

I-TAIL CORPORATION

THAILAND / FOOD & BEVERAGE

ITC TB

Starting y-y growth in 4Q23 onward

- Thailand's pet food export value in November 2023 grew y-y for two months in a row – breaking with seasonality.
- ITC's 4Q23 net profit should grow by 21% q-q and 15% y-y, growing for three quarters in a row to reach the peak of the year.
- Reiterate BUY rating for significant profit growth potential in 2024.

Thailand's pet food export value grew y-y for two months in a row

Thailand's pet food export value in November 2023 was at USD192m (-2.2% m-m, +6% y-y), which grew y-y for two months in a row. Even though it was lower than our expectation at less than USD200m per month, we still have a positive view as the y-y growth broke the seasonal trend. It is a good signal to demonstrate customers' restocking in 2H23.

4Q23 might be the peak of the year

We expect ITC's 4Q23 net profit to be at THB777m (+21% q-q, +15% y-y), growing for three quarters in a row to reach the peak of the year. Main drivers would be from: 1) higher purchase orders in line with Thailand's pet food export value; and 2) a higher gross margin. To elaborate, we expect its 4Q23 total revenue to grow by 21% q-q to THB4.8b – lower than management's guidance of around THB5b. We estimate ITC's 4Q23 gross margin to recover to 20.2%, up from 19.2% in 3Q23, due to lower tuna costs. Note that the 4Q23 average tuna price would be USD1,533 per ton (-17% q-q, -7.7% y-y).

Revise 2023 profit forecast up, but maintain 2024 estimate

We revise up our 2023 net profit forecast by 14% to THB2.3b (-48% y-y), to reflect a better 4Q23 net profit than we previously expected. However, we maintain our 2024 net profit forecast of THB3.5b (+55% y-y). We believe the pet food demand will return to a normal level in 2024. ITC's management targets 2024 revenue growth of 15% y-y, supported by existing product growth; new products launched; and new customer expansion. According to Frost & Sullivan, the global pet food market is expected to grow at a 7.1% CAGR to USD187b by 2026.

Reiterate BUY rating with the same TP of THB30

We maintain our 2024 TP of THB30, based on the same target P/E at 25x. We have confidence that ITC's earnings will have passed the bottom in 2023. Hence, we expect its 2024 net profit growth to jump significantly. Aside from that, we still like its strong balance sheet with a low 2023E D/E ratio of only 0.08x and massive cash on hand of around THB7b. We reiterate our BUY recommendation on ITC.

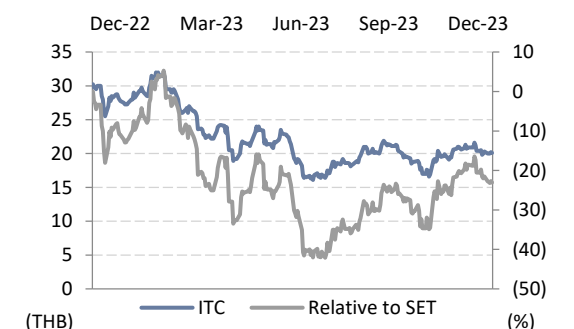
BUY

UNCHANGED

TARGET PRICE	THB30.00
CLOSE	THB20.10
UP/DOWNSIDE	+49.3%
PRIOR TP	THB30.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+24.8%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	21,420	15,655	18,681	20,696
Net profit	4,401	2,291	3,539	4,046
EPS (THB)	2.56	0.76	1.18	1.35
vs Consensus (%)	-	5.3	19.1	10.4
EBITDA	4,928	3,218	4,596	5,221
Recurring net profit	4,226	2,277	3,539	4,046
Core EPS (THB)	2.46	0.76	1.18	1.35
Chg. In EPS est. (%)	-	12.7	(0.6)	(2.7)
EPS growth (%)	(63.7)	(69.1)	55.5	14.3
Core P/E (x)	8.2	26.5	17.0	14.9
Dividend yield (%)	8.3	3.0	4.1	4.7
EV/EBITDA (x)	9.6	14.8	10.3	9.0
Price/book (x)	2.4	2.4	2.3	2.2
Net debt/Equity (%)	(52.8)	(51.2)	(49.3)	(49.3)
ROE (%)	26.5	9.1	13.8	15.2



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(4.3)	(4.7)	(30.7)
Relative to country (%)	(3.7)	3.2	(20.3)
Mkt cap (USD m)	1,743		
3m avg. daily turnover (USD m)	3.6		
Free float (%)	22		
Major shareholder	Thai Union Group (78%)		
12m high/low (THB)	32.00/15.70		
Issued shares (m)	3,000.00		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

Thailand's i-Tail Corporation (ITC) is one of the world's leading pet food manufacturers. Its cost and innovation advantages come from its parent company, Thai Union Group (TU TB, BUY), one of the world's largest tuna processors. Given the management team's 20 years of experience on average, ITC can respond to changing demands and maintain its relationships with global pet food brands. Also, its growth has outpaced the rise in the value of the pet food market over the past three years. Despite the Covid-19 pandemic, the pet food market has continued to grow in line with the pet humanization trend.

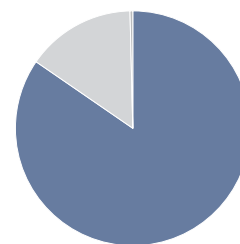
Company profile

ITC was one of the top 10 global pet food companies by value in 2021 and ranked second in Asia. ITC is the Global Pet Care (GPC) unit of Thai Union Manufacturing (TUM), which has operated a pet food business since 1977. Apart from Thailand, ITC has an extensive geographic presence in the US, UK, EU, China, and Japan.

www.i-tail.com

Principal activities (revenue, 2022)

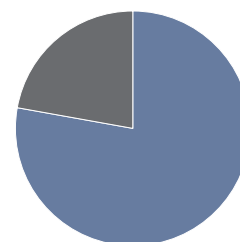
- Pet Food - 84.6 %
- Treats - 15.0 %
- Other - 0.4 %



Source: i-Tail Corporation

Major shareholders

- Thai Union Group - 77.8 %
- Others - 22.2 %



Source: i-Tail Corporation

Catalysts

Potential catalysts for ITC's earnings growth in 2023 are 1) revenue growth driven by new customers and industry growth; 2) its capacity expansion plan; and 3) declining raw material costs and an end to the shipping container shortage.

Risks to our call

Downside risks to our P/E-based TP include 1) a stronger-than-expected THB against USD; 2) the high volatility of raw material prices; 3) labour shortages; and 4) changing consumer demand and lifestyles.

Event calendar

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

Key assumptions

	2023E	2024E	2025E
Total capacity (tons/year)	194,872	206,627	224,103
Sales volume (tons/year)	103,059	127,895	140,453
Utilization rate (%)	52.9	61.9	62.7
FX rate (USD/THB)	34.5	33.0	33.0
Tuna price (USD/ton)	1,700	1,600	1,500
Total sales growth (%)	(26.9)	19.3	10.8
Gross margin (%)	18.9	23.0	24.0

Source: FSSIA estimates

Earnings sensitivity

- For every THB1/USD increase, we estimate 2024 net profit to fall by 10%, and vice versa, all else being equal.
- For every 10% increase in the tuna price, we estimate 2024 net profit to fall by 8.5%, and vice versa, all else being equal.
- For every 10% increase in the aluminum price, we estimate 2024 net profit to fall by 2.9%, and vice versa, all else being equal.
- For every 5% increase in the minimum wage, we estimate 2024 net profit to fall by 2.4%, and vice versa, all else being equal.

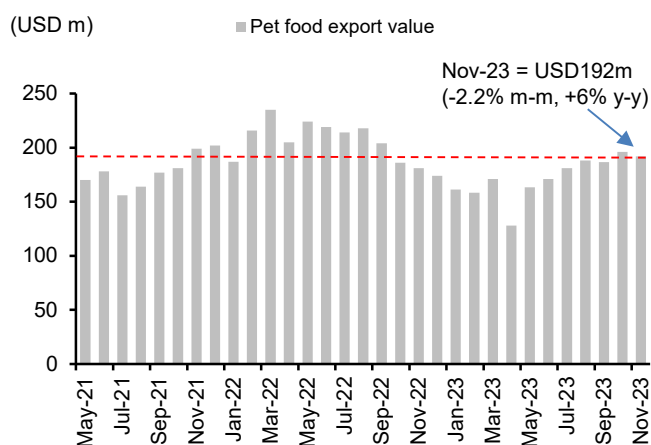
Source: FSSIA estimates

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	4,307	5,400	6,122	5,591	3,587	3,243	3,999	4,826	20.7	(13.7)
Cost of sales	3,283	3,877	4,570	4,341	2,962	2,645	3,231	3,851	19.2	(11.3)
Gross profit	1,024	1,522	1,552	1,250	625	598	768	975	26.9	(22.0)
SG&A	265	312	321	341	301	298	266	290	8.8	(15.1)
Operating profit	807	1,244	1,289	1,017	447	431	685	815	19.0	(19.8)
Other income	48	33	58	107	123	130	183	130	(28.8)	21.1
Interest expense	8	13	31	30	6	2	2	2	9.5	(94.0)
Tax expense	(74)	60	17	45	26	(4)	31	37	19.8	(18.4)
Other gain (loss)	35	179	227	(266)	11	12	(9)	0	nm	nm
Reported net profit	908	1,349	1,468	676	425	445	645	777	20.6	15.1
Core profit	874	1,170	1,241	941	414	433	653	777	19.0	(17.4)
Key ratios (%)									(ppt)	(ppt)
Gross margin	23.8	28.2	25.4	22.4	17.4	18.4	19.2	20.2	1.0	(2.2)
SG&A to sales	6.2	5.8	5.2	6.1	8.4	9.2	6.7	6.0	(0.7)	(0.1)
Operating margin	18.7	23.0	21.0	18.2	12.5	13.3	17.1	16.9	(0.2)	(1.3)
Net margin	21.1	25.0	24.0	12.1	11.9	13.7	16.1	16.1	(0.0)	4.0
Core margin	20.3	21.7	20.3	16.8	11.5	13.4	16.3	16.1	(0.2)	(0.7)
Operating statistics (THB m)										
THB/USD	33.1	34.4	36.4	36.3	33.9	34.5	35.2	35.8	1.6	(1.6)
Tuna price (USD/ton)	1,717	1,608	1,667	1,660	1,820	2,000	1,850	1,533	(17.1)	(7.7)
Cat food sales	3,015	3,953	4,429	4,160	2,399	2,264	2,885	3,578	24.0	(14.0)
Dog food sales	496	695	676	694	594	563	399	460	15.3	(33.7)
Treat sales	775	728	989	727	499	338	487	633	30.0	(12.9)
Other pet sales	21	24	28	10	2	4	2	5	212.5	(50.2)
Other non-pet sales	0	0	0	0	92	74	226	150	(33.8)	nm

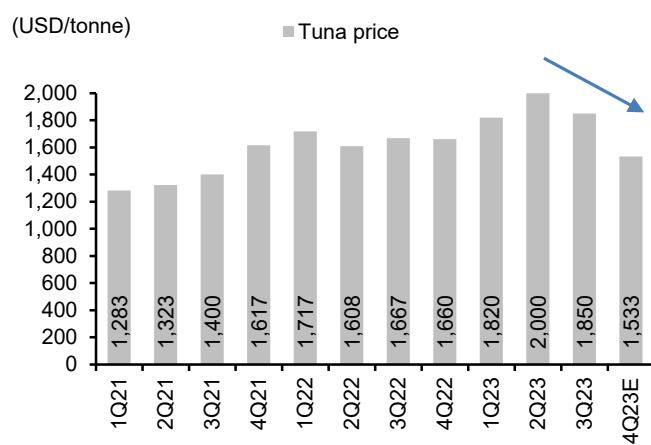
Sources: ITC, FSSIA estimates

Exhibit 2: Thailand's monthly pet food exports by value in USD

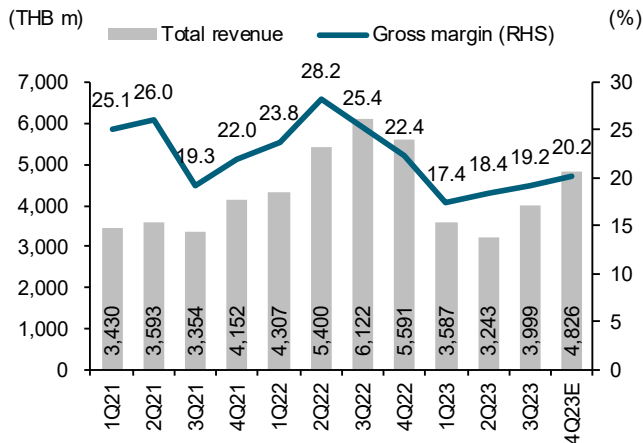


Source: Ministry of Commerce

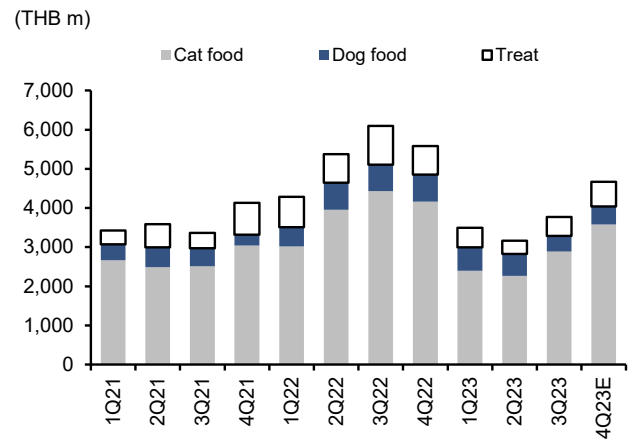
Exhibit 3: Monthly tuna price



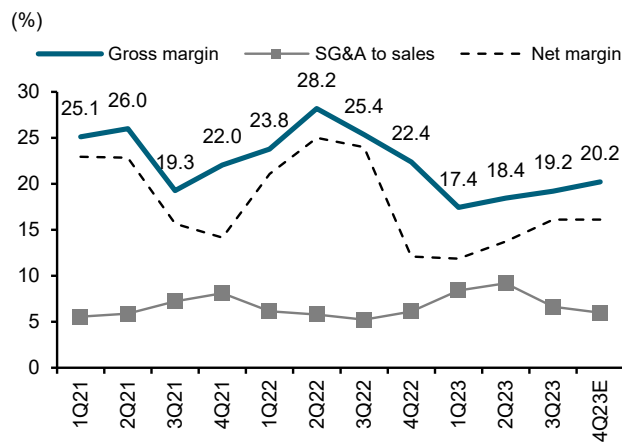
Sources: TU, FSSIA's compilation

Exhibit 4: Quarterly total revenue and gross margin

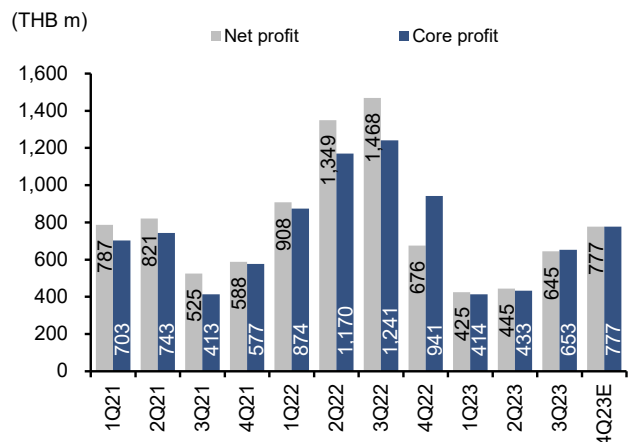
Sources: ITC, FSSIA estimates

Exhibit 5: Quarterly revenue breakdown by product

Sources: ITC, FSSIA estimates

Exhibit 6: Quarterly profit margin

Sources: ITC, FSSIA estimates

Exhibit 7: Quarterly net and core profit

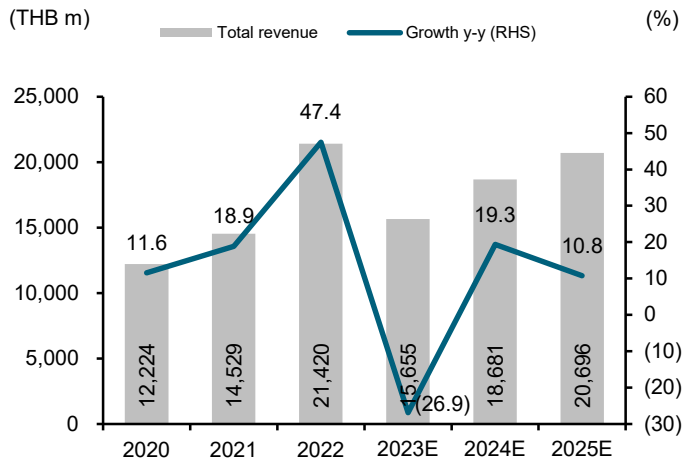
Sources: ITC, FSSIA estimates

Exhibit 8: Changes in key assumptions for ITC

	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	15,655	18,681	20,696	15,328	19,588	21,706	2.1	(4.6)	(4.7)
Cost	12,690	14,384	15,729	12,416	15,181	16,605	2.2	(5.2)	(5.3)
Gross profit	2,965	4,297	4,967	2,912	4,407	5,101	1.8	(2.5)	(2.6)
SG&A expenses	1,154	1,177	1,304	1,188	1,273	1,411	(2.8)	(7.6)	(7.6)
Report net profit	2,291	3,539	4,046	2,011	3,550	4,147	13.9	(0.3)	(2.4)
Core profit	2,277	3,539	4,046	2,011	3,550	4,147	13.2	(0.3)	(2.4)
Key ratios (%)									
Total revenue growth	(26.9)	19.3	10.8	(28.4)	27.8	10.8	1.5	(8.5)	(0.0)
Net profit growth	(47.9)	54.5	14.3	(54.3)	76.5	16.8	6.4	(22.0)	(2.5)
Core profit growth	(46.1)	55.5	14.3	(52.4)	76.5	16.8	6.3	(21.0)	(2.5)
Gross margin	18.9	23.0	24.0	19.0	22.5	23.5	0.1	(0.5)	(0.5)
SG&A to sales	7.4	6.3	6.3	7.8	6.5	6.5	0.4	0.2	0.2
Net margin	14.6	18.9	19.6	13.1	18.1	19.1	(1.5)	(0.8)	(0.4)
Core margin	14.5	18.9	19.6	13.1	18.1	19.1	(1.4)	(0.8)	(0.4)
Operating statistics									
Total capacity (tons)	194,872	206,627	224,103	194,872	206,627	224,103	0.0	0.0	0.0
Utilization rate (%)	52.9	61.9	62.7	52.9	61.9	62.7	0.0	0.0	0.0
Total sales volume (tons)	103,039	127,895	140,453	103,039	127,895	140,453	0.0	0.0	0.0
FX rate (THB/USD)	34.5	33.0	33.0	33.0	33.0	33.0	1.5	0.0	0.0
Revenue breakdown (THB m)									
Cat food	11,127	13,217	14,684	10,921	14,061	15,621	1.9	(6.0)	(6.0)
Dog food	2,016	2,503	2,748	2,110	2,608	2,863	(4.5)	(4.0)	(4.0)
Treats	1,957	2,723	3,015	2,115	2,723	3,015	(7.5)	0.0	0.0

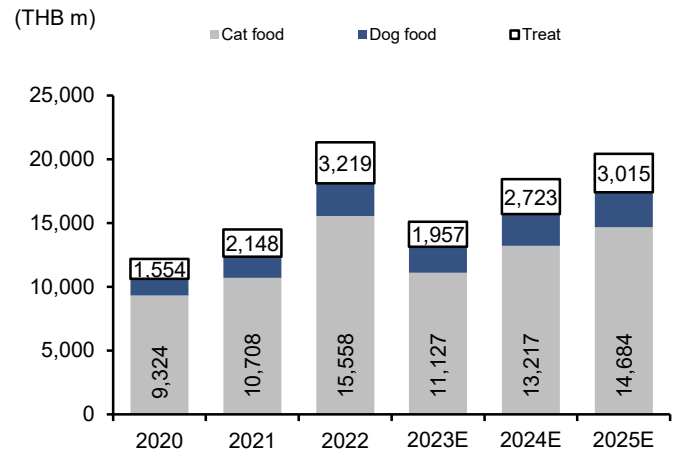
Source: FSSIA estimates

Exhibit 9: Yearly total revenue and growth



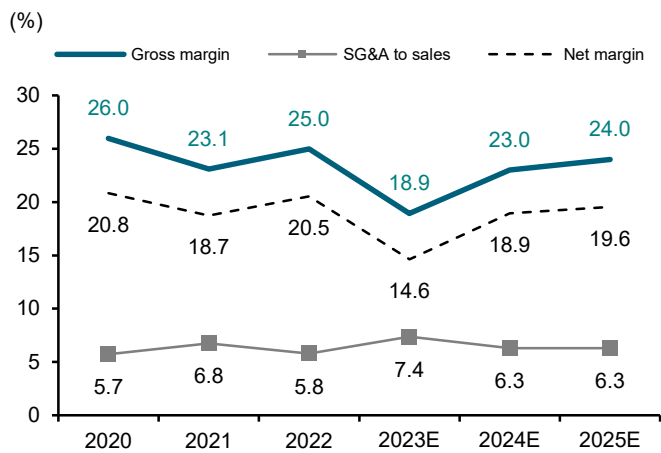
Sources: ITC; FSSIA estimates

Exhibit 10: Yearly revenue breakdown by product



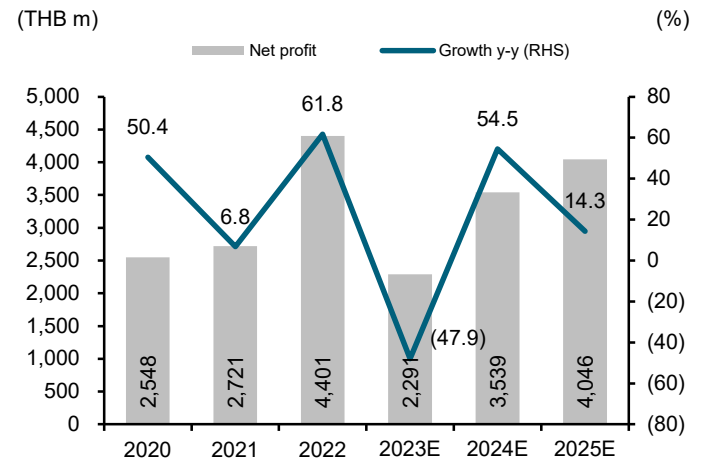
Sources: ITC; FSSIA estimates

Exhibit 11: Yearly profitability



Sources: ITC; FSSIA estimates

Exhibit 12: Yearly net profit and growth



Sources: ITC; FSSIA estimates

Financial Statements

i-Tail Corporation

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	14,529	21,420	15,655	18,681	20,696
Cost of goods sold	(11,173)	(16,071)	(12,690)	(14,384)	(15,729)
Gross profit	3,356	5,349	2,965	4,297	4,967
Other operating income	121	247	566	536	517
Operating costs	(982)	(1,239)	(1,154)	(1,177)	(1,304)
Operating EBITDA	3,031	4,928	3,218	4,596	5,221
Depreciation	(536)	(571)	(841)	(941)	(1,041)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	2,495	4,357	2,377	3,656	4,181
Net financing costs	(32)	(83)	(11)	(13)	(14)
Associates	-	-	-	-	-
Recurring non-operating income	0	0	0	0	0
Non-recurring items	285	175	15	0	0
Profit before tax	2,749	4,450	2,381	3,643	4,167
Tax	(28)	(48)	(88)	(102)	(117)
Profit after tax	2,721	4,401	2,292	3,541	4,050
Minority interests	0	0	(1)	(2)	(4)
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	2,721	4,401	2,291	3,539	4,046
Non-recurring items & goodwill (net)	(285)	(175)	(15)	0	0
Recurring net profit	2,435	4,226	2,277	3,539	4,046
Per share (THB)					
Recurring EPS *	6.77	2.46	0.76	1.18	1.35
Reported EPS	7.56	2.56	0.76	1.18	1.35
DPS	4.00	1.66	0.61	0.83	0.94
Diluted shares (used to calculate per share data)	360	1,720	3,000	3,000	3,000
Growth					
Revenue (%)	18.9	47.4	(26.9)	19.3	10.8
Operating EBITDA (%)	(1.9)	62.6	(34.7)	42.8	13.6
Operating EBIT (%)	(4.4)	74.6	(45.4)	53.8	14.4
Recurring EPS (%)	(4.3)	(63.7)	(69.1)	55.5	14.3
Reported EPS (%)	6.8	(66.1)	(70.2)	54.5	14.3
Operating performance					
Gross margin inc. depreciation (%)	23.1	25.0	18.9	23.0	24.0
Gross margin exc. depreciation (%)	26.8	27.6	24.3	28.0	29.0
Operating EBITDA margin (%)	20.9	23.0	20.6	24.6	25.2
Operating EBIT margin (%)	17.2	20.3	15.2	19.6	20.2
Net margin (%)	16.8	19.7	14.5	18.9	19.6
Effective tax rate (%)	1.0	1.1	3.7	2.8	2.8
Dividend payout on recurring profit (%)	59.1	67.6	80.5	70.0	70.0
Interest cover (X)	78.5	52.8	213.0	287.9	302.9
Inventory days	98.3	93.6	122.1	100.7	102.5
Debtor days	54.3	48.8	71.0	55.1	57.1
Creditor days	47.0	46.3	63.0	50.3	51.3
Operating ROIC (%)	24.9	33.7	16.0	23.8	25.6
ROIC (%)	24.2	32.5	15.4	22.8	24.5
ROE (%)	39.3	26.5	9.1	13.8	15.2
ROA (%)	22.1	21.6	8.3	12.9	14.0
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Pet Food	12,361	18,119	13,143	15,720	17,432
Treats	2,148	3,219	1,957	2,723	3,015
Other	19	82	556	237	249

Sources: i-Tail Corporation; FSSIA estimates

Financial Statements

i-Tail Corporation

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	2,435	4,226	2,277	3,539	4,046
Depreciation	536	571	841	941	1,041
Associates & minorities	0	16	0	3	2
Other non-cash items	-	-	-	-	-
Change in working capital	(608)	(2,972)	1,946	(872)	(610)
Cash flow from operations	2,363	1,841	5,063	3,611	4,479
Capex - maintenance	(1,238)	(817)	(3,154)	(1,000)	(1,000)
Capex - new investment	0	0	0	0	0
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(72)	(222)	23	(91)	(60)
Cash flow from investing	(1,310)	(1,039)	(3,131)	(1,091)	(1,060)
Dividends paid	(1,257)	(7,471)	(1,833)	(2,477)	(2,832)
Equity finance	0	20,795	0	0	0
Debt finance	(860)	(1,559)	(14)	(5)	(5)
Other financing cash flows	(344)	(16)	(495)	15	10
Cash flow from financing	(2,462)	11,749	(2,342)	(2,467)	(2,827)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(1,409)	12,551	(410)	53	591
Free cash flow to firm (FCFF)	1,084.90	884.37	1,943.33	2,533.03	3,431.91
Free cash flow to equity (FCFE)	(151.76)	(773.10)	1,423.22	2,530.46	3,423.19
Per share (THB)					
FCFF per share	0.36	0.29	0.65	0.84	1.14
FCFE per share	(0.05)	(0.26)	0.47	0.84	1.14
Recurring cash flow per share	8.25	2.80	1.04	1.49	1.70
Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	6,749	7,583	9,548	9,718	9,792
Less: Accumulated depreciation	(2,546)	(2,648)	(2,754)	(2,864)	(2,979)
Tangible fixed assets (net)	4,203	4,935	6,794	6,853	6,813
Intangible fixed assets (net)	0	0	0	0	0
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	-	-	-	-	-
Cash & equivalents	703	13,254	12,844	12,897	13,488
A/C receivable	2,207	3,517	2,573	3,071	3,402
Inventories	3,498	4,454	3,477	3,941	4,309
Other current assets	627	1,526	783	934	1,035
Current assets	7,035	22,750	19,677	20,843	22,234
Other assets	270	493	470	560	621
Total assets	11,508	28,178	26,941	28,257	29,668
Common equity	6,818	25,029	25,033	26,095	27,308
Minorities etc.	0	16	16	19	21
Total shareholders' equity	6,818	25,045	25,049	26,113	27,329
Long term debt	22	29	24	19	14
Other long-term liabilities	604	588	78	93	103
Long-term liabilities	626	617	102	112	117
A/C payable	1,576	2,353	1,738	1,970	2,155
Short term debt	2,310	14	5	5	5
Other current liabilities	179	150	47	56	62
Current liabilities	4,065	2,517	1,790	2,031	2,222
Total liabilities and shareholders' equity	11,508	28,178	26,941	28,257	29,668
Net working capital	4,577	6,994	5,048	5,919	6,529
Invested capital	9,051	12,421	12,311	13,333	13,963
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	18.94	8.34	8.34	8.70	9.10
Tangible book value per share	18.94	8.34	8.34	8.70	9.10
Financial strength					
Net debt/equity (%)	23.9	(52.8)	(51.2)	(49.3)	(49.3)
Net debt/total assets (%)	14.2	(46.9)	(47.6)	(45.6)	(45.4)
Current ratio (x)	1.7	9.0	11.0	10.3	10.0
CF interest cover (x)	(3.8)	(8.4)	128.5	200.2	249.1
Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	3.0	8.2	26.5	17.0	14.9
Recurring P/E @ target price (x) *	4.4	12.2	39.5	25.4	22.2
Reported P/E (x)	2.7	7.9	26.3	17.0	14.9
Dividend yield (%)	19.9	8.3	3.0	4.1	4.7
Price/book (x)	1.1	2.4	2.4	2.3	2.2
Price/tangible book (x)	1.1	2.4	2.4	2.3	2.2
EV/EBITDA (x) **	2.9	9.6	14.8	10.3	9.0
EV/EBITDA @ target price (x) **	4.1	15.6	24.0	16.8	14.7
EV/invested capital (x)	1.0	3.8	3.9	3.6	3.4
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: i-Tail Corporation; 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 Sustainabilitytics	The Sustainability's 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><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></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><tr><td>AAA</td><td>8.571-10.000</td><td rowspan="3">Leader:</td><td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td></tr><tr><td>AA</td><td>7.143-8.570</td></tr><tr><td>A</td><td>5.714-7.142</td></tr><tr><td>BBB</td><td>4.286-5.713</td><td rowspan="3">Average:</td><td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td></tr><tr><td>BB</td><td>2.857-4.285</td></tr><tr><td>B</td><td>1.429-2.856</td></tr><tr><td>CCC</td><td>0.000-1.428</td><td>Laggard:</td><td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td></tr></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

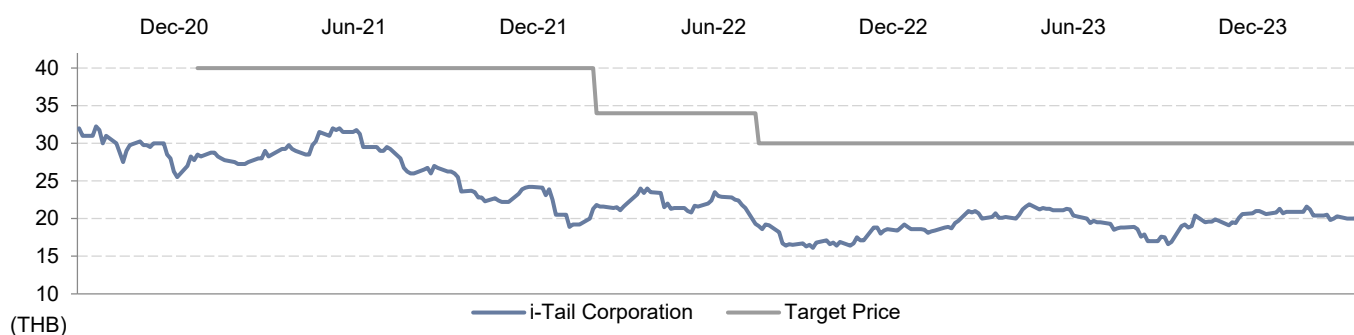
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History of change in investment rating and/or target price

i-Tail Corporation (ITC TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
11-Jan-2023	BUY	40.00	09-May-2023	BUY	34.00	26-Jun-2023	BUY	30.00

Sureeporn Teewasuwet started covering this stock from 11-Jan-2023

Price and TP are in local currency

Source: FSSIA estimates

Thai Union Group (TU TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
23-Jan-2023	BUY	24.00	09-May-2023	BUY	20.00	10-Jul-2023	BUY	18.00

Sureeporn Teewasuwet started covering this stock from 23-Jan-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
i-Tail Corporation	ITC TB	THB 20.10	BUY	Downside risks to our P/E-based TP include 1) a stronger-than-expected THB against USD; 2) the high volatility of raw material prices; 3) labour shortages; and 4) changing consumer demand and lifestyles.
Thai Union Group	TU TB	THB 14.40	BUY	Downside risks to our SoTP-based TP include 1) a stronger-than-expected THB against the USD; 2) the high volatility of raw material prices; 3) labour shortages; and 4) tariff and non-tariff barriers in international trade.

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 22-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.