

ASIAN SEA CORPORATION  
THAILAND / FOOD

## ASIAN TB

BUY

UNCHANGED

## อัศวินม้าขาว

- เราคิดว่ากำไรจะโตต่อเนื่องในช่วง 2H22-2024 จากการขยายกำลังการผลิต อัตราค่าไรรักษา (GPM) ที่อยู่ในระดับสูงและยั่งยืน, และปริมาณขายที่ปรับขึ้น
- ASIAN จะมุ่งเน้นในผลิตภัณฑ์ที่ยั่งยืนและการขยายธุรกิจปลายน้ำ (Forward integration) เช่น การเพาะเลี้ยงปลาแมกกีขึ้น
- คงแนะนำซื้อที่ราคาเป้าหมาย 24.7 บาท

TARGET PRICE	THB24.70
CLOSE	THB16.50
UP/DOWNSIDE	+49.7%
PRIOR TP	THB24.70
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+16.9%

## KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	9,488	10,263	10,943	12,296
Net profit	1,044	1,150	1,234	1,349
EPS (THB)	1.28	1.41	1.52	1.66
vs Consensus (%)	-	2.0	0.4	(1.6)
EBITDA	1,476	1,556	1,660	1,804
Core net profit	1,039	1,150	1,234	1,349
Core EPS (THB)	1.28	1.41	1.52	1.66
Chg. In EPS est. (%)	-	-	-	-
EPS growth (%)	(3.2)	10.7	7.3	9.3
Core P/E (x)	12.9	11.7	10.9	10.0
Dividend yield (%)	3.9	4.3	4.6	5.0
EV/EBITDA (x)	10.5	9.8	8.9	8.1
Price/book (x)	3.3	2.9	2.6	2.3
Net debt/Equity (%)	52.5	38.3	26.3	19.4
ROE (%)	27.5	26.5	25.0	24.2

## แนวโน้มการเติบโตต่อเนื่องในช่วง 2H22-2024

จากการเติบโตของรายได้และกำไรที่สูงขึ้นจากธุรกิจอาหารสัตว์เลี้ยงและอาหารแช่แข็ง รวมถึงการปรับโครงสร้างทางยุทธศาสตร์อย่างเหมาะสมในธุรกิจกัญชาและอาหารสัตว์น้ำ เราคิดว่ากำไรของ ASIAN น่าจะโตอย่างต่อเนื่องที่ 7-11% ต่อปีในช่วง 2H22-2024 จากการขยายกำลังการผลิต, GPM ที่อยู่ในระดับสูงและยั่งยืน, รวมถึงปริมาณขายที่ปรับขึ้นทั้งในตลาดส่งออกและในประเทศ

## อาหารสัตว์เลี้ยง: อัศวินม้าขาว

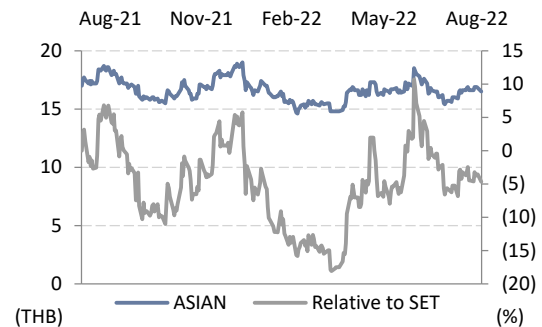
เพชรยอดมงกุฎของ ASIAN กล่าวคือธุรกิจอาหารสัตว์เลี้ยงคิดเป็น 56% ของรายได้รวมใน 2Q22 เพิ่มขึ้นจาก 44% ใน 2Q21 และเราคาดว่าธุรกิจดังกล่าวจะโตในอัตรา 20-30% CAGR ในช่วงปี 2022-24 จากอัตรากำไรขั้นต้นที่อยู่ในระดับสูงและยั่งยืนและปริมาณขายที่ปรับขึ้น 44% y-y ใน 2Q22 เนื่องจากประเทศไทยเป็นผู้ส่งออกอาหารสัตว์เลี้ยงใหญ่เป็นอันดับ 4 ของโลกในปี 2020 โดยมีมูลค่ารวม USD1.65 พันล้านเทียบกับขนาดของตลาดในประเทศที่เพียง USD0.7 พันล้าน เราจึงเชื่อว่า ASIAN ยังมีโอกาสโตอย่างมีนัยสำคัญทั้งในตลาดส่งออกและในประเทศในช่วงปี 2022-24

## ผลิตภัณฑ์มูลค่าเพิ่ม (VAP) ในธุรกิจอาหารแช่แข็งนำการเติบโต

ในด้านธุรกิจอาหารแช่แข็ง เราเชื่อว่า VAP, ยอดขายกึ่งในอิตาลี, และยอดขายปลาในญี่ปุ่น น่าจะเป็นปัจจัยบวกสำคัญสำหรับพอร์ตกำไรสุทธิของ ASIAN ในช่วง 2H22-24 เราเห็นว่าที่น่าจะเป็นธุรกิจทางยุทธศาสตร์ของ ASIAN ที่จะช่วยหนุนธุรกิจอาหารสัตว์เลี้ยงที่มีการเติบโตและอัตรากำไรสูง ธุรกิจดังกล่าวใช้ผลพลอยได้ในธุรกิจกัญชาเป็นวัตถุดิบสำคัญ แม้เราจะคาดว่ารายได้จากธุรกิจกัญชาจะลดลงอย่างต่อเนื่องในช่วงปี 2022-24 เราคิดว่า ASIAN จะรายงานผลประกอบการในด้านการเงินและการดำเนินงานดีขึ้นอย่างมีนัยสำคัญตั้งแต่ 2H22 เป็นต้นไป เนื่องจากบริษัท มุ่งเน้นในด้านผลิตภัณฑ์ที่ยั่งยืนและการขยายธุรกิจปลายน้ำ เช่น การเพาะเลี้ยงปลาแมกกีขึ้นเพื่อส่งลูกกุ้งและปลาให้แก่เกษตรกร ซึ่งเป็นลูกค้าหลักของธุรกิจอาหารสัตว์น้ำของ ASIAN

## หุ้นส่งออกอาหารแช่แข็งและอาหารสัตว์เลี้ยงที่น่าสนใจที่สุดของไทย

ASIAN มีการซื้อขายที่ 10-12x ของค่า 2022-24E P/E พร้อม ROE ที่สูงถึง 24-27% และ GPM ที่ยั่งยืนอยู่ในช่วง 19-20% จากรูปแบบการทำธุรกิจและพอร์ตผลิตภัณฑ์ที่ปรับตัวไวกและมียุทธศาสตร์ เราคิดว่า ASIAN เป็นหนึ่งในหุ้นเติบโตที่น่าสนใจที่สุดของไทย เราเห็นว่าบริษัทไม่เพียงเป็นหนึ่งในบริษัทส่งออกจดทะเบียนที่แข็งแกร่งที่สุด แต่ยังเป็นหนึ่งในหุ้นที่มีความยืดหยุ่นสูงที่สุดอีกด้วยจากประวัติอันยาวนานในการไม่เป็นเพียงแค่ผู้รอดชีวิตแต่ยังฟื้นตัวได้จากการเป็นบริษัทที่พึ่งพาสินค้าโภคภัณฑ์สูงสุดที่มุ่งเน้นในด้านอาหารสัตว์เลี้ยงจากการแปรรูปตัวเองในปี 2014



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	5.1	1.9	(4.6)
Relative to country (%)	1.0	2.3	(8.3)
Mkt cap (USD m)			372
3m avg. daily turnover (USD m)			3.0
Free float (%)			66
Major shareholder	Amornrattanaichai Family (69%)		
12m high/low (THB)	19.20/14.30		
Issued shares (m)	542.73		

Sources: Bloomberg consensus; FSSIA estimates



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

บทวิเคราะห์ฉบับนี้แปลมาจากบทวิเคราะห์ของ FSSIA ฉบับวันที่ 23 สิงหาคม 2022

## 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 in aquaculture feed sales, will drive ASIAN's earnings to grow by 7-11% in 2022-23.

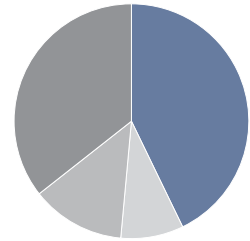
## Company profile

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 in 1964 and was listed in 1994.

[www.asianseafoods.co.th](http://www.asianseafoods.co.th)

## Principal activities (revenue, 2021)

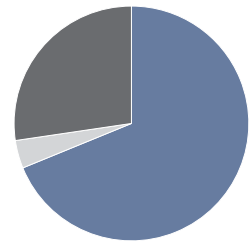
- Pet food and fish meal - 42.8 %
- Tuna - 8.6 %
- Aquaculture feed - 12.9 %
- Frozen - 35.6 %



Source: Asian Sea Corporation

## Major shareholders

- Amornrattanaichaikul 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 its GPM.

## Event calendar

Date	Event
Oct 2022	3Q22 results announcement

## Key assumptions

	2022E	2023E	2024E
	(%)	(%)	(%)
<b>Sales growth</b>	<b>8.1</b>	<b>6.6</b>	<b>12.1</b>
- Pet food and fish meal	10.0	10.0	10.0
- Tuna	(5.0)	(3.0)	(3.0)
- Aquaculture feed	5.0	5.0	20.0
- Frozen	10.0	5.0	15.0
Gross margin	18.3	18.3	18.3
SG&A to sales	6.6	6.5	6.7

Source: FSSIA estimates

## Earnings sensitivity

- For every 1% increase in sales growth, we estimate 2022 EPS would rise 1.8%, and vice versa, all else being equal.
- For every 1% increase in GPM, we estimate 2022 EPS would rise 12%, and vice versa, all else being equal.
- For every 1% increase in SG&A to sales, we estimate 2022 EPS would fall 12%, and vice versa, all else being equal.

Source: FSSIA estimates

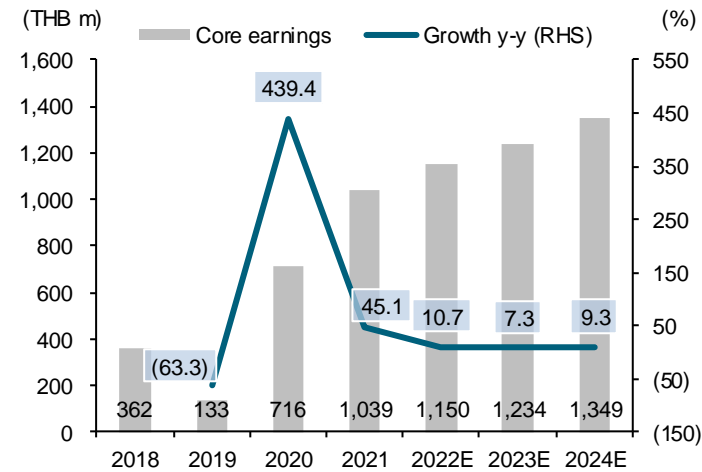


## A knight in shining armour

During its post-2Q22 results analyst meeting, management remained positive on its net profit growth outlook in 2H22-2023, driven by strong earnings growth from pet food mainly from higher sales volumes and new products, solid revenue growth from frozen food mainly from a higher proportion of high-margin processed food sales, and the improving earnings from the restructuring of its aqua feed operation.

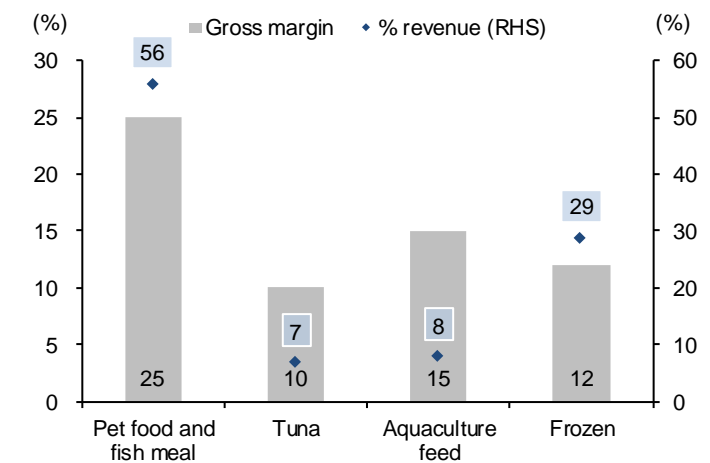
In 2Q22, we estimate that the gross profit margin (GPM) from pet food was the highest among ASIAN's four business segments, commanding around 25% of overall GPM, followed by the aquaculture feed unit at 15% despite its reported net losses due to restructuring expenses, with 12% for the frozen food unit and 10% for tuna.

**Exhibit 1: Expect solid core earnings growth in 2022-24**



Sources: ASIAN; FSSIA estimates

**Exhibit 2: Gross margin and % of total revenue by segment in 2Q22**

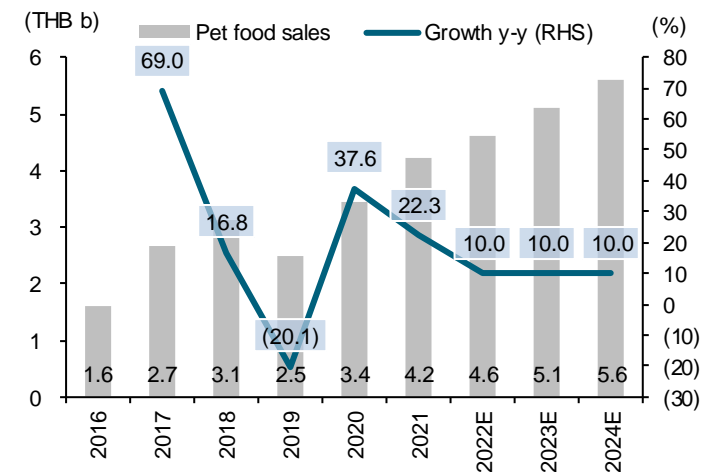


Sources: ASIAN; FSSIA estimates

## Pet food growth momentum to continue in 2H22-2024

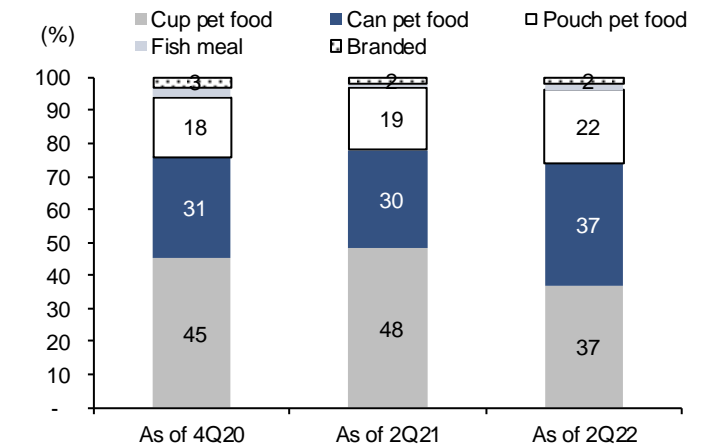
ASIAN's pet food unit is its "crown jewel". It accounted for 56% of total revenue in 2Q22, up from 44% in 2Q21, and we project it to grow at a 20-30% CAGR in 2022-24, backed by its sustainable, high gross margin and rising sales volumes, which grew 44% y-y in 2Q22.

**Exhibit 3: Revenue from pet food has risen consistently since 2019**



Sources: ASIAN; FSSIA estimates

**Exhibit 4: Pet food product mix has changed with a higher proportion of canned and pouch pet food**

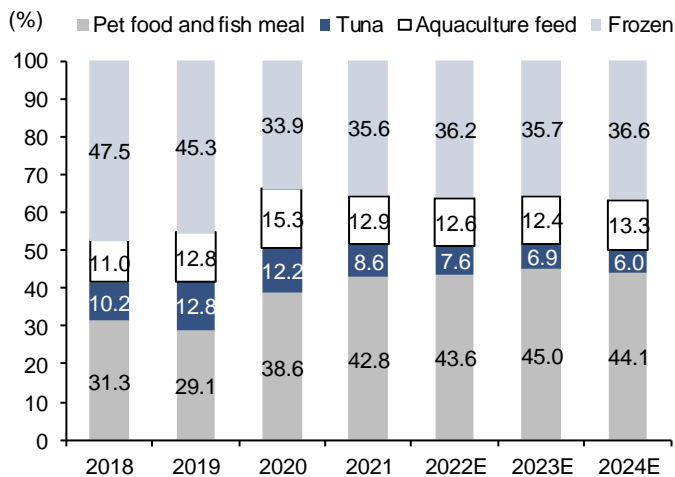


Sources: ASIAN; FSSIA estimates

Quarterly revenue from pet food has grown from an average of THB0.6b a quarter in 2019 to THB1.6b in 1Q22 and THB1.7b in 2Q22, driven by the growth strategies of its competitive cost structure via continuously improved operational efficiency and automation, improved pricing power via changes in the product mix to exploit higher margins, and persistent launches of new products at over 240 new SKUs per annum. In this way, ASIAN has maintained favorable product offerings to customers in the fast-changing and highly dynamic product categories of the pet food market.

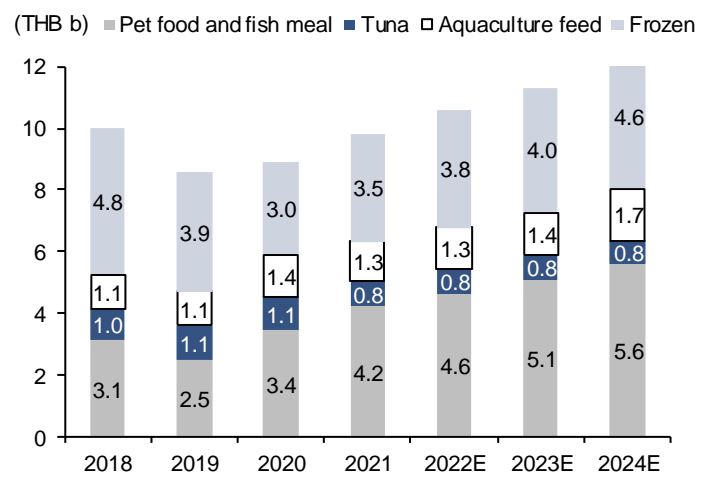
As an original equipment manufacturer (OEM) for pet food, ASIAN has successfully maintained its GPM for the pet food unit at over 20% since 2016 and even gradually improved it to 25% in 2Q22 thanks to its effective cost control and higher operational efficiency. In our view, ASIAN is a highly flexible operation that can serve the fast-changing needs of its customers via shorter product life cycles and lead times for new product launches and SKUs.

**Exhibit 5: Revenue breakdown by segment (%)**



Sources: ASIAN; FSSIA estimates

**Exhibit 6: Revenue breakdown by segment (THB b)**



Sources: ASIAN; FSSIA estimates

We think ASIAN's pet food, under its subsidiary Asian Alliance International (AAI, not listed), will remain a key growth driver for ASIAN for the next five years, backed by its capacity expansion to serve the fast-growing need for wet and dry pet food for dogs and cats sold under both the company's own brands and the international brands of its clients. In the past few years, AAI has sustained rising sales volumes for its own brands, "Monchou" and "Maria", for the mass market, and "Hajiko" for the price-competitive segment. As Thailand was the world's fourth largest exporter of pet food in 2020 worth USD1.65b vs its domestic market size of USD0.7b, we believe ASIAN still has significant opportunities for growth in both export and domestic markets in 2022-24.

**Pet food market growth outlook in Thailand and China.** Thailand's pet market, ranked the second largest in Asia after China, was estimated to be worth THB45b (USD1.5b) in 2021, comprising pet supplies and services at THB24b (53%) and pet food at THB21b (47%), according to Bangkokbiznews.

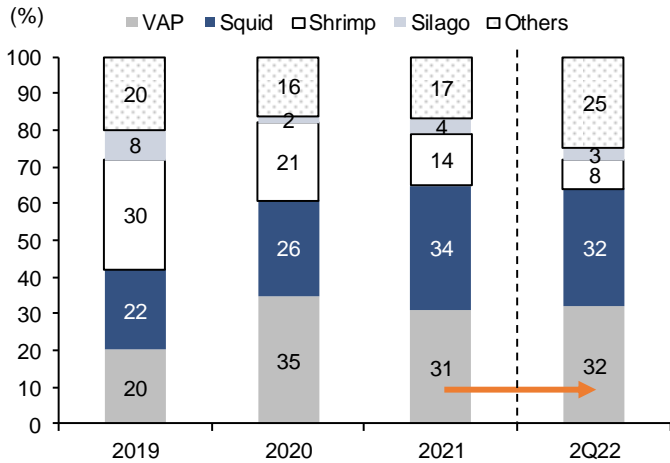
**Global pet food supply: Thailand was the 4<sup>th</sup> largest exporter of pet food in 2020.** However, in terms of supply, Thailand ranked as the world's fourth largest exporter of pet food in 2018-20 after Germany (USD2.18b, 996kt), the US (1.73b, 836kt), and France (USD1.66b, 949kt), according to the [Thai Pet Food Trade Association \(TPFA\)](#). The country exported pet food worth USD1.65b, up 19% y-y, and with a tonnage volume of 609kt in 2020, up 13% y-y. Its market share was 10% in terms of value and 7% in terms of tonnage in the global pet food market worth 17.1b with a total sales volume of 9mt.

**Global pet food demand: Thailand ranked as the 15<sup>th</sup> largest pet food market in 2020.** In terms of demand, Thailand is still outside of the top 10 global importers of pet food, with Germany at number one (1.65b import value, 760kt volume), followed by the US (1.23b, 293kt) and the UK (USD1b, 543kt), out of the 8.8mt imported pet food market worth USD17.3b in 2020.

### Frozen food: on track for growth in both VAP and sales volumes

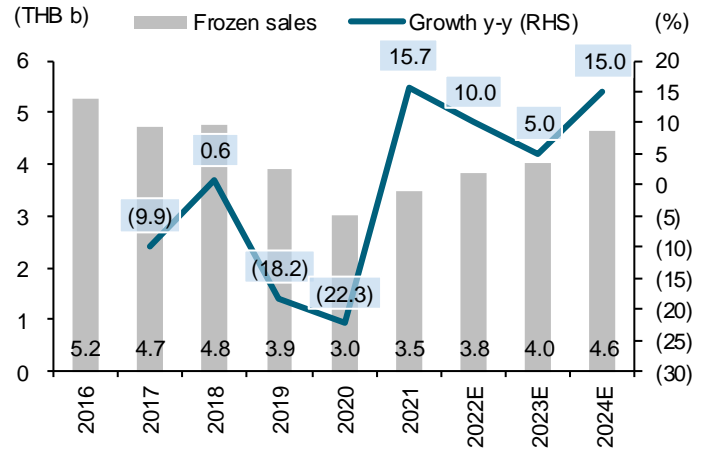
While the revenue from its frozen food unit has been volatile due to uncertain industry demand in terms of both cost and consumer behavior dynamics, ASIAN has successfully maintained its sales volumes and EBITDA from the frozen food unit via a number of strategies.

**Exhibit 7: Frozen food revenue breakdown by product mix (%)**



Source: ASIAN

**Exhibit 8: Revenue from frozen food has risen consistently since 2020**



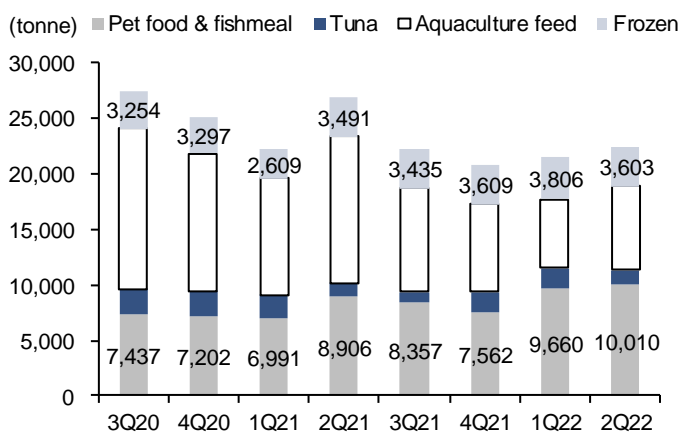
Source: ASIAN; FSSIA estimates

First, the strong demand for frozen “Shishamo Fish” in Japan has continued to sustain its revenue for the past few years, thanks to solid brand awareness and recognition from Japanese consumers.

Second, squid products sold to the Italian market have long been one of the core strengths of ASIAN’s frozen food unit. However, the recent impact of high energy prices in the EU has eroded demand for ASIAN’s squid, and this is likely to intensify in 2H22.

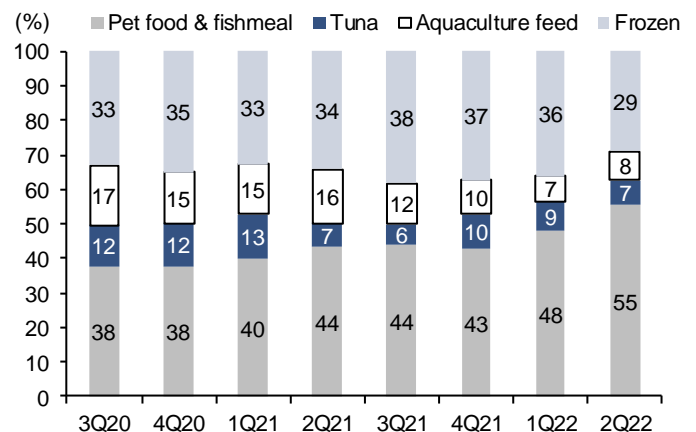
Third, and most importantly, ASIAN has continued to increase its revenue from VAP, which include frozen shrimp, squid and silago, using the existing 8.6ktpa VAP capacity at its Samutsakorn plant.

**Exhibit 9: Sales volume breakdown by segment**



Sources: ASIAN; FSSIA estimates

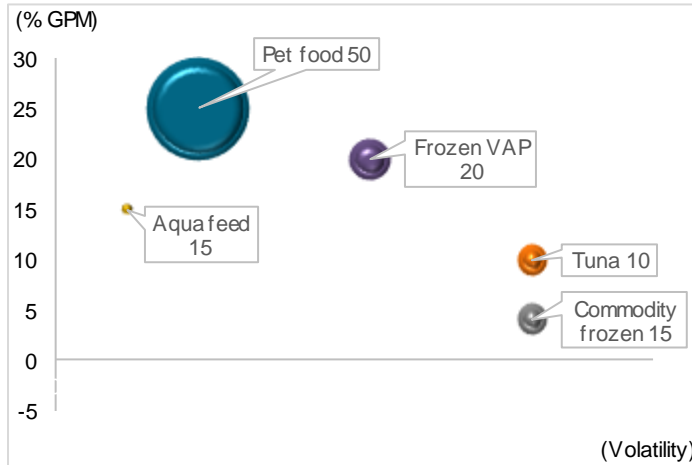
**Exhibit 10: Sales volume breakdown by segment (%)**



Sources: ASIAN; FSSIA estimates

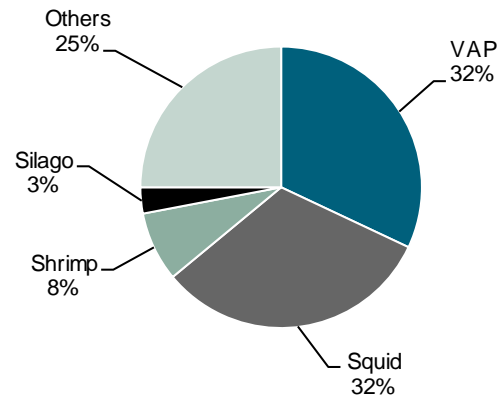
In 2Q22, ASIAN's VAP revenue accounted for 32% of total revenue from frozen food at THB839m, and we estimate that VAP contributed THB60-70m in gross profit and THB30-40m in net profit to ASIAN's 2Q22 THB248m net profit. Hence, we believe VAP, along with shrimp sales in Italy and fish sales in Japan, should be key catalysts for ASIAN's net profit portfolio in 2H22-2024.

**Exhibit 11: Estimated gross profit margin and gross profit contribution to ASIAN by segment in 2Q22**



Sources: ASIAN; FSSIA estimates

**Exhibit 12: Frozen food revenue breakdown by segment in 2Q22**



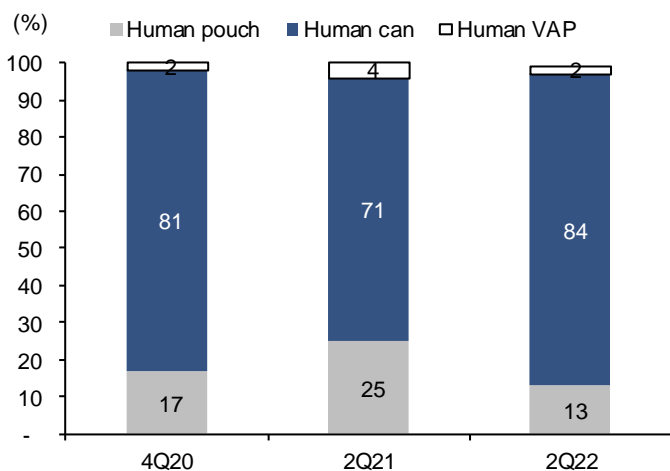
Sources: ASIAN; FSSIA estimates

**Tuna: strategic legacy business to support pet food**

While the sales and GPM of the tuna business is highly volatile, thanks to low pricing power, the high susceptibility to oil prices for tuna fishing fleets, and the low value-added potential for canned tuna products, we expect ASIAN to retain its tuna unit at a minimum capacity, with quarterly revenue of THB0.2-0.3b and a GPM at 10%.

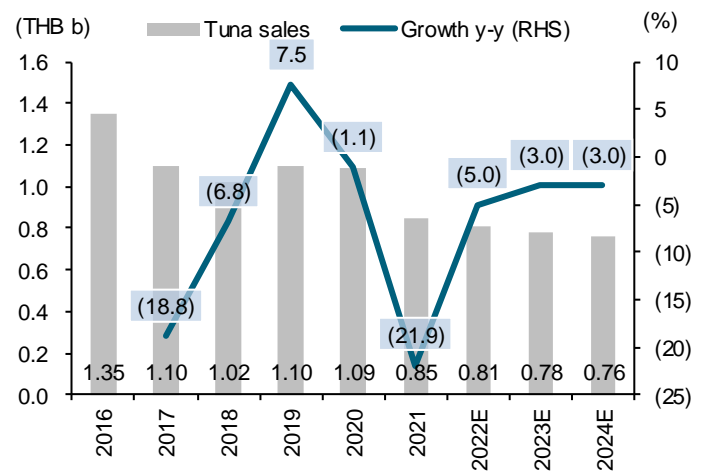
In 2Q22, ASIAN earned higher revenue of THB0.2b, up 23% y-y, with an 8% y-y rise in sales volume to 1.35kt. However, we estimate the gross profit contribution from tuna to be only THB10-20m due to the rising costs of packaging, mainly the aluminium cans, and higher freight costs. Hence, we see ASIAN's tuna as a strategic unit supporting its high-margin, fast-growth pet food, which deploys tuna by-products as its key feedstock, and expect the revenue from tuna to steadily decline in 2022-24.

**Exhibit 13: Tuna's revenue breakdown by segment**



Sources: ASIAN; FSSIA estimates

**Exhibit 14: Tuna sales and sales growth projections**



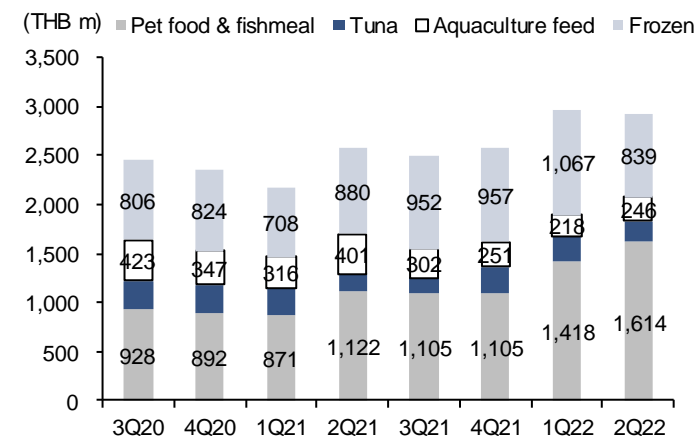
Sources: ASIAN; FSSIA estimates

### Aquaculture feed: a legacy commodity business under restructuring

With its production plant located in Petchaburi operating at a capacity of 60ktpa for sinking pellets (shrimp food) and 36ktpa for floating pellets (fish food), the aquaculture feed business is ASIAN’s legacy business with highly commoditised products. In 2Q22, ASIAN saw the revenue from its aqua feed unit hit THB246m, up 13% q-q but down 39% y-y, due mainly to a drop in sales volumes as ASIAN is in the process of restructuring its aqua feed unit to improve GPM at the expense of lower sales volumes.

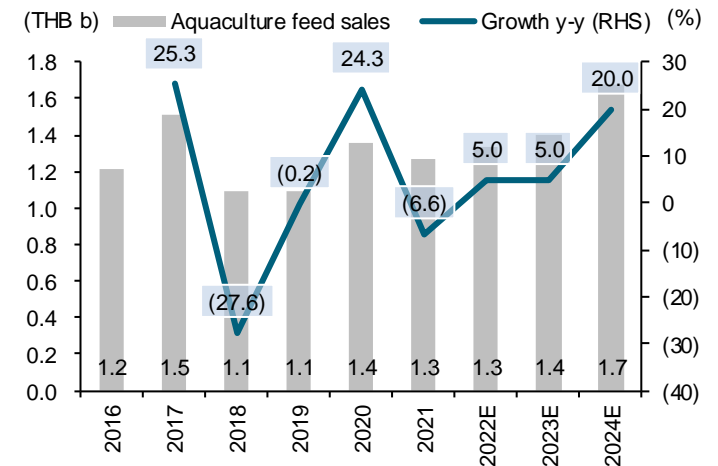
According to management, ASIAN is expected to see a significantly improving financial and operational performance in 2H22 onward as it focuses on more sustainable products and forward integration into the fish hatchery business to provide shrimp and fish offspring to farmers, the key customers of its aqua feed products.

**Exhibit 15: Quarterly revenue breakdown by segment**



Sources: ASIAN; FSSIA estimates

**Exhibit 16: Aquaculture feed sales and sales growth projections**



Sources: ASIAN; FSSIA estimates

### Pet and frozen food led the growth charge

With growing revenue and earnings from its pet food and frozen food, and the sound strategic restructuring of its tuna and aqua feed units, we think ASIAN’s net profit growth momentum will continue in 2H22-2024 as capacity expansions, a high and sustainable GPM, and rising sales volumes in both the export and domestic market drive its net profit growth higher by 7-11% p.a. in 2022-24.

Trading at 10-12x 2022-24E P/E with a high ROE of 24-27% and a sustainable GPM in the 19-20% range thanks to ASIAN’s nimble and strategically driven product portfolio and business model, we think ASIAN stands as one of Thailand’s most attractive growth plays. In our view, it is not only one of the country’s strongest export-listed companies, but also one of its most resilient firms with a long track record of not only survival but also revival from being commodity-driven to a pet food focused organisation via self-disruption in 2014.



## Financial Statements

Asian Sea Corporation

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	8,645	9,488	10,263	10,943	12,296
Cost of goods sold	(7,004)	(7,346)	(8,123)	(8,667)	(9,765)
<b>Gross profit</b>	<b>1,641</b>	<b>2,142</b>	<b>2,140</b>	<b>2,276</b>	<b>2,531</b>
Other operating income	80	99	93	95	97
Operating costs	(643)	(766)	(677)	(711)	(824)
<b>Operating EBITDA</b>	<b>1,078</b>	<b>1,476</b>	<b>1,556</b>	<b>1,660</b>	<b>1,804</b>
Depreciation	(248)	(259)	(264)	(270)	(275)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>830</b>	<b>1,217</b>	<b>1,292</b>	<b>1,390</b>	<b>1,529</b>
Net financing costs	(77)	(68)	(91)	(105)	(132)
Associates	(3)	(2)	3	7	15
Recurring non-operating income	(3)	(2)	3	7	15
Non-recurring items	102	5	0	0	0
<b>Profit before tax</b>	<b>852</b>	<b>1,153</b>	<b>1,204</b>	<b>1,292</b>	<b>1,413</b>
Tax	(34)	(108)	(54)	(58)	(64)
<b>Profit after tax</b>	<b>818</b>	<b>1,044</b>	<b>1,150</b>	<b>1,234</b>	<b>1,349</b>
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
<b>Reported net profit</b>	<b>818</b>	<b>1,044</b>	<b>1,150</b>	<b>1,234</b>	<b>1,349</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(102)</b>	<b>(5)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>716</b>	<b>1,039</b>	<b>1,150</b>	<b>1,234</b>	<b>1,349</b>
<b>Per share (THB)</b>					
Recurring EPS *	1.32	1.28	1.41	1.52	1.66
Reported EPS	1.51	1.28	1.41	1.52	1.66
DPS	0.55	0.65	0.71	0.76	0.83
Diluted shares (used to calculate per share data)	543	814	814	814	814
<b>Growth</b>					
Revenue (%)	5.5	9.8	8.2	6.6	12.4
Operating EBITDA (%)	136.1	36.9	5.4	6.7	8.7
Operating EBIT (%)	233.3	46.6	6.2	7.6	10.0
Recurring EPS (%)	439.4	(3.2)	10.7	7.3	9.3
Reported EPS (%)	516.5	(14.9)	10.1	7.3	9.3
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	16.1	19.8	18.3	18.3	18.3
Gross margin of key business (%)	16.1	19.8	18.3	18.3	18.3
Operating EBITDA margin (%)	12.5	15.6	15.2	15.2	14.7
Operating EBIT margin (%)	9.6	12.8	12.6	12.7	12.4
Net margin (%)	8.3	10.9	11.2	11.3	11.0
Effective tax rate (%)	4.6	9.4	4.5	4.5	4.5
Dividend payout on recurring profit (%)	41.7	50.9	50.0	50.0	50.0
Interest cover (X)	10.8	17.9	14.3	13.3	11.7
Inventory days	95.2	114.5	125.9	126.6	123.2
Debtor days	38.2	41.4	42.9	42.9	41.8
Creditor days	33.4	36.1	37.0	37.6	36.6
Operating ROIC (%)	17.9	24.2	21.9	22.8	23.8
ROIC (%)	16.9	23.0	20.9	21.8	22.9
ROE (%)	22.7	27.5	26.5	25.0	24.2
ROA (%)	13.2	16.4	16.1	15.6	15.3
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Pet food and fish meal	3,336	4,062	4,473	4,923	5,427
Tuna	1,055	820	780	757	736
Aquaculture feed	1,321	1,227	1,290	1,355	1,630
Frozen	2,933	3,378	3,720	3,908	4,504

Sources: Asian Sea Corporation; FSSIA estimates

## Financial Statements

### Asian Sea Corporation

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	716	1,039	1,150	1,234	1,349
Depreciation	248	259	264	270	275
Associates & minorities	-	-	-	-	-
Other non-cash items	265	(247)	0	0	0
Change in working capital	(237)	(784)	(206)	(209)	(425)
<b>Cash flow from operations</b>	<b>992</b>	<b>267</b>	<b>1,208</b>	<b>1,294</b>	<b>1,199</b>
Capex - maintenance	0	0	0	0	0
Capex - new investment	(183)	(474)	(264)	(270)	(275)
Net acquisitions & disposals	0	0	0	0	0
Other investments (net)	(48)	(46)	(14)	(13)	(24)
<b>Cash flow from investing</b>	<b>(231)</b>	<b>(520)</b>	<b>(279)</b>	<b>(282)</b>	<b>(299)</b>
Dividends paid	(299)	(529)	(575)	(617)	(674)
Equity finance	0	271	0	0	0
Debt finance	(603)	37	(30)	80	280
Other financing cash flows	5	12	0	0	0
<b>Cash flow from financing</b>	<b>(896)</b>	<b>(208)</b>	<b>(605)</b>	<b>(537)</b>	<b>(394)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>240</b>	<b>343</b>	<b>137</b>	<b>158</b>	<b>182</b>
<b>Movement in cash</b>	<b>104</b>	<b>(118)</b>	<b>462</b>	<b>633</b>	<b>688</b>
Free cash flow to firm (FCFF)	837.34	(185.06)	1,020.24	1,116.45	1,032.63
Free cash flow to equity (FCFE)	402.99	139.53	1,037.20	1,249.80	1,362.79

#### Per share (THB)

FCFF per share	1.54	(0.34)	1.88	2.06	1.90
FCFE per share	0.74	0.26	1.91	2.30	2.51
Recurring cash flow per share	2.26	1.29	1.74	1.85	1.99

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	5,628	6,040	6,192	6,352	6,520
Less: Accumulated depreciation	(2,848)	(3,045)	(3,197)	(3,357)	(3,525)
<b>Tangible fixed assets (net)</b>	<b>2,779</b>	<b>2,995</b>	<b>2,995</b>	<b>2,995</b>	<b>2,995</b>
<b>Intangible fixed assets (net)</b>	<b>51</b>	<b>75</b>	<b>76</b>	<b>77</b>	<b>78</b>
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	0	0	0	0	0
Cash & equivalents	207	89	551	1,184	1,872
A/C receivable	986	1,167	1,244	1,327	1,491
Inventories	1,916	2,691	2,911	3,104	3,487
Other current assets	69	113	123	131	147
<b>Current assets</b>	<b>3,178</b>	<b>4,060</b>	<b>4,829</b>	<b>5,745</b>	<b>6,998</b>
Other assets	223	226	237	246	267
<b>Total assets</b>	<b>6,232</b>	<b>7,355</b>	<b>8,136</b>	<b>9,063</b>	<b>10,337</b>
Common equity	3,498	4,044	4,619	5,236	5,910
Minorities etc.	0	0	0	0	0
<b>Total shareholders' equity</b>	<b>3,498</b>	<b>4,044</b>	<b>4,619</b>	<b>5,236</b>	<b>5,910</b>
Long term debt	605	776	766	866	1,166
Other long-term liabilities	95	179	193	204	223
<b>Long-term liabilities</b>	<b>700</b>	<b>956</b>	<b>960</b>	<b>1,071</b>	<b>1,389</b>
A/C payable	670	784	865	921	1,035
Short term debt	1,228	1,437	1,554	1,693	1,855
Other current liabilities	137	134	138	142	148
<b>Current liabilities</b>	<b>2,034</b>	<b>2,355</b>	<b>2,558</b>	<b>2,756</b>	<b>3,038</b>
<b>Total liabilities and shareholders' equity</b>	<b>6,232</b>	<b>7,355</b>	<b>8,136</b>	<b>9,063</b>	<b>10,337</b>
Net working capital	2,165	3,053	3,275	3,498	3,943
Invested capital	5,218	6,348	6,582	6,816	7,282

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

#### Per share (THB)

Book value per share	6.45	4.97	5.67	6.43	7.26
Tangible book value per share	6.35	4.88	5.58	6.34	7.16

#### Financial strength

Net debt/equity (%)	46.5	52.5	38.3	26.3	19.4
Net debt/total assets (%)	26.1	28.9	21.8	15.2	11.1
Current ratio (x)	1.6	1.7	1.9	2.1	2.3
CF interest cover (x)	8.6	10.1	15.3	15.5	13.4

Valuation	2020	2021	2022E	2023E	2024E
<b>Recurring P/E (x) *</b>	<b>12.5</b>	<b>12.9</b>	<b>11.7</b>	<b>10.9</b>	<b>10.0</b>
<b>Recurring P/E @ target price (x) *</b>	<b>18.7</b>	<b>19.4</b>	<b>17.5</b>	<b>16.3</b>	<b>14.9</b>
Reported P/E (x)	10.9	12.9	11.7	10.9	10.0
Dividend yield (%)	3.3	3.9	4.3	4.6	5.0
Price/book (x)	2.6	3.3	2.9	2.6	2.3
Price/tangible book (x)	2.6	3.4	3.0	2.6	2.3
EV/EBITDA (x) **	9.8	10.5	9.8	8.9	8.1
EV/EBITDA @ target price (x) **	13.9	15.1	14.1	12.9	11.8
EV/invested capital (x)	2.0	2.5	2.3	2.2	2.0

\* 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 2021

EXCELLENT LEVEL – Score range 90-100										
AAV	BCPG	CPALL	GCAP	K	MSC	PLANET	SAMART	SPI	THRE	TVD
ADVANC	BDMS	CPF	GFPT	KBANK	MST	PLAT	SAMTEL	SPRC	THREL	TVI
AF	BEM	CPI	GGC	KCE	MTC	PORT	SAT	SPVI	TIPCO	TVO
AH	BGC	CPN	GLAND	KKP	MVP	PPS	SC	SSSC	TISCO	TWPC
AIRA	BGRIM	CRC	GLOBAL	KSL	NCL	PR9	SCB	SST	TK	U
AKP	BIZ	CSS	GPI	KTB	NEP	PREB	SCC	STA	TKT	UAC
AKR	BKI	DDD	GPSC	KTC	NER	PRG	SCCC	STEC	TMT	UBIS
ALT	BOL	DELTA	GRAMMY	LALIN	NKI	PRM	SCG	STI	TNDT	UV
AMA	BPP	DEMCO	GULF	LANNA	NOBLE	PROUD	SCGP	SUN	TNITY	VGI
AMATA	BRR	DRT	GUNKUL	LH	NSI	DRS	SCM	SUSCO	TOA	VIH
AMATAV	BTS	DTAC	HANA	LHFG	NVD	PSL	SDC	SUTHA	TOP	WACOAL
ANAN	BTW	DUSIT	HARN	LIT	NWR	PTG	SEAFCO	SVI	TPBI	WAVE
AOT	BWG	EA	HMPRO	LPN	NYT	PTT	SEAOIL	SYMC	TQM	WHA
AP	CENTEL	EASTW	ICC	MACO	OISHI	PTTEP	SE-ED	SYNTEC	TRC	WHAUP
ARIP	CFRESH	ECF	ICHI	MAJOR	OR	PTTGC	SELIC	TACC	TRU	WICE
ARROW	CHEWA	ECL	III	MAKRO	ORI	PYLON	SENA	TASCO	TRUE	WINNER
ASP	CHO	EE	ILINK	MALEE	OSP	Q-CON	SHR	TCAP	TSC	ZEN
AUCT	CIMBT	EGCO	ILM	MBK	OTO	QH	SIRI	TEAMG	TSR	
AWC	CK	EPG	INTUCH	MC	PAP	QTC	SIS	TFMAMA	TSTE	
AYUD	CKP	ETC	IP	MCOT	PCSGH	RATCH	SITHAI	TGH	TSTH	
BAFS	CM	FPI	IRPC	METCO	PDG	RS	SMK	THANA	TTA	
BANPU	CNT	FPT	ITEL	MFEC	PDJ	S	SMPC	THANI	TTB	
BAY	COM7	FSMART	IVL	MINT	PG	S & J	SNC	THCOM	TTCL	
BBL	COMAN	GBX	JSP	MONO	PHOL	SAAM	SONIC	THG	TTW	
BCP	COTTO	GC	JWD	MOONG	PLANB	SABINA	SPALI	THIP	TU	
VERY GOOD LEVEL – Score range 80-89										
2S	ASIMAR	CHOW	FLOYD	IT	LOXLEY	OCC	RPC	SKY	TCC	TVT
7UP	ASK	CI	FN	ITD	LRH	OGC	RT	SLP	TCMC	TWP
ABICO	ASN	CIG	FNS	J	LST	PATO	RWI	SMIT	TEAM	UEC
ABM	ATP30	CMC	FORTH	JAS	M	PB	S11	SMT	TFG	UMI
ACE	B	COLOR	FSS	JCK	MATCH	PICO	SA	SNP	TFI	UOBKH
ACG	BA	CPL	FTE	JCKH	MBAX	PIMO	SAK	SO	TIGER	UP
ADB	BAM	CPW	FVC	JMART	MEGA	PJW	SALEE	SORKON	TITLE	UPF
AEONTS	BC	CRD	GEL	JMT	META	PL	SAMCO	SPA	TKN	UPOIC
AGE	BCH	CSC	GENCO	KBS	MFC	PM	SANKO	SPC	TKS	UTP
AHC	BEC	CSP	GJS	KCAR	MGT	PMTA	SAPPE	SPCG	TM	VCOM
AIT	BEYOND	CWT	GYT	KEX	MICRO	PPP	SAWAD	SR	TMC	VL
ALL	BFIT	DCC	HEMP	KGI	MILL	PPPM	SCI	SRICHA	TMD	VPO
ALLA	BJC	DCON	HPT	KIAT	MITSIB	PRIME	SCN	SSC	TMI	VRANDA
ALUCON	BJCHI	DHOUSE	HTC	KISS	MK	PRIN	SCP	SSF	TMILL	WGE
AMANAH	BLA	DOD	HYDRO	KOOL	MODERN	PRINC	SE	STANLY	TNL	WIJK
AMARIN	BR	DOHOME	ICN	KTIS	MTI	PSG	SFLEX	STGT	TNP	WP
APCO	BROOK	DV8	IFS	KUMWEL	NBC	PSTC	SFP	STOWER	TOG	XO
APCS	CBG	EASON	IMH	KUN	NCAP	PT	SFT	STPI	TPA	XPG
APURE	CEN	EFORL	IND	KWC	NCH	QLT	SGF	SUC	TPAC	YUASA
AQUA	CGH	ERW	INET	KWM	NETBAY	RBF	SIAM	SWC	TPCS	
ASAP	CHARAN	ESSO	INSET	L&E	NEX	RCL	SINGER	SYNEX	TPS	
ASEFA	CHAYO	ESTAR	INSURE	LDC	NINE	RICHY	SKE	TAE	TRITN	
ASIA	CHG	ETE	IRC	LEO	NRF	RML	SKN	TAKUNI	TRT	
ASIAN	CHOTI	FE	IRCP	LHK	NTV	ROJNA	SKR	TBSP	TSE	
GOOD LEVEL – Score range 70-79										
A	BGT	CITY	GIFT	JTS	MDX	PK	SGP	SUPER	TQR	YGG
AI	BH	CMAN	GLOCON	JUBILE	MJD	PLE	SICT	SVOA	TTI	ZIGA
AIE	BIG	CMO	GREEN	KASET	MORE	PPM	SIMAT	TC	TYCN	
AJ	BLAND	CMR	GSC	KCM	MUD	PRAKIT	SISB	TCCC	UKEM	
ALPHAX	BM	CPT	GTB	KK	NC	PRAPAT	SK	THMUI	UMS	
AMC	BROCK	CRANE	HTECH	KKC	NDR	PRECHA	SMART	TNH	UNIQ	
APP	BSBM	CSR	HUMAN	KWI	NFC	PTL	SOLAR	TNR	UPA	
AQ	BSM	D	IHL	KYE	NNCL	RJH	SPACK	TOPP	UREKA	
ARIN	BTNC	EKH	IIG	LEE	NOVA	RP	SPG	TPCH	VIBHA	
AS	BYD	EMC	INGRS	LPH	NPK	RPH	SQ	TPIPL	W	
AU	CAZ	EP	INOX	MATI	NUSA	RSP	SSP	TIPIP	WIN	
B52	CCP	F&D	JAK	M-CHAI	PAF	SABUY	STARK	TPLAS	WORK	
BEAUTY	CGD	FMT	JR	MCS	PF	SF	STC	TPOLY	WPH	

**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

Sources: Thai Institute of Directors Association (IOD); FSSIA's compilation; data as of 26 October 2021

## Anti-corruption Progress Indicator

CERTIFIED										
2S	BCH	CPALL	GC	K	MFC	PE	QLT	SNP	THCOM	TU
7UP	BCP	CPF	GCAP	KASET	MFEC	PG	QTC	SORKON	THIP	TVD
ADVANC	BCPG	CPI	GEL	KBANK	MILL	PHOL	RATCH	SPACK	THRE	TVI
AF	BE8	CPN	GFPT	KBS	MINT	PK	RML	SPALI	THREL	TVO
AI	BEYOND	CSC	GGC	KCAR	MONO	PL	RWI	SPC	TIDLOR	TWPC
AIE	BGC	DCC	GJS	KCE	MOONG	PLANB	S & J	SPI	TIPCO	U
AIRA	BGRIM	DELTA	GPI	KGI	MSC	PLANET	SAAM	SPRC	TISCO	UBE
AKP	BJCHI	DEMCO	GPSC	KKP	MST	PLAT	SABINA	SRICHA	TKS	UBIS
ALPHAX	BKI	DIMET	GSTEEL	KSL	MTC	PM	SAPPE	SSF	TKT	UEC
AMA	BLA	DRT	GUNKUL	KTB	MTI	PPP	SAT	SSP	TMD	UKEM
AMANAHA	BPP	DTAC	HANA	KTC	NBC	PPPM	SC	SSSC	TMILL	UOBKH
AMATA	BROOK	DUSIT	HARN	KWC	NEP	PPS	SCB	SST	TMT	UPF
AMATAV	BRR	EA	HEMP	KWI	NINE	PR9	SCC	STA	TNITY	UV
AP	BSBM	EASTW	HENG	L&E	NKI	PREB	SCCC	STOWER	TNL	VGI
APCS	BTS	ECL	HMPRO	LANNA	NMG	PRG	SCG	SUSCO	TNP	VIH
AQUA	BWG	EGCO	HTC	LH	NNCL	PRINC	SCN	SVI	TNR	WACOAL
ARROW	CEN	EP	ICC	LHFG	NOBLE	PRM	SEAOIL	SYMC	TOG	WHA
AS	CENTEL	EPG	ICHI	LHK	NOK	PROS	SE-ED	SYNTEC	TOP	WHAUP
ASIAN	CFRESH	ERW	IFEC	LPN	NSI	PSH	SELIC	TAE	TOPP	WICE
ASK	CGH	ESTAR	IFS	LRH	NWR	PSL	SENA	TAKUNI	TPA	WIJK
ASP	CHEWA	ETE	ILINK	M	OCC	PSTC	SGP	TASCO	TPP	XO
AWC	CHOTI	FE	INET	MAKRO	OGC	PT	SINGER	TBSP	TRU	ZEN
AYUD	CHOW	FNS	INSURE	MALEE	ORI	PTG	SIRI	TCAP	TRUE	
B	CIG	FPI	INTUCH	MATCH	PAP	PTT	SITHAI	TCMC	TSC	
BAFS	CIMBT	FPT	IRC	MBAX	PATO	PTTEP	SKR	TFG	TSTE	
BAM	CM	FSMART	IRPC	MBK	PB	PTTGC	SMIT	TFI	TSTH	
BANPU	CMC	FSS	ITEL	MC	PCSGH	PYLON	SMK	TFMAMA	TTA	
BAY	COM7	FTE	IVL	MCOT	PDG	Q-CON	SMPC	TGH	TTB	
BBL	COTTO	GBX	JKN	META	PDJ	QH	SNC	THANI	TTCL	
DECLARED										
AJ	CHG	DDD	ETC	JR	MAJOR	NUSA	RS	SSS	TQM	YUASA
ALT	CPL	DHOUSE	FLOYD	JTS	NCAP	NYT	SAK	STECH	TSI	ZIGA
APCO	CPR	DOHOME	GULF	KEX	NCL	OR	SCGP	STGT	VARO	
B52	CPW	ECF	III	KUMWEL	NOVA	PIMO	SCM	TKN	VCOM	
BEC	CRC	EKH	INOX	LDC	NRF	PLE	SIS	TMI	VIBHA	

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 26 October 2021) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

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

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

Suwat Sinsadok, CFA, FRM, ERP FSS International Investment Advisory Securities Co., Ltd

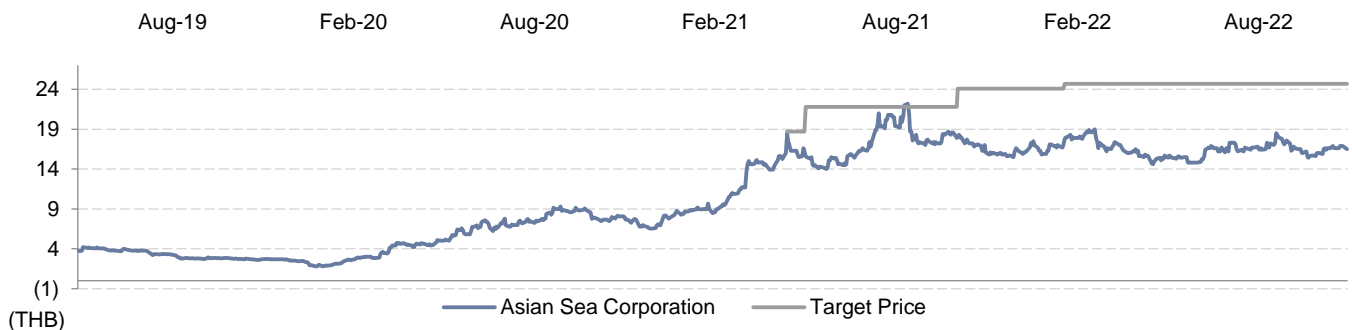
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) 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	11-Aug-2021	HOLD	21.80	21-Dec-2021	BUY	24.70
12-May-2021	BUY	21.80	20-Sep-2021	BUY	24.10			

Suwat Sinsadok, CFA, FRM, ERP started covering this stock from 26-Apr-2021

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Asian Sea Corporation	ASIAN TB	THB 16.50	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 its GPM.

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 22-Aug-2022 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.