EQUITY RESEARCH - COMPANY REPORT

NSL FOODS   NSL TB
THAILAND / FOOD & BEVERAGE

Back in the spotlight

- Expect 4Q23 net profit to reach a new high of THB85m, higher than our previous forecast.
- Solid growth in its main business should offset an insignificant loss entirely.
- Reaffirm BUY call with a higher TP of THB26.

BUY
UNCHANGED

TARGET PRICE	**THB26.00**
CLOSE	**THB18.60**
UP/DOWNSIDE	**+39.8%**
PRIOR TP	**THB24.00**
CHANGE IN TP	**+8.3%**
TP vs CONSENSUS	**+5.6%**

4Q23 revenue and net profit to hit a new high

We anticipate NSL's 4Q23 net profit to reach a new high of THB85m (+16% q-q, +9% y-y). The expected profit is higher than our previous forecast, supported by solid revenue growth, a higher gross margin and a smaller share of loss from its associate. To elaborate, we are impressed by 4Q23E total revenue which should grow by 6% q-q and 20% y-y, due to 1) the strong growth of existing product revenue; 2) the success of new products – Nama Chocolate Mild Milk, Macarons; and 3) the full-quarter recognition of revenue from BAW totaling THB45m (3% of 4Q23E total revenue). We expect its 4Q23 gross margin to recover q-q to 18.3% from 17.7% in 3Q23 after the improvement of its factory is completed.

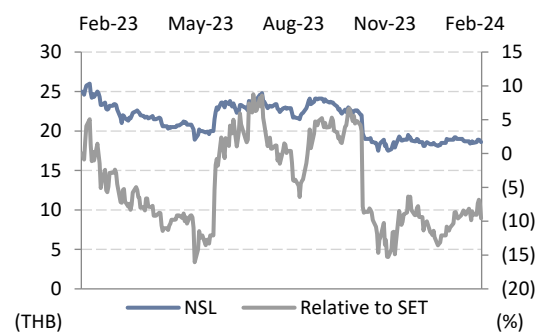## Expect an insignificant loss from affiliated companies

The company has been adjusting the marketing strategy of its associate Pen1 since 3Q23. We expect to see a smaller loss contribution of around THB2.5m in 4Q23 (vs a loss of THB3.7m in 3Q23). However, we assume an insignificant operating loss from its two subsidiaries – NSL Intertrade and NSL BAW. In particular, NSL Intertrade has exported its first shipment of retort desserts in 4Q23. Even though we have not seen a clear improvement from BAW's operation, we believe that management will continue to monitor its performance. Overall, we conclude that solid growth in its main business should offset a loss from its new businesses entirely.

Revising up profit to reflect solid revenue growth

Management set a 2024 total revenue growth target of 19-20% y-y, supported by 1) continued bakery unit revenue growth in line with 7-Eleven's expansion and more new flavors; 2) the export revenue target of over THB100m (1.8% of the 2024 revenue target); and 3) NSL branded products and revenue from subsidiaries. We revise up 2024-25E revenue by 7-8% to grow 14% y-y and 9% y-y. Therefore, we raise our 2024-25 net profit forecasts by 7.5% and 4.6% to grow by 21% y-y and 11% y-y.

Reaffirm BUY call with a higher TP of THB26

We reiterate our BUY recommendation with a new target price at THB26, up from THB24 (20x 2024E P/E maintained). We have a more positive view on NSL's profit visibility following the efficient management of its new business. Its share price is trading only 14.6x 2024E P/E. Also, we expect a 2H23 DPS of THB0.54, implying dividend yield of 3%.

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	4,001	4,736	5,404	5,893
Net profit	298	316	383	425
EPS (THB)	0.99	1.05	1.28	1.42
vs Consensus (%)	-	(0.5)	3.6	3.3
EBITDA	484	538	624	688
Recurring net profit	298	316	383	425
Core EPS (THB)	0.99	1.05	1.28	1.42
Chg. In EPS est. (%)	-	(0.8)	5.5	5.4
EPS growth (%)	41.5	6.3	21.0	11.0
Core P/E (x)	18.8	17.6	14.6	13.1
Dividend yield (%)	4.5	5.5	6.1	7.0
EV/EBITDA (x)	11.8	10.1	8.7	7.9
Price/book (x)	4.0	3.8	3.6	3.4
Net debt/Equity (%)	9.4	(10.5)	(8.8)	(10.5)
ROE (%)	22.4	22.0	25.4	26.7

Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(2.1)	2.2	(19.5)
Relative to country (%)	1.4	3.7	(2.1)

Mkt cap (USD m)	158
3m avg. daily turnover (USD m)	0.3
Free float (%)	0
Major shareholder	Mr. Somchai Asavapiyanon (75%)
12m high/low (THB)	26.25/17.30
Issued shares (m)	300.00

Sources: Bloomberg consensus; FSSIA estimates

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Investment thesis

Besides growth in tandem with 7-Eleven, NSL continues to launch new bakery products to create a good impression and cope with rapidly changing consumer needs. Also, it plans to raise non-7-Eleven revenue to diversify dependency risks by introducing branded snacks and entering the food service business. In its latest move, NSL has invested in two subsidiaries, one with Bake A Wish and one with NSL Intertrade, to further its future growth.

Company profile

NSL is a manufacturer and distributor of bakery products, appetisers (under CPALL brands, such as EZY Taste, EZY Sweet, and 7 Fresh), and snacks (under NSL brands). It is also in the food services business covering seafood, fish, meats, and frozen vegetables. NSL earns its revenue mainly from domestic sales, with CPALL as its key account. Moreover, it sells food services products to the HoReCa market and other modern trade distributors. It currently has four factories in Chonburi and Nontaburi.

www.nslfoods.com

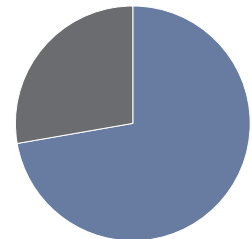## Principal activities (revenue, 2022)

- Bakery and appetizers - 91.1 %
- Food Services - 7.2 %
- NSL snack - 0.9 %
- OEM & bread wastes - 0.9 %
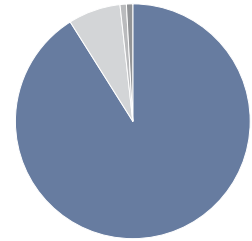
Source: NSL Foods

Major shareholders

- Mr. Somchai Asavapiyanon - 72.3 %
- Others - 27.7 %

Source: NSL Foods

Catalysts

Potential catalysts for NSL's earnings growth in 2023 are 1) revenue growth driven by new product launches and a tourism recovery; 2) new 7-Eleven branch expansions; and 3) a decline in raw material costs that should offset higher utility costs.

Key assumptions

	2023E	2024E	2025E
Capacity (m pieces)	450.0	450.0	450.0
Actual volume (m pieces)	250.0	284.8	308.2
Utilisation rate (%)	55.6	63.3	68.5
Revenue from 7-Eleven (THB m)	4,327	4,953	5,387
% of total revenue (%)	91.4	91.7	91.4

Source: FSSIA estimates

Risks to our call

Downside risks to our DCF-based TP include 1) a slower-than-expected consumption recovery; 2) high volatility in raw material prices; 3) the failure of new products; and 4) changing consumer demand and lifestyles.

Earnings sensitivity

- For every 1% increase in revenue, we estimate 2024 net profit to rise by 0.9%, and vice versa, all else being equal.

- For every 0.5% increase in GPM, we estimate 2024 net profit to rise by 5.2%, and vice versa, all else being equal.

- For every 0.5% increase in SG&A to sales, we estimate 2024 net profit to fall by 5%, and vice versa, all else being equal.
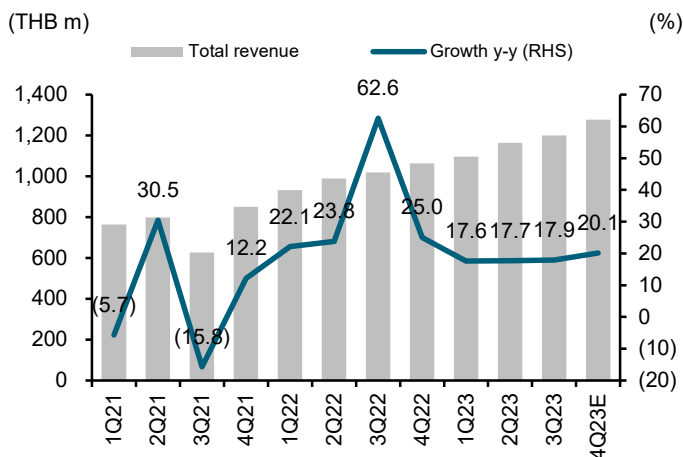
Source: FSSIA estimates

Event calendar

Date	Event
29 February 2024	4Q23 results announcement

Exhibit 1: 4Q23 earnings preview

|	4Q22 (THB m)	1Q23 (THB m)	2Q23 (THB m)	3Q23 (THB m)	4Q23E (THB m)	-------- Change --------		2022 (THB m)	2023E (THB m)	Change % Y-Y
						(q-q%)	(y-y%)			
Sales	1,063	1,095	1,163	1,201	1,277	6.4	20.1	4,001	4,736	18.4
Cost of sales	870	892	949	988	1,044	5.6	20.1	3,259	3,873	18.8
Gross profit	194	204	214	212	233	9.8	20.3	742	863	16.3
SG&A	97	107	109	117	124	5.9	28.3	369	457	24.0
Operating profit	100	98	108	98	111	13.4	11.1	382	416	8.9
Interest expense	3	3	3	2	3	27.2	7.5	10	11	7.2
Profit (loss) sharing	0	(1)	(2)	(4)	(3)	nm	nm	0	(9)	nm
Tax expense	20	19	21	19	21	12.7	8.0	74	80	8.1
Reported net profit	78	75	83	73	85	15.5	8.8	298	316	6.3
Core profit	78	78	83	73	85	15.5	8.8	298	316	6.3
Key ratios (%)										
Gross margin	18.2	18.6	18.4	17.7	18.3	0.6	0.0	18.5	18.3	(0.2)
SG&A / Sales	9.1	9.8	9.4	9.7	9.7	0.0	0.6	9.2	9.6	0.4
Operating margin	9.4	9.0	9.3	8.2	8.7	0.5	(0.7)	9.5	8.9	(0.6)
Net margin	7.3	6.9	7.1	6.1	6.6	0.5	(0.7)	7.4	6.7	(0.8)
Core margin	7.3	7.2	7.1	6.1	6.6	0.5	(0.7)	7.4	6.7	(0.8)

Sources: NSL, FSSIA estimates

Exhibit 2: Quarterly total revenue and growth

Sources: NSL, FSSIA estimates
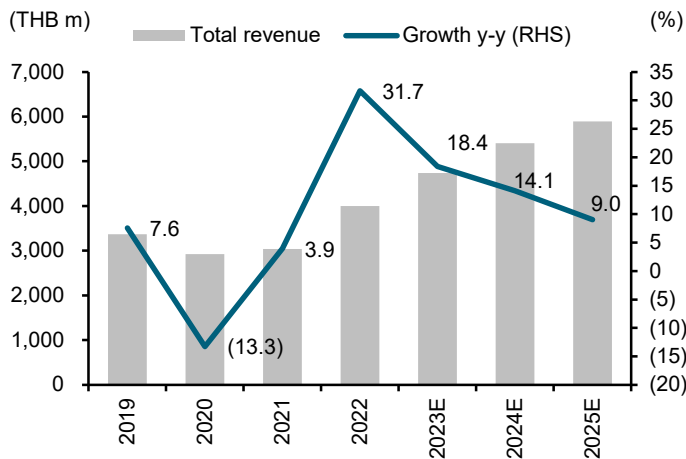
Exhibit 3: Quarterly net profit and gross margin
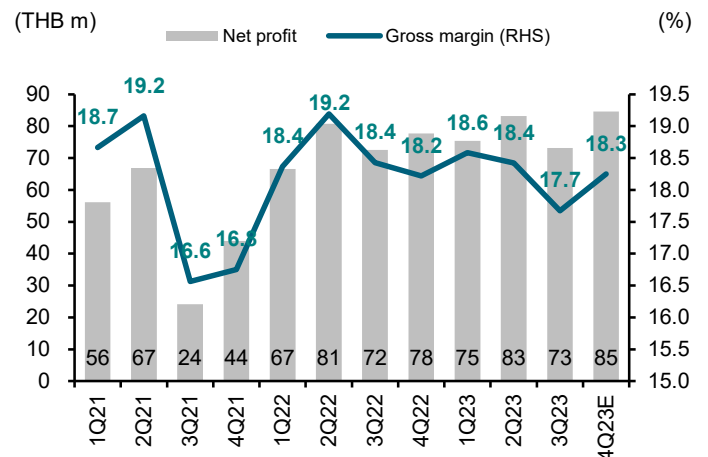
Sources: NSL, FSSIA estimates

Exhibit 4: Changes in key assumptions for NSL

|	-------------------- Current --------------------			-------------------- Previous --------------------			-------------------- Change --------------------		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)
Total revenue	4,736	5,404	5,893	4,651	5,044	5,442	1.8	7.1	8.3
Costs	3,873	4,415	4,808	3,800	4,116	4,430	1.9	7.3	8.5
Gross profit	863	989	1,084	851	928	1,012	1.4	6.6	7.1
SG&A expenses	457	519	566	451	484	517	1.3	7.2	9.4
Profit sharing	(9)	(3)	0	(8)	(6)	3	nm	nm	(100.0)
Reported net profit	316	383	425	311	356	406	1.7	7.5	4.6
Core profit	316	383	425	311	356	406	1.7	7.5	4.6
Key ratios (%)									
Total revenue growth	18.4	14.1	9.0	16.2	8.4	7.9	2.2	5.7	1.1
Net profit growth	6.3	21.0	11.0	4.5	14.6	13.8	1.8	6.4	(2.8)
Core profit growth	6.3	21.0	11.0	4.5	14.6	13.8	1.8	6.4	(2.8)
Gross margin	18.2	18.3	18.4	18.3	18.4	18.6	(0.1)	(0.1)	(0.2)
SG&A to sales	9.6	9.6	9.6	9.7	9.6	9.5	(0.1)	0.0	0.1
Net margin	6.7	7.1	7.2	6.7	7.1	7.5	(0.0)	(0.0)	(0.3)
Core margin	6.7	7.1	7.2	6.7	7.1	7.5	(0.0)	(0.0)	(0.3)
Operating statistics (THB m)									
Bakery sales	4,327	4,953	5,387	4,242	4,595	4,938	2.0	7.8	9.1
Food service sales	281	301	337	281	301	337	0.0	0.0	0.0
Snack sales	45	49	53	45	48	51	0.0	2.4	4.1
OEM sales	84	101	116	84	101	116	0.0	0.0	0.0

Source: FSSIA estimates

Exhibit 5: Yearly total revenue and growth

Sources: NSL, FSSIA estimates

Exhibit 6: Yearly net profit and gross margin
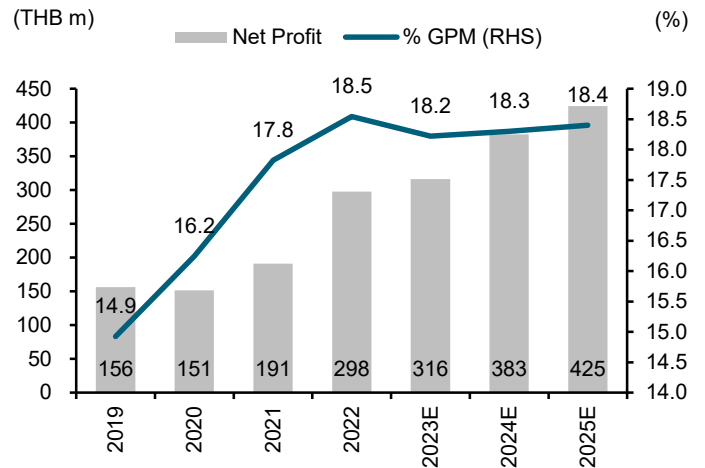
Sources: NSL, FSSIA estimates

Financial Statements
NSL Foods

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	3,038	4,001	4,736	5,404	5,893
Cost of goods sold	(2,497)	(3,259)	(3,873)	(4,415)	(4,808)
Gross profit	**542**	**742**	**863**	**989**	**1,084**
Other operating income	5	8	10	11	12
Operating costs	(297)	(369)	(457)	(519)	(566)
Operating EBITDA	**346**	**484**	**538**	**624**	**688**
Depreciation	(97)	(102)	(122)	(142)	(157)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	**249**	**382**	**416**	**481**	**531**
Net financing costs	(17)	(10)	(11)	(12)	(13)
Associates	-	-	-	-	-
Recurring non-operating income	0	0	(9)	(3)	0
Non-recurring items	0	0	0	0	0
Profit before tax	**232**	**372**	**396**	**467**	**518**
Tax	(41)	(74)	(80)	(84)	(93)
Profit after tax	**191**	**298**	**316**	**383**	**425**
Minority interests	0	0	0	0	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	**191**	**298**	**316**	**383**	**425**
Non-recurring items & goodwill (net)	**0**	**0**	**0**	**0**	**0**
Recurring net profit	**191**	**298**	**316**	**383**	**425**
Per share (THB)					
Recurring EPS *	0.70	0.99	1.05	1.28	1.42
Reported EPS	0.70	0.99	1.05	1.28	1.42
DPS	0.50	0.84	1.02	1.13	1.30
Diluted shares (used to calculate per share data)	273	300	300	300	300
Growth					
Revenue (%)	3.9	31.7	18.4	14.1	9.0
Operating EBITDA (%)	7.7	40.0	11.2	15.9	10.3
Operating EBIT (%)	15.9	53.3	8.9	15.7	10.3
Recurring EPS (%)	3.7	41.5	6.3	21.0	11.0
Reported EPS (%)	3.7	41.5	6.3	21.0	11.0
Operating performance					
Gross margin inc. depreciation (%)	17.8	18.5	18.2	18.3	18.4
Gross margin exc. depreciation (%)	21.0	21.1	20.8	20.9	21.1
Operating EBITDA margin (%)	11.4	12.1	11.4	11.5	11.7
Operating EBIT margin (%)	8.2	9.5	8.8	8.9	9.0
Net margin (%)	6.3	7.4	6.7	7.1	7.2
Effective tax rate (%)	17.8	19.9	20.2	18.0	18.0
Dividend payout on recurring profit (%)	71.3	85.0	96.8	88.8	91.9
Interest cover (X)	14.8	37.1	37.0	39.1	40.5
Inventory days	25.1	26.4	28.5	29.1	29.7
Debtor days	54.6	49.8	47.9	46.9	47.9
Creditor days	65.2	58.5	58.2	58.2	59.5
Operating ROIC (%)	18.0	25.9	26.0	27.9	29.4
ROIC (%)	17.5	22.3	22.1	26.6	28.2
ROE (%)	22.4	22.4	22.0	25.4	26.7
ROA (%)	11.1	13.9	13.7	15.4	16.2
* Pre-exceptional, pre-goodwill and fully diluted					

Revenue by Division (THB m)	2021	2022	2023E	2024E	2025E
Bakery and appetizers	2,791	3,643	4,327	4,953	5,387
Food Services	207	288	281	301	337
NSL snack	25	35	45	49	53
OEM & bread wastes	15	35	84	101	116

Sources: NSL Foods; FSSIA estimates

Financial Statements

NSL Foods

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	191	298	316	383	425
Depreciation	97	102	122	142	157
Associates & minorities	-	-	-	-	-
Other non-cash items	61	0	9	3	0
Change in working capital	(157)	(54)	(26)	(41)	(30)
Cash flow from operations	**192**	**346**	**421**	**487**	**552**
Capex - maintenance	(39)	(146)	(200)	(200)	(150)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	7	(301)	277	(9)	(5)
Cash flow from investing	**(33)**	**(448)**	**77**	**(209)**	**(155)**
Dividends paid	(266)	(144)	(253)	(306)	(340)
Equity finance	75	0	0	0	0
Debt finance	(107)	(100)	(16)	(7)	(9)
Other financing cash flows	588	1	40	7	(22)
Cash flow from financing	**290**	**(243)**	**(229)**	**(306)**	**(371)**
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	**0**	**0**	**0**	**0**	**0**
Movement in cash	**449**	**(344)**	**269**	**(29)**	**26**
Free cash flow to firm (FCFF)	176.03	(91.06)	509.31	289.75	410.05
Free cash flow to equity (FCFE)	640.64	(200.65)	522.05	277.43	**365.51**

Per share (THB)					
FCFF per share	0.59	(0.30)	1.70	0.97	1.37
FCFE per share	2.14	(0.67)	1.74	0.92	1.22
Recurring cash flow per share	1.28	1.33	1.49	1.76	1.94

Balance Sheet (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Tangible fixed assets (gross)	1,614	1,738	1,877	2,001	2,065
Less: Accumulated depreciation	(688)	(768)	(829)	(896)	(967)
Tangible fixed assets (net)	**926**	**970**	**1,047**	**1,105**	**1,098**
Intangible fixed assets (net)	**7**	**6**	**6**	**6**	**6**
Long-term financial assets	0	301	0	0	0
Invest. in associates & subsidiaries	0	0	0	0	0
Cash & equivalents	459	115	384	356	381
A/C receivable	496	595	649	740	807
Inventories	189	267	318	363	395
Other current assets	2	3	2	3	3
Current assets	**1,147**	**980**	**1,354**	**1,461**	**1,587**
Other assets	31	32	47	54	59
Total assets	**2,111**	**2,290**	**2,455**	**2,627**	**2,750**
Common equity	1,252	1,406	1,469	1,546	1,631
Minorities etc.	0	0	0	0	0
Total shareholders' equity	**1,252**	**1,406**	**1,469**	**1,546**	**1,631**
Long term debt	181	80	72	65	56
Other long-term liabilities	50	30	71	81	59
Long-term liabilities	**231**	**110**	**143**	**146**	**115**
A/C payable	453	559	637	726	790
Short term debt	146	167	158	155	155
Other current liabilities	29	47	47	54	59
Current liabilities	**628**	**774**	**842**	**935**	**1,004**
Total liabilities and shareholders' equity	**2,111**	**2,290**	**2,455**	**2,627**	**2,750**
Net working capital	205	259	285	326	356
Invested capital	1,169	1,568	1,386	1,491	1,519
* Includes convertibles and preferred stock which is being treated as debt					

Per share (THB)					
Book value per share	4.17	4.69	4.90	5.15	5.44
Tangible book value per share	4.15	4.67	4.88	5.13	5.42
Financial strength					
Net debt/equity (%)	(10.6)	9.4	(10.5)	(8.8)	(10.5)
Net debt/total assets (%)	(6.3)	5.8	(6.3)	(5.2)	(6.2)
Current ratio (x)	1.8	1.3	1.6	1.6	1.6
CF interest cover (x)	39.1	(18.5)	48.4	23.6	28.9

Valuation	2021	2022	2023E	2024E	2025E
Recurring P/E (x) *	**26.5**	**18.8**	**17.6**	**14.6**	**13.1**
Recurring P/E @ target price (x) *	**37.1**	**26.2**	**24.7**	**20.4**	**18.4**
Reported P/E (x)	26.5	18.8	17.6	14.6	13.1
Dividend yield (%)	2.7	4.5	5.5	6.1	7.0
Price/book (x)	4.5	4.0	3.8	3.6	3.4
Price/tangible book (x)	4.5	4.0	3.8	3.6	3.4
EV/EBITDA (x) **	15.8	11.8	10.1	8.7	7.9
EV/EBITDA @ target price (x) **	22.2	16.4	14.2	12.3	11.1
EV/invested capital (x)	4.7	3.6	3.9	3.7	3.6
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: NSL Foods; 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 are: 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.\n**SETTHSI Index** is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). *(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)*	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.
[Thai CAC](#) By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. *(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)*	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.
[Morningstar Sustainalytics](#)	The Sustainalytics' ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. *Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.*	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored.\n\n| NEGL | Low | Medium | High | Severe |\n|---|---|---|---|---|\n| 0-10 | 10-20 | 20-30 | 30-40 | 40+ |
[ESG Book](#)	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.

For Morningstar Sustainalytics, the rating ranges are:

NEGL	Low	Medium	High	Severe
0-10	10-20	20-30	30-40	40+

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.

Rating	Range	Category	Description
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	**Laggard:**	lagging its industry based on its high exposure and failure to manage significant ESG risks
CCC	0.000-1.428		

ESG score	Methodology	Rating
[Moody's ESG solutions](#)	Moody's assesses the degree to which companies take into account ESG objectives in the definition and implementation of their strategy policies. It believes that a company integrating ESG factors into its business model and relatively outperforming its peers is better positioned to mitigate risks and create sustainable value for shareholders over the medium to long term.	
[Refinitiv ESG rating](#)	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. *(Score ratings are 0 to 25 = poor; >25 to 50 = satisfactory; >50 to 75 = good; and >75 to 100 = excellent.)*	
[S&P Global](#)	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.	
Bloomberg	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.

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

Source: FSSIA's compilation

GENERAL DISCLAIMER

ANALYST(S) CERTIFICATION

Sureeporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

History of change in investment rating and/or target price

NSL Foods (NSL TB)

Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
18-Jan-2023	BUY	26.00	18-Oct-2023	BUY	24.00	-	-	-

Sureeporn Teewasuwet started covering this stock from 18-Jan-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
NSL Foods	NSL TB	THB 18.60	BUY	Downside risks to our DCF-based TP include 1) a slower-than-expected consumption recovery; 2) high volatility in raw material prices; 3) the failure of new products; and 4) changing consumer demand and lifestyles.

Source: FSSIA estimates

Additional Disclosures

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.