

T.A.C. CONSUMER TACC TB

THAILAND / AGRO & FOOD INDUSTRY

BUY

UNCHANGED

Potential profit recovery with undemanding valuation

- The 4Q23 core profit would hit its six-quarter peak, but the net profit should decrease due to an impairment.
- The loss-sharing from TCI should end from 1Q24, and a reversal of impairment is possible when TACC completes the sale.
- Maintain our BUY rating at a new TP of THB7.8 on an undemanding valuation and a high dividend.

TARGET PRICE	THB7.80
CLOSE	THB4.50
UP/DOWNSIDE	+73.3%
PRIOR TP	THB6.60
CHANGE IN TP	+18.2%
TP vs CONSENSUS	+20.7%

KEY STOCK DATA

YE Dec (THB m)	2022	2023E	2024E	2025E
Revenue	1,523	1,726	1,894	2,068
Net profit	235	191	240	267
EPS (THB)	0.39	0.31	0.39	0.44
vs Consensus (%)	-	(6.1)	(4.9)	(4.3)
EBITDA	315	305	338	382
Recurring net profit	231	209	240	267
Core EPS (THB)	0.38	0.34	0.39	0.44
Chg. In EPS est. (%)	-	3.7	(2.8)	(5.3)
EPS growth (%)	11.7	(9.8)	15.0	11.1
Core P/E (x)	11.8	13.1	11.4	10.3
Dividend yield (%)	8.0	7.0	7.9	8.8
EV/EBITDA (x)	6.7	7.0	6.3	5.5
Price/book (x)	3.6	3.6	3.5	3.4
Net debt/Equity (%)	(83.4)	(78.1)	(77.8)	(78.4)
ROE (%)	30.7	27.4	31.0	33.3

Expect 4Q23 core profit to hit its six-quarter peak along with potentially new-high revenue

We expect a 4Q23 core profit of THB61m (+18.5% q-q, +27.2% y-y), a solid recovery, and its six-quarter high, due partly to the high season. Also, TACC introduced new seasonal flavors, such as peach tea, butterfly pea flower tea, and berry Christmas series. They should help support total revenue to grow by 11% q-q and 12.7% y-y, higher than the SSSG of 7-Eleven, which FSSIA has anticipated at 3.5% y-y. Since raw material prices were stable, we anticipate a gross margin of 33.3%, close to 3Q23 but up from 30.8% in 4Q22.

A one-time non-cash investment impairment

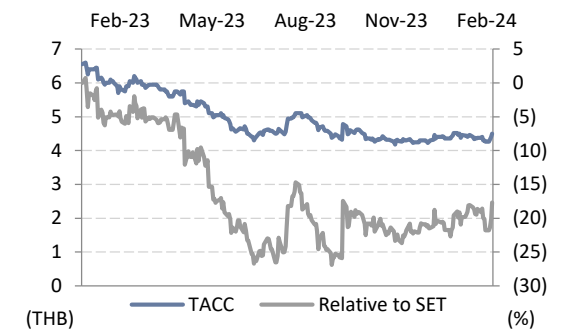
However, we anticipate a lower 4Q23 net profit of THB43m (-16.3% q-q, -2% y-y) due to an impairment of the investment in TCI amounting to THB30m, its initial investment in 2021, which is a one-time and non-cash item. TACC has entered into a contract to sell it to a buyer in 3Q23. It is waiting for a payment to transfer shares to the buyer. Although TACC has not completed the sale yet, it has conservatively set an impairment on the entire investment in 4Q23. Therefore, it no longer needs to realize a loss sharing from TCI from 1Q24 onwards. Given a loss sharing of THB10m annually in the past, it would benefit the 2024 profit by 4%. Also, once TACC completes the sale in 2024, it will record an impairment reversal equal to the selling price.

The 2024 profit should return to growth

Management set a 2024 revenue growth target of c10%, still in line with SSSG and the branch expansion of 7-Eleven. Also, it anticipated a recovery of its Character unit. Although sugar and coffee costs are trending upward, TACC has locked in coffee prices until 1H24. Moreover, lower non-dairy creamer prices should help offset it. We have decreased our 2024-25E gross margin by 1-1.1% to reflect a cost close to 2023. However, we have also removed a loss sharing from TCI and projected a lower loss from HIP. Net-net, we have trimmed our 2024-25E core profit by 2-5% to THB240m (resuming a growth of 15% y-y) and THB267m (+11.1% y-y), respectively.

Maintain our BUY call at a higher TP of THB7.8

We have rolled over to our 2024 TP of THB7.8 (PE 20x, unchanged). On the positive side, the profit has seen its bottom in 2023, and TACC has divested unprofitable units, which would benefit the 2024 profit. The balance sheet is strong, with a net cash position. The ROE is high at 31%, while the stock traded at only 11x of its 2024E P/E. Also, we project an annual dividend yield of 7-8%. Given all that, we retain our BUY rating on TACC.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(0.4)	4.2	(32.8)
Relative to country (%)	1.7	5.9	(19.2)
Mkt cap (USD m)	75		
3m avg. daily turnover (USD m)	0.1		
Free float (%)	66		
Major shareholder	Mr.Chatchawe Vatanasuk (20%)		
12m high/low (THB)	6.75/4.18		
Issued shares (m)	608.00		

Sources: Bloomberg consensus; FSSIA estimates


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Investment thesis

TACC earned 93% of its revenue from procuring and supplying tea-based beverages to 7-Eleven, its alliance and a leader in the convenience store market in Thailand, which gives TACC a competitive advantage since it can distribute through 7-Eleven, which has 15,000 branches nationwide. Also, we like the solid balance sheet since TACC has no interest-bearing debt but high cash on hand.

Although TACC faced cost pressure from higher raw material costs and a higher loss from TCI, an associate, during 2022-23, we expect a recovery from 2H23 due to lower raw material costs. Also, the recovery should accelerate in 2024 after divesting its investment in TCI, which would make it possible for TACC to stop realizing a loss sharing from TCI from 1Q24 onwards.

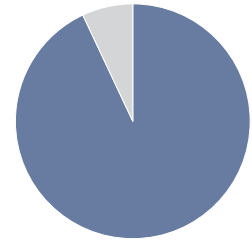
Company profile

TACC is a purveyor, manufacturer, and distributor of beverages, mainly tea and coffee. It started partnering with 7-Eleven in 2005. After that, it introduced a branded beverage, Zenya, in international markets (CLMV). Also, it entered into a character business, which realizes revenue from the copyright of cartoon characters, such as Rilakkuma, Jay the Rabbit, Maaja, Warbie Yama, Line Character, and Bellygom. In 2022, TACC earned 93% of its revenue from B2B and 7% from B2C channels.

www.tacconsumer.com

Principal activities (revenue, 2022)

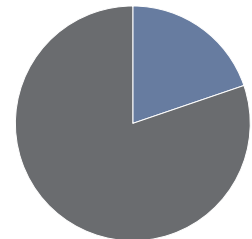
- B2B sales - 93.0 %
- B2C sales - 7.0 %



Source: T.A.C. Consumer

Major shareholders

- Mr.Chatchawe Vatanasuk - 19.8 %
- Others - 80.2 %



Source: T.A.C. Consumer

Catalysts

Potential catalysts for TACC's earnings growth in 2024 are 1) growth in line with the branch expansion of 7-Eleven in Thailand and abroad, 2) new product launches, 3) lower raw material costs, and 4) an exit from its loss-making associates.

Risks to our call

Downside risks to our P/E-based TP include 1) a slower-than-expected recovery in purchasing power, 2) unusually cold weather, 3) lower new product launches than planned, 4) a slower-than-expected decrease in raw material prices, and 5) changes in laws and regulations.

Event calendar

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

Key assumptions

	2023E (THB m)	2024E (THB m)	2025E (THB m)
B2B sales	1,596	1,749	1,901
B2C sales	130	146	168
Total sales growth (%)	13.3	9.7	9.2
Gross margin (%)	32.8	33.0	33.4
SG&A to sales (%)	17.4	17.5	17.5

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 0.2% increase in GPM, we estimate 2024 net profit to rise by 1.0%, 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 2.5%, and vice versa, all else being equal.
- For every 10% increase in sugar cost, we estimate 2024 net profit to fall by 1.2%, 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	420	380	447	426	473	10.9	12.7	1,523	1,726	13.3
Cost	290	260	301	285	316	10.9	8.7	987	1,161	17.6
Gross profit	129	120	146	142	157	10.9	21.8	536	565	5.4
SG&A	75	65	79	76	80	5.4	7.1	253	300	18.4
Operating profit	61	57	69	68	81	18.1	33.2	(1)	(10)	nm
Profit (-loss) sharing	(0.4)	(2.4)	(2.4)	(2.5)	(2.5)	nm	nm	1	1	(1.0)
Tax expense	12	12	14	14	17	19.0	45.4	59	57	(3.9)
Reported net profit	44	42	54	52	43	(16.3)	(2.1)	235	191	(18.7)
Core profit	48	42	53	52	61	18.5	27.2	231	209	(9.8)
Key ratios (%)										
Gross margin	30.8	31.6	32.7	33.3	33.3	0.6	(1.9)	35.2	32.8	(2.4)
SG&A / Sales	17.8	17.1	17.7	17.8	16.9	0.1	1.7	16.6	17.4	0.7
Operating margin	14.4	15.0	15.4	16.0	17.0	0.6	(3.6)	(0.1)	(0.6)	(0.5)
Net margin	10.5	11.1	12.1	12.1	9.2	0.1	(4.2)	15.4	11.1	(4.4)
Core margin	11.5	11.1	11.9	12.1	13.0	0.2	(3.3)	15.2	12.1	(3.1)
Operating Statistics (THB m)										
B2B sales	390	350	416	392	439	11.9	12.5	1,417	1,452	2.5
B2C sales	29	30	31	34	34	(0.8)	16.0	107	113	6.4

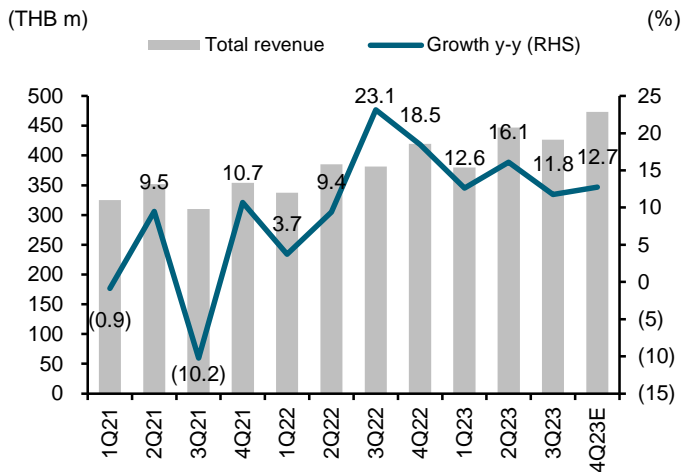
Sources: TACC, FSSIA estimates

Exhibit 2: Change of key assumptions for TACC

	----- 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 sale value	1,726	1,894	2,068	1,672	1,845	2,039	3.2	2.7	1.4	
Costs	1,161	1,269	1,378	1,129	1,218	1,336	2.9	4.2	3.1	
Gross profit	565	625	691	543	627	703	4.0	(0.4)	(1.8)	
SG&A expenses	300	332	362	286	317	351	4.8	4.5	3.2	
Interest expense	1.1	1.2	1.2	1.2	1.2	1.2	(6.1)	0.0	0.0	
Profit sharing	(9.8)	0.0	0.0	(10.0)	(5.0)	(5.0)	nm	nm	nm	
Reported net profit	191	240	267	201	247	281	(5.0)	(2.8)	(5.3)	
Core profit	209	240	267	201	247	281	3.7	(2.8)	(5.3)	
Key ratios (%)										
Total revenue growth	13.3	9.7	9.2	9.8	10.3	10.5	3.6	(0.6)	(1.3)	
Net profit growth	(18.7)	25.4	11.1	(14.4)	22.6	14.0	(4.3)	2.8	(2.9)	
Core profit growth	(9.8)	15.0	11.1	(13.0)	22.6	14.0	3.2	(7.7)	(2.9)	
Gross margin	32.8	33.0	33.4	32.5	34.0	34.5	0.3	(1.0)	(1.1)	
SG&A to sales	17.4	17.5	17.5	17.1	17.2	17.2	0.3	0.3	0.3	
Net margin	11.1	12.7	12.9	12.0	13.4	13.8	(1.0)	(0.7)	(0.9)	
Core margin	12.1	12.7	12.9	12.0	13.4	13.8	0.0	(0.7)	(0.9)	
Operating statistics (THB m)										
B2B sales	1,596	1,749	1,901	1,544	1,692	1,863	3.4	3.4	2.1	
B2C sales	130	146	168	128	154	177	1.7	(5.1)	(5.1)	

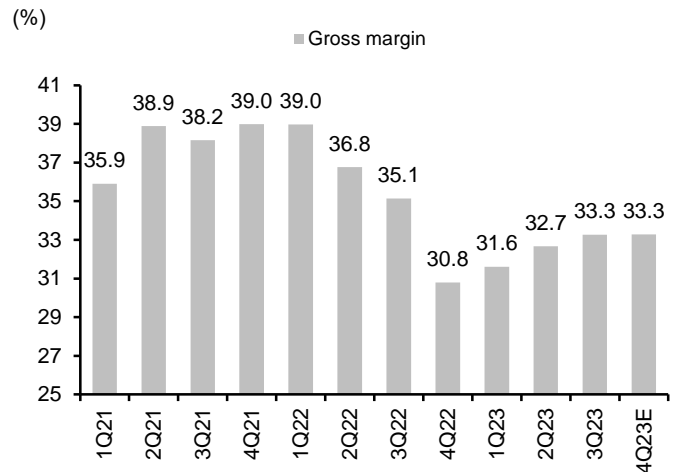
Source: FSSIA estimates

Exhibit 3: Total revenue and growth



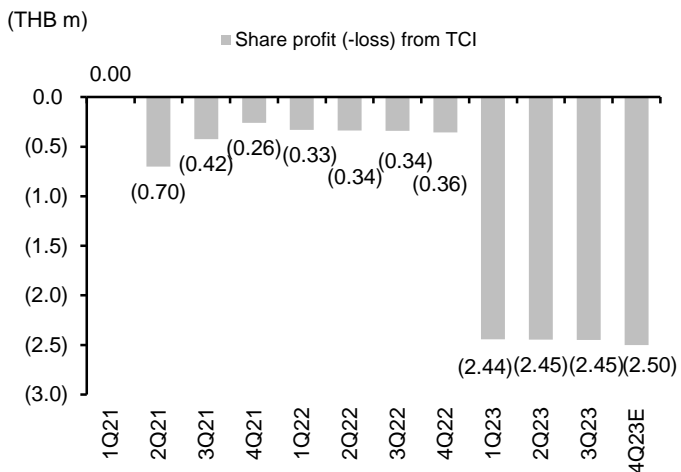
Sources: TACC, FSSIA estimates

Exhibit 4: Gross margin



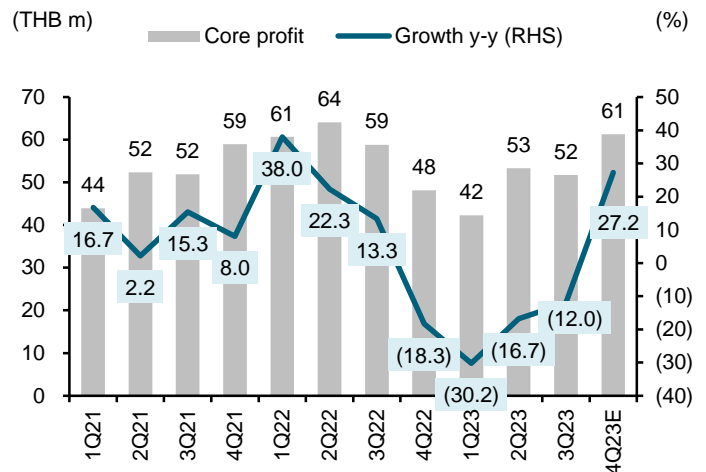
Sources: TACC, FSSIA estimates

Exhibit 5: Profit/loss (-) sharing



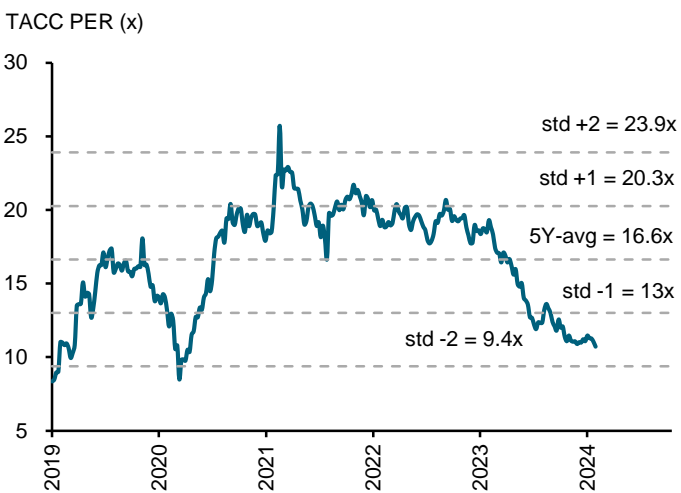
Sources: TACC, FSSIA estimates

Exhibit 6: Core profit and growth



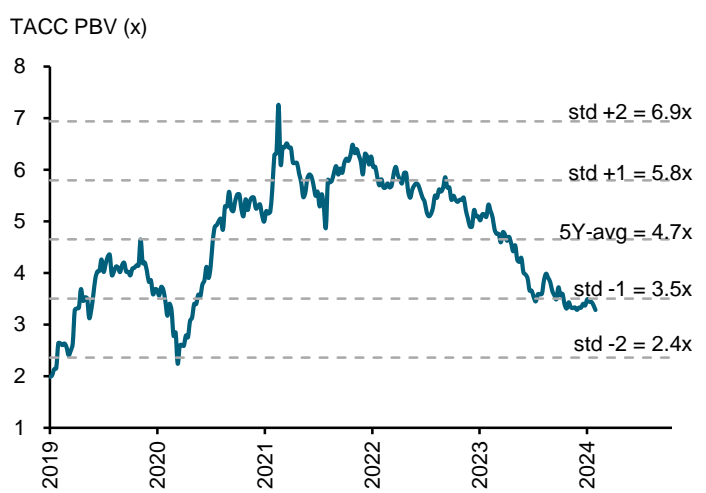
Sources: TACC, FSSIA estimates

Exhibit 7: Historical P/E band



Sources: Bloomberg, FSSIA estimates

Exhibit 8: Historical P/BV band



Sources: Bloomberg, FSSIA estimates

Financial Statements

T.A.C. Consumer

Profit and Loss (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Revenue	1,341	1,523	1,726	1,894	2,068
Cost of goods sold	(831)	(987)	(1,161)	(1,269)	(1,378)
Gross profit	510	536	565	625	691
Other operating income	5	10	9	7	7
Operating costs	(252)	(253)	(300)	(332)	(362)
Operating EBITDA	287	315	305	338	382
Depreciation	(24)	(22)	(30)	(38)	(46)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	263	293	275	300	336
Net financing costs	(1)	(1)	(1)	(1)	(1)
Associates	(1)	(1)	(10)	0	0
Recurring non-operating income	(1)	(1)	(10)	0	0
Non-recurring items	7	4	(17)	0	0
Profit before tax	267	295	247	299	335
Tax	(53)	(59)	(57)	(61)	(68)
Profit after tax	214	235	189	238	267
Minority interests	0	0	2	2	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	214	235	191	240	267
Non-recurring items & goodwill (net)	(7)	(4)	17	0	0
Recurring net profit	207	231	209	240	267
Per share (THB)					
Recurring EPS *	0.34	0.38	0.34	0.39	0.44
Reported EPS	0.35	0.39	0.31	0.39	0.44
DPS	0.33	0.36	0.31	0.36	0.39
Diluted shares (used to calculate per share data)	608	608	608	608	608
Growth					
Revenue (%)	2.0	13.6	13.3	9.7	9.2
Operating EBITDA (%)	12.6	9.9	(3.3)	10.9	13.0
Operating EBIT (%)	11.4	11.6	(6.3)	9.2	11.9
Recurring EPS (%)	9.9	11.7	(9.8)	15.0	11.1
Reported EPS (%)	13.7	9.8	(18.7)	25.4	11.1
Operating performance					
Gross margin inc. depreciation (%)	38.0	35.2	32.8	33.0	33.4
Gross margin exc. depreciation (%)	39.8	36.6	34.5	35.0	35.6
Operating EBITDA margin (%)	21.4	20.7	17.7	17.8	18.5
Operating EBIT margin (%)	19.6	19.3	15.9	15.9	16.3
Net margin (%)	15.5	15.2	12.1	12.7	12.9
Effective tax rate (%)	19.9	20.2	23.2	20.4	20.4
Dividend payout on recurring profit (%)	96.8	94.6	91.7	90.0	90.0
Interest cover (X)	243.0	253.4	232.6	253.8	291.8
Inventory days	20.8	20.3	18.4	19.7	19.9
Debtor days	68.5	68.5	70.3	71.7	71.8
Creditor days	101.9	101.3	99.7	98.7	99.4
Operating ROIC (%)	138.7	178.8	168.2	152.1	164.3
ROIC (%)	115.2	131.8	120.9	118.2	127.6
ROE (%)	28.3	30.7	27.4	31.0	33.3
ROA (%)	20.0	20.7	17.4	19.3	20.6
* Pre-exceptional, pre-goodwill and fully diluted					
Revenue by Division (THB m)					
B2B sales	1,301	1,417	1,596	1,749	1,901
B2C sales	40	107	130	146	168

Sources: T.A.C. Consumer; FSSIA estimates

Financial Statements

T.A.C. Consumer

Cash Flow (THB m) Year Ending Dec	2021	2022	2023E	2024E	2025E
Recurring net profit	207	231	209	240	267
Depreciation	24	22	30	38	46
Associates & minorities	1	1	10	0	0
Other non-cash items	0	4	0	0	0
Change in working capital	(11)	16	(35)	(7)	(8)
Cash flow from operations	221	274	213	271	304
Capex - maintenance	(53)	(21)	(67)	(42)	(42)
Capex - new investment	-	-	-	-	-
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	-	-	-	-	-
Cash flow from investing	(53)	(21)	(67)	(42)	(42)
Dividends paid	(195)	(215)	(191)	(216)	(240)
Equity finance	0	0	0	0	0
Debt finance	7	(2)	(2)	1	(1)
Other financing cash flows	3	35	4	3	3
Cash flow from financing	(185)	(182)	(188)	(212)	(238)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	(17)	72	(43)	17	25
Free cash flow to firm (FCFF)	168.99	254.52	146.97	230.23	263.70
Free cash flow to equity (FCFE)	177.60	286.52	148.67	233.14	264.42
Per share (THB)					
FCFF per share	0.28	0.42	0.24	0.38	0.43
FCFE per share	0.29	0.47	0.24	0.38	0.43
Recurring cash flow per share	0.38	0.42	0.41	0.46	0.51
Balance Sheet (THB m) Year Ending Dec					
Tangible fixed assets (gross)	192	207	224	242	261
Less: Accumulated depreciation	(79)	(95)	(101)	(117)	(142)
Tangible fixed assets (net)	113	113	123	125	119
Intangible fixed assets (net)	1	0	0	0	0
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	29	27	27	27	27
Cash & equivalents	583	655	612	630	654
A/C receivable	262	310	355	389	425
Inventories	57	50	64	70	75
Other current assets	2	6	7	8	8
Current assets	905	1,021	1,038	1,096	1,163
Other assets	17	17	17	19	21
Total assets	1,065	1,179	1,205	1,267	1,330
Common equity	742	763	763	787	814
Minorities etc.	0	0	0	0	0
Total shareholders' equity	742	763	763	787	814
Long term debt	15	12	11	12	11
Other long-term liabilities	21	27	31	34	37
Long-term liabilities	36	39	42	46	48
A/C payable	236	300	318	348	377
Short term debt	6	6	5	5	5
Other current liabilities	44	71	77	81	86
Current liabilities	286	377	400	434	468
Total liabilities and shareholders' equity	1,065	1,179	1,205	1,267	1,330
Net working capital	41	(4)	31	37	46
Invested capital	201	153	198	209	213
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	1.22	1.25	1.25	1.29	1.34
Tangible book value per share	1.22	1.25	1.25	1.29	1.34
Financial strength					
Net debt/equity (%)	(75.8)	(83.4)	(78.1)	(77.8)	(78.4)
Net debt/total assets (%)	(52.8)	(54.0)	(49.5)	(48.3)	(48.0)
Current ratio (x)	3.2	2.7	2.6	2.5	2.5
CF interest cover (x)	166.1	249.7	131.4	198.0	230.6
Valuation					
Recurring P/E (x) *	13.2	11.8	13.1	11.4	10.3
Recurring P/E @ target price (x) *	22.9	20.5	22.7	19.8	17.8
Reported P/E (x)	12.8	11.6	14.3	11.4	10.3
Dividend yield (%)	7.3	8.0	7.0	7.9	8.8
Price/book (x)	3.7	3.6	3.6	3.5	3.4
Price/tangible book (x)	3.7	3.6	3.6	3.5	3.4
EV/EBITDA (x) **	7.6	6.7	7.0	6.3	5.5
EV/EBITDA @ target price (x) **	14.6	13.0	13.6	12.2	10.7
EV/invested capital (x)	10.8	13.7	10.8	10.2	9.9
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: T.A.C. Consumer; 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. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality & peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+									
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ESG Book	The ESG score identifies sustainable companies that are better positioned to outperform over the long term. The methodology considers the principle of financial materiality including information that significantly helps explain future risk-adjusted performance. Materiality is applied by over-weighting features with higher materiality and rebalancing these weights on a rolling quarterly basis.	The total ESG score is calculated as a weighted sum of the features scores using materiality-based weights. The score is scaled between 0 and 100 with higher scores indicating better performance.																			
MSCI	MSCI ESG ratings aim to measure a company's management of financially relevant ESG risks and opportunities. It uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. <table border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td>AAA</td> <td>8.571-10.000</td> <td rowspan="3">Leader:</td> <td rowspan="3">leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td>AA</td> <td>7.143-8.570</td> </tr> <tr> <td>A</td> <td>5.714-7.142</td> </tr> <tr> <td>BBB</td> <td>4.286-5.713</td> <td rowspan="3">Average:</td> <td rowspan="3">a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td>BB</td> <td>2.857-4.285</td> </tr> <tr> <td>B</td> <td>1.429-2.856</td> </tr> <tr> <td>CCC</td> <td>0.000-1.428</td> <td>Laggard:</td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </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

Sureeporn Teewasuwet FSS International Investment Advisory Securities Co., Ltd

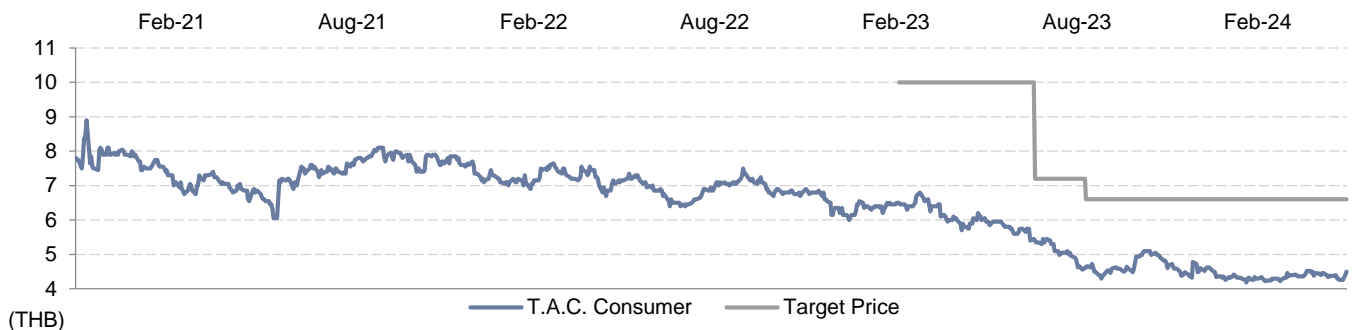
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History of change in investment rating and/or target price

T.A.C. Consumer (TACC TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
18-Jan-2023	BUY	10.00	15-May-2023	BUY	7.20	28-Jun-2023	BUY	6.60

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
T.A.C. Consumer	TACC TB	THB 4.50	BUY	Downside risks to our P/E-based TP include 1) a slower-than-expected recovery in purchasing power, 2) unusually cold weather, 3) lower new product launches than planned, 4) a slower-than-expected decrease in raw material prices, and 5) changes in laws and regulations.

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 08-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.