

THAI FOODS GROUP  
THAILAND / FOOD & BEVERAGE

## TFG TB

BUY

## มูลค่าหุ้นถูก ปันผลสูง

- ราคาหุ้นไตรมาส 4Q22 ที่ 1.43 พัน ลบ. (-18% q-q, +475% y-y) ลดลง q-q ตามปัจจัยด้านฤดูกาล
- เรามองธุรกิจร้านค้าปลีกของ TFG เป็นบวก อย่างไรก็ตามมองดั่งกล่าวอาจถูกลดทอนลงโดยราคาเนื้อสัตว์ที่กำลังปรับตัวลดลง
- เริ่มต้นด้วยคำแนะนำซื้อที่ราคาเป้าหมาย 8 บาท; คาดผลตอบแทนในรูปเงินปันผลใน 2H22 ที่ 5%

TARGET PRICE	THB8.00
CLOSE	THB5.75
UP/DOWNSIDE	+39.1%
TP vs CONSENSUS	-10.2%

## KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	34,823	50,182	47,829	48,434
Net profit	562	5,020	3,632	3,952
EPS (THB)	0.10	0.86	0.59	0.64
vs Consensus (%)	-	10.5	(24.6)	(8.6)
EBITDA	3,903	9,855	8,035	8,591
Core net profit	562	5,020	3,632	3,952
Core EPS (THB)	0.10	0.86	0.59	0.64
EPS growth (%)	(78.2)	764.3	(31.6)	8.8

## หนึ่งในสามผู้ผลิตไก่และหมูชั้นนำของไทย

TFG ประกอบธุรกิจผลิตอาหารและอุตสาหกรรมเกษตรครบวงจร บริษัทฯ มีความเชี่ยวชาญเป็นพิเศษในด้านการผลิตไก่และหมูโดยมีการดำเนินงานในประเทศไทยและเวียดนาม ในปี 2020 TFG ขยายธุรกิจในตลาดในประเทศผ่านร้านค้าปลีกภายใต้ชื่อ Thai Foods Fresh Market ในช่วง 9M22 สัดส่วนของรายได้ที่ได้จากธุรกิจสัตว์ปีก หมู อาหารสัตว์ ร้านค้าปลีกและอื่น ๆ อยู่ที่ 45.8%/24.4%/16.4%/13.4% ตามลำดับ

## คาดการณ์ไตรมาส 4Q22 จะโตดี y-y แต่ลดลง q-q

ราคาหุ้นไตรมาส 4Q22 ที่ 1.43 พัน ลบ. (-18% q-q, +475% y-y) ลดลง q-q ตามปัจจัยด้านฤดูกาล ราคาหุ้นไตรมาส y-y จากฐานที่ต่ำในปีที่แล้ว เราคาดว่ารายได้รวมจะโตดีถึง 33% y-y มาจากราคาไก่และหมูที่ปรับขึ้น 25% y-y และ 35% y-y ตามลำดับ นอกจากนี้เรคาดว่ารายได้จากร้านค้าปลีกจะโต 312% y-y เป็น 2.38 พัน ลบ. คิดเป็น 18.4% ของรายได้รวม (เทียบกับ 5.9% ใน 4Q21) หากกำไร 4Q22 ออกมาตามคาด กำไรสุทธิปี 2022 จะทำสถิติสูงเป็นประวัติการณ์ที่ 5 พัน ลบ. (+8.9x y-y) อย่างไรก็ตามเราคิดว่ากำไรอาจผ่านจุดสูงสุดแล้วในปี 2022

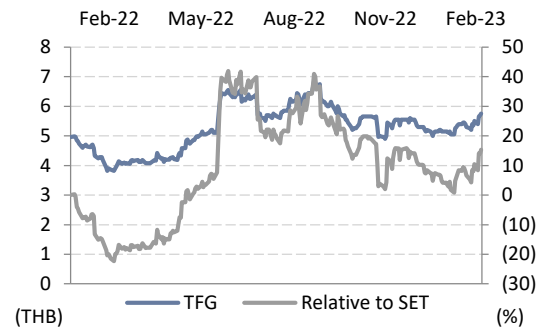
## คาดการณ์ปี 2023 จะสูงกว่าระดับก่อนโควิด

ผู้ประกอบการเลี้ยงหมูส่วนใหญ่คาดว่าโรคระบาด ASF จะบรรเทาในช่วง 1H23 ซึ่งจะทำให้ราคาหมูลดลงในช่วง 2H23 เราคาดว่าราคาหมูในประเทศปี 2023 ที่ 90 บาทต่อ กก. (-9% y-y) เมื่อราคาหมูลดลงตามคาด เราคิดว่าราคาไก่ก็จะลดลงตามในทิศทางเดียวกัน ด้วยเหตุนี้เรจึงคาดการณ์ราคาขายไก่เฉลี่ยของ TFG ในปี 2023 ที่ 49.7 บาทต่อ กก. (-15% y-y) เรามองธุรกิจร้านค้าปลีกเป็นบวกเนื่องจาก TFG ตั้งเป้าเปิดร้านใหม่ 150-200 สาขาในปี 2023 อย่างไรก็ตามมองดั่งกล่าวอาจถูกลดทอนลงจากราคาเนื้อสัตว์ที่กำลังปรับตัวลดลง ในภาพรวมเรจึงคาดการณ์กำไรสุทธิปี 2023 ที่ 3.63 พัน ลบ. (-28% y-y) อย่างไรก็ตามเรคิดว่ากำไรยังสูงกว่าระดับก่อนโควิดอยู่มาก

## มูลค่าหุ้นไม่แพง

เราเริ่ม TFG ด้วยคำแนะนำซื้อที่ราคาเป้าหมาย 8 บาท ราคาดีดั่งกล่าวคิดเป็น 13.6x ของค่า 2023E P/E ใกล้เคียงกับผู้ประกอบการในประเทศ ราคาหุ้นปัจจุบันเทรดเพียง 9.8x ของค่า 2023E P/E ซึ่งต่ำกว่าค่าเฉลี่ยในอดีต พร้อม Upside สูงถึง 39% นอกจากนี้เรายังคาดว่าบริษัทฯ จะจ่ายเงินปันผลต่อหุ้นที่ 0.29 บาทสำหรับช่วง 2H22 คิดเป็นผลตอบแทนในรูปเงินปันผลที่ 5%

Core P/E (x)	57.7	6.7	9.8	9.0
Dividend yield (%)	1.6	6.7	4.6	5.0
EV/EBITDA (x)	13.3	5.4	6.5	5.9
Price/book (x)	2.8	2.3	2.1	1.9
Net debt/Equity (%)	168.9	136.3	100.8	81.3
ROE (%)	5.0	38.5	23.2	22.2



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	11.7	8.5	15.0
Relative to country (%)	10.7	4.8	14.0
Mkt cap (USD m)	990		
3m avg. daily turnover (USD m)	1.8		
Free float (%)	16		
Major shareholder	New Star Victor Co Ltd (28%)		
12m high/low (THB)	6.90/3.68		
Issued shares (m)	5,654.06		

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

บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 3 กุมภาพันธ์ 2023

### Investment thesis

TFG is one of the top three producers of chicken meat and live pigs in Thailand. The company has the capacity to produce 500,000 chickens per day and supply over 85,000 fattening pigs per month.

We have a positive view on the 2023 chicken export recovery from the low base last year. Also, the swine price should remain strong in 1H23 due to a low production level. Although we estimate the THB/USD exchange rate to strengthen to THB33 from THB35 in 2022, TFG should see a limited impact from the stronger THB due to fully natural hedging.

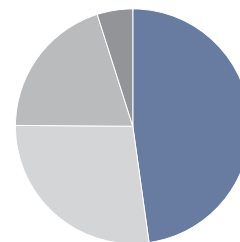
### Company profile

Thai Foods Group (TFG) was established in 1987 by Mr Winai Teawsomboonkij, the founder and CEO. TFG is a vertically integrated food producer specialising in the production of chicken and swine, with operations in Thailand and Vietnam. During 2019-2021, the company generated key revenues from three businesses: poultry, swine, and feed & others, each contributing in percentage terms 47/27/24, respectively.

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

### Principal activities (revenue, 2021)

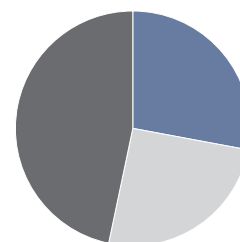
- Poultry - 47.8 %
- Swine - 27.3 %
- Feed - 20.0 %
- Retail Shop and other - 4.9 %



Source: Thai Foods Group

### Major shareholders

- New Star Victor Co Ltd - 27.9 %
- Teawsomboonkij Family - 25.4 %
- Others - 46.7 %



Source: Thai Foods Group

### Catalysts

Potential catalysts for TFG’s earning growth in 2023 are 1) revenue growth driven by sales volume; 2) higher-than-expected meat prices; 3) declining raw material costs; and 4) its new Thai Foods Fresh Market store expansion.

### Risks to our call

Downside risks to our PE-based TP are 1) a slower-than-expected consumption recovery; 2) high volatility in meat and raw material prices; 3) a stronger THB than expected; and 4) a minimum wage increase and/or a labour shortage.

### Event calendar

Date	Event
22 February 2023	4Q22 results announcement
May 2023	1Q23 results announcement

### Key assumptions

	2022E	2023E	2024E
Poultry volume (tonnes)	377,000	384,540	399,922
Swine volume (tonnes)	124,544	127,035	129,576
Feed volume (tonnes)	560,146	571,349	582,776
TFG’s chicken ASP (THB/kg)	58.5	49.7	47.2
TFG’s swine ASP (THB/kg)	98.0	90.0	85.0
Total sales growth (%)	44.1	(4.7)	1.3
Gross margin (%)	19.9	16.8	17.0

Source: FSSIA estimates

### Earnings sensitivity

- For every 1% increase in revenue, we estimate 2023 net profit to rise by 1.2%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2023 net profit to rise by 5.1%, and vice versa, all else being equal.
- For every 0.5% increase in SG&A, we estimate 2023 net profit to fall by 4.7%, and vice versa, all else being equal.

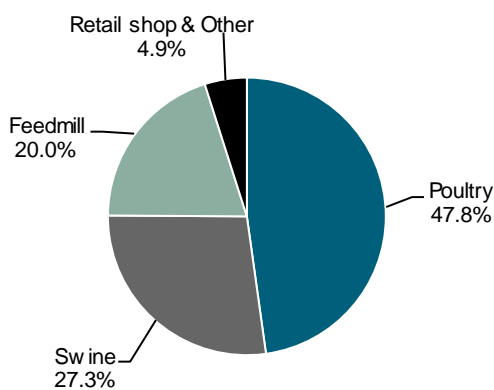
Source: FSSIA estimates

## Fully integrated chicken and swine company

TFG was established in 1987 by Mr. Winai Teawsomboonkij. The company operates a fully integrated agro-industry and food manufacturing business specialising in chicken and swine production with operations in Thailand and Vietnam. This includes a feed business, farm business, food and processed product business, and distribution business to consumers. TFG operates hatcheries for raising chicks, broiler farms, piglet breeding farms, and fattening pig farms. This is accomplished in part by selecting suitable farms and promoting and supporting small-scale farmers in the country to grow together.

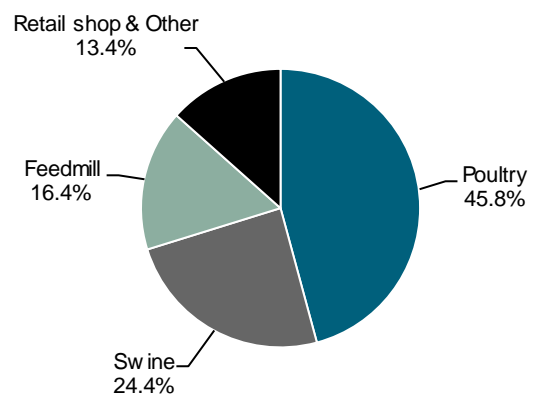
In 2020, the company expanded in the domestic market via retail shops under the Thai Foods Fresh Market brand, which focuses on distribution in the community, both in Bangkok and its perimeter. In 9M22, the proportion of TFG's revenue contributions from poultry, swine, feed, and retail shops and others was 45.8%/24.4%/16.4%/13.4%, respectively (vs 47.8%/27.3%/20%/4.9% in 2021).

Exhibit 1: Revenue breakdown by business segment in 2021



Source: TFG

Exhibit 2: Revenue breakdown by business segment in 9M22

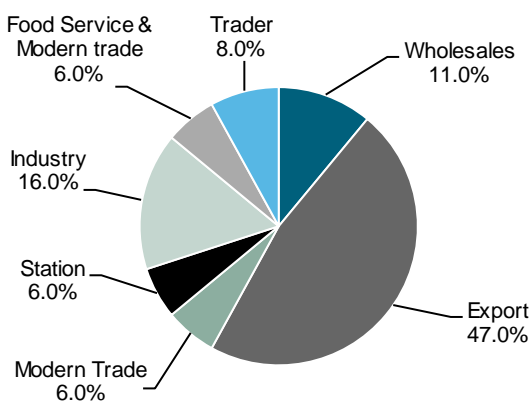


Source: TFG

Its operations can be divided into three business segments, which are as follows:

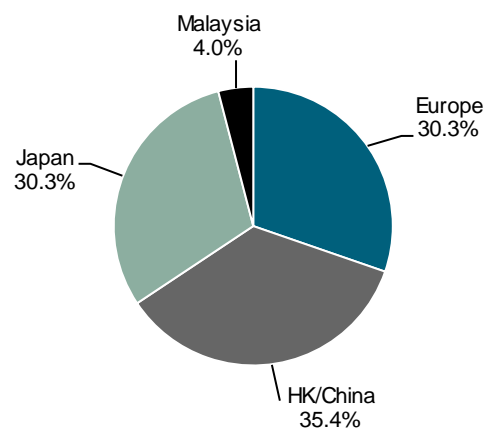
- Poultry business** – TFG produces and sells a variety of chicken meat, including whole chickens and chicken parts. Its chicken revenue contribution accounted for 45.8% of its total revenue in 9M22. TFG utilises a network of more than 291 contract farmers to raise day-old chicks, allowing it to raise 3.2 million birds at any given time.

Exhibit 3: Poultry revenue breakdown by distribution channels in 9M22



Source: TFG

Exhibit 4: Poultry export revenue breakdown by country in 9M22

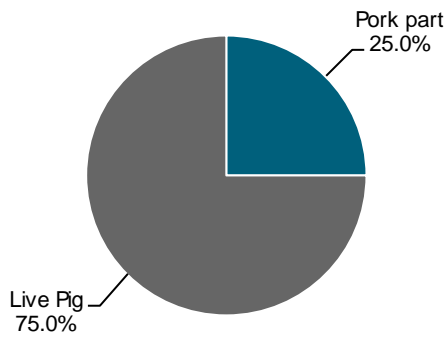


Source: TFG

**2. Swine business** – TFG has pig breeding and farming operations in Thailand and Vietnam, via which the company sells live pigs to brokers, slaughterhouses, and retailers. The company utilises a network of 526 contract farmers (490 in Thailand vs 36 in Vietnam) to raise fattening pigs on fattening farms before selling the live pigs to customers. The company has the capacity to raise over 575,000 fattening pigs through its network of contract farmers. TFG’s swine revenue contribution accounted for 24.4% of its total revenue in 9M22.

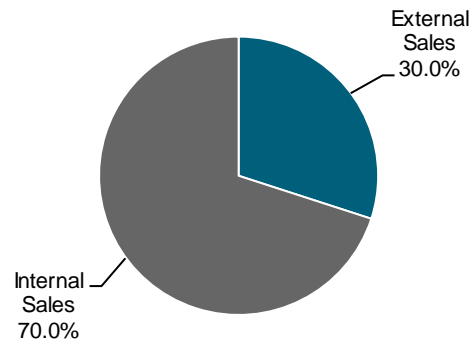
**3. Feed business** – TFG produces and distributes finished feed for land animals (such as chicken, pigs, cattle, goats, ducks, and crickets) in pellets, powder, and concentrated feed. The company produced 1.6 million tonnes of animal feed in 2021, of which 66% of the feed produced was used to feed its chickens and pigs. The remaining feed was sold to agents who resold it to chicken and pig farmers. TFG’s feed revenue to third-party customers accounted for 16.4% of its total revenue in 9M22.

**Exhibit 5: Swine revenue breakdown by product in 9M22**



Source: TFG

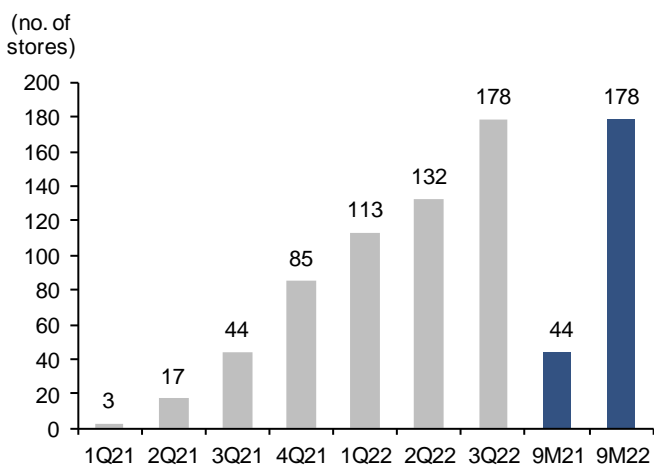
**Exhibit 6: Feed revenue breakdown by customer type in 9M22**



Source: TFG

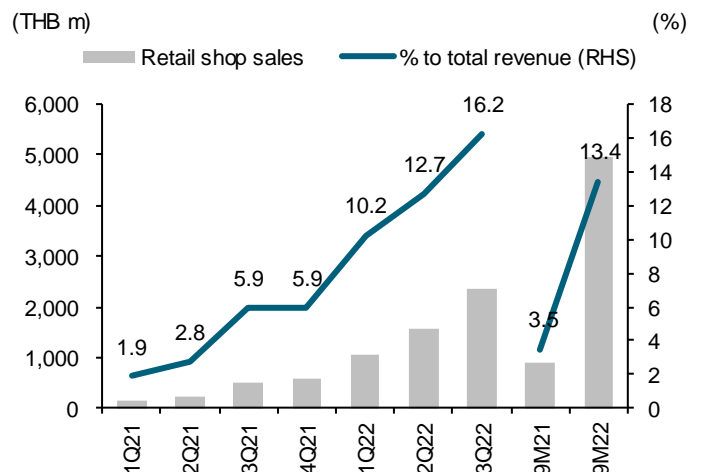
**4. Retail shops** – TFG has established its own retail shops named Thai Foods Fresh Market since 2020. The company operates a consumer goods distribution centre, selling products such as pork parts, chicken parts, and seasoning sauce, as well as other fresh products. There are 215 stores as of Dec-22 and its revenue contribution accounted for 13.4% of total revenue in 9M22.

**Exhibit 7: Number of retail shops**



Source: TFG

**Exhibit 8: Retail shop revenues and % of total revenue**



Source: TFG

## Expect solid 4Q22 net profit growth y-y, but a drop q-q

We forecast a 4Q22 net profit of THB1.43b (-18% q-q, +475% y-y), down q-q in line with seasonality. The jump y-y would come from the low base last year. We expect TFG's total revenue in 4Q22 to enjoy solid growth at 33% y-y, mainly from 1) the company's average chicken price increased by 25% to THB55 per kg; 2) its average swine price sharply increased by 35% to THB100 per kg; and 3) it expanded new retail shops to 215 stores from 178 stores in 3Q22, which should lead to strong retail shop revenue growth of 312% y-y to THB2.38b, accounting for 18.4% of total revenue in 4Q22 (vs 5.9% in 4Q21 and 16.2% in 3Q22).

The 4Q22 gross margin should slightly drop q-q to 20% from 21.2% in 3Q22 due to a lower sales volume and the persistently high price of raw materials. In addition, we estimate that SG&A to sales should rise to 5.8% from 5.3% in 3Q22, coming from the q-q decrease in total revenue.

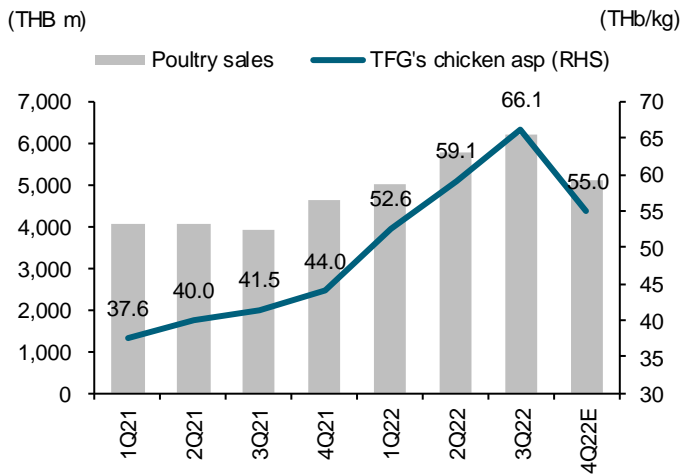
Assuming in-line 4Q22 results, TFG's 2022 net profit would hit a record high at THB5.0b (+8.9x y-y). However, we think its profit might have already passed the peak in 2022.

### Exhibit 9: 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	9,744	10,396	12,327	14,490	12,969	(10.5)	33.1	34,823	50,182	44.1
Cost of sales	8,918	8,804	9,581	11,420	10,375	(9.2)	16.3	31,670	40,180	26.9
Gross profit	826	1,592	2,746	3,070	2,594	(15.5)	213.9	3,153	10,002	217.2
SG&A	716	727	854	770	752	(2.3)	5.1	1,927	3,103	61.0
Operating profit	111	866	1,892	2,300	1,842	(19.9)	nm	1,226	6,899	462.7
Interest expense	148	163	179	221	225	1.8	51.9	493	789	59.8
Tax expense	122	154	304	325	272	(16.2)	123	546	1,055	93.4
Other gain (loss)	245	(1.3)	(283.7)	(105.8)	0	nm	nm	114	(391)	nm
Reported net profit	249	619	1,238	1,734	1,429	(17.6)	474.8	562	5,020	792.9
Core profit	4	620	1,522	1,840	1,429	(22.3)	36,066	241	5,411	2,144.9
<b>Key Ratios (%)</b>						<b>(ppt)</b>	<b>(ppt)</b>			
Gross margin	8.5	15.3	22.3	21.2	20.0	(1.2)	11.5	9.1	19.9	10.9
SG&A / Sales	7.3	7.0	6.9	5.3	5.8	0.5	(1.5)	5.5	6.2	0.6
Operating margin	1.1	8.3	15.3	15.9	14.2	(1.7)	13.1	3.5	13.7	10.2
Net margin	2.6	5.9	10.0	12.0	11.0	(0.9)	8.5	1.6	10.0	8.4
Core margin	0.0	6.0	12.3	12.7	11.0	(1.7)	11.0	0.7	10.8	10.1
<b>Operating Statistics</b>										
Poultry sales (THB m)	4,615	5,032	5,792	6,220	5,115	(17.8)	10.8	16,642	32,500	95.3
Swine sales (THB m)	2,520	2,597	3,017	3,470	3,300	(4.9)	31.0	9,518	17,700	86.0
Feed sales (THB m)	1,788	1,702	1,956	2,452	2,168	(11.6)	21.3	6,958	60,000	762.3
TFG's chicken ASP (THB/kg)	44.0	52.6	59.1	66.1	55.0	(16.8)	25.0	51.5	17.4	(66.3)
TFG's swine ASP (THB/kg)	74.0	89.3	100.0	104.6	100.0	(4.4)	35.1	73.2	42.2	(42.4)
Corn (THB/kg)	10.7	11.6	13.1	12.1	13.0	7.4	21.5	10.1	12.5	23.3
Soybean meal (THB/kg)	18.9	20.4	21.9	22.1	22.2	0.5	17.5	18.4	21.7	17.7
Retail shop stores (no.)	85	113	132	178	215	20.8	152.9	85	215	152.9
Retail shop sales value (THB m)	578	1,065	1,562	2,348	2,386	1.6	312.4	1,705	6,725	294.4

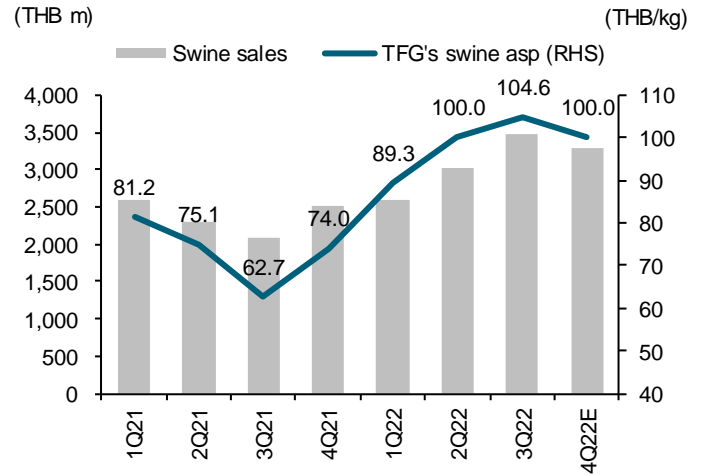
Sources: TFG, FSSIA estimates

**Exhibit 10: TFG's poultry sales and chicken price**



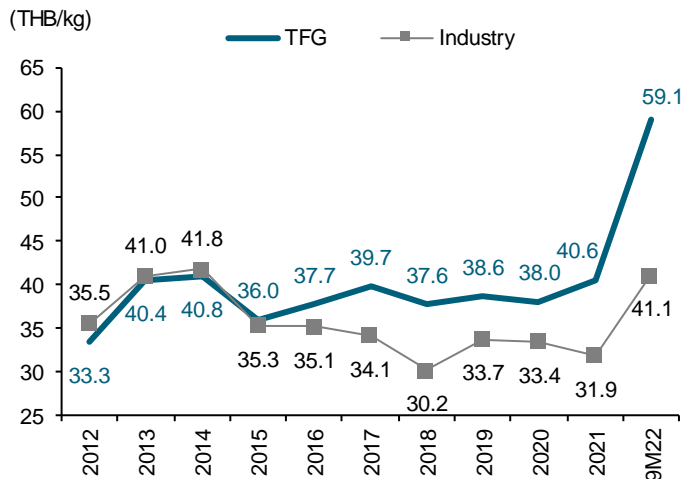
Source: TFG

**Exhibit 11: TFG's swine sales and swine price**



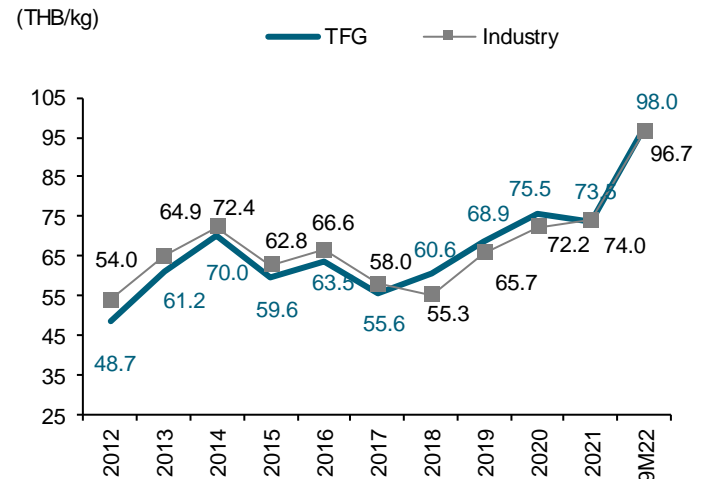
Source: TFG

**Exhibit 12: TFG's chicken price vs market price**



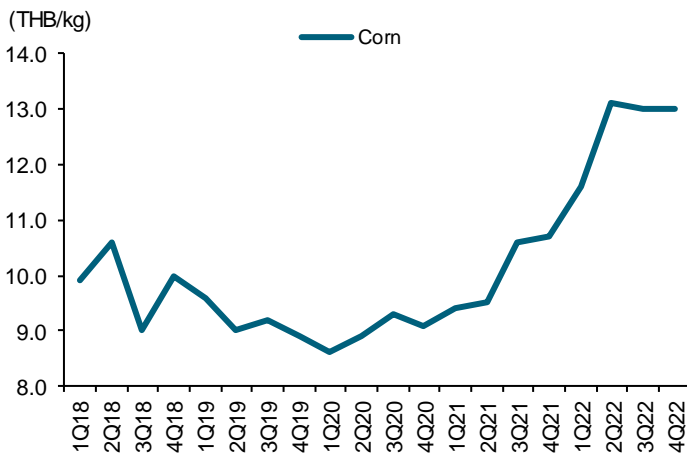
Sources: TFG, Office of Agricultural Economics (OAE)

**Exhibit 13: TFG's swine price vs market price**



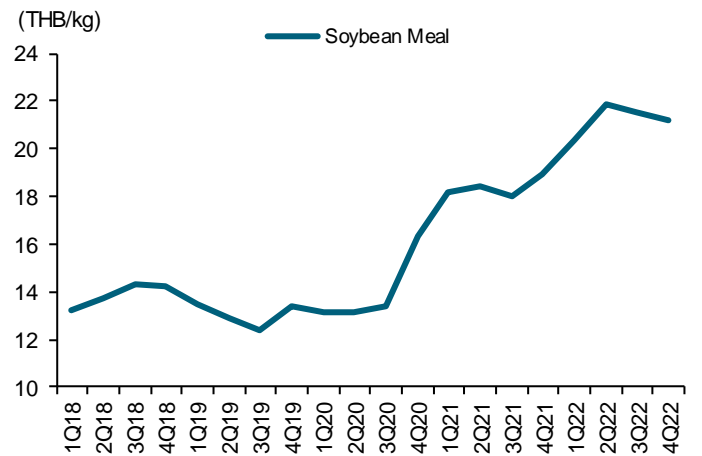
Sources: TFG, OAE

**Exhibit 14: Corn price**



Source: Department of Internal Trade (DIT)

**Exhibit 15: Soybean meal price**



Source: DIT

## Meat prices to drop in 2H23

The ASF outbreak was detected in Thailand in 2H21 and has persisted until now, resulting in a 30% reduction in swine production. This caused the steep jump in the domestic pig price to a record high at THB105 per kg in Jan-22. The average price in 2022 was THB99 per kg (+30% y-y). However, most Thai swine farmers forecast the ASF outbreak to ease in 1H23, which would cause the pig price to decrease in 2H23. We assume a 2023 domestic pig price at THB90 per kg (-9% y-y). For Vietnam, we expect a 2023 pig price at VND50,000 per kg (-10.7% y-y), due to a higher level of production after the ASF outbreak has eased.

Meanwhile, the average live chicken price in 2022 was THB43 per kg (+33% y-y), driven by solid demand as the substitute product for pork. The sharp rise in the chicken price led to an increase in the live chicken supply since last year. When the pig price declines as expected, we think the chicken price will drop as well, much in the same pattern. However, TFG's average chicken selling price should remain higher than the market price as usual, hence we forecast its 2023 chicken average selling price (ASP) at THB49.7 per kg (-15% y-y).

We have a positive outlook on its retail shop business, however, as TFG has targeted opening 150-200 new stores to reach 350-400 stores in 2023. This would support an increase in sales volume by expanding the distribution channels to end customers. Moreover, retail prices are less volatile and generate a higher margin than wholesale prices. We forecast 2023 retail shop revenue growth at 17.9% y-y to THB7.93b, accounting for 16.5% of total revenue (vs 13.4% in 2022).

However, we think that declining swine and chicken prices both in Thailand and Vietnam, along with raw material costs that are likely to maintain at high prices, could offset the potentially solid performance of the retail shop business. Overall, we project TFG's 2023 net profit at THB3.63b (-28% y-y), but it should remain substantially higher than the pre-Covid level.

### Exhibit 16: Key assumptions for TFG

Assumptions	Forecast			% Growth		
	2022E	2023E	2024E	2022E	2023E	2024E
Poultry volume (tonnes)	377,000	384,540	399,922	16.7	2.0	4.0
Swine volume (tonnes)	124,544	127,035	129,576	11.2	2.0	2.0
Feed volume (tonnes)	560,146	571,349	582,776	3.0	2.0	2.0
TFG's chicken ASP (THB/kg)	58.5	49.7	47.2	13.5	(15.0)	(5.0)
TFG's swine ASP (THB/kg)	98.0	90.0	85.0	33.8	(8.2)	(5.6)
Retail shop stores (no.)	215	315	385	152.9	46.5	22.2
Retail shop sales value (THB m)	6,725	7,927	8,896	294.4	17.9	12.2
Total sales value (THB m)	50,182	47,829	48,434	44.1	(4.7)	1.3
Gross profit (THB m)	10,002	8,035	8,234	217.2	(19.7)	2.5
Gross margin (%)	19.9	16.8	17.0	10.9	(3.1)	(6.1)
SG&A expenses (THB m)	3,103	3,109	2,906	61.0	0.2	(6.5)
SG&A to sales (%)	6.2	6.5	6.0	0.6	0.3	(0.5)
Other gain/loss (-)	(390.9)	0	0	<i>nm</i>	<i>nm</i>	0.0
Reported net profit (THB m)	5,020	3,632	3,952	792.9	(27.6)	8.8
Net margin (%)	10.0	7.6	8.2	8.4	(2.4)	0.2
Core profit (THB m)	5,411	3,632	3,952	2,144.9	(32.9)	8.8
Core margin (%)	10.8	7.6	8.2	10.1	(3.2)	0.6

Source: FSSIA estimates

## Valuations

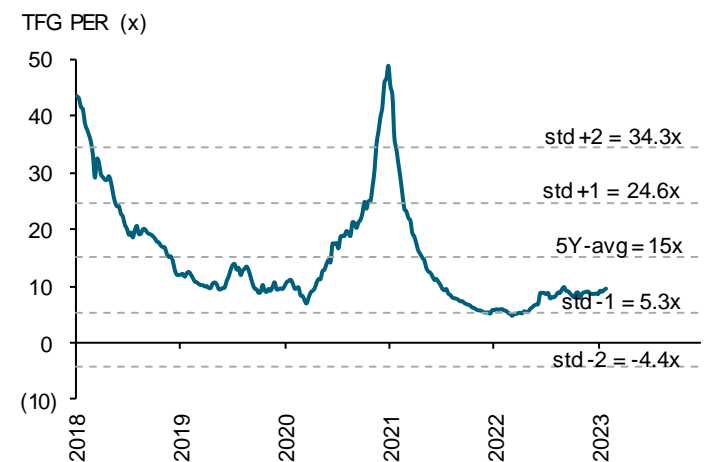
We recommend BUY with a TP of THB8, based on 13.6x 2023E P/E, in line with local peers. Even though there are no short-term catalysts for its share price and we expect its 2023 net profit to drop y-y, TFG's valuation looks less expensive at a 2023E P/E of only 9.8x, below its historical average, with a high upside potential of 39%. Aside from that, we expect the company to pay a 2H22 DPS of THB0.29, implying a dividend yield of 5%.

Exhibit 17: Peers comparison as of 2 February 2023

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)
<b>Thailand</b>														
Thaifoods Group	TFG TB	BUY	5.75	8.00	39	990	6.7	9.8	38.5	23.2	2.3	2.1	5.4	6.5
GFPT	GFPT TB	BUY	13.10	18.00	37	500	8.0	9.8	13.4	10.1	1.0	0.9	6.3	6.7
Thai Union Group	TU TB	BUY	16.10	24.00	49	2,347	12.3	12.3	10.5	10.3	1.3	1.2	10.8	9.5
Charoen Pokphand Foods	CPF TB	n/a	23.80	n/a	n/a	6,047	14.3	12.8	6.8	7.1	0.9	0.9	13.3	13.2
Asian Sea Corporation	ASIAN TB	n/a	13.70	n/a	n/a	339	12.8	11.6	18.2	20.9	2.5	2.3	8.7	7.6
Betagro	BTG TB	n/a	33.50	n/a	n/a	1,968	8.8	8.3	34.2	25.3	2.1	1.8	6.5	6.4
<b>Average</b>						<b>12,190</b>	<b>10.5</b>	<b>10.8</b>	<b>20.3</b>	<b>16.1</b>	<b>1.7</b>	<b>1.5</b>	<b>8.5</b>	<b>8.3</b>

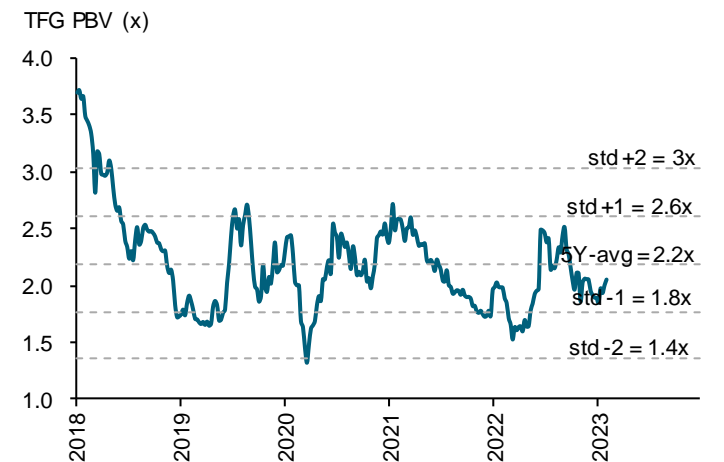
Sources: Bloomberg, FSSIA estimates

Exhibit 18: Historical P/E band



Sources: Bloomberg, FSSIA estimates

Exhibit 19: Historical P/BV band



Sources: Bloomberg, FSSIA estimates



## Corporate Governance – TFG

### Board structure

Independent Directors (ID)	5 of 8 board members, one female
Percentage of IDs on the board	62.5%
ID attendance at board meetings	100%
ID in audit/remuneration committee	3/3 in audit committee and 3/3 in remuneration committee
ID terms	Nine years consecutively

Additional information: 2021 annual report; chairman of the board is an ID; one ID was added in 2022, making 6/9 or 75% of board members

### Compensation and remuneration

Directors' remuneration vs earnings/ROE/share performance	In 2021, THB9.5m vs net profit of THB561.7m
Changes/stability in senior management	One ID added in 2022
Incidents of termination of senior management	None
Track record on insider sales	None

Additional information: None

### ESG and sustainability management

Thaifoods Group (TFG) is a vertically integrated food producer specialising in the production of chicken and swine with operations in Thailand and Vietnam. The company created its risk management policy based on the COSO - Enterprise Risk Management - Integrated Framework (COSO - ERM) risk management principles that employ self-assessment processes to analyse and prioritise risks, as well as define critical risk indicators.

Materiality issues	Activities and practices
Contract farming dependency	TFG raises poultry and swine by way of contract farming. At end of 2021, in Thailand, the company had 291 poultry contracts and 490 swine contracts, respectively compared with 489 and 341 at end-2016. To manage potential risks, TFG engages in three-year term contract farming and provides necessary assistance and knowledge to ensure profitability for the farm owners. Not only getting new farms, but also extending the capacity of each contracted farm where preventive measures are taken to grow the operations.
Single breeder and a few great-grandparent swine suppliers	TFG keeps a good relationship with the supplier. If necessary, the company believes its extensive experience and knowledge in the poultry and pork businesses can allow it to compensate for any shortfalls on its own.
Animal diseases	Preventive measures implemented to avoid internal risks are mainly strict sanitisation throughout the production process both in-house and at contracted farms. Some critical measures include temperature controls, vaccination, revolutionising farming systems to align with Genesis standards and adopting efficient management systems to analyse information to improve production and predict potential risks ahead. Nevertheless, the company has certified standards of safety from the Department of Livestock Development, Ministry of Agriculture and Cooperatives.
Product quality and safety	Quality and safety are TFG's top priority. The company adopts and complies with various related international standards throughout the production process from producing, sanitising, temperature controlling and sample testing. The Group certifies GMP, HACCP, HALAL, ISO 9001 and ISO14001.
Single shareholder holds more than 75% stake	At end-2021, the Teawsomboonkij group held 76.38%, exceeding the 75% voting threshold for influencing decision making. The group is the founder, growing the business since 1987 with a 20,000 chicken farm and raising revenues substantially at a 10.7% 7Y-CAGR to THB34.8b in 2021 from 2014's THB17.1b, amid the challenging domestic and global economy in addition to emerging risks. Bearing in mind the CG risk, the company strictly operates the business in compliance with regulatory guidance for integrity, accountability and transparency. As mentioned above, TFG's board of directors currently comprises 75% IDs and 3 IDs with 3 on the audit committee.
Volatility of product price	Product pricing is uncontrollable and fluctuates according to both domestic and overseas demand and supply seasonality, particularly in regard to emerging factors and economic sentiment. In an attempt to sustain and improve profitability, the company has extended distribution to less risk exposed markets such as large restaurant chains, and created value-added products of its own TFG brands in addition to increasing the sales proportion of dissected swine than live.
Uncertainty of raw material costs	Demand and supply are threats to the cost of raw materials like corn, soybean meal, and tapioca pellets. TFG strategically optimises costs by balancing pricing, storage cost, and currency exchange rate for procurement in a particular period. Should costs exceed the acceptable threshold, the company will procure alternative raw materials with support from R&D to adjust recipes to meet customer preference.
Currency fluctuation	TFG's procurement in USD of both raw materials and exports provides natural hedging. If necessary, financial instruments will be used to limit profitability risk.
Sustainability projects in 2021	In Dec-21, TFG commenced commercial operations of a 3.78MW solar power generation system. The company also issued the first social bond, under ASEAN social bond standards by a non-financial corporate, guaranteed by CGIF, worth THB1b to fund the procurement of domestic raw materials from domestic farmers, hiring local people during the poor economic conditions caused by Covid-19 lockdowns.
CSG and sustainable awards and recognition in 2021	<ul style="list-style-type: none"> <li>4-star rating or "Very good" in the corporate governance survey of Thai listed companies 2021, assessed by the Thai Institute of Directors Association and achieved a 100 score for AGM checklist assessment</li> <li>Selected as a sustainable stock listed for 2021, the third consecutive year from 2019 and listed on the ESG100</li> <li>Rated by Thaipat Institute as one of the companies on the ESG100</li> <li>"Outstanding" Code of Conduct from the Thai Chamber of Commerce for 2021</li> <li>Received an honorary certificate of Sustainability Disclosure Recognition from Thaipat Institute</li> <li>"Outstanding Establishment Award" for labour relations and labour welfare</li> <li>Received certificate of "CSR-DIW Continuous Award 2021" for passing the standards of the project promoted to industrial factories for social responsibility and community sustainability</li> </ul>

Additional information: 2021 annual report; GMP (Good Manufacturing Practice), HACCP (Hazard Analysis Critical Control Point), ISO 9001 (Quality Management System) and ISO14001 (Environmental Management System); HALAL refers to meats and food sourced and prepared following Islamic dietary guidelines and is similar to how kosher food follows Jewish dietary rules. CGIF = Credit Guarantee and Investment Facility internationally estimated by ASEAN+3 (China/Japan/Korea) and the Asian Development Bank (ADB); ESG100 = The corporate sustainability assessment of Thai publicly listed companies on Environmental, Social and Governance (ESG) factors for the first time since 2015.

### Audit Practices

Auditor	KPMG Poomchai Audit Ltd
Length of service	More than five years
Reporting incidents	None
Fee track record	n/a
Policy on change of audit firm	To review every five years

Additional information: None

### 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

### Thai Foods Group

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	31,339	34,823	50,182	47,829	48,434
Cost of goods sold	(24,808)	(29,244)	(37,579)	(37,043)	(37,300)
<b>Gross profit</b>	<b>6,531</b>	<b>5,579</b>	<b>12,602</b>	<b>10,786</b>	<b>11,134</b>
Other operating income	199	251	355	359	363
Operating costs	(1,291)	(1,927)	(3,103)	(3,109)	(2,906)
<b>Operating EBITDA</b>	<b>5,439</b>	<b>3,903</b>	<b>9,855</b>	<b>8,035</b>	<b>8,591</b>
Depreciation	(2,101)	(2,425)	(2,600)	(2,750)	(2,900)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>3,338</b>	<b>1,477</b>	<b>7,254</b>	<b>5,285</b>	<b>5,691</b>
Net financing costs	(214)	(595)	(1,082)	(795)	(807)
Associates	0	0	8	0	0
Recurring non-operating income	77	216	(89)	0	0
Non-recurring items	0	0	0	0	0
<b>Profit before tax</b>	<b>3,201</b>	<b>1,098</b>	<b>6,083</b>	<b>4,490</b>	<b>4,884</b>
Tax	(649)	(546)	(1,055)	(853)	(928)
<b>Profit after tax</b>	<b>2,551</b>	<b>552</b>	<b>5,028</b>	<b>3,637</b>	<b>3,957</b>
Minority interests	12	10	(8)	(5)	(5)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	0	0
<b>Reported net profit</b>	<b>2,563</b>	<b>562</b>	<b>5,020</b>	<b>3,632</b>	<b>3,952</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>2,563</b>	<b>562</b>	<b>5,020</b>	<b>3,632</b>	<b>3,952</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.46	0.10	0.86	0.59	0.64
Reported EPS	0.46	0.10	0.86	0.59	0.64
DPS	0.09	0.09	0.39	0.26	0.29
Diluted shares (used to calculate per share data)	5,608	5,644	5,831	6,168	6,168
<b>Growth</b>					
Revenue (%)	8.4	11.1	44.1	(4.7)	1.3
Operating EBITDA (%)	47.3	(28.3)	152.5	(18.5)	6.9
Operating EBIT (%)	68.1	(55.8)	391.1	(27.1)	7.7
Recurring EPS (%)	78.0	(78.2)	764.3	(31.6)	8.8
Reported EPS (%)	78.0	(78.2)	764.3	(31.6)	8.8
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	14.1	9.1	19.9	16.8	17.0
Gross margin of key business (%)	14.1	9.1	19.9	16.8	17.0
Operating EBITDA margin (%)	17.4	11.2	19.6	16.8	17.7
Operating EBIT margin (%)	10.7	4.2	14.5	11.1	11.8
Net margin (%)	8.2	1.6	10.0	7.6	8.2
Effective tax rate (%)	20.3	49.7	17.3	19.0	19.0
Dividend payout on recurring profit (%)	18.6	90.4	45.0	45.0	45.0
Interest cover (X)	15.9	2.8	6.6	6.6	7.1
Inventory days	45.5	51.3	50.3	54.0	53.6
Debtor days	22.3	25.1	25.3	30.7	29.8
Creditor days	45.9	43.9	38.1	43.2	42.9
Operating ROIC (%)	15.2	5.2	20.4	14.4	15.5
ROIC (%)	13.3	5.1	17.2	12.2	13.2
ROE (%)	24.4	5.0	38.5	23.2	22.2
ROA (%)	11.1	3.3	15.5	10.6	11.5
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Poultry	16,309	16,642	22,036	19,105	18,876
Swine	9,502	9,518	12,381	11,998	11,687
Feed	5,528	6,958	8,242	7,986	8,146
Retail Shop and other	519	1,706	7,522	8,740	9,726

Sources: Thai Foods Group; FSSIA estimates

## Financial Statements

### Thai Foods Group

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	2,563	562	5,020	3,632	3,952
Depreciation	2,101	2,425	2,600	2,750	2,900
Associates & minorities	0	0	(8)	0	0
Other non-cash items	892	635	196	0	0
Change in working capital	(1,936)	(5,519)	(1,334)	533	(146)
<b>Cash flow from operations</b>	<b>3,620</b>	<b>(1,896)</b>	<b>6,474</b>	<b>6,916</b>	<b>6,706</b>
Capex - maintenance	(1,447)	(4,947)	(4,806)	(2,788)	(3,054)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	-	-	-	-
<b>Cash flow from investing</b>	<b>(1,447)</b>	<b>(4,947)</b>	<b>(4,806)</b>	<b>(2,788)</b>	<b>(3,054)</b>
Dividends paid	(1,290)	(589)	(2,259)	(1,634)	(1,778)
Equity finance	0	36	187	337	0
Debt finance	1,863	8,960	799	(3,145)	(1,461)
Other financing cash flows	(2,361)	(1,931)	2	0	(200)
<b>Cash flow from financing</b>	<b>(1,788)</b>	<b>6,475</b>	<b>(1,271)</b>	<b>(4,442)</b>	<b>(3,440)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>385</b>	<b>(368)</b>	<b>397</b>	<b>(314)</b>	<b>212</b>
Free cash flow to firm (FCFF)	2,542.80	(6,349.87)	2,456.07	4,922.73	4,458.49
Free cash flow to equity (FCFE)	1,674.74	184.99	2,468.85	982.63	1,989.91

#### Per share (THB)

FCFF per share	0.45	(1.12)	0.43	0.87	0.79
FCFE per share	0.30	0.03	0.44	0.17	0.35
Recurring cash flow per share	0.99	0.64	1.34	1.03	1.11

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	16,034	19,682	23,182	26,182	29,182
Less: Accumulated depreciation	(3,171)	(3,316)	(5,916)	(8,667)	(11,567)
<b>Tangible fixed assets (net)</b>	<b>12,864</b>	<b>16,366</b>	<b>17,265</b>	<b>17,515</b>	<b>17,615</b>
<b>Intangible fixed assets (net)</b>	<b>162</b>	<b>179</b>	<b>179</b>	<b>179</b>	<b>179</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	272	704	704	704	704
Cash & equivalents	784	416	813	498	710
A/C receivable	1,964	2,829	4,125	3,931	3,981
Inventories	3,350	4,863	5,504	5,451	5,507
Other current assets	3,858	7,001	7,527	7,174	7,265
<b>Current assets</b>	<b>9,956</b>	<b>15,109</b>	<b>17,968</b>	<b>17,055</b>	<b>17,463</b>
Other assets	2,837	3,210	4,516	4,305	4,359
<b>Total assets</b>	<b>26,091</b>	<b>35,567</b>	<b>40,633</b>	<b>39,757</b>	<b>40,319</b>
Common equity	11,116	11,556	14,504	16,839	18,812
Minorities etc.	24	14	17	17	16
<b>Total shareholders' equity</b>	<b>11,140</b>	<b>11,570</b>	<b>14,521</b>	<b>16,856</b>	<b>18,829</b>
Long term debt	6,196	8,229	8,829	8,132	7,532
Other long-term liabilities	370	442	602	574	581
<b>Long-term liabilities</b>	<b>6,566</b>	<b>8,670</b>	<b>9,431</b>	<b>8,706</b>	<b>8,113</b>
A/C payable	3,605	3,434	4,403	4,361	4,405
Short term debt	4,447	11,734	11,776	9,356	8,487
Other current liabilities	333	159	502	478	484
<b>Current liabilities</b>	<b>8,385</b>	<b>15,326</b>	<b>16,681</b>	<b>14,195</b>	<b>13,377</b>
<b>Total liabilities and shareholders' equity</b>	<b>26,091</b>	<b>35,567</b>	<b>40,633</b>	<b>39,757</b>	<b>40,319</b>
Net working capital	5,234	11,100	12,251	11,717	11,863
Invested capital	21,369	31,559	34,915	34,419	34,719

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

#### Per share (THB)

Book value per share	1.98	2.05	2.49	2.73	3.05
Tangible book value per share	1.95	2.02	2.46	2.70	3.02

#### Financial strength




Net debt/equity (%)	88.5	168.9	136.3	100.8	81.3
Net debt/total assets (%)	37.8	55.0	48.7	42.7	38.0
Current ratio (x)	1.2	1.0	1.1	1.2	1.3
CF interest cover (x)	8.8	1.3	3.3	2.2	3.5

Valuation	2020	2021	2022E	2023E	2024E
<b>Recurring P/E (x) *</b>	<b>12.6</b>	<b>57.7</b>	<b>6.7</b>	<b>9.8</b>	<b>9.0</b>
<b>Recurring P/E @ target price (x) *</b>	<b>17.5</b>	<b>80.3</b>	<b>9.3</b>	<b>13.6</b>	<b>12.5</b>
Reported P/E (x)	12.6	57.7	6.7	9.8	9.0
Dividend yield (%)	1.5	1.6	6.7	4.6	5.0
Price/book (x)	2.9	2.8	2.3	2.1	1.9
Price/tangible book (x)	2.9	2.9	2.3	2.1	1.9
EV/EBITDA (x) **	7.7	13.3	5.4	6.5	5.9
EV/EBITDA @ target price (x) **	10.1	16.6	6.7	8.3	7.5
EV/invested capital (x)	2.0	1.6	1.5	1.5	1.5

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

Sources: Thai Foods Group; FSSIA estimates

Corporate Governance report of Thai listed companies 2021

 <b>EXCELLENT LEVEL – Score range 90-100</b>										
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	
 <b>VERY GOOD LEVEL – Score range 80-89</b>										
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	
 <b>GOOD LEVEL – Score range 70-79</b>										
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	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**

Sureeporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

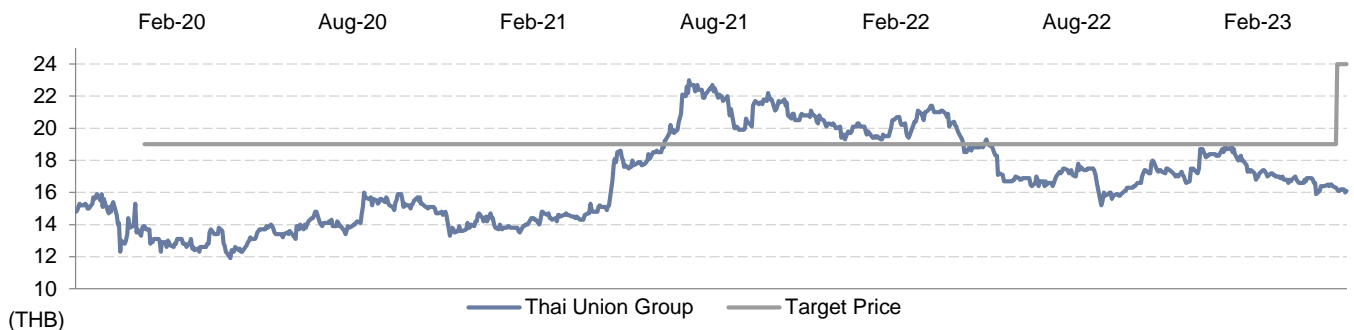
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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**History of change in investment rating and/or target price**

**Thai Union Group (TU TB)**



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
02-Apr-2020	BUY	19.00	23-Jan-2023	BUY	24.00	-	-	-

Sureeporn Teewasuwet started covering this stock from 23-Jan-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Thai Foods Group	TFG TB	THB 5.75	BUY	Downside risks to our PE-based TP are 1) a slower-than-expected consumption recovery; 2) high volatility in meat and raw material prices; 3) a stronger THB than expected; and 4) a minimum wage increase and/or a labour shortage.
GFPT	GFPT TB	THB 13.10	BUY	Downside risks to our P/E-based TP include 1) a slower-than-expected consumption recovery; 2) high volatility in chicken and raw material prices; 3) a stronger THB than expected; and 4) a minimum wage increase and/or a labour shortage.
Thai Union Group	TU TB	THB 16.10	BUY	Downside risks to our SoTP-based TP include 1) a stronger-than-expected THB against the USD; 2) the high volatility of raw material prices; 3) labor shortages; and 4) tariff and non-tariff barriers in international trade.

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

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All share prices are as at market close on 02-Feb-2023 unless otherwise stated.

## RECOMMENDATION STRUCTURE

### Stock ratings

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

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

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

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

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

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

### Industry Recommendations

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

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

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

### Country (Strategy) Recommendations

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

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

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