

THAI FOODS GROUP TFG TB

THAILAND / FOOD & BEVERAGE

HOLD

UNCHANGED

3Q23 results at first glance

TARGET PRICE THB5.20
 CLOSE THB3.26
 UP/DOWNSIDE +59.5%
 TP vs CONSENSUS +28.3%

3Q23 turned into a loss as retail failed to resist

Highlights

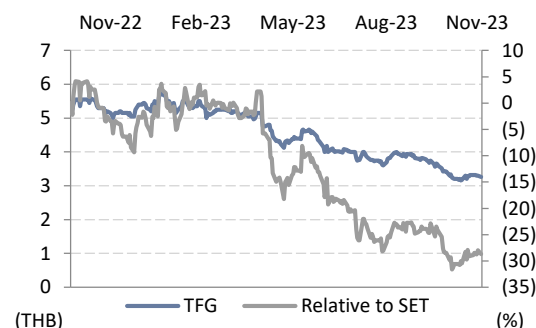
- TFG reported a 3Q23 net loss of THB446m from a net profit of THB69m in 2Q23 and THB1,734m in 3Q22. Excluding several extra items, such as Bio loss of THB258m, FX gain of THB98m, and others, it posted a core loss of THB268m from its core profit of THB229m in 2Q23 and THB1,840m in 3Q23.
- Total revenue increased by 3.8% q-q but decreased 2.8% y-y due mainly to its chicken and pig units after selling prices plunged. In particular, the average selling price of chickens dropped by 8% q-q and 17% y-y, and pigs by 15% q-q and 43% y-y. Meanwhile, pet food was steady. Only retail sales growth (+18% q-q, +98% y-y) remained strong due to store expansion and high revenue per branch. As a result, retail sales exposure was up to 33% of total revenue from 29% in 2Q23 and 16.2% in 3Q22.
- The gross margin plummeted to 4.4% from 9.5% in 2Q23 and 21.2% in 3Q22, its eight-quarter low. Although the retail sale mix increased, upstream pig and chicken units likely suffered a gross loss due to meat price plunges, while raw material prices decreased at a lower rate.
- Despite cost controls, the current gross margin is insufficient to cover all expenses, with the SG&A-to-sales ratio of 5.6%, down from 6.3% in 2Q23, higher than the gross margin.

Outlook

- TFG's reported 9M23 net profit was modest at THB48m, significantly down from THB3,591m in 9M22. Initially, we expect a continued loss in 4Q23 due to a stubbornly slow meat price recovery. However, it should be smaller than 3Q23 due to lower raw material prices.
- We retain our HOLD rating on TFG while putting our profit forecast and TP under review to wait for a meat price recovery. When it happens, it will offer an opportunity for a reentry.

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	52,323	47,277	49,044	51,299
Net profit	4,724	2,676	2,966	3,252
EPS (THB)	0.81	0.43	0.48	0.53
vs Consensus (%)	-	104.8	34.1	(1.9)
EBITDA	10,419	7,647	8,149	8,609
Recurring net profit	4,724	2,676	2,966	3,252
Core EPS (THB)	0.81	0.43	0.48	0.53
EPS growth (%)	713.3	(46.5)	10.8	9.7
Core P/E (x)	4.0	7.5	6.8	6.2
Dividend yield (%)	12.3	6.7	7.4	8.1
EV/EBITDA (x)	4.1	5.0	4.5	4.1
Price/book (x)	1.2	1.2	1.1	1.0
Net debt/Equity (%)	150.8	103.4	88.7	72.9
ROE (%)	34.8	16.3	16.5	16.7



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(4.7)	(12.8)	(40.2)
Relative to country (%)	(0.3)	(3.5)	(29.4)
Mkt cap (USD m)	512		
3m avg. daily turnover (USD m)	0.3		
Free float (%)	16		
Major shareholder	New Star Victor Co Ltd (28%)		
12m high/low (THB)	5.80/3.08		
Issued shares (m)	5,654.06		

Sources: Bloomberg consensus; FSSIA estimates



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Exhibit 1: 3Q23 results summary

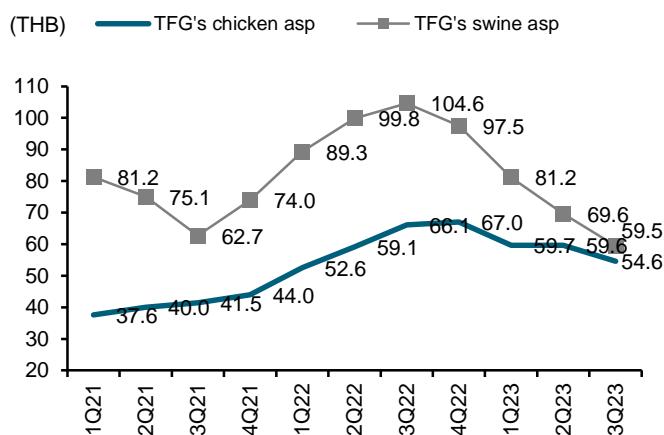
	3Q22	4Q22	1Q23	2Q23	3Q23	Change		9M22	9M23	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Sales	14,490	15,111	13,677	13,562	14,081	3.8	(2.8)	37,213	41,320	11.0
Cost of sales	11,420	12,562	11,925	12,276	13,457	9.6	17.8	29,805	37,658	26.3
Gross profit	3,070	2,548	1,751	1,286	624	(51.5)	(79.7)	7,408	3,662	(50.6)
SG&A	770	892	861	853	782	(8.4)	1.5	2,351	2,496	6.2
Operating profit	2,300	1,656	890	434	(157)	nm	nm	5,057	1,166	(76.9)
Interest expense	221	281	286	335	322	(4.0)	45.5	564	943	67.2
Tax expense	325	62	223	(18)	(112)	nm	nm	783	93	(88.2)
Other gain (loss)	(106)	(266)	(86)	(160)	(178)	nm	nm	(391)	(424)	nm
Reported net profit	1,734	1,131	425	69	(446)	nm	nm	3,591	48	(98.7)
Core profit	1,840	1,397	511	229	(268)	nm	nm	3,982	472	(88.1)

Key ratios (%)						(ppt)	(ppt)			
Gross margin	21.2	16.9	12.8	9.5	4.4	(5.1)	(16.8)	19.9	8.9	(11.0)
SG&A to sales	5.3	5.9	6.3	6.3	5.6	(0.7)	0.2	6.3	6.0	(0.3)
Operating margin	15.9	11.0	6.5	3.2	(1.1)	(4.3)	(17.0)	13.6	2.8	(10.8)
Net margin	12.0	7.5	3.1	0.5	(3.2)	(3.7)	(15.1)	9.6	0.1	(9.5)
Core margin	12.7	9.2	3.7	1.7	(1.9)	(3.6)	(14.6)	10.7	1.1	(9.6)

Operating statistics (THB/kg)										
Domestic chicken price - TFG	66.1	67.0	59.7	59.6	54.6	(8.4)	(17.4)	59.3	58.0	(2.2)
Domestic swine price - TFG	104.6	97.5	81.2	69.6	59.5	(14.5)	(43.1)	97.9	70.1	(28.4)
Vietnam swine price (VND/kg)	62,760	52,819	50,400	55,095	57,023	3.5	(9.1)	56,985	54,173	(4.9)
Corn price	12.1	12.6	13.5	12.9	12.2	(5.1)	0.8	12.3	13.2	7.6
Soybean meal price	23.1	23.3	23.9	23.1	22.3	(3.5)	(3.5)	22.3	23.5	5.6
Poultry sales (THB m)	6,220	6,254	4,623	4,352	4,340	(0.3)	(30.2)	17,044	13,315	(21.9)
Swine sales (THB m)	3,470	3,372	3,116	2,822	2,626	(6.9)	(24.3)	9,084	8,564	(5.7)
Feed sales (THB m)	2,452	2,423	2,432	2,408	2,414	0.3	(1.6)	6,110	7,254	18.7
Retail shop sale value (THB m)	2,348	2,876	3,459	3,930	4,642	18.1	97.7	4,925	12,031	144.3

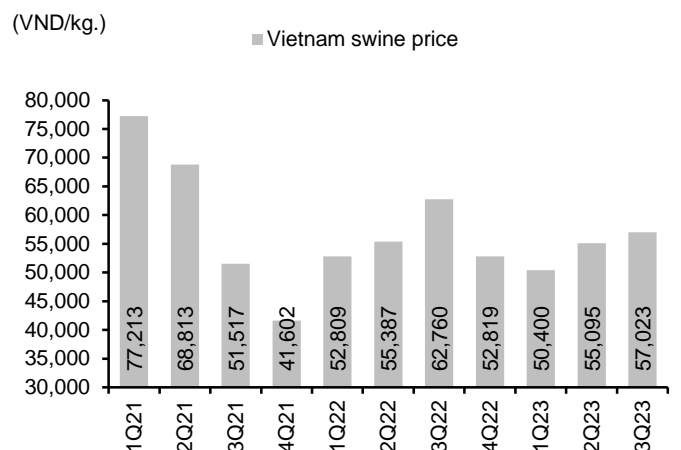
Sources: TFG; FSSIA's compilation

Exhibit 2: TFG's chicken and swine average selling price



Sources: TFG; FSSIA's compilation

Exhibit 3: Vietnam's swine price



Sources: CPF; FSSIA's compilation

Financial Statements

Thai Foods Group

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	34,823	52,323	47,277	49,044	51,299
Cost of goods sold	(31,670)	(42,367)	(40,422)	(41,786)	(43,604)
Gross profit	3,153	9,956	6,855	7,259	7,695
Other operating income	251	369	331	343	359
Operating costs	(1,927)	(3,243)	(3,026)	(3,090)	(3,232)
Operating EBITDA	3,903	10,419	7,647	8,149	8,609
Depreciation	(2,425)	(3,337)	(3,487)	(3,637)	(3,787)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	1,477	7,082	4,160	4,512	4,822
Net financing costs	(595)	(1,080)	(1,007)	(1,018)	(991)
Associates	0	(9)	0	0	1
Recurring non-operating income	216	(429)	0	0	1
Non-recurring items	0	0	0	0	0
Profit before tax	1,098	5,573	3,153	3,495	3,832
Tax	(546)	(845)	(473)	(524)	(575)
Profit after tax	552	4,728	2,680	2,970	3,257
Minority interests	10	(4)	(5)	(5)	(5)
Preferred dividends	0	0	0	0	0
Other items	-	-	0	0	0
Reported net profit	562	4,724	2,676	2,966	3,252
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	562	4,724	2,676	2,966	3,252
Per share (THB)					
Recurring EPS *	0.10	0.81	0.43	0.48	0.53
Reported EPS	0.10	0.81	0.43	0.48	0.53
DPS	0.09	0.40	0.22	0.24	0.26
Diluted shares (used to calculate per share data)	5,644	5,831	6,168	6,168	6,168
Growth					
Revenue (%)	11.1	50.3	(9.6)	3.7	4.6
Operating EBITDA (%)	(28.3)	167.0	(26.6)	6.6	5.6
Operating EBIT (%)	(55.8)	379.5	(41.3)	8.5	6.9
Recurring EPS (%)	(78.2)	713.3	(46.5)	10.8	9.7
Reported EPS (%)	(78.2)	713.3	(46.5)	10.8	9.7
Operating performance					
Gross margin inc. depreciation (%)	9.1	19.0	14.5	14.8	15.0
Gross margin exc. depreciation (%)	16.0	25.4	21.9	22.2	22.4
Operating EBITDA margin (%)	11.2	19.9	16.2	16.6	16.8
Operating EBIT margin (%)	4.2	13.5	8.8	9.2	9.4
Net margin (%)	1.6	9.0	5.7	6.0	6.3
Effective tax rate (%)	49.7	15.2	15.0	15.0	15.0
Dividend payout on recurring profit (%)	90.4	49.4	50.0	50.0	50.0
Interest cover (X)	2.8	6.2	4.1	4.4	4.9
Inventory days	51.3	55.3	61.8	53.9	53.6
Debtor days	25.1	22.2	26.1	24.5	24.5
Creditor days	43.9	38.2	45.3	43.1	42.9
Operating ROIC (%)	5.2	18.4	10.3	11.8	12.7
ROIC (%)	5.1	15.0	8.8	10.1	10.8
ROE (%)	5.0	34.8	16.3	16.5	16.7
ROA (%)	3.3	13.8	8.0	9.2	9.8
* Pre exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Poultry	16,642	23,298	19,011	19,391	19,779
Swine	9,518	12,457	10,723	10,937	11,547
Feed	6,958	8,533	8,268	8,434	8,687
Retail Shop and other	1,705	8,036	9,274	10,282	11,287

Sources: Thai Foods Group; FSSIA estimates

Financial Statements

Thai Foods Group

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	562	4,724	2,676	2,966	3,252
Depreciation	2,425	3,337	3,487	3,637	3,787
Associates & minorities	0	9	0	0	(1)
Other non-cash items	635	(184)	0	0	0
Change in working capital	(5,519)	252	1,645	(871)	(475)
Cash flow from operations	(1,896)	8,138	7,808	5,732	6,564
Capex - maintenance	(4,947)	(9,785)	(2,435)	(3,159)	(3,203)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	-	-	-	-
Cash flow from investing	(4,947)	(9,785)	(2,435)	(3,159)	(3,203)
Dividends paid	(589)	(799)	(1,338)	(1,483)	(1,626)
Equity finance	36	56	469	0	0
Debt finance	8,960	2,756	(4,746)	(1,002)	(1,873)
Other financing cash flows	(1,931)	36	(32)	(200)	0
Cash flow from financing	6,475	2,049	(5,648)	(2,685)	(3,500)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(368)	402	(274)	(113)	(139)
Free cash flow to firm (FCFF)	(6,349.87)	(801.37)	6,380.43	3,590.56	4,351.60
Free cash flow to equity (FCFE)	184.99	1,145.83	594.59	1,369.90	1,486.81

Per share (THB)	2021	2022	2023E	2024E	2025E
FCFF per share	(1.12)	(0.14)	1.13	0.64	0.77
FCFE per share	0.03	0.20	0.11	0.24	0.26
Recurring cash flow per share	0.64	1.35	1.00	1.07	1.14

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	19,682	23,182	26,182	29,182	32,182
Less: Accumulated depreciation	(3,316)	(1,879)	(5,366)	(9,003)	(12,790)
Tangible fixed assets (net)	16,366	21,302	20,815	20,178	19,391
Intangible fixed assets (net)	179	213	179	179	179
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	704	605	605	605	605
Cash & equivalents	416	818	544	431	292
A/C receivable	2,829	3,531	3,238	3,359	3,514
Inventories	4,863	6,963	5,537	5,724	5,973
Other current assets	7,001	7,452	6,146	6,376	6,669
Current assets	15,109	18,764	15,465	15,890	16,448
Other assets	3,210	4,786	4,255	4,414	4,617
Total assets	35,567	45,670	41,319	41,266	41,239
Common equity	11,556	15,568	17,343	18,626	20,252
Minorities etc.	14	18	18	18	17
Total shareholders' equity	11,570	15,587	17,361	18,643	20,269
Long term debt	8,229	11,960	8,132	7,532	6,832
Other long-term liabilities	442	462	567	589	616
Long-term liabilities	8,670	12,422	8,699	8,121	7,448
A/C payable	3,434	4,733	4,430	4,579	4,779
Short term debt	11,734	12,370	10,356	9,432	8,231
Other current liabilities	159	557	473	490	513
Current liabilities	15,326	17,661	15,259	14,502	13,523
Total liabilities and shareholders' equity	35,567	45,670	41,319	41,266	41,239
Net working capital	11,100	12,655	10,019	10,389	10,864
Invested capital	31,559	39,562	35,873	35,765	35,656

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

Per share (THB)	2021	2022	2023E	2024E	2025E
Book value per share	2.05	2.67	2.81	3.02	3.28
Tangible book value per share	2.02	2.63	2.78	2.99	3.25

Financial strength	2021	2022	2023E	2024E	2025E
Net debt/equity (%)	168.9	150.8	103.4	88.7	72.9
Net debt/total assets (%)	55.0	51.5	43.4	40.1	35.8
Current ratio (x)	1.0	1.1	1.0	1.1	1.2
CF interest cover (x)	1.3	2.1	1.6	2.3	2.5

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	32.7	4.0	7.5	6.8	6.2
Recurring P/E @ target price (x) *	52.2	6.4	12.0	10.8	9.9
Reported P/E (x)	32.7	4.0	7.5	6.8	6.2
Dividend yield (%)	2.8	12.3	6.7	7.4	8.1
Price/book (x)	1.6	1.2	1.2	1.1	1.0
Price/tangible book (x)	1.6	1.2	1.2	1.1	1.0
EV/EBITDA (x) **	9.7	4.1	5.0	4.5	4.1
EV/EBITDA @ target price (x) **	12.5	5.2	6.5	6.0	5.4
EV/invested capital (x)	1.2	1.1	1.1	1.0	1.0

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

Sources: Thai Foods Group; FSSIA estimates

THAIFOODS GROUP PCL (TFG TB)

FSSIA ESG rating

★★

33.01 /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	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.

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
M	26.38	--	--	--	4.00	4.00	Certified	Medium	--	--	--	--	17.00	--	--
NSL	12.00	--	--	--	3.00	4.00	--	--	--	--	--	--	--	--	--
RBF	34.45	--	--	--	5.00	4.00	Declared	High	51.04	--	--	30.50	--	2.34	--
SNNP	13.00	--	--	--	4.00	4.00	--	--	--	--	--	--	--	--	--
TFG	33.01	--	--	Y	4.00	5.00	Certified	High	--	--	--	42.11	--	--	--

Sources: 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
Environmental		Governance	
Climate change policy	Yes	Board size / Independent directors (ID) / Female	9 / 6 / 1
Climate change opportunities discussed	--	No. of board meetings for the year / % attendance	7 / 100%
GHG scope 2 location-based policy	Yes	Company conducts board evaluations	Yes
Biodiversity policy	Yes	Number of non-executive directors on board	6
Energy efficiency policy	Yes	Director share ownership guidelines	No
Electricity used	--	Board age limit	No
Fuel used - crude oil/diesel	--	Age of the youngest / oldest director	38 / 74
Waste reduction policy	Yes	Number of executives / female	10 / 2
Water policy	Yes	Executive share ownership guidelines	No
Water consumption	--	Size of audit committee / ID	3 / 3
Social		Audit committee meetings	5
Human rights policy	Yes	Audit committee meeting attendance (%)	100
Policy against child labor	Yes	Size of compensation committee	3 / 2
Quality assurance and recall policy	Yes	Number of compensation committee meetings	2
Consumer data protection policy	--	Compensation committee meeting attendance (%)	100
Equal opportunity policy	Yes	Size of nomination committee / ID	3 / 2
Gender pay gap breakout	--	Number of nomination committee meetings	2
Pct women in workforce	52.66	Nomination committee meeting attendance (%)	100
Business ethics policy	Yes	Board compensation (THB m)	10.68
Anti-bribery ethics policy	Yes	Auditor fee (THB m)	--
Health and safety policy	Yes	(KPMG Phoomchai Audit 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	Yes		

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 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 (50-59), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																			
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																			
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																			
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table 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.																			

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

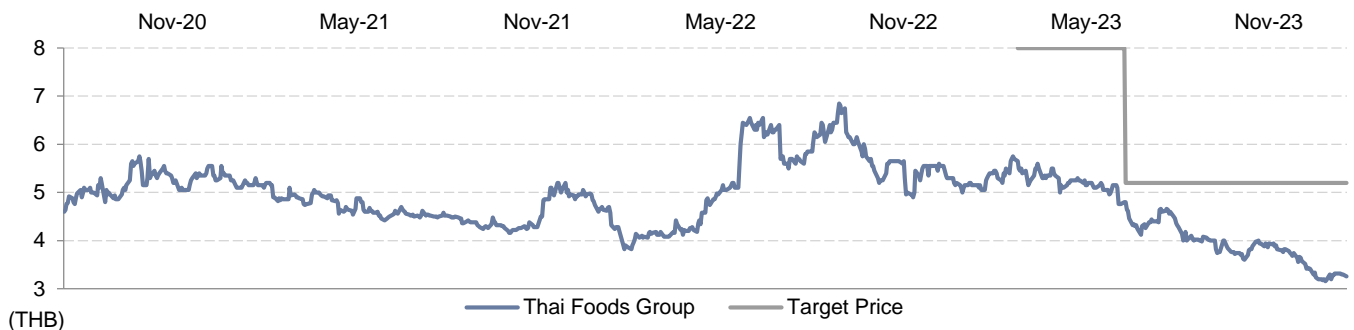
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History of change in investment rating and/or target price

Thai Foods Group (TFG TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
03-Feb-2023	BUY	8.00	08-May-2023	HOLD	5.20	-	-	-

Sureeporn Teewasuwet started covering this stock from 03-Feb-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Thai Foods Group	TFG TB	THB 3.26	HOLD	Downside and upside risks to our P/E-based TP are 1) a slower or faster-than-expected consumption recovery; 2) a potential rise or fall in meat and raw material prices; 3) a stronger or weaker-than-expected THB against USD.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited.

All share prices are as at market close on 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.