

NSL FOODS NSL TB
THAILAND / CONSUMER, NON-CYCLICAL

BUY

ผู้นำในตลาดแซงหน้าช้อปร้อน

- ราคาตัวไรสุทธี 4Q22 ที่ 74 ลบ. (+2.3% q-q, +68.7% y-y) จากรายได้รวมที่ทำให้สถิติสูงสุดเป็นประวัติการณ์จากปริมาณขายที่อยู่ในระดับสูง
- ผู้บริหารตั้งเป้ารายได้โต 17% ในปี 2023 อย่างไรก็ตามเราใช้สมมติฐานที่ต่ำกว่าของบริษัทฯ และยังไม่ได้รวมข่าวแห่งไว้ในประมาณการของเรา
- เริ่มต้นด้วยคำแนะนำซื้อที่ราคาเป้าหมาย 26 บาท (23x ของ 2023E P/E).

TARGET PRICE	THB26.00
CLOSE	THB22.80
UP/DOWNSIDE	+14.0%
TP vs CONSENSUS	+0.0%

KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	3,038	3,976	4,453	4,932
Net profit	191	294	343	394
EPS (THB)	0.70	0.98	1.14	1.31
vs Consensus (%)	-	(3.0)	(5.0)	(5.1)
EBITDA	346	494	577	649
Core net profit	191	294	343	394
Core EPS (THB)	0.70	0.98	1.14	1.31
EPS growth (%)	3.7	39.8	16.5	14.9

ผู้ผลิตและจัดจำหน่ายผลิตภัณฑ์ขนมอบ

NSL เป็นผู้ผลิตและจัดจำหน่ายผลิตภัณฑ์ขนมอบ ของว่าง (ภายใต้ตราสินค้าของ CPALL เช่น EZY Taste, EZY Sweet, และ 7 Fresh) และขนมขบเคี้ยว (ภายใต้ตราสินค้าของ NSL) นอกจากนี้บริษัทฯ ยังประกอบธุรกิจให้บริการอาหาร (Food Services) อันประกอบด้วยอาหารทะเล ปลา เนื้อ และผักแช่แข็ง NSL มีรายได้หลักจากยอดขายในประเทศโดยมี CPALL เป็นลูกค้าหลัก

คาดการณ์รายได้ 4Q22 จะทำสถิติสูงสุดเป็นประวัติการณ์

ราคาตัวไรสุทธี 4Q22 ที่ 74 ลบ. (+2.3% q-q, +68.7% y-y) เนื่องจากเป็นฤดูกาลขายรายได้รวมน่าจะทำสถิติสูงสุดเป็นประวัติการณ์โดยมีอัตราการเติบโตที่ดีที่ 2% q-q และ 22% y-y จากปริมาณขายผลิตภัณฑ์ขนมอบที่สูงขึ้นและการฟื้นตัวของธุรกิจ Food services นอกจากนี้กำไรยังน่าจะโต y-y จากฐานที่ต่ำใน 4Q21 ตามมาตรการปิดเมือง NSL ควบคุมต้นทุนได้อย่างมีประสิทธิภาพ แม้ว่าราคาเนื้อสัตว์และค่าแรงจะปรับขึ้นอย่างต่อเนื่อง เราคาดว่าอัตรากำไรขั้นต้น (GPM) จะอยู่ในระดับสูงที่ 18.4% เท่ากับใน 3Q22 อย่างไรก็ตาม ค่าใช้จ่ายการขายและการบริหารน่าจะเพิ่ม q-q และ y-y เพราะมีการ

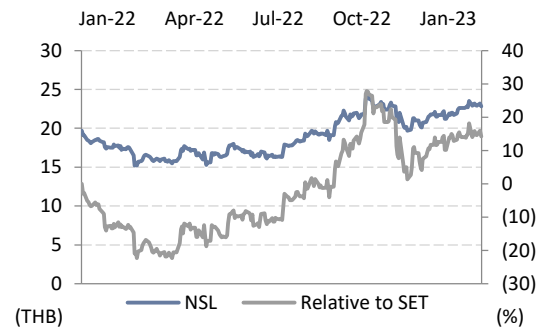
ผู้บริหารตั้งเป้าโตในระดับสูงในปี 2023

ผู้บริหารตั้งเป้าให้รายได้โต 17% y-y ในปี 2023 เป็น 4.7 พัน ลบ. (เทียบกับ 3.9 พัน ลบ. ในปี 2022) จากตัวเลขการฟื้นของจำนวนลูกค้าที่เข้าร้านและการขยายสาขาของ 7-Eleven นอกจากนี้บริษัทฯ ยังวางแผนออกสินค้าใหม่ เช่น ข้าวแช่ ซึ่งผู้บริหารตั้งเป้าวางขายในร้าน 7-Eleven จำนวน 10,000 สาขาภายใน 1Q23 นอกจากนี้เราคาดว่ารายได้จากธุรกิจ Food Services จะฟื้นตัวมาใกล้เคียงระดับก่อนโควิดในปี 2023 ใน 1H23 คาดกำไรของ NSL น่าจะกลับสู่ระดับ 80-85 ลบ. ต่อไตรมาส ทั้งนี้เรายังไม่ได้รวมข่าวแห่งไว้ในสมมติฐานของเรา

แนะนำซื้อจากแนวโน้มการเติบโตที่อยู่ในระดับสูง

ราคาตัวไรสุทธีปี 2022-23 จะโต 53.9% y-y และ 16.5% y-y ตามลำดับและตั้งสมมติฐานให้รายได้โต 30.9% y-y ในปี 2022 และ 12.0% y-y ในปี 2023 ในขณะที่ต้นทุนค่าสาธารณูปโภคของ NSL คิดเป็นประมาณ 2.3% ของรายได้รวมและต้นทุนดังกล่าวที่เพิ่มขึ้นทุก ๆ 10% จะทำให้กำไรสุทธิลดลง 2.2% เราคิดว่าปัจจัยดังกล่าวจะชดเชยได้จากต้นทุนค่าวัตถุดิบที่คาดว่าจะลดลง เราแนะนำซื้อ NSL ที่ราคาเป้าหมาย 26 บาท (23x ของค่า 2023E P/E) นอกจากนี้ความสำเร็จของข้าวแช่ยังอาจให้ Upside แก่ประมาณการของเรา

Core P/E (x)	32.5	23.3	20.0	17.4
Dividend yield (%)	2.2	3.4	4.0	4.6
EV/EBITDA (x)	19.4	13.3	11.4	10.1
Price/book (x)	5.5	5.2	5.0	4.7
Net debt/Equity (%)	(10.6)	(19.1)	(18.1)	(19.2)
ROE (%)	22.4	22.9	25.5	27.7



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	7.5	(1.3)	17.5
Relative to country (%)	3.6	(7.7)	17.2
Mkt cap (USD m)	207		
3m avg. daily turnover (USD m)	0.9		
Free float (%)	0		
Major shareholder	Mr. Somchai Asavapiyanon (75%)		
12m high/low (THB)	24.50/14.70		
Issued shares (m)	300.00		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 18 มกราคม 2023

Investment thesis

We believe NSL's future growth outlook is positive. The company seeks to encourage sales revenue growth by diversifying its product lines and increasing both the number of its partners and points of sale.

As the main supplier for CPALL, NSL has strength and competitive advantages over its rivals due to its distribution channel via 7-Eleven branches nationwide. Although, its revenue exposure to CPALL is high, NSL has closed this risk via an MoU in which CPALL agrees not to buy products from other suppliers with similar characteristics as the products jointly developed with NSL.

Furthermore, the company plans to raise its non-7-Eleven revenue exposure with new ready-to-eat products and food services. Also, its M&A strategy offers future growth opportunities.

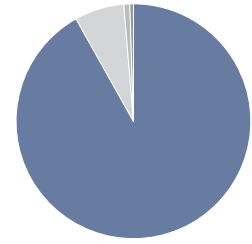
Company profile

NSL is a manufacturer and distributor of bakery products, appetisers (under CPALL brands, such as EZY Taste, EZY Sweet, and 7 Fresh), and snacks (under NSL brands). Also, it is in the food services business covering seafood, fish, meats, and frozen vegetables. NSL earns its revenue mainly from domestic sales, with CPALL as its key account. Moreover, it sells food services products to the HoReCa market and other modern trade distributors. It currently has four factories in Chonburi and Nontaburi.

www.nslfoods.com

Principal activities (revenue, 2021)

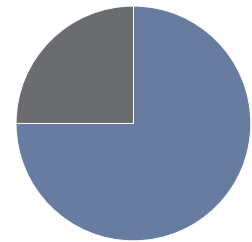
- Bakery and appetizers - 91.9 %
- Food Services - 6.8 %
- NLS snack - 0.8 %
- OEM & bread wastes - 0.5 %



Source: NSL Foods

Major shareholders

- Mr. Somchai Asavapiyanon - 75.0 %
- Others - 25.0 %



Source: NSL Foods

Catalysts

Potential catalysts for NSL's earnings growth in 2023 are 1) revenue growth driven by new product launches and a tourism recovery; 2) new branch expansions of 7-Eleven stores, and 3) a decline in raw material costs that should offset higher utility costs.

Risks to our call

Downside risks to our DCF-based TP include 1) a slower-than-expected consumption recovery; 2) high volatility in raw material prices; 3) the failure of new products; and 4) changing consumer demand and lifestyles.

Event calendar

Date	Event
24 February 2023	4Q22 results announcement
March 2023	1Q23 results announcement

Key assumptions

	2022E	2023E	2024E
Capacity (m pieces)	450.0	450.0	450.0
Actual volume (m pieces)	210.4	234.8	260.4
Utilisation rate (%)	46.7	52.2	57.9
Revenue from 7-Eleven	3,623	4,064	4,516
% of total revenues	91.1	91.3	91.6

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in revenues, we estimate net profit to rise by 0.9%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate net profit to rise by 5.2%, and vice versa, all else being equal.
- For every 0.5% increase in SG&A to sales, we estimate net profit to fall by 5%, and vice versa, all else being equal.

Source: FSSIA estimates

Manufacturer & distributor of bakery products

NSL is a manufacturer and distributor of bakery products, appetisers (under CPALL brands, such as EZY Taste, EZY Sweet, and 7 Fresh), and snacks (under NSL brands). Also, it is in the food service business covering seafood, fish, meats, and frozen vegetables. NSL earns its revenue mainly from domestic sales, with CPALL as its key account. Moreover, it sells food service products to the HoReCa market and other modern trade distributors. It currently has four factories in Chonburi and Nontaburi.

Bakery products & appetisers. From the bakery line, NSL offers hot sandwiches, chilled bakery goods, and ready-to-eat products. After starting development in 2003, it was the first to produce hot sandwiches in Thailand. Also, NSL carries appetisers such as tuna and crab-stick salad. It markets its products through 7-Eleven under several brands, such as EZY Taste, EZY Sweet, and 7 Fresh.

Exhibit 1: Examples of OEM bakery products



Source: NSL

Snacks under NSL brands. They include Butterfin butterfly pie, ChiLee crispy chili, Pangtai crispy pie, and Natural Bites healthy snacks. NSL markets them through both modern and traditional trade channels.

Exhibit 2: Examples of own-brand products



Source: NSL

Food Services. NSL markets fish, seafood, meats, seaweed, and frozen and processed vegetables through the food services channel. It started in 2019 when NSL acquired Quality Food Special Co., Ltd. (QFS), a meat processor. QFS offers packaged ready-to-cook products, including fish, seafood, and frozen vegetables. Also, NSL imports, processes, and packages food under customer brands, such as Tops' My Choice. Its primary customers are restaurants, hotels, HoReCa operators, international schools, and modern trade distributors.

Exhibit 3: Examples of food service products

OEM Skin pack



Ready to eat and Bakery



Retail beef cutting

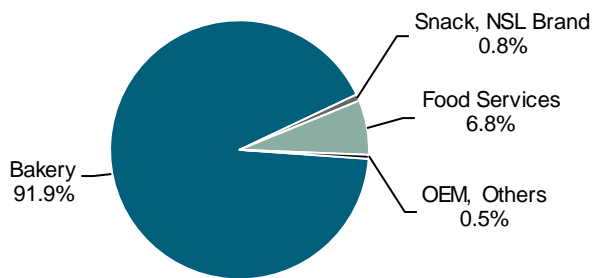


Source: NSL

Strengths: Expertise and distribution channels

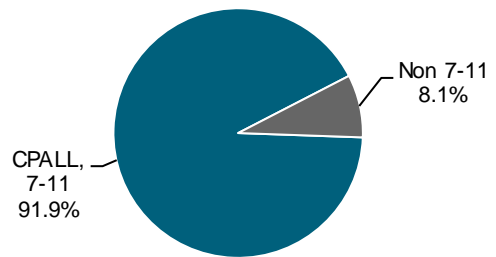
NSL was the first to develop and produce hot sandwiches in Thailand. It started selling them to CPALL in 2009 and is now an expert in this category. NSL's sales to CPALL account for 90%-93% of total sales. We view this as a strength since it implies a distribution channel through Thailand's top convenience store chain with over 13,000 branches. Also, CPALL plans to open no less than 700 new 7-Eleven branches annually. NSL has taken steps to minimise risks by signing an MOU with CPALL. The current seven-year deal lasts until 2026, and NSL is already in talks to extend it by another three years. Besides, it plans to increase non-7-Eleven revenue exposure to 30% of total revenue in the next five years.

Exhibit 4: Revenue breakdown by product (2021)



Source: NSL

Exhibit 5: Revenue breakdown by customer (2021)



Source: NSL

Forecast 4Q22 revenue to hit record high

We forecast a 4Q22 net profit of THB74m (+2.3% q-q, +68.7% y-y) due to the high season. Total revenue should hit a record high with solid growth of 2% q-q and 22% y-y, thanks to the higher sales volume of bakery products and a recovery in the food service business. Also, earnings growth y-y will be driven by the low base in 4Q21 due to the Covid-19 lockdowns. In addition, the company has efficient cost control, despite continued high meat prices and wage increases. We estimate its GPM to be strong at 18.4%, equal to 3Q22. SG&A expenses should increase both q-q and y-y due to the higher marketing expense for its new Rice Bar product.

Exhibit 6: 4Q22 results preview

	4Q21	1Q22	2Q22	3Q22	4Q22E	----- Change -----		2021	2022E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Sales	851	932	988	1,018	1,038	1.9	22.0	3,038	3,976	30.9
Cost of sales	708	761	799	831	847	2.0	19.6	2,497	3,237	29.6
Gross profit	142	171	190	188	191	1.8	34.0	542	739	36.5
SG&A	86	87	88	97	98	0.6	13.7	297	370	24.4
Operating profit	58	86	104	93	95	3.1	65.3	249	377	51.4
Interest expense	3	2	3	3	3	7.5	5.3	17	10	(39.3)
Tax expense	11	16	20	18	19	5.8	65.5	41	73	76.9
Reported net profit	44	67	81	72	74	2.3	68.7	191	294	53.9
Core profit	44	67	81	72	74	2.3	68.7	191	294	53.9
Key Ratio (%)										
Gross margin	16.8	18.4	19.2	18.4	18.4	(0.0)	1.6	17.8	18.6	0.8
SG&A / Sales	10.1	9.3	8.9	9.5	9.4	(0.1)	(0.7)	9.8	9.3	(0.5)
Operating margin	6.8	9.2	10.5	9.1	9.2	0.1	2.4	9.8	9.3	(0.5)
Net margin	5.2	7.1	8.2	7.1	7.1	0.0	2.0	6.3	7.4	1.1
Norm margin	5.2	7.1	8.2	7.1	7.1	0.0	2.0	6.3	7.4	1.1
Operating Statistics (THB m)										
Bakery sales	756	847	898	938	941	0.4	24.4	2,791	3,623	29.8
Food service sales	80	72	73	62	80	29.3	0.0	207	286	38.1
Snack sales	11	5	9	10	10	(2.2)	(5.0)	25	34	37.2
OEM sales	4	8	8	9	8	(15.1)	80.0	15	33	120.5

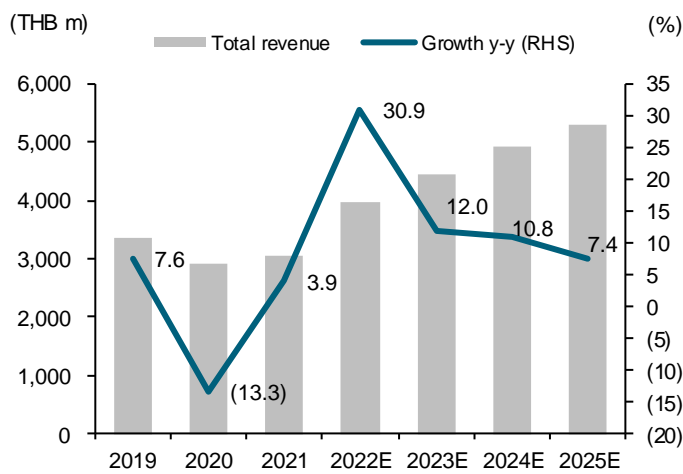
Sources: NSL, FSSIA estimates

Management targets high growth in 2023

Management targets 2023 revenue growth of 17% y-y at THB4.7b (vs THB3.9b in 2022), driven by the traffic recovery, 7-Eleven branch expansions, and new product launches including an aggressive target to distribute its new Rice Bar product to 10,000 7-Eleven branches within 1Q23. Also, we expect revenue from its food service unit to recover to near the pre-Covid level in 2023. In 1H23, NSL's earnings should return to THB80m-THB85m per quarter, based on our assumption which excludes Rice Bar.

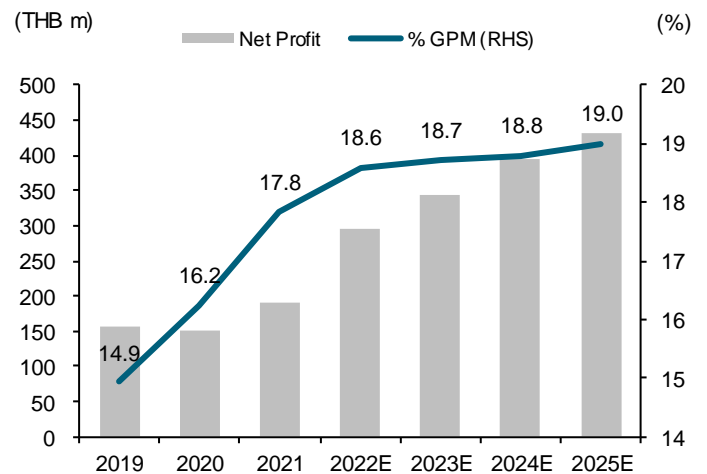
We estimate 2022-23 net profit growth at 53.9% y-y and 16.5% y-y, respectively. Our assumptions are more conservative than management's target. We project revenue growth at 30.9% y-y in 2022 and 12.0% y-y in 2023. While NSL's utility costs equal around 2.3% of total revenues, and every 10% increase in utility costs would slash NSL's net profit by 2.2%, we think this should be offset by the expected drop in raw material costs.

Exhibit 7: Projected total revenue growth



Source: FSSIA estimates

Exhibit 8: Projected GPM and net profit



Source: FSSIA estimates

Exhibit 9: Rice Bar product

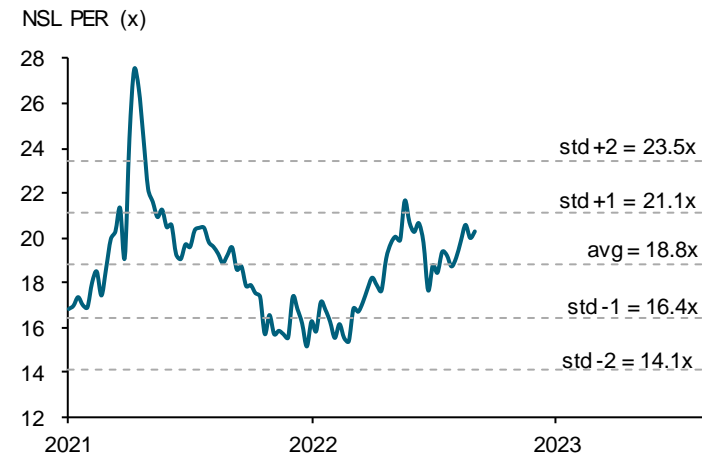


Source: NSL

Valuations

Our 2023 TP for NSL at THB26 assumes 23x 2023E P/E, based on the average P/E of listed food or snack companies: CPF, TU, RBF, TKN, SNNP, and TACC, as being related to the 7-Eleven company. The success of its Rice Bar product could create an upside for our projections.

Exhibit 10: Historical P/E band



Sources: Bloomberg; FSSIA estimates

Exhibit 11: Historical P/BV band



Sources: Bloomberg; FSSIA estimates

Exhibit 12: Peers comparison as of 17 Jan-23

Company	BBG	Rec	Share price			Market Cap (USD m)	PE		ROE		PBV		EV/EBITDA	
			Current (LCY)	Target (LCY)	Upside (%)		22E (x)	23E (x)	22E (%)	23E (%)	22E (x)	23E (x)	22E (x)	23E (x)
Thailand														
TAC Consumer	TACC TB	BUY	6.50	10.00	54	119	16.7	14.8	31.3	34.3	5.2	5.0	10.3	9.0
NSL Foods	NSL TB	BUY	22.80	26.00	14	207	23.3	20.0	22.9	25.5	5.2	5.0	13.3	11.4
Charoen Pokphand Foods	CPF TB	n/a	24.20	n/a	n/a	6,103	13.6	12.1	7.3	7.5	0.9	0.9	12.6	13.0
Srinanaporn Marketing	SNNP TB	n/a	23.10	n/a	n/a	680	43.5	33.0	17.2	21.0	7.2	6.7	27.5	21.7
R&B Food Supply	RBF TB	n/a	14.30	n/a	n/a	872	52.7	39.1	12.0	15.5	6.5	6.1	31.4	24.9
Taokaenoi Food&Marketing	TKN TB	n/a	11.10	n/a	n/a	459	40.0	31.4	18.0	21.6	7.0	6.8	23.0	18.8
Thai Union Group	TU TB	n/a	16.40	n/a	n/a	2,391	10.5	10.2	12.5	12.1	1.3	1.2	11.3	10.3
Thailand average						10,831	28.6	22.9	17.3	19.6	4.8	4.5	18.5	15.6

Sources: Bloomberg; FSSIA estimates

Corporate Governance – NSL

Board structure

Independent Directors (ID)	4 of 8 board members, 2 female
Percentage of IDs on the board	50%
ID attendance at board meetings	100%
ID in audit/remuneration committee	3/3 in audit committee and 2/3 in remuneration committee
ID terms	Nine years consecutively, but can be re-elected with the Board's justification

Additional information: the chairman of the board is an independent director and one of two females on the board. Another female board member is chairman of the audit committee.

Compensation and remuneration

Directors' remuneration vs earnings/ROE/share performance	In 2021, THB1.22m vs net profit of THB191m.
Changes/stability in senior management	None
Incidents of termination of senior management	None
Track record on insider sales	None

Additional information: None

ESG and sustainability management

NSL FOODS (NSL) is a manufacturer and distributor of bakery products and snacks for both its partners and its own brands. NSL products can be found at the 7-Eleven stores of CPALL Plc. (CPALL TB). NSL's own brands "Butterfin", "Natural Bite", and "Pangtai" are distributed through various points of sale, including Modern Trade (MT) outlets such as convenience stores, supermarkets, wholesalers, hypermarkets, and Cash and Carry as well as Traditional Trade (TT) outlets such as markets, grocery stores, and gift shops.

Materiality issues	Activities and practice
Dependence on a single customer	In 2019-21, NSL's sales to CPALL accounted for 96.6%, 94.3% and 91.7% of total sales revenue, respectively. This number is in accordance with the MoU, first made in 2014, on exclusive products manufactured with CPALL, with the agreement spanning seven years from 19 Dec-19 to 18 Dec-26. NSL plans to 1) increase revenues from other sectors such as food services and food and snacks, with a view to keep its sales proportion to CPALL (by MoU) at about 70% of total revenue. The other 30% would come from other sources of income. In five years, NSL plans to expand its export markets and add new points of sale for its snack and food products; and 2) pursue JV and M&A opportunities in business sectors concerning food.
Possible non-renewal of the MoU on product exclusivity with CPALL	NSL started selling products to 7-Eleven in 2009 and has developed its partnership with CPALL to become closer and more mutually-understanding. Non-renewal of the MoU would have a considerable impact on NSL's business operations. NSL continuously develops new products in conjunction with CPALL to meet the demands of target groups to create a win-win relationship. More than 70 products developed under the MoU are to meet CPALL business needs and are the property of CPALL. The products produced by NSL continue to be favourites, with increasing sale figures year after year. For this reason, NSL has been awarded seven Innovation Awards since 2014, demonstrating the trust NSL has received from CPALL. Whereas the MoU with CPALL has an expiry date, NSL is convinced that the win-win partnerships will allow them to grow together. Bearing in mind renewal uncertainty, NSL believes it would be able to manufacture products for CPALL on a non-exclusive basis, where NSL's products must compete with other producers.
High industry competition	One of NSL's key strengths is its current business size which encourages more effective cost control via economies of scale and increased procurement, logistic and advertising capabilities. The company's executives have many years of experience in the industry, good relations with business partners nationwide, and a good understanding of market demand. NSL's family-oriented corporate culture allows mid-level executives to engage and share their initiatives. The company's innovative products are among the top sellers in the healthy products industry.
Price volatility of raw materials	NSL has implemented several measures to maintain raw material costs at an acceptable level, including 1) projecting demand in advance to create an appropriate procurement plan with suitable purchase amounts and timeframes. These projections are done at every factory location to enable the company to make bulk orders at the same time; 2) pairing the purchase of baking supplies with NSL's food service business, which imports baking supplies and frozen bakery products for distribution to HoReCa and MT customers; 3) procuring seasonal ingredients in advance and storing them in suitable storage; 4) negotiate the price of raw materials based on production demand both from the company and outsourced suppliers; 5) the procurement department will follow up on the situation and update or find additional or alternative sourcing; 6) key suppliers are requested to produce a risk management plan with regard to key raw materials; 7) the R&D department coordinates with the procurement department in finding and trying out secondary sources for raw materials that are required in large amounts.
75% stake in hand of a single shareholder	Mr. Somchai Asavapiyanond, president, holds over 75% of the total shares. Nevertheless, 50% of NSL's board of directors are independent directors, and the audit committee helps balance the scope of power and ensure transparency.
Covid-19 pandemic	The Company's head office and factories have carried out a "work from home" and "bubble and seal" strategy to minimise risks from the Covid-19 pandemic. In response, the company has taken steps to maximise its business operations effectiveness in three aspects, including production efficiency, RM/PM efficiency, and operational efficiency. This has resulted in a stable net profit of THB151m in 2020 (vs 2019's THB156m) and 26% growth in 2021 to THB191.1m.
Employment	NSL had 1,636 employees in 2021, down 5.3% from 2020. Daily and monthly staff are split 71:29. Daily staff fell 3.0% to 1,180 from 1,215 while monthly personnel dropped 12.3% to 456 from 512. In 2020-21, the company paid remuneration including salary, bonuses, social security, and provident fund contributions of THB386.2m and 407.4m, respectively, for an approximate annual cost of USD6,267/employee vs Thai GDP per capita of USD7,066 in 2021 (or 11% lower).

Additional information: [2021 annual report](#)

Audit Practices

Auditor	Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.
Length of service	Since 2018
Reporting incidents	None
Fee track record	THB2.8m in 2021 and THB3.1m in 2020
Policy on change of audit firm	To be reviewed every five years

Additional information: None

Shareholders' rights

Practice	Activity
Communication - shareholder participation in AGMs/EGMs	AGM once annually, EGM when appropriate 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

NSL Foods

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	2,923	3,038	3,976	4,453	4,932
Cost of goods sold	(2,342)	(2,400)	(3,120)	(3,483)	(3,848)
Gross profit	581	638	856	969	1,084
Other operating income	4	5	7	8	9
Operating costs	(264)	(297)	(370)	(401)	(444)
Operating EBITDA	321	346	494	577	649
Depreciation	(106)	(97)	(117)	(137)	(157)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	215	249	377	440	492
Net financing costs	(24)	(17)	(10)	(12)	(12)
Associates	-	-	-	-	-
Recurring non-operating income	0	0	0	0	0
Non-recurring items	0	0	0	0	0
Profit before tax	191	232	367	428	480
Tax	(39)	(41)	(73)	(86)	(86)
Profit after tax	151	191	294	343	394
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	151	191	294	343	394
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	151	191	294	343	394
Per share (THB)					
Recurring EPS *	0.68	0.70	0.98	1.14	1.31
Reported EPS	0.68	0.70	0.98	1.14	1.31
DPS	0.85	0.50	0.78	0.91	1.05
Diluted shares (used to calculate per share data)	224	273	300	300	300
Growth					
Revenue (%)	(13.3)	3.9	30.9	12.0	10.8
Operating EBITDA (%)	(2.7)	7.7	42.8	16.7	12.5
Operating EBIT (%)	(4.7)	15.9	51.4	16.6	11.9
Recurring EPS (%)	(26.5)	3.7	39.8	16.5	14.9
Reported EPS (%)	(26.5)	3.7	39.8	16.5	14.9
Operating performance					
Gross margin inc. depreciation (%)	16.2	17.8	18.6	18.7	18.8
Gross margin of key business (%)	14.9	16.2	17.8	18.6	18.7
Operating EBITDA margin (%)	11.0	11.4	12.4	12.9	13.2
Operating EBIT margin (%)	7.4	8.2	9.5	9.9	10.0
Net margin (%)	5.2	6.3	7.4	7.7	8.0
Effective tax rate (%)	20.7	17.8	19.9	20.0	18.0
Dividend payout on recurring profit (%)	125.7	71.3	80.0	80.0	80.0
Interest cover (X)	8.9	14.8	37.0	37.6	40.2
Inventory days	19.8	25.1	21.4	19.7	19.8
Debtor days	53.1	54.6	47.8	47.3	47.6
Creditor days	65.5	65.2	62.8	68.9	69.4
Operating ROIC (%)	16.1	18.0	27.4	31.8	33.6
ROIC (%)	15.8	17.5	26.4	30.4	32.2
ROE (%)	32.6	22.4	22.9	25.5	27.7
ROA (%)	10.6	11.1	13.8	15.0	16.1
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Bakery and appetizers	2,760	2,791	3,623	4,064	4,516
Food Services	133	207	286	315	337
NLS snack	16	25	34	38	40
OEM & bread wastes	16	15	33	36	39

Sources: NSL Foods; FSSIA estimates

Financial Statements

NSL Foods

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	151	191	294	343	394
Depreciation	106	97	117	137	157
Associates & minorities	0	0	0	0	0
Other non-cash items	-	-	-	-	-
Change in working capital	(86)	(108)	142	(8)	(8)
Cash flow from operations	172	180	553	471	542
Capex - maintenance	(49)	(39)	(200)	(200)	(200)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(2)	(13)	(9)	(5)	(5)
Cash flow from investing	(50)	(53)	(209)	(205)	(205)
Dividends paid	(225)	(266)	(235)	(274)	(315)
Equity finance	55	75	0	0	0
Debt finance	(92)	(107)	(115)	12	(20)
Other financing cash flows	132	620	22	14	4
Cash flow from financing	(129)	322	(328)	(248)	(331)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(8)	449	16	18	6
Free cash flow to firm (FCFF)	146.08	144.18	354.19	277.92	349.26
Free cash flow to equity (FCFE)	162.34	640.64	251.31	292.12	321.09

Per share (THB)

FCFF per share	0.49	0.48	1.18	0.93	1.16
FCFE per share	0.54	2.14	0.84	0.97	1.07
Recurring cash flow per share	1.15	1.06	1.37	1.60	1.83

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	1,620	1,614	1,752	1,875	1,982
Less: Accumulated depreciation	(637)	(688)	(743)	(802)	(866)
Tangible fixed assets (net)	983	926	1,009	1,072	1,116
Intangible fixed assets (net)	7	7	7	7	7
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	0	0	0	0	0
Cash & equivalents	10	459	475	493	500
A/C receivable	413	496	545	610	676
Inventories	142	189	177	198	219
Other current assets	1	2	2	2	2
Current assets	567	1,147	1,199	1,304	1,397
Other assets	18	31	40	45	49
Total assets	1,575	2,111	2,255	2,428	2,569
Common equity	455	1,252	1,311	1,379	1,458
Minorities etc.	0	0	0	0	0
Total shareholders' equity	455	1,252	1,311	1,379	1,458
Long term debt	286	181	73	85	65
Other long-term liabilities	42	50	60	67	74
Long-term liabilities	328	231	133	152	139
A/C payable	404	453	621	694	768
Short term debt	333	146	151	158	155
Other current liabilities	55	29	40	45	49
Current liabilities	792	628	812	897	972
Total liabilities and shareholders' equity	1,575	2,111	2,255	2,428	2,569
Net working capital	98	205	64	72	80
Invested capital	1,106	1,169	1,120	1,196	1,252

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

Per share (THB)

Book value per share	2.02	4.17	4.37	4.60	4.86
Tangible book value per share	1.99	4.15	4.35	4.57	4.84

Financial strength

Net debt/equity (%)	134.0	(10.6)	(19.1)	(18.1)	(19.2)
Net debt/total assets (%)	38.7	(6.3)	(11.1)	(10.3)	(10.9)
Current ratio (x)	0.7	1.8	1.5	1.5	1.4
CF interest cover (x)	7.7	39.1	25.7	25.9	27.2

Valuation	2020	2021	2022E	2023E	2024E
Recurring P/E (x) *	33.7	32.5	23.3	20.0	17.4
Recurring P/E @ target price (x) *	38.5	37.1	26.5	22.8	19.8
Reported P/E (x)	33.7	32.5	23.3	20.0	17.4
Dividend yield (%)	3.7	2.2	3.4	4.0	4.6
Price/book (x)	11.3	5.5	5.2	5.0	4.7
Price/tangible book (x)	11.5	5.5	5.2	5.0	4.7
EV/EBITDA (x) **	17.9	19.4	13.3	11.4	10.1
EV/EBITDA @ target price (x) **	20.1	22.2	15.3	13.1	11.6
EV/invested capital (x)	5.2	5.7	5.9	5.5	5.2

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

Sources: NSL Foods; 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:

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	WIKK
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

Sureporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

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

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Company	Ticker	Price	Rating	Valuation & Risks
NSL Foods	NSL TB	THB 22.80	BUY	Downside risks to our DCF-based TP include 1) a slower-than-expected consumption recovery, 2) high volatility in raw material prices; 3) the failure of new products; and 4) changing consumer demand and lifestyles.
T.A.C. Consumer	TACC TB	THB 6.50	BUY	Downside risks to our P/E-based TP include 1) a slower-than-expected recovery in consumption; 2) the high volatility of raw material prices; 3) rain and cold weather lasting longer than expected; and 4) changing consumer demand and lifestyles.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 17-Jan-2023 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.