

11 AUGUST 2021

THAILAND / CONSUMER STAPLES

## ASIAN SEA CORPORATION

## ASIAN TB

**HOLD**

FROM BUY

TARGET PRICE	THB21.80
CLOSE	THB21.00
UP/DOWNSIDE	+3.8%
PRIOR TP	THB21.80
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+9.9%

## อัตรากำไรขั้นต้นที่สูงเป็นประวัติการณ์ช่วยผลักดันกำไร

## ผลประกอบการ 2Q21 สูงเกินคาด

ASIAN รายงานกำไรสุทธิ 2Q21 ในระดับที่ดีโดยอยู่ที่ 293 ลบ. (-2% y-y, +37 q-q) สูงกว่าที่เราและตลาดคาด 7% และ 17% ตามลำดับโดยได้ปัจจัยผลักดันจากอัตรากำไรขั้นต้นที่สูงเกินคาด กำไรจากการดำเนินงานใน 1H21 คิดเป็น 59% ของประมาณทั้งปีของเรา ASIAN ประกาศจ่ายเงินปันผลจำนวน 0.25 บาท/หุ้นคิดเป็นผลตอบแทนในรูปแบบเงินปันผลที่ 1.2% โดยจะขึ้นเครื่องหมาย XD ในวันที่ 23 ส.ค.

## ยอดขายอาหารสัตว์เลี้ยงและอัตรากำไรขั้นต้นที่สูงเป็นประวัติการณ์ช่วยผลักดันกำไร

ปัจจัยผลักดันผลกำไรที่สำคัญมาจากธุรกิจอาหารสัตว์เลี้ยง อาหารแช่แข็ง และอาหารสัตว์น้ำ ยอดขายอาหารสัตว์เลี้ยงโต 31% q-q เป็น 1.1 พัน ลบ. ตามปริมาณการขายที่โตขึ้น 7% เนื่องจากคำสั่งซื้อบางส่วนเลื่อนมาจาก 1Q21 นอกจากนี้ยังได้อานิสงค์จากค่าเงินบาทที่อ่อนตัว แม้ว่าสายการผลิตอาหารสัตว์เลี้ยงที่เป็นถุงและถ้วยพลาสติกจะเดินเต็มกำลังการผลิต ยอดขายอาหารแช่แข็งเพิ่ม 20% q-q เป็น 880 ลบ. โดยได้ปัจจัยผลักดันจากยอดขาย premium frozen หลังเข้าสู่ฤดูส่งออกใน 2Q-3Q ยอดขายอาหารสัตว์น้ำยังโต q-q เป็น 401 ลบ. จากส่วนแบ่งตลาดที่สูงขึ้น แม้ว่าการบริโภคภายในประเทศโดยรวมยังอ่อนแอ อัตรากำไรขั้นต้นแต่ละระดับสูงสุดเป็นประวัติการณ์ที่ 20.8% (เทียบกับ 18.9% ใน 2Q20 และ 16.9% ใน 1Q21) จากอัตราการใช้กำลังการผลิตที่สูงขึ้นและสถานะเงินบาทที่เอื้อต่อการดำเนินงานบริษัทฯ

## คาดการณ์กำไร 3Q21 จะทรงตัวหรือลดลงเล็กน้อย q-q

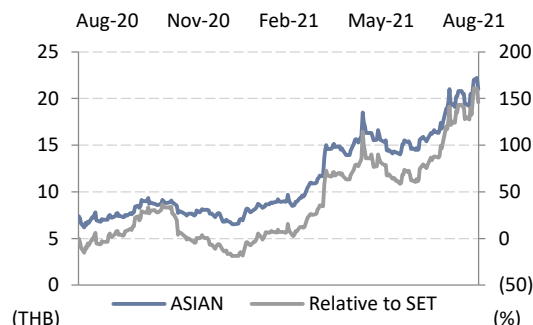
ใน 3Q21 กำไรอาจลดลงเล็กน้อยหรือทรงตัว q-q จากฐานที่สูงของยอดขายอาหารสัตว์เลี้ยงใน 2Q21 โดย 2Q21 อาจเป็นไตรมาสที่ดีที่สุดสำหรับอัตรากำไรขั้นต้น เนื่องจาก ASIAN ต้องปรับราคาอาหารแช่แข็งและอาหารสัตว์เลี้ยงตามสถานะเงินบาทที่อ่อนค่าลงในปัจจุบัน นอกจากนี้เรายังเห็นความเสี่ยงในด้านการดำเนินงานจากตัวเลขผู้ป่วย Covid ที่เพิ่มขึ้น โรงงานผลิตอาหารสัตว์เลี้ยงในสมุทรสาครของบริษัทฯ ส่งผลให้อัตราการใช้กำลังการผลิตอาจลดลงสู่ระดับ 80-90% เนื่องจากคนงานบางส่วนติดเชื้อ Covid ในปัจจุบันคนงานประมาณ 100-200 คนจากจำนวนคนงานรวม 4,000 คนติดเชื้อดังกล่าว

## ปรับลดคำแนะนำเป็นถือที่ราคาเป้าหมาย 21.8 บาท

เราปรับลดคำแนะนำเป็นถือจากซื้อหลังราคาหุ้นปรับตัวขึ้น 28% QTD ซึ่งน่าจะสะท้อนแนวโน้มเชิงบวกในระยะสั้นจากค่าเงินบาทที่อ่อนแอ แม้ว่าเราจะเห็นบรรยากาศเชิงบวกในระยะสั้นจากแนวโน้มค่าเงินบาทที่อ่อนตัว เรามีมุมมองที่ระมัดระวังเกี่ยวกับแนวโน้มการเติบโตของกำไรสุทธิในปี 2022 จากฐานที่อาจอยู่ในระดับสูงในปี 2021 นอกจากนี้แนวโน้มค่าเงินบาทที่อ่อนแออาจกลับมาแข็งค่าหลังสถานการณ์แพร่ระบาด Covid ดีขึ้นและกลุ่มท่องเที่ยวกลับมาเปิดตัวอีกครั้ง

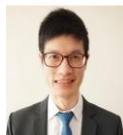
## KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	8,645	9,445	10,041	11,277
Net profit	818	821	886	1,034
EPS (THB)	1.51	1.01	1.09	1.27
vs Consensus (%)	-	(4.1)	-	(2.7)
EBITDA	1,077	1,194	1,272	1,443
Core net profit	715	821	886	1,034
Core EPS (THB)	1.32	1.01	1.09	1.27
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	438.9	(23.5)	7.9	16.8
Core P/E (x)	15.9	20.8	19.3	16.5
Dividend yield (%)	2.6	2.4	2.6	3.0
EV/EBITDA (x)	12.1	15.3	14.1	12.3
Price/book (x)	3.3	4.1	3.7	3.3
Net debt/Equity (%)	46.5	27.2	18.5	13.0
ROE (%)	22.7	21.4	20.1	21.2



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	20.0	34.6	176.3
Relative to country (%)	20.7	38.6	136.8
Mkt cap (USD m)			511
3m avg. daily turnover (USD m)			9.5
Free float (%)			66
Major shareholder	Amornrattanachaikul Family (69%)		
12m high/low (THB)			22.90/6.13
Issued shares (m)			542.73

Sources: Bloomberg consensus; FSSIA estimates



Karun Intrachai

karun.int@fssia.com  
+66 2611 3555

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บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 11 สิงหาคม 2021

## Investment thesis

We believe ASIAN's key strategy of changing from an original equipment manufacturer (OEM) of commodity products to value-added products (VAP), which can offer a higher and more stable GPM, should sustain its profit in the long run.

ASIAN's core earnings leapt 439% y-y from THB133m in 2019 to THB715m in 2020 following two main growth engines: 1) higher contributions from OEM pet food; and 2) shifting focus to frozen VAP from frozen commodity products, such as pre-fried products. ASIAN's business unit with a high margin and stable GPM (pet food and frozen VAP) has increased from 38% in 2019 to 51% in 2020. We believe these two growth engines, along with a recovery of aquaculture feed sales, will drive ASIAN's earnings to grow by 8-17% in 2022-23.

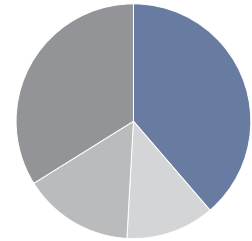
## Company profile

Asian Group has engaged in food manufacturing and distribution to customers around the world for over 40 years. The company was initially incorporated as a family-owned business since 1964 and was listed in 1994.

[www.asianseafoods.co.th](http://www.asianseafoods.co.th)

## Principal activities (revenue, 2020)

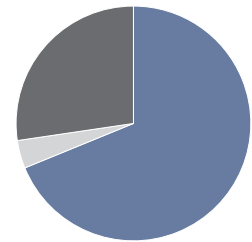
- Pet food and fish meal - 38.7 %
- Tuna - 12.2 %
- Aquaculture feed - 15.2 %
- Frozen - 33.9 %



Source: Asian Sea Corporation

## Major shareholders

- Amornrattanachaikul Family - 68.8 %
- Thai NVDR - 3.9 %
- Others - 27.3 %



Source: Asian Sea Corporation

## Catalysts

Potential share price catalysts for ASIAN include: 1) a favourable environment from a weakening THB; 2) M&A and joint investment opportunities; and 3) travel restriction easing in order to expand its business in China.

## Risks to our call

Upside risks to our P/E-based TP are 1) M&A deals; and 2) a weaker-than-expected THB against USD. Downside risks would be 1) a stronger-than-expected THB against USD; and 2) the high volatility of raw material prices, such as tuna and squid prices, which could hurt the company's GPM.

## Event calendar

Date	Event
November 2021	3Q21 results announcement

## Key assumptions

	2021E	2022E	2023E
	(%)	(%)	(%)
<b>Sales growth</b>	<b>8.0</b>	<b>6.3</b>	<b>12.2</b>
- Pet food and fish meal	5.0	10.0	15.0
- Tuna	5.0	(3.0)	(3.0)
- Aquaculture feed	25.0	7.0	10.0
- Frozen	5.0	5.0	15.0
Gross margin	15.8	15.9	16.3
SG&A to sales	6.6	6.6	6.5

Source: FSSIA estimates

## Earnings sensitivity

- For every 1% increase in sales growth, we estimate 2021 EPS would rise 1.8%, and vice versa, all else being equal.
- For every 1% increase in GPM, we estimate 2021 EPS would rise 12%, and vice versa, all else being equal.
- For every 1% increase in SG&A to sales, we estimate 2021 EPS would fall 12%, and vice versa, all else being equal.

Source: FSSIA estimates



## Impressive 2Q21 results driven by record high GPM

ASIAN posted an impressive 2Q21 net profit of THB293m (-2% y-y, +37 q-q), beating our and BBG's consensus estimate by 7% and 17%, respectively, driven by a higher-than-expected GPM. 1H21 core earnings account for 59% of our full-year estimate. ASIAN announced a cash dividend payout of THB0.25/shr, implying a 1.2% dividend yield. The XD date is 23 August.

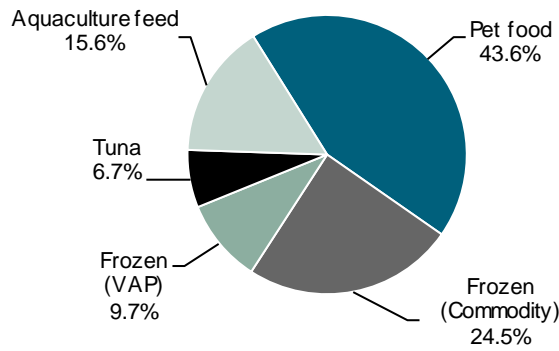
The key earnings drivers were from its pet food, frozen, and aqua feed units. Pet food sales grew 31% q-q to THB1.1b following the 7% volume growth due to delays in some orders from 1Q21, as well as the weakening THB, despite its pouch and plastic cup line running at full capacity. Frozen sales rose 20% q-q to THB880m, driven by premium commodity sales after entering the high export season in 2Q-3Q. Aqua feed sales still grew q-q to THB401m due to gaining more market share, despite overall domestic consumption remaining weak. Its GPM hit a new record high at 20.8% in 2Q21 (vs 18.9% in 2Q20 and 16.9% in 1Q21) due to the higher utilisation of its plants and the favourable THB environment. SG&A to sales rose to 7.7% vs 7.3% in 1Q21 due to the marketing expenses for the Monchue brand at THB28m. The 2Q21 tax expense rose significantly to THB41m, implying an effective tax rate of 12% vs 4% in 1Q21 and 6% in 2Q20, due to the expiration of the Board of Investment (BOI) privilege. We expect that its effective rate will be reduced in 4Q21 following the COD of its new pet food line which will receive the BOI privilege.

### Exhibit 1: 2Q21 results review

	2Q20	3Q20	4Q20	1Q21	2Q21	----- Change -----		2020	2021E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)	(THB m)	(THB m)	(y-y %)
Sales	2,005	2,371	2,283	2,095	2,501	19	25	8,645	9,445	9
Cost of sales	1,627	1,960	1,965	1,740	1,980	14	22	7,252	7,954	10
<b>Gross profit</b>	<b>378</b>	<b>411</b>	<b>318</b>	<b>355</b>	<b>521</b>	<b>47</b>	<b>38</b>	<b>1,393</b>	<b>1,490</b>	<b>7</b>
SG&A	104	195	172	153	193	26	87	643	623	(3)
<b>Operating profit</b>	<b>274</b>	<b>216</b>	<b>146</b>	<b>201</b>	<b>327</b>	<b>62</b>	<b>19</b>	<b>750</b>	<b>867</b>	<b>16</b>
Other income	68	4	86	38	25	(32)	(63)	182	74	(59)
Equity income	(1)	(0)	(0)	(1)	(1)	(41)	(39)	(3)	-	nm
<b>EBIT</b>	<b>341</b>	<b>220</b>	<b>231</b>	<b>238</b>	<b>352</b>	<b>48</b>	<b>3</b>	<b>929</b>	<b>941</b>	<b>1</b>
Interest expense	21	18	16	15	17	16	(19)	77	82	7
<b>EBT</b>	<b>320</b>	<b>202</b>	<b>215</b>	<b>223</b>	<b>335</b>	<b>50</b>	<b>5</b>	<b>852</b>	<b>860</b>	<b>1</b>
Income tax	19	0	5	8	41	427	114	34	39	13
<b>Net profit</b>	<b>300</b>	<b>202</b>	<b>211</b>	<b>215</b>	<b>293</b>	<b>37</b>	<b>(2)</b>	<b>818</b>	<b>821</b>	<b>0</b>
<b>EPS (THB)</b>	<b>0.55</b>	<b>0.37</b>	<b>0.39</b>	<b>0.40</b>	<b>0.36</b>	<b>(9)</b>	<b>(35)</b>	<b>1.51</b>	<b>1.01</b>	<b>(33.10)</b>
Extra item	74	(15)	65	19	-	(100)	(100)	103	-	nm
<b>Recurring profit (THB m)</b>	<b>226</b>	<b>217</b>	<b>146</b>	<b>196</b>	<b>293</b>	<b>50</b>	<b>30</b>	<b>715</b>	<b>821</b>	<b>15</b>
<b>Normalised EPS (THB)</b>	<b>0.42</b>	<b>0.40</b>	<b>0.27</b>	<b>0.36</b>	<b>0.36</b>	<b>(0)</b>	<b>(14)</b>	<b>1.32</b>	<b>1.01</b>	<b>(23.46)</b>
<b>Key ratios</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(ppt)</b>	<b>(ppt)</b>	<b>(%)</b>	<b>(%)</b>	
Gross margin	18.9	17.3	13.9	16.9	20.8	3.9	2.0	16.1	15.8	
SGA/Total revenue	5.2	8.2	7.5	7.3	7.7	0.4	2.6	7.4	6.6	
Operating profit margin	13.7	9.1	6.4	9.6	13.1	3.5	(0.6)	8.7	9.2	
Net profit margin	15.0	8.5	9.2	10.3	11.7	1.5	(3.2)	9.5	8.7	
Core profit margin	11.3	9.2	6.4	9.3	11.7	2.4	0.4	8.3	8.7	
<b>Key Assumptions</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(THB m)</b>	<b>(q-q %)</b>	<b>(y-y %)</b>			
Pet food and fish meal business	863	928	903	854	1,122	31	30			
Tuna business	211	290	288	265	172	(35)	(18)			
Aquaculture feed business	329	423	347	321	401	25	22			
Frozen business	643	806	824	731	880	20	37			
Fx (THB : 1USD)	30.9	31.6	30.0	31.3	32.1	3	4			

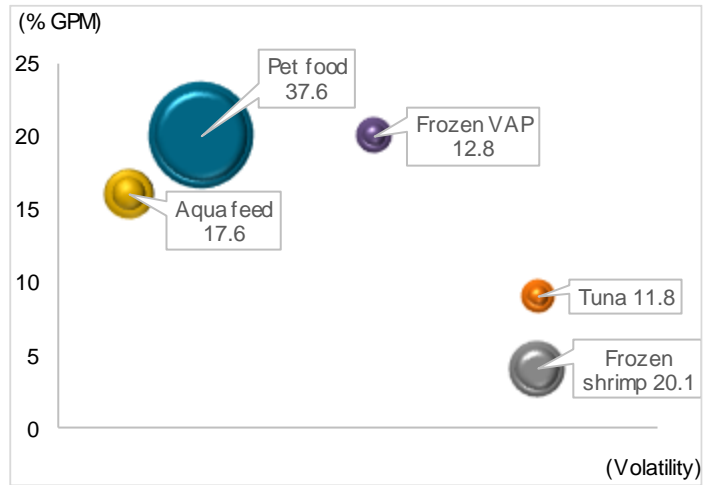
Sources: ASIAN; FSSIA estimates

**Exhibit 2: High margin value-added products (frozen VAP and pet food) accounted for 54% in 2Q21 vs 51% in 1Q21**



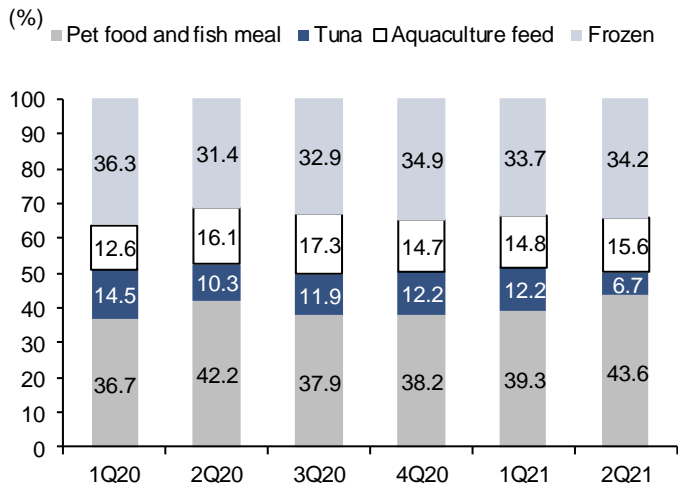
Sources: ASIAN; FSSIA estimates

**Exhibit 3: ASIAN's business model shifting to high margin and more stable GPM products**



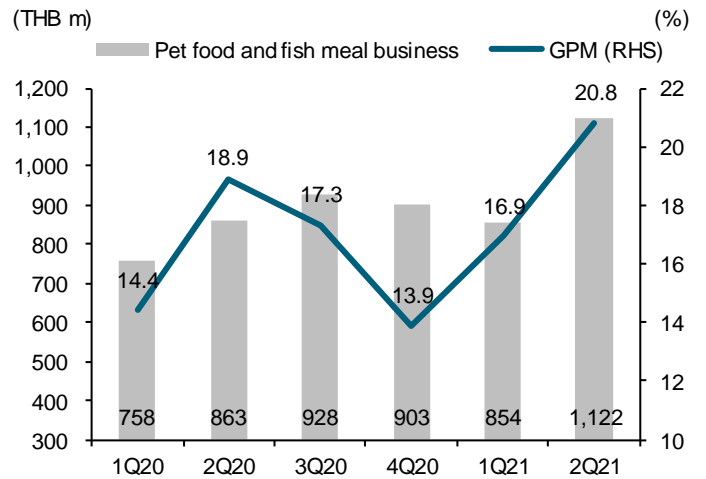
Sources: ASIAN; FSSIA estimates

**Exhibit 4: Product mix in 2Q21**



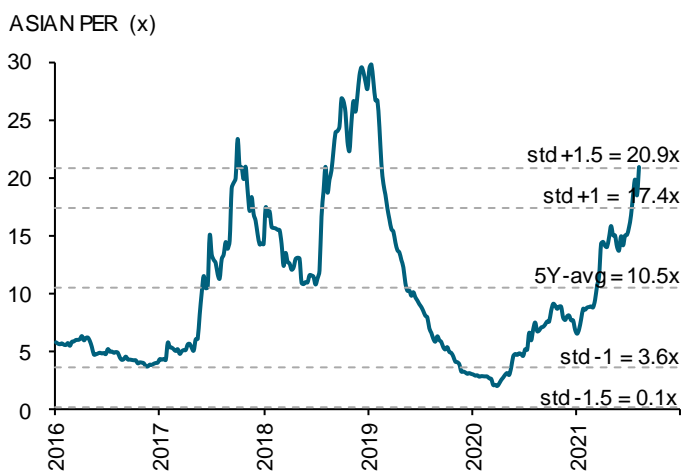
Sources: ASIAN; FSSIA estimates

**Exhibit 5: Pet food sales trend vs GPM**



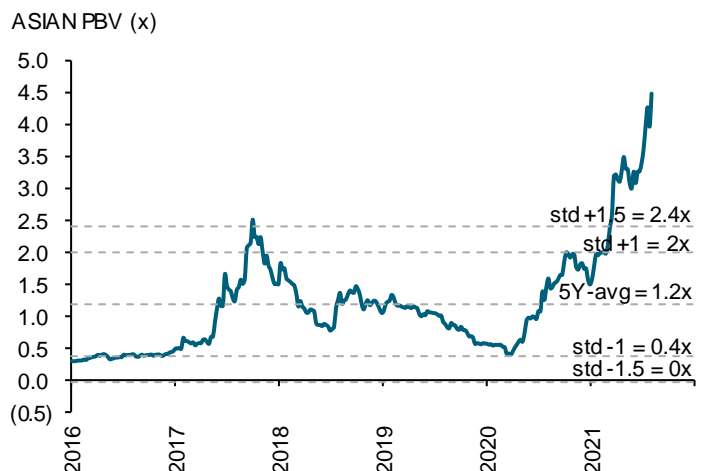
Sources: ASIAN; FSSIA estimates

**Exhibit 6: Rolling one-year forward P/E band**



Sources: Bloomberg; FSSIA estimates

**Exhibit 7: Rolling one-year forward P/BV band**



Sources: Bloomberg; FSSIA estimates

## Financial Statements

### Asian Sea Corporation

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	8,194	8,645	9,445	10,041	11,277
Cost of goods sold	(7,334)	(7,004)	(7,701)	(8,182)	(9,178)
<b>Gross profit</b>	<b>860</b>	<b>1,641</b>	<b>1,743</b>	<b>1,858</b>	<b>2,099</b>
Other operating income	137	79	74	76	77
Operating costs	(540)	(643)	(623)	(663)	(733)
<b>Operating EBITDA</b>	<b>456</b>	<b>1,077</b>	<b>1,194</b>	<b>1,272</b>	<b>1,443</b>
Depreciation	(207)	(248)	(253)	(258)	(263)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>249</b>	<b>829</b>	<b>941</b>	<b>1,014</b>	<b>1,180</b>
Net financing costs	(103)	(77)	(82)	(89)	(104)
Associates	(8)	(3)	0	3	7
Recurring non-operating income	(8)	(3)	0	3	7
Non-recurring items	0	103	0	0	0
<b>Profit before tax</b>	<b>138</b>	<b>852</b>	<b>860</b>	<b>927</b>	<b>1,083</b>
Tax	(5)	(34)	(39)	(42)	(49)
<b>Profit after tax</b>	<b>133</b>	<b>818</b>	<b>821</b>	<b>886</b>	<b>1,034</b>
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
<b>Reported net profit</b>	<b>133</b>	<b>818</b>	<b>821</b>	<b>886</b>	<b>1,034</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>(103)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>133</b>	<b>715</b>	<b>821</b>	<b>886</b>	<b>1,034</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.24	1.32	1.01	1.09	1.27
Reported EPS	0.24	1.51	1.01	1.09	1.27
DPS	0.20	0.55	0.50	0.54	0.64
Diluted shares (used to calculate per share data)	543	543	814	814	814
<b>Growth</b>					
Revenue (%)	(15.1)	5.5	9.2	6.3	12.3
Operating EBITDA (%)	(34.3)	136.0	10.9	6.5	13.5
Operating EBIT (%)	(49.8)	233.0	13.6	7.7	16.4
Recurring EPS (%)	(63.3)	438.9	(23.5)	7.9	16.8
Reported EPS (%)	(63.3)	516.5	(33.1)	7.9	16.8
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	8.0	16.1	15.8	15.9	16.3
Gross margin of key business (%)	8.0	16.1	15.8	15.9	16.3
Operating EBITDA margin (%)	5.6	12.5	12.6	12.7	12.8
Operating EBIT margin (%)	3.0	9.6	10.0	10.1	10.5
Net margin (%)	1.6	8.3	8.7	8.8	9.2
Effective tax rate (%)	3.7	4.6	4.5	4.5	4.5
Dividend payout on recurring profit (%)	81.8	41.7	50.0	50.0	50.0
Interest cover (X)	2.3	10.8	11.5	11.4	11.4
Inventory days	101.8	95.2	94.5	95.3	92.9
Debtor days	43.4	38.2	40.1	40.8	39.7
Creditor days	32.5	33.4	33.3	33.8	32.8
Operating ROIC (%)	5.1	17.9	19.5	20.3	22.6
ROIC (%)	4.7	16.9	18.5	19.3	21.6
ROE (%)	4.8	22.7	21.4	20.1	21.2
ROA (%)	3.9	13.2	13.3	12.7	13.6
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Pet food and fish meal	2,385	3,345	3,551	3,908	4,500
Tuna	1,050	1,054	1,119	1,085	1,054
Aquaculture feed	1,045	1,318	1,666	1,783	1,964
Frozen	3,714	2,928	3,108	3,265	3,759

Sources: Asian Sea Corporation; FSSIA estimates

## Financial Statements

### Asian Sea Corporation

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	133	715	821	886	1,034
Depreciation	207	248	253	258	263
Associates & minorities	-	-	-	-	-
Other non-cash items	(30)	163	0	0	0
Change in working capital	861	(237)	(181)	(146)	(314)
<b>Cash flow from operations</b>	<b>1,171</b>	<b>889</b>	<b>892</b>	<b>998</b>	<b>983</b>
Capex - maintenance	0	0	0	0	0
Capex - new investment	(363)	(183)	(253)	(258)	(263)
Net acquisitions & disposals	0	0	0	0	0
Other investments (net)	(78)	(48)	(14)	(11)	(21)
<b>Cash flow from investing</b>	<b>(441)</b>	<b>(231)</b>	<b>(267)</b>	<b>(269)</b>	<b>(284)</b>
Dividends paid	(109)	(299)	(410)	(443)	(517)
Equity finance	0	0	271	0	0
Debt finance	61	(603)	370	(30)	80
Other financing cash flows	51	5	0	0	0
<b>Cash flow from financing</b>	<b>4</b>	<b>(896)</b>	<b>231</b>	<b>(472)</b>	<b>(437)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	103	0	0	0
<b>Net other adjustments</b>	<b>(728)</b>	<b>343</b>	<b>86</b>	<b>99</b>	<b>114</b>
<b>Movement in cash</b>	<b>7</b>	<b>104</b>	<b>943</b>	<b>355</b>	<b>377</b>
Free cash flow to firm (FCFF)	833.20	734.34	707.34	818.07	804.09
Free cash flow to equity (FCFE)	115.13	402.99	1,081.87	798.00	<b>893.71</b>

#### Per share (THB)

FCFF per share	1.54	1.35	1.30	1.51	1.48
FCFE per share	0.21	0.74	1.99	1.47	1.65
Recurring cash flow per share	0.57	2.07	1.32	1.40	1.59

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	5,548	5,628	5,770	5,920	6,077
Less: Accumulated depreciation	(2,703)	(2,848)	(2,991)	(3,140)	(3,297)
<b>Tangible fixed assets (net)</b>	<b>2,845</b>	<b>2,779</b>	<b>2,779</b>	<b>2,779</b>	<b>2,779</b>
<b>Intangible fixed assets (net)</b>	<b>41</b>	<b>51</b>	<b>52</b>	<b>53</b>	<b>54</b>
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	0	0	0	0	0
Cash & equivalents	103	207	1,150	1,505	1,882
A/C receivable	823	986	1,087	1,155	1,298
Inventories	1,738	1,916	2,070	2,201	2,472
Other current assets	54	69	75	80	90
<b>Current assets</b>	<b>2,718</b>	<b>3,178</b>	<b>4,382</b>	<b>4,941</b>	<b>5,741</b>
Other assets	218	223	232	238	254
<b>Total assets</b>	<b>5,822</b>	<b>6,232</b>	<b>7,445</b>	<b>8,012</b>	<b>8,829</b>
Common equity	2,810	3,498	4,180	4,623	5,140
Minorities etc.	0	0	0	0	0
<b>Total shareholders' equity</b>	<b>2,810</b>	<b>3,498</b>	<b>4,180</b>	<b>4,623</b>	<b>5,140</b>
Long term debt	1,243	605	585	575	675
Other long-term liabilities	94	95	101	106	113
<b>Long-term liabilities</b>	<b>1,337</b>	<b>700</b>	<b>686</b>	<b>681</b>	<b>788</b>
A/C payable	610	670	735	780	872
Short term debt	952	1,228	1,704	1,783	1,878
Other current liabilities	112	137	141	145	151
<b>Current liabilities</b>	<b>1,675</b>	<b>2,034</b>	<b>2,580</b>	<b>2,708</b>	<b>2,901</b>
<b>Total liabilities and shareholders' equity</b>	<b>5,822</b>	<b>6,232</b>	<b>7,445</b>	<b>8,012</b>	<b>8,829</b>
Net working capital	1,893	2,165	2,356	2,511	2,836
Invested capital	4,997	5,218	5,419	5,582	5,924

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

#### Per share (THB)

Book value per share	5.18	6.45	5.13	5.68	6.31
Tangible book value per share	5.10	6.35	5.07	5.61	6.25

#### Financial strength

Net debt/equity (%)	74.5	46.5	27.2	18.5	13.0
Net debt/total assets (%)	35.9	26.1	15.3	10.6	7.6
Current ratio (x)	1.6	1.6	1.7	1.8	2.0
CF interest cover (x)	5.6	8.6	17.3	12.8	12.1

Valuation	2019	2020	2021E	2022E	2023E
<b>Recurring P/E (x) *</b>	<b>85.9</b>	<b>15.9</b>	<b>20.8</b>	<b>19.3</b>	<b>16.5</b>
<b>Recurring P/E @ target price (x) *</b>	<b>89.2</b>	<b>16.5</b>	<b>21.6</b>	<b>20.0</b>	<b>17.2</b>
Reported P/E (x)	85.9	13.9	20.8	19.3	16.5
Dividend yield (%)	1.0	2.6	2.4	2.6	3.0
Price/book (x)	4.1	3.3	4.1	3.7	3.3
Price/tangible book (x)	4.1	3.3	4.1	3.7	3.4
EV/EBITDA (x) **	29.6	12.1	15.3	14.1	12.3
EV/EBITDA @ target price (x) **	30.5	12.5	15.8	14.6	12.8
EV/invested capital (x)	2.7	2.5	3.4	3.2	3.0

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

Sources: Asian Sea Corporation; FSSIA estimates

## Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PAP	PCSGH	PDJ	PG	PHOL	PLANB
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TMB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TSC	TSR	TSTE	TSTH	TTA
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL										
2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAHA	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSIB	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIJK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							

GOOD LEVEL										
7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	IHL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TIPIP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

## Description

## Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

## Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

\* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; \*\* delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation



## Anti-corruption Progress Indicator 2020

CERTIFIED										
2S	ADVANC	AI	AIE	AIRA	AKP	AMA	AMANAHA	AP	AQUA	ARROW
ASK	ASP	AYUD	B	BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG
BGC	BGRIM	BJCHI	BKI	BLA	BPP	BROOK	BRR	BSBM	BTS	BWG
CEN	CENTEL	CFRESH	CGH	CHEWA	CHOTI	CHOW	CIG	CIMBT	CM	CMC
COL	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DELTA	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FPI	FPT	FSS
FTE	GBX	GC	GCAP	GEL	GFPT	GGC	GJS	GPSC	GSTEEL	GUNKUL
HANA	HARN	HMPRO	HTC	ICC	ICHI	IFS	INET	INSURE	INTUCH	IRPC
ITEL	IVL	K	KASET	KBANK	KBS	KCAR	KCE	KGI	KKP	KSL
KTB	KTC	KWC	L&E	LANNA	LHFG	LHK	LPN	LRH	M	MAKRO
MALEE	MBAX	MBK	MBKET	MC	MCOT	MFC	MFEC	MINT	MONO	MOONG
MPG	MSC	MTC	MTI	NBC	NEP	NINE	NKI	NMG	NNCL	NSI
NWR	OCC	OCEAN	OGC	ORI	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPPM
PPS	PREB	PRG	PRINC	PRM	PSH	PSL	PSTC	PT	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QLT	QTC	RATCH	RML	RWI	S & J
SABINA	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SEAOIL	SE-ED	SELIC
SENA	SGP	SIRI	SITHAI	SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK
SPC	SPI	SPRC	SRICHA	SSF	SSSC	SST	STA	SUSCO	SVI	SYNTEC
TAE	TAKUNI	TASCO	TBSP	TCAP	TCMC	TFG	TFI	TFMAMA	THANI	THCOM
THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT	TMB	TMD	TMILL	TMT
TNITY	TNL	TNP	TNR	TOG	TOP	TPA	TPCORP	TPP	TRU	TSC
TSTH	TTCL	TU	TVD	TVI	TVO	TWPC	U	UBIS	UEC	UKEM
UOBKH	UWC	VGI	VIH	VNT	WACOAL	WHA	WHAUP	WICE	WIJK	XO
ZEN	TRUE									

DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

**Disclaimer:**

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; \* FSSIA's compilation

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

#### Karun Intrachai FSS International Investment Advisory Securities Co., Ltd

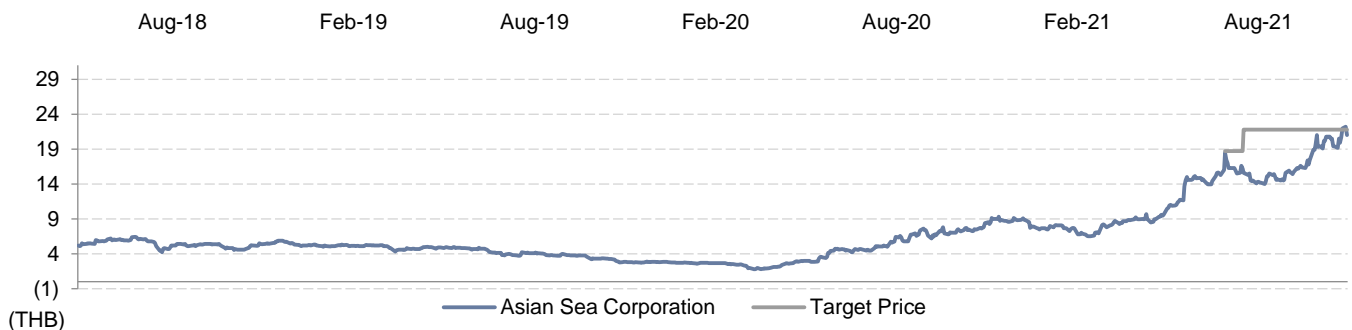
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) 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

#### Asian Sea Corporation (ASIAN TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
26-Apr-2021	BUY	18.70	12-May-2021	BUY	21.80	-	-	-

Karun Intrachai started covering this stock from 26-Apr-2021

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Asian Sea Corporation	ASIAN TB	THB 21.00	HOLD	Upside risks to our P/E-based TP are 1) M&A deals; and 2) a weaker-than-expected THB against USD. Downside risks would be 1) a stronger-than-expected THB against USD; and 2) the high volatility of raw material prices, such as tuna and squid prices, which could hurt the company's GPM.

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

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 10-Aug-2021 unless otherwise stated.

## 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.