

TROPICAL CANNING TC TB

THAILAND / CONSUMER STAPLES

BUY

New kid on the pet food block

- We project TC's NP to grow at a 42% CAGR in 2021-24, driven by the strong revenue growth of the high-margin pet food business.
- TC successfully transformed its business from commodity-driven, low-margin canned tuna & seafood into high-margin pet food.
- Initiate coverage with BUY call and THB16.3 TP on 13x 2023E P/E.

TARGET PRICE	THB16.30
CLOSE	THB12.00
UP/DOWNSIDE	+35.8%
TP vs CONSENSUS	-

Another tuna-cum-pet food winner in Thailand

Founded in 1980 as a producer of canned tuna and seafood and listed in 1990, Tropical Canning (Thailand) (TC), a JV between Thai and Malaysian shareholders, has four major business products: canned tuna, canned seafood – mainly shellfish, ready-to-eat products – mainly canned fish in tomato sauce, and pet food. We project TC's net profit to grow at a 42% CAGR in 2021-24, driven by the strong revenue growth from its high-margin pet food business, which accounted for 50% of total revenue in 1H22, up from 24% in 2020 and 35% in 2021.

Transformation underway to become a key pet food play

Like its local peers ASIAN and TU, TC has gradually transformed itself from a commodity-driven, low-margin canned tuna and seafood business into a high-margin pet food company. In 2021, TC's revenue from pet food rose from only 24% of total revenue in 2020 to 35%. Canned tuna is TC's main business, which provides a by-product of tuna red meat – one of the key raw materials for pet food production. Hence, TC has been able to leverage its business integration and expand into the downstream pet food business. Over 96% of TC's customers are in the export market, with three major destinations being Australia, the US, and Canada. Asia remained TC's largest market in 2Q22, accounting for 58% of total revenue, followed by Europe (25%), Africa (6%), America (5%), Thailand (5%), and others (1%).

Pet food revenue accounted for half of TC's revenue in 1H22

In the past three quarters (4Q21-2Q22), TC has significantly increased its revenue from pet food to around 50% of total revenue, shrinking its canned tuna business, which saw revenue contributions decline from around two-thirds of total revenue in 2020 to only 37-39% in 1H22. As TC has raised the revenue from pet food, its profitability has improved markedly, with its NPM reaching 10.8% for the first time since 1Q20.

Initiate with BUY call and TP of THB16.3

We initiate coverage of TC with a BUY call and a TP of THB16.3, based on 13x 2023E P/E, a discount to its local and global peers to reflect TC's lower liquidity, ROE, and profitability. Meanwhile, our projected net profit growth for TC is higher than the net profit growth of most of its peers due to its smaller base.

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	4,322	5,459	5,693	6,030
Net profit	154	398	415	439
EPS (THB)	0.47	1.21	1.26	1.33
vs Consensus (%)	-	-	-	-
EBITDA	227	602	625	658
Core net profit	92	398	415	439
Core EPS (THB)	0.28	1.21	1.26	1.33
Chg. In EPS est. (%)	nm	nm	nm	nm
EPS growth (%)	(59.4)	334.8	4.2	5.8
Core P/E (x)	43.2	9.9	9.5	9.0
Dividend yield (%)	1.3	2.5	2.6	2.8
EV/EBITDA (x)	16.9	6.5	5.9	5.3
Price/book (x)	1.9	1.6	1.5	1.3
Net debt/Equity (%)	(6.1)	(0.8)	(9.3)	(15.4)
ROE (%)	4.4	17.7	16.2	15.2



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	2.6	79.1	96.7
Relative to country (%)	5.8	76.1	102.2
Mkt cap (USD m)	106		
3m avg. daily turnover (USD m)	1.1		
Free float (%)	51		
Major shareholder	Mr. Tan Boon Pin (25%)		
12m high/low (THB)	14.70/5.20		
Issued shares (m)	330.00		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

We project TC's net profit to grow at a 42% CAGR in 2021-24, driven by the strong revenue growth from its high-margin pet food business. Like its local peers, TC has transformed itself from a commodity-driven, low-margin canned tuna and seafood business into a high-margin pet food company. TC's revenue from pet food rose from only 24% of total revenue in 2020 to 50% in 1H22.

As canned tuna is TC's main business, which provides a by-product of tuna red meat – one of the key raw materials for pet food production – TC has been able to leverage its business integration and expand into the downstream pet food business.

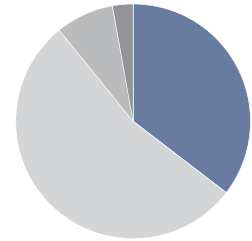
Company profile

Tropical Canning engages in the manufacturing and export of canned and pouched seafood products which can be categorized into three main groups: 1) canned and pouched tuna whose key products include tuna in spring water, tuna in Brine, and tuna in Oil; 2) canned and pouched ready-to-serve food whose key products include sardines in tomato sauce, mackerel in tomato sauce, and ready-to-serve tuna and salmon and 3) canned and pouched pet food whose key raw materials include sardines, tuna and animal entrails.

www.tropical.co.th

Principal activities (revenue, 2021)

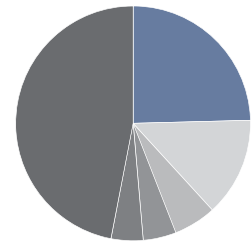
- Canned & pouched pet food - 35.4 %
- Canned & pouched tuna - 53.8 %
- Canned & pouched seafood - 8.0 %
- Others - 2.8 %



Source: Tropical Canning

Major shareholders

- Mr. Tan Boon Pin - 24.6 %
- Mr. Tan Seow Phor - 13.6 %
- Mr. Oujong Sae-Beh - 5.9 %
- Mr. Sau Kweng Tan - 4.6 %
- Mr. Kampol Watcharanimit - 4.4 %



Source: Tropical Canning

Catalysts

Potential catalysts are higher revenue from the pet food business and lower SG&A to sales, as TC can leverage its strength in canned tuna to provide competitive tuna red meat raw materials for pet food production.

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
	(%)	(%)	(%)
Sales growth	26.3	4.3	5.9
Canned and pouched pet food	80.0	10.0	10.0
Canned and pouched tuna	(5.0)	(3.0)	(3.0)
Canned and pouched seafood	5.0	5.0	20.0
Others	10.0	5.0	15.0
Gross margin	15.0	15.0	15.0
SG&A to sales	6.0	6.0	6.0

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in sales growth, we estimate 2023 EPS would rise 1.6%, and vice versa, all else being equal.
- For every 1% increase in GPM, we estimate 2023 EPS would rise 11%, and vice versa, all else being equal.
- For every 1% increase in SG&A to sales, we estimate 2023 EPS would fall 2%, and vice versa, all else being equal.

Source: FSSIA estimates

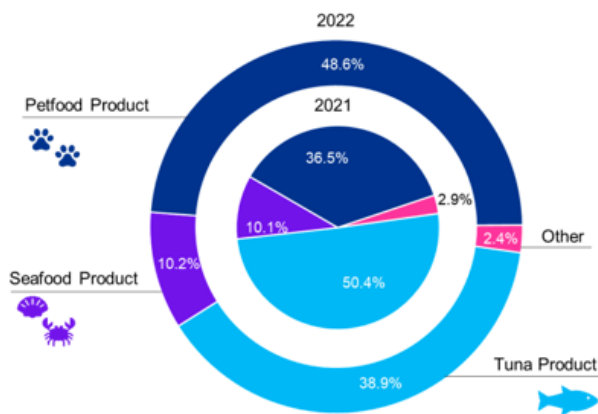
The new kid on the pet food block

Founded in 1980 as a producer of canned tuna and seafood, Tropical Canning (Thailand), a JV between Thai and Malaysian shareholders, has four major business products: canned tuna, canned seafood – mainly shellfish, ready-to-eat products – mainly canned fish in tomato sauce, and pet food. TC was listed in 1990 under the ticker TC TB.

Thanks to its strategic location in Songkla, Southern Thailand, TC has benefited from the abundance of seafood, sardines, and other local vegetables and herbs used as ingredients for its canned products.

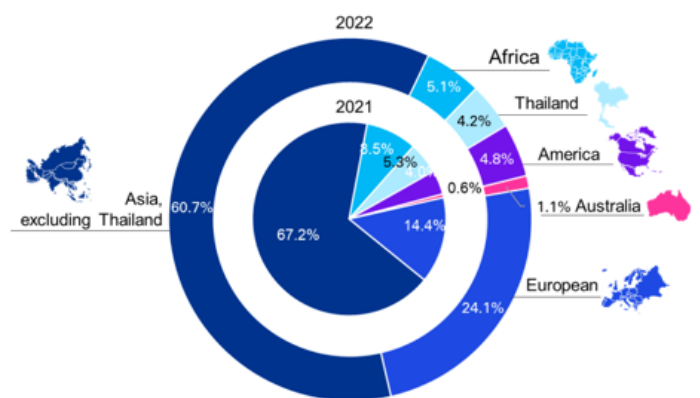
Over 96% of TC’s customers are in the export market, with three major destinations being Australia, the US, and Canada. TC also has a subsidiary called Farm Fresh Products Manufacturing (FPM, not listed), a producer of canned tomato juice, vegetables, and canned mackerel in tomato sauce.

Exhibit 1: 2Q22 revenue breakdown by segment



Source: TC

Exhibit 2: 2Q22 revenue breakdown by market



Source: TC

In 2Q22, TC’s revenue was mainly generated from its pet food business, accounting for 48.6% of total revenue, followed by tuna and seafood. Asia remained TC’s largest market in 2Q22, accounting for 58% of total revenue, followed by Europe (25%), Africa (6%), America (5%), Thailand (5%), and others (1%).

Exhibit 3: TC’s plant



Source: [TC](#)

Exhibit 4: TC brand



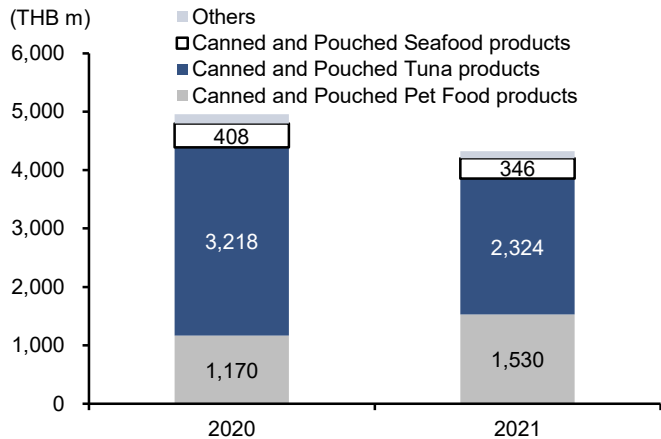
Source: [Mitihoon](#)

Transformation into a pet food company

Like its local peers Asian Sea Corporation (ASIAN TB, BUY) and Thai Union Group (TU TB, not rated), TC has gradually transformed itself from a commodity-driven, low-margin canned tuna and seafood business into a high-margin pet food company. In 2021, TC's revenue from pet food rose from only 24% of total revenue in 2020 to 35%.

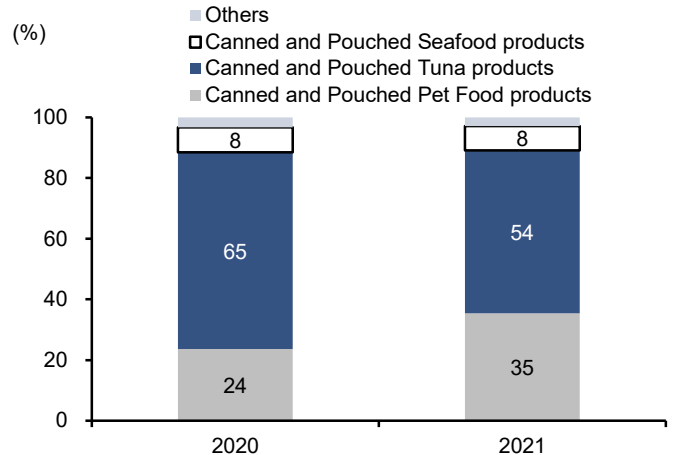
Canned tuna is TC's main business, which provides a by-product of tuna red meat – one of the key raw materials for pet food production. Hence, TC has been able to leverage its business integration and expand into the downstream pet food business.

Exhibit 5: Annual revenue breakdown by segment



Source: TC

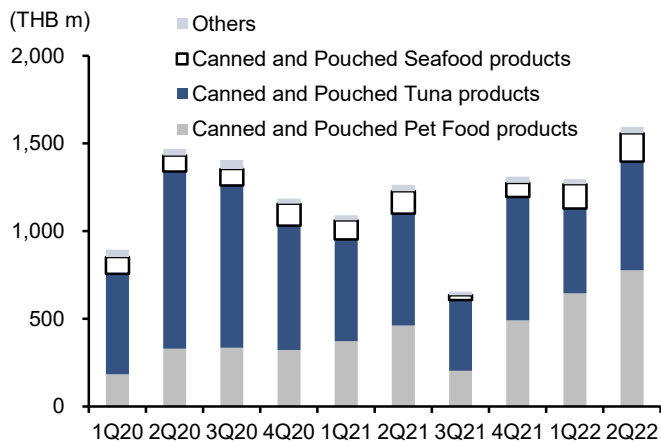
Exhibit 6: Annual revenue breakdown by segment (%)



Source: TC

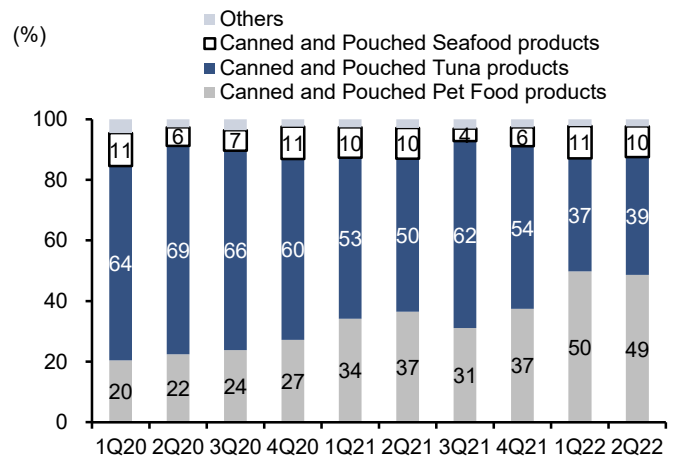
In 1H22, TC significantly increased its revenue proportion from pet food to around 50% of total revenue, shrinking its canned tuna business, which saw revenue contributions decline from around two-thirds of total revenue in 2020 to only 37-39% in 1H22.

Exhibit 7: Quarterly revenue breakdown by segment



Source: TC

Exhibit 8: Quarterly revenue – share by segment

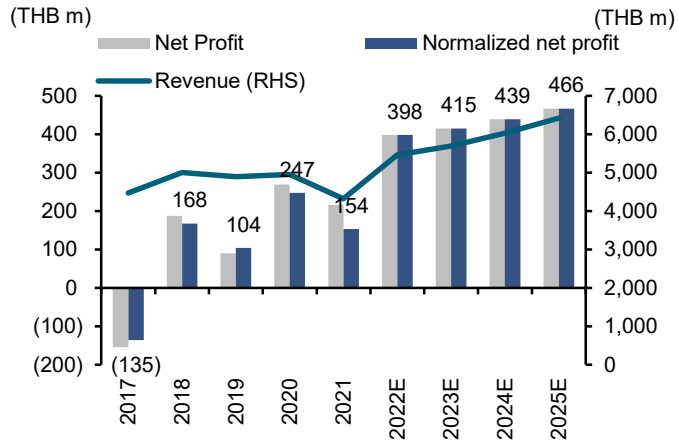


Source: TC

Stronger net profit and profitability on rising pet food growth

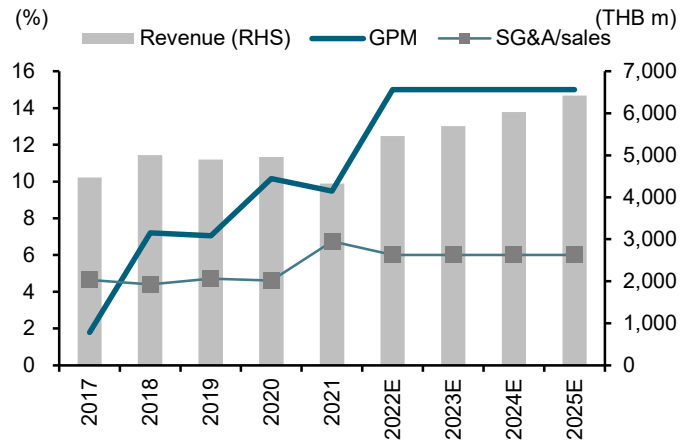
We project TC's net profit to grow at a 42% CAGR in 2021-24, driven by the strong revenue growth from its high-margin pet food business, which accounted for 50% of total revenue in 1H22, up from 24% in 2020 and 35% in 2021. We project TC's net profit to rise from THB154m in 2021 to THB398m in 2022, THB415m in 2023, THB439m in 2024, and THB466m in 2025.

Exhibit 9: Annual net profit, core net profit, and revenue



Sources: TC; FSSIA estimates

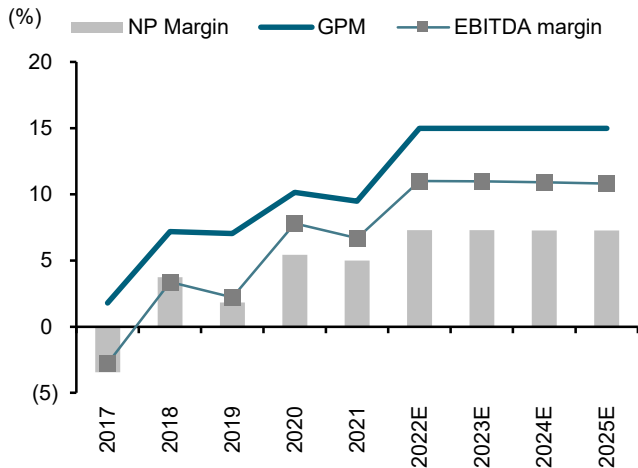
Exhibit 10: Annual revenue, GPM, and SG&A/sales



Sources: TC; FSSIA estimates

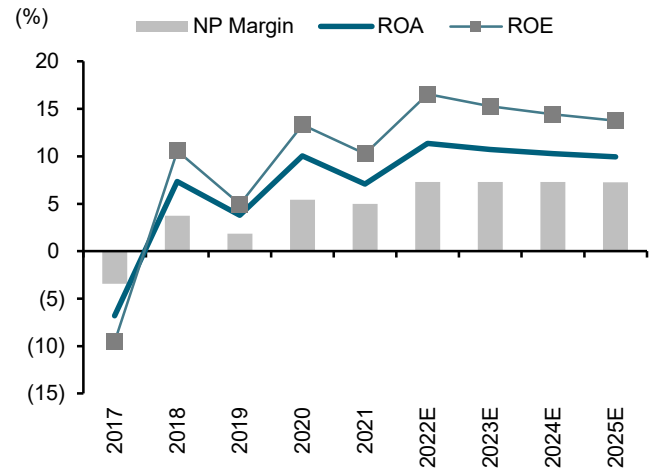
We project the gross profit margin (GPM) to stay high at 15% in 2022-25, up from sub-10% in 2017-21, as TC should gradually increase its revenue proportion from pet food at the expense of lower revenue from canned tuna. We also expect the net profit margin (NPM) to improve from 5.0% in 2021 to 7.3% in 2022-25, driving up its ROA to stay above 10% and ROE to rise to 13.7-16.6% in 2022-25.

Exhibit 11: Annual net profit margin, gross profit margin, and EBITDA margin



Sources: TC; FSSIA estimates

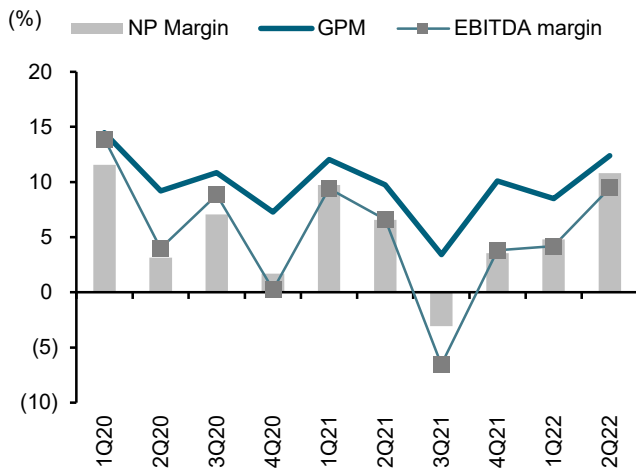
Exhibit 12: Annual net profit margin, ROA, and ROE



Sources: TC; FSSIA estimates

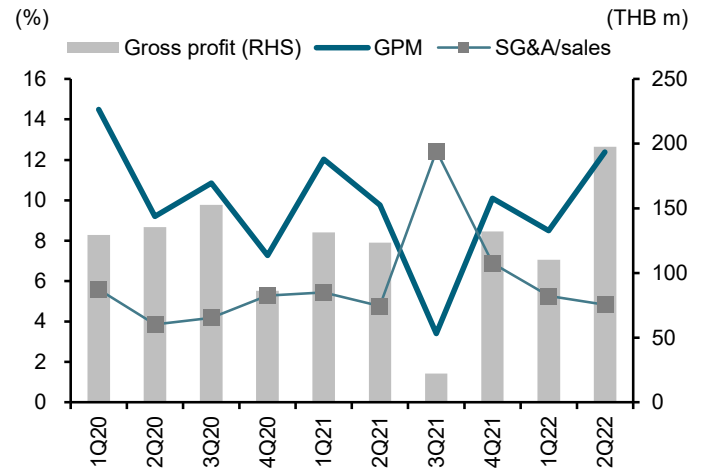
In the past three quarters in 4Q21-2Q22, as TC raised the revenue from its pet food unit its profitability improved markedly, with its NPM reaching 10.8% for the first time since 1Q20.

Exhibit 13: Quarterly net profit margin, gross profit margin,



Sources: TC; FSSIA estimates

Exhibit 14: Quarterly gross profit, gross profit margin, and SG&A/sales



Sources: TC; FSSIA estimates

Stronger net profit and profitability on rising pet food growth

We initiate coverage of TC with a BUY call and a TP of THB16.3, based on 13x 2023E P/E, a discount to its local and global peers to reflect TC's lower liquidity, ROE, and profitability. Meanwhile, our projected net profit growth for TC is higher than the net profit growth of most of its peers due to its smaller base.

Exhibit 15: TP and valuation

	(THB)				
Share price as of 6 Oct 2022	12.0				
2023E EPS	1.26				
	----- 2023E P/E -----				
	12x	13x	14x	15x	16x
Target price (THB/share)	15.1	16.3	17.6	18.9	20.1
% Upside based on share price as of 6 Oct 22	25.8	35.8	46.7	57.5	67.5

Sources: TC; FSSIA estimates

Corporate Governance – Tropical Canning

Board structure

Independent Directors (ID)	3 of 9 board members, none is female
Percentage of IDs on the board	33%
ID attendance at board meetings	n/a
ID in audit/remuneration committee	3/3 in audit committee (<i>no information regarding remuneration committee in 2021 One Report</i>)
ID terms	Nine years consecutively, but can be re-elected by the Board's justification

Additional information: Each audit committee will be reviewed every three years with possible extension. In 2021, the audit committee participated in reviewing financial statements with the auditor four times. Board of Directors will meet four times annually, mainly to monitor and review financial and operation reports; review the enterprise risk management, operational and financial risks, and provide updates on the current situation. Other meetings may be arranged when appropriate.

Compensation and remuneration

Directors' remuneration vs earnings/ROE/share performance	2021 net profit was THB154m (<i>no information regarding Directors' remuneration in 2021 One Report</i>)
Changes/stability in senior management	None
Incidents of termination of senior management	None
Track record on insider sales	None

Additional information:

ESG and sustainability management

TC has been listed on the Stock Exchange of Thailand since 1990. The company lines up concrete guidance for good corporate governance toward the sustainability of the company and the industry as a whole. Not only following the rules and regulations by the Securities Exchange Commission of Thailand and the Stock Exchange of Thailand, the company makes its best attempt to earn certifications from various international standards to ensure its responsibility, accountability, and transparency to the society, customers and employees.

Materiality issues	Activities and practices
Personal data protection	TC collects, uses and discloses personal data in compliance with personal data protection laws and related laws according to the Good Corporate Governance policy.
Labour employment	TC practices labour standards through social responsibility, e.g. opposing use of under-age workers, withholding personal documentation as guarantees, and engagement in bribery and corruption. TC organises workplace environments in safe and clean conditions as per OHSAS 18000 Standard in prevention of workplace accidents and health hazards and equally treats employees at all levels regardless of race and religion.
Food safety	TC adopts various international principles throughout the production process and has earned several key internationally accepted food safety standards such as GMP (Good Manufacturing Practice), HACCP (Hazard Analysis and Critical Control Point), and the BRC Global Standard for Food Safety. TC is also certified by industry accepted ISO systems, including ISO9001:2015 on quality management, ISO14001:2015 on environmental management, ISO45001:2018 on occupational health and safety, as well as the production standards of KOSHER and HALAL.
Seafood sustainability procurement	TC will only do business with suppliers with high ethical standards and a proven commitment to quality, safety and sustainability of their seafood products, e.g. non-procurement of overfished stocks, fish caught by vessels, IUU fishing, fish caught by large-scale pelagic driftnets or in marine protected areas. In addition, all fish procured by the company are fully traceable and legal. Information on TC's fish supply will be transparent, traceable and readily available to customers. TC is also a member of the International Seafood Sustainability Foundation (ISSF).
Environment	TC maximises water and fuel resources by targeting productivity for every unit use, water by reuse and recycling and fuel by utilising clean energy such as biomass. As for waste water treatment, TC uses Upflow Anaerobic Sludge Blankets (UASB) with BOD online and an analytics lab registered with the Department of Industrial Works, Industry Ministry. Air pollution is well-managed as regulated by law and some waste from raw materials will be reused as by-product and some will be arranged for easy reuse and recycling with a minimal amount for sanitary landfill. All attempts are evidenced by being certified ISO14001:2015 on environmental management standards.
Foreign currency risk	TC is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies, therefore, primarily utilises forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales, denominated in foreign currencies, for the subsequent period. Exposure at end of 2021 was a net loss of USD15.8m and 2020's was USD454.7m.
Whistle Blowing	Should violation or non-compliant with code of conduct be found, it can be questioned or reported to their trusted persons such as director managers, internal audit, company's secretary, managing director or Board of Directors.

Additional information: None

Audit Practices

Auditor	KPMG Phoomchai Audit Ltd.
Length of service	More than ten years
Reporting incidents	None
Fee track record	In 2021, audit fee was THB1.96m and non-audit fee was THB0.43m
Policy on change of audit firm	To review every five years

Additional information: KPMG Phoomchai has been the audit firm for TC for more than ten years but the certified accountant team will be altered every five years.

Shareholders' rights

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

Additional information: None

Financial Statements

Tropical Canning

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	4,957	4,322	5,459	5,693	6,030
Cost of goods sold	(4,375)	(3,818)	(4,543)	(4,740)	(5,024)
Gross profit	581	505	916	953	1,006
Other operating income	12	14	14	14	14
Operating costs	(228)	(292)	(328)	(342)	(362)
Operating EBITDA	365	227	602	625	658
Depreciation	(78)	(95)	(97)	(99)	(101)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	288	131	505	526	557
Net financing costs	(1)	(1)	(1)	(1)	(1)
Associates	0	0	0	0	0
Recurring non-operating income	0	0	0	0	0
Non-recurring items	22	62	0	0	0
Profit before tax	309	193	504	525	556
Tax	(61)	(39)	(106)	(110)	(117)
Profit after tax	247	154	398	415	439
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
Reported net profit	247	154	398	415	439
Non-recurring items & goodwill (net)	(22)	(62)	0	0	0
Recurring net profit	225	92	398	415	439
Per share (THB)					
Recurring EPS *	0.68	0.28	1.21	1.26	1.33
Reported EPS	0.75	0.47	1.21	1.26	1.33
DPS	0.25	0.15	0.30	0.31	0.33
Diluted shares (used to calculate per share data)	330	330	330	330	330
Growth					
Revenue (%)	1.2	(12.8)	26.3	4.3	5.9
Operating EBITDA (%)	190.2	(37.9)	165.6	3.9	5.2
Operating EBIT (%)	128.6	(54.3)	284.3	4.2	5.8
Recurring EPS (%)	80.9	(59.4)	334.8	4.2	5.8
Reported EPS (%)	130.2	(37.8)	159.1	4.2	5.8
Operating performance					
Gross margin inc. depreciation (%)	10.2	9.5	15.0	15.0	15.0
Gross margin of key business (%)	1,016.5	947.1	1,500.0	1,500.0	1,500.0
Operating EBITDA margin (%)	7.4	5.2	11.0	11.0	10.9
Operating EBIT margin (%)	5.8	3.0	9.2	9.2	9.2
Net margin (%)	4.5	2.1	7.3	7.3	7.3
Effective tax rate (%)	1,989.3	2,025.4	21.0	21.0	21.0
Dividend payout on recurring profit (%)	36.6	54.1	25.0	25.0	25.0
Interest cover (X)	247.6	168.4	562.6	509.9	469.1
Inventory days	75.3	112.3	122.4	133.7	132.6
Debtor days	56.1	63.2	56.2	61.1	60.6
Creditor days	27.6	54.9	64.2	68.2	67.6
Operating ROIC (%)	(7.8)	143.1	494.8	26.3	26.7
ROIC (%)	(7.0)	129.0	452.1	24.2	24.7
ROE (%)	11.7	4.4	17.7	16.2	15.2
ROA (%)	8.9	3.8	12.7	11.3	10.8
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Canned & pouched pet food	1,170	1,530	2,754	3,029	3,332
Canned & pouched tuna	3,218	2,324	2,208	2,142	2,077
Canned & pouched seafood	408	346	364	382	458
Others	162	122	134	141	162

Sources: Tropical Canning; FSSIA estimates

Financial Statements

Tropical Canning

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	225	92	398	415	439
Depreciation	78	95	97	99	101
Associates & minorities	-	-	-	-	-
Other non-cash items	185	(190)	0	0	0
Change in working capital	52	(25)	(15)	(388)	(62)
Cash flow from operations	540	(28)	480	126	479
Capex - maintenance	0	0	0	0	0
Capex - new investment	(172)	(145)	(109)	(111)	(114)
Net acquisitions & disposals	0	0	0	0	0
Other investments (net)	(18)	6	(9)	(4)	(5)
Cash flow from investing	(190)	(138)	(118)	(115)	(118)
Dividends paid	(83)	(50)	(100)	(104)	(110)
Equity finance	0	0	0	0	0
Debt finance	(7)	0	0	0	0
Other financing cash flows	0	0	0	0	0
Cash flow from financing	(89)	(49)	(100)	(104)	(110)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	200	0	326	0
Net other adjustments	(246)	214	(370)	329	(29)
Movement in cash	15	(2)	(107)	236	221
Free cash flow to firm (FCFF)	351.39	(165.63)	362.96	11.36	361.44
Free cash flow to equity (FCFE)	97.44	47.66	(7.62)	339.73	331.17

Per share (THB)

FCFF per share	1.06	(0.50)	1.10	0.03	1.10
FCFE per share	0.30	0.14	(0.02)	1.03	1.00
Recurring cash flow per share	1.48	(0.01)	1.50	1.56	1.64

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	1,723	1,838	1,912	1,990	2,070
Less: Accumulated depreciation	(1,173)	(1,239)	(1,301)	(1,366)	(1,434)
Tangible fixed assets (net)	550	599	611	624	636
Intangible fixed assets (net)	0	0	0	0	0
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	0	0	0	0	0
Cash & equivalents	156	155	48	285	506
A/C receivable	749	749	933	973	1,030
Inventories	1,002	1,346	1,700	1,773	1,878
Other current assets	2	3	4	5	5
Current assets	1,910	2,253	2,686	3,035	3,419
Other assets	216	202	207	207	208
Total assets	2,676	3,055	3,504	3,866	4,264
Common equity	2,023	2,104	2,403	2,714	3,043
Minorities etc.	0	0	0	0	0
Total shareholders' equity	2,023	2,104	2,403	2,714	3,043
Long term debt	0	0	0	0	0
Other long-term liabilities	212	188	198	208	219
Long-term liabilities	212	188	198	208	219
A/C payable	417	731	867	904	957
Short term debt	13	27	30	33	38
Other current liabilities	11	5	7	7	7
Current liabilities	441	763	903	944	1,002
Total liabilities and shareholders' equity	2,676	3,055	3,504	3,866	4,264
Net working capital	1,325	1,362	1,764	1,840	1,949
Invested capital	2,091	2,164	2,583	2,671	2,793

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

Per share (THB)

Book value per share	6.13	6.38	7.28	8.22	9.22
Tangible book value per share	6.13	6.38	7.28	8.22	9.22

Financial strength

Net debt/equity (%)	(7.1)	(6.1)	(0.8)	(9.3)	(15.4)
Net debt/total assets (%)	(5.4)	(4.2)	(0.5)	(6.5)	(11.0)
Current ratio (x)	4.3	3.0	3.0	3.2	3.4
CF interest cover (x)	232.6	247.6	114.2	438.2	375.8

Valuation	2020	2021	2022E	2023E	2024E
Recurring P/E (x) *	17.6	43.2	9.9	9.5	9.0
Recurring P/E @ target price (x) *	23.9	58.7	13.5	13.0	12.3
Reported P/E (x)	16.0	25.8	9.9	9.5	9.0
Dividend yield (%)	2.1	1.3	2.5	2.6	2.8
Price/book (x)	2.0	1.9	1.6	1.5	1.3
Price/tangible book (x)	2.0	1.9	1.6	1.5	1.3
EV/EBITDA (x) **	10.4	16.9	6.5	5.9	5.3
EV/EBITDA @ target price (x) **	14.3	23.2	8.9	8.2	7.5
EV/invested capital (x)	1.8	1.8	1.5	1.4	1.3

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

Sources: Tropical Canning; 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	DRSH	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	PPP	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:

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

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	WIIK
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)

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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 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

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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
Tropical Canning	TC TB	THB 12.00	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.
Asian Sea Corporation	ASIAN TB	THB 18.20	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 Finasia Syrus Securities Public Company Limited

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All share prices are as at market close on 06-Oct-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.