5.4)	12.2	9.8
Reported net profit	2,281	3,217	3,705	4,184	41.0	15.2	12.9
Core profit	2,312	3,217	3,705	4,184	39.1	15.2	12.9

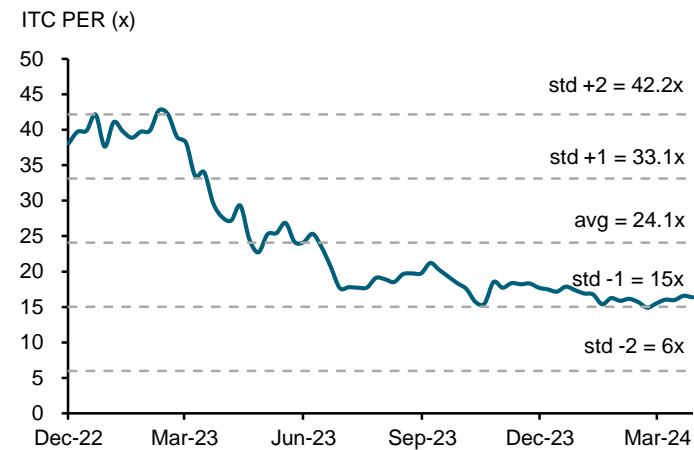
Key ratios (%)							
Total revenue growth	(27.3)	14.1	12.2	9.8			
Net profit growth	(48.2)	41.0	15.2	12.9			
Core profit growth	(45.3)	39.1	15.2	12.9			
Gross margin	19.5	22.0	22.5	23.0	1.0	1.5	2.0
SG&A to sales	7.6	6.3	6.3	6.3	0.0	0.0	0.0
Net margin	14.6	18.1	18.6	19.1	0.8	1.0	1.5
Core margin	14.8	18.1	18.6	19.1	0.8	1.0	1.5

Operating statistics							
THB/USD	34.8	33	33	33	(5.2)	0.0	0.0
Tuna price (USD/tonne)	1,784	1,600	1,500	1,500	(10.3)	(6.3)	0.0
Revenue breakdown (THB m)							
Cat food	10,775	12,262	13,870	15,410	13.8	13.1	11.1
Dog food	2,405	2,736	3,095	3,298	13.8	13.1	6.6
Treats	1,866	2,300	2,546	2,763	23.3	10.7	8.5
Others	13	14	15	16	9.1	10.0	5.0
Other segment	519	467	421	421	(9.9)	(10.0)	0.0

Source: FSSIA estimates

**Exhibit 5: Historical P/E band**



Sources: Bloomberg, FSSIA estimates

**Exhibit 6: Historical P/BV band**



Sources: Bloomberg, FSSIA estimates

## Exhibit 7: Peers comparison as of 10 April 2024

Company	BBG	Rec	Share price			Market Cap (USD m)	PE		ROE		PBV		EV/ EBITDA	
			Current (LCY)	Target (LCY)	Upside (%)		24E (x)	25E (x)	24E (%)	25E (%)	24E (x)	25E (x)	24E (x)	25E (x)
<b>Thailand</b>														
I-Tail	ITC TB	BUY	21.10	27.00	28	1,740	19.7	17.1	13.6	15.1	2.6	2.5	13.5	11.8
Thai Union Group	TU TB	BUY	14.70	17.30	18	1,765	13.6	12.2	8.7	9.5	1.2	1.1	9.9	9.4
Asian Sea	ASIAN TB	n/a	7.15	n/a	n/a	159	11.3	9.5	8.0	9.2	0.9	0.9	4.7	4.1
Asian Alliance International	AAI TB	n/a	4.66	n/a	n/a	270	17.1	14.6	11.7	12.9	2.0	1.8	10.4	9.2
<b>Thailand average</b>						<b>3,934</b>	<b>15.4</b>	<b>13.4</b>	<b>10.5</b>	<b>11.7</b>	<b>1.7</b>	<b>1.6</b>	<b>9.6</b>	<b>8.6</b>
<b>Regional</b>														
Yantai China Pet Foods	002891 CH	n/a	24.26	n/a	n/a	986	25.4	20.7	11.2	12.1	2.8	2.5	14.2	12.2
Petpal Pet Nutrition	300673 CH	n/a	11.96	n/a	n/a	419	21.9	16.8	6.5	8.1	1.5	1.4	12.6	9.9
Wenzhou Wen Toys	001222 CH	n/a	12.99	n/a	n/a	343	15.6	13.7	11.7	11.9	1.8	1.6	8.8	7.2
Nestle	NESN SW	n/a	93.46	n/a	n/a	272,958	18.6	17.2	36.0	36.9	6.7	6.1	15.0	14.1
JM Smucker	SJM US	n/a	117.37	n/a	n/a	12,119	12.0	11.3	13.5	13.6	1.6	1.4	11.4	9.7
General Mills	GIS US	n/a	70.18	n/a	n/a	38,830	15.3	14.7	25.9	26.7	4.0	3.7	12.3	12.0
Petco Health and Wellness	WOOF US	n/a	1.89	n/a	n/a	495	22.7	n/a	1.0	(1.3)	0.3	0.3	4.9	5.9
Spectrum Brands Holdings	SPB US	n/a	84.00	n/a	n/a	2,462	20.5	17.4	5.1	6.1	1.1	1.0	7.9	7.3
Swedencare	SECARE SS	n/a	65.45	n/a	n/a	969	46.5	30.2	3.0	4.5	1.4	1.4	17.8	14.8
Pets At Home	PETS LN	n/a	276.40	n/a	n/a	1,621	13.8	12.3	9.6	10.4	1.4	1.4	6.6	6.3
<b>Regional average</b>						<b>331,201</b>	<b>21.2</b>	<b>17.2</b>	<b>12.4</b>	<b>12.9</b>	<b>2.3</b>	<b>2.1</b>	<b>11.2</b>	<b>9.9</b>

Sources: Bloomberg, FSSIA estimates

## Financial Statements

i-Tail Corporation

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	21,420	15,577	17,779	19,947	21,907
Cost of goods sold	(16,071)	(12,539)	(13,868)	(15,459)	(16,868)
<b>Gross profit</b>	<b>5,349</b>	<b>3,038</b>	<b>3,911</b>	<b>4,488</b>	<b>5,039</b>
Other operating income	247	603	533	598	657
Operating costs	(1,239)	(1,183)	(1,120)	(1,257)	(1,380)
<b>Operating EBITDA</b>	<b>4,928</b>	<b>2,995</b>	<b>3,963</b>	<b>4,569</b>	<b>5,154</b>
Depreciation	(571)	(539)	(639)	(739)	(839)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>4,357</b>	<b>2,457</b>	<b>3,325</b>	<b>3,830</b>	<b>4,316</b>
Net financing costs	(83)	(11)	(13)	(14)	(11)
Associates	-	-	-	-	-
Recurring non-operating income	0	0	0	0	0
Non-recurring items	175	(31)	0	0	0
<b>Profit before tax</b>	<b>4,450</b>	<b>2,415</b>	<b>3,312</b>	<b>3,816</b>	<b>4,304</b>
Tax	(48)	(132)	(93)	(107)	(121)
<b>Profit after tax</b>	<b>4,401</b>	<b>2,283</b>	<b>3,219</b>	<b>3,709</b>	<b>4,184</b>
Minority interests	0	(1)	(2)	(4)	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>4,401</b>	<b>2,281</b>	<b>3,217</b>	<b>3,705</b>	<b>4,184</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(175)</b>	<b>31</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>4,226</b>	<b>2,312</b>	<b>3,217</b>	<b>3,705</b>	<b>4,184</b>
<b>Per share (THB)</b>					
Recurring EPS *	2.46	0.77	1.07	1.24	1.39
Reported EPS	2.56	0.76	1.07	1.24	1.39
DPS	1.66	0.60	0.75	0.86	0.98
Diluted shares (used to calculate per share data)	1,720	3,000	3,000	3,000	3,000
<b>Growth</b>					
Revenue (%)	47.4	(27.3)	14.1	12.2	9.8
Operating EBITDA (%)	62.6	(39.2)	32.3	15.3	12.8
Operating EBIT (%)	74.6	(43.6)	35.3	15.2	12.7
Recurring EPS (%)	(63.7)	(68.6)	39.1	15.2	12.9
Reported EPS (%)	(66.1)	(70.3)	41.0	15.2	12.9
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	25.0	19.5	22.0	22.5	23.0
Gross margin exc. depreciation (%)	27.6	23.0	25.6	26.2	26.8
Operating EBITDA margin (%)	23.0	19.2	22.3	22.9	23.5
Operating EBIT margin (%)	20.3	15.8	18.7	19.2	19.7
Net margin (%)	19.7	14.8	18.1	18.6	19.1
Effective tax rate (%)	1.1	5.5	2.8	2.8	2.8
Dividend payout on recurring profit (%)	67.6	77.8	70.0	70.0	70.0
Interest cover (X)	52.8	223.0	261.8	277.5	385.3
Inventory days	93.6	117.0	97.2	99.6	100.8
Debtor days	48.8	86.4	79.6	75.7	76.4
Creditor days	46.3	58.9	44.6	44.8	45.4
Operating ROIC (%)	33.7	15.8	19.5	20.7	21.6
ROIC (%)	32.5	14.6	18.2	19.9	20.8
ROE (%)	26.5	9.6	13.6	15.1	16.2
ROA (%)	21.6	8.7	12.5	13.8	14.8
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Pet Food	18,119	13,180	14,998	16,966	18,708
Treats	3,219	1,866	2,300	2,546	2,763
Other	82	13	14	15	16
Other segment		519	467	421	421

Sources: i-Tail Corporation; FSSIA estimates

## Financial Statements

i-Tail Corporation

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	4,226	2,312	3,217	3,705	4,184
Depreciation	571	539	639	739	839
Associates & minorities	16	(15)	1	0	0
Other non-cash items	-	-	-	-	-
Change in working capital	(2,972)	(578)	(726)	(997)	(897)
<b>Cash flow from operations</b>	<b>1,841</b>	<b>2,258</b>	<b>3,131</b>	<b>3,447</b>	<b>4,126</b>
Capex - maintenance	(817)	(1,532)	(1,053)	(1,000)	(1,000)
Capex - new investment	0	0	0	0	0
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(222)	(838)	797	(65)	(59)
<b>Cash flow from investing</b>	<b>(1,039)</b>	<b>(2,370)</b>	<b>(256)</b>	<b>(1,065)</b>	<b>(1,059)</b>
Dividends paid	(7,471)	(3,791)	(2,252)	(2,594)	(2,929)
Equity finance	20,795	0	0	0	0
Debt finance	(1,559)	4	(14)	(5)	(19)
Other financing cash flows	(16)	(50)	(213)	43	39
<b>Cash flow from financing</b>	<b>11,749</b>	<b>(3,837)</b>	<b>(2,479)</b>	<b>(2,555)</b>	<b>(2,909)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>12,551</b>	<b>(3,949)</b>	<b>396</b>	<b>(173)</b>	<b>158</b>
Free cash flow to firm (FCFF)	884.37	(101.04)	2,887.75	2,395.82	3,078.58
Free cash flow to equity (FCFE)	(773.10)	(157.69)	2,647.86	2,420.39	3,087.08

### Per share (THB)

FCFF per share	0.29	(0.03)	0.96	0.80	1.03
FCFE per share	(0.26)	(0.05)	0.88	0.81	1.03
Recurring cash flow per share	2.80	0.95	1.29	1.48	1.67

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	7,968	8,905	9,449	9,853	10,162
Less: Accumulated depreciation	(3,075)	(3,423)	(3,560)	(3,703)	(3,851)
<b>Tangible fixed assets (net)</b>	<b>4,893</b>	<b>5,482</b>	<b>5,889</b>	<b>6,150</b>	<b>6,312</b>
<b>Intangible fixed assets (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Long-term financial assets	42	923	-	-	-
Invest. in associates & subsidiaries	-	-	-	-	-
Cash & equivalents	13,254	9,305	9,701	9,528	9,686
A/C receivable	3,517	3,860	3,897	4,372	4,802
Inventories	4,454	3,243	3,799	4,235	4,621
Other current assets	1,526	2,165	2,489	2,793	3,067
<b>Current assets</b>	<b>22,750</b>	<b>18,573</b>	<b>19,886</b>	<b>20,928</b>	<b>22,176</b>
Other assets	493	452	533	598	657
<b>Total assets</b>	<b>28,178</b>	<b>25,431</b>	<b>26,308</b>	<b>27,676</b>	<b>29,145</b>
Common equity	25,029	23,118	24,030	25,142	26,397
Minorities etc.	16	1	2	2	2
<b>Total shareholders' equity</b>	<b>25,045</b>	<b>23,119</b>	<b>24,032</b>	<b>25,144</b>	<b>26,399</b>
Long term debt	29	33	28	23	4
Other long-term liabilities	588	569	356	399	438
<b>Long-term liabilities</b>	<b>617</b>	<b>602</b>	<b>384</b>	<b>422</b>	<b>442</b>
A/C payable	2,353	1,520	1,710	1,906	2,080
Short term debt	14	14	5	5	5
Other current liabilities	150	177	178	199	219
<b>Current liabilities</b>	<b>2,517</b>	<b>1,710</b>	<b>1,892</b>	<b>2,110</b>	<b>2,304</b>
<b>Total liabilities and shareholders' equity</b>	<b>28,178</b>	<b>25,431</b>	<b>26,308</b>	<b>27,676</b>	<b>29,145</b>
Net working capital	6,994	7,572	8,298	9,295	10,191
Invested capital	12,422	14,429	14,720	16,043	17,160

\* Includes convertibles and preferred stock which is being treated as debt

### Per share (THB)

Book value per share	8.34	7.71	8.01	8.38	8.80
Tangible book value per share	8.34	7.71	8.01	8.38	8.80

### Financial strength

Net debt/equity (%)	(52.8)	(40.0)	(40.2)	(37.8)	(36.7)
Net debt/total assets (%)	(46.9)	(36.4)	(36.7)	(34.3)	(33.2)
Current ratio (x)	9.0	10.9	10.5	9.9	9.6
CF interest cover (x)	(8.4)	(13.3)	209.5	176.4	276.6

Valuation	2022	2023	2024E	2025E	2026E
<b>Recurring P/E (x) *</b>	<b>8.6</b>	<b>27.4</b>	<b>19.7</b>	<b>17.1</b>	<b>15.1</b>
<b>Recurring P/E @ target price (x) *</b>	<b>11.0</b>	<b>35.0</b>	<b>25.2</b>	<b>21.9</b>	<b>19.4</b>
Reported P/E (x)	8.2	27.7	19.7	17.1	15.1
Dividend yield (%)	7.9	2.8	3.6	4.1	4.6
Price/book (x)	2.5	2.7	2.6	2.5	2.4
Price/tangible book (x)	2.5	2.7	2.6	2.5	2.4
EV/EBITDA (x) **	10.2	18.0	13.5	11.8	10.4
EV/EBITDA @ target price (x) **	13.8	24.0	18.0	15.7	13.8
EV/invested capital (x)	4.0	3.7	3.6	3.4	3.1

\* Pre-exceptional, pre-goodwill and fully diluted \*\* EBITDA includes associate income and recurring non-operating income

Sources: i-Tail Corporation; FSSIA estimates

Disclaimer for ESG scoring

ESG score	Methodology	Rating																											
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																											
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for <b>THSI inclusion</b> , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. <b>SETTHSI Index</b> is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																											
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																											
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&amp;A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																											
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																											
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality &amp; peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+																	
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0-10	10-20	20-30	30-40	40+																									
ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																											
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="0" style="margin-left: 20px;"> <tr> <td style="padding-right: 20px;"><b>AAA</b></td> <td>8.571-10.000</td> <td style="padding-right: 20px;"><b>Leader:</b></td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td><b>AA</b></td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td><b>Average:</b></td> <td>a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td><b>BB</b></td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td><b>CCC</b></td> <td>0.000-1.428</td> <td><b>Laggard:</b></td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570			<b>A</b>	5.714-7.142			<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285			<b>B</b>	1.429-2.856			<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																												
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																												
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																												
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																											
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																											

Rating regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "CG Score"; 2) "AGM Level"; 3) "Thai CAC"; and 4) THSI. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation



## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

Sureporm Teewasuwet FSS International Investment Advisory Securities Co., Ltd

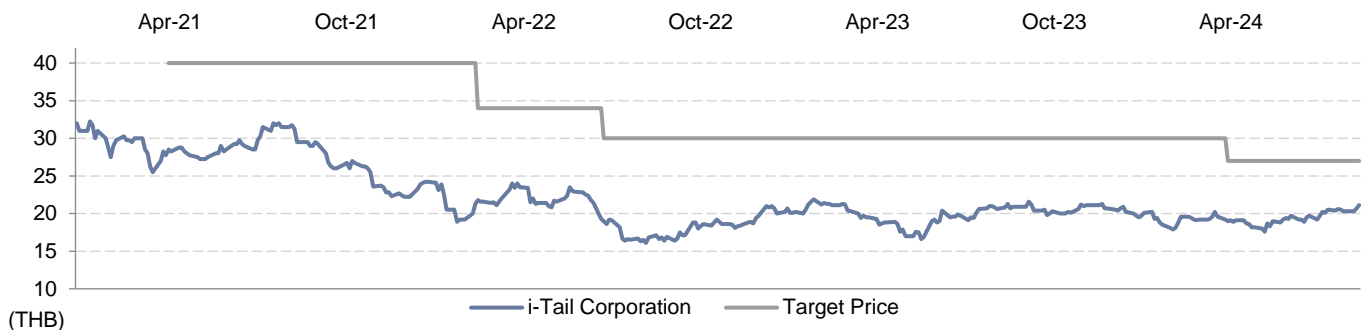
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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### History of change in investment rating and/or target price

#### i-Tail Corporation (ITC TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
11-Jan-2023	BUY	40.00	26-Jun-2023	BUY	30.00	-	-	-
09-May-2023	BUY	34.00	19-Feb-2024	BUY	27.00			

Sureporm Teewasuwet started covering this stock from 11-Jan-2023

Price and TP are in local currency

Source: FSSIA estimates

#### Thai Union Group (TU TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
23-Jan-2023	BUY	24.00	10-Jul-2023	BUY	18.00	20-Feb-2024	BUY	17.30
09-May-2023	BUY	20.00	23-Jan-2024	BUY	19.00			

Sureporm Teewasuwet started covering this stock from 23-Jan-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
i-Tail Corporation	ITC TB	THB 21.10	BUY	Downside risks to our P/E-based TP include 1) a slower-than-expected recovery in purchasing power; 2) greater fluctuation in raw material prices than expected; 3) a stronger-than-expected THB; and 4) labour shortages.
Thai Union Group	TU TB	THB 14.70	BUY	Downside risks to our SoTP-based 2024 TP include 1) a slower-than-expected revenue recovery; 2) a disruption on shipping routes, resulting in higher-than-expected freight costs; 3) a slower decrease in raw material costs than expected; 4) higher-than-expected labor costs and labor shortages; and 5) stronger Baht than expected.

Source: FSSIA estimates

### Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited.

All share prices are as at market close on 10-Apr-2024 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

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

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

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

### Industry Recommendations

**Overweight.** The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

**Neutral.** The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

**Underweight.** The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

### Country (Strategy) Recommendations

**Overweight (O).** 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 (N).** 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 (U).** 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.