

# SAPPE SAPPE TB

THAILAND / FOOD & BEVERAGE

**BUY**  
UNCHANGED

## 3Q23 results at first glance

TARGET PRICE	THB96.50
CLOSE	THB76.25
UP/DOWNSIDE	+26.6%
TP vs CONSENSUS	-8.7%

### 3Q23 profit hit this year's peak as expected

#### Highlights

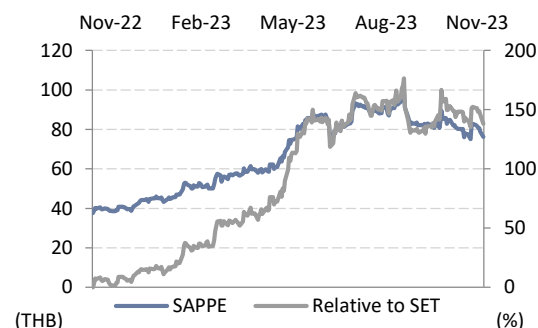
- SAPPE reported a 3Q23 net profit of THB319m (+2.2% q-q, +79% y-y). Excluding an FX loss of THB5.6m, the normalized earnings equaled THB325m (-1.3% q-q, +60% y-y), in line with our estimate and the consensus forecast. It was unexciting since it did not hit another record high.
- Total revenue (+0.6% q-q, +30% y-y) hit a new high. Since export sales were high in 2Q23, they only increased by 0.1% q-q in 3Q23 due to growth in Europe and the Middle East. However, it jumped by 36% y-y due to an increase in all countries. Also, domestic sales recovered 3% q-q and 8.8% y-y. As a result, 9M23 total revenue soared by 37% y-y, in line with the target.
- The gross margin was up to 46.2% from 44.5% in 2Q23 and 40.9% in 3Q22 to hit its seven-year peak due to a consistently high utilization rate of about 80% and lower packaging costs.
- SG&A expenses surged 11% q-q and y-y due to higher marketing expenses (especially in export markets) after modest spending in 1H23. As a result, the SG&A-to-sales ratio stood at 23.4%, up from 21.3% in 2Q23 but down from 27.5% in 3Q22 due to lower freights.
- The loss contribution from associates decreased to THB9m from THB11.4m in 2Q23. It was from a loss contribution of three associates, including Danone Sappe, Wope, and M-intel.

#### Outlook

- SAPPE's reported 9M23 net profit equaled THB906m (+82% y-y), securing 76% of our full-year estimate. In 4Q23, the profit should weaken q-q in line with seasonality but should record continued y-y growth. Initially, we expect it at THB250-280m.
- We maintain our 2023-2024E net profit of THB1,191m (+82% y-y) and THB1,331m (+11.7% y-y). Also, we retain our TP of THB96.5 (PE 25x, maintained).
- Currently, SAPPE lacks a short-term catalyst since it has passed its high season. In 1Q24, the q-q profit growth should resume. Also, we expect profit growth acceleration in 2Q24 after SAPPE enters its high season. Also, it would realize additional capacity from one new production line. It is installing machinery and should complete the line in late 1Q24.

#### KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	4,566	6,281	6,998	7,750
Net profit	653	1,191	1,331	1,475
EPS (THB)	2.12	3.86	4.31	4.78
vs Consensus (%)	-	5.2	1.7	(1.9)
EBITDA	1,018	1,665	1,870	2,067
Recurring net profit	666	1,191	1,331	1,475
Core EPS (THB)	2.16	3.86	4.31	4.78
EPS growth (%)	59.5	78.9	11.7	10.9
Core P/E (x)	35.3	19.8	17.7	15.9
Dividend yield (%)	2.2	3.8	4.2	4.7
EV/EBITDA (x)	21.2	13.3	11.9	10.7
Price/book (x)	7.2	6.6	6.0	5.5
Net debt/Equity (%)	(60.9)	(39.8)	(34.6)	(36.5)
ROE (%)	21.6	34.9	35.7	36.2



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(10.0)	(16.4)	98.1
Relative to country (%)	(5.9)	(7.5)	133.8
Mkt cap (USD m)	653		
3m avg. daily turnover (USD m)	2.7		
Free float (%)	25		
Major shareholder	Ruckariyapong Family (68%)		
12m high/low (THB)	100.00/37.00		
Issued shares (m)	308.29		

Sources: Bloomberg consensus; FSSIA estimates



**Sureeporn Teewasuwet**

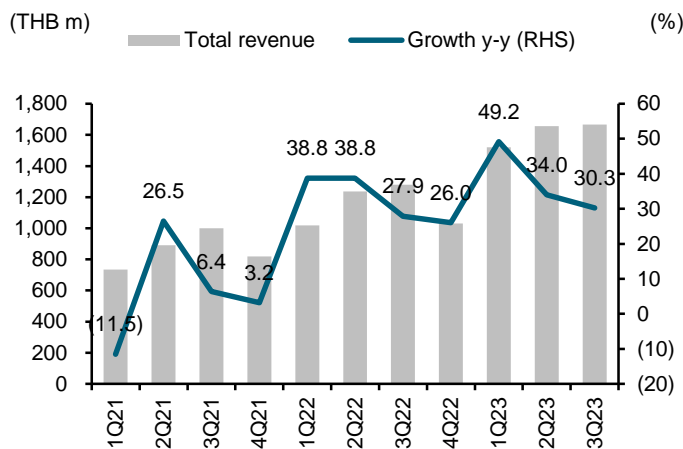
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**Exhibit 1: 3Q23 results summary**

	3Q22	4Q22	1Q23	2Q23	3Q23	----- Change -----		9M22	9M23	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Sales	1,279	1,032	1,520	1,657	1,667	0.6	30.3	3,535	4,844	37.0
Cost of sales	756	612	864	920	897	(2.5)	18.7	2,091	2,681	28.2
Gross profit	524	420	656	737	770	4.4	46.9	1,444	2,163	49.8
SG&A	352	284	354	352	389	10.5	10.7	1,082	1,096	1.3
Operating profit	249	171	337	421	412	(2.0)	65.3	660	1,170	77.3
Other income	77	35	35	36	32	(10.1)	(58.3)	298	103	(65.5)
Interest expense	0.53	0.62	0.71	0.64	0.60	(5.6)	13.6	2	2	16.7
Tax expense	45	40	67	81	83	2.3	86.4	122	232	90.5
Profit (loss) sharing	(0)	(1)	(1)	(11)	(9)	nm	nm	1	(21)	nm
Reported net profit	178	154	275	312	319	2.2	79.1	499	906	81.7
Core profit	204	131	280	329	325	(1.3)	59.6	534	934	74.8
<b>Key ratios (%)</b>						<b>(ppt)</b>	<b>(ppt)</b>			
Gross margin	40.9	40.7	43.2	44.5	46.2	1.7	5.2	40.9	44.7	3.8
SG&A to sales	27.5	27.5	23.3	21.3	23.4	2.1	(4.1)	30.6	22.6	(8.0)
Operating margin	19.5	16.6	22.1	25.4	24.7	(0.7)	5.2	18.7	24.2	5.5
Net margin	13.9	15.0	18.1	18.8	19.1	0.3	5.2	14.1	18.7	4.6
Core margin	15.9	12.7	18.4	19.9	19.5	(0.4)	3.6	15.1	19.3	4.2
<b>Operating statistics (THB m)</b>										
Domestic revenue	268	267	295	283	291	3.1	8.8	780	869	11.4
Overseas revenue	1,012	765	1,226	1,374	1,375	0.1	36.0	2,755	3,975	44.3

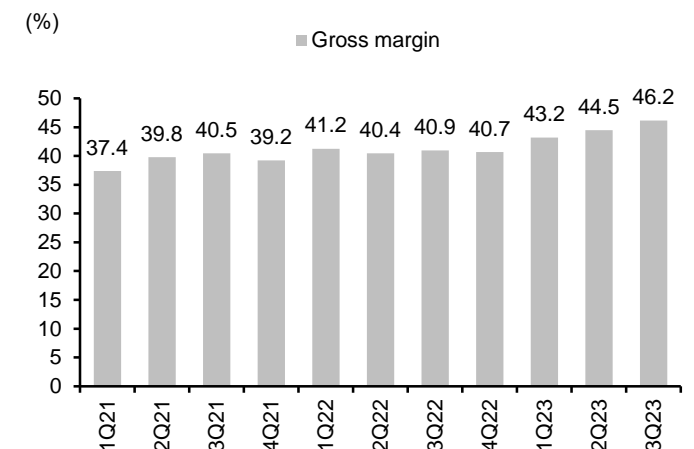
Sources: SAPPE; FSSIA's compilation

**Exhibit 2: Quarterly total revenue and growth**



Sources: SAPPE; FSSIA's compilation

**Exhibit 3: Quarterly gross margin**



Sources: SAPPE; FSSIA's compilation

## Financial Statements

### Sappe

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	3,444	4,566	6,281	6,998	7,750
Cost of goods sold	(2,089)	(2,703)	(3,549)	(3,954)	(4,379)
<b>Gross profit</b>	<b>1,355</b>	<b>1,863</b>	<b>2,732</b>	<b>3,044</b>	<b>3,371</b>
Other operating income	269	333	88	98	109
Operating costs	(1,078)	(1,366)	(1,382)	(1,540)	(1,705)
<b>Operating EBITDA</b>	<b>743</b>	<b>1,018</b>	<b>1,665</b>	<b>1,870</b>	<b>2,067</b>
Depreciation	(198)	(187)	(227)	(267)	(292)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>546</b>	<b>830</b>	<b>1,438</b>	<b>1,603</b>	<b>1,775</b>
Net financing costs	(3)	(2)	(3)	(3)	(2)
Associates	(20)	0	(2)	3	3
Recurring non-operating income	(20)	0	(2)	3	3
Non-recurring items	(7)	(12)	0	0	0
<b>Profit before tax</b>	<b>516</b>	<b>816</b>	<b>1,433</b>	<b>1,602</b>	<b>1,776</b>
Tax	(106)	(162)	(287)	(320)	(355)
<b>Profit after tax</b>	<b>410</b>	<b>654</b>	<b>1,147</b>	<b>1,282</b>	<b>1,421</b>
Minority interests	1	(1)	44	49	54
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>411</b>	<b>653</b>	<b>1,191</b>	<b>1,331</b>	<b>1,475</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>7</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>417</b>	<b>666</b>	<b>1,191</b>	<b>1,331</b>	<b>1,475</b>
<b>Per share (THB)</b>					
Recurring EPS *	1.35	2.16	3.86	4.31	4.78
Reported EPS	1.34	2.12	3.86	4.31	4.78
DPS	1.10	1.65	2.90	3.24	3.59
Diluted shares (used to calculate per share data)	308	308	308	308	308
<b>Growth</b>					
Revenue (%)	5.4	32.6	37.5	11.4	10.7
Operating EBITDA (%)	5.3	36.9	63.7	12.3	10.5
Operating EBIT (%)	8.3	52.2	73.2	11.4	10.7
Recurring EPS (%)	8.9	59.5	78.9	11.7	10.9
Reported EPS (%)	7.5	57.8	82.3	11.7	10.9
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	39.3	40.8	43.5	43.5	43.5
Gross margin exc. depreciation (%)	45.1	44.9	47.1	47.3	47.3
Operating EBITDA margin (%)	21.6	22.3	26.5	26.7	26.7
Operating EBIT margin (%)	15.8	18.2	22.9	22.9	22.9
Net margin (%)	12.1	14.6	19.0	19.0	19.0
Effective tax rate (%)	20.5	19.8	20.0	20.0	20.0
Dividend payout on recurring profit (%)	81.3	76.5	75.0	75.0	75.0
Interest cover (X)	208.9	363.6	574.4	501.6	889.0
Inventory days	49.4	53.3	45.8	38.0	35.7
Debtor days	41.1	26.6	31.9	40.2	38.1
Creditor days	38.5	29.8	31.3	35.6	35.7
Operating ROIC (%)	38.4	63.7	79.1	61.6	60.1
ROIC (%)	30.3	48.3	63.2	52.2	51.7
ROE (%)	14.7	21.6	34.9	35.7	36.2
ROA (%)	11.2	15.9	24.3	25.0	25.3
* Pre exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Domestic revenue	1,210	1,055	1,143	1,261	1,395
Overseas revenue	2,234	3,511	5,137	5,737	6,355

Sources: Sappe; FSSIA estimates

## Financial Statements

### Sappe

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	417	666	1,191	1,331	1,475
Depreciation	198	187	227	267	292
Associates & minorities	20	0	2	(3)	(3)
Other non-cash items	(1)	1	26	12	13
Change in working capital	96	191	(341)	145	4
<b>Cash flow from operations</b>	<b>731</b>	<b>1,045</b>	<b>1,105</b>	<b>1,752</b>	<b>1,781</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(140)	(302)	(797)	(820)	(455)
Net acquisitions & disposals	7	6	0	0	0
Other investments (net)	(163)	(41)	(47)	(7)	(8)
<b>Cash flow from investing</b>	<b>(296)</b>	<b>(338)</b>	<b>(844)</b>	<b>(827)</b>	<b>(463)</b>
Dividends paid	(310)	(348)	(893)	(998)	(1,106)
Equity finance	47	63	(2)	0	0
Debt finance	(34)	0	28	(8)	3
Other financing cash flows	7	25	(38)	4	4
<b>Cash flow from financing</b>	<b>(291)</b>	<b>(259)</b>	<b>(905)</b>	<b>(1,003)</b>	<b>(1,099)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	70	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>(73)</b>	<b>70</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>144</b>	<b>375</b>	<b>(574)</b>	<b>(78)</b>	<b>219</b>
Free cash flow to firm (FCFF)	437.25	709.65	263.35	927.95	1,320.84
Free cash flow to equity (FCFE)	407.22	659.24	321.50	919.99	1,325.60

#### Per share (THB)

FCFF per share	1.42	2.30	0.85	3.01	4.28
FCFE per share	1.32	2.14	1.04	2.98	4.30
Recurring cash flow per share	2.07	2.77	4.69	5.21	5.76

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	2,268	2,530	3,330	4,130	4,630
Less: Accumulated depreciation	(1,262)	(1,398)	(1,625)	(1,892)	(2,184)
<b>Tangible fixed assets (net)</b>	<b>1,006</b>	<b>1,132</b>	<b>1,705</b>	<b>2,238</b>	<b>2,445</b>
<b>Intangible fixed assets (net)</b>	<b>134</b>	<b>128</b>	<b>128</b>	<b>128</b>	<b>128</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	156	186	184	186	189
Cash & equivalents	1,754	2,129	1,555	1,477	1,696
A/C receivable	430	459	839	852	889
Inventories	291	444	389	379	420
Other current assets	50	47	38	35	39
<b>Current assets</b>	<b>2,524</b>	<b>3,079</b>	<b>2,821</b>	<b>2,743</b>	<b>3,044</b>
Other assets	29	36	63	70	78
<b>Total assets</b>	<b>3,848</b>	<b>4,561</b>	<b>4,900</b>	<b>5,365</b>	<b>5,884</b>
Common equity	2,906	3,258	3,556	3,889	4,258
Minorities etc.	101	102	128	140	153
<b>Total shareholders' equity</b>	<b>3,006</b>	<b>3,360</b>	<b>3,684</b>	<b>4,029</b>	<b>4,411</b>
Long term debt	52	61	56	48	51
Other long-term liabilities	45	70	31	35	39
<b>Long-term liabilities</b>	<b>96</b>	<b>130</b>	<b>88</b>	<b>83</b>	<b>90</b>
A/C payable	181	230	340	379	420
Short term debt	21	21	34	34	34
Other current liabilities	543	820	754	840	930
<b>Current liabilities</b>	<b>745</b>	<b>1,071</b>	<b>1,128</b>	<b>1,253</b>	<b>1,384</b>
<b>Total liabilities and shareholders' equity</b>	<b>3,848</b>	<b>4,561</b>	<b>4,900</b>	<b>5,365</b>	<b>5,884</b>
Net working capital	46	(99)	172	47	(2)
Invested capital	1,371	1,383	2,251	2,669	2,838

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

#### Per share (THB)

Book value per share	9.49	10.56	11.53	12.61	13.80
Tangible book value per share	9.05	10.15	11.11	12.19	13.39

#### Financial strength

Net debt/equity (%)	(55.9)	(60.9)	(39.8)	(34.6)	(36.5)
Net debt/total assets (%)	(43.7)	(44.9)	(29.9)	(26.0)	(27.4)
Current ratio (x)	3.4	2.9	2.5	2.2	2.2
CF interest cover (x)	218.4	421.9	448.5	544.7	891.3

Valuation	2021	2022	2023E	2024E	2025E
<b>Recurring P/E (x) *</b>	<b>56.4</b>	<b>35.3</b>	<b>19.8</b>	<b>17.7</b>	<b>15.9</b>
<b>Recurring P/E @ target price (x) *</b>	<b>71.3</b>	<b>44.7</b>	<b>25.0</b>	<b>22.4</b>	<b>20.2</b>
Reported P/E (x)	56.8	36.0	19.8	17.7	15.9
Dividend yield (%)	1.4	2.2	3.8	4.2	4.7
Price/book (x)	8.0	7.2	6.6	6.0	5.5
Price/tangible book (x)	8.4	7.5	6.9	6.3	5.7
EV/EBITDA (x) **	29.3	21.2	13.3	11.9	10.7
EV/EBITDA @ target price (x) **	37.6	27.3	17.1	15.2	13.7
EV/invested capital (x)	15.9	15.6	9.9	8.3	7.8

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

Sources: Sappe; FSSIA estimates

# SAPPE PCL (SAPPE TB)

**FSSIA ESG rating**

**35.25 /100**
**Exhibit 4: 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	<b>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.</b>
★	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.

Source: FSSIA estimates

**Exhibit 5: 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
CBG	51.54	--	Y	Y	4.00	4.00	Declared	High	59.58	B	--	33.28	56.00	2.12	--
SAPPE	35.25	--	Y	Y	4.00	5.00	Certified	Medium	--	--	--	--	--	--	--
OSP	61.48	--	Y	Y	5.00	4.00	Declared	Medium	68.64	BBB	--	63.08	51.00	3.00	63.65
TACC	15.00	--	--	--	5.00	5.00	--	--	--	--	--	--	--	--	--
ICHI	43.67	--	Y	Y	5.00	5.00	Certified	High	61.36	--	--	--	18.00	--	--

Sources: [SETTRADE.com](http://SETTRADE.com); FSSIA's compilation
**Exhibit 6: ESG disclosure from the company's one report**

FY ending Dec 31	FY 2022	FY ending Dec 31	FY 2022
<b>Environmental</b>		<b>Governance</b>	
Climate change policy	Yes	<b>Board size / Independent directors (ID) / Female</b>	<b>10 / 5 / 3</b>
Climate change opportunities discussed	--	No. of board meetings for the year / % attendance	8 / 96.75%
GHG scope 2 location-based policy	Yes	Company conducts board evaluations	Yes
Biodiversity policy	--	Number of non-executive directors on board	6
Energy efficiency policy	Yes	Director share ownership guidelines	No
Electricity used	Yes	Board age limit	No
Fuel used - crude oil/diesel	--	Age of the youngest / oldest director	44 / 79
Waste reduction policy	Yes	Number of executives / female	5 / 2
Water policy	Yes	Executive share ownership guidelines	No
Water consumption	--	<b>Size of audit committee / ID</b>	<b>4 / 4</b>
<b>Social</b>		Audit committee meetings	4
Human rights policy	Yes	Audit committee meeting attendance (%)	100
Policy against child labor	Yes	<b>Size of compensation committee</b>	--
Quality assurance and recall policy	Yes	Number of compensation committee meetings	--
Consumer data protection policy	Yes	Compensation committee meeting attendance (%)	--
Equal opportunity policy	Yes	<b>Size of nomination committee / ID</b>	--
Gender pay gap breakout	--	Number of nomination committee meetings	--
Pct women in workforce	55	Nomination committee meeting attendance (%)	--
Business ethics policy	Yes	Board compensation (THB m)	4.1
Anti-bribery ethics policy	Yes	Auditor fee (THB m)	3.13
Health and safety policy	Yes	(P&L Corporation Co., Ltd.)	
Lost time incident rate - employees	--		
Training policy	Yes		
Fair remuneration policy	Yes		
Number of employees - CSR	--		
Total hours spent by firm - employee training	--		
Social supply chain management	--		

Source: 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 <b>THSI inclusion</b> , 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. <b>SETTHSI Index</b> 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.																			
<b>CG Score</b> 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%).																			
<b>AGM level</b> 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&amp;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.																			
<b>Thai CAC</b> 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.																			
<b>Morningstar Sustainalytics</b>	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality &amp; 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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<b>ESG Book</b>	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.																			
<b>MSCI</b>	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><b>AAA</b></td> <td>8.571-10.000</td> <td rowspan="3"><b>Leader:</b></td> <td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td><b>AA</b></td> <td>7.143-8.570</td> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td rowspan="3"><b>Average:</b></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><b>BB</b></td> <td>2.857-4.285</td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</td> </tr> <tr> <td><b>CCC</b></td> <td>0.000-1.428</td> <td><b>Laggard:</b></td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570	<b>A</b>	5.714-7.142	<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285	<b>B</b>	1.429-2.856	<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks
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<b>Moody's ESG solutions</b>	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.																				
<b>Refinitiv ESG rating</b>	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; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																				
<b>S&amp;P Global</b>	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.																				
<b>Bloomberg</b>	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.																			

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"; 2) "AGM Level"; 3) "Thai CAC"; and 4) THSI. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

## GENERAL DISCLAIMER

**ANALYST(S) CERTIFICATION**

**Sureeporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd**

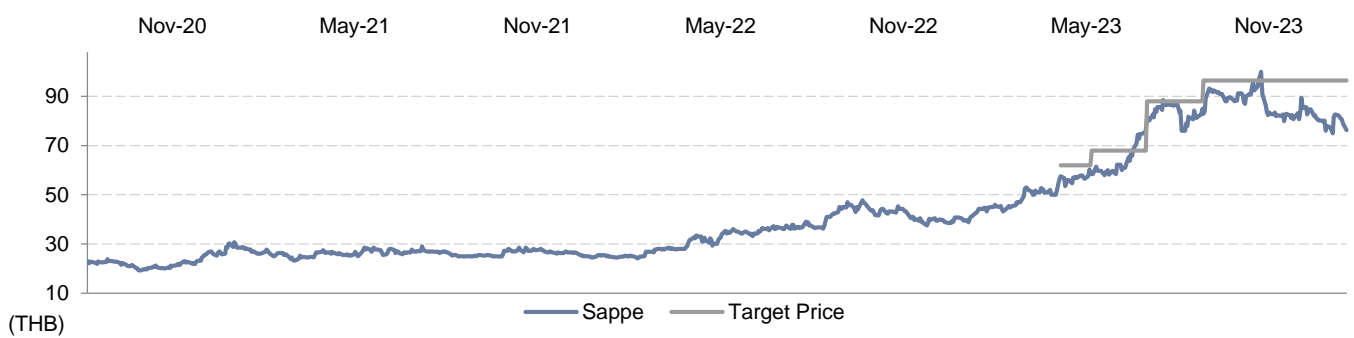
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**History of change in investment rating and/or target price**

**Sappe (SAPPE TB)**



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
09-Mar-2023	BUY	62.00	23-May-2023	BUY	88.00	-	-	-
05-Apr-2023	BUY	68.00	11-Jul-2023	BUY	96.50	-	-	-

Sureeporn Teewasuwet started covering this stock from 09-Mar-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Sappe	SAPPE TB	THB 76.25	BUY	Downside risks to our P/E-based TP include 1) a slower-than-expected recovery in consumption; 2) high volatility in packaging costs; 3) a stronger-than-expected THB; and 4) increased competition and government policy changes such as excise taxes for sugary drinks.

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 Finasia Syrus Securities Public Company Limited.

All share prices are as at market close on 13-Nov-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.