

THAI FOODS GROUP TFG TB

THAILAND / FOOD & BEVERAGE

HOLD

UNCHANGED

Expect selling prices of pigs to exceed raising costs in 1Q24

- TFG targets a 2024 revenue growth of 10% y-y due to the anticipation of meat price recoveries and pig farming capacity expansion in Vietnam.
- Management viewed that the pig price would exceed THB70/kg., above raising costs, in 1Q24 and anticipated that the operating performance would turn profitable again in 2024.
- Roll over to our 2024 TP of THB4 and recommend monitoring of meat prices.

TARGET PRICE	THB4.00
CLOSE	THB3.24
UP/DOWNSIDE	+23.5%
PRIOR TP	THB5.20
CHANGE IN TP	-23.1%
TP vs CONSENSUS	-1.8%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	52,323	55,676	59,025	61,029
Net profit	4,724	(158)	2,105	2,339
EPS (THB)	0.84	(0.03)	0.34	0.38
vs Consensus (%)	-	nm	(5.6)	(29.6)
EBITDA	10,419	5,282	7,474	7,937
Recurring net profit	4,724	162	2,105	2,339
Core EPS (THB)	0.84	0.03	0.34	0.38
Chg. In EPS est. (%)	3.1	(93.6)	(29.0)	(28.1)
EPS growth (%)	738.8	(96.7)	1,122.7	11.1
Core P/E (x)	3.9	116.1	9.5	8.5
Dividend yield (%)	12.3	-	5.3	5.9
EV/EBITDA (x)	4.0	7.8	5.6	5.1
Price/book (x)	1.2	1.2	1.2	1.1
Net debt/Equity (%)	150.8	141.5	130.8	114.4
ROE (%)	34.8	1.0	13.1	13.7

Feedback from the analyst meeting boosts optimism

Following the analyst meeting on November 27, 2023, we have a more bullish view of the recovery outlook. Management viewed that Thai pig prices could hover above THB70/kg. in 1Q24 after illegal pork imports eased due to the government's crackdown. Also, raw material costs gradually decreased. It should help big players' farming costs in 1H24. Specifically, it should fall to THB62-65/kg. from THB68-72/kg. Besides, several small farmers have exited the market due to persistently low pig prices. As a result, management now believes that Thailand's annual farming volume will return to its pre-ASF level of 20m pigs as soon as 3Q24 (from 4Q23 previously).

High chicken supply amid export recovery hope

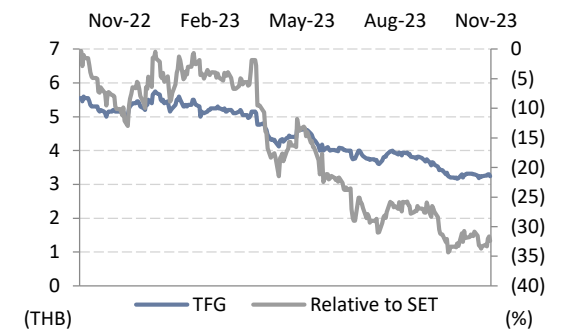
The chicken business outlook is stable. Although Thailand's weekly chick production volume increased to 38m (from 36-37m earlier), demand should recover. In particular, the export market should improve in 2024. Management expects 2024 chicken prices to rise to THB40-42/kg. from THB38-40. Also, TFG would realize lower raw material costs. In this regard, management expects raising costs to decrease below THB35/kg. in 2024 (from THB35-36).

Expect a sharply lesser loss in 4Q23 and a turnaround to profit from 1Q24 onwards

In the short run, we expect a recovery in 4Q23. However, the performance should remain lackluster, dragged down by pig prices in October. It tumbled due to illegal pork imports, the Vegetarian Festival, and school holidays to below THB60/kg., while raw material costs slowly decreased. Nonetheless, it recovered in November to about THB65/kg., closer to raising costs. Initially, we anticipate a lower loss of THB51m in 4Q23. Note that we have cut our 2023 estimate to a modest loss of THB2.6m (vs a profit of THB4.7b in 2022) and expect a turnaround to profit in 2024 by THB2.1b.

Performance has passed its trough, but the need to closely monitor meat prices persists

We have rolled over to our 2024 TP of THB4 (PE 12x, maintained) but retain our HOLD call. Although the performance has passed its bottom in 3Q23, in our view, the need to closely monitor meat prices to see if they are higher than farming costs persists. If the profit recovers, it would further ease liquidity pressure. The IBD/E ratio increased to 1.87x in 9M23 from 1.56x at the end of 2022 (vs. its covenant of <2x). We recommend short-term investors trade TFG in tandem with meat price recoveries.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	1.9	(15.2)	(41.6)
Relative to country (%)	1.4	(5.5)	(32.1)
Mkt cap (USD m)	516		
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)	5,810.82		

Sources: Bloomberg consensus; FSSIA estimates


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Investment thesis

TFG is one of Thailand's top three chicken meat and live pig players, with a daily production capacity of 500,000 chickens and a monthly supply of over 100,000 hogs.

We have a bullish view of the 2024 growth outlook due to the likelihood of a turnaround to profit from meat price recoveries. According to the latest data, Thailand's pig prices recovered closer to farming costs in 4Q23. Besides Thailand's easing illegal pork import problem, TFG also benefits from decreasing raw material costs, such as maize and soybean meal, after production volume increases. Also, the chicken unit should recover in line with export recoveries, while domestic chicken prices should rise in tandem with pig prices. Initially, we expect TFG to see a turnaround to profit from 1Q24 onwards.

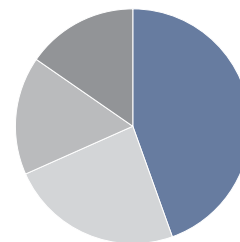
Company profile

Thai Foods Group (TFG) was established in 1987 by Mr. Winai Teawsomboonkij, who currently serves as CEO. It started from a chicken farm in Lopburi before expanding to a vertically integrated food producer specializing in chicken and swine production, with operations in Thailand and Vietnam. Also, it expanded more into downstream businesses by entering the retail market through retail shops. At end-9M23, the revenue mix from poultry, swine, retail, and feed was 32%/21%/29%/18%, respectively.

www.tfg.co.th

Principal activities (revenue, 2022)

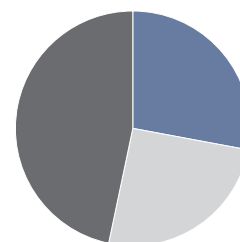
- Poultry - 44.5 %
- Swine - 23.8 %
- Feed - 16.3 %
- Retail Shop and other - 15.4 %



Source: Thai Foods Group

Major shareholders

- New Star Victor Co Ltd - 27.9 %
- Teawsomboonkij Family - 25.4 %
- Others - 46.7 %



Source: Thai Foods Group

Catalysts

Potential catalysts for TFG's earning growth in 2023 are 1) revenue growth driven by sales volume; 2) higher-than-expected meat prices; 3) declining raw material costs; and 4) its new Thai Foods Fresh Market store expansion.

Risks to our call

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.

Event calendar

Date	Event
March 2024	2023 results announcement

Key assumptions

	2023E	2024E	2025E
TFG's chicken asp (THB/kg)	56.0	54.0	54.0
TFG's swine asp (THB/kg)	67.6	75.0	75
Total Sales Growth (%)	6.4	6.0	3.4
Gross Margin (%)	8.4	11.7	12.8
SG&A to sales (%)	6.0	6.0	6.0

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in revenue, we estimate 2024 net profit to rise by 1.2%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2024 net profit to rise by 5.1%, and vice versa, all else being equal.
- For every 0.5% increase in SG&A, we estimate 2024 net profit to fall by 4.7%, and vice versa, all else being equal.

Source: FSSIA estimates

Exhibit 1: 4Q23 earnings preview

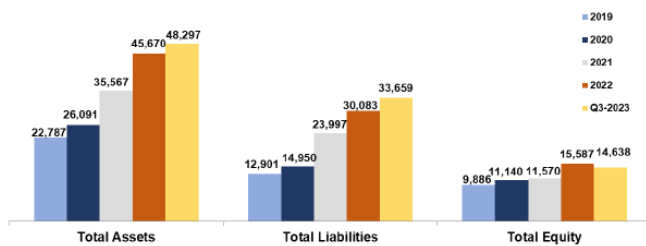
	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23E	Change	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Sales	10,396	12,327	14,490	15,111	13,677	13,562	14,081	14,356	2.0	(5.0)
Cost of sales	8,804	9,581	11,420	12,562	11,925	12,276	13,457	13,351	(0.8)	6.3
Gross profit	1,592	2,746	3,070	2,548	1,751	1,286	624	1,005	61.0	(60.6)
SG&A	727	854	770	892	861	853	782	861	10.2	(3.5)
Operating profit	866	1,892	2,300	1,656	890	434	(157)	144	nm	(91.3)
Interest expense	163	179	221	281	286	335	322	320	(0.5)	13.8
Tax expense	154	304	325	62	223	(18)	(112)	(6)	nm	nm
Other gain (loss)	(1)	(284)	(106)	(266)	(86)	(160)	(178)	0	nm	nm
Reported net profit	619	1,238	1,734	1,131	425	69	(446)	(51)	nm	nm
Core profit	620	1,522	1,840	1,397	511	229	(268)	(51)	nm	nm

Key ratios (%)									(ppt)	(ppt)
Gross margin	15.3	22.3	21.2	16.9	12.8	9.5	4.4	7.0	2.6	(9.9)
SG&A to sales	7.0	6.9	5.3	5.9	6.3	6.3	5.6	6.0	0.4	0.1
Operating margin	8.3	15.3	15.9	11.0	6.5	3.2	(1.1)	1.0	2.1	(10.0)
Net margin	5.9	10.0	12.0	7.5	3.1	0.5	(3.2)	(0.4)	2.8	(7.8)
Core margin	6.0	12.3	12.7	9.2	3.7	1.7	(1.9)	(0.4)	1.5	(9.6)

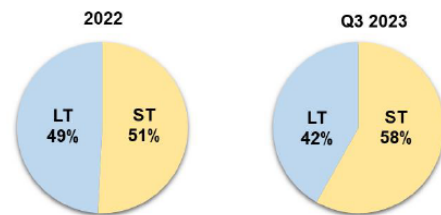
Sources: TFG, FSSIA estimates

Exhibit 2: 9M23 TFG's balance sheet and debt profile

Unit: Mil Bt.



Debt Profile : Interest Bearing Debt Vs Total Debt



Unit: Mil Bt.

IBD	2022	Q3 2023
ST	12,370	15,957
LT	11,960	11,469
Total	24,331	27,426

Total Debt

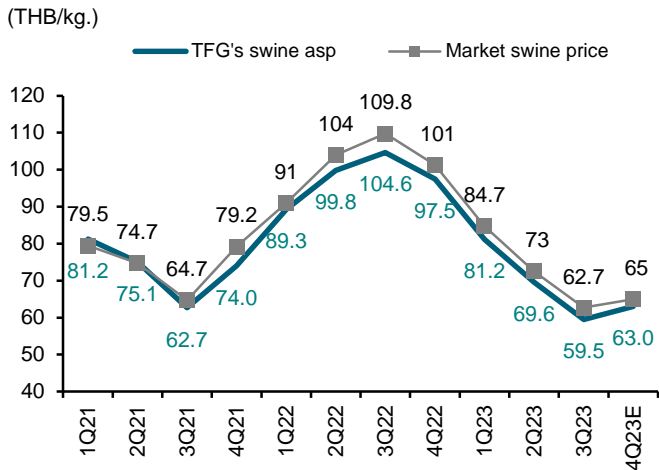
Unit: Mil Bt.

Total Debt	2022	Q3 2023
ST	17,661	21,722
LT	12,422	11,937
Total	30,083	33,659

	2022	9M 2023
ROE	34.82	0.43
IBD to Equity	1.56	1.87

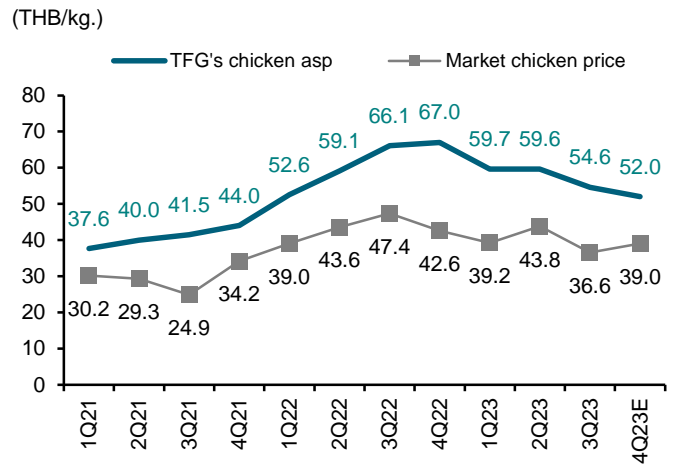
Source: TFG

Exhibit 3: TFG's swine price vs market price



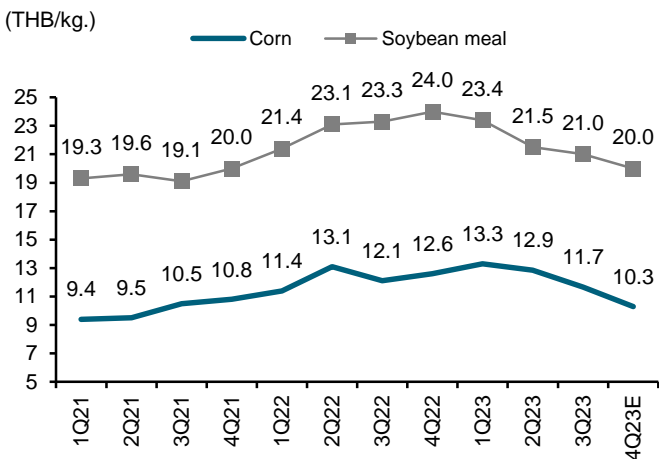
Sources: TFG, OAE, CPF, FSSIA's estimates

Exhibit 4: TFG's chicken price vs market price



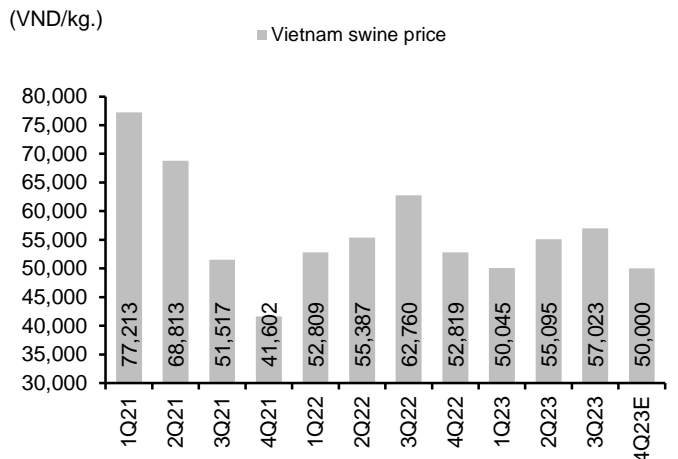
Sources: TFG, OAE, CPF, FSSIA's estimates

Exhibit 5: Corn and soybean meal prices



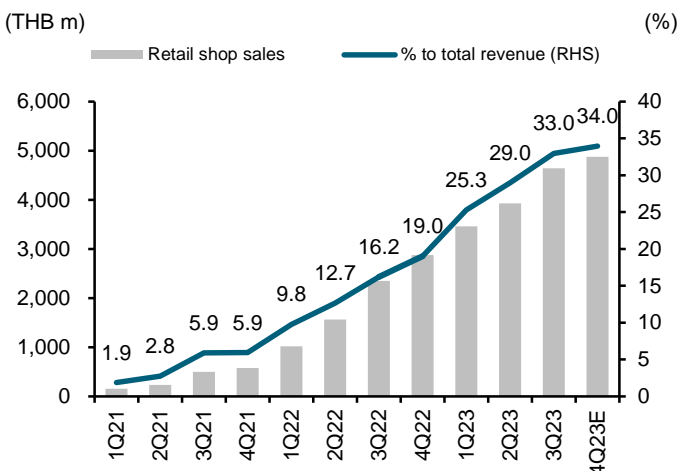
Sources: TFG, OAE, CPF, FSSIA's estimates

Exhibit 6: Vietnam swine price



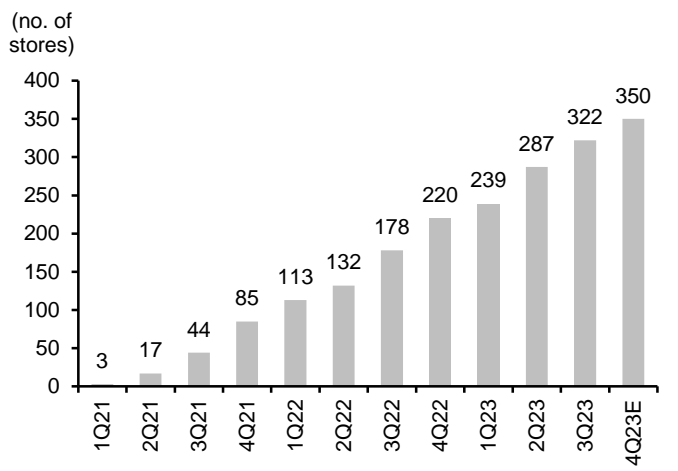
Sources: CPF, FSSIA's estimates

Exhibit 7: Retail shop revenues and % of total revenue



Sources: TFG, FSSIA estimates

Exhibit 8: Number of retail shops



Sources: TFG, FSSIA estimates

Exhibit 9: Change of key assumptions for TFG

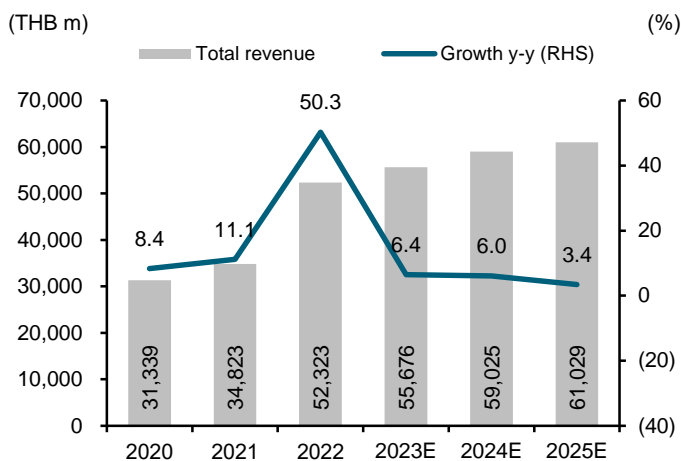
	Current			Previous			Change		
	2023E (THB m)	2024E (THB m)	2025E (THB m)	2023E (THB m)	2024E (THB m)	2025E (THB m)	2023E (%)	2024E (%)	2025E (%)
Total revenue	55,676	59,025	61,029	47,277	49,044	51,299	17.8	20.3	19.0
Costs	51,000	52,119	53,706	40,422	41,786	43,604	26.2	24.7	23.2
Gross profit	4,677	6,906	7,324	6,855	7,259	7,695	(31.8)	(4.9)	(4.8)
SG&A expenses	3,357	3,541	3,662	3,026	3,090	3,232	11.0	14.6	13.3
Reported net profit	(2.6)	2,105	2,339	2,676	2,966	3,252	(100.1)	(29.0)	(28.1)
Core profit	153	2,105	2,339	2,676	2,966	3,252	(94.3)	(29.0)	(28.1)

Key ratios (%)									
Total revenue growth (%)	6.4	6.0	3.4	(9.6)	3.7	4.6	16.1	2.3	(1.2)
Net profit growth (%)	(100.1)	nm	11.1	(43.4)	10.8	9.7	(56.7)	nm	1.5
Core profit growth (%)	(97.2)	1273.6	11.1	(50.3)	10.8	9.7	(46.9)	1262.8	1.5
Gross margin	8.4	11.7	12.0	14.5	14.8	15.0	(6.1)	(3.1)	(3.0)
SG&A to sales	6.0	6.0	6.0	6.4	6.3	6.3	(0.4)	(0.3)	(0.3)
Net margin	0.0	3.6	3.8	5.7	6.0	6.3	(5.7)	(2.5)	(2.5)
Norm margin	0.3	3.6	3.8	5.7	6.0	6.3	(5.4)	(2.5)	(2.5)

Operating statistics (THB/kg)									
TFG's chicken ASP	56.0	54.0	54.0	44.5	45.0	45.0	25.8	20.0	20.0
TFG's swine ASP	67.6	75.0	75.0	85.0	85.0	88.0	(20.5)	(11.8)	(14.8)
Corn	12.2	11.5	11.0	12.0	11.0	10.0	1.7	4.5	10.0
Soybean meal	22.0	21.0	20.0	22.0	20.0	19.0	0.0	5.0	5.3
Retail shop stores (no.)	350	450	550	320	390	490	9.4	15.4	12.2
Retail shop sales (THB m)	16,906	18,144	19,044	9,035	10,038	11,038	87.1	80.8	72.5

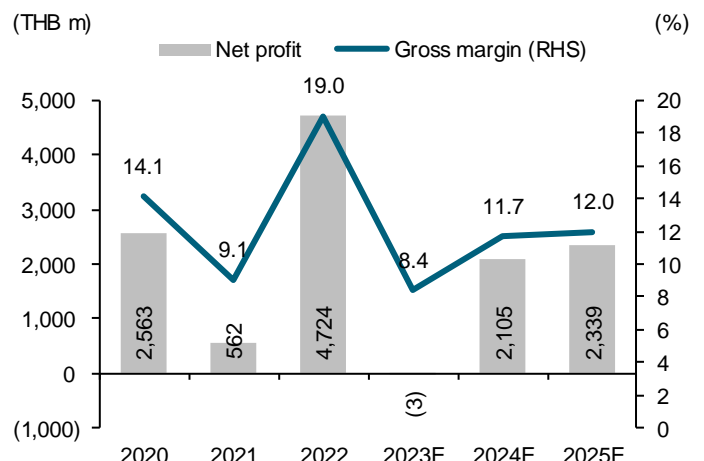
Source: FSSIA estimates

Exhibit 10: Yearly total revenue and growth



Sources: TFG, FSSIA estimates

Exhibit 11: Yearly net profit and gross margin



Sources: TFG, FSSIA estimates

Financial Statements

Thai Foods Group

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	34,823	52,323	55,676	59,025	61,029
Cost of goods sold	(31,670)	(42,367)	(51,000)	(52,119)	(53,706)
Gross profit	3,153	9,956	4,677	6,906	7,324
Other operating income	251	369	475	472	488
Operating costs	(1,927)	(3,243)	(3,357)	(3,541)	(3,662)
Operating EBITDA	3,903	10,419	5,282	7,474	7,937
Depreciation	(2,425)	(3,337)	(3,487)	(3,637)	(3,787)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	1,477	7,082	1,794	3,837	4,150
Net financing costs	(595)	(1,080)	(1,098)	(1,354)	(1,392)
Associates	0	(9)	(17)	1	1
Recurring non-operating income	216	(429)	(606)	1	1
Non-recurring items	0	0	(321)	0	0
Profit before tax	1,098	5,573	(230)	2,483	2,759
Tax	(546)	(845)	(87)	(372)	(414)
Profit after tax	552	4,728	(317)	2,111	2,345
Minority interests	10	(4)	(6)	(6)	(6)
Preferred dividends	0	0	0	0	0
Other items	-	-	165	0	0
Reported net profit	562	4,724	(158)	2,105	2,339
Non-recurring items & goodwill (net)	0	0	321	0	0
Recurring net profit	562	4,724	162	2,105	2,339
Per share (THB)					
Recurring EPS *	0.10	0.84	0.03	0.34	0.38
Reported EPS	0.10	0.84	(0.03)	0.34	0.38
DPS	0.09	0.40	0.00	0.17	0.19
Diluted shares (used to calculate per share data)	5,644	5,654	5,811	6,168	6,168
Growth					
Revenue (%)	11.1	50.3	6.4	6.0	3.4
Operating EBITDA (%)	(28.3)	167.0	(49.3)	41.5	6.2
Operating EBIT (%)	(55.8)	379.5	(74.7)	113.8	8.2
Recurring EPS (%)	(78.2)	738.8	(96.7)	1,122.7	11.1
Reported EPS (%)	(78.2)	738.8	nm	nm	11.1
Operating performance					
Gross margin inc. depreciation (%)	9.1	19.0	8.4	11.7	12.0
Gross margin exc. depreciation (%)	16.0	25.4	14.7	17.9	18.2
Operating EBITDA margin (%)	11.2	19.9	9.5	12.7	13.0
Operating EBIT margin (%)	4.2	13.5	3.2	6.5	6.8
Net margin (%)	1.6	9.0	0.3	3.6	3.8
Effective tax rate (%)	49.7	15.2	(37.8)	15.0	15.0
Dividend payout on recurring profit (%)	90.4	47.9	-	50.0	50.0
Interest cover (X)	2.8	6.2	1.1	2.8	3.0
Inventory days	51.3	55.3	53.6	53.2	53.0
Debtor days	25.1	22.2	24.1	24.3	24.6
Creditor days	43.9	38.2	39.6	42.5	42.4
Operating ROIC (%)	5.2	18.4	4.3	9.4	10.2
ROIC (%)	5.1	15.0	2.4	7.9	8.6
ROE (%)	5.0	34.8	1.0	13.1	13.7
ROA (%)	3.3	13.8	2.3	7.1	7.6
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Poultry	16,642	23,298	17,742	18,927	19,495
Swine	9,518	12,457	11,138	11,986	12,226
Feed	6,958	8,533	9,680	9,753	10,045
Retail Shop and other	1,705	8,036	17,116	18,359	19,263

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	162	2,105	2,339
Depreciation	2,425	3,337	3,487	3,637	3,787
Associates & minorities	0	9	17	(1)	(1)
Other non-cash items	635	(184)	(754)	0	0
Change in working capital	(5,519)	252	(28)	(662)	(621)
Cash flow from operations	(1,896)	8,138	2,885	5,080	5,504
Capex - maintenance	(4,947)	(9,785)	(3,191)	(3,301)	(3,180)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	-	-	-	-
Cash flow from investing	(4,947)	(9,785)	(3,191)	(3,301)	(3,180)
Dividends paid	(589)	(799)	0	(1,052)	(1,169)
Equity finance	36	56	111	0	0
Debt finance	8,960	2,756	(30)	(637)	(1,340)
Other financing cash flows	(1,931)	36	(32)	(200)	0
Cash flow from financing	6,475	2,049	49	(1,890)	(2,510)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	(165)	0	0
Movement in cash	(368)	402	(422)	(112)	(187)
Free cash flow to firm (FCFF)	(6,349.87)	(801.37)	956.86	3,132.21	3,715.56
Free cash flow to equity (FCFE)	184.99	1,145.83	(533.05)	940.62	982.87

Per share (THB)

FCFF per share	(1.09)	(0.14)	0.16	0.54	0.64
FCFE per share	0.03	0.20	(0.09)	0.16	0.17
Recurring cash flow per share	0.64	1.39	0.50	0.93	0.99

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	397	285	98
A/C receivable	2,829	3,531	3,813	4,043	4,180
Inventories	4,863	6,963	6,986	7,140	7,357
Other current assets	7,001	7,452	7,238	7,673	7,934
Current assets	15,109	18,764	18,434	19,140	19,569
Other assets	3,210	4,786	5,011	5,312	5,493
Total assets	35,567	45,670	45,044	45,414	45,236
Common equity	11,556	15,568	15,645	16,498	17,667
Minorities etc.	14	18	18	18	17
Total shareholders' equity	11,570	15,587	15,663	16,515	17,684
Long term debt	8,229	11,960	11,531	10,957	9,767
Other long-term liabilities	442	462	668	708	732
Long-term liabilities	8,670	12,422	12,199	11,665	10,499
A/C payable	3,434	4,733	5,589	5,712	5,886
Short term debt	11,734	12,370	11,036	10,932	10,557
Other current liabilities	159	557	557	590	610
Current liabilities	15,326	17,661	17,182	17,234	17,053
Total liabilities and shareholders' equity	35,567	45,670	45,044	45,414	45,236
Net working capital	11,100	12,655	11,892	12,554	12,975
Invested capital	31,559	39,562	38,502	38,828	38,642

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

Per share (THB)

Book value per share	2.05	2.75	2.69	2.67	2.86
Tangible book value per share	2.02	2.72	2.66	2.65	2.84

Financial strength

Net debt/equity (%)	168.9	150.8	141.5	130.8	114.4
Net debt/total assets (%)	55.0	51.5	49.2	47.6	44.7
Current ratio (x)	1.0	1.1	1.1	1.1	1.1
CF interest cover (x)	1.3	2.1	0.5	1.7	1.7

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	32.5	3.9	116.1	9.5	8.5
Recurring P/E @ target price (x) *	40.2	4.8	143.3	11.7	10.5
Reported P/E (x)	32.5	3.9	(118.8)	9.5	8.5
Dividend yield (%)	2.8	12.3	-	5.3	5.9
Price/book (x)	1.6	1.2	1.2	1.2	1.1
Price/tangible book (x)	1.6	1.2	1.2	1.2	1.1
EV/EBITDA (x) **	9.7	4.0	7.8	5.6	5.1
EV/EBITDA @ target price (x) **	10.8	4.4	8.6	6.2	5.7
EV/invested capital (x)	1.2	1.1	1.1	1.1	1.0

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

Sources: Thai Foods Group; 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 (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 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="0" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: right;">AAA</td> <td>8.571-10.000</td> <td style="text-align: right;">Leader:</td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td style="text-align: right;">AA</td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">A</td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">BBB</td> <td>4.286-5.713</td> <td style="text-align: right;">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 style="text-align: right;">BB</td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">B</td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">CCC</td> <td>0.000-1.428</td> <td style="text-align: right;">Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </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 3.24	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 24-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.