

I-TAIL CORPORATION

ITC TB

THAILAND / FOOD & BEVERAGE

BUY

UNCHANGED

Solid demand in mid-priced pet food

- ITC set a 2024 revenue growth target of 15% y-y after US and EU customers ended their destocking.
- Premium product recovery remains challenging, depending mainly on the global economy.
- Cut our profit forecast to reflect a cautious view but retain BUY rating at a new TP of THB27.

TARGET PRICE	THB27.00
CLOSE	THB19.60
UP/DOWNSIDE	+37.8%
PRIOR TP	THB30.00
CHANGE IN TP	-10.0%
TP vs CONSENSUS	+13.1%

KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	15,577	17,779	19,947	21,907
Net profit	2,281	3,217	3,705	4,184
EPS (THB)	0.76	1.07	1.24	1.39
vs Consensus (%)	-	43.6	25.6	19.9
EBITDA	2,995	3,963	4,569	5,154
Recurring net profit	2,312	3,217	3,705	4,184
Core EPS (THB)	0.77	1.07	1.24	1.39
Chg. In EPS est. (%)	nm	(9.1)	(8.4)	nm
EPS growth (%)	(68.6)	39.1	15.2	12.9
Core P/E (x)	25.4	18.3	15.9	14.1
Dividend yield (%)	3.1	3.8	4.4	5.0
EV/EBITDA (x)	16.5	12.4	10.8	9.5
Price/book (x)	2.5	2.4	2.3	2.2
Net debt/Equity (%)	(40.0)	(40.2)	(37.8)	(36.7)
ROE (%)	9.6	13.6	15.1	16.2

Believe the profit has seen its trough in 2023

The 4Q23 net profit came in at THB767m (+19% q-q, +13.5% y-y). Excluding an FX loss of THB46m, the core profit amounted to THB812m (+24% q-q, -13.7% y-y), its four-quarter peak due to continued restocking of US and EU customers from 3Q23. Although Chinese and Japanese customers decreased q-q in line with seasonality, cat food, dog food, and pet treats recovered due to selling price hikes, a higher utilization rate, and lower raw material costs. As a result, the gross margin recovered to 22%, up 80 bps q-q. However, premium products only recovered modestly. At the end of 2023, its mix stood at 43.2%, down from 49.3% in 2022 due to the global economic slowdown.

Target resumed revenue and margin growth in 2024

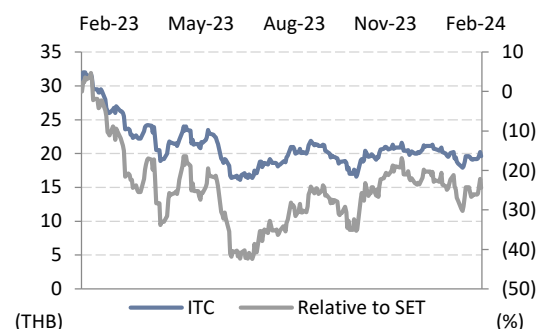
At an analyst meeting last Friday (February 16), management disclosed a revenue growth target of 15% y-y and a gross margin target of 21-22% in 2024 from 19.5% in 2023. Although ITC may trim its selling price by 0.5%-1%, in line with lower tuna and chicken costs, and may realize higher depreciation expenses by THB60m (1.4% of total revenue) a quarter due to the operation of new production lines from 2Q24 onwards, a recovering utilization rate, lower raw material costs (since management viewed that tuna prices would decrease 7% y-y), and continued cost savings may fully offset it. Besides, the Red Sea crisis should have a limited impact. Although it takes longer to ship to the EU, customers can manage it by ordering more products. Also, they are responsible for freights.

Cut profit forecast to factor in global economic risks

In 2024, ITC will focus on customer base expansion for private labels (in the retailer market). Also, it is expanding its top 5 global brand customer base (after it has already secured four). In this regard, ITC set a premium product recovery target of 48% from 43.2% in 2023. However, we view it as challenging under a gloomy global economic backdrop. Although customers continue to prioritize pets, they have shifted to mid-priced pet food or even economy. Therefore, we have cut our 2024-25E net profit by 9-11%. However, it still implies a growth of 41% y-y and 15% y-y, respectively. In particular, we have slashed our gross margin estimate close to the guidance. Also, we have a more cautious view of the premium product recovery.

Decrease TP but retain BUY rating

We have cut our 2024 TP to THB27 from THB30 (PE 25x, maintained), assuming a three-year revenue growth of 11% CAGR, higher than the global pet food market growth of 6% CAGR since we view that ITC has strengths in its lower costs than peers and its portfolio, which includes several global brand customers. ITC announced a 2H23 DPS of THB0.35, implying a dividend yield of 1.8%. Hence, we retain our BUY rating on ITC.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(0.5)	(2.5)	(35.2)
Relative to country (%)	0.6	(0.4)	(22.5)
Mkt cap (USD m)	1,632		
3m avg. daily turnover (USD m)	3.5		
Free float (%)	22		
Major shareholder	Thai Union Group (79%)		
12m high/low (THB)	32.00/15.70		
Issued shares (m)	3,000.00		

Sources: Bloomberg consensus; FSSIA estimates



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Investment thesis

ITC is a leading global pet food manufacturer. It has cost and innovation advantages due partly to its parent company, Thai Union Group (TU TB), a leading global tuna processor. Also, its management has extensive experience of over 20 years. They help make it possible for ITC to respond to changing customer needs and maintain a good relationship with global pet food brands. Also, increased pet ownership should help support the global pet food market value to continue growing. In 2024, ICT plans to expand its capacity by 17-18% to cope with pet food growth and develop new value-added products to enhance profitability.

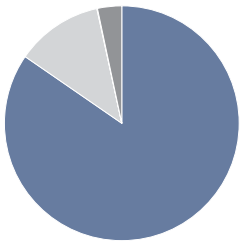
Company profile

Revenue-wise, ITC is in the world's top 10 pet food producers and the second largest in Asia. Also, it is a global pet care company of TU, which has been operating a pet food business since 1977. ITC has two factories in Samut Sakhon and Songkhla. It distributes products globally. In 2023, its revenue came mainly from the US (50.3% of total revenue), followed by Asia, Oceania, and others (37.1%), and Europe (12.6%).

www.i-tail.com

Principal activities (revenue, 2023)

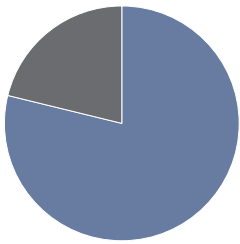
- Pet Food - 84.6 %
- Treats - 12.0 %
- Other - 0.1 %
- Other segment - 3.3 %



Source: i-Tail Corporation

Major shareholders

- Thai Union Group - 78.8 %
- Others - 21.2 %



Source: i-Tail Corporation

Catalysts

Potential catalysts for ITC’s earnings growth in 2024 are 1) revenue growth from existing customers, which grow in line with the industry and new ones, 2) capacity expansion, and 3) lower raw material costs.

Risks to our call

Downside risks to our P/E-based TP include 1) a slower-than-expected recovery in purchasing power, 2) more fluctuating raw material prices than expected, 3) a stronger-than-expected THB, and 4) labor shortages.

Event calendar

Date	Event
May 2024	1Q24 results announcement

Key assumptions

	2024E	2025E	2026E
FX rate (USDTHB)	33.0	33.0	33.0
Tuna price (USD/tonne)	1,600	1,500	1,500
Total sales growth (%)	14.1	12.2	9.8
Gross margin (%)	22.0	22.5	23.0

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 2.9%, and vice versa, all else being equal.
- For every 0.5% increase in SG&A, we estimate 2024 net profit to fall by 2.8%, and vice versa, all else being equal.

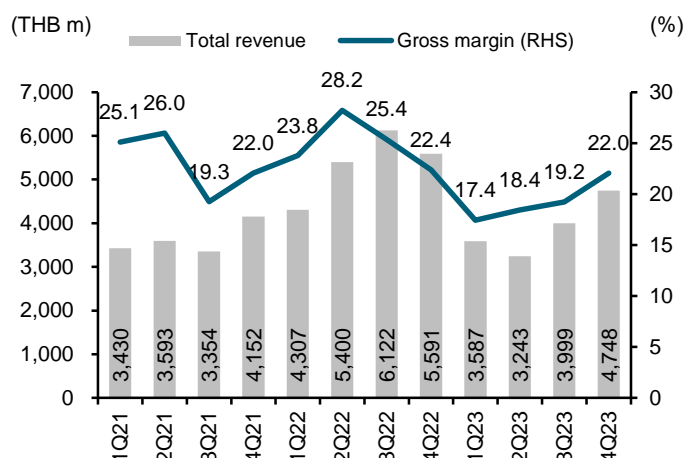
Source: FSSIA estimates

Exhibit 1: ITC - 4Q23 earnings results

	4Q22	1Q23	2Q23	3Q23	4Q23	----- Change -----		2022	2023	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	(THB m)	(THB m)	(y-y%)
Sales	5,591	3,587	3,243	3,999	4,748	18.7	(15.1)	21,420	15,577	(27.3)
Cost of sales	4,341	2,962	2,645	3,231	3,702	14.6	(14.7)	16,071	12,539	(22.0)
Gross profit	1,250	625	598	768	1,046	36.2	(16.3)	5,349	3,038	(43.2)
SG&A	341	301	298	266	319	19.8	(6.5)	1,239	1,183	(4.5)
Operating profit	1,017	447	431	685	894	30.5	(12.1)	4,357	2,457	(43.6)
Other income	107	123	130	183	166	(8.8)	55.0	247	603	144.0
Interest expense	30	6	2	2	2	0.9	(94.5)	83	11	(86.6)
Tax expense	45	26	(4)	31	80	161.5	78.1	48	132	173.9
Other gain (loss)	(266)	11	12	(9)	(46)	nm	nm	175	(31)	(117.8)
Reported net profit	676	425	445	645	767	19.0	13.5	4,401	2,281	(48.2)
Core profit	941	414	433	653	812	24.4	(13.7)	4,226	2,312	(45.3)
Key ratios (%)						(ppt)	(ppt)			
Gross margin	22.4	17.4	18.4	19.2	22.0	2.8	(0.3)	25.0	19.5	(5.5)
SG&A to sales	6.1	8.4	9.2	6.7	6.7	0.1	0.6	5.8	7.6	1.8
Operating margin	18.2	12.5	13.3	17.1	18.8	1.7	0.6	20.3	15.8	(4.6)
Net margin	12.1	11.9	13.7	16.1	16.2	0.0	4.1	20.5	14.6	(5.9)
Core margin	16.8	11.5	13.4	16.3	17.1	0.8	0.3	19.7	14.8	(4.9)
Operating statistics (THB m)										
THB/USD	36.3	33.9	34.5	35.2	35.8	1.6	(1.6)	35.1	34.8	(0.7)
Tuna price (USD/tonne)	1,660	1,820	2,000	1,850	1,533	(17.1)	(7.7)	1,663	1,801	8.3
Cat food sales	4,160	2,399	2,264	2,885	3,226	11.8	(22.4)	15,558	10,775	(30.7)
Dog food sales	694	594	563	399	849	112.8	22.3	2,561	2,405	(6.1)
Treat sales	727	499	338	487	542	11.3	(25.4)	3,219	1,866	(42.0)
Other pet sales	10	2	4	2	5	181.3	(55.2)	82	13	(84.7)
Other non-pet sales	0	92	74	226	126	(44.4)	nm	0	519	nm
Americas	3,085	1,805	1,672	1,841	2,512	36.4	(18.6)	11,921	7,830	(34.3)
Europe	956	479	258	456	773	69.7	(19.1)	3,357	1,965	(41.5)
Asia, Oceania, Others	1,551	1,303	1,313	1,703	1,463	(14.0)	(5.6)	6,142	5,782	(5.9)

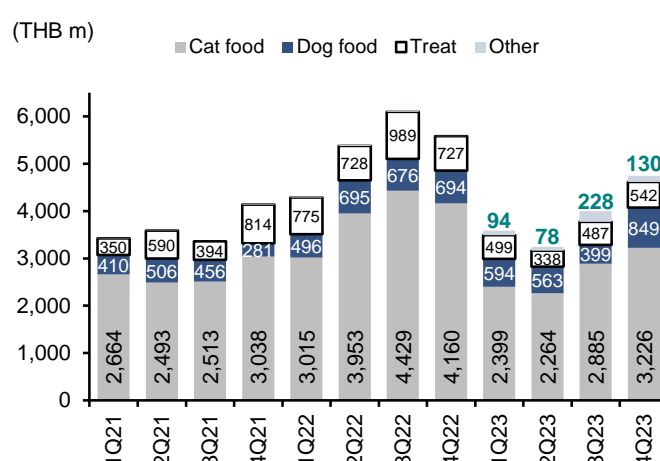
Sources: ITC, FSSIA's compilation

Exhibit 2: Quarterly total revenue and gross margin



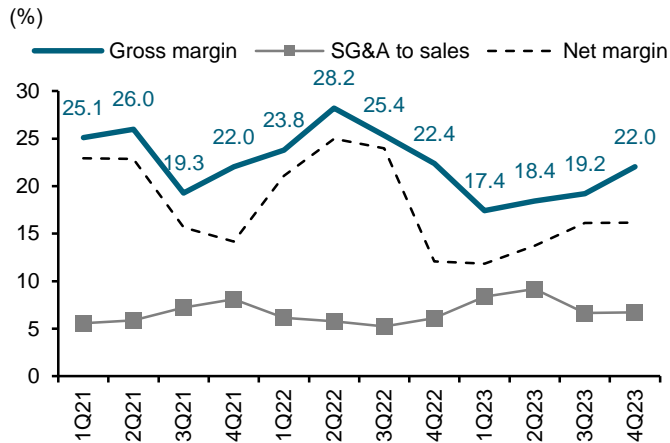
Sources: ITC, FSSIA's compilation

Exhibit 3: Revenue breakdown by product



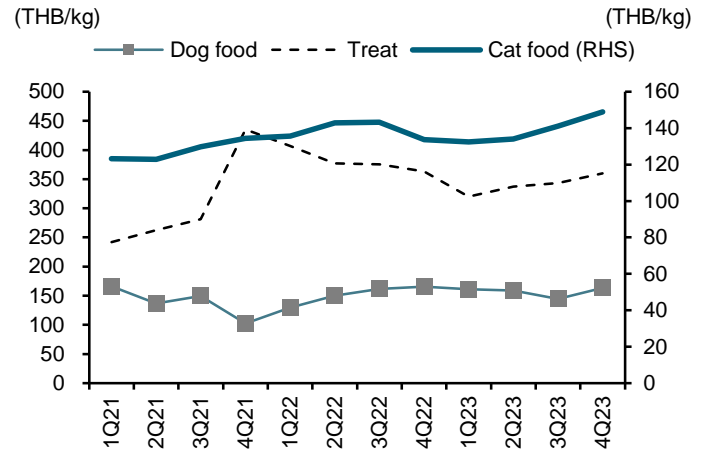
Sources: ITC, FSSIA's compilation

Exhibit 4: Quarterly profit margin



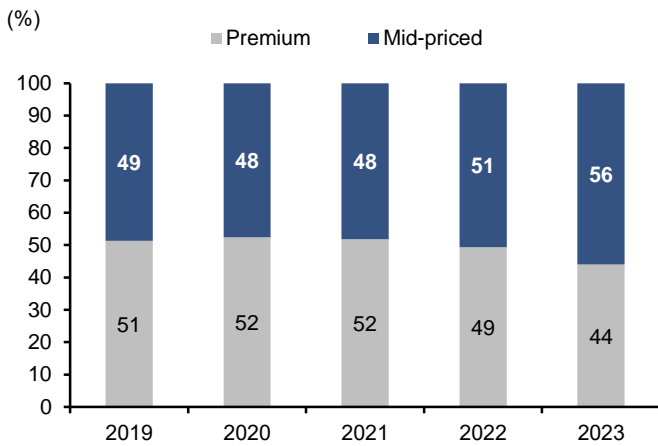
Sources: ITC, FSSIA's compilation

Exhibit 5: Selling prices breakdown by product



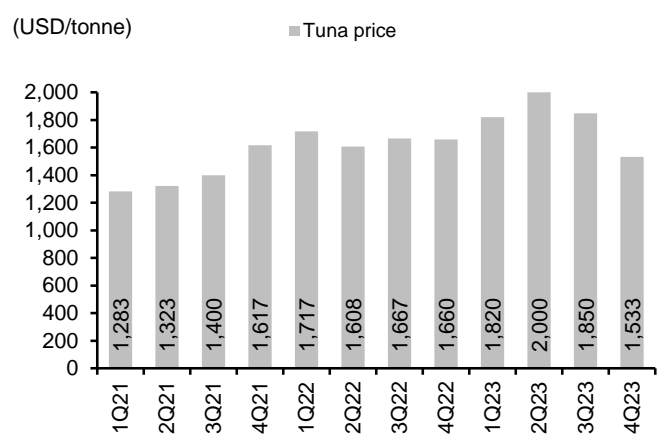
Sources: ITC, FSSIA's compilation

Exhibit 6: Revenue breakdown by product



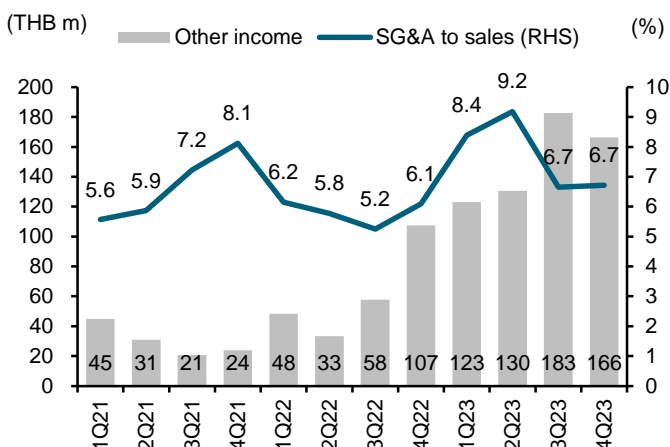
Sources: ITC, FSSIA's compilation

Exhibit 7: Quarterly Tuna price



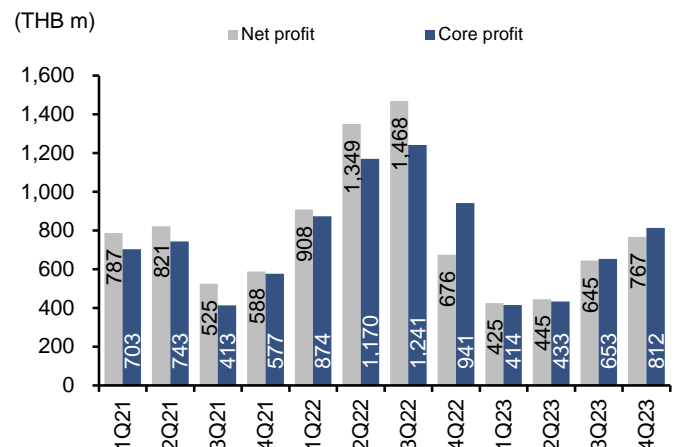
Sources: ITC, FSSIA's compilation

Exhibit 8: Other income and SG&A to sales



Sources: ITC, FSSIA's compilation

Exhibit 9: Net profit and core profit



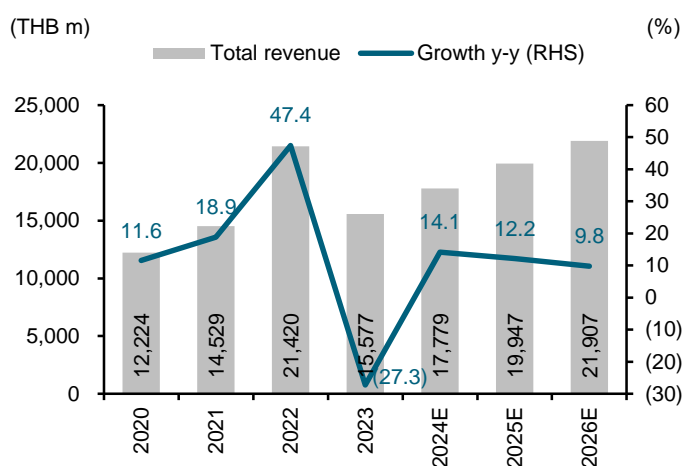
Sources: ITC, FSSIA's compilation

Exhibit 10: Change of key assumptions for ITC

	Current			Previous			Change		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(%)	(%)	(%)
Total revenue	17,779	19,947	21,907	18,681	21,215	23,294	(4.8)	(6.0)	(6.0)
Cost	13,868	15,459	16,868	14,384	16,123	17,470	(3.6)	(4.1)	(3.4)
Gross profit	3,911	4,488	5,039	4,297	5,092	5,823	(9.0)	(11.9)	(13.5)
SG&A expenses	1,120	1,257	1,380	1,177	1,337	1,467	(4.8)	(6.0)	(6.0)
Report net profit	3,217	3,705	4,184	3,539	4,148	4,789	(9.1)	(10.7)	(12.6)
Core profit	3,217	3,705	4,184	3,539	4,148	4,789	(9.1)	(10.7)	(12.6)
Key ratios (%)									
Total revenue growth	14.1	12.2	9.8	19.9	13.6	9.8	(5.8)	(1.4)	0.0
Net profit growth	41.0	15.2	12.9	55.1	17.2	15.5	(14.1)	(2.0)	(2.5)
Core profit growth	39.1	15.2	12.9	53.0	17.2	15.5	(13.9)	(2.0)	(2.5)
Gross margin	22.0	22.5	23.0	23.0	24.0	25.0	1.0	1.5	2.0
SG&A to sales	6.3	6.3	6.3	6.3	6.3	6.3	0.0	0.0	0.0
Net margin	18.1	18.6	19.1	18.9	19.6	20.6	0.8	1.0	1.5
Core margin	18.1	18.6	19.1	18.9	19.6	20.6	0.8	1.0	1.5
Operating statistics									
Revenue breakdown (THB m)									
Cat food	12,262	13,870	15,410	13,217	14,684	16,314	(7.2)	(5.5)	(5.5)
Dog food	2,736	3,095	3,298	2,503	2,748	2,929	9.3	12.6	12.6
Treats	2,300	2,546	2,763	2,723	3,015	3,271	(15.5)	(15.5)	(15.5)

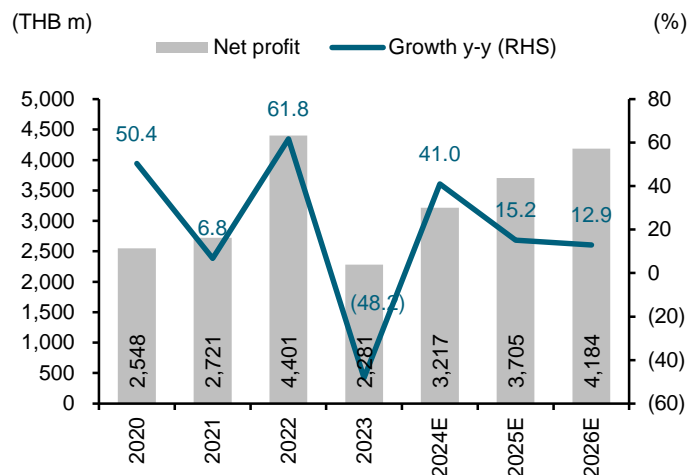
Source: FSSIA estimates

Exhibit 11: Yearly total revenue and growth

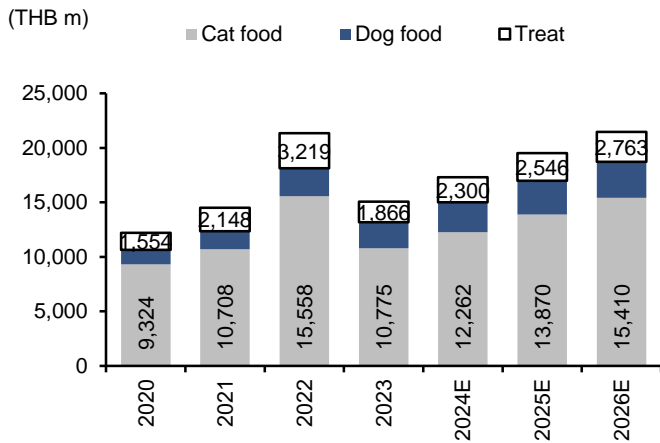


Sources: ITC; FSSIA estimates

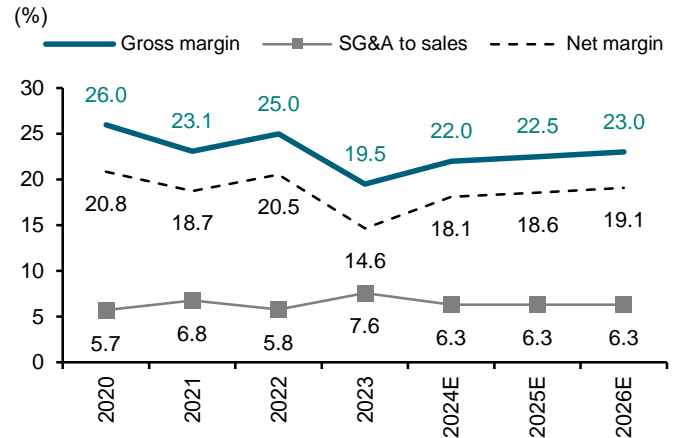
Exhibit 12: Yearly net profit and growth



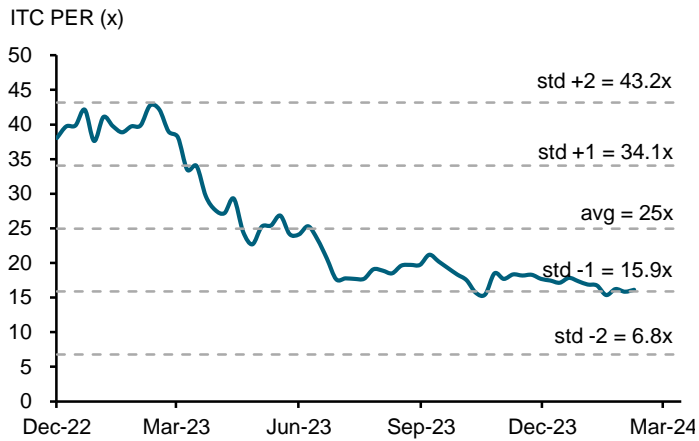
Sources: ITC; FSSIA estimates

Exhibit 13: Yearly revenue breakdown by product

Sources: ITC; FSSIA estimates

Exhibit 14: Yearly profit margin

Sources: ITC; FSSIA estimates

Exhibit 15: Historical P/E band

Sources: Bloomberg, FSSIA's compilation

Exhibit 16: Historical P/BV band

Sources: Bloomberg, FSSIA's compilation

Financial Statements

i-Tail Corporation

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	21,420	15,577	17,779	19,947	21,907
Cost of goods sold	(16,071)	(12,539)	(13,868)	(15,459)	(16,868)
Gross profit	5,349	3,038	3,911	4,488	5,039
Other operating income	247	603	533	598	657
Operating costs	(1,239)	(1,183)	(1,120)	(1,257)	(1,380)
Operating EBITDA	4,928	2,995	3,963	4,569	5,154
Depreciation	(571)	(539)	(639)	(739)	(839)
Goodwill amortisation	0	0	0	0	0
Operating EBIT	4,357	2,457	3,325	3,830	4,316
Net financing costs	(83)	(11)	(13)	(14)	(11)
Associates	-	-	-	-	-
Recurring non-operating income	0	0	0	0	0
Non-recurring items	175	(31)	0	0	0
Profit before tax	4,450	2,415	3,312	3,816	4,304
Tax	(48)	(132)	(93)	(107)	(121)
Profit after tax	4,401	2,283	3,219	3,709	4,184
Minority interests	0	(1)	(2)	(4)	0
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
Reported net profit	4,401	2,281	3,217	3,705	4,184
Non-recurring items & goodwill (net)	(175)	31	0	0	0
Recurring net profit	4,226	2,312	3,217	3,705	4,184
Per share (THB)					
Recurring EPS *	2.46	0.77	1.07	1.24	1.39
Reported EPS	2.56	0.76	1.07	1.24	1.39
DPS	1.66	0.60	0.75	0.86	0.98
Diluted shares (used to calculate per share data)	1,720	3,000	3,000	3,000	3,000
Growth					
Revenue (%)	47.4	(27.3)	14.1	12.2	9.8
Operating EBITDA (%)	62.6	(39.2)	32.3	15.3	12.8
Operating EBIT (%)	74.6	(43.6)	35.3	15.2	12.7
Recurring EPS (%)	(63.7)	(68.6)	39.1	15.2	12.9
Reported EPS (%)	(66.1)	(70.3)	41.0	15.2	12.9
Operating performance					
Gross margin inc. depreciation (%)	25.0	19.5	22.0	22.5	23.0
Gross margin exc. depreciation (%)	27.6	23.0	25.6	26.2	26.8
Operating EBITDA margin (%)	23.0	19.2	22.3	22.9	23.5
Operating EBIT margin (%)	20.3	15.8	18.7	19.2	19.7
Net margin (%)	19.7	14.8	18.1	18.6	19.1
Effective tax rate (%)	1.1	5.5	2.8	2.8	2.8
Dividend payout on recurring profit (%)	67.6	77.8	70.0	70.0	70.0
Interest cover (X)	52.8	223.0	261.8	277.5	385.3
Inventory days	93.6	117.0	97.2	99.6	100.8
Debtor days	48.8	86.4	79.6	75.7	76.4
Creditor days	46.3	58.9	44.6	44.8	45.4
Operating ROIC (%)	33.7	15.8	19.5	20.7	21.6
ROIC (%)	32.5	14.6	18.2	19.9	20.8
ROE (%)	26.5	9.6	13.6	15.1	16.2
ROA (%)	21.6	8.7	12.5	13.8	14.8

* Pre-exceptional, pre-goodwill and fully diluted

Revenue by Division (THB m)	2022	2023	2024E	2025E	2026E
Pet Food	18,119	13,180	14,998	16,966	18,708
Treats	3,219	1,866	2,300	2,546	2,763
Other	82	13	14	15	16
Other segment		519	467	421	421

Sources: i-Tail Corporation; FSSIA estimates

Financial Statements

i-Tail Corporation

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	4,226	2,312	3,217	3,705	4,184
Depreciation	571	539	639	739	839
Associates & minorities	16	(15)	1	0	0
Other non-cash items	-	-	-	-	-
Change in working capital	(2,972)	(578)	(726)	(997)	(897)
Cash flow from operations	1,841	2,258	3,131	3,447	4,126
Capex - maintenance	(817)	(1,532)	(1,053)	(1,000)	(1,000)
Capex - new investment	0	0	0	0	0
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	(222)	(838)	797	(65)	(59)
Cash flow from investing	(1,039)	(2,370)	(256)	(1,065)	(1,059)
Dividends paid	(7,471)	(3,791)	(2,252)	(2,594)	(2,929)
Equity finance	20,795	0	0	0	0
Debt finance	(1,559)	4	(14)	(5)	(19)
Other financing cash flows	(16)	(50)	(213)	43	39
Cash flow from financing	11,749	(3,837)	(2,479)	(2,555)	(2,909)
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
Net other adjustments	0	0	0	0	0
Movement in cash	12,551	(3,949)	396	(173)	158
Free cash flow to firm (FCFF)	884.37	(101.04)	2,887.75	2,395.82	3,078.58
Free cash flow to equity (FCFE)	(773.10)	(157.69)	2,647.86	2,420.39	3,087.08
Per share (THB)					
FCFF per share	0.29	(0.03)	0.96	0.80	1.03
FCFE per share	(0.26)	(0.05)	0.88	0.81	1.03
Recurring cash flow per share	2.80	0.95	1.29	1.48	1.67
Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	7,968	8,905	9,449	9,853	10,162
Less: Accumulated depreciation	(3,075)	(3,423)	(3,560)	(3,703)	(3,851)
Tangible fixed assets (net)	4,893	5,482	5,889	6,150	6,312
Intangible fixed assets (net)	0	0	0	0	0
Long-term financial assets	42	923	-	-	-
Invest. in associates & subsidiaries	-	-	-	-	-
Cash & equivalents	13,254	9,305	9,701	9,528	9,686
A/C receivable	3,517	3,860	3,897	4,372	4,802
Inventories	4,454	3,243	3,799	4,235	4,621
Other current assets	1,526	2,165	2,489	2,793	3,067
Current assets	22,750	18,573	19,886	20,928	22,176
Other assets	493	452	533	598	657
Total assets	28,178	25,431	26,308	27,676	29,145
Common equity	25,029	23,118	24,030	25,142	26,397
Minorities etc.	16	1	2	2	2
Total shareholders' equity	25,045	23,119	24,032	25,144	26,399
Long term debt	29	33	28	23	4
Other long-term liabilities	588	569	356	399	438
Long-term liabilities	617	602	384	422	442
A/C payable	2,353	1,520	1,710	1,906	2,080
Short term debt	14	14	5	5	5
Other current liabilities	150	177	178	199	219
Current liabilities	2,517	1,710	1,892	2,110	2,304
Total liabilities and shareholders' equity	28,178	25,431	26,308	27,676	29,145
Net working capital	6,994	7,572	8,298	9,295	10,191
Invested capital	12,422	14,429	14,720	16,043	17,160
* Includes convertibles and preferred stock which is being treated as debt					
Per share (THB)					
Book value per share	8.34	7.71	8.01	8.38	8.80
Tangible book value per share	8.34	7.71	8.01	8.38	8.80
Financial strength					
Net debt/equity (%)	(52.8)	(40.0)	(40.2)	(37.8)	(36.7)
Net debt/total assets (%)	(46.9)	(36.4)	(36.7)	(34.3)	(33.2)
Current ratio (x)	9.0	10.9	10.5	9.9	9.6
CF interest cover (x)	(8.4)	(13.3)	209.5	176.4	276.6
Valuation	2022	2023	2024E	2025E	2026E
Recurring P/E (x) *	8.0	25.4	18.3	15.9	14.1
Recurring P/E @ target price (x) *	11.0	35.0	25.2	21.9	19.4
Reported P/E (x)	7.7	25.8	18.3	15.9	14.1
Dividend yield (%)	8.5	3.1	3.8	4.4	5.0
Price/book (x)	2.3	2.5	2.4	2.3	2.2
Price/tangible book (x)	2.3	2.5	2.4	2.3	2.2
EV/EBITDA (x) **	9.3	16.5	12.4	10.8	9.5
EV/EBITDA @ target price (x) **	13.8	24.0	18.0	15.7	13.8
EV/invested capital (x)	3.7	3.4	3.3	3.1	2.9
* Pre-exceptional, pre-goodwill and fully diluted ** EBITDA includes associate income and recurring non-operating income					

Sources: i-Tail Corporation; 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 Sustainabilitys	The Sustainabilitys' 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><tr><th>NEGL</th><th>Low</th><th>Medium</th><th>High</th><th>Severe</th></tr><tr><td>0-10</td><td>10-20</td><td>20-30</td><td>30-40</td><td>40+</td></tr></table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+										
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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.																				
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><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></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

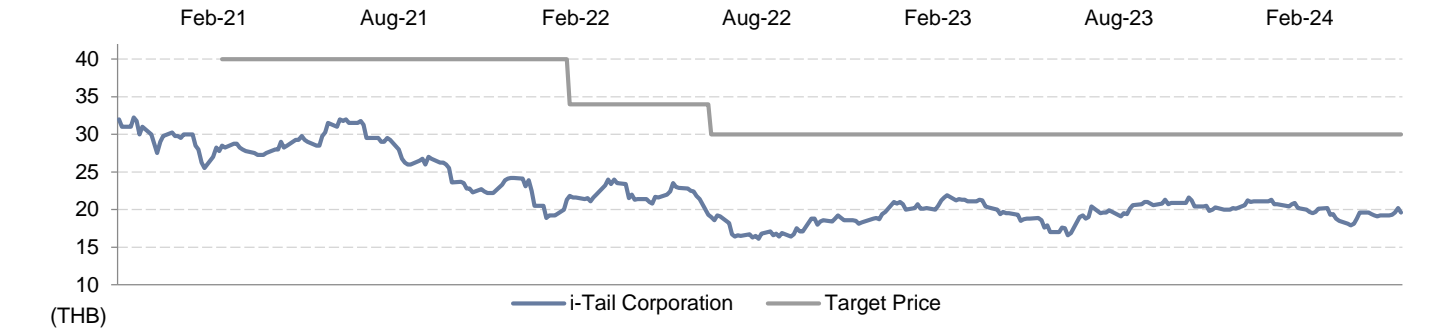
The individual(s) identified above certify(ies) that (i) all views expressed in this report accurately reflect the personal view of the analyst(s) with regard to any and all of the subject securities, companies or issuers mentioned in this report; and (ii) no part of the compensation of the analyst(s) 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

i-Tail Corporation (ITC TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
11-Jan-2023	BUY	40.00	09-May-2023	BUY	34.00	26-Jun-2023	BUY	30.00

Sureeporn Teewasuwet started covering this stock from 11-Jan-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
i-Tail Corporation	ITC TB	THB 19.60	BUY	Downside risks to our P/E-based TP include 1) a slower-than-expected recovery in purchasing power, 2) more fluctuating raw material prices than expected, 3) a stronger-than-expected THB, and 4) labor shortages.

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 16-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.