

# BETAGRO BTG TB

## THAILAND / FOOD & BEVERAGE

# BUY

FROM HOLD

## 1Q24 may turn profitable

- We expect a 1Q24 profit, a faster recovery than expected, even though pig price recovery remains slow.
- However, management viewed pig prices would increase to THB70-75 in 2H24 after the industry coordinated to cut farmed pig supply.
- Raise our call to BUY after increasing our profit estimate and TP to THB25.

TARGET PRICE	THB25.00
CLOSE	THB22.50
UP/DOWNSIDE	+11.1%
PRIOR TP	THB23.00
CHANGE IN TP	+8.7%
TP vs CONSENSUS	+5.0%

## KEY STOCK DATA

YE Dec (THB m)	2023	2024E	2025E	2026E
Revenue	108,638	113,631	118,932	124,607
Net profit	(1,398)	2,752	3,158	3,656
EPS (THB)	(0.72)	1.43	1.64	1.89
vs Consensus (%)	-	nm	55.3	626.9
EBITDA	4,319	8,654	9,535	10,528
Recurring net profit	(1,310)	2,752	3,158	3,656
Core EPS (THB)	(0.66)	1.38	1.58	1.83
Chg. In EPS est. (%)	nm	29.8	30.6	nm
EPS growth (%)	nm	nm	14.7	15.8
Core P/E (x)	(34.3)	16.3	14.2	12.3
Dividend yield (%)	1.1	2.5	2.9	3.4
EV/EBITDA (x)	15.4	7.3	6.3	5.6
Price/book (x)	1.7	1.6	1.5	1.4
Net debt/Equity (%)	90.9	71.0	56.9	48.2
ROE (%)	(4.9)	10.6	11.4	12.1

## A bullish view after better-than-expected 1Q24 outlook

We have a sustained positive view from yesterday's analyst meeting (February 28). Management guided that the 1Q24 operating performance started recovering significantly despite a gradual recovery in Thai pig prices. According to the latest data, the 1QTD average pig price stood at THB64-66/kg. (+3%-6% q-q), slower than operators' anticipation for a robust recovery during the Chinese New Year and after illegal pork problems eased. However, feed costs also decreased after BTG had depleted its high-priced inventory. Also, chicken prices surged to THB40/kg. (+5.5% q-q, -6% y-y) due to a recovery in chicken export and other units. They should help offset a loss at the swine unit in Cambodia. Initially, we anticipate the 1Q24 performance to turn into a profit, probably the first in the swine segment.

## Management maintains a 2H24 sharp pig price recovery view

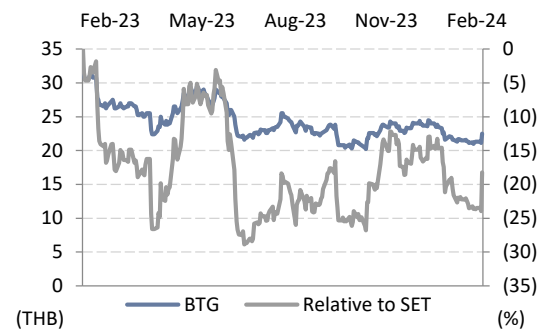
Management targeted a 2024 revenue growth of 5-10% y-y due to sales volume growth of 4-7% y-y and 1-2% y-y higher selling prices. Also, it set a higher gross margin target of 13-15% from 10% in 2023. It maintained its bullish view of the Thai pig price outlook in 2H24 after the Association had requested swine farmers with over 2,000 pigs to cut farmed pig supply by 5,000 pigs daily for 90 days (starting in March) for a total of 450,000 pigs, equaling 2.5% of Thailand's farmed pig supply. They anticipated results in the next six months or 3Q24. Management viewed that pig prices in 2H24 may climb to THB70-75/kg. Also, it anticipated higher purchase power recovery.

## Expect 1Q24 to turn profitable

We have raised our 2024-25E net profit by 3-10% to THB2.75b (a turnaround from the THB1.39 net loss in 2023) and THB3.16b (+14.7% y-y), respectively, to reflect a higher-than-expected decrease in feed costs. In particular, we have slashed our assumption for maize to THB10/kg. from THB11.5/kg. As a result, we have increased our gross margin assumption to 13.5% in 2024 from 12.8% while keeping meat price forecasts unchanged. Additionally, we now anticipate 1Q24 to turn into a profit, better than our earlier forecast for a loss.

## Increase rating to BUY at a new TP of THB25

Similarly, we have raised our 2024 TP to THB25 from THB23, assuming a P/E of 17x (unchanged). Meanwhile, BTG has the highest liquidity in the swine sector. At the end of 2023, the D/E ratio and IBD/E ratio (excluding financial lease) were 1.29x and 0.79x, respectively. BTG announced a 2023 DPS of THB0.25, implying a 1.1% yield. Hence, we upgrade our rating to BUY.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	3.7	(4.3)	(32.8)
Relative to country (%)	2.6	(2.9)	(21.2)
Mkt cap (USD m)	1,207		
3m avg. daily turnover (USD m)	1.0		
Free float (%)	37		
Major shareholder	Betagro Holding Company Limited (38%)		
12m high/low (THB)	33.50/20.00		
Issued shares (m)	1,934.80		

Sources: Bloomberg consensus; FSSIA estimates


**Sureeporn Teewasuwet**

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

### Investment thesis

BTG operates a fully integrated food business covering the entire production chain from upstream, mid-stream to downstream. Its production and distribution bases are located in every region of Thailand, and it exports its products to overseas markets. BTG also produces in neighbouring countries such as Cambodia, Laos, and Myanmar.

The company has diversified to six distribution channels which consist of Betagro branches, modern trade, traditional trade, food services, industrial customers (OEM business), and the export market (more than 20 countries). The company has strong brand recognition under the well-known BETAGRO brand, S-Pure for hygienic fresh meat, Perfecta, etc.

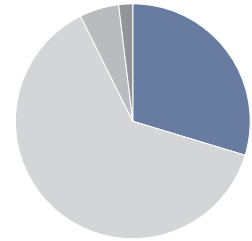
### Company profile

Established in 1967 and listed on the SET in 2022, BTG operates a full range of agro-industry businesses from upstream animal feed, pig and chicken farms, animal health products and supplements, meat processing, and food production to pet products. At the end of 2023, BTG generated revenue from Food & Protein (63% of total revenue), followed by Agro (30%), International (5%) and Pets (2%).

[www.betagro.com](http://www.betagro.com)

### Principal activities (revenue, 2023)

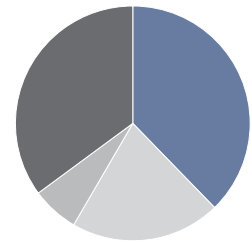
- Agro - 29.7 %
- Food and protein - 63.0 %
- International - 5.4 %
- Pet segment - 1.9 %



Source: Betagro

### Major shareholders

- Betagro Holding Company Limited - 37.7 %
- TAE HK Investment Limited - 20.7 %
- Taepaisitphongse Family - 6.5 %
- Others - 35.1 %



Source: Betagro

### Catalysts

Potential catalysts for BTG’s 2024 earning growth are 1) sales volume growth in line with purchasing power and tourism recovery, 2) meat price increases, 3) flat or declining feed costs, and 4) an international business recovery.

### Risks to our call

Downside and upside risks to our PE-based TP include 1) a slower or faster-than-expected purchasing power recovery, 2) a lower or faster-than-expected meat price increase, 3) a slower or faster-than-expected decrease in feed costs, and 4) a stronger or weaker-than-expected THB.

### Event calendar

Date	Event
May 2024	1Q24 results announcement

### Key assumptions

	2024E	2025E	2024E
Broiler price-TH (THB)	41.0	42.0	43.0
Swine price-TH (THB)	72.0	72.0	72.0
Swine price-Cambodia (KHR)	8,000	8,200	8,500
Total revenue growth (%)	4.6	4.7	4.8
Gross margin (%)	13.5	13.7	13.8
SG&A to sales (%)	10.9	10.9	10.9

Source: FSSIA estimates

### Earnings sensitivity

- For every 1% increase in revenue, we estimate 2024 net profit to rise by 3.1%, and vice versa, all else being equal.
- For every 0.1% increase in GPM, we estimate 2024 net profit to rise by 4.2%, and vice versa, all else being equal.
- For every 0.1% increase in SG&A to sales, we estimate 2024 net profit to fall by 2.9%, and vice versa, all else being equal.

Source: FSSIA estimates

## Exhibit 1: BTG - 4Q23 results earnings

	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	29,850	27,736	26,491	27,047	27,365	1.2	(8.3)	112,626	108,638	(3.5)
Cost of sales	24,393	24,219	23,714	24,836	25,032	0.8	2.6	90,894	97,800	7.6
Gross profit	5,457	3,517	2,777	2,211	2,333	5.5	(57.3)	21,731	10,838	(50.1)
SG&A	3,315	2,955	3,069	2,932	2,623	(10.6)	(20.9)	12,594	11,579	(8.1)
Operating profit	2,340	729	(138)	(604)	(235)	(61.1)	(110.0)	9,775	(248)	nm
Interest expense	165	146	148	170	209	22.9	26.3	619	673	8.7
Tax expense	348	196	(18)	23	256	1023.3	(26.4)	1,549	457	(70.5)
Biological gain (loss)	(5)	(59)	(20)	(23)	14	(160.0)	(384.8)	91	(88)	nm
Other gain (loss)	(32)	56	(62)	9	(2)	(125.7)	(92.7)	369	1	nm
Reported net profit	1,796	393	(351)	(784)	(656)	nm	nm	7,938	(1,398)	nm
Core profit	1,833	395	(268)	(770)	(668)	nm	nm	7,477	(1,310)	nm
<b>Key ratios (%)</b>						<b>(ppt)</b>	<b>(ppt)</b>			
Gross margin	18.3	12.7	10.5	8.2	8.5	0.3	(9.8)	19.3	10.0	(9.3)
SG&A to sales	11.1	10.7	11.6	10.8	9.6	(1.3)	(1.5)	11.2	10.7	(0.5)
Operating margin	7.8	2.6	(0.5)	(2.2)	(0.9)	1.4	(8.7)	8.7	(0.2)	(8.9)
Net margin	6.0	1.4	(1.3)	(2.9)	(2.4)	0.5	(8.4)	7.0	(1.3)	(8.3)
Core margin	6.1	1.4	(1.0)	(2.8)	(2.4)	0.4	(8.6)	6.6	(1.2)	(7.8)
<b>Operating statistics</b>										
Broiler price-TH (THB/kg.)	42.6	39.2	43.8	36.6	37.9	3.6	(11.0)	42.8	39.4	(7.9)
Swine price-TH (THB/kg.)	101.3	84.7	72.5	62.7	62.3	(0.6)	(38.5)	99.1	70.5	(28.9)
Swine price-Cambodia (KHR/kg.)	8,117	8,068	9,395	8,572	7,237	(15.6)	(10.8)	10,864	8,318	(23.4)
Corn price-TH (THB/kg.)	12.6	13.3	12.9	11.7	10.4	(10.7)	(17.5)	12.3	12.1	(1.7)
Soybean meal price-TH (THB/kg.)	23.3	24.0	23.4	21.5	22.0	2.3	(5.6)	22.5	22.7	1.0

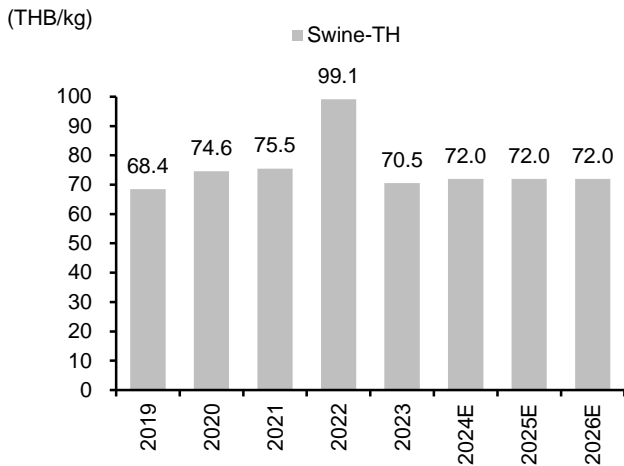
Source: BTG

## Exhibit 2: Changes in key assumptions for BTG

	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	113,631	118,932	124,607	113,597	118,812	123,987	0.0	0.1	0.5	
Cost of sales	98,291	102,615	107,162	99,057	103,367	107,249	(0.8)	(0.7)	(0.1)	
Gross profit	15,340	16,317	17,445	14,540	15,446	16,738	5.5	5.6	4.2	
SG&A expenses	12,386	12,964	13,582	12,382	12,951	13,515	0.0	0.1	0.5	
Operating profit	3,636	4,067	4,610	2,840	3,208	3,968	28.0	26.8	16.2	
Interest expense	712	611	580	539	500	476	32.2	22.2	22.0	
Reported net profit	2,752	3,158	3,656	2,673	2,870	3,543	3.0	10.0	3.2	
Core profit	2,752	3,158	3,656	2,173	2,470	3,543	26.7	27.9	3.2	
<b>Key ratios (%)</b>										
Gross margin	13.5	13.7	14.0	12.8	13.0	13.5	0.7	0.7	0.5	
SG&A to sales	10.9	10.9	10.9	10.9	10.9	10.9	0.0	0.0	0.0	
Operating margin	3.2	3.4	3.7	2.5	2.7	3.2	0.7	0.7	0.5	
Net margin	2.4	2.7	2.9	2.4	2.4	2.9	0.1	0.2	0.1	
Core margin	2.4	2.7	2.9	1.9	2.1	2.9	0.5	0.6	0.1	
<b>Key assumptions</b>										
Broiler price-TH (THB/kg.)	41.0	42.0	43.0	41.0	42.0	43.0	0.0	0.0	0.0	
Swine price-TH (THB/kg.)	72.0	72.0	72.0	72.0	72.0	72.0	0.0	0.0	0.0	
Swine price-Cambodia (KHR/kg.)	8,000	8,200	8,500	8,500	8,700	8,900	(5.9)	(5.7)	(4.5)	
Corn price-TH (THB/kg.)	10.0	10.0	10.0	11.5	11.0	10.5	(13.0)	(9.1)	(4.8)	
Soybean meal price-TH (THB/kg.)	20.5	20.0	19.0	21.0	20.0	19.0	(2.4)	0.0	0.0	

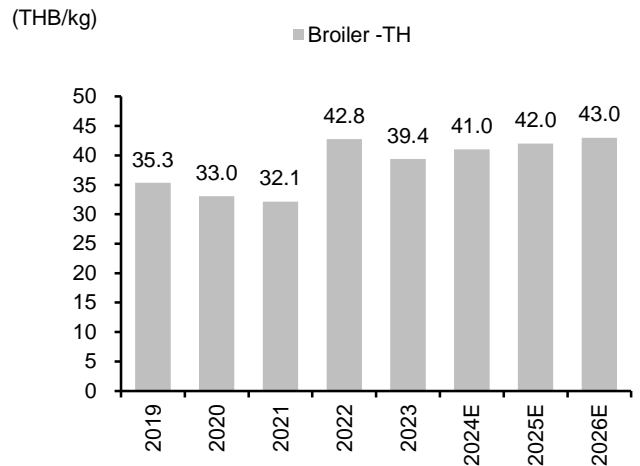
Source: FSSIA estimates

**Exhibit 3: Domestic swine price**



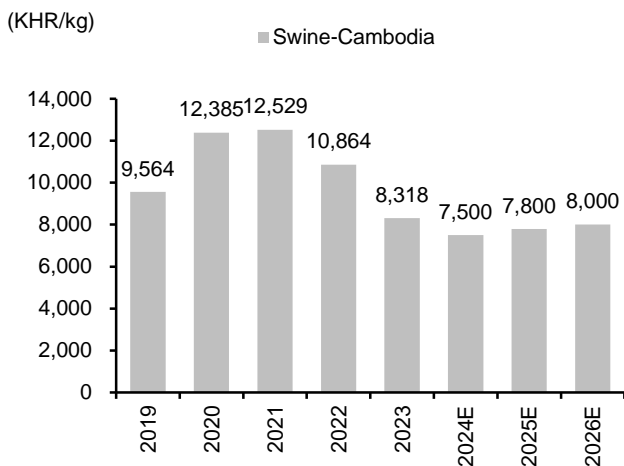
Sources: CPF, FSSIA estimates

**Exhibit 4: Domestic chicken price**



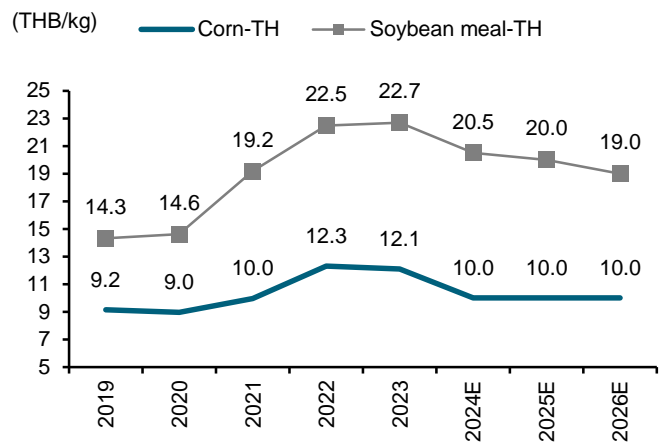
Sources: CPF, FSSIA estimates

**Exhibit 5: Cambodian swine price**



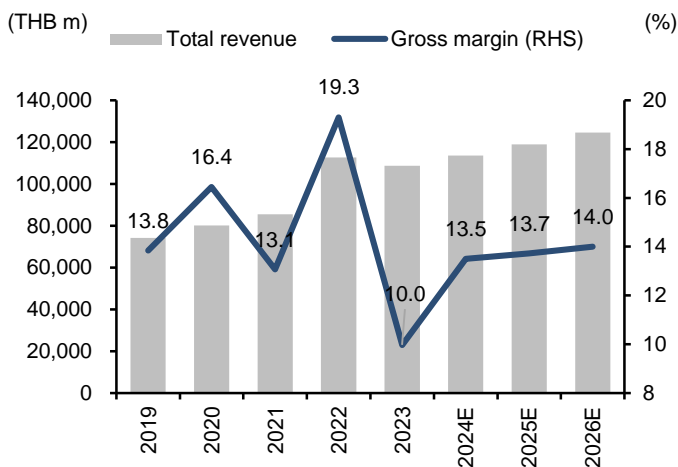
Sources: CPF, FSSIA estimates

**Exhibit 6: Domestic raw material prices**



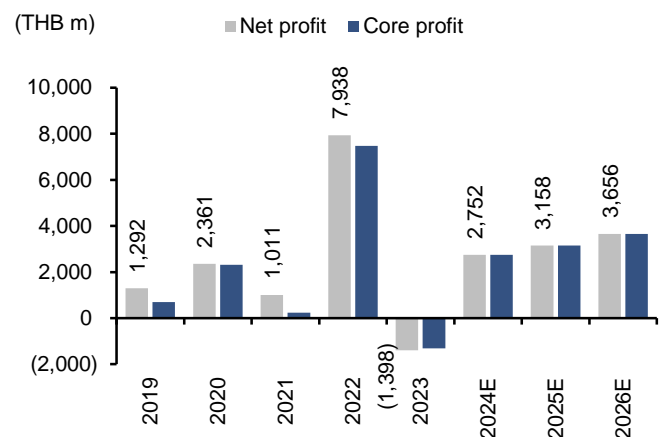
Sources: CPF, OAE, FSSIA's compilation

**Exhibit 7: Total revenue and gross margin**



Sources: BTG, FSSIA estimates

**Exhibit 8: Core operation and bottom line**



Sources: BTG, FSSIA estimates

## Financial Statements

Betagro

Profit and Loss (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Revenue	112,626	108,638	113,631	118,932	124,607
Cost of goods sold	(90,894)	(97,800)	(98,291)	(102,615)	(107,162)
<b>Gross profit</b>	<b>21,731</b>	<b>10,838</b>	<b>15,340</b>	<b>16,317</b>	<b>17,445</b>
Other operating income	637	493	682	714	748
Operating costs	(12,594)	(11,579)	(12,386)	(12,964)	(13,582)
<b>Operating EBITDA</b>	<b>14,018</b>	<b>4,319</b>	<b>8,654</b>	<b>9,535</b>	<b>10,528</b>
Depreciation	(4,243)	(4,568)	(5,018)	(5,468)	(5,918)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>9,775</b>	<b>(248)</b>	<b>3,636</b>	<b>4,067</b>	<b>4,610</b>
Net financing costs	(619)	(673)	(712)	(611)	(580)
Associates	37	102	114	119	125
Recurring non-operating income	37	102	114	119	125
Non-recurring items	460	(88)	0	0	0
<b>Profit before tax</b>	<b>9,654</b>	<b>(906)</b>	<b>3,038</b>	<b>3,576</b>	<b>4,155</b>
Tax	(1,549)	(457)	(456)	(536)	(623)
<b>Profit after tax</b>	<b>8,104</b>	<b>(1,364)</b>	<b>2,582</b>	<b>3,039</b>	<b>3,532</b>
Minority interests	(167)	(35)	170	119	125
Preferred dividends	-	-	-	-	-
Other items	-	-	-	-	-
<b>Reported net profit</b>	<b>7,938</b>	<b>(1,398)</b>	<b>2,752</b>	<b>3,158</b>	<b>3,656</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>(460)</b>	<b>88</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>7,477</b>	<b>(1,310)</b>	<b>2,752</b>	<b>3,158</b>	<b>3,656</b>
<b>Per share (THB)</b>					
Recurring EPS *	3.74	(0.66)	1.38	1.58	1.83
Reported EPS	4.11	(0.72)	1.43	1.64	1.89
DPS	2.52	0.25	0.57	0.65	0.76
Diluted shares (used to calculate per share data)	2,000	2,000	2,000	2,000	2,000
<b>Growth</b>					
Revenue (%)	31.8	(3.5)	4.6	4.7	4.8
Operating EBITDA (%)	188.2	(69.2)	100.4	10.2	10.4
Operating EBIT (%)	1,125.0	nm	nm	11.9	13.3
Recurring EPS (%)	416.1	nm	nm	14.7	15.8
Reported EPS (%)	34.4	nm	nm	14.7	15.8
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	19.3	10.0	13.5	13.7	14.0
Gross margin exc. depreciation (%)	23.1	14.2	17.9	18.3	18.7
Operating EBITDA margin (%)	12.4	4.0	7.6	8.0	8.4
Operating EBIT margin (%)	8.7	(0.2)	3.2	3.4	3.7
Net margin (%)	6.6	(1.2)	2.4	2.7	2.9
Effective tax rate (%)	16.0	(50.4)	15.0	15.0	15.0
Dividend payout on recurring profit (%)	67.4	(38.2)	41.5	41.5	41.5
Interest cover (X)	15.9	(0.2)	5.3	6.9	8.2
Inventory days	60.7	52.5	47.4	46.5	46.6
Debtor days	18.4	21.0	20.5	19.6	19.5
Creditor days	23.2	22.0	23.5	25.9	25.9
Operating ROIC (%)	18.1	(0.4)	6.5	7.6	8.6
ROIC (%)	16.1	(0.2)	6.0	6.9	7.8
ROE (%)	33.8	(4.9)	10.6	11.4	12.1
ROA (%)	13.3	(1.2)	5.1	5.7	6.4
* Pre-exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Agro	28,403	32,242	33,854	35,547	37,324
Food and protein	75,758	68,417	71,584	74,645	77,845
International	6,236	5,887	5,713	5,884	6,147
Pet segment	2,211	2,091	2,415	2,789	3,222

Sources: Betagro; FSSIA estimates

## Financial Statements

### Betagro

Cash Flow (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Recurring net profit	7,477	(1,310)	2,752	3,158	3,656
Depreciation	4,243	4,568	5,018	5,468	5,918
Associates & minorities	362	(87)	(64)	(108)	(113)
Other non-cash items	91	(88)	0	0	0
Change in working capital	(1,479)	1,271	2,142	(679)	(1,218)
<b>Cash flow from operations</b>	<b>10,694</b>	<b>4,353</b>	<b>9,848</b>	<b>7,839</b>	<b>8,243</b>
Capex - maintenance	(5,576)	(7,586)	(4,414)	(4,500)	(4,000)
Capex - new investment	0	0	0	0	0
Net acquisitions & disposals	-	-	-	-	-
Other investments (net)	1,436	(237)	160	561	(1,684)
<b>Cash flow from investing</b>	<b>(4,140)</b>	<b>(7,823)</b>	<b>(4,254)</b>	<b>(3,939)</b>	<b>(5,684)</b>
Dividends paid	(11,250)	(1,924)	(1,101)	(1,263)	(1,462)
Equity finance	16,929	0	0	0	0
Debt finance	(3,487)	880	(3,622)	(2,980)	(899)
Other financing cash flows	81	134	(732)	106	113
<b>Cash flow from financing</b>	<b>2,274</b>	<b>(910)</b>	<b>(5,455)</b>	<b>(4,137)</b>	<b>(2,248)</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>(3,430)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>5,398</b>	<b>(4,380)</b>	<b>139</b>	<b>(238)</b>	<b>312</b>
Free cash flow to firm (FCFF)	7,173.00	(2,796.77)	6,305.92	4,510.34	3,139.46
Free cash flow to equity (FCFE)	(281.29)	(2,456.03)	1,239.87	1,025.53	1,774.03

#### Per share (THB)

FCFF per share	3.71	(1.45)	3.26	2.33	1.62
FCFE per share	(0.15)	(1.27)	0.64	0.53	0.92
Recurring cash flow per share	6.31	1.60	3.99	4.41	4.90

Balance Sheet (THB m) Year Ending Dec	2022	2023	2024E	2025E	2026E
Tangible fixed assets (gross)	49,403	53,417	53,982	54,141	53,894
Less: Accumulated depreciation	(26,031)	(27,072)	(28,155)	(29,281)	(30,453)
<b>Tangible fixed assets (net)</b>	<b>23,372</b>	<b>26,345</b>	<b>25,827</b>	<b>24,859</b>	<b>23,442</b>
<b>Intangible fixed assets (net)</b>	<b>882</b>	<b>786</b>	<b>786</b>	<b>786</b>	<b>786</b>
Long-term financial assets	-	-	-	-	-
Invest. in associates & subsidiaries	1,346	1,454	1,461	1,466	1,472
Cash & equivalents	5,940	1,561	1,699	1,462	1,773
A/C receivable	6,652	7,480	6,795	7,111	7,451
Inventories	14,711	12,115	12,118	12,651	13,212
Other current assets	9,477	9,570	9,772	10,109	10,965
<b>Current assets</b>	<b>36,781</b>	<b>30,726</b>	<b>30,384</b>	<b>31,334</b>	<b>33,401</b>
Other assets	2,852	3,190	3,136	2,689	4,492
<b>Total assets</b>	<b>65,234</b>	<b>62,501</b>	<b>61,595</b>	<b>61,134</b>	<b>63,593</b>
Common equity	28,502	25,134	26,872	28,766	31,460
Minorities etc.	163	178	227	238	249
<b>Total shareholders' equity</b>	<b>28,664</b>	<b>25,312</b>	<b>27,099</b>	<b>29,004</b>	<b>31,709</b>
Long term debt	8,064	9,690	7,690	6,690	5,811
Other long-term liabilities	2,871	3,004	2,273	2,379	2,492
<b>Long-term liabilities</b>	<b>10,934</b>	<b>12,694</b>	<b>9,962</b>	<b>9,068</b>	<b>8,303</b>
A/C payable	9,852	9,293	10,937	11,429	11,950
Short term debt	15,615	14,878	13,256	11,276	11,256
Other current liabilities	168	324	341	357	374
<b>Current liabilities</b>	<b>25,636</b>	<b>24,494</b>	<b>24,534</b>	<b>23,062</b>	<b>23,580</b>
<b>Total liabilities and shareholders' equity</b>	<b>65,234</b>	<b>62,501</b>	<b>61,595</b>	<b>61,134</b>	<b>63,593</b>
Net working capital	20,821	19,549	17,407	18,086	19,304
Invested capital	49,274	51,324	48,618	47,887	49,495

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

#### Per share (THB)

Book value per share	14.77	13.03	13.93	14.91	16.31
Tangible book value per share	14.32	12.62	13.52	14.50	15.90

#### Financial strength

Net debt/equity (%)	61.9	90.9	71.0	56.9	48.2
Net debt/total assets (%)	27.2	36.8	31.2	27.0	24.0
Current ratio (x)	1.4	1.3	1.2	1.4	1.4
CF interest cover (x)	0.5	(2.7)	2.7	2.7	4.1

Valuation	2022	2023	2024E	2025E	2026E
<b>Recurring P/E (x) *</b>	<b>6.0</b>	<b>(34.3)</b>	<b>16.3</b>	<b>14.2</b>	<b>12.3</b>
<b>Recurring P/E @ target price (x) *</b>	<b>6.7</b>	<b>(38.2)</b>	<b>18.2</b>	<b>15.8</b>	<b>13.7</b>
Reported P/E (x)	5.5	(31.0)	15.8	13.7	11.9
Dividend yield (%)	11.2	1.1	2.5	2.9	3.4
Price/book (x)	1.5	1.7	1.6	1.5	1.4
Price/tangible book (x)	1.6	1.8	1.7	1.6	1.4
EV/EBITDA (x) **	4.4	15.4	7.3	6.3	5.6
EV/EBITDA @ target price (x) **	4.7	16.5	7.8	6.8	6.1
EV/invested capital (x)	1.2	1.3	1.3	1.3	1.2

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

Sources: Betagro; FSSIA estimates

## Disclaimer for ESG scoring

ESG score	Methodology	Rating																											
The Dow Jones Sustainability Indices ( <a href="#">DJSI</a> ) 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 ( <a href="#">THSI</a> ) by The Stock Exchange of Thailand ( <a href="#">SET</a> )	THSI quantifies responsibility in Environmental and Social issues by managing business with transparency in Governance, updated annually. Candidates must pass the preemptive criteria, with two crucial conditions: 1) no irregular trading of the board members and executives; and 2) free float of >150 shareholders, and combined holding must be >15% of paid-up capital. Some key disqualifying criteria include: 1) CG score of below 70%; 2) independent directors and free float violation; 3) executives' wrongdoing related to CG, social & environmental impacts; 4) equity in negative territory; and 5) earnings in red for > 3 years in the last 5 years.	To be eligible for <b>THSI inclusion</b> , verified data must be scored at a minimum of 50% for each indicator, unless the company is a part of DJSI during the assessment year. The scoring will be fairly weighted against the nature of the relevant industry and materiality. <b>SETTHSI Index</b> is extended from the THSI companies whose 1) market capitalization > THB5b (~USD150b); 2) free float >20%; and 3) liquidity >0.5% of paid-up capital for at least 9 out of 12 months. The SETTHSI Index is a market capitalisation-weighted index, cap 5% quarterly weight at maximum, and no cap for number of stocks.																											
<b>CG Score</b> by Thai Institute of Directors Association (Thai IOD)	An indicator of CG strength in sustainable development, measured annually by the Thai IOD, with support from the Stock Exchange of Thailand (SET). The results are from the perspective of a third party, not an evaluation of operations.	Scores are rated in six categories: 5 for Excellent (90-100), 4 for Very Good (80-89), 3 for Good (70-79), 2 for Fair (60-69), 1 for Pass (50-59), and not rated for scores below 50. Weightings include: 1) the rights; 2) and equitable treatment of shareholders (weight 25% combined); 3) the role of stakeholders (25%); 4) disclosure & transparency (15%); and 5) board responsibilities (35%).																											
<b>AGM level</b> By Thai Investors Association (TIA) with support from the SEC	It quantifies the extent to which shareholders' rights and equitable treatment are incorporated into business operations and information is transparent and sufficiently disclosed. All form important elements of two out of five the CG components to be evaluated annually. The assessment criteria cover AGM procedures before the meeting (45%), at the meeting date (45%), and after the meeting (10%). <i>(The first assesses 1) advance circulation of sufficient information for voting; and 2) facilitating how voting rights can be exercised. The second assesses 1) the ease of attending meetings; 2) transparency and verifiability; and 3) openness for Q&amp;A. The third involves the meeting minutes that should contain discussion issues, resolutions and voting results.)</i>	The scores are classified into four categories: 5 for Excellent (100), 4 for Very Good (90-99), 3 for Fair (80-89), and not rated for scores below 79.																											
<b>Thai CAC</b> By Thai Private Sector Collective Action Against Corruption (CAC)	The core elements of the Checklist include corruption risk assessment, establishment of key controls, and the monitoring and developing of policies. The Certification is good for three years. <i>(Companies deciding to become a CAC certified member start by submitting a Declaration of Intent to kick off an 18-month deadline to submit the CAC Checklist for Certification, including risk assessment, in place of policy and control, training of managers and employees, establishment of whistleblowing channels, and communication of policies to all stakeholders.)</i>	The document will be reviewed by a committee of nine professionals. A passed Checklist will move for granting certification by the CAC Council approvals whose members are twelve highly respected individuals in professionalism and ethical achievements.																											
<a href="#">Morningstar Sustainability</a>	The Sustainability's ESG risk rating provides an overall company score based on an assessment of how much of a company's exposure to ESG risk is unmanaged. <i>Sources to be reviewed include corporate publications and regulatory filings, news and other media, NGO reports/websites, multi-sector information, company feedback, ESG controversies, issuer feedback on draft ESG reports, and quality &amp; peer reviews.</i>	A company's ESG risk rating score is the sum of unmanaged risk. The more risk is unmanaged, the higher ESG risk is scored. <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>NEGL</th> <th>Low</th> <th>Medium</th> <th>High</th> <th>Severe</th> </tr> </thead> <tbody> <tr> <td>0-10</td> <td>10-20</td> <td>20-30</td> <td>30-40</td> <td>40+</td> </tr> </tbody> </table>	NEGL	Low	Medium	High	Severe	0-10	10-20	20-30	30-40	40+																	
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<a href="#">ESG Book</a>	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.																											
<a href="#">MSCI</a>	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: 20px;"> <tr> <td style="padding-right: 10px;"><b>AAA</b></td> <td>8.571-10.000</td> <td style="padding-right: 10px;"><b>Leader:</b></td> <td>leading its industry in managing the most significant ESG risks and opportunities</td> </tr> <tr> <td><b>AA</b></td> <td>7.143-8.570</td> <td></td> <td></td> </tr> <tr> <td><b>A</b></td> <td>5.714-7.142</td> <td></td> <td></td> </tr> <tr> <td><b>BBB</b></td> <td>4.286-5.713</td> <td><b>Average:</b></td> <td>a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers</td> </tr> <tr> <td><b>BB</b></td> <td>2.857-4.285</td> <td></td> <td></td> </tr> <tr> <td><b>B</b></td> <td>1.429-2.856</td> <td></td> <td></td> </tr> <tr> <td><b>CCC</b></td> <td>0.000-1.428</td> <td><b>Laggard:</b></td> <td>lagging its industry based on its high exposure and failure to manage significant ESG risks</td> </tr> </table>	<b>AAA</b>	8.571-10.000	<b>Leader:</b>	leading its industry in managing the most significant ESG risks and opportunities	<b>AA</b>	7.143-8.570			<b>A</b>	5.714-7.142			<b>BBB</b>	4.286-5.713	<b>Average:</b>	a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers	<b>BB</b>	2.857-4.285			<b>B</b>	1.429-2.856			<b>CCC</b>	0.000-1.428	<b>Laggard:</b>	lagging its industry based on its high exposure and failure to manage significant ESG risks
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<a href="#">Moody's ESG solutions</a>	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.																												
<a href="#">Refinitiv ESG rating</a>	Designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across 10 main themes, based on publicly available and auditable data. The score ranges from 0 to 100 on relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly. <i>(Score ratings are 0 to 25 = poor; &gt;25 to 50 = satisfactory; &gt;50 to 75 = good; and &gt;75 to 100 = excellent.)</i>																												
<a href="#">S&amp;P Global</a>	The S&P Global ESG Score is a relative score measuring a company's performance on and management of ESG risks, opportunities, and impacts compared to its peers within the same industry classification. The score ranges from 0 to 100.																												
<b>Bloomberg</b>	ESG Score	Bloomberg score evaluating the company's aggregated Environmental, Social and Governance (ESG) performance. The score is based on Bloomberg's view of ESG financial materiality. The score is a weighted generalized mean (power mean) of Pillar Scores, where the weights are determined by the pillar priority ranking. Values range from 0 to 10; 10 is the best.																											
Bloomberg	ESG Disclosure Score	Disclosure of a company's ESG used for Bloomberg ESG score. The score ranges from 0 for none to 100 for disclosure of every data point, measuring the amount of ESG data reported publicly, and not the performance on any data point.																											

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

Source: FSSIA's compilation

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

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

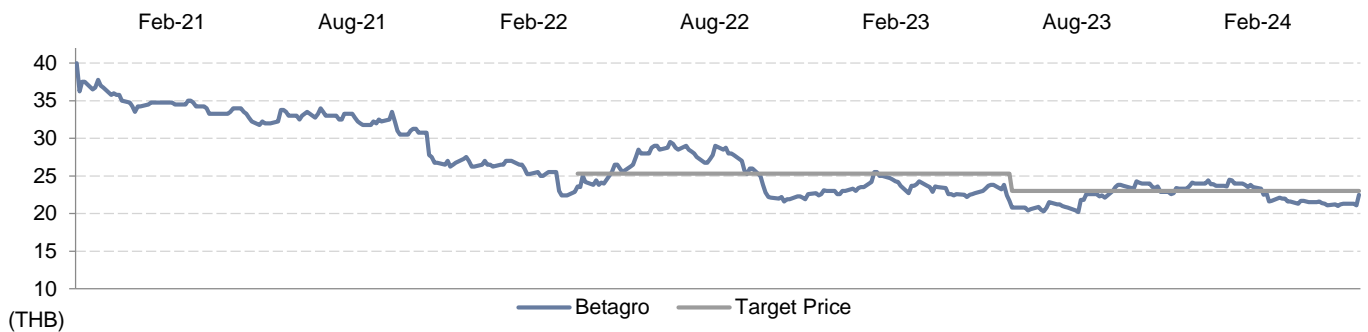
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### History of change in investment rating and/or target price

#### Betagro (BTG TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
08-May-2023	BUY	25.30	15-May-2023	HOLD	25.30	19-Oct-2023	HOLD	23.00

Sureeporn Teewasuwet started covering this stock from 08-May-2023

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Betagro	BTG TB	THB 22.50	BUY	Downside and upside risks to our PE-based TP include 1) a slower or faster-than-expected purchasing power recovery, 2) a lower or faster-than-expected meat price increase, 3) a slower or faster-than-expected decrease in feed costs, and 4) a stronger or weaker-than-expected THB.

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 28-Feb-2024 unless otherwise stated.



## RECOMMENDATION STRUCTURE

### Stock ratings

Stock ratings are based on absolute upside or downside, which we define as (target price\* - current price) / current price.

**BUY (B).** The upside is 10% or more.

**HOLD (H).** The upside or downside is less than 10%.

**REDUCE (R).** The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

\* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

### Industry Recommendations

**Overweight.** The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

**Neutral.** The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

**Underweight.** The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

### Country (Strategy) Recommendations

**Overweight (O).** Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Neutral (N).** Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Underweight (U).** Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.