FINANSIA
FSS INTERNATIONAL INVESTMENT ADVISORY

EQUITY RESEARCH - COMPANY REPORT

NSL FOODS   NSL TB
THAILAND / FOOD & BEVERAGE

BUY
UNCHANGED

TARGET PRICE	THB36.00
CLOSE	THB24.80
UP/DOWNSIDE	+45.2%
PRIOR TP	THB30.00
CHANGE IN TP	+20.0%
TP vs CONSENSUS	+23.4%

ยอดขายแซนด์วิชอบร้อนทำสถิติสูงสุด

- กำไร 1Q24 มีแนวโน้มดีกว่าที่เคยคาด
- ยอดขายแซนด์วิชอบร้อนทำสถิติสูงสุดในเดือน เม.ย.
- ปรับเพิ่มประมาณการกำไรและราคาเป้าหมาย

โน้มกำไร 1Q24 ดีกว่าที่เคยคาด

แนวกำไรสุทธิ 1Q24 มีแนวโน้มดีกว่าที่เคยคาด น่าจะแตะจุดสูงสุดเป็นประวัติการณ์ที่ 110 ล้าน บาท (+8% q-q, +45 y-y) จากยอดขายที่แข็งแกร่งของสินค้าเบเกอรี (ขายผ่านช่องทาง 7-Eleven) สวนทางฤดูกาล ทั้งนี้ ทั้งผลิตภัณฑ์ปัจจุบัน เช่น แซนด์วิชอบร้อน และขนมอบอื่นๆ รวมถึง ผลิตภัณฑ์ใหม่ เช่น สตรอเบอรี่กานาช เจอร์รี่สตรอเบอร์รี่ชีสเค้ก โดนัทไส้กะหรี่ไก่ เอแคลร์ช้อคโก แลตเฮอร์ชี่ ขนมปังพันชั้น และมินิคริสปี้โรล 2 รสชาติของแบรนด์ NSL ต่างสร้างยอดขายที่ดี เราจึง คาดรายได้ 1.34 พันลบ. +23% y-y และคาดอัตรากำไรขั้นต้นเพิ่มขึ้น 50 bps เป็น 19.5%

แซนด์วิชอบร้อนสร้างสถิติยอดขายสูงสุดในเดือน เม.ย.

ในเดือน เม.ย. ยอดขายแซนด์วิชอบร้อนทำสถิติสูงสุดแตะ 800,000 ชิ้นต่อวัน หนุนจากภาค ท่องเที่ยวที่ดีต่อเนื่อง แซนด์วิชดังกล่าวกำลังเป็นกระแสนิยมในสื่อโซเชี่ยลในหมู่นักท่องเที่ยว ต่างชาติ ด้วยยอดขายที่แข็งแกร่ง บริษัทมีแผนผลิตผลิตภัณฑ์ใหม่ต่อเนื่อง ขณะเดียวกัน เราคาดว่า Pen 1 จะฟื้นตัวและคุ้มทุนใน 2Q24 จาก 1Q24 ที่เราคาดว่าจะยังมีผลขาดทุนเล็กน้อย ส่วน BAW คาดว่าจะมีกำไรเล็กน้อยตั้งแต่ 1Q24 ประสบความสำเร็จในการฟื้นตัวตามเป้า ขณะที่ NSL Intertrade คาดว่าจะยังขาดทุนเล็กน้อยเพราะเพิ่งเริ่มส่งออก โดยรวมแล้วเราจึงคาดว่า NSL จะ เดินหน้าสร้างกำไรนิวไฮ

ปรับประมาณการขึ้นอีกครั้ง

จากแนวโน้มกำไรที่ดีเกินคาดใน 1H24 ทำให้เราปรับกำไรปี 2024-26 ขึ้น 6-10% ส่งผลให้กำไรปี 2024 เติบโตอย่างมีนัยสำคัญ 30% y-y (ดีกว่าเดิมที่คาด +23% y-y) บนสมมติฐานการเติบโตของ รายได้ที่ปรับขึ้นเป็น +19% สอดคล้องกับเป้าของบริษัท และปรับอัตรากำไรขั้นต้นขึ้น 30 bps เป็น 18.8% จากผลของ economies of scale ประกอบกับพัฒนาการที่ดีขึ้นของ BAW สำหรับค่าแรงขั้น ต่ำที่ปรับขึ้นเป็น 400 บาทต่อวัน เราประเมินว่าจะกระทบกำไรไม่เกิน 5% แต่เชื่อว่าผลกระทบจะ จำกัดมากจากการปรับขึ้นราคาขาย ขณะที่กำลังซื้อจะเพิ่มขึ้นตามรายได้ที่สูงขึ้น

ยืนยันคำแนะนำซื้อ ปรับราคาเป้าหมายขึ้นเป็น 36 บาท

เราปรับราคาเป้าหมายขึ้นเป็น 36 บาทจาก 30 บาท จากการปรับ P/E ขึ้นเป็น 25 เท่าเท่ากับ ค่าเฉลี่ยในอดีต จากเดิม 22 เท่า สะท้อนการเติบโตที่สูงขึ้น เราเชื่อว่า NSL จะก้าวเข้าสู่ New S-curve อีกครั้งจากการรุกตลาดส่งออกเพื่อขยายฐานตลาดและลูกค้า

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	4,793	5,707	6,535	7,402
Net profit	333	434	508	588
EPS (THB)	1.11	1.45	1.69	1.96
vs Consensus (%)	-	7.2	8.0	11.4
EBITDA	557	676	797	925
Recurring net profit	333	434	508	588
Core EPS (THB)	1.11	1.45	1.69	1.96
Chg. In EPS est. (%)	-	5.7	8.1	10.3
EPS growth (%)	12.1	30.2	17.1	15.8
Core P/E (x)	22.3	17.1	14.6	12.6
Dividend yield (%)	2.6	3.4	4.0	4.6
EV/EBITDA (x)	13.4	10.6	9.0	7.7
Price/book (x)	4.8	4.3	3.8	3.4
Net debt/Equity (%)	1.4	(15.7)	(14.1)	(16.6)
ROE (%)	22.5	26.3	27.5	28.4
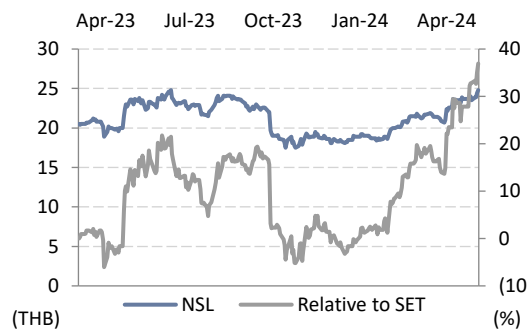
Share price performance	1 Month	3 Month	12 Month
Absolute (%)	19.8	32.6	22.2
Relative to country (%)	20.5	33.8	37.9
Mkt cap (USD m)			201
3m avg. daily turnover (USD m)			0.4
Free float (%)			0
Major shareholder		Mr. Somchai Asavapiyanon (72%)	
12m high/low (THB)			25.25/17.30
Issued shares (m)			300.00

Sources: Bloomberg consensus; FSSIA estimates

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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 26 เมษายน 2024

Investment thesis

Besides growth in tandem with 7-Eleven, NSL continues to launch new bakery products to create a good impression and cope with rapidly changing consumer needs. It also plans to raise non-7-Eleven revenue to diversify dependency risks by introducing branded snacks and entering the food services business. In its latest move, NSL has invested in two subsidiaries, Bake A Wish and NSL Intertrade, to further its future growth.

Company profile

NSL manufactures and distributes bakery products, appetizers (under CPALL brands, such as EZY Taste, EZY Sweet, and 7 Fresh), and snacks (under NSL brands). It also operates a food services business covering seafood, fish, meats, and frozen vegetables. NSL earns its revenue mainly from domestic sales, with CPALL as its key account. Moreover, it sells food services products to the HoReCa market and other modern trade distributors. It currently has four factories in Chonburi and Nonthaburi.

www.nslfoods.com

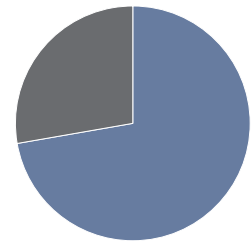## Principal activities (revenue, 2023)

- Bakery and appetizers - 89.3 %
- Food Services - 5.8 %
- NSL snack - 2.3 %
- OEM & bread wastes - 1.4 %
- Franchise fees and others - 1.2 %
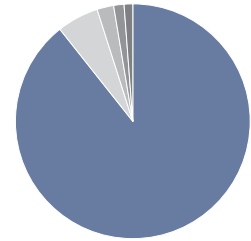
Source: NSL Foods

Major shareholders

- Mr. Somchai Asavapiyanon - 72.3 %
- Others - 27.7 %

Source: NSL Foods

Catalysts

Potential catalysts for NSL's earnings growth in 2024 are 1) revenue growth driven by new product launches and a tourism recovery; 2) new 7-Eleven branch expansions; and 3) a decline in raw material costs that should offset higher utility costs.

Risks to our call

Downside risks to our DCF-based TP include 1) a slower-than-expected consumption recovery; 2) high volatility in raw material prices; 3) the failure of new products; and 4) changing consumer demand and lifestyles.

Event calendar

Date	Event
May 2024	1Q24 results announcement

Key assumptions

	2024E	2025E	2026E
Total revenue (THB m)	5,707	6,535	7,402
Revenue growth (%)	19.1	14.5	13.3
Gross margin (%)	18.8	19.0	19.2
SG&A to sales (%)	9.6	9.6	9.6

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in revenue, we estimate 2024 net profit to rise by 0.9%, and vice versa, all else being equal.

- For every 0.5% increase in GPM, we estimate 2024 net profit to rise by 5.2%, and vice versa, all else being equal.

- For every 0.5% increase in SG&A to sales, we estimate 2024 net profit to fall by 5%, and vice versa, all else being equal.

Source: FSSIA estimates

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Exhibit 1: Changes in key assumptions for NSL

	------------------- Current -------------------			------------------- Previous -------------------			------------------ Change ------------------		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)
Total revenue	5,707	6,535	7,402	5,579	6,308	7,075	2.3	3.6	4.6
Costs	4,634	5,294	5,981	4,547	5,135	5,752	1.9	3.1	4.0
Gross profit	1,073	1,242	1,421	1,032	1,173	1,323	4.0	5.8	7.4
SG&A expenses	548	627	711	536	606	679	2.3	3.6	4.6
Profit sharing	(3)	2	3	(3)	2	3	nm	nm	nm
Reported net profit	434	508	588	410	470	534	5.7	8.1	10.3
Core profit	434	508	588	410	470	534	5.7	8.1	10.3
Key ratios (%)									
Total revenue growth	19.1	14.5	13.3	16.4	13.1	12.2	2.7	1.4	1.1
Net profit growth	30.2	17.1	15.8	23.1	14.5	13.6	7.1	2.6	2.2
Core profit growth	30.2	17.1	15.8	23.1	14.5	13.6	7.1	2.6	2.2
Gross margin	18.8	19.0	19.2	18.5	18.6	18.7	0.3	0.4	0.5
SG&A to sales	9.6	9.6	9.6	9.6	9.6	9.6	0.0	0.0	0.0
Net margin	7.6	7.8	7.9	7.4	7.4	7.5	0.2	0.3	0.4
Core margin	7.6	7.8	7.9	7.4	7.4	7.5	0.2	0.3	0.4
Operating statistics (THB m)									
Bakery sales	5,117	5,884	6,696	4,988	5,656	6,369	2.6	4.0	5.1
Food service sales	303	328	354	303	328	354	0.0	0.0	0.0
Snack sales	127	139	150	127	139	150	0.0	0.0	0.0
OEM sales	89	107	120	89	107	120	0.0	0.0	0.0

Source: FSSIA estimates

Exhibit 2: NSL - 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	1,095	1,163	1,201	1,333	1,343	0.7	22.6	5,707	19.1	23.5
Cost of sales	892	949	988	1,081	1,081	0.0	21.2	4,634	18.5	23.3
Gross profit	204	214	212	253	262	3.6	28.7	1,073	21.5	24.4
SG&A	107	109	117	129	126	(2.2)	17.7	548	18.6	23.0
Operating profit	98	108	98	132	139	4.8	40.9	536	22.7	25.8
Interest expense	3	3	2	3	3	(0.9)	(13.0)	6	(46.0)	45.2
Profit (loss) sharing	(1)	(2)	(4)	(3)	(1)	nm	nm	(3)	nm	35.0
Tax expense	19	21	19	27	27	1.9	39.8	96	11.9	28.3
Reported net profit	75	83	73	102	110	7.7	45.4	434	30.2	25.2
Core profit	78	83	73	102	110	7.7	39.8	434	30.2	25.2
Key ratios (%)						(ppt)	(ppt)			
Gross margin	18.6	18.4	17.7	19.0	19.5	0.5	0.9	18.8	0.0	
SG&A / Sales	9.8	9.4	9.7	9.7	9.4	(0.3)	(0.4)	9.6	0.0	
Operating margin	9.0	9.3	8.2	9.9	10.3	0.4	1.3	9.4	0.0	
Net margin	6.9	7.1	6.1	7.6	8.2	0.5	1.3	7.6	0.6	
Core margin	7.2	7.1	6.1	7.6	8.2	0.5	1.0	7.6	0.6	
Operating statistics (THB m)										
Bakery sales	1,004	1,066	1,060	1,152	1,199	4.1	19.5	5,117	19.5	23.4
Food service sales	68	69	64	75	75	0.0	10.3	303	10.0	24.7
Snack sales (NSL brands)	10	10	45	45	48	6.4	384.8	127	15.0	37.9
OEM sales (incl. BAW and NSLI)	14	19	19	17	18	6.5	29.5	149	22.9	12.1
Franchise sales	0	0	1	3	3	0.0	nm	12	172.7	25.0

Sources: NSL; FSSIA estimates

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Exhibit 3: Quarterly total revenue and growth
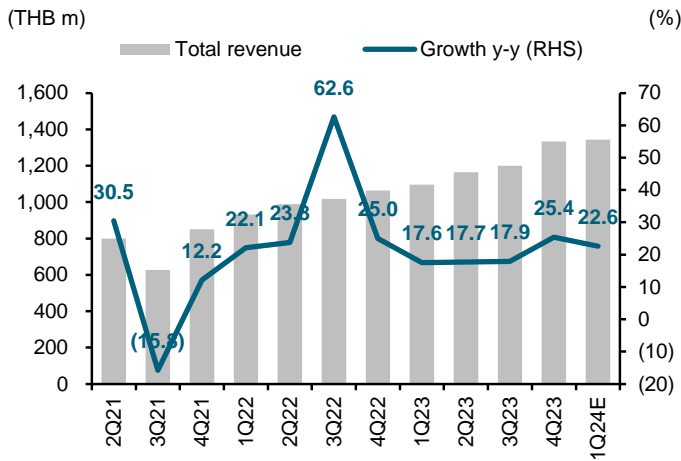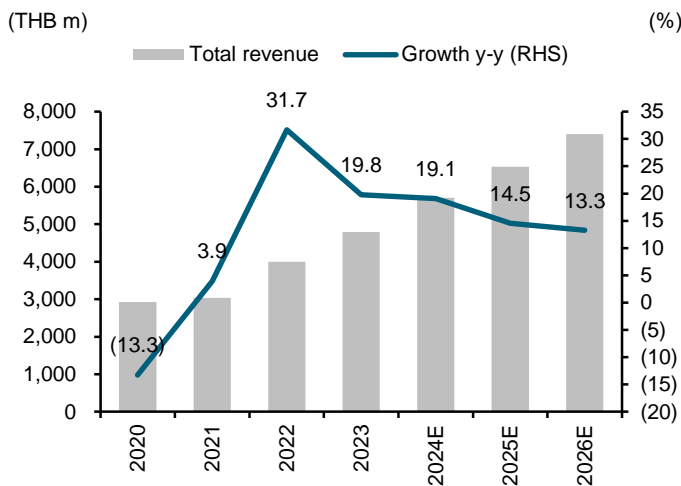

Sources: NSL, FSSIA estimates

Exhibit 4: Quarterly net profit and gross margin
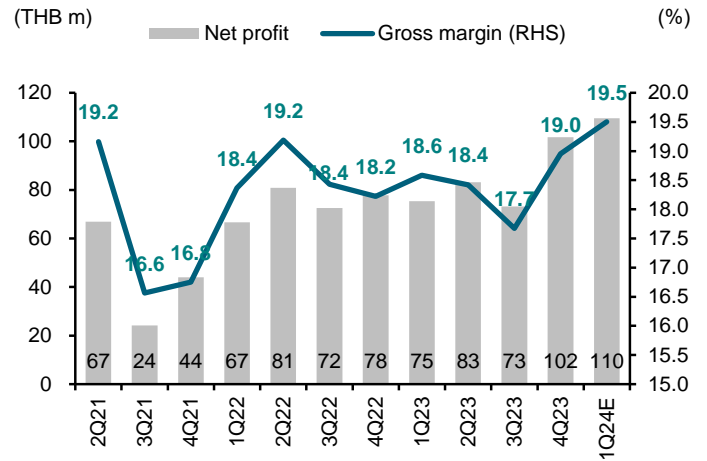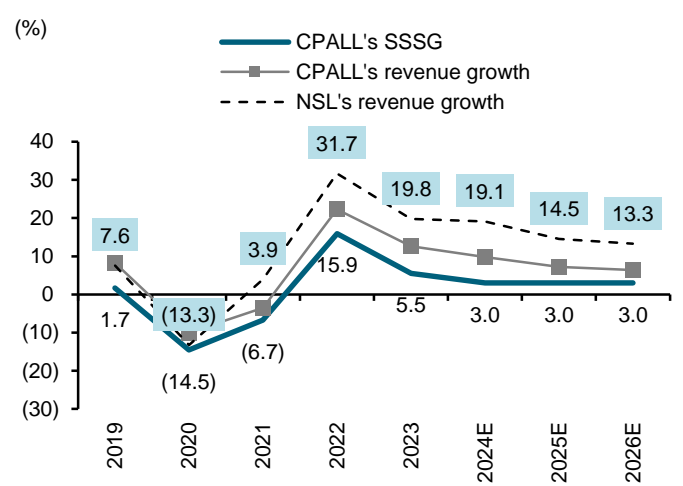

Sources: NSL, FSSIA estimates
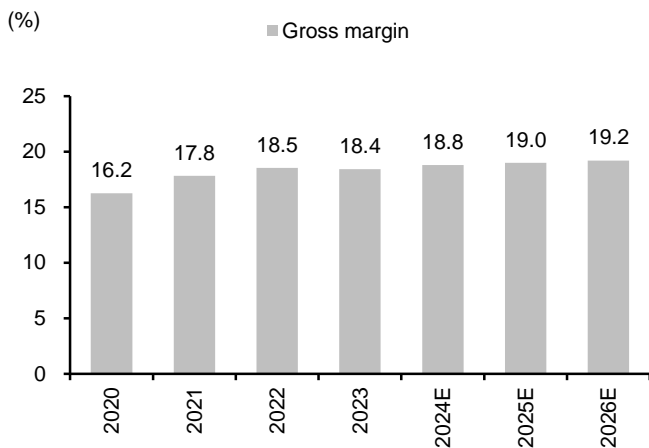
Exhibit 5: Yearly total revenue and growth

Sources: NSL; FSSIA estimates

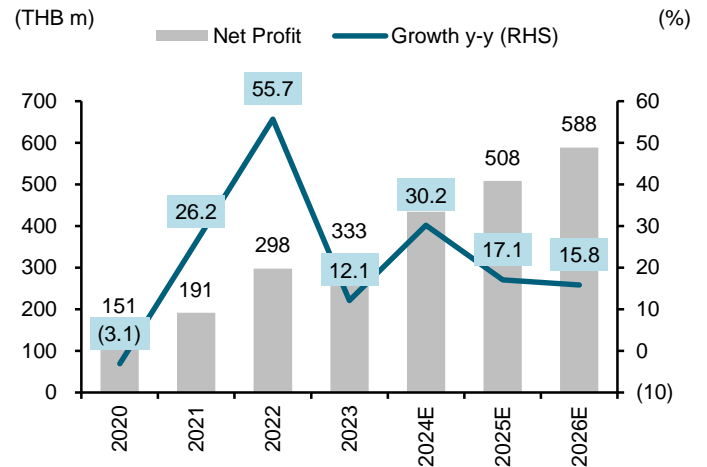**Exhibit 6: NSL's revenue growth vs CPALL's SSSG**

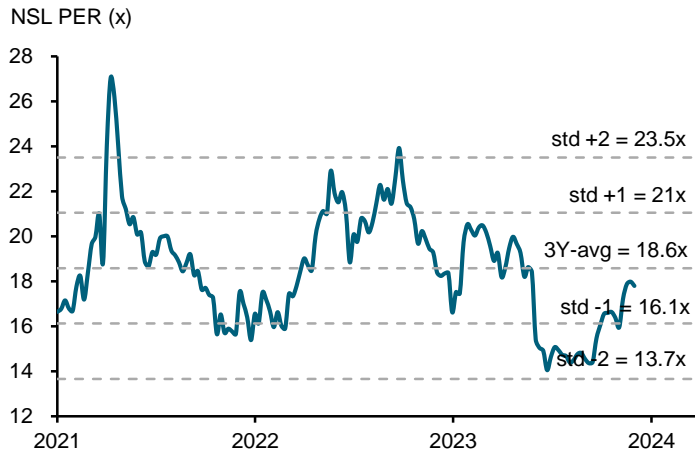Sources: NSL, CPALL, FSSIA's compilation

Exhibit 7: Yearly gross margin

Sources: NSL; FSSIA estimates

Exhibit 8: Yearly net profit and growth

Sources: NSL; FSSIA estimates

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Exhibit 9: Historical P/E band

NSL PER (x)

std +2 = 23.5x
std +1 = 21x
3Y-avg = 18.6x
std -1 = 16.1x
std -2 = 13.7x

Sources: Bloomberg, FSSIA estimates

Exhibit 10: Historical P/BV band

NSL PBV (x)

std +2 = 5.1x
std +1 = 4.6x
3Y-avg = 4.1x
std -1 = 3.6x
std -2 = 3.1x
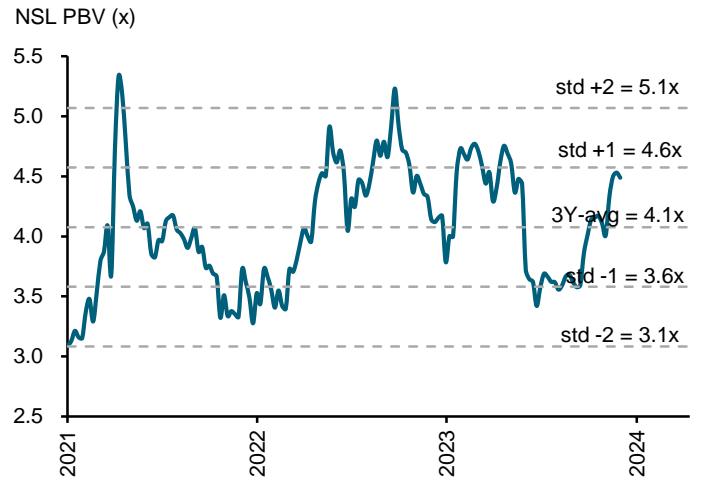
Sources: Bloomberg, FSSIA estimates

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Financial Statements
NSL Foods

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	4,001	4,793	5,707	6,535	7,402
Cost of goods sold	(3,259)	(3,910)	(4,634)	(5,294)	(5,981)
Gross profit	**742**	**883**	**1,073**	**1,242**	**1,421**
Other operating income	8	17	11	13	15
Operating costs	(369)	(462)	(548)	(627)	(711)
Operating EBITDA	**484**	**557**	**676**	**797**	**925**
Depreciation	(102)	(120)	(140)	(170)	(200)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	**382**	**437**	**536**	**627**	**725**
Net financing costs	(10)	(11)	(6)	(5)	(5)
Associates	-	-	-	-	-
Recurring non-operating income	0	(9)	(3)	2	3
Non-recurring items	0	0	0	0	0
Profit before tax	**372**	**418**	**528**	**625**	**724**
Tax	(74)	(85)	(96)	(119)	(137)
Profit after tax	**298**	**332**	**432**	**506**	**586**
Minority interests	0	1	2	2	2
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	**298**	**333**	**434**	**508**	**588**
Non-recurring items & goodwill (net)	**0**	**0**	**0**	**0**	**0**
Recurring net profit	**298**	**333**	**434**	**508**	**588**
Per share (THB)					
Recurring EPS *	0.99	1.11	1.45	1.69	1.96
Reported EPS	0.99	1.11	1.45	1.69	1.96
DPS	0.55	0.65	0.85	0.99	1.15
Diluted shares (used to calculate per share data)	300	300	300	300	300
Growth					
Revenue (%)	31.7	19.8	19.1	14.5	13.3
Operating EBITDA (%)	40.0	15.1	21.4	17.9	16.1
Operating EBIT (%)	53.3	14.5	22.7	17.0	15.6
Recurring EPS (%)	41.5	12.1	30.2	17.1	15.8
Reported EPS (%)	41.5	12.1	30.2	17.1	15.8
Operating performance					
Gross margin inc. depreciation (%)	18.5	18.4	18.8	19.0	19.2
Gross margin exc. depreciation (%)	21.1	20.9	21.3	21.6	21.9
Operating EBITDA margin (%)	12.1	11.6	11.9	12.2	12.5
Operating EBIT margin (%)	9.5	9.1	9.4	9.6	9.8
Net margin (%)	7.4	7.0	7.6	7.8	7.9
Effective tax rate (%)	19.9	20.4	18.1	19.0	19.0
Dividend payout on recurring profit (%)	55.4	58.5	58.5	58.5	58.5
Interest cover (X)	37.1	40.2	92.8	139.9	153.3
Inventory days	26.4	26.1	26.6	29.1	29.3
Debtor days	49.8	50.5	48.4	46.8	47.1
Creditor days	58.5	58.2	57.3	58.1	58.5
Operating ROIC (%)	25.9	27.2	30.6	32.4	33.8
ROIC (%)	22.3	21.3	26.6	30.3	31.7
ROE (%)	22.4	22.5	26.3	27.5	28.4
ROA (%)	13.9	14.2	16.6	17.5	18.2

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Bakery and appetizers	3,643	4,282	5,117	5,884	6,696
Food Services	288	276	303	328	354
NSL snack	35	110	127	139	150
OEM & bread wastes	35	68	89	107	120

Sources: NSL Foods; FSSIA estimates

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Financial Statements
NSL Foods

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	298	333	434	508	588
Depreciation	102	120	140	170	200
Associates & minorities	-	-	-	-	-
Other non-cash items	0	26	4	(1)	(3)
Change in working capital	(54)	(36)	(52)	(51)	(54)
Cash flow from operations	**346**	**443**	**526**	**625**	**732**
Capex - maintenance	(146)	(200)	(200)	(300)	(300)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(301)	28	190	(6)	(6)
Cash flow from investing	**(448)**	**(172)**	**(10)**	**(306)**	**(306)**
Dividends paid	(144)	(180)	(254)	(297)	(344)
Equity finance	0	0	0	0	0
Debt finance	(100)	(93)	(35)	(25)	5
Other financing cash flows	1	20	31	(20)	9
Cash flow from financing	**(243)**	**(252)**	**(258)**	**(342)**	**(331)**
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	**0**	**0**	**0**	**0**	**0**
Movement in cash	**(344)**	**19**	**258**	**(24)**	**95**
Free cash flow to firm (FCFF)	(91.06)	281.68	521.94	323.30	430.71
Free cash flow to equity (FCFE)	(200.65)	198.69	511.67	273.55	439.62

Per share (THB)					
FCFF per share	(0.30)	0.94	1.74	1.08	1.44
FCFE per share	(0.67)	0.66	1.71	0.91	1.47
Recurring cash flow per share	1.33	1.60	1.93	2.26	2.62

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	1,738	1,896	2,024	2,227	2,406
Less: Accumulated depreciation	(768)	(846)	(914)	(987)	(1,066)
Tangible fixed assets (net)	**970**	**1,050**	**1,110**	**1,240**	**1,340**
Intangible fixed assets (net)	**6**	**47**	**47**	**47**	**47**
Long-term financial assets	301	214	0	0	0
Invest. in associates & subsidiaries	0	6	6	6	6
Cash & equivalents	115	134	392	368	463
A/C receivable	595	732	782	895	1,014
Inventories	267	274	381	435	492
Other current assets	3	7	3	3	4
Current assets	**980**	**1,147**	**1,557**	**1,702**	**1,973**
Other assets	32	36	57	65	74
Total assets	**2,290**	**2,500**	**2,777**	**3,060**	**3,440**
Common equity	1,406	1,560	1,740	1,951	2,195
Minorities etc.	0	17	18	18	19
Total shareholders' equity	**1,406**	**1,576**	**1,758**	**1,969**	**2,213**
Long term debt	80	14	0	35	40
Other long-term liabilities	30	49	86	65	74
Long-term liabilities	**110**	**64**	**86**	**100**	**114**
A/C payable	559	650	762	870	983
Short term debt	167	141	115	55	55
Other current liabilities	47	68	57	65	74
Current liabilities	**774**	**859**	**934**	**991**	**1,112**
Total liabilities and shareholders' equity	**2,290**	**2,500**	**2,777**	**3,060**	**3,440**
Net working capital	259	295	347	398	452
Invested capital	1,568	1,648	1,566	1,756	1,919
* Includes convertibles and preferred stock which is being treated as debt					

Per share (THB)					
Book value per share	4.69	5.20	5.80	6.50	7.32
Tangible book value per share	4.67	5.04	5.64	6.35	7.16
Financial strength					
Net debt/equity (%)	9.4	1.4	(15.7)	(14.1)	(16.6)
Net debt/total assets (%)	5.8	0.9	(10.0)	(9.1)	(10.7)
Current ratio (x)	1.3	1.3	1.7	1.7	1.8
CF interest cover (x)	(18.5)	19.7	90.0	61.8	93.6

Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	**25.0**	**22.3**	**17.1**	**14.6**	**12.6**
Recurring P/E @ target price (x) *	**36.3**	**32.4**	**24.9**	**21.3**	**18.4**
Reported P/E (x)	25.0	22.3	17.1	14.6	12.6
Dividend yield (%)	2.2	2.6	3.4	4.0	4.6
Price/book (x)	5.3	4.8	4.3	3.8	3.4
Price/tangible book (x)	5.3	4.9	4.4	3.9	3.5
EV/EBITDA (x) **	15.6	13.4	10.6	9.0	7.7
EV/EBITDA @ target price (x) **	22.6	19.5	15.6	13.2	11.3
EV/invested capital (x)	4.8	4.5	4.6	4.1	3.7
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: NSL Foods; FSSIA estimates

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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 **THSI inclusion**, 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. **SETTHSI Index** 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%). (*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&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.*)	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. (*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.*)	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. *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 & peer reviews.*	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored.

NEGL	Low	Medium	High	Severe
0-10	10-20	20-30	30-40	40+

ESG score	Methodology	Rating
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.	

AAA	8.571-10.000	**Leader:**	leading its industry in managing the most significant ESG risks and opportunities	
AA	7.143-8.570			
A	5.714-7.142			
BBB	4.286-5.713	**Average:**	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	
BB	2.857-4.285			
B	1.429-2.856	**Laggard:**	lagging its industry based on its high exposure and failure to manage significant ESG risks	
CCC	0.000-1.428			

ESG score	Methodology	Rating
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. (*Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.*)	
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

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History of change in investment rating and/or target price

NSL Foods (NSL TB)

Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
18-Jan-2023	BUY	26.00	05-Feb-2024	BUY	26.00	-	-	-
18-Oct-2023	BUY	24.00	02-Apr-2024	BUY	30.00			

Sureeporn Teewasuwet started covering this stock from 18-Jan-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
NSL Foods	NSL TB	THB 24.80	BUY	Downside risks to our DCF-based TP include 1) a slower-than-expected consumption recovery; 2) high volatility in raw material prices; 3) the failure of new products; and 4) changing consumer demand and lifestyles.

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 25-Apr-2024 unless otherwise stated.

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RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / 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.

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