

SAPPE SAPPE TB

THAILAND / FOOD & BEVERAGE

BUY

UNCHANGED

ลุ่มกำไร 1Q24 ทำนิวไฮ

- คาดกำไร 1Q24 จะฟื้นตัวกลับมาทำนิวไฮอีกครั้ง หลังแนวโน้มคำสั่งซื้อล่าสุดดีกว่าที่เคยคาด
- กำลังการผลิตใหม่จะแล้วเสร็จ ก.พ. 2024 ช่วยรองรับการเติบโตใน 2Q-3Q24
- ยังแนะนำ ซื้อ ด้วยราคาเป้าหมายใหม่ปี 2024 ที่ 108 บาท

TARGET PRICE	THB108.00
CLOSE	THB84.00
UP/DOWNSIDE	+28.6%
PRIOR TP	THB96.50
CHANGE IN TP	+11.9%
TP vs CONSENSUS	+6.0%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	4,566	6,073	7,131	7,896
Net profit	653	1,107	1,335	1,504
EPS (THB)	2.12	3.59	4.33	4.88
vs Consensus (%)	-	(2.9)	1.0	(2.7)
EBITDA	1,018	1,652	1,900	2,132
Recurring net profit	666	1,135	1,335	1,504
Core EPS (THB)	2.16	3.68	4.33	4.88
Chg. In EPS est. (%)	-	(4.7)	0.3	1.9
EPS growth (%)	59.5	70.5	17.6	12.7
Core P/E (x)	38.9	22.8	19.4	17.2
Dividend yield (%)	2.0	3.2	3.9	4.4
EV/EBITDA (x)	23.5	14.9	13.0	11.5
Price/book (x)	8.0	7.3	6.7	6.1
Net debt/Equity (%)	(60.9)	(40.2)	(34.9)	(36.9)
ROE (%)	21.6	33.4	36.1	37.1

มองข้ามจุดต่ำสุดใน 4Q23

เราคาดว่าไตรมาส 4Q23 จะอยู่ที่ 201 ลบ. (-37% q-q, +30% y-y) ถือเป็นกำไรต่ำสุดของปี โดยคาดการณ์รวมจะลดลง q-q ท่ามกลางช่วง Low season ของการส่งออก อย่างไรก็ตาม เราคาดว่าไตรมาสต้นจะยังทรงตัวสูง q-q อยู่ที่ 46% เนื่องจาก 1) อัตราการใช้กำลังการผลิตยังอยู่ในระดับสูงเพื่อเตรียมสินค้าคงเหลือ และ 2) ภาพรวมต้นทุนวัตถุดิบและบรรจุภัณฑ์ยังทรงตัว ขณะที่ค่า SG&A to sales จะปรับตัวสูงขึ้นเป็น 28.5% จาก 23.4% ใน 3Q23 เนื่องจากมีการปรับค่าใช้จ่ายทางการตลาดสูงขึ้น หากกำไร 4Q23 ทำได้ตามคาด บริษัทจะมีกำไรสุทธิปี 2023 ทำจุดสูงสุดใหม่ที่ 1.1 พันลบ. (+69.5% y-y)

ลุ่มกำไร 1Q24 ทำจุดสูงสุดใหม่ ดีกว่าเดิมที่เคยคาด

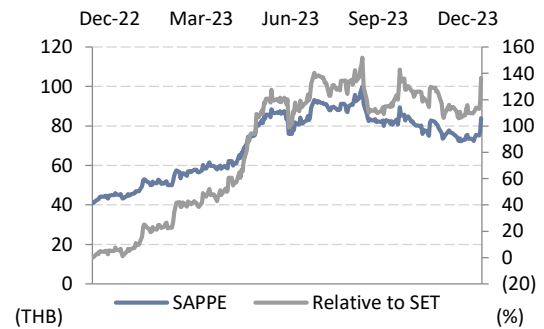
แนวโน้มคำสั่งซื้อล่าสุดใน 1Q24 ดูดีกว่าเดิมที่เคยคาดไว้ หนุนโดยลูกค้าเอเชียเป็นหลัก สอดคล้องกับฤดูกาลปกติในช่วง 1Q มักเป็นไตรมาสที่ดีของลูกค้าเอเชีย (อินโดนีเซีย, ฟิลิปปินส์ และเกาหลีใต้) กอปรกับเทศกาลรอมฎอนยังอยู่ในช่วง 1Q24 ช่วงเวลาเดียวกับปีที่แล้ว เบื้องต้นเราคาดว่าไตรมาส 1Q24 จะเติบโตสูงราว 46% q-q และ 18% y-y หนุนโดยรายได้ส่งออกที่ยังดีต่อเนื่อง ขณะที่ SAPPE ได้ผลิตสินค้าเตรียมไว้ตั้งแต่ใน 4Q23 เพื่อมาขายใน 1Q24 จึงคาดการณ์การดำเนินงานมีลุ่มกลับมาทำนิวไฮอีกครั้ง

กำลังการผลิตใหม่จะเข้ามาช่วยรองรับการเติบโตใน 2Q-3Q24

ผู้บริหารตั้งเป้ารายได้ปี 2024 เติบโตราว 20-25% y-y เรายังมีมุมมองเชิงบวกต่อแนวโน้มการเติบโตในช่วง 2Q-3Q24 เนื่องจาก 1) เป็นช่วง High season ของลูกค้าส่งออก โดยเฉพาะตลาดยุโรป และอเมริกา 2) เป็นช่วงหน้าร้อนของไทย และ 3) การขยายกำลังการผลิตใหม่เพิ่ม 25% จะแล้วเสร็จในเดือน ก.พ. 2024 นอกจากนี้ ภาพรวมต้นทุนในช่วง 1H24 ยังคงทรงตัวจาก 2H23 โดยเรามีความกังวลต่อต้นทุนน้ำตาลในปี 2024 น้อยลง เพราะ SAPPE มีการซื้อน้ำตาลล่วงหน้า (โควตา ค.) ไว้ค่อนข้างน้อย ขณะที่ราคาน้ำตาลทรายนิวฮาร์กล่าสุดได้ปรับลงมาอยู่ที่ 21 เซนต์ต่อปอนด์ (จาก 25-26 เซนต์ต่อปอนด์ในช่วงก่อนหน้า) ซึ่งเป็นระดับราคาที่ใกล้เคียงกับปี 2023 ดังนั้น SAPPE จะได้อานิสงส์เชิงบวกมากขึ้น หากราคาน้ำตาลปรับลงอีก

คงคำแนะนำซื้อ ด้วยราคาเป้าหมายใหม่ปี 2024 ที่ 108 บาท

เราปรับลดกำไรสุทธิปี 2023 ลง 7% เพื่อสะท้อนกำไร 4Q23 ที่ไม่สดใส แต่ยังคงประมาณการกำไรปี 2024 ไว้ที่ 1.33 พันลบ. ส่งผลให้คาดการณ์อัตราผลตอบแทนของกำไรขยับขึ้นเป็น 21% y-y เราปรับรับราคาเป้าหมายสิ้นปี 2024 ที่ 108 บาท (อิง PE เดิมที่ 25x) เราชอบโมเมนตัมของกำไรที่จะกลับมาฟื้นตัวดีกว่าคาดใน 1Q24 รวมถึงฐานะทางการเงินยังแข็งแกร่งด้วยระดับ D/E ที่ต่ำ และ ROE สูง



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	8.0	5.0	116.8
Relative to country (%)	9.5	13.1	148.4
Mkt cap (USD m)	741		
3m avg. daily turnover (USD m)	1.8		
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

Fundamental Investment Analyst on Securities; License no. 040694
sureeporn.t@fssia.com, +66 2646 9972

Investment thesis

SAPPE is well known as a leader in innovative and functional drinks in Thailand, some of which are made from Thai agricultural products, including Mogu Mogu, Sappe Aloe Vera, and All Coco. A strong global brand, its products are distributed in 98 countries via both modern trade and traditional stores.

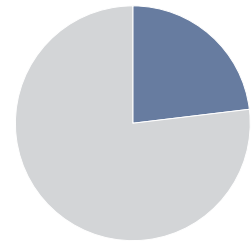
Company profile

SAPPE is a manufacturer and distributor of beverages targeting health and beauty-conscious consumers. A leading company in Thailand's functional drink market, it currently has 12 successful brands in five categories, including the popular Sappe Beauti Drink brand. In 2022, 76.9% of SAPPE's revenue came from overseas sales and domestic sales accounted for 23.1%.

www.sappe.com

Principal activities (revenue, 2022)

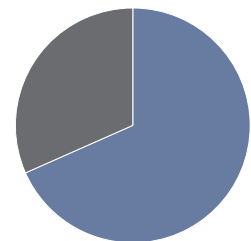
- Domestic revenue - 23.1 %
- Overseas revenue - 76.9 %



Source: Sappe

Major shareholders

- Ruckariyapong Family - 68.4 %
- Others - 31.6 %



Source: Sappe

Catalysts

Potential catalysts for SAPPE's earnings growth in 2024 include 1) revenue growth driven by rising sales volumes; 2) declining packaging costs; 3) successful expansion into new markets; and 4) successful new product launches.

Risks to our call

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.

Event calendar

Date	Event
February 2024	4Q23 results announcement
March 2024	4Q23 analyst meeting

Key assumptions

	2023E	2024E	2025E
Domestic revenue (THB m)	1,163	1,280	1,415
Overseas revenue (THB m)	4,910	5,850	6,481
Total revenue (THB m)	6,073	7,131	7,896
Total revenue growth (%)	33.0	17.4	10.7
Gross margin (%)	44.9	44.6	45.0
SG&A to sales (%)	23.8	23.7	23.7

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in revenue, we estimate 2024 net profit to rise by 0.8%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2024 net profit to rise by 2.9%, and vice versa, all else being equal.
- For every 0.5% increase in SG&A, we estimate 2024 net profit to fall by 2.8%, and vice versa, all else being equal.

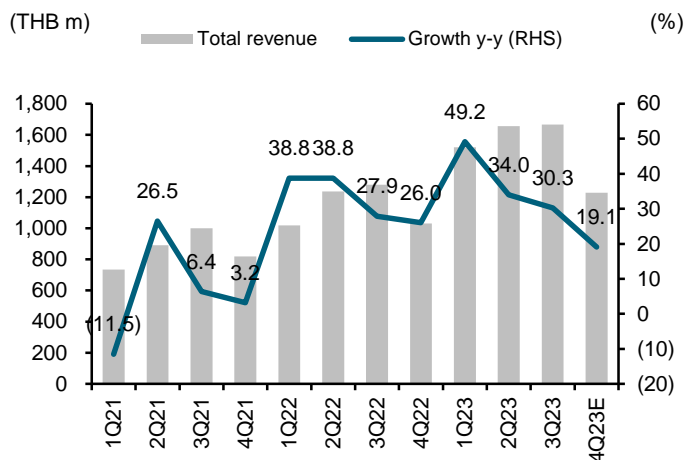
Source: FSSIA estimates

Exhibit 1: 4Q23 earnings preview

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23E	Change	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Sales	1,279	1,032	1,520	1,657	1,667	1,229	(26.3)	19.1
Cost of sales	756	612	864	920	897	664	(26.0)	8.4
Gross profit	524	420	656	737	770	565	(26.5)	34.8
SG&A	352	284	354	352	389	350	(10.0)	23.3
Operating profit	249	171	337	421	412	255	(38.2)	49.3
Other income	77	35	35	36	32	40	24.1	12.9
Interest expense	0.53	0.62	0.71	0.64	0.60	0.60	(0.5)	(2.8)
Tax expense	45	40	67	81	83	50	(39.9)	24.3
Profit (loss) sharing	(0)	(1)	(1)	(11)	(9)	(5)	nm	nm
Reported net profit	178	154	275	312	319	201	(37.0)	30.3
Core profit	204	131	280	329	325	201	(38.1)	53.3
Key ratios (%)							(ppt)	(ppt)
Gross margin	40.9	40.7	43.2	44.5	46.2	46.0	(0.2)	5.3
SG&A to sales	27.5	27.5	23.3	21.3	23.4	28.5	5.1	1.0
Operating margin	19.5	16.6	22.1	25.4	24.7	20.8	(4.0)	4.2
Net margin	13.9	15.0	18.1	18.8	19.1	16.4	(2.8)	1.4
Core margin	15.9	12.7	18.4	19.9	19.5	16.4	(3.1)	3.6
Operating statistics (THB m)								
Domestic revenue	268	267	295	283	291	295	1.1	10.3
Overseas revenue	1,012	765	1,226	1,374	1,375	934	(32.1)	22.2

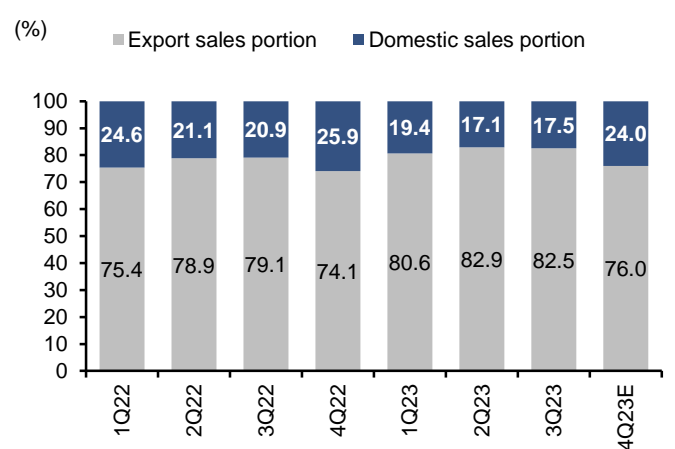
Sources: SAPPE, FSSIA estimates

Exhibit 2: Quarterly total revenue and growth



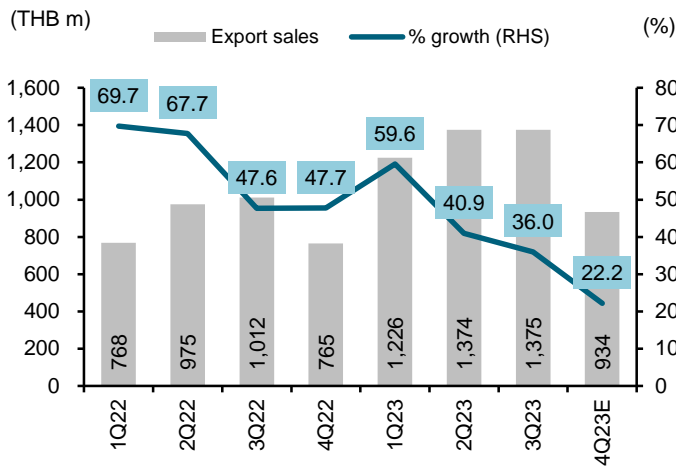
Sources: SAPPE, FSSIA estimates

Exhibit 3: Quarterly revenue proportion



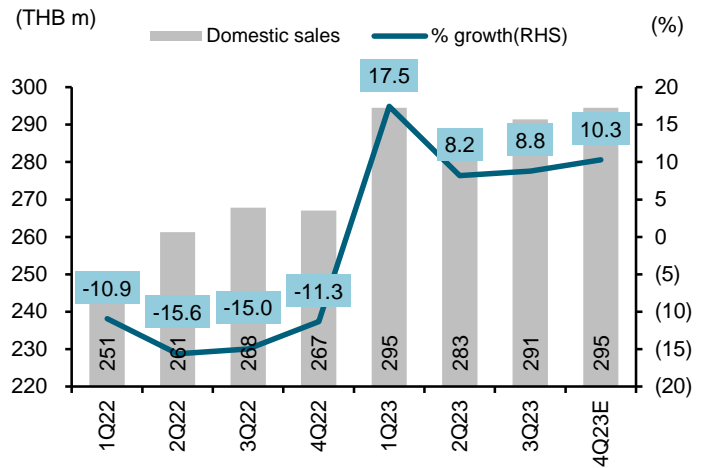
Sources: SAPPE, FSSIA estimates

Exhibit 4: Quarterly export sales and growth



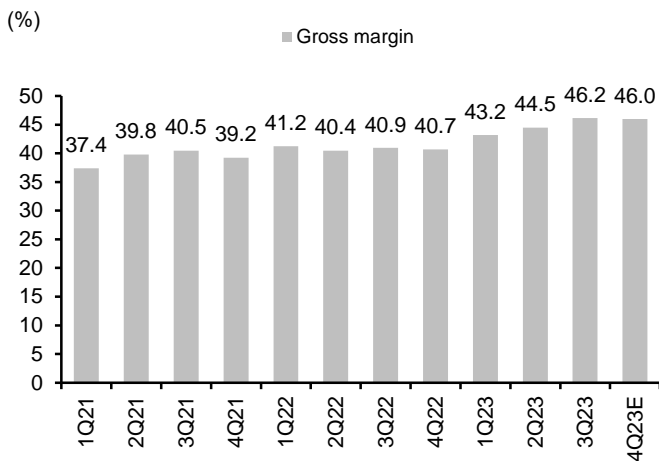
Sources: SAPPE, FSSIA estimates

Exhibit 5: Quarterly domestic sales and growth



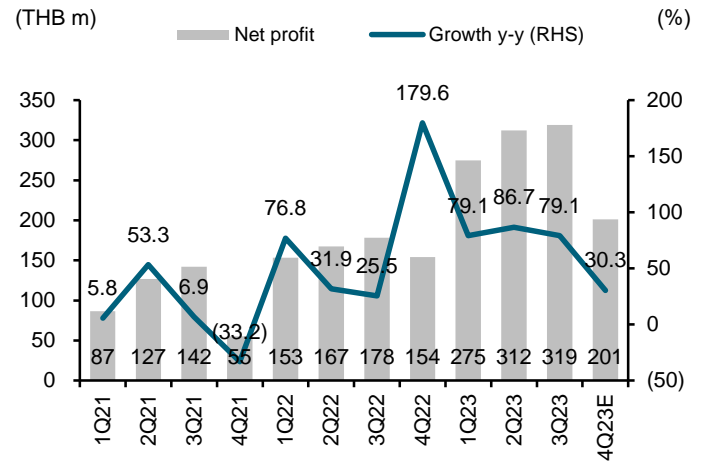
Sources: SAPPE, FSSIA estimates

Exhibit 6: Quarterly gross margin



Sources: SAPPE, FSSIA estimates

Exhibit 7: Quarterly net profit and growth



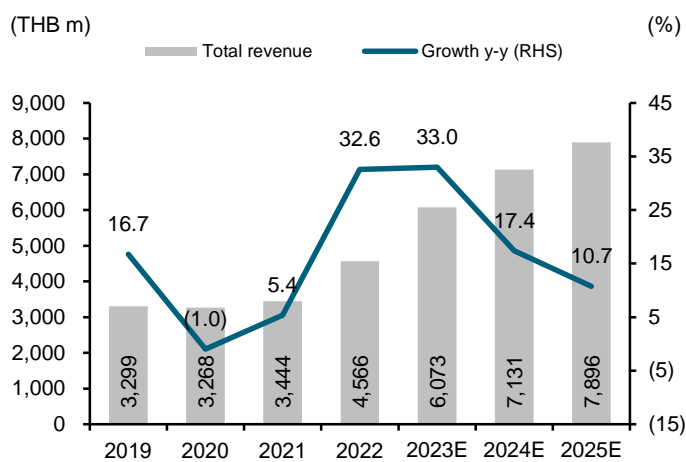
Sources: SAPPE, FSSIA estimates

Exhibit 8: Change of key assumptions for SAPPE

	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 sale value (THB m)	6,073	7,131	7,896	6,281	6,998	7,750	(3.3)	1.9	1.9
Costs	3,344	3,950	4,343	3,549	3,954	4,379	(5.8)	(0.1)	(0.8)
Gross profit	2,728	3,180	3,553	2,732	3,044	3,371	(0.1)	4.5	5.4
SG&A expense	1,446	1,690	1,871	1,382	1,540	1,705	4.7	9.8	9.8
Interest expense	3	3	3	3	3	3	0.0	0.0	0.0
Reported net profit	1,107	1,335	1,504	1,191	1,331	1,474	(7.0)	0.3	2.0
Core profit	1,135	1,335	1,504	1,191	1,331	1,474	(4.7)	0.3	2.0
Key ratios (%)									
Total revenue growth	33.0	17.4	10.7	37.5	11.4	10.7	(4.6)	6.0	(0.0)
Net profit growth	69.5	20.6	12.7	82.3	11.8	10.8	(12.8)	8.8	1.9
Core profit growth	70.5	17.6	12.7	78.9	11.8	10.8	(8.4)	5.8	1.9
Gross margin	44.9	44.6	45.0	43.5	43.5	43.5	1.4	1.1	1.5
SG&A to sales	23.8	23.7	23.7	22.0	22.0	22.0	1.8	1.7	1.7
Net margin	18.2	18.7	19.0	19.0	19.0	19.0	(0.7)	(0.3)	0.0
Core margin	18.7	18.7	19.0	19.0	19.0	19.0	(0.3)	(0.3)	0.0
Operating statistics (no.)									
Domestic revenue	1,163	1,280	1,415	1,143	1,261	1,395	1.7	1.5	1.5
Overseas revenue	4,910	5,850	6,481	5,137	5,737	6,355	(4.4)	2.0	2.0
Domestic revenue growth	10.3	10.1	10.6	8.4	10.3	10.6	1.9	(0.3)	(0.0)
Overseas revenue growth	39.8	19.2	10.8	46.3	11.7	10.8	(6.5)	7.5	(0.0)
Domestic revenue portion	19.2	18.0	17.9	18.2	18.0	18.0	0.9	(0.1)	(0.1)
Overseas revenue portion	80.8	82.0	82.1	81.8	82.0	82.0	(0.9)	0.1	0.0

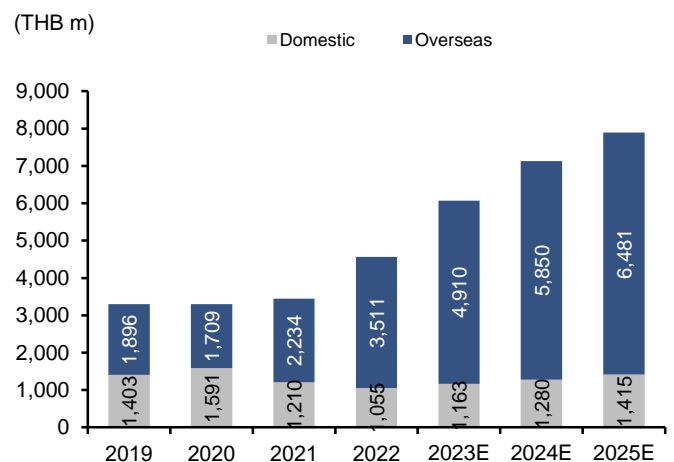
Source: FSSIA estimates

Exhibit 9: Yearly total revenue and growth



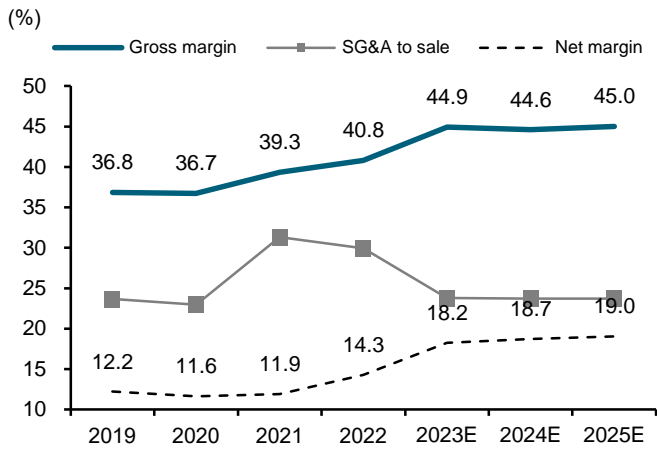
Sources: SAPPE, FSSIA estimates

Exhibit 10: Yearly domestic and overseas revenue



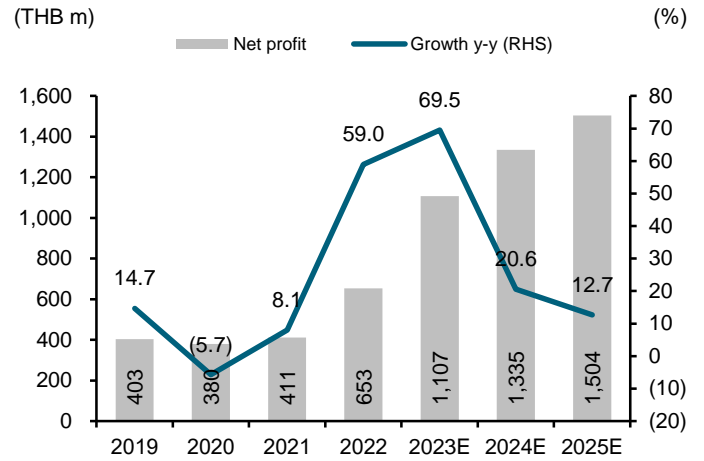
Sources: SAPPE, FSSIA estimates

Exhibit 11: Gross margin and net margin



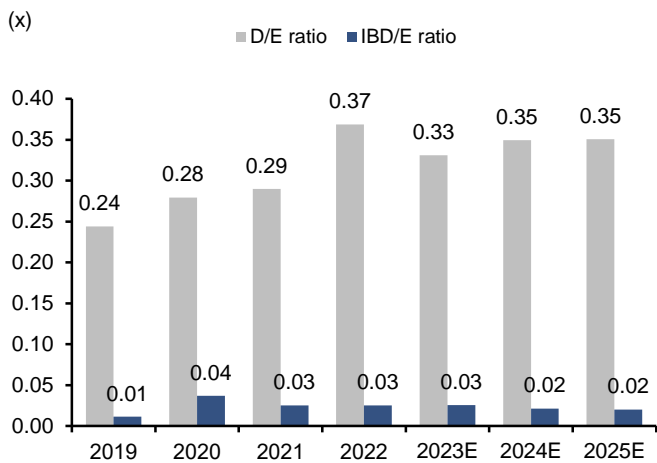
Sources: SAPPE, FSSIA estimates

Exhibit 12: Yearly net profit and growth



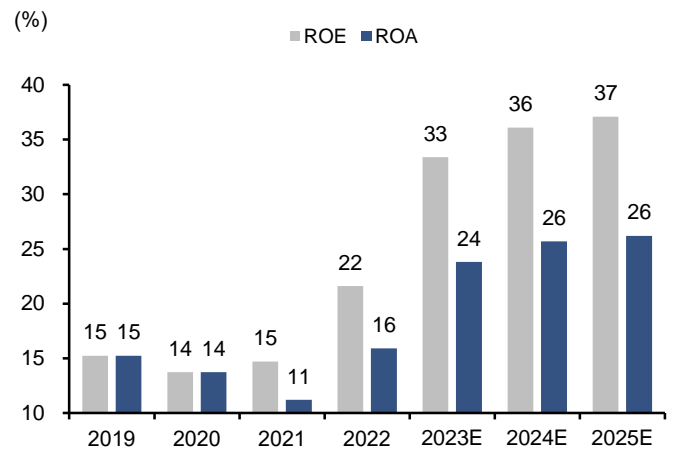
Sources: SAPPE, FSSIA estimates

Exhibit 13: D/E ratio and IBD/E ratio



Sources: SAPPE, FSSIA estimates

Exhibit 14: ROE and ROA



Sources: SAPPE, FSSIA estimates

Financial Statements

Sappe

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	3,444	4,566	6,073	7,131	7,896
Cost of goods sold	(2,089)	(2,703)	(3,344)	(3,950)	(4,343)
Gross profit	1,355	1,863	2,728	3,180	3,553
Other operating income	269	333	143	143	158
Operating costs	(1,078)	(1,366)	(1,446)	(1,690)	(1,871)
Operating EBITDA	743	1,018	1,652	1,900	2,132
Depreciation	(198)	(187)	(227)	(267)	(292)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	546	830	1,425	1,633	1,840
Net financing costs	(3)	(2)	(3)	(3)	(3)
Associates	(20)	0	(26)	3	3
Recurring non-operating income	(20)	0	(26)	3	3
Non-recurring items	(7)	(12)	(28)	0	0
Profit before tax	516	816	1,369	1,633	1,840
Tax	(106)	(162)	(281)	(327)	(368)
Profit after tax	410	654	1,087	1,306	1,472
Minority interests	1	(1)	20	29	32
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	411	653	1,107	1,335	1,504
Non-recurring items & goodwill (net)	7	12	28	0	0
Recurring net profit	417	666	1,135	1,335	1,504
Per share (THB)					
Recurring EPS *	1.35	2.16	3.68	4.33	4.88
Reported EPS	1.34	2.12	3.59	4.33	4.88
DPS	1.10	1.65	2.69	3.25	3.66
Diluted shares (used to calculate per share data)	308	308	308	308	308
Growth					
Revenue (%)	5.4	32.6	33.0	17.4	10.7
Operating EBITDA (%)	5.3	36.9	62.3	15.0	12.2
Operating EBIT (%)	8.3	52.2	71.6	14.6	12.7
Recurring EPS (%)	8.9	59.5	70.5	17.6	12.7
Reported EPS (%)	7.5	57.8	69.5	20.6	12.7
Operating performance					
Gross margin inc. depreciation (%)	39.3	40.8	44.9	44.6	45.0
Gross margin exc. depreciation (%)	45.1	44.9	48.7	48.3	48.7
Operating EBITDA margin (%)	21.6	22.3	27.2	26.6	27.0
Operating EBIT margin (%)	15.8	18.2	23.5	22.9	23.3
Net margin (%)	12.1	14.6	18.7	18.7	19.0
Effective tax rate (%)	20.5	19.8	20.6	20.0	20.0
Dividend payout on recurring profit (%)	81.3	76.5	73.2	75.0	75.0
Interest cover (X)	208.9	363.6	548.6	623.3	677.6
Inventory days	49.4	53.3	47.5	36.9	35.8
Debtor days	41.1	26.6	32.2	39.2	38.1
Creditor days	38.5	29.8	32.2	34.7	35.8
Operating ROIC (%)	38.4	63.7	78.5	62.9	62.3
ROIC (%)	30.3	48.3	62.1	53.8	54.0
ROE (%)	14.7	21.6	33.4	36.1	37.1
ROA (%)	11.2	15.9	23.8	25.7	26.2
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Domestic revenue	1,210	1,055	1,163	1,280	1,415
Overseas revenue	2,234	3,511	4,910	5,850	6,481

Sources: Sappe; FSSIA estimates

Financial Statements

Sappe

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	417	666	1,135	1,335	1,504
Depreciation	198	187	227	267	292
Associates & minorities	20	0	26	(3)	(3)
Other non-cash items	(1)	1	25	12	14
Change in working capital	96	191	(337)	141	4
Cash flow from operations	731	1,045	1,077	1,752	1,810
Capex - maintenance	-	-	-	-	-
Capex - new investment	(140)	(302)	(797)	(820)	(455)
Net acquisitions & disposals	7	6	0	0	0
Other investments (net)	(163)	(41)	(45)	(11)	(8)
Cash flow from investing	(296)	(338)	(842)	(831)	(463)
Dividends paid	(310)	(348)	(830)	(1,001)	(1,128)
Equity finance	47	63	(2)	0	0
Debt finance	(34)	0	1	(8)	3
Other financing cash flows	7	25	(39)	5	4
Cash flow from financing	(291)	(259)	(871)	(1,004)	(1,121)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	70	0	0
Net other adjustments	0	(73)	70	0	0
Movement in cash	144	375	(566)	(83)	227
Free cash flow to firm (FCFF)	437.25	709.65	236.80	924.30	1,350.52
Free cash flow to equity (FCFE)	407.22	659.24	266.56	918.62	1,354.63

Per share (THB)

FCFF per share	1.42	2.30	0.77	3.00	4.38
FCFE per share	1.32	2.14	0.86	2.98	4.39
Recurring cash flow per share	2.07	2.77	4.58	5.22	5.86

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)
Tangible fixed assets (net)	1,006	1,132	1,705	2,238	2,445
Intangible fixed assets (net)	134	128	128	128	128
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	156	186	160	163	166
Cash & equivalents	1,754	2,129	1,562	1,480	1,707
A/C receivable	430	459	814	866	905
Inventories	291	444	367	379	416
Other current assets	50	47	36	36	39
Current assets	2,524	3,079	2,779	2,761	3,068
Other assets	29	36	61	71	79
Total assets	3,848	4,561	4,833	5,360	5,886
Common equity	2,906	3,258	3,535	3,869	4,245
Minorities etc.	101	102	127	139	153
Total shareholders' equity	3,006	3,360	3,663	4,008	4,398
Long term debt	52	61	56	48	51
Other long-term liabilities	45	70	30	36	39
Long-term liabilities	96	130	87	84	90
A/C payable	181	230	321	379	416
Short term debt	21	21	34	34	34
Other current liabilities	543	820	729	856	948
Current liabilities	745	1,071	1,083	1,268	1,398
Total liabilities and shareholders' equity	3,848	4,561	4,833	5,360	5,886
Net working capital	46	(99)	167	46	(3)
Invested capital	1,371	1,383	2,221	2,646	2,815

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

Per share (THB)

Book value per share	9.49	10.56	11.46	12.54	13.76
Tangible book value per share	9.05	10.15	11.05	12.13	13.35

Financial strength

Net debt/equity (%)	(55.9)	(60.9)	(40.2)	(34.9)	(36.9)
Net debt/total assets (%)	(43.7)	(44.9)	(30.5)	(26.1)	(27.6)
Current ratio (x)	3.4	2.9	2.6	2.2	2.2
CF interest cover (x)	218.4	421.9	418.1	663.6	666.3

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	62.1	38.9	22.8	19.4	17.2
Recurring P/E @ target price (x) *	79.8	50.1	29.3	25.0	22.2
Reported P/E (x)	62.6	39.7	23.4	19.4	17.2
Dividend yield (%)	1.3	2.0	3.2	3.9	4.4
Price/book (x)	8.8	8.0	7.3	6.7	6.1
Price/tangible book (x)	9.3	8.3	7.6	6.9	6.3
EV/EBITDA (x) **	32.5	23.5	14.9	13.0	11.5
EV/EBITDA @ target price (x) **	42.3	30.8	19.3	16.9	14.9
EV/invested capital (x)	17.6	17.3	11.1	9.3	8.7

* 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 15: 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 16: 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; FSSIA's compilation

Exhibit 17: 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	10 / 5 / 3
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	--	Size of audit committee / ID	4 / 4
Social		Audit committee meetings	4
Human rights policy	Yes	Audit committee meeting attendance (%)	100
Policy against child labor	Yes	Size of compensation committee	--
Quality assurance and recall policy	Yes	Number of compensation committee meetings	--
Consumer data protection policy	Yes	Compensation committee meeting attendance (%)	--
Equal opportunity policy	Yes	Size of nomination committee / ID	--
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 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+																		
NEGL	Low	Medium	High	Severe																										
0-10	10-20	20-30	30-40	40+																										
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 style="text-align: left;">8.571-10.000</td> <td style="text-align: right;">Leader:</td> <td style="text-align: left;">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td style="text-align: right;">AA</td> <td style="text-align: left;">7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">A</td> <td style="text-align: left;">5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">BBB</td> <td style="text-align: left;">4.286-5.713</td> <td style="text-align: right;">Average:</td> <td style="text-align: left;">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 style="text-align: left;">2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">B</td> <td style="text-align: left;">1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">CCC</td> <td style="text-align: left;">0.000-1.428</td> <td style="text-align: right;">Laggard:</td> <td style="text-align: left;">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	
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																											
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

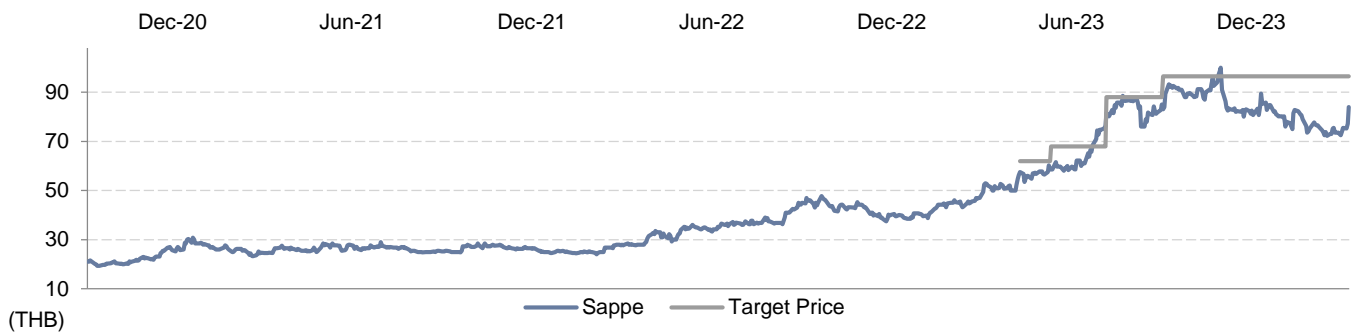
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed herein.

This report has been prepared by FSS International Investment Advisory Securities Company Limited (FSSIA). The information herein has been obtained from sources believed to be reliable and accurate; however FSSIA makes no representation as to the accuracy and completeness of such information. Information and opinions expressed herein are subject to change without notice. FSSIA has no intention to solicit investors to buy or sell any security in this report. In addition, FSSIA does not guarantee returns nor price of the securities described in the report nor accept any liability for any loss or damage of any kind arising out of the use of such information or opinions in this report. Investors should study this report carefully in making investment decisions. All rights are reserved.

This report may not be reproduced, distributed or published by any person in any manner for any purpose without permission of FSSIA. Investment in securities has risks. Investors are advised to consider carefully before making investment decisions.

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 84.00	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 Finansia Syrus Securities Public Company Limited.

All share prices are as at market close on 20-Dec-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.