

20 SEPTEMBER 2021

THAILAND / FOOD

ASIAN SEA CORPORATION

ASIAN TB

BUY

FROM HOLD

TARGET PRICE	THB24.10
CLOSE	THB18.60
UP/DOWNSIDE	+29.6%
PRIOR TP	THB21.80
CHANGE IN TP	+10.6%
TP vs CONSENSUS	+6.8%

Like a dog with two tails in 2022

Share price correction raises opportunity to accumulate

ASIAN's share price has dropped by 16% after its solid 2Q21 results, which we believe can be attributed to two main reasons: 1) a softening 3Q21 outlook due to the Covid outbreak and the higher-than-expected pet food sales at THB1.1b in 2Q21; and 2) the short-term THB strengthening trend. We are convinced that ASIAN's outlook remains promising, and expect its net profit to grow by 8-23% in 2021-23.

Capacity expansion to support growth in 2022

We think pet food sales will remain the key growth driver in 2022. Based on its current capacity, ASIAN could generate pet food sales of cTHB1.0b per quarter. Its expansion plan consists of an additional 1) 1,300 tonnes (+3% from the current 41,000 tonnes) with a targeted COD by 3Q21; and 2) 3,700 tonnes (+9% y-y) by 1Q22. Hence, we expect its pet food sales to rise to THB1.2b per quarter starting in 3Q22 after the new expansion line runs at full utilisation. The 2021 expansion plan was delayed due to the Covid outbreak, so we expect to see an additional pet food line expansion announced by early 2022. For its frozen unit, ASIAN sees an opportunity for its pre-fried seafood products to capture new customers in the US. We believe ASIAN can challenge its main competitors in China and Vietnam due to its high processing rate and product quality, despite the higher production cost. The 2,000-tonne capacity pre-fried line had its COD in early 3Q21, and we expect to see an additional 2,000-tonne capacity (+12% y-y) added by next year.

Expect 3Q21 earnings to soften q-q but still grow y-y

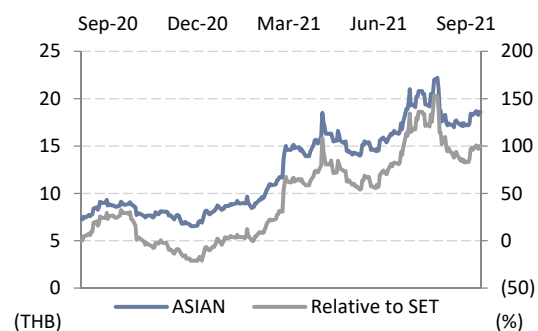
We expect 3Q21 earnings to soften to THB276m (-6% q-q, +27% y-y) on lower pet food sales and a tighter GPM. Pet food sales could drop to THB1.0b following the high base in 2Q21 and the lower utilisation rate of its pet food plants due to Covid infections. Frozen sales could grow 10% q-q, driven by the new pre-fried line. We expect its GPM to drop 70bps q-q to 20.1% due to a lower proportion of high-margin pet food sales.

Upgrade to BUY from Hold

We revise up our 2021-23E net profit by 13.8-23.0% to reflect the higher-than-expected GPM in 1H21 and the promising outlook for the pet food industry. We raise our TP to THB24.1 (from THB21.8), pegged to 18x 2022E P/E, to reflect our earnings upgrade. We think ASIAN is an attractive export-oriented play to ride the pet food industry's promising growth outlook. ASIAN's current share price is trading at 13.9x 2022E P/E vs an average of 21.8x for its food sector peers.

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	8,645	9,455	10,065	10,697
Net profit	818	1,004	1,089	1,177
EPS (THB)	1.51	1.23	1.34	1.45
vs Consensus (%)	-	2.8	6.6	4.7
EBITDA	1,077	1,387	1,485	1,593
Core net profit	715	1,004	1,089	1,177
Core EPS (THB)	1.32	1.23	1.34	1.45
Chg. In EPS est. (%)	-	22.4	23.0	13.8
EPS growth (%)	438.9	(6.3)	8.4	8.0
Core P/E (x)	14.1	15.1	13.9	12.9
Dividend yield (%)	3.0	3.3	3.6	3.9
EV/EBITDA (x)	10.9	11.7	10.7	9.7
Price/book (x)	2.9	3.5	3.1	2.8
Net debt/Equity (%)	46.5	25.0	14.3	4.9
ROE (%)	22.7	25.9	24.0	23.0



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	6.3	27.4	151.4
Relative to country (%)	1.5	26.4	99.2
Mkt cap (USD m)	456		
3m avg. daily turnover (USD m)	10.2		
Free float (%)	66		
Major shareholder	Amornrattanaichai Family (69%)		
12m high/low (THB)	22.90/6.40		
Issued shares (m)	542.73		

Sources: Bloomberg consensus; FSSIA estimates



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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, driven by 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 8-23% in 2022-23.

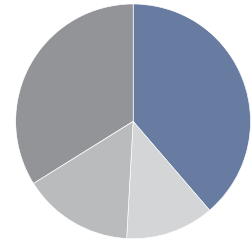
Company profile

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

Principal activities (revenue, 2020)

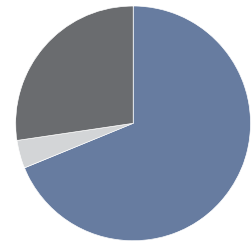
- Pet food and fish meal - 38.7 %
- Tuna - 12.2 %
- Aquaculture feed - 15.2 %
- Frozen - 33.9 %



Source: Asian Sea Corporation

Major shareholders

- Amornrattanachai 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

Downside risks to our P/E-based TP 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 (%)
Sales growth	8.2	6.4	6.3
- Pet food and fish meal	10.0	10.0	10.0
- Tuna	(5.0)	(3.0)	(3.0)
- Aquaculture feed	10.0	7.0	5.0
- Frozen	10.0	5.0	5.0
Gross margin	17.8	18.0	18.2
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

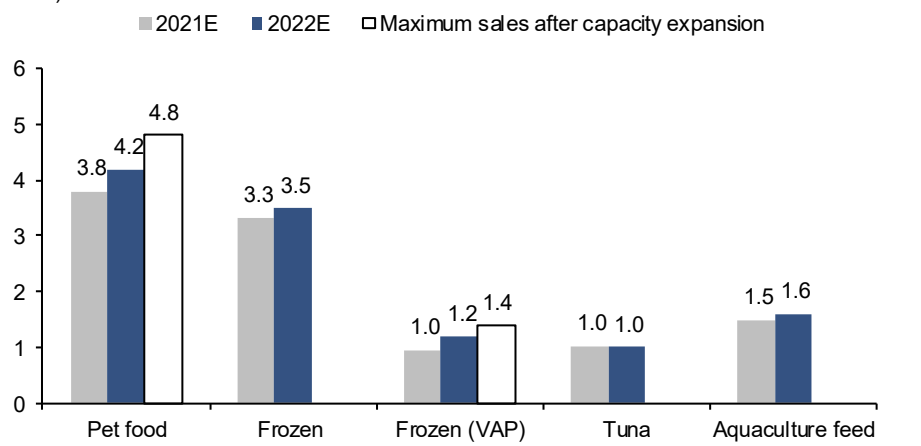
Capacity expansion to support growth in 2022

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We believe ASIAN's expansion plan remains on track to support its growth opportunities in the promising pet food industry, despite the concerns over the current capacity of its star pet food and valued-added product (VAP) frozen pre-fried line, which is already running at full capacity.

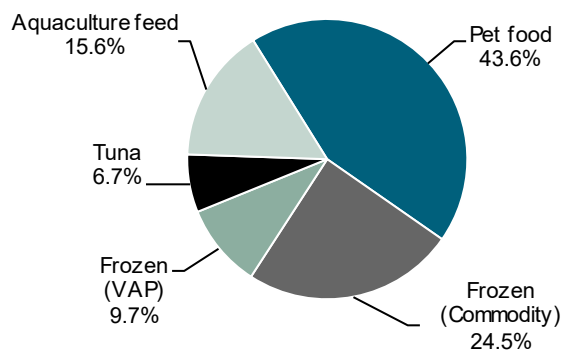
Exhibit 1: Our pet food and VAP frozen sales assumptions for 2022 remain below the maximum capacity after its capacity expansion plan is completed

(THB b)



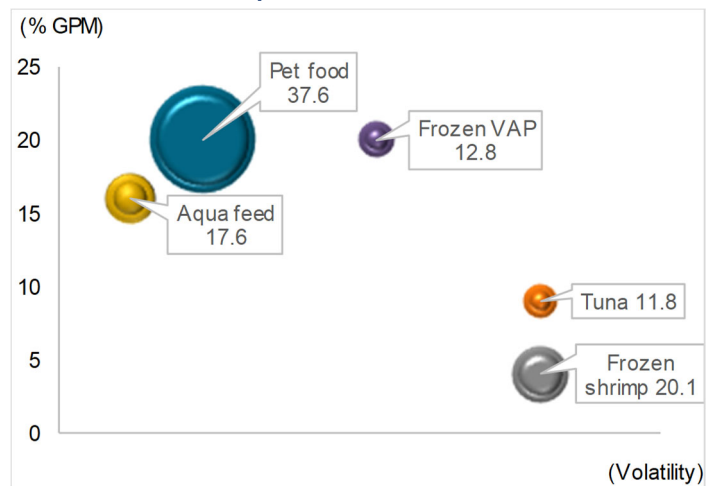
Sources: ASIAN; FSSIA estimates

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

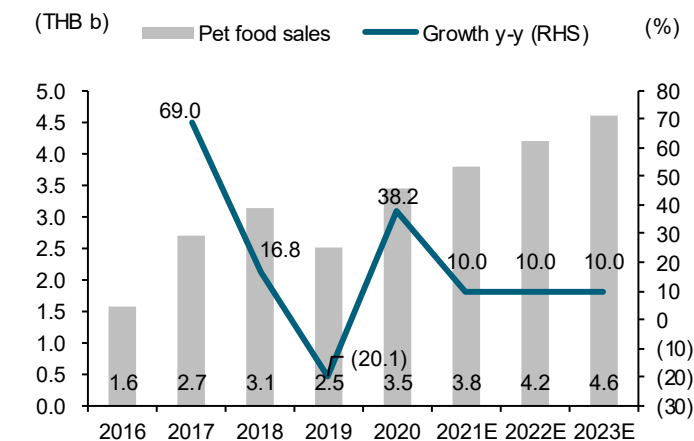
We expect that pet food sales will remain the key growth driver in 2022. Based on its current capacity, ASIAN could generate pet food sales of cTHB1.0b per quarter. Its expansion plan consists of an additional 1) 1,300 tonnes (+3% from the current 41,000 tonnes) with a targeted COD by 3Q21; and 2) 3,700 tonnes (+9% y-y) by 1Q22. Hence, we expect its pet food sales to rise to THB1.2b per quarter starting in 3Q22 after the new expansion line runs at full utilisation. The 2021 expansion plan was delayed due to the Covid outbreak, so we expect to see an additional pet food line expansion announced by early 2022. For its frozen unit, ASIAN sees an opportunity for its pre-fried seafood products to capture new customers in the US. We believe ASIAN can challenge its main competitors in China and Vietnam due to its high processing rate and product quality, despite the higher production cost. The 2,000-tonne capacity pre-fried line had its COD in early 3Q21, and we expect to see an additional 2,000-tonne capacity (+12% y-y) added by next year.

Exhibit 4: Capacity expansion plan by segment

Capacity	2017	2018	2019	2020	2021E	2022E	2023E
	(tonne)	(tonne)	(tonne)	(tonne)	(tonne)	(tonne)	(tonne)
Pet food and fish meal	21,000	38,000	38,000	47,000	48,300	52,000	57,000
Pet food	15,000	32,000	32,000	41,000	42,300	46,000	51,000
Fish meal	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Tuna	45,000	17,500	17,500	17,500	17,500	17,500	17,500
Aqua feed	85,000	96,000	96,000	96,000	96,000	96,000	96,000
Frozen	46,000	24,000	17,000	15,600	17,600	19,600	19,600
Commodity frozen	46,000	24,000	17,000	7,800	7,800	7,800	7,800
VAP frozen				7,800	9,800	11,800	11,800

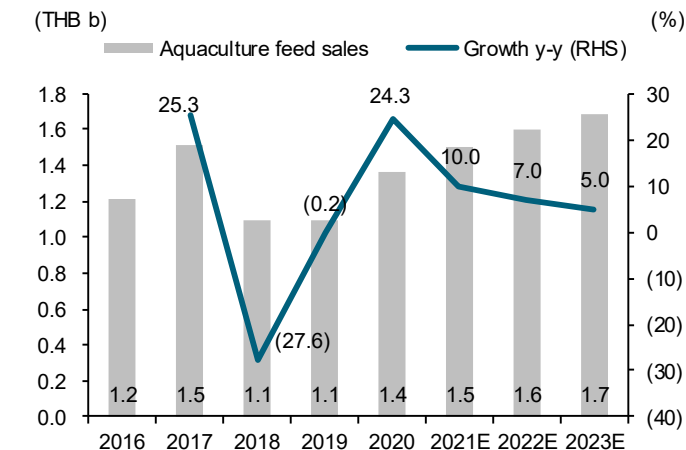
Sources: ASIAN; FSSIA estimates

Exhibit 5: Pet food sales trend



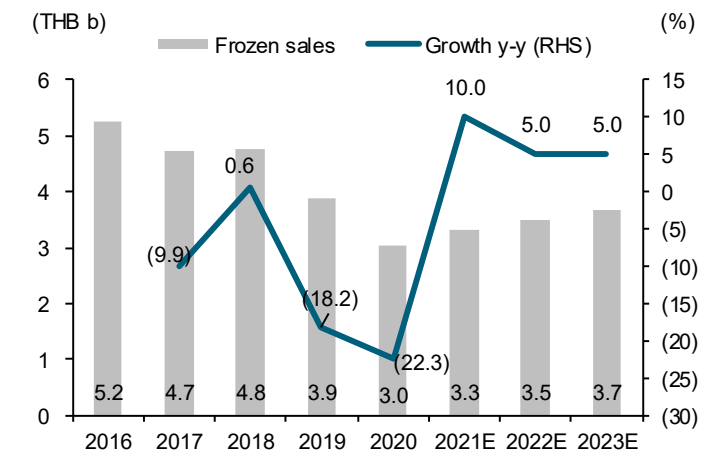
Sources: ASIAN; FSSIA estimates

Exhibit 7: Aquaculture feed sales trend



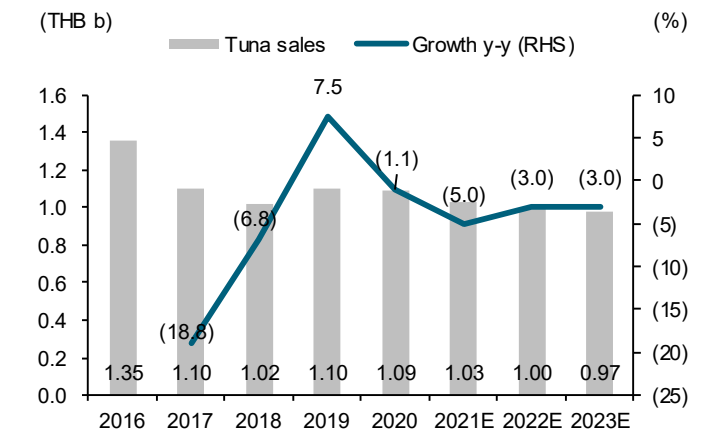
Sources: ASIAN; FSSIA estimates

Exhibit 6: Frozen sales trend



Sources: ASIAN; FSSIA estimates

Exhibit 8: Tuna sales trend



Sources: ASIAN; FSSIA estimates

Expect 3Q21 earnings to soften q-q but still grow y-y

We expect ASIAN's 3Q21 core earnings to soften to THB276m (-6% q-q, +27% y-y) due to lower pet food sales and a tighter GPM. We estimate pet food sales to drop to THB1.0b in 3Q21 following the high base in 2Q21 and the lower utilisation rate of its pet food plants, as some workers have been infected by Covid for two weeks. Tuna sales could rise 25% q-q to THB215m following the high season in 3Q21. Aquaculture feed sales could significantly drop to THB300m from THB401m in 2Q21 following lower domestic consumption due to the lockdown measures. We estimate frozen sales to grow 10% q-q, driven by the new pre-fried line which had its commercial operation date (COD) in Jul-21. We expect ASIAN's 3Q21 GPM to drop 70bps q-q to 20.1% due to a lower proportion of high-margin pet food sales.

Exhibit 9: 3Q21E earnings preview

	3Q20	4Q20	1Q21	2Q21	3Q21E	----- 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	2,371	2,283	2,095	2,501	2,483	(1)	5	8,645	9,455	9
Cost of sales	1,960	1,965	1,740	1,980	1,984	0	1	7,252	7,772	7
Gross profit	411	318	355	521	499	(4)	21	1,393	1,683	21
SG&A	195	172	153	193	190	(2)	(2)	643	624	(3)
Operating profit	216	146	201	327	309	(6)	43	750	1,059	41
Other income	4	86	38	25	22	(14)	393	182	74	(59)
Equity income	(0)	(0)	(1)	(1)	(1)	20	257	(3)	-	nm
EBIT	220	231	238	352	330	(6)	50	929	1,134	22
Interest expense	18	16	15	17	16	(7)	(11)	77	82	7
EBT	202	215	223	335	314	(6)	55	852	1,052	23
Income tax	0	5	8	41	38	(9)	nm	34	47	38
Net profit	202	211	215	293	276	(6)	37	818	1,004	23
EPS (THB)	0.37	0.39	0.40	0.36	0.34	(6)	(9)	1.51	1.23	(18.14)
Extra item	(15)	65	19	-	-	n/a	nm	(103)	-	nm
Recurring profit	217	146	196	293	276	(6)	27	715	1,004	40
Normalised EPS (THB)	0.40	0.27	0.36	0.36	0.34	(6)	(15)	1.32	1.23	(6.35)

Key ratios	(%)	(%)	(%)	(%)	(%)	(ppt)	(ppt)	(%)	(%)
Gross margin	17.3	13.9	16.9	20.8	20.1	(0.7)	2.8	16.1	17.8
SGA/Total revenue	8.2	7.5	7.3	7.7	7.7	(0.1)	(0.6)	7.4	6.6
Operating profit margin	9.1	6.4	9.6	13.1	12.4	(0.6)	3.3	8.7	11.2
Net profit margin	8.5	9.2	10.3	11.7	11.1	(0.6)	2.6	9.5	10.6
Core profit margin	9.2	6.4	9.3	11.7	11.1	(0.6)	2.0	8.3	10.6

Key Assumptions	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q %)	(y-y %)
Pet food and fish meal business	928	903	854	1,122	1,000	(11)	8
Tuna business	290	288	265	172	215	25	(26)
Aquaculture feed business	423	347	321	401	300	(25)	(29)
Frozen business	806	824	731	880	968	10	20
Fx (THB : 1USD)	31.6	30.0	31.3	32.1	32.0	(0)	1

Sources: ASIAN; FSSIA estimates

Net profit and TP revisions

We revise up our 2021-23E net profit by 13.8-23.0% to reflect the higher-than-expected GPM in 1H21 and the promising outlook for the pet food industry. For our 2022E, we revise up our pet food and frozen sales assumptions by 4.8% to bring it in line with the capacity expansion and raise our GPM estimate by 2.1ppts to 18.0% following our new THB/USD assumption of 31.8 from 30.5 previously.

We upgrade our recommendation to BUY from Hold with a higher TP to THB24.1 (from THB21.8) to reflect our earnings upgrade. Our TP is pegged to 18x 2022E P/E. We think ASIAN is an attractive export-oriented play to ride the pet food industry's promising growth outlook. ASIAN's current share price is trading at 13.9x 2022E P/E vs an average of 21.8x for its food sector peers.

Exhibit 10: Assumption revisions

	Current			Previous			Change		
	2021E (THB m)	2022E (THB m)	2023E (THB m)	2021E (THB m)	2022E (THB m)	2023E (THB m)	2021E (%)	2022E (%)	2023E (%)
Revenue	9,455	10,065	10,697	9,445	10,041	11,277	0.1	0.2	(5.1)
Pet food and fish meal	3,799	4,179	4,597	3,627	3,989	4,588	4.8	4.8	0.2
Tuna	1,034	1,003	973	1,142	1,108	1,075	(9.5)	(9.5)	(9.5)
Aquaculture feed	1,497	1,602	1,682	1,701	1,820	2,002	(12.0)	(12.0)	(16.0)
Frozen	3,325	3,492	3,666	3,174	3,333	3,833	4.8	4.8	(4.3)
Gross margin (%)	17.8	18.0	18.2	15.8	15.9	16.3	2.0	2.1	1.9
SG&A to sales (%)	6.6	6.6	6.5	6.6	6.6	6.5	0.0	0.0	0.0
Net profit	1,004	1,089	1,177	821	886	1,034	22.4	23.0	13.8

Note: Change of items in percentage terms are represented in ppt change

Source: FSSIA estimates

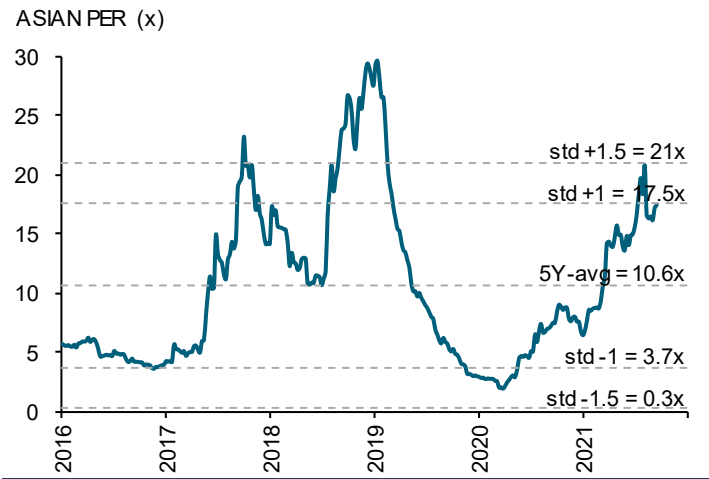
Exhibit 11: Peers valuation

Company	BBG	Rec	--- Share price ---		Up side	Market Cap	3Y EPS CAGR	----- PE -----		---- ROE ----		---- PBV ----		EVEBITDA	
			Current	Target				21E	22E	21E	22E	21E	22E	21E	22E
			(LCY)	(LCY)				(%)	(USD m)	(%)	(x)	(x)	(%)	(%)	(x)
Food & Beverage															
Agripure Holdings	APURE TB	BUY	9.30	12.0	29.0	260	29.4	23.0	15.5	19.7	26.2	4.4	3.8	16.1	11.7
Charoen Pokphand Foods	CPF TB	BUY	26.25	34.0	29.5	6,650	(1.0)	10.5	10.0	10.9	10.8	1.2	1.1	13.5	15.3
Asian Sea	ASIAN TB	BUY	18.60	24.1	29.6	456	3.1	15.1	13.9	25.9	24.0	3.5	3.1	11.7	10.7
Srinanaporn Marketing	SNNP TB	BUY	12.20	15.0	23.0	353	67.9	40.1	23.3	20.7	18.6	4.5	4.2	16.7	13.8
Thai Union Group	TU TB	NR	21.80	n/a	n/a	3,048	(0.6)	14.4	14.2	13.6	12.7	1.8	1.7	12.1	12.0
R&B Food Supply	RBF TB	NR	19.90	n/a	n/a	1,195	31.8	76.5	35.3	11.5	23.6	9.3	8.1	46.2	24.2
Thai Vegetable Oil	TVO TB	NR	31.50	n/a	n/a	765	7.7	10.0	12.0	26.3	20.8	2.6	2.5	7.1	8.4
Thaifoods Group	TFG TB	NR	4.62	n/a	n/a	778	(5.9)	14.4	12.7	15.1	15.6	2.0	1.7	8.9	8.1
Khon Kean Sugar Industry	KSL TB	NR	3.60	n/a	n/a	477	n/a	24.8	17.1	3.3	4.7	0.8	0.8	17.3	16.1
NR Instant Produce	NRF TB	NR	8.90	n/a	n/a	377	13.7	121.9	56.7	3.8	8.2	4.7	4.4	35.7	26.8
Sunsweet	SUN TB	NR	7.65	n/a	n/a	148	n/a	20.4	15.8	21.7	24.3	4.2	3.7	13.7	10.8
Carabao Group	CBG TB	BUY	129.00	173.0	34.1	3,884	11.2	36.9	30.5	32.8	34.4	11.4	9.8	25.5	21.5
Osotspa	OSP TB	BUY	35.25	42.0	19.1	3,188	8.9	29.1	26.4	18.8	20.4	5.4	5.3	20.4	18.4
Sappe	SAPPE TB	NR	26.25	n/a	n/a	241	10.4	17.9	16.1	15.8	15.5	2.6	2.4	9.4	8.6
Taikaenoi Food&Marketing	TKN TB	NR	7.05	n/a	n/a	292	19.2	59.7	31.3	7.9	14.1	4.5	4.1	25.0	17.4
Ichitan Group	ICHI TB	NR	11.20	n/a	n/a	437	18.3	21.5	18.2	10.6	12.0	2.2	2.1	10.8	9.9
Food & Beverage average						22,550	13.4	33.5	21.8	16.2	17.9	4.1	3.7	18.1	14.6
Agribusiness															
Sri Trang Agro-Industry	STA TB	NR	34.75	n/a	n/a	1,603	(5.8)	3.0	4.9	36.3	17.8	0.9	0.8	1.9	2.9
GFPT	GFPT TB	NR	13.10	n/a	n/a	493	(4.1)	21.7	14.8	4.8	7.1	1.1	1.0	10.2	8.3
Northeast Rubber	NER TB	NR	7.70	n/a	n/a	380	n/a	7.9	6.9	43.8	38.2	3.0	2.3	8.7	7.9
Thai Wah	TWPC TB	NR	5.70	n/a	n/a	151	298.6	13.6	10.6	7.1	8.8	1.0	0.9	5.6	5.0
Thai Rubber Latex Group	TRUBB TB	NR	2.64	n/a	n/a	135	n/a	5.4	4.8	21.1	22.1	n/a	n/a	9.9	10.5
Agribusiness average						2,763	12.7	10.3	8.4	22.6	18.8	1.5	1.3	7.3	6.9
Average						25,313	16.0	28.0	18.6	17.7	18.1	3.6	3.2	15.5	12.8

Share prices as of 17 Sep 2021

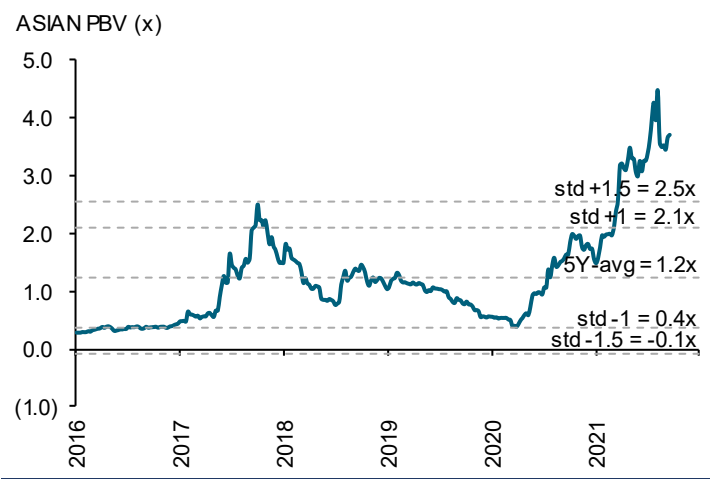
Sources: Bloomberg consensus; FSSIA estimates

Exhibit 12: Rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 13: 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	9,455	10,065	10,697
Cost of goods sold	(7,334)	(7,004)	(7,519)	(7,992)	(8,487)
Gross profit	860	1,641	1,936	2,073	2,211
Other operating income	137	79	74	76	77
Operating costs	(540)	(643)	(624)	(664)	(695)
Operating EBITDA	456	1,077	1,387	1,485	1,593
Depreciation	(207)	(248)	(253)	(258)	(263)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	249	829	1,134	1,227	1,330
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
Profit before tax	138	852	1,052	1,141	1,232
Tax	(5)	(34)	(47)	(51)	(55)
Profit after tax	133	818	1,004	1,089	1,177
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	133	818	1,004	1,089	1,177
Non-recurring items & goodwill (net)	0	(103)	0	0	0
Recurring net profit	133	715	1,004	1,089	1,177
Per share (THB)					
Recurring EPS *	0.24	1.32	1.23	1.34	1.45
Reported EPS	0.24	1.51	1.23	1.34	1.45
DPS	0.20	0.55	0.62	0.67	0.72
Diluted shares (used to calculate per share data)	543	543	814	814	814
Growth					
Revenue (%)	(15.1)	5.5	9.4	6.5	6.3
Operating EBITDA (%)	(34.3)	136.0	28.7	7.1	7.3
Operating EBIT (%)	(49.8)	233.0	36.7	8.2	8.4
Recurring EPS (%)	(63.3)	438.9	(6.3)	8.4	8.0
Reported EPS (%)	(63.3)	516.5	(18.1)	8.4	8.0
Operating performance					
Gross margin inc. depreciation (%)	8.0	16.1	17.8	18.0	18.2
Gross margin of key business (%)	8.0	16.1	17.8	18.0	18.2
Operating EBITDA margin (%)	5.6	12.5	14.7	14.8	14.9
Operating EBIT margin (%)	3.0	9.6	12.0	12.2	12.4
Net margin (%)	1.6	8.3	10.6	10.8	11.0
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	13.9	13.8	12.8
Inventory days	101.8	95.2	96.8	97.7	97.9
Debtor days	43.4	38.2	40.0	40.7	40.8
Creditor days	32.5	33.4	33.7	33.8	33.8
Operating ROIC (%)	5.1	17.9	23.5	24.5	25.7
ROIC (%)	4.7	16.9	22.2	23.3	24.5
ROE (%)	4.8	22.7	25.9	24.0	23.0
ROA (%)	3.9	13.2	15.9	15.1	14.9

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2019	2020	2021E	2022E	2023E
Pet food and fish meal	2,385	3,345	3,721	4,094	4,504
Tuna	1,050	1,054	1,012	982	953
Aquaculture feed	1,045	1,318	1,466	1,569	1,648
Frozen	3,714	2,928	3,256	3,420	3,592

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	1,004	1,089	1,177
Depreciation	207	248	253	258	263
Associates & minorities	-	-	-	-	-
Other non-cash items	(30)	163	0	0	0
Change in working capital	861	(237)	(203)	(151)	(157)
Cash flow from operations	1,171	889	1,055	1,196	1,283
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)	(12)
Cash flow from investing	(441)	(231)	(267)	(269)	(275)
Dividends paid	(109)	(299)	(502)	(545)	(588)
Equity finance	0	0	271	0	0
Debt finance	61	(603)	370	(30)	80
Other financing cash flows	51	5	0	0	0
Cash flow from financing	4	(896)	139	(574)	(508)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	103	0	0	0
Net other adjustments	(728)	343	86	99	114
Movement in cash	7	104	1,013	451	614
Free cash flow to firm (FCFF)	833.20	734.34	869.57	1,015.99	1,112.63
Free cash flow to equity (FCFE)	115.13	402.99	1,244.10	995.92	1,202.24

Per share (THB)

FCFF per share	1.54	1.35	1.60	1.87	2.05
FCFE per share	0.21	0.74	2.29	1.84	2.22
Recurring cash flow per share	0.57	2.07	1.54	1.65	1.77

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)
Tangible fixed assets (net)	2,845	2,779	2,779	2,779	2,779
Intangible fixed assets (net)	41	51	52	53	54
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	0	0	0	0	0
Cash & equivalents	103	207	1,221	1,672	2,286
A/C receivable	823	986	1,088	1,158	1,231
Inventories	1,738	1,916	2,072	2,206	2,345
Other current assets	54	69	75	80	85
Current assets	2,718	3,178	4,456	5,117	5,947
Other assets	218	223	232	238	245
Total assets	5,822	6,232	7,520	8,187	9,025
Common equity	2,810	3,498	4,272	4,816	5,404
Minorities etc.	0	0	0	0	0
Total shareholders' equity	2,810	3,498	4,272	4,816	5,404
Long term debt	1,243	605	585	575	675
Other long-term liabilities	94	95	100	105	111
Long-term liabilities	1,337	700	685	680	786
A/C payable	610	670	718	762	808
Short term debt	952	1,228	1,704	1,783	1,878
Other current liabilities	112	137	141	145	149
Current liabilities	1,675	2,034	2,563	2,691	2,835
Total liabilities and shareholders' equity	5,822	6,232	7,520	8,187	9,025
Net working capital	1,893	2,165	2,377	2,537	2,703
Invested capital	4,997	5,218	5,440	5,608	5,782

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

Per share (THB)

Book value per share	5.18	6.45	5.25	5.92	6.64
Tangible book value per share	5.10	6.35	5.18	5.85	6.57

Financial strength

Net debt/equity (%)	74.5	46.5	25.0	14.3	4.9
Net debt/total assets (%)	35.9	26.1	14.2	8.4	3.0
Current ratio (x)	1.6	1.6	1.7	1.9	2.1
CF interest cover (x)	5.6	8.6	19.3	15.0	15.0

Valuation	2019	2020	2021E	2022E	2023E
Recurring P/E (x) *	76.1	14.1	15.1	13.9	12.9
Recurring P/E @ target price (x) *	98.6	18.3	19.5	18.0	16.7
Reported P/E (x)	76.1	12.3	15.1	13.9	12.9
Dividend yield (%)	1.1	3.0	3.3	3.6	3.9
Price/book (x)	3.6	2.9	3.5	3.1	2.8
Price/tangible book (x)	3.6	2.9	3.6	3.2	2.8
EV/EBITDA (x) **	26.7	10.9	11.7	10.7	9.7
EV/EBITDA @ target price (x) **	33.2	13.7	14.9	13.7	12.5
EV/invested capital (x)	2.4	2.2	3.0	2.8	2.7

* 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	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	TTB	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	TPIPP	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	TTB	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	WIIK	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
Asian Sea Corporation	ASIAN TB	THB 18.60	BUY	Downside risks to our P/E based TP 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.
Agripure Holdings	APURE TB	THB 9.30	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 26.25	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.
Srinaporn Marketing	SNNP TB	THB 12.20	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 129.00	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 35.25	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

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 17-Sep-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.