22 DECEMBER 2023

EQUITY RESEARCH - COMPANY REPORT

ICHITAN GROUP ICHI TB

THAILAND / FOOD & BEVERAGE

FSSIA ESG rating ★★★

BUY

UNCHANGED

TARGET PRICE	THB19.00
CLOSE	THB14.80
UP/DOWNSIDE	+28.4%
PRIOR TP	THB19.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	-1.5%

ฤดูร้อนกำลังจะมาถึง

- คาดกำไรสุทธิ 4Q23 น่าจะลดลง 21% q-q เป็น 258 ลบ. (+34% y-y) สอดคล้องกับปัจจัยด้านฤดูกาล
- ใน 1Q24 บริษัทฯ วางแผนเปิดตัวสินค้าใหม่กลุ่ม Functional drink
- เราชอบแนวโน้มกำไร 1H24 ของบริษัทฯ ซึ่งได้ปัจจัยหนุนจากฤดูร้อนและสถานะทางการเงินที่ดีโดยมีสัดส่วนหนี้ต่อส่วนผู้ถือหุ้นที่ต่ำและผลตอบแทนต่อส่วนผู้ถือหุ้นที่สูง

คาดกำไร 4Q23 จะลดลง q-q

เราคาดว่ากำไรสุทธิ 4Q23 จะลดลง 21% q-q เป็น 258 ลบ. (+34% y-y) สอดคล้องกับปัจจัยด้านฤดูกาล เราคาดว่ารายได้จะทรงตัวในระดับสูงที่ 2 พันลบ. (-1.1% q-q, +27% y-y) โดยได้ปัจจัยหนุนจากมูลค่าตลาดชาเขียวพร้อมดื่มที่อยู่ในระดับสูงและ Tansansu รสชาติใหม่ ใน 4Q23 คาดอัตรากำไรขั้นต้นลดลงเหลือ 23% จาก 25.2% ใน 3Q23 จากอัตราการใช้กำลังการผลิตที่ลดลงเป็น 76% จาก 79% ใน 3Q23 ในขณะที่เราคาดว่าสัดส่วนค่าใช้จ่ายการขายและบริหารต่อยอดขายจะเพิ่มเป็น 7.5% (เทียบกับ 5.7% ใน 3Q23) ส่วนมากจากค่าใช้จ่ายด้านบุคลากรที่สูงขึ้น นอกจากนี้ ยังคาดส่วนแบ่งกำไรจากบริษัทร่วมในอินโดนีเซียยังไม่ฟื้นตัวใน 4Q23 ปัจจุบันอยู่ระหว่างพยายามฟื้นฟูผลประกอบการหลังประสบปัญหาการแข่งขันที่รุนแรงเพิ่มขึ้นมาตั้งแต่ต้นปีนี้ หากกำไร 4Q23 ออกมาตามคาด บริษัทจะมีกำไรสุทธิปี 2023 จะทำสถิติสูงสุดใหม่ที่ 1.06 พันลบ. (+66% y-y)

กำลังการผลิตใหม่จะแล้วเสร็จใน 4Q24

ผู้บริหารตั้งเป้าการเติบโตของรายได้รวมในปี 2024 ที่ 10% y-y เป็น 8.8 พันลบ. โดยได้ปัจจัยหนุนจาก 1) มูลค่าตลาดชาเขียวพร้อมดื่มที่โตดี; 2) ผลิตภัณฑ์ใหม่ และ 3) คาดรายได้ส่งออกกลับมาฟื้นตัว บริษัทฯ วางแผนเปิดตัวสินค้าใหม่กลุ่ม Functional drink ใน 1Q24 ด้วยเหตุดังกล่าวเราจึงคาดว่ากำไรสุทธิ 1Q24 จะโต q-q และ y-y ฟื้นมาอยู่ที่ราว 300 ลบ. ICHI ได้บริหารกำลังการผลิตในปัจจุบันให้มีอัตราการใช้กำลังการผลิตสูงถึง 80% ตลอดปี 2024 นอกจากนี้บริษัทฯ ยังวางแผนว่าจ้าง 5-7% ของการผลิตให้แก่ผู้รับจ้างผลิตภายนอกในปี 2024 ส่วนแผนขยายกำลังการผลิต 13% เป็น 1,700 ล้านขวดจะแล้วเสร็จภายใน 4Q24 และเริ่มเดินการผลิตเชิงพาณิชย์ได้ตั้งแต่ 1Q25 เป็นต้นไป

คงประมาณการกำไรสุทธิปี 2024-25

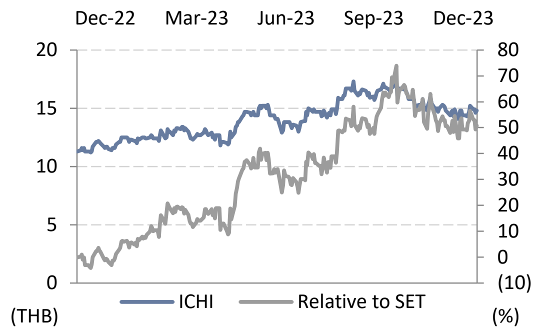
เราคงประมาณการกำไรสุทธิปี 2024-25 ที่ 1.09 พันลบ. (+2.7% y-y) และ 1.14 พันลบ. (+4.7% y-y) ตามลำดับ ทั้งนี้สมมติฐานของเราค่อนข้าง Conservative โดยคาดว่ารายได้จะโตเพียง 5% และอัตรากำไรขั้นต้นจะทรงตัวที่ 23% ในด้านต้นทุนเราคาดว่าต้นทุนบรรจุภัณฑ์ปี 2024 จะทรงตัวที่ระดับเดียวกันกับในปี 2023 แต่ต้นทุนน้ำตาลจะเพิ่ม 10% สอดคล้องกับราคาตลาด

ฤดูร้อนจะเป็นปัจจัยบวกให้แก่ราคาหุ้นในลำดับต่อไป

เราคงคำแนะนำซื้อที่ราคาเป้าหมายปี 2024 ที่ 19 บาท ราคาหุ้นในปัจจุบันมีการซื้อขายที่ค่า 2024E P/E ที่เพียง 17.6x เราชอบแนวโน้มกำไรใน 1H24 ของบริษัทฯ โดยได้ปัจจัยหนุนจากฤดูร้อนและ**สถานะทางการเงินที่ดี โดยมี D/E ratio ที่ต่ำ, ROE สูง และคาด Dividend yield สูงราว 5-6% ต่อปี**

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	6,340	7,993	8,390	8,842
Net profit	642	1,064	1,093	1,144
EPS (THB)	0.49	0.82	0.84	0.88
vs Consensus (%)	-	0.0	(7.0)	(9.9)
EBITDA	1,296	1,904	1,950	2,020
Recurring net profit	651	1,064	1,093	1,144
Core EPS (THB)	0.50	0.82	0.84	0.88
Chg. In EPS est. (%)	-	6.5	2.0	0.8
EPS growth (%)	19.0	63.5	2.7	4.7
Core P/E (x)	29.6	18.1	17.6	16.8
Dividend yield (%)	4.1	5.5	5.7	5.9
EV/EBITDA (x)	14.3	9.8	9.7	9.2
Price/book (x)	3.1	3.1	3.1	3.1
Net debt/Equity (%)	(10.6)	(9.0)	(6.3)	(10.6)
ROE (%)	10.5	17.2	17.7	18.5



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(2.6)	(9.2)	29.8
Relative to country (%)	(1.3)	(2.1)	48.8

Mkt cap (USD m)	552
3m avg. daily turnover (USD m)	4.5
Free float (%)	53
Major shareholder	Passakornnatee Family (42%)
12m high/low (THB)	17.60/10.90
Issued shares (m)	1,300.00

Sources: Bloomberg consensus; FSSIA estimates

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

บทวิเคราะห์ฉบับนี้แปลมาจากต้นฉบับภาษาอังกฤษ ที่ออกรายงานเมื่อวันที่ 22 ธันวาคม 2023

Investment thesis

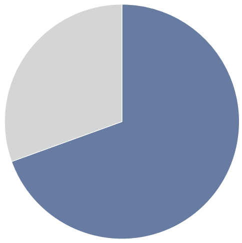
ICHI is a manufacturer and distributor of ready-to-drink green tea called “ICHITAN green tea”, the herbal drink “Yen Yen”, and green tea with chewy coconut cubes named “ICHITAN Chew Chew”, along with other beverages. In 2022, 90.3% of ICHI’s revenue came from domestic sales, and overseas sales accounted for 9.7%. ICHI’s factory is located at Rojana Industrial Park, Ayutthaya, which has seven bottle production lines and two UHT box product lines with a total capacity of 1,500 million bottles and 200 million boxes per year. ICHI plans to increase its capacity to 1,700 million bottles in 4Q24.

Company profile

Ichitan Group manufactures its own-branded beverages and sells ready-to-drink green tea beverages, herbal drinks, and low-sugar ready-to-drink tea beverages to the local market and CLMV. In 2014, ICHI engaged in a joint venture with the Indonesian company PT Atri Pasifik to produce and sell its products in Indonesia.

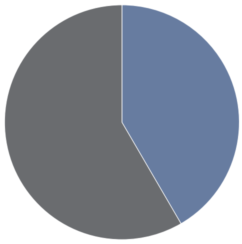
www.ichitangroup.com

Principal activities (revenue, 2022)



Source: Ichitan Group

Major shareholders



Source: Ichitan Group

Catalysts

Potential catalysts for ICHI’s earnings growth in 2024 are 1) revenue growth driven by rising sales volumes; 2) declining packaging costs; 3) successful new product launches; and 4) successful original equipment manufacturer (OEM) customer products.

Risks to our call

Downside risks to our P/E-based TP would be 1) a slower-than-expected consumption recovery; 2) high volatility in packaging costs; and 3) 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)	7,343	7,725	8,122
Overseas revenue (THB m)	650	665	720
Total revenue (THB m)	7,993	8,390	8,842
Total revenue growth (%)	26.1	5.0	5.4
Gross margin (%)	23.0	23.0	22.8
SG&A to sales (%)	6.9	7.3	7.3

Source: FSSIA estimates

Earnings sensitivity

- For every 1% increase in revenue, we estimate 2024 net profit to rise by 1%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2024 net profit to rise by 3.8%, and vice versa, all else being equal.
- For every 0.5% increase in SG&A to sales, we estimate 2024 net profit to fall by 2%, and vice versa, all else being equal.

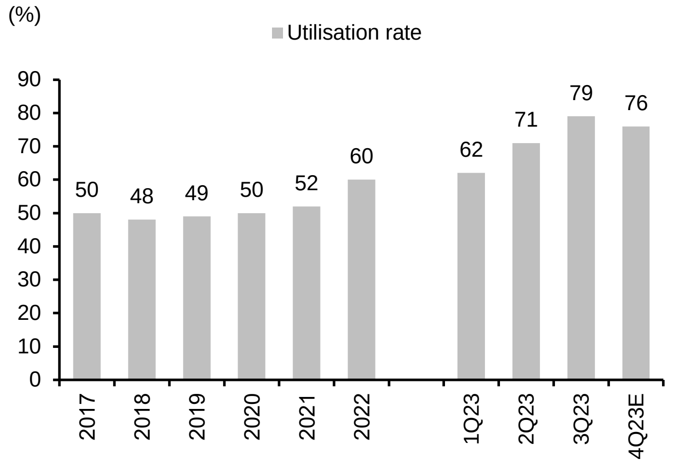
Source: FSSIA estimates

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	1,442	1,616	1,664	1,617	1,833	2,030	2,077	2,054	*(1.1)*	*27.0*
Cost of sales	1,230	1,325	1,339	1,275	1,452	1,564	1,554	1,582	*1.8*	*24.1*
Gross profit	212	291	325	343	381	466	523	473	*(9.6)*	*37.9*
SG&A	97	119	115	135	120	158	119	154	*29.4*	*14.2*
Operating profit	121	176	222	206	269	320	409	323	*(20.9)*	*57.0*
Interest expense	0.5	0.5	0.3	0.5	0.4	0.5	0.5	0.5	*8.0*	*7.8*
Tax expense	23	38	50	44	57	65	82	65	*(21.2)*	*46.1*
Profit (loss) sharing	30	15	21	17	9	1	2	0	*nm*	*nm*
Reported net profit	104	153	192	193	222	256	328	258	*(21.2)*	*33.9*
Core profit	128	153	192	178	222	256	328	258	*(21.2)*	*45.2*
Key ratios (%)									***(ppt)***	***(ppt)***
Gross margin	14.7	18.0	19.5	21.2	20.8	23.0	25.2	23.0	*(2.2)*	*1.8*
SG&A to sales	6.7	7.3	6.9	8.3	6.5	7.8	5.7	7.5	*1.8*	*(0.8)*
Operating margin	8.4	10.9	13.3	12.7	14.7	15.7	19.7	15.7	*(3.9)*	*3.0*
Net margin	7.2	9.4	11.6	11.9	12.1	12.6	15.8	12.6	*(3.2)*	*0.6*
Core margin	8.9	9.4	11.6	11.0	12.1	12.6	15.8	12.6	*(3.2)*	*1.6*
Operating statistics (THB m)										
Domestic	1,309	1,437	1,507	1,474	1,698	1,810	1,913	1,922	*0.5*	*30.4*
Overseas	134	179	157	143	134	220	164	132	*(19.4)*	*(7.7)*
Utilisation rate (%)	55.0	58.0	66.0	65.0	62.0	71.0	79.0	76.0	*(3.0)*	*11.0*

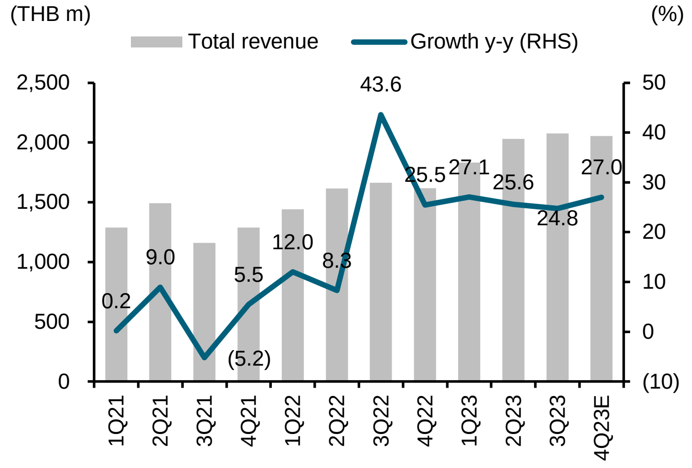
Sources: ICHI; FSSIA estimates

Exhibit 2: Utilisation rate



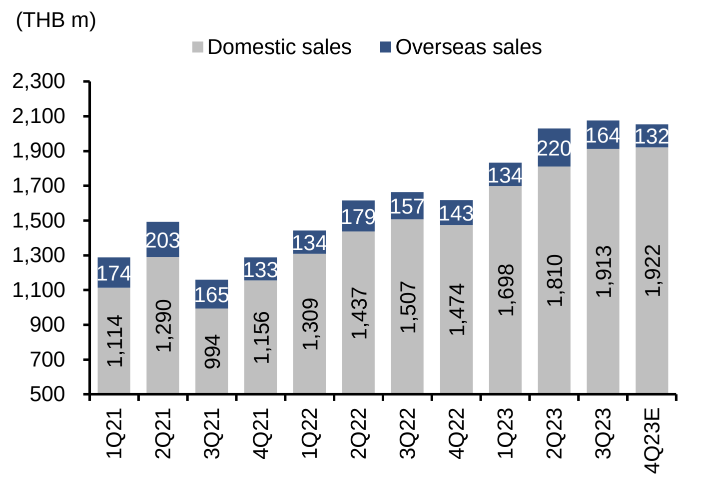
Sources: ICHI, FSSIA estimates

Exhibit 3: Quarterly total revenue and growth



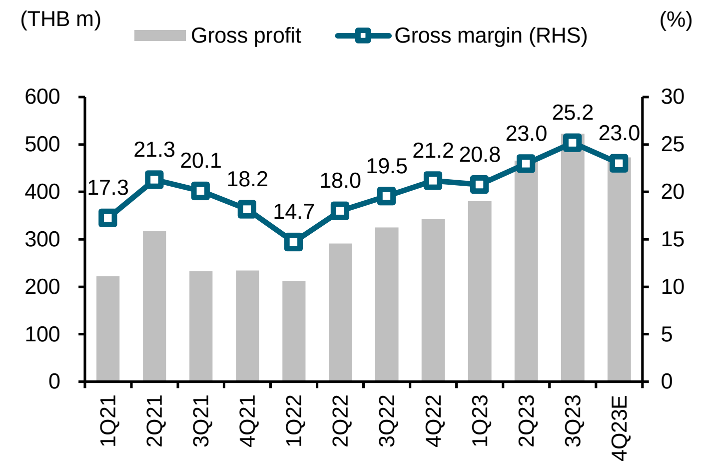
Sources: ICHI, FSSIA estimates

Exhibit 4: Quarterly revenue breakdown by destination



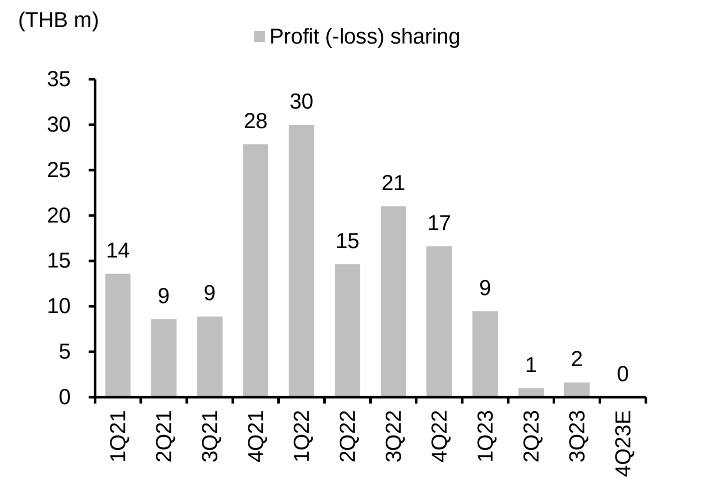
Sources: ICHI, FSSIA estimates

Exhibit 5: Quarterly gross profit and gross margin



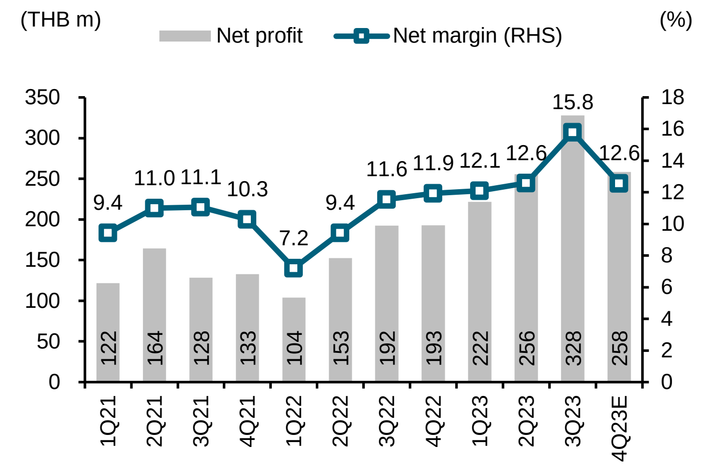
Sources: ICHI, FSSIA estimates

Exhibit 6: Profit sharing from Indonesia JV



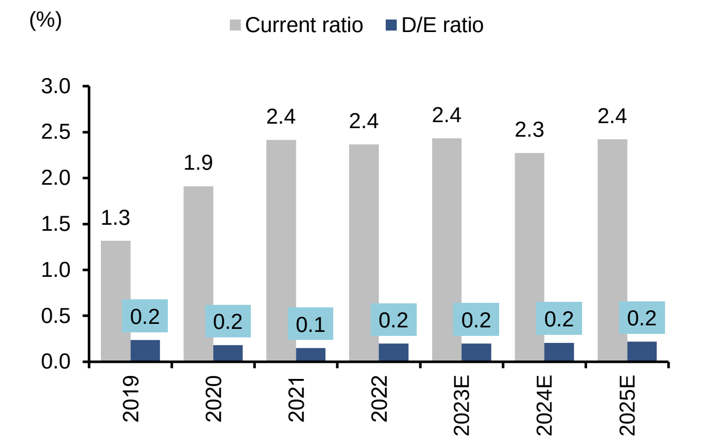
Sources: ICHI, FSSIA estimates

Exhibit 7: Quarterly net profit and net margin



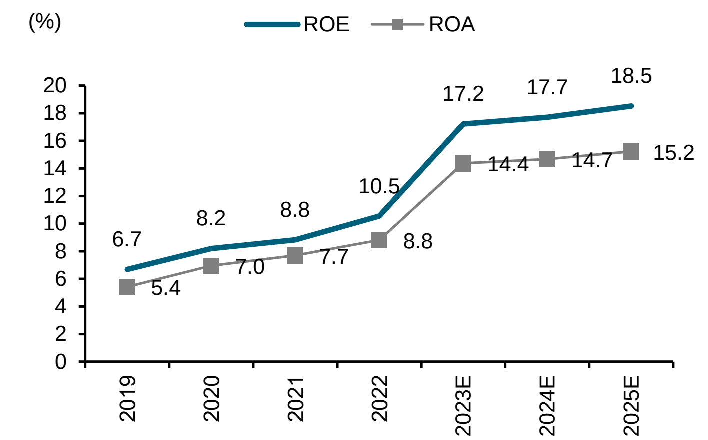
Sources: ICHI, FSSIA estimates

Exhibit 8: Current ratio and D/E ratio



Sources: ICHI, FSSIA estimates

Exhibit 9: ROE and ROA



Sources: ICHI, FSSIA estimates

Financial Statements

Ichitan Group

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	5,228	6,340	7,993	8,390	8,842
Cost of goods sold	(4,221)	(5,169)	(6,152)	(6,460)	(6,826)
Gross profit	**1,007**	**1,172**	**1,842**	**1,930**	**2,016**
Other operating income	23	19	31	25	27
Operating costs	(445)	(465)	(551)	(612)	(645)
Operating EBITDA	**1,168**	**1,296**	**1,904**	**1,950**	**2,020**
Depreciation	(584)	(570)	(583)	(608)	(623)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	**585**	**726**	**1,321**	**1,342**	**1,397**
Net financing costs	(3)	(2)	(2)	(2)	(3)
Associates	59	82	12	25	35
Recurring non-operating income	59	82	12	25	35
Non-recurring items	0	(9)	0	0	0
Profit before tax	**641**	**797**	**1,332**	**1,366**	**1,430**
Tax	(94)	(155)	(268)	(273)	(286)
Profit after tax	**547**	**642**	**1,064**	**1,093**	**1,144**
Minority interests	0	0	0	0	0
Preferred dividends	0	0	0	0	0
Other items	-	-	-	-	-
Reported net profit	**547**	**642**	**1,064**	**1,093**	**1,144**
Non-recurring items & goodwill (net)	**0**	**9**	**0**	**0**	**0**
Recurring net profit	**547**	**651**	**1,064**	**1,093**	**1,144**
Per share (THB)					
Recurring EPS *	0.42	0.50	0.82	0.84	0.88
Reported EPS	0.42	0.49	0.82	0.84	0.88
DPS	0.50	0.60	0.82	0.84	0.88
Diluted shares (used to calculate per share data)	1,300	1,300	1,300	1,300	1,300
Growth					
Revenue (%)	2.5	21.3	26.1	5.0	5.4
Operating EBITDA (%)	1.7	10.9	46.9	2.4	3.6
Operating EBIT (%)	5.1	24.1	82.1	1.6	4.1
Recurring EPS (%)	6.1	19.0	63.5	2.7	4.7
Reported EPS (%)	6.1	17.4	65.8	2.7	4.7
Operating performance					
Gross margin inc. depreciation (%)	19.3	18.5	23.0	23.0	22.8
Gross margin exc. depreciation (%)	30.4	27.5	30.3	30.2	29.8
Operating EBITDA margin (%)	22.3	20.4	23.8	23.2	22.8
Operating EBIT margin (%)	11.2	11.4	16.5	16.0	15.8
Net margin (%)	10.5	10.3	13.3	13.0	12.9
Effective tax rate (%)	14.7	19.5	20.1	20.0	20.0
Dividend payout on recurring profit (%)	118.9	119.9	100.0	100.0	100.0
Interest cover (X)	244.4	462.2	705.5	795.1	557.4
Inventory days	56.3	44.4	41.4	43.1	42.8
Debtor days	61.8	62.5	63.1	68.3	68.2
Creditor days	53.4	51.0	49.1	48.5	48.2
Operating ROIC (%)	8.0	10.8	20.6	21.1	22.7
ROIC (%)	8.3	11.2	19.0	19.0	20.1
ROE (%)	8.8	10.5	17.2	17.7	18.5
ROA (%)	7.6	9.0	14.4	14.7	15.3

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2021	2022	2023E	2024E	2025E
Ready-to-drink green tea	3,264	4,405	5,507	5,893	6,187
Non-tea and others	1,964	1,936	2,486	2,497	2,655

Sources: Ichitan Group; FSSIA estimates

Financial Statements

Ichitan Group

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	547	651	1,064	1,093	1,144
Depreciation	584	570	583	608	623
Associates & minorities	(59)	(82)	(12)	(25)	(35)
Other non-cash items	-	-	-	-	-
Change in working capital	(35)	(27)	(329)	(52)	(59)
Cash flow from operations	**1,036**	**1,112**	**1,305**	**1,623**	**1,672**
Capex - maintenance	-	-	-	-	-
Capex - new investment	(65)	(114)	(247)	(500)	(255)
Net acquisitions & disposals	(65)	-	-	-	-
Other investments (net)	46	58	(112)	(183)	(9)
Cash flow from investing	**(83)**	**(56)**	**(359)**	**(683)**	**(264)**
Dividends paid	(650)	(644)	(1,064)	(1,093)	(1,144)
Equity finance	0	0	0	0	0
Debt finance	(238)	(9)	(65)	0	0
Other financing cash flows	(62)	(6)	15	(14)	2
Cash flow from financing	**(950)**	**(658)**	**(1,113)**	**(1,107)**	**(1,142)**
Non-recurring cash flows	-	-	-	-	-
Other adjustments	132	0	0	0	0
Net other adjustments	**132**	**0**	**0**	**0**	**0**
Movement in cash	**135**	**397**	**(167)**	**(166)**	**267**
Free cash flow to firm (FCFF)	955.69	1,057.45	948.10	942.13	1,410.93
Free cash flow to equity (FCFE)	785.29	1,040.82	897.08	926.41	**1,410.62**
Per share (THB)					
FCFF per share	0.74	0.81	0.73	0.72	1.09
FCFE per share	0.60	0.80	0.69	0.71	1.09
Recurring cash flow per share	0.82	0.88	1.26	1.29	1.33

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	9,261	9,370	9,620	10,120	10,420
Less: Accumulated depreciation	(4,483)	(5,032)	(5,615)	(6,223)	(6,845)
Tangible fixed assets (net)	**4,778**	**4,338**	**4,005**	**3,898**	**3,575**
Intangible fixed assets (net)	**12**	**10**	**10**	**10**	**10**
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	254	312	375	575	610
Cash & equivalents	338	735	568	402	669
A/C receivable	1,054	1,304	1,608	1,684	1,726
Inventories	531	588	674	708	748
Other current assets	0	0	0	0	0
Current assets	**1,923**	**2,627**	**2,851**	**2,794**	**3,143**
Other assets	140	99	160	168	177
Total assets	**7,106**	**7,386**	**7,401**	**7,445**	**7,515**
Common equity	6,191	6,170	6,173	6,173	6,173
Minorities etc.	0	0	0	0	0
Total shareholders' equity	**6,191**	**6,170**	**6,173**	**6,173**	**6,173**
Long term debt	73	65	0	0	0
Other long-term liabilities	47	41	56	42	44
Long-term liabilities	**119**	**105**	**56**	**42**	**44**
A/C payable	546	739	758	796	842
Short term debt	15	14	14	14	14
Other current liabilities	235	357	400	420	442
Current liabilities	**796**	**1,110**	**1,172**	**1,230**	**1,298**
Total liabilities and shareholders' equity	**7,106**	**7,386**	**7,401**	**7,445**	**7,515**
Net working capital	804	795	1,124	1,176	1,190
Invested capital	5,987	5,554	5,674	5,827	5,562
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	4.76	4.75	4.75	4.75	4.75
Tangible book value per share	4.75	4.74	4.74	4.74	4.74
Financial strength					
Net debt/equity (%)	(4.0)	(10.6)	(9.0)	(6.3)	(10.6)
Net debt/total assets (%)	(3.5)	(8.9)	(7.5)	(5.2)	(8.7)
Current ratio (x)	2.4	2.4	2.4	2.3	2.4
CF interest cover (x)	323.9	661.7	606.4	830.3	649.0

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	**35.2**	**29.6**	**18.1**	**17.6**	**16.8**
Recurring P/E @ target price (x) *	**45.2**	**38.0**	**23.2**	**22.6**	**21.6**
Reported P/E (x)	35.2	30.0	18.1	17.6	16.8
Dividend yield (%)	3.4	4.1	5.5	5.7	5.9
Price/book (x)	3.1	3.1	3.1	3.1	3.1
Price/tangible book (x)	3.1	3.1	3.1	3.1	3.1
EV/EBITDA (x) **	16.3	14.3	9.8	9.7	9.2
EV/EBITDA @ target price (x) **	20.9	18.6	12.7	12.5	11.9
EV/invested capital (x)	3.2	3.3	3.3	3.2	3.3

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

Sources: Ichitan Group; FSSIA estimates

ICHITAN GROUP PCL (ICHI TB)

FSSIA ESG rating

★ ★ ★

43.67 /100

Exhibit 8: 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 9: ESG – peer comparison

	FSSIA	------------------ Domestic ratings -----------------------						-------------------------------- Global ratings ------------------------						--- Bloomberg ---	
	ESG score	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 10: ESG disclosure from the company's one report

FY ending Dec 31	FY 2022
Environmental	
Climate change policy	Yes
Climate change opportunities discussed	--
GHG scope 2 location-based policy	Yes
Biodiversity policy	--
Energy efficiency policy	Yes
Electricity used	Yes
Fuel used - crude oil/diesel	--
Waste reduction policy	Yes
Water policy	--
Water consumption	--
Social	
Human rights policy	Yes
Policy against child labor	Yes
Quality assurance and recall policy	Yes
Consumer data protection policy	--
Equal opportunity policy	Yes
Gender pay gap breakout	--
Pct women in workforce	Yes
Business ethics policy	Yes
Anti-bribery ethics policy	Yes
Health and safety policy	Yes
Lost time incident rate - employees	--
Training policy	Yes
Fair remuneration policy	Yes
Number of employees - CSR	--
Total hours spent by firm - employee training	--
Social supply chain management	Yes

FY ending Dec 31	FY 2022
Governance	
Board size / Independent directors (ID) / Female	**9 / 3 / 2**
No. of board meetings for the year / % attendance	7 / 100%
Company conducts board evaluations	Yes
Number of non-executive directors on board	3
Director share ownership guidelines	No
Board age limit	No
Age of the youngest / oldest director	47 / 72
Number of executives / female	6 / 1
Executive share ownership guidelines	No
Size of audit committee / ID	**3 / 3**
Audit committee meetings	4
Audit committee meeting attendance (%)	100
Size of compensation committee	**3 / 2**
Number of compensation committee meetings	3
Compensation committee meeting attendance (%)	100
Size of nomination committee / ID	**3 / 2**
Number of nomination committee meetings	3
Nomination committee meeting attendance (%)	100
Board compensation (THB m)	8.615
Auditor fee (THB m)	3.00
(KPMG Phoomchai Audit Company Limited)	

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 (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%). (*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.)*	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. *(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.)*	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. *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.*	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. **NEGL** 0-10 · **Low** 10-20 · **Medium** 20-30 · **High** 30-40 · **Severe** 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.	

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	**Average:**	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers
BBB	4.286-5.713		
BB	2.857-4.285		
B	1.429-2.856	**Laggard:**	lagging its industry based on its high exposure and failure to manage significant ESG risks
CCC	0.000-1.428		

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. *(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)*	
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

Ichitan Group (ICHI TB)

Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
21-Mar-2023	BUY	14.00	15-Jun-2023	HOLD	15.70	-	-	-
17-May-2023	BUY	15.70	19-Sep-2023	BUY	19.00			

Sureeporn Teewasuwet started covering this stock from 21-Mar-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Ichitan Group	ICHI TB	THB 14.80	BUY	Downside risks to our P/E-based TP would be 1) a slower-than-expected consumption recovery; 2) high volatility in packaging costs; and 3) 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 21-Dec-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.