

R&B FOOD SUPPLY RBF TB
THAILAND / FOOD & BEVERAGE

BUY

UNCHANGED

ยอดขายต่างประเทศกำลังมา

- ผู้บริหารได้แสดงความมั่นใจเกี่ยวกับการเติบโตของรายได้จากต่างประเทศโดยมีอินเดียและจีนเป็นปัจจัยหนุนสำคัญในปี 2024-25
- เรคาดว่ากำไรสุทธิ 3Q23 จะทำสถิติสูงสุดใหม่
- ประมาณการปี 2024 ของเราอาจมี Upside

TARGET PRICE	THB13.50
CLOSE	THB11.30
UP/DOWNSIDE	+19.5%
PRIOR TP	THB13.50
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+11.9%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	3,961	4,385	4,976	5,610
Net profit	482	664	772	881
EPS (THB)	0.24	0.33	0.39	0.44
vs Consensus (%)	-	(1.5)	(0.5)	3.5
EBITDA	809	1,093	1,297	1,507
Recurring net profit	459	664	772	881
Core EPS (THB)	0.23	0.33	0.39	0.44
Chg. In EPS est. (%)	-	0.0	0.0	0.0
EPS growth (%)	(3.3)	44.5	16.3	14.1
Core P/E (x)	49.2	34.0	29.3	25.7
Dividend yield (%)	0.9	1.8	2.0	2.3
EV/EBITDA (x)	27.3	20.2	17.0	14.5
Price/book (x)	5.2	4.9	4.6	4.3
Net debt/Equity (%)	(11.4)	(11.1)	(12.6)	(15.5)
ROE (%)	10.7	14.8	16.3	17.4

การขยายธุรกิจไปต่างประเทศจะเป็นปัจจัยหนุนการเติบโต

เราได้มุมมองเชิงบวกจากที่ประชุมนักวิเคราะห์ในวันที่ 1 ก.ย. 2023 ผู้บริหารตั้งเป้าการเติบโตของรายได้ในปี 2023 ไว้ที่ 10% y-y ในขณะที่การเติบโตของรายได้จริงในช่วง 1H23 อยู่ที่ 7.6% y-y เพราะฉะนั้นเราจึงคาดว่าจะการเติบโตของรายได้ในช่วง 2H23 จะอยู่ที่ไม่น้อยกว่า 12.5% y-y นอกจากนี้ผู้บริหารยังกำลังทบทวนเป้าการเติบโตของรายได้ในปี 2024 โดยในขั้นต้นบริษัท คาดว่าอัตราการเติบโตจะเป็นตัวเลขสองหลักและสูงกว่าการเติบโตในปี 2023 RBF กำลังขยายกำลังการผลิตอินโดนีเซีย (ขั้นที่ II) และอินเดีย (โรงงานแรก) ซึ่งน่าจะแล้วเสร็จพร้อมคาดว่าจะการดำเนินงานเชิงพาณิชย์จะเริ่มได้ใน 3Q23 และ 1Q24 ตามลำดับ

รายได้จากต่างประเทศโตดี รายได้จากในประเทศกำลังฟื้นตัว

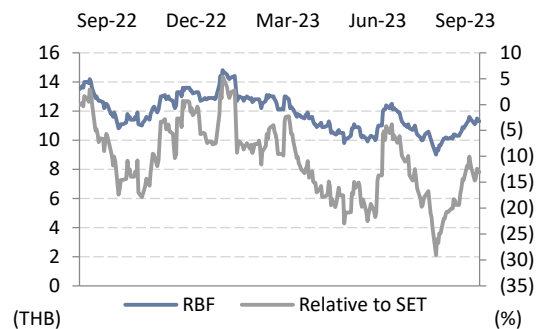
ผู้บริหารได้แสดงความมั่นใจที่มากขึ้นเกี่ยวกับการเติบโตของรายได้จากต่างประเทศซึ่งจะมาจาก 1) ลูกค้านปัจจุบันที่กำลังฟื้นตัวในช่วง 2H23 (ญี่ปุ่น อินโดนีเซียและเวียดนาม); 2) ลูกค้าใหม่ (จีน); และ 3) โครงการใหม่ (ออสเตรเลีย) ผู้บริหารคาดว่าสัดส่วนของรายได้จากต่างประเทศจะเพิ่มเป็น 40% ของรายได้รวมในปี 2024 จาก 29.6% ในช่วง 1H23 สำหรับตลาดในประเทศ รายได้ในช่วง 2H23 น่าจะฟื้นตัวตามลูกค้าส่งออกอาหาร ลูกค้าและโครงการใหม่ของ RBF อยู่ในตลาดสินค้าปรุงรส (Flavouring) ซึ่งมีอัตรากำไรขั้นต้นสูง ด้วยเหตุดังกล่าว เราจึงคาดว่าอัตรากำไรขั้นต้นจะปรับตัวดีขึ้นอย่างต่อเนื่องเป็น 37-37.5% ในช่วง 2H23 (เทียบกับ 36.4% ในช่วง 1H23) และอาจโตเป็น 38-40% ในปี 2024

คาดกำไรสุทธิ 3Q23 จะทำสถิติสูงสุดใหม่

เรคาดว่ากำไรสุทธิ 3Q23 จะทำสถิติสูงสุดใหม่ที่ 183 ลบ. (+19% q-q, +66% y-y) จากการเติบโตของรายได้จากต่างประเทศที่อยู่ในเกณฑ์ดีและต้นทุนวัตถุดิบที่ลดลง นอกจากนี้เรายังปรับสมมติฐานปี 2023-25 ของเราให้รายได้ลดลงตลอดช่วงดังกล่าวแต่ปรับเพิ่มสมมติฐานอัตรากำไรขั้นต้นเพื่อสะท้อนผลประกอบการในช่วง 1H23 ในภาพรวมเราคงสมมติฐานการเติบโตของกำไรสุทธิปี 2023-24 ไว้ที่ 37.6% y-y และ 16.3% y-y ตามลำดับ

คงแนะนำซื้อและเห็นว่าประมาณการปี 2024 ของเราอาจมี Upside

เราคงแนะนำซื้อที่ราคาเป้าหมายปี 2023 เดิมที่ 13.5 บาท (40x ของค่า 2023E P/E) ราคาหุ้นมี Upside อยู่ที่ 19.5% เราไม่เพียงแต่ชอบแนวโน้มกำไรของ RBF ในช่วงที่เหลือของปีนี้แต่ยังเห็น Upside ที่อาจเกิดขึ้นจากการเติบโตของรายได้จากต่างประเทศสำหรับประมาณการกำไรสุทธิปี 2024 ของเรา



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	11.9	4.6	(18.7)
Relative to country (%)	11.5	1.9	(15.6)
Mkt cap (USD m)	646		
3m avg. daily turnover (USD m)	2.0		
Free float (%)	28		
Major shareholder	Ratanapoompinyo Family (62%)		
12m high/low (THB)	15.20/8.95		
Issued shares (m)	2,000.00		

Sources: Bloomberg consensus; FSSIA estimates



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บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 4 กันยายน 2023

Investment thesis

RBF's customers are in the food and beverage industries. Since both are a necessity, RBF's revenues are constant. RBF has a long history and is accredited with international standards. RBF pays attention to R&D, which helps it to differentiate its products from competitors and create customer satisfaction. Since the company develops unique formulas for each customer, it is hard for customers to switch suppliers once consumers become attached to the flavour.

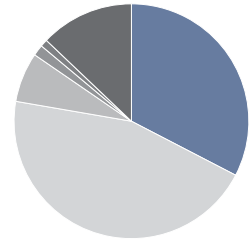
Company profile

RBF manufactures and distributes food ingredients, which can be divided into several product groups: flavour and food colouring, food coating, and trading products, which are food additives such as preservatives, antifungal agents, citric acid, etc. The company's 2022 revenue contribution from food coating accounted for 45.1% of total revenue, followed by flavouring and food colouring (32.6%), trading products (12.9%), dried products (6.9%), frozen products (1.5%), and plastic packaging (1%).

www.rbfoodsupply.co.th

Principal activities (revenue, 2022)

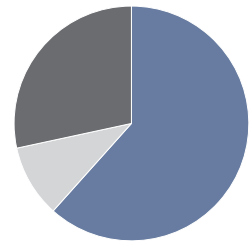
- Flavouring agents and Food colouring - 32.6 %
- Food coating - 45.1 %
- Dehydrated products - 6.9 %
- Frozen - 1.5 %
- Plastic packaging - 1.0 %



Source: R&B Food Supply

Major shareholders

- Ratanapoompinyo Family - 61.6 %
- Thai Union Group PCL - 10.0 %
- Others - 28.4 %



Source: R&B Food Supply

Catalysts

Potential catalysts for RBF's earnings growth in 2023 are 1) revenue growth driven by a consumption recovery; 2) declining raw material costs; 3) the success of its new market expansions; and 4) the success of new products launched.

Risks to our call

Downside risks to our P/E-based TP include 1) a slower-than-expected consumption recovery; 2) high volatility in raw material costs; 3) a weaker THB than expected; and 4) a slower-than-expected India expansion.

Event calendar

Date	Event
November 2023	3Q23 results announcement

Key assumptions

	2023E	2024E	2025E
Domestic sales growth (%)	0.1	5.0	5.0
Overseas sales growth (%)	51.5	35.0	28.0
Domestic sales proportion (%)	71.7	66.4	61.8
Overseas sales proportion (%)	28.3	33.6	38.2
Total sales growth (%)	10.7	13.5	12.7
Gross margin (%)	36.9	37.5	38.0

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in revenue, we estimate 2023 net profit to rise by 0.8%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2023 net profit to rise by 3%, and vice versa, all else being equal.
- For every 0.2% increase in SG&A to sales, we estimate 2023 net profit to fall by 1.1%, and vice versa, all else being equal.

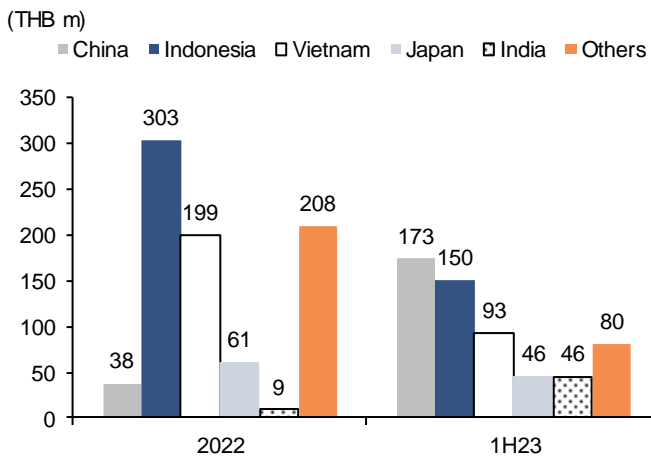
Source: FSSIA estimates

Exhibit 1: 3Q23 earnings preview

	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23E	----- Change -----		9M22	9M23E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Sales	984	978	994	1,005	1,056	1,056	1,148	8.7	15.5	2,956	3,260	10.3
Cost of sales	615	643	675	682	674	668	721	7.9	6.8	1,933	2,064	6.8
Gross profit	370	335	319	323	382	388	427	10.2	34.0	1,023	1,196	16.9
SG&A	184	190	195	193	194	205	210	2.6	7.5	570	609	6.9
Operating profit	189	146	124	131	189	188	222	18.1	78.8	459	599	30.4
Interest expense	2.3	2.3	2.1	2.5	2.3	2.3	2.3	1.3	11.5	7	7	3.5
Tax expense	35	31	29	19	29	38	40	3.9	39.8	94	107	14.1
Profit (loss) sharing - India	0.00	0.00	0.00	0.02	0.96	1.44	2.00	38.6	nm	0	4	nm
Reported net profit	163	115	110	94	147	153	183	19.2	66.0	388	483	24.3
Core profit	150	112	90	108	159	150	183	22.0	102.7	352	491	39.7
Key Ratios (%)								(ppt)	(ppt)			
Gross margin	37.5	34.2	32.1	32.1	36.1	36.7	37.2	0.5	5.1	34.6	36.7	2.1
SG&A to sales	18.7	19.4	19.7	19.2	18.4	19.4	18.3	(1.1)	(1.4)	19.3	18.7	(0.6)
Operating margin	19.2	14.9	12.5	13.0	17.9	17.8	19.3	1.5	6.8	15.5	18.4	2.8
Net margin	16.5	11.8	11.1	9.4	13.9	14.5	15.9	1.4	4.8	13.1	14.8	1.7
Core margin	15.2	11.4	9.1	10.7	15.0	14.2	15.9	1.7	6.8	11.9	15.1	3.2
Operating statistics (THB m)												
Domestic revenue	789	771	788	795	780	744	812	9.1	3.0	2,349	2,336	(0.6)
Overseas revenue	195	207	205	210	276	312	336	7.7	63.6	608	924	52.1
Sales breakdown by product												
Flavouring & food colouring	344	310	299	339	362	370	403	9.1	35.0	953	1,135	19.2
Food coating	414	429	476	462	504	491	509	3.6	7.0	1,319	1,504	14.0

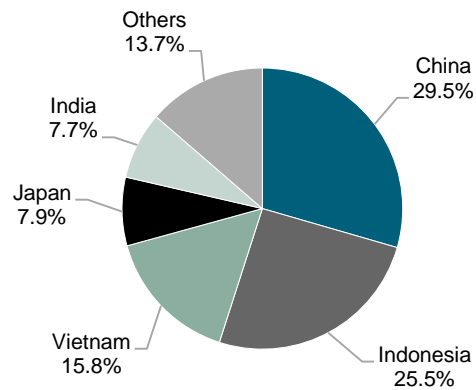
Sources: RBF; FSSIA estimates

Exhibit 2: Overseas revenue breakdown by country



Sources: RBF; FSSIA's compilation

Exhibit 3: Overseas revenue proportion (% of 1H23 total overseas revenue)



Sources: RBF; FSSIA's compilation

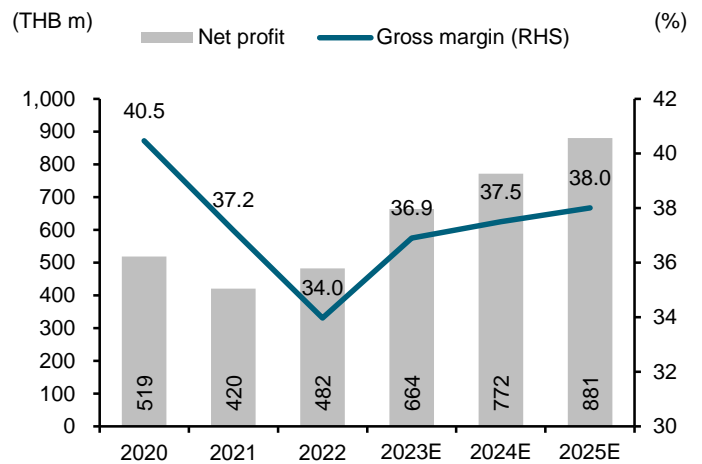
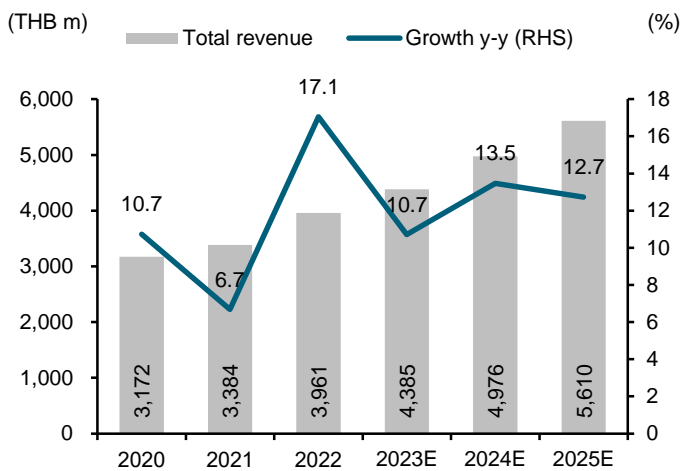
Exhibit 4: Changes in key assumptions for RBF

	Current			Previous			Change		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)
Total revenue (THB m)	4,385	4,976	5,610	4,554	5,104	5,677	(3.7)	(2.5)	(1.2)
Costs	2,767	3,110	3,478	2,923	3,241	3,576	(5.3)	(4.0)	(2.7)
Gross profit	1,618	1,866	2,132	1,630	1,863	2,100	(0.7)	0.2	1.5
SG&A expenses	816	921	1,038	820	919	1,022	(0.5)	0.2	1.6
Interest expense	9	12	15	9	12	15	0.0	0.0	0.0
Tax expense	145	180	219	147	171	195	(1.3)	5.4	12.4
Reported net profit	664	772	881	664	772	881	0.0	0.0	0.0
Core profit	664	772	881	664	772	881	0.0	0.0	0.0
Key ratios (%)									
Total revenue growth	10.7	13.5	12.7	15.0	12.1	11.2	(4.2)	1.4	1.5
Net profit growth	37.6	16.3	14.1	37.6	16.3	14.1	0.0	0.0	0.0
Core profit growth	44.5	16.3	14.1	44.5	16.3	14.1	0.0	0.0	0.0
Operating statistics (THB m)									
Domestic revenue	3,146	3,304	3,469	3,458	3,734	4,033	(9.0)	(11.5)	(14.0)
Overseas revenue	1,239	1,673	2,141	1,096	1,370	1,644	13.1	22.1	30.3
Operating statistics (%)									
Domestic revenue growth (%)	0.1	5.0	5.0	10.0	8.0	8.0			
Overseas revenue growth (%)	51.5	35.0	28.0	24.1	26.8	29.0			
Operating statistics (%)									
Domestic revenue proportion (%)	71.7	66.4	61.8	75.9	73.2	71.0			
Overseas revenue proportion (%)	28.3	33.6	38.2	24.1	26.8	29.0			

Source: FSSIA estimates

Exhibit 5: Yearly total revenue and growth

Exhibit 6: Yearly net profit and gross margin



Sources: RBF; FSSIA estimates

Sources: RBF; FSSIA estimates

Financial Statements

R&B Food Supply

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	3,384	3,961	4,385	4,976	5,610
Cost of goods sold	(2,126)	(2,615)	(2,767)	(3,110)	(3,478)
Gross profit	1,258	1,346	1,618	1,866	2,132
Other operating income	7	7	11	12	14
Operating costs	(663)	(763)	(816)	(921)	(1,038)
Operating EBITDA	809	809	1,093	1,297	1,507
Depreciation	(207)	(219)	(279)	(339)	(399)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	603	590	814	958	1,108
Net financing costs	(9)	(9)	(9)	(12)	(15)
Associates	-	-	-	-	-
Recurring non-operating income	0	0	0	0	0
Non-recurring items	(55)	23	0	0	0
Profit before tax	539	604	805	946	1,093
Tax	(116)	(113)	(145)	(180)	(219)
Profit after tax	423	491	660	766	875
Minority interests	(3)	(9)	4	6	6
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	420	482	664	772	881
Non-recurring items & goodwill (net)	55	(23)	0	0	0
Recurring net profit	475	459	664	772	881
Per share (THB)					
Recurring EPS *	0.24	0.23	0.33	0.39	0.44
Reported EPS	0.21	0.24	0.33	0.39	0.44
DPS	0.15	0.10	0.20	0.23	0.26
Diluted shares (used to calculate per share data)	2,000	2,000	2,000	2,000	2,000
Growth					
Revenue (%)	6.7	17.1	10.7	13.5	12.7
Operating EBITDA (%)	(5.3)	(0.1)	35.1	18.7	16.2
Operating EBIT (%)	(9.6)	(2.0)	37.9	17.7	15.7
Recurring EPS (%)	(11.8)	(3.3)	44.5	16.3	14.1
Reported EPS (%)	(19.1)	14.8	37.6	16.3	14.1
Operating performance					
Gross margin inc. depreciation (%)	37.2	34.0	36.9	37.5	38.0
Gross margin exc. depreciation (%)	43.3	39.5	43.3	44.3	45.1
Operating EBITDA margin (%)	23.9	20.4	24.9	26.1	26.9
Operating EBIT margin (%)	17.8	14.9	18.6	19.3	19.8
Net margin (%)	14.0	11.6	15.1	15.5	15.7
Effective tax rate (%)	21.5	18.7	18.0	19.0	20.0
Dividend payout on recurring profit (%)	63.1	43.5	60.0	60.0	60.0
Interest cover (X)	68.0	64.5	87.4	79.8	75.4
Inventory days	166.1	168.0	183.7	180.3	181.9
Debtor days	91.2	85.2	86.5	84.7	84.9
Creditor days	81.2	77.3	77.7	74.2	74.9
Operating ROIC (%)	14.9	13.7	17.1	19.2	(5.3)
ROIC (%)	14.3	13.0	16.1	18.0	(5.0)
ROE (%)	11.4	10.7	14.8	16.3	17.4
ROA (%)	9.8	9.3	12.6	13.9	14.5
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Flavouring agents and Food colouring	1,194	1,292	1,531	1,745	2,007
Food coating	1,335	1,787	1,969	2,126	2,350
Dehydrated products	214	272	318	350	402
Frozen	68	60	67	75	84

Sources: R&B Food Supply; FSSIA estimates

Financial Statements

R&B Food Supply

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	475	459	664	772	881
Depreciation	207	219	279	339	399
Associates & minorities	0	0	0	0	0
Other non-cash items	14	11	(1)	2	2
Change in working capital	(135)	(354)	(150)	(238)	(255)
Cash flow from operations	562	335	792	874	1,026
Capex - maintenance	-	-	-	-	-
Capex - new investment	-	(456)	(367)	(300)	(300)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	30	(109)	(25)	(9)	(10)
Cash flow from investing	30	(565)	(392)	(309)	(310)
Dividends paid	(300)	(295)	(398)	(463)	(528)
Equity finance	0	0	0	0	0
Debt finance	(129)	19	(10)	(10)	(11)
Other financing cash flows	(1)	(3)	7	9	10
Cash flow from financing	(430)	(278)	(401)	(464)	(529)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	162	(508)	(1)	101	187
Free cash flow to firm (FCFF)	600.43	(220.64)	409.13	577.03	730.64
Free cash flow to equity (FCFE)	461.77	(213.05)	397.26	563.89	714.95

Per share (THB)

FCFF per share	0.30	(0.11)	0.20	0.29	0.37
FCFE per share	0.23	(0.11)	0.20	0.28	0.36
Recurring cash flow per share	0.35	0.34	0.47	0.56	0.64

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	3,031	3,133	3,433	3,733	4,033
Less: Accumulated depreciation	(1,188)	(1,092)	(1,370)	(1,709)	(2,108)
Tangible fixed assets (net)	1,842	2,041	2,063	2,024	1,925
Intangible fixed assets (net)	6	6	11	11	11
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	69	180	180	180	180
Cash & equivalents	1,176	668	667	767	954
A/C receivable	850	998	1,081	1,227	1,383
Inventories	989	1,217	1,289	1,449	1,620
Other current assets	23	44	48	55	62
Current assets	3,039	2,927	3,085	3,498	4,019
Other assets	50	51	70	80	90
Total assets	5,006	5,204	5,409	5,792	6,225
Common equity	4,224	4,373	4,572	4,881	5,233
Minorities etc.	12	23	22	24	26
Total shareholders' equity	4,237	4,397	4,594	4,905	5,259
Long term debt	156	157	147	136	125
Other long-term liabilities	61	58	66	75	84
Long-term liabilities	217	215	213	211	210
A/C payable	487	528	531	596	667
Short term debt	12	10	10	11	11
Other current liabilities	53	54	61	70	79
Current liabilities	552	593	602	677	757
Total liabilities and shareholders' equity	5,006	5,204	5,409	5,792	6,225
Net working capital	1,323	1,676	1,826	2,064	2,319
Invested capital	3,290	3,954	4,150	4,359	4,526

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

Per share (THB)

Book value per share	2.11	2.19	2.29	2.44	2.62
Tangible book value per share	2.11	2.18	2.28	2.43	2.61

Financial strength

Net debt/equity (%)	(23.8)	(11.4)	(11.1)	(12.6)	(15.5)
Net debt/total assets (%)	(20.1)	(9.6)	(9.4)	(10.7)	(13.1)
Current ratio (x)	5.5	4.9	5.1	5.2	5.3
CF interest cover (x)	53.1	27.5	83.1	73.0	70.1

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	47.6	49.2	34.0	29.3	25.7
Recurring P/E @ target price (x) *	56.8	58.8	40.7	35.0	30.7
Reported P/E (x)	53.8	46.9	34.0	29.3	25.7
Dividend yield (%)	1.3	0.9	1.8	2.0	2.3
Price/book (x)	5.4	5.2	4.9	4.6	4.3
Price/tangible book (x)	5.4	5.2	5.0	4.6	4.3
EV/EBITDA (x) **	26.7	27.3	20.2	17.0	14.5
EV/EBITDA @ target price (x) **	32.1	32.8	24.3	20.4	17.4
EV/invested capital (x)	6.6	5.6	5.3	5.0	4.8

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

Sources: R&B Food Supply; 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 **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 >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: **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

Sureeporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

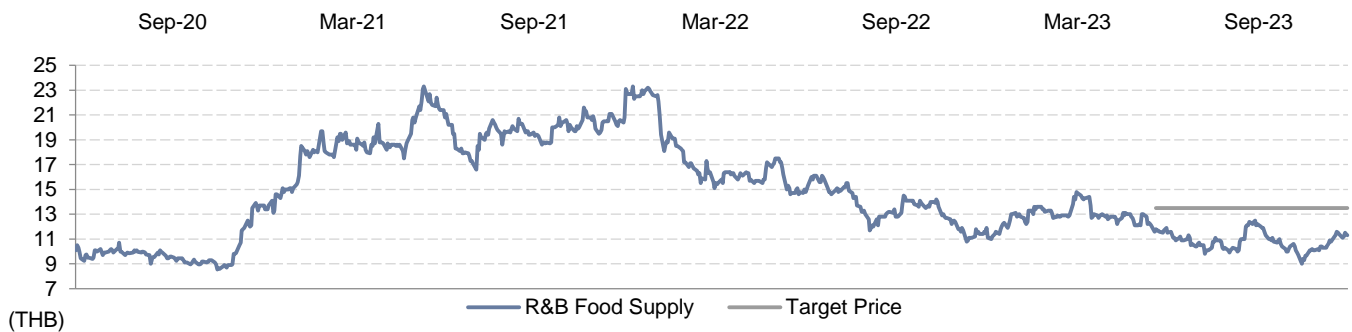
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History of change in investment rating and/or target price

R&B Food Supply (RBF TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
20-Mar-2023	BUY	13.50	-	-	-	-	-	-

Sureeporn Teewasuwet started covering this stock from 20-Mar-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
R&B Food Supply	RBF TB	THB 11.30	BUY	Downside risks to our P/E-based TP include 1) a slower-than-expected consumption recovery; 2) high volatility in raw material costs; 3) a weaker THB than expected; and 4) a slower-than-expected India expansion.

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 01-Sep-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.