

1 SEPTEMBER 2021

THAILAND / FOOD

# AGRIPURE HOLDINGS APURE TB

## BUY

TARGET PRICE THB12.00  
CLOSE THB8.65  
UP/DOWNSIDE +38.7%  
TP vs CONSENSUS -

## ยุคใหม่จากการส่งออกไป US และ EU

ความเสี่ยงขาขึ้น: ลูกค้า (Walmart), ตลาด (EU), และผลิตภัณฑ์ (ประเภทถั่ว)

APURE เป็นผู้ผลิตสินค้าข้าวโพดหวานเพื่อการส่งออกชั้นนำของไทยด้วยกว่า 90% ของยอดขายรวมจากการส่งออกและกว่า 80% มาจากผลิตภัณฑ์ข้าวโพดหวาน เราเห็นปัจจัยบวก 3 ประการที่จะผลักดันการเติบโตของกำไรสุทธิของ APURE ซึ่งคาดว่าจะอยู่ที่ 29.4% CAGR ในช่วงปี 2020-23 ประกอบด้วย 1) คำสั่งซื้อจำนวนมากจากลูกค้าใหม่ในสหรัฐฯ กล่าวคือ Walmart ซึ่งจะทำให้ปริมาณขายเพิ่มเท่าตัว; 2) ตลาดใหม่ในยุโรป; และ 3) สินค้าประเภทถั่วที่ผลิตเพื่อขายในญี่ปุ่นและเกาหลี นอกจากนี้ รายได้ที่เราคาดว่าจะได้จะสอดคล้องกับอัตรากำไรขั้นต้น (GPM) ที่สูงขึ้นจากอัตราการใช้กำลังการผลิตที่เพิ่มขึ้น การบริหารต้นทุนที่มีประสิทธิภาพ และโรงงานผลิตกระป๋องใหม่ของบริษัท

## ยุคใหม่จากตลาดสหรัฐฯ และสหภาพยุโรป (EU)

เราเห็นว่ายอดขายในสหรัฐฯ และ EU จะเป็นกุญแจสำคัญสำหรับการเติบโตของยอดขายของ APURE ในปี 2021-23 ในขั้นต้น APURE ได้รับคำสั่งซื้อจำนวน 1,400 ตูจาก Walmart เป็นที่แน่นอนแล้ว ซึ่งอาจเพิ่มเป็น 4,000 ตูภายในปี 2023 เราเชื่อว่า APURE อยู่ในฐานะที่ดีที่จะขยายเข้าสู่ตลาด EU จากอัตราภาษีนำเข้าที่ต่ำกว่าเพียง 3.6% เทียบกับ 14.3% สำหรับสินค้าไทยอื่น ๆ เราคาดว่า APURE จะส่งออกสินค้าประมาณ 400 ตูไปยัง EU ในปี 2021 เทียบกับ 50 ตูในปี 2020 พร้อมคำสั่งซื้อที่จะโตเป็น 800/1,200 ตูในปี 2022/23 ประมาณการดังกล่าวค่อนข้างต่ำเมื่อเทียบกับเป้าของ APURE ที่ 2,000 ตูภายในปี 2024

## GPM: ทรงตัวมากขึ้นและอยู่ในแนวโน้มขาขึ้น

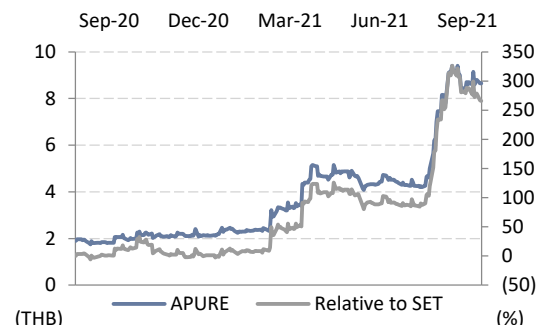
นอกจากการเติบโตของยอดขายที่ดีแล้ว เราเชื่อว่า GPM ของ APURE จะทรงตัวได้ดียิ่งขึ้นเมื่อเทียบกับผู้ผลิตสินค้าเกษตรรายอื่น นอกจากนี้เรายังคาดว่าด้วยว่าตัวเลขดังกล่าวจะอยู่ในแนวโน้มขาขึ้นที่ 27.3-28.1% ในปี 2021-23 จากอัตราการใช้กำลังการผลิตที่สูงขึ้น การบริหารต้นทุนที่มีประสิทธิภาพ และโรงงานผลิตกระป๋องใหม่ของบริษัท ซึ่งอาจช่วยลดต้นทุนบรรจุภัณฑ์และการขนส่งได้ประมาณ 2,000 บาทต่อตู้ บริษัท คาดว่าโรงงานดังกล่าวจะเริ่มดำเนินงานเชิงพาณิชย์ได้ภายในสิ้นปี 2022

## สมควรซื้อขายที่ระดับการประเมินมูลค่าเดียวกันกับกลุ่มอาหาร

เราเริ่ม APURE ด้วยคำแนะนำซื้อที่ราคาเป้าหมาย 12 บาท (20x ของค่า 2022E P/E หรือคิดเป็น +1.0SD ของค่าเฉลี่ย 5 ปีย้อนหลังที่ 14.2x) เราคิดว่า APURE สมควรซื้อขายในระดับการประเมินมูลค่าที่สูงกว่าค่าเฉลี่ย 5 ปีย้อนหลังจากแนวโน้มการเติบโตของกำไรที่คาดว่าจะอยู่ในระดับสูงถึง 66% ในปี 2023 เทียบกับกำไรสุทธิเฉลี่ยที่ 116% ในช่วงก่อน Walmart ในปี 2015-19 เราคิดว่าค่า 2022E P/E ที่ 20x ของเราสมเหตุสมผลเมื่อพิจารณาว่าค่าดังกล่าว 1) ให้ส่วนลดเล็กน้อยเมื่อเทียบกับค่าเฉลี่ยของกลุ่มอาหารที่ 22.6x; 2) เทียบเท่ากับค่า 2022E P/E ที่ 20x ของ ASIAN เนื่องจากทั้งสองบริษัทมีการเปลี่ยนแปลงโครงสร้างธุรกิจเพื่อผลักดันการเติบโตของกำไรเหมือนกัน; และ 3) การประเมินมูลค่าที่อยู่ในระดับสูงเมื่อเทียบกับกลุ่มเกษตรในประเทศที่มีค่า P/E เฉลี่ยเท่ากับ 12.3x จากผลตอบแทนจากส่วนผู้ถือหุ้น (ROE) ของ APURE ที่อยู่ในระดับสูงและมีความยั่งยืนในปี 2021-23E ที่ 19.7-27.2% และอัตรากำไรสุทธิ (NPM) ที่ 14.2-15.4%

## KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	1,981	2,641	3,698	4,291
Net profit	320	376	558	662
EPS (THB)	0.34	0.40	0.60	0.71
vs Consensus (%)	-	-	-	-
EBITDA	402	527	729	855
Core net profit	305	376	558	662
Core EPS (THB)	0.33	0.40	0.60	0.71
Chg. In EPS est. (%)	nm	nm	nm	nm
EPS growth (%)	948.8	23.2	48.4	18.6
Core P/E (x)	26.3	21.4	14.4	12.1
Dividend yield (%)	1.2	2.0	3.5	4.1
EV/EBITDA (x)	19.5	14.9	10.8	9.1
Price/book (x)	4.4	4.0	3.6	3.1
Net debt/Equity (%)	(12.5)	(9.7)	(7.4)	(11.7)
ROE (%)	17.5	19.7	26.2	27.2



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	10.9	99.3	350.5
Relative to country (%)	3.0	93.8	260.3
Mkt cap (USD m)	249		
3m avg. daily turnover (USD m)	5.4		
Free float (%)	66		
Major shareholder	Juangroongruangkit family (68%)		
12m high/low (THB)	9.75/1.75		
Issued shares (m)	542.73		

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 1 กันยายน 2021

## Investment thesis

APURE is Thailand's leading producer of sweet corn products for export, with over 90% of its total sales from exports and over 80% from sweet corn products. We see three catalysts to drive APURE's earnings in 2021-23, which we expect to grow from THB320m in 2020 to THB662m in 2023, or at a 29.4% CAGR over 2020-23, comprising 1) the new US customer, Walmart (an American multinational retail corporation); 2) a new market in Europe; and 3) the pouch products targeted for sales in Japan and Korea. Moreover, the solid projected revenue growth would be aligned with a GPM expansion due to higher utilisation rates, efficient cost management, and its new can manufacturing plants.

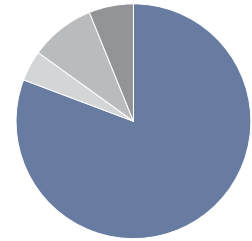
## Company profile

APURE operates its business as a holding company, which operates agricultural and food industry businesses through several subsidiaries. These companies produce and sell processed agricultural products, such as canned corn, vegetables, fruits and breeder corn seeds.

[www.apureholdings.com](http://www.apureholdings.com)

## Principal activities (revenue, 2020)

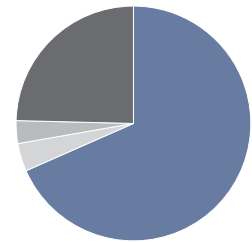
- Sweet corn in can - 80.7 %
- Vegetables & fruits - 4.2 %
- Sweet corn in vacuum bags - 8.9 %
- Seeds & others - 6.1 %



Source: Agripure Holdings

## Major shareholders

- Juangroongruangkit family - 68.4 %
- Mr. Thaveechat Jurangkul - 3.9 %
- Thai NVDR - 3.1 %
- Others - 24.6 %



Source: Agripure Holdings

## Catalysts

Potential share price catalysts for APURE include: 1) potential orders from new markets, such as the EU; 2) opportunities to expand new products, such as sweet corn in pouches in Asian markets; and 3) a favourable environment from a weakening THB.

## Risks to our call

Downside risks to our P/E-based TP would be 1) order cancellations from big customers like Walmart; 2) a stronger-than-expected THB against USD; and 3) the high volatility of raw material prices, such as the corn price, which could hurt the company's GPM.

## Event calendar

Date	Event
November 2021	3Q21 results announcement

## Key assumptions

	2021E	2022E	2023E
	(THB m)	(THB m)	(THB m)
Sales growth (%)	33.8	38.2	17.0
Domestic sales	174	179	184
Export sales	2,477	3,485	4,103
Gross margin (%)	27.1	27.6	27.9
SG&A to sales (%)	11.2	11.1	11.0

Source: FSSIA estimates

## Earnings sensitivity

- For every 1% increase in sales growth, we estimate 2021 EPS would rise 2.7%, and vice versa, all else being equal.
- For every 1% increase in GPM, we estimate 2021 EPS would rise 6.2%, and vice versa, all else being equal.
- For every 1% increase in SG&A to sales, we estimate 2021 EPS would fall 6.1%, and vice versa, all else being equal.

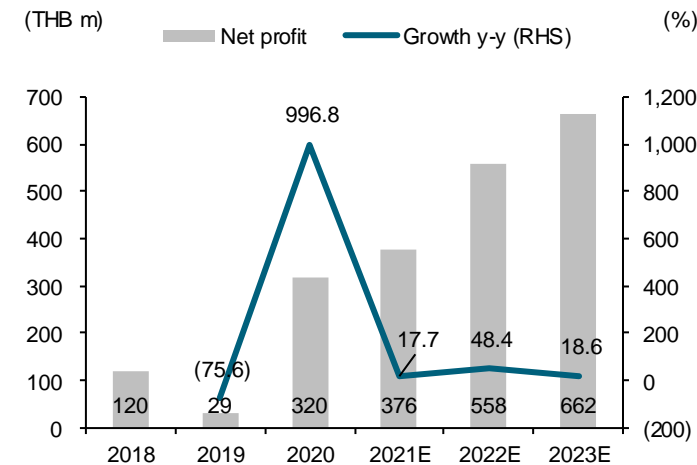
Source: FSSIA estimates



## Dual growth emerging from the US and EU

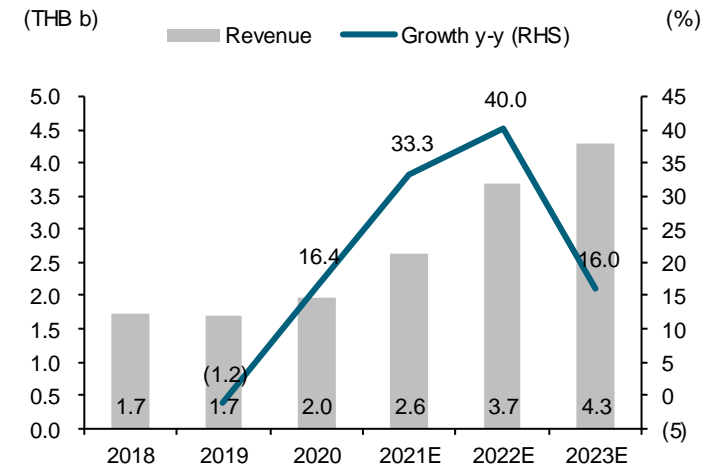
APURE is Thailand's leading producer of sweet corn products for export, with over 90% of its total sales from exports and over 80% from sweet corn products. We see three catalysts to drive APURE's net profit growth at an estimated 29.4% CAGR over 2020-23, growing from THB320m in 2020 to THB662m in 2023, comprising 1) a large order from its new US customer, Walmart (a US multinational retail corporation); 2) a new market in Europe; and 3) the pouch products targeted for sales in Japan and Korea. Moreover, the solid projected revenue growth would be aligned with a GPM expansion due to higher utilisation rates, efficient cost management, and its new can manufacturing plants.

**Exhibit 1: Net profit and net profit growth**



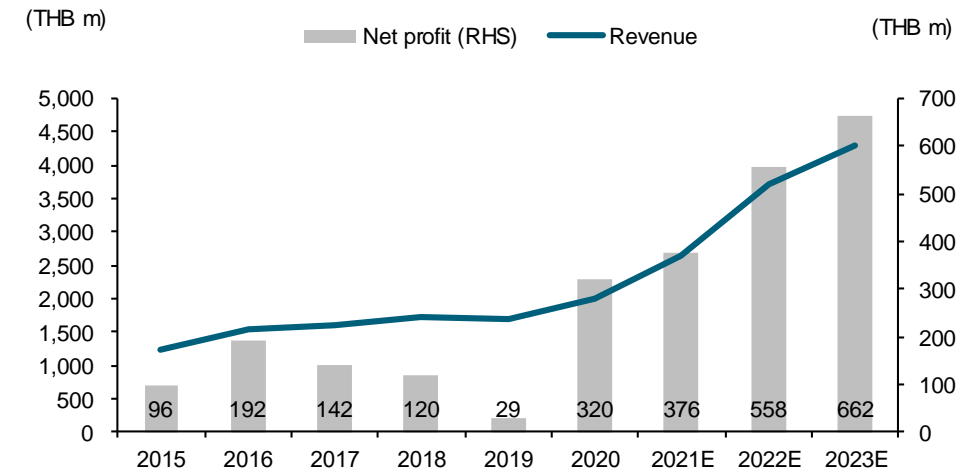
Sources: APURE; FSSIA estimates

**Exhibit 2: Solid revenue growth over 2021-23**



Sources: APURE; FSSIA estimates

**Exhibit 3: Revenue and net profit since 2015**



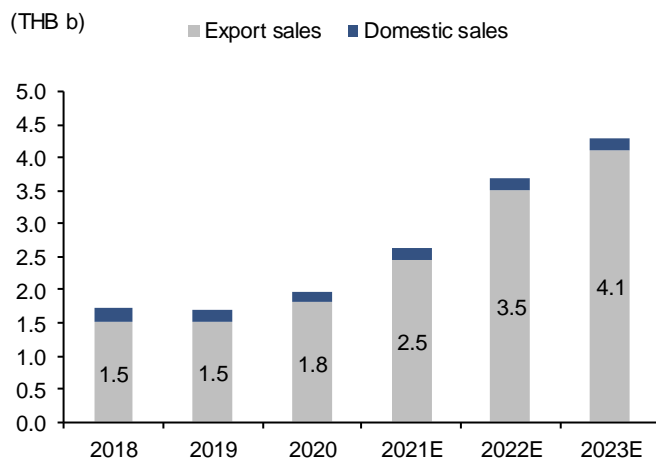
Sources: APURE; FSSIA estimates

## Three new growth drivers: customer, market, and products

We project APURE's revenue to rise from THB2b in 2020 to THB4.3b in 2023, growing at a 29.3% CAGR in 2020-23, driven by three growth engines: 1) the new US customer, Walmart; 2) a new market opportunity in the EU; and 3) the new pouch products to penetrate the Japanese and Korean markets. The solid top-line growth would be supported by higher utilisation rates and a capacity expansion during 2H21-2022.

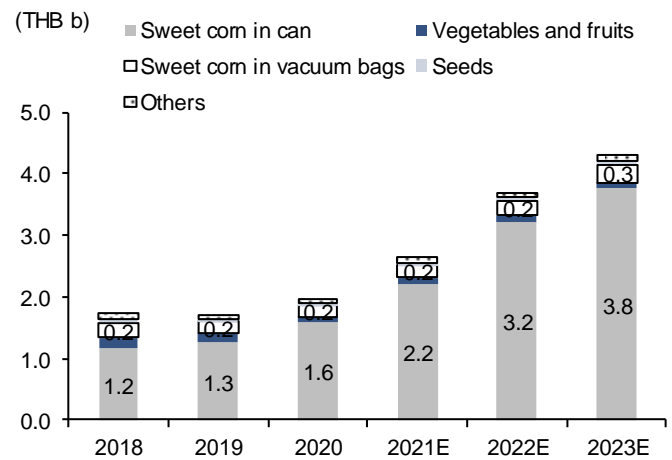
We expect 2021 revenue to grow to THB2.6b from THB2b in 2020, implying 33% y-y growth, slightly above company's target at 30%. Although APURE may see purchasing order delays from its small to medium-sized customers (SMS) due to the container shortage, we think this should be offset by the benefit from a weaker-than-expected THB/USD currency exchange.

**Exhibit 4: Revenue breakdown by domestic and overseas markets**



Sources: APURE; FSSIA estimates

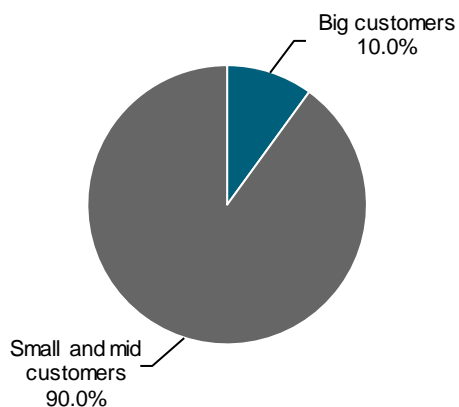
**Exhibit 5: Revenue breakdown by product**



Sources: APURE; FSSIA estimates

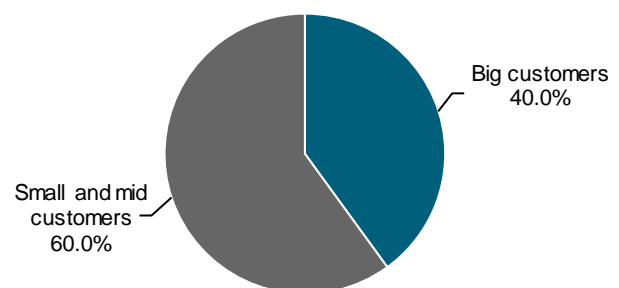
Apart from the three new growth drivers, if the container shortage improves in 2022, we expect to see a revenue upside from an order recovery for SMS customers, which normally accounts for c60% of APURE's total sales volume. SMS customers have delayed some of their orders due to the exceptionally high freight cost and container shortage.

**Exhibit 6: Over 90% of total customers are small and mid-sized companies**



Sources: APURE; FSSIA estimates

**Exhibit 7: Sales volume from small and mid-sized customers normally accounts for 60% of total sales**

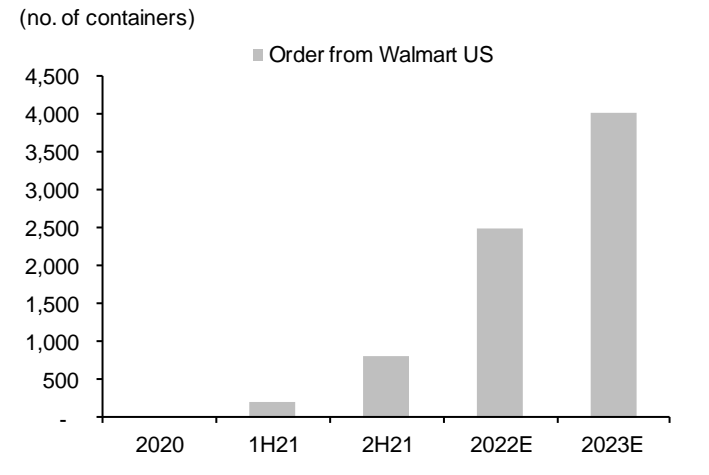


Sources: APURE; FSSIA estimates

Driver #1: The new US customer, Walmart – size does matter

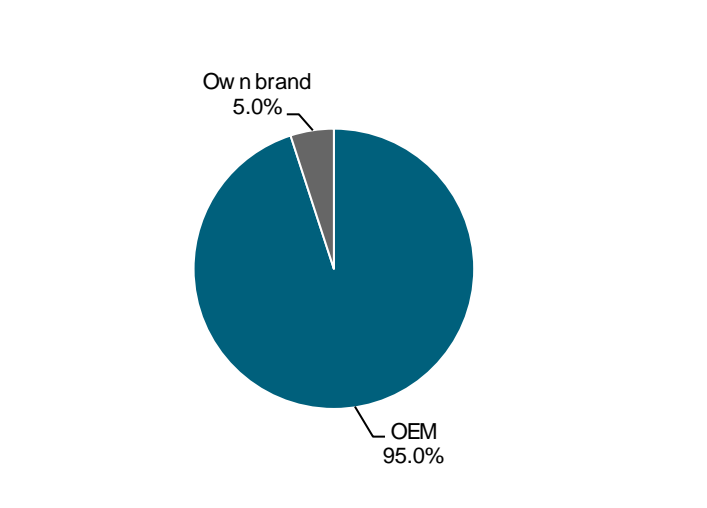
During the roadshow, the “Fancy Food Show 2019” exhibition in the US, APURE successfully secured a large-scale order from a new customer, Walmart – the largest retail company in the US. After fully complying with the product quality, competitive pricing, and approved production processes under US standards and regulations, APURE could receive orders of up to 4,000 containers of canned sweet corn from Walmart, almost doubling the size of its existing sales volume. Initially, APURE secured a 1,400-container order from Walmart, and the order could rise to 4,000 containers by 2023 after its capacity expansion to cover the 15oz size line. APURE started to ship the trial order of 200 containers in 2Q21, and we expect an order from Walmart of 400 containers per quarter in 2H21.

Exhibit 8: Expect orders from Walmart of up to 4,000 containers by 2023



Sources: APURE; FSSIA estimates

Exhibit 9: 95% of export orders derived from OEM customers



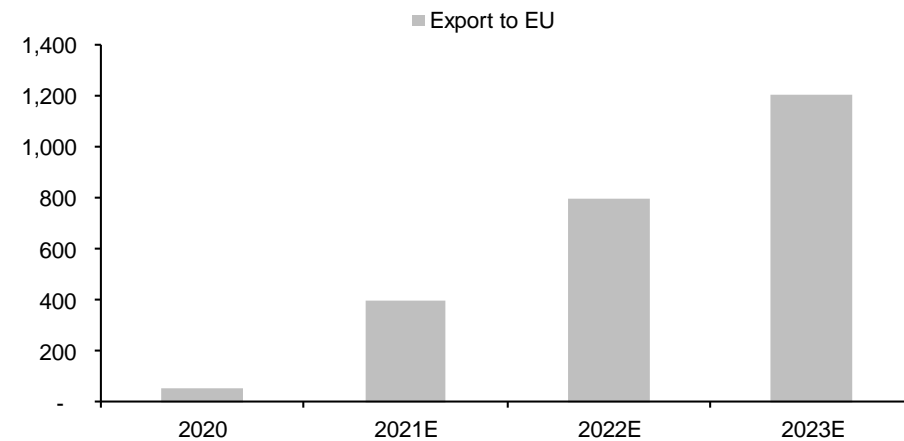
Sources: APURE; FSSIA estimates

## Driver #2: Opportunity to spur growth from the EU market

We think APURE is now poised to competitively enter the EU market after winning the court judgement in the anti-dumping duties (ADD) case on Feb-21, effectively reducing APURE's ADD from Thailand to the EU to 3.6% vs the 14.3% ADD applied to its local competitors. Hence, we expect APURE could increase its sweet corn orders to c400 containers in 2021, up from only 50 containers in 2020. We project its orders to the EU to rise to 800 in 2022 and 1,200 containers in 2023, which is still lower than the company's guided target of 2,000 containers by 2024.

### Exhibit 10: Expect export orders to the EU to rise to 1,200 containers by 2023

(no. of containers)



Sources: APURE; FSSIA estimates

### Recap of anti-dumping tariff against Thai companies

On 24 Mar-14, EU authorities decided to reduce the rate of the ADD imposed on exports from River Kwai International Food Industry Company Limited (APURE's subsidiary) from 12.8% to 3.6%.

On 2 Dec-19, producers of sweet corn in the EU, including Bonduelle SA in France, won a case against Thai competitors to reinstate ADD at 14.3% for five years. As a result, the EU re-imposed duties as high as 14.3% on the products of prepared or preserved sweet corn in kernels from Thai exporters, including Malee Sampran Public Company Limited (MALEE TB, not rated), River Kwai International Food Industry Company Limited, and Siam Food Products Public Company Limited (SFP TB, not rated).

On 21 Feb-21, after APURE won its court case, EU authorities terminated the review and decided to cut the ADD rate imposed on exports from River Kwai International Food Industry Company Limited to 3.6%.

## Driver #3: New sweet corn pouch products to penetrate Japanese and Korean markets

Currently, Japan is the main export market for APURE, accounting for 30% of total sales. APURE plans to expand its sales to Japan by offering new sweet corn pouch products, which are more favourable in the Japanese and Korean markets, replacing its current canned sweet corn products. The sweet corn pouch products are currently sold at a rate of 100-200 containers per year, and APURE aims to increase the orders to 1,000 containers by 2024. Moreover, the sweet corn pouch products offer a c5-10% higher GPM than canned products due to the higher average selling price.

## Capacity expansion to support sales growth

**Production capacity.** As of 2Q21, APURE operates a production plant with a total capacity of 150k tonnes per annum (tpa) in Kanchanaburi province, which is equivalent to 7,000 containers for export. APURE has invested THB50m for one new boiling and packaging line which will increase the total capacity to 200ktpa, or 9,000 containers, and is scheduled to be completed by Dec-21. The new line is designed to produce the 15oz can size to cater to Walmart's sweet corn product orders.

APURE also plans to add a new production line for the 108oz can size, tripling the total 108oz capacity to 3,000 containers per annum, at a THB50m investment. We expect the new 108oz line should commence its commercial operation date (COD) by 4Q22 due to the six-month lead time required to order the machinery and the three-month lead time to secure farming contracts for the raw materials. This new capacity would support the recovering orders from the restaurant segment after the reopening of the tourism sector once the Covid impact subsides.

### Exhibit 11: Annual capacity and expansion plan

Production capacity	2016	2017	2018	2019	2020
Total capacity (tonnes per year)	100,000	100,000	150,000	150,000	150,000
Capacity (tonnes per year)	74,481	66,473	96,471	85,416	122,060
Utilisation rate (%)	78.5	66.5	64.3	56.9	81.4

Sources: APURE; FSSIA estimates

### Exhibit 12: Capacity and expansion plan for each can size

Production capacity	2020	2021E	2022E	2023E
	(no. of containers)	(no. of containers)	(no. of containers)	(no. of containers)
8oz can size	2,000	2,000	2,000	2,000
12oz can size	2,000	2,000	2,000	2,000
15oz can size	2,000	4,000	4,000	4,000
108oz can size	1,000	1,000	3,000	3,000

Sources: APURE; FSSIA estimates



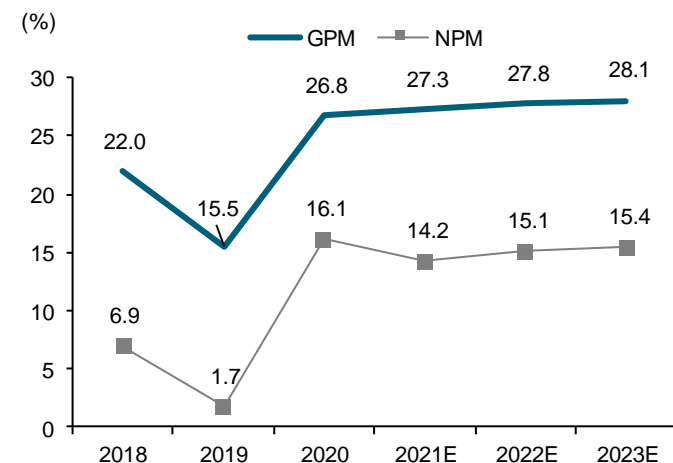
## More sustainable earnings among agricultural peers

We believe APURE's GPM will not only be more stable than its agricultural peers but it has also been on an uptrend. The 5-year average GPM was at 24.1%, except in 2019 during which it plunged to 15.5% due to the stronger-than-expected THB/USD currency exchange and the price war in the sweet corn market. The sustainability of APURE's GPM should be supported by:

- 1) APURE's strategy to hedge against FX at c50% of its revenue, which would reduce the GPM volatility during market turbulence;
- 2) APURE has 6 to 12-month contracts with customers, allowing it to secure its raw materials to align with order requirements;
- 3) Around 98% of export orders are via free on board contracts, in which the customers are responsible for shipping costs, while only 2% are cost, insurance, and freight contracts;
- 4) APURE's plan to set up a can manufacturing plant by 2022 could reduce the packaging and transportation costs by cTHB2,000 per container;
- 5) The low price volatility of the main raw material, sweet corn;
- 6) A lower fixed cost per unit on the higher cost and operational efficiency of its manufacturing plant, with new orders benefitting from the economies of scale, effectively reducing the fixed cost per unit, as c25% of the total cost is a fixed cost aside from the raw material and packaging costs.

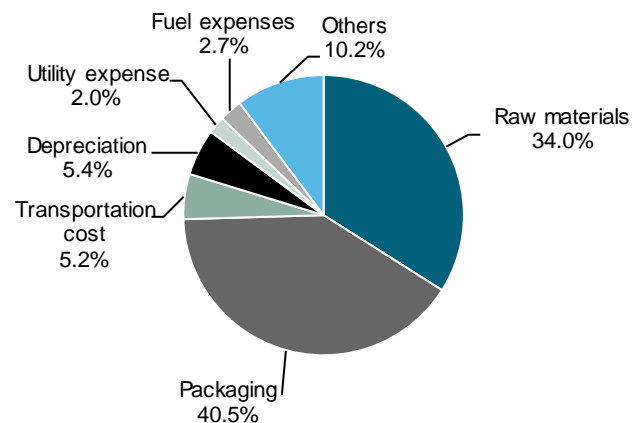
Overall, we expect the GPM to be at 27.3-28.1% in 2021-23. The key risk would be a stronger-than-expected THB/USD currency exchange rate which could impact APURE's price competitiveness against its local competitors.

**Exhibit 13: GPM and NPM**



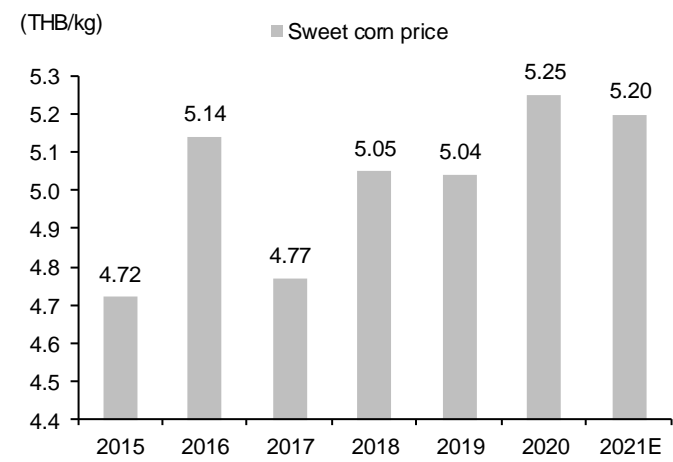
Sources: APURE; FSSIA estimates

**Exhibit 14: Average COGS breakdown**



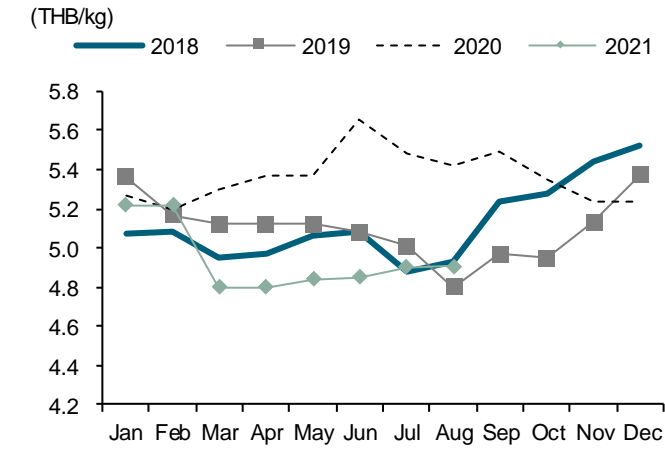
Sources: APURE; FSSIA estimates

Exhibit 15: Sweet corn price trend, yearly



Sources: APURE; FSSIA estimates

Exhibit 16: Sweet corn price trend, monthly



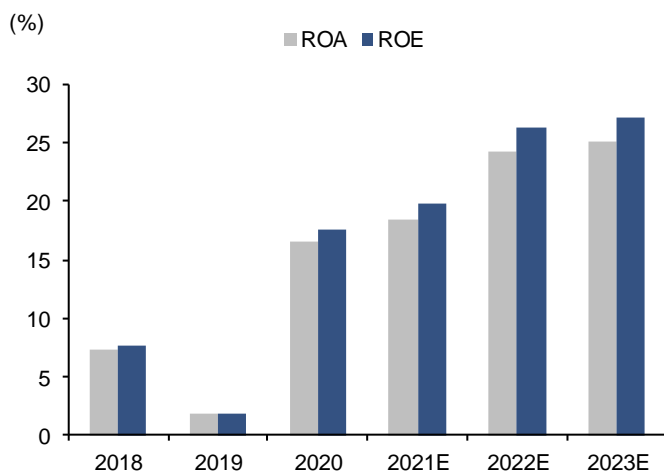
Sources: APURE; FSSIA estimates

## Valuation and recommendation

We initiate coverage on APURE with a BUY rating and a TP of THB12, based on 20x 2022E P/E or at +1.0SD of its 5-year average of 14.2x. We think APURE deserves to trade a premium valuation compared to its 5-year average due to its projected solid growth outlook at a 29.4% CAGR from 2020-23 to boost its net profit to THB662m in 2023, up from THB320m in 2020 – far above its 5-year average net profit of THB116m prior to its successful deal with Walmart (2015-19).

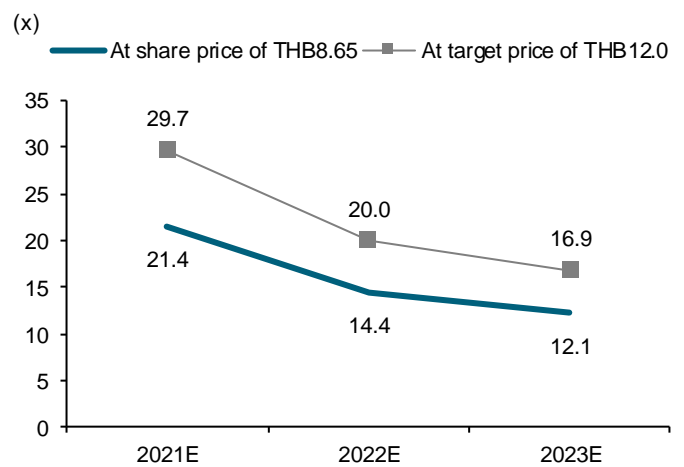
We think our 20x 2022E P/E is justified, considering it is 1) at a slight discount to the food sector's average P/E of 22.6x; 2) comparable to our 20x 2022E P/E assigned to Asian Sea Corporation (ASIAN TB, HOLD, TP THB21.8), as both companies have structural business changes to drive strong earnings growth in 2021-23; and 3) a premium valuation over the local agricultural sector's P/E average of 12.3x due to APURE's high and sustainable 2021-23E ROE at 19.7-27.2% and NPM at 14.2-15.4%.

Exhibit 17: ROA and ROE



Sources: APURE; FSSIA estimates

Exhibit 18: Forward P/E



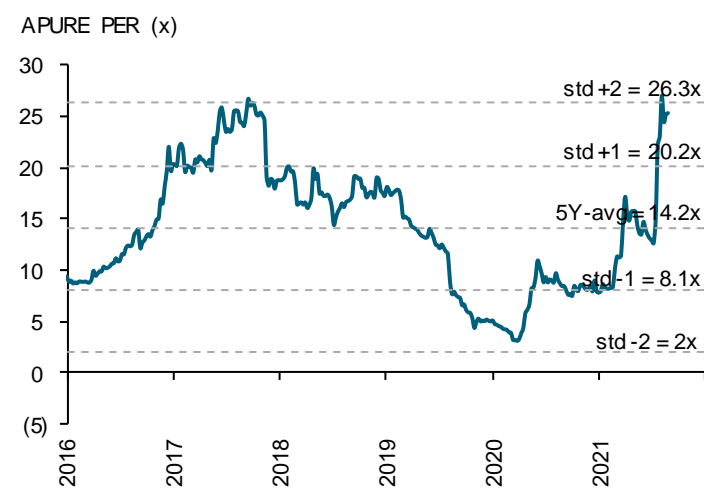
Source: FSSIA estimates

### Exhibit 19: Peers valuation

Company	BBG	Rec	--- Share price ---		Up	Market	3Y EPS	----- PE -----		----- ROE -----		----- PBV -----		EV/EBITDA	
			Current	Target	side	Cap	CAGR	21E	22E	21E	22E	21E	22E	21E	22E
			(LCY)	(LCY)	(%)	(USD m)	(%)	(x)	(x)	(%)	(%)	(x)	(x)	(x)	(x)
<b>Food &amp; Beverage</b>															
Agripure Holdings	APURE TB	BUY	8.65	12.0	38.7	249	29.4	21.4	14.4	19.7	26.2	4.0	3.6	14.9	10.8
Charoen Pokphand Foods	CPF TB	BUY	27.00	34.0	25.9	7,043	(1.0)	10.8	10.3	10.9	10.8	1.2	1.2	13.6	15.4
Asian Sea	ASIAN TB	HOLD	17.40	21.8	25.3	439	(1.2)	17.3	16.0	21.4	20.1	3.4	3.1	12.8	11.8
Srinanaporn Marketing	SNNP TB	BUY	12.50	15.0	20.0	372	67.9	41.0	23.9	20.7	18.6	4.6	4.3	17.1	14.2
Thai Union Group	TU TB	NR	19.90	n/a	n/a	2,875	(1.3)	13.2	13.0	13.4	12.6	1.7	1.6	11.5	11.3
R&B Food Supply	RBF TB	NR	20.40	n/a	n/a	1,266	31.8	79.1	38.2	11.7	22.3	9.4	8.2	47.7	26.1
Thai Vegetable Oil	TVO TB	NR	32.50	n/a	n/a	816	7.7	10.3	12.4	26.3	20.8	2.7	2.6	7.4	8.7
Thaifoods Group	TFG TB	NR	4.66	n/a	n/a	811	(5.9)	14.6	12.8	15.1	15.6	2.0	1.7	9.0	8.1
Khon Kean Sugar Industry	KSL TB	NR	3.70	n/a	n/a	506	n/a	19.0	16.8	4.5	4.9	0.8	0.8	17.2	16.5
NR Instant Produce	NRF TB	NR	9.10	n/a	n/a	398	13.7	124.7	58.0	3.8	8.2	4.8	4.5	36.5	27.4
Sunsweet	SUN TB	NR	7.20	n/a	n/a	144	n/a	19.2	14.8	21.7	24.3	3.9	3.5	12.9	10.2
Carabao Group	CBG TB	BUY	140.00	173.0	23.6	4,340	11.2	40.0	33.1	32.8	34.4	12.3	10.6	27.6	23.3
Osotsa	OSP TB	BUY	36.50	42.0	15.1	3,399	8.9	30.1	27.3	18.8	20.4	5.6	5.5	21.1	19.1
Sappe	SAPPE TB	NR	27.00	n/a	n/a	256	10.4	18.4	16.6	15.8	15.5	2.7	2.5	9.7	8.9
Taikaenoi Food&Marketing	TKN TB	NR	7.45	n/a	n/a	319	19.2	63.1	33.1	7.9	14.1	4.8	4.4	26.4	18.3
Ichitan Group	ICHI TB	NR	12.10	n/a	n/a	488	18.3	23.3	19.7	10.6	12.0	2.4	2.3	11.7	10.7
<b>Food &amp; Beverage average</b>						<b>23,722</b>	<b>12.8</b>	<b>34.1</b>	<b>22.5</b>	<b>15.9</b>	<b>17.6</b>	<b>4.1</b>	<b>3.8</b>	<b>18.6</b>	<b>15.0</b>
<b>Agribusiness</b>															
Sri Trang Agro-Industry	STA TB	NR	38.00	n/a	n/a	1,811	(5.8)	3.2	5.4	36.3	17.8	1.0	0.8	2.1	3.1
GFPT	GFPT TB	NR	12.40	n/a	n/a	482	(5.1)	20.6	14.1	4.8	7.1	1.0	1.0	9.7	7.9
Northeast Rubber	NER TB	NR	7.65	n/a	n/a	391	n/a	7.9	6.9	43.8	38.2	2.9	2.3	8.7	7.9
Thai Wah	TWPC TB	NR	5.60	n/a	n/a	153	298.6	13.3	10.4	7.1	8.8	1.0	0.9	5.5	4.9
Thai Rubber Latex Group	TRUBB TB	NR	2.64	n/a	n/a	140	n/a	5.4	4.8	21.1	22.1	n/a	n/a	9.9	10.5
<b>Agribusiness average</b>						<b>2,977</b>	<b>12.5</b>	<b>10.1</b>	<b>8.3</b>	<b>22.6</b>	<b>18.8</b>	<b>1.5</b>	<b>1.3</b>	<b>7.2</b>	<b>6.9</b>
<b>Average</b>						<b>26,700</b>	<b>15.5</b>	<b>28.4</b>	<b>19.1</b>	<b>17.5</b>	<b>17.8</b>	<b>3.6</b>	<b>3.3</b>	<b>15.8</b>	<b>13.1</b>

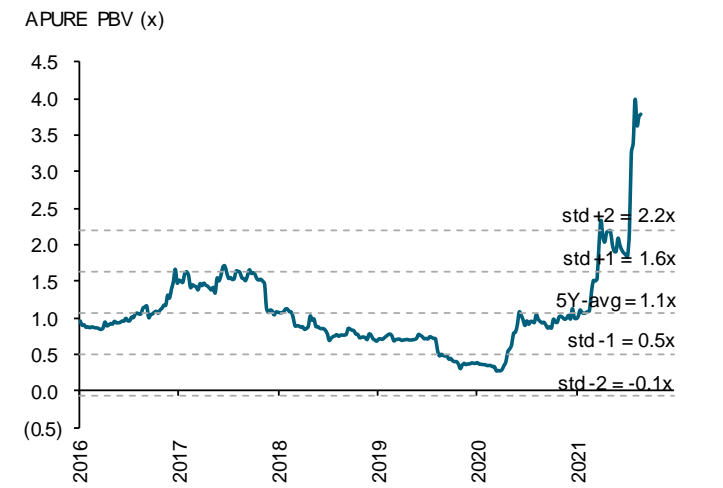
Share prices as of 31 Aug 2021  
Sources: Bloomberg consensus; FSSIA estimates

### Exhibit 20: Rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

### Exhibit 21: Rolling one-year forward P/BV band



Sources: Bloomberg; FSSIA estimates

## Sweet corn industry

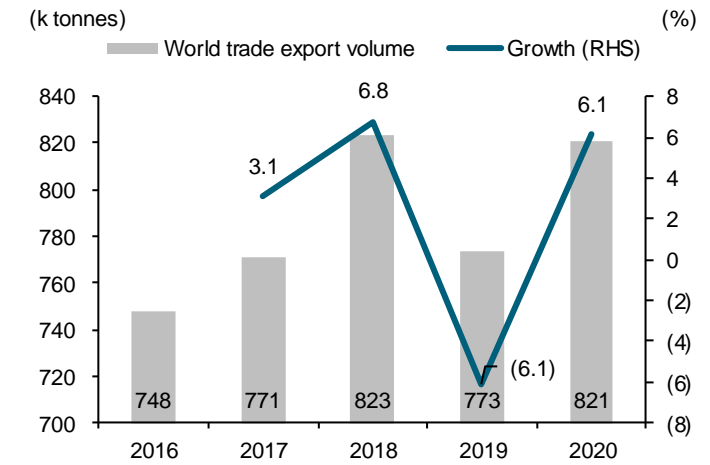
According to the [UN's trade statistics](#), the sweet corn market is one of the most resilient industries and registered 7.6% y-y growth in 2020 to USD1.05b, with volume growth of 6.1% y-y to 821k tonnes. Thailand has been regarded as the top sweet corn exporter in the world in the past several years. Thailand has 7-8 factories to produce and process sweet corn. APURE's factory, River Kwai, processes sweet corn for exporting.

**Exhibit 22: World trade export value**



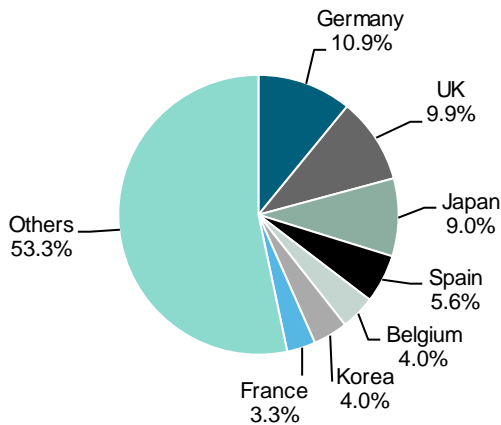
Sources: UN trade statistics; FSSIA's compilation

**Exhibit 23: World trade export volume**



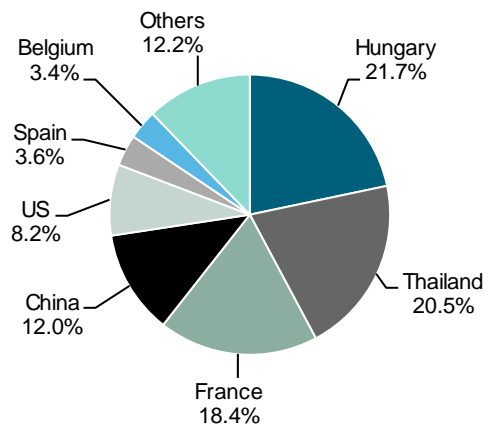
Sources: UN trade statistics; FSSIA's compilation

**Exhibit 24: Top 7 world importers of sweet corn in 2020 under 200580 code (the sweet corn 'Zea Mays var Saccharata')**



Sources: UN trade statistics; FSSIA's compilation

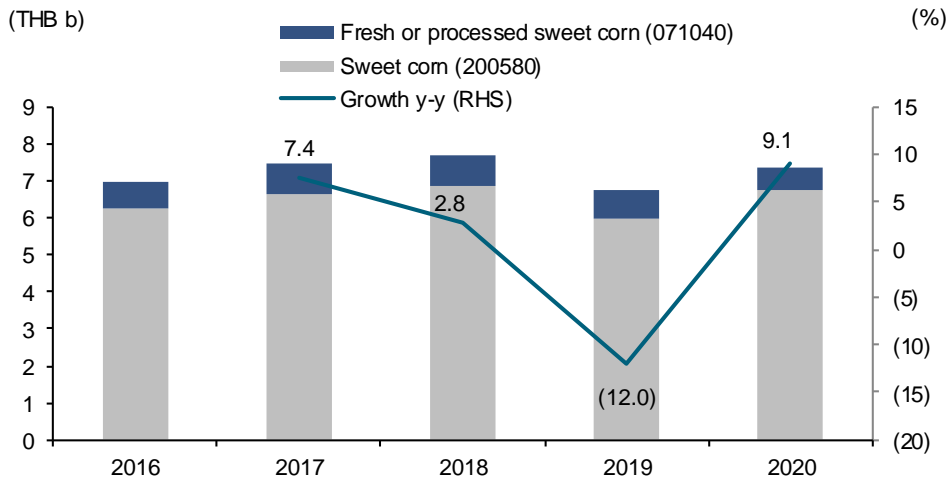
**Exhibit 25: Top 7 world exporters of sweet corn in 2020 under 200580 code (the sweet corn 'Zea Mays var Saccharata')**



Sources: UN trade statistics; FSSIA's compilation

Thailand has been ranked among the top three sweet corn exporters over the past five years due to the hybrid varieties of its sweet corn, its competitive pricing, and good quality of products, especially for Japan, Korea, and Taiwan.

### Exhibit 26: Sweet corn exports from Thailand by product



Sources: Ministry of Commerce (MOC); FSSIA's compilation

### Exhibit 27: Sweet corn exports from Thailand by country (200580)

	2017	2018	2019	2020	2021 (Jan-Jul)
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
Japan	1,451	1,639	1,328	1,500	867
Korea	748	810	714	928	583
Taiwan	504	533	496	597	415
US	128	185	221	333	398
Philippines	370	361	347	465	253
Others	3,432	3,327	2,887	2,898	1,381
<b>Total</b>	<b>6,635</b>	<b>6,856</b>	<b>5,994</b>	<b>6,722</b>	<b>3,897</b>

Sources: MOC; FSSIA's compilation

### Exhibit 28: Sweet corn exports from Thailand by country (071040)

	2017	2018	2019	2020	2021 (Jan-Jul)
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)
Japan	460	427	366	341	223
China	18	3	6	116	78
Iran	316	344	309	92	66
Taiwan	21	21	38	48	25
Indonesia	0	0	13	25	6
Others	28	35	35	28	28
<b>Total</b>	<b>844</b>	<b>830</b>	<b>767</b>	<b>651</b>	<b>427</b>

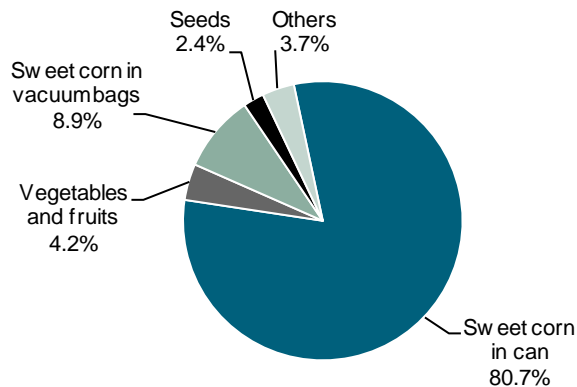
Sources: MOC; FSSIA's compilation

According to [IndexBox](#), the average preserved sweet corn export price was at USD1,307 per tonne in 2020, approximately flat y-y. The price significantly varied by country of origin. China had the highest price at USD2,244 per tonne while Thailand was among the lowest at USD1,013 per tonne, and saw an impressive growth rate compared to the modest growth from other countries.

## Recap of APURE's business structure

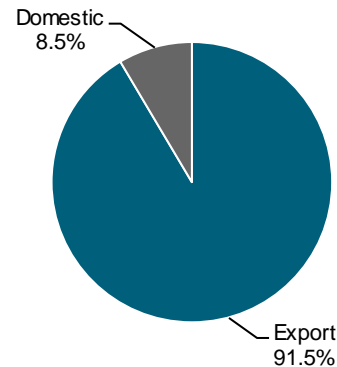
APURE is an agricultural and food processing company with various agricultural products. The company sells processed agricultural products such as canned corn, vegetables, fruits and breeder corn seeds. Sweet corn products are the major sales contributor at 85% of total sales in 2020. APURE is an export-oriented company for which more than 90% of its total sales are derived from overseas sales.

**Exhibit 29: Revenue breakdown by product type**



Sources: APURE; FSSIA estimates

**Exhibit 30: Domestic vs export sales**



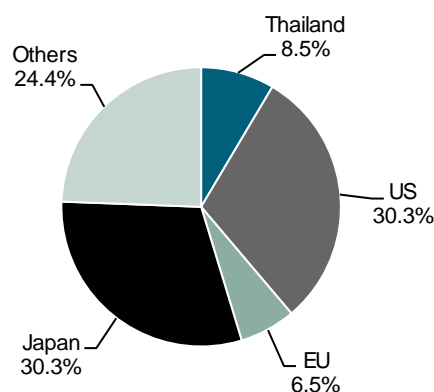
Sources: APURE; FSSIA estimates

APURE's core products can be classified into two categories:

1) Sweet corn products comprised of processed sweet corn using a thermal production process and distributed in cans and vacuum packs. For exported products, APURE is an original equipment manufacturer (OEM) for global customers like Walmart, providing canned kernel sweet corn, canned cream corn, whole kernel corn in pouches, and corn on the cob in pouches. For domestic products, APURE sells its products under the 'Tastee' and 'River Kwai' trademarks.

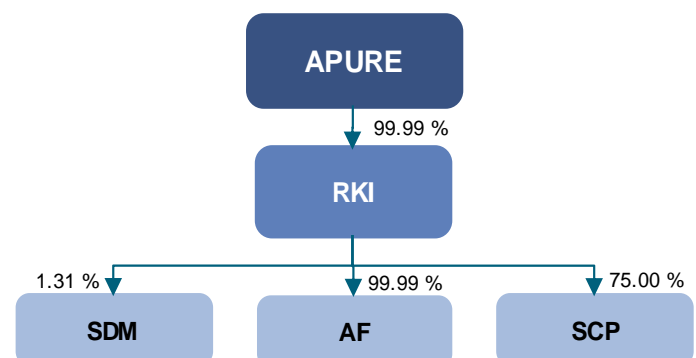
2) Fresh vegetables and fruits which can be residue-controlled products, operated by Agri Fresh (not listed).

**Exhibit 31: Revenue breakdown by country**



Sources: APURE; FSSIA estimates

**Exhibit 32: Company structure**



Remarks: RKI = River Kwai International Food Industry Company Limited  
 SCP = Sweet Corn Products Company Limited  
 AF = Agri Fresh Company Limited  
 SDM = Siam Del Monte Company Limited  
 Source: APURE

## Corporate Governance - APURE

### Board structure

Number of Independent Directors (ID)	6 of 10 board members
Percentage of IDs on the board	60%
ID participation/attendance at board meetings	100%
ID participation in audit/remuneration committees	4/4 in audit committee and 3/3 in remuneration committee
ID terms (years of service, re-election/replacement procedures)	Three years and can be re-appointed with consent from shareholders' meeting

Source: APURE

**Additional comments:** At every annual general meeting of shareholders, at least one-third of the Board of Directors must vacate Office. The director vacating the office may be reappointed as directors subject to the consent of the meeting of shareholders. If a new director is nominated in accordance with the resolution of the Board of Directors Meeting, such director shall be approved by the meeting of shareholders. One share equals one vote. The shareholders may vote for one or more directors but shall use all votes. The persons with the most votes will be elected as directors in the same number as to be appointed on such occasions.

### Audit Practices

Auditor	Dharmniti Auditing Company Limited
Length of service	Since 1Q19
Reporting incidents	None
Fee track record	THB 2,548,000 in 2020, and THB 2,492,000 in 2019
Policy on change of audit firm	To review every five years

Source: APURE

**Additional comments:** None

### Compensation and remuneration

Directors' remuneration vs earnings/ROE/share performance	In 2020, THB 1,275,000 vs net profit of THB 320m
Changes/stability in senior management	None
Incidents of termination of senior management	None
Track record on insider sales	None

Source: APURE

**Additional comments:** None

### Shareholders' rights

Communication - shareholder participation in AGMs/EGMs	AGM once annually, EGM when appropriate and in accordance with SEC guidelines
Related party transactions	In accordance with SEC guidelines
Voting issues - policies, incidents of rejected proposals	None

Source: APURE

**Additional comments:** None



## Financial Statements

### Agripure Holdings

Profit and Loss (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Revenue	1,701	1,981	2,641	3,698	4,291
Cost of goods sold	(1,365)	(1,367)	(1,829)	(2,569)	(2,975)
<b>Gross profit</b>	<b>336</b>	<b>614</b>	<b>812</b>	<b>1,129</b>	<b>1,316</b>
Other operating income	18	10	11	11	11
Operating costs	(244)	(222)	(296)	(410)	(472)
<b>Operating EBITDA</b>	<b>110</b>	<b>402</b>	<b>527</b>	<b>729</b>	<b>855</b>
Depreciation	(72)	(84)	(92)	(101)	(111)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>38</b>	<b>318</b>	<b>435</b>	<b>627</b>	<b>743</b>
Net financing costs	0	(1)	(1)	(1)	(1)
Associates	0	0	0	0	0
Recurring non-operating income	0	0	0	0	0
Non-recurring items	0	14	0	0	0
<b>Profit before tax</b>	<b>38</b>	<b>332</b>	<b>434</b>	<b>627</b>	<b>743</b>
Tax	(6)	(7)	(52)	(63)	(74)
<b>Profit after tax</b>	<b>31</b>	<b>325</b>	<b>382</b>	<b>564</b>	<b>668</b>
Minority interests	(2)	(6)	(6)	(6)	(6)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
<b>Reported net profit</b>	<b>29</b>	<b>320</b>	<b>376</b>	<b>558</b>	<b>662</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>(14)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>29</b>	<b>305</b>	<b>376</b>	<b>558</b>	<b>662</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.03	0.33	0.40	0.60	0.71
Reported EPS	0.03	0.34	0.40	0.60	0.71
DPS	0.00	0.10	0.17	0.30	0.36
Diluted shares (used to calculate per share data)	930	930	930	930	930
<b>Growth</b>					
Revenue (%)	(1.2)	16.4	33.3	40.0	16.0
Operating EBITDA (%)	(50.9)	266.0	31.0	38.4	17.3
Operating EBIT (%)	(75.7)	740.1	36.5	44.4	18.5
Recurring EPS (%)	(75.6)	948.8	23.2	48.4	18.6
Reported EPS (%)	(75.6)	996.8	17.7	48.4	18.6
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	15.5	26.8	27.3	27.8	28.1
Gross margin of key business (%)	15.5	26.8	27.3	27.8	28.1
Operating EBITDA margin (%)	6.5	20.3	19.9	19.7	19.9
Operating EBIT margin (%)	2.2	16.1	16.5	17.0	17.3
Net margin (%)	1.7	15.4	14.2	15.1	15.4
Effective tax rate (%)	17.1	2.1	12.0	10.0	10.0
Dividend payout on recurring profit (%)	-	30.4	42.0	50.0	50.0
Interest cover (X)	296.0	483.9	648.1	846.8	913.4
Inventory days	69.2	74.0	92.1	88.9	94.0
Debtor days	44.7	45.2	41.7	38.6	41.9
Creditor days	23.8	19.0	15.9	15.5	16.7
Operating ROIC (%)	3.4	22.8	28.9	35.6	37.4
ROIC (%)	3.2	21.9	28.1	34.7	36.5
ROE (%)	1.8	17.5	19.7	26.2	27.2
ROA (%)	1.7	16.5	18.5	24.3	25.1
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Sweet corn in can	1,263	1,599	2,219	3,225	3,757
Vegetables & fruits	152	83	91	99	108
Sweet corn in vacuum bags	182	177	203	243	291
Seeds & others	104	121	127	131	135

Sources: Agripure Holdings; FSSIA estimates

## Financial Statements

### Agripure Holdings

Cash Flow (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Recurring net profit	29	305	376	558	662
Depreciation	72	84	92	101	111
Associates & minorities	-	-	-	-	-
Other non-cash items	0	(80)	0	0	0
Change in working capital	144	(316)	(210)	(298)	(187)
<b>Cash flow from operations</b>	<b>245</b>	<b>(7)</b>	<b>258</b>	<b>362</b>	<b>587</b>
Capex - maintenance	0	0	0	0	0
Capex - new investment	(176)	(65)	(92)	(101)	(111)
Net acquisitions & disposals	0	0	0	0	0
Other investments (net)	31	44	12	(8)	(5)
<b>Cash flow from investing</b>	<b>(145)</b>	<b>(21)</b>	<b>(80)</b>	<b>(109)</b>	<b>(116)</b>
Dividends paid	0	(93)	(158)	(279)	(331)
Equity finance	(3)	3	0	0	0
Debt finance	(1)	17	0	0	0
Other financing cash flows	0	-	(58)	0	0
<b>Cash flow from financing</b>	<b>(3)</b>	<b>(73)</b>	<b>(216)</b>	<b>(279)</b>	<b>(331)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>(14)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>97</b>	<b>(116)</b>	<b>(37)</b>	<b>(26)</b>	<b>140</b>
Free cash flow to firm (FCFF)	100.55	(28.12)	179.33	253.37	471.21
Free cash flow to equity (FCFE)	99.75	(25.93)	121.21	253.00	470.78
<b>Per share (THB)</b>					
FCFF per share	0.19	(0.05)	0.33	0.47	0.87
FCFE per share	0.18	(0.05)	0.22	0.47	0.87
Recurring cash flow per share	0.11	0.33	0.50	0.71	0.83
Balance Sheet (THB m) Year Ending Dec	2019	2020	2021E	2022E	2023E
Tangible fixed assets (gross)	1,505	1,560	1,591	1,623	1,657
Less: Accumulated depreciation	(547)	(620)	(651)	(684)	(718)
<b>Tangible fixed assets (net)</b>	<b>958</b>	<b>939</b>	<b>939</b>	<b>939</b>	<b>939</b>
<b>Intangible fixed assets (net)</b>	<b>0</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	0	0	0	0	0
Cash & equivalents	367	250	213	187	327
A/C receivable	213	278	326	456	529
Inventories	174	381	543	709	823
Other current assets	37	76	101	141	164
<b>Current assets</b>	<b>790</b>	<b>985</b>	<b>1,183</b>	<b>1,494</b>	<b>1,843</b>
Other assets	50	54	40	47	51
<b>Total assets</b>	<b>1,799</b>	<b>1,980</b>	<b>2,166</b>	<b>2,485</b>	<b>2,839</b>
Common equity	1,658	1,826	1,986	2,265	2,596
Minorities etc.	20	23	23	23	23
<b>Total shareholders' equity</b>	<b>1,679</b>	<b>1,849</b>	<b>2,009</b>	<b>2,288</b>	<b>2,619</b>
Long term debt	1	13	13	13	13
Other long-term liabilities	16	16	19	22	25
<b>Long-term liabilities</b>	<b>17</b>	<b>29</b>	<b>32</b>	<b>35</b>	<b>38</b>
A/C payable	74	69	91	127	146
Short term debt	1	6	6	6	6
Other current liabilities	29	28	28	29	30
<b>Current liabilities</b>	<b>103</b>	<b>102</b>	<b>125</b>	<b>161</b>	<b>182</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,799</b>	<b>1,980</b>	<b>2,166</b>	<b>2,485</b>	<b>2,839</b>
Net working capital	321	638	850	1,151	1,340
Invested capital	1,329	1,634	1,833	2,142	2,336
* Includes convertibles and preferred stock which is being treated as debt					
<b>Per share (THB)</b>					
Book value per share	1.78	1.96	2.14	2.44	2.79
Tangible book value per share	1.78	1.96	2.13	2.43	2.79
<b>Financial strength</b>					
Net debt/equity (%)	(21.8)	(12.5)	(9.7)	(7.4)	(11.7)
Net debt/total assets (%)	(20.3)	(11.7)	(9.0)	(6.8)	(10.8)
Current ratio (x)	7.6	9.6	9.4	9.3	10.1
CF interest cover (x)	2,154.7	60.9	319.2	479.2	716.4
Valuation	2019	2020	2021E	2022E	2023E
<b>Recurring P/E (x) *</b>	<b>276.2</b>	<b>26.3</b>	<b>21.4</b>	<b>14.4</b>	<b>12.1</b>
<b>Recurring P/E @ target price (x) *</b>	<b>383.2</b>	<b>36.5</b>	<b>29.7</b>	<b>20.0</b>	<b>16.9</b>
Reported P/E (x)	276.0	25.2	21.4	14.4	12.1
Dividend yield (%)	-	1.2	2.0	3.5	4.1
Price/book (x)	4.8	4.4	4.0	3.6	3.1
Price/tangible book (x)	4.8	4.4	4.1	3.6	3.1
EV/EBITDA (x) **	70.1	19.5	14.9	10.8	9.1
EV/EBITDA @ target price (x) **	98.4	27.2	20.9	15.1	12.7
EV/invested capital (x)	5.8	4.8	4.3	3.7	3.3
* Pre-exceptional, pre-goodwill and fully diluted    ** EBITDA includes associate income and recurring non-operating income					

Sources: Agripure Holdings; 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	ICHI	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	PCSGH	PDJ	PG	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	MITSI	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	AMANA	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	SEAOL	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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Company	Ticker	Price	Rating	Valuation & Risks
Agripure Holdings	APURE TB	THB 8.65	BUY	Downside risks to our P/E-based TP would be 1) order cancellations from big customers like Walmart; 2) a stronger-than-expected THB against USD; and 3) the high volatility of raw material prices, such as the corn price, which could hurt the company's GPM.
Charoen Pokphand Foods	CPF TB	THB 27.00	BUY	The key downside risks to our SoTP-based target price are the volatile pork prices in both Thailand and Vietnam which could hurt revenues and the company's gross margin.
Asian Sea Corporation	ASIAN TB	THB 17.40	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.
Srinanaporn Marketing	SNNP TB	THB 12.50	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.
Carabao Group	CBG TB	THB 140.00	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 31-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.