

20 SEPTEMBER 2021

# Thailand Food & Beverage

## Spicing things up in 2022

### Multiple catalysts to drive net profit growth in 2022

2022 should be another exciting year for food and beverage companies, supported by: 1) a CLMV demand recovery after the Covid situation eases, which should benefit Carabao Group (CBG TB, BUY, TP THB173), Srinanaporn Marketing (SNNP TB, BUY, TP THB15), and Osotspa (OSP TB, BUY, TP THB42), with CLMV sales exposures at 38%/22%/18% of total sales, respectively; 2) an opportunity to ride the rising star pet food industry – Asian Sea Corporation (ASIAN, BUY, TP THB24.1) would be in a good position to capture this promising trend, in our view; and 3) an improving container shortage situation and more stable commodity prices which would benefit export-oriented stocks such as ASIAN and Agripure Holdings (APURE, BUY, TP THB12).

### 2021 – the worst year for Thailand and CLMV; 2022 – the year of recovery

We believe the Covid situation in Thailand and CLMV is at an inflection point, driven by lockdown easing and high vaccination rates. After most Southeast Asian countries endured their worst Covid situation in 2021, we think 2022 will be the recovery year. Cambodia has one of the fastest vaccination rates in the region at 69% of its total population. According to Google's 'COVID-19 Community Mobility Reports', the Covid situation in Thailand, Myanmar, and Cambodia has passed the bottom, while Vietnam could reach the bottom soon. A highlight industry in 2022 should be the pet care segment, which we expect to post resilient growth at 5% CAGR over 2020-26. ASIAN's pet food sales of THB3.5b in 2020 account for less than 0.2% of the total global market value, indicating ample room to grow.

### Mixed outlook in 3Q21

APURE might be the only food & beverage stock under our coverage whose net profit in 3Q21 could grow y-y and q-q, driven by Walmart (WMT US)'s orders. We expect SNNP's earnings to be flat q-q, while ASIAN's could slightly drop q-q following the high base in 2Q21. CBG, OSP, and Charoen Pokphand Foods (CPF TB, TP THB 34) should all see softer earnings on the direct impact from the lockdown measures and lower livestock prices.

### Prefer stocks with exposure to CLMV and specific catalysts

Most food and beverage stocks have underperformed the SET during the latest rally following the sector rotation toward those with direct benefits from the country's reopening. This would be an opportunity to accumulate those stocks. CBG and SNNP should be good candidates to capture the recovery and growing demand in CLMV markets. ASIAN should be in a good position to grow with the pet food industry. We expect its valuation to re-rate after the spin-off of TU's pet care unit, potentially in 3Q22. APURE has key specific drivers and should benefit from an existing sales recovery after the container shortage eases.

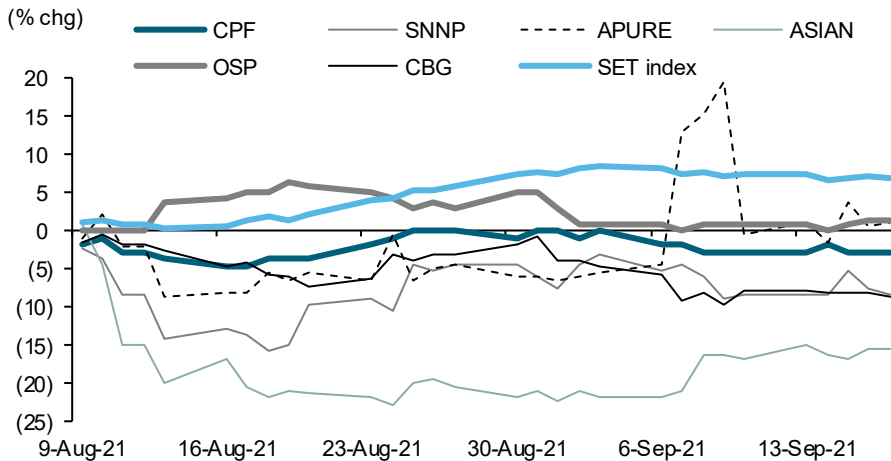


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## 2022 – the year of recovery

Food and beverage stocks under our coverage have mostly underperformed the SET index since the latest rally on 6 August (Exhibit 1), following the sector rotation toward those that should directly benefit from the lockdown easing and economic reopening. We think the food and beverage sector is attractive in terms of risk-reward ratio given its solid growth outlook in 2022, driven by multiple catalysts as follows: 1) a demand recovery in both Thailand and CLMV after the Covid situation eases and the tourism sector reopens; 2) an opportunity to ride the rising star pet food industry; and 3) an improving container shortage situation and more stable commodity prices.

**Exhibit 1: Share price performance since 6 Aug 2021**



Source: Bloomberg

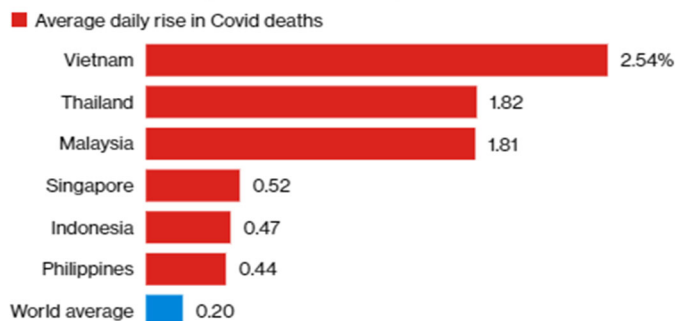
## Recovery in both domestic and CLMV demand

2021 should be a tough year for the consumer sector which relies on the consumption demand from both Thailand and CLMV markets. Southeast Asian countries have struggled with one of the world’s worst Covid outbreaks lately, with high average daily infections and death rates surpassing the global average, as well as low vaccination rates. Regional governments have implemented more stringent measures, such as lockdowns, which have led to a slowdown in consumption and the economy.

**Exhibit 2: Average daily death rates in Southeast Asian countries**

### Fatalities Mounting

Vietnam leads daily death rates despite lockdowns

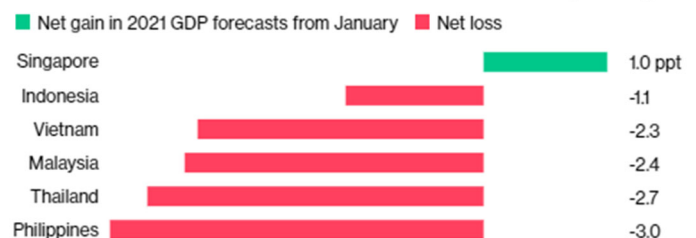


Source: Bloomberg

**Exhibit 3: Estimated GDP impact from the outbreak**

### Onward and Downward

Outlooks for most of Southeast Asia slashed as virus fight drags



Source: Bloomberg surveys

Source: Bloomberg

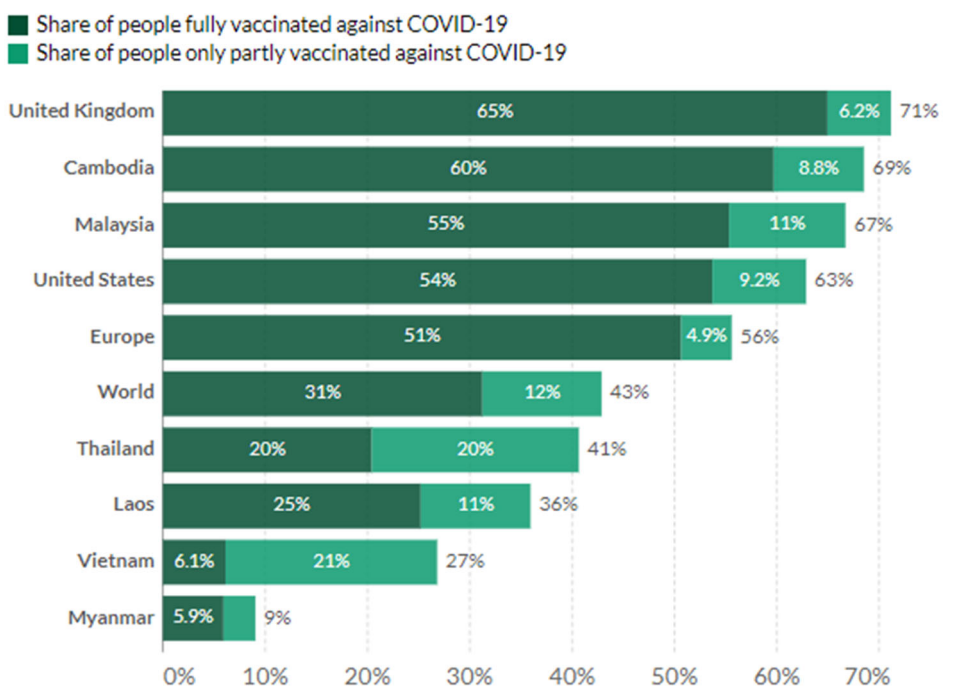
**Exhibit 4: Timeline of stringent measures implemented by governments in each country**

	Timeline of stringent measures	Details
Thailand	22 Mar to 30 Apr-20	Nationwide lockdown
	26 Apr-21 to 21 Jun-21	Partial lockdown: Spas, wedding halls, cinemas, clubs and other entertainment venues in red zones closed, restricted operating hours for department stores and convenience stores
	23 Jul-21 to 31 Aug-21	Lockdown in red zones
Cambodia	14 Mar to 25 Mar-20	Restriction measure: Shut down all educational institutes in Phnom Penh
	15 Apr to 31 Aug-21	Nationwide lockdown: All of Phnom Penh and Ta Khmau were placed under lockdown
		On 24 Apr-21: Sihanoukville enacted another lockdown On 18 Jul-21: Provinces that border Thailand (Banteay Meanchey, Oddar Meanchey, Battambang, Pailin, Pursat, Koh Kong, Preah Vihear) and Siem Reap were put into lockdown for 14 days
Myanmar	Sep-20	Yangon was placed in lockdown in September in response to a record increase in cases. This strict stay-at-home order barred all non-essential travel and closed all but essential businesses in the city
	Feb-21	The coup in Myanmar began
	Jul-21	Nationwide lockdown
Vietnam	31 Mar to 23 Apr-20	Nationwide isolation
	9 Feb to 1 Mar-21	Partial lockdown: Ho Chi Minh City, closed down spas, wedding halls, cinemas, clubs and other entertainment venues
	31 May-21	Closed down all non-essential services. Private sector workers were advised to work from home and no dining in at restaurants was allowed
	9 Jul 21 to Aug-21	Hard lockdown in Ho Chi Minh City
	23 Jul 21 to Aug-21	Hard lockdown in Hanoi

Sources: Wikipedia; FSSIA's compilation

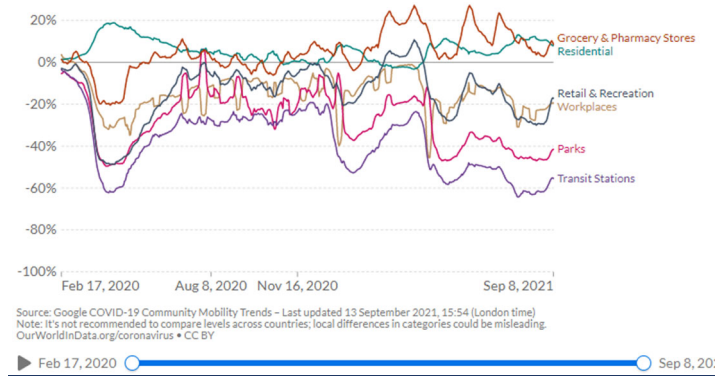
We believe the Covid situation in Thailand and CLMV is at an inflection point, driven by lockdown easing and high vaccination rates. After enduring the worst Covid situation in most Southeast Asian countries in 2021, we think 2022 will be the recovery year. According to [Google's 'COVID-19 Community Mobility Reports'](#), the Covid situation in Thailand, Myanmar, and Cambodia has passed the bottom, while Vietnam could reach the bottom soon.

**Exhibit 5: % of people vaccinated against Covid-19 by region**



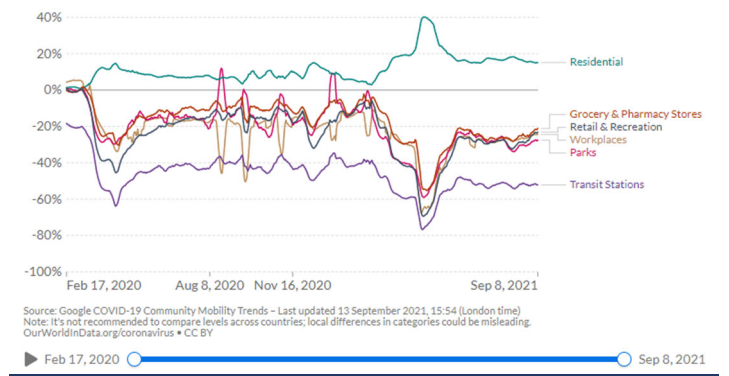
Source: [Our World in Data](#)

**Exhibit 6: Thailand – Mobility trend**



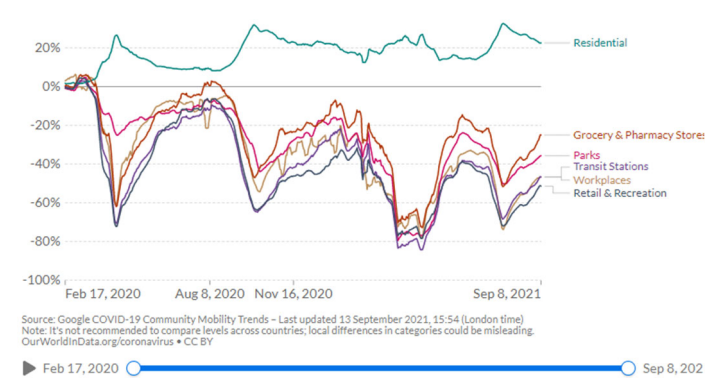
Source: [Google COVID-19 Community Mobility Reports](#)

**Exhibit 7: Cambodia – Mobility trend**



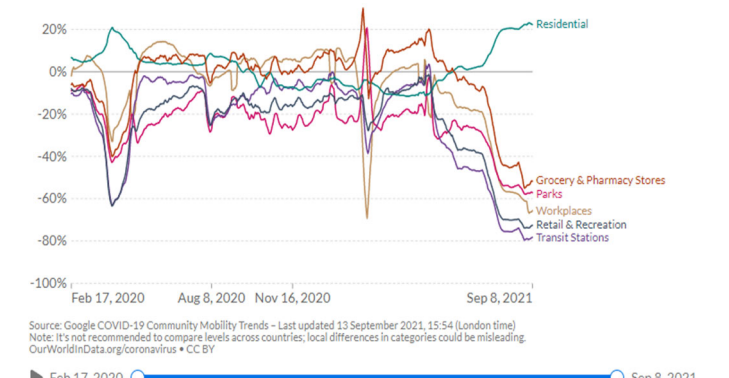
Source: [Google COVID-19 Community Mobility Reports](#)

**Exhibit 8: Myanmar – Mobility trend**



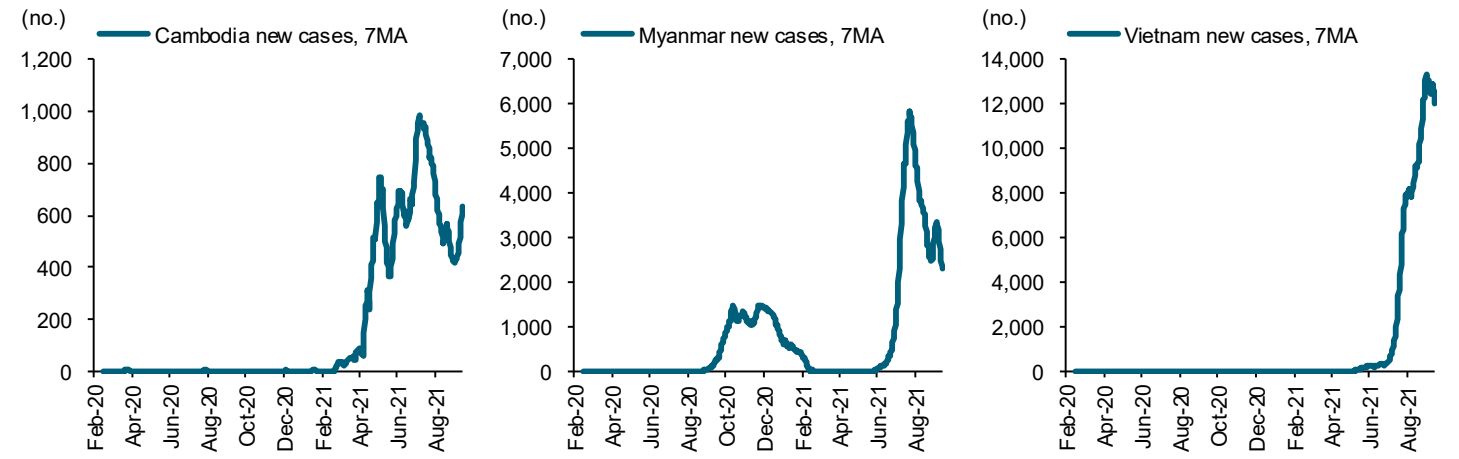
Source: [Google COVID-19 Community Mobility Reports](#)

**Exhibit 9: Vietnam – Mobility trend**



Source: [Google COVID-19 Community Mobility Reports](#)

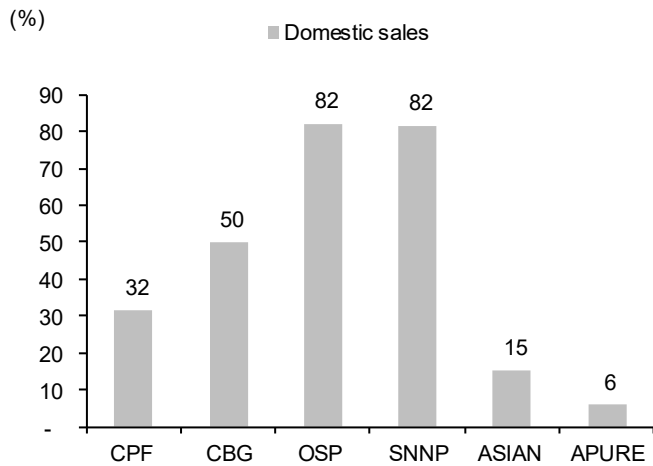
**Exhibit 10: New Covid cases in Cambodia, Myanmar and Vietnam**



Notes: 7MA is seven day moving average  
 Source: [Worldometers](#)

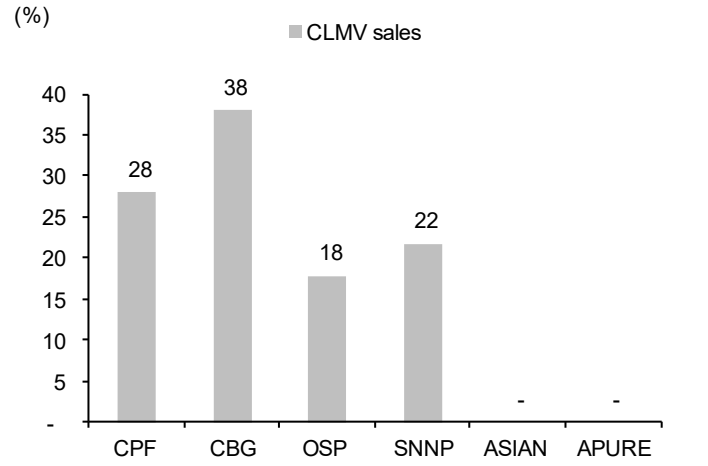
We expect CBG, OSP, SNNP, CPF, and ASIAN (aqua feed unit) to benefit when the Covid situation eases, along with a recovery in consumption. OSP, SNNP, and CBG have domestic sales exposures at 82%/82%/50% of total sales, respectively, while CBG, CPF, and SNNP have CLMV sales exposures at 38%/28%/22% of total sales, respectively.

Exhibit 11: Domestic sales contribution



Source: FSSIA estimates

Exhibit 12: CLMV sales contribution



Source: FSSIA estimates

## 2H21 and 2022 outlook for livestock price

The livestock price in Thailand and Vietnam significantly dropped in July due to the lockdown measures which caused a slowdown in consumption. Hence, we expect to see a recovery in the meat price after the Covid situation improves, likely in 2022.

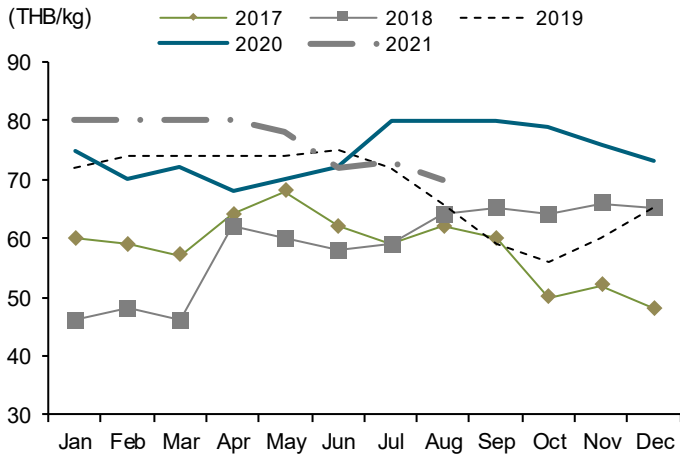
### Swine price outlook

The swine price in 2H21 should be pressured by the slower-than-expected consumption following the lockdown measures. The current swine prices in Thailand and Vietnam are at THB60/kg and VND50,000-52,000/kg vs THB76.7/kg and VND68,813/kg in 2Q21, respectively. We expect the swine price to recover in late October after the annual Vegetarian Festival and an improving Covid situation. The swine price should continue to recover in 2022, driven by the existing African swine fever (ASF) outbreak in the region, causing a persistent supply shortage. However, we think it is unlikely that it would reach its peak at THB80/kg as it did in early 2021, as the upcycle should have already passed after the 1-1.5-year swine cycle. Vietnam's swine price should exhibit a similar trend to Thailand's, in our view.

### Chicken price outlook

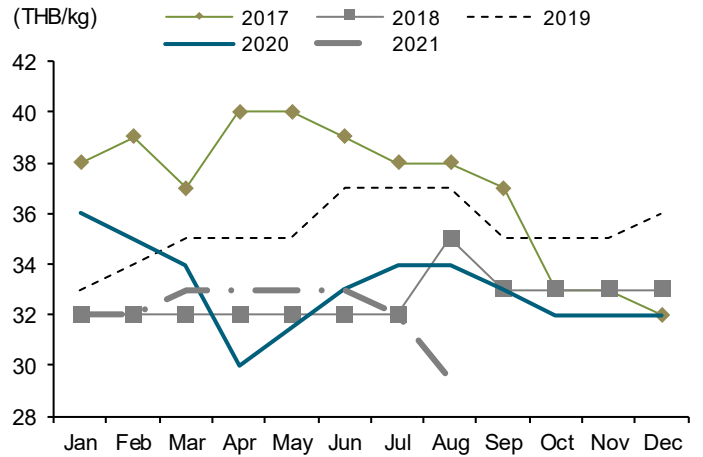
The chicken price plunged significantly in August to THB29.5/kg after being stable at THB32/kg since early 2021. The key drag was mainly from the demand side following the lower consumption due to the lockdown. The chicken supply remains healthy at 33-34m day-old-chicks per week. This would create an oversupply situation in the near term. Moreover, the current chicken rib price remains low at THB9-10/kg vs THB14-16/kg in 1Q21 and THB12-13/kg in 2Q21. Overall, we expect the chicken price to start recovering in 1Q22 following an easing of the oversupply situation.

**Exhibit 13: Pork price in Thailand is in a downward trend, impacted by the resurgence of Covid in late July**



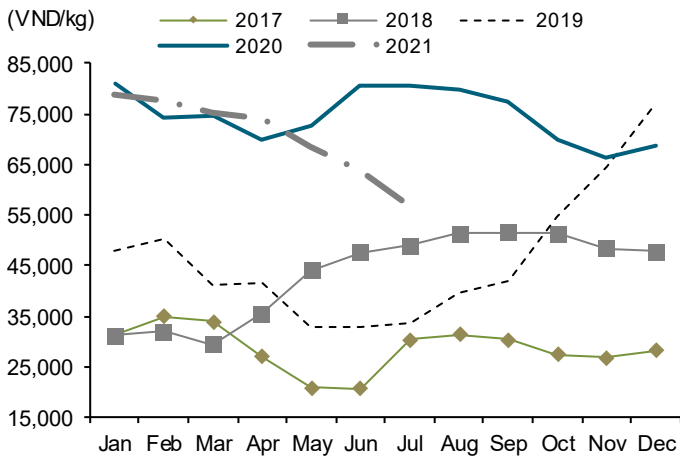
Sources: CPF; FSSIA's compilation

**Exhibit 14: ... Same as the chicken price in Thailand**



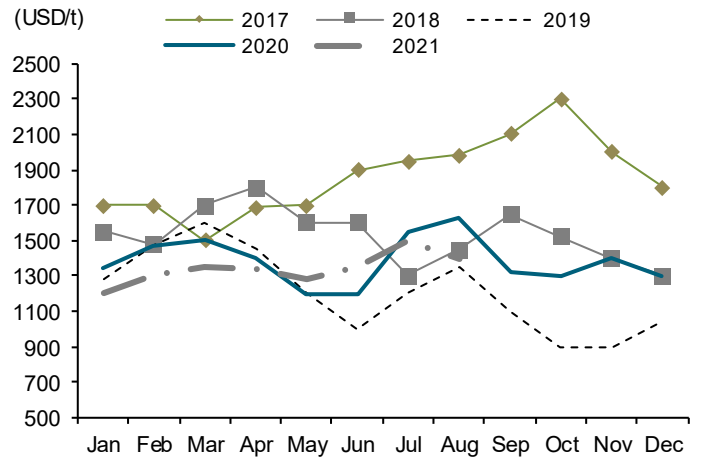
Sources: CPF; FSSIA's compilation

**Exhibit 15: Vietnam's swine price trend is similar to Thailand's, affected by the Covid outbreak**



Sources: CPF; FSSIA's compilation

**Exhibit 16: More stable tuna price**

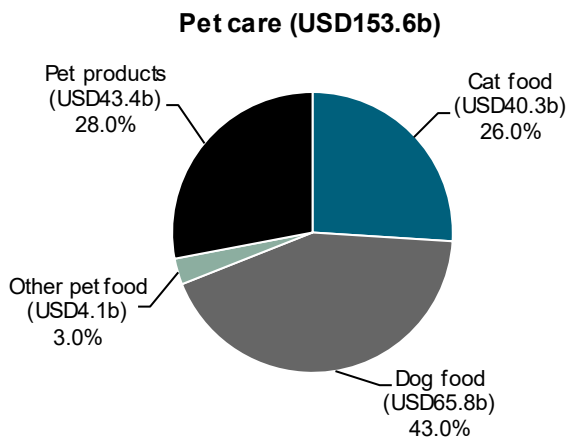


Source: TU; FSSIA's compilation

## Opportunity to ride the rising star pet food industry

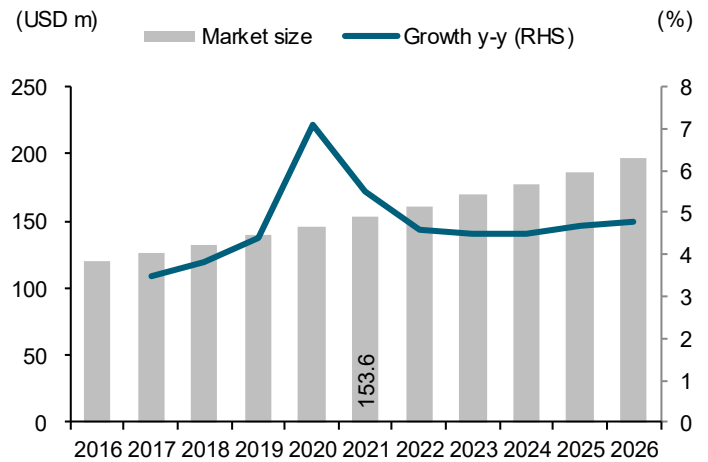
The pet care industry should be a prime beneficiary of the Covid outbreak, with people adding more pets to their family and placing a greater focus on their health under the pet humanisation trend. Hence, we believe the pet food industry will continue to grow in terms of both volume and value (price per unit). According to Euromonitor's data from Thai Union (TU TB, not rated)'s latest analyst presentation, the world's pet care market is estimated at USD153.6b in 2021 and is expected to grow at 5% CAGR over 2020-26.

**Exhibit 17: Pet care industry is estimated at USD153.6b in 2021**



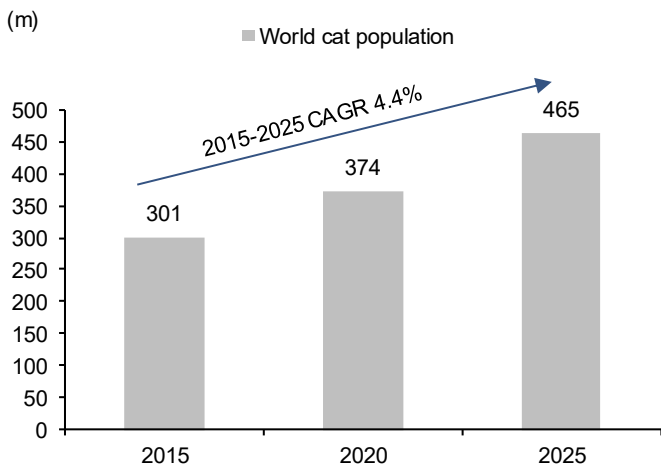
Sources: TU; Euromonitor; FSSIA's compilation

**Exhibit 18: Pet care industry is expected to grow at 5% CAGR over 2020-26**



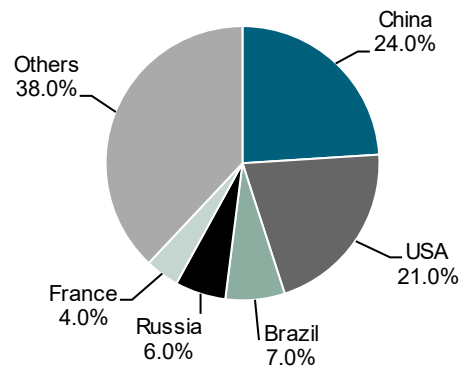
Sources: TU; Euromonitor; FSSIA's compilation

**Exhibit 19: World cat population**



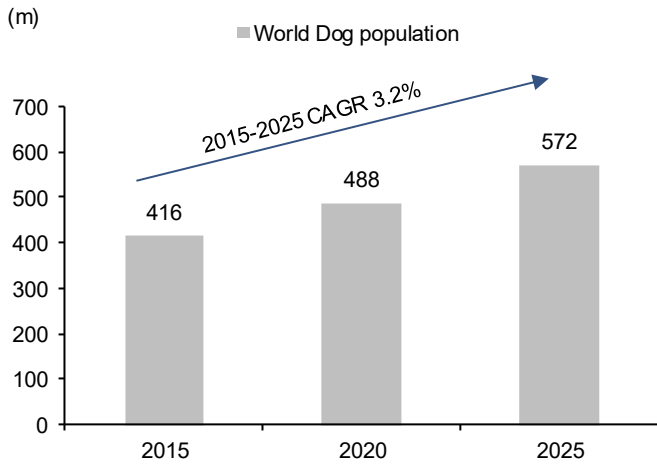
Sources: TU; Euromonitor; FSSIA's compilation

**Exhibit 20: Cat population breakdown by country**



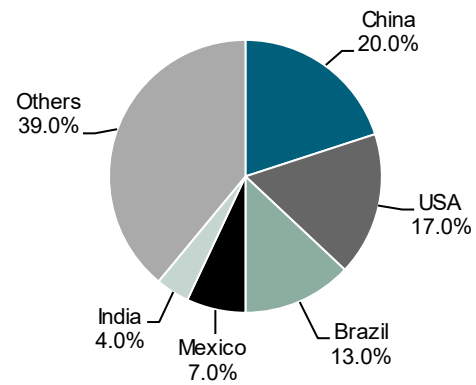
Sources: TU; Euromonitor; FSSIA's compilation

**Exhibit 21: World dog population**



Sources: TU; Euromonitor; FSSIA's compilation

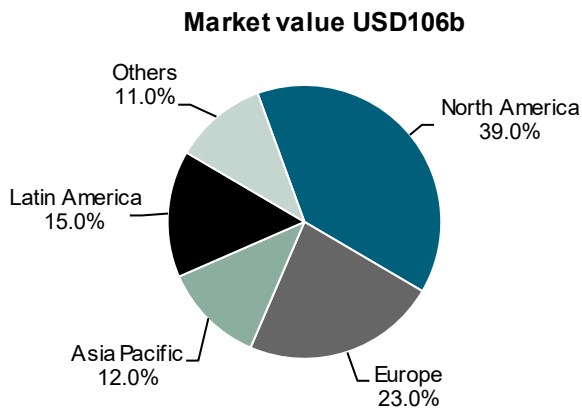
**Exhibit 22: Dog population breakdown by country**



Sources: TU; Euromonitor; FSSIA's compilation

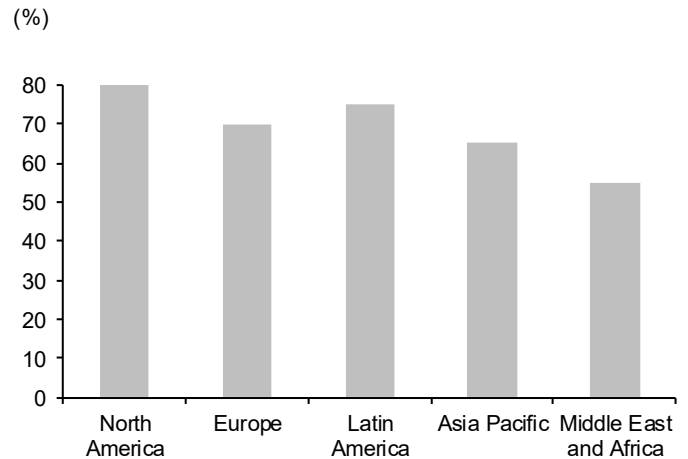
There is a similar trend in the US, ASIAN's main pet food customer. According to the [American Pet Products Association \(APPA\)](#), pet food sales in the US rose 9.7% y-y in 2020 to USD42b, accounting for 40% of total pet care sales of USD103.6b in 2020 (+6.7% y-y). APPA expects pet food sales to continue to grow at 5% y-y in 2021, above its historical average of 3%.

**Exhibit 23: World pet food market value breakdown by region in 2021E**



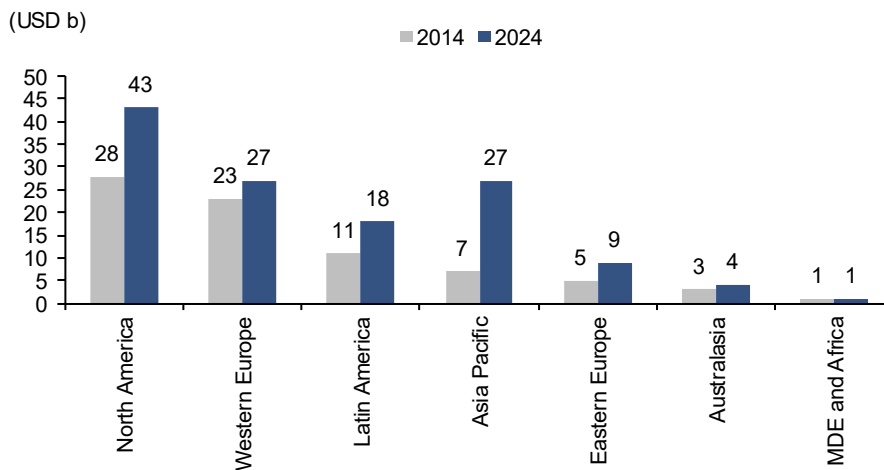
Sources: TU; Euromonitor; FSSIA's compilation

**Exhibit 24: Most pet owners consider their pets as beloved members of the family**



Sources: TU; Euromonitor; FSSIA's compilation



**Exhibit 25: Pet food market value by region in 2014 vs 2024**

Sources: TU; Euromonitor; FSSIA's compilation

We remain optimistic on ASIAN's outlook. It could be in a good position to gain market share during this period of resilient industry growth. ASIAN's and TU's pet food sales were at THB3.5b and THB12.7b in 2020, accounting for 10% and 39% of its and TU's total sales that year. Although the pet food industry's growth could be slightly muted (we estimate down to 4-5% in 2022 vs 7% in 2020 and the 5% estimated in 2021), we remain convinced that there are plenty of growth opportunities, as ASIAN's pet food sales of THB3.5b account for less than 0.2% of the total global market value.

TU plans to spin off its pet care unit, according to its latest analyst meeting, namely i-Tail Corporation (i-Tail, not listed) by 3Q22 to unlock its pet care value. Hence, we expect to see ASIAN's valuation rerate after the market recognises the growth opportunities in the high-margin pet care segment.

**Exhibit 26: Comparing pet food units between ASIAN and TU as of 2020**

	ASIAN	TU
Total sales (THB b)	8.6	132.4
Pet care and food sales (THB b)	3.5	12.7
% of pet care and food sales (%)	39	10
Pet care and food GPM (%)	20-22	26.0
OEM vs branded	Almost 100% of pet food sales derived from OEM customers	Almost 100% of pet food sales derived from OEM customers
Strategy	Co-develop products with customers, customize products to capture the changing demand trend	Strategic OEM partner, cheaper production cost due to economies of scale, own innovation
Market	US (55%), EU, Japan	US, Japan, Italy, Taiwan, Germany

Sources: Companies; FSSIA estimates

## Container shortage easing and more stable commodity prices

### Container shortage issue:

ASIAN and APURE could be the most impacted by the container shortage, as more than 80% and 90% of their total sales are derived from export sales. APURE experienced order delays from small to medium-sized customers (SMS) in 1H21. We expect that orders from SMS should recover from 62% of the current purchasing orders in 1H21 to 70-75% in 2H21.

CBG and OSP should have a limited impact from the container shortage as less than 5% of their total sales are derived from other overseas sales, apart from the CLMV region.

### More stable commodity prices

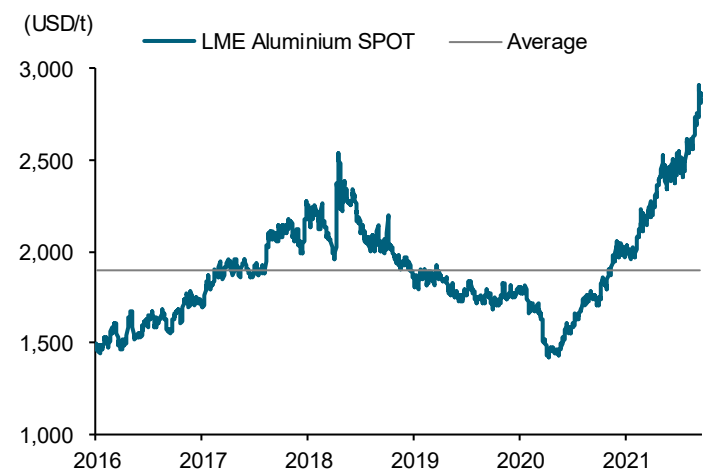
The currently high aluminium and steel prices will likely impact the manufacturing GPM of CBG, OSP, and APURE, as those raw materials are used in their product packaging. CBG should be the hardest hit by the currently high aluminium price at above USD2,800/tonne, as the company has yet to hedge for the aluminium price. We estimate that, ceteris paribus, for every USD100/tonne increase (c8-10% of total COGS) its export GPM would drop by 30bps (export sales normally account for c50% of total sales).

OSP's GPM should have a smaller impact from the aluminium price, as c70-80% of the aluminium price has already been locked in for 2021. Although the hedging price in 2022 would be higher, its GPM should only be slightly pressured, as less than 20% is derived from export sales and less than 50% of export products are in aluminium cans (the remaining products are in glass bottles).

APURE's can raw material price in 2022 could be 20% higher compared to 2021. However, the high volume growth and utilisation rate of its plant could mitigate this impact.

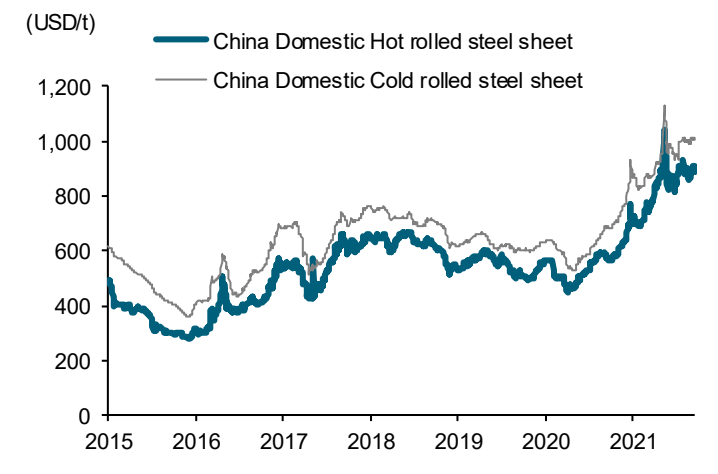
ASIAN should see a limited impact from the currently high packaging cost. Only the pet food (38.7% of total sales) and tuna (12.2%) units would be affected, as the materials used for those units' packaging accounts for 30% and 10% of total COGS, respectively. ASIAN adjusts its OEM contracts every 6-12 months to be in line with the current costs.

Exhibit 27: Aluminium price



Source: Bloomberg

Exhibit 28: Steel price



Source: Bloomberg

### 3Q21E and 2022 outlook for Thai food & beverage sector

**APURE:** APURE might be the only food & beverage stock under our coverage whose net profit in 3Q21 could grow y-y and q-q – we estimate to THB97m – driven by Walmart's orders. We see the EU market as APURE's next S-curve opportunity in 2022. We think an order recovery from its existing customers after the container shortage improves is also likely in 2022.

**ASIAN:** We expect its 3Q21 earnings to soften to THB276m (-6% q-q, +27% y-y) following lower pet food sales and a tighter GPM. We think ASIAN is an attractive export-oriented play to ride the promising growth outlook of the pet food industry, and we expect to see a valuation rerating for ASIAN after TU spins off its pet care unit, planned in 3Q22.

**CBG:** We see the key driver for solid growth in 2022 as the recovery of the CLMV market. Cambodia sales have been in a downward trend since 4Q20 due to severe flooding, with the nationwide lockdown since Apr-21 exasperating the situation. We think 2022 could see a Cambodia sales recovery to the pre-Covid level at above THB4.8b vs the THB4.5b estimated in 2021. We expect to see a similar trend in Myanmar, with sales estimated at THB400m-500m per quarter in 2022. Weak near-term sentiment from the softer 3Q21 outlook presents an opportunity to accumulate the stock, in our view. We estimate that its 3Q21 earnings could drop to THB800m-830m, dragged by the lockdown impact from both Thailand and CLMV markets, along with the higher aluminium price.

**OSP:** The energy drink market could drop by double digits y-y in 3Q21, impacted by the slowdown in consumption. Myanmar sales should also drop q-q due to the low season, stringent measures to contain the Covid outbreak, and more holidays. Its GPM should soften q-q following the lower sales. We estimate that its 3Q21 earnings could drop 9% q-q to THB750m. For 2022, we believe OSP could post at least 10% net profit growth, supported by the recovery of the energy drink market in Thailand and Myanmar.

**CPF:** We expect its 3Q21 outlook to soften q-q, dragged by the lower livestock price in the region. We expect to see the swine and chicken prices start to recover by late October onward after the Vegetarian Festival.

**SNNP:** We expect SNNP's 3Q21 earnings to be flat q-q at THB76m, dragged by the lockdown impact but offset by its more efficient distribution channel. 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.

#### Exhibit 29: 3Q21E earnings outlook

Company	BBG code	3Q20 (THB m)	4Q20 (THB m)	1Q21 (THB m)	2Q21 (THB m)	3Q21E (THB m)	3Q21E comments
Agripure Holdings	APURE TB	77	110	62	86	97	Only stock with 3Q21E growth q-q and y-y
Asian Sea Corporation	ASIAN TB	202	211	215	293	276	Slight drop q-q but still grow significantly y-y
Carabao Group	CBG TB	970	873	700	967	800-830	Drop q-q and y-y
Osotspa	OSP TB	923	851	1,004	820	750	Drop q-q and y-y
Charoen Pokphand Foods	CPF TB	7,474	6,409	6,945	4,737	3,500-4,000	Drop q-q and y-y
Srinanaporn Marketing	SNNP TB	51	37	178	77	76	Flat q-q but still grow significantly y-y

Source: FSSIA estimates

## Exhibit 30: Valuations of stocks under coverage

	APURE	ASIAN	CBG	OSP	CPF	SNNP
Target price (THB)	12	24.1	173	42	34	15
Current price (THB)	9.3	18.6	129.0	35.25	26.25	12.2
Upside/downside (%)	29.0	29.6	34.1	19.1	29.5	23.0
2021E EPS (THB)	0.40	1.23	3.50	1.21	2.50	0.44
2022E EPS (THB)	0.60	1.34	4.22	1.34	2.61	0.52
2023E EPS (THB)	0.71	1.45	4.85	1.44	2.77	0.62
2021E P/E (x)	23.0	15.1	36.9	29.1	10.5	27.8
2022E P/E (x)	15.5	13.9	30.5	26.4	10.0	23.3
2023E P/E (x)	13.1	12.9	26.6	24.5	9.5	19.8
Avg 5-year P/E (x)	14.3	10.2	40.1	30.9	12.6	27.6

Note: Current price as of 17 Sep 2021

Source: FSSIA estimates

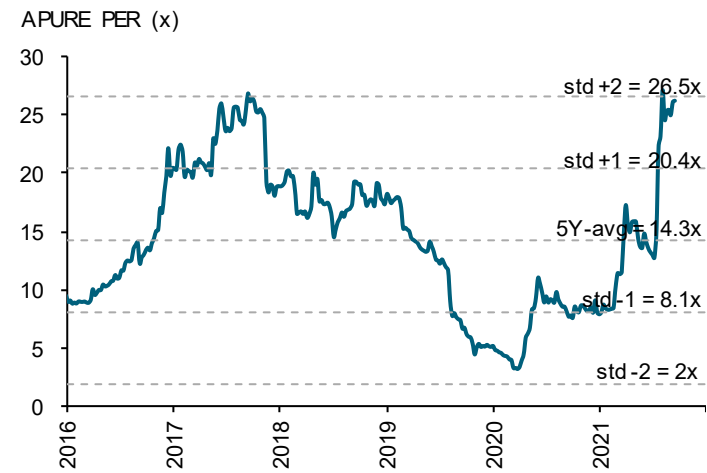
## Exhibit 31: Peers valuation

Company	BBG	Rec	--- Share price ---		Up side (%)	Market Cap (USD m)	3Y EPS CAGR (%)	---- PE ----		---- ROE ----		---- PBV ----		EVEBITDA	
			Current (LCY)	Target (LCY)				21E (x)	22E (x)	21E (%)	22E (%)	21E (x)	22E (x)	21E (x)	22E (x)
<b>Food &amp; Beverage</b>															
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
<b>Food &amp; Beverage average</b>						<b>22,550</b>	<b>13.4</b>	<b>33.5</b>	<b>21.8</b>	<b>16.2</b>	<b>17.9</b>	<b>4.1</b>	<b>3.7</b>	<b>18.1</b>	<b>14.6</b>
<b>Agribusiness</b>															
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
<b>Agribusiness average</b>						<b>2,763</b>	<b>12.7</b>	<b>10.3</b>	<b>8.4</b>	<b>22.6</b>	<b>18.8</b>	<b>1.5</b>	<b>1.3</b>	<b>7.3</b>	<b>6.9</b>
<b>Average</b>						<b>25,313</b>	<b>16.0</b>	<b>28.0</b>	<b>18.6</b>	<b>17.7</b>	<b>18.1</b>	<b>3.6</b>	<b>3.2</b>	<b>15.5</b>	<b>12.8</b>

Share prices as of 17 Sep 2021

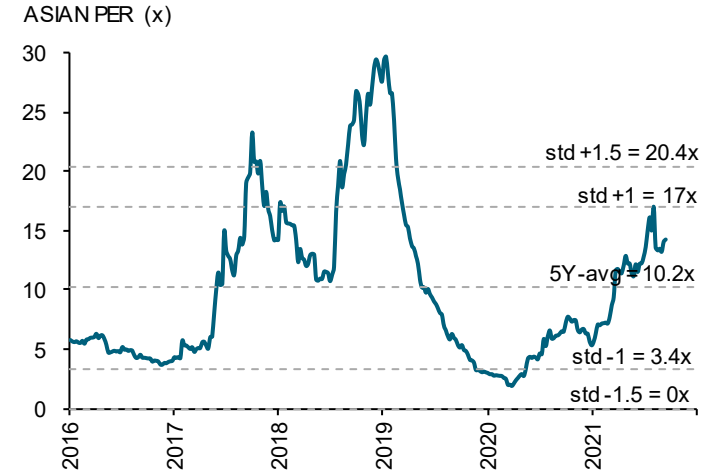
Sources: Bloomberg consensus; FSSIA estimates

**Exhibit 32: APURE – Rolling one-year forward P/E band**



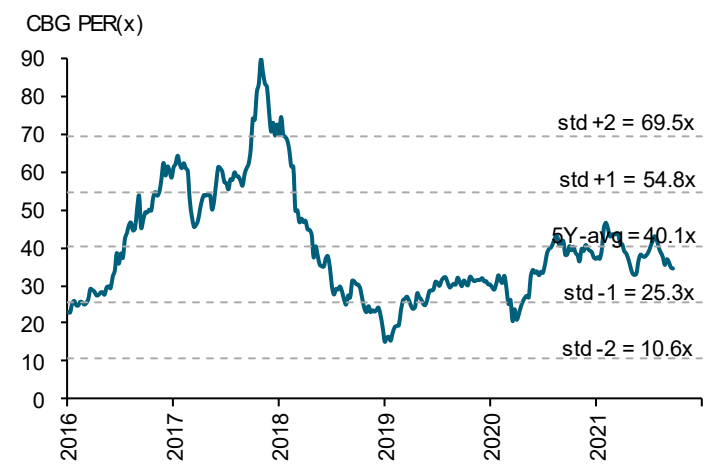
Sources: Bloomberg; FSSIA estimates

**Exhibit 33: ASIAN – Rolling one-year forward P/E band**



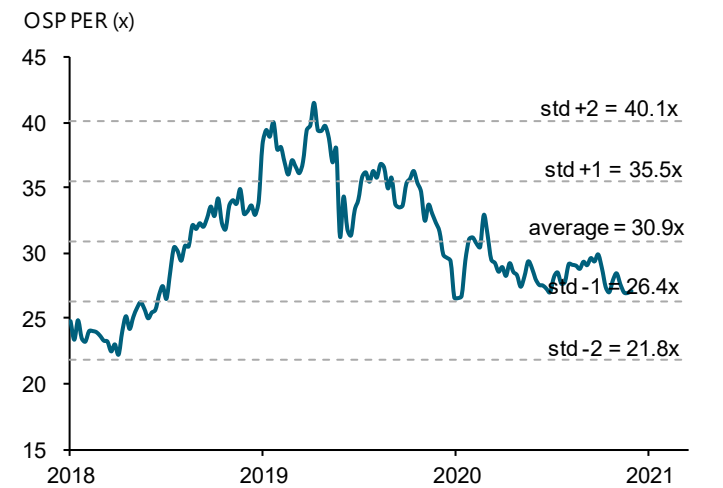
Sources: Bloomberg; FSSIA estimates

**Exhibit 34: CBG – Rolling one-year forward P/E band**



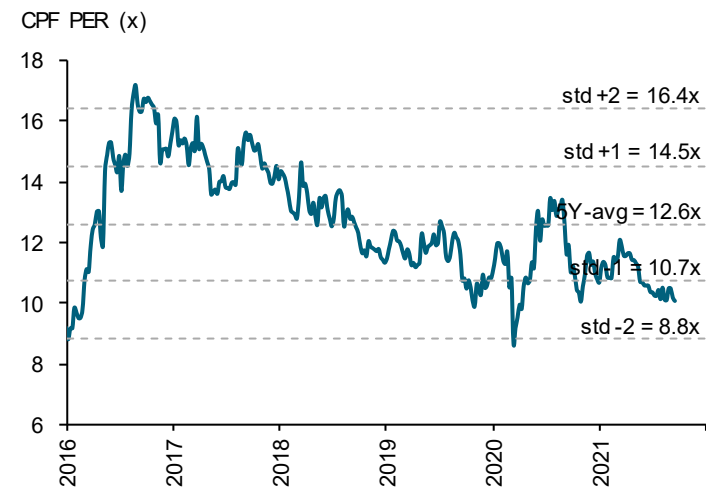
Sources: Bloomberg; FSSIA estimates

**Exhibit 35: OSP – Rolling one-year forward P/E band**



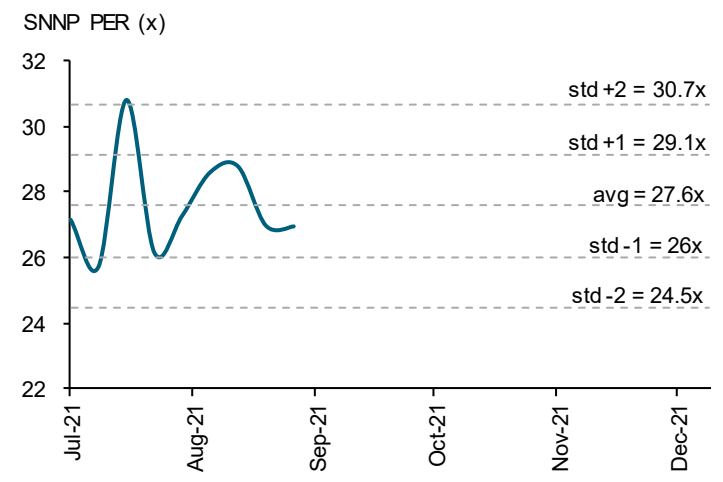
Sources: Bloomberg; FSSIA estimates

**Exhibit 36: CPF – Rolling one-year forward P/E band**



Sources: Bloomberg; FSSIA estimates

**Exhibit 37: SNNP – Rolling one-year forward P/E band**



Sources: Bloomberg; FSSIA estimates

## Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PAP	PCSGH	PDJ	PG	PHOL	PLANB
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEAOIL	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	TRC	TSC	TSR	TSTE	TSTH
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	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	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 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.
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.
Srinanaporn 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.