

THAI FOODS GROUP TFG TB

THAILAND / FOOD & BEVERAGE

HOLD

UNCHANGED

Bet on a profit turnaround in 1Q24

- Expect a larger loss in 4Q23, the bottom of 2023.
- 1Q24 may turn into a profit sooner than swine peers after Vietnam pigs recovered strongly. Also, Thai pigs may turn profitable if prices remain high from the Chinese New Year onwards.
- Maintain profit estimate and TP, but begin to see an upside to re-rate the valuation.

TARGET PRICE	THB4.00
CLOSE	THB3.70
UP/DOWNSIDE	+8.1%
PRIOR TP	THB4.00
CHANGE IN TP	UNCHANGED
TP vs CONSENSUS	+5.9%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	52,323	55,285	58,883	60,887
Net profit	4,722	(779)	2,097	2,331
EPS (THB)	0.84	(0.13)	0.34	0.38
vs Consensus (%)	-	nm	-	(12.2)
EBITDA	10,419	4,899	7,464	7,927
Recurring net profit	4,722	(358)	2,097	2,331
Core EPS (THB)	0.84	(0.06)	0.34	0.38
Chg. In EPS est. (%)	0.0	nm	(0.4)	(0.4)
EPS growth (%)	739.9	nm	nm	11.1
Core P/E (x)	4.4	(60.0)	10.9	9.8
Dividend yield (%)	10.8	-	4.6	5.1
EV/EBITDA (x)	4.3	9.0	6.0	5.5
Price/book (x)	1.3	1.4	1.4	1.3
Net debt/Equity (%)	150.8	147.6	136.7	119.5
ROE (%)	34.8	(2.3)	13.4	14.0

Expect a higher loss in 4Q23, the trough of 2023

We expect a 4Q23 net loss of THB522m, weakening from THB446m in 3Q23 to the bottom of 2023 due to continued decreases in meat prices. In particular, pig prices decreased by 4.2% q-q and 38.5% y-y in Thailand and 17.4% q-q and 11% y-y in Vietnam, still lower than raising costs. Although retail shops should see prolonged growth and profit, it would not be enough to offset a loss from pigs. Also, chicken would weaken q-q due to a low season. Hence, we anticipate 4Q23 revenue to ease q-q, while the gross margin would remain low at 4-5%, insufficient to offset the SG&A-to-sales ratio.

1Q24 may turn profitable sooner than swine peers

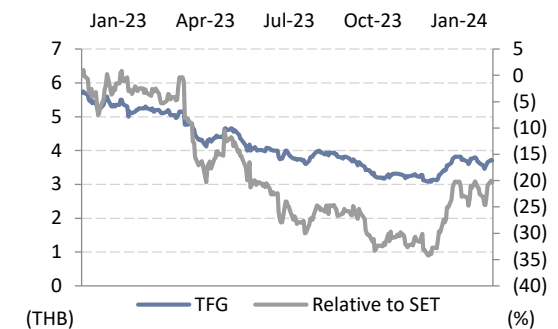
In the swine sector, we view that TFG may turn profitable in 1Q24, sooner than its peers, since it has a pig unit in Thailand and Vietnam, where prices are recovering due to an easing illegal pork problem, helping pig prices in Thailand to climb to THB70/kg. (+12% q-q, -17% y-y). Although TFG still guided a bullish outlook, in line with CPF and BTG, viewing that pig prices will continue rising during the Chinese New Year. Also, supply is yet to recover to its pre-ASF. Specifically, TFG anticipated that swine volume would increase, close to 20m in 2H24 (from 18m at end-2023), while Vietnam pig prices have climbed to 50,000-52,000 dong/kg. (+6-10% q-q), a profitable level.

Cut our 2023 estimate but maintain our 2024 forecast

Given a potentially higher-than-expected loss in 4Q23, we have slashed our 2023 estimate to a higher net loss of THB473m, while the normalized earnings should remain positive at about THB101m, down from THB5.3b in 2022. However, we retain our 2024E net profit of THB2b. We do not see any downside to our estimate since TFG has international business only in Vietnam. Also, the meat price recovery is solid.

Potential upside to re-rate valuation

We reaffirm our 2024 TP of THB4, assuming a PE of 12x (-0.5 SD). We retain our HOLD rating and recommend investors bet on TFG, in line with meat price recovery. However, we start seeing an upside to re-rate valuation in the future, should the 1Q24 operating performance turn into a profit sooner than peers. Also, international business has fewer downside risks than others. TFG traded on a 2024E PE of 11x, lower than CPF's (25x) and BTG's (21x).



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(3.1)	12.1	(31.5)
Relative to country (%)	(0.1)	14.0	(16.1)
Mkt cap (USD m)	591		
3m avg. daily turnover (USD m)	0.4		
Free float (%)	16		
Major shareholder	New Star Victor Co Ltd (28%)		
12m high/low (THB)	5.80/3.04		
Issued shares (m)	5,810.82		

Sources: Bloomberg consensus; FSSIA estimates


Sureeporn Teewasuwet

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

Investment thesis

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

We have a more bullish view of the 2024 growth outlook. Specifically, we anticipate a profit turnaround due to meat price recovery, particularly pig prices in Thailand, which have recovered close to raising costs. Besides the easing illegal pork outlook, TFG also benefited from decreased feed costs, such as maize and soybean meal, after their output increased. Also, the chicken unit should improve, in line with exports, while domestic chicken price increases should follow after pigs.

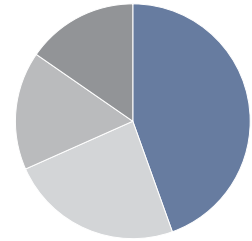
Company profile

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

www.tfg.co.th

Principal activities (revenue, 2022)

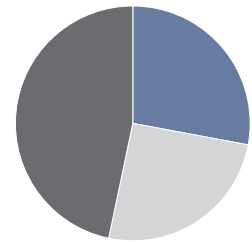
- Poultry - 44.5 %
- Swine - 23.8 %
- Feed - 16.3 %
- Retail Shop and other - 15.4 %



Source: Thai Foods Group

Major shareholders

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



Source: Thai Foods Group

Catalysts

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

Risks to our call

Downside and upside risks to our P/E-based TP are 1) a slower or faster-than-expected consumption recovery; 2) a potential rise or fall in meat and raw material prices; 3) a stronger or weaker-than-expected THB against USD.

Event calendar

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

Key assumptions

	2023E	2024E	2025E
TFG's chicken asp (THB/kg)	56.0	54.0	54.0
TFG's swine asp (THB/kg)	67.6	75.0	75
Total Sales Growth (%)	5.7	6.5	3.4
Gross Margin (%)	7.8	11.7	12.0
SG&A to sales (%)	6.0	6.0	6.0

Source: FSSIA estimates

Earnings sensitivity

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

Source: FSSIA estimates

Exhibit 1: 4Q23 earnings preview

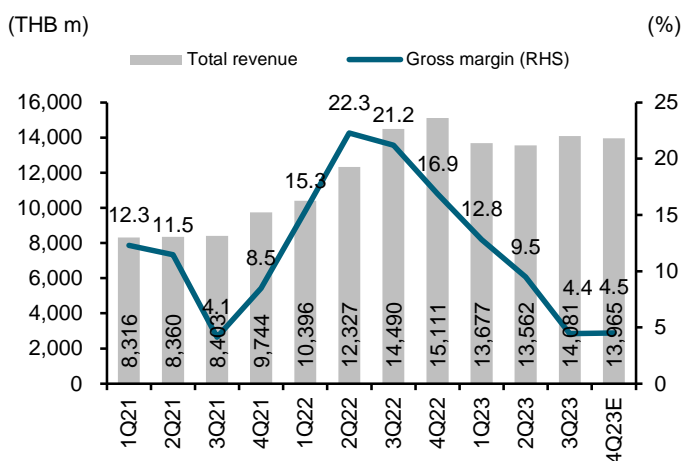
	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23E	----- Change -----	
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Sales	10,396	12,327	14,490	15,111	13,677	13,562	14,081	13,965	(0.8)	(7.6)
Cost of sales	8,804	9,581	11,420	12,562	11,925	12,276	13,457	13,336	(0.9)	6.2
Gross profit	1,592	2,746	3,070	2,548	1,751	1,286	624	628	0.7	(75.3)
SG&A	727	854	770	892	861	853	782	838	7.2	(6.1)
Operating profit	866	1,892	2,300	1,656	890	434	(157)	-209	nm	(112.6)
Interest expense	163	179	221	281	286	335	322	320	(0.5)	13.8
Tax expense	154	304	325	62	223	(18)	(112)	(58)	nm	nm
Other gain (loss)	(1)	(284)	(106)	(266)	(86)	(160)	(178)	(150)	nm	nm
Reported net profit	619	1,238	1,734	1,131	425	69	(446)	(522)	nm	nm
Core profit	620	1,522	1,840	1,397	511	229	(268)	(372)	nm	nm

Key ratios (%)									(ppt)	(ppt)
Gross margin	15.3	22.3	21.2	16.9	12.8	9.5	4.4	4.5	0.1	(12.4)
SG&A to sales	7.0	6.9	5.3	5.9	6.3	6.3	5.6	6.0	0.4	0.1
Operating margin	8.3	15.3	15.9	11.0	6.5	3.2	(1.1)	(1.5)	(0.4)	(12.5)
Net margin	5.9	10.0	12.0	7.5	3.1	0.5	(3.2)	(3.7)	(0.6)	(11.2)
Core margin	6.0	12.3	12.7	9.2	3.7	1.7	(1.9)	(2.7)	(0.8)	(11.9)

Operating Statistics (THB/kg)										
Domestic chicken price - TFG	52.6	59.1	66.1	67.0	59.7	59.6	54.6	55.0	0.7	(17.9)
Domestic swine price - TFG	89.3	99.8	104.6	97.5	81.2	69.6	59.5	65.0	9.2	(33.3)
Vietnam swine price (VND/kg)	52,809	55,387	62,760	52,819	50,400	55,095	57,023	47,082	(17.4)	(10.9)
Corn price	11.4	13.1	12.1	12.6	13.5	12.9	12.2	11.6	(5.3)	(8.3)
Soybean meal price	21.4	23.1	23.1	23.3	23.9	23.1	22.3	21.5	(3.6)	(7.7)
Poultry sales (THB m)	5,032	5,792	6,220	6,254	4,623	4,352	4,340	4,254	(2.0)	(32.0)
Swine sales (THB m)	2,597	3,017	3,470	3,372	3,116	2,822	2,626	2,495	(5.0)	(26.0)
Feed sales (THB m)	1,702	1,956	2,452	2,423	2,432	2,408	2,414	2,426	0.5	0.1
Retail shop sale value (THB m)	1,016	1,562	2,348	2,876	3,459	3,930	4,642	4,735	2.0	64.6

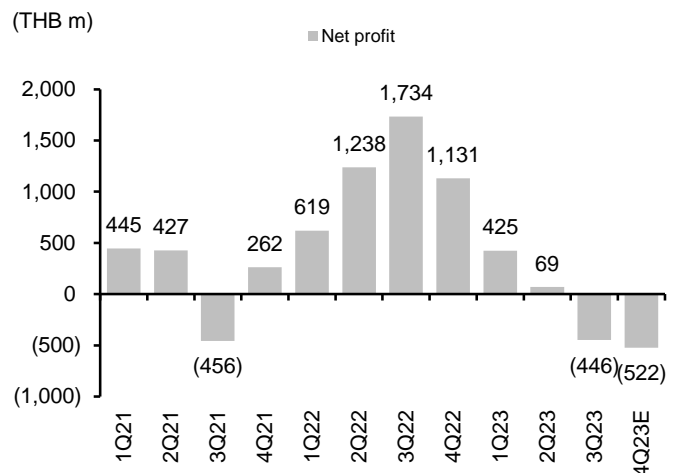
Sources: TFG, FSSIA estimates

Exhibit 2: Total revenue and gross margin



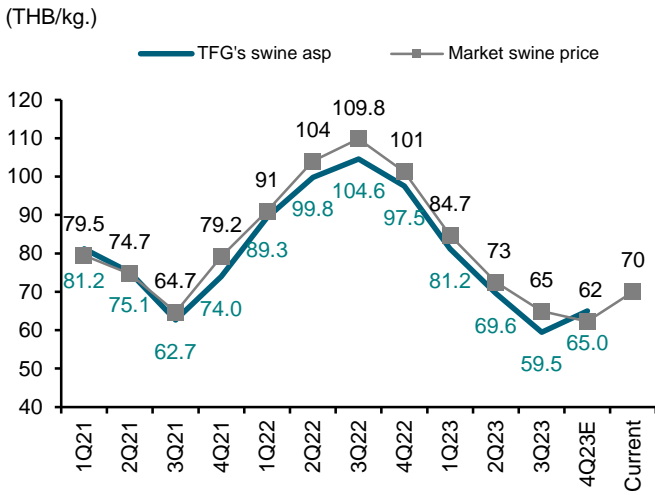
Sources: TFG, FSSIA estimates

Exhibit 3: Quarterly net profit/loss (-)



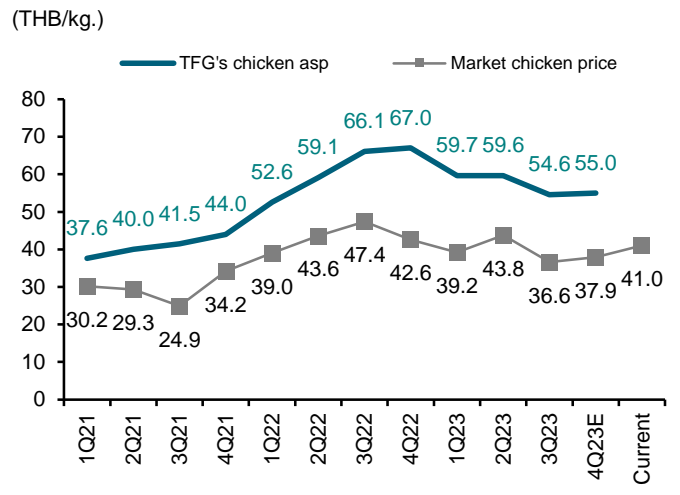
Sources: TFG, FSSIA estimates

Exhibit 4: TFG's swine price vs market price



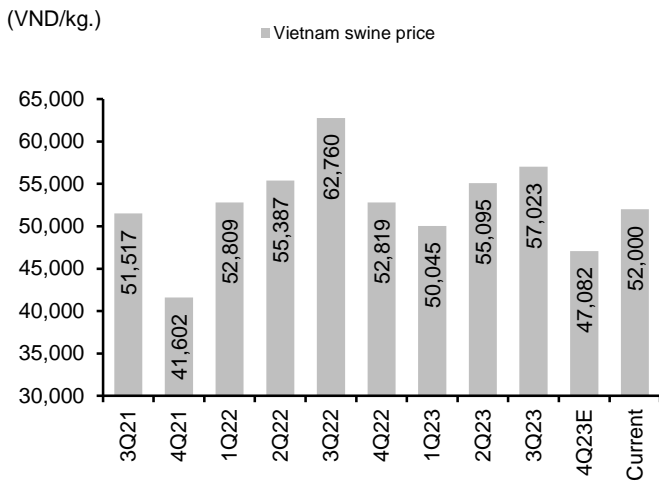
Sources: TFG, OAE, CPF, FSSIA estimates

Exhibit 5: TFG's chicken price vs market price



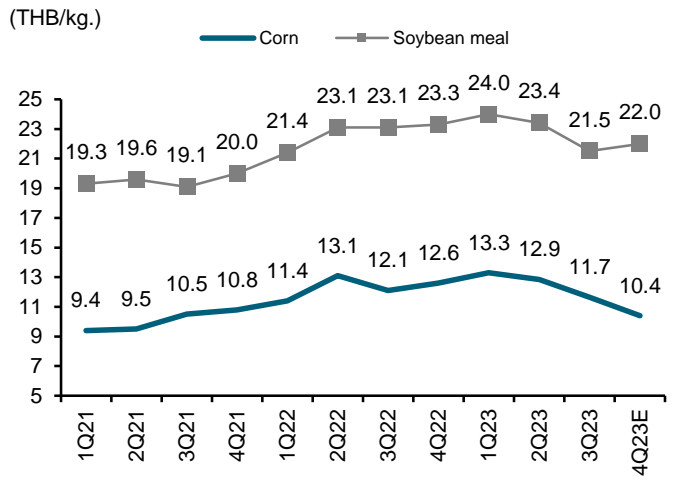
Sources: TFG, OAE, CPF, FSSIA estimates

Exhibit 6: Vietnam's swine price



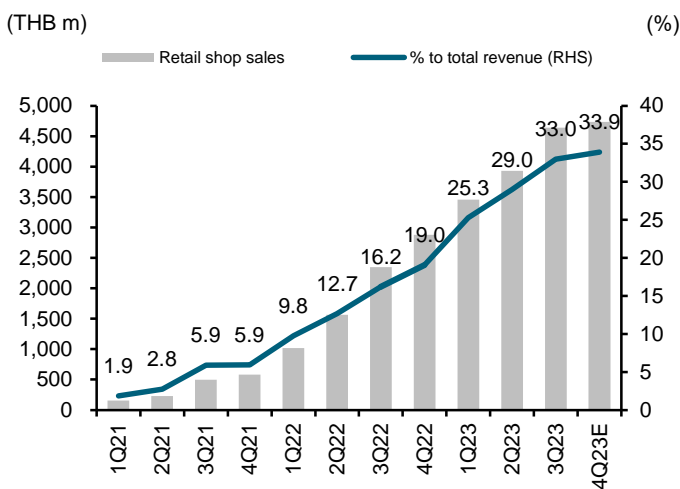
Sources: TFG, OAE, CPF, FSSIA estimates

Exhibit 7: Corn and soybean meal prices



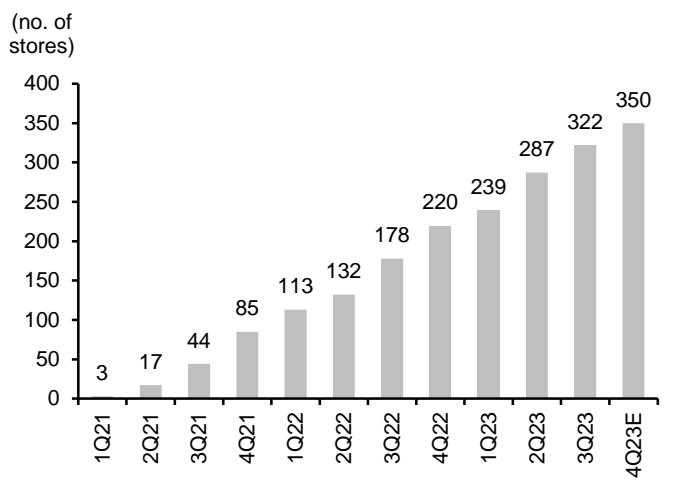
Sources: TFG, OAE, CPF, FSSIA estimates

Exhibit 8: Retail shop revenue and % of total revenue



Sources: TFG, FSSIA estimates

Exhibit 9: Number of retail shops



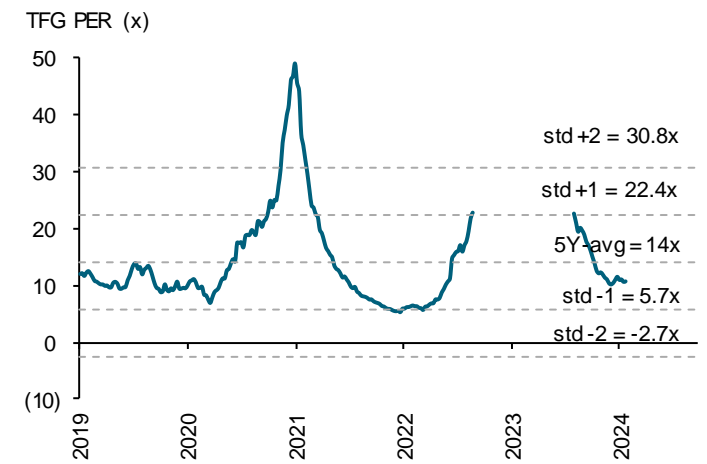
Sources: TFG, FSSIA estimates

Exhibit 10: Change of 2023 key assumptions for TFG

	Current			Previous			Change		
	2023E (THB m)	2024E (THB m)	2025E (THB m)	2023E (THB m)	2024E (THB m)	2025E (THB m)	2023E (%)	2024E (%)	2025E (%)
Total revenue	55,285	58,883	60,887	55,458	58,883	60,887	(0.3)	0.0	0.0
Costs	50,995	51,993	53,581	50,800	51,993	53,581	0.4	0.0	0.0
Gross profit	4,290	6,889	7,306	4,659	6,889	7,306	(7.9)	0.0	0.0
SG&A expenses	3,334	3,533	3,653	3,344	3,533	3,653	(0.3)	0.0	0.0
Reported net profit	(473.3)	2,097	2,331	(7.8)	2,097	2,331	nm	0.0	0.0
Core profit	101	2,097	2,331	148	2,097	2,331	(31.8)	0.0	0.0
Key ratios (%)									
Total revenue growth (%)	5.7	6.5	3.4	6.0	6.2	3.4			
Net profit growth (%)	nm	nm	11.1	nm	nm	11.1			
Core profit growth (%)	(98.1)	1977.6	11.1	(97.2)	1316.2	11.1			
Gross margin	7.8	11.7	12.0	8.4	11.7	12.0	(0.6)	0.0	0.0
SG&A to sales	6.0	6.0	6.0	6.0	6.0	6.0	(0.0)	0.0	0.0
Net margin	(0.9)	3.6	3.8	0.0	3.6	3.8	(0.8)	0.0	0.0
Core margin	0.2	3.6	3.8	0.3	3.6	3.8	(0.1)	0.0	0.0
Operating statistics (THB/kg)									
TFG's chicken ASP	56.0	54.0	54.0	56.0	54.0	54.0	0.0	0.0	0.0
TFG's swine ASP	67.6	75.0	75.0	67.6	75.0	75.0	0.0	0.0	0.0
Corn	12.2	11.5	11.0	12.2	11.5	11.0	0.0	0.0	0.0
Soybean meal	22.0	21.0	20.0	22.0	21.0	20.0	0.0	0.0	0.0
Retail shop stores (no.)	350	450	550	350	450	550	0.0	0.0	0.0
Retail shop sales (THB m)	16,767	18,002	18,902	16,767	18,002	18,902	0.0	0.0	0.0

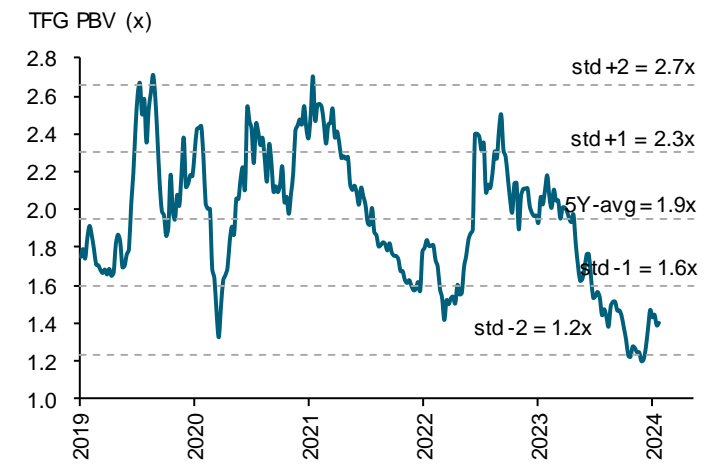
Source: FSSIA estimates

Exhibit 11: Historical P/E band



Sources: Bloomberg, FSSIA's compilation

Exhibit 12: Historical P/BV band



Sources: Bloomberg, FSSIA's compilation

Exhibit 13: Peers comparison as of 30 January 2024

Company	BBG	Rec	Share price			Market Cap (USD m)	PE		ROE		PBV		EV/EBITDA	
			Current (LCY)	Target (LCY)	Upside (%)		23E (x)	24E (x)	23E (%)	24E (%)	23E (x)	24E (x)	23E (x)	24E (x)
Thailand														
Thaifoods Group	TFG TB	HOLD	3.70	4.00	8	576	(60.0)	10.9	(2.3)	13.4	1.4	1.4	9.0	6.0
GFPT	GFPT TB	BUY	11.40	14.20	25	399	10.5	9.6	8.0	8.2	0.8	0.8	7.2	6.4
Thai Union Group	TU TB	BUY	15.20	19.00	25	2,002	14.3	12.8	7.1	9.1	1.2	1.1	9.7	9.3
Charoen Pokphand Foods	CPF TB	HOLD	18.80	20.00	6	4,201	(10.7)	24.9	(6.1)	2.7	0.7	0.7	15.5	11.6
Betagro	BTG TB	HOLD	22.00	23.00	5	1,280	(34.5)	20.7	(4.5)	7.5	1.5	1.5	14.8	7.6
Asian sea	ASIAN TB	n/a	6.70	n/a	n/a	154	14.6	9.7	5.9	8.5	0.8	0.8	7.4	5.3
Average						8,613	(11.0)	14.8	1.3	8.2	1.1	1.0	10.6	7.7

Sources: Bloomberg, FSSIA estimates

Financial Statements

Thai Foods Group

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	34,823	52,323	55,285	58,883	60,887
Cost of goods sold	(31,670)	(42,367)	(50,995)	(51,993)	(53,581)
Gross profit	3,153	9,956	4,290	6,889	7,306
Other operating income	251	369	455	471	487
Operating costs	(1,927)	(3,243)	(3,334)	(3,533)	(3,653)
Operating EBITDA	3,903	10,419	4,899	7,464	7,927
Depreciation	(2,425)	(3,337)	(3,487)	(3,637)	(3,787)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	1,477	7,082	1,412	3,827	4,140
Net financing costs	(596)	(1,082)	(1,148)	(1,354)	(1,392)
Associates	0	(9)	(17)	1	1
Recurring non-operating income	216	(429)	(706)	1	1
Non-recurring items	0	0	(421)	0	0
Profit before tax	1,097	5,571	(863)	2,474	2,749
Tax	(546)	(845)	(35)	(371)	(412)
Profit after tax	551	4,726	(898)	2,103	2,337
Minority interests	10	(4)	4	(6)	(6)
Preferred dividends	0	0	0	0	0
Other items	-	-	115	0	0
Reported net profit	561	4,722	(779)	2,097	2,331
Non-recurring items & goodwill (net)	0	0	421	0	0
Recurring net profit	561	4,722	(358)	2,097	2,331
Per share (THB)					
Recurring EPS *	0.10	0.84	(0.06)	0.34	0.38
Reported EPS	0.10	0.84	(0.13)	0.34	0.38
DPS	0.09	0.40	0.00	0.17	0.19
Diluted shares (used to calculate per share data)	5,644	5,654	5,811	6,168	6,168
Growth					
Revenue (%)	11.1	50.3	5.7	6.5	3.4
Operating EBITDA (%)	(28.3)	167.0	(53.0)	52.4	6.2
Operating EBIT (%)	(55.8)	379.5	(80.1)	171.1	8.2
Recurring EPS (%)	(78.2)	739.9	nm	nm	11.1
Reported EPS (%)	(78.2)	739.9	nm	nm	11.1
Operating performance					
Gross margin inc. depreciation (%)	9.1	19.0	7.8	11.7	12.0
Gross margin exc. depreciation (%)	16.0	25.4	14.1	17.9	18.2
Operating EBITDA margin (%)	11.2	19.9	8.9	12.7	13.0
Operating EBIT margin (%)	4.2	13.5	2.6	6.5	6.8
Net margin (%)	1.6	9.0	(0.6)	3.6	3.8
Effective tax rate (%)	49.7	15.2	(4.0)	15.0	15.0
Dividend payout on recurring profit (%)	90.5	47.9	-	50.0	50.0
Interest cover (X)	2.8	6.2	0.6	2.8	3.0
Inventory days	51.3	55.3	53.6	53.2	53.0
Debtor days	25.1	22.2	24.2	24.2	24.6
Creditor days	43.9	38.2	39.7	42.6	42.4
Operating ROIC (%)	5.2	18.4	3.4	9.4	10.2
ROIC (%)	5.1	15.0	1.4	7.9	8.6
ROE (%)	5.0	34.8	(2.3)	13.4	14.0
ROA (%)	3.3	13.8	1.2	7.0	7.6
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
Poultry	16,642	23,298	17,742	18,927	19,495
Swine	9,518	12,457	11,059	11,986	12,226
Feed	6,958	8,533	9,680	9,753	10,045
Retail Shop and other	1,705	8,036	16,977	18,216	19,121

Sources: Thai Foods Group; FSSIA estimates

Financial Statements

Thai Foods Group

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	561	4,722	(358)	2,097	2,331
Depreciation	2,425	3,337	3,487	3,637	3,787
Associates & minorities	0	9	17	(1)	(1)
Other non-cash items	635	(184)	(804)	0	0
Change in working capital	(5,519)	252	46	(706)	(621)
Cash flow from operations	(1,897)	8,136	2,388	5,028	5,496
Capex - maintenance	(4,947)	(9,785)	(3,155)	(3,324)	(3,180)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	-	-	-	-
Cash flow from investing	(4,947)	(9,785)	(3,155)	(3,324)	(3,180)
Dividends paid	(588)	(797)	0	(1,049)	(1,165)
Equity finance	36	56	157	0	0
Debt finance	8,960	2,756	536	(510)	(1,185)
Other financing cash flows	(1,931)	36	(32)	(200)	0
Cash flow from financing	6,476	2,051	660	(1,759)	(2,351)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	(115)	0	0
Movement in cash	(368)	402	(223)	(55)	(36)
Free cash flow to firm (FCFF)	(6,350.87)	(803.37)	495.33	3,058.25	3,707.35
Free cash flow to equity (FCFE)	183.99	1,143.83	(379.27)	993.65	1,129.66

Per share (THB)	2021	2022	2023E	2024E	2025E
FCFF per share	(1.09)	(0.14)	0.09	0.53	0.64
FCFE per share	0.03	0.20	(0.07)	0.17	0.19
Recurring cash flow per share	0.64	1.39	0.40	0.93	0.99

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	19,682	23,182	26,182	29,182	32,182
Less: Accumulated depreciation	(3,316)	(1,879)	(5,366)	(9,003)	(12,790)
Tangible fixed assets (net)	16,366	21,302	20,815	20,178	19,391
Intangible fixed assets (net)	179	213	179	179	179
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	704	605	605	605	605
Cash & equivalents	416	818	596	541	505
A/C receivable	2,829	3,531	3,787	4,033	4,170
Inventories	4,863	6,963	6,986	7,122	7,340
Other current assets	7,001	7,452	7,187	7,655	7,915
Current assets	15,109	18,764	18,555	19,351	19,931
Other assets	3,210	4,786	4,976	5,299	5,480
Total assets	35,567	45,670	45,130	45,612	45,585
Common equity	11,556	15,568	15,220	16,068	17,234
Minorities etc.	14	18	18	18	17
Total shareholders' equity	11,570	15,587	15,238	16,086	17,251
Long term debt	8,229	11,960	11,531	10,957	9,767
Other long-term liabilities	442	462	663	707	731
Long-term liabilities	8,670	12,422	12,194	11,664	10,498
A/C payable	3,434	4,733	5,588	5,698	5,872
Short term debt	11,734	12,370	11,556	11,576	11,356
Other current liabilities	159	557	553	589	609
Current liabilities	15,326	17,661	17,697	17,863	17,837
Total liabilities and shareholders' equity	35,567	45,670	45,130	45,612	45,585
Net working capital	11,100	12,655	11,818	12,523	12,945
Invested capital	31,559	39,562	38,392	38,785	38,599

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

Per share (THB)	2021	2022	2023E	2024E	2025E
Book value per share	2.05	2.75	2.62	2.60	2.79
Tangible book value per share	2.02	2.72	2.59	2.58	2.76

Financial strength	2021	2022	2023E	2024E	2025E
Net debt/equity (%)	168.9	150.8	147.6	136.7	119.5
Net debt/total assets (%)	55.0	51.5	49.8	48.2	45.2
Current ratio (x)	1.0	1.1	1.0	1.1	1.1
CF interest cover (x)	1.3	2.1	0.7	1.7	1.8

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	37.2	4.4	(60.0)	10.9	9.8
Recurring P/E @ target price (x) *	40.2	4.8	(64.8)	11.8	10.6
Reported P/E (x)	37.2	4.4	(27.6)	10.9	9.8
Dividend yield (%)	2.4	10.8	-	4.6	5.1
Price/book (x)	1.8	1.3	1.4	1.4	1.3
Price/tangible book (x)	1.8	1.4	1.4	1.4	1.3
EV/EBITDA (x) **	10.4	4.3	9.0	6.0	5.5
EV/EBITDA @ target price (x) **	10.8	4.4	9.3	6.3	5.7
EV/invested capital (x)	1.3	1.1	1.1	1.2	1.1

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

Sources: Thai Foods Group; FSSIA estimates

Disclaimer for ESG scoring

ESG score	Methodology	Rating																												
The Dow Jones Sustainability Indices (DJSI) By S&P Global	The DJSI World applies a transparent, rules-based component selection process based on the companies' Total Sustainability Scores resulting from the annual S&P Global Corporate Sustainability Assessment (CSA). Only the top-ranked companies within each industry are selected for inclusion.	Be a member and invited to the annual S&P Global Corporate Sustainability Assessment (CSA) for DJSI. Companies with an S&P Global ESG Score of less than 45% of the S&P Global ESG Score of the highest scoring company are disqualified. The constituents of the DJSI indices are selected from the Eligible Universe.																												
Sustainability Investment List (THSI) by The Stock Exchange of Thailand (SET)	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																												
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (50-59), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																												
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																												
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																												
Morningstar Sustainalytics	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+																		
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ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																												
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: right;">AAA</td> <td>8.571-10.000</td> <td style="padding-left: 20px;">Leader:</td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td style="text-align: right;">AA</td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">A</td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">BBB</td> <td>4.286-5.713</td> <td style="padding-left: 20px;">Average:</td> <td>a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td style="text-align: right;">BB</td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">B</td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">CCC</td> <td>0.000-1.428</td> <td style="padding-left: 20px;">Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </table>	AAA	8.571-10.000	Leader:	leading its industry in managing the most significant ESG risks and opportunities	AA	7.143-8.570			A	5.714-7.142			BBB	4.286-5.713	Average:	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	BB	2.857-4.285			B	1.429-2.856			CCC	0.000-1.428	Laggard:	lagging its industry based on its high exposure and failure to manage significant ESG risks	
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Moody's ESG solutions	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.																													
Refinitiv ESG rating	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)</i>																													
S&P Global	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																													
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																												
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																												

Rating regarding the sustainable development of Thai listed companies, both on the SET and MAI, are publicly available on the website of the Securities and Exchange Commission of Thailand (SEC). Currently, ratings available are 1) "CG Score"; 2) "AGM Level"; 3) "Thai CAC"; and 4) THSI. The ratings are updated on an annual basis. FSSIA does not confirm nor certify the accuracy of such ratings.

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Sureeporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

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History of change in investment rating and/or target price

Thai Foods Group (TFG TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
03-Feb-2023	BUY	8.00	08-May-2023	HOLD	5.20	27-Nov-2023	HOLD	4.00

Sureeporn Teewasuwet started covering this stock from 03-Feb-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Thai Foods Group	TFG TB	THB 3.70	HOLD	Downside and upside risks to our P/E-based TP are 1) a slower or faster-than-expected consumption recovery; 2) a potential rise or fall in meat and raw material prices; 3) a stronger or weaker-than-expected THB against USD.

Source: FSSIA estimates

Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited.

All share prices are as at market close on 30-Jan-2024 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.