EQUITY RESEARCH - COMPANY REPORT

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

FSSIA ESG rating   ★ ★

BUY
UNCHANGED

TARGET PRICE	THB13.50
CLOSE	THB10.60
UP/DOWNSIDE	+27.4%
PRIOR TP	THB13.50
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+6.2%

New high export revenue

- We expect 3Q23 profit to rise to a new high due to higher exports and margins.
- International markets would be a key driver for 2024.
- Maintain our profit estimate and BUY call after rolling over to our 2024 TP.

3Q23 profit should hit a new high as expected

We maintain our 3Q23E net profit of THB183m (+19% q-q, +66% y-y), a new high, supported mainly by higher export revenue growth, lower raw material costs, and a positive impact from changes in its product mix. We anticipate total revenue to increase 8.7% q-q and 15.5% y-y due mainly to potentially strong export growth (+11.5% q-q, +69.4% y-y) to above 30% of total revenue for the first time. China and India should be the main growth drivers, while exports should be flat in Indonesia and weak in Vietnam. Domestic sales should edge up q-q and y-y, while the gross margin would increase to 37.2% from 36.7% in 2Q23 and 32.1% in 3Q22.

Export revenue and gross margin would remain solid in 4Q23

If 3Q23 is in line, 9M23 profit will equal THB483m (+24.3% y-y), securing 73% of our full-year estimate. Looking ahead, we expect 4Q23 profit to remain healthy. It may be flat or edge up q-q and jump y-y due to its low base last year. In this regard, we anticipate continued export revenue growth since China and India revenues remain low. Also, the gross margin would continue increasing to this year's peak at 37.5-38% due to high-margin orders, such as flavors & fragrances. Also, 3Q is a low season for food coating.

## International markets would be a key driver for 2024

In 2024, export revenue growth would be a crucial growth driver. We expect a recovery in existing markets, such as Indonesia and Vietnam. Also, China should report growth, while RBF would realize India through a JV after completing its factory there. When it begins commercial operation in 1H24, RBF will no longer ship its products from Thailand and produce them there instead. It expects the India operation to accelerate from 2H24 onwards and would realize full-year lower raw material costs. RBF sets a double-digit revenue growth target for 2024 and anticipates the gross margin to increase to 38-40%, higher than our assumption of 37.5%.

Maintain profit estimate and BUY rating after rolling over to our 2024 TP

We retain our 2023-24E net profit growth of 37.6% y-y and 16.3% y-y, respectively. We have rolled over to our 2024 TP of THB13.5 after decreasing our PE target to 35x (-0.5 SD) from 40x. At our new TP, it still implies a 27.4% upside. Also, RBF has a solid balance sheet, with an ROE of 14.8% and a low D/E and IBD/E ratio of only 0.18x and 0.03x. We reaffirm our BUY rating on RBF.

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 (%)	-	0.6	(1.3)	0.5
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. (%)	-	-	-	-
EPS growth (%)	(3.3)	44.5	16.3	14.1
Core P/E (x)	46.2	31.9	27.5	24.1
Dividend yield (%)	0.9	1.9	2.2	2.5
EV/EBITDA (x)	25.6	19.0	15.9	13.5
Price/book (x)	4.8	4.6	4.3	4.1
Net debt/Equity (%)	(11.4)	(11.1)	(12.6)	(15.5)
ROE (%)	10.7	14.8	16.3	17.4
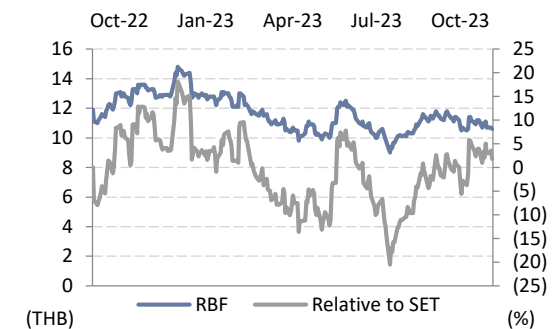
Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(5.4)	12.8	(8.6)
Relative to country (%)	0.9	22.7	4.1
Mkt cap (USD m)			586
3m avg. daily turnover (USD m)			1.5
Free float (%)			28
Major shareholder		Ratanapoompinyo Familly (62%)	
12m high/low (THB)			15.20/8.95
Issued shares (m)			2,000.00

Sources: Bloomberg consensus; FSSIA estimates

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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%).

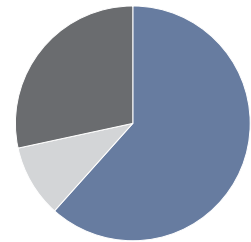www.rbfoodsupply.co.th

Principal activities (revenue, 2022)

- Flavouring agents and Food colouring - 32.6 %
- Food coating - 45.1 %
- Dehydrated products - 6.9 %
- Frozen products - 1.5 %
- Plastic packaging - 1.0 %
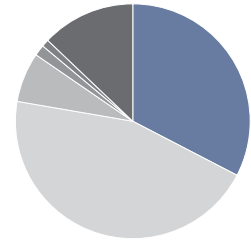
Source: R&B Food Supply

Major shareholders

- Ratanapoompinyo Familly - 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.

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

Event calendar

Date	Event
November 2023	3Q23 results announcement

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	0.6	2.5	34.6	36.7	2.1
SG&A to sales	18.7	19.4	19.7	19.2	18.4	19.4	18.3	1.0	(0.0)	19.3	18.7	(0.6)
Operating margin	19.2	14.9	12.5	13.0	17.9	17.8	19.3	(0.1)	2.9	15.5	18.4	2.8
Net margin	16.5	11.8	11.1	9.4	13.9	14.5	15.9	0.6	2.7	13.1	14.8	1.7
Core margin	15.2	11.4	9.1	10.7	15.0	14.2	15.9	(0.8)	2.8	11.9	15.1	3.2
Operating statistics (THB m)												
Domestic revenue	789	771	788	795	780	744	800	7.5	1.5	2,349	2,324	(1.1)
Overseas revenue	195	207	205	210	276	312	348	11.5	69.4	608	936	54.0
Sales breakdown by product												
Flavoring & Food coloring	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
Other	227	239	219	203	190	195	236	21.2	7.7	685	621	(9.3)

Sources: RBF, FSSIA estimates

Exhibit 2: Overseas revenue breakdown by country
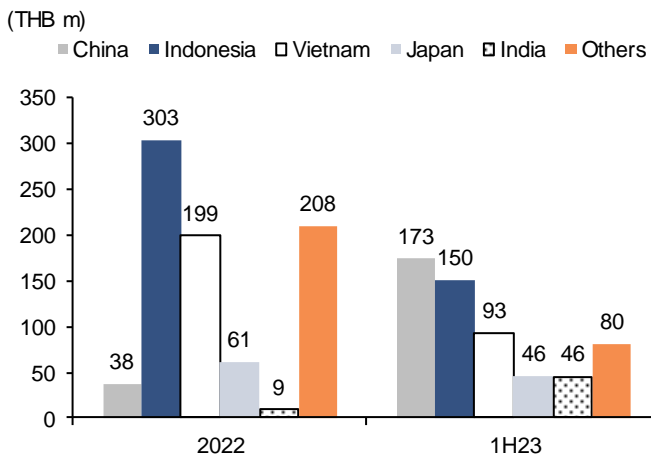
Sources: RBF; FSSIA's compilation

**Exhibit 3: Overseas revenue proportion (% of 1H23 total overseas revenue)**
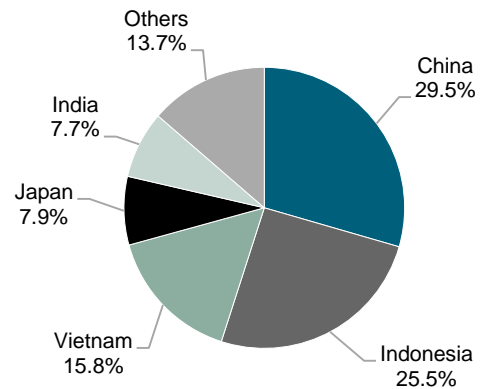
Sources: RBF; FSSIA's compilation

Exhibit 4: Key assumptions for RBF

| Assumptions	Forecast			Growth		
	2023E	2024E	2025E	2023E (%)	2024E (%)	2025E (%)
Domestic sales (THB m)	3,146	3,304	3,469	0.1	5.0	5.0
Oversea sales (THB m)	1,239	1,673	2,141	51.5	35.0	28.0
Food coating sales (THB m)	1,969	2,126	2,350	10.2	8.0	10.5
Flavoring & Food coloring sales (THB m)	1,531	1,745	2,007	18.5	14.0	15.0
Total sales (THB m)	4,385	4,976	5,610	10.7	13.5	12.7
Gross profit (THB m)	1,618	1,866	2,132	20.2	15.3	14.2
Gross margin (%)	36.9	37.5	38.0	2.9	0.6	0.5
SG&A expenses (THB m)	816	921	1,038	7.0	12.9	12.7
SG&A to sales (%)	18.6	18.5	18.5	(0.7)	(0.1)	0.0
Report net profit (THB m)	664	772	881	37.6	16.3	14.1
Net margin (%)	15.1	15.5	15.7	3.0	0.4	0.2
Core profit (THB m)	664	772	881	44.5	16.3	14.1
Core margin (%)	15.1	15.5	15.7	3.5	0.4	0.2

Note: Change of items in percentage terms are represented in ppt change
Source: FSSIA estimates

Exhibit 5: Yearly total revenue and growth
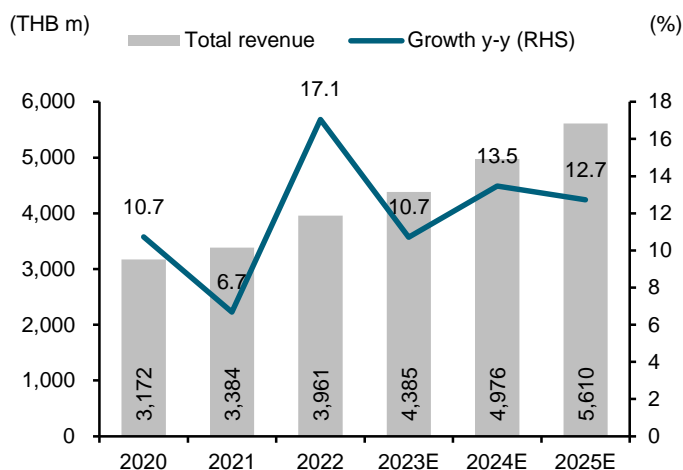
Sources: RBF; FSSIA estimates

Exhibit 6: Yearly net profit and gross margin
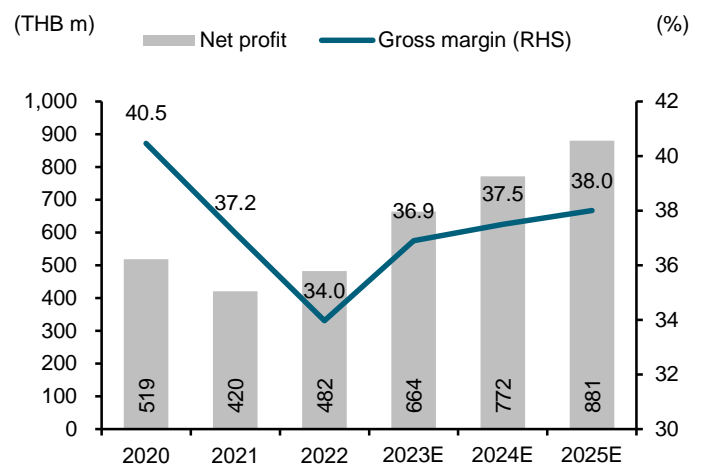
Sources: RBF; FSSIA estimates

Exhibit 7: Historical P/E band

Sources: Bloomberg; FSSIA's compilation

Exhibit 8: Historical P/BV band

Sources: Bloomberg; FSSIA's compilation

FINANSIA

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)	2021	2022	2023E	2024E	2025E
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 products	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) *	**44.6**	**46.2**	**31.9**	**27.5**	**24.1**
Recurring P/E @ target price (x) *	**56.8**	**58.8**	**40.7**	**35.0**	**30.7**
Reported P/E (x)	50.5	44.0	31.9	27.5	24.1
Dividend yield (%)	1.4	0.9	1.9	2.2	2.5
Price/book (x)	5.0	4.8	4.6	4.3	4.1
Price/tangible book (x)	5.0	4.9	4.6	4.4	4.1
EV/EBITDA (x) **	25.0	25.6	19.0	15.9	13.5
EV/EBITDA @ target price (x) **	32.1	32.8	24.3	20.4	17.4
EV/invested capital (x)	6.1	5.2	5.0	4.7	4.5
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: R&B Food Supply; FSSIA estimates

R&B Food Supply PCL (RBF TB)

Exhibit 9:   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 10:   ESG – peer comparison

	FSSIA	------------------- Domestic ratings -----------------------						-------------------------------------- Global ratings -------------------------						--- Bloomberg ---	
	ESG score	DJSI	SET THSI	THSI	CG score	AGM level	Thai CAC	Morningstar ESG risk	ESG Book	MSCI	Moody's	Refinitiv	S&P Global	ESG score	Disclosure score
SET100	69.20	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	67.12	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	--	--	--	--	--	--	--	--
CPF	78.94	Y	Y	Y	5.00	5.00	Certified	High	50.25	BBB	43.00	70.21	85.00	4.08	62.09
GFPT	53.67	--	Y	Y	5.00	5.00	Certified	High	56.79	--	--	61.87	19.00	--	55.41
TU	68.12	Y	--	--	5.00	5.00	Certified	High	44.49	A	35.00	66.15	87.00	2.99	--
TFG	33.01	--	--	Y	4.00	5.00	Certified	High	--	--	--	42.11	--	--	--
RBF	34.45	--	--	--	5.00	4.00	Declared	High	51.04	--	--	30.50	--	2.34	--

Sources: SETTRADE.com; FSSIA's compilation

Exhibit 11:   ESG score by Bloomberg

FY ending Dec 31	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	**—**	**2.34**	**—**
BESG environmental pillar score	—	1.02	—
BESG social pillar score	—	2.01	—
BESG governance pillar score	—	5.06	—
ESG disclosure score	**34.03**	**42.34**	**—**
Environmental disclosure score	0.48	11.11	—
Social disclosure score	31.29	34.67	—
Governance disclosure score	70.20	81.10	—
Environmental			
Emissions reduction initiatives	No	Yes	Yes
Climate change policy	No	No	No
Climate change opportunities discussed	No	No	No
Risks of climate change discussed	No	No	No
GHG scope 1	—	—	2
GHG scope 2 location-based	—	—	4
GHG Scope 3	—	—	12
Carbon per unit of production	—	—	—
Biodiversity policy	No	No	No
Energy efficiency policy	No	Yes	Yes
Total energy consumption	—	—	12
Renewable energy use	—	—	—
Electricity used	—	8	9
Fuel used - natural gas	—	—	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 12: ESG score by Bloomberg *(cont.)*

FY ending Dec 31	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No
Waste reduction policy	Yes	Yes	Yes
Hazardous waste	—	—	—
Total waste	—	0	0
Waste recycled	—	0	0
Waste sent to landfills	—	—	—
Environmental supply chain management	No	No	No
Water policy	No	Yes	Yes
Water consumption	—	122	111
Social			
Human rights policy	Yes	Yes	Yes
Policy against child labor	Yes	Yes	Yes
Quality assurance and recall policy	Yes	Yes	Yes
Consumer data protection policy	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes
Gender pay gap breakout	No	No	No
Pct women in workforce	—	61	59
Pct disabled in workforce	—	—	—
Business ethics policy	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes
Lost time incident rate - employees	1	1	1
Total recordable incident rate - employees	—	—	—
Training policy	Yes	Yes	Yes
Fair remuneration policy	No	No	Yes
Number of employees – CSR	1,294	1,245	1,382
Employee turnover pct	53	29	39
Total hours spent by firm - employee training	8,282	10,312	15,340
Social supply chain management	Yes	Yes	Yes
Governance			
Board size	**9**	**12**	**12**
No. of independent directors (ID)	**3**	**4**	**4**
No. of women on board	3	4	4
No. of non-executive directors on board	5	8	8
Company conducts board evaluations	Yes	Yes	Yes
No. of board meetings for the year	8	6	6
Board meeting attendance pct	92	97	100
Board duration (years)	3	3	3
Director share ownership guidelines	No	No	No
Age of the youngest director	—	33	34
Age of the oldest director	—	70	71
No. of executives / company managers	**3**	**4**	**4**
No. of female executives	2	1	1
Executive share ownership guidelines	No	No	No
Size of audit committee	**3**	**3**	**3**
No. of ID on audit committee	3	3	3
Audit committee meetings	5	5	4
Audit meeting attendance %	100	93	100
Size of compensation committee	**5**	**5**	**5**
No. of ID on compensation committee	3	3	3
No. of compensation committee meetings	1	2	1
Compensation meeting attendance %	—	100	100
Size of nomination committee	**5**	**5**	**5**
No. of nomination committee meetings	1	2	1
Nomination meeting attendance %	—	100	100
Sustainability governance			
Verification type	No	No	No

Sources: Bloomberg; 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%). (*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.*)	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. (*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.*)	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. *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.*	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. **NEGL** 0-10; **Low** 10-20; **Medium** 20-30; **High** 30-40; **Severe** 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 identiindustry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. AAA 8.571-10.000; AA 7.143-8.570; A 5.714-7.142; BBB 4.286-5.713; BB 2.857-4.285; B 1.429-2.856; CCC 0.000-1.428 **Leader:** leading its industry in managing the most significant ESG risks and opportunities **Average:** a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers **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. (*Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.*)	
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

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History of change in investment rating and/or target price

R&B Food Supply (RBF TB)
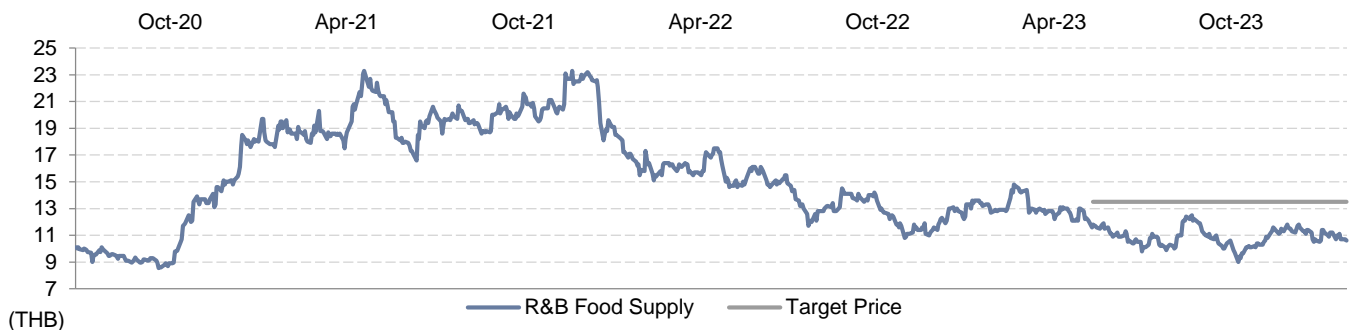
Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
20-Mar-2023	BUY	13.50	-	-	-	-	-	-

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 10.60	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.

All share prices are as at market close on 25-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.