

ICHITAN GROUP ICHI TB

THAILAND / FOOD & BEVERAGE

BUY

ฤดูร้อนที่สดใสจาก Tansansu

- Tansansu และธุรกิจรับจ้างผลิต (OEM) จะช่วยหนุนการเติบโตของรายได้ปี 2023 และอัตราการใช้จ่ายการผลิตให้สูงขึ้น
- เรคาดกำไรสุทธิปี 2023 ที่ 732 ลบ. (+14% y-y) ซึ่งเป็นระดับสูงสุดในรอบ 8 ปี
- เราแนะนำซื้อที่ราคาเป้าหมาย 14 บาท

TARGET PRICE	THB14.00
CLOSE	THB12.70
UP/DOWNSIDE	+10.2%
TP vs CONSENSUS	-2.5%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	6,340	6,914	7,464	7,991
Net profit	642	732	802	872
EPS (THB)	0.49	0.56	0.62	0.67
vs Consensus (%)	-	(4.1)	(2.8)	(1.5)
EBITDA	1,319	1,422	1,512	1,601
Core net profit	651	732	802	872
Core EPS (THB)	0.50	0.56	0.62	0.67
EPS growth (%)	19.0	12.5	9.6	8.8

ผู้บริหารตั้งเป้าเชิงรุกในปี 2023

ผู้บริหารตั้งเป้าการเติบโตสำหรับปี 2023 ประกอบด้วย 1) การเติบโตของรายได้รวมที่ 15% เป็น 7.3 พัน ลบ.; 2) อัตรากำไรขั้นต้นที่สูงกว่า 20% (เทียบกับ 18.7% ในปี 2022); และ 3) คงสัดส่วนค่าใช้จ่ายการขายและบริหารต่อยอดขายที่ 7-8% (เทียบกับ 7.3% ในปี 2022) การเติบโตของรายได้ในปี 2023 น่าจะได้ปัจจัยหนุนสำคัญจาก 1) การเติบโตของรายได้ขาเขียวพร้อมดื่มที่ 7-10% y-y; 2) การเติบโตของรายได้จากผลิตภัณฑ์ที่ไม่ใช่ชาที่ 20%; 3) เบ้ารายได้ของ Tansansu 500 ลบ. เพิ่มจาก 55 ลบ. ใน 4Q22; 4) การเติบโตของรายได้ส่งออกที่ 6% y-y; และ 5) รายได้จากลูกค้าจ้างผลิต (OEM) จำนวน 100 ลบ. เพิ่มขึ้นจาก 27 ลบ. ในปี 2022

การพัฒนาผลิตภัณฑ์ใหม่และ OEM น่าจะช่วยหนุนอัตราการใช้จ่ายการผลิตในปี 2023

เรคาดว่าอัตรากำไรขั้นต้นของ ICHI ในปี 2023 จะฟื้นตัวเป็น 20% โดยได้ปัจจัยหนุนจากต้นทุนวัตถุดิบและบรรจุภัณฑ์ที่ลดลงและอัตราการใช้จ่ายการผลิตที่สูงขึ้นเป็น 68% (เทียบกับ 60% ในปี 2022) นอกจากนี้ ICHI ยังสามารถลดสัดส่วนน้ำตาลโดยใช้สูตรเครื่องดื่มเพื่อหลีกเลี่ยงผลกระทบเชิงลบจากภาษีสรรพสามิตสำหรับเครื่องดื่มที่มีน้ำตาลซึ่งจะปรับขึ้นตั้งแต่เดือน เม.ย. 2023 เป็นต้นไป คาดสัดส่วนค่าใช้จ่ายการขายและบริหารต่อยอดขายจะเพิ่มเป็น 8.5% ในปี 2023 จาก 7.3% ในปี 2022 โกลด์เคียงกับระดับก่อนโควิด บริษัทฯ ได้ว่าจ้างศิลปินชาวเกาหลีชื่อ Mark Tuan ซึ่งเป็นหนึ่งในสมาชิกของ GOT7 มาเป็น Presenter ของ Tansansu สัญญาดังกล่าวจะมีอายุประมาณ 6 เดือนจากเดือน มี.ค. ถึง ก.ย. 2023 เรคาดกำไรสุทธิปี 2023 ที่ 732 ลบ. (+14% y-y) ซึ่งเป็นระดับสูงสุดในรอบ 8 ปี

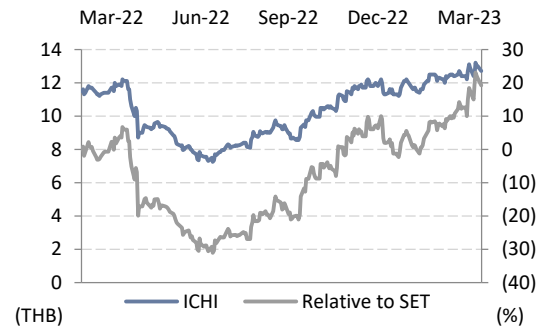
คาดการณ์กำไรสุทธิ 1Q23 จะทำสถิติสูงสุดใหม่

เรคาดกำไรสุทธิ 1Q23 ที่ 205 ลบ. (+15% q-q, +97% y-y) จากฤดูกาลขายซึ่งน่าจะช่วยหนุนอัตราการใช้จ่ายการผลิตให้สูงขึ้นและต้นทุนบรรจุภัณฑ์เริ่มลดลง โดยเฉพาะอย่างยิ่งบริษัทฯ ได้ขยายการจัดจำหน่าย Tansansu สุราร้านค้าปลีกอื่นๆ คาดช่วยผลักดันรายได้รวมให้สูงขึ้น q-q และ y-y นอกจากนี้คาดการณ์กำไรขั้นต้นใน 1Q23 จะปรับตัวเพิ่มขึ้นเป็น 21% จาก 14.7% ใน 1Q22 (เทียบกับ 21.2% ใน 4Q22) ด้วยเหตุดังกล่าวเรคาดว่ากำไรสุทธิ 1Q23 จะทำสถิติสูงสุดใหม่

แนะนำซื้อจากการเติบโตที่คาดว่าจะอยู่ในเกณฑ์ดีในช่วง 1H23

เราแนะนำซื้อ ICHI ที่ราคาเป้าหมาย 14 บาท อิง PE 25x โกลด์เคียงกับค่าเฉลี่ย 5 ปีย้อนหลังของกลุ่มเครื่องดื่ม เราขอแนะนำสถานะทางการเงินที่ดีของบริษัทฯ ด้วยสัดส่วนหนี้สินต่อส่วนผู้ถือหุ้น (D/E) และสัดส่วนหนี้มีดอกเบี้ยต่อส่วนผู้ถือหุ้น (IBD/E) ที่ต่ำเพียง 0.2x และ 0.01x ตามลำดับ ICHI ประกาศจ่ายเงินปันผลสำหรับผลประกอบการปี 2022 ที่ 0.6 บาทต่อหุ้น (อัตราการจ่ายเงินปันผล 121%) คิดเป็นผลตอบแทนในรูปแบบเงินปันผลที่สูงถึง 4.7%

Core P/E (x)	25.4	22.6	20.6	18.9
Dividend yield (%)	4.7	4.4	4.9	2.6
EV/EBITDA (x)	12.0	11.4	10.7	8.3
Price/book (x)	2.7	2.7	2.7	2.5
Net debt/Equity (%)	(10.6)	(4.4)	(5.8)	(49.0)
ROE (%)	10.5	11.9	13.0	13.6



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	1.6	5.8	12.4
Relative to country (%)	8.3	9.2	21.3
Mkt cap (USD m)	484		
3m avg. daily turnover (USD m)	2.3		
Free float (%)	53		
Major shareholder	Passakornnatee Family (42%)		
12m high/low (THB)	13.30/7.20		
Issued shares (m)	1,300.00		

Sources: Bloomberg consensus; FSSIA estimates



Sureeporn Teewasuwet

sureeporn.t@fssia.com
+66 2646 9972

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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 21 มีนาคม 2023

Investment thesis

ICHI is a manufacturer and distributor of ready-to-drink green tea called “ICHITAN green tea”, the herbal drink “Yen Yen”, and green tea with chewy coconut cubes named “ICHITAN Chew Chew”, along with other beverages. In 2022, 90.3% of ICHI’s revenue came from domestic sales, and overseas sales accounted for 9.7%. ICHI’s factory is located at Rojana Industrial Park, Ayutthaya, which has seven bottle production lines and two UHT box product lines with a total capacity of 1,500 million bottles and 200 million boxes per year.

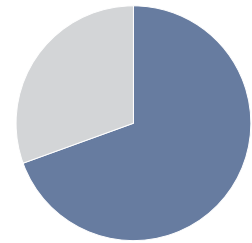
Company profile

Ichitan Group manufactures its own-branded beverages and sells ready-to-drink green tea beverages, herbal drinks, and low-sugar ready-to-drink tea beverages to the local market and CLMV. In 2014, ICHI engaged in a joint venture with the Indonesian company PT Atri Pasifik to produce and sell its products in Indonesia.

www.ichitangroup.com

Principal activities (revenue, 2022)

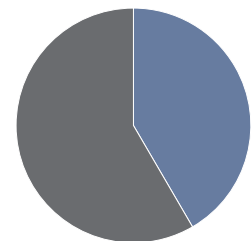
- Ready-to-drink green tea - 69.5 %
- Non-tea and others - 30.5 %



Source: Ichitan Group

Major shareholders

- Passakornnatee Family - 41.6 %
- Others - 58.4 %



Source: Ichitan Group

Catalysts

Potential catalysts for ICHI’s earnings growth in 2023 are 1) revenue growth driven by rising sales volumes; 2) declining packaging costs; 3) successful new product launches; and 4) successful original equipment manufacturer (OEM) customer products.

Risks to our call

Downside risks to our P/E-based TP would be 1) a slower-than-expected recovery in consumption; 2) high volatility in packaging costs; and 3) increased competition and government policy changes such as excise taxes for sugary drinks.

Event calendar

Date	Event
May 2023	1Q23 results announcement

Key assumptions

	2023E	2024E	2025E
Domestic revenue (THB m)	6,228	6,709	7,160
Overseas revenue (THB m)	687	755	831
Total revenue (THB m)	6,914	7,464	7,991
Total revenue growth (%)	9.1	7.9	7.1
Gross margin (%)	20.0	20.2	20.4

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in revenue, we estimate 2023 net profit to rise by 1%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2023 net profit to rise by 3.8%, and vice versa, all else being equal.
- For every 0.5% increase in SG&A to sales, we estimate 2023 net profit to fall by 2%, and vice versa, all else being equal.

Source: FSSIA estimates

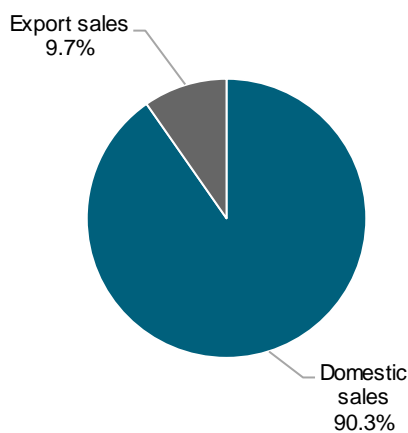
One of the leading ready-to-drink green tea makers in Thailand

ICHI was established in 2010 by Mr. Tan Passakornnatee. The company is engaged in the production and distribution of ready-to-drink (RTD) green tea called “ICHITAN green tea”, the herbal drink “Yen Yen”, and green tea with chewy coconut cubes called “ICHITAN Chew Chew”, along with other beverages. The ICHITAN green factory at Rojana Industrial Park, Ayutthaya, currently has seven bottle production lines with a capacity of 1,500 million bottles per year and two UHT box production lines with a capacity of 200 million boxes per year.

By destination, ICHI’s 2022 revenue contributions came mainly from the domestic market, which accounted for 90.3% of total revenue. This was followed by export revenue at 9.7%, which came from the CLMV market.

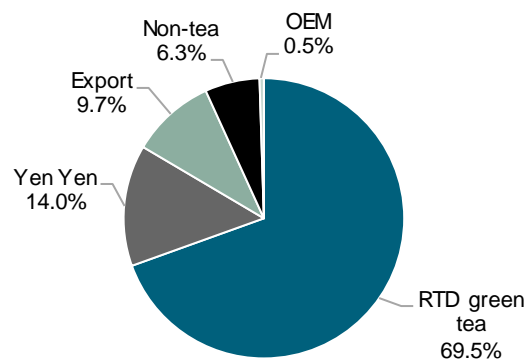
By product category, the company’s 2022 revenue contribution from green tea accounted for 69.5% of total revenue, followed by Yen Yen (14%), exports (9.7%), non-tea (6.3%), and OEM (0.5%).

Exhibit 1: Total revenue breakdown by destination in 2022



Source: ICHI

Exhibit 2: Total revenue breakdown by product in 2022



Source: ICHI

Exhibit 3: RTD green tea products



Source: ICHI

Exhibit 4: Herbal drink products



Source: ICHI

Exhibit 5: Non-tea products



Sources: ICHI, Google

Exhibit 6: OEM products



Source: ICHI

In 2022, the company had a total of 30 flavours in 12 types of packaging sizes. Details in the table below.

Exhibit 7: Characteristics and product packaging

Packaging	Box	Bottle	Bottle	Bottle	Bottle	Bottle	Bottle	Bottle	Bottle	Bottle	Bottle	Bottle
	300 ml.	215 ml.	275-280 ml.	280 ml.	315 ml.	350 ml.	350 ml.	400 ml.	420 ml.	440 ml.	550 ml.	500-600 ml.
Price (THB)	10	18	10	15	10	10	15	15	20	30	20	25
RTD green tea drinks	√		√				√		√	√		√
Herbal drinks		√			√			√				
Ready-to-drink oolong drinks									√			
Vitamin water drinks						√					√	
Vitamin C200 (C+E) drinks				√								
Iced coffee black drinks			√									

Sources: ICHI; FSSIA's compilation

2022 profit grew solidly with strong revenue growth

ICHI reported a strong 2022 net profit of THB642m (+17% y-y), thanks to a higher utilisation rate from the solid growth of RTD green tea's market value. 2022 total revenue was solid at THB6.34b (+21% y-y), mainly from domestic revenue growth at 26% y-y on the back of existing RTD green tea growth and successful new product launches. Despite this, ICHI's 2022 gross margin dropped to 18.5% from 19.3% in 2021, due to higher packaging costs.

However, we are impressed by the strong 4Q22 gross margin at 22.1%. Excluding extra items, its gross margin was 21.2% (vs 19.5% in 3Q22 and 18.2% in 4Q21), due to a high utilisation rate and declining packaging costs. Its 4Q22 gross margin hit a six-quarter high.

Exhibit 8: 2022 earnings results

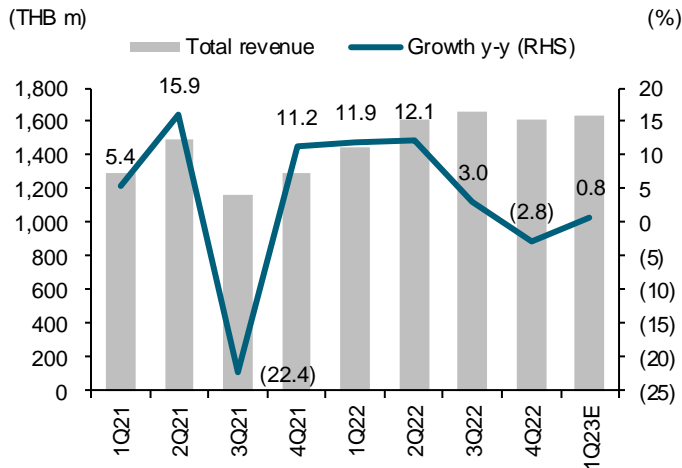
	4Q21	1Q22	2Q22	3Q22	4Q22	----- Change -----		2021	2022	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Sales	1,289	1,442	1,616	1,664	1,617	(2.8)	25.5	5,228	6,340	21.3
Cost of sales	1,055	1,230	1,325	1,339	1,275	(4.8)	20.9	4,221	5,169	22.5
Gross profit	234	212	291	325	343	5.4	46.3	1,007	1,172	16.3
SG&A	123	97	119	115	135	17.2	9.3	445	465	4.4
Operating profit	127	121	176	222	206	(7.2)	62.6	585	726	24.1
Interest expense	0.5	0.5	0.5	0.3	0.5	41.9	(8.7)	2.6	1.7	(33.6)
Tax expense	21	47	38	50	44	(12.3)	107.0	94	155	65.3
Profit (loss) sharing	28	30	15	21	17	(21.0)	(40.4)	59	82	39.5
Reported net profit	133	104	153	192	193	0.4	45.5	547	642	17.4
Core profit	133	128	153	192	178	(7.4)	34.1	547	651	19.0
Key ratios (%)						(ppt)	(ppt)			
Gross margin	18.2	14.7	18.0	19.5	21.2	1.6	3.0	19.3	18.5	(0.8)
SG&A to sales	9.6	6.7	7.3	6.9	8.3	1.4	(1.2)	8.5	7.3	(1.2)
Operating margin	9.8	8.4	10.9	13.3	12.7	(0.6)	2.9	11.2	11.4	0.3
Net margin	10.3	7.2	9.4	11.6	11.9	0.4	1.6	10.5	10.1	(0.3)
Core margin	10.3	8.9	9.4	11.6	11.0	(0.5)	0.7	10.5	10.3	(0.2)
Operating statistics (THB m)										
Domestic	1,156	1,309	1,437	1,507	1,474	(2.2)	27.5	4,554	5,727	25.8
Overseas	133	134	179	157	143	(8.8)	7.6	674	613	(9.1)

Source: ICHI

Expect 1Q23 net profit to hit a record high

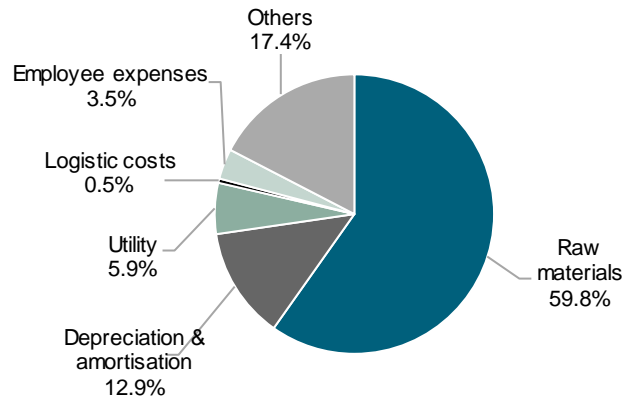
We forecast a 1Q23 net profit of THB205m (+15% q-q, +97% y-y) thanks to the high season, which should support a higher utilisation rate, and declining packaging costs. In particular, the company has expanded the distribution of Tansansu to more modern trade channels, which should drive total revenue upward both q-q and y-y. In addition, its 1Q23 gross margin should jump y-y to 21% from 14.7% in 1Q22 (vs 21.2% in 4Q22). Hence, we expect 1Q23 net profit to hit a record high.

Exhibit 9: Quarterly total revenue



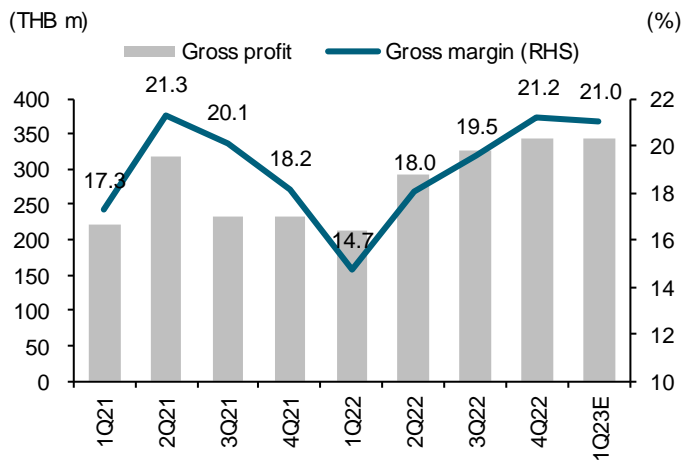
Sources: ICHI, FSSIA estimate

Exhibit 10: Cost to sales breakdown in 2022



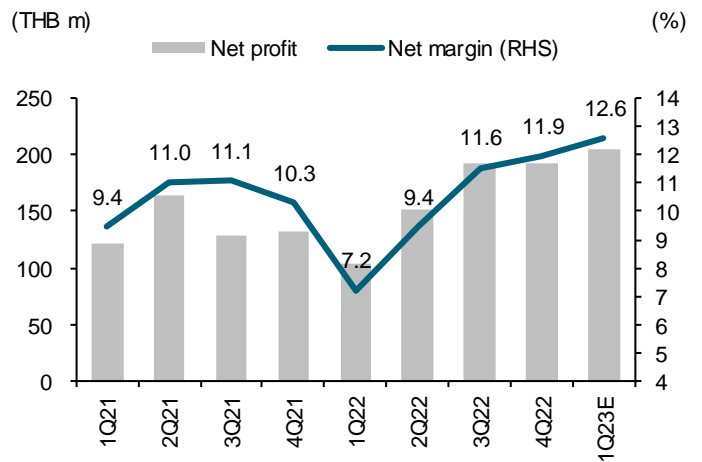
Source: ICHI

Exhibit 11: Quarterly gross profit and gross margin



Sources: ICHI, FSSIA estimate

Exhibit 12: Quarterly net profit and net margin



Sources: ICHI, FSSIA estimate

NPD and OEM should support utilisation rate in 2023

Management has set 2023 growth targets which include 1) total revenue growth of 15% to THB7.3b; 2) a gross margin above 20% (vs 18.7% in 2022); and 3) maintaining SG&A to sales at 7-8% (vs 7.3% in 2022); and 4) targeting a THB90m (+9% y-y) share of profit from its JV company in Indonesia.

Key drivers for its 2023 revenue growth should come from 1) RTD green tea revenue growth at 7-10% y-y; 2) non-tea revenue growth at 20%; 3) the revenue target for Tansansu at THB500m, increasing from THB55m in 4Q22; 4) export revenue growth at 6% y-y; and 5) OEM customer revenue of THB100m, increasing from THB27m in 2022.

We expect ICHI's 2023 gross margin to recover to 20%, supported by declining raw material & packaging costs and a higher utilisation rate at 68% (vs 60% in 2022). The fixed costs such as depreciation of machinery and equipment should reduce as production volume increases. ICHI has received orders from 2-3 OEM customers, which should support a higher sales volume. Aside from that, ICHI should be able to reduce sugar content with its new beverage formula to avoid the negative impact from the sugar excise tax, which will increase from April 2023 onward.

SG&A to sales should rise to 8.5% in 2023 from 7.3% in 2022, in line with the pre-Covid level. The company has hired a Korean artist named Mark Tuan, one of GOT7's members, to be Tansansu's presenter. The contract period would be around six months from March to September 2023. Furthermore, the company has implemented a proactive marketing plan to increase its market share with a focus on PR communications to enhance the ICHITAN brand as a quality manufacturing product brand.

Overall, we project a 2023 net profit of THB732m (+14% y-y) – an eight-year high.

Exhibit 13: Key assumptions for ICHI

Assumptions	Actual	Forecast			Growth (%)		
	2022	2023E	2024E	2025E	2023E	2024E	2025E
Domestic revenue (THB m)	5,727	6,228	6,709	7,160	8.7	7.7	6.7
RTD green tea	4,405	4,713	5,090	5,446	7.0	8.0	7.0
OEM	29	59	65	71	100.0	10.0	10.0
Non-tea and other	1,293	1,456	1,554	1,643	12.6	6.7	5.7
Overseas revenue (THB m)	613	687	755	831	12.0	10.0	10.0
Total revenue (THB m)	6,340	6,914	7,464	7,991	9.1	7.9	7.1
Gross profit (THB m)	1,172	1,383	1,508	1,630	18.0	9.0	8.1
Gross margin (%)	18.5	20.0	20.2	20.4	1.5	0.2	0.2
SG&A expenses (THB m)	465	588	634	679	26.3	7.9	7.1
SG&A to sales (%)	7.3	8.5	8.5	8.5	1.2	0.0	0.0
Profit (loss) sharing (THB m)	82	90	97	104	9.3	7.9	7.1
Reported net profit (THB m)	642	732	802	872	14.0	9.6	8.8
Net margin (%)	10.1	10.6	10.7	10.9	0.5	0.2	0.2
Core profit (THB m)	651	732	802	872	12.5	9.6	8.8
Core margin (%)	10.3	10.6	10.7	10.9	0.3	0.2	0.2

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

Sources: ICHI, FSSIA estimates

Exhibit 14: Tansansu's presenter



Target Sales FY 2023 **500 MB**

Source: ICHI

Exhibit 15: Tansansu's new flavor



Source: ICHI

Exhibit 16: CBD drink



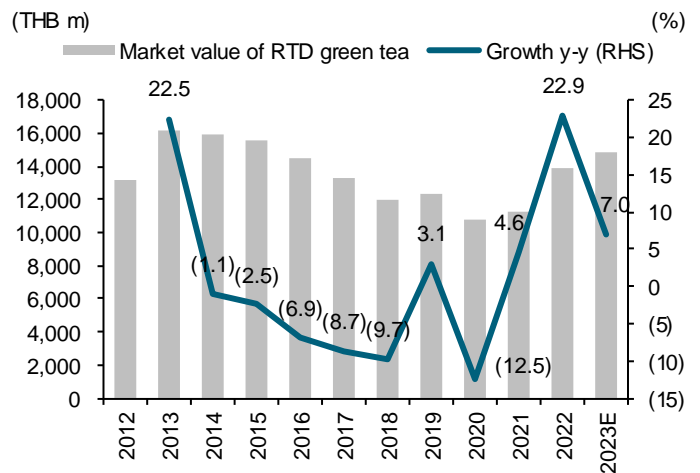
อิชิตัน น้ำด่าง 8.5+CBD

ประสานคุณค่าจากน้ำด่าง ที่ช่วยรักษาสมดุลในร่างกาย เข้ากับ CBD สารสกัดสุดยอดเยี่ยม จากกัญชง ไวโนชนิดเดียว

Target Sales FY 23 **50 MB**
RSP 20 Baht / Launch 9 Mar 2023
(First 7 Eleven 3 month)

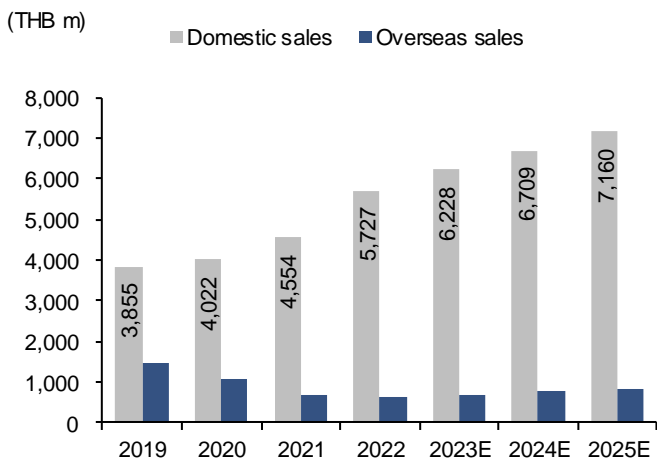
Source: ICHI

Exhibit 17: Market value of RTD green tea and growth



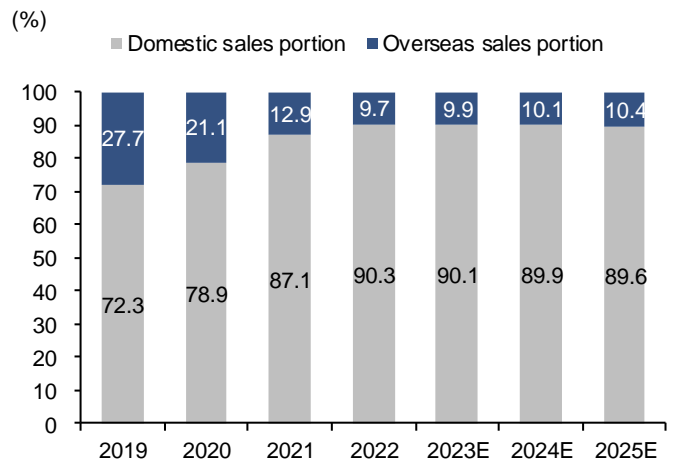
Sources: ICHI, FSSIA estimate

Exhibit 18: Yearly total revenue breakdown by destination



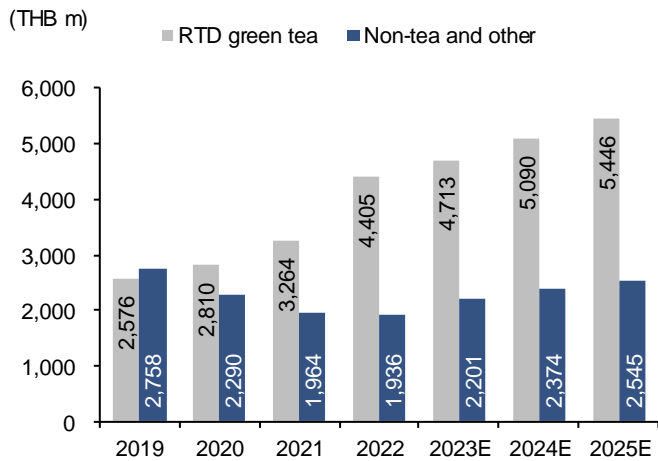
Sources: ICHI, FSSIA estimates

Exhibit 19: Yearly revenue proportions by destination



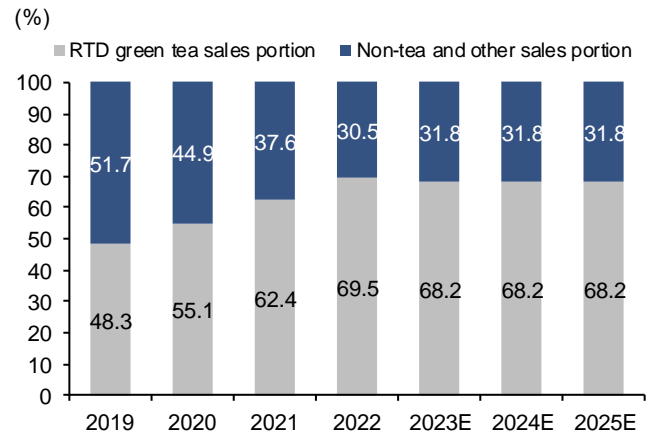
Sources: ICHI, FSSIA estimates

Exhibit 20: Yearly total revenue breakdown by product



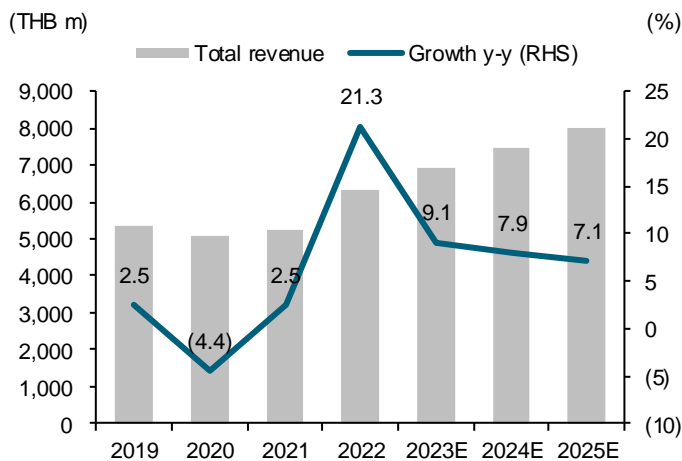
Sources: ICHI, FSSIA estimates

Exhibit 21: Yearly revenue proportions by product



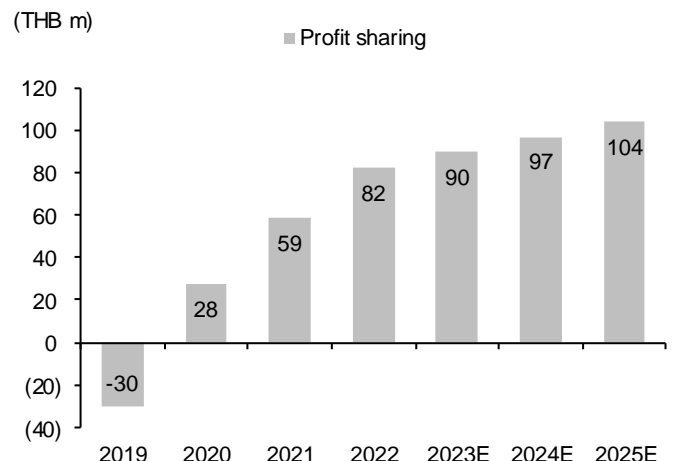
Sources: ICHI, FSSIA estimates

Exhibit 22: Yearly total revenue and growth



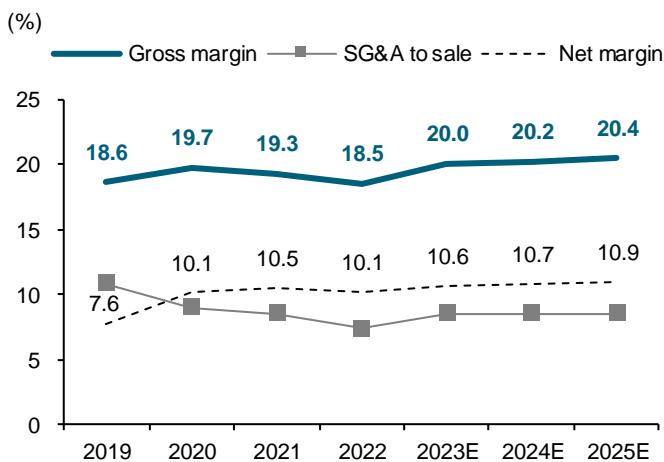
Sources: ICHI, FSSIA estimates

Exhibit 23: Profit sharing from Indonesia JV



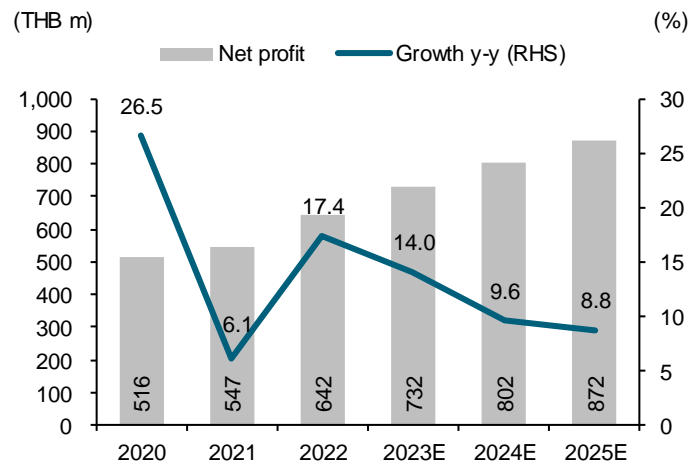
Sources: ICHI, FSSIA estimates

Exhibit 24: Yearly profitability



Sources: ICHI, FSSIA estimates

Exhibit 25: Yearly net profit and growth



Sources: ICHI, FSSIA estimates

Valuation

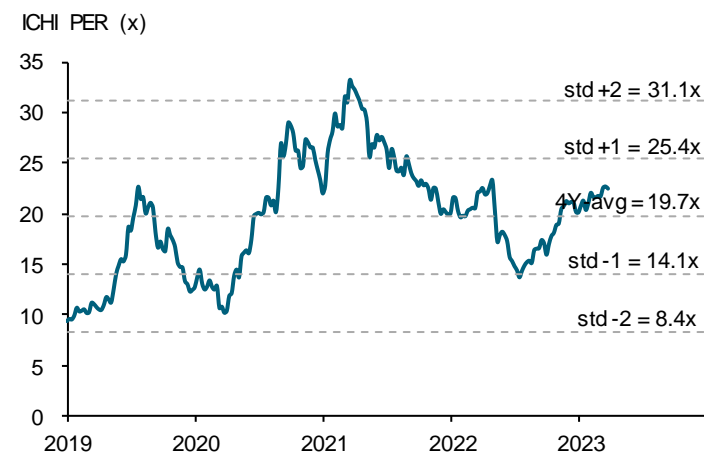
We recommend BUY for ICHI with a TP of THB14, based on 25x 2023E P/E, in line with five-year historical average of peers. The current share price is trading at 22.6x 2023E P/E, below its local peers. We like its strong balance sheet with a low D/E and IBD/E of 0.2x and 0.01x, respectively. ICHI announced a 2022 DPS of THB0.6 (payout 121%), implying a high dividend yield of 4.7%.

Exhibit 26: Peer comparisons as of 20 March 2023

Company	BBG	Rec	Share price			Market Cap (USD m)	PE		ROE		PBV		EV/EBITDA	
			Current (LCY)	Target (LCY)	Upside (%)		23E (x)	24E (x)	23E (%)	24E (%)	23E (x)	24E (x)	23E (x)	24E (x)
Thailand														
TAC Consumer	TACC TB	BUY	5.75	10.00	74	103	13.1	11.8	34.3	36.6	4.4	4.2	7.8	6.9
NSL Foods	NSL TB	BUY	21.30	26.00	22	187	18.7	16.2	23.8	26.0	4.3	4.1	10.7	9.5
Sappe	SAPPE TB	BUY	54.75	62.00	13	495	22.1	19.6	23.1	25.1	5.0	4.8	13.2	11.6
Ichitan Group	ICHI TB	BUY	12.70	14.00	10	484	22.6	20.6	11.9	13.0	2.7	2.7	11.4	10.7
Osotspa	OSP TB	n/a	31.25	n/a	n/a	2,763	33.5	28.5	14.7	17.1	5.0	5.0	19.8	17.3
Carabao Group	CBG TB	n/a	98.00	n/a	n/a	2,869	33.5	28.8	25.7	27.5	8.5	7.5	23.7	21.3
Thailand average						6,902	23.9	20.9	22.2	24.2	5.0	4.7	14.4	12.9

Sources: Bloomberg; FSSIA estimates

Exhibit 27: Historical P/E band



Sources: Bloomberg, FSSIA estimates

Exhibit 28: Historical P/BV band



Sources: Bloomberg, FSSIA estimates

Financial Statements

Ichitan Group

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	5,228	6,340	6,914	7,464	7,991
Cost of goods sold	(3,637)	(4,575)	(4,925)	(5,340)	(5,735)
Gross profit	1,591	1,765	1,989	2,124	2,256
Other operating income	23	19	21	22	24
Operating costs	(445)	(465)	(588)	(634)	(679)
Operating EBITDA	1,168	1,319	1,422	1,512	1,601
Depreciation	(584)	(594)	(606)	(616)	(626)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	585	726	816	896	975
Net financing costs	(3)	(2)	(2)	(3)	(2)
Associates	59	82	90	97	104
Recurring non-operating income	59	82	90	97	104
Non-recurring items	0	(9)	0	0	0
Profit before tax	641	797	903	990	1,077
Tax	(94)	(155)	(172)	(188)	(205)
Profit after tax	547	642	732	802	872
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	547	642	732	802	872
Non-recurring items & goodwill (net)	0	9	0	0	0
Recurring net profit	547	651	732	802	872
Per share (THB)					
Recurring EPS *	0.42	0.50	0.56	0.62	0.67
Reported EPS	0.42	0.49	0.56	0.62	0.67
DPS	0.50	0.60	0.56	0.62	0.34
Diluted shares (used to calculate per share data)	1,300	1,300	1,300	1,300	1,300
Growth					
Revenue (%)	2.5	21.3	9.1	7.9	7.1
Operating EBITDA (%)	1.7	12.9	7.8	6.3	5.9
Operating EBIT (%)	5.1	24.1	12.4	9.8	8.8
Recurring EPS (%)	6.1	19.0	12.5	9.6	8.8
Reported EPS (%)	6.1	17.4	14.0	9.6	8.8
Operating performance					
Gross margin inc. depreciation (%)	19.3	18.5	20.0	20.2	20.4
Gross margin of key business (%)	19.3	18.5	20.0	20.2	20.4
Operating EBITDA margin (%)	22.3	20.8	20.6	20.3	20.0
Operating EBIT margin (%)	11.2	11.4	11.8	12.0	12.2
Net margin (%)	10.5	10.3	10.6	10.7	10.9
Effective tax rate (%)	14.7	19.5	19.0	19.0	19.0
Dividend payout on recurring profit (%)	118.9	119.9	100.0	100.0	50.0
Interest cover (X)	244.4	462.2	371.2	335.4	499.4
Inventory days	56.3	44.6	55.5	64.5	64.4
Debtor days	61.8	62.5	62.4	57.8	36.3
Creditor days	53.4	51.3	49.9	43.0	82.3
Operating ROIC (%)	8.0	10.8	12.6	14.2	21.6
ROIC (%)	8.3	11.2	12.6	13.5	18.6
ROE (%)	8.8	10.5	11.9	13.0	13.6
ROA (%)	7.6	9.0	10.1	11.3	10.9
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Ready-to-drink green tea	3,264	4,405	4,713	5,090	5,446
Non-tea and others	1,964	1,936	2,201	2,374	2,545

Sources: Ichitan Group; FSSIA estimates

Financial Statements

Ichitan Group

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	547	651	732	802	872
Depreciation	584	594	606	616	626
Associates & minorities	(59)	(82)	(90)	(97)	(104)
Other non-cash items	-	-	-	-	-
Change in working capital	(35)	(27)	(443)	(92)	2,102
Cash flow from operations	1,036	1,136	805	1,229	3,496
Capex - maintenance	-	-	-	-	-
Capex - new investment	(65)	(138)	(247)	(200)	(155)
Net acquisitions & disposals	(65)	-	-	-	-
Other investments (net)	46	58	(220)	(130)	(26)
Cash flow from investing	(83)	(80)	(467)	(330)	(181)
Dividends paid	(650)	(644)	(732)	(802)	(436)
Equity finance	0	0	0	0	0
Debt finance	(238)	(9)	(79)	0	0
Other financing cash flows	(62)	(6)	8	(11)	3
Cash flow from financing	(950)	(658)	(802)	(813)	(433)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	132	0	0	0	0
Net other adjustments	132	0	0	0	0
Movement in cash	135	397	(464)	86	2,882
Free cash flow to firm (FCFF)	955.69	1,057.45	340.38	901.88	3,317.54
Free cash flow to equity (FCFE)	785.29	1,040.82	267.27	887.84	3,318.02

Per share (THB)

FCFF per share	0.74	0.81	0.26	0.69	2.55
FCFE per share	0.60	0.80	0.21	0.68	2.55
Recurring cash flow per share	0.82	0.89	0.96	1.02	1.07

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	9,261	9,370	9,620	9,820	10,020
Less: Accumulated depreciation	(4,483)	(5,032)	(5,638)	(6,255)	(6,881)
Tangible fixed assets (net)	4,778	4,338	3,982	3,565	3,139
Intangible fixed assets (net)	12	10	10	10	10
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	254	312	375	575	679
Cash & equivalents	338	735	270	357	3,239
A/C receivable	1,054	1,304	1,212	1,302	391
Inventories	531	588	909	979	1,046
Other current assets	0	0	0	0	0
Current assets	1,923	2,627	2,392	2,638	4,675
Other assets	140	99	346	373	400
Total assets	7,106	7,386	7,104	7,161	8,903
Common equity	6,191	6,170	6,173	6,173	6,609
Minorities etc.	0	0	0	0	0
Total shareholders' equity	6,191	6,170	6,173	6,173	6,609
Long term debt	73	65	0	0	0
Other long-term liabilities	47	41	48	37	40
Long-term liabilities	119	105	48	37	40
A/C payable	546	739	606	653	1,934
Short term debt	15	14	0	0	0
Other current liabilities	235	357	277	299	320
Current liabilities	796	1,110	883	951	2,254
Total liabilities and shareholders' equity	7,106	7,386	7,104	7,161	8,903
Net working capital	804	795	1,238	1,330	(817)
Invested capital	5,987	5,554	5,951	5,854	3,410

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

Per share (THB)

Book value per share	4.76	4.75	4.75	4.75	5.08
Tangible book value per share	4.75	4.74	4.74	4.74	5.08

Financial strength

Net debt/equity (%)	(4.0)	(10.6)	(4.4)	(5.8)	(49.0)
Net debt/total assets (%)	(3.5)	(8.9)	(3.8)	(5.0)	(36.4)
Current ratio (x)	2.4	2.4	2.7	2.8	2.1
CF interest cover (x)	323.9	675.2	211.8	368.5	1,608.8

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	30.2	25.4	22.6	20.6	18.9
Recurring P/E @ target price (x) *	33.3	28.0	24.9	22.7	20.9
Reported P/E (x)	30.2	25.7	22.6	20.6	18.9
Dividend yield (%)	3.9	4.7	4.4	4.9	2.6
Price/book (x)	2.7	2.7	2.7	2.7	2.5
Price/tangible book (x)	2.7	2.7	2.7	2.7	2.5
EV/EBITDA (x) **	13.9	12.0	11.4	10.7	8.3
EV/EBITDA @ target price (x) **	15.4	13.3	12.6	11.8	9.3
EV/invested capital (x)	2.7	2.9	2.7	2.8	3.9

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

Sources: Ichitan Group; FSSIA estimates

Disclaimer: Corporate Governance Report of Thai listed companies (CGR)

The Thai Institute of Directors Association (Thai IOD), with support from the Stock Exchange of Thailand (SET), assesses the corporate governance practices of Thai listed businesses. The report will be reviewed and updated on an annual basis. It is publicly disclosed and can be accessed by a general public investor at [the Thai IOD website](#). The results are from the perspective of a third party. It is not an evaluation of operations and is not based on inside information. The CGR results recognise corporate governance in four levels: Excellent (score range 90-100), Very Good (score range 80-89), Good (Score range 70-79), and Lower Levels.

The five underlying categories used for corporate governance scoring are the rights of shareholders, equitable treatment of shareholders, the role of stakeholders, disclosure and transparency, and board responsibilities.

The survey results are as of the date appearing in the Corporate Governance Report of Thai Listed Companies. Accordingly, 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.

Other useful information regarding corporate governance and sustainable development evaluation

Apart from the CG Score report by the Thai Institute of Directors Association (Thai IOD), mentioned above, investors may find other useful information from [The Securities and Exchange Commission of Thailand website](#), including 1) AGM quality assessments by the Thai Investors Association; 2) companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under the Thai IOD that are categorised into companies that have declared their intention to join the CAC and companies certified by the CAC; and 3) the record of listed companies with corporate sustainable development, "Thai Sustainability Investment", by the Stock Exchange of Thailand for SET and MAI-listed companies which have passed the assessment conducted by the Stock Exchange of Thailand and THSI (SET), THSI (MAI), and SET-listed companies which have passed the assessment conducted by the Dow Jones Sustainability Indices (DJSI).

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Sureeporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

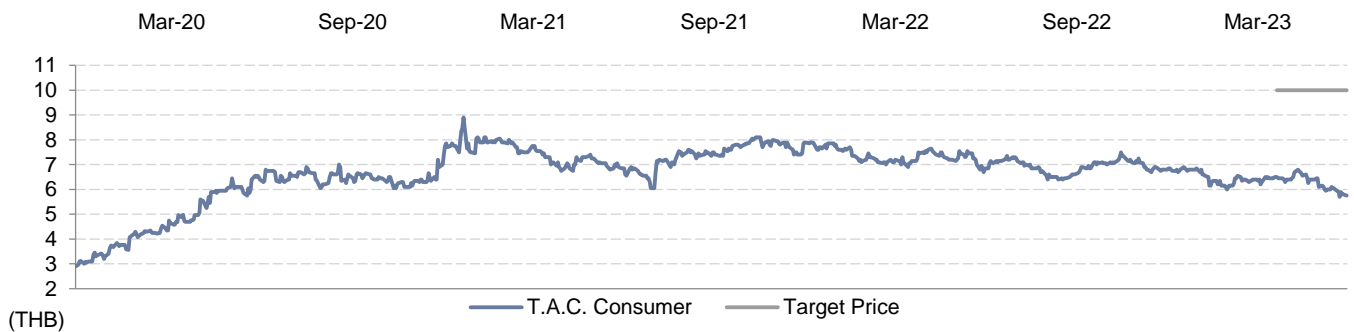
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) 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

T.A.C. Consumer (TACC TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
18-Jan-2023	BUY	10.00	-	-	-	-	-	-

Sureeporn Teewasuwet started covering this stock from 18-Jan-2023

Price and TP are in local currency

Source: FSSIA estimates

NSL Foods (NSL TB)



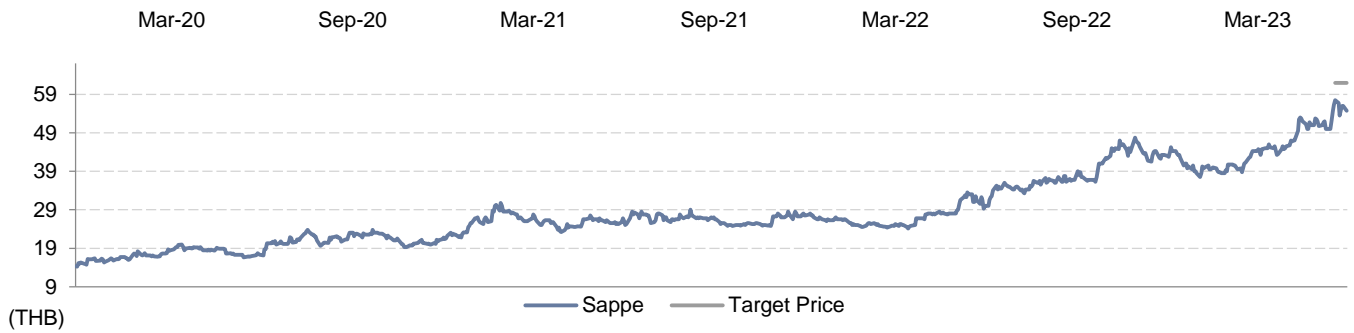
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
18-Jan-2023	BUY	26.00	-	-	-	-	-	-

Sureeporn Teewasuwet covering this stock from 18-Jan-2023

Price and TP are in local currency

Source: FSSIA estimates

Sappe (SAPPE TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
09-Mar-2023	BUY	62.00	-	-	-	-	-	-

Sureeporn Teewasuwet started covering this stock from 09-Mar-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Ichitan Group	ICHI TB	THB 12.70	BUY	Downside risks to our P/E-based TP would be 1) a slower-than-expected recovery in consumption; 2) high volatility in packaging costs; and 3) increased competition and government policy changes such as excise taxes for sugary drinks.
T.A.C. Consumer	TACC TB	THB 5.75	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.
NSL Foods	NSL TB	THB 21.30	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.
Sappe Group	SAPPE TB	THB 54.75	BUY	Downside risks to our P/E-based TP include 1) a slower-than-expected recovery in consumption; 2) high volatility in packaging costs; 3) a stronger-than-expected THB; and 4) increased competition and government policy changes such as excise taxes for sugary drinks.

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 20-Mar-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.