

THAI UNION GROUP TU TB

THAILAND / FOOD & BEVERAGE

BUY

UNCHANGED

3Q23 results at first glance

TARGET PRICE	THB18.00
CLOSE	THB13.70
UP/DOWNSIDE	+31.4%
TP vs CONSENSUS	+6.9%

3Q23 profit blows past estimates by 30%

Highlights

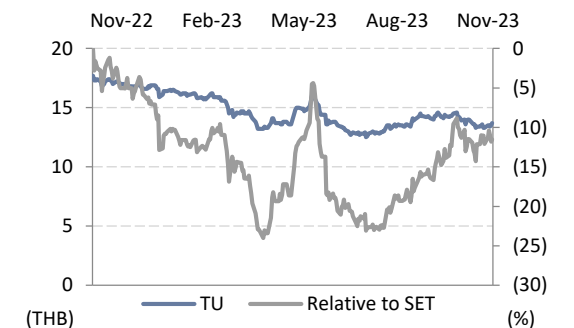
- TU reported a 3Q23 net profit of THB1,206m (+17.2% q-q, -52% y-y). Excluding an FX loss of THB268m, the normalized earnings equaled THB1,474m (+15.3% q-q, -15.2% y-y), beating our estimate and the consensus forecast by about 30%.
- The gross margin was better than expected. It stood at 18.4%, up from 16.9% in 2Q23 and 18.2% in 3Q22, due mainly to the downsizing of its Frozen unit to focus on profitability.
- 3Q23 revenue weakened (-0.4% q-q, -16.8% y-y). We blame the y-y plunge on the high base last year when customers aggressively built their stock during the cargo ship crisis, while the modest q-q decrease was due mainly to Ambient after tuna price surges to US\$2,000/tonne prompted customers to slow their purchases. In this quarter, revenue from Frozen was flat q-q and dropped y-y due to the downsizing, while Pet Care recovered q-q, in line with ITC.
- The gross margin increased due mainly to the downsizing. It helped the gross margin of Ambient and Frozen to improve while raw material costs remained high.
- SG&A expenses remained flat q-q. However, they dropped 20% y-y due to sharply lower container freights than last year. Hence, the SG&A-to-sales ratio decreased to 11.9% from 12.4% in 3Q22.
- The loss contribution from Red Lobster increased to THB395m from THB94m in 2Q23 and THB339m in 3Q22, sending 9M23 loss contribution to THB368m. As a result, TU has cut its expected 2023 contribution from Red Lobster to a loss of THB700m from THB500m. It means that the 4Q23 loss contribution would remain high at cTHB332m.

Outlook

- TU's reported 9M23 net profit was THB3,256m (-45% y-y), securing 79% of our full-year estimate. We expect 4Q23 profit to recover q-q and y-y, breaking its seasonal pattern since customers only started restocking in 3Q23 after tuna prices decreased. Also, it would begin realizing lower tuna costs.
- In 3Q23, average tuna price was US\$1,850/tonne (-7.5% q-q). According to the latest data, tuna price falls continued in October to US\$1,600/tonne (-6% m-m, +1.3% y-y), its 13-month low. It was in line with the management's view that the 4Q23 average tuna price could be at US\$1,600/tonne (-13.5% q-q, -4% y-y), the first y-y decrease in nine quarters. It would support the gross margin from 4Q23 onwards.
- We maintain our 2023E net profit of THB4.1b (-37.6% y-y) and expect 2024 profit to grow by 27.5% y-y to THB5.2b. We retain our BUY rating on TU at our 2024 TP of THB18 (SoTP) since it trades on a 2024 PE of only 13x.

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	155,586	137,495	145,744	153,032
Net profit	7,138	4,097	5,224	5,874
EPS (THB)	1.50	0.86	1.09	1.23
vs Consensus (%)	-	(14.5)	(15.6)	(13.3)
EBITDA	13,508	11,934	13,268	14,160
Recurring net profit	6,571	4,097	5,224	5,874
Core EPS (THB)	1.38	0.86	1.09	1.23
EPS growth (%)	8.3	(37.6)	27.5	12.4
Core P/E (x)	9.9	16.0	12.5	11.1
Dividend yield (%)	6.4	3.6	4.4	4.9
EV/EBITDA (x)	9.0	9.1	8.0	7.5
Price/book (x)	0.8	0.8	0.8	0.8
Net debt/Equity (%)	54.6	42.7	37.2	35.6
ROE (%)	9.4	5.2	6.5	6.9



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(3.5)	3.8	(23.9)
Relative to country (%)	(1.6)	11.8	(12.9)
Mkt cap (USD m)	1,760		
3m avg. daily turnover (USD m)	7.4		
Free float (%)	65		
Major shareholder	Chansiri Family (12%)		
12m high/low (THB)	18.30/12.40		
Issued shares (m)	4,771.82		

Sources: Bloomberg consensus; FSSIA estimates


Sureeporn Teewasuwet

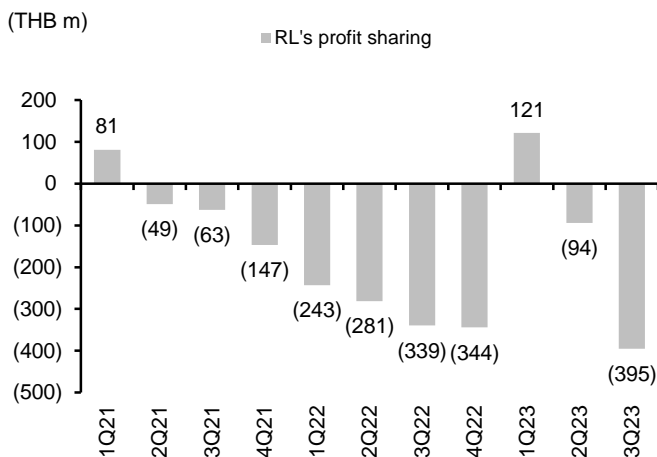
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Exhibit 1: 3Q23 results summary

	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	----- Change -----		9M22	9M23	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 in THB m	36,272	38,946	40,756	39,613	32,652	34,057	33,915	(0.4)	(16.8)	115,974	100,624	(13.2)
Cost of sales	29,917	32,361	33,357	32,744	27,735	28,310	27,682	(2.2)	(17.0)	95,636	83,727	(12.5)
Gross profit	6,355	6,584	7,399	6,868	4,917	5,748	6,233	8.4	(15.8)	20,338	16,897	(16.9)
SG&A	4,688	4,920	5,064	4,484	4,121	3,975	4,044	1.7	(20.1)	14,672	12,141	(17.3)
Operating profit	1,943	1,891	2,523	2,668	993	2,011	2,447	21.6	(3.0)	6,356	5,451	(14.2)
Profit sharing	(177)	(283)	(256)	(313)	231	(137)	(234)	nm	nm	(716)	(140)	nm
Sharing from Red Lobster	(243)	(281)	(339)	(344)	121	(94)	(395)	nm	nm	(863)	(368)	nm
Interest expense	445	465	517	571	532	550	589	7.1	14.0	1,427	1,672	17.2
Tax expense	(188)	(346)	(136)	(170)	(242)	(198)	(140)	(29.1)	3.0	(670)	(580)	(13.4)
FX gain (loss)	(47)	475	792	(468)	215	(250)	(268)	nm	nm	1,220	(303)	nm
Reported net profit	1,746	1,624	2,530	1,238	1,022	1,029	1,206	17.2	(52.3)	5,900	3,256	(44.8)
Core profit	1,716	1,768	1,738	1,706	807	1,279	1,474	15.3	(15.2)	5,222	3,559	(31.8)
Key ratios (%)								(ppt)	(ppt)			
Gross margin	17.5	16.9	18.2	17.3	15.1	16.9	18.4	1.5	0.2	17.5	16.8	(0.7)
SG&A / sales	12.9	12.6	12.4	11.3	12.6	11.7	11.9	0.3	(0.5)	12.7	12.1	(0.6)
Operating margin	5.4	4.9	6.2	6.7	3.0	5.9	7.2	1.3	1.0	5.5	5.4	(0.1)
Net margin	4.8	4.2	6.2	3.1	3.1	3.0	3.6	0.5	(2.7)	5.1	3.2	(1.9)
Core margin	4.7	4.5	4.3	4.3	2.5	3.8	4.3	0.6	0.1	4.5	3.5	(1.0)
Operating statistics (THB m)												
Ambient sales	15,527	16,912	16,985	17,086	15,225	17,136	15,851	(7.5)	(6.7)	49,424	48,212	(2.5)
Frozen, chilled seafood sales	13,790	13,900	14,820	14,453	11,684	11,493	11,593	0.9	(21.8)	42,510	34,770	(18.2)
Pet care sales	4,472	5,442	6,210	5,568	3,495	3,169	3,773	19.1	(39.2)	16,124	10,437	(35.3)
Value added, others sale	2,483	2,691	2,741	2,505	2,248	2,260	2,698	19.4	(1.6)	7,915	7,206	(9.0)
USD/THB	33.1	34.4	36.4	36.4	33.9	34.5	35.2	2.0	(3.4)	34.6	34.5	(0.4)
Tuna price (USD/tonne)	1,717	1,608	1,667	1,660	1,820	2,000	1,800	(10.0)	8.0	1,664	1,873	12.6
Salmon (NOK/kg)	78	97	73	73	104	109	83	(23.9)	13.7	83	99	19.4

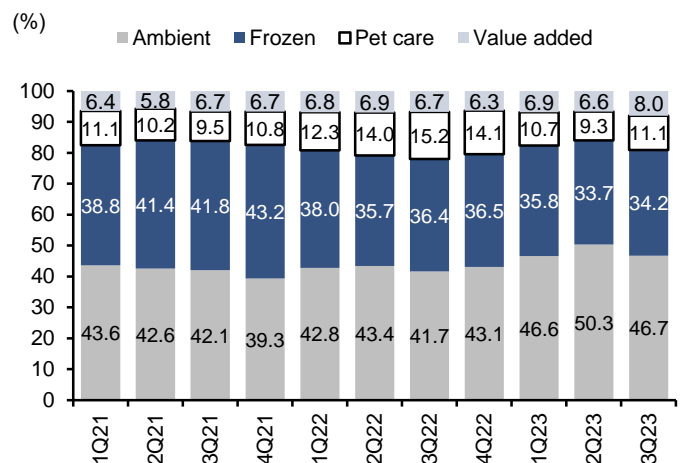
Sources: TU; FSSIA estimates

Exhibit 2: Share of profits/losses from Red lobster



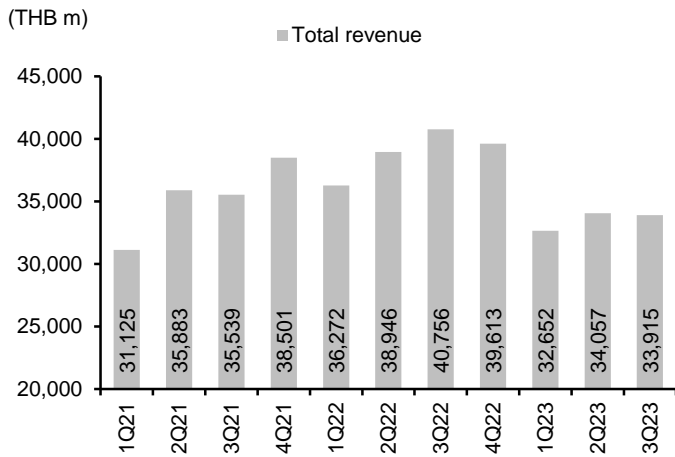
Sources: TU, FSSIA's compilation

Exhibit 3: Quarterly revenue breakdown by segment



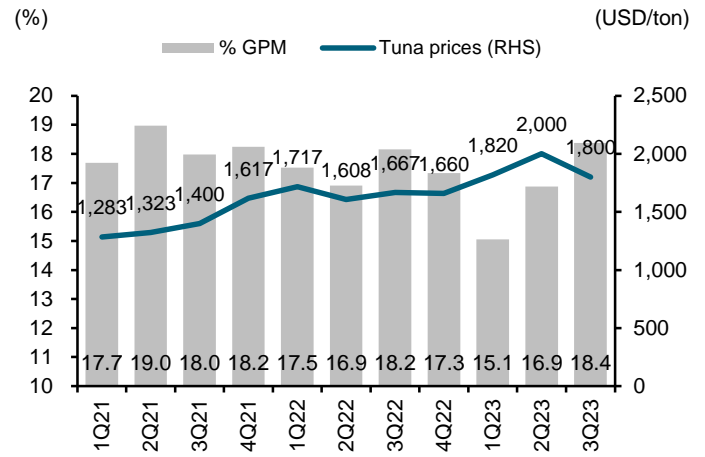
Sources: TU, FSSIA's compilation

Exhibit 4: Quarterly total revenue



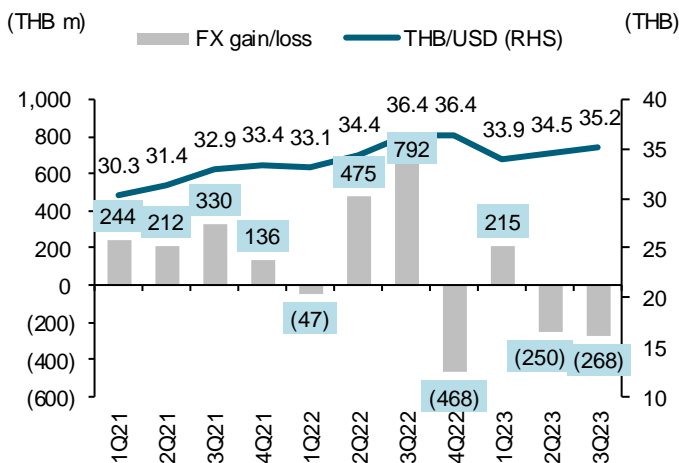
Sources: TU, FSSIA's compilation

Exhibit 5: Quarterly gross margin and tuna price



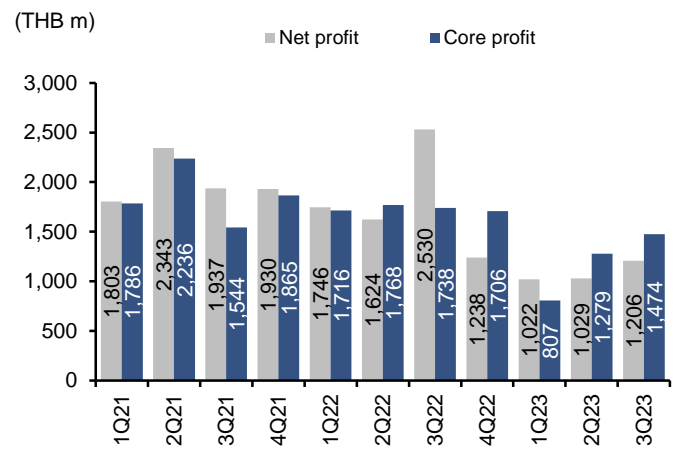
Sources: TU, FSSIA's compilation

Exhibit 6: THB/USD and FX gain/loss



Sources: TU, FSSIA's compilation

Exhibit 7: Quarterly net profit and core profit



Sources: TU, FSSIA's compilation

Financial Statements

Thai Union Group

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	141,048	155,586	137,495	145,744	153,032
Cost of goods sold	(115,321)	(128,380)	(114,808)	(120,968)	(126,710)
Gross profit	25,727	27,206	22,687	24,777	26,321
Other operating income	811	974	962	947	918
Operating costs	(17,471)	(19,156)	(16,499)	(17,489)	(18,364)
Operating EBITDA	13,250	13,508	11,934	13,268	14,160
Depreciation	(4,184)	(4,484)	(4,784)	(5,034)	(5,284)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	9,066	9,024	7,150	8,235	8,876
Net financing costs	(1,730)	(1,998)	(1,972)	(1,849)	(1,815)
Associates	(269)	(1,030)	141	178	237
Recurring non-operating income	(269)	(1,030)	141	178	237
Non-recurring items	1,946	567	0	0	0
Profit before tax	9,013	6,564	5,319	6,564	7,298
Tax	(742)	840	(259)	(319)	(353)
Profit after tax	8,272	7,403	5,060	6,245	6,945
Minority interests	(259)	(265)	(962)	(1,020)	(1,071)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	8,013	7,138	4,097	5,224	5,874
Non-recurring items & goodwill (net)	(1,946)	(567)	0	0	0
Recurring net profit	6,067	6,571	4,097	5,224	5,874
Per share (THB)					
Recurring EPS *	1.27	1.38	0.86	1.09	1.23
Reported EPS	1.68	1.50	0.86	1.09	1.23
DPS	0.95	0.88	0.49	0.60	0.68
Diluted shares (used to calculate per share data)	4,772	4,772	4,772	4,772	4,772
Growth					
Revenue (%)	6.5	10.3	(11.6)	6.0	5.0
Operating EBITDA (%)	(1.8)	1.9	(11.7)	11.2	6.7
Operating EBIT (%)	(4.9)	(0.5)	(20.8)	15.2	7.8
Recurring EPS (%)	(3.6)	8.3	(37.6)	27.5	12.4
Reported EPS (%)	28.3	(10.9)	(42.6)	27.5	12.4
Operating performance					
Gross margin inc. depreciation (%)	18.2	17.5	16.5	17.0	17.2
Gross margin exc. depreciation (%)	21.2	20.4	20.0	20.5	20.7
Operating EBITDA margin (%)	9.4	8.7	8.7	9.1	9.3
Operating EBIT margin (%)	6.4	5.8	5.2	5.7	5.8
Net margin (%)	4.3	4.2	3.0	3.6	3.8
Effective tax rate (%)	8.2	(12.8)	4.9	4.9	4.8
Dividend payout on recurring profit (%)	74.7	63.5	57.0	55.0	55.0
Interest cover (X)	5.1	4.0	3.7	4.6	5.0
Inventory days	139.9	146.2	155.1	132.2	132.6
Debtor days	38.3	39.7	43.2	38.7	38.9
Creditor days	66.4	63.9	70.4	66.1	66.3
Operating ROIC (%)	11.2	9.5	7.6	9.4	9.9
ROIC (%)	5.6	4.6	4.2	5.1	5.4
ROE (%)	10.9	9.4	5.2	6.5	6.9
ROA (%)	5.0	4.8	3.8	4.6	4.9
* Pre exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Ambient seafood	58,955	66,510	63,823	65,309	67,300
Frozen & chilled seafood	58,417	56,964	48,362	51,167	53,470
Pet food & others	23,675	32,113	25,310	29,268	32,262

Sources: Thai Union Group; FSSIA estimates

Financial Statements

Thai Union Group

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	6,067	6,571	4,097	5,224	5,874
Depreciation	4,184	4,484	4,784	5,034	5,284
Associates & minorities	(269)	(1,030)	141	178	237
Other non-cash items	3,892	1,134	0	0	0
Change in working capital	(9,944)	(8,270)	12,974	(2,087)	(1,897)
Cash flow from operations	3,929	2,890	21,996	8,349	9,497
Capex - maintenance	(5,850)	(6,146)	(6,000)	(5,000)	(5,000)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	(6,243)	23,560	(5,450)	3,226	119
Other investments (net)	830	(1,731)	4,876	(1,897)	(1,676)
Cash flow from investing	(11,263)	15,683	(6,574)	(3,671)	(6,557)
Dividends paid	(4,470)	(4,281)	(2,172)	(2,716)	(3,073)
Equity finance	0	0	0	0	1
Debt finance	12,626	(10,684)	(11,053)	(3,090)	(841)
Other financing cash flows	1,915	(389)	(1,240)	495	437
Cash flow from financing	10,070	(15,354)	(14,465)	(5,311)	(3,476)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	2,737	3,218	957	(633)	(536)
Free cash flow to firm (FCFF)	(5,603.61)	20,570.44	17,393.81	6,526.55	4,755.15
Free cash flow to equity (FCFE)	7,206.59	7,499.62	3,128.84	2,083.26	2,536.46

Per share (THB)	2021	2022	2023E	2024E	2025E
FCFF per share	(1.17)	4.31	3.65	1.37	1.00
FCFE per share	1.51	1.57	0.66	0.44	0.53
Recurring cash flow per share	2.91	2.34	1.89	2.19	2.39

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	57,314	60,730	67,030	72,280	77,530
Less: Accumulated depreciation	(28,957)	(30,711)	(35,795)	(41,079)	(46,613)
Tangible fixed assets (net)	28,357	30,020	31,236	31,202	30,918
Intangible fixed assets (net)	0	0	0	0	0
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	28,615	28,425	28,425	28,425	28,425
Cash & equivalents	9,023	12,241	13,198	12,565	12,030
A/C receivable	16,308	17,525	14,993	15,892	16,687
Inventories	46,636	52,622	40,891	43,084	45,130
Other current assets	2,896	5,236	4,558	4,789	4,994
Current assets	74,863	87,625	73,639	76,331	78,840
Other assets	34,769	36,500	31,624	33,521	35,197
Total assets	166,604	182,569	164,924	169,479	173,380
Common equity	59,319	80,642	77,850	83,359	86,160
Minorities etc.	2,894	7,489	6,737	7,141	7,499
Total shareholders' equity	62,213	88,131	84,588	90,500	93,659
Long term debt	46,431	48,125	37,648	34,064	33,997
Other long-term liabilities	9,878	9,489	8,250	8,745	9,182
Long-term liabilities	56,309	57,614	45,897	42,809	43,179
A/C payable	21,351	22,018	20,445	21,542	22,565
Short term debt	24,610	12,232	11,656	12,150	11,376
Other current liabilities	2,121	2,574	2,337	2,478	2,602
Current liabilities	48,081	36,824	34,439	36,170	36,542
Total liabilities and shareholders' equity	166,604	182,569	164,924	169,479	173,380
Net working capital	42,368	50,792	37,658	39,746	41,644
Invested capital	134,110	145,736	128,943	132,894	136,184

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

Per share (THB)	2021	2022	2023E	2024E	2025E
Book value per share	12.43	16.90	16.31	17.47	18.06
Tangible book value per share	12.43	16.90	16.31	17.47	18.06

Financial strength	2021	2022	2023E	2024E	2025E
Net debt/equity (%)	99.7	54.6	42.7	37.2	35.6
Net debt/total assets (%)	37.2	26.4	21.9	19.9	19.2
Current ratio (x)	1.6	2.4	2.1	2.1	2.2
CF interest cover (x)	5.2	4.8	2.6	2.1	2.4

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	10.8	9.9	16.0	12.5	11.1
Recurring P/E @ target price (x) *	14.2	13.1	21.0	16.4	14.6
Reported P/E (x)	8.2	9.2	16.0	12.5	11.1
Dividend yield (%)	6.9	6.4	3.6	4.4	4.9
Price/book (x)	1.1	0.8	0.8	0.8	0.8
Price/tangible book (x)	1.1	0.8	0.8	0.8	0.8
EV/EBITDA (x) **	9.8	9.0	9.1	8.0	7.5
EV/EBITDA @ target price (x) **	11.4	10.5	10.8	9.5	9.0
EV/invested capital (x)	1.0	0.8	0.8	0.8	0.8

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

Sources: Thai Union Group; FSSIA estimates

Thai Union Group PCL (TU TB)

FSSIA ESG rating

★★★★

68.12 /100

Exhibit 8: 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 9: ESG – peer comparison

	FSSIA ESG score	Domestic ratings					Global ratings						Bloomberg		
		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 10: ESG score by Bloomberg

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
ESG financial materiality scores - ESG score	2.37	2.62	2.56	2.86	2.84	3.00	3.01	2.99
BESG environmental pillar score	2.52	2.49	2.51	3.33	3.36	3.58	3.54	—
BESG social pillar score	0.95	1.32	1.28	1.41	1.36	1.53	1.53	—
BESG governance pillar score	3.94	4.42	4.21	3.95	3.89	3.93	4.02	—
ESG disclosure score	50.93	56.98	56.98	60.30	60.75	63.74	64.21	—
Environmental disclosure score	38.75	44.64	44.64	48.32	48.66	48.66	50.08	—
Social disclosure score	35.34	42.59	42.59	42.59	43.62	52.60	52.60	—
Governance disclosure score	78.60	83.59	83.59	89.86	89.86	89.86	89.86	—
Environmental								
Emissions reduction initiatives	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
Climate change policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Climate change opportunities discussed	No	No	No	No	No	No	No	No
Risks of climate change discussed	No	No	No	No	Yes	Yes	Yes	Yes
GHG scope 1	385	423	367	370	337	311	323	—
GHG scope 2 location-based	161	176	179	170	173	183	188	—
GHG Scope 3	—	—	—	—	—	—	3,786	—
Carbon per unit of production	1	1	1	1	1	1	1	—
Biodiversity policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Energy efficiency policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
Total energy consumption	1,129	1,328	1,251	1,196	1,097	1,181	1,209	—
Renewable energy use	25	54	48	40	53	75	122	—
Electricity used	310	360	369	350	354	379	384	—
Fuel used - natural gas	4,142	8,254	7,918	7,030	3,052	7,182	8,309	—

Sources: Bloomberg; FSSIA's compilation

Exhibit 11: ESG score by Bloomberg (cont.)

FY ending Dec 31	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Fuel used - crude oil/diesel	No	No	No	No	No	No	No	No
Waste reduction policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Hazardous waste	—	0	0	1	1	1	3	—
Total waste	—	41	27	57	45	84	66	—
Waste recycled	—	—	—	27	26	51	32	—
Waste sent to landfills	—	41	27	22	14	14	14	—
Environmental supply chain management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Water consumption	—	—	—	—	—	—	—	—
Social								
Human rights policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Policy against child labor	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Quality assurance and recall policy	No	No	No	No	Yes	Yes	Yes	Yes
Consumer data protection policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Equal opportunity policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Gender pay gap breakout	No	No	No	No	No	Yes	Yes	No
Pct women in workforce	—	—	—	—	—	—	—	65
Pct disabled in workforce	—	—	—	—	—	—	—	—
Business ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Anti-bribery ethics policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Health and safety policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Lost time incident rate - employees	1	1	1	1	0	0	0	—
Total recordable incident rate - employees	—	—	—	—	—	1	1	—
Training policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fair remuneration policy	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Number of employees – CSR	39,864	49,177	51,143	47,314	44,551	44,101	44,705	44,705
Employee turnover pct	15	14	15	13	16	17	13	—
Total hours spent by firm - employee training	305,452	885,186	767,145	264,958	209,390	260,196	299,524	168,216
Social supply chain management	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Governance								
Board size	12	12	12	12	12	12	12	11
No. of independent directors (ID)	4	4	4	4	4	4	5	5
No. of women on board	0	0	0	0	0	0	2	2
No. of non-executive directors on board	6	6	6	6	6	6	6	6
Company conducts board evaluations	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
No. of board meetings for the year	8	8	6	5	6	7	5	8
Board meeting attendance pct	90	94	89	85	90	92	95	92
Board duration (years)	3	3	3	3	3	3	3	3
Director share ownership guidelines	No	No	No	No	No	No	No	No
Age of the youngest director	41	42	42	43	44	45	46	47
Age of the oldest director	81	82	83	84	85	86	87	80
No. of executives / company managers	10	10	12	11	12	12	11	11
No. of female executives	1	1	1	1	1	1	0	0
Executive share ownership guidelines	No	No	No	No	No	No	No	No
Size of audit committee	3	3	3	3	3	3	3	3
No. of ID on audit committee	3	3	3	3	3	3	3	3
Audit committee meetings	23	23	21	14	21	12	5	13
Audit meeting attendance %	—	97	89	93	97	94	100	97
Size of compensation committee	2	2	2	2	2	2	2	2
No. of ID on compensation committee	2	2	2	2	2	2	2	2
No. of compensation committee meetings	4	3	2	2	2	2	4	3
Compensation meeting attendance %	100	100	100	100	100	100	100	100
Size of nomination committee	2	2	2	2	2	2	2	2
No. of nomination committee meetings	4	3	2	2	2	2	4	3
Nomination meeting attendance %	100	100	100	100	100	100	100	100
Sustainability governance								
Verification type	No	No	No	Yes	Yes	Yes	Yes	Yes

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%). <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 Sustainability	The Sustainability's 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 border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+									
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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 border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <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> </tbody> </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
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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

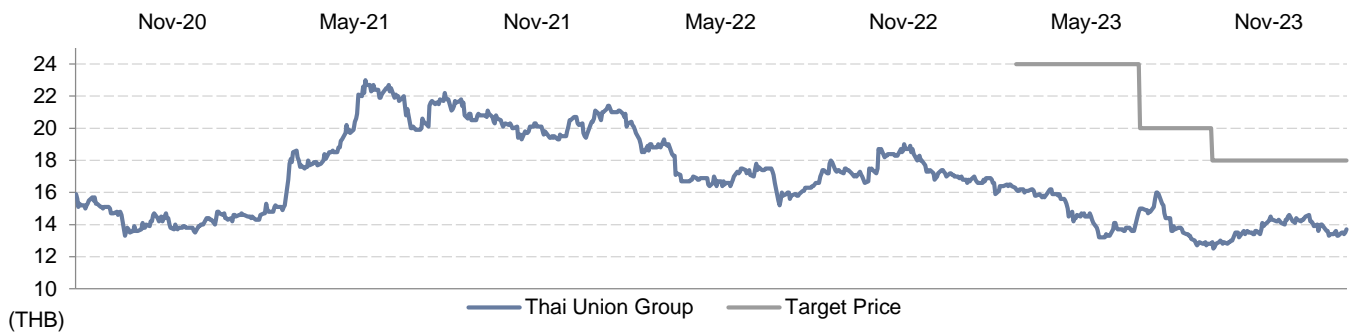
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History of change in investment rating and/or target price

Thai Union Group (TU TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
23-Jan-2023	BUY	24.00	09-May-2023	BUY	20.00	10-Jul-2023	BUY	18.00

Sureeporn Teewasuwet started covering this stock from 23-Jan-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Thai Union Group	TU TB	THB 13.70	BUY	Downside risks to our SoTP-based TP include 1) a stronger-than-expected THB against the USD; 2) the high volatility of raw material prices; 3) labour shortages; and 4) tariff and non-tariff barriers in international trade.

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 03-Nov-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.