

NSL FOODS NSL TB

THAILAND / FOOD & BEVERAGE

BUY

 UNCHANGED

Key takeaways from analyst meeting

TARGET PRICE	THB24.00
CLOSE	THB19.30
UP/DOWNSIDE	+24.4%
TP vs CONSENSUS	-2.5%

Highlights

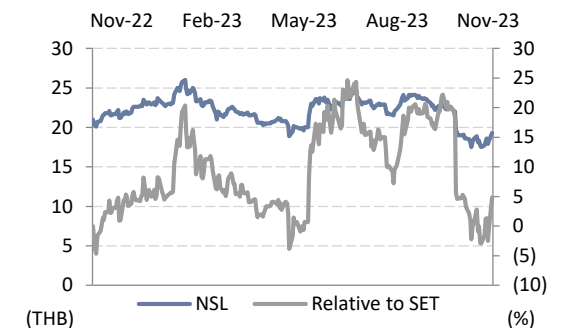
- At the opportunity day meeting on November 20, 2023, management disclosed its 2024 revenue growth target of 19%-20% y-y to cTHB5.6b, hinging on growth hope from its bakery unit (via 7-Eleven), NSL branded products, and revenue from subsidiaries, i.e., NSL Intertrade and NSL BAW.
- NSL Intertrade is preparing to export its first shipment of retort cupped desserts in early December, with an initial 2024 revenue target of over THB100m (1.8% of the 2024 revenue target).
- Management did not reveal its revenue target for NSL BAW in 2024. However, it did mention its selling strategy for BAW products via 7-Eleven, BAW shops, and other modern trade channels. In this regard, NSL views that an expected depreciation expense on its brand of THB1.8-2m p.a. for ten years has a limited impact.
- NSL is adjusting the marketing strategy of its associate Pen1. In particular, it plans to cut marketing expenses and focus more on advertising to reduce its loss.
- NSL is improving the entire factory in Chonburi to comply with halal standards, which is due for completion in 4Q23. It is one of the reasons that pressured the 3Q23 gross margin.

Outlook

- We have a neutral view of the opportunity day meeting. Although we obtained clarity on the strategy, we still need to closely monitor the development of Pen1 and BAW to see whether they will generate quick operating results as planned. Also, we need to follow up on export feedback to assess if it will succeed as planned.
- In the short run, we expect 4Q23 profit to recover q-q, in line with seasonality, and grow y-y. Our initial forecast is cTHB81m, assuming a lesser loss from Pen1 and that BAW does not post a loss.
- We retain our 2023-24E normalized earnings of THB311m (+4.5% y-y) and THB356m (+14.6% y-y), respectively, assuming that the gross margin recovers after the improvement of its factory completes and that raw material costs decrease. However, we expect an extended impact from the product mix since trading products (which NSL outsources) and items produced for Pen1 have lower margins than the company's average.
- We reaffirm our 2024 TP of THB24 (PE 20x, maintained). Since NSL has a 24% upside, we maintain our BUY call. However, should the new units suffer a larger loss than expected, it would provide a downside to our estimate.

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	4,001	4,651	5,044	5,442
Net profit	298	319	362	403
EPS (THB)	0.99	1.06	1.21	1.34
vs Consensus (%)	-	0.5	(2.0)	(2.5)
EBITDA	484	531	595	662
Recurring net profit	298	319	362	403
Core EPS (THB)	0.99	1.06	1.21	1.34
EPS growth (%)	41.5	7.2	13.6	11.2
Core P/E (x)	19.5	18.2	16.0	14.4
Dividend yield (%)	4.3	4.9	5.6	4.0
EV/EBITDA (x)	12.2	10.4	9.3	8.6
Price/book (x)	4.1	3.9	3.8	3.6
Net debt/Equity (%)	9.4	(17.8)	(17.0)	(4.0)
ROE (%)	22.4	22.2	24.1	25.5



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	1.6	(11.1)	(8.1)
Relative to country (%)	0.1	(4.8)	4.7
Mkt cap (USD m)	165		
3m avg. daily turnover (USD m)	0.7		
Free float (%)	0		
Major shareholder	Mr. Somchai Asavapiyanon (75%)		
12m high/low (THB)	26.25/17.30		
Issued shares (m)	300.00		

Sources: Bloomberg consensus; FSSIA estimates


Sureeporn Teewasuwet

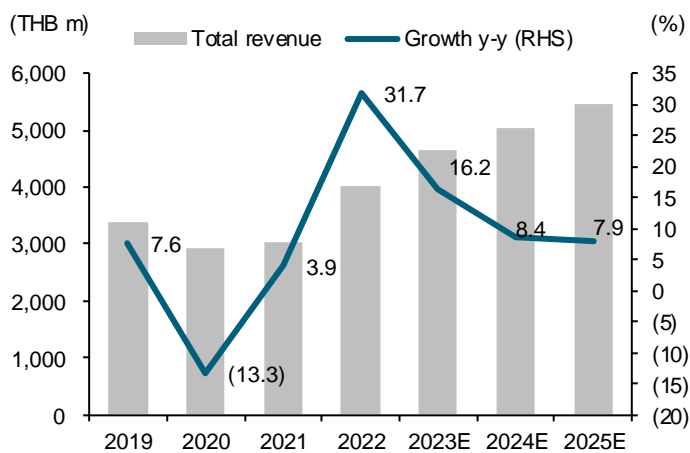
 Fundamental Investment Analyst on Securities; License no. 040694
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Exhibit 1: 4Q23 earnings preview

	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23E	Change	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Sales	932	988	1,018	1,063	1,095	1,163	1,201	1,212	3.2	17.9
Cost of sales	761	799	831	870	892	949	988	991	4.2	19.0
Gross profit	171	190	188	194	204	214	212	221	(1.0)	13.1
SG&A	87	88	97	97	107	109	117	116	7.5	20.7
Operating profit	86	104	93	100	98	108	98	106	(9.6)	5.9
Interest expense	2	3	3	3	3	3	2	3	(11.6)	(6.1)
Profit (loss) sharing	0	0	0	0	(1)	(2)	(4)	(3)	nm	nm
Tax expense	16	20	18	20	19	21	19	20	(9.8)	7.0
Reported net profit	67	81	72	78	75	83	73	81	(12.0)	1.0
Core profit	67	81	72	78	78	83	73	81	(12.0)	1.0
Key ratios (%)										
Gross margin	18.4	19.2	18.4	18.2	18.6	18.4	17.7	18.2	(0.7)	(0.8)
SG&A / Sales	9.3	8.9	9.5	9.1	9.8	9.4	9.7	9.6	0.4	0.2
Operating margin	9.2	10.5	9.1	9.4	9.0	9.3	8.2	8.8	(1.2)	(0.9)
Net margin	7.1	8.2	7.1	7.3	6.9	7.1	6.1	6.6	(1.1)	(1.0)
Core margin	7.1	8.2	7.1	7.3	7.2	7.1	6.1	6.6	(1.1)	(1.0)

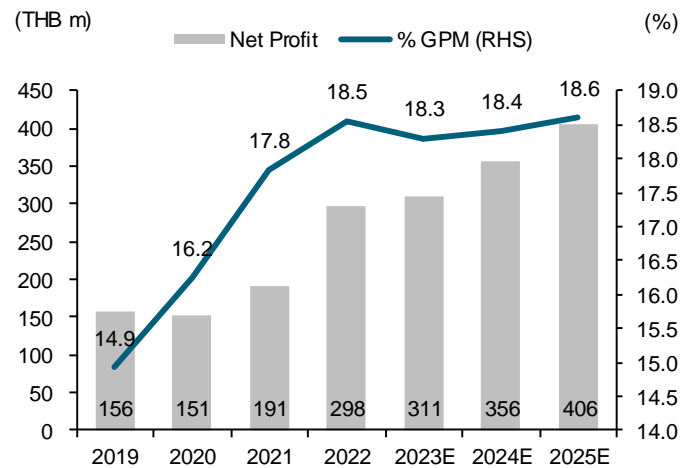
Sources: NSL; FSSIA estimates

Exhibit 2: Total revenue and growth



Sources: NSL; FSSIA estimates

Exhibit 3: Net profit and gross margin



Sources: NSL; FSSIA estimates

Financial Statements

NSL Foods

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	3,038	4,001	4,651	5,044	5,442
Cost of goods sold	(2,497)	(3,259)	(3,800)	(4,116)	(4,430)
Gross profit	542	742	851	928	1,012
Other operating income	5	8	8	9	10
Operating costs	(297)	(369)	(451)	(484)	(517)
Operating EBITDA	346	484	531	595	662
Depreciation	(97)	(102)	(122)	(142)	(157)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	249	382	408	453	505
Net financing costs	(17)	(10)	(12)	(12)	(13)
Associates	-	-	-	-	-
Recurring non-operating income	0	0	0	0	0
Non-recurring items	0	0	0	0	0
Profit before tax	232	372	397	441	492
Tax	(41)	(74)	(78)	(78)	(89)
Profit after tax	191	298	319	362	403
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	191	298	319	362	403
Non-recurring items & goodwill (net)	0	0	0	0	0
Recurring net profit	191	298	319	362	403
Per share (THB)					
Recurring EPS *	0.70	0.99	1.06	1.21	1.34
Reported EPS	0.70	0.99	1.06	1.21	1.34
DPS	0.50	0.83	0.95	1.08	0.77
Diluted shares (used to calculate per share data)	273	300	300	300	300
Growth					
Revenue (%)	3.9	31.7	16.2	8.4	7.9
Operating EBITDA (%)	7.7	40.0	9.6	12.2	11.3
Operating EBIT (%)	15.9	53.3	6.9	10.9	11.5
Recurring EPS (%)	3.7	41.5	7.2	13.6	11.2
Reported EPS (%)	3.7	41.5	7.2	13.6	11.2
Operating performance					
Gross margin inc. depreciation (%)	17.8	18.5	18.3	18.4	18.6
Gross margin exc. depreciation (%)	21.0	21.1	20.9	21.2	21.5
Operating EBITDA margin (%)	11.4	12.1	11.4	11.8	12.2
Operating EBIT margin (%)	8.2	9.5	8.8	9.0	9.3
Net margin (%)	6.3	7.4	6.9	7.2	7.4
Effective tax rate (%)	17.8	19.9	19.6	17.8	18.1
Dividend payout on recurring profit (%)	71.3	83.6	89.4	89.5	57.0
Interest cover (X)	14.8	37.1	34.9	37.0	38.5
Inventory days	25.1	26.4	28.8	29.9	30.0
Debtor days	54.6	49.8	48.4	48.1	48.2
Creditor days	65.2	58.5	63.9	69.7	59.6
Operating ROIC (%)	18.0	25.9	26.6	28.7	28.4
ROIC (%)	17.5	22.3	23.0	27.5	27.3
ROE (%)	22.4	22.4	22.2	24.1	25.5
ROA (%)	11.1	13.9	13.6	14.3	15.9
* Pre exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Bakery and appetizers	2,791	3,643	4,242	4,595	4,938
Food Services	207	288	281	301	337
NSL snack	25	35	45	48	51
OEM & bread wastes	15	35	84	101	116

Sources: NSL Foods; FSSIA estimates

Financial Statements

NSL Foods

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	191	298	319	362	403
Depreciation	97	102	122	142	157
Associates & minorities	-	-	-	-	-
Other non-cash items	61	0	0	0	0
Change in working capital	(157)	(54)	83	(15)	(259)
Cash flow from operations	192	346	524	489	301
Capex - maintenance	(39)	(146)	(200)	(200)	(150)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	7	(301)	279	(10)	(1)
Cash flow from investing	(33)	(448)	79	(210)	(151)
Dividends paid	(266)	(144)	(249)	(285)	(324)
Equity finance	75	0	0	0	0
Debt finance	(107)	(100)	(16)	(7)	(34)
Other financing cash flows	588	1	39	3	(21)
Cash flow from financing	290	(243)	(226)	(289)	(380)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	449	(344)	376	(10)	(230)
Free cash flow to firm (FCFF)	176.03	(91.06)	614.53	291.47	162.84
Free cash flow to equity (FCFE)	640.64	(200.65)	625.30	275.02	94.19

Per share (THB)

FCFF per share	0.59	(0.30)	2.05	0.97	0.54
FCFE per share	2.14	(0.67)	2.08	0.92	0.31
Recurring cash flow per share	1.28	1.33	1.47	1.68	1.87

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	1,614	1,738	1,877	2,001	2,065
Less: Accumulated depreciation	(688)	(768)	(829)	(896)	(967)
Tangible fixed assets (net)	926	970	1,047	1,105	1,098
Intangible fixed assets (net)	7	6	6	6	6
Long-term financial assets	0	301	0	0	0
Invest. in associates & subsidiaries	0	0	0	0	0
Cash & equivalents	459	115	492	482	251
A/C receivable	496	595	637	691	745
Inventories	189	267	312	338	364
Other current assets	2	3	2	3	3
Current assets	1,147	980	1,443	1,513	1,364
Other assets	31	32	47	50	54
Total assets	2,111	2,290	2,544	2,675	2,522
Common equity	1,252	1,406	1,468	1,540	1,621
Minorities etc.	0	0	0	0	0
Total shareholders' equity	1,252	1,406	1,468	1,540	1,621
Long term debt	181	80	72	65	56
Other long-term liabilities	50	30	70	76	54
Long-term liabilities	231	110	142	141	110
A/C payable	453	559	729	789	607
Short term debt	146	167	158	155	130
Other current liabilities	29	47	47	50	54
Current liabilities	628	774	933	995	791
Total liabilities and shareholders' equity	2,111	2,290	2,544	2,675	2,522
Net working capital	205	259	177	192	451
Invested capital	1,169	1,568	1,277	1,354	1,610

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

Per share (THB)

Book value per share	4.17	4.69	4.89	5.13	5.40
Tangible book value per share	4.15	4.67	4.87	5.11	5.38

Financial strength

Net debt/equity (%)	(10.6)	9.4	(17.8)	(17.0)	(4.0)
Net debt/total assets (%)	(6.3)	5.8	(10.3)	(9.8)	(2.6)
Current ratio (x)	1.8	1.3	1.5	1.5	1.7
CF interest cover (x)	39.1	(18.5)	54.4	23.5	8.2

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	27.5	19.5	18.2	16.0	14.4
Recurring P/E @ target price (x) *	34.2	24.2	22.6	19.9	17.9
Reported P/E (x)	27.5	19.5	18.2	16.0	14.4
Dividend yield (%)	2.6	4.3	4.9	5.6	4.0
Price/book (x)	4.6	4.1	3.9	3.8	3.6
Price/tangible book (x)	4.7	4.1	4.0	3.8	3.6
EV/EBITDA (x) **	16.4	12.2	10.4	9.3	8.6
EV/EBITDA @ target price (x) **	20.4	15.1	13.1	11.7	10.8
EV/invested capital (x)	4.8	3.8	4.3	4.1	3.6

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

Sources: NSL Foods; FSSIA estimates

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>Leader:</td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td>Average:</td> <td>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> <td></td> <td></td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> <td></td> <td></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

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History of change in investment rating and/or target price

NSL Foods (NSL TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
18-Jan-2023	BUY	26.00	18-Oct-2023	BUY	24.00	-	-	-

Sureeporn Teewasuwet started covering this stock from 18-Jan-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
NSL Foods	NSL TB	THB 19.30	BUY	Downside risks to our DCF-based TP include 1) a slower-than-expected consumption recovery; 2) high volatility in raw material prices; 3) the failure of new products; and 4) changing consumer demand and lifestyles.

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 20-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.