

24 AUGUST 2021

THAILAND / CONSUMER DISCRETIONARY SERVICES

SRINANAPORN MARKETING

SNNP TB

BUY

UNCHANGED

TARGET PRICE	THB15.00
CLOSE	THB12.10
UP/DOWNSIDE	+24.0%
PRIOR TP	THB15.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+2.7%

ได้เวลาสำหรับการก้าวไปสู่ผู้เล่นระดับภูมิภาค

ผลกระทบจำกัดจากโรคระบาด

เมื่อวันที่ 24 ส.ค. เราได้จัดรายการ exclusive talk กับคุณชยุตม์ หลีหเจริญกุล ประธานเจ้าหน้าที่บริหารสายงานบัญชีและการเงิน ท่านผู้บริหารได้ยืนยันมุมมองของเราที่ว่า SNNP เป็นหนึ่งในบริษัทอุปโภคบริโภคของไทยที่จะได้รับผลกระทบจำกัดจากสถานการณ์แพร่ระบาด Covid ในปัจจุบัน เรายังคงมั่นใจว่าการดำเนินงานของ SNNP ในช่วง 2H21 อาจะยังโต h-h หลังบริษัท รายงานกำไรจากการดำเนินงานที่ดีในช่วง 1H21 โดยอยู่ที่ 126 ลบ. จาก 1) ยอดขายในประเทศที่ดีจากช่องทางขายแบบดั้งเดิม; 2) การฟื้นตัวของยอดขายในกัมพูชา หลังอัตราการฉีดวัคซีนเกิน 50%; และ 3) ค่าใช้จ่ายดอกเบี้ยที่ลดลงเหลือประมาณ 20 ลบ. ต่อไตรมาส

คาดการณ์กำไรจากการดำเนินงานจะโต h-h ในช่วง 2H21

ใน 3Q21 ยอดขายในประเทศอาจลดลงเล็กน้อย q-q จากปัญหาในด้านการผลิตและขนส่งในครึ่งแรกของเดือน ก.ค. อย่างไรก็ตามความต้องการสินค้าของ SNNP ยังอยู่ในระดับสูง ในขณะที่ Siri Pro (not listed) จะช่วยเพิ่มประสิทธิภาพในช่องทางจำหน่ายแบบดั้งเดิม (traditional trade) ซึ่งจะช่วยลดผลกระทบจากอำนาจในการจับจ่ายใช้สอยที่อ่อนแอ ขณะที่ยอดขายในกัมพูชา (ประมาณ 5% ของยอดขายรวมในปี 2020) คาดว่าจะฟื้นตัวจากจุดต่ำสุดใน 2Q21 ทาง SNNP เห็นกิจกรรมต่างๆในกัมพูชาเริ่มเข้าสู่ภาวะปกติ หลังอัตราการฉีดวัคซีนเกิน 50% ยอดขายในส่วนเวียดนามอาจได้รับผลกระทบจากมาตรการปิดเมืองในปัจจุบันและน่าจะฟื้นตัวใน 4Q21

พร้อมเป็นผู้เล่นในระดับภูมิภาคในปี 2022

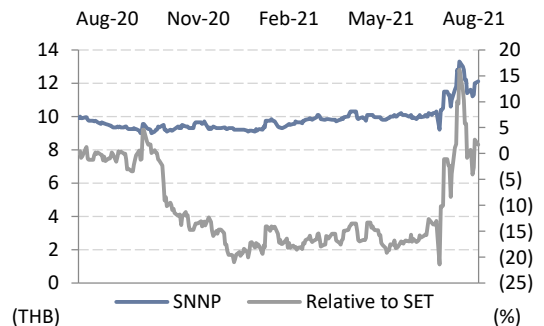
เราคาดว่ายอดขายจะโตในอัตราสองหลักในปี 2022 จาก 1) ส่วนแบ่งการขายที่สูงขึ้นจากช่องทางจำหน่ายแบบดั้งเดิม; 2) ความต้องการที่สูงขึ้นจากนักท่องเที่ยว; และ 3) การฟื้นตัวของยอดขายในตลาด CLMV เราคาดว่ายอดขายผ่านช่องทางจำหน่ายแบบดั้งเดิมของ SNNP สามารถเพิ่มได้ถึงระดับ 3.5 พัน ลบ. เทียบกับยอดขาย 1.5 พัน ลบ. ในปี 2020 จาก capacity ของ Siri Pro ในปัจจุบัน นอกจากนี้โรงงานในกัมพูชาอาจเร่งอัตราการใช้จ่ายการผลิตขึ้นสู่ระดับก่อน Covid ซึ่งจะช่วยให้ต้นทุนรวม เนื่องจากการผลิตในกัมพูชาให้อัตรากำไรขั้นต้นที่สูงกว่าการส่งออกจากประเทศไทยประมาณ 3-5% โรงงานในเวียดนามตั้งเป้าเริ่มดำเนินงานเชิงพาณิชย์ (COD) ในเดือน ก.ค. 2022 ซึ่งช้ากว่าแผนเดิมใน 2Q22 เล็กน้อย

ระดับการประเมินมูลค่าที่น่าสนใจ มีความเสี่ยงขาขึ้นจากสินค้าใหม่ที่ผลิตจากกัญชง

เราคงคำแนะนำซื้อที่ราคาเป้าหมาย 15 บาท (DCF) เราคิดว่าการดำเนินงานของ SNNP น่าจะดีขึ้นในช่วงโรคระบาด Covid เมื่อเทียบกับบริษัทอุปโภคบริโภคอื่น ในขณะที่ยังได้ประโยชน์จากการกลับมาเปิดอุตสาหกรรมท่องเที่ยว ปัจจุบันราคาหุ้นมีการซื้อขายในระดับการประเมินมูลค่าที่น่าสนใจที่ 23x ของค่า 2022E P/E ซึ่งต่ำกว่าค่าเฉลี่ยของกลุ่มอุปโภคบริโภคที่ 32x เราเห็นความเสี่ยงขาขึ้นจากสินค้าใหม่ที่ผลิตจากกัญชง ซึ่งอาจเปิดตัวได้ในปลาย 4Q21

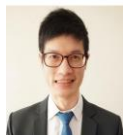
KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	4,436	4,512	5,260	5,822
Net profit	94	421	502	592
EPS (THB)	0.13	0.44	0.52	0.62
vs Consensus (%)	-	-	-	-
EBITDA	381	727	881	1,007
Core net profit	94	292	502	592
Core EPS (THB)	0.13	0.30	0.52	0.62
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	(15.5)	133.7	71.7	17.9
Core P/E (x)	92.9	39.7	23.1	19.6
Dividend yield (%)	-	2.2	2.6	3.1
EV/EBITDA (x)	29.5	16.6	13.7	11.8
Price/book (x)	39.4	4.5	4.1	3.8
Net debt/Equity (%)	497.8	7.6	8.3	(0.5)
ROE (%)	53.8	20.7	18.6	20.2



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	5.2	n/a	n/a
Relative to country (%)	2.8	n/a	n/a
Mkt cap (USD m)	348		
3m avg. daily turnover (USD m)	n/a		
Free float (%)	34		
Major shareholder	Concord I. Capital Limited (21%)		
12m high/low (THB)	13.40/10.30		
Issued shares (m)	960.00		

Sources: Bloomberg consensus; FSSIA estimates



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PREPARED BY FSS INTERNATIONAL INVESTMENT ADVISORY SECURITIES CO LTD (FSSIA). ANALYST CERTIFICATION AND IMPORTANT DISCLOSURES CAN BE FOUND AT THE END OF THIS REPORT

บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 24 สิงหาคม 2021

Investment thesis

As one of Thailand's leading producers and distributors of snacks and jelly, with three highly recognised brands – 'Bento' (squid and fish strips), 'Jele' (jelly), and 'Lotus' (biscuit sticks), Srinaporn Marketing (SNNP) has been an iconic snack market leader in Thailand over the past three decades. After three years of restructuring efforts in 2018-20, we think SNNP will now reap the benefits from higher net margins, rising sales volumes, and improving operational and distribution efficiency. Unlike other snacks, which have seen demand sharply dwindle after a few years due to health concerns and high prices, we think SNNP's seafood snacks and jelly products are "core snacks", which have seen consistent demand growth in the past three decades.

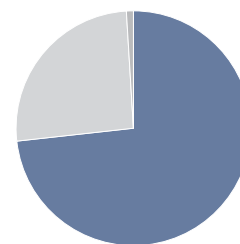
Company profile

Founded in 1972 by the Kraipisitkul family as a snack wholesaler under the name Sriwivat, SNNP has been operating for more than 30 years and is currently a market leader with strong brands in snack and beverage products.

<https://snp.co.th>

Principal activities (revenue, 2020)

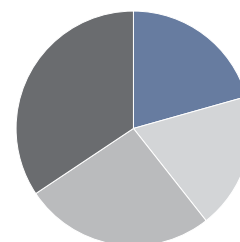
- Domestic - 73.2 %
- Overseas - 25.8 %
- Others - 1.0 %



Source: Srinaporn Marketing

Major shareholders

- Concord I. Capital Limited - 20.6 %
- Ascend I. Holding Company Limited - 18.8 %
- Chaisathaporn family - 26.3 %
- Others - 34.4 %



Source: Srinaporn Marketing

Catalysts

Potential catalysts are 1) revenue growth driven by higher utilisation rates and the new production plant in Vietnam (COD in 2022); and 2) a net margin rise from 2.1% in 2020 to 9.1-10.2% in 2021-23, driven by lower SG&A and interest expenses, along with higher sales volumes from traditional trade, rising from 48% in 2020 to 52% of the total sales volume in 2023, based on our estimate.

Risks to our call

The key downside risks to our DCF-based TP are 1) slower-than-expected demand growth and market penetration overseas, especially in Cambodia and Vietnam; 2) a lower-than-expected profit margin due to high raw material and transportation costs; and 3) higher-than-expected SG&A expenses from overseas operations.

Event calendar

Date	Event
November 2021	3Q21 results announcement

Key assumptions

Year to Dec	Product	2021E	2022E	2023E
		(%)	(%)	(%)
Utilisation rate	Bento	71.8	80.0	90.0
	Lotus	63.2	70.0	73.0
	Jele	71.6	79.0	79.0
	Magic farm	54.2	54.2	75.0
	Cambodia	30.0	50.0	60.0
	Vietnam	-	-	25.0
Cost	COGS-to-sales	71.7	72.9	72.8
	SG&A-to-sales	15.0	15.0	14.5

Source: FSSIA estimates

Earnings sensitivity

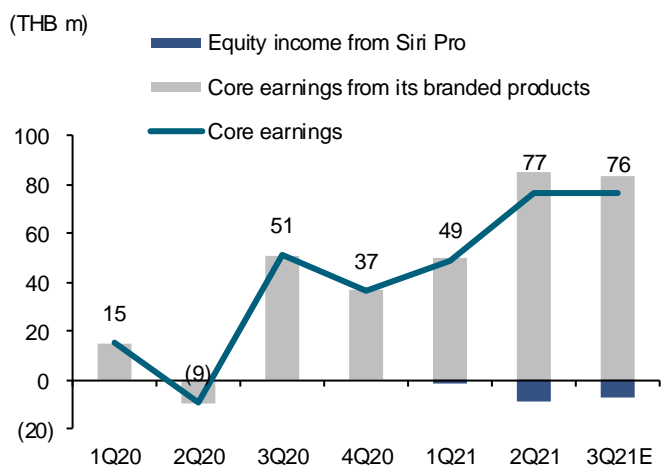
- For every 1% increase in utilisation rate, we estimate that 2021 earnings would rise by 2.4%, and vice versa, all else being equal.
- For every 1% increase in THB/USD, we estimate that 2021 earnings would rise by 1.7%, and vice versa, all else being equal.
- For every 1% increase in electricity tariff, we estimate that 2021 earnings would drop by 0.2%, and vice versa, all else being equal.

Source: FSSIA estimates

Expect 2H21 core earnings to grow h-h amid the outbreak

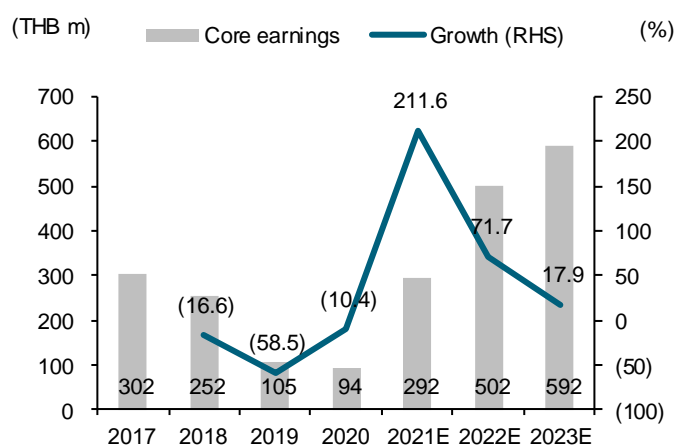
We hosted an exclusive talk on 24 August with Khun Chayut Leehacharoenkul, CFO. Management remains convinced that SNNP could still post solid operational performance in 2H21 amid the current Covid outbreak in Thailand and CLMV, in line with our estimate. We expect SNNP to book THB70m-80m net profit per quarter in 2H21, driven by 1) resilient domestic sales boosted by the traditional trade channel; 2) the recovery of sales in Cambodia after more than a c50% vaccine rollout; and 3) the reduction of interest expenses to cTHB20m per quarter.

Exhibit 1: Expect 3Q21 earnings to be flat q-q, cushioned by lower interest expenses



Sources: SNNP; FSSIA estimates

Exhibit 2: Solid core earnings growth expected in 2022-23

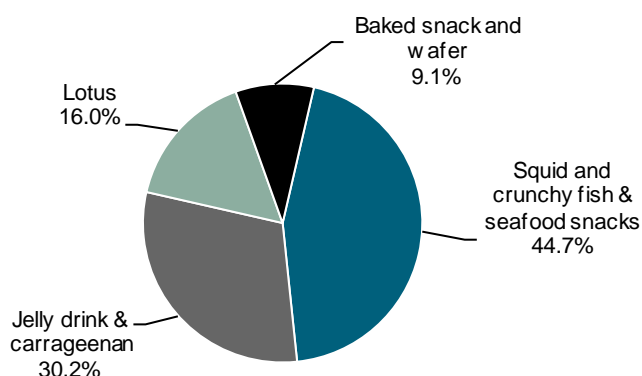


Sources: SNNP; FSSIA estimates

Siri Pro – the key domestic growth driver

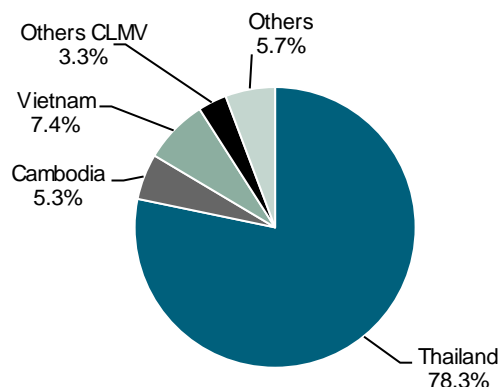
Siri Pro should be the key domestic growth driver in the traditional trade channel, cushioning the downside risk from the absence of tourists. Typically, c30% of Bento's sales (c45% of total sales) are attributed to tourists. In 1Q21, Bento sales remained flat y-y despite the absence of tourists, compared to 1Q20, implying that SNNP could boost its sales from the local channel to offset the weak demand from tourists.

Exhibit 3: Bento accounted for c45% of total sales in 2020



Sources: SNNP; FSSIA estimates

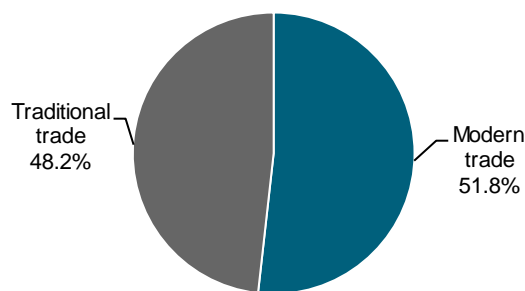
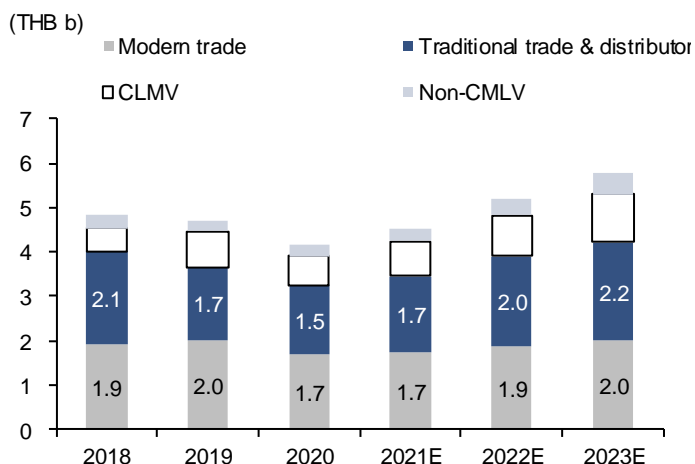
Exhibit 4: Revenue breakdown by region



Sources: SNNP; FSSIA estimates

Exhibit 5: Sales contributions from traditional trade channel

Exhibit 6: Domestic sales breakdown by channel

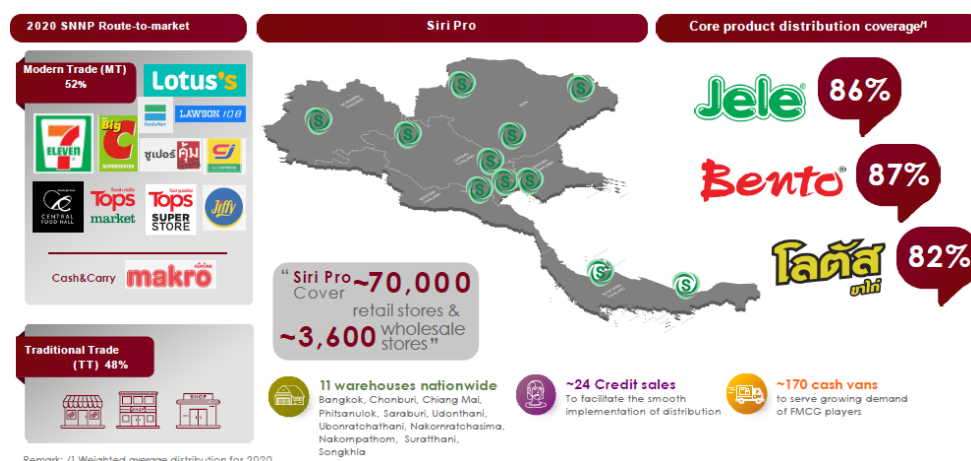


Sources: SNNP; FSSIA estimates

Sources: SNNP; FSSIA estimates

Currently, we see that Siri Pro has an abundant capacity to expand SNNP's products to the traditional trade channel. Siri Pro has 11 distribution centres nationwide, 170 cash vans, and the capacity to access 70,000 traditional retail stores and 3,600 traditional wholesale stores. We estimate that SNNP's traditional sales could rise to THB3.5b over the next five years vs THB1.5b in 2020, based on Siri Pro's current facilities.

Exhibit 7: Restructured external distributors to an owned distributor – Siri Pro



Source: SNNP

Exhibit 8: Siri Pro's capacity vs Carabao Group (CBG)

	SNNP (Siri Pro)	CBG
Total domestic sales in 2020 (THB b)	3.2	8.8
Domestic sales from traditional trade channel (TT) (THB b)	1.5	7.3
% sales contribution from TT	48%	83%
Number of distribution centres (no.)	11	31
Cash vans (no.)	170	326
Number of retailers to access (no.)	70,000	180,000

Sources: Companies; FSSIA estimates

Moreover, management expects that Siri Pro will start to break even by 4Q21 after distributing more products from the Boonrawd group (Thailand's producer of the local beer brand, Singha, a food snack conglomerate, and property developer). Currently, its monthly revenue is at THB125m-130m per month, below the breakeven point at THB160m per month, and contributes a loss of cTHB20m per quarter. Siri Pro has average SG&A expenses of THB23m per month, of which 85% are considered fixed expenses.

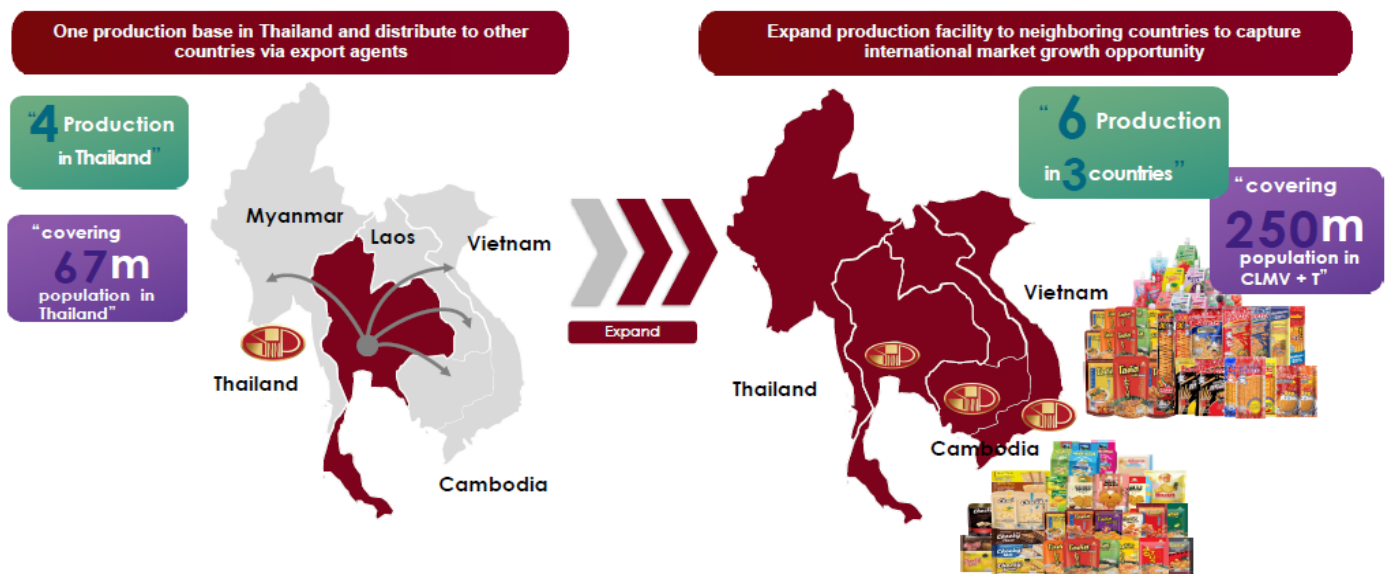
CLMV will be the main focus in 2022

We expect to see double-digit sales growth in 2022 following 1) more sales contributions from the traditional trade channel; 2) higher demand from tourists; and 3) the recovery of CLMV sales. Cambodia sales should have bottomed in 2Q21 after the impact from the severe flooding in 4Q20 and the Covid lockdown in 1H21. Hence, the Cambodia plant could ramp up its utilisation rate to the pre-Covid level, which would expand the overall GPM, as production in Cambodia commands a c3-5% higher GPM than exporting from Thailand.

Meanwhile, the Vietnam plant has a target COD in July 2022; a slight delay from the initially planned 2Q22. The fixed cost would be cTHB1.0m per month and depreciation expenses are estimated at THB21m per year, based on 1) phase 1 investment of USD14m; 2) a USD8m investment for the building with 30 years of depreciation; and 3) USD6m for the machines with 15 years of depreciation.

Note that the Cambodia and Vietnam plants would generate sales of up to THB1.0/2.0b based on all phases commencing their CODs with full utilisation rates.

Exhibit 9: Expanding from one domestic production base to regional production



Source: SNNP

Exhibit 10: Peers valuation as of 23 Aug 2021

Company	BBG	Share price (LCY)	Market Cap (USD m)	3Y EPS CAGR (%)	PE		ROE		PBV		EVEBITDA	
					21E (x)	22E (x)	21E (%)	22E (%)	21E (x)	22E (x)	21E (x)	22E (x)
Consumer												
Berli Jucker	BJC TB	35.75	4,295	21.3	25.8	21.7	4.9	5.8	1.3	1.3	15.0	13.9
Cp All	CPALL TB	61.00	16,426	10.3	52.7	32.2	10.4	15.7	6.6	5.9	22.7	19.0
Siam Global House	GLOBAL TB	21.70	2,993	22.6	33.1	29.7	16.2	16.4	5.1	4.7	21.6	19.6
Home Product Center	HMPRO TB	13.80	5,440	13.4	31.0	26.9	26.3	28.4	7.9	7.4	18.1	16.0
Siam Makro Public	MAKRO TB	40.25	5,792	8.2	29.6	26.5	28.1	28.9	8.0	7.3	17.6	15.8
Central Retail Corp	CRC TB	34.00	6,147	417.4	(347.3)	54.5	(1.1)	7.0	3.9	3.7	21.8	15.1
Consumer average			41,094	18.8	(29.2)	31.9	14.1	17.0	5.5	5.0	19.5	16.6
Food & Beverage												
Srinanaporn Marketing	SNNP TB	12.10	348	67.9	39.7	23.1	20.7	18.6	4.5	4.1	16.6	13.7
Carabao Group	CBG TB	132.00	3,957	11.2	37.7	31.2	32.8	34.4	11.6	10.0	26.0	22.0
Osotspa	OSP TB	36.50	3,287	8.9	30.1	27.3	18.8	20.4	5.6	5.5	21.1	19.1
Sappe	SAPPE TB	26.50	255	9.7	18.7	17.0	15.8	15.5	2.8	2.5	9.8	9.0
Taikaenoi Food&Marketing	TKN TB	7.20	301	26.7	48.0	31.0	9.5	14.9	4.6	4.2	23.7	17.4
Ichitan Group	ICHI TB	11.50	468	18.3	22.9	19.3	10.6	12.0	2.3	2.2	11.6	10.6
Food & Beverage average			8,616	13.1	32.9	24.9	18.0	19.3	5.2	4.8	18.1	15.3
Average			49,709	16.1	1.8	28.4	16.1	18.2	5.3	4.9	18.8	15.9

Sources: Bloomberg; FSSIA estimates

Financial Statements

Srinaporn Marketing

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	4,749	4,436	4,512	5,260	5,822
Cost of goods sold	(3,364)	(3,058)	(3,108)	(3,590)	(3,970)
Gross profit	1,385	1,378	1,404	1,671	1,851
Other operating income	0	0	0	0	0
Operating costs	(1,037)	(997)	(677)	(789)	(844)
Operating EBITDA	348	381	727	881	1,007
Depreciation	(151)	(206)	(210)	(245)	(271)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	197	175	518	637	736
Net financing costs	(83)	(81)	(50)	(23)	(22)
Associates	0	0	(30)	3	15
Recurring non-operating income	0	0	(30)	3	15
Non-recurring items	0	0	129	0	0
Profit before tax	114	94	566	617	730
Tax	(30)	(19)	(117)	(111)	(132)
Profit after tax	84	74	449	507	598
Minority interests	21	20	(28)	(5)	(6)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	105	94	421	502	592
Non-recurring items & goodwill (net)	0	0	(129)	0	0
Recurring net profit	105	94	292	502	592
Per share (THB)					
Recurring EPS *	0.15	0.13	0.30	0.52	0.62
Reported EPS	0.15	0.13	0.44	0.52	0.62
DPS	0.08	0.00	0.26	0.31	0.37
Diluted shares (used to calculate per share data)	680	720	960	960	960
Growth					
Revenue (%)	(2.8)	(6.6)	1.7	16.6	10.7
Operating EBITDA (%)	(35.5)	9.4	90.9	21.2	14.2
Operating EBIT (%)	(52.6)	(11.3)	196.2	23.1	15.6
Recurring EPS (%)	(71.3)	(15.5)	133.7	71.7	17.9
Reported EPS (%)	(71.3)	(15.5)	236.6	19.2	17.9
Operating performance					
Gross margin inc. depreciation (%)	26.0	26.4	26.5	27.1	27.2
Gross margin of key business (%)	26.0	26.4	26.2	26.4	26.4
Operating EBITDA margin (%)	7.3	8.6	16.1	16.8	17.3
Operating EBIT margin (%)	4.1	3.9	11.5	12.1	12.7
Net margin (%)	2.2	2.1	6.5	9.5	10.2
Effective tax rate (%)	26.5	20.8	25.0	18.0	18.5
Dividend payout on recurring profit (%)	54.5	-	86.4	60.0	60.0
Interest cover (X)	2.4	2.2	9.7	28.4	34.8
Inventory days	40.3	50.0	49.5	46.6	47.6
Debtor days	86.7	91.5	84.1	78.8	80.7
Creditor days	106.3	116.7	114.6	107.8	110.0
Operating ROIC (%)	6.3	5.9	17.0	20.8	23.8
ROIC (%)	5.3	4.8	12.3	16.1	18.2
ROE (%)	92.0	53.8	20.7	18.6	20.2
ROA (%)	3.7	3.4	8.2	10.5	11.5
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Domestic	3,667	3,249			
Overseas	1,042	1,144			
Others	40	43			

Sources: Srinaporn Marketing; FSSIA estimates

Financial Statements

Srinaporn Marketing

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	105	94	292	502	592
Depreciation	151	206	210	245	271
Associates & minorities	163	1	(28)	(5)	(6)
Other non-cash items	(31)	(9)	23	9	5
Change in working capital	(212)	142	(9)	(87)	(62)
Cash flow from operations	175	434	488	663	799
Capex - maintenance	(380)	0	(500)	(300)	(100)
Capex - new investment	0	0	0	0	0
Net acquisitions & disposals	(17)	(233)	130	(102)	(76)
Other investments (net)	0	32	0	0	0
Cash flow from investing	(397)	(201)	(370)	(402)	(176)
Dividends paid	(57)	0	(253)	(301)	(355)
Equity finance	(20)	0	2,210	2	2
Debt finance	440	(292)	(1,565)	0	0
Other financing cash flows	0	0	0	0	0
Cash flow from financing	363	(292)	393	(299)	(353)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	141	(59)	511	(38)	270
Free cash flow to firm (FCFF)	(138.61)	314.37	169.27	283.85	644.63
Free cash flow to equity (FCFE)	218.53	(58.45)	(1,446.18)	261.35	623.03

Per share (THB)

FCFF per share	(0.14)	0.33	0.18	0.30	0.67
FCFE per share	0.23	(0.06)	(1.51)	0.27	0.65
Recurring cash flow per share	0.57	0.41	0.52	0.78	0.90

Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	2,655	2,724	3,224	3,524	3,624
Less: Accumulated depreciation	(752)	(1,060)	(1,270)	(1,514)	(1,785)
Tangible fixed assets (net)	1,903	1,664	1,955	2,010	1,839
Intangible fixed assets (net)	0	0	0	0	0
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	0	0	0	0	0
Cash & equivalents	232	173	685	647	917
A/C receivable	1,193	1,031	1,048	1,222	1,353
Inventories	419	418	425	491	544
Other current assets	2	3	3	3	3
Current assets	1,847	1,625	2,161	2,364	2,817
Other assets	449	687	687	801	886
Total assets	4,199	3,976	4,803	5,175	5,543
Common equity	128	221	2,600	2,803	3,041
Minorities etc.	258	239	239	239	239
Total shareholders' equity	385	460	2,839	3,042	3,281
Long term debt	871	721	600	600	600
Other long-term liabilities	68	73	74	87	96
Long-term liabilities	939	794	674	687	696
A/C payable	988	968	983	1,137	1,257
Short term debt	1,886	1,744	300	300	300
Other current liabilities	1	11	6	10	9
Current liabilities	2,875	2,722	1,289	1,446	1,566
Total liabilities and shareholders' equity	4,199	3,976	4,803	5,175	5,543
Net working capital	626	473	487	571	633
Invested capital	2,978	2,825	3,129	3,382	3,359

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

Per share (THB)

Book value per share	0.19	0.31	2.71	2.92	3.17
Tangible book value per share	0.19	0.31	2.71	2.92	3.17

Financial strength

Net debt/equity (%)	655.4	497.8	7.6	8.3	(0.5)
Net debt/total assets (%)	60.1	57.6	4.5	4.9	(0.3)
Current ratio (x)	0.6	0.6	1.7	1.6	1.8
CF interest cover (x)	3.6	0.3	(27.7)	12.6	29.8

Valuation	2019	2020	2021E	2022E	2023E
Recurring P/E (x) *	78.5	92.9	39.7	23.1	19.6
Recurring P/E @ target price (x) *	97.3	115.1	49.3	28.7	24.3
Reported P/E (x)	78.5	92.9	27.6	23.1	19.6
Dividend yield (%)	0.7	-	2.2	2.6	3.1
Price/book (x)	64.5	39.4	4.5	4.1	3.8
Price/tangible book (x)	64.5	39.4	4.5	4.1	3.8
EV/EBITDA (x) **	31.6	29.5	16.6	13.7	11.8
EV/EBITDA @ target price (x) **	37.3	35.0	20.4	16.9	14.5
EV/invested capital (x)	3.7	4.0	3.9	3.6	3.5

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

Sources: Srinaporn Marketing; 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	PHOL	PLANB	PLANET
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	AMANAH	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

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Company	Ticker	Price	Rating	Valuation & Risks
Srinanaporn Marketing	SNNP TB	THB 12.10	BUY	The key downside risks to our DCF-based TP are 1) slower-than-expected demand growth and market penetration overseas, especially in Cambodia and Vietnam; 2) a lower-than-expected profit margin due to high raw material and transportation costs; and 3) higher-than-expected SG&A expenses from overseas operations.
Berli Jucker	BJC TB	THB 35.75	HOLD	Key downside risks to our DCF-based TP could come from 1) competition with Tesco Lotus which could impact its sales and gross margin; and 2) a lower-than-expected utilisation rate and profit margin from its packaging unit after losing major customers in Thailand. The key upside risk is from easing competition in the hypermarket segment.
CP All	CPALL TB	THB 61.00	BUY	The key downside risks to our DCF-derived TP are: 1) the higher-than-expected impact from a loss of service income from the convenience store business; 2) the worse-than-expected overseas performance of Makro; and 3) the slow recovery of tourist numbers.
Siam Global House	GLOBAL TB	THB 21.70	BUY	The key downside risks to our DCF-based TP are volatile farm incomes and farm prices which could negatively impact purchasing power, especially in the provinces.
Home Product Center	HMPRO TB	THB 13.80	BUY	The key downside risks to our DCF-based TP include: 1) lower-than-expected SSSG; 2) the slow recovery of tourist numbers; and 3) operating losses from its overseas business.
Siam Makro	MAKRO TB	THB 40.25	BUY	The key downside risks to our DCF-based TP include: 1) lower-than-expected SSSG; 2) lower-than-expected GPM improvement; and 3) operation losses from its overseas business.
Central Retail Corp	CRC TB	THB 34.00	BUY	The key downside risks to our DCF-based TP include 1) new waves of Covid-19; and 2) lower-than-expected sales from the high-margin fashion business.
Carabao Group	CBG TB	THB 132.00	BUY	The key downside risks to our DCF-based TP are 1) slower-than-expected sales growth in Myanmar, Cambodia, and the vitamin C drink market; 2) a decrease in domestic energy drink market share; and 3) higher-than-expected SG&A expenses from overseas operations, such as in China and the UK.
Osotspa PCL	OSP TB	THB 36.50	BUY	The key downside risks to our DCF-based TP are 1) a decline in energy drink market share in Myanmar due to strong competition; 2) a slow recovery in the economy; and 3) lower-than-expected SG&A savings from the Fit Fast Firm program.

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

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All share prices are as at market close on 23-Aug-2021 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.