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THAILAND / FOOD & BEVERAGE


BUY
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ตัวเลขธุรกิจใหม่กดดันระยะสั้น

- แนวโน้มกำไร 3Q23 อาจต่ำกว่าที่เคยคาด หลังรวมงบ NSL BAW ซึ่งคาดมีผลขาดทุน เพราะเป็นช่วงแรกและอยู่ระหว่างปรับโครงสร้างธุรกิจ
- ปรับลดกำไรลง เพื่อสะท้อนขาดทุนของธุรกิจใหม่ และคาดจะพลิกฟื้นในปี 2024
- ปรับใช้ราคาเป้าหมายปี 2024 ยังมี Upside 22% แนะนำซื้อรอการฟื้นตัว

คาดการณ์กำไร 3Q23 อาจต่ำกว่าที่เคยคาด

คาดการณ์กำไรสุทธิ 3Q23 อยู่ที่ 73 ลบ. (-12.6% q-q, ทรงตัว y-y) ถือว่าต่ำกว่าที่เคยคาดไว้ แม้คาดการณ์รายได้ยังขยับขึ้นแข็งแกร่ง +16% y-y และคาดยังโตเล็กน้อย q-q ส่วนทางฤดูกาล ส่วนหนึ่งมาจากการรวม Bake A Wish ราว 1 เดือน ภายหลังจัดตั้งบริษัทย่อย NSL Bake A Wish (NSL BAW) โดยเข้าถือหุ้น 60% เพื่อดำเนินธุรกิจผลิตและจำหน่ายเบเกอรี่ และแฟรนไชส์ ปัจจุบันมี 84 สาขา และรายได้จากการขายข้าวแห้งเข้า 7-11 แม้ต้นทุนวัตถุดิบจะอ่อนลง แต่ต้นทุนการผลิตอื่นๆบางส่วนยังสูงขึ้น จึงคาดอัตรากำไรขั้นต้นจะขยับลงเล็กน้อยมาอยู่ที่ 18% จาก 18.4% ใน 3Q22 ทั้งนี้สิ่งที่ทำให้กำไรต่ำกว่าที่เคยคาดคือ 1) การรับรู้ขาดทุนจาก NSL BAW เพราะยังอยู่ระหว่างปรับโครงสร้างในช่วงแรก และ 2) ส่วนแบ่งขาดทุนจาก Pen 1 F&B หลังเริ่มวางขายเครื่องดื่มตัวแรกแบรนด์ เป็นต่อ เพราะต้องรับรู้ค่าใช้จ่ายทางการตลาด

ยังต้องติดตามพัฒนาการของธุรกิจใหม่ คาดพลิกมีกำไรได้ในปี 2024

แนวโน้มกำไร 4Q23 น่าจะกลับมาโต q-q หลังเข้าสู่ช่วง High Season ของธุรกิจ แต่ยังคงเห็นการรับรู้ขาดทุนของบริษัทรวมและบริษัทย่อยที่เพิ่งเข้าลงทุน และคาดหวังจะพลิกมาคุ้มทุนหรือมีกำไรได้ในปี 2024 เป็นต้นไป ส่วนพัฒนาของข้าวแห้งยังต้องติดตามต่อ หลังออกรสชาติแรกใน 7-11 ใส่แก้วตามะพร้าวอ่อน และเตรียมทยอยออกรสชาติใหม่ต่อเนื่อง อย่างไรก็ตาม เรามองว่าจุดเปลี่ยนของข้าวแห้งที่จะเข้ามาสร้างรายได้ย่อมมีนัยสำคัญ อาจต้องลุ้นว่าการส่งออกจะประสบความสำเร็จหรือไม่ คาดเห็นความชัดเจนมากขึ้นในปี 2024

ปรับลดกำไรลง หลังธุรกิจใหม่ยังขาดทุนในช่วงแรก

เรายังมองบวกต่อธุรกิจเดิมที่อิงกับ 7-11 โดยยอดขายแซนด์วิชยังโตต่อเนื่องและช่วยหนุนให้อัตราการใช้กำลังการผลิตอยู่ในระดับสูง กอปรกับได้ขยายฐานไปยังสาขา 7-11 ในกัมพูชาและลาว แต่ด้วยธุรกิจใหม่ที่ยังเพิ่งเริ่ม และอยู่ระหว่างปรับโครงสร้าง ทำให้ระยะสั้นยังเผชิญแรงกดดันจากผลขาดทุนของธุรกิจใหม่ ดังนั้นเราจึงปรับลดกำไรสุทธิปี 2023-25 ลง 9.3%/9.5%/6.1% ตามลำดับ โดยคาดการณ์ปี 2023 โต 4.5% y-y และคาดโตมากขึ้นในปี 2024 +14.6% y-y

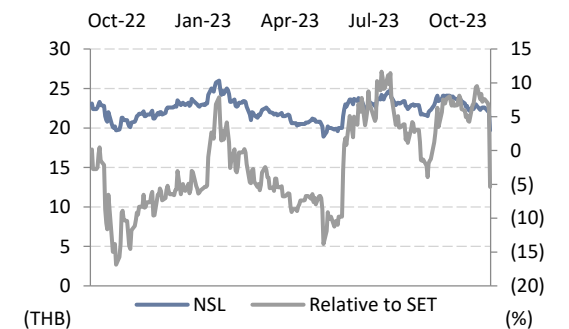
ปรับใช้ราคาเป้าหมายปี 2024 ยังแนะนำ ซื้อ

เราปรับใช้ราคาเป้าหมายปี 2024 ที่ 24 บาท (อิง PE 20x ปรับลงจากเดิม 23x ใกล้เคียงกับ TACC ที่มีสัดส่วนรายได้กว่า 90% มาจาก 7-11) เรายังประทับใจกับความแข็งแกร่งของฐานะทางการเงินด้วย D/E ที่ต่ำเพียง 0.7x และ ROE สูงระดับ 21% และคาด Dividend Yield ราว 4.2% ต่อปี (1H23 จ่ายไปแล้ว 0.3 บาท Yield 1.5%) ราคาเป้าหมายใหม่ของเรายังมี Upside 22% ยังแนะนำซื้อ รอการฟื้นตัวในปี 2024

| | |
|-----------------|----------|
| TARGET PRICE | THB24.00 |
| CLOSE | THB19.70 |
| UP/DOWNSIDE | +21.8% |
| PRIOR TP | THB26.00 |
| CHANGE IN TP | -7.7% |
| TP vs CONSENSUS | -15.0% |

KEY STOCK DATA

| YE Dec (THB m) | 2022 | 2023E | 2024E | 2025E |
|----------------------|-------|--------|--------|-------|
| Revenue | 4,001 | 4,651 | 5,044 | 5,442 |
| Net profit | 298 | 319 | 362 | 403 |
| EPS (THB) | 0.99 | 1.06 | 1.21 | 1.34 |
| vs Consensus (%) | - | (6.2) | (9.4) | (9.2) |
| EBITDA | 484 | 531 | 595 | 662 |
| Recurring net profit | 298 | 319 | 362 | 403 |
| Core EPS (THB) | 0.99 | 1.06 | 1.21 | 1.34 |
| Chg. In EPS est. (%) | - | (7.0) | (8.0) | (6.8) |
| EPS growth (%) | 41.5 | 7.2 | 13.6 | 11.2 |
| Core P/E (x) | 19.9 | 18.5 | 16.3 | 14.7 |
| Dividend yield (%) | 4.2 | 4.8 | 5.5 | 3.9 |
| EV/EBITDA (x) | 12.5 | 10.6 | 9.5 | 8.8 |
| Price/book (x) | 4.2 | 4.0 | 3.8 | 3.6 |
| Net debt/Equity (%) | 9.4 | (17.8) | (17.0) | (4.0) |
| ROE (%) | 22.4 | 22.2 | 24.1 | 25.5 |



| Share price performance | 1 Month | 3 Month | 12 Month |
|--------------------------------|--------------------------------|---------|----------|
| Absolute (%) | (16.5) | (19.3) | (15.8) |
| Relative to country (%) | (11.6) | (13.7) | (7.0) |
| Mkt cap (USD m) | 163 | | |
| 3m avg. daily turnover (USD m) | 0.8 | | |
| Free float (%) | 0 | | |
| Major shareholder | Mr. Somchai Asavapiyanon (75%) | | |
| 12m high/low (THB) | 26.25/18.60 | | |
| Issued shares (m) | 300.00 | | |

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

นอกเหนือจากการเติบโตตามการขยายสาขาของ 7-11 บริษัทยังเดินหน้าออกสินค้าใหม่กลุ่มเบเกอรี่อย่างต่อเนื่อง เพื่อสร้างความประทับใจและตอบสนองได้ทันกับความต้องการของผู้บริโภคที่เปลี่ยนแปลงเร็ว นอกจากนี้ยังมีแผนเพิ่มสัดส่วนรายได้ Non 7-11 ให้มากขึ้น เพื่อกระจายความเสี่ยงจากการพึ่งพิงลูกค้ารายใดรายหนึ่ง อาทิ การออกสินค้าขนมขบเคี้ยวในแบรนด์ของตนเอง และการเข้าสู่ธุรกิจ Food Service ล่าสุดได้เข้าลงทุนในบริษัทร่วมทุนระหว่าง Bake A Wish และเข้าร่วมลงทุนบริษัทร่วม Pen 1 F&B เพื่อต่อยอดการเติบโตในอนาคต

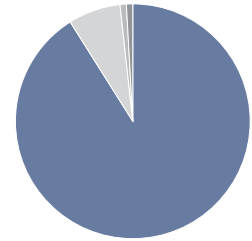
Company profile

NSL เป็นผู้ผลิตและจัดจำหน่ายสินค้าประเภทเบเกอรี่ ขนมขบเคี้ยว รวมไปถึงนำเข้าและจำหน่ายสินค้าอาหารทะเลแช่แข็ง เนื้อวัวนำเข้า และอื่นๆ โดยมีโรงงานตั้งอยู่ที่ นนทบุรี และอมตะซิตี้ชลบุรี ซึ่งมีการผลิตกว่า 1 ล้านชิ้นต่อวัน รายได้หลักมาจากการขายในประเทศเกือบทั้งหมด โดยเป็นรายได้ที่ขายไปยัง 7-11 ราว 91% ของรายได้รวม

www.nslfoods.com

Principal activities (revenue, 2022)

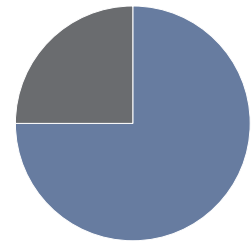
- Bakery and appetizers - 91.1 %
- Food Services - 7.2 %
- NSL snack - 0.9 %
- OEM & bread wastes - 0.9 %



Source: NSL Foods

Major shareholders

- Mr. Somchai Asavapiyanon - 75.0 %
- Others - 25.0 %



Source: NSL Foods

Catalysts

ปัจจัยหนุนการเติบโตในปี 2024 คือ 1) การฟื้นตัวของกำลังซื้อ และการท่องเที่ยว 2) การออกสินค้าใหม่ 3) การเติบโตตามการขยายของ 7-11 และ 4) ต้นทุนวัตถุดิบ และค่าไฟปรับลดลง

Risks to our call

ความเสี่ยง 1) กำลังซื้อและการท่องเที่ยวฟื้นตัวช้ากว่าคาด 2) ต้นทุนวัตถุดิบปรับลงช้ากว่าคาด 3) สินค้าใหม่ไม่ประสบความสำเร็จ และ 4) ส่วนแบ่งขาดทุนจากบริษัทร่วมสูงขึ้นมากกว่าคาด

Event calendar

| Date | Event |
|---------------|---------------------------|
| November 2023 | 3Q23 results announcement |

Key assumptions

| | 2023E | 2024E | 2025E |
|-------------------------------|-------|-------|-------|
| Capacity (m pieces) | 450.0 | 450.0 | 450.0 |
| Actual volume (m pieces) | 244.5 | 260.4 | 279.3 |
| Utilisation rate (%) | 54.3 | 57.9 | 62.1 |
| Revenue from 7-Eleven (THB m) | 4,232 | 4,516 | 4,854 |
| % of total revenue (%) | 91.2 | 91.0 | 90.6 |

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 0.5% increase in GPM, we estimate 2023 net profit to rise by 5.2%, 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 5%, and vice versa, all else being equal.

Source: FSSIA estimates

Exhibit 1: 3Q23 earnings preview

| | 3Q22 | 4Q22 | 1Q23 | 2Q23 | 3Q23E | ----- Change ----- | | 9M22 | 9M23E | Change |
|-------------------------------------|---------|---------|---------|---------|---------|--------------------|--------|---------|---------|--------|
| | (THB m) | (THB m) | (THB m) | (THB m) | (THB m) | (q-q%) | (y-y%) | (THB m) | (THB m) | (y-y%) |
| Sales | 1,018 | 1,063 | 1,095 | 1,163 | 1,181 | 1.5 | 16.0 | 2,938 | 3,440 | 17.1 |
| Cost of sales | 831 | 870 | 892 | 949 | 969 | 2.1 | 16.6 | 2,390 | 2,809 | 17.6 |
| Gross profit | 188 | 194 | 204 | 214 | 213 | (0.8) | 13.3 | 548 | 630 | 15.0 |
| SG&A | 97 | 97 | 107 | 109 | 117 | 7.5 | 20.6 | 272 | 333 | 22.5 |
| Operating profit | 93 | 100 | 98 | 108 | 98 | (9.9) | 5.6 | 282 | 304 | 8.0 |
| Interest expense | 3 | 3 | 3 | 3 | 3 | 12.4 | 19.5 | 7 | 9 | 15.6 |
| Profit (loss) sharing | 0 | 0 | (1) | (2) | (3) | nm | nm | 0 | (5) | nm |
| Tax expense | 18 | 20 | 19 | 21 | 18 | (11.8) | 4.6 | 54 | 58 | 7.3 |
| Reported net profit | 72 | 78 | 75 | 83 | 73 | (11.8) | 1.2 | 220 | 232 | 5.5 |
| Core profit | 72 | 78 | 78 | 83 | 73 | (11.8) | 1.2 | 220 | 235 | 6.8 |
| Key ratios (%) | | | | | | | | | | |
| Gross margin | 18.4 | 18.2 | 18.6 | 18.4 | 18.0 | (0.4) | (0.4) | 18.7 | 18.3 | (0.3) |
| SG&A / Sales | 9.5 | 9.1 | 9.8 | 9.4 | 9.9 | 0.5 | 0.4 | 9.3 | 9.7 | 0.4 |
| Operating margin | 9.1 | 9.4 | 9.0 | 9.3 | 8.3 | (1.0) | (0.8) | 9.6 | 8.9 | (0.7) |
| Net margin | 7.1 | 7.3 | 6.9 | 7.1 | 6.2 | (0.9) | (0.9) | 7.5 | 6.7 | (0.7) |
| Core margin | 7.1 | 7.3 | 7.2 | 7.1 | 6.2 | (0.9) | (0.9) | 7.5 | 6.8 | (0.7) |
| Operating statistics (THB m) | | | | | | | | | | |
| Bakery sales | 938 | 966 | 1,004 | 1,066 | 1,079 | 1.2 | 15.1 | 2,682 | 3,149 | 17.4 |
| Food service sales | 62 | 80 | 68 | 69 | 65 | (5.6) | 5.5 | 207 | 202 | (2.5) |
| Snack sales | 10 | 10 | 10 | 10 | 12 | 23.0 | 17.0 | 24 | 32 | 31.7 |
| OEM sales | 9 | 8 | 14 | 19 | 25 | 34.0 | 180.0 | 25 | 57 | 127.0 |

Sources: NSL, FSSIA estimates

Exhibit 2: Key assumptions for NSL

| | ----- 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 | 4,651 | 5,044 | 5,442 | 4,458 | 4,937 | 5,305 | 4.3 | 2.2 | 2.6 |
| Costs | 3,800 | 4,116 | 4,430 | 3,624 | 4,009 | 4,297 | 4.9 | 2.7 | 3.1 |
| Gross profit | 851 | 928 | 1,012 | 834 | 928 | 1,008 | 2.1 | 0.0 | 0.4 |
| SG&A expenses | 451 | 484 | 517 | 401 | 444 | 477 | 12.5 | 9.1 | 8.4 |
| Profit sharing | (8) | (6) | 3 | 0 | 0 | 0 | nm | nm | nm |
| Reported net profit | 311 | 356 | 406 | 343 | 394 | 432 | (9.3) | (9.5) | (6.1) |
| Core profit | 311 | 356 | 406 | 343 | 394 | 432 | (9.3) | (9.5) | (6.1) |
| Key ratios (%) | | | | | | | | | |
| Total revenue growth | 16.2 | 8.4 | 7.9 | 11.4 | 10.7 | 7.5 | 4.8 | (2.3) | 0.4 |
| Net profit growth | 4.5 | 14.6 | 13.8 | 15.1 | 14.9 | 9.7 | (10.6) | (0.3) | 4.1 |
| Core profit growth | 4.5 | 14.6 | 13.8 | 15.1 | 14.9 | 9.7 | (10.6) | (0.3) | 4.1 |
| Gross margin | 18.3 | 18.4 | 18.6 | 18.7 | 18.8 | 19.0 | (0.4) | (0.4) | (0.4) |
| SG&A to sales | 9.7 | 9.6 | 9.5 | 9.0 | 9.0 | 9.0 | 0.7 | 0.6 | 0.5 |
| Net margin | 6.7 | 7.1 | 7.5 | 7.7 | 8.4 | 8.8 | (1.0) | (1.3) | (1.4) |
| Core margin | 6.7 | 7.1 | 7.5 | 7.7 | 8.4 | 8.8 | (1.0) | (1.3) | (1.4) |
| Operating statistics (THB m) | | | | | | | | | |
| Bakery sales | 4,242 | 4,595 | 4,938 | 4,064 | 4,516 | 4,854 | 4.4 | 1.7 | 1.7 |
| Food service sales | 281 | 301 | 337 | 317 | 339 | 363 | (11.3) | (11.3) | (7.2) |
| Snack sales | 45 | 48 | 51 | 38 | 41 | 44 | 17.6 | 16.6 | 16.2 |
| OEM sales | 84 | 101 | 116 | 38 | 41 | 44 | 120.4 | 145.2 | 162.7 |

Source: FSSIA estimates

Financial Statements

NSL Foods

| Profit and Loss (THB m) Year Ending Dec | 2021 | 2022 | 2023E | 2024E | 2025E |
|---|------------|------------|------------|------------|--------------|
| Revenue | 3,038 | 4,001 | 4,651 | 5,044 | 5,442 |
| Cost of goods sold | (2,497) | (3,259) | (3,800) | (4,116) | (4,430) |
| Gross profit | 542 | 742 | 851 | 928 | 1,012 |
| Other operating income | 5 | 8 | 8 | 9 | 10 |
| Operating costs | (297) | (369) | (451) | (484) | (517) |
| Operating EBITDA | 346 | 484 | 531 | 595 | 662 |
| Depreciation | (97) | (102) | (122) | (142) | (157) |
| Goodwill amortisation | 0 | 0 | 0 | 0 | 0 |
| Operating EBIT | 249 | 382 | 408 | 453 | 505 |
| Net financing costs | (17) | (10) | (12) | (12) | (13) |
| Associates | - | - | - | - | - |
| Recurring non-operating income | 0 | 0 | 0 | 0 | 0 |
| Non-recurring items | 0 | 0 | 0 | 0 | 0 |
| Profit before tax | 232 | 372 | 397 | 441 | 492 |
| Tax | (41) | (74) | (78) | (78) | (89) |
| Profit after tax | 191 | 298 | 319 | 362 | 403 |
| Minority interests | 0 | 0 | 0 | 0 | 0 |
| Preferred dividends | - | - | - | - | - |
| Other items | - | - | - | - | - |
| Reported net profit | 191 | 298 | 319 | 362 | 403 |
| Non-recurring items & goodwill (net) | 0 | 0 | 0 | 0 | 0 |
| Recurring net profit | 191 | 298 | 319 | 362 | 403 |
| Per share (THB) | | | | | |
| Recurring EPS * | 0.70 | 0.99 | 1.06 | 1.21 | 1.34 |
| Reported EPS | 0.70 | 0.99 | 1.06 | 1.21 | 1.34 |
| DPS | 0.50 | 0.83 | 0.95 | 1.08 | 0.77 |
| Diluted shares (used to calculate per share data) | 273 | 300 | 300 | 300 | 300 |
| Growth | | | | | |
| Revenue (%) | 3.9 | 31.7 | 16.2 | 8.4 | 7.9 |
| Operating EBITDA (%) | 7.7 | 40.0 | 9.6 | 12.2 | 11.3 |
| Operating EBIT (%) | 15.9 | 53.3 | 6.9 | 10.9 | 11.5 |
| Recurring EPS (%) | 3.7 | 41.5 | 7.2 | 13.6 | 11.2 |
| Reported EPS (%) | 3.7 | 41.5 | 7.2 | 13.6 | 11.2 |
| Operating performance | | | | | |
| Gross margin inc. depreciation (%) | 17.8 | 18.5 | 18.3 | 18.4 | 18.6 |
| Gross margin exc. depreciation (%) | 21.0 | 21.1 | 20.9 | 21.2 | 21.5 |
| Operating EBITDA margin (%) | 11.4 | 12.1 | 11.4 | 11.8 | 12.2 |
| Operating EBIT margin (%) | 8.2 | 9.5 | 8.8 | 9.0 | 9.3 |
| Net margin (%) | 6.3 | 7.4 | 6.9 | 7.2 | 7.4 |
| Effective tax rate (%) | 17.8 | 19.9 | 19.6 | 17.8 | 18.1 |
| Dividend payout on recurring profit (%) | 71.3 | 83.6 | 89.4 | 89.5 | 57.0 |
| Interest cover (X) | 14.8 | 37.1 | 34.9 | 37.0 | 38.5 |
| Inventory days | 25.1 | 26.4 | 28.8 | 29.9 | 30.0 |
| Debtor days | 54.6 | 49.8 | 48.4 | 48.1 | 48.2 |
| Creditor days | 65.2 | 58.5 | 63.9 | 69.7 | 59.6 |
| Operating ROIC (%) | 18.0 | 25.9 | 26.6 | 28.7 | 28.4 |
| ROIC (%) | 17.5 | 22.3 | 23.0 | 27.5 | 27.3 |
| ROE (%) | 22.4 | 22.4 | 22.2 | 24.1 | 25.5 |
| ROA (%) | 11.1 | 13.9 | 13.6 | 14.3 | 15.9 |
| * Pre-exceptional, pre-goodwill and fully diluted | | | | | |
| Revenue by Division (THB m) | | | | | |
| Bakery and appetizers | 2,791 | 3,643 | 4,242 | 4,595 | 4,938 |
| Food Services | 207 | 288 | 281 | 301 | 337 |
| NSL snack | 25 | 35 | 45 | 48 | 51 |
| OEM & bread wastes | 15 | 35 | 84 | 101 | 116 |

Sources: NSL Foods; FSSIA estimates

Financial Statements

NSL Foods

| Cash Flow (THB m) Year Ending Dec | 2021 | 2022 | 2023E | 2024E | 2025E |
|---|--------------|--------------|--------------|--------------|--------------|
| Recurring net profit | 191 | 298 | 319 | 362 | 403 |
| Depreciation | 97 | 102 | 122 | 142 | 157 |
| Associates & minorities | - | - | - | - | - |
| Other non-cash items | 61 | 0 | 0 | 0 | 0 |
| Change in working capital | (157) | (54) | 83 | (15) | (259) |
| Cash flow from operations | 192 | 346 | 524 | 489 | 301 |
| Capex - maintenance | (39) | (146) | (200) | (200) | (150) |
| Capex - new investment | - | - | - | - | - |
| Net acquisitions & disposals | - | - | - | - | - |
| Other investments (net) | 7 | (301) | 279 | (10) | (1) |
| Cash flow from investing | (33) | (448) | 79 | (210) | (151) |
| Dividends paid | (266) | (144) | (249) | (285) | (324) |
| Equity finance | 75 | 0 | 0 | 0 | 0 |
| Debt finance | (107) | (100) | (16) | (7) | (34) |
| Other financing cash flows | 588 | 1 | 39 | 3 | (21) |
| Cash flow from financing | 290 | (243) | (226) | (289) | (380) |
| Non-recurring cash flows | - | - | - | - | - |
| Other adjustments | 0 | 0 | 0 | 0 | 0 |
| Net other adjustments | 0 | 0 | 0 | 0 | 0 |
| Movement in cash | 449 | (344) | 376 | (10) | (230) |
| Free cash flow to firm (FCFF) | 176.03 | (91.06) | 614.53 | 291.47 | 162.84 |
| Free cash flow to equity (FCFE) | 640.64 | (200.65) | 625.30 | 275.02 | 94.19 |
| Per share (THB) | | | | | |
| FCFF per share | 0.59 | (0.30) | 2.05 | 0.97 | 0.54 |
| FCFE per share | 2.14 | (0.67) | 2.08 | 0.92 | 0.31 |
| Recurring cash flow per share | 1.28 | 1.33 | 1.47 | 1.68 | 1.87 |
| Balance Sheet (THB m) Year Ending Dec | 2021 | 2022 | 2023E | 2024E | 2025E |
| Tangible fixed assets (gross) | 1,614 | 1,738 | 1,877 | 2,001 | 2,065 |
| Less: Accumulated depreciation | (688) | (768) | (829) | (896) | (967) |
| Tangible fixed assets (net) | 926 | 970 | 1,047 | 1,105 | 1,098 |
| Intangible fixed assets (net) | 7 | 6 | 6 | 6 | 6 |
| Long-term financial assets | 0 | 301 | 0 | 0 | 0 |
| Invest. in associates & subsidiaries | 0 | 0 | 0 | 0 | 0 |
| Cash & equivalents | 459 | 115 | 492 | 482 | 251 |
| A/C receivable | 496 | 595 | 637 | 691 | 745 |
| Inventories | 189 | 267 | 312 | 338 | 364 |
| Other current assets | 2 | 3 | 2 | 3 | 3 |
| Current assets | 1,147 | 980 | 1,443 | 1,513 | 1,364 |
| Other assets | 31 | 32 | 47 | 50 | 54 |
| Total assets | 2,111 | 2,290 | 2,544 | 2,675 | 2,522 |
| Common equity | 1,252 | 1,406 | 1,468 | 1,540 | 1,621 |
| Minorities etc. | 0 | 0 | 0 | 0 | 0 |
| Total shareholders' equity | 1,252 | 1,406 | 1,468 | 1,540 | 1,621 |
| Long term debt | 181 | 80 | 72 | 65 | 56 |
| Other long-term liabilities | 50 | 30 | 70 | 76 | 54 |
| Long-term liabilities | 231 | 110 | 142 | 141 | 110 |
| A/C payable | 453 | 559 | 729 | 789 | 607 |
| Short term debt | 146 | 167 | 158 | 155 | 130 |
| Other current liabilities | 29 | 47 | 47 | 50 | 54 |
| Current liabilities | 628 | 774 | 933 | 995 | 791 |
| Total liabilities and shareholders' equity | 2,111 | 2,290 | 2,544 | 2,675 | 2,522 |
| Net working capital | 205 | 259 | 177 | 192 | 451 |
| Invested capital | 1,169 | 1,568 | 1,277 | 1,354 | 1,610 |
| * Includes convertibles and preferred stock which is being treated as debt | | | | | |
| Per share (THB) | | | | | |
| Book value per share | 4.17 | 4.69 | 4.89 | 5.13 | 5.40 |
| Tangible book value per share | 4.15 | 4.67 | 4.87 | 5.11 | 5.38 |
| Financial strength | | | | | |
| Net debt/equity (%) | (10.6) | 9.4 | (17.8) | (17.0) | (4.0) |
| Net debt/total assets (%) | (6.3) | 5.8 | (10.3) | (9.8) | (2.6) |
| Current ratio (x) | 1.8 | 1.3 | 1.5 | 1.5 | 1.7 |
| CF interest cover (x) | 39.1 | (18.5) | 54.4 | 23.5 | 8.2 |
| Valuation | 2021 | 2022 | 2023E | 2024E | 2025E |
| Recurring P/E (x) * | 28.1 | 19.9 | 18.5 | 16.3 | 14.7 |
| Recurring P/E @ target price (x) * | 34.2 | 24.2 | 22.6 | 19.9 | 17.9 |
| Reported P/E (x) | 28.1 | 19.9 | 18.5 | 16.3 | 14.7 |
| Dividend yield (%) | 2.5 | 4.2 | 4.8 | 5.5 | 3.9 |
| Price/book (x) | 4.7 | 4.2 | 4.0 | 3.8 | 3.6 |
| Price/tangible book (x) | 4.7 | 4.2 | 4.0 | 3.9 | 3.7 |
| EV/EBITDA (x) ** | 16.7 | 12.5 | 10.6 | 9.5 | 8.8 |
| EV/EBITDA @ target price (x) ** | 20.4 | 15.1 | 13.1 | 11.7 | 10.8 |
| EV/invested capital (x) | 4.9 | 3.9 | 4.4 | 4.2 | 3.6 |
| * Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income | | | | | |

Sources: NSL Foods; FSSIA estimates

NSL FOODS PCL (NSL TB)

FSSIA ESG rating


12.0 /100

Exhibit 3: FSSIA ESG score implication

| Rating | Score | Implication |
|--------|---------|--|
| ★★★★★ | >79-100 | Leading its industry peers in managing the most significant ESG risks which not only better cost efficiency but also lead to higher profitability. |
| ★★★★☆ | >59-79 | A mixed track record of managing the most significant ESG risks and opportunities relative to industry peers. |
| ★★★☆☆ | >39-59 | Relevant ESG materiality matrix has been constructively addressed, well-managed and incorporated into day-to-day operations, in which targets and achievements are evaluated annually. |
| ★★☆☆☆ | >19-39 | Relevant ESG materiality matrix has been identified with key management in charge for progress to be followed up on and to provide intensive disclosure. Most targets are conventional and achievable. |
| ★☆☆☆☆ | 1-19 | The company has adopted the United Nations Sustainable Development Goals (UN SDGs), established sustainability management guidelines and fully complies with regulations or ESG suggested guidance from related organizations such as the SET and SEC. |

Sources: FSSIA estimates

Exhibit 4: ESG – peer comparison

| | FSSIA ESG score | Domestic ratings | | | | | | Global ratings | | | | | Bloomberg | | |
|----------|-----------------------|------------------|-------------|------|-------------|--------------|-----------|----------------|-------------|------|---------|-----------|---------------|--------------|---------------------|
| | | DJSI | SET THSI | THSI | CG score | AGM level | Thai CAC | Morningstar | ESG Book | MSCI | Moody's | Refinitiv | S&P Global | ESG score | Disclosure score |
| SET100 | 69.2 | 5.34 | 4.40 | 4.40 | 4.76 | 4.65 | 3.84 | Medium | 51.76 | BBB | 20.87 | 58.72 | 63.91 | 3.72 | 28.17 |
| Coverage | 67.1 | 5.11 | 4.15 | 4.17 | 4.83 | 4.71 | 3.53 | Medium | 52.04 | BB | 16.97 | 56.85 | 62.09 | 3.40 | 31.94 |
| BTG | 8.00 | -- | -- | -- | -- | -- | Declared | -- | -- | -- | -- | -- | -- | -- | -- |
| ITC | 8.00 | -- | -- | -- | -- | -- | Declared | -- | -- | -- | -- | -- | -- | -- | -- |
| M | 26.38 | -- | -- | -- | 4.00 | 4.00 | Certified | Medium | -- | -- | -- | -- | 17.00 | -- | -- |
| NSL | 12.00 | -- | -- | -- | 3.00 | 4.00 | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| SNNP | 13.00 | -- | -- | -- | 4.00 | 4.00 | -- | -- | -- | -- | -- | -- | -- | -- | -- |

Sources: [SETTRADE.com](https://www.settrade.com); * FSSIA estimate; FSSIA's compilation

Exhibit 5: ESG disclosure from prospectus as of 31 Mar 2023

| FY ending Dec 31 | | FY 2022 | FY ending Dec 31 | | FY 2022 |
|---|-------|---------|---|--|-----------|
| Environmental | | | Governance | | |
| Climate change policy | Yes | | Board size / Independent directors (ID) / Female | | 8 / 4 / 2 |
| Climate change opportunities discussed | -- | | No. of board meetings for the year / % attendance | | 6 / 100 |
| GHG scope 2 location-based policy | Yes | | Company conducts board evaluations | | Yes |
| Biodiversity policy | -- | | Number of non-executive directors on board | | 6 |
| Energy efficiency policy | Yes | | Director share ownership guidelines | | No |
| Electricity used | Yes | | Board age limit | | No |
| Fuel used - crude oil/diesel | -- | | Age of the youngest / oldest director | | 38 / 70 |
| Waste reduction policy | Yes | | Number of executives / female | | 6 / 1 |
| Water policy | Yes | | Executive share ownership guidelines | | No |
| Water consumption | Yes | | Size of audit committee / ID | | 3 / 3 |
| Social | | | Audit committee meetings | | 5 |
| Human rights policy | Yes | | Audit committee meeting attendance (%) | | 100 |
| Policy against child labor | Yes | | Size of compensation committee / ID | | -- / -- |
| Quality assurance and recall policy | Yes | | Number of compensation committee meetings | | -- |
| Consumer data protection policy | Yes | | Compensation committee meeting attendance (%) | | -- |
| Equal opportunity policy | Yes | | Size of nomination committee / ID | | -- / -- |
| Gender pay gap breakout | -- | | Number of nomination committee meetings | | -- |
| Pct women in workforce | 53.53 | | Nomination committee meeting attendance (%) | | -- |
| Business ethics policy | Yes | | Board compensation (THB m) | | 2.24 |
| Anti-bribery ethics policy | -- | | Executive compensation (THB m) | | 22.92 |
| Health and safety policy | Yes | | Auditor fee (THB m) | | 2.02 |
| Lost time incident rate - employees | -- | | (Deloitte Touche Tohmatsu Jaiyos Co., Ltd.) | | |
| Training policy | Yes | | Total employee (no.) | | 2141 |
| Fair remuneration policy | Yes | | Employee compensation (THB m) | | 508.1 |
| Number of employees - CSR | Yes | | Sustainability governance | | |
| Total hours spent by firm - employee training | 21017 | | Verification type | | -- |
| Social supply chain management | Yes | | Board duration (years) | | 3 |

Sources: NSL; FSSIA's compilation

Disclaimer for ESG scoring

| ESG score | Methodology | Rating | | | | | | | | | | | | | | | | | | | | |
|---|--|---|---|--------------|---------|---|--------|-------------|-------|-------------|-------|-------------|----------|---|----|-------------|---|-------------|-----|-------------|----------|---|
| The Dow Jones Sustainability Indices (DJSI) By S&P Global | The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion. | Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe. | | | | | | | | | | | | | | | | | | | | |
| Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET) | THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years. | To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > 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. | | | | | | | | | | | | | | | | | | | | |
| CG Score by Thai Institute of Directors Association (Thai IOD) | An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations. | Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%). | | | | | | | | | | | | | | | | | | | | |
| AGM level By Thai Investors Association (TIA) with support from the SEC | It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating 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.)</i> | The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79. | | | | | | | | | | | | | | | | | | | | |
| Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC) | The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i> | The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements. | | | | | | | | | | | | | | | | | | | | |
| Morningstar Sustainalytics | The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i> | A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></table> | NEGL | Low | Medium | High | Severe | 0-10 | 10-20 | 20-30 | 30-40 | 40+ | | | | | | | | | | |
| NEGL | Low | Medium | High | Severe | | | | | | | | | | | | | | | | | | |
| 0-10 | 10-20 | 20-30 | 30-40 | 40+ | | | | | | | | | | | | | | | | | | |
| ESG Book | The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis. | The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance. | | | | | | | | | | | | | | | | | | | | |
| MSCI | MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table><tr><td>AAA</td><td>8.571-10.000</td><td rowspan="3">Leader:</td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td>AA</td><td>7.143-8.570</td></tr><tr><td>A</td><td>5.714-7.142</td></tr><tr><td>BBB</td><td>4.286-5.713</td><td rowspan="3">Average:</td><td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td></tr><tr><td>BB</td><td>2.857-4.285</td></tr><tr><td>B</td><td>1.429-2.856</td></tr><tr><td>CCC</td><td>0.000-1.428</td><td>Laggard:</td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr></table> | | AAA | 8.571-10.000 | Leader: | leading its industry in managing the most significant ESG risks and opportunities | AA | 7.143-8.570 | A | 5.714-7.142 | BBB | 4.286-5.713 | Average: | a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers | BB | 2.857-4.285 | B | 1.429-2.856 | CCC | 0.000-1.428 | Laggard: | lagging its industry based on its high exposure and failure to manage significant ESG risks |
| AAA | 8.571-10.000 | Leader: | leading its industry in managing the most significant ESG risks and opportunities | | | | | | | | | | | | | | | | | | | |
| AA | 7.143-8.570 | | | | | | | | | | | | | | | | | | | | | |
| A | 5.714-7.142 | | | | | | | | | | | | | | | | | | | | | |
| BBB | 4.286-5.713 | Average: | a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers | | | | | | | | | | | | | | | | | | | |
| BB | 2.857-4.285 | | | | | | | | | | | | | | | | | | | | | |
| B | 1.429-2.856 | | | | | | | | | | | | | | | | | | | | | |
| CCC | 0.000-1.428 | Laggard: | lagging its industry based on its high exposure and failure to manage significant ESG risks | | | | | | | | | | | | | | | | | | | |
| Moody's ESG solutions | Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term. | | | | | | | | | | | | | | | | | | | | | |
| Refinitiv ESG rating | Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i> | | | | | | | | | | | | | | | | | | | | | |
| S&P Global | The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100. | | | | | | | | | | | | | | | | | | | | | |
| Bloomberg | ESG Score | Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best. | | | | | | | | | | | | | | | | | | | | |
| Bloomberg | ESG Disclosure Score | Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point. | | | | | | | | | | | | | | | | | | | | |

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Sureeporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

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

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History of change in investment rating and/or target price

NSL Foods (NSL TB)



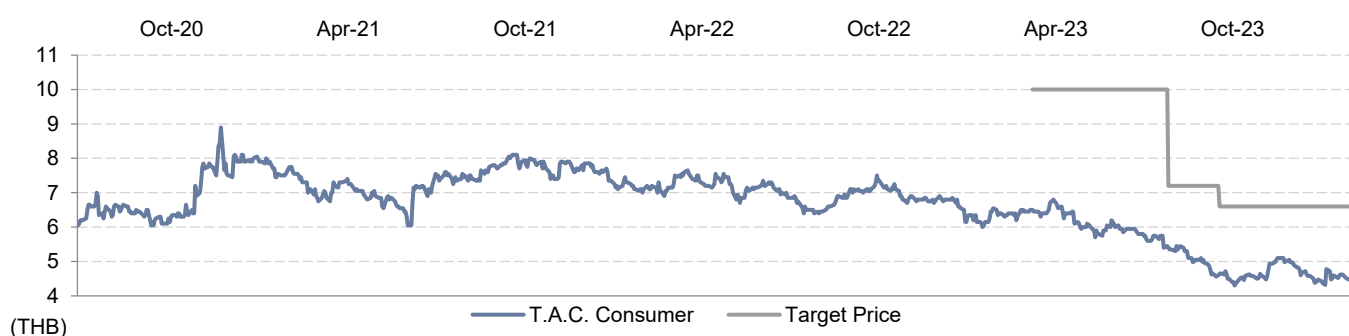
| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|------|--------|--------------|------|--------|--------------|
| 18-Jan-2023 | BUY | 26.00 | - | - | - | - | - | - |

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

Price and TP are in local currency

Source: FSSIA estimates

T.A.C. Consumer (TACC TB)



| Date | Rating | Target price | Date | Rating | Target price | Date | Rating | Target price |
|-------------|--------|--------------|-------------|--------|--------------|-------------|--------|--------------|
| 18-Jan-2023 | BUY | 10.00 | 15-May-2023 | BUY | 7.20 | 28-Jun-2023 | BUY | 6.60 |

Sureeporn 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 |
|-----------------|---------|-----------|--------|---|
| NSL Foods | NSL TB | THB 19.70 | 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. |
| T.A.C. Consumer | TACC TB | THB 4.48 | 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.

All share prices are as at market close on 18-Oct-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.