

21 DECEMBER 2021

THAILAND / FOOD

ASIAN SEA CORPORATION

ASIAN TB

BUY

UNCHANGED

TARGET PRICE	THB24.70
CLOSE	THB16.70
UP/DOWNSIDE	+47.9%
PRIOR TP	THB24.10
CHANGE IN TP	+2.5%
TP vs CONSENSUS	+5.8%

On path to a new record

Another record high profit expected in 2022

We remain convinced that ASIAN's net profit still has room to grow in 2022-23 after surging from THB133m in 2019 to an estimated THB1.0b in 2021. We expect the solid demand for pet food and frozen value-added products (VAP) to continue in 2022 alongside the company's new capacity expansion. Moreover, we expect to see the recovery of aquaculture feed sales after the Covid situation is under control. Overall, we expect 2022/23 earnings to grow by 10.8%/7.3%.

Riding the promising pet food industry outlook

We expect pet food sales to grow by 10% in 2022 vs ASIAN's target at 10-15%, supported by the wet pet food production capacity of c6,000 tonnes – commercial operation date (COD) scheduled in 1H22 (+14% y-y). Moreover, ASIAN is targeting own-brand sales growth to THB300m from THB100m estimated in 2021 (cTHB70m from Thailand and THB30m from China). Overall, we expect pet food sales to grow to THB4.6b in 2022, which is still below its maximum capacity of THB4.8b per year.

Few exporters with a limited impact from container shortage

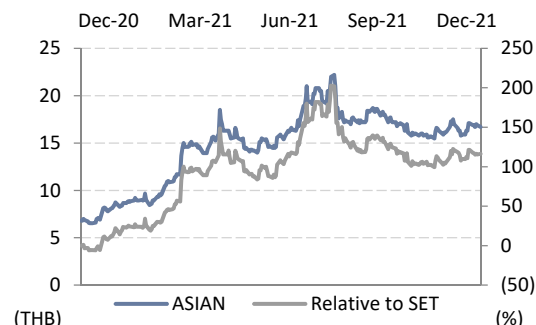
ASIAN is one of the few exporters which has a limited impact from the container shortage. Around 44% of ASIAN's sales are derived from pet food, which has had a promising growth outlook during the past two years. The freight cost to the US and EU has increased by around 3-10x compared to the pre-Covid level. Though the freight cost is exceptionally high, pet food export sales to the US have still grown at a record high of THB2.1b in Nov-21. ASIAN's pet food sales have exhibited a similar trend with record highs at THB1.1b in 2Q and 3Q21. Hence, we believe ASIAN's pet food and frozen VAP, which have strong demand from customers, should see a limited impact from the container shortage.

Maintain BUY with higher TP to THB24.7 (from THB24.1)

We revise up our 2021-23E net profit by 3.2-5.5% to reflect the solid performance in 9M21 and the higher-than-expected GPM. We nudge up our TP to THB24.7 (from THB24.1) to reflect our earnings upgrade. Our TP is pegged to 17.5x 2022E P/E, or 1SD above its 5-year average. We think ASIAN is an attractive export-oriented play to ride the pet food industry's promising growth outlook, and its risk/reward ratio is now gearing to positive. ASIAN trades at 11.8x 2022E P/E vs an average of 21.3x for its food sector peers.

KEY STOCK DATA

YE Dec (THB m)	2020	2021E	2022E	2023E
Revenue	8,645	9,344	10,112	10,788
Net profit	818	1,037	1,149	1,232
EPS (THB)	1.51	1.27	1.41	1.51
vs Consensus (%)	-	(2.5)	0.9	2.0
EBITDA	1,077	1,420	1,547	1,651
Core net profit	715	1,037	1,149	1,232
Core EPS (THB)	1.32	1.27	1.41	1.51
Chg. In EPS est. (%)	-	3.2	5.5	4.8
EPS growth (%)	438.9	(3.4)	10.8	7.3
Core P/E (x)	12.7	13.1	11.8	11.0
Dividend yield (%)	3.3	3.8	4.2	4.5
EV/EBITDA (x)	9.9	10.3	9.2	8.4
Price/book (x)	2.6	3.2	2.8	2.5
Net debt/Equity (%)	46.5	23.9	13.6	4.1
ROE (%)	22.7	26.6	25.1	23.8



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	3.1	(6.7)	117.8
Relative to country (%)	5.0	(7.4)	99.8
Mkt cap (USD m)	405		
3m avg. daily turnover (USD m)	2.5		
Free float (%)	66		
Major shareholder	Amornrattanachai 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 7-11% in 2022-23.

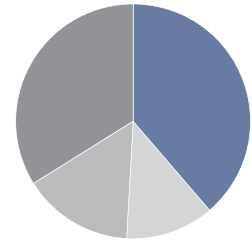
Company profile

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)

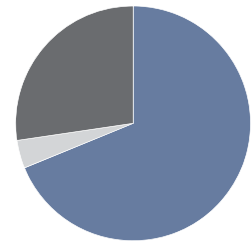
- Pet food and fish meal - 38.7 %
- Tuna - 12.2 %
- Aquaculture feed - 15.2 %
- Frozen - 33.9 %



Source: Asian Sea Corporation

Major shareholders

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



Source: Asian Sea Corporation

Catalysts

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

Risks to our call

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
February 2022	4Q21 results announcement

Key assumptions

	2021E	2022E	2023E
	(%)	(%)	(%)
Sales growth	6.9	8.1	6.6
- Pet food and fish meal	20.0	10.0	10.0
- Tuna	(30.0)	(5.0)	(3.0)
- Aquaculture feed	(8.0)	5.0	5.0
- Frozen	12.0	10.0	5.0
Gross margin	18.3	18.6	18.6
SG&A to sales	6.6	6.6	6.5

Source: FSSIA estimates

Earnings sensitivity

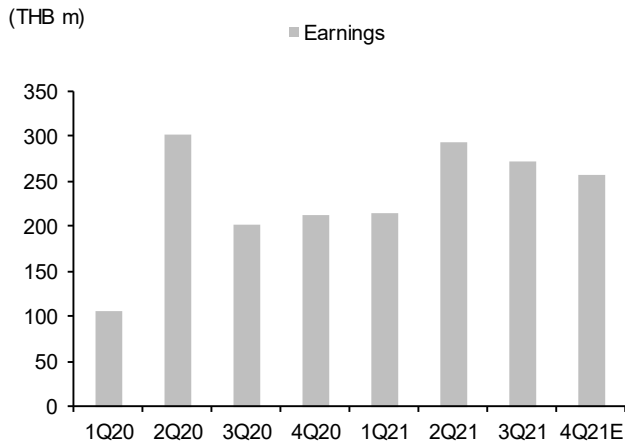
- For every 1% increase in sales growth, we estimate 2021 EPS would rise 1.8%, and vice versa, all else being equal.
- For every 1% increase in GPM, we estimate 2021 EPS would rise 12%, and vice versa, all else being equal.
- For every 1% increase in SG&A to sales, we estimate 2021 EPS would fall 12%,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

Source: FSSIA estimates

Still more room to grow in 2022-23

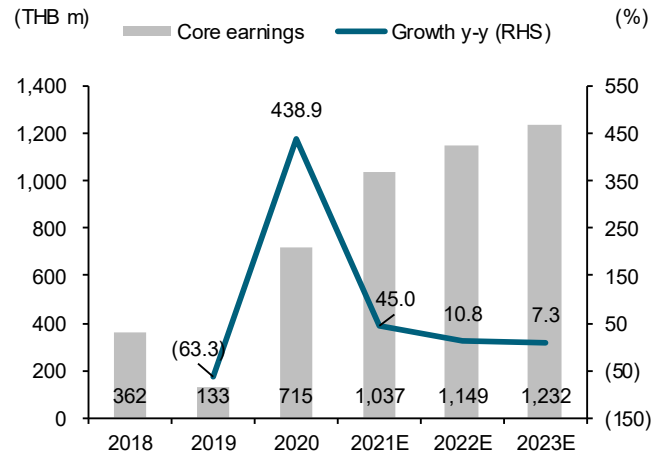
We remain convinced that ASIAN’s net profit still has room to grow in 2022-23 after surging from THB133m in 2019 to an estimated THB1.0b in 2021. We expect the solid demand for pet food and frozen VAP to continue in 2022 alongside the company’s new capacity expansion. Moreover, we expect to see the recovery of aquaculture feed sales after the Covid situation is under control. Overall, we expect 2022/23 earnings to grow by 10.8%/7.3%, respectively.

Exhibit 1: Expect 4Q21 to be flat or slightly drop q-q amid the low season and container shortage



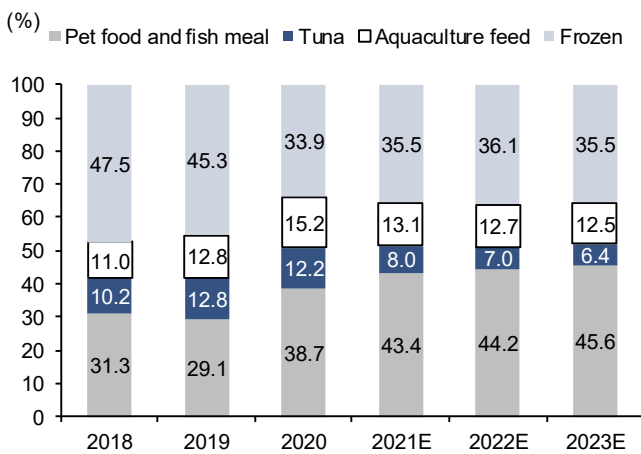
Sources: ASIAN; FSSIA estimates

Exhibit 2: Expect earnings to grow 11% in 2022 despite the high 2021E base due to the weakening THB



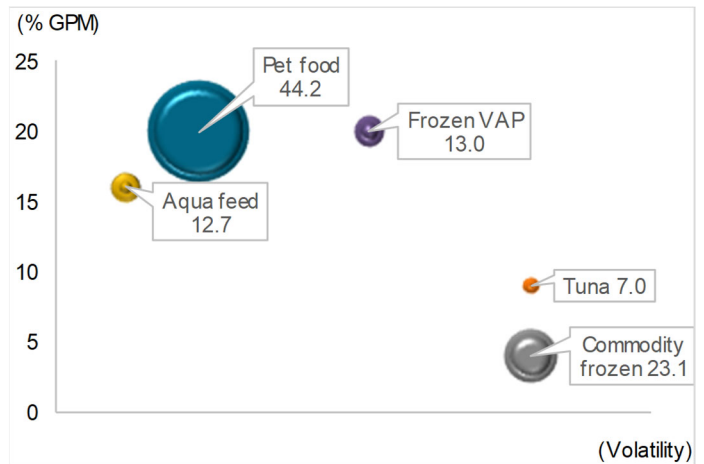
Sources: ASIAN; FSSIA estimates

Exhibit 3: Higher proportion of high margin value-added products



Sources: ASIAN; FSSIA estimates

Exhibit 4: ASIAN’s business model shifting to high margin and more stable GPM products

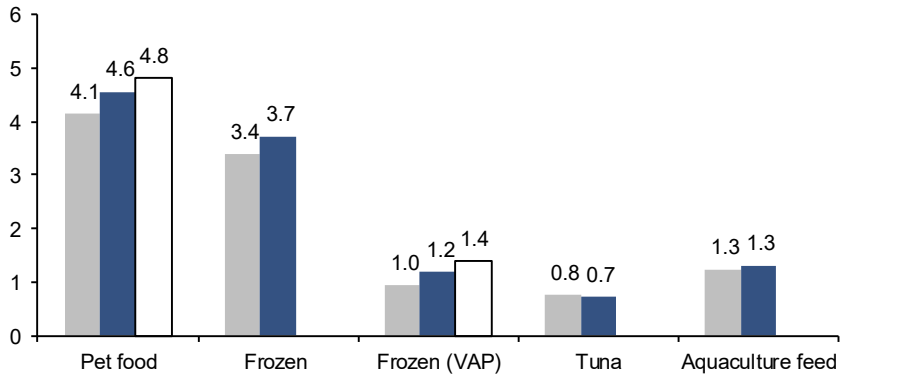


Sources: ASIAN; FSSIA estimates

Exhibit 5: Our pet food and frozen VAP sales assumptions for 2022 remain below the maximum capacity after its capacity expansion plan is completed

(THB b)

■ 2021E ■ 2022E □ Maximum sales after capacity expansion



Sources: ASIAN; FSSIA estimates

Pet food and frozen VAP continue to be key growth drivers in 2022

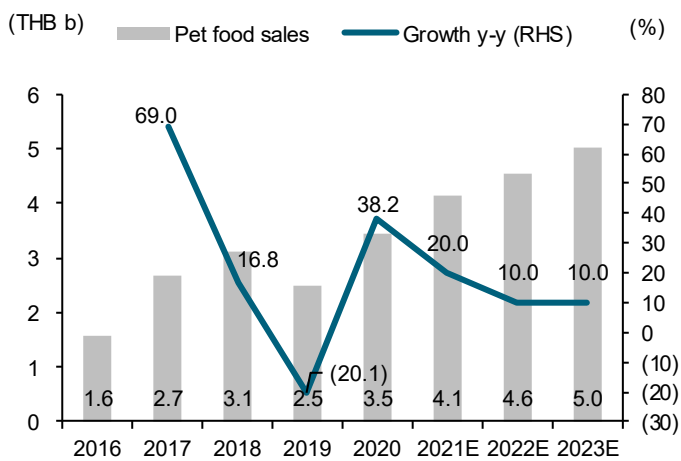
Pet food units (44% of total sales estimated in 2022)

We expect that pet food sales could grow by 10% in 2022 vs ASIAN's target at 10-15%, supported by the wet pet food production capacity of c6,000 tonnes – COD scheduled in 1H22. Hence, ASIAN's pet food capacity should increase to 48,000 tonnes from 42,000 tonnes (+14% y-y). Moreover, ASIAN is targeting own-brand sales growth to THB300m from THB100m estimated in 2021 (cTHB70m from Thailand and THB30m from China). Overall, we expect pet food sales to grow to THB4.6b in 2022, which is still below its maximum capacity of THB4.8b per year.

Frozen units (36% of total sales estimated in 2022)

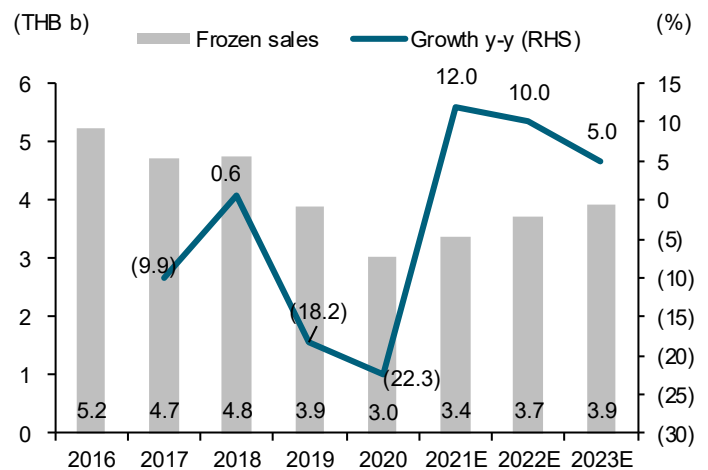
We expect frozen sales to grow by 10% y-y in 2022 to THB3.7b, driven by solid demand for its frozen VAP products which could grow to THB1.2b from the THB1.0b we estimate in 2021. This would be supported by the new capacity of c2,000 tonnes which is scheduled to COD by 1H22 following the capacity expansion by c2,000 tonnes in 3Q21.

Exhibit 6: Pet food sales trend



Sources: ASIAN; FSSIA estimates

Exhibit 7: Frozen sales trend



Sources: ASIAN; FSSIA estimates

Exhibit 8: Capacity expansion plan by segment

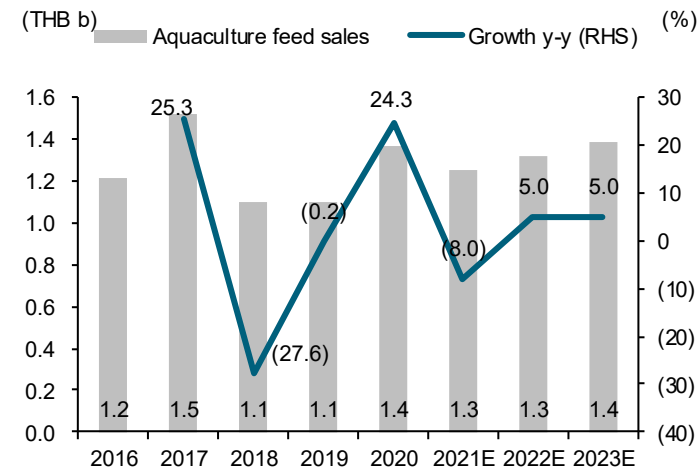
Capacity	2017 (tonne)	2018 (tonne)	2019 (tonne)	2020 (tonne)	2021E (tonne)	2022E (tonne)	2023E (tonne)
Pet food and fish meal	21,000	38,000	38,000	47,000	48,300	54,000	60,000
Pet food	15,000	32,000	32,000	41,000	42,300	48,000	54,000
Fish meal	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Tuna	45,000	17,500	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

Aquaculture feed units (13% of total sales estimated in 2022)

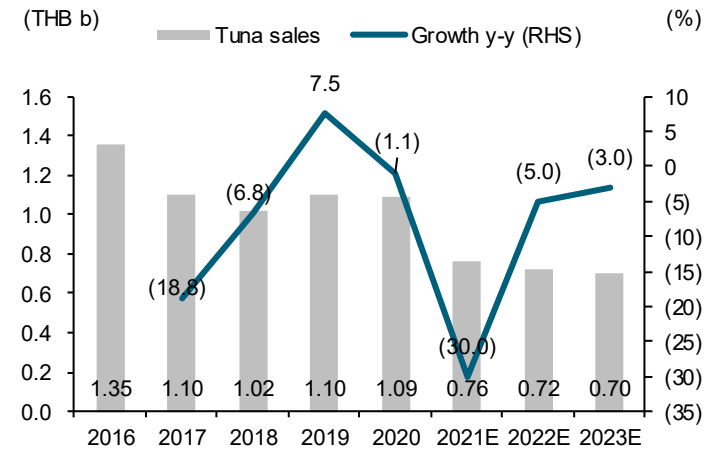
We conservatively expect aquaculture feed sales to grow by 5% y-y to THB1.3b following an improving Covid situation in 2022. There would be an upside risk to our forecast if no lockdown measures are implemented in 2022 and the tourism sector recovers at faster rate than expected.

Exhibit 9: Aquaculture feed sales trend



Sources: ASIAN; FSSIA estimates

Exhibit 10: Tuna sales trend

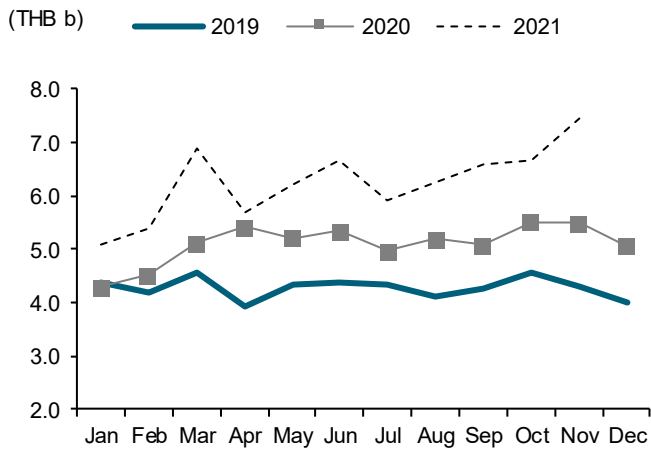


Sources: ASIAN; FSSIA estimates

Limited impact from container shortage

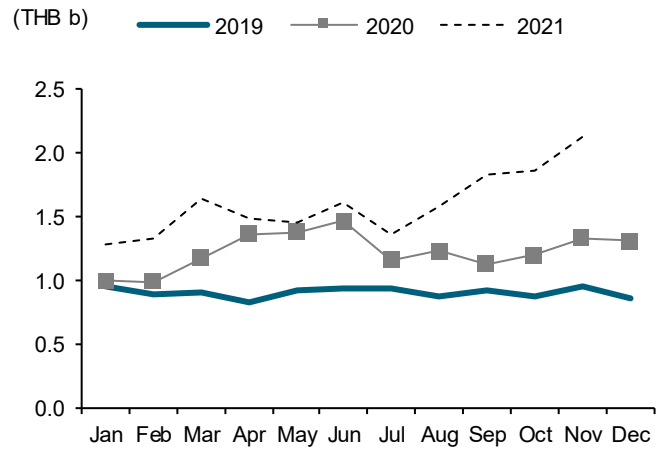
ASIAN is one of the few exporters which has a limited impact from the container shortage. Around 44% of ASIAN's sales are derived from pet food, which has had a promising growth outlook during the past two years. The freight cost to the US and EU has increased by around 3-10x compared to the pre-Covid level. Though the freight cost is exceptionally high, pet food export sales to the US have still grown at a record high of THB2.1b in Nov-21. ASIAN's pet food sales have exhibited a similar trend with record highs at THB1.1b in 2Q and 3Q21. Hence, we believe ASIAN's pet food and frozen VAP, which have strong demand from customers, should see a limited impact from the container shortage.

Exhibit 11: Pet food export sales are rising



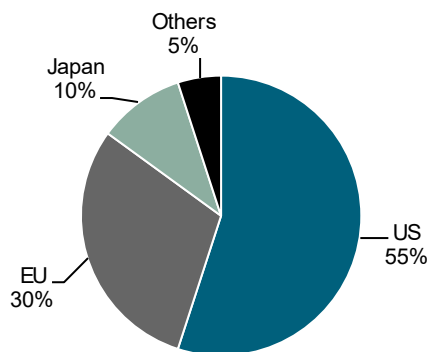
Sources: Ministry of Commerce (MOC); FSSIA's compilation

Exhibit 12: Pet food export sales to the US are in an uptrend



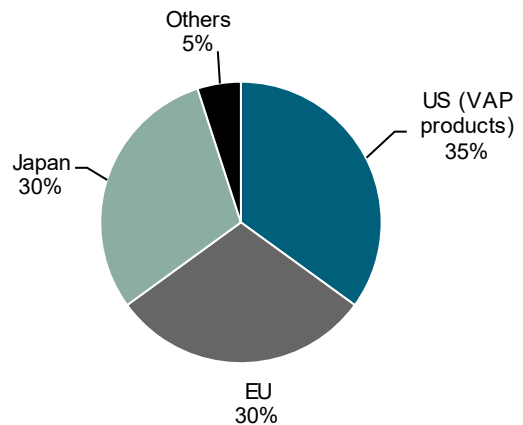
Sources: MOC; FSSIA's compilation

Exhibit 13: Pet food sales breakdown by region



Sources: ASIAN; FSSIA estimates

Exhibit 14: Frozen sales breakdown by region

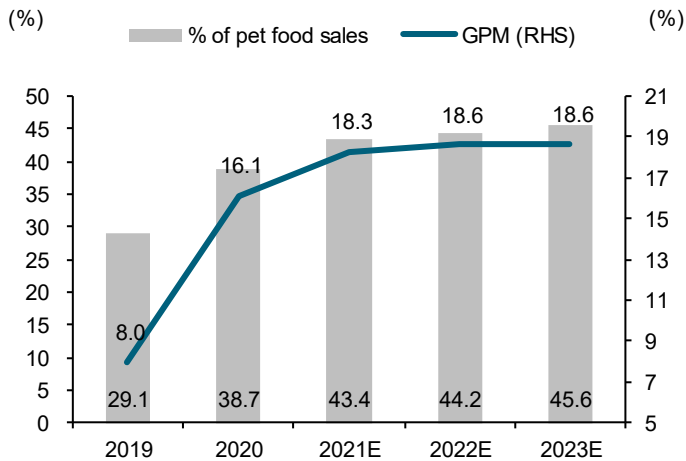


Sources: ASIAN; FSSIA estimates

Weakening THB to offset the higher raw material cost

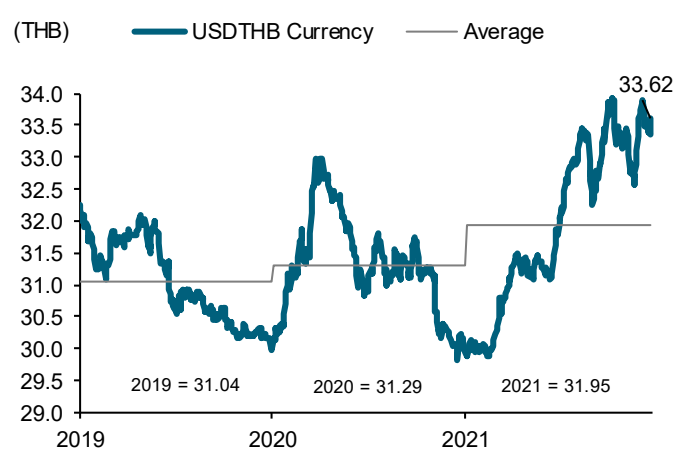
The high raw material cost should mainly impact the pet food units, as c30% of the cost is from packaging, c40% is from chicken, and c30% is from tuna. However, the OEM contracts are negotiated on a cost-plus basis, which allows ASIAN to pass through the higher raw material cost to customers based on 6 to 12-month contract lengths. Moreover, the favourably weakening THB environment at above THB32.0/USD should offset the high material cost. We expect ASIAN's GPM to slightly increase to 18.6% in 2022-23 based on the THB32.0/USD exchange rate. Every 1.0 THB/USD of depreciation would lift our 2022E net profit by 12%, based on 50% hedging.

Exhibit 15: Expect GPM to slightly increase in 2022



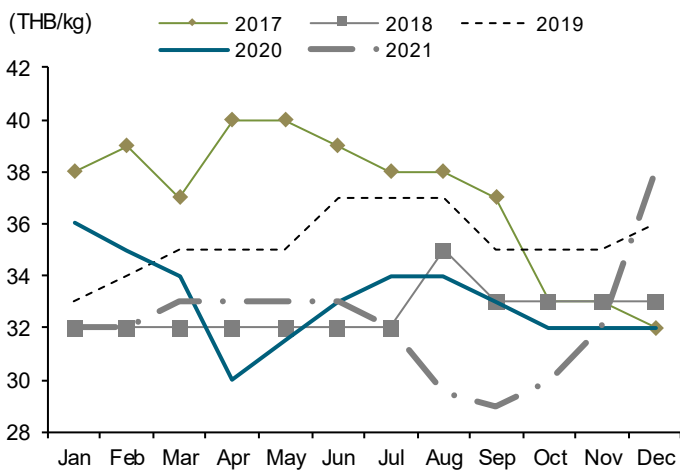
Sources: ASIAN; FSSIA estimates

Exhibit 16: USD/THB currency trend



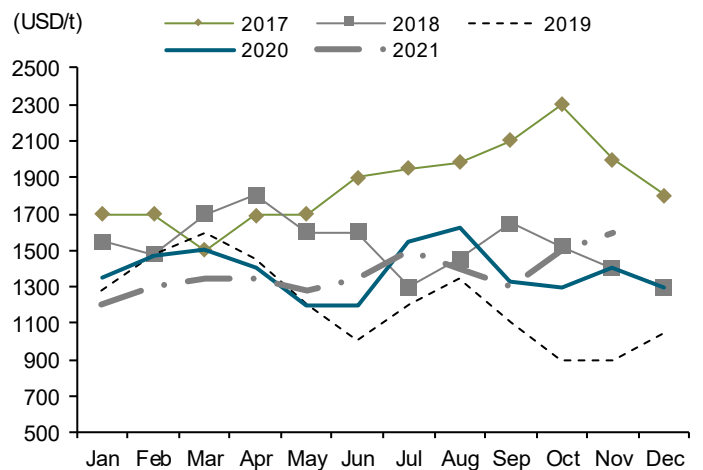
Source: Bloomberg

Exhibit 17: Chicken price



Sources: CPF; FSSIA estimates

Exhibit 18: Tuna price



Sources: TU; FSSIA estimates

Net profit and target price revisions

We revise up our 2021-23E net profit by 3.2-5.5% to reflect the solid performance in 9M21 and the higher-than-expected GPM. For our 2022E, we revise up our pet food and frozen sales assumptions by 9.1%/6.7% to bring them in line with the capacity expansion and raise our GPM estimate by 0.6ppts to 18.6% following our new THB/USD assumption of 32.0 from 31.8 previously.

We nudge up our TP to THB24.7 (from THB24.1). Our TP is pegged to 17.5x 2022E P/E, or 1SD above its 5-year average. We think ASIAN is an attractive export-oriented play to ride the pet food industry's promising growth outlook, and its risk/reward ratio is now gearing to positive. ASIAN trades at 11.8x 2022E P/E vs an average of 21.3x for its food sector peers.

Exhibit 19: Revised assumptions

	Current			Previous			Change (%)		
	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
Revenue (THB m)	9,344	10,112	10,788	9,455	10,065	10,697	(1.2)	0.5	0.8
- Pet food and fish meal	4,145	4,559	5,015	3,799	4,179	4,597	9.1	9.1	9.1
- Tuna	762	724	702	1,034	1,003	973	(26.3)	(27.8)	(27.8)
- Aquaculture feed	1,252	1,315	1,380	1,497	1,602	1,682	(16.4)	(17.9)	(17.9)
- Frozen	3,386	3,724	3,911	3,325	3,492	3,666	1.8	6.7	6.7
Gross margin (%)	18.3	18.6	18.6	17.8	18.0	18.2	0.5	0.6	0.4
SG&A to sales (%)	6.6	6.6	6.5	6.6	6.6	6.5	0.0	0.0	0.0
Net profit (THB m)	1,037	1,149	1,232	1,004	1,089	1,177	3.2	5.5	4.8

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

Source: FSSIA estimates

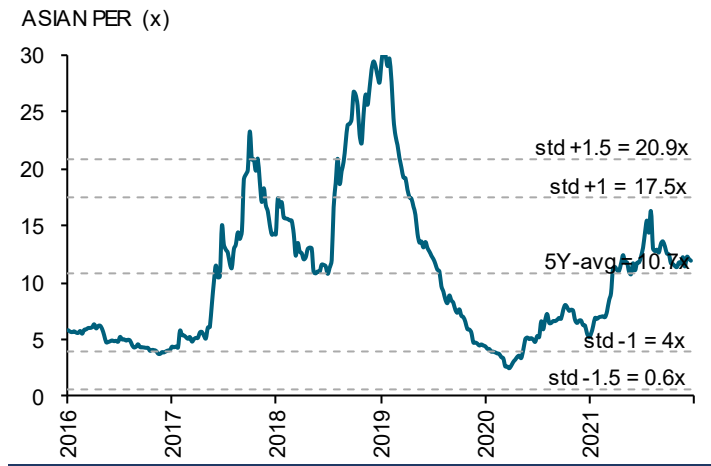
Exhibit 20: Peer valuations

Company	BBG	Rec	--- Share price ---		Up side	Market Cap	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)
Food & Beverage															
Agripure Holdings	APURE TB	BUY	7.10	10.0	40.8	203	22.9	21.1	14.2	16.6	22.5	3.4	3.0	13.9	10.2
Charoen Pokphand Foods	CPF TB	HOLD	23.90	28.0	17.2	5,985	(11.4)	13.7	12.7	7.7	7.9	1.1	1.1	14.2	16.4
Asian Sea	ASIAN TB	BUY	16.70	24.7	47.9	405	4.7	13.1	11.8	26.6	25.1	3.2	2.8	10.3	9.2
Srinanaporn Marketing	SNNP TB	BUY	10.90	15.0	37.6	312	67.9	35.8	20.8	20.7	18.6	4.0	3.7	15.0	12.4
Thai Union Group	TU TB	NR	19.40	n/a	n/a	2,686	(0.6)	12.5	12.3	13.8	13.2	1.6	1.5	11.3	11.3
R&B Food Supply	RBF TB	NR	20.40	n/a	n/a	1,214	31.8	81.6	35.2	11.0	22.0	9.6	8.4	48.3	23.2
Thai Vegetable Oil	TVO TB	NR	30.00	n/a	n/a	722	2.7	10.6	13.0	24.1	18.8	2.5	2.4	7.7	8.8
Thaifoods Group	TFG TB	NR	4.32	n/a	n/a	725	(8.6)	33.2	14.4	6.4	13.8	2.0	1.8	11.0	8.7
Khon Kean Sugar Industry	KSL TB	NR	3.56	n/a	n/a	467	nm	28.5	14.8	2.8	5.3	0.8	0.8	17.7	15.1
NR Instant Produce	NRF TB	NR	7.65	n/a	n/a	323	38.3	139.1	51.0	2.9	7.8	4.0	3.8	31.5	24.1
Sunsweet	SUN TB	NR	6.60	n/a	n/a	127	16.0	18.9	14.4	18.2	23.6	3.7	3.3	12.0	10.1
Carabao Group	CBG TB	BUY	119.00	158.0	32.8	3,545	9.2	39.4	32.1	28.7	31.3	10.7	9.4	26.9	22.3
Osotspa	OSP TB	BUY	33.00	42.0	27.3	2,952	6.3	31.5	27.2	16.3	18.6	5.1	5.0	21.0	18.7
Sappe	SAPPE TB	NR	26.50	n/a	n/a	241	10.4	18.5	16.6	15.0	15.3	2.7	2.4	8.6	8.0
Taikaenoi Food&Marketing	TKN TB	NR	7.80	n/a	n/a	320	19.2	74.3	32.5	7.6	14.8	4.9	4.4	28.4	18.9
Ichitan Group	ICHI TB	NR	9.90	n/a	n/a	383	16.3	21.5	17.7	8.9	11.2	2.0	1.9	10.6	9.3
Food & Beverage average						20,608	7.1	37.1	21.3	14.2	16.9	3.8	3.5	18.0	14.2
Agribusiness															
Sri Trang Agro-Industry	STA TB	NR	29.75	n/a	n/a	1,359	(2.0)	2.7	5.6	38.7	14.6	0.8	0.7	2.0	3.4
GFPT	GFPT TB	NR	12.10	n/a	n/a	451	(9.4)	76.1	16.0	1.4	6.3	1.0	1.0	13.2	8.4
Northeast Rubber	NER TB	NR	6.95	n/a	n/a	340	nm	6.3	5.9	40.5	36.9	2.5	1.9	7.8	7.1
Thai Wah	TWPC TB	NR	5.40	n/a	n/a	141	284.1	14.0	10.3	6.6	8.5	0.9	0.9	6.5	5.6
Agribusiness average						2,292	6.9	24.8	9.4	21.8	16.6	1.3	1.1	7.3	6.1
Average						22,900	8.4	34.6	18.9	15.7	16.8	3.3	3.0	15.9	12.6

Share prices as of 20 Dec 2021

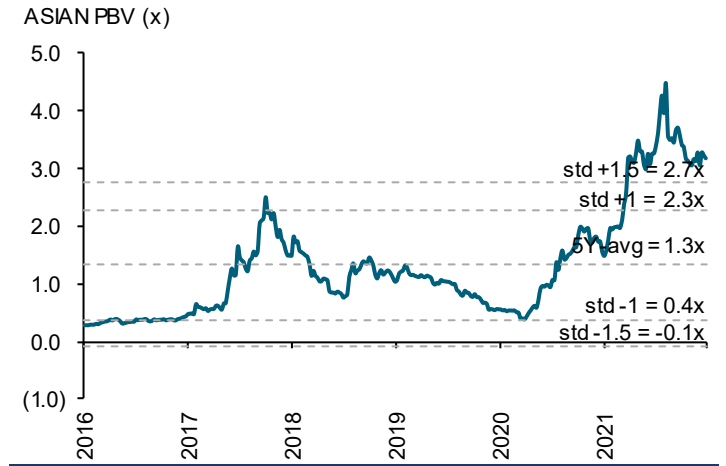
Sources: Bloomberg consensus; FSSIA estimates

Exhibit 21: Rolling one-year forward P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 22: 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	9,344	10,112	10,788
Cost of goods sold	(7,334)	(7,004)	(7,382)	(7,973)	(8,513)
Gross profit	860	1,641	1,962	2,139	2,275
Other operating income	137	79	74	76	77
Operating costs	(540)	(643)	(617)	(667)	(701)
Operating EBITDA	456	1,077	1,420	1,547	1,651
Depreciation	(207)	(248)	(253)	(258)	(263)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	249	829	1,167	1,289	1,388
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	1,085	1,203	1,291
Tax	(5)	(34)	(49)	(54)	(58)
Profit after tax	133	818	1,037	1,149	1,232
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	1,037	1,149	1,232
Non-recurring items & goodwill (net)	0	(103)	0	0	0
Recurring net profit	133	715	1,037	1,149	1,232
Per share (THB)					
Recurring EPS *	0.24	1.32	1.27	1.41	1.51
Reported EPS	0.24	1.51	1.27	1.41	1.51
DPS	0.20	0.55	0.64	0.71	0.76
Diluted shares (used to calculate per share data)	543	543	814	814	814
Growth					
Revenue (%)	(15.1)	5.5	8.1	8.2	6.7
Operating EBITDA (%)	(34.3)	136.0	31.9	8.9	6.7
Operating EBIT (%)	(49.8)	233.0	40.8	10.5	7.7
Recurring EPS (%)	(63.3)	438.9	(3.4)	10.8	7.3
Reported EPS (%)	(63.3)	516.5	(15.5)	10.8	7.3
Operating performance					
Gross margin inc. depreciation (%)	8.0	16.1	18.3	18.6	18.6
Gross margin of key business (%)	8.0	16.1	18.3	18.6	18.6
Operating EBITDA margin (%)	5.6	12.5	15.2	15.3	15.3
Operating EBIT margin (%)	3.0	9.6	12.5	12.8	12.9
Net margin (%)	1.6	8.3	11.1	11.4	11.4
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	14.3	14.5	13.4
Inventory days	101.8	95.2	98.0	97.6	98.2
Debtor days	43.4	38.2	40.3	40.4	40.7
Creditor days	32.5	33.4	34.0	33.5	33.7
Operating ROIC (%)	5.1	17.9	24.2	25.7	26.7
ROIC (%)	4.7	16.9	22.9	24.5	25.5
ROE (%)	4.8	22.7	26.6	25.1	23.8
ROA (%)	3.9	13.2	16.3	15.8	15.5
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Pet food and fish meal	2,385	3,345	4,058	4,467	4,915
Tuna	1,050	1,054	746	709	688
Aquaculture feed	1,045	1,318	1,226	1,288	1,353
Frozen	3,714	2,928	3,315	3,649	3,832

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	1,037	1,149	1,232
Depreciation	207	248	253	258	263
Associates & minorities	-	-	-	-	-
Other non-cash items	(30)	163	0	0	0
Change in working capital	861	(237)	(178)	(193)	(167)
Cash flow from operations	1,171	889	1,111	1,213	1,328
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)	(13)	(14)	(12)
Cash flow from investing	(441)	(231)	(265)	(272)	(275)
Dividends paid	(109)	(299)	(518)	(574)	(616)
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)	123	(604)	(536)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	103	0	0	0
Net other adjustments	(728)	343	86	99	114
Movement in cash	7	104	1,055	437	631
Free cash flow to firm (FCFF)	833.20	734.34	927.87	1,031.17	1,157.38
Free cash flow to equity (FCFE)	115.13	402.99	1,302.40	1,011.10	1,246.99

Per share (THB)	2019	2020	2021E	2022E	2023E
FCFF per share	1.54	1.35	1.71	1.90	2.13
FCFE per share	0.21	0.74	2.40	1.86	2.30
Recurring cash flow per share	0.57	2.07	1.58	1.73	1.84

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	1,263	1,700	2,330
A/C receivable	823	986	1,075	1,164	1,241
Inventories	1,738	1,916	2,048	2,216	2,364
Other current assets	54	69	75	81	86
Current assets	2,718	3,178	4,461	5,160	6,022
Other assets	218	223	230	239	246
Total assets	5,822	6,232	7,522	8,231	9,102
Common equity	2,810	3,498	4,288	4,862	5,478
Minorities etc.	0	0	0	0	0
Total shareholders' equity	2,810	3,498	4,288	4,862	5,478
Long term debt	1,243	605	585	575	675
Other long-term liabilities	94	95	99	105	111
Long-term liabilities	1,337	700	684	680	786
A/C payable	610	670	705	760	811
Short term debt	952	1,228	1,704	1,783	1,878
Other current liabilities	112	137	141	145	150
Current liabilities	1,675	2,034	2,550	2,689	2,838
Total liabilities and shareholders' equity	5,822	6,232	7,522	8,231	9,102
Net working capital	1,893	2,165	2,352	2,555	2,732
Invested capital	4,997	5,218	5,413	5,626	5,811

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

Per share (THB)	2019	2020	2021E	2022E	2023E
Book value per share	5.18	6.45	5.27	5.97	6.73
Tangible book value per share	5.10	6.35	5.20	5.91	6.66

Financial strength	2019	2020	2021E	2022E	2023E
Net debt/equity (%)	74.5	46.5	23.9	13.6	4.1
Net debt/total assets (%)	35.9	26.1	13.6	8.0	2.4
Current ratio (x)	1.6	1.6	1.7	1.9	2.1
CF interest cover (x)	5.6	8.6	20.0	15.2	15.5

Valuation	2019	2020	2021E	2022E	2023E
Recurring P/E (x) *	68.3	12.7	13.1	11.8	11.0
Recurring P/E @ target price (x) *	101.0	18.7	19.4	17.5	16.3
Reported P/E (x)	68.3	11.1	13.1	11.8	11.0
Dividend yield (%)	1.2	3.3	3.8	4.2	4.5
Price/book (x)	3.2	2.6	3.2	2.8	2.5
Price/tangible book (x)	3.3	2.6	3.2	2.8	2.5
EV/EBITDA (x) **	24.4	9.9	10.3	9.2	8.4
EV/EBITDA @ target price (x) **	34.0	14.0	14.9	13.4	12.3
EV/invested capital (x)	2.2	2.0	2.7	2.5	2.4

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

Sources: Asian Sea Corporation; FSSIA estimates

Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	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	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:

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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)

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

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

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Karun Intrachai FSS International Investment Advisory Securities Co., Ltd

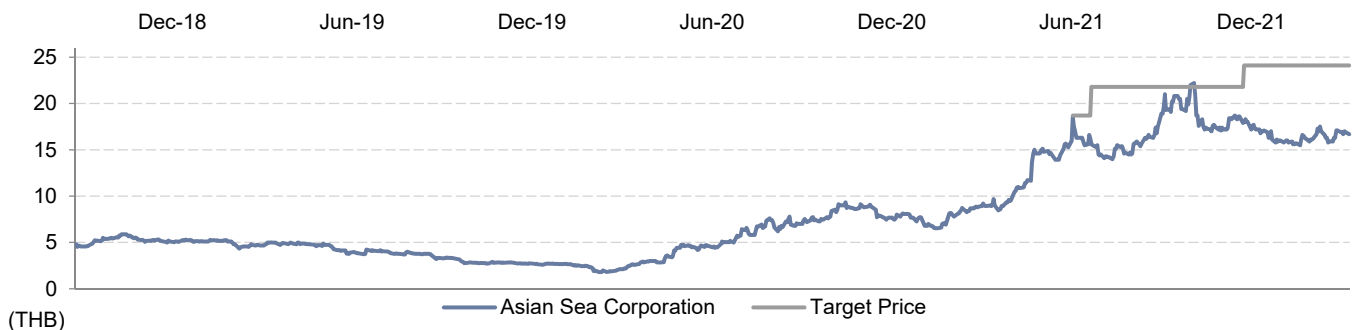
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

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History of change in investment rating and/or target price

Asian Sea Corporation (ASIAN TB)



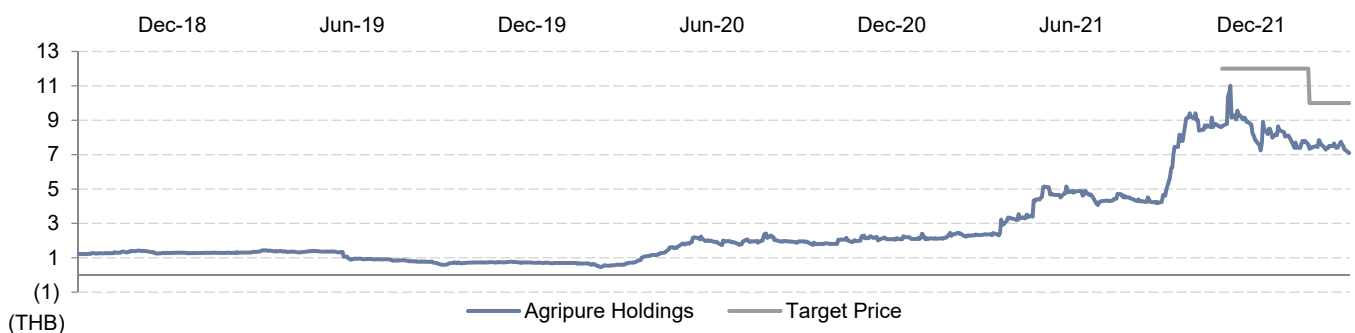
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
26-Apr-2021	BUY	18.70	01-Jun-2021	BUY	21.80	11-Aug-2021	HOLD	21.80
12-May-2021	BUY	21.80	19-Jul-2021	BUY	21.80	20-Sep-2021	BUY	24.10

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

Price and TP are in local currency

Source: FSSIA estimates

Agripure Holdings (APURE TB)



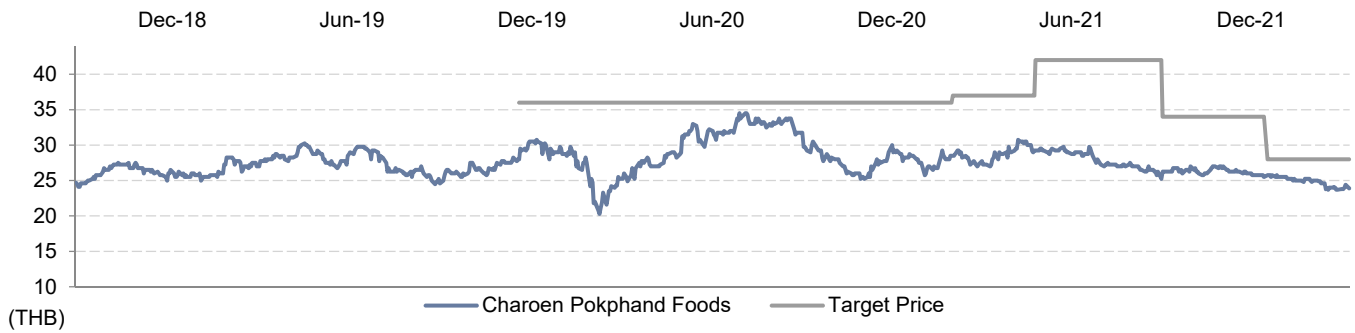
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
01-Sep-2021	BUY	12.00	10-Sep-2021	BUY	12.00	15-Nov-2021	BUY	10.00

Karun Intrachai started covering this stock from 01-Sep-2021

Price and TP are in local currency

Source: FSSIA estimates

Charoen Pokphand Foods (CPF TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
08-Jan-2020	BUY	36.00	25-Mar-2021	BUY	42.00	08-Oct-2021	HOLD	28.00
02-Apr-2020	BUY	36.00	07-Apr-2021	BUY	42.00			
13-Jan-2021	BUY	37.00	12-Jul-2021	BUY	34.00			

Karun Intrachai started covering this stock from 13-Jan-2021

Price and TP are in local currency

Source: FSSIA estimates

Srinanaporn Marketing (SNNP TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
30-Jul-2021	BUY	15.00	-	-	-	-	-	-

Karun Intrachai started covering this stock from 30-Jul-2021

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Asian Sea Corporation	ASIAN TB	THB 16.70	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 7.10	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 23.90	HOLD	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. Key upside risk is a faster-than-expected recovery of the livestock price in the region and a lower feed stock cost.
Srinanaporn Marketing	SNNP TB	THB 10.90	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.

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 Finasia 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 Finasia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 20-Dec-2021 unless otherwise stated.

RECOMMENDATION STRUCTURE

Stock ratings

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

BUY (B). The upside is 10% or more.

HOLD (H). The upside or downside is less than 10%.

REDUCE (R). The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Industry Recommendations

Overweight. The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

Neutral. The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

Underweight. The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

Country (Strategy) Recommendations

Overweight (O). Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral (N). Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight (U). Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.