

ZEN CORPORATION GROUP

THAILAND / FOOD & BEVERAGE

ZEN TB

BUY
UNCHANGED

รายงานผลประกอบการ 2Q23

ผลประกอบการ 2Q23 ออกมาดี กำไรโตทั้ง q-q และ y-

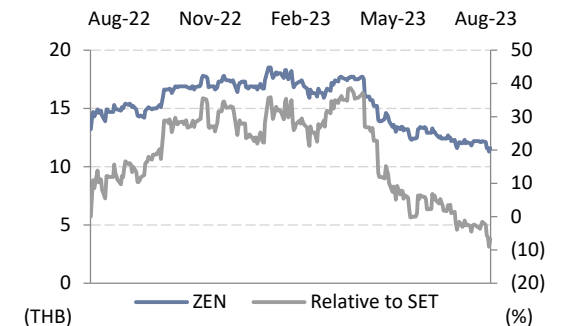
Highlights

- ZEN รายงานกำไรสุทธิ 2Q23 อยู่ที่ 46 ลบ. (+34% q-q, +3.4% y-y) เราคิดว่าผลประกอบการดังกล่าวอยู่ในเกณฑ์ดี แม้ว่า ZEN จะยังประสบปัญหาต้นทุนวัตถุดิบปรับตัวสูงขึ้นอย่างต่อเนื่อง การเติบโตของรายได้ยังสามารถช่วยชดเชยต้นทุนที่ปรับขึ้นได้ทั้งหมด
- รายได้รวมโต 6% q-q และ 12% y-y ใน 2Q23 โดยได้ปัจจัยหนุนจาก 1) ยอดขายจากสาขาเดิม (SSSG) ซึ่งโตเล็กน้อยที่ 3.1% y-y; และ 2) การเติบโตของยอดขายปลีกที่อยู่ในเกณฑ์ดีที่ 23.8% q-q เนื่องจาก King Marine Foods (not listed) ขยายฐานลูกค้า
- ใน 2Q23 อัตรากำไรขั้นต้นลดลงเหลือ 43.5% จาก 43.8% ใน 1Q23 และ 45.7% ใน 2Q22 จากต้นทุนวัตถุดิบที่สูงขึ้นโดยเฉพาะราคาแซลมอน
- บริษัทฯ บริหารค่าใช้จ่ายการขายและบริหาร (SG&A) ได้ดีพร้อมสัดส่วน SG&A ต่อยอดขายที่ลดลงเหลือ 36.6% ใน 2Q23 จาก 38.3% ทั้งใน 1Q23 และ 2Q22
- หมายเหตุบริษัทฯ ปิดสาขาเพิ่มใน 2Q23 ประกอบด้วย 5 สาขาที่บริษัทฯ ลงทุนเองและ 17 สาขาแฟรนไชส์ โดยรวม ZEN มี 327 สาขาใน 2Q23
- กำไรสุทธิ 1H23 อยู่ที่ 80 ลบ. คิดเป็น 47% ของประมาณการกำไรสุทธิปี 2023 ของเรา เราเชื่อมั่นเกี่ยวกับแนวโน้มในช่วง 2H23 ของบริษัทฯ โดยมีปัจจัยหนุนจาก 1) การฟื้นตัวของการท่องเที่ยว; และ 2) ต้นทุนสาธารณูปโภคและวัตถุดิบที่ลดลง
- เราคงประมาณการกำไรสุทธิปี 2023-24 ของเราที่ 171 ลบ. (+10.8% y-y) และ 201 ลบ. (+17.8% y-y) ตามลำดับ คงแนะนำซื้อที่ราคาเป้าหมาย 15.4 บาท

TARGET PRICE	THB15.40
CLOSE	THB11.60
UP/DOWNSIDE	+32.8%
TP vs CONSENSUS	-4.5%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	3,383	3,742	4,064	4,396
Net profit	154	171	201	227
EPS (THB)	0.51	0.57	0.67	0.76
vs Consensus (%)	-	(6.6)	(9.2)	(7.7)
EBITDA	594	674	769	862
Recurring net profit	154	171	201	227
Core EPS (THB)	0.51	0.57	0.67	0.76
EPS growth (%)	nm	10.8	17.8	12.8
Core P/E (x)	22.6	20.4	17.3	15.4
Dividend yield (%)	1.4	1.5	1.7	2.0
EV/EBITDA (x)	6.9	5.6	4.7	4.1
Price/book (x)	2.7	2.5	2.3	2.1
Net debt/Equity (%)	39.5	18.2	7.8	2.6
ROE (%)	12.8	12.7	13.7	14.2



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(2.5)	(18.9)	(3.3)
Relative to country (%)	(4.9)	(17.2)	2.2
Mkt cap (USD m)	99		
3m avg. daily turnover (USD m)	0.1		
Free float (%)	27		
Major shareholder	AGB Sibling Holdings (25%)		
12m high/low (THB)	19.20/11.00		
Issued shares (m)	300.00		

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 สิงหาคม 2023

Exhibit 1: ZEN – 2Q23 operations summary

	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	----- Change -----		1H22	1H23	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Sales	686	859	900	938	907	961	6.0	11.9	1,545	1,868	20.9
Cost of sales	378	466	480	513	509	543	6.6	16.5	844	1,052	24.7
Gross profit	309	393	420	425	397	418	5.2	6.5	701	815	16.3
SG&A	295	329	354	351	347	352	1.4	7.0	624	700	12.0
Operating profit	19	69	76	81	57	72	26.5	3.1	89	128	44.5
Interest expense	9	9	8	7	10	10	3.3	15.4	18	20	12.2
Tax expense	2	11	13	13	8	12	41.4	7.0	13	20	58.1
Reported net profit	4	44	51	55	34	46	34.0	3.4	48	80	65.0
Core profit	4	44	51	55	34	46	34.0	3.4	48	80	65.0
Key ratios (%)							(ppt)	(ppt)			(ppt)
Gross margin	45.0	45.7	46.6	45.3	43.8	43.5	(0.3)	(2.2)	45.4	43.7	(1.7)
SG&A to sales	43.0	38.3	39.3	37.5	38.3	36.6	(1.7)	(1.7)	40.4	37.5	(2.9)
Operating margin	2.8	8.1	8.5	8.6	6.2	7.4	1.2	(0.6)	5.7	6.9	1.1
Net margin	0.6	5.1	5.6	5.8	3.8	4.8	1.0	(0.4)	3.1	4.3	1.1
Core margin	0.6	5.1	5.6	5.8	3.8	4.8	1.0	(0.4)	3.1	4.3	1.1
Operating statistics											
SSSG (%)	8.5	52.6	75.2	0.4	12.5	3.1			30.6	7.5	
Total stores (no.)	354	356	356	345	339	327	(1.7)	(4.2)	356	327	(8.1)
Restaurant sales (THB m)	502	599	683	728	706	735	4.1	22.7	1,101	1,441	30.9
Franchise sales (THB m)	52	61	58	60	52	56	7.7	(8.2)	113	108	(4.4)
Delivery and catering (THB m)	68	67	64	52	47	45	(4.3)	(32.8)	135	92	(31.9)
Retail sales (THB m)	64	131	96	98	101	125	23.8	(4.6)	195	226	15.9

Sources: ZEN; FSSIA estimates

Financial Statements

Zen Corporation Group

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	2,209	3,383	3,742	4,064	4,396
Cost of goods sold	(1,243)	(1,838)	(2,066)	(2,235)	(2,409)
Gross profit	966	1,546	1,676	1,829	1,987
Other operating income	47	30	30	33	35
Operating costs	(1,072)	(1,330)	(1,441)	(1,561)	(1,688)
Operating EBITDA	304	594	674	769	862
Depreciation	(363)	(348)	(408)	(468)	(528)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	(59)	246	266	301	334
Net financing costs	(38)	(33)	(31)	(27)	(23)
Associates	(2)	(2)	2	3	0
Recurring non-operating income	(2)	(2)	2	3	0
Non-recurring items	(13)	0	0	0	0
Profit before tax	(112)	211	237	277	311
Tax	23	(39)	(47)	(55)	(62)
Profit after tax	(89)	172	189	221	249
Minority interests	(3)	(18)	(19)	(20)	(22)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	(92)	154	171	201	227
Non-recurring items & goodwill (net)	13	0	0	0	0
Recurring net profit	(78)	154	171	201	227
Per share (THB)					
Recurring EPS *	(0.26)	0.51	0.57	0.67	0.76
Reported EPS	(0.31)	0.51	0.57	0.67	0.76
DPS	0.00	0.16	0.17	0.20	0.23
Diluted shares (used to calculate per share data)	300	300	300	300	300
Growth					
Revenue (%)	(3.3)	53.2	10.6	8.6	8.2
Operating EBITDA (%)	(13.0)	95.4	13.4	14.1	12.1
Operating EBIT (%)	nm	nm	8.0	13.2	11.1
Recurring EPS (%)	nm	nm	10.8	17.8	12.8
Reported EPS (%)	nm	nm	10.8	17.8	12.8
Operating performance					
Gross margin inc. depreciation (%)	43.7	45.7	44.8	45.0	45.2
Gross margin exc. depreciation (%)	60.2	56.0	55.7	56.5	57.2
Operating EBITDA margin (%)	13.8	17.6	18.0	18.9	19.6
Operating EBIT margin (%)	(2.7)	7.3	7.1	7.4	7.6
Net margin (%)	(3.5)	4.5	4.6	4.9	5.2
Effective tax rate (%)	20.8	18.4	20.0	20.0	20.0
Dividend payout on recurring profit (%)	-	31.2	30.0	30.0	30.0
Interest cover (X)	(1.6)	7.5	8.6	11.1	14.3
Inventory days	43.8	46.6	56.3	54.8	55.6
Debtor days	11.0	8.0	8.3	6.7	5.8
Creditor days	118.4	80.3	74.5	73.0	74.1
Operating ROIC (%)	(3.4)	16.9	20.1	22.4	25.0
ROIC (%)	(2.5)	10.0	11.2	13.4	14.5
ROE (%)	(6.7)	12.8	12.7	13.7	14.2
ROA (%)	(1.7)	7.4	7.9	9.1	9.6
* Pre exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Restaurant	1,582	2,510	2,796	3,067	3,319
Franchise	206	231	287	281	298
Delivery & Catering	321	252	176	185	194
Retail	100	390	483	531	584

Sources: Zen Corporation Group; FSSIA estimates

Financial Statements

Zen Corporation Group

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	(78)	154	171	201	227
Depreciation	363	348	408	468	528
Associates & minorities	2	2	(2)	(3)	0
Other non-cash items	37	29	(23)	3	3
Change in working capital	14	(102)	25	31	11
Cash flow from operations	338	431	578	700	769
Capex - maintenance	-	-	-	-	-
Capex - new investment	(158)	0	(484)	(480)	(598)
Net acquisitions & disposals	(42)	(390)	253	(29)	(33)
Other investments (net)	-	-	-	-	-
Cash flow from investing	(199)	(390)	(231)	(509)	(631)
Dividends paid	-	0	(51)	(60)	(68)
Equity finance	0	0	0	0	0
Debt finance	(141)	6	(294)	(70)	(70)
Other financing cash flows	2	2	(26)	9	10
Cash flow from financing	(139)	8	(371)	(121)	(128)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	11	0	0	0
Net other adjustments	0	11	0	0	0
Movement in cash	(1)	60	(24)	70	9
Free cash flow to firm (FCFF)	175.84	73.98	377.82	218.00	160.86
Free cash flow to equity (FCFE)	(1.01)	60.15	26.79	130.08	77.08
Per share (THB)					
FCFF per share	0.59	0.25	1.26	0.73	0.54
FCFE per share	0.00	0.20	0.09	0.43	0.26
Recurring cash flow per share	1.08	1.78	1.85	2.23	2.53
Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	2,445	2,124	2,246	2,311	2,388
Less: Accumulated depreciation	(972)	(1,006)	(1,057)	(1,110)	(1,165)
Tangible fixed assets (net)	1,472	1,118	1,190	1,201	1,223
Intangible fixed assets (net)	290	353	353	353	353
Long-term financial assets	4	326	0	0	0
Invest. in associates & subsidiaries	-	-	-	-	-
Cash & equivalents	268	327	303	373	382
A/C receivable	61	88	82	67	72
Inventories	124	256	255	276	297
Other current assets	42	57	45	49	53
Current assets	495	729	685	764	804
Other assets	296	299	374	406	440
Total assets	2,557	2,824	2,602	2,725	2,820
Common equity	1,122	1,281	1,396	1,537	1,647
Minorities etc.	37	66	42	45	48
Total shareholders' equity	1,159	1,346	1,438	1,582	1,695
Long term debt	650	535	465	395	325
Other long-term liabilities	133	135	109	118	127
Long-term liabilities	784	670	574	513	453
A/C payable	319	337	340	367	396
Short term debt	202	324	100	100	100
Other current liabilities	93	147	150	163	176
Current liabilities	614	808	589	630	672
Total liabilities and shareholders' equity	2,557	2,824	2,602	2,725	2,820
Net working capital	(185)	(83)	(108)	(139)	(150)
Invested capital	1,878	2,013	1,809	1,822	1,866
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	3.74	4.27	4.65	5.12	5.49
Tangible book value per share	2.77	3.09	3.48	3.94	4.31
Financial strength					
Net debt/equity (%)	50.5	39.5	18.2	7.8	2.6
Net debt/total assets (%)	22.9	18.8	10.1	4.5	1.5
Current ratio (x)	0.8	0.9	1.2	1.2	1.2
CF interest cover (x)	5.2	2.8	17.4	23.4	29.9
Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	(44.5)	22.6	20.4	17.3	15.4
Recurring P/E @ target price (x) *	(59.0)	30.0	27.1	23.0	20.4
Reported P/E (x)	(38.0)	22.6	20.4	17.3	15.4
Dividend yield (%)	-	1.4	1.5	1.7	2.0
Price/book (x)	3.1	2.7	2.5	2.3	2.1
Price/tangible book (x)	4.2	3.8	3.3	2.9	2.7
EV/EBITDA (x) **	13.5	6.9	5.6	4.7	4.1
EV/EBITDA @ target price (x) **	17.2	8.8	7.3	6.2	5.5
EV/invested capital (x)	2.2	2.0	2.1	2.0	1.9
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: Zen Corporation Group; 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).

Corporate Governance Report Disclaimer

The disclosure of the survey result 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 companies listed on the Stock Exchange of Thailand and the Market of Alternative Investment disclosed to the public and able to be accessed by a general public investor at [Thai IOD website](#). 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 data appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. **FSSIA** does not confirm nor certify the accuracy of such survey result.

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 **E**nvironmental, and **S**ocial issues, by managing business with transparency in **G**overnance. 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 >150 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: **E**conomic (CG, risk management, customer relation management, supply chain management, and innovation); **E**nvironmental (environmental management, eco-efficiency, and climate risk); **S**ocial (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

Sureeporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

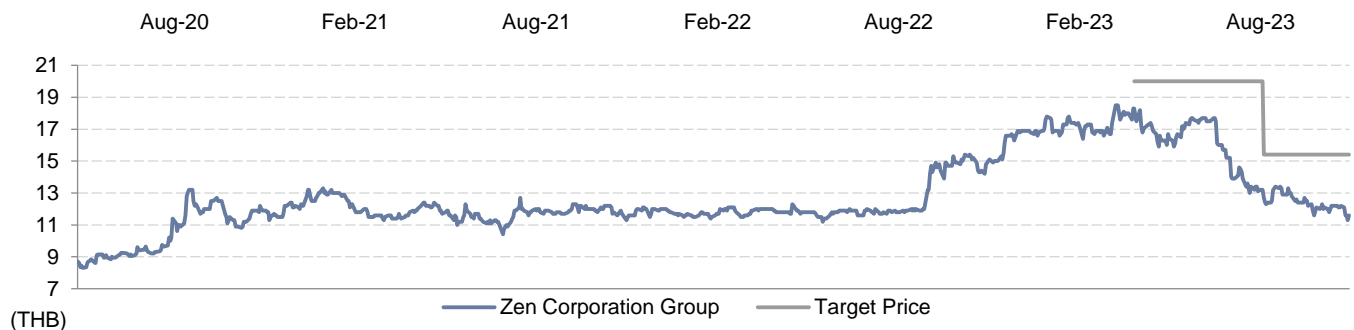
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History of change in investment rating and/or target price

Zen Corporation Group (ZEN TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
07-Feb-2023	BUY	20.00	29-May-2023	BUY	15.40	-	-	-

Sureeporn Teewasuwet started covering this stock from 07-Feb-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Zen Corporation Group	ZEN TB	THB 11.60	BUY	Downside risks to our P/E-based TP include 1) a slower-than-expected consumption recovery; 2) a potential rise in raw material costs; 3) lower-than-expected new store expansion; and 4) a minimum wage increase and labour shortages.

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 11-Aug-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.