

# SRINANAPORN MARKETING

THAILAND / FOOD & BEVERAGE

# SNNP TB

## BUY

UNCHANGED

TARGET PRICE	THB22.00
CLOSE	THB18.60
UP/DOWNSIDE	+18.3%
PRIOR TP	THB21.00
CHANGE IN TP	+4.8%
TP vs CONSENSUS	-7.3%

## Vietnam should support 4Q23 to a new high

- Expect 4Q23 profit to hit a new high due to a high season, especially in Vietnam.
- Management set a more aggressive 2024 growth target after the completed installation of three production lines in Vietnam. It should help support a continued improvement in the gross margin.
- Retain our BUY call after raising our profit estimate and TP.

### 2023 Vietnam revenue may slightly miss the estimate but should offer strong growth

We expect the 4Q23 net profit to hit a new high of THB167m (+5% q-q, +10% y-y) due partly to a high season. In particular, Vietnam revenue should accelerate to the peak of 2023 at THB280m (+55% q-q, +12% y-y). If it matches our estimate, the 2023 Vietnam revenue will equal THB775m (+22% y-y), slightly lower than the guidance of THB800m since the unit failed to make some Bento shipments during the quarter and moved them to 1Q24. Although domestic sales should increase modestly (+5% q-q, +2% y-y), it would still hit the peak of 2023, in line with seasonality.

### 4Q23 revenue, gross margin, and net profit should hit a new high

We anticipate the 4Q23 gross margin to hit a new high of 29% (vs 28.8% in 3Q23 and 28.1% in 4Q22) due to a higher utilization rate and a realization of the higher capacity of its Vietnam factory, which has higher margins than in Thailand. They should fully offset seasonally higher SG&A in this quarter. In this regard, we project a higher SG&A-to-sales ratio of 16.2% (vs 15.6% in 3Q23 and 16.1% in 4Q22). If 4Q23 matches our estimate, the 2023 net profit will end at THB638m (+24% y-y).

### A more aggressive 2024 target after the full-year realization of its Vietnam capacity

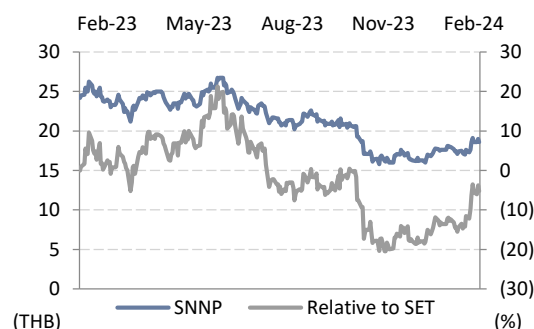
Management set a double-digit 2024 domestic sales growth target of 10%-15% y-y and an even higher international sales growth target of 20-30% y-y, supported by the full-year realization of its new factory in Vietnam, which has completed its installation of all three production lines (Lotus, Bento, and Jele). Also, SNNP is expanding its market in South Korea, the Philippines, and China. Although China may take time since it is still in its early stage, the market has high potential. SNNP set a more aggressive 2024 gross margin target of 30-31%, up from 28.5% in 2023. Although raw material prices have a stable outlook, they may benefit from the gross margin of the Vietnam factory, which has 3-5% higher margins than others.

### Raise our profit estimate and TP

We have increased our 2024-25E profit by 7% to +23% y-y and 6.9% to +13% y-y, respectively, to factor in a higher-than-expected gross margin outlook. However, it is still more conservative than the guidance. Similarly, we have raised our TP to THB22 from THB21 (PE 27x, unchanged), implying an 18.3% upside.

## KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	5,556	6,041	6,814	7,533
Net profit	516	638	785	885
EPS (THB)	0.54	0.66	0.82	0.92
vs Consensus (%)	-	(2.5)	(0.1)	(1.4)
EBITDA	835	1,014	1,200	1,341
Recurring net profit	516	638	785	885
Core EPS (THB)	0.54	0.66	0.82	0.92
Chg. In EPS est. (%)	-	(1.4)	7.0	6.9
EPS growth (%)	67.2	23.8	22.9	12.8
Core P/E (x)	34.6	28.0	22.8	20.2
Dividend yield (%)	2.2	2.5	3.1	3.5
EV/EBITDA (x)	21.9	18.1	15.3	13.6
Price/book (x)	5.9	5.8	5.4	5.0
Net debt/Equity (%)	5.2	4.7	3.0	1.1
ROE (%)	17.5	20.8	24.4	25.7



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	5.7	14.8	(21.2)
Relative to country (%)	9.7	16.3	(3.5)
Mkt cap (USD m)	503		
3m avg. daily turnover (USD m)	1.7		
Free float (%)	34		
Major shareholder	Concord I. Capital Limited (21%)		
12m high/low (THB)	27.25/15.70		
Issued shares (m)	960.00		

Sources: Bloomberg consensus; FSSIA estimates



**Sureeporn Teewasuwet**

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

## Investment thesis

SNNP is a leader in the snacks and jelly market in Thailand. It has three famous brands, including Bento, Jele, and Lotus. SNNP sells in both Thailand and abroad. Its crucial export market is CLMV. At the end of 2022, domestic sales made the highest contribution at c73% of total revenue, followed by CLMV (20%) and others (7%).

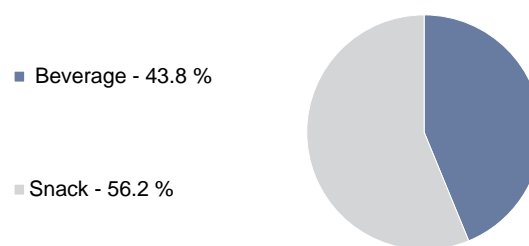
We expect 2023-25 profit growth of 25.5%/13.3%/12.9%, respectively. Also, we have a bullish view of the mid-to-long-term growth due to its strong brands, well-recognized products at affordable prices, and diversified production bases in CLMV.

## Company profile

SNNP was founded in 1972 under the name of Sri Viwat. The company has been a manufacturer and distributor of snack foods for more than 30 years. It has many product categories with a lot of variety, such as jelly, fruit juice with carrageenan and konjac powder, fish and squid products, fruit and herb drinks, etc.

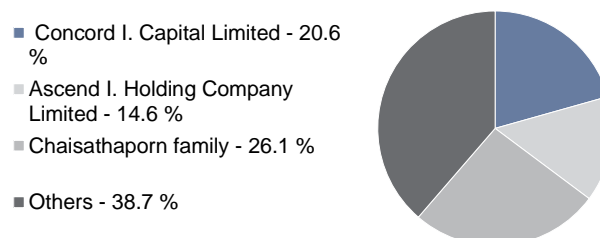
[www.snp.co.th](http://www.snp.co.th)

## Principal activities (revenue, 2022)



Source: Srinanaporn Marketing

## Major shareholders



Source: Srinanaporn Marketing

## Catalysts

Potential catalysts for SNNP's earnings growth in 2023 are 1) domestic revenue growth driven by new products; 2) overseas revenue growth driven by its new plant and a channel expansion in Vietnam; and 3) a higher gross margin, supported by a higher utilisation rate.

## Risks to our call

Downside risks to our P/E-based TP include 1) a slower-than-expected consumption recovery; 2) a potential rise in raw material costs; 3) a slower-than-expected capacity expansion; and 4) unsuccessful new products.

## Event calendar

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

## Key assumptions

	2023E	2024E	2025E
Domestic revenue (THB m)	4,506	5,047	5,551
Overseas revenue (THB m)	1,553	1,786	2,000
Total revenue (THB m)	6,059	6,833	7,552
Total revenue growth (%)	9.1	12.8	10.5
Gross margin (%)	28.1	28.3	28.5
SG&A to sale (%)	14.9	15.2	15.2

Source: FSSIA estimates

## Earnings sensitivity

- For every 1% increase in revenue, we estimate 2024 net profit to rise by 0.8%, and vice versa, all else being equal.
- For every 0.5% increase in GPM, we estimate 2024 net profit to rise by 3.8%, and vice versa, all else being equal.
- For every 0.2% increase in SG&A, we estimate 2024 net profit to fall by 1.6%, and vice versa, all else being equal.

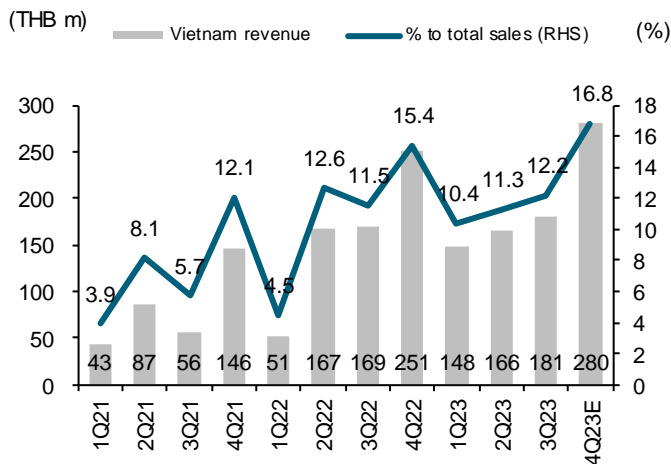
Source: FSSIA estimates

**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	1,133	1,323	1,468	1,632	1,420	1,470	1,486	1,664	12.0	2.0
Cost of sales	823	978	1,067	1,174	1,020	1,060	1,058	1,182	11.7	0.7
Gross profit	310	345	400	458	400	410	428	483	12.7	5.3
SG&A	179	210	235	263	207	216	232	270	16.3	2.6
Operating profit	142	152	184	198	201	205	208	221	6.1	11.8
Interest expense	0.18	0.15	0.29	1.06	0.76	1.58	2.25	3.00	33.1	183.0
Tax expense	29	30	36	42	40	41	38	42	9.7	(1.1)
Profit (loss) sharing	(8)	(6)	(6)	(8)	(8)	(7)	(9)	(10)	nm	nm
Reported net profit	105	116	142	152	154	157	160	167	4.6	9.8
Core profit	105	116	142	152	154	157	160	167	4.6	9.8
<b>Key Ratios (%)</b>									<b>(ppt)</b>	<b>(ppt)</b>
Gross margin	27.4	26.1	27.3	28.1	28.2	27.9	28.8	29.0	0.2	0.9
SG&A to sales	15.8	15.8	16.0	16.1	14.6	14.7	15.6	16.2	0.6	0.1
Operating margin	12.6	11.5	12.6	12.1	14.2	13.9	14.0	13.3	(0.7)	1.2
Net margin	9.3	8.8	9.7	9.3	10.8	10.7	10.8	10.1	(0.7)	0.7
Core margin	9.3	8.8	9.7	9.3	10.8	10.7	10.8	10.1	(0.7)	0.7
<b>Operating statistics (THB m)</b>										
Domestic revenue	899	967	1,075	1,106	1,094	1,111	1,078	1,128	4.7	2.0
Overseas revenue	234	357	393	526	326	359	408	537	31.4	2.0
Vietnam revenue	51	167	169	251	148	166	181	280	54.7	11.6

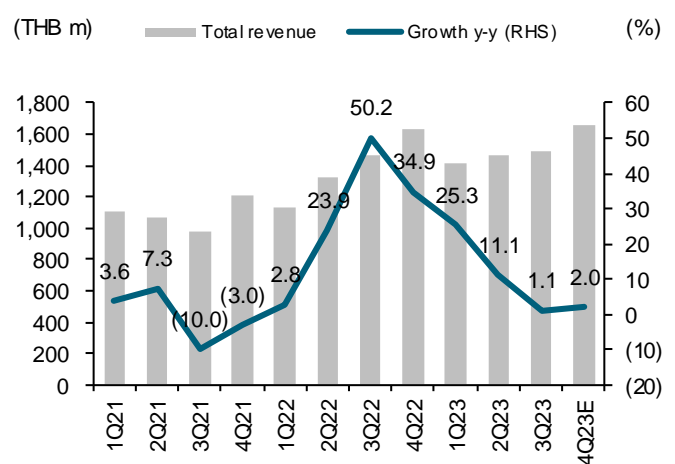
Sources: SNNP, FSSIA estimates

**Exhibit 2: Quarterly Vietnam revenue**



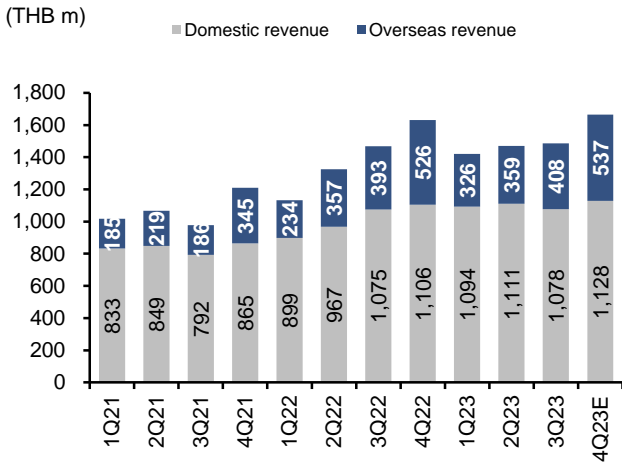
Sources: SNNP, FSSIA estimates

**Exhibit 3: Quarterly total revenue and growth**



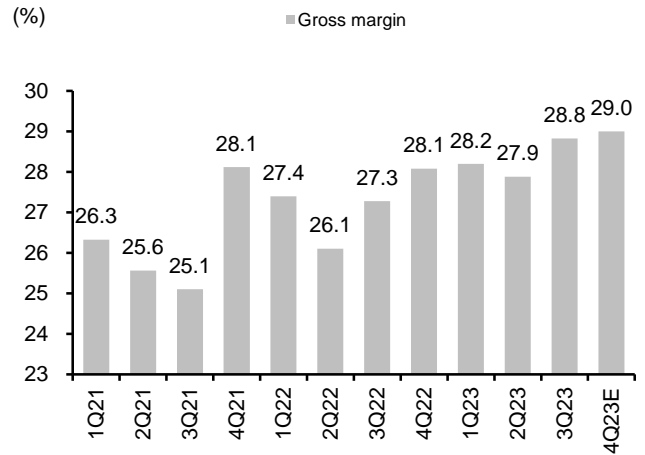
Sources: SNNP, FSSIA estimates

**Exhibit 4: Revenue breakdown by destination**



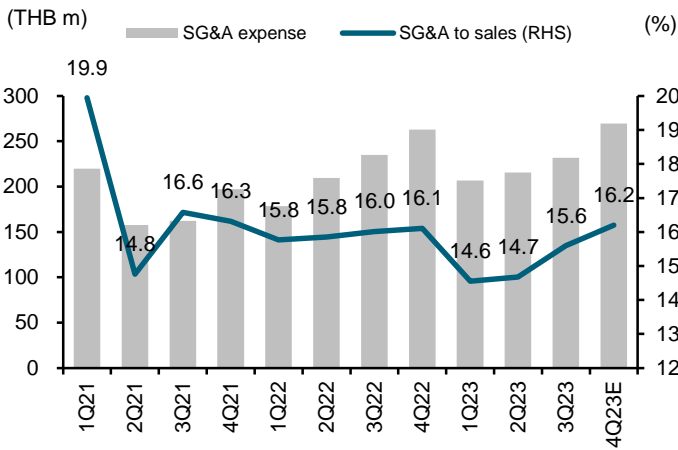
Sources: SNNP, FSSIA estimates

**Exhibit 5: Quarterly gross margin**



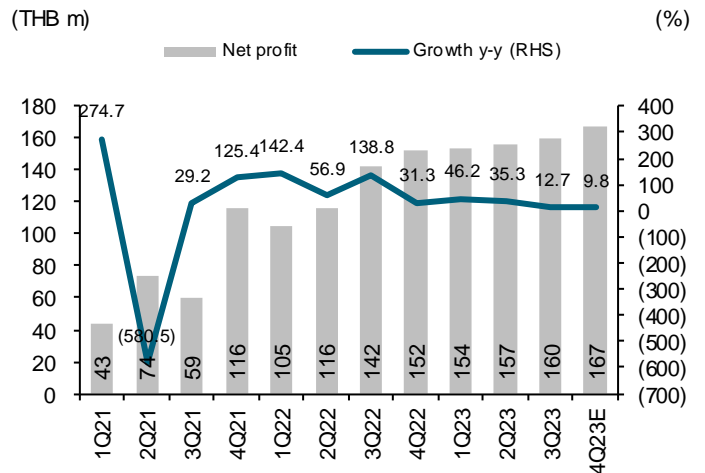
Sources: SNNP, FSSIA estimates

**Exhibit 6: SG&A to sales**



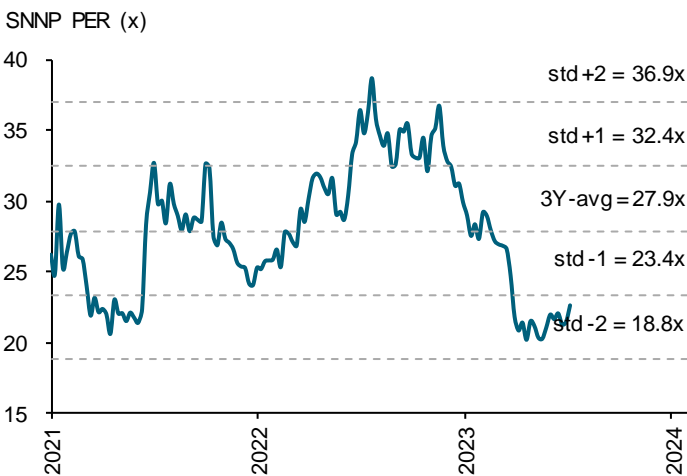
Sources: SNNP, FSSIA estimates

**Exhibit 7: Quarterly net profit and growth**



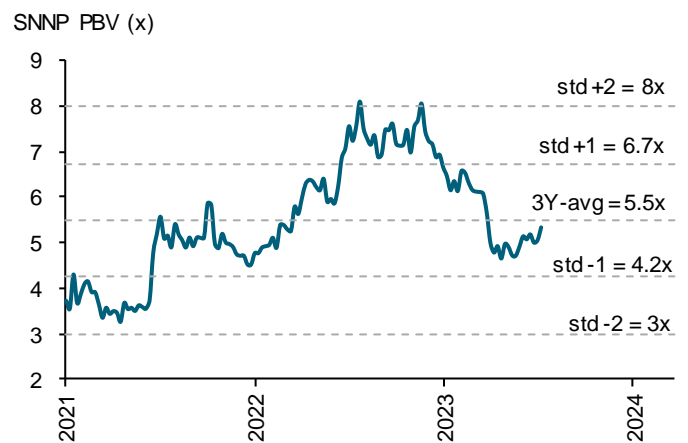
Sources: SNNP, FSSIA estimates

**Exhibit 8: Historical P/E band**



Sources: Bloomberg, FSSIA compilation

**Exhibit 9: Historical P/BV band**



Sources: Bloomberg, FSSIA compilation

## Exhibit 10: Change of key assumptions for SNNP

	Current			Previous			Change		
	2023E (THB m)	2024E (THB m)	2025E (THB m)	2023E (THB m)	2024E (THB m)	2025E (THB m)	2023E (%)	2024E (%)	2025E (%)
Total sale value (THB m)	6,041	6,814	7,533	6,059	6,833	7,552	(0.3)	(0.3)	(0.2)
Costs	4,319	4,818	5,311	4,356	4,899	5,399	(0.9)	(1.7)	(1.6)
Gross profit	1,721	1,997	2,222	1,703	1,934	2,152	1.1	3.3	3.3
SG&A expense	924	1,036	1,145	903	1,039	1,148	2.3	(0.3)	(0.2)
Profit (loss) sharing	(35)	(20)	(15)	(28)	(20)	(15)	<i>nm</i>	<i>nm</i>	<i>nm</i>
Interest expense	8	7	7	6	6	5	25.5	24.0	24.0
Reported net profit	638	785	885	647	733	828	(1.4)	7.0	6.9
Core profit	638	785	885	647	733	828	(1.4)	7.0	6.9
<b>Key ratios (%)</b>									
Total revenue growth	8.7	12.8	10.6	9.1	12.8	10.5	(0.3)	0.0	0.0
Net profit growth	23.8	22.9	12.8	25.5	13.3	12.9	(1.7)	9.6	(0.1)
Core profit growth	23.8	22.9	12.8	25.5	13.3	12.9	(1.7)	9.6	(0.1)
Gross margin	28.5	29.3	29.5	28.1	28.3	28.5	0.4	1.0	1.0
SG&A to sales	15.3	15.2	15.2	14.9	15.2	15.2	0.4	0.0	0.0
Net margin	10.6	11.5	11.7	10.7	10.7	11.0	(0.1)	0.8	0.8
Core margin	10.6	11.5	11.7	10.7	10.7	11.0	(0.1)	0.8	0.8
<b>Operating statistics (THB m)</b>									
Domestic revenue (THB m)	4,410	4,939	5,433	4,506	5,047	5,551	(2.1)	(2.1)	(2.1)
Overseas revenue (THB m)	1,630	1,875	2,100	1,553	1,786	2,000	5.0	5.0	5.0
Vietnam revenue (THB m)	775	891	1,025	702	807	928	10.4	10.4	10.4

Source: FSSIA estimates

## Financial Statements

### Srinaporn Marketing

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	4,358	5,556	6,041	6,814	7,533
Cost of goods sold	(3,209)	(4,042)	(4,319)	(4,818)	(5,311)
<b>Gross profit</b>	<b>1,149</b>	<b>1,514</b>	<b>1,721</b>	<b>1,997</b>	<b>2,222</b>
Other operating income	33	48	38	41	45
Operating costs	(737)	(886)	(924)	(1,036)	(1,145)
<b>Operating EBITDA</b>	<b>618</b>	<b>835</b>	<b>1,014</b>	<b>1,200</b>	<b>1,341</b>
Depreciation	(173)	(159)	(179)	(199)	(219)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>445</b>	<b>676</b>	<b>835</b>	<b>1,002</b>	<b>1,122</b>
Net financing costs	(40)	(2)	(8)	(7)	(7)
Associates	(26)	(25)	(35)	(20)	(15)
Recurring non-operating income	(26)	(25)	(35)	(20)	(15)
Non-recurring items	129	0	0	0	0
<b>Profit before tax</b>	<b>507</b>	<b>649</b>	<b>793</b>	<b>974</b>	<b>1,101</b>
Tax	(86)	(137)	(160)	(195)	(220)
<b>Profit after tax</b>	<b>422</b>	<b>512</b>	<b>633</b>	<b>779</b>	<b>881</b>
Minority interests	16	4	5	5	4
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
<b>Reported net profit</b>	<b>437</b>	<b>516</b>	<b>638</b>	<b>785</b>	<b>885</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(129)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>308</b>	<b>516</b>	<b>638</b>	<b>785</b>	<b>885</b>
<b>Per share (THB)</b>					
Recurring EPS *	0.32	0.54	0.66	0.82	0.92
Reported EPS	0.46	0.54	0.66	0.82	0.92
DPS	0.24	0.41	0.47	0.57	0.65
Diluted shares (used to calculate per share data)	960	960	960	960	960
<b>Growth</b>					
Revenue (%)	(0.8)	27.5	8.7	12.8	10.6
Operating EBITDA (%)	62.1	35.1	21.5	18.4	11.7
Operating EBIT (%)	154.6	51.9	23.5	19.9	12.1
Recurring EPS (%)	146.5	67.2	23.8	22.9	12.8
Reported EPS (%)	249.4	18.0	23.8	22.9	12.8
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	26.4	27.3	28.5	29.3	29.5
Gross margin exc. depreciation (%)	30.3	30.1	31.5	32.2	32.4
Operating EBITDA margin (%)	14.2	15.0	16.8	17.6	17.8
Operating EBIT margin (%)	10.2	12.2	13.8	14.7	14.9
Net margin (%)	7.1	9.3	10.6	11.5	11.7
Effective tax rate (%)	16.9	21.1	20.2	20.0	20.0
Dividend payout on recurring profit (%)	74.7	76.3	70.0	70.0	70.0
Interest cover (X)	10.4	389.1	105.4	139.3	168.3
Inventory days	49.9	51.4	61.3	59.3	59.7
Debtor days	90.3	89.1	92.9	87.4	90.5
Creditor days	110.8	100.3	107.5	98.9	96.8
Operating ROIC (%)	12.9	17.9	20.5	23.5	24.8
ROIC (%)	11.4	15.6	17.5	20.5	21.8
ROE (%)	20.2	17.5	20.8	24.4	25.7
ROA (%)	8.0	11.1	12.7	15.1	15.9
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Beverage	1,862	2,434	2,714	3,066	3,397
Snack	2,411	3,123	3,326	3,748	4,136
Distribution other product	85				

Sources: Srinaporn Marketing; FSSIA estimates

## Financial Statements

### Srinanaporn Marketing

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	308	516	638	785	885
Depreciation	173	159	179	199	219
Associates & minorities	26	25	35	20	15
Other non-cash items	14	4	45	39	36
Change in working capital	(156)	(307)	(62)	(227)	(204)
<b>Cash flow from operations</b>	<b>365</b>	<b>397</b>	<b>835</b>	<b>815</b>	<b>951</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(4)	(227)	(343)	(200)	(250)
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(154)	(171)	(60)	(36)	(29)
<b>Cash flow from investing</b>	<b>(158)</b>	<b>(398)</b>	<b>(403)</b>	<b>(236)</b>	<b>(279)</b>
Dividends paid	(98)	(307)	(447)	(549)	(619)
Equity finance	2,138	0	0	0	0
Debt finance	(2,308)	276	(62)	(15)	(15)
Other financing cash flows	50	4	25	19	18
<b>Cash flow from financing</b>	<b>(218)</b>	<b>(28)</b>	<b>(484)</b>	<b>(545)</b>	<b>(616)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>(11)</b>	<b>(29)</b>	<b>(52)</b>	<b>34</b>	<b>55</b>
Free cash flow to firm (FCFF)	246.99	0.16	439.57	586.32	677.90
Free cash flow to equity (FCFE)	(2,051.27)	277.89	394.97	583.62	674.30

#### Per share (THB)

FCFF per share	0.26	0.00	0.46	0.61	0.71
FCFE per share	(2.14)	0.29	0.41	0.61	0.70
Recurring cash flow per share	0.54	0.73	0.93	1.09	1.20

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	3,394	3,600	3,800	4,000	4,200
Less: Accumulated depreciation	(1,189)	(1,324)	(1,503)	(1,701)	(1,920)
<b>Tangible fixed assets (net)</b>	<b>2,204</b>	<b>2,276</b>	<b>2,297</b>	<b>2,298</b>	<b>2,280</b>
<b>Intangible fixed assets (net)</b>	<b>23</b>	<b>21</b>	<b>21</b>	<b>21</b>	<b>21</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	137	275	275	275	275
Cash & equivalents	162	133	81	115	170
A/C receivable	1,126	1,587	1,489	1,774	1,961
Inventories	412	681	710	792	873
Other current assets	2	1	1	1	1
<b>Current assets</b>	<b>1,702</b>	<b>2,402</b>	<b>2,281</b>	<b>2,682</b>	<b>3,005</b>
Other assets	85	96	121	136	151
<b>Total assets</b>	<b>4,152</b>	<b>5,069</b>	<b>4,995</b>	<b>5,412</b>	<b>5,731</b>
Common equity	2,838	3,049	3,098	3,333	3,549
Minorities etc.	253	257	302	341	377
<b>Total shareholders' equity</b>	<b>3,091</b>	<b>3,306</b>	<b>3,400</b>	<b>3,674</b>	<b>3,925</b>
Long term debt	13	242	227	212	197
Other long-term liabilities	122	126	151	170	188
<b>Long-term liabilities</b>	<b>135</b>	<b>368</b>	<b>378</b>	<b>383</b>	<b>386</b>
A/C payable	877	1,256	1,183	1,320	1,382
Short term debt	16	62	15	15	15
Other current liabilities	34	76	18	20	23
<b>Current liabilities</b>	<b>927</b>	<b>1,395</b>	<b>1,216</b>	<b>1,355</b>	<b>1,420</b>
<b>Total liabilities and shareholders' equity</b>	<b>4,152</b>	<b>5,069</b>	<b>4,995</b>	<b>5,412</b>	<b>5,731</b>
Net working capital	630	936	999	1,226	1,430
Invested capital	3,080	3,604	3,712	3,956	4,155

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

#### Per share (THB)

Book value per share	2.96	3.18	3.23	3.47	3.70
Tangible book value per share	2.93	3.15	3.21	3.45	3.67

#### Financial strength

Net debt/equity (%)	(4.3)	5.2	4.7	3.0	1.1
Net debt/total assets (%)	(3.2)	3.4	3.2	2.1	0.7
Current ratio (x)	1.8	1.7	1.9	2.0	2.1
CF interest cover (x)	(49.8)	303.0	98.1	112.2	141.5

Valuation	2021	2022	2023E	2024E	2025E
<b>Recurring P/E (x) *</b>	<b>57.9</b>	<b>34.6</b>	<b>28.0</b>	<b>22.8</b>	<b>20.2</b>
<b>Recurring P/E @ target price (x) *</b>	<b>68.5</b>	<b>41.0</b>	<b>33.1</b>	<b>26.9</b>	<b>23.9</b>
Reported P/E (x)	40.8	34.6	28.0	22.8	20.2
Dividend yield (%)	1.3	2.2	2.5	3.1	3.5
Price/book (x)	6.3	5.9	5.8	5.4	5.0
Price/tangible book (x)	6.3	5.9	5.8	5.4	5.1
EV/EBITDA (x) **	29.1	21.9	18.1	15.3	13.6
EV/EBITDA @ target price (x) **	34.4	25.8	21.3	18.0	16.1
EV/invested capital (x)	5.8	5.1	4.9	4.6	4.4

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

Sources: Srinanaporn Marketing; 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 <b>THSI inclusion</b> , 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. <b>SETTHSI Index</b> 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.																			
<b>CG Score</b> 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%).																			
<b>AGM level</b> 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&amp;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.																			
<b>Thai CAC</b> 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.																			
<b>Morningstar Sustainability</b>	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 &amp; 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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<b>ESG Book</b>	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.																			
<b>MSCI</b>	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="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td><b>AAA</b></td> <td>8.571-10.000</td> <td rowspan="3"><b>Leader:</b></td> <td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td><b>AA</b></td> <td>7.143-8.570</td> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td rowspan="3"><b>Average:</b></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><b>BB</b></td> <td>2.857-4.285</td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</td> </tr> <tr> <td><b>CCC</b></td> <td>0.000-1.428</td> <td><b>Laggard:</b></td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570	<b>A</b>	5.714-7.142	<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285	<b>B</b>	1.429-2.856	<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks
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<b>Moody's ESG solutions</b>	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.																				
<b>Refinitiv ESG rating</b>	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; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																				
<b>S&amp;P Global</b>	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.																				
<b>Bloomberg</b>	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

#### Sureporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

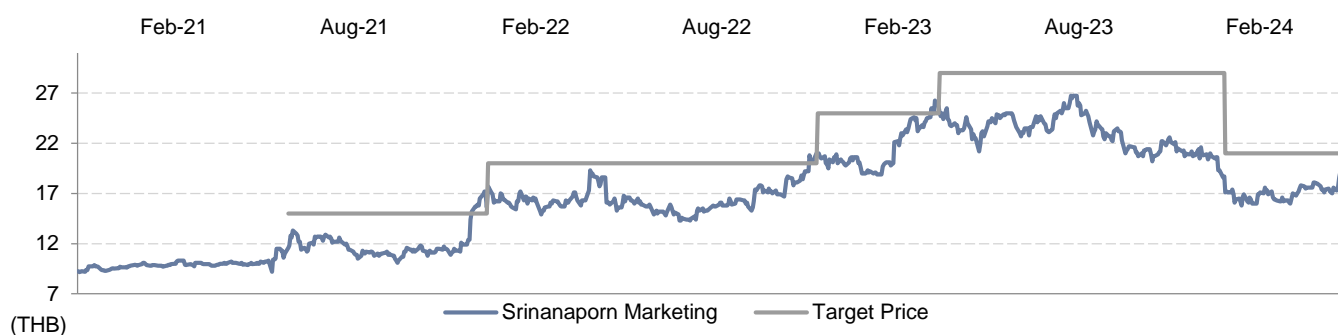
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s)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

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#### History of change in investment rating and/or target price

##### Srinaporn Marketing (SNNP TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
30-Jul-2021	BUY	15.00	31-Oct-2022	BUY	25.00	17-Oct-2023	BUY	21.00
20-Jan-2022	BUY	20.00	13-Feb-2023	BUY	29.00			

Sureporn Teewasuwet started covering this stock from 13-Feb-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Srinaporn Marketing	SNNP TB	THB 18.60	BUY	Downside risks to our P/E-based TP include 1) a slower-than-expected consumption recovery; 2) a potential rise in raw material costs; 3) a slower-than-expected capacity expansion; and 4) unsuccessful new products.

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 31-Jan-2024 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.