

## BETAGRO BTG TB

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## ยังรอคอยราคาเนื้อสัตว์ฟื้นตัวต่อไป

- ราคาเนื้อสัตว์ยังปรับลง และต่ำกว่าต้นทุนการเลี้ยง ทำให้ 3Q23 อาจเผชิญผลขาดทุนมากขึ้นจาก 2Q23 และมีโอกาสที่ 4Q23 จะยังขาดทุนต่อ
- ปรับลดปี 2023 พลิกเป็นขาดทุนระดับพันล้าน เลื่อนไปลุ้นปี 2024 ว่าจะทำไรหรือไม่
- คงคำแนะนำ ถือ รอจนกว่าจะเห็นราคาเนื้อสัตว์ขยับขึ้นเหนือต้นทุนการเลี้ยงอีกครั้ง

TARGET PRICE	THB23.00
CLOSE	THB21.70
UP/DOWNSIDE	+6.0%
PRIOR TP	THB25.30
CHANGE IN TP	-9.1%
TP vs CONSENSUS	-8.7%

## KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	112,626	108,357	113,597	118,812
Net profit	7,938	(1,345)	2,621	2,817
EPS (THB)	4.11	(0.70)	1.36	1.46
vs Consensus (%)	-	nm	(0.4)	6.0
EBITDA	14,018	4,182	8,043	8,861
Recurring net profit	7,477	(1,275)	2,121	2,417
Core EPS (THB)	3.74	(0.64)	1.06	1.21
Chg. In EPS est. (%)	-	nm	(26.2)	(23.2)
EPS growth (%)	416.1	nm	nm	14.0
Core P/E (x)	5.8	(34.0)	20.5	18.0
Dividend yield (%)	11.6	-	3.8	4.0
EV/EBITDA (x)	4.3	14.7	7.5	6.6
Price/book (x)	1.5	1.5	1.5	1.4
Net debt/Equity (%)	61.9	69.7	63.2	56.3
ROE (%)	33.8	(4.5)	7.5	8.2

## ขาด 3Q23 จะขาดทุนหนักขึ้น เพราะราคาเนื้อสัตว์ยังลงต่อ

ขาด 3Q23 จะเผชิญขาดทุนสุทธิมากขึ้น -713 ลบ. จาก -351 ลบ. ใน 2Q23 และพลิกจากที่มีกำไรสูง 2.3 พันลบ. ใน 3Q22 โดยหลักมาจากราคาเนื้อสัตว์ที่ปรับลงทั้งหมดไทย (-6% q-q, -38% y-y), ไก่ไทย (-5.3% q-q, -12% y-y) รวมถึงหมูกัมพูชา (-0.7% q-q, -16% y-y) มาจากทั้งการบริโภคที่ไม่สดใส และปัญหาหมูเถื่อนในไทยที่ยังไม่จบ แม้ต้นทุนวัตถุดิบเริ่มอ่อนลง แต่ปรับลงซ้ำกว่าราคาเนื้อสัตว์ ส่งผลให้ราคาขายต่ำกว่าต้นทุนการเลี้ยง เบื้องต้นคาดอัตรากำไรขั้นต้น 3Q23 ลดลงเหลือ 8.3% จาก 10.5% ใน 2Q23 และ 21.2% ใน 3Q22 ต่ำกว่า SG&A to sales ที่คาดไว้ 11%

## Supply เนื้อสัตว์ยังเพิ่มขึ้น ขณะที่ Demand ไม่สดใส กดดัน 4Q23 ต่อ

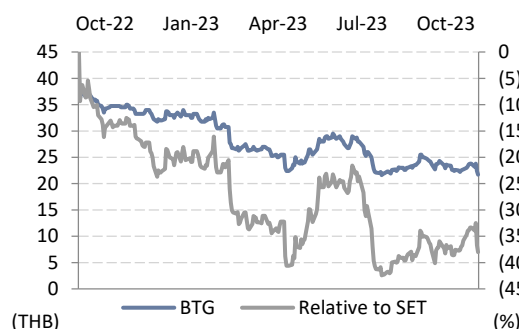
สถานการณ์ราคาเนื้อสัตว์ยังต่ำกว่าต้นทุนการเลี้ยง จากทั้งหมดถือน และปริมาณการเลี้ยงหมูของไทยที่สูงขึ้นมาอยู่ที่ 17-18 ล้านตัว (สูงขึ้นจาก 15 ล้านตัวในปี 2022) และน่าจะกลับมาเท่ากับก่อน ASF ซึ่งอยู่ที่ราว 19-20 ล้านตัว ในปี 2024 ขณะที่ปริมาณการเลี้ยงลูกไก่ปัจจุบันเพิ่มขึ้นมาอยู่ที่ราว 38-39 ล้านตัว/สัปดาห์ สูงขึ้นจากช่วงต้นปีที่ 36-37 ล้านตัว/สัปดาห์ เราตั้งข้อสังเกตว่า แม้ราคาเนื้อสัตว์จะอ่อนลงตลอดทั้งปี แต่ผู้ประกอบการรายใหญ่ยังคงแผนขยายกำลังการผลิตตามเดิม สำหรับแนวโน้ม 4Q23 ของ BTG น่าจะยังขาดทุน เพราะราคาเนื้อสัตว์ปัจจุบันยังลงต่อ ล่าสุดราคาไก่ไทยเหลือ 37-38 บาท/กก. (-9% q-q) และหมูไทย 54-55 บาท (-19% q-q) แต่คาดได้ต้นทุนวัตถุดิบที่คาดว่าจะลดลงอีกเล็กน้อยเข้ามาช่วยได้บ้าง จึงคาดจะขาดทุนน้อยลงใน 4Q23

## ปรับลดปีนี้เป็นขาดทุนพันล้าน แต่ยังหวังปีหน้าอาจพลิกมีกำไรอีกครั้ง

เราปรับลดผลการดำเนินงานปี 2023 เป็นขาดทุน -1.34 พันลบ. และคาดจะพลิกมีกำไรอีกครั้งในปี 2024 ราว 2.6 พันลบ. โดยใช้สมมติฐานว่าราคาเนื้อสัตว์จะกลับมาฟื้นตัวสูงกว่าต้นทุนการเลี้ยงอีกครั้ง ภายหลังปัญหาหมูเถื่อนจบลง และความต้องการบริโภคกลับมาฟื้นตัว ขณะที่คาดต้นทุนวัตถุดิบผ่านพีคไปแล้ว และน่าจะปรับลดลงในปีหน้าช่วยหนุนการฟื้นตัวของรายได้และอัตรากำไรขั้นต้น อย่างไรก็ตาม Downside ต่อประมาณการกำไรปี 2024 ยังสูง หากราคาเนื้อสัตว์ฟื้นช้ากว่าคาด

## คงคำแนะนำ ถือ รอจนกว่าราคาเนื้อสัตว์สูงขึ้นเหนือต้นทุนการเลี้ยง

เราปรับใช้ราคาเป้าหมายปี 2024 ที่ 23 บาท (อิง PE เดิม 17x) ระยะสั้น แนวโน้มผลการดำเนินงานยังขาดทุนอีกอย่างน้อย 2 ไตรมาส และยังคงติดตามการเคลื่อนไหวของทั้งราคาเนื้อสัตว์ และต้นทุนวัตถุดิบ จังหวะที่น่าสนใจเข้าลงทุนอีกครั้ง คือเมื่อเห็นราคาเนื้อสัตว์ปรับตัวสูงขึ้นเหนือต้นทุนการเลี้ยง ดังนั้นเรายังคงคำแนะนำเพียงถือ



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(7.7)	(4.8)	n/a
Relative to country (%)	(1.2)	2.8	n/a
Mkt cap (USD m)	1,151		
3m avg. daily turnover (USD m)	1.7		
Free float (%)	37		
Major shareholder	Betagro Holding Company Limited (38%)		
12m high/low (THB)	39.75/21.30		
Issued shares (m)	1,934.80		

Sources: Bloomberg consensus; FSSIA estimates



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## Investment thesis

บริษัทถือเป็นผู้ประกอบการธุรกิจอาหารครบวงจรชั้นนำของไทย ครอบคลุมตั้งแต่ต้นน้ำ กลางน้ำ จนถึงปลายน้ำ โดยมีฐานการผลิต และจัดจำหน่ายอยู่ทั่วภูมิภาคของไทย และส่งออกไปยังตลาดต่างประเทศ นอกจากนี้ยังมีฐานการผลิตในประเทศเพื่อนบ้านได้แก่ กัมพูชา ลาว และพม่า

บริษัทมีช่องทางการจำหน่ายกระจายถึง 6 ช่องทางประกอบด้วย เบทาโกรช็อป, Modern Trade, Traditional Trade, Food Service, ลูกค้าอุตสาหกรรม (OEM) และช่องทางส่งออก (มากกว่า 20 ประเทศ) ทั้งนี้บริษัทได้สร้างแบรนด์ที่แข็งแกร่งภายใต้แบรนด์ BETAGRO, S-Pure, Perfecta เป็นต้น

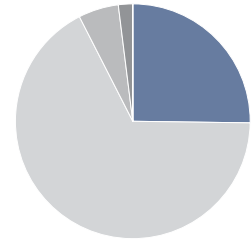
## Company profile

BTG ก่อตั้งขึ้นในปี 1967 และจดทะเบียนเข้าตลาดในปี 2022 ถือเป็นผู้นำด้านธุรกิจอุตสาหกรรมเกษตรอย่างครบวงจร เริ่มตั้งแต่ต้นน้ำอย่างอาหารสัตว์บก การทำธุรกิจฟาร์มเลี้ยงหมูและไก่ รวมถึงเวชภัณฑ์และสารเสริมสำหรับสัตว์ ต่อเนื่องไปจนถึงการแปรรูปเนื้อสัตว์ ผลิตอาหารที่มีคุณภาพให้แก่ผู้บริโภค รวมถึงผลิตภัณฑ์สำหรับสัตว์เลี้ยง โดยสิ้นปี 2022 มีสัดส่วนรายได้จาก Food & Protein 67.3% รองมาคือ Agro 25.2%, International 5.5% และ Pets 2% ของรายได้รวม ตามลำดับ

[www.betagro.com](http://www.betagro.com)

## Principal activities (revenue, 2022)

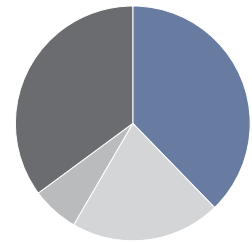
- Agro - 25.2 %
- Food and protein - 67.3 %
- International - 5.5 %
- Pet segment - 2.0 %
- Others - 0.0 %



Source: Betagro

## Major shareholders

- Betagro Holding Company Limited - 37.7 %
- TAE HK Investment Limited - 20.7 %
- Taepaisitphongse Family - 6.5 %
- Others - 35.1 %



Source: Betagro

## Catalysts

ปัจจัยหนุนการเติบโตในปี 2024 คือ 1) การเติบโตของปริมาณขาย ตามกำลังซื้อและการท่องเที่ยวที่ฟื้นตัว 2) ราคาเนื้อสัตว์ปรับตัวสูงขึ้น 3) ต้นทุนวัตถุดิบอาหารทรงตัวถึงปรับลดลง และ 4) ธุรกิจในตลาดต่างประเทศฟื้นตัว

## Risks to our call

Downside และ Upside risks ต่อราคาเป้าหมายของเราคือ 1) กำลังซื้อฟื้นตัวช้ากว่าหรือเร็วกว่าคาด 2) ราคาเนื้อสัตว์ปรับขึ้นช้ากว่าหรือเร็วกว่าคาด 3) ต้นทุนวัตถุดิบปรับลงช้ากว่าหรือเร็วกว่าคาด และ 4) ค่าเงินบาทแข็งค่าหรืออ่อนค่ามากกว่าคาด

## Event calendar

Date	Event
November 2023	3Q23 results announcement 3Q23 Analyst meeting

## Key assumptions

	2023E	2024E	2025E
Broiler price-TH (THB)	40.0	41.0	42.0
Swine price-TH (THB)	75.5	80.0	80.0
Swine price-Cambodia (KHR)	8,200	8,500	8,700
Total revenue growth (%)	(3.8)	4.8	4.6
Gross margin (%)	10.1	12.8	13.0
SG&A to sales (%)	11.2	10.9	10.9

Source: FSSIA estimates

## Earnings sensitivity

- For every 1% increase in revenue, we estimate 2023 net profit to rise by 3.1%, and vice versa, all else being equal.
- For every 0.1% increase in GPM, we estimate 2023 net profit to rise by 4.2%, and vice versa, all else being equal.
- For every 0.1% increase in SG&A to sales, we estimate 2023 net profit to fall by 2.9%, 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	29,492	29,850	27,736	26,491	27,019	2.0	(8.4)	82,776	81,246	(1.8)
Cost of sales	23,233	24,393	24,219	23,714	24,777	4.5	6.6	66,502	72,709	9.3
Gross profit	6,259	5,457	3,517	2,777	2,243	(19.2)	(64.2)	16,275	8,537	(47.5)
SG&A	3,376	3,315	2,955	3,069	2,972	(3.2)	(12.0)	9,279	8,996	(3.1)
Operating profit	3,029	2,340	729	(138)	(585)	324.2	(119.3)	7,435	6	(99.9)
Interest expense	151	165	146	148	149	0.5	(1.6)	454	443	(2.3)
Tax expense	467	348	196	(18)	(14)	(18.7)	(103.1)	1,201	163	(86.4)
Biological gain (loss)	(7)	(5)	(59)	(20)	(25)	22.6	276.8	96	(104)	nm
Other gain (loss)	(19)	(32)	56	(62)	5	(108.0)	(125.8)	401	(1)	nm
Reported net profit	2,303	1,796	393	(351)	(713)	103.4	(131.0)	6,142	(671)	(110.9)
Core profit	2,329	1,833	395	(268)	(693)	158.7	(129.8)	5,645	(566)	(110.0)

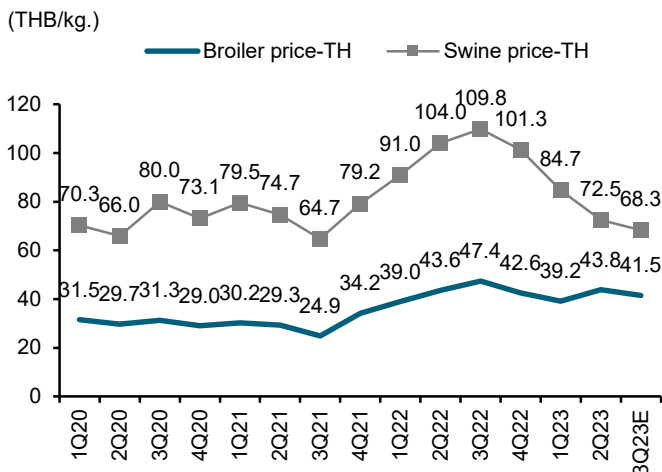
Key ratios (%)						(ppt)	(ppt)			
Gross margin	21.2	18.3	12.7	10.5	8.3	(2.2)	(12.9)	19.7	10.5	(9.2)
SG&A to sales	11.4	11.1	10.7	11.6	11.0	(0.6)	(0.4)	11.2	11.1	(0.1)
Operating margin	10.3	7.8	2.6	(0.5)	(2.2)	(1.6)	(12.4)	9.0	0.0	(9.0)
Net margin	7.8	6.0	1.4	(1.3)	(2.6)	(1.3)	(10.4)	7.4	(0.8)	(8.2)
Core margin	7.9	6.1	1.4	(1.0)	(2.6)	(1.6)	(10.5)	6.8	(0.7)	(7.5)

Operating statistics										
Broiler price-TH (THB/kg.)	47.4	42.6	39.2	43.8	41.5	(5.3)	(12.4)	43.3	41.5	(4.2)
Swine price-TH (THB/kg.)	109.8	101.3	84.7	72.5	68.3	(5.9)	(37.8)	101.6	75.2	(26.0)
Swine price-Cambodia (KHR/kg.)	11,093	8,117	8,068	9,395	9,325	(0.7)	(15.9)	11,780	8,929	(24.2)
Corn price-TH (THB/kg.)	12.1	12.6	13.3	12.9	11.7	(9.3)	(3.7)	12.2	12.6	3.3
Soybean meal price-TH (THB/kg.)	23.1	23.3	24.0	23.4	21.2	(9.3)	(8.1)	22.5	22.9	1.5

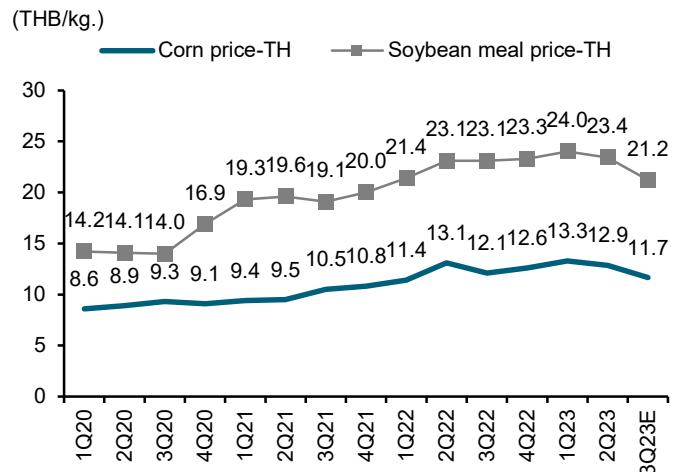
Sources: BTG, FSSIA estimates

**Exhibit 2: Domestic swine and chicken prices**



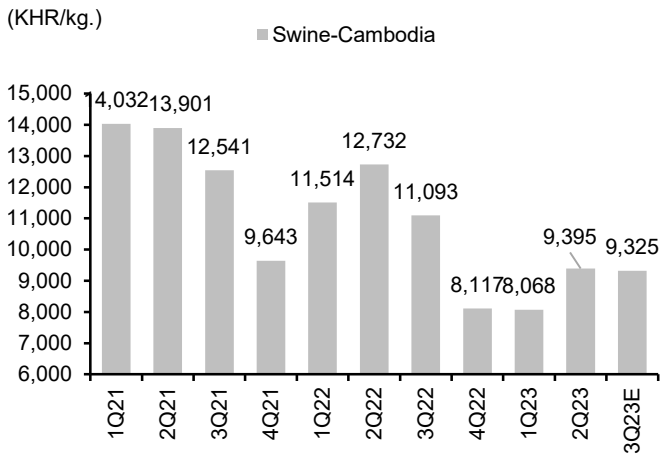
Sources: CPF, FSSIA's compilation

**Exhibit 3: Corn and soybean meal prices**



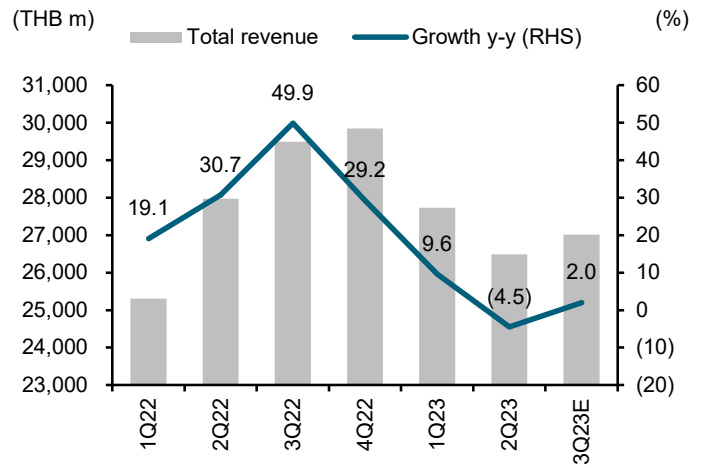
Sources: CPF, FSSIA's compilation

**Exhibit 4: Cambodia swine prices**



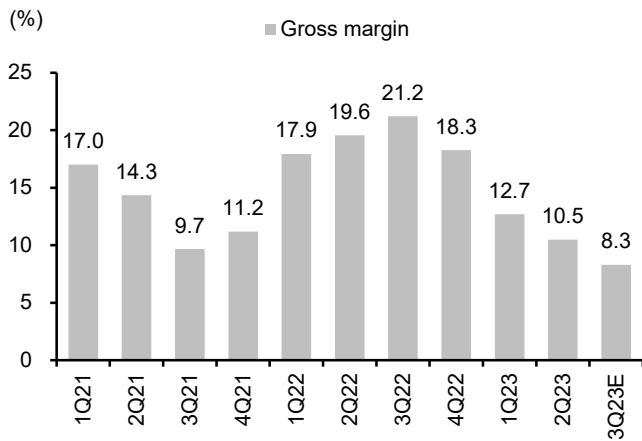
Sources: CPF, FSSIA's compilation

**Exhibit 5: Quarterly total revenue and growth**



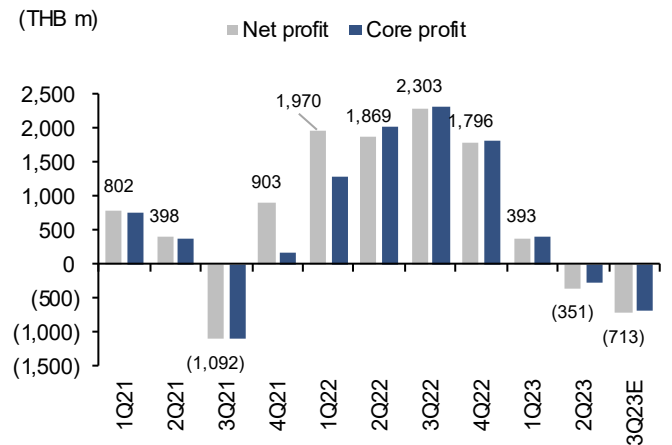
Sources: BTG, FSSIA estimates

**Exhibit 6: Quarterly gross margin**



Sources: BTG, FSSIA estimates

**Exhibit 7: Quarterly net profit and core profit**



Sources: BTG, FSSIA estimates

## Exhibit 8: Key assumptions for BTG

	-----Current-----			-----Previous-----			----- Change-----		
	2023E (THB m)	2024E (THB m)	2025E (THB m)	2023E (THB m)	2024E (THB m)	2025E (THB m)	2023E (%)	2024E (%)	2025E (%)
Total revenue	108,357	113,597	118,812	103,544	106,800	111,692	4.6	6.4	6.4
Cost of sales	97,413	99,057	103,367	89,773	92,062	96,055	8.5	7.6	7.6
Gross profit	10,944	14,540	15,446	13,771	14,738	15,637	(20.5)	(1.3)	(1.2)
SG&A expenses	12,136	12,382	12,951	11,286	11,641	12,174	7.5	6.4	6.4
Operating profit	(571)	2,840	3,208	3,209	3,737	4,076	(117.8)	(24.0)	(21.3)
Interest expense	594	601	562	652	601	562	(9.0)	0.0	0.0
Reported net profit	(1345)	2,621	2,817	2,867	3,373	3,648	(146.9)	(22.3)	(22.8)
Core profit	(1275)	2,121	2,417	2,367	2,873	3,148	(153.9)	(26.2)	(23.2)
<b>Key ratios (%)</b>									
Gross margin	10.1	12.8	13.0	13.3	13.8	14.0	(3.2)	(1.0)	(1.0)
SG&A to sales	11.2	10.9	10.9	10.9	10.9	10.9	0.3	0.0	0.0
Operating margin	(0.5)	2.5	2.7	3.1	3.5	3.6	(3.6)	(1.0)	(0.9)
Net margin	(1.2)	2.3	2.4	2.8	3.2	3.3	(4.0)	(0.9)	(0.9)
Core margin	(1.2)	1.9	2.0	2.3	2.7	2.8	(3.5)	(0.8)	(0.8)
<b>Key assumptions</b>									
<b>Revenue breakdown (THB m)</b>									
Agro business	28,766	30,098	31,495	27,460	27,032	28,278	4.8	11.3	11.4
Food & protein business	71,201	74,510	77,725	68,057	71,213	74,271	4.6	4.6	4.6
International business	6,004	6,242	6,428	5,539	5,704	5,874	8.4	9.4	9.4
Pet business	2,322	2,681	3,097	2,322	2,681	3,097	0.0	0.0	0.0
<b>Price</b>									
Broiler price-TH (THB/kg.)	40.0	41.0	42.0	40.0	41.0	42.0	0.0	0.0	0.0
Swine price-TH (THB/kg.)	75.5	80.0	80.0	85.0	85.0	88.0	(11.2)	(5.9)	(9.1)
Swine price-Cambodia (KHR/kg.)	8,200	8,500	8,700	8,200	8,500	8,700	0.0	0.0	0.0
Corn price-TH (THB/kg.)	12.2	11.5	11.0	12.0	11.0	10.0	1.7	4.5	10.0
Soybean meal price-TH (THB/kg.)	22.0	21.0	20.0	22.0	20.0	19.0	0.0	5.0	5.3

Source: FSSIA estimates

## Financial Statements

Betagro

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	85,424	112,626	108,357	113,597	118,812
Cost of goods sold	(74,260)	(90,894)	(97,413)	(99,057)	(103,367)
<b>Gross profit</b>	<b>11,164</b>	<b>21,731</b>	<b>10,944</b>	<b>14,540</b>	<b>15,446</b>
Other operating income	548	637	621	682	713
Operating costs	(10,914)	(12,594)	(12,136)	(12,382)	(12,951)
<b>Operating EBITDA</b>	<b>4,864</b>	<b>14,018</b>	<b>4,182</b>	<b>8,043</b>	<b>8,861</b>
Depreciation	(4,066)	(4,243)	(4,753)	(5,203)	(5,653)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>798</b>	<b>9,775</b>	<b>(571)</b>	<b>2,840</b>	<b>3,208</b>
Net financing costs	(577)	(619)	(594)	(601)	(562)
Associates	54	37	45	55	58
Recurring non-operating income	54	37	45	55	58
Non-recurring items	771	460	(70)	500	400
<b>Profit before tax</b>	<b>1,047</b>	<b>9,654</b>	<b>(1,189)</b>	<b>2,794</b>	<b>3,104</b>
Tax	(208)	(1,549)	(122)	(344)	(406)
<b>Profit after tax</b>	<b>839</b>	<b>8,104</b>	<b>(1,311)</b>	<b>2,450</b>	<b>2,699</b>
Minority interests	172	(167)	(34)	170	119
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>1,011</b>	<b>7,938</b>	<b>(1,345)</b>	<b>2,621</b>	<b>2,817</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(771)</b>	<b>(460)</b>	<b>70</b>	<b>(500)</b>	<b>(400)</b>
<b>Recurring net profit</b>	<b>239</b>	<b>7,477</b>	<b>(1,275)</b>	<b>2,121</b>	<b>2,417</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.72	3.74	(0.64)	1.06	1.21
Reported EPS	3.06	4.11	(0.70)	1.36	1.46
DPS	24.50	2.52	0.00	0.81	0.88
Diluted shares (used to calculate per share data)	330	2,000	2,000	2,000	2,000
<b>Growth</b>					
Revenue (%)	6.6	31.8	(3.8)	4.8	4.6
Operating EBITDA (%)	(31.4)	188.2	(70.2)	92.3	10.2
Operating EBIT (%)	(74.9)	1,125.0	nm	nm	13.0
Recurring EPS (%)	(90.6)	416.1	nm	nm	14.0
Reported EPS (%)	(61.1)	34.4	nm	nm	7.5
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	13.1	19.3	10.1	12.8	13.0
Gross margin exc. depreciation (%)	17.8	23.1	14.5	17.4	17.8
Operating EBITDA margin (%)	5.7	12.4	3.9	7.1	7.5
Operating EBIT margin (%)	0.9	8.7	(0.5)	2.5	2.7
Net margin (%)	0.3	6.6	(1.2)	1.9	2.0
Effective tax rate (%)	19.9	16.0	(10.2)	12.3	13.1
Dividend payout on recurring profit (%)	3,382.1	67.4	-	76.9	72.5
Interest cover (X)	1.5	15.9	(0.9)	4.8	5.8
Inventory days	65.3	60.7	60.5	62.8	62.1
Debtor days	21.6	18.4	20.1	19.5	19.6
Creditor days	24.6	23.2	24.9	26.2	25.9
Operating ROIC (%)	1.6	18.1	(1.0)	5.1	5.8
ROIC (%)	1.5	16.1	(0.9)	4.7	5.3
ROE (%)	1.5	33.8	(4.5)	7.5	8.2
ROA (%)	1.0	13.3	(1.2)	3.9	4.4
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Agro	24,795	28,403	28,766	30,098	31,495
Food and protein	54,171	75,758	71,201	74,510	77,725
International	4,881	6,236	6,004	6,242	6,428
Pet segment	1,491	2,211	2,322	2,681	3,097

Sources: Betagro; FSSIA estimates

## Financial Statements

### Betagro

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	239	7,477	(1,275)	2,121	2,417
Depreciation	4,066	4,243	4,753	5,203	5,653
Associates & minorities	(373)	362	(99)	(50)	(53)
Other non-cash items	(522)	91	(104)	0	0
Change in working capital	(1,047)	(1,479)	125	(707)	(960)
<b>Cash flow from operations</b>	<b>2,363</b>	<b>10,694</b>	<b>3,400</b>	<b>6,567</b>	<b>7,058</b>
Capex - maintenance	(5,511)	(5,576)	(4,560)	(4,500)	(4,500)
Capex - new investment	0	0	0	0	0
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	4,201	1,436	300	537	381
<b>Cash flow from investing</b>	<b>(1,310)</b>	<b>(4,140)</b>	<b>(4,259)</b>	<b>(3,963)</b>	<b>(4,119)</b>
Dividends paid	(1,257)	(11,250)	0	(1,572)	(1,690)
Equity finance	4,500	16,929	0	0	0
Debt finance	8,881	(3,487)	(2,016)	(1,724)	(1,293)
Other financing cash flows	(14,586)	81	(704)	105	104
<b>Cash flow from financing</b>	<b>(2,462)</b>	<b>2,274</b>	<b>(2,720)</b>	<b>(3,192)</b>	<b>(2,879)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	1,348	0	0	0	0
<b>Net other adjustments</b>	<b>1,348</b>	<b>(3,430)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>(61)</b>	<b>5,398</b>	<b>(3,580)</b>	<b>(587)</b>	<b>59</b>
Free cash flow to firm (FCFF)	1,630.08	7,173.00	(266.20)	3,205.04	3,500.28
Free cash flow to equity (FCFE)	(3,303.76)	(281.29)	(3,579.55)	985.27	1,749.79

#### Per share (THB)

FCFF per share	0.84	3.71	(0.14)	1.66	1.81
FCFE per share	(1.71)	(0.15)	(1.85)	0.51	0.90
Recurring cash flow per share	10.34	6.31	1.70	3.77	4.16

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	47,575	49,403	50,791	51,171	51,144
Less: Accumulated depreciation	(24,662)	(26,031)	(27,072)	(28,155)	(29,281)
<b>Tangible fixed assets (net)</b>	<b>22,913</b>	<b>23,372</b>	<b>23,719</b>	<b>23,016</b>	<b>21,863</b>
<b>Intangible fixed assets (net)</b>	<b>955</b>	<b>882</b>	<b>882</b>	<b>882</b>	<b>882</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	1,452	1,346	1,347	1,347	1,347
Cash & equivalents	542	5,940	2,361	1,774	1,833
A/C receivable	6,029	6,652	6,587	6,906	7,223
Inventories	14,111	14,711	16,013	16,283	16,992
Other current assets	7,775	9,477	8,669	9,088	9,505
<b>Current assets</b>	<b>28,457</b>	<b>36,781</b>	<b>33,630</b>	<b>34,051</b>	<b>35,553</b>
Other assets	3,697	2,852	2,712	2,730	2,807
<b>Total assets</b>	<b>57,475</b>	<b>65,234</b>	<b>62,289</b>	<b>62,025</b>	<b>62,451</b>
Common equity	15,759	28,502	27,697	28,746	29,873
Minorities etc.	(237)	163	108	114	119
<b>Total shareholders' equity</b>	<b>15,522</b>	<b>28,664</b>	<b>27,806</b>	<b>28,859</b>	<b>29,991</b>
Long term debt	10,606	8,064	7,064	6,064	5,064
Other long-term liabilities	2,789	2,871	2,167	2,272	2,376
<b>Long-term liabilities</b>	<b>13,395</b>	<b>10,934</b>	<b>9,231</b>	<b>8,336</b>	<b>7,440</b>
A/C payable	8,276	9,852	10,465	10,761	11,238
Short term debt	19,984	15,615	14,680	13,956	13,663
Other current liabilities	298	168	108	114	119
<b>Current liabilities</b>	<b>28,558</b>	<b>25,636</b>	<b>25,253</b>	<b>24,830</b>	<b>25,020</b>
<b>Total liabilities and shareholders' equity</b>	<b>57,475</b>	<b>65,234</b>	<b>62,289</b>	<b>62,025</b>	<b>62,451</b>
Net working capital	19,341	20,821	20,696	21,403	22,363
Invested capital	48,360	49,274	49,356	49,377	49,261

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

#### Per share (THB)

Book value per share	47.75	14.77	14.36	14.90	15.48
Tangible book value per share	44.86	14.32	13.90	14.44	15.03

#### Financial strength

Net debt/equity (%)	193.6	61.9	69.7	63.2	56.3
Net debt/total assets (%)	52.3	27.2	31.1	29.4	27.1
Current ratio (x)	1.0	1.4	1.3	1.4	1.4
CF interest cover (x)	(4.7)	0.5	(5.0)	2.6	4.1

Valuation	2021	2022	2023E	2024E	2025E
<b>Recurring P/E (x) *</b>	<b>30.0</b>	<b>5.8</b>	<b>(34.0)</b>	<b>20.5</b>	<b>18.0</b>
<b>Recurring P/E @ target price (x) *</b>	<b>31.8</b>	<b>6.2</b>	<b>(36.1)</b>	<b>21.7</b>	<b>19.0</b>
Reported P/E (x)	7.1	5.3	(31.1)	16.0	14.9
Dividend yield (%)	112.9	11.6	-	3.8	4.0
Price/book (x)	0.5	1.5	1.5	1.5	1.4
Price/tangible book (x)	0.5	1.5	1.6	1.5	1.4
EV/EBITDA (x) **	7.6	4.3	14.7	7.5	6.6
EV/EBITDA @ target price (x) **	7.7	4.4	15.3	7.8	6.9
EV/invested capital (x)	0.8	1.2	1.2	1.2	1.2

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

Sources: Betagro; 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)<sup>1</sup>

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)<sup>2</sup>

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)<sup>3</sup>

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)<sup>4</sup> by the Stock Exchange of Thailand (SET)

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

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

To be approved for THSI inclusion, verified data must be scored at a 50% minimum for each indicator, unless the company is a part of the Dow Jones Sustainability Indices<sup>5</sup> (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:

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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.

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

<sup>5</sup> 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

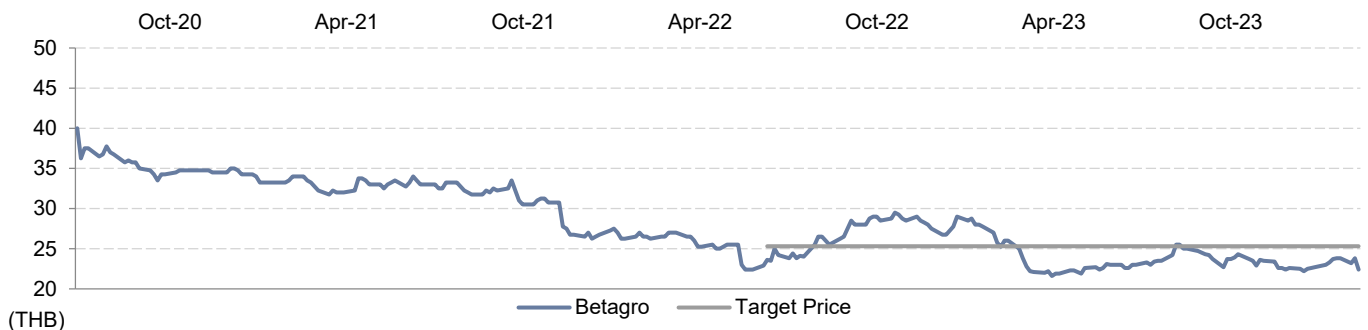
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

#### Betagro (BTG TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
08-May-2023	BUY	25.30	15-May-2023	HOLD	25.30	-	-	-

Sureeporn Teewasuwet started covering this stock from 08-May-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Betagro	BTG TB	THB 21.70	HOLD	Downside and upside risks to our PE-based TP include 1) a slower or faster-than-expected consumption recovery; 2) a potential rise or fall in meat and raw material prices; and 3) a stronger or weaker-than-expected THB against USD.

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 19-Oct-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.