

T.A.C. CONSUMER TACC TB

THAILAND / AGRO & FOOD INDUSTRY

BUY

UNCHANGED

สัญญาณการฟื้นตัวกำลังมา

- TACC รายงานกำไรสุทธิ 1Q23 ที่ 42 ลบ. (-4.4% q-q, -30% y-y) พร้อมส่วนแบ่งผลขาดทุนจาก TCI ที่สูงขึ้น
- เราปรับลดประมาณการกำไรสุทธิปี 2023 ลง 18% มาอยู่ที่ 219 ลบ. (-6.9% y-y) เพื่อสะท้อนกำไรที่ตกต่ำใน 1Q23
- คงแนะนำซื้อที่ราคาเป้าหมายใหม่ที่ 7.2 บาท

TARGET PRICE	THB7.20
CLOSE	THB5.40
UP/DOWNSIDE	+33.3%
PRIOR TP	THB10.00
CHANGE IN TP	-28.0%
TP vs CONSENSUS	-8.9%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	1,523	1,702	1,857	2,007
Net profit	235	219	264	293
EPS (THB)	0.39	0.36	0.43	0.48
vs Consensus (%)	-	(14.9)	(5.5)	-
EBITDA	315	311	372	417
Core net profit	231	219	264	293
Core EPS (THB)	0.38	0.36	0.43	0.48
Chg. In EPS est. (%)	nm	(18.1)	(10.8)	nm
EPS growth (%)	11.7	(5.4)	20.5	11.2
Core P/E (x)	14.2	15.0	12.4	11.2
Dividend yield (%)	6.7	6.0	7.2	8.0
EV/EBITDA (x)	8.4	8.6	7.1	6.3
Price/book (x)	4.3	4.2	4.0	3.9
Net debt/Equity (%)	(83.4)	(79.0)	(78.1)	(78.8)
ROE (%)	30.7	28.3	33.1	35.5

ผลขาดทุนของ TCI ที่สูงขึ้นทำให้กำไร 1Q23 ต่ำกว่าคาด

TACC รายงานกำไรสุทธิ 1Q23 ที่ 42 ลบ. (-4.4% q-q, -30% y-y) จากส่วนแบ่งผลขาดทุนที่สูงขึ้นของบริษัทร่วม (TCI) อย่างไรก็ดีเราขอการฟื้นตัวของการดำเนินงานหลัก รายได้รวมเพิ่ม 12.6% y-y ซึ่งดีกว่าการเติบโตของยอดขายสาขาเดิม (SSSG) ของ 7-Eleven อัตราการเพิ่มขึ้นต้นเพิ่มเป็น 31.6% จากจุดต่ำสุดใหม่ที่ 30.8% ใน 4Q22 โดยได้ปัจจัยหนุนจากต้นทุนวัตถุดิบที่ลดลง อย่างไรก็ดีส่วนแบ่งผลขาดทุนของ TCI สูงกว่าที่คาดโดยอยู่ที่ 2.4 ลบ. ใน 1Q23 แยกกว่าที่เคยให้ส่วนแบ่งผลขาดทุน 0.4 ลบ. ใน 4Q22 และ 0.3 ลบ. ใน 1Q22 จากการตัดจำหน่ายมูลค่าสินทรัพย์ที่จับต้องไม่ได้ที่สูงขึ้น

สัญญาณการฟื้นตัวกำลังมา

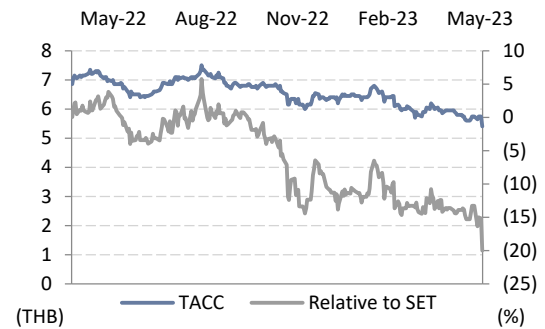
เราคิดว่าผลประกอบการ 1Q23 จะเป็นจุดต่ำสุดของปีนี้ เราคาดว่ากำไรสุทธิ 2Q23 จะกลับโตมาโต q-q จาก 1) ปัจจัยด้านฤดูกาลในอุตสาหกรรมเครื่องดื่ม; 2) บริษัทฯ ได้ปรับเพิ่มราคาขายผงดื่อบริษัทปรุงสำเร็จสำหรับโถกตของ 7-Eleven มาตั้งแต่เดือน เม.ษ. 2023; และ 3) ต้นทุนนมผงที่ลดลงประมาณ 8% ตั้งแต่ 2Q23 เป็นต้นไป เราคาดว่าอัตรากำไรขั้นต้นจะฟื้นตัวในช่วง 2Q23-2H23 แม้ว่า TACC จะรับรู้รายได้จาก Bloss Natura ใน 2Q23 ผ่านกิจการร่วมค้า กล่าวคือ Health Inspired Planet (HIP, non-listed) เราคิดว่ารายได้ดังกล่าวจะไม่ส่งผลบวกอย่างมีนัยสำคัญต่อการดำเนินงานของ TACC ในปีนี้

HIP is in, is TCI out?

ผู้บริหารตั้งเป้ารายได้ปี 2023 ของ HIP ไว้ที่ 55 ลบ. (+22% y-y) คิดเป็น 3% ของรายได้รวมของ TACC อย่างไรก็ดีเราคาดว่า HIP จะให้ผลขาดทุนจากการดำเนินงานเล็กน้อยในปี 2023 เนื่องจากบริษัทฯ กำลังปรับโครงสร้างธุรกิจและขยายการจำหน่ายเข้าสู่ช่องทางการค้าสมัยใหม่ นอกจากนี้แล้วเราคิดว่า TACC จะพิจารณาปรับแผนสำหรับ TCI เนื่องจากบริษัทฯ ต้องรับรู้ส่วนแบ่งผลขาดทุนมาแล้วถึง 2 ปี หมายเหตุ TACC ถือหุ้น 30% ใน TCI (TCI ประกอบธุรกิจวิจัยและพัฒนาผลิตภัณฑ์กัญชาเพื่อใช้ในทางการแพทย์และพาณิชย์)

ปรับลดประมาณการกำไรปี 2023 และราคาเป้าหมาย

เราปรับลดประมาณการกำไรสุทธิปี 2023 ลง 18% มาอยู่ที่ 219 ลบ. (-6.9% y-y) เพื่อสะท้อนกำไรที่ตกต่ำใน 1Q23 เราปรับลดค่า P/E เป้าหมายลงเหลือ 20x จาก 23x ใกล้เคียงกับค่าเฉลี่ยในอดีตซึ่งทำให้ได้ราคาเป้าหมายใหม่ที่ 7.2 บาท ลดลงจาก 10 บาท ราคาหุ้นมี Upside อยู่ 33% เราคงแนะนำซื้อ TACC



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(9.2)	(17.6)	(19.4)
Relative to country (%)	(7.4)	(13.0)	(18.2)
Mkt cap (USD m)	97		
3m avg. daily turnover (USD m)	0.2		
Free float (%)	66		
Major shareholder	Mr.Chatchawe Vatanasuk (24%)		
12m high/low (THB)	7.55/5.40		
Issued shares (m)	608.00		

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 15 พฤษภาคม 2023

Investment thesis

TACC procures, manufactures and distributes beverages, mostly dispensed tea and coffee. The company sells mostly B2B, which accounted for 93% of 9M22 revenue. Under this channel, TACC's main alliance is with 7-Eleven as a leader in the convenience store market. This is one of TACC's competitive advantages. Besides this, we like the company's solid profitability and strong financial position. The company has no interest-bearing debt from financial institutions. Although we expect poor earnings in 4Q22-1Q23, we still have a positive view for long-term growth.

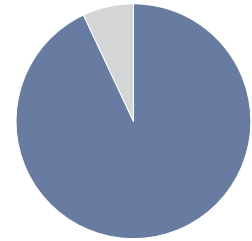
Company profile

TACC has been a key partner of CPALL Plc (CPALL TB) in joint-developing dispenser beverages sold in 7-Eleven convenience stores since 2002. In 2005, TACC started producing its own ready-to-drink brand, Zenya, that it markets both domestically and overseas. TACC outsources most of its production to Original Equipment Manufacturer (OEM) companies.

www.taconsumer.com

Principal activities (revenue, 2022)

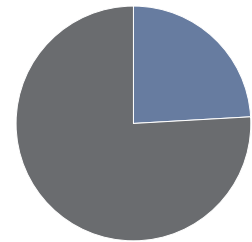
- B2B sales - 93.0 %
- B2C sales - 7.0 %



Source: T.A.C. Consumer

Major shareholders

- Mr.Chatchawe Vatanasuk - 24.1 %
- Others - 75.9 %



Source: T.A.C. Consumer

Catalysts

Potential catalysts for TACC's earnings growth in 2023 are 1) revenue growth driven by new product launches and the tourism recovery; 2) new 7-Eleven branch expansions; and 3) declining raw material costs.

Risks to our call

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.

Event calendar

Date	Event
August 2023	2Q23 results announcement

Key assumptions

	2023E	2024E	2025E
B2B sales	1,532	1,653	1,778
B2C sales	170	204	229
Total sales growth (%)	11.7	9.1	8.1
Gross margin (%)	32.5	34.0	34.5
SG&A to sales (%)	16.4	16.4	16.4

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in revenue, we estimate 2023 net profit to rise by 0.9%, and vice versa, all else being equal.
- For every 0.2% increase in GPM, we estimate 2023 net profit to rise by 1.0%, 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 2.5%, and vice versa, all else being equal.

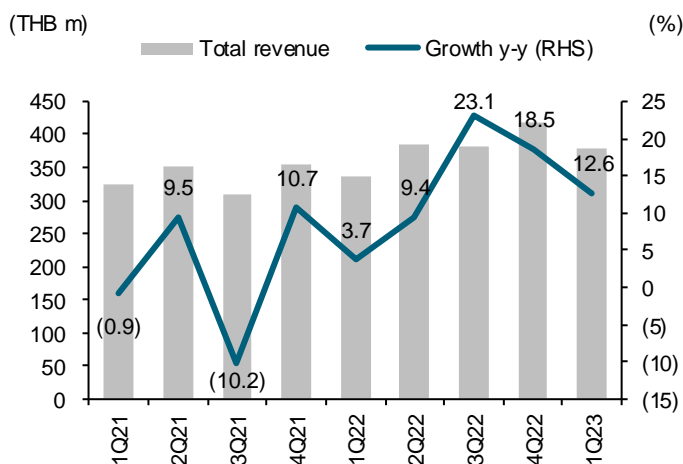
Source: FSSIA estimates

Exhibit 1: 1Q23 earnings results

	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	Change	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Sales	354	337	385	382	420	380	(9.4)	12.6
Cost of sales	216	206	243	247	290	260	(10.5)	26.2
Gross profit	138	131	142	134	129	120	(7.0)	(8.6)
SG&A	66	57	60	61	75	65	(12.9)	14.7
Operating profit	73	76	82	75	61	57	(5.6)	(25.3)
Profit (-loss) sharing	(0.3)	(0.3)	(0.3)	(0.3)	(0.4)	(2.4)	nm	nm
Tax expense	14	15	17	15	12	12	2.8	(20.5)
Reported net profit	58	61	68	62	44	42	(4.4)	(30.2)
Core profit	59	61	64	59	48	42	(12.1)	(30.2)
Key Ratios (%)								
Gross margin	39.0	39.0	36.8	35.1	30.8	31.6	0.8	(7.3)
SG&A / Sales	18.6	16.8	15.6	16.1	17.8	17.1	(0.7)	0.3
Operating margin	20.7	22.7	21.3	19.6	14.4	15.0	0.6	(7.6)
Net margin	16.3	18.0	17.8	16.3	10.5	11.1	0.6	(6.8)
Norm margin	16.6	18.0	16.6	15.4	11.5	11.1	(0.3)	(6.8)

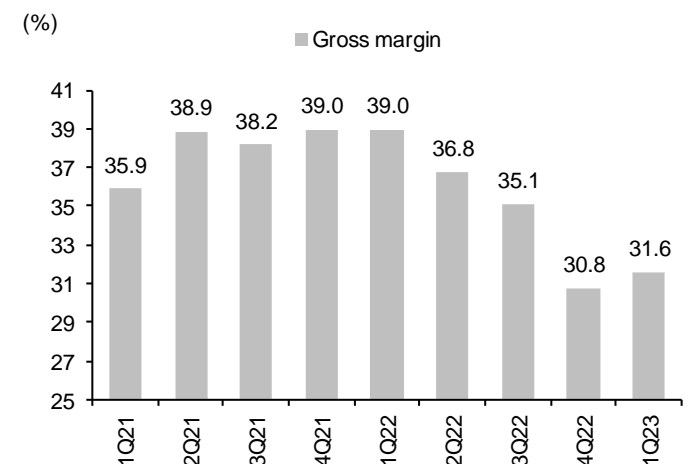
Source: TACC

Exhibit 2: Quarterly total revenue and growth



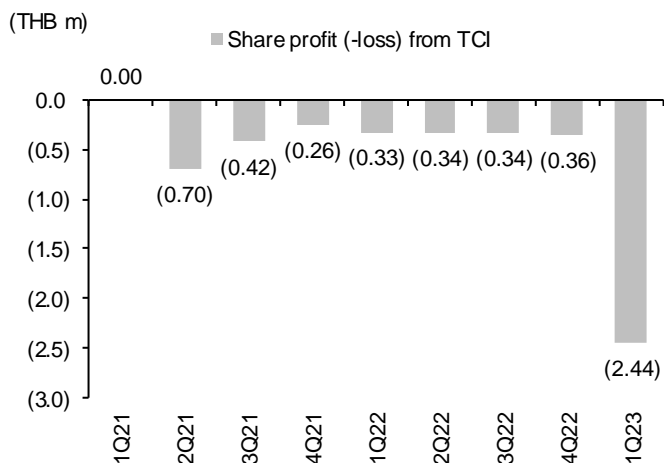
Source: TACC

Exhibit 3: Quarterly gross margin



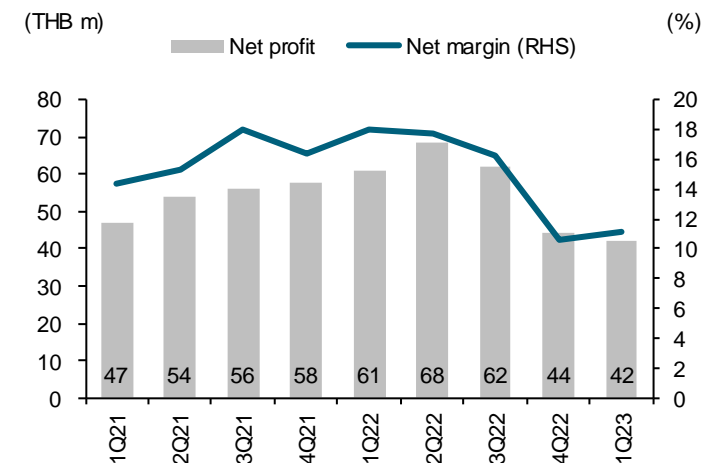
Source: TACC

Exhibit 4: Share of loss from TCI



Source: TACC

Exhibit 5: Quarterly net profit and net margin



Source: TACC

Exhibit 6: Key assumptions for TACC

	Current			Previous			Change		
	2023E (THB m)	2024E (THB m)	2025E (THB m)	2023E (THB m)	2024E (THB m)	2025E (THB m)	2023E (%)	2024E (%)	2025E (%)
Total sales value	1,702	1,857	2,007	1,647	1,777	1,912	3.3	4.5	5.0
Costs	1,149	1,225	1,314	1,046	1,119	1,195	9.9	9.5	10.0
Gross profit	553	631	692	601	657	717	(8.0)	(4.0)	(3.4)
SG&A expenses	279	304	328	270	291	313	3.3	4.5	5.0
Interest expense	1.2	1.2	1.2	1.1	1.0	1.0	9.0	13.8	19.5
Profit sharing	(4.4)	(1.3)	(1.3)	(0.8)	0.0	0.0	<i>nm</i>	<i>nm</i>	<i>nm</i>
Reported net profit	219	264	293	267	296	326	(18.1)	(10.8)	(10.0)
Core profit	219	264	293	267	296	326	(18.1)	(10.8)	(10.0)
Key ratios (%)									
Total revenue growth	11.7	9.1	8.1	8.1	7.9	7.6	3.6	1.2	0.5
Net profit growth	(6.9)	20.5	11.2	13.6	10.7	10.2	(20.5)	9.8	1.0
Core profit growth	(5.4)	20.5	11.2	15.5	10.7	10.2	(20.9)	9.8	1.0
Operating statistics (THB m)									
B2B sales	1,532	1,653	1,778	1,532	1,653	1,778	0.0	0.0	(0.0)
B2C sales	170	204	229	115	124	134	47.2	63.7	70.8
Beverage sales									
Beverage sales	1,647	1,777	1,912	1,647	1,777	1,912	0.0	0.0	0.0
Health & wellness sales									
Health & wellness sales	55	80	95	0	0	0			

Source: FSSIA estimates

Financial Statements

T.A.C. Consumer

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	1,341	1,523	1,702	1,857	2,007
Cost of goods sold	(807)	(965)	(1,119)	(1,188)	(1,269)
Gross profit	534	558	583	669	738
Other operating income	5	10	7	6	7
Operating costs	(252)	(253)	(279)	(304)	(328)
Operating EBITDA	287	315	311	372	417
Depreciation	(24)	(22)	(30)	(38)	(46)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	263	293	281	334	371
Net financing costs	(1)	(1)	(1)	(1)	(1)
Associates	(1)	(1)	(4)	(1)	(1)
Recurring non-operating income	(1)	(1)	(4)	(1)	(1)
Non-recurring items	7	4	0	0	0
Profit before tax	267	295	275	332	369
Tax	(53)	(59)	(56)	(68)	(75)
Profit after tax	214	235	219	264	293
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	214	235	219	264	293
Non-recurring items & goodwill (net)	(7)	(4)	0	0	0
Recurring net profit	207	231	219	264	293
Per share (THB)					
Recurring EPS *	0.34	0.38	0.36	0.43	0.48
Reported EPS	0.35	0.39	0.36	0.43	0.48
DPS	0.33	0.36	0.32	0.39	0.43
Diluted shares (used to calculate per share data)	608	608	608	608	608
Growth					
Revenue (%)	2.0	13.6	11.7	9.1	8.1
Operating EBITDA (%)	12.6	9.9	(1.4)	19.7	12.1
Operating EBIT (%)	11.4	11.6	(4.3)	19.0	11.1
Recurring EPS (%)	9.9	11.7	(5.4)	20.5	11.2
Reported EPS (%)	13.7	9.8	(6.9)	20.5	11.2
Operating performance					
Gross margin inc. depreciation (%)	38.0	35.2	32.5	34.0	34.5
Gross margin of key business (%)	38.0	35.2	32.5	34.0	34.5
Operating EBITDA margin (%)	21.4	20.7	18.2	20.0	20.8
Operating EBIT margin (%)	19.6	19.3	16.5	18.0	18.5
Net margin (%)	15.5	15.2	12.9	14.2	14.6
Effective tax rate (%)	19.9	20.2	20.4	20.4	20.4
Dividend payout on recurring profit (%)	96.8	94.6	90.0	90.0	90.0
Interest cover (X)	243.0	253.4	227.6	281.2	321.0
Inventory days	20.8	20.3	18.5	20.0	20.0
Debtor days	68.5	68.5	70.8	71.9	72.2
Creditor days	101.9	101.3	100.2	99.9	100.1
Operating ROIC (%)	138.7	178.8	173.0	168.7	178.5
ROIC (%)	115.2	131.8	126.8	130.9	139.0
ROE (%)	28.3	30.7	28.3	33.1	35.5
ROA (%)	20.0	20.7	18.3	21.2	22.5
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
B2B sales	1,301	1,417	1,532	1,653	1,778
B2C sales	40	107	170	204	229

Sources: T.A.C. Consumer; FSSIA estimates

Financial Statements

T.A.C. Consumer

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	207	231	219	264	293
Depreciation	24	22	30	38	46
Associates & minorities	1	1	4	1	1
Other non-cash items	0	4	0	0	0
Change in working capital	(11)	16	(33)	(11)	(8)
Cash flow from operations	221	274	220	291	332
Capex - maintenance	(53)	(21)	(44)	(43)	(43)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	-	-	-	-
Cash flow from investing	(53)	(21)	(44)	(43)	(43)
Dividends paid	(195)	(215)	(197)	(237)	(264)
Equity finance	0	0	0	0	0
Debt finance	7	(2)	0	(1)	(1)
Other financing cash flows	3	35	4	3	3
Cash flow from financing	(185)	(182)	(193)	(236)	(263)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(17)	72	(17)	13	27
Free cash flow to firm (FCFF)	168.99	254.52	177.37	249.77	290.84
Free cash flow to equity (FCFE)	177.60	286.52	180.25	250.15	291.13
Per share (THB)					
FCFF per share	0.28	0.42	0.29	0.41	0.48
FCFE per share	0.29	0.47	0.30	0.41	0.48
Recurring cash flow per share	0.38	0.42	0.42	0.50	0.56
Balance Sheet (THB m) Year Ending Dec					
Tangible fixed assets (gross)	192	207	224	242	261
Less: Accumulated depreciation	(79)	(95)	(101)	(117)	(142)
Tangible fixed assets (net)	113	113	123	125	119
Intangible fixed assets (net)	1	0	0	0	0
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	29	27	27	27	27
Cash & equivalents	583	655	638	651	678
A/C receivable	262	310	350	382	412
Inventories	57	50	63	67	72
Other current assets	2	6	7	7	8
Current assets	905	1,021	1,058	1,107	1,170
Other assets	17	17	17	19	20
Total assets	1,065	1,179	1,225	1,278	1,337
Common equity	742	763	785	811	840
Minorities etc.	0	0	0	0	0
Total shareholders' equity	742	763	785	811	840
Long term debt	15	12	14	12	11
Other long-term liabilities	21	27	31	33	36
Long-term liabilities	36	39	44	46	47
A/C payable	236	300	315	336	360
Short term debt	6	6	5	5	5
Other current liabilities	44	71	76	80	84
Current liabilities	286	377	396	421	449
Total liabilities and shareholders' equity	1,065	1,179	1,225	1,278	1,337
Net working capital	41	(4)	29	40	48
Invested capital	201	153	196	211	215
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	1.22	1.25	1.29	1.33	1.38
Tangible book value per share	1.22	1.25	1.29	1.33	1.38
Financial strength					
Net debt/equity (%)	(75.8)	(83.4)	(79.0)	(78.1)	(78.8)
Net debt/total assets (%)	(52.8)	(54.0)	(50.6)	(49.6)	(49.5)
Current ratio (x)	3.2	2.7	2.7	2.6	2.6
CF interest cover (x)	166.1	249.7	149.5	212.4	253.8
Valuation					
Recurring P/E (x) *	15.8	14.2	15.0	12.4	11.2
Recurring P/E @ target price (x) *	21.1	18.9	20.0	16.6	14.9
Reported P/E (x)	15.3	14.0	15.0	12.4	11.2
Dividend yield (%)	6.1	6.7	6.0	7.2	8.0
Price/book (x)	4.4	4.3	4.2	4.0	3.9
Price/tangible book (x)	4.4	4.3	4.2	4.0	3.9
EV/EBITDA (x) **	9.5	8.4	8.6	7.1	6.3
EV/EBITDA @ target price (x) **	13.3	11.9	12.1	10.1	8.9
EV/invested capital (x)	13.5	17.3	13.6	12.6	12.2
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: T.A.C. Consumer; FSSIA estimates

Public disclosures related to sustainable development evaluation of Thai listed companies

Rating regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "**CG Score**" by the Thai Institute of Directors Association (Thai IOD); 2) "**AGM Checklist**" by the Thai Investors Association (TIA), a "**CAC certified member**" of the Thai Private Sector Collective Action Against Corruption (CAC); and 3) **Sustainability Investment List (THSI)** by the Stock Exchange of Thailand. The ratings are updated on an annual basis. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such ratings.

CG Score by the Thai Institute of Directors Association (Thai IOD)¹

The **CG Score** indicates corporate governance (CG) strength in the sustainable development of Thai listed companies. Annually, the Thai IOD, with support from the Stock Exchange of Thailand (SET), surveys and assesses the CG practices of companies and publishes the results on the [Thai IOD website](#) in a bid to promote and enhance the CG of Thai listed companies in order to promote compliance with international standards for better investment decisions. The results are from the perspective of a third party, not an evaluation of operations, as of the date appearing in the report, and may be changed after that date.

The **five underlying categories and weighting** used for the CG scoring in 2022 include the rights of shareholders and equitable treatment of shareholders (weight 25% combined), the role of stakeholders (25%), disclosure and transparency (15%), and board responsibilities (35%).

The CGR report rates CG in six categories: 5 for Excellent (score range 90-100), 4 for Very Good (score range 80-89), 3 for Good (Score range 70-79), 2 for Fair (score range 60-69), 1 for Pass (score range 60-69), and not rated (score below 50).

AGM Checklist by the Thai Investors Association (TIA)²

The "**AGM Checklist**" quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and the extent to which information is sufficiently disclosed and the level of its transparency. All the considered factors form important elements of two out of five the CG components. Annually, the TIA, with support from the SEC, leads the project to evaluate the quality of Annual General Meetings of Shareholders (AGMs) and to rate quality of the meetings.

The **Checklist** contains the minimum requirements under law that companies must comply with, or best practices according to international CG guidance. Representatives of the TIA will attend the meetings and perform the evaluation. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating of how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.

The results are classified into four categories: 5 for Excellent (score 100), 4 for Very Good (score 90-99), 3 for Fair (score 80-89), and not rated (score below 79).

CAC certified member by the Thai Private Sector Collective Action Against Corruption (CAC)³

A **CAC certified member** is a listed company whose Checklist satisfies the CAC Certification's criteria and is approved by the CAC Council. The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. Note that the CAC does not certify the behaviour of the employees nor whether the companies have engaged in bribery, and Certification is good for three years.

Companies deciding to become a CAC certified member **start with** by submitting a Declaration of Intent signed by the Chairman of the Board to kick off the 18-month deadline for companies to submit the CAC Checklist for Certification. The 18-month provision is for risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.

The checklist document will be reviewed by the CAC Certification Committee for adequate information and evidence. It is worth noting that the committee consists of nine professionals in business law, corporate governance, internal audit, financial audit and experienced representatives from certified members.

A passed Checklist will move on to the **CAC Council** for granting certification approvals. The CAC Council consists of twelve prominent individuals who are highly respected in professionalism and ethical achievements. Among them are former ministers, a former central bank governor, the former head of the Thai Listed Companies Association, Chairman of Anti-Corruption Organizations (Thailand), Chairman of Thai Institute of Directors, and reputable academic scholars.

Sustainability Investment (THSI)⁴ by the Stock Exchange of Thailand (SET)

Thailand Sustainability Investment (**THSI**) quantifies responsibility in **Environmental**, and **Social** issues, by managing business with transparency in **Governance**. The THSI serves as another choice for investors who desire to adopt a responsible investment approach, according to the SET.

Annually, the SET will announce the voluntary participation of the company candidates which pass the preemptive criteria, and whose two key crucial conditions are met, i.e. no irregular trading of the board members and executives and a free float of >15% by the number of shareholders, and combined holding must >15% of paid-up capital. Some key disqualifying criteria include a CG score of below 70%; independent directors and free float violation; executives' wrongdoing related to CG, social and environmental impacts, equity in negative territory, and earnings in the red for more than three years in the last five years. To become eligible for THSI, the candidate must pass three indicators in data declaration: **Economic** (CG, risk management, customer relation management, supply chain management, and innovation); **Environmental** (environmental management, eco-efficiency, and climate risk); **Social** (human rights, talent attraction, operational health & safety, community development, and stakeholder engagement); and the incorporation of ESG in business operations.

To be approved for THSI inclusion, verified data must be scored at a 50% minimum for each indicator, unless the company is a part of the Dow Jones Sustainability Indices⁵ (DJSI) during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality.

Note that, from the **THSI list**, the SET further developed a sustainability **SETTHSI Index** in June 2018 from selected THSI companies whose 1) market capitalisation > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.

Sources: [SEC](#); [Thai IOD](#); [Thai CAC](#); [SET](#); FSSIA's compilation

Disclaimer:

¹ Thai Institute of Directors Association ([Thai IOD](#)) was established in December 1999 and is a membership organisation that strives to promote professionalism in directorship. The Thai IOD offers directors certification and professional development courses, provides a variety of seminars, forums and networking events, and conducts research on board governance issues and practices. Membership comprises board members from companies ranging from large publicly listed companies to small private firms.

² Thai Investors Association ([TIA](#)) was established in 1983 with a mission to promote investment knowledge and to protect the investment rights of Thai investors. In 2002, the association was appointed by the Securities and Exchange Commission (SEC) to represent individual shareholders. To obtain information for evaluation, the association recruits volunteer investors to join AGMs and score the meetings. Weightings for each meeting are at a 45:45:10 ratio. They have been applied since 2017 and subject to change.

³ Thai Private Sector Collective Action against Corruption ([CAC](#)) was founded in 2010 and is 100% privately funded. It is an initiative by the Thai private sector to take part in tackling corruption problems via collective action. The CAC promotes the implementation of effective anti-corruption policies in order to create a transparent business ecosystem by developing a unique certification program for large/medium/small companies to apply for and to control corruption risk systematically and efficiently. The CAC's operations are sponsored by the US-based Center for Private Enterprise (CIPE) and the UK Prosperity Fund.

⁴ Sustainability Investment List ([THSI](#)), created by the Stock Exchange of Thailand in 2015, comprises the listed companies that conduct sustainable business operations.

⁵ Dow Jones Sustainability Indices – [Wikipedia](#) – Launched in 1999, DJSI evaluates the sustainability performance of companies based on corporate economic, environmental, and social performance.

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Sureporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

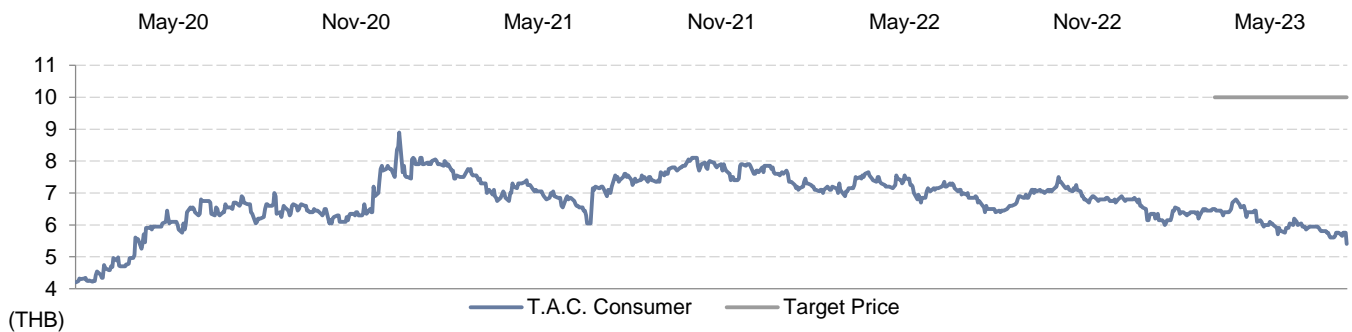
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History of change in investment rating and/or target price

T.A.C. Consumer (TACC TB)



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

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

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
T.A.C. Consumer	TACC TB	THB 5.40	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 12-May-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.