

NSL FOODS NSL TB

THAILAND / FOOD & BEVERAGE

BUY

UNCHANGED

NSL กลับมาเจิดฉายอีกครั้ง

- คาดกำไร 4Q23 เร่งขึ้นทำจุดสูงสุดใหม่ พื้นตัวดีกว่าที่เคยคาด
- ธุรกิจหลักที่แข็งแกร่งสามารถหักล้างผลขาดทุนของบริษัทลูกได้หมด
- แนะนำ ซื้อ โดยปรับราคาเป้าหมายขึ้นเป็น 26 บาท

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%

คาด 4Q23 ทำนิวไฮได้ทั้งรายได้และกำไร

เรคาดกำไรสุทธิ 4Q23 จะเร่งขึ้นเป็น 85 ลบ. (+16% q-q +9% y-y) ทำจุดสูงสุดใหม่ ดูกว่าที่เคยคาด มาจากทั้งรายได้ที่ขยายผ่าน 7-Eleven ที่ยังแข็งแกร่ง, อัตรากำไรขั้นต้นกลับมาฟื้นตัว และผลของขาดทุนของบริษัทที่น้อยลง แนวโน้มรายได้ 4Q23 น่าจะเติบโตทำนิวไฮได้อย่างน่าประทับใจราว 6% q-q และ 20% y-y หนุนโดย 1) รายได้จากธุรกิจเดิมที่แข็งแกร่งต่อเนื่อง 2) สินค้าใหม่ได้รับการตอบรับที่ดี อาทิ ขนมหวานช็อคโกแลตนามะและมาการอง เป็นต้น และ 3) รับรู้รายได้ BAW เต็มไตรมาส คาดที่ 45 ลบ. (3% ของรายได้รวม 4Q23) ขณะที่คาดอัตรากำไรขั้นต้นจะฟื้นตัวมาอยู่ที่ 18.3% จาก 17.7% ใน 3Q23 หลังจากปรับปรุงโรงงานเพื่อให้ได้มาตรฐาน Halal แล้วเสร็จ

คาดผลขาดทุนบริษัทลูกไม่มีนัยสำคัญ

เบื้องต้นเรคาดส่วนแบ่งขาดทุนจากบริษัทร่วม เป็น 1 จะลดลงมาอยู่ที่ราว -2.5 ลบ. จาก -3.7 ลบ. ใน 3Q23 ภายหลังบริษัทได้ปรับกลยุทธ์ทางการตลาดของบริษัทร่วม (เป็น 1) ตั้งแต่ 3Q23 และคาดจะถึงระดับคุ้มทุนได้ในปี 2024 อย่างไรก็ตาม เรคาด 2 บริษัทย่อย NSL Intertrade และ NSL BAW น่าจะมีผลขาดทุนเล็กน้อย อาจไม่มีนัยสำคัญต่อผลประกอบการโดยรวม ล่าสุด NSL Intertrade ได้เริ่มส่งออกสินค้า Retort ประเภทขนมหวานแบบถ้วย ล็อตแรกในเดือน ธ.ค. ยังอยู่ระหว่างติดตามผลตอบรับ ขณะที่เรายังไม่เห็นพัฒนาการที่ชัดเจนจาก NSL BAW แต่เชื่อว่าผู้บริหารยังสามารถบริหารจัดการผลการดำเนินงานให้ค่อนข้างไปในทางคุ้มทุนหรือขาดทุนเพียงเล็กน้อยได้ กล่าวโดยสรุป เรคาดว่าธุรกิจหลักเดิมยังเติบโตได้ดี และสามารถหักล้างผลขาดทุนของบริษัทร่วมและบริษัทย่อยได้ทั้งหมด

ปรับเพิ่มกำไร สะท้อนรายได้ที่โตแข็งแกร่ง

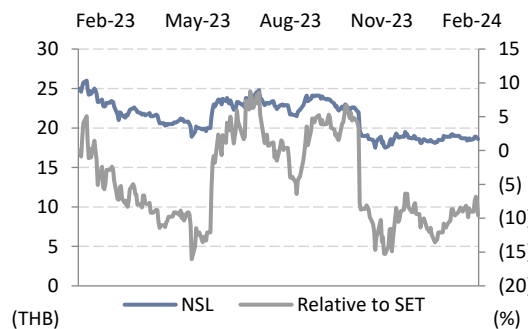
ผู้บริหารตั้งเป้ารายได้ปี 2024 เติบโตราว 19-20% y-y มีปัจจัยหนุน 1) ธุรกิจเบเกอรี่ยังเติบโตต่อเนื่อง ตามการขยายสาขาของ 7-Eleven และการออกรสชาติใหม่ๆ 2) ตั้งเป้ารายได้ส่งออกไม่น้อยกว่า 100 ลบ. (คิดเป็น 1.8% ของเป้าหมายรายได้ปี 2024) และ 3) การเติบโตของรายได้สินค้าแบรนด์ตนเอง และรับรู้รายได้จากบริษัทย่อย จากรายได้ที่เติบโตดีกว่าคาด เรปรับเพิ่มสมมติฐานรายได้ปี 2024-2025 ขึ้น 7-8% เป็นการเติบโต 14% y-y และ 9% y-y ตามลำดับ ซึ่งยังเป็นตัวเลขที่ต่ำกว่าเป้าหมายของผู้บริหาร ดังนั้นจึงปรับเพิ่มกำไรสุทธิปี 2024-25 ขึ้น 7.5% และ 4.6% เป็น 383 ลบ. (+21% y-y) และ 425 ลบ. (+11% y-y) ตามลำดับ

คงคำแนะนำซื้อ ปรับเป้าขึ้นเป็น 26 บาท

ยังคงคำแนะนำ ซื้อ และกลับมาชอบ NSL มากขึ้น โดยปรับเพิ่มราคาเป้าหมายขึ้นเป็น 26 บาท จาก 24 บาท (อิง PE เดิมที่ 20x) เรามีมุมมองเชิงบวกต่อแนวโน้มการเติบโตของกำไรที่มีความชัดเจนมากขึ้น หลังจากบริหารจัดการผลขาดทุนของบริษัทที่ได้ดี ขณะที่ราคาหุ้นปัจจุบันเทรดอยู่ที่ PE 2024 เพียง 14.6x และคาดเงินปันผลในงวด 2H23 หนุนละ 0.54 บาท คิดเป็น Dividend yield ครั้งปีที่ 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.

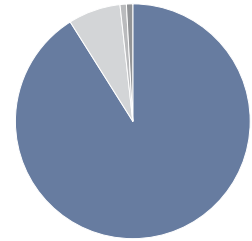
Company profile

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)

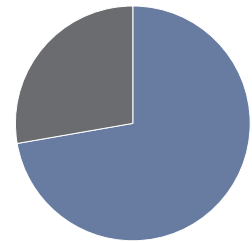
- Bakery and appetizers - 91.1 %
- Food Services - 7.2 %
- NSL snack - 0.9 %
- OEM & bread wastes - 0.9 %



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.

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.

Event calendar

Date	Event
29 February 2024	4Q23 results announcement

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

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.

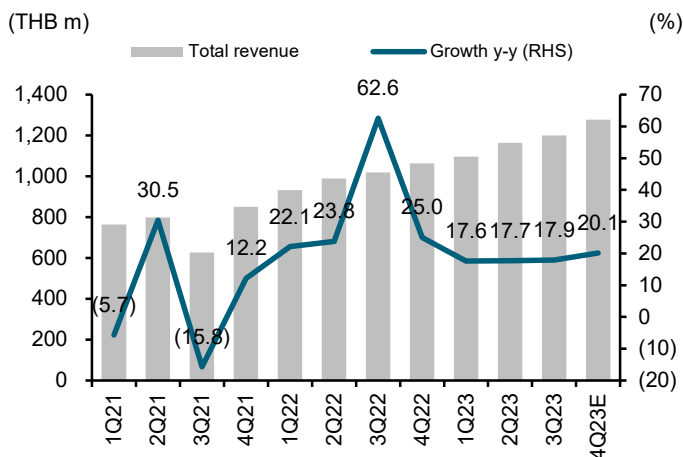
Source: FSSIA estimates

Exhibit 1: 4Q23 earnings preview

	4Q22	1Q23	2Q23	3Q23	4Q23E	----- Change -----		2022	2023E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	% 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)	<i>nm</i>	<i>nm</i>	0	(9)	<i>nm</i>
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)

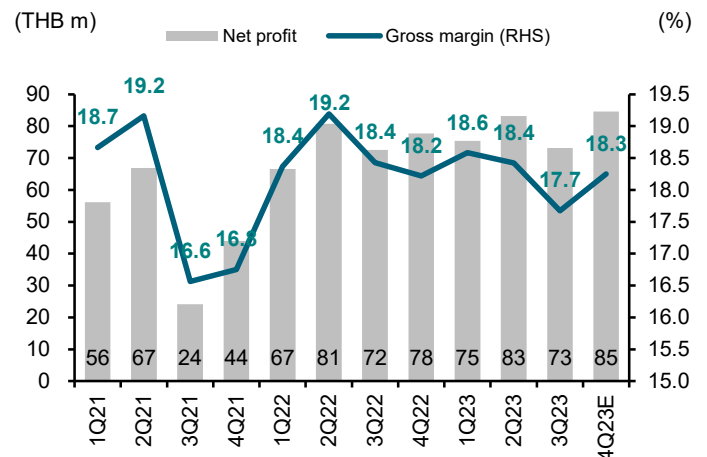
Sources: NSL, FSSIA estimates

Exhibit 2: Quarterly total revenue and growth



Sources: NSL, FSSIA estimates

Exhibit 3: Quarterly net profit and gross margin



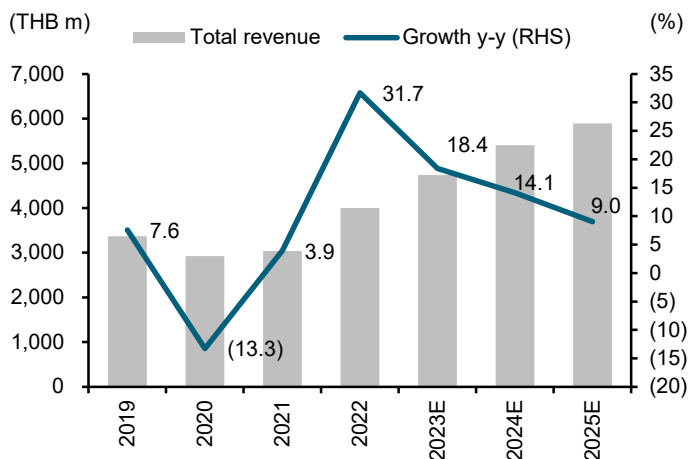
Sources: NSL, FSSIA estimates

Exhibit 4: Changes in key assumptions for NSL

	Current			Previous			Change		
	2023E (THB m)	2024E (THB m)	2025E (THB m)	2023E (THB m)	2024E (THB m)	2025E (THB m)	2023E (%)	2024E (%)	2025E (%)
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	<i>nm</i>	<i>nm</i>	(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

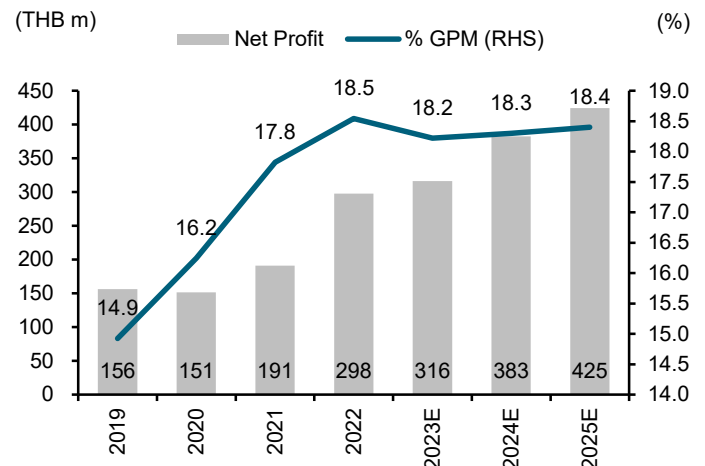
Source: FSSIA estimates

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)					
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 include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for THSI inclusion , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. SETTHSI Index is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																											
CG Score by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (60-69), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																											
AGM level By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																											
Thai CAC By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																											
Morningstar 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. <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;"> <tbody> <tr> <td style="text-align: right;">AAA</td> <td style="text-align: left;">8.571-10.000</td> <td style="text-align: right;">Leader:</td> <td style="text-align: left;">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td style="text-align: right;">AA</td> <td style="text-align: left;">7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">A</td> <td style="text-align: left;">5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">BBB</td> <td style="text-align: left;">4.286-5.713</td> <td style="text-align: right;">Average:</td> <td style="text-align: left;">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 style="text-align: left;">2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">B</td> <td style="text-align: left;">1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right;">CCC</td> <td style="text-align: left;">0.000-1.428</td> <td style="text-align: right;">Laggard:</td> <td style="text-align: left;">lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </tbody> </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

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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

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 02-Feb-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.